STATE STREET GLOBAL ADVISORS SPDR®

March 2025
FAQs

SPDR® Bridgewater® All Weather® ETF (ALLW)

Overview

The SPDR® Bridgewater® All Weather® ETF (ALLW) is an actively-managed, diversified, global multi-asset allocation strategy that seeks to be resilient across a wide range of market conditions, including economic contractions and elevated inflation.

ALLW is designed to balance assets with various sensitivities to key economic environments without predicting which environment is ahead. It achieves this by allocating equal risk to different growth and inflation environments. ALLW may invest across a range of global asset classes, such as domestic and international equities, nominal and inflation-linked bonds, and commodity exposures.

ALLW uses Bridgewater's portfolio construction expertise and macro understanding to build and evolve the model portfolio. SSGA Funds Management Inc. then implements the model by purchasing and selling securities and/or instruments for the fund.

Why is State Street Global Advisors launching the fund?

With equity valuations elevated and investors historically concentrated amidst an uncertain economic and political landscape, demand for diversifying alternative investment solutions is rightly increasing among both institutional investors and financial advisors.[1]

Created in 1996 by Bridgewater, the All Weather approach to asset allocation has been used for decades by many of the largest and most sophisticated institutional investors globally to enhance portfolio diversification while seeking to achieve long-term capital appreciation.

With the launch of ALLW, State Street Global Advisors (SSGA) aims to provide all investors with access to Bridgewater's long-standing approach to constructing multi-asset portfolios in an ETF wrapper, helping them improve portfolio resilience across a wide range of market environments.

Who is Bridgewater Associates?

Bridgewater Associates is one of the world's preeminent investment firms - this year celebrating its 50*th* Anniversary. Founded in 1975 by Ray Dalio, Bridgewater is known for the depth of its macroeconomic understanding, groundbreaking approaches to portfolio construction, and close partnership with its network of institutional clients. Bridgewater has pioneered world class, innovative, and diversifying investment strategies that it has managed continuously for decades.

What is the expense ratio of the fund?

ALLW's gross expense ratio is 0.85%. The gross expense ratio is the fund's total annual operating expense ratio. It is gross of any fee waivers or expense reimbursements. It can be found in the fund's most recent prospectus.

What is Bridgewater's All Weather approach? What are the benefits of this approach?

The All Weather approach is designed to capture the 'returns on offer' across a wide range of assets as consistently as possible. It is predicated on the recognition that concentrating in any one or two assets is risky and can — and historically has — led to prolonged periods, even decades, of underperformance relative to cash.

However, many investors are skittish about diversifying away from equities because they believe it will come at the expense of returns. This is because assets like nominal bonds have a much lower level of 'native' risk — and therefore return.

Bridgewater's All Weather approach uses capital-efficient portfolio engineering techniques to put different assets on a 'level playing-field' of risk and return. It then combines these assets into a portfolio designed to be neutralized to the different times when certain assets suffer — leaving behind only assets' structural 'returns on offer' (also known as the 'risk premium') to accrue over time.

So while market participants might be surprised by inflation shifts or a growth bust, All Weather is built to be resilient across a wide range of economic and market conditions. In so doing, it seeks to compound capital with equity-like, but relatively stable, returns over time without trying to predict the future.

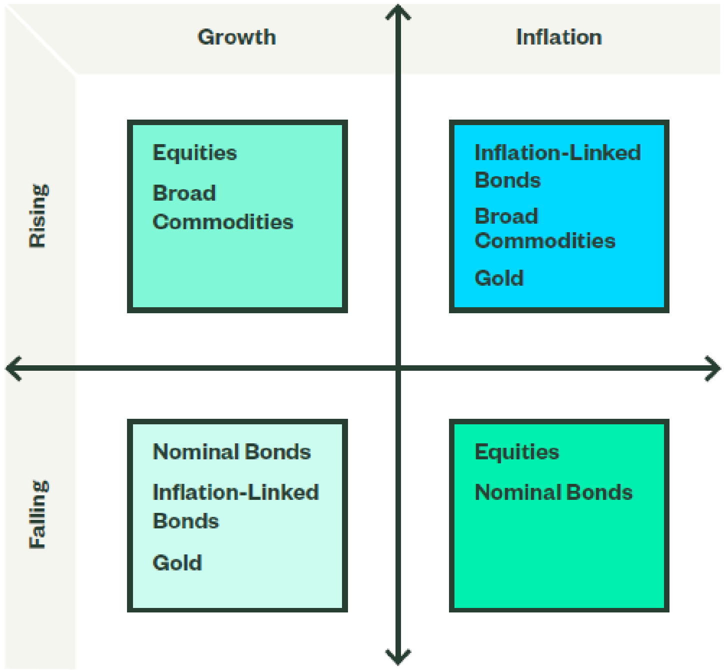
In sum, the All Weather approach offers investors another option for asset allocation decisions — but in a way designed to reduce portfolio concentration, enhance diversification, and better weather periods that are bad for traditional portfolios.

How is the fund managed?

What are the benefits of the division of responsibilities between Bridgewater and SSGA?

Applying the proprietary All Weather asset allocation approach, Bridgewater creates a diversified, multi-asset allocation model portfolio by allocating equal risk to four 'sub-portfolios, each designed to outperform in their respective economic environments (see Figure 1). These sub-portfolios are constructed with diverse geographic exposures and are based on a systematic process that balances diversification, liquidity, and other investment considerations. As such, the composition of ALLW will change based on Bridgewater's assessment of asset class risk and diversification properties, and evolutions in its understanding of how to best achieve this balance.

Figure 1: Balance Risk to Various Growth and Inflation Environments



Source: Bridgewater Associates. Investment principle represents the opinion of Bridgewater Associates. For illustrative purposes only.

Bridgewater provides this model portfolio to SSGA on a daily basis. SSGA implements the model portfolio by applying 40+ years of expertise managing multi-asset solutions and ETFs.

SSGA has vast experience in delivering ETF solutions, managing ETF creations and redemptions, and efficient portfolio rebalancing. Combined with SSGA's global trading capabilities across equities, fixed income, and commodity markets, it may help deliver the All Weather strategy in a liquid and tax-efficient manner with precision.

How can the fund be used in a portfolio?

As a strategic allocation in a portfolio, ALLW provides capital-efficient exposure to a wide variety of global liquid assets (including ones that are underrepresented in typical asset allocations), which allows investors to deploy it flexibly in their portfolios: as a core source of returns and/or as a diversifier to traditional portfolios. Investors may use ALLW in a number of ways:

- By funding from higher-risk asset classes like equities, ALLW may help reduce equity risk without sacrificing returns.
- By funding from lower-risk asset classes like bonds, ALLW may potentially enhance portfolio returns.
- With its balanced, multi-asset global allocation, ALLW can be a potential diversifier to both traditional (e.g., cash, stocks, bonds) and alternative (e.g., private equity, private credit, real estate, etc.) sleeves of portfolios.

What are the fund's relative performance expectations vs traditional 60/40 portfolios?

ALLW is expected to provide returns that are more resilient over the long term than a concentrated portfolio like the 60/40. This is a function of the strategy's thoughtfully balanced risk exposures, compared to a 60/40 portfolio which has over 90% of its risk in equities and is therefore more susceptible to equities' booms and busts.

ALLW, however, may underperform the equity-dominant 60/40 portfolio when equities are the best-performing asset.

What assets may the fund invest in?

And, what's the purpose of using derivatives to gain certain exposures?

ALLW may invest across a range of global asset classes, such as domestic and international equities, nominal and inflation-linked bonds, and commodity exposures. It seeks to obtain asset class exposures directly and/or through the use of derivatives (e.g., futures and swaps) and exchange traded products (ETPs).

The fund may use derivatives to improve capital efficiency, obtaining leveraged exposure to certain asset classes so that low-risk assets (e.g., bonds) can have higher expected returns while still balancing the economic biases of high-risk assets like stocks.

The fund may also use derivatives if they provide greater tax efficiency and liquidity than investing in physical securities.

How does the fund utilize leverage in the portfolio?

ALLW uses leverage to put different assets on a 'level playing field' of risk. For instance, over time, nominal bonds will be less volatile than equities, and because of this they will also offer lower returns. But with the prudent use of leverage, nominal bonds can be brought to a similar risk level as equities, and therefore a similar level of expected return. This allows the assets to provide balance against each other, without sacrificing expected returns.

Without the use of leverage at the portfolio level, diversifying into lower risk assets like bonds would require accepting lower expected returns. By employing more capital-efficient approaches, however, investors can hold more assets than the initial cash outlay in a way that enhances the expected return of the portfolio, while decreasing the expected risk through diversification (i.e., increasing returns per unit of risk).

Derivative usage varies across asset classes based on market liquidity, transaction costs, financing costs, counterparty risk, and tax efficiency. ALLW may choose to use derivatives in markets where the financing cost and/or expected volatility is low, markets are liquid, counterparty risks are easier to control, or investing in physical securities is treated less favorably by the US tax code.

Since the fund is an actively managed ETF, will the portfolio composition change rapidly?

The goal and broad design of All Weather — to hold assets in a way as balanced as possible to different growth and inflation outcomes — does not change. However, there will be shifts in the portfolio composition over time that reflect Bridgewater's learnings about how to better implement the All Weather approach.

ALLW is not tactically managed based on Bridgewater's views of which asset is likely to outperform in the near term.

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What is the expected tax treatment of the fund?

ALLW is a registered investment company (RIC) under the 1940 Act. The fund reports income on Form 1099-DIV.

Despite investing in commodity-linked derivatives, the fund does not issue a Schedule K-1 as the fund holds the commodity-linked derivatives through a wholly-owned Cayman Islands subsidiary to minimize non-qualifying income.

Is the fund's investment strategy the same as Bridgewater's All Weather strategy offered via private funds?

The philosophy and approach are the same, but the portfolios will be intentionally different because they are each designed to maximize the benefits of the All Weather approach with different investor bases, tax treatments, and priorities.

More specifically, both ALLW and the private funds seek to achieve a balanced exposure to growth and inflation, applying the same fundamental macro understanding and investment process. However, the primary difference between ALLW and the private funds is that ALLW places more emphasis on tax considerations in its asset allocation and security selection decisions, as well as the need to meet '40 Act fund regulations.

As a result, the specific mix of asset classes and geographies held in ALLW will, by design, not match the private funds' over time.

Footnotes

1. State Street Global Advisors, ETF Impact Report, 2024

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ssga.com

Bridgewater provides a daily model portfolio to SSGA Funds Management Inc. (SSGA FM) based on their proprietary All Weather® asset allocation approach. The model portfolio is specific to the Fund. Based on Bridgewater's investment recommendations, SSGA FM purchases and sells securities and/or instruments for the Fund. SSGA FM seeks to implement Bridgewater's investment recommendations, but may change the Fund's investment allocation at any time.

Important Risk Information
Investing involves risk of including the risk of loss of principal.

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

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.

The Fund is **actively managed**. The Adviser's judgments about the attractiveness, relative value, or potential appreciation of a particular sector, security, commodity or investment strategy may prove to be incorrect, and may cause the Fund to incur losses. There can be no assurance that the Adviser's investment techniques and decisions will produce the desired results.

Equity securities may fluctuate in value and can decline significantly in response to the activities of individual companies and general market and economic conditions. The value of the **debt securities** may increase or decrease as a result of the following: market fluctuations, increases in interest rates, inability of issuers to repay principal and interest or illiquidity in the debt securities markets; the risk of low rates of return due to reinvestment of securities during periods of falling interest rates or repayment by issuers with higher coupon or interest rates; and/or the risk of low income due to falling interest rates.

Commodities and Commodity-Linked Derivatives: Commodity prices can have significant volatility, and exposure to commodities can cause the net asset value of Fund Shares to decline or fluctuate in a rapid and unpredictable manner. A liquid secondary market may not exist for certain commodity investments, which may make it difficult for the Fund to sell them at a desirable price or at the price at which it is carrying them.

The Fund may seek exposure to commodities by, among other things, investing in a wholly-owned subsidiary, an exempted limited company organized under the laws of the Cayman Islands ("Subsidiary") and managed by the Adviser. The Subsidiary is not registered under the Investment Company Act of 1940, as amended ("1940 Act") and is not subject to all of the investor protections of the 1940 Act. Thus, the Fund, as an investor in the Subsidiary, will not have all of the protections offered to investors in registered investment companies.

Derivatives Risk: A derivative is a financial contract the value of which depends on, or is derived from, the value of an underlying asset, interest rate, or index. Derivative transactions typically involve leverage and may have significant volatility. It is possible that a derivative transaction will result in a loss greater than the principal amount invested, and the Fund may not be able to close out a derivative transaction at a favorable time or price.

Market Risk: The Fund's investments are subject to changes in general economic conditions, general market fluctuations and the risks inherent in investing in markets. Investment markets can be volatile and prices of investments can change substantially due to various factors including, but not limited to, economic growth or recession, changes in interest rates, inflation, changes in the actual or perceived creditworthiness of issuers, and general market liquidity.

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