

**S&P Dow Jones  
Indices**

A Division of **S&P Global**

# **S&P Long Short Equity Indices** *Methodology*

September 2024

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# Introduction

## Index Objective

The S&P Long Short Equity Indices measure the performance of a leveraged long position in one equity index and a short position in another equity index.

## Index Family

- **S&P 500/S&P SmallCap 600 150/50.** The index is a weighted return index consisting of the S&P 500 and S&P SmallCap 600, with component index weights of 150% and -50%, respectively.
- **S&P SmallCap 600/S&P 500 150/50.** The index is a weighted return index consisting of the S&P SmallCap 600 and S&P 500, with component index weights of 150% and -50%, respectively.
- **S&P 500/S&P SmallCap 600 130/30.** The index is a weighted return index consisting of the S&P 500 and S&P SmallCap 600, with component index weights of 130% and -30%, respectively.
- **S&P SmallCap 600/S&P 500 130/30.** The index is a weighted return index consisting of the S&P SmallCap 600 and S&P 500, with component index weights of 130% and -30%, respectively.
- **S&P 500 150/50 Quality.** The index is a weighted return index consisting of the total return versions of the S&P 500 Quality Index and S&P 500 Quality – Lowest Quintile Index, with component index weights of 150% and -50%, respectively.
- **S&P 500 150/50 Inverse-Quality.** The index is a weighted return index consisting of the total return versions of the S&P 500 Quality – Lowest Quintile Index and S&P 500 Quality Index, with component index weights of 150% and -50%, respectively.
- **S&P 500 130/30 Quality.** The index is a weighted return index consisting of the total return versions of the S&P 500 Quality Index and S&P 500 Quality – Lowest Quintile Index, with component index weights of 130% and -30%, respectively.
- **S&P 500 130/30 Inverse-Quality.** The index is a weighted return index consisting of the total return versions of the S&P 500 Quality – Lowest Quintile Index and S&P 500 Quality Index, with component index weights of 130% and -30%, respectively.

## Supporting Documents

This methodology is meant to be read in conjunction with supporting documents providing greater detail with respect to the policies, procedures and calculations described herein. References throughout the methodology direct the reader to the relevant supporting document for further information on a specific topic. The list of the main supplemental documents for this methodology and the hyperlinks to those documents is as follows:

Supporting Document	URL
S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology	<a href="#">Equity Indices Policies &amp; Practices</a>
S&P Dow Jones Indices' Index Mathematics Methodology	<a href="#">Index Mathematics Methodology</a>

This methodology was created by S&P Dow Jones Indices to achieve the aforementioned objective of measuring the underlying interest of each index governed by this methodology document. Any changes to or deviations from this methodology are made in the sole judgment and discretion of S&P Dow Jones Indices so that the index continues to achieve its objective.

# Index Construction

The S&P Long Short Equity Indices are constructed as defined in the table below:

Index	Long Position	Short Position	Leverage
S&P 500/S&P SmallCap 600 150/50	S&P 500	S&P SmallCap 600	50%
S&P SmallCap 600/S&P 500 150/50	S&P SmallCap 600	S&P 500	50%
S&P 500/S&P SmallCap 600 130/30	S&P 500	S&P SmallCap 600	30%
S&P SmallCap 600/S&P 500 130/30	S&P SmallCap 600	S&P 500	30%
S&P 500 150/50 Quality Index	S&P 500 Quality	S&P 500 Quality – Lowest Quintile Index	50%
S&P 500 150/50 Inverse-Quality	S&P 500 Quality – Lowest Quintile Index	S&P 500 Quality	50%
S&P 500 130/30 Quality Index	S&P 500 Quality	S&P 500 Quality – Lowest Quintile Index	30%
S&P 500 130/30 Inverse-Quality Index	S&P 500 Quality – Lowest Quintile Index	S&P 500 Quality	30%

For construction of the underlying long/short position component indices listed above, please refer to the *S&P U.S. Indices Methodology*, *S&P Quality Indices*, and *S&P Factor-Based Quintile Indices Methodology*, respectively.

## Index Calculations

The indices are calculated by means of the divisor methodology used in most S&P Dow Jones Indices equity indices.

*For more information on the index calculation methodology, please refer to the Weighted Return Indices section of S&P Dow Jones Indices' Index Mathematics Methodology.*

# Index Maintenance

## Rebalancing

The indices rebalance quarterly. On the last trading date of March, June, September and December, the weights of the long and short exposure are rebalanced to the pre-defined levels.

## Currency of Calculation and Additional Index Return Series

The indices are calculated in U.S. dollars.

In addition to the indices detailed in this methodology, additional return series versions of the indices may be available, including, but not limited to the following: currency, currency hedged, decrement, fair value, inverse, leveraged, and risk control versions. For a list of available indices, please refer to the [S&P DJI Methodology & Regulatory Status Database](#).

*For information on the index calculation, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.*

*For the inputs necessary to calculate certain types of indices, including decrement, dynamic hedged, fair value, and risk control indices, please refer to the Parameters documents available at [www.spglobal.com/spdji](http://www.spglobal.com/spdji).*

## Base Date and History Availability

Index history availability, base dates and base values are shown in the table below.

Index	Launch Date	First Value Date	Base Date	Base Value
S&P 500/S&P SmallCap 600 150/50	03/24/2020	12/30/1994	12/30/1994	100
S&P SmallCap 600/S&P 500 150/50	03/24/2020	12/30/1994	12/30/1994	100
S&P 500/S&P SmallCap 600 130/30	03/24/2020	12/30/1994	12/30/1994	100
S&P SmallCap 600/S&P 500 130/30	03/24/2020	12/30/1994	12/30/1994	100
S&P 500 150/50 Quality Index	03/24/2020	12/30/1994	12/30/1994	100
S&P 500 150/50 Inverse-Quality Index	03/24/2020	12/30/1994	12/30/1994	100
S&P 500 130/30 Quality Index	03/24/2020	12/30/1994	12/30/1994	100
S&P 500 130/30 Inverse-Quality Index	03/24/2020	12/30/1994	12/30/1994	100

# Index Governance

## **Index Committee**

An S&P Dow Jones Indices Index Committee maintains the indices. All Committee members are full-time professional members of S&P Dow Jones Indices' staff. The Committee meets regularly.

The Committee may revise index policy covering rules for including other asset classes, currencies, the timing of rebalancing, or other matters. S&P Dow Jones Indices considers information about changes to its indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

S&P Dow Jones Indices' Index Committees reserve the right to make exceptions when applying the methodology if the need arises. In any scenario where the treatment differs from the general rules stated in this document or supplemental documents, clients will receive sufficient notice, whenever possible.

In addition to the daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews the methodology to ensure the indices continue to achieve the stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones Indices may publish a consultation inviting comments from external parties.

*For information on Quality Assurance and Internal Reviews of Methodology, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document and/or Fixed Income Policies & Practices Methodology.*

# Index Policy

## **Announcements**

Rebalancing announcements, if needed, are made prior to the rebalancing date. The indices are calculated daily when any of the relevant markets are open for official trading, excluding holidays and weekends.

## **Holiday Schedule**

The index is calculated daily, throughout the calendar year. The only days the indices are not calculated, or files are not distributed are on days when all exchanges where an index's constituents are listed are officially closed.

*A complete holiday schedule for the year is available at [www.spglobal.com/spdj](http://www.spglobal.com/spdj).*

## **Rebalancing**

The Index Committee may change the date of a given rebalancing for reasons including market holidays occurring on or around the scheduled rebalancing date. Any such change will be announced with proper advance notice where possible.

## **Unexpected Exchange Closures**

For information on Unexpected Exchange Closures, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

## **Recalculation Policy**

For information on the recalculation policy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

*For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.*

## **Contact Information**

For any questions regarding an index, please contact: [index\\_services@spglobal.com](mailto:index_services@spglobal.com).

# Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at [www.spglobal.com/spdji](http://www.spglobal.com/spdji), major quote vendors (see codes below), numerous investment-oriented Web sites, and various print and electronic media.

## Tickers

The table below lists headline indices covered by this document. All versions of the below indices that may exist are also covered by this document. Please refer to the [S&P DJI Methodology & Regulatory Status Database](#) for a complete list of indices covered by this document.

Index	BBG
S&P 500/S&P SmallCap 600 150/50	SPLS5UP
S&P SmallCap 600/S&P 500 150/50	SPSL5UP
S&P 500/S&P SmallCap 600 130/30	SPLS3UP
S&P SmallCap 600/S&P 500 130/30	SPSL3UP
S&P 500 150/50 Quality Index	SPXQL5UP
S&P 500 150/50 Inverse-Quality Index	SPXLQ5UP
S&P 500 130/30 Quality Index	SPXQL3UP
S&P 500 130/30 Inverse-Quality Index	SPXLQ3UP

## Index Data

Daily index levels and index data are available via subscription.

For product information, please contact S&P Dow Jones Indices, [www.spglobal.com/spdji/en/contact-us](http://www.spglobal.com/spdji/en/contact-us).

## Web site

For further information, please refer to S&P Dow Jones Indices' Web site at [www.spglobal.com/spdji](http://www.spglobal.com/spdji).

# Disclaimer

## Performance Disclosure/Back-Tested Data

Where applicable, S&P Dow Jones Indices and its index-related affiliates (“S&P DJI”) defines various dates to assist our clients by providing transparency. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which the index is set to a fixed value for calculation purposes. The Launch Date designates the date when the values of an index are first considered live: index values provided for any date or time period prior to the index’s Launch Date are considered back-tested. S&P DJI defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company’s public website or its data feed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed “Date of introduction”) is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index’s public release date.

Please refer to the methodology for the Index for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations.

Information presented prior to an index’s launch date is hypothetical back-tested performance, not actual performance, and is based on the index methodology in effect on the launch date. However, when creating back-tested history for periods of market anomalies or other periods that do not reflect the general current market environment, index methodology rules may be relaxed to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. In addition, forks have not been factored into the back-test data with respect to the S&P Cryptocurrency Indices. For the S&P Cryptocurrency Top 5 & 10 Equal Weight Indices, the custody element of the methodology was not considered; the back-test history is based on the index constituents that meet the custody element as of the Launch Date. Also, the treatment of corporate actions in back-tested performance may differ from treatment for live indices due to limitations in replicating index management decisions. Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results.

Typically, when S&P DJI creates back-tested index data, S&P DJI uses actual historical constituent-level data (e.g., historical price, market capitalization, and corporate action data) in its calculations. As ESG investing is still in early stages of development, certain datapoints used to calculate certain ESG indices may not be available for the entire desired period of back-tested history. The same data availability issue could be true for other indices as well. In cases when actual data is not available for all relevant historical periods, S&P DJI may employ a process of using “Backward Data Assumption” (or pulling back) of ESG data for the calculation of back-tested historical performance. “Backward Data Assumption” is a process that applies the earliest actual live data point available for an index constituent company to all prior historical instances in the index performance. For example, Backward Data Assumption inherently assumes that companies currently not involved in a specific business activity (also known as “product involvement”) were never involved historically and similarly also assumes that companies currently involved in a specific business activity were involved historically too. The Backward Data Assumption allows the hypothetical back-test to be extended over more historical years than would be feasible using only actual data. For more information on “Backward Data Assumption” please refer to the FAQ. The methodology and factsheets of any index that employs backward assumption in the back-tested history

will explicitly state so. The methodology will include an Appendix with a table setting forth the specific data points and relevant time period for which backward projected data was used. Index returns shown do not represent the results of actual trading of investable assets/securities. S&P DJI maintains the index and calculates the index levels and performance shown or discussed but does not manage any assets.

Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the Index or investment funds that are intended to track the performance of the Index. The imposition of these fees and charges would cause actual and back-tested performance of the securities/fund to be lower than the Index performance shown. As a simple example, if an index returned 10% on a US \$100,000 investment for a 12-month period (or US \$10,000) and an actual asset-based fee of 1.5% was imposed at the end of the period on the investment plus accrued interest (or US \$1,650), the net return would be 8.35% (or US \$8,350) for the year. Over a three-year period, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.10%, a total fee of US \$5,375, and a cumulative net return of 27.2% (or US \$27,200).

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S&P DJI ESG indices use ESG metrics and scores in the selection and/or weighting of index constituents. ESG scores or ratings seek to measure or evaluate a company's, or an asset's, performance with respect to environmental, social and corporate governance issues.

The ESG scores, ratings, and other data used in S&P DJI ESG indices is supplied directly or indirectly by third parties (note these parties can be independent affiliates of S&P Global or unaffiliated entities) so an S&P DJI ESG index's ability to reflect ESG factors depends on these third parties' data accuracy and availability.

ESG scores, ratings, and other data may be reported (meaning that the data is provided as disclosed by companies, or an asset, or as made publicly available), modelled (meaning that the data is derived using a proprietary modelling process with only proxies used in the creation of the data), or reported and modelled (meaning that the data is either a mix of reported and modelled data or is derived from the vendor using reported data /information in a proprietary scoring or determination process).

ESG scores, ratings, and other data, whether from an external and/or internal source, is based on a qualitative and judgmental assessment, especially in the absence of well-defined market standards, and due to the existence of multiple approaches and methodologies to assess ESG factors and considerations. An element of subjectivity and discretion is therefore inherent in any ESG score, rating, or other data and different ESG scoring, rating, and/or data sources may use different ESG assessment or estimation methodologies. Different persons (including ESG data ratings, or scoring providers, index administrators or users) may arrive at different conclusions regarding the sustainability or impact of a particular company, asset, or index.

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Prospective users of an S&P DJI ESG Index are encouraged to read the relevant index methodology and related disclosures carefully to determine whether the index is suitable for their potential use case or investment objective.