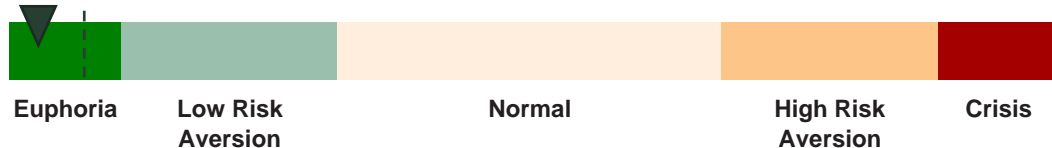


April 2024  
Trade Rationale

# State Street Active Asset Allocation ETF Portfolios

**State of the Market Regime Indicator (MRI)**

▼ Current  
- - - Previous  
*MRI plotted as an estimate.*



**Key Takeaways**

- The Market Regime Indicator (MRI) began March in the Euphoria regime before quickly entering the Low Risk regime on March 5, where it remained until March 15. Then the MRI shifted back into Euphoria where it continued to trend lower until the end of the month.
- Market sentiment remained positive as investors’ confidence in a soft landing strengthened, despite hotter-than-expected inflation prints and the Federal Reserve’s upward revision of anticipated rate levels in 2025 and 2026.
- We decreased allocations to US large-cap equities and aggregate bonds in favor of emerging market equities and cash.

**INCREASE** ↑

Emerging Market Equity	+1.5%
Cash/Cash Equivalents	+1.0%

**DECREASE** ↓

US Large-Cap Equity	-1.5%
Fixed Income Sector Rotation	-1.0%

Source: State Street Global Advisors as of 4/08/2024.

**Portfolio Positioning**

Market sentiment remained positive in March, with the MRI bookending the month in Euphoria despite somewhat hawkish messaging from the Fed and strong economic activity. Although the persistence of Euphoria may suggest complacency among investors, the environment is generally supportive for risk assets.

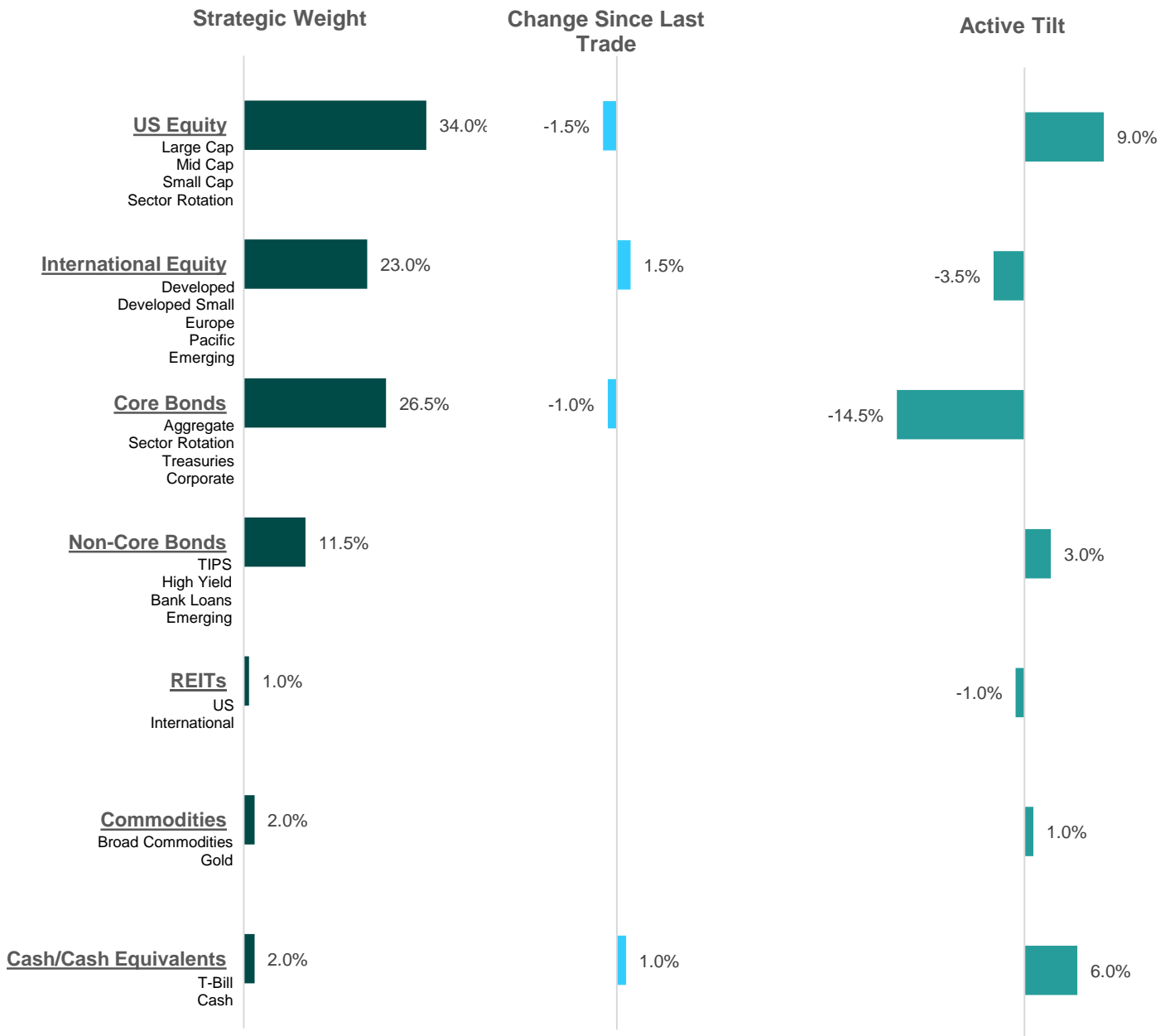
Our forecast for equities has softened, but remains constructive. Weaker macroeconomic factors pushed our forecast lower, but strong balance sheet health, robust price momentum, and sturdy sentiment indicators continue to be supportive. While we still maintain a significant overweight to US equities, unattractive valuations pushed us to decrease our allocation and deploy the proceeds to emerging market equities, which ranks well across all factors with sentiment turning positive and price momentum improving in March.

Our fixed income outlook remains largely challenged. Our model continues to anticipate higher interest rates, although their magnitude has decreased. We sold core bonds and extended our overweight to cash. However, we preserved our high yield overweight, where we expect spreads to tighten further. Recent equity momentum, seasonality, and relatively lower levels of government rates also support high yield.

We continue to underweight commodities, with the exception of gold, which has been buttressed by technical indicators and central bank support.

**Positioning Update**

State Street Active Asset Allocation ETF Portfolio – Moderate



Source: State Street Global Advisors, as of 4/8/2024. Allocation changes are only shown for the Moderate Portfolio. Allocation changes, active weights and benchmark weights may vary for other portfolios. The benchmark is a custom Active Asset Allocation Benchmark. Model portfolio positions are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. The model portfolio positions presented above are representative of ISG's market views and our positioning for our active portfolio as of the date given. The results shown were achieved by means of a mathematical formula, and are not indicative of actual future results which could differ substantially. 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.

**Current Holdings**

Ticker	Fund	Conservative (%) 20/80	Moderate Conservative (%) 40/60	Moderate (%) 60/40	Moderate Growth (%) 75/25	Growth (%) 90/10	Maximum Growth (%) 98/2
	<b>US Equity</b>	<b>19.5%</b>	<b>31.5%</b>	<b>43.0%</b>	<b>51.0%</b>	<b>58.0%</b>	<b>59.5%</b>
<a href="#">SPY</a>	SPDR® S&P 500® ETF Trust	10.8%	16.8%	21.5%	24.3%	26.5%	26.0%
<a href="#">XLSR</a>	SPDR® SSGA US Sector Rotation ETF	3.8%	8.8%	13.5%	16.3%	19.5%	21.0%
<a href="#">SPMD</a>	SPDR® Portfolio S&P 400® Mid Cap ETF	1.0%	1.5%	2.5%	3.8%	4.5%	6.0%
<a href="#">SPSM</a>	SPDR® Portfolio S&P 600® Small Cap ETF	4.0%	4.5%	5.5%	6.8%	7.5%	6.5%
	<b>International Equity</b>	<b>5.0%</b>	<b>12.0%</b>	<b>19.5%</b>	<b>26.5%</b>	<b>31.5%</b>	<b>35.5%</b>
<a href="#">SPDW</a>	SPDR® Portfolio Developed World ex-US ETF	0.0%	2.0%	7.5%	11.5%	15.0%	16.0%
<a href="#">GWX</a>	SPDR® S&P® International Small Cap ETF	0.0%	2.0%	2.0%	3.0%	3.5%	4.0%
<a href="#">SPEM</a>	SPDR® Portfolio Emerging Markets ETF	5.0%	8.0%	10.0%	12.0%	13.0%	15.5%
	<b>Fixed Income</b>	<b>64.5%</b>	<b>45.5%</b>	<b>26.5%</b>	<b>12.0%</b>	<b>1.5%</b>	<b>0.0%</b>
<a href="#">SPAB</a>	SPDR® Portfolio Aggregate Bond ETF	10.0%	2.8%	0.0%	0.0%	0.0%	0.0%
<a href="#">FISR</a>	SPDR® SSGA Fixed Income Sector Rotation ETF	29.5%	22.3%	11.0%	2.0%	0.0%	0.0%
<a href="#">TIPX</a>	SPDR® Bloomberg 1-10 Year TIPS ETF	6.0%	4.5%	2.0%	0.0%	0.0%	0.0%
<a href="#">SPTL</a>	SPDR® Portfolio Long Term Treasury ETF	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<a href="#">SRLN</a>	SPDR® Blackstone Senior Loan ETF	2.5%	2.5%	1.5%	1.5%	0.0%	0.0%
<a href="#">EBND</a>	SPDR® Bloomberg Emerging Markets Local Bond ETF	4.0%	3.5%	3.0%	1.5%	0.0%	0.0%
<a href="#">SPTI</a>	SPDR® Portfolio Intermediate Term Treasury ETF	1.0%	1.0%	1.0%	1.0%	0.0%	0.0%
<a href="#">EMHC</a>	SPDR® Bloomberg Emerging Markets USD Bond ETF	3.0%	2.0%	1.5%	1.5%	0.0%	0.0%
<a href="#">JNK</a>	SPDR® Bloomberg High Yield Bond ETF	8.5%	7.0%	6.5%	4.5%	1.5%	0.0%
	<b>Real Assets</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>
<a href="#">GLD</a>	SPDR® Gold Shares	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%
<a href="#">RWR</a>	SPDR® Dow Jones® REIT ETF	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%
<a href="#">RWX</a>	SPDR® Dow Jones® International Real Estate ETF	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%
	<b>Cash/Cash Equivalents</b>	<b>8.0%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>7.5%</b>	<b>6.0%</b>	<b>2.0%</b>
<a href="#">BIL</a>	SPDR® Bloomberg 1-3 Month T-Bill ETF	6.0%	6.0%	6.0%	5.5%	4.0%	0.0%
N/A	Cash	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Source: State Street Global Advisors as of 4/8/2024. Allocations may not sum to 100% due to rounding.

**Important Disclosure:** The model portfolios primarily utilize ETFs that make payments to SSGA Funds Management, Inc. or its affiliates (collectively "SSGA") for advisory or other services, which presents a conflict of interest for SSGA. Income earned by SSGA would be lower, and the returns generated by implementing one or more model portfolios might be higher, if the model portfolios were to be constructed using ETFs or other investments that do not pay fees to SSGA.

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**Glossary**

**Commodities** Basic goods used in commerce that are interchangeable, or “fungible,” with other commodities of the same type. Commodities are most often used as inputs in the production of other goods or services. For example, crude oil is a commodity that is used to make motor fuels, and heating oil and lubricants.

**Emerging Markets** Developing countries where the characteristics of mature economies, such as political stability, market liquidity and accounting transparency, are beginning to manifest. Emerging market investments are generally expected to achieve higher returns than developed markets but are also accompanied by greater risk, decreasing their correlation to investments in developed markets.

**High Yield** A company or bond that is rated ‘BB’ or lower is known as junk grade or high yield, in which case the probability that the company will repay its issued debt is deemed to be speculative.

**Real Assets** Physical or tangible assets that have value and often are investable. Real assets include precious metals, commodities, real estate, agricultural land and oil, and their inclusion in most diversified portfolios is considered appropriate.

**TIPS or Treasury Inflation Protected Securities** Treasury securities that are indexed to inflation in order to protect investors from the negative effects of inflation. TIPS are backed by the US

government and are thus considered an extremely low-risk investment. The par value of TIPS rises with inflation, as measured by the Consumer Price Index, while the interest rate remains fixed.

**Developed Markets** Refers to countries or market areas with relatively high levels of economic growth, market liquidity and transparency as well as political stability, rule of law and safety.

**Treasuries** The debt obligations of a national government. Also known as “government securities,” Treasuries are backed by the credit and taxing power of a country, and are thus regarded as having relatively little or no risk of default.

**Small Cap Stocks** Stocks with a relatively small market capitalizations—generally companies with market values of between \$300 million and \$2 billion. Small-cap stocks are more volatile than mid- or large-cap stocks, but tend to deliver higher returns over longer time periods.

**Yield Curve** A graph or line that plots the interest rates or yields of bonds with similar credit quality but different durations, typically from shortest to longest duration. When the yield curve is said to be “flat,” it means the difference in yields between bonds with shorter and longer durations is relatively narrow. When the yield curve is said to be “steep,” it means the difference in yields between bonds with shorter and longer durations is relatively wide.

**Bond** A debt investment in which an investor loans money to an entity—typically a corporate or governmental entity—that borrows the funds for a defined period of

time at a variable or fixed interest rate. Bonds are used by companies, municipalities, states and sovereign governments to raise money and finance a variety of projects and activities. Owners of bonds are debtholders, or creditors, of the issuer.

**Important Information**

The views expressed are those of SSGA’s Investment Solutions Group (ISG) as of April 8, 2024 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.**

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