

State Street US Sector Scorecard

February 2026

Sector investing is a powerful portfolio construction tool that can enhance your core equity exposure. Our scorecard provides transparent and quantitative measurements of each sector's **valuation, momentum, sentiment, volatility, and current positioning**.

The metrics shown are z-scores, which are calculated using the mean and standard deviation of the relevant metrics within S&P 500® sectors.

Monthly insights

Energy and Materials momentum improved supported by strong short-term returns, while the latter's valuations appear more stretched. Tech leads earnings sentiment with less stretched valuations as its price momentum has waned.

Sector	Valuation composite score	Momentum composite score	Earnings sentiment composite score
Communication Services	0.03	1.42	0.10
Consumer Discretionary	0.17	-0.25	-0.56
Consumer Staples	-0.27	-0.33	0.16
Energy	0.06	0.81	-0.70
Financials	0.46	-0.98	-0.11
Health Care	0.64	0.20	0.29
Industrials	-1.35	0.28	0.75
Information Technology	-0.20	0.35	1.65
Materials	-0.48	0.61	-0.44
Real Estate	1.10	-1.36	-0.83
Utilities	-0.11	-0.76	-0.32

Source: FactSet, Americas ETF Research, as of February 27, 2026. Green shading represents top 3, red shading represents bottom 3. Red and green shading are meant to be read vertically.

Absolute valuation composite score

Tech's absolute valuations appear attractive as upbeat earnings sentiment and weak performance have led to multiples contraction.

Sector	P/E	NTM P/E	P/B	P/S	Absolute valuation composite score
Communication Services	2.16	-0.01	-0.68	-0.40	0.27
Consumer Discretionary	-0.22	0.63	1.53	-0.03	0.48
Consumer Staples	-1.02	-1.21	-0.85	-0.53	-0.90
Energy	0.24	0.87	-0.24	-0.24	0.16
Financials	0.42	0.03	-0.02	-0.05	0.09
Health Care	-0.18	-0.96	-0.46	3.11	0.38
Industrials	-0.98	-1.21	-0.85	-0.53	-0.89
Information Technology	0.42	1.57	0.04	-0.16	0.47
Materials	-0.86	-0.81	-0.02	-0.42	-0.53
Real Estate	1.17	1.62	2.40	-0.21	1.25
Utilities	-0.90	-0.51	-0.85	-0.53	-0.70

Source: FactSet, Americas ETF Research, as of February 27, 2026. Green shading represents top 3, red shading represents bottom 3. Red and green shading are meant to be read vertically. Sector z-score for each metric is calculated across sectors.

Relative valuation composite score

Industrials' and Materials' relative valuations have become more stretched given their strong returns. The opposite is true for Financials. Defensive sectors' valuations remain attractive.

Sector	P/E	NTM P/E	P/B	P/S	Relative valuation composite score
Communication Services	1.03	0.72	-1.16	-1.40	-0.20
Consumer Discretionary	-0.45	-0.57	1.18	-0.73	-0.14
Consumer Staples	0.04	0.14	0.57	0.72	0.37
Energy	0.27	-0.77	0.19	0.16	-0.04
Financials	1.16	1.22	-0.14	1.10	0.84
Health Care	0.85	0.66	0.91	1.15	0.89
Industrials	-1.66	-2.11	-1.91	-1.58	-1.81
Information Technology	-0.47	-0.33	-1.47	-1.18	-0.87
Materials	-1.72	-0.96	0.57	0.42	-0.42
Real Estate	0.58	1.22	0.89	1.15	0.96
Utilities	0.65	0.77	0.36	0.17	0.49

Source: FactSet, Americas ETF Research, as of February 27, 2026. Green shading represents top 3, red shading represents bottom 3. Red and green shading are meant to be read vertically. Sector z-score for each metric is calculated across sectors.

Momentum composite score

Recent performance strength drives strong momentum behind Energy and Materials, while Communication Services continues leading price momentum overall.

	3 months	6 months	12 months	Momentum composite score
Communication Services	0.46	2.03	1.78	1.42
Consumer Discretionary	-0.19	0.17	-0.73	-0.25
Consumer Staples	0.27	-0.60	-0.65	-0.33
Energy	1.58	0.94	-0.09	0.81
Financials	-0.74	-1.30	-0.90	-0.98
Health Care	0.43	0.83	-0.65	0.20
Industrials	0.39	-0.23	0.69	0.28
Information Technology	-1.11	0.35	1.81	0.35
Materials	1.58	0.14	0.13	0.61
Real Estate	-1.15	-1.57	-1.37	-1.36
Utilities	-1.51	-0.77	-0.01	-0.76

Source: Bloomberg Finance L.P., Americas ETF Research, as of February 27, 2026. Green shading represents top 3, red shading represents bottom 3. Red and green shading are meant to be read vertically. Sector z-score for each metric is calculated across sectors.

Sentiment composite score

Strong Q4 results support positive earnings sentiment across Industrials and Technology, while the latter also leads 2026 earnings revisions. Utilities stands out among defensive sectors with positive earnings revisions.

Sector	3-month change to 2026 EPS est.	2026 EPS est. upgrade-to-downgrade ratio	Current earnings season		Sentiment composite score
			Magnitude of earnings surprise	% of companies with earnings beats	
Communication Services	0.13	-0.03	0.08	0.24	0.10
Consumer Discretionary	-0.27	-0.72	-0.33	-0.93	-0.56
Consumer Staples	-0.06	-0.08	-0.39	1.18	0.16
Energy	-2.13	-1.25	0.11	0.49	-0.70
Financials	0.18	0.31	-0.53	-0.40	-0.11
Health Care	-0.58	1.03	-0.21	0.92	0.29
Industrials	-0.05	-0.29	2.97	0.39	0.75
Information Technology	2.15	2.54	0.28	1.62	1.65
Materials	0.99	-0.86	-0.34	-1.54	-0.44
Real Estate	-0.57	-0.69	-0.66	-1.42	-0.83
Utilities	0.20	0.04	-0.98	-0.55	-0.32

Source: FactSet, Americas ETF Research, as of February 27, 2026. Green shading represents top 3, red shading represents bottom 3. Red and green shading are meant to be read vertically. Sector z-score for each metric is calculated across sectors.

Volatility

Implied volatilities increased across the board amid rising geopolitical tensions in the Middle East and AI disruption fears, with Tech, Energy and Materials showing the highest implied volatility.

	30-day realized volatility (rolling 5-day average) (%)	3-month implied volatility (rolling 5-day average) (%)	3-month implied volatility (1-year percentile) (%)	1-month implied volatility % change
Communication Services	15.7	17.9	56	7.4
Consumer Discretionary	18.2	23.3	75	5.1
Consumer Staples	13.5	16.3	76	15.5
Energy	21.0	26.3	87	12.5
Financials	19.2	19.6	85	16.8
Health Care	13.4	16.5	65	3.1
Industrials	15.4	19.4	83	21.3
Information Technology	24.2	26.9	81	9.8
Materials	18.0	26.5	96	22.2
Real Estate	14.9	16.9	59	13.1
Utilities	15.5	19.6	90	18.1
S&P 500	13.0	16.5	62	9.9

Source: Bloomberg Finance L.P., Americas ETF Research, as of February 27, 2026. Green shading represents least volatile, red shading represents most volatile. Red and green shading are meant to be read vertically.

Sector positioning

Elevated put/call ratios and short interest in Financials and Consumer Staples suggest bearish sentiment in the two sectors.

Sector	Put/Call volume ratio			Short interest as % of shares outstanding		
	Current level	1-year percentile ranking (%)	1-month % change	Current level	1-year percentile ranking	1-month % change
Communication Services	41.29	99	54.84	1.5	13	-8.4
Consumer Discretionary	3.63	100	0.98	10.4	0	-0.3
Consumer Staples	8.17	98	0.82	16.3	96	36.1
Energy	0.69	1	-0.31	7.4	9	-10.3
Financials	2.85	100	1.24	10.2	74	36.6
Health Care	0.78	8	-0.38	16.1	52	-2.0
Industrials	9.14	94	0.79	5.5	13	0.2
Information Technology	1.53	49	0.09	4.9	87	-0.9
Materials	13.88	100	1.50	11.7	22	-22.9
Real Estate	0.36	0	-0.87	2.0	4	-3.0
Utilities	0.86	9	-0.14	4.2	35	19.0

Source: Bloomberg Finance L.P., Americas ETF Research, as of February 27, 2026. Select Sector SPDR Funds' 20-day average put/call volume is used to represent the sector. Short interest of all US-listed sector ETFs are used to calculate short interest as a percent of shares outstanding. Green shading indicates bottom 3 sectors based on 1-year percentile rank and 1-month change in put/call volume ratio and short interest. Red shading indicates top 3.

Scorecard methodology

Z-scores 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.

Our rationale for these parameters guides our examinations:

Value Stocks that trade at a lower price relative to their fundamentals may outperform high-valuation sectors

Momentum Stocks that have performed well may tend to continue doing well in the near term

	Composite score	Metrics
Sector	Valuation	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

Source: Americas ETF Research.

Earnings sentiment Stocks with strong earnings sentiment may indicate improving earnings growth prospects in the near term

Volatility Realized volatility provides an insight on the sector historical volatility levels, while implied volatility indicates forward-looking risk levels

To calculate the **Absolute valuation composite score**, we examined the percentile ranking of sector trailing price-to-earnings (P/E), next-12-month price-to-earnings (NTM P/E), price-to-book (P/B) and price-to-sales (P/S) over the past 15 years. A higher score indicates more attractive valuations at present relative to the sector's historical norm.

To calculate the **Relative valuation composite score**, we examined the percentile ranking of sector valuations relative to the S&P 500 over the past 15 years based on trailing P/E, NTM P/E, P/B and P/S. A higher score indicates more attractive relative valuations compared with the sector's historical norm.

The **Momentum composite score** is calculated by combining recent—(not including the most recent month) 3-months, 6-months and 12-months—price performance of the sector. A higher score indicates higher price momentum.

To calculate the **Sentiment composite score**, we examined changes to the NTM EPS estimates over the prior three months, the EPS upgrade-to-downgrade ratio, and the magnitude and breadth of earnings beats in the current earnings season. A higher score indicates higher earnings sentiment in the sector.

To calculate the **Volatility composite score**, we examined the percentile ranking of each sector's 30-day realized volatility and 3-month implied volatility relative to the S&P 500 over the past 12 months. A z-score was calculated based off that percentile. A higher score indicates higher-than-normal levels of realized or implied volatility.

US Sector ETFs' put and call volume is used to calculate **Put/Call volume ratio**. Short interest of all US-listed sector ETFs are used to calculate **Short interest as a percentage of shares outstanding**.

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Information Classification: General Access

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Glossary

Implied Volatility (IV) is measured by the 3-month at-the-money implied volatility for options tied to the corresponding Select Sector SPDR ETFs. It represents the market's forward-looking expectation of volatility based on current options pricing.

NTM Price-to-Earnings Ratio (NTM P/E) The ratio of the price of a stock and the firm's earnings per share over the next 12 months. A lower NTM P/E indicates cheaper valuation.

Price-to-Book Ratio (P/B) A financial ratio used to compare a company's current market price to its book value which is the carrying value of an asset according to its balance sheet account balance. A lower P/B indicates cheaper valuation.

Price-to-Earnings Ratio (P/E) The ratio of the price of a stock and the firm's earnings per share. A lower P/E indicates cheaper valuation.

Price-to-Sales Ratio (P/S) The ratio of the price of a stock and the firm's sales per share. A lower P/S indicates cheaper valuation.

Z-score measures how many standard deviations an element is above or below the population mean. A sector z-score can be calculated from the following formula. $z = (X - \mu) / \sigma$, where X is the sector value of the metrics, μ is the mean of 11 sector values for a certain metric, and σ is the standard deviation of the value of 11 sectors.

Important Risk Information

Hong Kong: State Street Global Advisors Asia Limited, 68/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong. T: +852 2103-0288. F: +852 2103-0200.

Singapore: State Street Global Advisors Singapore Limited, 168 Robinson Road, #33-01 Capital Tower, Singapore 068912 (Company Reg. No: 200002719D, regulated by the Monetary Authority of Singapore). T: +65 6826-7555. F: +65 6826-7501.

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Concentrated investments in a particular sector or industry tend to be more volatile than the overall market and increases risk that events negatively affecting such sectors or industries could reduce returns, potentially causing the value of the Fund's shares to decrease.

Because of their narrow focus, sector investing tends to be more volatile than investments that diversify across many sectors and companies.

Financial Services Sector concentration is subject to government regulation, deterioration of credit markets, losses resulting from financial difficulties of borrowers and losses resulting from investment activities.

Technology companies, including cyber security companies, can be significantly affected by obsolescence of existing technology, limited product lines, and competition for financial resources, qualified personnel, new market entrants or impairment of patent and intellectual property rights that can adversely affect profit margins.

Investing involves risk, including the risk of loss of principal.

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