

SPDR Spotlight

Quality Control – SDY

The Lead

- Global equities posted 58 new all-time highs so far in 2021¹, however growth stock valuations remain elevated and overly extended which could be a headwind in the coming months
- By investing in companies that have consistently increased dividends for at least 20 consecutive years, the SPDR S&P Dividend ETF [SDY] has an imbedded quality bias with a yield (2.49%) higher than the broad equity market (1.33%) as well as the five-year five-year forward breakeven inflation rate (2.17%)²
- Although global economic growth forecasts are expected to peak in 2021 at 5.9% with expectations for 2022 and 2023 to fall slightly to 4.9% and 3.6%³, respectively, these are still above the average growth rate for the past fifteen years⁴

The Takeaway

Unlike the early stages of the recovery, growth is beginning to slow to a simmer and there has been a greater emphasis on firms with higher quality balance sheets and reliable profitability. Investors looking to blend both quality and value attributes while maintaining a healthy source of income may want to consider the SPDR S&P Dividend ETF [SDY] to navigate this post-peak-growth terrain. As shown in the chart below, SDY has a higher yield per unit of volatility relative to all broad-based S&P US segments.

Chart of the Week

SPDR® S&P® Dividend ETF and U.S. Equity Indices Volatility Adjusted Yield



Source: Bloomberg Finance L.P., as of 11/24/2021; S&P Dow Jones as of 10/30/2021. **Past performance is not indicative for future results.**

Standard Performance

Ticker	Name	YTD (%)	Annualized					Inception Date	Gross Expense Ratio (%)
			1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)		
SDY (NAV)	SPDR [®] S&P [®] Dividend ETF	13.25	31.04	9.41	10.53	13.45	9.19	11/08/2005	0.35
SDY (MKT)	SPDR [®] S&P [®] Dividend ETF	13.26	31.08	9.40	10.53	13.44	9.19	-	-

Source: ssga.com/etfs, as of September 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-Bloomberg Finance L.P. as of November 24, 2021.
- 2 -Bloomberg Finance L.P. as of November 24, 2021
- 3 -Bloomberg Finance L.P. as of November 11, 2021, based on consensus economist estimates.
- 4 -Bloomberg Finance L.P. as of November 11, 2021, based on the historical IMF World Gross Domestic Product Constant Prices Annual Percentage Change.

ssga.com/etfs

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