

State Street Emerging Markets Tilted Local Currency Government Bond Index Fund

Website disclosure for an Article 8 fund



A. Summary

The State Street Emerging Markets Tilted Local Currency Government Bond Index Fund (“**Fund**”) is an index fund tracking the performance of the J.P. Morgan ESG-Government Bond Index Emerging Markets Global Diversified (“**Index**”). The Index has been designated for the purpose of attaining the environmental and social characteristics promoted by the Fund. The Index applies an ESG scoring and screening methodology using the J.P.Morgan ESG (“**JESG**”) issuer scores to tilt towards issuers ranked higher on ESG criteria and green bond issues, and to underweight and remove issuers that rank lower.

The Fund promotes environmental or social characteristics, but does not have as its objective a sustainable investment.

The environmental and social characteristics promoted by the Fund is the Index designated by the Fund and more specifically the JESG issuer scores which are used in the Index construction.

The investment policy of the Fund is to track the performance of the Index as closely as possible using the Stratified Sampling Strategy as further described in the “Investment Strategies” section of the Prospectus, while seeking to minimise as far as possible the tracking difference between the Fund’s performance and that of the Index. The Fund will seek to build a representative portfolio that matches the risk and return characteristics of the applicable Index in the most efficient way, including, but not limited to, risks related to currencies, countries, sectors, quality, maturity duration and issuers. Consequently, a Fund using this strategy will typically hold only a subset of the securities included in the Index. The requirement to assess good governance does not apply to government bonds.

The Investment Manager employs a binding ESG methodology which aims to build a portfolio where at least 90% of the Fund’s assets are invested in securities which are aligned with environmental and social characteristics promoted by the Fund. The remaining portion (<10%) of the portfolio, consisting of cash as well as cash equivalents in place held at the Investment Manager’s discretion, will not be aligned with the promoted environmental and social characteristics. To the extent that the Fund may use financial derivative instruments, these will not be used to attain the environmental or social characteristics promoted by the Fund.

The Fund does not commit to making sustainable investments within the meaning of the SFDR or the Taxonomy Regulation.

The proportion of the Fund’s portfolio invested in securities included in the Index will constitute sustainability indicator used to measure the attainment of each of the environmental or social characteristics promoted by the Fund.

The link to the Index methodology which captures the environmental or social characteristics promoted by the Fund is made available in the Relevant Supplement and is included below.

The data sources used to attain the relevant environmental or social characteristics are detailed in the Index methodology.

There is a risk that the index provider may make errors, such as incorrect assessment of the screen criteria described in the Investment Policy and/or include incorrect/exclude correct constituents in the screening process. ESG data may be based on certain assumptions, forecasts, projections, views and opinions which may be based on current market trends or anticipated future events. Given the developing and innovative nature of data models, methodologies and assumptions and the inherent uncertainty in predicting forward-looking events, it cannot be guaranteed that the ESG data is always accurate or correct or that the ESG data will satisfy the aims or requirements of any specific client or investor. Furthermore, there may be data that cannot be sourced due to the lack of availability of data sources.

SSGA oversees external vendors, including index providers, in line with its third party risk management programme. SSGA engages with index providers regularly for service level reviews and also undertakes targeted reviews of index providers' processes, systems & systems controls, data, quality controls & IT security.

SSGA's engagement policies are not directly embedded into the Fund's investment strategy. However, SSGA's Asset Stewardship programme consolidates all voting and engagement activities across asset classes, irrespective of investment strategy or geographic region, including for the Fund.

The Fund has designated the Index for the purpose of attaining environmental and social characteristics promoted by the Fund. The Index methodology provides for ongoing review and rebalances on the last U.S. business day of the month.

Please refer to J.P. Morgan ESG GBI-EM Global Diversified Index methodology:

<https://www.jpmorgan.com/country/US/en/jpmorgan/investbk/solutions/research/indices/product>

For further information and details please refer to the relevant sections below, the Prospectus and Relevant Supplement.



B. No sustainable investment objective

The Fund promotes environmental or social characteristics, but does not have as its objective a sustainable investment.



C. Environmental or social characteristics of the financial product

The State Street Emerging Markets Tilted Local Currency Government Bond Fund is an index fund tracking the performance of the J.P. Morgan ESG-Government Bond Index Emerging Markets Global Diversified ("Index"). The environmental and social characteristics promoted by the Fund is the Index designated by the Fund and more specifically the J.P. Morgan ESG issuer scores ("JESG") which are used in the Index construction.



D. Investment strategy

The investment policy of the Fund is to track the performance of the Index as closely as possible using the Stratified Sampling Strategy as further described in the "Investment Strategies" section of the Prospectus, while seeking to minimise as far as possible the tracking difference between the Fund's performance and that of the Index. The Fund will seek to build a representative portfolio that matches the risk and return characteristics of the applicable Index in the most efficient way, including, but not limited to, risks related to currencies, countries, sectors, quality, maturity duration and issuers. Consequently, a Fund using this strategy will typically hold only a subset of the securities included in the Index.

Securities in the Fund are selected primarily from the constituents of the Index. The Fund also may, in exceptional circumstances, invest in securities not included in the Index but that are believed to closely reflect the risk and distribution characteristics of securities of the Index. The Index measures the performance of investible local currency emerging markets government bonds. The Index applies an ESG scoring and screening methodology using the JESG issuer scores to tilt the Index constituents towards issuers ranked higher on ESG criteria and green bond issues, and to underweight and remove issuers that rank lower.

The requirement to assess good governance does not apply to government bonds.



E. Proportion of investments

The Investment Manager employs a binding ESG methodology which aims to build a portfolio where at least 90% of the Fund's assets are invested in securities which are aligned with environmental and social characteristics promoted by the Fund. The remaining portion (<10%) of the portfolio, consisting of cash as well as cash equivalents in place held at the Investment Manager's discretion, will not be aligned with the promoted environmental and social characteristics.

To the extent that the Fund may use financial derivative instruments, these will not be used to attain the environmental or social characteristics promoted by the Fund.

The Fund does not commit to making sustainable investments within the meaning of the SFDR or the Taxonomy Regulation.



F. Monitoring of environmental or social characteristics

The sustainability indicators used to measure the attainment of each of the environmental or social characteristics promoted by the Fund are the ESG ratings produced by the Index provider and incorporated into the index construction methodology. The proportion of the Fund's portfolio invested in securities included in the Index will constitute sustainability indicator used to measure the attainment of each of the environmental or social characteristics promoted by the Fund.

The Fund rebalances on a monthly basis, in line with the Index rebalancing frequency.



G. Methodologies

The link to the Index methodology which captures the environmental or social characteristics promoted by the Fund is made available in the Relevant Supplement and in Section L below.



H. Data sources and processing

The data sources used to attain the relevant environmental or social characteristics are detailed in the Index methodology.



I. Limitations to methodologies and data

There is a risk that the index provider may make errors, such as incorrect assessment of the screen criteria described in the Investment Policy and/or include incorrect/exclude correct constituents in the screening process. ESG scoring and screening is subject to inherent methodological limits. Any assessment of ESG criteria by an Index is based on the data provided by third parties. Such assessments are dependent upon information and data that may be incomplete, inaccurate or unavailable, which could cause incorrect assessment of an issuer's ESG performance. In particular there may be potential inconsistencies, inaccuracy or a lack of availability of required ESG data, particularly where this is issued by external data providers. These limitations may include but are not limited to issues relating to:

- missing or incomplete data from companies (for example, relating to their capacity to manage their Sustainability Risks) which have been used as input for any scoring model;
- the identification of relevant factors for the ESG analysis; and
- the quantity and quality of ESG data to be processed.

ESG data may be based on certain assumptions, forecasts, projections, views and opinions which may be based on current market trends or anticipated future events. To assess company involvement in different activities and to estimate revenue shares as accurately as possible, data providers strive to obtain information directly from companies and issuers. Sources of data include annual reports, regulatory filings, sustainability reports, press releases, investor presentations, company websites, and other company disclosures. Given the developing and innovative nature of data models, methodologies and assumptions and the inherent uncertainty in predicting forward-looking events, it cannot be guaranteed that the ESG data is always accurate or correct or that the ESG data will satisfy the aims or requirements of any specific client or investor. Furthermore, there may be data that cannot be sourced due to the lack of availability of data sources.



J. Due diligence

SSGA oversees external vendors, including index providers, in line with its third party risk management programme. SSGA engages with index providers regularly for service level reviews and also undertakes targeted reviews of index providers' processes, systems & systems controls, data, quality controls & IT security.



K. Engagement policies

Is engagement part of the environmental or social investment strategy?

☐ Yes

☒ No

While SSGA engagement policies are not directly embedded into the Fund's investment strategy, for SSGA the informed exercise of voting rights coupled with targeted and value-driven engagement is the most effective mechanism of creating value and managing Sustainability Risk for the investors. SSGA's Asset Stewardship programme consolidates all voting and engagement activities across asset classes, irrespective of investment strategy or geographic region. The engagement strategy is built on SSGA's ability to prioritise and allocate resources to companies and issues that have the greatest potential impact. SSGA's Asset Stewardship programme is underpinned by 3 separate pillars, that is, (i) providing information and guidance to investee companies on the development of ESG practices across key issues, (ii) engaging with portfolio companies to encourage transparent, accountable, high performing boards and companies, and (iii) by exercising voting rights in a manner that reflects long term investment objectives for the purpose of influencing the activity or behaviour of the issuers. To support this process, SSGA has developed proprietary in-house tools to help identify companies for active engagement based on various financial and ESG indicators.



L. Reference benchmark

Has a reference benchmark been designated for the purpose of attaining these characteristics promoted by the Fund?

☒ Yes

☐ No

The Fund is an index fund tracking the performance of the J.P. Morgan ESG-Government Bond Index Emerging Markets Global Diversified. The Index has been designated for the purpose of attaining the environmental and social characteristics promoted by the Fund. The Index applies an ESG scoring and screening methodology using the JESG issuer scores to tilt towards issuers ranked higher on ESG criteria and green bond issues, and to underweight and remove issuers that rank lower.

The Index methodology provides for ongoing review and rebalances on the last U.S. business day of the month.

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