

SPDR Spotlight

The Lowest Cost US Small-Cap Equity ETF – SPSM

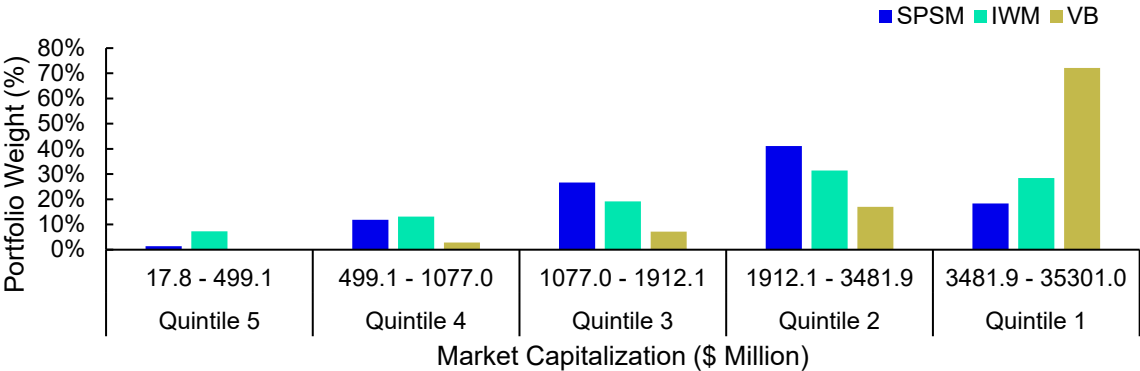
- Benchmark selection is an important consideration when choosing small-cap core equity exposures, as various indices may yield significant different performance results over the long term
- As a result of including financial viability requirement in the index eligibility, the S&P SmallCap 600 Index embeds a quality bias, contributing to its outperformance over the Russell 2000 Index by 688% since 1993 or by 1.7% per annum¹
- While the definitions of small cap stocks vary from one index provider to another, the variance may lead to different market-cap composition, with the largest company in the S&P SmallCap 600 Index being one-fifth and one-third of the largest company in the Russell 2000 and the CRSP US Small Cap indices, respectively²
- By seeking to track the S&P SmallCap 600 Index, the [SPDR® Portfolio S&P 600™ Small Cap ETF \(SPSM\)](#) provides investors a greater focus on smaller firms with a quality bias relative to the iShares Russell 2000 ETF (IWM) benchmarked against the Russell 2000 Index and the Vanguard Small-Cap ETF (VB) which seeks to track the CRSP US Small Cap Index

The Takeaway

The nuanced differences in index construction among small-cap indexed exposures can lead to performance differences over the long term, impacting investors’ strategic core portfolios. At just 3 basis points, SPSM is not only the lowest cost US small-cap equity ETF,³ but also provides a purer small-cap exposure than two of its largest competitors IWM and VB as shown in the chart below. SPSM’s lower share price, around \$40, also makes it easier for investors to gain exposures to US small-cap equities no matter the account size.

Chart of the Week

SPSM’s Greater Focus on Smaller Firms



Source: Bloomberg Finance L.P., as of 12/31/2023. Weights are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. The information contained above is for illustrative purposes only.

¹ Bloomberg Finance L.P., as of December 31, 2023. For the period from 1/1/1994 to 12/31/2023. Past performance is not a reliable indicator of future performance.
² Bloomberg Finance L.P., as of December 31, 2023
³ Bloomberg Finance L.P., State Street Global Advisors, as of 01/31/2024. The peer group is defined as US-listed US Small-Cap Blend Equity category per Bloomberg ETF classification.

Standard Performance

Annualized

<u>Ticker</u>	<u>Name</u>	<u>YTD (%)</u>	<u>1 Year (%)</u>	<u>3 Year (%)</u>	<u>5 Year (%)</u>	<u>10 Year (%)</u>	<u>Since Inception (%)</u>	<u>Inception Date</u>	<u>Gross Expense Ratio (%)</u>
SPSM	SPDR® Portfolio S&P 600 Small Cap ETF (NAV)	16.03	16.03	7.26	11.57	8.02	9.17	07/08/2013	0.03
SPSM	SPDR® Portfolio S&P 600 Small Cap ETF (MKT)	16.09	16.09	7.25	11.59	8.00	9.12		
VB	Vanguard Small-Cap ETF (NAV)	18.21	18.21	4.67	11.70	8.43	9.04	01/26/2004	0.05
VB	Vanguard Small-Cap ETF (MKT)	18.23	18.23	4.65	11.70	8.44	9.04		
IWM	iShares Russell 2000 ETF (NAV)	16.80	16.80	2.11	9.87	7.12	7.73	05/22/2000	0.19
IWM	iShares Russell 2000 ETF (MKT)	16.84	16.84	2.10	9.88	7.13	7.71		

Source: State Street Global Advisors, Morningstar as of 12/31/2023. **Performance returns for periods of less than one year are not annualized. Past performance is not a reliable indicator of future performance. 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. For SPDR ETFs, visit [ssga.com](https://www.ssga.com) for most recent month-end performance.** The market price used to calculate the Market Value return is the midpoint between the highest bid and the lowest offer on the exchange on which the shares of the Fund are listed for trading, as of the time that the Fund's NAV is calculated. If you trade your shares at another time, your return may differ. The gross expense ratio is the fund's total annual operating expenses ratio. It is gross of any fee waivers or expense reimbursements. It can be found in the fund's most recent prospectus.

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Investment Objective

The SPDR® Portfolio S&P 600 Small

Cap ETF provide investment results that, before fees and expenses, correspond generally to the total return performance of the S&P SmallCap 600® Index. The Index measures the performance of the small-capitalization sector in the U.S. equity market. The Index is float-adjusted and market capitalization weighted.

The Vanguard Small-Cap ETF seeks to track the performance of the CRSP US Small Cap Index, which measures the investment return of small-capitalization stocks.

The iShares Russell 2000 ETF seeks to track the investment results of the Russell 2000 Index, which is composed of small-capitalization U.S. equities as defined by FTSE Russell.

Investing involves risk including the risk of loss of principal.

In general, ETFs can be expected to move up or down in value with the value of the applicable index. Although ETF shares may be bought and sold on the exchange through any brokerage account, ETF shares are not individually redeemable from the Fund. Investors may acquire ETFs and tender them for redemption through the Fund in Creation Unit Aggregations only. Please see the prospectus for more details.

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

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

ETFs trade like stocks, are subject to investment risk, fluctuate in market value and may trade at prices above or below the ETFs' net asset value. Brokerage commissions and ETF expenses will reduce returns.

Passively managed funds invest by

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