

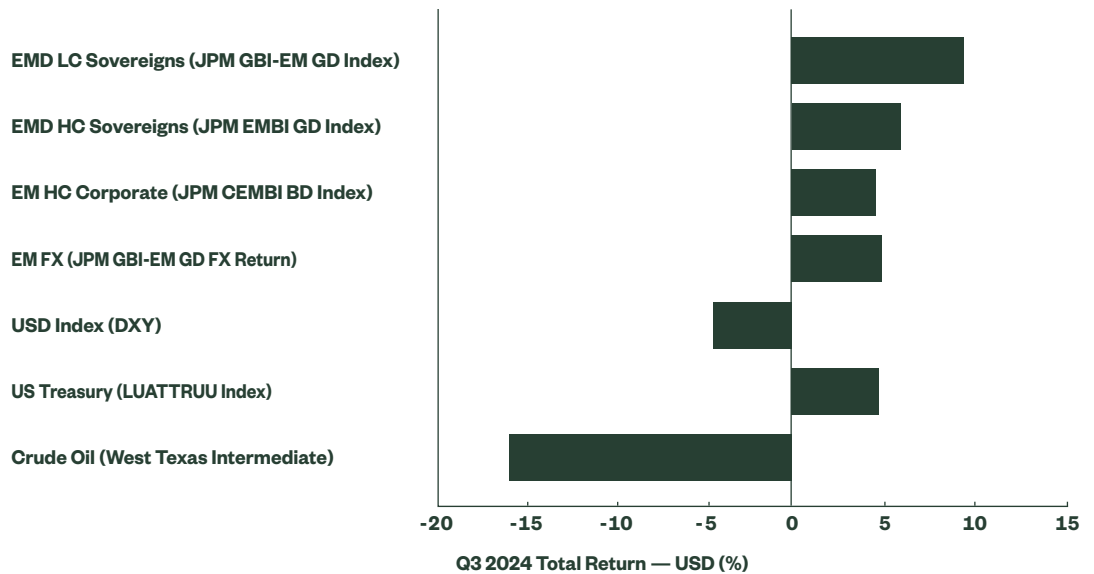
# Emerging Market Debt

## Market Commentary: Q3 2024

### Chart of the Month: Strong Tailwinds in Q3 Underpinned EM Debt Returns

Figure 1  
EM Debt Rallies in Q3 2024

The global macro and risk backdrop was increasingly favorable for emerging market debt as the third quarter progressed. A combination of market expectations and the actual outcome of the US Federal Reserve's September meeting, when it cut interest rates, weighed on the US dollar and US Treasury yields. This provided a strong tailwind for the performance of EM debt in the quarter.



Source: Bloomberg Finance L.P., JP Morgan, as of 30 September 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.

### EMD Commentary: Q3 2024

Emerging market (EM) debt began the quarter in positive fashion, benefiting from a softer US inflation print and market expectations that the US Fed was increasingly likely to start lowering interest rates from September. However, there were bouts of uncertainty early in Q3 around the future trajectory of EM core rates, with markets factoring in US election outcome possibilities and the prevailing geopolitical risks. While markets welcomed the reopening of Israel-Hamas talks in July, the situation remained very fragile and escalated further towards quarter-end. The EM risk backdrop improved as the quarter progressed, with a dovish tone in messaging from Fed Chair Jerome Powell in August and subsequent data releases supported the likelihood of a soft landing in the US. As widely expected, the Fed commenced policy easing in September with the delivery of a 50 basis points (bps) rate cut to take the federal funds target rate range to 4.75%–5.00%. The bigger-than-expected policy rate cut surprised markets and added to improving prospects for EM debt. Total returns were positive in Q3 for both EM local currency and hard currency bonds. The US dollar weakness combined with a drop in EM local yields supported EM local bond performance. EM hard currency debt benefited from a decline in US benchmark Treasury yields and a notable narrowing of spreads.

The broad EM inflation outlook improved in Q3, aided by a decline in commodity prices — crude oil was particularly weak, recording a 16.4% fall in the three months. Some of the major EM central banks continued to lower their policy rates in Q3, although Brazil was a notable exception. The Central Bank of Brazil raised its Selic rate by 25bps to 10.75% in September to address inflation, labour market pressures, and positive output gap. In China, economic data surprises in Q3 were well below their long-term average. Deflationary pressures remained, with producer prices falling at a faster rate while consumer inflation proved weaker than expected. The low interest rate regime persisted, with yields sliding to new lows. The People's Bank of China (PBoC) lowered its key lending rates by 10bps to record lows in July — the one-year loan prime rate and the five-year rate were cut to 3.35% and 3.85%, respectively. In September, the PBoC announced a series of stimulus measures, which include reductions in its key interest rates and banks' reserve requirement ratio (RRR), a CNY 500 billion swap facility that provides funding for non-financial institutions to purchase equities, with another CNY 300 billion made available to commercial banks to make low-cost loans companies.

Net flows in the quarter for hard currency and local currency funds amounted to -\$1.7bn and -\$1.4bn, respectively (source: JP Morgan).

Figure 2  
**Emerging Market Debt Index Returns — As of 30 September, 2024**

	1m (%)	3m (%)	6m (%)	YTD (%)	12m (%)	3yrs (%)	5yrs (%)
<b>In USD</b>							
GBI-EM GD (EM Local Currency)	3.39	8.99	7.21	4.95	13.42	0.60	0.59
EMBI GD (EM Hard Currency)	1.85	6.15	6.48	8.64	18.60	-0.40	0.87
CEMBI BD (EM Corporates)	1.23	4.48	6.04	8.50	14.49	1.06	2.79
<b>In EUR</b>							
GBI-EM GD (EM Local Currency)	2.55	4.67	3.75	3.87	7.60	1.87	0.12
EMBI GD (EM Hard Currency)	1.01	1.94	3.04	7.53	12.51	0.86	0.40
CEMBI BD (EM Corporates)	0.40	0.33	2.62	7.39	8.61	2.34	2.31
<b>In GBP</b>							
GBI-EM GD (EM Local Currency)	1.31	2.72	0.97	-0.26	3.20	0.77	-1.10
EMBI GD (EM Hard Currency)	-0.21	0.04	0.28	3.25	7.92	-0.23	-0.83
CEMBI BD (EM Corporates)	-0.82	-1.54	-0.13	3.12	4.18	1.23	1.06

Sources: State Street Global Advisors, Bloomberg, JP Morgan as of 30 September, 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. Performance returns for periods of less than one year are not annualized.

Figure 3  
**ESG Emerging Market Debt Index Returns — As of 30 September, 2024**

	1m (%)	3m (%)	6m (%)	YTD (%)	12m (%)	3yrs (%)	5yrs (%)
<b>In USD</b>							
JESG GBI-EM (ESG EM Local Currency)	3.35	9.12	7.36	4.98	14.02	0.90	0.85
JESG EMBI (ESG EM Hard Currency)	1.75	6.37	6.73	8.36	18.13	-1.18	0.46

Sources: State Street Global Advisors, Bloomberg, JP Morgan as of 30 September, 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. Performance returns for periods of less than one year are not annualized.

Figure 4  
**Key EM and Macro Levels**  
**As of 30 September 2024**

Item	Δ 1 Month	Δ 3 Months	Δ YTD	Current Level
GBI-EM GD Yield	-15 bps	-49 bps	-8 bps	6.11%
EMBI GD Yield	-40 bps	-92 bps	-36 bps	7.49%
EMBI GD Spread	-27 bps	-30 bps	-23 bps	361 bps
CEMBI BD Yield	-20 bps	-71 bps	-68 bps	6.33%
CEMBI BD Spread	-6 bps	2 bps	-46 bps	303 bps
CDX.EM 5y	1 bps	-12 bps	-3 bps	163 bps
10y UST	-12 bps	-62 bps	-10 bps	3.78%
Dollar Index (DXY)	-0.90%	-4.81%	-0.55%	—
DOW 30	1.85%	8.21%	12.31%	42330
Oil (WTI)	-7.31%	-16.40%	-4.86%	\$ 68.17

Source: JP Morgan, Bloomberg as of 30 September, 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.

## Local Currency Market Highlights

EM local currency debt returned 8.99% (in USD terms) in Q3 2024, as measured by the JP Morgan GBI-EM Global Diversified Index. A major contribution to the total return outcome came from sizeable foreign exchange (FX) returns (+4.87%) — 14 out of the 19 currencies in the index delivered positive FX returns. EM local bonds gained substantially on the back of the aforementioned weakness of the US dollar. Nearly all countries contributed positively to the index, except Mexico, Colombia and Uruguay. The prospect of monetary policy convergence between EM central banks and the US Fed supported bond performance. Total bond return was positive (+4.12%), with the GBI-EM GD Index yield decreasing 49bps in Q3.

Figure 5  
**Key Return Drivers of**  
**EM Local Government**  
**Bond Markets**

GBI-EM GD (EM Local Currency)	Monthly Return (%)	3 Month Return (%)	YTD Return (%)
<b>In USD</b>			
<b>Total Return (in \$)</b>	<b>3.39</b>	<b>8.99</b>	<b>4.95</b>
FX Return (vs \$)	2.03	4.87	-0.77
Price Return (Local Currency)	0.92	2.72	1.56
Interest Return (Local Currency)	0.44	1.40	4.15
<b>In EUR</b>			
<b>Total Return (in €)</b>	<b>2.55</b>	<b>4.67</b>	<b>3.87</b>
FX Return (vs €)	1.19	0.55	-1.84
<b>In GBP</b>			
<b>Total Return (in £)</b>	<b>1.31</b>	<b>2.72</b>	<b>-0.26</b>
FX Return (vs £)	-0.06	-1.40	-5.97

Sources: State Street Global Advisors, Bloomberg, JP Morgan as of 30 September, 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. Performance returns for periods of less than one year are not annualized.

Figure 6  
**Best and Worst Performers  
 Across EM Local  
 Government Bond  
 Markets in USD\***

Q3 24	Country	Total Return USD (%)	Bond Return (%)	FX Return (%)	Index Weight (%)	Index Impact (bps)**
<b>GBI-EM GD</b>		<b>8.99</b>	<b>4.12</b>	<b>4.87</b>		
<b>Top 5 Performers</b>	South Africa	17.2	10.6	6.6	8.6	149
	Thailand	16.3	2.3	14.0	9.6	156
	Malaysia	16.3	1.6	14.6	10.0	163
	Chile	13.4	7.9	5.5	1.8	25
	Indonesia	12.9	4.4	8.5	10.0	129
<b>Bottom 5 Performers</b>	India	3.0	3.6	-0.5	4.0	12
	Turkey	1.3	5.6	-4.3	1.5	2
	Colombia	-0.7	0.0	-0.7	4.1	-3
	Mexico	-1.6	5.5	-7.1	10.0	-16
	Uruguay	-3.4	2.1	-5.5	0.2	-1

Source: State Street Global Advisors, JP Morgan, Bloomberg as of 30 September, 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. \*Country and currency performance of JP Morgan GBI-EM Global Diversified Index. \*\*Index impact is calculated by multiplying the period ending weight by total return.

**South Africa** was the best performer in Q3. The annual inflation rate eased to 4.4% in August, from 5.1% at the end of Q2 — this is just below the central bank’s midpoint level of 4.5%. The South African Reserve Bank lowered its key interest rate by 25bps to 8% in September, following seven consecutive meetings where rates were kept at a 15-year peak of 8.25%. The South African rand appreciated against the US dollar by 5.08% in Q3 and closed at 17.27.

**Thailand** was another good performer in Q3. In August, the Bank of Thailand held its key interest rate unchanged at 2.5% for a fifth consecutive meeting, with the majority of the monetary policy committee agreed that the current interest rate is appropriate for the economy to achieve its potential and safeguard macro-financial stability. The Thai baht appreciated against the US dollar by 12.34% in Q3 and closed at 32.17.

**Malaysia** was another strong performer in the quarter. Recent data on domestic expenditure and export activity pointed towards sustained strength in the country’s economic activity, while headline and core inflation rates remained within the projected ranges. In September, Malaysia’s central bank kept its key interest rate unchanged at 3% for the eighth consecutive meeting. The Malaysian ringgit appreciated against the US dollar by 12.59% in Q3 and closed at 4.12.

**Mexico** was a notable underperformer in Q3. The major drag on performance came from the FX component. The Mexican peso depreciated against the US dollar by 7.50% in Q3 and closed at 19.69. However, bond returns were positive. The country’s annual inflation rate decreased to 4.99% in August from a 14-month high of 5.57% in July. The Bank of Mexico reduced its benchmark interest rate by 50bps to 10.50% in Q3.

**Colombia** was another underperformer in the quarter. Risk premiums in Colombia increased due to falling oil prices and challenging fiscal conditions. Colombia’s annual inflation rate slowed to 6.12% in August, the lowest reading since December 2021. The Central Bank of Colombia cut its benchmark interest rate by 100bps to 10.25% in Q3. The Colombian peso fell against the US dollar by 1.30% in Q3 and closed at 4,206.90.

**Uruguay** was another underperformer in the quarter, driven largely by negative FX returns. The Uruguayan peso depreciated against the US dollar by 4.63% in Q3 and closed at 41.80. Bond returns were however positive. In September, Uruguay’s annual inflation dropped to 5.32%, in line with expectations and the sixteenth consecutive month when it has been within the central bank’s target range.

**Performance Comparison of JPM Local Currency Benchmark vs ESG Local Currency Benchmark**

The JP Morgan ESG GBI-EM Index returned 9.12% (in USD terms) in Q3 2024, thereby outperforming the standard benchmark JP Morgan GBI-EM Global Diversified Index, which returned 8.99%. This outperformance was driven by relative index overweights, especially in Poland (+2.3%), Czech Republic (+1.7%), and Romania (+1.7%), which contributed a total of +0.40% to excess returns. This contribution was partially offset by relative underweights in China (-3.4%), India (-1.4%) and Turkey (-0.5%), which detracted a total of -0.21% from excess returns, as the Chinese, Turkish and Indian local bonds delivered positive returns during the quarter. Marginal underweights (-0.1% each) in South Africa, Thailand, and Malaysia detracted a total of -0.06% from excess returns.

Figure 7  
**Key Return Drivers of ESG EM Local Government Bond Markets**

JESG GBI-EM (ESG EM Local Currency)	Monthly Return (%)	3 Month Return (%)	YTD Return (%)
<b>In USD</b>			
<b>Total Return (in \$)</b>	<b>3.35</b>	<b>9.12</b>	<b>4.98</b>
FX Return (vs \$)	1.97	4.94	-0.65
Price Return (Local Currency)	0.95	2.82	1.55
Interest Return (Local Currency)	0.43	1.37	4.08

Sources: State Street Global Advisors, Bloomberg, JP Morgan as of 30 September, 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. Performance returns for periods of less than one year are not annualized.

Figure 8  
**Relative Over/Underweights (JESG GBI-EM vs GBI-EM GD)**

September 2024	Country	JESG GBI-EM (%)	GBI-EM GD (%)	Relative Weight (%)
<b>Top 5 Overweights</b>	Poland	9.7	7.4	2.3
	Czech Republic	7.1	5.4	1.7
	Romania	5.0	3.8	1.2
	Hungary	3.7	2.8	0.9
	Uruguay	0.2	0.2	0.1
<b>Top 5 Underweights</b>	Malaysia	9.9	10.0	-0.1
	Mexico	9.9	10.0	-0.1
	Turkey	1.0	1.5	-0.5
	India	2.6	4.0	-1.4
	China	6.6	10.0	-3.4

Source: State Street Global Advisors, Bloomberg, JP Morgan as of 30 September, 2024. Past performance is not a reliable indicator of future performance. Country exposures are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

## Hard Currency Market Highlights

EM hard currency sovereign debt returned +6.15% (in USD terms) in Q3 2024, as measured by the JP Morgan EMBI Global Diversified Index. The treasury component return (+5.20%) was the major contributor to performance. Hard currency assets were supported by the US soft landing narrative and the September rate cut by the Fed, in addition to country-specific factors. The contribution from the spread component was also positive (+0.90%), with the JPM EMBI GD spread narrowing by 30bps in Q3. While all sectors benefited from the continued rally in US Treasuries, spread returns were mostly among the higher yielding securities. The JPM EMBI GD yield fell by 92bps in Q3 and the high yield (HY) sub-index outperformed its investment grade (IG) counterpart.

Figure 9

### Key Return Drivers of EM Hard Currency Government Bond Markets in USD

EMBI GD (EM Hard Currency)	Monthly Return (%)	3 Month Return (%)	YTD Return (%)
<b>Total Return (in \$)</b>	<b>1.85</b>	<b>6.15</b>	<b>8.64</b>
Spread Return	0.67	0.90	4.60
Treasury Return	1.17	5.20	3.86
IG Sub-Index	1.26	5.62	5.14
HY Sub-Index	2.43	6.68	12.25

Sources: State Street Global Advisors, Bloomberg, JP Morgan as of 30 September, 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. Performance returns for periods of less than one year are not annualized.

Figure 10

### Best and Worst Performers Across EM Hard Currency Government Bond Markets\*

Q3 2024	Country	Total Return (%)	Spread Return (%)	Treasury Return (%)	Average Index Weight (%)	Index Impact (bps)**
<b>EMBI Global Diversified</b>		<b>6.15</b>	<b>0.90</b>	<b>5.20</b>		
<b>Top 5 Performers</b>	El Salvador	18.9	13.7	4.6	0.8	15
	Ecuador	16.7	11.7	4.5	1.2	20
	Argentina	16.1	11.4	4.2	2.0	32
	Lebanon	14.8	12.6	1.9	0.2	2
	Ukraine	10.2	7.0	3.0	1.1	11
<b>Bottom 5 Performers</b>	Namibia	2.1	-0.2	2.3	0.1	0
	Zambia	1.3	-5.1	6.7	0.3	0
	Sri Lanka	-3.8	-6.5	2.9	0.9	-3
	Venezuela	-9.6	-11.5	2.1	0.5	-5
	Maldives	-12.5	-14.6	2.5	0.1	-1

Source: State Street Global Advisors, JP Morgan, Bloomberg as of 30 September, 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. \*Country and currency performance of JPM EMBI Global Diversified Index. \*\*Index impact is calculated by multiplying the period ending weight by total return.

**Argentina** outperformed in Q3, contributing 32bps to index returns. Senators in Argentina approved a bill that defies President Javier Milei's bid to balance the government's books by reworking the calculation methodology for pension payments. While President Milei defeated an attempt by opposition parties to raise expenditure on pension payments, he saw a subsequent decline in his approval ratings. Argentina's foreign currency deposits have increased by around \$8 billion since Javier Milei took office in December, driven by a series of pro-market measures and incentives to bring dollars back into the financial system.

**El Salvador** was another good performer in Q3, contributing 15bps to index returns. In August, the International Monetary Fund (IMF) acknowledged the progress made in negotiations on a support program that focused on policies to strengthen public finances, boost bank reserve buffers, improve governance and transparency, and mitigate the risks from Bitcoin. In September, President Nayib Bukele stated that the 2025 budget would not involve issuing new debt, implying plans for fiscal austerity that is a key step in procuring an IMF program.

**Ecuador** was another good performer in Q3, contributing 20bps to index returns, as the country's hard currency debt benefited from spread compression in the quarter. Ecuador benefited from a seven-year US\$500 million loan, approved by the board of directors of the Inter-American Development Bank. The loan is intended to cover short-term lending needs and to stabilize the economy. Ecuador's international reserves increased to US\$8,410 million in August from US\$7,223 million in July.

**Venezuela** was among the underperformers in the quarter, detracting 5bps from index returns. The spread component largely accounted for the poor performance amid persisting political turmoil and economic isolation. Venezuela held its presidential elections in July and investor sentiment was hit by claims of flawed vote processing and the controversial declaration of Nicolás Maduro as the winner without the requisite supporting evidence.

**Sri Lanka** also underperformed in Q3, detracting 3bps from index returns. Sri Lanka reached a draft deal with creditors to restructure \$12.5 billion of defaulted international bonds in an effort to recover from its worst ever financial crisis. However, investor sentiment was dampened by left-leaning politician Anura Kumara Disسانayake winning the country's presidential election after a historic second round of counting.

**Maldives** also underperformed in Q3, detracting 1bp from index returns. Fitch Ratings downgraded Maldives' long-term foreign currency issuer default rating in August to CC, from an earlier rating of CCC+, citing the country's falling reserves. The other key drivers for the downgrade included the country's deteriorating external financing and liquidity metrics that have made a default event more likely within the rating horizon.

## Performance Comparison of JPM Hard Currency Benchmark vs ESG Hard Currency Benchmark

The JP Morgan ESG EMBI hard currency index returned +6.37% (in USD terms) for Q3 2024, outperforming the standard benchmark JP Morgan EMBI Global Diversified Index by +0.22%. A major contribution to outperformance came from the treasury component (+5.29%). The macro backdrop that prevailed in Q3 in the form of reduced benchmark US Treasury yields, market expectations on Fed's policy path and the Fed's 50bps rate cut in September was more beneficial to the ESG benchmark compared to the standard benchmark. The ESG benchmark benefited to a greater extent from the narrowing of sovereign spreads compared to the standard benchmark. The HY sub-index of the ESG benchmark outperformed the HY sub-index of the standard benchmark by around 0.49%.

Figure 11  
Key Return Drivers of ESG EM Hard Currency Government Bond Markets in USD

JESG EMBI (ESG EM Hard Currency)	Monthly Return (%)	3 Month Return (%)	YTD Return (%)
<b>Total Return</b>	<b>1.75</b>	<b>6.37</b>	<b>8.36</b>
Spread Return	0.57	1.03	4.45
Treasury Return	1.17	5.29	3.75
IG Sub-Index	1.23	5.69	5.05
HY Sub-Index	2.38	7.17	12.33

Sources: State Street Global Advisors, Bloomberg, JP Morgan as of 30 September, 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. Performance returns for periods of less than one year are not annualized.

Figure 12  
**Relative Over/  
 Underweights  
 (JESG EMBIG vs  
 EMBI GD)**

<b>September 2024</b>	<b>Country</b>	<b>JESG EMBI (%)</b>	<b>EMBI GD (%)</b>	<b>Relative Weight (%)</b>
<b>Top 5 Overweights</b>	Romania	4.2	2.7	1.5
	Poland	4.3	3.0	1.4
	Hungary	4.0	2.8	1.3
	Uruguay	3.5	2.3	1.3
	Saudi Arabia	5.6	4.9	0.7
<b>Top 5 Underweights</b>	Pakistan	0.1	0.9	-0.8
	Turkey	3.3	4.3	-0.9
	Malaysia	0.7	2.0	-1.3
	Mexico	3.2	4.9	-1.7
	China	0.7	3.7	-3.1

Source: State Street Global Advisors, Bloomberg, JP Morgan as of 30 September, 2024. Past performance is not a reliable indicator of future performance. Country exposures are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.



## About State Street Global Advisors

For four decades, State Street Global Advisors has served the world's governments, institutions, and financial advisors. With a rigorous, risk-aware approach built on research, analysis, and market-tested experience, we build from a breadth of index and active strategies to create cost-effective solutions. As pioneers in index and ETF investing, we are always inventing new ways to invest. As a result, we have become the world's fourth-largest asset manager\* with US \$4.37 trillion<sup>†</sup> under our care.

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

<sup>†</sup> This figure is presented as of June 30, 2024 and includes ETF AUM of \$1,393.92 billion USD of which approximately \$69.35 billion USD is in gold 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. Please note all AUM is unaudited.

### ssga.com

#### Marketing Communication.

#### State Street Global Advisors Worldwide Entities

#### Important Risk Information

The information provided does not constitute investment advice as such term is defined under the Markets in Financial Instruments Directive (2014/65/EU) and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell any investment. It does not take into account any investor's or potential investor's particular investment objectives, strategies, tax status, risk appetite or investment horizon. If you require investment advice you should consult your tax and financial or other professional advisor.

**The information contained in this communication is not a research recommendation or 'investment research' and is classified as a 'Marketing Communication' in accordance with the applicable regional regulation. This means that this marketing communication (a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research (b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.**

Past performance is not a reliable indicator of future performance. Investing involves risk including the risk of loss of principal.

Investing involves risk including the risk of loss of principal.

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.

Diversification does not ensure a profit or guarantee against loss. It is not possible to invest directly in an index. Index performance does not reflect charges and expenses associated with the fund or brokerage commissions associated with buying and selling a fund. Index performance is not meant to represent that of any particular fund.

Bonds generally present less short-term risk and volatility than stocks, but contain interest rate risk (as interest rates rise bond values and yields 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. International Government bonds and corporate bonds generally have more moderate short-term price fluctuations than stocks, but provide lower potential long-term returns. Investing in high yield fixed income securities, otherwise known as junk bonds, is considered speculative and involves greater risk of loss of principal and interest than investing in investment grade fixed income securities. These Lower-quality debt securities involve greater risk of default or price changes due to potential changes in the credit quality of the issuer. Increase in real interest rates can cause the price of inflation-protected debt securities to decrease. Interest payments on inflation-protected debt securities can be unpredictable.

Investing in foreign domiciled securities may involve risk of capital loss from unfavorable fluctuation in currency values, withholding taxes, from differences in generally accepted

accounting principles or from economic or political instability in other nations.

Investments in emerging or developing markets may be more volatile and less liquid than investing in developed markets and may involve exposure to economic structures that are generally less diverse and mature and to political systems which have less stability than those of more developed countries.

Currency Risk is a form of risk that arises from the change in price of one currency against another. Whenever investors or companies have assets or business operations across national borders, they face currency risk if their positions are not hedged.

The returns on a portfolio of securities which exclude companies that do not meet the portfolio's specified Sustainable Investment criteria may trail the returns on a portfolio of securities which include such companies. A portfolio's Sustainable Investment criteria may result in the portfolio investing in industry sectors or securities which underperform the market as a whole.

This document may contain certain statements deemed to be forward-looking statements. All statements, other than historical facts, contained within this document that address activities, events or developments that SSGA expects, believes or anticipates will or may occur in the future are forward-looking statements. These statements are based on certain assumptions and analyses made by SSGA in light of its experience and perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances, many of which are detailed herein. Such statements are subject to a number of assumptions, risks, uncertainties, many of which are beyond SSGA's control.

Please note that any such statements are not guarantees of any future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

All the index performance results referred to are provided exclusively for comparison purposes only. It should not be assumed that they represent the performance of any particular investment.

The trademarks and service marks referenced herein are the property of their respective owners. Third party data providers make no warranties or representations of any kind relating to the accuracy, completeness or timeliness of the data and have no liability for damages of any kind relating to the use of such data.

The whole or any part of this work may not be reproduced, copied or transmitted or any of its contents disclosed to third parties without SSGA's express written consent.

All information is from SSGA unless otherwise noted and has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is no representation or warranty as to the current accuracy, reliability or completeness of, nor liability for, decisions based on such information and it should not be relied on as such.

The views expressed in this material are the views of the EMEA Fixed Income Specialists of SSGA's Global Fixed Income Group through the period ended 30 September, 2024 and are subject to change based on market and other conditions.

© 2024 State Street Corporation.  
All Rights Reserved.  
ID2399608-3437638.531.GBL.RTL 1024  
Exp. Date: 31/10/2025