

## S&P Global Resources Select Equal Weighted Index Consultation

**NEW YORK, MAY 18, 2021:** S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with market participants on potential changes to the S&P Global Resources Select Equal Weighted Index.

In order to ease selection limitations and continue meeting the target counts for each of the clusters, S&P DJI is considering modifying the index universe. S&P DJI is also considering modifying the selection of stocks within the Energy and Metals & Mining Clusters to take into account situations where there may not be enough eligible companies. Lastly, S&P DJI is considering changing the review frequency of constituents that change to a non-eligible GICS classification from annually to quarterly if an addition or deletion is made during the quarterly rebalancing. The table below summarizes the proposed changes.

| Proposed Changes  | Current  | Methodology   | Proposed |
|-------------------|--|---|----------|
| Index Eligibility | <p>The index universe is all constituents of the S&amp;P Global BMI classified as part of the GICS Sub-Industries defined below:</p> <p><b>Agriculture Cluster</b></p> <p><u>Agriculture (30 Stocks)</u></p> <ul style="list-style-type: none"> <li>• Agricultural Products (30202010)</li> <li>• Fertilizers &amp; Agricultural Chemicals (15101030)</li> <li>• Forest Products (15105010)</li> <li>• Paper Products (15105020)</li> <li>• Specialized REITS – Timber REITs (60101080)</li> </ul> <p><b>Energy Cluster</b></p> <p><u>Oil and Gas (25 Stocks)</u></p> <ul style="list-style-type: none"> <li>• Integrated Oil &amp; Gas (10102010)</li> <li>• Oil &amp; Gas Drilling (10101010)</li> <li>• Oil &amp; Gas Exploration &amp; Production (10102020)</li> <li>• Oil &amp; Gas Refining &amp; Marketing (10102030)</li> </ul> <p><u>Coal (5 Stocks)</u></p> <ul style="list-style-type: none"> <li>• Coal &amp; Consumable Fuels (10102050)</li> </ul> <p><b>Metals &amp; Mining Cluster</b></p> <p><u>Industrial Metals (20 Stocks)</u></p> <ul style="list-style-type: none"> <li>• Aluminum (15104010)</li> <li>• Copper (15104025)</li> <li>• Diversified Metals &amp; Mining (15104020)</li> <li>• Steel (15104050)</li> </ul> <p><u>Precious Metals (20 Stocks)</u></p> <ul style="list-style-type: none"> <li>• Gold (15104030)</li> <li>• Precious Metals &amp; Minerals (15104040)</li> <li>• Silver (15104045)</li> </ul> | <p>The index universe is all constituents of the S&amp;P Global BMI classified as part of the GICS Sub-Industries defined below:</p> <p><b>Agriculture Cluster</b></p> <p><u>Agriculture (30 Stocks)</u></p> <ul style="list-style-type: none"> <li>• Agricultural Products (30202010)</li> <li>• Fertilizers &amp; Agricultural Chemicals (15101030)</li> <li>• Forest Products (15105010)</li> <li>• <b>Paper Packaging (15103020)</b></li> <li>• Paper Products (15105020)</li> <li>• Specialized REITS – Timber REITs (60101080)</li> </ul> <p><b>Energy Cluster</b></p> <p><u>Oil and Gas (25 Stocks)</u></p> <ul style="list-style-type: none"> <li>• Integrated Oil &amp; Gas (10102010)</li> <li>• Oil &amp; Gas Drilling (10101010)</li> <li>• Oil &amp; Gas Exploration &amp; Production (10102020)</li> <li>• <b>Oil &amp; Gas Equipment &amp; Services (10101020)</b></li> <li>• Oil &amp; Gas Refining &amp; Marketing (10102030)</li> </ul> <p><u>Coal (5 Stocks)</u></p> <ul style="list-style-type: none"> <li>• Coal &amp; Consumable Fuels (10102050)</li> </ul> <p><b>Metals &amp; Mining Cluster</b></p> <p><u>Industrial Metals (20 Stocks)</u></p> <ul style="list-style-type: none"> <li>• Aluminum (15104010)</li> <li>• Copper (15104025)</li> <li>• Diversified Metals &amp; Mining (15104020)</li> <li>• Steel (15104050)</li> </ul> <p><u>Precious Metals (20 Stocks)</u></p> <ul style="list-style-type: none"> <li>• Gold (15104030)</li> <li>• Precious Metals &amp; Minerals (15104040)</li> <li>• Silver (15104045)</li> </ul> |          |

| Proposed Changes             | Methodology   |   |
|------------------------------|---|---|
|                              | Current   | Proposed  |
| Target Constituent Count     | <p>The index measures the equal weighted performance of 100 large companies in natural resources and commodities businesses. The index includes companies tied to three clusters of commodities: Agriculture, Energy, and Metals &amp; Mining.</p> <ul style="list-style-type: none"> <li>The Agriculture cluster includes 30 large companies involved in agriculture and timber &amp; forestry businesses.</li> <li>The Energy cluster includes 30 large companies involved in oil, gas and coal exploration, extraction and production. Five of the constituent stocks are from the Global Industry Classification Standard (GICS®) Coal &amp; Consumable Fuels sub-industry.</li> <li>The Metals &amp; Mining cluster includes 40 large companies from two sub-clusters: industrial metals and precious metals. Each sub-cluster includes 20 large mining companies involved in the exploration, extraction, and production of industrial or precious metals.</li> </ul> | <p>The index measures the equal weighted performance of 100 large companies in natural resources and commodities businesses. The index includes companies tied to three clusters of commodities: Agriculture, Energy, and Metals &amp; Mining.</p> <ul style="list-style-type: none"> <li>The Agriculture cluster includes 30 large companies involved in agriculture and timber &amp; forestry businesses.</li> <li>The Energy cluster includes 30 large companies involved in oil, gas and coal exploration, extraction and production. Five of the constituent stocks are from the Global Industry Classification Standard (GICS®) Coal &amp; Consumable Fuels sub-industry. <b>If there are less than five eligible stocks under the Coal &amp; Consumable Fuels sub-industry, the highest-ranking stocks by total market capitalization under the Oil &amp; Gas sub-cluster are selected until the target constituent count of 30 is reached.</b></li> <li>The Metals &amp; Mining cluster includes 40 large companies from two sub-clusters: industrial metals and precious metals. Each sub-cluster includes 20 large mining companies involved in the exploration, extraction, and production of industrial or precious metals. <b>If there are less than 20 eligible stocks under the Precious Metals sub-cluster, the highest-ranking stocks by total market capitalization from the Industrial Metals sub-cluster are selected until the target constituent count of 40 is reached.</b></li> </ul> |
| Index Maintenance: Deletions | Constituents whose GICS classification changes to a non-eligible GICS classification will remain in the index until the subsequent annual reconstitution.   | If an addition or deletion is made at the quarterly rebalancing to maintain the target count of 100, constituents whose GICS classification changes to a non-eligible GICS classification will be replaced. Otherwise, the non-eligible GICS constituent will remain in the index until the subsequent annual reconstitution.   |

## IMPACT ANALYSIS

Using data from the August 2020 rebalancing, the table below shows the actual one-way turnover as well as the hypothetical one-way turnover that would have resulted had the previously described proposed changes been implemented at that time.

| Index  | One-Way Turnover |              |
|--|------------------|--------------|
|  | Actual           | Hypothetical |
| S&P Global Resources Select Equal Weighted Index | 13.38%           | 18.60%       |

## IMPLEMENTATION TIMING

S&P DJI is proposing to implement the previously described methodology changes, if adopted, in conjunction with the upcoming annual reconstitution, which takes effect prior to the market open on Wednesday, September 1, 2021. If adopted, the changes will first be visible to clients beginning on Tuesday, August 24, 2021.

## CONSULTATION

## QUESTIONS

Please answer the following questions and provide S&P DJI with the reasoning behind your answers:

1. Do you agree with the proposed changes to the index universe?
2. Do you agree with the proposed changes to the target constituent count?
3. Do you agree with the proposed change to review and replace constituents who have been reclassified to a non-eligible GICS classification quarterly, instead of annually, when an addition or deletion is made during the quarterly rebalancing?
4. If any of the proposed changes are adopted, do you agree with the proposed implementation date?
5. Do you have any other comments or feedback regarding the proposed changes outlined above?

Your participation in this consultation is important as we gather information from various market participants in order to properly evaluate your views and preferences. Please respond to this survey by **June 16, 2021**. After this date, S&P DJI will no longer accept survey responses. Prior to the Index Committee's final review, S&P DJI may request clarifications from respondents as part of that review.

To participate in this consultation, please visit the online survey available [here](#).

For further information about this consultation, please contact S&P Dow Jones Indices at [SPDJI\\_Index\\_Governance@spglobal.com](mailto:SPDJI_Index_Governance@spglobal.com).

*Please be advised that all comments from this consultation will be reviewed and considered before a final decision is made; however, S&P DJI makes no guarantees or is under any obligation to comply with any of the responses. The survey may result in no changes or outcome of any kind. If S&P DJI decides to change the index methodology, an announcement will be posted on our website.*

Thank you for taking the time to complete this survey.

For more information about S&P Dow Jones Indices, please visit [www.spdji.com](http://www.spdji.com).

## ABOUT S&P DOW JONES INDICES

S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500® and the Dow Jones Industrial Average®. More assets are invested in products based on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has been innovating and developing indices across the spectrum of asset classes helping to define the way investors measure and trade the markets.

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### FOR MORE INFORMATION:

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## CONSULTATION