The SPDR Bloomberg Enhanced Roll Yield Commodity Strategy No K-1 ETF

CERY

Key Information
Commodities

September 2024

- **The SPDR Bloomberg Enhanced Roll Yield Commodity Strategy No K-1 ETF 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**

Fund Information

Fund Name	SPDR Bloomberg Enhanced Roll Yield Commodity Strategy No K-1 ETF
Ticker	CERY
Inception Date	09/04/2024
Primary Benchmark	Bloomberg Enhanced Roll Yield Total Return Index
Gross/Net Expense Ratio	0.28%/0.28%
Strategy Type	Passive

Source: State Street Global Advisors, as of 09/05/2024.

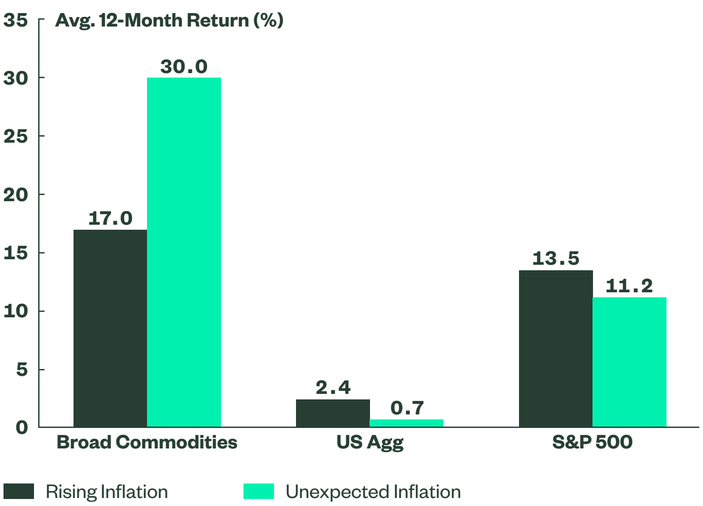
Featuring a low correlation to traditional assets, along with a greater sensitivity to inflation, broad commodities can be a powerful portfolio construction tool. With an average 36-month rolling correlation of 0.48 and -0.03 to the MSCI ACWI Index and the Bloomberg US Aggregate Bond Index, respectively,[1] commodities offer potential diversification benefits. Meanwhile, during periods of rising inflation, broad commodities have outperformed US equities and traditional bond exposures (Figure 1). And, as shown, their outperformance was even stronger when realized inflation exceed inflation expectations, which speaks to commodities' potential to offset traditional assets' vulnerability to unexpected inflation spikes in a multi-asset portfolio.

To maintain long positions, commodity benchmarks need to sell contracts that will expire soon while buying longer-dated contracts. This process tends to accrue negative roll yields, as longer-dated contract prices tend to be higher than short-dated contracts (contango), diminishing their return potential over the long run. CERY's benchmark is designed to enhance roll yields and reduce costs associated with rolling over futures contracts by tilting toward commodities with a downward sloping futures curve (selling a higher priced short-dated contract and rolling into a cheaper longer-dated contract) and using multiple contracts across the curve for each commodity to diversify curve exposures (Figure 2).

1 FactSet, for the period between January 2001 and June 2024.

By applying diversification constraints, CERY's benchmark reduces concentration on single commodities like Brent Crude Oil or Natural Gas and commodity groups such as Energy or Agriculture (Figure 3) — resulting in 33% less volatility and 29% less drawdowns compared to the S&P GSCI Index — an energy concentrated commodity index.[2] CERY's benchmark has also outperformed the Bloomberg Commodity Index by 4.1% per annum with less volatility and drawdowns since its inception due to its futures contract selection (the curve premium) and overweighting to commodities trading in backwardation (the carry premium).[3]

Figure 1 12-month Nominal Return During Inflation Periods



Source: FactSet, as of June 30, 2024. Broad Commodities are represented by the S&P GSCI Index. Based on monthly trailing 12-month returns. **Past performance is not a reliable indicator of future performance.** The 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 calculated in USD. Rising inflation is defined as increased year-over-year CPI inflation over 12-month period. Unexpected inflation is measured as a positive difference between the year-over-year realized inflation rate and lagged 1-year-ahead expected inflation, as measured by the University of Michigan survey of 1-year-ahead inflation expectations.

2 Bloomberg Finance L.P., for the period between June 30, 2021 (the first full month of the Bloomberg Enhanced Roll Yield Index) and June 30, 2024.
3 Bloomberg Finance L.P., as of June 30, 2024.

Figure 2 Key Features of the Bloomberg Enhanced Roll Yield Index Methodology

Enhanced Roll Yield	Has greater exposure to commodities trading in backwardation to reduce negative roll yields generated during the rolling process.
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%.
Diversification Along the Curve	Equally allocates to three to four futures contracts along the curve for each commodity.
Liquidity	Weights commodities by the US-dollar trading volume of commodity futures to address investment capacity concerns.

Source: State Street Global Advisors, as of September 5, 2024.

Figure 3 Bloomberg Enhanced Roll Yield Index: 2024 Target Commodity Weights

Commodity Group	Commodity	2024 Target Weight(%)
Energy	Brent Crude Oil	11.28
	WTI Crude Oil	7.58
	Low Sulphur Gas Oil	3.90
	RBOB Gasoline	3.57
	Ultra Low Sulfer Diesel	3.44
	Natural Gas	2.86
	Total	**32.63**
Agriculture	Soybeans	7.31
	Corn	4.64
	Soymeal	3.05
	Cotton	2.50
	Chicago Wheat	2.32
	Soybean Oil	2.96
	Sugar	2.58
	Coffee	2.20
	Kansas City Wheat	2.04
	Total	**29.60**
Precious Metals	Gold	12.91
	Silver	3.40
	Total	**16.31**
Industrial Metals	COMEX Copper	3.90
	Aluminum	3.24
	Zinc	2.53
	Nickel	2.26
	Lead	1.94
	Tin	1.97
	Total	**15.85**
Livestock	Live Cattle	1.97
	Feeder Cattle	1.42
	Lean Hogs	2.23
	Total	**5.62**

Source: Bloomberg Finance L.P., as of June 30, 2024.

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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.

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.

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.

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.

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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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ID2298203-6872528.1.1.AM.RTL 0824
Exp. Date: 08/31/2025

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