

S&P Select Sector Daily Capped 25/20 Indices Constituent Weighting Methodology Update

NEW YORK, JANUARY 10, 2025: S&P Dow Jones Indices (“S&P DJI”) announces changes to the S&P Select Sector Daily Capped 25/20 Indices’ constituent weightings rules to adjust the daily capping rules to relax concentration rules and align constituent weights with a float-adjusted market capitalization weighted version.

The tables below summarize the changes.

Change	Methodology	
	Previous	Updated
Constituent Weightings	<p>Each index is capped market capitalization weighted. For capping purposes, the indices are rebalanced quarterly after the close of business on the third Friday of March, June, September, and December. Indices are also reviewed daily based on each company’s capped market capitalization weight. Daily capping is only performed when either the largest index closing weight exceeds 25% or the second largest index closing weight exceeds 20%. The quarterly capping reference date is the Wednesday prior to the second Friday of March, June, September, and December with changes effective after the close of the following Friday.</p> <p>When daily capping is necessary S&P DJI announces the changes in pro-forma files disseminated after the close of the business day on which the daily weight caps are exceeded with a reference date as of after the close of that same business day, and changes are effective after the close of the next trading day. While capping is reviewed daily, the index may be capped less frequently. If daily capping is necessary during a regularly occurring quarterly capping window the impacted index is capped per the normal daily capping procedure with the changes effective after the close of the next trading day. However, the previously assigned AWFs from the quarterly reference date are still implemented, effective after the close of the third Friday of March, June, September, and December, to account for any applicable quarterly share and IWF updates.</p> <p>If on the second to last business day prior to the quarterly rebalancing implementation, using that day’s closing price (adjusted for any applicable corporate actions) and the newly assigned quarterly shares, IWF, and AWFs as of the rebalancing effective date the index breaches the daily capping requirements the index recaps using that day’s closing price. The new AWFs replace the originally assigned AWFs, with the new AWFs still effective after the close of the third Friday of March, June, September, and December. Any index requiring daily capping is not assessed on the next business day as the previously performed capping is effective at that day’s closing. Both the quarterly and daily capping process are performed according to the following procedures:</p> <ol style="list-style-type: none"> 1. With prices reflected on the rebalancing reference date, adjusted for any applicable corporate actions, and membership, shares outstanding, and IWFs as of the rebalancing effective date, each company is weighted by FMC. Modifications are made as defined below. 2. If the company with the largest weight exceeds 23%, the company’s FMC weight is capped at 23%, which allows for a 2% buffer. 	<p>Each index is capped market capitalization weighted. For capping purposes, the indices rebalance quarterly after the close of business on the third Friday of March, June, September, and December. Indices are also reviewed daily based on each company’s capped market capitalization weight. Daily capping is only performed when either the largest index closing weight exceeds 35% or the second largest index closing weight exceeds 20%. The quarterly capping reference date is the Wednesday prior to the second Friday of March, June, September, and December with changes effective after the close of the following Friday.</p> <p>When daily capping is necessary, S&P DJI announces the changes in pro-forma files disseminated after the close of the business day on which the daily weight caps are exceeded with a reference date as of after the close of that same business day, and changes are effective after the close of the next trading day. While capping is reviewed daily, the index may be capped less frequently. If daily capping is necessary during a regularly occurring quarterly capping window, the impacted index is capped per the normal daily capping procedure with the changes effective after the close of the next trading day. However, the previously assigned AWFs from the quarterly reference date are still implemented, effective after the close of the third Friday of March, June, September, and December, to account for any applicable quarterly share and IWF updates.</p> <p>If on the second to last business day prior to the quarterly rebalancing implementation, using that day’s closing price (adjusted for any applicable corporate actions) and the newly assigned quarterly shares, IWF, and AWFs as of the rebalancing effective date the index breaches the daily capping requirements the index recaps using that day’s closing price. The new AWFs replace the originally assigned AWFs, with the new AWFs still effective after the close of the third Friday of March, June, September, and December. Any index requiring daily capping is not assessed on the next business day as the previously performed capping is effective at that day’s closing. Both the quarterly and daily capping process are performed according to the following procedures:</p> <ol style="list-style-type: none"> 1. With prices reflected on the rebalancing reference date, adjusted for any applicable corporate actions, and membership, shares outstanding, and IWFs as of the rebalancing effective date, the index FMC weights each company. Modifications are made as defined below. 2. If the company with the largest weight exceeds 33%, the index caps the company’s FMC weight at 33%, which allows for a 2% buffer.

Change	Methodology	
	Previous	Updated
	<p>3. All excess weight is proportionally redistributed to all remaining uncapped companies within the relevant index.</p> <p>4. If the company with the second largest weight exceeds 19%, the company's FMC weight is capped at 19%, which allows for a 1% buffer.</p> <p>5. All excess weight is proportionally redistributed to all remaining uncapped companies within the relevant index.</p> <p>6. After this redistribution, steps 2 through 5 are repeated iteratively until the weight of the largest company does not exceed 23% and the weight of the second largest company does not exceed 19%.</p> <p>7. The sum of the companies with weights greater than 4.8% cannot exceed 50% of the total index weight.</p> <p>8. If the rule in step 7 is breached, all companies are ranked in descending order of their FMC weights. The first company's weight that breaches the 50% limit is reduced to 4.5%.</p> <p>9. This excess weight is proportionally redistributed to all companies with weights below 4.5%. This is repeated iteratively until step 7 is satisfied.</p> <p>10. Index share amounts are assigned to each constituent to arrive at the weights calculated above. Since index shares are assigned based on prices on the reference date, the actual weight of each constituent at the rebalancing differs somewhat from these weights due to market movements.</p> <p><i>For more information on the index calculation methodology, please refer to the Capped Market Capitalization Weighted Indices section of S&P Dow Jones Indices' Index Mathematics Methodology.</i></p> <p>At times, companies may be represented in the S&P Select Sector Daily Capped 25/20 Indices by multiple share class lines. Maximum weight capping is based on company FMC, with the weight of multiple class companies allocated proportionally to each share class line based on its FMC as of the rebalancing reference date. If no capping is required, both share classes remain in the index at their natural FMC.</p> <p><i>For more information on the capping thresholds, please refer to the Regulatory Capping Requirements section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.</i></p>	<p>3. All excess weight proportionally redistributes to all remaining uncapped companies within the relevant index.</p> <p>4. If the company with the second largest weight exceeds 19%, the index caps the company's FMC weight at 19%, which allows for a 1% buffer. If the largest company's weight is below 33% following step 2, the index applies no further capping and FMC weights the company.</p> <p>5. All excess weight proportionally redistributes to all remaining uncapped companies within the relevant index.</p> <p>6. After this redistribution, the index repeats steps 2 through 5 iteratively until the weight of the largest company does not exceed 33% and the weight of the second largest company does not exceed 19%.</p> <p>7. Index share amounts are assigned to each constituent to arrive at the weights calculated above. Since index shares are assigned based on prices on the reference date, the actual weight of each constituent at the rebalancing differs somewhat from these weights due to market movements.</p> <p><i>For more information on the index calculation methodology, please refer to the Capped Market Capitalization Weighted Indices section of S&P Dow Jones Indices' Index Mathematics Methodology.</i></p> <p>At times, companies may be represented in the S&P Select Sector Daily Capped 35/20 Indices by multiple share class lines. Maximum weight capping is based on company FMC, with the weight of multiple class companies allocated proportionally to each share class line based on its FMC as of the rebalancing reference date. If no capping is required, both share classes remain in the index at their natural FMC.</p> <p><i>For more information on the capping thresholds, please refer to the Regulatory Capping Requirements section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.</i></p>

IMPACTED INDICES

Index Name	Index Code
S&P Communication Services Select Sector Daily Capped 25/20 Index	SPSDCSUP
S&P Consumer Discretionary Select Sector Daily Capped 25/20 Index	SPSDYUP
S&P Consumer Staples Select Sector Daily Capped 25/20 Index	SPSDRUP
S&P Energy Select Sector Daily Capped 25/20 Index	SPSDEUP
S&P Financials Select Sector Daily Capped 25/20 Index	SPSDMUP
S&P Health Care Select Sector Daily Capped 25/20 Index	SPSDVUP
S&P Industrials Select Sector Daily Capped 25/20 Index	SPSDIUP
S&P Materials Select Sector Daily Capped 25/20 Index	SPSDBUP
S&P Real Estate Select Sector Daily Capped 25/20 Index	SPSDREUP
S&P Technology Select Sector Daily Capped 25/20 Index	SPSDTUP
S&P Utilities Select Sector Daily Capped 25/20 Index	SPSDUUP

INDEX ANNOUNCEMENT

It is important to note that the S&P Select Sector Daily Capped 25/20 Indices family will be renamed the S&P Select Sector Daily Capped 35/20 Indices family. Index identifiers will remain the same.

IMPLEMENTATION TIMING

S&P DJI is implementing the previously described methodology changes in conjunction with the March 2025 rebalancing, which takes effect prior to the market open on **Monday, March 24, 2025**. These changes will first be visible to clients in proforma files beginning on **Friday, March 14, 2025**.

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.

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INDEX ANNOUNCEMENT