

State Street Timewise 2055 Fund - I EUR Share Class

Multi-Asset Class

31 March 2024

Fund Objective

The objective of the Sub-Fund is to provide a balance between capital growth and capital preservation through exposure to a broad range of asset classes.

Investment Policy

Investments are made in accordance with an asset allocation "glide path" developed by the investment manager for the Sub-Fund. The glide path sets out the types of investments which the investment manager believes are appropriate for the Sub-Fund, taking into account the investment objective and the remaining time until the target retirement date of the Sub-Fund. The asset allocation and risk profile of the Sub-Fund will therefore vary over time and may also be amended from time to time depending upon the investment manager's view of typical pension fund investor behaviour, market-events, changes in average life expectancy, inflation, applicable law and regulation or other circumstances deemed relevant by the investment manager.

Structure

ICAV

Domicile

Ireland

Investment Manager

State Street Global Advisors Europe Limited

Fund Facts

Currency	EUR
Net Assets (millions)	27.27 EUR as of 31st March 2024
Inception Date	08 August 2019
Zone	Global
Settlement	DD+2
Notification Deadline	DD-2 3:00PM Irish Time
Valuation	Closing mid-market prices
Actual TER	0.35% as of 01 March 2024
Minimum Initial Investment	10m (for Class I)
Minimum Subsequent Investment	1 EUR (for Class I)

Performance

Annualised	Reference	Fund Gross	Difference	Fund Net	Difference
1 Year (%)	18.21	19.83	1.61	19.35	1.14
3 Years (%)	7.56	7.27	0.29	6.85	-0.72
5 Years (%)	-	-	-	-	-
10 Year (%)	-	-	-	-	-
Cumulative					
1 month (%)	2.77	3.09	0.32	3.06	0.28
3 Months (%)	7.70	8.73	1.03	8.62	0.92
1 Year (%)	18.21	19.83	1.61	19.35	1.14
3 Years (%)	24.46	23.45	-1.01	21.98	-2.48
5 Years (%)	-	-	-	-	-
10 Year (%)	-	-	-	-	-
Calendar					
2024 (year to date)	7.70	8.73	1.03	8.62	0.92
2023	14.93	14.66	-0.27	14.21	-0.73
2022	-12.36	-13.84	-1.48	-14.18	-1.82
2021	22.79	24.47	1.68	23.97	1.18
2020	5.22	3.24	-1.99	2.82	-2.40
2019 (partial)	8.32	8.32	0.00	8.15	-0.17

Past performance is not a guarantee of future results. Investing involves risk including the risk of loss of principal.

The performance figures contained herein are provided on a gross and net of fees basis. Gross of fees do not reflect the deduction of advisory or other fees which could reduce the return. Index returns reflect capital gains and losses, income, and the reinvestment of dividends. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in the currency EURO.

Technical net asset values are calculated using the valuation of the benchmark when the Fund is closed according to its NAV calendar but the value of the benchmark can be ascertained.

Certain figures might be rounded to the nearest hundredth decimal and may result in the total not appearing to add correctly.

Please note that the benchmark is used for performance comparison purposes.

Source, SSGA. All data is as at 31/03/2024.

Asset Allocation

	State Street Timewise Q1 2024							
	2025 Fund	2030 Fund	2035 Fund	2040 Fund	2045 Fund	2050 Fund	2055 Fund	2060 Fund
Yrs to Nomal Retirement Age	1	6	11	16	21	26	31	36
Developed Equity	12%	24%	34%	41%	43%	43%	43%	43%
Emerging Equity	2%	4%	6%	7%	8%	8%	8%	8%
Smart Beta Equity	10%	11%	13%	16%	18%	18%	18%	18%
Small Cap Equity	1%	5%	6%	7%	8%	8%	8%	8%
Flexible Asset Allocation	18%	18%	18%	16%	10%	10%	10%	10%
Emerging Market Debt	4%	4%	4%	4%	5%	5%	5%	5%
High Yield Debt	4%	4%	4%	4%	5%	5%	5%	5%
Corporate Bonds	27%	25%	16%	4%	0%	0%	0%	0%
Inflation Linked Bonds	8%	6%	0%	0%	0%	0%	0%	0%
Cash	15%	0%	0%	0%	0%	0%	0%	0%
Infrastructure	0%	0%	0%	1%	5%	5%	5%	5%
Nav Price	1.1736	1.2559	1.3643	1.4559	1.4657	1.4657	1.466	1.466

Commentary

Market Review

Global economic activity improved, with both services and manufacturing sectors advancing during the quarter. The flash purchasing managers' index (PMI) data from S&P global continued to allay recession worries. The data showed that the United States (US) economy was still growing steadily, while the European economy was rebounding from a downturn. Business activity in Japan also remained solid, while conditions in China improved. Inflation readings in advanced economies were closer to their respective central banks' targets but saw modest uptick during the quarter, specifically in the US. Labor market conditions have also softened slightly but remained tight.

Risk assets advanced during the quarter, supported by resilient macroeconomic data and strong earnings. Developed markets (DM) outperformed emerging markets (EM), driven by strong performance of growth stocks. Global bonds were negative as stickier inflation prints, strong economic data, and reduced rate cut expectations lifted yields higher. The dollar index jumped 3.2% after losing more than 4.6% in the prior quarter. Commodities also advanced, led by precious metals.

Equities

Equities witnessed a very strong start to the year as the 'everything rally' that began in October 2023 continued, driving MSCI All World index to an all-time high of 10.8% during the first quarter of 2024. The economy avoided recession and the Fed rate cuts got pushed to June, boosting optimism and investor confidence.

European equities trended higher over the quarter. The MSCI EMU Index returned 10.4% during the quarter as inflation data continued to show that pressure from higher prices was abating. Inflation fell more than expected in March to 2.4%, a result of easing cost in the grocery aisle and as the overall price rises headed down in the two biggest economies – Germany and France. Meanwhile, core inflation, which excludes volatile food and energy costs, eased to 2.9% from 3.1% in February.

For UK equities, outperformance was mellow as compared to most international peers, with the FTSE All-Share rising just 5.4% during the quarter. The UK market suffered due to its value bias, as well as from the poor performance of the UK economy, which fell into a technical recession in the second half of 2023. The UK saw annual inflation ease to 3.4% in February 2024, its lowest reading from the peak of 11.1% in the October of 2022. The Bank of England though expected to cut rates decided to hold rates in line with its European and American counterparts at 5.25% this quarter.

US equities rallied for a second straight quarter in Q1 2024. At 13.1%, the S&P 500 index posted its biggest first-quarter gain since 2019 and its fifth gain in the last six quarters. Within sectors, communications services fared the best, boosted by Meta, Walt Disney and Netflix. Information technology was also a standout as Nvidia Corp rallied. The AI theme was one of the key tailwinds in Q1 2024, helping to drive select big tech and momentum factor outperformance. The biggest area of concern during the quarter revolved around sticky core services inflation even as the US economy remained resilient. Inflation declined to 3.2% YoY in February from a peak of 9.0% in June 2022.

The MSCI Pacific Index returned 9.3% in Q124. Japan (+13.7%), Australia (+3.1%), and Singapore (+2.4%) were the top performers on the Index during the quarter. Hong Kong (-9.6%) and New Zealand (-1.5%) were the bottom two. Japan continued its upward streak, maintaining its strong position seen last year. The TOPIX was up 18.7% during the quarter. The BOJ raised interest rates in March, ending the country's historic era of negative interest rates. In a majority vote, the BOJ decided to increase short-term interest rates to 0%-0.1%.

EM equities had a slower start to the year as compared to DM with the MSCI EM Index returning 4.8% during the quarter. Seventeen of the 24 markets on the EM Index performed positively, with Peru, Colombia and Turkey leading the outperformance. China had a modest positive returns (+0.04) as it continued to struggle without any meaningful policy stimulus. However, the country did rebound from its January low as the People's Bank of China cut the five-year loan prime rate to 3.95% from 4.2% in a move to boost economic growth. Egypt (-28.1%), Thailand (-6.0%), and Czech Republic (-5.6%) were the bottom three performers on the Index.

Bonds

Global bonds (Bloomberg Global Aggregate Bond Index – EUR Hedged) delivered negative 0.37% returns in Q124. Global bond yields rose 23 bp during the quarter, driven primarily by bond underperformance in January and February. A major highlight during the quarter was the apprehension shown by the US Fed to cut interest rates. Market participants cut expectations of rate cuts from six to four fuelling a sell-off during January and February. However, in March, market turned, and global Treasuries posted their first positive month of the year.

In Europe too, 10-year yields climbed across the Eurozone with the exception of Italian bonds which remained flat falling 2 bp to 3.16%. 10-year German bunds saw yields rise 27 bp to 2.30%. Portuguese bonds saw the maximum yields rise of 35 bp to end the quarter at 3.01%. The UK 10-year gilt yield rose from 3.54% at the end of 2023 to 3.93% at the end of Q1, while the 2-year rose by 19 bp to 4.17%, and the 5-year rose by 36 bp to 3.82%. The US Treasury yield rose across the curve, the marquee US 10-year treasuries ended the quarter 32 bp higher at 4.20%. The 10-year though, did oscillate up to 4.25% mid-February to finally cool out to 4.20% at the end of March.

Investment grade (IG) (Bloomberg Global Corporate Index) reported flat to marginally positive returns, at 0.10% (USD terms) in the first quarter. Euro IG Corporates returned 0.47% and spread fell by 24 bp. Sterling IG Corporates returned 0.11% (GBP terms) and spreads receded during the quarter, falling by 20 bp. US Corporates returned -0.40% (USD terms) and spread fell by 9 bp.

Investors continued to find High Yield (HY) bonds attractive in this quarter demanding smaller spread margins. Global HY corporate Index posted 1.35% (USD terms) returns in 1Q24 and spreads contracted by 37 bp. US HY spreads (Bloomberg US HY 2% Issuer Cap Index) narrowed by 24 bp. The US HY Index posted 1.47% returns (USD terms). Euro HY (+1.55% in EUR terms) outperformed their US counterparts and spreads (Bloomberg European HY 2% Issuer Cap Index) narrowed by 35 bp.

EM debt had a cautious start to the quarter, having experienced a strong rally towards the end of 2023. EM local currency debt returned -2.12% (USD terms) in Q1 2024, as measured by the JP Morgan GBI-EM Global Diversified Index. EM hard currency sovereign debt returned +2.04% (USD terms) in Q1 2024, as measured by the JP Morgan EMBI Global Diversified Index.

Alternatives

Commodities (as measured by the Bloomberg Commodities Total Return Index) registered positive returns for the quarter, up 2.2% (USD terms), buoyed by energy and gold prices. Precious metals was the top performing sector, followed by energy, while agriculture and industrial metals sector detracted.

REITs, an interest rate sensitive asset class, suffered on the back of higher interest rates. The FTSE EPRA Nareit Developed Real Estate Index declined 1.6% (USD terms), while the Dow Jones US Select REIT Index was down 0.4% (USD terms). Lodging/resorts led all sectors in Q1, followed by data centers/resorts, and retail, while diversified, specialty, and self-storage REITs detracted the most.

Asset Allocation (Volatility Management)

Managing volatility is particularly important during a downturn. Episodes like 2008 crisis reinforced the need for glide path designs and asset allocation strategies that effectively balance wealth preservation and wage replacement potential as members approach retirement. In order to manage risk within the glidepath the Fund deploy target volatility trigger strategies, also invests into the State Street Flexible Asset Allocation Plus Fund, which dynamically adjusts exposures based on anticipated market conditions - guided by our proprietary Market Regime Indicator (MRI).

Flexible Asset Allocation

The State Street Flexible Asset Allocation Plus Fund began the quarter with approximately 82% in growth assets. Global economic activity started 2024 on a strong footing. The labour market remained firm, while inflation moved slightly higher. Major central banks left policy rates unchanged in their first policy meetings of 2024 and signalled that rate cuts look less likely in the first quarter. Performance across risky assets was mixed in January. Stocks generally carried over their positive momentum from a strong Q4 with developed markets outperforming emerging markets. Treasuries were mostly weaker with the curve steepening, while the US dollar was stronger after two straight months of weakening. As investor sentiment remained positive, supported by faster than expected economic growth in the US and the MRI continued to trend downwards ending the month in Low Risk Regime, the team decided to increase the allocation to high yield debt along with developed market and small cap equities, funded from cash and corporate bonds.

In February while the global economy accelerated, the US and European economies diverged somewhat with Europe's manufacturing activity contracting at a faster rate, driven largely by Germany. The labour market continued to remain strong, while inflation data surprised to the upside. Risk assets, notably equities, advanced during the month. Both developed markets and emerging markets rose, with EM performing strongly driven by a rebound in China. Treasuries were notably weaker with the curve flattening amid a broad repricing of rate cut expectations after hawkish takeaways from the latest FOMC meeting. The yield on the 10-year US Treasury note rose from 3.95% to 4.24%. The US dollar was modestly higher, while commodities were weaker driven by lower natural gas prices. Following the MRI regime shift to Euphoria in the first half of the month the team reduced exposure to developed market equities and allocated proceeds to cash. However, later in the month, as market sentiment remained positive supported by resilient economic data and rather strong earnings reports the MRI rebounded and settled in Low Risk Regime. The team decided to re-risk the portfolio and increased the allocation to developed market and small cap equities, fully financed from a reduction in cash.

In March, global economic activity remained positive. The data showed that the United States economy was still growing steadily, while the European economy was rebounding from a downturn. Labour market conditions softened slightly, but remained tight. Risk assets continued to advance in March, as developed markets outperformed emerging markets, mainly driven by strong performance in growth stocks. The US dollar continued to advance, while commodities also appreciated, led by precious metals and increased oil prices. Recession worries continued to diminish supported by positive surprises on the global economic data along with an ongoing optimism around AI, while the MRI, after staying in Low Risk Regime for short period of time, reverted back and settled in Euphoria. The team decided to modestly de-risk the portfolio and decreased exposure in developed market equities by 4%. The proceeds were mainly allocated to cash along with a minor increase in small cap equity exposures. At the end of March, the State Street Flexible Asset Allocation Plus Fund exposure to growth assets was approximately 86%, of which 77% was invested in developed market large and small cap equity, and emerging market equity.

For More Information

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Source: Bloomberg, FactSet, J.P. Morgan, Barclays, Morgan Stanley, Wall Street Journal, Barron's, Nareit, MSCI, S&P Global, and FTSE, as of 31 March 2024

All performance cited is calculated in Euro unless otherwise stated.

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Warning: The value of your investment may go down as well as up.

Please note that full details of underlying fund holdings can now be found on www.ssga.com

Marketing Communication

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TER Max represents the fund's aggregate operating and management fees excluding transaction costs. Transaction costs are billed separately to the fund.