A Guide to Tactical Income 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 Team[1], 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 Porfolios

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

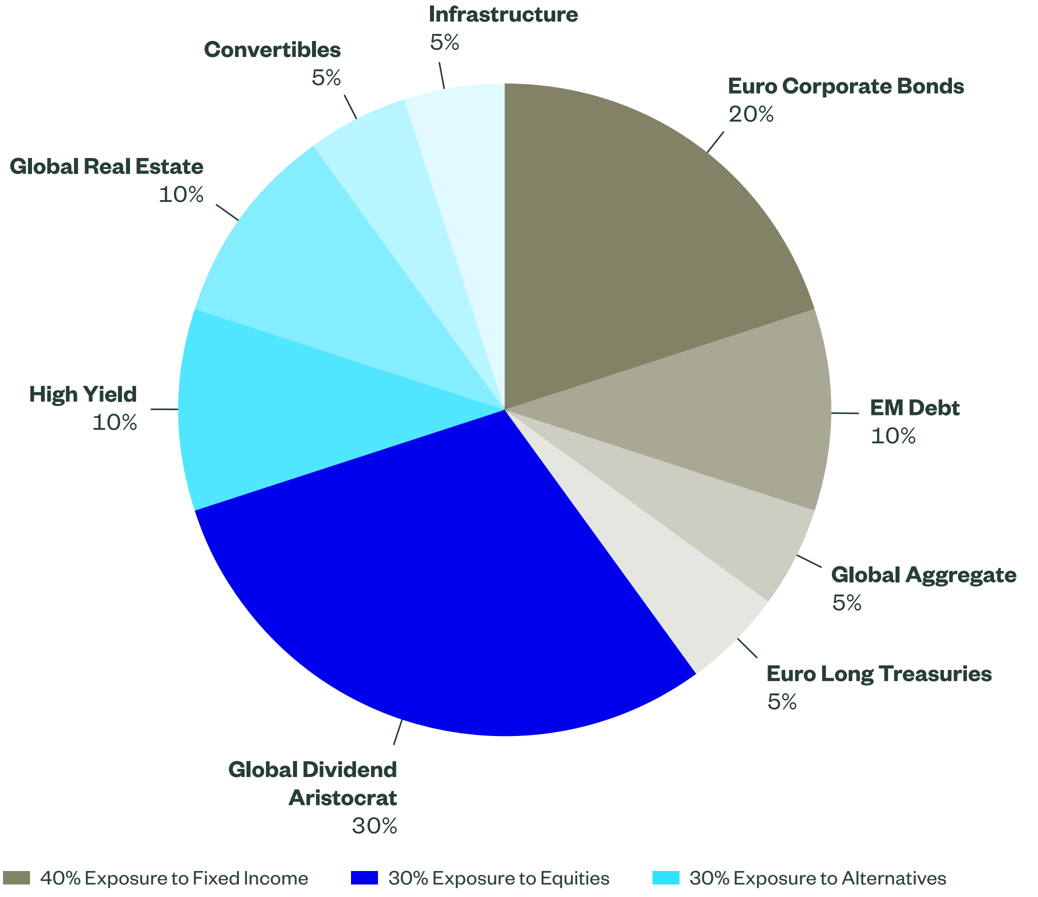
Finding income in today's market environment can be difficult. Historically low interest rates and persistent market uncertainty have created a challenging backdrop for income-seeking investors.

In this guide, our Investment Solutions Team demonstrates how ETFs can be utilised in conjunction with a tactical asset allocation process to construct a cost-efficient portfolio that seeks to provide a stable level of income while maintaining focus on a total return approach.

Our Investment Strategy for Generating Income

Our tactical asset allocation decision-making process evaluates global asset classes as well as market segments such as country, region, sector, currency, rates and credit. We then seek to allocate to the most attractive markets using valuation, sentiment, momentum and macro indicators while managing risk by remaining diversified across fixed income, equities and alternative exposures. This process is driven by active positioning and mitigates the negative impact of volatility and rising interest rates, allowing us to build an effective risk managed portfolio.

State Street Tactical Income ETF Model Portfolio Asset Allocation



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

Illustrative Asset Allocation

Ticker	Asset Classes	Portfolio Weight (%)	Distribution Yield (%)
	Fixed Income	**40.0**	
SYBI	EM Inflation Linked Bonds	5.0	7.0
SYBM	EM Local Bonds	5.0	4.3
SYBV	Euro Long Treasuries	5.0	1.3
SYBC	Euro Corporate Bonds	20.0	0.9
SYBZ	Global Aggregate Bond	5.0	1.6
	Equities	**30.0**	
ZPRG	Global Dividend Stock	25.0	4.1
SPYV	Emerging Market Dividend Stocks	5.0	3.7
	Alternatives	**30.0**	
ZPRI	Global Infrastructure	5.0	2.3
GBRE	Global Real Estate	10.0	2.6
GCVB	Global Convertibles	5.0	0.4
SYBJ	High Yield Bonds	10.0	3.6
Weighted TER bps			**37**
Portfolio (Asset Class Returns) Expected Distribution Yield %			**3.0**
Portfolio (Asset Class Returns) Volatility %			**7.6**

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.

Why Use State Street ETF Model Portfolios

Harness the Power of an All-in-One Portfolio Solution State Street ETF Model Portfolios combine the efficiencies of our SPDR ETFs — such as intra-day trading capability, diversification and precision — with State Street's asset allocation experience to deliver a client-centric solution.

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-effective[2] 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.

SPDR ETFs are ideal building blocks for constructing income portfolios with our:

- Expansive fixed income range including government, corporate and high yield
- Dividend focused range of equity exposures across regions and countries
- Alternative exposures such as real estate and infrastructure to diversify the sources of income

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

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ssga.com/etfs

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ID248459-3164885.1.1.EMEA.INST 0720
Exp. Date: 31/12/2020