

Sector Compass

Monthly Update

SPDR EMEA Strategy & Research

Summary

- Concern over the economic impact of actions taken to limit the spread of COVID-19 caused falls in all 11 sectors in February, with cyclical sectors falling most.
- Flows into sector ETFs were a net positive, with investors showing a preference for the bond-proxy sectors such as Real Estate and Utilities.
- In contrast to heavy buying of Energy sector ETFs to take advantage of significant price weakness, institutional investors reduced their holdings in oil & gas companies.

Sector Performance

World Sectors			US Sectors			Europe Sectors					
February 2020 (%)	YTD (%)		February 2020 (%)	YTD (%)		February 2020 (%)	YTD (%)				
Comm Services	-6.5	-2.5	Utilities	Comm Services	-5.8	-3.7	Tech	Utilities	-2.8	5.6	Utilities
Health Care	-6.8	-4.3	Tech	Real Estate	-6.4	-4.0	Utilities	Tech	-5.2	-4.8	Health Care
Real Estate	-7.1	-6.2	Real Estate	Health Care	-6.7	-5.1	Real Estate	Health Care	-6.6	-5.4	Tech
Tech	-7.4	-6.3	Comm Services	Tech	-7.3	-5.4	Comm Services	Real Estate	-8.2	-7.9	Real Estate
Utilities	-7.7	-8.2	Health Care	Cons Disc	-7.7	-7.8	Cons Disc	Comm Services	-8.2	-8.1	Cons Staples
Cons Disc	-8.1	-8.6	Cons Disc	S&P500 NR	-8.3	-8.1	Cons Staples	MSCI Europe NR	-8.5	-9.6	MSCI Europe NR
MSCI World NR	-8.5	-8.8	Cons Staples	Cons Staples	-8.3	-8.4	S&P500 NR	Cons Disc	-8.9	-9.7	Industrials
Cons Staples	-8.8	-9.0	MSCI World NR	Materials	-8.5	-9.3	Health Care	Cons Staples	-8.9	-9.7	Comm Services
Industrials	-9.5	-10.2	Industrials	Industrials	-9.4	-9.8	Industrials	Financials	-8.9	-11.7	Financials
Financials	-9.9	-12.2	Financials	Utilities	-10.0	-13.6	Financials	Industrials	-9.4	-13.0	Cons Disc
Materials	-10.0	-14.9	Materials	Financials	-11.2	-14.2	Materials	Materials	-9.6	-14.4	Materials
Energy	-14.0	-21.8	Energy	Energy	-14.6	-24.1	Energy	Energy	-14.5	-20.9	Energy

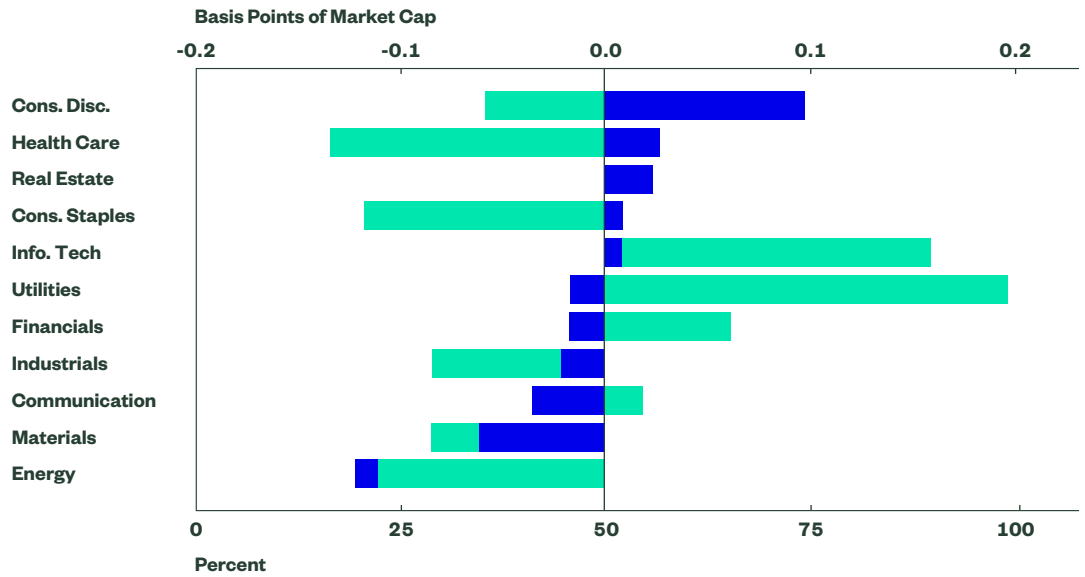
Source: State Street Global Advisors, Bloomberg Finance L.P., as of 28 February 2020. Past performance is not a guarantee of future results. The universes for the above charts are the MSCI World, S&P Select Sectors, and MSCI Europe. Index returns are unmanaged and do not reflect the deduction of any 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.

Institutional Flows and Holdings

These charts show asset flows over the past month and relative holdings versus the past five years. See the following page for the methodology description.

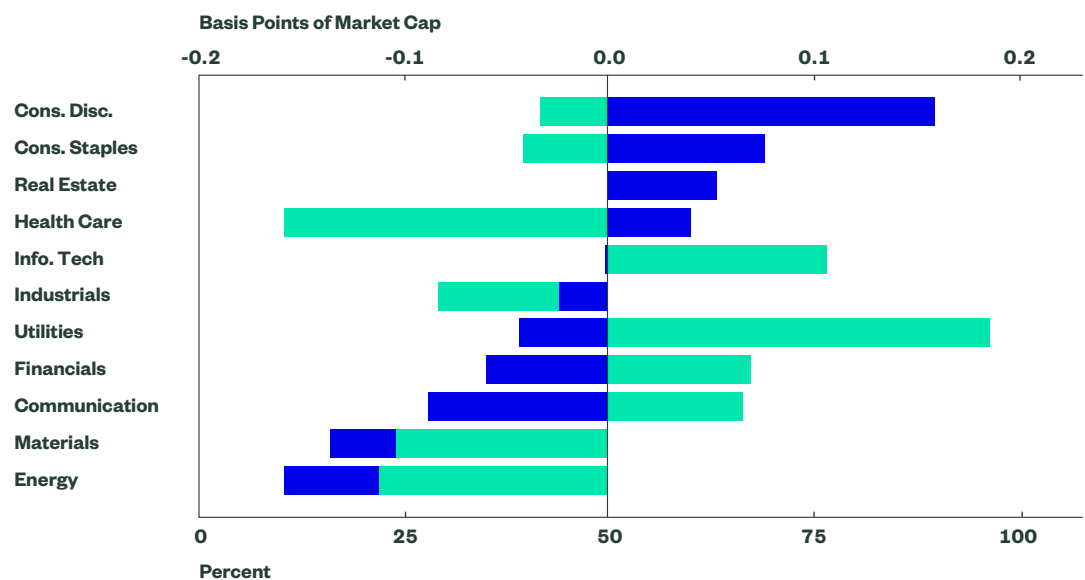
World

■ Holdings (lower axis)
■ 1-month flow (upper axis)



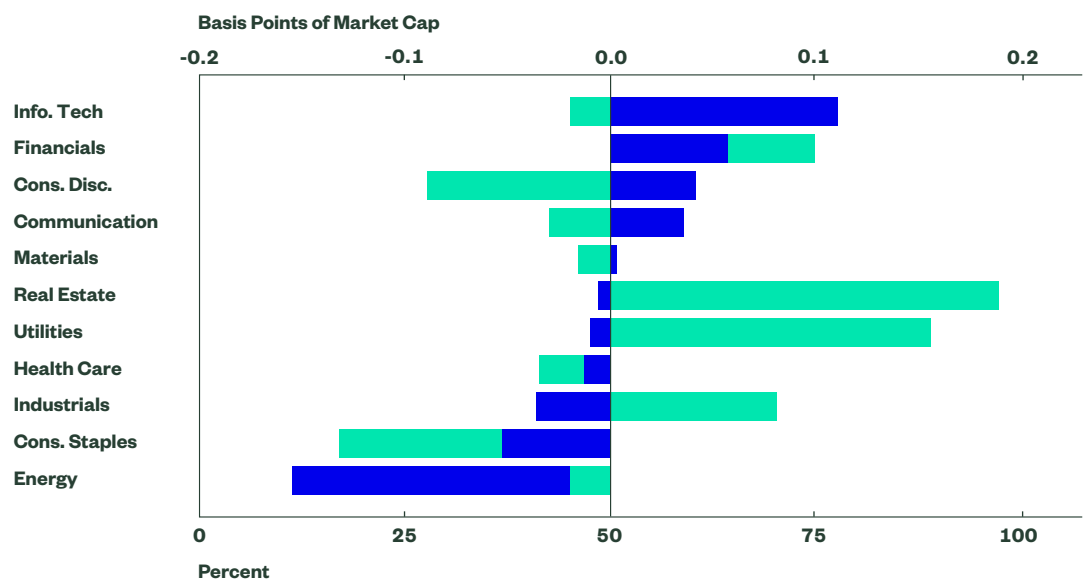
US

■ Holdings (lower axis)
■ 1-month flow (upper axis)



Europe

■ Holdings (lower axis)
■ 1-month flow (upper axis)



Source: State Street Global Markets. Data are as of 28 February 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.

Sector ETF Flows

	US-Domiciled (\$mn)		European-Domiciled (\$mn)	
	February 2020	YTD	February 2020	YTD
Communication Services	484	737	21	51
Consumer Discretionary	-894	280	33	3
Consumer Staples	1,147	752	61	89
Energy	2,093	1,465	-45	224
Financials	-2,525	-2,157	-105	-91
Health Care	490	102	203	409
Industrials	-1,683	-518	58	87
Materials	-1,016	-546	208	470
Real Estate	1,498	1,373	142	140
Technology	332	2,045	326	1,148
Utilities	1,321	1,720	314	466

Source: Bloomberg Finance L.P., State Street Global Advisors, as of 28 February 2020. Flows shown above are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. **The green boxes signify the two highest flow figures for each period, while the red boxes signify the two lowest flow figures.**

Methodology: We collect and aggregate flow figures for all sector and industry ETFs domiciled in the US and Europe. As of December 2019, this set includes approximately 300 ETFs and more than \$450 billion in AUM invested in US-domiciled funds and 350 ETFs and more than \$45 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.

Investment Behaviour Indicators: Background and Methodology

Access to 10% of World's Tradeable Securities¹ 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 from 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 while 0% is the lowest holding.

Endnote

¹ Source: State Street, as of 31 December 2019.

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Marketing communication.

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