

December 2021
FAQs

SPDR[®] ETF Expense Ratio Reductions

Background

What is happening?

On December 1, 2021, State Street Global Advisors reduced the total expense ratios (“TERs”) on three SPDR ETFs in our suite of low-cost SPDR Portfolio ETFs[™]. The [SPDR Portfolio Short Term Corporate Bond ETF \(SPSB\)](#), [SPDR Portfolio Intermediate Term Corporate Bond ETF \(SPIB\)](#) and the [SPDR Portfolio Long Term Corporate Bond ETF \(SPLB\)](#) now have an expense ratio of just 4 basis points (bps) each.

Key Info

Impacted funds and TER changes

| Ticker | Name | Previous TER (bps) | New TER (bps) |
|--------|---|--------------------|---------------|
| SPSB | SPDR Portfolio Short Term Corporate Bond ETF | 7 | 4 |
| SPIB | SPDR Portfolio Intermediate Term Corporate Bond ETF | 7 | 4 |
| SPLB | SPDR Portfolio Long Term Corporate Bond ETF | 7 | 4 |

Q & A

Why did State Street Global Advisors make these changes?

As a matter of good business practice, we are continually looking to identify improvements that will enhance the success of investors and ensure that our SPDR ETF offerings are well-positioned for long-term growth. We continuously evaluate our product lineup and pricing structure to ensure we are offering the best solutions for investors. These changes further represent State Street’s commitment to investors and their evolving need for reasonably priced ETFs.

Has State Street made similar changes to other fixed income ETFs this year?

We have reduced fees on four other fixed income ETFs throughout 2021 and those fee reductions have been met with positive investor demand.

| Ticker | Name | Fee Reduction Effective Date | Updated TER (bps) | Inflows Since Fee Reduction |
|--------|---|------------------------------|-------------------|-----------------------------|
| SPMB | SPDR Portfolio Mortgage Backed Bond ETF | 3/24/2021 | 4 | \$968M |
| SPHY | SPDR Portfolio High Yield Bond ETF | 3/24/2021 | 10 | \$269M |
| SPAB | SPDR Portfolio Aggregate Bond ETF | 6/29/2021 | 3 | \$429M |
| SPBO | SPDR Portfolio Corporate Bond ETF | 6/29/2021 | 3 | \$66M |

Source: State Street Global Advisors, as of 10/31/2021

Why consider investing in these SPDR ETFs?

In today’s market, constructing bond portfolios is a challenge given the low yields, extended duration, and tight credit spreads for many market exposures. Beyond their low-fees, these three corporate bonds ETFs may be able to help investors more precisely tailor their overall portfolio exposures by reallocating across the maturity curve in the corporate bond market.

Short term corporate bonds (SPSB) might appeal to investors who wish to limit duration risk while generating modest income (1.80 years duration and 0.78% yield).¹

For investors who seek higher income with an eye towards interest rate sensitivity, intermediate term corporate bonds (SPIB) might be attractive due to their higher yields over short term corporate bonds (1.56% yield),² while displaying less duration than that of a core intermediate exposure such as aggregate bonds (4.49 years duration versus 6.73 years duration).³

Long term corporate bonds (SPLB) can help investors increase portfolio yield (2.97% yield),⁴ however there is higher duration risk coupled with this higher yield (15.3 years duration).⁵ Long term corporate bonds generally benefit investors during periods in which the yield curve flattens, as it has during past Federal Reserve tightening cycles.

With these fee reductions, how do the impacted SPDR ETFs compare against similar funds?

Short Term Corporate Bond ETFs

| Ticker | Name | TER (bps) |
|-------------|--|-----------|
| SPSB | SPDR Portfolio Short Term Corporate Bond ETF | 4 |
| VCSH | Vanguard Short-Term Corporate Bond ETF | 5 |
| SCHJ | Schwab 1-5 Year Corporate Bond ETF | 5 |
| IGSB | iShares 1-5 Year Investment Grade Corporate Bond ETF | 6 |
| SLQD | iShares 0-5 Year Investment Grade Corporate Bond ETF | 6 |

Intermediate Term Corporate Bond ETFs

| Ticker | Name | TER (bps) |
|-------------|--|-----------|
| SPIB | SPDR Portfolio Intermediate Term Corporate Bond ETF | 4 |
| VCIT | Vanguard Intermediate-Term Corporate Bond ETF | 5 |
| SCHI | Schwab 5-10 Year Corporate Bond ETF | 5 |
| IGIB | iShares 5-10 Year Investment Grade Corporate Bond ETF | 6 |

Long Term Corporate Bond ETFs

| Ticker | Name | TER (bps) |
|-------------|--|-----------|
| SPLB | SPDR Portfolio Long Term Corporate Bond ETF | 4 |
| VCIT | Vanguard Long-Term Corporate Bond ETF | 5 |
| IGLB | iShares 10+ Year Investment Grade Corporate Bond ETF | 6 |

Source: State Street Global Advisors, Morningstar, as of December 1, 2021.

Endnotes

1 Source: Bloomberg Finance L.P., as of 11/05/2021. Yield to worst used. Characteristics are for the Bloomberg US Corporate 1-3 Yr Index (SPSB's benchmark). **Past performance is not a reliable indicator of future performance.**

2 Source: Bloomberg Finance L.P., as of 11/05/2021. Yield to worst used. Characteristics are for the Bloomberg US Intermediate Corporate Bond Index (SPIB's benchmark). **Past performance is not a reliable indicator of future performance.**

3 Source: Bloomberg Finance L.P., as of 11/05/2021. Intermediate term corporate bond duration represented by the Bloomberg Intermediate Corporate Bond Index (SPIB's benchmark). Aggregate bond duration represented by the Bloomberg US Aggregate Bond Index.

4 Source: Bloomberg Finance L.P., as of 11/05/2021. Yield to worst used. Characteristics are for the Bloomberg US Long Corporate Bond Index (SPLB's benchmark). **Past performance is not a reliable indicator of future performance.**

5 Source: Bloomberg Finance L.P., as of 11/05/2021. Characteristics are for the Bloomberg US Long Corporate Bond Index (SPLB's benchmark).

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Glossary

Bloomberg US Aggregate Bond Index A benchmark that provides a measure of the performance of the US-dollar-denominated investment grade bond market. The "Agg" 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.

Yield to worst is a measure of the lowest possible yield that can be received on a bond that fully operates within the terms of its contract without defaulting. It is a type of **yield** that is referenced when a bond has provisions that would allow the issuer to close it out before it matures.

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