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FAQs

# State Street<sup>®</sup> IG Public & Private ABS ETF

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## Overview

The State Street<sup>®</sup> IG Public & Private ABS ETF (PRAB) is an actively-managed fund primarily allocating to investment grade asset-backed securities (“ABS”), including both public and private ABS.

PRAB, through active security selection, may invest in a wide range of investment-grade ABS, including collateralized loan obligations and residential and commercial mortgage-backed securities. PRAB seeks to maximize risk-adjusted returns alongside current income.

PRAB is managed by State Street Investment Management’s Active Fixed Income Team, and the portfolio managers use a risk-aware, top-down approach combined with bottom-up security selection to construct a portfolio that seeks to overweight the most attractive sectors and issuers.

PRAB may invest in private ABS, including those sourced by Apollo Global Securities, LLC (“AOS Investments”) and those allocation percentages may vary.

## **Fund Operation Information**

### **What is the expense ratio of the Fund?**

The gross expense ratio of PRAB is 0.39%.

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.

### **What can the Fund invest in?**

PRAB invests at least 80% of assets in a portfolio of investment-grade ABS, including a combination of (i) public ABS and (ii) private ABS including, but not limited to, those sourced by Apollo Global Securities, LLC ("Apollo").

In addition, PRAB can invest up to 20% of assets in below investment-grade securities and up to 15% of assets in private investment companies, including hedge funds and private equity funds.

PRAB can invest up to 20% in other debt securities including securities issued or guaranteed by the U.S. government or its agencies, instrumentalities or sponsored corporations, corporate bonds, debt securities issued pursuant to Rule 144A or Regulation S under the Securities Act, or Section 4(a)(2) of the Securities Act, structured notes, preferred stock, and bank loans (primarily senior loans).

### **What types of ABS does PRAB invest in?**

The Fund intends to invest in ABS of any kind, including but not limited to those backed by motor vehicle installment sales or installment loan contracts, leases of various types of real, personal and other property or equipment, receivables from credit card agreements and automobile finance agreements, home equity sharing agreements, student loans, consumer loans, home equity loans, mobile home loans, boat loans, point-of-sale loans, household device payment plans, and loans of any other type, including covenant-lite loans, income from other nonmortgage related obligations, such as income from business and small business loans, intellectual property royalties, project finance loans, renewable or traditional energy projects, data infrastructure projects, agricultural loans, personal financial assets, timeshare receivables, insurance and litigation finance receivables, and franchise rights.

ABS in which the Fund may invest also include investments in the form of agency and non-agency residential mortgage-backed securities ("MBS"), agency and non-agency commercial MBS, collateralized debt obligations ("CDOs") and collateralized loan obligations ("CLOs").

### **What percent of the Fund is invested in private ABS?**

While there is no target allocation for ABS sourced by Apollo, the Fund, under normal market conditions, may have a significant allocation to AOS Investments (see below Q&A).

The allocation of Fund investments to private ABS, including AOS Investments, will be determined solely in the discretion of the portfolio managers of the Fund and will vary depending on several factors, including the portfolio managers' viewpoints regarding available AOS Investments or other private ABS, market conditions, credit analysis, and other factors the portfolio managers deem to be relevant at any given time.

Prudent risk management is at the core of State Street Investment Management Active Fixed Income Team's investment process and the overall liquidity of the Fund will always be a main consideration for all investments and their risk contribution to portfolio.

### **What is an "AOS Investment"**

As disclosed in the Fund's prospectus, the Fund intends to invest in private ABS, which refers to a wide range of credit instruments, such as instruments that are 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, but not limited to, private ABS sourced by Apollo (each such instrument, an "AOS Investment").

### **Given the illiquid nature of private ABS, how can those securities be included in a daily liquidity vehicle like an ETF?**

Ensuring daily liquidity is of utmost importance for the State Street Investment Management Active Fixed Income Team. Per Fund's prospectus, Apollo has contractually agreed to provide intra-day, executable firm bids on all AOS Investments held by the Fund. As such, the private ABS sourced by Apollo will generally not be considered illiquid given the ensured daily liquidity provided by the contractual agreement with Apollo. If Apollo is unable to meet its contractual obligation to provide firm bids for AOS Investments and there are no other counterparties willing to purchase AOS Investments, the Fund's assets that were deemed liquid by the Adviser may become illiquid.

### **Private credit isn't publicly listed, is it therefore considered illiquid?**

There are large pools of assets and securities not publicly listed but which have a secondary market and large institutional market makers. For example, the private ABS sourced by Apollo, the AOS Investments, will generally not be considered illiquid given the ensured daily liquidity provided by the contractual agreement with Apollo. If Apollo is unable to meet its contractual obligation to provide firm bids for AOS Investments and there are no other counterparties willing to purchase AOS Investments, the Fund's assets that were deemed liquid by the Adviser may become illiquid.

As disclosed in the Fund's prospectus, the Fund may not acquire any illiquid investment if, immediately after the acquisition, the Fund would have invested more than 15% of its net assets in illiquid investments.

**Who provides the ratings on the private ABS? Do all of the private ABS need to be rated?**

As disclosed in the Fund's prospectus, investment-grade fixed income securities are instruments that are rated at the time of purchase BBB- or higher by S&P Global Ratings and/or Fitch Ratings Inc., or Baa3 or higher by Moody's or equivalent ratings by another registered nationally recognized statistical rating organization (commonly referred to as an "NRSRO") or, if unrated by an NRSRO, of comparable quality in the opinion of SSGA Funds Management, Inc., the Fund's investment adviser.

The Fund may invest up to 20% of its net assets in below-investment grade securities.

**How is the NAV calculated? How are the private securities valued?**

The net asset value ("NAV") of PRAB is calculated by State Street and determined once daily as of the close of the regular trading session on the NYSE (ordinarily 4:00 p.m. Eastern time) on each day that such exchange is open.

In calculating PRAB's NAV per share, PRAB's investments are generally valued using market valuations. A market valuation generally means a valuation (1) obtained from an exchange, a pricing service, or a major market maker (or dealer) or (2) based on a price quotation or other equivalent indication of value supplied by an exchange, a pricing service, or a major market maker (or dealer).

Pursuant to Fund Board approved valuation procedures, the Board has designated State Street Investment Management as the valuation designee for PRAB. These procedures address, among other things, (1) determining (a) when market quotations are not readily available or reliable and (b) the methodologies to be used for determining the fair value of investments, and (2) the use and oversight of third-party pricing services for fair valuation.

Every security held by PRAB is reviewed and valued daily as part of its NAV calculation process.

### What is PRAB's role in a portfolio?

By allocating to a wide variety of securitized instruments, PRAB may be able to offer:

- **Diversified sources of income** given that ABS are supported by pools of underlying assets rather than corporate balance sheets and generally exhibit different economic relationships as well as correlation characteristics than traditional corporate credit. As a result, this profile may help diversify sources of income and reduce a portfolio's reliance on a single set of risk drivers.

Senior investment-grade ABS typically incorporates multiple layers of structural credit enhancements, such as subordination, excess spread, and reserves, designed to help absorb losses in periods of stress rather than amplify them before impacting senior bond holders.

- **Access to a broader securitized opportunity set** as PRAB may invest across both public and private ABS markets, providing a wide range of ABS structures and collateral types, including ABS sourced through institutional channels that are not typically available in broadly syndicated markets.
- **Complement to core bond allocations:** PRAB may invest in certain ABS sectors that historically have limited or no representation in the Bloomberg US Aggregate Bond Index.

### Where does PRAB fit in a portfolio?

PRAB can potentially act as complement to core fixed income portfolios given that:

- Asset-backed securities are not well represented in core bond benchmarks, and PRAB seeks to offer exposure to this non-core bond market segment.
- Securitized credit (i.e., ABS) cash flows can have distinct structural and risk-characteristics that differ to traditional complementary exposure like corporate credit, potentially leading to differentiated source of income.
- Asset-backed securities often have additional incremental yield over similarly rated corporate bonds, providing investors potential for enhanced income.

### What is the PRAB's benchmark?

PRAB's benchmark is the ICE BofA US Fixed-Rate Asset-Backed Securities Index. The index is designed to track the performance of U.S. dollar denominated, fixed-rate ABS across major sectors such as auto loans, credit cards, equipment, student loans, and other consumer related collateral.

## **Fund Management Information**

### **What is the PM team's investment approach? And how is the private asset portion of the portfolio managed?**

As disclosed in the Fund's prospectus, State Street Investment Management Active Fixed Income Team actively manages PRAB using a risk-aware, top-down approach combined with bottom-up security selection to construct a portfolio that seeks to overweight the most attractive sectors and issuers relative to its benchmark.

The investment team develops long-term structural and intermediate-term cyclical views through analyzing macroeconomic factors, financial conditions, and industry and sector trends. Individual securities are then identified through rigorous fundamental research including financial analysis of cash flows, capital structure, industry and issuer-specific fundamentals, and relative value assessment.

### **What is the experience of your investment team?**

State Street Investment Management Global Fixed Income Solutions Team manages \$1.5 trillion in assets, including \$613 billion in Active Fixed Income & Liquidity Solutions AUM spanning traditional cash, active rates & credit, structured credit, and ultra-short strategies.

The State Street Investment Management Active Fixed Income & Liquidity Solutions Team includes 39 professionals across portfolio management and research with an average of 23 years of experience.<sup>1</sup>

### **What is the relationship of the Fund with Apollo?**

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.

### **Can the fund buy private ABS from issuers other than Apollo?**

Yes, PRAB can buy private ABS from issuers apart from Apollo.

### **Does Apollo provide bids on those securities?**

Apollo may, but is not obligated to, provide bids on non-AOS Investments.

### **Does the fund trade only with Apollo with respect to private ABS?**

No, PRAB can trade with any broker-dealer that wishes to source and sell private ABS to the Fund.

## Private Credit Information

### What is private credit and how has it evolved over the past decade?

Private credit refers to privately negotiated loans between a borrower and a non-bank lender. The largest investors, historically, in private credit were pension funds, insurance companies, family offices, sovereign wealth funds, and high net worth individuals, as they sought out private debt for its potential portfolio diversification, low correlation to public markets, and relatively higher returns/yields.

Regulatory changes after the Global Financial Crisis resulted in funding provided by traditional banks shifting to non-bank lenders. This shift accelerated the growth of new lenders serving the financing needs of the corporate market via private credit. Total assets, mainly identified as direct lending, totaled over \$2 trillion recently.

While current private credit assets are roughly \$2 trillion, and mainly confined to direct lending, the potential addressable market for private credit may be as large as \$30 to \$40 trillion - the majority of which is investment grade - when accounting for the full opportunity set for Asset Based Finance beyond direct lending.<sup>2</sup>

### What is Asset-Backed Finance?

Asset-Backed Finance (ABF) includes a range of exposure both investment and non-investment grade. The private asset market is comprised of a broad range of credit instruments, such as instruments that are 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.

Asset-backed finance is a core and growing part of the market, funding many different borrower types and can be backed by a variety of assets ranging from consumer credit including auto loans and credit cards to residential mortgages, commercial real estate, and other hard assets such as delivery trucks or airplanes.

### Is private credit risky because its private?

A common myth is that private credit is risky because it is private. Yet, the majority of the potential addressable market is rated investment grade. And relative to public markets, private credit historically has carried stronger and more customized covenants

## Footnotes

1 State Street Investment Management, as of 12/31/2025.

2 McKinsey "The next era of private credit", June 2024; Apollo Global Management: [Leading With Private Investment-Grade Credit](#).

**Important Information:** Apollo Global Securities, LLC (“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 intraday, firm, executable bids on investment grade asset-backed 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**

#### **For Investment Professional Use Only.**

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

Investing involves risk including the risk of loss of principal.

**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.

**Market Risk:** The Fund's investments are subject to changes in general economic conditions, general market fluctuations and the risks inherent in investment in securities 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. The Fund is subject to the risk that geopolitical events will disrupt securities markets and adversely affect global economies and markets. Local, regional or global events such as war, military conflicts, acts of terrorism, trade policy changes or disputes, the threat or actual imposition of tariffs, natural disasters, the spread of infectious illness or other public health issues, or other events could have a significant impact on the Fund and its investments.

**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.

#### **Mortgage Backed Securities and Asset Backed Securities investments:**

Investments in asset backed and mortgage backed securities are subject to prepayment risk which can limit the potential for gain during a declining interest rate environment and increases the potential for loss in a rising interest rate environment.

**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.\

**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 asset-backed securities** 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.

**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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