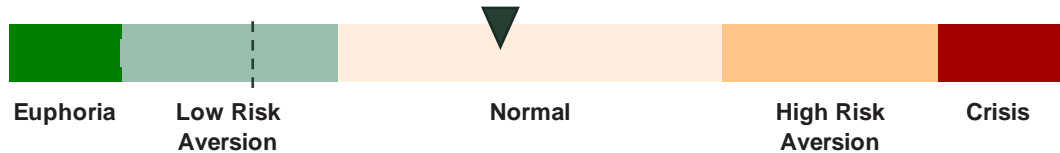


October 2021
Trade Rationale

State Street Tax-Sensitive Active Asset Allocation ETF Portfolios

State of the Market Regime Indicator (MRI)

▼ Current
- - - Previous
MRI plotted as an estimate.



Key Takeaways

- The shift in the MRI from Low Risk to Normal is owed to a spike in risky debt spreads and implied volatility on equities. All else equal, the current reading warrants some caution and reinforces our modest overweight to risk assets.
- In the latest rebalance, an allocation in US equity was exchanged for European equity due to more favorable quantitative readings.
- Within fixed income, rising interest created an opportunity to deploy cash in order to obtain favorable yields.

INCREASE ↑

European Equity	+2.5%
Municipal Bonds	+1.5%

DECREASE ↓

US Large Cap Equity	-2.5%
Cash	-1.5%

Source: State Street Global Advisors as of 10/12/2021.

Market in Review

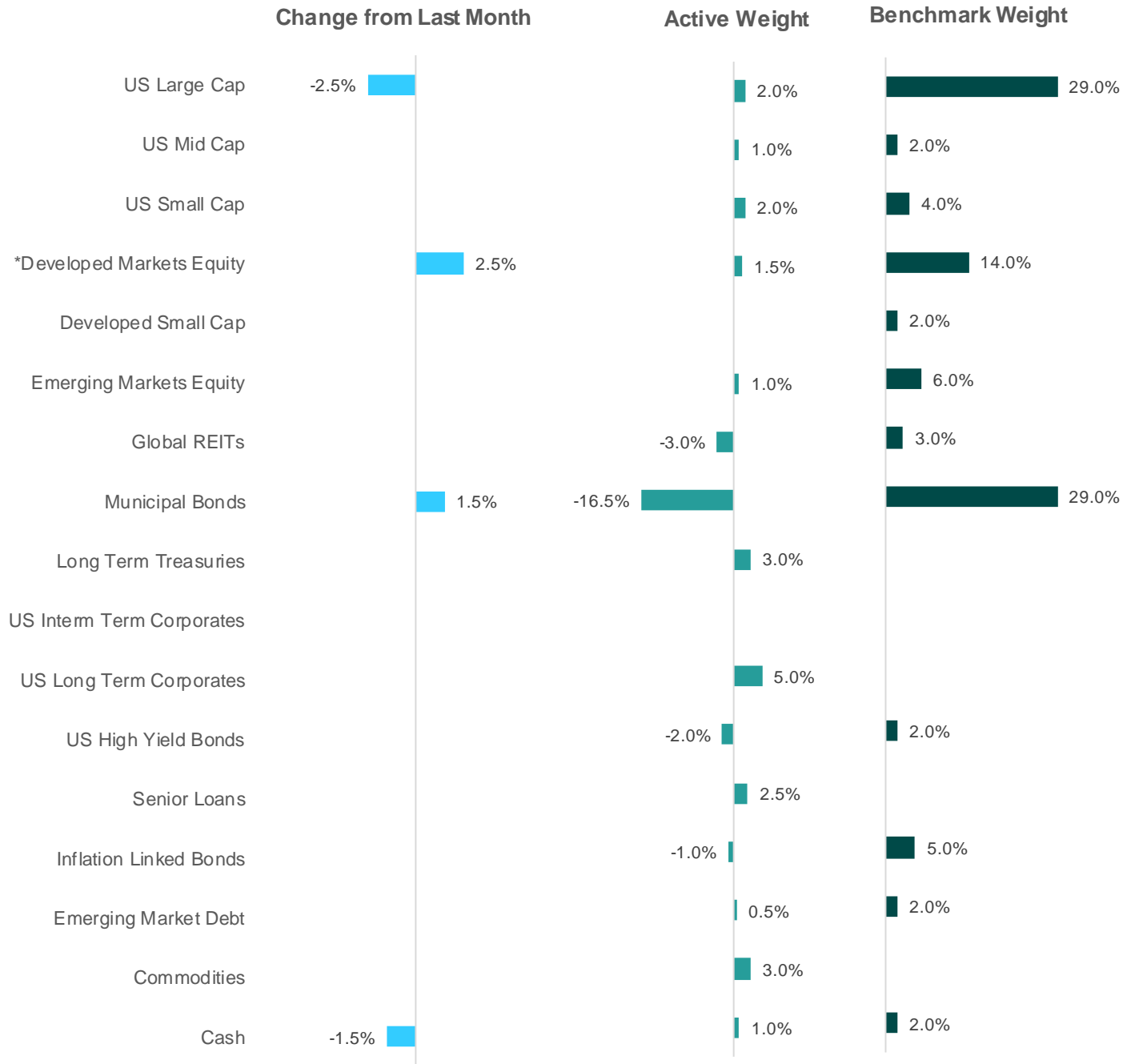
Markets have started to encounter some more serious, though not debilitating, disturbances. Supply chain troubles, labor shortages and soaring energy prices have underpinned stagflation fears, driving inflation higher and stunting economic growth. Logistical bottlenecks are likely to continue into 2022 and this, along with ongoing COVID restrictions, remain the biggest threat to global growth. However, the backdrop is not all negative as COVID trends are improving and the percentage of those vaccinated or with natural immunity continues to climb. Further, the global economy has exhibited resiliency and we see no reason to believe this won't be the case moving forward.

In the latest rebalance, we have reduced our exposure to US large caps but remain overweight. Sentiment and momentum scores remain positive but have softened recently, and when combined with poor valuations, justify our modest reduction. We extended an overweight to European equities, which continue to score well in our quantitative framework. Macro-oriented factors and sentiment remain strong for the region and valuations continue to be supportive from a relative value perspective.

Within fixed income, we deployed some of the cash raised in mid-September by rotating into municipal bonds, which should allow us to pick up a more attractive yield with a better expected return. While the prior add to cash was driven primarily by shifting risk regimes, the continued increase in interest rates affords an opportunity to invest at better levels. For high yield, still low interest rates suggest funding conditions should be mediocre, but heightened equity volatility, poor seasonality and the recent subpar performance in the equity markets all point to wider spreads.

Positioning Update

State Street Tax-Sensitive Active Asset Allocation ETF Portfolio – Moderate



* Developed Markets includes European equity.

Source: State Street Global Advisors, as of 10/12/2021. 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 Tax-Sensitive Active 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.

BIL	SPDR® Bloomberg Barclays 1-3 Month T-Bill ETF	1.0%	1.0%	1.0%	1.0%	0.5%	0.0%
N/A	Cash	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Source: State Street Global Advisors as of 10/12/2021. Allocations may not sum to 100% due to rounding.

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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.

REITs or Real Estate Investment Trust Companies that own and operate commercial properties, such as office buildings and apartment complexes.

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.

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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Expiration Date: 10/31/2022