

January 2025  
Annual Reconstitution Update

# State Street Strategic Multi-Asset Income ETF Portfolio

**Asset Allocation Overview**

- Updates to the model occur on an annual basis and reflect the Investment Solutions Group’s (ISG’s) long-term capital market assumptions and qualitative insights.
- Decreases in income and price return expectations drove a decline in expected long-term US fixed income returns.
- Expected US equity returns have increased due to an increase in the real earnings growth rate.

**INCREASE** 

US Equity Premium Income	+10.0%
Emerging Market USD Bonds	+3.0%
International Dividend Equity	+2.0%
High Dividend Equity	+1.0%
Global Infrastructure Equity	+1.0%
US Dividend Equity	+1.0%
US Select REITs	+1.0%

**DECREASE** 

Short-Term Treasuries	-5.0%
Short-Term Corporate Bonds	-3.0%
Government Inflation Bonds	-3.0%
International Corporate Bonds	-3.0%
US Mortgage REITs	-2.0%
Intermediate-Term Treasuries	-1.0%
Emerging Market Local Bonds	-1.0%
Long-Term Treasuries	-1.0%

Source: State Street Global Advisors as of 1/7/2025.

**Portfolio Positioning**

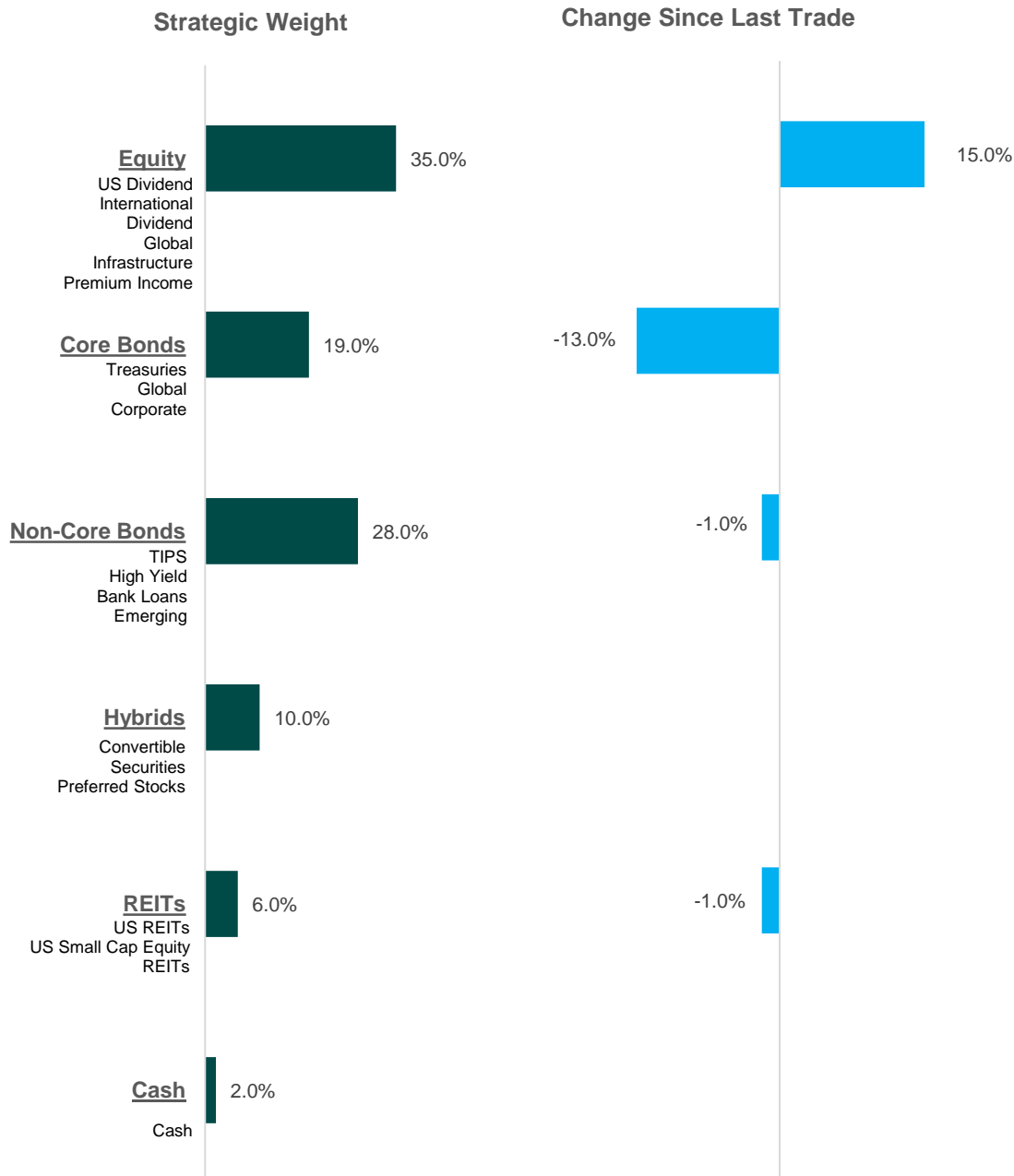
Overall, we increased our equity allocation and decreased our fixed income allocation as expected fixed income returns declined due to a steeper yield curve and higher inflation prospects.

Due to the comparatively inferior fixed income outlook, we eliminated exposure in several fixed income sectors including short-term Treasuries, corporate bonds, and intermediate TIPS to fund the purchase of equities. From a risk/return perspective, these asset classes weighed on the portfolio’s overall efficiency. Within emerging markets, we decreased local currency bond exposure in favor of an increased hard currency exposure. Local currency bonds have benefited from historically cheap emerging market currencies relative to the US dollar, but hard currency bonds have historically provided superior risk-adjusted returns.

Within equity, we increased allocations to US and international dividends, global infrastructure, and REITs as they offer competitive income prospects and help balance the portfolio’s overall risk-adjusted return expectations. Additionally, we introduced exposure to a buy-write equity strategy with active equity selection and a dynamic call-writing program. With this strategy inclusion, we were able to prioritize income while reducing or eliminating other high risk assets such as mortgage REITs, which helps to improve overall portfolio efficiency.

**Positioning Update**

State Street Strategic Multi-Asset Income ETF Portfolio



Source: State Street Global Advisors, as of 1/7/2025. Model portfolio positions are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. The model portfolio positions presented above are representative of ISG's market views as of the date given. The results shown were achieved by means of a mathematical formula, and are not indicative of actual future results which could differ substantially. This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security shown. It is not known whether the sectors or securities shown will be profitable in the future.

**Current Holdings: State Street Strategic Multi-Asset Income ETF Portfolio**

Ticker	Fund	Current Weight (%)
	<b>Equity</b>	<b>35.0%</b>
<a href="#">SPYD</a>	SPDR® Portfolio S&P 500® High Dividend ETF	5.0%
<a href="#">DWX</a>	SPDR® S&P® International Dividend ETF	6.0%
<a href="#">GI</a>	SPDR® S&P® Global Infrastructure ETF	9.0%
<a href="#">SPIN</a>	SPDR® SSGA US Equity Premium Income ETF	10.0%
SCHD	Schwab U.S. Dividend Equity ETF	5.0%
	<b>Fixed Income</b>	<b>47.0%</b>
<a href="#">SPTL</a>	SPDR® Portfolio Long Term Treasury ETF	12.0%
<a href="#">SPTI</a>	SPDR® Portfolio Intermediate Term Treasury ETF	4.0%
<a href="#">SRLN</a>	SPDR® Blackstone Senior Loan ETF	6.0%
<a href="#">SPHY</a>	SPDR® Portfolio High Yield Bond ETF	8.0%
<a href="#">EMHC</a>	SPDR® Bloomberg Emerging Markets USD Bond ETF	9.0%
<a href="#">IBND</a>	SPDR® Bloomberg International Corporate Bond ETF	3.0%
<a href="#">EBND</a>	SPDR® Bloomberg Emerging Markets Local Bond ETF	5.0%
	<b>Hybrids</b>	<b>10.0%</b>
<a href="#">CWB</a>	SPDR® Bloomberg Convertible Securities ETF	4.0%
<a href="#">PSK</a>	SPDR® Wells Fargo® Preferred Stock ETF	6.0%
	<b>Global Real Estate</b>	<b>6.0%</b>
<a href="#">RWR</a>	SPDR® Dow Jones® REIT ETF	6.0%
	<b>Cash</b>	<b>2.0%</b>
N/A	Cash	2.0%

Source: State Street Global Advisors as of 1/7/2025. Allocations may not sum to 100% due to rounding.

**Important Disclosure:** The model portfolios primarily utilize ETFs that make payments to SSGA Funds Management, Inc. or its affiliates (collectively "SSGA") for advisory or other services, which presents a conflict of interest for SSGA. Income earned by SSGA would be lower, and the returns generated by implementing one or more model portfolios might be higher, if the model portfolios were to be constructed using ETFs or other investments that do not pay fees to SSGA.

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## Glossary

**Bond** A debt investment in which an investor loans money to an entity — typically a corporate or governmental entity — that borrows the funds for a defined period of time at a variable or fixed interest rate. Bonds are used by companies, municipalities, states and sovereign governments to raise money and finance a variety of projects and activities. Owners of bonds are debtholders, or creditors, of the issuer.

**Buy-write Strategy** Also known as a covered call, is an options trading strategy where an investor buys an asset and simultaneously writes (sells) a call option on that asset.

**Emerging Markets** Developing countries where the characteristics of mature economies, such as political stability, market liquidity and accounting transparency, are beginning to manifest. Emerging market investments are generally expected to achieve higher returns than developed markets but are also accompanied by greater risk, decreasing their correlation to investments in developed markets.

**Hybrid Securities** Financial securities that combines two or more different financial instruments. Hybrid securities, often referred to as "hybrids," generally combine both debt and equity characteristics.

**High Dividend Equities** Stocks that have relatively high dividends, usually measured by yields. One underappreciated problem associated with investing in high-dividend equities is that their yields are often high because their share prices are low and sometimes languishing.

**High Yield** A company or bond that is rated 'BB' or lower is known as junk grade or high yield, in which case the probability that the company will repay its issued debt is deemed to be speculative.

**Real Assets** Physical or tangible assets that have value and often are investable. Real assets include precious metals, commodities, real estate, agricultural land and oil, and their inclusion in most diversified portfolios is considered appropriate.

**TIPS or Treasury Inflation Protected Securities** Treasury securities that are indexed to inflation in order to protect investors from the negative effects of inflation. TIPS are backed by the US government and are thus considered an extremely low-risk investment. The par value of TIPS rises with inflation, as measured by the Consumer Price Index, while the interest rate remains fixed.

**Developed Markets** Refers to countries or market areas with relatively high levels of economic growth, market liquidity and transparency as well as political stability, rule of law and safety.

**Treasuries** The debt obligations of a national government. Also known as "government securities," Treasuries are backed by the credit and taxing power of a country, and are thus regarded as having relatively little or no risk of default.

**Small Cap Stocks** Stocks with a relatively small market capitalizations— generally companies with market values of between \$300 million and \$2 billion. Small-cap stocks are more volatile than mid- or large-cap stocks, but tend to deliver higher returns over longer time periods.

**Preferred Securities** Subordinated to bonds and other debt instruments and will be subject to greater credit risk.

**Real Estate Investment Trusts (REITs)** Companies that own or finance income-producing real estate across a range of property sectors. These real estate companies have to meet a number of requirements to qualify as REITs. Most REITs trade on major stock exchanges, and they offer a number of benefits to investors.

**Senior Loans** Floating-rate debt issued by corporations and backed by collateral such as real estate or other assets.

## Important Information

The views expressed are those of SSGA's Investment Solutions Group (ISG) as of January 7, 2025 and are subject to change based on market and other conditions. This document contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected.

### Past performance is not a guarantee of future results.

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