

ESG Dividend Aristocrats: Sustainable Investing Meets Stable Dividends

Ryan Reardon

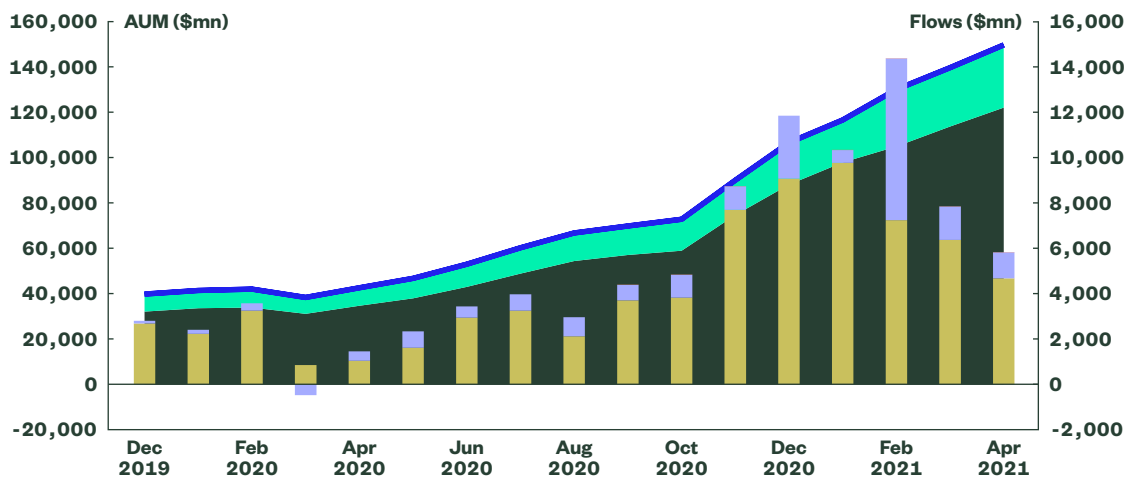
Senior Smart Beta ETF Strategist

- Demand has been increasing for strategies that incorporate ESG into the portfolio management process, especially with European ETF investors.
- SPDR ETFs is committed to providing investors ESG solutions that cover all asset classes and now Smart Beta, with the introduction of ESG Dividend Aristocrats.
- Dividend Aristocrats combine sustainable investing with stable dividends to create the next generation of income investment.

Over the past decade, we have experienced significant growing investor interest in the area of environmental, social and governance (“ESG”) investments. What started as a thematic space has grown into a fundamental core component of portfolio construction. The investment community has determined that sustainable investment principles are here to stay. More recently, European investors have increasingly used ETFs (Figure 1) to increase the level of ESG exposure in the portfolio, with assets growing to over \$150 billion at the end of April 2021.

Figure 1
Growth of European-Listed ESG ETFs
(Since end of 2019)

■ Equity — AUM
■ Fixed Income — AUM
■ Mixed Allocation — AUM
■ Equity — Flows
■ Fixed Income — Flows
■ Mixed Allocation — Flows



Source: Bloomberg Finance L.P., as of 30 April 2021. ETFs identified as ESG by Bloomberg Intelligence <BI>. Flows are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

Leading the Way in ESG

At State Street Global Advisors, we continue to play a leadership role in developing SPDR ETFs designed to meet the everchanging demands of our clients. In our US-domiciled SPDR range, we have long offered thematic and ESG funds. In Q4 2019, we launched our first Irish-domiciled UCITS ETFs to expand our ESG capabilities to our EMEA client base. Our first ETFs focused on core US (S&P® 500) and European (STOXX Europe 600) equity indices. A year later, in Q4 2020, we expanded our SPDR ESG offering to include fixed income ESG ETFs. This year we continue to expand the ESG capabilities in our SPDR UCITS range by offering our first Smart Beta ESG ETFs with the launch of a suite of SPDR ETFs tracking the S&P ESG Dividend Aristocrats® family of indices.

As we have discussed in the past, there is a wide range of approaches employed to incorporate ESG factors into benchmark indices being used in investment strategies today. At SPDR, we typically use the *Exclusionary Screening* approach (both negative and norms-based) as it aligns portfolios with investor preferences, values and ethics. While there are other indices that track European-listed ETFs that incorporate exclusionary screening into their selection process, the SPDR ETFs tracking the S&P ESG Dividend Aristocrats® family of indices are the first dividend ETFs to incorporate ESG scoring in this process.

Introducing Sustainable Investing to Dividend Aristocrats

The Dividend Aristocrats indices produce ‘quality’ income for investors by focusing, and selecting, on a long-term track record of dividend stability. S&P has developed the first ESG versions of these indices, which now incorporate their proprietary S&P DJI ESG Scores. This approach is unique from other index methodologies targeting dividend stocks using ESG (Figure 2) in the stock selection process. Other indices being tracked by European-listed ETFs currently incorporate only negative screens for specific business activities or violations of compliance with the United Nations Global Compact (“UNGC”) principles.

Figure 2
Index Methodologies
Targeting Dividend
Stocks Using ESG

	S&P ESG Dividend Aristocrats®	Fidelity Quality Income	FTSE Dividend Growth with Quality
Ticker(s)	SPEHYDUN Index (USA) SPEHDAEN Index (Eurozone) SPGEDAUN Index (Global)	FIDUSQIN Index (USA) FIDGLQIN Index (Global)	GDEXUCTN Index (Eurozone)
Construction	Select stocks that have a long-term track record of increasing (or maintaining) dividends every year for at least 10–20 consecutive years	Screen stocks for low quality, rank stocks by size-adjusted high dividend score and optimise for sector-neutrality	Select stocks that have positive 10yr dividend growth and a forward 12mo yield in top 75% of universe, for two straight reviews
Weighting Scheme	Price-weighted with a weighting factor based on the indicated annual dividend yield	Equal-active weight factor for each stock within sector	Equal-weighted after selection
ESG	No Bottom 25% DJI ESG Scores No Business Activity violations (<i>Weapons, Thermal Coal & Tobacco</i>) No Bottom 5% S-Ray UNGC Scores (<i>Conditional SAM MSA review</i>)	No Business Activity violations (<i>Weapons, Thermal Coal & Tobacco</i>) No Non-compliant UNGC principles	No Business Activity violations (<i>Weapons & Thermal Coal ONLY</i>) No Non-compliant UNGC principles
No. of Holdings	Floating (USA) Target 100 (Global) Target 40 (Euro)	Target 125 (USA) Target 250 (Global)	Floating
Rebalance Frequency	Annual reconstitution (USA/Global — January, Euro — June) with a Quarterly review and conditional Monthly review	Annual reconstitution (February) with a conditional Monthly review	Semi-Annual review (March and September)

Source: S&P Dow Jones Indices, Fidelity and FTSE Russell. The information contained above is for illustrative purposes only.

Stock Selection Process

The S&P ESG Dividend Aristocrats® strategies incorporate ESG into the stock selection process through four critical steps (“pillars”), evaluating companies based on: ESG Scores, Business Activities, Business Principles and Controversies. Once a company in the (geographic) selection universe has met the Dividend Aristocrats standard — in terms of liquidity, stability and long-term dividend track record — it will only be selected for the ESG index if it does not violate one (or more) of the four pillars.

- **Exclusions Based on ESG Score** Companies with an S&P DJI ESG score that falls within the worst 25% of S&P DJI ESG scores are excluded from the ESG index.
- **Exclusions Based on Business Activities** Companies that engage in specific activities with respect to Controversial Weapons, Thermal Coal and Tobacco Products, as determined by Sustainalytics, are excluded from the ESG index.
- **Exclusions Based on Business Principles** Companies with disqualifying (bottom 5%) United Nations Global Compact (“UNGC”) scores, as determined by Arabesque, are excluded from the ESG index.
- **Exclusions Based on Controversies** Companies flagged as being involved in an ongoing controversy, as determined by the Index Committee using SAM’s Media and Stakeholder Analysis (“MSA”), are excluded from the ESG index.

Companies without Sustainalytics, Arabesque or SAM coverage are ineligible for index inclusion until they receive such coverage. As we will see when we look at data gathered to back test the S&P ESG Dividend Aristocrats® strategies, coverage has become less of an issue recently. At the latest rebalance of the US (January 2021) and Euro (June 2020) strategies, no companies remained without coverage. In the Global (rebalance January 2021) strategy only 20 companies lacked coverage (less than 3% of Dividend Aristocrats stocks).

While exclusions for business activities are now incorporated across a number of dividend strategies, one thing we also observe when back testing the S&P ESG Dividend Aristocrats® strategies is that the bulk of ESG screens comes from the robust S&P Dow Jones ESG Score. Applying the 25% threshold to the respective selection universe of stocks strikes a balance between ensuring meaningful impact from the ESG screening process and ensuring stated stock counts are achievable for each index.

Assessing the Historical Impact of ESG Screens

Historically speaking, all of the pillars help each of the S&P ESG Dividend Aristocrats® strategies enhance the overall ESG Score as compared to the Dividend Aristocrats indices, which do not include exclusionary screens. Going region by region, we can assess the magnitude of the impact from ESG screens on the US (Figure 3), Euro (Figure 4) and Global (Figure 5) strategies. The first table (Figure 3/4/5a) demonstrates the enhancement of the ESG score, while the second table (Figure 3/4/5b) captures the footprint of each pillar on overall exclusion. Finally, the cumulative return chart (Figure 3/4/5c) estimates the impact of incorporating ESG screens on the performance of the index when back tested over the last 10 years.

Figure 3a
**US Index ESG
 Score Comparison**
 (Back Test)

Date	S&P® High Yield Dividend Aristocrats Index	S&P® ESG High Yield Dividend Aristocrats Index
1 Feb 2011	55.33	75.11
1 Feb 2012	56.27	74.16
1 Feb 2013	58.74	69.97
3 Feb 2014	64.18	76.63
2 Feb 2015	61.98	74.02
1 Feb 2016	60.91	72.81
1 Feb 2017	63.36	73.32
1 Feb 2018	53.01	63.31
1 Feb 2019	52.29	62.11
3 Feb 2020	54.71	65.37
1 Feb 2021	31.91	43.39

Source: S&P Dow Jones Indices as of the date indicated.

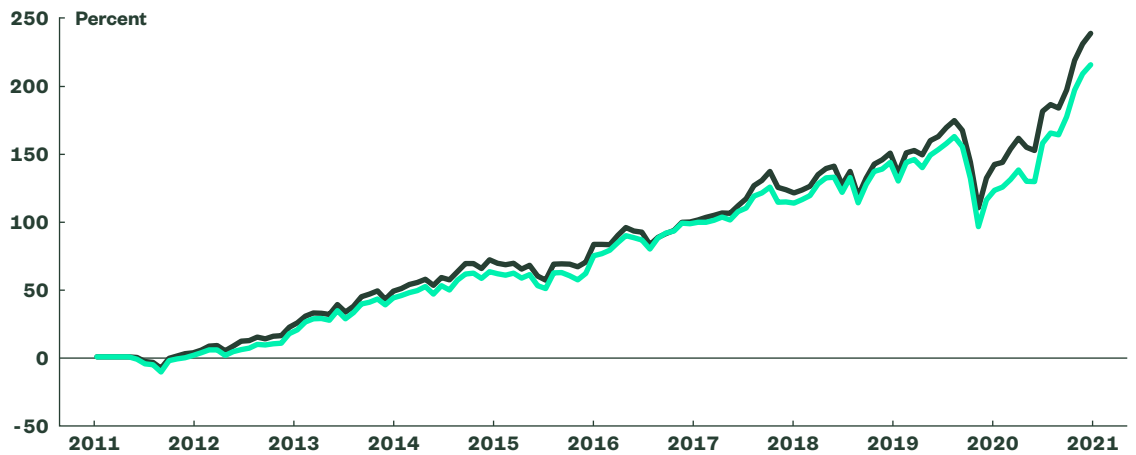
Figure 3b
**S&P® ESG High Yield
 Dividend Aristocrats Index
 Historical Exclusions**
 (Back Test)

	Dividend Aristocrats*	S&P DJI ESG Score	Controversial Weapons	Thermal Coal	Tobacco	UN Global Compact Score	MSA Controversy	Coverage (All)
1 Feb 2011	60	12	0	NA	0	0	0	11
1 Feb 2012	60	11	0	NA	1	0	0	13
1 Feb 2013	84	16	1	NA	1	0	0	15
3 Feb 2014	95	19	1	NA	1	0	0	16
2 Feb 2015	100	19	1	NA	1	0	0	18
1 Feb 2016	107	19	1	NA	1	0	0	29
1 Feb 2017	110	21	1	NA	1	0	0	23
1 Feb 2018	111	22	1	NA	1	0	0	22
1 Feb 2019	112	24	1	NA	1	0	0	15
3 Feb 2020	119	25	1	0	1	0	2	19
1 Feb 2021	113	26	1	1	1	1	2	0

Source: S&P Dow Jones Indices as of the date indicated. *Stocks from the eligible (selection) universe which pass the minimum year of consecutive dividend increase/maintenance standard.

Figure 3c
**US Index ESG
 Cumulative
 Return Comparison**
 (Back Test, Last 10yrs)

■ S&P® ESG High Yield Dividend Aristocrats Index
 ■ S&P® High Yield Dividend Aristocrats Index



Source: Bloomberg Finance L.P., as of 28 May 2021. Index performance based on monthly net total return in USD. The S&P® ESG High Yield Dividend Aristocrats Index was inceptioned on 1 March 2021. Results prior to this date were calculated by using available data at the time in accordance with the index's current methodology. Past performance is not a reliable indicator of future performance.

Figure 4a
**Euro Index ESG
 Score Comparison**
 (Back Test)

Date	S&P® Euro High Yield Dividend Aristocrats Index	S&P® Euro ESG High Yield Dividend Aristocrats Index
21 Jun 2010	88.29	93.43
20 Jun 2011	88.76	92.59
18 Jun 2012	89.61	92.47
24 Jun 2013	85.48	93.44
23 Jun 2014	90.77	96.65
22 Jun 2015	87.54	94.35
20 Jun 2016	91.83	95.68
19 Jun 2017	91.57	95.47
18 Jun 2018	89.58	93.33
24 Jun 2019	87.00	92.81
22 Jun 2020	77.86	82.89

Source: S&P Dow Jones Indices as of the date indicated.

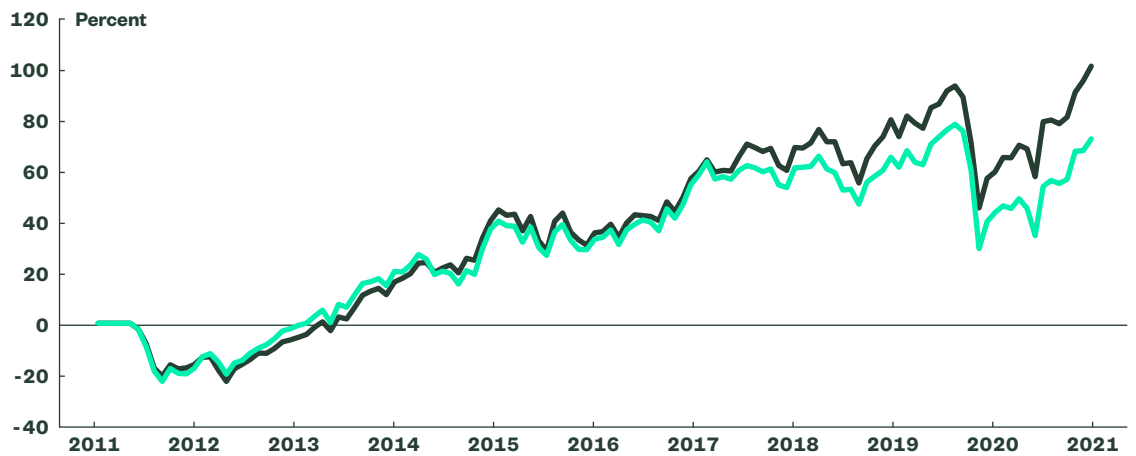
Figure 4b
**S&P® Euro ESG High Yield
 Dividend Aristocrats Index
 Historical Exclusions**
 (Back Test)

	Dividend Aristocrats*	S&P DJI ESG Score	Controversial Weapons	Thermal Coal	Tobacco	UN Global Compact Score	MSA Controversy	Coverage (All)
18 Jun 2010	55	9	0	NA	1	1	0	8
17 Jun 2011	62	12	0	NA	2	1	0	7
15 Jun 2012	58	9	0	NA	2	0	0	13
21 Jun 2013	55	10	0	NA	2	0	0	11
20 Jun 2014	55	9	0	NA	1	0	0	14
19 Jun 2015	60	10	0	NA	1	0	0	13
17 Jun 2016	73	17	0	NA	1	0	0	5
16 Jun 2017	76	17	0	NA	1	0	0	9
15 Jun 2018	64	14	0	NA	2	0	0	6
21 Jun 2019	72	18	0	NA	1	0	1	4
19 Jun 2020	59	15	0	1	0	1	1	0

Source: S&P Dow Jones Indices as of the date indicated. *Stocks from the eligible (selection) universe which pass the minimum year of consecutive dividend increase/maintenance standard.

Figure 4c
**Euro Index ESG
 Cumulative
 Return Comparison**
 (Back Test, Last 10yrs)

■ S&P® Euro ESG High Yield Dividend Aristocrats Index
 ■ S&P® Euro High Yield Dividend Aristocrats Index



Source: Bloomberg Finance L.P., as of 28 May 2021. Index performance based on monthly net total return in EUR. The S&P® Euro ESG High Yield Dividend Aristocrats Index was inception on 6 April 2021. Results prior to this date were calculated by using available data at the time in accordance with the index's current methodology. Past performance is not a reliable indicator of future performance.

Figure 5a
**Global Index ESG
 Score Comparison**
 (Back Test)

Date	S&P® Global Dividend Aristocrats Quality Income Index	S&P® Global ESG Dividend Aristocrats Quality Income Index
1 Feb 2011	73.58	81.25
1 Feb 2012	64.20	76.44
1 Feb 2013	68.78	80.21
3 Feb 2014	59.33	74.90
2 Feb 2015	68.89	75.62
1 Feb 2016	71.43	73.83
1 Feb 2017	69.02	76.04
1 Feb 2018	71.35	75.88
1 Feb 2019	70.48	72.35
3 Feb 2020	72.28	74.37
1 Feb 2021	33.31	44.78

Source: S&P Dow Jones Indices as of the date indicated.

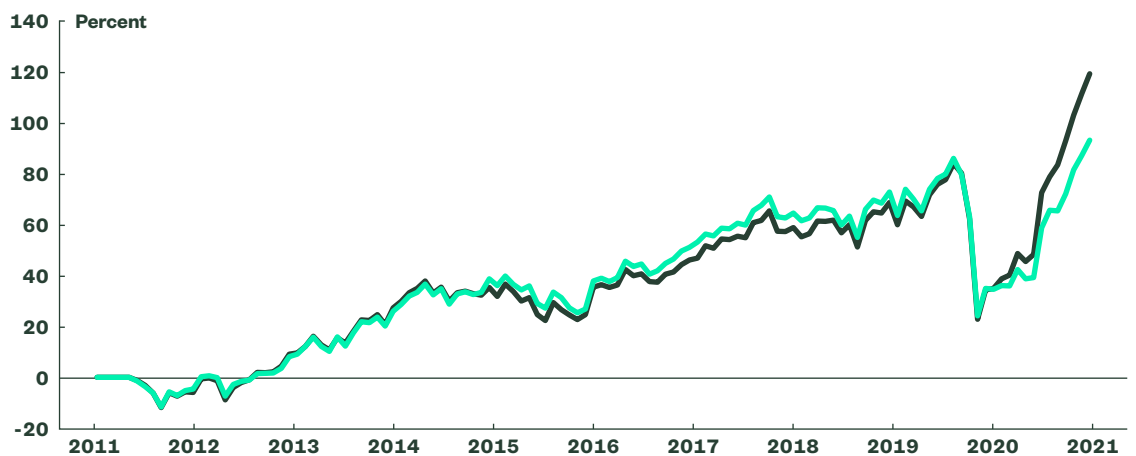
Figure 5b
**S&P® Global ESG Dividend
 Aristocrats Quality Income
 Index Historical Exclusions**
 (Back Test)

	Dividend Aristocrats*	S&P DJI ESG Score	Controversial Weapons	Thermal Coal	Tobacco	UN Global Compact Score	MSA Controversy	Coverage (All)
1 Feb 2011	500	80	9	NA	10	13	0	116
1 Feb 2012	529	82	9	NA	10	9	0	141
1 Feb 2013	566	93	8	NA	10	10	0	148
3 Feb 2014	645	105	7	NA	9	16	0	151
2 Feb 2015	687	112	7	NA	10	12	0	180
1 Feb 2016	681	92	8	NA	11	17	0	230
1 Feb 2017	690	112	8	NA	10	21	1	161
1 Feb 2018	703	105	9	NA	8	26	0	168
1 Feb 2019	577	107	4	NA	7	12	0	96
3 Feb 2020	874	162	7	24	7	6	2	147
1 Feb 2021	736	158	7	25	8	10	2	20

Source: S&P Dow Jones Indices as of the date indicated. *Stocks from the eligible (selection) universe which pass the minimum year of consecutive dividend increase/maintenance standard.

Figure 5c
**Global Index ESG Cumulative
 Return Comparison**
 (Back Test, Last 10yrs)

■ S&P® Global ESG Dividend Aristocrats Quality Income Index
 ■ S&P® Global Dividend Aristocrats Quality Income Index



Source: Bloomberg Finance L.P., as of 28 May 2021. Index performance based on monthly net total return in USD. The S&P® Global ESG Dividend Aristocrats Quality Income Index was inception on 1 March 2021. Results prior to this date were calculated by using available data at the time in accordance with the index's current methodology. Past performance is not a reliable indicator of future performance.

S&P DJI ESG Scores

S&P DJI ESG Scores are rooted in S&P Global's esteemed Corporate Sustainability Assessment ("CSA"), a robust survey-based approach to evaluating corporate ESG performance with a focus on financial materiality. Companies participating in the CSA respond to one of 61 industry-specific questionnaires that in some cases yield more than a thousand company-level and industry-specific data points. Companies must have an S&P DJI ESG Score to be eligible.

Figure 6

Current S&P DJI ESG Score Exclusions*

Index (Region)	Stock Name	Effective Date (Rebalance)	Index (Region)	Stock Name	Effective Date (Rebalance)
USA	American States Water Co	02/01/2021	USA	UGI Corp	02/01/2021
USA	BANK OZK	02/01/2021	USA	United Bankshares Inc (WV)	02/01/2021
USA	Black Hills Corp	02/01/2021	Euro	Colruyt SA	06/22/2020
USA	Brown & Brown Inc	02/01/2021	Euro	Glanbia Plc	06/22/2020
USA	California Water Services Group	02/01/2021	Euro	Groupe Bruxelles Lambert	06/22/2020
USA	Casey's General Stores Inc	02/01/2021	Euro	Rubis	06/22/2020
USA	Cincinnati Financial Corp	02/01/2021	Euro	Sofina	06/22/2020
USA	Commerce Bancshares Inc (MO)	02/01/2021	Global	Associated Banc-Corp (IL)	02/01/2021
USA	Community Bank System	02/01/2021	Global	B&G Foods Inc	02/01/2021
USA	Cullen Frost Bankers (TX)	02/01/2021	Global	CK Infrastructure Holdings Ltd	02/01/2021
USA	Eaton Vance Corp	02/01/2021	Global	First Horizon Corp	02/01/2021
USA	Essential Utilities Inc	02/01/2021	Global	FNB Corp	02/01/2021
USA	Franklin Electric Co	02/01/2021	Global	Hengan International Group Co	02/01/2021
USA	Fuller H.B. Co	02/01/2021	Global	IG Group Holdings	02/01/2021
USA	Graco Inc	02/01/2021	Global	Japan Retail Fund Investment	02/01/2021
USA	Lancaster Colony Corp	02/01/2021	Global	KT&G Corp.	02/01/2021
USA	MDU Resources Group Inc	02/01/2021	Global	LTC Properties	02/01/2021
USA	MSA Safety Inc	02/01/2021	Global	Mercury General Corp	02/01/2021
USA	National Retail Properties Inc	02/01/2021	Global	Old Republic Intl Corp	02/01/2021
USA	Old Republic Intl Corp	02/01/2021	Global	Phoenix Group Holdings	02/01/2021
USA	Prosperity Bancshares Inc	02/01/2021	Global	Provident Financial Services	02/01/2021
USA	RenaissanceRe Hldgs	02/01/2021	Global	Sankyo Co Ltd	02/01/2021
USA	RLI Corp	02/01/2021	Global	Schweitzer-Mauduit	02/01/2021
USA	RPM International Inc.	02/01/2021	Global	United Bankshares Inc (WV)	02/01/2021
USA	Stepan Co	02/01/2021	Global	Wesbanco Inc (VA)	02/01/2021
USA	Telephone & Data Systems Inc	02/01/2021	—	—	—

Source: S&P Dow Jones Indices as of the Effective Date (Rebalance) indicated. *Please note, the S&P ESG Dividend Aristocrats® Indexes do not use the non-ESG Index as its underlying universe and is used here for comparison purposes only. In order to be included in the S&P ESG Dividend Aristocrats® Indexes, constituents need to meet all eligibility factors.

Arabesque S-Ray® Global Compact Score

Arabesque S-Ray® is a global sustainability data provider that combines big data on company-reported information, daily news and NGO campaigns in a quantitative algorithmic approach for the calculation of the UNGC score. The score is based on the normative principles of the UN Global Compact: Human Rights, Labour Rights, the Environment and Anti-Corruption.¹

Sustainalytics

Sustainalytics evaluates the degree to which companies are involved in Controversial Weapons, Thermal Coal and Tobacco Products using the thresholds as laid out in the index methodology.

Figure 7

Current Business Activity Exclusions*

Index (Region)	Stock Name	Effective Date (Rebalance)	Reason
USA	Black Hills Corp	02/01/2021	Thermal Coal
USA	Casey's General Stores Inc	02/01/2021	Tobacco
USA	General Dynamics	02/01/2021	Controversial Weapons
Euro	Energias de Portugal SA	06/22/2020	Thermal Coal
Global	BAE Systems Plc	02/01/2021	Controversial Weapons
Global	Capital Power Corp	02/01/2021	Thermal Coal
Global	CLP Holdings Ltd.	02/01/2021	Thermal Coal
Global	Electric Power Development Co	02/01/2021	Thermal Coal
Global	Emera Inc	02/01/2021	Thermal Coal
Global	Japan Tobacco Inc	02/01/2021	Tobacco
Global	KT&G Corp.	02/01/2021	Tobacco
Global	Pinnacle West Capital (AZ)	02/01/2021	Thermal Coal
Global	Power Assets Holdings Ltd	02/01/2021	Thermal Coal
Global	PPL Corp	02/01/2021	Thermal Coal
Global	Schweitzer-Mauduit	02/01/2021	Tobacco
Global	Southern Co	02/01/2021	Thermal Coal
Global	Universal Corp	02/01/2021	Tobacco

Source: S&P Dow Jones Indices as of the Effective Date (Rebalance) indicated. *Please note, the S&P ESG Dividend Aristocrats® Indexes do not use the non-ESG Index as its underlying universe and is used here for comparison purposes only. In order to be included in the S&P ESG Dividend Aristocrats® Indexes, constituents need to meet all eligibility factors.

SAM Media and Stakeholder Analysis

SAM (part of S&P Global) releases a Media and Stakeholder Analysis ("MSA"), which includes a range of issues such as economic crime and corruption, fraud, illegal commercial practices, human rights issues, labour disputes, workplace safety, catastrophic accidents, and environmental disasters.

The Index Committee will review constituents flagged by SAM's MSA to evaluate the potential impact of controversial company activities. In the event that the Index Committee decides to remove a company, that company would not be eligible for re-entry into the index for one full calendar year, beginning with the subsequent rebalancing.

Figure 8

Current Controversies Monitoring Violation Exclusions*

Index (Region)	Stock Name	Effective Date (Rebalance)
USA	3M Co	02/01/2021
USA	Johnson & Johnson	02/01/2021
Euro	Bayer AG	06/22/2020

Source: S&P Dow Jones Indices as of the date indicated. *Please note, the S&P ESG Dividend Aristocrats® Indexes do not use the non-ESG Index as its underlying universe and is used here for comparison purposes only. In order to be included in the S&P ESG Dividend Aristocrats® Indexes, constituents need to meet all eligibility factors.

Conclusion

With investor demand increasing for European-listed ETFs that incorporate ESG considerations into the portfolio construction process, we have responded with the introduction of SPDR Dividend Aristocrats ESG UCITS ETFs. The new family of ESG ETFs will track the S&P ESG Dividend Aristocrats® strategies in three regional exposures: US, eurozone and global equities.

S&P ESG Dividend Aristocrats® strategies incorporate ESG into the stock selection process through four critical pillars, evaluating companies based on: ESG Scores, Business Activities, Business Principles and Controversies. This approach represents a unique opportunity to bring ESG to Smart Beta ETFs with Dividend Aristocrats, combining sustainable investing with stable dividends to create the next generation of income investing.

SPDR® ETFs

Fund Name	SPDR® S&P® U.S. Dividend Aristocrats ESG UCITS ETF	SPDR® S&P® Euro Dividend Aristocrats ESG UCITS ETF	SPDR® S&P® Global Dividend Aristocrats ESG UCITS ETF
ISIN	IE00BYTH5R14	IE00BYTH5T38	IE00BYTH5S21
Share Class Currency	USD	EUR	USD
Primary Ticker*	Xetra: ZPD6 (EUR)	Xetra: ZPD9 (EUR)	Xetra: ZPD3 (EUR)
Other Tickers**	LSE: UEDV (USD), UGDV (GBP) Euronext Amsterdam: UEDV (EUR) Borsa Italiana: UEDV (EUR)	Euronext Amsterdam: EEDV (EUR)	LSE: GEDV (USD) Euronext Amsterdam: GEDV (EUR)
TER (%)	0.35	0.30	0.45
Portfolio Construction	Physical — Replicated	Physical — Replicated	Physical — Replicated
Securities Lending	No	No	No
Income Treatment	Distributing — Quarterly	Distributing — Semi-Annually	Distributing — Quarterly

Index Name	S&P ESG High Yield Dividend Aristocrats® Index	S&P Euro ESG High Yield Dividend Aristocrats® Index	S&P Global ESG Dividend Aristocrats® Quality Income Index
Index Ticker	SPEHYDUN	SPHYDEDN	SPGEDAUN
No. of Index Constituents	81	33	94
Index Description	The S&P ESG High Yield Dividend Aristocrats® Index is designed to measure the performance of constituents from the S&P High Yield Dividend Aristocrats Index that meet certain sustainability criteria.	The S&P Euro ESG High Yield Dividend Aristocrats® Index is designed to measure the performance of high dividend-yielding and ESG-scoring companies that meet the eligibility criteria defined in the S&P Euro High Yield Dividend Aristocrats Index.	The S&P Global ESG Dividend Aristocrats® Quality Income Index is designed to measure the performance of constituents from the S&P Global Dividend Aristocrats Quality Income Index that meet certain sustainability criteria. Constituents are weighted by indicated dividend yield.

Source: State Street Global Advisors as of 1 June 2021.

*Xetra listing date is 7 June 2021. **London Stock Exchange ("LSE") and Euronext Amsterdam listing date is 8 June 2021. Borsa Italiana listing date is 21 June 2021.

Endnote

1 Refer to <https://arabesque.com/s-ray/> for more information.

About State Street Global Advisors

Our clients are the world's governments, institutions and financial advisors. To help them achieve their financial goals we live our guiding principles each and every day:

- Start with rigor
- Build from breadth
- Invest as stewards
- Invent the future

For four decades, these principles have helped us be the quiet power in a tumultuous investing world. Helping millions of people secure their financial futures. This takes each of our employees in 31 offices around the world, and a firm-wide conviction that we can always do it better. As a result, we are the world's third-largest asset manager with US \$3.59 trillion* under our care.

* This figure is presented as of March 31, 2021 and includes approximately \$60.33 billion of assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated.

ssga.com/etfs

Information Classification: General Access

Marketing communication.

For professional client use only. For qualified investors according to Article 10(3) and (3ter) of the Swiss Collective Investment Schemes Act ("CISA") and its implementing ordinance, at the exclusion of qualified investors with an opting-out pursuant to Art. 5(1) of the Swiss Federal Law on Financial Services ("FinSA") and without any portfolio management or advisory relationship with a financial intermediary pursuant to Article 10(3ter) CISA ("Excluded Qualified Investors") only.

For Investors in Austria: The offering of SPDR ETFs by the Company has been notified to the Financial Markets Authority (FMA) in accordance with section 139 of the Austrian Investment Funds Act. Prospective investors may obtain the current sales Prospectus, the articles of incorporation, the KIID as well as the latest annual and semi-annual report free of charge from State Street Global Advisors GmbH, Brienner Strasse 59, D-80333 Munich. T: +49 (0)89-55878-400. F: +49 (0)89-55878-440.

For Investors in Finland: The offering of funds by the Companies has been notified to the Financial Supervision Authority in accordance with Section 127 of the Act on Common Funds (29.1.1999/48) and by virtue of confirmation from the Financial Supervision Authority the Companies may publicly distribute their Shares in Finland. Certain information and documents that the Companies must publish in Ireland pursuant to applicable Irish law are translated into Finnish and are available for Finnish investors by contacting State Street Custodial Services (Ireland) Limited, 78 Sir John Rogerson's Quay, Dublin 2, Ireland.

For Investors in France: This document does not constitute an offer or request to purchase

shares in the Company. Any subscription for shares shall be made in accordance with the terms and conditions specified in the complete Prospectus, the KIID, the addenda as well as the Company Supplements. These documents are available from the Company centralizing correspondent: State Street Banque S.A., Coeur Défense - Tour A - La Défense 4 33e étage 100, Esplanade du Général de Gaulle 92 932 Paris La Défense cedex France or on the French part of the site ssga.com/etfs. The Company is an undertaking for collective investment in transferable securities (UCITS) governed by Irish law and accredited by the Central Bank of Ireland as a UCITS in accordance with European Regulations. European Directive no. 2014/91/EU dated 23 July 2014 on UCITS, as amended, established common rules pursuant to the cross-border marketing of UCITS with which they duly comply. This common base does not exclude differentiated implementation. This is why a European UCITS can be sold in France even though its activity does not comply with rules identical to those governing the approval of this type of product in France. The offering of these compartments has been notified to the Autorité des Marchés Financiers (AMF) in accordance with article L214-2-2 of the French Monetary and Financial Code.

For Investors in Germany: The offering of SPDR ETFs by the Companies has been notified to the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) in accordance with section 312 of the German Investment Act. Prospective investors may obtain the current sales Prospectuses, the articles of incorporation, the KIIDs as well as the latest annual and semiannual report free of charge from State Street Global Advisors GmbH, Brienner Strasse 59, D-80333 Munich. T: +49 (0)89-55878-400.

Ireland: State Street Global Advisors Ireland Limited is regulated by the Central Bank of Ireland. Registered office address 78 Sir John Rogerson's Quay, Dublin 2. Registered number 145221. T: +353 (0)1 776 3000. F: +353 (0)1 776 3300. Web: ssga.com.

Israel: No action has been taken or will be taken in Israel that would permit a public offering of the Securities or distribution of this sales brochure to the public in Israel. This sales brochure has not been approved by the Israel Securities Authority (the 'ISA').

Accordingly, the Securities shall only be sold in Israel to an investor of the type listed in the First Schedule to the Israeli Securities Law, 1978, which has confirmed in writing that it falls within one of the categories listed therein (accompanied by external confirmation where this is required under ISA guidelines), that it is aware of the implications of being considered such an investor and consents thereto, and further that the Securities are being purchased for its own account and not for the purpose of re-sale or distribution.

This sales brochure may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent.

Nothing in this sales brochure should be considered investment advice or investment marketing as defined in the Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 1995 ("the Investment Advice Law"). Investors are encouraged to seek competent investment advice from a locally licenced investment advisor prior to making any investment. State Street is not licenced under the Investment Advice Law, nor does it carry the insurance as required of a licensee thereunder.

This sales brochure does not constitute an offer to sell or solicitation of an offer to buy any securities other than the Securities offered hereby, nor does it constitute an offer to sell to or solicitation of an offer to buy from any person or persons in any state or other jurisdiction in which such offer or solicitation would be unlawful, or in which the person making such offer or solicitation is not qualified to do so, or to a person or persons to whom it is unlawful to make such offer or solicitation.

Italy: State Street Global Advisors Ireland Limited Milan Branch (Sede Secondaria di Milano) ("State Street Global Advisors Milan

Branch") is a branch of State Street Global Advisors Ireland Limited, registered in Ireland with company number 145221, authorised and regulated by the Central Bank of Ireland, and whose registered office is at 78 Sir John Rogerson's Quay, Dublin 2. State Street Global Advisors Milan Branch is registered in Italy with company number 10495250960 - R.E.A. 2535585 and VAT number 10495250960, and its office is located at Via Ferrante Aporti, 10 - 20125 Milano, Italy. T: (+39) 02 32066 100. F: (+39) 02 32066 155.

For Investors in Luxembourg: The Companies have been notified to the Commission de Surveillance du Secteur Financier in Luxembourg in order to market its shares for sale to the public in Luxembourg and the Companies are notified Undertakings in Collective Investment for Transferable Securities (UCITS).

Netherlands: This communication is directed at qualified investors within the meaning of Section 2:72 of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht) as amended. The products and services to which this communication relates are only available to such persons and persons of any other description should not rely on this communication. Distribution of this document does not trigger a licence requirement for the Companies or SSGA in the Netherlands and consequently no prudential and conduct of business supervision will be exercised over the Companies or SSGA by the Dutch Central Bank (De Nederlandsche Bank N.V.) and the Dutch Authority for the Financial Markets (Stichting Autoriteit Financiële Markten). The Companies have completed their notification to the Authority Financial Markets in the Netherlands in order to market their shares for sale to the public in the Netherlands and the Companies are, accordingly, investment institutions (beleggingsinstellingen) according to Section 2:72 Dutch Financial Markets Supervision Act of Investment Institutions.

Norway: The offering of SPDR ETFs by the Companies has been notified to the Financial Supervisory Authority of Norway (Finanstilsynet) in accordance with applicable Norwegian Securities Funds legislation. By virtue of a confirmation letter from the Financial Supervisory Authority dated 28 March 2013 (16 October 2013 for umbrella II) the Companies may market and sell their shares in Norway.

For Investors in Spain: State Street Global Advisors SPDR ETFs Europe I and II plc have been authorised for public distribution in Spain and are registered with the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores) under no.1244 and no.1242. Before investing, investors may obtain a copy of the Prospectus and Key Investor Information Documents, the Marketing Memoranda, the fund rules or instruments of incorporation as well as the annual and semi-annual reports of State Street Global Advisors SPDR ETFs Europe I and II plc from Oecabank, S.A. Alcalá 27, 28014 Madrid (Spain) who is the Spanish Representative, Paying Agent and distributor in Spain or at spdrs.com. The authorised Spanish distributor of State Street Global Advisors SPDR ETFs is available on the website of the Securities Market Commission (Comisión Nacional del Mercado de Valores).

For Investors in Switzerland: This document is directed at qualified investors only, as defined Article 10(3) and (3ter) of the Swiss Collective Investment Schemes Act ("CISA") and its implementing ordinance, at the exclusion of qualified investors with an opting-out pursuant to Art. 5(1) of the Swiss Federal Law on Financial Services ("FinSA") and without any portfolio management or advisory relationship with a financial intermediary pursuant to Article 10(3ter) CISA ("Excluded Qualified Investors"). Certain of the funds may not be registered for public sale with the Swiss Financial Market Supervisory Authority (FINMA) which acts as supervisory authority in investment fund matters. Accordingly, the shares of those funds may only be offered to the aforementioned qualified investors and not be offered to any other investor in or from Switzerland. Before investing please read the prospectus and the KIID. In relation to those funds which are registered with FINMA or have appointed a Swiss Representative and Paying Agent, prospective investors may obtain the current sales prospectus, the articles of incorporation, the KIIDs as well as the latest annual and semi-annual reports free of charge from the Swiss Representative and Paying Agent, State Street Bank International GmbH, Munich, Zurich Branch, Beethovenstrasse 19, 8027 Zurich, or at spdrs.com, as well as from the main distributor in Switzerland, State Street Global Advisors AG ("SSGA AG"),

Beethovenstrasse 19, 8027 Zurich. For information and documentation regarding all other funds, please visit ssga.com or contact SSGA AG.

United Kingdom: The Funds have been registered for distribution in the UK pursuant to the UK's temporary permissions regime under regulation 62 of the Collective Investment Schemes (Amendment etc.) (EU Exit) Regulations 2019. The Funds are directed at 'professional clients' in the UK (as defined in rules made under the Financial Services and Markets Act 2000) who are deemed both knowledgeable and experienced in matters relating to investments. The products and services to which this communication relates are only available to such persons and persons of any other description should not rely on this communication. Many of the protections provided by the UK regulatory system do not apply to the operation of the Funds, and compensation will not be available under the UK Financial Services Compensation Scheme.

Important Information

This document has been issued by State Street Global Advisors Ireland ("SSGA"), regulated by the Central Bank of Ireland. Registered office address 78 Sir John Rogerson's Quay, Dublin 2. Registered number 145221. T: +353 (0)1 776 3000. F: +353 (0)1 776 3300. Web: ssga.com. SPDR ETFs is the exchange traded funds ("ETF") platform of State Street Global Advisors and is comprised of funds that have been authorised by Central Bank of Ireland as open-ended UCITS investment companies. State Street Global Advisors SPDR ETFs Europe I & II plc issue SPDR ETFs, and is an open-ended investment company with variable capital having segregated liability between its sub-funds. The Company is organised as an Undertaking for Collective Investments in Transferable Securities (UCITS) under the laws of Ireland and authorised as a UCITS by the Central Bank of Ireland. All the index performance results referred to are provided exclusively for comparison purposes only. It should not be assumed that they represent the performance of any particular investment. The information provided does not constitute investment advice as such term is defined under the Markets in Financial Instruments Directive (2014/65/EU) or applicable Swiss regulation and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell any investment. It does not take into account any investor's or potential investor's particular investment objectives, strategies, tax status, risk appetite or investment horizon. If you require investment

advice you should consult your tax and financial or other professional advisor. All information is from SSGA unless otherwise noted and has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is no representation or warranty as to the current accuracy, reliability or completeness of, nor liability for, decisions based on such information and it should not be relied on as such.

ETFs trade like stocks, are subject to investment risk and will fluctuate in market value. The investment return and principal value of an investment will fluctuate in value, so that when shares are sold or redeemed, they may be worth more or less than when they were purchased. Although shares may be bought or sold on an exchange through any brokerage account, shares are not individually redeemable from the fund. Investors may acquire shares and tender them for redemption through the fund in large aggregations known as "creation units." Please see the fund's prospectus for more details.

The trademarks and service marks referenced herein are the property of their respective owners. Third party data providers make no warranties or representations of any kind relating to the accuracy, completeness or timeliness of the data and have no liability for damages of any kind relating to the use of such data.

The views expressed in this material are the views of SPDR EMEA Strategy & Research through the period ending 20 May 2021 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.

Past performance is not a guarantee of future results.

Investing involves risk including the risk of loss of principal.

This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security shown. It is not known whether the sectors or securities shown will be profitable in the future.

Equity securities may fluctuate in value in response to the activities of individual companies and general market and economic conditions.

The returns on a portfolio of securities which exclude companies that do not meet the portfolio's specified ESG criteria may trail the returns on a portfolio of securities which include such companies. A portfolio's ESG criteria may result in the portfolio investing in industry sectors or securities which underperform the market as a whole.

Standard & Poor's, S&P and SPDR are registered trademarks of Standard & Poor's Financial Services LLC (S&P); Dow Jones is a registered trademark of Dow Jones Trademark Holdings LLC (Dow Jones); and these trademarks have been licenced for use by S&P Dow Jones Indices LLC (SPDJI) and sublicenced for certain purposes by State Street Corporation. State Street Corporation's financial products are not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates and third party licensors and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability in relation thereto, including for any errors, omissions, or interruptions of any index.

The whole or any part of this work may not be reproduced, copied or transmitted or any of its contents disclosed to third parties without SSGA's express written consent.

The information contained in this communication is not a research recommendation or 'investment research' and is classified as a 'Marketing Communication' in accordance with the Markets in Financial Instruments Directive (2014/65/EU) or applicable Swiss Regulation. This means that this marketing communication (a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research (b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

Investing in foreign domiciled securities may involve risk of capital loss from unfavourable fluctuation in currency values, withholding taxes, from differences in generally accepted accounting principles or from economic or political instability in other nations. Investments in emerging or developing markets may be more volatile and less liquid than investing in developed markets and may involve exposure to economic structures that are generally less diverse and mature and to political systems which have less stability than those of more developed countries.

You should obtain and read the SPDR prospectus and relevant Key Investor Information Document (KIID) prior to investing, which may be obtained from spdrs.com. These include further details relating to the SPDR funds, including information relating to costs, risks and where the funds are authorised for sale.

© 2021 State Street Corporation.
All Rights Reserved.
ID551910-3623572.1.EMEA.INST 0621
Exp. Date: 30/06/2022