STATE STREET GLOBAL ADVISORS

Currency Management

The Exposure You Can't Afford To Overlook

Currency exposure is one of the most significant drivers of performance for global portfolios. But many investors do nothing to mitigate their currency risk or to generate returns as compensation for assuming that risk — violating one of the most basic tenets of investing.

Instead, currency management is often treated as an afterthought — a cost of doing business, not an opportunity to strengthen a portfolio.

At State Street Global Advisors, we understand the power of effective currency management to reduce risk and drive returns. With one of the industry's deepest and most experienced teams, we deliver a broad range of hedging and return-seeking solutions. Our rigorous, research-driven approach takes no shortcuts in unlocking the value of currency management.

Deeply Committed to Currency Management

At a time when many asset managers are pulling back from the asset class, we continue to expand our industry-leading capabilities in currency management.

Leadership at the Crossroads of Global Asset Flows

Currencies are central to all asset classes and capital flows in the real economy. That is why currency management should be central to portfolio management.

As a large multi-asset manager serving a global client base, providing sophisticated currency management that achieves our clients' diverse objectives is essential to our overall mandate.

Our Currency Experience

$140B+
AUM across 11 base currencies

390+
client accounts globally

30+
years since launching one of the industry's first dedicated currency management teams

Innovation Driven by Research

The depth of our team and our access to real-time information across markets globally allow us to develop research-driven solutions that are tailored to our clients' needs.

Examples of how we have used this insight to develop thoughtful, innovative solutions include:

- Created an emerging markets (EM) multi-factor strategy to provide investors a more efficient way to capture the EM risk premium and participate in the secular growth story
- Designed tailored hedging programs to avoid the unnecessary costs and cash flow issues associated with simply following a benchmark
- Developed country-specific reporting templates for new FX regulations
- Created a tri-partite collateral management process to satisfy client requirements without affecting asset allocation
- Develop broad portfolio solutions for clients that integrate currency management into our investment capabilities across asset classes

All data of December 31, 2019. Figures in $USD.

Broad Capabilities to Meet a World of Objectives

We have the range of solutions clients need to manage currency risk and harness it as a tool for shaping portfolios to support their strategic objectives. We also have the expertise to deploy those tools efficiently across all phases of the economic cycle.

Our Currency Strategies

Across developed and emerging markets, our solutions span all aspects of the currency universe.

		Primary Investment Goal	
		Reduce Risk	Increase Returns
Investment Style	Passive	**Static Passive Hedging** Deliberately achieves the desired level of currency exposure	**Currency Factor** Systematic currency style indices Long-run return
	Active	**Dynamic Strategic Hedging** Variable hedge ratio Considers risk of each currency individually Risk-management focus	**Absolute Return Currency** Multi-strategy, multi-horizon approach Maximize return

Objectivity Built on Breadth and Experience

Our breadth provides objectivity and expertise that other specialist currency managers cannot offer. We know that the right solution varies by currency and by phase of the economic cycle. With our broad expertise and research-driven insights, we can determine the optimal approach for each client.

Efficient Exposure to Emerging Markets

Through extensive research and back-testing, we found that EM currencies capture much of the additional risk premium and secular growth dynamics that investors seek from investing in EM equity and debt. We also found that investing in a pure currency strategy can be a highly efficient way to gain these exposures while avoiding the cost, liquidity and custodian issues of investing in EM equity or debt.

Based on this research, we created our Emerging Markets Multi-Factor Fundamental Currency Strategy. We also apply these concepts within our Absolute Return Emerging Markets Currency Strategy.

Unparalleled Scale Delivers Essential Benefits

As the world's third-largest asset manager, we leverage our scale and trading volume to deliver effective execution, proven risk management and real-time global insights for our clients.

Infrastructure and Risk Controls of a G-SIFI

Currency hedging is straightforward—if you have the proper infrastructure and controls in place, and back that with decades of experience. That is why our clients take great comfort in working with a leader in currency management.

We bring a G-SIFI's stringent approach to currency risk management. Through the proprietary systems we built to provide internal controls and our extensive counterparty risk analysis, we provide a level of rigor that few can match.

Promoting Market Integrity

The FX Global Code is a set of principles of good practice in the foreign exchange market. As one of the code's earliest signatories, we support its goal of providing a common set of guidelines to promote the integrity and effective functioning of the wholesale foreign exchange market.

Efficient, Reliable Execution

Precise execution matters tremendously in currency management, even for something as seemingly simple as passive hedging.

Our scale allows us to execute massive trades in any market and minimize costs for our clients. Because of our trading volume, we can uncover netting opportunities and achieve optimal pricing from our counterparties.

250K+

FX trades totaling $1.2T in market value in 2019

15

banks in our panel of counterparties

24HR

trading capabilities that span the globe

To learn more about our Currency capabilities and team, visit **ssga.com/currency**.

All data of December 31, 2019. Figures in $USD.

About State Street Global Advisors

For four decades, State Street Global Advisors has served the world's governments, institutions and financial advisors. With a rigorous, risk-aware approach built on research, analysis and market-tested experience, we build from a breadth of active and index strategies to create cost-effective solutions. As stewards, we help portfolio companies see that what is fair for people and sustainable for the planet can deliver long-term performance. And, as pioneers in index, ETF and ESG investing, we are always inventing new ways to invest. As a result, we have become the world's third-largest asset manager with US $3.17 trillion* under our care.

* AUM reflects approximately $43.72 billion USD (as of December 31, 2019), with respect to which State Street Global Advisors Funds Distributors, LLC serves as marketing agent; State Street Global Advisors Funds Distributors, LLC and State Street Global Advisors are affiliated.

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Marketing Communication
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Investing involves risk including the risk of loss of principal.

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