STATE STREET GLOBAL ADVISORS SPDR®

A Guide to the Fixed Income ETF Model Portfolio

Potential Buying Opportunity for Strategic Investors

Working Together to Help You Create More Value for Your Clients

Putting the Income Back into Fixed Income

After many years of low or even negative interest rates, meaningful yield levels have finally returned to bond markets. This has opened up an opportunity for investors who have been sitting on the side-lines or indeed looking to de-risk out of equity, to generate attractive outcomes from bond markets. We believe the State Street Fixed Income ETF Model Portfolio is well positioned to meet the challenges ahead while helping you and your clients gain exposure to a diversified basket of Fixed Income securities and benefiting from transparency, liquidity and cost-efficiency.

Consider the State Street Fixed Income Model Portfolio

Following a strategic model portfolio's buy, hold and rebalance strategy rather than attempting to time the market — either with individual securities or asset classes — may result in better investment outcomes. The State Street Fixed Income ETF Model Portfolio reflects the diversification and discipline central to successful investing. Based on long-term asset class forecasts of risk and return, the portfolio aims to provide:

- Global diversification with a skew towards Euro denominated bonds
- Medium maturity portfolio taking a balanced approach to blending interest rate sensitivity and credit risk
- Allocation via well diversified, cost efficient transparent ETF building blocks

This standardisation increases your efficiency by reducing time spent on investment research, portfolio management, and performance reporting.

Our Investment Strategy

Designing a strategic asset allocation begins with return and risk objectives. The portfolio construction process uses long-term asset class return, risk and correlation forecasts to identify an asset allocation that efficiently balances these objectives. These allocations are then carefully refined and finalised by our experienced portfolio management team.

The State Street Fixed Income ETF Model Portfolio

2,500 +

Issuers diversified across regions and sectors

60%

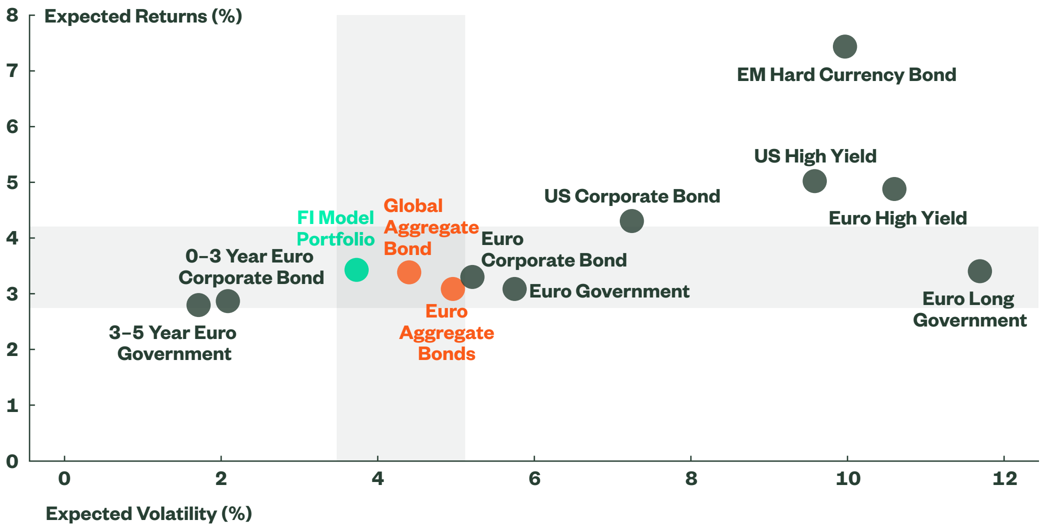
Rated* A and above

Figure 1
Illustrative Asset Allocation[1]

Asset Classes	Tickers	Model Portfolio (%)
3–5 Year Euro Government	SYB4 GY	19.00
Euro Government	GOVA NA	10.00
0–3 Year Euro Corporate Bond	SYBD GY	17.00
Euro Corporate Bond	SYBC GY	13.00
US Corporate Bond ESG EUR Hdg	USCE NA	12.00
Global Aggregate Bond EUR Hdg	SPFF GY	17.50
Euro High Yield	SYBJ GY	4.00
US High Yield ESG EUR Hdg	SPPQ GY	5.00
Emerging Markets Hard Bond EUR Hdg	ZPR6 GY	2.5

Allocation	Minimum (%)	Maximum (%)	Current (%)
Government Bonds	30.00	70.00	40.72
Corporate bonds	30.00	70.00	47.78
Risky Debt	0.00	15.00	11.50

Figure 2
Investment Universe: Return and Risk Distribution Forecast[2]



Past performance is not a reliable indicator of future performance.

Figure 3
Performance Forecasts and Risk Characteristics[3]

	Model Portfolio	Bloomberg Euro Agg (Comparator)
Weighted TER (bps)	17.2	17
Portfolio Expected Return (%)	3.5	3.2
Portfolio Expected Volatility (%)	3.8	5.0
Sharpe Ratio	0.3	0.2
Effective Duration	4.6	6.4
Coupon (%)	2.8	1.9
Yield to Worst (%)	4.1	3.3
Maturity (Years)	6.2	7.7
Long Term Euro Cash Forecast (%)	2.3	—
Long Term Euro Inflation Forecast (%)	2.0	—

Past performance is not a reliable indicator of future performance.

A Win for You And Your Clients

With less time spent on investment research, portfolio management and performance reporting, you have more time to cultivate client relationships and grow your practice. In addition to benefitting from more of your attention, your clients gain:

- Access to institutional-quality investment solutions
- Discipline to curtail potentially harmful emotional reactions to market volatility
- The best of SSGA via indexed-based cost-effective[4] liquid underlying ETFs

State Street Global Advisors AUM & Advisement in ETF Model Portfolios

$4.5B AUA in Q3 2024 **+** **$4.2B** AUM in Q3 2024 **=** **$8.7B** Total in Q3 2024

Source: State Street Global Advisors, as of 30 June 2024. Past performance is not a reliable indicator of future performance.

Why SPDR ETFs? Effective Model Portfolio Building Blocks

The potential benefits of using ETFs in model portfolios include:

Transparency

Easy and straightforward way to build exposure to each market by tracking an index. The result is high level transparency and low expenses and management fees.

Diversification

ETFs hold a diverse group of securities, delivering the potential benefit of broad exposure to a single asset class or category.

UCITS Compliant

All SPDR ETFs proposed in the portfolios are UCITS compliant, and exposure to any single ETF will remain below 20% according to UCITS guidelines.

Precision

ETFs are available in many asset classes, market capitalisations, and investment styles.

Our suite of SPDR ETFs provides you with a wide variety of asset classes to choose from across a range of geographies, sectors and styles, in order to build effective asset allocation solutions. In utilising SPDR ETFs, you can use our core exposures in equities and fixed income for broad market, or 'beta', exposures. Our more focused exposures, such as sector equities, also provide a means for building efficient strategies.

Put Our Expertise to Work for Your Clients

The Potential Benefits of Working With State Street Global Advisors

With a heritage dating back more than two centuries, State Street Global Advisors is entrusted with $4.42 trillion in assets under management (AUM).[5] As the pioneer and one of the leaders of the exchange traded fund (ETF) industry since creating the first US ETF in 1993, State Street Global Advisors has grown to $1.2 trillion in global ETF AUM.[6]

With an established team of over 150 dedicated investment strategists and portfolio managers, the State Street Global Advisors Investment Solutions Group (ISG)[7] designs, develops, and manages portfolios of SPDR ETFs on both a strategic and tactical basis in line with a client's objectives.

Endnotes

1 Source: SSGA. The forecasted returns are based on State Street Global Advisors' Investment Solutions Group forecasted returns and long-term standard deviations as of 30 June 2024. Forecast are based upon estimates and reflect subjective judgments and assumptions. There can be no assurance that developments will transpire as forecasted and that the estimates are accurate.

2 Source: State Street Global Advisors. The forecasted returns are based on SSGA's Investment Solutions Group forecasted returns and long-term standard deviations as of 30 June 2024. Forecast are based upon estimates and reflect subjective judgments and assumptions. There can be no assurance that developments will transpire as forecasted and that the estimates are accurate.

3 Source: State Street Global Advisors. The forecasted returns are based on SSGA's Investment Solutions Group forecasted returns and long-term standard deviations as of 30 June 2024. The forecasted performance data is reported on a gross of fees basis. Additional fees, such as the advisory fee, would reduce the return. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in the local (or regional) currency presented. It does not take into consideration currency effects. The forecasted returns are based upon estimates and reflect subjective judgments and assumptions. The results were achieved by means of a mathematical formula and do not reflect the effect of unforeseen economic and market factors on decision-making. The forecasted performance is not necessarily indicative of future performance, which could differ substantially. Risk characteristics source State Street Global Advisors, Bloomberg Finance L.P. As of 30 June 2024.

4 Frequent trading of ETFs could significantly increase commissions and other costs such that they may offset any savings from low fees or costs.

5 This figure is presented as of 30 June 2024 and includes approximately $69.35 billions of assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated.

6 Source: Bloomberg Finance L.P., State Street Global Advisors, as of period end 31 March 2024 for United States, EMEA, and APAC. This figure is presented as of 31 March 2024 and includes approximately $66.1 billion of assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) actssolely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated.

7 As of 30 June 2024. Total ISG AUM $462Bn. Derivatives based exposure management AUM represents the notional value of exposure managed. Assets Under Advisory/Consulting includes mandates for which the firm provides advisory or consulting services supporting an investment management process that does not include the responsibility to arrange or effect the purchase or sale of securities and/or funds. AUA is based on estimates. In 2015, ISG revised the AUM and AUAC calculation methodology and account categorization process. All figures in USD.

* Ratings based on the average of Moody's, S&P and Fitch.

About State Street Global Advisors

State Street Global Advisors serves governments, institutions, and financial advisors with a rigorous approach, breadth of capabilities, and belief that good stewardship is good investing for the long term. As pioneers in index and ETF investing and the world's fourth-largest asset manager,* we are always inventing new ways to invest.

* Pensions & Investments Research Center, as of December 31, 2023.

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International Government bonds and corporate bonds generally have more moderate short-term price fluctuations than stocks, but provide lower potential long-term returns.
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