

The Climate Files

Case Studies on Climate-Thematic Equity
Investment Solutions

STATE STREET GLOBAL
ADVISORS

Executive Summary

State Street Global Advisors has extensive experience helping institutional investors integrate sustainability requirements into their investments. New technology and big data are creating tremendous opportunities for investors while also disrupting conventional approaches to portfolio management. We understand that our clients view their sustainable investing objectives, and in turn their portfolios, holistically and we look to enable the integration of sustainable investing criteria, where desired, across equity, fixed income and beyond.

Here we share insights and examples of equity climate-thematic investment solutions that we have built and managed for clients in recent years.

The data sources, metrics and thresholds used in the examples are driven by the unique needs of the investor.

We look to provide clients with investment solutions and customization capabilities that meet both their sustainable investing needs today and their future ambitions.

07 Equity Case Studies

- 08 Case Study 1: A Low-Carbon Tilted and Sustainability-Screened Indexed Equity Solution
- 09 Case Study 2: A Custom EU Climate Transition Benchmark (CTB) with an MSCI ESG Score Enhancement
- 10 Case Study 3: Ambition Evolution — An Evolving Custom Manager Solution
- 12 Case Study 4: A Custom Manager Solution for a Climate-Aligned MSCI ACWI Equity Strategy
- 13 Case Study 5: An Active Sustainable Climate Approach in Emerging Markets Equities

Reaching the Right Solution

Diversity of investor ambition and objectives is a common challenge implementers face when it comes to investing propositions that integrate climate-related objectives. Investors need a flexible range of solutions that can be tailored to their requirements with the possibility to adapt to incorporate new information and needs in the future. The ability of an asset manager to develop flexible and tailored solutions is crucial to meeting the variety of unique needs and risks investors face.

State Street Global Advisors' sustainable investing capabilities and solutions are driven by our commitment to partnering with our clients. Our investment expertise, deep research, proprietary tools and robust reporting help give our clients the information they need to achieve their goals and invest with confidence.

While some investors have strong preferences for benchmarking their passive portfolio to a third-party index (either via an off-the-shelf ESG index or customized version of an index with sustainability objectives integrated into its design), others prefer what we call a Custom Manager Solution. In a Custom Manager Solution the objectives are directly implemented into the portfolio construction process via explicit restrictions and targets, while remaining benchmarked against a standard or non-ESG index.

We employ an iterative, consultative process to partner with clients and help ensure all relevant objectives and investment concerns are taken into consideration. The process includes inputs from our specialized sustainable investing data team, trading, portfolio management, investment strategists and risk management.

An Overview of Solutions

Whether an investor is seeking an equity or fixed income solution, each approach has certain trade-offs to consider.

Figure 1
Solution Characteristics

	Third-Party Index (Standard)	Third-Party Index (Custom)	Custom Manager Solution ¹
Tracking Error vs Index ²	Low	Low	Medium / High
Flexibility to Change Over Time	Low	Medium	High
Variety of Sustainability Data	Low	Low	High
Speed of Implementation	High	Medium	Medium
Rebalance Frequency of Sustainability Data	Rigid	Rigid	Flexible
Index Label Eligible (e.g. EU PAB)	Yes	Yes	No
Relative Cost ³	Medium	High	Low

Source: State Street Global Advisors. July 2024.

Shading intensity relates to each factor (shown in the first column) and seeks to represent the option typically preferred by institutional investors seeking an index-like strategy while incorporating sustainability objectives. The more intense the shading, the more the option is commonly preferred; while the lighter the shading, the less it is commonly preferred.

In our extensive experience working with sophisticated investors from around the world, the most common reasons why investors opt for the Custom Manager Solution is the flexibility to customize objectives and the ability to incorporate multiple data sources directly into the investment process while still achieving a low tracking-error volatility to the reference benchmark.

Figure 2
Data Providers in SSGA's Centralized Sustainability Factor Database

General	Climate/Carbon	Governance	Controversies & Business Involvement	Sovereign
ISS ESG MSCI ESG Ratings Moody's Refinitiv Sustainalytics ESG Risk Ratings	Climate Bonds Initiative FTSE LOE MSCI Climate S&P Trucost ISS Climate	ISS Governance MSCI Governance	MSCI BISR MSCI Controversies Sustainalytics Product Involvement Sustainalytics Global Compact Sustainalytics Controversial Weapons Radar	MSCI ESG Government Ratings S&P Trucost Sustainalytics Country Risk Rating

Source: State Street Global Advisors, July 2024.

The proprietary State Street Sustainable Climate Equity Strategy and State Street Sustainable Climate Euro Corporate Bond Strategy are just some examples of the climate-thematic indexing and smart beta investment solutions which we offer. Similarly, we also offer alpha-seeking investment solutions such as the State Street Global Climate Transition Strategy a forward-thinking high conviction portfolio that is managed by State Street's Fundamental Growth and Core team.

The table below showcases a range of climate-thematic investment solutions that we have built and managed for clients in recent years.

In some instances we worked directly with an index provider to build a custom third-party index, while other case studies focus on bespoke custom manager solutions that apply a flexible, optimized structure utilising our multi-source sustainability data framework. The table below provides a summary of the case studies included in this paper. These are examples provided for illustrative purposes.

Figure 3
Equity Case Study Examples of Customized Climate-Thematic Investment Solutions

	Case Study 1	Case Study 2	Case Study 3	Case Study 4	Case Study 5
Asset Class	Equity	Equity	Equity	Equity	Equity
Benchmark	MSCI World	MSCI ACWI CTB	MSCI World	MSCI ACWI	MSCI Emerging Market
Approach	Custom Manager Solution	Custom Third-Party Index	Custom Manager Solution	Custom Manager Solution	Active Custom Manager Solution
Carbon Reduction	✓	✓	✓	✓	✓
YoY Carbon Reduction		✓			
Forward-Looking Metrics					
Product Involvement Screening (#of screens)	✓ (1)	✓ (4)	✓	✓ (>5)	✓ (>5)
Controversy Screening	✓	✓	✓	✓	✓
Sustainability Score Enhancement		✓		✓	
Other	Client Exclusion List	EU CTB Requirements	Client Exclusion List	Green Revenue	Norwegian Ministry of Finance Screen

YoY = Year-on-Year; EU CTB = EU Climate Transition Benchmark
 Source: State Street Global Advisors. July 2024.

Case studies
based on **equity**
climate-thematic
investment
solutions.

Case Study 1

A Low-Carbon Tilted and Sustainability-Screened Indexed Equity Solution for an Australian Pension Fund Domestic and Global Indexed Equity Portfolios

Background

An Australian pension fund approached State Street Global Advisors with a desire to better align their domestic and international equity investment strategy with climate-conscious objectives while adhering to stringent climate-related targets and tracking-error limits to a strategic benchmark.

Approach

Our team collaborated closely with the client to develop an approach that aligned with their objectives using our proprietary low-carbon optimization model as well as our Product Involvement and norm-based sustainability factor screening framework, known as the [Point of View \(POV\)](#), to identify and exclude high carbon and controversial companies from the investment universe.

Solution Implementation

1

Data Analysis and Scenario Modelling Using our proprietary data and optimization models we conducted in-depth scenario analysis to explore various trade-offs between tracking error and the desired sustainability objectives. These scenarios were crucial in helping the client make an informed decision regarding their preferred investment strategy.

2

Tailored Allocation Following extensive deliberation and scenario testing the client opted for a nuanced allocation strategy that blended an exclusion and tracking error optimization approach:

- Australian Equities: target a 20–25% reduction in carbon intensity with minimal tracking of 20 basis points.
- MSCI World ex-Australia Equities: aiming for a relatively substantial 55% reduction in carbon intensity while maintaining a comparable performance tracking error to the strategic benchmark of 20 basis points.

3

Screening and Exclusions To ensure a comprehensive approach to screening for controversial weapons exposures, the client desired to complement their own screen with our own insights based on State Street Global Advisors' POV list.

Outcome Implemented in Q2 2023, the Australian pension fund successfully aligned its investment strategy with ambitious climate goals while upholding financial performance objectives.

Case Study 2

A Custom EU Climate Transition Benchmark (CTB) with an MSCI ESG Score Enhancement for a Dutch Pension Fund

Background

A Dutch pension fund sought an indexed investment solution aligning with the EU Climate Transition Benchmark (CTB) minimum requirements while also delivering an improvement in sustainability score. Additionally, they required implanting a series of controversial product involvement screening categories while minimizing tracking error.

Solution Implementation

Based on the client objectives, we developed a custom variation of the MSCI World CTB Overlay Index, employing an optimized approach. The solution includes:

- 30% carbon intensity reduction
- 7% year-over-year decarbonization
- CTB baseline exclusions (Controversial Weapons and Societal Norms Violations⁴)
- Additional exclusions: Arctic Drilling, Oil Sands, Thermal Coal, and Tobacco
- 20% improvement in the weighted-average MSCI ESG Score relative to the Parent Index
- Minimization of ex-ante tracking error versus the benchmark ($\leq 1\%$)

Outcome The client seeded an index replication mandate in Q3 2023 tracking the custom variation of the MSCI World CTB index. The client appreciated the efficient use of their risk budget and felt confident that they could meet their sustainable investment objectives while adhering to EU CTB standards. By optimizing the portfolio with minimized tracking error, the solution delivers an efficient performance while meeting the investors observed stringent sustainability criteria.

Case Study 3

An Evolving Custom Manager Solution for a Dutch Pension Fund's MSCI World Indexed Equity Mandate

Background

A Dutch pension fund who had initially used exclusions as a means of addressing their sustainable investment objectives subsequently moved to an optimized sustainability improvement strategy, and then later switched to a strategy that reduced the carbon intensity profile of an existing index equity mandate benchmarked to the MSCI World Index while maintaining a low tracking error (ex-ante & ex-post).

Solution Evolution and Implementation

We developed a custom variation of the MSCI World CTB Overlay Index, employing an optimized approach. The solution includes:

2020	2022	2023
Initial application of the client-specific exclusion list and sustainability improvement with an ex-ante tracking error budget of 40 basis points versus the MSCI World Index.	Addition of a carbon intensity objective requiring the portfolio to have the same or better carbon intensity than the benchmark.	Transitioned to a stated 30% carbon intensity reduction versus the MSCI World Index.

Outcome At each stage we conducted a series of point-in-time analysis to understand the trade-offs between risk and the sustainability objectives. See figure 4 overleaf which examines each sustainability metric in isolation and how the change in the variable target for that metric affects the ex-ante tracking error of the portfolio against the standard benchmark. The first column shows portfolios where there is no improvement required, however as you move further to the right there is a gradual increase in the associated reduction targets and the observed tracking error rises as a result.

What is important to note from the analysis is that the tracking error does not rise for all metrics at the same rate. While not all the metrics shown in figure 4 were used in the final solution, the iterative approach and adaptability of the framework allowed for the ongoing refinement of the investment solution to ensure ongoing alignment to the client's evolving sustainable investing goals.

By balancing sustainability profile enhancement, carbon intensity reduction, and tracking error management, the solution continued to achieve multiple objectives efficiently and effectively.

Figure 4

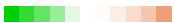
Tracking Error (ex-ante) of Portfolios with Varying Targets benchmarked against the MSCI World Index

Climate Target Reduction	0%	-10%	-20%	-30%	-40%	-50%	-60%	-70%	-80%	-90%	-100%
Carbon Intensity	0.11	0.11	0.12	0.12	0.14	0.18	0.25	0.38	0.88		
Brown Revenue	0.11	0.12	0.12	0.14	0.15	0.18	0.20	0.24	0.29	0.39	
Fossil Fuel Reserves	0.11	0.11	0.11	0.12	0.12	0.12	0.13	0.14	0.16	0.19	0.23
Climate Value-at-Risk	0.11	0.12	0.13	0.14	0.16	0.19	0.22	0.26	0.30	0.35	0.40

Green Revenue Improvement	0%	50%	100%	150%	200%	250%	300%	350%	400%	450%	500%
Green Revenue	0.11	0.13	0.17	0.23	0.30	0.38	0.49	0.62	0.79	1.12	

Climate Beta Improvement	0.00%	-0.05%	-0.10%	-0.15%	-0.20%	-0.25%	-0.30%	-0.35%	-0.40%	-0.45%	-0.50%
Climate Beta*	0.11	0.12	0.14	0.17	0.21	0.25	0.29	0.35	0.40	0.46	0.52

Climate Target Improvement	0%	5%	10%	15%	20%	25%	30%	35%	40%	45%	50%
Carbon Risk Rating	0.11	0.14	0.25	0.41	0.63	0.91	1.40				
Implied Temperature Risk	0.11	0.12	0.16	0.21	0.29	0.39	0.56	0.99			

Lowest tracking error  Highest Tracking error

Source: State Street Global Advisors. Data as of December 2023. Chart for illustrative purposes.

*Climate Beta Scores are from March 2023

Case Study 4

A Custom Manager Solution for a Climate-Aligned MSCI ACWI Equity Strategy

Background

A UK intermediary desired a Custom Manager Solution that applied a mitigation and adaptation approach to climate investing while seeking an improvement in the sustainability profile of the portfolio.

Solution Implementation

The investor utilized our State Street Sustainable Climate Equity Strategy as a base and tailored the parameters to meet their specific risk budget and incorporate a custom exclusion list. The client targeted an ex-ante risk of 0.50% relative to the MSCI ACWI Index.

- Custom exclusions including Thermal Coal, Arctic Drilling, Oil Sands, Controversial Weapons, Violations of UN Global Compact Principles, and Severe ESG Controversies.
- Climate Constraints:
 - **Fossil Fuels** $\leq 50\%$ vs parent index
 - **Brown Revenues** $\leq 50\%$ vs parent index
 - **Green Revenue** $\geq 100\%$ vs parent index
 - **Adaptation Score** ≥ 0.15 (Z-score) vs parent index
- Sustainability Score Enhancement: State Street Global Advisors' R-Factor Score ≥ 0.15 (Z-score) vs parent index

Outcome We successfully implemented the customized version of the State Street Sustainable Climate Equity Strategy in December 2021 with an initial investment of \$6 billion. The client highly valued that we had a live track record of a strategy that could be adjusted to their parameters and risk budget.

Case Study 5

An Active Sustainable Climate Approach in Emerging Markets Equities

Background

Investors in an existing State Street Emerging Markets Enhanced SRI Strategy, which applied a few product involvement and sustainable controversy screens, were seeking a more direct way to target climate exposures whilst still keeping the attractive risk-and-return characteristics of our Enhanced approach.

The Sustainable Climate Emerging Markets Enhanced Equity Strategy approach creates low-tracking-error active portfolios that operate at a highly efficient part of the risk/return continuum and incorporate an outperformance target of 0.75% to 1.00% against the MSCI Emerging Markets Index. This approach has proven particularly attractive in Emerging Markets — where pure indexation is difficult due to market access complexities, higher trading costs, illiquidity and higher turnover around index reconstitutions; all of which can be key drivers for unnecessary tracking error. The Enhanced approach may take modest additional tracking error to indexation, but does so with an explicit alpha-seeking intention.

The challenge we faced was to maintain the attractive risk-and-return characteristics of the Enhanced approach whilst incorporating additional climate-related objectives into the portfolio construction.

Solution Implementation

The approach entailed incorporating the components of the standard State Street Sustainable Climate Equity Strategy into the Enhanced portfolio construction approach. The elements we looked to control were:

- **Reduce Carbon Intensity** relative to the benchmark index
- **Reduce Fossil Fuel Reserves** relative to the benchmark index
- **Reduce Brown Revenues** relative to the benchmark index
- **Increase Green Revenues** relative to the benchmark index

Our research goal was to determine whether the unique risk-and-return advantages of enhanced management could be maintained when climate objectives were integrated within our existing framework — to create an information ratio and carbon-efficient approach. By utilising the natural active risk within the Enhanced framework, we were able to integrate the climate objectives with only a marginal change in the overall tracking error relative to the strategic benchmark. Importantly, we were able to achieve all these objectives without meaningfully diminishing our return expectations or taking significantly larger country or sector positions relative to the benchmark than we take in the base strategy.

Outcome We successfully implemented the new approach to the State Street Sustainable Climate Emerging Markets Enhanced Equity Strategy in July 2022. Taking a modest increase in tracking error relative to that inherent in indexation in Emerging Markets, should allow the strategy to use the active risk in an alpha-seeking way to deliver on all three of the risk, return, and climate objectives. From August 2022 to the end of June 2024, the strategy has outperformed its benchmark, the MSCI Emerging Markets Index, by 0.92% per annum and in line with our long-term expectations.*

* 6-month, 1-year and Since Inception performance is 8.27%, 13.81% and 8%, respectively. Performance shown is net of fees. Performance returns for periods of less than one year are not annualized. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars.

Sustainable Investing at State Street Global Advisors

State Street's multi-source data architecture, along with our own insights in the field of sustainable investing, gives flexibility in data application. The data sources and metrics used in the examples provided vary considerably and are driven by the unique needs of the investor.

We are a global-scaled index and systematic investment manager with strengths in index investing (both institutional and ETFs), cash, and select active and multi-asset capabilities — underpinned by a spectrum of sustainable investing capabilities. Providing our clients with a range of investment solutions and customization capabilities that cater to their sustainable investing needs is a key pillar of our sustainable investing strategy.

Sustainable investing is a core pillar of our business and a key strategic initiative for the firm, and we have built extensive experience, resources and expertise into our sustainable investing solutions for clients. We continue to add resources to both the Sustainable Investing and Asset Stewardship teams across the organization, as well as collaborating with a broad range of partners, helping us remain at the forefront of sustainable investing and to continually enhance best-practice frameworks.

Whether clients are focused on risk management, responding to new regulations, making investments that align with their values, or seeking to enhance long-term performance, our capabilities can support clients in achieving their sustainable investing objectives.

Get in Touch

To learn more about how our climate-focused strategies could help you meet your investment goals please contact your State Street Global Advisors representative or email us at: [SSGA Insights](#)

Endnotes

- 1 A passive investment solution which is typically benchmarked to a third-party index but which applies fund/portfolio level guidelines, restrictions and targets based on sustainable investment objectives.
- 2 The index is the benchmark used for standard performance and reporting purposes.
- 3 It is not uncommon for an index provider to charge an additional fee for the integration of ESG data into the index design. In some instances the index provider may even apply an asset benchmark driven fee.
- 4 Societal norms include UNGC Principles, OECD Guidelines for Multinational Enterprises and the six Environmental Objectives: 1) climate change mitigation; 2) climate change adaptation; 3) sustainable use and protection of water and marine resources; 4) transition to a circular economy, waste prevention and recycling; 5) pollution prevention and control; 6) protection of healthy ecosystems.

ssga.com

Important Information

Information Classification: General

For institutional / professional investors use only.

Marketing Communication

State Street Global Advisors Worldwide Entities

Australia: State Street Global Advisors, Australia, Limited (ABN 42 003 914 225) is the holder of an Australian Financial Services License (AFSL Number 238276). Registered office: Level 14, 420 George Street, Sydney, NSW 2000, Australia. T: +612 9240-7600. F: +612 9240-7611.

Belgium: State Street Global Advisors Belgium, Chaussée de La Hulpe 185, 1170 Brussels, Belgium. T: +32 2 663 2036. State Street Global Advisors Belgium is a branch office of State Street Global Advisors Europe Limited, registered in Ireland with company number 49934, authorised and regulated by the Central Bank of Ireland, and whose registered office is at 78 Sir John Rogerson's Quay, Dublin 2. **Canada:** State Street Global Advisors, Ltd., 1981 McGill College Avenue, Suite 500, Montreal, QC, H3A 3A8, T: +514 282 2400 and 30 Adelaide Street East Suite 1100, Toronto, Ontario M5C 3G6. T: +647 775 5900. **Dubai:** State Street Global Advisors Limited, DIFC branch is regulated by the Dubai Financial Services Authority (DFSA) as a category 4 regulated firm and is only active in arranging deals in investments and advising on financial products. This document is intended for Professional Clients or Market Counterparties only as defined by the DFSA and no other person should act upon it. State Street Global Advisors Limited, DIFC Branch, OT 01-39, 1st Floor, Central Park Towers, DIFC, P.O. Box 507448, Dubai, United Arab Emirates. Regulated by the DFSA under reference number: F009297. Telephone: +971 4 871 9100. **France:** State Street Global Advisors Europe Limited, France Branch ("State Street Global Advisors France") is a branch of State Street Global Advisors Europe Limited, registered in Ireland with company number 49934, authorised and regulated by the Central Bank of Ireland, and whose registered office is at 78 Sir John Rogerson's Quay, Dublin 2. State Street Global Advisors France is registered in France with company number RCS Nanterre 899 183 289, and its office is located at Coeur Défense – Tour A – La Défense 4, 33e étage, 100, Esplanade du Général de Gaulle, 92 931 Paris La Défense Cedex, France. T: +33 1 44 45 40 00. F: +33 1 44 45 41 92. **Germany:** State Street Global Advisors Europe Limited, Branch in Germany, Briener Strasse 59, D-80333 Munich, Germany ("State Street Global Advisors Germany"). T: +49 (0)89 55878 400. State Street Global Advisors Germany is a branch of State Street Global Advisors Europe Limited, registered in Ireland with company number 49934, authorised and regulated by the Central Bank of Ireland, and

whose registered office is at 78 Sir John Rogerson's Quay, Dublin 2. **Hong Kong:** State Street Global Advisors Asia Limited, 68/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong. T: +852 2103-0288. F: +852 2103-0200. **Ireland:** State Street Global Advisors Europe Limited is regulated by the Central Bank of Ireland. Registered office address 78 Sir John Rogerson's Quay, Dublin 2. Registered Number: 49934. T: +353 (0)1 776 3000. F: +353 (0)1 776 3300. **Italy:** State Street Global Advisors Europe Limited, Italy Branch ("State Street Global Advisors Italy") is a branch of State Street Global Advisors Europe Limited, registered in Ireland with company number 49934, authorised and regulated by the Central Bank of Ireland, and whose registered office is at 78 Sir John Rogerson's Quay, Dublin 2. State Street Global Advisors Italy is registered in Italy with company number 11871450968 – REA: 2628603 and VAT number 11871450968, and its office is located at Via Ferrante Aporti, 10 - 20125 Milan, Italy. T: +39 02 32066 100. F: +39 02 32066 155. **Japan:** State Street Global Advisors (Japan) Co., Ltd., Toranomon Hills Mori Tower 25F 1-23-1 Toranomon, Minato-ku, Tokyo 105-6325 Japan. T: +81-3-4530-7380. Financial Instruments Business Operator, Kanto Local Financial Bureau (Kinsho #345), Membership: Japan Investment Advisers Association, The Investment Trust Association, Japan, Japan Securities Dealers' Association. **Netherlands:** State Street Global Advisors Netherlands, Apollo Building 7th floor, Herikerbergweg 29, 1101 CN Amsterdam, Netherlands. T: +31 20 7181 000. State Street Global Advisors Netherlands is a branch office of State Street Global Advisors Europe Limited, registered in Ireland with company number 49934, authorised and regulated by the Central Bank of Ireland, and whose registered office is at 78 Sir John Rogerson's Quay, Dublin 2. **Singapore:** State Street Global Advisors Singapore Limited, 168, Robinson Road, #33-01 Capital Tower, Singapore 068912 (Company Reg. No: 200002719D, regulated by the Monetary Authority of Singapore). T: +65 6826-7555. F: +65 6826-7501. **South Africa:** State Street Global Advisors Limited is regulated by the Financial Sector Conduct Authority in South Africa under license number 42670. **Switzerland:** State Street Global Advisors AG, Beethovenstr. 19, CH-8027 Zurich. Registered with the Register of Commerce Zurich CHE-105.078.458. T: +41 (0)44 245 70 00. F: +41 (0)44 245 70 16. **United Kingdom:** State Street Global Advisors Limited. Authorised and regulated by the Financial Conduct Authority. Registered in England. Registered No. 2509928. VAT No. 5776591 81. Registered office: 20 Churchill Place, Canary Wharf, London, E14 5HJ. T: 020 3395 6000. F: 020 3395 6350. **United States:** State Street Global Advisors, 1 Iron Street, Boston, MA 02210-1641. T: +1 617 786 3000.

Important Information

The case studies presented above are for illustrative purposes only, actual results could differ substantially based on the investors

individual circumstances and investment goals. The above targets are estimates based on certain assumptions and analysis made by State Street Global Advisors. There is no guarantee that the estimates will be achieved.

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 a 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 SSGA 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.

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.

The views expressed are the views of the State Street Global Advisors Sustainable Investing Strategy Team through June 30, 2024, 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.

All the index performance results referred to are provided exclusively for comparison purposes only. It should not be assumed that they represent the performance of any particular investment.

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

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.

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.

Bonds generally present less short-term risk and volatility than stocks, but contain interest rate risk (as interest rates rise, bond prices usually fall); issuer default risk; issuer credit risk; liquidity risk; and inflation risk. These effects are usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss.

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

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.

This document provides summary information regarding the Strategy. This document should be read in conjunction with the Strategy's Disclosure Document, which is available from SSGA. The Strategy Disclosure Document contains important information about the Strategy, including a description of a number of risks.

© 2024 State Street Corporation.
All Rights Reserved.
ID2225100-6729237.2.2.GBL.INST 0724
Exp. Date: 31/7/2025