

**STATE STREET
GLOBAL ADVISORS®**

EXCELLENCE WITHOUT BORDERS

**SSGA's framework for delivering
results and best execution.**

Technology and regulation have transformed global capital markets. Now, more than ever, global investors need to work with a manager whose trading skill and systems are equal to the challenges of achieving best execution in all markets.

Trading effectiveness is key to helping investors meet their objectives as liquidity ebbs and flows across global networks that move at the speed of light.

SSGA's Global Trading Team has the expertise, technology and resources to help investors meet these challenges.

ALWAYS ON, ALWAYS DELIVERING

At SSGA, our focus is on creating an efficient, transparent trading operation using the best tools and techniques available, reducing costs and protecting returns.

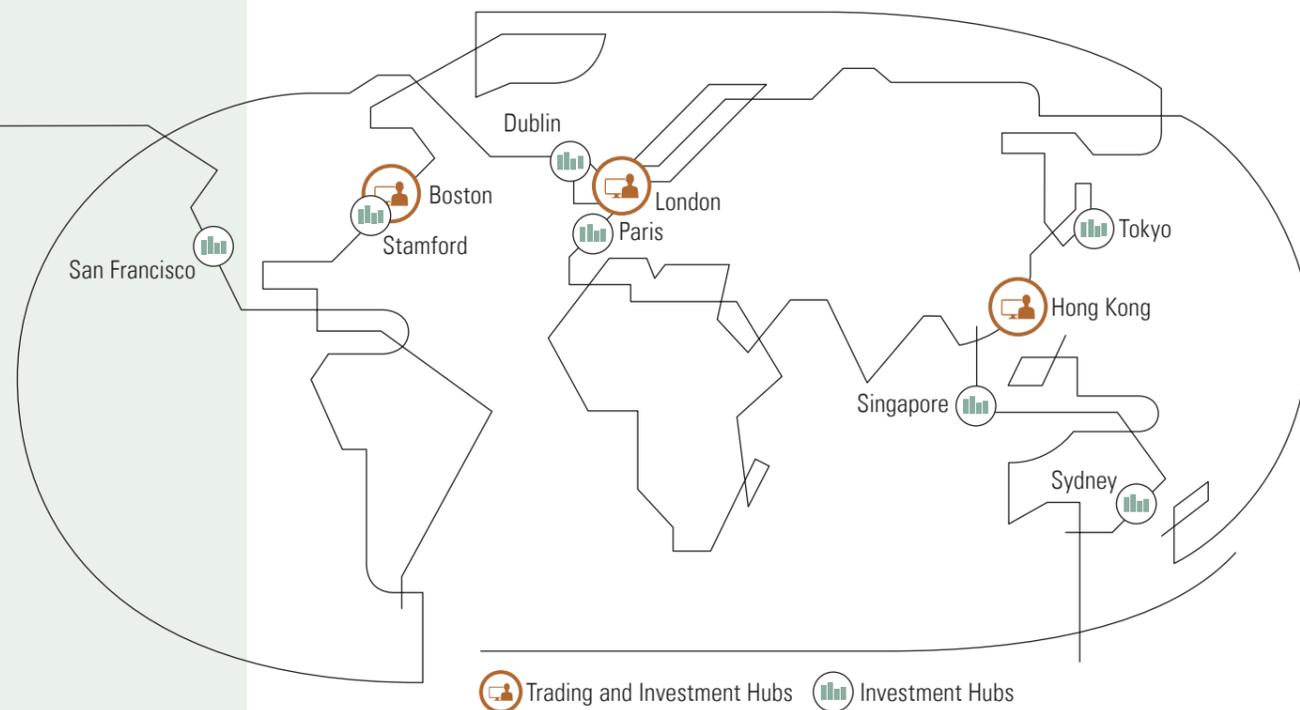
With locations in Boston, London, and Hong Kong, our global trading platform is always on, staffed by 30 traders with expertise in equities, foreign exchange, fixed income, futures, and other derivatives.

Our guiding principles:

- 1** Interact with liquidity in the most efficient and cost-effective way.
- 2** Manage the impact of transactions under the prevailing circumstances responsibly.

We embrace the ethos of best execution on behalf of our clients and have developed organizational and technical processes to deliver on that commitment.

24-HOUR	Trading Capabilities
\$2.3 TRILLION	Notional traded in 2016
2.9 MILLION	Tickets executed in 2016
56%	Non-US domiciled dealers in Broker Panel
17 YEARS	Average industry experience
11 YEARS	Average SSGA tenure
80+	Global markets



DRIVING EFFICIENCY

Continuous Improvement

In a challenging investment climate, driving efficiency in every aspect of the trading operation counts.

SSGA is always assessing ways to reduce costs, improve execution, and deliver greater value to our clients.

For the past 15 years, the firm has taken a formal and technologically sophisticated approach towards evaluating the impact of transaction costs on investment strategies and returns.

By focusing intensively on how transactions are undertaken, SSGA has created a culture of continuous improvement.

Transaction Cost Analysis (TCA) is at the core of this effort. This group monitors execution prices in relation to their benchmarks for futures, equities, currency, and fixed-income trading.

The Whole Process

For us, best execution is about the entire trading process, including price, and not limited to only one point in time. TCA is a valuable part of that process because it provides a clear measure of trading performance, allowing our portfolio managers and traders to evaluate investments in a systematic and iterative manner.

Frequent assessment of transactions can provide insights on trading cost trends across asset classes and around the world.

TCA can be used to forecast expected costs, confirm the efficacy of current processes and highlight opportunities to improve trading outcomes in the future.

TCA stands in the nexus of a highly effective feedback loop that connects traders with portfolio managers with the ultimate benefits being passed along to our clients.

Transaction Cost Analysis

A Valuable Feedback Loop



MEETING THE TRADING CHALLENGE

The Search for Block Liquidity

The world of trading has changed dramatically since the global financial crisis. It has been harder to find block liquidity for stock trades and corporate bond turnover has been lower, as new regulations have weighed on traditional liquidity sources through lower broker inventories.

While the current environment is challenging for traders and investors, there are technological solutions that can help to mitigate the effects of the interplay of regulation and market dynamics.

New Approaches

Global Trading is engaged with ventures in the US and Europe to develop platforms that provide greater efficiency and improve outcomes by harnessing technology effectively. Current partnerships at SSGA include trading projects with Luminex and Market Axess.

Luminex is a first-of-its-kind US equity trading venue that is designed to better facilitate block trading among asset managers. It was launched in 2015 with 9 buy-side founding firms and now has over 160 asset managers participating.

The platform helps managers source block liquidity more efficiently through transparent protocols and a competitive pricing structure. Luminex operates as an independent entity, with oversight from a board of directors; SSGA is a founding member and has a seat on that board.

New Platforms

Credit markets are also changing rapidly and SSGA has been expanding its relationship with MarketAxess, an early pioneer in the electronic trading of credit. It is one of the largest platforms in the US for investment grade and high yield market volumes.

MarketAxess uses a primary trading protocol known as Request for Quote (RFQ), which enables institutional market participants to request and receive simultaneous, competitive and executable bids or offers from multiple dealers.

SSGA is working with MarketAxess to take inventory and markets from their network and integrate them into the firm's proprietary portfolio construction system.

In addition, SSGA's European trading desk and investment teams are working with MarketAxess to leverage their analytics for portfolio liquidity and impact analysis as it relates to regulatory changes proposed in the pre-trade transparency regime set forth in MiFID II.

New Technology

Ensuring that SSGA remains at the forefront of new liquidity-seeking solutions is paramount to the continual evolution of our trading process. Market structures have changed, and traditional counterparts no longer have the extensive balance sheet or risk parameters to provide the liquidity we require. So, SSGA has engaged with new technological solution providers such as E Trading Software, who have developed the Neptune product to allow banks to transmit real-time trading axes directly to our order management system.

Neptune allows us to anonymously search for the bank(s) that are best positioned to facilitate our credit trades. Identifying where the natural axes exists allows us to discreetly execute our trade, mitigating market impact and negative price movements following execution.

In fixed income markets, we will continue to see increases in electronic trade volumes, particularly in Europe, where MiFID II regulation will require more on-venue trade execution in order to readily comply with trade-reporting obligations, along with other directives.

EXCELLENCE WITHOUT BORDERS

Coordination and Communication: A Communal Endeavor

Across SSGA's Global Trading platform, we interact with more than 25 different industry and/or regulatory bodies, including the Securities & Exchange Commission, the Financial Conduct Authority (UK), and the Financial Services Agency (Japan). SSGA also participates with industry groups including Quorum 15, the Investment Company Institute, and Trader Forum.

This communal effort is very important to improving market structure as it leads to higher quality markets, benefitting our clients over time. We seek a leadership role in this evolution because we see the importance of building a trading environment that supports and instills the values we hold in the highest regard: fairness, efficiency, accessibility, stability, and transparency.



About Us

For nearly four decades, State Street Global Advisors has been committed to helping our clients, and the millions who rely on them, achieve financial security. We partner with many of the world's largest, most sophisticated investors and financial intermediaries to help them reach their goals through a rigorous, research-driven investment process spanning both indexing and active disciplines. With trillions* in assets, our scale and global reach offer clients unrivalled access to markets, geographies and asset classes, and allow us to deliver thoughtful insights and innovative solutions.

State Street Global Advisors is the investment management arm of State Street Corporation.

*Assets under management were \$2.47 trillion as of 31 December 2016. Please note that AUM totals are unaudited.

ssga.com

Marketing Communication.

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