

SPDR® Fixed Income ETF Dashboard

Insights
SPDR Americas
Research Team

December 2019

Bond market returns rewarded patient investors in 2019, with US core aggregate bonds registering their best gain since 2011. However, the strong returns have come at the price of lower current income and yields, pushing interest rates below both their longer-term averages and levels from a year ago. This has forced investors to look elsewhere for yield, leading to a tightening of spreads for below-investment grade credits — the major catalyst for high yield bonds' current double-digit gains.

With rates low, credit spreads tight, and equity markets at all-time highs, navigating the global capital markets for sustainable income will be increasingly challenging in 2020. Additionally, if geopolitical events alter sentiment in either direction, volatility could infiltrate the part of a portfolio designed to provide stability and mitigate downside risk.

Today, generating sufficient levels of income should be more about balancing duration, credit and geopolitical risks and less about reaching for double-digit returns. Specific sub-sectors like intermediate corporates, mortgages, and emerging market debt as well as active strategies that can rotate and pick up yield across lowly-correlated bond sectors may help balance these risks.

Fixed Income ETF Spotlight

SPIB	SPDR Portfolio Intermediate Term Corporate Bond ETF
TOTL	SPDR DoubleLine Total Return Tactical ETF
SPMB	SPDR Portfolio Mortgage Backed Bond ETF
EBND	SPDR Bloomberg Barclays Emerging Markets Local Bond ETF

Fixed Income Sector Heatmap

	Current Quarter (\$M)	Previous Quarter (\$M)	Trailing 12 Months (\$M)
Government	2,344	3,074	27,045
Inflation Protected	1,107	2,415	1,712
Municipals	3,892	3,132	10,666
Aggregate	18,411	15,387	48,135
Preferred	1,724	2,251	5,927
Corp: Investment Grade	4,579	4,144	28,828
Corp: Non-Investment Grade	4,092	4,347	18,111
Convertible	269	299	156
Mortgage-Backed	3,653	3,348	14,170
EM Bond	1,138	-736	1,173
Bank Loans	1,146	725	294

Source: State Street Global Advisors, Bloomberg Finance L.P., as of December 31, 2019. Shading indicates the severity of flows, done by column, with bright green indicating top flows segment and bright red indicating lowest flows.

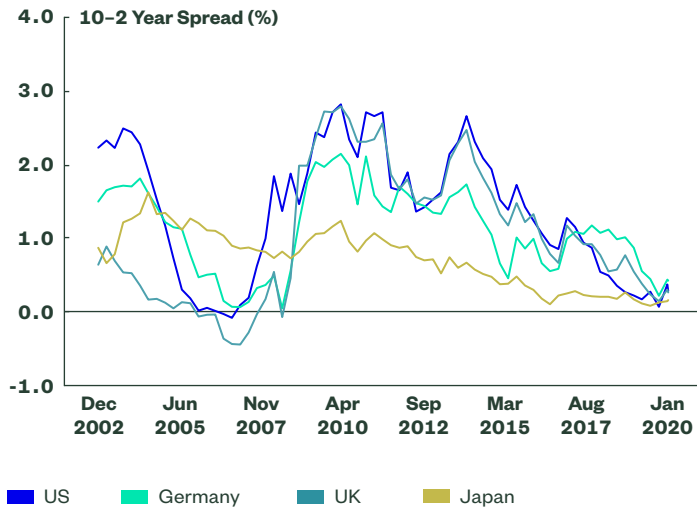
Fixed Income Sector Index Returns

	Current Quarter (%)	Previous Quarter (%)	Trailing 12 Month (%)
Bloomberg Barclays U.S. Treasury Index	-0.8	2.4	6.9
Bloomberg Barclays U.S. TIPS Index	0.7	1.5	8.8
Bloomberg Barclays Municipal Managed Money Index	0.7	1.7	8.2
Bloomberg Barclays U.S. Aggregate Index	0.2	2.3	8.7
Wells Fargo Hybrid and Preferred Securities Aggregate Index	1.3	4.0	17.7
Bloomberg Barclays U.S. Corporate Index	1.2	3.1	14.5
Bloomberg Barclays High Yield Very Liquid Index	2.7	1.2	15.3
Bloomberg Barclays U.S. Convertible Bond > \$500MM Index	7.9	-0.6	22.8
Bloomberg Barclays U.S. MBS Index	0.7	1.4	6.4
JPMorgan Government Bond EM Global Core Index	4.4	-2.5	10.1
S&P/LTSA Leveraged Loan Index	1.7	1.0	8.6

Source: Bloomberg Finance L.P., as of December 31, 2019. Shading illustrates performance range, done by column, with bright green indicating top performance segment and bright red indicating lowest performance. **Past performance is not a guarantee of future results. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.**

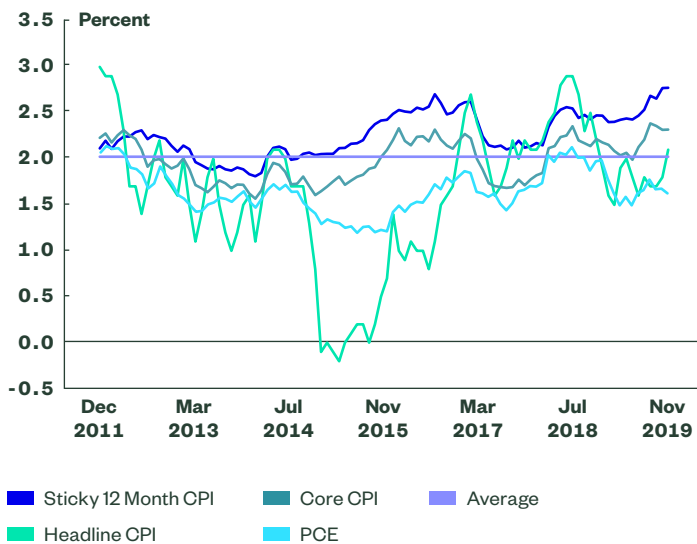
Understand the Latest Market Moves by Examining Bond Market Trends in Rates, Inflation and Credit

Rates Curve flattening has been a global trend, but the effects are most pronounced in the US where the curve remains near its flattest levels in a decade as portions have inverted.



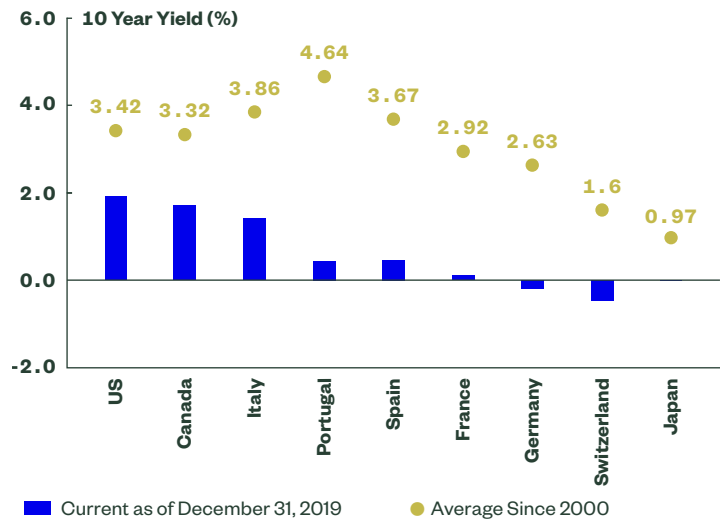
Source: Bloomberg Finance, L.P., as of December 31, 2019. Past performance is not a guarantee of future results.

Inflation As we move into the late stages of the economic cycle, inflationary pressures have begun to increase, however, the Fed's preferred measure (PCE) is still below its target



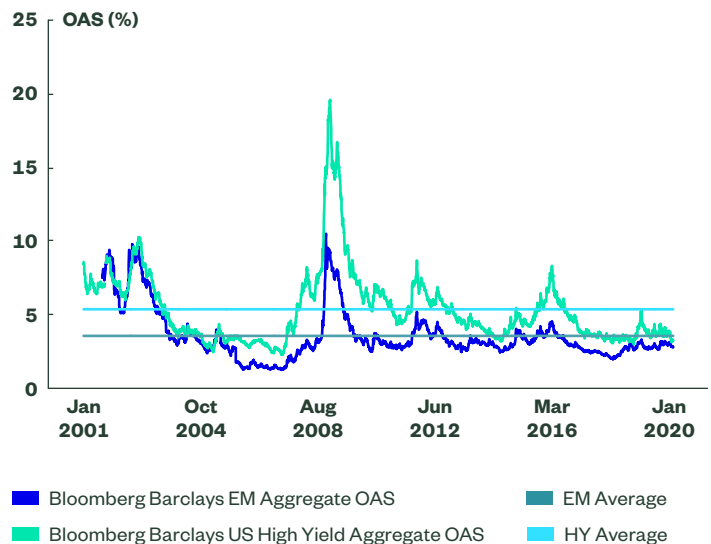
Source: Bloomberg Finance, L.P., as of December 31, 2019. Past performance is not a guarantee of future results.

Global 10 Year Yields Yields fell globally in 2019, with negative yielding debt totaling as much as \$17 trillion during the year.



Source: Bloomberg Finance, L.P., as of December 31, 2019. Past performance is not a guarantee of future results.

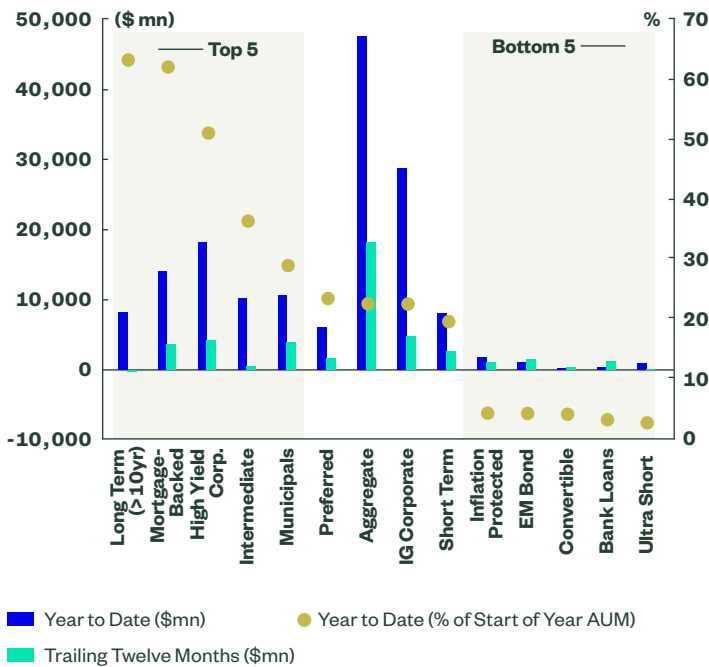
Credit/Emerging Markets (EM) Yields in EM and high yield (HY) remain below long term averages as risk appetites have improved since Q4 2018.



Source: Bloomberg Finance, L.P., as of December 31, 2019. Past performance is not a guarantee of future results.

Flows Trends — Top/Bottom 5 by % AUM Change YTD

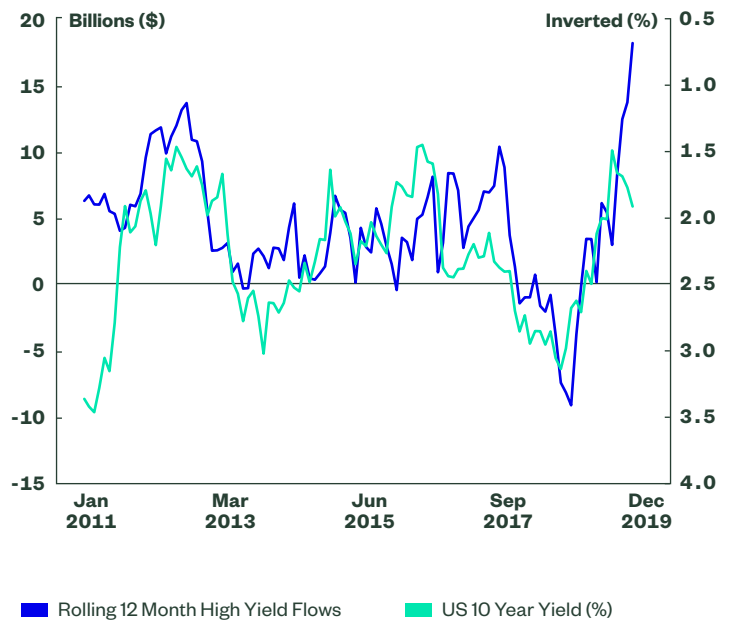
All fixed income ETF segments saw positive AUM growth in 2019, led by Long Duration Govt. funds and MBS in the face of falling yields.



Source: Bloomberg Finance, L.P., as of December 31, 2019. **Past performance is not a guarantee of future results.**

High Yield Flows

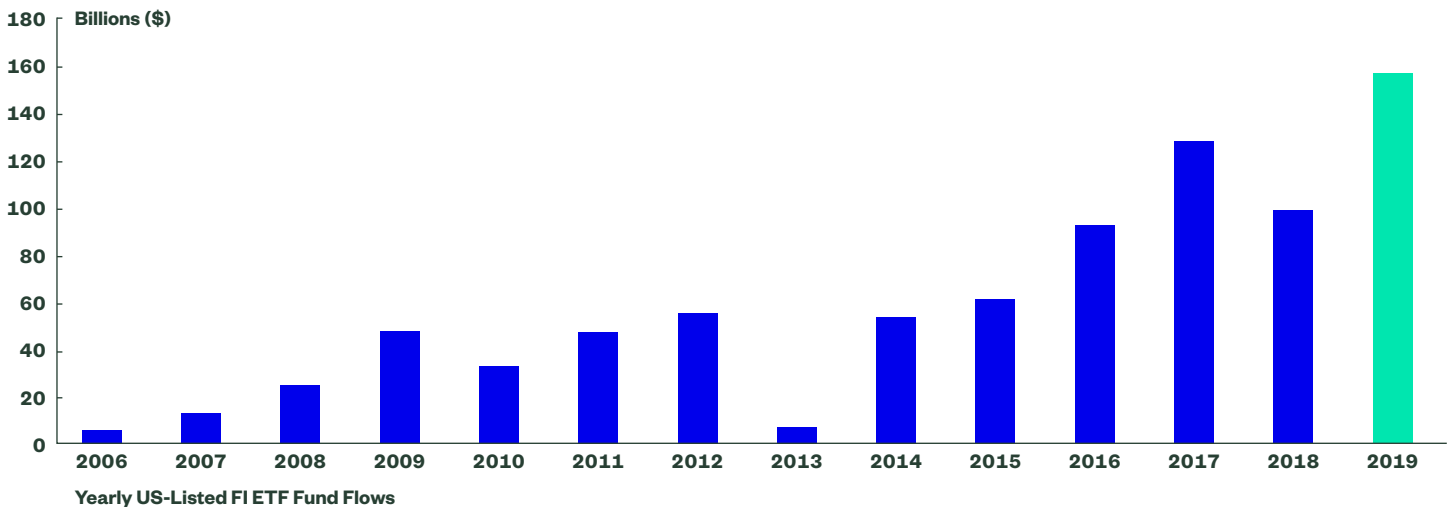
Sentiment for high yield bond funds has shifted in line with fluctuations in the 10 year yield.



Source: Bloomberg Finance, L.P., as of December 31, 2019. **Past performance is not a guarantee of future results.**

Annual Fixed Income Flows

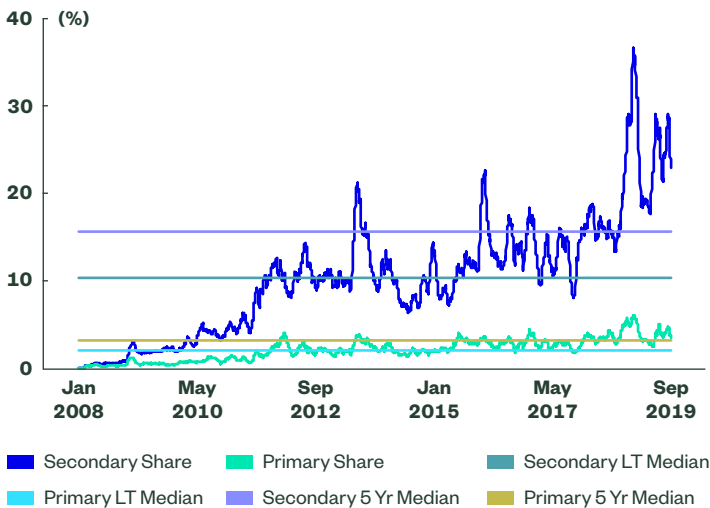
Fixed Income ETF flows totaled \$155 billion in 2019 — setting a new record annual total.



Source: Morningstar, Bloomberg Finance L.P., State Street Global Advisors, as of December 31, 2019.

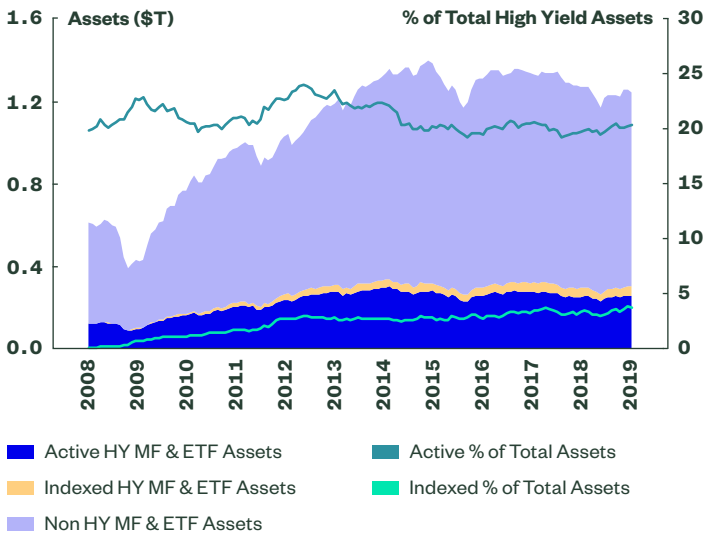
Examine Data on Bond ETF Size and Scale to Decipher Myth versus Reality of Bond ETFs

Share of High Yield Market Trading While ETF secondary on exchange volume is high, the actual activity initiated by ETFs from a creation or redemption on single cusip bonds in the high yield market is low.



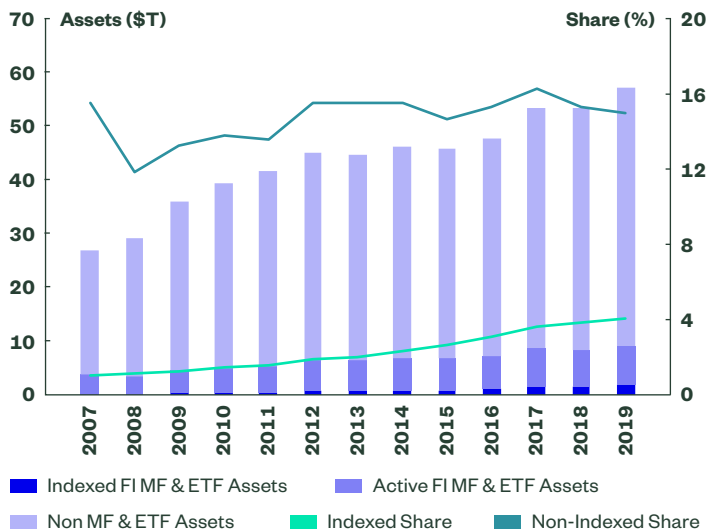
Source: Morningstar, Bloomberg Finance L.P., State Street Global Advisors, as of December 31, 2019.

Share of High Yield Market Active makes up 20% of the high yield market place, while index is at a paltry 5%.



Source: State Street Global Advisors, Bloomberg Finance L.P., Morningstar as of December 31, 2019.

Share of Fixed Income Market — Bloomberg Multiverse Index-based assets equate to nearly 4% of the overall global bond market.



Source: Morningstar, Bloomberg Finance L.P., State Street Global Advisors, as of December 31, 2019.

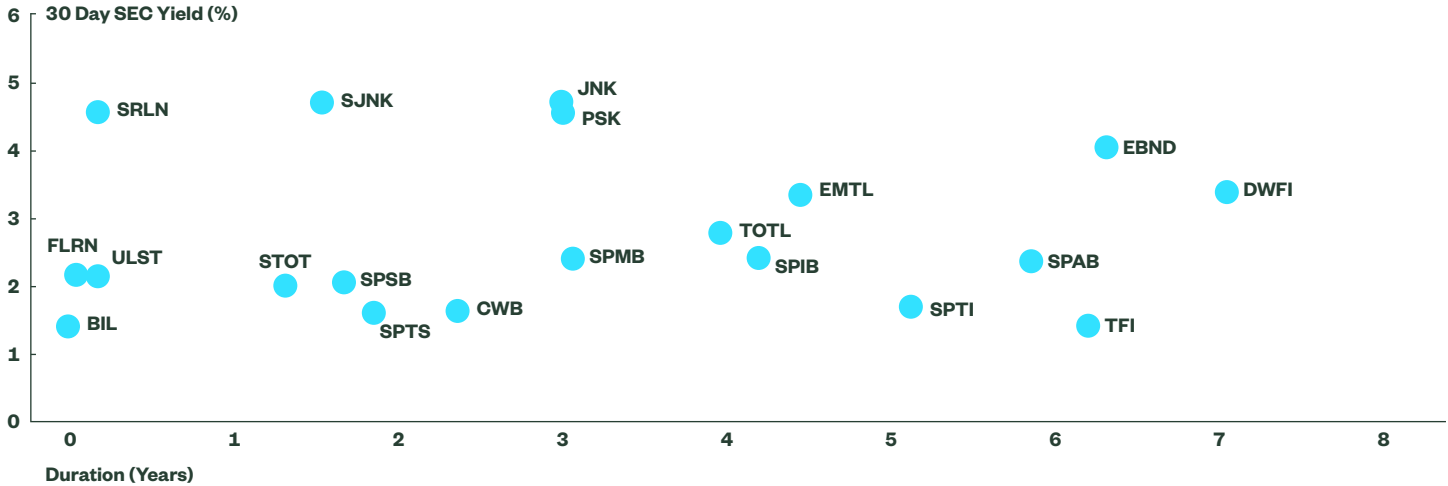
OAS on the Top 50 Most Owned Bonds by an ETF vs. the OAS on the Bonds from the Same Issuer that are Not Included in an ETF There is no discernible difference in the behavior of the bonds from an issuer — whether they are in an ETF or not.



Source: Bank of America, Merrill Lynch as of December 31, 2019; Basket rules: on ETF side, we take 50 bonds with the heaviest ETF ownership. On non-ETF side, we take bonds issued by the same issuers as above, same legal box in cap structure, same seniority, rating, and similar maturities (within 2 years). **Past performance is not a guarantee of future results.**

Analyze the Yield versus Duration Trade-Off when Constructing Bond Portfolios

Scatter Plot: 30 Day SEC Yield versus Duration for Select SPDR Fixed Income ETFs



SRLN SPDR Blackstone / GSO Senior Loan ETF*

SPMB SPDR Portfolio Mortgage Backed Bond ETF

CWB SPDR Bloomberg Barclays Convertible Securities ETF

JNK SPDR Bloomberg Barclays High Yield Bond ETF

SJNK SPDR Bloomberg Barclays Short Term High Yield Bond ETF

SPAB SPDR Portfolio Aggregate Bond ETF

PSK SPDR Wells Fargo Preferred Stock ETF

SPTI SPDR Portfolio Intermediate Term Treasury ETF

SPIB SPDR Portfolio Intermediate Term Corporate Bond ETF

TFI SPDR Nuveen Bloomberg Barclays Municipal Bond ETF

TOTL SPDR DoubleLine Total Return Tactical ETF*

FLRN SPDR Bloomberg Barclays Investment Grade Floating Rate ETF

EMTL SPDR DoubleLine Emerging Markets Fixed Income ETF*

STOT SPDR DoubleLine Short Duration Total Return Tactical ETF*

SPSB SPDR Portfolio Short Term Corporate Bond ETF

DWFI SPDR Dorsey Wright® Fixed Income Allocation ETF

BIL SPDR Bloomberg Barclays 1-3 Month T-Bill ETF

SPTS SPDR Portfolio Short Term Treasury ETF

ULST SPDR® SSGA Ultra Short Term Bond ETF*

EBND SPDR® Bloomberg Barclays Emerging Markets Local Bond ETF

Source: Barclays, Bloomberg Finance L.P., State Street Global Advisors as of December 31, 2019.

* Actively managed fund.

Please see page 7 for a table of each fund's Subsidized (Standardized) and Unsubsidized yields. **Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate, so you may have a gain or loss when shares are sold. Current performance may be higher or lower than that quoted. All results are historical and assume the reinvestment of dividends and capital gains. Visit ssga.com for most recent month-end performance.**

Dive Deep Into SPDR Bond ETF Data

Characteristics

Ticker	Name	Fundamentals					Liquidity			Fund Information	
		1 Year Return (NAV)	30 Day SEC Yield (%) ¹	30 Day Std SEC Yield (%) ²	Duration ³	Credit Spread (bps) ⁴	90 Day Avg Volume (\$)	90 Day Avg Bid/Ask Spread (%) ⁵	90 Day Avg Premium/Discount (%)	QTD Fund Flow (\$M)	AUM (\$M)
SPAB	SPDR Portfolio Aggregate Bond ETF	8.72	—	2.36	5.8	40	44,598,990	0.04	0.07	113	4,770
TOTL	SPDR Doubleline Total Return Tactical ETF	6.97	2.68	2.78	4.0	63	14,191,143	0.04	0.10	5	3,342
STOT	SPDR DoubleLine Short Duration Total Return Tactical ETF	4.44	—	2.00	1.4	36	737,233	0.19	0.18	2	131
ULST	SPDR SSGA Ultra Short Term Bond ETF	3.19	—	2.14	0.3	50	2,012,196	0.05	0.05	6	218
SRLN	SPDR Blackstone / GSO Senior Loan ETF	9.33	—	4.56	0.3	396	21,543,553	0.03	0.11	315	2,565
SJNK	SPDR Bloomberg Barclays Short Term High Yield Bond ETF	9.53	—	4.7	1.6	325	58,742,894	0.04	0.13	89	3,384
JNK	SPDR Bloomberg Barclays High Yield Bond ETF	14.97	—	4.71	3.0	312	543,959,899	0.01	0.12	1,203	11,460
SPHY	SPDR Portfolio High Yield Bond ETF	13.08	—	5.35	3.1	355	842,390	0.13	0.18	5	84
SPSB	SPDR Portfolio Short Term Corporate Bond ETF	5.19	—	2.05	1.7	42	28,240,761	0.06	0.04	314	6,395
SPIB	SPDR Portfolio Intermediate Term Corporate Bond ETF	10.08	—	2.41	4.2	70	46,030,842	0.04	0.04	117	4,983
SPLB	SPDR Portfolio Long Term Corporate Bond ETF	23.62	—	3.55	14.5	137	10,695,931	0.09	0.12	37	678
FLRN	SPDR Bloomberg Barclays Investment Grade Floating Rate ETF	3.83	—	2.16	0.1	46	33,469,087	0.03	0.02	-430	3,388
SPTS	SPDR Portfolio Short Term Treasury ETF	3.54	—	1.60	1.9	0	13,680,423	0.03	0.03	177	1,830
SPTI	SPDR Bloomberg Barclays Intermediate Term Treasury ETF	6.38	—	1.69	5.1	0	8,016,752	0.04	0.03	128	1,031
SPTL	SPDR Portfolio Long Term Treasury ETF	14.76	—	2.24	18.1	0	30,898,001	0.05	0.05	-53	1,780
BIL	SPDR Bloomberg Bloomberg Barclays 1-3 Month T-Bill ETF	2.05	—	1.40	0.1	2	132,503,980	0.01	0.01	265	8,855
SPMB	SPDR Bloomberg Barclays Mortgage Backed Bond ETF	6.23	2.39	2.40	3.1	41	4,339,731	0.07	0.11	136	758
CWB	SPDR Bloomberg Barclays Convertible Securities ETF	22.44	—	1.63	2.4	198	33,656,469	0.02	0.08	227	4,521
PSK	SPDR Wells Fargo Preferred Stock ETF	17.36	—	4.55	3.0	-470	6,808,645	0.09	0.08	134	1,065
SHM	SPDR Nuveen Bloomberg Barclays Short Term Municipal Bond ETF	3.53	—	0.92	2.8	2	14,462,223	0.04	0.03	152	3,760
TFI	SPDR Nuveen Bloomberg Barclays Municipal Bond ETF	7.53	1.34	1.41	6.2	26	7,399,991	0.03	-0.04	-36	2,915

Characteristics (cont'd)

Ticker	Name	Fundamentals					Liquidity			Fund Information	
		1 Year Return (NAV)	30 Day SEC Yield (%) ¹	30 Day Std SEC Yield (%) ²	Duration ³	Credit Spread (bps) ⁴	90 Day Avg Volume (\$)	90 Day Avg Bid/Ask Spread (%) ⁵	90 Day Avg Premium/Discount (%)	QTD Fund Flow (\$M)	AUM (\$M)
HYMB	SPDR Nuveen S&P High Yield Municipal Bond ETF	10.10	—	3.17	6.6	90	9,208,808	0.08	-0.04	136	1,022
EMTL	SPDR DoubleLine Emerging Markets Fixed Income ETF	11.30	3.24	3.34	4.5	222	452,301	0.23	0.38	9	78
EBND	SPDR Bloomberg Barclays Emerging Markets Local Bond ETF	10.44	—	4.04	6.3	57	5,849,539	0.08	0.23	146	1,016
IBND	SPDR Bloomberg Barclays International Corporate Bond ETF	4.55	—	0.09	5.7	84	1,709,589	0.64	0.33	20	190
BWX	SPDR Bloomberg Barclays International Treasury Bond ETF	5.64	—	0.66	8.6	15	8,643,875	0.09	0.07	-92	1,029
DWFI	SPDR Dorsey Wright Fixed Income Allocation ETF	9.40	—	3.38	7.0	138	412,033	0.13	0.02	2	116

As of December 31, 2019. State Street Global Advisors, Bloomberg Finance L.P. Characteristics are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. Green shades are the funds included in the fixed income spotlight. **Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate, so you may have a gain or loss when shares are sold. Current performance may be higher or lower than that quoted. All results are historical and assume the reinvestment of dividends and capital gains. Visit ssga.com for most recent month-end performance.**

- 30 Day SEC Yield (Unsubsidized Yield): An annualized yield that is calculated by dividing the investment income earned by the fund less expenses over the most recent 30-day period by the current maximum offering price that does not take into account expense ratio subsidizations.
- 30 Day SEC Yield (Standardized Yield): An annualized yield that is calculated by dividing the investment income earned by the fund less expenses over the most recent 30-day period by the current maximum offering price.
- Duration measure shown here is the Option Adjusted Duration of the portfolio holdings.
- Credit Spread measure shown is the Option Adjusted Spread of the portfolio holdings.
- The underlying holdings spread is the average weighted measurement for the portfolios bond-level transaction costs (in bp) using trader bid-ask quotes, market trading volume and bond attributes per Bloomberg Finance, L.P.

Standard Performance

Ticker	Name	YTD (%)	Annualized 1Yr (%)	Annualized 3Yrs (%)	Annualized 5Yrs (%)	Annualized 10 Yrs (%)	Since Inception (%)	Inception Date	Gross Expense Ratio (%)*
TOTL	SPDR® DoubleLine Total Return Tactical ETF (NAV)	6.97	6.97	3.53	–	–	2.74	02/23/2015	0.65
	SPDR® DoubleLine Total Return Tactical ETF (MKT)	7.21	7.21	3.72	–	–	2.82	–	–
STOT	SPDR® DoubleLine® Short Term Total Return Tactical ETF (NAV)	4.44	4.44	2.40	–	–	2.18	04/13/2016	0.50
	SPDR® DoubleLine® Short Term Total Return Tactical ETF (MKT)	4.35	4.35	2.33	–	–	2.17	–	–
SPAB	SPDR® Portfolio Aggregate Bond ETF (NAV)	8.72	8.72	3.97	2.99	3.66	4.27	05/23/2007	0.04
	SPDR® Portfolio Aggregate Bond ETF (MKT)	8.74	8.74	3.99	2.93	3.66	4.28	–	–
SPMB	SPDR® Portfolio Mortgage Backed Bond ETF (NAV)	6.23	6.23	3.08	2.35	3.01	3.18	01/15/2009	0.07
	SPDR® Portfolio Mortgage Backed Bond ETF (MKT)	6.22	6.22	3.06	2.40	3.02	3.18	–	–
SPTI	SPDR® Portfolio Int Term Treasury ETF (NAV)	6.38	6.38	3.10	2.26	2.53	3.33	05/23/2007	0.06
	SPDR® Portfolio Int Term Treasury ETF (MKT)	6.36	6.36	3.12	2.28	2.53	3.33	–	–
FLRN	SPDR® Bloomberg Barclays Investment Grade Floating Rate ETF (NAV)	3.83	3.83	2.46	1.83	–	1.72	11/30/2011	0.15
	SPDR® Bloomberg Barclays Investment Grade Floating Rate ETF (MKT)	4.06	4.06	2.40	1.88	–	1.73	–	–
SPSB	SPDR® Portfolio Short Term Corporate Bond ETF (NAV)	5.19	5.19	2.77	2.24	2.21	2.12	12/16/2009	0.07
	SPDR® Portfolio Short Term Corporate Bond ETF (MKT)	5.16	5.16	2.71	2.22	2.13	2.13	–	–
SPIB	SPDR® Portfolio Intermediate Term Corporate Bond ETF (NAV)	10.08	10.08	4.43	3.64	4.30	4.86	02/10/2009	0.07
	SPDR® Portfolio Intermediate Term Corporate Bond ETF (MKT)	10.22	10.22	4.41	3.54	4.29	4.86	–	–
SPLB	SPDR® Portfolio Long Term Corporate Bond ETF (NAV)	23.62	23.62	8.70	6.36	7.67	9.15	03/10/2009	0.07
	SPDR® Portfolio Long Term Corporate Bond ETF (MKT)	23.50	23.50	8.72	6.17	7.61	9.16	–	–
PSK	SPDR® Wells Fargo Preferred Stock ETF (NAV)	17.36	17.36	7.36	5.88	6.75	7.14	09/16/2009	0.45
	SPDR® Wells Fargo Preferred Stock ETF (MKT)	17.46	17.46	7.43	5.83	6.76	7.16	–	–
CWB	SPDR® Bloomberg Barclays Convert Secs ETF (NAV)	22.44	22.44	11.62	8.87	9.32	11.36	04/14/2009	0.40
	SPDR® Bloomberg Barclays Convert Secs ETF (MKT)	22.21	22.21	11.51	8.78	9.22	11.36	–	–
SRLN	SPDR® Blackstone / GSO Senior Loan ETF (NAV)	9.33	9.33	4.15	3.66	–	3.11	04/03/2013	0.70
	SPDR® Blackstone / GSO Senior Loan ETF (MKT)	10.04	10.04	4.17	3.67	–	3.13	–	–
SPHY	SPDR® Portfolio High Yield Bond ETF (NAV)	13.08	13.08	5.41	4.87	–	5.17	06/18/2012	0.15
	SPDR® Portfolio High Yield Bond ETF (MKT)	13.34	13.34	5.54	4.83	–	5.21	–	–
SJNK	SPDR® Bloomberg Barclays Short Term High Yield Bond ETF (NAV)	9.53	9.53	4.79	4.20	–	4.27	03/14/2012	0.40
	SPDR® Bloomberg Barclays Short Term High Yield Bond ETF (MKT)	9.49	9.49	4.74	4.25	–	4.28	–	–
JNK	SPDR® Bloomberg Barclays High Yield Bond ETF (NAV)	14.97	14.97	5.83	4.76	6.31	5.65	11/28/2007	0.40
	SPDR® Bloomberg Barclays High Yield Bond ETF (MKT)	14.86	14.86	5.79	4.77	6.25	5.65	–	–

Standard Performance (cont'd)

Ticker	Name	YTD (%)	Annualized 1Yr (%)	Annualized 3Yrs (%)	Annualized 5Yrs (%)	Annualized 10 Yrs (%)	Since Inception (%)	Inception Date	Gross Expense Ratio (%)*
SHM	SPDR® Nuveen Bloomberg Barclays Short Term Municipal Bond ETF (NAV)	3.53	3.53	2.05	1.36	1.43	2.13	10/10/2007	0.20
	SPDR® Nuveen Bloomberg Barclays Short Term Municipal Bond ETF (MKT)	3.52	3.52	2.06	1.36	1.42	2.14	–	–
TFI	SPDR® Nuveen Bloomberg Barclays Municipal Bond ETF (NAV)	7.53	7.53	4.47	3.30	4.10	4.23	09/11/2007	0.30
	SPDR® Nuveen Bloomberg Barclays Municipal Bond ETF (MKT)	7.49	7.49	4.45	3.26	4.07	4.23	–	–
HYMB	SPDR® Nuveen S&P High Yield Municipal Bond ETF (NAV)	10.10	10.10	5.87	4.69	–	6.60	04/13/2011	0.35
	SPDR® Nuveen S&P High Yield Municipal Bond ETF (MKT)	9.46	9.46	5.82	4.66	–	6.59	–	–
BWX	SPDR® Bloomberg Barclays International Treasury Bond ETF (NAV)	5.64	5.64	4.38	1.34	1.38	2.31	10/02/2007	0.35
	SPDR® Bloomberg Barclays International Treasury Bond ETF (MKT)	5.47	5.47	4.44	1.33	1.40	2.32	–	–
IBND	SPDR® Bloomberg Barclays International Corporate Bond ETF (NAV)	4.55	4.55	3.95	0.15	–	2.39	05/19/2010	0.50
	SPDR® Bloomberg Barclays International Corporate Bond ETF (MKT)	4.09	4.09	3.98	0.07	–	2.41	–	–
EBND	SPDR® Bloomberg Barclays Emerging Markets Local Bond ETF (NAV)	10.44	10.44	5.43	2.01	–	1.52	02/23/2011	0.30
	SPDR® Bloomberg Barclays Emerging Markets Local Bond ETF (MKT)	10.32	10.32	5.57	1.92	–	2.39	–	–
EMTL	SPDR® DoubleLine® Emerging Markets Fixed Income ETF (NAV)	11.30	11.30	5.51	–	–	6.03	04/13/2016	0.75
	SPDR® DoubleLine® Emerging Markets Fixed Income ETF (MKT)	11.93	11.93	5.57	–	–	6.20	–	–
DWFI	SPDR® Dorsey Wright Fixed Income Allocation ETF (NAV)	9.40	9.40	2.58	–	–	2.20	06/1/2016	0.60
	SPDR® Dorsey Wright Fixed Income Allocation ETF (MKT)	9.37	9.37	2.99	–	–	2.20	–	–
BIL	SPDR® Bloomberg Barclays 1–3 Month T-Bill ETF (NAV)	2.05	2.05	1.48	0.89	0.42	0.68	05/25/2007	0.1359
	SPDR® Bloomberg Barclays 1–3 Month T-Bill ETF (MKT)	2.06	2.06	1.49	0.89	0.42	0.68	–	–
SPTL	SPDR® Portfolio Long Term Treasury ETF (NAV)	14.76	14.76	6.88	4.05	6.90	6.88	05/23/2007	0.06
	SPDR® Portfolio Long Term Treasury ETF (MKT)	13.92	13.92	6.89	3.99	6.87	6.85	–	–
SPTS	SPDR® Portfolio Short Term Treasury ETF (NAV)	3.54	3.54	1.72	1.38	–	1.07	11/30/2011	0.06
	SPDR® Portfolio Short Term Treasury ETF (MKT)	3.49	3.49	1.72	1.38	–	1.07	–	–

Source: State Street Global Advisors as of December 31, 2019.

Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate, so you may have a gain or loss when shares are sold. Current performance may be higher or lower than that quoted. Visit ssga.com for most recent month-end performance. The market price used to calculate the Market Value return is the midpoint between the highest bid and the lowest offer on the exchange on which the shares of the Fund are listed for trading, as of the time that the Fund's NAV is calculated. If you trade your shares at another time, your return may differ.

* 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.

Glossary

Active Core Fixed Income Strategy An actively managed approach to building the main part of a fixed income portfolio, rather than using a passive, index-based approach such as tracking the Bloomberg Barclays U.S. Aggregate Bond Index.

Aggregate An index used by bond funds as a benchmark to measure their relative performance. The index includes government securities, mortgage-backed securities, asset-backed securities and corporate securities to simulate the universe of bonds in the market.

Asset Backed An asset backed security is a security with a value that is derived from, and backed by, a pool of underlying assets which generally are unable to be sold individually. Bank Loans A bank loan is a financial obligation issued by a financial institution to a company or individual which holds legal claim to the borrower's assets.

Bid-Ask Spread The difference between the highest price a buyer is willing to pay for an asset and the lowest price the seller will accept to sell. Bid-ask spreads are a key measure of the liquidity of an asset or security.

Bloomberg Barclays U.S. ABS Index A benchmark designed to measure the performance of US asset backed securities of three subsectors – Credit and charge cards, Autos, Utility. This index includes pass-through, bullet, and controlled amortization structures.

Bloomberg Barclays Municipal Managed Money Index A benchmark designed to track the U.S. longterm tax-exempt bond market, including state and local general obligation bonds, revenue bonds, pre-refunded bonds, and insured bonds. The index is comprised of bonds issued by states, cities, counties, districts and their respective agencies.

Bloomberg Barclays U.S. Aggregate Bond Index A benchmark that provides a measure of the performance of the US dollar denominated investment grade bond market, which includes investment grade government bonds, investment grade corporate bonds, mortgage pass through securities, commercial mortgage backed securities and asset backed securities that are publicly for sale in the US.

Bloomberg Barclays U.S. Convertible Bond >\$500MM Index A benchmark designed to represent the market of US convertible securities, such as convertible bonds, with outstanding issue sizes greater than \$500 million.

Bloomberg Barclays U.S. Government Inflation-linked Bond Index A benchmark that includes publicly issued, U.S. Treasury inflation-protected securities that have at least one year remaining to maturity on index rebalancing date and that have an issue size equal to or in excess of \$500 million. Bonds

must be capital-indexed, linked to an eligible inflation index, be denominated in US dollars and pay coupon and principal in US dollars. The notional coupon of a bond must be fixed or zero.

Bloomberg Barclays High Yield Very Liquid Index The Bloomberg Barclays High Yield Very Liquid Index is designed to measure the performance of publicly issued US dollar denominated high yield corporate bonds with above-average liquidity. Denominated high yield corporate bonds with above-average liquidity.

Bloomberg Barclays U.S. MBS Index A benchmark designed to measure the performance of the US agency mortgage pass-through segment of the U.S. investment grade bond market. The term "US agency mortgage pass through security" refers to a category of pass-through securities backed by pools of mortgages and issued by US government-sponsored agencies.

Bloomberg Barclays U.S. Treasury Index US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury. Treasury bills are excluded by the maturity constraint, but are part of a separate Short Treasury Index.

Bloomberg Barclays U.S. 1-3 Year Corporate Bond Index A benchmark designed to measure the performance of the short-term U.S. corporate bond market. It includes publicly issued US dollar-denominated and investment-grade corporate issues that have a remaining maturity of greater than or equal to one year and less than three years.

Credit Spreads The spread between Treasury securities and non-Treasury securities that are identical in all respects except for quality rating.

Convertible A convertible security is a security which may be exchanged for another asset, generally a fixed number of shares of common stock.

Diversification A strategy of combining a broad mix of investments and asset class to potentially limit risk, although diversification does not guarantee protecting against a loss in falling markets.

Duration A commonly used measure, expressed in years, that measures the sensitivity of the price of a bond or a fixed-income portfolio to changes in interest rates or interest-rate expectations. The greater the duration, the greater the sensitivity to interest rates changes, and vice versa.

Inflation Protected A treasury security with a par value indexed to inflation as measured by CPI, while the interest rate remains fixed, designed to potentially protect from the negative impacts of inflation.

Liquidity The ability to quickly buy or sell an investment in the market without impacting its price. Trading volume is a primary determinant of liquidity.

Mortgage-Backed A mortgage backed security is secured by a collection of mortgages which are sold to an institution which securitizes, or packages, them into an investible security.

Preferred Preferred securities combine features of debt and common equity by paying a fixed dividend and trading like a stock, whose dividend must be paid before dividends may be paid to common shareholders, but which sits below creditors in liquidation preference.

Premium and Discount If an ETF is trading above its NAV, the ETF is said to be trading at a premium. If the price of the ETF is trading below its NAV, the ETF is said to be trading at a discount.

S&P/LSTA Leveraged Loan Index A benchmark designed to measure the performance of the largest facilities in the leveraged loan market.

Senior Loans Floating-rate debt issued by corporations and backed by collateral such as real estate or other assets.

Volatility The tendency of a market index or security to jump around in price. In modern portfolio theory, securities with higher volatility are generally seen as riskier due to higher potential losses.

Wells Fargo Hybrid and Preferred Securities Aggregate Index A modified market-capitalization-weighted benchmark designed to measure the performance of non-convertible preferred stock and securities that are equivalent to preferred stock. Constituents include depository preferred securities, perpetual subordinated debt and some securities issued by banks and other financial institutions that are eligible for capital treatment.

Yield The income produced by an investment, typically calculated as the interest received annually divided by the investment's price.

Important Risk Information

The views expressed in this material are the views of SPDR ETFs and State Street Global Advisors Funds Research Team and are subject to change based on market and other conditions. This document contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected. 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. In general, ETFs can be expected to move up or down in value with the value of the applicable index. Although ETF shares may be bought and sold on the exchange through any brokerage account, ETF shares are not individually redeemable from the Fund. Investors may acquire ETFs and tender them for redemption

through the Fund in Creation Unit Aggregations only. Please see the prospectus for more details. Bonds generally present less short-term risk and volatility than stocks, but contain interest rate risk (as interest rates rise, 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. Preferred Securities are subordinated to bonds and other debt instruments, and will be subject to greater credit risk. Foreign investments involve greater risks than US investments, including political and economic risks and the risk of currency fluctuations, all of which may be magnified in emerging markets. Government bonds and corporate bonds generally have more moderate short-term price fluctuations than stocks, but provide lower potential long-term returns. Floating rate securities are often lower-quality debt securities and may involve greater risk of price changes and greater risk of default on interest and principal payments. The market for floating rate bank loans is largely unregulated and these assets usually do not trade on an organized exchange. As a result, floating rate bank loans can be relatively illiquid and hard to value. Sovereign bonds are issued by governments and government agencies and instrumentalities, which may be unable or unwilling to repay principal or interest on debt obligations in times of economic uncertainty. 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. Actively managed funds may underperform its benchmarks. An investment in the fund is not appropriate for all investors and is not intended to be a complete investment program. Investing in the fund involves risks, including the risk that investors may receive little or no return on the investment or that investors may lose part or even all of the investment. Non-diversified funds that focus on a relatively small number of issuers tend to be more volatile than diversified funds and the market as a whole. The funds may contain interest rate risk (as interest rates rise bond prices usually fall); the risk of issuer default; inflation risk; and issuer call risk. The funds may invest in US dollar-denominated securities of foreign issuers traded in the United States. Because of their narrow focus, financial sector funds tend to be more volatile. Preferred Securities are subordinated to bonds and other debt instruments, and will be subject to greater credit risk. The municipal market can be affected by adverse tax, legislative or political changes and the financial condition of the issuers of municipal securities.

Frequent trading of ETFs could significantly increase commissions and other costs such that they may offset any savings from low fees or costs.

Increase in real interest rates can cause the price of inflation-protected debt securities to decrease. Interest payments on inflation-protected debt securities can be unpredictable. 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.

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 which may cause the fund to experience tracking errors relative to performance of the Index.

Convertible securities generally provide yields higher than the underlying stocks, but generally lower than comparable non-convertible securities, in exchange for limited upside potential.

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.

Issuers of convertible securities may not be as financially strong as those issuing securities with higher credit ratings and may be more vulnerable to changes in the economy. Other

risks associated with convertible bond investments include: Call risk which is the risk that bond issuers may repay securities with higher coupon or interest rates before the security's maturity date; liquidity risk which is the risk that certain types of investments may not be possible to sell the investment at any particular time or at an acceptable price; and investments in derivatives, which can be more sensitive to sudden fluctuations in interest rates or market prices, potential illiquidity of the markets, as well as potential loss of principal. The municipal market is volatile and can be significantly affected by adverse tax, legislative or political changes and the financial condition of the issuers of municipal securities. Interest rate increases can cause the price of a debt security to decrease. A portion of the dividends you receive may be subject to federal, state, or local income tax or may be subject to the federal alternative minimum tax.

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.

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