

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.



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.

Stock-level diversification (as of 6/30/2025)

Although primarily designed to equalize sector weights and balance business risks, the S&P 500 Diversified Sector Weight Index has also historically reduced single-stock concentration. Compared to The S&P 500, it maintained a higher effective number of stocks and featured 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	504	504	503
Max stock weight	3.78%	0.27%	4.64%	7.60%
Min stock weight	0.002%	0.045%	0.003%	0.007%
Effective number of stocks	188	501	132	101
Effective number of stocks (%)	37.3%	99.4%	26.1%	20%

Source: S&P Dow Jones Indices LLC. Annual year-end data from Dec. 31, 2013, to Jun. 30, 2025. The S&P 500 Diversified Sector Weight Index was launched on Feb. 18, 2025. The S&P 500 Equal Weight Index was launched Jan. 8, 2003. All data prior to index launch date is back-tested hypothetical data. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Sector-level diversification (as of 6/30/2025)

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 ³	S&P 500 Index
Consumer Products & Services	12.88%	10.55%	7.60%	7.98%
Energy	12.00%	12.26%	18.46%	8.51%
Financials	11.60%	15.05%	13.20%	10.87%
Food	11.23%	7.01%	7.25%	6.62%
Healthcare	13.20%	12.43%	10.15%	13.58%
Industrials	13.39%	17.69%	17.62%	11.82%
Information	14.51%	15.73%	19.11%	23.05%
Information Tools	11.19%	9.29%	6.59%	17.56%
Sector Weight Spread ¹	3.32%	10.68%	12.52%	16.43%
Effective Number of Sectors ²	7.9	7.4	6.9	6.7

Source: S&P Dow Jones Indices LLC. Annual year-end data from Dec. 31, 2013, to Jun. 30, 2025. The S&P 500 Diversified Sector Weight Index was launched on Feb. 18, 2025. The S&P 500 Equal Weight Index was launched Jan. 8, 2003. All data prior to index launch date is back-tested hypothetical data. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

¹ Sector weight spread equals to the largest sector weight minus the smallest sector weight. The smaller the spread, the more diversified the index is. ² 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. ³ An equal GICS sector weighting approach is applied in this index.

Performance snapshot (as of 6/30/2025)

The S&P 500 Diversified Sector Weight Index has historically outperformed the S&P 500 Equal Weight Index in both absolute returns and risk-adjusted returns over both short- and long-term periods.

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.

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

	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 (%)				
YTD	1.63	-2.97	1.64	6.38
1-Year	14.56	12.73	14.00	15.16
3-Year	14.58	12.76	15.42	19.71
5-Year	15.43	14.38	15.57	16.64
10-Year	12.02	10.70	11.79	13.65
Since inception	12.84	11.65	11.99	13.95
Annualized Volatility (%)				
Since inception	14.77	15.82	13.90	14.51
Return/Risk				
Since inception	0.87	0.74	0.86	0.96
Capture ratios (%)				
Upside	94.78	96.74	90.74	-
Downside	96.29	106.92	94.59	-
Drawdowns (%)				
Since inception	-26.72	-28.23	-26.96	-24.64

Source: S&P Dow Jones Indices LLC. Data from Mar 28, 2013 to Jun. 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. The S&P 500 Equal Weight Index was launched Jan. 8, 2003. All data prior to index launch date is back-tested hypothetical data. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. All information for an index prior to its Launch Date is hypothetical back-tested, based on the index methodology in effect on the Launch Date. The back-tested data is created by S&P Dow Jones Indices LLC. The ETP is a new product and any performance prior to the date of the index inception is hypothetical. Back tested results are based on criteria applied retroactively with the benefit of hindsight and knowledge of factors that may have positively affected its performance and cannot account for all financial risk that may affect the actual performance of an ETF. The actual performance of an ETF may vary significantly from the back-tested data. In addition, back-tested results do not account for factors such as transaction costs, liquidity and other market factors. 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>.

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.

Xtrackers S&P 500 Diversified Sector Weight ETF (as of 6/30/2025)

Index characteristics

Name	S&P 500 Diversified Sector Weight Index
Benchmark	S&P 500 Index
Inception date	2/18/25
Number of constituents	503
Rebalancing frequency	Quarterly

ETF characteristics

Ticker	SPXD
Name	Xtrackers S&P 500 Diversified Sector Weight ETF
Listing date	7/24/25
Gross/net expenses ratio	0.09%
Distribution frequency	Quarterly

Sector breakdown

S&P 500 Diversified Sector Weight Index

Consumer Products & Services	12.88%
Energy	12.00%
Financials	11.60%
Food	11.23%
Healthcare	13.20%
Industrials	13.39%
Information	14.51%
Information Tools	11.19%

Benchmark: S&P 500

Consumer Products & Services	7.98%
Energy	8.51%
Financials	10.87%
Food	6.62%
Healthcare	13.58%
Industrials	11.82%
Information	23.05%
Information Tools	17.56%

Top 10 holdings: Diversified sectors vs. Market-cap

S&P 500 Diversified Sector Weight Index

Name	Diversified sector weight	Market-cap weight
Berkshire Hathaway B	3.78%	1.70%
Abbott Laboratories	1.85%	0.45%
Jabil Inc	1.66%	0.04%
Procter & Gamble	1.41%	0.71%
Microsoft Corp	1.37%	7.04%
Costco Wholesale Corp	1.27%	0.84%
Walt Disney Co	1.23%	0.42%
Sysco Corp	1.10%	0.07%
QUALCOMM Inc	1.09%	0.33%
Regeneron Pharmaceuticals Inc	1.05%	0.10%
Total	15.83%	

Benchmark: S&P 500

Name	Diversified sector weight	Market-cap weight
Nvidia Corp	0.26%	7.34%
Microsoft Corp	1.37%	7.04%
Apple Inc.	1.00%	5.84%
Amazon.com Inc	0.62%	3.95%
Meta Platforms, Inc. Class A	0.72%	3.05%
Broadcom Inc	0.40%	2.47%
Alphabet Inc A	0.50%	1.95%
Berkshire Hathaway B	3.78%	1.70%
Tesla, Inc	0.27%	1.70%
Alphabet Inc C	0.41%	1.59%
Total		36.62%

Source: S&P Dow Jones Indices LLC. Data as of 6/30/2025. Subject to change.

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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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War, terrorism, sanctions, economic uncertainty, trade disputes, public health crises and related geopolitical events have led, and, in the future, may lead to significant disruptions in U.S. and world economies and markets, which may lead to increased market volatility and may have significant adverse effects on the fund and its investments.

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Indexes are unmanaged and you cannot invest directly in an index. The funds are new and have limited operating history.

Shares are not individually redeemable, and owners of Shares may acquire those Shares from the Fund, or tender such Shares for redemption to the Fund, in Creation Units only.

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