

NORTH AMERICA

Fixed Income: Preparing for the Big Shift

The Move to Indexing

US investors are dramatically rebuilding their fixed income allocations and indexing is set to move from a low base — where currently three-quarters have less than 30% — to a much larger role.

Significant Appetite to Increase Indexing

71%

Increased use of indexing for broad or liquid, core FI exposures.

67%

Increased use of indexing for less liquid, non-core / satellite FI exposures.

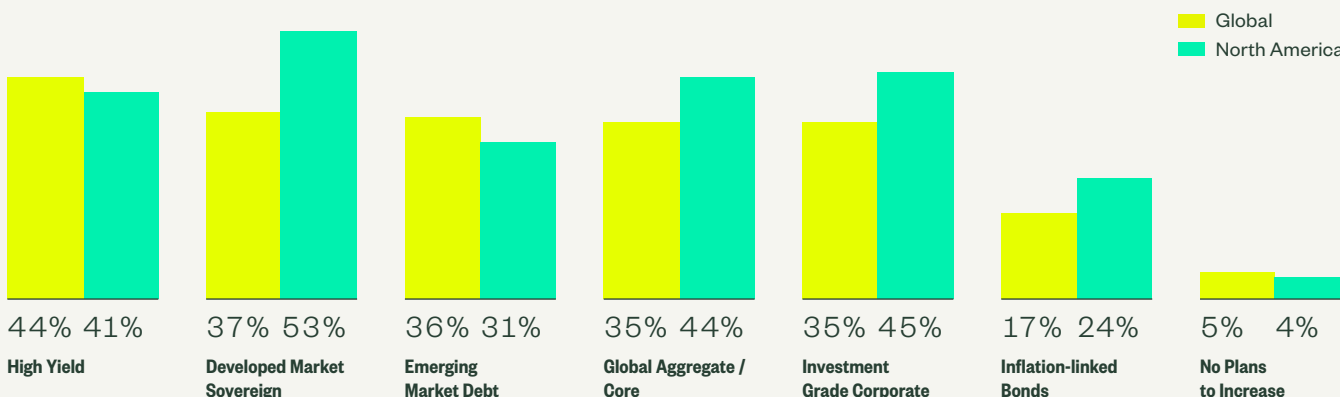
Percentage saying they plan to increase use of indexing over the next three years.

Top Three Drivers of Increased Indexed FI Adoption

Efficient and reliable delivery of benchmark returns	55%
Opportunity for active to add alpha is in decline	44%
Risks are too unpredictable for high conviction, active managers to reliably protect against	38%

Percentage listing main motivations for increasing use of index strategies.

Planned Future Index Fixed Income Allocations By Strategy



Source: State Street Global Advisors. NA = 119. Q: Does your institution plan to increase its allocation to index strategies for any of the following fixed income segments over the next three years? Respondents asked to select all that apply.

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* Pensions & Investments Research Center, as of December 31, 2020.

[†] This figure is presented as of June 30, 2021 and includes approximately \$63.59 billion of assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated.

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