Frequently Asked Questions

The SPDR® MarketAxess Investment Grade 400 Corporate Bond ETF (LQIG)

Fund Overview

The SPDR® MarketAxess Investment Grade 400 Corporate Bond ETF (LQIG) seeks to track the MarketAxess U.S. Investment Grade 400 Corporate Bond Index (the "Index"). The Index is designed to measure the performance of 400 U.S. dollar denominated investment grade corporate bonds with higher-than-average liquidity relative to the broader U.S. corporate bond market.

Fund Name	SPDR® MarketAxess Investment Grade 400 Corporate Bond ETF
Ticker	LQIG
Bloomberg Index Ticker	MAXIG400
Inception Date	May 11, 2022
Primary Benchmark	MarketAxess U.S. Investment Grade 400 Corporate Bond Index
Gross/Net Expense Ratio	0.09%/0.07%^
Strategy Type	Index

^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 the Index starting universe and methodology?[1]

The starting universe for the Index begins with US-dollar denominated bonds that are investment grade rated (Baa3/BBB-/BBB- or higher) with a minimum $300 million outstanding par value. The bonds must have at least 2 years to maturity and pay a fixed rate, a zero percent coupon or a fixed to floating rate (during the fixed period).

Bonds are screened using MarketAxess' proprietary liquidity and pricing data - Relative Liquidity Score (RLS) and Composite+™ pricing engine (CP+) -- where index constituents are considered for inclusion based on having higher-than-average liquidity relative to the broader U.S. corporate bond market, and then assessed for their tradability at the Index level. Final Index weights are derived following constraints for certain issuer and sector characteristics such as a 4% cap per issuer and a relative cap of 2.5% above a sector's weight in the MarketAxess U.S. Investment Grade Broad Corporate Bond Market Index (only applies to sectors with weights 5% or higher). The Index rebalances monthly.

Who is MarketAxess?

MarketAxess is one of the largest electronic marketplaces in the world for trading U.S. corporate bonds, accounting for more than half of electronically traded notional volume in 2021.[2] The firm is a leading innovator in fixed income electronic trading, having pioneered countless market solutions that have led to vastly improved investor outcomes.

The facilitation of trading has also turned MarketAxess into one of the most important sources of fixed income data in the world. By leveraging millions of data points daily to provide pricing, liquidity and other key metrics to investors and traders globally, the firm continues to produce new ways of utilizing fixed income trading data to help investors find bond liquidity.

[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.
[2] MarketAxess, as of March 31, 2022.

What is the Relative Liquidity Score?

The liquidity of a bond is widely defined as the ability to buy or sell the given security at a fair price without impacting the broader market for that security. Put more simply, a liquid bond is one that is easy to buy or sell when the need arises. While liquidity as a concept is easy to understand, measuring liquidity in bonds can be a challenge because of the diversity of product and the fragmented market.

The MarketAxess Relative Liquidity Score is a proprietary methodology that analyzes industry and unique trading metrics to score a bond's relative liquidity within its market classification, as identified by MarketAxess. The data can include TRACE or TRAX prints, indicative bond price data streamed by dealers, and Request for Quote responses sent by liquidity providers via the MarketAxess trading platform – much of which is exclusively available to MarketAxess and its customers. The resulting score can help investors better understand the bond's true market price and the implicit cost of adding that bond to their portfolio.

What is Composite⁺?

Composite⁺ (CP+) is an algorithmic pricing engine that analyzes trading and liquidity data inputs and generates an indication of a bond's bid price and offer price, refreshing every 15 to 60 seconds.

The CP+ screen covers approximately 13,500 US corporate bonds and approximately 90 to 95% of trading activity in its market.[3] If there are not enough liquidity inputs to generate a CP+ bid or offer price for a bond, the issue will not be eligible for inclusion in the index.

Why is two-way pricing important?

Two-way pricing refers to a market in which both a price to buy (the bid) and price to sell (the offer) are readily available for a given security. While two-way pricing is a given in most of the U.S. equity market, bond markets are as a whole much less liquid than equity markets leaving many bonds without active price to both buy and sell.

Availability of two-way pricing in the bond market suggests a certain level of liquidity in the given bond. Even more important, however, is the difference between the buy and sell price – the spread. The smaller the spread, the more liquid the bond and the better price an investor is likely to get on their bond order. In fact, investors strive to "cross the spread", meaning to achieve a price that is between the bid and offer.

Where does LQIG fit in a diversified fixed income portfolio?

LQIG tracks an index comprising 400 investment grade corporate bonds with higher-than-average liquidity compared to the thousands of bonds tracked by broader index-tracking ETFs. The breadth of existing corporate bond index tracking ETFs requires those ETFs to hold only a sampling of the bonds in the underlying index, which both opens the door for tracking difference – particularly in volatile markets – and complicates the create/redeem process for which a variety of bond portfolios must be accepted.

The quantifiable liquidity of the bonds tracked by LQIG ensures the portfolio seeks to hold all of the bonds in the index, which helps limit tracking error – even in volatile markets – and helps to ensure an efficient primary market.

How does LQIG compare to broader FI Indices?

LQIG tracks relatively liquid bonds in the market via the MarketAxess U.S. Investment Grade 400 Corporate Bond Index. The Index, administered by MarketAxess Technologies Inc., tracks the performance of 400 U.S. dollar denominated investment grade corporate bonds with higher-than-average liquidity relative to the broader U.S. corporate bond market.

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[3] MarketAxess, as of March 31, 2022.

Powered by MarketAxess' proprietary liquidity and pricing data – Relative Liquidity Score and Composite+™ pricing engine – the Index combines actionable liquidity with broad market exposure. MarketAxess' data capabilities support real-time pricing, liquidity assessment and valuation, allowing for greater transparency and potential for tradability of LQIG.

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 $598 billion in fixed income assets, managing 30+ currencies across 40 different countries*

Proven Track Record:

- 27 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 March 31, 2022.

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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.

The values of **debt securities** may decrease as a result of many factors, including, by way of example, general market fluctuations; increases in interest rates; actual or perceived inability or unwillingness of issuers, guarantors or liquidity providers to make scheduled principal or interest payments; illiquidity in debt securities markets; and prepayments of principal, which often must be reinvested in obligations paying interest at lower rates.

Passively managed funds invest by sampling the index, holding a range of securities that, in the aggregate, approximates the full Index in terms of key risk factors and other characteristics. This may cause the fund to experience tracking errors relative to performance of the index.

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 information provided does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. You should consult your tax and financial advisor.

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Before investing, consider the funds' investment objectives, risks, charges, and expenses. For SPDR funds, you may obtain a prospectus or summary prospectus containing this and other information by calling 1-866-787-2257 or visiting www.ssga.com. Please read the prospectus carefully before investing.

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