Newsletter
Fundamental Growth and Core Equity

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Investing in Sustainable Growth — Beyond the Pandemic

STATE STREET GLOBAL ADVISORS

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Investing in Sustainable Growth

As the world emerges from its unprecedented self-imposed lockdown, the recovery path is far from certain. Our job as long-term investors is to look “across the valley” to evaluate which business models and industries will survive, or even benefit, from the disruptions of COVID-19. Much of the recovery from the recession will depend on where and when consumers choose to start spending again. Some companies will be well-positioned to benefit; others less so.

In building equity portfolios, we look for companies that can deliver sustainable growth through an economic cycle. These companies frequently share common traits, such as strong business models or market positions, talented management teams, positive ESG traits, and solid balance sheets. We evaluate these traits using our Confidence Quotient (CQ) framework.

In our latest newsletter, we explore two themes related to the consumer. In the first article, we consider the power of brands to drive resilient growth through economic cycles. In the second, we interview three of our analysts on how ecommerce has evolved in three different regions — the US, China, and Latin America — and the impact that COVID-19 may have on prospects.

Beyond the Pandemic — Long-term Opportunities in Consumer Brands

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Brand value is key to a consumer company's long-term success. Higher brand value is a competitive advantage that sets companies apart from their competitors, enables them to withstand market pressures, and offers customers access to products and/or services of consistent quality.

Within our portfolios are companies with what we consider to have superior brand cachets and strong value propositions. These include LVMH, Nike, Nestle and Adidas. These score well in our Confidence Quotient (CQ) framework, our process for evaluating the quality of a company, as having higher-than-average Market Position scores. Against the backdrop of a global pandemic, many countries in North America and Europe are slowly emerging from lockdowns, with many stores still closed and some manufacturing halted. However, such market dislocations can create opportunity to invest in winning formats in the consumer discretionary segment.

In light of the crisis, our consumer analysts re-assessed financial forecasts and long-term growth expectations for companies held in our portfolios. Our conviction in an earnings recovery and return to secular earnings growth is strongest for our highest-rated CQ companies. The market correction at the beginning of the crisis provided an opportunity for us to re-evaluate some of these names which previously may have been deemed expensive relative to their sustainable growth rates.

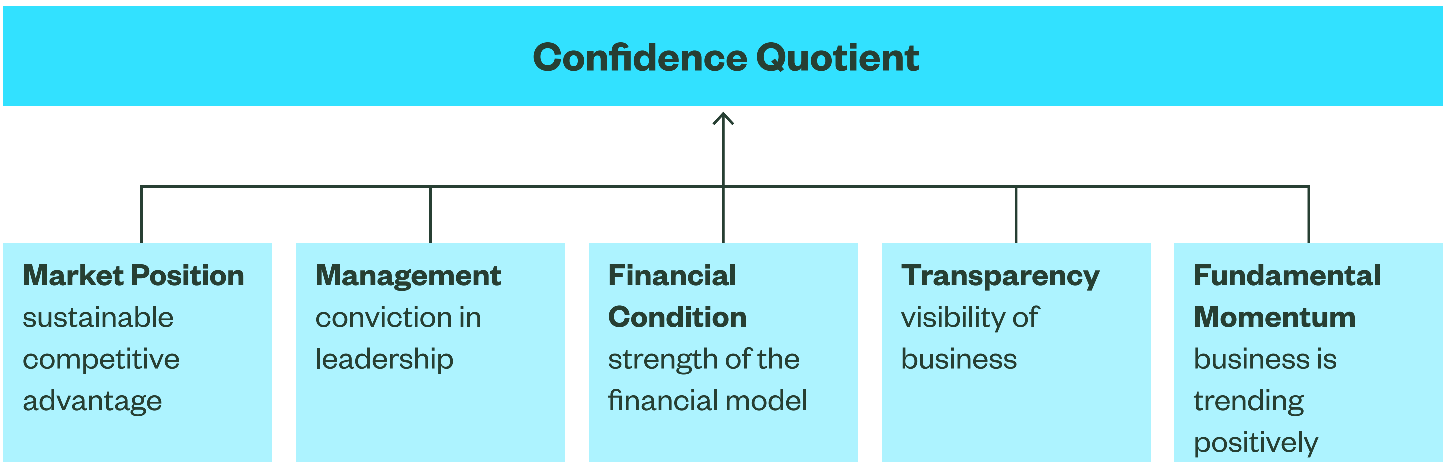
Below, we discuss factors underpinning these higher CQ companies, and how they are responding in the current environment.

The CQ Process

We evaluate a company's quality by using our proprietary Confidence Quotient (CQ) framework. The framework is essentially a scorecard that our sector and region-based analysts use to assess a company's business model, management team, financial condition and other factors. Companies with high moats around their business model tend to have higher CQs scores.

When evaluating a new stock idea, the FGC's investment discussion typically starts with a review of the company's business model and CQ score. Analysts and portfolio managers compare a company's CQ to competitors, and across industries and regions. We also assess a company's long-term growth prospects and valuation. Portfolio managers are focused on investing in stocks with an attractive combination of quality and growth at a reasonable valuation.

Over a market cycle, we believe companies with higher CQ scores will consistently outperform lower rated companies.



Nestlé

We award high CQ ratings to companies that have built, and can maintain, strong market positions. Within the consumer staples sector, we seek companies that operate in categories with structural growth, that have the number 1 or 2 brands in those categories, are growing through both volume and mix improvements, and are on a platform that benefits from scale.

Nestlé, the world's largest food and beverage company, has a formidable product portfolio, including 34 brands with annual revenues greater than $1bn, including Nespresso, Perrier, Purina, and Milo. Our analysis aims to determine whether the company will retain the competitive advantages that these brands provide. In our view, that requires significant, ongoing investment in innovation and research and development (R&D).

Innovating for Growth

In terms of innovation, 30% of Nestlé's sales in 2019 came from products newly innovated or upgraded in the last three years. Among such products is the Milo powdered beverage brand, which now has healthier new variants and on-the-go packaging. Its Coffee-Mate brand has seen the development of a more natural recipe formulation, plant-based variants, and premium line extensions.

Nestlé has also leveraged its existing technologies in new categories to speedily bring products to market. For example, 24 new Starbucks at Home products were launched in six months, while the Garden Gourmet Incredible Burger was developed and launched within one year.

Nestlé invested $1.75bn in R&D in 2019 across its 25 R&D centers. In our view, it has successfully applied the benefits of a large-scale science and technology platform across its businesses. This is evident in the brands on its coffee roasting platform: Nescafe, Nespresso, Starbucks, Blue Bottle Coffee and Chameleon Cold Brew. This is similarly the case in dairy alternatives categories such as coffee capsules, beverages, coffee creamers and ice cream.

Nestle's constant search for improvement in the R&D organization has resulted in a 20–30% reduction in project lead times in the past two years and has delivered 40 additional fast-track projects since 2018. It is also targeting low levels of capital investment for new market entry projects by using existing manufacturing facilities and designing more flexible and modular production lines.

We believe these initiatives should enable Nestlé's brands to maintain their competitive edge and stay interesting and relevant to consumers. Ultimately, we think this should translate into sustained business growth and ensure that Nestlé remains an attractive investment opportunity for our funds.

LVMH

The impact of COVID-19 on the global economy has raised a question mark over consumers' willingness to indulge in luxury purchases. According to Boston Consulting Group, the personal luxury market is expected to decline in 2020 by about €105bn, taking it back to 2011 levels, with a recovery to pre-pandemic targets expected by 2021–22. We think this will only increase the polarization between leading brands and everyone else, with consumers flocking to those that deliver highest quality and exclusivity.

What sets LVMH apart from its competition is its focus on high-quality craftsmanship that is at the core of its brand value. A sense of exclusivity, uniqueness and unparalleled quality is what underpins customers' decisions to pay a premium when they "invest" in luxury products. Volume restraint and price discipline are important parts of LVMH's long-term strategy to maintain and heighten customer desirability. This was demonstrated during the company's first quarter 2020 results, which noted a 50% growth in sales in the first two weeks of April at some of its brands within the Fashion and Leather Goods division, a faster recovery than in the industry segment.

Wide but Exclusive Product Range

The LVMH Group is one of the most successful conglomerates in the luxury industry, comprising 75 "Houses" that create high-end quality products. It has products in all five major luxury sectors, i.e. Wines & Spirits, Fashion & Leather Goods, Perfumes & Cosmetics, Watches & Jewelry and Selective Retailing. It also has a globally diversified geographic network of stores, making LVMH, with its scale advantage and lower cyclicality, the most defensive play in the luxury sector.

It successfully combines 160 years of artisanal craftsmanship with constant innovation. In LVMH's Fashion and Leather Goods business, the most expensive and exclusive items — such as handbags and fashion garments — are hand-made by local artisans. The "Made in France" label remains an important part of the brand image and reputation for quality. We believe this artisanry bolsters its value proposition, which is enhanced by considerable control over the supply chain.

Aligned with its Customer

The company's upstream integration addresses consumers' heightened focus on sustainability, environment and social issues. Tight control over its supply chain enables the company to ensure superior quality, and to use it as a marketing tool that addresses clients' sensitivities about sustainable sourcing and other ESG issues. We believe this will be an advantage for LVMH in dealing with COVID-19-related challenges. LVMH Group also responded quickly to the pandemic by repurposing production facilities to produce hand-sanitizing gel and by donating millions of face masks and ventilators.

Strong Performance

The combination of strong brand power, tight distribution control and high degree of upstream integration has driven LVMH's Fashion and Leather Goods business's consistent outperformance versus the sector. For example, it's operating margin percentage was three times higher than the competition (pre-COVID). LVMH has also consistently delivered growth that has been well above sector average, with an earnings per share (EPS) annual growth rate of c.14% over the 10 years to 2019. The stock is considered a luxury sector proxy due to its size and business diversification. We believe it should be more resilient in down-markets due to its scale, and can also outperform in the upcycle, further growing market share and delivering superior margins.

Sporting Goods

In contrast to the luxury segment, where the post-COVID recovery may be slowed by its exposure to tourism and relatively low ecommerce penetration, we believe the sporting goods sector may emerge stronger. In the short term, athleisure and sporting goods companies will have to deal with severe challenges, including the retail closures, cancelled sporting events, and deep discounts and write-offs to clear the build-up in inventory. Online demand, albeit still vibrant, is not enough to offset lost sales in the traditional channels. But in the post-COVID-19 environment, we believe sporting goods will benefit from consumers adopting healthier lifestyles. We believe that Adidas and Nike are well positioned companies within this segment.

1. Adidas

A key pillar of Adidas's strategy is its innovative approach. For example, its 4D initiative allows it to utilize carbon printing technology to mass produce manufactured components. This eliminates the need for traditional prototyping or molding, thereby shrinking the entire production cycle while enabling customization. Adidas has also developed and commercialized environmentally-friendly materials using upcycled plastic waste. New product launches help maintain Adidas's brand and accounted for 77% of 2019 brand sales, up from 74% in 2018.

The China Experience

Demand has rebounded in mainland China, where the pandemic began. Assuming the global recovery follows the original virus trajectory, European demand should recover soon, with North America closely behind. We believe that Adidas, the #2 global sports brand after Nike, should recover faster than its competitors due to its geographic mix, which is relatively more concentrated in Asia. China accounts for a significant percentage (c. mid-30s) of Adidas' sales, compared to Nike and Puma, where China sales percentages are in the mid-20s. China has a relatively younger and more digitally savvy consumer base that should recover faster than elsewhere in the world, something that should benefit Adidas.

Adidas has long been developing ecommerce as an important long-term business driver. The channel, which is margin accretive, saw triple-digit sales growth in China in April from an already-strong acceleration in March (+55%). Their global online sales target is €4bn for 2020. As the pandemic struck, Adidas used its online presence to digitally execute high-profile launches and is planning to cultivate customer loyalty by growing its direct digital relationships via proprietary apps.

2. Nike

Nike Inc. is arguably the most durable US consumer discretionary brand. From its roots as a designer of technical running shoes, Nike growth has been driven by expanding its product and geographic footprint. The company's growing market share has typically been accompanied by higher margins and increasing returns.

Consumer Direct Strategy

Nike's management team has evolved the company's strategy over the years. Its Consumer Direct Offense strategy, launched in late 2017, is digital-led and seeks to grow and enhance the brand through Nike's "Triple Double" plan of 2x Innovation, 2x Speed and 2x Direct. The strategy aims to improve customer engagement, while boosting the average selling price and operating profit per pair of shoes.

Nike increased the pace of new product introduction with platforms such as Zoom, Flyknit and React and rolled out a new NikePlus membership program to drive customer connectivity. Nike increased investment in its digital platforms, such as the SNKRs and Nike.com apps, to lower dependence on retail partners and to double the company's online sales to 30%. Finally, the company cut back on undifferentiated wholesale accounts through which it distributed product, essentially walking away from orders.

COVID-19 Effects

The Consumer Direct strategy left Nike well-prepared for the COVID-19 crisis and provides good insight into how well-managed brands can protect, sustain and grow themselves during challenging economic cycles.

As a global company, Nike's Greater China business was in the front line of the initial surge in COVID-19 cases. As most of the company's 7,000 physical stores were closed, Nike shifted inventory to serve consumers through digital channels. Despite the severe downturn in economic activity, Nike saw a 30% growth in online orders in China. Further, customer engagement with the brand was even stronger as workouts on Nike's Training Club were up 80%. It is worth noting that the Nike.com app was launched in China in the second half of 2019, so assets critical to the brand's success during the downturn were only recently put in place.

While revenues in Greater China declined 4% in constant currency terms versus 23% growth in the prior quarter, Nike expects that market to recover to pre-crisis levels. The company is focused on managing inventory levels to limit discounting. Inventory growth is being better aligned with digital growth and the pace of retail consumer traffic.

Looking through COVID

Companies with enduring brands and forward-looking management teams like Nike and Adidas are generally well positioned to gain market share during this downturn and emerge stronger when the world recovers.

The COVID crisis has had a catastrophic economic and social impact. While the economic and financial impact is likely to be temporary, the social impacts will be felt for many years. The FGC team at State Street invests in quality companies with sustainable growth rates at a reasonable valuation. Our investment philosophy allows us to take a long-term perspective — especially during challenging economic events — to identify quality investment opportunities with strong structural market position and sustainable competitive advantage. The power of effective brand management promotes structural growth leading to long-term performance.

This information should not be considered a recommendation to invest in a particular security or to buy or sell any security shown. It is not known whether the securities shown will be profitable in the future.

Prospects for Ecommerce: An Interview with Team Analysts

Jeff Looby
Research Analyst

Vera Rossi
Research Analyst

Zhi Aik Yeo
Research Analyst

Ecommerce companies have been among the equity market bright spots in 2020 as traditional offline businesses have been upended by COVID-19. But ecommerce has been winning out over most bricks and mortar retailers for years. However, the ecommerce category is broad with many different business models and country variations. Three of our research analysts who cover ecommerce companies in different regions shared their views on the state of the industry. Jeff Looby covers the US consumer, Vera Rossi covers Latin America, and Zhi Yeo covers China.

US Commerce Department figures show that ecommerce accounted for 11.5% of total retail sales in the first quarter of 2020. A decade ago it was just 4% — who have been the big winners and losers in that move?

Jeff — In the 25 years since the start of ecommerce, Amazon.com has grown to become the undisputed market leader in the United States and North America. This has come at the expense of non-food retailers, and it's been across most category of retail trade. Books were Amazon's first category and former category leaders like Barnes and Noble and Borders lost tremendous market share. But in some categories home furnishings, many second-tier players, such as Linens and Things or Home Sense, have fallen by the wayside. So, we've seen consolidation where there's still often a strong number one player in a category — for example, Bed Bath and Beyond, TJ Maxx, and Home Goods are strong leaders in homes goods, while smaller players, independents or undercapitalized second-tier public retailers have vanished.

It's worth noting that the Commerce Department's numbers define ecommerce as a percentage of total sales. I like to narrow it down a little bit. If you exclude gasoline, automobile and grocery stores sales, given their low penetration in ecommerce, then ecommerce is about 16% of retail sales. And probably heading to something like 25% penetration in five years' time.

So, I would expect continued consolidation, continued market share gains by Amazon.com, and continued healthy growth for those number one firms in each category, as they typically have ecommerce businesses that account for roughly 10–30% of sales.

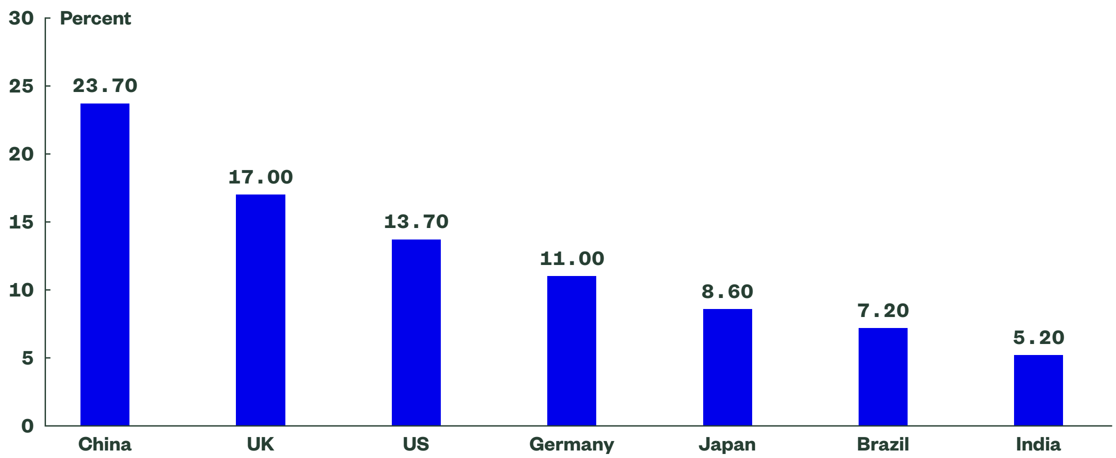
China has embraced ecommerce to the extent that its share of retail has grown to more than 30%. What factors have facilitated such rapid growth in China?

Zhi — That 30% figure comes with a caveat as it relates to the month of April, when ecommerce sales were partly driven by COVID-19. While it is likely to be a catalyst for an acceleration in ecommerce trends, pre-COVID, it was more like 25%, which is still an impressive figure compared to most of the rest of the world — including the 16% share in the US that Jeff mentioned.

In terms of the factors driving this growth, one obvious one is the Chinese economy has been doing well; GDP and GDP per capita have been consistently growing, driving personal incomes higher. Also Chinese cities are densely populated, making ecommerce more efficient. Chinese consumers have also embraced the convenience of deliveries to their doorsteps. This has been enabled by high smartphone penetration, which stands at 52% in China. That means you have 700 million potential customers, without even considering the use of laptops or desktops.

But the growth of ecommerce is not just about demand; it is also about supply. Offline merchants can pay 10–15% of sales in offline rent. Moving to an ecommerce model, a merchant can pay around 4% to Alibaba, increasing their profitability and finding a customer base for a wider range of products.

Figure 1
Online Sales as % of Total Retail Gross Revenue (2018)



Source: Euromonitor.

Vera, how does Latin America compare to what Jeff and Zhi have seen in their markets?

Vera — In Brazil, I expect ecommerce to reach approximately 9% of the retail market by the end of 2020, which is still 7 to 10 years behind the US and China. Other countries in Latin America, such as Mexico, Chile, Argentina and Colombia are further behind, with online penetration below 5%, even though internet penetration in those countries is quite high.

I believe that ecommerce is in the early stages of secular growth in Latin America. Ecommerce sales started to accelerate in 2017, when broadband access, mainly through 4G technology, reached around 60% to 70% of mobile users in the region. At this point, the ecommerce players began increasing investments in the ecommerce ecosystem, improving their logistics networks and offerings more fintech products.

When we look by vertical, it is apparent that ecommerce has a lot of room to grow. For example, in Brazil, it only accounts for 4% of apparel retail sales compared to 20–30% in places like the US, UK and China. Beauty and personal care are at 3% versus 10–23% in other countries. Even electronics, which is a major category in ecommerce in Latin America, represents only 20% of retail sales, versus 28% in the UK, 29% in the US, and 44% in China.

Notwithstanding the comparisons, the ecommerce sector has been doing quite well in the last three years in the region. And given it is still in the early stages of growth, this presents investment opportunity.

Local ecommerce players in China and Latin America have been successful. Can a company like Amazon overcome whatever competitive advantages the local players have?

Vera — Amazon has been in Brazil for several years, increasing its offerings and launching its Prime service in the past two years. However, it remains behind the major players and has limited presence in the other Latin America markets. To get a sense of the challenge, Amazon has 600,000 SKUs (Shop Keeping Units, a measure of number of products) in Brazil versus 224 million for Mercado Libre, 12 million for Magazine Luiza, and 20 million for B2W. The local players have invested more than Amazon in delivery, for example. It is also up against Brazil's highly regulated labor laws and a complex tax system creates a barrier to entry for foreign companies.

Investment from Chinese companies has so far been limited in Latin America, although Tencent has a minority stake in Nubank, a leading Latin American fintech player. Alibaba is a minority shareholder of Stone, a Brazilian payments company. But overall, there is little indication that Chinese companies are willing to invest significantly in Latin America.

Zhi — Amazon has been in China for a long time, having started out with the Joyo.com brand. Since rebranded as Amazon, they still do not have a big operation in China. One problem was an inability to source products from local suppliers and merchants, limiting their selection. Their market timing was also a bit off — having spent heavily on subsidies and discounts in the early days, they then pulled back just as the ecommerce market was taking off. At this stage, I think it would be very difficult for Amazon to come back in China given Alibaba's and JD's scale and penetration. They would need to invest heavily in merchant and customer subsidies, which shareholders might not necessarily agree on.

Jeff — Traditionally, it's been very hard for retailers to export their models overseas. Walmart succeeded in Canada and Mexico, but it took a long, long time. The company had big failures in places like Germany and Japan.

Amazon likewise has had a mixed track record internationally. They were in Europe early and have grown slowly. That's led to success there and there have been similar experiences in Japan and India, which is a growth focus. But in China, Alibaba just completely swept Amazon away. And Latin America has not been a high priority, whereas a company like Mercado Libre is focused on the region. There are benefits of scale in retail and ecommerce, but local market presence and focus, being nimble, and being the homegrown champion mean a lot as well.

Vera — In Latin America, given the low penetration to date, the window is still open for the international players to create scale. But this window is closing quickly as the market, especially after COVID-19, is accelerating. If these companies don't make a bigger commitment to Latin America in the near term, then I believe it becomes much more difficult for them to be successful here other than by acquisition.

Jeff, trade wars and the recent COVID-19 pandemic have set globalization back. Does this pose a risk to companies that you cover?

Jeff — It does to an extent. If prices go up because sourcing becomes more complicated and goods are sourced from higher cost markets, the cost of goods sold increases. But, this should impact all retailers relatively equally. These are distribution businesses — they buy goods that people want and sell them with a slight markup. So, to the extent that product prices are inflating, it changes the model. Also, global companies like Amazon are more likely to see global growth opportunities moderate and face higher regulatory and tax scrutiny.

I don't know if this would dramatically affect market shares within countries, or winners and losers in terms of retail and ecommerce, over the longer term. Companies may need to reorient their supply chains, as they did during the COVID crisis, when traditional supply chains were disrupted. Following the Trump administration's moves on tariffs in 2019, apparel and footwear migrated out of China into Southeast Asia. So, there are big effects here, but I don't think it's going to radically alter the profitability of these companies.

Our investment process palces great value on high quality and sustainable growth. How does that translate for your ecommerce companies? What gives you confidence in a company's durable competitive advantage?

Jeff — We look for customer-focused companies that are gaining market share and in a business where a competitor is one click away or one door further away in the shopping mall. Companies with the right service, selection and price help create "stickiness" with the customer. So, for example, Walmart's near-obsessive price focus means customers know that's where you go for the lowest price. Likewise for Costco in the warehouse space. For Amazon, it's where people know they can get the broadest selection and fastest delivery in the ecommerce world. These are durable attributes that we look for. Management teams that can continue to build on these advantages and don't stray from the core mission are very important factors.

Vera — I look for three key variables which are critical for companies' durable competitive advantage. First, a logistics network: controlling logistics is crucial for success, to ensure a fast delivery time, while controlling shipping costs and improving customer service. Having previously relied on third-party delivery, Mercado Libre has built up its logistics network in the last two years so that 40–45% of its shipping now goes through its own network. Magazine Luiza has a very strong distribution system, using its physical stores and a network of 200 independent transportation companies to distribute products.

Next is product range, which is important to drive customer loyalty. Mercado Libre is the leader here as it has become the "everything store" in Latin America. Magazine Luiza acquired the sports apparel company Netshoes in 2018 and continues to expand its product offering to new categories.

Third is inventory control. A hybrid model, with both first-party direct sales and a third-party platform is more favorable — the platform provides the widest variety of products without requiring additional working capital, while direct involvement maintains the key categories with higher turnover. The combination of both generates higher traffic and price leadership. Mercado Libre has most of its inventory in third-party platforms (around 90%), but more recently has started to build directly-held inventory. Meanwhile, Magazine Luiza launched a third-party marketplace in 2017, which now represents 30% of its total ecommerce volume.

Zhi — There are three key players in China's ecommerce scene — JD.com, Alibaba and PDD. JD's competitive advantage is in logistics and warehousing, and it has its own last mile delivery. It's an asset-heavy model requiring significant investment, but the company is now at the inflection point where economies of scale come through and start to deliver positive operating leverage. This is mainly a first-party model as Vera described earlier, with a business model similar to how Amazon started. JD now covers 95% of China with 24-hours delivery and is widely viewed as the highest quality in terms of service and products.

Alibaba has a third-party business model, but is building a first-party one as well — its third-party marketplace is much larger, with a user base of 720 million people. So, half of China uses Alibaba, incentivizing merchants to get on the platform. This ensures Alibaba has a complete range of products, and it encourages merchants by providing services to make doing business online easier. For example, they have the well-known Alipay payment system, a logistics service, and provide financing to merchants and big data targeted advertising. They also have a cloud offering, in which they are heavily investing. This all makes doing business easier for their merchants which in turn drives greater monetization to Alibaba. The company is also going after merchants' advertising budgets, offering use of Alibaba's recommendation feeds, and live streaming platforms.. This is the kind of unmatched competitive advantage that both JD and Alibaba have.

Looking forward, where do you see ecommerce in five years? Will there be a role for bricks and mortar in the future?

Jeff — Following several years of mid-teen growth rates in the US, the law of large numbers would suggest that ecommerce growth will probably moderate. But five years out, we still expect online penetration rates to increase to mid-20% level. The growth rate for bricks and mortar has been in the low single-digits and we don't envisage sales growing much in the next five years. Our outlook is that ecommerce players continue to gain share with higher margins and returns, and while bricks and mortar will probably consolidate, with some gaining market share, costs are rising, sales growth is moderating, and returns will likely be shrinking.

Vera — I see similar trends in Latin America. Of course, Latin America is five to seven years behind the US in ecommerce as a percentage of retail sales, so I expect rapid growth as online penetration increases.

COVID-19 has accelerated these trends in Latin America, with management teams revising budgets and investment plans for 2020. The ecommerce industry is undergoing a substantial shift, speeding the migration of new customers and new categories to online retail. New verticals of essential products in home and personal care, groceries and fast-moving consumer goods are moving online. Given the widespread adoption of online shopping during COVID, ecommerce is likely to retain part of the "new demand" when physical stores reopen.

Prior to the pandemic, many Latin Americans were reluctant to put bank information on the internet, did not like to wait for delivery, and were concerned with product quality. But ecommerce players have worked hard to improve the ecosystem, product assortment and customer experience. As a result, as new customers were forced to shop online because of COVID-19, they found a much-improved shopping experience.

Zhi — Ecommerce will likely continue to gain share in China. But I think that there's still a place for bricks and mortar. For example, luxury goods customers still want the instore experience. Also, many offline merchants are starting to embrace digitalization — this has been facilitated by Alibaba, JD and Meituan, which recognizes that there's still a role for offline retail. Its "new retail" strategy aims to help merchants to digitize their businesses, for example with payment and delivery services. Merchants will sell more online, but can offer offline collection, or retain a showroom but complete the sale online. Alibaba has demonstrated this concept itself, buying bricks and mortar operations and transforming complex operations with online services.

The lines are blurring between online and offline and all Chinese retailers, to improve efficiency and profitability, need to embrace digitalization.

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About State Street Global Advisors

Our clients are the world's governments, institutions and financial advisors. To help them achieve their financial goals we live our guiding principles each and every day:

- Start with rigor
- Build from breadth
- Invest as stewards
- Invent the future

For four decades, these principles have helped us be the quiet power in a tumultuous investing world. Helping millions of people secure their financial futures. This takes each of our employees in 27 offices around the world, and a firm-wide conviction that we can always do it better. As a result, we are the world's third-largest asset manager with US $2.69 trillion* under our care.

* This figure is presented as of March 31, 2020 and includes approximately $51.62 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.