

STATE STREET ETFs SPOTLIGHT

Diversify with dividend growers – SDY

The lead

- Expectations for rate cuts have been further solidified following the latest CPI print coming in below expectations at 3.0%, raising the spectre of potentially lower bond yields
- Meanwhile, with US equity markets [approaching their highest concentration levels ever](#) – with the top 10 stocks accounting for almost 39%¹ of the market – the S&P 500 Index dividend yield has fallen to the bottom 2nd percentile, worsening the income potential from traditional sources²
- The [SPDR® S&P® Dividend ETF \(SDY\)](#), which invests in companies that have consistently raised dividends by at least 20 consecutive years, may help investors enhance portfolio diversification while generating higher income than broad equities

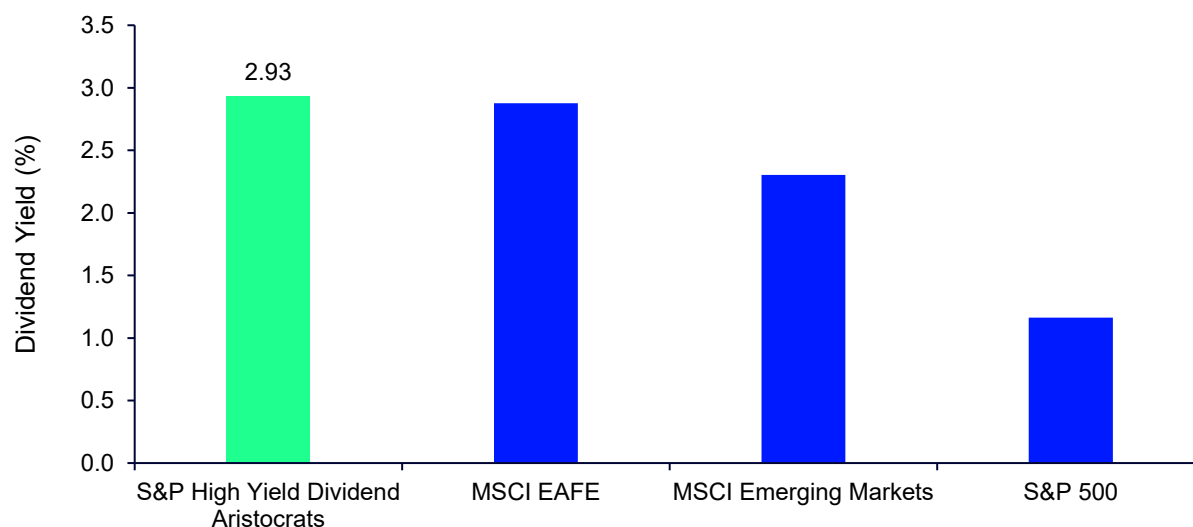
The takeaway

SDY offers a way to remain invested in US equities with lesser concentration to mega-cap tech stocks, as it holds only one of the Magnificent 7 stocks.³ SDY's holdings have also demonstrated their consistent ability, and willingness, to provide income across different market regimes and economic environments. Even though the threshold for inclusion in SDY's index is 20 years, companies in SDY have raised their dividends for over 34 years on average, with nine of them raising dividends for over 60 years.

SDY's benchmark has a trailing 12-month dividend yield of 2.93%, above that of broad market indices (see chart of the week).⁴ And SDY's dividend yield historically has been above that of the broad market and CPI inflation – indicating the potential for both enhanced nominal and real equity income at a time when broad stocks and bonds income potential has dwindled.

Chart of the week

S&P High Yield Dividend Aristocrats yield compared to broad market indices



Source: Bloomberg Finance L.P., as of 10/22/2025. Past performance is not a reliable indicator of future performance.

Standard Performance

Annualized

Ticker	Name	YTD (%)	1-Year (%)	3-Year (%)	5-Year (%)	10-Year (%)	Since Inception (%)	Inception Date	Gross Expense Ratio (%)
SDY (NAV)	SPDR® S&P® Dividend ETF	8.20	1.30	10.82	11.67	10.49	8.80	11/08/2005	0.35
SDY (MKT)	SPDR® S&P® Dividend ETF	8.17	1.31	10.80	11.68	10.49	8.80	-	-

Source: State Street Investment Management, as of 09/30/2025.

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. Visit www.ssga.com for most recent month-end performance. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a gross and net of fees basis. Gross of fees do not reflect and net of fees reflect the deduction of advisory or other fees which could reduce the return. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in USD. 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. Bloomberg Finance L.P., as of October 23, 2025. Based on holdings of S&P 500 Index.
2. Bloomberg Finance L.P., as of October 22, 2025. Based on trailing 12-month dividend yield percent rank.
3. Bloomberg Finance L.P., as of October 22, 2025.
4. Bloomberg Finance L.P., as of October 22, 2025.

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While the shares of ETFs are tradable on secondary markets, they may not readily trade in all market conditions and may trade at significant discounts in periods of **market stress**

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