

# ETF Analyzer

May 2012

## *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

## Disclosures

### Limitations on Usage

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The stocks included in each Select Sector Index were selected by the compilation agent. Their composition and weighting can be expected to differ to that in any similar indexes that are published by the S&P.

### 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 the fund. To the extent that index reconstitution and rebalancing have altered fund 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 fund, multiplied by the float-adjusted shares outstanding.

**Cash Flow:** Adds depreciation and amortization to consensus earnings estimates

**Standard deviation:** Statistical measure of volatility. For price, 3 years of monthly return data is used, and figures shown are annualized. For earnings, figure is based on analysts' individual EPS estimate contributions to consensus earnings.

**Beta:** Measures relative volatility of ETF versus S&P 500 by comparing 3 years of monthly return data.

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

**Dividends per share-gross:** Dividends paid by companies in the fund on a "pro forma" basis. Differs from actual dividends paid by the fund to shareholders due to index changes over time and fund expenses, as well as timing of distributions.

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

**Long-term growth:** Uses consensus estimates of 3-5 year earnings growth for individual constituents of each fund to calculate a float-adjusted earnings-weighted growth rate for the fund 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 fund. Base period is set equal to 100.

### Additional information is available upon request.

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# How to use this guide

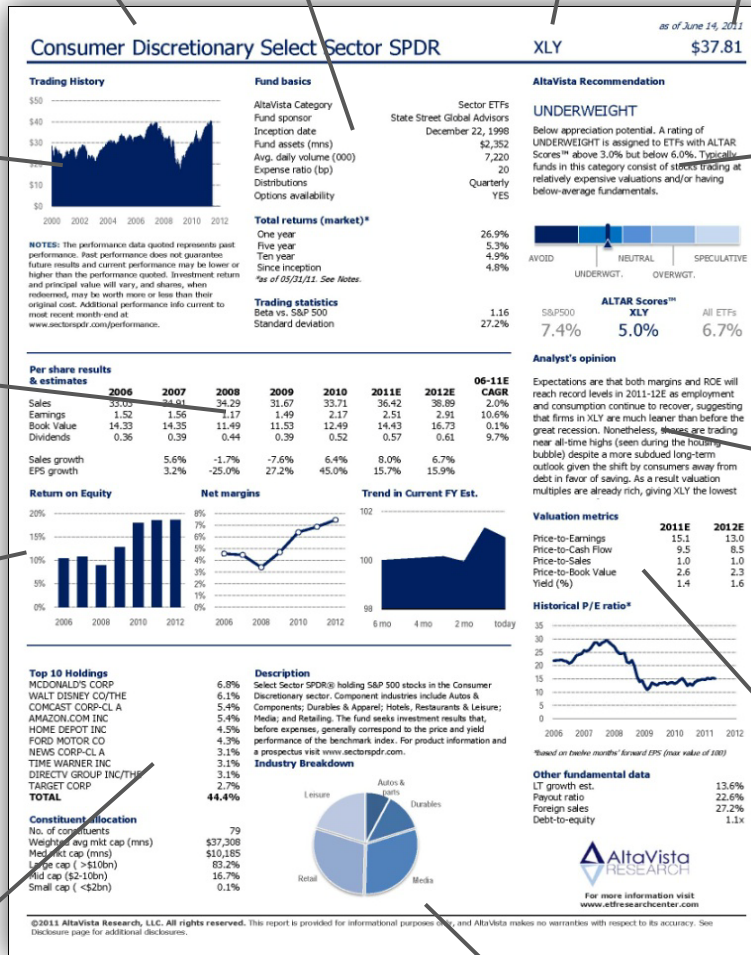
## A fundamentally different approach

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](http://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



### ALTAR Score™ & Recommendation

Our proprietary measure of an ETF's overall investment merit. See *How we rate ETFs* on the following page for an explanation.

### Analyst's view

Our take on the real drivers behind a fund's investment merit

### Valuation metrics

Even funds full of good companies can be bad investments if valued too richly. See how the stocks in this fund add up.

### 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

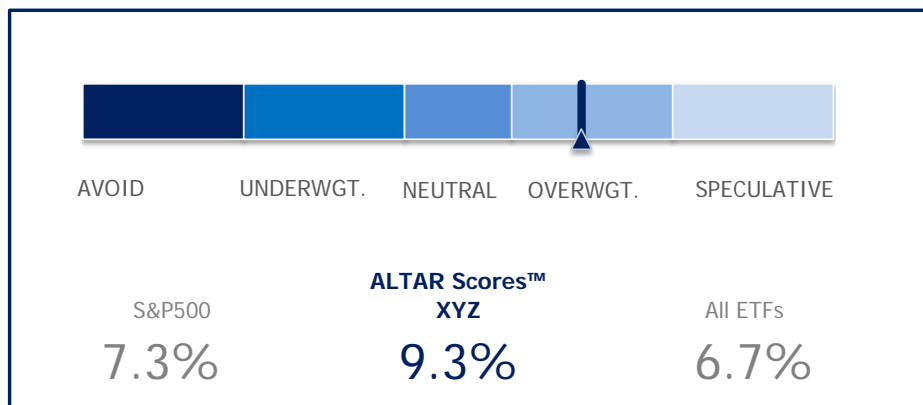
### Keeping up-to-date

Market conditions and expectations change all the time. Go to the [ETF Research Center](http://ETF Research Center) 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](http://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 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](http://www.etfresearchcenter.com).



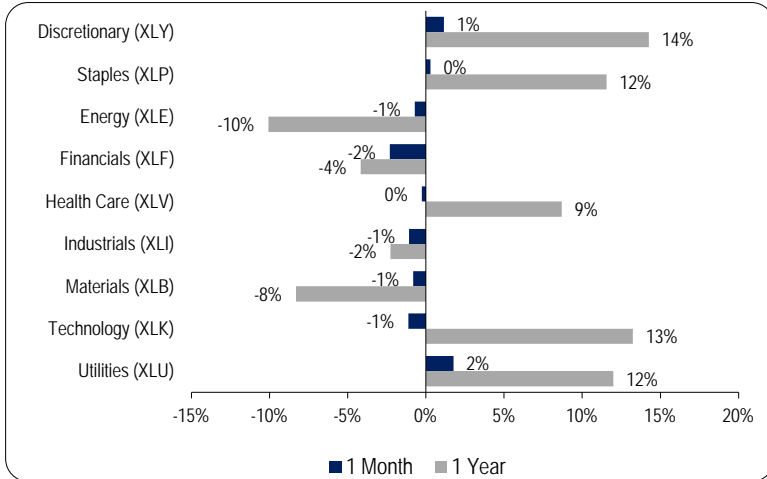
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## ETF Analyzer: Select Sector SPDR edition

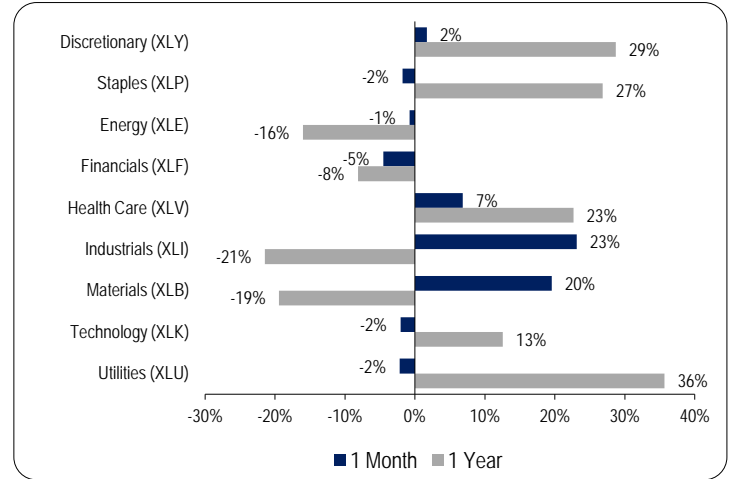
	Market Activity & Breakdown	6
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XLY	Consumer Discretionary Sector SPDR	9
XLP	Consumer Staples Sector SPDR	10
XLE	Energy Sector SPDR	11
XLF	Financial Sector SPDR	12
XLV	Health Care Sector SPDR	13
XLI	Industrial Sector SPDR	14
XLB	Materials Sector SPDR	15
XLK	Technology Sector SPDR	16
XLU	Utilities Sector SPDR	17

# Market Activity & Breakdown

## Total Returns\* (last month & one year)

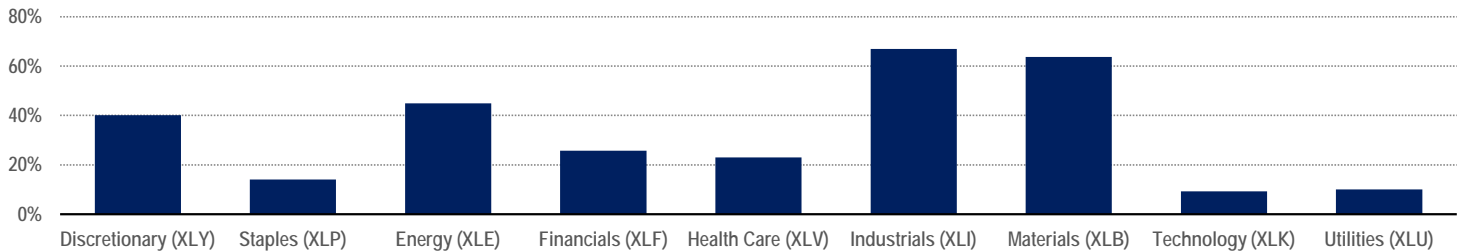


## Changes in Shares Outstanding (last month & one year)

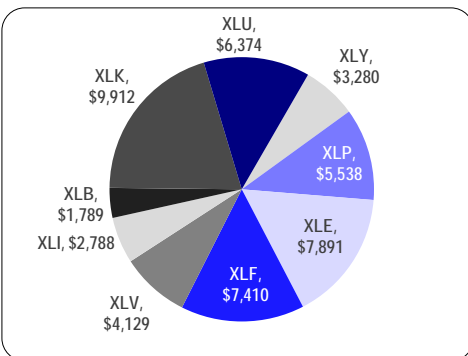


\*NOTE: The performance data quoted represents past performance. Past performance does not guarantee future results and current performance may be lower or higher than the performance quoted. Investment return and principal value will vary, and shares, when redeemed, may be worth more or less than their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

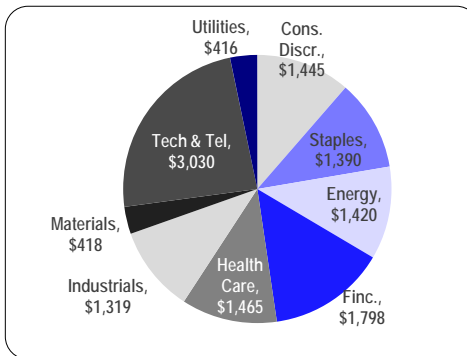
## Short Interest (as a percentage of total shares outstanding)



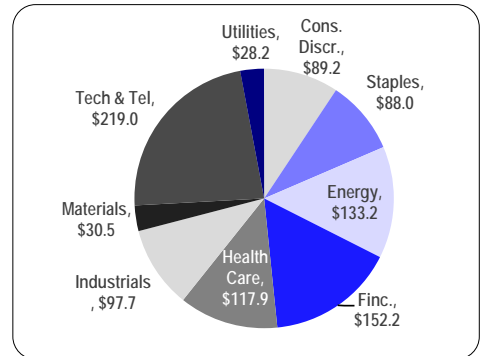
## Assets Under Management (\$mns)



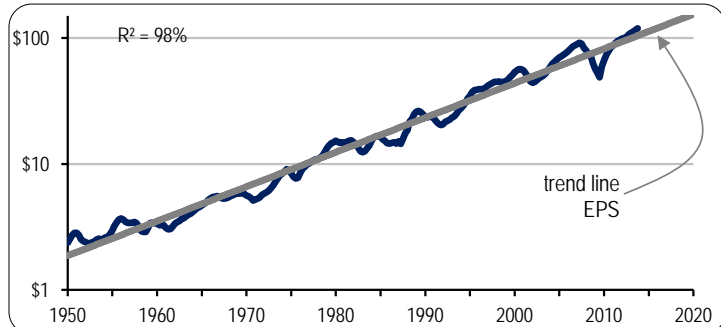
## S&P500 Market Cap by Sector (\$bns)



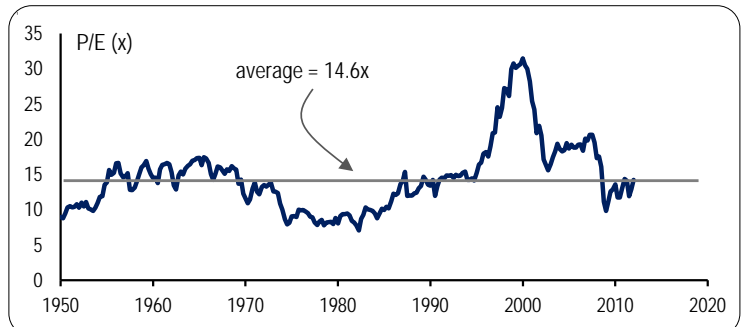
## S&P500 2012E Profits by Sector (\$bns)



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



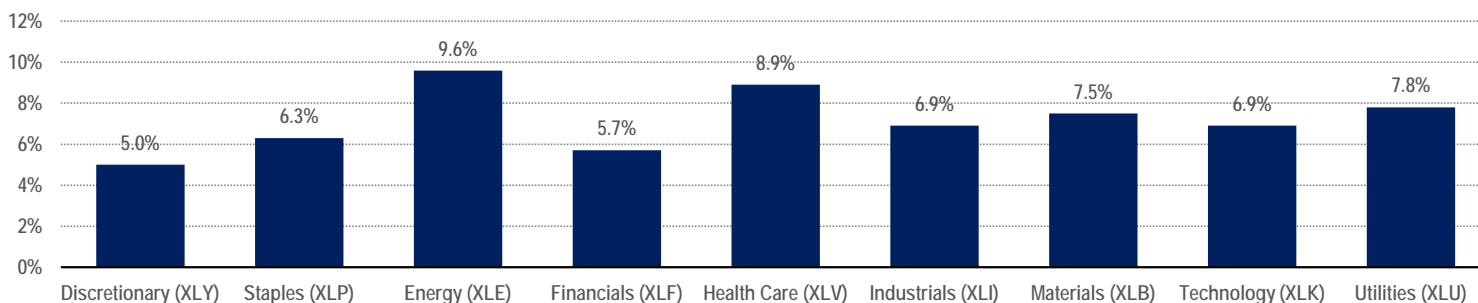
## S&P500 Forward P/E multiple on Trend-line EPS



# 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 (08-12E)	Div. by 12 P/BV	Less Exp.	equals ALTAR™
Discretionary (XLY)	15.6%	3.0x	18 bp	5.0%
Staples (XLP)	22.0%	3.4x	18 bp	6.3%
Energy (XLE)	16.4%	1.7x	18 bp	9.6%
Financials (XLF)	5.7%	1.0x	18 bp	5.7%
Health Care (XLV)	21.4%	2.4x	18 bp	8.9%
Industrials (XLI)	17.9%	2.5x	18 bp	6.9%
Materials (XLB)	16.6%	2.1x	18 bp	7.5%
Technology (XLK)	19.7%	2.8x	18 bp	6.9%
Utilities (XLU)	11.8%	1.5x	18 bp	7.8%

## Risk measures: Standard Deviation Prices (3yr Ann.)

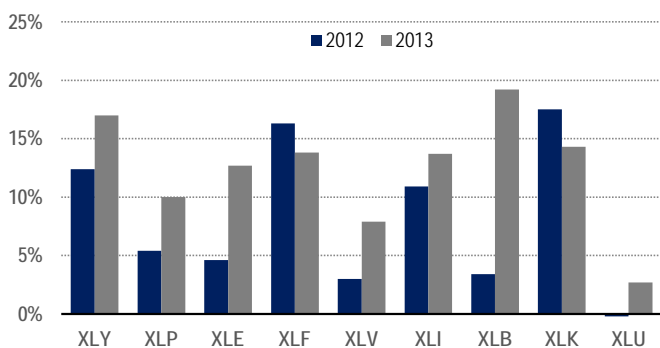
	Standard Deviation Prices (3yr Ann.)	Earnings Est. 2012-13E
Discretionary (XLY)	20.2%	2.4%
Staples (XLP)	10.3%	1.2%
Energy (XLE)	23.9%	4.2%
Financials (XLF)	25.9%	5.2%
Health Care (XLV)	12.8%	1.1%
Industrials (XLI)	22.4%	1.5%
Materials (XLB)	25.9%	3.7%
Technology (XLK)	17.8%	2.4%
Utilities (XLU)	10.0%	2.5%

**NOTE:** The AltaVista Long Term Annual Return (ALTAR) forecast is our proprietary measure of an ETF's likely internal return to new shareholders over the coming years. It is calculated by dividing average Return on Equity by the price-to-book value multiple, less the fund's expense ratio. It can be used to compare funds based on investment merit, but it is not intended as a prediction of future performance. For more information go to [www.etfresearchcenter.com](http://www.etfresearchcenter.com).

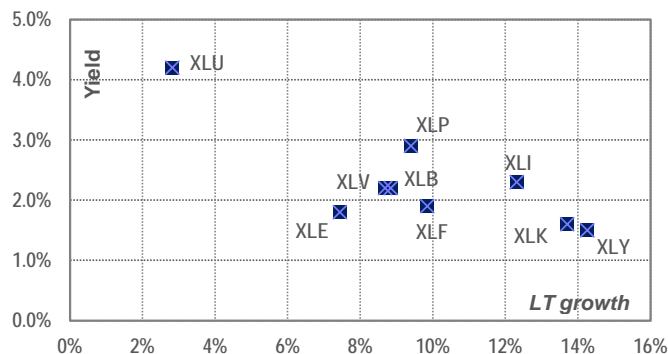
## Valuation multiples (based on 2012 estimates)

	Price	P/E	PEG	P/CF	P/Sales	P/BV	Yield
Discretionary (XLY)	\$45.61	16.2	1.1	10.3	1.1	3.0	1.5
Staples (XLP)	\$34.18	15.8	1.6	12.0	1.0	3.4	2.9
Energy (XLE)	\$71.24	11.3	1.5	6.1	0.9	1.7	1.8
Financials (XLF)	\$15.43	11.8	1.2	10.0	1.6	1.0	1.9
Health Care (XLV)	\$37.51	12.5	1.4	9.7	1.2	2.4	2.2
Industrials (XLI)	\$37.01	13.4	1.0	9.6	1.1	2.5	2.3
Materials (XLB)	\$36.67	13.5	1.5	8.8	1.0	2.1	2.2
Technology (XLK)	\$29.82	13.8	1.0	9.0	2.1	2.8	1.6
Utilities (XLU)	\$35.66	14.7	5.2	6.4	1.2	1.5	4.2
<b>S&amp;P500</b>	<b>1,397.91</b>	<b>13.3</b>	<b>1.2</b>	<b>9.0</b>	<b>1.3</b>	<b>2.0</b>	<b>2.1</b>

## Earnings per share growth



## Yield vs. long-term growth



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 2 of this document.



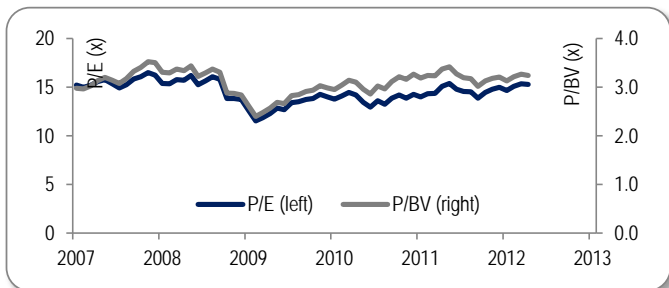
# Select Sector SPDRs

## Trends in P/E and P/BV multiples

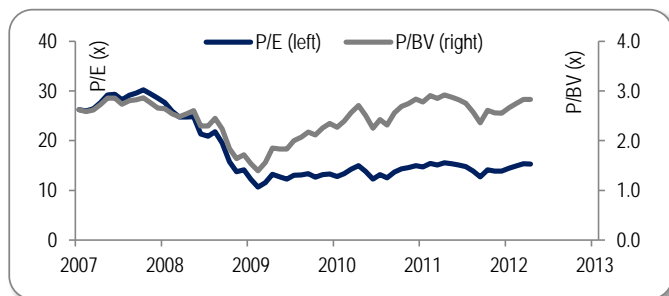
This page contains historical price-to-earnings (P/E) and price-to-book value (P/BV) multiples based on rolling twelve-months' earnings and book value per share figures, respectively, for each Sector SPDR (maximum value of 100). It illustrates how these funds have traded in the recent past in relation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

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

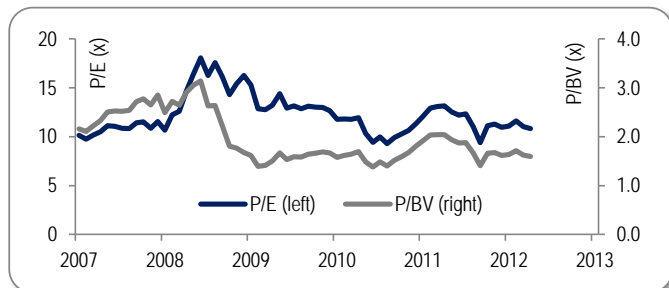
### Consumer Staples Sector (XLP)



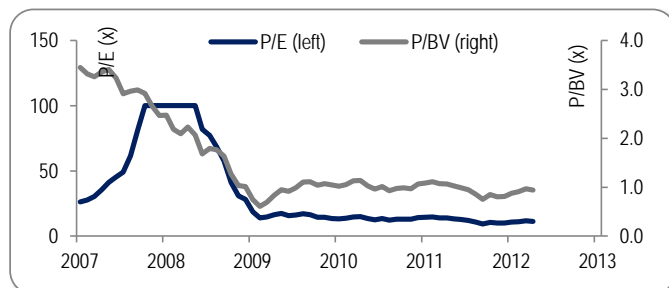
### Consumer Discretionary Sector (XLY)



### Energy Sector (XLE)

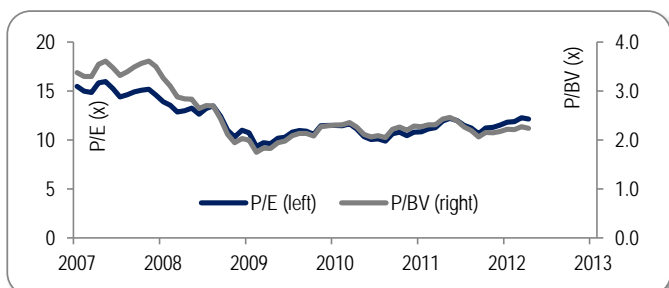


### Financial Sector (XLF)\*

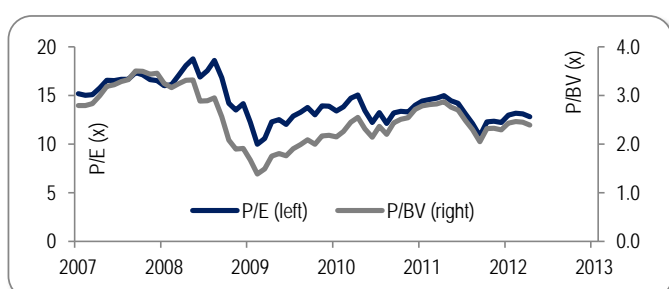


\*Note: maximum P/E = 100, may also indicate losses

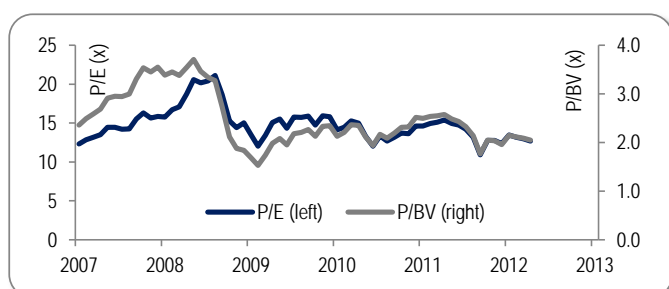
### Health Care Sector (XLV)



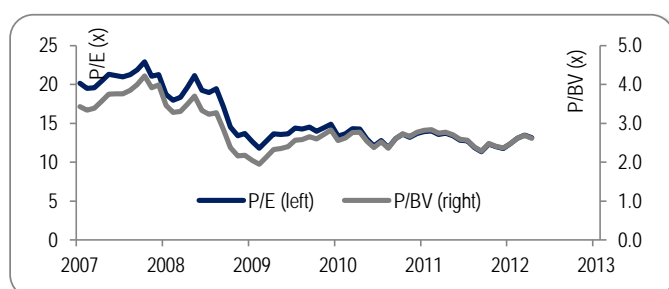
### Industrials Sector (XLI)



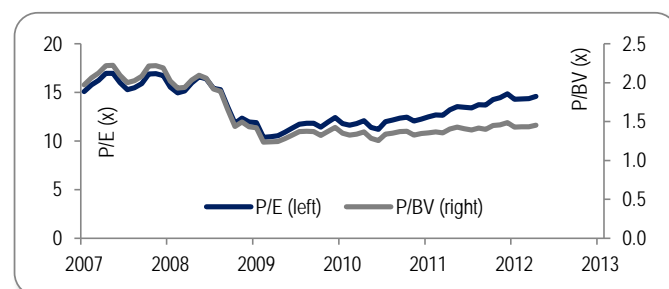
### Materials Sector (XLB)



### Technology Sector (XLK)



### Utilities Sector (XLU)



# Consumer Discretionary Select Sector SPDR

XLY

\$45.61

## 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](http://www.sectorspdr.com/performance).

## Fund basics

AltaVista Category	Sector ETFs
Fund sponsor	State Street Global Advisors
Inception date	December 22, 1998
Fund assets (mns)	\$3,229
Avg. daily volume (000)	6,466
Expense ratio (bp)	18
Distributions	Quarterly
Options availability	YES

## Total returns (market)\*

One year	14.3%
Five year	4.8%
Ten year	5.8%
Since inception	5.6%

\*as of 04/30/12. See Notes.

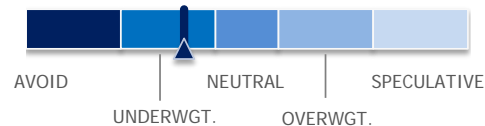
## Trading statistics

Beta vs. S&P 500	1.05
Standard deviation	20.2%

## AltaVista Recommendation

### UNDERWEIGHT

Below average 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.



S&P500	<b>ALTAR Scores™</b>	All ETFs
7.1%	<b>XLY</b>	6.8%
	5.0%	

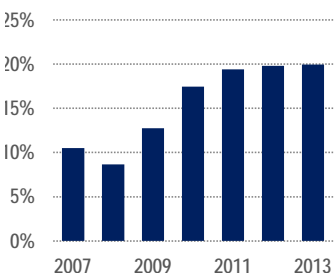
## Analyst's opinion

Sales growth is likely to slow in 2012 but forecast margin expansion could help keep earnings growing at a good clip. However, shares have rallied sharply since 2009 and are trading at the top of their post-crisis P/E range, not to mention rich multiples versus other sectors despite the financial and demographic challenges faced by consumers. As a result XLY has the lowest ALTAR Score of any Sector SPDR.

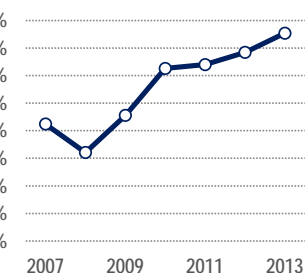
## Per share results & estimates

	2007	2008	2009	2010	2011	2012E	2013E	07-12E CAGR
Sales	36.23	35.69	33.41	35.67	39.11	41.13	43.71	2.6%
Earnings	1.54	1.15	1.52	2.23	2.50	2.82	3.29	12.9%
Book Value	15.27	12.30	12.54	12.68	13.19	15.29	17.80	0.0%
Dividends	0.39	0.45	0.39	0.53	0.59	0.72	0.79	13.1%
Sales growth		-1.5%	-6.3%	6.7%	9.6%	5.1%	6.2%	
EPS growth		-25.4%	32.8%	46.6%	12.0%	12.4%	17.0%	

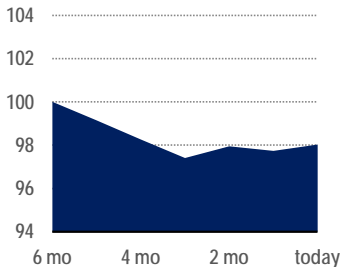
## Return on Equity



## Net margins



## Trend in Current FY Est.



## Valuation metrics

	2012E	2013E
Price-to-Earnings	16.2	13.8
Price-to-Cash Flow	10.3	9.2
Price-to-Sales	1.1	1.0
Price-to-Book Value	3.0	2.6
Yield (%)	1.5	1.7

## Historical P/E ratio\*



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

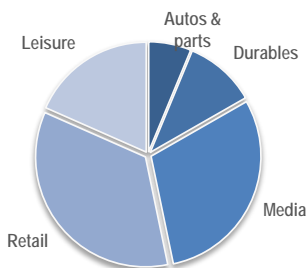
## Top 10 Holdings

MCDONALD'S CORP	7.0%
AMAZON.COM INC	5.8%
COMCAST CORP-CL A	5.7%
HOME DEPOT INC	5.6%
WALT DISNEY CO/THE	5.5%
FORD MOTOR CO	3.1%
STARBUCKS CORP	3.0%
NEWS CORP-CL A	3.0%
NIKE INC -CL B	2.9%
LOWE'S COS INC	2.8%
<b>TOTAL</b>	<b>44.3%</b>

## 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](http://www.sectorspdr.com).

## Industry Breakdown



## Constituent allocation

No. of constituents	81
Weighted avg mkt cap (mns)	\$44,393
Med mkt cap (mns)	\$11,351
Large cap (>\$10bn)	86.9%
Mid cap (\$2-10bn)	13.1%
Small cap (<\$2bn)	0.0%

## Other fundamental data

LT growth est.	14.3%
Payout ratio	25.6%
Foreign sales	29.1%
Debt-to-equity	1.0x



For more information visit [www.etfresearchcenter.com](http://www.etfresearchcenter.com)

# Consumer Staples Select Sector SPDR

XLP

\$34.18

## 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](http://www.sectorspdr.com/performance).

## Fund basics

AltaVista Category	Sector ETFs
Fund sponsor	State Street Global Advisors
Inception date	December 22, 1998
Fund assets (mns)	\$5,449
Avg. daily volume (000)	5,371
Expense ratio (bp)	18
Distributions	Quarterly
Options availability	YES

## Total returns (market)\*

One year	11.6%
Five year	7.3%
Ten year	5.5%
Since inception	4.0%

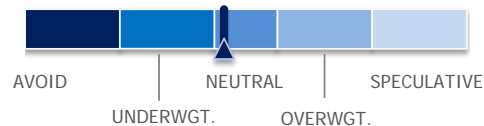
## Trading statistics

Beta vs. S&P 500	0.53
Standard deviation	10.3%

## AltaVista Recommendation

**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.

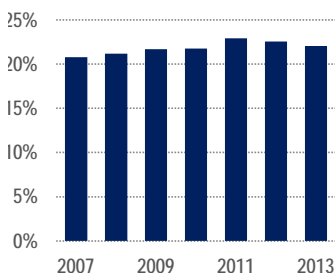


<b>ALTAR Scores™</b>		
S&P500	<b>XLP</b>	All ETFs
7.1%	6.3%	6.8%

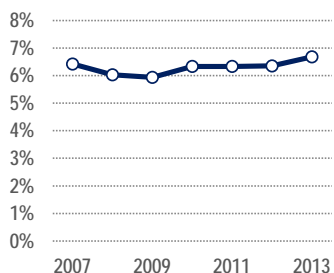
## Per share results & estimates

	2007	2008	2009	2010	2011	2012E	2013E	07-12E CAGR
Sales	27.23	29.39	29.27	29.83	32.40	34.09	35.66	4.6%
Earnings	1.75	1.77	1.74	1.89	2.05	2.17	2.38	4.4%
Book Value	9.01	8.21	8.40	8.87	8.97	10.12	11.39	2.3%
Dividends	0.64	0.71	0.77	0.83	0.92	1.01	1.12	9.5%
Sales growth		7.9%	-0.4%	1.9%	8.6%	5.1%	4.6%	
EPS growth		1.3%	-1.9%	8.7%	8.6%	5.4%	10.0%	

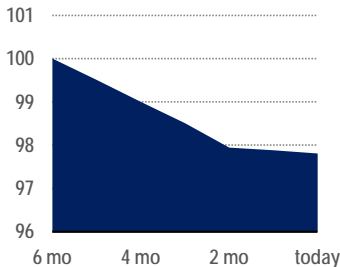
## Return on Equity



## Net margins



## Trend in Current FY Est.



## Analyst's opinion

Earnings estimates have deteriorated over the past few months and EPS growth may dip this year, but earnings growth is forecast to reaccelerate next year on margin relief. In any case, investors are "paying up" for the relative safety of Staples, and XLP's rich multiples appear to fully reflect the sector's high and stable profitability (ROE), resulting in an ALTAR Score below that of the S&P500.

## Valuation metrics

	2012E	2013E
Price-to-Earnings	15.8	14.3
Price-to-Cash Flow	12.0	10.7
Price-to-Sales	1.0	1.0
Price-to-Book Value	3.4	3.0
Yield (%)	2.9	3.2

## Historical P/E ratio\*



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

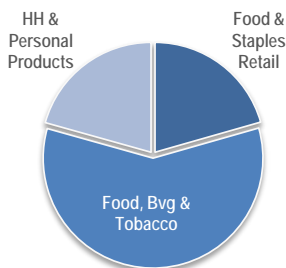
## Top 10 Holdings

PROCTER & GAMBLE CO/THE	12.9%
COCA-COLA CO/THE	12.6%
PHILIP MORRIS INTERNATIONAL	11.3%
WAL-MART STORES INC	7.5%
ALTRIA GROUP INC	4.9%
KRAFT FOODS INC-CLASS A	4.7%
PEPSICO INC	4.6%
CVS CAREMARK CORP	4.4%
COLGATE-PALMOLIVE CO	3.5%
COSTCO WHOLESALE CORP	2.9%
<b>TOTAL</b>	<b>69.3%</b>

## 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](http://www.sectorspdr.com).

## Industry Breakdown



## Constituent allocation

No. of constituents	42
Weighted avg mkt cap (mns)	\$99,872
Med mkt cap (mns)	\$14,987
Large cap (>\$10bn)	92.4%
Mid cap (\$2-10bn)	7.6%
Small cap (<\$2bn)	0.0%

## Other fundamental data

LT growth est.	9.4%
Payout ratio	46.9%
Foreign sales	31.2%
Debt-to-equity	0.7x



For more information visit [www.etfresearchcenter.com](http://www.etfresearchcenter.com)

# Energy Select Sector SPDR

XLE

\$71.24

## 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](http://www.sectorspdr.com/performance).

## Fund basics

AltaVista Category	Sector ETFs
Fund sponsor	State Street Global Advisors
Inception date	December 22, 1998
Fund assets (mns)	\$7,760
Avg. daily volume (000)	14,584
Expense ratio (bp)	18
Distributions	Quarterly
Options availability	YES

## Total returns (market)\*

One year	-10.1%
Five year	4.0%
Ten year	11.6%
Since inception	10.5%

\*as of 04/30/12. See Notes.

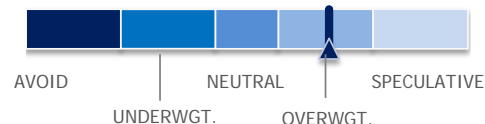
## Trading statistics

Beta vs. S&P 500	1.29
Standard deviation	23.9%

## AltaVista Recommendation

### 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.



<b>ALTAR Scores™</b>		
S&P500	<b>XLE</b>	All ETFs
7.1%	<b>9.6%</b>	6.8%

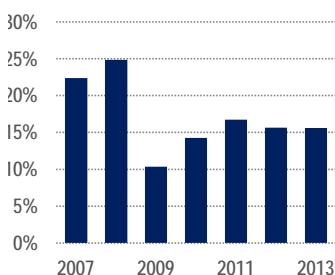
## Analyst's opinion

Revenue is forecast as basically flat and EPS may only grow by single digits in 2012. Longer term we think the shale oil & gas revolution means larger and more stable supplies that ultimately result in lower energy prices. That's great for consumers but cuts both ways for many of the integrated majors that dominate XLE. Nonetheless from a valuation perspective the sector appears quite attractive.

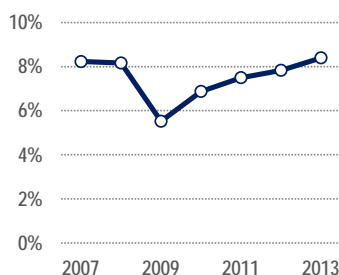
## Per share results & estimates

	2007	2008	2009	2010	2011	2012E	2013E	07-12E CAGR
Sales	68.35	84.09	53.25	65.50	80.44	80.61	84.81	3.4%
Earnings	5.63	6.87	2.94	4.50	6.03	6.32	7.12	2.3%
Book Value	26.86	27.84	28.59	34.22	37.81	42.80	48.51	9.8%
Dividends	0.88	0.99	1.09	1.08	1.18	1.32	1.41	8.6%
Sales growth		23.0%	-36.6%	23.0%	22.8%	0.2%	5.2%	
EPS growth		22.0%	-57.1%	53.1%	33.9%	4.6%	12.7%	

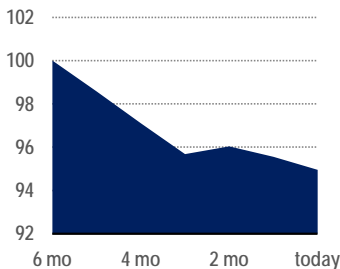
## Return on Equity



## Net margins



## Trend in Current FY Est.



## Valuation metrics

	2012E	2013E
Price-to-Earnings	11.3	10.0
Price-to-Cash Flow	6.1	5.5
Price-to-Sales	0.9	0.8
Price-to-Book Value	1.7	1.5
Yield (%)	1.8	1.9

## Historical P/E ratio\*



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

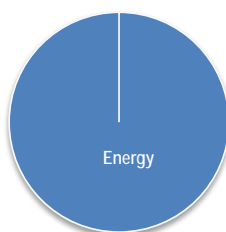
## Top 10 Holdings

EXXON MOBIL CORP	18.9%
CHEVRON CORP	14.8%
SCHLUMBERGER LTD	7.1%
CONOCOPHILLIPS	4.7%
OCCIDENTAL PETROLEUM CORP	4.5%
ANADARKO PETROLEUM CORP	3.0%
APACHE CORP	2.9%
NATIONAL OILWELL VARCO INC	2.8%
HALLIBURTON CO	2.5%
EL PASO CORP	2.5%
<b>TOTAL</b>	<b>63.8%</b>

## 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](http://www.sectorspdr.com).

## Industry Breakdown



## Constituent allocation

No. of constituents	43
Weighted avg mkt cap (mns)	\$135,465
Med mkt cap (mns)	\$12,567
Large cap ( >\$10bn)	88.8%
Mid cap (\$2-10bn)	11.0%
Small cap (<\$2bn)	0.2%

## Other fundamental data

LT growth est.	7.4%
Payout ratio	21.0%
Foreign sales	63.9%
Debt-to-equity	0.4x



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# Financials Select Sector SPDR

XLF

\$15.43

## 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](http://www.sectorspdr.com/performance).

## Fund basics

AltaVista Category	Sector ETFs
Fund sponsor	State Street Global Advisors
Inception date	December 22, 1998
Fund assets (mns)	\$6,924
Avg. daily volume (000)	82,317
Expense ratio (bp)	18
Distributions	Quarterly
Options availability	YES

## Total returns (market)\*

One year	-4.2%
Five year	-14.1%
Ten year	-3.1%
Since inception	-1.1%

\*as of 04/30/12. See Notes.

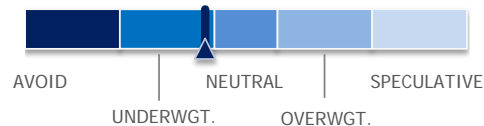
## Trading statistics

Beta vs. S&P 500	1.33
Standard deviation	25.9%

## AltaVista Recommendation

### UNDERWEIGHT

Below average 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.

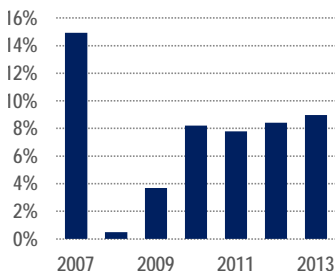


	ALTAR Scores™		
S&P500	XLF	All ETFs	
7.1%	5.7%	6.8%	

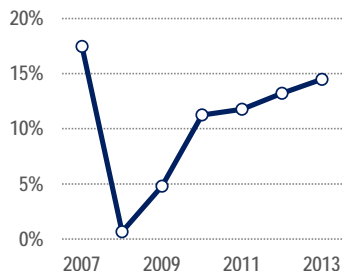
## Per share results & estimates

	2007	2008	2009	2010	2011	2012E	2013E	07-12E CAGR
Sales	8.82	7.89	9.25	9.53	9.52	9.86	10.25	2.3%
Earnings	1.54	0.05	0.44	1.07	1.12	1.30	1.48	n/m
Book Value	10.66	11.74	12.33	13.78	15.00	16.00	17.12	8.5%
Dividends	0.74	0.68	0.18	0.18	0.24	0.30	0.36	n/m
Sales growth		-10.5%	17.2%	3.0%	0.0%	3.5%	3.9%	
EPS growth		-96.6%	753.9%	141.9%	4.5%	16.3%	13.8%	

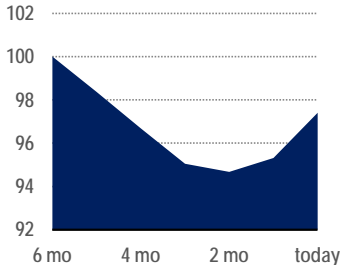
## Return on Equity



## Net margins



## Trend in Current FY Est.



## Analyst's opinion

Revenue and earnings are forecast to rebound this year after a difficult 2011, and Q1 2012 results have been coming in well ahead of expectations. But longer term deleveraging and new regulations have resulted in a downshift to lower levels of Return on Equity than prior to the financial crisis, which is probably permanent. At present valuations, XLF has an ALTAR Score well below that of the S&P500.

## Valuation metrics

	2012E	2013E
Price-to-Earnings	11.8	10.4
Price-to-Cash Flow	10.0	8.2
Price-to-Sales	1.6	1.5
Price-to-Book Value	1.0	0.9
Yield (%)	1.9	2.3

## Historical P/E ratio\*



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

## Top 10 Holdings

WELLS FARGO & CO	9.5%
JPMORGAN CHASE & CO	8.9%
BERKSHIRE HATHAWAY INC-CL A	7.6%
CITIGROUP INC	5.3%
BANK OF AMERICA CORP	4.7%
US BANCORP	3.3%
AMERICAN EXPRESS CO	3.3%
GOLDMAN SACHS GROUP INC	3.0%
SIMON PROPERTY GROUP INC	2.5%
METLIFE INC	2.1%
<b>TOTAL</b>	<b>50.3%</b>

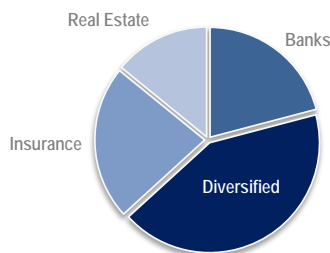
## Constituent allocation

No. of constituents	81
Weighted avg mkt cap (mns)	\$73,860
Med mkt cap (mns)	\$13,315
Large cap (>\$10bn)	88.8%
Mid cap (\$2-10bn)	11.2%
Small cap (<\$2bn)	0.0%

## Description

Select Sector SPDR® holding S&P 500 stocks in the Financial sector. Component industries include Banks; Diversified Financials; Insurance; and Real Estate Investment Trusts. 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](http://www.sectorspdr.com).

## Industry Breakdown



## Other fundamental data

LT growth est.	9.8%
Payout ratio	23.2%
Foreign sales	22.0%
Debt-to-equity	2.7x



For more information visit [www.etfresearchcenter.com](http://www.etfresearchcenter.com)

# Health Care Select Sector SPDR

XLV

\$37.51

## Trading History



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## Fund basics

AltaVista Category	Sector ETFs
Fund sponsor	State Street Global Advisors
Inception date	December 22, 1998
Fund assets (mns)	\$4,376
Avg. daily volume (000)	5,628
Expense ratio (bp)	18
Distributions	Quarterly
Options availability	YES

## Total returns (market)\*

One year	8.7%
Five year	2.7%
Ten year	4.1%
Since inception	4.4%

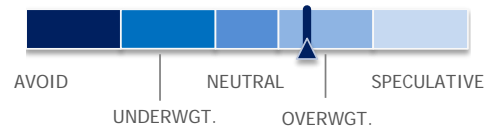
## Trading statistics

Beta vs. S&P 500	0.65
Standard deviation	12.8%

## AltaVista Recommendation

### 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.

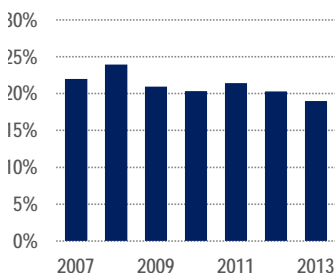


	<b>ALTAR Scores™</b>	
S&P500	<b>XLV</b>	All ETFs
7.1%	8.9%	6.8%

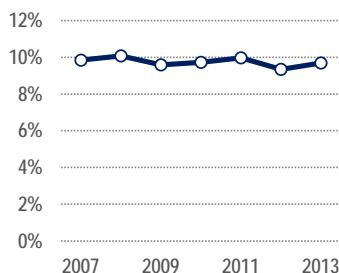
## Per share results & estimates

	2007	2008	2009	2010	2011	2012E	2013E	07-12E CAGR
Sales	22.46	24.03	25.22	27.78	29.28	32.20	33.52	7.5%
Earnings	2.21	2.42	2.42	2.70	2.92	3.01	3.25	6.4%
Book Value	10.23	10.08	13.08	13.57	13.78	15.95	18.30	9.3%
Dividends	0.64	0.71	0.66	0.68	0.76	0.85	0.90	5.6%
Sales growth		7.0%	4.9%	10.1%	5.4%	9.9%	4.0%	
EPS growth		9.5%	-0.1%	11.7%	8.0%	3.0%	7.9%	

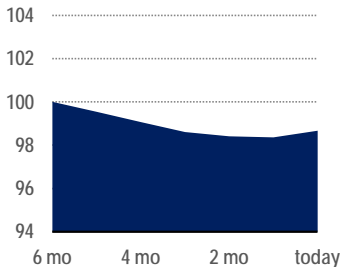
## Return on Equity



## Net margins



## Trend in Current FY Est.



## Analyst's opinion

Although profitability (ROE) seems headed in the wrong direction for now, we think a revaluation of the sector may be underway as biotech helps replenish ailing drug pipelines. Meanwhile, the sector trades at valuation metrics that appear cheap by historic standards, including a P/E discount to the overall market. As a result XLV enjoys an ALTAR Score well above that of the S&P500.

## Valuation metrics

	2012E	2013E
Price-to-Earnings	12.5	11.6
Price-to-Cash Flow	9.7	9.0
Price-to-Sales	1.2	1.1
Price-to-Book Value	2.4	2.0
Yield (%)	2.2	2.3

## Historical P/E ratio\*



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

## Top 10 Holdings

JOHNSON & JOHNSON	12.4%
PFIZER INC	12.1%
MERCK & CO. INC.	8.1%
ABBOTT LABORATORIES	5.8%
UNITEDHEALTH GROUP INC	4.2%
AMGEN INC	3.9%
BRISTOL-MYERS SQUIBB CO	3.9%
EXPRESS SCRIPTS HOLDING CO	3.3%
ELI LILLY & CO	2.9%
GILEAD SCIENCES INC	2.7%
<b>TOTAL</b>	<b>59.5%</b>

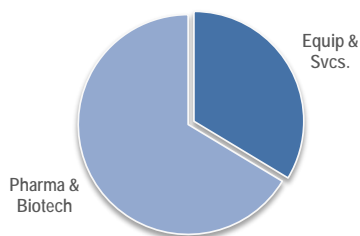
## Constituent allocation

No. of constituents	51
Weighted avg mkt cap (mns)	\$78,021
Med mkt cap (mns)	\$14,359
Large cap (>\$10bn)	88.4%
Mid cap (\$2-10bn)	11.6%
Small cap (<\$2bn)	0.0%

## 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](http://www.sectorspdr.com).

## Industry Breakdown



## Other fundamental data

LT growth est.	8.8%
Payout ratio	28.2%
Foreign sales	18.8%
Debt-to-equity	0.5x



For more information visit [www.etfresearchcenter.com](http://www.etfresearchcenter.com)

# Industrials Select Sector SPDR

XLI

\$37.01

## 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](http://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  
\$3,328  
17,031  
18  
Quarterly  
YES

## Total returns (market)\*

One year  
Five year  
Ten year  
Since inception

-2.3%  
2.1%  
5.8%  
5.3%

\*as of 04/30/12. See Notes.

## Trading statistics

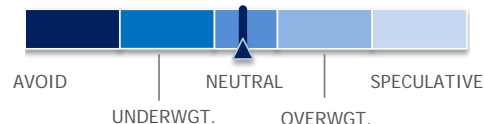
Beta vs. S&P 500  
Standard deviation

1.25  
22.4%

## AltaVista Recommendation

**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.



S&P500	ALTAR Scores™ XLI	All ETFs
7.1%	6.9%	6.8%

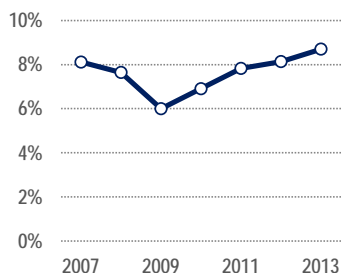
## Per share results & estimates

	2007	2008	2009	2010	2011	2012E	2013E	07-12E CAGR
Sales	28.99	30.99	27.53	28.96	31.78	33.93	36.08	3.2%
Earnings	2.35	2.37	1.65	2.00	2.49	2.76	3.14	3.3%
Book Value	12.94	11.32	12.23	12.73	12.84	14.73	16.92	2.6%
Dividends	0.70	0.81	0.70	0.66	0.76	0.85	0.93	3.9%
Sales growth		6.8%	-11.1%	5.1%	9.7%	6.7%	6.3%	
EPS growth		0.7%	-30.2%	21.0%	24.3%	10.9%	13.7%	

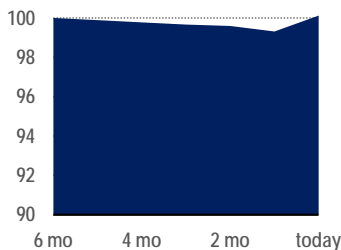
## Return on Equity



## Net margins



## Trend in Current FY Est.



## Analyst's opinion

These are good times for Industrials, with the weak USD helping boost demand and profitability to boom-time levels, and estimates have held up better than most sectors. Long term, the shale revolution is contributing to a renaissance in American manufacturing, leading to lower costs and higher margins, as reflected in forecasts. Nonetheless, Industrials are still cyclical and XLI trades at valuation multiples that suggest long-run return potential is about average.

## Valuation metrics

	2012E	2013E
Price-to-Earnings	13.4	11.8
Price-to-Cash Flow	9.6	8.6
Price-to-Sales	1.1	1.0
Price-to-Book Value	2.5	2.2
Yield (%)	2.3	2.5

## Historical P/E ratio\*



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

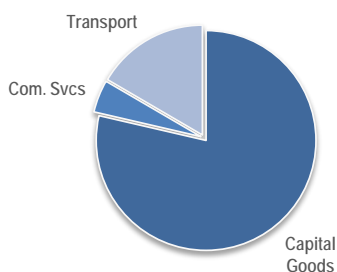
## Top 10 Holdings

GENERAL ELECTRIC CO	11.0%
UNITED TECHNOLOGIES CORP	5.5%
UNITED PARCEL SERVICE-CL B	5.4%
CATERPILLAR INC	5.1%
3M CO	4.5%
BOEING CO	4.3%
UNION PACIFIC CORP	4.2%
HONEYWELL INTERNATIONAL INC	3.6%
CUMMINS INC	3.0%
EMERSON ELECTRIC CO	2.9%
<b>TOTAL</b>	<b>49.6%</b>

## 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](http://www.sectorspdr.com).

## Industry Breakdown



## Constituent allocation

No. of constituents	61
Weighted avg mkt cap (mns)	\$54,898
Med mkt cap (mns)	\$10,566
Large cap (>\$10bn)	84.0%
Mid cap (\$2-10bn)	16.0%
Small cap (<\$2bn)	0.0%

## Other fundamental data

LT growth est.	12.3%
Payout ratio	30.9%
Foreign sales	43.7%
Debt-to-equity	1.3x



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# Materials Select Sector SPDR

XLB

\$36.67

## 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](http://www.sectorspdr.com/performance).

## Fund basics

AltaVista Category	Sector ETFs
Fund sponsor	State Street Global Advisors
Inception date	December 22, 1998
Fund assets (mns)	\$2,087
Avg. daily volume (000)	9,635
Expense ratio (bp)	18
Distributions	Quarterly
Options availability	YES

## Total returns (market)\*

One year	-8.3%
Five year	1.5%
Ten year	7.4%
Since inception	6.8%

\*as of 04/30/12. See Notes.

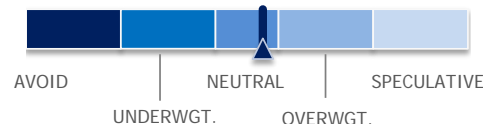
## Trading statistics

Beta vs. S&P 500	1.44
Standard deviation	25.9%

## AltaVista Recommendation

**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.

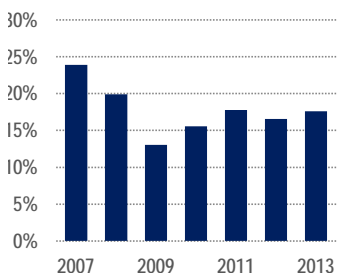


	<b>ALTAR Scores™</b>	
S&P500	<b>XLB</b>	All ETFs
7.1%	7.5%	6.8%

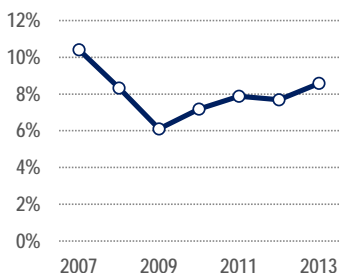
## Per share results & estimates

	2007	2008	2009	2010	2011	2012E	2013E	07-12E CAGR
Sales	28.59	31.59	24.78	29.10	33.31	35.33	37.74	4.3%
Earnings	2.98	2.63	1.51	2.09	2.62	2.72	3.24	n/m
Book Value	15.69	11.75	12.36	14.06	15.26	17.09	19.41	1.7%
Dividends	0.75	0.79	0.60	0.62	0.76	0.83	0.87	1.9%
Sales growth		10.4%	-21.5%	17.4%	14.4%	6.0%	6.7%	
EPS growth		-11.6%	-42.5%	38.1%	25.6%	3.4%	19.2%	

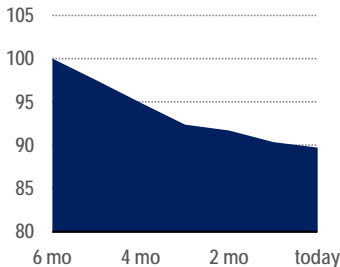
## Return on Equity



## Net margins



## Trend in Current FY Est.



## Analyst's opinion

Earnings estimates have declined in recent months as commodity prices seem to have rolled over on the uncertainty in Europe and slowdown in emerging market demand. Still, valuation multiples, trading towards the lower end of their historical range, appear quite reasonable in relation to cycle-average profitability, so XLB enjoys an ALTAR Score slightly above average.

## Valuation metrics

	2012E	2013E
Price-to-Earnings	13.5	11.3
Price-to-Cash Flow	8.8	7.7
Price-to-Sales	1.0	1.0
Price-to-Book Value	2.1	1.9
Yield (%)	2.2	2.3

## Historical P/E ratio\*



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

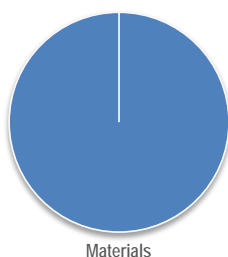
## Top 10 Holdings

DU PONT (E.I.) DE NEMOURS	11.5%
MONSANTO CO	9.6%
FREEMONT-MCMORAN COPPER	8.3%
PRAXAIR INC	8.0%
DOW CHEMICAL	5.6%
NEWMONT MINING CORP	5.4%
ECOLAB INC	4.4%
AIR PRODUCTS & CHEMICALS INC	4.1%
PPG INDUSTRIES INC	3.8%
MOSAIC CO/THE	3.7%
<b>TOTAL</b>	<b>64.4%</b>

## 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](http://www.sectorspdr.com).

## Industry Breakdown



## Constituent allocation

No. of constituents	30
Weighted avg mkt cap (mns)	\$23,564
Med mkt cap (mns)	\$9,633
Large cap (>\$10bn)	79.1%
Mid cap (\$2-10bn)	20.9%
Small cap (<\$2bn)	0.0%

## Other fundamental data

LT growth est.	8.7%
Payout ratio	30.4%
Foreign sales	54.3%
Debt-to-equity	0.7x



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# Technology Select Sector SPDR

XLK

\$29.82

## 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](http://www.sectorspdr.com/performance).

## Fund basics

AltaVista Category  
 Fund sponsor State Street Global Advisors  
 Inception date December 22, 1998  
 Fund assets (mns) \$9,478  
 Avg. daily volume (000) 9,995  
 Expense ratio (bp) 18  
 Distributions Quarterly  
 Options availability YES

## Total returns (market)\*

One year 13.2%  
 Five year 5.5%  
 Ten year 5.8%  
 Since inception 0.3%  
*\*as of 04/30/12. See Notes.*

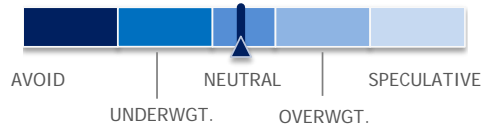
## Trading statistics

Beta vs. S&P 500 1.01  
 Standard deviation 17.8%

## AltaVista Recommendation

**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.

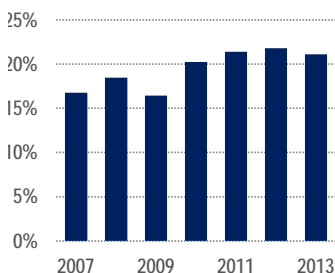


S&P500	ALTAR Scores™ XLK	All ETFs
7.1%	6.9%	6.8%

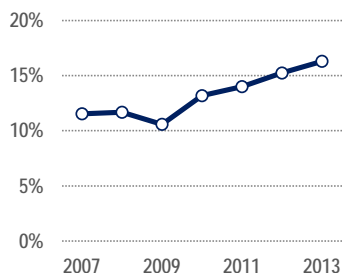
## Per share results & estimates

	2007	2008	2009	2010	2011	2012E	2013E	07-12E CAGR
Sales	10.13	10.73	10.64	11.69	13.13	14.18	15.15	6.9%
Earnings	1.17	1.25	1.13	1.54	1.84	2.16	2.47	13.1%
Book Value	6.94	6.68	7.07	8.10	9.08	10.75	12.63	9.2%
Dividends	0.28	0.33	0.35	0.37	0.41	0.49	0.59	12.0%
Sales growth		5.8%	-0.8%	9.8%	12.3%	7.9%	6.8%	
EPS growth		7.1%	-10.1%	36.8%	19.3%	17.5%	14.3%	

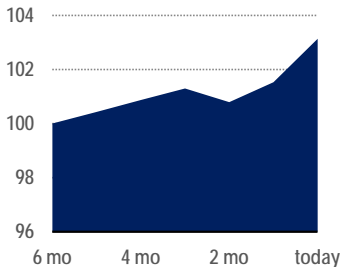
## Return on Equity



## Net margins



## Trend in Current FY Est.



## Analyst's opinion

Sales, earnings and profitability measures are all in record territory (and expectations are still rising), although this is increasingly dependent on Apple, XLK's largest holding by far. Valuation-wise, XLK trades at premium multiples to the S&P500 in most cases--though towards the low end of XLK's own historical range--but when combined with the sector's high and fairly consistently return on equity results in an ALTAR Score about on par with the broader market.

## Valuation metrics

	2012E	2013E
Price-to-Earnings	13.8	12.1
Price-to-Cash Flow	9.0	8.1
Price-to-Sales	2.1	2.0
Price-to-Book Value	2.8	2.4
Yield (%)	1.6	1.9

## Historical P/E ratio\*



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

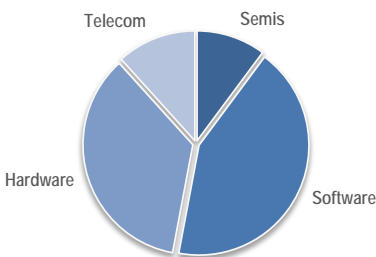
## Top 10 Holdings

APPLE INC	19.0%
INTL BUSINESS MACHINES CORP	8.1%
MICROSOFT CORP	8.1%
AT&T INC	6.5%
GOOGLE INC-CL A	5.3%
INTEL CORP	4.1%
ORACLE CORP	3.9%
VERIZON COMMUNICATIONS INC	3.9%
QUALCOMM INC	3.7%
CISCO SYSTEMS INC	3.6%
<b>TOTAL</b>	<b>66.1%</b>

## 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](http://www.sectorspdr.com).

## Industry Breakdown



## Constituent allocation

No. of constituents	79
Weighted avg mkt cap (mns)	\$204,684
Med mkt cap (mns)	\$11,593
Large cap (>\$10bn)	93.4%
Mid cap (\$2-10bn)	6.6%
Small cap (<\$2bn)	0.0%

## Other fundamental data

LT growth est.	13.7%
Payout ratio	22.5%
Foreign sales	46.5%
Debt-to-equity	0.4x



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# Utilities Select Sector SPDR

XLU

\$35.66

## 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](http://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  
 \$6,261  
 6,403  
 18  
 Quarterly  
 YES

## Total returns (market)\*

One year  
 Five year  
 Ten year  
 Since inception

12.0%  
 0.8%  
 6.9%  
 5.0%

\*as of 04/30/12. See Notes.

## Trading statistics

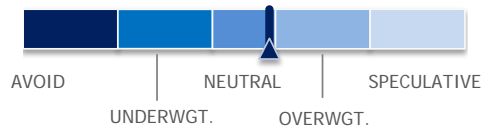
Beta vs. S&P 500  
 Standard deviation

0.35  
 10.0%

## AltaVista Recommendation

**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.



	S&P500	ALTAR Scores™ XLU	All ETFs
	7.1%	7.8%	6.8%

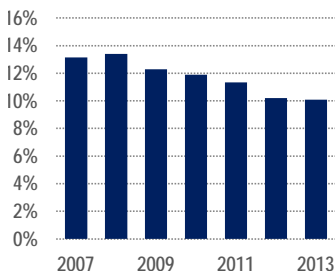
## Per share results & estimates

	2007	2008	2009	2010	2011	2012E	2013E	07-12E CAGR
Sales	29.87	32.39	25.96	27.28	28.04	29.82	30.82	0.0%
Earnings	2.42	2.53	2.43	2.50	2.56	2.42	2.49	0.0%
Book Value	18.50	19.32	20.26	21.75	23.31	24.23	25.16	5.5%
Dividends	1.25	1.33	1.37	1.40	1.45	1.50	1.55	3.8%
Sales growth		8.4%	-19.8%	5.1%	2.7%	6.3%	3.3%	
EPS growth		4.7%	-4.0%	2.8%	2.2%	-5.2%	2.7%	

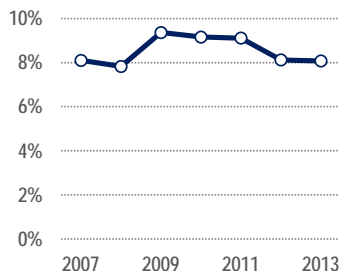
## Analyst's opinion

Earnings are forecast to decline this year as slimmer margins more than offset revenue gains. Meanwhile the outlook for the sector is particularly clouded by potential policy changes, and Return on Equity appears to be in secular decline (and if so the ALTAR Score may be inflated). Finally, unlike most sectors XLU is already trading near its highest forward P/E multiple since 2008.

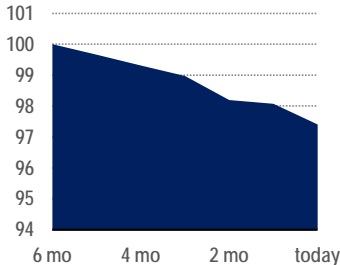
## Return on Equity



## Net margins



## Trend in Current FY Est.



## Valuation metrics

	2012E	2013E
Price-to-Earnings	14.7	14.3
Price-to-Cash Flow	6.4	6.5
Price-to-Sales	1.2	1.2
Price-to-Book Value	1.5	1.4
Yield (%)	4.2	4.3

## Historical P/E ratio\*



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

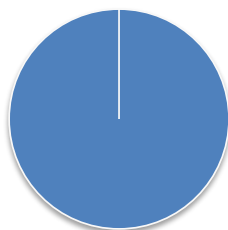
## Top 10 Holdings

SOUTHERN CO	9.1%
EXELON CORP	7.5%
DOMINION RESOURCES INC/VA	6.7%
NEXTERA ENERGY GROUP	6.1%
DUKE ENERGY CORP	6.0%
FIRSTENERGY CORP	4.5%
AMERICAN ELECTRIC POWER	4.3%
P G & E CORP	4.1%
CONSOLIDATED EDISON INC	4.0%
PPL CORPORATION	3.6%
<b>TOTAL</b>	<b>55.8%</b>

## 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](http://www.sectorspdr.com).

## Industry Breakdown



## Constituent allocation

No. of constituents	32
Weighted avg mkt cap (mns)	\$18,794
Med mkt cap (mns)	\$10,642
Large cap (>\$10bn)	75.5%
Mid cap (\$2-10bn)	24.5%
Small cap (<\$2bn)	0.0%

## Other fundamental data

LT growth est.	2.8%
Payout ratio	62.1%
Foreign sales	6.6%
Debt-to-equity	1.3x



For more information visit [www.etfresearchcenter.com](http://www.etfresearchcenter.com)