

ETF Analyzer

July 2018

Select Sector SPDR Edition

- ▶ Evaluate Sector SPDRs based on investment merit using fundamental data and analysis
- ▶ Compare Sector SPDRs with ease on a variety of forward-looking valuation metrics
- ▶ Succinct reports in three easy-to-read sections: Investment Summary, Fundamentals, and Composition

This page left intentionally blank.

How to use this guide

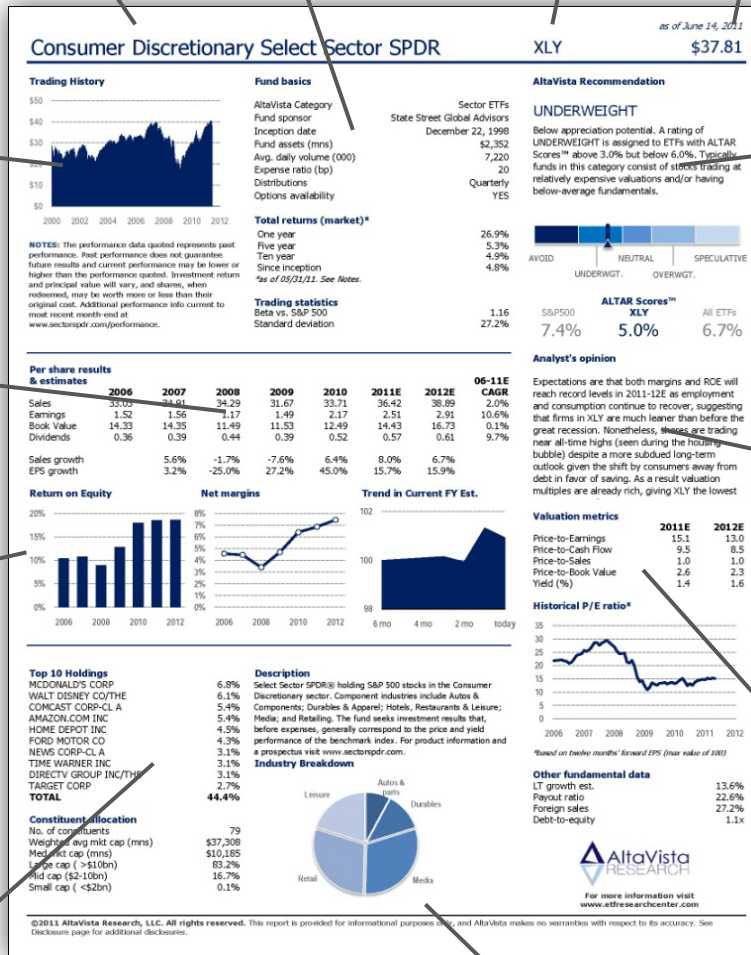
A fundamentally different approach

This guide presents fundamental data and analysis on each of the nine Select Sector SPDR funds so you can view and value them the way you would a single stock. It consists of an "Analyzer" page (shown below) covering each fund, along with a Valuation Guide to facilitate easy comparisons between funds as well as with the S&P500 index. For more on our approach to ETF analysis visit www.etfresearchcenter.com.

Fund name
Fund basics
 Expenses, returns, volume & more
Ticker symbol
Price

Trading history

See how this fund has performed in the past



Results & estimates

Financial results & expectations for the fund's constituents—essential for making an informed investment

Profitability measures

Graphs show trends in return on equity, profit margins and estimate revisions

Composition data

Information on top holdings, concentration and market cap segmentation

Industry breakdown

Shows how important each industry segment is within the sector

Keeping up-to-date

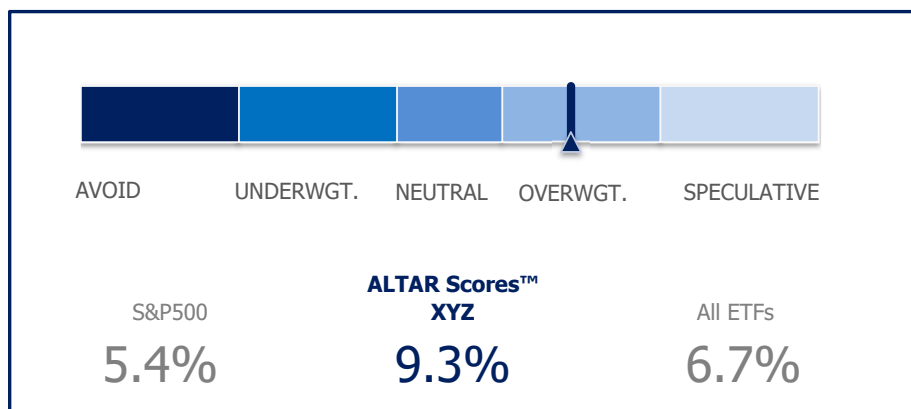
Market conditions and expectations change all the time. Go to the [ETF Research Center](http://www.etfresearchcenter.com) for daily valuation updates on the Sector SPDRs or any of the other hundreds of ETFs we follow. This report is updated monthly and is available for download free of charge from www.sectorspdrs.com under 'Research.'



How we rate ETFs

AltaVista Recommendation

For every ETF under coverage, we calculate an AltaVista Long Term Annual Return forecast, or ALTAR Score™, explained in more detail in the sidebar. Then, we separate the funds into five tiers based on their individual scores as illustrated by the scale below. Although one fund's ALTAR Score™ and recommendation are independent of other funds' rankings, our coverage universe has a roughly normal distribution among the five tiers, with NEUTRAL accounting for the largest number of ETFs.



What they mean...

SPECULATIVE

Deeply undervalued but risky. A rating of SPECULATIVE is assigned to ETFs with ALTAR Scores™ of 11.0% or above, indicating exceptional appreciation potential. However, often these are narrowly-focused funds or in industries with structural issues, which may also make them very risky. Nonetheless they may still be useful as part of a well-diversified portfolio.

OVERWEIGHT

Above average appreciation potential. A rating of OVERWEIGHT is assigned to ETFs with ALTAR Scores™ above 8.0% but less than 11%. Typically, funds in this category consist of stocks trading at attractive valuations and/or having above-average fundamentals.

NEUTRAL

Average appreciation potential. A rating of NEUTRAL is assigned to ETFs with ALTAR Scores™ between 6.0% and 8.0%. This indicates that valuations adequately reflect the fundamentals of stocks in these funds. The majority of funds we cover fall into this category.

UNDERWEIGHT

Below appreciation potential. A rating of UNDERWEIGHT is assigned to ETFs with ALTAR Scores™ above 3.0% but below 6.0%. Typically, funds in this category consist of stocks trading at relatively expensive valuations and/or having below-average fundamentals.

AVOID

Not worthwhile for most investors. A rating of AVOID is assigned to ETFs with ALTAR Scores™ below 3.0%. Often, funds in this category consist of stocks with little if any history or expectation of profitability, and as a result our fundamentally-driven analysis may not be relevant.

ALTAR Score™

The ALTAR Score™, short for AltaVista Long Term Annual Return forecast, is our measure of an ETF's overall investment merit. Its formula is:

$$ROE_{avg} \div \frac{P}{BV} - fees$$

where ROE_{avg} is the average Return on Equity over the course of the business cycle, and P/BV is the price-to-book value multiple for the current forecast year ("FY1"). Finally, we subtract fund fees which diminish investor returns. Results are expressed as a percentage, with higher values better, all else being equal.

Origins

The ALTAR Score relates overall profitability of stocks in a fund to their valuations, using the well-established relationship between Return on Equity and Price-to-Book Value multiples, itself a derivation of the Dividend Discount Model, one of the earliest and most basic approaches to equity valuation.

What it means

The ALTAR Score provides an estimate of a kind of "internal rate of return" from the owner's perspective. One advantage is of this approach is that it is *intrinsic*, rather than a subjective measure of what value a security "deserves." As such, the ALTAR Score of one fund is also independent of the scores of other funds, facilitating comparisons both within and across categories.

What it does not mean

It is not a price target or prediction about how the market will value the fund in the future. There is no time or momentum component to the ALTAR Score, and it is not meant as any sort of short-term indicator.

Bottom line

The ALTAR Score can be used to compare funds based on investment merit, but it is not intended as a prediction of future performance. Investors should also consider the many other data points in each report to assess each fund's suitability. For more information visit www.etfresearchcenter.com.



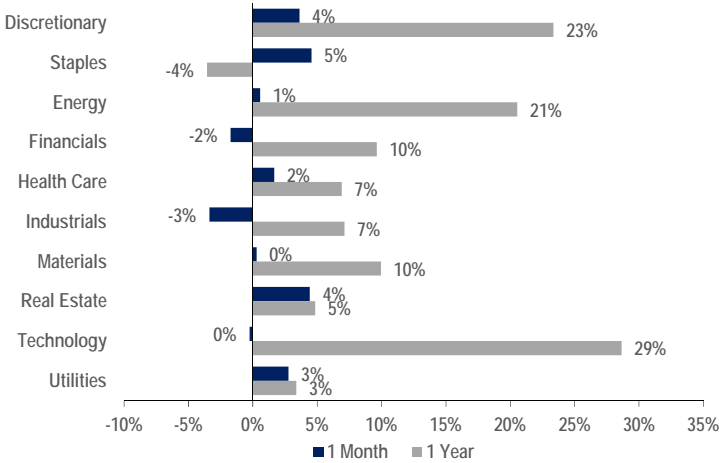
For more information visit
www.etfresearchcenter.com

ETF Analyzer: Select Sector SPDR edition

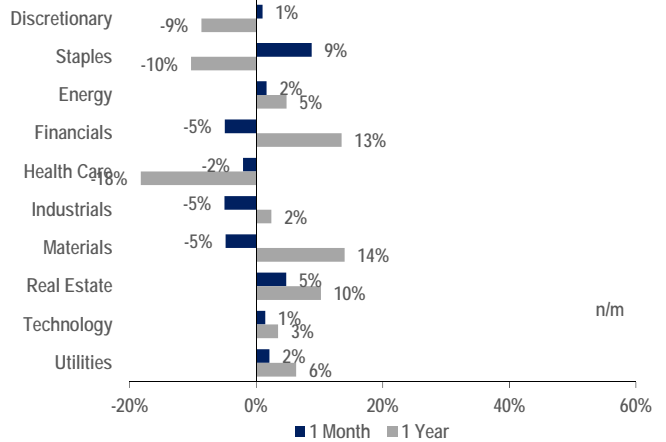
	Market Activity & Breakdown	6
	Valuation Guide	7-8
	Consensus Sentiment - Trends in Analysts' Ratings	9
XLC	Communication Services Sector SPDR	10
XLY	Consumer Discretionary Sector SPDR	11
XLP	Consumer Staples Sector SPDR	12
XLE	Energy Sector SPDR	13
XLF	Financial Sector SPDR	14
XLV	Health Care Sector SPDR	15
XLI	Industrial Sector SPDR	16
XLB	Materials Sector SPDR	17
XLRE	Real Estate Sector SPDR	18
XLK	Technology Sector SPDR	19
XLU	Utilities Sector SPDR	20

Market Activity & Breakdown

Total Returns* (Price)

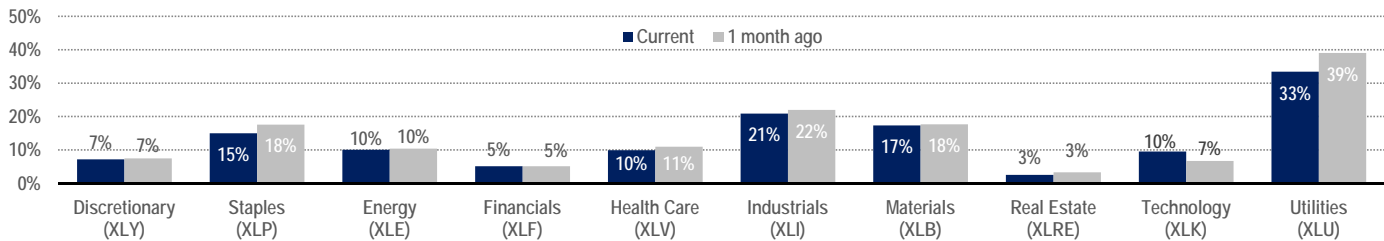


Changes in Shares Outstanding

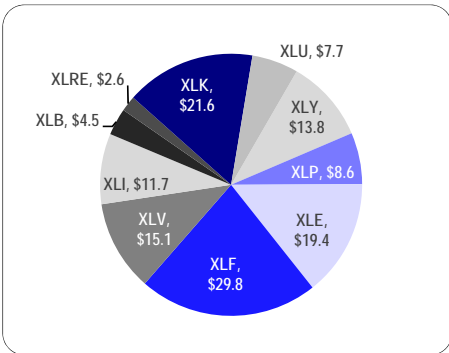


***NOTE:** The performance data quoted represents past performance. Past performance does not guarantee future results and current performance may be lower or higher than the performance quoted. Investment return and principal value will vary, and shares, when redeemed, may be worth more or less than their original cost. Additional performance info current to most recent month-end at www.sectorspdr.com/performance.

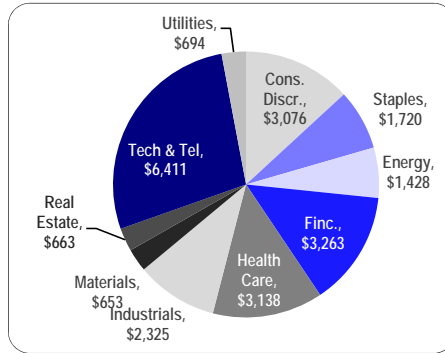
Short Interest (as a percentage of total shares outstanding)



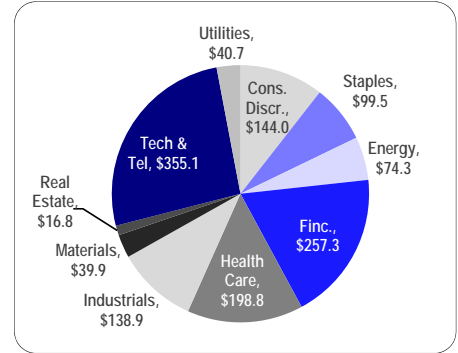
Assets Under Management (\$bns)



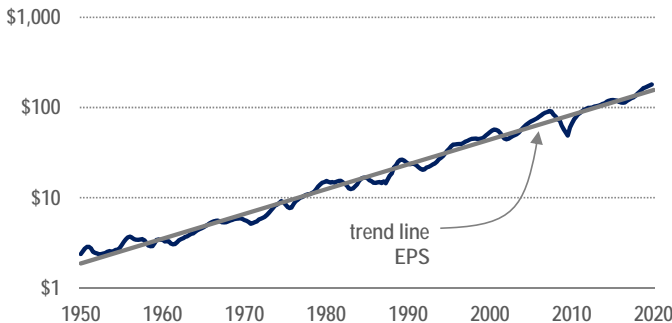
S&P 500 Market Cap by Sector (\$bns)



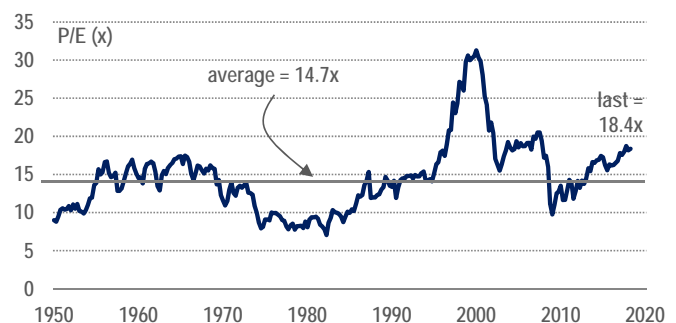
S&P 500 2018E Profits by Sector (\$bns)



S&P500 Operating Earnings (4 qtrs. rolling, 1950-present)



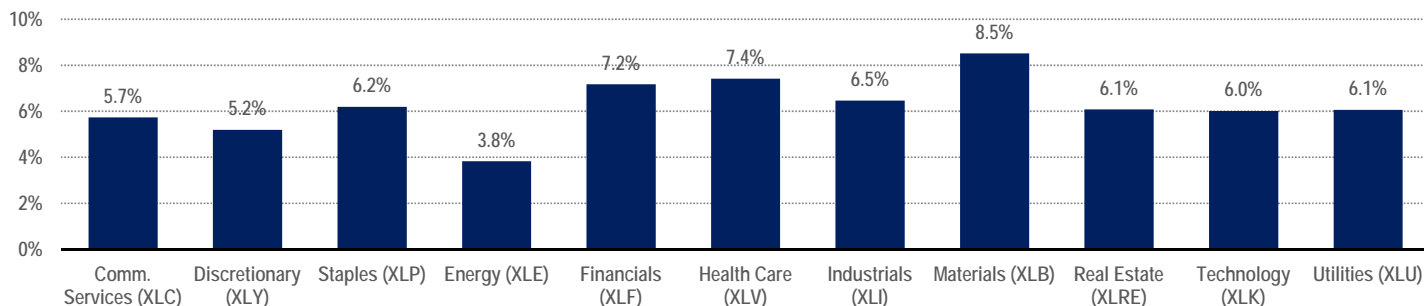
S&P500 Forward P/E multiple on Trend-line EPS



Select Sector SPDRs

This page provides a summary of valuation metrics for the Select Sector SPDRs and S&P 500 which may be considered when buying or selling these funds.

ALTAR Score™



Calculation of ALTAR Score™

	Avg. ROE (14-14E)	Div. by Fwd PBV	Less Exp.	equals ALTAR™
Comm. Services (XLC)	15.5%	2.6x	0.13%	5.7%
Discretionary (XLY)	21.6%	4.1x	0.13%	5.2%
Staples (XLP)	24.1%	3.8x	0.13%	6.2%
Energy (XLE)	6.9%	1.8x	0.13%	3.8%
Financials (XLF)	10.0%	1.4x	0.13%	7.2%
Health Care (XLV)	22.0%	2.9x	0.13%	7.4%
Industrials (XLI)	23.2%	3.5x	0.13%	6.5%
Materials (XLB)	16.5%	1.9x	0.13%	8.5%
Real Estate (XLRE)	16.1%	2.6x	0.13%	6.1%
Technology (XLK)	24.7%	4.0x	0.13%	6.0%
Utilities (XLU)	10.7%	1.7x	0.13%	6.1%

Risk measures: Standard Deviation

Prices (3yr Ann.)	Earnings Est. 2018-19E
--	--
12.2%	4.8%
11.2%	2.3%
19.5%	15.6%
15.5%	3.0%
12.8%	2.5%
12.2%	3.3%
16.1%	6.1%
n/a	10.7%
13.2%	3.8%
12.6%	2.7%

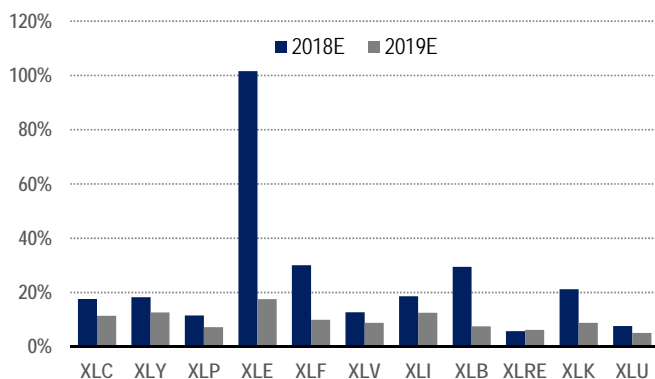
NOTE: The ALTAR Score™ is AltaVista's proprietary measure of an ETF's overall investment merit, based on academic work relating price-to-book value multiples to return on equity (Wilcox, Financial Analysts Journal, Jan-Feb 1984). In general, higher scores suggest better long term investment potential in AltaVista's opinion, but they are not forecasts of future returns. For more information go to www.etfresearchcenter.com.

Valuation multiples (based on 2018 estimates)

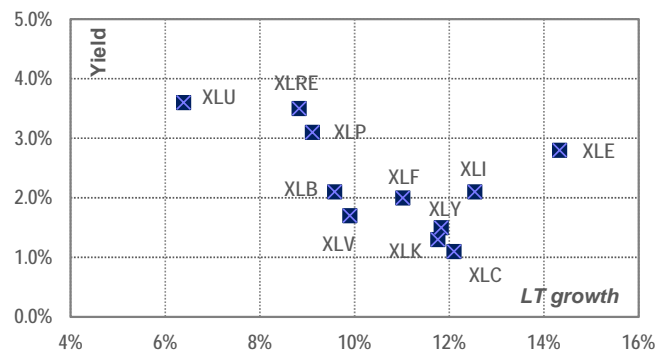
	Price	P/E	PEG	P/CF	P/Sales	P/BV	Yield*
Comm. Services (XLC)	\$50.49	21.4	1.8	12.6	2.6	2.8	1.1
Discretionary (XLY)	\$109.30	21.9	1.9	14.4	1.7	4.4	1.3
Staples (XLP)	\$51.53	17.8	2.0	14.2	1.4	4.1	3.1
Energy (XLE)	\$75.94	19.4	1.4	8.7	1.3	1.8	2.8
Financials (XLF)	\$26.59	12.7	1.2	15.8	2.5	1.4	2.0
Health Care (XLV)	\$83.46	15.7	1.6	13.9	1.7	3.2	1.7
Industrials (XLI)	\$71.63	16.7	1.3	12.4	1.7	3.8	2.1
Materials (XLB)	\$58.07	15.9	1.7	11.0	1.5	2.0	2.1
Real Estate (XLRE)	\$32.71	18.0	2.0	17.8	5.6	2.7	3.5
Technology (XLK)	\$69.47	18.1	1.5	13.3	3.9	4.5	1.5
Utilities (XLU)	\$51.96	16.8	2.6	7.6	2.0	1.8	3.6
S&P500	2,705.27	17.0	1.5	12.8	2.1	2.9	2.0

*Based on consensus dividend forecasts for underlying stocks. May differ from the distribution yield on the ETF.

Earnings per share growth



Yield* vs. long-term EPS growth of fund constituents



Note: All valuation metrics on this page calculated based on consensus estimates of current fund constituents, as collected by Thomson/Reuters and Bloomberg. Definitions of technical terms can be found on page 19 of this document.

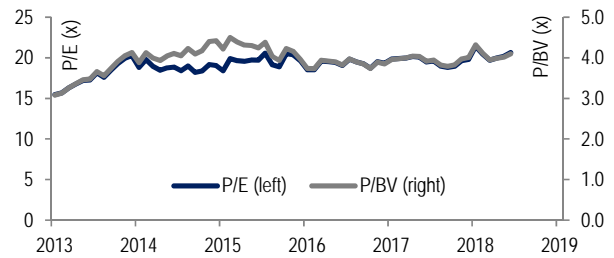
Select Sector SPDRs

Trends in P/E and P/BV multiples

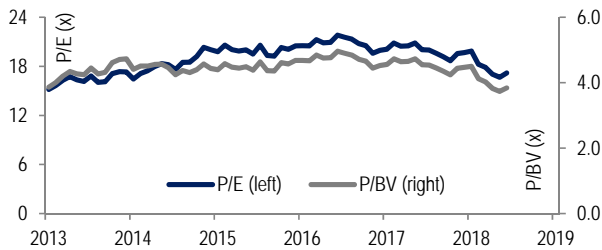
This page contains historical price-to-earnings (P/E) and price-to-book value (P/BV) multiples based on rolling twelve-months' earnings and book value per share figures, respectively, for each Sector SPDR (maximum value of 100). It illustrates how these funds have traded in the recent past in relation to these two valuation metrics.

Investors may consider this along with other data and information when buying or selling these funds.

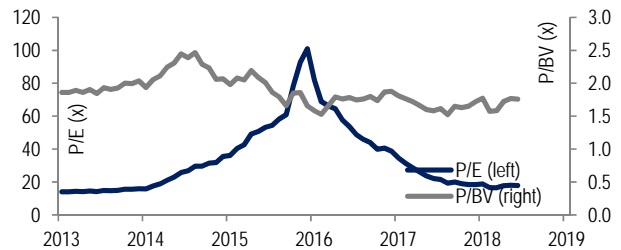
Consumer Discretionary Sector (XLY)



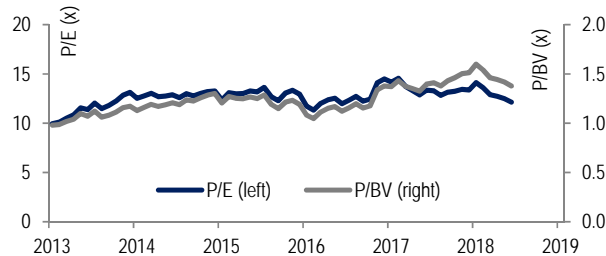
Consumer Staples Sector (XLP)



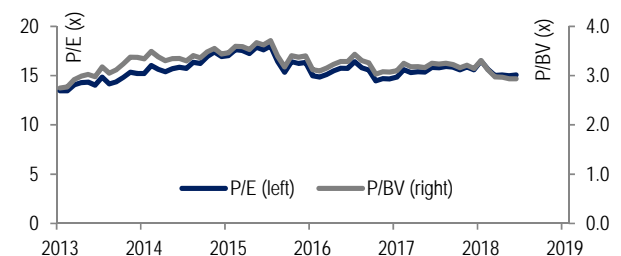
Energy Sector (XLE)



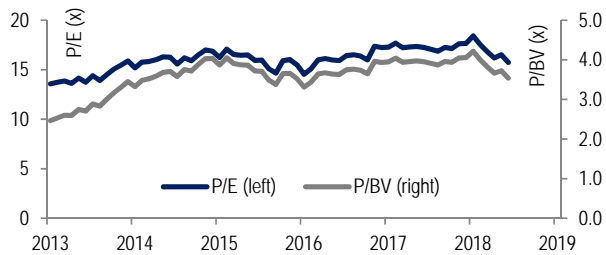
Financial Sector (XLF)



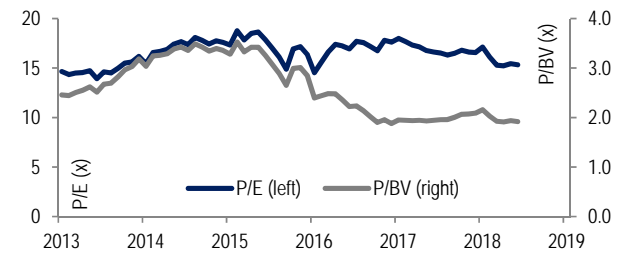
Health Care Sector (XLV)



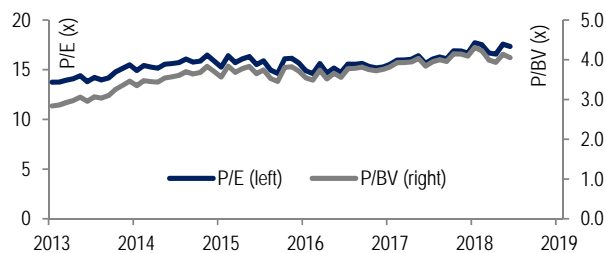
Industrials Sector (XLI)



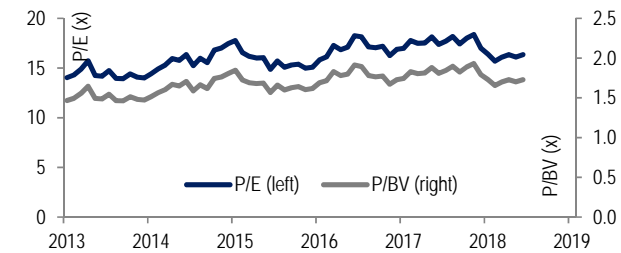
Materials Sector (XLB)



Technology Sector (XLK)



Utilities Sector (XLU)

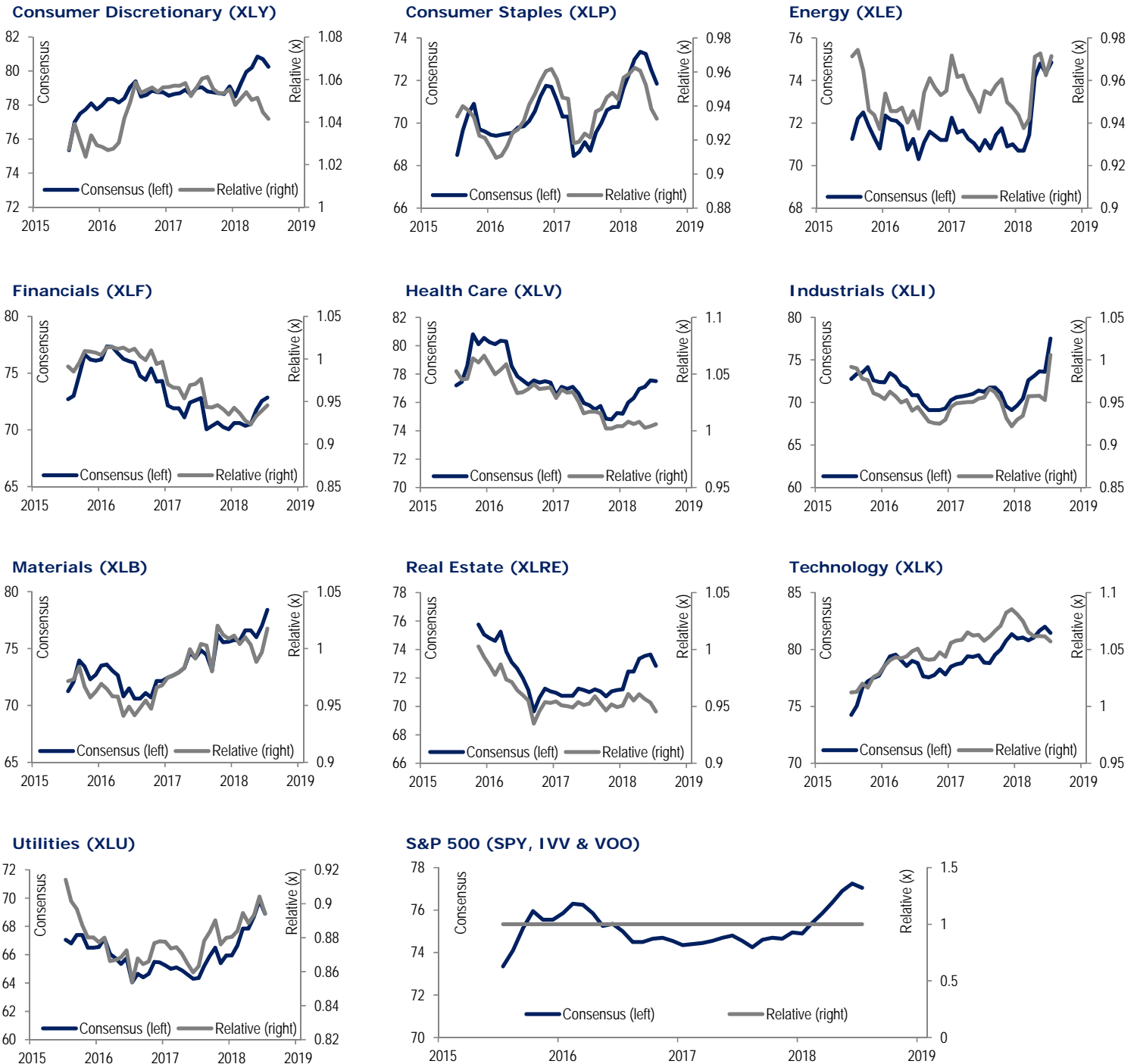


Select Sector SPDRs

Trends in Analysts Consensus Ratings

This page contains historical analysts' consensus ratings on each index's underlying constituents, translated to the following composite scale: Strong Buy: 80-100 (where 100 means all analysts covering these stocks having a rating of Strong Buy); Buy: 60-80; Hold: 40-60; Sell: 20-40; and Strong Sell: 0-20. Also shown is each sector's composite rating relative to the S&P 500.

Given the prevalence of Buy ratings among analysts, both the trend and relative ratings may be more important than the rating *level* in gauging analysts' true sentiment regarding the stocks in each index. Investors may consider this along with other data and information when buying or selling any security tracking these indices.



Communication Services Select Sector SPDR

XLC

\$50.49

Trading History



NOTES: The performance data quoted represents past performance. Past performance does not guarantee future results and current performance may be lower or higher than the performance quoted. Investment return and principal value will vary, and shares, when redeemed, may be worth more or less than their original cost. Additional performance info current to most recent month-end at www.sectorspdr.com/performance.

Fund basics

AltaVista Category
Fund sponsor
Inception date
Fund assets (mns)
Avg. daily volume (000)
Expense ratio (bp)
Distributions
Options availability

Sector ETFs
SSGA
June 18, 2018
\$164
452
13
Quarterly
YES

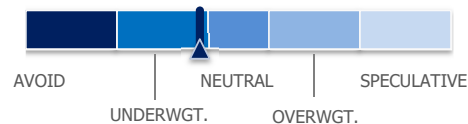
Total returns (price)*

One year
Five year
Ten year
Since inception
**as of 06/30/18. See Notes.*

Trading statistics

Beta vs. S&P 500
Standard deviation

n/a
n/a
n/a
n/a



ALTAR Scores™

S&P500	XLC	All ETFs
6.0%	5.7%	6.2%

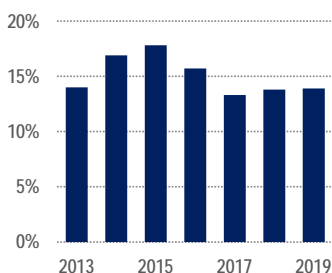
Per share results & estimates

	2013	2014	2015	2016	2017	2018E	2019E	13-18E CAGR
Sales	12.32	13.15	13.90	17.08	17.96	19.74	20.82	9.9%
Earnings	1.27	1.55	1.72	1.89	2.01	2.36	2.63	13.2%
Book Value	9.08	9.27	10.14	13.88	16.18	17.94	20.00	14.6%
Dividends	0.48	0.50	0.54	0.51	0.52	0.54	0.57	2.4%
Sales growth		6.6%	5.7%	22.8%	5.1%	9.9%	5.4%	
EPS growth		22.2%	11.3%	9.4%	6.2%	17.6%	11.4%	

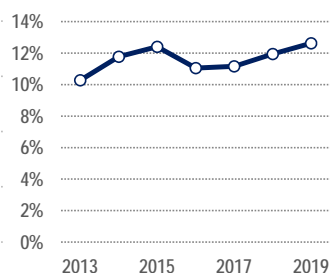
Analyst's opinion

This new fund gathers fast-growing media and entertainment companies from the Discretionary and Tech sectors, plus Telecom firms, resulting in a weighted-average long term EPS growth forecast of 12.1%; higher than both XLY and XLK. But that growth comes with lofty valuations, and analysts are already more bullish on this sector than any other. Also note: Facebook and Alphabet account for >40% of assets.

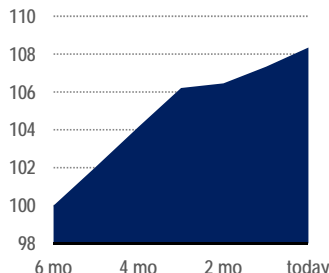
Return on Equity



Net margins



Trend in Current FY Est.

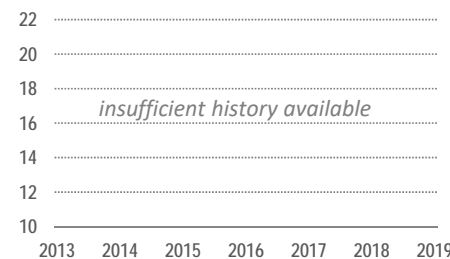


Valuation metrics

	2018E	2019E
Price-to-Earnings	21.4	19.2
Price-to-Cash Flow	12.6	11.3
Price-to-Sales	2.6	2.4
Price-to-Book Value	2.8	2.5
Yield* (%)	1.1	1.1

**Based on consensus dividend forecasts for underlying stocks. Metrics differ significantly from distribution yield on the ETF.*

Historical P/E ratio*



**based on twelve months' forward EPS (max value of 100)*

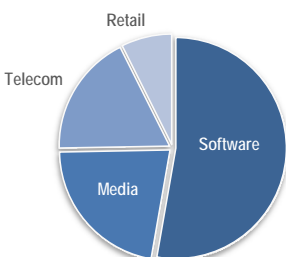
Top 10 Holdings

FACEBOOK	20.3%
ALPHABET INC. CLASS C	11.6%
ALPHABET INC. CLASS A	11.5%
ACTIVISION BLIZZARD INC	4.6%
VERIZON COMMUNICATIONS INC	4.6%
COMCAST CORP-CL A	4.5%
ELECTRONIC ARTS INC	4.5%
AT&T INC	4.5%
WALT DISNEY CO/THE	4.5%
NETFLIX INC	4.5%
TOTAL	75.2%

Description

The Communication Services Select Sector SPDR Fund tracks a market-cap-weighted index of US telecommunication and media & entertainment components of the S&P 500 index.

Industry Breakdown



Constituent allocation

No. of constituents	26
Weighted avg mkt cap (mns)	\$351,564
Med mkt cap (mns)	--
Large cap (>\$10bn)	98.8%
Mid cap (\$2-10bn)	1.2%
Small cap (<\$2bn)	0.0%

Other fundamental data

LT growth est.	12.1%
Payout ratio	23.1%
Debt-to-equity	1.0x



For more information visit www.etfresearchcenter.com

Consumer Discretionary Select Sector SPDR

XLY

\$109.30

Trading History



NOTES: The performance data quoted represents past performance. Past performance does not guarantee future results and current performance may be lower or higher than the performance quoted. Investment return and principal value will vary, and shares, when redeemed, may be worth more or less than their original cost. Additional performance info current to most recent month-end at www.sectorspdr.com/performance.

Fund basics

AltaVista Category	Sector ETFs
Fund sponsor	State Street Global Advisors
Inception date	December 22, 1998
Fund assets (mns)	\$13,783
Avg. daily volume (000)	5,553
Expense ratio	0.13%
Distributions	Quarterly
Options availability	YES

Total returns (price)*

One year	23.6%
Five year	15.8%
Ten year	16.2%
Since inception	9.0%

*as of 06/30/18. See Notes.

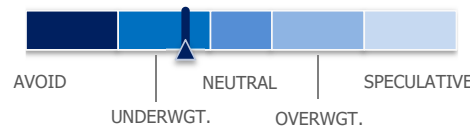
Trading statistics

Beta vs. S&P 500	1.08
Standard deviation	12.2%

AltaVista Recommendation

UNDERWEIGHT

Below average appreciation potential. A rating of UNDERWEIGHT is assigned to funds with ALTAR Scores™ above 3.0% but below 6.0%. Typically, funds in this category consist of stocks trading at relatively expensive valuations and/or having below-average fundamentals.



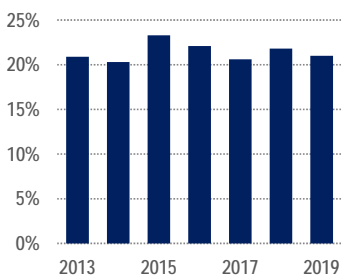
ALTAR Scores™

S&P500	XLY	All ETFs
6.0%	5.2%	6.2%

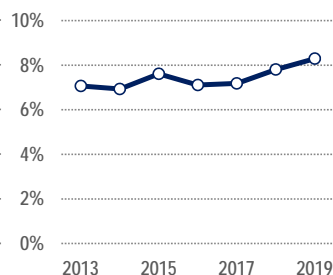
Per share results & estimates

	2013	2014	2015	2016	2017	2018E	2019E	13-18E CAGR
Sales	45.81	47.59	49.74	56.02	58.70	63.82	67.66	6.9%
Earnings	3.24	3.30	3.79	3.98	4.21	4.98	5.61	9.0%
Book Value	16.29	16.19	16.33	19.73	21.15	24.63	28.75	8.6%
Dividends	0.85	1.01	1.21	1.23	1.29	1.42	1.51	10.9%
Sales growth		3.8%	4.5%	12.6%	4.7%	8.7%	6.0%	
EPS growth		1.8%	14.8%	5.1%	5.8%	18.2%	12.6%	

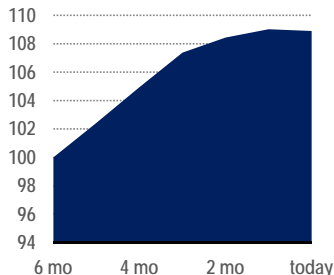
Return on Equity



Net margins



Trend in Current FY Est.



Analyst's opinion

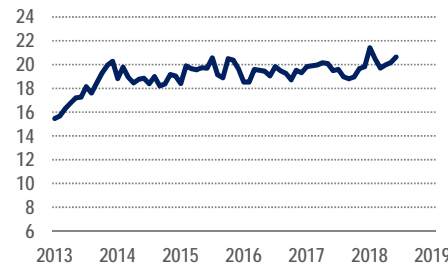
Low unemployment and tax cuts provide a solid economic backdrop for Consumer Discretionary stocks, tempered perhaps by rising rates. But forecasts for rising margins seem optimistic to us, and analysts' bullishness on the sector appears to be waning relative to the rest of the S&P 500 (see Consensus Sentiment page), while valuations continue to look rich. The sector has the 2nd lowest ALTAR Score after Energy.

Valuation metrics

	2018E	2019E
Price-to-Earnings	21.9	19.5
Price-to-Cash Flow	14.4	12.8
Price-to-Sales	1.7	1.6
Price-to-Book Value	4.4	3.8
Yield* (%)	1.3	1.4

*Based on consensus dividend forecasts for underlying stocks. May differ significantly from distribution yield on the ETF.

Historical P/E ratio*

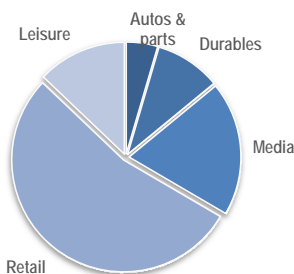


Top 10 Holdings

AMAZON.COM INC	23.0%
HOME DEPOT INC	7.6%
NETFLIX INC	5.7%
WALT DISNEY CO/THE	5.2%
COMCAST CORP-CL A	5.1%
MCDONALD'S CORP	4.1%
NIKE INC -CL B	3.4%
LOWE'S COS INC	2.6%
STARBUCKS CORP	2.3%
TOTAL	62.3%

Description

Select Sector SPDR® holding S&P 500 stocks in the Consumer Discretionary sector. Component industries include Autos & Components; Durables & Apparel; Hotels, Restaurants & Leisure; Media; and Retailing. The fund seeks investment results that, before expenses, generally correspond to the price and yield performance of the benchmark index. For product information and a prospectus visit www.sectorspdr.com.



Constituent allocation

No. of constituents	80
Weighted avg mkt cap (mns)	\$255,268
Med mkt cap (mns)	\$12,373
Large cap (>\$10bn)	96.1%
Mid cap (\$2-10bn)	3.9%
Small cap (<\$2bn)	0.0%

Other fundamental data

LT EPS growth est.	11.8%
Payout ratio	28.5%
Debt-to-equity	1.4x



For more information visit www.etfresearchcenter.com

Consumer Staples Select Sector SPDR

XLP

\$51.53

Trading History



NOTES: The performance data quoted represents past performance. Past performance does not guarantee future results and current performance may be lower or higher than the performance quoted. Investment return and principal value will vary, and shares, when redeemed, may be worth more or less than their original cost. Additional performance info current to most recent month-end at www.sectorspdr.com/performance.

Fund basics

AltaVista Category	Sector ETFs
Fund sponsor	State Street Global Advisors
Inception date	December 22, 1998
Fund assets (mns)	\$8,558
Avg. daily volume (000)	14,378
Expense ratio (bp)	13
Distributions	Quarterly
Options availability	YES

Total returns (price)*

One year	-3.7%
Five year	8.1%
Ten year	9.7%
Since inception	5.8%

*as of 06/30/18. See Notes.

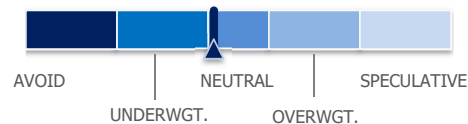
Trading statistics

Beta vs. S&P 500	0.57
Standard deviation	11.2%

AltaVista Recommendation

NEUTRAL

Average appreciation potential. A rating of NEUTRAL is assigned to funds with ALTAR Scores™ between 6.0% and 8.0%. This indicates that valuations adequately reflect the fundamentals of stocks in these funds. The majority of funds we cover fall into this category.



	ALTAR Scores™	
S&P500	XLP	All ETFs
6.0%	6.2%	6.2%

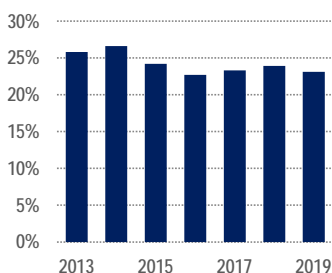
Analyst's opinion

Investors have been revaluing the sector with lower P/E multiples since mid-2016 (reflecting caution on interest rate-sensitive sectors) thereby making it start to look attractive versus the S&P 500 on a valuation basis for the first time in several years. However analysts' consensus sentiment on the sector has soured considerably in recent months (see graph on separate Consensus Sentiment page).

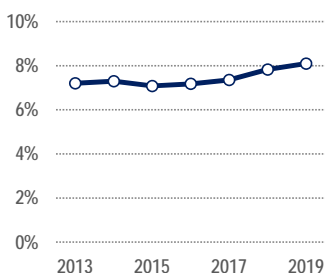
Per share results & estimates

	2013	2014	2015	2016	2017	2018E	2019E	13-18E CAGR
Sales	33.66	34.04	34.18	34.30	35.25	36.95	38.29	1.9%
Earnings	2.43	2.48	2.42	2.46	2.59	2.89	3.10	3.6%
Book Value	9.59	9.09	10.93	10.79	11.43	12.74	14.10	5.8%
Dividends	1.26	1.28	1.41	1.41	1.57	1.59	1.70	4.8%
Sales growth		1.1%	0.4%	0.3%	2.7%	4.8%	3.6%	
EPS growth		2.4%	-2.5%	1.7%	5.2%	11.5%	7.2%	

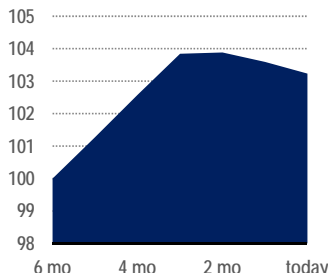
Return on Equity



Net margins



Trend in Current FY Est.



Valuation metrics

	2018E	2019E
Price-to-Earnings	17.8	16.6
Price-to-Cash Flow	14.2	13.1
Price-to-Sales	1.4	1.4
Price-to-Book Value	4.1	3.7
Yield* (%)	3.1	3.3

*Based on consensus dividend forecasts for underlying stocks. Metrics differ significantly from distribution yield on the ETF.

Historical P/E ratio*



*based on twelve months' forward EPS (max value of 100)

Other fundamental data

LT growth est.	9.1%
Payout ratio	55.1%
Debt-to-equity	1.0x

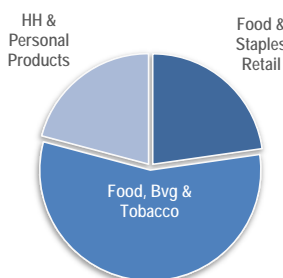
Top 10 Holdings

PROCTER & GAMBLE CO/THE	12.4%
COCA-COLA CO/THE	10.6%
PEPSICO INC	9.8%
PHILIP MORRIS INTERNATIONAL	7.9%
WAL-MART STORES INC	7.8%
COSTCO WHOLESALE CORP	4.6%
ALTRIA GROUP INC	4.4%
MONDELEZ INTERNATIONAL INC-A	4.2%
COLGATE-PALMOLIVE CO	3.9%
WALGREENS BOOTS ALLIANCE INC	3.5%
TOTAL	69.1%

Description

Select Sector SPDR® holding S&P 500 stocks in the Consumer Staples sector. Component industries include Food & Staples Retailing, Food, Beverage & Tobacco producers, and Household and Personal Products companies. The fund seeks investment results that, before expenses, generally correspond to the price and yield performance of the benchmark index. For product information and a prospectus visit www.sectorspdr.com.

Industry Breakdown



Constituent allocation

No. of constituents	32
Weighted avg mkt cap (mns)	\$120,838
Med mkt cap (mns)	\$20,209
Large cap (>\$10bn)	97.0%
Mid cap (\$2-10bn)	3.0%
Small cap (<\$2bn)	0.0%



For more information visit www.etfresearchcenter.com

Energy Select Sector SPDR

XLE

\$75.94

Trading History



NOTES: The performance data quoted represents past performance. Past performance does not guarantee future results and current performance may be lower or higher than the performance quoted. Investment return and principal value will vary, and shares, when redeemed, may be worth more or less than their original cost. Additional performance info current to most recent month-end at www.sectorspdr.com/performance.

Fund basics

AltaVista Category
Fund sponsor
Inception date
Fund assets (mns)
Avg. daily volume (000)
Expense ratio (bp)
Distributions
Options availability

Sector ETFs
State Street Global Advisors
December 22, 1998
\$19,382
15,126
13
Quarterly
YES

Total returns (price)*

One year
Five year
Ten year
Since inception
**as of 06/30/18. See Notes.*

21.1%
2.0%
0.7%
8.3%

Trading statistics

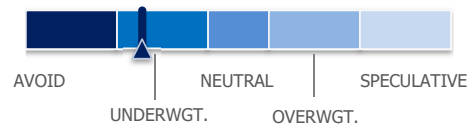
Beta vs. S&P 500
Standard deviation

1.08
19.5%

AltaVista Recommendation

UNDERWEIGHT

Below average appreciation potential. A rating of UNDERWEIGHT is assigned to funds with ALTAR Scores™ above 3.0% but below 6.0%. Typically, funds in this category consist of stocks trading at relatively expensive valuations and/or having below-average fundamentals.



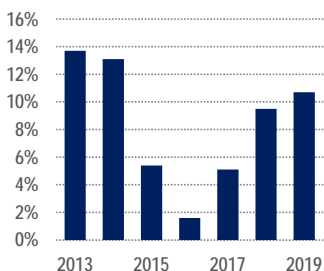
ALTAR Scores™

S&P500	XLE	All ETFs
6.0%	3.8%	6.2%

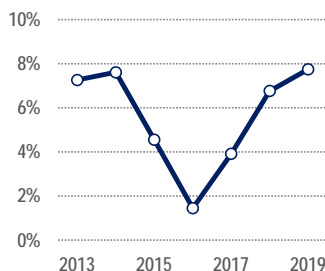
Per share results & estimates

	2013	2014	2015	2016	2017	2018E	2019E	13-18E CAGR
Sales	75.92	72.96	48.82	41.22	49.64	57.92	59.46	-5.3%
Earnings	5.52	5.55	2.23	0.60	1.94	3.92	4.61	n/m
Book Value	41.39	43.51	38.32	36.44	40.14	42.00	44.36	0.3%
Dividends	1.80	2.08	2.20	1.93	1.94	2.11	2.22	3.1%
Sales growth		-3.8%	-33.0%	-15.5%	20.4%	16.6%	2.6%	
EPS growth		0.6%	-59.9%	-73.1%	225.4%	101.6%	17.5%	

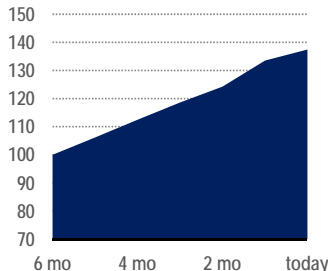
Return on Equity



Net margins



Trend in Current FY Est.



Analyst's opinion

Profits are rebounding from very depressed levels of the last few years--and revisions continue to surge--but investors should be prepared for oil prices staying "lower for longer" as most shale producers can further ramp up production on any spike in prices. Energy stocks might be attractive if the lousy profitability for 2015-17 is temporary rather than a "new normal," but we don't think that's likely to be the case. Energy has the lowest rating of any sector.

Valuation metrics

	2018E	2019E
Price-to-Earnings	19.4	16.5
Price-to-Cash Flow	8.7	7.6
Price-to-Sales	1.3	1.3
Price-to-Book Value	1.8	1.7
Yield* (%)	2.8	2.9

**Based on consensus dividend forecasts for underlying stocks. Metrics differ significantly from distribution yield on the ETF.*

Historical P/E ratio*



**based on twelve months' forward EPS (max value of 100)*

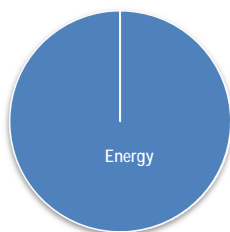
Top 10 Holdings

EXXON MOBIL CORP	22.9%
CHEVRON CORP	16.8%
SCHLUMBERGER LTD	6.5%
EOG RESOURCES INC	4.8%
CONOCOPHILLIPS	4.5%
OCCIDENTAL PETROLEUM CORP	4.4%
VALERO ENERGY CORP	3.4%
PHILLIPS 66	3.4%
HALLIBURTON CO	2.8%
ANADARKO PETROLEUM CORP	2.7%
TOTAL	72.3%

Description

Select Sector SPDR® holding S&P 500 stocks in the Energy sector. The fund seeks investment results that, before expenses, generally correspond to the price and yield performance of the benchmark index. For product information and a prospectus visit www.sectorspdr.com.

Industry Breakdown



Constituent allocation

No. of constituents	31
Weighted avg mkt cap (mns)	\$146,349
Med mkt cap (mns)	\$15,313
Large cap (>\$10bn)	96.6%
Mid cap (\$2-10bn)	3.4%
Small cap (<\$2bn)	0.0%

Other fundamental data

LT growth est.	14.3%
Payout ratio	53.7%
Debt-to-equity	0.6x



For more information visit www.etfresearchcenter.com

Financials Select Sector SPDR

XLF

\$26.59

Trading History



NOTES: The performance data quoted represents past performance. Past performance does not guarantee future results and current performance may be lower or higher than the performance quoted. Investment return and principal value will vary, and shares, when redeemed, may be worth more or less than their original cost. Additional performance info current to most recent month-end at www.sectorspdr.com/performance.

Fund basics

AltaVista Category
Fund sponsor
Inception date
Fund assets (mns)
Avg. daily volume (000)
Expense ratio (bp)
Distributions
Options availability

Sector ETFs
State Street Global Advisors
December 22, 1998
\$29,753
63,960
13
Quarterly
YES

Total returns (price)*

One year 9.6%
Five year 13.0%
Ten year 6.9%
Since inception 3.8%
**as of 06/30/18. See Notes.*

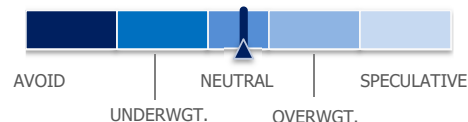
Trading statistics

Beta vs. S&P 500 1.17
Standard deviation 15.5%

AltaVista Recommendation

NEUTRAL

Average appreciation potential. A rating of NEUTRAL is assigned to funds with ALTAR Scores™ between 6.0% and 8.0%. This indicates that valuations adequately reflect the fundamentals of stocks in these funds. The majority of funds we cover fall into this category.

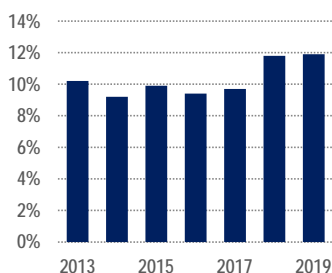


S&P500	ALTA Scores™ XLF	All ETFs
6.0%	7.2%	6.2%

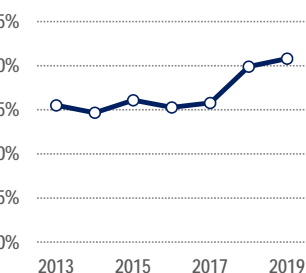
Per share results & estimates

	2013	2014	2015	2016	2017	2018E	2019E	13-18E CAGR
Sales	9.18	9.22	9.40	9.78	10.17	10.49	11.03	2.7%
Earnings	1.42	1.35	1.51	1.49	1.60	2.09	2.30	8.0%
Book Value	14.33	15.15	15.43	16.26	16.87	18.45	20.15	5.2%
Dividends	0.27	0.36	0.37	0.39	0.44	0.54	0.60	14.9%
Sales growth		0.4%	1.9%	4.0%	3.9%	3.1%	5.1%	
EPS growth		-5.0%	11.8%	-1.2%	7.3%	30.1%	9.9%	

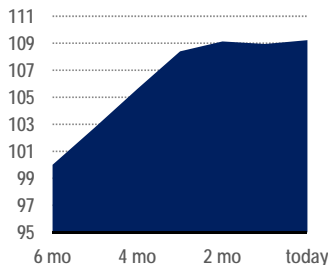
Return on Equity



Net margins



Trend in Current FY Est.



Analyst's opinion

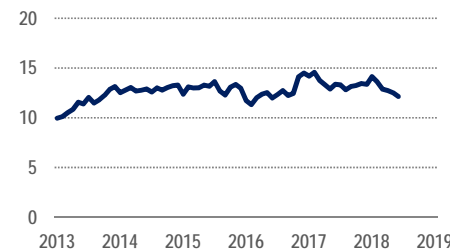
Higher interest rates, tax cuts, regulatory relief and faster GDP growth should all help Financials realize considerably higher margins and Return on Equity as forecast for 2018-19E. Our ratings framework suggests the sector looks relatively attractive vs the S&P 500, and P/E multiples at near the lower end of their range of recent years. Sell-side analysts remain relatively bearish compared to the broader S&P (see Consensus Sentiment page).

Valuation metrics

	2018E	2019E
Price-to-Earnings	12.7	11.6
Price-to-Cash Flow	15.8	14.2
Price-to-Sales	2.5	2.4
Price-to-Book Value	1.4	1.3
Yield* (%)	2.0	2.3

**Based on consensus dividend forecasts for underlying stocks. Metrics differ significantly from distribution yield on the ETF.*

Historical P/E ratio*



**based on twelve months' forward EPS (max value of 100)*

Other fundamental data

LT growth est.	11.0%
Payout ratio	25.6%
Debt-to-equity	1.3x

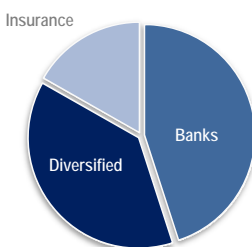
Top 10 Holdings

BERKSHIRE HATHAWAY INC-CL B	11.3%
JPMORGAN CHASE & CO	11.1%
BANK OF AMERICA CORP	8.3%
WELLS FARGO & CO	7.6%
CITIGROUP INC	5.3%
US BANCORP	2.4%
GOLDMAN SACHS GROUP INC	2.4%
AMERICAN EXPRESS CO	2.2%
MORGAN STANLEY	2.0%
PNC FINANCIAL SERVICES GROUP	2.0%
TOTAL	54.8%

Description

Select Sector SPDR® holding S&P 500 stocks in the Financial sector. Component industries include diversified financial services, insurance, banks, capital markets, consumer finance, thrifts and mortgage finance, and mortgage REITs. The fund seeks investment results that, before expenses, generally correspond to the price and yield performance of the benchmark index. For product information and a prospectus visit www.sectorspdr.com.

Industry Breakdown



Constituent allocation

No. of constituents	68
Weighted avg mkt cap (mns)	\$181,958
Med mkt cap (mns)	\$16,947
Large cap (>\$10bn)	98.4%
Mid cap (\$2-10bn)	1.6%
Small cap (<\$2bn)	0.0%



For more information visit www.etfresearchcenter.com

Health Care Select Sector SPDR

XLV

\$83.46

Trading History



NOTES: The performance data quoted represents past performance. Past performance does not guarantee future results and current performance may be lower or higher than the performance quoted. Investment return and principal value will vary, and shares, when redeemed, may be worth more or less than their original cost. Additional performance info current to most recent month-end at www.sectorspdr.com/performance.

Fund basics

AltaVista Category	Sector ETFs
Fund sponsor	State Street Global Advisors
Inception date	December 22, 1998
Fund assets (mns)	\$15,062
Avg. daily volume (000)	8,456
Expense ratio (bp)	13
Distributions	Quarterly
Options availability	YES

Total returns (price)*

One year	6.9%
Five year	13.6%
Ten year	12.5%
Since inception	7.8%

*as of 06/30/18. See Notes.

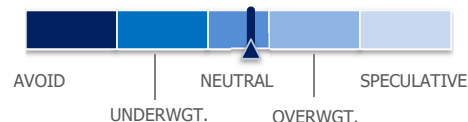
Trading statistics

Beta vs. S&P 500	1.07
Standard deviation	12.8%

AltaVista Recommendation

NEUTRAL

Average appreciation potential. A rating of NEUTRAL is assigned to funds with ALTAR Scores™ between 6.0% and 8.0%. This indicates that valuations adequately reflect the fundamentals of stocks in these funds. The majority of funds we cover fall into this category.

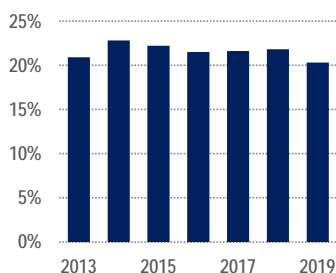


	ALTAR Scores™	
S&P500	XLV	All ETFs
6.0%	7.4%	6.2%

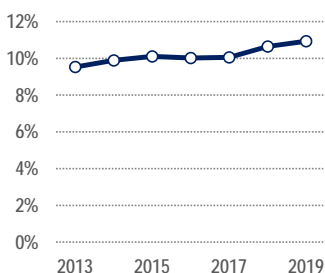
Per share results & estimates

	2013	2014	2015	2016	2017	2018E	2019E	13-18E CAGR
Sales	33.01	36.83	39.93	43.97	46.78	49.82	52.78	8.6%
Earnings	3.15	3.64	4.04	4.41	4.70	5.30	5.77	11.0%
Book Value	15.53	16.45	19.88	21.19	22.43	26.31	30.53	11.1%
Dividends	0.90	1.00	1.10	1.21	1.33	1.46	1.56	10.1%
Sales growth		11.5%	8.4%	10.1%	6.3%	6.5%	5.9%	
EPS growth		15.7%	10.7%	9.2%	6.6%	12.7%	8.8%	

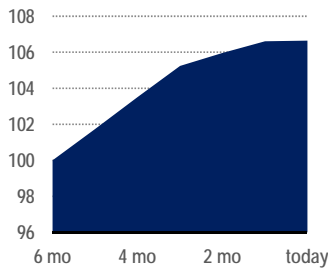
Return on Equity



Net margins



Trend in Current FY Est.



Analyst's opinion

Tax cuts should help boost EPS this year, but forecast revenue growth remains anemic while ROE seems to be drifting downward. We expect M&A activity in the sector to intensify in an attempt to remedy these concerns. That said, Health Care trades well below its peak multiple of mid-2015 (see Historical P/E chart below), in contrast to the broader market--which is only slightly off its highs after this year's correction--making Health Care appear a relative bargain.

Valuation metrics

	2018E	2019E
Price-to-Earnings	15.7	14.5
Price-to-Cash Flow	13.9	12.5
Price-to-Sales	1.7	1.6
Price-to-Book Value	3.2	2.7
Yield* (%)	1.7	1.9

*Based on consensus dividend forecasts for underlying stocks. Metrics differ significantly from distribution yield on the ETF.

Historical P/E ratio*



*based on twelve months' forward EPS (max value of 100)

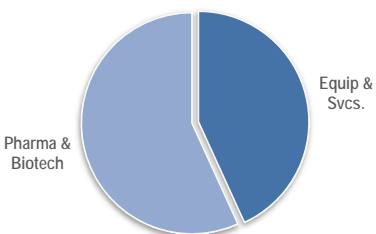
Top 10 Holdings

JOHNSON & JOHNSON	10.0%
UNITEDHEALTH GROUP INC	7.3%
PFIZER INC	6.5%
MERCK & CO. INC.	5.0%
ABBVIE INC	4.3%
AMGEN INC	3.8%
MEDTRONIC PLC	3.6%
ABBOTT LABORATORIES	3.3%
GILEAD SCIENCES INC	2.8%
BRISTOL-MYERS SQUIBB CO	2.8%
TOTAL	49.5%

Description

Select Sector SPDR® holding S&P 500 stocks in the Health Care sector. Component industries include Health Care Equipment & Services; and Pharmaceutical & Biotechnology. The fund seeks investment results that, before expenses, generally correspond to the price and yield performance of the benchmark index. For product information and a prospectus visit www.sectorspdr.com.

Industry Breakdown



Constituent allocation

No. of constituents	63
Weighted avg mkt cap (mns)	\$124,659
Med mkt cap (mns)	\$19,731
Large cap (>\$10bn)	98.7%
Mid cap (\$2-10bn)	1.3%
Small cap (<\$2bn)	0.0%

Other fundamental data

LT growth est.	9.9%
Payout ratio	27.5%
Debt-to-equity	0.8x



For more information visit www.etfresearchcenter.com

Industrials Select Sector SPDR

XLI

\$71.63

Trading History



NOTES: The performance data quoted represents past performance. Past performance does not guarantee future results and current performance may be lower or higher than the performance quoted. Investment return and principal value will vary, and shares, when redeemed, may be worth more or less than their original cost. Additional performance info current to most recent month-end at www.sectorspdr.com/performance.

Fund basics

AltaVista Category	Sector ETFs
Fund sponsor	State Street Global Advisors
Inception date	December 22, 1998
Fund assets (mns)	\$11,706
Avg. daily volume (000)	12,104
Expense ratio (bp)	13
Distributions	Quarterly
Options availability	YES

Total returns (price)*

One year	7.1%
Five year	13.2%
Ten year	10.1%
Since inception	7.9%

*as of 06/30/18. See Notes.

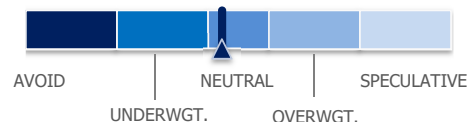
Trading statistics

Beta vs. S&P 500	1.04
Standard deviation	12.2%

AltaVista Recommendation

NEUTRAL

Average appreciation potential. A rating of NEUTRAL is assigned to funds with ALTAR Scores™ between 6.0% and 8.0%. This indicates that valuations adequately reflect the fundamentals of stocks in these funds. The majority of funds we cover fall into this category.

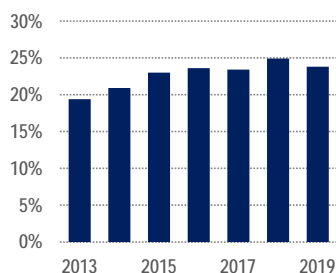


ALTAR Scores™		
S&P500	XLI	All ETFs
6.0%	6.5%	6.2%

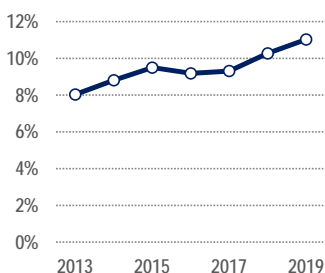
Per share results & estimates

	2013	2014	2015	2016	2017	2018E	2019E	13-18E CAGR
Sales	36.36	37.31	35.30	37.23	38.75	41.70	43.68	2.8%
Earnings	2.92	3.29	3.35	3.42	3.61	4.28	4.82	7.9%
Book Value	16.36	15.14	14.02	15.03	15.81	18.64	21.86	2.6%
Dividends	1.01	1.15	1.29	1.37	1.52	1.49	1.59	8.0%
Sales growth		2.6%	-5.3%	5.4%	4.0%	7.5%	4.7%	
EPS growth		12.5%	2.0%	1.9%	5.4%	18.6%	12.5%	

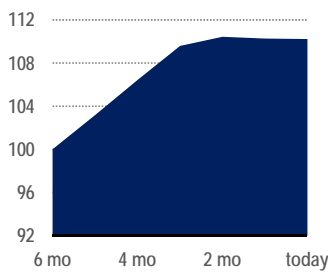
Return on Equity



Net margins



Trend in Current FY Est.



Analyst's opinion

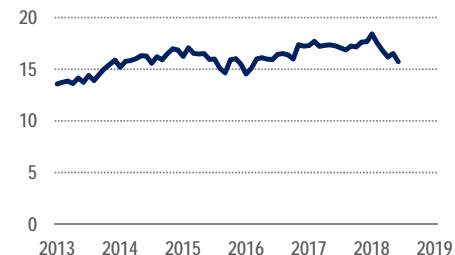
Sell-side bullishness on the sector is soaring (see Consensus Sentiment page) cheaper domestic energy, corporate tax reform and maybe a little protectionism appears to be resulting in rising margins and faster long-term EPS growth expectations. Recent declines in the P/E multiple (see historical chart below) have brought valuations back in line with historical norms, and put the sector ahead of the S&P 500 in our ratings framework.

Valuation metrics

	2018E	2019E
Price-to-Earnings	16.7	14.9
Price-to-Cash Flow	12.4	11.0
Price-to-Sales	1.7	1.6
Price-to-Book Value	3.8	3.3
Yield* (%)	2.1	2.2

*Based on consensus dividend forecasts for underlying stocks. Metrics differ significantly from distribution yield on the ETF.

Historical P/E ratio*



*based on twelve months' forward EPS (max value of 100)

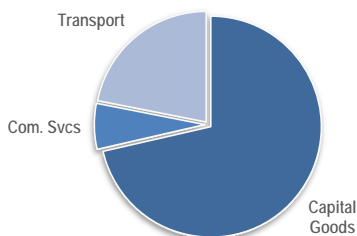
Top 10 Holdings

BOEING CO	8.3%
GENERAL ELECTRIC CO	5.4%
3M CO	5.3%
UNION PACIFIC CORP	5.0%
HONEYWELL INTERNATIONAL INC	4.9%
UNITED TECHNOLOGIES CORP	4.2%
CATERPILLAR INC	3.7%
LOCKHEED MARTIN CORP	3.3%
UNITED PARCEL SERVICE-CL B	3.3%
CSX CORP	2.5%
TOTAL	46.0%

Description

Select Sector SPDR® holding S&P 500 stocks in the Industrials sector. Component industries include Capital Goods; Commercial Services & Supplies; and Transportation firms. The fund seeks investment results that, before expenses, generally correspond to the price and yield performance of the benchmark index. For product information and a prospectus visit www.sectorspdr.com.

Industry Breakdown



Constituent allocation

No. of constituents	70
Weighted avg mkt cap (mns)	\$77,226
Med mkt cap (mns)	\$13,105
Large cap (>\$10bn)	94.4%
Mid cap (\$2-10bn)	5.6%
Small cap (<\$2bn)	0.0%

Other fundamental data

LT growth est.	12.5%
Payout ratio	34.7%
Debt-to-equity	1.2x



For more information visit www.etfresearchcenter.com

Materials Select Sector SPDR

XLB

\$58.07

Trading History



NOTES: The performance data quoted represents past performance. Past performance does not guarantee future results and current performance may be lower or higher than the performance quoted. Investment return and principal value will vary, and shares, when redeemed, may be worth more or less than their original cost. Additional performance info current to most recent month-end at www.sectorspdr.com/performance.

Fund basics

AltaVista Category	Sector ETFs
Fund sponsor	State Street Global Advisors
Inception date	December 22, 1998
Fund assets (mns)	\$4,496
Avg. daily volume (000)	5,472
Expense ratio (bp)	13
Distributions	Quarterly
Options availability	YES

Total returns (price)*

One year	10.0%
Five year	10.8%
Ten year	5.8%
Since inception	7.8%

*as of 06/30/18. See Notes.

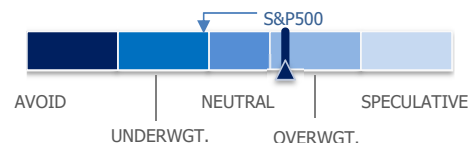
Trading statistics

Beta vs. S&P 500	1.27
Standard deviation	16.1%

AltaVista Recommendation

OVERWEIGHT

Above average appreciation potential. A rating of OVERWEIGHT is assigned to funds with ALTAR Scores™ above 8.0% but less than 11%. Typically, funds in this category consist of stocks trading at attractive valuations and/or having above-average fundamentals.



ALTAR Scores™		
S&P500	XLB	All ETFs
6.0%	8.5%	6.2%

Analyst's opinion

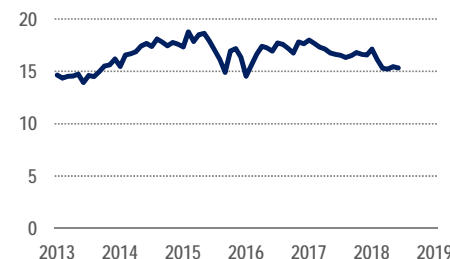
Abundant domestic energy supplies are spurring an investment boom among the chemical firms that comprise about 70% of the sector. However, comparisons between forecasts and historical results are distorted by the recent merger of DowDupont (>20% of the fund) and our rating probably overstates the sector's attractiveness. Sell-side analysts' consensus ratings put the sector about on par with the S&P 500 (see Consensus Sentiment page).

Valuation metrics

	2018E	2019E
Price-to-Earnings	15.9	14.8
Price-to-Cash Flow	11.0	9.9
Price-to-Sales	1.5	1.5
Price-to-Book Value	2.0	1.8
Yield* (%)	2.1	2.2

*Based on consensus dividend forecasts for underlying stocks. Metrics differ significantly from distribution yield on the ETF.

Historical P/E ratio*



*based on twelve months' forward EPS (max value of 100)

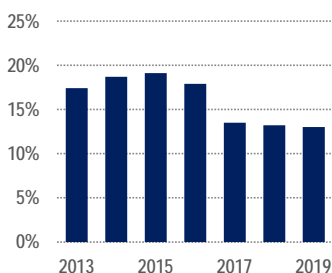
Other fundamental data

LT growth est.	9.6%
Payout ratio	32.8%
Debt-to-equity	1.1x

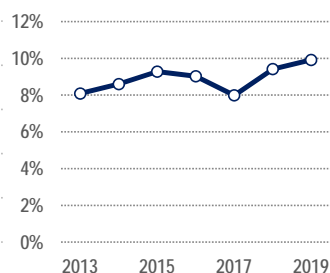
Per share results & estimates

	2013	2014	2015	2016	2017	2018E	2019E	13-18E CAGR
Sales	32.73	33.21	29.75	29.38	35.29	38.79	39.59	3.5%
Earnings	2.65	2.86	2.76	2.65	2.82	3.65	3.93	6.6%
Book Value	15.99	14.51	14.47	15.25	26.44	28.94	31.59	12.6%
Dividends	1.16	1.14	1.08	1.12	1.09	1.20	1.26	0.7%
Sales growth		1.4%	-10.4%	-1.2%	20.0%	9.9%	2.0%	
EPS growth		7.9%	-3.3%	-3.9%	6.2%	29.5%	7.5%	

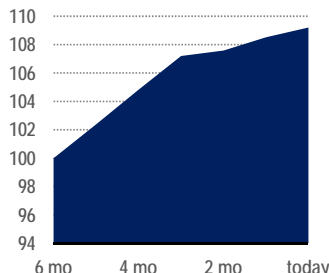
Return on Equity



Net margins



Trend in Current FY Est.



Top 10 Holdings

DOWDUPONT INC	22.8%
PRAXAIR INC	7.9%
ECOLAB INC	6.3%
LYONDELLBASELL INDU-CL A	6.1%
AIR PRODUCTS & CHEMICALS INC	5.9%
SHERWIN-WILLIAMS CO/THE	4.8%
PPG INDUSTRIES INC	4.6%
FREEMONT-MCMORAN COPPER	4.1%
INTERNATIONAL PAPER CO	3.8%
NEWMONT MINING CORP	3.5%
TOTAL	69.7%

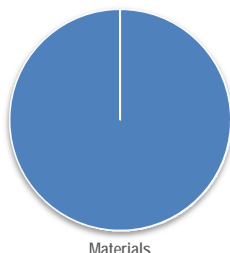
Description

Select Sector SPDR® holding S&P 500 stocks in the Basic Materials sector. The fund seeks investment results that, before expenses, generally correspond to the price and yield performance of the benchmark index. For product information and a prospectus visit www.sectorspdr.com.

Industry Breakdown

Constituent allocation

No. of constituents	24
Weighted avg mkt cap (mns)	\$45,092
Med mkt cap (mns)	\$11,653
Large cap (>\$10bn)	92.4%
Mid cap (\$2-10bn)	7.6%
Small cap (<\$2bn)	0.0%



Materials



For more information visit www.etfresearchcenter.com

Real Estate Select Sector SPDR

XLRE

\$32.71

Trading History



NOTES: The performance data quoted represents past performance. Past performance does not guarantee future results and current performance may be lower or higher than the performance quoted. Investment return and principal value will vary, and shares, when redeemed, may be worth more or less than their original cost. Additional performance info current to most recent month-end at www.sectorspdr.com/performance.

Fund basics

AltaVista Category	Sector ETFs
Fund sponsor	State Street Global Advisors
Inception date	October 8, 2015
Fund assets (mns)	\$2,578
Avg. daily volume (000)	2,913
Expense ratio (bp)	13
Distributions	Quarterly
Options availability	YES

Total returns (price)*

One year	4.9%
Five year	n/a
Ten year	n/a
Since inception	n/a

*as of 06/30/18. See Notes.

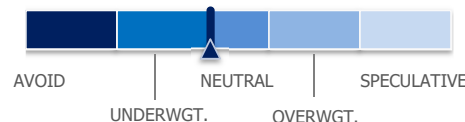
Trading statistics

Beta vs. S&P 500	0.81
Standard deviation	12.6%

AltaVista Recommendation

NEUTRAL

Average appreciation potential. A rating of NEUTRAL is assigned to funds with ALTAR Scores™ between 6.0% and 8.0%. This indicates that valuations adequately reflect the fundamentals of stocks in these funds. The majority of funds we cover fall into this category.



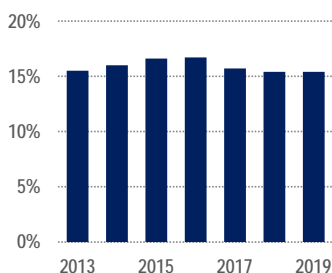
ALTAR Scores™

S&P500	XLRE	All ETFs
6.0%	6.1%	6.2%

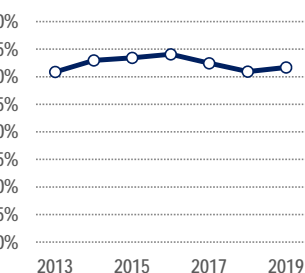
Per share results & estimates

	2013	2014	2015	2016	2017	2018E	2019E	13-18E CAGR
Sales	4.05	4.28	4.56	4.84	5.30	5.88	6.10	7.7%
Earnings	1.25	1.41	1.53	1.65	1.72	1.82	1.93	7.8%
Book Value	8.70	8.96	9.36	10.40	11.52	12.16	13.00	6.9%
Dividends	0.73	0.93	0.99	1.24	1.09	1.14	1.20	9.3%
Sales growth		5.5%	6.5%	6.1%	9.5%	10.9%	3.7%	
EPS growth		12.7%	8.0%	8.1%	4.2%	5.7%	6.2%	

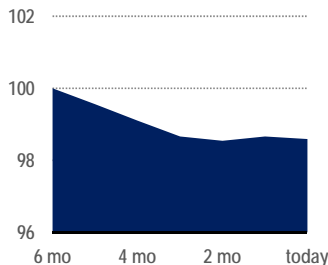
Return on Equity



Net margins



Trend in Current FY Est.



Analyst's opinion

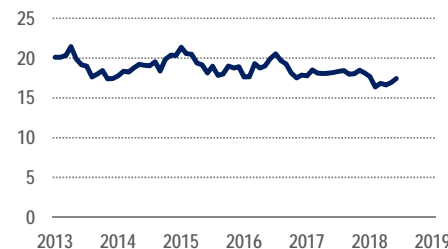
Unlike most other sectors, profit forecasts (based on funds from operations) did not get a boost from tax reform, while the threat of higher interest rates has hurt share prices. But strong GDP growth could support rental rates, even for beleaguered retail properties. With multiples near their best level in five years, Real Estate looks competitive versus the S&P 500 valuation-wise, but analysts' consensus ratings place the sector below the S&P benchmark.

Valuation metrics

	2018E	2019E
Price-to-Earnings	18.0	16.9
Price-to-Cash Flow	17.8	16.5
Price-to-Sales	5.6	5.4
Price-to-Book Value	2.7	2.5
Yield* (%)	3.5	3.7

*Based on consensus dividend forecasts for underlying stocks. Metrics differ significantly from distribution yield on the ETF.

Historical P/E ratio*



*based on twelve months' forward EPS (max value of 100)

Top 10 Holdings

AMERICAN TOWER CORP-CL A	9.7%
SIMON PROPERTY GROUP INC	8.0%
CROWN CASTLE INTL CORP	6.8%
PROLOGIS INC	5.3%
EQUINIX INC	5.2%
PUBLIC STORAGE	5.2%
WEYERHAEUSER CO	4.2%
AVALONBAY COMMUNITIES INC	3.6%
EQUITY RESIDENTIAL	3.6%
WELLTOWER, INC.	3.5%
TOTAL	55.1%

Description

Select Sector SPDR® holding S&P 500 stocks in the Real Estate sector. Component industries Real Estate Investment Trusts, excluding Mortgage REITs. The fund seeks investment results that, before expenses, generally correspond to the price and yield performance of the benchmark index. For product information and a prospectus visit www.sectorspdr.com.

Industry Breakdown

Constituent allocation

No. of constituents	33
Weighted avg mkt cap (mns)	\$26,545
Med mkt cap (mns)	n/a
Large cap (>\$10bn)	85.8%
Mid cap (\$2-10bn)	14.2%
Small cap (<\$2bn)	0.0%



Other fundamental data

LT growth est.	8.8%
Payout ratio	62.6%
Debt-to-equity	1.3x



For more information visit www.etfresearchcenter.com

Technology Select Sector SPDR

XLK

\$69.47

Trading History



NOTES: The performance data quoted represents past performance. Past performance does not guarantee future results and current performance may be lower or higher than the performance quoted. Investment return and principal value will vary, and shares, when redeemed, may be worth more or less than their original cost. Additional performance info current to most recent month-end at www.sectorspdr.com/performance.

Fund basics

AltaVista Category	Sector ETFs
Fund sponsor	State Street Global Advisors
Inception date	December 22, 1998
Fund assets (mns)	\$21,585
Avg. daily volume (000)	14,357
Expense ratio (bp)	13
Distributions	Quarterly
Options availability	YES

Total returns (price)*

One year	28.8%
Five year	19.9%
Ten year	13.6%
Since inception	5.2%

*as of 06/30/18. See Notes.

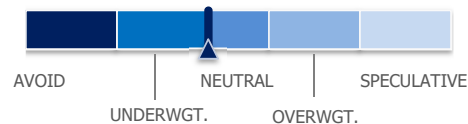
Trading statistics

Beta vs. S&P 500	1.08
Standard deviation	13.2%

AltaVista Recommendation

NEUTRAL

Average appreciation potential. A rating of NEUTRAL is assigned to funds with ALTAR Scores™ between 6.0% and 8.0%. This indicates that valuations adequately reflect the fundamentals of stocks in these funds. The majority of funds we cover fall into this category.

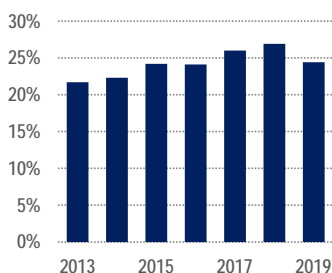


ALTAR Scores™		
S&P500	XLK	All ETFs
6.0%	6.0%	6.2%

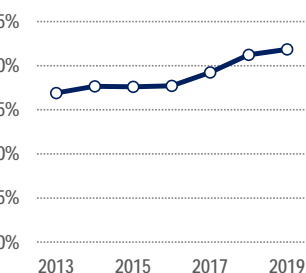
Per share results & estimates

	2013	2014	2015	2016	2017	2018E	2019E	13-18E CAGR
Sales	12.56	13.06	14.78	15.42	16.44	18.06	19.10	7.5%
Earnings	2.12	2.31	2.60	2.73	3.16	3.84	4.17	12.6%
Book Value	10.36	10.33	11.16	11.52	12.86	15.62	18.66	8.6%
Dividends	0.72	0.75	0.85	0.90	0.97	1.06	1.14	8.0%
Sales growth		4.0%	13.1%	4.2%	6.6%	9.8%	5.7%	
EPS growth		8.6%	12.8%	4.8%	15.8%	21.2%	8.8%	

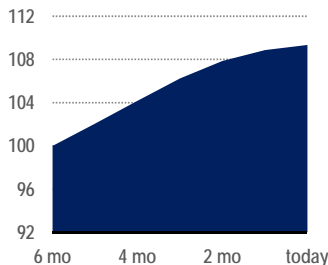
Return on Equity



Net margins



Trend in Current FY Est.



Analyst's opinion

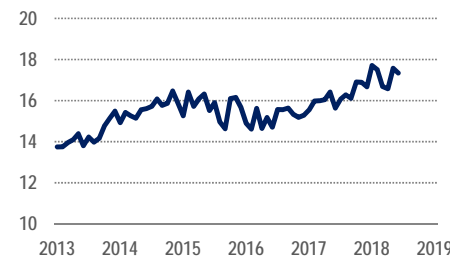
Expectations are for acceleration on the top line this year as corporations boost capital spending following the tax cut, but analysts also foresee a substantial slowdown for 2019E. The run-up in share prices has also pushed P/E multiples higher, in turn diminishing Tech's rating to on par with the S&P 500. However sell-side analysts are considerably more bullish (see Consensus Sentiment page).

Valuation metrics

	2018E	2019E
Price-to-Earnings	18.1	16.6
Price-to-Cash Flow	13.3	12.0
Price-to-Sales	3.9	3.6
Price-to-Book Value	4.5	3.7
Yield* (%)	1.5	1.6

*Based on consensus dividend forecasts for underlying stocks. Metrics differ significantly from distribution yield on the ETF.

Historical P/E ratio*



*based on twelve months' forward EPS (max value of 100)

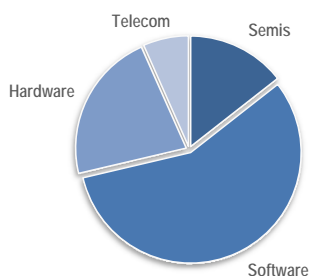
Top 10 Holdings

APPLE INC	14.1%
MICROSOFT CORP	11.8%
FACEBOOK	7.2%
ALPHABET INC. CLASS C	5.3%
ALPHABET INC. CLASS A	5.2%
VISA INC-CLASS A SHARES	3.7%
AT&T INC	3.6%
INTEL CORP	3.6%
VERIZON COMMUNICATIONS INC	3.2%
CISCO SYSTEMS INC	3.1%
TOTAL	60.9%

Description

Select Sector SPDR® holding S&P 500 stocks in the Technology sector. Component industries include Semiconductors & Semi Equipment; Software & Services; Tech Hardware & Equipment; and Telecommunication Services. The fund seeks investment results that, before expenses, generally correspond to the price and yield performance of the benchmark index. For product information and a prospectus visit www.sectorspdr.com.

Industry Breakdown



Constituent allocation

No. of constituents	75
Weighted avg mkt cap (mns)	\$437,687
Med mkt cap (mns)	\$13,718
Large cap (>\$10bn)	99.7%
Mid cap (\$2-10bn)	0.3%
Small cap (<\$2bn)	0.0%

Other fundamental data

LT growth est.	11.8%
Payout ratio	27.6%
Debt-to-equity	0.7x



For more information visit www.etfresearchcenter.com

Utilities Select Sector SPDR

XLU

\$51.96

Trading History



NOTES: The performance data quoted represents past performance. Past performance does not guarantee future results and current performance may be lower or higher than the performance quoted. Investment return and principal value will vary, and shares, when redeemed, may be worth more or less than their original cost. Additional performance info current to most recent month-end at www.sectorspdr.com/performance.

Fund basics

AltaVista Category	Sector ETFs
Fund sponsor	State Street Global Advisors
Inception date	December 22, 1998
Fund assets (mns)	\$7,704
Avg. daily volume (000)	16,860
Expense ratio (bp)	13
Distributions	Quarterly
Options availability	YES

Total returns (price)*

One year	3.4%
Five year	10.4%
Ten year	6.5%
Since inception	6.6%

*as of 06/30/18. See Notes.

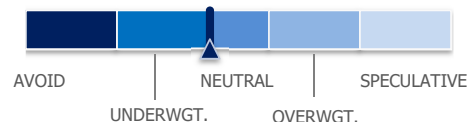
Trading statistics

Beta vs. S&P 500	0.14
Standard deviation	12.6%

AltaVista Recommendation

NEUTRAL

Average appreciation potential. A rating of NEUTRAL is assigned to funds with ALTAR Scores™ between 6.0% and 8.0%. This indicates that valuations adequately reflect the fundamentals of stocks in these funds. The majority of funds we cover fall into this category.



	ALTAR Scores™	
S&P500	XLU	All ETFs
6.0%	6.1%	6.2%

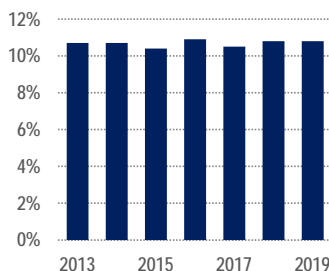
Per share results & estimates

	2013	2014	2015	2016	2017	2018E	2019E	13-18E CAGR
Sales	25.10	27.09	25.70	25.59	26.41	26.66	27.21	1.2%
Earnings	2.60	2.71	2.70	2.87	2.88	3.10	3.26	3.6%
Book Value	24.88	25.78	26.13	26.76	28.09	29.40	30.73	3.4%
Dividends	1.58	1.60	1.66	1.74	1.84	1.85	1.96	3.2%
Sales growth		7.9%	-5.1%	-0.3%	3.1%	0.9%	2.0%	
EPS growth		4.3%	-0.2%	6.1%	0.2%	7.6%	5.1%	

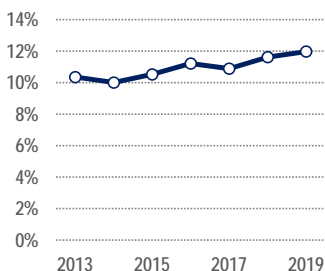
Analyst's opinion

Higher interest rates remain a threat to share prices as the recent drop in P/E multiples shows. Longer term we think distributed generation and improved battery technology are bigger threats to Utilities' profitability, and sell-side analysts are more bearish on this sector than any other, relative to the S&P 500. However, valuations are well within historical norms, and we rate the sector on par with the S&P 500.

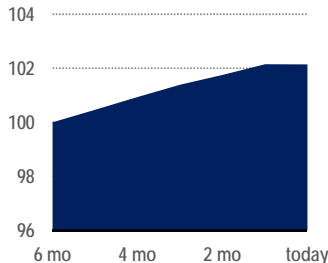
Return on Equity



Net margins



Trend in Current FY Est.

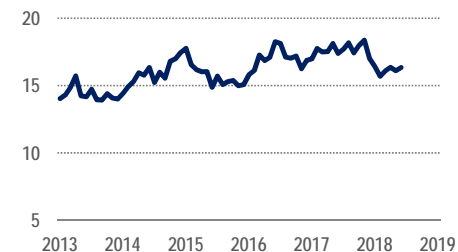


Valuation metrics

	2018E	2019E
Price-to-Earnings	16.8	16.0
Price-to-Cash Flow	7.6	7.3
Price-to-Sales	2.0	1.9
Price-to-Book Value	1.8	1.7
Yield* (%)	3.6	3.8

*Based on consensus dividend forecasts for underlying stocks. Metrics differ significantly from distribution yield on the ETF.

Historical P/E ratio*



*based on twelve months' forward EPS (max value of 100)

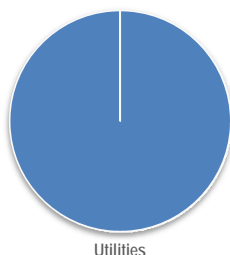
Top 10 Holdings

NEXTERA ENERGY GROUP	11.6%
DUKE ENERGY CORP	8.2%
SOUTHERN CO	6.9%
DOMINION RESOURCES INC/VA	6.5%
EXELON CORP	6.1%
AMERICAN ELECTRIC POWER	5.0%
SEMPRA ENERGY	4.5%
PUBLIC SERVICE ENTERPRISE GP	4.0%
CONSOLIDATED EDISON INC	3.6%
XCEL ENERGY INC	3.4%
TOTAL	59.8%

Description

Select Sector SPDR® holding S&P 500 stocks in the Utilities sector. The fund seeks investment results that, before expenses, generally correspond to the price and yield performance of the benchmark index. For product information and a prospectus visit www.sectorspdr.com.

Industry Breakdown



Constituent allocation

No. of constituents	29
Weighted avg mkt cap (mns)	\$32,289
Med mkt cap (mns)	\$11,737
Large cap (>\$10bn)	91.6%
Mid cap (\$2-10bn)	6.2%
Small cap (<\$2bn)	0.0%

Other fundamental data

LT growth est.	6.4%
Payout ratio	59.6%
Debt-to-equity	1.5x



For more information visit www.etfresearchcenter.com

This page left intentionally blank.

This page left intentionally blank.

Disclosures

Limitations on Usage

This report is provided by AltaVista Research, LLC ("AltaVista") for informational purposes only, and is for distribution only as permitted by applicable law. Any opinions expressed herein are solely those of AltaVista and make no allowances for any specific investment objectives. As such, they do not constitute a recommendation with respect to the investment merits of any security or index mentioned herein. Nothing in this report should be construed as an offer or solicitation of an offer to purchase any securities. Prices and valuation data change with market conditions and investors should be aware that this material could be substantially out of date when distributed. This report may not be reproduced or redistributed, in whole or in part, without the express written consent of AltaVista.

Data Definitions & Reliability

AltaVista believes the information contained in this report to be reasonably accurate at the time of publication, but makes no warranties with respect to its accuracy. Calculations of fundamental data are based on a weighted average of consensus estimates and reported results for current index constituents. As a result, historical figures for fundamental data such as dividends per share may not reflect those actually paid by firms in the index. To the extent that index reconstitution and rebalancing have altered index composition, these differences may be significant. Definitions for some commonly used financial terms are as follows:

Earnings/Net Income: Unless denoted as a GAAP figure, earnings are calculated on a "pro forma" basis using consensus EPS results/estimates for the individual constituents of each index, multiplied by the float-adjusted shares in the index. For Real Estate Investment Trusts (REITs), the consensus per-share figure for funds from operations, or FFO, is used in place of EPS data.

Cash Flow: Adds depreciation and amortization to consensus earnings estimates

Standard deviation: Statistical measure of price volatility using 3 years of monthly return data. Figures are annualized.

Beta: Measures relative volatility of a given sector index versus the S&P500 by comparing 3 years of monthly return data.

Book Value: Common Equity as reported by index constituents according to GAAP. Forecasts reflect pro-forma calculations using most recently reported figures, plus earnings less dividends.

Dividends per share: Dividends paid by companies in the index on a pro forma basis.

Payout ratio: Dividends as a percentage of Earnings/Net Income in a given year.

Return on Equity: Net income divided by average common equity over the period.

Debt-to-equity: Ratio of long- and short-term debt to owners equity.

Long-term growth: Uses consensus estimates of 3-5 year earnings growth for individual constituents of each index to calculate a float-adjusted earnings-weighted growth rate for the index as a whole.

Trend in Current FY Estimates: Illustrates changes in consensus estimates over time by examining the monthly change in current fiscal year EPS estimates for individual constituents of each index. Base period is set equal to 100.

Price-to-Earnings, -Cash Flow, -Sales and -Book Value: Valuation multiples derived by dividing the index price by the per-share figures for earnings, cash flow, sales and book value, respectively, as per the 'per share results & estimates' for each index.

Additional information is available upon request.



The online ETF research portal built for financial advisors:

- ✔ Detailed, fundamentally-driven analysis on over 1,300 ETFs
- ✔ Screen funds on important, forward-looking investment criteria
- ✔ Generate trade and investment ideas
- ✔ Build and monitor all-ETF portfolios with the Portfolio Builder tool
- ✔ Sign up for a free trial at www.ETFResearchCenter.com

Disclaimer:

Trading in securities is not appropriate for all persons, as the risk of loss is substantial. Speak to your financial advisor to see if it is appropriate for you.

The information and opinions herein are for general information use only and are based on data obtained from recognized statistical services and other sources believed to be reliable. However, such information has not been verified by AltaVista Research, LLC ("AltaVista"), and we do not make any representations as to its accuracy or completeness. AltaVista does not assume any liability for any loss that may result from the reliance by any person upon any information or opinions it provides. Any statements which are non-factual in nature constitute only current opinions, and are subject to change without notice.

Officers and directors of AltaVista (or one of its affiliates) may have positions in securities referred to herein and may sell any security mentioned herein. AltaVista may from time to time, issue reports based on fundamentals, such as expected trends, as well as reports based on technical factors, such as price and volume movements. Since such reports rely upon different criteria, there may be instances when their conclusions are not in concert.

Neither the information contained in this newsletter or on the altavista-research.com website, nor any opinion expressed herein is intended as an offer or solicitation with respect to the purchase or sale of any security or as personalized investment advice.

Copyright © 2018 AltaVista Research, LLC. No part of this newsletter may be reproduced, stored in a retrieval system, used in an electronic word processing program nor a spreadsheet, or transmitted in any form or by any means electronic, mechanical, photocopying, recording, or otherwise without the express prior written consent of AltaVista Research, LLC.

THE PAST PERFORMANCE OF A MUTUAL FUND, STOCK, OR INVESTMENT STRATEGY CANNOT GUARANTEE ITS FUTURE PERFORMANCE. IF YOU HAVE ANY QUESTIONS ABOUT THIS RESEARCH, PLEASE CONTACT YOUR PROFESSIONAL FINANCIAL ADVISOR.