
 March 14, 2022

Update on the Valuation of Russian Securities Held by State Street Global Advisors Pooled Funds

In light of the current, and likely protracted, restrictions relating to the trading and settlement of Russian securities, SSGA has made certain valuation decisions in respect of Russian securities held within SSGA's pooled funds for which it is responsible for fund valuation, applicable with effect from close of business on February 28, 2022. These decisions, which could result in zero valuations for impacted securities held by the funds, have been taken in accordance with our established valuation policies and procedures and taking into account the best interest of investors in these funds. **Given the exceptional market circumstances that currently prevail, these valuation decisions, and other information contained in this update, are subject to change without notice.**

Under normal market conditions portfolio instruments, for which market quotations are readily available, are valued at their observable market values using market quotations, official closing prices and/or information provided by approved pricing sources. SSGA also utilizes a variety of pricing vendor services and other sources to assist it in overseeing the valuation of portfolio instruments and employs a variety of due diligence procedures intended to ensure their accuracy and reliability.

In the current situation, a combination of exceptional factors prevent us from obtaining verifiable valuations in the normal ways and we believe that this situation may persist for some time. The factors preventing this include relevant markets being closed and restrictions on trading in certain instruments or with certain counterparties due to the imposition of sanctions.

Given the above, SSGA has determined that it is appropriate to invoke fair valuation methodology for certain securities. The table below summarises the source of valuation for each security type.

| Exposure | Instruments | Pricing |
|--------------|--|----------------------|
| Currency | USD / RUB | Market |
| Fixed Income | Local Currency Government Bonds (Including Nominal and Inflation Linked) | Fair Value |
| | Hard Currency Bonds | Market or Fair Value |
| Equities | Locally Listed Equities | Fair Value |
| | ADRs and GDRs | Fair Value |

Currency

We continue to use the offshore rate for the pricing of the RUBUSD exchange rate. This has deviated from the onshore rate but we believe that it remains the appropriate rate for valuation purposes.

Fixed Income

Local Currency Bonds Trading of local currency bonds has been suspended and the local market remains closed. While it may reopen, local brokers have been restricted from facilitating sales for non-Russians. Coupon payments on local bonds to non-Russian investors have also been banned by the Central Bank of Russia. Given this inability to trade, the likely default on coupon payments, the current inability to settle transactions and overall severity of sanctions, SSGA has decided to implement fair value pricing for Local Currency Bonds which includes the possibility of a zero value.

Hard Currency Bonds For hard currency bond exposures trading is offshore and so the closure of Russian exchanges to non-domestic participants has had less of an impact. Being denominated in hard currency (primarily USD) there are no issues with Russian Ruble exchangeability. These bonds also typically have greater legal protections than local currency issues. Hard Currency bonds are still subject to broader sanctions on Russian debt, most notably those bonds issued by banks that have had restrictions placed on them. In light of these restrictions and because sanctions are likely to continue to evolve, hard currency bonds have been trading at a significant discount but importantly continue to have a market price. Bonds that have been sanctioned and/or are no longer trading will be fair valued, including the possibility of a zero value.

Equities

Russian equity exposures held by SSGA's pooled funds consist of a mixture of ADRs, GDRs and local securities. Trading in local equities, GDRs and ADRs has been restricted by the closure of local exchanges and suspension of trading for GDRs and ADRs, and there are currently no observable market values. Even if/when exchanges re-open, indications are that there will continue to be restrictions on trading for non-Russian investors. As a result, SSGA has decided to implement fair value pricing for local equities, ADRs and GDRs, which includes the possibility of a zero value.

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**State Street Global Advisors
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