Frequently Asked Questions

SPDR® Blackstone High Income ETF (HYBL)

Fund Overview

The SPDR Blackstone High Income ETF (HYBL) is an actively managed strategy that seeks to provide risk-adjusted total returns and high current income, with less volatility than the general bond and loan segments over full market cycles. The fund is sub-advised by Blackstone Liquid Credit Strategies LLC.

What is the fund's investment universe?[1]

HYBL will primarily invest in high yield debt securities which include high yield corporate bonds, senior loans, and debt tranches of US collateralized loan obligations (CLOs). The fund will invest in CLOs to gain indirect exposure to senior loans.

What is Blackstone's investment process?

Blackstone employs a top-down asset allocation approach that evaluates macroeconomic, technical, fundamental, and relative value factors to determine allocation weights of the three primary asset classes that the fund invests in: high yield corporate bonds, senior loans, and debt tranches of CLOs based on what Blackstone Credit believes will result in the best long-term risk-adjusted returns compared to the composite benchmark. And while the CLO exposure is capped at 15%, the fund may invest up to 100% of its assets in either high yield bonds or senior loans.

To potentially maximize alpha, the top-down asset allocation is coupled with a bottom-up security selection process. For the senior loan and CLO portion of the portfolio, Blackstone uses a traditional discretionary approach that relies on fundamental credit analysis in an effort to minimize loss of capital.

Meanwhile, for high yield corporate bonds, a systematic approach, utilizing a propriety model, is employed. The model seeks to identify the most liquid, positively mispriced credit issues, while minimizing exposure to systematic credit risks.

Once the universe of investible fixed income securities has been identified, the systematic investment process begins with the application of a proprietary liquidity filter. After the filter excludes the most illiquid issues from the universe, the model then seeks to identify the most positively mispriced credit issues utilizing data including but not limited to fundamental balance-sheet information, real-time information embedded in equity and options markets, and a database of historical defaults. Next, the model seeks to identify the most mispriced securities and positions are sized based on potential alpha. Additionally, the optimizer constructs the portfolio subject to various portfolio risk constraints seeking credit and rate betas that are closely risk-matched to the fund's benchmark and tightly controlled secondary systematic risks such as term and sector.

[1] Please refer to the Fund's Prospectus and Statement of Additional Information for a more complete description of the Fund's permissible investments and investment limitations.

Are there additional details to the portfolio exposure?	The fund may invest up to 100% of net assets in either high yield corporate bonds or senior loans, and caps investments in CLOs at 15% of net assets (measured at the time of investment). HYBL may also invest in US Treasuries and notes, derivatives, and exchange traded products.
Where does HYBL fit in a diversified fixed income portfolio?	Core bonds continue to yield less than the rate of expected inflation over the next five years (1.74% versus 2.81%), creating challenges in generating real income from traditional bond exposures in the current market.[2] Both high yield bonds and senior loans, however, are two sectors with elevated nominal (4.2% and 3.8%) and positive real yields (1.31% and 0.97%),[3] after subtracting out the expected inflation rate over the next five years as a proxy for the impacts of the current inflationary regime. When pursuing higher levels of income generation and positive real yields, actively managed credit portfolios that target higher levels of income, while also seeking to mitigate issuer specific credit risks through bottom-up security selection, may have a greater role to play in investors' portfolios.
Why was Blackstone chosen to manage HYBL?	In 2013, State Street Global Advisors partnered with Blackstone to launch the SPDR Blackstone Senior Loan ETF (SRLN), bringing Blackstone's deep sector knowledge and extensive credits skills to the ETF marketplace. Blackstone's capabilities have since expanded to include innovative fundamental based, systematic approaches that seek to exploit potential inefficiencies in corporate credit markets. The firm has been managing strategies similar to HYBL for seven years across $9B in AUM.[4] With $243 billion in assets under management[5], Blackstone Credit offers deep size and scale within the global corporate credit market. Their liquid credit team has 95 members with average experience of 15 years and a 23-year track record investing in the credit markets.[6] Following the acquisition of DCI in 2020, Blackstone Credit completed its integration of the rebranded systematic strategies team which employs a proprietary model driven approach to fundamental credit investing. The team seeks to generate sustainable, repeatable and uncorrelated alpha across global investment grade, high yield and emerging market corporate bonds.[7]

[2] Bloomberg Finance, L.P., as of December 31, 2021. The Bloomberg US Aggregate Bond Index yield to worst is 1.74%. The US 5-Year Breakeven Rate is 2.81%.
[3] Bloomberg Finance, L.P., as of December 31, 2021 based on SPDR Americas Research Calculations. Past performance is not an indicator of future performance. High Yield: ICE BofA US High Yield Index, Senior Loans: S&P/LSTA US Leveraged Loan Index. The US 5-Year Breakeven Rate is 2.81%.
[4] Blackstone Credit, as of December 31, 2021.
[5] Blackstone Credit, as of December 31, 2021.
[6] Blackstone Credit, as of December 31, 2021.
[7] Blackstone Credit, as of December 31, 2021.

What are the differences between SRLN and HYBL?

SRLN is actively managed by Blackstone Credit and seeks to provide current income consistent with the preservation of capital by normally investing at least 80% of its net assets in senior loans. SRLN incepted in April 2013 and is the largest US-loan ETF with over $9B in AUM.[8]

HYBL is actively managed by Blackstone Credit and seeks to provide risk-adjusted total returns and high current income across senior loans, US high yield bonds and CLO debt securities. The dynamic allocation across this broader debt universe can offer potentially higher yield with less volatility than the general bond and loan segments over full market cycles.

Who are the portfolio managers for HYBL?

The professionals primarily responsible for the day-to-day management of the fund are Daniel T. McMullen, Adam Dwinells, Dan Smith, Bonnie Brookshaw, Gordon McKemie and Paul Harrison.

Daniel T. McMullen is a Senior Managing Director of the Sub-Adviser and a co-Portfolio Manager of the Fund. He joined the Sub-Adviser in 2002.

Adam Dwinells is a Managing Director of the Sub-Adviser and a co-Portfolio Manager of the Fund. He joined the Sub-Adviser upon Blackstone's acquisition of DCI, LLC, a quantitative credit investing firm, in 2020.

Dan Smith is a Senior Managing Director of the Sub-Adviser and a co-Portfolio Manager of the Fund. He joined the Sub-Adviser in 1997.

Bonnie Brookshaw is a Managing Director of the Sub-Adviser and a co-Portfolio Manager of the Fund. She joined the Sub-Adviser in 2001.

Gordon McKemie is a Managing Director of the Sub-Adviser and a co-Portfolio Manager of the Fund. He joined the Sub-Adviser in 2011.

Paul Harrison is a Managing Director of the Sub-Adviser and a co-Portfolio Manager of the Fund. He joined Blackstone Liquid Credit Strategies upon Blackstone's acquisition of DCI, LLC, a quantitative credit investing firm, in 2020.

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[8] Morningstar, as of December 31, 2021.

How does HYBL fit in the active fixed income SPDR lineup?

HYBL expands the SPDR active fixed income ETF lineup to 10 funds, offering investors an array of ETFs with exposure to various security types across the credit, maturity, geography, and strategy spectrum.

Ticker	Name	Exposure	Net Expense Ratio (%)	Inception Date
HYBL	SPDR Blackstone High Income ETF	High Yield, Senior Loans and CLOs	0.70%	2/17/2022
SRLN	SPDR Blackstone Senior Loan ETF	Senior Loans	0.70%	4/3/2013
OBND	SPDR Loomis Sayles Opportunistic Bond ETF	Opportunistic Multi-Asset Credit	0.55%	9/28/2021
TOTL	SPDR DoubleLine Total Return Tactical ETF	Core	0.55%	2/23/2015
STOT	SPDR DoubleLine Short Duration Total Return Tactical ETF	Short-Term	0.45%	4/13/2016
EMTL	SPDR DoubleLine Emerging Markets Fixed Income ETF	Emerging Markets	0.65%	4/13/2016
MBND	SPDR Nuveen Municipal Bond ETF	Municipal Bonds	0.40%	2/3/2021
ULST	SPDR SSGA Ultra Short Term Bond ETF	Ultra-Short-Term	0.20%	10/9/2013
INKM	SPDR SSGA Income Allocation ETF	Multi-Asset Income	0.50%	4/25/2012
FISR	SPDR SSGA Fixed Income Sector Rotation ETF	Quantitative Multi-Sector	0.50%	4/2/2019

Source: State Street Global Advisors, as of 02/17/2022.

A Leader in Fixed Income Investing

Contact us at 866-787-2257 or Fund_Inquiry@ssga.com

The Scale to Specialize:

- State Street Global Advisors' global scale enables our portfolio managers, traders and investment strategists to be sector specialists and based in their geographic markets
- Our dedicated capital markets teams provide 24-hour coverage across global markets, offering enhanced liquidity and cost-efficient trading strategies
- Entrusted with $621 billion in fixed income assets, managing 30+ currencies across 40 different countries*

Proven Track Record:

- 26 years of bond investing
- Manage more than 100 fixed income strategies, providing choice for investors
- More than 100 fixed income professionals dedicated to conducting research, managing risks and costs, and supporting our clients

Innovative Solutions for Bond Investors:

- Comprehensive range of cost-effective ETFs
- Leveraging strategic partnerships to complement beta range, enabling investors to enhance their portfolios

* Source: State Street Global Advisors, as of December 31, 2021

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Important risk information

Investing involves risk of 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.

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. To the extent that interest rates rise, certain underlying obligations may be paid off substantially slower than originally anticipated and the value of those securities may fall sharply. This may result in a reduction in income from debt securities income.

Investments in **Senior Loans** are subject to credit risk and general investment risk. Credit risk refers to the possibility that the borrower of a Senior Loan will be unable and/or unwilling to make timely interest payments and/or repay the principal on its obligation. Default in the payment of interest or principal on a Senior Loan will result in a reduction in the value of the Senior Loan and consequently a reduction in the value of the Portfolio's investments and a potential decrease in the net asset value (NAV) of the Portfolio. Securities with floating or variable interest rates may decline in value if their coupon rates do not keep pace with comparable market interest rates. Narrowly focused investments typically exhibit higher volatility and are subject to greater geographic or asset class risk. The fund is subject to credit risk, which refers to the possibility that the debt issuers will not be able to make principal.

The fund is **actively managed**. The sub-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 sub-adviser's investment techniques and decisions will produce the desired results.

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.

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.

Bonds generally present less short-term risk and volatility than stocks, but contain interest rate risk (as interest rates raise, bond prices usually fall); issuer default risk; issuer credit risk; liquidity risk; and inflation risk. These effects are usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss.

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Before investing, consider the fund's investment objectives, risks, charges and expenses. To obtain a prospectus or summary prospectus which contains this and other information, call 1-866-787-2257 or visit www.ssga.com. Read it carefully.

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