
White Paper
**Environmental, Social
& Governance (ESG)**

July 2020

ESG Investing

From Tipping Point to Turning Point

04 The ESG Superhighway

06 The 3 Trends Driving ESG

06 Trend 1: The Great Reset in a Turbulent 2020

08 Trend 2: Investors Reshaping the
 Investment Industry

12 Trend 3: Boomers Preparing to Transfer
 Wealth to Their Children

14 Time to Act: Consider SPDR Solutions

15 Asset Stewardship

Over the past decade, investors have been inundated with environmental, social and governance (ESG) funds — along with promises of feel-good outcomes and better investment performance. However, wide-ranging ESG definitions, debates about terminology and data, and an explosion in investment choices have created more confusion than conviction.

With the exception of a few passionate proponents, ESG investing has been met largely with indifference. Without a compelling reason to act, ESG has been easy to ignore. That is, until now.

The COVID-19 pandemic has exposed some very real health, social, financial and political inequities around the world. From the quiet of quarantine to the passionate protests against police brutality and racism, focusing on these struggles and injustices has provided us an opportunity to gain greater clarity about the values that are most important to each of us and our families. Strangely, despite the division emphasized by many media reports, for so many of us, the early challenges of this decade have resulted in greater resolve to work together to do better — for everyone.

As with every major turning point in history, there comes a time for less talk and more action. That time is now. We can't quite imagine what's coming. We just know it's time. We can feel it. Crisis has sparked a collective demand for change.

Although the ESG tide has been rising for decades, ESG investing has now reached a critical inflection point. Suddenly, many investors' lingering reservations about ESG investments — performance, data and analytics, cost, and choice — seem to have been resolved.

With a greater emphasis on living according to their values, investors are increasingly ready to take a stand with their investment choices. We believe it is time for ESG investing to move from a check-the-box component of investment portfolios to a must-have ingredient in every portfolio.

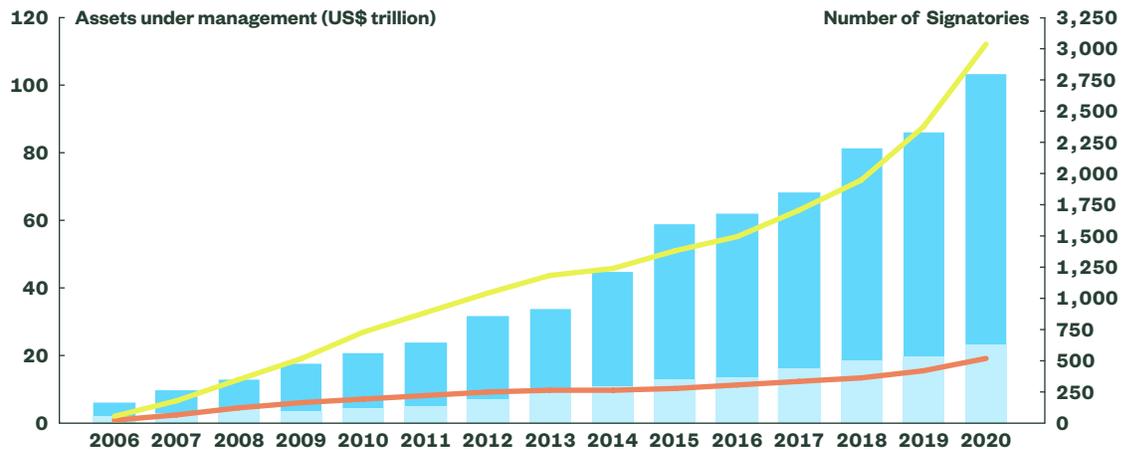
The ESG Superhighway

ESG tends to land in the spotlight during extreme events, such as the 2019 heat wave in Europe, wildfires in Australia and California — and now, the global pandemic.

Beyond the headlines, however, interest in ESG has been growing steadily for some time. Illustrating this greater awareness of ESG issues, the number of signatories to the United Nations-supported Principles for Responsible Investment (PRI) — the principal framework for investors committed to integrating ESG issues into their decision-making — has been increasing, and stood at more than 3,000 as of March 31, 2020. Led by European-based institutional investors, assets under management (AUM) of these PRI signatories has grown from less than \$6 trillion at PRI's launch in 2006 to \$103.4 trillion through the first quarter of 2020.

Figure 1
Steady PRI Growth Spiked in 2019 and Q1 2020

- Assets Under Management (US\$ trillion)
- Asset Owners' AUM (US\$ trillion)
- Number of Asset Owners
- Number of Signatories



Source: Principles for Responsible Investment, as of March 31, 2020.

Of course, because this consideration of ESG issues is voluntary, AUM can be reclassified as ESG without any changes being made in how assets are invested. However, particularly with the number of signatories increasing by 28% in the first quarter of 2020, after a 20% increase for 2019, PRI's steady growth supports the view that many asset owners and investment firms are placing greater emphasis on ESG issues.

ESG has also been on the agendas of international policymakers and institutional investors for decades. And countries all around the world are developing frameworks for action. As reported in the CFA Institute’s “ESG and Responsible Institutional Investing Around the World,” authored by Pedro Matos, the EU’s ambitious regulatory agenda is backed by strong political support for a transition to a low-carbon economy. The European Commission’s “Action Plan: Financing Sustainable Growth” includes initiatives aimed at reorienting private capital toward sustainable projects in order to meet the 2030 targets of the Paris Agreement.

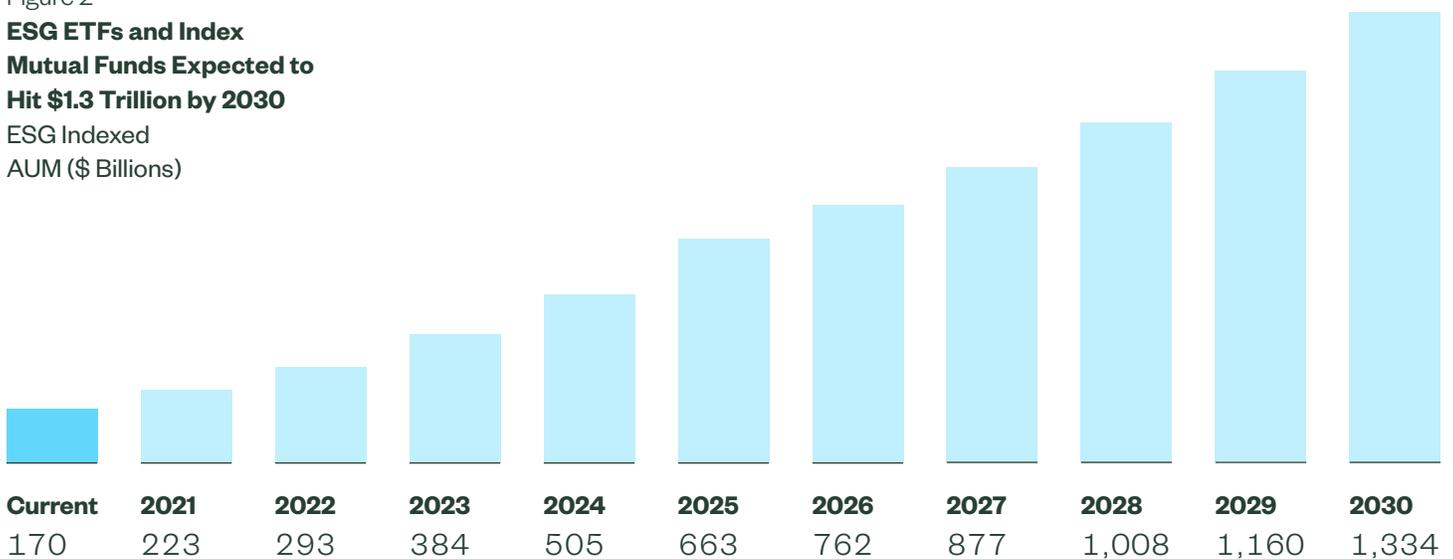
In the US, the regulatory environment regarding pension plans reflects the nation’s current partisan divide, with debate raging on whether fiduciary duties of loyalty and prudence should include the consideration of ESG factors. China issued the “Guidelines for Establishing the Green Financial System” in August 2016.¹ Japan has promoted voluntary adoption of ESG disclosure practices, focusing on the governance component as a way to identify good domestic companies. And in Australia, the Australian Council of Superannuation Investors has developed two proposals around regulation, calling for the acknowledgement of ESG considerations and strengthening investment stewardship by making it more consistent.²

As Matos observes, “Given how the world has globalized, Europe’s more ambitious regulatory efforts (in terms of product labeling, corporate disclosure, and taxonomy) will likely affect investment managers in other regions and be the biggest driver of the growth of sustainable investment.”

Individual investors’ collective call for change is expected to accelerate that trend. In fact, investors’ current passion for ESG could unite governments and their people, laying the foundation for even greater social change.

In turn, we believe that will be supported by three powerful trends that we expect will drive a nearly eightfold increase in global ESG ETF and index mutual fund assets — from \$170 billion as of May 31, 2020 to more than \$1.3 trillion by 2030.³

Figure 2
**ESG ETFs and Index
 Mutual Funds Expected to
 Hit \$1.3 Trillion by 2030**
 ESG Indexed
 AUM (\$ Billions)



Source: Morningstar, State Street Global Advisors, May 31, 2020.

The 3 Trends Driving ESG

1

The Great Reset in a Turbulent 2020

As much as we feel like we are on the verge of real and necessary change, it's important to acknowledge that we've been here many times before — and lost the opportunity to address environmental, social and governance challenges.

In fact, in a strange twist of fate, it was the extraordinary policy responses to another crisis that laid the foundation for today's turmoil. Massive fiscal and monetary policies implemented in the aftermath of the global financial crisis rewarded holders of financial assets but did precious little for the broader economy. So, while capital markets rallied and the modest economic expansion endured for more than a decade, beneath the surface, the ESG challenges festered — paving the way for the divisive, populist politics that define the current era. All that was needed to fuel the flames was a spark. And in early 2020, COVID-19 and its chain reactions provided that spark.

As of June 30, according to the Johns Hopkins Coronavirus Resource Center, there have been 10 million confirmed COVID-19 cases globally, with more than 500,000 deaths. In addition to the human tragedy, COVID-19 has had severe negative impacts on the economy, corporate profits and the labor market.

However, the pandemic's most gut-wrenching consequence is that the health, social and financial struggles it has created are not shared equally. The people least able to combat the negative impacts of the virus are the ones shouldering the biggest burdens. Addressing the response of the Federal Reserve (Fed) to the pandemic in a mid-May *60 Minutes* interview, Fed Chairman Jay Powell observed, "The people who're getting hurt the worst are the most recently hired, the lowest-paid people. It's women, to an extraordinary extent. We're actually releasing a report tomorrow that shows that, of the people who were working in February who were making less than \$40,000 per year, almost 40% have lost their jobs in the last month or so. Extraordinary statistic. So that's who's really bearing the brunt of this."

The COVID-19 pandemic and its aftershocks have put a spotlight on important ESG issues, such as income inequality, diversity and inclusion, social injustice, employee welfare and climate change. Burying our heads in the sand, hoping that it all just goes away or that somebody else will deal with these issues is no longer an option. Many investors have also concluded that they can no longer look the other way and are ready to address these ESG issues in their portfolios.

At the same time, the crisis has underscored how nonfinancial ESG factors can impact long-term valuation, leading to a more complete application of ESG. That is, while ESG's "E" has been a readily understood and acted-upon element of ESG, the pandemic has pulled the more vague "S" and "G" attributes into sharper focus. Factors such as a company's contingency planning and work environment, as well as how they treat their customers and communities, are now top-of-mind for many investors. While climate change dominated many annual shareholder meetings last year, the COVID-19 pandemic will likely mean greater emphasis on the treatment of employees and the behavior of corporate boards.

With greater attention from investors, we believe that these ESG issues will differentiate companies to a much greater extent than they have in the past. And there will be winners and losers, in our opinion, based on environmental and labor standards and governance practices in addition to corporate balance sheets.

At the very least, in our view, the more complete personal embrace of ESG resulting from the pandemic will move ESG investing away from simply complying with a government mandate.

The 2010s were all about laying the groundwork for ESG investing through education and government regulation. We expect the 2020s will be about renewed commitment and putting ESG investing into action.

2

Investors Reshaping the Investment Industry

In the past decade, investor appetite for indexing and transparent rules-based factor investment strategies at an affordable cost with greater tax efficiency has permanently changed the investment landscape.

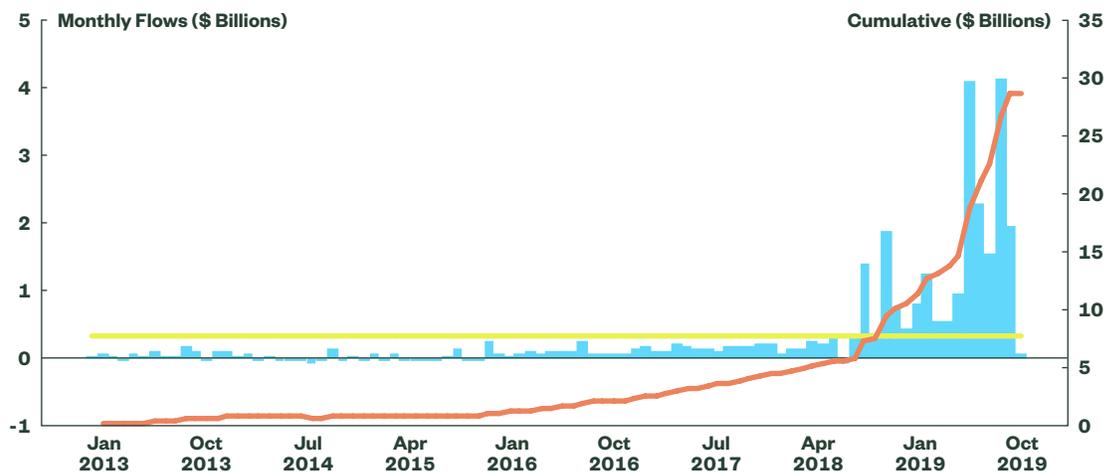
Investors are demanding even more choices when it comes to their investments. Not surprisingly, exchange traded funds (ETFs) and index mutual funds have been the primary beneficiaries of this massive industry transformation.

However, until recently, investor adoption of ESG ETFs and index mutual funds has been, at best, uneven. Despite compound annual growth rates (CAGR) of more than 30%, ESG ETFs make up a fraction of the industry's more than \$6 trillion in assets under management globally. But the COVID-19 pandemic may be changing investor attitudes toward ESG investing.

In fact, according to Morningstar, during the first quarter of 2020, ESG funds attracted record inflows. Globally, ESG funds saw inflows of \$45.7 billion, while the broader fund universe had an outflow of \$384.7 billion as markets plunged in response to the pandemic.⁴

Figure 3
ESG Funds Flows Spiked in the US in Q1 2020

■ ESG Flows
■ Average
■ Cumulative



Source: Data from Bloomberg Finance L.P., as of 03/31/2020, calculations by SPDR Americas Research as of 06/15/2020.

In the US, ESG funds saw a record \$14.4 billion of inflows through June 30, more than the \$9.1 billion pumped into sustainable funds in 2019.⁵ Remarkably, inflows have been relatively constant throughout the COVID-19 crisis, even with flows into broad-based equity ETFs turning negative for some of the period. Interestingly, ESG fixed income ETF flows remain inconsequential, presenting a further opportunity in the category as fixed income ETFs continue to grow.⁶

In the first six months of this year, European-domiciled ESG ETFs enjoyed net inflows of \$14.2 billion.⁷ Momentum for ESG ETFs is also building in Australia, where AUM surged almost fourfold — from AU\$554.1 million in 2017 to AU\$2.2 billion in 2019.⁸

The pandemic environment continues to help investors overcome the traditional obstacles to ESG investing — performance, data and analytics, cost, and choice.

This transformation is helping investors to:

Incorporate ESG Factors for Sustainable Performance

Although you might expect companies with stronger governance, risk management practices and labor standards to outperform, we believe many investors wrongly associate ESG issues with negative effects. That is, they hold that incorporating ESG data, especially in the “best-in-class” space (where companies with better ESG ratings are systematically overweighted), negatively impacts a portfolio’s performance. However, a recent Morningstar study concludes that there is “no evidence that investors need to sacrifice returns when they invest in good ESG companies globally compared with bad ESG stocks.”⁹

Moreover, studies have identified a positive link between ESG integration and measures of corporate performance. In fact, in a well-known meta-study of over 2,000 academic studies, 90% showed a non-negative relationship between the incorporation of ESG factors and corporate financial performance, and 63% identified a positive link.¹⁰

Some investors also have expressed concerns that ESG investments would result in subpar performance or would risk sizable deviations from benchmark returns — so-called tracking error — a particular concern for investors expecting index-like returns. So far, those fears have proven to be unfounded.¹¹

Additionally, ESG has been characterized by some as a luxury investors could afford in a bull market, but a choice that might be too costly in a downturn. However, in a recent analysis of selected ETFs and mutual funds, S&P Global Market Intelligence analyzed the performance of 17 ESG ETFs and mutual funds with more than \$250 million in AUM. For the year-to-date period through May 15, 2020, 83% of them outperformed the S&P 500.¹²

Morningstar’s “ESG Indexes Protect on the Downside” concluded that 72% of Morningstar equity indexes that incorporate ESG screens lost less than the market during down periods for the five years through the end of 2019. A follow-up study after the Q1 2020 selloff found that 51 of Morningstar’s 57 ESG-screened indexes, or 89%, outperformed their broad market equivalents in the first quarter of 2020.¹³

These studies suggest that portfolios with ESG integration may provide downside protection when markets are struggling, underscoring ESG’s potential role as a long-term investment.

Rely on Better Data to Make Better Decisions

As ESG investing has slowly garnered greater interest from investors over the past decade, there has been a surge in data and analytics providers, all claiming to have the secret sauce to ESG investing success. This data overload has investors confused and struggling to determine which ESG factors have a material impact on a company's financial performance.

In surveys, institutional investors consistently report that inconsistent ESG data across providers and the unavailability of data in some areas of the market hinder their adoption of ESG. As institutions continue to work to integrate ESG analysis into the investment process and simultaneously manage a host of new reporting requirements, the importance of reliable data will only increase.

Thankfully, investment managers have identified and partnered with several leading-edge ESG data and analytics providers. We believe these partnerships have been significant in improving ESG data and analytics for investors.

State Street is committed to helping investors understand how material ESG issues impact a company's value. While ESG investing is still in its early stages, we are committed to combining our financial data and analytics capabilities with our investment practitioner perspective to create a new generation of ESG solutions.

We've forged partnerships with leading ESG data providers to enhance our investment decision-making. In addition, we incorporate our proprietary ESG insights into our investment processes across a wide array of asset classes. We've even leveraged a subset of these data sets to create our own proprietary ESG scoring system. Leveraging the Sustainability Accounting Standards Board (SASB) framework, it measures a company's business operations and governance relative to industry-specific ESG issues likely to affect a company's financial performance.

Our scoring system supports the increasing awareness that material issues vary across sectors and industries. In the financial sector, for example, governance issues (board representation, ethics, lobbying efforts) may weigh more heavily than environmental issues. Whereas in the energy sector, environmental issues are key (climate change, waste management, air quality).

Notably, analysis using SASB's materiality framework found that companies that address material ESG issues and ignore immaterial ones outperform those that address both material and immaterial issues by 4% and outperform companies that address neither by nearly 9%.¹⁴

For all investors, using ESG to inform better decision-making starts with the right data. To that end, we are working with leading index providers to incorporate ESG data and analytics into flagship indices.

The increased transparency and improved reporting helps investors to better understand their ESG exposures, take action to achieve their investment goals and monitor progress.

Gain ESG Exposure with Cost-Effective ETFs

One of the greatest single benefits of investors' devotion to indexing and transparent rules-based factor investment strategies is that it has significantly reduced costs for all investors. However, depending on the asset class or investment category, there are major differences in cost. As of May 31, assets in the active ESG mutual funds category dwarf the assets in ESG ETFs and index mutual funds by more than three times.¹⁵ We believe that as investors increase their allocations to ESG investments, they will do so through more cost-effective ETFs and index funds.

As an example, the average US actively managed ESG mutual fund has a total cost of 0.86 percentage points per year on an asset-weighted basis, which is more than three times higher than the 0.25 percentage total cost of the average US ESG indexed ETF.¹⁶ As investing's great democratizer, ETFs offer a transparent and low-cost way to invest.

And ESG ETFs now make investment strategies that were once available only to the largest investors available to everyone.

Customize Portfolios with ESG Funds

One of the durable trends reshaping the investment management industry over the past decade has been that investors want more choices. However, as ESG investment choices increase, the behavioral finance "paradox of choice" has resulted in more investor inertia. Now, as the growth in ESG investing is forecasted to skyrocket in the post-pandemic environment, investment managers are flooding the market with new products to meet growing investor demand. But how does launching hundreds of ESG funds, with the hope that a handful will catch fire, serve the ESG investor?

We understand that ESG investing is deeply personal. There is no one-size-fits-all approach. But greater choice isn't always better choice. That's why we thoughtfully work to meet the ESG investment goals of our clients — managing risk, aligning their investments with their values, pursuing sustainable performance. For some investors, simply excluding certain types of investments may be enough. While for many others, a best-in-class or more fully integrated ESG investment solution may be appropriate. Finally, some investors may just want to invest in an ESG theme, like increasing diversity in the corporate boardroom.

With a long-standing focus on clients, our experts are crafting ESG ETFs that meet our clients' evolving needs.

3

Boomers Preparing to Transfer Wealth to Their Children

Here's where the tipping point for ESG becomes a powerful turning point.

We believe that ESG investing's ability to manage risk and create long-term value — so attractive to institutions — also makes ESG a clear choice for individual investors, especially families thinking about legacy planning. In our view, greater use of ESG as a quality factor that can improve portfolios and lead to a better world will have an especially profound impact on society as the greatest intergenerational wealth transfer in history begins.

Wealth-X's "A Generational Shift: Family Wealth Transfer Report 2019" estimates that by 2030, \$15.4 trillion of global wealth will be transferred by individuals with a net worth of \$5 million or more. In North America, \$8.8 trillion will be passed on by 2030, followed by \$3.2 trillion in Europe and \$1.9 trillion in Asia.¹⁷

In the US, according to Cerulli Associates, Baby Boomers will pass nearly \$48 trillion in assets to their heirs and charities over the next 25 years. When we include assets from Generation X — those born between 1965-1980 — Cerulli suggests that \$68.4 trillion will be transferred by US households over the next quarter century.¹⁸

Here, too, the global pandemic has highlighted an opportunity for investors. Many Boomers — folks born between 1946-1964 — were shocked to find themselves in COVID-19's "at-risk" group. Boomers still view themselves as much too young to be lumped into that category for old people. But the oldest Boomers are now approaching age 75. And by the end of this decade, the youngest of them will be turning 65, retirement age.

During the pandemic, stay-at-home orders around the world combined with the economic pain unleashed by COVID-19 have resulted in more forced family togetherness. Sadly, many younger adults have lost their jobs and abandoned urban city centers to return home to the perceived safer suburbs of their youth. Not to mention college and high school students unexpectedly stuck at home with dear old mom and dad. By some estimates, more than 35% of adults between the ages of 18 and 35 are living with their parents.

With the human tragedy of the COVID-19 pandemic unfolding and the increasing focus on the need to address systematic racism, Boomer parents and their stuck-at-home children are having real conversations about personal values. This growing dialogue between parents and their children has naturally flowed into discussions about estate planning, planned giving and family philanthropy as a means to enact real societal changes. In our view, there has never been a greater sense of urgency to act than there is right now.

We think of ESG investing as a bridge between Boomers — who are desperately trying to hold on to their youthful dreams of making the world a better place — and their children who want to ensure that their actions, including their investments, are aligned with their values. Ultimately, this may create a powerful joint vision for the family's legacy.

We expect the enormous transfer in wealth from Boomers to their children has the potential to fuel incredible growth in ESG investing over the next decade.

Studies show that many Millennials — people born between 1981–1996 — understand the benefits of ESG investing. Eighty-seven percent of high net-worth Millennials consider a company’s ESG track record an important consideration in their decision about whether to invest.¹⁹ Another study found that 90% of Millennials want to tailor their investments to their values.²⁰ And State Street Global Advisors’ own 2019 wealth management survey found that 75% of Millennials indicate it is important that their financial advisor assist them with ESG investing.²¹

We believe that as the transfer of wealth occurs, ESG investing will soon be in the mainstream of every investment portfolio. And, in our view, that change will reverberate and be magnified through increased government regulation and institutional investments.

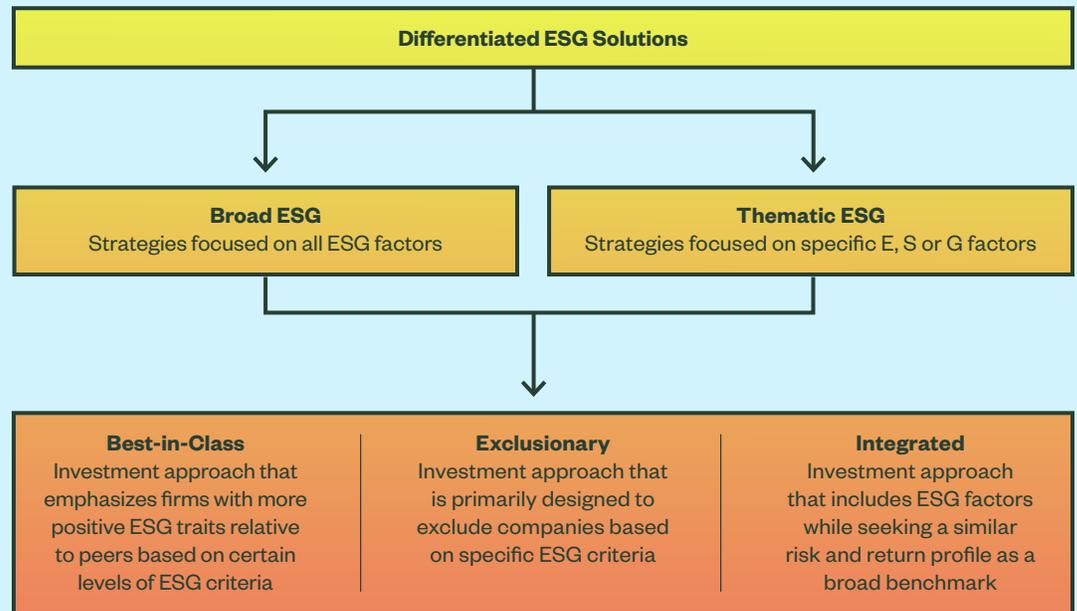
Time to Act

Consider SPDR Solutions

Whether you want to manage risk, express your values, or pursue sustainable performance, ESG investing has the potential to improve your decision-making and support your desire to move society forward.

Choose Your Path with SPDR's ESG Solutions

For more than 35 years, investors have used our ESG strategies as benchmark replacements, unique satellite exposures and model building blocks.



We're Committed to Meeting Investors' Needs

We'll continue to advance ESG data and analytics to design the next generation of ESG funds — and use our voice and vote to encourage portfolio companies to act on material ESG issues.

Asset Stewardship

The world has undergone tremendous changes in the past six months. From the vast human tragedies, a passionate commitment to make long-lasting, positive changes has emerged. Amid so much turbulence and uncertainty, one thing is clear — there is no turning back. And along with social change, we believe the trends reshaping the investment management industry and the largest wealth transfer in history will collide to result in a nearly eightfold increase in ESG ETFs and index mutual fund assets this decade.

State Street Global Advisors remains committed to helping the world's governments, institutions and financial advisors reach their ESG investing goals. For four decades, we have applied a rigorous, risk-aware approach built on research, analysis and market-tested experience to build a breadth of cost-effective investment solutions. As stewards of our clients' capital, we help investors see that what is fair for people and sustainable for the planet can deliver long-term performance.

As the creator of the world's first ETFs, State Street Global Advisors democratized investing with the launch of the SPDR® S&P 500® ETF (SPY) in 1993. In 2001, we launched the first ETF in Australia, the SPDR S&P/ASX 200 Fund (STW). Continuing as pioneers in index, ETF, and ESG investing, we are always exploring new ways to invest. And we remain committed to moving forward to improve the world with groundbreaking new ESG ETFs.

We began managing ESG portfolios more than 35 years ago and today manage \$306 billion in ESG assets on behalf of our clients around the globe. We know that when it comes to ESG investing, it's less about talking about the number of fund choices you have or the growth of your assets. ESG is about putting your money where your mouth is. ESG is about action.

In March 2017, that belief led State Street Global Advisors to place the Fearless Girl statue in the heart of New York's financial district to serve as the public face of our efforts to raise awareness about the importance of gender diversity in corporate leadership. Since Fearless Girl's launch, we have identified more than 1,300 companies around the world with no women on their board, and we have made it clear that we will not hesitate to use our proxy voting power to affect change if they fail to act. We voted against more than 500 of these companies in the first year of the campaign, against over 600 companies in the second year and against over 450 in the third year for failing to take steps toward adding a female board director. Following our engagement, 681 companies have added a woman to their board.

In September 2018, we extended our board diversity guidelines and now vote against the entire slate of board members on the nominating committee if the company does not have at least one woman on its board and has not engaged in successful dialogue with us on this topic for three consecutive years. This impacts companies in the US, UK and Australia in 2020 and will go into effect in 2021 for companies in Japan, Canada and continental Europe. But there is still more to be done.

It's time to come together. Step forward in ESG investing with us — to make the world a better, more equal place for everyone.

Authors

Rory Tobin

Head of Global SPDR ETF Business

Sue Thompson

Head of SPDR Americas Distribution

Matteo Andreetto

Head of SPDR EMEA Business

Meaghan Victor

Head of SPDR ETF Asia Pacific Distribution

Michael Arone, CFA

Chief Investment Strategist,
US SPDR Business

Suzanne Smetana

Head of ESG Investment Integration

Brie Williams

Head of Practice Management,
Global SPDR Business; Americas ETF
ESG Champion

Endnotes

- 1 Pedro Matos, ESG and Responsible Institutional Investing Around the World, CFA Institute, 2020.
- 2 Sarah Simpkins, "AUS Regulation lags Behind," Investor's Daily, May, 10, 2020.
- 3 State Street Global Advisors, June 2020, based on Morningstar data as of May 31, 2020.
- 4 Morningstar, March 31, 2020.
- 5 Bloomberg Finance, L.P., as of June 30, 2020.
- 6 Bloomberg Finance L.P., June 30, 2020.
- 7 Morningstar, as of June 30, 2020.
- 8 "Australian Investors Warm to Sustainable Investing," The Asset, February 26, 2020.
- 9 Patrick Wang and Madison Sargis, "Better Minus Worse: Evaluating ESG Effects on Risk and Return," Patrick Wang and Madison Sargis (2020).
- 10 Gunnar Friede, Timo Busch & Alexander Bassen, "ESG and financial performance: aggregated evidence from more than 2000 empirical studies", Journal of Sustainable Finance & Investment, Volume 5, Issue 4, p. 210-233, 2015.
- 11 Madison Sargis, Patrick Wang, "How Does Investing in ESG Companies Affect Returns?", Morningstar, February 19, 2020.
- 12 Benice Napach, "ESG-Focused Funds Are Outperforming During Pandemic," Think Advisor, May 21, 2020.
- 13 Morningstar, "How Did ESG Indexes Fare During the First Quarter Sell-off?" April 8, 2020.
- 14 McKinsey & Company, "Sustainability: What institutional investors should do next on ESG," June 2016; Mozaffar Khan, George Serafeim, and Aaron Yoon, Corporate sustainability: First evidence on materiality, Harvard Business School working paper, posted March 9, 2015, revised February 1, 2017, hbs.edu.
- 15 Morningstar, as of May 31, 2020.
- 16 Morningstar, as of June 30, 2020.
- 17 Wealth-X's A Generational Shift: Family Wealth Transfer Report 2019, June 2019.
- 18 Cerulli Associates, U.S. High-Net-Worth and Ultra-High-Net-Worth Markets 2018: Shifting Demographics of Private Wealth.
- 19 US Trust, US Trusts' Insights on Wealth and Worth. 2018.
- 20 Morgan Stanley Institute for Sustainable Investing, Sustainable Signals — The Individual Investor Perspective. 2019.
- 21 State Street Global Advisors, State Street Global Advisors Individual Investors 2019 Study. A global survey on consumer sentiment, purpose and behavior in wealth management. Q: How important is it that your advisor help you with impact/ethical and/or ESG investing?

About State Street Global Advisors

For four decades, State Street Global Advisors has served the world's governments, institutions and financial advisors. With a rigorous, risk-aware approach built on research, analysis and market-tested experience, we build from a breadth of active and index strategies to create cost-effective solutions. As stewards, we help portfolio companies see that what is fair for people and sustainable for the planet can deliver long-term performance. And, as pioneers in index, ETF, and ESG investing, we are always inventing new ways to invest. As a result, we have become the world's third-largest asset manager, with US \$3.05 trillion* under our care.

* This figure is presented as of June 30, 2020 and includes approximately \$69.52 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.

ssga.com/etfs

State Street Global Advisors Worldwide Entities

Australia: State Street Global Advisors, Australia Services Limited (ABN 16 108 671 441) (AFSL Number 274900) ("SSGA, ASL"). Registered office: Level 15, 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 Ireland Limited. 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. **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. **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, One Iron Street, Boston, MA 02210-1641. T: +1 617 786 3000.

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 Ireland Limited, Milan Branch (Sede Secondaria di Milano) 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, Milan Branch (Sede Secondaria di Milano), is registered in Italy with company number 10495250960 - R.E.A. 2535585 and VAT number 10495250960 and whose office is at Via Ferrante Aporti, 10 - 20125 Milano, Italy. T: +39 02 32066 100. F: +39 02 32066 155. **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 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. **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, One Iron Street, Boston, MA 02210-1641. T: +1 617 786 3000.

Important Information

The information provided does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. You should consult your tax and financial advisor. All material has been obtained from sources believed to be reliable. There is no representation or warranty as to the accuracy of the information and State Street shall have no liability for decisions based on such information.

Investing involves risk including the risk of loss of principal.

Past performance is no guarantee of future results.

In general, ETFs can be expected to move up or down in value with the value of the applicable index. Although ETF shares may be bought and sold on the exchange through any brokerage account, ETF shares are not individually redeemable from the Fund.

ESG considerations may cause a fund to make different investment decisions than funds that do not incorporate such considerations in their strategy or investment processes. This could cause the Fund's investment performance to be worse than funds that do not incorporate such considerations. ESG considerations also may affect a fund's exposure to certain sectors and/or types of investments, and may adversely impact the Fund's performance depending on whether such sectors or investments are in or out of favor in the market.

Equity securities may fluctuate in value in response to the activities of individual companies and general market and economic conditions. **Non-diversified funds** may invest in a relatively small number of issuers, a decline in the market value may affect its value more than if it invested in a larger number of issuers. While the Fund is expected to operate as a diversified fund, it may become non-diversified for periods of time solely as a result of changes in the composition of its benchmark index.

Passively managed funds hold a range of securities that, in the aggregate, approximates the full Index in terms of key risk factors and other characteristics. This may cause the fund to experience tracking errors relative to performance of the index.

While the shares of ETFs are tradable on secondary markets, they may not readily trade in all market conditions and may trade at significant discounts in periods of **market stress**.

ETFs trade like stocks, are subject to investment risk, fluctuate in market value and may trade at prices above or below the ETF's net asset value. Brokerage commissions and ETF expenses will reduce returns.

When distributed in the US:

Distributor: State Street Global Advisors Funds Distributors, LLC, member FINRA, SIPC, an indirect wholly owned subsidiary of State Street Corporation.

© 2020 State Street Corporation.
All Rights Reserved.
ID296452-3164989.21.GBL.RTL O920
Exp. Date: 07/31/2021