

SPSM

State Street SPDR Portfolio S&P 600 Small Cap ETF Analyst Report

The SPDR Portfolio S&P 600 Small Cap ETF (SPSM) tracks an index of small cap U.S. stocks. The investment thesis behind a small cap investment is the growth factor that comes along with these securities. While mega-cap firms have already hit their peak, smaller companies may be the next juggernaut. The downside to small-cap investing is additional risk. Changes in regulation, credit availability, or product viability could send share prices plummeting. While some exposure to these small companies is healthy for a portfolio, the allocation should be kept relatively low since this market segment experiences extreme volatility. Investors in total-market ETFs already have some allocation to small-caps and should make sure that they're not unintentionally overweighting a risky space. Conversely, investors with strong convictions about small-caps might want to augment a total market fund with SPSM to boost their exposure. Like all of State Street's SPDR Portfolio lineup, SPSM is priced to match or beat rivals like the iShares Core S&P Small Cap ETF (IJR). SPSM has changed its underlying index a couple of times in recent years, but as of January 2020 it tracks the same S&P SmallCap 600 index as IJR and at a lower fee, making it an appealing option for longer-term investors who are looking for growth and aware of the risks that come with small-cap stocks. SPSM still lags IJR in assets though and some short-term traders might prefer IJR's size and liquidity.

State Street launched its ultra-low-cost SPDR Portfolio lineup in October 2017 after years of losing market share to cheaper rivals at BlackRock, Schwab, and Vanguard. This was a humiliating setback since State Street pretty much founded the modern ETF market in 1993 with the launch of the SPDR S&P 500 ETF Trust (SPY). State Street was late to the ultra-low-cost space — BlackRock launched its low-cost iShares Core series five years earlier — but has pushed hard to make up ground. Many of its "Portfolio" funds, including SPSM, were renamed to October 2017, and traded under x and traded under 2020, it tracked the

ESG Themes and Scores

5.6/10

ESG Rate

23.99%

Global Percentile

30.81%

Peer Percentile

Performance Data

| | SPSM | ETF Database Category Average | Factset Segment Average |
|---------------|--------|-------------------------------|-------------------------|
| 1 Month | 2.37% | 1.85% | 2.39% |
| 3 Month | 7.91% | 7.18% | 6.78% |
| YTD Return | 16.41% | 12.48% | 12.87% |
| 1 Year Return | 34.46% | 31.60% | 25.71% |
| 3 Year Return | 15.99% | 13.19% | 9.38% |
| 5 Year Return | 6.02% | 3.30% | 3.33% |

Top 5 Holdings

| Symbol | Holding | % Assets |
|--------|---------------------|----------|
| SMTC | Semtech Corporation | 0.85% |
| SANM | Sanmina Corporation | 0.83% |
| VIAV | Viavi Solutions Inc | 0.72% |
| VSAT | ViaSat, Inc. | 0.68% |
| FORM | FormFactor, Inc. | 0.60% |

Vitals

| | |
|---------------|------------------------|
| Issuer | State Street |
| Brand | SPDR |
| Structure | ETF |
| Expense Ratio | 0.03% |
| Inception | Jul 08, 2013 |
| Index Tracked | S&P SmallCap 600 Index |

ETF Database Themes

| | |
|-------------------|--------------------------|
| Category | Small Cap Blend Equities |
| Asset Class | Equity |
| Asset Class Size | Small-Cap |
| Asset Class Style | Blend |
| Region (General) | North America |
| Region (Specific) | U.S. |

FactSet Classifications

| | |
|-----------|--------------------------|
| Segment | Equity: U.S. - Small Cap |
| Category | Size and Style |
| Focus | Small Cap |
| Niche | Broad-based |
| Strategy | Vanilla |
| Weighting | Market Cap |

