

# Threading the Needle

December 2019

**Major stock benchmarks at all-time highs, tight credit spreads and low volatility signal serenity ahead. However, in 2020 the margin for error — and opportunity — will likely be as small as it's been in a long time.**

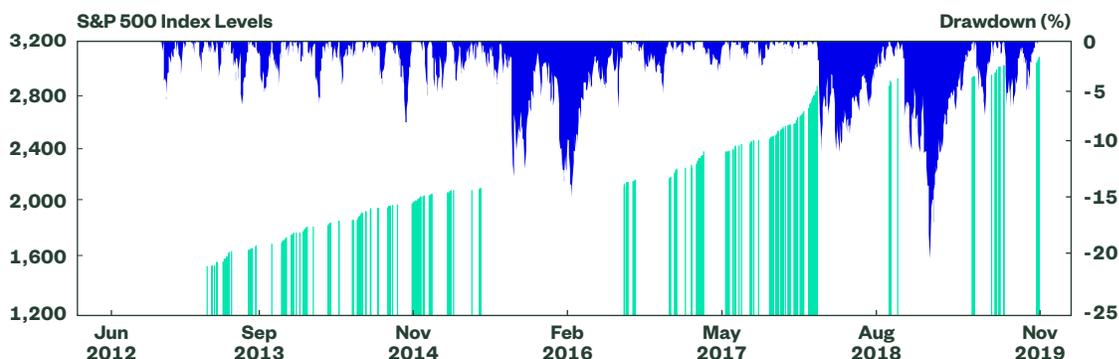
## Stay Invested, but Limit Downside Risk

Target equities that may be impacted less by volatility.

- QUS** SPDR® MSCI USA StrategicFactors<sup>SM</sup> ETF
- QEFA** SPDR MSCI EAFE StrategicFactors<sup>SM</sup> ETF
- SDY** SPDR S&P® Dividend ETF
- LGLV** SPDR SSGA US Large Cap Low Volatility Index ETF

## S&P 500 All-Time Highs versus Drawdowns

- Drawdown (%)  
 (S&P 500 Index)
- All-Time Highs



Source: Bloomberg Finance L.P. 11/07/2019, based on price returns and do not assume the reinvestment of dividends. Calculations by SPDR Americas Research. **Past performance is not a guarantee of future results.**

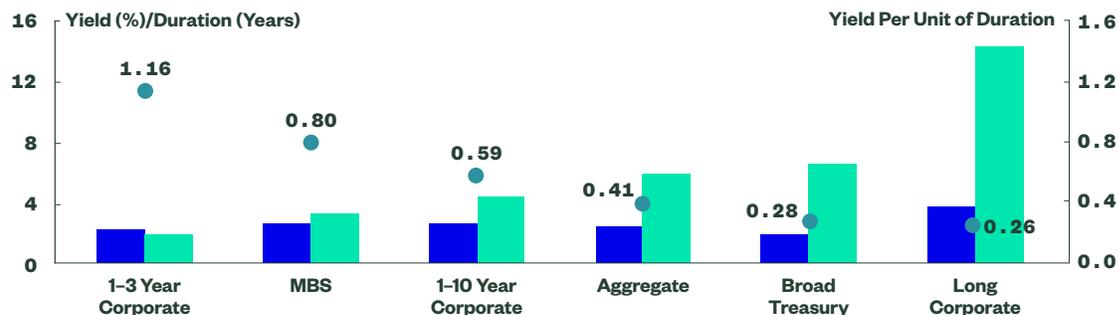
## Actively Balance Risk in the Hunt for Yield

Seek a balance between income generation, credit risk, equity risk and macro volatility by employing active strategies.

- TOTL** SPDR DoubleLine® Total Return Tactical ETF
- INKM** SPDR SSGA Income Allocation ETF
- ULST** SPDR SSGA Ultra Short Term Bond ETF

## Yield and Duration for US Rate-Sensitive Sectors

- Yield to Worst (%)
- Option Adjusted  
 Duration (Years)
- Yield per Unit of Duration



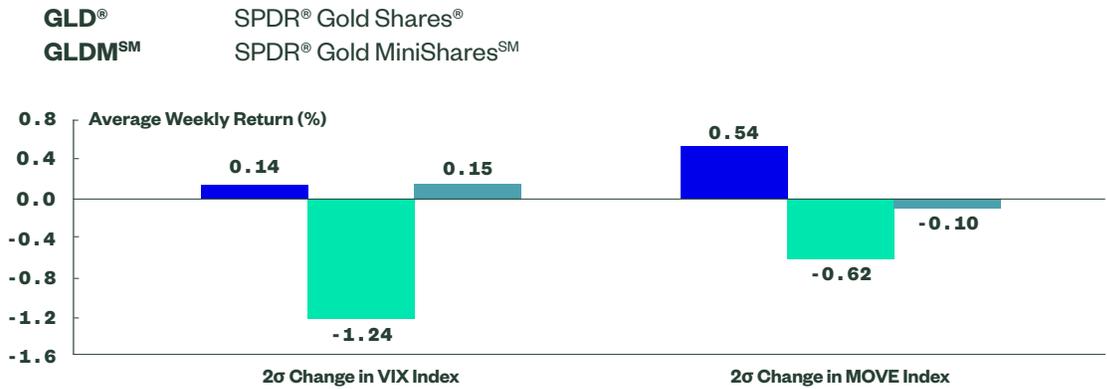
Source: Bloomberg Finance L.P., as of 11/08/2019. **Past performance is not a guarantee of future results.** 1-3 Year Corporate: Bloomberg Barclays US Corporate 1-3 Yr Index; MBS: Bloomberg Barclays US MBS Index; 1-10 Year Corporate: Bloomberg Barclays Intermediate Corporate Index; Aggregate: Bloomberg Barclays US Agg Index; Broad Investment Grade (IG) Corporate: Bloomberg Barclays US Corporate Index; Broad Treasury: Bloomberg Barclays US Treasury Index; Long Corporate: Bloomberg Barclays Long Corporate Index.

## Position to Temper the Impact of Macro Volatility

### Gold Historical Performance During Bond and Stock Volatility

- Gold Spot Price
- S&P 500 Index
- Bloomberg Barclays U.S. Aggregate Bond Index

With stocks and bonds expensive, and susceptible to macro-induced volatility shocks, focus on strategies with low correlations to traditional markets.



Source: Bloomberg Finance L.P., Calculations by SPDR Americas Research Data from 01/01/1990–11/08/2019. Past performance is not a guarantee of future results.

[ssga.com](http://ssga.com)  
[spdrs.com](http://spdrs.com)

#### Glossary

**Bloomberg Barclays U.S. Aggregate Bond Index** Benchmark that provides a measure of the performance of the US dollar denominated investment grade bond market. It 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.

**S&P 500 Index** Benchmark for U.S. large-cap equities; includes 500 companies from leading industries, approximately 80% of available market capitalization.

#### Important Risk Information

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