

SPDR Spotlight

A Balancing Act, in Three Parts – QUS

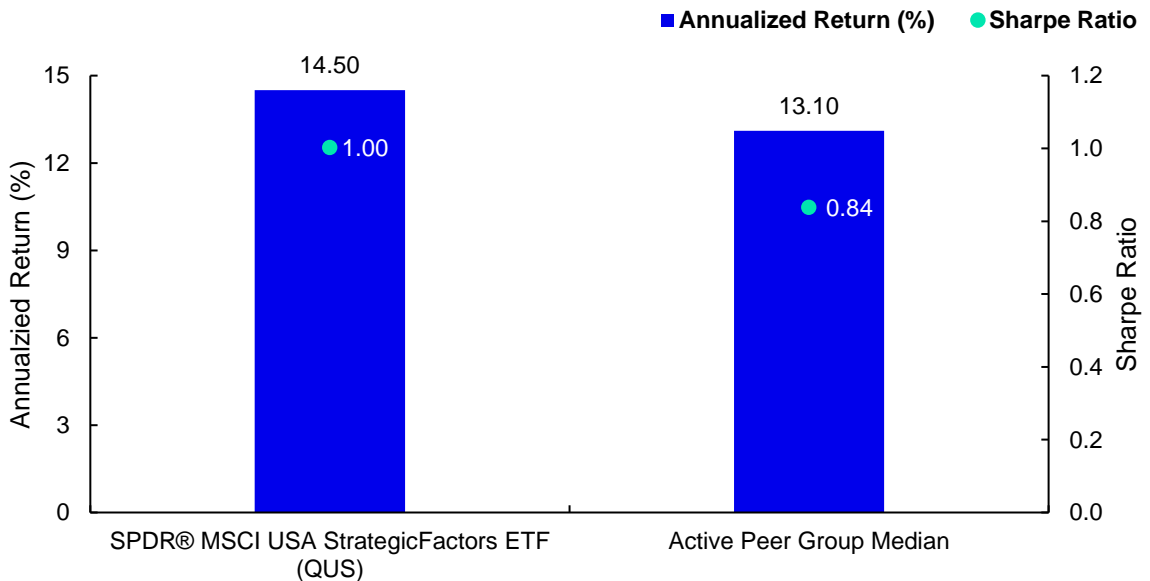
- COVID-19 cases in the US are climbing as new daily infections top 150,000 for the first time since January,¹ driven by the spread of the delta variant
- Despite the resurgence, some sectors of the economy appear resilient as US Consumer Confidence draws closer to pre-pandemic levels² and PMI data (manufacturing and services) suggests robust economic activity³
- The SPDR[®] MSCI USA StrategicFactorsSM ETF (QUS) is a multi-factor strategy that combines Value, Quality, and Minimum Volatility in an attempt to balance portfolio risk as COVID-19 continues to complicate the global economic recovery

The Takeaway

There have been multiple leadership changes in factor performance this year as investors grapple with both encouraging news driving cyclical factors higher and negative headlines lifting defensives. To balance portfolios from market gyrations, investors might benefit from a multi-factor approach to mitigate risk but still maintain upside potential. QUS equally-weights Value (a cyclical factor) with two defensive factors (Quality and Minimum Volatility). Because of their offsetting tendencies,⁴ Value and Quality generally outperform during different phases of the business cycle, while Minimum Volatility aims to de-risk the portfolio. This systematic approach has resulted in a risk-efficient exposure, as QUS ranks in the top quintile of active Morningstar Category peers based on annualized return and ranks in the top 7% of peers based on risk adjusted performance since its inception.⁵

Chart of the Week

QUS has historically balanced risk with upside potential



Source: Morningstar, 05/01/2015 to 07/31/2021. Peer group consists of active Large Blend mutual funds (oldest share class) and US-listed ETFs. 265 funds ranked. **Past Performance is not a reliable indicator of future results.**

Standard Performance

Ticker	Name	YTD	Annualized				Since Inception	Inception Date	Gross Expense Ratio (%)
			1 Year	3 Year	5 Year	10 Year			
QUS	SPDR® MSCI USA StrategicFactors SM ETF (NAV)	15.01%	37.20%	17.58%	16.34%	–	13.91%	04/15/2015	0.15
QUS	SPDR® MSCI USA StrategicFactors SM ETF (MKT)	15.04%	37.33%	17.53%	16.35%	–	13.91%		

Source: ssga.com/etfs as of 06/30/2021. **Performance returns for periods of less than one year are not annualized. 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. For SPDR ETFs, visit ssga.com/etfs 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.

¹ Source: The New York Times, as of 08/06/2021.

² Source: Bloomberg Finance L.P., as of 08/04/2021. Consumer Confidence represented as the Conference Board Consumer Confidence Index.

³ Source: Bloomberg Finance L.P., as of 08/04/2021.

⁴ Source: Factset, as of 07/31/2021. The 20-year correlation of excess return of Value and Quality to the MSCI USA is -0.50. Value and Quality represented as the MSCI USA Value Weighted Index and MSCI USA Quality Index, respectively. **Past Performance is not a reliable indicator of future results.**

⁵ Source: Morningstar, 05/01/2015 to 07/31/2021. Peer group consists of active Large Blend mutual funds (oldest share class) and US-listed ETFs. 265 funds ranked. **Past Performance is not a reliable indicator of future results.**

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Investing involves risk including the risk of loss of principal.

A **"value" style** of investing emphasizes undervalued companies with characteristics for improved valuations. This style of investing is subject to the risk that the valuations never improve or that the returns on "value" equity securities are less than returns on other styles of investing or the overall stock market. Although subject to the risks of common stocks, low volatility stocks are seen as having a lower risk profile than the overall markets. However, a fund that invests in low volatility stocks may not produce investment exposure that has lower variability to changes in such stocks' price levels.

A **"quality" style** of investing emphasizes companies with high returns, stable earnings, and low financial leverage. This style of investing is subject to the risk that the past performance of these companies

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