

STATE STREET ETF SPOTLIGHT

Broadening leadership, Small-Cap Opportunity - SPSM

The lead

- Easing geopolitical tensions following a potential US-Iran peace deal have driven a decline in energy risk premia and inflation expectations,¹ supporting a more constructive backdrop for equities.
- At the same time, market leadership is beginning to broaden beyond mega-cap technologies, creating an opportunity to reintroduce diversification into equity allocations, especially across more domestically oriented segments of the market.
- US small caps are a clear beneficiary of this shift, supported by a more domestically driven cycle including reshoring efforts, infrastructure spending, and industrial policy, alongside a gradual broadening of AI-related investment beyond mega-cap leaders.

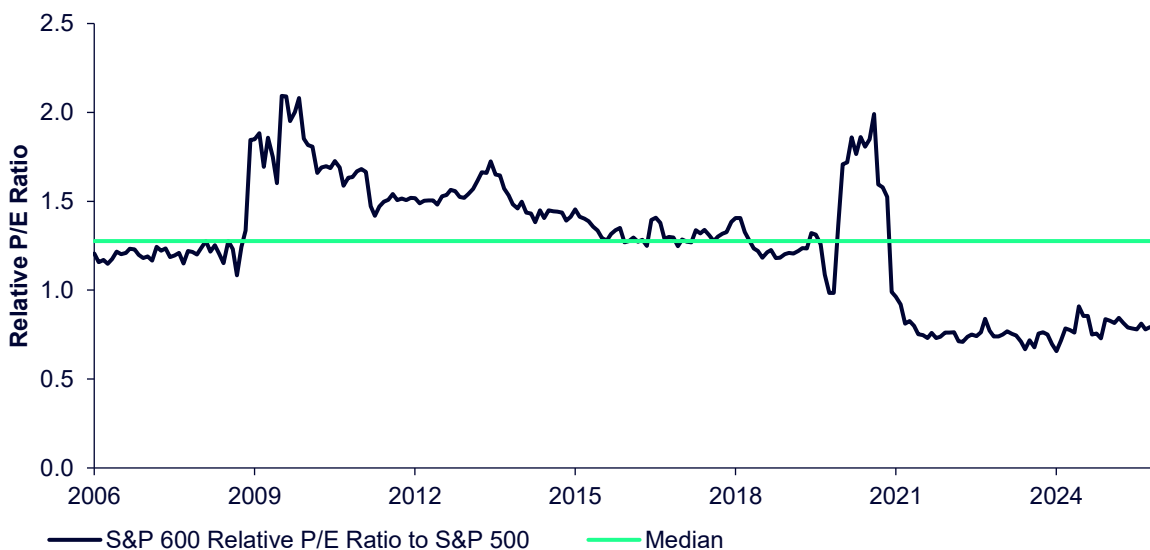
The takeaway

The [State Street® SPDR® Portfolio S&P 600™ Small Cap ETF \(SPSM\)](#) provides one of the lowest cost exposures to the S&P 600 at only 3 bps, serving as a core building block for investors seeking targeted access to US small-cap equities. Despite improving fundamentals, US small cap equities continue to trade at attractive valuations (chart of the week).

This dynamic is also reflected in forward valuations, with the S&P 600 trading at 17.1x forward earnings versus 22.1x for the S&P 500 – an approximately 23% discount² that has historically preceded small cap outperformance over the subsequent three to five years.³ Recent performance suggests early signs of this trend playing out, with the S&P 600 outperforming the S&P 500 by 9.6% YTD after three consecutive years of underperformance.⁴

Chart of the week:

S&P 600 P/E Ratio relative to the S&P 500



Source: Bloomberg Finance L.P., as of June 18, 2026, based on S&P 600 price to earnings ratio (P/E) relative to the S&P 500 P/E ratio. **The performance data quoted represents past performance. Past performance does not guarantee future results.**

Standard Performance

Annualized

Ticker	Name	YTD (%)	1-Year (%)	3-Year (%)	5-Year (%)	10-Year (%)	Since Inception (%)	Inception Date	Gross Expense Ratio (%)
SPSM (NAV)	State Street® SPDR® Portfolio Emerging Markets ETF	3.53	20.50	10.49	4.46	10.04	4.46	7/8/2013	0.03
SPSM (MKT)	State Street® SPDR® Portfolio Emerging Markets ETF	3.51	20.50	10.51	4.49	10.07	4.49	-	-

Source: State Street Investment Management, as of 3/31/2026.

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 for most recent month-end performance. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a gross and net of fees basis. Gross of fees do not reflect and net of fees reflect the deduction of advisory or other fees which could reduce the return. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in USD. 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 June 18, 2026. Month-to-date, the Brent Crude (ICE) July 2026 futures contract price declined by 12.4%, and the US Breakeven 1 Year Inflation Rate declined by 29.3%. **Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted.**

2 - Bloomberg Finance L.P., as of June 18, 2026. Forward earnings based on Bloomberg Estimates (Best) Price to Earnings Ratio.

3 - "Small-Cap vs Large-Cap: 2026 Portfolio Allocation," Smallcapscanner.com February 20, 2026.

4 - Bloomberg Finance L.P., as of June 18, 2026. 2026 based on YTD performance of S&P 500 (+10.18%) and S&P 600 (+19.77%). **Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted.** Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain/loss, and the reinvestment of dividends and other income as applicable. Performance of an index is not illustrative of any particular investment. It is not possible to invest directly in an index.

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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.

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