Capital Group

SPDR® ETFs Chart Pack: Key Charts to Help Navigate the Market

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Key Charts to Help Navigate the Market

March 2020 Edition

Please see Appendix D for more information on investment terms used in this Chart Pack.

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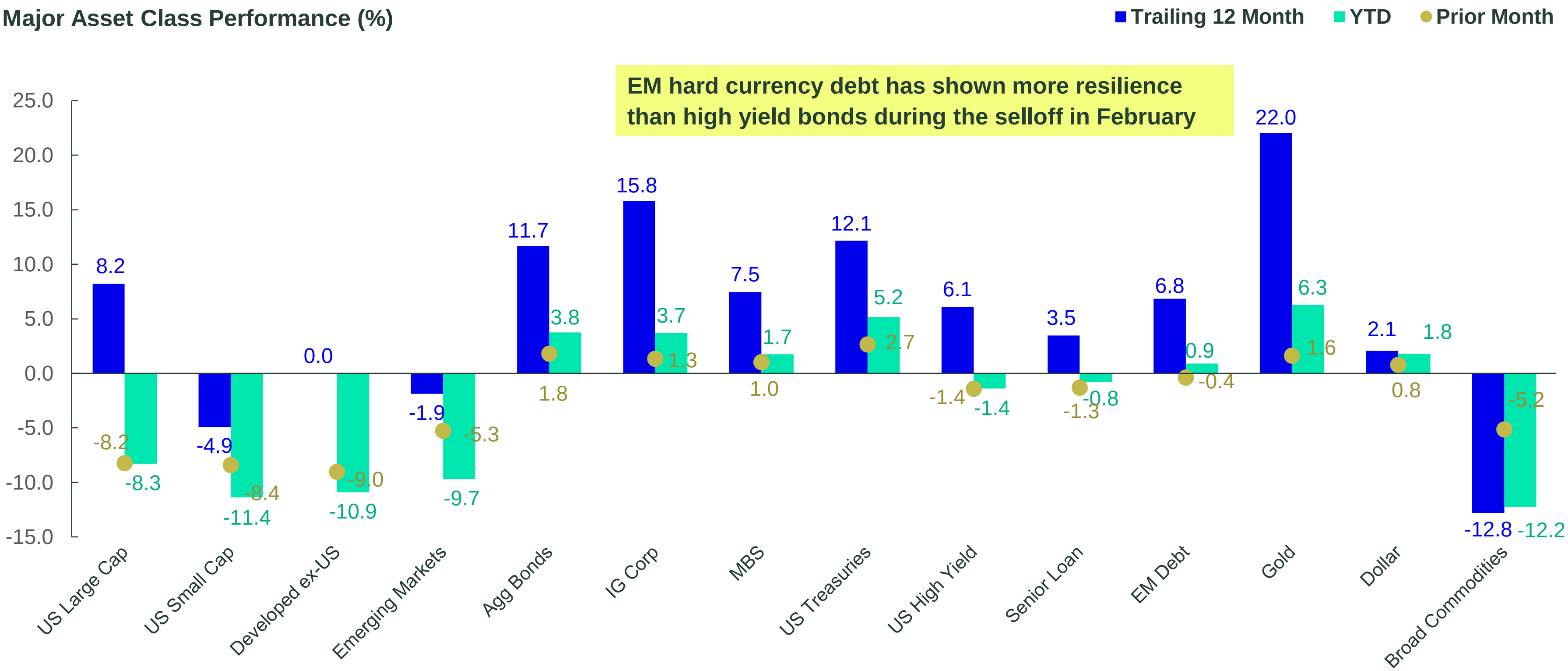
1. Market Environment

Asset Class Performance

Fear of a pandemic negatively impacted market sentiment, sending US equities into correction territory in the last week of February.

Major Asset Class Performance (%)

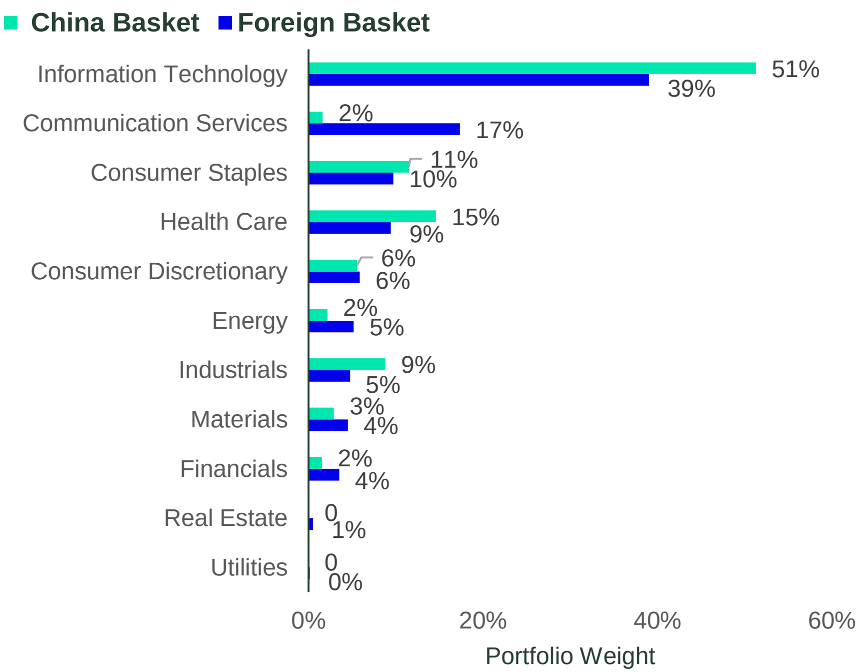


Source: Bloomberg Finance, L.P. as of February 28, 2020. **Past performance is not a guarantee of future results**. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income. Performance returns for periods of less than one year are not annualized. US Large Cap: S&P 500 Index; US Small Cap: Russell 2000 Index; Developed Ex-US: MSCI EAFE Index; Agg Bonds: Bloomberg Barclays US Aggregate Index; IG Corp: Bloomberg Barclays US Corporate Index, Treasuries: Bloomberg Barclays US Treasury Index; MBS: Bloomberg Barclays Mortgage US MBS Index; High Yield: Bloomberg Barclays US Corporate High Yield Index; Senior Loans: S&P LSTA Leveraged Loan Index; EM Debt: Bloomberg Barclays EM Hard Currency Debt Index; Gold: LBMA Gold Price: Broad Commodities: Bloomberg Commodity Index; US Dollar: DXY Dollar Index.

Covid-19's Impacts

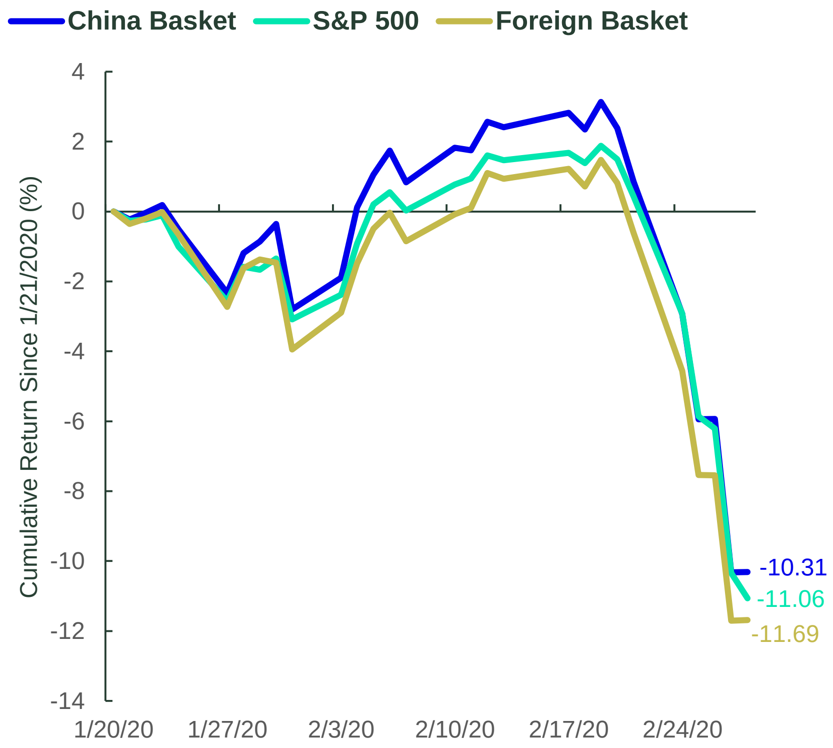
Stocks were sold off regardless of their foreign exposures, as companies with high foreign/Chinese market exposures had similar drawdowns to the broad market.

Sectors' Weights of Companies with Large International and Chinese Revenue Exposures



Tech. has the most exposure to International and Chinese markets among all sectors

Cumulative Performance Since the Coronavirus Outbreak

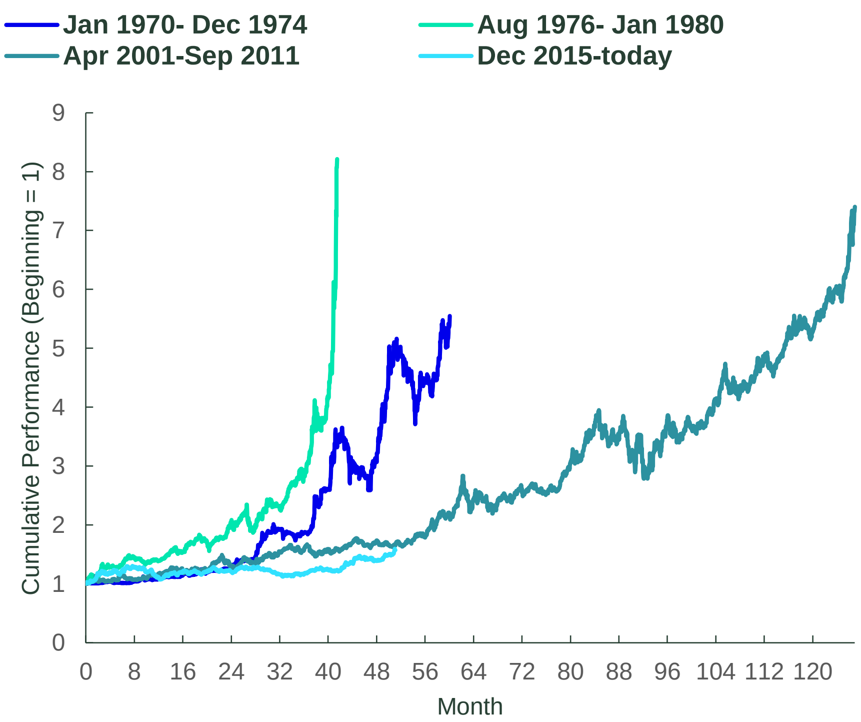


Source: FactSet, as of 2/28/2020. China Basket consists S&P 500 companies with > 5% of Chinese revenue exposures, weighted by their market cap. The total number of constituents is 120. Foreign basket consists S&P 500 companies with >50% of foreign revenue exposures, weighted by their market cap. **Past performance is not a guarantee of future results.**

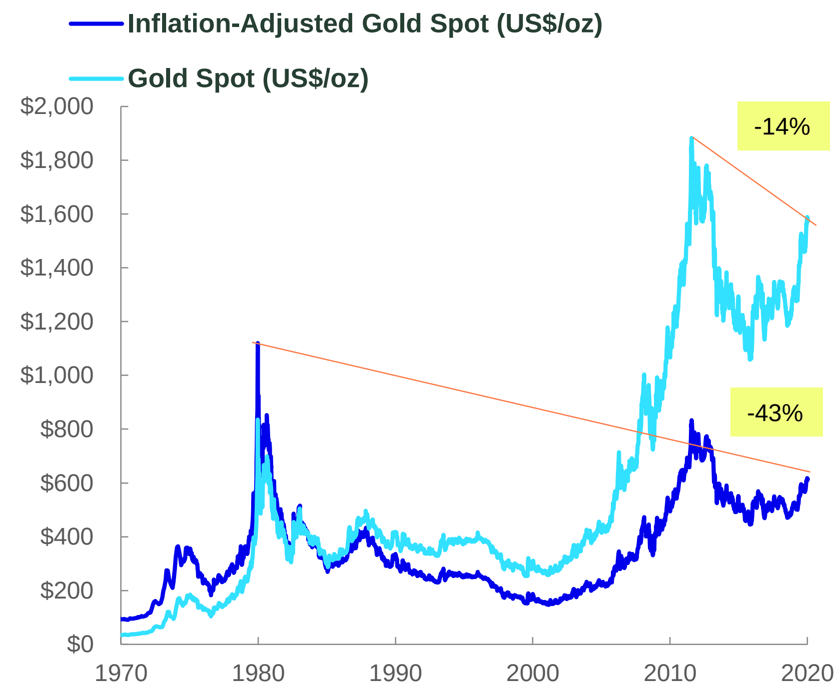
Gold

Compared to previous gold bull markets and historical highs, the current gold rally may still have more room to rise.

Historical Gold Bull Markets



Gold Nominal and Real Prices



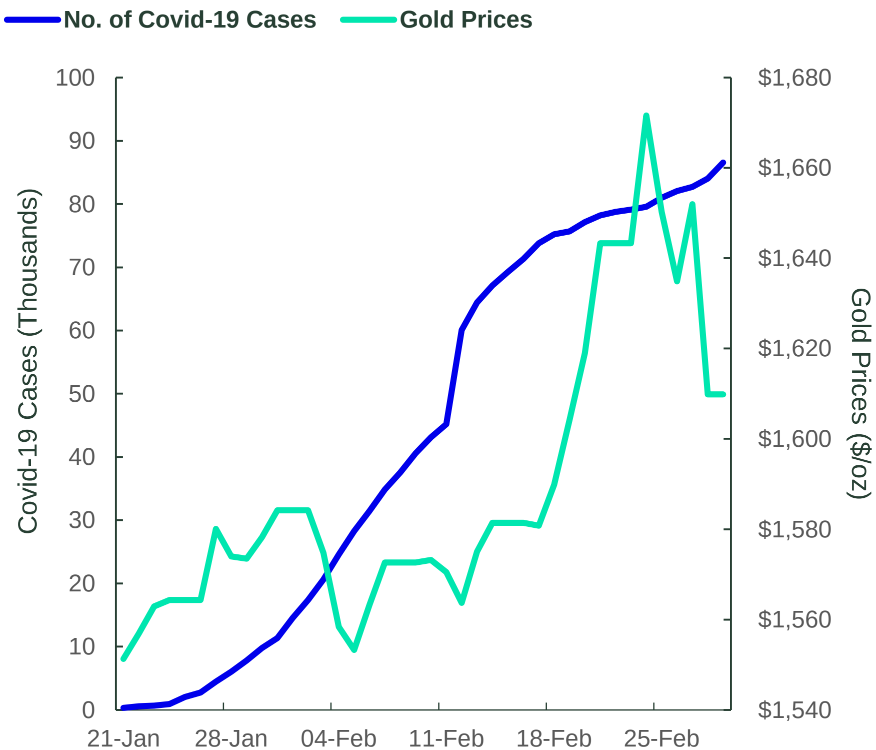
The gold spot price stands around 14% below its all-time high and 43% below on a real price basis

Source: Bloomberg Finance, L.P. as of February 28, 2020. **Past performance is not a guarantee of future results.**

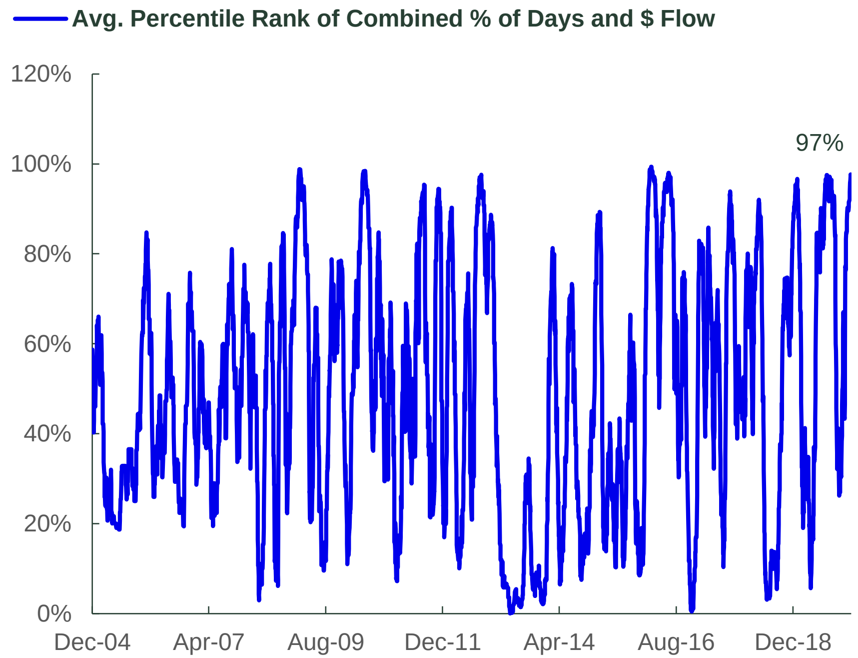
Gold

As the global number of Covid-19 cases kept increasing, investors favored gold-backed ETFs for its defensive nature and bid up gold prices.

Gold Prices vs. Covid-19 Cases



Gold ETF 30-Day Flows



There have been inflows on 88% of the last 30 trading days with $3.9 billion of inflows, resulting in an average 97%-tile ranking for our combined trend and magnitude score

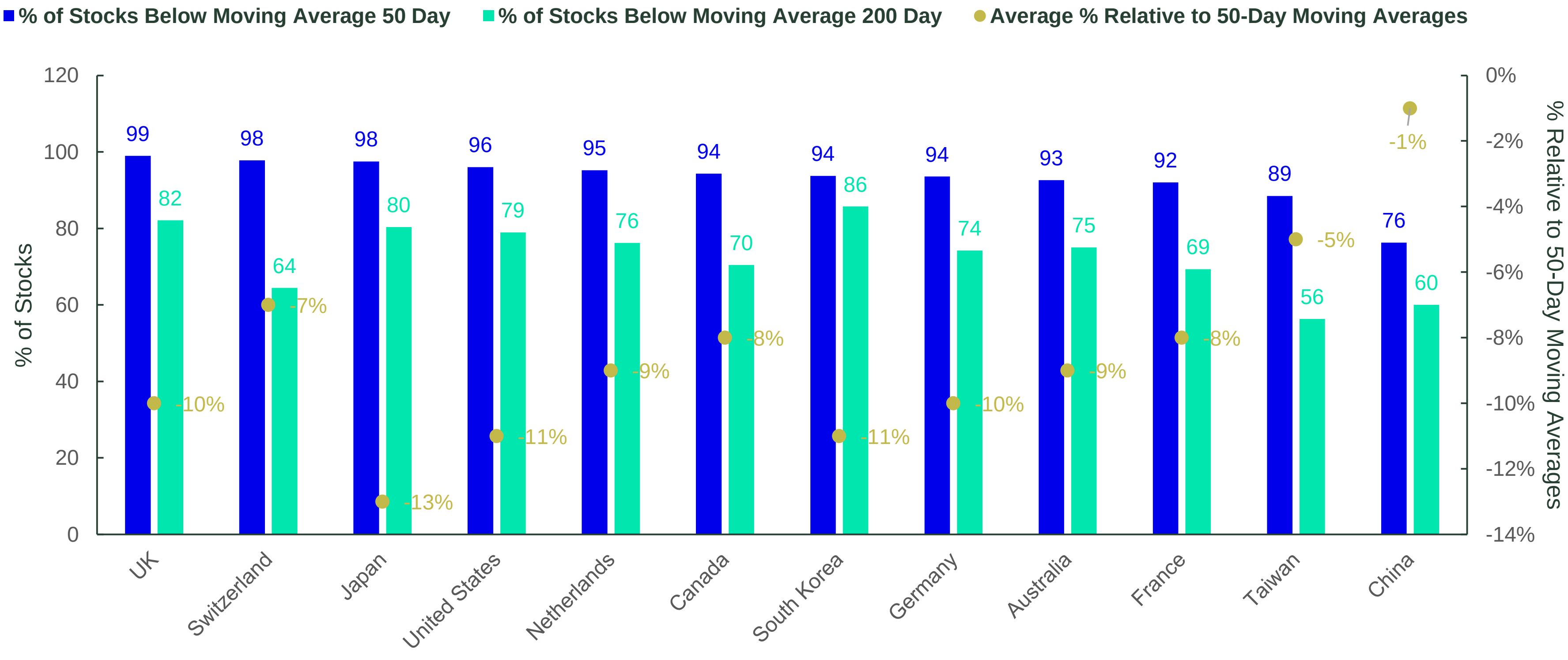
Source: Bloomberg Finance, L.P. as of February 28, 2020. **Past performance is not a guarantee of future results.**

Market Breadth

The equity selloff was widespread, as over 90% of stocks in most countries traded below their 50-day moving averages at the end of February.

Top 10 Countries by Market Cap in the MSCI ACWI Index

Descending order by % of Stocks Below 50-Day Moving Averages



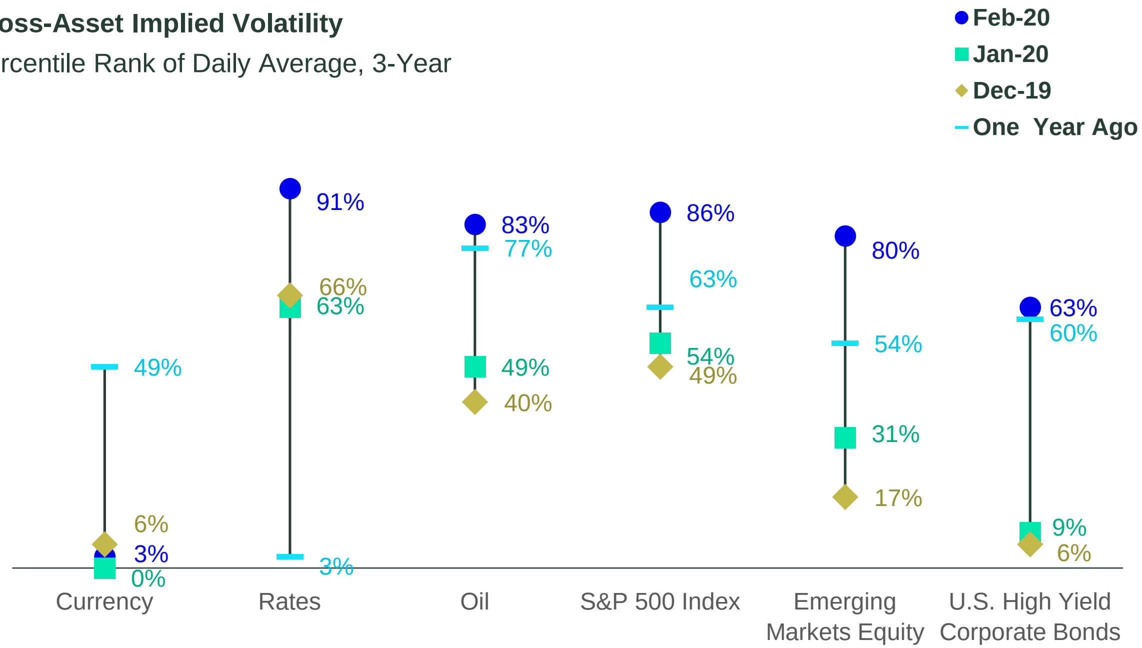
Source: Bloomberg Finance, L.P. as of February 28, 2020. **Past performance is not a guarantee of future results.**

Cross-Asset Volatility

Volatility spiked in the last week of the month in rates and risk markets, pushing month-end levels of VIX and MOVE Indices to their highest level in years.

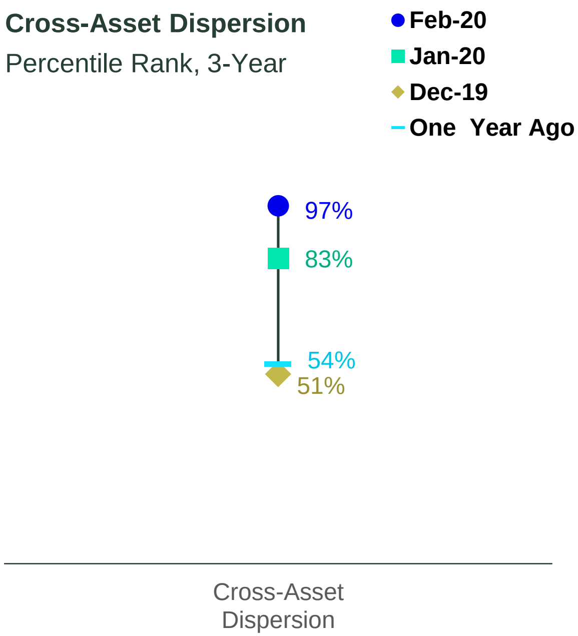
Cross-Asset Implied Volatility

Percentile Rank of Daily Average, 3-Year



Cross-Asset Dispersion

Percentile Rank, 3-Year



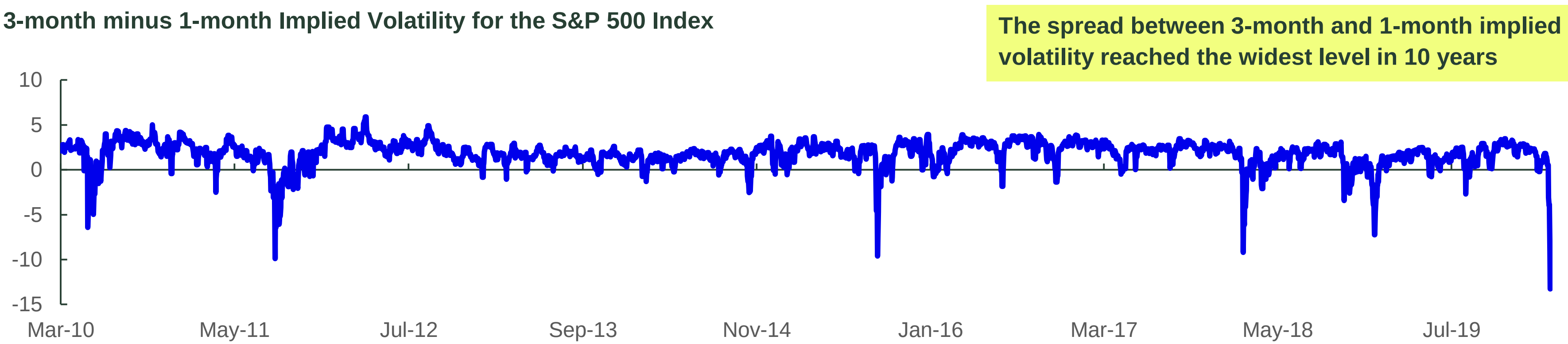
Currency markets remained relatively calm, as the global nature of the epidemic have not amplified cross-country divergences.

Source: Bloomberg Finance, L.P. as of February 28, 2020. **Past performance is not a guarantee of future results.** Currency implied volatility is measured by the J.P. Morgan Global FX Volatility Index. Rates implied volatility is measured by the MOVE Index. Oil implied volatility is derived from oil future contracts. Emerging markets implied volatility is measured by the CBOE Emerging Markets ETF Volatility Index. High Yield bond implied volatility is measured by the CBOE High Yield Corporate Bond ETF Volatility Index. Cross asset dispersion is measured by standard deviation of monthly returns of S&P 500, Russell 2000, Russell 3000 Growth, Russell 3000 Value, MSCI Emerging Markets, MSCI World ex-USA, Bloomberg Barclays US Aggregate, US Corporate High Yield, EM USD Aggregate, EM Local Currency Government, S&P/LSTA US Leveraged Loan 100, Bloomberg Commodity Indices, LBMA Gold Price PM.

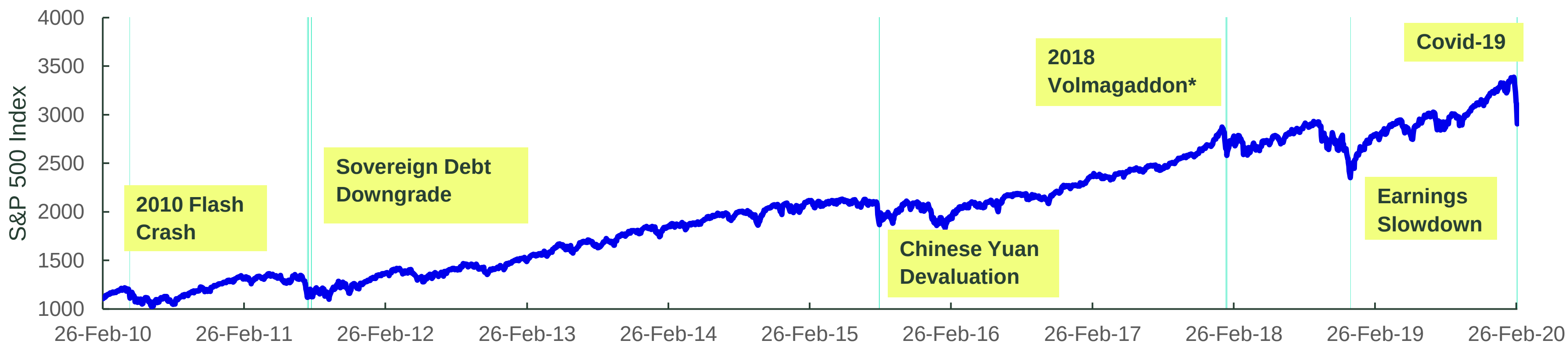
Volatility

The deeply inverted VIX futures curve showed extremely bearish sentiment. However, historically, such level of inversion has indicated the bottom of the market.

3-month minus 1-month Implied Volatility for the S&P 500 Index



S&P Index

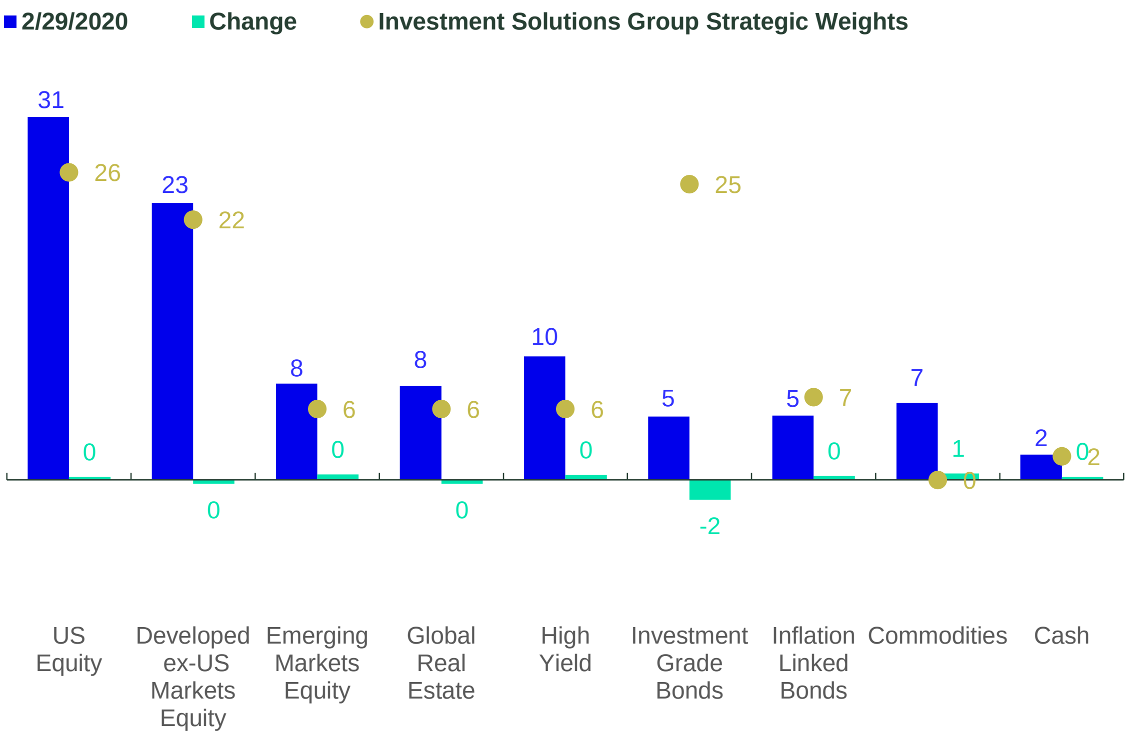


*Volmagaddon: referred to an extremely bad period in volatility. Source: Bloomberg Finance, L.P. as of February 29, 2020. **Past performance is not a guarantee of future results.**

State Street Current Positioning

In early February*, State Street focused on improving global growth and potential policy support, while remaining constructive on US equities, despite the increased tail-risk of the Covid-19.

SPDR SSGA Global Allocation ETF [GAL] Current & Strategic Exposures (%)



Tactical Rebalance Trades: February

Sold	• Investment Grade
Bought	• US Equities

Sector Rotation Trades

US Equity Allocation Total: 6%
Sectors are included based on their relative valuation, momentum and earnings sentiment

Jan.	**Health Care** 2%	**Tech.** 2%	**Financials** 2%
Feb.	**Health Care** 2%	**Tech.** 2%	**Financials** 2%

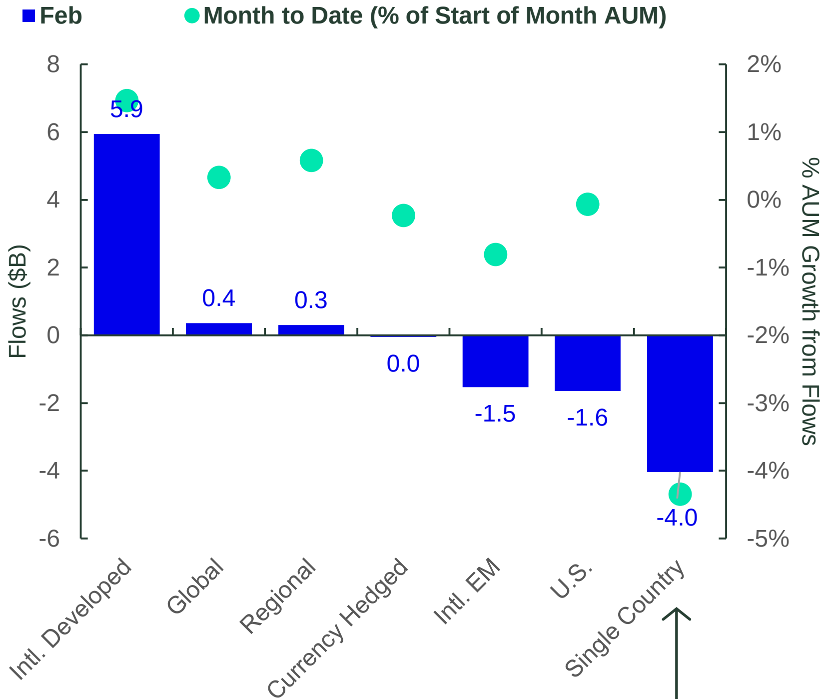
*The rebalance of GAL took place in early February, prior to the 10% market correction.
Source: State Street Global Advisors. As of February 29, 2019. Exposures are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.
This information should not be considered a recommendation to invest in a particular sector. It is not known whether the sectors shown will be profitable in the future.
The information above is rounded to the nearest whole number.

2. Flows, Fundamentals & Factors

Flow Trends

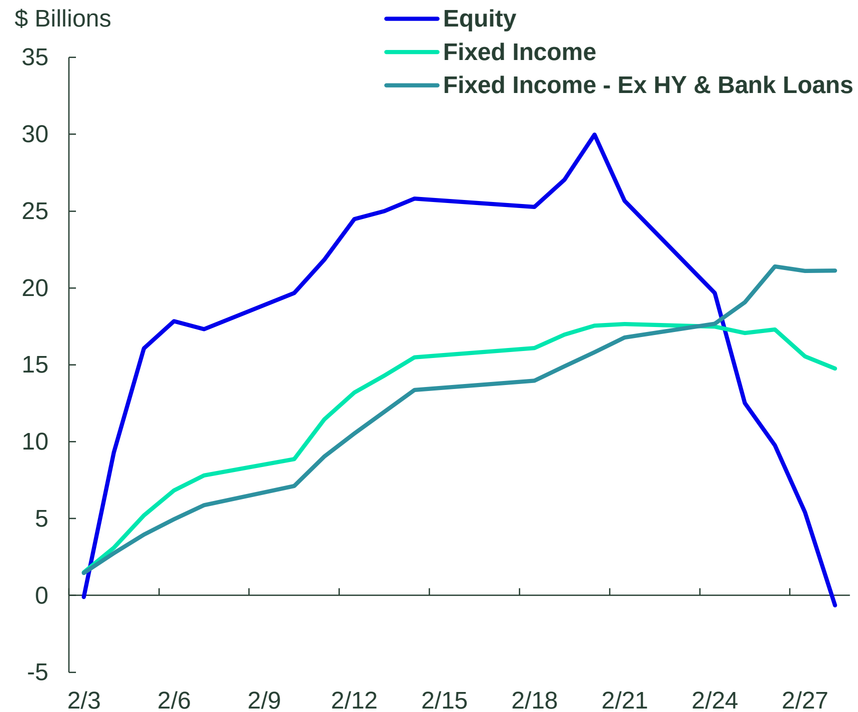
Equity ETF flows reversed positive trends intra-month, ending the month with 650 million outflows, led by single country and US-focused ETFs.

Flows by Equity Regions



Single country ETFs had their largest outflows in five years, evidencing the change in market sentiment

Cumulative ETF Flows

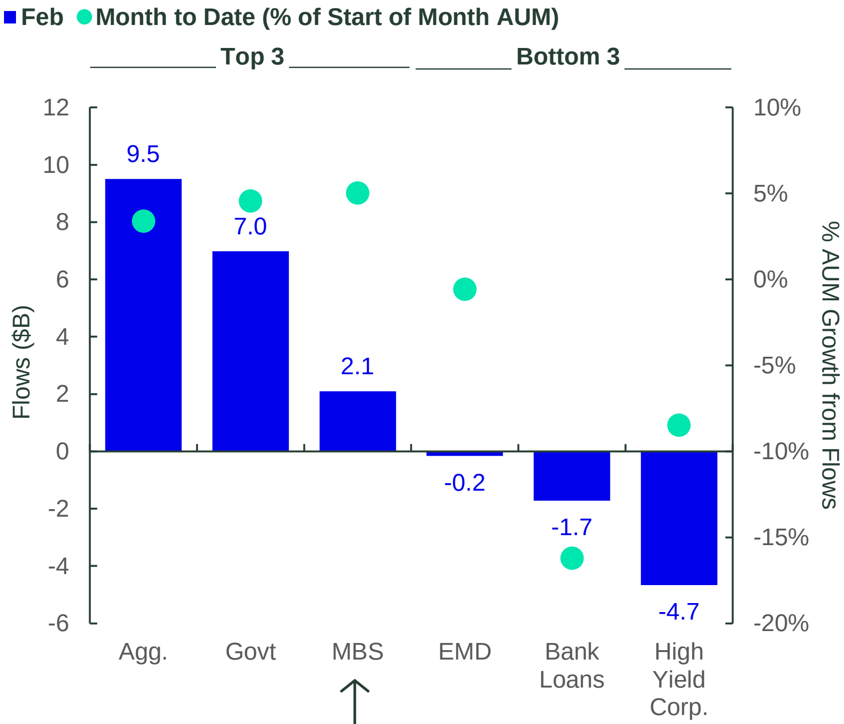


Source: State Street Global Advisors, Bloomberg Finance, L.P. as of February 28, 2020. Sectors, asset classes and flows are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

Flow Trends (continued)

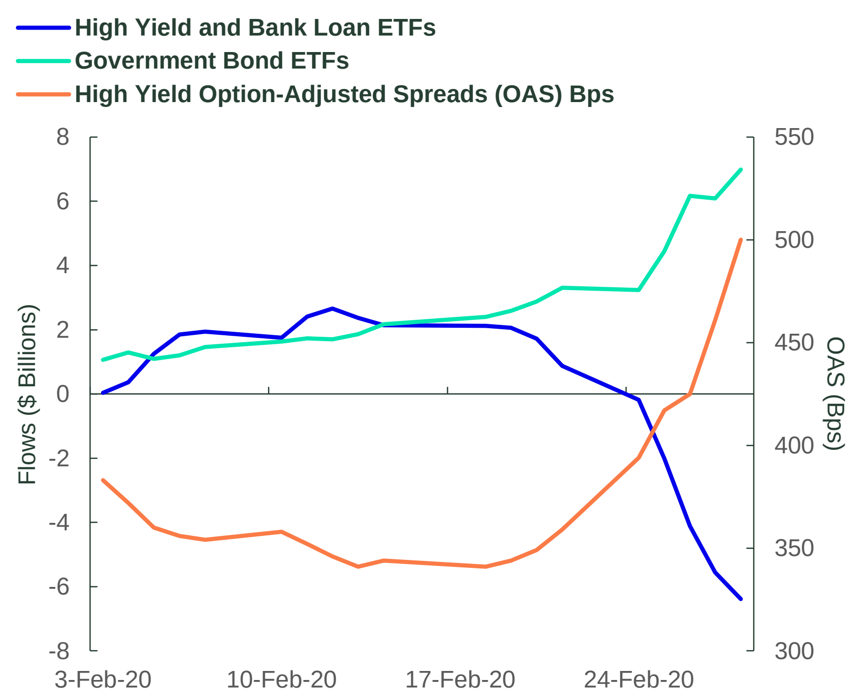
Investors flocked into interest rate-sensitive fixed income segments, while dumping high yield credit amid increased equity volatility and widening spreads.

Fixed Income Top and Bottom 3 Sectors by Flows



Mortgage-backed ETFs continue to attract strong inflows given their high credit quality and low duration risk

Cumulative High Yield vs. Government Bond ETF Flows

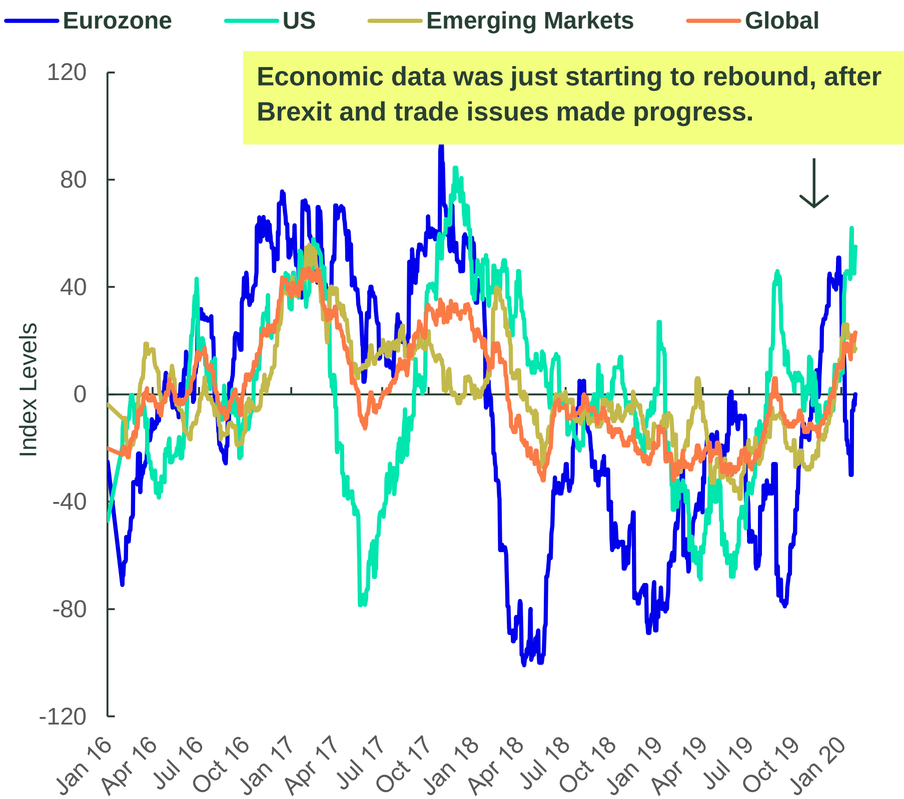


Source: State Street Global Advisors, Bloomberg Finance, L.P. as of February 28, 2020. Sectors, asset classes and flows are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

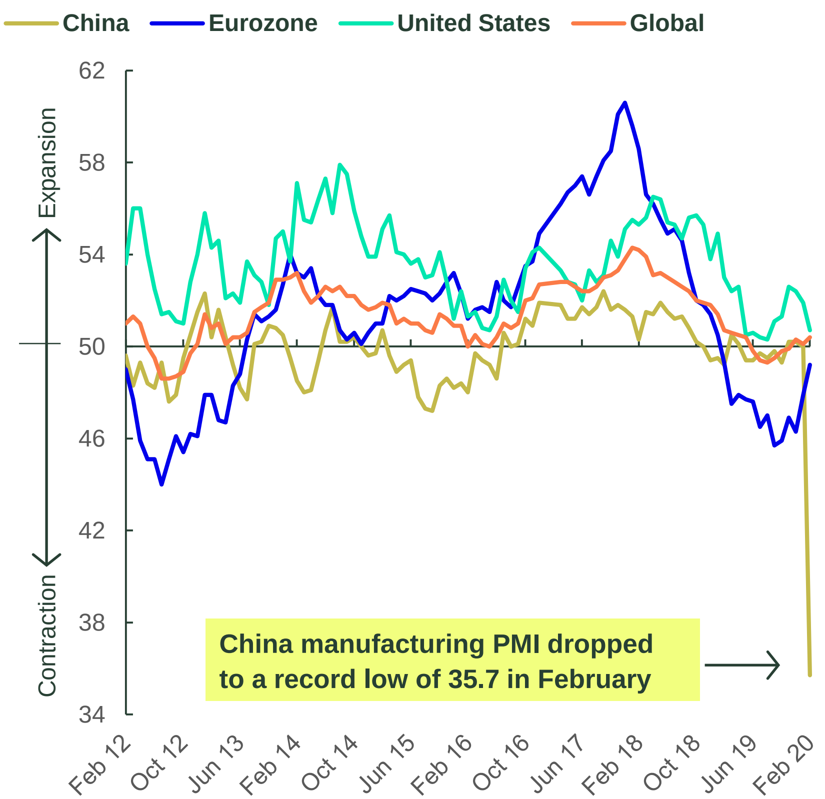
Global Economy

Although economic data outside Eurozone continued to beat expectations last month, upcoming data may face more headwinds given the spread of Covid-19.

Citigroup Economic Surprise Indices



Markit Manufacturing PMI Indices



Source: Bloomberg Finance, L.P. as of February 28, 2019. **Past performance is not a guarantee of future results.**

Global Valuation

US large-cap valuations compressed in February but remain near the top quintile. Small-caps are trading at the bottom quartile based on various multiples.

Absolute & Relative Valuation Z-Score* and 15-Year Percentile Ranking Bottom 3 Expensive Valuation Top 3 Attractive Valuation

		Valuation to Segment History (Percentile)				Absolute Valuation Composite Z-Score	Valuation Relative to S&P 500 (Percentile)				Relative Valuation Z-Score
		P/E	NTM P/E	P/B	P/S		P/E	NTM P/E	P/B	P/S	
US/Style/Regions	S&P 500	21%	19%	13%	13%	-1.46	N/A	N/A	N/A	N/A	N/A
	S&P MidCap 400	55%	73%	79%	63%	0.64	81%	100%	100%	100%	0.56
	S&P SmallCap 600	44%	83%	90%	88%	0.96	75%	100%	100%	100%	0.49
	S&P 500 Value	42%	50%	39%	25%	-0.50	98%	100%	100%	100%	0.76
	S&P 500 Growth	10%	3%	2%	3%	-1.97	7%	0%	0%	0%	-3.13
	MSCI EAFE	62%	58%	82%	44%	0.41	84%	95%	100%	100%	0.55
	Euro Stoxx	55%	41%	78%	45%	0.10	88%	93%	100%	100%	0.58
	MSCI EM	40%	12%	77%	51%	-0.34	65%	41%	96%	95%	-0.24
Major Countries	MSCI Canada	88%	67%	85%	84%	1.23	94%	92%	91%	97%	0.52
	MSCI Japan	82%	78%	77%	44%	0.82	87%	91%	100%	96%	0.51
	MSCI Germany	53%	43%	82%	28%	-0.02	85%	87%	100%	99%	0.48
	MSCI France	33%	38%	64%	29%	-0.48	47%	82%	100%	84%	-0.13
	MSCI UK	45%	62%	95%	91%	0.82	75%	100%	98%	100%	0.47
	MSCI China	35%	44%	50%	46%	-0.36	54%	60%	71%	71%	-0.66
	MSCI Russia	88%	57%	62%	74%	0.81	98%	73%	83%	93%	0.27
	MSCI Brazil	43%	19%	31%	30%	-0.87	68%	45%	50%	62%	-0.96
	MSCI India	38%	40%	77%	80%	0.21	58%	67%	96%	96%	-0.07

Source: State Street Global Advisors, FactSet, as of February 28, 2020. * The z-score is calculated as the average z-score of percentile ranking of P/B, P/E, NTM P/E and P/S valuations last 15 years and valuations relative to the S&P 500 last 15 years. Z-score indicates how many standard deviations an element is from the mean. A z-score can be calculated from the following formula. z = (X - μ) / σ where z is the z-score, X is the segment valuation percentile. μ is the mean of percentile, and σ is the standard deviation of sectors' valuation percentile.

Global Momentum

Chinese stocks held up better than those of the rest of the world last month, while US growth stocks have been more resilient than the broader market.

Momentum Scorecard Rankings

Bottom 3 Rank on Momentum　　Top 3 Rank on Momentum

		Price Momentum*			Technicals			Continuous Momentum			Combined Average Rank
		3 Month	6 Month	12 Month	% above 50-Day Moving Average	% above 200-Day Moving Average	% Difference 50-to 200-Day Moving Average	# of Positive Return Days (90-Day Lookback)	# of Positive Return Days (180-Day Lookback)	# of Positive Return Days (12-Month lookback)	
US/Style/Regions	S&P 500	2	3	3	10	7	4	2	1	5	4
US/Style/Regions	S&P MidCap 400 Index	8	15	8	13	13	12	7	12	13	11
US/Style/Regions	S&P SmallCap 600	12	16	13	15	14	11	16	15	15	14
US/Style/Regions	S&P 500 Value	5	5	4	14	11	5	3	1	3	6
US/Style/Regions	S&P 500 Growth	1	1	1	8	3	3	1	3	2	3
US/Style/Regions	MSCI EAFE	10	9	9	7	10	13	5	8	5	8
US/Style/Regions	Euro Stoxx	7	6	6	12	12	7	10	5	1	7
US/Style/Regions	MSCI EM	11	14	16	4	5	8	12	16	11	11
Major Countries	MSCI Canada	4	10	7	3	4	15	4	4	9	7
Major Countries	MSCI Japan	14	4	10	6	6	6	12	10	17	9
Major Countries	MSCI Germany	15	7	11	9	9	9	12	7	5	9
Major Countries	MSCI France	13	8	5	5	8	10	7	5	3	7
Major Countries	MSCI UK	9	13	14	11	15	17	5	13	11	12
Major Countries	MSCI China	3	11	15	1	1	2	7	10	10	7
Major Countries	MSCI Russia	6	2	2	16	16	1	11	9	8	8
Major Countries	MSCI Brazil	17	17	17	17	17	16	17	17	14	17
Major Countries	MSCI India	16	12	12	2	2	14	12	13	16	11

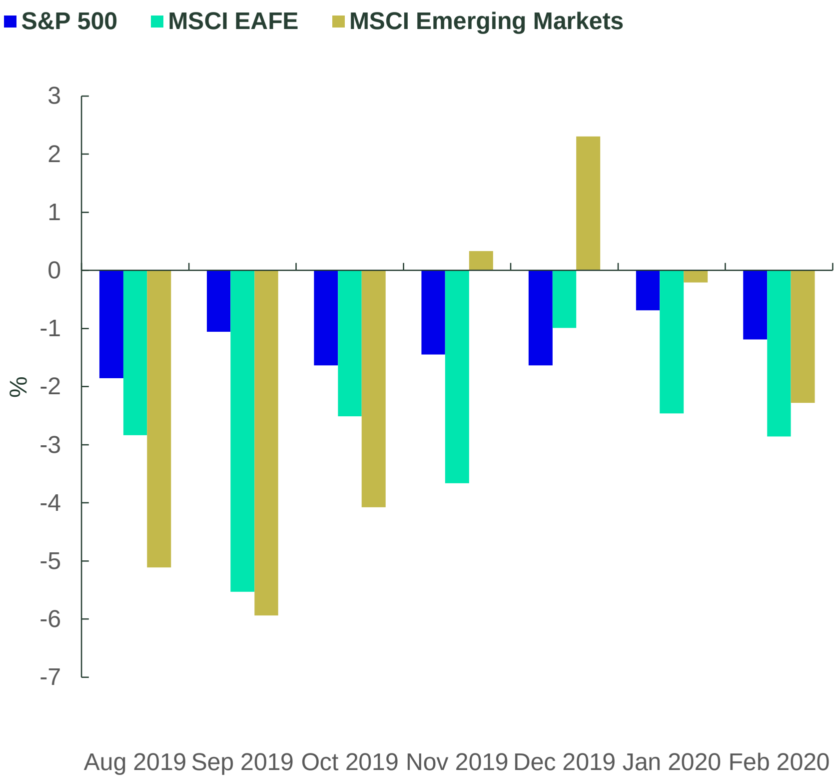
Brazilian stocks slumped as the country confirmed the first Coronavirus case in Latin America

Source: State Street Global Advisors, FactSet, as of January 31, 2020. *Momentum is calculated by calculating the 3-month, 6-month and 12-month price performance, not including the most recent month.

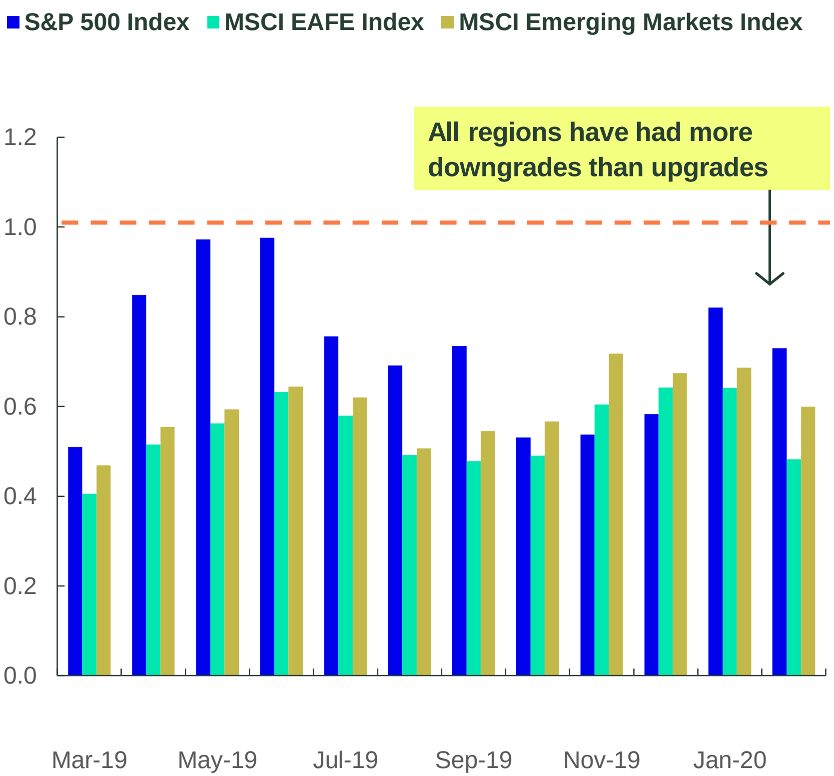
Global Earnings

The spread of Covid-19 outside China took a toll on earnings sentiment globally, with developed ex-US firms leading earnings downgrades.

3-Month Change to 2020 EPS Est. (%)



2020 EPS Revision: 3-Month Up-to-downgrade Ratio

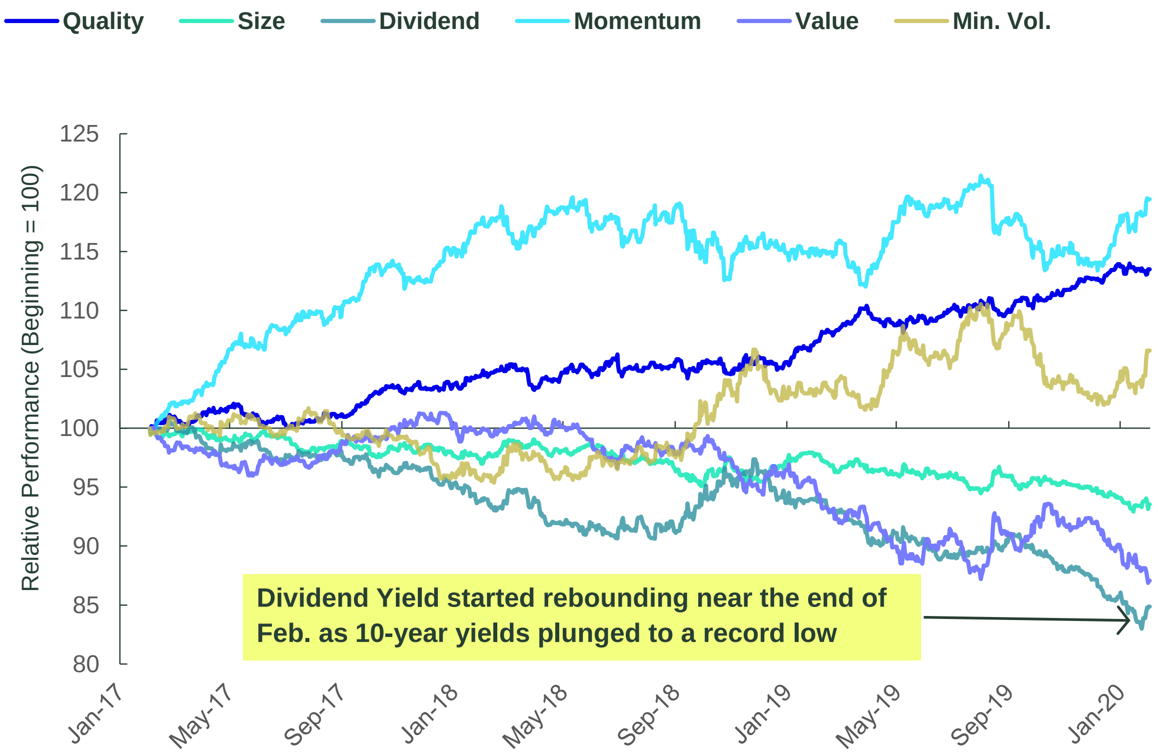


Source: FactSet, as of February 28, 2019. Characteristics are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.
EPS growth estimates are based on Consensus Analyst Estimates compiled by FactSet.

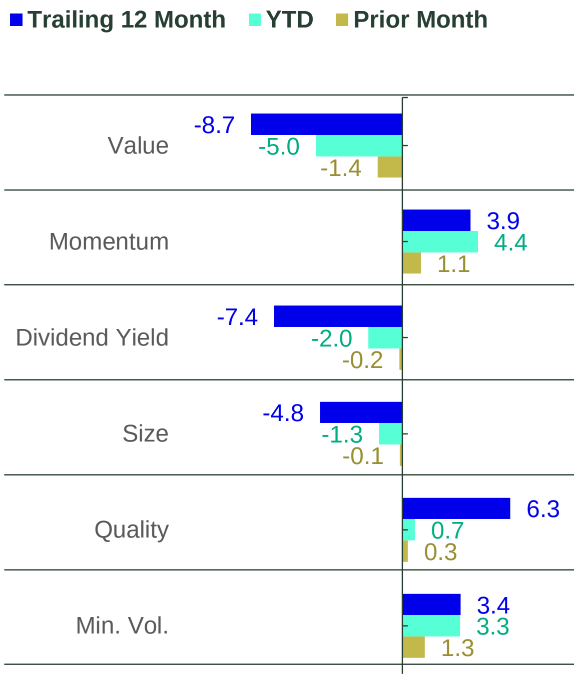
US Factor Trends

Risk-off sentiment drove the outperformance of Min. Vol. and Momentum, while weighing on Value and Size.

MSCI USA Factor Index Versus MSCI USA Index (3 Years)



Period Excess Returns Versus MSCI USA Index (%)

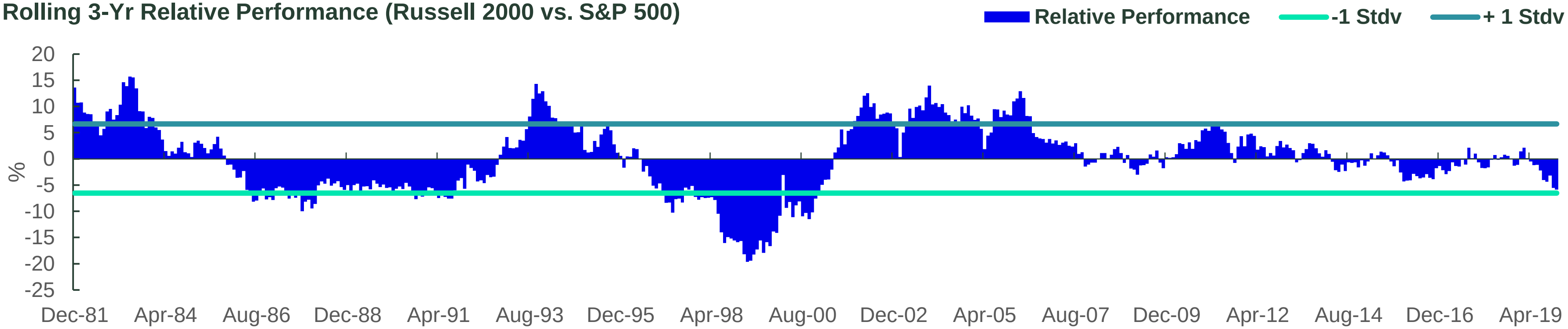


Source: Bloomberg Finance, L.P. as of February 28, 2020. **Past performance is not a guarantee of future results.** MSCI USA Minimum Volatility Index, MSCI USA Enhanced Value Index, MSCI USA Quality Index, MSCI USA Equal Weighted Index, MSCI USA High Dividend Yield Index and MSCI USA Momentum Index were used to represent Min. Vol., Value, Quality, Size, Dividend, Momentum. Index were used above compared to the MSCI USA Index. Index returns are unmanaged and do not reflect the deduction of any fees or expenses.

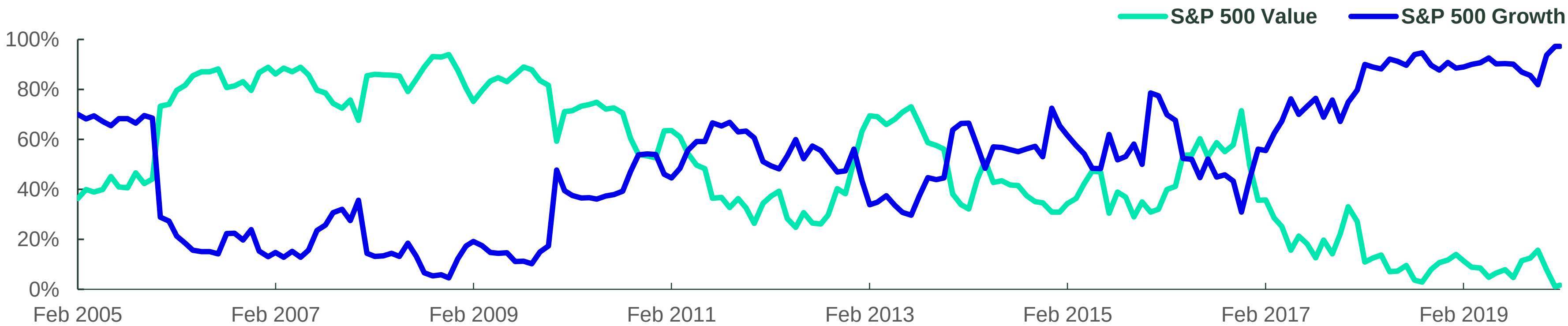
US Factor Trends (continued)

Performance divergence between small and large caps, as well as the valuation gap between value and growth, have reached extremes.

Rolling 3-Yr Relative Performance (Russell 2000 vs. S&P 500)



Relative Valuation vs. S&P 500 (Based on Combined Percentile Ranking of P/E, Fwd P/E, P/B and P/S, 15 Years)



Source: Bloomberg Finance, L.P. as of February 28, 2020. **Past performance is not a guarantee of future results.**

When including the period of Dot-com bubble, the percentile ranking for growth is still high, 97%-tile

3. Sectors

Sector Flows & Returns

Sector ETFs posted positive flows in February, thanks to strong inflows to defensive and bond-proxy sectors, as well as Energy.

Global Equity Sector Heatmap	Positioning					Returns		
	Prior Month Flow ($M)	Trailing Three Months Flow ($M)	Trailing Twelve Months Flow ($M)	Current Short Interest (%)	1M Prior Short Interest (%)	Prior Month Return (%)	YTD Return (%)	12-Month Return (%)
Cons. Disc.	(894)	(544)	(547)	9.8	9.6	-7.6	-7.0	7.1
Cons. Staples	1,147	940	2,186	5.7	5.7	-8.1	-7.8	9.4
Energy	2,093	2,454	1,141	7.2	5.6	-14.6	-24.0	-25.5
Financials	(2,525)	(4,557)	(7,497)	10.1	8.6	-11.2	-13.5	2.5
Health Care	490	742	(5,231)	17.1	15.8	-6.7	-9.2	3.4
Industrials	(1,683)	(1,083)	(1,722)	7.2	5.8	-9.3	-9.7	-1.5
Materials	(1,016)	(268)	(2,291)	6.1	6.9	-8.4	-14.0	-1.7
Real Estate	1,498	1,082	5,210	3.9	3.5	-6.3	-5.0	9.4
Technology	332	3,428	6,670	3.8	3.4	-7.3	-3.6	26.7
Communications	484	808	2,876	1.9	1.3	-6.3	-5.5	12.7
Utilities	1,321	1,322	3,738	13.4	13.3	-9.9	-3.9	12.7

Given the demand shock and earnings downgrades, strong flows to Energy could be due to increasing short positions in the sector.

Worst-Performing Sector
Least Flows in Period

Best-Performing Sector
Most Flows in Period

Source: State Street Global Advisors, Bloomberg Finance, L.P., as of February 28, 2019. **Past performance is not a guarantee of future results.**

Covid-19's Impacts at Industry Level

As concerns of Covid-19's spread sent long-term yields to record lows, industries with higher beta exposures to yields suffered the most.

S&P 1500 Industry Group Relative Performance Since Feb 21, 2020

Bottom 7 | Top 7

	Excess Return over S&P 1500	% Foreign Sales	3-Yr Beta to 10-Year Yields
Telecom	3.64	5.6	0.09
Bio & Pharma Life Science	2.89	42.0	0.23
Media & Entertainment	1.72	45.2	0.20
Food Beverage & Tobacco	1.30	52.6	0.13
Household & Personal Products	1.27	56.5	-0.21
Semiconductors	1.06	80.8	0.25
Retailing	0.98	42.5	0.26
Software & Services	0.90	47.3	0.14
Food & Staples Retailing	0.72	25.1	0.20
Commercial & Professional Services	0.62	20.3	0.12
Diversified Financials	0.09	22.0	0.42
Utilities	-0.31	1.4	-0.29
Capital Goods	-0.46	40.7	0.33
Automobiles & Components	-0.49	43.2	0.40
Technology Hardware & Equipment	-0.80	55.8	0.23
Real Estate	-0.81	13.3	-0.26
Consumer Durables & Apparel	-0.96	16.6	0.39
Materials	-1.11	50.1	0.37
Health Care Equipment & Services	-1.19	25.4	0.28
Consumer Services	-1.61	44.6	0.14
Insurance	-1.91	28.7	0.34
Transportation	-2.31	15.0	0.34
Banks	-3.85	16.3	0.61
Energy	-3.91	43.2	0.51

Industries with less sensitivity to 10-year yields outperformed, even though some have high foreign revenue exposures

Industries with high sensitivity to 10-year yields underperformed, even though some have low foreign revenue exposures

Source: FactSet. As of 2/28/2020. Top 7 and bottom 7 industries in each column are highlighted in green and red respectively. **Past performance is not a guarantee of future results.**

Sector Scorecard

Tech. continues to lead earnings sentiment and momentum, while Utilities has seen significant improvement in the two aspects compared with January numbers.

	Sector Composite Z-Score*			
	Valuation Composite Score	Momentum Composite Score	Earnings Sentiment Composite Score	Volatility Composite Score
Consumer Discretionary	-0.87	-0.05	0.50	-0.20
Consumer Staples	-0.33	0.04	0.13	0.41
Energy	0.74	-2.17	-1.30	0.91
Financials	1.30	0.04	0.26	-0.27
Health Care	0.73	0.12	0.67	-0.24
Industrials	0.00	-0.15	-1.22	-0.84
Information Technology	-1.28	1.98	1.50	-0.64
Materials	0.24	-0.81	-1.17	0.69
Communication Services	0.11	0.38	0.50	-1.23
Real Estate	0.16	-0.33	-0.44	1.04
Utilities	-0.80	0.96	0.56	0.37

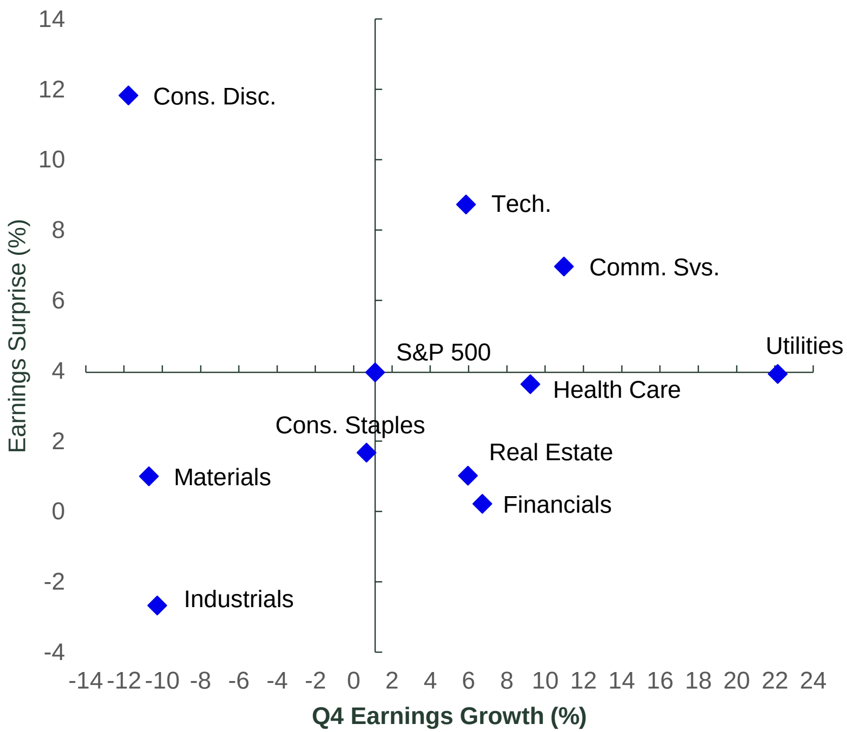
Health Care has shown both attractive valuations and strong earnings sentiment

Source: State Street Global Advisors, FactSet, Bloomberg Finance, L.P. as of February 28, 2020. Green shading is top 3, red shading is bottom 3. * The scorecard uses z-score for each metric to standardize numbers across sectors and show relativeness among sectors. Composite score is calculated by equally weighting each metric in the same category. Z-score indicates how many standard deviations an element is from the mean. A z-score can be calculated from the following formula. $z = (X - \mu) / \sigma$ where X is the value of the sector. μ is the mean of the eleven sectors. σ is the standard deviation of eleven sectors. S&P 500 sector indices are used to calculate sector scores. Please refer to Appendix C for the metrics used to measure valuation, momentum and earnings sentiment. Volatility score is not available for the communication services sector due to data availability.

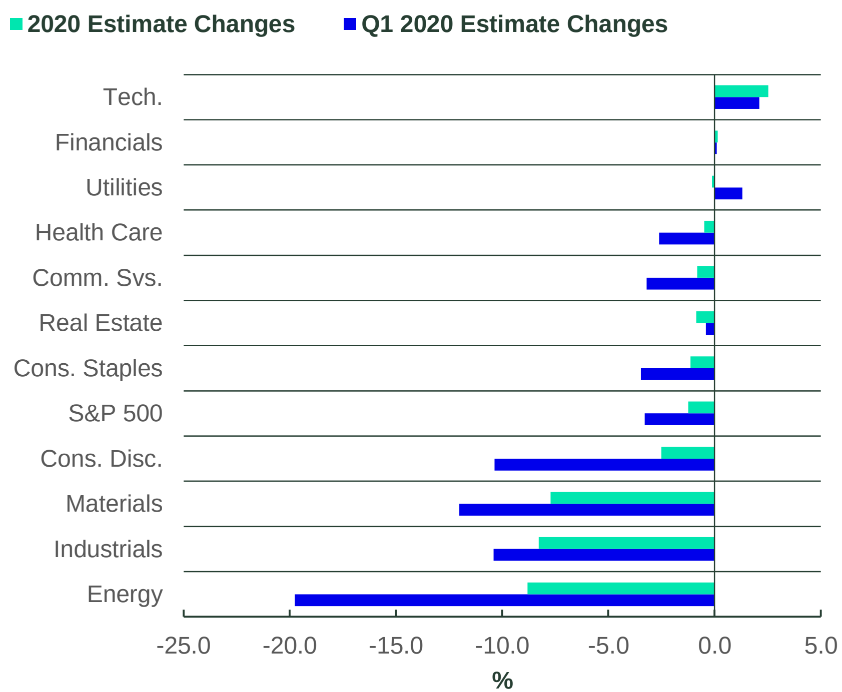
Sector Earnings

Given disappointing Q4 results and the threat of a Covid-19 pandemic, analysts downgraded 2020 earnings estimates for Energy, Industrials and Materials by the most.

S&P 500 Q4 Earnings Growth and Surprises (ex- Energy)



YTD Changes to EPS Growth Est.



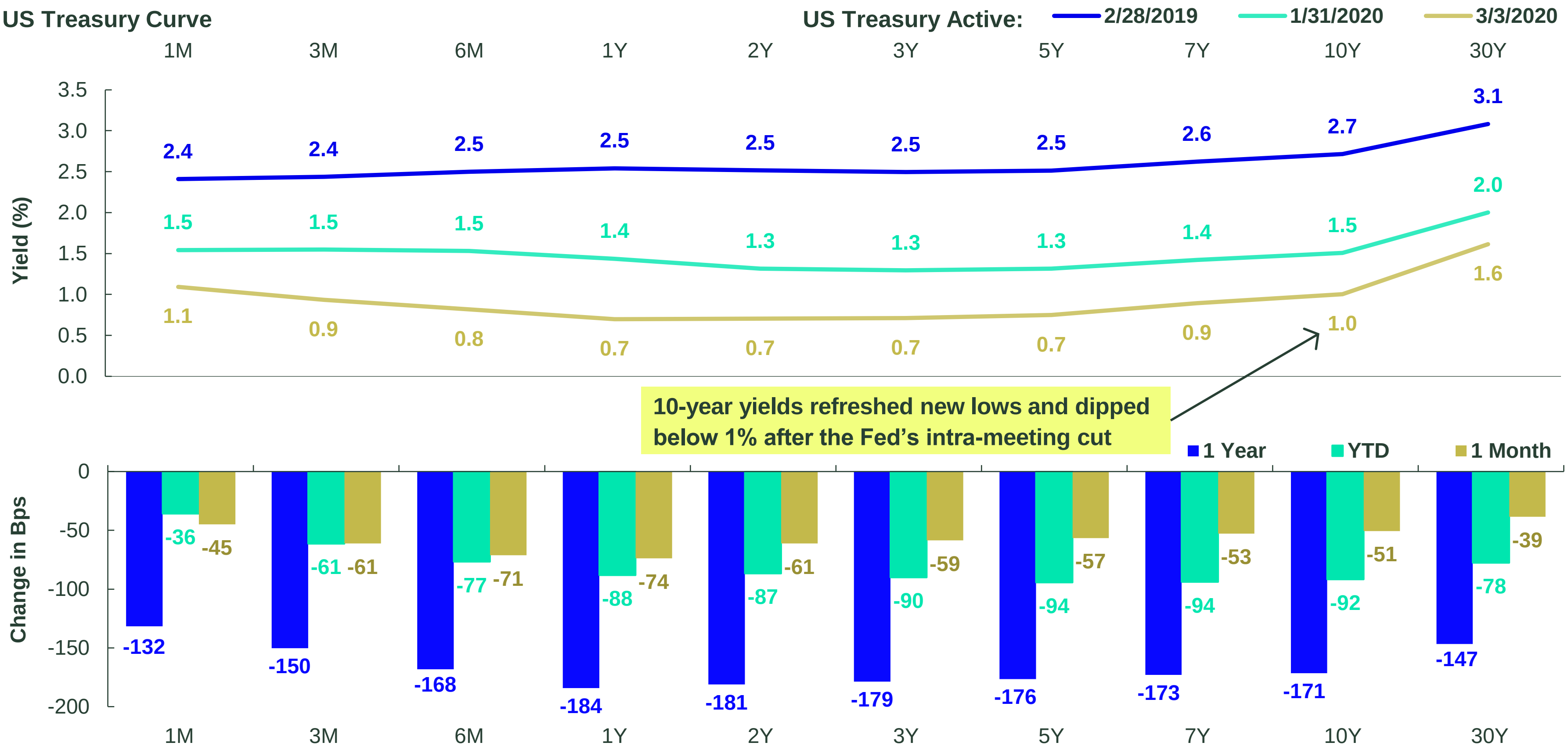
Despite Tech.'s high exposure to foreign markets, Analysts have not downgraded the sector growth

Source: FactSet, as of February 28, 2019. Characteristics are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. This information should not be considered a recommendation to invest in a particular sector. It is not known whether the sectors shown will be profitable in the future.

4. Fixed Income

Yield Curve

Recession fears sent 10- and 30-year Treasury yields to historical lows, while the emergency 50 basis point rate cut on March 3rd weighed on short-term yields.

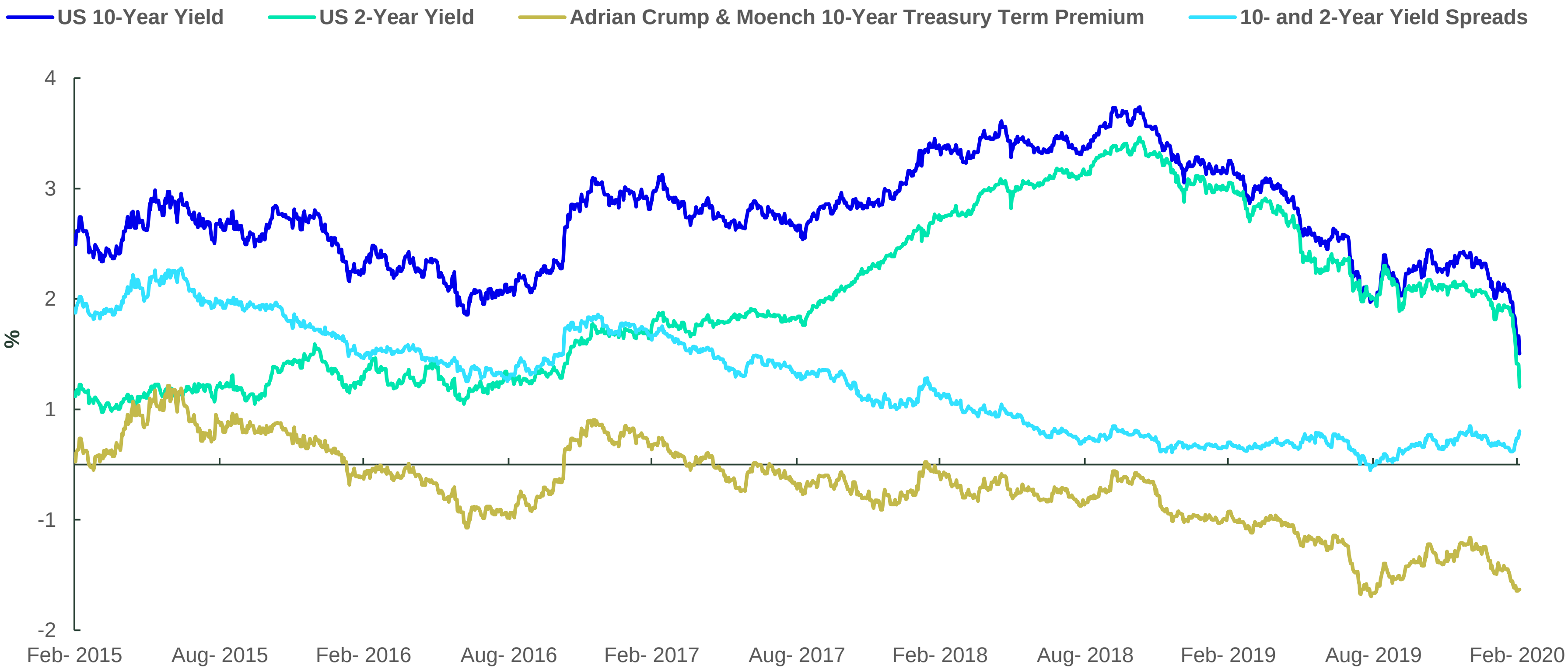


Source: Bloomberg Finance, L.P. as of March 3, 2020. **Past performance is not a guarantee of future results.**

Yield Curve (continued)

The 10- and-2-year spreads widened at the end of February, as the market priced in more aggressive rate cuts this year by the Fed.

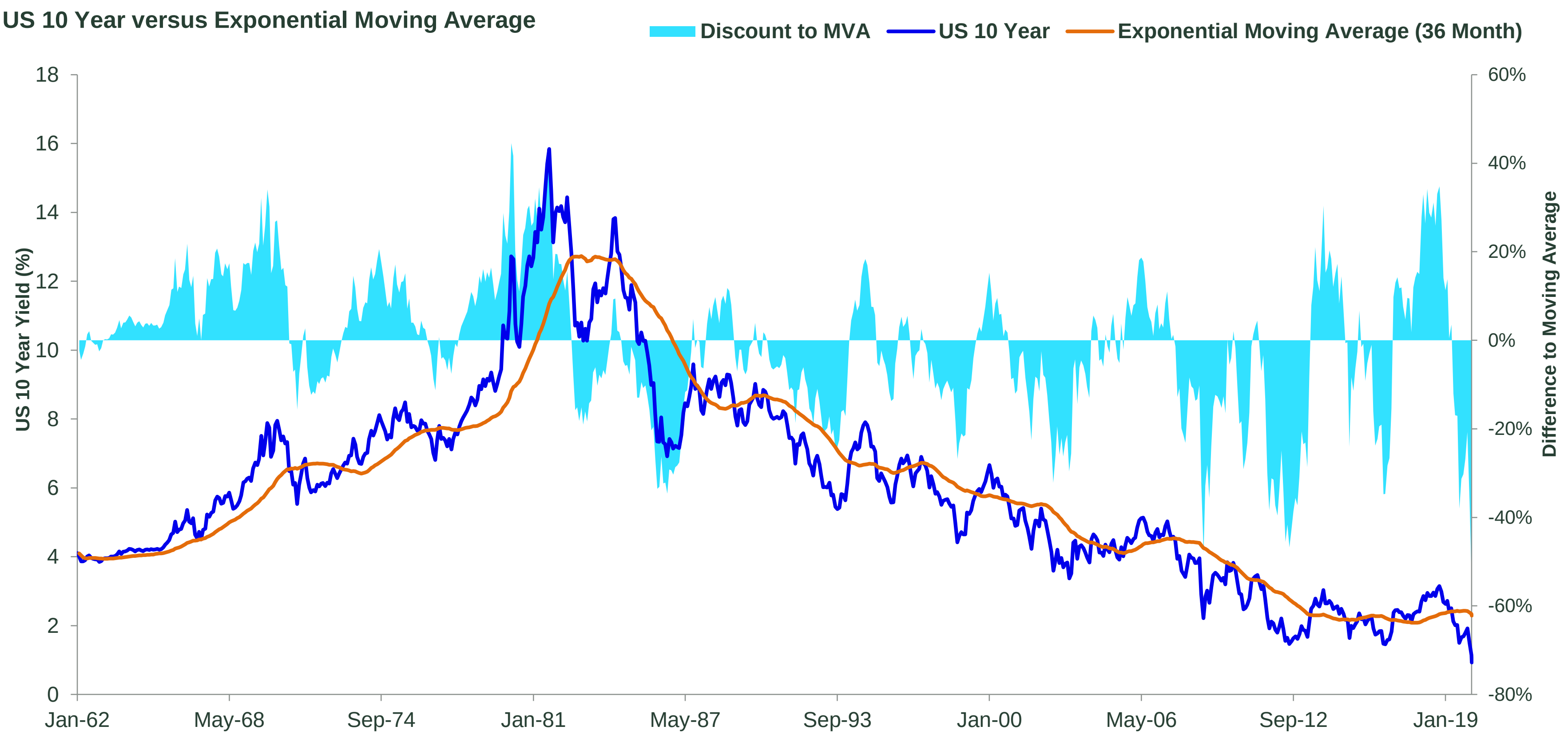
US Treasury Curve (10- and 2-Year Spreads) and Term Premium



Source: Bloomberg Finance, L.P. as of March 3, 2020. **Past performance is not a guarantee of future results.** The term premium is the excess yield that investors require to commit to holding a long-term bond instead of a series of shorter-term bonds.

Yield Curve (continued)

The steepest difference between the 10-year yield and its rolling 36-month EMA indicates US Treasuries may be expensive.

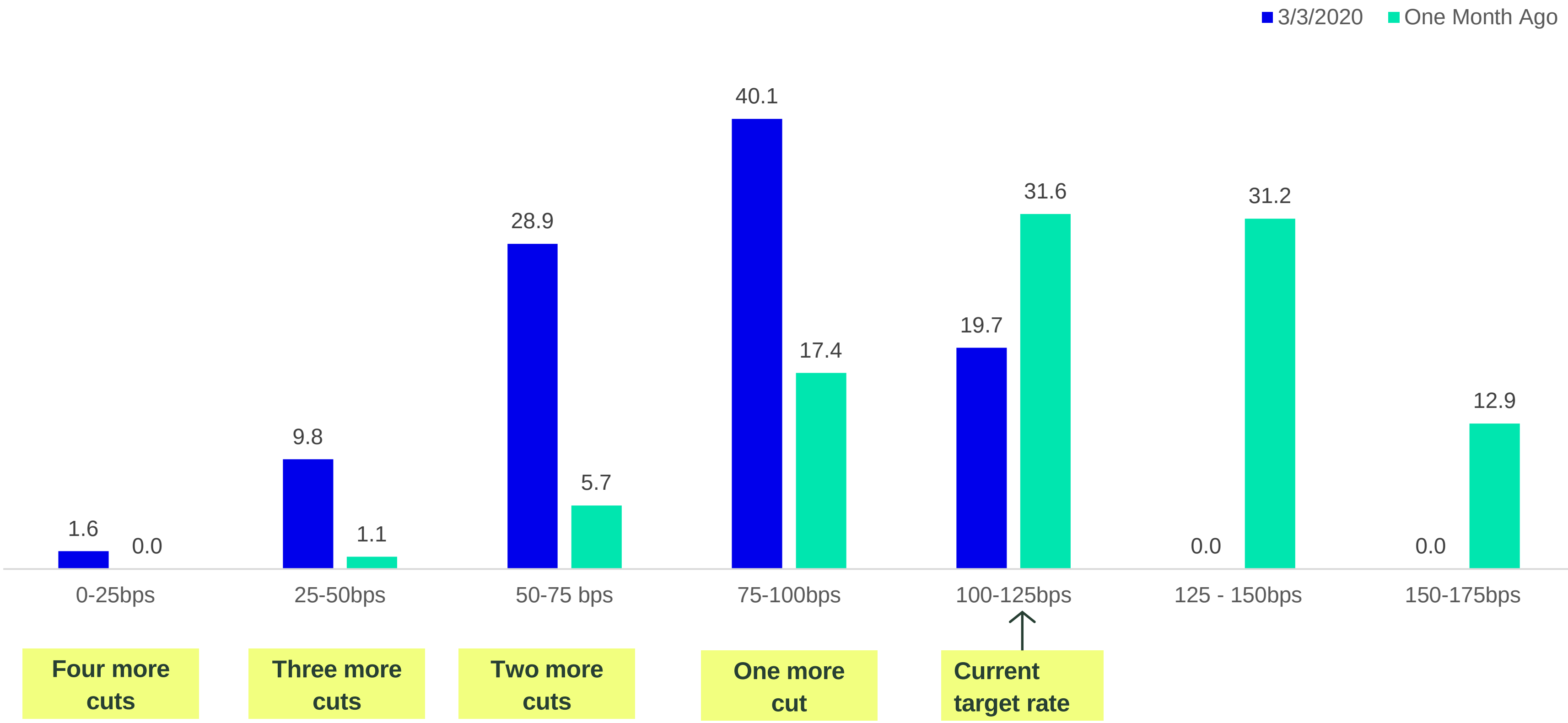


Source: Bloomberg Finance, L.P. as of March 3, 2020. **Past performance is not a guarantee of future results.** The term premium is the excess yield that investors require to commit to holding a long-term bond instead of a series of shorter-term bonds.

Rates

Following a 50 basis point emergency cut, future market is pricing in a 80% probability of at least another cut by the end of this year.

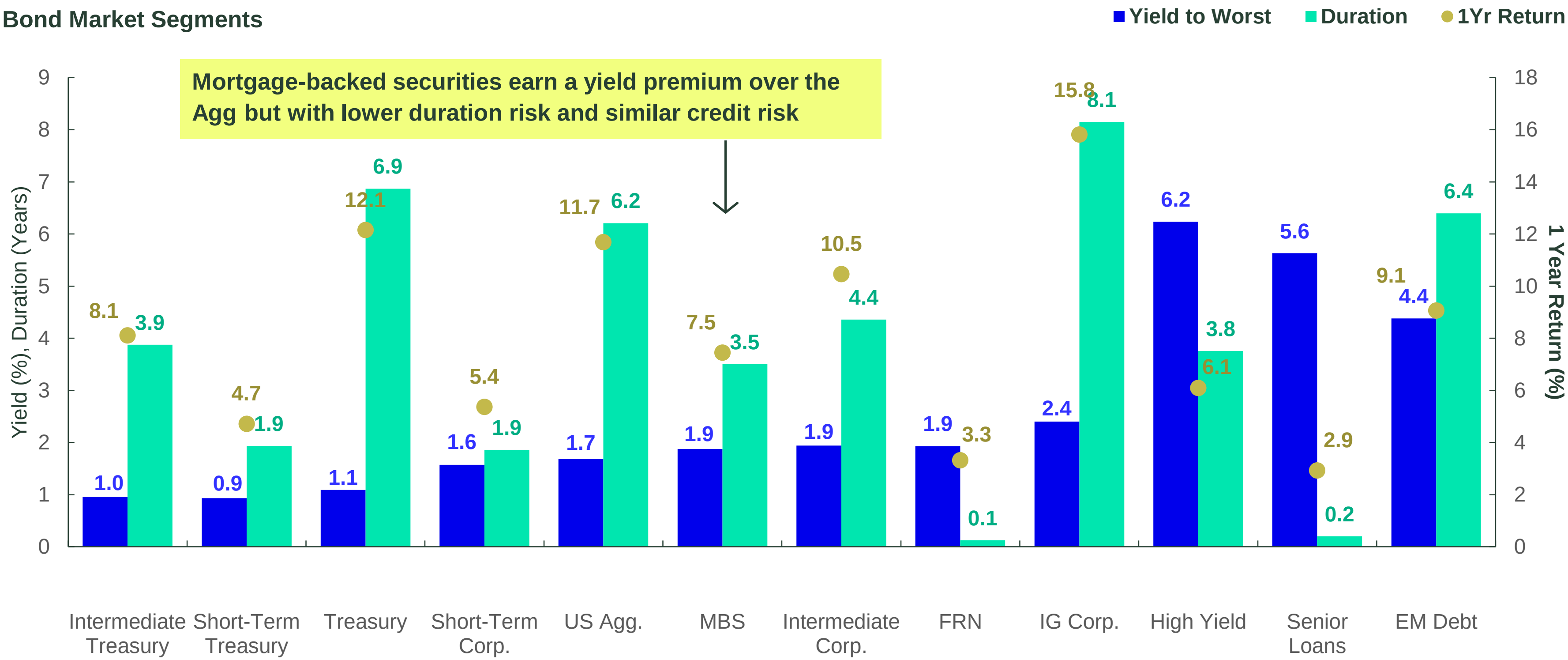
Future Implied Target Rate Probabilities for December 2020 Fed Meeting



Source: CME Group, as of March 3, 2020.

Bond Market Overview

With 10-year yields falling to record lows, extending on duration may not be optimal, as long-term bond yield per duration is less attractive.

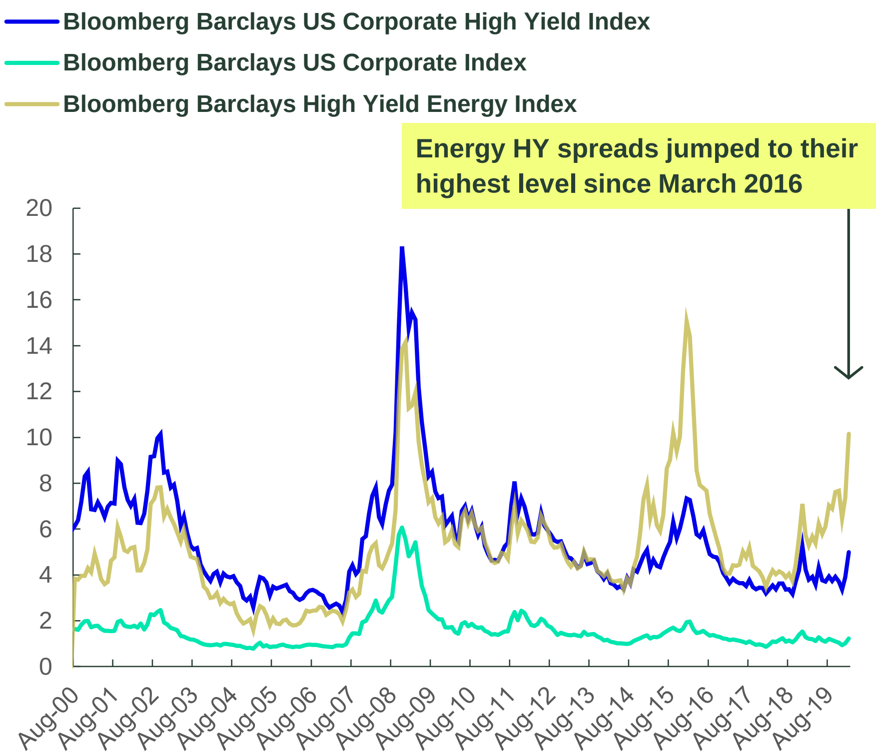


Source: Bloomberg Finance, L.P. as of February 28, 2020. **Past performance is not a guarantee of future results.** Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Intermediate Treasury: Bloomberg Barclays Intermediate Treasury Index; Short-Term Treasury: Bloomberg Barclays US Treasury 1-3 Year Index; Treasury: Bloomberg Barclays US Treasury Index. Short-Term Corporate: Bloomberg Barclays US Corporate 1-3 Year Index.US Agg: Bloomberg Barclays US Aggregate Index; MBS: Bloomberg Barclays Mortgage US MBS Index; Intermediate Corporate: Bloomberg Barclays Intermediate Corporate Index; FRN: Bloomberg Barclays FRN < 5yr Index. IG Corp: Bloomberg Barclays US Corporate Index, High Yield: Bloomberg Barclays US Corporate High Yield Index; Senior Loans: S&P LSTA Leveraged Loan Index; EM Debt: Bloomberg Barclays EM Hard Currency Debt.

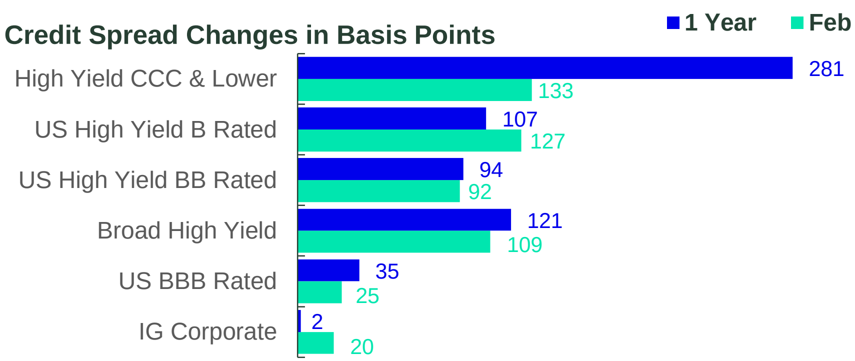
Credit Trends

Spreads of high yield bonds expanded by 28% last month to their widest level since December 2018. However, they are still below their long-term averages.

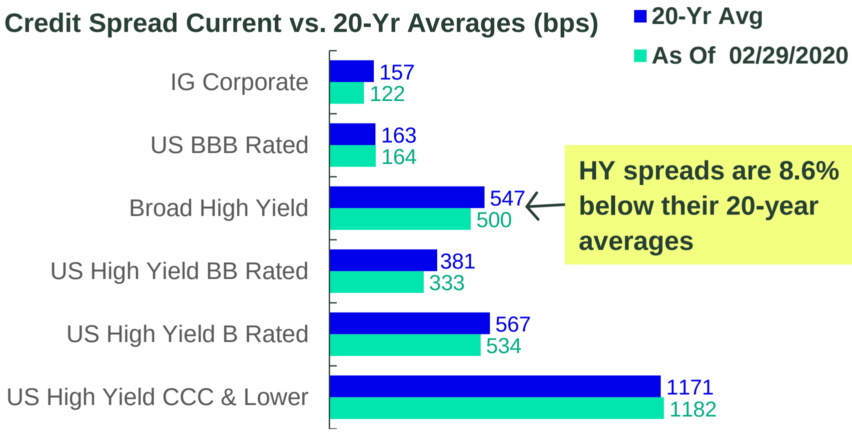
Credit Spreads (%)



Credit Spread Changes in Basis Points



Credit Spread Current vs. 20-Yr Averages (bps)

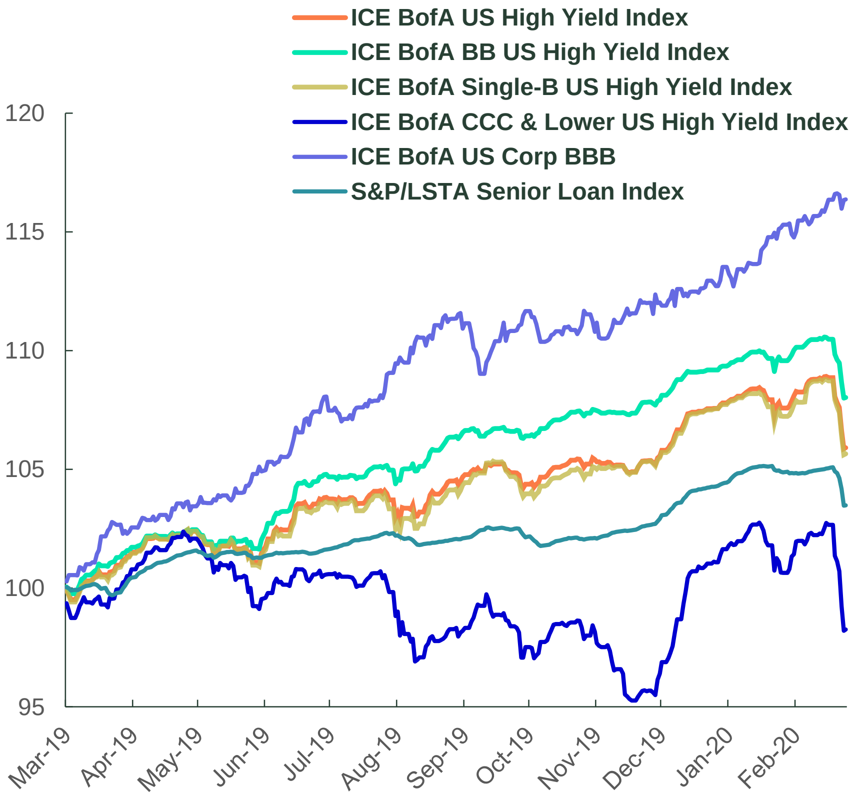


Source: Bloomberg Finance, L.P. BofA Merrill Lynch, as of February 28, 2020. US High Yield CCC & Lower = BofA ML US High Yield CCC & Lower Rated Index. US High Yield B Rated = BofAML US High Yield B Rated Index. BBB Rated = BofA ML US Investment Grade BBB Rated Index. Broad high yield = Bloomberg Barclays US Corporate High Yield Index. IG Corporate = Bloomberg Barclays US Corporate Index. **Past performance is not a guarantee of future results. Performance of an index is not illustrative of any particular investment. It is not possible to invest directly in an index. Performance of an index is not illustrative of any particular investment. It is not possible to invest directly in an index.**

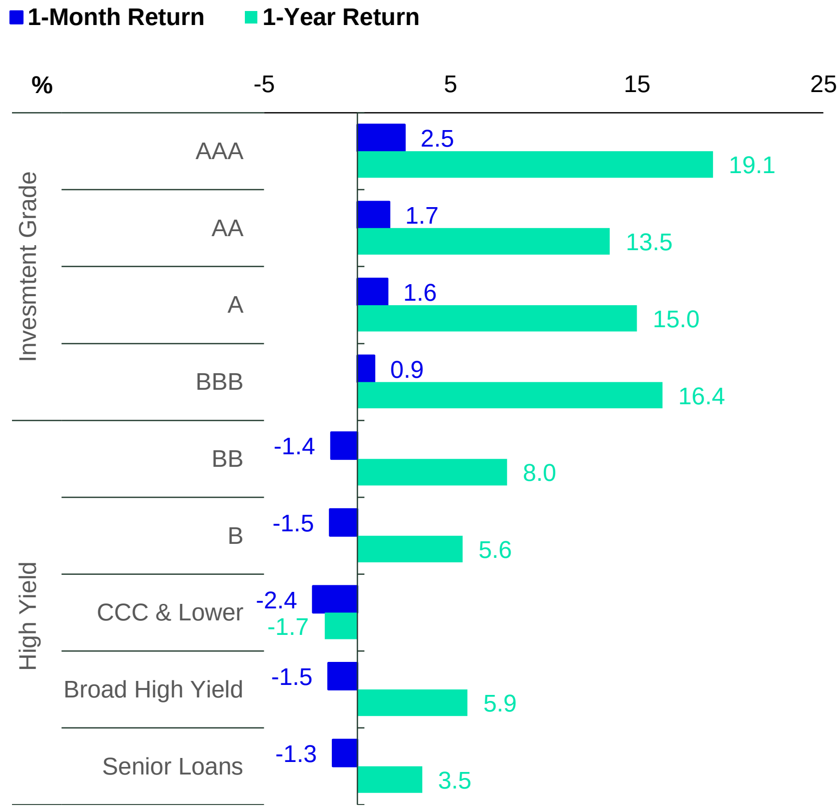
Credit Trends (continued)

The risk-off sentiment sent lower-quality high yield bonds suddenly lower. However, investment-grade segments continue to post positive returns, given their longer duration.

Credit Segment Performance (1 Year) Base = 100



IG and HY Performance by Credit Rating

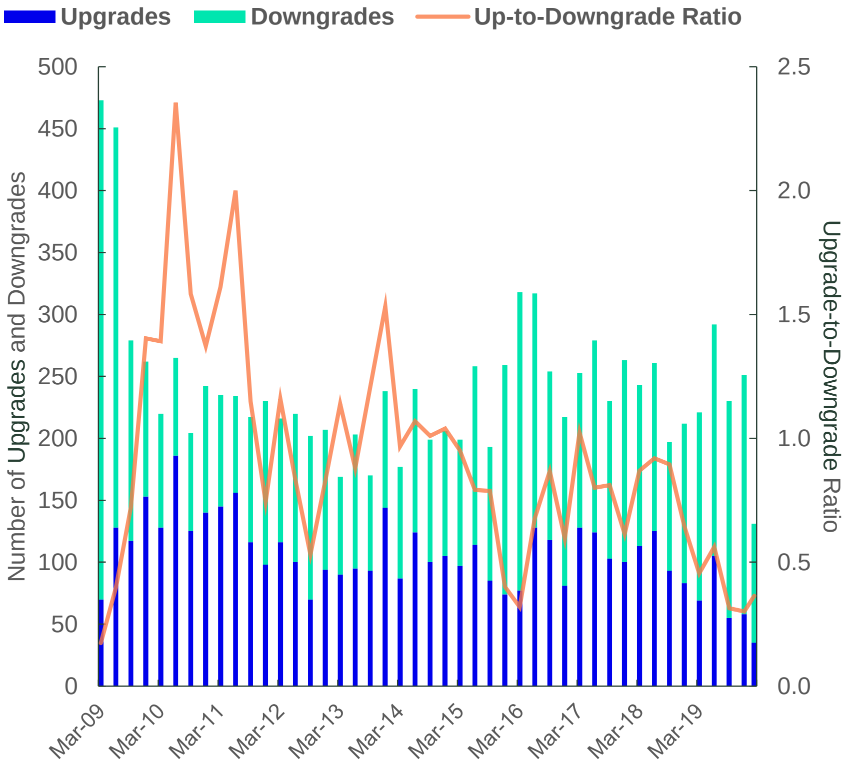


Source: Bloomberg Finance, L.P. BofA Merrill Lynch, as of February 28, 2020. **Past performance is not a guarantee of future results. Performance of an index is not illustrative of any particular investment. It is not possible to invest directly in an index.**

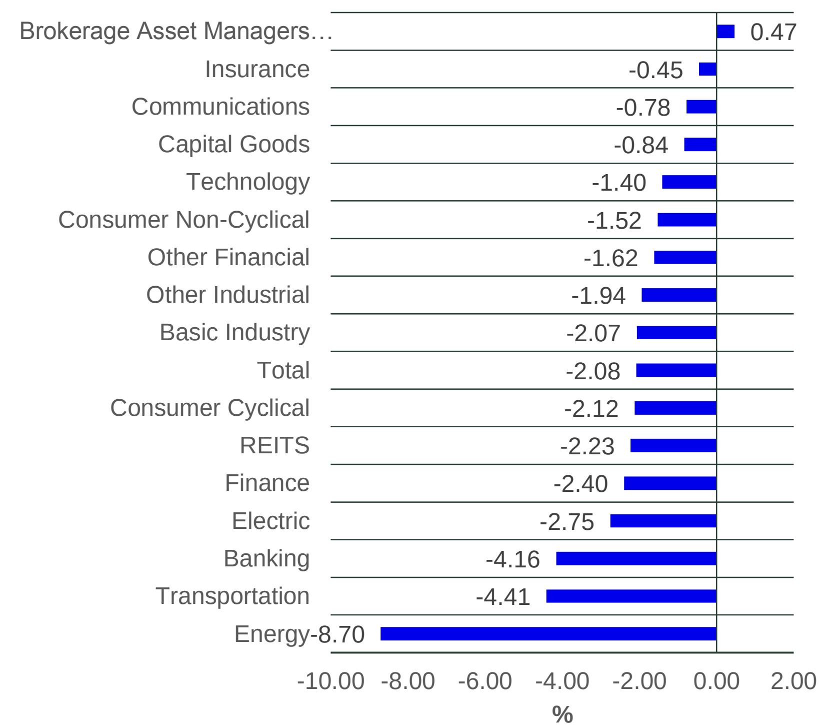
High Yield Bonds

With the high yield up-to-downgrade ratio near its lowest level since the financial crisis, an economic shock may shake the already weakened foundation.

High Yield Up-to-Downgrades



High Yield Bond* MTD Return by Sector



Energy and Financials performed the worst among High Yield bond sectors

Source: Bloomberg Finance, L.P. Barclays Live, as of February 29, 2020. * High Yield Bonds are represented by the Bloomberg Barclays US High Yield Very Liquid Index 800min Index.
Past performance is not a guarantee of future results. Performance of an index is not illustrative of any particular investment. It is not possible to invest directly in an index.

STATE STREET GLOBAL ADVISORS SPDR®

Appendix

Appendix A

Fund Flow Summary

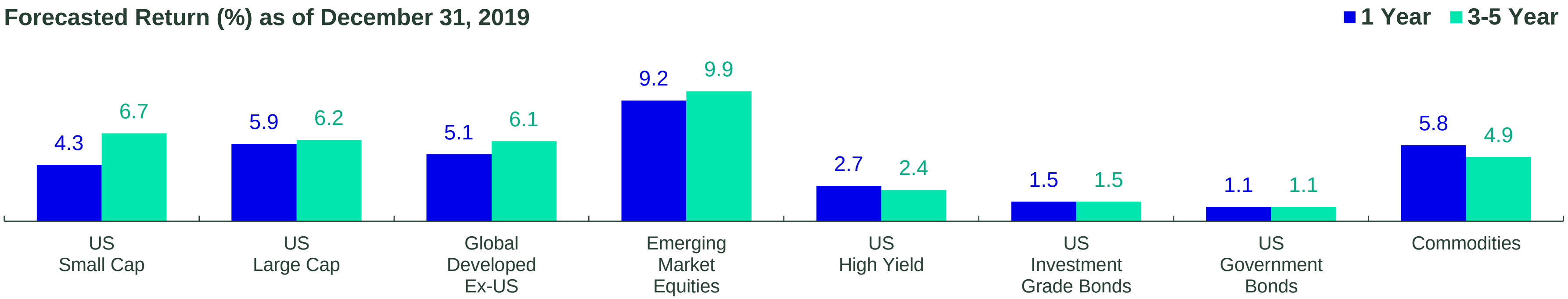
Asset Category		Prior Month ($M)	Year to Date	Trailing 3 Months ($M)	Trailing 12 Months ($M)
Equity Region	US	-1,642	8,791	39,594	153,220
	Global	357	115	1,359	4,380
	International-Developed	5,944	12,981	21,033	43,357
	International-Emerging Markets	-1,530	737	5,401	-309
	International-Region	300	313	506	-856
	International-Single Country	-4,036	-2,567	-1,496	-5,334
	Currency Hedged	-44	-312	-274	-3,503
US Size & Style	Broad Market	2,859	7,717	12,457	42,233
	Large-Cap	-5,980	-2,138	21,334	96,444
	Mid-Cap	55	244	1,287	4,522
	Small-Cap	150	-1,684	1,363	6,673
	Growth	2,024	3,422	6,383	11,671
	Value	141	-1,122	2,351	17,597
Fixed Income Sectors	Aggregate	9,502	16,547	24,135	66,035
	Government	6,987	9,049	9,220	30,364
	Inflation Protected	98	382	1,355	2,308
	Mortgage-Backed	2,093	5,526	6,972	15,464
	IG Corporate	1,031	2,856	4,507	22,473
	High Yield Corp.	-4,662	-5,389	-3,452	8,292
	Bank Loans	-1,720	-1,441	-653	-1,218
	EM Bond	-161	-125	608	-2,271
	Preferred	429	1,827	1,966	8,125
	Convertible	-86	-25	141	416
	Municipals	1,241	3,276	4,505	14,240
Government ETF Maturity Focus	Ultra Short	-172	-122	481	2,961
	Short Term	1,789	2,506	3,298	8,775
	Intermediate	3,781	4,083	2,576	11,216
	Long Term (>10 yr)	1,480	2,458	2,758	7,615

Source: State Street Global Advisors, Bloomberg Finance, L.P. As of January 31, 2020. Segments with top 2 inflows in each category are shaded in green. Segments with bottom 2 flows in each category are shaded in orange. Sectors, asset classes and flows are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

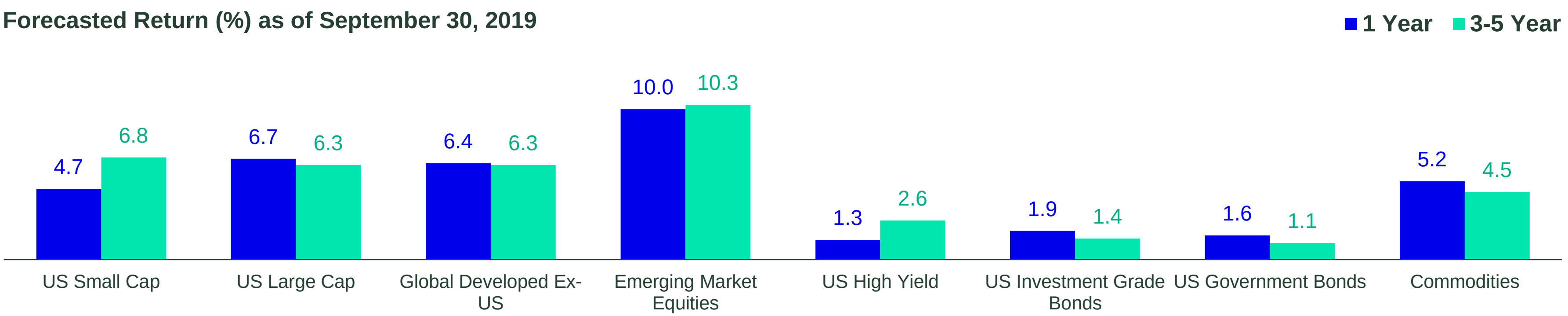
Appendix B

Asset Class Forecast

Forecasted Return (%) as of December 31, 2019



Forecasted Return (%) as of September 30, 2019



Source: State Street Global Advisors Investment Solutions Group. The forecasted returns are based on SSGA's Investment Solutions Group's December 31, 2019 forecasted returns and long-term standard deviations. The forecasted performance data is reported on a gross of fees basis. Additional fees, such as the advisory fee, would reduce the return. For example, if an annualized gross return of 10% was achieved over a 5-year period and a management fee of 1% per year was charged and deducted annually, then the resulting return would be reduced from 61% to 54%. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in the local (or regional) currency presented. It does not take into consideration currency effects. **The forecasted performance is not necessarily indicative of future performance, which could differ substantially**. Please reference Appendix B (continued) for the assumptions used by SSGA Investment Solutions Group to create asset class forecasts.

Asset Class Forecast: Assumptions

Fixed Income	Our return forecasts for fixed income derive from current yield conditions together with expectations as to how real and nominal yield curves could evolve relative to historical averages. For corporate bonds, we also analyze credit spreads and their term structures, with separate assessments of investment-grade and high-yield bonds.
Equities	Our long-term equity forecasts begin with expectations for developed market large capitalization stocks. The foundation for these forecasts are estimates of real return potential, derived from current dividend yields, forecast real earnings growth rates, and potential for expansion or contraction of valuation multiples. Our forecasting method incorporates long run estimates of potential economic growth based on forecast labor and capital inputs to estimate real earning growth.
Commodities	Our long-term commodity forecast is based on the level of world GDP, as a proxy for consumption demand, as well as on our inflation outlook. Additional factors affecting the returns to a commodities investor include how commodities are held (e.g., physically, synthetically, or via futures) and the various construction methodologies of different commodity benchmarks.

Appendix C

SPDR Sector Scorecard

	Composite Score	Metrics
	Validation	**Relative Valuation** (P/B, P/E, NTM P/E, P/S)
		Absolute Valuation (P/B, P/E, NTM P/E, P/S)
	Earnings Sentiment	**Earnings Revision** (Changes to EPS Estimates, Upgrade to Downgrade Ratio)
		Earnings Surprise (The Magnitude and Breadth of Earnings Surprise)
	Momentum	**Price Returns** 3-Months, 6-Months, 12-Months
Volatility	**Realized Volatility**	**Standard Deviation** 30-Days Annualized
	Implied Volatility	**3-Month-at-the-money** Implied Volatility for Options

The metrics shown are z-scores, which are calculated using the mean and standard deviation of the relevant metrics within S&P 500 sectors. Using Z-scores to standardize results across all sectors allows for easier relative assessment. Sectors with cheaper valuation, higher price momentum, higher sentiment and higher volatility will have higher z-scores.

We calculate a composite score by equally weighting each metric z-score in the same category.

The scorecard does not represent the investment views of State Street. Metrics used in the scorecard have not been backtested for any sector strategies by State Street. These are for illustrative and educational purposes as we seek to bring greater transparency to the sector investing landscape and the due diligence required to build sophisticated portfolios to meet specific client objectives.

Source: SPDR America Research.

Definitions

Basis Point: One hundredth of one percent, or 0.01%.

Bloomberg Barclays EM USD Aggregate Index: The index is a hard currency emerging markets debt benchmark that includes US dollar-denominated debt from sovereign, quasi-sovereign, and corporate issuers in the developing markets.

Bloomberg Barclays Global Aggregate Bond Index: A benchmark that provides a broad-based measure of the global investment-grade fixed income markets. The three major components of this index are the US Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices. The index also includes Eurodollar and Euro-Yen corporate bonds, Canadian government, agency and corporate securities, and USD investment-grade 144A securities.

Bloomberg Barclays Global Aggregate Bond Index: The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays US Aggregate Index: A benchmark that provides a measure of the performance of the US dollar denominated investment grade bond market, which includes investment grade government bonds, investment grade corporate bonds, mortgage pass through securities, commercial mortgage backed securities and asset backed securities that are publicly for sale in the US.

Bloomberg Barclays US Corporate 1–3 Year Index: The Index includes publicly issued US dollar denominated corporate issues that have a remaining maturity of greater than or equal to 1 year and less than 3 years, are rated investment grade.

Bloomberg Barclays US Corporate Bond Index: The Bloomberg Barclays US Corporate Bond Index measures the investment grade, US dollar-denominated, fixed-rate, taxable corporate and government related bond markets. It is composed of the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities.

Bloomberg Barclays US Corporate High Yield Index: The index consists of fixed rate, high yield, USD-denominated, taxable securities issued by US corporate issuers.

Bloomberg Barclays US Mortgage Backed Securities Index: The index consists of US Mortgage Backed Securities.

Bloomberg Barclays US Treasury 1–3 Year Index: The Index is designed to measure the performance of short term (1–3 years) public obligations of the US Treasury.

Bloomberg Barclays US Treasury Bill 1–3 Months Index: The Bloomberg Barclays 1–3 Month US Treasury Bill Index (the "Index") is designed to measure the performance of public obligations of the US Treasury that have a remaining maturity of greater than or equal to 1 month and less than 3 months.

Bloomberg Commodity Index: Bloomberg Commodity Index (BCOM) is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector and group level for diversification.

Breakeven Inflation Rate: It is a market based measure of expected inflation. It is the difference between the yield of a nominal bond and an inflation linked bond of the same maturity.

Bloomberg Barclays US High Yield Index: The Bloomberg USD High Yield Corporate Bond Index is a rules-based, market-value weighted index engineered to measure publicly issued non-investment grade USD fixed-rate, taxable, corporate bonds. To be included in the index a security must have a minimum par amount of 250MM.

Bloomberg Barclays US Treasury Index: The Bloomberg US Treasury Bond Index is a rules-based, market-value weighted index engineered to measure the performance and characteristics of fixed rate coupon US Treasuries which have a maturity greater than 12 months. To be included in the index a security must have a minimum par amount of 1,000MM.

CBOE VIX Index: The Chicago Board Options Exchange (CBOE) Volatility Index shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options.

Citigroup Economic Surprise Index: The Citi Economic Surprise Indices measure data surprises relative to market expectations. A positive reading means that data releases have been stronger than expected and a negative reading means that data releases have been worse than expected.

Credit Spread: A credit spread is the difference in yield between a US Treasury bond and a debt security with the same maturity but of lesser quality.

Current Short Interest (%): The percentage of tradable outstanding shares which have been shorted. Used as a measure of investor sentiment.

Definitions

Convexity: Convexity is a measure of the curvature in the relationship between bond prices and bond yields. Bond with negative convexity, prices decrease as interest rate fall. Since many high yields bonds are callable,, the price of the callable bonds might drop in the event of falling yields because the bond could be called.

DXY Dollar Index: The DXY Dollar Index tracks the performance of a basket of foreign currencies issued by US major trade partners, including Eurozone, Japan, U.K. Canada, Sweden and Switzerland, versus the US Dollar.

Euro STOXX Index: The index is a Eurozone and Nordic region subset of the STOX Global 1800 index.

Excess Returns: A security's return minus the return from another security in the same time period.

Global Industry Classification Standard (GICS): An industry taxonomy developed in 1999 by MSCI and Standard & Poor's (S&P) for use by the global financial community. The GICS structure consists of 10 sectors, 24 industry groups, 67 industries and 156 sub-industries [1] into which S&P has categorized all major public companies.

Implied Volatility: The estimated volatility of a security's price. In general, implied volatility increases when the market is bearish and decreases when the market is bullish. This is due to the common belief that bearish markets are more risky than bullish markets.

Minimum Volatility Factor: A category of stocks that are characterized by relatively less movement in share price than many other equities.

Momentum Factor: The tendency for a security to maintain a certain direction of price trajectory. This tendency is well documented in academic research, which has made "momentum" one of the six smart beta factors that are systematically being isolated in new-generation strategic indexes.

MSCI Canada Index: An equities benchmark that captures large- and mid-cap representation in Canada.

MSCI Germany Index: An equities benchmark that captures large- and mid-cap representation in Germany.

MSCI EAFE Index: An equities benchmark that captures large- and mid-cap representation across developed market countries around the world, excluding the US and Canada.

MSCI Emerging Market Index: The MSCI Emerging Markets Index captures large and mid-cap representation across 23 emerging markets countries. With 834 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

MSCI Europe Index: The MSCI Europe Index is a free-float weighted equity index designed to measure the equity market performance of the developed markets in Europe.

MSCI Japan Index: The MSCI Europe Index is a free-float weighted equity index designed to measure the equity market performance of the developed markets in Japan.

MSCI USA Enhanced Value Weighted Index: The MSCI USA Enhanced Value Weighted Index captures large and mid-cap representation across the US equity markets exhibiting overall value style characteristics. The index is designed to represent the performance of securities that exhibit higher value characteristics relative to their peers within the corresponding GICS® sector.

MSCI USA Equal Weighted Index: The MSCI USA Equal Weighted Index represents an alternative weighting scheme to its market cap weighted parent index, the MSCI USA Index. At each quarterly rebalance date, all index constituents are weighted equally, effectively removing the influence of each constituent's current price (high or low).

MSCI USA High Dividend Yield Index: The MSCI World High Dividend Yield Index is based on the MSCI USA Index, its parent index, and includes large and mid cap stocks. The index is designed to reflect the performance of equities in the parent index (excluding REITs) with higher dividend income and quality characteristics than average dividend yields that are both sustainable and persistent. The index also applies quality screens and reviews 12-month past performance to omit stocks with potentially deteriorating fundamentals that could force them to cut or reduce dividends.

MSCI USA Index: The MSCI World Index, which is part of The Modern Index Strategy, is a broad global equity benchmark that represents large and mid-cap equity performance across 23 developed markets countries. It covers approximately 85% of the free float-adjusted market capitalization in each country and MSCI World benchmark does not offer exposure to emerging markets.

MSCI USA Minimum Volatility Index: The MSCI USA Minimum Volatility (USD) Index aims to reflect the performance characteristics of a minimum variance strategy applied to the MSCI large and mid cap equity universe. The index is calculated by optimizing the MSCI USA Index, its parent index, for the lowest absolute risk (within a given set of constraints). Historically, the index has shown lower beta and volatility characteristics relative to the MSCI World Index.

Definitions

Price-earnings ratio (P/E Ratio): The price-earnings ratio (P/E Ratio) is the ratio for valuing a company that measures its current share price relative to its per-share earnings. The price-earnings ratio can be calculated as: Market Value per Share/Earnings per Share.

Price-to-book ratio (P/B Ratio): The price-to-book ratio (P/B Ratio) is a ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share. Also known as the "price-equity ratio.

Quality Factor: One of the six widely recognized, research-based smart beta factors that refers to "quality" equities. Companies whose stocks qualify exhibit consistent profitability, stability of earnings, low financial leverage and other characteristics consistent with long-term reliability such as ethical corporate governance.

Risk on: Used to describe investment sentiment when investors' risk tolerance increases.

RSI: The relative strength index (RSI) is a momentum indicator that measures the magnitude of recent price changes to evaluate overbought or oversold conditions in the price of a stock or other asset.

Russell 1000 Growth Index: The index is a style index designed to track the performance of stocks that exhibit the strongest growth characteristics by using a style-attractiveness-weighting scheme.

Russell 1000 Value Index: The index is a style-concentrated index designed to track the performance of stocks that exhibit the strongest value characteristics by using a style-attractiveness-weighting scheme.

Russell 2000 Index: A benchmark that measures the performance of the small-cap segment of the US equity universe.

S&P/LSTA US Leveraged Loan 100 Index: The S&P/LSTA US Leveraged Loan 100 Index is designed to reflect the largest facilities in the leveraged loan market.

S&P 500 Communication Services Sector Index: The Index comprises of those companies included in the S&P 500 that are classified as members of the GICS® Communication Services sector.

S&P 500 Consumer Discretionary Index: The Index comprises of those companies included in the S&P 500 that are classified as members of the GICS® consumer discretionary sector.

S&P 500 Consumer Staples Index: The Index comprises of those companies included in the S&P 500 that are classified as members of the GICS® consumer staples sector.

S&P 500 Financial Sector Index: The Index comprises of those companies included in the S&P 500 that are classified as members of the GICS® financial sector.

S&P 500 Health Care Sector Index: The Index comprises of those companies included in the S&P 500 that are classified as members of the GICS® health care sector.

S&P 500 High Dividend Index is designed to measure the performance of the top 80 high dividend-yielding companies within the S&P 500® Index, based on dividend yield.

S&P 500 Index: A popular benchmark for US large-cap equities that includes 500 companies from leading industries and captures approximately 80% coverage of available market capitalization.

S&P 500 Industrial Sector Index: The Index comprises of those companies included in the S&P 500 that are classified as members of the GICS® industrial sector.

S&P500 Information Technology Sector Index: The Index comprises of those companies included in the S&P 500 that are classified as members of the GICS® information technology sector.

S&P 500 Low Volatility Index: The S&P 500® Low Volatility Index measures performance of the 100 least volatile stocks in the S&P 500. The index benchmarks low volatility or low variance strategies for the US stock market. Constituents are weighted relative to the inverse of their corresponding volatility, with the least volatile stocks receiving the highest weights.

S&P 500 Materials Sector Index: The Index comprises of those companies included in the S&P 500 that are classified as members of the GICS® materials sector.

S&P 500 Quality Index: The index is designed to track high quality stocks in the S&P 500 by quality score, which is calculated based on return on equity, accruals ratio and financial leverage ratio.

S&P 500 Real Estate Sector Index: The Index comprises of those companies included in the S&P 500 that are classified as members of the GICS® real estate sector.

Appendix D (continued)

Definitions

S&P 500 Utilities Index: The Index comprises of those companies included in the S&P 500 that are classified as members of the GICS® utilities sector.

Size Factor: A smart beta factor based on the tendency of small-cap stocks to outperform their large-cap peers over long time periods.

Spread Changes: Changes in the spread between Treasury securities and non-Treasury securities that are identical in all respects except for quality rating.

Standard Deviation: Measures the historical dispersion of a security, fund or index around an average. Investors use standard deviation to measure expected risk or volatility, and a higher standard deviation means the security has tended to show higher volatility or price swings in the past.

State Street Confidence Indexes: Measures investor confidence or risk appetite quantitatively by analyzing the actual buying and selling patterns of institutional investors. The index assigns a precise meaning to changes in investor risk appetite: the greater the percentage allocation to equities, the higher risk appetite or confidence. A reading of 100 is neutral; it is the level at which investors are neither increasing nor decreasing their long-term allocations to risky assets. The results shown represent current results generated by State Street Investor Confidence Index. The results shown were achieved by means of a mathematical formula in addition to transactional market data, and are not indicative of actual future results which could differ substantially.

Value Factor: One of the basic elements of “style”-focused investing that focuses on companies that may be priced below intrinsic value. The most commonly used methodology to assess value is by examining price-to-book (P/B) ratios, which compare a company’s total market value with its assessed book value.

Yield: The income produced by an investment, typically calculated as the interest received annually divided by the investment’s price.

Yield Curve: A graph or line that plots the interest rates or yields of bonds with similar credit quality but different durations, typically from shortest to longest duration. When the yield curve is said to be flat, it means the difference in yields between bonds with shorter and longer durations is relatively narrow. When the yield curve is said to be steepened, it means the difference in yields between short term and long term bonds increases.yield relative to the broad market, and which have demonstrated dividend sustainability and persistence.

Yield to Worst: Yield to worst is an estimate of the lowest yield that you can expect to earn from a bond when holding to maturity, absent a default. It is a measure that is used in place of yield to maturity with callable bonds.

Z-score: It indicates how many standard deviations an element is from the mean. A z-score can be calculated from the following formula. $z = (X - \mu) / \sigma$ where z is the z-score, X is the sector relative performance. μ is the mean of the eleven sector relative performance, and σ is the standard deviation of sectors’ relative performance.

Bloomberg Barclays US FRN < 5yr Index: The Bloomberg Barclays US Dollar Floating Rate Note < 5 Years Index consists of debt instruments that pay a variable coupon rate, a majority of which are based on the 3-month LIBOR, with a fixed spread.

Bloomberg Barclays U.S. MBS Index: (the "MBS Index") measures the performance of the U.S. agency mortgage pass-through segment of the U.S. investment grade bond market.

MSCI France Index: An equities benchmark that captures large- and mid-cap representation in France.

MSCI UK Index: An equities benchmark that captures large- and mid-cap representation in UK.

MSCI Russia Index: An equities benchmark that captures large- and mid-cap representation in Russia.

MSCI Brazil Index: An equities benchmark that captures large- and mid-cap representation in Brazil.

MSCI India Index: An equities benchmark that captures large- and mid-cap representation in India.

Appendix E

Important Disclosures

The views expressed in this material are the views of SPDR Americas Research Team and are subject to change based on market and other conditions. This document contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected.

The information provided does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. You should consult your tax and financial advisor.

All material has been obtained from sources believed to be reliable. There is no representation or warranty as to the accuracy of the information and State Street shall have no liability for decisions based on such information.

All the index performance results referred to are provided exclusively for comparison purposes only. It should not be assumed that they represent the performance of any particular investment.

Bonds generally present less short-term risk and volatility than stocks, but contain interest rate risk (as interest rates rise, bond prices usually fall); issuer default risk; issuer credit risk; liquidity risk; and inflation risk. These effects are usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss.

The values of **debt securities** may decrease as a result of many factors, including, by way of example, general market fluctuations; increases in interest rates; actual or perceived inability or unwillingness of issuers, guarantors or liquidity providers to make scheduled principal or interest payments; illiquidity in debt securities markets; and prepayments of principal, which often must be reinvested in obligations paying interest at lower rates.

Equity securities may fluctuate in value in response to the activities of individual companies and general market and economic conditions.

Investments in **small-sized companies** may involve greater risks than in those of larger, better known companies.

Investments in **mid-sized companies** may involve greater risks than in those of larger, better known companies, but may be less volatile than investments in smaller companies.

Companies with **large market capitalizations** go in and out of favor based on market and economic conditions. Larger companies tend to be less volatile than companies with smaller market capitalizations. In exchange for this potentially lower risk, the value of the security may not rise as much as companies with smaller market capitalizations.

Value stocks can perform differently from the market as a whole. They can remain undervalued by the market for long periods of time.

Foreign investments involve greater risks than US investments, including political and economic risks and the risk of currency fluctuations, all of which may be magnified in emerging markets.

Because of their narrow focus, **sector funds** tend to be more volatile.

Commodities investing entail significant risk as commodity prices can be extremely volatile due to wide range of factors Bond funds contain interest rate risk (as interest rates rise bond prices usually fall); the risk of issuer default; issuer credit risk; liquidity risk; and inflation risk.

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Before investing, consider the funds' investment objectives, risks, charges and expenses. To obtain a prospectus or summary prospectus which contains this and other information, call 1-866-787-2257 or visit spdrs.com. Read it carefully.

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