

**State Street**  
**Target Income**  
**ETF Model Portfolio**  
Access to Institutional  
Quality Investment  
Solutions

# Invest Smart

**State Street Target Income ETF Model Portfolio** is brought to you by the creators of the world's first ETFs.<sup>1</sup> Crafted by experts, the portfolio is designed, built and managed by State Street Global Advisors' Investment Solutions Group, and seeks to provide a target level of income that is determined on an annual basis by using State Street's strategic asset allocation process. Underpinned with ETFs from a range of issuers, these multi-asset models reflect the global diversification and discipline which is central to successful investing.

## Put Our Expertise to Work

State Street Corporation has over a **225-year** history and invests or services 10% of the world's assets<sup>2</sup>

State Street Global Advisors is the world's **third largest asset manager**, with US\$2.7 trillion in assets<sup>3</sup>

**Third largest ETF manager** with over 250 global offerings and US\$642 billion in assets<sup>4</sup>

## Our Difference

**Global Reach, Local Team** Our team represents a unique blend of experience and skill, with backgrounds ranging from portfolio managers to research specialists. Located in Australia and key investment centers around the world, our specialists gather local insights to provide deep perspectives on the investment landscape of every region. Today, they serve clients around the world, with more than US\$187 billion in assets under management and assets under advisory/consulting.<sup>5</sup>

**Focused on Yield Sustainability** Finding the balance between high dividend yield, and dividend sustainability and growth, can be challenging. That's why we've included two high yield smart beta ETFs in our portfolio. Unlike a 'high yield only' fund that focuses on short-term, projected yield, both ETFs utilise a rules-based approach and are built with yield sustainability at their core.

**Open Architecture** Constructed using the Australian ETF universe, only the ETFs that meet the Investment Solutions Group's global investment criteria are included in the model portfolios - irrespective of issuer. All ETFs held in the portfolios are additionally reviewed by the global Investment Manager Oversight Team (IMOT), a group which conducts ETF due diligence as well as day-to-day manager selection and review.

## Key Facts

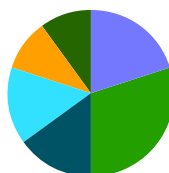
Provide income through a diversified investment approach with exposure to high dividend equities, investment grade and high yield bond ETFs

Portfolio construction focused on a target annual income, with the potential for capital growth through a conservative mix of growth assets

Using ETFs as building blocks, the portfolio capitalises on lower expense ratios

## Investment Objective

The State Street Target Income ETF Model Portfolio was developed to link objectives with an investment outcome. Founded on a strategic asset allocation framework, the portfolio construction process uses long-term asset class returns, yield expectations, risk and correlation forecasts to identify an asset allocation that drives income. These allocations are then carefully refined by the experienced portfolio management team. The State Street Target Income ETF Model Portfolio allocates across a wide variety of asset classes with an aim to target, before expenses, an income objective of 3% per annum for the 2020/2021 financial year.



## Hypothetical Model Portfolio Allocations

Ticker	Asset Class	Allocation (%)
WDIV	SPDR S&P Global Dividend Fund	20
SYI	SPDR MSCI Australia Select High Dividend Yield Fund	30
GOVT	SPDR S&P/ASX Australian Government Bond Fund	15
VACF	Vanguard Australian Corporate Fixed Interest Index ETF	15
IHHY	iShares Global High Yield Bond AUD Hedged ETF	10
BILL	iShares Core Cash ETF	10
<b>Weighted Average Management Costs (estimated)</b>		<b>34 bps p.a.</b>

Source: State Street Global Advisors and Bloomberg Finance L.P. as of 30 June 2020.

**Important Information: Model Portfolio Allocations and Model Dividend Yield presented above are hypothetical and have been provided for illustrative purposes only. They do not reflect the results of the actual trading of any account or group of accounts and actual results could differ substantially.**

A model portfolio is an allocation to a list of funds that are group together. Where a model portfolio is offered on an investment platform, investors who select it effectively instruct the platform operator to acquire units in the ETFs that comprise the model portfolio. The model portfolio described above has not yet been implemented by State Street, so the results are hypothetical. The actual results of accounts managed by the Platform or Managed Accounts provider (“Provider”) that receives access to the models may differ substantially from the hypothetical results for a variety of reasons including, but not limited to, the Provider’s decision to exercise its discretion to implement a model in a way that differs from the information provided by State Street. State Street cannot guarantee any payment of dividends, which is subject to the dividend payment policy of the individual issuers of the underlying ETFs and the Provider. **Model Portfolio Allocations** shown are the “target” asset allocations used in the hypothetical State Street Target Income ETF Model Portfolio. The model portfolio “target” allocations will be reviewed every 12 months and reset on the last business day of June each year, using State Street’s strategic asset allocation process, and will be subject to change with market movements thereafter until the next calendar rebalancing. Equity asset classes include, but are not limited to, Australian equity, international equity and REITs. Fixed income asset classes include, but are not limited to, investment grade bonds, high yield bonds, convertible bonds, emerging market debt, inflation protected bonds and cash. **Weighted Average Management Costs** is the weighted average management costs of the underlying individual ETF’s included in the model portfolios. Please note:

- The ETF management fees are as of 30 June 2020 and are subject to change.
- Such fees are not inclusive of third party platform or managed accounts provider administration or associated trading costs.
- Weighted Average Management Cost is subject to change with Asset Allocation, and market movements.

- 1 ETFs managed by State Street Global Advisors have the oldest inception dates within the US, Hong Kong, Australia, and Singapore. State Street Global Advisors launched the first ETF in the US on January 22, 1993; launched the first ETF in Hong Kong on November 11, 1999; launched the first ETF in Australia on August 24, 2001; and launched the first ETF in Singapore on April 11, 2002.
- 2 State Street and McKinsey Global Institute, Global Capital Markets March 31, 2020.
- 3 This figure is presented as of March 31, 2020 and includes approximately \$51.62 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.
- 4 Source: Morningstar, as of March 31, 2020.
- 5 As of March 31, 2020. Total ISG AUM of \$166.61B excludes Execution Only LDI. Derivatives based exposure management AUM represents the notional value of exposure managed. Assets Under Advisory/ Consulting of \$20.66B 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 estimated assets. In 2015, ISG revised the AUM and AUAC calculation methodology and account categorization process. All figures in USD.

## ssga.com/etfs

### Important Risk Information

The recipient warrants by receipt of this material that they are a wholesale client, as defined under the Australian Corporations Act 2001 (Cth). State Street Global Advisors, Australia Limited (AFSL Number 238 276, ABN 42 003 914 225) ("SSGA, AL") is the investment manager for the State Street ETF Model Portfolios and State Street Global Advisors, Australia Services Limited (AFSL number 274900 ABN 16 108 671 441) is the Responsible Entity and issuer of units in the State Street SPDR ETFs which are Australian registered managed investment schemes quoted on the AQUA market of the ASX or listed on the ASX. State Street ETF Model Portfolios may include State Street SPDR ETFs and other third party ETFs. This material is **general information only and does not take into account your or your client's individual objectives, financial situation or needs** and you should consider whether it is appropriate for you or your client. You should ensure that your clients consider the product disclosure

document of the underlying ETFs, available at ssga.com or the third party ETFs website, before deciding whether to acquire or continue to hold units in an ETF.

**General Risks:** ETFs trade like stocks, are subject to investment risk, fluctuate in market value and may trade at prices above or below the ETF's net asset value. ETFs typically invest by sampling an index, holding a range of securities that, in the aggregate, approximates the full index in terms of key risk factors and other characteristics. This may cause the fund to experience tracking errors relative to performance of the index. Investing involves risk including the risk of loss of principal. Diversification does not ensure a profit or guarantee against loss. 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. An investment in the model portfolio carries a number of standard investment risks; these risks are outlined in each Provider's PDS

which should be read in full and understood by the potential investors.

**Implementation Risk:** State Street does not manage the accounts of retail investors pursuant to the State Street ETF Model Portfolio strategies and the strategies are only available to retail investors through various Providers that offer account management and other services to retail investors. The actual results of accounts managed by a Provider that receives access to the strategies may differ substantially from the hypothetical results of the State Street ETF Model Portfolios for a variety of reasons, including but not limited to:

- the fees assessed by the Provider and other third parties;
- the Provider's decision to exercise its discretion to implement a given strategy in a way that differs from the information provided by State Street;
- the timing of the Provider's implementation of strategy updates; and
- investor imposed investment restrictions; and the timing and nature of investor initiated cash flow activity in the account.

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