

Sector Compass

Monthly Update

SPDR EMEA Strategy & Research

Summary

- November saw a sizeable rotation after the results of the US presidential election and, more importantly for equity prospects, the game-changing announcements on COVID-19 vaccines. Energy and Financials turned around quickly from their previous weakness.
- Both European-domiciled and US-domiciled ETF ranges saw heavy inflows into sector ETFs as a means of playing the rotation. Investors favoured cyclicals such as Financials, Industrials and Consumer Discretionary.
- Institutional investors appear to have added the most money to areas they were previously underweight. Most striking are the relative flows into Energy stocks, a sector showing pronounced value characteristics.

Sector Performance

Global Sectors				US Sectors				Europe Sectors			
November 2020 (%)		YTD (%)		November 2020 (%)		YTD (%)		November 2020 (%)		YTD (%)	
Energy	29.1	36.0	Technology	Energy	27.8	35.6	Technology	Energy	33.8	9.4	Utilities
Financials	19.3	29.5	Cons Discret	Finance	16.9	26.2	Cons Discret	Financials	25.4	8.7	Technology
Industrials	15.8	18.6	Comm Services	Industrials	15.9	22.4	Comm Services	Cons Discret	16.4	3.4	Healthcare
Cons Discret	13.2	13.3	Materials	Materials	12.5	16.9	Materials	Technology	14.8	1.7	Materials
MSCI World NR	12.8	11.2	MSCI World NR	Technology	11.4	13.4	S&P500 NR	Industrials	14.4	1.2	Cons Staples
Technology	12.6	10.1	Healthcare	S&P500 NR	10.9	9.2	Healthcare	MSCI Europe NR	13.9	-1.7	Industrials
Materials	12.5	9.1	Industrials	Comm Services	10.5	8.6	Cons Staples	Real Estate	13.7	-4.8	Cons Discret
Comm Services	10.3	5.1	Cons Staples	Cons Discret	10.0	7.6	Utilities	Materials	12.9	-5.6	MSCI Europe NR
Real Estate	9.8	2.8	Utilities	Healthcare	7.9	-1.1	Industrials	Comm Services	11.8	-13.9	Comm Services
Healthcare	9.0	-7.0	Real Estate	Cons Staples	7.5	-4.3	Real Estate	Utilities	11.3	-15.3	Real Estate
Cons Staples	7.9	-7.6	Financials	Real Estate	7.0	-8.1	Financials	Healthcare	6.0	-16.7	Financials
Utilities	5.3	-33.9	Energy	Utilities	0.6	-36.8	Energy	Cons Staples	5.8	-35.2	Energy

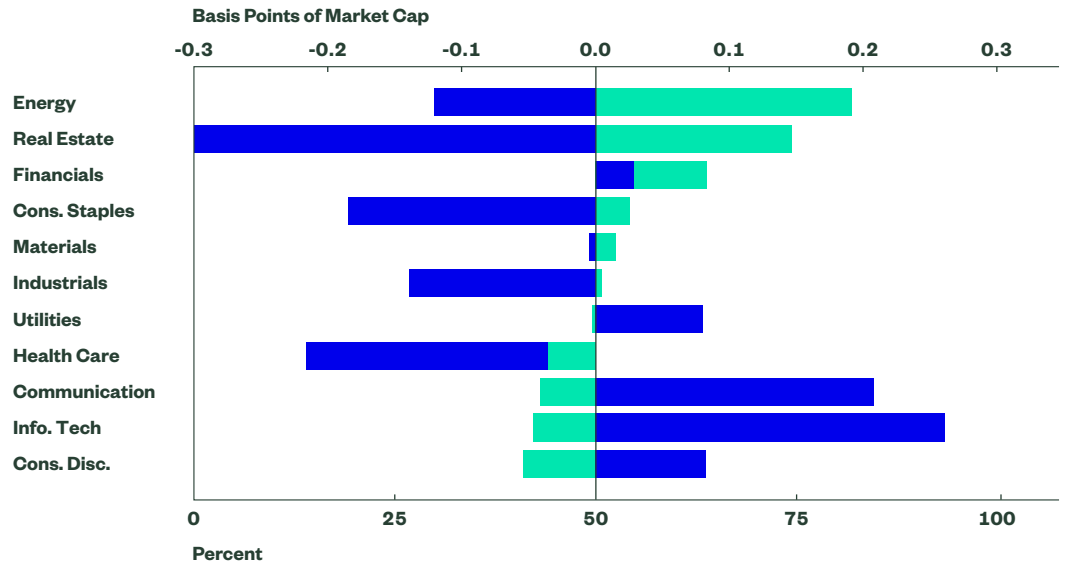
Source: State Street Global Advisors, Bloomberg Finance L.P., as of 30 November 2020. Past performance is not a guarantee of future results. The universes for the above charts are the MSCI World, S&P Select Sectors, and MSCI Europe. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index Performance is not meant to represent that of any particular fund. This information should not be considered a recommendation to invest in a particular sector, or securities therein, shown above.

Institutional Flows and Holdings

These charts show asset flows over the past month and relative holdings versus the past five years. See the following page for the methodology description.

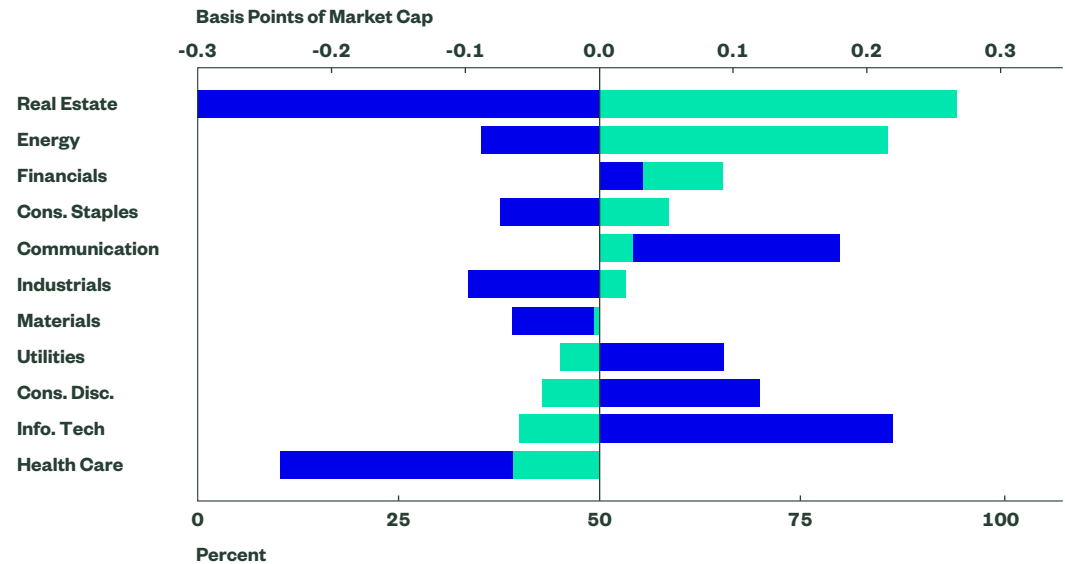
World

1-Month Flow (Upper Axis)
Holdings (Lower Axis)



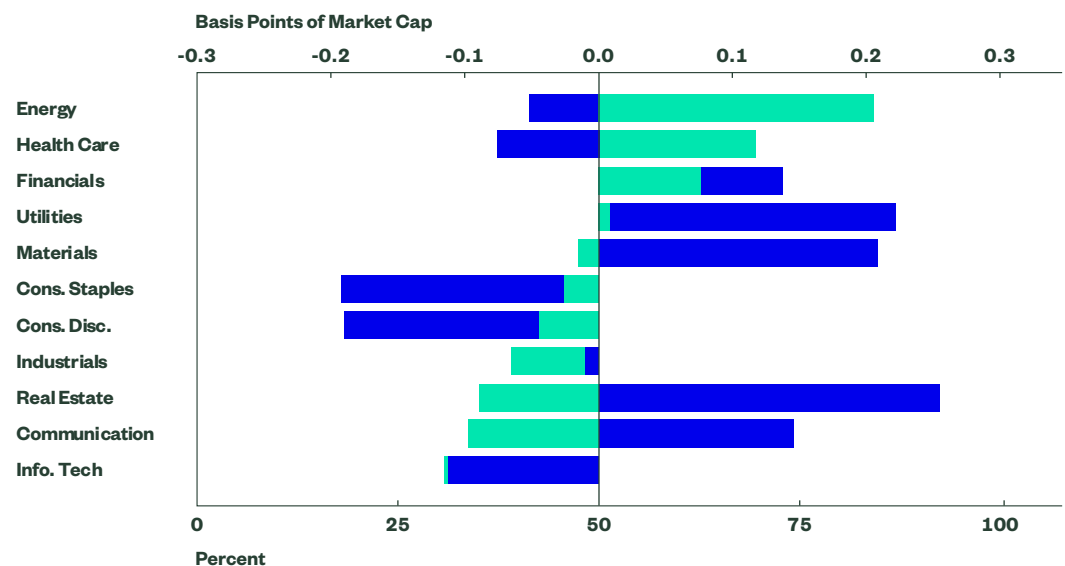
US

1-Month Flow (Upper Axis)
Holdings (Lower Axis)



Europe

1-Month Flow (Upper Axis)
Holdings (Lower Axis)



Source: State Street Global Markets. Data are as of 30 November 2020. Sectors flows are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security shown. It is not known whether the sectors or securities shown will be profitable in the future.

Sector ETF Flows

	European-Domiciled (\$mn)		US-Domiciled (\$mn)	
	November 2020	YTD	November 2020	YTD
Communications	42	-314	670	3,141
Consumer Discretionary	428	670	1,022	3,849
Consumer Staples	1	702	182	15
Energy	266	853	1,035	5,497
Financial	1,367	599	3,281	140
Health Care	17	3,165	1,690	7,503
Industrials	241	1,446	2,497	6,298
Materials	35	2,252	1,954	3,096
Real Estate	10	-547	-9	-4,351
Technology	711	5,969	1,588	9,245
Utilities	120	465	-137	455

Source: Bloomberg Finance L.P., State Street Global Advisors, as of 30 November 2020. Flows shown above are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. **The green boxes signify the two highest flow figures for each period, while the red boxes signify the two lowest flow figures.**

Methodology: We collect and aggregate flow figures for all sector and industry ETFs domiciled in the US and Europe. As of October 2020, this set includes approximately \$541 billion in AUM invested in US-domiciled funds and \$50 billion in AUM invested in European-domiciled funds. The flow figures include ETFs invested across regions (including US, Europe and World). They are calculated as the net figure of buys minus sells.

Investment Behaviour Indicators: Background and Methodology

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Investor Behaviour Indicators Explained Holdings measure investors' actual positions over and above the neutral positions embedded in their benchmarks. The figures are shown as percentiles and represent the investor holdings at month-end versus the last five years. This approach provides perspective on the size of holdings compared with their historical trends, whereas a single, dollar figure provides less context; 100% represents the largest holding in the last five years while 0% is the lowest holding.

Endnote

¹ Source: State Street, as of 30 September 2020.

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Marketing communication.

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