STATE STREET GLOBAL ADVISORS

Multi-Asset Class

State Street ICAV

State Street Timewise 2050 Fund - I EUR Share Class

30 September 2024

Fund Objective

The objective of the Sub-Fund is to provide a balance between capital growth and capital preservation through exposure to a broad range of asset classes.

Investment Policy

Investments are made in accordance with an asset allocation "glide path" developed by the investment manager for the Sub-Fund. The glide path sets out the types of investments which the investment manager believes are appropriate for the Sub-Fund, taking into account the investment objective and the remaining time until the target retirement date of the Sub-Fund. The asset allocation and risk profile of the Sub-Fund will therefore vary over time and may also be amended from time to time depending upon the investment manager's view of typical pension fund investor behaviour, market-events, changes in average life expectancy, inflation, applicable law and regulation or other circumstances deemed relevant by the investment manager.

Structure

ICAV

Domicile

Ireland

Investment Manager

State Street Global Advisors Europe Limited

Fund Facts

Currency	EUR
Net Assets (millions)	86.02 EUR as of 30th September 2024
Inception Date	08 August 2019
Zone	Global
Settlement	DD+2
Notification Deadline	DD-2 3:00PM Irish Time
Valuation	Closing mid-market prices
Actual TER	0.35% as of 01 September 2024
Minimum Initial Investment	10m (for Class I)
Minimum Subsequent Investment	1 EUR (for Class I)

Performance

Annualised	Reference	Fund Gross	Difference	Fund Net	Difference
1 Year (%)	21.46	22.88	1.42	22.39	0.93
3 Years (%)	6.80	7.14	-0.34	6.38	-0.43
5 Years (%)	8.76	9.13	-0.38	8.32	-0.43
10 Year (%)	-	-	-	-	-
Cumulative					
1 month (%)	1.50	1.74	0.24	1.71	0.21
3 Months (%)	3.28	3.18	-0.10	3.08	-0.20
1 Year (%)	21.46	22.88	1.42	22.39	0.93
3 Years (%)	21.83	23.00	1.16	20.38	-1.45
5 Years (%)	52.17	54.82	2.66	49.16	-3.01
10 Year (%)	-	-	-	-	-
Calendar					
2024 (year to date)	13.85	14.71	0.87	14.37	0.52
2023	14.93	14.65	-0.29	14.19	-0.74
2022	-12.36	-13.85	-1.49	-14.20	-1.84
2021	22.79	24.45	1.66	23.95	1.16
2020	5.22	3.25	-1.97	2.84	-2.38
2019 (partial)	8.32	8.31	-0.01	8.14	-0.18

Past performance is not a guarantee of future results. Investing involves risk including the risk of loss of principal.

The performance figures contained herein are provided on a gross and net of fees basis. Gross of fees do not reflect the deduction of advisory or other fees which could reduce the return. Index returns reflect capital gains and losses, income, and the reinvestment of dividends. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in the currency EURO.

Technical net asset values are calculated using the valuation of the benchmark when the Fund is closed according to its NAV calendar but the value of the benchmark can be ascertained.

Certain figures might be rounded to the nearest hundredth decimal and may result in the total not appearing to add correctly.

Please note that the benchmark is used for performance comparison purposes.

Source, SSGA. All data is as at 30/09/2024.

Asset Allocation

	State Street Timewise Q3 2024							
	2025 Fund	**2030 Fund**	**2035 Fund**	**2040 Fund**	**2045 Fund**	**2050 Fund**	**2055 Fund**	**2060 Fund**
Yrs to Nomal Retirement Age	1	6	11	16	21	26	31	36
Developed Equity	10%	23%	33%	41%	43%	43%	43%	43%
Emerging Equity	2%	4%	6%	7%	8%	8%	8%	8%
Smart Beta Equity	10%	11%	13%	16%	18%	18%	18%	18%
Small Cap Equity	1%	5%	6%	7%	8%	8%	8%	8%
Flexible Asset Allocation	18%	18%	18%	17%	10%	10%	10%	10%
Emerging Market Debt	4%	4%	4%	4%	5%	5%	5%	5%
High Yield Debt	4%	4%	4%	4%	5%	5%	5%	5%
Corporate Bonds	27%	26%	18%	4%	0%	0%	0%	0%
Inflation Linked Bonds	8%	7%	0%	0%	0%	0%	0%	0%
Cash	17%	0%	0%	0%	0%	0%	0%	0%
Infrastructure	0%	0%	0%	1%	5%	5%	5%	5%
Nav Price	**1.2123**	**1.3072**	**1.4282**	**1.5293**	**1.5437**	**1.5433**	**1.5444**	**1.5439**

Commentary

Market Review

The global economy showed signs of resilience in Q3 2024, with growth in the services sector offsetting weakness in manufacturing. Although global business activity continued to expand in September, the rate of expansion slowed. There was notable divergence among the main economies: the United States, Japan, and the United Kingdom all experienced growth, while Eurozone, Canada, and China showed signs of stagnation or contraction. The labour market exhibited signs of cooling, and inflation continued to decline. Ongoing geopolitical issues, particularly in Eastern Europe and Asia, continue to create uncertainty, impacting trade and investment flows.

Risk assets registered positive gains despite pronounced market volatility. Developed markets (DMs) posted positive returns but underperformed emerging markets (EMs), as EM equites performed strongly, supported by the new stimulus in China. Treasuries were firmer, with the curve notably steepening. US Treasury yields fell substantially over the quarter, with 2-year yields leading the way, falling 111 bps. The dollar was weaker on the major crosses, and the US Dollar Index posted its weakest quarter since Q4 2022. Much of the narrative revolved around the yen, with the Bank of Japan executing its largest rate hike since 2007, and August's unwinding of yen carry trades. Commodity performance was muted.

Equities

Equities continued their upward momentum in Q3 and have now risen for five months in a row and in 10 of the last 12 months (MSCI ACWI). Most recently, this has been driven by optimism that, in the US, inflation has been tamed without a recession — i.e., a soft landing. This has allowed the Fed to cut rates and the dollar to weaken, leading to a complete reversal in sector, region, and factor leadership from the first half of the year. From a sector perspective, beneficiaries of rate cuts led – including real estate, utilities, and financials – while the first-half leaders of communication services and information technology lagged (along with energy).

European equities had a strong quarter, with the MSCI EMU Index returning 3.1% during Q3. Belgium, Ireland and Spain were the top three performers in the region, while Netherlands was the only underperformer. The European Central Bank (ECB) delivered its second rate cut in September, taking interest rates to 3.5%. Headline CPI declined to 1.8% in the Eurozone (1.6% in Germany). This easing trend warrants cuts in the remaining meetings of this year, though it remains to be seen if the European Central Bank will cut rates in October or wait till December.

UK equities posted gains of 4.2% (measured by the FTSE All Share) in the quarter. The Bank of England (BoE) embarked on its own easing cycle with a 25-bps cut at its August meeting. Economic data releases in the United Kingdom surprised to the downside in all three months of the quarter. Manufacturing activity surveys continued to indicate a modest expansion in activity, similar to the services sector which also continued to expand at a modest pace. Consumer confidence also declined over the quarter from the best level since Q4 2021, although retail sales data remained resilient. The consumer inflation rate ticked higher to +2.2%, marginally higher than the Bank of England's target level while unemployment rate edged lower suggesting a tighter labour market.

Major US equity indices were higher in Q3. The S&P 500 Index was positive at 1.7% for Q3, up for the fourth consecutive quarter. Breaking the quarter by month, the Index was high mid-July, slid in early August, then rallied steadily for much of the remainder of the quarter, finishing near record levels. The Fed's long-awaited reduction in interest rates played a key role in the bull run. The Fed reduced its target rate by half a percentage point at its September meeting, boosting investor hopes of further rate cuts in the future.

The MSCI Pacific Index returned a positive 4.3% in Q324. Hong Kong (+19.5%) and Singapore (+12.9%) were the top performers on the Index during the quarter. In Japan (+1.7%), markets had a mixed quarter. The Japanese yen, appreciating sharply, saw its strongest run since the global financial crisis of 2008. This resulted in carry trades – a strategy based on borrowing at a low interest rate and using the proceeds to buy higher-yielding currencies or assets – causing a plunge in the Japanese equity market.

EMs performed better compared to DMs during the quarter, with the MSCI EM Index returning 4.6% during the period. Thailand, China, and Philippines were the top three performers in the index. Most EM countries were positive, with only seven of 24 countries underperforming in the Index. Turkey (-16.0%), Korea (-9.3%), and Poland (-7.2%) were the bottom three performers on the Index. China's equity market rallied, with the MSCI China Index surging at 18.7%. Chinese policymakers announced significant measures to revive and stimulate its economy, majorly through interest rate cuts and government support for the ailing property market, boosting the losing investor confidence.

Bonds

Global fixed income delivered strong returns in Q3 2024, with the Bloomberg Global Aggregate Index (EUR hedged) returning 3.8% during the quarter, the best since Q4 2023, with positive income returns supplemented by a decline in benchmark government bond yields and stable credit spreads across major sectors. Economic data releases continued to surprise to the downside on aggregate by the most since Q3 2021, leading to an increase in risk aversion and a supportive environment for bonds, especially as consumer inflation readings remained muted. The decline in benchmark bond yields was mainly led by the shorter end of the curve, which benefitted from higher central bank interest rate cut expectations.

Europe saw a smaller decline in yields with 10Y bond yields declining in a range of 38 bps to 60 bps in Germany, France, Italy and Spain while 2Y yields saw a decline between 77 bps and 101 bps in Q3 2024. US 10Y bond yields declined nearly 62 bps over the quarter, to the lowest since June 2023. US 2Y yields saw a steeper 111 bps decline to the lowest level since Q3 2022, thereby resulting in a steepening in the yield curve led by the shorter end. UK bonds underperformed other developed markets with the rate cut trajectory not expected to be as steep as the US or Eurozone until mid-2025.

Q3 2024 was a strong quarter for investment grade (IG) corporates, with positive returns in July, August as well as September. US IG was the best performer (+5.8% in USD), followed by Euro IG (+3.3%). The performance of IG Bonds in Q3 was largely shaped by interest rate trends, with the decline in interest rates driving strong price returns amid stable credit spreads. Overall credit spreads remained largely unchanged, with a modest tightening across US, Euro and Sterling markets. Longer maturity corporate bonds performed best with US Corporate 10Y+ returning +8.2% (USD) followed by Euro Corporate 10+ at 4.3%.

Similar to IG, high yield (HY) bonds also delivered a positive performance in Q3 2024 (+5.8% in USD) posting positive returns for a fifth consecutive month in September. Regionally, US HY was the best performer (5.3% in USD) followed by Euro HY (3.3%). Overall credit spreads saw a modest tightening across regions with global HY spreads closing at 317 bps, which is at the 5th percentile compared to the past five-year range. Within US HY, distressed categories performed better with US HY CCC posting returns of +10.2% (USD), followed by US HY B at +4.5% (USD) and US HY BB at +4.2% (USD). Similarly, in the EUR HY space EUR HY CCC delivered the best performance +5.9%.

The macro and risk backdrop were progressively favourable for EM debt in Q3. A combination of market expectations and the actual outcome of the US Fed policy easing weighed on US Dollar and US Treasury yields. Consequently, EM debt posted strong returns for the quarter benefiting from these tailwinds. Total returns were positive in Q3 for both EM local currency and hard currency bonds. The US dollar weakness combined with a drop in EM local yields supported EM local bonds. EM hard currency debt benefited from a decline in US benchmark Treasury yields and a notable narrowing of spreads. EM hard currency sovereign debt returned +6.2% (USD) in Q3 2024, as measured by the JP Morgan EMBI Global Diversified Index. EM local currency debt returned -9.0% (USD), as measured by the JP Morgan GBI-EM Global Diversified Index.

Alternatives

Commodities (as measured by the Bloomberg Commodities Total Return Index) posted small gains for the quarter as declines in energy offset gains from metals and agricultural commodities. The quarter was a challenging period for commodities as growing concerns around the health of the global economy weighed on oil prices, which dragged down the broader index. Commodities are up 5.9% (USD) YTD. Overall, the energy sector was negative, while precious metals registered strong gains. Agriculture and industrial metals achieved modest price gains.

REITs, an interest-rate-sensitive asset class, rose on the back of declining yields and continued to outperform the broader market. The FTSE EPRA Nareit Developed Real Estate Index rose 16.3% (USD), while the Dow Jones US Select REIT Index was up 15.6% (USD). Most property sectors were positive in Q3, with office and self-storage gaining over 20%, followed by healthcare, industrial and retail REITs.

Asset Allocation (Volatility Management)

Managing volatility is particularly important during a downturn. Episodes like 2008 crisis reinforced the need for glide path designs and asset allocation strategies that effectively balance wealth preservation and wage replacement potential as members approach retirement. In order to manage risk within the glidepath the Fund deploy target volatility trigger strategies, also invests into the State Street Flexible Asset Allocation Plus Fund, which dynamically adjusts exposures based on anticipated market conditions - guided by our proprietary Market Regime Indicator (MRI).

Flexible Asset Allocation

The State Street Flexible Asset Allocation Plus Fund began the quarter with approximately 86% in growth assets. The positive market momentum that carried over from June into early July prompted the team to increase the allocation to DM equity, funding the move from cash, a risk on stance that was maintained until the end of the month. Early August saw a deterioration in US employment data, increasing fears that the economy could be entering a slowdown. This, combined with the BoJ's rate hike, triggered a reassessment of rate differentials between Japan and the US and caused significant problems for the yen carry trade with the result a huge volatility spike. The MRI moved into High risk regime and the portfolio was derisked significantly. The allocation to cash and sovereign bonds grew while allocations to equities and high yield bonds were reduced.

In the latter part of August the Magnificent 7 reported on their earnings, which showed slowing earnings growth. This tempered the optimism on the AI trade and caused a temporary drop in both the NASDAQ and the technology heavy S&P 500. Once again the MRI swung from Normal risk regime into High risk regime. The cash allocation grew to 35% by the end of August while the equity allocation fell to 33%.

In September markets were primarily driven by the decision of the FOMC. Jobs growth data in the US stabilized while inflation continued to fall. The resulting decision of the Fed was a 50bps rate cut, and some forward guidance on further cuts in the remaining FOMC meetings in 2024. Markets participants switched from pricing in a possible hard landing to supporting the idea that the US economy will experience a soft landing, a scenario more favourable to risk assets. The changing sentiment helped the MRI move back into Normal risk regime and the team to decrease exposure to cash and increase exposure to equities. The fund ended the quarter with a 49% allocation to growth assets.

For More Information

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Source: Bloomberg, FactSet, J.P. Morgan, Barclays, Morgan Stanley, Wall Street Journal, Barron's, Nareit, MSCI, S&P Global, and FTSE, as of 30th September 2024

All performance cited is calculated in Euro unless otherwise stated.

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Warning: The value of your investment may go down as well as up.

Please note that full details of underlying fund holdings can now be found on www.ssga.com

Marketing Communication

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TER Max represents the fund's aggregate operating and management fees excluding transaction costs. Transaction costs are billed separately to the fund.