Sector Compass
Where to Turn Next

Q2
2020

STATE STREET GLOBAL ADVISORS SPDR®

Executive Summary

Summary of market activity for the last three months, plus an outlook for the quarter ahead.

Turning to Opportunities

As investors look to take advantage of lower equity markets, sectors offer the opportunity for diversification that a single stock investment does not provide. Sectors also offer the opportunity to target parts of the economy that may be more defensive or have been overly marked down given their long-term prospects.

What a quarter to start the year. The size and speed of index moves were unprecedented. It is hard to remember the optimism for equity investment that existed at the start of 2020 post the phase one trade deal between China and the US. Together with hopes of a long-awaited recovery in European economies and geopolitical tensions surrounding the US air strike on Iran, we saw high demand for cyclical sectors and Energy.

From mid-January onwards the market saw a rising tide of bad news surrounding the new COVID-19 outbreak and the measures to manage its spread. When the virus reached western countries, equities responded dramatically. As in other times of high volatility, dispersion of performance between sectors expanded — providing opportunity for investors brave enough to trade and those operating on a relative basis to make large gains.

The previous bull market, lasting 11 years, had been unloved and investors were not heavily committed, which provided some initial relief as sentiment turned more negative. However, that did not help in March. The equity flows figures in this document, gathered both for sector ETFs and for institutional investor activity, show the net result over the whole quarter.

Paths to Recovery

We expect to remain in difficult equity markets for the next few months as we wait for the reverberations of this crisis to filter through and see the full impact on earnings. As such, it is more difficult than usual to opine on the best sector opportunities. However, while we are not sure of the usefulness of earnings forecasts or valuations currently, we can look closer at the speed of earnings downgrades and the implications of the COVID-19 crisis on different industries' supply models and demand expectations.

Using this thought process, and considering the weakness of the macro backdrop, we have made three sector picks that are either defensive or benefit from secular trends. All industries will see some impact from the global pandemic but perhaps the sectors we have chosen could see less pain or a positive reinforcement of behavioural trends. It is interesting to think about these sectors in the context of different possible paths to recovery.

Quick Recovery

In the first scenario, there is rapid and effective control of the virus. This is what everybody hopes for on a human level. In this case, the huge public health response is successful within a few months, and new measures, such as antibody testing, allow workers with immunity to return to their workplace, then gradually consumers resume their usual behaviour. We would expect that earnings in defensive sectors hold up better. Thus far, underlying earnings revision trends reflect this, with Heath Care proving the most resilient.

Other sectors could see global demand for restocked goods respond quickly as the economy stabilises and supply chains are mended. Technology and Communication Services fall into this group. More cyclically sensitive sectors, such as Industrials and Consumer Discretionary, could also prosper if the recovery is close to a V-shape.

Delayed Recovery

However, it is highly probable that there will be bumps in the path to economic recovery. In this scenario, across the world we may see an effective response to the virus later in Q2, but followed by re-occurrence of the virus spread, which would require delaying or re-imposing physical distancing measures.

Over the coming year(s), massive fiscal and monetary policy stimulus will be pumped into economies, which should eventually create an earnings recovery. In this scenario, Health Care may still be interesting, as significantly more money will be spent on the products and services of the sector.

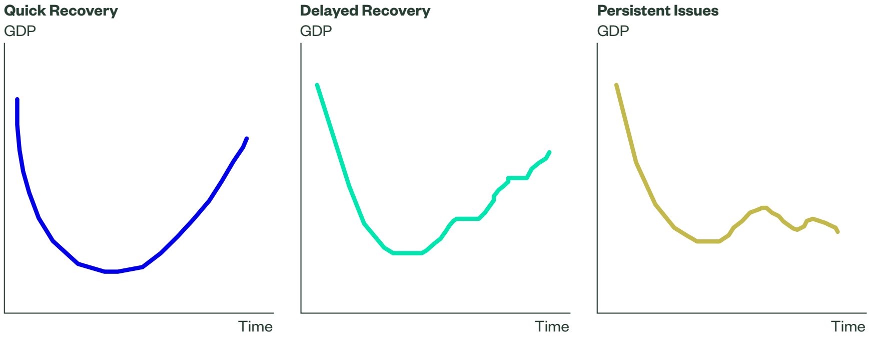
Technology may also represent an opportunity for relative outperformance as businesses faced with their workers being remote for a longer period will need to further enhance their IT access. Otherwise, a defensive sector such as Consumer Staples could gain investor attention given the product range of food, beverages, tobacco and household goods.

Persistent Issues

If it takes much longer to stop the escalation of the pandemic than the market currently assumes, investment options become more limited. In the event where the current public health response does not alter the curve of infection, economic activity will be curtailed, and further fiscal and monetary policy response would be necessary to stave off wide-spread bankruptcies and a potential banking crisis.

In a longer recessionary environment, there are still relative investment opportunities. Investors would seek some protection from downside risk and lower volatility options. Utilities would fit the case for low volatility and a negative correlation against the rest of the earnings market. Health Care may still be considered an option for its defensive characteristics.

Three Scenarios for the Economic Impact of COVID-19



Source: State Street Global Advisors, as of 31 March 2020. The above diagram is for illustrative purposes only.

Sector Performance and ETF Flows

Regional sector performance highlighting dispersion between top and bottom performance. Flows into sector ETFs split between US and European domicile, worth more than $400 billion in AUM.*

*Source: Morningstar, as of 31 March 2020.

Sector Performance

In Q1, defensive sectors outperformed cyclicals and growth sectors outperformed value. Much of the relative performance was related to each sector's sensitivity to bond yields. Almost all suffered double-digit falls. The relative momentum accelerated through the quarter as economic and earnings forecasts were rapidly downgraded in response to health care policy action to stem the spread of the virus. There was some interim relief after unprecedented levels of government policy stimulus.

Technology fell the least among sectors in the US and outperformed elsewhere as well, on hopes that many orders lost during the first half of the year would be fulfilled in the second half. Meanwhile, Health Care benefited from relaxation of worries over US political action on the sector, the defensive nature of its operations and hopes of medical help in stopping the virus spread.

Energy suffered major earnings downgrades on severe oil price weakness. The twin factors were lower demand (from China's shutdown and expectations of a global economic recession) and the failure of OPEC+ talks to reach agreement on supply targets with Saudi Arabia and Russia threatening to ramp up their production in response.

World Sectors

March (%)		YTD (%)	
Health Care	-3.6	-11.5	Health Care
Cons Staples	-4.9	-13.2	Tech
Tech	-9.3	-13.3	Cons Staples
Utilities	-11.6	-13.8	Utilities
Comm Servs	-11.9	-17.5	Comm Servs
MSCI World NR	**-13.2**	**-21.1**	**MSCI World NR**
Materials	-13.4	-22.0	Cons Discret
Cons Discret	-14.6	-23.3	Real Estate
Industrials	-17.7	-26.1	Industrials
Real Estate	-18.2	-26.4	Materials
Financials	-22.3	-31.8	Financials
Energy	-29.4	-44.8	Energy

US Sectors

March (%)		YTD (%)	
Health Care	-3.9	-12.0	Tech
Cons Staples	-5.6	-12.8	Health Care
Tech	-8.7	-13.2	Cons Staples
Utilities	-10.0	-13.7	Utilities
S&P500 NR	**-12.4**	-17.5	Comm Servs
Comm Servs	-12.8	-19.4	Real Estate
Materials	-14.2	**-19.7**	**S&P500 NR**
Cons Discret	-15.0	-21.6	Cons Discret
Real Estate	-15.1	-26.4	Materials
Industrials	-19.2	-27.2	Industrials
Financials	-21.4	-32.0	Financials
Energy	-35.4	-50.9	Energy

Europe Sectors

March (%)		YTD (%)	
Health Care	-2.3	-7.0	Health Care
Cons Staples	-5.1	-11.9	Utilities
Tech	-12.1	-12.8	Cons Staples
Materials	-12.1	-16.8	Tech
MSCI Europe NR	**-14.3**	**-22.6**	**MSCI Europe NR**
Energy	-15.4	-24.5	Comm Servs
Comm Servs	-16.3	-24.7	Materials
Utilities	-16.5	-28.0	Industrials
Cons Discret	-18.7	-29.2	Cons Discret
Industrials	-20.2	-29.3	Real Estate
Real Estate	-23.2	-33.1	Energy
Financials	-24.2	-33.1	Financials

Source: State Street Global Advisors, Bloomberg Finance L.P., as of 31 March 2020. Past performance is not a guarantee of future results. The universes for the above charts are the MSCI World, S&P Select Sectors, and MSCI Europe. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index Performance is not meant to represent that of any particular fund.
* This information should not be considered a recommendation to invest in a particular sector, or securities therein, shown above.

Sector ETF Flows

Sector popularity diverged markedly, as reflected in the flows. For most of Q1, growth, quality and low volatility characteristics were in favour, which benefitted the more defensive sectors and IT.

Interestingly, amid the extreme falls in the stock market there was net buying of sector ETFs with a European domicile (most likely representing European investors). However, US investors, who more typically trade in US-domiciled sector ETFs, took net money out of sector ETFs late in the quarter after record inflows in January.

Large inflows went into US and World Technology sector ETFs, which contain the largest global players in the software and hardware industries, having the attractive products and services offering strong long-term growth. Financials ETFs suffered outflows as investors worried about the impact of lower bond yields on the net interest income margins of banks. Of note, there were over $2.7 billion of net inflows into US-domiciled Energy funds despite significant turmoil in the oil market. Some of the behaviour is explained by investors covering short calls elsewhere.

	US-Domiciled ($mn)		European-Domiciled ($mn)	
	March	YTD	March	YTD
Communication Services	331	1,068	-17	33
Consumer Discretionary	-1,585	-1,306	-155	-157
Consumer Staples	185	937	180	282
Energy	1,307	2,743	21	236
Financials	-2,114	-4,268	-1,369	-1,471
Health Care	859	964	298	702
Industrials	-1319	-1,837	-3	83
Materials	-832	-1378	-140	336
Real Estate	-2,286	-913	-180	-33
Technology	1,006	3,051	241	1,391
Utilities	-860	861	-196	269

Source: Bloomberg Finance L.P., State Street Global Advisors, as of 31 March 2020. Flows shown above are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.
Methodology We collect and aggregate flow figures for all sector and industry ETFs domiciled in the US and Europe. As of March 2020, this set includes approximately 350 ETFs and more than $350 billion in AUM invested in US-domiciled funds and 350 ETFs and more than $35 billion in AUM invested in European-domiciled funds. The flow figures include ETFs invested across regions (including US, Europe and World). They are calculated as the net figure of buys minus sells. **The green boxes signify the two highest flow figures for each period, while the red boxes signify the two lowest flow figures.**

Institutional Flows and Positioning

The direction of flows and relative positioning of institutional sector flows, referencing $19.3 trillion of equity assets under custody.*

*Source: State Street, as of 31 December 2019.

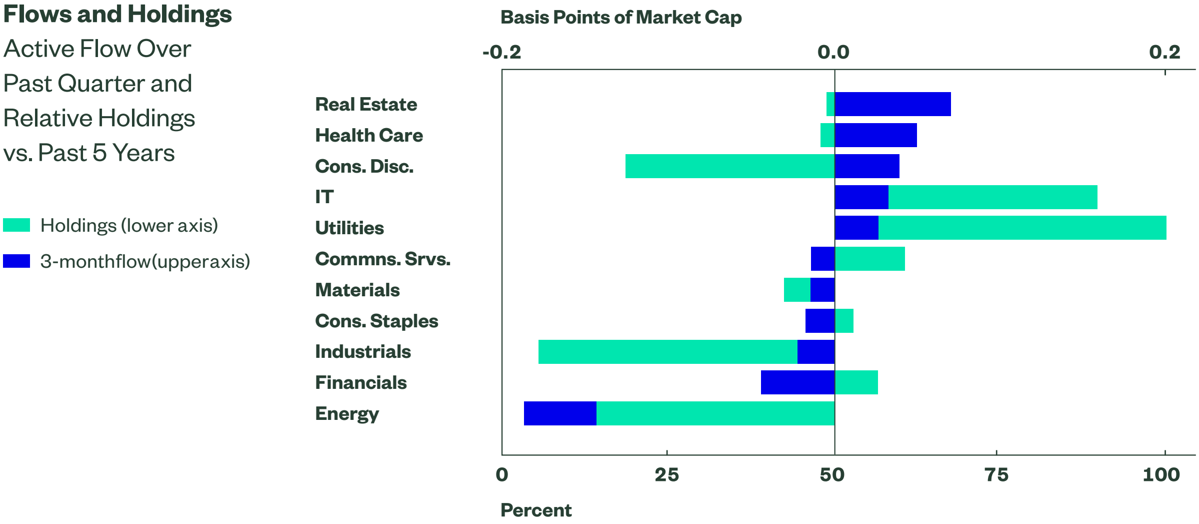
World

Our equity flow and holdings data is unique, gathered from the anonymised State Street custody holdings of thousands of institutional investors. The World figures incorporate investor behaviour over a broad range of markets, capturing activity in individual stocks as well as mutual funds and REITs. The most striking move in Q1 was in Energy holdings. The relative outflow was as large as at any point over the past five years. The lower chart shows how the momentum of selling gathered pace after the OPEC+ talks failed to reach agreement and the Brent crude oil price fell to $23 per barrel.

Moving in the opposite direction were relatively strong flows into Real Estate and Health Care stocks. Health Care is one of our Sector Picks for the coming quarter, reflecting the defensive nature of operations and the strength of the earnings outlook while other sectors are enduring significant downgrades. Institutional investors have been building up from an underweight position in portfolios.

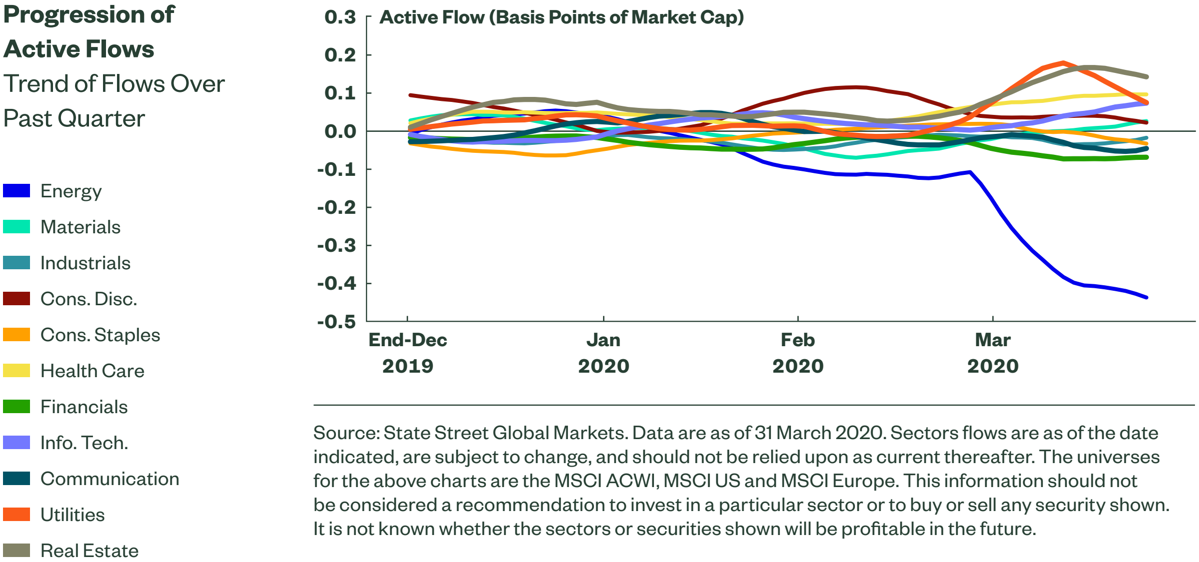
Overall, we see that investors reacted to the tumult in markets by adding to their traditionally lower risk equity holdings, including Utilities, and reducing more economically sensitive businesses. This leaves investors with relatively overweight positioning in Utilities and other defensive sectors, and underweight cyclical sectors, with the most pronounced positioning being Industrials.

Flows and Holdings
Active Flow Over Past Quarter and Relative Holdings vs. Past 5 Years



Source: State Street Global Markets. Data are as of 31 March 2020. Sectors 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 or to buy or sell any security shown. It is not known whether the sectors or securities shown will be profitable in the future.

Progression of Active Flows
Trend of Flows Over Past Quarter



Source: State Street Global Markets. Data are as of 31 March 2020. Sectors flows are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. The universes for the above charts are the MSCI ACWI, MSCI US and MSCI Europe. This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security shown. It is not known whether the sectors or securities shown will be profitable in the future.

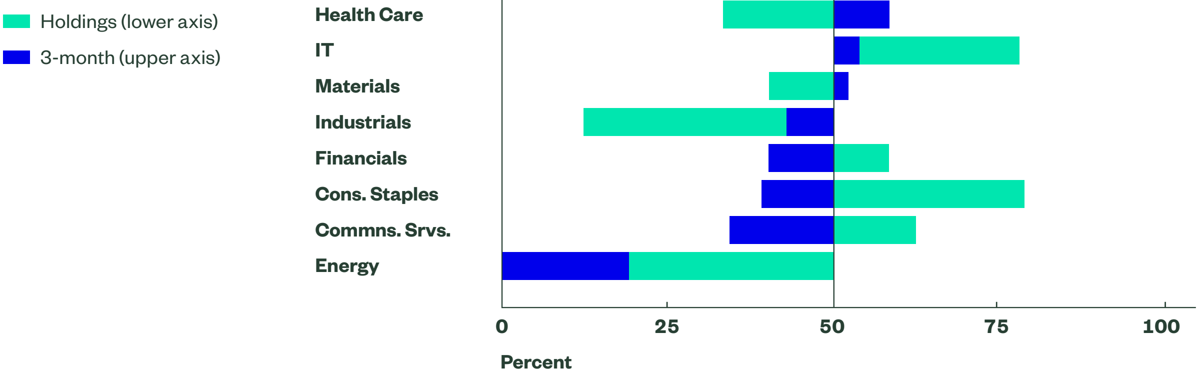
US

Drilling down into US holdings, we see similar trends to World in Q1. Real Estate has been in and out of favour with institutional investors over recent quarters, often in response to bond yields. Given the monetary policy response to the COVID-19 crisis, bond yields have fallen significantly, helping the relative attraction of this bond-proxy sector. The sensitivity of each sector against moves in the generic US 10-year bond yield can be seen on page 22.

Institutional investors also added money to the Consumer Discretionary sector, whose biggest constituent is Amazon, on expectations of higher demand for the services of the online marketplace.* This comes from a heavily underweight position in the sector as a whole. Interestingly, this is in direct contrast to the behaviour in Consumer Staples assets.

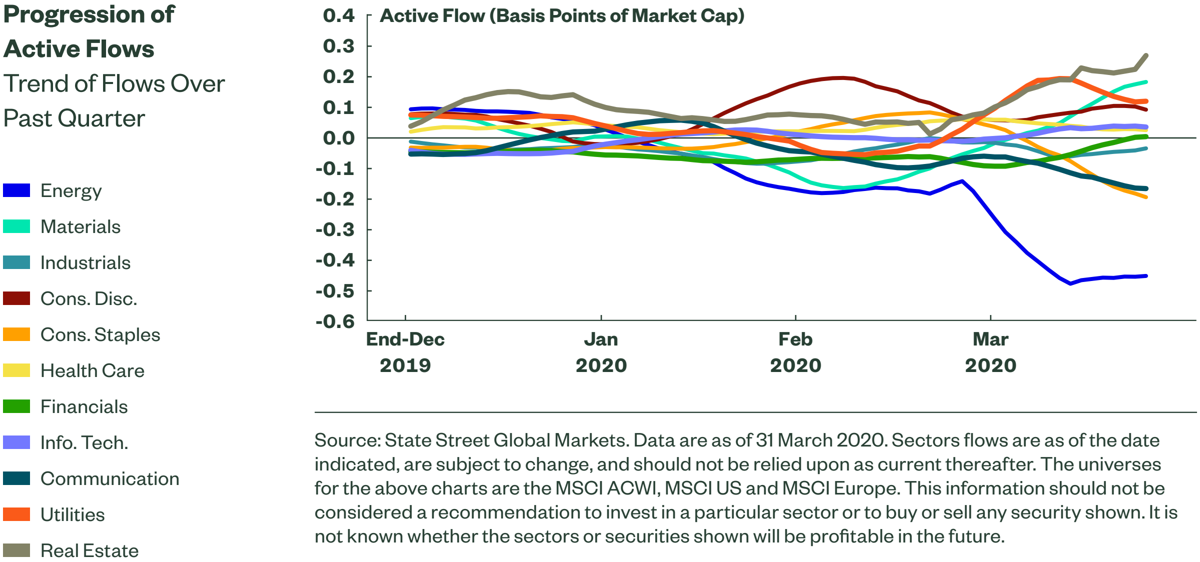
Again, there was a significant move in Energy flows, with investors now holding a large underweight position.

Flows and Holdings
Asset Flow Over Past Quarter and Relative Holdings vs. Past 5 Years



Source: State Street Global Markets. Data are as of 31 March 2020. Sectors 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 or to buy or sell any security shown. It is not known whether the sectors or securities shown will be profitable in the future.

Progression of Active Flows
Trend of Flows Over Past Quarter



Source: State Street Global Markets. Data are as of 31 March 2020. Sectors flows are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. The universes for the above charts are the MSCI ACWI, MSCI US and MSCI Europe. This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security shown. It is not known whether the sectors or securities shown will be profitable in the future.

*This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security shown.

Europe

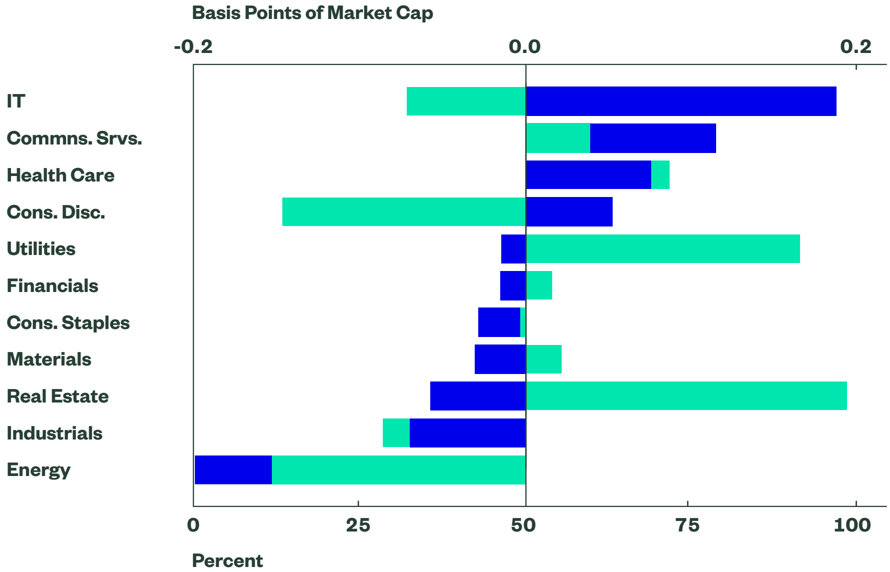
The Q1 trends in European equity flows were dramatic. There was a large move out of Energy stocks, for the reasons noted earlier, and over the same period there were relative net inflows into Information Technology. The IT sector fell sharply in the first two weeks of March; presumably institutional investors were taking advantage of this opportunity to buy growth stocks. Institutional investors have typically been underweight in European IT stocks.

Communication Services names also gained popularity in Q1. In Europe, this sector mainly comprises telecommunication service providers, which have a relatively stable revenue stream and could benefit from enhanced investment into 5G communications.

Unlike the other regions, there were relative net outflows from Real Estate, where investors have been worrying about the impact of COVID-19 containment measures on the income of retail and office portfolios. This has been a major overweight position in portfolios.

Flows and Holdings
Asset Flow Over Past Quarter and Relative Holdings vs. Past 5 Years

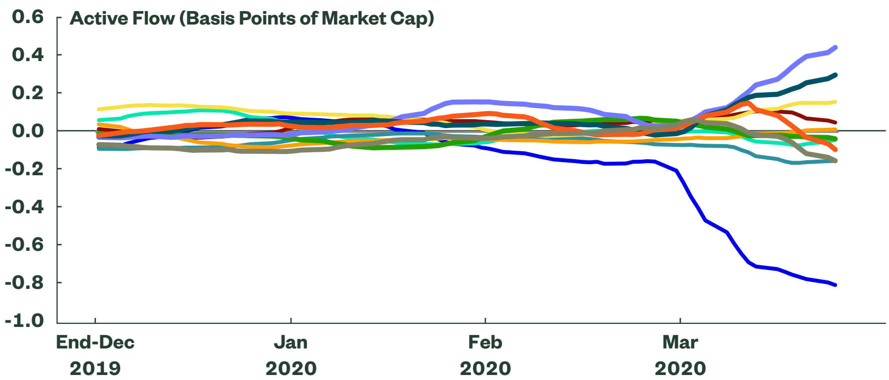
Holdings (lower axis)
3-month (upper axis)



Source: State Street Global Markets. Data are as of 31 March 2020. Sectors 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 or to buy or sell any security shown. It is not known whether the sectors or securities shown will be profitable in the future.

Progression of Active Flows
Trend of Flows Over Past Quarter

Energy
Materials
Industrials
Cons. Disc.
Cons. Staples
Health Care
Financials
Info. Tech.
Communication
Utilities
Real Estate



Source: State Street Global Markets. Data are as of 31 March 2020. Sectors flows are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. The universes for the above charts are the MSCI ACWI, MSCI US and MSCI Europe. This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security shown. It is not known whether the sectors or securities shown will be profitable in the future.

Sector Picks

Ideas for the quarter ahead based on macroeconomic indicators, aggregated earnings, valuation metrics, flows, holdings and potential drivers for each sector.

Health Care
Protecting the World's Population

World	US	Europe
✓	✓	✓

US Regulatory Fears Reduced

The progress of the US Democratic primaries has reduced the risk of some of the toughest regulatory proposals from being enacted. US Health Care stocks jumped after the former Vice President Joe Biden emerged as Democratic Party frontrunner on Super Tuesday, suggesting that investors prefer Biden's vision of expanding the Affordable Care Act to what could have been the plans from alternative candidates.

There are still threats from the current administration but these may also now be reduced. The Trump administration has suggested multiple ideas aimed at reducing how much Medicare pays for drugs. This had previously stalled, given fierce opposition by pharmaceutical companies and members of both political parties in Congress. Now, however, the need to mount a rapid response to the coronavirus threat gives the industry a powerful argument against price influence.

Emergency Government Spending May Directly Benefit Health Care Services Worldwide

There will be many headlines on spending to beat the coronavirus pandemic, but this will not benefit the sector universally. Industries within the sector have different drivers and economic sensitivities.

To be clear, many companies will be negatively impacted by knock-on effects from the virus, such as the cancellation of routine operations and delays to clinical and regulatory timelines and research spending. Disruption to the health care supply chain (already suffering shortages in sample tests, masks, gowns, etc.) and reduced availability of generic drugs, given heavy reliance on China for production of active pharmaceutical ingredients, are also problematic. However, for technology companies in the sector the pandemic could produce growth. Hospitals and distribution peers could benefit from rising admissions growth and shipment of supplies.

Two areas are particularly interesting, the first being the supply of COVID-19 testing kits, where Roche, among others, is a name to watch.* The second is vaccine development for COVID-19. A vaccine is estimated to take at least 1.5 years to develop and release (although this is a fast-moving story). The company mentioned most in this respect is Gilead Sciences, a US biotech company, and among the major pharmaceutical companies, GlaxoSmithKline has the largest vaccine franchise by sales, followed by Merck, Sanofi and Pfizer.* Buying the whole sector is one way of trying to capture the successful entity.

* This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security shown.

Defensive Sector

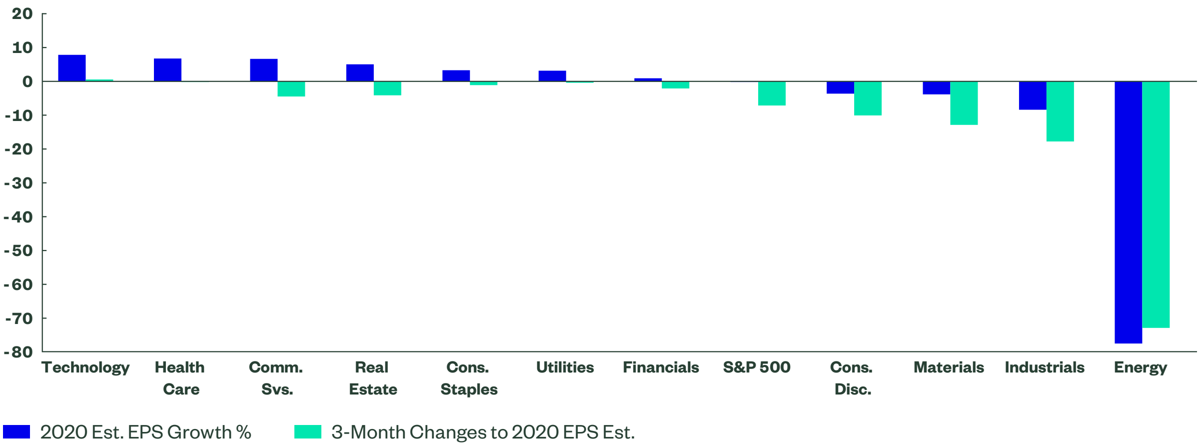
Health Care is defensive by nature of its products supplied and services offered, which can be seen in relatively stable earnings growth, as shown below. The sector has experienced small downgrades to earnings forecasts so far this year compared with the rest of the market. Defensiveness can also be demonstrated by the low beta and volatility of share prices.

The sector is often seen as a quality play with high returns and relatively low debt/equity. Most companies appear to have robust enough cash flow to continue to service dividends, which will not be the case across all sectors.

Supportive Investor Behaviour

Flash flows for sector ETFs show that European-domiciled Health Care ETFs (representing funds tracking European, US and World Health Care indices) have been the second most popular year to date. Meanwhile, data published by State Street Global Markets over the past week showed that institutional investors were relative net buyers of health care stocks in Europe, US and globally and they were coming from large underweight positions on average.

Forecast EPS Growth & Recent Changes by S&P Sector (%)



Source: FactSet, as of 31 March 2020. The above estimates based on certain assumptions and analysis. There is no guarantee that the estimates will be achieved.

Our SPDR Picks

SPDR MSCI World Health Care UCITS ETF
SPDR S&P U.S. Health Care Select Sector UCITS ETF
SPDR MSCI Europe Health Care UCITS ETF

SPDR MSCI World Health Care UCITS ETF — Top 5 constituents: Johnson & Johnson (6.96%), Roche Holding AG (4.64%), UnitedHealth Group Incorporate (4.54%), Merck & Co. Inc. (3.90%), Pfizer Inc. (3.60%).

SPDR S&P U.S. Health Care Select Sector UCITS ETF — Top 5 constituents: Johnson & Johnson (10.76%), UnitedHealth Group Incorporated (6.99%), Merck & Co. Inc. (6.01%), Pfizer Inc. (5.58%), Abbott Laboratories (4.31%).

SPDR MSCI Europe Health Care UCITS ETF — Top 5 constituents: Roche Holding AG (20.10%), Novartis AG (15.39%), AstraZeneca PLC (9.77%), Novo Nordisk A/S Class B (9.07%), Sanofi (8.40%).

Technology
The Benefits of Staying at Home

World	US	Europe
✓	✓	✓

Short-Term Pain for Long-Term Gain?

Technology has been a popular sector in recent years as investors look to gain exposure to secular growth trends such as digitalisation, cloud computing and the possibilities 5G and artificial intelligence. Nevertheless, despite its impressive growth rates and quality characteristics, the sector did look expensive at the end of last year. Following significant share price falls in Q1, investors now have an opportunity to access Technology's long-term attractions at lower levels.

How might Technology companies fare in the COVID-19 crisis? The impact overall is undoubtedly negative. Technology is not a defensive sector, as it depends significantly on corporate capital expenditure. Normally such expenditure would be reined in during difficult economic times, but with the working-at-home dynamic, spending priorities are likely to change and there could be positive benefits to some stocks.

Software Applications and Services Could See a Stay-at-Home Benefit

Share prices in this industry group have held up relatively well in the first quarter (total returns for MSCI World Software were -10% compared with MSCI World Index at -21%). Several software providers have produced positive returns of over 30% on an expected uplift in demand for their products that facilitate web conferences, remote desktop access and cyber security, among other services.

Software providers are well placed for the long term, as many industries are still early in their digital transformations and require significant software investments. However, most software companies will suffer some waning sales amid global economic slowdown. Where there may be relief is from the millions of employees worldwide suddenly being forced to work from home producing a surge in demand for communication, collaboration and security software solutions. The longer the COVID-19 impact, the more likely that corporations will accelerate their move to adopt new applications and cloud-based services.

Hardware Hit on Supply and Demand Side

Hardware stocks have been weaker than the rest of the sector so far this year (MSCI World Hardware is down -17%) but they have still outperformed the broader market. Hardware products encompass PCs, smartphones, storage and data networking equipment. The largest customer bases come from consumer product and corporate buyers.

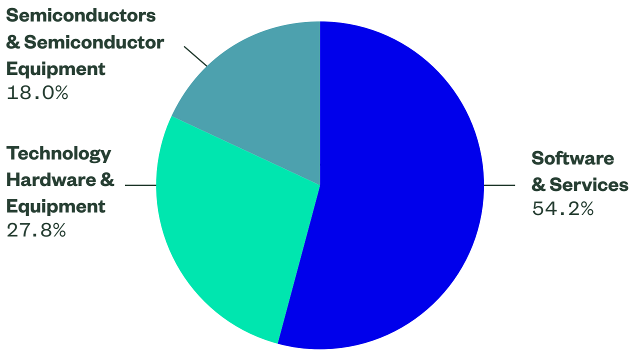
PC and smartphone manufacturers were hit early on in this pandemic by a lack of supply of electronic components from China, as disruptions stemming from the Wuhan lockdown may continue for months. However, there is hope that pent-up demand lost in the first two quarters of 2020 could see a revival later in the year. There is less optimism for other big hardware suppliers, which face a long-term fall in sales of servers and storage if the move from on-premise to public clouds is accelerated.

Semiconductors Traditionally Lead the Broader Market

Semiconductor share prices fell hard initially but they partially recovered at the end of Q1 (MSCI World Semiconductors is down -16% YTD). Chip manufacturers are highly cyclically sensitive, typically leading an economic upturn or downturn, and therefore can show more volatile performance.

As a whole, semiconductor companies are better positioned to weather a downturn from the coronavirus, as smartphones and cloud improvements may help offset weakness in corporate IT spending. Unlike hardware, chipmakers have the public cloud as a third key end-market. Consensus forecasts see pronounced drops in chip sales in the first half of 2020 as auto manufacturers and industrial users cut orders, with a second half revival dependent on the breadth and severity of the crisis. In the long term, semiconductors are essential to scale the delivery of IT infrastructure plans.

Sector Breakdown by industry Group (%)
MSCI World
Information Technology



Source: Bloomberg Finance L.P., as of 31 March 2020.

Our SPDR Pick

SPDR MSCI World Technology UCITS ETF
SPDR S&P U.S. Technology Select Sector UCITS ETF
SPDR MSCI Europe Technology UCITS ETF

SPDR MSCI World Technology UCITS ETF — Top 5 constituents: Microsoft Corporation (17.39%), Apple Inc. (16.82%), Visa Inc. Class A (4.18%), Intel Corporation (3.65%), Mastercard Incorporated Class A (3.32%).

SPDR S&P U.S. Technology Select Sector UCITS ETF — Top 5 Constituents: Microsoft Corporation (17.39%), Apple Inc. (16.82%), Visa Inc. Class A (4.18%), Intel Corporation (3.65%), Mastercard Incorporated Class A (3.32%).

SPDR MSCI Europe Technology UCITS ETF — Top 5 constituents: SAP SE (23.66%), ASML Holding NV (19.86%), Telefonaktiebolaget LM Ericsson Class B (5.67%), NXP Semiconductors NV (5.09%), Amadeus IT Group SA Class A (4.56%).

Communication Services

Benefiting from the Online Response

World	US	Europe
✓	✓	✓

A Mixed Sector

The sector offers large cap companies, valuable brand names, significant long-term growth prospects and exposure to secular trends related to e-commerce, social media and internet usage. These characteristics may be appealing at this difficult time in stock markets. Sector constituents give a mixed exposure to cyclical businesses, such as those that are related to advertising and may experience a sharp downturn during the COVID-19 crisis, with those like telecommunications providers that offer relatively defensive earnings.

At a regional level, European Communications (a SPDR Sector Pick in Q1) looks relatively attractive in the current scenario given its split of businesses (77% of market cap versus 21% of S&P sector market cap). In the US, the large interactive media players, Facebook and Alphabet (Google) comprise 47% of the sector.* Earnings for these internet companies are likely to be interrupted by a fall in advertising revenue, but the significant rise in users could well be monetised in another form, making them interesting from a different perspective.

Haven in Telecommunication Services

Telecommunications service providers appear poised on the brink of an industry revolution. 5G wireless technology for digital telephone networks will serve a diverse set of needs, bringing greater reliability, latency, speed, mobility and security of connectivity. The network providers have been penalised price-wise in the past for high levels of capital expenditure and licence costs, but less time has been spent thinking about the rewards in terms of increased users and spend. Some of this will be forgotten in the near term as there are likely to be delays to 5G network roll-out and 5G auctions during this period of lockdown and disruption, although there may be stimulus for enhanced infrastructure spending thereafter.

Telecommunication services offer a relative haven because of the perceived necessity of spend for consumers on phone line usage. Furthermore, providers of broadband and mobile phone services may experience less churn from customers and bigger data volumes. A rise in customer upgrades for faster internet connections to facilitate home access for work and entertainment during the virus lockdown is also expected.

* This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security shown.

Internet Giants will Suffer Lost Advertising Revenue but Gain Users

Advertising revenue has suffered for months from cancellation of business from travel and automotive companies that saw early disruption from the Chinese lockdown and, more recently, from campaigns linked to major sporting events. Revenue will fall further as companies worldwide seek to cut costs.

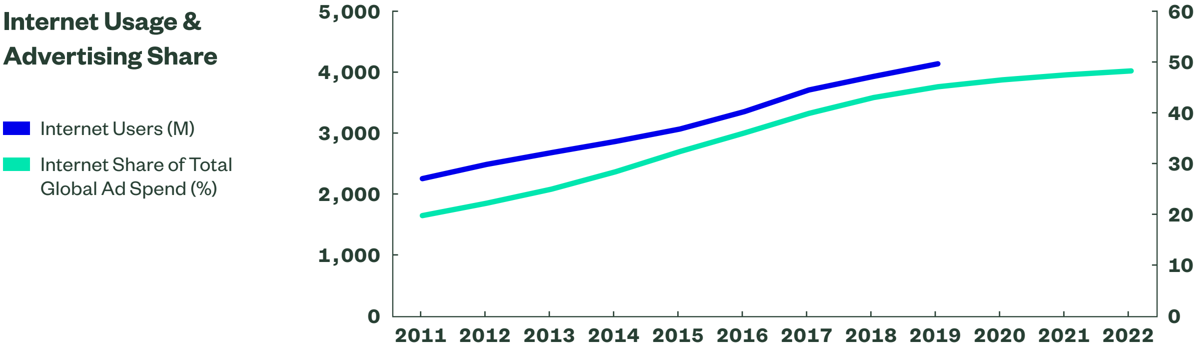
There are two types of businesses in this sector that will be impacted by a downturn in advertising spend: 1) the relatively small agencies that commission on behalf of the end-customer and 2) the platforms for advertising. By company size, the internet platforms dominate, with digital advertising having rapidly increased its market share from other media (radio, television, newspapers, etc.) in recent years. We expect that, in this downturn, the rate of transitions will accelerate.

While heavily reliant on advertising revenue, the two largest stocks in the sector, Alphabet and Facebook, have seen a significant increase in use of their services — such as YouTube, WhatsApp and Instagram — as people stuck at home seek to stay in contact. Inevitably, these companies will seek to monetise their enhanced popularity through other means, such as e-commerce or commission on virtual gifting.

Some Business Winners of Stay at Home

There are two other groups of media companies worthy of consideration at this time. First, the subscription service providers (the best known is Netflix) and gaming companies that have seen a spike in demand for their content. Second, cable operators that should see greater demand for their broadband networks, which should help offset the loss from the entertainment provision of the sector, such as theme parks, sports cancellations and movie delays.

Internet Usage & Advertising Share



Source: Bloomberg Finance L.P., as at 31 March 2020. The chart contains forecast estimates from 2020 onwards. There is no guarantee that these forecasts will be met.

Our SPDR Pick

SPDR MSCI World Communication Services UCITS ETF
SPDR S&P U.S. Communication Services Select Sector UCITS ETF
SPDR MSCI Europe Communication Services UCITS ETF

SPDR MSCI World Communication Services UCITS ETF — Top 5 constituents: Facebook Inc. Class A (12.66%), Alphabet Inc. Class C (11.62%), Alphabet Class A (11.13%), Verizon Communications Inc. (7.60%), AT&T Inc. (6.99%).

SPDR S&P U.S. Communication Services Select Sector UCITS ETF — Top 5 constituents: Facebook Inc. Class A (18.14%), Alphabet Inc. Class C (11.13%), Alphabet Inc. Class A (11.12%), T-Mobile US Inc. (5.79%), Netflix Inc. (4.99%).

SPDR MSCI Europe Communication Services UCITS ETF — Top 5 constituents: Deutsche Telekom AG (14.29%), Vodafone Group Plc (12.38%), Orange SA (8.11%), Telefonica SA (7.00%), Vivendi SA (6.04%).

Implementing Sector Investing

Sector index metrics and information on the SPDR UCITS ETFs that track these indices.

Sector Index Metrics

	Fundamental Growth Forecasts & Valuations								
	Est. 2yr EPS Growth (% p.a.)*	3mth Change to 1yr EPS Growth Forecast (%)	Forward P/E**	Forward Relative P/B**	Relative CAPE	Relative CAPE (10yr Avg)	ROE (%)	Debt/ Equity (%)	12mth Div. Yield (%)***
MSCI World Sector Indices									
MSCI World Index	–	–	13.5	–	–	–	10.5	133	2.97
Comm. Services	7.4	-1.7	13.8	1.13	1.50	1.39	10.5	99	2.16
Consumer Disc.	6.2	-14.2	14.6	1.26	1.07	1.14	11.7	121	2.11
Consumer Staples	4.4	0.2	16.5	1.81	1.23	1.13	20.6	100	3.20
Energy	1.1	-58.5	14.5	0.45	0.35	0.60	4.6	58	8.00
Financials	1.5	-6.0	8.4	0.42	0.57	0.59	8.1	221	4.78
Health Care	8.8	5.3	14.0	1.71	1.47	1.08	24.3	83	2.18
Industrials	5.2	-9.7	13.0	1.13	0.98	1.09	12.1	103	2.73
Materials	3.1	-11.9	12.7	0.72	0.79	0.98	8.3	56	3.80
Real Estate	-0.4	-6.8	19.0	0.58	1.19	1.23	5.1	79	4.42
Technology	9.0	0.5	17.4	2.62	1.52	1.27	37.0	71	1.55
Utilities	2.1	1.0	14.9	0.83	1.05	0.93	11.5	135	4.25
US S&P Select Sector Indices									
S&P 500 Index	–	–	14.4	–	–	–	17.8	115	2.39
Comm. Services	10.8	2.1	13.5	0.90	1.35	1.51	15.7	92	1.25
Consumer Disc.	9.9	-7.6	15.1	2.02	1.24	1.14	22.5	242	2.02
Consumer Staples	4.8	2.8	16.6	1.70	0.99	0.93	27.4	130	3.22
Energy	9.1	-66.6	17.5	0.31	0.28	0.69	2.7	50	7.96
Financials	3.7	-2.6	9.0	0.36	0.82	0.55	10.4	144	3.27
Health Care	8.7	6.1	12.9	1.24	1.18	0.99	26.4	93	2.04
Industrials	7.9	-16.6	12.7	1.27	0.84	0.98	16.0	146	2.47
Materials	6.5	-5.6	13.6	0.68	0.79	1.03	8.7	65	2.99
Real Estate	-3.8	-10.5	31.7	0.48	1.66	1.74	7.7	122	3.96
Technology	8.2	1.3	17.6	2.30	1.13	1.04	40.7	83	1.59
Utilities	4.5	4.2	16.4	0.69	1.66	1.74	10.6	138	3.77
MSCI Europe Sector Indices									
MSCI Europe Index	–	–	11.8	–	–	–	8.0	164	4.46
Comm. Services	6.7	-0.8	10.7	0.85	0.77	0.87	5.1	148	5.92
Consumer Disc.	4.3	-23.7	11.3	0.99	0.95	1.51	10.2	109	3.21
Consumer Staples	3.5	-2.0	15.5	2.02	1.42	1.41	17.4	89	3.49
Energy	0.8	-50.6	11.9	0.62	0.54	0.67	5.3	59	8.81
Financials	-0.5	-9.1	7.3	0.43	0.61	0.61	7.8	287	7.04
Health Care	8.4	6.3	14.4	2.39	1.55	1.21	25.6	68	3.05
Industrials	2.9	-10.5	13.0	1.61	1.30	1.46	14.8	106	3.47
Materials	1.3	-8.2	12.0	0.97	1.02	1.15	6.5	54	4.73
Real Estate	0.8	-1.1	12.5	0.49	0.98	1.12	5.8	77	6.02
Technology	13.7	7.5	16.4	2.30	3.70	3.25	11.9	54	1.57
Utilities	5.2	3.7	13.1	1.10	1.01	0.71	12.1	128	5.44

Source: State Street Global Advisors, FactSet, Bloomberg Finance L.P., Morningstar, as of 31 March 2020. Past performance is not a guarantee of future results. The above estimates based on certain assumptions and analysis made. There is no guarantee that the estimates will be achieved.
* Calculated as a 2-year average of consensus forecasts for adjusted EPS using BEst (Bloomberg Estimates).
** Forward estimates refer to 12 months.
*** This measures the weighted average of gross dividend yield of the relevant index and the underlying stocks from the relevant ETF.

Sector Index Metrics (cont'd)

	Macro Sensitivities****			Risk Metrics*****		
	US 10yr Yield Sensitivity (36 Months)	Brent Crude Oil Price Sensitivity (36 Months)	Inflation (5yr-5yr Forward) Sensitivity (36 Months)	Beta (36 Months)	Volatility (36 Months) (%)	Correlation (36 Months)
MSCI World Sector Indices						
MSCI World Index	0.11	0.26	0.80	1.00	14.83	–
Comm. Services	0.09	0.22	0.73	0.81	14.34	0.86
Consumer Disc.	0.12	0.30	0.90	1.06	16.56	0.98
Consumer Staples	0.03	0.12	0.40	0.57	11.11	0.78
Energy	0.23	0.55	1.42	1.50	26.13	0.87
Financials	0.19	0.37	1.14	1.24	20.19	0.94
Health Care	0.06	0.10	0.56	0.67	12.67	0.80
Industrials	0.13	0.32	0.95	1.18	18.37	0.98
Materials	0.13	0.30	0.83	1.04	17.21	0.93
Real Estate	0.04	0.25	0.57	0.78	15.20	0.78
Technology	0.10	0.26	0.71	1.00	17.42	0.88
Utilities	0.02	0.16	0.27	0.53	12.94	0.63
US S&P Select Sector Indices						
S&P 500 Index	**0.11**	**0.26**	**0.82**	**1.00**	**15.22**	**–**
Commun. Services	0.10	0.29	0.85	0.95	17.18	0.86
Consumer Disc.	0.11	0.30	0.94	1.09	17.82	0.95
Consumer Staples	0.04	0.12	0.46	0.60	12.77	0.74
Energy	0.27	0.64	1.68	1.64	30.44	0.84
Financials	0.20	0.36	1.18	1.24	21.19	0.92
Health Care	0.07	0.10	0.62	0.69	13.76	0.79
Industrials	0.15	0.34	1.04	1.25	20.59	0.95
Materials	0.12	0.27	0.81	1.03	17.32	0.93
Real Estate	0.02	0.21	0.46	0.65	14.96	0.68
Technology	0.09	0.26	0.70	0.99	17.25	0.90
Utilities	0.01	0.14	0.22	0.46	13.61	0.53
MSCI Europe Sector Indices						
MSCI Europe Index	**0.12**	**0.28**	**0.78**	**1.00**	**15.71**	**–**
Comm. Services	0.10	0.19	0.61	0.86	18.06	0.77
Consumer Disc.	0.16	0.37	1.02	1.19	20.00	0.96
Consumer Staples	0.02	0.14	0.37	0.58	12.10	0.78
Energy	0.19	0.39	0.95	1.09	20.75	0.85
Financials	0.21	0.40	1.22	1.34	23.00	0.94
Health Care	0.03	0.08	0.33	0.55	12.17	0.73
Industrials	0.14	0.36	0.97	1.19	20.00	0.96
Materials	0.15	0.33	0.86	1.05	18.58	0.91
Real Estate	0.09	0.36	0.83	0.99	20.13	0.80
Technology	0.12	0.29	0.72	0.95	17.16	0.89
Utilities	0.02	0.21	0.35	0.75	17.11	0.71

Source: State Street Global Advisors, FactSet, Bloomberg Finance L.P., Morningstar, as of 31 March 2020. Past performance is not a guarantee of future results.
**** Sensitivity is beta to the macro variable, e.g. 10-year Treasury yield, Brent oil, and US 5yr-5yr forward as shown here.
***** Beta and volatility are based on index returns. Correlation is the 36-month correlation to the parent index.

SPDR — The Powerhouse of Sectors

Experienced Management
A leader in sector ETFs with over $120bn globally.[1] Track record of managing sector ETFs since 1998

Physical Replication
One of the only providers with a full suite of physically replicated World, US and Europe sector ETFs in Europe

Cost-Efficient®
World and Europe UCITS Sector ETFs: **0.30%**
US UCITS Sector ETFs: **0.15%**

SPDR ETF Information	ISIN	TER (%)	Euro-next	LSE	Xetra	Borsa Italiana	SIX	Mexico BMV	March Net SPDR Flows ($MN)	Q1 Net SPDR Flows ($MN)	SPDR AUM ($MN)
World Sector Funds											
SPDR MSCI World Communication Services UCITS ETF	IE00BYTRRG40	0.30	WTEL	WTEL	–	–	WTEL	WTELN	-42	-39	17
SPDR MSCI World Consumer Discretionary UCITS ETF	IE00BYTRR640	0.30	WCOD	WCOD	–	–	WCOD	CDISN	0	-5	16
SPDR MSCI World Consumer Staples UCITS ETF	IE00BYTRR756	0.30	WCOS	WCOS	–	–	WCOS	–	2	2	38
SPDR MSCI World Energy UCITS ETF	IE00BYTRR863	0.30	WNRG	WNRG	–	–	WNRG	WNRGN	24	14	163
SPDR MSCI World Financials UCITS ETF	IE00BYTRR970	0.30	WFIN	WFIN	–	–	WFIN	WFINN	-2	-8	80
SPDR MSCI World Health Care UCITS ETF	IE00BYTRRB94	0.30	WHEA	WHEA	–	–	WHEA	–	-103	-105	192
SPDR MSCI World Industrials UCITS ETF	IE00BYTRRC02	0.30	WIND	WNDU	–	–	WIND	–	-8	-8	26
SPDR MSCI World Materials UCITS ETF	IE00BYTRRF33	0.30	WMAT	WMAT	–	–	WMAT	WMATN	0	0	12
SPDR Dow Jones Global Real Estate UCITS ETF	IE00B8GF1M35	0.40	–	GLRE	SPYJ	GLRE	GBRE	–	79	158	787
SPDR MSCI World Technology UCITS ETF	IE00BYTRRD19	0.30	WTCH	WTEC	–	–	WTEC	WTECN	24	48	206
SPDR MSCI World Utilities UCITS ETF	IE00BYTRRH56	0.30	WUTI	WUTI	–	–	WUTI	–	0	-6	12
US Sector Funds											
SPDR S&P U.S. Communication Services Select Sector UCITS ETF	IE00BFWFPX50	0.15	–	SXLC	ZPDK	SXLC	SXLC	SXLCN	-4	-15	163
SPDR S&P U.S. Consumer Discretionary Select Sector UCITS ETF	IE00BWBXM278	0.15	–	SXLY	ZPDD	SXLY	SXLY	SXLYN	-36	-38	56
SPDR S&P U.S. Consumer Staples Select Sector UCITS ETF	IE00BWBXM385	0.15	–	SXLP	ZPDS	SXLP	SXLP	SXLPN	47	83	222
SPDR S&P U.S. Energy Select Sector UCITS ETF	IE00BWBXM492	0.15	–	SXLE	ZPDE	SXLE	SXLE	SXLEN	-62	25	58
SPDR S&P U.S. Financials Select Sector UCITS ETF	IE00BWBXM500	0.15	–	SXLF	ZPDF	SXLF	SXLF	SXLFN	-312	-310	124
SPDR S&P U.S. Health Care Select Sector UCITS ETF	IE00BWBXM617	0.15	–	SXLV	ZPDH	SXLV	SXLV	SXLVN	-12	15	160
SPDR S&P U.S. Industrials Select Sector UCITS ETF	IE00BWBXM724	0.15	–	SXLI	ZPDI	SXLI	SXLI	SXLIN	-7	-2	51
SPDR S&P U.S. Materials Select Sector UCITS ETF	IE00BWBXM831	0.15	–	SXLB	ZPDM	SXLB	SXLB	SXLBN	-6	-2	7
SPDR S&P U.S. Technology Select Sector UCITS ETF	IE00BWBXM948	0.15	–	SXLK	ZPDT	SXLK	SXLK	SXLKN	2	28	225
SPDR S&P U.S. Utilities Select Sector UCITS ETF	IE00BWBXMB69	0.15	–	SXLU	ZPDU	SXLU	SXLU	SXLUN	0	9	31
Europe Sector Funds											
SPDR MSCI Europe Communication Services UCITS ETF	IE00BKWQ0N82	0.30	STT	TELE	SPYT	STTX	STTX	TELEN	1	6	11
SPDR MSCI Europe Consumer Discretionary UCITS ETF	IE00BKWQ0C77	0.30	STR	CDIS	SPYR	STRX	STRX	–	-87	-113	23
SPDR MSCI Europe Consumer Staples UCITS ETF	IE00BKWQ0D84	0.30	STS	CSTP	SPYC	STSX	STSX	CSTPN	94	117	561
SPDR MSCI Europe Energy UCITS ETF	IE00BKWQ0F09	0.30	STN	ENGY	SPYN	STNX	STNX	ENGYN	3	-238	81
SPDR MSCI Europe Financials UCITS ETF	IE00BKWQ0G16	0.30	STZ	FNCL	SPYZ	STZX	STZX	FNCLN	74	138	600
SPDR MSCI Europe Health Care UCITS ETF	IE00BKWQ0H23	0.30	STW	HLTH	SPYH	STWX	STWX	HLTHN	-16	-21	328
SPDR MSCI Europe Industrials UCITS ETF	IE00BKWQ0J47	0.30	STQ	NDUS	SPYQ	STQX	STQX	NDUSN	-16	-19	213
SPDR MSCI Europe Materials UCITS ETF	IE00BKWQ0L68	0.30	STP	MTRL	SPYP	STPX	STPX	MTRLN	1	4	16
SPDR FTSE EPRA Europe ex UK Real Estate UCITS ETF	IE00BSJCQV56	0.30	0.00	EURE	ZPRP	EURE	EURE	–	-4	4	66
SPDR MSCI Europe Technology UCITS ETF	IE00BKWQ0K51	0.30	STK	ITEC	SPYK	STKX	STKX	ITECN	3	6	29
SPDR MSCI Europe Utilities UCITS ETF	IE00BKWQ0P07	0.30	STU	UTIL	SPYU	STUX	STUX	UTILN	-2	51	68

1 Sources: Bloomberg Finance L.P., State Street Global Advisors, as of 31 March 2020.
* Frequent trading of ETFs could significantly increase commissions and other costs such that they may offset any savings from low fees or costs.

Standard Performance (%)

	1 Mth	3 Mth	6 Mth	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception	Inception Date
World Sector (Returns in USD, %)										
SPDR MSCI World Communication Services UCITS ETF*	-11.97	-17.54	-11.05	-17.54	-5.88	-0.32	1.18	5.11	5.36	12/31/2008
MSCI World Communication Services Index	-11.91	-17.46	-10.94	-17.46	-5.73	-0.32	1.29	5.53	5.75	
SPDR MSCI World Consumer Discretionary UCITS ETF*	-14.57	-21.97	-16.67	-21.97	-11.96	2.44	3.38	9.33	14.12	02/28/2009
MSCI World Consumer Discretionary Index	-14.58	-21.95	-16.63	-21.95	-11.94	2.47	3.48	9.63	14.31	
SPDR MSCI World Consumer Staples UCITS ETF*	-4.93	-13.34	-11.08	-13.34	-4.92	1.55	3.40	7.48	10.53	02/28/2009
MSCI World Consumer Staples Index	-4.94	-13.31	-11.07	-13.31	-4.95	1.51	3.42	7.71	10.73	
SPDR MSCI World Energy UCITS ETF*	-29.46	-44.81	-42.18	-44.81	-46.31	-16.96	-11.17	-4.53	-1.84	01/31/2009
MSCI World Energy Index	-29.38	-44.79	-42.03	-44.79	-46.23	-16.99	-11.17	-4.36	-1.66	
SPDR MSCI World Financials UCITS ETF*	-22.38	-31.87	-25.93	-31.87	-21.11	-5.95	-1.27	2.51	9.18	02/28/2009
MSCI World Financials Index	-22.32	-31.82	-25.84	-31.82	-21.06	-5.91	-1.21	2.77	9.13	
SPDR MSCI World Health Care UCITS ETF*	-3.67	-11.56	0.53	-11.56	0.80	7.27	4.08	10.49	13.00	02/28/2009
MSCI Health Care Index	-3.61	-11.48	0.65	-11.48	0.89	7.30	4.21	10.76	13.21	
SPDR MSCI World Industrials UCITS ETF*	-17.79	-26.19	-20.75	-26.19	-17.57	-1.90	1.67	5.64	10.76	02/28/2009
MSCI World Industrials Index	-17.74	-26.13	-20.70	-26.13	-17.49	-1.85	1.80	5.97	11.12	
SPDR MSCI World Materials UCITS ETF*	-13.46	-26.36	-20.05	-26.36	-18.97	-3.14	-0.29	0.14	6.18	02/28/2009
MSCI World Materials Index	-13.42	-26.35	-19.98	-26.35	-18.92	-3.10	-0.19	0.47	6.53	
SPDR Dow Jones Global Real Estate UCITS ETF	-23.12	-29.45	-28.66	-29.45	-24.98	-5.57	-3.28	0.00	1.42	10/24/2012
Dow Jones Global Select Real Estate Securities Index	-23.22	-29.53	-28.65	-29.53	-24.90	-5.28	-2.99	4.57	1.75	
SPDR MSCI World Technology UCITS ETF*	-9.31	-13.22	-1.12	-13.22	7.03	15.22	14.39	13.17	17.56	02/28/2009
MSCI World Information Technology Index	-9.27	-13.16	-1.03	-13.16	7.15	15.40	14.61	13.48	17.84	
SPDR MSCI World Utilities UCITS ETF*	-11.65	-13.87	-12.10	-13.87	-4.01	4.86	4.86	4.26	5.88	02/28/2009
MSCI World Utilities Index	-11.61	-13.83	-12.06	-13.83	-4.03	4.74	5.00	4.76	6.29	
US Sector (Returns in USD, %)										
SPDR S&P U.S. Communication Services Select Sector UCITS ETF	-12.68	-17.41	-10.30	-17.41	-4.77	–	–	–	-4.85	08/15/2018
S&P Communication Services Select Sector Daily Capped 25/20 Index	-12.71	-17.44	-10.31	-17.44	-4.79	–	–	–	-4.90	
SPDR S&P U.S. Consumer Discretionary Select Sector UCITS ETF	-15.64	-22.26	-18.98	-22.26	-13.55	4.61	–	–	6.15	07/07/2015
S&P Consumer Discretionary Select Sector Daily Capped 25/20 Index	-15.71	-22.33	-19.07	-22.33	-13.68	4.47	–	–	6.05	
SPDR S&P U.S. Consumer Staples Select Sector UCITS ETF	-5.50	-13.09	-10.22	-13.09	-0.60	2.32	–	–	4.59	07/07/2015
S&P Consumer Staples Select Sector Daily Capped 25/20 Index	-5.57	-13.19	-10.38	-13.19	-0.90	2.00	–	–	4.29	
SPDR S&P U.S. Energy Select Sector UCITS ETF	-35.28	-50.78	-47.72	-50.78	-52.75	-22.15	–	–	-15.03	07/07/2015
S&P Energy Select Sector Daily Capped 25/20 Index	-35.43	-51.02	-48.30	-51.02	-53.14	-22.50	–	–	-15.38	
SPDR S&P U.S. Financials Select Sector UCITS ETF	-21.29	-31.94	-24.92	-31.94	-17.48	-2.72	–	–	2.52	07/07/2015
S&P Financials Select Sector Daily Capped 25/20 Index	-21.37	-32.05	-25.06	-32.05	-17.71	-2.91	–	–	2.39	
SPDR S&P U.S. Health Care Select Sector UCITS ETF	-3.86	-12.73	-0.32	-12.73	-1.41	7.68	–	–	5.09	07/07/2015
S&P Health Care Select Sector Daily Capped 25/20 Index	-3.87	-12.79	-0.38	-12.79	-1.55	7.55	–	–	4.96	
SPDR S&P U.S. Industrials Select Sector UCITS ETF	-19.11	-27.00	-23.06	-27.00	-19.72	-1.48	–	–	3.57	07/07/2015
S&P Industrials Select Sector Daily Capped 25/20 Index	-19.21	-27.16	-23.24	-27.16	-19.96	-1.65	–	–	3.39	
SPDR S&P U.S. Materials Select Sector UCITS ETF	-14.09	-26.23	-21.63	-26.23	-17.03	-3.18	–	–	0.48	07/07/2015
S&P Materials Select Sector Daily Capped 25/20 Index	-14.25	-26.42	-21.87	-26.42	-17.35	-3.49	–	–	0.21	
SPDR S&P U.S. Technology Select Sector UCITS ETF	-8.61	-11.96	0.60	-11.96	10.04	16.08	–	–	16.48	07/07/2015
S&P Technology Select Sector Daily Capped 25/20 Index	-8.63	-11.99	0.58	-11.99	9.99	16.03	–	–	16.40	
SPDR S&P U.S. Utilities Select Sector UCITS ETF	-9.93	-13.50	-13.00	-13.50	-1.95	5.55	–	–	8.33	07/07/2015
S&P Utilities Select Sector Daily Capped 25/20 Index	-10.06	-13.70	-13.25	-13.70	-2.34	5.16	–	–	7.95	

Standard Performance (%) (cont'd)

	1 Mth	3 Mth	6 Mth	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception	Inception Date
Europe Sector (Returns in USD, %)										
SPDR MSCI Europe Communication Services UCITS ETF**	-16.27	-24.45	-25.64	-24.45	-22.62	-10.92	-8.92	1.08	1.00	09/30/2001
MSCI Europe Communication Services Index	-16.30	-24.45	-25.72	-24.45	-22.79	-11.13	-9.07	0.98	1.14	
SPDR MSCI Europe Consumer Discretionary UCITS ETF**	-18.98	-29.46	-23.57	-29.46	-17.70	-5.73	-4.08	7.51	5.10	09/30/2001
MSCI Europe Consumer Discretionary Index	-18.67	-29.22	-23.26	-29.22	-17.55	-5.76	-4.13	7.52	5.29	
SPDR MSCI Europe Consumer Staples UCITS ETF**	-5.13	-12.85	-13.77	-12.85	-6.88	0.01	1.97	8.33	7.07	09/30/2001
MSCI Europe Consumer Staples Index	-5.09	-12.78	-13.69	-12.78	-6.77	0.11	2.09	8.53	7.47	
SPDR MSCI Europe Energy UCITS ETF**	-16.24	-33.20	-32.94	-33.20	-35.52	-7.30	-2.85	0.15	1.02	08/31/2001
MSCI Europe Energy 35/20 Capped Index	-15.93	-32.95	-32.66	-32.95	-35.34	-7.37	-3.00	0.06	1.20	
SPDR MSCI Europe Financials UCITS ETF**	-24.35	-33.22	-27.71	-33.22	-24.83	-11.01	-7.50	-0.20	-2.11	08/31/2001
MSCI Europe Financials Index	-24.24	-33.12	-27.57	-33.12	-24.89	-11.17	-7.65	-0.29	-2.05	
SPDR MSCI Europe Health Care UCITS ETF**	-2.47	-7.17	-0.54	-7.17	7.82	5.16	1.30	10.39	5.27	09/30/2001
MSCI Europe Health Care Index	-2.34	-7.00	-0.28	-7.00	8.11	5.32	1.45	10.57	5.56	
SPDR MSCI Europe Industrials UCITS ETF**	-20.25	-27.99	-21.43	-27.99	-14.53	-3.59	-0.03	5.95	6.51	09/30/2001
MSCI Europe Industrials Index	-20.24	-27.98	-21.37	-27.98	-14.57	-3.65	-0.10	5.89	6.67	
SPDR MSCI Europe Materials UCITS ETF**	-12.02	-24.67	-18.12	-24.67	-17.85	-2.93	-0.37	2.22	5.73	09/30/2001
MSCI Europe Materials Index	-12.08	-24.74	-18.08	-24.74	-17.93	-2.93	-0.38	2.27	5.93	
SPDR FTSE EPRA Europe ex UK Real Estate UCITS ETF	-21.43	-24.04	-19.60	-24.04	-15.30	0.82	–	–	2.14	08/07/2015
FTSE EPRA Nareit Developed Europe Ex UK	-21.37	-23.97	-19.44	-23.97	-14.83	1.37	–	–	2.68	
SPDR MSCI Europe Technology UCITS ETF**	-12.37	-17.01	-9.70	-17.01	-1.84	4.38	5.68	9.09	1.88	08/31/2001
MSCI Europe Information Technology Index	-12.07	-16.80	-9.28	-16.80	-1.39	4.64	5.77	9.12	1.72	
SPDR MSCI Europe Utilities UCITS ETF**	-16.50	-11.87	-8.81	-11.87	2.52	6.42	3.47	4.02	5.02	09/30/2001
MSCI Europe Utilities Index	-16.49	-11.85	-8.75	-11.85	2.47	6.29	3.29	3.73	5.06	

Source: State Street Global Advisors, as of 31 March 2020. Performance is net of fees. **Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate, so you may have a gain or loss when shares are sold. Current performance may be higher or lower than that quoted. All results are historical and assume the reinvestment of dividends and capital gains. The performance data do not take account of the commissions and costs incurred on the issue and redemption, or purchases and sale, of units. Visit ssga.com/etfs for most recent month-end performance.** Performance returns for periods of less than one year are not annualised. Index returns are unmanaged and do not reflect the deduction of any fees or expenses.

* On 29 April 2016, the fund was absorbed by a specific SPDR® ETF. Performance reported prior to 29 April 2016 is that of a specific Fund. For more information, please refer ssga.com/etfs.

** On 8 December 2014, the fund was absorbed by a specific SPDR® ETF, which had an equivalent and comparable investment policy and risk profile. Performance reported prior to 8 December 2014 is that of a specific Fund. For more information, please refer ssga.com/etfs.

Some of the products are not available to investors in certain jurisdictions. Please contact your relationship manager in regards to availability.

Contributors

Rebecca Chesworth
Senior Equity ETF Strategist

Krzysztof Janiga, CFA
ETF Strategist

Peter Torok, CFA
ETF Strategist

Methodologies

SPDR Sector Picks Explained Looking out three months, we consider which sectors stand to potentially benefit from a combination of top-down and bottom-up factors. Macroeconomic indicators greatly inform our research, along with aggregated earnings and valuation metrics. We also consider investor flows and positioning. Most importantly, we reflect on the likely drivers of each sector over the forecast period.[1]

Access to 10% of World's Tradeable Securities[2] As part of State Street, we have access to information gleaned from our large global custody business. By aggregating $19.3 trillion of equity assets, we can observe behavioural trends of this important investor constituent. This includes not only the direction of flows, but also the relative positioning of portfolios. These metrics are generated from regression analysis based on aggregated and anonymous flow data in order to better capture investor preference and to ensure the safeguarding of client confidentiality.

Investor Behaviour Indicators Explained Holdings measure investors' actual positions over and above the neutral positions embedded in their benchmarks. The figures are shown as percentiles and represent the investor holdings at month-end versus the last five years. This approach provides perspective on the size of holdings compared with their historical trends, whereas a single, dollar figure provides less context; 100% represents the largest holding in the last five years whilst 0% is the lowest holding.

Active Flows Indicates the value of net buying by large institutional investors (buys minus sells) expressed in terms of basis points of market capitalisation. These are flows in addition to the purchases or sales driven by shareholders allocating to the benchmark.

Top Chart Records the asset flow over the previous three months (60 trading days) versus the last five years.

Bottom Chart Shows trend of flows over previous three months (60 trading days).

Endnotes

1 Targets such as the type noted above are estimates based on certain assumptions and analysis made by State Street Global Advisors. There is no guarantee that the estimates will be achieved.

2 Source: State Street, as of 31 December 2019.

About State Street Global Advisors

For four decades, State Street Global Advisors has served the world's governments, institutions and financial advisors. With a rigorous, risk-aware approach built on research, analysis and market-tested experience, we build from a breadth of active and index strategies to create cost-effective solutions. As stewards, we help portfolio companies see that what is fair for people and sustainable for the planet can deliver long-term performance. And, as pioneers in index, ETF, and ESG investing, we are always inventing new ways to invest. As a result, we have become the world's third-largest asset manager with US $2.95 trillion* under our care.

* AUM reflects approximately $44.8 billion USD (as of 31 December 2019), with respect to which State Street Global Advisors Funds Distributors, LLC (SSGA FD) serves as marketing agent; SSGA FD and State Street Global Advisors are affiliated.

Marketing communication.
For professional clients use only.

For Investors in Austria: The offering of SPDR ETFs by the Company has been notified to the Financial Markets Authority (FMA) in accordance with section 139 of the Austrian Investment Funds Act. Prospective investors may obtain the current sales Prospectus, the articles of incorporation, the KIID as well as the latest annual and semi-annual reportfree of charge from State Street Global Advisors GmbH, Brienner Strasse 59, D-80333 Munich. T: +49 (0)89-55878-400. F: +49 (0)89-55878-440.

For Investors in Finland: The offering of funds by the Companies has been notified to the Financial Supervision Authority in accordance with Section 127 of the Act on Common Funds (29.1.1999/48) and by virtue of confirmation from the Financial Supervision Authority the Companies may publicly distribute its Shares in Finland. Certain information and documents that the Companies must publish in Ireland pursuant to applicable Irish law are translated into Finnish and are available for Finnish investors by contacting State Street Custodial Services (Ireland) Limited, 78 Sir John Rogerson's Quay, Dublin 2, Ireland.

For Investors in France: This document does not constitute an offer or request to purchase shares in the Companies. Any subscription for shares shall be ade in accordance with the terms and conditions specified in the complete Prospectuses, the KIID, the addenda as well as the Companies' Supplements. These documents are available from the Company centralising correspondent: State Street Banque S.A., 23-25 rue Delariviere- Lefoullon, 92064 Paris La Defense Cedex or on the French part of the site spdrs.com. The Companies re undertakings for collective investment in transferable securities (UCITS) governed by Irish law and accredited by the Central Bank of Ireland as a UCITS in accordance with European Regulations. European Directive no. 2014/91/EU dated 23 July 2014 on UCITS, as amended, established common rules pursuant to the cross-border marketing of UCITS with which they duly comply. This common base does not exclude differentiated implementation. This is why a European UCITS can be sold in France even though its activity does not comply with rules identical to those governing the approval of this type of product in France. The offering of these compartments has been notified to the Autorité des Marchés Financiers (AMF) in accordance with article L214-2-2 of the French Monetary and Financial Code.

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. The Funds mentioned are not registered in Hong Kong and may not be sold, issued or offered in Hong Kong in circumstances which amount to an offer to the public. This document is issued for informational purposes only. It has not been reviewed or approved by the Hong Kong Securities and Futures Commission. SSGA accepts no liability whatsoever for any direct, indirect or consequential loss arising from or in connection with any use of, or reliance on, this document which does not have any regard to the particular needs of any person. SSGA takes no responsibility whatsoever for any use, reliance or reference by persons other than the intended recipient of this document.

For Investors in Germany: The offering of SPDR ETFs by the Companies has been notified to the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) in accordance with section 312 of the German Investment Act. Prospective investors may obtain the current sales Prospectuses, the articles of incorporation, the KIIDs as well as the latest annual and semiannual report free of charge from State Street Global Advisors GmbH, Brienner Strasse 59, D-80333 Munich. T: +49 (0)89-55878-400.

Ireland Entity: State Street Global Advisors Ireland Limited is regulated by the Central Bank of Ireland. Registered office address 78 Sir John Rogerson's Quay, Dublin 2. Registered number 145221. T: +353 (0)1 776 3000. F: +353 (0)1 776 3300.

Israel: No action has been taken or will be taken in Israel that would permit a public offering of the Securities or distribution of this sales brochure to the public in Israel. This sales brochure has not been approved by the Israel Securities Authority (the 'ISA'). Accordingly, the Securities shall only be sold in Israel to an investor of the type listed in the First Schedule to the Israeli Securities Law, 1978, which has confirmed in writing that it falls within one of the categories listed therein (accompanied by external confirmation where this is required under ISA guidelines), that it is aware of the implications of being considered such an investor and consents thereto, and further that the Securities are being purchased for its own account and not for the purpose of re-sale or distribution.
This sales brochure may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent.
Nothing in this sales brochure should be considered investment advice or investment marketing as defined in the Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 1995 ("the Investment Advice Law"). Investors are encouraged to seek competent investment advice from a locally licensed investment advisor prior to making any investment. State Street is not licensed under the Investment Advice Law, nor does it carry the insurance as required of a licensee thereunder.
This sales brochure does not constitute an offer to sell or solicitation of an offer to buy any securities other than the Securities offered hereby, nor does it constitute an offer to sell to or solicitation of an offer to buy from any person or persons in any state or other jurisdiction in which such offer or solicitation would be unlawful, or in which the person making such offer or solicitation is not qualified to do so, or to a person or persons to whom it is unlawful to make such offer or solicitation.

Italy Entity: State Street Global Advisors Ireland Limited, Milan Branch (Sede Secondaria di Milano) is a branch of State Street Global Advisors Ireland Limited, registered in Ireland with company number 145221, authorised and regulated by the Central Bank of Ireland, and whose registered office is at 78 Sir John Rogerson's Quay, Dublin 2. State Street Global Advisors Ireland Limited, Milan Branch (Sede Secondaria di Milano), is registered in Italy with company number 10495250960 - R.E.A. 2535585 and VAT number 10495250960 and whose office is at Via dei Bossi, 4 - 20121 Milano, Italy. T: +39 02 32066 100. F: +39 02 32066 155. Web: ssga.com.

For Investors in Luxembourg: The Companies have been notified to the Commission de Surveillance du Secteur Financier in Luxembourg in order to market their shares for sale to the public in Luxembourg and the Companies are notified Undertakings in Collective Investment for Transferable Securities (UCITS).

For Investors in the Netherlands: This communication is directed at qualified investors within the meaning of Section 2:72 of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht) as amended. The products and services to which this communication relates are only available to such persons and persons of any other description should not rely on this communication. Distribution of this document does not trigger a licence requirement for the Companies or SSGA in the Netherlands and consequently no prudential and conduct of business supervision will be exercised over the Companies or SSGA by the Dutch Central Bank (De Nederlandsche Bank N.V.) and the Dutch Authority for the Financial Markets (Stichting Autoriteit Financiële Markten). The Companies have completed their notification to the Authority Financial Markets in the Netherlands in order to market their shares for sale to the public in the Netherlands and the Companies are, accordingly, investment institutions (beleggingsinstellingen) according to Section 2:72 Dutch Financial Markets Supervision Act of Investment Institutions.

For Investors in Norway: The offering of SPDR ETFs by the Companies has been notified to the Financial Supervisory Authority of Norway (Finanstilsynet) in accordance with applicable Norwegian Securities Funds legislation. By virtue of a confirmation letter from the Financial Supervisory Authority dated 28 March 2013 (16 October 2013 for umbrella II) the Companies may market and sell their shares in Norway.

For use in Singapore: The offer or invitation of the Funds mentioned, which is the subject of this document, does not relate to a collective investment scheme which is authorised under section 286 of the Securities and Futures Act, Chapter 289 of Singapore (SFA) or recognised under section 287 of the SFA. The Funds mentioned are not authorised or recognised by the Monetary Authority of Singapore (MAS) and the Funds mentioned are not allowed to be offered to the retail public. Each of this document and any other document or material issued in connection with the offer or sale is not a prospectus as defined in the SFA.
Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. A potential investor should consider carefully whether the investment is suitable for it.

The MAS assumes no responsibility for the contents of this document. This document has not been registered as a prospectus with the MAS. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Funds mentioned may not be circulated or distributed, offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than to an institutional investor under Section 304 of the SFA or otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Any subsequent sale of [Units] acquired pursuant to an offer made in reliance on an exemption under section 305 of the SFA may only be made pursuant to the requirements of sections 304A.

For Investors in Spain: State Street Global Advisors SPDR ETFs Europe I and II plc have been authorised for public distribution in Spain and are registered with the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores) under no.1244 and no.1242. Before investing, investors may obtain a copy of the Prospectus and Key Investor Information Documents, the Marketing Memoranda, the fund rules or instruments of incorporation as well as the annual and semi-annual reports of State Street Global Advisors SPDR ETFs Europe I and II plc from Cecabank, S.A. Alcalá 27, 28014 Madrid (Spain) who is the Spanish Representative, Paying Agent and distributor in Spain or at spdrs.com. The authorised Spanish distributor of State Street Global Advisors SPDR ETFs is available on the website of the Securities Market Commission (Comisión Nacional del Mercado de Valores).

For Investors in Switzerland: The collective investment schemes referred to herein are collective investment schemes under Irish law. Prospective investors may obtain the current sales prospectus, the articles of incorporation, the KIID as well as the latest annual and semiannual reports free of charge from the Swiss Representative and Paying Agent, State Street Bank International GmbH, Munich, Zurich Branch, Beethovenstrasse 19, 8027 Zurich as well as from the main distributor in Switzerland, State Street Global Advisors AG, Beethovenstrasse 19, 8027 Zurich. Before investing please read the prospectus and the KIID, copies of which can be obtained from the Swiss representative, or at spdrs.com.

For Investors in the UK: The Companies are recognised schemes under Section 264 of the Financial Services and Markets Act 2000 ("the Act") and are directed at 'professional clients' in the UK (within the meaning of the rules of the Act) who are deemed both knowledgeable and experienced in matters relating to investments. The products and services to which this communication relates are only available to such persons and persons of any other description should not rely on this communication. Many of the protections provided by the UK regulatory system do not apply to the operation of the Companies, and compensation will not be available under the UK Financial Services Compensation Scheme.

Investing involves risk including the risk of loss of principal.

The whole or any part of this work may not be reproduced, copied or transmitted or any of its contents disclosed to third parties without SSGA's express written consent.

The trademarks and service marks referenced herein are the property of their respective owners. Third party data providers make no warranties or representations of any kind relating to the accuracy, completeness or timeliness of the data and have no liability for damages of any kind relating to the use of such data.

This document has been issued by State Street Global Advisors Ireland ("SSGA"), regulated by the Central Bank of Ireland. Registered office address 78 Sir John Rogerson's Quay, Dublin 2. Registered number 145221.
T: +353 (0)1 776 3000.
Fax: +353 (0)1 776 3300. ssga.com.

SPDR ETFs is the exchange traded funds ("ETF") platform of State Street Global Advisors and is comprised of funds that have been authorised by Central Bank of Ireland as open-ended UCITS investment companies.

State Street Global Advisors SPDR ETFs Europe I & SPDR ETFs Europe II plc issue SPDR ETFs, and is an open-ended investment company with variable capital having segregated liability between its sub-funds. The Company is organised as an Undertaking for Collective Investments in Transferable Securities (UCITS) under the laws of Ireland and authorised as a UCITS by the Central Bank of Ireland.

The information provided does not constitute investment advice as such term is defined under the Markets in Financial Instruments Directive (2014/65/EU) or applicable Swiss regulation and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell any investment. It does not take into account any investor's or potential investor's particular investment objectives, strategies, tax status, risk appetite or investment horizon. If you require investment advice you should consult your tax and financial or other professional advisor.

All information is from SSGA unless otherwise noted and has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is no representation or warranty as to the current accuracy, reliability or completeness of, nor liability for, decisions based on such information and it should not be relied on as such.

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.

ETFs trade like stocks, are subject to investment risk and will fluctuate in market value. The investment return and principal value of an investment will fluctuate in value, so that when shares are sold or redeemed, they may be worth more or less than when they were purchased. Although shares may be bought or sold on an exchange through any brokerage account, shares are not individually redeemable from the fund. Investors may acquire shares and tender them for redemption through the fund in large aggregations known as "creation units." Please see the fund's prospectus for more details.

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 sectorsor industries could reduce returns, potentially causing the value of the Fund's shares to decrease.

Select Sector SPDR Funds bear a higher level of risk than more broadly diversified funds. All ETFs are subject to risk, including the possible loss of principal. Sector ETFs products are also subject to sector risk and nondiversification risk, which generally results in greater price fluctuations than the overall market.

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

Investing in foreign domiciled securities may involve risk of capital loss from unfavourable fluctuation in currency values, withholding taxes, from differences in generally accepted accounting principles or from economic or political instability in other nations.

The views expressed in this material are the views of the SPDR EMEA Strategy & Research Team through the period ended 31 March 2020 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.

This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security shown. It is not known whether the sectors or securities shown will be profitable in the future.

Standard & Poor's, S&P and SPDR are registered trademarks of Standard & Poor's Financial Services LLC (S&P); Dow Jones is a registered trademark of Dow Jones Trademark Holdings LLC (Dow Jones); and these trademarks have been licensed for use by S&P Dow Jones Indices LLC (SPDJI) and sublicensed for certain purposes by State Street Corporation. State Street Corporation's financial products are not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates and third party licensors and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability in relation thereto, including for any errors, omissions, or interruptions of any index.

The information contained in this communication is not a research recommendation or 'investment research' and is classified as a 'Marketing Communication' in accordance with the Markets in Financial Instruments Directive (2014/65/EU) or applicable Swiss regulation. This means that this marketing communication (a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research (b) is not subject to any prohibition on dealing ahead of the dissemination of investment research. You should obtain and read the SPDR prospectus and relevant Key Investor Information Document (KIID) prior to investing, which may be obtained from spdrs.com. These include further details relating to the SPDR funds, including information relating to costs, risks and where the funds are authorised for sale.

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.

There are risks associated with investing in Real Assets and the Real Assets sector, including real estate, precious metals and natural resources. Investments can be significantly affected by events relating to these industries.

Investing in REITs involves certain distinct risks in addition to those risks associated with investing in the real estate industry in general. Equity REITs may be affected by changes in the value of the underlying property owned by the REITs, while mortgage REITs may be affected by the quality of credit extended. REITs are subject to heavy cash flow dependency, default by borrowers and selfliquidation. REITs, especially mortgage REITs, are also subject to interest rate risk (i.e., as interest rates rise, the value of the REIT may decline).

ID191349-1990314.37.1.GBL.INST 0420
Exp. Date: 30/06/2020