
March 22, 2021

Weekly Bulletin

Potential for High Dividends at a Good Value – SPYD

The Lead

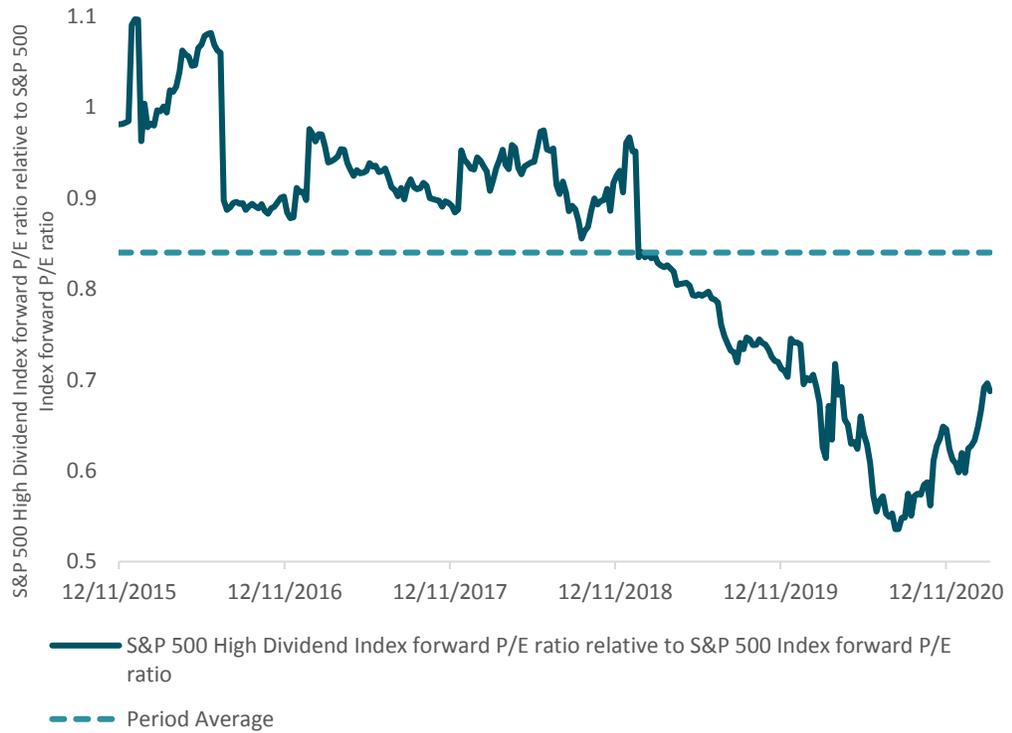
- After years of growth dominating the market, there has been a resurgence by value stocks as of late, with value outperforming the broad market and growth styles by over 5% and 10%, respectively to start 2021¹
- At the same time, in the current low yield environment, investors searching for attractive income generation opportunities are faced with limited options in both traditional equity and fixed income segments, as yields are well below their historical averages (S&P 500 Index' dividend yield is 1.53%, and Bloomberg Barclays Aggregate Bond Index' yield is 1.62%, compared to their fifteen year averages of 2.07% and 3.02%, respectively²)
- The SPDR[®] Portfolio S&P 500[®] High Dividend ETF [SPYD] has combined an attractive yield potential (SEC yield has been 4%³) alongside constructive valuations⁴, and given its concentrated value bias, it has also recorded strong performance in recent months – beating both the broad market and traditional large-cap value stocks by a wide margin (S&P 500 by 14.44% and S&P 500 Value by 8.65% YTD)⁵

The Takeaway

With over 410 million COVID vaccine doses administered worldwide⁶ and more economies preparing to re-open, the global economic recovery continues to build momentum. Cyclically oriented value stocks may be an ideal allocation given their strong relationship to early phases of economic cycles and variables such as inflation and interest rates. Even though value has performed well recently, value stocks remain relatively cheap⁷. For an income oriented value exposure, consider the SPDR[®] Portfolio S&P 500[®] High Dividend ETF [SPYD], which has a P/E ratio below that of the broad market (and traditional value) along with an attractive yield component. As shown in the Chart of the Week, the forward P/E ratio for SPYD's index remains well below its historical average relative to S&P 500 Index', with forward P/S and P/B ratios telling a similar story⁸. SPYD is also overweight cyclical sectors⁹, such as Financials (23.41% weight) and Real Estate (19.16% weight), which are likely to benefit from the economic rebound.

Chart of the Week

Valuations remain attractive for SPYD



Source: Bloomberg Finance, L.P., Forward P/E ratios based on Bloomberg estimates. Period: 12/11/2015 – 3/18/2021. It is not possible to invest directly in an index. Past performance is not a reliable indicator of future performance.

Standard Performance

Ticker	Name	YTD	Annualized					Inception Date	Gross Expense Ratio (%)
			1 Year	3 Year	5 Year	10 Year	Since Inception		
SPYD (NAV)	SPDR® Portfolio S&P 500® High Dividend ETF	-11.52	-11.52	0.75	7.51	-	6.88	10/21/2015	0.07
SPYD (MKT)	SPDR® Portfolio S&P 500® High Dividend ETF	-11.52	-11.52	0.72	7.51	-	6.88	10/21/2015	

Source: ssga.com/etfs as of 12/31/2020.

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/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.

Footnotes

¹Source: Bloomberg Finance, L.P., YTD as of 3/18/2021. Broad Market = S&P 500 Index, Value = S&P 500 Value Index, Growth = S&P 500 Growth.

²Source: Bloomberg Finance, L.P., period: 3/31/2006 – 3/18/2021.

³Source: SSGA, as of 3/17/2021.

⁴Source: Bloomberg Finance, L.P., as of 3/18/2021, P/E Ratios: S&P 500 High Dividend Index 26.25, S&P 500 Index 31.71, S&P 500 Value 28.28.

⁵Source: Bloomberg Finance, L.P., YTD as of 3/18/2021.

⁶Source: Bloomberg Finance, L.P., as of 3/18/2021.

⁷Source: Bloomberg Finance, L.P., as of 3/18/2021, P/E Ratios: S&P 500 High Dividend Index 26.25, S&P 500 Index 31.71, S&P 500 Value 28.28.

⁸Source: Bloomberg Finance, L.P., as of 3/18/2021. Forward ratios based on Bloomberg estimates.

⁹Source: Bloomberg Finance, L.P., as of 3/18/2021.

Past performance is not a reliable indicator of future performance. 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

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Dividend paying securities can fall out of favor causing securities to underperform companies that do not pay dividends. Changes in dividend policies of companies may adversely affect fund performance.

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

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