

SPDR Spotlight

When They Go Low, You Go High – SPYD

The Lead

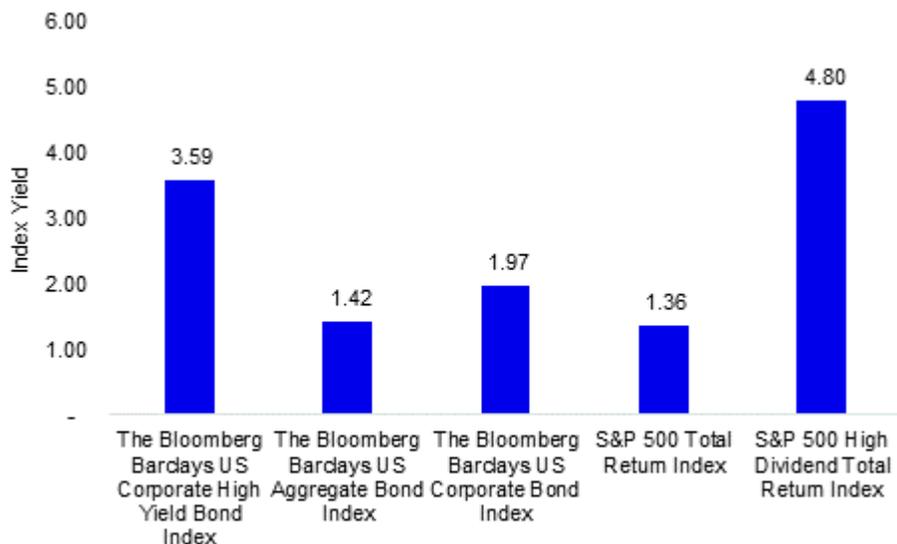
- Amid increasing anxiety of the delta variant of COVID-19 and fading fears of inflation, the U.S. 10-year and 30-year Treasury yields fell to 1.33% and 1.96%¹ respectively - the lowest levels since February
- Investors searching for income generation opportunities have limited options in both traditional equity and fixed income segments, as yields are below their historical averages (S&P 500 Index' dividend yield is 1.36%, and Bloomberg Barclays Aggregate Bond Index' yield is 1.42%, compared to their 15-year averages of 1.65% and 2.95% respectively²)
- The SPDR[®] Portfolio S&P 500[®] High Dividend ETF [SPYD] boasted an SEC yield of 3.96%³ and attractive valuations⁴, while outperforming the broad market by 6.39% and small-cap by 8.79%⁵ since the beginning of the year - largely driven by overweights in cyclical sectors such as Financials (22.55%) and Real Estate (20.13%)⁶

The Takeaway

Given the efficacy of vaccine against the delta variant and the US leadership in vaccine progress, the US economic recovery is likely to continue, benefiting the cyclical and value exposures throughout the rest of 2021. Investors that expect yields to remain muted across asset classes may consider allocating a piece of their portfolio to the SPDR Portfolio S&P 500 High Dividend ETF [SPYD] for their income generation needs. For an income oriented exposure, SPYD has attractive valuation ratios such as P/E, P/B, and P/S⁷ relative to the broad market as well as a potentially strong yield profile compared to traditional equity and fixed income indices as shown in the chart below.

Chart of the Week

Yield Profile versus Broad Equity and Fixed Income



Source: Bloomberg Finance L.P., as of 07/08/2021. **Past Performance quoted represents past performance, which is no guarantee of future results.** Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable. Fixed Income index yields displayed are Yield to Worst and Equity Index yields displayed are distribution yield.

Standard Performance

Ticker	Name	YTD (%)	Annualized				10 Year (%)	Since Inception (%)	Inception Date	Gross Expense Ratio (%)
			1 Year (%)	3 Year (%)	5 Year (%)					
SPYD (NAV)	SPDR® Portfolio S&P 500 High Dividend ETF	24.90	51.84	7.90	8.91	–	10.49	10/21/2015	0.07	
SPYD (MKT)	SPDR® Portfolio S&P 500 High Dividend ETF	24.93	51.94	7.89	8.90	–	10.49	–	–	

Source: ssga.com, 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.

¹ Bloomberg Finance, L.P., as of 7/8/2021.

² Bloomberg Finance, L.P., FactSet, as of 12/31/2020. **Past performance is not a reliable indicator of future performance.**

³ ssga.com, as of 7/8/2021. **Past performance is not a reliable indicator of future performance.**

⁴ Bloomberg Finance, L.P., as of 7/8/2021, P/E Ratios: SPDR Portfolio S&P 500 High Dividend ETF 17.11, S&P 500 Index 27.36, Russell 2000 Index 18.10. P/B Ratios: SPYD 1.76, S&P500 Index 4.46, Russell 2000 Index 2.46. P/S Ratios: SPYD 1.62, S&P500 Index 3.13, Russell 2000 Index 1.52.

⁵ Bloomberg Finance, L.P., as of 7/8/2021. **Past performance is not a reliable indicator of future performance.**

⁶ Bloomberg Finance, L.P., as of 7/8/2021.

⁷ Bloomberg Finance, L.P., as of 7/8/2021, P/E Ratios: SPDR Portfolio S&P 500 High Dividend ETF 17.11, S&P 500 Index 27.36, Russell 2000 Index 18.10. P/B Ratios: SPYD 1.76, S&P500 Index 4.46, Russell 2000 Index 2.46. P/S Ratios: SPYD 1.62, S&P500 Index 3.13, Russell 2000 Index 1.52.

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