

SPDR Spotlight

## Jump on the Refinancing Wave – SPMB

**The Lead**

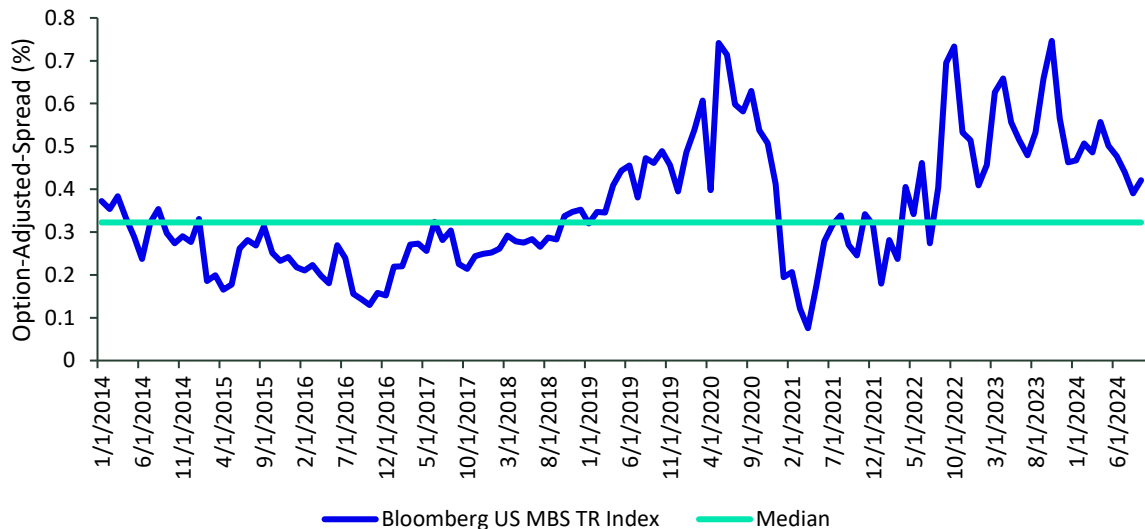
- As the Fed embarks on its easing cycle, housing affordability is expected to improve due to falling mortgages rates and increased refinancing, contributing to the positive outlook for the mortgage sector
- With current attractive valuations and technicals, agency mortgage-backed securities (MBS) are likely to benefit from increased demand as investors and banks look to capture a yield pick relative to cash given the falling front-end rates
- Agency MBS may provide an incremental yield pickup over Treasuries (4.85% vs. 4.08%)<sup>1</sup>, while also presenting investors an attractive entry point given the constructive valuations, as MBS spreads over Treasuries are 10bps above the historical median(see Chart of the Week)<sup>2</sup>

**The Takeaway**

With a net expense ratio of 4bps<sup>3</sup> – the [SPDR Portfolio Mortgage Backed Bond ETF \(SPMB\)](#) is a low cost ETF that seeks to provide exposure to agency mortgage backed securities of the U.S. investment grade bond market. Given the positive outlook for agency MBS, this may be an opportune time to consider sourcing duration exposure from high quality mortgage while positioning the portfolio for expected falling rates and benefiting from higher income relative to Treasuries.

**Chart of the Week**

MBS are Trading at Attractive Levels



Bloomberg Finance L.P., Period: 1/31/2014 – 9/30/2024. Treasuries represented by Bloomberg US Treasury Index, MBS represented by the Bloomberg US Mortgage Backed Securities Index. **Past performance is not a reliable indicator of future performance. 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**

**Standard Performance**

Ticker	Name	QTD	YTD	Annualized					Inception Date	Gross Expense Ratio (%)
				1 Year	3 Year	5 Year	10 Year	Since Inception		
SPMB (NAV)	SPDR® Portfolio Mortgage Backed Bond ETF	5.52%	4.56%	12.29%	-1.26%	-0.05%	1.26%	2.15%	Jan 15, 2009	0.05
SPMB (MKT)	SPDR® Portfolio Mortgage Backed Bond ETF	5.42%	4.50%	12.19%	-1.30%	-0.07%	1.27%	2.15%		

Source: ssga.com as of 09/30/2024. **Performance returns for periods of less than one year are not annualized. Past performance is not a reliable indicator of future performance. 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 ssga.com for most recent month-end performance.** The market price used to calculate the Market Value return is the midpoint between the highest bid and the lowest offer on the exchange on which the shares of the Fund are listed for trading, as of the time that the Fund's NAV is calculated. If you trade your shares at another time, your return may differ. The gross expense ratio is the fund's total annual operating expenses ratio. It is gross of any fee waivers or expense reimbursements. It can be found in the fund's most recent prospectus.

1 Bloomberg Finance L.P. as of 10/18/2024, The Agg represented by Bloomberg U.S. Aggregate Index. Treasuries represented by Bloomberg US Treasury Index, MBS represented by the Bloomberg US Mortgage Backed Securities Index. **Past performance is not a reliable indicator of future performance. 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.**

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3 SSGA Funds Management, Inc. (the "Adviser") has contractually agreed to waive a portion of its management fee and/or reimburse expenses in an amount equal to any acquired fund fees and expenses (excluding holdings in acquired funds for cash management purposes, if any) until October 31, 2024. This waiver and/or reimbursement does not provide for the recoupment by the Adviser of any amounts waived or reimbursed. The Adviser may continue the waiver and/or reimbursement from year to year, but there is no guarantee that the Adviser will do so and the waiver and/or reimbursement may be canceled or modified at any time after October 31, 2024. This waiver and/or reimbursement may not be terminated prior to October 31, 2024 except with the approval of the Fund's Board of Trustees.

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**Marketing Communication**

**Important Risk Information**

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Investing involves risk including the risk of loss of principal.

Investments in mortgage securities are subject to prepayment risk, which can limit the potential for gain during a declining interest rate environment and increase the potential for loss in a rising interest rate environment. The mortgage industry can also be significantly affected by regulatory changes, interest rate movements, home mortgage demand, refinancing activity, and residential delinquency trends.

Bonds generally present less short-term risk and volatility than stocks, but contain interest rate risk (as interest rates rise, bond prices usually fall); issuer default risk; issuer credit risk; liquidity risk; and inflation risk. These effects are usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss.

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