

STATE STREET ETF SPOTLIGHT

# Convert the risk – CWB

## The lead

- After the Fed held rates steady this week, markets pushed out expectations for rate cuts amid rising inflation uncertainty and Middle East tensions, driving renewed rate volatility
- Yields on 2-year US notes have risen over 50 basis points month-to-date, marking one of the largest moves since October 2024<sup>1</sup> and highlighting the magnitude of the recent repricing
- Against this backdrop, convertible bonds may offer an attractive combination of equity upside participation and downside protection, alongside a premium over traditional credit<sup>2</sup> with a more stable risk profile relative to stocks,<sup>3</sup> supporting their relative appeal in the current environment

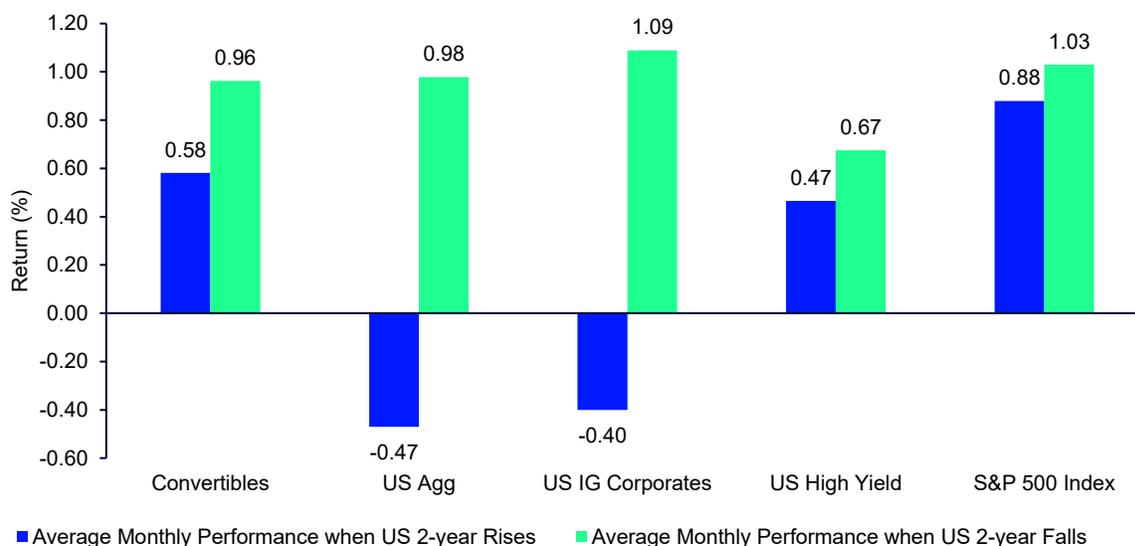
## The takeaway

As illustrated below, convertible bonds have historically outperformed other fixed income asset classes during periods of rising rates.<sup>4</sup> In months when US 2-year yields increased, convertibles delivered stronger returns than the Agg, IG corporates, and high yield bonds.<sup>5</sup>

With close to historical median delta and conversion premiums,<sup>6</sup> convertibles currently offer a compelling entry point, combining equity upside potential with bond-like downside protection.

Investors seeking to capture this profile may consider the [State Street® SPDR® Bloomberg Convertible Securities ETF \(CWB\)](#).

## Chart of the week: Convertibles and US 2-year yield movement



**Source:** Bloomberg Finance, L.P., for the period: 3/1/2006 – 2/28/2026. Convertibles = Bloomberg US Convertibles Liquid Bond Index, the Agg = Bloomberg US Aggregate Bond Index, US IG Corporates = Bloomberg US Corporate Bond Index, US High Yield = Bloomberg US Corporate Bond Index. **The performance data quoted represents past performance. Past performance does not guarantee future results.**

## Standard Performance

Ticker	Name	QTD (%)	YTD (%)	Annualized					Inception Date	Gross Expense Ratio (%)
				1-Year (%)	3-Year (%)	5-Year (%)	10-Year (%)	Since Inception (%)		
CWB (NAV)	State Street® SPDR® Bloomberg Convertible Securities ETF	-0.88	16.55	16.55	13.62	3.56	10.87	11.07	4/14/2009	0.40
CWB (MKT)	State Street® SPDR® Bloomberg Convertible Securities ETF	-0.96	16.46	16.46	13.66	3.54	10.85	11.07	-	-

**Source:** State Street Investment Management, as of 12/31/2025. **The performance data quoted represents past performance. Past performance does not guarantee 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. Visit [www.statestreet.com/im](http://www.statestreet.com/im) for most recent month-end performance.** Performance returns for periods of less than one year are not annualized. Performance is shown net of fees. 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. 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 returns may differ.

## Footnotes

1 Bloomberg Finance, L.P., as of 3/20/2026.

2 Bloomberg Finance L.P., for the period: 3/1/2006 – 2/28/2026, based on annualized return of the Bloomberg U.S. Convertible Liquid Bond Index (8.89%) versus the Bloomberg US Corporate Bond Index (4.33%) using monthly granularity. **The performance data quoted represents past performance. Past performance does not guarantee future results.**

3 Morningstar, for the period: 3/1/2006 – 2/28/2026, based on annualized standard deviation of the Bloomberg U.S. Convertible Liquid Bond Index (13.06%) and S&P 500 Index (15.09%) using monthly granularity. **The performance data quoted represents past performance. Past performance does not guarantee future results.**

4 Bloomberg Finance L.P., for the period: 3/1/2006 – 2/28/2026. **The performance data quoted represents past performance. Past performance does not guarantee future results.**

5 Bloomberg Finance L.P., for the period: 3/1/2006 – 2/28/2026, Convertibles = Bloomberg US Convertibles Liquid Bond Index, the Agg = Bloomberg US Aggregate Bond Index, IG Corporates = Bloomberg US Corporate Bond Index, US High Yield = Bloomberg US Corporate Bond Index. **The performance data quoted represents past performance. Past performance does not guarantee future results.**

6 Bloomberg Finance L.P., for the period: 3/1/2011 – 2/28/2026. As of February 2026 the Bloomberg US Convertibles Liquid Bond Index traded at a monthly average delta of 63.25 (period median: 62.62) and a monthly average conversion premium of 32.94% (period median: 33.47%). Delta measures the sensitivity of a convertible bond to changes in the price of the underlying equity, conversion premium is the percentage amount by which a convertible bond's market price exceeds its current conversion value (the value if converted immediately). **The performance data quoted represents past performance. Past performance does not guarantee future results.**

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Diversification does not ensure a profit or guarantee against loss.

**Passively managed funds** invest by sampling the index, holding 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.

Issuers of convertible securities may not be as financially strong as those issuing securities with higher credit ratings and may be more vulnerable to changes in the economy. Other risks associated with convertible bond investments include: Call risk which is the risk that bond issuers may repay securities with higher coupon or interest rates before the security's maturity date; liquidity risk which is the risk that certain types of investments may not be possible to sell the investment at any particular time or at an acceptable price; and investments in derivatives, which can be more sensitive to sudden fluctuations in interest rates or market prices, potential illiquidity of the markets, as well as potential loss of principal

**Bond funds** contain interest rate risk (as interest rates rise bond prices usually fall); the risk of issuer default; issuer credit risk; liquidity risk; and inflation risk. There are additional risks for funds that invest in mortgage-backed and asset-backed securities including the risk of issuer default; credit risk and inflation risk.

**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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