Insights
**Equity**

**July 2020**

# Yes, There is an Alternative:
## The Case for EM Asia Equities

**Krzysztof Janiga, CFA**
ETF Strategist

**Benjamin O'Dwyer**
ETF Strategist

Developed market equities have rallied, perhaps as investors saw it as their only option for finding returns in a challenging environment as bond yields fell to historic lows. However, emerging market Asia may represent an opportunity in light of relative valuations combined with economic fundamentals and COVID-19 containment.

These are difficult times for investors seeking opportunities to generate returns. Central bank actions may have saved the economy, but at the same time they have brought government bond yields down to historic lows. To stimulate the economy and avoid an unnecessary wave of bankruptcies, lower rates and various QE measures may remain even longer than anticipated before the crisis.

Equity markets have rallied since the peak of the COVID-19 crisis in March and recovered most of the losses, partially on the back of falling bond yields and overall government support for corporates. However, in most places, equity prices have disconnected from earnings expectations and the real economy.

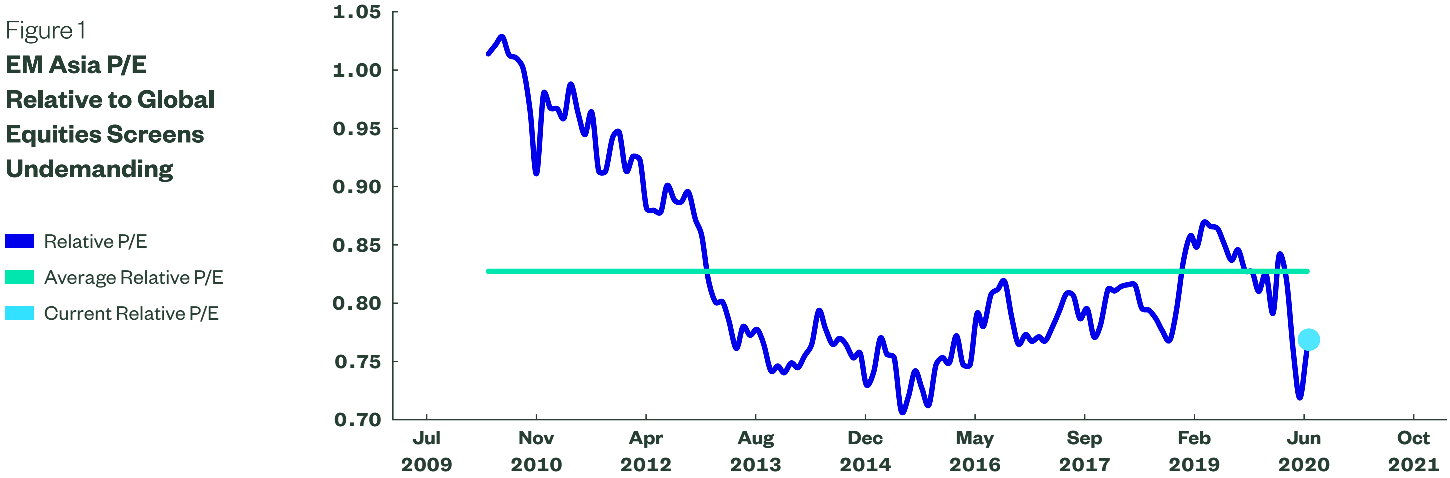
S&P 500 P/E remains elevated at 22.2x, with US 2020-2021 GDP expected by the IMF at -1.9 p.a.[1] The MSCI Europe Index trades at a P/E of 18.2x, while countries such as Spain, Germany, UK, France and Italy may not recover to their 2019 GDP levels by the end of 2021 (see Figure 2). It could be argued that developed equity markets have rallied because there is no alternative. But there might be one in EM Asia equities.

### EM Asia Equities — Reasonable Valuations, Hidden in Plain Sight

Similar to other markets, emerging market (EM) Asia equities, as represented by the MSCI Emerging Markets Asia Index, trade at a 10y high 12m forward P/E of 15.2x. However, when comparing the index to global equities, which trade at a P/E of 19.7x, the relative P/E of EM Asia of 0.77 screens undemanding. More importantly, it remains below the 10y average of 0.83, despite significantly better forecasted GDP growth numbers for EM Asia countries.

Figure 1

**EM Asia P/E Relative to Global Equities Screens Undemanding**




Source: State Street Global Advisors, Bloomberg Finance L.P., as of 30 June 2020. Relative P/E is 12m forward Bloomberg BEST P/E of EM Asia represented by MSCI Emerging Asia Net Total Return USD Index divided by Bloomberg Best P/E of MSCI ACWI Net Total Return USD Index.

## Backed by the Real Economy

China, Korea and India make up 77% of the MSCI Emerging Markets Asia Index (as of 30 June 2020). According to the IMF, all three countries are expected to recover their 2019 GDP level by the end of 2021; the strongest annualised growth (4.5%) is expected from China, which represents 52% of the index. The IMF forecasts India and Korea to recover at a slower, albeit positive rate. That contrasts with a more sluggish expected recovery for the US and developed European economies, as well as with economies of some EMs outside of Asia. We believe EM Asia, with its current P/E multiple in conjunction with prospects for economic rebound, may represent a relatively attractive opportunity for equity investors.

Figure 2

**Real GDP Growth Forecasts**

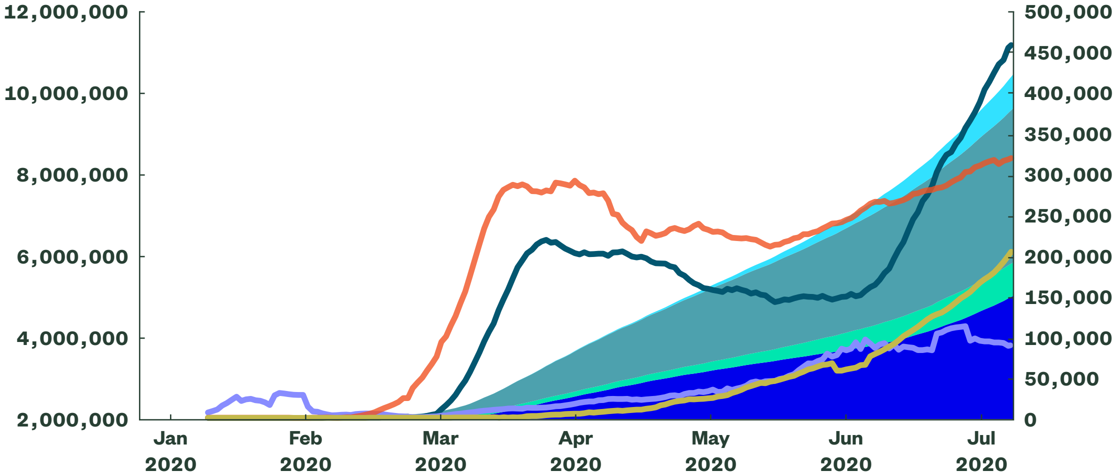
| GDP | | | Projections (%) | | Projections (%) |
|---|---|---|---|---|---|
| | 2018 (%) | 2019 (%) | 2020 | 2021 | 2020–2021 p.a. |
| **EM Asia Countries** | | | | | |
| China | 6.7 | 6.1 | 1.0 | 8.2 | 4.5 |
| India | 6.1 | 4.2 | -4.5 | 6.0 | 0.6 |
| Korea | 2.9 | 2.0 | -2.1 | 3.0 | 0.4 |
| Indonesia | 5.2 | 5.0 | -0.3 | 6.1 | 2.9 |
| Malaysia | 4.7 | 4.3 | -3.8 | 6.3 | 1.1 |
| Thailand | 4.2 | 2.4 | -7.7 | 5.0 | -1.6 |
| Philippines | 6.3 | 6.0 | -3.6 | 6.8 | 1.5 |
| **Other Selected Countries** | | | | | |
| Brazil | 1.3 | 1.1 | -9.1 | 3.6 | -3.0 |
| France | 1.8 | 1.5 | -12.5 | 7.3 | -3.1 |
| Germany | 1.5 | 0.6 | -7.8 | 5.4 | -1.4 |
| Italy | 0.8 | 0.3 | -12.8 | 6.3 | -3.7 |
| Russia | 2.5 | 1.3 | -6.6 | 4.1 | -1.4 |
| Spain | 2.4 | 2.0 | -12.8 | 6.3 | -3.7 |
| South Africa | 0.8 | 0.2 | -8.0 | 3.5 | -2.4 |
| United Kingdom | 1.3 | 1.4 | -10.2 | 6.3 | -2.3 |
| United States | 2.9 | 2.3 | -8.0 | 4.5 | -1.9 |

Source: International Monetary Fund, World Economic Outlook, June 2020 Update. Projections 2020–2021 p.a. are geometrical averages of 2020 and 2021 projections for each country, calculated by State Street Global Advisors.

## First to Emerge from the Crisis?

East Asia was the first region hit by the crisis and, except for India (which constitutes only 10% of the EM Asia Index), appears to be the first one to be emerging from it. The emergence has not come without a cost, as there were temporary shutdowns of economies. There are longer term, structural implications and the risk of new waves of the virus is still there. Nevertheless, thanks to disciplined societies and government capabilities, lockdowns in EM Asia countries seem to have been efficient when we look at new cases compared to the situation in western countries, particularly the US.

Figure 3
**Except for India, APAC Economies May Recover from COVID-19 Relatively Quickly**




Source: Bloomberg Finance L.P., State Street Global Advisors as of 17 July 2020. US number of cases is NCOVUSCA INDEX; APAC ex India number of cases is NCOVAAP Index - NCOVINCA Index; EMEA number of cases is NCOVCAEM Index; India number of cases is NCOVINCA Index.

## EM Economies Have Already Started Showing Positive Signs[2]

**China (52% of the index)** The recent central bank policy response has been prudent but flexible. On 1 July 2020, the PBOC announced it would cut 25bp for re-lending and re-discount facilities. In total, the stimulus has so far reached 2.2 trillion yuan. In addition, there are expectations for two further rate cuts in the second half of the year, as well as deeper monetary easing stimuli. May macro data confirmed economic recovery in China.

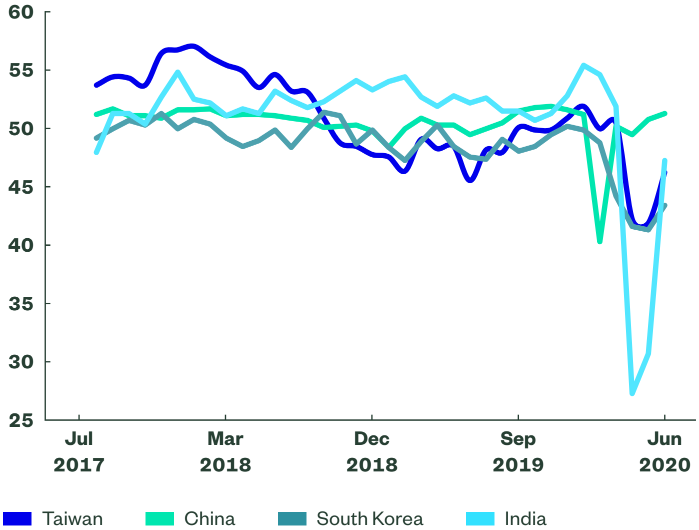
Moreover, industrial production in China continued with a solid recovery in May (+1.1% month-on-month seasonally adjusted, or 4.4% year-on-year), adding to the rebound in April and March. And finally, industrial profit returned to positive growth in May, rising 6.0% (from a previous reading of -4.3%). On the external front, China's May exports, in USD terms, held up better than expected, falling just 3.3%. Shipments to developed economies also continued to do better than expected in May. We acknowledge that there are risks related to the pandemic and the trade war, but at the same time we appreciate the resilient fundamentals of the Chinese economy.

**India (10% of the index)** India is still much further behind in the crisis than other Asian countries. However, high-frequency data is showing that a rebound in economic activity continued in June. Google mobility data shows improvement in mobility trends and essential services consumption, such as groceries and pharmacies, are now close to pre-lockdown levels. PMIs for India remain deep in contraction territory, with manufacturing recovering more quickly than services. However, they do appear to be coming off their lows, and may follow other countries in bouncing back once managers become more confident on demand from consumers.

**Korea (15% of the index)** Retail sales in Korea showed another strong monthly gain of 4.6% month-on-month, seasonally adjusted in May after rebounding 5.3% in April. Bolstered by consumption subsidies in mid-May, the gain was stronger than expected. As a result, retail sales have recovered to pre-COVID-19 levels and their growth has now turned positive on a year-on-year basis. Consumer sentiment has extended a modest recovery in June by 4.2 points to 81.8. The continuing recovery confirms the view that consumer sentiment bottomed in April.

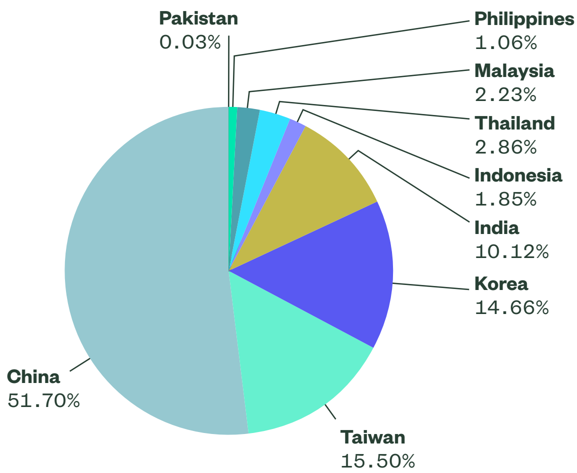
**Thailand (2% of the index)** The country has managed to keep infection rates low and stable, although this has cost the country in terms of tourism revenue. Nevertheless, Thailand's domestic mobility has been recovering since May, when the easing of local containment measures started. Successful implementation of each round of the relaxation has been made possible by persistently low community infections and a ban on inbound passenger flights to prevent imported cases. The risk to Thailand comes from closing borders, as the economy relies heavily on tourism.

Figure 4
**Manufacturing PMI Rebounding Sharply**




Source: Bloomberg Finance L.P., as of 30 June 2020.

Figure 5
**MSCI EM Asia Index Country Weights**




Source: FactSet as of 30 June 2020. Country breakdown is as of the date indicated, subject to change, and should not be relied upon as current thereafter.

## Sector Split Could Benefit from Structural Shifts

The MSCI EM Asia Index is much more concentrated than the S&P 500. The top 10 constituents make up 35% of the index, compared to just 27% for the S&P 500. There is also a large concentration in China, and tech dominates the index. The largest constituents are businesses that could benefit from the crisis, as the tailwinds coming from online retail, work from home and overall digitisation have accelerated.

It is worth mentioning that although consumer discretionary makes up 19% of the index, nearly half of that is Alibaba.[3] The company stands to benefit from the continuing adoption of Alipay, other finance services and accelerating trends in online retail.

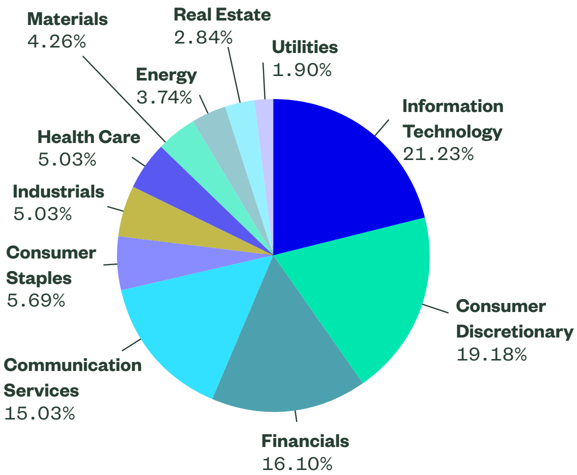
The most obvious beneficiary of the crisis is the second largest holding, Tencent.[4] The company is entering into its strongest game launch cycle since 2008, which could drive the acceleration of earnings growth in 2020 and into 2021.

Taiwan Semi-Conductors are also not expecting a massive hit to demand, and potentially may see growth due to new stresses put on digital capabilities from work-from-home necessities.[5]

Samsung has managed to avoid potential legal issues after a South Korean court declined to issue an arrest warrant for the heir to the empire following issues over corruption.[6] The business is also unlikely to see demand for its products drop off due to the virus and may also benefit from some of the moves to working from home.

Figure 6

**MSCI EM Asia Index Sector Breakdown**




Source: FactSet as of 30 June 2020. Sector breakdown is as of the date indicated, subject to change, and should not be relied upon as current thereafter.

Figure 7

**MSCI EM Asia Index Top 10 Companies**

| Security Name | Index Weight (%) | Country | Sector |
|---|---|---|---|
| Alibaba Group Holding Ltd. Sponsored ADR | 8.84 | China | Consumer Discretionary |
| Tencent Holdings Ltd. | 8.04 | China | Communication Services |
| Taiwan Semiconductor Manufacturing Co., Ltd. | 5.7 | Taiwan | Information Technology |
| Samsung Electronics Co., Ltd. | 4.57 | Korea | Information Technology |
| Meituan Dianping Class B | 1.72 | China | Consumer Discretionary |
| China Construction Bank Corporation Class H | 1.7 | China | Financials |
| Reliance Industries Limited | 1.4 | India | Energy |
| Ping An Insurance (Group) Company of China, Ltd. Class H | 1.3 | China | Financials |
| JD.com, Inc. Sponsored ADR Class A | 1.12 | China | Consumer Discretionary |
| China Mobile Limited | 0.9 | China | Communication Services |

Source: FactSet as of 30 June 2020. Top 10 companies table is as of the date indicated, subject to change, and should not be relied upon as current thereafter.

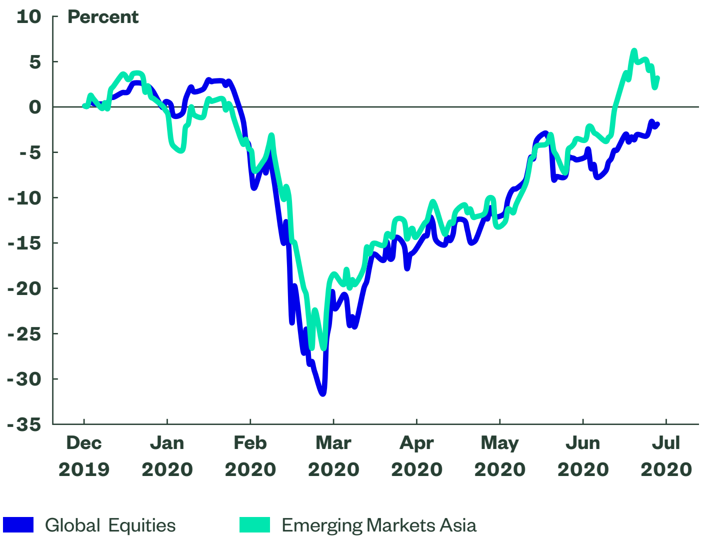
## Performance

EM Asia has outperformed global equities year to date. However, the region has been largely neglected over the last 10 years, despite strong economic growth.

Figure 8

**EM Asia and Global Equities Year to Date Returns**

YTD Return

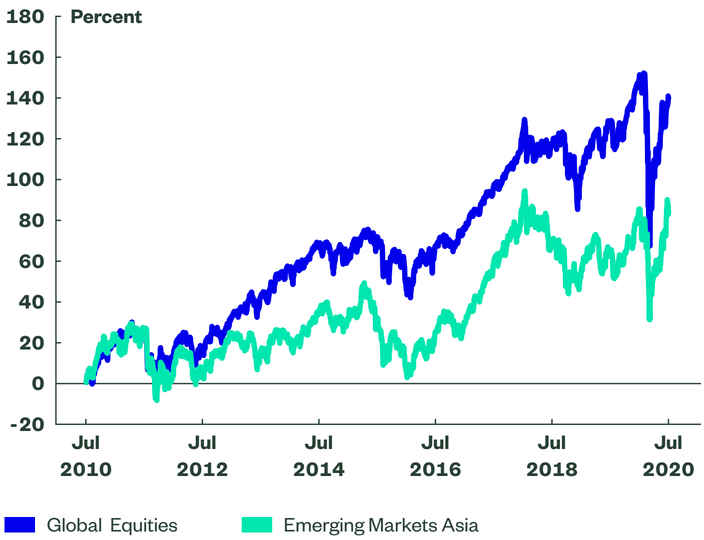



Source: Bloomberg Finance L.P., as of 17 July 2020. Global Equities is MSCI ACWI Net Total Return USD Index. EM Asia is Return is MSCI Emerging Asia Net Total Return USD Index. Bloomberg TOT_RETURN_INDEX_NET_DVDS. Past performance is no guarantee of future results.

Figure 9

**EM Asia and Global Equities 10 year Cumulative Returns**

10Y Total Return




Source: Bloomberg Finance L.P., as of 17 July 2020. Global Equities is MSCI ACWI Net Total Return USD Index. EM Asia is Return is MSCI Emerging Asia Net Total Return USD Index. Bloomberg TOT_RETURN_INDEX_NET_DVDS. Past performance is no guarantee of future results.

## How to Play this Theme?

Investors can utilize SPDR® MSCI EM Asia UCITS ETF to gain exposure to Asia emerging market equities.

Figure 10
**Fund Details**

| Fund Name | SPDR® MSCI EM Asia UCITS ETF |
|---|---|
| ISIN | IE00B466KX20 |
| Share Class Currency | USD |
| Primary Ticker (Deutsche Börse ) | SPYA GY |
| Other Tickers | EMAD LN, EMAS LN, EMAE FP, EMAS SE, EMAE IM, EMADN MM |
| TER (%) | 0.55% |
| Index Name | MSCI EM Asia Index |
| Index Ticker | NDUEEGFA |
| No. of Index Constituents | c.910 |
| Portfolio Construction | Optimised |
| Income Treatment | Accumulation |
| Index Description | The MSCI EM Asia Index is a free float-adjusted market capitalisation weighted index that is designed to measure the equity market performance of approximately 9 emerging markets in Asia. |

Source: State Street Global Advisors as of 30 June 2020.

Figure 11
**Annualised Performance (%, expressed in fund's base currency)**

| | 1 Month* | 3 Month* | YTD* | 1 Year | 3 Year | 5 Year | Since Inception 16 May 2011 |
|---|---|---|---|---|---|---|---|
| SPDR MSCI EM Asia UCITS ETF | 8.24 | 17.83 | -3.63 | 4.31 | 3.56 | 4.38 | 3.18 |
| MSCI EM Asia Index | 8.24 | 17.82 | -3.50 | 4.88 | 4.10 | 4.83 | 3.77 |
| Difference | -0.01 | 0.01 | -0.14 | -0.57 | -0.55 | -0.46 | -0.59 |

* 1 Month, 3 Month and YTD performance numbers are not annualised .
Source: State Street Global Advisors as of 30 June 2020. Past performance is not a guarantee of future results. The Fund Net of fees do reflect commissions and costs incurred on the issue and redemption, or purchases and sale, of units. If the performance is calculated on the basis of Gross/net asset values that are not denominated in the accounting currency of the collective investment scheme, its value may rise or fall as a result of currency fluctuations. Calendar year inception performance returns will be partial for the year where the inception date for either the Fund in question or the historic performance-linked Fund (whichever is the earliest) falls within that period.

## Endnotes

1 P/E in this document is defined as Bloomberg 12-month forward BEST P/E. Data as of 17 July 2020.

2 Unless stated otherwise in the "EM Economies Have Already Started Showing Positive Signs" section. The source for the economic data for China, India, Korea and Thailand in that section is JP Morgan Research as of June 2020.

3 This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security shown.

4 This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security shown.

5 This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security shown.

6 This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security shown.

## About State Street Global Advisors

For four decades, State Street Global Advisors has served the world's governments, institutions and financial advisors. With a rigorous, risk-aware approach built on research, analysis and market-tested experience, we build from a breadth of active and index strategies to create cost-effective solutions. As stewards, we help portfolio companies see that what is fair for people and sustainable for the planet can deliver long-term performance. And, as pioneers in index, ETF, and ESG investing, we are always inventing new ways to invest. As a result, we have become the world's third-largest asset manager with US $3.05 trillion* under our care.

* This figure is presented as of June 30, 2020 and includes approximately $69.52 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

**Marketing communication.**
**For professional client use 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.

**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.

**France:** This document does not constitute an offer or request to purchase shares in the Companies. Any subscription for shares shall be ade in accordance with the terms and conditions specified in the complete Prospectuses, the KIID, the addenda as well as the Companies' Supplements. These documents are available from the Company centralising correspondent: State Street Banque S.A., 23-25 rue Delariviere- Lefoullon, 92064 Paris La Defense Cedex or on the French part of the site spdrs.com. The Companies re undertakings for collective investment in transferable securities (UCITS) governed by Irish law and accredited by the Central Bank of Ireland as a UCITS n 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.

**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 licensed investment advisor prior to making any investment. State Street is not licensed 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. Telephone: (+39) 02 32066 100. Facsimile: (+39) 02 32066 155.

**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.

**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 Cecabank, 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).

**Switzerland:** The collective investment schemes referred to herein are collective investment schemes under Irish law. Prospective investors may obtain the current sales prospectus, the articles of incorporation, the KIID 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 as well as from the main distributor in Switzerland, State Street Global Advisors AG, Beethovenstrasse 19, 8027 Zurich. Before investing please read the prospectus and the KIID, copies of which can be obtained from the Swiss representative, or at ssga.com.

**United Kingdom:** The Companies are recognised schemes under Section 264 of the Financial Services and Markets Act 2000 ("the Act") and are directed at 'professional clients' in the UK (within the meaning of the rules of the Act) 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 Companies, 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. Fax: +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.
**The information provided does not constitute investment advice.** 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 27 July 2020 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.**
All forms of investments carry risks, including the risk of losing all of the invested amount. Such activities may not be suitable for everyone.
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.
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 licensed for use by S&P Dow Jones Indices LLC (SPDJI) and sublicensed 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 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. 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.**


ID266999-3179704.1.1.EMEA.INST 0720
Exp. Date: 31/10/2020