

Understanding our Active ETF Model Portfolios

State Street Active Asset Allocation ETF Portfolios employ a disciplined process to identify and exploit opportunities in the markets using a framework based on quantitative and qualitative insight. The portfolios seek to outperform their benchmarks over an entire business cycle, and are suitable as dynamic core portfolio allocations seeking additional alpha.

Multi-dimensional portfolio management

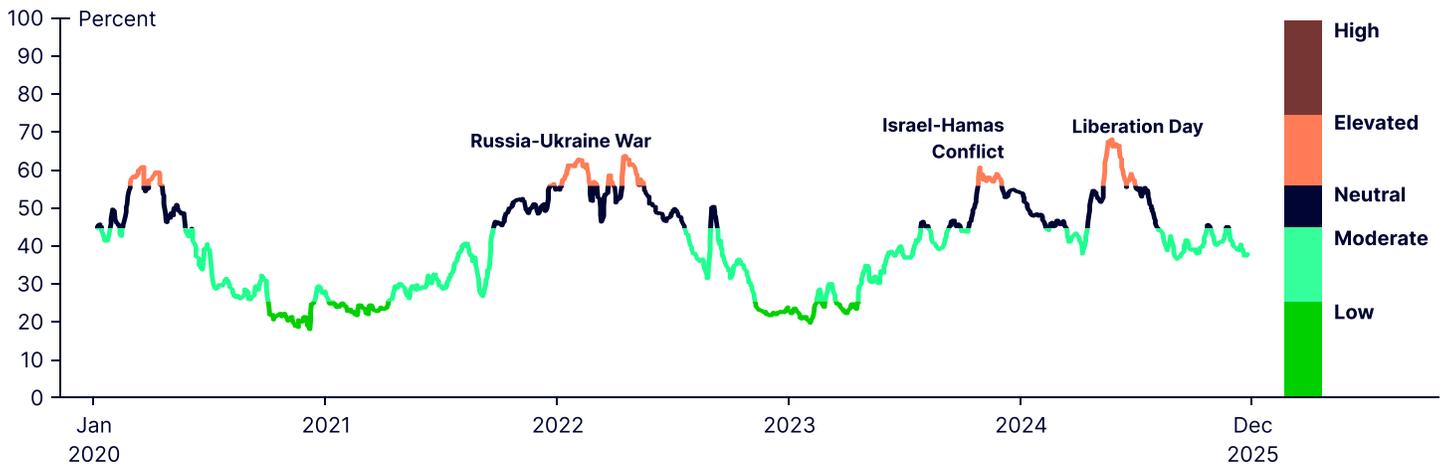
The team that manages State Street ETF Model Portfolios, the Investment Solutions Group (ISG) is the same team that manages money for pensions, central banks, sovereign wealth funds, endowments, and other large institutions across the globe. The investment process behind the State Street Active Asset Allocation ETF Portfolios is anchored in quantitative analysis and

enhanced by qualitative views from several specialized teams across State Street. Over the models' 17 year track record, we have gone beyond traditional stock and bond portfolios to develop thoughtfully constructed solutions with varied exposure to key segments of the global market, such as real assets and non-core debt.

Evaluating market sentiment

We believe an important aspect of active management lies in the ability to understand the level of risk appetite in the markets. ISG's proprietary Market Regime Indicator (MRI) helps track risk appetite shifts by analyzing diverse sentiment factors across the equity, bond, and currency markets. The MRI assesses the current risk environment along a spectrum of regimes, each representing varying levels of risk aversion. This assessment ultimately influences gradual shifts to the asset allocation. The MRI has observed and captured many market events over more than 20 years. The past five years are shown below.

Figure 1: The Market Regime Indicator



Source: State Street Investment Management Investment Solutions Group, as of December 31, 2025. The data in the model shown above does not represent the results of actual trading, and in fact, actual results could differ substantially, and there is the potential for loss as well as profit.

The strength and breadth of ISG's quantitative approach

Quantitative models have been a key component to ISG's investment process since the 1980's. Through rigorous research and development, the models have evolved to become a critical part of the portfolio management process. The quantitative models develop insights across multiple facets of each asset class. Using over 1,200 unique data inputs, in conjunction with the MRI mentioned above, the team forecasts returns and potential volatility for 125+ different asset classes, such as emerging-market small-cap stocks and US mortgage-backed securities. An optimizer then produces allocations that achieve different levels of risk.

Augmenting with the qualitative

Although ISG uses a quantitative approach, they recognize the benefit of qualitative insight. The team considers other factors, such as geopolitical events, significant market disruptions, monetary/fiscal policy in conjunction with research from economists and the independent research firms employed to form a

truly holistic perspective. This comprehensive view is leveraged at every point in the process to ensure the portfolios benefit from the combination of the disciplined nature of quantitative forecasts overlaid with the market awareness generated by extensive qualitative review. This approach aims to deliver the optimal outcome based on each portfolio's risk tolerance and goals.

Fortified by efficient, refined exposures

The State Street Active Asset Allocation ETF Portfolios are built with ETFs, which tend to be tax-efficient and often carry lower overall fees. These features are particularly important in active models that are traded on a frequent basis. When selecting ETFs for the portfolios, the ISG considers not only the fund's ability to satisfy the intended asset class exposure, but its role in the overall portfolio. As a result, we understand both active and passive management play a role in portfolio construction. Through our partnerships with industry-leading subadvisors, such as Blackstone, we integrate nuanced market exposures that reinforce each portfolio's risk/return profile, such as leveraged loans.

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State Street Global Advisors (SSGA) is now State Street Investment Management. Please [click here](#) for more information.

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Important Risk Information

Investing involves risk including the risk of loss of principal.

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All asset allocation scenarios are for hypothetical purposes only and are not intended to represent a specific asset allocation strategy or recommend a particular allocation.

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Diversification does not ensure a profit or guarantee against loss.

ETFs trade like stocks, are subject to investment risk, fluctuate in market value and may trade at prices above or below the ETF's net asset value. Brokerage commissions and ETF expenses will reduce returns.

Asset allocation is a method of diversification which positions assets among major investment categories. Asset Allocation may be used in an effort to manage risk and enhance returns. It does not, however, guarantee a profit or protect against loss.

The models presented herein have different investment objectives, costs and expenses. The performance of each model will necessarily depend on the ability of their respective managers to select portfolio investments. These differences, among others, may result in significant disparity in the model's portfolio assets and performance.

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