

---

White Paper

**Fundamental Growth  
and Core Equity**

---

July 2023

---

# Investing in Sustainable Growth Q2 2023

---

**03      A Strong First Half of 2023,  
            But Risks Remain**

---

**04      It's Not Too Late to Invest in AI  
            and Innovation**

---

**08      Investment Opportunities in Saudi Arabia**

---

# A Strong First Half of 2023, But Risks Remain

---



**Michael Solecki, CFA**  
Chief Investment Officer,  
Fundamental Equity Team

Global equity markets experienced dramatic shifts in sentiment during the first six months of 2023, oscillating from one extreme to another in the period. Equity markets generally performed well during the quarter as the impact of bank failures in the US were contained, inflation continued to decline, and the interest rate cycle approaches a peak.

The rally in US equities has been primarily driven by a narrow group of large-cap stocks, raising concerns about its limited breadth. This group of stocks, which includes Apple, Microsoft, Alphabet, Amazon, Nvidia, Tesla and Meta, have boosted sectors like technology and communications services, with companies in the disruptive Artificial Intelligence space enjoying particularly strong support. From the cloud computing to semiconductor industries, stocks associated with generative AI, on a forward-looking basis, have witnessed strong upward revisions to earnings estimates and significant valuation expansion.

Globally, growth and quality have been the dominant styles while value and yield have lagged — with the exception of Emerging Markets and China where growth equities have underperformed value names. In broad terms, economic growth is peaking along with interest rates while inflation is on the decline but still above target levels. Japan now looks interesting after years of restructuring and deflation with a focus on improving returns. China is struggling on the economic growth front and working through their property cycle. Earnings growth, globally, will likely slow in the second half of the year, against a backdrop of softer consumer demand, inventory destocking and softer earnings in the financials sector.

In this newsletter, our first article reviews the innovative and disruptive advances in AI, with our second article exploring recent developments and opportunities in Saudi Arabia.

---

# It's Not Too Late to Invest in AI and Innovation

**Paul Nestro, CFA**  
Director of Research

---

This is an exciting time for change and innovation. The convergence of several technological advancements is ushering in the age of generative Artificial Intelligence (AI), which has the potential to impact nearly every industry and business. Against the backdrop of sharply higher valuations for some high profile companies, some investors have questioned whether they are too late to get aboard the investment opportunity. As ever, the story is much more than just the headlines.

Semiconductors and semiconductor equipment, software, and data centers will likely see strong demand as the foundations that enable companies to harness the computational power of AI. Simultaneously, the world is embracing a transition to new energy sources to address the impact of climate change, while geopolitics and aging demographics are driving large investments in reshoring and automation. Against a challenging macro backdrop of higher interest rates, potentially higher structural inflation, and lower economic growth, we believe that building exposure to companies that benefit from these growth drivers is both essential and timely.

---

## Identifying Potential Winners

---

Nvidia, which makes computer chips fueling the AI revolution, and Microsoft, which has invested heavily in AI, stand out among the primary early winners. However, we are only at the very beginning of this technological evolution. Back in the 1960s, futurologist Roy Amara said that he believed that “we tend to overestimate the effect of a technology in the short run and underestimate the effect in the long run.” This is now referred to as Amara’s Law. One of the Fundamental Growth and Core Equity Team’s key investment principles is identifying sustainable growth opportunities that have been underestimated by the market on a longer-term view, thus allowing the team to exploit the power of compounding.

---

**Semiconductor Industry** Examples of our approach include our positions in semiconductor equipment companies that provide the cutting edge equipment and processes that enable the combination of processing power and efficient energy consumption required for AI. Data centers are likely to also enjoy sustained growth as penetration rates for cloud migrations are still low and AI will only increase demand for their services. Qualcomm is a specific example that illustrates the market's short-sighted tendencies. The chipmaker is currently experiencing a cyclical downturn driven by decreased demand for cell phones from the demand surge seen through the COVID-19 pandemic period. In our view, for example, Qualcomm will likely benefit over the longer term as AI is ultimately pushed to the "edge" — meaning that AI processing power will reside on cell phones, tablets and other connected devices. By our estimates, little of the AI potential is being priced into the stock, illustrating the market's tendency to focus on the near-term aspect — we consider this short-sightedness of other investors to be an opportunity for the State Street Global Innovation Equity Strategy.

**Healthcare Sector** In healthcare, AI will likely revolutionize the treatment of cancer and other diseases, while increasingly providing customized treatments for patients and ultimately improving outcomes. Drug discovery and development companies — including one of our holdings, IQVIA — are already leveraging AI with large data sets to accelerate the process by better identifying trial candidates, optimizing dosages and other pharmacological properties, and even predicting efficacy. AI will also greatly reduce administrative overhead with automated report generation while streamlining the drug discovery process. Innovation has long been a feature in healthcare, well before the emergence of AI.

Biologic drug development is another innovation theme that we like, and has increased from 20% of all drugs in 2002 to 60% today.<sup>1</sup> According to Danaher (a leading science and technology innovator), there are currently more than 20,000 biologics in the global drug pipeline, with only around 500 approved by the FDA. Cell and gene therapies are also rapidly growing. Two of the industry's leading biotech companies are BioMarin Pharmaceutical and Vertex Pharmaceuticals, and both serve large addressable markets as well as orphan diseases (conditions that affect fewer than 200k people). Importantly, the companies have diverse product portfolios and pipelines, driven by their drug discovery competitive advantages. This means they can avoid the risk of reliance on FDA approval for a single drug.

**Energy Efficiency** Energy efficiency and electrification are other areas of large exposure for the fund that we estimate have long runways for growth. Electric vehicle (EV) penetration rates are quite low globally, as are alternative energy solutions. Hydrogen, for example, represents a massive opportunity, but is still not competitive given the high costs involved, something that will be solved with time and scale. Today's winners may be less obvious and will often include the enablers to these secular trends. A great example of this is Spirax-Sarco, a UK-based company that deals in steam systems and pumps — this is unlikely to be the type of company that springs to mind when thinking about innovation. However, they are a leading player in enabling energy efficiency. Spirax's Thermal Energy Management division provides customized services and products for the efficient management of steam, which is surprisingly quite prevalent in many manufacturing processes and buildings. They are also a global leader in peristaltic pumps for fluid management, which is benefitting from serving the growth in the biopharmaceutical industry, in addition to myriad other applications.

Schneider Electric (France) is another global leader addressing automation and energy efficiency in both buildings and data centers, which continue to see strong growth with the ongoing shift to the cloud and increasingly from AI. Schneider is number 1 or 2 in 90% of its sales segments.<sup>2</sup> (Schneider featured in a previous FGC Newsletter, click [here](#) for more).

Infineon Technologies (Germany) is the global leader in power semiconductors, with 50% of sales into the auto industry,<sup>3</sup> which is benefitting from the transition to EVs and charging infrastructure, as well as increasing penetration rates of safety products and autonomous driving. Infineon's products are also used in renewable energy applications like wind and solar. Lastly, SLB (a US company previously known as Schlumberger) is an oil services firm that is a global leader in carbon capture solutions.

### State Street Global Innovation Equity Strategy

In aggregate, the consensus long-term growth estimate of the holdings in the Global Innovation Equity Strategy was 18% as of May 31, 2023. We view that as conservative compared to our internal estimates. The strategy's trailing weighted average investment in research and development (RND) as a percentage of sales is very high at 15%. Increasingly, scale to fund high levels of R&D while also having access to vast amounts of historical data to train the models that generate AI output will be competitive advantages. The victors in many cases will likely be the large capitalization companies that have existing enterprise client relationships to source this data. Finally, to finance that level of investment, especially in the current environment when sources of capital are more limited, the strategy's holdings have a free cash flow margin of 19% (free cash flow as a percentage of revenue). Software companies, which constitute a meaningful weight in the strategy, generate significant free cash from their subscription-based revenue models. They also have access to large data sets that leave them well positioned to benefit from AI over the long term.

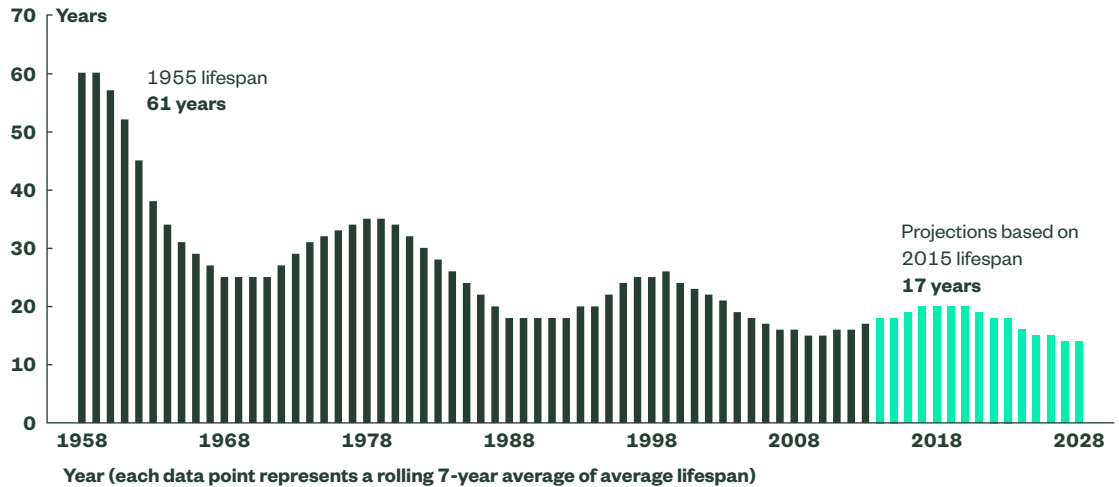
Top 10 Holdings			Innovation Drivers*	
Holdings (Sector)	Portfolio Weight (%)	CQ	Free Cash Flow Margin (%)	R&D Investment (%)
Applied Materials (Info Tech)	6.0	8.5	7.5	6.3
NVIDIA (Info Tech)	4.7	8.0	5.8	4.9
Mastercard (Financials)	4.4	7.5	0.0	4.6
Biomarin Pharma (Health Care)	4.4	7.9	5.4	4.6
Alphabet (Comm Services)	4.2	7.2	5.2	4.4
Vertex Pharma (Health Care)	4.1	7.9	5.1	4.3
Infineon Technologies (Info Tech)	4.1	8.3	5.1	4.3
Microsoft (Info Tech)	4.0	7.8	5.0	4.2
Amazon.com (Cons Disc)	3.7	7.4	4.5	3.8
ASML (Info Tech)	3.4	8.5	4.2	3.6

Source: State Street Global Advisors, Bloomberg Finance L.P. All Figures are calculated in US dollars. Data as of May 31, 2023. The specific securities listed do not represent all of the securities purchased, sold, or recommended for advisory clients. Weights are as of the date indicated, are subject to change, and should not be relied on as current thereafter. You should not assume that investments in the securities identified and discussed were or will be profitable. This information should not be a recommendation to buy or sell any security shown. The Supplemental Information above is that of a single representative account within the Composite, which is subject to change. The representative account was chosen because it has no material restrictions and fairly represents the investment style of the Strategy. The Supplemental Information should not be deemed to be reflective of (and could differ from) the overall Composite or any other single account within the Composite. Certain Supplemental Information may be rounded to the nearest tenth decimal and may result in the total not adding up to 100. Returns represent past performance and are not a guarantee of future results.

## Target the Disruptors, Avoid the Disrupted

Innovation and disruption are constants, displacing businesses throughout time. The only change is that the pace is accelerating, which is why we think it is a great time to be investing in the disruptors, while avoiding the disrupted. Advancements in processing power, converging with other tools like software, are facilitating this acceleration into a new era of data automation, enabling new opportunities for first-movers. We can observe this acceleration in Figure 1, which illustrates the lifespan of a company in the S&P Index. In 1955, the lifespan was 61 years, while by 2015 it had decreased to an astonishing 17 years!

Figure 1  
**Pace of Disruption  
is Accelerating**  
Lifespan of S&P Companies  
In Decline



Source: CB Insights as of September 2021.

Increasingly, it is critical to understand the global competitive dynamics and disruptive forces at work. The State Street Global Innovation Equity Strategy is focused on identifying companies that are creating new markets or disrupting existing ones. Scientific breakthroughs, driving productivity enhancements, leveraging the scale inherent with a platform/network effect, are some of the ways the strategy is identifying opportunities while avoiding companies that are being disrupted or are at risk of disruption.

As illustrated in the examples above, the strategy takes a large-cap diversified approach based on our time-tested, proprietary Confidence Quotient process that identifies business models that support sustainable growth. Exposure is diversified geographically and by sector, leveraging the experience and expertise of our global industry analyst team. Additionally, risk is controlled by investing in companies with diversified product portfolios and strong balance sheets supported by high cash flow generation. The strategy aims to generate exceptional risk-adjusted returns, and could serve as an excellent complement to existing core strategies.

---

# Investment Opportunities in Saudi Arabia

**Michelle Middleton, CFA**  
Research Analyst

---

The Kingdom of Saudi Arabia is in the midst of a multi-year transformation that is attracting attention from investors around the world. This transformation is happening at a rapid pace after the country's leaders have implemented massive structural reforms as well as presenting a more favorable regulatory environment for doing business.

The Saudi Arabian economy has been highly correlated to the price of oil, due to its abundant supply of this rich resource, but this correlation is declining as the government is successfully working toward a more diversified economy. Non-oil GDP growth has been outpacing oil GDP growth by a wide margin over the past year (see Figure 2). This diversification improves the country's attractiveness in global investors' eyes, ensuring potentially less volatile returns and a lower risk profile. However, oil will remain a key driver of the market as Saudi Arabia holds 15% of the world's proven oil resources, is the largest exporter of crude oil in the world, and maintains the world's largest crude oil production capacity at nearly 12 million barrels per day. Furthermore, the country is investing to increase their production capacity in oil and gas, and the Kingdom has ambitions to become a global powerhouse in clean hydrogen from renewables and fossil fuel-based variants. An \$11 trillion global commodity market for clean hydrogen is predicted to develop over the next 30 years. The Fundamental Growth & Core Equity team (FGC) recognizes that Saudi Arabia is working to balance growth in conventional hydrocarbon production with investments in sustainable alternatives for the future, and we believe that there are many interesting investment opportunities to consider.



## Vision 2030 — Aiming for a Diverse and Sustainable Economy

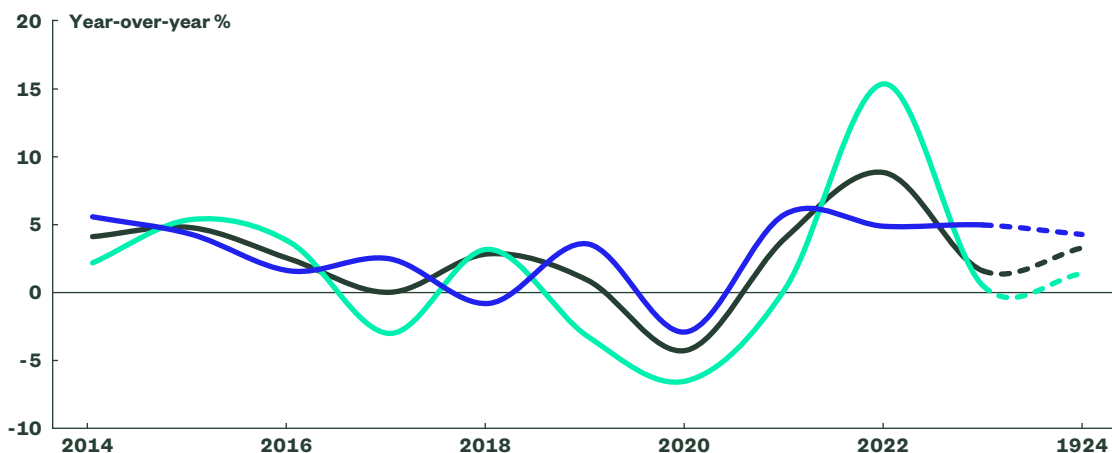
In 2016, Saudi leaders launched Vision 2030, a plan for the future that utilizes the Kingdom's investment power to create a more diverse and sustainable economy. This includes liberalizing the labor market, financial markets, and the Kingdom's social code. The focus going forward includes increasing investment from both public and private sources in infrastructure, manufacturing, and services, with technology, digitization, and green energy being key priorities. As part of Vision 2030, the Saudi Arabian government will be implementing Smart City projects in 10 cities. Neom, The Line, is one of these projects and is the most ambitious project in the GCC (Gulf Cooperation Council) and the world. This and other Vision projects are expected to significantly increase the size of the economy and promote sustainable long-term economic growth. This should provide many investment opportunities. Saudi's Public Investment Fund will be investing SAR 1 trillion (\$267 billion) in new projects by 2025. For investors looking to gain exposure, financial institutions will be obvious beneficiaries of the construction awards that are due to come.

## Saudi Arabia's Robust Economy

In a global context, the Saudi Arabian economy is in very strong shape. In 2022, the Kingdom achieved GDP growth of 8.7%, and is expected to continue to outperform global growth for the next couple of years. Inflation remains low while economic sentiment and non-oil-growth and employment momentum remain strong. Fixed investment is booming and consumer confidence is near record highs. Consumer spending continues to grow at a fast rate, up 17% compared to a year ago. Although correlation with oil is declining, it is still an important driver of the Saudi economy. The whole GCC region is a key beneficiary of the West's declining dependency on Russian energy supplies. Saudi's break-even oil price is currently around \$75/barrel, down from \$95 in 2015. However, to fund the massive amount of projects included in Vision 2030, a higher oil price will be needed. Saudi, through OPEC+, has a large influence on the price of oil globally. Due to this factor, average oil prices are expected to remain at elevated levels for the foreseeable future.

Figure 2  
Growth of Saudi's Non-oil Economy

■ Real GDP  
■ Real Oil GDP  
■ Real Non-Oil GDP



Source: GASTAT, Bloomberg Finance L.P., as of June 30, 2023.

## The Composition of Saudi Arabia's Stock Market

The Saudi stock market (Tadawul) is dominated by banks and financial institutions, followed by materials, energy and communications. In the MSCI Emerging Markets Index, Saudi Arabia is the sixth largest market, and the largest in the MSCI Emerging Markets EMEA Index.<sup>4</sup> A surge of initial public offering (IPO) activity has put the market in the spotlight, but has also created an overhang in the market as more IPOs and stake sales are expected over the medium term. Saudi had 36 IPOs in 2022 and hopes to list more than 24 companies on its stock exchange in 2023, according to the Capital Market Authority. These listings, plus the growth in value of the companies listed on the Tadawul stock exchange, have given investors many choices to gain exposure to the fast growing market. However, Global Emerging Market (GEM) investors have been underweight the Saudi market since its inclusion in the MSCI and FTSE indices several years ago. In fact, foreign ownership remains low at 3.46%, and more than 40% of GEM funds own zero Saudi stocks, the biggest underweight of any major EM market.<sup>5</sup> This tide is finally turning as foreign institutions have been the biggest net buyers of the market year-to-date in 2023. Removal of foreign ownership limits, which is under discussion, could be a catalyst for up to \$9 billion of passive inflows.

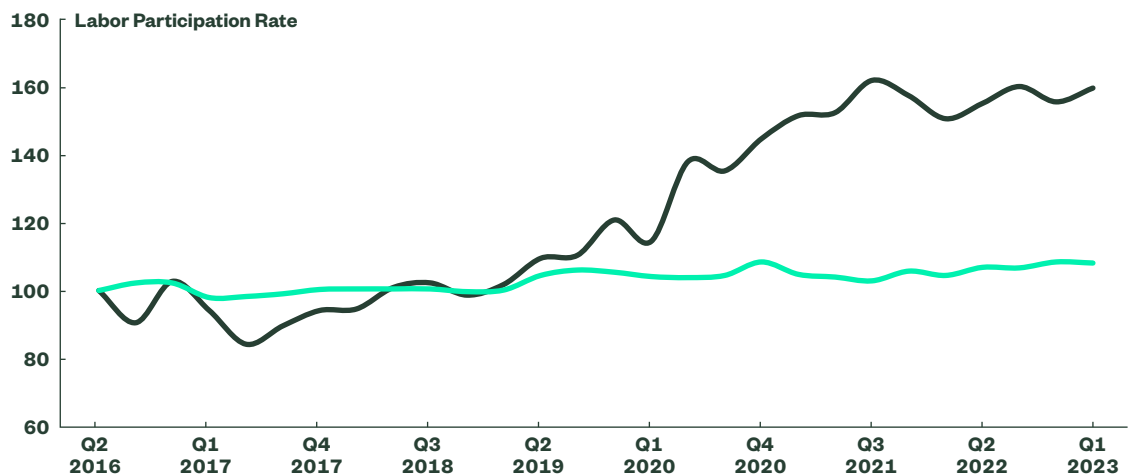
## Tailwind from Favorable Demographics

The FGC team seeks markets where demographics are favorable for future growth, and the Saudi market offers a very attractive demographic profile; social and cultural changes are also enhancing the appeal of the market. GCC nations are young, affluent, and witnessing demographic shifts that include smaller households and rising female labor participation rates. The average age of the Saudi population is 30 years. Fertility rates are relatively high at 2.5 live births per woman. Social reforms are changing the country with women now permitted to drive, work, and attend events where men are present.

Also, new entertainment venues that had previously been restricted, such as cinemas, arcades, and concert venues, have opened. This is changing the way the consumer is spending money, something that the FGC team is considering in investment decisions. Consumption should remain solid, underpinned by a firm labor market, higher labor force participation rates, and exceptionally strong business sentiment. Unemployment fell to a historical low of 8% late in 2022 from 11% a year earlier (see Figure 4). Finally, the Kingdom now has much easier visa requirements, which is favorable toward more tourism, religious pilgrimage, and business travel — this should have a very positive impact on the economy.

Figure 3  
Female Labor Force Growing in Saudi Arabia

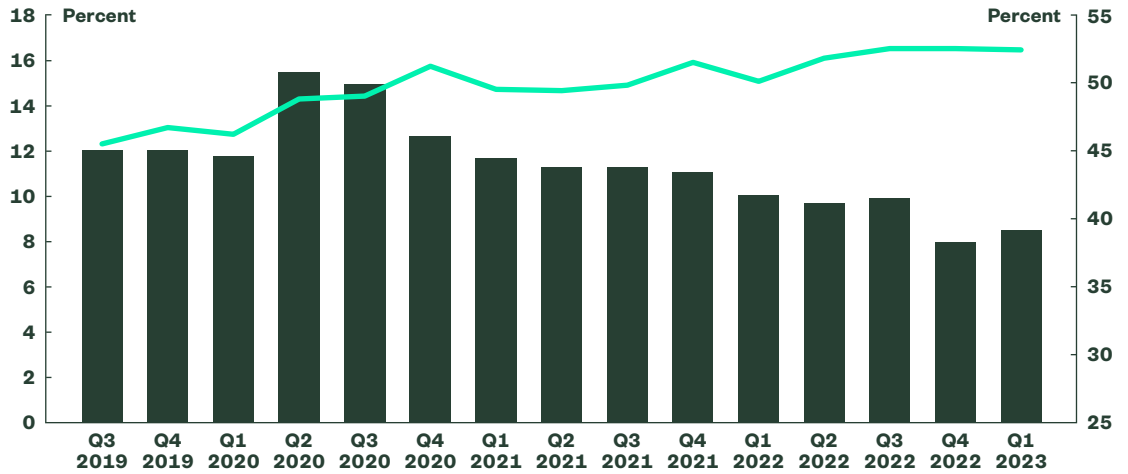
■ Female  
■ Male



Source: GASTAT, Bloomberg Finance L.P. as of June 30, 2023.

Figure 4  
**Improving  
 Employment Dynamics**

■ Unemployment Rate, lhs  
 ■ Participation Rate, rhs



Source: GASTAT, Bloomberg Finance L.P. as of March 31, 2023.

### How FGC Applies its Investment Philosophy in Saudi Arabia

The FGC team believes that a quality company with a strong market position and operating in an industry with secular growth can deliver superior investment performance, as long as investors don't overpay for the growth. Leveraging our proprietary research process that is centered around Confidence Quotients (CQs), the FGC team performs rigorous bottom-up research to achieve a deep understanding of company fundamentals to build high conviction portfolios. When investing in emerging markets, FGC analysts incorporate macroeconomic and geopolitical considerations in their analysis to determine how these factors impact the earnings growth trajectory of the companies they cover.

For a country like Saudi Arabia where the government is very present in the economy and in the shareholding structure of publicly-listed companies, the FGC team looks for evidence of alignment of interests between majority and minority shareholders. Using the CQ framework, FGC analysts take a close look at items such as management compensation, corporate governance and other items to make sure there is no conflict of interest.

The Market Position CQ is a key input for our analysts to assess the quality and the earnings growth sustainability of a company. For a country like Saudi Arabia that is enjoying strong economic growth, our analysts will seek companies that have a strong moat and are not just enjoying cyclical trends. The FGC CQ framework allows analysts to determine if the *bottom-up* story matches the *top-down* story.

---

## **Sustainable Growth Potential**

Although the Kingdom of Saudi Arabia is fairly new to many investors, as it only joined the MSCI and FTSE indices within the past four years, it offers many attractive investment propositions. With only a 0.6 beta and a 40% correlation to the MSCI Emerging Markets index, it offers significant diversification benefits. Vision 2030 is a massive investment program that aims to transform the Saudi economy and should provide ample opportunities to investors worldwide. It is also innovative and focused on sustainability in building the cities of the future. The economy is already in good shape and favorable demographics provide a long runway for growth. As long as the Vision 2030 program continues, and oil prices remain at current levels or higher, the FGC team remains constructive on investments in the country. Saudi stock valuations are relatively high compared to other emerging market countries, but with high ROEs (return on equity) and low cost of equity, we believe the higher price tag is warranted. The Saudi market is a bright spot in a world fraught with high inflation, massive debt, and geopolitical tensions. It offers the prospect of sustainable growth to investors at a reasonable price with strong diversification benefits.

---

**Contributor**

**Nicholas Trager**  
Portfolio Specialist

---

**Endnotes**

- 1 Source: Danaher Analyst Day, September 2022.
- 2 Source: Schneider Electric.
- 3 Source: Infineon Technologies company accounts.
- 4 Source: Bloomberg Finance L.P., MSCI, as of June 30, 2023.
- 5 Source: EPFR, JP Morgan, as of June 30, 2023.

## 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 \$3.8 trillion<sup>†</sup> under our care.

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

<sup>†</sup> This figure is presented as of June 30, 2023 and includes approximately \$63 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. Please note all AUM is unaudited.

## ssga.com

### Marketing communication

### State Street Global Advisors Worldwide Entities

**Abu Dhabi:** State Street Global Advisors Limited, ADGM branch is regulated by the Financial Services Regulatory Authority (FSRA). This document is intended for Professional Clients or Market Counterparties only as defined by the FSRA and no other person should act upon it. State Street Global Advisors Limited, ADGM Branch, Al Khatem Tower, Suite 42801, Level 28, ADGM Square, Al Maryah Island, P.O. Box 76404, Abu Dhabi, United Arab Emirates. Regulated by the ADGM Financial Services Regulatory Authority. T: +971 2 245 9000. **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 800, Toronto, Ontario M5C 3G6. T: +647 775 5900. **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, Brienner 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. 577659181. 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.

The views expressed in this material are the views of the Fundamental Growth and Core Equity Team through the period June 30, 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 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.**

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 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.

References to specific company stocks should not be construed as recommendations or investment advice. The statements and opinions are subject to change at any time, based on market and other conditions.

Investing involves risk including the risk of loss of principal.

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.

**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.

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.

Strategies may emphasize a "growth" style of investing. The market values of growth stocks may be more volatile than other types of investments. The prices of growth stocks tend to reflect future expectations, and when those expectations change or are not met, share prices generally fall. The returns on "growth" securities may or may not move in tandem with the returns on other styles of investing or the overall stock market.

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.

Past performance is not a reliable indicator of future performance.

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

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.

© 2023 State Street Corporation.  
All Rights Reserved.  
ID1714117-4676084.6.1.GBL.RTL 0823  
Exp. Date: 08/31/2024