



December 2022  
Annual Reconstitution Update

# State Street Strategic Asset Allocation ETF Portfolios

**Asset Allocation Overview**

- Strategic model portfolio updates occur on an annual basis and reflect the Investment Solutions Group’s (ISG’s) long-term capital market assumptions and qualitative insights.
- Long-term asset class return expectations improved since 2021 due to lackluster performance over the year in equity and fixed income.
- Long-term expected risk was mostly unchanged across asset classes. Emerging market small cap did see a larger decrease.
- From a portfolio perspective, expected long term portfolio returns improve across most portfolios, risks and risk-adjusted returns are mostly unchanged. Portfolio yields show expected increases as durations increase. Expense ratios are lower and turnover is less than 7% across model risk categories.

INCREASE 		DECREASE 	
Aggregate Bonds	+4.0%	Intermediate-Term Treasuries	-2.0%
Global REITs	+1.0%	Senior Loans	-2.0%
International Small-Cap Equity	+0.5%	US Large-Cap Equity	-1.0%
Emerging Market Bonds	+0.5%	US Treasuries	-1.0%
High Yield	+0.5%	Developed ex-US Equity	-0.5%

Source: State Street Global Advisors as of 12/22/2022.

**Portfolio Positioning**

Within equities, we increased our exposure to international small-cap equities and sold US large-cap and developed ex-US equities. Given the relative improvement in risk and return for non-US small caps, we slightly increased our international small-cap equity exposure. The US large-cap equity allocation was decreased in order to fund a REITs allocation with improved prospects bolstered by higher rates and inflation.

Within fixed income, we added to aggregate bonds as low return dispersions within the investment grade assets did not justify an outlier allocation. We also added to emerging market bonds and high yield while reducing our exposure to intermediate-term Treasuries, senior loans and US Treasuries.

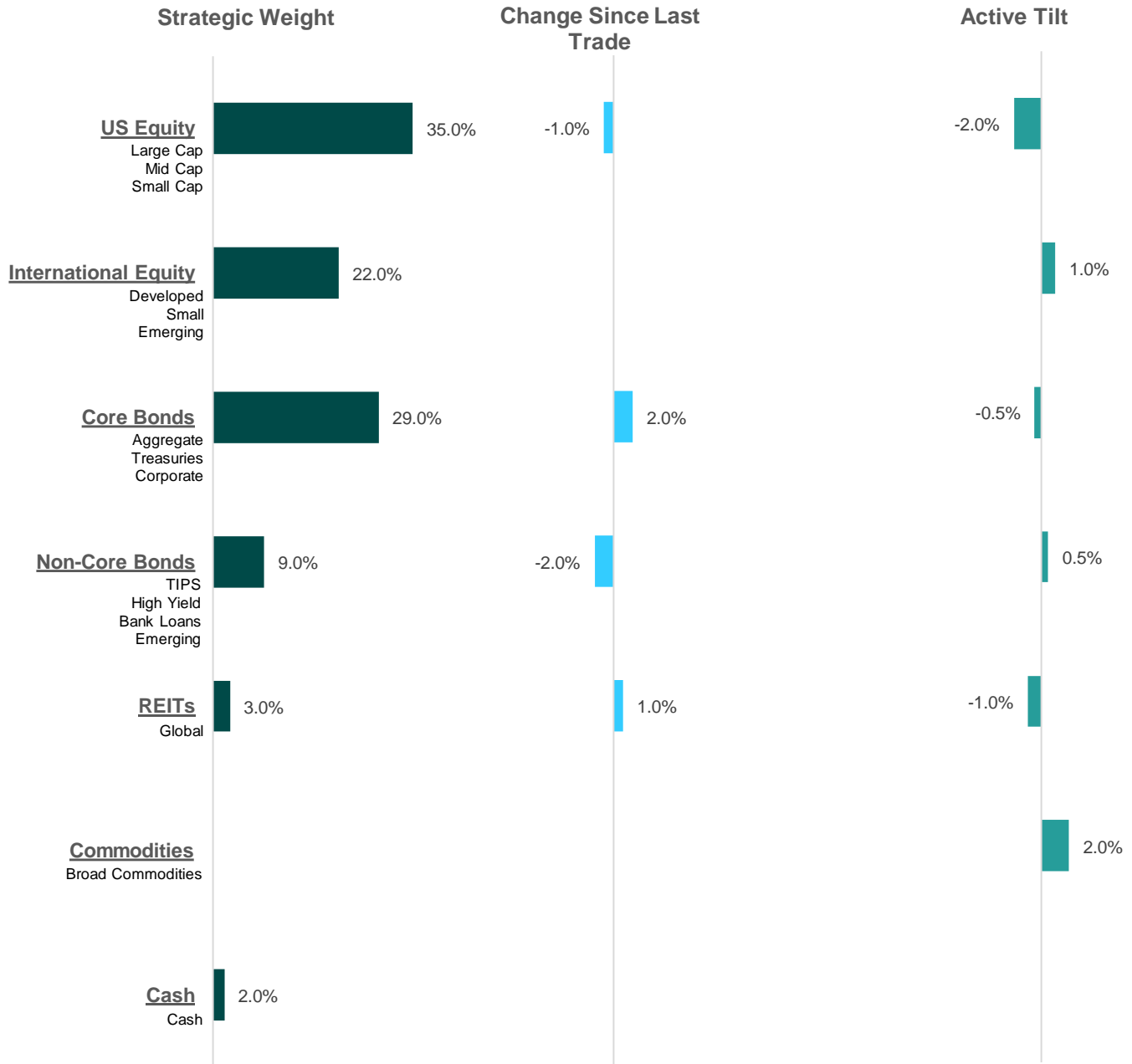
We sold out of intermediate term treasuries as long term expectations were not differentiated from other fixed assets and because the diversification potential is less robust than longer term treasuries which can be effective in managing downside portfolio risk.

Reductions to TIPS and senior loans were made due to reduced risk-adjusted prospects and preference to improve portfolio credit quality during this stage of the monetary policy cycle.

Within real assets, we increased our exposure to global REITs. Higher inflation and the interest rate environment supported our forecast.

**Positioning Update**

State Street Strategic Asset Allocation ETF Portfolio – Moderate



Source: State Street Global Advisors, as of 12/22/2022. Allocation changes are only shown for the Moderate Portfolio. Allocation changes, active weights and benchmark weights may vary for other portfolios. The benchmark is a custom Strategic Asset Allocation Benchmark. Model portfolio positions are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. The model portfolio positions presented above are representative of ISG's market views and our positioning for our active portfolio as of the date given. The results shown were achieved by means of a mathematical formula, and are not indicative of actual future results which could differ substantially. This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security shown. It is not known whether the sectors or securities shown will be profitable in the future.

**Current Holdings**

Ticker	Fund	Conservative (%) 20/80	Moderate Conservative (%) 40/60	Moderate (%) 60/40	Moderate Growth (%) 75/25	Growth (%) 90/10	Maximum Growth (%) 98/2
	<b>US Equity</b>	<b>10.0%</b>	<b>21.5%</b>	<b>33.0%</b>	<b>40.5%</b>	<b>49.0%</b>	<b>54.0%</b>
<a href="#">SPLG</a>	SPDR® Portfolio S&P 500® ETF	8.0%	17.5%	27.0%	32.5%	39.0%	42.0%
<a href="#">SPMD</a>	SPDR® Portfolio S&P 400® Mid Cap ETF	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%
<a href="#">SPSM</a>	SPDR® Portfolio S&P 600® Small Cap ETF	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%
	<b>International Equity</b>	<b>6.0%</b>	<b>14.5%</b>	<b>23.0%</b>	<b>29.5%</b>	<b>35.0%</b>	<b>38.0%</b>
<a href="#">SPDW</a>	SPDR® Portfolio Developed World ex-US ETF	4.0%	8.0%	13.5%	17.0%	20.5%	21.0%
<a href="#">GWX</a>	SPDR® S&P® International Small Cap ETF	0.0%	2.0%	2.5%	3.5%	3.5%	4.0%
<a href="#">SPEM</a>	SPDR® Portfolio Emerging Markets ETF	2.0%	4.5%	7.0%	9.0%	11.0%	13.0%
	<b>Fixed Income</b>	<b>78.0%</b>	<b>58.0%</b>	<b>38.0%</b>	<b>23.0%</b>	<b>8.0%</b>	<b>0.0%</b>
<a href="#">SPAB</a>	SPDR® Portfolio Aggregate Bond ETF	46.5%	37.5%	25.5%	13.5%	4.0%	0.0%
<a href="#">TIPX</a>	SPDR® Bloomberg 1-10 Year TIPS ETF	8.0%	6.0%	3.0%	1.0%	0.0%	0.0%
<a href="#">SPTS</a>	SPDR® Portfolio Short Term Treasury ETF	7.0%	4.0%	0.0%	0.0%	0.0%	0.0%
<a href="#">SPTL</a>	SPDR® Portfolio Long Term Treasury ETF	0.0%	0.0%	3.0%	4.0%	4.0%	0.0%
<a href="#">SPSB</a>	SPDR® Portfolio Short Term Corporate Bond ETF	6.0%	2.0%	0.0%	0.0%	0.0%	0.0%
<a href="#">SPHY</a>	SPDR® Portfolio High Yield Bond ETF	4.0%	2.5%	2.0%	1.5%	0.0%	0.0%
<a href="#">URLN</a>	SPDR® Blackstone Senior Loan ETF	2.5%	2.5%	1.5%	1.5%	0.0%	0.0%
<a href="#">EBND</a>	SPDR® Bloomberg Emerging Markets Local Bond ETF	4.0%	3.5%	3.0%	1.5%	0.0%	0.0%
	<b>Real Assets</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>5.0%</b>	<b>6.0%</b>	<b>6.0%</b>
PDBC	Invesco Optimum Yield Diversified Commodity Strategy ETF	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
<a href="#">RWO</a>	SPDR® Dow Jones® Global Real Estate ETF	2.0%	2.0%	2.0%	3.0%	4.0%	4.0%
	<b>Cash</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>
N/A	Cash	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Source: State Street Global Advisors as of 12/22/2022. Allocations may not sum to 100% due to rounding.

**Important Disclosure:** The model portfolios primarily utilize ETFs that make payments to SSGA Funds Management, Inc. or its affiliates (collectively "SSGA") for advisory or other services, which presents a conflict of interest for SSGA. Income earned by SSGA would be lower, and the returns generated by implementing one or more model portfolios might be higher, if the model portfolios were to be constructed using ETFs or other investments that do not pay fees to SSGA.

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## Glossary

**Commodities** Basic goods used in commerce that are interchangeable, or “fungible,” with other commodities of the same type. Commodities are most often used as inputs in the production of other goods or services. For example, crude oil is a commodity that is used to make motor fuels, and heating oil and lubricants.

**Emerging Markets** Developing countries where the characteristics of mature economies, such as political stability, market liquidity and accounting transparency, are beginning to manifest. Emerging market investments are generally expected to achieve higher returns than developed markets but are also accompanied by greater risk, decreasing their correlation to investments in developed markets.

**High Yield** A company or bond that is rated ‘BB’ or lower is known as junk grade or high yield, in which case the probability that the company will repay its issued debt is deemed to be speculative.

**Real Assets** Physical or tangible assets that have value and often are investable. Real assets include precious metals, commodities, real estate, agricultural land and oil, and their inclusion in most diversified portfolios is considered appropriate.

### TIPS or Treasury Inflation

**Protected Securities** Treasury securities that are indexed to inflation in order to protect investors from the negative effects of inflation. TIPS are backed by the US government and are thus

considered an extremely low-risk investment. The par value of TIPS rises with inflation, as measured by the Consumer Price Index, while the interest rate remains fixed.

**Developed Markets** Refers to countries or market areas with relatively high levels of economic growth, market liquidity and transparency as well as political stability, rule of law and safety.

**Treasuries** The debt obligations of a national government. Also known as “government securities,” Treasuries are backed by the credit and taxing power of a country, and are thus regarded as having relatively little or no risk of default.

**Small Cap Stocks** Stocks with a relatively small market capitalizations—generally companies with market values of between \$300 million and \$2 billion. Small-cap stocks are more volatile than mid- or large-cap stocks, but tend to deliver higher returns over longer time periods.

**Bond** A debt investment in which an investor loans money to an entity—typically a corporate or governmental entity—that borrows the funds for a defined period of time at a variable or fixed interest rate. Bonds are used by companies, municipalities, states and sovereign governments to raise money and finance a variety of projects and activities. Owners of bonds are debtholders, or creditors, of the issuer.

**Real Estate Investment Trusts (REITs)** Companies that own or finance income-producing real estate across a range of property sectors. These real estate companies have to meet a number

of requirements to qualify as REITs. Most REITs trade on major stock exchanges, and they offer a number of benefits to investors.

**Senior Loans** Floating-rate debt issued by corporations and backed by collateral such as real estate or other assets.

## Important Information

The views expressed are those of SSGA’s Investment Solutions Group (ISG) 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.

### Past performance is not a guarantee of future results.

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