



Higher Rates for Longer? Fixed Income Positioning Ideas

Housekeeping



Ask Questions



Resources



Polling and Survey



CE Credit Certificate

Today's Presenters

Moderator

Todd Rosenbluth

Head of Research

VettaFi



Panelist

**Matthew Bartolini, CFA,
CAIA**

*Head of SPDR® Americas
Research*

State Street Global Advisors



Panelist

Emily Paskalis, CFA

Home Office ETF Strategist

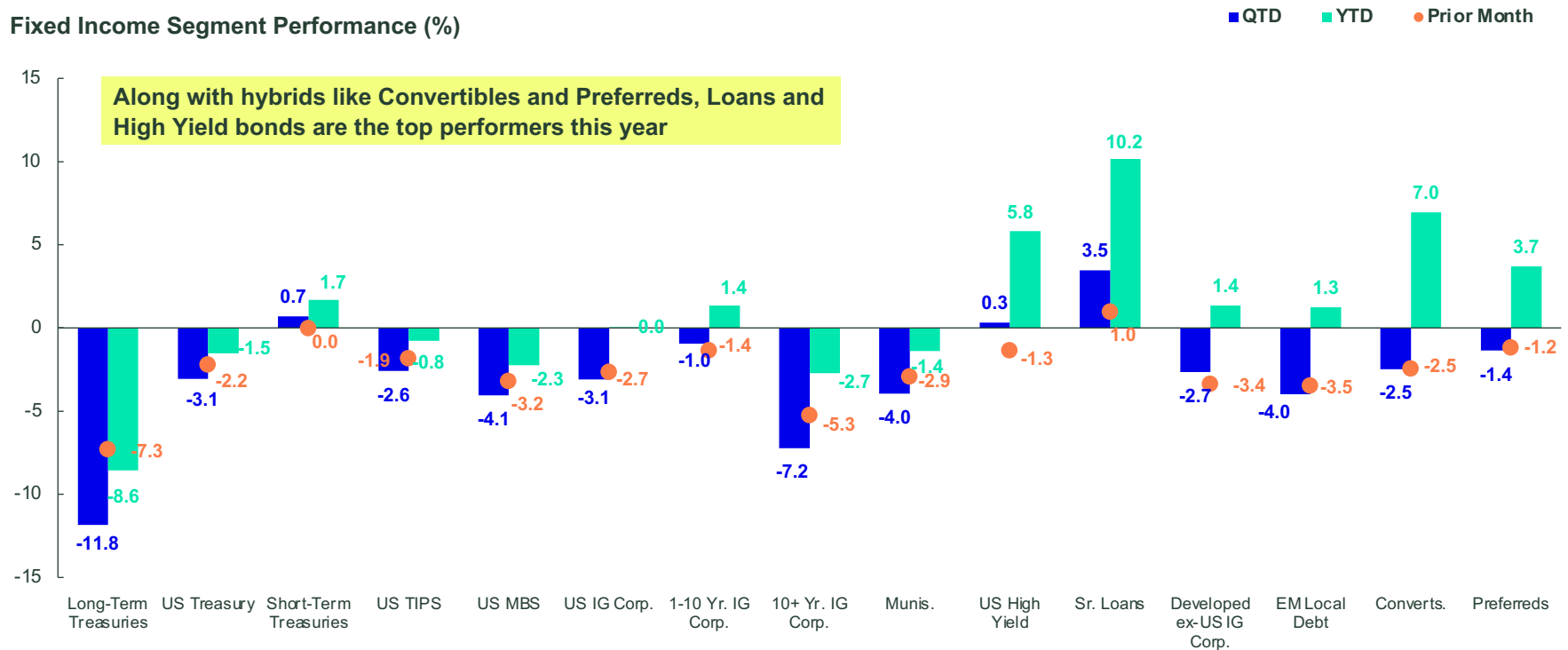
State Street Global Advisors



Fixed Income Sector Performance

Duration induced price declines from rising rates across the globe have weighed on significant number of rate-sensitive bond sectors so far in 2023

Fixed Income Segment Performance (%)

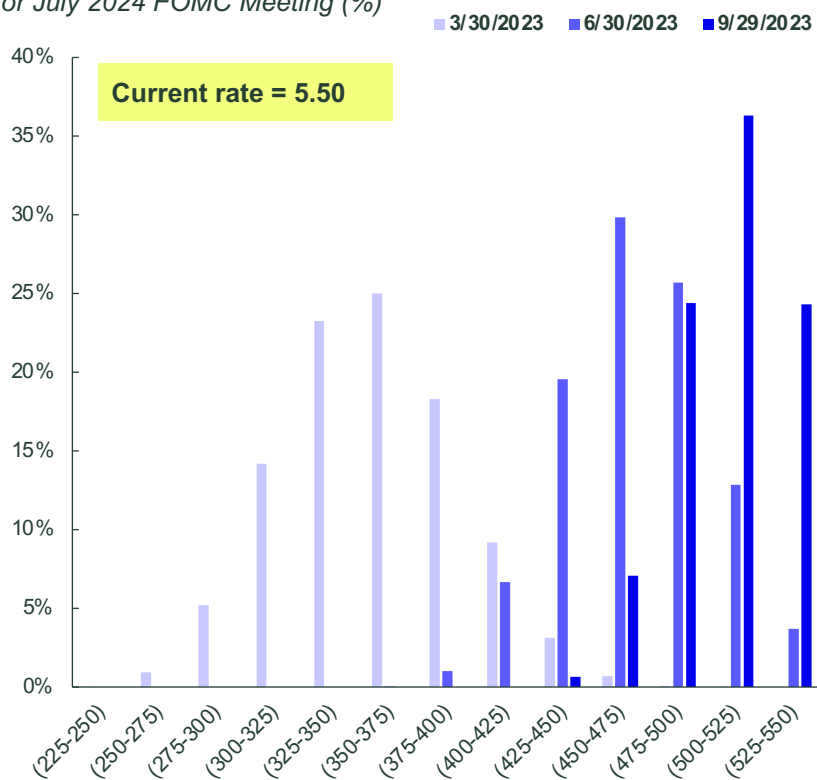


Source: Bloomberg Finance, L.P., as of September 30, 2023. **Past performance is not a reliable indicator of future performance.** Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income. All the index performance results referred to are provided exclusively for comparison purposes only. It should not be assumed that they represent the performance of any particular investment. Performance returns for periods of less than one year are not annualized. US Agg = Bloomberg US Aggregate Index | US Govies = Bloomberg US Treasury Index | Short-Term Govies = Bloomberg U.S. Treasury: 1-3 Year Index | Long-Term Govies = Bloomberg US Long Treasury Index | US TIPS = Bloomberg Global Inflation-Linked: U.S. TIPS Index | US MBS = Bloomberg US MBS Index | US IG Corp. = Bloomberg US Corporate Index | 1-10 Yr IG Corp. = Bloomberg Intermediate Corporate Index | 10 Yr+ IG Corp. = Bloomberg Long U.S. Corporate Index | US High Yield = Bloomberg VLI: High Index | Sr. Loans = S&P/LSTA Leveraged Loan Index | Developed Ex-US Sovereign Bonds = Bloomberg Global Treasury ex-U.S. Index | EM Hard Currency Debt = J.P. Morgan EMBI Global Core Index | EM Local Debt = Bloomberg EM Local Currency Govt Diversified Index. | Convertibles = Bloomberg U.S. Convertibles Liquid Bond Index. | Preferreds = ICE Exchange-Listed Fixed & Adjustable Rate Preferred Securities Index.

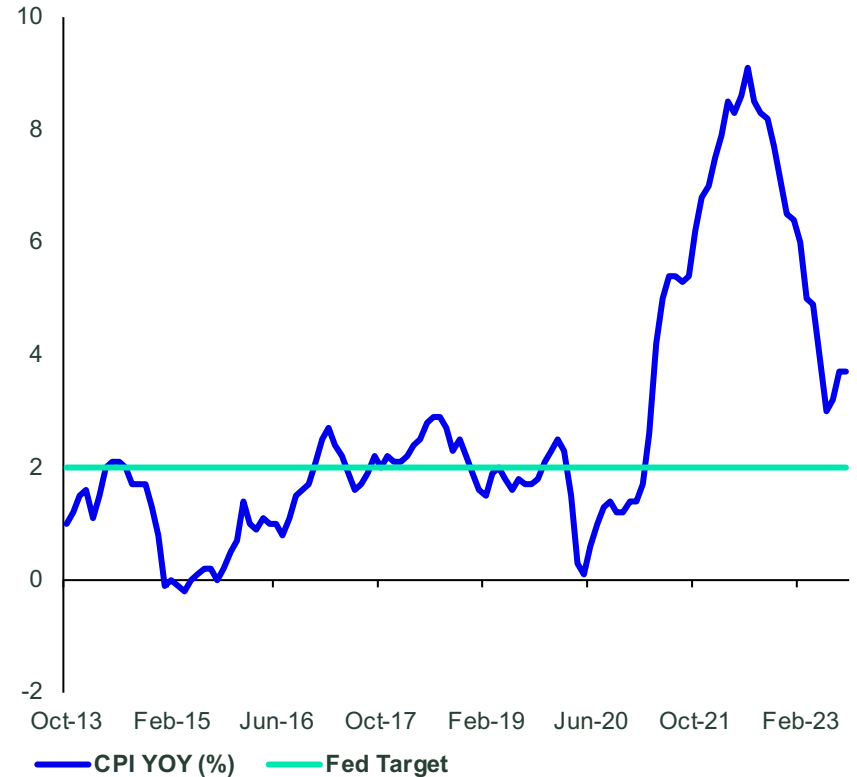
Rates and Inflation

With core inflation remaining above the Fed's target, alongside resilient economic strength, potential rate cuts are delayed further

Target Fed Funds Rate Probabilities
for July 2024 FOMC Meeting (%)



Inflation Remains Well Above Fed 2% Target



Source: Left Chart: CME FedWatch Tool, as of September 30, 2023. Source: Bloomberg Finance L.P., as of October 13, 2023. The above targets are estimates based on certain assumptions and analysis made by the Federal Reserve. There is no guarantee that the estimates will be achieved.

Bonds Are Now More Fairly Balanced

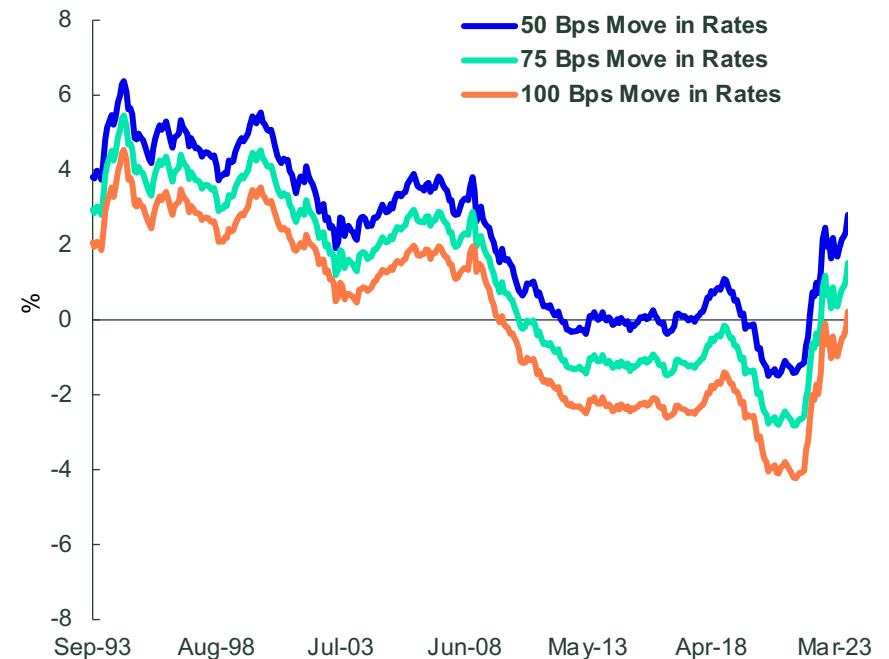
Yet with rates moving higher, core bond yields are now more in line with their duration — creating a more balanced breakeven ratio not seen since 2009

Bloomberg US Aggregate Bond Index Yield-per-unit-of-Duration



The yield-per-unit-of-duration on the Agg is now back to the long-term average for the first time since 2009

Return Impacts on the Agg Based on Different Rate Movements



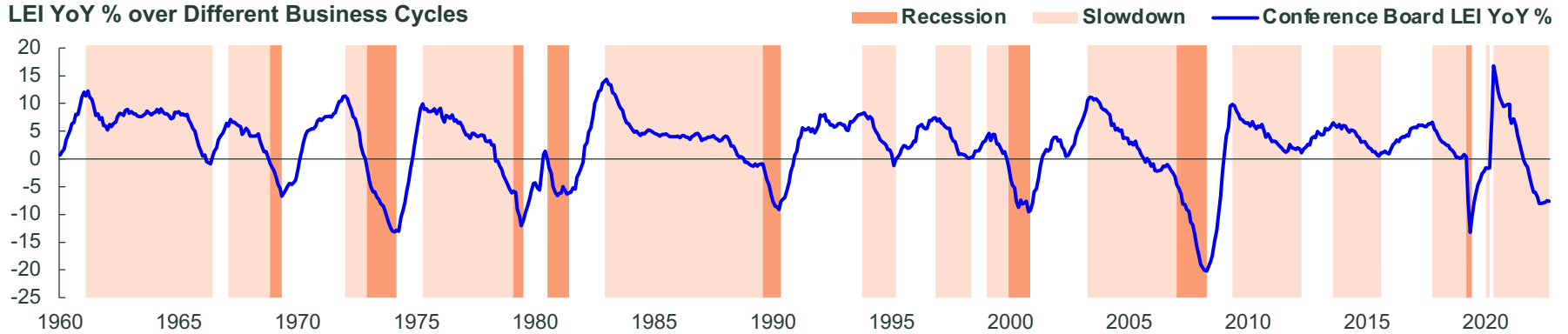
This is the first time since 2009 that the Agg's potential one-year return could still be positive with a 100 bps rise in rates

Source: Bloomberg Finance, L.P., as of September 29, 2023. Past performance is not a reliable indicator of future performance. The potential subsequent return chart on the right hand side is based on duration effects only by taking $(-\text{Rate Change} \times \text{Duration}) + \text{Yield} + \text{Rate Change}$.

Business Cycle Trends

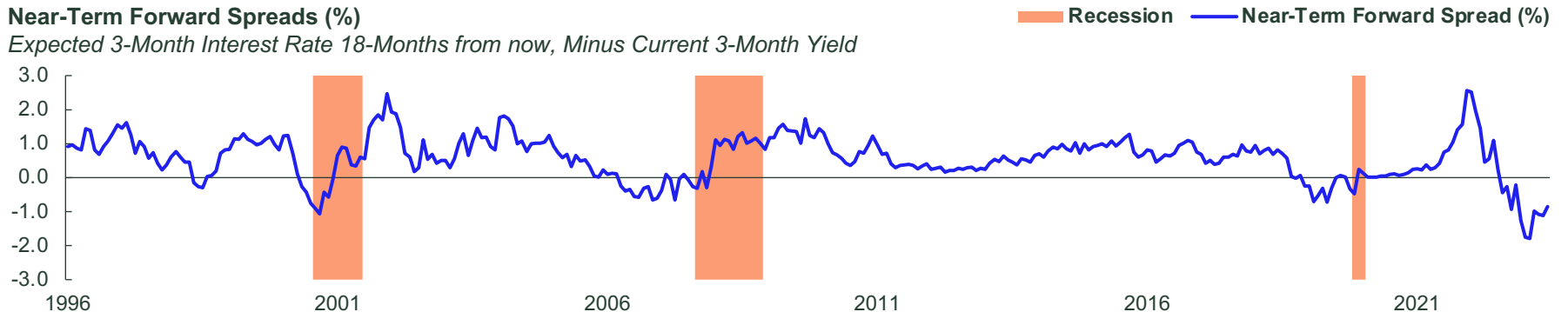
The decline of the Leading Economic Index reversed course in September, after 11 consecutive months. Yet, near-term forward spreads stayed in negative territory

LEI YoY % over Different Business Cycles



Near-Term Forward Spreads (%)

Expected 3-Month Interest Rate 18-Months from now, Minus Current 3-Month Yield



**Historically, when leading economic indicators are contracting as fast as they did until recently, the US was usually already in a recession
This hasn't happened this time around**

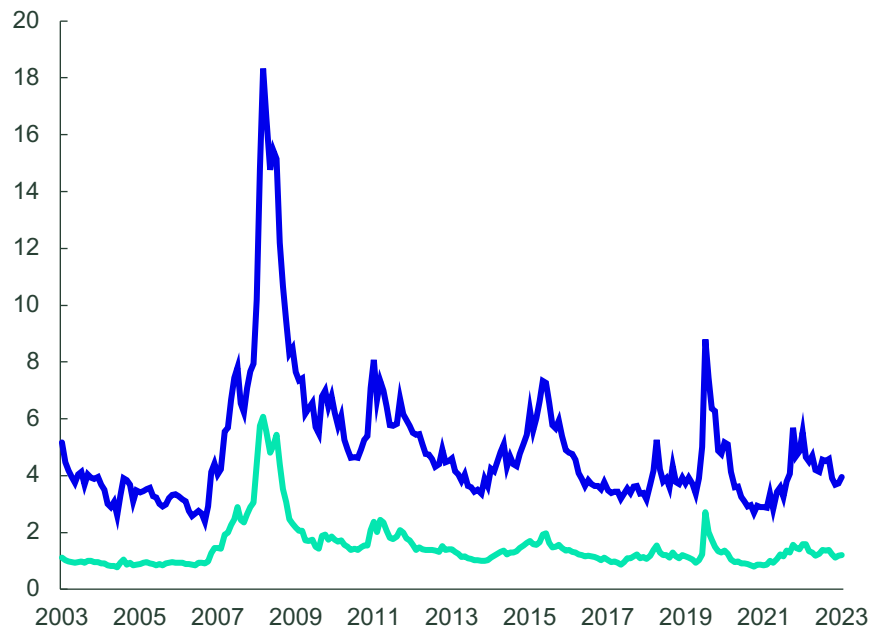
Source: Bloomberg Finance L.P., as of September 30, 2023.

Credit Trends

Despite some modest widening in September, broad based high yield credit spreads are still roughly 20% below their long-term average

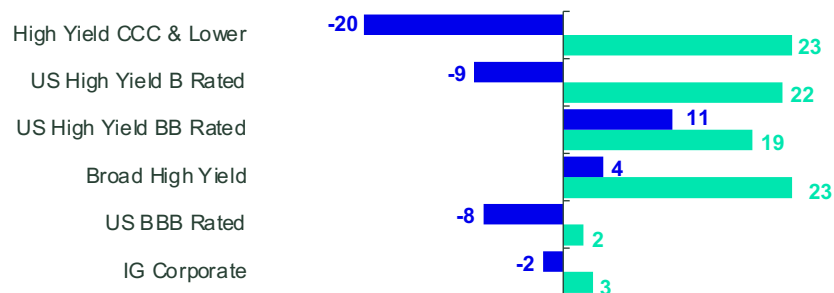
Credit Spreads (%)

— Bloomberg US Corporate High Yield Index
— Bloomberg US Corporate Index



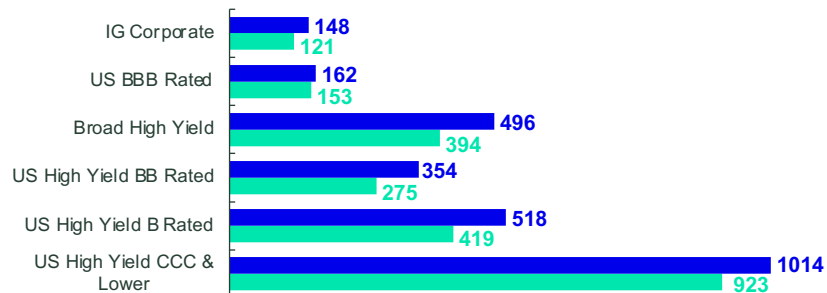
Credit Spread Changes in Basis Points

■ QTD ■ September



Credit Spread Current vs. 20-Year Averages (bps)

■ 20-Yr. Avg ■ September



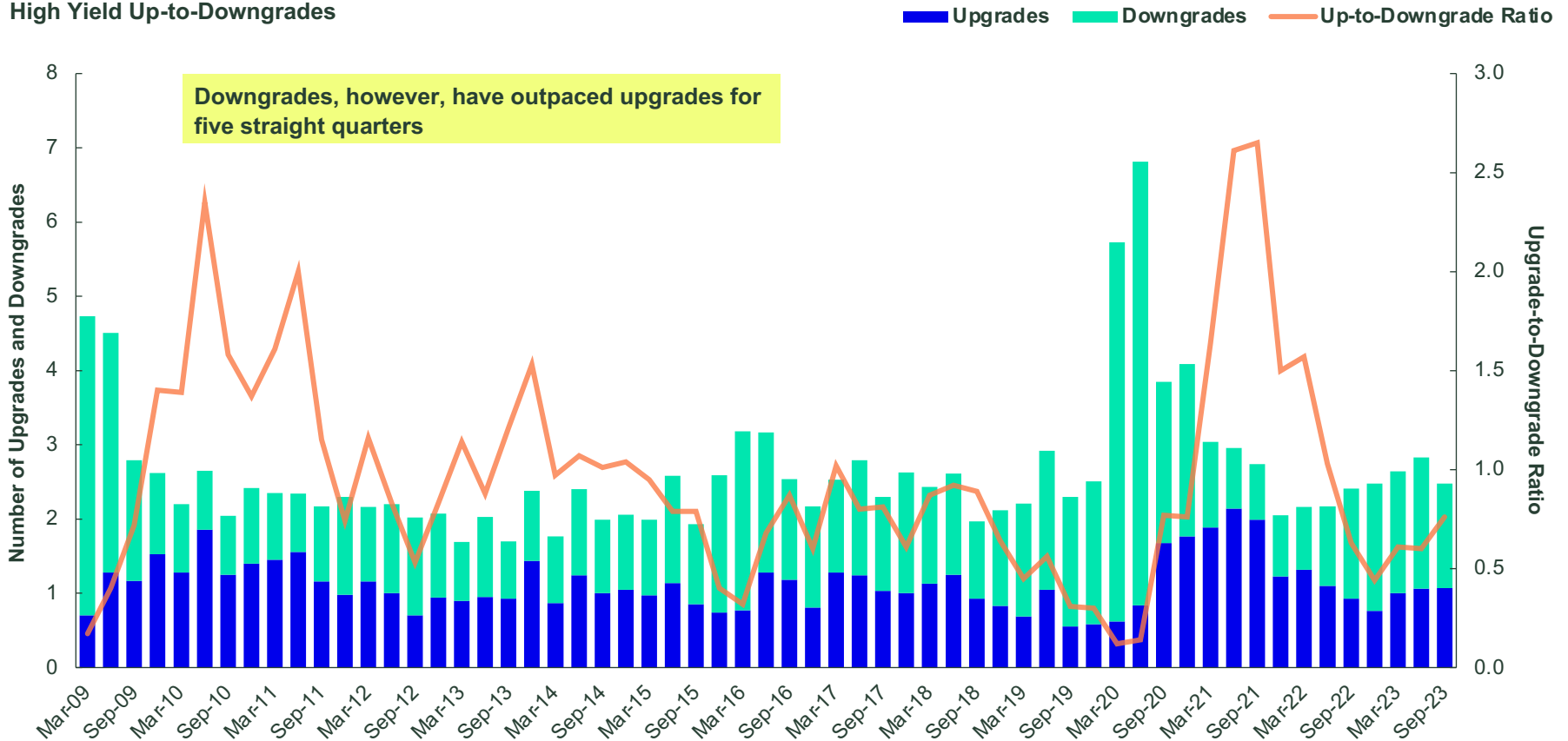
Source: Bloomberg Finance, L.P., BofA Merrill Lynch, as of September 30, 2023. US High Yield CCC & Lower = BofA ML US High Yield CCC & Lower Rated Index. US High Yield B Rated = BofAML US High Yield B Rated Index. BBB Rated = BofA ML US Investment Grade BBB Rated Index.

Broad high yield = Bloomberg US Corporate High Yield Index. IG Corporate = Bloomberg US Corporate Index. **Past performance is not a reliable indicator of future performance. Performance of an index is not illustrative of any particular investment. It is not possible to invest directly in an index.**

Credit Trends (continued)

The up-to-downgrade ratio has shown signs of stabilization as of late, with the number of downgrades slowing in Q3

High Yield Up-to-Downgrades



Source: Bloomberg Finance, L.P., as of September 30, 2023. Based on S&P ratings.

Ideas for Higher for Longer

Ideas for Higher for Longer

Four tactics for today's market

Harvest Losses Where You Can

Core aggregate bonds are down for the third consecutive year, leading to an abundance of tax loss harvesting opportunities — once you know where to look

Go Active in the Core

Active core strategies to position portfolios for evolving macro risks, higher rates, and mixed fundamentals in credit markets.

Don't Fight the Fed

Short-duration bonds where elevated yields offer income while minimizing total risks — with potential for increased income if the Fed keeps rates high for a long time

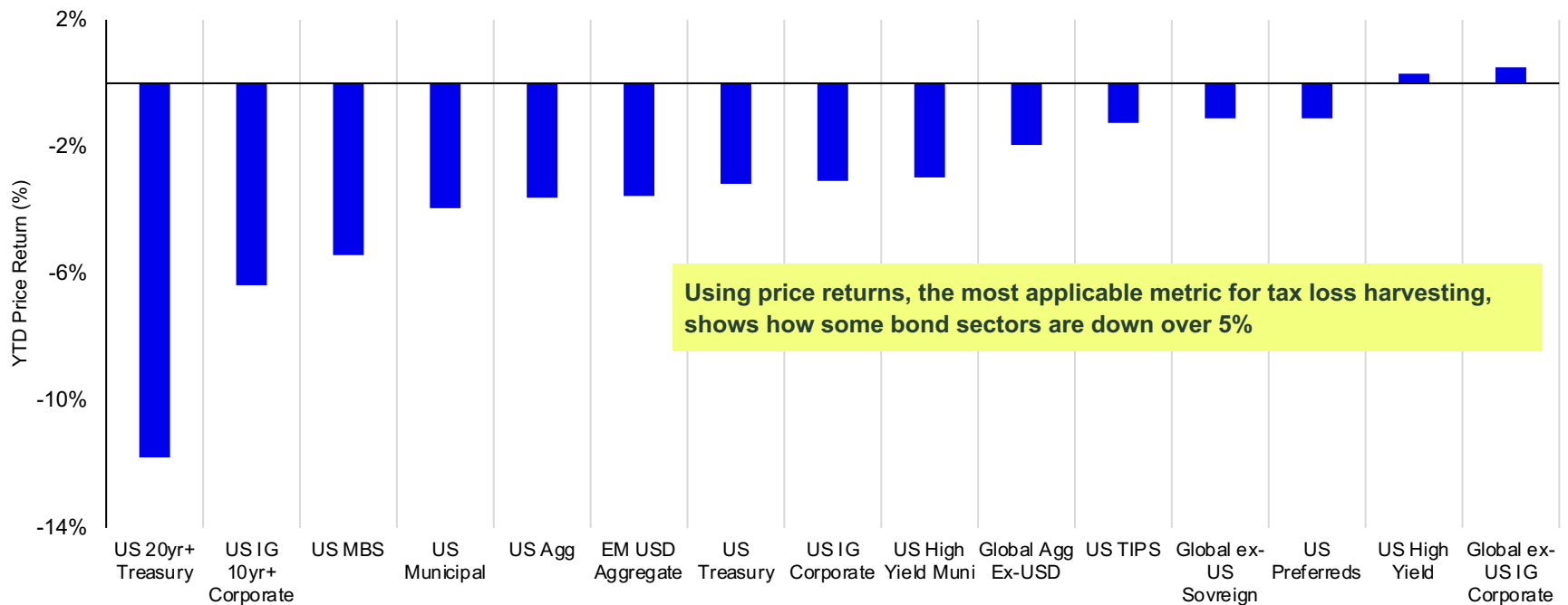
Utilize Hybrids

Target hybrid exposures like convertibles and preferreds that can manage risk and seek higher yields, but in a differentiated manner than the traditional bonds.

Bond Markets Ripe for Harvest

Higher rates, leading to bond losses, have created potential tax loss harvesting options, as price returns are even worse than total returns

Fixed Income Segment Price Return Performance (%)



Source: Bloomberg Finance L.P., Barclays Live as of October 12, 2023. **Past performance is not a reliable indicator of future performance.** US Agg = Bloomberg US Aggregate Index | Long-Term Treasury = Bloomberg US 20+ Year Treasury Index | US MBS = Bloomberg US MBS Index | US IG Corp. = Bloomberg US Corporate Index | US 10yr+ IG Corp. = Bloomberg Long U.S. Corporate Index | US High Yield = Bloomberg US High Yield Index | Global Agg Ex-USD Bonds = Bloomberg Global Aggregate ex-U.S. Index | EM Bonds = Bloomberg EM USD Aggregate Bond Index. | Preferreds = ICE Exchange-Listed Fixed & Adjustable Rate Preferred Securities Index. | US Municipal = Bloomberg US Municipal Bond Index | US TIPS = Bloomberg US TIPS Index | Global Ex US IG Corporate = Bloomberg Global Aggregate ex-U.S. Index: Corporate | Global Ex US Sovereign = Bloomberg Global Aggregate ex-U.S. Index: Sovereign | US High Yield Muni = Bloomberg US Municipal High Yield (Non-Investment Grade) Index

Opportunities Ripe for the Harvest

Higher rates have impacted many asset classes, providing a potential tax loss harvesting opportunity for investors looking to *minimize costs* or *refine exposures*

Asset Classes with Potential Tax Loss Harvesting Opportunities

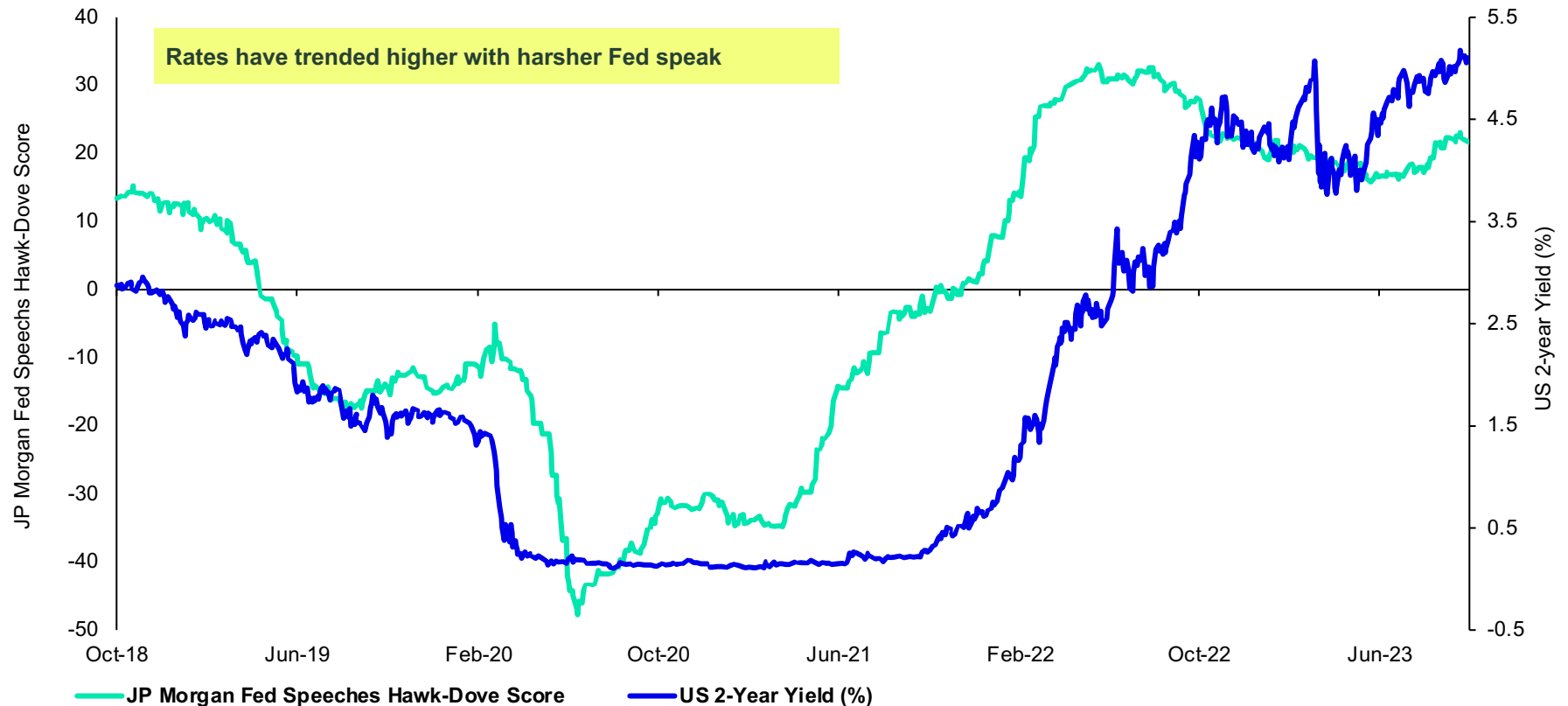
Asset Class	YTD Return	Since Start of 2022	Minimize Cost	Fee (%)	Refine Exposure	Fee (%)
Core Agg Bonds	-3.60%	-18.40%	SPDR Portfolio Aggregate Bond ETF (SPAB)	0.03	SPDR Doubleline Total Return Tactical ETF (TOTL)	0.55
Broad US IG Corporates	-3.07%	-21.28%	SPDR Portfolio Corporate Bond (SPBO)	0.03	SPDR MarketAxess Investment Grade 400 Corporate Bond ETF (LQIG)	0.07
Short Term Corporates	-0.20%	-6.36%	SPDR Portfolio Short Term Corporate Bond ETF (SPSB)	0.04	SPDR SSGA Ultra Short Term Bond ETF (ULST)	.020
			-	-	SPDR DoubleLine Short Duration Total Return Tactical ETF (STOT)	0.45
Intermediate-Term Corporates	-1.40%	-13.58%	SPDR Portfolio Intermediate Term Corporate Bond ETF (SPIB)	0.04	-	-
Long-Term Corporates	-6.36%	-33.28%	SPDR Portfolio Long Term Corporate Bond ETF (SPLB)	0.04	-	-
Short-Term Treasury	0.26%	-4.90%	SPDR Portfolio Short Term Treasury ETF (SPTS)	0.03	SPDR Bloomberg 1-3 Month T-Bill ETF (BIL)	0.135
			-	-	SPDR Bloomberg 3-12 Month T-Bill ETF (BILS)	0.136
Intermediate-Term Treasury	-1.17%	-10.28%	SPDR Portfolio Intermediate Term Treasury ETF (SPTI)	0.03	-	-
Long-Term Treasury	-11.78%	-40.59%	SPDR Portfolio Long Term Treasury ETF (SPTL)	0.03	-	-
Mortgage-Backed Securities	-5.41%	-19.20%	SPDR Portfolio Mortgage Backed Bond ETF (SPMB)	0.04	-	-
High Yield Bonds	0.30%	-16.25%	SPDR Portfolio High Yield Bond ETF (SPHY)	0.05	SPDR Blackstone High Income ETF (HYBL)	0.70
			-	-	SPDR Blackstone Senior Loan ETF (SRLN)	0.70
TIPS	-1.24%	-13.60%	SPDR Portfolio TIPS ETF (SPIP)	0.12	SPDR Bloomberg 1-10 Year TIPS ETF (TIPX)	0.15
Preferreds	-1.10%	-26.36%	-	-	SPDR ICE Preferred Securities ETF (PSK)	0.45
Municipals	-3.94%	-15.73%	-	-	SPDR Nuveen Municipal Bond ETF (MBND)	0.40
High Yield Municipals	-2.96%	-19.25%	-	-	SPDR Nuveen Bloomberg High Yield Municipal Bond ETF (HYMB)	0.35
EM Bonds	-3.54%	-22.14%	-	-	SPDR Bloomberg Emerging Markets Local Bond ETF (EBND)	0.30

Source: Bloomberg Finance L.P., Barclays Live as of October 12, 2023. **Past performance is not a reliable indicator of future performance.** US Agg = Bloomberg US Aggregate Index | Long-Term Treasury = Bloomberg US 20+ Year Treasury Index | US MBS = Bloomberg US MBS Index | US IG Corp. = Bloomberg US Corporate Index | US 10yr+ IG Corp. = Bloomberg Long U.S. Corporate Index | US High Yield = Bloomberg US High Yield Index | Global Agg Ex-USD Bonds = Bloomberg Global Aggregate ex-U.S. Index | EM Bonds = Bloomberg EM USD Aggregate Bond Index. | Preferreds = ICE Exchange-Listed Fixed & Adjustable Rate Preferred Securities Index. | US Municipal = Bloomberg US Municipal Bond Index | US TIPS = Bloomberg US TIPS Index | Global Ex US IG Corporate = Bloomberg Global Aggregate ex-U.S. Index: Corporate | Global Ex US Sovereign = Bloomberg Global Aggregate ex-U.S. Index: Sovereign | US High Yield Muni = Bloomberg US Municipal High Yield (Non-Investment Grade) Index | Short-Term Corporates = Bloomberg US Corporate 1-3 Yr Index | Intermediate Corporates = Bloomberg US Corporate 1-10 Yr Index | Short-Term Treasury = Bloomberg US Treasury 1-3 Yr Index | Intermediate Treasury = Bloomberg US Treasury 3-10 Yr Index

Don't Fight the Fed

Yields rose when Fed rhetoric began to lean more hawkish. If this relationship holds, shorter duration bonds could see their income potential rise further.

Yield Movements versus FedSpeak Tone

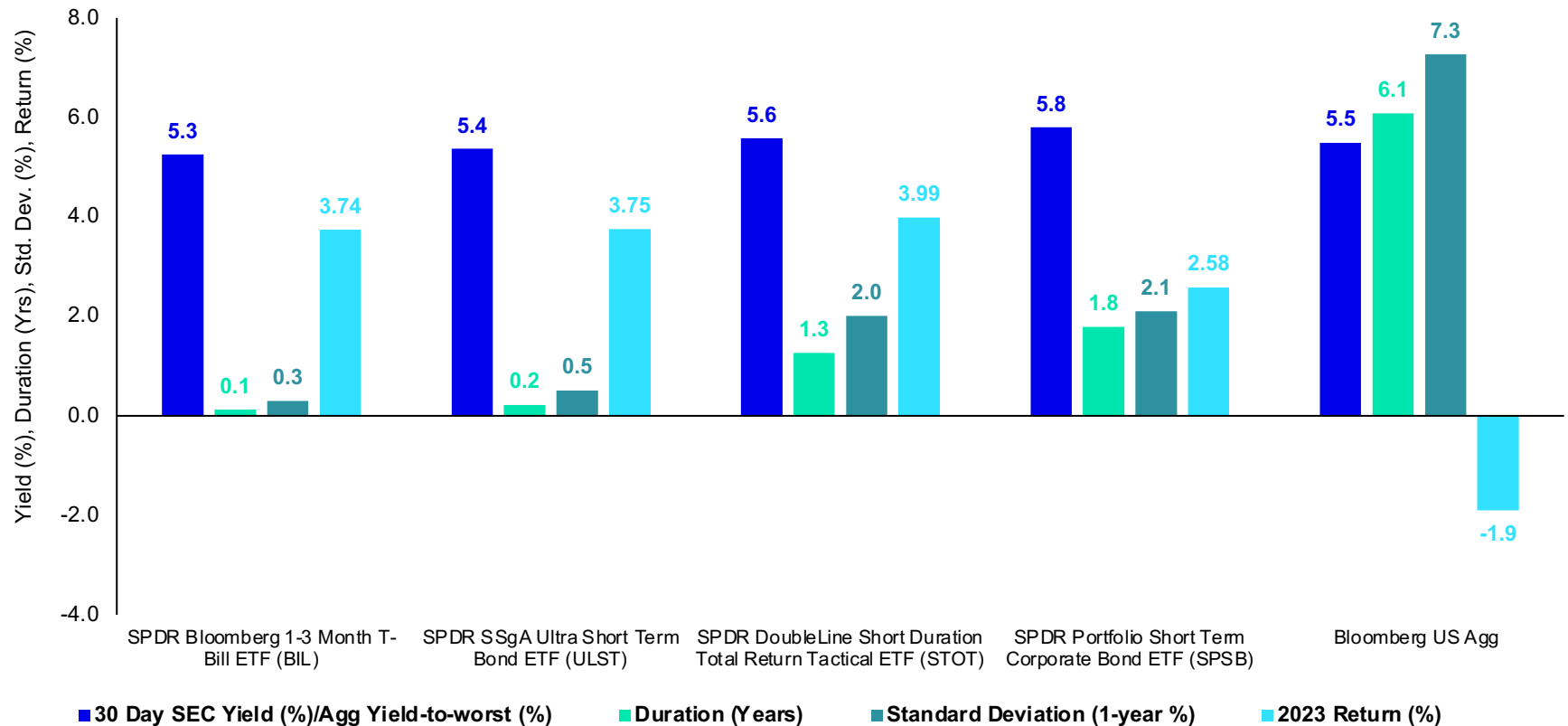


Source: Bloomberg Finance L.P., Barclays Live as of October 12, 2023. Past performance is not a reliable indicator of future performance.

Don't Fight the Fed

Shorter duration bonds offer more stability and lower volatility than segments further out on the curve – as well as higher income potential.

More Balance Between Income and Stability at the Short End of the Curve



Source: ssga.com, Bloomberg Finance L.P., as of October 12, 2023. Past performance is not a reliable indicator of future performance.

Active Bond Performance Trends

Most active bond strategies were able to outperform their benchmark in Q3, continuing the bounce back from 2022

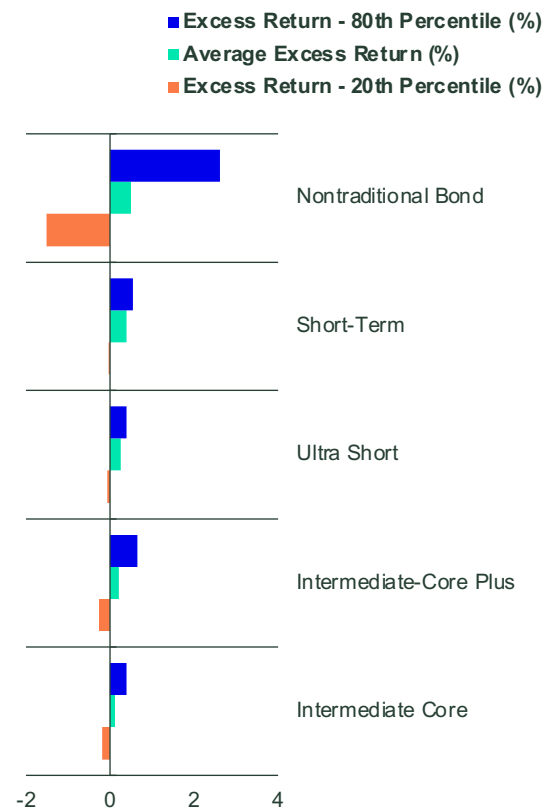
US Active Manager Performance Trends — % of Managers Outperforming Benchmarks

Category	Q3 2023	Q2 2023	YTD	CY 2022
Ultra Short	76%	77%	73%	29%
Short-Term	77%	81%	86%	43%
Intermediate Core	65%	59%	68%	24%
Intermediate-Core Plus	68%	71%	75%	31%
Nontraditional Bond	58%	58%	62%	43%
Multisector	88%	91%	87%	78%

US Active Manager Performance Trends — Average Excess Return (%)

Category	Q3 2023	Q2 2023	YTD	CY 2022
Ultra Short	0.26	0.33	0.69	-0.54
Short-Term	0.40	0.45	0.91	0.17
Intermediate Core	0.12	0.05	0.33	-0.64
Intermediate-Core Plus	0.21	0.18	0.56	-0.75
Nontraditional Bond	0.50	0.42	0.77	-0.83
Multisector	1.90	1.12	2.51	2.39

Q3 2023 Quintile 1 Versus Quintile 5 Manager



Source: Morningstar, as of September 30, 2023. The universe is based on Morningstar Category, Green is better than 50% hit rate and positive excess return. Orange is below 50% and negative excess return. **Past performance is not a reliable indicator of future performance.**

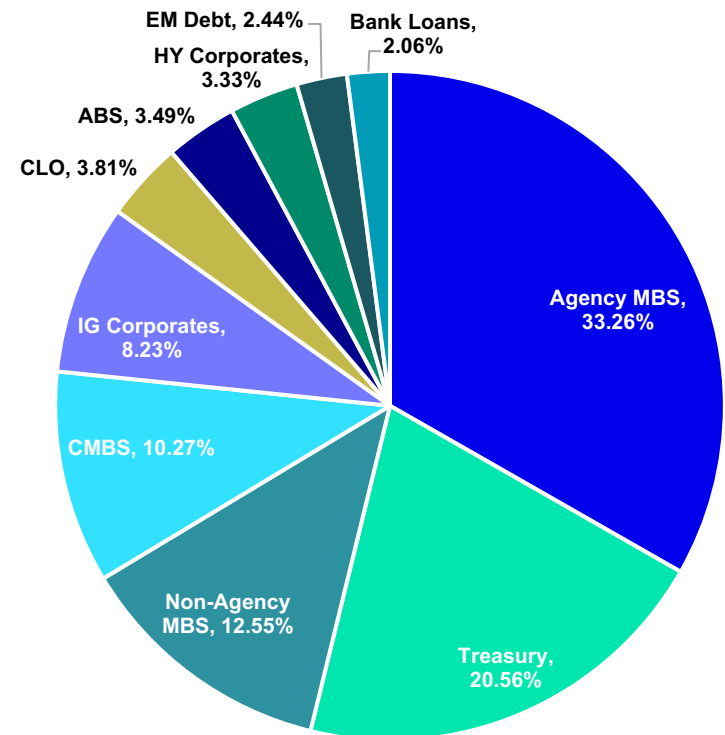
Go Active in the Core

Active sector and security selection can help investors take advantage of income and total return opportunities, while seeking to mitigate the credit and rate risks

TOTL Investment Strategy Overview

- **Actively managed** core bond portfolio that combines **top-down** active risk management and **bottom-up** security selection with an **embedded mortgage bias**
- Seeks to deliver **high quality income** while exploiting inefficiencies within the global bond market
- **Defensive portfolio** that has historically mitigated the impacts of rate, credit, and equity volatility while also having displayed lesser drawdowns than its peers¹
- **Core holding** due to its ability to act as a **stabilizer** during periods of stress while providing **comprehensive exposure** to a diversified portfolio of fixed income securities

TOTL Sector Exposure

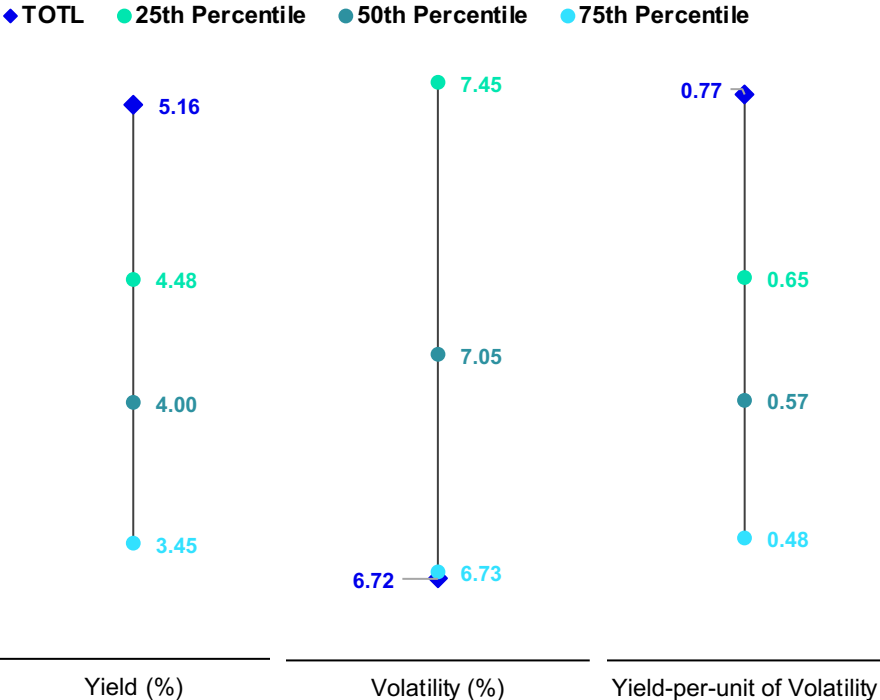


Source: Bloomberg Finance L.P., ssga.com as of October 12, 2023. Characteristics are as of the date indicated and subject to change.

Go Active in the Core

Through DoubleLine’s skilled active management, TOTL is among the most efficient income generating Intermediate Core-Plus funds when adjusting for volatility

TOTL Yield & Volatility Profile versus Peers



TOTL 3-Year Excess Return versus Agg
Cumulative (%)



Source: Morningstar, 09/30/2023. Excess return thru 10/12/2023 per Bloomberg Finance L.P. Peer group defined as all US-listed ETFs and US domiciled mutual funds (oldest share class) in the Intermediate Core-Plus Morningstar Category. Yield = 12-month yield. TOTL’s 30-day SEC yield as of 09/30/2023 was 5.87%. 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. Volatility = trailing 1-year standard deviation. **Past performance is not a reliable indicator of future performance.**

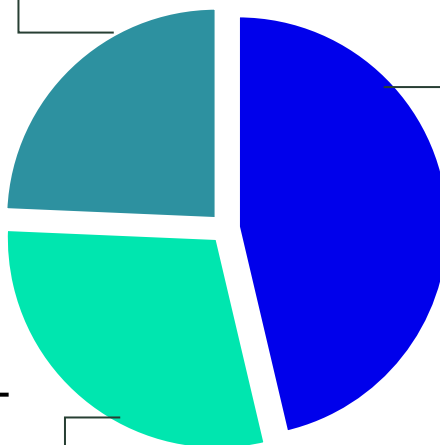
SPDR Portfolio ETFs In Action: Create a Flexible Core Bond Allocation

SPDR Portfolio ETFs allow investors the flexibility to seek to gain exposure to core bonds or break up the market by fixed income segment with low expense ratios

Broad Aggregate ETF	Net Expense Ratio (%)
SPDR Portfolio Aggregate Bond ETF (SPAB)	0.03

Investment Grade Corporate (25.00% of Agg)	
Fund	Net Expense Ratio (%)
SPDR Portfolio Corporate Bond ETF (SPBO)	0.03
SPDR Portfolio Short Term Corporate Bond ETF (SPSB)	0.04
SPDR Portfolio Intermediate Term Corporate Bond ETF (SPIB)	0.04
SPDR Portfolio Long Term Corporate Bond ETF (SPLB)	0.04

Securitized (26.89% of Agg)	
Fund	Net Expense Ratio (%)
SPDR Portfolio Mortgage Backed Bond ETF (SPMB)	0.04



Treasury/Government/Cash (48.11% of Agg)	
Fund	Net Expense Ratio (%)
SPDR Portfolio Short Term Treasury ETF (SPTS)	0.03
SPDR Portfolio Intermediate Term Treasury ETF (SPTI)	0.03
SPDR Portfolio Long Term Treasury ETF (SPTL)	0.03

Source: Morningstar, as of September 30, 2023.

Customize Your Own Active Core

Given the precise sector and maturity exposures, a customized ETF core portfolio based on specific constraints can be tailor made

Optimizing the weighting of the subcomponents (maturity bands) of the core Agg sectors to maximize the yield per unit of duration can help you to more precisely meet your objectives with the traditional exposures of the Agg.

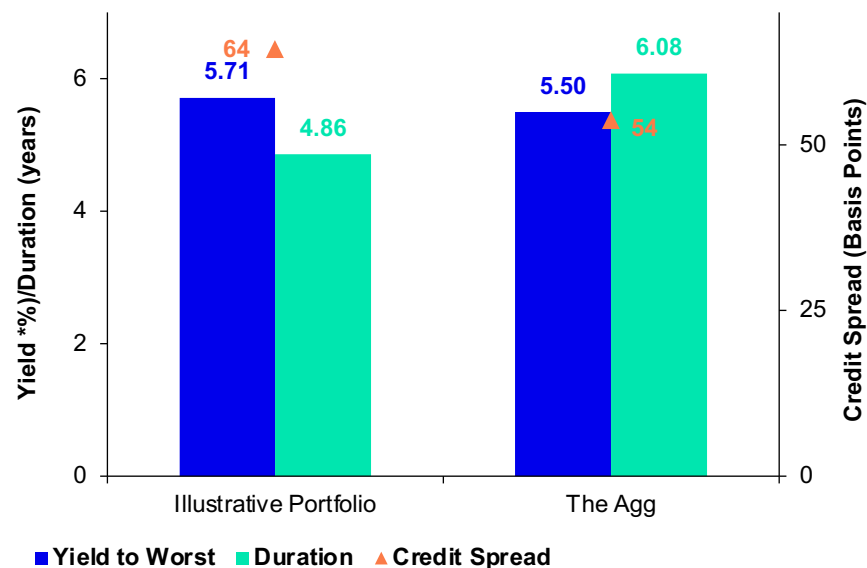
Constraints for Illustrative Example of Re-Created Core Agg

Constraints
Agg Sector Weight Cannot Exceed 40% or be less than 20%
Each Duration Bucket Weight must be between 3-30%
Portfolio Option Adjusted Spread Cannot Exceed the Agg by 20%
Duration Cannot be 20% Less than the Agg

Weights of Illustrative Example of Re-Created Core Agg

Sector	Term	Weight
Treasuries	Short Term	17.6%
	Intermediate	3.0%
	Long Term	4.7%
Corporates	Short Term	30.0%
	Intermediate	3.0%
	Long Term	7.0%
Mortgages		35%

Profile of Illustrative Example of Re-Created Core Agg

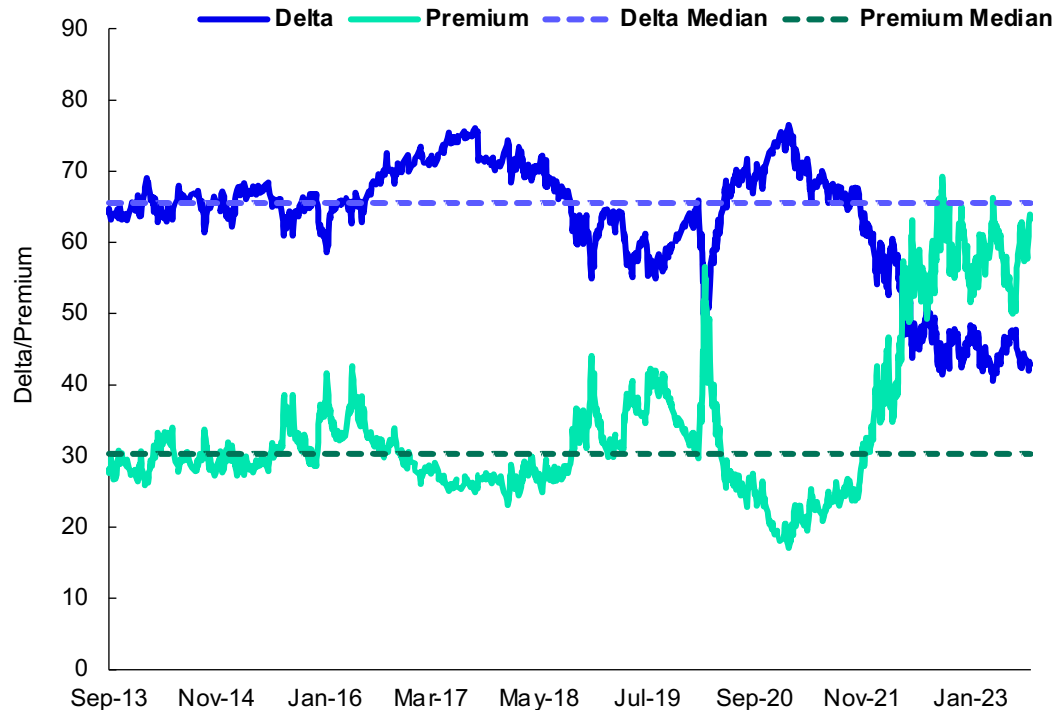


Source: Bloomberg Finance L.P., Barclays Live as of October 12, 2023. Indices for these markets were used to create the portfolio. Short-Term Corporates = Bloomberg US Corporate 1-3 Yr Index | Intermediate Corporates = Bloomberg US Corporate 1-10 Yr Index | Long Term Corporates = Bloomberg Long Corporate Index | Long Term Treasury = Bloomberg Long Treasury Index | Short-Term Treasury = Bloomberg US Treasury 1-3 Yr Index | Intermediate Treasury = Bloomberg US Treasury 3-10 Yr Index | US MBS = Bloomberg US MBS Index
Past performance is not a reliable indicator of future performance.

Target Hybrids

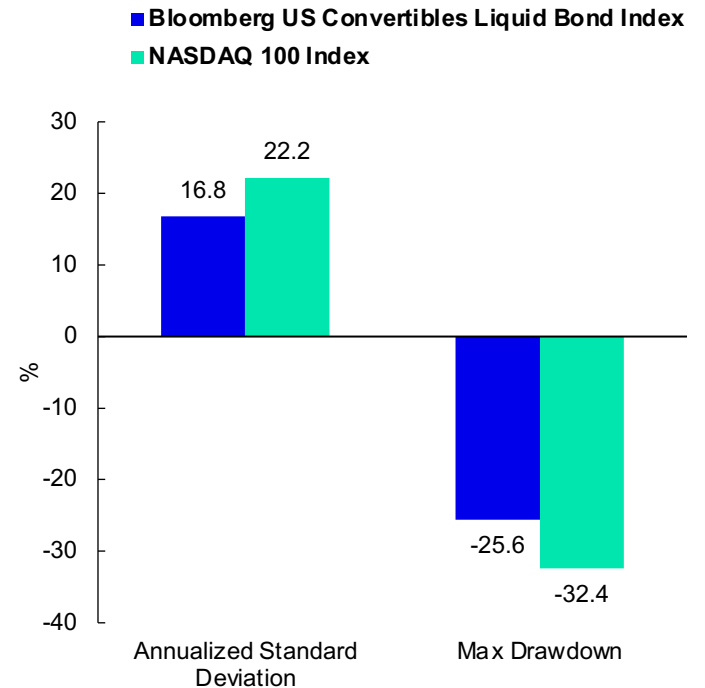
Convertibles' low delta and high premium indicate they are trading more like bonds, providing investors upside potential with less volatility than straight equities

Convertible Securities Conversion Premiums and Deltas



Conversion premium is the difference between the price of convertibles and the value of underlying equity if converted

Convertibles Lower Risk Profile (5-Year)



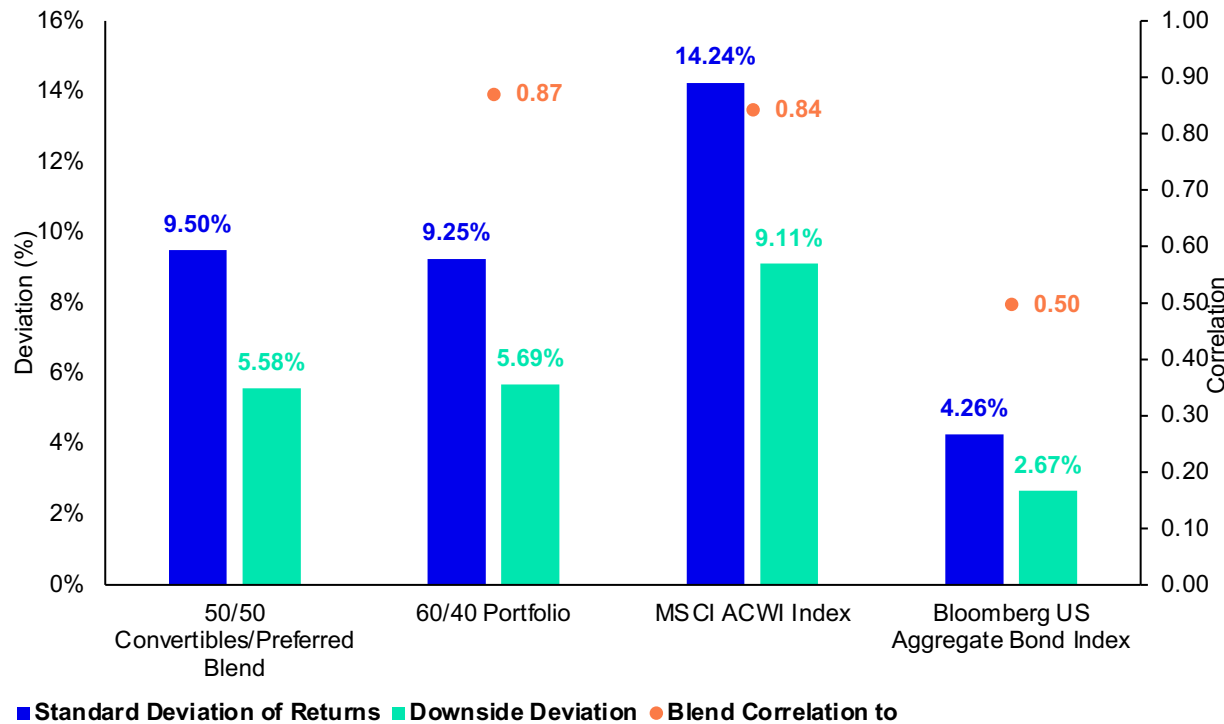
Convertibles historically showed lesser volatility and lower drawdown than similar tech heavy equity markets

Source: left chart: Bloomberg Finance L.P., as of September 29, 2023. Right chart: FactSet, as of September 29, 2023.

Blend Hybrids

Combining an allocation to convertibles with preferred securities, another hybrid investment, introduces an income overlay with sector diversification

Potential Income and Diversification Benefits Blending Converts and Preferreds



While convertibles yield roughly 5%, preferreds yield 6.7%.

A 50/50% blend would produce a yield of near 5.8%, which is 30 basis points greater than the yield on the Agg and 362 basis points more than global stocks

Therefore, yielding more than the standard globally diversified 60/40 portfolio

Source: Bloomberg Finance L.P., Barclays Live as of September 2023. Convertibles = Bloomberg U.S. Convertibles Liquid Bond Index | Preferreds = ICE Exchange-Listed Fixed & Adjustable Rate Preferred Securities Index. **Past performance is not a reliable indicator of future performance.**

Standard Performance

Net Returns for the period ending September 30, 2023

Ticker	Name	YTD	Annualized					Inception Date	Gross Expense Ratio
			1 Year	3 Year	5 Year	10 Year	Since Inception		
TOTL	SPDR® DoubleLine Total Return Tact ETF (NAV)	-0.48	0.72	-4.33	-0.48	0.00	0.35	02/23/2015	0.55
TOTL	SPDR® DoubleLine Total Return Tact ETF (MKT)	-0.47	1.04	-4.20	-0.42	0.00	0.36		
STOT	SPDR® DoubleLine Shrt Dur Ttl RetTactETF (NAV)	3.96	5.07	0.23	1.54	0.00	1.43	04/13/2016	0.45
STOT	SPDR® DoubleLine Shrt Dur Ttl RetTactETF (MKT)	3.66	5.10	0.22	1.47	0.00	1.39		
ULST	SPDR® SSgA Ultra Short Term Bond ETF (NAV)	3.59	4.78	1.65	1.93	0.00	1.48	10/09/2013	0.20
ULST	SPDR® SSgA Ultra Short Term Bond ETF (MKT)	3.58	4.83	1.66	1.94	0.00	1.47		
SPSB	SPDR® Portfolio Short Term Corp Bd ETF (NAV)	2.47	3.85	-0.17	1.69	1.52	1.73	12/16/2009	0.04
SPSB	SPDR® Portfolio Short Term Corp Bd ETF (MKT)	2.36	3.87	-0.20	1.69	1.50	1.63		
BIL	SPDR® Blmbg 1-3 Mth T-Bill ETF (NAV)	3.57	4.44	1.61	1.56	0.95	0.84	05/25/2007	0.14
BIL	SPDR® Blmbg 1-3 Mth T-Bill ETF (MKT)	3.56	4.43	1.61	1.56	0.95	0.84		
CWB	SPDR® Blmbg Convert Secs ETF (NAV)	6.71	9.04	1.77	8.01	8.66	10.44	04/14/2009	0.40
CWB	SPDR® Blmbg Convert Secs ETF (MKT)	6.68	9.57	1.74	7.97	8.60	10.32		
PSK	SPDR® ICE Preferred Securities ETF (NAV)	3.45	-0.53	-3.83	0.27	3.43	4.48	09/16/2009	0.45
PSK	SPDR® ICE Preferred Securities ETF (MKT)	3.15	-0.85	-4.01	0.21	3.43	4.47		

Source: ssga.com, as of September 30, 2023. **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. Visit www.ssga.com and respective fund website for most recent month-end performance. Performance returns for periods of less than one year are not annualized. 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. 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.

Questions?

Please submit your questions using the Q&A box.

Important Disclosures

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All the index performance results referred to are provided exclusively for comparison purposes only. It should not be assumed that they represent the performance of any particular investment.

This communication is not intended to be an investment recommendation or investment advice and should not be relied upon as such.

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.

The value of the **debt securities** may increase or decrease as a result of the following: market fluctuations, increases in interest rates, inability of issuers to repay principal and interest or illiquidity in the debt securities markets; the risk of low rates of return due to reinvestment of securities during periods of falling interest rates or repayment by issuers with higher coupon or interest rates; and/or the risk of low income due to falling interest rates. To the extent that interest rates rise, certain underlying obligations may be paid off substantially slower than originally anticipated and the value of those securities may fall sharply. This may result in a reduction in income from debt securities income.

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.

Investing in commodities entail significant risk and is not appropriate for all investors. Commodities investing entail significant risk as commodity prices can be extremely volatile due to wide range of factors. A few such factors include overall market movements, real or perceived inflationary trends, commodity index volatility, international, economic and political changes, change in interest and currency exchange rates.

Generally, among asset classes, stocks are more volatile than bonds or short-term instruments. Government bonds and corporate bonds generally have more moderate short-term price fluctuations than stocks, but provide lower potential long-term returns. U.S. Treasury Bills maintain a stable value if held to maturity, but returns are generally only slightly above the inflation rate.

Options investing entail a high degree of risk and may not be appropriate for all investors.

Issuers of convertible securities may not be as financially strong as those issuing securities with higher credit ratings and may be more vulnerable to changes in the economy.

Other risks associated with convertible bond investments include: Call risk which is the risk that bond issuers may repay securities with higher coupon or interest rates before the security's maturity date; liquidity risk which is the risk that certain types of investments may not be possible to sell the investment at any particular time or at an acceptable price; and investments in derivatives, which can be more sensitive to sudden fluctuations in interest rates or market prices, potential illiquidity of the markets, as well as potential loss of principal.

Because of their narrow focus, financial sector funds tend to be more volatile. Preferred Securities are subordinated to bonds and other debt instruments, and will be subject to greater credit risk. The fund may contain interest rate risk (as interest rates rise bond prices usually fall); the risk of issuer default; inflation risk; and issuer call risk. The Fund may invest in US dollar-denominated securities of foreign issuers traded in the United States.

Important Disclosures

Actively managed funds do not seek to replicate the performance of a specified index. The Strategy/fund is actively managed and may underperform its benchmarks. An investment in the strategy/Fund is not appropriate for all investors and is not intended to be a complete investment program. Investing in the strategy/Fund involves risks, including the risk that investors may receive little or no return on the investment or that investors may lose part or even all of the investment.

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

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.

High-yield municipal bonds are subject to greater credit risk and are likely to be more sensitive to adverse economic changes or subject to greater risk of loss of income and principal than higher-rated securities.

The municipal market is volatile and can be significantly affected by adverse tax, legislative or political changes and the financial condition of the issuers of municipal securities. Interest rate increases can cause the price of a debt security to decrease. A portion of the dividends you receive may be subject to federal, state, or local income tax or may be subject to the federal alternative minimum tax.

International 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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