STATE STREET GLOBAL ADVISORS SPDR®

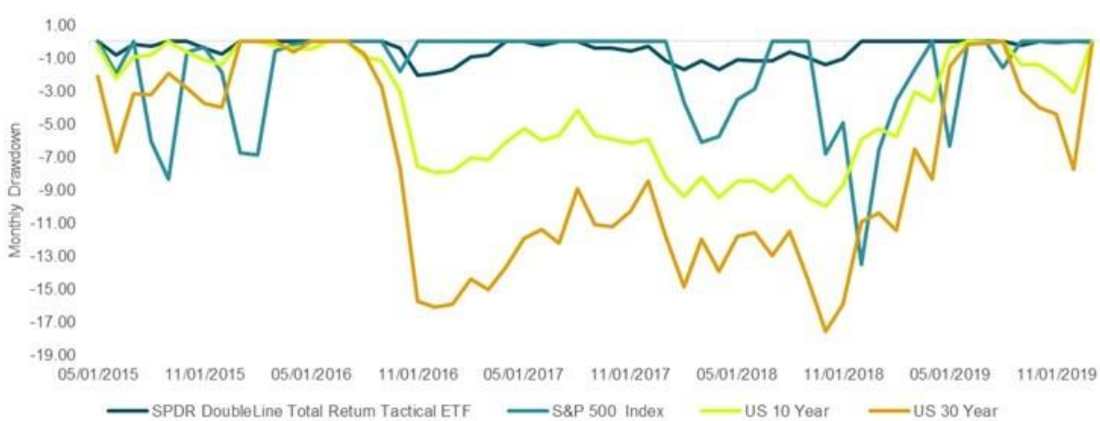
February 24, 2020
Weekly Bulletin

A Double-Defensive Playbook for Right Now – TOTL

- Coronavirus-led global growth concerns have impaired stocks' start-of-year momentum while also pushing yields on defensive, risk-off US Treasuries well below averages,[1] some to historic lows[2]
- These low bond yields combined with growth uncertainty requires investors to balance the upside (growth fears lessen = rates rise off historic lows, equity markets resume uptrend) with the downside (growth fears increase = equities decline and rates continue falling)
- The SPDR DoubleLine Total Return Tactical ETF [TOTL] is a balanced, double-defensive portfolio with the proven ability (since its inception) to:
    1. *Mitigate equity volatility:* Lower drawdowns than those of its peers during equity selloffs[3], as a result of its exposure to below investment-grade credits being less than that of its peers[4]
    2. *Temper rate risk:* Lower drawdowns during rising rate periods[5], stemming from its lower duration[6] and specific focus on mortgages

The Takeaway Investors may want to seek out a solution that can potentially balance the upside and downside risks currently facing the market. TOTL is a double-defensive bond portfolio that, since its inception five years ago, has shown the ability to mitigate equity and rate volatility while providing a higher yield than passive[7] ─ but without taking on more credit or duration risk than its peers.

Chart of the Week: TOTL Drawdown Versus Rates and Equities



Source: Factset, 04/30/2015-01/31/2020. **Performance quoted represents past performance, which is no guarantee of future results.** US 30 year represented by the Bloomberg Barclays US Treasury Bellwethers (30 Y) Index. US 10 Year represented by the Bloomberg Barclays US Treasury Bellwethers (10 Y) Index.

Standard Performance

				Annualized					
Ticker	Name	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date	Net Expense Ratio (%)
TOTL (NAV)	SPDR DoubleLine Total Return Tact ETF	6.97	6.97	3.53	-	-	2.74	02/23/2015	0.55^
TOTL (MKT)	SPDR DoubleLine Total Return Tact ETF	7.21	7.21	3.72	-	-	2.82		

Source: ssga.com, as of December 31, 2019.

^TOTL's Gross Expense Ratio = 0.65. Net expense ratio = 0.55. The gross expense ratio is the fund's total annual operating expenses ratio. It is gross of any fee waivers or expense reimbursements. SSGA Funds Management, Inc. ("SSGA FM" or "Adviser") has contractually agreed to waive its advisory fee and/or reimburse certain expenses, until October 31, 2020, so that the net annual fund operating expenses of the Fund will be limited to 0.55% of the Fund's average daily net assets before application of any extraordinary expenses or acquired fund fees and expenses. The contractual fee waiver and/or reimbursement does not provide for the recoupment by the Adviser of any fees the Adviser previously waived. The Adviser may continue the waiver and/or reimbursement from year to year, but there is no guarantee that the Adviser will do so and after October 31, 2020, the waiver and/or reimbursement may be cancelled or modified at any time. This waiver and/or reimbursement may not be terminated during the relevant period except with the approval of the Fund's Board of Trustees.

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. For SPDR ETFs, 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.

[1] The current US 10-Year Yield (1.47%) is 38% below the 36-month exponential moving average yield (2.36%) per Bloomberg Finance L.P., as of 02/21/2020. Calculations by SPDR Americas Research.

[2] The US 30-Year Yield reached an all-time low of 1.91% on 02/21/2020 per Bloomberg Finance L.P.

[3] Morningstar, as of 12/31/2019. Drawdown measured using for the rolling six-month period ending 09/30/2015–12/31/2019. Peers consist of oldest share class of active ETFs and mutual funds in the Intermediate Core-Plus Bond Category.

[4] Morningstar, as of 12/31/2019. 15.62% for TOTL versus 27.61% for peers. Peers consist of oldest share class of active ETFs and mutual funds in the Intermediate Core-Plus Bond Category.

[5] Morningstar, as of 12/31/2019. Peers consist of oldest share class of active ETFs and mutual funds in the Intermediate Core-Plus Bond Category.

[6] 3.99 years for TOTL and 5.27 years for peers. Morningstar, as of 12/31/2019. Peers consist of oldest share class of active ETFs and mutual funds in the Intermediate Core-Plus Bond Category.

[7] TOTL's 30-Day SEC Yield is currently 2.6%, compared with the Bloomberg Barclays US Aggregate Bond Index yield to maturity of 2.05%, as of 02/21/2020 per ssga.com.

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The views expressed in this material are the views of the SPDR Research and Strategy team and are subject to change based on market and other conditions. The fund 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 Fund may invest in U.S. dollar-denominated securities of foreign issuers traded in the United States.

Important Risk Information

Investing involves risk including the risk of loss of principal.
Funds investing in a single sector may be subject to more volatility than funds investing in a diverse group of sectors.

Actively managed funds do not seek to replicate the performance of a specified index. An actively managed fund may underperform its benchmark. 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. 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.

Government bonds and corporate bonds generally have more moderate short-term price fluctuations than stocks, but provide lower potential long-term returns.
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.

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.
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.
Foreign (non-U.S.) Securities may be subject to greater political, economic, environmental, credit and information risks. Foreign securities may be subject to higher volatility than U.S. securities, due to varying degrees of regulation and limited liquidity. These risks are magnified in **emerging markets**.
Non-diversified funds that focus on a relatively small number of securities tend to be more volatile than diversified funds and the market as a whole.

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.

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