

# Xtrackers S&P 500 Diversified Sector Weight ETF (SPXD)

Reduce concentration risk in a smart way

## What is a diversified sector weight strategy?

Think of diversification beyond primary businesses. The methodology captures the diverse business models and product lines of companies, assigning weights based on a nuanced classification system, in contrast to traditional weighting systems that limit companies to a single sector.

## Why is this relevant?

The diversified sector weight strategy offers a unique, rule-based approach designed to mitigate the risk associated with single-stock concentration and to address sector imbalances within the S&P 500. This methodology allows for alignment with all market business opportunities, rather than focusing solely on the largest ones.

## Investing with Xtrackers

Our strategy provides a low-cost access to a more balanced representation of sectors and business opportunities within the S&P 500 universe. SPXD can serve as a core or core-plus large-cap holding, as well as a tactical instrument when mega-cap valuations appear stretched or momentum is concentrated.

## The S&P 500 has become less diversified, dominated by a few mega-cap tech stocks

While the growing single-stock and sector concentration of the S&P 500 is a natural result of market-cap weighting and the growing influence of the technology sector on the economy, some investors are looking for alternative strategies to enhance diversification.

## The S&P 500 Diversified Sector Weight ETF (SPXD) can be a solution. What makes it unique?

SPXD tracks the S&P 500 Diversified Sector Weight Index, which aims to reduce concentration risk and address sector imbalances by reweighting companies within the S&P 500. This innovative approach uses a hierarchical equal sector weight methodology, utilizing Syntax's FIS\* sector taxonomy—a proprietary methodology developed by the S&P Global.



**1 Broad Diversification**  
SPXD employs a unique FIS\* sector taxonomy with five levels of granular drilldowns, effectively minimizing business risks concentration.



**2 Multi-Dimensional Approach**  
SPXD weights each company based on different business activities it is involved in, rather than limiting it to one primary business segment.



**3 Patented Technology**  
SPXD utilizes Syntax's patented technology to develop a classification of companies through an extensive quality control process.

Unlike traditional classification systems that categorize companies solely by their primary business segment, the FIS classification scheme enables a single company to be represented across multiple sectors and industries. As a result, if a company generates revenue from more than one business activity, its final weight in the index is the sum of the weights from each of its business activities. By doing so, this index attempts to deliver a return that is representative of all the business opportunities in the market, not just the largest ones.

\* FIS refers to the Functional Information System.

### How does SPXD fit in portfolios?

- **Core Large-Cap Holding:** SPXD can be more balanced alternative to traditional S&P 500 funds for investors seeking U.S. market exposure aligned with economic breadth.
- **Diversification Tool:** SPXD can supplement pure market-cap exposures to mitigate sector skew for investors uncomfortable with tech concentration.
- **Tactical Use:** SPXD can be used when mega-cap valuations appear stretched or momentum is concentrated.

### Stock-level diversification (as of 9/30/2025)

Although primarily designed to equalize sector weights and balance business risks, the S&P 500 Diversified Sector Weight Index also exhibits reduced single-stock concentration. Compared to the S&P 500, it maintains a higher effective number of stocks and features lower maximum stock weights.

	S&P 500 Diversified Sector Weight Index	S&P 500 Equal Weight Index	S&P 500 Sectors Equal Allocation Index	S&P 500 Index
Number of stocks	503	503	503	503
Max stock weight	3.79%	0.31%	3.22%	7.98%
Min stock weight	0.005%	0.053%	0.004%	0.008%
Effective number of stocks	167	499	117	45
Effective number of stocks (%)	33%	99%	23%	9%

Source: S&P Dow Jones Indices LLC, as of 9/30/25. Past performance is no guarantee of future results. Table is provided for illustrative purposes only.

### Sector-level diversification (as of 9/30/2025)

The S&P 500 Diversified Sector Weight Index stands out because it features the narrowest sector weight spreads and a higher effective number of sectors\* compared to other indices.

FIS Sector	S&P 500 Diversified Sector Weight Index	S&P 500 Equal Weight Index	S&P 500 Sectors Equal Allocation Index <sup>3</sup>	S&P 500 Index
Consumer Products & Services	12.06%	8.47%	6.60%	5.56%
Energy	12.56%	10.96%	18.88%	5.91%
Financials	12.48%	16.09%	12.07%	9.42%
Food	11.40%	6.60%	6.24%	4.31%
Healthcare	12.52%	12.62%	11.00%	9.25%
Industrials	12.43%	16.95%	16.46%	9.74%
Information	12.35%	14.56%	19.04%	24.92%
Information Tools	12.83%	12.97%	9.25%	30.43%
Sector Weight Spread <sup>1</sup>	1.43%	10.35%	12.80%	26.12%
Effective Number of Sectors <sup>2</sup>	8.2	7.6	7.0	5.3

Source: S&P Dow Jones Indices LLC, as of 9/30/25. Past performance is no guarantee of future results. Table is provided for illustrative purposes only.

<sup>1</sup> Sector weight spread equals to the largest sector weight minus the smallest sector weight. The smaller the spread, the more diversified the index is. <sup>2</sup> Effective number of sectors equals to 1/sum of the squares of the sector weights, which is calculated by S&P Dow Jones Indices LLC. The higher the effective number of sectors is, the more diversified the index is. <sup>3</sup> An equal GICS sector weighting approach is applied in this index.

\* Effective number of sectors is defined as the inverse of the sum of squared sector weights for each index.

**Performance snapshot** (as of 2/18/2025 to 9/30/2025)

Since the launch on February 18, 2025, the S&P 500 Diversified Sector Weight Index has outperformed the S&P 500 Equal Weight Index in both absolute returns and risk-adjusted returns.

The S&P 500 Diversified Sector Weight Index tends to be more “risk-on” compared to the S&P 500, due to its higher exposure to value and smaller-sized companies. Despite this, the S&P 500 Diversified Sector Weight Index offers a similar upside capture to the S&P 500 Equal Weight Index but tends to be more defensive, exhibiting lower volatility, drawdowns and downside capture.

	S&P 500 Diversified Sector Weight Index	S&P 500 Equal Weight Index	S&P 500 Sectors Equal Allocation Index	S&P 500 Index
Annualized return (%)	12.24	9.41	12.31	18.09
Annualized Volatility (%)	9.17	9.46	9.03	13.40
Return/Risk	1.34	0.99	1.36	1.35
Capture ratios (%)				
Upside	64.73	65.06	68.68	-
Downside	59.23	82.43	68.78	-
Drawdowns (%)	-12.28	-12.34	-12.64	-14.40

Source: S&P Dow Jones Indices LLC. Data from 2/18/2025 to 9/30/2025. Index performance based on monthly total return in USD. The S&P 500 Diversified Sector Weight Index was launched on Feb. 18, 2025. Past performance is no guarantee of future results. Table is provided for illustrative purposes only. The performance data for the S&P 500 Diversified Sector Weight Index is a result of the deduction of fees and charges applicable to the Xtrackers S&P 500 Diversified Sector Weight ETF. The Index Methodology for the S&P 500 Diversified Sector Weight Index may be downloaded at <https://www.spglobal.com/spdji/en/indices/dividends-factors/sp-500-diversified-sector-weight-index/#overview>.

**Glossary**

**Concentration risk:** The risk associated with a portfolio heavily invested in a single asset, sector or investment type. If that particular investment underperforms, the overall portfolio may suffer significant loss.

**Diversification:** An investment strategy that involves spreading investments across a variety of different asset classes, industries, and geographies. The goal of diversification is to reduce a portfolio's risk by limiting exposure to any single investment.

**Equal-weight strategy:** A portfolio construction method where each stock in the portfolio is assigned an equal weighting, regardless of its market capitalization. This means that smaller companies have the same influence as larger companies in the portfolio's performance.

**Market-cap weighted strategy:** In this method, the weighting of each stock in a portfolio is based on its market capitalization, which is the total value of all its outstanding shares. Larger companies will have a greater influence on the portfolio's performance compared to smaller companies.

**Mega-cap stock:** A publicly traded company with a market capitalization (market value of outstanding shares) of \$200 billion or more. These companies are among the largest in the world and are typically well-established, often with strong brand recognition and global operations.

**S&P 500 Index:** An index that includes 500 leading U.S. companies capturing approximately 80% coverage of available U.S. market capitalization.

**S&P 500 Diversified Sector Weight Index:** This is a specialized index that reweights companies within the S&P 500 to address potential concentration risk and sector imbalances. It aims to achieve greater diversification by equally weighting sectors and then using a hierarchical revenue-based weighting methodology to allocate investments within those sectors.

**Sector:** A sector is a broad category of the economy or stock market representing a particular area of business or industry. For example, some common sectors include Technology, Healthcare, Energy, and Financials.

## Xtrackers S&P 500 Diversified Sector Weight ETF (as of 9/30/2025)

### ETF characteristics

Ticker	SPXD
Name	Xtrackers S&P 500 Diversified Sector Weight ETF
Benchmark	S&P 500 Index
Listing date	7/24/2025
Gross/net expense ratio	0.09%
Distribution frequency	Quarterly

### Index characteristics

Name	S&P 500 Diversified Sector Weight Index
Provider	S&P Dow Jones Indices LLC
Inception date	2/18/2025
Number of constituents	504
Rebalancing frequency	Quarterly

### Sector breakdown

#### S&P 500 Diversified Sector Weight Index

Consumer Products and Services	 12.06%
Energy	 12.56%
Financials	 12.48%
Food	 11.40%
Healthcare	 12.52%
Industrials	 12.43%
Information	 12.35%
Information Tools	 12.83%

#### Benchmark: S&P 500 Index

Consumer Products and Services	 5.56%
Energy	 5.91%
Financials	 9.42%
Food	 4.31%
Healthcare	 9.25%
Industrials	 9.74%
Information	 24.92%
Information Tools	 30.43%

### Top 10 holdings

#### S&P 500 Diversified Sector Weight Index

Name	Diversified sector weight	Market-cap weight
Berkshire Hathaway B	3.79%	1.62%
Abbott Laboratories	1.91%	0.41%
Procter & Gamble	1.42%	0.63%
Jabil Inc	1.37%	0.04%
Costco Wholesale Corp	1.24%	0.72%
Walmart Inc.	1.24%	0.79%
Walt Disney Co	1.18%	0.36%
QUALCOMM Inc	1.14%	0.31%
Sysco Corp	1.13%	0.07%
Apple Inc.	1.09%	6.62%
Total	15.52%	

#### Benchmark: S&P 500 Index

Name	Diversified sector weight	Market-cap weight
Nvidia Corp	0.25%	7.98%
Microsoft Corp	0.91%	6.75%
Apple Inc.	1.09%	6.62%
Amazon.com Inc	0.59%	3.74%
Meta Platforms, Inc. Class A	0.67%	2.79%
Broadcom Inc	0.32%	2.72%
Alphabet Inc A	0.51%	2.48%
Tesla, Inc	0.34%	2.19%
Alphabet Inc C	0.41%	1.99%
Berkshire Hathaway B	3.79%	1.62%
Total		38.88%

Source: S&P Dow Jones Indices LLC, DWS as of 9/30/2025. Holdings-based data is subject to change.

Xtrackers S&P 500 Diversified Sector Weight ETF seeks investment results that correspond generally to the performance, before fees and expenses, of the S&P 500 Diversified Sector Weight Index. The S&P 500 Diversified Sector Weight Index reweights companies within the S&P 500 with the goal of reducing concentration risk and sector imbalances. The index equally weighs each Sector, Sub Sector, Industry, Sub Industry, and Business Activity in the S&P 500 (the underlying index) using Syntax's Functional Information System (FIS®) framework. Within each Business Activity, the index weights stocks proportionally to revenue generated within that Business Activity.

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