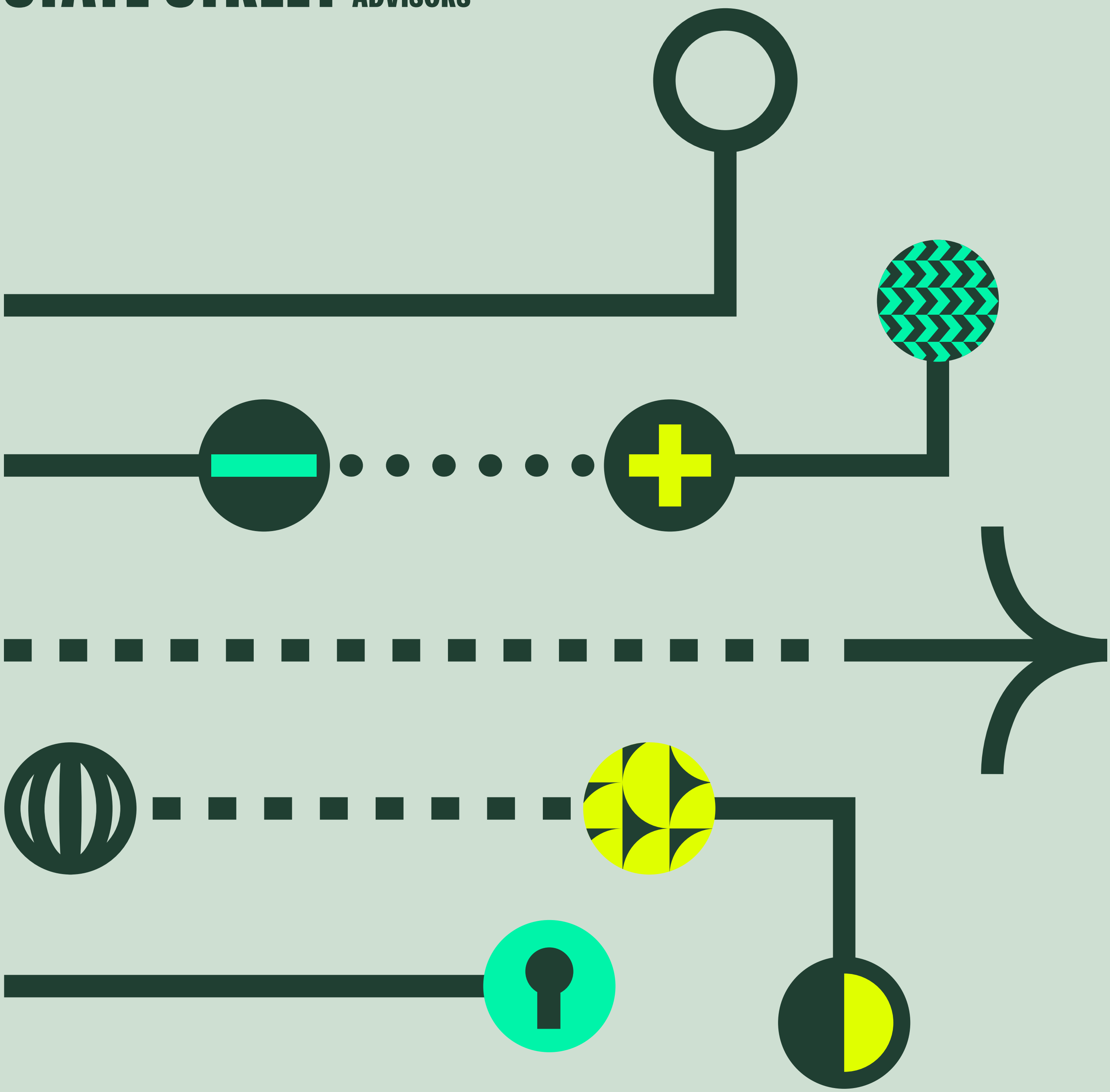
STATE STREET GLOBAL ADVISORS



Finding the Right Path

Global Market Outlook

2025 Implementation Guide

Introduction

We expect the narrative of rate cuts and resilience to hold in 2025, and for our projected soft landing to materialize.

This landscape extends our favorable outlook for equity markets, and we expect government bonds across most advanced economies to provide attractive returns.

However, uncertainty and the potential for higher volatility amid ongoing conflicts and political change means investors should be thoughtful about portfolio construction; incorporating alternative approaches aimed at improving diversification may help portfolio balance and mitigate risks.

In this Implementation Guide, we look at how investors can consider gaining exposure to the key themes unfolding over the coming year and beyond.

Soft Landings and Slow-Moving Fragmentation.

Macroeconomic Outlook

We believe the US economy's prospects for a soft landing have improved due to three key developments: the Federal Reserve beginning an easing cycle, an upward revision in the US savings rate, and China introducing monetary stimulus, which collectively reduce near-term risks. While the US election outcome could further **boost 2025 growth** through lighter regulation, **potential volatility** looms from issues like tariffs, immigration policies, and expiring tax cuts.

The **US** is likely to continue outperforming developed market peers, with the **eurozone** hindered by economic challenges stemming from the aftermath of Russia's invasion of Ukraine and cautious consumer spending. Japan's growth outlook remains uncertain due to demographic headwinds and political uncertainty, but investor confidence has risen, buoyed by corporate reform efforts.

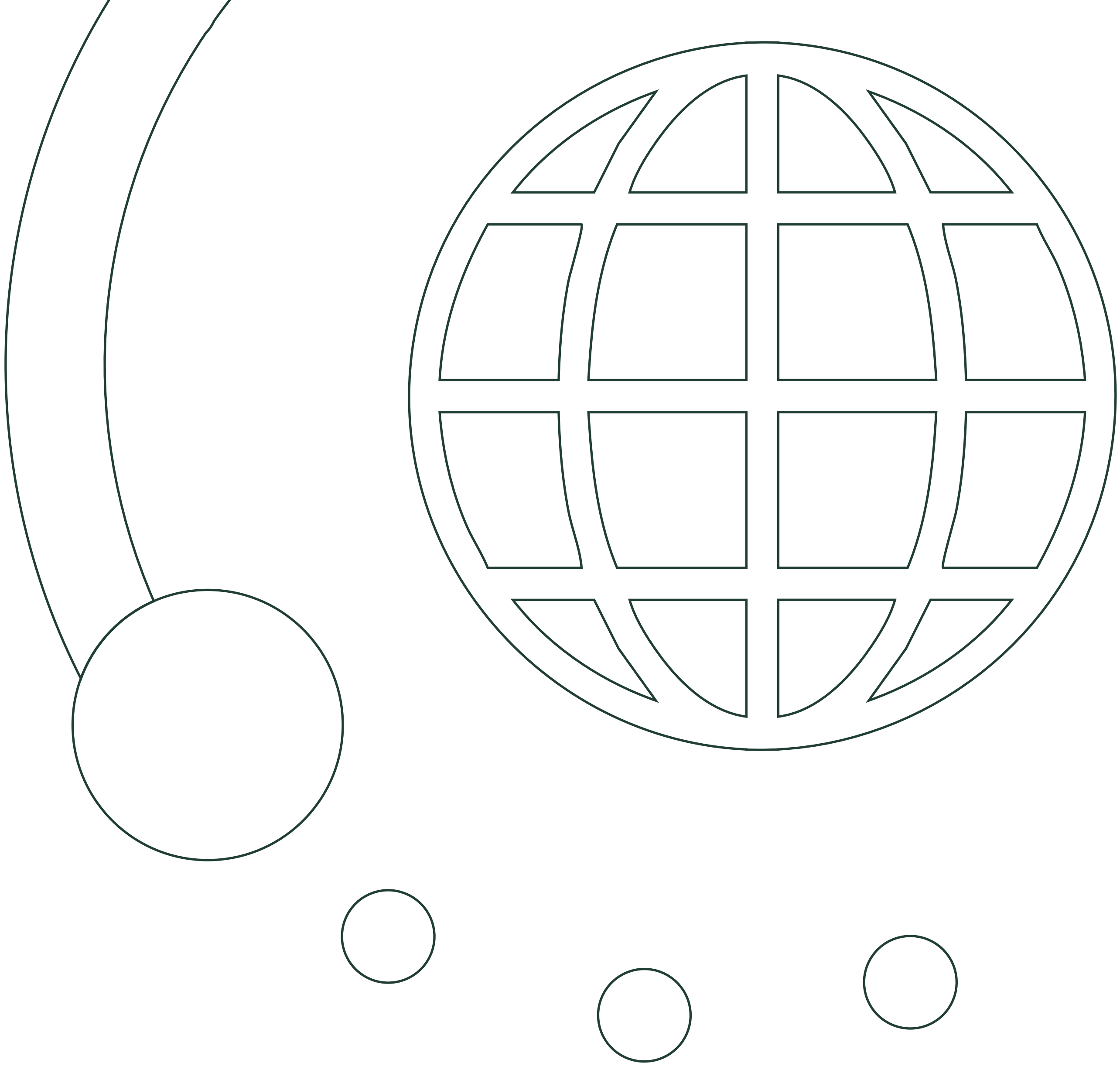
The Drag From Debt

The increase in global debt and associated servicing costs is increasingly a concern. The Covid pandemic triggered a wave of global fiscal expansion that mitigated the recession's impact but cannot be sustained. **Fiscal sustainability** has taken center stage in global elections and market assessments, with implications for exchange rates and term premia, particularly in the US, where future fiscal policies could significantly influence investor outcomes.

Geopolitical Outlook

Global geopolitics is increasingly shaped by **geoeconomic fragmentation**, with power dominance centered on technological superiority rather than traditional resource, territorial, or ideological competition. Modern technologies, characterized by significant leaps and limited diffusion, are fueling a competition between the US and China. Rivalries will also continue to play out in military, trade, and fiscal arenas, driving persistent global friction with significant implications for financial markets that are unlikely to ease in the near future.

Investment Theme	Investment Style	State Street Global Advisors Solution
Dynamic Asset Allocation	**Active**	Flexible Asset Allocation Strategy
Geopolitical Hedges	**Index**	Gold Strategy
Government Spending	**Index**	S&P Global Infrastructure Index Strategy Morningstar Multi-Asset Global Infrastructure Strategy



“The global economy looks set to deliver the soft landing we projected, although rate cuts in the United States may prove to be fewer than initially anticipated.”

Simona Mocuta, Chief Economist

Searching for Pockets of Opportunity.

US equities retain favored status heading into 2025, although there is potential for performance to broaden into small caps and emerging markets.

Equity Outlook

Global equity markets continue to be challenged by **short-term uncertainties** such as policy rate trajectories and election outcomes, as well as needing to navigate deeper structural shifts like demographics, geoeconomic fragmentation, and the rise of transformative technologies.

US Equities: Momentum Maintained

We anticipate that **US Large Cap equity** can maintain its structural advantage over developed markets. US companies, driven by technology stocks in particular, can continue to deliver on what the market values most — profitability and earnings growth. These earnings appear resilient to monetary policy moves, and could further benefit from political tailwinds.

This would support large caps but could also help broaden performance into **more cyclical sectors**, and help **small caps** given relatively attractive valuations and the potential for higher earnings growth.

Europe and China: A Mixed Picture

Europe's economy is still **lagging** due to a combination of weak consumption, poor domestic demand, and low fixed investment driven by a dearth of confidence in the region's growth prospects. Earnings guidance has been revised lower, but valuations are relatively attractive. For the eurozone, opportunities may be found in **global sectors** such as Energy, Health Care, and Industrials.

While providing a boost for the country's stock market, **China's** recently announced stimulus provides only a short-term fix. Until key issues are addressed — such as **high debt levels** and **weak domestic consumption** — China may struggle to sustain higher growth and strong equity market performance.

Emerging Market Equities

Emerging markets look promising given economic growth potential, strong earnings growth estimates, and easing inflationary pressures.

However, not all EM countries present the same potential and the fate of the US dollar could be a key factor in 2025. We believe there are **opportunities for selective investors** in broader emerging markets, which includes profitable stocks with higher growth potential, particularly in **smaller names.**

Investment Theme	Investment Style	State Street Global Advisors Solution
US Large Cap Resilience	**Active**	US Equity Select Strategy US Premier Growth Equity Strategy US Enhanced Strategy
	Index	S&P 500 Index Strategy S&P US Quality FCF Aristocrats Index Strategy
Broadening Into Small Cap and Cyclicals	**Index**	Russell 2000 Index Strategy MSCI World Small Cap Index Strategy US Value Spotlight Strategy
Selective in Europe Sectors	**Index**	MSCI Europe Energy Capped 35/20 Index Strategy MSCI Europe Health Care Capped 35/20 Index Strategy MSCI Europe Industrials Capped 35/20 Index Strategy
Opportunities in Emerging Markets	**Active**	Emerging Markets Equity Select Strategy Emerging Markets Equity Enhanced Strategy Emerging Markets Small Cap Active Equity Strategy
	Index	MSCI EM ex-China Index Strategy MSCI Emerging Markets Small Cap Index Strategy

“We maintain a positive view on equities in 2025. While US stocks offer relatively more potential there are opportunities across markets and sectors.”

Dane Smith,
Head of Investment Strategy and Research

Favorable Environment for Sovereigns.

Amid central bank rate cuts and easing inflation, the relatively generous government bond yields on offer provide support for fixed income investors.

Fixed Income Outlook

We retain our favorable outlook for fixed income assets. Slowing economic output and tame inflation will allow central banks to cut policy rates further, and while the pace and scale may be even more uncertain under a Trump administration, the direction appears clear. That uncertainty may offer investors **tactical opportunities** to build or expand their duration positioning through the easing cycle.

Sovereign Bonds

Government bonds in most advanced economies are expected to offer **attractive returns** as central banks shift focus from inflation to addressing weakening domestic and international demand. US policy rates are projected to fall toward 3.75% and below 2.0% in the euro area.*

As rate cuts occur, yield curves are likely to bull steepen, with short-term rates declining more rapidly than long-term rates. Historical trends indicate that **longer-duration bonds** tend to yield higher returns during such easing cycles. **Japan** remains an exception, particularly concerning short-dated government debt, due to differing policy objectives.

Demographic factors, such as muted labor force and productivity growth, are expected to cap trend growth in advanced economies, **anchoring sovereign yields** in the medium to long term.

A soft landing scenario could result in mid-single-digit returns for government bonds, varying by country based on current yield levels; **US Treasuries** appear more attractive compared to core eurozone bonds.

In the event of a harder landing, returns could potentially reach double digits. Nonetheless, substantial **fiscal deficits** and **rising debt levels** pose significant risks, particularly in the US, Europe, and Asia, due to aging populations and unaddressed fiscal challenges.

* Source: Bloomberg, 31 October 2024

Investment-Grade Credit

Credit investors faced with limited scope for further spread compression and a maturing credit cycle can also expect dispersion and volatility — a fruitful regime for an **active approach to credit.**

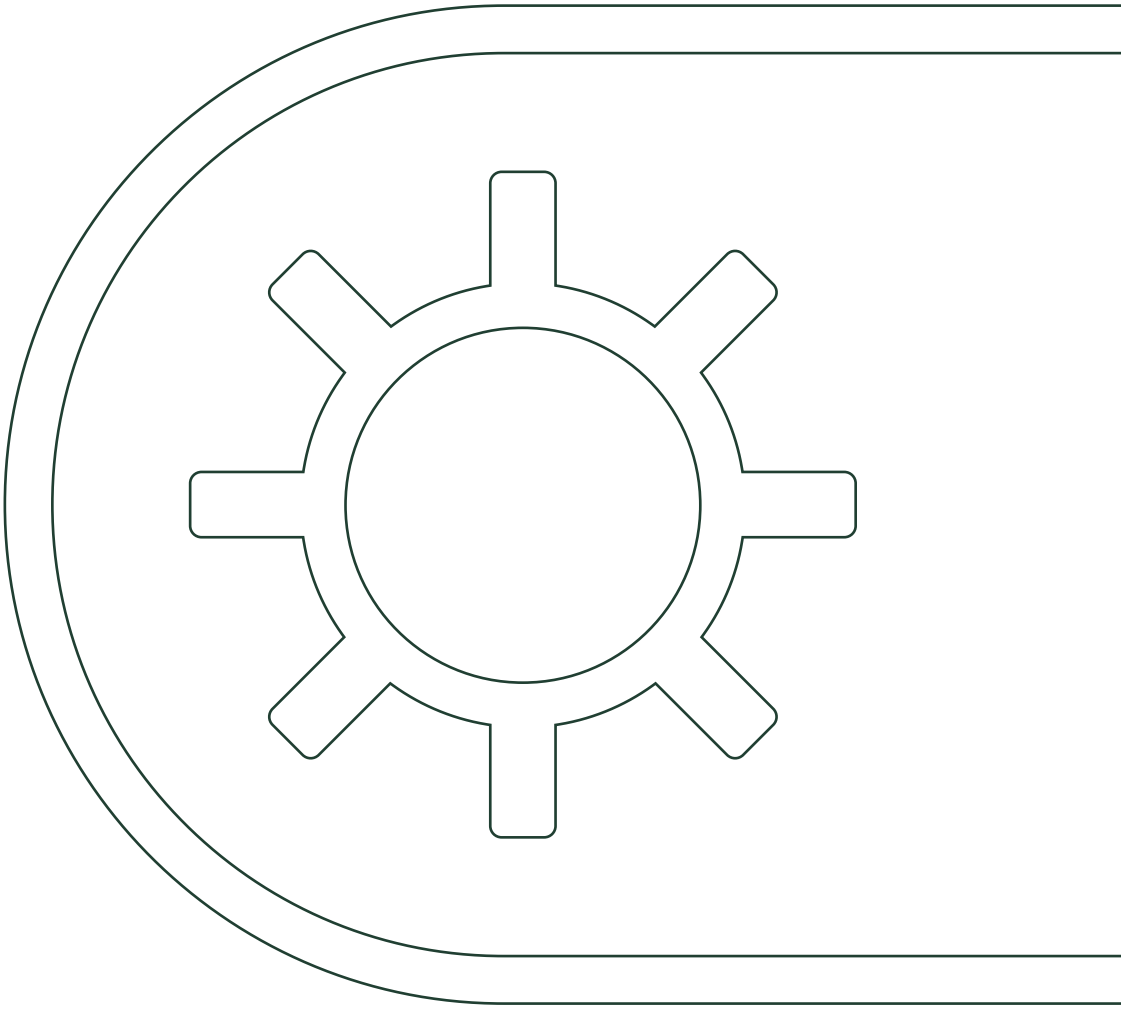
High-Yield Debt

We see high yield debt in a broadly similar position to its IG counterpart. With spreads at their tightest levels since 2007, **returns will be driven more by declining underlying yields** rather than further significant spread compression.

Emerging Market Debt

Hard currency emerging market (EM) debt offers **potential value** for investors, as narrowing spreads and a positive outlook for US Treasuries improve its appeal. A weaker US dollar, driven by the turn in the US rate cycle, could further **enhance sentiment** toward EM assets. However, varying inflation pressures and domestic conditions across individual local currency issuers mean policy responses will differ by region, warranting **selective engagement**.

Investment Theme	Investment Style	State Street Global Advisors Solution
Value in Government Bonds	Index	US Treasury Index Strategy Global Treasury Bond Index Strategy Bloomberg International Treasury Bond Strategy
Go Active in Investment Grade	Active	US Systematic Active Fixed Income Strategy
Income Across Cycles	Index	US Index Loans Strategy
	Active	SSGA Blackstone Senior Loan Strategy
Improved Prospects for High Yield	Index	Enhanced High Yield Bond Strategy Euro High Yield Bond Index Strategy US High Yield Very Liquid Bond Index Strategy Bloomberg Short Term High Yield Bond
	Active	SSGA Blackstone High Income Strategy
EMD Hard Currrency	Index	Emerging Markets Hard Currency Government Bond Index Strategy Emerging Markets ESG Hard Currency Government Bond Index Strategy Bloomberg Emerging Market USD Sovereign & Sovereign-Owned Index Strategy



"Duration exposure is important for fixed income investors as longer-dated bonds historically deliver greater returns as rate-cutting cycles progress."

Des Lawrence, Senior Investment Strategist, Fixed Income

Beyond 60/40

Traditional balanced portfolios could be strengthened by improving durability and diversification.

Use modifiers (such as derivative-based strategies, private credit, or infrastructure) for income.

Seek tactical or opportunistic unconstrained strategies that can adapt rapidly to market conditions.

Diversify via strategies with lesser correlations to traditional markets.

Improving Durability and Diversification in Portfolios

High levels of co-movement between stocks and bonds, and equity concentration risks, are two factors limiting the 60/40 portfolio's durability in a time of idiosyncratic and asymmetric macro trends. Balancing beta risks should be the first step, adding other strategies for strength.

Real assets such as **gold, Treasury Inflation-Protected Securities (TIPS), commodities, infrastructure, natural resources, real estate,** and **digital assets** can help provide a potential inflation volatility hedge, generate additional yield, or act as a diversifier.

On the opportunistic front, a **tactical asset allocation** (TAA) strategy that tilts toward favored asset classes to generate risk-managed benchmark-beating returns can diversify existing betas in a portfolio. In addition, **hedge fund replication** and **derivative income** strategies attempt to engineer asymmetric payoff structures that differ from traditional risk assets. Amid declining bond yields, derivative income has an added income overlay benefit.

Allocations to **private assets** also warrant consideration. **Private equity, private credit, real estate,** and **infrastructure** infuse non-traditional elements to the traditional mix of assets. These asset classes may offer higher returns, lower volatility, and enhanced portfolio diversification potential. The investment opportunities in private markets are vast, interesting, and growing.

Investment Solution	Investment Style	State Street Global Advisors Solution
Opportunistic	**Active**	Tactical Asset Allocation Strategy Flexible Asset Allocation Strategy
Modifying Risk Premia	**Active**	US Equity Premium Income Strategy
Diversifiers	**Index**	Gold Strategy US Treasury Inflation Protected Securities (TIPS) Index Strategy Euro Inflation-Linked Bond Index Strategy Bloomberg Enhanced Roll Yield Total Return Index Strategy State Street Global Alternative Beta Strategy

GCC in Bloom

Amid rapid economic expansion, the attraction of the Gulf region for investors is increasingly less about oil and gas and more about future growth.

Compelling Addition

The Gulf Cooperation Council (GCC) countries are actively diversifying their economies beyond oil dependency, enhancing their appeal to investors.

Projections indicate a **4% annual GDP growth*** over the next five years, surpassing that of advanced economies. This expansion is driven by dominance in global energy markets and government-led initiatives aimed at sustainable economic development. The inclusion of GCC nations in indices like the MSCI Emerging Markets Index reflects their increased global integration.

GCC equities have outperformed broader emerging markets over the past decade due to **economic diversification** and **lower-than-expected correlation with oil prices**. Their low correlation with developed and emerging markets, along with dollar-pegged currency stability, makes them attractive to global investors seeking diversification. Economic reforms have spurred substantial fixed income issuance, with GCC bonds totaling $1.35 trillion by September 2024. GCC bonds outperformed the JP Morgan EMBI Global Diversified Index over the long term with lower volatility.

Despite challenges like liquidity constraints and geopolitical risks, the GCC's integration into global finance and ongoing reforms make it a compelling addition to diversified investment portfolios.

* Source: Bloomberg, 10 December 2024

Investment Solution	Investment Style	State Street Global Advisors Solution
Equities	**Index**	MSCI GCC Countries Index Strategy
Bonds	**Index**	JP Morgan Saudi Arabia Aggregate Index Strategy

Transformative Technologies

Confidence is growing that AI and Blockchain-related innovations are nearing a breakthrough to the mainstream.

En Route to Peak Altitude

Investors are increasingly focusing on transformative technologies such as Artificial Intelligence (AI) and blockchain. Widespread adoption is evident with nearly half of S&P 500 companies referencing AI in recent earnings reports. Investors are now looking beyond major tech firms and hardware manufacturers, exploring opportunities in AI infrastructure and industry-specific applications. Additionally, investment professionals are integrating AI to identify alpha signals and assess risk.

Similarly, blockchain technology has evolved past cryptocurrencies, enabling asset tokenization, which lowers barriers to accessing various assets, including bonds and commodities, through fractional ownership. While the **digitization of traditional asset classes** appears promising, fully digital assets like cryptocurrencies and non-fungible tokens (NFTs) remain speculative. Their potential to function as stores of value depends on widespread investor acceptance, akin to gold's role in portfolios today.

For investors, it's crucial to consider the macroeconomic effects of AI and blockchain. These technologies also impact capital allocation strategies and the broader financial services industry. A significant uncertainty is the regulatory environment which will play a pivotal role in determining the adoption rates and the extent of benefits these technologies can deliver.

Investment Solution	Investment Style	State Street Global Advisors Solution
Equities	**Active**	SSGA Galaxy Transformative Tech Accelerators Strategy SSGA Global Innovation Equity Strategy

About State Street Global Advisors

For over 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, and 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 $4.73 trillion† under our care.

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

† This figure is presented as of September 30, 2024 and includes ETF AUM of $1,515.67 billion USD of which approximately $82.59 billion USD 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

Important Risk Information

For a complete list of State Street Global Advisors Global Entities please visit: https://www.ssga.com/us/en/footer/state-street-global-advisors-worldwide-entities

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 information provided does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. You should consult your tax and financial advisor.

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 State Street Global Advisors through the period ended January 15, 2025 and are subject to change based on market and other conditions. This document contains certain statements that may be deemed to be forward-looking statements. All statements, other than historical facts, contained within this article 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.

Readers are cautioned 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.

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.

This communication is directed at professional dients (this includes eligible counterparties as defined by the appropriate EU regulator) who are deemed both knowledgeable and experienced in matters relating to investments. The products and services to which this communication relates are only available to such persons and persons of any other description (including retail clients) should not rely on this communication.

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

This document provides summary information regarding the Strategy. This document should be read in conjunction with the Strategy's Disclosure Document, which is available from SSGA. The Strategy Disclosure Document contains important information about the Strategy, including a description of a number of risks.

Investing involves risk including the risk of loss of principal.

Equity securities may fluctuate in value in response to the activities of individual companies and general market and economic conditions.

Bonds generally present less short-term risk and volatility than stocks, but contain interest rate risk (as interest rates raise, bond prices usually fall); issuer default risk; issuer credit risk; liquidity risk; and inflation risk. These effects are usually pronounced for longer-term securities.

Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss. 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.

There are risks associated with investing in Real Assets and the Real Assets sector, including real estate, precious metals and natural resources. Investments can be significantly affected by events relating to these industries.

Commodities investing entail significant risk as commodity prices can be extremely volatile due to wide range of factors. A few such factors include overall market movements, real or perceived inflationary trends, commodity index volatility, international, economic and political changes, change in interest and currency exchange rates.

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.

Diversification does not ensure a profit or guarantee against loss.

Asset Allocation is a method of diversification which positions assets among major investment categories. Asset Allocation may be used in an effort to manage risk and enhance returns. It does not, however, guarantee a profit or protect against loss.

State Street Global Advisors

6503256.3.3.GBL.INST
Exp. Date 01/31/2026