

December 2024

Trade Rationale

State Street Active Asset Allocation ETF Portfolios

State of the Market Regime Indicator (MRI)

▼ Current
 - - - Previous
MRI plotted as an estimate.



Key Takeaways

- Our Market Regime Indicator (MRI) has improved since last month. Overall, our MRI now signals a moderately positive risk environment.
- Geopolitical tensions have brought uncertainty and angst to markets. However, central bank interest rate cuts, stronger US economic data, and solid labor and wage indicators along with rising consumer confidence have supported risk sentiment.
- From an asset class perspective, our forecast for equities softened, while our fixed income expectations improved.

INCREASE

Intermediate-Term Corporate Bonds	+3.0%
Commodities	+2.0%
Gold	+1.0%

DECREASE

Treasury Bills	-2.0%
US Large-Cap Equity	-1.5%
Fixed Income Sector Rotation	-1.5%
Emerging Markets Equity	-1.0%

Source: State Street Global Advisors as of 12/9/2024.

Portfolio Positioning

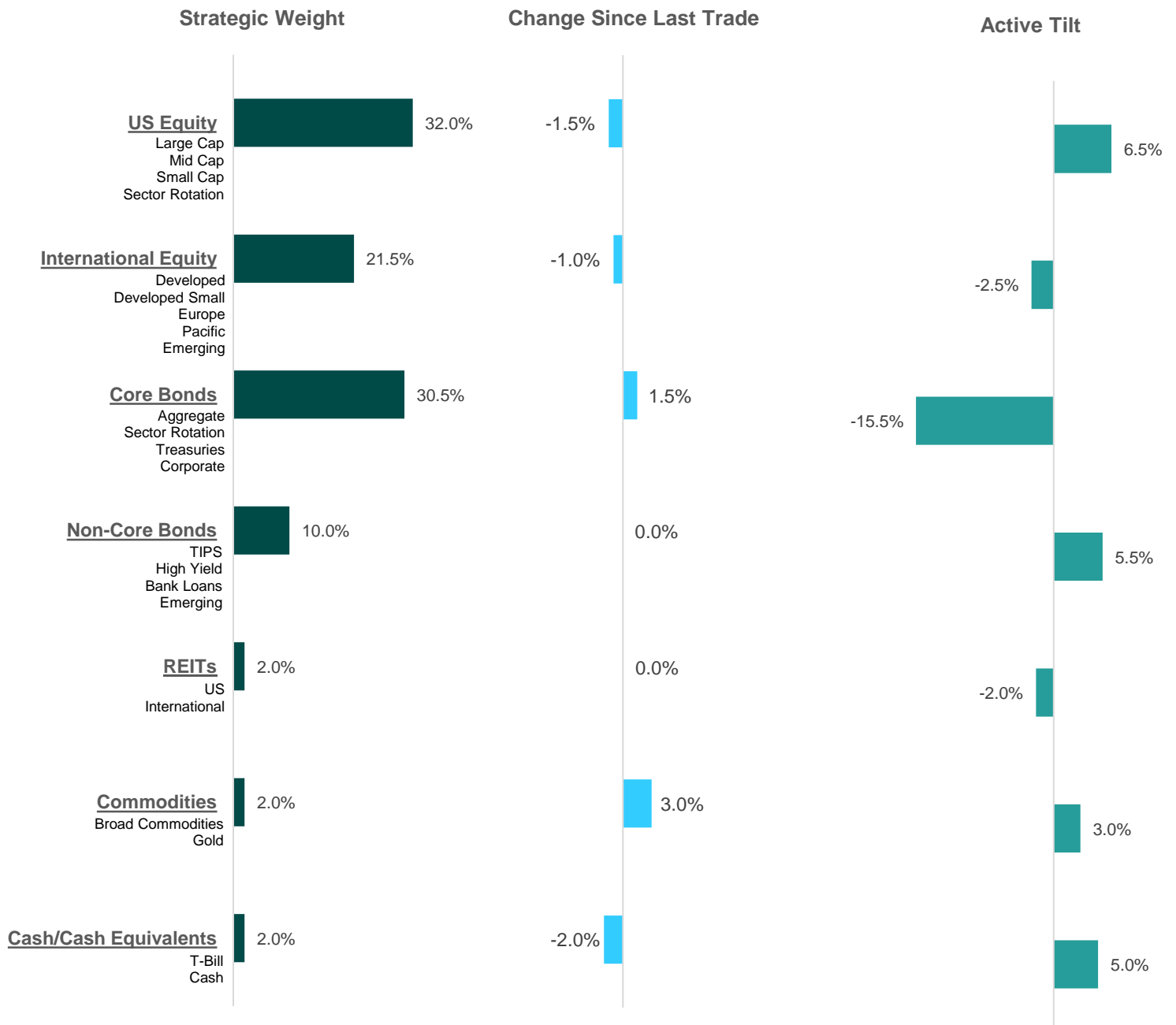
Despite the improvement in investors’ attitude towards risk, our overall equity forecast weakened due to deterioration across multiple factors. Our evaluation of quality factors remains positive and sentiment indicators have improved, turning positive. However - while still positive – price momentum declined and valuations remained stretched, continuing to deteriorate. Overall, our equity forecast remains slightly positive. The weaker relative forecast led to marginal de-risking and we reduced our exposure to US large-cap and emerging markets equities.

Within fixed income, our model is not anticipating large moves in interest rates in the near term as resilient economic data (higher rates) balances out incremental improvement in rates momentum (lower rates). Our model prefers high-yield, intermediate-term bonds and Treasury bills. Lower equity volatility, positive seasonality, and lower government bond rates support our forecast, leading us to overweight intermediate-term corporate bonds.

Within real assets, we added to commodities and gold. Support from numerous factors including the shape of the curve, momentum, and skewness buoys our commodities outlook. Our perspective on gold remains positive with support from all technical indicators and some fundamental factors.

Positioning Update

State Street Global Advisors Active Asset Allocation ETF Portfolio – Moderate



Source: State Street Global Advisors, as of 12/9/2024. Allocation changes are only shown for the Moderate Portfolio. Allocation changes, active weights and benchmark weights may vary for other portfolios. The benchmark is a custom Active Asset Allocation Benchmark. 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 and our positioning for our active portfolio 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

Ticker	Fund	Conservative (%) 20/80	Moderate Conservative (%) 40/60	Moderate (%) 60/40	Moderate Growth (%) 75/25	Growth (%) 90/10	Maximum Growth (%) 98/2
	US Equity	15.5%	27.0%	38.5%	46.5%	55.5%	59.0%
SPY	SPDR® S&P 500® ETF Trust	8.8%	13.8%	18.5%	21.3%	25.0%	25.5%
XLSR	SPDR® SSGA US Sector Rotation ETF	3.8%	8.8%	13.5%	16.3%	19.5%	21.0%
SPMD	SPDR® Portfolio S&P 400® Mid Cap ETF	1.0%	1.5%	2.5%	3.8%	4.5%	6.0%
SPSM	SPDR® Portfolio S&P 600® Small Cap ETF	2.0%	3.0%	4.0%	5.3%	6.5%	6.5%
	International Equity	4.0%	11.5%	19.0%	26.0%	32.0%	34.0%
SPDW	SPDR® Portfolio Developed World ex-US ETF	0.0%	1.0%	6.5%	10.5%	14.0%	15.0%
GWX	SPDR® S&P® International Small Cap ETF	0.0%	2.0%	2.0%	3.0%	3.5%	4.0%
SPEM	SPDR® Portfolio Emerging Markets ETF	4.0%	8.5%	10.5%	12.5%	14.5%	15.0%
	Fixed Income	68.5%	49.5%	30.5%	15.5%	2.5%	0.0%
SPAB	SPDR® Portfolio Aggregate Bond ETF	11.0%	3.8%	0.0%	0.0%	0.0%	0.0%
FISR	SPDR® SSGA Fixed Income Sector Rotation ETF	29.5%	22.3%	12.0%	1.0%	0.0%	0.0%
TIPX	SPDR® Bloomberg 1-10 Year TIPS ETF	6.0%	4.5%	2.0%	0.0%	0.0%	0.0%
SRLN	SPDR® Blackstone Senior Loan ETF	2.5%	2.5%	1.5%	1.5%	0.0%	0.0%
EBND	SPDR® Bloomberg Emerging Markets Local Bond ETF	4.0%	3.5%	3.0%	1.5%	0.0%	0.0%
EMHC	SPDR® Bloomberg Emerging Markets USD Bond ETF	3.0%	2.0%	1.5%	1.5%	0.0%	0.0%
SPIB	SPDR® Portfolio Intermediate Term Corporate Bond ETF	3.0%	3.0%	3.0%	3.0%	0.0%	0.0%
JNK	SPDR® Bloomberg High Yield Bond ETF	9.5%	8.0%	7.5%	7.0%	2.5%	0.0%
	Real Assets	5.0%	5.0%	5.0%	5.0%	4.0%	5.0%
CERY	SPDR® Bloomberg Enhanced Roll Yield Commodity Strategy No K-1 ETF	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
GLD	SPDR® Gold Shares	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%
RWR	SPDR® Dow Jones® REIT ETF	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%
RWX	SPDR® Dow Jones® International Real Estate ETF	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%
	Cash/Cash Equivalents	7.0%	7.0%	7.0%	7.0%	6.0%	2.0%
BIL	SPDR® Bloomberg 1-3 Month T-Bill ETF	5.0%	5.0%	5.0%	5.0%	4.0%	0.0%
N/A	Cash	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Source: State Street Global Advisors as of 12/9/2024. 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

Commodities Basic goods used in commerce that are interchangeable, or “fungible,” with other commodities of the same type. Commodities are most often used as inputs in the production of other goods or services. For example, crude oil is a commodity that is used to make motor fuels, and heating oil and lubricants.

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.

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.

Yield Curve A graph or line that plots the interest rates or yields of bonds with similar credit quality but different durations, typically from shortest to longest duration. When the yield curve is said to be “flat,” it means the difference in yields between bonds with shorter and longer durations is relatively narrow. When the yield curve is said to be “steep,” it means the difference in yields between bonds with shorter and longer durations is relatively wide.

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.

Important Information

The views expressed are those of SSGA’s Investment Solutions Group (ISG) as of December 9, 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.

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