

# State Street ETFs Chart Pack

Key charts to help navigate the market  
February 2026 edition

Please see the appendix for more information on investment terms used in this Chart Pack.  
Not FDIC insured. No bank guarantee. May lose value.

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# 01

# Market environment

2026 began with a broad risk-on tone, with most major asset classes advancing. And despite end-of-month volatility, gold finished January with a double-digit rally

Major asset class performance (%)

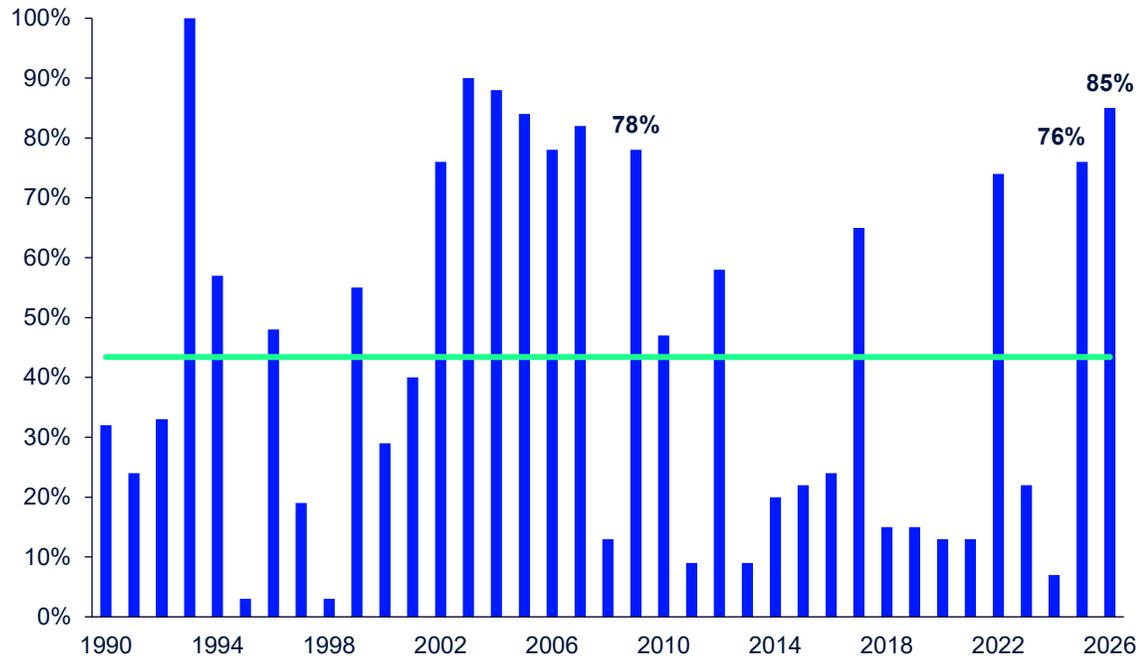


Source: Bloomberg Finance, L.P., as of January 31, 2026. **The performance data quoted represents past performance. Past performance does not guarantee future results.** Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income. 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. Performance returns for periods of less than one year are not annualized. Agg Bonds = Bloomberg US Agg Total Return Index | Broad Commodities = Bloomberg Commodity Total Return Index | Developed ex-US = MSCI EAFE Total Return Index | Dollar = DXY Dollar Index | EM Debt = Bloomberg EM Hard Currency Total Return Index | Emerging Markets = MSCI Emerging Markets Index | Gold = LBMA Gold Price Index | IG Corp = Bloomberg US Corporate Total Return Index | MBS = Bloomberg US MBS Index Total Return Index | Senior Loan = Morningstar LSTA US Leveraged Loan Total Return Index | US High Yield = Bloomberg US Corporate High Yield Total Return Index | US Large Cap = S&P 500 Total Return Index | US Small Cap = Russell 2000 Total Return Index | US Treasuries = Bloomberg US Treasury Total Return Index.

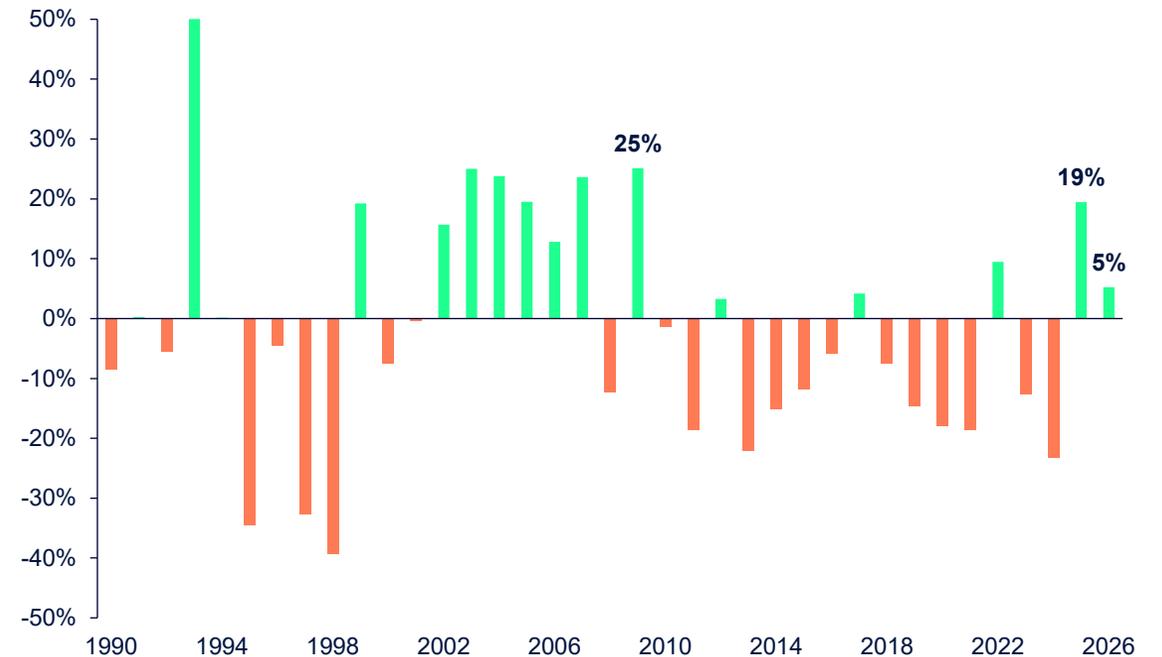
CONTINUED NON-US MOMENTUM

Strong performance across non-US countries in 2025 has continued into 2026, with 85% of non-US countries outperforming the US to start the year

Percent of non-US countries beating the US  
%



Average return on non-US country minus US Return  
By calendar year, %



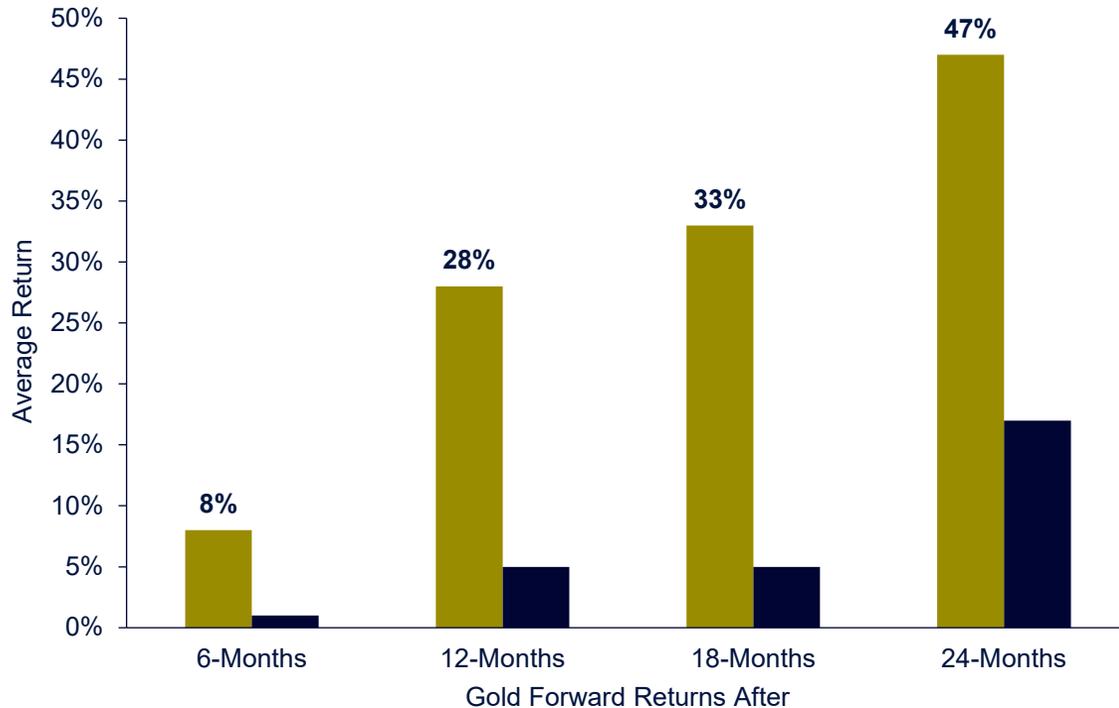
■ % of Countries Outperforming the US      — Average

Source: Bloomberg Finance L.P. as of January 31, 2026. State Street Investment Management, The performance data quoted represents past performance. Past performance does not guarantee future results. Based on returns of countries within the MSCI ACWI Index

Gold has now outperformed the S&P 500 for five months in a row (12<sup>th</sup> occurrence all-time), a trend that may persist if the S&P 500/Gold ratio continues to decline in 2026

**Gold forward returns**

After 5-months of consecutive outperformance against the S&P 500



■ Gold ■ S&P 500

**S&P 500 / Gold Ratio**

Compared to pre-Covid averages

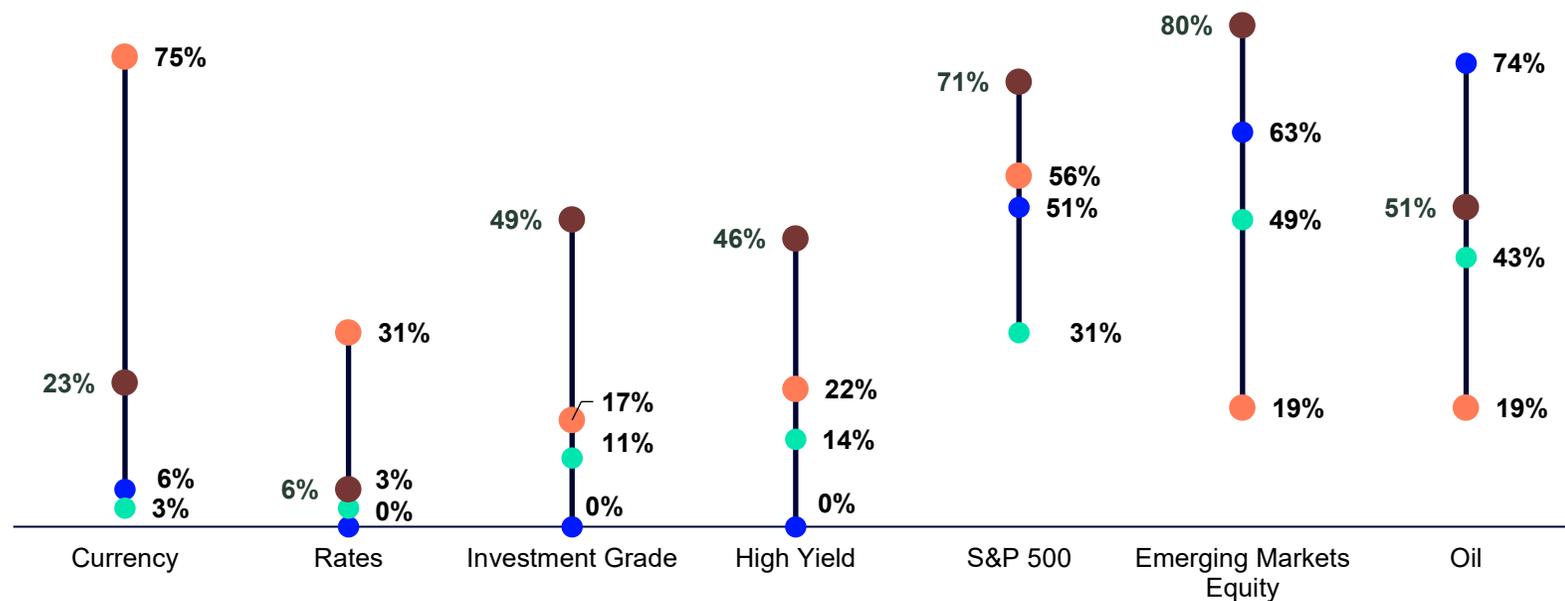


Source: **Left Chart:** Bloomberg Finance L.P., calculations by State Street Investment Management. Date ranges from 1971 to 2025. Gold is represented by LBMA Gold Price PM (US\$/oz). The S&P 500 / Gold Ratio is the index level of the S&P 500 divided by the gold price. **Right chart:** Bloomberg Finance L.P., as of January 31, 2026. **The performance data quoted represents past performance. Past performance does not guarantee future results.**

Implied volatility levels were mixed across assets, as the macro backdrop impact was uneven. Meanwhile cross asset dispersion spiked to a three-year high

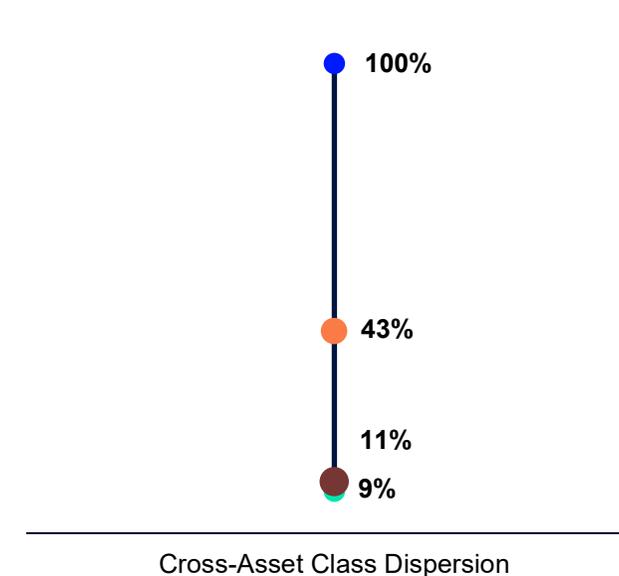
**Cross-asset implied volatility**

Percentile rank of daily average, three-year



**Cross-asset dispersion**

Percentile rank, three-year

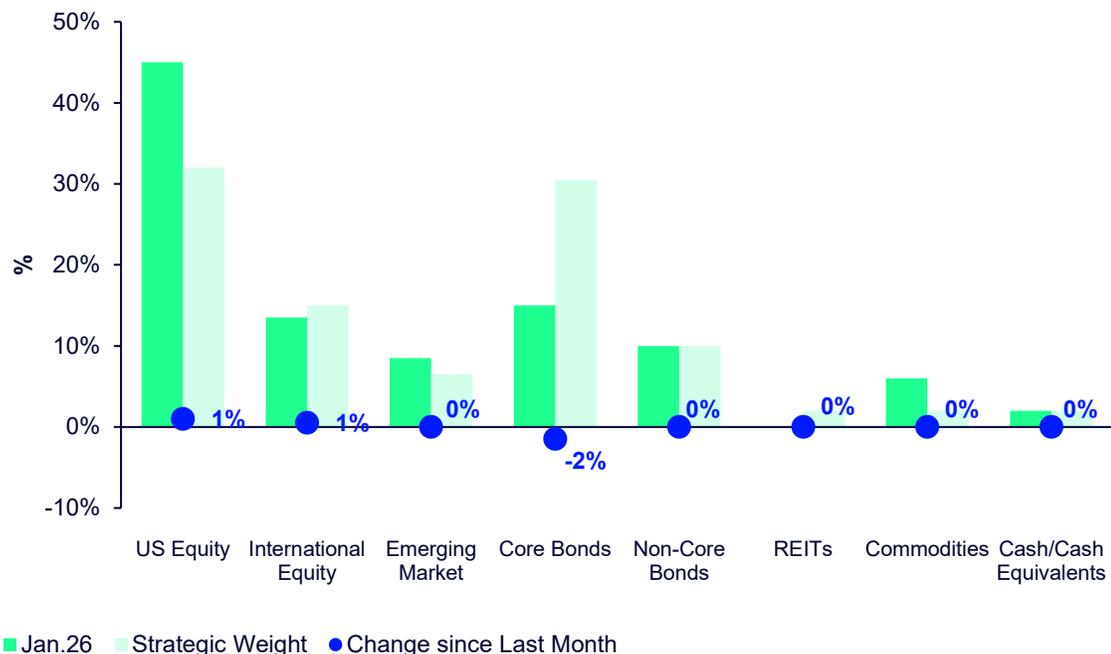


● Jan-26 ● Dec-25 ● Oct-25 ● 1-Year Ago

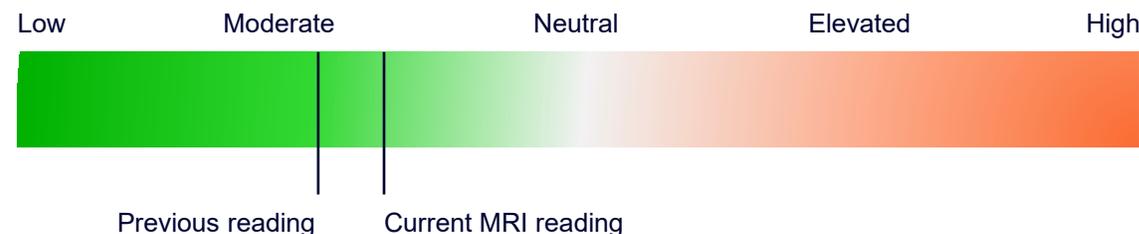
Source: Bloomberg Finance, L.P., as of January 31, 2026. **The performance data quoted represents past performance. Past performance does not guarantee future results.** Currency-implied volatility is measured by the J.P. Morgan Global FX Volatility Index. Rates-implied volatility is measured by the 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 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.

With a softer macro backdrop but supportive momentum and sentiment, State Street increased US and developed ex-US equities while also rotating into long-term corporates

**State Street Active Asset Allocation ETF model portfolio: moderate**  
Current versus strategic exposures (%)



**Market regime indicator**



**Tactical rebalance trades**

Bought	Sold
<ul style="list-style-type: none"> <li>Long-Term Corporate Bonds (core bonds)</li> <li>US Large Cap</li> <li>Developed ex-US Equities</li> </ul>	<ul style="list-style-type: none"> <li>Long-Term Treasuries (core bonds)</li> </ul>

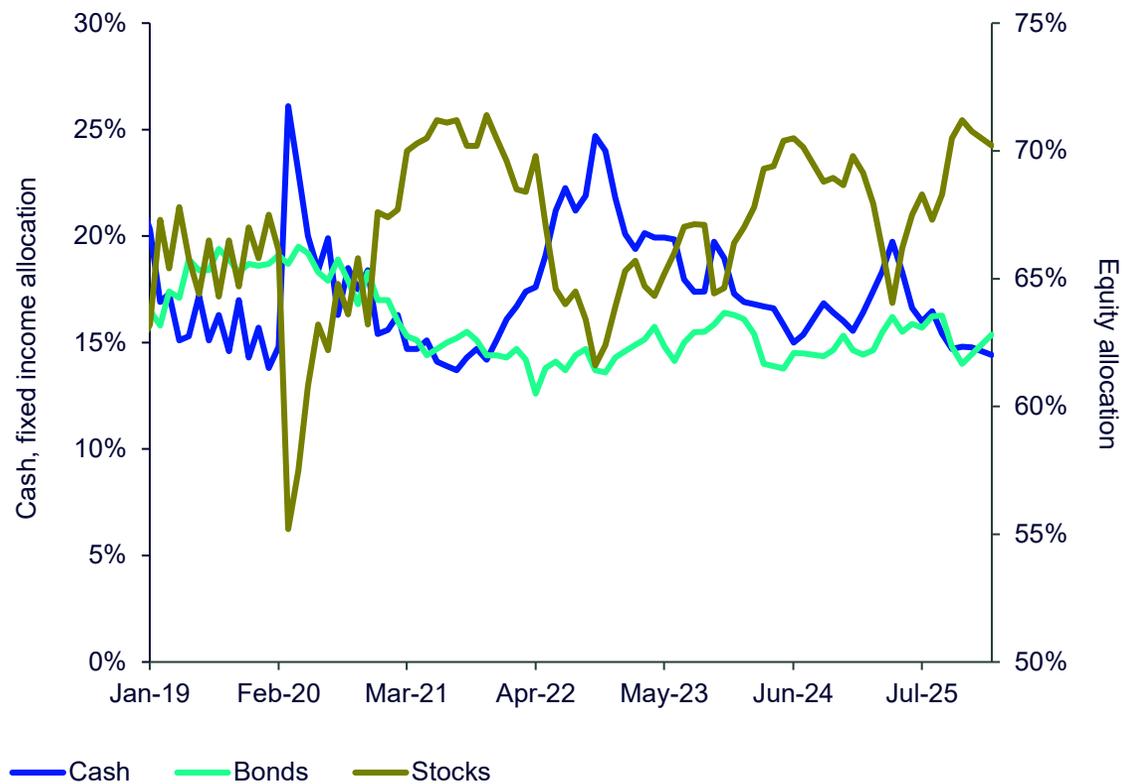
Source: State Street Investment Management. As of January 09, 2026. All asset allocation scenarios are for hypothetical purposes only and are not intended to represent a specific asset allocation strategy or recommend a particular allocation. Each investor's situation is unique and asset allocation decisions should be based on an investor's risk tolerance, time horizon and financial situation. The Market Regime Indicator (MRI) is a quantitative framework that attempts to identify the current market risk environment based on forward-looking market indicators. We believe the factors used, equity implied volatility, currency pairs implied volatility and bond spreads, are good indicators of the current risk environment as they are responsive to real-time market impacts and in theory should include all current and forward views of those markets. The information contained above is for illustrative purposes only.

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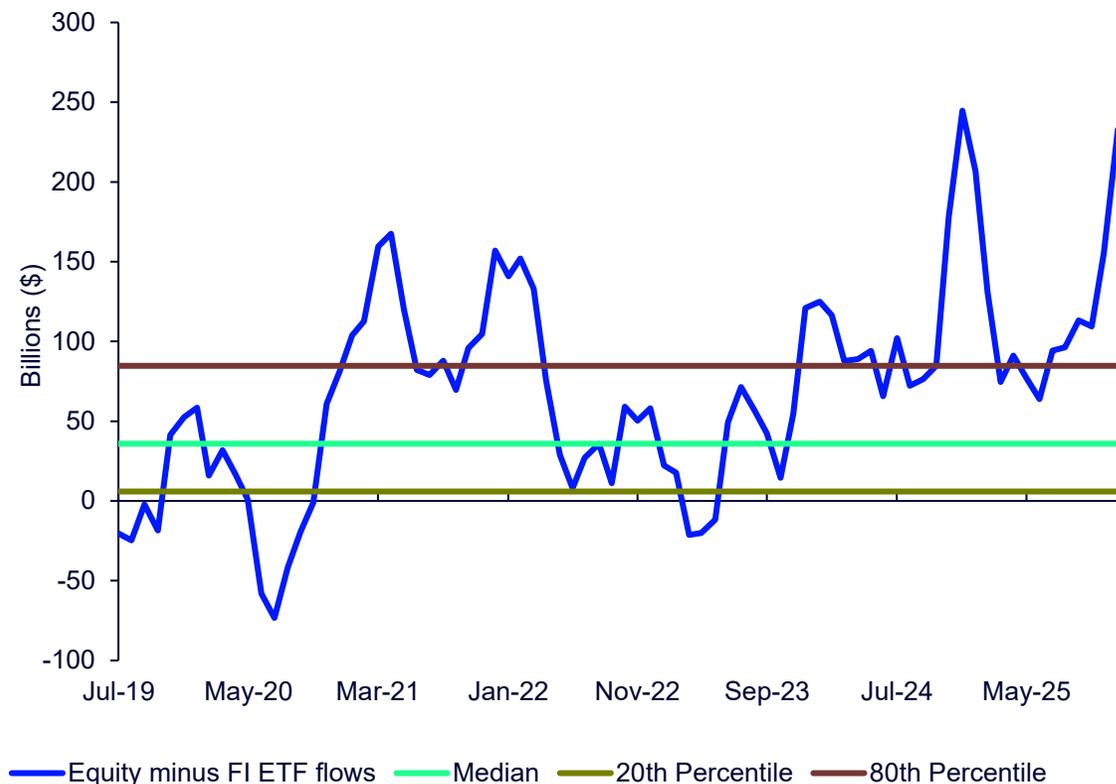
# Investor behavior

Investors continued favoring equities over fixed income, with the allocation differential near its peak—coinciding with a rebound in stock allocations by retail investors

AAIL asset allocation survey



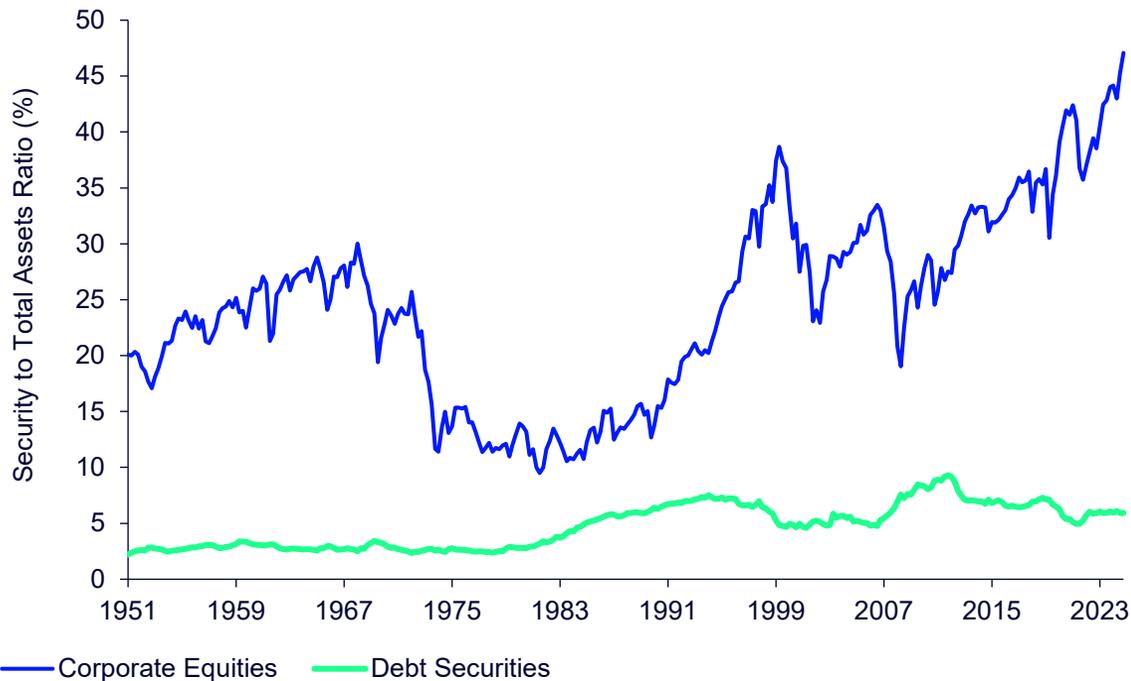
Rolling 3-month flow differences  
Equity minus FI ETF flows



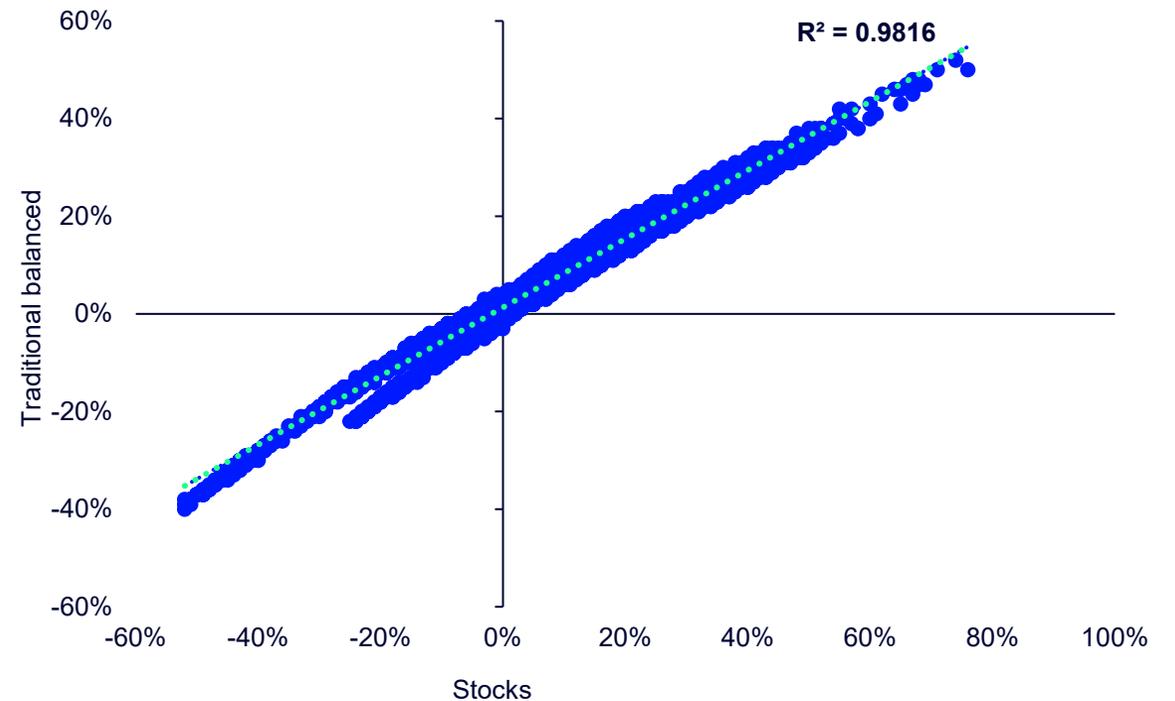
Source: AAIL, Bloomberg Finance L.P., as of January 31, 2026. Calculations by State Street Investment Management. Trailing Five-Year window as of the date indicated used for quintile and median calculations.

# Record household equity exposure increases the vulnerability of household wealth to a market sell-off. Coinciding with traditional portfolios being heavily reliant on equity risks

**Directly and Indirectly Held Corporate Equities and Debt**  
By Households and Nonprofits, % of Total Assets



**Rolling 1-year portfolio returns**  
Stocks vs traditional balanced portfolio\*

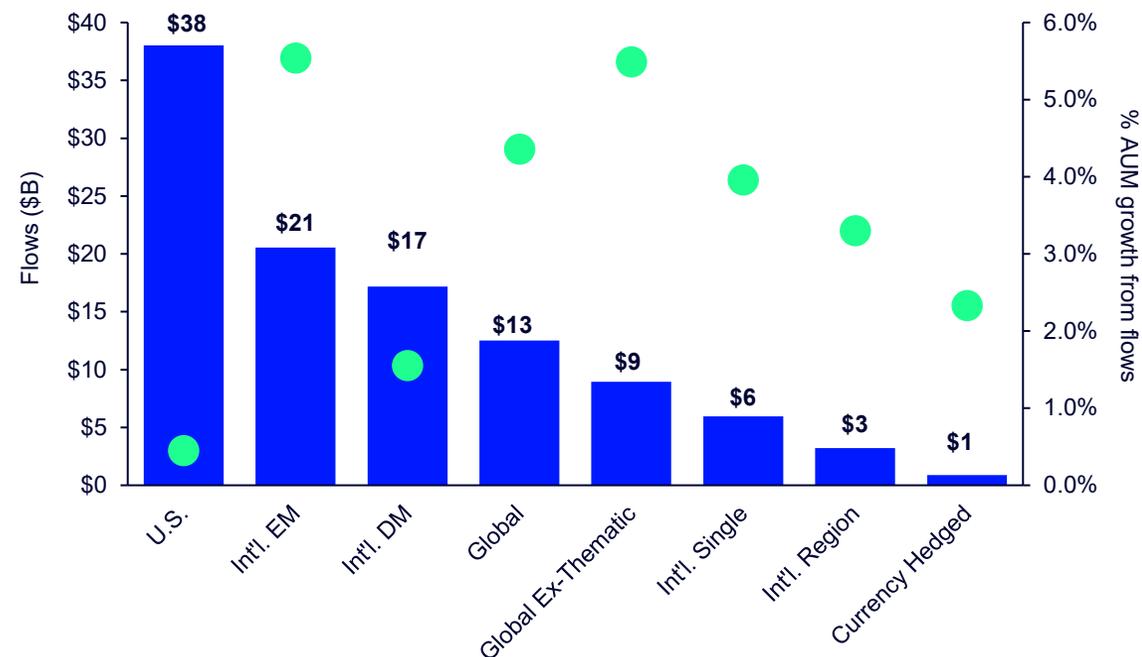


Source: Left chart: Federal Reserve Economic Data(FRED) as of January 09, 2026. Right chart: Based on rolling 1-year returns with a daily frequencies. Traditional balance portfolio is a daily rebalanced portfolio of 70% Global Stocks and 30% Bonds. Global Stocks = MSCI ACWI IMI Index, Bonds = Bloomberg US Aggregate Bond Index. from 1988 to 2025. 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 as applicable. Based on rolling 1-year returns with a daily frequencies **The performance data quoted represents past performance. Past performance does not guarantee future results.**

## FLOW TRENDS

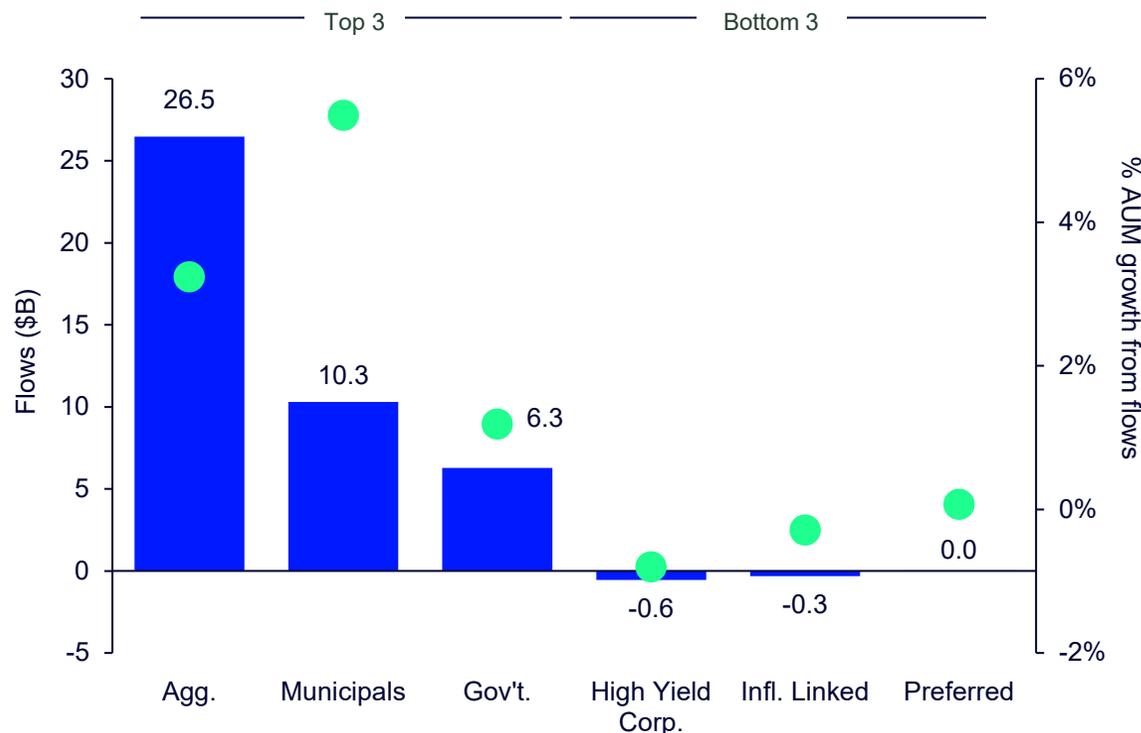
Investors increased their allocations to non-US equities to start 2026, setting new flow records with over \$60 billion of inflows across non-US equity ETF exposures in January

### Flows by equity regions



■ Jan26 ● Month to Date (% of Start-of-Month AUM)

### Fixed income top and bottom 3 sectors



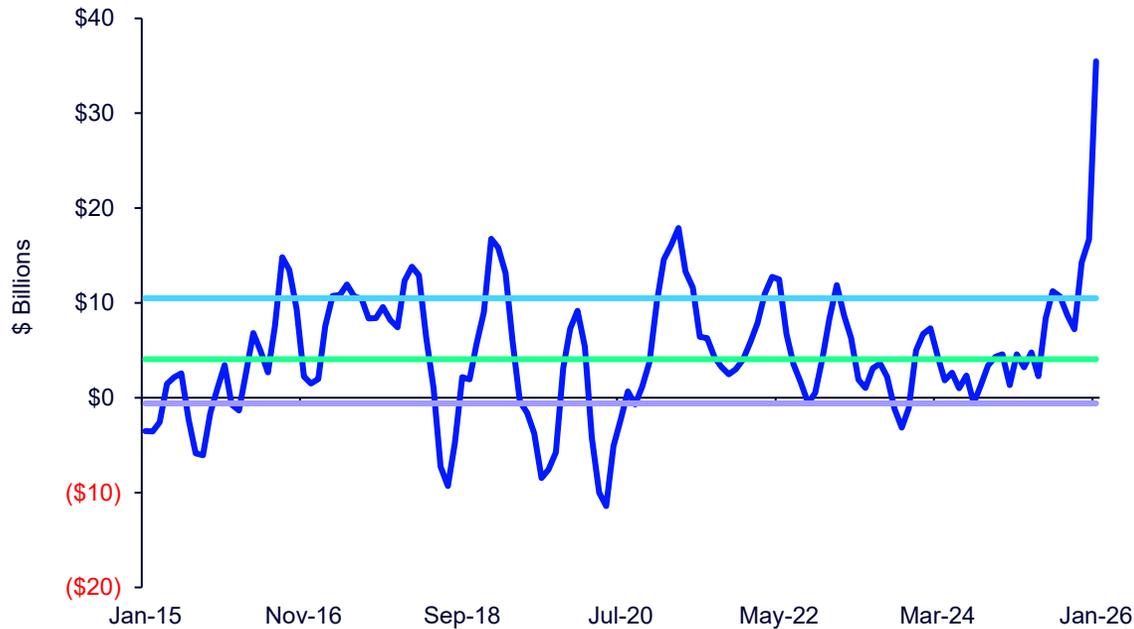
■ Jan26 ● Month to Date (% of Start-of-Month AUM)

Source: State Street Investment Management, Bloomberg Finance, L.P., as of January 31, 2026. Sectors, asset classes, and flows 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 shown. It is not known whether the sectors shown will be profitable in the future. Equity regions are defined based on classifications by Americas ETF Research.

**FLOW TRENDS (CONTINUED)**

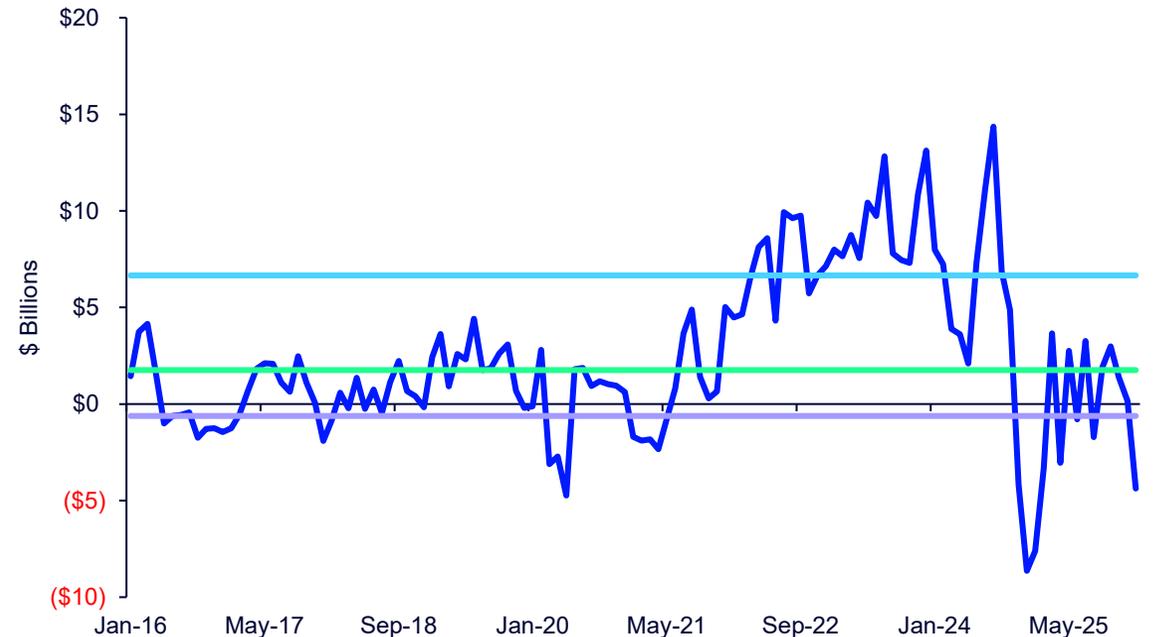
EM equity ETFs took in a record \$20.5 billion of inflows in January, bringing their three-month flows to new highs. Long-term bonds saw outflows, as investors shied away from outsized duration risks

**Emerging market equity ETF flows**  
Rolling three-month flows, \$ Billions



— Emerging market equity ETFs — Median — 80th percentile — 20th percentile

**Long-term bond ETF flows**  
Rolling three-month flows, \$ Billions

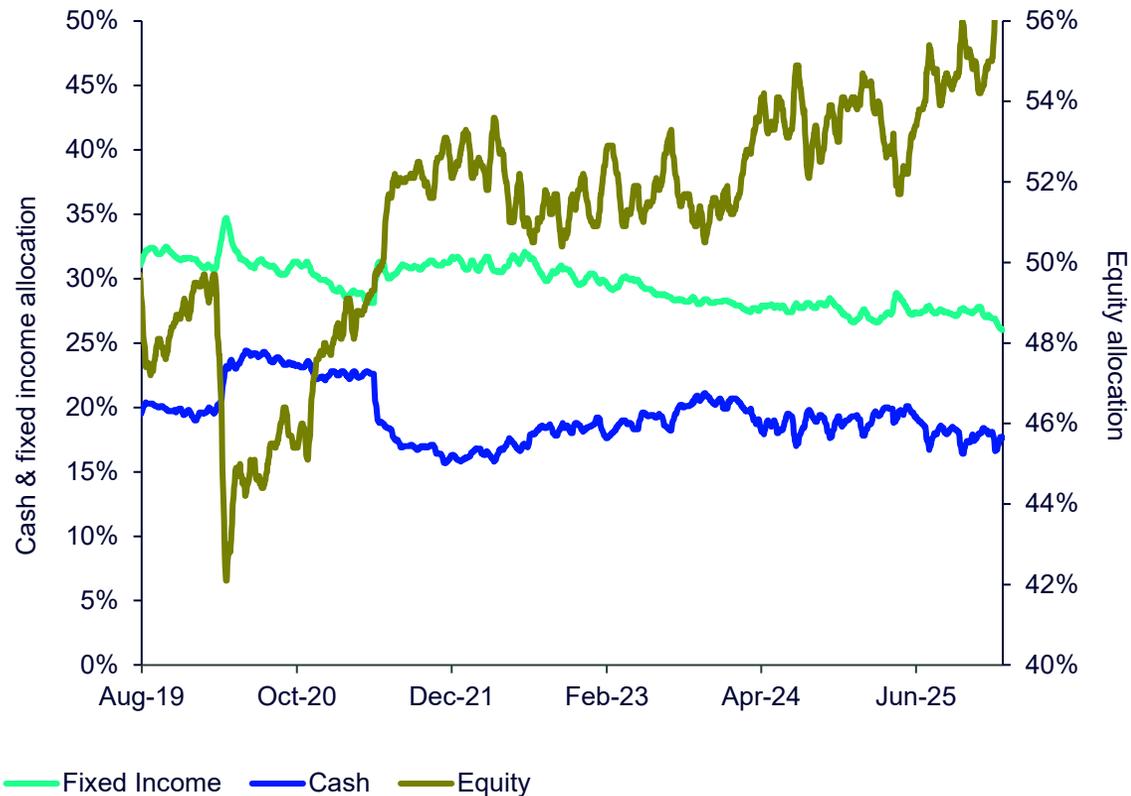


— Rolling three-month long-term bond flows — Median — 80th percentile — 20th percentile

Source: Bloomberg Finance, L.P., State Street Investment Management, as of January 31, 2026. Sectors, asset classes, and flows 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 shown. It is not known whether the sectors shown will be profitable in the future. Equity regions and Long-Term Bond ETFs are defined based on classifications by Americas ETF Research.

# Institutional investors continued rebuilding equity positions in January, pushing overall exposures closer to 2007 highs despite a dip in risk-control strategies

State Street Institutional investor holdings indicator



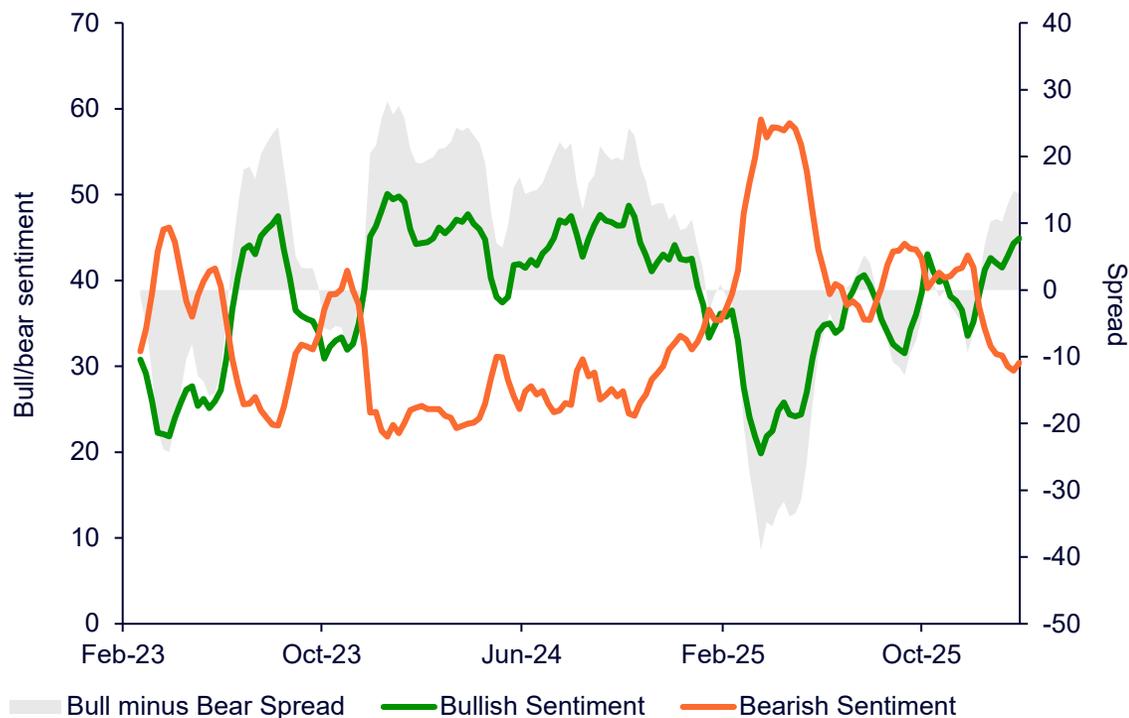
Equity exposure of S&P 500 risk control index



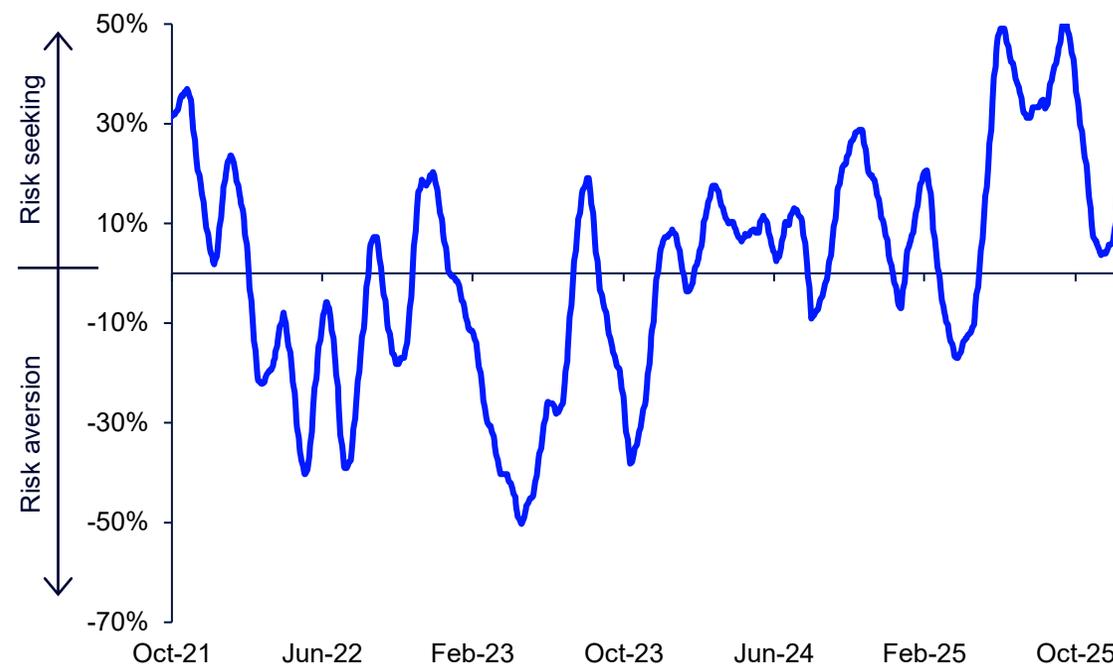
Source: State Street Markets, Bloomberg Finance L.P., as of January 31, 2026. The S&P 500 Risk Control 10% Index seeks to limit the volatility of the S&P 500® to a target level of 10% by allocating to a cash component. This helps to reduce exposure to dramatic fluctuations that can occur during unstable market conditions. The right chart denotes the equity exposure seen in the index.

# Sentiment for both retail and institutional investors continued their rebound from November lows, reflecting the equity-heavy allocations of both investor categories

**AAL US investor sentiment bullish and bearish reading spreads**  
4-week moving average



**State Street Institutional investor risk appetite index**  
Rolling 30-day moving average



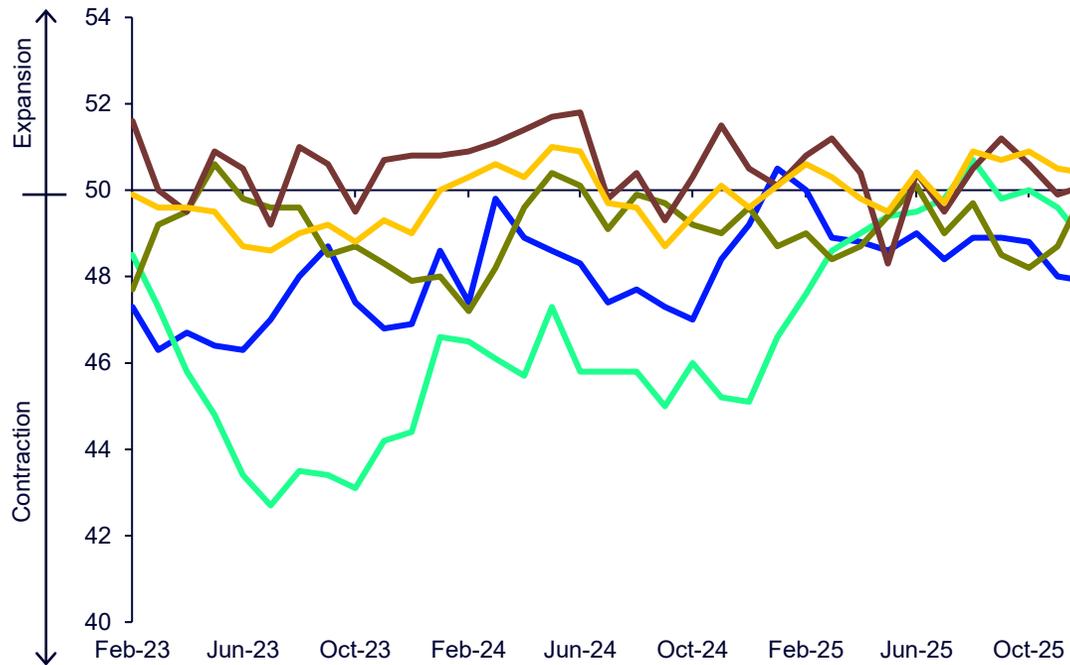
Source: AAL, State Street Global Market Insights, as of January 31, 2026. The AAL Investor Sentiment Survey offers insight into the mood of individual investors. The Risk Appetite Index is derived from measuring investor flows in 22 different dimensions of risk across equities, FX, fixed income, Commodity-linked assets and asset allocation trends. The index captures the proportion of the twenty-two risk elements that saw either risk seeking or risk reducing behavior.

**03**

# **Econ, fundamentals & factors**

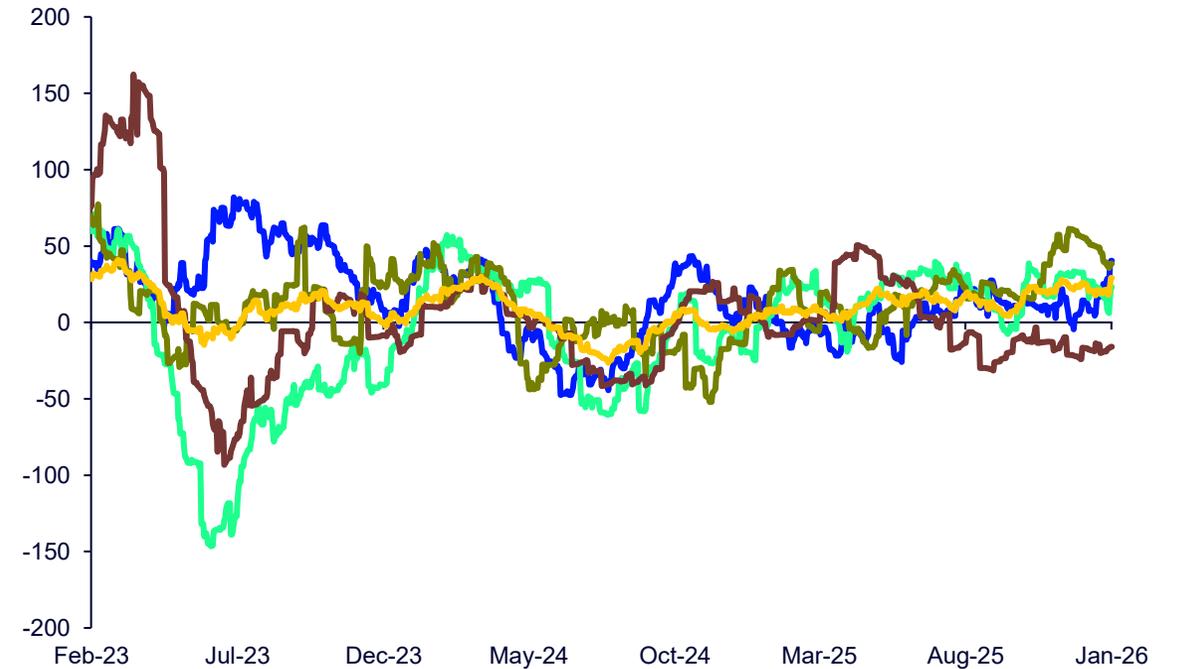
# Economic surprises rose globally in January, driven by a rise in US PMI data and a record trade surplus in China—despite tariff pressures from the US

Manufacturing PMIs



— US — Eurozone — Japan — China — Global

Citi economic surprise indices

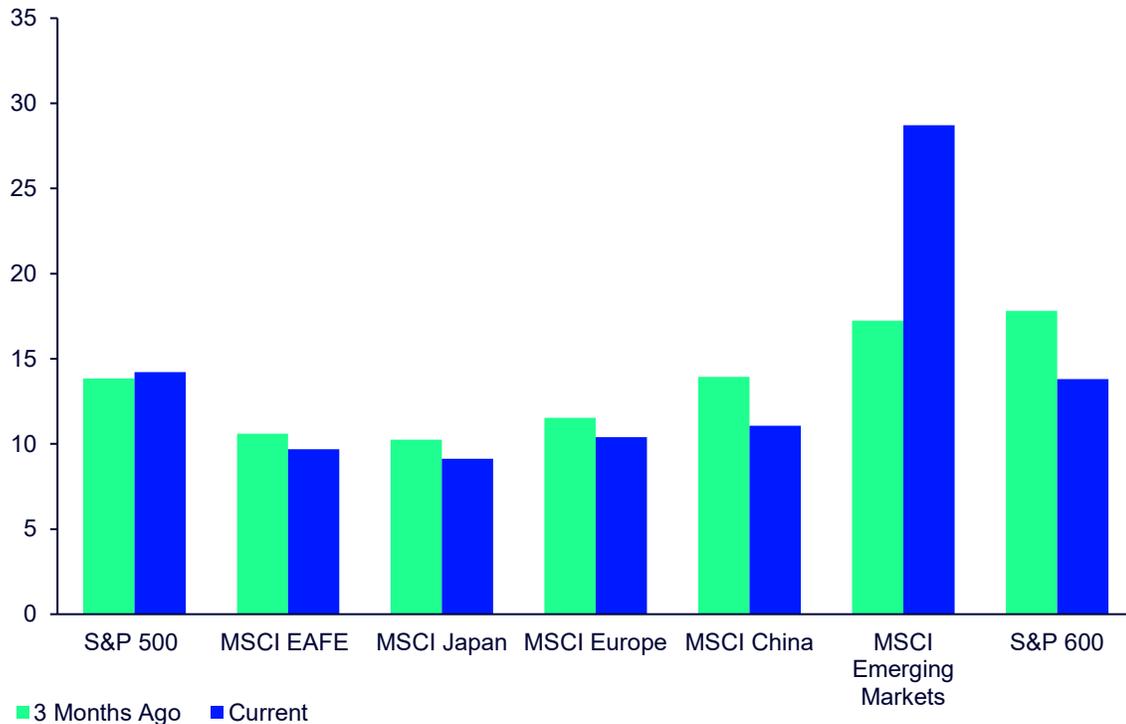


— US — Eurozone — Japan — China — Global

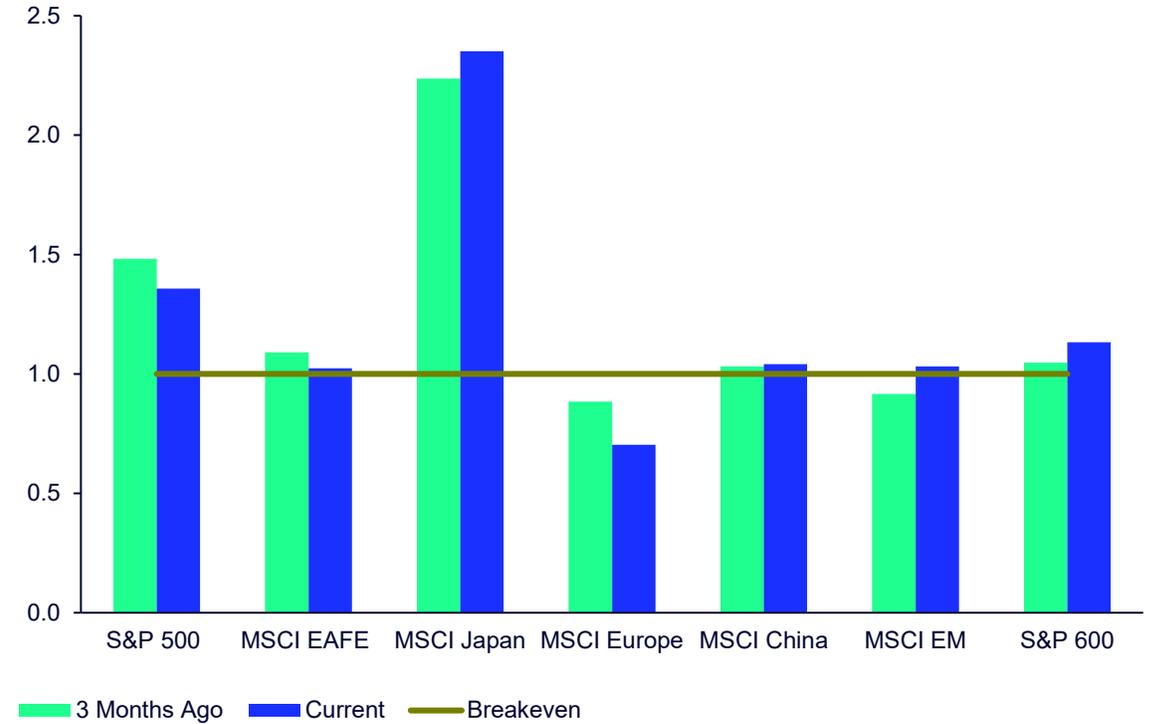
Source: State Street Global Markets, Bloomberg Finance L.P., as of January 31, 2026. The Purchasing Managers' Index (PMI) is a survey-based economic indicator designed to provide a timely insight into business conditions. The PMI is widely used to anticipate changing economic trends in official data such as GDP, or sometimes as an alternative gauge of economic performance and business conditions to official data, as the latter sometimes suffer from delays in publication, poor availability or data quality issues. 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.

US large-cap earnings estimates have risen, but upgrade momentum has slowed. Meanwhile US small caps and some non-US markets have experienced stronger revisions, led by EM and Japan

**2026 EPS growth estimates**  
%



**2026 EPS revision**  
3-month up-to-downgrade ratio



Source: FactSet, as of January 31, 2026. 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. Solid line represents an equal ratio of upgrades and downgrades. Projected characteristics are based upon estimates and reflect subjective judgments and assumptions. There can be no assurance that developments will transpire as forecasted and that the estimates are accurate.

# US small cap equities screen as inexpensive on both an absolute and relative basis

## Absolute & relative valuation z-score\* and 15-year percentile ranking

		Valuation to Region History (Percentile)				Absolute Valuation Composite Z-Score	Valuation Relative to MSCI ACWI (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/Region	S&P 500	94%	95%	99%	99%	1.87	71%	86%	55%	43%	0.63
	S&P MidCap 400	79%	58%	98%	93%	0.99	26%	19%	3%	3%	-1.41
	S&P SmallCap 600	43%	39%	45%	66%	-0.08	15%	17%	1%	1%	-1.35
	Russell 1000 Value	94%	97%	100%	98%	1.82	23%	40%	11%	3%	-0.99
	Russell 1000 Growth	87%	79%	95%	96%	1.55	66%	64%	68%	78%	0.68
	MSCI EAFE	86%	91%	99%	99%	2.05	17%	26%	22%	14%	-1.06
	MSCI Europe	72%	87%	100%	100%	1.68	10%	23%	13%	8%	-1.28
	MSCI EM	94%	89%	100%	100%	2.31	43%	7%	22%	33%	-0.73
Major Countries	MSCI Canada	80%	94%	99%	99%	2.10	21%	35%	19%	11%	-0.87
	MSCI Japan	88%	93%	100%	100%	2.16	30%	41%	26%	69%	-0.36
	MSCI Germany	81%	89%	98%	98%	1.47	19%	27%	16%	9%	-1.04
	MSCI France	79%	82%	99%	93%	1.12	15%	14%	2%	0%	-1.73
	MSCI UK	77%	72%	99%	99%	1.70	22%	34%	27%	16%	-0.91
	MSCI China	87%	90%	77%	86%	0.94	32%	50%	8%	10%	-0.79
	MSCI Brazil	39%	47%	83%	73%	0.32	30%	33%	12%	10%	-1.05
	MSCI India	53%	74%	65%	88%	0.71	1%	29%	0%	2%	-1.49

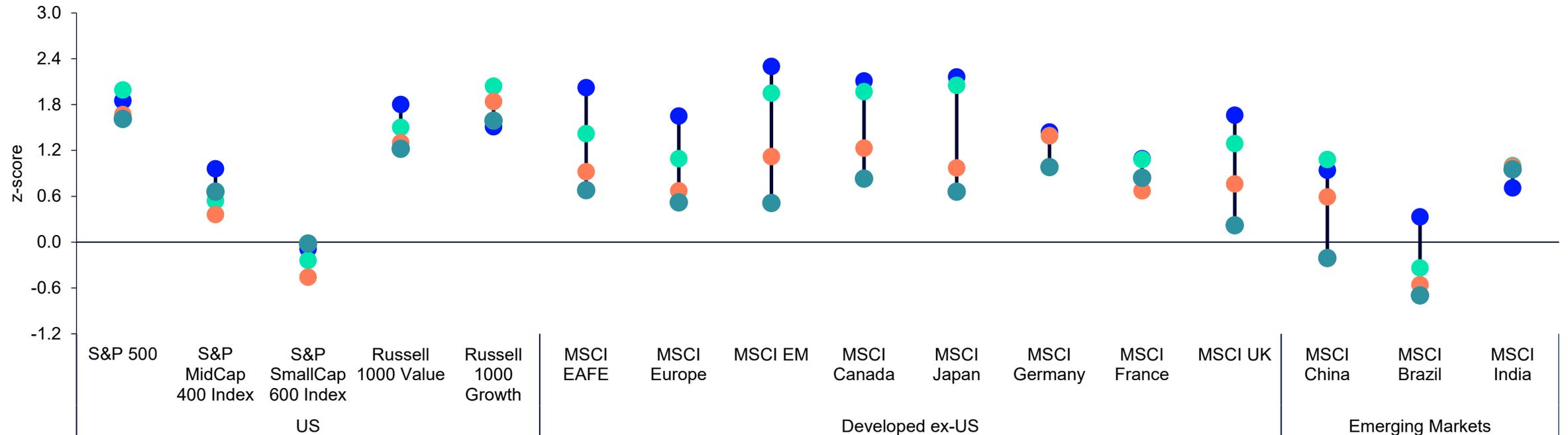
■ Bottom 3 expensive valuations    ■ Top 3 attractive valuations

Source: FactSet, as of January 31, 2026. Calculations by State Street Investment Management. \* The z-score is calculated as the average z-score of valuations based on different metrics. The z-score indicates how many standard deviations an element is from its historical mean. A z-score can be calculated from the following formula.  $z = (X - \mu) / \sigma$  where z is the z-score, X is the current valuations and  $\sigma$  is the standard deviation of monthly valuations over the past 15 years.

# US large cap valuations remain stretched, while the renewed interest in non-US regions has seen valuations rise

## Global valuations compared to historical levels

Composite valuation Z-scores



● Current ● 3-Months ● 6-Months ● 12-Months

Source: FactSet as of January 31, 2026. **The performance data quoted represents past performance. Past performance does not guarantee future results.** \* The z-score is calculated as the average z-score of valuations based on different metrics. The z-score indicates how many standard deviations an element is from its historical mean. A z-score can be calculated from the following formula.  $z = (X - \mu) / \sigma$  where z is the z-score, X is the current valuations and  $\sigma$  is the standard deviation of monthly valuations over the past 15 years. We compiled historical valuations over the past 15 years as of the date indicated and we equal weighted the following metrics to create a composite ranking: Price/Book, Price/Sales, Price/Earnings, and Forward Price/Earnings.

# Emerging Markets lead on momentum, outperforming on a six-month basis. Developed ex-US momentum is led by Canada and the UK on a three-month basis

## Momentum scorecard rankings

		Price Momentum*			Technicals			Continuous Momentum			Combined Average Rank
		3-Months	6-Months	12-Months	% 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%	10.3%	16.4%	1.2%	7.9%	6.6%	53	107	147	8
	S&P MidCap 400	1.3%	6.5%	5.9%	2.2%	7.6%	5.3%	50	92	123	12
	S&P SmallCap 600	1.3%	10.0%	4.2%	3.2%	10.5%	7.1%	46	88	120	11
	Russell 1000 Value	3.3%	8.3%	13.6%	2.0%	7.7%	5.6%	51	102	136	10
	Russell 1000 Growth	1.0%	11.5%	17.9%	0.6%	8.1%	7.5%	53	110	150	8
	MSCI EAFE	4.9%	9.9%	31.2%	4.9%	11.0%	5.8%	52	102	154	6
	Euro Stoxx	6.4%	10.3%	36.7%	3.5%	8.7%	5.0%	48	92	139	8
	MSCI EM	4.7%	15.9%	33.6%	7.5%	16.8%	8.7%	56	107	154	3
Major Countries	MSCI Canada	7.7%	18.2%	36.5%	-0.8%	8.9%	9.8%	53	105	150	5
	MSCI Japan	3.2%	11.5%	24.6%	3.3%	15.2%	11.5%	50	99	142	7
	MSCI Germany	2.6%	1.4%	36.3%	0.8%	1.7%	0.9%	48	90	133	12
	MSCI France	3.4%	6.6%	28.4%	0.0%	2.7%	2.6%	44	91	135	12
	MSCI UK	7.0%	13.3%	35.1%	3.2%	9.9%	6.4%	54	105	151	5
	MSCI China	-7.4%	11.8%	31.2%	2.6%	6.4%	3.6%	44	94	138	11
	MSCI Brazil	7.0%	15.9%	49.7%	12.5%	24.9%	11.1%	57	107	148	2
	MSCI India	4.8%	-3.2%	2.6%	-1.9%	0.3%	2.2%	43	90	128	14

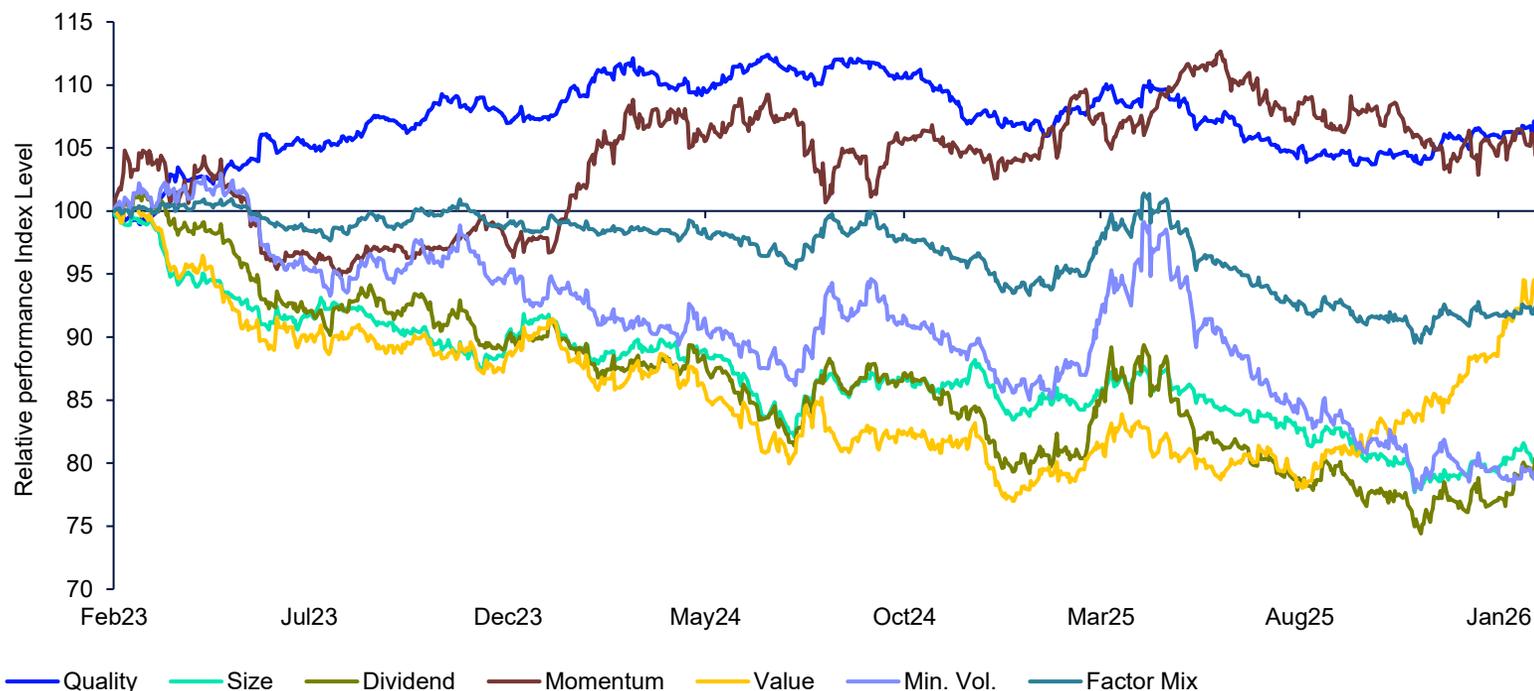
■ Bottom 3 ■ Top 3

Source: Bloomberg, as of January 31, 2026. Calculations by State Street Investment Management. \* Momentum is calculated using the 3-month, 6-month and 12-month price performance, not including the most recent month. **The performance data quoted represents past performance. Past performance does not guarantee future results.**

While Quality has dominated other factors these past three years, the rally in Value since August has made it the standout performer over the past twelve months

**MSCI USA Factor Index versus MSCI USA Index**

Three-year, relative performance, base = 100



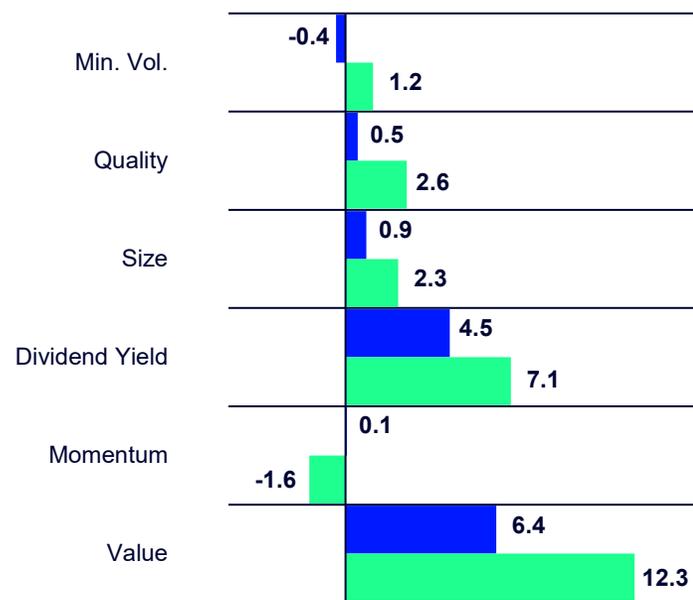
**Period excess returns versus MSCI USA Index (%)**



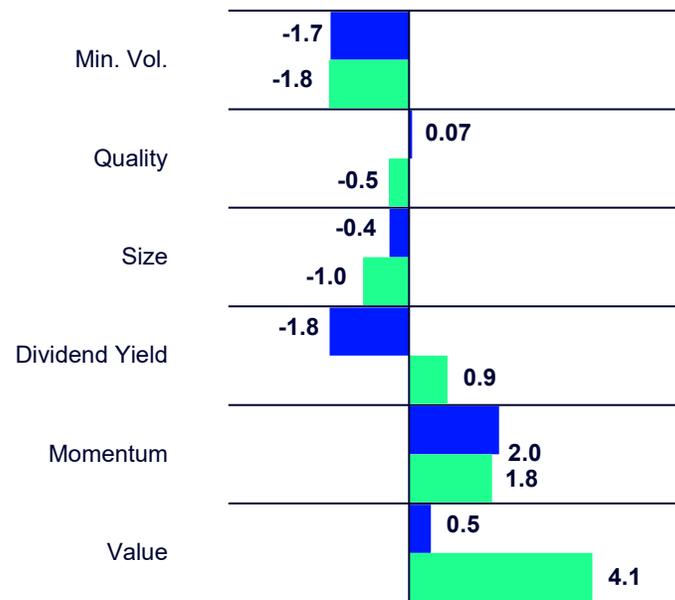
Source: Bloomberg Finance, L.P., as of January 31, 2026. **The performance data quoted represents past performance. Past performance does not guarantee future results.** Min. Vol = MSCI USA Minimum Volatility Index | Value = MSCI USA Enhanced Value Index | Quality = MSCI USA Quality Index | Size = MSCI USA Equal Weighted Index | Dividend = MSCI USA High Dividend Yield Index | Momentum = MSCI USA Momentum Index | Factor Mix = MSCI USA Factor Mix A-Series Capped Index. Div. Grower = S&P High Yield Dividend Aristocrats Index. The indexes used above were compared to the MSCI USA Index. 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 as applicable. 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.

# The rally in Value was more than a domestic phenomenon, with both EAFE and EM regions seeing the factor outperform these past three months

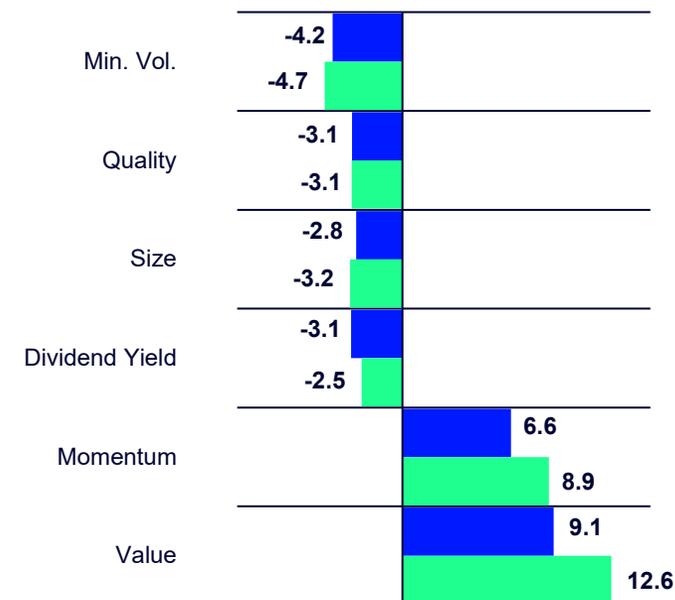
**US excess returns**  
versus S&P 500 Index (%)



**EAFE excess returns**  
versus MSCI EAFE Index (%)



**EM excess returns**  
versus MSCI EM Index (%)



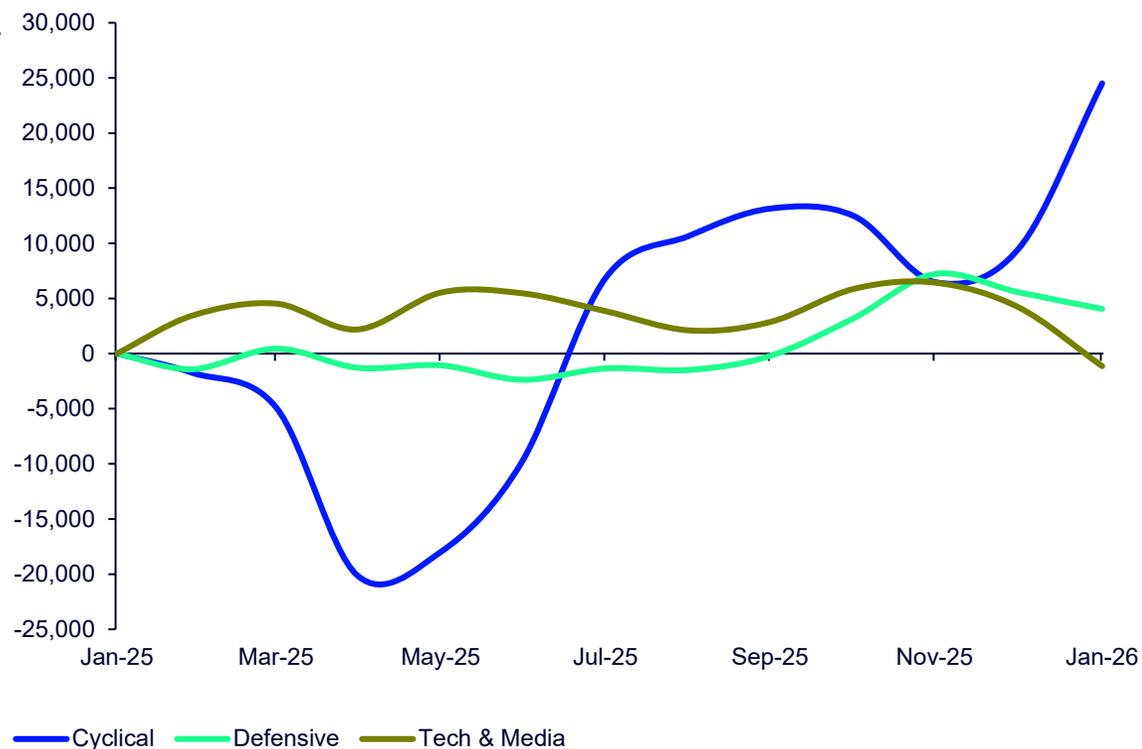
■ January ■ Trailing 3-Months

Source: Bloomberg Finance, L.P., as of January 31, 2026. **The performance data quoted represents past performance. Past performance does not guarantee future results.** Min. Vol = MSCI USA Minimum Volatility Index | Value = MSCI USA Enhanced Value Index | Quality = MSCI USA Quality Index | Size = MSCI USA Equal Weighted Index | Dividend = MSCI USA High Dividend Yield Index | Momentum = MSCI USA Momentum Index | Factor Mix = MSCI USA Factor Mix A-Series Capped Index. Div. Grower = S&P High Yield Dividend Aristocrats Index. The indexes used above were compared to the MSCI USA Index. 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 as applicable. 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.

# 04 Sectors

Rolling three-month flows into cyclical sectors reached a one-year high in January, while Tech & Media sector flows turned negative for the first time in a year

Rolling 3-month flows by Sector Group (\$M)



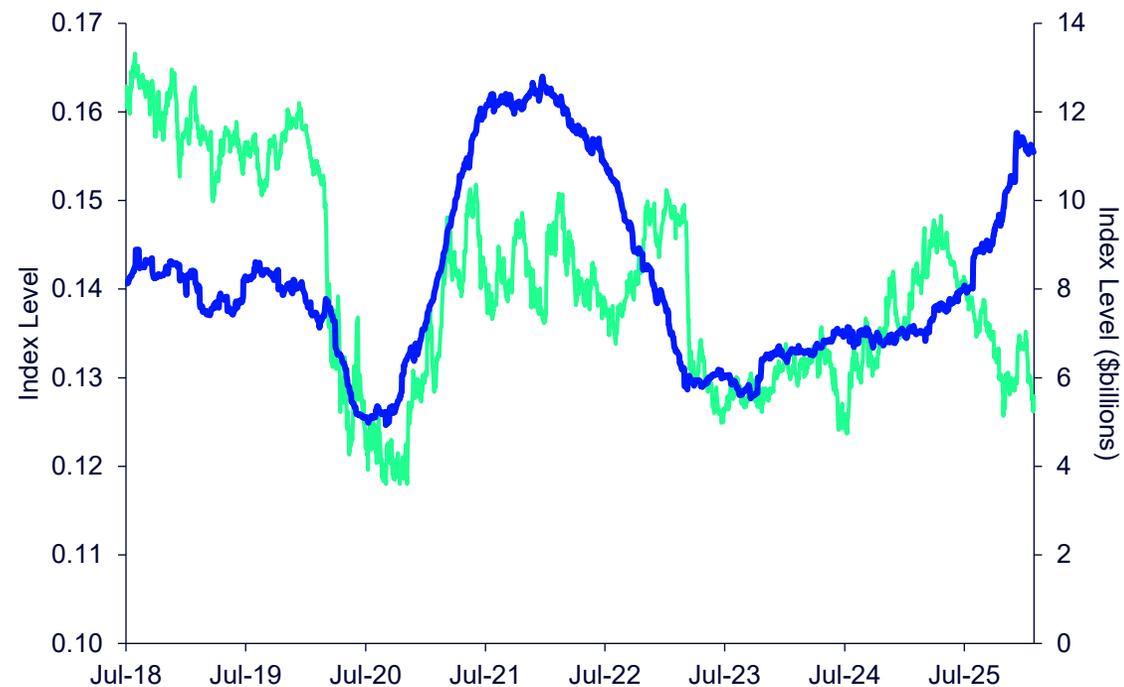
Cumulative return by sector group (%)



Source: Bloomberg Finance, L.P., as of January 30, 2026. **The performance data quoted represents past performance. Past performance does not guarantee future results.** **Left chart:** Rolling 3-month sum of fund flows within each category presented monthly. **Right chart:** Cumulative return of equal-weighted sector portfolios presented daily. Based on S&P 500 Sector indices. **Sector Group Definitions:** Cyclical sector group consists of the Consumer Discretionary, Energy, Financials, Industrial, Materials, and Real Estate sectors. Defensive sector group consists of the Consumer Staples, Health Care, and Utilities sectors. Tech+ sector group consists of the Communication Services and Information Technology sectors.

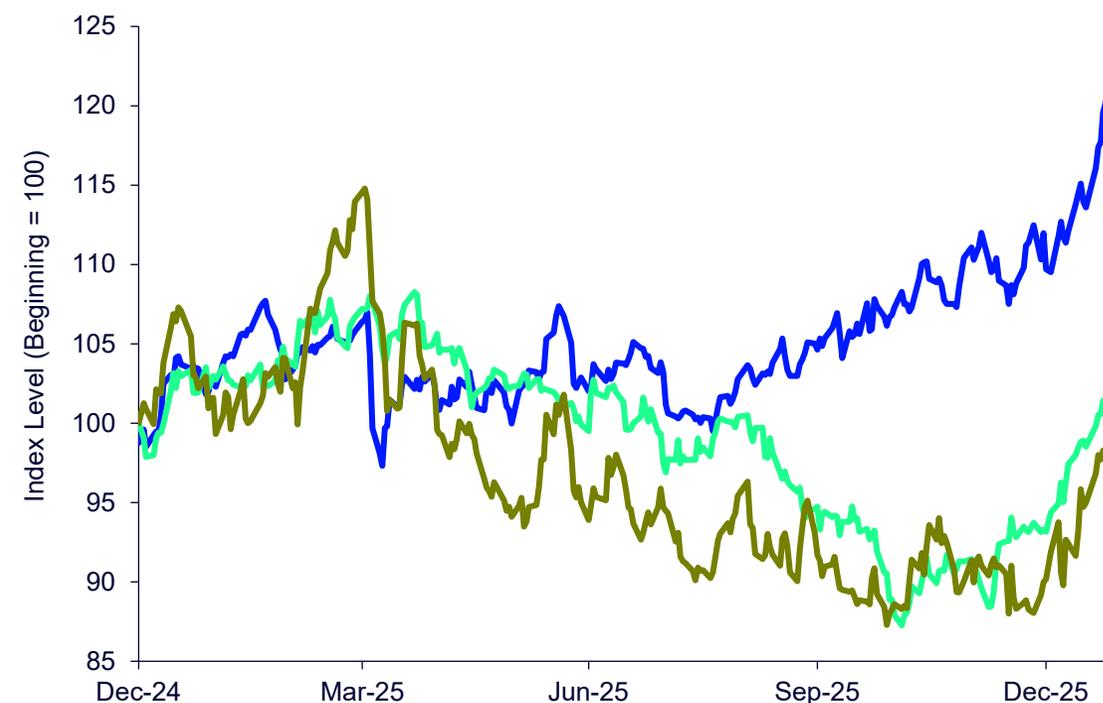
# Rising M&A activity may support Financials, while higher commodity prices impact Energy and Materials, which may still have room to run if commodities continue to rally

US M&A activity boom



— Financials / S&P 500 (LHS) — M&A Transaction Value US (RHS)

Rising commodity prices

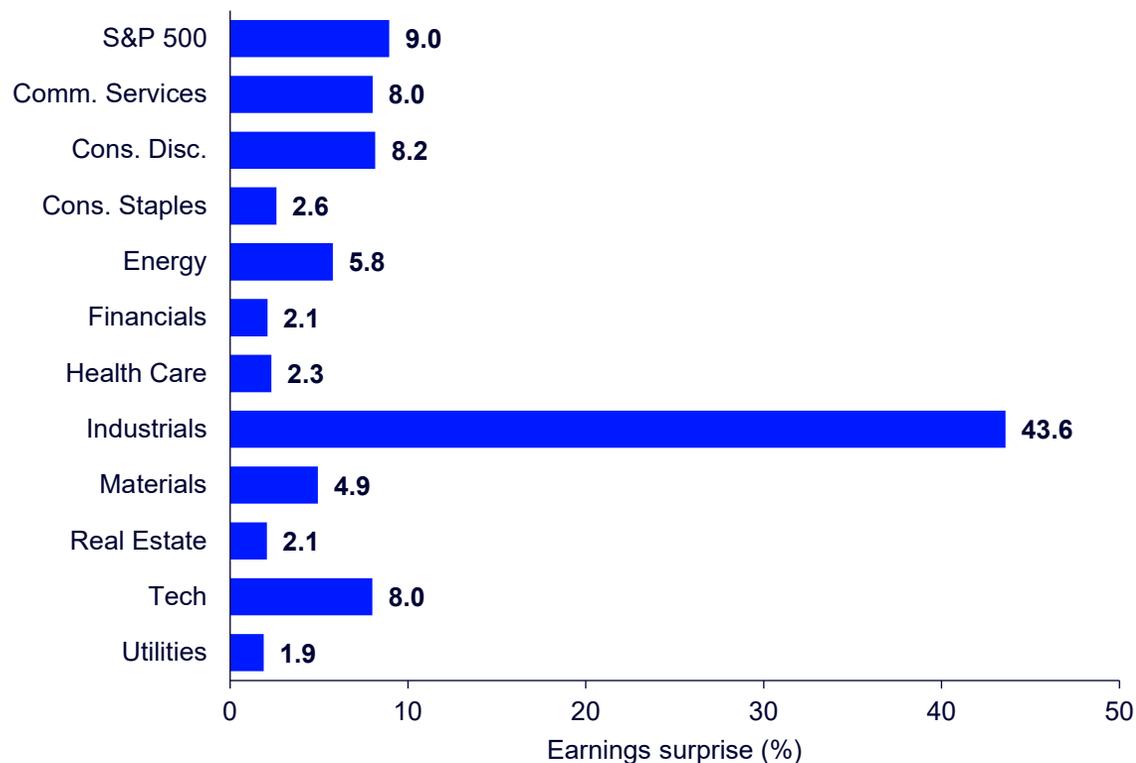


— Commodities — Materials / S&P 500 — Energy / S&P 500

Source: Bloomberg Finance, L.P., Americas ETF Research, as of January 30, 2026. **The performance data quoted represents past performance. Past performance does not guarantee future results** Left side chart's "M&A Transaction Value US" is the MAATUS Index via Bloomberg, representing M&A transaction value in the US. "Financials / S&P 500" represents the S&P 500 Financials Sector GICS Level 1 Index divided by the S&P 500 Index. Right side chart's "Commodities" is the Bloomberg Commodity Index (BCOM Index) via Bloomberg. "Energy / S&P 500" represents the S&P 500 Energy Sector GICS Level 1 Index divided by the S&P 500 Index. "Materials / S&P 500" represents the S&P 500 Materials Sector GICS Level 1 Index divided by the S&P 500 Index.

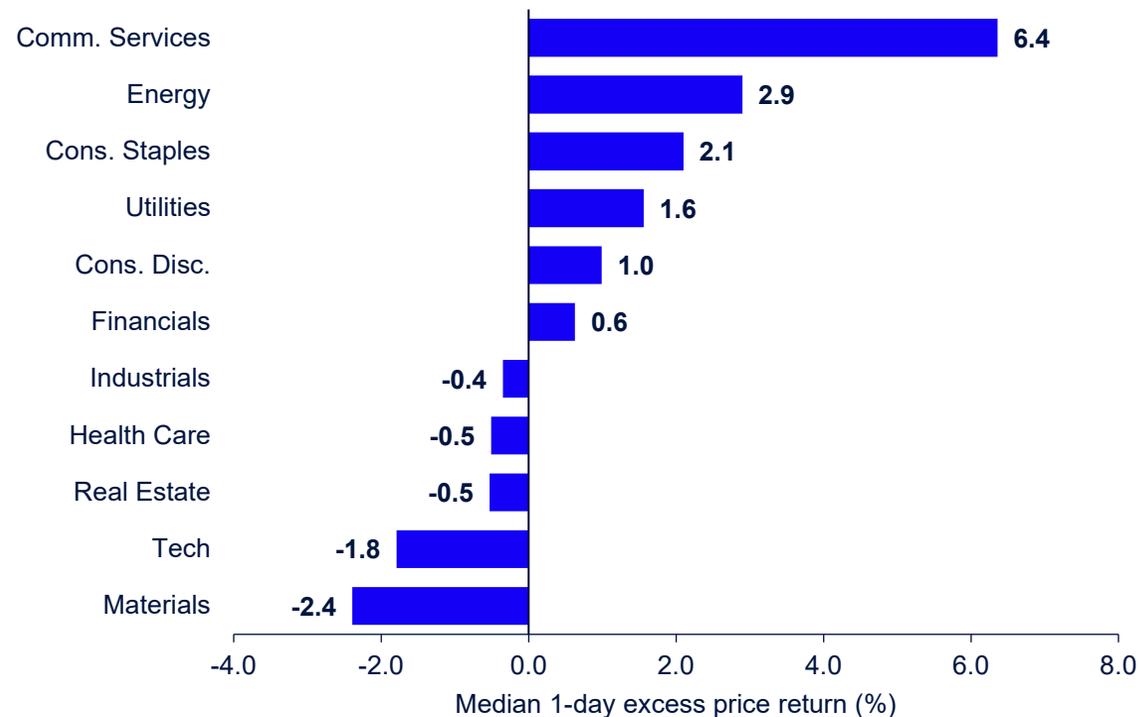
# Industrials lead earnings beats, driven by one-off income items from Boeing and GE Vernova. Investors rewarded strong earnings beats and guidance from Comm. Services companies

Q4 2025 earnings surprise



Price reaction to earnings results

Relative to S&P 500



Source: FactSet, Bloomberg Finance, L.P., as of January 30, 2026. Based on the S&P 500 Sector indices. **Right chart:** 1-day excess price return calculated for a day of announcement for companies reporting before market open and for a day following the announcement date otherwise. **The performance data quoted represents past performance. Past performance does not guarantee future results**

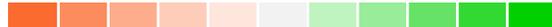
## SECTOR FLOWS AND RETURNS

Materials led inflows last month, while Technology saw outflows amid weak performance. Industrials continue to lead flows on a trailing 12-month basis

### [Track sector and industry performance](#)

Worst-performing sector  
Least flows in period

Best-performing sector  
Most flows in period



Sector	Positioning					Returns		
	Prior Month Flow (\$M)	Trailing Three-Months Flow (\$M)	Trailing 12-Months Flow (\$M)	Current Short Interest (%)	One-Month Prior Short Interest (%)	Prior Month Return (%)	3-Month Return (%)	12-Month Return (%)
Communications	-126	442	2,964	1.7	1.3	5.80	11.41	29.49
Consumer Discretionary	-1,202	-1,362	-3,837	8.4	8.8	1.71	0.06	3.31
Consumer Staples	182	-1,027	-1,121	10.6	13.4	7.71	10.27	9.67
Energy	5,685	7,182	2,258	8.6	9.4	14.43	17.51	21.83
Financial	4,196	1,222	385	6.9	7.6	-2.50	2.36	5.23
Health Care	2,262	5,077	537	15.6	15.2	-0.02	7.80	7.29
Industrials	3,289	5,595	10,586	5.5	6.2	6.67	7.08	21.13
Materials	7,403	9,302	10,012	9.0	9.5	8.70	15.76	13.80
Real Estate	-142	2,846	4,598	2.4	2.8	2.85	2.60	4.17
Technology	-1,470	343	7,004	3.1	2.6	-1.66	-6.12	25.63
Utilities	-1,250	-349	5,099	2.9	3.0	1.37	-2.11	14.28

Source: State Street Investment Management, Bloomberg Finance, L.P., as of January 31, 2026. **The performance data quoted represents past performance. Past performance does not guarantee future results.** This information should not be considered a recommendation to invest in a particular sector shown. It is not known whether the sectors shown will be profitable in the future. Under Current Short Interest, Cells that are highlighted green have a lower Short Interest level than the Prior Month. Cells that are highlighted Red have a Short Interest higher than the prior month.

## SECTOR SCORECARD

Tech. leads on earnings sentiment. But the sector remains expensive. Meanwhile, Health Care maintains positive scores across Momentum and Earnings with valuations staying constructive

	Sector Composite Z-Scores*		
	Valuation	Momentum	Earnings Sentiment
Communication Services	-0.45	1.78	0.29
Consumer Discretionary	-0.56	-0.21	-0.43
Consumer Staples	-0.02	-1.14	-0.19
Energy	0.25	-0.37	-0.42
Financials	-0.03	-0.04	-0.10
Health Care	0.76	1.23	-0.38
Industrials	-1.00	0.06	0.64
Information Technology	-0.93	0.76	1.65
Materials	-0.08	-0.35	-0.66
Real Estate	1.56	-1.29	-0.64
Utilities	0.57	-0.43	0.25

Source: FactSet, Bloomberg Finance, L.P., as of January 31, 2026, calculations by State Street Investment Management. 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.  $\mu$  is the mean of the eleven sectors.  $\sigma$  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.

# 05

# Fixed income

# Convertibles outperformed in January, alongside the strength in developed ex-US IG Corp and stock-like preferred securities

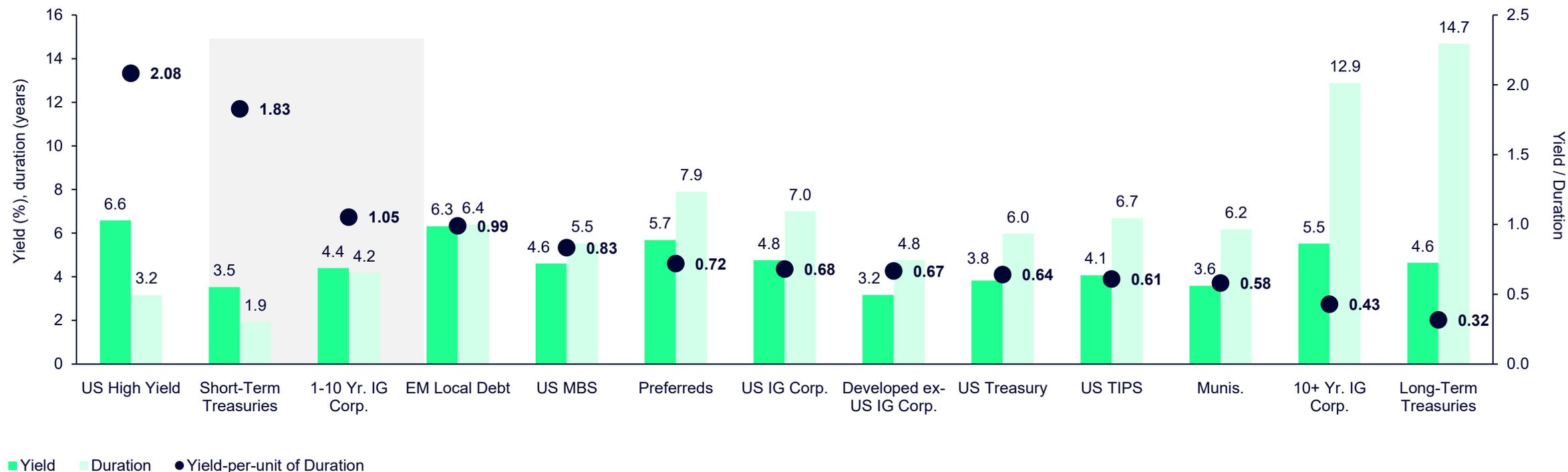
Fixed income segment total return (%)



Source: Bloomberg Finance, L.P., Morningstar as of January 31, 2026. **The performance data quoted represents past performance. Past performance does not guarantee 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. 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. Performance returns for periods of less than one year are not annualized. US Agg = Bloomberg US Aggregate Index | US Treasury = Bloomberg US Treasury Index | Short-Term Treasuries = Bloomberg U.S. Treasury: 1-3 Year Index | Long-Term Treasury = Bloomberg US Long Treasury Index | US TIPS = Bloomberg Global Inflation-Linked: U.S. TIPS Index | US MBS = Bloomberg US MBS Index | US IG Corp. = Bloomberg US Corporate Index | 1-10 Yr IG Corp. = Bloomberg Intermediate Corporate Index | 10 Yr+ IG Corp. = Bloomberg Long U.S. Corporate Index | US High Yield = Bloomberg VLI: High Index | Sr. Loans = Morningstar LSTA US Leveraged Loan Index | Developed Ex-US Sovereign Bonds = Bloomberg Global Treasury ex-U.S. Index | EM Hard Currency Debt = J.P. Morgan EMBI Global Core Index | EM Local Debt = Bloomberg EM Local Currency Govt Diversified Index. | Convertibles = Bloomberg U.S. Convertibles Liquid Bond Index

The short-to-intermediate portion of the curve within IG markets offers greater balance between yield and duration, amid continued rate and policy uncertainty.

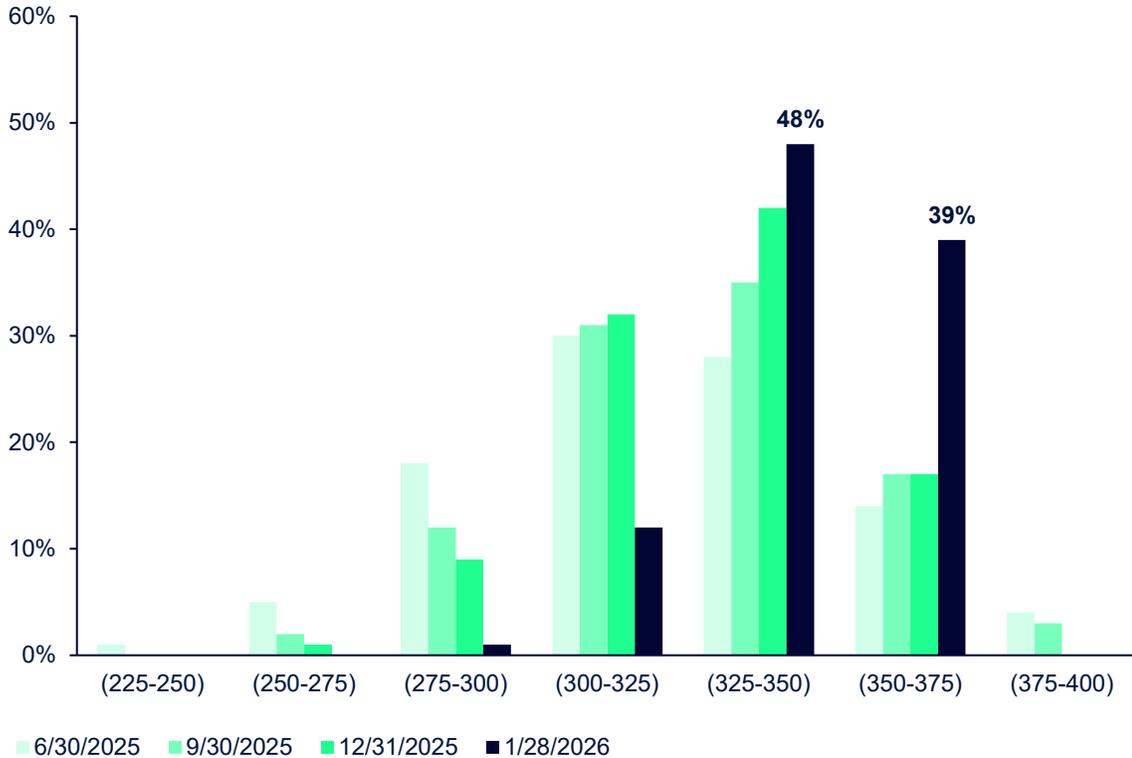
Fixed income segment



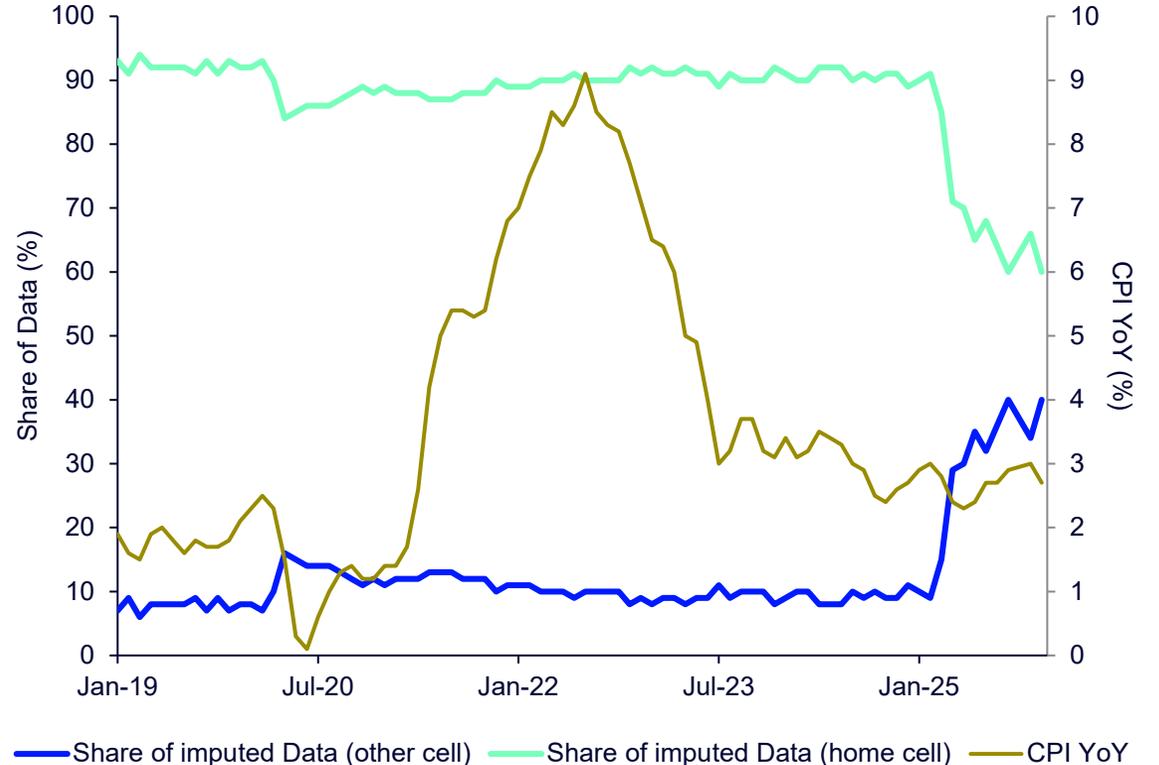
Source: Bloomberg Finance, L.P., Morningstar, as of January 31, 2026. **The performance data quoted represents past performance. Past performance does not guarantee future results.** Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income. 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. Performance returns for periods of less than one year are not annualized. US Agg = Bloomberg US Aggregate Index | US Govies = Bloomberg US Treasury Index | Short-Term Govies = Bloomberg U.S. Treasury: 1-3 Year Index | Long-Term Govies = Bloomberg US Long Treasury Index | US TIPS = Bloomberg Global Inflation-Linked: U.S. TIPS Index | US MBS = Bloomberg US MBS Index | US IG Corp. = Bloomberg US Corporate Index | 1-10 Yr IG Corp. = Bloomberg Intermediate Corporate Index | 10 Yr+ IG Corp. = Bloomberg Long U.S. Corporate Index | US High Yield = Bloomberg VLI: High Index | Sr. Loans = Morningstar LSTA US Leveraged Loan Index | Developed Ex-US IG Corp Bonds = Bloomberg Global Agg Corporate ex USD \$1B+ TR Index Value Unhedged USD | EM Local Debt = Bloomberg EM Local Currency Govt Diversified Index.

# Inflation remains calculated with increased estimates. And the persistence at above threshold levels has reduced expectations for aggressive cuts in 2026.

**Probability of the Fed's policy rate by target range**  
By June 2026 FOMC Meeting



**CPI imputation**  
Comparison of imputation source for CPI survey

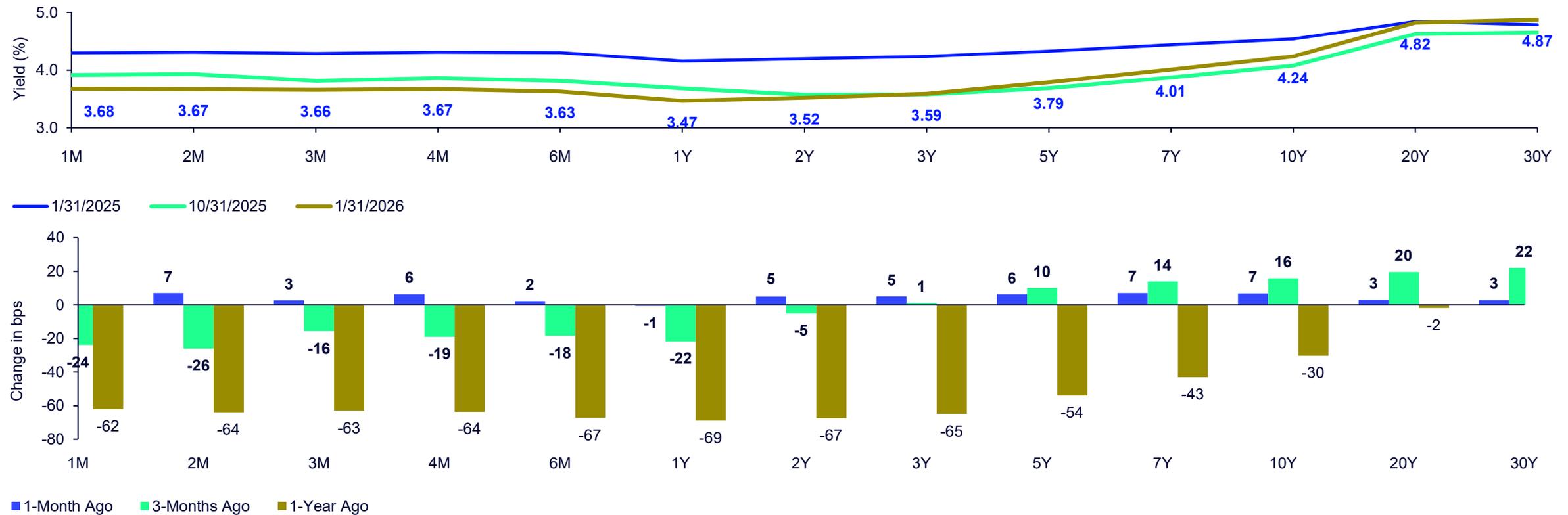


Left Chart: State Street Investment Management and Bloomberg Finance, L.P., as of January 28, 2026. **Right chart:** Data as of December 31, 2025. For the C&S survey, when using home cell imputation, BLS uses the average change in price observed for sampled products or services in the same category and same location as the missing product's price. For example, if the price of a loaf of 100% whole wheat bread is unavailable from one sampled store in the Washington, DC, area, BLS imputes the price based on observed price changes for bread (all types) within the Washington, DC, area. If all prices are unavailable in the home cell, BLS uses different cell imputation, which maintains the item category but expands geography as there is reduced sampling data and that means the figure is more of an estimate. October 2025 is not available due to the 2025 lapse in appropriations.

## YIELD CURVE

Yields backed up in January, illustrating the expectations of a pause in further monetary easing from the Federal Reserve

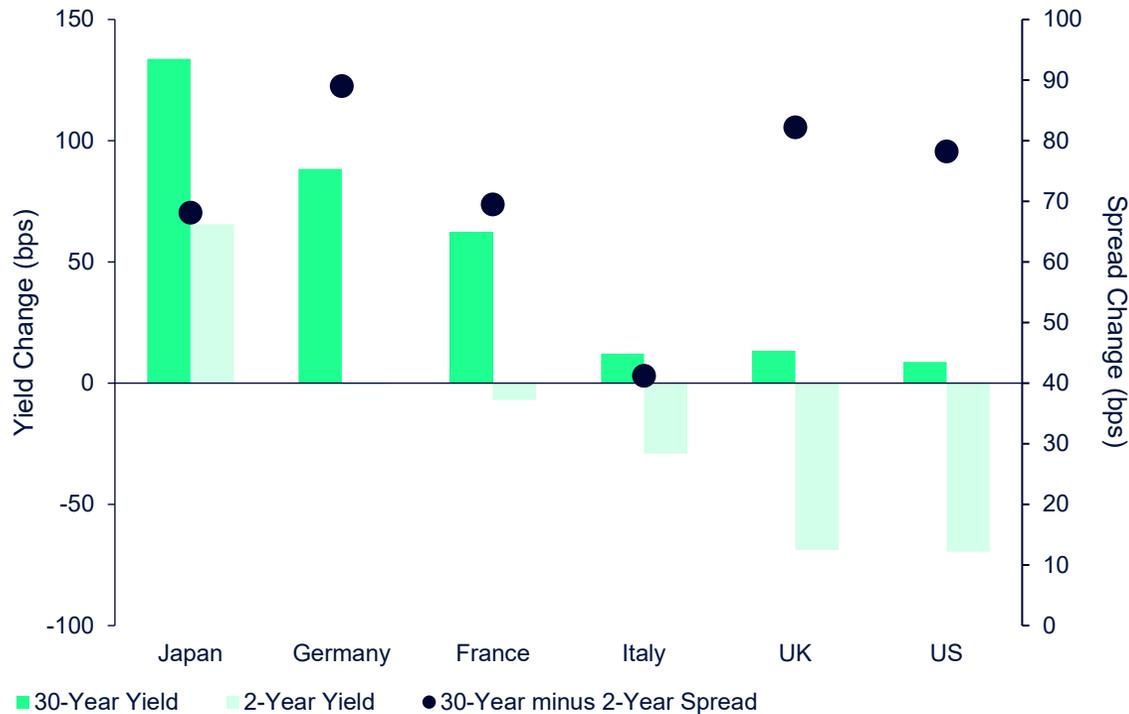
### US Treasury curve



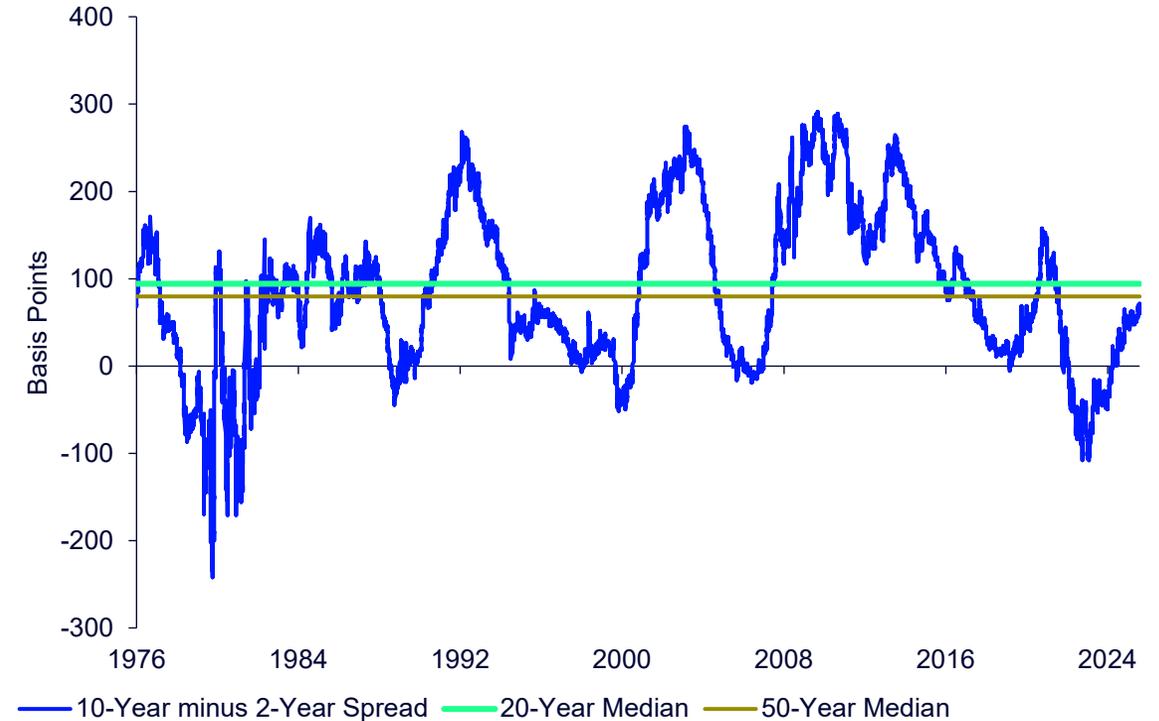
Source: Bloomberg Finance, L.P., as of January 31, 2026. The performance data quoted represents past performance. Past performance does not guarantee future results.

While yield curves steepened in 2025, historical context suggests room for further steepening – indicating active curve management as a source of alpha in 2026.

**Changes in Yield and Spread**  
Of Global 30- and 2-Year bonds since 2025



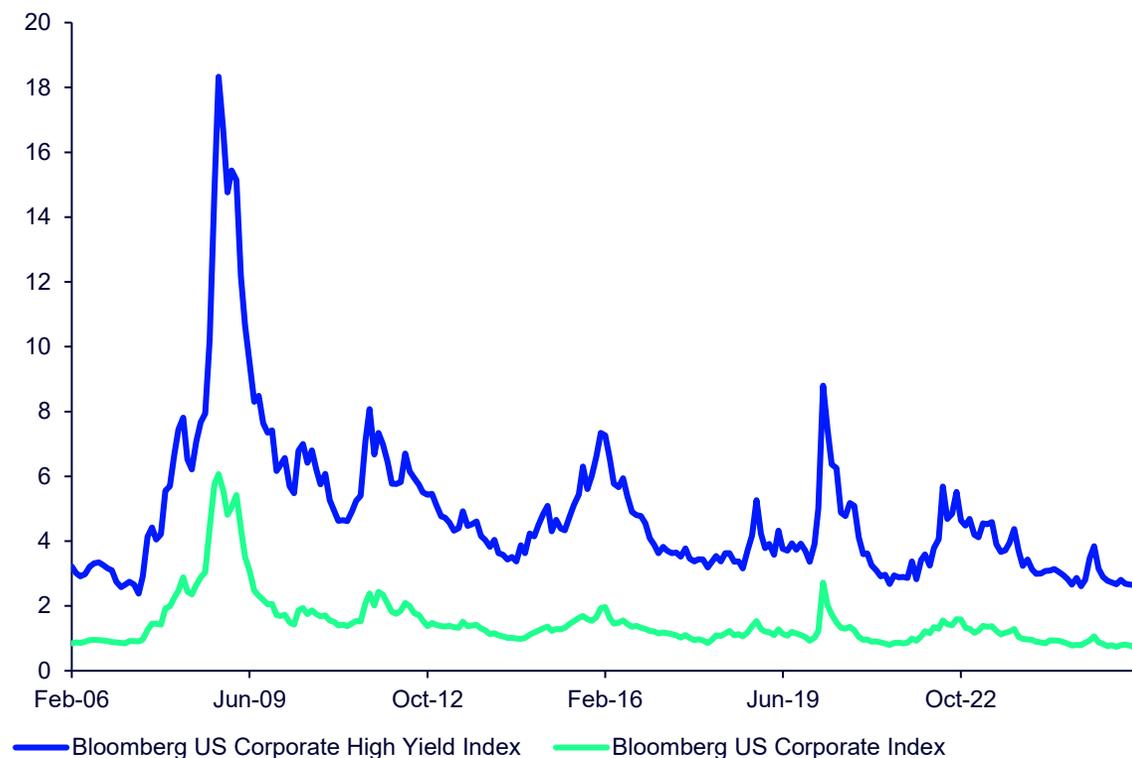
**10-Year Yield minus 2-Year Yield Spread**  
Compared to long term medians



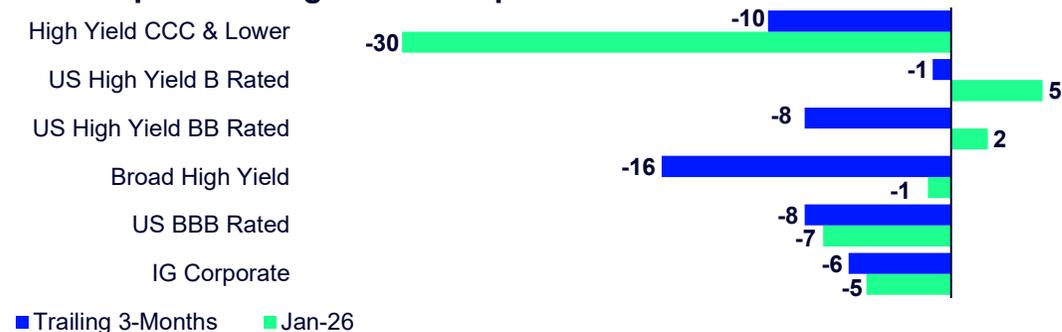
Source: Bloomberg Finance, L.P as of January 31, 2026. Left chart: Data from December 31, 2024 to January 31, 2026. Right chart: Data from June 1, 1976 to January 31, 2026.

Despite some slight widening within a few credit bands, broad credit spreads remain significantly tight relative to historical standards

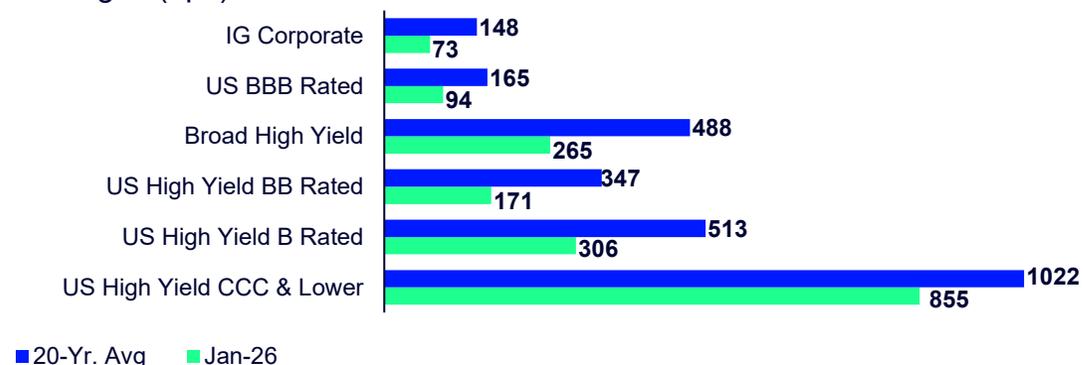
Credit spreads (%)



Credit spread changes in basis points



Credit spread current vs 20-year Averages (bps)



Source: Bloomberg Finance, L.P., BofA Merrill Lynch, as of January 31, 2026. US High Yield CCC & Lower = BofA ML US High Yield CCC & Lower Rated Index. US High Yield B Rated = BofA ML US High Yield B Rated Index. BBB Rated = BofA ML US Investment Grade BBB Rated Index. Broad high yield = Bloomberg US Corporate High Yield Index. IG Corporate = Bloomberg US Corporate Index. Left chart note: Credit spreads are based on Bloomberg option adjusted spreads (OAS). The performance data quoted represents past performance. Past performance does not guarantee future results. Performance of an index is not illustrative of any particular investment. It is not possible to invest directly in an index.

# Appendix

## Contents

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<u>Asset class forecast</u>	39
<u>Asset class forecast assumptions</u>	40
<u>SPDR sector scorecard</u>	41
<u>Definitions</u>	42–45
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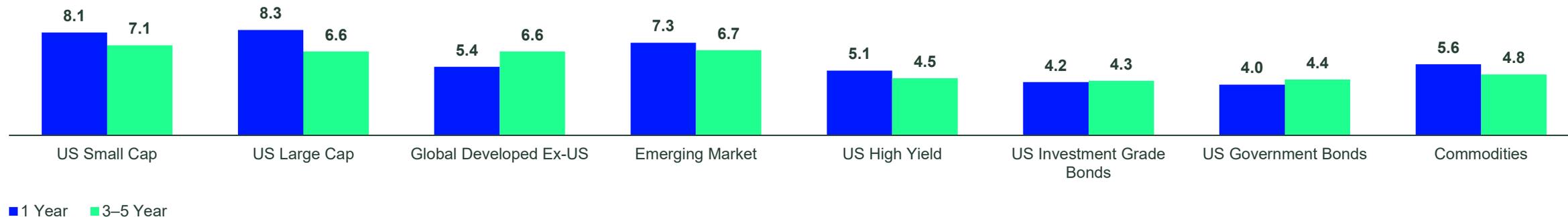
# Fund flow summary

		Prior Month (\$M)	Year to Date	Trailing 3 Months (\$M)	Trailing 12 Months (\$M)
Equity Region	U.S.	38,020	38,020	250,782	665,633
	Global	12,502	12,502	25,230	59,808
	Global-Ex Thematic	8,952	8,952	19,472	45,984
	International-Developed	17,190	17,190	53,797	137,513
	International-Emerging Markets	20,541	20,541	35,444	58,815
	International-Region	3,222	3,222	5,388	21,073
	International-Single Country	5,971	5,971	9,348	16,012
	Currency Hedged	893	893	1,276	5,448
US Size & Style	Broad Market	10,660	10,660	24,778	97,053
	Large-Cap	17,652	17,652	184,351	507,340
	Mid-Cap	1,087	1,087	12,584	30,506
	Small-Cap	-4,734	-4,734	5,185	-12,186
	Growth	6,759	6,759	35,916	125,835
	Value	-1,221	-1,221	25,194	69,286
Fixed Income Sectors	Aggregate	26,463	26,463	65,601	190,690
	Government	6,269	6,269	28,361	100,977
	Short Term	4,712	4,712	19,273	68,943
	Intermediate	4,873	4,873	13,475	33,782
	Long Term (>10 yr)	-3,316	-3,316	-4,386	-1,749
	Inflation Protected	-554	-554	449	11,082
	Mortgage Backed	632	632	160	12,567
	IG Corporate	6,124	6,124	13,082	40,279
	High Yield Corp.	-320	-320	3,413	24,555
	Bank Loans and CLOs	4,115	4,115	5,229	10,441
	EM Bond	1,571	1,571	4,135	6,543
	Preferred	26	26	370	1,720
	Convertible	1,205	1,205	1,829	2,070
Municipal	10,295	10,295	19,978	50,057	

Source: Bloomberg Finance, L.P. As of January 31, 2026, calculations by State Street Investment Management. Segments with top 3 inflows in each category are shaded in green. Segments with bottom 3 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.

# Asset class forecast

Forecasted return (%) as of 09/30/2025



Forecasted return (%) as of 12/31/2025



Source: State Street Investment Management Investment Solutions Group. The forecasted returns are based on State Street Investment Management’s Investment Solutions Group’s Forecasted returns and long-term standard deviations as of 12/31/2025. 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 3 (continued) for the assumptions used by State Street Investment Management Investment Solutions Group to create asset class forecasts.**

## Asset class forecast assumptions

<b>Fixed Income</b>	<p>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.</p>
<b>Equities</b>	<p>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.</p>
<b>Commodities</b>	<p>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.</p>

All assumptions are based upon current market conditions as of the date of this presentation and are subject to change. **The performance data quoted represents past performance. Past performance does not guarantee future results.** All investments involve risk including the loss of principal. All material presented herein are obtained from sources believed to be reliable, but accuracy cannot be guaranteed.

# SPDR sector scorecard

Composite score	Metrics
Valuation	<b>Relative valuation</b> (P/B, P/E, NTM P/E, P/S)
	<b>Absolute valuation</b> (P/B, P/E, NTM P/E, P/S)
Earnings sentiment	<b>Earnings revision</b> (changes to EPS estimates, upgrade to downgrade ratio)
	<b>Earnings surprise</b> (the magnitude and breadth of earnings surprise)
Momentum	<b>Price returns</b> 3-months, 6-months, 12-months

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.

# Definitions

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

**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.

**Bloomberg 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 EM Hard Currency Index:** The Bloomberg Emerging Markets Hard Currency Aggregate Index is a flagship hard currency Emerging Markets debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign, and corporate EM issuers.

**Bloomberg 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 Municipal Bond Index:** Index that covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

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

**Bloomberg U.S. Mortgage Backed Securities Index:** The index consists of US Mortgage Backed Securities.

**Bloomberg U.S. Treasury Index:** Measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury.

**Bloomberg U.S. 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 U.S. Treasury Bill 1–3 Months Index:** The Bloomberg 1–3 Month U.S. 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 U.S. FRN < 5yr Index:** The Bloomberg 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 U.S. MBS Index** (the “MBS Index”) measures the performance of the US agency mortgage pass-through segment of the US investment grade bond market.

**Bloomberg U.S. 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 U.S. 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.

**Bloomberg US Pure Value Index:** The return of the top quintile less the bottom quintile value stocks.

**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.

**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, UK Canada, Sweden and Switzerland, versus the US Dollar.

**Euro STOXX 50 Index:** Europe's leading blue-chip index for the Eurozone, provides a blue-chip representation of super-sector leaders in the Eurozone. The index covers 50 stocks from 12 Eurozone countries.

**EBITDA:** Earnings before Interest Taxes Depreciation and Amortization.

**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.

**LBMA gold price index:** Provides the price platform and methodology as well as the overall administration and governance for the LBMA Gold Price.

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

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

**MSCI China Index:** A benchmark that captures large and mid cap representation across China A shares, H shares, B shares, Red chips, P chips and foreign listings (e.g., ADRs).

**MSCI China On Shore:** A benchmark that captures large and mid cap representation across China securities listed on the Shanghai and Shenzhen exchanges.

**Nasdaq Golden Dragon China Index** is a modified market capitalization weighted index comprised of companies whose common stock is publicly traded in the United States and the majority of whose business is conducted within the People's Republic of China.

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

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

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

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

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

**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.

# Definitions

**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.

**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.

**Quintile spread:** The spread between the top 20% of a data set and the bottom 20% of a data set.

**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 400 Index:** The S&P MidCap 400® provides investors with a benchmark for mid-sized companies. The index, which is distinct from the large-cap S&P 500®, is designed to measure the performance of 400 mid-sized companies, reflecting the distinctive risk and return characteristics of this market segment.

**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 High Yield Dividend Aristocrats** The S&P High Yield Dividend Aristocrats® index is designed to measure the performance of companies within the S&P Composite 1500® that have followed a managed-dividends policy of consistently increasing dividends every year for at least 20 years.

**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.

# Definitions

**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 Pure Value Index:** Style-concentrated index designed to track the performance of stocks that exhibit the strongest value characteristics by using a style-attractiveness-weighting scheme.

**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.

**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 factor:** A factor which screens for companies with a higher than average dividend 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,  $\mu$  is the mean of the eleven sector relative performance, and  $\sigma$  is the standard deviation of sectors’ relative performance.

# Important Disclosures

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

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The value style of investing that emphasizes undervalued companies with characteristics for improved valuations, which may never improve and may actually have lower returns than other styles of investing or the overall stock market.

**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 investing** tends to be more volatile than investments that diversify across many sectors and companies.

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