

XLK - Attractive Rating Technology Select Sector SPDR



| | | |
|--------------------------|-----------------------------------|-------------|
| ★★★★☆ | Predictive Rating | Attractive |
| Business Strength | | |
| ★★★★☆ | Quality of Earnings | Positive EE |
| ★★★★★ | Return on Invested Capital (ROIC) | 62.84% |
| Valuation | | |
| ★★★☆☆ | Free Cash Flow Yield | 2.99% |
| ★★★★☆ | Price to Economic Book Value | 1.50 |
| ★★★★☆ | Market-Implied Duration of Growth | 8 year(s) |

- We recommend investors buy XLK.
- XLK ranks in the 98th percentile of the 400+ ETFs we cover.
- Positive EE means that economic earnings are positive because the ETF's ROIC is greater than its WACC.
- The Price to Economic Book Value ratio compares market expectations for future cash flows to existing cash flows. When the ratio is greater than one, the market predicts cash flows will increase, and vice versa.
- Market-Implied Duration of Moat measures the number of years of future profit growth implied by the stock price.

ETF Details

| | |
|---------------------------|-------------------------------------|
| Net Asset Value (\$MM) | \$9,844.87 |
| Issuer | State Street Bank and Trust Company |
| Category | Information Technology |
| Index | Technology Select Sector |
| Management Style | Passive |
| Exposure | Long |
| Inception Date | 12/16/98 |
| Number of Holdings | 79 |
| Premium (Discount) | -0.07% |
| Avg. Daily Volume (3 Mo.) | 8,945,052 |
| Geography | U.S. |

Predictive Rating Methodology

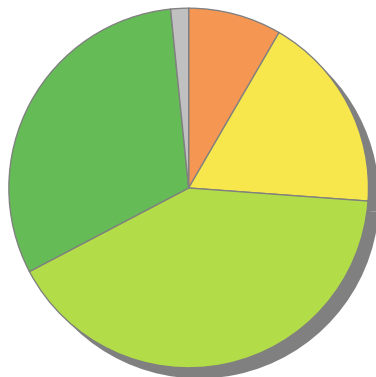
Our rating is based on the aggregation of our financial models for the ETF's holdings, which enables us to assess the profitability and valuation of the ETF just like a stock.

Our predictive ETF rating system is the same as our stock rating system, consistently [top-ranked](#) by Barron's.

Expense Analysis

| | |
|-------------------|----------|
| Expense Ratio | 0.18% |
| Rank (percentile) | 88.92% |
| 10-Year Cost | \$463.11 |

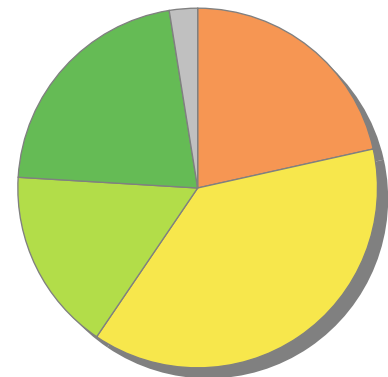
XLK's fees will cost an investor \$463.11 over 10 years assuming a \$10,000 investment and 10% returns.



Allocations

| | | |
|--------|--------------------------|----|
| 0.00% | Very Dangerous ★☆☆☆☆ | 0 |
| 12.16% | Dangerous ★★☆☆☆ | 17 |
| 25.80% | Neutral ★★★☆☆ | 30 |
| 14.60% | Attractive ★★★★☆ | 13 |
| 45.11% | Very Attractive ★★★★★ | 17 |
| 2.33% | Unrated | 2 |

Holdings



Top 5 Holdings

| | |
|--|--------|
| Apple Inc. (AAPL) | 19.23% |
| Microsoft Corporation (MSFT) | 8.02% |
| International Business Machines Corp (IBM) | 8.01% |
| AT&T Inc. (T) | 6.21% |
| Google Inc. (GOOG) | 5.54% |

Capitalization Exposure

| | |
|-----------|--------|
| Large Cap | 92.23% |
| Mid Cap | 7.77% |
| Small Cap | 0.00% |

Our Predictive ETF Rating includes an analysis of the total cost of owning an ETF. Please contact us for more information.

Explanation of Predictive ETF Rating System

Our ETF research aggregates results from our Company Valuation models for each of the companies held by an ETF. Our rating system grades ETFs according to the 5 most important criteria for assessing the risk versus reward of an ETF. Our analysis results in the 5 ratings: Very Attractive corresponds to a "Strong Buy" rating, Attractive to "Buy", Very Dangerous to a "Sell or Short", and everything in-between to a "Hold" rating.

| Predictive Risk/Reward Rating | Business Strength | | Valuation | | |
|-------------------------------|---------------------|----------------------------|-----------|------------------------------|-----------------------------------|
| | Quality of Earnings | Return on Invested Capital | FCF Yield | Price to Economic Book Value | Market-Implied Duration of Growth |
| Very Dangerous ☆☆☆☆ | Misleading Trend | Bottom Quintile | < -5% | > 3.5 or -1 < 0 | > 50 |
| Dangerous ☆☆☆☆ | False Positive | 4th Quintile | -5% < -1% | 2.4 < 3.5 or < -1 | 20 < 50 |
| Neutral ☆☆☆☆ | Neutral EE | 3rd Quintile | -1% < 3% | 1.6 < 2.4 | 10 < 20 |
| Attractive ☆☆☆☆ | Positive EE | 2nd Quintile | 3% < 10% | 1.1 < 1.6 | 3 < 10 |
| Very Attractive ☆☆☆☆ | Rising EE | Top Quintile | > 10% | 0 < 1.1 | 0 < 3 |

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Incorporated in July 2002, [New Constructs](#) is an independent publisher of investment research that provides clients with consulting, advisory and research services. We specialize in quality-of-earnings, forensic accounting and discounted cash flow valuation analyses for all U.S. public companies.

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- Standard for all companies.
- A more accurate representation of the true underlying cash flows of the business.

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