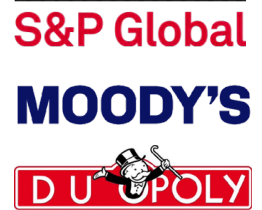


S&P Global: A Triple A Tailwind

S&P Global has spent 2026 sharpening itself back to its highest-return core, completing the Mobility spin-off in July and now weighing a similar move for Capital IQ Pro.

Alongside that, a new tailwind has emerged. Hyperscalers are tapping the bond market at record pace, and virtually none of that debt can be sold without a rating from S&P or Moody's first. A rating doesn't just open the investment-grade market, it directly lowers the yield the issuer has to pay, S&P collects a fee every year the debt remains outstanding, not just at issuance, and that fee is a rounding error compared with the interest savings it delivers to the issuer.



Sharpening the Portfolio

Ratings and Indices are S&P Global's highest-ROIC businesses by far. Anything bolted on adds a lower-return drag. IHS Markit proved this in 2021 by failing to match the high ROIC levels of the existing business:

- New CEO, new logic: no more conglomerate discount from housing mismatched businesses under a single multiple
- Mobility spun off July 2026, Capital IQ Pro under active consideration
- End state: a pure-play Ratings and Indices business, the group's highest-margin, highest-ROIC segments

Minimum fee to rate a bond

\$95k



\$155k



+63% since 2016, 5.0% CAGR
Basis point rate charged

6.50bps



8.35bps



+29% since 2016, 2.5% CAGR

Source: Factset, 8 September 2026

SPGI FCF Yield



Source: Factset, 8 September 2026

Indices: The Other Crown Jewel

Indices sits alongside Ratings as the core of what remains, and might even be the better business of the two:

Revenue grows with AUM and index levels, not issuance cycles

- The S&P 500 at all-time highs lifts index-linked and licensing revenue with zero extra sales effort
- Near-monopoly on the benchmark itself, once billions in AUM track a name-brand index, switching is prohibitively costly
- Extremely high incremental margins. Once an index exists and is licensed, additional AUM costs almost nothing to support

The Mover

S&P Global is getting leaner, getting paid more for the same rating every year, and now riding a hyperscaler debt wave on top of it. At 22.7x forward earnings against a 5-year average of 27.5x, we're paying below the historical rate for a business with rising pricing power and highly recurring revenue, and we're comfortable being long the hyperscaler debt behind it.

The views expressed above are those of the Advantage Securities Investment Team and are based on our analysis, interpretation of publicly available information, and professional judgement at the time of writing.

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