

SPDR Spotlight

# Ride the Tech Wave with XNTK

## The Lead

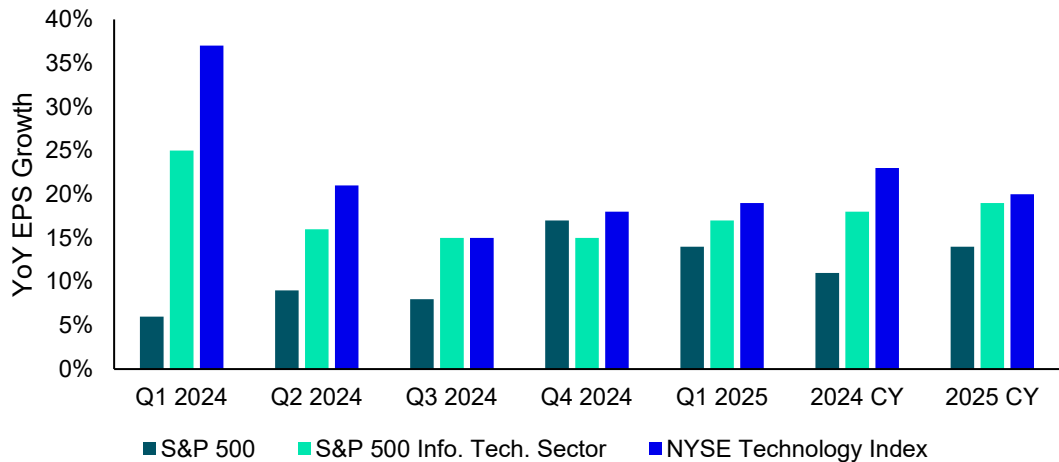
- With Q1 earnings season coming to a close, technology sector leads from the front with 90% of tech companies beating their EPS estimates, compared to 80% across S&P 500<sup>1</sup>
- Magnificent Seven (Mag 7) stocks' price-to-earnings multiple (P/E), based on the next 12 months' earnings, has expanded 44% since the end of 2022 compared to 14% for the rest of the S&P 500<sup>2</sup>
- The strong growth among Mag 7 stocks has created the unintended effect of increasing industry and geographic concentration, which may be mitigated using the [SPDR® NYSE Technology ETF \(XNTK\)](#), an equal-weighted exposure to 35 Tech leaders across multiple sectors and countries

## The Takeaway

XNTK provides exposure to leading companies spanning software development, online consumer platforms, social media, and AI infrastructure (e.g., advanced chip makers and cloud computing) companies. There's no question that growth momentum in AI applications and infrastructure remains strong, despite the current economic uncertainty. Q1 earnings results from Microsoft, Amazon, Alphabet, and Meta show both higher AI spending through 2024 and gains in AI-aided revenue.<sup>3</sup> Due to their high quality characteristics and strong earnings growth, these Tech leaders offer quality growth exposure. In fact, their aggregated earnings grew by 22% in 2023, compared to 1% for the S&P 500.<sup>4</sup> Based on consensus earnings estimates, this less concentrated Tech leader exposure is expected to outpace the broad market again this year with above 20% growth.<sup>5</sup>

## Chart of the Week

*Tech Leaders' Earnings Growth Estimates Set to Outpace the Broad Market and Tech Sector*



Source: FactSet, as of May 8, 2024. **Past performance is not a reliable indicator of future performance.** Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable

## Standard Performance

		Annualized						Inception Date	Gross Expense Ratio (%)
		YTD (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)		
XNTK	SPDR® NYSE Technology ETF (NAV)	11.14	50.94	8.57	21.30	18.71	7.54	9/25/2000	0.35
XNTK	SPDR® NYSE Technology ETF (MKT)	11.22	51.05	8.57	21.32	10.72	4.29		

Source: ssga.com, as of 03/31/2024. **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. For SPDR ETFs, 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.

## Footnotes

- 1 – Barclays Live., as of 05/29/2024. **Past performance is not a reliable indicator of future performance**
- 2 - Bloomberg Finance, L.P., as of May 9, 2024
- 3 - FactSet, as of May 9, 2024. Tech leaders are represented by the NYSE Technology Index
- 4 - Forbes, Big Tech Q1 Earnings: AI Capex Increases As AI-Related Gains Continue, May 9, 2024
- 5 - FactSet, as of May 9, 2024.

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