

SPDR Spotlight

Real (Estate) Talk - RWR

The Lead

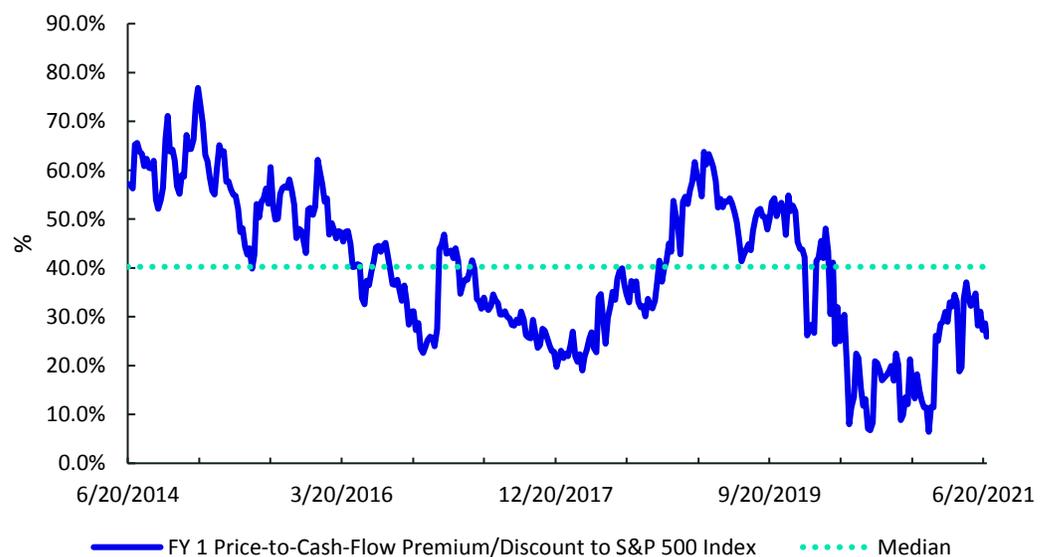
- Given the shift to working remotely, the US Real Estate sector went out of favor during the pandemic – sending valuations lower
- Yet, the sector has historically performed well during past economic recoveries and expansions,¹ and has recently outperformed the S&P 500 by 4.27% over the past three months² – right as economic data has started to indicate a burgeoning expansion
- Despite having the most notable flow activity among sectors this month (+\$3.88 billion) many institutional investors are still grossly underweight the Real Estate sector³ – signaling a potential non-consensus cyclical trade

The Takeaway

Even with the recent rebound, the relative premium REITs trade at versus the S&P 500 remain below their longer-term median, as shown below. And elevated personal spending, strong consumer confidence, and increasing rental inflation should continue to support this rebound of the economically sensitive Real Estate sector. For those seeking to position in a cyclical, but non-consensus, manner, the SPDR Dow Jones REIT ETF [RWR] seeks to offer exposure to over 115 firms across eight different REIT industries⁴ – and has outperformed competitor Vanguard Real Estate ETF [VNQ] by 1.38% this year.⁵

Chart of the Week

Relative FY 1 Price-to-Cash-Flow Ratio for US REITs versus S&P 500 Index



Source: Bloomberg Finance L.P., as of June 30, 2021. **Past performance is not a guarantee of future results.** US REITs represented by Dow Jones US Select REIT Total Return Index.

Standard Performance

Ticker	Name	YTD (%)	Annualized					Inception Date	Gross Expense Ratio (%)
			1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)		
RWR (NAV)	SPDR [®] Dow Jones REIT ETF	22.75	39.59	7.83	4.87	8.38	9.83	04/23/2001	0.25
RWR (MKT)	SPDR [®] Dow Jones REIT ETF	22.69	39.69	7.81	4.87	8.38	9.84	-	-
VNQ (NAV)	Vanguard Real Estate ETF	21.37	34.33	11.92	7.06	9.72	9.15	09/23/2004	0.12
VNQ (MKT)	Vanguard Real Estate ETF	21.41	34.41	11.90	7.07	9.72	9.15	-	-

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 – Sector Business Cycle Analysis, SPDR Americas.
- 2 – Bloomberg Finance L.P., as of June 30, 2021
- 3 – State Street Global Markets, Institutional investor behavior in US Sectors, as of July 14, 2021.
- 4 – Bloomberg Finance L.P., as of June 30, 2021
- 5 – Bloomberg Finance L.P., as of June 30, 2021. **Past performance is not a reliable indicator of future performance.**

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Important Risk Information

The funds presented herein have different investment objectives, costs and expenses. Each fund is managed by a different investment firm, and the performance of each fund will necessarily depend on the ability of their respective managers to select portfolio investments. These differences, among others, may result in significant disparity in the funds' portfolio assets and performance. For further information on the funds, please review their respective prospectuses.

SPDR® Dow Jones® REIT ETF [RWR] seeks to provide exposure to the publicly-traded REIT securities in the U.S. (must be an equity owner and/or operator of commercial and/or residential real estate) and to provide investment results that, before fees and expenses, correspond generally to the total return performance of the Dow Jones® U.S. Select REIT Index.

Vanguard Real Estate ETF [VNQ] aims to invests in stocks issued by real estate investment trusts (REITs), companies that purchase office buildings, hotels, and other real property. Goal is to closely track the return of the MSCI US Investable Market Real Estate 25/50 Index.

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Real Estate Investment Trusts (REITs) investing may be subject to risks including, but not limited to, declines in the value of real estate, risks related to general economic conditions, changes in the value of the underlying property owned by the trust and defaults by borrowers.

REIT funds may be subject to a high degree of market risk due to lack of industry diversification. REIT funds may be subject to other risks including, but not limited to, changes in real estate values or economic conditions, credit risk and interest rate fluctuations and changes in the value of the underlying property owned by the trust and defaults by borrowers.

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