

A Guide to Strategic ETF Model Portfolios

Access to Institutional
Quality Investment
Solutions

Working Together to Help You Create More Value for Your Clients

Benefits of Model Portfolios Based on Industry Research

In a Global Survey conducted by our State Street Global Advisors Practice Management Team¹, we sought to better understand investors' perception of — and experience with — model portfolios.

Survey results revealed that clients with assets in model portfolios strongly support their use and report positive impacts. It seems that these investors see the big picture: Using model portfolios frees their advisors to dedicate more time and energy to client relationships, resulting in a better understanding of each client's unique circumstances. What's more, investors are sophisticated enough to recognize specific benefits related to performance, risk and fees.

Consider State Street ETF Model Portfolios

You can offer your clients consistent, institutional quality investment insights — enabling you to spend less time managing money and more time building the valuable relationships that grow your business. State Street ETF Model Portfolios are designed for a range of investment outcomes and provide diversification opportunities across a variety of asset classes.

Each Investor is Unique, Just Like Everyone Else

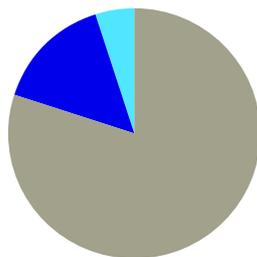
The truth is that in most instances your clients' individual investment goals can be grouped under common umbrellas. And as you build their portfolios, there are efficiencies to be gained by categorising these goals by risk tolerance and time horizon — and then investing in model portfolios.

Our Investment Strategy for Strategic Target Risk ETF Model Portfolios

The investment process for a strategic asset allocation begins with return and risk objectives. The portfolio construction process then 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 strategic ETF model portfolios highlighted here span the efficient frontier and can be utilised as core allocations to target a variety of return and risk objectives.

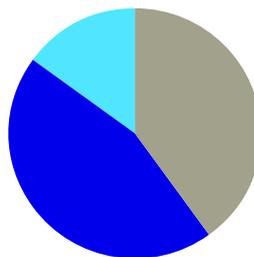
Three Strategic Target Risk ETF Model Portfolios

Conservative



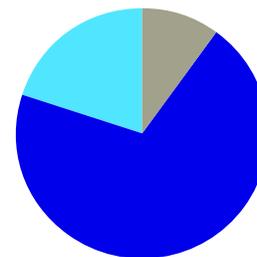
80% Fixed Income
15% Equities
5% Alternatives

Moderate



40% Fixed Income
45% Equities
15% Alternatives

Aggressive



10% Fixed Income
70% Equities
20% Alternatives

Source: State Street Global Advisors as of 31 March 2020. For illustrative purposes only.

Illustrative Asset Allocation

Tickers	Asset Classes	Conservative (%)	Moderate (%)	Aggressive (%)
	Fixed Income	80.0	40.0	10.0
SYB4 GY	3-5 Year Euro Government	17.5	7.0	0.0
SYBB GY	Euro Government	10.0	7.0	3.5
SYBD GY	0-3 Year Euro Corporate Bond	17.5	7.0	0.0
SYBC GY	Euro Corporate Bond	10.0	7.0	3.5
SPFE GY	Global Aggregate Bond	25.0	12.0	3.0
	Equities	15.0	45.0	70.0
SPPW GY	Global	13.1	39.6	57.4
SPYM GY	Emerging	1.9	5.3	7.7
ZPRS GY	Global Small Cap	0.0	0.0	5.0
	Alternatives	5.0	15.0	20.0
ZPRI GY	Global Infrastructure	2.5	3.0	4.0
SPYJ GY	Global Real Estate	0.0	3.0	4.0
SYBJ GY	High Yield Bond	2.5	3.0	4.0
SYBM GY	Emerging Markets Local Bond	0.0	3.0	4.0
ZPRC GY	Convertible Bonds	0.0	3.0	4.0
Weighted TER bps		16.0	20.0	23.0
Portfolio (Asset Class Returns) Expected Return %		1.8	3.9	5.5
Portfolio (Asset Class Returns) Volatility %		3.6	8.1	11.9

The information provided above is an example for illustrative purposes only. Allocations are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

Source: State Street Global Advisors, as of 31 March 2020. All asset allocation scenarios are for hypothetical purposes only and are not intended to represent a specific asset allocation strategy or recommend a particular allocation. Each investor's situation is unique and asset allocation decisions should be based on an investor's risk tolerance, time horizon and financial situation. References to specific securities should not be construed as recommendations or investment advice. Expected returns are based upon estimates and reflect subjective judgments and assumptions. These 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 Expected returns are not necessarily indicative of future performance, which could differ substantially.

Why Use State Street ETF Model Portfolios

Designed as long-term holdings, strategic model portfolios employ global diversification across a wide variety of asset classes. The option of conservative, moderate, and aggressive asset mixes offers investors an array of choices across the risk spectrum. 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. That's because model portfolios reflect the diversification and discipline central to successful investing. Based on long-term asset class forecasts of risk and return, model portfolios have a targeted risk profile, asset allocation and fund selection. This standardisation increases your efficiency by reducing time spent on investment research, portfolio management, and performance reporting.

**State Street
Global Advisors AUM
& Advisement in ETF
Model Portfolios**

\$3.7B + **\$4.1B** = **\$7.8B**
AUA in Q1 2020 AUM in Q1 2020 Total in Q1 2020

Source: State Street Global Advisors, as of 31 March 2020. Past performance is not a guarantee of future results. Diversification does not ensure a profit or guarantee against loss.

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
- Cost-effective² portfolios matched to their goals, risk tolerance and time horizon

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.

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.

A Partnership that Works

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 \$2.7 trillion in assets under management (AUM).³ 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 \$643 billion in global ETF AUM.⁴

With an established team of over 50 dedicated investment strategists and portfolio managers, the State Street Global Advisors Investment Solutions Group (ISG)⁵ 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: State Street Global Advisors' Practice Management Global Study, *Advisor Productivity: Embracing Asset Allocation Models*, 2019.
- 2 Frequent trading of ETFs could significantly increase commissions and other costs such that they may offset any savings from low fees or costs.
- 3 Source: 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 Direct as of period end 31 March 2020 for North America, EMEA, Latin America and APAC. This figure is presented as of (31 March 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.
- 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.

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. Pioneers in index, ETF, and ESG investing and the world's third-largest asset manager, we are always inventing new ways to invest.

ssga.com/etfs

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ID248451-3164827.11.EMEA.INST 0720
Exp. Date: 31/12/2020