

S&P Dow Jones Indices

A Division of **S&P Global**

INDEX INVESTMENT STRATEGY

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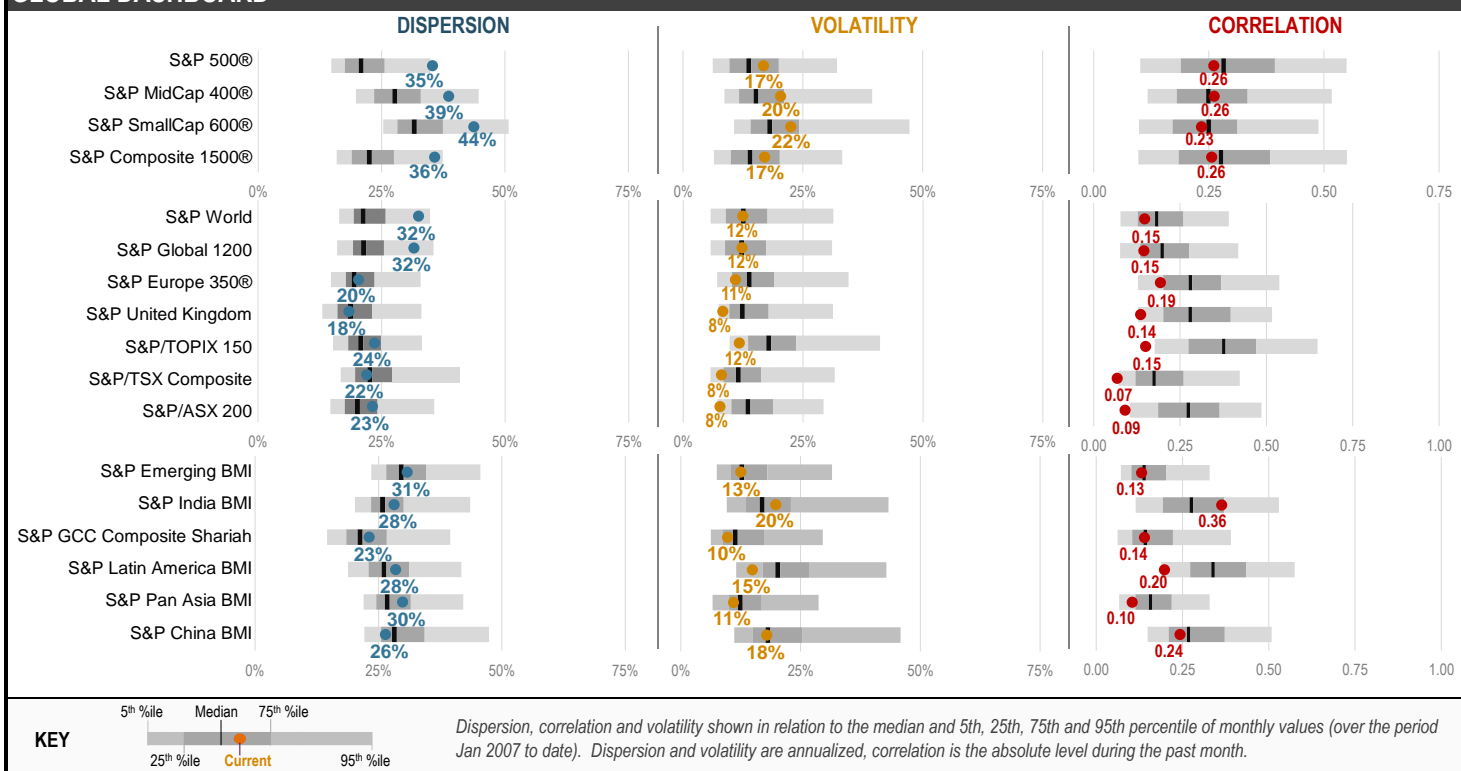
Index Dashboard: Dispersion, Volatility & Correlation

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

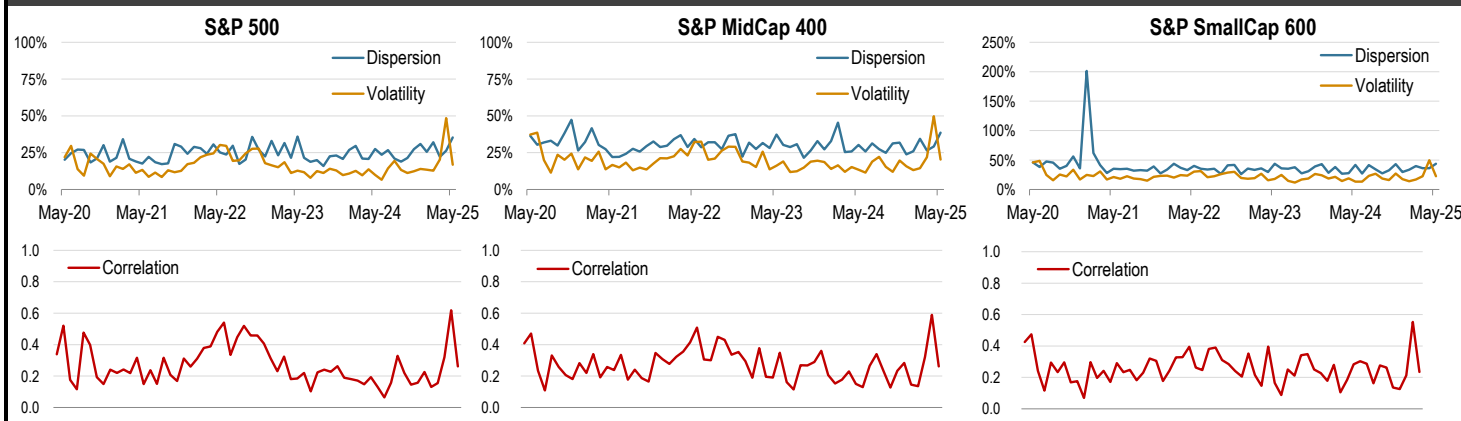


S&P 500 Implied Indicators

	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



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

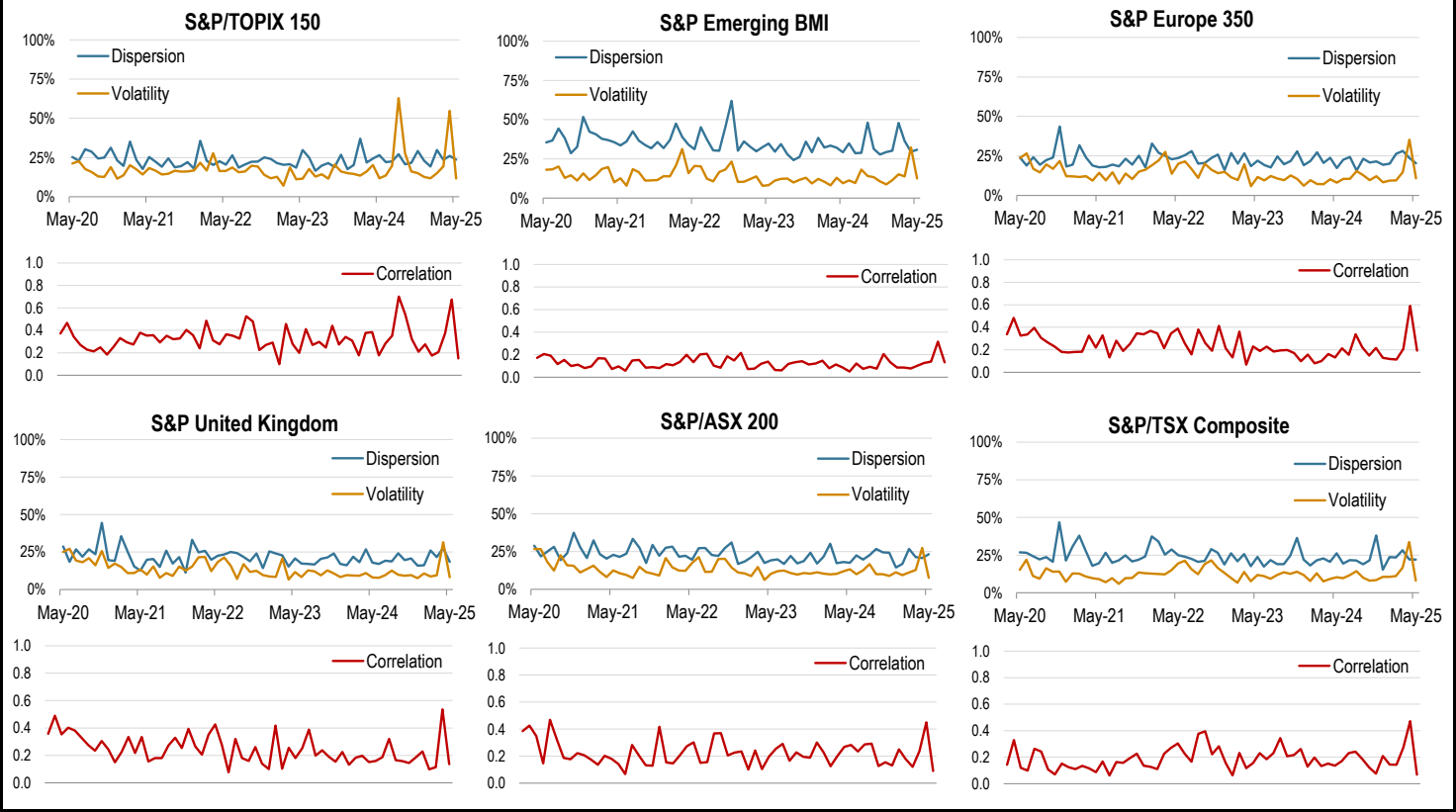
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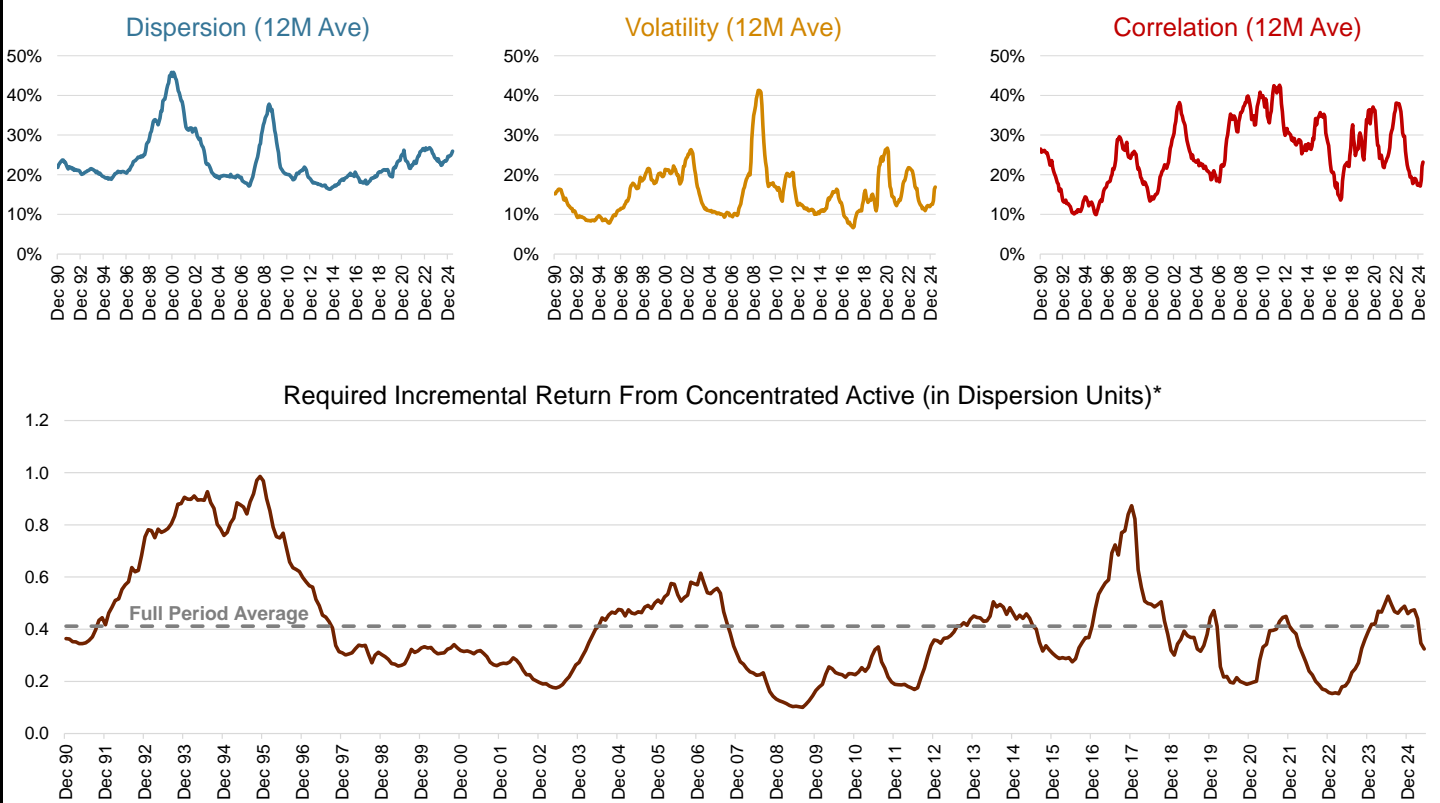
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MAJOR BENCHMARKS - PAST FIVE YEARS (cont'd)



S&P 500 - 12M TRAILING AVERAGES & ACTIVE RETURN DIFFICULTY



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

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).

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