SPDR Spotlight

A Quality Exposure Flying Under the Radar – KIE

The Lead

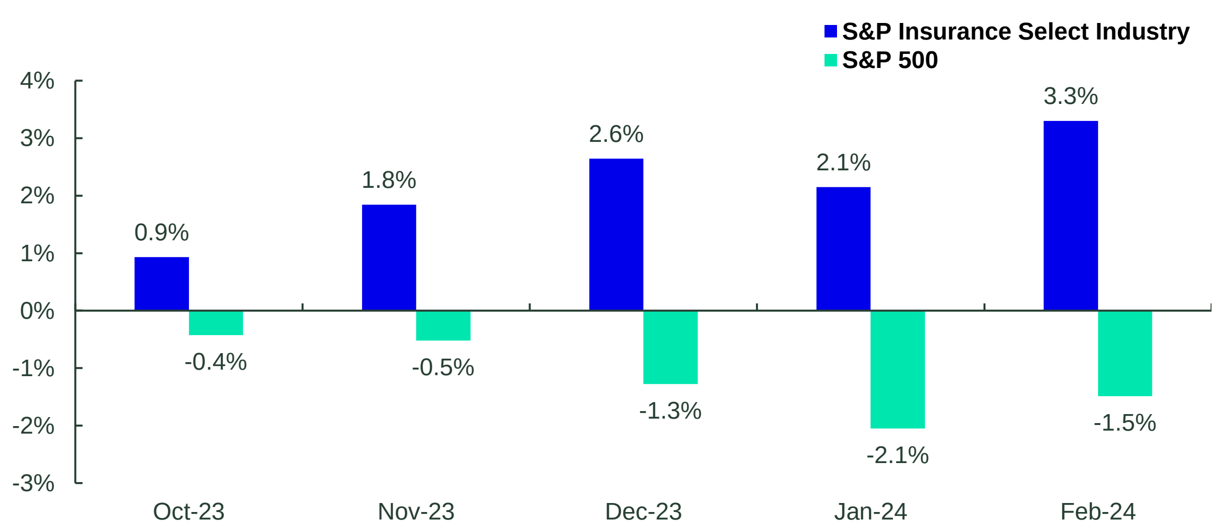
- After outperforming the broad market in the second half of 2023, the Insurance industry strong price momentum continues, outperforming the S&P 500 and the Financial sector by more than 3% year to date[1] thanks to continued positive industry fundamentals and attractive valuations
- Above-average insurance premium growth, easing claim costs and higher investment returns have lifted the industry earnings sentiment[2] (see chart below) and boosted the industry 2024 earnings growth projections above that of the broad market (15% vs. 10%)[3]
- Despite its stronger growth outlook, the industry's absolute and relative valuations are in the bottom decile of the past 10 years[4], pointing to a growth opportunity at attractive valuations

The Takeaway

Insurance companies tend to be overlooked by investors because they exhibit lower market-beta than other Financial industries and don't have glamouring growth stories. Nevertheless, their strong pricing power and stable cash flows from premiums collection make it a quality exposure. To capture the industry's quality growth at attractive valuations, consider the SPDR® S&P® Insurance ETF (KIE).

Chart of the Week

Change in 2024 EPS Projections From End of Q3 2023



Source: FactSet, As of 2/29/2024. Characteristics are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. EPS estimates are based on Consensus Analyst Estimates compiled by FactSet. Projected characteristics are based upon estimates and reflect subjective judgments and assumptions.

[1] Bloomberg Finance L.P., As of 3/15/2024
[2] FactSet, As of 2/29/2024. Characteristics are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. EPS estimates are based on Consensus Analyst Estimates compiled by FactSet. Projected characteristics are based upon estimates and reflect subjective judgments and assumptions.
[3] FactSet, As of 2/29/2024
[4] FactSet, As of 2/29/2024

Standard Performance

Ticker	Name	QTD	YTD	Annualized 1 Year	Annualized 3 Year	Annualized 5 Year	Annualized 10 Year	Annualized Since Inception	Inception Date	Gross Expense Ratio (%)
KIE (NAV)	SPDR® S&P® Insurance ETF	6.79%	12.14%	12.14%	12.47%	11.87%	9.93%	7.30%	11/08/2005	0.35
KIE (MKT)	SPDR® S&P® Insurance ETF	6.80%	12.17%	12.17%	12.46%	11.89%	9.93%	7.30%		

Source: ssga.com 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 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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Marketing Communication

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

Because of their narrow focus, **sector funds** tend to be more volatile than funds that diversify across many sectors and companies.

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