

SPDR Spotlight

Silent Night, Loans Night - SRLN

The Lead

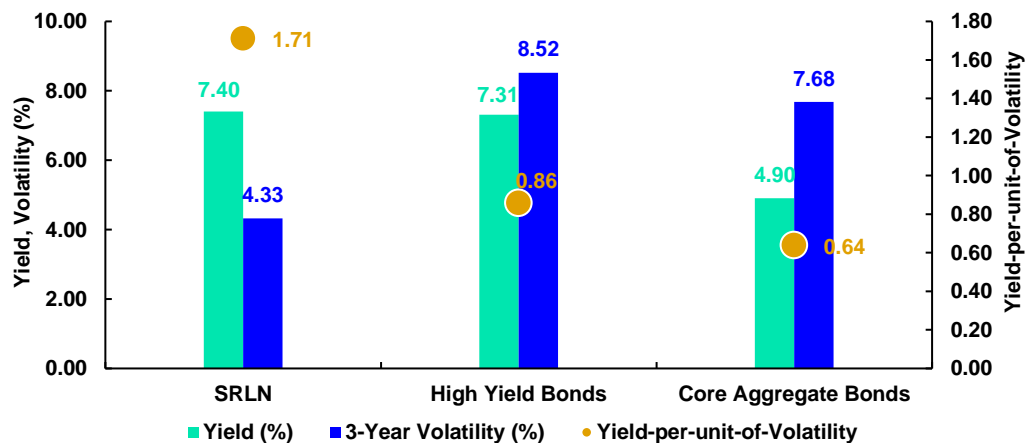
- While the Federal Reserve cut rates by 25 bps as expected, the market reacted strongly to the central bank’s hawkish messaging, lowering rate cut expectations for 2025 and sending 10-year yields above 4.5% for the first time since May 2024¹
- As one of the best performing fixed income assets in 2024, bank loans may continue being favored by investors given the elevated rate volatility and uncertainties in the rate path going forward
- Investors seeking to protect against rate volatility while taking advantage of the multi-decade high yields may find [SPDR® Blackstone Senior Loan ETF \(SRLN\)](#), compelling solution, which has generated higher income with significantly less volatility than high yield corporate and core bond exposures (See Chart of the Week)²

The Takeaway

The latest Fed hawkishness and subsequent market reaction reinforce the benefit of bank loans given high rate volatility and a benign outlook for default. As the largest active bank loan ETF managed by the largest global loan manager -- Blackstone, SRLN continues to see strong demand with YTD flows ranking in the top 10 of active fixed income ETFs.³ It has also outperformed its primary benchmark and its largest ETF competitor -- Invesco Senior Loan ETF (BKLN) by 27bps and 35bps respectively on an annualized basis over the past 10 years, speaking to the benefits of active management in the bank loan space.⁴

Chart of the Week

SRLN Provides an Attractive Yield while Mitigating Volatility



Source: Bloomberg Finance L.P., Morningstar, as of 12/19/2024. Yield = Yield-to-Worst for indexes, 30-Day SEC Yield for SRLN. High yield = ICE BofA US High Yield Index. Core Aggregate Bonds = Bloomberg US Agg Bond Index. Volatility = 3-year trailing standard deviation (Annualized). 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

Ticker	Name	YTD (%)	Annualized				Since Inception (%)	Inception Date	Gross Expense Ratio (%)
			1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)			
SRLN (NAV)	SPDR [®] Blackstone Senior Loan ETF	5.86	9.03	3.96	4.27	3.74	3.48	4/3/2013	0.70
SRLN (MKT)	SPDR [®] Blackstone Senior Loan ETF	5.68	9.02	3.96	4.21	3.76	3.47	-	-
BKLN (NAV)	Invesco Senior Loan ETF	5.78	8.94	5.20	4.17	3.46	3.56	3/3/2011	0.67
BKLN (MKT)	Invesco Senior Loan ETF	5.73	9.10	5.31	4.20	3.51	3.52	-	-

Source: ssga.com, as of 9/30/2024.

Performance returns for periods of less than one year are not annualized. 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. 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 Bloomberg Finance L.P., as of 12/19/2024

² Bloomberg Finance L.P., Morningstar, as of 12/19/2024. Yield = Yield-to-Worst for indexes, 30-Day SEC Yield for SRLN. High yield = ICE BofA US High Yield Index. Core Aggregate Bonds = Bloomberg US Agg Bond Index. Volatility = 3-year trailing standard deviation (Annualized). 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.

³ Bloomberg Finance L.P., as of 12/20/2024

⁴ Morningstar, as of 11/30/2024

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Investing involves risk including the risk of loss of principal.

Prior to 02/26/2021, the SPDR® Blackstone Senior Loan ETF was known as the SPDR® Blackstone / GSO Senior Loan ETF.

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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Investments in **Senior Loans** are subject to credit risk and general investment risk. Credit risk refers to the possibility that the borrower of a Senior Loan will be unable and/or unwilling to make timely interest payments and/or repay the principal on its obligation. Default in the payment of interest or principal on a Senior Loan will result in a reduction in the value of the Senior Loan and consequently a reduction in the value of the Portfolio's investments and a potential decrease in the net asset value ("NAV") of the Portfolio.

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