Sector & Equity Compass
Racing Ahead

Q2 2024

STATE STREET GLOBAL ADVISORS SPDR®

Themes & Outlook: Opening up the Race

The market is racing ahead, with global market equities returning 8% in Q1 thanks to gains across developed markets and most emerging markets. The ‘party’ that we spoke of in the Q1 Sector & Equity Compass has continued, invited more guests, and is still demonstrating low volatility. However, risks and opportunities remain as the US presidential race gets underway and the outcome is hard to predict.

In the last Sector & Equity Compass, we suggested that investors wishing to stay at the party should consider which parts of the market might better withstand the challenges to growth. We highlighted US equities, Technology and other options for sharing the benefits of rapid technological advancements. Artificial intelligence (AI) remains a key theme and we believe that its impact could still be underestimated, but it is important to consider valuations and the crowding it may leave in its wake. Currently we see:

Equity Markets are Broadening Out — This can be seen in flows and performance (page 5). We saw a change in the momentum trade as rate cuts were pushed out, which benefitted Europe, Japan and Industrials. However, some of the areas we suggested as a selective catch-up trade, like Real Estate, were forgotten, along with all hopes of a Fed rate cut in Q1.

Whilst this could be a time to move on from tech and US large cap trades, the strength of those areas and continuing uncertainties around growth suggest it may yet be too early to lose these quality investments. At the same time, a desire for diversification leads us to maintain hope for a catch-up from small caps in particular.

US Exceptionalism is not Fading — Structural features of the US economy, such as its degree of openness, tech leadership, and energy independence, justify higher GDP forecasts than any other major developed economy in 2024. This strength led to solid equity performance in Q1 and we do not think that the fade will happen this quarter, noting the widening gap in productivity and PMIs versus other major markets.

The US remains our favourite region for equites, utilising both large and small cap exposure. But we also see a unique case for UK equities and emerging markets small caps. In Europe, our picks are focused at the sector level, allowing more targeted exposure.

Continuing Divergence in Earnings Estimates — The majority of sectors had earnings downgrades in Q1 following a reporting season that lacked much (including any positive) guidance. Information Technology and other stocks related to AI and cloud use have managed to produce earnings upgrades, helping to justify increased stock prices.

Investors’ Risk Appetite is Improving — We are seeing a change in investor behaviour, helped by hopes of a soft landing (see page 7). The improved macroeconomic environment, especially in the US, and reassuring company fundamentals are helping to offset high valuations and geopolitical risk. However, as ETF flows show (see page 6) many investors still seek the security of investing in broad indices rather than choosing specific sectors or countries.

Reasons for Caution Remain — Even though investors seem to have settled on a soft landing for the US economy, we don’t think that a no-landing or even hard-landing scenario can be fully ruled out. Given the uneven nature of economic recovery and geopolitical risks, we see ample reasons for making a selection.

Noise of US election — in recent decades, we have seen the dispersion of returns between sectors rise in the run-up to the presidential election. This has been accompanied by an up-tick in sector ETF flows as investors seek to capitalise on the outcome. Amongst the points of discussion in the 2024 debates, expect a focus on trade, fiscal stimulus, and foreign policy, with likely implications for countries and currencies as well as sectors.

Sectors in Focus for Q2

The macroeconomic outlook is traditionally important to relative sector performance. However, the outlook continues to be difficult to discern. Instead, we are focussing on the direction of important economic factors, such as interest rates and inflation rates, as well as the price of crude oil, and which sectors are the most sensitive to their moves.

Information Technology is top of mind for clients right now, prompting considerable discussion. We remain excited by its prospects and believe that valuations can be justified by strong upgrades to earnings estimates, though remain aware that the risk of regulation is rising and investors are already overweight this sector. An additional sector or two is necessary for diversification.

Our areas of focus for Q2 are more cyclical than before. A pick-up in PMIs would be helpful, particularly for Industrials, but we also consider structural growth themes — namely AI, infrastructure building, automation and digitalisation, and demographics.

Other factors considered for picking sectors are the fundamental outlook for earnings and valuation (on pages 15, 16), momentum (taken from SPDR's Sector Momentum Map) and investor behaviour (as shown by the flows and holdings data that follows).

	World	US	Europe
Energy	✓	✓	✓
Industrials	✓	✓	✓
Information Technology	✓	✓	
Health Care			✓

Equity Regions in Focus for Q2

As challenging economic times continue, we see the US as the more defensive option. Large-cap equities (S&P 500) offer quality, while small-cap and mid-cap equities offer more exposure to domestic strength.

Elsewhere, we consider the attractiveness of UK equities, while in emerging markets (EMs) we prefer small caps due to their domestic profile and reduced dependency on China.

Details on our thinking for each strategy begins on page 10.

US Large Cap	S&P 500
US Small & Mid Cap	S&P MidCap 400, Russell 2000
UK FTSE All-Share	
Emerging Markets	MSCI EM Small Cap

Sector and Equity Performance

World Sectors

Q1 2024 (%)		12 Months (%)	
Comm Services	12.9	42.1	Technology
Technology	12.3	39.2	Comm Services
Financials	10.5	30.4	Financials
Energy	9.8	26.1	Industrials
Industrials	9.6	23.8	Cons Discret
Healthcare	7.5	16.5	Energy
Cons Discret	6.8	13.3	Healthcare
Cons Staples	3.4	11.8	Materials
Materials	3.3	8.6	Real Estate
Utilities	1.3	2.2	Cons Staples
Real Estate	-0.5	1.0	Utilities
MSCI World NR	8.9	25.1	MSCI World NR

US Sectors

Q1 2024 (%)		12 Months (%)	
Energy	13.3	41.9	Comm Services
Comm Services	12.7	38.9	Technology
Financials	12.3	32.8	Financials
Industrials	10.9	26.0	Industrials
Materials	8.9	23.8	Cons Discret
Healthcare	8.7	17.0	Materials
Technology	8.4	16.8	Energy
Cons Staples	6.7	15.5	Healthcare
Utilities	4.3	8.4	Real Estate
Cons Discret	3.1	4.4	Cons Staples
Real Estate	-0.8	-0.6	Utilities
S&P500 NR	10.4	29.3	S&P500 NR

Europe Sectors

Q1 2024 (%)		12 Months (%)	
Technology	17.8	31.3	Technology
Cons Discret	12.1	28.8	Financials
Financials	11.0	23.4	Industrials
Industrials	9.7	18.2	Real Estate
Healthcare	8.0	14.9	Energy
Comm Services	4.4	12.8	Materials
Energy	4.0	12.1	Healthcare
Materials	3.8	8.7	Cons Discret
Real Estate	1.0	4.2	Comm Services
Cons Staples	-1.0	-0.2	Utilities
Utilities	-4.9	-5.6	Cons Staples
MSCI Europe NR	7.6	14.8	MSCI Europe NR

Source: State Street Global Advisors, Bloomberg Finance L.P., as of 29 March 2024. Past performance is not a reliable indicator of future performance. The reference indices are in 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. Index performance is net total return. 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. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable.

Equity Performance by Region	1M (%)	3M (%)	6M (%)	12M (%)
Japan Equities	4.2	19.2	21.8	44.6
US Equities	3.2	10.4	23.2	31.1
Eurozone Developed	4.4	10.3	18.8	17.4
U.S. Mid Cap	5.5	9.8	22.5	24.9
Global Equities	3.1	8.2	20.1	24.5
Europe Equities	3.9	7.6	14.6	15.6
U.S. Small Cap	3.5	5.1	19.7	21.5
DM Small Cap	3.9	4.4	17.4	17.3
UK Equities	4.8	3.6	6.9	8.6
Asia Emerging Markets	3.0	3.4	10.3	7.0
Global Emerging Markets	2.5	2.4	10.4	8.6
EM Small Cap	0.1	1.1	10.1	21.1

Source: Bloomberg Finance L.P. as of 29 March 2024. Perofmrnace of Global and EM exposures in USD. Performance of European exposures in EUR. Performance of other exposures expressed in local currencies.

Sector and Equity ETF Flows

Sector ETF Flows	European-Domiciled ($mn)		US-Domiciled ($mn)	
	Trailing 3 Months	Trailing 12 Months	Trailing 3 Months	Trailing 12 Months
Communications	-90	85	-112	3977
Consumer Discretionary	-34	-390	1173	5348
Consumer Staples	-167	-702	-936	-4873
Energy	-704	-938	-566	-2773
Financial	-3	-3507	-1969	-3699
Health Care	273	-60	231	-7214
Industrials	502	502	1162	1978
Materials	86	524	605	-3218
Real Estate	123	483	2058	4084
Technology	1009	2466	8476	15806
Utilities	109	-3	-2330	-3744

Source: Bloomberg Finance L.P., State Street Global Advisors, as of 29 March 2024. Flows shown above 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. **Methodology** We collect and aggregate flow figures for all sector and industry ETFs domiciled in the US and include ETFs invested across all regions (including US, Europe and World). They are calculated as the net figure of buys minus sells. **The green boxes signify the two highest flow figures for each period, while the red boxes signify the two lowest flow figures.**

Equity ETF Flows by Region	European-Domiciled ($mn)			US-Domiciled ($mn)	
	Trailing 3 Months	Trailing 12 Months		Trailing 3 Months	Trailing 12 Months
Global	17,053	48,864	**US**	110,317	414,081
US	16,277	52,821	**Global**	1,902	5,712
Europe	-681	1,712	**International-Developed**	12,021	59,543
UK	320	479	**International-Emerging Markets**	4,256	11,087
Other Region	314	46	**International-Region**	2,240	-3,027
Single Country	2,765	3,740	**International-Single Country**	3,525	10,708
EM	3,700	6,083	**Currency Hedged**	4,122	7,202
Total	39,748	113,746	**Total**	138,383	505,306

Source: Bloomberg Finance L.P., as of 29 March 2024. Flows shown above are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. Single Country exposures are those that include securities from one country of domicile.

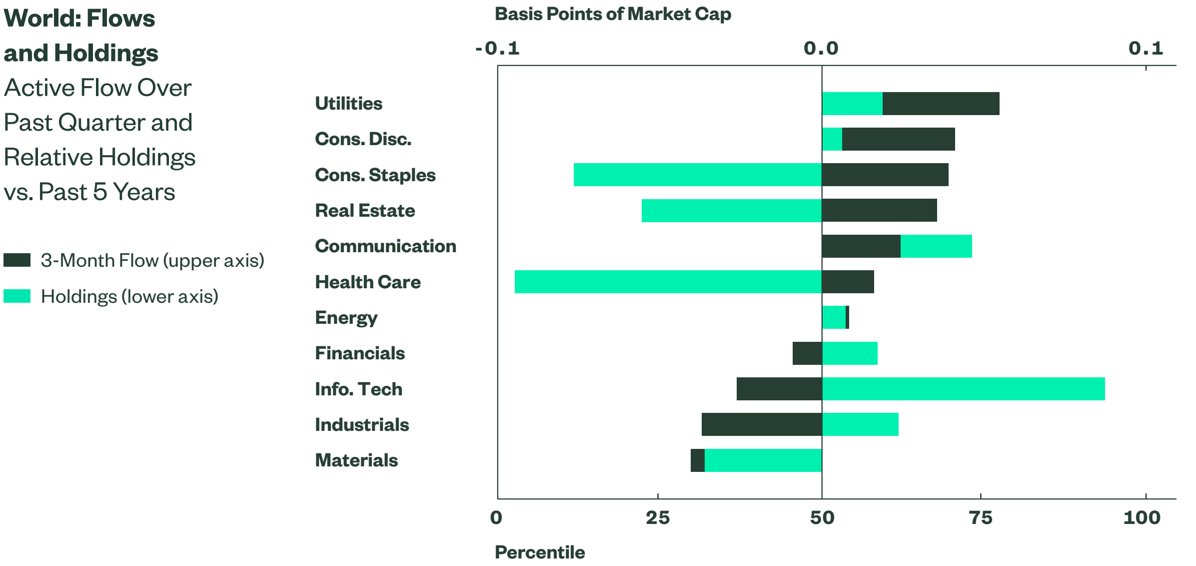
Investor Behaviour Overview

Resilient earnings fundamentals and hopes of a central bank easing cycle drove strong ETF flows at the start of the year. Nevertheless, investors weren't willing to venture far from core global and US exposures, seeking comfort in US economic exceptionalism. Flows into US equities (mainly S&P 500) dominated throughout Q1. In this environment, and given the relatively low dispersion of returns between sectors, it was no surprise that flows into sector ETFs were low. Technology (including Semis) ETFs still led US-domiciled and European-domiciled fund inflows.

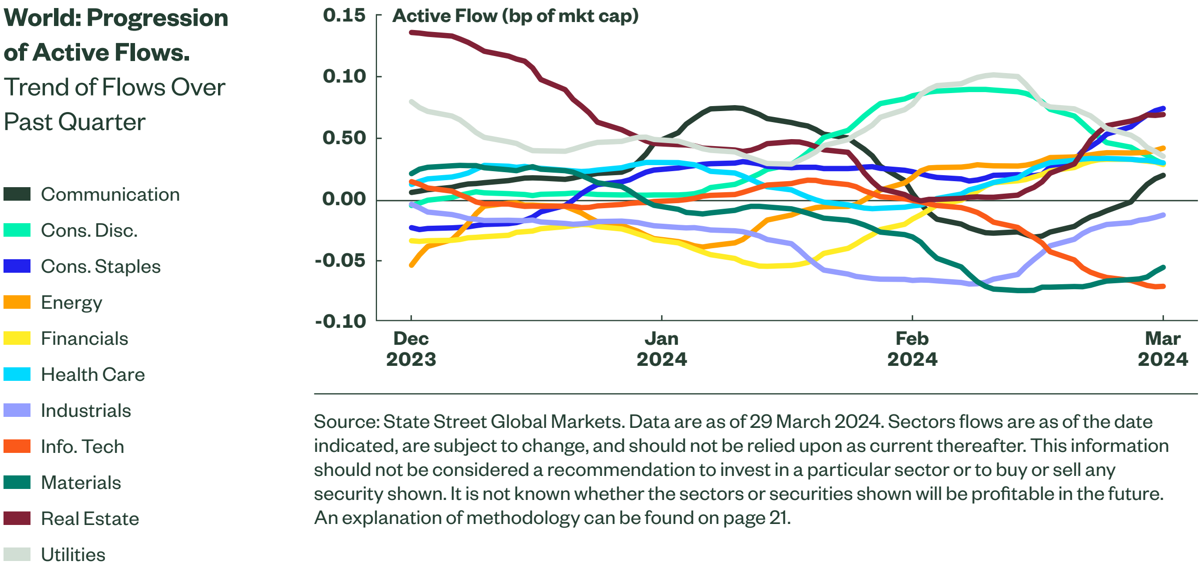
Institutional investor behaviour (as measured by observations from State Street's custody business) has been positive towards risk, albeit still relatively muted. This can be seen in flows favouring equities over bonds, but with cash holdings still elevated. Investors appear positioned for a soft landing.

Most interesting are the relative flows into emerging markets, including strengthening demand for Chinese equities, but holdings remain extremely low. Similar dynamics can be seen in the UK, also benefitting from the catch-up trade. Looking at flows by sector, institutional investors have shown a clear preference for defensives, namely Utilities, Health Care and Consumer Staples. Aside from Utilities, investors remain historically underweight versus their positioning over the past five years. Other notable inflows include the demand for US Energy exposure and European Financials. Institutional investors no longer appear to be adding to their IT exposure, which already looks high historically.

World: Flows and Holdings
Active Flow Over Past Quarter and Relative Holdings vs. Past 5 Years



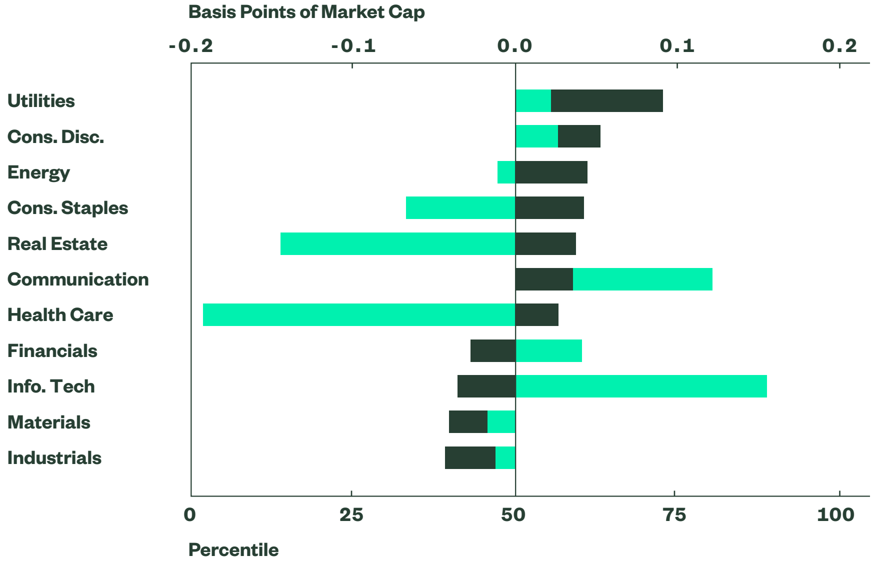
World: Progression of Active Flows.
Trend of Flows Over Past Quarter



Source: State Street Global Markets. Data are as of 29 March 2024. 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. An explanation of methodology can be found on page 21.

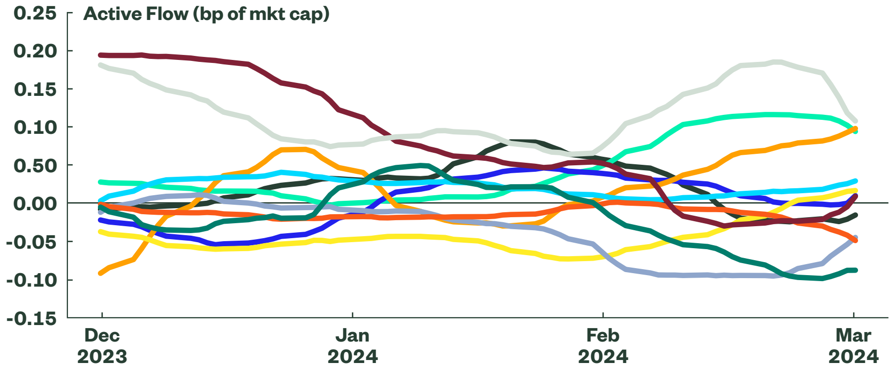
US: Flows and Holdings
Asset Flow Over Past Quarter and Relative Holdings vs. Past 5 Years

3-Month Flow (upper axis)
Holdings (lower axis)



US: Progression of Active Flows.
Trend of Flows Over Past Quarter

Communication
Cons. Disc.
Cons. Staples
Energy
Financials
Health Care
Industrials
Info. Tech
Materials
Real Estate
Utilities



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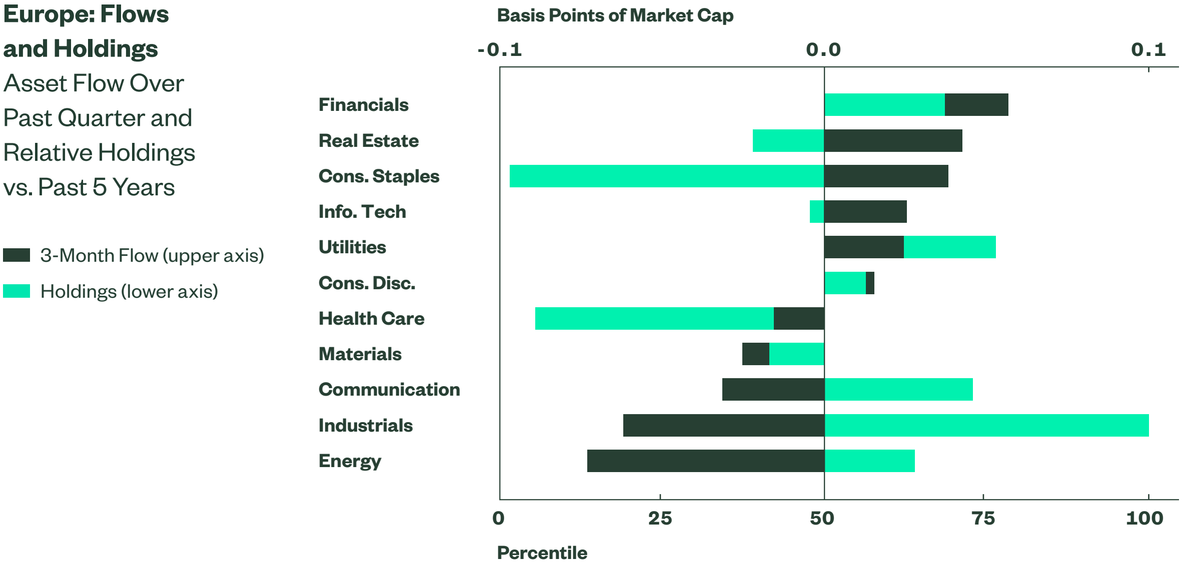
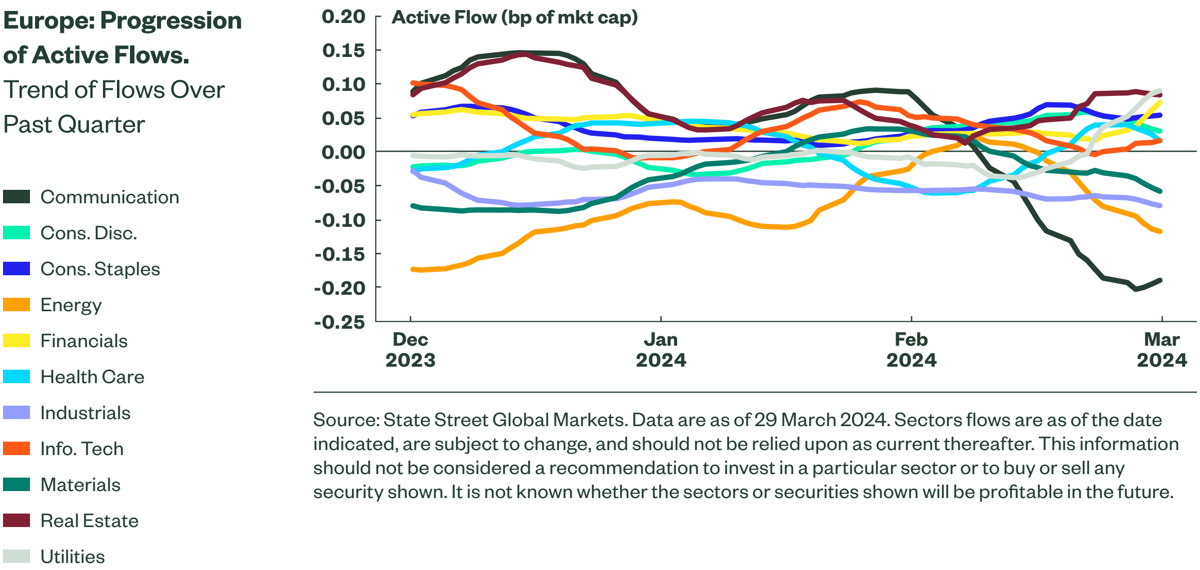
Europe: Flows and Holdings
Asset Flow Over Past Quarter and Relative Holdings vs. Past 5 Years



Europe: Progression of Active Flows.
Trend of Flows Over Past Quarter



Source: State Street Global Markets. Data are as of 29 March 2024. 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.

Energy

Adding Energy to the Race

World	US	Europe
✓	✓	✓

Low valuations and sticky inflation are bringing renewed focus to Energy. The sector's position on the Sector Momentum Map looks promising for momentum and relative strategy. Institutional investors are increasing their exposure and Energy ETF flows are turning, meaning it is a good time to reassess the attractiveness of this sector.

Favourable Oil Price Dynamics

Crude oil prices are crucial to an investment case for the sector. While natural gas prices do occasionally grab headlines, as they did at the start of the Russia-Ukraine War, they are less meaningful to quoted companies' revenue.

The Brent crude oil price is above both its level 12 months ago and the average for the period, implying upside for earnings forecasts. Looking ahead, we see support for higher prices due to constraints on the supply side, global disruptions and geopolitical restrictions including EU sanctions against Russia. Most importantly the continuation of the OPEC+ production cuts, led largely by Saudi Arabia, are expected to offset the higher levels of production from the US, which is now the world's largest supplier.

On the demand side, despite the dampening impact of the slower-than-expected economic recovery in China, global consumption has kept apace and reached record levels so far this year. Even though new technology can improve energy efficiency, there is a growing long-term need from electrification, automation and data centres worldwide. At current rates of consumption and production, analysts expect a drawdown of global oil stocks this year.[1]

Nice Cash Flow

Despite a challenging period of economic slowdown worldwide, the Energy sector continues to produce strong returns and margins. Consolidation in the sector, led by Exxon Mobile's acquisition of Pioneer, could also boost earnings.

The strict capital discipline of the oil majors of the last few years has resulted in meaningfully high levels of cashflow available to pay down debt and provide for shareholders. The World sector's dividend yield is nearly 4%, higher in Europe, with the growing dividends well covered. Share buybacks are also likely, with the first this year recently announced by Eni SpA.

Hedge Resurgent Inflation and Delayed Rate Cuts

Whilst our other sector picks would see greater benefit from interest rate cuts, Energy's fortunes are less reliant on an easing environment. The low debt and strong cash flow positioning provide relative relief if rates remain high. Energy has the highest sensitivity to rising inflation, given the importance of fuel prices to households (see page 17). Thus the sector offers a low beta, hedge, and diversification through low correlation if the positive rates scenario is delayed.

The European Angle

Energy companies in Europe, including Shell & BP, have been at the forefront of environmental initiatives for the sector, placing them at an advantage from the tougher legislation necessary to meet climate targets. This will likely be one area of great debate in the run up to the US elections, which could make the US sector more volatile.

Industrials

Facilitating the Race

World	US	Europe
✓	✓	✓

Industrials is a favourite because of the structural growth drivers from defence and infrastructure. This quarter could also see a cyclical tailwind feeding through corporate cap ex. The sector contains a large number of companies and has shown a broad uplift in recent months.

Need for Protection

Spending on defence systems is rising rapidly under pressure from the continuing Russia-Ukraine War. Many countries are providing Ukraine with weapons and ammunition, driving up their procurement orders as well as increasing protection of their own borders. As a result, US and European defence budgets continue to rise. Within NATO, there is a spending target for each country, equivalent to 2% of its GDP. Most members are still short. The pressure to increase spending is likely to rise as global threat levels increase.

Aerospace and defence providers constitute approximately 18% by market capitalisation weight of the World sector (21% in Europe and 17% in the US). These stocks ranked at the top of Q1 performers for the sector, led by Rheinmetall, best known for its tank production. This was followed closely by Japanese Mitsubishi Heavy Industry (supplier of integrated defence and space systems) and General Electric (now focusing on aircraft engines following the demerger of its power business).

We All Want Better Infrastructure

Investment in infrastructure is another key driver of demand for the sector's goods and services. Governments' fiscal spending is a significant part of the build. Three bills passed under the Biden administration (the Infrastructure Investment and Jobs Act, the CHIPS Act, and the Inflation Reduction Act) create a total spend of $3–4 trillion. This is already stimulating demand for building products, construction, machinery, and transport networks for new projects. We believe this could benefit US-based stocks right through the sector, starting with some of the largest companies, like Caterpillar.

Meanwhile in Europe, the commitment to clean energy transition and the ambitious Green Deal provides a similar long-term boost. European Commission grants and tax credits should raise demand for suppliers for retrofitting projects, renewable energy production facilities such as wind turbines and solar power systems, and green infrastructure such as electric vehicle charging. Siemens and Schneider Electric are good examples of companies that should benefit from the decarbonization policy.

Drive for Productivity Gains

The Industrials sector is also a vector for the increasing adoption of AI technology within robotics, the Internet of Things, and machine learning-powered analytics. Such technological catalysts are already widely seen in process improvements in manufacturing and optimised distribution for logistics. In an effort to increase productivity and efficiency, corporations across all sectors will continue to include automation and improvements to their supply chains high up the agenda.

Information Technology

Up for a Marathon

World	US	Europe
✓	✓	

Excitement over the outlook for Tech stocks has helped the sector dominate flows for 18 months. Even with some hurdles in the outlook, we still see multiple reasons for liking this sector.

AI Keeping up a Fast Pace

We continue to see significant developments from generative AI: customization of large language models (LLMs), more multimodal LLMs, including Sora (text to video), and the launch of virtual agents.

As FOMO drives companies to employ AI models to help their businesses in back-end fulfillment, customer service, and more creative uses, the demand for related software and hardware is rising. This has been particularly evident for advanced semiconductor chips, driven by the need for greater computing power. NVIDIA is leading the headlines, having sealed their dominant position with the new Blackwell platform to create even more powerful and efficient GPU chips. They are likely to face challenges from competitors like AMD Intel, Qualcomm, and Broadcom (all of which are in the US IT sector), so taking a basket-approach to investing in these stocks is attractive.

Relatively few AI adopters maintain their own infrastructure, meaning greater reliance on cloud provisions for computers and storage necessary for AI applications. Within the sector, the largest hyperscaler is Microsoft, with Apple also hoping to enter the top group.

Hurdles in the Race

As the multimodal capabilities of LLMs grow, so does the opportunity for abuse. Recent efforts to combat this include the EU's Artificial Intelligence Act, litigation over copyright infringement, and mounting pressure for legislation from other jurisdictions.

Cybersecurity threats and privacy risks are a double-edged sword for the Technology sector. While tech companies must spend money to secure access to their systems, there are cybersecurity experts in the IT sector such as Palo Alto Networks which are benefiting.

Geopolitical threats to the AI chip supply chain present another risk — for example, China-Taiwan tensions. Legislation is being enacted to ensure that the chip supply chain is robust. Incentives from the CHIPS & Science Act 2023 and its European equivalent continue to drive building of fabrication plants. ASML remains influential as the world's only supplier of extreme ultraviolet lithography machines, capable of making chips on a minute scale.

Outside of AI, threats of regulation can be expected at state, congress and federal levels during an election year. Apple is currently facing anti-trust cases on both sides of the Atlantic.

Multiple Growth Themes Drive Forecast Growth

If every industry spends a small percentage of its revenue on generative AI products, it is clear how the earnings of providers will rise. Meanwhile, technologies such as the Internet of Things, 5G communications, electric vehicles, and virtual reality will continue to evolve, further increasing demand for this sector's output.

US Technology is just one of two sectors with earnings estimate upgrades throughout Q1. Despite returns of over 8%, valuations did not widen against the rest of the market. Premium growth can justify premium ratings.

Health Care
Pacemaker

World	US	Europe
		✓

A long-term favourite sector, which now sees the fruits of its labour in higher earnings growth and help from advancing technologies. We see improving investor sentiment from underweight positions.

European Exceptionalism

Given the slower recovery, investors may wish for more defensive exposure in Europe compared with the US. Health Care fits the bill with its high quality characteristics, low volatility, and defensive operations. Health Care is one of the few sectors that has better long-term performance in Europe than in the US.

European pharmaceutical and biotech companies are demonstrating promising R&D productivity with several potential drug approvals in cancer, neurology, rare diseases and immunology due in coming years. There is also exciting pipeline progress with gene therapies.

Technological Advances

Health Care has been benefitting from transformational emerging technologies for several years without much fanfare from investors. The use of AI could be significant to all industries in this sector, the largest being drug discovery. Speeding up research and development from today's decade-long process to find and launch a new treatment should have huge cost benefits for pharmaceutical and biotech companies. Testing of drug candidates should become much cheaper and more efficient and the hit rate of experimental medicines should rise.

However, due to the competitive nature of large pharmaceutical companies, a lot of this work is being kept quiet. Could this be the quarter where we have news of the first AI drug?

In the meantime, the use of huge real world data sources, such as electronic medical records, is already powering new services from Health Care providers. Amongst the advances are personalised medical care and the use of virtual nursing assistants, faster diagnosis of results and medical imaging analysis.

Helping Ourselves to Some GRANOLAS

Six of the eleven "Granolas" stocks — which have been compared with the Magnificent Seven for their outperformance and future prospects — are listed within the Health Care sector: GSK, Roche, Novartis, Novo Nordisk and Sanofi.

Resting Out the US Race

Health Care is a sector which comes into focus in every US presidential campaign. Discussion on healthcare reform and coverage impacts pharmaceutical companies, insurers and healthcare providers. Republicans have generally advocated for market-orientated solutions and opposed government intervention in the sector. Democrats often advocate for expanding access to healthcare whilst limiting pricing power. While we are not overly concerned, do expect some volatility.

Such political impact can be seen from the afore-mentioned Inflation Reduction Act. Provisions aimed at lowering drug prices promoted the ability for Medicare to negotiate prices for a few drugs and biologics, impose rebates on certain drugs with price increases greater than the rate of inflation, and cap out-of-pocket costs. How detrimental this is for pharmaceutical companies remains debatable with lobbyists fighting back with threats to the size of R&D investment.

Top 5 Holdings by ETF

Name	Index Weight (%)
SPDR MSCI World Energy UCITS ETF	
Exxon Mobil Corporation	16.0
Chevron Corporation	9.6
Shell Plc	7.6
TotalEnergies SE	5.3
ConocoPhillips	5.2
SPDR S&P U.S. Energy Select Sector UCITS ETF	
Exxon Mobil Corporation	22.8
Chevron Corporation	16.3
ConocoPhillips	9.1
Marathon Petroleum Corporation	4.6
Schlumberger N.V.	4.6
SPDR MSCI Europe Energy UCITS ETF	
Shell Plc	34.0
TotalEnergies SE	19.4
BP p.l.c.	18.7
Eni S.p.A.	7.9
Equinor ASA	5.5
SPDR MSCI World Industrials UCITS ETF	
Caterpillar Inc.	2.7
GE Aerospace	2.2
Union Pacific Corporation	2.0
Siemens Aktiengesellschaft	2.0
Uber Technologies Inc.	2.0
SPDR S&P U.S. Industrials Select Sector UCITS ETF	
Caterpillar Inc.	5.0
GE Aerospace	4.1
Uber Technologies Inc.	4.1
Union Pacific Corporation	3.8
Honeywell International Inc.	3.4
SPDR MSCI Europe Industrials UCITS ETF	
Siemens Aktiengesellschaft	8.1
Schneider Electric SE	6.8
Airbus SE	6.0
RELX PLC	4.4
Safran SA	4.3

Source: MSCI, S&P and State Street Global Advisors, as of 3 April 2024. This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security shown. Weights are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

Top 5 Holdings by ETF (cont'd)

SPDR MSCI World Technology UCITS ETF	
Microsoft Corporation	19.4
Apple Inc.	16.3
NVIDIA Corporation	14.4
Broadcom Inc.	4.0
ASML Holding NV	2.6
SPDR S&P U.S. Technology Select Sector UCITS ETF	
Microsoft Corporation	23.8
Apple Inc.	18.8
Broadcom Inc.	4.7
NVIDIA Corporation	4.6
Salesforce Inc.	3.1
SPDR MSCI Europe Health Care UCITS ETF	
Novo Nordisk A/S Class B	24.9
AstraZeneca PLC	12.3
Novartis AG	11.6
Roche Holding Ltd	10.5
Sanofi	6.5

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Sector Index Metrics

	Fundamental Growth Forecasts & Valuations									
	Est. 2yr EPS Growth (p.a.)*	3mth Change to 1yr EPS Growth Forecast (%)	Forward Relative P/B**	Forward Relative P/E**	Relative CAPE	Relative CAPE (10yr Avg)	ROE (%)	Debt/ Equity (%)	Est 3-5 Years EPS Growth (%)	12mth Div. Yield (%)***
MSCI World Sector Indices										
MSCI World Index	**9.3**	**9.1**	**-0.8**	–	**18.9**	–		**15.0**	**134**	**1.92**
Comm. Services	15.4	11.6	-4.0	1.03	19.0	1.26	1.42	15.8	94	1.19
Consumer Disc.	9.4	8.9	-1.2	1.22	20.6	1.10	1.15	17.3	111	1.35
Consumer Staples	5.7	11.9	1.4	1.33	18.5	0.85	1.07	20.8	102	2.81
Energy	-2.1	9.9	6.3	0.59	11.4	0.58	0.48	15.8	51	3.73
Financials	5.1	8.0	-2.4	0.51	13.3	0.65	0.63	11.6	243	2.94
Health Care	12.9	9.2	-0.3	1.33	19.1	1.12	1.22	17.1	76	1.82
Industrials	9.2	7.9	0.2	1.16	20.6	1.06	1.07	16.4	91	1.80
Materials	4.6	1.9	-6.3	0.69	17.5	1.74	1.41	11.6	50	2.54
Real Estate	6.7	13.1	1.5	0.48	21.9	0.69	0.85	6.0	88	4.06
Technology	12.2	1.2	-2.4	2.65	28.9	0.88	1.18	24.4	58	0.69
Utilities	3.5	0.0	-1.1	0.54	14.5	0.82	0.92	11.2	144	4.04
US S&P Select Sector Indices										
S&P 500 Index	**12.4**	**11.5**	**-1.9**	–	**21.2**	–	–	**18.5**	**117**	**1.42**
Comm. Services	21.1	7.8	-6.1	0.63	17.7	1.01	1.34	13.9	106	1.14
Consumer Disc.	10.7	15.0	-6.4	1.83	23.2	1.32	1.30	32.2	215	0.93
Consumer Staples	5.8	11.7	0.2	1.26	19.6	0.68	0.87	25.3	117	2.58
Energy	3.2	13.6	7.5	0.52	12.6	0.64	0.52	17.3	45	3.08
Financials	6.5	10.0	-3.7	0.47	16.1	0.67	0.65	11.8	165	1.68
Health Care	14.3	10.3	-0.5	1.05	19.2	0.86	1.03	18.9	85	1.69
Industrials	11.7	11.8	-2.7	1.33	21.6	0.93	0.94	25.1	134	1.54
Materials	5.5	13.8	-4.0	0.69	21.7	1.32	1.06	12.6	62	1.80
Real Estate	6.9	4.4	4.3	0.33	36.0	0.79	0.94	8.1	110	3.56
Technology	11.9	13.0	-3.0	1.89	27.4	1.22	1.68	26.4	66	0.78
Utilities	8.8	7.1	1.1	0.43	16.1	0.73	0.98	11.0	158	3.54
MSCI Europe Sector Indices										
MSCI Europe Index	**4.5**	**4.4**	**-0.2**	–	**14.2**	–	–	**13.1**	**165**	**3.36**
Comm. Services	7.8	3.0	0.3	0.72	14.5	0.66	0.80	8.6	123	4.21
Consumer Disc.	4.7	9.3	0.1	0.96	13.9	0.99	1.27	13.5	84	2.74
Consumer Staples	6.3	6.8	2.1	1.49	16.1	0.83	1.22	17.3	95	3.42
Energy	-8.3	7.2	-8.3	0.76	9.3	0.66	0.58	16.0	50	4.46
Financials	2.3	14.6	0.2	0.56	9.7	0.78	0.69	11.5	338	5.36
Health Care	8.8	9.4	1.8	1.87	18.1	1.19	1.24	16.1	62	2.36
Industrials	11.0	4.6	1.5	1.69	19.9	1.49	1.44	15.9	93	2.28
Materials	7.6	3.4	-1.2	0.91	16.1	3.08	3.36	10.7	48	3.12
Real Estate	0.8	0.8	6.0	0.29	13.1	0.85	1.04	4.7	84	5.02
Technology	13.5	13.1	-3.0	2.68	28.9	1.59	2.04	15.4	31	1.12
Utilities	1.3	0.3	-0.1	0.77	12.4	0.79	0.80	12.1	133	5.33

Source: State Street Global Advisors, FactSet, Bloomberg Finance L.P., Morningstar, as of 29 March 2024. Past performance is not a reliable indicator of future performance. The above estimates based on certain assumptions and analysis made. There is no guarantee that the estimates will be achieved.

* Calculated as a 2-year average of consensus forecasts for adjusted EPS using BEst (Bloomberg Estimates).

** Forward estimates refer to 12 months.

*** This measures the weighted average of gross dividend yield of the relevant index and the underlying stocks from the relevant ETF.

Sector Index Metrics (cont'd)

	Macro Sensitivities****			Risk Metrics*****		
	US 10yr Yield Sensitivity (36 Months)	Brent Crude Oil Price Sensitivity (36 Months)	Inflation (5yr-5yr Forward) Sensitivity (36 Months)	Beta (36 Months)	Volatility (36 Months) (%)	Correlation (36 Months)
MSCI World Sector Indices						
MSCI World Index	**-0.10**	**0.04**	**0.31**	**1.00**	**17.04**	–
Comm. Services	-0.13	0.02	0.13	1.00	20.14	0.87
Consumer Disc.	-0.13	-0.06	0.24	1.18	22.77	0.91
Consumer Staples	-0.07	0.05	0.27	0.58	13.15	0.78
Energy	-0.02	0.59	0.67	0.58	24.72	0.41
Financials	-0.08	0.17	0.31	0.94	19.32	0.86
Health Care	-0.07	0.08	0.23	0.67	14.17	0.83
Industrials	-0.11	0.04	0.40	1.07	19.35	0.97
Materials	-0.11	0.08	0.30	1.07	21.73	0.86
Real Estate	-0.01	0.11	-0.09	0.12	19.17	0.11
Technology	-0.15	-0.10	0.37	1.22	23.55	0.91
Utilities	-0.09	0.05	0.25	0.74	16.41	0.80
US S&P Select Sector Indices						
S&P 500 Index	**-0.10**	**0.04**	**0.34**	**1.00**	**17.59**	–
Commun. Services	-0.13	0.02	0.13	0.99	21.14	0.85
Consumer Disc.	-0.13	-0.08	0.26	1.23	25.49	0.87
Consumer Staples	-0.05	0.07	0.35	0.53	13.82	0.69
Energy	-0.01	0.68	0.80	0.60	28.77	0.38
Financials	-0.08	0.18	0.38	0.92	20.23	0.82
Health Care	-0.06	0.10	0.25	0.64	14.63	0.80
Industrials	-0.09	0.07	0.49	1.01	19.84	0.92
Materials	-0.09	0.07	0.43	1.05	22.06	0.86
Real Estate	-0.12	-0.01	0.24	1.06	22.07	0.87
Technology	-0.14	-0.10	0.38	1.18	23.03	0.92
Utilities	-0.07	0.07	0.24	0.68	17.30	0.71
MSCI Europe Sector Indices						
MSCI Europe Index	**-0.11**	**0.07**	**0.29**	**1.00**	**18.13**	–
Comm. Services	-0.09	0.12	0.26	0.75	16.79	0.83
Consumer Disc.	-0.16	-0.03	0.24	1.24	25.07	0.92
Consumer Staples	-0.09	0.02	0.17	0.72	15.39	0.87
Energy	-0.01	0.44	0.45	0.54	21.79	0.46
Financials	-0.09	0.16	0.24	1.02	21.50	0.89
Health Care	-0.09	0.10	0.22	0.71	15.88	0.84
Industrials	-0.14	0.01	0.42	1.19	23.23	0.96
Materials	-0.12	0.09	0.29	1.09	22.00	0.93
Real Estate	-0.17	0.15	0.54	1.40	29.94	0.87
Technology	-0.18	-0.14	0.37	1.28	28.37	0.84
Utilities	-0.12	0.00	0.33	0.99	20.86	0.88

Source: State Street Global Advisors, FactSet, Bloomberg Finance L.P., Morningstar, as of 29 March 2024. Past performance is not a reliable indicator of future performance.
**** Sensitivity is beta to the macro variable, e.g. 10-year Treasury yield, Brent oil, and US 5yr-5yr forward as shown here.
***** Beta and volatility are based on index returns. Correlation is the 36-month correlation to the parent index.

SPDR Sector ETFs

Experienced Management
A leader in sector ETFs with more than $300bn globally.[1] Track record of managing sector ETFs since 1998

Physical Replication
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Cost-Efficient*
World UCITS Sector ETFs: **0.30%**
US UCITS Sector ETFs: **0.15%**
Europe UCITS Sector ETFs: **0.18%**

SPDR ETF Information	ISIN	TER (%)	Euro-next	LSE	Xetra	Borsa Italiana	SIX	Mexico BMV	3 Month Fund Flow ($mn)	FY 2023 Net Flows ($mn)	AUM ($mn)
World Sector Funds											
SPDR MSCI World Communication Services UCITS ETF	IE00BYTRRG40	0.30	WTEL	WTEL	–	–	WTEL	WTELN	1	14	57
SPDR MSCI World Consumer Discretionary UCITS ETF	IE00BYTRR640	0.30	WCOD	WCOD	–	–	WCOD	CDISN	0	11	52
SPDR MSCI World Consumer Staples UCITS ETF	IE00BYTRR756	0.30	WCOS	WCOS	–	–	WCOS	–	-2	17	94
SPDR MSCI World Energy UCITS ETF	IE00BYTRR863	0.30	WNRG	WNRG	–	WNRG	WNRG	WNRGN	-10	-18	574
SPDR MSCI World Financials UCITS ETF	IE00BYTRR970	0.30	WFIN	WFIN	–	WFIN	WFIN	WFINN	58	-60	294
SPDR MSCI World Health Care UCITS ETF	IE00BYTRRB94	0.30	WHEA	WHEA	–	WHEA	WHEA	–	44	41	589
SPDR MSCI World Industrials UCITS ETF	IE00BYTRRC02	0.30	WIND	WNDU	–	–	WIND	–	67	67	140
SPDR MSCI World Materials UCITS ETF	IE00BYTRRF33	0.30	WMAT	WMAT	–	–	WMAT	WMATN	-18	-23	108
SPDR Dow Jones Global Real Estate UCITS ETF	IE00B8GF1M35	0.40	–	GLRE	SPYJ	GLRE	GBRE	–	7	-2	237
SPDR MSCI World Technology UCITS ETF	IE00BYTRRD19	0.30	WTCH	WTEC	–	WTEC	WTEC	WTECN	34	7	636
SPDR MSCI World Utilities UCITS ETF	IE00BYTRRH56	0.30	WUTI	WUTI	–	–	WUTI	–	-5	3	20
US Sector Funds											
SPDR S&P U.S. Communication Services Select Sector UCITS ETF	IE00BFWFPX50	0.15	SXLC	SXLC	ZPDK	SXLC	SXLC	SXLCN	0	-15	169
SPDR S&P U.S. Consumer Discretionary Select Sector UCITS ETF	IE00BWBXM278	0.15	SXLY	SXLY	ZPDD	SXLY	SXLY	SXLYN	0	4	115
SPDR S&P U.S. Consumer Staples Select Sector UCITS ETF	IE00BWBXM385	0.15	SXLP	SXLP	ZPDS	SXLP	SXLP	SXLPN	-78	-113	203
SPDR S&P U.S. Energy Select Sector UCITS ETF	IE00BWBXM492	0.15	SXLE	SXLE	ZPDE	SXLE	SXLE	SXLEN	-99	79	783
SPDR S&P U.S. Financials Select Sector UCITS ETF	IE00BWBXM500	0.15	SXLF	SXLF	ZPDF	SXLF	SXLF	SXLFN	-4	-45	362
SPDR S&P U.S. Health Care Select Sector UCITS ETF	IE00BWBXM617	0.15	SXLV	SXLV	ZPDH	SXLV	SXLV	SXLVN	22	-89	401
SPDR S&P U.S. Industrials Select Sector UCITS ETF	IE00BWBXM724	0.15	SXLI	SXLI	ZPDI	SXLI	SXLI	SXLIN	15	-10	241
SPDR S&P U.S. Materials Select Sector UCITS ETF	IE00BWBXM831	0.15	SXLB	SXLB	ZPDM	SXLB	SXLB	SXLBN	-1	-16	38
SPDR S&P U.S. Technology Select Sector UCITS ETF	IE00BWBXM948	0.15	SXLK	SXLK	ZPDT	SXLK	SXLK	SXLKN	67	225	1,093
SPDR S&P U.S. Utilities Select Sector UCITS ETF	IE00BWBXMB69	0.15	SXLU	SXLU	ZPDU	SXLU	SXLU	SXLUN	2	-2	32
Europe Sector Funds											
SPDR MSCI Europe Communication Services UCITS ETF	IE00BKWQ0N82	0.18	STT	TELE	SPYT	STTX	STTX	TELEN	-109	-87	25
SPDR MSCI Europe Consumer Discretionary UCITS ETF	IE00BKWQ0C77	0.18	STR	CDIS	SPYR	STRX	STRX	–	-26	-39	137
SPDR MSCI Europe Consumer Staples UCITS ETF	IE00BKWQ0D84	0.18	STS	CSTP	SPYC	STSX	STSX	CSTPN	-48	-221	157
SPDR MSCI Europe Energy UCITS ETF	IE00BKWQ0F09	0.18	STN	ENGY	SPYN	STNX	STNX	ENGYN	-76	-167	987
SPDR MSCI Europe Financials UCITS ETF	IE00BKWQ0G16	0.18	STZ	FNCL	SPYZ	STZX	STZX	FNCLN	-16	5	338
SPDR MSCI Europe Health Care UCITS ETF	IE00BKWQ0H23	0.18	STW	HLTH	SPYH	STWX	STWX	HLTHN	-250	-101	660
SPDR MSCI Europe Industrials UCITS ETF	IE00BKWQ0J47	0.18	STQ	NDUS	SPYQ	STQX	STQX	NDUSN	-11	-26	314
SPDR MSCI Europe Materials UCITS ETF	IE00BKWQ0L68	0.18	STP	MTRL	SPYP	STPX	STPX	MTRLN	4	326	382
SPDR FTSE EPRA Europe ex UK Real Estate UCITS ETF	IE00BSJCQV56	0.30	–	EURE	ZPRP	EURE	EURE	–	6	48	95
SPDR MSCI Europe Technology UCITS ETF	IE00BKWQ0K51	0.18	STK	ITEC	SPYK	STKX	STKX	ITECN	-4	-7	81
SPDR MSCI Europe Utilities UCITS ETF	IE00BKWQ0P07	0.18	STU	UTIL	SPYU	STUX	STUX	UTILN	57	-7	159

[1] Sources: Bloomberg Finance L.P., State Street Global Advisors, as of 29 March 2024. To view additional fund details, including full performance history, please click on the fund name.
* Frequent trading of ETFs could significantly increase commissions and other costs such that they may offset any savings from low fees or costs.

US Equities

Economic Exceptionalism Remains Intact

US equities rallied in the first quarter, with the S&P 500® and the S&P MidCap 400® indices delivering approximately 10% each, while the Russell 2000 Index was up 5% for the same period. We believe that US equities remain a sweet spot as economists have already materially upgraded forecasted 2024 GDP growth from 1.2% at the beginning of the year to 2.2% as of the end of March.[2] We observed a similar pattern last year and it may well repeat.

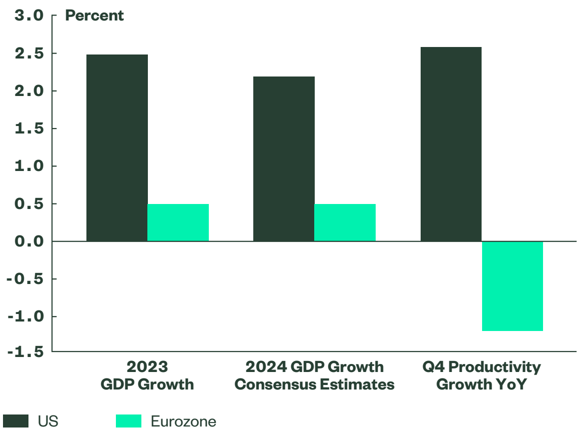
US PMI numbers continue to outpace those of the eurozone, showing that the economic divergence remains intact. The final element is annual productivity growth, which reached 2.6% in the US in the fourth quarter, while the eurozone saw a 1.2% drop.

With that in mind, we acknowledge that inflation over the first two months came in hotter than expected, but we do not expect a sustained rebound in US CPI. Furthermore, market participants shifted their focus towards US equity earnings which, partially thanks to the strong US economy, were more resilient to tighter financial conditions than investors may have anticipated. In the fourth quarter, large caps delivered aggregated earnings 7% above expectations while mid caps were 8% ahead of estimates.[3] US exceptionalism is a solid foundation for earnings growth going forward.

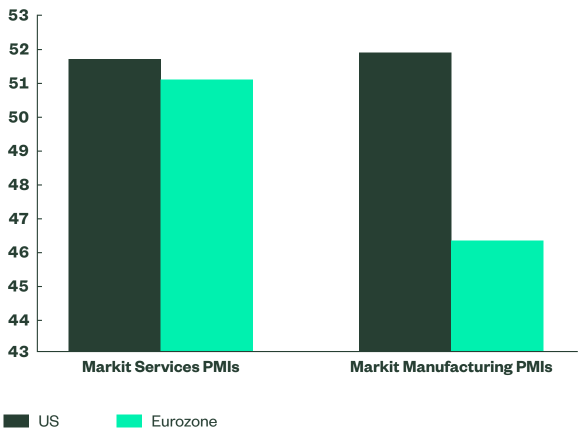
Valuations of US large caps with a P/E at 21.2[4] are elevated. However, with the long-term tailwinds stemming from AI, broader innovation, the strength of the US economy, and significant potential from the broadening of market performance beyond the Magnificent Seven, we believe the valuation premium is justified and retain our preference for the S&P 500 Index over European large caps.

Investors who are sceptical about elevated valuations may turn to the S&P MidCap 400 Index or the Russell 2000 Index, as both offer greater direct exposure to US economic exceptionalism, generating more than 75% of revenues within the US. The cyclical sector composition of small and mid caps is a tailwind, with continuous upgrades to growth projections.

Growth and Productivity



Markit PMIs



Source: Bloomberg Finance, L.P., as of 31 March 2024. Projected characteristics are based upon estimates and reflect subjective judgments and assumptions. There can be no assurance that developments will transpire as forecasted and that the estimates are accurate.

UK Equities

Accelerating in the Second Lap

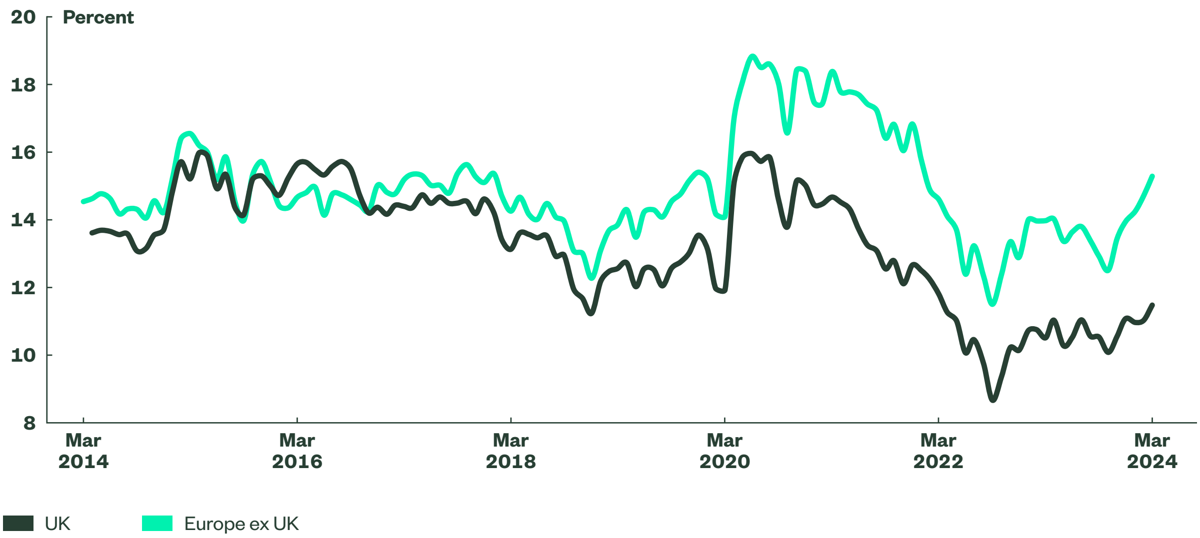
UK equities lagged behind other developed markets and continental Europe over Q1, delivering only 3.6% in GBP terms while the MSCI Europe ex UK Index rallied 8.3% (in EUR terms). Price action led to a stronger rerating of more cyclical continental stocks, which as of the end of March trade at a 15.3x forward P/E, while the UK FTSE All Share Index trades at an 11.5x P/E.

The UK economy appears to be bouncing back more rapidly than the eurozone, with UK Services PMI at 53.4 in March (vs 51.1 in eurozone) and Manufacturing PMI at 49.9 (vs. 45.7 for the eurozone). Retail sales rebounded at the beginning of the year and the Bank of England is likely to start cutting rates given the UK economy's disinflation with CPI at 3.4% while unemployment is kept in check.

In our view, the valuation gap between the UK and the Continent is difficult to justify and as such, may be a tailwind for UK equities in Q2. Performance at the end of March and institutional flows are clearly encouraging, suggesting that the positive trend for the FTSE All Share may have already begun. We believe that improving economic conditions may serve as a catalyst and, in this context, investors may consider a more comprehensive and slightly more domestic FTSE All Share Index rather than the FTSE 100 which is limited to large caps.

Looking through a sector lens, the largest overweight is Financials which may benefit from benign market conditions. If markets pull back due to a derating, economic slowdown, or geopolitical escalation, the overweight towards defensive and commodity-related sectors within the FTSE All Share Index may serve as a cushion leading to more mild drawdowns than in regions that are more expensive and more exposed to cyclical sectors.

UK vs Europe ex-UK: Price-to-Earnings 1y Forward



Source: Bloomberg Finance, L.P., as of 31 March 2024.

EM Small-cap Equities

More Direct Access to Economic Growth Pockets

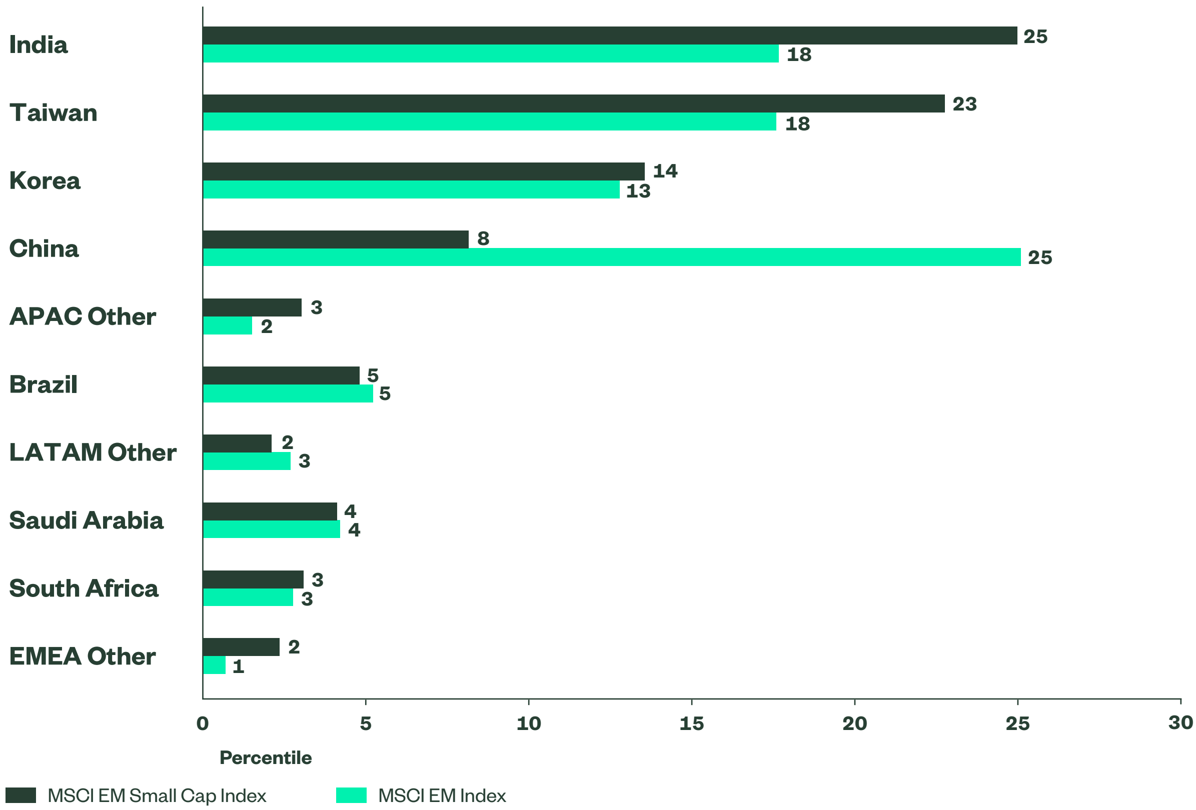
Although small-cap equities in emerging markets outperformed their larger counterparts in 2023 and performed in line with developed markets, this segment saw more muted returns of just 1% in Q1 2024.[5] This presents a catch-up opportunity as the tailwinds supporting MSCI EM Small Caps not only remain in place but may even accelerate.

The most important tailwind is the country composition and the overweight towards India. It represents 25% of the MSC EM Small Cap Index and is one of the fastest growing economies in the world, delivering 8.4% annualized growth in Q4, well ahead of estimates. Small-cap stocks tend to be more domestic and, as such, are better positioned to benefit from the economic growth of underlying economies in our view. Two other large components are Taiwan (23%) and South Korea (14%) which remain high-quality emerging markets with a wealth of technology-related companies. The underweight towards China represents 8% of the index (versus 25% in the MSCI EM Index). While there is tremendous catch-up potential in Chinese equities, a catalyst is needed for performance tides to turn.

Towards the end of the quarter, the Federal Reserve and other developed central banks are likely to begin cutting rates which should lift EM currencies, thus benefitting performance of EM small and large caps alike. A weaker US dollar could be a particular tailwind to key markets such as India, Taiwan, South Korea, and China as they are all net oil importers.

While valuations across most developed markets may look expensive, EM small caps trade at an undemanding 12m forward price-to-earnings of 12.7x.[6] Emerging markets more broadly are seeing net inflows in the ETF space and buying from institutional investors as they reduce their underweight positions.

MSCI EM Small Cap Index vs MSCI EM Index: Country Composition (%)



Source: FactSet, as of 31 March 2024.

SPDR Broad Equity ETFs

	Fund Name	Ticker	ISIN	Inception Date	Index	TER (%)	AUM ($Mn)
Global							
▲	SPDR® MSCI ACWI UCITS ETF	**ACWD**	IE00B44Z5B48	05/13/2011	MSCI ACWI Net Total Return USD Index	0.40	2,912
●	SPDR® MSCI ACWI EUR Hdg UCITS ETF (Acc)	**SPP1**	IE00BF1B7389	10/01/2019	MSCI ACWI with DM Hedged EUR Index	0.45	408
●	SPDR® MSCI ACWI UCITS ETF USD Hdg Acc	**SPP2**	IE00BF1B7272	10/22/2020	MSCI ACWI with DM Hedged USD Index	0.45	54
■	SPDR® MSCI ACWI Climate Paris Aligned UCITS	**SPF8**	IE00BYTH5370	04/20/2022	MSCI World Climate Paris Aligned Net USD	0.20	5
▲	SPDR® MSCI ACWI IMI UCITS ETF	**IMID**	IE00B3YLTY66	05/13/2011	MSCI ACWI IMI Net Total Return USD Index	0.17	1,329
▲	SPDR® MSCI World UCITS ETF	**SWRD**	IE00BFY0GT14	03/01/2019	MSCI World Net Total Return USD Index	0.12	5,455
●	SPDR® MSCI World EUR Hdg UCITS ETF (Acc)	**SPFH**	IE000BZ1HVL2	07/19/2023	MSCI World 100% Hedged to EUR Index	0.17	163
●	SPDR® MSCI World GBP Hdg UCITS ETF (Dist)	**SWLH**	IE0005P0VJH8	07/19/2023	MSCI World 100% Hedged to GBP Index	0.17	35
■	SPDR® MSCI World Climate Paris Aligned UCITS ETF (Acc)	**SPFW**	IE00BYTH5594	03/07/2022	MSCI World Climate Paris Aligned Net USD	0.15	5
○	SPDR® MSCI World Small Cap UCITS ETF	**WDSC**	IE00BCBJG560	11/25/2013	MSCI World Small Cap Net Total Return USD Index	0.45	834
US							
▲	SPDR® S&P 500 UCITS ETF (Dist)	**SPY5**	IE00B6YX5C33	03/19/2012	S&P 500 Net Total Return Index	0.03	9,058
▲	SPDR® S&P 500 UCITS ETF (Acc)	**SPYL**	IE000XZSV718	10/31/2023	S&P 500 Net Total Return Index	0.03	2,823
●	SPDR S&P 500 UCITS ETF EUR Acc H	**SPPE**	IE00BYYW2V44	10/31/2018	S&P 500 EUR Dynamic Hedged Index NTR	0.05	611
○	SPDR® S&P 400 US Mid Cap UCITS ETF	**SPY4**	IE00B4YBJ215	01/30/2012	S&P 400 Net Total Return Index	0.30	1,995
○	SPDR® Russell 2000 US Small Cap UCITS ETF	**R2US**	IE00BJ38QD84	06/30/2014	Russell 2000 Net 30% Return	0.30	2,908
■	SPDR® MSCI USA Climate Paris Aligned UCITS ETF (Acc)	**SPF9**	IE00BYTH5719	03/07/2022	MSCI USA Climate Paris Aligned Net USD	0.12	1
■	SPDR S&P 500 ESG Leaders UCITS ETF	**500X**	IE00BH4GPZ28	12/03/2019	S&P 500 ESG Leaders Index (USD) NTR	0.03	2,392
Europe							
▲	SPDR® MSCI Europe UCITS ETF	**ERO**	IE00BKWQ0Q14	12/05/2014	MSCI Europe Net Total Return EUR Index	0.25	280
■	SPDR® MSCI Europe Climate Paris Aligned UCITS ETF (Acc)	**SPF5**	IE00BYTH5487	03/07/2022	MSCI EUROPE CLIMATE PARIS ALIGNED Net EUR Index	0.15	1
▲	SPDR® MSCI EMU UCITS ETF	**ZPRE**	IE00B910VR50	01/25/2013	MSCI EMU Net Total Return EUR Index	0.18	250
○	SPDR® MSCI Europe Small Cap UCITS ETF	**SMC**	IE00BKWQ0M75	12/05/2014	MSCI Europe Small Cap Net Return EUR Index	0.30	237
■	SPDR® STOXX Europe 600 SRI UCITS ETF (Acc)	**ZPDX**	IE00BK5H8015	10/01/2019	STOXX Europe 600 SRI Net Return EUR	0.12	311
Emerging Markets							
▲	SPDR® MSCI Emerging Markets UCITS ETF	**EMRD**	IE00B469F816	05/13/2011	MSCI Emerging Net Total Return USD Index	0.18	461
▲	SPDR® MSCI EM Asia UCITS ETF	**EMAD**	IE00B466KX20	05/13/2011	MSCI Emerging Asia Net Total Return USD Index	0.55	858
■	SPDR® MSCI Emerging Markets Climate Paris Aligned UCITS ETF (Acc)	**SPF7**	IE00BYTH5263	07/19/2022	MSCI EM Climate Paris Aligned Net USD	0.23	4
○	SPDR® MSCI Emerging Markets Small Cap UCITS ETF	**EMSD**	IE00B48X4842	05/13/2011	MSCI EM EMerging Markets Small Cap USD Net	0.55	299
Single Country							
▲	SPDR® FTSE UK All Share UCITS ETF Acc	**FTAL**	IE00B7452L46	02/28/2012	FTSE UK Series FTSE All Share TR	0.20	569
▲	SPDR® FTSE UK All Share UCITS ETF GBP (Dist)	**ZPRD**	IE00BD5FCF91	04/26/2018	FTSE UK Series FTSE All Share TR	0.20	87
▲	SPDR® MSCI Japan UCITS ETF	**JPJP**	IE00BZ0G8B96	11/30/2015	MSCI Japan Net Return JPY Index	0.12	486
●	SPDR® MSCI Japan EUR Hdg UCITS ETF	**ZPDW**	IE00BZ0G8C04	11/30/2015	MSCI Japan Hedged to EUR Net Index	0.17	38
■	SPDR® MSCI Japan Climate Paris Aligned UCITS ETF (Acc)	**SPF6**	IE00BQQPV184	03/07/2022	MSCI JAPAN CLIMATE PARIS ALIGNED in JPY Net Index	0.12	4

Source: State Street Global Advisors, Bloomberg Finance L.P., as of 28 March 2024.

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Methodologies

SPDR Sectors in Focus Explained Looking out three months, we consider which sectors stand to potentially benefit from a combination of top-down and bottom-up factors. Macroeconomic indicators greatly inform our research, along with aggregated earnings and valuation metrics. We also consider investor flows and positioning. Most importantly, we reflect on the likely drivers of each sector over the forecast period.[7]

Unique Custody Data As part of State Street, we have access to information gleaned from our large global custody business. By aggregating $42 trillion of financial assets, we can observe behavioural trends of this important investor constituent.[8] This includes not only the direction of flows, but also the relative positioning of portfolios. These metrics are generated from regression analysis based on aggregated and anonymous flow data in order to better capture investor preference and to ensure the safeguarding of client confidentiality.

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 whilst 0% is the lowest holding.

Active Flows Indicates the value of net buying by large institutional investors (buys minus sells) expressed in terms of basis points of market capitalisation. These are flows in addition to the purchases or sales driven by shareholders allocating to the benchmark.

Top Chart Records the asset flow over the previous three months (60 trading days) versus the last five years.

Bottom Chart Shows trend of flows over previous three months (60 trading days).

Endnotes

1 Bloomberg Finance, L.P., as of 31 March 2024. Projected characteristics are based upon estimates and reflect subjective judgments and assumptions. There can be no assurance that developments will transpire as forecasted and that the estimates are accurate.

2 Bloomberg Finance, L.P., as of 31 March 2024.

3 Bloomberg Finance, L.P., as of 31 March 2024.

4 Bloomberg Finance, L.P., as of 31 March 2024. UK equities represented by FTSE ALL Share Index, Continental European Equities represented by MSCI Europe ex UK Index.

5 Bloomberg Finance, L.P., as of 31 March 2024.

6 Bloomberg Finance, L.P., as of 31 March 2024.

7 Assumptions and analysis made by State Street Global Advisors. There is no guarantee that estimates will be acheived.

8 Source: State Street, as of 31 December 2023.

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