

September 14, 2020
Weekly Bulletin

SPDR Portfolio TIPS ETF — SPIP

The Lead

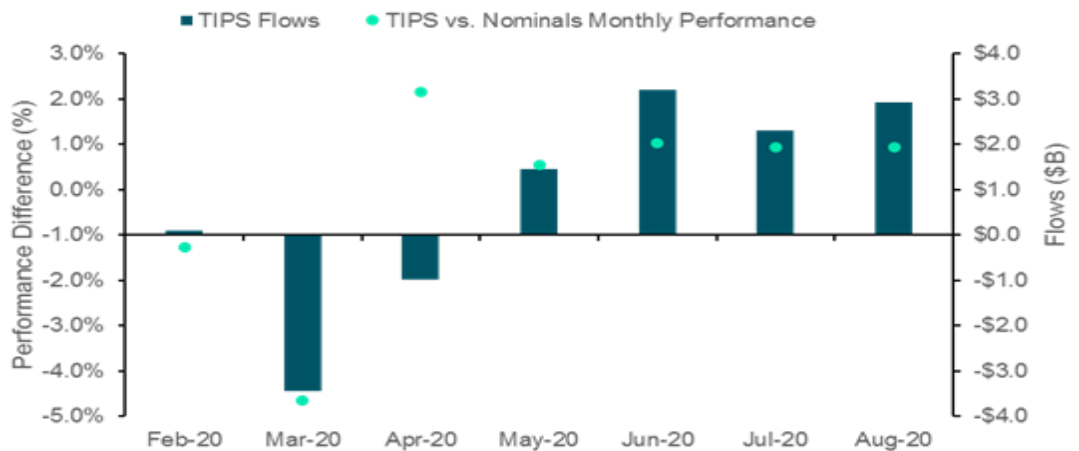
- US headline and core CPI inflation accelerated and beat expectations for the third consecutive month in August, as the Fed’s unprecedented monetary easing — along with the record government deficit — keeps adding inflationary pressure to the economy
- Investors have raised their inflation expectations above pre-pandemic levels¹ and have begun considering Treasury Inflation-Protected Securities (TIPS) to mitigate inflation risks
- TIPS have outperformed nominal Treasuries by more than 6% since the bottom of inflation expectations in March, while TIPS-related ETFs have attracted more than \$10 billion of inflows over the past three months, compared with \$3.5 billion in outflows from government-related ETFs²

The Takeaway

The Fed’s new policy framework shows its willingness to let inflation run higher for a longer period. More fiscal stimulus is likely to be enacted to fight against economic shortfalls caused by the pandemic. Both provide tailwinds for higher inflation. Replacing nominal Treasury exposures with SPDR Portfolio TIPS ETF [SPIP] may mitigate inflation risk in a bond portfolio without augmenting duration risks.

Chart of the Week

TIPS Relative Performance and TIPS-Related ETF Flows



Past performance is not a guarantee of future results. Source: Bloomberg Finance L.P., State Street Global Advisors, Period: 02/01/2020 – 08/31/2020.

Standard Performance

Ticker	Name	YTD (%)	Annualized					Inception Date	Gross Expense Ratio (%)
			1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)		
SPIP (NAV)	SPDR Portfolio TIPS ETF	-10.25	-5.66	1.63	3.52	-	6.46	10-18-2011	0.32
SPIP (MKT)	SPDR Portfolio TIPS ETF	-10.07	-5.56	1.58	3.54	-	6.21	10-18-2011	0.32

Source: ssga.com, Morningstar, as of 06/30/2020.

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. 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.

Footnotes

¹ Source: Bloomberg Finance L.P. as of 9/11/2020. Inflation expectations are measured by 2-year, 5-year and 10-year breakeven inflation rate.

² Source: Bloomberg Finance L.P., as of 9/10/2020.

ssga.com/etfs

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Important Risk Information:

Increase in real interest rates can cause the price of inflation-protected debt securities to decrease. Interest payments on inflation-protected debt securities can be unpredictable.

Bonds generally present less short-term risk and volatility than stocks, but contain interest rate risk (as interest rates rise, bond prices usually fall); issuer default risk; issuer credit risk; liquidity risk; and inflation risk. These effects are usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss.

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Passively managed funds hold a range of securities that, in the aggregate, approximates the full Index in terms of key risk factors and other characteristics. This may cause the fund to experience tracking errors relative to performance of the index. 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.

ETFs trade like stocks, are subject to investment risk, fluctuate in market value and may trade at prices above or below the ETFs net asset value. Brokerage commissions and ETF expenses will reduce returns.

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