

Systematic Equity ETFs

White Paper
November 2025

Investment
Professional Use
Only

Content

- 05 The case for Enhanced Active investing**
- 06 Alpha research evolution**
- 07 Enhanced Active UCITS ETF AUM growth**
- 08 Combining indexing and active capabilities**
- 09 Systematic equity capabilities overview**

State Street Investment Management is introducing ETF share classes for SICAV funds.

These new ETF share classes combine the track record of State Street's Investment Management's proprietary alpha generation and portfolio construction processes with the efficiency and transparency of an ETF structure.

The case for Enhanced Active investing

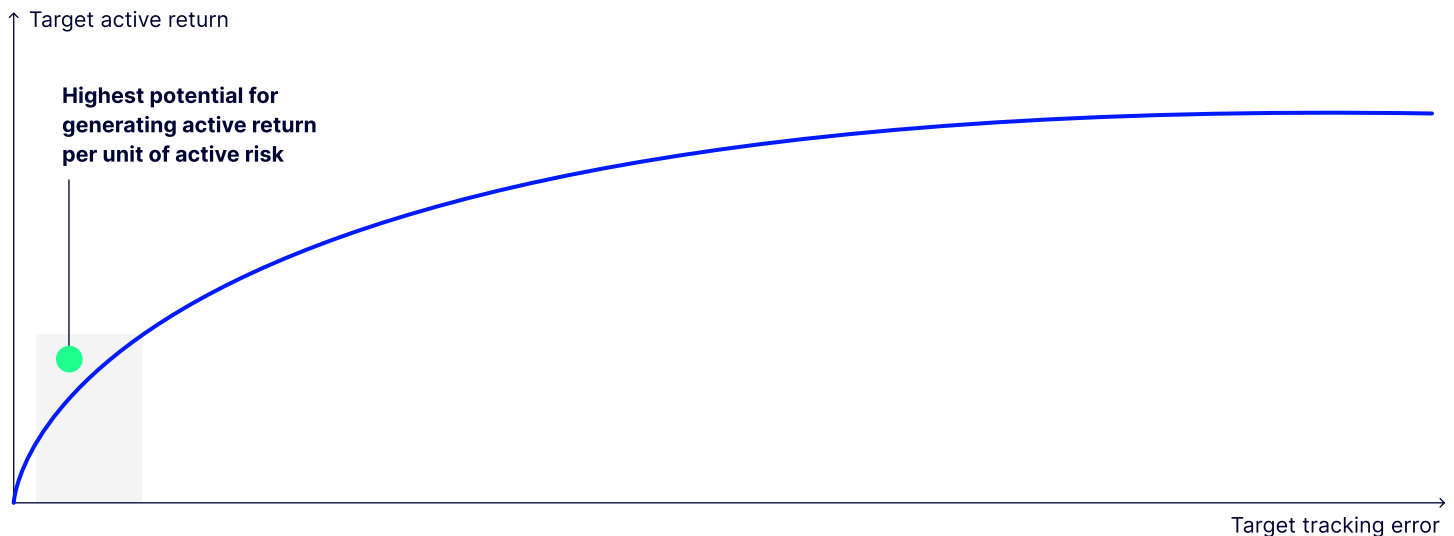
Enhanced Active strategies target the ‘sweet spot’ of returns by maximizing potential excess return per unit of risk in a fee efficient manner. Enhanced Active strategies may seek to deliver modest, persistent outperformance through quantitative-based stock and disciplined, risk-aware decision making.

Returns’ “sweet spot”

- **Experience:** State Street Investment Management’s Enhanced Active strategies date back to 1993, making it one of the longest-serving capabilities.
- **Scale:** State Street Investment Management manages \$30 billion* in Enhanced Active strategies.
- **Application:** Enhanced Active strategies are used by an array of investors around the world, in diverse markets.

Figure 1 below sets how the information ratio can increase most per unit of risk at a lower target tracking error range.

Figure 1: The active risk and return relationship



Source: State Street Investment Management. For illustration purposes only.

* All currency figures in USD.

Alpha research evolution

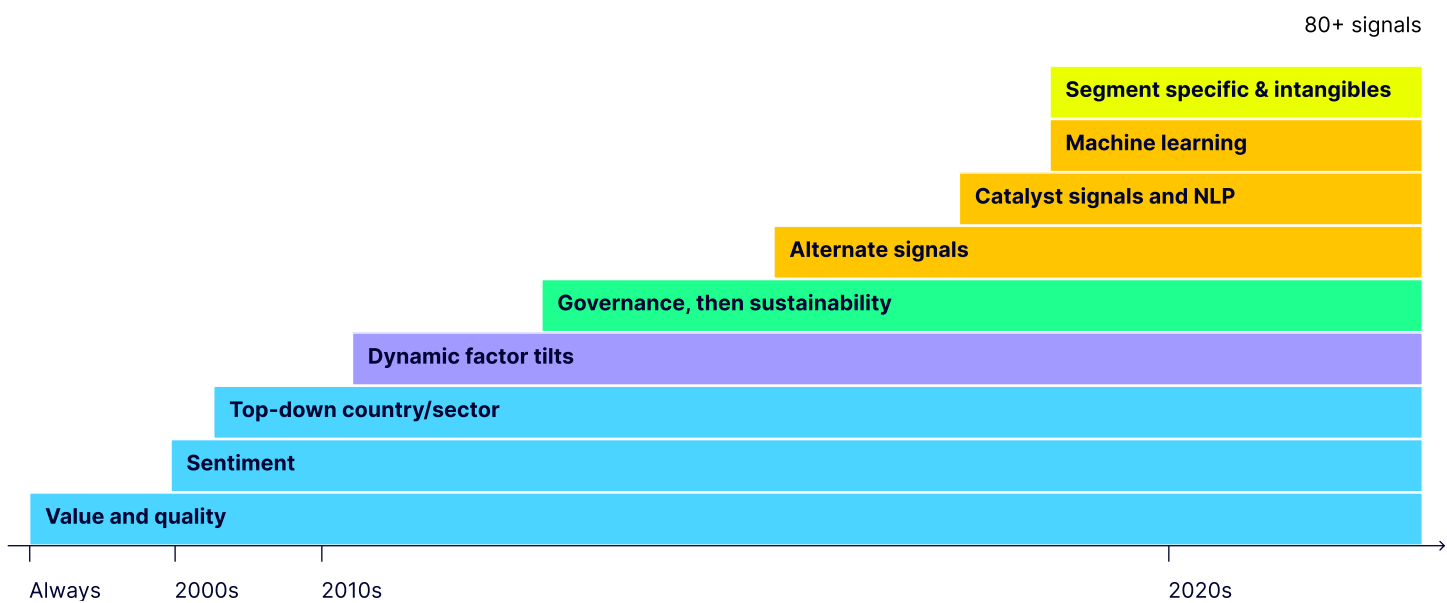
State Street Investment Management has a proud history of innovation in alpha research. Its Enhanced Active strategies use systematic models to find stocks which are attractive or unattractive based on forward-looking alpha signals.

Factor selection using more than 80 alpha signals

- Proprietary model leverages traditional and alternative signals.
- Sophisticated modelling techniques include dynamic sector and country overlays.

Enhanced Active strategies use signals extracted from empirically grounded factors such as Value, Quality, and Sentiment.

Figure 2: State Street Investment Management’s active innovation journey



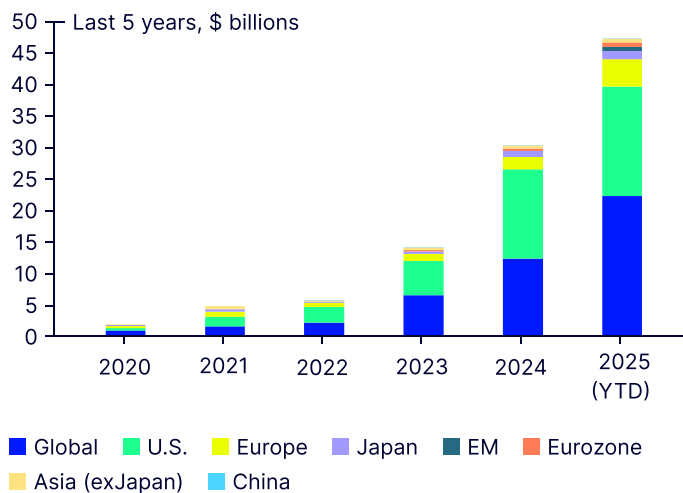
Source: State Street Investment Management, as of 30 September 2025. For illustrative purposes only.

Enhanced Active UCITS ETFs growth

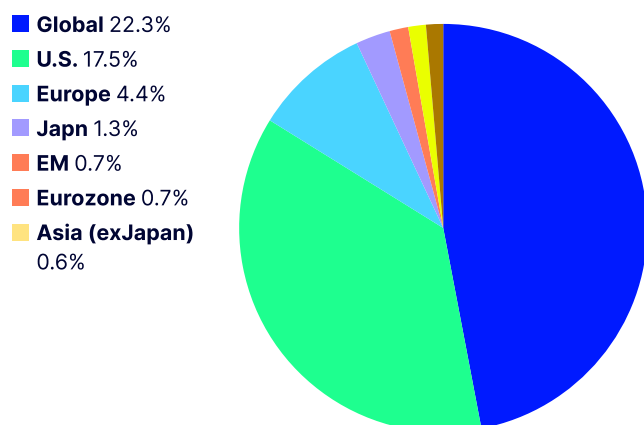
Assets in European-listed Enhanced Active ETFs have increased at a compound annual growth rate of over 70% since 2020. Most assets are in global (\$22.3 billion) and U.S. (\$17.5 billion) equities.

Figure 3: Enhanced Active equity AUM in European ETFs

Enhanced Active UCITS ETF AUM



Enhanced Active UCITS ETF AUM (current, \$ billions)



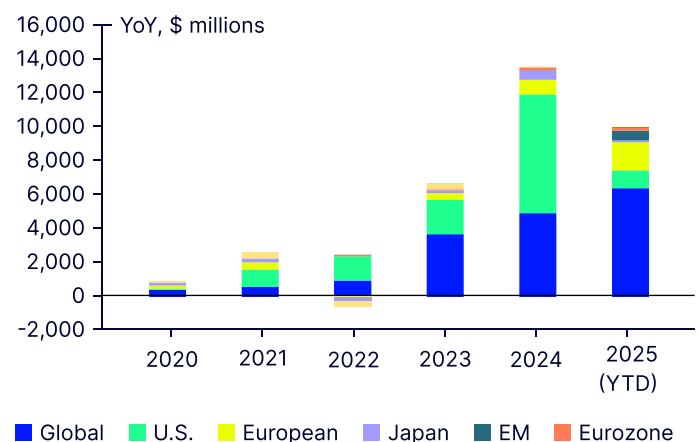
Source: State Street Investment Management, Bloomberg Finance L.P., as of 31 October 2025. Assets under management (AUM) figures are based on calendar year end from 2020 to 2024.

Figure 4: Enhanced Active equity flows in European ETFs

Enhanced Active equity flows in European ETFs

Category	October 2025	Last 3 months	Last 12 months	Δ in assets (% , YTD)
Global	-61	+3,301	+7,136	+51.6
U.S.	+534	+867	+2,906	+7.3
Europe	+164	+445	+1,600	+81.7
Japan	+34	+50	+149	+11.5
EM	+67	+173	+565	+2,925.7
Eurozone	+20	+37	+188	+41.6
Asia (exJapan)	+48	+91	+11	+4.3
China	—	+5	-14	-25.0
India	+6	+8	+8	—
Total	+813	+4,977	+12,547	+32.5%

Fund flows by category



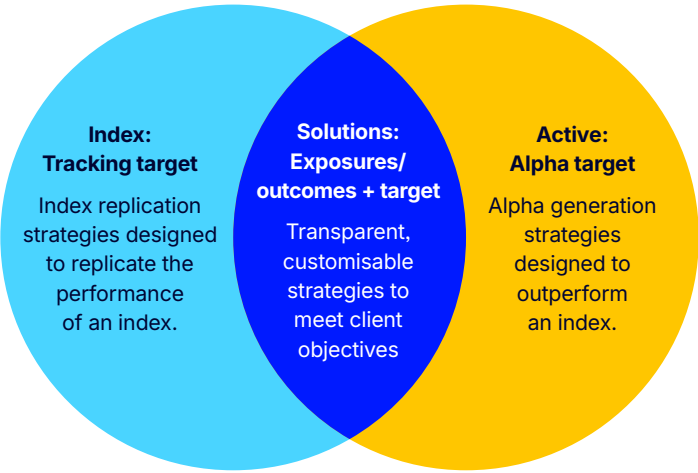
Source: State Street Investment Management, Bloomberg Finance L.P., as of 31 October 2025. Flows are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

Combining indexing and active capabilities

Investors can choose a diverse offering of index and active exposures, including outcome-focused solutions which combine aspects of both indexing and active.

State Street Investment Management was established in 1978 to provide institutional investment management services focused on equity indexing (and cash). With more than 45 years of experience in delivering client solutions, State Street Investment Management has expanded its systematic offering across the index-active spectrum.

Figure 5: State Street Investment Management’s systematic offering



Source: State Street Investment Management, as of 30 September 2025. For illustrative purposes only.

Figure 6: State Street Investment Management’s innovation record

	1980s	1990s	2020s	2000s	2020s
Index capabilities	Services focused on equity indexing and cash	Launched first U.S. Listed ETF and customized weight portfolios	First gold-backed ETF and European UCITS ETFs launch	Single factor and thematic ETF exposures	Sustainable investment portfolios
Active and solutions	New systematic active equity strategies to complement indexing proficiency	Launched first Enhanced strategy and active EM equities	Proprietary factor tilted, equal weight, managed volatility, and defensive equity strategies	Optimised multi-factor strategies and impactful alpha innovation agenda launches	Factor solutions framework, and sustainable investment flexible framework
Infrastructure and trading		Transaction Cost Analysis team and internal crossing for equities	Added algorithmic execution (equity) and request for stream (FX)	Launched algo wheel execution (Equities/Futures) and proprietary index platform	Cloud-based analytics and data platform, execution solutions to address illiquid positions

Source: State Street Investment Management, as of 30 September 2025. For illustrative purposes only.

Systematic equity capabilities overview

Investors worldwide use enhanced strategies across diverse markets.

State Street Investment Management has over \$3 trillion in AUM across all systematic equity strategies, with ~\$26 billion in Enhanced Active strategies, which have been continually expanded since 1993.

Figure 7: Assets by investment capability

Market cap indexing \$3.1 trillion AUM	Smart beta (factors)* \$247.4 billion AUM	Enhanced \$20.6 billion AUM	Active \$4.9 billion AUM	Defensive \$2.5 billion AUM
<ul style="list-style-type: none">Minimize tracking errorBuilding blocks for asset allocationTarget: Index replication	<ul style="list-style-type: none">Medium risk (1 - 3% tracking error)Index replication or optimized approachesTarget: Exposure or outcomes	<ul style="list-style-type: none">Lower risk (<2% tracking error)Alpha model driven security selectionBenchmark-like characteristicsTarget: High IR	<ul style="list-style-type: none">Medium to high risk (2 - 5% tracking error)Alpha model driven security selectionTarget: High alpha/IR	<ul style="list-style-type: none">High risk (6%+ tracking error)Benchmark unaware, alpha model driven security selectionTarget: High sharpe ratio

Source: State Street Investment Management, as of 30 June 2025. * Refers to State Street Investment Management Core Factor AUM (\$34.85B) + replicated third-party factor indexes AUM (\$159.13B), and proprietary sustainability strategies (\$53.46B).

Figure 8: Historic expansion of enhanced strategies

North America <ul style="list-style-type: none">US Large Cap, March 1993World, February 2002Small Caps, April 2005Emerging Markets, July 2007Emerging Markets SRI, January 2013	Europe <ul style="list-style-type: none">Pacific, February 2002Europe, July 2002FTSE, July 2007FTSE Global, August 2007Emerging Markets, May 2010North America, September 2012World, February 2015	Asia <ul style="list-style-type: none">World Restricted, November 2006World, October 2007 Australia <ul style="list-style-type: none">Global, January 2001Australia, April 2012
---	--	---

Source: State Street Investment Management, as of 30 September 2025. For illustrative purposes only.
Learn more about our Enhanced Active Strategies [here](#).

About State Street Investment Management

At State Street Investment Management, we draw from our global scale and market-tested expertise to help create original solutions and better outcomes for our clients and the world's investors.

statestreet.com/investment-management

Marketing Communication

State Street Global Advisors (SSGA) is now State Street Investment Management. Please [click here](#) for more information.

State Street Investment Management Worldwide Entities

The information contained in this communication is not a research recommendation or 'investment research' and is classified as a 'Marketing Communication' in accordance with the applicable regional regulation. This means that this marketing communication (a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research (b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication is directed at professional clients (this includes eligible counterparties as defined by the appropriate EU regulator) who are deemed both knowledgeable and experienced in matters relating to investments. The products and services to which this communication relates are only available to such persons, and persons of any other description (including retail clients) should not rely on this communication.

The information provided does not constitute investment advice and it should not be relied on as such. It should not be considered solicitation to buy or an offer to sell a security. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. You should consult your tax and financial advisor.

All information is from State Street Investment Management unless otherwise noted and has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is no representation or warranty as to the current accuracy, reliability or completeness of, nor liability for, decisions based on such information and it should not be relied on as such.

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. Investing involves risk including the risk of loss of principal.

The trademarks and service marks referenced herein are the property of their respective owners. Third party data providers make no warranties or representations of any kind relating to the accuracy, completeness or timeliness of the data and have no liability for damages of any kind relating to the use of such data.

The views expressed are the views of the Systematic Equity – Active team through 16 November 2025, and are subject to change based on market and other conditions.

Quantitative investing assumes that future performance of a security relative to other securities may be predicted based on historical economic and financial factors, however, any errors in a model used might not be detected until the fund has sustained

a loss or reduced performance related to such errors.

Investing in foreign domiciled securities may involve risk of capital loss from unfavorable fluctuation in currency values, withholding taxes, from differences in generally accepted accounting principles or from economic or political instability in other nations.

Investments in emerging or developing markets may be more volatile and less liquid than investing in developed markets and may involve exposure to economic structures that are generally less diverse and mature and to political systems which have less stability than those of more developed countries.

Investments in small-sized companies may involve greater risks than in those of larger, better known companies.

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.

Please refer to the Fund's latest Key Information Document (KID)/Key Investor Information Document (KIID) and Prospectus before making any final investment decision. The latest English version of the prospectus and the KID/KIID can be found at www.ssga.com. A summary of investor rights can be found here: <https://www.ssga.com/library-content/products/fund-docs/summary-of-investor-rights/ssga-investors-rights-summary-template-non-etf-Lux.pdf>.

Note that the Management Company may decide to terminate the arrangements made for marketing and proceed with de-notification in compliance with Article 93a of Directive 2009/65/EC.

State Street Global Advisors Luxembourg SICAV ("Company") is an open-ended investment company with variable capital having segregated liability between its sub-funds. The Company is organized as an Undertaking for Collective Investments in Transferable Securities (UCITS) under the laws of Luxembourg and authorized as a UCITS by the Luxembourg supervisory authority of the financial sector i.e. Commission de Surveillance du Secteur Financier. The Company may from time to time, with the prior approval of the CSSF, create different sub-funds representing separate portfolios of assets with each sub-fund comprised of one or more classes, including, where applicable, exchange traded share classes.

Investing involves risk including the risk of loss of principal.

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

© 2025 State Street Corporation. All Rights Reserved.
ID3500162-8618248.1.EMEA.INST 1125 Exp. Date: 11/30/2026

Not FDIC insured. No bank guarantee. May lose value.