

Five Reasons to Invest with the Fundamental Growth and Core Equity Team

The Fundamental Growth and Core Equity (FGC) team at State Street Global Advisors takes an active, concentrated, high-conviction approach to equity investing.

This approach demands that we get to know our portfolio companies well through deep due diligence and engagement. We look for quality, sustainable growth, and reasonable valuation, and much of our assessment is qualitative — relying on the judgment of an experienced team and a culture of collaboration and constructive debate.

We're long-term investors and have been following our investment approach for decades. While justifiably proud of our past performance,¹ we are always forward-looking. We believe that future success for our clients depends on the following five key tenets of our approach:²

- 1 We invest like owners, not like traders.** We get to know our portfolio companies well and seek to hold them for the long term — five years is a typical holding period. The market tends to focus on short-term results. We believe that investors who have the judgment, patience, and perspective to look forward beyond the horizon of the average investor have an enormous advantage in the market as sustainable growth compounds over time. Just as we invest for the long term, we also seek to build long-term relationships with our clients, something we refer to as a fiduciary mindset. We invest for our clients the same way we'd invest for ourselves, focused on creating value for our clients while adhering to basic principles that include a strict adherence to compliance, strong risk-awareness, a focus on company quality, and a long-term perspective that requires process discipline.
- 2 We have a seasoned team with a singular focus.** Our team and investment philosophy are united by a common belief that has guided our approach for decades — that quality companies with sustainable growth at attractive valuations can drive above-average, long-term investment returns. The team is experienced but, equally important, we have worked together a long time — 14 years on average.³ This has fostered a culture of collaboration and open debate, which is neither hierarchical nor dependent on star portfolio managers for success. We believe this results in higher conviction in our holdings and better investment outcomes.

- 3 **We have a robust, proprietary investment process.** We believe a rigorous process discipline is essential for repeatability of our results. One unique element of our approach that adds to this discipline is our Confidence Quotient (CQ) framework.⁴ Our assessment of a company's quality and, ultimately, our conviction in its ability to deliver sustainable growth are based on the CQ process. CQ seeks to identify high-quality companies through qualitative, forward-looking analysis and insight. Unlike quantitative metrics, our qualitative judgments are not easily replicated, as they derive from the judgment and culture of our team. CQ creates rigor, repeatability, and measurability around qualitative analysis.
- 4 **We create high-conviction portfolios.** Active fundamental investing is hard, and it takes time. Few companies meet our strict criteria for investment. For this reason, we seek to concentrate our portfolios in our highest-conviction names. At the same time, our portfolio managers think carefully about portfolio construction, considering diversification of economic drivers and risks among the holdings. The result is a high-conviction portfolio that the portfolio managers believe will deliver resilient, risk-adjusted performance going forward across differing market conditions.
- 5 **We operate like a boutique, but are backed by a market leader.** State Street FGC has preserved and refined the unique qualities that for decades have given our team an edge in active fundamental investing, but we also benefit greatly from the scale, expertise, and support of State Street Global Advisors. Being part of State Street benefits FGC in the areas of risk management, trading/execution, ESG/stewardship, intellectual capital, distribution, company access, and parent stability.

In sum, hiring a fundamental active manager involves a belief in the people as much as the process. The State Street FGC team's performance reflects the caliber and stability of our investment professionals — and our shared commitment to a fundamental, high-conviction investment philosophy. We are passionate about investing in sustainable growth through active management, and we are laser-focused on finding quality companies that can deliver growth that is stronger and more enduring than the market's expectations. By investing only at the intersection of sustainable growth, quality, and reasonable valuation, we are able to serve our clients' investment needs with confidence and conviction.

Endnotes

- 1 As of December 31, 2023, six out of nine strategies managed by the team are outperforming their indices over 3-year; nine out of nine are outperforming over 5-years and six out of eight over 10-years (gross of fees).
- 2 Past performance is not a reliable indicator of future performance.
- 3 Source: State Street Global Advisors as of December 31, 2023.
- 4 Confidence Quotient is FGC's framework for assessing company quality. CQ focuses on five key attributes of a company that are likely to lead to sustainable growth: management team, market position, fundamental momentum, transparency, and financial condition.

About State Street Global Advisors

Our clients are the world's governments, institutions and financial advisors. To help them achieve their financial goals we live our guiding principles each and every day:

- Start with rigor
- Build from breadth
- Invest as stewards
- Invent the future

For four decades, these principles have helped us be the quiet power in a tumultuous investing world. Helping millions of people secure their financial futures. This takes each of our employees in 29 offices around the world, and a firm-wide conviction that we can always do it better. As a result, we are the world's fourth-largest asset manager* with US \$4.13 trillion[†] under our care.

* Pensions & Investments Research Center, as of December 31, 2022.

[†] This figure is presented as of December 31, 2023 and includes approximately \$64.44 billion USD 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.

ssga.com

Marketing communication

State Street Global Advisors Worldwide Entities

The views expressed are the views of Fundamental Growth and Core Equity through December 31, 2023, and are subject to change based on market and other conditions. 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.

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 Markets in Financial Instruments Directive (2014/65/EU) or applicable Swiss 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.

Important Information

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

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 Global Advisors 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.

Actively managed funds do not seek to replicate the performance of a specified index. An investment in the strategy is not appropriate for all investors and is not intended to be a complete investment program. An investment in the strategy is not appropriate for all investors and is not intended to be a complete investment program. Investing in the strategy 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.

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.

A "quality" style of investing emphasizes companies with high returns, stable earnings, and low financial leverage. This style of investing is subject to the risk that the past performance of these companies does not continue or that the returns on "quality" equity

securities are less than returns on other styles of investing or the overall stock market.

The returns on a portfolio of securities which exclude companies that do not meet the portfolio's specified ESG criteria may trail the returns on a portfolio of securities which include such companies. A portfolio's ESG criteria may result in the portfolio investing in industry sectors or securities which underperform the market as a whole.

The whole or any part of this work may not be reproduced, copied or transmitted or any of its contents disclosed to third parties without SSGA's express written consent.

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.

© 2024 State Street Corporation.
All Rights Reserved.
ID2104150-5045369.21GBL.RTL 0424
Exp. Date: 04/30/2025