

# U.S. Equities January 2024

## Key Highlights

- The [S&P 500<sup>®</sup>](#) was up 1.59% in January, bringing its one-year return to 18.86%.
- The [Dow Jones Industrial Average<sup>®</sup>](#) rose 1.22% for the month and was up 11.92% for the one-year period.
- The [S&P MidCap 400<sup>®</sup>](#) fell 1.77% for the month, bringing its one-year return to 3.00%.
- The [S&P SmallCap 600<sup>®</sup>](#) was down 4.03% in January and was down 0.09% for the one-year period.

### Exhibit 1: Index Returns

Index	1-Month (%)	3-Month (%)	1-Year (%)	2-Year (%)	3-Year (%)
S&P 500	1.59	15.54	18.86	7.31	30.46
Dow Jones Industrial Average	1.22	15.42	11.92	8.59	27.24
S&P MidCap 400	-1.77	15.46	3.00	3.67	16.75
S&P SmallCap 600	-4.03	16.70	-0.09	-2.62	6.43

Source: S&P Dow Jones Indices LLC. Data as of Jan. 31, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes. Returns shown are price returns.

## Market Snapshot

The S&P 500 continued its gains from December (4.42%) and November (8.92%) for a third consecutive month (1.59%), resulting in a strong 15.54% three-month rally. For January, the index broke through 4,800 and then 4,900, posting six new closing highs (4,927.93 closing high and 4,931.09 intraday high), with the economy continuing to demonstrate its strength (GDP at 3.3%; PCE at 2.6%; low unemployment as paychecks increase; earnings and sales), as the market easily accepted that the strength would most likely delay the first Fed interest

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rate cut to May or June 2024, instead of the prior March expectation (the Fed confirmed this at its meeting).

At the sector level, 5 of the 11 sectors gained for January, compared to 10 in December (and 8 of 11 for 2023). Communication Services did the best, up 4.84% for the month (down 3.48% from the 2021 close), and Real Estate did the worst, down 4.79% (down 26.24% from the close of 2021). Breadth decreased and turned negative, as 224 issues gained (with 24 up at least 10%) and 279 fell (with 39 down at least 10%), compared to last months' broad 432 gainers and 72 decliners (for 2023, 322 issues were up and 179 down, a complete reversal of 2022's 139 gainers and 363 decliners).

The reality was that most of the Street was wrong about January; not the direction, but the issues, as the Magnificent 7<sup>1</sup> were expected to fall but continued upward (average gain of 1.80% for January; 5.58% without Tesla's 24.63% decline). They accounted for 45% of the January return (1.59%), which was down from 2023's 62% rate. Of note, within the Mag 7, the Mag 6 (excluding Tesla) would have accounted for 71% of the return. Also helping the market were earnings. With almost half of earnings in, they've been stronger than expected—if you leave out the special items—and sales were up 4.6% year-over-year to a record USD 4 trillion for Q4 and a record USD 15.6 trillion for 2023. Behind those records is the consumer who continues to spend and charge (even as we are seeing more warning on charge cards and autos), as well as the government spending via CHIPs, IRAs and Infrastructure, with more expected from Washington.

February will continue the earnings watch as retail reports come in, along with the market sizing up if the consumer will continue to spend (and charge). The focus on politics will also continue to grow, as the possible Biden-Trump rematch buzz has already started to filter into the general public, even though the primaries have just started. Typically, the Street will start to take market positions on the expected November outcome in September, as a clearer picture on not just the presidency emerges, but that of the House and Senate. Also in politics is government spending (continued deficit) and financing (borrowing shorter term, at higher interest rates than long term), as well as a budget deal that could affect defense issues (not to mention the border, Ukraine and Israel).

In the background day-to-day (the tide affects all, but does not move all) are the inflation indicators (CPI, PPI, PCE) and employment (employment, claims, availability), as well as investor flows (especially away from the USD 6 trillion in money markets and into the market).

The S&P 500 closed above the 4,800 level for the first time ever, and then 4,900, as it posted six new closing highs in January (4,927.93; 4,931.09 intraday high) to close the month at 4,864.60, up 1.59% (1.68% with dividends) from last month's close of 4,769.83, when it was up

<sup>1</sup> The Magnificent Seven include Apple, Amazon.com, Alphabet, Meta Platforms, Microsoft, Nvidia and Tesla.

4.42% (4.54%) from the prior month's close of 4,567.80 (8.92%, 9.13%). For the three-month period, the index was up 15.54% (16.01%), and the 2023 return was up 24.23% (26.29%), making up for 2022's 19.44% decline. The index was up 43.10% (52.49%) from its pre-COVID Feb. 19, 2020, closing high.

The three months of gains came after three months of declines (-2.20% in October, -4.87% in September and -1.77% in August; cumulatively -8.61%), which followed five consecutive months of gains (cumulatively 15.59%). January posted gains for 11 of its 21 trading days, as 5 of the 11 sectors were up and breadth turned negative (224 up and 279 down, compared to last month's 431 up and 72 down); trading decreased 5% over December and was down 4% over January 2023.

The S&P 500's one-year Street consensus target price increased for a second month, after declining for 2 consecutive months, which was after 11 consecutive months of gains (which was after 9 consecutive months of declines), to 5,280, a 9.0% gain (7.4% last month) from 5,122 last month (5,047 the month before that). The Dow<sup>®</sup> target price increased for the second month, after two consecutive months of declines, which were after three consecutive months of gains, to USD 40,955, a 7.4% gain (4.7%) from now (39,445, 38,615).

In U.S. news, the U.S. Supreme Court is reviewing the 1984 Chevron deference interpretation, which yields certain rule-making decisions to the specialty executive branch covering the field if the details of the legislation are not spelled out. The U.S. Congress approved a stopgap budget measure, for the third time, to prevent a shutdown of the government, extending the deadline to March 1, 2024; absent a budget or fourth extension, automatic budget cuts will take effect on April 1, 2024.

Reports said Congress was close to passing a 10-year USD 76 billion stimulus bill that would add USD 136 billion this year and USD 72 billion in 2025, with revenue expected to start in 2027 (that keeps the expected cost down). The major components were corporate tax deductions for research and development, estimated to save USD 83 billion, and full expensing of capital equipment, estimated to save USD 33 billion, and an extended and expanded Child Tax Credit, estimated at USD 8 billion.

For 2024, 21.3 million individuals have enrolled in the Affordable Care Act, which exceeded 2023's total by 16.4 million (14.5 million for 2022 and 12.0 million for 2021).

The U.S. Fed's balance sheet has declined USD 1.3 trillion from its 2022 peak; it now stands at USD 7.7 trillion. The FOMC minutes for the Dec. 13, 2023, meeting showed that members saw interest rate changes were likely in 2024, but there was no schedule of any potential cuts, with comments not seeming to support a cut in March 2024. The Fed's Beige Book showed a strong consumer, as labor markets appeared to be easing from their strong stance.

The Bank of Japan met and kept its interest rates unchanged at -0.1%, indicating that it would increase its rates to 0% at its April meeting. The Bank of England met and kept its interest rates unchanged at 4.0%, as it gave indications that it might increase its rates in April.

The FOMC met, and as expected, left interest rates unchanged at 5.25%-5.50% for the fourth consecutive meeting (the last increase was in July 2023, for 0.25%). The Fed indicated that interest rate increases were off the table, and that eventual interest rate decreases were expected, but that it needed additional time and data before it would take that action. The FOMC statement, as well as Chair Powell's conference call statements, implied that the first interest cut would not occur until at least May or June 2024. Fed futures followed that guidance for the first cut, but they were still in conflict with the Fed, as the Street still saw six cuts in 2024 (the FOMC meets in March, May, June, July, September, November and December). The S&P 500, which was already down 1% at the release time, declined to close the day down 1.61%, as interest rates ended the day down.

The S&P Global BMI gains slowed as the consolidated market posted a slight increase of 0.13%, after December's 5.16% gain and November's strong 9.05% turnaround (from October's -3.44% and September's -4.29%). However, absent the U.S.'s 1.02% increase, the 0.13% gain became a 1.20% fall; for December, the global markets were up 5.06% without the U.S.'s 5.22% gain. For the three-month period, global markets were up 14.82% and up 13.01% without the U.S.'s 16.05% gain, as they were up 11.31% for the one-year period and up 3.27% excluding the U.S.'s 17.29% gain. For the two-year period, the S&P Global BMI was up 0.82% and down 5.96% without the U.S.'s 5.76% gain. The three-year period posted a 10.99% gain, and it was down 4.68% without the U.S.'s 24.99% gain.

Sector variance for global markets increased, as 4 of the 11 sectors gained, compared to all 11 in December and November, which was a complete reversal from October, when all 11 declined. The January spread between the best-performing sector (Information Technology, 2.72%) and the worst-performing sector (Materials, -5.26%) increased to 7.98% from December's 7.64%. For 2023, the spread was 66.59%: Information Technology, 56.39%; Utilities, -10.20%. For 2022, the spread was 99.46%: Energy was up 59.05% and Communication Services was down 40.42%.

Emerging markets posted a consolidated 3.51% decline, after December's 3.48% gain and November's 7.03% gain. The three-month gain was 6.87%, the one-year period was down 2.66% and the 2023 return was 7.55% (2022 posted a loss of 20.46%). The two-year return was down 16.63% and the three-year return was down 20.68%. Nine of 23 markets gained, compared to 19 last month; the best this month was Egypt, up 17.12% (78.08% for the one-year period), and the worst was China, down 11.20% (-30.48% for the one-year period).

Developed markets posted a consolidated 0.55% gain, after December's 5.36% gain and November's 9.30% gain; excluding the U.S., developed markets were down 0.38%, up 5.63%

for December and up 9.55% for November. The three-month return was 15.79% and 15.27% excluding the U.S., as the one-year gain was 13.08% and 5.42% without the U.S. The two-year return was 3.12% and -1.90% excluding the U.S., and the three-year return was up 15.67% and 1.69% excluding the U.S. Six of the 25 markets posted a gain for January, compared to all 25 gaining in December; the best performer for the month was the Netherlands, up 5.44% (up 12.70% for the one-year period), and the worst was Hong Kong, down 9.81% (-29.35% for the one-year period).

Natural gas issues Southwestern Energy (SWN) and Chesapeake Energy (CHK) agreed to merge in an all-stock deal valued at USD 17 billion. Energy issue APA (APA) said it would buy Callon Petroleum (CPE) for USD 4.5 billion (including debt obligations). A U.S. federal judge blocked JetBlue's (JBLU) USD 3.8 billion acquisition of Spirit Airlines (SAVE), as concern started over a possible bankruptcy filing. Car service issue Uber (UBER) said it would discontinue its alcohol delivery unit Drizly, which it purchased in 2021 for USD 1.1 billion. Energy issue Shell Oil (SHEL) said it would sell its Nigerian onshore oil business for USD 1.3 billion. Shell also said it would suspend its shipments through the Red Sea, due to attacks. Software issue Synopsys (SNPS) said it would acquire software and services issue Ansys (ANSS) in a deal valued at USD 35 billion in cash and stock; the deal is expected to be completed in the first half of 2025. Energy issue Sunoco (SUN) said it would buy NuStar Energy (NS) for USD 7.3 billion in stock; the deal is expected to be completed in Q2 2024. Department store Macy's (M) rejected Arkhouse Management and Brigade Capital's USD 21 (USD 5.8 billion) takeover, as the private equity firms said they may take the offer directly to shareholders. Web-based retailer Amazon.com (AMZN) ended its planned USD 1.7 billion acquisition of robotic vacuum maker iRobot (IRBT) after EU opposition; iRobot said it would lay off 31% of its employees to reduce costs. Reports said Hewlett Packard Enterprise (HPE) was in talks to acquire network equipment maker Juniper Networks (JNPR) for USD 13 billion. Reports said Allen Media Group (entrepreneur Byron Allen) made a USD 14.3 billion offer for Paramount Global (PARA), including assumption of debt; reports also said both Warner Brothers Discovery (WBD) and Skydance Media (privately held) are exploring an offer. 3M Company (MMM) plans to spin off its healthcare business, Solventum (USD 8.4 billion in sales in 2022), into an independent public company, though it will retain 19.9% ownership; the transaction is expected to be completed in the first half of 2024.

For Q4 2024, 185 issues have reported, with 140 beating operating estimates (for a 75.7% beat rate), as 124 of 182 (68.1%) have beaten on sales. Estimates call for a 0.7% increase over Q3 2023 and a 4.5% gain over Q4 2022. Sales are coming in strong, up 3.0% over Q3 2023 and up 4.6% over Q4 2022, and are expected to set a record quarter (surpassing USD 4 trillion for the first time) in addition to a record year for 2023 (USD 15.6 trillion).

Operating margins for Q4 2023 are expected to decline to 10.91% from 11.15% in Q3 2023 (the average since 1993 is 8.39%, and the record is 13.54% in Q2 2021). To date, the

significant EPS impact due to share count reduction for Q4 2023 was 15.5%, compared with Q3 2023's 13.8% and 19.4% in Q4 2022. For 2023, earnings estimates call for a 7.8% increase, and the forward P/E is 22.8. For 2024, earnings estimates call for a 12.6% increase, and the forward P/E is 20.3.

Health Care issue Eli Lilly (LLY) started a new online telehealth service for prescriptions and delivery of its obesity drug Zepbound. Energy issue Chevron (CVX) said it will take a USD 3.5-4.0 billion charge in Q4 2023 on upstream assets (primarily in California). Agricultural issue Archer-Daniels-Midland (ADM) placed its CFO on leave as it investigates accounting practices. Package delivery issue United Parcel Service (UPS) said it would lay off 12,000 employees (of its 495,000) and will require management staff to work from their offices five days a week.

The state of Florida became the first state to receive federal agency permission to import drugs from Canada. The U.S. Congress had passed such legislation 20 years ago, but agencies had not granted permission (the approval came on the last day of a court order to give permission).

New regulations for 2024 mean that just 13 electric vehicle models are now eligible for the USD 7,500 consumer tax credit in the U.S. due to tighter regulations for battery components (made in China). Auto manufacturers that did not qualify were seeking alternative components to qualify.

Verizon will take a mostly paper impairment charge of USD 5.8 billion. Regional bank New York Community Bancorp (NYCB), which purchased the assets of the collapsed Signature Bank last year, posted a loss and increased its reserves for future losses.

The 10-year U.S. Treasury Bond increased to close at 3.93% from last month's 3.88% (3.88% at year-end 2022, 1.51% at year-end 2021, 0.92% at year-end 2020, 1.92% at year-end 2019, 2.69% at year-end 2018 and 2.41% at year-end 2017). The 30-year U.S. Treasury Bond closed at 4.17%, up from last month's 4.04% (3.97%, 1.91%, 1.65%, 2.30%, 3.02%, 3.05%).

The pound closed at 1.2681, down from 1.2742 last month (1.2099, 1.3525, 1.3673, 1.3253, 1.2754, 1.3498); the euro closed at 1.0813, down from last month's 1.0838 (1.0703, 1.1379, 1.2182, 1.1172, 1.1461, 1.2000); the yen closed at 146.95 from last month's 141.02 (132.21, 115.08, 103.24, 108.76, 109.58, 112.68); and the yuan closed at 7.0997 from last month's 7.1132 (6.9683, 6.3599, 6.6994, 6.9633, 6.8785, 6.5030).

Oil closed up 6.3% for the month, at USD 75.77 from last month's USD 71.31 close (USD 80.45 at year-end 2022), while EIA all-grade gasoline was down 0.7% for the month (USD 3.214 currently, USD 3.238 last month, USD 3.203 at year-end 2022 and USD 3.375 at year-end 2021). Since year-end 2020, oil was up 56.5% (USD 48.42 a barrel at year-end 2020), while gasoline was up 37.9% (USD 2.330 per gallon). As of December 2023, the EIA reported

that the makeup of regular gasoline costs was 56% (57% last month) from crude oil, 16% (15%) from federal and state taxes, 8% (8%) from refining costs and 19% (20%) from distribution and marketing.

Gold closed at USD 2,057.80, down from last month's USD 2,073.60 (USD 1,829.80 at the end of 2022, USD 1,901.60 at the end of 2021, USD 1,520.00 at the end of 2020, USD 1,284.70 at the end of 2019 and USD 1,305.00 at the end of 2018). VIX closed at 14.35, trading as high as 15.40 and as low as 12.35, up from 12.45 last month (21.67, 17.22, 22.75, 13.78 and 16.12). In 2023, it traded as high as 30.81 and as low as 11.81. In 2022, it traded as high as 38.89 and as low as 16.34. In 2021, it traded as high as 37.51 and as low as 14.10. In 2020, it traded as high as 85.47 and as low as 11.75.

## Index Review

### S&P 500

The S&P 500 closed at 4,845.65, up 1.59% (1.68% with dividends) from last month's close of 4,769.83, when it was up 4.42% (4.54%) from the prior month's close of 4,567.80 (8.92%, 9.13%). For the three-month period, the index was up 15.42% (16.01%), as the 2023 return was up 24.23% (26.29%), making up for 2022's 19.44% decline. The index closed above 4,800 and 4,900 for the time, posting six new closing highs in January. Monthly intraday volatility (daily high/low) increased to 0.79% from 0.75% in both December and November; 2023 was 1.04%, 2022 was 1.83%, 2021 was 0.97% and 2020 was 1.51% (the long-term average is 1.42%). S&P 500 trading decreased 5% (adjusted for trading days) for January, after being up 6% in December; the year-over-year January trades were 4% lower compared to January 2023. The 2023 trading volume was down 1% over 2022; 2022 posted a 6% increase over 2021.

For January, 5 of the 11 sectors increased, compared with 10 of 11 in December. Communication Services did the best, up 4.84% for the month (down 3.58% from year-end 2021), and Real Estate did the worst, down 4.79% (down 26.24% from the close of 2021).

In January, 3 of the 21 trading days moved at least 1% (1 up and 2 down), with December recording 3 (2 up and 1 down) of the 20 trading days. For 2023, 63 of the 250 days moved at least 1% (37 up and 26 down) and 2 moved at least 2% (1 up and 1 down). Of the 21 trading days in January, 4 days had a high/low intraday spread of at least 1%, and none had at least a 2% spread, compared to the 21 trading days in December, when 2 days had a high/low intraday spread of at least 1%, and none had at least a 2% spread. For 2023, there were 113 intraday moves of at least 1%, 13 of at least 2% and none of at least 3% (the last 3% move was on Nov. 30, 2022), as 219 had at least a 1% spread in 2022, with 89 having at least a 2% spread and 20 a 3% spread (4 at 4% and 1 at 5%).

Breadth declined in January and turned negative, as 224 issues gained (an average of 4.75% each), compared with December's 416 gainers (8.91%). There were 24 gainers of 10% or more (13.29%), compared with 149 (15.74%) last month; 1 issue gained at least 25%, compared with 8 last month. On the downside, 279 issues fell (an average loss of 5.28%), compared with last month's 86 issues (-2.97%). For January, 39 issues declined at least 10% (-12.18%), compared with December's 3 decliners (-12.18%); no issue fell at least 25%, and none did last month. For 2023, breadth improved, as 322 issues gained, while 179 issues declined; 248 gained at least 10%, while 85 declined at least 10%, with 143 issues up at least 25% and 20 down at least 25%.

## The Dow

The Dow dominated headlines, as it started the year with a new closing high and went on to post six more closing highs (38,468.31 closing high and 38,588.86 intraday high) in January, trading above the 38,000 level for the first time, after breaking above the 37,000 for the first time last month. For the month, however, The Dow (up 1.22%) continued to underperform the S&P 500 (1.59%). Over time, The Dow historically has had similar returns to the S&P 500, but shorter term it has significantly lagged, posting a 2023 gain of 13.70% while the S&P 500 was up 24.23%, with most pointing to its price weighting as the reason. That said, not that much was mentioned about 2022, when The Dow did significantly better than the S&P 500, partially because both indices were down (-8.78% for The Dow and 19.44% for the S&P 500). Over the two-year period, The Dow was up 8.57%, beating the S&P 500's 7.31% gain, reinforcing the Street saying of "it's not what you make in the bull, but what you don't lose in the bear."

The Dow continued its upward move in January (1.22%) after December's (4.42%) and November's gains (8.77%). The Dow continued to underperform the S&P 500 (1.59%), even as it posted seven new closing highs in the month; it was significantly better than the losses of the S&P 400<sup>®</sup> (-1.77%) and the S&P 600<sup>®</sup> (-4.03%). January's gains were inspired by the strong economic climate, as earnings beat estimates, with guidance mostly positive for 2024, even though interest rates were seen as staying higher for longer.

For the month, The Dow closed at 38,150.30, up 1.22% (1.31% with dividends) from last month's close of 37,689.54, when it was up 4.82% (4.93%) from the prior month's close of 35,950.89 (8.77%, 9.15%). The three-month return was 15.42% (16.04% with dividends), as 2023 was up 13.70% (16.18%). Longer term, the 3-year return was 27.24% (35.23% with dividends, 10.58% annualized), the 5-year return was 52.60% (69.96%, 11.19%) and the 10-year return was 143.01% (205.51%, 11.82%)—with all three periods being lower than the S&P 500.

Volatility decreased, as intraday swings (high/low) of at least 1% were posted for 5 of the 21 days, compared to last month's 2 of 20. For January, 1 of the days moved at least 1% (up), compared to 2 last month (1 up and 1 down). The average intraday high/low increased to



0.79% in January, compared to 0.69% in December, as the 2023 rate was 0.96% (down from 2022's 1.63%).

For the month, breadth declined but stayed positive, as 17 of the 30 issues gained (with an average gain of 6.28%), compared with last month's 24 gainers (7.72%). For January, 4 issues gained at least 10% (average 11.60%); 7 did last month (15.28%). On the downside, 13 issues declined (an average loss of 6.42%), compared with last month's 6 (-2.65%). Four issues declined at least 10% (-15.14%), as none did month. For 2023, 19 issues gained (18 YTD last month), while 11 issues declined (12); 13 (9) gained at least 10%, while 3 (4) declined at least 10%, with 8 (4) issues up at least 25% and 1 (1) down at least 25%.

On an issue level, communications issue Verizon (VZ) did the best for the month, up 12.33%, as it was up 20.55% for the three-month period and down 18.49% from the 2021 close. International Business Machines (IBM) was next, gaining 12.30% for the month (up 26.98% for the three-month period and up 37.41 from the 2021 close), as insurance issue Travelers (TRV) was up 10.96% (26.23%, 35.11%), with healthcare issue Merck (MRK) up 10.79% (17.60%, 57.59%). Aircraft issue Boeing (BA) did the worst, as it fell 19.04% for the month, with a 12.96% gain for the three-month period and up 4.83% from the close of 2021. Chipmaker Intel (INTC) fell 14.27% for the month (up 18.03% for the three-month period and down 16.35% from the 2021 close), as industrial issue 3M was down 13.69% (3.74%, -46.88%) and retail drug store Walgreens Boots Alliance (WBA) declined 13.56% (7.07%, -56.73%). Of note, software issue Microsoft (MSFT), which accounts for 6.9% of The Dow's weighting, increased 5.73% for the month, as it was up 17.59% for the three-month period and up 18.21% from the 2021 close. Apple (AAPL) fell 4.22%, was up 7.98% for the three-month period and was up 3.85% from the 2021 close, as healthcare issue UnitedHealth Group (UNH), which has the highest weight in The Dow at 8.8%, fell 2.80% for the month, was down 4.45% for the three-month period and was down 1.91% from the 2021 close.

## S&P MidCap 400

While the S&P 500 (up 1.59% for January) and Dow Jones Industrial Average (1.22%) dominated the headlines with new closing highs, the rest of the market followed a familiar trend of larger was better, as both the S&P MidCap 400 (-1.77%) and S&P SmallCap 600 (-4.03%) posted losses for the month, with strong negative breadth.

The S&P MidCap 400 posted a loss of 1.77%, after two months of broad gains (8.50% in December and 8.33% in November), which had reversed the losses accrued over the prior three months (-5.42% in October, -5.42% in September and -3.04% in August).

For the three-month period, the mid-cap index was up 15.46%, beating only The Dow's 15.42%, but all four headline indices were relatively close (S&P 500 at 15.54% and S&P SmallCap 600 at 16.70%). The 2023 return was 14.45%, which was better than The Dow's

13.70% and small caps' 13.89% but far from the S&P 500's 24.23%. For the 3-, 5- and 10-year periods, the index posted gains of 16.75%, 48.86% and 108.07%, respectively (annualized with dividends, they were 6.94%, 10.02% and 9.32%, respectively).

For January, 2 of the 11 sectors gained, compared to all 11 gaining in December, as the difference between the best (Information Technology, 2.45%) and worst (Real Estate, -6.09%) sectors decreased to 8.44% from last month's spread of 10.17%. The three-month spread increased to 33.51% from December's 22.27%, as the 2023 spread was 46.54% and 63.08% in 2022. For the month, Information Technology did the best, up 2.35%, and it was up 25.44% for the three-month period and up 17.94% for the one-year period. Financials was the other positive sector, up 0.05% for the month, up 19.08% for the three-month period and down 2.41% for the one-year period. Real Estate did the worst, declining 6.09% for the month, up 11.88% for the three-month period and down 12.42% for the one-year period. Energy fell 2.80% for the month; it was down 8.07% for the three-month period, was down 2.62% for the one-year period, was up 107.26% over the three-year period and was down 3.77% over the five-year period.

Breadth decreased and was strongly negative, as 126 issues gained, with an average increase of 5.71%, down from last month's 349 issues (11.02%). There were 20 issues that gained at least 10% (117.99%), compared with last month's 174 (16.64%). One issue gained at least 25%, as 13 did so last month. On the downside, 274 issues declined an average of 6.33%, up from last month's 52 issues (-3.27%). Declines of at least 10% were posted by 48 issues (-15.23%), compared with 2 issues (-12.49%) last month; 4 issues fell at least 25%, as none did last month. For 2023, 275 issues gained, while 124 issues declined; 214 (151) gained at least 10%, as 78 declined at least 10%, with 116 issues up at least 25% and 22 down at least 25%.

## S&P SmallCap 600

The S&P SmallCap 600 retreated from its strong gains of December (12.61%) and November (7.98%), which was after three months of declines (October's -5.83%, September's -6.16% and August's -4.33%). The S&P 600 did the worst of any of the four headline indices, falling 4.03%, as all 11 sectors declined on weak breadth. For the three-month period, however, December and January's gains permitted it to post a 16.70% gain, which was the best of any of the four indices. Meanwhile, the one-year period posted a 0.09% decline, the worst of any of the other indices and in stark contrast to the S&P 500's 18.86% return. The two-year return was in the red, down 2.62% (again the only index in the red). Longer term, the 3-year return was up 6.43%, the 5-year period was up 35.44% and the 10-year period was up 97.84% (annualized with dividends, the 3-, 5- and 10-year returns were 3.72%, 7.93% and 8.65%, respectively). Over the longer-term 25-year period, the small-cap index's total return was

9.53% annualized, second only to the S&P 400's 9.79% (The Dow was 8.25% and the S&P 500 was 7.46%).

Sector variance (spread between the best and worst sector) decreased to 4.21% (as all 11 sectors declined) from December's 14.97%, as the three-month spread slightly decreased to 29.40% from December's 30.74%; the 2023 spread was 40.88% and the 2022 spread was 80.77%. For January, all 11 sectors declined, a complete reversal of last month, when all 11 were up. Consumer Staples did the best, as it limited its decline for January to 2.14%; it was up 13.54% for the three-month period and up 4.48% for the one-year period. Utilities did the worst, falling 6.36% for the month; it was up 2.00% for the three-month period and down 16.09% for the one-year period.

For the month, breadth decreased and was strongly negative, as 139 issues gained an average of 5.59% each, down from last month's 544 gainers (14.82%). On the downside, 463 issues declined an average of 7.71%, down from 58 (-4.31%) last month. There were 23 issues that gained at least 10% (18.05%), down from last month's 359 issues (19.70%), while 129 issues declined at least 10% (-15.21%), up from 6 (-14.87%) last month. Significant gains of at least 25% were posted by 2 (61.09%) issues, compared with 60 (36.37%) last month, while 9 issues lost at least 25%, compared with none last month. For 2023, 339 issues gained, while 257 issues declined; 279 gained at least 10%, as 174 declined at least 10%, with 198 issues up at least 25% and 63 down at least 25%.

# Performance Recap

## Exhibit 2: Monthly Returns

<b>S&amp;P 500</b>	<b>Price</b>	<b>1-Month (%)</b>	<b>3-Month (%)</b>	<b>1-Year (%)</b>	<b>3-Year (%)</b>	<b>5-Year (%)</b>	<b>10-Year (%)</b>
Energy	636.73	-0.52	-2.34	-7.80	114.73	35.24	4.31
Materials	518.41	-3.93	8.31	-2.81	16.54	55.22	86.45
Industrials	955.86	-0.92	14.87	10.89	33.31	58.32	121.28
Consumer Discretionary	1367.70	-3.55	13.31	18.29	4.59	58.77	174.37
Consumer Staples	772.80	1.37	7.72	0.25	17.22	41.04	84.37
Health Care	1635.58	2.84	12.71	5.29	21.97	56.09	152.44
Financials	644.54	2.90	19.88	6.03	34.01	49.93	127.17
Information Technology	3529.92	3.91	21.57	48.74	55.56	203.48	518.93
Communication Services	257.91	4.84	18.44	41.68	18.00	68.84	73.04
Utilities	312.07	-3.06	3.04	-11.13	-1.25	12.39	57.00
Real Estate	239.54	-4.79	15.41	-6.16	4.61	12.47	56.32
S&P 500	4845.65	1.59	15.54	18.86	30.46	79.20	171.83
<b>Dow Jones Industrial Average</b>	<b>Price</b>	<b>1-Month (%)</b>	<b>3-Month (%)</b>	<b>1-Year (%)</b>	<b>3-Year (%)</b>	<b>5-Year (%)</b>	<b>10-Year (%)</b>
Dow Jones Industrial Average	38150.30	1.22	15.42	11.92	27.24	52.60	143.01
<b>S&amp;P MidCap 400</b>	<b>Price</b>	<b>1-Month (%)</b>	<b>3-Month (%)</b>	<b>1-Year (%)</b>	<b>3-Year (%)</b>	<b>5-Year (%)</b>	<b>10-Year (%)</b>
Energy	334.40	-2.80	-8.07	-2.62	107.26	-3.77	-59.18
Materials	711.30	-3.17	16.79	-0.85	40.44	57.85	103.55
Industrials	1862.78	-2.14	17.23	16.62	41.99	95.68	178.09
Consumer Discretionary	1221.61	-3.28	18.50	3.34	11.56	72.71	105.96
Consumer Staples	2572.56	-0.87	10.63	8.51	20.60	53.81	122.12
Health Care	2401.93	-0.01	13.54	-3.52	-14.86	29.51	165.28
Financials	1263.04	0.05	19.08	-2.41	27.69	38.10	103.75
Information Technology	4924.23	2.35	25.44	17.94	16.22	104.65	252.52
Communication Services	120.76	-1.70	15.15	-20.54	-31.37	-26.15	-45.51
Utilities	453.15	-4.62	4.71	-20.95	-8.42	-21.17	17.31
Real Estate	184.06	-6.09	11.88	-12.42	-9.33	-20.00	-
S&P MidCap 400	2732.18	-1.77	15.46	3.00	16.75	48.86	108.07
<b>S&amp;P SmallCap 600</b>	<b>Price</b>	<b>1-Month (%)</b>	<b>3-Month (%)</b>	<b>1-Year (%)</b>	<b>3-Year (%)</b>	<b>5-Year (%)</b>	<b>10-Year (%)</b>
Energy	372.13	-2.75	-5.56	-6.01	97.96	-0.52	-76.70
Materials	712.38	-5.58	17.25	-0.56	23.52	50.04	68.29
Industrials	1864.69	-2.75	18.76	15.12	41.15	82.10	160.61
Consumer Discretionary	916.92	-4.24	23.84	6.35	-3.47	65.18	121.85
Consumer Staples	2670.88	-2.14	13.54	4.48	17.38	48.09	130.66
Health Care	2971.92	-3.95	15.68	-11.97	-31.66	5.33	131.77
Financials	987.56	-4.48	19.81	-7.61	-0.05	-3.81	43.57
Information Technology	1211.61	-4.17	16.84	4.75	8.66	78.27	221.34
Communication Services	2.98	-4.49	9.16	-10.51	-19.68	-3.25	23.17
Utilities	951.19	-6.36	2.00	-16.09	-0.16	-1.28	68.45
Real Estate	146.19	-5.29	16.54	-12.93	-17.39	-24.96	-
S&P SmallCap 600	1265.19	-4.03	16.70	-0.09	6.43	35.44	97.84

Source: S&P Dow Jones Indices LLC. Data as of Jan. 31, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes. Returns shown are price returns.

**Exhibit 3: Total Returns**

Index	1-Month (%)	3-Month (%)	1-Year (%)	3-Year (%)	5-Year (%)	10-Year (%)
S&P 500	1.68	16.01	20.82	36.72	95.06	228.07
S&P MidCap 400	-1.71	15.95	4.78	22.29	61.19	143.78
S&P SmallCap 600	-3.95	17.30	1.81	11.59	46.49	129.19
S&P Composite 1500	1.34	16.04	19.34	35.19	91.48	218.79
Dow Jones Industrial Average	1.31	16.04	14.36	35.23	69.96	205.51

Source: S&P Dow Jones Indices LLC. Data as of Jan. 31, 2024. Index performance based on total return in USD. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

**Exhibit 4: Price-to-Earnings Ratios**

Index	2021	2022	Estimated 2023
S&P 500	30.69	19.58	22.83
S&P 500 Consumer Discretionary	46.04	25.52	27.08
S&P 500 Consumer Staples	21.72	21.95	20.60
S&P 500 Energy	-10.37	22.21	10.97
S&P 500 Financials	15.01	10.26	15.96
S&P 500 Health Care	22.86	19.89	24.10
S&P 500 Industrials	55.14	27.04	20.68
S&P 500 Information Technology	33.80	25.38	35.05
S&P 500 Materials	28.72	17.48	20.10
S&P 500 Communication Services	30.57	14.63	20.88
S&P 500 Utilities	20.46	22.98	16.26
S&P 500 Real Estate	43.17	31.87	35.33
Index	2021	2022	Estimated 2023
S&P MidCap 400	31.10	17.24	17.69
S&P 400 Consumer Discretionary	30.38	12.45	15.06
S&P 400 Consumer Staples	22.04	20.00	19.93
S&P 400 Energy	-6.25	N.M	7.09
S&P 400 Financials	14.37	11.47	13.16
S&P 400 Health Care	35.70	29.46	27.54
S&P 400 Industrials	35.02	22.63	20.18
S&P 400 Information Technology	50.18	29.04	36.90
S&P 400 Materials	24.55	8.43	16.37
S&P 400 Communication Services	63.53	32.97	25.00
S&P 400 Utilities	16.81	16.02	17.31
S&P 400 Real Estate	66.10	27.15	32.29
Index	2021	2022	Estimated 2023
S&P SmallCap 600	-280.36	17.06	18.06
S&P 600 Consumer Discretionary	30.33	9.06	13.63
S&P 600 Consumer Staples	19.37	21.52	19.97
S&P 600 Energy	-0.97	91.01	8.03
S&P 600 Financials	25.69	9.76	10.70
S&P 600 Health Care	160.03	41.08	221.13
S&P 600 Industrials	34.11	18.04	18.92
S&P 600 Information Technology	61.15	31.72	33.25
S&P 600 Materials	46.89	20.55	15.75
S&P 600 Communication Services	-2171.53	30.27	22.92
S&P 600 Utilities	25.47	25.21	17.42
S&P 600 Real Estate	1416.00	33.05	-365.48

Source: S&P Dow Jones Indices LLC. Data as of Jan. 31, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

**Exhibit 5: Operating EPS Changes (%)**

Index	Q4 2022 over Q4 2021	Q1 2023 over Q1 2022	Q2 2023 over Q2 2022	Q3 2023 OVER Q3 2022	Q4 2023E OVER Q4 2022	2022 over 2021	2023E over 2022
S&P 500	-11.21	6.44	17.00	3.77	4.51	-5.41	7.78
S&P 500 Consumer Discretionary	-24.98	63.43	52.13	42.45	15.05	-20.79	40.75
S&P 500 Consumer Staples	5.51	4.53	20.24	31.17	-2.98	-4.81	12.20
S&P 500 Energy	51.44	18.10	-51.07	-36.34	-29.17	166.87	-30.02
S&P 500 Financials	-29.58	12.06	249.86	-5.87	-25.99	-42.81	19.15
S&P 500 Health Care	-2.33	-10.69	-17.22	-19.67	-4.23	0.01	-13.09
S&P 500 Industrials	40.40	49.55	23.27	4.54	-8.64	27.07	14.10
S&P 500 Information Technology	-15.56	-14.97	10.11	19.18	35.38	-3.69	11.83
S&P 500 Materials	-23.86	-23.59	-24.53	-16.43	-10.28	5.41	-19.83
S&P 500 Communication Services	-31.31	-3.94	19.62	36.73	49.30	-19.69	23.62
S&P 500 Utilities	-1.82	4.81	39.62	11.00	65.93	0.79	24.61
S&P 500 Real Estate	-48.95	-25.85	1.59	-22.07	33.06	-7.99	-8.01
Index	Q4 2022 over Q4 2021	Q1 2023 over Q1 2022	Q2 2023 over Q2 2022	Q3 2023 OVER Q3 2022	Q4 2023E OVER Q4 2022	2022 over 2021	2023E over 2022
S&P MidCap 400	-10.59	-5.96	-16.63	-6.53	-4.92	10.08	-8.80
S&P 400 Consumer Discretionary	-27.42	-10.08	-11.90	-16.46	9.14	-7.07	-8.03
S&P 400 Consumer Staples	16.49	-22.03	13.83	14.71	0.52	7.95	0.88
S&P 400 Energy	178.92	331.62	-38.28	-25.14	-74.08	N.M.	-8.07
S&P 400 Financials	-36.79	-12.94	2.36	12.00	22.57	-19.15	5.15
S&P 400 Health Care	-36.42	-26.79	17.82	3.24	84.92	-8.37	12.62
S&P 400 Industrials	30.80	-4.87	-3.54	-6.11	-5.73	37.72	-5.06
S&P 400 Information Technology	11.24	-47.22	-20.51	-5.10	0.49	12.87	-17.77
S&P 400 Materials	-73.91	-61.43	-49.98	-28.21	19.57	-8.98	-43.88
S&P 400 Communication Services	18.49	-17.81	8.26	-46.95	-43.97	52.06	-31.10
S&P 400 Utilities	-71.80	-41.27	-29.81	4.10	168.85	-13.19	-15.71
S&P 400 Real Estate	-43.17	-57.04	-63.52	-5.26	6.49	14.21	-35.52
Index	Q4 2022 over Q4 2021	Q1 2023 over Q1 2022	Q2 2023 over Q2 2022	Q3 2023 OVER Q3 2022	Q4 2023E OVER Q4 2022	2022 over 2021	2023E over 2022
S&P SmallCap 600	-33.10	12.54	-23.33	-12.44	1.56	2.30	-7.79
S&P 600 Consumer Discretionary	-26.03	-41.07	-17.65	-15.41	5.09	-13.45	-18.36
S&P 600 Consumer Staples	45.12	27.01	6.96	-15.01	-26.86	16.12	-3.04
S&P 600 Energy	-47.10	201.34	-67.51	-67.54	-21.30	1126.21	-13.14
S&P 600 Financials	-27.65	-20.33	32.33	56.49	-11.47	-25.76	13.56
S&P 600 Health Care	-73.15	-197.37	-552.48	72.70	219.51	-70.34	-44.87
S&P 600 Industrials	-1.96	-22.20	-18.72	-23.00	-19.80	38.82	-20.93
S&P 600 Information Technology	-13.01	3.30	-30.26	-12.88	57.59	-5.05	5.26
S&P 600 Materials	-30.11	0.08	-38.06	-1.57	47.03	41.88	-8.57
S&P 600 Communication Services	-50.00	0.00	800.00	-	50.00	-54.55	160.00
S&P 600 Utilities	1.97	-24.30	182.64	312.69	26.17	-9.65	34.36
S&P 600 Real Estate	-59.85	-102.73	-114.53	-152.83	-66.04	-13.58	-109.11

Source: S&P Dow Jones Indices LLC. Data as of Jan. 31, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

**Exhibit 6: Breadth of Change (Issues with Monthly Price Changes as Described by Type)**

<b>S&amp;P 500</b>										
Type	Jan. 2024	% Change	Dec. 2023	% Change	Nov. 2023	% Change	3-Month	% Change	YTD	% Change
Up	224	4.75	416	8.91	441	10.86	444	18.61	224	4.75
Down	279	-5.28	86	-2.97	62	-4.13	59	-7.38	279	-5.28
Up >= 10	24	13.29	149	15.74	219	15.82	329	23.14	24	13.29
Down <= -10	39	-14.50	3	-12.18	2	-20.41	12	-17.52	39	-14.50
Up >= 25	1	25.37	8	30.38	17	30.98	124	33.60	1	25.37
Down <= -25	0	0.00	0	0.00	1	-25.84	1	-27.81	0	0.00
Up >= 50	0	0.00	0	0.00	0	0.00	8	55.28	0	0.00
Down <= -50	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
<b>S&amp;P MidCap 400</b>										
Type	Jan. 2024	% Change	Dec. 2023	% Change	Nov. 2023	% Change	3-Month	% Change	YTD	% Change
Up	126	5.71	349	11.02	334	11.56	341	19.85	126	5.71
Down	274	-6.33	52	-3.27	67	-5.56	59	-7.59	274	-6.33
Up >= 10	20	17.99	174	16.44	176	17.05	251	25.11	20	17.99
Down <= -10	48	-15.23	2	-12.49	10	-15.38	19	-16.15	48	-15.23
Up >= 25	1	86.31	13	30.49	16	31.80	102	36.85	1	86.31
Down <= -25	4	-31.26	0	0.00	0	0.00	2	-33.45	4	-31.26
Up >= 50	1	86.31	1	52.17	1	56.80	16	60.68	1	86.31
Down <= -50	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
<b>S&amp;P SmallCap 600</b>										
Type	Jan. 2024	% Change	Dec. 2023	% Change	Nov. 2023	% Change	3-Month	% Change	YTD	% Change
Up	139	5.59	544	14.82	472	13.01	495	22.51	139	5.59
Down	463	-7.71	58	-4.31	128	-8.44	106	-10.33	463	-7.71
Up >= 10	23	18.05	359	19.70	252	19.42	379	27.80	23	18.05
Down <= -10	129	-15.21	6	-14.87	42	-17.59	40	-20.31	129	-15.21
Up >= 25	2	61.09	60	36.37	46	35.50	180	39.70	2	61.09
Down <= -25	9	-34.94	0	0.00	8	-31.78	10	-34.64	9	-34.94
Up >= 50	1	88.10	6	70.56	6	53.48	30	68.84	1	88.10
Down <= -50	1	-64.86	0	0.00	0	0.00	1	-58.70	1	-64.86
<b>Dow Jones Industrial Average</b>										
Type	Jan. 2024	% Change	Dec. 2023	% Change	Nov. 2023	% Change	3-Month	% Change	YTD	% Change
Up	17	6.28	24	7.72	25	10.55	27	16.82	17	6.28
Down	13	-6.42	6	-2.65	5	-3.80	3	-3.13	13	-6.42
Up >= 10	4	11.60	7	15.38	11	15.59	19	21.88	4	11.60
Down <= -10	4	-15.14	0	0.00	0	0.00	0	0.00	4	-15.14
Up >= 25	0	0.00	1	30.94	1	25.43	7	30.76	0	0.00
Down <= -25	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Up >= 50	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Down <= -50	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00

Source: S&P Dow Jones Indices LLC. Data as of Jan. 31, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

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