

SPDR Spotlight

Let's Play a Different Tape – SPSM

The Lead

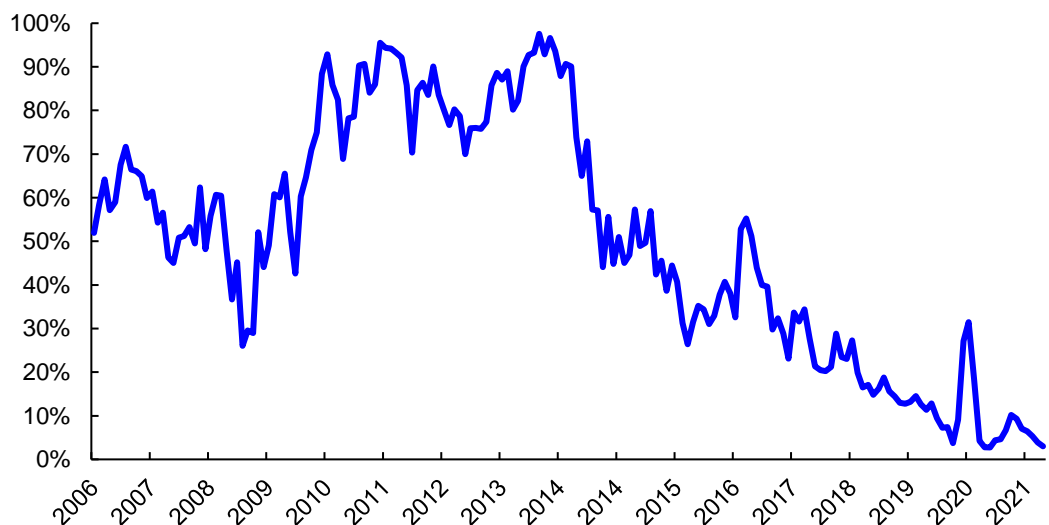
- While stating the Fed probably will begin slowing down asset purchases this year, Chairman Powell stressed that interest rates hikes are not expected right after, reaffirming the Fed's accommodative stance
- As the economic expansion continues and monetary policy remains accommodative, small-cap earnings growth is expected to outpace large caps again in 2022 (13.88% vs 8.93%)¹
- Based on a valuation composite including price-to-next-twelve-months-earnings (NTM P/E), price-to-sales (P/S) and price-to-book (P/B), the premium demanded by small caps relative to large caps is near the lowest level since 2006, as shown below

The Takeaway

The Fed's reiteration of an accommodative policy for longer alongside a recent pick-up on daily Covid-19 vaccine administrations in the US may extend the current economic expansion further, benefiting small-cap companies. Small-cap valuations relative to large caps are near their historical lows, presenting a growth opportunity with attractive valuations.² The SPDR® Portfolio S&P 600™ Small Cap ETF (SPSM) has better captured tailwinds of the current economic expansion than its major competitors, outperforming Vanguard Small-Cap ETF (VB) and Schwab US Small-cap ETF (SCHA), by as much as 5.5% on a YTD basis.³

Chart of the Week

Avg. Percentile Ranking based on P/E NTM, P/B and P/S Small Caps Premium relative to Large Caps



Source: FactSet, Period: 9/29/2006 – 8/31/2021. Small Caps = S&P Small Cap 600 Index; Large Caps = S&P 500 Index

Standard Performance

Ticker	Name	YTD (%)	Annualized					Inception Date	Gross Expense Ratio (%)
			1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)		
SPSM (NAV)	SPDR® Portfolio S&P600™ Small Cap ETF	20.59	56.93	11.24	14.16	-	11.74	7/8/2013	0.05
SPSM (MKT)	SPDR® Portfolio S&P600™ Small Cap ETF	20.54	56.82	11.24	14.15	-	11.74	-	-
VB (NAV)	Vanguard Small-Cap ETF	16.38	56.48	14.73	15.95	12.89	10.50	1/26/2004	0.05
VB (MKT)	Vanguard Small-Cap ETF	16.31	56.67	14.75	15.95	12.89	10.50	-	-
SCHA (NAV)	Schwab US Small-Cap ETF™	17.51	61.27	13.88	15.62	12.61	14.93	11/3/2009	0.04
SCHA (MKT)	Schwab US Small-Cap ETF™	17.57	61.39	13.87	15.63	12.60	14.77	-	-

Source: ssga.com, Morningstar, 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 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.

Footnotes

1 - FactSet, as of 8/31/2021. Small Caps = Small Cap 600 Index; Large Caps = S&P 500 Index

2 - FactSet, as of 8/31/2021. Small Caps = S&P Small Cap 600 Index; Large Caps = S&P 500 Index. Pre-pandemic date = 1/31/2020

3 - Bloomberg Finance L.P., Period: 12/31/2020 - 9/2/2021. **Performance quoted represents past performance, which is no guarantee of future results.**

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State Street Global Advisors, One Iron Street, Boston, MA 02210-1641

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