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FAQs

# State Street Short Duration IG Public & Private Credit ETF

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## Overview

The State Street Short Duration IG Public & Private Credit ETF (“PRSD” or the “Fund”) is an actively managed short-term bond fund primarily allocating to investment grade debt securities, including both public and private credit instruments. PRSD 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, including, but not limited to, private credit instruments sourced by Apollo Global Securities, LLC (“Apollo”).

## **Fund Operation Information**

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

The gross expense ratio of PRSD is 0.59%.

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?**

PRSD invests at least 80% of net assets (plus the amount of borrowings for investment purposes) in a portfolio of investment-grade debt securities, including a combination of (i) public credit related investments and (ii) private credit investments.

In addition, PRSD can invest up to 20% of assets in non-investment-grade securities and up to 15% of assets in private funds, closed-end investment companies structured as "interval funds", or business development companies.

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

Private credit will generally range between 10-35% of the Fund's investment portfolio but may comprise less than 10% or more than 35% at any given time. The percentage allocation of Fund investments to private credit 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 private credit instruments, market conditions, credit analysis, and other factors the portfolio managers deem to be relevant at any given time.

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

Ensuring daily liquidity is of utmost importance for State Street Investment Management's Active Fixed Income Team, and it was a main pillar when designing the Fund. Per the Fund's prospectus, Apollo has contractually agreed to provide intra-day, firm, executable bids on all AOS Investments (as defined below) held by the Fund.

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

As disclosed in the Fund's prospectus, the Fund intends to invest in private credit, 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, asset-backed and corporate finance instruments sourced by Apollo (each such instrument, an "AOS Investment").

### **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.

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 credit securities? Do all of the private credit securities 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 "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 PRSD 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 PRSD's NAV per Share, PRSD'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 the Adviser as the valuation designee for PRSD. 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 PRSD is reviewed and valued daily as part of its NAV calculation process.

## **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's Active Fixed Income Investment Team actively manages PRSD 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.

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's Fixed Income, Cash & Currency Team manages \$1.4 trillion in assets, including \$632 billion in Active Cash & Fixed Income AUM spanning traditional cash, active rates & credit, structured credit, and ultra-short strategies. The State Street Active Fixed Income 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 AOS Investments 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 credit securities from issuers other than Apollo?**

Yes, PRSD can buy private credit securities 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 credit assets?**

No, PRSD may trade private credit assets with other counterparties.

**Private Credit Information****What is private credit and how has it evolved over the past decade?**

Private credit refers to the many types of privately negotiated loans between a borrower and a non-bank lender. Private credit enables borrowers to access capital with customized financing details giving them more flexibility and speed of lending.

Historically, institutional investors have invested in private credit seeking higher yields and lower correlation to stocks and bonds without taking on below investment-grade credit risk.

Today, the addressable market for private credit is upwards of \$40 trillion, most of it investment grade and often carry higher yields than public ones due to the customization the loans entail. And private direct corporate lending is just part of the private credit universe, which extends from corporate to asset-backed assets, including mortgages and more.<sup>2</sup>

**What is Asset Based Finance?**

Asset Based 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 June 30, 2025.

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

**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**

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Investing involves risk including the risk of loss of principal.

**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 funds** 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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