STATE STREET GLOBAL ADVISORS

Multi-Asset Class

State Street ICAV

State Street Timewise 2035 Fund - I EUR Share Class

31 March 2021

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 Strategy. The glide path sets out the types of investments which the investment manager believes are appropriate for the Strategy, taking into account the investment objective and the remaining time until the target retirement date of the Strategy. The asset allocation and risk profile of the Strategy 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 Limited

Fund Facts

Currency	EUR
Net Assets (millions)	270.91 EUR as of 31st March 2021
Inception Date	08 August 2019
Zone	Global
Settlement	DD+2
Notification Deadline	DD-2 3:00PM Irish Time
Valuation	Closing mid-market prices
Minimum Initial Investment	10m (for Class I)
Minimum Subsequent Investment	1 EUR (for Class I)

Performance

Annualised	**Benchmark**	**Fund Gross**	**Difference**	**Fund Net**	**Difference**
1 Year (%)	31.12	30.85	-0.27	30.33	-0.79
3 Years (%)	-	-	-	-	-
5 Years (%)	-	-	-	-	-
10 Year (%)	-	-	-	-	-
Cumulative					
1 month (%)	4.10	5.04	0.94	5.01	0.91
3 Months (%)	6.08	7.60	1.51	7.49	1.41
1 Year (%)	31.12	30.85	-0.27	30.33	-0.79
3 Years (%)	-	-	-	-	-
5 Years (%)	-	-	-	-	-
10 Year (%)	-	-	-	-	-
Calendar					
2021 (year to date)	6.08	7.60	1.51	7.49	1.41
2020	4.95	0.60	-4.36	0.20	-4.76
2019 (partial)	7.55	7.92	0.37	7.75	0.20

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.

Source, SSGA. All data is as at 31/03/2021.

Asset Allocation

	State Street Timewise Q1 2021							
	2025 Fund	**2030 Fund**	**2035 Fund**	**2040 Fund**	**2045 Fund**	**2050 Fund**	**2055 Fund**	**2060 Fund**
Yrs to Nomal Retirment Age	5	10	15	20	25	30	35	40
Developed Equity	19%	30%	39%	42%	43%	43%	43%	43%
Emerging Equity	3%	5%	7%	8%	8%	8%	8%	8%
Smart Beta Equity	10%	12	15%	17%	18%	18%	18%	18%
Small Cap Equity	4%	5%	7%	7%	8%	8%	8%	8%
Flexible Asset Allocation	18%	18%	18%	15%	15%	15%	15%	15%
Emerging Market Debt	4%	4%	4%	6%	6%	6%	6%	6%
High Yield Debt	3%	3%	3%	4%	4%	4%	4%	4%
Corporate Bonds	27%	21%	7%	1%	0%	0%	0%	0%
Inflation Linked Bonds	8%	1%	0%	0%	0%	0%	0%	0%
Cash	3%	0%	0%	0%	0%	0%	0%	0%
Nav Price	**1.0860**	**1.1172**	**1.1594**	**1.2013**	**1.2023**	**1.2022**	**1.2021**	**1.2019**

Commentary

Market Review

Economic recovery gathered pace in the first quarter on the back of widespread vaccination, renewed fiscal stimulus and continued monetary policy support. Although manufacturing continued to expand strongly across regions, services growth improved only in the United States (US) and the United Kingdom (UK) and lagged in rest of Europe. Emergence of new variants of Coronavirus and a pick-up in inflation caused by cost pressures across supply chains remained key risks to growth momentum.

Risk assets continued to rally in the first quarter with cyclical and value assets outperforming growth sectors that saw outsized returns in 2020. Commodities registered modest gains and oil prices rallied sharply on optimism that demand would rebound even as OPEC+ countries kept a tight rein on additional supplies. The US dollar registered its best quarterly performance since 2018 amid rising expectations of a strong US economic recovery. The yield on the US 10-year Treasury note rose to 1.75% versus 0.9% at the start of the year but remained lower than the 1.9% level registered at the end of 2019. Strong economic recovery and a potential rise in inflation as a result of fiscal spending played crucial roles in yields rising in Q1.

Equities

Global equity markets performed well, registering positive growth during the quarter as the MSCI All Country World Index rose by 9.0%. The performance was dominated by developed market equities as measured by the MSCI World Index, which returned 9.4% during the quarter. Emerging market equities posted modest positive returns of 6.5% but lagged behind developed market equities. The quarter started off by overcoming concerns regarding potential virus-driven restrictions as a successful roll out of vaccinations and the promise of a fiscal and monetary stimuli lifted investor sentiments. However, the subsequent slow pace of vaccine distribution and concerns around a longer-than-anticipated timeline for economic recovery led to global markets stumbling for a short period. The selloffs were short lived as stocks regained some upside momentum on news of strong manufacturing data, firmer oil prices and hopes for additional fiscal stimuli.

European equities accelerated 8.5% in Q1 as hopes of global economic recovery supported sectors that fared poorly in 2020, such as energy and financials. The rise in government bond yields weighed on European equities at the beginning of February. Investors were reassured by the European Central Bank's declaration that the pace of asset purchases could increase if financial conditions should tighten. The region's economic prospects also received a boost after Parliament approved the €672.5 (B) Recovery and Resilience Facility. Italian stocks were a standout within European equities, driven by the reflation rally and Mario Draghi's appointment as prime minister. Despite distinct signs of improvement, Europe's efforts to curb the pandemic and reopen economies experienced yet another setback. French President Emmanuel Macron announced a nationwide four-week lockdown, closing schools and some businesses in an attempt to stymie the new Covid-19 wave. For investors, this serves as a pertinent reminder of the fragile nature of the recovery.

UK Equities accelerated 10.7% for the quarter, supported by speedy vaccine rollouts and a raft of economic stimulus. But a recent spike in virus cases across Europe has made investors cautious. Lowly-valued parts of the market performed well over the quarter with materials, energy and financials registering robust gains. Bank stocks did well on the back of rising yield and better than expected earnings results. On the economic front, the UK economy rebounded from two months of decline in March, according to the latest PMI data from IHS Markit and CIPS. PMI rose to a decade-high of 58.9 in March, its best outcome since February 2011. On the policy front, Finance Minister Rishi Sunak pledged an additional £65 billion stimulus in the budget plan. The Bank of England kept its bank rate at 0.1% at March's MPC meeting and maintained its target stock of asset purchases at £895 billion.

US equity market sentiment remained largely positive amid upbeat forecasts for economic growth and earnings, as well as substantial stimulus tailwinds. Small caps were notable beneficiaries; the Russell 2000 Index rallied 17.3%. Large caps also ascended, with the S&P 500 Index up 10.5%. All of the sectors within the S&P 500 ended the period in the green, with Energy, Financials, and Industrials leading the way. Inflationary fears sparked an uptick in volatility and contributed to a pro-cyclical rotation, although US Federal Reserve Chair Jerome Powell indicated that he does not believe inflation will increase substantially or at a sustained rate. Corporate earnings remained a bright spot in the US with many companies providing upward revisions to their forward-earnings estimates. President Biden announced a stimulus package worth 9% of US GDP leading to upgrades in consensus forecasts for US growth this year. The stimulus package, which includes unemployment benefits, is likely to accelerate consumption.

Asia Pacific equities performed in line with global indices during the quarter and rose by 6.9%. Regional equities rallied strongly in the first half of the quarter as investor optimism was boosted by successful roll out of vaccines, however market momentum softened since late February amid concerns over inflation expectations and rising bond yields. Within the region, Japanese equities were supported by a strong rebound in global goods demand and fewer COVID-19 cases despite the low vaccination rate. On the policy side, the Japanese parliament cleared a record US$1 trillion budget for the next fiscal year, raising hopes of further stimulus spending. The Bank of Japan (BoJ) also made changes to its framework to continue with monetary easing more sustainably and effectively.

The broad measure of EM, the MSCI Emerging Markets Index, was up 6.5% for the quarter. EM performance was mixed, with increasing US Treasury yields and rising inflation expectations fueling concerns about the ability of central banks to maintain low interest rates. Disparity in policy, recovery, and investor sentiment was a pervading theme, which was echoed in Q1 performance. At the country level, Chile and Saudi Arabia were two of the strongest performers. Chile, which rallied a remarkable 21.9%, benefitted from strength in copper and nickel prices, while Saudi Arabia (+21.3%) was buoyed by the oil-price rally.

Bonds

Global bonds (Bloomberg Barclays Global Aggregate Bond Index) saw negative returns (-0.5%) in 1Q21. Even though spreads tightened overall by 4 bp over the quarter, underlying rates returns were negative. Large bear steepening moves were witnessed in most government bond markets.

Sovereign fixed income markets reported sharp increases to yields throughout the first quarter of 2021. Unprecedent amounts of liquidity such as President Biden's $1.9tn fiscal stimulus package, in addition to $900bn already agreed in 2020 raised expectations of inflation in the short term. US treasury yields rose over the quarter with 10 and 30-year yields reaching their highest levels in 12 quarter at 1.71% and 2.41% respectively. Similar expectations were placed across UK and Eurozone with yields increasing both in the core and periphery nations.

Global corporates delivered negative total returns across the board driven by the rise of government bond yields on the back of rising inflation and growth expectations but continued to benefit from the support of the markets, amid higher demand for yield, the continued policy support from governments and central banks and the roll-out of Covid-19 vaccines. Spreads ended the quarter marginally unchanged across all rating and currencies delivering positive excess returns across the board.

High Yield bonds delivered positive total returns across all currencies, benefiting from the improved market sentiment on the back of definitive steps towards the development of a tested Covid-19 vaccine and the higher coupons embedded within the asset class that were able to offset the impact from raising rates.

EM debt experienced a weak first quarter as markets reacted to a number of developments that included investor concerns about rising US Treasury yields leading to a pick-up in market volatility across asset classes; a modest increase in COVID-19 cases in some regions slowing down the recovery in travel and tourism sectors; political developments in some Latin American countries; and idiosyncratic events in Turkey. Markets are also starting to price in the scope of EM central banks responding to rising external inflation pressures.

Alternatives

Commodities (as measured by the Bloomberg Commodities Total Return Index) registered their fourth straight quarterly gains. Optimism regarding economic recovery, supply dislocations and a weakened US dollar assisted in fuelling a rally in commodities. Despite giving up some recent gains in March, the index rose 11.3% for the quarter with energy being the best performing index component as oil prices continued to pick up.

For More Information

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Real estate investment trusts (REITs) as indicated by the FTSE EPRA Nareit Global Real Estate Index gained 10.3% in Q1. Nearly all property sectors posted positive returns during the quarter. The sectors that were negatively affected by the pandemic in 2020 continued their strong performance in 2021.

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

Target exposure to growth assets in our cash +4% strategies ranged from approximately 76% to 88% during the first quarter of the year. As the quarter commenced, The State Street Flexible Asset Allocation Fund was approximately 76% invested in growth assets. The year started with vaccine induced jubilation along with the increased likelihood for additional fiscal stimulus in the US, which combined to brighten the prospects for the reflation trade to continue. In this context, the team re-risked the portfolio in the first half of January by increasing developed large and small cap equity, emerging market equity and commodities, funding from cash. Improving risk sentiment and declining implied volatility moved the MRI into Euphoria in early February, indicating a degree of complacency in the market. The team subsequently reduced the developed equity position and allocated the proceeds to cash. Finally, the portfolio was adjusted towards a riskier stance in the first half of March, with an increased allocation to developed large and small cap equity and commodities, and a reduction in cash and corporate bonds, on the back of a constructive macroeconomic picture, improving high-frequency data and vaccine rollout progress. At the end of the fourth quarter The State Street Flexible Asset Allocation Fund was approximately 88% invested in growth asset.

TVT Strategy

A Target Volatility Trigger (TVT) overlay is applied to The State Street Timewise Funds (2025, 2030, 2035 and 2040), in order to provide a measure of protection against significant falls in equity markets. State Street forecasts equity volatility and dynamically adjusts the equity exposure. Our research has led us to set target volatility for Developed Market (DM) equity to 14% and Emerging Market (EM) equity to 16%.

When viewed as a percentage of the developed equity allocation, the TVT strategy equity exposure was approximately 94% at the beginning of the quarter (emerging market was fully invested). 2021 started off overcoming the concerns regarding the next wave of virus-driven restrictions as a successful rollout of vaccinations and the promise of fiscal and monetary stimuli lifted investor sentiments. Against this backdrop, forecast volatility for developed markets continued to decline, leading the team to re-risk the portfolio by increasing equity exposure to 100%. However, forecast volatility of both developed and emerging markets spiked in late February/early March, as higher inflation expectations caused government bond yields to rise and equity markets to destabilize. As such, the team de-risked both developed and emerging market equity portfolios, reducing equity exposure to approximately 94% and 89%, respectively in early march.

As March progressed, forecast volatility reversed its trend and began to decrease, prompting the team to re-risk the TVT strategies. At the end of Q1, the equity exposure of the developed market TVT strategy was 100% (emerging market was approximately 94%).

Sources: Bloomberg, FactSet, J.P. Morgan, Barclays, Morgan Stanley, Wall Street Journal, and FTSE, as of April 1, 2021

All performance cited is calculated in Euro unless otherwise stated.

Past performance is not a guarantee of future results. Performance returns for periods of less than one year are not annualised. The performance figures contained herein are provided on a gross of fees basis and do not reflect the deduction of advisory or other fees which could reduce the return. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in Euro. Benchmark returns are unmanaged and do not reflect the deduction of any fees or expenses. Benchmark returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable. The calculation method for value added returns may show rounding differences.

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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.