
SPDR[®] ETFs Fixed Income Chart Pack

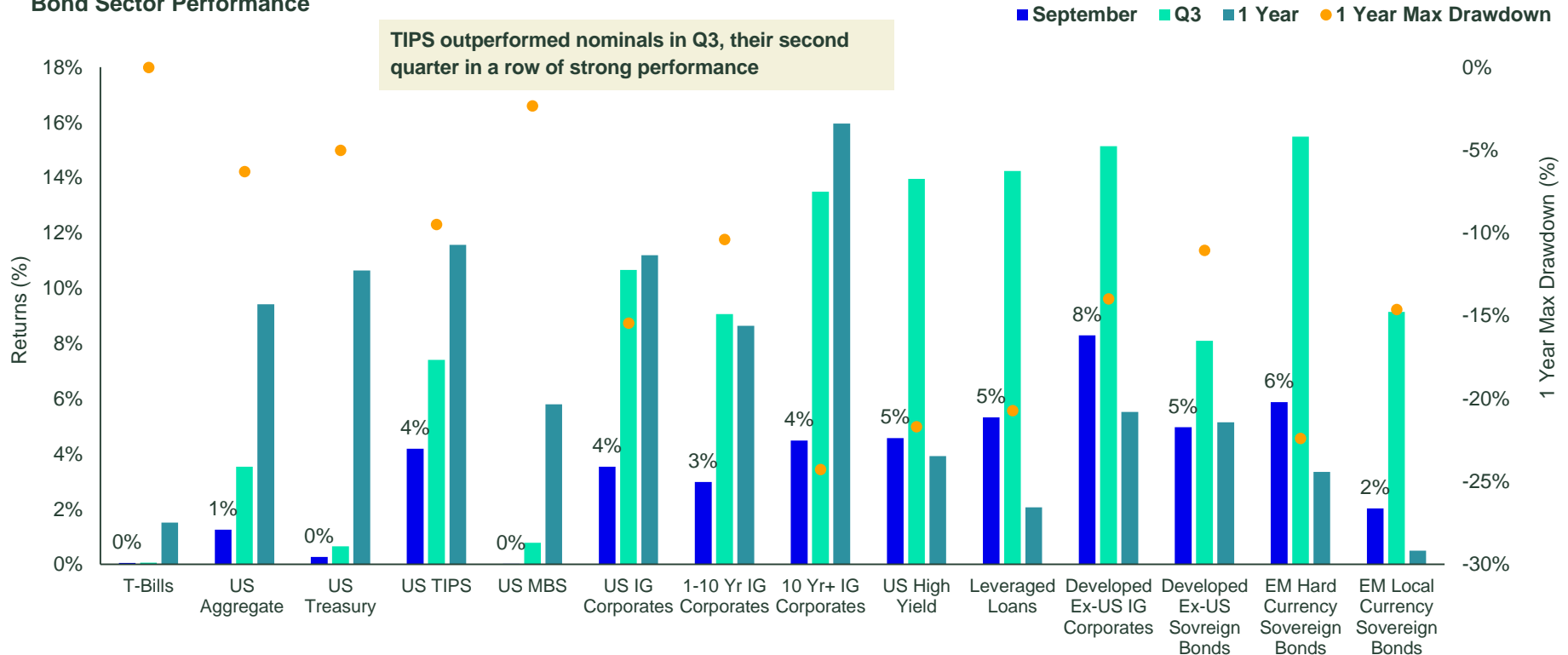
**Charts for the Latest Bond Market Insights and Analytics
Q4 2020**

Please see Appendix A for more information on investment terms used in this Chart Pack.

Bond Market Performance

While long-duration segments led performance on a trailing one-year basis, high yield outperformed investment grade bonds in Q3

Bond Sector Performance

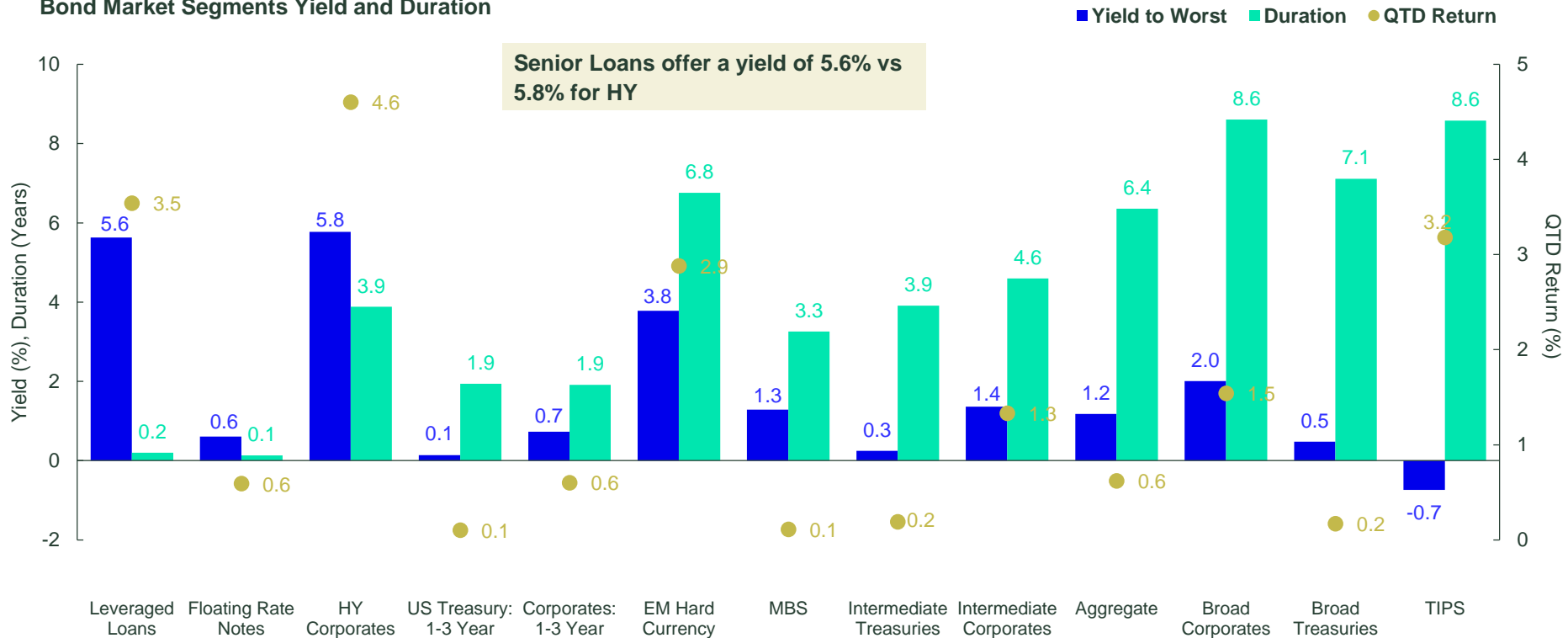


Source: Bloomberg Finance, L.P. As of September 30, 2020. **Past performance is not a reliable indicator of future results.** T-bills - Bloomberg Barclays U.S. Tr Bills: 1-3 Months Index, US Aggregate - Bloomberg Barclays US Agg Index, US Treasury - Bloomberg Barclays US Treasury Index, US TIPS - Bloomberg Barclays Global Inflation-Linked: U.S. TIPS Index, US MBS - Bloomberg Barclays US MBS Index, US IG Corporates - Bloomberg Barclays US Corporate Index, 1-10 YR IG Corporates - Bloomberg Barclays Intermediate Corporate Index, 10 Yr+ IG Corporates - Bloomberg Barclays Long U.S. Corporate Index, US High Yield - Bloomberg Barclays VLI: High Yield Index, Leveraged Loans - S&P/LSTA Leveraged Loan Index, Developed Ex-US IG Corporates - Bloomberg Barclays Global Agg Corporate ex USD \$1B+ Index, Developed Ex-US Sovereign Bonds - Bloomberg Barclays Global Treasury ex-U.S. Index, EM Hard Currency Sovereign Bonds - J.P. Morgan EMBI Global Core Index, EM Local Sovereign Bonds - Bloomberg Barclays EM Local Currency Govt Diversified Index. **Index** returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable.

Bond Market Yield and Duration

Income remains hard to come by with traditional fixed income exposures, as the Agg yields just 1.2% and 67% lower than that of its 20 year average¹

Bond Market Segments Yield and Duration

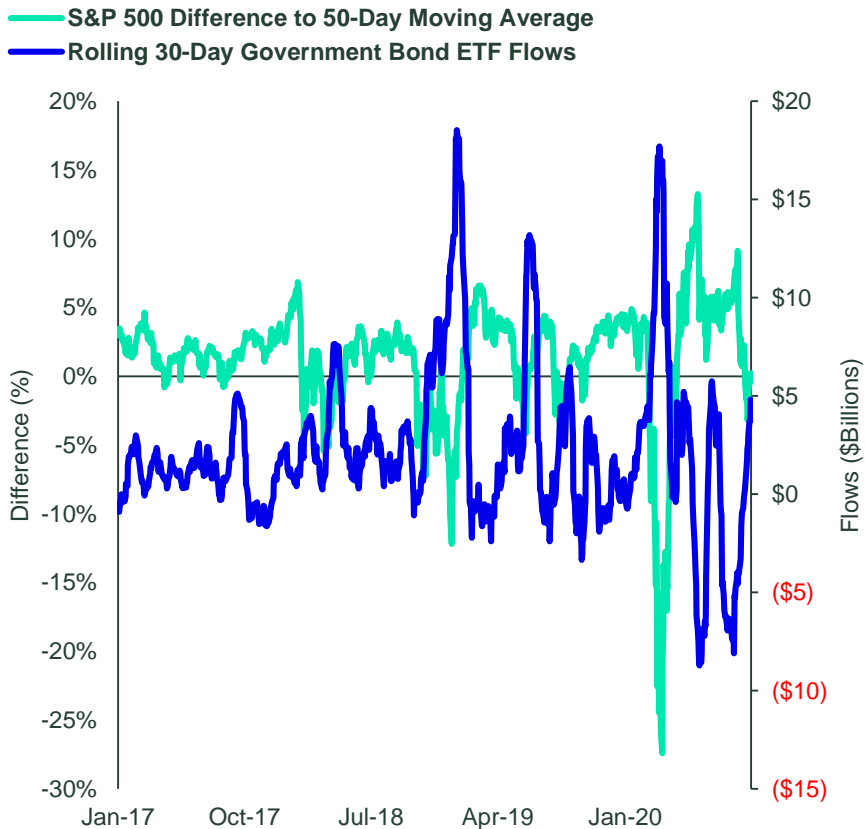


Source: Bloomberg Finance, L.P. as of September 30, 2020. **Past performance is not a reliable indicator of future results.** Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Performance returns for periods of less than one year are not annualized. Intermediate Treasuries: Bloomberg Barclays Intermediate Treasury Index, US Treasury: 1-3 Year: Bloomberg Barclays U.S. Treasury 1-3 Year Index, Broad Treasuries: Bloomberg Barclays US Treasury Index, Corporates: 1-3 Year: Bloomberg Barclays US Corporate 1-3 Year Index, Aggregate: Bloomberg Barclays US Agg Index, MBS: Bloomberg Barclays US MBS Index, Intermediate Corporates: Bloomberg Barclays Intermediate Corporate Index, Floating Rate Notes: Bloomberg Barclays FRN < 5yr Index, Broad Corporates: Bloomberg Barclays US Corporate Index, HY Corporates: Bloomberg Barclays US Corporate High Yield Index. ¹Source: Bloomberg Finance, L.P. as of September 30, 2020. Yield to Worst used for the Bloomberg Barclays US Agg Index.

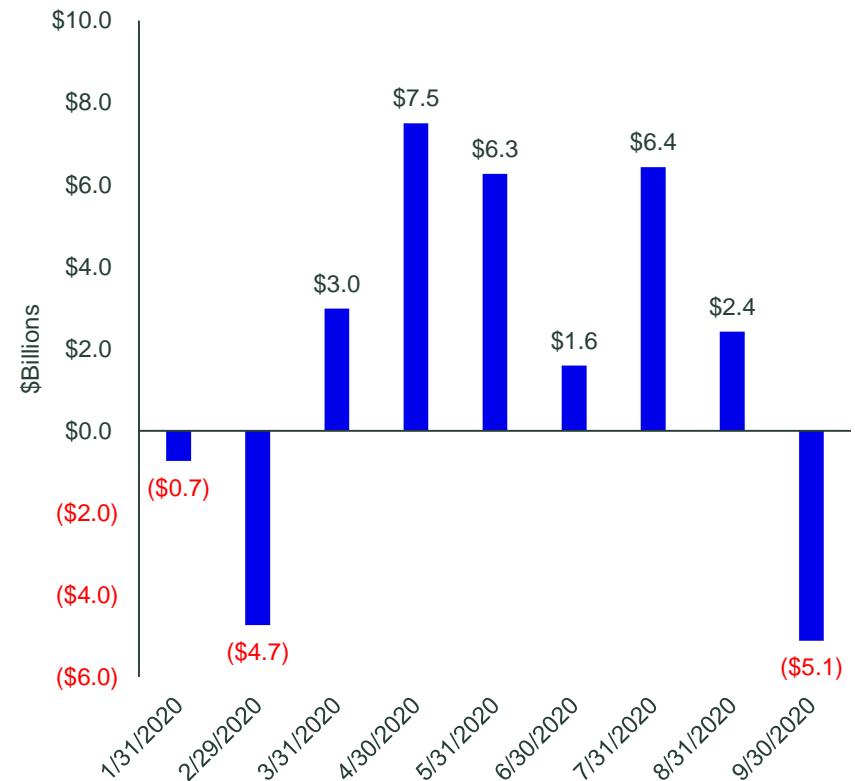
ETF Fund Flow Trends

As the market took a more risk-off tone in September, high yield ETF flows reversed course while demand for government bond ETFs increased

Government Flows Versus S&P 500 Performance Trends



High Yield ETF Monthly Flows (\$ Billions)

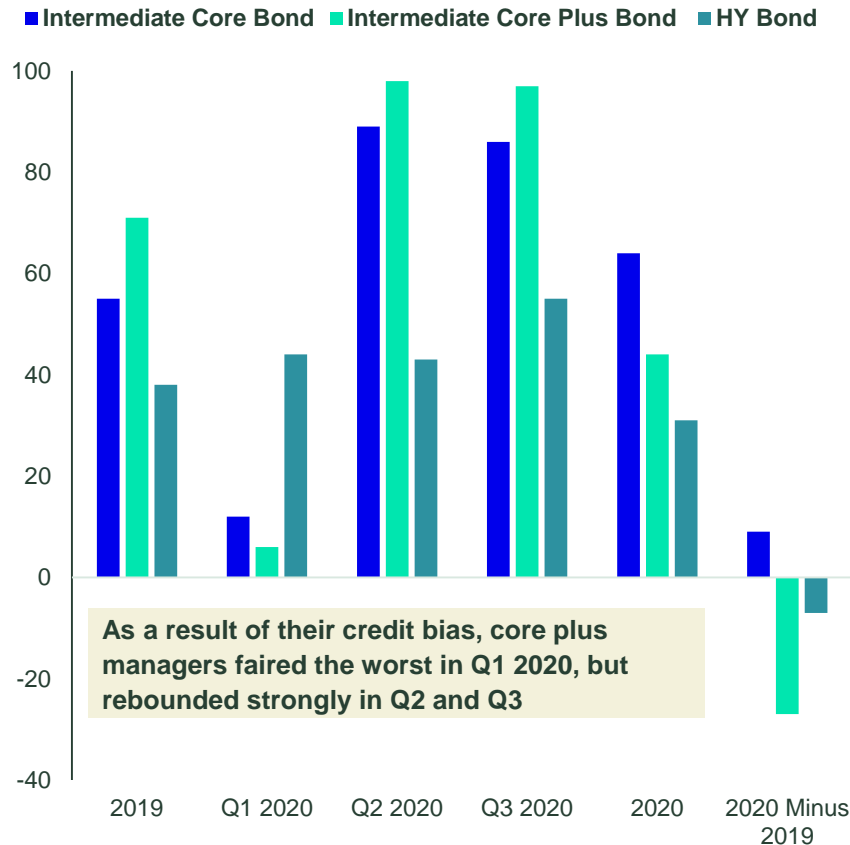


Source: Bloomberg Finance, L.P. As of September 30, 2020, calculations by SPDR Americas Research. All figures are in USD.

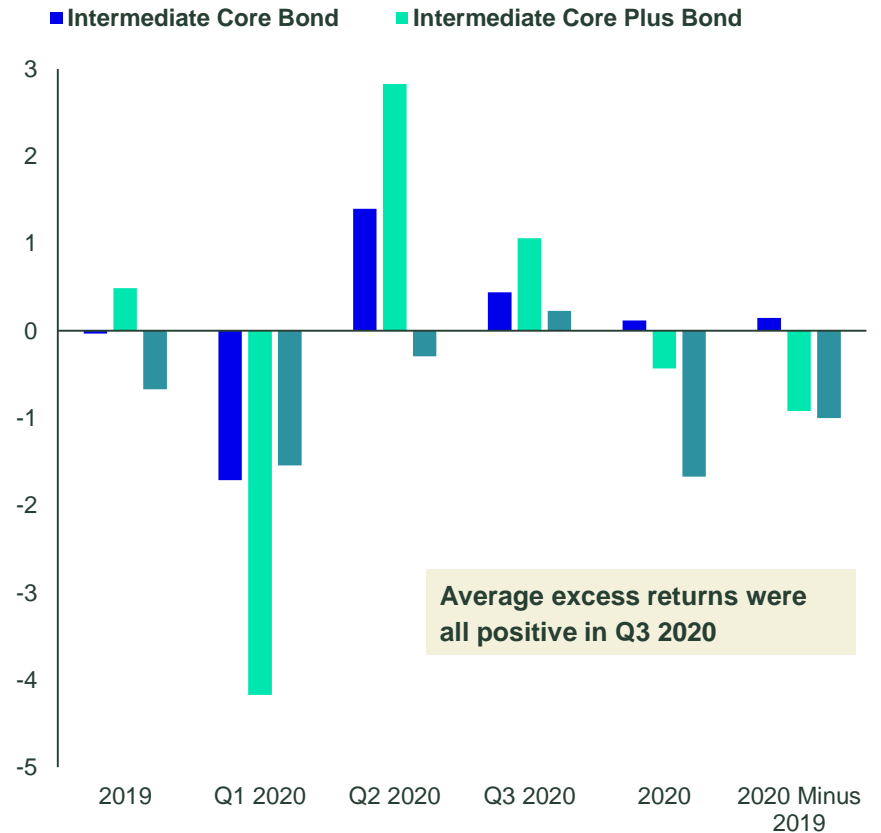
Active Performance Barometer

Active fixed income managers continued to see strong performance in Q3 2020 after struggling to outperform the market in Q1 2020

Percent of Managers Outperforming Prospectus Benchmark



Average Manager Excess Return (%) versus Prospectus Benchmark



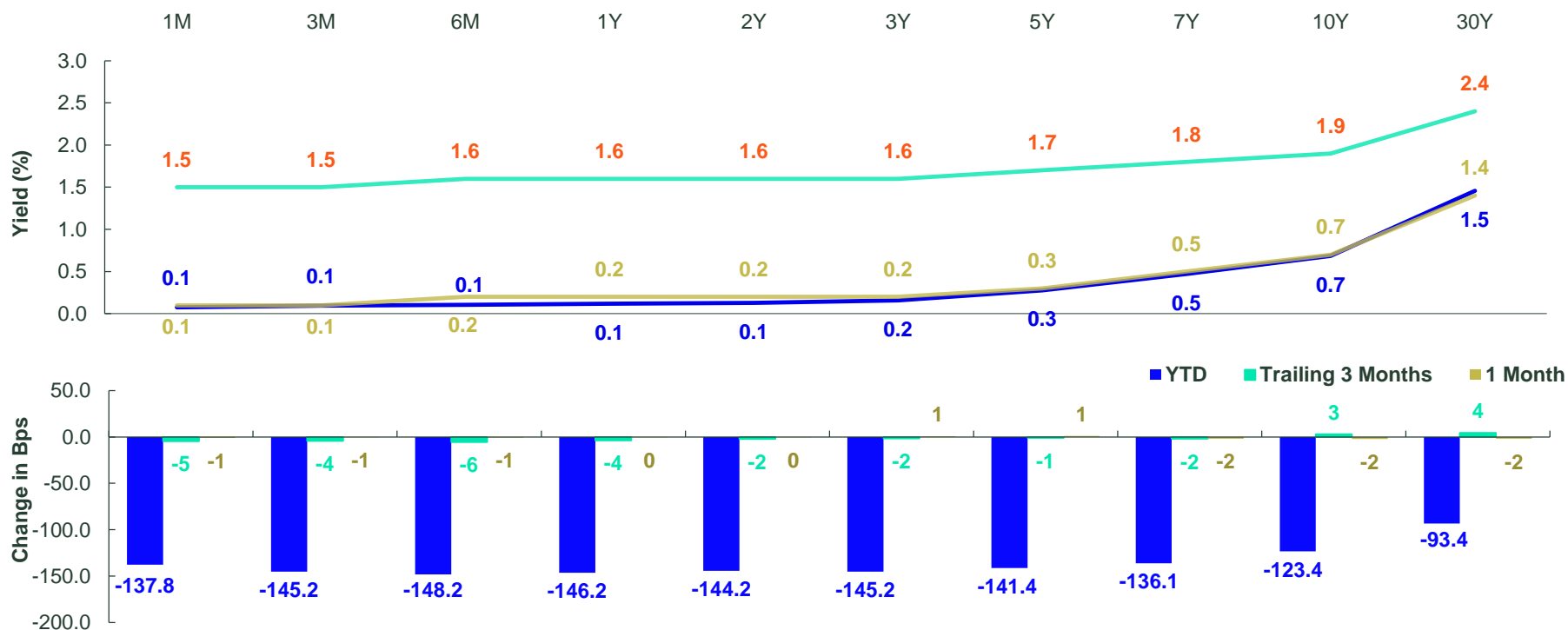
Source: Morningstar as of September 30, 2020. Past performance is not a reliable indicator of future results.

Yield Curve

The yield curve was largely unchanged in Q3, as the Fed kept short-term rates at zero and long-term rates did not budge

US Treasury Curve

US Treasury Active: 9/30/2020 12/31/2019 6/30/2020

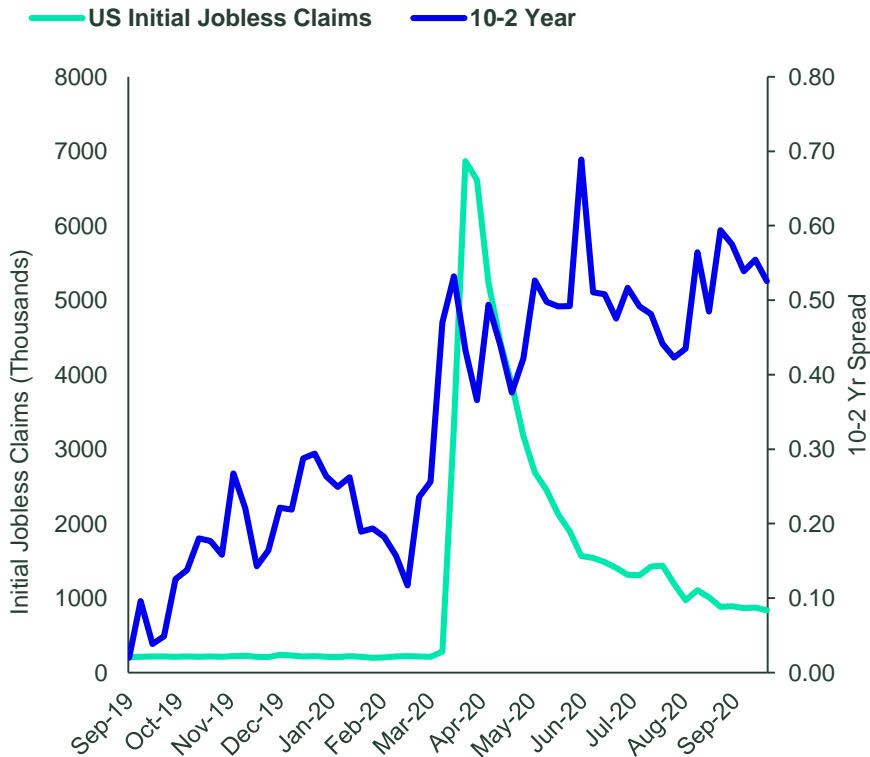


Source: Bloomberg Finance, L.P. As of September 30, 2020. Past performance is not a reliable indicator of future results.

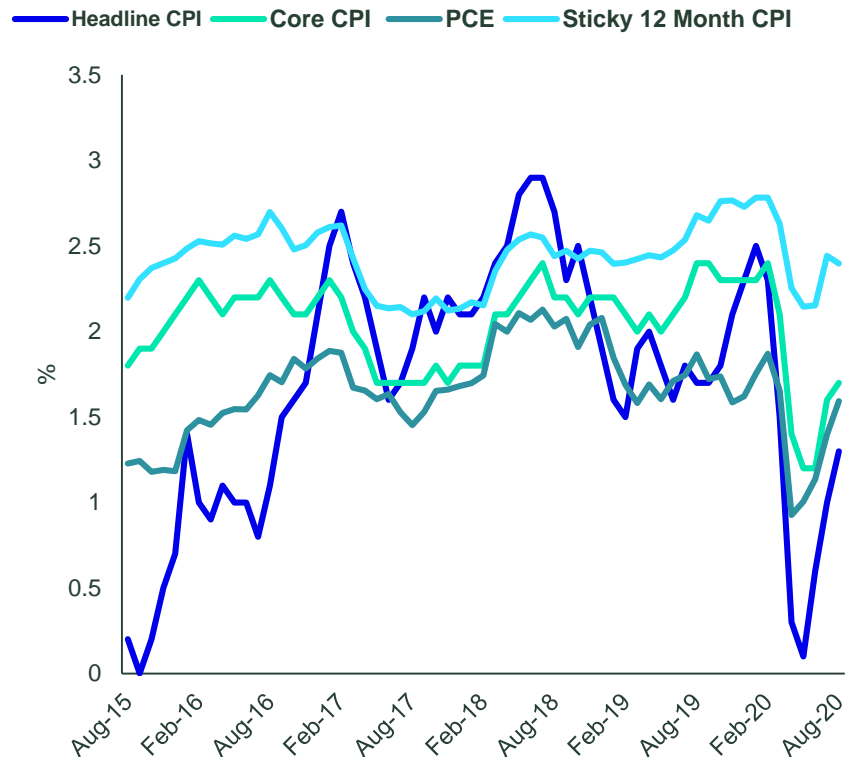
Rates Trends

The yield curve traded in a narrow range throughout the quarter, but recently started to fall even as jobless claims continued to decline

US 10-2 Year Spread (%) versus Initial Jobless Rate



US Inflation Measures

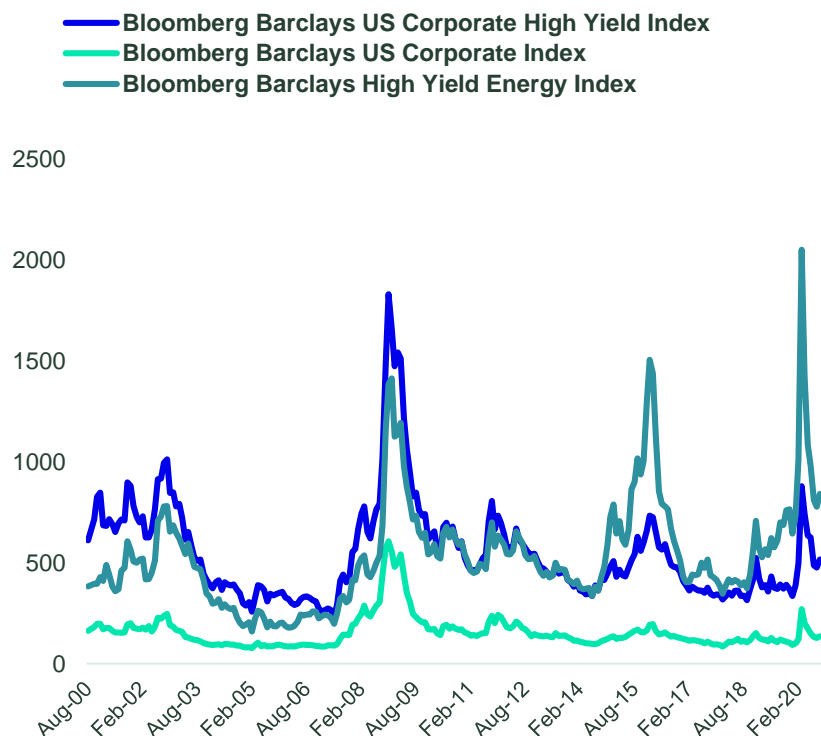


Source: Bloomberg Finance, L.P. As of September 30, 2020. Past performance is not a reliable indicator of future results.

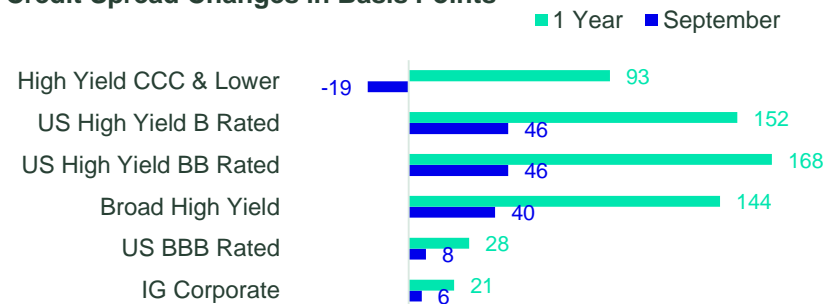
Credit Trends

Credit spreads widened closer to their long-term averages amid the risk-off sentiment in September, except for CCC & lower high yield bonds

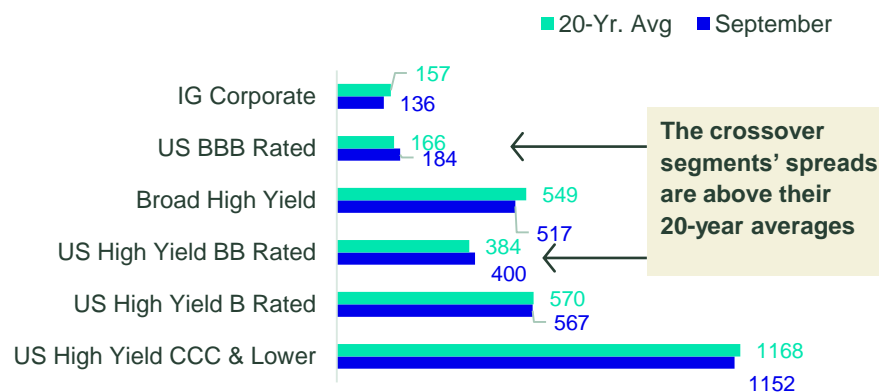
Credit Spreads



Credit Spread Changes in Basis Points



Credit Spread Current vs. 20-Yr Averages



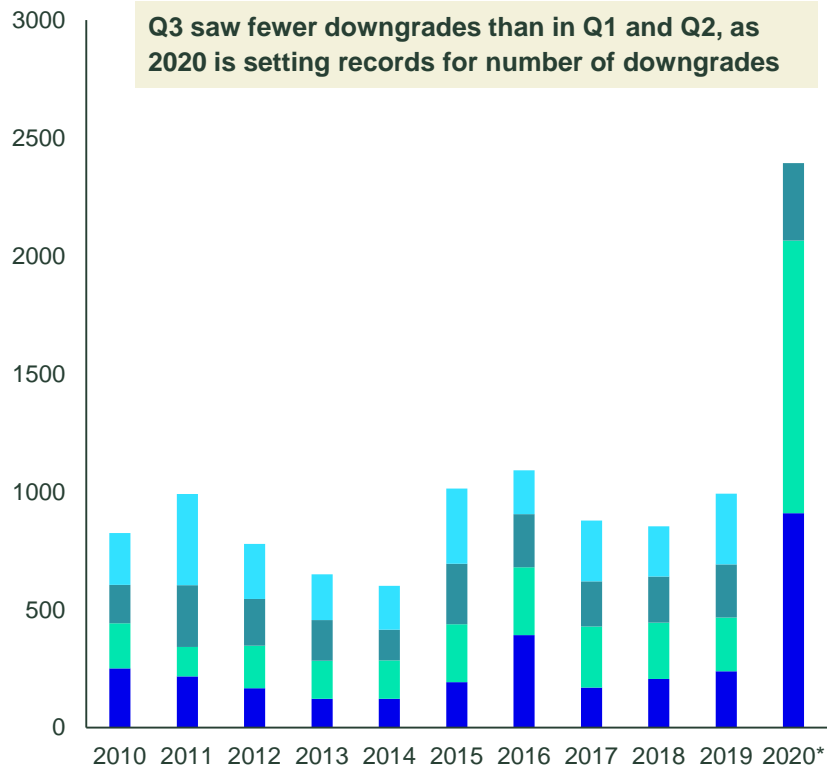
Source: Bloomberg Finance, L.P. BofA Merrill Lynch, As of September 30, 2020. US High Yield CCC & Lower = BofA ML US High Yield CCC & Lower Rated Index. US High Yield B Rated = BofAML US High Yield B Rated Index. BBB Rated = BofA ML US Investment Grade BBB Rated Index. Broad high yield = Bloomberg Barclays US Corporate High Yield Index. IG Corporate = Bloomberg Barclays US Corporate Index. **Past performance is not a reliable indicator of future results.**

Credit Trends (Continued)

Though downgrades decreased in Q3, 2020 total downgrades have outpaced every year over the last ten years

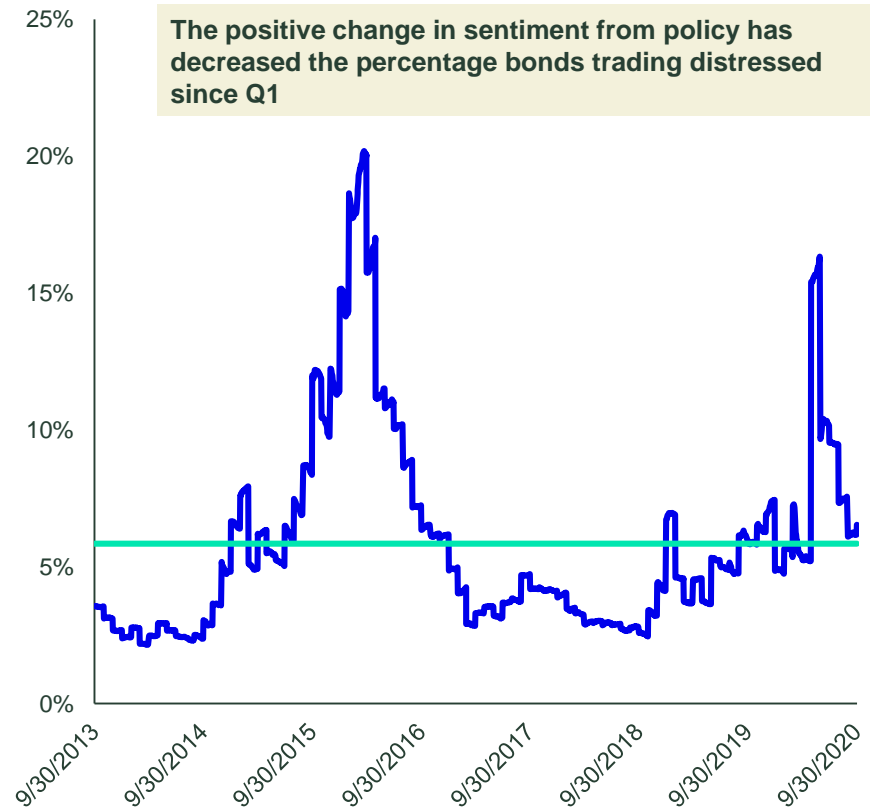
Yearly Downgrades By Quarter for North American Credits

■ Q1 ■ Q2 ■ Q3 ■ Q4



Percent of High Yield Bonds Trading at Distressed Levels

— % HY Trading as Distressed — Average

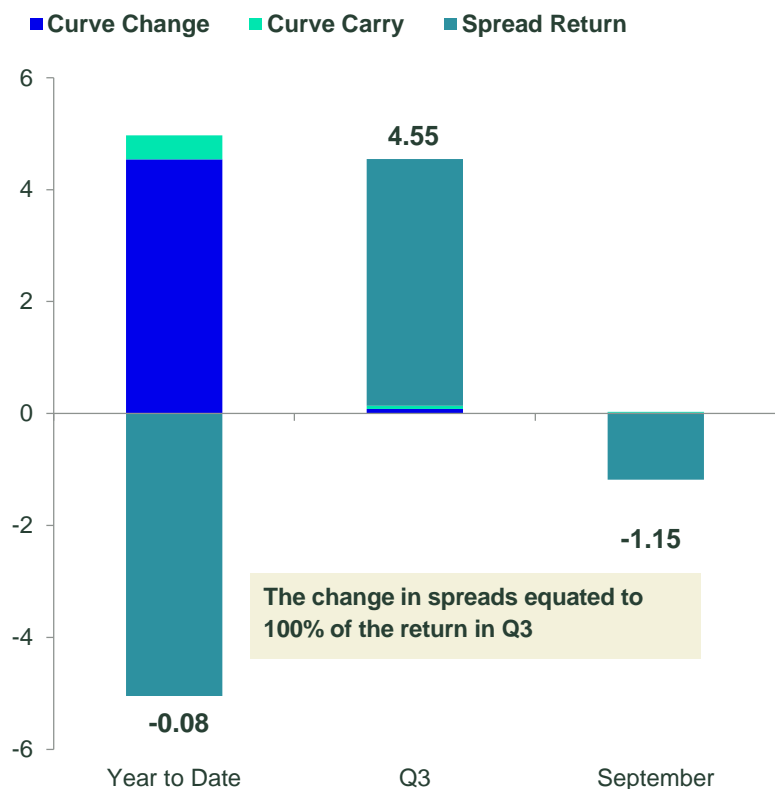


Source: Bloomberg Finance, L.P. BofA Merrill Lynch, as of September 30, 2020.

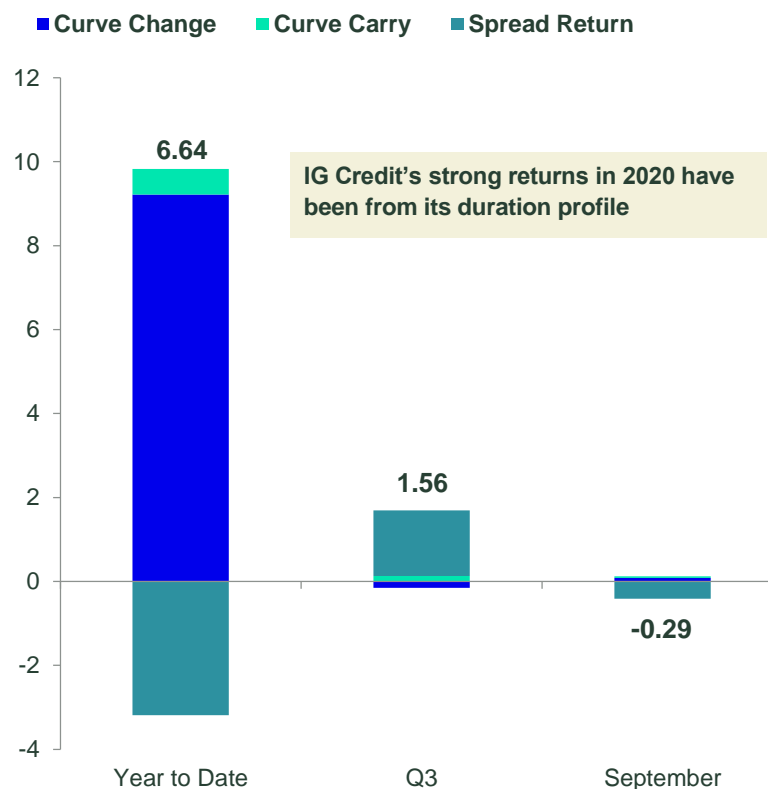
Credit Attribution

Both high yield and investment grade corporate bonds produced positive returns in Q3, however, the spread widening in September was a drag on the quarter

US High Yield Attribution



US IG Corporate Attribution

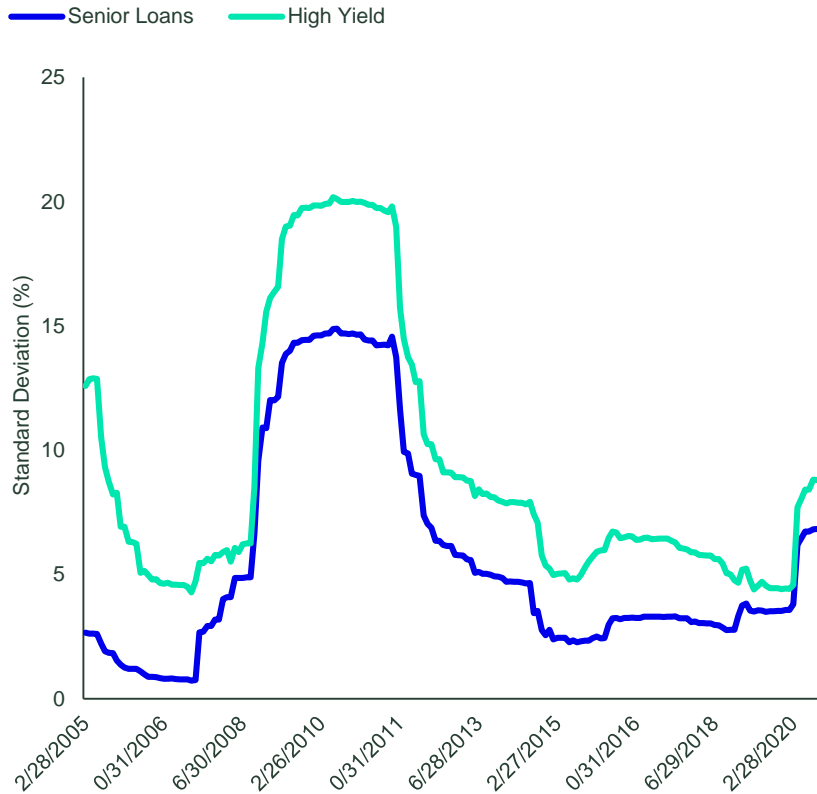


Source: Bloomberg Finance, L.P As of September 30, 2020. **Past performance is not a reliable indicator of future results.** US IG Corporates - Bloomberg Barclays US Corporate Index, US High Yield - Bloomberg Barclays VLI: High Yield Index. **Index** returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable.

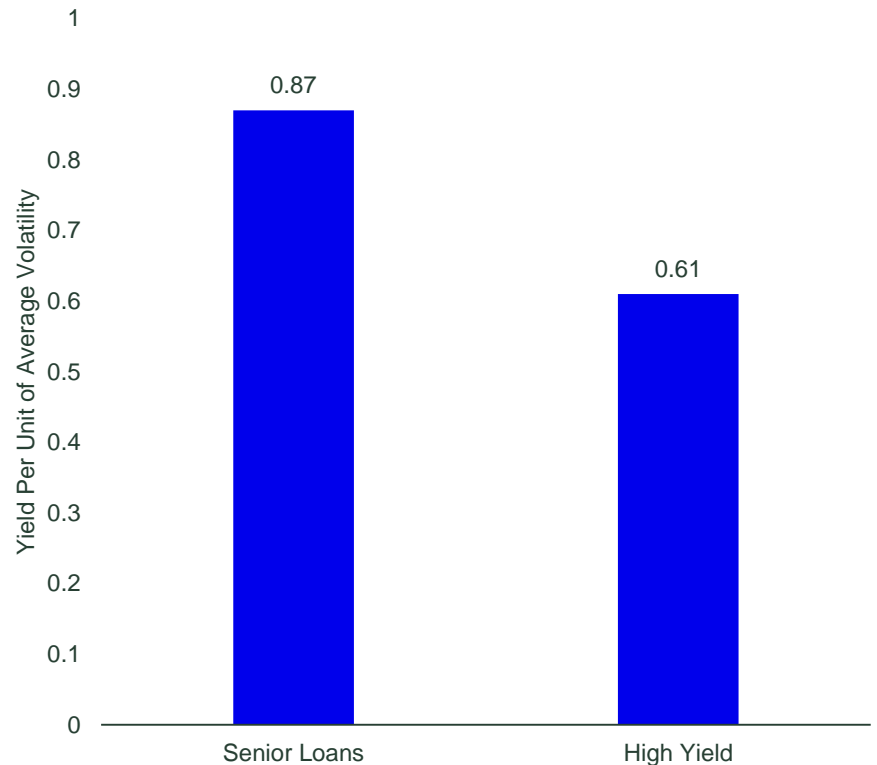
Senior Loans

For investors looking for a smoother path of income generation, senior loans yield close to 5%¹ with historically lower volatility than high yield

Rolling 36M Volatility



Yield per Unit of Average Volatility

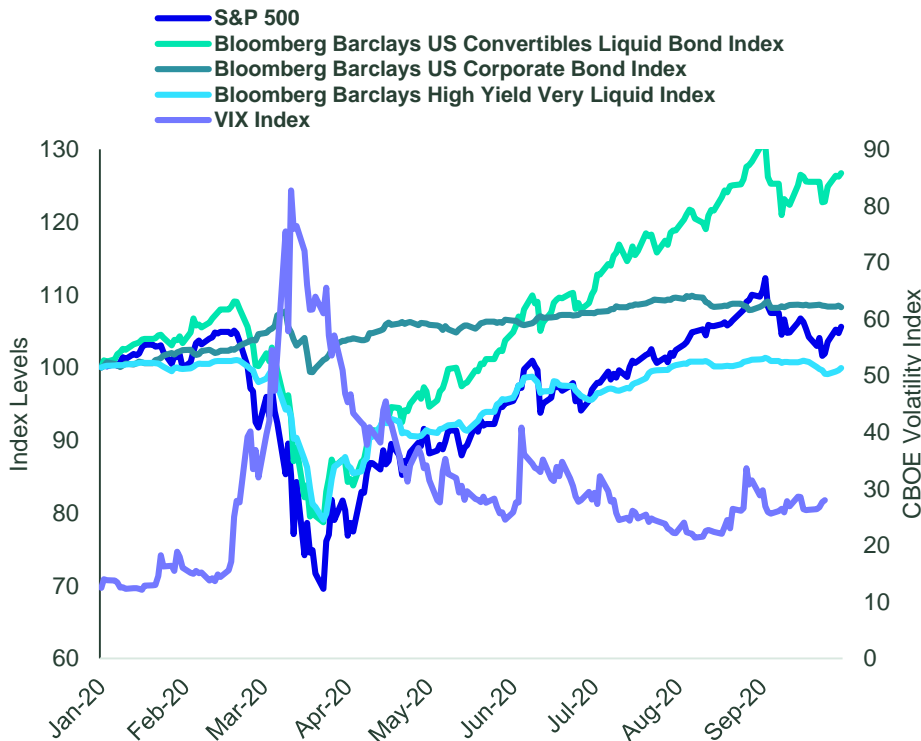


Source: Bloomberg Finance, L.P., Factset as of September 30th, 2020. Senior Loans represented by the S&P/LSTA Leveraged Loan 100 Index and High Yield by the Bloomberg Barclays High Yield VLI. Left chart: displays rolling 36M yields for the periods ending 02/28/2005-09/30/2020. Right chart: Yield to Worst used for the indices. Average rolling 36M yield for the periods ending 02/28/2005-09/30/2020 used for the volatility calculation.¹Source: S&P Dow Jones as of September 30, 2020. YTM for the S&P LSTA Leveraged Loan Index = 4.93%.

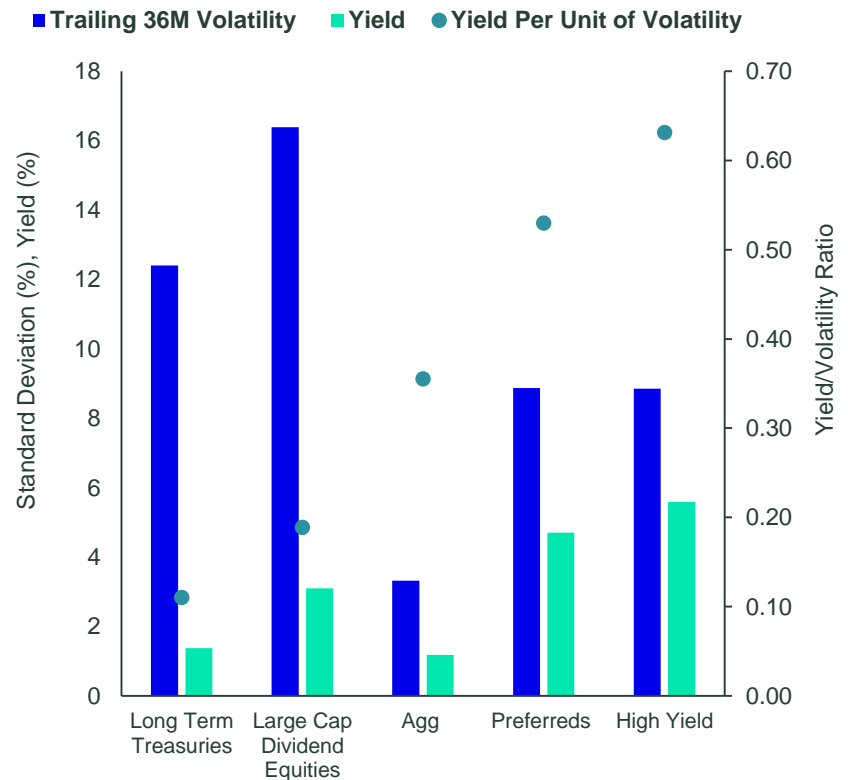
Hybrid Securities

Convertible securities have outperformed equities with less drawdowns year to date. Preferreds may help generate income with lower credit risk than high yield

YTD Performance: Converts vs. Equities and Fixed Income



Yield per Unit of Volatility

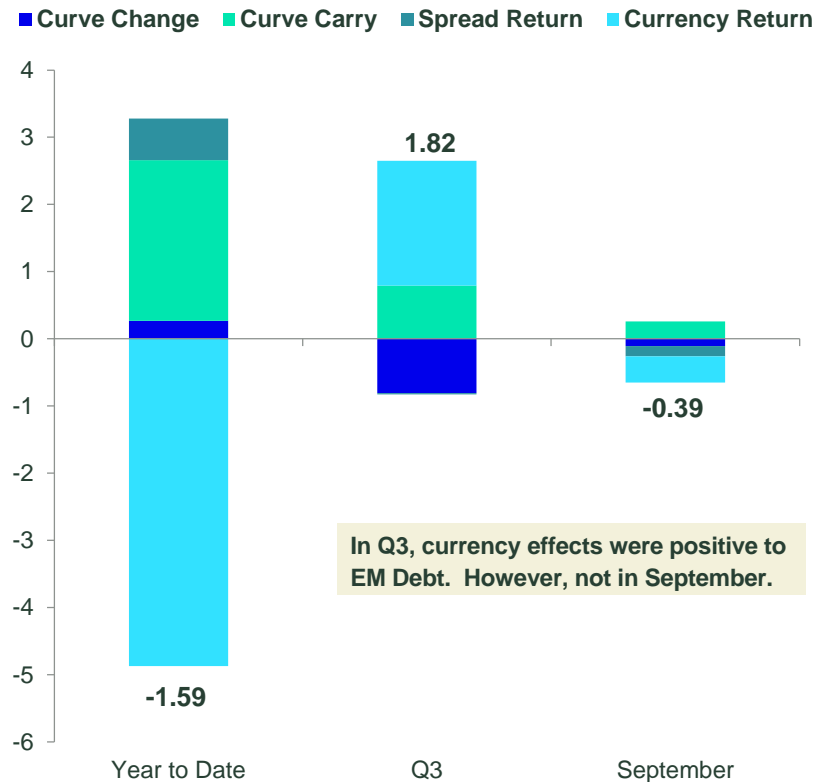


Source: Left chart: Bloomberg Finance L.P., as of September 30th 2020. Right chart: Bloomberg Factset, Bloomberg Finance, L.P. as of September 30th 2020. The yield to worst for the Bloomberg Barclays US Treasury 20+ Years Bond Index, Wells Fargo Hybrid and Preferred Securities Aggregate Index and the Bloomberg Barclays High Yield VLI. The dividend yield is used for the S&P 500 High Yield Aristocrats Index. **Past performance is not a reliable indicator of future results.** Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable

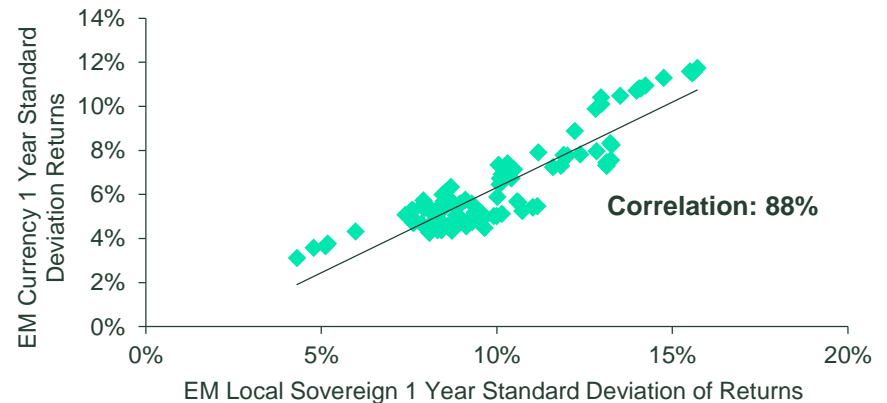
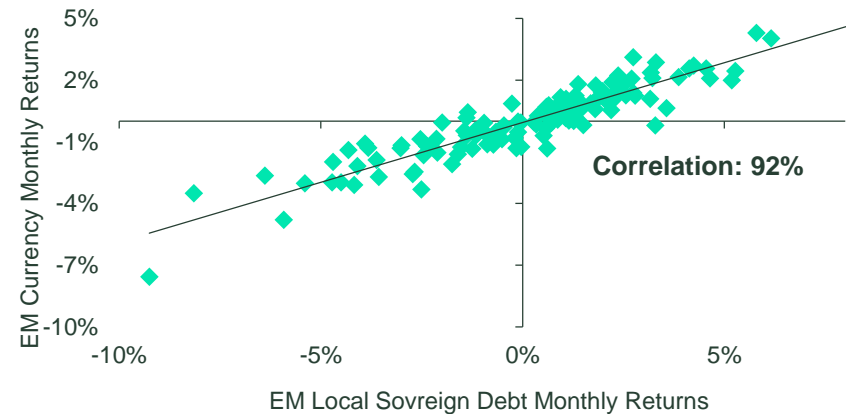
EM Debt Attribution

Emerging market local currencies rallied by 2.7% on the quarter, benefiting exposures with a currency bias like EM Local debt

EM Local Sovereign Debt Attribution



EM Local Sovereign Debt Return Correlation to EM Currencies (2009 – 2020)



Source: Bloomberg Finance, L.P. As of September 30, 2020
 EM Local – Bloomberg Barclays EM Local Sovereign Bond Index.
Past performance is not a reliable indicator of future results.

Bond Market Opportunities

Three strategies outside of the Agg exposure to pursue more income, while balancing sources of risk

Senior Loans to Reduce Credit Volatility

Income seeking investors who are averse to the increased credit risk of high yield bonds may want to consider **senior loans** as they yield close to 5%¹ and historically have had lesser volatility than high yield

Preferreds to Improve Income Diversification

Preferred may be appropriate for investors seeking the highest yields in the investment grade universe while maintaining overall portfolio diversification as preferreds have relatively low historic correlations to traditional stocks and bonds (0.52 and 0.40, respectively)²

Emerging Market Debt to Add Currency Driven Income

A weakening US dollar may be a total return tailwind for **Emerging Market Debt (EMD)** and given that a primary source of return deviations are from the currency, EMD may further diversify income generation within a portfolio

¹Source: S&P Dow Jones as of September 30th 2020. YTM used for the Senior Loans are represented by the S&P LSTA US Leveraged Loan 100 Index. YTM = 4.93%. ² Source: Factset, Bloomberg Finance, L.P. Correlation and Beta measured for the 10 year period ending 09/30/2020. Wells Fargo Hybrid and Preferred Securities Aggregate Index used to represent Preferreds, S&P 500 used to represent Equities and the Bloomberg Barclays US Aggregate Bond Index used to represent bonds.

Definitions

Basis Point: One hundredth of one percent, or 0.01%.

The Bloomberg Barclays US Treasury Bill Index tracks the market for treasury bills issued by the US government. US Treasury bills are issued in fixed maturity terms of 4-, 13-, 26- and 52-weeks. The US Treasury Bill Index is a component of the US Short Treasury Index along with US Treasury notes and bonds that have fallen below one year to maturity.

The Bloomberg Barclays Global Aggregate Index is a measure of global investment grade debt from 24 local currency markets. This multi- currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

The Bloomberg Barclays US Mortgage Backed Securities (MBS) Index tracks agency mortgage pass-through securities (no longer incorporates hybrid ARM) guaranteed by Ginnie Mae (GNMA), Mae (FNMA), and Freddie Mac (FHLMC). The index is constructed by grouping individual TBA- deliverable MBS pools into aggregates or generics based on program, coupon and vintage.

Bloomberg Barclays US Aggregate Index: A benchmark that provides a measure of the performance of the US dollar denominated investment grade bond market, which includes investment grade government bonds, investment grade corporate bonds, mortgage pass through securities, commercial mortgage backed securities and asset backed securities that are publicly for sale in the US.

Bloomberg Barclays US Corporate 1–3 Year Index: The Index includes publicly issued US dollar denominated corporate issues that have a remaining maturity of greater than or equal to 1 year and less than 3 years, are rated investment grade.

Bloomberg Barclays US Corporate Bond Index: The Bloomberg Barclays US Corporate Bond Index measures the investment grade, US dollar-denominated, fixed-rate, taxable corporate and government related bond markets. It is composed of the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities.

The Bloomberg Barclays Emerging Markets Local Currency Liquid Government Index is a country-constrained, more liquid version of the flagship Emerging Markets Local Currency Government Index, which is designed to provide a broad measure of the performance of local currency Emerging Markets (EM)

Bloomberg US Treasury Index: The Bloomberg US Treasury Bond Index is a rules-based, market-value weighted index engineered to measure the performance and characteristics of fixed rate coupon US Treasuries which have a maturity greater than 12 months.

The Bloomberg Barclays US Convertible Liquid Bond Index is designed to represent the market of U.S. convertible securities, such as convertible bonds.

Credit Spread: A credit spread is the difference in yield between a US Treasury bond and a debt security with the same maturity but of lesser quality.

Parity The value of the underlying equity if the convertible is converted. It is equal to the current stock price multiplied by the number of shares for which the bond may be exchanged.

S&P/LSTA US Leveraged Loan 100 Index: The S&P/LSTA US Leveraged Loan 100 Index is designed to reflect the largest facilities in the leveraged loan market.

Delta: The sensitivity of one asset to an underlying derivative

Spread Changes: Changes in the spread between Treasury securities and non-Treasury securities that are identical in all respects except for quality rating.

Parity The value of the underlying equity if the convertible is converted. It is equal to the current stock price multiplied by the number of shares for which the bond may be exchanged.

Standard Deviation: Measures the historical dispersion of a security, fund or index around an average. Investors use standard deviation to measure expected risk or volatility, and a higher standard deviation means the security has tended to show higher volatility or price swings in the past.

Yield: The income produced by an investment, typically calculated as the interest received annually divided by the investment's price.

Yield Curve: A graph or line that plots the interest rates or yields of bonds with similar credit quality but different durations, typically from shortest to longest duration. When the yield curve is said to be flat, it means the difference in yields between bonds with shorter and longer durations is relatively narrow. When the yield curve is said to be steepened, it means the difference in yields between short term and long term bonds increases.

Yield to Worst: Yield to worst is an estimate of the lowest yield that you can expect to earn from a bond when holding to maturity, absent a default. It is a measure that is used in place of yield to maturity with callable bonds.

Appendix B

Important Disclosures

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All the index performance results referred to are provided exclusively for comparison purposes only. It should not be assumed that they represent the performance of any particular investment.

Bonds generally present less short-term risk and volatility than stocks, but contain interest rate risk (as interest rates rise, bond prices usually fall); issuer default risk; issuer credit risk; liquidity risk; and inflation risk. These effects are usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to

a substantial gain or loss.

The values of **debt securities** may decrease as a result of many factors, including, by way of example, general market fluctuations; increases in interest rates; actual or perceived inability or unwillingness of issuers, guarantors or liquidity providers to make scheduled principal or interest payments; illiquidity in debt securities markets; and prepayments of principal, which often must be reinvested in obligations paying interest at lower rates.

Equity securities may fluctuate in value in response to the activities of individual companies and general market and economic conditions.

Investments in **small-sized companies** may involve greater risks than in those of larger, better known companies.

Investments in **mid-sized companies** may involve greater risks than in those of larger, better known companies, but may be less volatile than investments in smaller companies.

Companies with **large market capitalizations** go in and out of favor based on market and economic conditions. Larger companies tend to be less volatile than companies with smaller market capitalizations. In exchange for this potentially lower risk, the value of the security may not rise as much as companies with smaller market capitalizations.

Value stocks can perform differently from the market as a whole. They can remain undervalued by the market for long periods of time.

Foreign investments involve greater risks than US investments, including political and economic risks and the risk of currency fluctuations, all of which may be magnified in emerging markets.

Because of their narrow focus, **sector funds** tend to be more volatile.

Commodities investing entail significant risk as commodity prices can be extremely volatile due to wide range of factors Bond funds contain interest rate risk (as interest rates rise bond prices usually fall); the risk of issuer default; issuer credit risk; liquidity risk; and inflation risk.

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Appendix B

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