

Smart Beta Compass

Protecting Growth in the New Economy

Q4 2021

04 **Factor Performance**

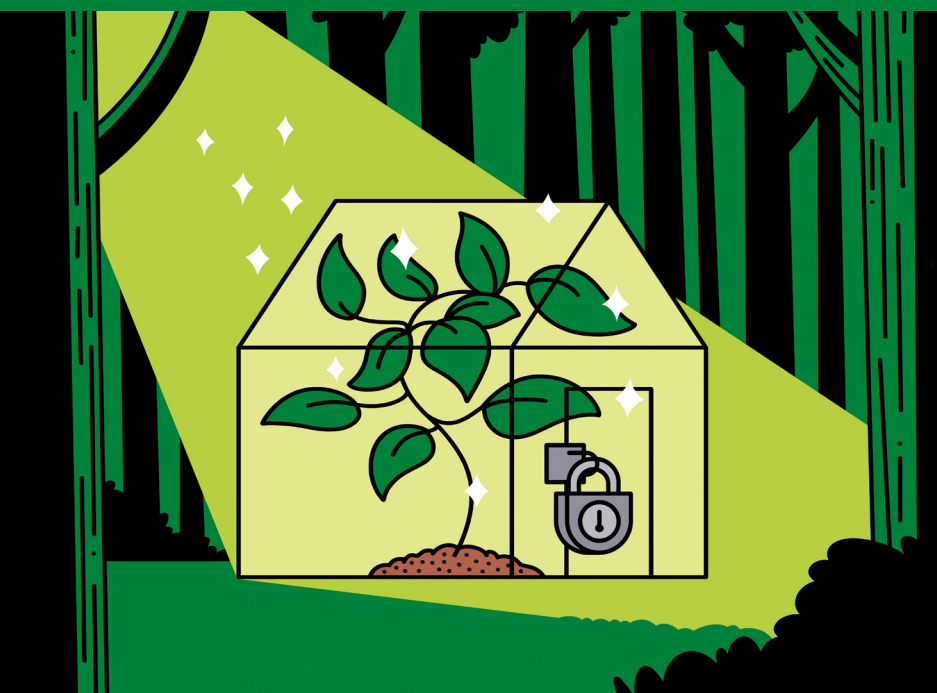
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A Leader in Smart Beta Index Investing

SPDR is a pioneer in both smart beta and ETF investing. For more than a quarter of a century, we have uncovered research-backed insights and formed strong opinions about how to efficiently harvest factor premia and implement them in a portfolio using ETFs.

Smart beta ETFs allow investors the opportunity, with a single trade, to introduce a factor exposure into their portfolio. In the current environment, we continue to see equity investors positioning for the long term, when markets will resume trading on fundamentals.

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Factor Performance

Recent performance of specific factor-driven indices that are tracked by relevant European-listed smart beta ETFs.

Factor Performance

The charts in this section show the relative performance of each index against a single cap-weighted market benchmark in three critical geographic regions: World/Global, USA and Eurozone/Europe.

The recovery trade offers relative protection in value. Are dividend stocks next? Following a strong start to 2021, equity markets paused in Q3, with the September pullback presenting an entry point for those who missed the Q1 rally. Investor sentiment remains focused on the pickup in economic activity. Concerns over the market overheating have caused some volatility along the way.

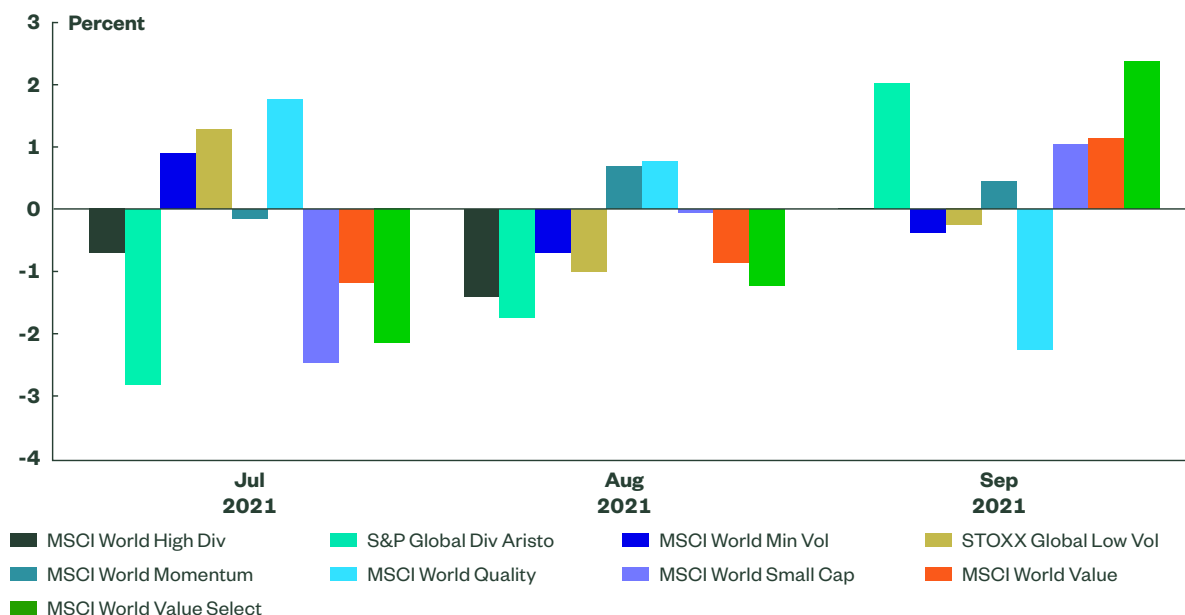
Despite the pullback in September, Value Exposure Select indices have continued to deliver strong year-to-date performance across all regions. The pullback may be used as a buying opportunity for investors who have missed the run, as we will see in the next section on investor flows.

World/Global

Global equities declined -1.93% in Q3, mostly based on the market pullback experienced in September, as both July and August were net positive. The recovery-focused factor exposures (size and value) joined momentum as the strongest relative performing factors in Q3. The MSCI World Small Cap Index fell 0.75% (size) and the MSCI World Value Select lost 0.54% (value) but outperformed the market significantly, even though they traded nominally lower.

Despite the market pullback in September, volatility exposures were negative both on a nominal and relative basis in the quarter. The Global Dividend Aristocrats Index outperformed the market by more than 2% in September. Investors who have been waiting for an entry point into global dividends may have their opportunity. Most exposures traded significantly lower in September, but dividends and World Value Select provided significant downside protection.

Relative Monthly Performance vs. MSCI World Index



Source: Bloomberg Finance L.P., as of 30 September 2021. Past performance is not a reliable indicator of future performance. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. See Appendix for index details.

Looking Forward. All signs point to the recovery continuing in Q4 2021, as manufacturing PMIs continued to trend positive (see page 23), suggesting the shelves will be stocked for the holiday season. In this environment, value and dividends would remain relatively attractive to investors. The market pullback in September presents an interesting entry point for investors who have missed the recovery trade this year.

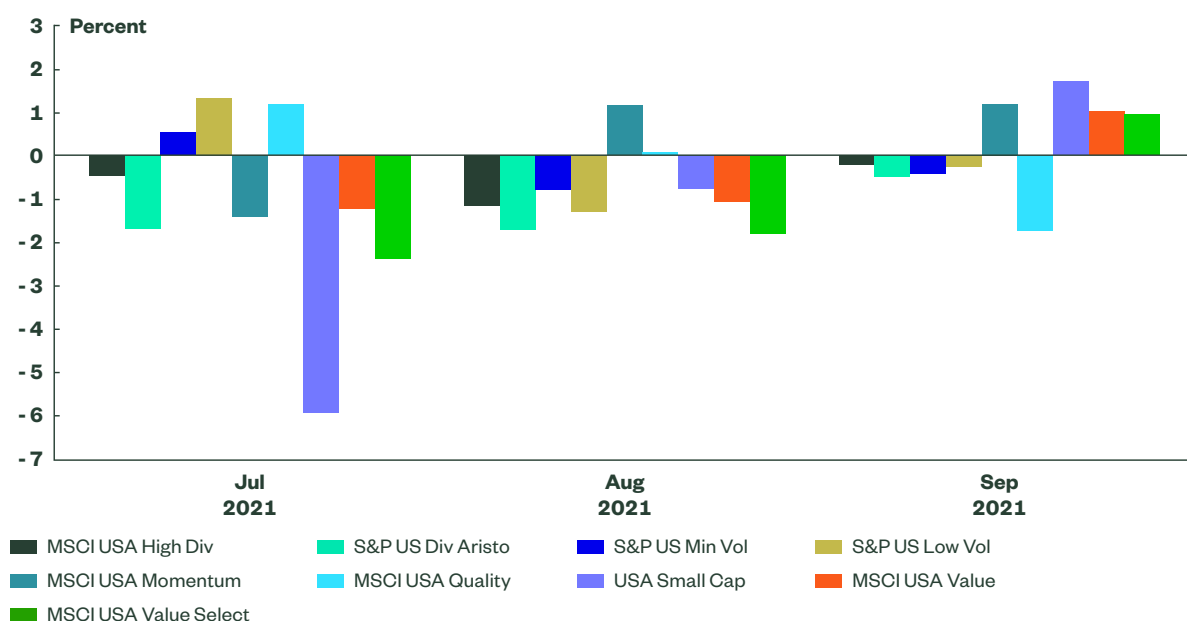
USA

US equities traded in line with global markets in Q3 2021, with the S&P 500® Index declining nearly 2%. Trading in July was a bit counterintuitive as low volatility led the market, with small cap stocks declining — interesting behaviour in a positive market. As with global equities, the quality factor led other indices to start the quarter before experiencing significant underperformance following the tech selloff in September.

There was a small tailwind behind momentum and small cap exposures. While both factors traded positive on a relative basis, only momentum was nominally positive for the quarter. Despite the large cap market benchmark trading negative, the small cap Russell 2000 Index found 1% of outperformance in Q3, including 2.16% relative outperformance in September.

Value Exposure Select traded nearly in line with the market benchmark, while no single factor outperformed the market benchmark in every month of Q3.

Relative Monthly Performance vs. the S&P 500® Index



Source: Bloomberg Finance L.P., as of 30 September 2021. Past performance is not a reliable indicator of future performance. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. See Appendix for index details.

Looking Forward. We expect the short-term pull back in dividend and Value Exposure Select experienced in Q3 to be temporary, with the year-to-date trend to indicate further support for a re-opening rally in US equities. Dividend Aristocrats have high exposure to stocks specifically expected to benefit from an uptick in consumer activity and the normalisation of interest rate policy.

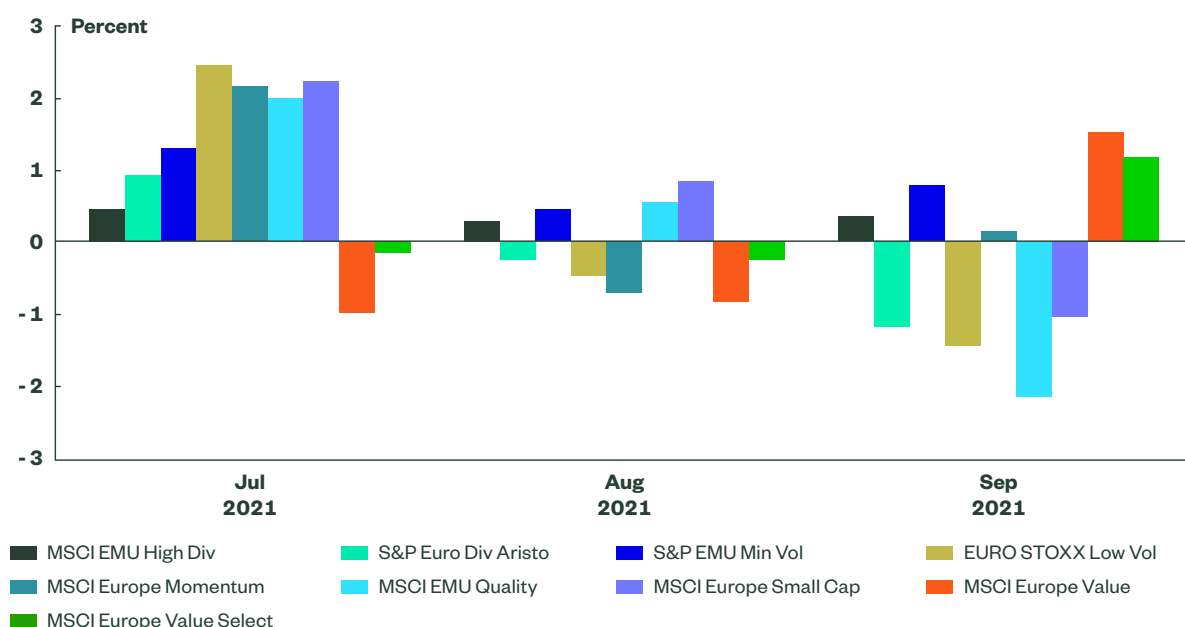
Eurozone/Europe

In Q3, European equities opened the gap with global equities. In September, the EURO STOXX® (-5.31%) and MSCI Europe (-4.95%) indices were hit hard by the pullback. These regional benchmarks both lost more than 3% for the quarter.

The MSCI Europe Value Select Index (-2.29%) outperformed the EURO STOXX® 0.95% in Q3 2021. The simple MSCI Value Index (-2.5%) produced similar results, albeit not as strong as select value on a relative performance basis, providing further benefit for investors playing the re-opening trade.

Volatility provided some protection for investors but, impressively, value factor strategies also performed well on a relative basis. Defensive factors remained in demand by European investors as the broad indices continued to experience volatility in the recovery.

Relative Monthly Performance vs. the EURO STOXX® Index



Source: Bloomberg Finance L.P., as of 30 September 2021. Past performance is not a reliable indicator of future performance. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. See Appendix for index details.

Looking Forward. While European equities were weaker in Q3, the gap with global equities presents an interesting value opportunity. The divergence maintains a compelling relative valuation. The relative opportunity to play the recovery through eurozone equities could be appealing to investors, provided they can protect the portfolio using a selective value or stable dividend approach.

Investors should consider positions in Euro Dividend Aristocrats to play a further economic recovery in 2021, as the enhanced income from stable dividend stocks delivers total return while we await the recovery to reflate earnings. Investors can also continue to play the value factor trade using Europe Value Exposure Select, which utilise the light quality touch (selective) and takes a sector neutral approach in targeting opportunities.

Smart Beta ETF Flows

Recent flows in both European and US-listed smart beta ETF flows by their relevant factor exposure.

Smart Beta ETF Flows

The tables in this section show the nominal net assets gathered by each category, across all geographic regions, over three relevant time periods. The top two and bottom two factor categories in each time period are highlighted.

Investors continued into dividends while value endured outflows in Q3. European and US ETF investors continued to take significant steps in positioning portfolios toward factors that stand to benefit more from a resumption of economic activity, with European and US investors also opting for some momentum exposure in September.

US-listed investors continued to pour money into income-generating dividend yield factor strategies. European-listed fund investors are more neutral on dividend ETFs. Investors in both regions appeared to be selling value in Q3, despite flows remaining positive year to date.

European-Listed Smart Beta Flows

Smart beta flows were negative in September (down \$1 billion) as equity markets experienced a pullback. These September outflows continued throughout the quarter, falling \$6.4 billion total in Q3, but remain positive year to date at \$9.6 billion.

Value has continued to lead all factor exposures year to date, despite over losing \$1 billion in value ETFs in September and dropping \$4.3 billion for the quarter. Quality factor exposures took in \$207 million in September, as investors “chased performance” by using quality to protect the portfolio.

Dividend factor strategies remain neutral in terms of flows. Volatility exposures continue to be the most negative on a year-to-date and trailing 12-month basis, but we saw \$90 million of inflows in September as market volatility set in. Multifactor factor exposures gathered \$170 million in Q3.

European-Listed Smart Beta Flows (\$ Millions)

Factor Category	September 2021	Trailing 3 months	Year to Date	Last 12 months
Dividend	-3	-321	968	716
Growth	44	152	160	214
Low Volatility	90	-87	-381	-1,435
Momentum	196	-1,330	-36	215
Multifactor	155	170	318	67
Quality	207	1,394	2,401	1,729
Size	-661	-2,021	796	3,929
Value	-1,035	-4,330	5,400	10,272
Total	-1,008	-6,373	9,628	15,708

Source: Bloomberg Finance L.P., as of 30 September 2021. Flows are as of date indicated and shouldn't be relied thereafter.

US-Listed Smart Beta Flows

Flows into US-listed funds remained focused in pro-recovery factors such as dividend yield, although value experienced outflows in Q3. The \$3.4 billion of inflows in September into dividend ETFs remained a strong sentiment indicator of US-listed ETF investors.

While value ETFs experienced outflows of \$1.2 billion in Q3, they still remain significantly positive for the year at \$11.5 billion, suggesting investors are not even close to reversing on the recovery theme. The consistency with which investors are buying yield-factor dividend ETFs is impressive.

The inflows to dividends occurred as US-listed ETF investors continued to pull assets out of volatility ETFs. Volatility ETFs lost an additional \$630 million in September and \$1.4 billion in Q3, extending the losing streak to 19 consecutive months of net outflows. This was the case with European investors prior to September.

US ETF investors stopped allocating to quality as September produced outflows of \$761 million. Overall, net flows into quality remain positive in 2021 at 2.4 billion. Momentum experienced inflows in September but was flat for the quarter.

Looking ahead, all signs point to a continued recovery in global equities to close 2021, so we will watch to see if the inflows continue to the pro-recovery, factor-based smart beta ETFs.

US-Listed Smart Beta Flows (\$ Millions)

Factor Category	September 2021	Trailing 3 months	Year to Date	Last 12 months
Dividend	3,353	8,170	31,735	38,157
Growth	-217	-90	1,453	1,698
Low Volatility	-630	-1,433	-15,689	-21,384
Momentum	961	11	1,129	1,307
Multifactor	-250	1,817	1,738	1,955
Quality	-761	2,783	2,350	3,332
Size	-73	33	6,812	10,049
Value	-644	-1,272	11,513	13,980
Total	1,739	10,019	41,041	49,094

Source: Bloomberg Finance L.P., as of 30 September 2021. Flows are as of date indicated and shouldn't be relied thereafter.

Institutional Style Flows and Holdings

A snapshot of the cross-sectional patterns of institutional equity flows and holdings.

Institutional Style Positioning

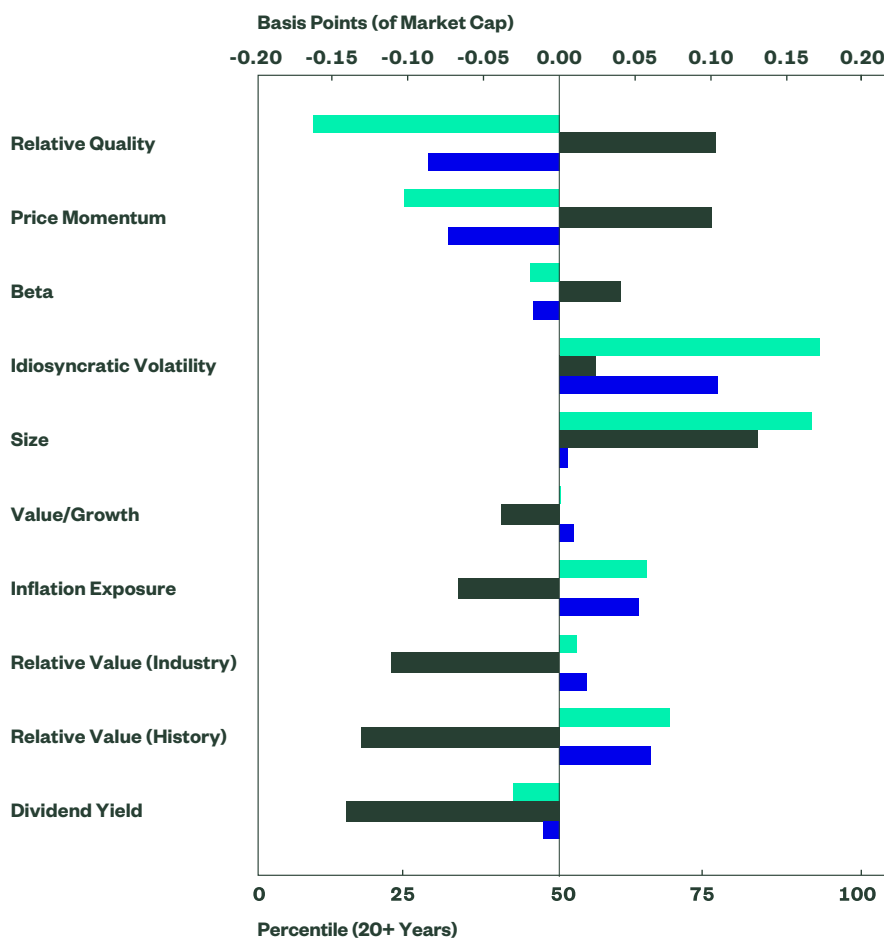
The analysis covers 10 style dimensions; Beta, Idiosyncratic Volatility, Dividend Yield, Inflation Exposure, Value/Growth, Relative Value to History, Relative Value to Industry, Size, Price Momentum and Relative Efficiency (further referred to as Relative Quality). See page 28 for full style definitions.

Buying the underweight, selling the overweight, positioning for recovery. The holdings of inflation exposure and value stocks have experienced strong 20-day and 60-day trend inflows, despite being significantly underweight by historical measures.

Dividend yield stocks remain the most significantly underweight and actually have shown mild outflows in their trend. The strongest overweight holdings, compared to historical positioning, have been in quality stocks (higher return on equity), despite the accelerating trend in outflows.

Institutional Style Positioning (Quarter End)

- Holdings (Lower)
- 20d Flows
- 60d Flows



Source: State Street Global Markets as of 1 October 2021. Flows are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

Trend Flows

In addition to the latest investor positioning in each of the significant style dimensions, the active flows trend can provide further context on investor sentiment.

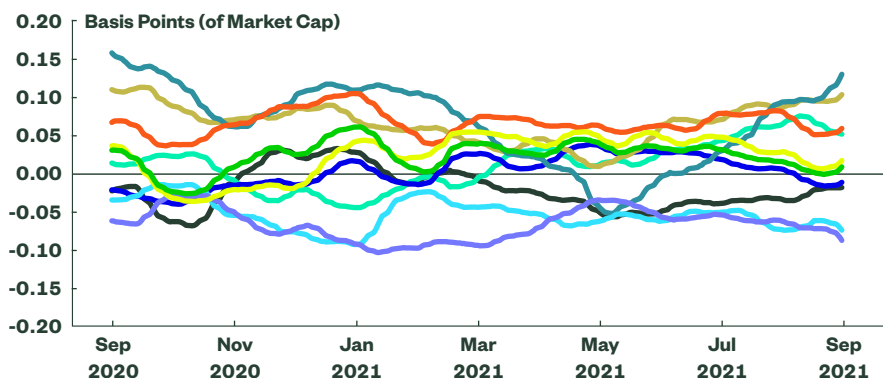
Below we analyse trends in active flows across two time series: daily change in 60-day trend flows over the past year and daily change in 20-day trend flows over the past quarter. Each chart provides context on the trend of investor flows leading up to the quarter-end positioning (see Figure on previous page).

60-day trend flows remained concentrated in Q3, as dispersions across style dimensions were low. Smaller market capitalisation stocks (size) continued to trend more positive in the quarter, following the brief period of net outflows experienced in May. Looking at the shorter term 20-day trend, we can see this strength more clearly as size flows finished the quarter decidedly strong.

The stocks with high idiosyncratic volatility and attractive relative value (history) have experienced a steadily positive longer-term 60-day and 20-day trend. Investors are clearly buying stocks with higher inflation exposure, as the 60-day flow trend on these stocks remained positive in Q3. Relative quality, beta and price momentum flows were all negative on both the 60-day and 20-day trends. The selling of these style dimensions occurred despite each style ending the quarter overweight.

Global Equity Active Flow (60d Flow Trend, Last 1 Year)

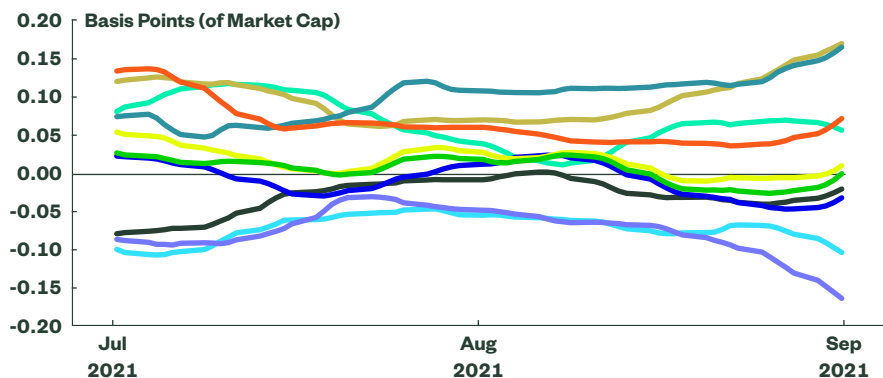
- Beta
- Inflation Exposure
- Dividend Yield
- Idiosyncratic Volatility
- Size
- Price Momentum
- Relative Quality
- Relative Value (History)
- Relative Value (Industry)
- Value/Growth



Source: State Street Global Markets as of 1 October 2021. Flows are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. This information should not be considered a recommendation to invest in a particular style. It is not known whether the factors shown will be profitable in the future.

Global Equity Active Flow (20d Flow Trend, Last Quarter)

- Beta
- Inflation Exposure
- Dividend Yield
- Idiosyncratic Volatility
- Size
- Price Momentum
- Relative Quality
- Relative Value (History)
- Relative Value (Industry)
- Value/Growth



Source: State Street Global Markets, as of 1 October 2021. Flows are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. This information should not be considered a recommendation to invest in a particular style. It is not known whether the factors shown will be profitable in the future.

Trend Holdings

In addition to the latest investor positioning in each of the significant style dimensions, the historical holdings trend can provide further context on investor sentiment.

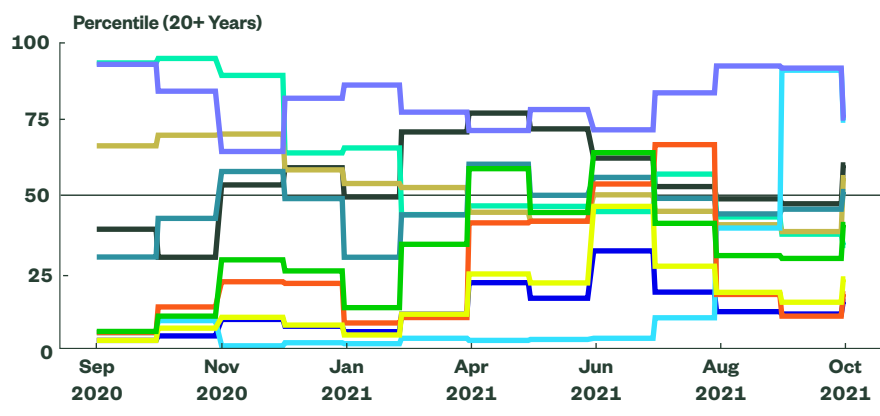
The below time series shows the monthly change in investor holdings over the past year. This chart provides expanded context on the trend of investor holdings leading up to the quarter end positioning (see Figure on page 12).

Holdings in relative value (history) and stocks with higher inflation exposure declined in Q3, after starting the quarter comfortably overweight for the first time in a long time. Dividend yield stocks ended the quarter the most significantly underweight by historical comparison.

Small cap (size) stocks remained neutral throughout the quarter, whereas holdings in momentum stocks were volatile, closing comfortably overweight. Stocks with higher inflation exposure went from overweight at the beginning of Q3 to underweight in October, despite positive inflows. Holdings in relative quality stocks maintained their overweight positioning during Q3, despite strong outflows. This suggests the rally experienced in quality stocks has continued to outpace the profit-taking of investor outflows.

Global Equity Monthly Holdings (Last 1 Year)

- Beta
- Inflation Exposure
- Dividend Yield
- Idiosyncratic Volatility
- Size
- Price Momentum
- Relative Quality
- Relative Value (History)
- Relative Value (Industry)
- Value/Growth



Source: State Street Global Markets as of 1 October 2021.

Global Equity Holdings (Last Quarter)

	July 2021	August 2021	September 2021	October 2021
Overweight	Relative Quality	0.84	0.93	0.76
	Relative Value (History)	0.67		0.75
	Inflation Exposure	0.57		0.60
	Beta	0.53		0.56
				0.51
Underweight	Size	0.49	0.49	0.40
	Idiosyncratic Volatility	0.45	0.44	0.33
	Value/Growth	0.41	0.43	0.22
	Relative Value (Industry)	0.27	0.40	0.17
	Dividend Yield	0.18	0.39	0.15
	Price Momentum	0.09	0.30	0.15
			0.18	0.11
			0.17	0.10
			0.11	

Source: State Street Global Markets as of 1 October 2021.

Factor Fundamentals

Fundamental metrics of specific factor-driven indices that are tracked by relevant European-listed smart beta ETFs.

Fundamental Factor Metrics

As of 30 September 2021

For context the table includes popular market capitalisation-weighted benchmarks in each of the three critical geographic regions: World/Global, USA and Eurozone/Europe.

Region/Index	Price-to-Earnings	Price-to-Book	EV-to-EBITDA	ROE	Dividend Yield
World/Global Factors					
MSCI World Index*	18.49	3.03	12.44	14.95	1.87
STOXX® Global 1800 Index*	18.79	2.99	12.68	14.70	1.89
MSCI World High Div	13.30	2.49	9.81	17.71	3.73
S&P Global Div Aristo	11.78	1.26	8.62	10.98	4.92
MSCI World Min Vol	19.39	3.15	8.85	12.82	2.08
STOXX Global Low Vol	18.37	2.81	12.60	15.53	3.06
MSCI World Momentum	16.61	2.83	11.41	15.99	1.68
MSCI World Quality	22.26	6.99	15.38	42.42	1.42
MSCI World Small Cap*	18.88	1.10	11.54	14.45	1.72
MSCI World Value	13.69	1.92	9.50	10.99	2.99
USA Factors					
S&P 500® Index*	20.08	4.31	13.71	27.91	1.41
MSCI USA Index*	20.74	4.42	14.35	28.03	1.36
S&P US Div Aristo	15.82	2.30	10.57	14.90	3.07
S&P US Min Vol	21.54	4.44	14.54	24.79	1.72
S&P US Low Vol	19.61	3.91	13.59	21.77	2.34
MSCI USA Momentum	18.94	3.21	13.64	12.24	0.87
MSCI USA Quality	22.95	7.96	16.40	44.73	1.08
US Small Cap*	26.53	1.86	15.85	100.86	1.34
MSCI USA Value	15.49	2.75	11.05	16.26	2.36
Eurozone/Europe Factors					
EURO STOXX® Index*	15.69	1.82	9.85	9.63	2.83
MSCI Europe Index*	14.97	2.01	9.60	9.93	3.13
S&P Euro Div Aristo	14.79	1.77	9.50	11.44	3.66
MSCI EMU Min Vol	18.31	2.18	10.75	9.58	2.78
EURO STOXX Low Vol	17.50	1.98	11.30	12.24	3.81
MSCI Europe Momentum	12.75	1.77	8.06	10.14	3.53
MSCI Europe Small Cap*	17.67	0.47	10.28	11.43	2.34
MSCI Europe Value	10.94	1.26	6.92	9.23	4.64

Source: Bloomberg Finance L.P., as of 30 September 2021. See Appendix for index details. *Market cap-weighted index.

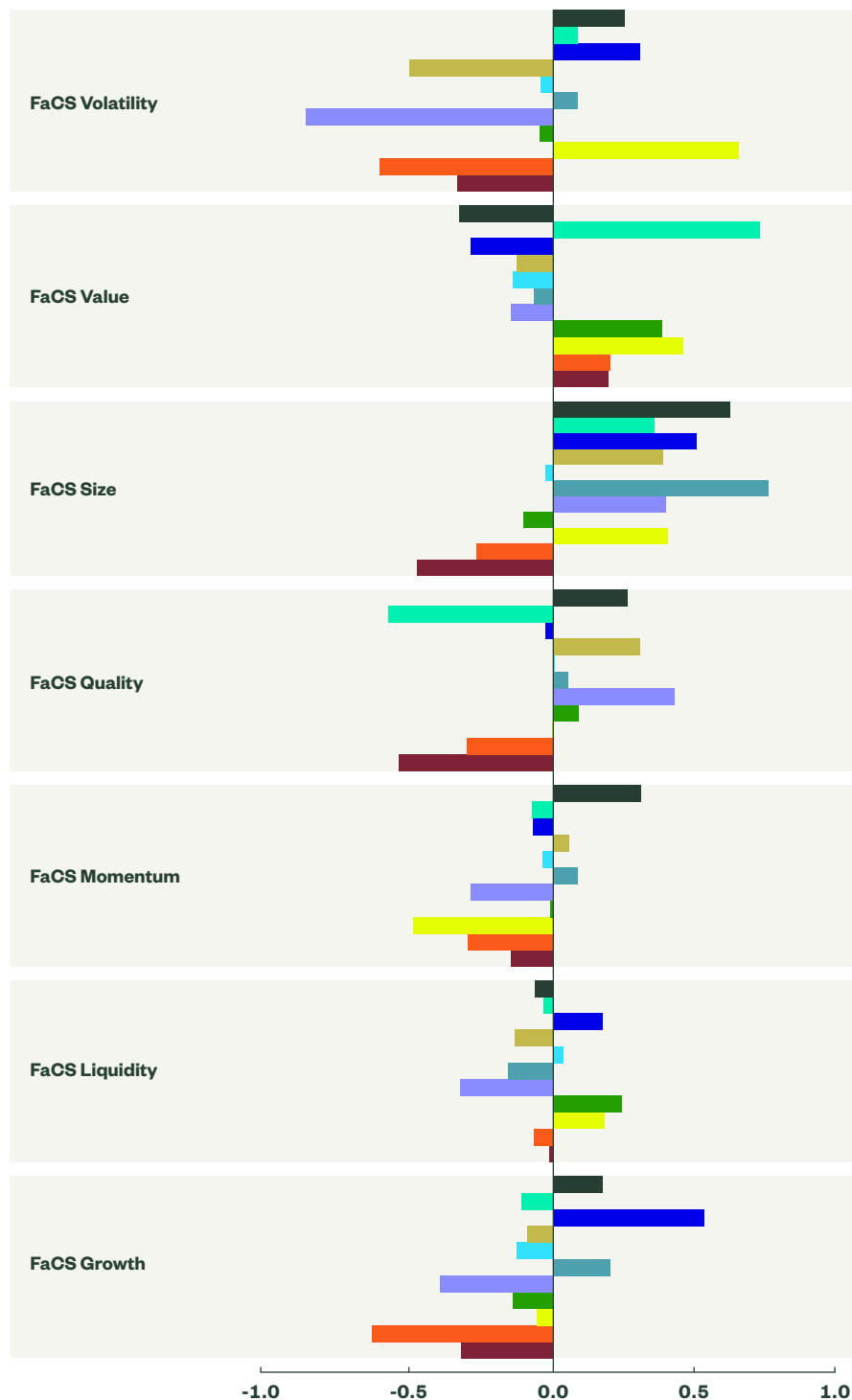
Market Factor Exposure

As of 1 October 2021

The following charts show the baseline factor exposure in each capitalisation-weighted benchmark for the three critical geographic regions: World, USA and Europe. The percentages in the legend represent the relative weight of each sector in the benchmark.

Market FaCS Exposure by Sector (MSCI ACWI Index)

- Technology (22.4%)
- Financials (14.39%)
- Consumer Discretionary (12.41%)
- Health Care (11.62%)
- Industrials (9.64%)
- Communication Services (9.34%)
- Consumer Staples (6.73%)
- Materials (4.64%)
- Energy (3.56%)
- Utilities (2.64%)
- Real Estate (2.62%)



Source: MSCI BarraOne, as of 1 October 2021. FaCS stands for MSCI Factor Classification Standards.

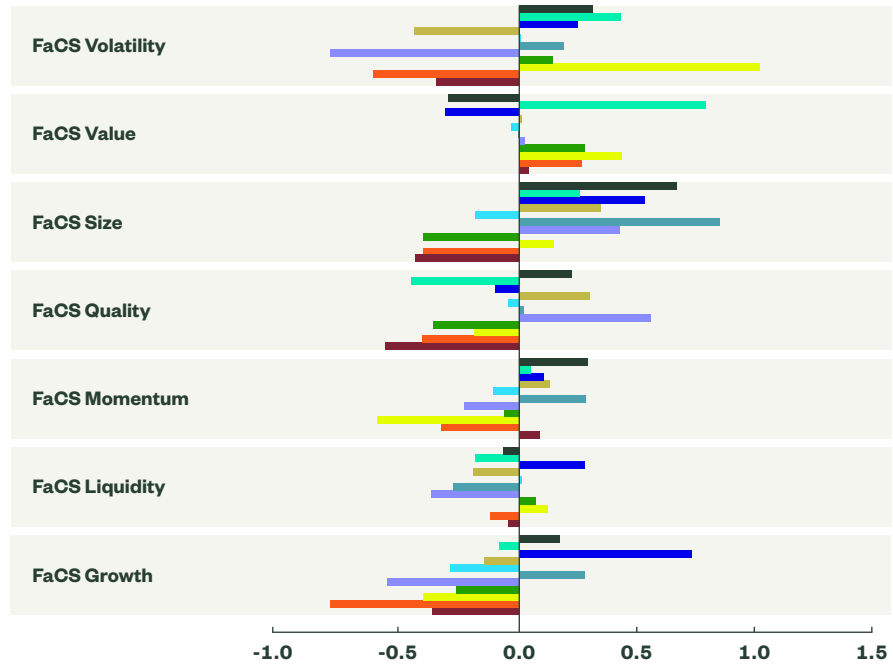
Market Factor Exposure

As of 1 October 2021

The following charts show the baseline factor exposure in each capitalisation-weighted benchmark for the three critical geographic regions: World, USA and Europe. The percentages in the legend represent the relative weight of each sector in the benchmark.

Market FaCS Exposure by Sector (MSCI USA Index)

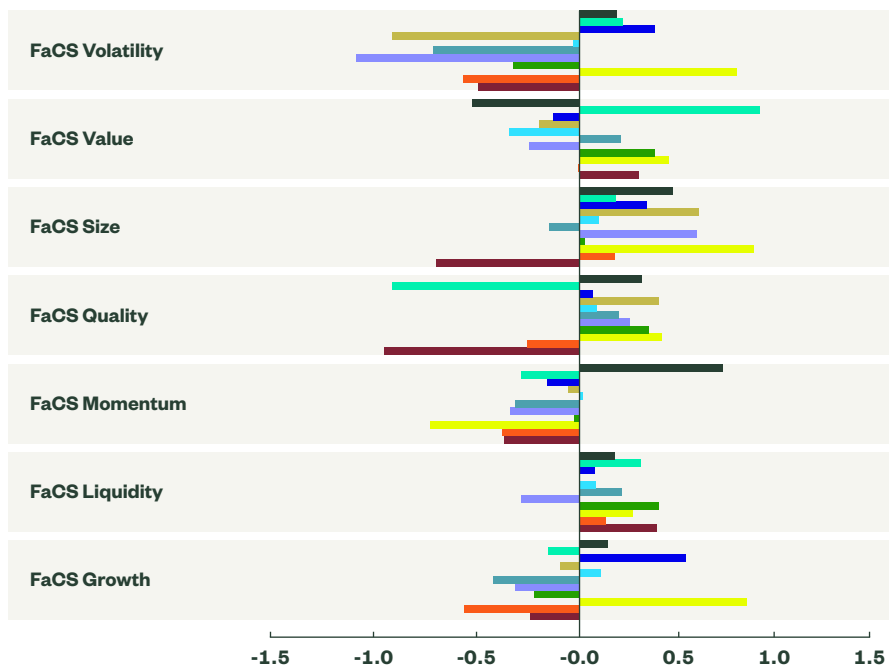
- Technology (28.62%)
- Financials (11.12%)
- Consumer Discretionary (12.22%)
- Health Care (13.04%)
- Industrials (7.99%)
- Communication Services (11.38%)
- Consumer Staples (5.54%)
- Materials (2.43%)
- Energy (2.62%)
- Utilities (2.36%)
- Real Estate (2.69%)



Source: MSCI BarraOne, as of 1 October 2021. FaCS stands for MSCI Factor Classification Standards.

Market FaCS Exposure by Sector (MSCI Europe Index)

- Technology (8.58%)
- Financials (16.00%)
- Consumer Discretionary (11.79%)
- Health Care (14.36%)
- Industrials (14.84%)
- Communication Services (3.83%)
- Consumer Staples (12.52%)
- Materials (7.80%)
- Energy (4.83%)
- Utilities (4.12%)
- Real Estate (1.33%)



Source: MSCI BarraOne, as of 1 October 2021. FaCS stands for MSCI Factor Classification Standards.

Factor Correlations

Correlation of returns for specific factor-driven indices that are tracked by relevant European-listed smart beta ETFs.

Factor Correlations

The analysis is presented in two distinct correlation matrices. The table on this page shows the correlation of returns for each factor-driven index (“Factors”) against a single cap-weighted market benchmark (“Index”) in three critical geographic regions: World/Global, USA and Eurozone/Europe. The results are displayed in order from strongest correlation to weakest.

Diversification with Defence and Dividends. The lowest correlated indices in global equities to the benchmark index are Global Dividend Aristocrats and Global Low Volatility. Low volatility and Dividend Aristocrats generally have a relatively lower correlation to the benchmark index, as compared to min volatility and high dividend respectively. The stable dividend (Aristocrats) and unconstrained (low volatility) exposures tend to offer investors relatively attractive diversification opportunities.

Factor Correlation Coefficients (Last 3 Years)

r	World/Global	Factors	r	USA	Factors	r	Euro	Factors
0.97	Index	Quality	0.98	Index	Quality	0.98	Index	High Div
0.96	Index	Small Cap	0.97	Index	Min Vol	0.98	Index	Value Select
0.96	Index	Value	0.96	Index	Value	0.97	Index	Value
0.96	Index	High Div	0.95	Index	High Div	0.96	Index	Min Vol
0.95	Index	Momentum	0.94	Index	Value Select	0.96	Index	Div Aristo
0.94	Index	Value Select	0.94	Index	Div Aristo	0.96	Index	Quality
0.92	Index	Min Vol	0.93	Index	Momentum	0.95	Index	Small Cap
0.89	Index	Div Aristo	0.91	Index	Small Cap	0.93	Index	Low Vol
0.88	Index	Low Vol	0.87	Index	Low Vol	0.88	Index	Momentum

Source: State Street Global Advisors, Bloomberg Finance L.P., as of 30 September 2021.

The second table (see next page) shows the correlation of the excess returns for every potential combination of factor-driven indices that are tracked by relevant European-listed Smart Beta ETFs. The excess returns are calculated using a single cap-weighted market benchmark in three critical geographic regions: World/Global, USA and Eurozone/Europe. A larger positive number indicates that the correlation of excess returns is strong and directionally consistent. A larger negative number indicates that the correlation of excess returns is strong but directionally inconsistent. A smaller positive or negative number indicates that the correlation of excess returns is not strong. The results are displayed in numerical order from highest (positive) to lowest (negative).

Global/World. Dividend Aristocrats and value have the second strongest correlation of excess returns (0.84), trailing only min/low volatility. Substituting in Value Select for value would have significantly reduced (-0.26) the correlation of excess returns to Dividend Aristocrats.

USA. The strongest negatively correlated factor pairs, in terms of excess returns, is between momentum and value strategies in US equities. Substituting in Value Select for value would have significantly reduced (-0.25) the correlation of excess returns to Dividend Aristocrats.

Eurozone/Europe. The correlation of excess returns of high dividend and Dividend Aristocrats strategies is relatively low (0.48) in the past 3 years, compared to US and global equities. Dividend Aristocrats and Value Select are among the least correlated factors (0.10) in terms of excess returns, providing a good diversification opportunity.

Factor Correlations (cont'd)

Factor Pairs Correlation Coefficient of Excess Returns (Last 3 Years)

r	World/Global	Factors	r	USA	Factors	r	Euro	Factors
0.91	Min Vol	Low Vol	0.87	Div Aristo	Value	0.83	Value	Value Select
0.84	Div Aristo	Value	0.82	Min Vol	Low Vol	0.82	High Div	Min Vol
0.75	Value	Value Select	0.77	Value	Value Select	0.75	Low Vol	Momentum
0.65	High Div	Min Vol	0.74	High Div	Div Aristo	0.75	Min Vol	Low Vol
0.58	Div Aristo	Value Select	0.72	High Div	Value	0.70	Momentum	Quality
0.57	High Div	Value	0.70	Small Cap	Value Select	0.58	Min Vol	Momentum
0.57	High Div	Low Vol	0.62	High Div	Min Vol	0.56	Div Aristo	Low Vol
0.47	Div Aristo	Small Cap	0.62	High Div	Low Vol	0.50	Low Vol	Quality
0.43	High Div	Value Select	0.62	Div Aristo	Value Select	0.48	High Div	Div Aristo
0.42	High Div	Div Aristo	0.36	Div Aristo	Low Vol	0.46	High Div	Low Vol
0.38	Min Vol	Quality	0.31	Small Cap	Value	0.41	Div Aristo	Min Vol
0.37	Momentum	Quality	0.31	High Div	Value Select	0.36	Min Vol	Quality
0.36	Min Vol	Momentum	0.30	Div Aristo	Small Cap	0.27	Div Aristo	Small Cap
0.34	Small Cap	Value	0.29	Low Vol	Value	0.25	High Div	Value Select
0.28	Small Cap	Value Select	0.23	Div Aristo	Min Vol	0.25	High Div	Value
0.28	Low Vol	Momentum	0.21	Min Vol	Value	0.23	Div Aristo	Momentum
0.16	Div Aristo	Low Vol	0.15	Min Vol	Quality	0.23	High Div	Momentum
0.12	Low Vol	Quality	0.11	Low Vol	Momentum	0.17	Div Aristo	Value
0.07	Low Vol	Value	0.05	Momentum	Quality	0.16	Small Cap	Value Select
0.03	High Div	Quality	-0.01	Min Vol	Momentum	0.15	Momentum	Small Cap
-0.04	Div Aristo	Min Vol	-0.05	High Div	Quality	0.10	Quality	Small Cap
-0.06	Min Vol	Value	-0.05	Low Vol	Quality	0.10	Div Aristo	Value Select
-0.17	Low Vol	Value Select	-0.07	Momentum	Small Cap	0.10	Low Vol	Small Cap
-0.20	Min Vol	Value Select	-0.20	High Div	Small Cap	0.02	High Div	Quality
-0.29	High Div	Momentum	-0.21	Low Vol	Value Select	0.01	Div Aristo	Quality
-0.34	Momentum	Small Cap	-0.23	Min Vol	Value Select	-0.06	Small Cap	Value
-0.34	High Div	Small Cap	-0.40	High Div	Momentum	-0.08	Min Vol	Value
-0.42	Quality	Value Select	-0.41	Div Aristo	Quality	-0.11	Min Vol	Value Select
-0.43	Low Vol	Small Cap	-0.41	Quality	Value	-0.19	Min Vol	Small Cap
-0.59	Min Vol	Small Cap	-0.45	Div Aristo	Momentum	-0.20	High Div	Small Cap
-0.60	Div Aristo	Momentum	-0.46	Low Vol	Small Cap	-0.33	Low Vol	Value
-0.62	Quality	Value	-0.49	Min Vol	Small Cap	-0.42	Low Vol	Value Select
-0.62	Momentum	Value Select	-0.49	Quality	Small Cap	-0.50	Momentum	Value Select
-0.68	Quality	Small Cap	-0.52	Quality	Value Select	-0.50	Momentum	Value
-0.72	Div Aristo	Quality	-0.53	Momentum	Value Select	-0.55	Quality	Value Select
-0.77	Momentum	Value	-0.59	Momentum	Value	-0.63	Quality	Value

Source: State Street Global Advisors, Bloomberg Finance L.P., as of 30 September 2021.

Implementing Smart Beta Investing

State Street Global Advisors has identified the key considerations for investors in the coming quarter, and how markets can be navigated using SPDR® ETFs.

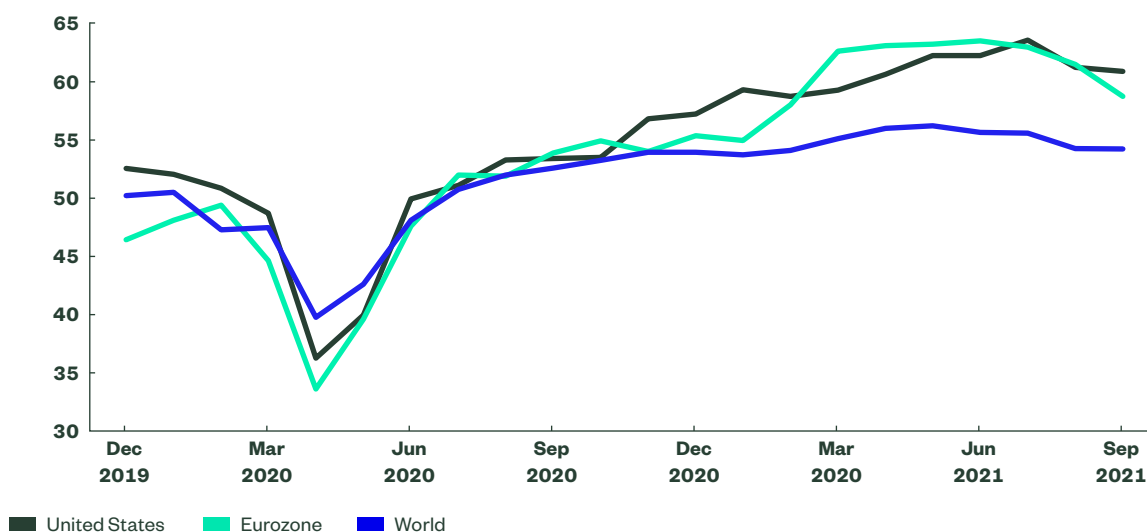
Implementing Smart Beta Investing

This section contains our market outlook for the coming quarter, as well as the complete listings and recent standard performance for all factor-based, Smart Beta SPDR® ETFs.

Q4 Market Outlook: Protecting Growth Gains in the New, Post-Pandemic Economy

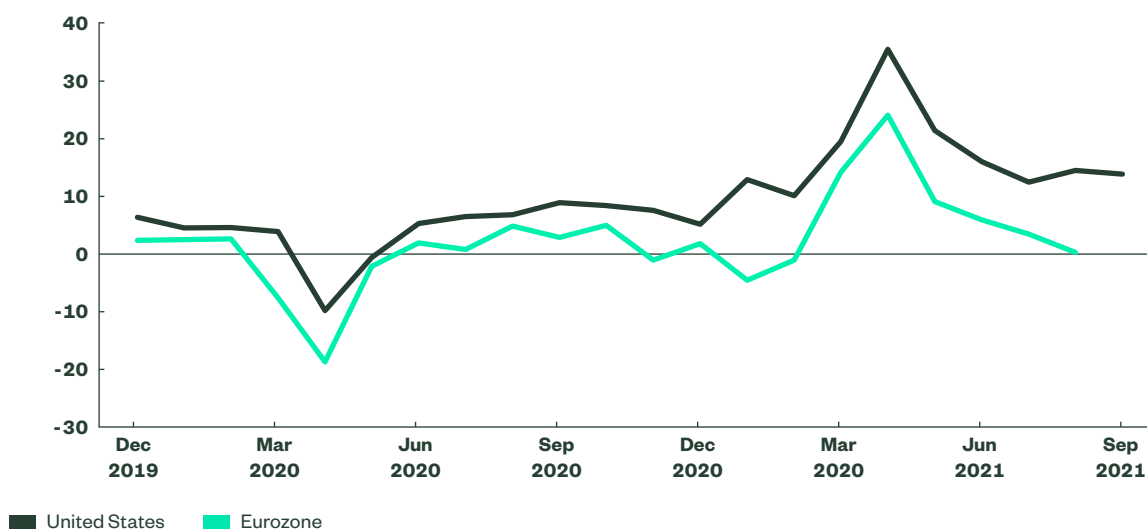
Global economies are well on their way to returning to pre-pandemic levels of production and consumption (Figures 1 and 2). While the supply chains of both goods and labour have remained challenged, the return of consumer confidence brought on by ending lockdowns and returning mobility have helped spur demand. While the dislocation between supply and demand has continued to fuel inflation concerns, central banks globally are signalling a medium-term normalisation of interest rate policy.

Figure 1: Manufacturing PMI



Source: Markit Economics, FactSet, as of 30 September 2021. All figures are seasonally adjusted.

Figure 2: Retail Sales
(YoY%, excluding Autos)



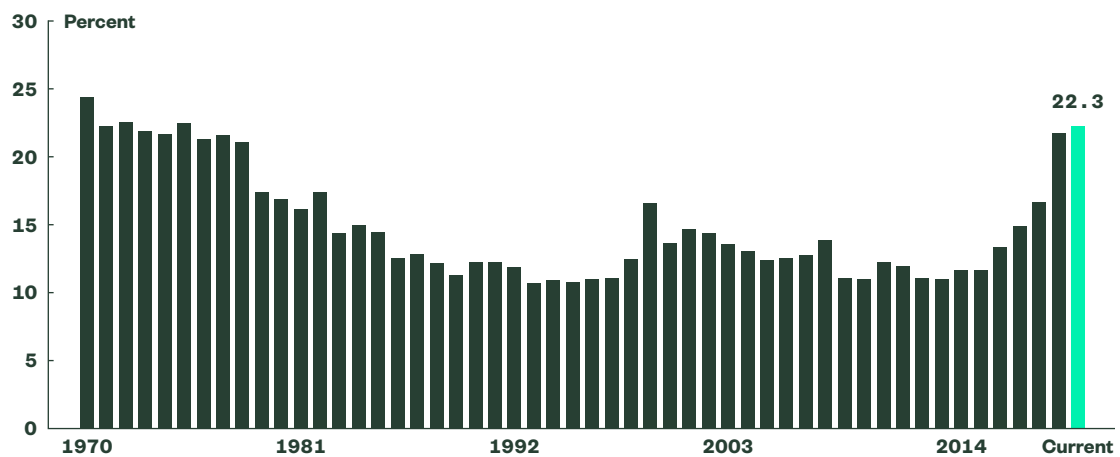
Source: Markit Economics, FactSet, as of 30 September 2021.

In the Q3 market outlook, we highlighted a continued opportunity to play the recovery trade as economic activity was picking up. We expected dividend stocks to follow the rally seen in value stocks during the first half of 2021. While we may have been early to this trade, the longer-term market outlook points toward increased inflation expectations and higher interest rates coming from the economic recovery. Despite the transparency of central banks, investors would be prudent to expect further market volatility on the road to recovery.

Investors who have benefitted from a decade of growth-led asset price expansion, fuelled by easy money policy, could see higher interest rates on the horizon. As such, it may be time to seek ways to protect portfolio growth in the new (post pandemic) economy. We believe this means looking to the diversification benefits of dividends in US and global equities, while emphasising the value play in Europe.

In the years since the US Federal Reserve (“Fed”) returned to its dovish, easy-money, low interest rate environment, US investors have seen growth stocks benefit. This has in part led to the concentration of the S&P 500® index to levels not seen since the 1970s (Figure 3). While this has helped investors who are long the popular US equity benchmark, as we enter Q4 2021 — when the Fed is expected to announce plans to dial back the asset purchases so critical to keeping yields low — investors are evaluating their continued appetite to remain long the “winners” of easy money. The last time the Fed undertook the exercise of raising interest rates (December 2015), it sparked a period of outperformance in dividend stocks (Figure 4).

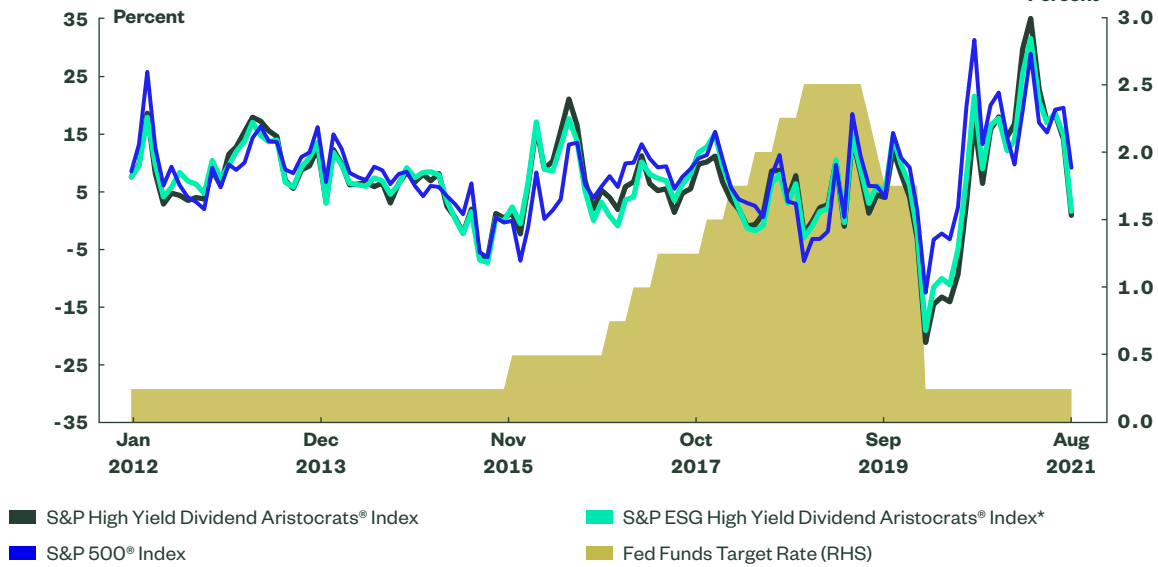
Figure 3: Cumulative Weight of Top 5 Names in the S&P 500®



Source: S&P Dow Jones Indices, as of 30 September 2021. Provided for illustrative purposes only.

Figure 4: Fed Funds Rate and Index Returns

(Trailing 6-month returns)



Source: Bloomberg Finance L.P., as of 30 September 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 current index methodology. Past performance is no guarantee of future results. It is not possible to invest directly into an index. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable.

While investors putting more assets into dividend and value stocks (see flows sections of this document) may have been early, these inflation fears would not suggest they were wrong. We join the consensus view that the inflation is a transitory dislocation between supply and demand as we emerge from a global lockdown. We still expect dividend stocks to perform well as the economic recovery plays out, which was the case in 2016 (Figure 4).

Investors who were early to the dividend trade should be wary of pulling out too soon and not benefit from the full recovery of the global economy. As we head into the end of 2021, investors who are optimistic about the economic momentum behind dividend stocks should consider the SPDR® S&P® U.S. Dividend Aristocrats UCITS ETF and SPDR® S&P® Global Dividend Aristocrats UCITS ETF, which are now also available in ESG versions.*

In Europe, we continue to favour the valuation opportunity. We believe that the first half of 2021 was just the beginning and that the recovery trade will continue through the end of the year. The advantage that growth stocks experience from ultra-low interest rates may be reduced if yields continue to rise as inflation picks up. The SPDR® Europe Value UCITS ETF aims to offer investors the opportunity to take a selective approach to playing the value recovery trade.*

* This information should not be considered a recommendation to invest in a particular security shown.

How Can Investors Navigate These Themes?

Investors seeking a diversified approach to playing the recovery trade through a stable dividend strategy can consider a Dividend Aristocrats allocation in US and global equities, or a selective value approach in European equities. The dividend exposures below are also now available in ESG versions in all three major regions: USA, eurozone and global equities.

- **Global** SPDR® S&P® Global Dividend Aristocrats UCITS ETF

The SPDR® S&P® Global Dividend Aristocrats UCITS ETF seeks to fully replicate the S&P Global Dividend Aristocrats® Quality Income Index, which is designed to measure the performance of high-dividend-yielding companies within the S&P Global BMI that have followed a managed dividends policy of increasing or maintaining dividends for at least 10 consecutive years and simultaneously have positive return on equity and cash flow from operations.

- **USA** SPDR® S&P® U.S. Dividend Aristocrats UCITS ETF

The SPDR® S&P® U.S. Dividend Aristocrats UCITS ETF seeks to fully replicate S&P High Yield Dividend Aristocrats® Index, which is comprised of the stocks of the S&P Composite 1500® Index that have increased dividends every year for at least 20 consecutive years. These stocks have both capital growth and dividend income characteristics, as opposed to stocks that are pure yield, or pure capital oriented.

- **Europe** SPDR® MSCI Europe Value UCITS ETF

The SPDR® MSCI Europe Value UCITS ETF seeks to fully replicate the MSCI Europe Value Exposure Select Index, which is designed to measure the performance of the stocks that exhibit relatively higher value exposure within the MSCI Europe Index while also seeking to avoid poor quality companies, as measured by their fundamental accounting data including return on equity, debt to equity and earnings variability.

Listings of SPDR ETF Smart Beta Range

Range	ETF	ISIN	AUM (\$mn)	TER	Primary Ticker (Xetra)	LSE (£)	LSE (€)	LSE (\$)	SIX (CHF)	Borsa Italiana (€)	Euronext (€)
Dividend Aristocrats	SPDR® S&P® U.S. Dividend Aristocrats UCITS ETF	IE00B6YX5D40	3,313	0.35	SPYD	USDV			UDVD	USDV	USDV
	SPDR® S&P® Dividend Aristocrats EUR Hdg UCITS ETF	IE00B979GK47	22	0.40	SPPD				USDE	USDE	
	SPDR® S&P® Euro Dividend Aristocrats UCITS ETF	IE00B5M1WJ87	1,807	0.30	SPYW	EUDV	EUDI		EUDV	EUDV	EUDV
	SPDR® S&P® Global Dividend Aristocrats UCITS ETF	IE00B9C0XS71	799	0.45	ZPRG	GBDV			GLDV	GLDV	GLDV
	SPDR® S&P® Pan Asia Dividend Aristocrats UCITS ETF	IE00B9KNR336	207	0.55	ZPRA	PADV			ASDV	PADV	PADV
	SPDR® S&P® UK Dividend Aristocrats UCITS ETF	IE00B6S2Z822	178	0.30	SPYG	UKDV				UKDV	
	SPDR® S&P® Emerging Markets Dividend UCITS ETF	IE00B6YX5B26	109	0.55	SPYV	EMDV			EDVD	EMDV	EMDV
ESG	SPDR® S&P® U.S. Dividend Aristocrats ESG UCITS ETF	IE00BYTH5R14	2	0.35	ZPD6	UGDV			UEDV		UEDV
	SPDR® S&P® Euro Dividend Aristocrats ESG UCITS ETF	IE00BYTH5T38	1	0.30	ZPD9						EEDV
	SPDR® S&P® Global Dividend Aristocrats ESG UCITS ETF	IE00BYTH5S21	2	0.45	ZPD3				GEDV		GEDV
Low Volatility	SPDR® S&P® 500 Low Volatility UCITS ETF	IE00B802KR88	174	0.35	SPY1	USLV			LOWV	LOWV	LOWV
	SPDR® EURO STOXX® Low Volatility UCITS ETF	IE00BFTWP510	92	0.30	ZPRL				ELOW	ELOW	ELOW
	SPDR® STOXX® Global Low Volatility UCITS ETF	IE00BKDVQ787	5	0.30					GLOW		GLOW*
Value	SPDR® MSCI USA Value UCITS ETF	IE00BSPLC520	167	0.20	ZPRU	UVAL			USVL	UVAL	
	SPDR® MSCI USA Small Cap Value Weighted UCITS ETF	IE00BSPLC413	277	0.30	ZPRV				USSC		
	SPDR® MSCI Europe Value UCITS ETF	IE00BSPLC306	29	0.20	ZPRW	EVAL				EVAL	
	SPDR® MSCI Europe Small Cap Value Weighted UCITS ETF	IE00BSPLC298	121	0.30	ZPRX	EUSV					
	SPDR® MSCI World Value UCITS ETF	IE00BJXRT813	42	0.25		VALW			WWAL		WWAL*

Source: State Street Global Advisors, as of 1 October 2021. *Primary ticker (if not listed on Xetra).

Standard Performance (%)

Fund/Index Name	1 Month (%)	3 Months (%)	6 Months (%)	Year-to-Date (%)	1 Year (%)	3 Years (%)	5 Years (%)	Since Inception (%)
Inception Date 14/10/2011								
SPDR S&P US Dividend Aristocrats UCITS ETF	-5.17	-3.34	0.78	12.81	30.34	8.87	10.02	12.29
S&P High Yield Dividend Aristocrats Index ¹	-5.18	-3.36	0.75	12.80	30.34	8.73	9.94	12.22
Difference	0.01	0.02	0.03	0.01	0.00	0.14	0.08	0.07
Inception Date 28/02/2012								
SPDR S&P Euro Dividend Aristocrats UCITS ETF	-4.54	0.02	3.16	10.83	19.16	3.11	4.61	7.86
S&P Euro High Yield Dividend Aristocrats Index	-4.59	0.00	2.90	10.50	18.91	2.71	4.20	7.50
Difference	0.05	0.02	0.26	0.33	0.25	0.40	0.41	0.36
Inception Date 15/05/2013								
SPDR S&P Global Dividend Aristocrats UCITS ETF	-2.18	-2.42	1.57	11.30	33.14	3.95	5.25	5.21
S&P Global Dividend Aristocrats Quality Income Index ²	-2.14	-2.42	1.52	11.36	33.28	3.92	5.26	5.29
Difference	-0.04	0.00	0.05	-0.06	-0.14	0.03	-0.01	-0.08
Inception Date 15/05/2013								
SPDR S&P Pan Asia Dividend Aristocrats UCITS ETF	-1.98	-4.31	-2.69	2.43	14.84	4.43	6.39	5.05
S&P Pan Asia Dividend Aristocrats Index	-1.97	-4.20	-2.39	2.91	15.49	5.02	7.01	5.62
Difference	-0.01	-0.11	-0.30	-0.48	-0.65	-0.59	-0.62	-0.57
Inception Date 28/02/2012								
SPDR S&P UK Dividend Aristocrats UCITS ETF	-4.51	0.65	7.02	9.89	15.89	2.05	1.15	4.96
S&P UK High Yield Dividend Aristocrats Index	-4.56	0.70	7.34	10.31	16.43	2.56	1.65	5.46
Difference	0.05	-0.05	-0.32	-0.42	-0.54	-0.51	-0.50	-0.50
Inception Date 14/10/2011								
SPDR S&P Emerging Markets Dividend Aristocrats UCITS ETF	-3.87	-5.04	-4.21	-1.51	21.99	1.60	4.75	-0.47
S&P Emerging Markets High Yield Dividend Aristocrats Index ³	-3.83	-4.74	-3.86	-0.54	23.46	2.49	5.98	0.60
Difference	-0.04	-0.30	-0.35	-0.97	-1.47	-0.89	-1.23	-1.07
Inception Date 03/10/2012								
SPDR S&P 500 Low Volatility UCITS ETF	-4.93	0.20	5.47	9.27	14.89	8.87	9.76	10.80
S&P 500 Low Volatility Index	-4.95	0.21	5.49	9.27	14.89	8.92	9.78	10.82
Difference	0.02	-0.01	-0.02	0.00	0.00	-0.05	-0.02	-0.02
Inception Date 24/03/2014								
SPDR EURO STOXX Low Volatility UCITS ETF	-4.70	1.06	7.47	10.60	15.97	4.28	6.14	7.94
EUROSTOXX Low Risk Weighted 100 Index	-4.86	0.98	7.23	10.36	15.76	3.98	5.89	7.70
Difference	0.16	0.08	0.24	0.24	0.21	0.30	0.25	0.24
Inception Date 24/08/2020								
SPDR STOXX Global Low Volatility UCITS ETF	-4.42	-0.10	5.45	6.54	12.55	N/A	N/A	10.07
STOXX Global Low Risk Weighted Diversified 200 Index	-4.41	-0.01	5.47	6.57	12.62	N/A	N/A	10.19
Difference	-0.01	-0.09	-0.02	-0.03	-0.07	-	-	-0.12

Source: State Street Global Advisors, as of 30 September 2021. Past performance is not a reliable indicator of future performance. Investment return and principal value will fluctuate, so you may have a gain or loss when shares are sold. Current performance may be higher or lower than that quoted. All results are historical and assume the reinvestment of dividends and capital gains. The performance data do not take account of the commissions and costs incurred on the issue and redemption, or purchases and sale, of units. Visit ssga.com for most recent month-end performance. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Performance returns for periods of less than one year are not annualised. Some of the products are not available to investors in certain jurisdictions. Please contact your relationship manager in regards to availability. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable.

¹Returns are for the unhedged share class. The fund is also available in a EUR-hedged share class (launched on 17 June 2019).

²Index returns reflect the S&P Global Dividend Aristocrats Index prior to 31st January 2020, when the fund changed to tracking current benchmark.

³Index returns reflect the S&P Emerging Markets Dividend Opportunities Index prior to 7th February 2020, when the fund changed to tracking current benchmark.

⁴Index returns reflect the MSCI USA Value Weighted Index prior to 11th July 2018, when the fund changed to tracking current benchmark.

⁵Index returns reflect the MSCI Europe Value Weighted Index prior to 11th July 2018, when the fund changed to tracking current benchmark.

Standard Performance (%) (cont'd)

Fund/Index Name	1 Month (%)	3 Months (%)	6 Months (%)	Year-to-Date (%)	1 Year (%)	3 Years (%)	5 Years (%)	Since Inception (%)
Inception Date 03/09/2020								
SPDR MSCI World Value UCITS ETF	-1.78	-0.89	1.98	14.24	32.81	N/A	N/A	27.22
MSCI World Value Exposure Select Index	-1.77	-0.90	1.98	14.27	32.86	N/A	N/A	27.28
Difference	-0.01	0.01	0.00	-0.03	-0.05	-	-	-0.06
Inception Date 18/02/2015								
SPDR MSCI USA Value UCITS ETF	-3.74	-2.61	0.97	17.89	38.03	8.75	11.49	9.05
MSCI USA Value Exposure Select Index ⁴	-3.74	-2.65	0.91	17.81	37.92	8.55	11.36	8.93
Difference	0.00	0.04	0.06	0.08	0.11	0.20	0.13	0.12
Inception Date 18/02/2015								
SPDR MSCI USA Small Cap Value Weighted UCITS ETF	-1.91	-2.08	3.45	28.05	74.51	11.26	12.30	9.31
MSCI USA Small Cap Value Weighted Index	-1.89	-2.03	3.53	28.32	75.04	11.54	12.54	9.57
Difference	-0.02	-0.05	-0.08	-0.27	-0.53	-0.28	-0.24	-0.26
Inception Date 18/02/2015								
SPDR MSCI Europe Value UCITS ETF	-2.16	1.44	5.52	19.48	38.86	5.60	7.33	3.85
MSCI Europe Value Exposure Select Index ⁵	-2.19	1.44	5.37	19.44	38.96	5.50	7.20	3.65
Difference	0.03	0.00	0.15	0.04	-0.10	0.10	0.13	0.20
Inception Date 18/02/2015								
SPDR MSCI Europe Small Cap Value Weighted UCITS ETF	-2.76	2.82	7.24	23.73	52.79	8.23	8.62	6.31
MSCI Europe Small Cap Value Weighted Index	-2.76	3.03	7.50	24.13	53.65	8.48	8.91	6.53
Difference	0.00	-0.21	-0.26	-0.40	-0.86	-0.25	-0.29	-0.22

Source: State Street Global Advisors, as of 30 September 2021. Past performance is not a reliable indicator of future performance. Investment return and principal value will fluctuate, so you may have a gain or loss when shares are sold. Current performance may be higher or lower than that quoted. All results are historical and assume the reinvestment of dividends and capital gains. The performance data do not take account of the commissions and costs incurred on the issue and redemption, or purchases and sale, of units. Visit ssga.com for most recent month-end performance. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Performance returns for periods of less than one year are not annualised. Some of the products are not available to investors in certain jurisdictions. Please contact your relationship manager in regards to availability. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable.

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⁴ Index returns reflect the MSCI USA Value Weighted Index prior to 11th July 2018, when the fund changed to tracking current benchmark.

⁵ Index returns reflect the MSCI Europe Value Weighted Index prior to 11th July 2018, when the fund changed to tracking current benchmark.

Contributors

Ryan Reardon
Senior Smart Beta ETF Strategist

Methodologies

Style This document generally uses the term *Style* to refer to categorical stock characteristics which can be measured (see Style Definitions).

Factor This document generally uses the term *Factor* to refer to specific categorical stock characteristics which have been studied extensively in academia for having the potential to explain portfolio returns such as value, quality, size, momentum, volatility and dividend yield.

Smart Beta This document generally uses the term *Smart Beta* to refer to indexing strategies which are non-market capitalisation (Beta) weighted.

Institutional Style Positioning. As part of State Street, we have access to information gleaned from our large global custody business. By aggregating \$39 trillion of financial assets, we can observe behavioural trends of this important investor constituent.¹ This includes not only the direction of flows, but also the relative positioning of portfolios. These metrics are generated from regression analysis based on aggregated and anonymous flow data in order to better capture investor preference and to ensure the safeguarding of client confidentiality.

Institutional Holdings Trend Measure investors' actual positions over and above the neutral positions embedded in their benchmarks. The figures are shown as percentiles and represent the investor holdings at month-end versus the last 20+ years (data since March 1998). This approach provides perspective on the size of holdings compared with their historical trends, whereas a single, dollar figure provides less context; 100% represents the largest holding whilst 0% is the lowest holding.

Active Flows Trend Indicates the value of net buying by large institutional investors (buys minus sells) expressed in terms of basis points of market capitalisation. These are flows in addition to the purchases or sales driven by shareholders allocating to the benchmark.

Style Definitions The table below explains the methodology behind each style dimension.

Beta	Regression coefficient in Capital Asset Pricing Model ("CAPM")
Inflation Exposure	Correlation between stock return and implied Consumer Price Index ("CPI")
Dividend Yield	Dividend Yield
Idiosyncratic Volatility	Standard deviation of residuals in Capital Asset Pricing Model ("CAPM")
Size	Market capitalisation
Price Momentum	9-month price return
Relative Efficiency (referenced as Relative Quality)	Return-on-equity minus industry median return-on-equity
Relative Value (History)	Book-to-market of stock vs. average historical book-to-market
Relative Value (Industry)	Book-to-market of stock vs. industry median book-to-market
Value/Growth	Book-to-market

Methodologies (cont'd)

Index Definitions The table below details the indexes used in this document.

MSCI World Index	MSCI World Net Total Return USD Index
STOXX Global 1800 Index	STOXX Global 1800 Index USD
MSCI World High Div	MSCI World High Dividend Yield Net Total Return Index
S&P Global Div Aristo	S&P Global Dividend Aristocrats Quality Income Index (USD) NTR
MSCI World Min Vol	MSCI World Minimum Volatility Net Total Return USD Index
STOXX Global Low Vol	STOXX Global Low Risk Weighted Diversified 200 Net Return USD
MSCI World Momentum	MSCI World Momentum Net Total Return USD Index
MSCI World Quality	MSCI World Quality Net Total Return USD Index
MSCI World Small Cap	MSCI World Small Cap Net Total Return USD Index
MSCI World Value	MSCI World Value Net Total Return USD Index
MSCI World Value Select	MSCI World Value Exposure Select Net Return USD Index
S&P 500 Index	S&P 500 Net Total Return Index
MSCI USA Index	MSCI USA Net Total Return USD Index
MSCI USA High Div	MSCI USA High Dividend Yield Net Total Return USD Index
S&P US Div Aristo	S&P High Yield Dividend Aristocrats Net Total Return Index
S&P US Min Vol	S&P 500 Minimum Volatility Net Total Return Index
S&P US Low Vol	S&P 500 Low Vol Net Total Return Index
MSCI USA Momentum	MSCI USA Momentum USD Net Total Return Total Return Index
MSCI USA Quality	MSCI USA Quality Net Total Return USD Index
US Small Cap	Russell 2000 Net 30% Return
MSCI USA Value	MSCI USA Value Net Total Return USD Index
MSCI USA Value Select	MSCI USA Value Exposure Select Net Return USD Index
EURO STOXX Index	EURO STOXX Net Return EUR
MSCI Europe Index	MSCI Europe Net Total Return EUR Index
MSCI EMU High Div	MSCI EMU High Dividend Yield Net Total Return Local Index
S&P Euro Div Aristo	S&P Euro HIGH YIELD Dividend Aristocrats Net Total Return
MSCI EMU Min Vol	MSCI EMU Minimum Volatility Optimised In EUR Net Total Return Local Index
EURO STOXX Low Vol	EURO STOXX Low Risk Weighted 100 Index
MSCI Europe Momentum	MSCI EUROPE MOMENTUM Net EUR Index
MSCI EMU Quality	MSCI EMU Quality Net Return EUR Index
MSCI Europe Small Cap	MSCI Europe Small Cap Net Return EUR Index
MSCI Europe Value	MSCI Europe Value Net Total Return EUR Index
MSCI Europe Value Select	MSCI Europe Value Exposure Select Net Return EUR Index

Endnotes

1 Source: State Street, as of 31 December 2020.

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 fourth-largest asset manager* with US \$3.86 trillion[†] under our care.

* Pensions & Investments Research Center, as of 31 December 2020.

[†] This figure is presented as of 30 September 2021 and includes approximately \$59.84 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.

**Information Classification:
General Access.**

Marketing communication.

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A Smart Beta strategy does not seek to replicate the performance of a specified cap-weighted index and as such may underperform such an index. The factors to which a Smart Beta strategy seeks to deliver exposure may themselves undergo cyclical performance. As such, a Smart Beta strategy may underperform the market or other Smart Beta strategies exposed to similar or other targeted factors. In fact, we believe that factor premia accrue over the long term (5-10 years), and investors must keep that long time horizon in mind when investing.

Investments in small-sized companies may involve greater risks than in those of larger, better known companies.

Diversification does not ensure a profit or guarantee against loss.

Low volatility funds can exhibit relative low volatility and excess returns compared to the Index over the long term; both portfolio investments and returns may differ from those of the Index. The fund may not experience lower volatility or provide returns in excess of the Index and may provide lower returns in periods of a rapidly rising market. Active stock selection may lead to added risk in exchange for the potential outperformance relative to the Index.

The value style of investing that emphasises undervalued companies with characteristics for improved valuations, which may never improve and may actually have lower returns than other styles of investing or the overall stock market.

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