Fixed Income. Modernized. Optimized.

Your old Fixed Income portfolio is dated.
You need a portfolio that's optimized for now.

Why?

Lower Rates and Flatter Yields are No Blip.

DM Sovereign Bond yields are already at historic lows.

Continued support from central banks is likely to keep them there.

	1Y	3Y	5Y	7Y	10Y	20Y	30Y
US Treasuries	0.06	0.18	0.46	0.82	1.17	1.78	1.97
UK Gilts	-0.06	0.01	0.08	0.24	0.48	1.01	1.07
JGB	-0.13	-0.13	-0.11	-0.06	0.05	0.44	0.65
German Bunds	-0.67	-0.74	-0.69	-0.63	-0.45	-0.21	0.01

There's negative yields a long way out, as shown by the sea of red.

Alongside Higher Risk.

As yields fall, duration automatically rises for the same maturity bonds, and sovereigns have also been taking advantage of rock-bottom yields and flat curves to issue further and further out.

In other words, DM Sovereign Bonds are far from risk-free, and we think the risk they have is very poorly rewarded.

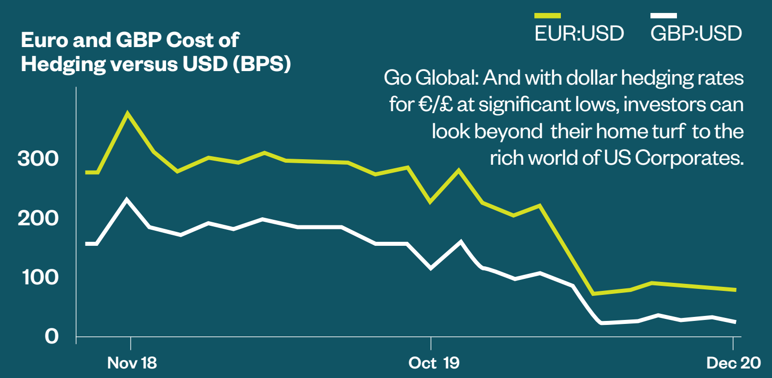
All sources SSGA, unless otherwise specified. Examples are for illustrative purposes only. Past performance is not a reliable indicator of future performance.

Where to Look

Investment-Grade Corporates.

With the Fed and the ECB using Quantitative Easing to buy Credit, Investment-Grade Corporates are increasingly well-supported.

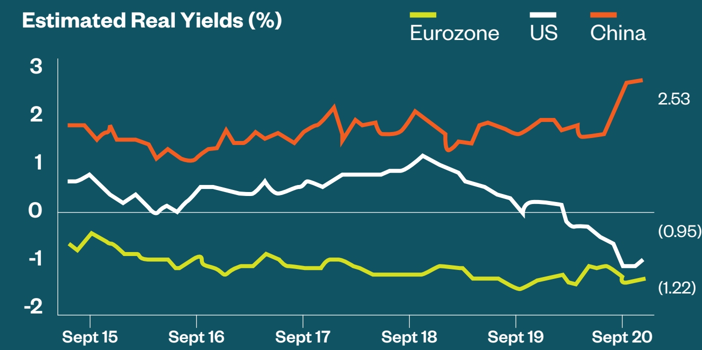
Euro and GBP Cost of Hedging versus USD (BPS)



EM Debt, Especially China.

For more yield, albeit with more risk, EM Debt is the place to go. And, Chinese bonds are increasingly presenting characteristics — such as low correlation and attractive real yields — that many investors will find persuasive.

Estimated Real Yields (%)



ESG Adds Quality

Whether they're looking to manage risk, align investments to their values or pursue more sustainable performance, modern investors are increasingly looking at ESG in Fixed Income.

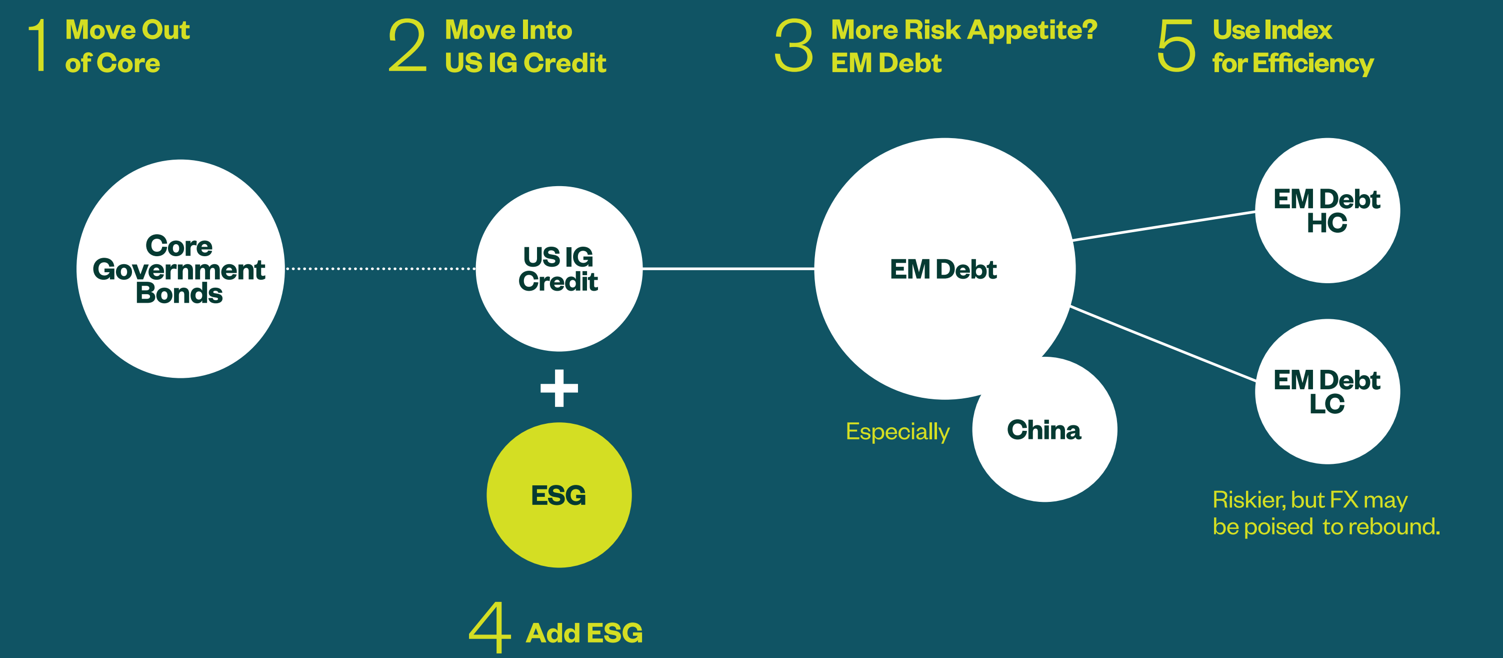
From green bonds to innovations such as climate bond strategies, the latest products offer substantial ESG improvements with characteristics that are still very much in line with more traditional investments.

Use Index for Efficiency

The days of Active being the automatic first choice for Fixed Income are long gone. Investors are moving to Index for its cost-efficiency, transparency and reliability.

In today's low-rate environment, high-efficiency, cost-effective index investing makes sense.

Move to the Modern Fixed Income Portfolio



→ **Discover more about the Modern Fixed Income Portfolio at ssga.com**

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Bonds generally present less short-term risk and volatility than stocks but contain interest rate risk (as interest rates raise, 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. International Government bonds and corporate bonds generally have more moderate short-term price fluctuations than stocks but provide lower potential long-term returns.

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