

A Guide to the Fixed Income ETF Model Portfolio

Potential Buying
Opportunity for
Strategic Investors

Working Together to Help You Create More Value for Your Clients

Putting the Income Back into Fixed Income

After many years of low or even negative interest rates, meaningful yield levels have finally returned to bond markets. This has opened up an opportunity for investors who have been sitting on the side-lines or indeed looking to de-risk out of equity, to generate attractive outcomes from bond markets. We believe the State Street Fixed Income ETF Model Portfolio is well positioned to meet the challenges ahead while helping you and your clients gain exposure to a diversified basket of Fixed Income securities and benefiting from transparency, liquidity and cost-efficiency.

Consider the State Street Fixed Income Model Portfolio

Following a strategic model portfolio's buy, hold and rebalance strategy rather than attempting to time the market — either with individual securities or asset classes — may result in better investment outcomes. The State Street Fixed Income ETF Model Portfolio reflects the diversification and discipline central to successful investing. Based on long-term asset class forecasts of risk and return, the portfolio aims to provide:

- Global diversification with a skew towards Euro denominated bonds
- Medium maturity portfolio taking a balanced approach to blending interest rate sensitivity and credit risk
- Allocation via well diversified, cost efficient transparent ETF building blocks

This standardisation increases your efficiency by reducing time spent on investment research, portfolio management, and performance reporting.

Our Investment Strategy

Designing a strategic asset allocation begins with return and risk objectives. The portfolio construction process uses long-term asset class return, risk and correlation forecasts to identify an asset allocation that efficiently balances these objectives. These allocations are then carefully refined and finalised by our experienced portfolio management team.

The State Street Fixed Income ETF Model Portfolio

2,500 +

Issuers diversified across regions and sectors

60%

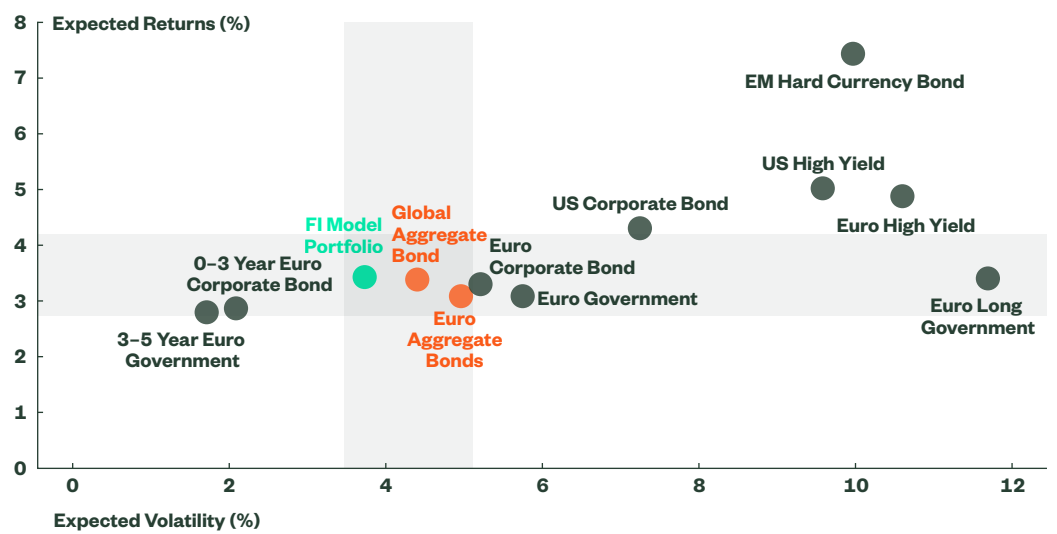
Rated* A and above

Figure 1
Illustrative Asset Allocation¹

Asset Classes	Tickers	Model Portfolio (%)
3–5 Year Euro Government	SYB4 GY	19.00
Euro Government	GOVA NA	10.00
0–3 Year Euro Corporate Bond	SYBD GY	17.00
Euro Corporate Bond	SYBC GY	13.00
US Corporate Bond ESG EUR Hdg	USCE NA	12.00
Global Aggregate Bond EUR Hdg	SPFF GY	17.50
Euro High Yield	SYBJ GY	4.00
US High Yield ESG EUR Hdg	SPPQ GY	5.00
Emerging Markets Hard Bond EUR Hdg	ZPR6 GY	2.5

Allocation	Minimum (%)	Maximum (%)	Current (%)
Government Bonds	30.00	70.00	40.72
Corporate bonds	30.00	70.00	47.78
Risky Debt	0.00	15.00	11.50

Figure 2
Investment Universe: Return and Risk Distribution Forecast²



Past performance is not a reliable indicator of future performance.

Figure 3
Performance Forecasts and Risk Characteristics³

	Model Portfolio	Bloomberg Euro Agg (Comparator)
Weighted TER (bps)	17.2	17
Portfolio Expected Return (%)	3.5	3.2
Portfolio Expected Volatility (%)	3.8	5.0
Sharpe Ratio	0.3	0.2
Effective Duration	4.6	6.4
Coupon (%)	2.8	1.9
Yield to Worst (%)	4.1	3.3
Maturity (Years)	6.2	7.7
Long Term Euro Cash Forecast (%)	2.3	—
Long Term Euro Inflation Forecast (%)	2.0	—

Past performance is not a reliable indicator of future performance.

A Win for You And Your Clients

With less time spent on investment research, portfolio management and performance reporting, you have more time to cultivate client relationships and grow your practice. In addition to benefitting from more of your attention, your clients gain:

- Access to institutional-quality investment solutions
- Discipline to curtail potentially harmful emotional reactions to market volatility
- The best of SSGA via indexed-based cost-effective⁴ liquid underlying ETFs

State Street
Global Advisors AUM
& Advisement in ETF
Model Portfolios

\$4.5B + **\$4.2B** = **\$8.7B**
AUA in Q3 2024 AUM in Q3 2024 Total in Q3 2024

Source: State Street Global Advisors, as of 30 June 2024. Past performance is not a reliable indicator of future performance.

Why SPDR ETFs? Effective Model Portfolio Building Blocks

The potential benefits of using ETFs in model portfolios include:

Transparency

Easy and straightforward way to build exposure to each market by tracking an index. The result is high level transparency and low expenses and management fees.

Diversification

ETFs hold a diverse group of securities, delivering the potential benefit of broad exposure to a single asset class or category.

UCITS Compliant

All SPDR ETFs proposed in the portfolios are UCITS compliant, and exposure to any single ETF will remain below 20% according to UCITS guidelines.

Precision

ETFs are available in many asset classes, market capitalisations, and investment styles.

Our suite of SPDR ETFs provides you with a wide variety of asset classes to choose from across a range of geographies, sectors and styles, in order to build effective asset allocation solutions. In utilising SPDR ETFs, you can use our core exposures in equities and fixed income for broad market, or 'beta', exposures. Our more focused exposures, such as sector equities, also provide a means for building efficient strategies.

Put Our Expertise to Work for Your Clients

The Potential Benefits of Working With State Street Global Advisors

With a heritage dating back more than two centuries, State Street Global Advisors is entrusted with \$4.42 trillion in assets under management (AUM).⁵ As the pioneer and one of the leaders of the exchange traded fund (ETF) industry since creating the first US ETF in 1993, State Street Global Advisors has grown to \$1.2 trillion in global ETF AUM.⁶

With an established team of over 150 dedicated investment strategists and portfolio managers, the State Street Global Advisors Investment Solutions Group (ISG)⁷ designs, develops, and manages portfolios of SPDR ETFs on both a strategic and tactical basis in line with a client's objectives.

Endnotes

- 1 Source: SSGA. The forecasted returns are based on State Street Global Advisors' Investment Solutions Group forecasted returns and long-term standard deviations as of 30 June 2024. Forecast are based upon estimates and reflect subjective judgments and assumptions. There can be no assurance that developments will transpire as forecasted and that the estimates are accurate.
 - 2 Source: State Street Global Advisors. The forecasted returns are based on SSGA's Investment Solutions Group forecasted returns and long-term standard deviations as of 30 June 2024. Forecast are based upon estimates and reflect subjective judgments and assumptions. There can be no assurance that developments will transpire as forecasted and that the estimates are accurate.
 - 3 Source: State Street Global Advisors. The forecasted returns are based on SSGA's Investment Solutions Group forecasted returns and long-term standard deviations as of 30 June 2024. The forecasted performance data is reported on a gross of fees basis. Additional fees, such as the advisory fee, would reduce the return. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in the local (or regional) currency presented. It does not take into consideration currency effects. The forecasted returns are based upon estimates and reflect subjective judgments and assumptions. The results were achieved by means of a mathematical formula and do not reflect the effect of unforeseen economic and market factors on decision-making. The forecasted performance is not necessarily indicative of future performance, which could differ substantially. Risk characteristics source State Street Global Advisors, Bloomberg Finance L.P. As of 30 June 2024.
 - 4 Frequent trading of ETFs could significantly increase commissions and other costs such that they may offset any savings from low fees or costs.
 - 5 This figure is presented as of 30 June 2024 and includes approximately \$69.35 billions of assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated.
 - 6 Source: Bloomberg Finance L.P., State Street Global Advisors, as of period end 31 March 2024 for United States, EMEA, and APAC. This figure is presented as of 31 March 2024 and includes approximately \$66.1 billion of assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated.
 - 7 As of 30 June 2024. Total ISG AUM \$462Bn. Derivatives based exposure management AUM represents the notional value of exposure managed. Assets Under Advisory/Consulting includes mandates for which the firm provides advisory or consulting services supporting an investment management process that does not include the responsibility to arrange or effect the purchase or sale of securities and/or funds. AUA is based on estimates. In 2015, ISG revised the AUM and AUAC calculation methodology and account categorization process. All figures in USD.
- * Ratings based on the average of Moody's, S&P and Fitch.

About State Street Global Advisors

State Street Global Advisors serves governments, institutions, and financial advisors with a rigorous approach, breadth of capabilities, and belief that good stewardship is good investing for the long term. As pioneers in index and ETF investing and the world's fourth-largest asset manager,* we are always inventing new ways to invest.

* Pensions & Investments Research Center, as of December 31, 2023.

ssga.com

Information Classification: Limited Access

Marketing communication.
For professional clients/qualified investors use only.

State Street Global Advisors Worldwide Entities

France: State Street Global Advisors Europe Limited, France Branch ("State Street Global Advisors France") is a branch of State Street Global Advisors Europe Limited, registered in Ireland with company number 49934, authorised and regulated by the Central Bank of Ireland, and whose registered office is at 78 Sir John Rogerson's Quay, Dublin 2. State Street Global Advisors France is registered in France with company number RCS Nanterre 899 183 289, and its office is located at Coeur Défense – Tour A – La Défense 4, 3^{ème} étage, 100, Esplanade du Général de Gaulle, 92 931 Paris La Défense Cedex, France. T: +33 1 44 45 40 00. F: +33 1 44 45 41 92. **Germany:** State Street Global Advisors Europe Limited, Branch in Germany, Brienner Strasse 59, D-80333 Munich, Germany ("State Street Global Advisors Germany"). T: +49 (0)89 55878 400. State Street Global Advisors Germany is a branch of State Street Global Advisors Europe Limited, registered in Ireland with company number 49934, authorised and regulated by the Central Bank of Ireland, and whose registered office is at 78 Sir John Rogerson's Quay, Dublin 2. **Ireland:** State Street Global Advisors Europe Limited is regulated by the Central Bank of Ireland. Registered office address 78 Sir John Rogerson's Quay, Dublin 2. Registered Number: 49934. T: +353 (0)1 776 3000. F: +353 (0)1 776 3300. **Italy:** State Street Global Advisors Europe Limited, Italy Branch ("State Street Global Advisors Italy") is a branch of State Street Global Advisors Europe Limited, registered in Ireland with company number 49934, authorised and regulated by the Central Bank of Ireland, and whose registered office is at 78 Sir John Rogerson's Quay, Dublin 2. State Street Global Advisors Italy is registered in Italy with company number 11871450968 - REA: 2628603 and VAT number 11871450968, and its office is located at Via Ferrante Aporti, 10 - 20125 Milan, Italy. T: +39 02 32066 100. F: +39 02 32066 155. **Netherlands:** State Street Global Advisors Netherlands, Apollo Building 7th floor, Herikerbergweg 29, 1101 CN Amsterdam, Netherlands. T: +31 20 7181 000. State Street Global Advisors Netherlands is a branch office of State Street Global Advisors Europe Limited, registered in Ireland with company number 49934, authorised and regulated by the Central Bank of Ireland, and whose registered office is at 78 Sir John Rogerson's Quay, Dublin 2. **Switzerland:** State Street Global Advisors AG, Beethovenstr. 19, CH-8027 Zurich. Registered with the Register of Commerce Zurich CHE-105.078.458.

T: +41 (0)44 245 70 00. F: +41 (0)44 245 70 16. **United Kingdom:** State Street Global Advisors Limited. Authorised and regulated by the Financial Conduct Authority. Registered in England. Registered No. 2509928. VAT No. 577659181. Registered office: 20 Churchill Place, Canary Wharf, London, E14 5HJ. T: 020 3395 6000. F: 020 3395 6350.

Important Information

This material is general information only and does not take into account your individual objectives, financial situation or needs and you should consider whether it is appropriate for you.

Investing involves risk including the risk of loss of principal.

The whole or any part of this work may not be reproduced, copied or transmitted or any of its contents disclosed to third parties without SSGA's express written consent.

Bonds generally present less short-term risk and volatility than stocks, but contain interest rate risk (as interest rates rise, bond prices usually fall); issuer default risk; issuer credit risk; liquidity risk; and inflation risk. These effects are usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss.

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.

The S&P 500® Index is a product of S&P Dow Jones Indices LLC or its affiliates ("S&P DJI") and have been licensed for use by State Street Global Advisors. S&P®, SPDR®, S&P 500®, US 500 and the 500 are trademarks of Standard & Poor's Financial Services LLC ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones") and has been licensed for use by S&P Dow Jones Indices; and these trademarks have been licensed for use by S&P DJI and sublicensed for certain purposes by State Street Global Advisors. The fund is not sponsored, endorsed, sold or promoted by S&P DJI, Dow Jones, S&P, their respective affiliates, and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of these indices.

The information provided does not constitute investment advice as such term is defined under the Markets in Financial Instruments Directive (2014/65/EU) or applicable Swiss regulation and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell any investment. It does not take into account any investor's or potential investor's particular investment objectives, strategies, tax status, risk appetite or investment horizon. If you require investment advice you should consult your tax and legal or other professional advisor. All information is from State Street Global

Advisors 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 contained in this communication is not a research recommendation or 'investment research' and is classified as a 'Marketing Communication' in accordance with the Markets in Financial Instruments Directive (2014/65/EU) or applicable Swiss regulation. This means that this marketing communication (a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research (b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

ETFs trade like stocks, are subject to investment risk and will fluctuate in market value. The investment return and principal value of an investment will fluctuate in value, so that when shares are sold or redeemed, they may be worth more or less than when they were purchased. Although shares may be bought or sold on an exchange through any brokerage account, shares are not individually redeemable from the fund. Investors may acquire shares and tender them for redemption through the fund in large aggregations known as "creation units." Please see the fund's prospectus for more details. Investing in high yield fixed income securities, otherwise known as "junk bonds", is considered speculative and involves greater risk of loss of principal and interest than investing in investment grade fixed income securities. These Lower-quality debt securities involve greater risk of default or price changes due to potential changes in the credit quality of the issuer.

International Government bonds and corporate bonds generally have more moderate short-term price fluctuations than stocks, but provide lower potential long-term returns. Investing in REITs involves certain distinct risks in addition to those risks associated with investing in the real estate industry in general. Equity REITs may be affected by changes in the value of the underlying property owned by the REITs, while mortgage REITs may be affected by the quality of credit extended. REITs are subject to heavy cash flow dependency, default by borrowers and self-liquidation. REITs, especially mortgage REITs, are also subject to interest rate risk (i.e., as interest rates rise, the value of the REIT may decline).

Equity securities may fluctuate in value and can decline significantly in response to the activities of individual companies and general market and economic conditions.

There are risks associated with investing in Real Assets and the Real Assets sector, including real estate, precious metals and natural resources. Investments can be significantly

affected by events relating to these industries. Asset Allocation is a method of diversification which positions assets among major investment categories. Asset Allocation may be used in an effort to manage risk and enhance returns. It does not, however, guarantee a profit or protect against loss. This communication is directed at professional clients (this includes eligible counterparties as defined by the appropriate EU regulator or applicable Swiss regulator) who are deemed both knowledgeable and experienced in matters relating to investments. The products and services to which this communication relates are only available to such persons and persons of any other description (including retail clients) should not rely on this communication.

The trademarks and service marks referenced herein are the property of their respective owners. Third party data providers make no warranties or representations of any kind relating to the accuracy, completeness or timeliness of the data and have no liability for damages of any kind relating to the use of such data.

The views expressed in this material are the views of the Investment Solutions Group through the period ended 30 June 2024 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.

The returns on a portfolio of securities which exclude companies that do not meet the portfolio's specified Sustainable Investment criteria may trail the returns on a portfolio of securities which include such companies. A portfolio's Sustainable Investment criteria may result in the portfolio investing in industry sectors or securities which underperform the market as a whole.

Investing in foreign domiciled securities may involve risk of capital loss from unfavorable fluctuation in currency values, withholding taxes, from differences in generally accepted accounting principles or from economic or political instability in other nations. Investments in emerging or developing markets may be more volatile and less liquid than investing in developed markets and may involve exposure to economic structures that are generally less diverse and mature and to political systems which have less stability than those of more developed countries. Investments in small-sized companies may involve greater risks than in those of larger, better known companies. Diversification does not ensure a profit or guarantee against loss.

© 2024 State Street Corporation.
All Rights Reserved.
ID2296214-5647539.21.EMEA.INST 0824
Exp. Date: 20/08/2025