
CONSULTATION ON SSGA Gender Diversity Index: Addendum

May 2019

This consultation may or may not lead to the implementation of any or all of the proposed changes in the Gender Diversity Index. Consultation feedback will remain confidential. SSGA may publicly disclose feedback if so requested by the provider of the feedback. In that case, the relevant feedback would be published together with the final results of the consultation.

Summary

- **The following slides show the performance of back-tests applying the proposed methodology changes one at a time (see “2018 CONSULTATION ON SSGA Gender Diversity Index” – November 2018)**
- **The time period covered is 12/31/2002 to 8/31/2015**
- **Gross USD returns are shown**
- **The proposed changes are:**
 - Neutralize sector active weights
 - Impose individual stock maximum weight
 - Change treatment of big companies in a sector
 - Refine companies eligible for selection
 - Reduce turnover
 - Alternative turnover buffer rule
 - Increase market coverage

Details of Proposed Methodology Changes

- **Neutralize sector active weights:** Scale sector weights such that they align with BM weights to achieve pure sector neutrality
- **Impose individual stock maximum weight:** Cap security weights at 5% (for the ETF, but not necessarily for segregated accounts)
- **Change treatment of big companies in a sector:** Cap the weight of companies within its sector to 5% to not penalize mega/large companies
- **Refine companies eligible for selection:** Remove companies whose total number of senior managers and directors are less than 10
- **Reduce turnover:** Implement a buffer rule such that if a company is selected into the portfolio, as long as its ratio doesn't decrease, it will stay in the portfolio. In order to mitigate the issue of expanding number of holdings, if such company doesn't rank in sector top 10% in next period, then it will be removed from the portfolio
- **Alternative turnover buffer rule:** If a security is in the current portfolio, as long as its gender ratio does not decrease, it will stay in the portfolio regardless of its relative ranking in the sector. The securities are selected such that the cumulative market cap reaches 10% of the sector (this will ensure stable number of holdings in the portfolio)
- **Increase market coverage:** Companies that rank among the sector top 15% (or 20%) market cap by gender ratios will be eligible for final inclusion into the index

Neutralize sector active weights:

Backtested results

12/31/2001-8/31/2015	Benchmark (USD, Gross Returns)	Original Methodology (USD, Gross Returns)	Original Methodology (USD, Net, Net of Tcost)	Sector Neutral	Sector Neutral (USD, Net, Net of Tcost)
Ann. Ret	6.53%	8.88%	8.35%	9.01%	8.45%
Ann. Vol	14.79%	14.99%	14.99%	14.97%	14.97%
Ret/Risk	0.44	0.59	0.56	0.60	0.56
Active Ret		2.35%	1.83%	2.48%	1.92%
TE		3.71%	3.72%	3.59%	3.59%
IR		0.63	0.49	0.69	0.54

Benchmark: Russell 1000

Ann. Vol refers to Standard deviation of monthly returns.

Backtested performance is not indicative of the past or future performance of any SSGA offering. The portion of results through Aug 31, 2015 represents a back-test of the SSGA Gender Diversity Index model, which means that those results were achieved by means of the retroactive application of the model which was developed with the benefit of hindsight. All data shown above does not represent the results of actual trading, and in fact, actual results could differ substantially, and there is the potential for loss as well as profit. (1) The backtested gross returns are gross of transaction cost and management fees. (2) The backtested net of fee performance figures reflect the hypothetical indicative fees of 20bps per annum. The net backtested performance also reflects net of transaction cost, with 20 bps of transactions cost one-way. Please reference the Backtested Methodology Disclosure for a description of the methodology used as well as an important discussion of the inherent limitations of backtested results.. Index returns reflect all items of income, gain and loss the reinvestment of dividends. Past index performance is not a guarantee of future results.

Cap Security Weights at 5%:

Backtested results

12/31/2001-8/31/2015	Benchmark (USD, Gross Returns)	Original Methodology (USD, Gross Returns)	Original Methodology (USD, Net, Net of Tcost)	Cap Security Weight at 5%	Cap Security Weight at 5% (USD, Net, Net of Tcost)
Ann. Ret	6.53%	8.88%	8.35%	8.93%	8.42%
Ann. Vol	14.79%	14.99%	14.99%	15.49%	15.49%
Ret/Risk	0.44	0.59	0.56	0.58	0.54
Active Ret		2.35%	1.83%	2.41%	1.89%
TE		3.71%	3.72%	3.68%	3.68%
IR		0.63	0.49	0.51	0.51

Benchmark: Russell 1000

Ann. Vol refers to Standard deviation of monthly returns.

Backtested performance is not indicative of the past or future performance of any SSGA offering. The portion of results through Aug 31, 2015 represents a back-test of the SSGA Gender Diversity Index model, which means that those results were achieved by means of the retroactive application of the model which was developed with the benefit of hindsight. All data shown above does not represent the results of actual trading, and in fact, actual results could differ substantially, and there is the potential for loss as well as profit. (1) The backtested gross returns are gross of transaction cost and management fees. (2) The backtested net of fee performance figures reflect the hypothetical indicative fees of 20bps per annum. The net backtested performance also reflects net of transaction cost, with 20 bps of transactions cost one-way. Please reference the Backtested Methodology Disclosure for a description of the methodology used as well as an important discussion of the inherent limitations of backtested results.. Index returns reflect all items of income, gain and loss the reinvestment of dividends. Past index performance is not a guarantee of future results.

Change treatment of largest companies in a sector: Backtested results

Instead of removing companies who represents more than 10% in its sector, we cap the security weight within its sector to be 5% or 10%

12/31/2001-8/31/2015	Benchmark (USD, Gross Returns)	Original Methodology (USD, Gross Returns)	Original Methodology (USD, Net, Net of Tcost)	Cap Security Weight within its sector at 5% when selecting securities (USD, Gross Returns)	Cap Security Weight within its sector at 5% when selecting securities (USD, Net, Net of TCost)	Cap Security Weight within its sector at 10% when selecting securities	Cap Security Weight within its sector at 10% when selecting securities (USD, Net, Net of Tcost)
Ann. Ret	6.53%	8.88%	8.35%	7.22%	6.75%	8.19%	7.69%
Ann. Vol	14.79%	14.99%	14.99%	14.13%	14.13%	14.07%	14.08%
Ret/Risk	0.44	0.59	0.56	0.51	0.48	0.58	0.55
Active Ret		2.35%	1.83%	0.69%	0.22%	1.66%	1.17%
TE		3.71%	3.72%	3.98%	3.97%	3.72%	3.70%
IR		0.63	0.49	0.17	0.06	0.45	0.31

Benchmark: Russell 1000

Ann. Vol refers to Standard deviation of monthly returns.

Backtested performance is not indicative of the past or future performance of any SSGA offering. The portion of results through Aug 31, 2015 represents a back-test of the SSGA Gender Diversity Index model, which means that those results were achieved by means of the retroactive application of the model which was developed with the benefit of hindsight. All data shown above does not represent the results of actual trading, and in fact, actual results could differ substantially, and there is the potential for loss as well as profit. (1) The backtested gross returns are gross of transaction cost and management fees. (2) The backtested net of fee performance figures reflect the hypothetical indicative fees of 20bps per annum. The net backtested performance also reflects net of transaction cost, with 20 bps of transactions cost one-way. Please reference the Backtested Methodology Disclosure for a description of the methodology used as well as an important discussion of the inherent limitations of backtested results.. Index returns reflect all items of income, gain and loss the reinvestment of dividends.

Past index performance is not a guarantee of future results.

Refine eligible companies:

Backtested results

Remove companies with less than 10 total senior roles

12/31/2001-8/31/2015	Benchmark (USD, Gross Returns)	Original Methodology (USD, Gross Returns)	Original Methodology (USD, Net, Net of Tcost)	Remove Companies with <10 Dir	Remove Companies with <10 Dir (USD, Net, Net of Tcost)
Ann. Ret	6.53%	8.88%	8.35%	8.90%	8.39%
Ann. Vol	14.79%	14.99%	14.99%	14.96%	14.96%
Ret/Risk	0.44	0.59	0.56	0.60	0.56
Active Ret		2.35%	1.83%	2.37%	1.86%
TE		3.71%	3.72%	3.69%	3.69%
IR		0.63	0.49	0.64	0.50

Benchmark: Russell 1000

Ann. Vol refers to Standard deviation of monthly returns.

Backtested performance is not indicative of the past or future performance of any SSGA offering. The portion of results through Aug 31, 2015 represents a back-test of the SSGA Gender Diversity Index model, which means that those results were achieved by means of the retroactive application of the model which was developed with the benefit of hindsight. All data shown above does not represent the results of actual trading, and in fact, actual results could differ substantially, and there is the potential for loss as well as profit. (1) The backtested gross returns are gross of transaction cost and management fees. (2) The backtested net of fee performance figures reflect the hypothetical indicative fees of 20bps per annum. The net backtested performance also reflects net of transaction cost, with 20 bps of transactions cost one-way. Please reference the Backtested Methodology Disclosure for a description of the methodology used as well as an important discussion of the inherent limitations of backtested results.. Index returns reflect all items of income, gain and loss the reinvestment of dividends.

Past index performance is not a guarantee of future results.

Turnover Buffers:

Backtested Results

12/31/2001-8/31/2015	Benchmark (USD, Gross Returns)	Original Methodology (USD, Gross Returns)	Original Methodology (USD, Net, Net of Tcost)	Preferred Turnover Buffer	Preferred Turnover Buffer (USD, Net, Net of Tcost)
Ann. Ret	6.53%	8.88%	8.35%	8.70%	8.20%
Ann. Vol	14.79%	14.99%	14.99%	14.93%	14.93%
Ret/Risk	0.44	0.59	0.56	0.58	0.55
Active Ret		2.35%	1.83%	2.17%	1.67%
TE		3.71%	3.72%	3.68%	3.69%
IR		0.63	0.49	0.59	0.45

Benchmark: Russell 1000

Ann. Vol refers to Standard deviation of monthly returns.

Backtested performance is not indicative of the past or future performance of any SSGA offering. The portion of results through Aug 31, 2015 represents a back-test of the SSGA Gender Diversity Index model, which means that those results were achieved by means of the retroactive application of the model which was developed with the benefit of hindsight. All data shown above does not represent the results of actual trading, and in fact, actual results could differ substantially, and there is the potential for loss as well as profit. (1) The backtested gross returns are gross of transaction cost and management fees. (2) The backtested net of fee performance figures reflect the hypothetical indicative fees of 20bps per annum. The net backtested performance also reflects net of transaction cost, with 20 bps of transactions cost one-way. Please reference the Backtested Methodology Disclosure for a description of the methodology used as well as an important discussion of the inherent limitations of backtested results.. Index returns reflect all items of income, gain and loss the reinvestment of dividends.

Past index performance is not a guarantee of future results.

Increase the Market Coverage

Backtested Results

Select companies that rank top 15% or 20% within its sector

	R1K	Original Methodology	15% Market Coverage	20% Market Coverage	Original Methodology (USD, Gross Returns)	15% Market Coverage (USD, Gross Returns)	20% Market Coverage (USD, Gross Returns)
Ann. Ret	6.53%	8.88%	7.06%	6.64%	8.35%	6.59%	6.18%
Ann. Vol	14.79%	14.99%	14.91%	14.98%	14.99%	14.90%	14.98%
Ret/Risk	0.44	0.59	0.47	0.44	0.56	0.44	0.41
Active Ret		2.35%	0.53%	0.12%	1.83%	0.06%	-0.35%
TE		3.71%	3.01%	2.75%	3.72%	3.02%	2.76%
IR		0.63		0.04	0.49	0.02	-0.13

Benchmark: Russell 1000

Ann. Vol refers to Standard deviation of monthly returns.

Backtested performance is not indicative of the past or future performance of any SSGA offering. The portion of results through Aug 31, 2015 represents a back-test of the SSGA Gender Diversity Index model, which means that those results were achieved by means of the retroactive application of the model which was developed with the benefit of hindsight. All data shown above does not represent the results of actual trading, and in fact, actual results could differ substantially, and there is the potential for loss as well as profit. (1) The backtested gross returns are gross of transaction cost and management fees. (2) The backtested net of fee performance figures reflect the hypothetical indicative fees of 20bps per annum. The net backtested performance also reflects net of transaction cost, with 20 bps of transactions cost one-way. Please reference the Backtested Methodology Disclosure for a description of the methodology used as well as an important discussion of the inherent limitations of backtested results.. Index returns reflect all items of income, gain and loss the reinvestment of dividends.

Past index performance is not a guarantee of future results.

Appendix A: Important Disclosures

Important Disclosure

Backtested performance is not indicative of the past or future performance of any SSGA offering or index. The portion of results through May 24, 2019 represents a back-test of the SSGA Gender Diversity index, which means that those results were achieved by means of the retroactive application of the index rules which were developed with the benefit of hindsight. All data shown above does not represent the results of actual trading, and in fact, actual results could differ substantially, and there is the potential for loss as well as profit. Index performance does not reflect management fees, transaction costs, and other fees and expenses a client would have to pay, which reduce returns.

The back-tested performance was compiled after the end of the period depicted and does not represent the actual investment decisions. These results do not reflect the effect of material economic and market factors on decision-making. The results do not involve financial risk, and no hypothetical trading record can completely account for the impact of financial risks associated with actual investing. No representation is being made that any account will or is likely to achieve profits or losses similar to these being shown above. In fact, there are frequently significant differences between back-tested performance results subsequently achieved by following a particular strategy. The performance of this model varies if these inputs are varied. Unless your exposures are identical to those listed above, DSH will yield you materially different results. The back-tested performance data is reported on a gross of fees basis, but net of administrative costs. Additional fees, such as the advisory fee, would reduce the return. For example, if an annualized gross return of 10% was achieved over a 5-year period and a management fee of 1% per year was charged and deducted annually, then the resulting return would be reduced from 61% to 54%. SSGA does not manage actual assets to this strategy.

For a more detailed understanding of our results visit this site: <https://www.ssga.com/investment-topics/general-investing/2016/SSGA-Gender-Diversity-Index-Methodology.pdf>

This material has been prepared or is distributed solely for informational purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. It is not intended to supplement or replace the confidential offering memorandum and related offering materials, which should be the sole basis for making an investment.

Web: www.ssga.com

© 2019 State Street Corporation — All Rights Reserved

Tracking Code: 2556276.1.1.GBL.INST

Expiration Date: May 31, 2020

Global Entity Disclaimer

Abu Dhabi: State Street Global Advisors Limited, Middle East Branch, 42801, 28, Al Khatem Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates. Telephone: +971 2 245 9000

Australia: State Street Global Advisors, Australia, Limited (ABN 42 003 914 225) is the holder of an Australian Financial Services Licence (AFSL Number 238276). Registered office: Level 17, 420 George Street, Sydney, NSW 2000, Australia T: +612 9240-7600. F: +612 9240-7611.

Belgium: State Street Global Advisors Belgium, Chaussée de La Hulpe 120, 1000 Brussels, Belgium. T: 32 2 663 2036. F: 32 2 672 2077. SSGA Belgium is a branch office of State Street Global Advisors Limited. State Street Global Advisors Limited is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Canada: State Street Global Advisors, Ltd., 1981 McGill College Avenue, Suite 500, Montreal, Qc, H3A 3A8, T: +514 282 2400 and 30 Adelaide Street East Suite 500, Toronto, Ontario M5C 3G6. T: +647 775 5900.

Dubai: State Street Global Advisors Limited, DIFC Branch, Central Park Towers, Suite 15-38 (15th floor), P.O Box 26838, Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates. Telephone: +971 (0)4-4372800, Facsimile: +971 (0)4-4372818.

France: State Street Global Advisors Ireland Limited, Paris branch is a branch of State Street Global Advisors Ireland Limited, registered in Ireland with company number 145221, authorised and regulated by the Central Bank of Ireland, and whose registered office is at 78 Sir John Rogerson's Quay, Dublin 2. State Street Global Advisors Ireland Limited, Paris Branch, is registered in France with company number RCS Nanterre 832 734 602 and whose office is at Immeuble Défense Plaza, 23-25 rue Delarivière-Lefoullon, 92064 Paris La Défense Cedex, France. T: (+33) 1 44 45 40 00. F: (+33) 1 44 45 41 92.

Germany: State Street Global Advisors GmbH, Brienner Strasse 59, D-80333 Munich. Authorised and regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin"). Registered with the Register of Commerce Munich HRB 121381. T: +49 (0)89-55878-400. F: +49 (0)89-55878-440.

Hong Kong: State Street Global Advisors Asia Limited, 68/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong. T: +852 2103-0288. F: +852 2103-0200.

Ireland: State Street Global Advisors Ireland Limited is regulated by the Central Bank of Ireland. Registered office address 78 Sir John Rogerson's Quay, Dublin 2. Registered Number: 145221. T: +353 (0)1 776 3000. F: +353 (0)1 776 3300.

Italy: State Street Global Advisors Limited, Milan Branch (Sede Secondaria di Milano) is a branch of State Street Global Advisors Limited, a company registered in the UK, authorised and regulated by the Financial Conduct Authority (FCA), with a capital of GBP 62'350'000.00, and whose registered office is at 20 Churchill Place, London E14 5HJ. State Street Global Advisors Limited, Milan Branch (Sede Secondaria di Milano), is registered in Italy with company number 06353340968 - R.E.A. 1887090 and VAT number 06353340968 and whose office is at Via dei Bossi, 4 - 20121 Milano, Italy. T: 39 02 32066 100. F: 39 02 32066 155.

Japan: State Street Global Advisors (Japan) Co., Ltd., Toranomon Hills Mori Tower 25F 1-23-1 Toranomon, Minato-ku, Tokyo 105-6325 Japan. T: +81-3-4530-7380. Financial Instruments Business Operator, Kanto Local Financial Bureau (Kinsho #345), Membership: Japan Investment Advisers Association, The Investment Trust Association, Japan, Japan Securities Dealers' Association.

Netherlands: State Street Global Advisors Netherlands, Apollo Building, 7th floor Herikerbergweg 29 1101 CN Amsterdam, Netherlands. T: +31 20 7181701. SSGA Netherlands is a branch office of State Street Global Advisors Limited. State Street Global Advisors Limited is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Singapore: State Street Global Advisors Singapore Limited, 168, Robinson Road, #33-01 Capital Tower, Singapore 068912 (Company Reg. No: 200002719D, regulated by the Monetary Authority of Singapore). T: +65 6826-7555. F: +65 6826-7501.

Switzerland: State Street Global Advisors AG, Beethovenstr. 19, CH-8027 Zurich. Authorised and regulated by the Eidgenössische Finanzmarktaufsicht ("FINMA"). Registered with the Register of Commerce Zurich CHE-105.078.458. T: +41 (0)44 245 70 00. F: +41 (0)44 245 70 16.

United Kingdom: State Street Global Advisors Limited. Authorised and regulated by the Financial Conduct Authority. Registered in England. Registered No. 2509928. VAT No. 5776591 81. Registered office: 20 Churchill Place, Canary Wharf, London, E14 5HJ. T: 020 3395 6000. F: 020 3395 6350.

United States: State Street Global Advisors, 1 Iron Street, Boston, MA 02210-1641.