# State Street® Short Duration IG Public & Private Credit ETF

**PRSD**

**Key Information Sheet**
September 2025

- The State Street Short Duration IG Public & Private Credit ETF (PRSD) is an actively managed short-term bond fund primarily allocating to investment grade debt securities, including both public and private credit instruments. The Fund seeks to maintain a duration between one and three years.
- By actively allocating across a wide range of investment-grade debt securities, PRSD seeks to maximize risk-adjusted returns alongside current income.
- PRSD is managed by State Street Investment Management's Active Fixed Income Team, and the portfolio managers use a risk-aware, macroeconomic top-down approach, combined with bottom-up security selection, to construct a portfolio that seeks to overweight the most attractive sectors and issuers.
- PRSD may invest in private credit instruments sourced by Apollo Global Securities LLC; private credit will generally range between 10–35% of the portfolio though it may comprise less than 10% or more than 35% of PRSD's investment portfolio at any given time.

**Fund Information**

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| Fund Name | State Street Short Duration IG Public & Private Credit ETF |
| Ticker | PRSD |
| Inception Date | 09/09/2025 |
| Primary Benchmark | Bloomberg US Aggregate 1–3 Year Bond Index |
| Gross/Net Expense Ratio | 0.59%/0.59% |
| Strategy Type | Active |

Source: State Street Global Advisors, as of September 10, 2025.
The gross expense ratio is the fund's total annual operating expenses ratio. It is gross of any fee waivers or expense reimbursements. It can be found in the fund's most recent prospectus.

## PRSD: An innovative combination of investment-grade public and private credit

The State Street Short Duration IG Public & Private Credit ETF (PRSD) is an actively managed short-term core bond strategy allocating to a portfolio consisting of short-term investment-grade public and private securities, including asset-based finance (ABF) instruments (Figure 1).

Managed by the State Street Investment Management's Active Fixed Income Team, PRSD's sector, credit rating allocation, and sensitivity to interest rates can vary over time, informed by the team's proprietary long-term structural and intermediate-term cyclical views.

As a potential source of alpha to help maximize risk-adjusted returns, PRSD may invest in private credit instruments sourced by Apollo Global Securities LLC. Apollo's credit platform has $641 billion in assets under management and had $235 billion of transactions in 2024, supported by its credit business and broader origination ecosystem spanning 16 standalone platforms.[1]

## About the $40 trillion investment-grade private credit market

An evolving, fast-growing asset class with many unique features and security types, private credit refers to a privately negotiated loan between a borrower and a non-bank lender. Typically, the loan originates through the non-bank lender's direct sourcing platforms, may contain a floating interest rate, and/or is structured with comprehensive customized terms and covenants unique to the borrower.

Pension funds, insurance companies, family offices, sovereign wealth funds, and high net-worth individuals historically have been the largest investors in private credit. And based on analysis conducted by the Federal Reserve, institutional investors have sought out private debt for its potential portfolio diversification, low correlation to public markets, and relatively high returns/yields.[2]

Today, the addressable market for private credit is upwards of $40 trillion. And most of it is investment-grade.[3]

Over the years, private credit has expanded beyond direct lending to include a broader range of borrowers and funding structures, commonly referred to as asset-based finance (ABF). Similar to other types of private credit, ABF is commonly backed by collateral for residential/commercial real estate, aviation equipment, music royalties, machinery, and consumer receivables, among other hard assets (Figure 2). In addition to this significant collateral backing, relative to public markets, private credit historically has carried stronger and more customized covenants.[4]

Private credit has historically provided a yield premium to public markets, as documented by the Federal Reserve.[5] This enhancement stems from an illiquidity premium as well as a specialization premium involved with the securitization/ origination process where customized, structured financing is being provided.

## Why consider PRSD and where does it go in a portfolio?

Short-term core bond strategies are generally used to seek high-quality income above cash markets while limiting the volatility associated with intermediate- and longer-term bond strategies. Through the ability to allocate across different bond sectors and manage both rate and credit risks, actively managed short-term core strategies like PRSD may be able to deliver on both of those objectives while also maximizing risk-adjusted returns relative to a benchmark.

Many actively managed short-term core strategies seek excess returns by taking on below investment-grade or emerging market risks. PRSD, however, takes a different approach by seeking enhanced income streams and potential alpha generation primarily from a structural exposure to investment grade private credit markets.

With PRSD, the convergence of public and private markets in a single strategy seeks to provide:

- **Enhanced yield potential** Through active management and the ability to invest across short-term investment-grade public and private credit markets, PRSD pursues enhanced yield relative to short-term bond indexes and a pickup in yield relative to cash and enhanced cash strategies.
- **Broad diversification** PRSD allocates to investment-grade public and private credit exposures, not below investment-grade credit, to help investors extend their sources of potential alpha generation.
- **Risk-adjusted alpha** Driven by our Active Fixed Income Team's prudent risk management, active security selection, and inclusion of investment-grade private market exposures, PRSD may offer enhanced excess-return-per-unit-of-risk opportunities relative to other active short-term bond strategies.

### Figure 1: Asset based finance ecosystem

**Public debt**

- US Treasurys
- Corporate bonds
- Securitized loans
- Agency/Non-agency RMBS
- Agency/Non-agency CMBS
- Agency/Non-agency ABS
- CDOs
- CLOs
- Preferred stock
- Bank loans
- Foreign and EM debt securities

**Private debt securities**

Debt instruments directly Debt instruments directly originated, issued in private offerings, issued to private companies, and/or issued to borrowers by non-bank lenders (i.e., non-bank lending instruments) including asset-backed and corporate finance instruments sourced by Apollo

Other private debt instruments include:

- Consumer finance
- Residential mortgage loans
- Commercial real estate
- Hard assets (through securitized loans)
- Financial assets

### Figure 2: PRSD's flexible and diverse opportunity set

| | | |
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| **Where you live** | → | Financed by mortgages |
| **How you buy** | → | Financed by credit-card receivables & consumer loans |
| **What you drive** | → | Financed by auto loans leases, and rentals |
| **How you watch and listen** | → | Music and media content financed by royalties |
| **How you travel** | → | Aircraft and trains financed by loans or leases |
| **Where you work and stay** | → | Office space and hotels financed by pooled commercial real-estate debt |
| **Who you cheer for** | → | Media contracts financed by broadcasting rights |

Source: "Asset-Backed Finance: The Next Evolution of Private Credit", Apollo; State Street Investment Management as of July 24, 2025.

## Endnotes

1 Apollo as of March 31, 2025.

2 "Private Credit: Characteristics and Risks", Fang Cai, and Sharjil Haque, February 2024.

3 Apollo as of December 31, 2024

4 "The next era of private credit", McKinsey September 2024; "Demystifying the Opportunity in Investment Grade Private Credit", Apollo Global Management December 2024.

5 "The next era of private credit", McKinsey September 2024; "Demystifying the Opportunity in Investment Grade Private Credit", Apollo Global Management December 2024

## statestreet.com/investment-management

State Street Global Advisors (SSGA) is now State Street Investment Management. Please click here for more information.

**Important Information**

Apollo is not a sponsor, distributor, promoter, or investment adviser to the Fund. Apollo has entered into a contractual agreement with the Fund whereby it is obligated to provide firm bids on asset-backed and corporate finance instruments sourced by Apollo (each an "AOS Investment") to the Fund on a daily basis at certain intervals and is required to repurchase AOS Investments that the Fund has purchased at the firm bid price offered by Apollo, subject to, but not limited to, contractual levels designed to cover the estimated seven-day stress redemption rate as of the date hereof. The sale of AOS Investments to Apollo is not exclusive and the Fund may seek to sell AOS Investments to other counterparties.

**Important risk information**

Investing involves risk including the risk of loss of principal.



All information is from State Street Global Advisors unless otherwise noted and has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is no representation or warranty as to the current accuracy, reliability, or completeness of, nor liability for, decisions based on such information and it should not be relied on as such.

**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

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.

**Liquidity Risk:** Lack of a ready market, stressed market conditions, restrictions on resale, or certain market environments may limit the ability of the Fund to sell an investment at an advantageous time or price or at all. Illiquid investments may trade at a discount from comparable, more liquid investments and may be subject to wide fluctuations in market value. If the liquidity of the Fund's holdings deteriorates, it may lead to differences between the market price of Fund Shares and the net asset value of Fund Shares, and could result in the Fund Shares being less liquid. Illiquidity of the Fund's holdings may also limit the ability of the Fund to obtain cash to meet redemptions on a timely basis. In addition, the Fund, due to limitations on investments in any illiquid investments and/or the difficulty in purchasing and selling such investments, may be unable to achieve its desired level of exposure to a certain market or sector. Further, if counterparties are unwilling to purchase AOS Investments, AOS Investments that were deemed liquid by the Adviser may become illiquid.

**Counterparty Risk:** The Fund will be subject to credit risk with respect to the counterparties with which the Fund enters into derivatives contracts, repurchase agreements, reverse repurchase agreements, and other transactions. If a counterparty fails to meet its contractual obligations, the Fund may be unable to terminate or realize any gain on the investment or transaction, or to recover collateral posted to the counterparty, resulting in a loss to the Fund. If the Fund holds collateral posted by its counterparty, it may be delayed or prevented from realizing on the collateral in the event of a bankruptcy or insolvency proceeding relating to the counterparty.

**Valuation Risk:** Some portfolio holdings, potentially a large portion of the Fund's investment portfolio, may be valued on the basis of factors other than market quotations. This may occur more often in times of market turmoil or reduced liquidity.

There are multiple methods that can be used to value a portfolio holding when market quotations are not readily available. The value established for any portfolio holding at a point in time might differ from what would be produced using a different methodology or if it had been priced using market quotations. Portfolio holdings that are valued using techniques other than market quotations, including "fair valued" securities, may be subject to greater fluctuation in their valuations from one day to the next than if market quotations were used. In addition, there is no assurance that the Fund could sell or close out a portfolio position for the value established for it at any time, and it is possible that the Fund would incur a loss because a portfolio position is sold or closed out at a discount to the valuation established by the Fund at that time.

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.

**Debt Securities:** The values of debt securities may increase or decrease as a result of the following: market fluctuations, changes in interest rates, actual or perceived inability or unwillingness of issuers, guarantors or liquidity providers to make scheduled principal or interest payments or illiquidity in 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.

Investing in **high yield fixed income securities,** otherwise known as "junk bonds", is considered speculative and involves greater risk of loss of principal and interest than investing in investment grade fixed income securities. These Lower-quality debt securities involve greater risk of default or price changes due to potential changes in the credit quality of the issuer.

**Privately-issued securities** are securities that have not been registered under the Securities Act and as a result are subject to legal restrictions on resale. Privately-issued securities are not traded on established markets and may be illiquid, difficult to value and subject to wide fluctuations in value. Limitations on the resale of these securities may have an adverse effect on their marketability, and may prevent the Fund from disposing of them promptly at reasonable prices. **Private credit** can range in credit quality depending on a variety of factors, including total leverage, amount of leverage senior to the security in question, variability in the issuer's cash flows, the size of the issuer, the quality of assets securing debt and the degree to which such assets cover the subject company's debt obligations. In addition, there can be no assurance that the Adviser will be able to secure all of the investment opportunities that it identifies for the Fund, or that the size of an investment opportunity available to the Fund will be as large as the Adviser would desire, on account of general economic conditions, specific market developments, or other circumstances outside of the Adviser's control.

The Fund may hold **securities that have not been registered for sale to the public under the U.S. federal securities laws.** There can be no assurance that a trading market will exist at any time for any particular restricted security. Limitations on the resale of these securities may have an adverse effect on their marketability, and may prevent the Fund from disposing of them promptly at reasonable prices. The Fund may have to bear the expense of registering the securities for resale and the risk of substantial delays in effecting the registration. Also, restricted securities may be difficult to value because market quotations may not be readily available, and the securities may have significant volatility.

The value of the underlying securities held by a **closed-end fund ("CEF")** could decrease or the portfolio could become illiquid. Shares of CEFs frequently trade at a discount from their net asset value ("NAV"). There can be no assurance that the market discount on shares of any CEF purchased by the Fund will ever decrease. CEFs structured as "**interval funds**" are not available for continuous redemption; instead, interval funds offer to repurchase shares at their NAV periodically. Unlike many closed-end investment companies, shares of interval funds are not listed on any securities exchange and are not publicly-traded. In addition, the number of shares tendered in connection with a repurchase offer may exceed the number of shares the interval fund has offered to repurchase, in which case not all shares tendered in that offer will be repurchased. For these reasons, shares of interval funds are generally considered illiquid. **Business development companies** ("BDCs") generally invest in less mature private companies, which involve greater risk than well-established, publicly traded companies, and BDCs are subject to high failure rates among the companies in which they invest. BDCs may have relatively concentrated portfolios, which include a small number of investments. A significant portion of a BDC's investments are recorded at fair value as determined by its board of directors, which may potentially result in material differences between a BDC's NAV and its market price. As a result, shares of BDCs may trade at a discount from their NAV.

Investments in **private funds** are subject to the risks of the underlying investments held by the private fund. Private funds are not registered under the Investment Company Act of 1940 and therefore, an investor in such fund is not subject to its regulatory protections. Generally, little public information exists on the portfolio holdings of a private fund which means the private fund may be employing investment strategies not known to the Adviser. Investments in private funds are considered illiquid and may be difficult to value.

**Non-diversified fund** may invest in a relatively small number of issuers. The value of shares of non-diversified funds may be more volatile than the values of shares of more diversified funds.

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