

S&P Dow Jones Indices Announces Clarification on Weight Optimization for the S&P/BMV IPC

S&P Dow Jones Indices (S&P DJI) is clarifying the weight optimization approach for the S&P/BMV IPC index following the September 2024 rebalance.

For indices like the S&P/BMV IPC index that use capping rules across more than one attribute, S&P DJI utilizes multiple optimization methods to assign weights in accordance with the methodology constraints. These methods differ in their focus on minimizing either absolute index weight adjustments or individual security weight adjustments.

Optimization Method 1:

$$\sum_{i=1}^n \frac{(Original\ Weight_i - New\ Weight_i)^2}{Original\ Weight_i} \text{ where } n \text{ is the number of constituents}$$

Optimization Method 2:

$$\sum_{i=1}^n \left(\frac{Original\ Weight_i - New\ Weight_i}{Original\ Weight_i} \right)^2 \text{ where } n \text{ is the number of constituents}$$

Note that method 1 was utilized for the June 2024 rebalancing while method 2 was utilized for the September 2024 rebalancing. Both methods result in constituent weights that adhere to the S&P/BMV IPC Index methodology constraints. For all future rebalances of the S&P/BMV IPC index, Method 1 will be the optimization method. The next rebalancing will take place effective prior to **Monday, December 23, 2024**, and will be available in the pro-forma files **on Friday, December 6, 2024**.

These optimization methods are to be added to all the relevant S&P DJI methodologies for future reference.

For more information about S&P Dow Jones Indices, please visit www.spdji.com.

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S&P Dow Jones Indices
index_services@spglobal.com