

Indexes

Market Indices

If you open the financial pages of many newspapers, you will find a number of major market indices listed. Each of the indices tracks the performance of a specific “basket” of stocks considered to represent a particular market or sector of the U.S. stock market or the economy.

For example, the Dow Jones Industrial Average (DJIA) is an index of 30 “blue chip” U.S. stocks of industrial companies (excluding transportation and utility companies).

The S&P 500 Composite Stock Price Index is an index of 500 stocks from major industries of the U.S. economy. There are indices for almost every conceivable sector of the economy and stock market.

Many investors are familiar with these indices through index funds and exchange-traded funds whose investment objectives are to track the performance of a particular index.

The following are general descriptions of some major market indices. You can also find them described on their sponsors’ websites and in the available information of the funds that track them (for example, the prospectus for an S&P 500 Index fund will describe the S&P 500 Composite Price Index). We have selected these indices at random and many other indices exist that we do not describe here. Finally, please note that the SEC does not regulate the content of these indices.

Dow Jones Industrial Average (DJIA)

The Dow Jones Industrial Average is an index of 30 “blue chip” stocks of U.S. “industrial” companies. The Index includes substantial industrial companies with a history of successful growth and wide investor interest. The Index includes a wide range of companies—from financial services companies, to

computer companies, to retail companies—but does not include any transportation or utility companies, which are included in separate indices. The stocks included in the DJIA are not changed often. Unlike many other indices, the DJIA is not a “weighted” index (that is, the Index does not take market capitalization into account).

NYSE Composite Index

The NYSE Composite Index tracks the price movements of all common stocks listed on the New York Stock Exchange. The Index is “capitalization-weighted” (that is, each stock’s weight in the Index is proportionate to the stock’s market capitalization).

S&P 500 Composite Stock Price Index

The S&P 500 Composite Stock Price Index is a capitalization-weighted index of 500 stocks intended to be a representative sample of leading companies in leading industries within the U.S. economy. Stocks in the Index are chosen for market size (large-cap), liquidity, and industry group representation.

Wilshire 5000 Total Market Index

The Wilshire 5000 Total Market Index measures the performance of all U.S. headquartered equity securities with readily available price data. The Index is a capitalization-weighted Index. The Index includes all of the stocks contained in the S&P 500 Composite Stock Price Index. The Index is intended to measure the entire U.S. stock market.

Russell 2000® Index

The Russell 2000® Index is a capitalization-weighted index designed to measure the performance of a market consisting of the 2,000 smallest publicly traded U.S. companies (in terms of market capitalization) that are included in the Russell 3000® Index.

Nasdaq-100 Index

The Nasdaq-100 Index is a “modified capitalization-weighted” index designed to track the performance of a market consisting of the 100 largest and most actively traded non-financial domestic and international securities listed on The Nasdaq Stock Market, based on market capitalization. To be included in the Index, a stock must have a minimum average daily trading volume of 100,000 shares. Generally, companies on the Index also must have traded on Nasdaq, or been listed on another major exchange, for at least two years.