S&P Dow Jones Indices Consultation on the Introduction of an Adjustment Factor for Return Based Index Level Calculations in Commodity Indices – Results (Updated)

NEW YORK, MAY 31, 2024: As previously announced, S&P DJI is introducing an Adjustment Factor which will allow for the proper calculation of indices when negative prices impact the calculation by directionally aligning the index level performance with the index’s constituent performance with respect to negative index levels.

This calculation enhancement will allow correct calculations for levered, inverse, long/short, unhedged, and hedged indices, and will correct current index levels for the calculation of unlevered long-only indices and intraday real-time indices in the event of negative index levels. The introduction of the Adjustment Factor does not impact the calculations under scenarios where index levels are positive.

For additional policy information on Negative Futures Contract Prices and Index Levels, please refer to the S&P Commodities Indices Policies & Practices Methodology.

The following table shows the previous index level calculation formula as well as the updated formula which incorporates the Adjustment Factor.

<table>
<thead>
<tr>
<th>Methodology</th>
<th>Calculation of Indices when Index Levels Become Zero or Negative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previous</td>
<td>Index Level_(t+1) = Index Level_(t) \times (1 + Return_(t+1))</td>
</tr>
<tr>
<td>Updated</td>
<td>Index Level_(t+1) = Index Level_(t) \times (1 + Return_(t+1) \times Adjustment Factor)</td>
</tr>
</tbody>
</table>

where Adjustment Factor

\[\begin{align*}
\text{Adjustment Factor} & = 1 \quad \text{when the beginning index constituent market value of the return calculation and the index level to which it is applied have the same sign.} \\
\text{Adjustment Factor} & = -1 \quad \text{when the beginning index constituent market value of the return calculation and the index level to which it is applied have different signs.}
\end{align*}\]

IMPACT

All commodity-based indices are impacted by this change.

IMPLEMENTATION TIMING

Effective on July 1, 2024, all commodity-based indices with index level calculations will include this adjustment factor.

Please note that the applicable methodologies on S&P DJI’s website will be updated to reflect these changes.
For more information about S&P Dow Jones Indices, please visit www.spglobal.com/spdji.

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.

S&P Dow Jones Indices is a division of S&P Global (NYSE: SPGI), which provides essential intelligence for individuals, companies and governments to make decisions with confidence. For more information, visit www.spglobal.com/spdji.

FOR MORE INFORMATION:
S&P Dow Jones Indices
index_services@spglobal.com

INDEX ANNOUNCEMENT