

## Flows

### European-Domiciled ETP Segment Flows (Top/Bottom 5, \$mn)

FI — EM	→	915
US Large-Caps	→	815
FI — EMU Debt Government	→	462
FI — US Government	→	267
FI — Global	→	244
Japan	←	-114
US Others	←	-124
EM Country/Region Specific	←	-419
World	←	-578
Broad EM	←	-779

### European-Domiciled ETP Asset Category Flows (\$mn)

Fixed Income	→	2,449
Commodity	→	84
Mixed Allocation	→	6
Specialty	→	2
Alternative	→	0
Money Market	←	-41
Equity	←	-1,289

Sources: Bloomberg Finance L.P., for the period 29 August–5 September 2019. 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.

### How to Play this Theme:

SPDR S&P 500 Low Volatility UCITS ETF  
SPDR EURO STOXX Low Volatility UCITS ETF

To learn more, please visit [spdrs.com](http://spdrs.com)

## THEME OF THE WEEK

### Volatility Shocks Causing Investors to Question Equity Price Stability

While investor expectations seem increasingly negative, both bond yields and earnings expectations have been trending lower. Meanwhile, US and European equity markets are trading at levels slightly above where they were one year ago, and comfortably above where they began 2019. Amidst an orderly decline in investor and business confidence, equity prices remain sensitive to headline risks, which continue to introduce short-term volatility shocks.

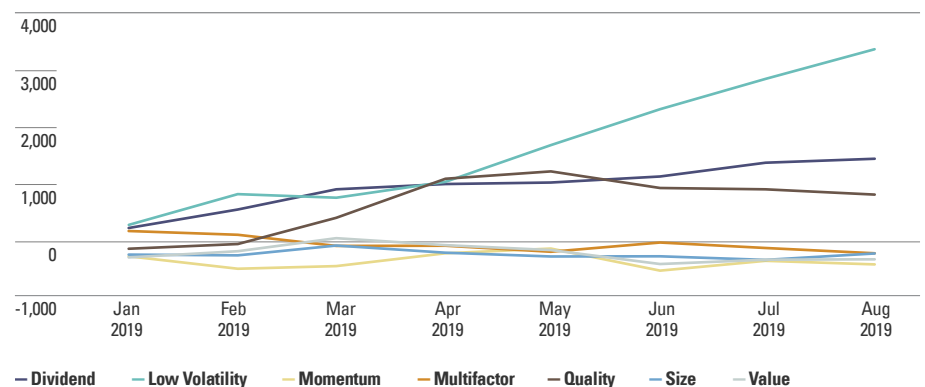
At the end of last week, the US and China had just agreed to resume face-to-face meetings next month in Washington, calming markets and helping the S&P 500 Index recover some of its August pullback. Similarly, in the eurozone, Giuseppe Conte has successfully formed a new government in Italy, providing encouragement that a more pro-European government might help provide stability to the region. In all likelihood, by the time you read this, a new trade headline, Brexit development or Presidential tweet will have served to either strengthen or threaten the stability of the positive sentiment noted above.

The heightening of both investor uncertainty and equity price sensitivity has led investors to consider a risk-off approach across their US and European equity allocations. As evidenced by the cumulative flows (Figure 1) into European-listed Smart Beta ETFs year to date, investors favour a low volatility approach heading towards Q4. In the Q3 SPDR Smart Beta Dashboard we will look at flows, performance and valuation of low volatility to help investors determine their next move.

### How does a Low Volatility Strategy help Introduce Defensive Positioning into a Portfolio?

A low volatility approach allows investors to seek calmer waters. Over the long run, the low volatility investment approach has resulted in higher relative performance compared to the benchmark. Moreover, targeting low volatility stocks does not need to be complicated. SPDR offers a suite of low volatility strategies that follow a simple yet effective methodology. In a single trade, investors can introduce a defensive posture to their eurozone and US equity allocations using the SPDR EURO STOXX Low Volatility UCITS ETF and SPDR S&P 500 Low Volatility UCITS ETF.

Figure 1: Year-to-Date European Smart Beta Flows (EUR Millions)



Source: State Street Global Advisors, Bloomberg Finance L.P., as of 31 August 2019. **Past performance is not a guarantee of future results. It is not possible to invest directly in an index. Index performance does not reflect charges and expenses associated with the fund or brokerage commissions associated with buying and selling a fund. Index performance is not meant to represent that of any particular fund.**

## Fund Details

<b>Fund Name</b>	SPDR® EURO STOXX Low Volatility UCITS ETF	SPDR S&P 500 Low Volatility UCITS ETF
<b>ISIN</b>	IE00BFTWP510	IE00B802KR88
<b>Share Class Currency</b>	EUR	USD
<b>Primary Ticker (LSE)*</b>	Xetra: ZPRL (EUR)	Xetra: SPY1 (EUR)
<b>Other Tickers</b>	LSE: ELOW (EUR), LOWE (GBP) Borsa Italiana: ELOW (EUR) Euronext Paris: ELOW (EUR) SIX: ELOW (CHF)	LSE: LOWV (USD), USLV (GBP) Borsa Italiana: LOWV (EUR) Euronext Paris: LOWV (EUR) SIX: LOWV (CHF)
<b>TER (%)</b>	<b>0.30</b>	<b>0.35</b>
<b>Index Name</b>	<b>EURO STOXX Low Risk Weighted 100 Index</b>	<b>S&amp;P 500 Low Volatility Index</b>
<b>Index Ticker</b>	SXLV1T	SP5LVIN
<b>No. of Index Constituents</b>	100	100
<b>Portfolio Construction</b>	Physical — Replicated	Physical — Replicated
<b>Income Treatment</b>	Accumulating	Accumulating
<b>Index Description</b>	The EURO STOXX Low Risk Weighted 100 Index represents the lowest volatility companies from the parent index, the EURO STOXX Index. The EURO STOXX Index is a broad benchmark index representing large, mid and small capitalisation companies of 12 eurozone countries: Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain.	The S&P 500 Low Volatility Index is designed to measure the performance of the 100 least volatile stocks within the S&P 500 Index. The Index employs a volatility-driven selection and weighting scheme. Volatility is measured by the standard deviation of a security's daily price returns over the prior 252 trading days.

Source: State Street Global Advisors, as of 31 August 2019.

## Annualised Performance (% , expressed in fund's base currency)

	1 Month (%)	3 Months (%)	6 Months (%)	YTD (%)	1 Year (%)	3 Years (%)	5 Years (%)	Since Inception (%)	Inception Date
SPDR S&P 500 Low Volatility UCITS ETF	2.35	7.18	10.97	23.04	15.85	12.43	11.80	12.57	10/03/2012
S&P 500 Low Volatility Index	2.36	7.21	11.01	23.12	15.96	12.47	11.86	12.60	
<b>Difference</b>	<b>-0.01</b>	<b>-0.03</b>	<b>-0.04</b>	<b>-0.08</b>	<b>-0.11</b>	<b>-0.04</b>	<b>-0.06</b>	<b>-0.03</b>	
SPDR EURO STOXX Low Volatility UCITS ETF	0.76	3.34	5.39	14.03	2.01	7.08	8.47	9.10	03/24/2014
EURO STOXX Low Risk Weighted 100 Index	0.81	3.20	4.86	13.50	1.55	6.80	8.24	8.84	
<b>Difference</b>	<b>-0.05</b>	<b>0.14</b>	<b>0.53</b>	<b>0.53</b>	<b>0.46</b>	<b>0.28</b>	<b>0.23</b>	<b>—</b>	

Source: State Street Global Advisors, as at 31 August 2019. **Performance quoted represents past performance, which is no guarantee of 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 [spdrs.com](http://spdrs.com) for most recent month-end performance.** The calculation method for value added returns may show rounding differences. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. **Some of the products are not available to investors in certain jurisdictions. Please contact your relationship manager in regards to availability.**

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