

S&P Dow Jones Indices

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INDEX INVESTMENT STRATEGY

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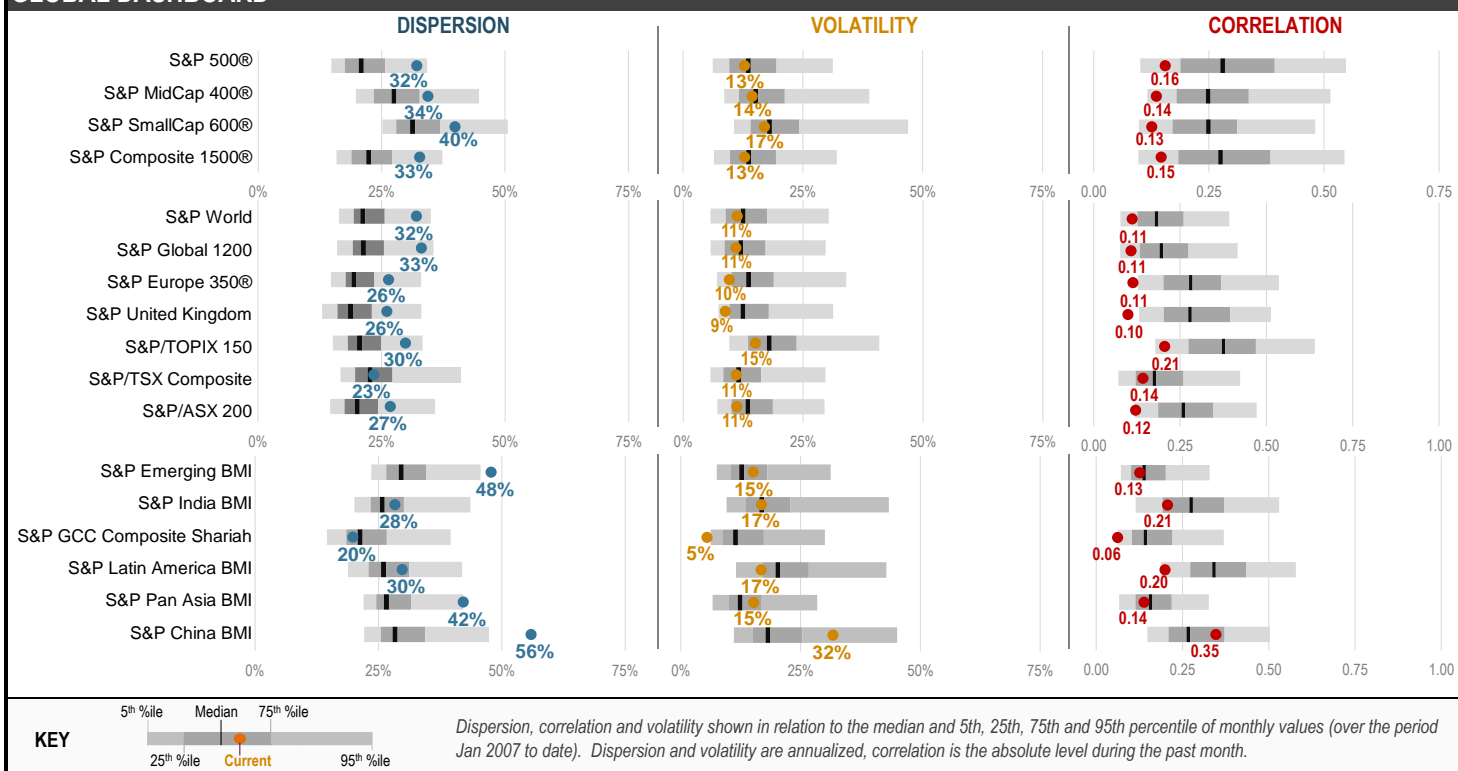
Index Dashboard: Dispersion, Volatility & Correlation

February 28, 2025

COMMENTARY

- Spirited reactions to corporate earnings and a fast-evolving geopolitical landscape pushed S&P 500 annualized index dispersion up to a 21-month high of 32% in February.
- Similar dynamics meant that dispersion also rose across the U.S. capitalization spectrum, and in a firm majority of our reported global equity indices last month. Correlations remained low, along with index volatility.
- A VIX near 20, in comparison to realized 1M S&P 500 index volatility of just 13% annualized, may indicate that market participants are wary of the potential for idiosyncratic risks to migrate into systemic volatility.

GLOBAL DASHBOARD

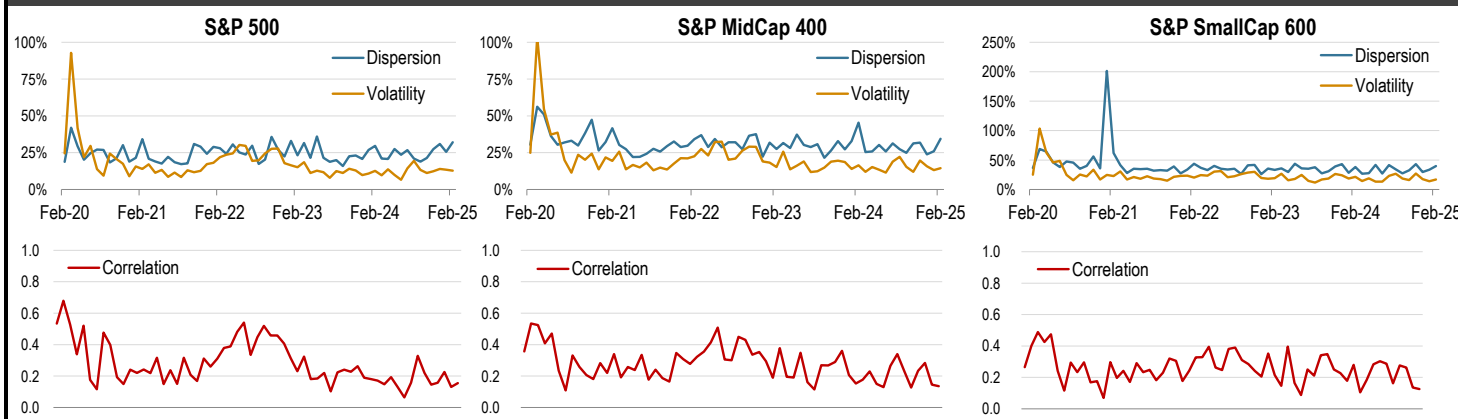


S&P 500 Implied Indicators

	Level	1M + / -
Volatility Index (VIX®)	19.63	↑ 3.2
Dispersion Index (DSPX)	32.26	↓ -2.49
Constituent Vol (VIXEQ)	37.55	↓ -0.96

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 Feb 28, 2025 * See "Notes" for explanations and definitions.

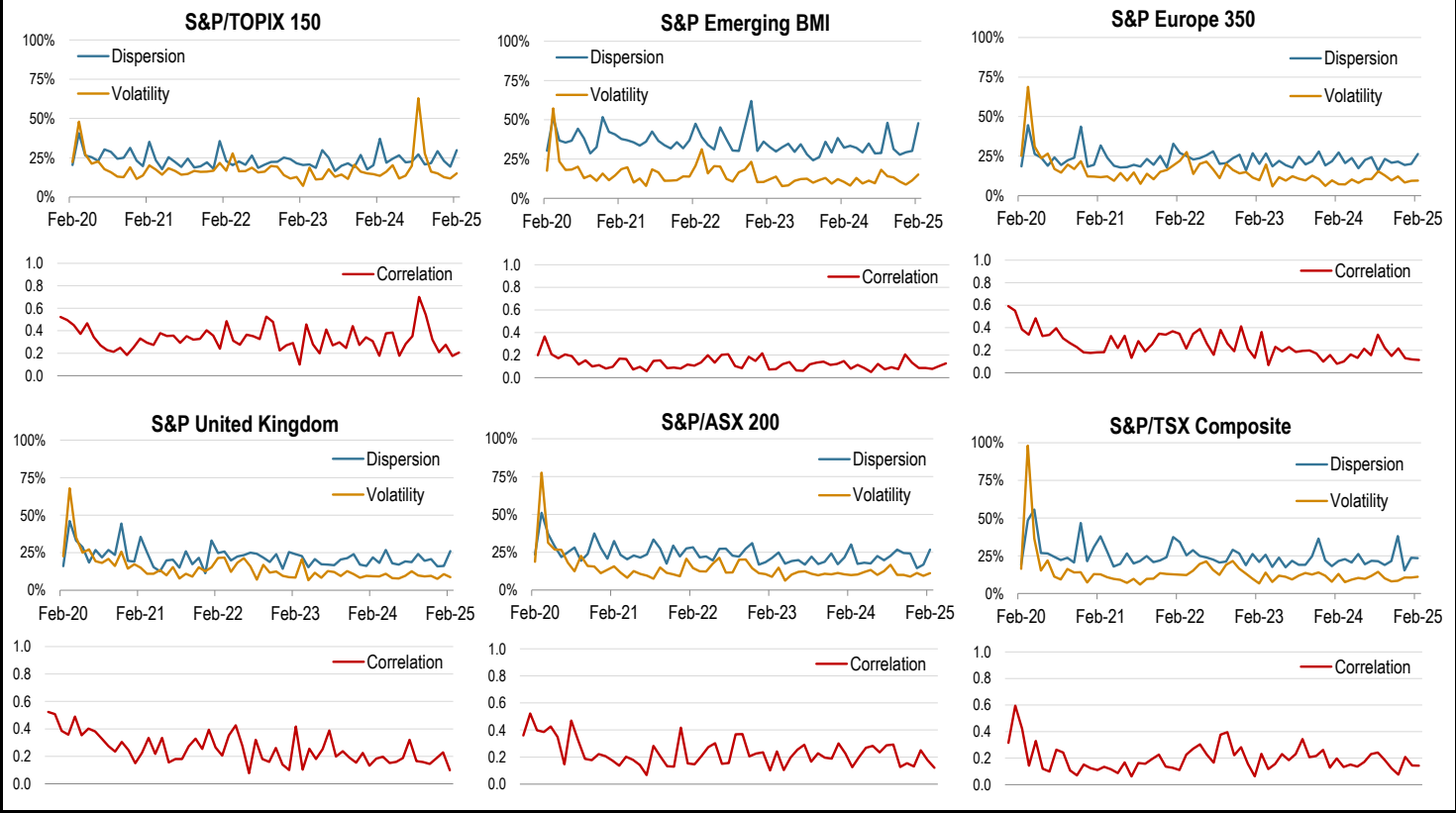
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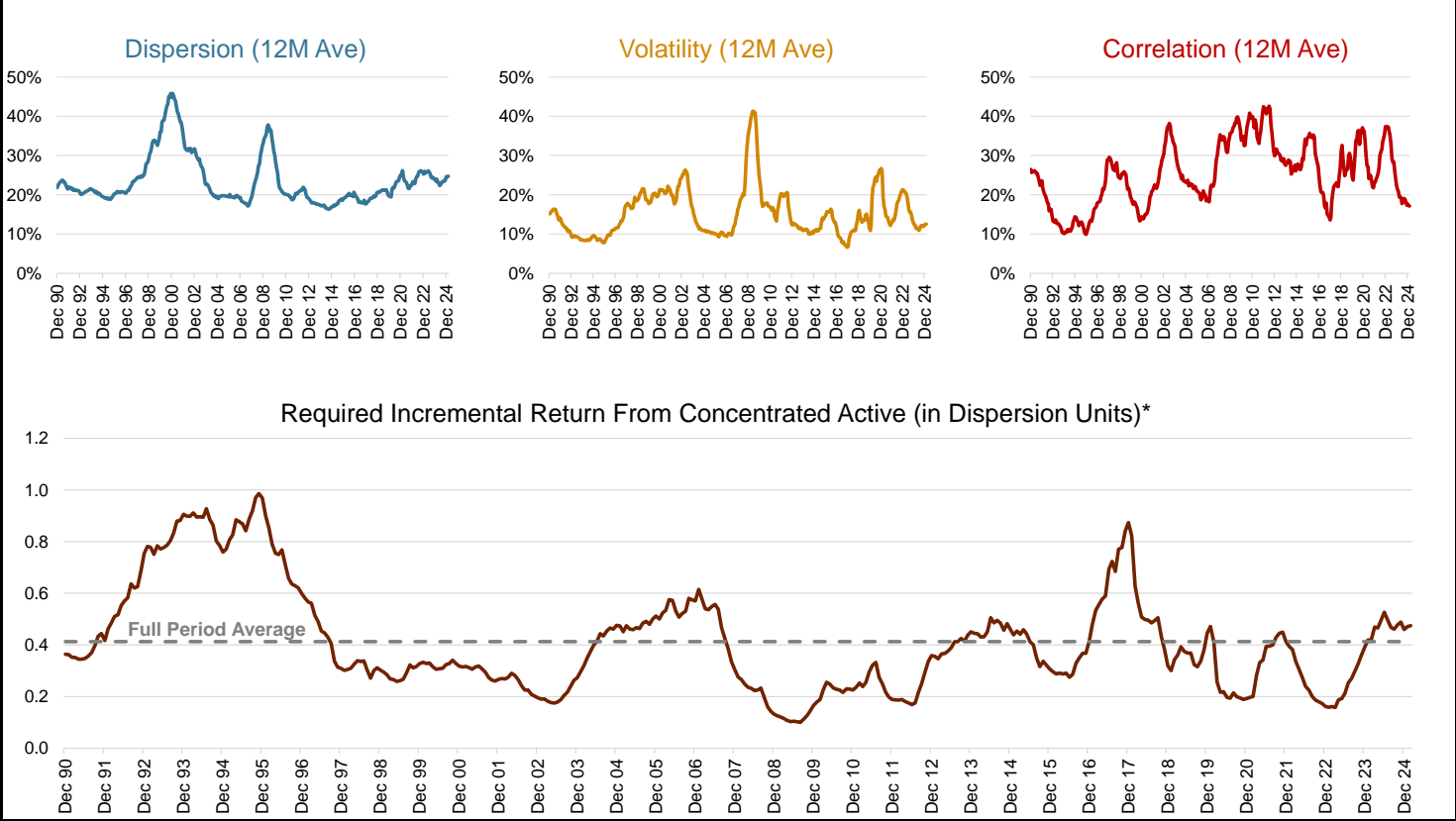
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MAJOR BENCHMARKS - PAST FIVE YEARS (cont'd)



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



Source: S&P Dow Jones Indices as of Feb 28, 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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