

XLU

State Street Utilities Select Sector SPDR ETF

Analyst Report

This Sector SPDR is one of the most popular options for investors looking to gain exposure to the U.S. utilities sector, a corner of the domestic stock market known for relatively low volatility and relatively high distribution yields. A fund like XLU might be useful for establishing low risk equity exposure or for enhancing the current returns generated by the equity side of a portfolio. Like most sector-specific ETFs, XLU is probably most appealing to those implementing a sector rotation strategy or looking to establish a tactical tilt towards this low beta sector of the U.S. market. Those building a long-term buy-and-hold portfolio will likely achieve utilities exposure through broad-based equity funds (though the allocation to this sector can be relatively small). Investors should be wary of unintentional over-concentrations, since many dividend ETFs and low-volatility funds have a significant slice of their assets invested in utility stocks.

While the exposure offered by XLU is generally similar to other products in the Utilities Equities ETFdb Category, one potential drawback is the relatively shallow portfolio, which leans heavily on large cap stocks. Investors looking for broader exposure, including small caps, might prefer the Fidelity MSCI Utilities Index ETF (FUTY) or the Vanguard Utilities ETF (VPU). The Invesco S&P 500 Equal Weight Utilities ETF (RYU) offers an approach that avoids big concentrations in any one name. As of June 2020, XLU has a higher management fee than FUTY and VPU, but XLU offers unparalleled liquidity within this category, making it a popular choice among those looking to establish or liquidate a position quickly.

ESG Themes and Scores

7.24/10

ESG Rate

78.37%

Global Percentile

51.04%

Peer Percentile

Performance Data

	XLU	ETF Database Category Average	Factset Segment Average
1 Month	-1.50%	-1.09%	-1.13%
3 Month	-4.73%	-0.88%	-3.34%
YTD Return	3.90%	7.79%	3.82%
1 Year Return	11.60%	15.26%	9.74%
3 Year Return	13.18%	13.96%	12.10%
5 Year Return	9.15%	8.57%	8.16%

Top 5 Holdings

Symbol	Holding	% Assets
NEE	NextEra Energy, Inc.	13.06%
SO	Southern Company	7.62%
DUK	Duke Energy Corporation	7.16%
CEG	Constellation Energy Corporation	5.70%
AEP	American Electric Power Company, Inc.	5.12%

Vitals

Issuer	State Street
Brand	SPDR
Structure	ETF
Expense Ratio	0.08%
Inception	Dec 16, 1998
Index Tracked	S&P Utilities Select Sector Index

ETF Database Themes

Category	Utilities Equities
Asset Class	Equity
Asset Class Size	Large-Cap
Asset Class Style	Value
Region (General)	North America
Region (Specific)	U.S.

FactSet Classifications

Segment	Equity: U.S. Utilities
Category	Sector
Focus	Utilities
Niche	Broad-based
Strategy	Vanilla
Weighting Scheme	Market Cap

