FAQs

SPDR® Bloomberg Enhanced Roll Yield Commodity Strategy No K-1 ETF (CERY)

Fund Overview

The SPDR® Bloomberg Enhanced Roll Yield Commodity Strategy No K-1 ETF (CERY) seeks to provide investment results that, before fees and expenses, correspond generally to the total return performance of the Bloomberg Enhanced Roll Yield Total Return Index (the Index).

The Index is designed to measure the performance of a rules-based, liquid and long-only exposure to the broad commodities market through synthetic positions in futures contracts featuring diversification constraints and tilting toward commodities that may have a downward sloping futures curve and greater liquidity.

CERY may potentially reduce the costs associated with rolling over commodity futures contracts while providing the potential diversification and inflation-hedging benefits of commodities to core portfolios.

What is the expense ratio of the fund?

The gross expense ratio of CERY is 0.28%.

The gross expense ratio is the fund's total annual operating expenses ratio. It is gross of any fee waivers or expense reimbursements. It can be found in the fund's most recent prospectus.

How can the fund be used in a portfolio?

Broad commodities' low correlation to traditional assets and their great sensitivity to inflation may provide investors with diversification benefits and a powerful tool for inflation management.

- Portfolio diversifier: Commodities have historically shown an average 36-month rolling correlation of 0.48 and -0.03 to the MSCI ACWI Index and the Bloomberg US Aggregate Bond Index, respectively.[1]
- Inflation management: Commodities have historically outperformed stocks and bonds during periods of rising inflation over the past 20 years.[2]

Broad commodities may complement traditional equity and bond assets to mitigate inflation's impact on a core portfolio.

[1] FactSet, for the period between January 2001 and June 2024.
[2] FactSet, for the period between April 2004 and June 2024. Broad commodities are represented by the S&P GSCI Index. Stocks are represented by the S&P 500 Index. Bonds are represented by the Bloomberg US Aggregate Bond Index. Based on 12-month nominal return when CPI year-over-year inflation is higher at the beginning of the 12 months than at the end of the period.

Can you provide more details about the strategy, how the portfolio is managed, and the fund structure?

What are the key features of the Bloomberg Enhanced Roll Yield Index (BERY)?

BERY is a futures-based, long-only, broad commodity benchmark with diversification constraints and enhanced roll yield. BERY's index construction seeks to enhance roll yields by tilting toward commodities trading in backwardation and reduce roll congestion by using multiple contracts for each commodity. Key features of the index design are:

1) **Enhanced Roll Yield**: Has greater exposure to commodities trading in backwardation to reduce negative roll yields generated during the rolling process.
2) **Diversification Across Commodities**: Reduces concentration to any particular commodity by capping single commodities exposure (e.g., natural gas, silver) at 15% and commodity groups (e.g., energy, precious metals) at 33%.
3) **Diversification Along the Curve**: Equally allocates to three to four futures contracts along the curve for each commodity.
4) **Liquidity**: Weights commodities by US-dollar trading volume of commodity futures to address investment capacity concerns.

What is the Index reconstitution and rebalance frequency?

The Index is reconstituted annually within the first 10 business days of January to the new commodity target weights.

The Index consists of three to four equally-weighted futures contracts for each commodity, which are rolled over the first 10 business days of each month to a new set of equal-weighted contracts.

What are contango and backwardation in futures markets?

Contango and backwardation are terminologies used to describe the shape of the futures curve which represents the relationship between the price of futures contracts and the time to maturity of the contracts (Figures 1 & 2).

Backwardation usually occurs when the shorter-dated futures contract price is higher than the price of longer-dated ones — a downward sloping future curve (Figure 1).

Contango usually occurs when the longer-dated futures contract price is higher than the price of shorter-dated ones — an upward sloping future curve (Figure 2).

Figure 1: Backwardation

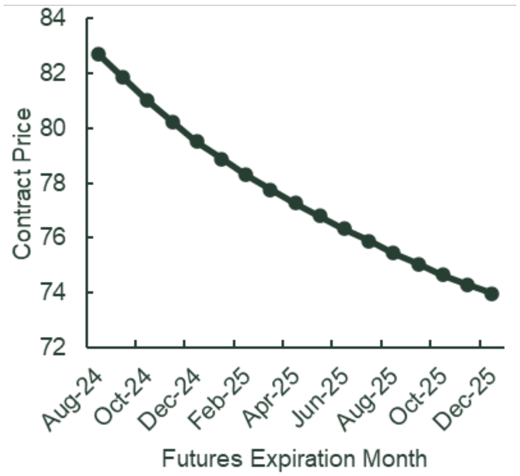
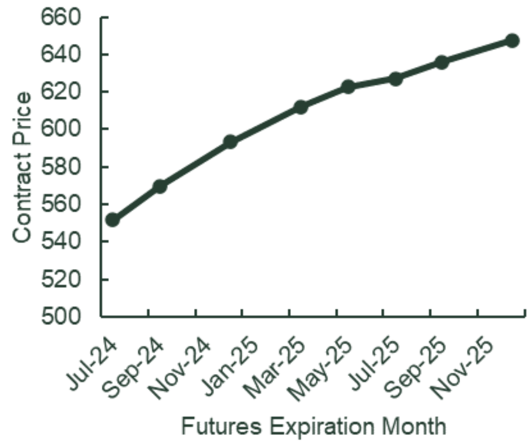


Figure 2: Contango



Source: State Street Global Advisors. Hypothetical examples. For illustration purposes.

What are roll yields?

When investing in commodity futures to gain exposure to the underlying commodities, investors often sell futures contracts that are expiring soon while buying longer-dated futures contracts to avoid physical delivery of the underlying commodities while maintaining long positions. The process is commonly referred as futures rolling.

Roll yields are the returns generated during the rolling process by selling shorter-dated contracts while buying longer-dated contracts. When the price of the shorter-dated contract is higher than that of the longer-date contract (backwardation), the roll yield is positive. Vice versa when the futures curve is in contango.

How does the fund seek to track the benchmark?

CERY seeks to track its benchmark primarily through exposure to total return index swaps that provide returns similar to the commodity futures contracts in the Index, without directly investing in commodity futures or physical commodities.

What are total return index swaps?

A total return index swap is an over-the-counter agreement where one party makes regular payments to its counterparty in exchange for payments based on the underlying index performance over the term of the contract.

Why are the majority of the fund's holdings in cash, cash equivalents, or money market instruments?

CERY may invest in cash, cash equivalents, or money market funds to provide liquidity, preserve capital, and serve as collateral for the derivative instruments.

As the fund seeks to track the Index through investing in commodity-linked derivative instruments which are held in the wholly-owned subsidiary and does not invest more than 25% of its assets in the subsidiary, most fund holdings are in cash, cash equivalents, or money market positions.

Why does the fund invest through a wholly-owned Cayman Islands subsidiary? What does the subsidiary own?

The wholly-owned Cayman Islands subsidiary holds the commodity-linked derivative instruments based on CERY's benchmark. As income from commodity-linked derivatives is non-qualifying income for the registered investment company (RIC) qualification purposes, the fund is structured in a way to achieve tax efficiency and minimize non-qualifying income.

What is the tax treatment for the fund? Will it issue a K-1?

CERY is a registered investment company (RIC) under the 1940 Act. The fund does not issue a Schedule K-1 and reports income on Form 1099.

Is the fund a limited partnership or a commodity pool?

CERY is not a limited partnership. The fund and the subsidiary are considered "commodity pools."

What is the creation/redemption process and the cut off time?

The fund is cash creation/redemption. The order window for creation/redemption order is 4 – 5:30pm EST on T-1.

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Glossary

Bloomberg Commodity Index A broadly diversified commodity price index distributed by Bloomberg Indexes that tracks 24 commodity futures and seven sectors. No one commodity can compose less than 2 percent or more than 15 percent of the index, and no sector can represent more than 33 percent of the index.

S&P Goldman Sachs Commodity Index, or S&P GSCI A production-weighted index launched in 1992 that tracks the performance of 24 commodity futures contracts. The index tilts to commodities that are more heavily produced globally, so its weights more heavily to crude oil than, say, to cocoa.

MSCI ACWI Index, or MSCI All Country World Index A free-float weighted global equity index that includes companies in 23 emerging market countries and 23 developed market countries and is designed to be a proxy for most of the investable equities universe around the world.

Bloomberg US Aggregate Bond Index A benchmark that provides a measure of the performance of the U.S. dollar denominated investment grade bond market. The "Agg" includes investment-grade government bonds, investment-grade corporate bonds, mortgage pass through securities, commercial mortgage backed securities and asset backed securities that are publicly for sale in the US.

Important Risk Information
Investing involves risk including the risk of loss of principal.

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 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.

ETFs trade like stocks, are subject to investment risk, fluctuate in market value and may trade at prices above or below the ETFs net asset value. Brokerage commissions and ETF expenses will reduce returns.

While the shares of ETFs are tradable on secondary markets, they may not readily trade in all market conditions and may trade at significant discounts in periods of **market stress**.

Passively managed funds invest by sampling the index, holding a range of securities that, in the aggregate, approximates the full Index in terms of key risk factors and other characteristics. This may cause the fund to experience tracking errors relative to performance of the index.

Investing in **commodities** entails significant risk and is not appropriate for all investors. Commodities investing entails 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.

Commodities and commodity-index linked securities may be affected by changes in overall market movements, changes in interest rates, and other factors such as weather, disease, embargoes, or political and regulatory developments, as well as trading activity of speculators and arbitrageurs in the underlying commodities.

Investing in **futures** is highly risky. Futures positions are considered highly leveraged because the initial margins are significantly smaller than the cash value of the contracts. The smaller the value of the margin in comparison to the cash values of the futures contract, the higher the leverage. There are a number of risks associated with futures investing including but not limited to counterparty credit risk, basis risk, currency risk, derivatives risk, foreign issuer exposure risk, sector concentration risk, leveraging and liquidity risks.

Investing in **swaps** is highly risky. Swap contracts are not standardized, nor are they traded on an index. Rather, they are negotiated privately between the counterparties and are not settled by a centralized clearing-house. As such, swap contracts subject a party to significant counterparty risk. Swap positions are considered highly leveraged because the initial margins are significantly smaller than the notional value of the contracts. The smaller the value of the margin in comparison to the notional value of the swap contract, the higher the leverage. There are a number of risks associated with forward investing including but not limited to counterparty credit risk, currency risk, derivatives risk, foreign issuer exposure risk, sector concentration risk, leveraging and liquidity risks

The Fund seeks to achieve its investment objective primarily through exposure to commodity-linked derivative instruments based on the Fund's benchmark index. The Fund expects to gain exposure to these investments by investing in a wholly-owned subsidiary, an exempted limited company organized under the laws of the Cayman Islands (the "**Subsidiary**"). The Subsidiary is not registered under the Investment Company Act of 1940, as amended ("1940 Act") and is not subject to all of the investor protections of the 1940 Act. Thus, the Fund, as an investor in the Subsidiary, will not have all of the protections offered to investors in registered investment companies. In addition, changes in the laws of the United States and/or the Cayman Islands could result in the inability of the Fund to operate as intended and could negatively affect the Fund and its shareholders.

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