
SPDR[®] DoubleLine[®] Total Return Tactical ETF [TOTL] Investment Overview

The SPDR[®] DoubleLine[®] Total Return Tactical ETF [TOTL] is an actively managed core bond fund that combines top-down active risk management with bottom-up security selection. It seeks to deliver high quality income while exploiting inefficiencies within the global bond market.

This approach led to strong returns since the beginning of 2022 when rates started to rise.¹ TOTL navigated the tumultuous market better than most of its peers ranking in the top 25th percentile within its Morningstar Intermediate Core-Plus peer group through the end of Q1 2024, outperforming its benchmark by 99 basis points (annualized) as well as its peer group median by 69 basis points (annualized).²

DoubleLine's focus on risk management also has resulted in TOTL having a lower correlation to equities and lesser drawdowns during equity sell-offs compared to peers. Additionally, TOTL has been able to better defend against interest rate volatility, in addition to equity volatility, as evidenced by lower historical drawdowns during rising rate environments than its peers.

TOTL Top Down Asset Allocation

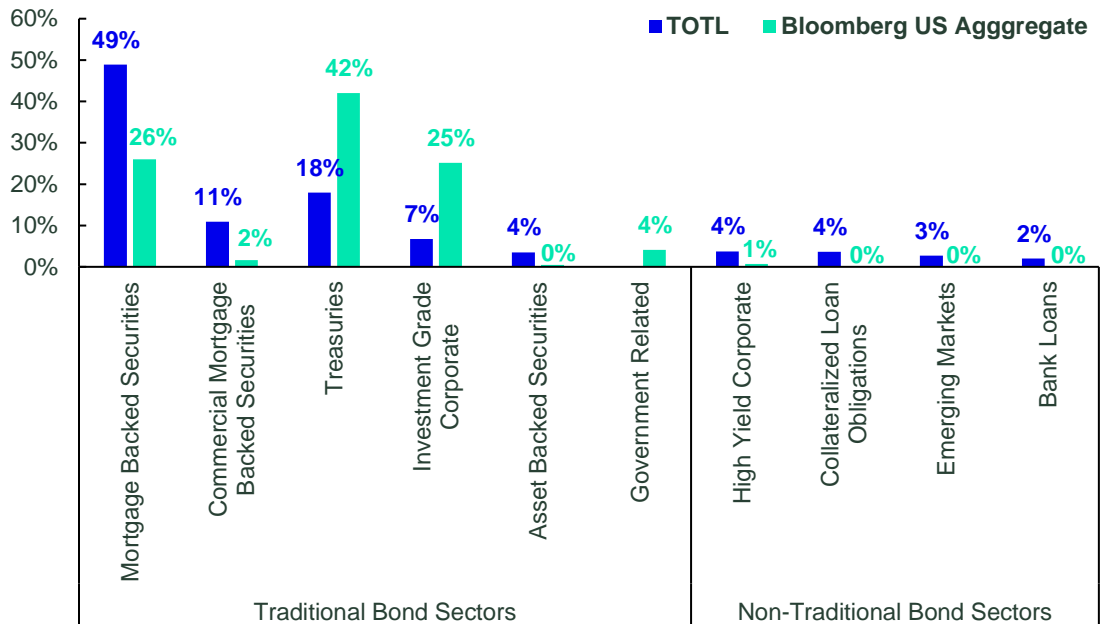
Part of the top-down process includes blending rate sensitive, traditional credit, and non-traditional bond sectors (high yield, emerging market debt, and senior loans) together while tactically managing an embedded mortgage bias. As shown in Figure 1, mortgages (agency MBS, non-agency MBS, and CMBS) account for approximately 60% of the fund's exposure,³ representing its largest overweight relative to its benchmark.

The emphasis on mortgages speaks to the sector's strategic traits, as it's a subsector with lower volatility and higher yield-per-unit of risk, relative to most other investment-grade interest rate sensitive sectors.⁴

For example, mortgages offer incremental yield pickup relative to other bonds that carry minimal credit risk, such as US Treasuries (5.04% yield to worst versus 4.43% for US Treasuries).⁵ And this profile does not deter from the sector's diversification benefits, as mortgages' correlation to US equities is lower than other bond markets, such as the Agg itself, IG corporates, and high yield corporates.⁶

Figure 1

TOTL weights versus Bloomberg US Aggregate Bond Index



Source: ssga.com, Bloomberg Finance L.P., as of March 31, 2024. Weights are as of the date indicated and are subject to change.

As a result of this strategic bias, TOTL is heavily skewed toward higher rated issuers. In fact, 71% of the portfolio holds investment-grade rated securities, with 56% of the fund representing the highest credit quality issuers rated AAA.⁷ Speaking to its high quality portfolio, TOTL ranks in the top 28th percentile of Intermediate Core-Plus funds, with respect to AAA rated credit exposure.⁸

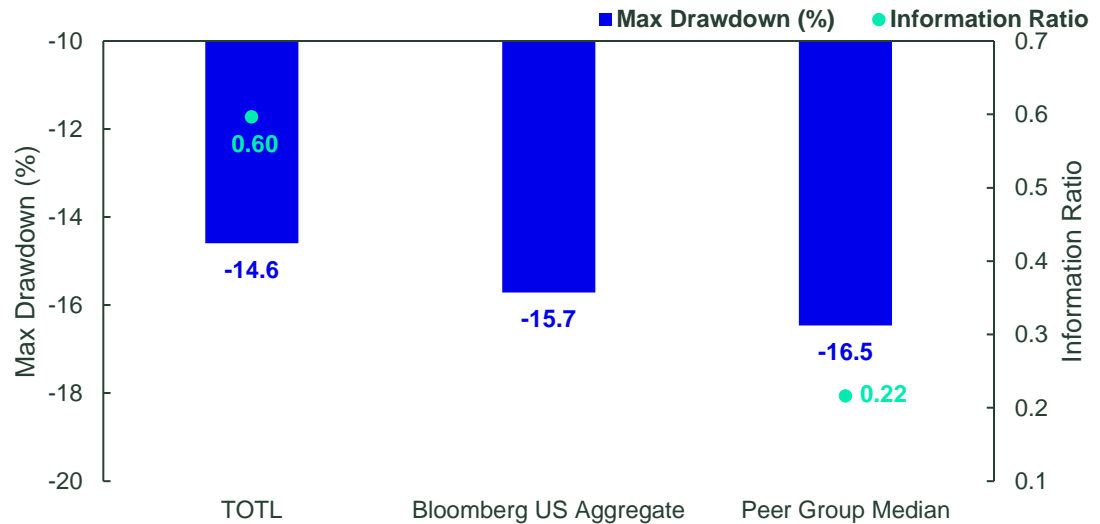
TOTL Risk and Return Profile

TOTL outperformed the Agg by 99 basis points (annualized) from January 2022 through March 2024, ranking in the top 25th percentile within its peer group against the backdrop of an aggressive Federal Reserve rate hike campaign.⁹ But these strong returns were not a result of outsized risk bets. The fund’s Information Ratio (excess returns over excess volatility) ranked in the top 29th percentile among its peer group during the same period.¹⁰

Its peak-to-trough drawdown during this period was in the top quintile.¹¹ And it was nearly 1.9 percentage point shallower than the peer group median – not to mention 1.1 percentage points better than its benchmark,¹² as seen in Figure 2. This performance trait illustrates TOTL’s ability to mitigate the impacts of rising rates and overall rate volatility, considering the elevated nature of rate risks over the past 27 months.

Figure 2

TOTL Risk Adjusted Metrics versus Peers and Benchmark



Source: Morningstar, as of March 31, 2024. **Past performance is not a reliable indicator of future performance.** Peer group defined as US-listed ETFs and US domiciled mutual funds (oldest share class) in the Intermediate Core-Plus Morningstar Category. 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.

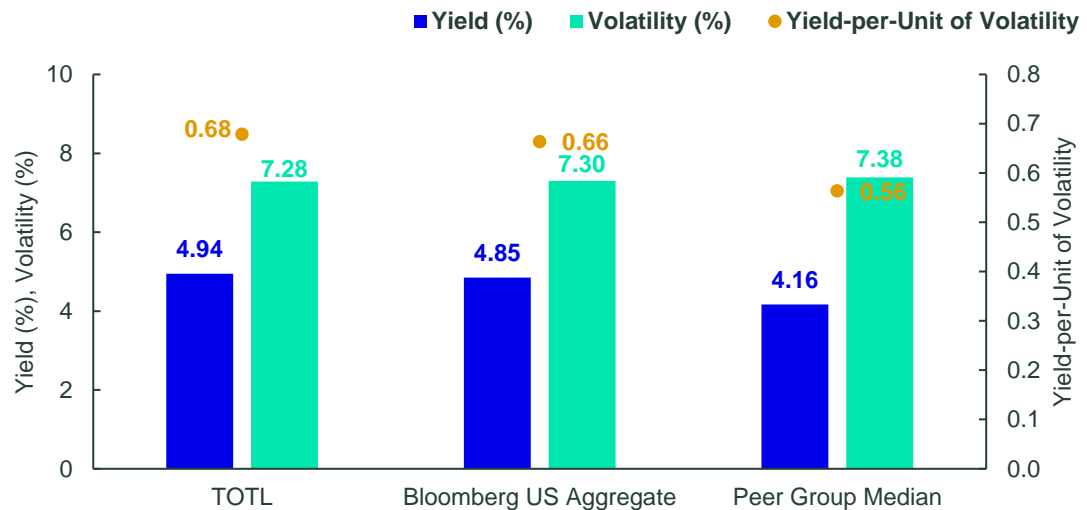
The ability to mitigate downside risk has not impacted TOTL’s income generation potential, however. And while the vast majority of TOTL’s portfolio is comprised of high quality securities, it has generated very high income levels relative its peer group with its yield of 4.94% ranking in the top 14th percentile relative to its category peers¹³ and beating the median category yield of 4.16%.¹⁴

Typically funds that have outsized yields also display higher levels of volatility. However, this is not the case with TOTL, as DoubleLine's approach has led to the fund’s standard deviation of returns ranking below its peer group median since January 2022.¹⁵

Taken together, TOTL is among the most efficient funds within the Intermediate Core-Plus category at generating a competitive yield without extending down the quality and risk spectrum.. As seen in Figure 3, TOTL’s yield-per-unit of volatility registers at 0.68, 20% higher than the peer group median and ranks in the 17th percentile of relative to category peers.¹⁶

Figure 3

TOTL Yield-per-Unit of Volatility



Source: Morningstar, Bloomberg Finance L.P., as of March 31, 2024. **Past performance is not a reliable indicator of future performance.** Peer group defined as US-listed ETFs and US domiciled mutual funds (oldest share class) in the Intermediate Core-Plus Morningstar Category. TOTL and Peer Group Median Yield = 12 Month Yield. Index Yield = Yield-to-Worst. Volatility = Trailing 1-year standard deviation of returns ending March 31, 2024. TOTL's 30-Day SEC Yield (Standardized) as of March 31, 2024 was 5.64%. An annualized yield that is calculated by dividing the investment income earned by the fund less expenses over the most recent 30-day period by the current maximum offering price. 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.

While the preceding risk and return metrics are only the trailing 24-month period, TOTL's prudent approach to risk management extends beyond recent high volatility period. Analyzing rolling returns provides a better sense of consistency. Looking at rolling six-month returns since TOTL's inception offers 101 observable periods to examine,¹⁷ in which TOTL has displayed:

Lower correlation to US equities than its peer group median in 76% of periods,¹⁸ providing investors with further portfolio diversification and ability to defend against equity risk, and therefore credit related implicit equity risks

Lesser drawdowns than its peer group median in 84% of periods,¹⁹ protecting investors' capital from the swings within fixed income markets

Lower volatility than its peer group median in 89% of periods,²⁰ underscoring DoubleLine's consistent approach at mitigating portfolio volatility

Using Active in the Core

As result of tailored duration positioning, sector allocation decisions, and security selection effects, an active core strategy may be able to better navigate equity, rate, and credit volatility compared to a vanilla indexed core aggregate bond strategy.

DoubleLine's approach toward active risk management, while seeking attractive credit and rate sensitive sector opportunities, was rewarded since January 2022 – compared both to its benchmark and peer group. Overall, these results underscore how TOTL has historically served as a high quality income core strategy with a strong downside protection against both rate and credit volatility.

Standard Performance

| Ticker | Name | YTD (%) | Annualized | | | | Inception Date | Gross Expense Ratio | |
|------------|--|---------|------------|------------|------------|-------------|----------------|---------------------|---------------------|
| | | | 1 Year (%) | 3 Year (%) | 5 Year (%) | 10 Year (%) | | | Since Inception (%) |
| TOTL (NAV) | SPDR® DoubeLine® Total Return Tactical ETF | 0.14 | 2.65 | 1.93 | 0.07 | - | 1.03 | 02/23/2015 | 0.55 |
| TOTL (MKT) | SPDR® DoubeLine® Total Return Tactical ETF | 0.30 | 2.54 | 1.92 | 0.01 | - | 1.04 | - | - |

Source: ssga.com.com, as of March 31, 2024. **Performance returns for periods of less than one year are not annualized. Past performance is not a reliable indicator of future performance. Investment return and principal value will fluctuate, so you may have a gain or loss when shares are sold. Current performance may be higher or lower than that quoted. All results are historical and assume the reinvestment of dividends and capital gains. For SPDR ETFs, visit ssga.com for most recent month-end performance.** The market price used to calculate the Market Value return is the midpoint between the highest bid and the lowest offer on the exchange on which the shares of the Fund are listed for trading, as of the time that the Fund's NAV is calculated. If you trade your shares at another time, your return may differ. 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.

Footnotes

- 1 – Morningstar, as of March 31, 2024. **Past performance is not a reliable indicator of future performance.**
- 2 – Morningstar, as of March 31, 2024. **Past performance is not a reliable indicator of future performance.**
- 3 – ssga.com, Bloomberg Finance L.P., as of March 31, 2024.
- 4 – Bloomberg Finance L.P., Bloomberg Finance L.P., as of March 31, 2024. Mortgages represented by the Bloomberg Mortgage Backed Securities Index. Investment grade sectors analyzed include the Bloomberg US Aggregate, Bloomberg US Corporate Bond Index, and the Bloomberg US Treasury Index.
- 5 – Bloomberg Finance L.P., Bloomberg Finance L.P., as of March 31, 2024. Mortgages represented by the Bloomberg Mortgage Backed Securities Index. Treasuries represented as the Bloomberg US Treasury Index.
- 6 – Bloomberg Finance L.P., as of March 31, 2024. Trailing 20-year correlation used. Mortgages represented by the Bloomberg Mortgage Backed Securities Index. US equities represented by the S&P 500 Index. The Agg, IG corporates, and high yield corporates represented by the Bloomberg US Aggregate, Bloomberg US Corporate Bond Index, and Bloomberg US Corporate High Yield Bond Index, respectively.
- 7 – ssga.com, as of March 31, 2024.
- 8 – Morningstar, as of March 31, 2024. Peer group defined as all US-listed ETFs and US domiciled mutual funds (oldest share class) in the Intermediate Core-Plus Morningstar Category.
- 9 – ssga.com, Morningstar, as of March 31, 2024. Peer group defined as all US-listed ETFs and US domiciled mutual funds (oldest share class) in the Intermediate Core-Plus Morningstar Category.
- 10 – Morningstar, as of March 31, 2024. Peer group defined as all US-listed ETFs and US domiciled mutual funds (oldest share class) in the Intermediate Core-Plus Morningstar Category.
- 11 – Morningstar, as of March 31, 2024. Peer group defined as all US-listed ETFs and US domiciled mutual funds (oldest share class) in the Intermediate Core-Plus Morningstar Category.
- 12 – Morningstar, as of March 31, 2024. The Bloomberg US Aggregate is the benchmark. Peer group defined as all US-listed ETFs and US domiciled mutual funds (oldest share class) in the Intermediate Core-Plus Morningstar Category.
- 13 – Morningstar, as of March 31, 2024. Based on 12 monthly yield. Peer group defined as all US-listed ETFs and US domiciled mutual funds (oldest share class) in the Intermediate Core-Plus Morningstar Category. TOTL's 30 Day SEC Yield as of March 31, 2024 is 5.64%. An annualized yield that is calculated by dividing the investment income earned by the fund less expenses over the most recent 30-day period by the current maximum offering price.
- 14 – Morningstar, as of March 31, 2024. 12 month yield used. TOTL's 30 Day SEC Yield as of March 31, 2024 is 5.64%. An annualized yield that is calculated by dividing the investment income earned by the fund less expenses over the most recent 30-day period by the current maximum offering price.
- 15 – Morningstar, as of March 31, 2024. Peer group defined as all US-listed ETFs and US domiciled mutual funds (oldest share class) in the Intermediate Core-Plus Morningstar Category.
- 16 – Morningstar, as of March 31, 2024. The Bloomberg US Aggregate is the benchmark. Peer group defined as all US-listed ETFs and US domiciled mutual funds (oldest share class) in the Intermediate Core-Plus Morningstar Category.
- 17 – TOTL was launched on February 23, 2015. Analysis of rolling six month periods started March 1, 2015. One month moving step used.
- 18 – Morningstar, as of March 31, 2024. US equities represented by the S&P 500 Index. Peer group defined as all US-listed ETFs and US domiciled mutual funds (oldest share class) in the Intermediate Core-Plus Morningstar Category.
- 19 – Morningstar, as of March 31, 2024. Peer group defined as all US-listed ETFs and US domiciled mutual funds (oldest share class) in the Intermediate Core-Plus Morningstar Category.
- 20 – Morningstar, as of March 31, 2024. Peer group defined as all US-listed ETFs and US domiciled mutual funds (oldest share class) in the Intermediate Core-Plus Morningstar Category.

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Investments in **asset backed and mortgage backed securities** are subject to prepayment risk which can limit the potential for gain during a declining interest rate environment and increases the potential for loss in a rising interest rate environment.

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Government bonds and **corporate bonds** generally have more moderate short-term price fluctuations than stocks, but provide lower potential long-term returns.

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The values of **debt securities** may decrease as a result of many factors, including, by way of example, general market fluctuations; increases in interest rates; actual or perceived inability or unwillingness of issuers, guarantors or liquidity providers to make scheduled principal or interest payments; illiquidity in debt securities markets; and prepayments of principal, which often must be reinvested in obligations paying interest at lower rates.

Morningstar Percentile Rankings are based on the average annual total returns of the funds in the category for the periods stated and do not include any sales charges or redemption fees, but do not include 12b-1 fees and the reinvestment of dividends and capital gains distributions. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. Rankings for each share class will vary due to different expenses. Had sales charges or redemption fees been included, total returns would be lower.

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