S&P Dow Jones Indices
A Division of S&P Global

INDEX INVESTMENT STRATEGY
Register to receive our dashboards at
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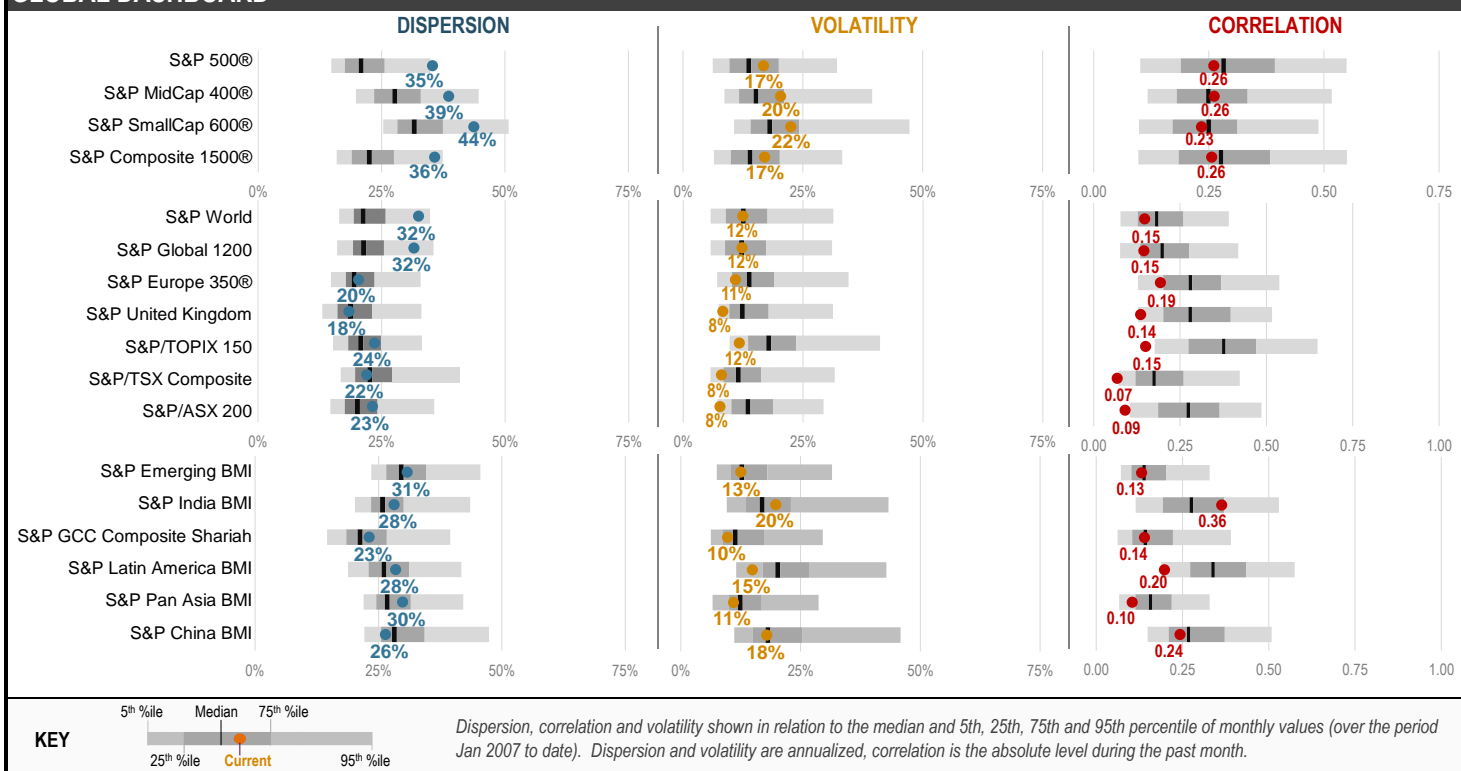Index Dashboard: Dispersion, Volatility & Correlation

May 31, 2025

COMMENTARY

- Following April's high volatility and market declines, May's recovery was accompanied by high dispersion and low correlations. S&P 500 calendar month dispersion reached the highest in two years as the benchmark moved back into positive territory for 2025.

- Might we be out of the woods? Our "implied" or forward-looking reported measures for S&P 500 index volatility (VIX), index dispersion (DSPX), and average constituent volatility (VIXEQ), respectively, all declined considerably over the month of May.

- Elsewhere, global equity benchmarks echoed the rapid trip back down from high correlations and high volatility, although few matched the U.S. large-cap spike in dispersion.
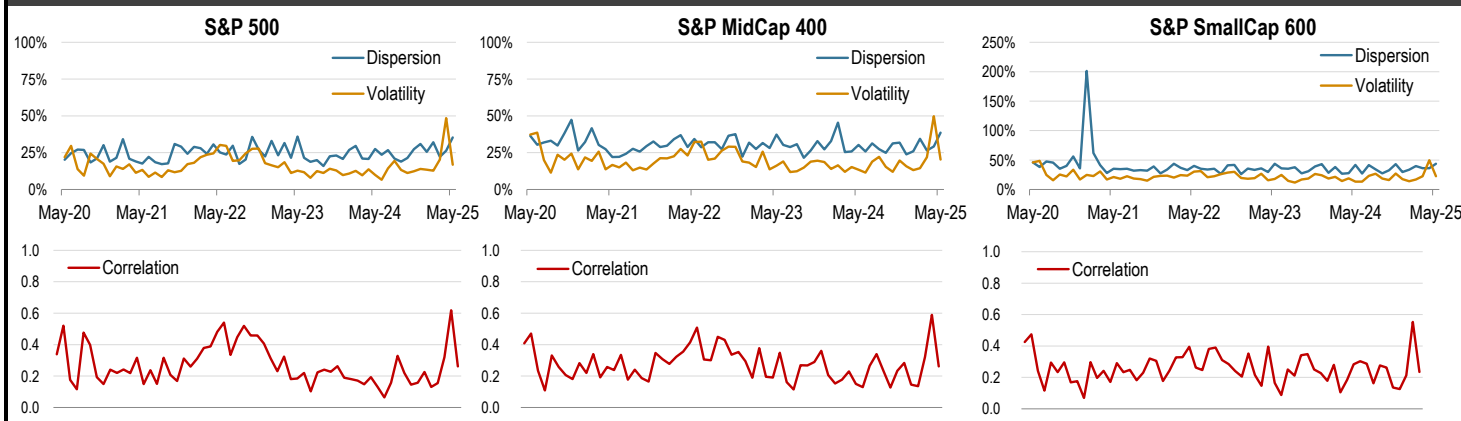
GLOBAL DASHBOARD

DISPERSION

Index	Value
S&P 500®	35%
S&P MidCap 400®	39%
S&P SmallCap 600®	44%
S&P Composite 1500®	36%
S&P World	32%
S&P Global 1200	32%
S&P Europe 350®	20%
S&P United Kingdom	18%
S&P/TOPIX 150	24%
S&P/TSX Composite	22%
S&P/ASX 200	23%
S&P Emerging BMI	31%
S&P India BMI	28%
S&P GCC Composite Shariah	23%
S&P Latin America BMI	28%
S&P Pan Asia BMI	30%
S&P China BMI	26%

VOLATILITY

Index	Value
S&P 500®	17%
S&P MidCap 400®	20%
S&P SmallCap 600®	22%
S&P Composite 1500®	17%
S&P World	12%
S&P Global 1200	12%
S&P Europe 350®	11%
S&P United Kingdom	8%
S&P/TOPIX 150	12%
S&P/TSX Composite	8%
S&P/ASX 200	8%
S&P Emerging BMI	13%
S&P India BMI	20%
S&P GCC Composite Shariah	10%
S&P Latin America BMI	15%
S&P Pan Asia BMI	11%
S&P China BMI	18%

CORRELATION

Index	Value
S&P 500®	0.26
S&P MidCap 400®	0.26
S&P SmallCap 600®	0.23
S&P Composite 1500®	0.26
S&P World	0.15
S&P Global 1200	0.15
S&P Europe 350®	0.19
S&P United Kingdom	0.14
S&P/TOPIX 150	0.15
S&P/TSX Composite	0.07
S&P/ASX 200	0.09
S&P Emerging BMI	0.13
S&P India BMI	0.36
S&P GCC Composite Shariah	0.14
S&P Latin America BMI	0.20
S&P Pan Asia BMI	0.10
S&P China BMI	0.24

KEY

5th %ile | Median | 75th %ile
25th %ile | Current | 95th %ile

Dispersion, correlation and volatility shown in relation to the median and 5th, 25th, 75th and 95th percentile of monthly values (over the period Jan 2007 to date). Dispersion and volatility are annualized, correlation is the absolute level during the past month.

S&P 500 Implied Indicators

	Level	1M + / -
Volatility Index (**VIX®**)	18.57	↓ -6.13
Dispersion Index (**DSPX**)	30.58	↓ -4.96
Constituent Vol (**VIXEQ**)	35.87	↓ -7.45

The Cboe Volatility Index (VIX), the Cboe S&P 500 Dispersion Index (DSPX) and the Cboe S&P 500 Constituent Volatility Index (VIXEQ) measure market expectations for S&P 500 index volatility, index dispersion, and average constituent volatility, respectively, over the next 30 days.

MAJOR BENCHMARKS - PAST FIVE YEARS

S&P 500 — Dispersion, Volatility, Correlation

S&P MidCap 400 — Dispersion, Volatility, Correlation

S&P SmallCap 600 — Dispersion, Volatility, Correlation

*Source: S&P Dow Jones Indices as of May 31, 2025 * See "Notes" for explanations and defintions.*

MAJOR BENCHMARKS - PAST FIVE YEARS (cont'd)

S&P/TOPIX 150

S&P Emerging BMI

S&P Europe 350

S&P United Kingdom

S&P/ASX 200

S&P/TSX Composite
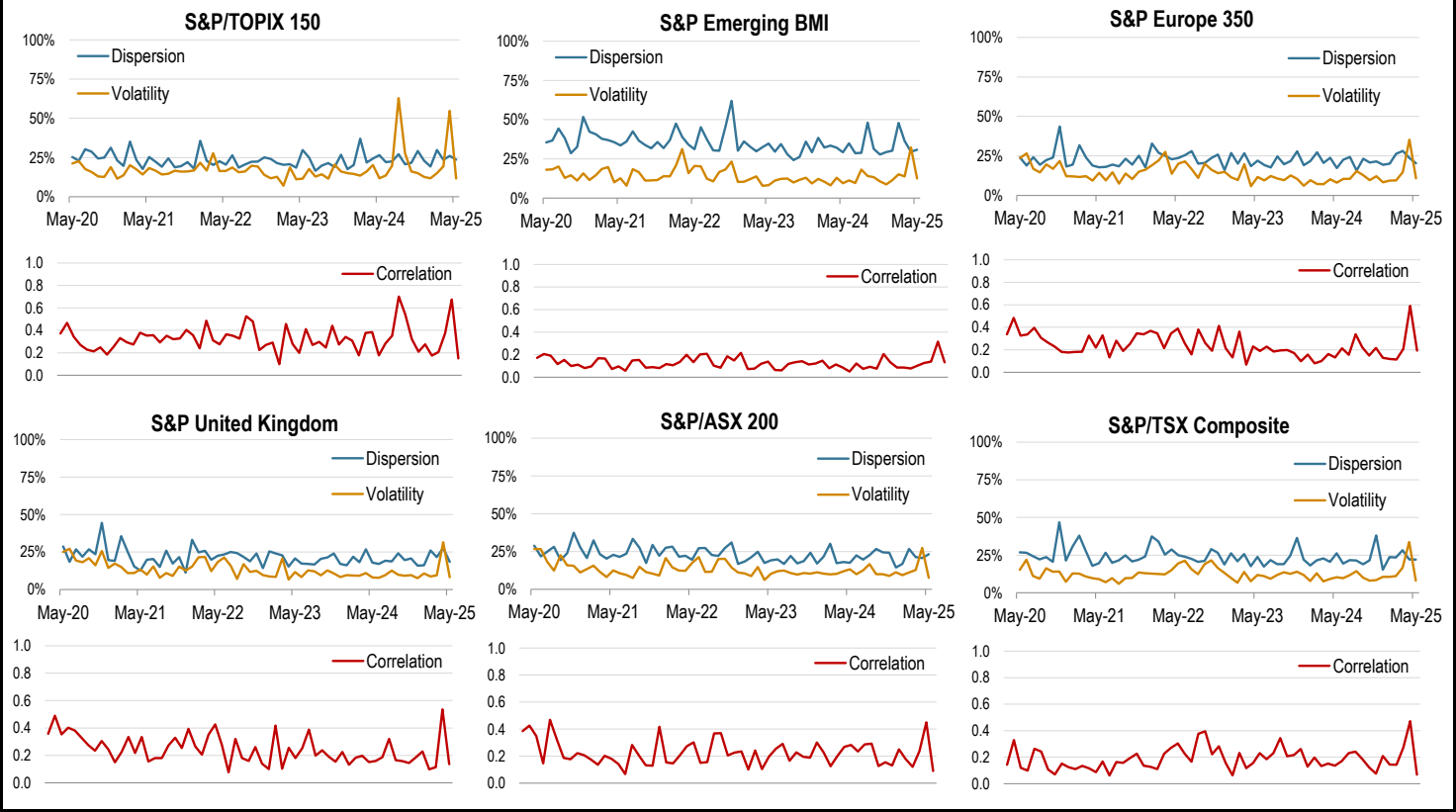
S&P 500 - 12M TRAILING AVERAGES & ACTIVE RETURN DIFFICULTY
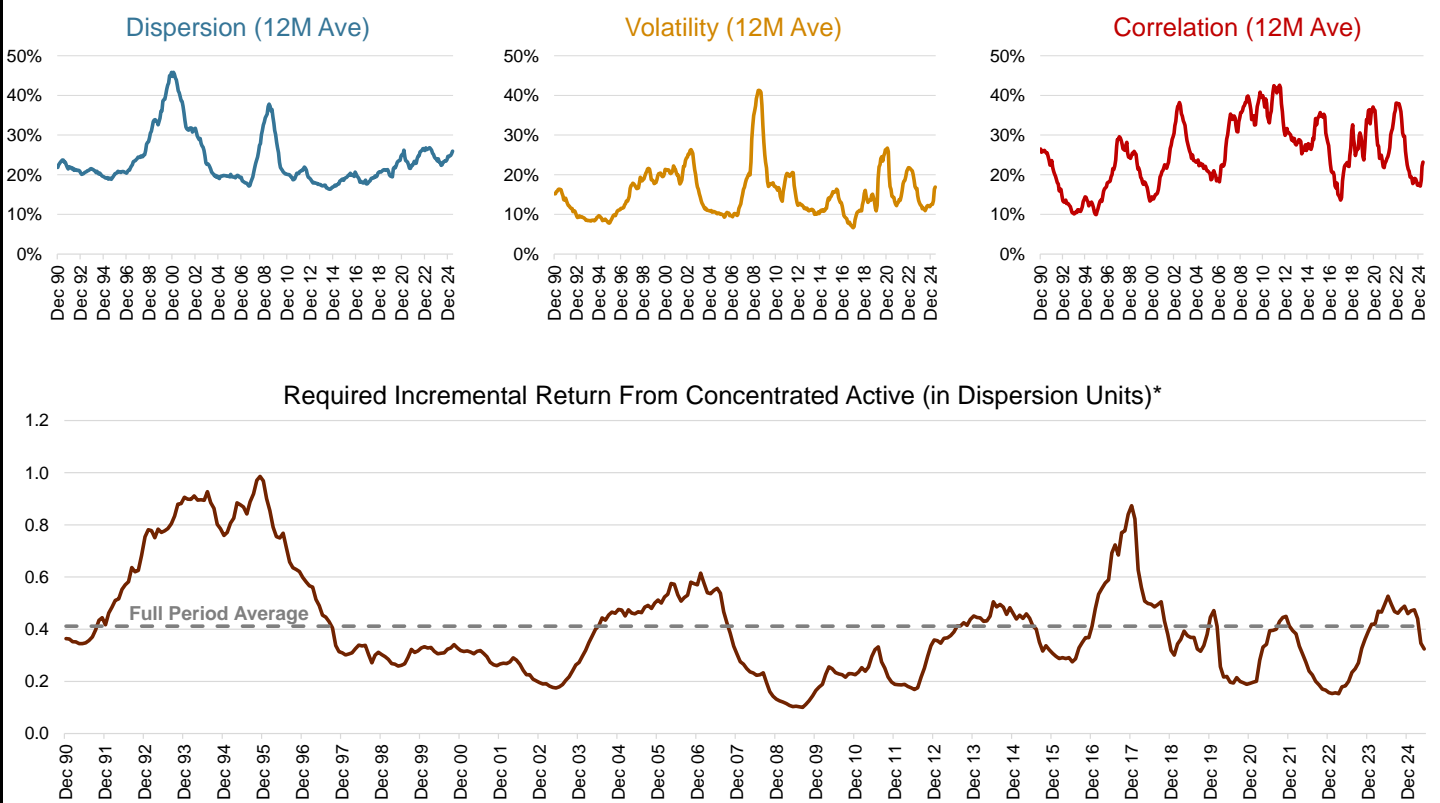
Dispersion (12M Ave)

Volatility (12M Ave)

Correlation (12M Ave)

Required Incremental Return From Concentrated Active (in Dispersion Units)*

*Source: S&P Dow Jones Indices as of May 31, 2025 * See "Notes" for explanations and defintions.*

NOTES

Definitions

Dispersion for each index is the annualized, index-weighted standard deviation of the index constituents' full-month total returns. See "Dispersion: Measuring Market Opportunity" for a formal definition of dispersion and more information on its uses.

Correlation for each index measures the correlation among the daily returns of the index constituents during the month, calculated via the ratio of index variance to the index-weighted average constituent variance. See "At the Intersection of Diversification, Volatility and Correlation" for a more detailed explanation of the calculation.

Volatility for each index is the annualized standard deviation of daily index price returns during the month. See "The Landscape of Risk" for details on the relationship of correlation, volatility and dispersion.

Required Incremental Return From Concentrated Active (in Dispersion Units) provides the excess return, in multiples of 12M trailing average dispersion, required from a concentrated position in a single index constituent with 12M trailing volatility equal to the index-weighted average, such that the ratio of return to volatility of the position matches that of an investment with volatility matching the index's trailing 12M volatility, and an annual return of 10%. For further details, see "The Active Manager's Conundrum".

Measurement Periods For Historical Ranges (p1)

The time period over which the median and percentiles of dispersion and correlation are measured begins with January, 2007 and ends with the current month except in the case of the S&P GCC Composite Shariah (which has a history to April, 2007).