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Introduction to Index Options



What is an Index?



- Represents the broad equity market or a specific sector.
- Performance measure.
- Used as a benchmark.
- Most indices are notional.

Index Weighting



- Capitalization-Weighted Index
 - Computed by adding up the collective market capitalizations of the companies and dividing it by the number of securities in the index.
 - Example: S&P/TSX Composite Index
- Price-Weighted Index
 - Computed by adding the prices of each stock in the index and dividing them by the total number of securities.
 - Example: Dow Jones Industrial Average

Types of Indices – Global & National



- Global Stock Market Indices:
 - MSCI World Index
 - S&P Global 100

- National Market Indices:
 - S&P/TSX Composite (Canada)
 - Dow Jones Index (United States)
 - Nikkei 225 (Japan)
 - FTSE 100 (United Kingdom)
 - DAX 30 (German)

Types of Indices – Sectorial



- Sector Indices:
 - S&P/TSX Global Gold Index
 - S&P/TSX Capped Financials Index
 - S&P/TSX Capped Information Technology Index
 - S&P/TSX Capped Energy Index

What is the S&P/TSX 60 Index?

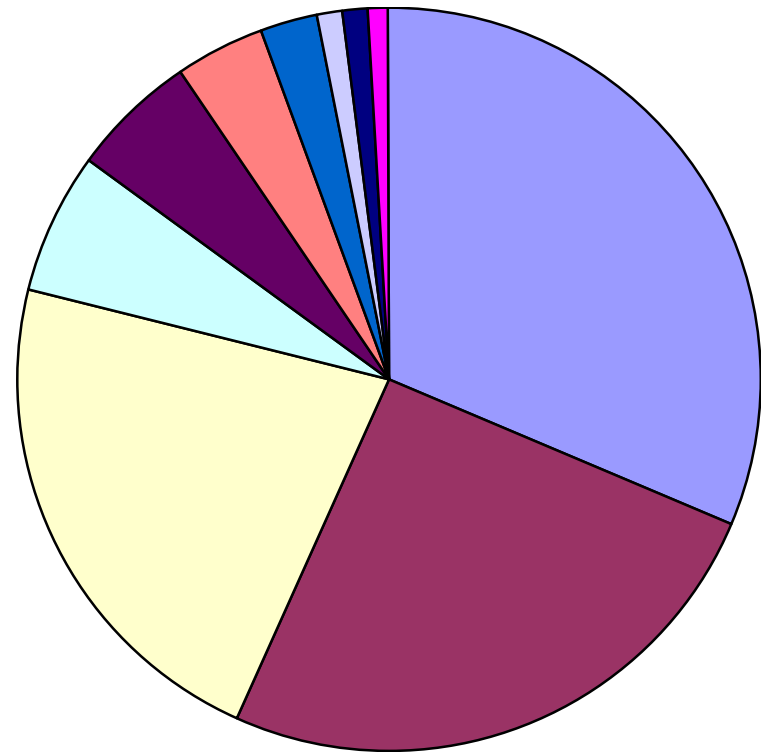


- Leading benchmark for the large capitalization segment of the Canadian equity market.
- Tracks the 60 largest companies listed on the TSX.
- Includes companies from 10 different sectors

S&P/TSX 60 Sector Weighting



Sector	% of Index
Financials	31,4
Energy	25,1
Materials	22,4
Telecommunication	6
Industrials	5,5
Consumer Discretionary	4
Consumer Staples	2,5
Health Care	1,1
Utilities	1
Information Technology	0,9



Why is it Important?



- Represents a market capitalization of 1.021 trillion dollars.
- This is approximately 73% of Canada's equity market capitalization.
- Provides insight into the overall direction of the Canadian equity market.

