Unlocking Investment Opportunities in Bonds

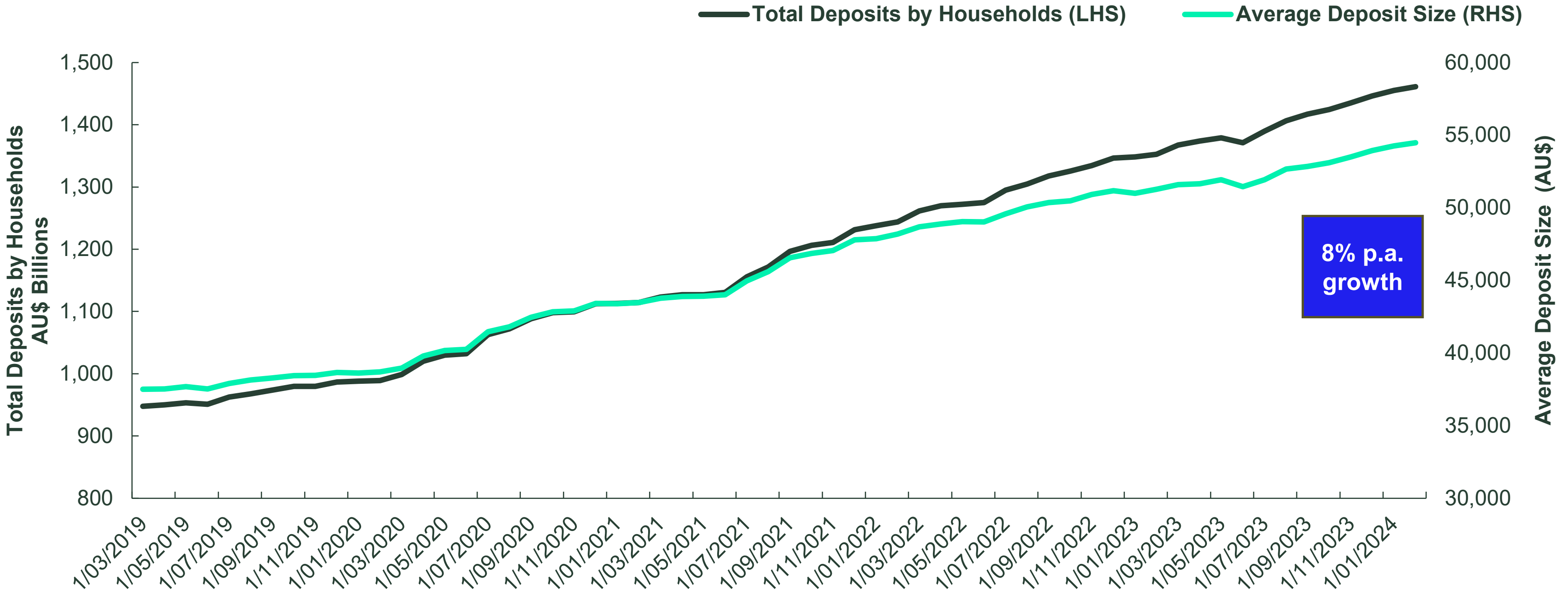
Marie Tsang, CFA, Fixed Income Strategist

May 2024

Investment Trends

Popularity of Cash at Bank

Australian Household Deposit Size



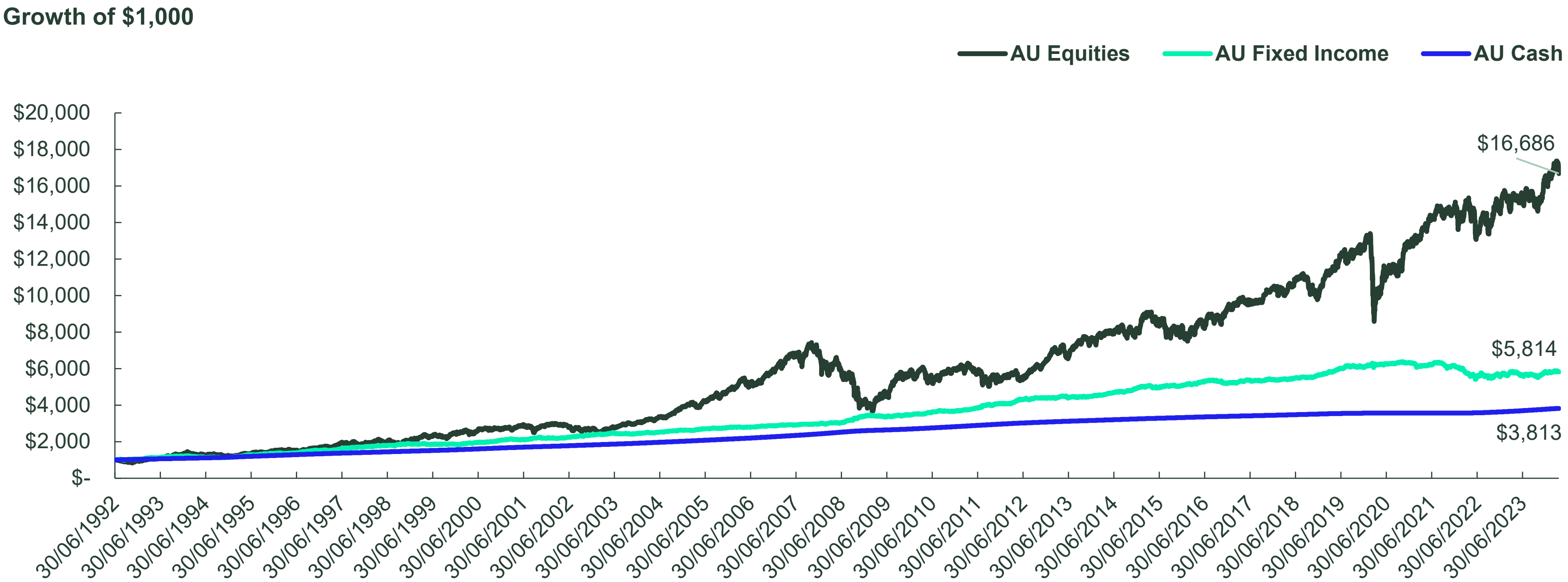
Source: Monthly authorised deposit-taking institution statistics from Australian Prudential Regulation Authority, from 31 March 2019 to 29 February 2024, and quarterly national population statistics from Australian Bureau of Statistics from 31 March 2019 to 30 September 2023 (interpolated and extrapolated), analysis by State Street Global Advisors.

Institutional Investor Positioning

State Street Global Institutional Investor Holdings Indicator

Source: State Street Global Markets, as of March 31, 2024.

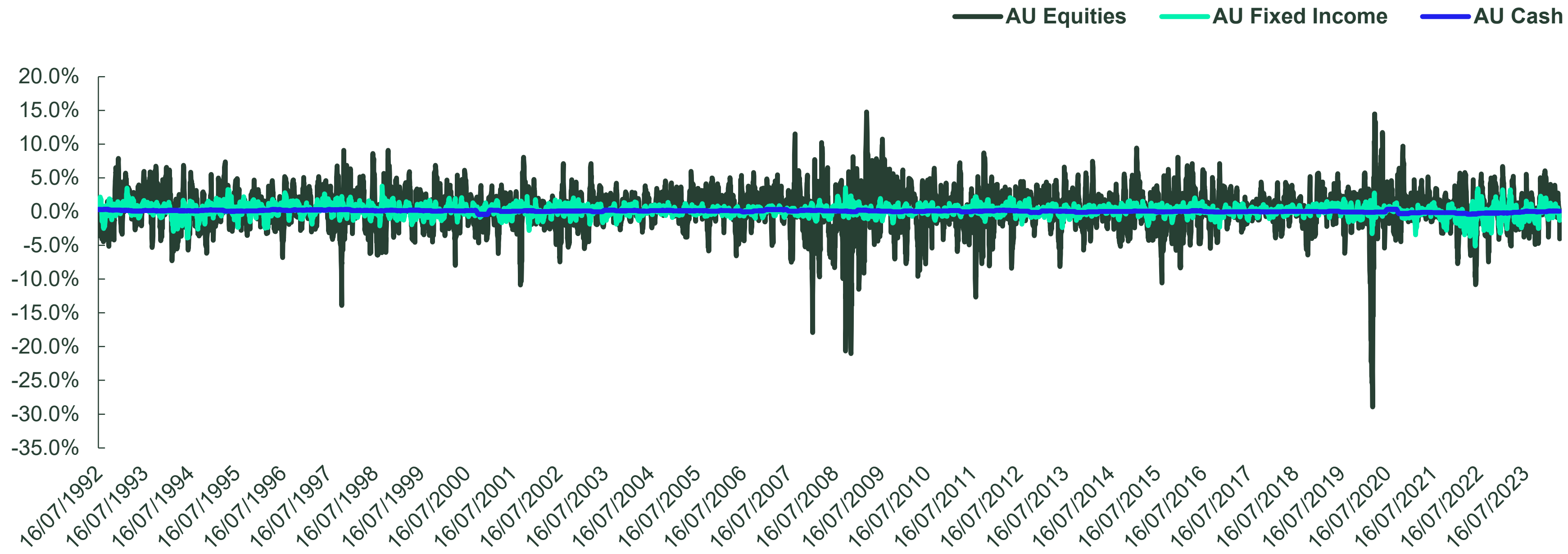
Long Term Returns by Asset Class



Source: Bloomberg Finance L.P, analysis by State Street Global Advisors, as of 16 April 2024. Australian equities = ASX 200 Total Return Index, Australian fixed income = Bloomberg AusBond Composite Index, Australian Cash = BBSW 3 Month Index. **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. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable.

Inflation Erodes Investment Returns

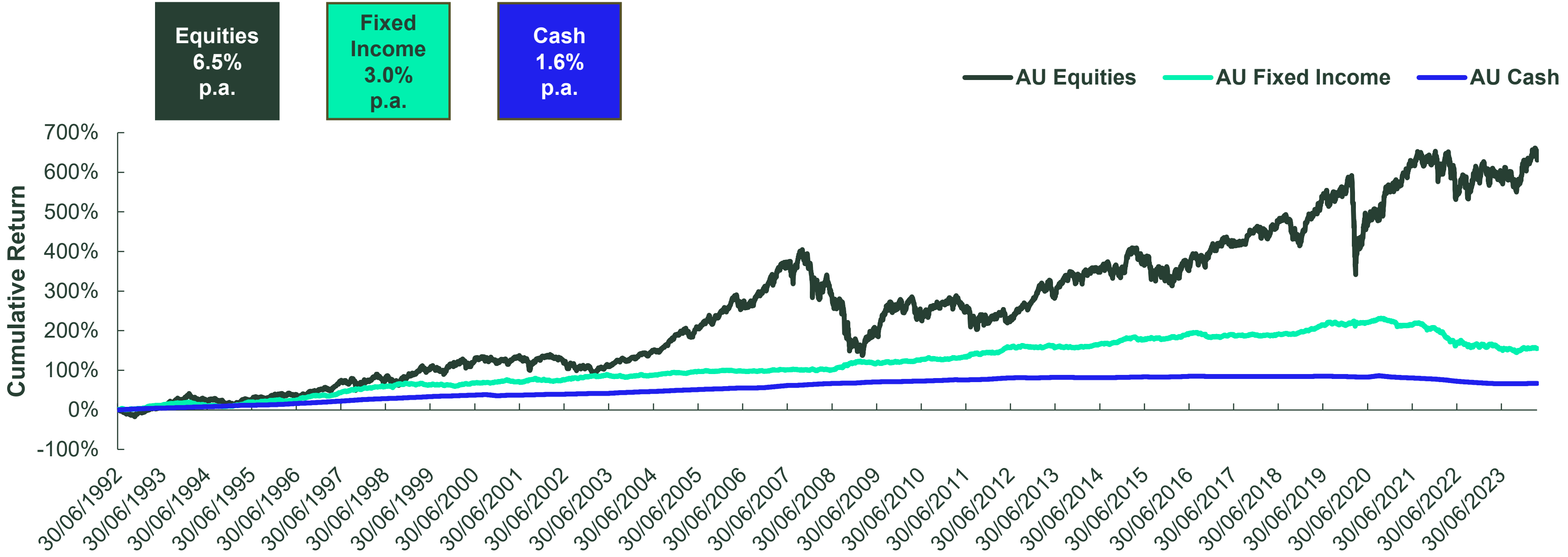
Rolling 12-Month Real Returns (i.e. Adjusted for Inflation)



Source: Bloomberg Finance L.P, analysis by State Street Global Advisors, as of 16 April 2024. Australian equities = ASX 200 Total Return Index, Australian fixed income = Bloomberg AusBond Composite Index, Australian Cash = BBSW 3 Month Index. **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. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable.

Long Term Inflation-Adjusted Returns

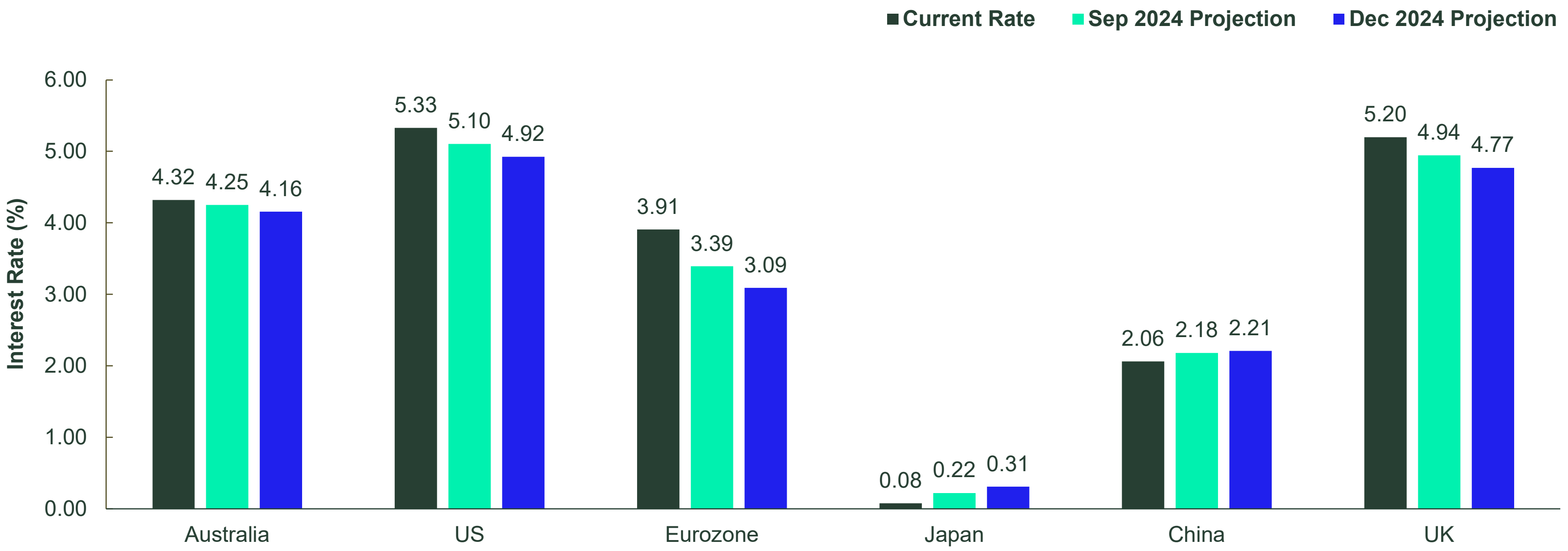
Real returns by Asset Class



Source: Bloomberg Finance L.P, analysis by State Street Global Advisors, as of 16 April 2024. Australian equities = ASX 200 Total Return Index, Australian fixed income = Bloomberg AusBond Composite Index, Australian Cash = BBSW 3 Month Index. **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. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable.

Global Cash Rates

Implied Rates Based on Market Pricing



Source: Bloomberg Finance L.P, as of 16 April 2024. Current effective rate shown, along with projections based on market pricing. Figures are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

Evaluating the Opportunity in Fixed Income

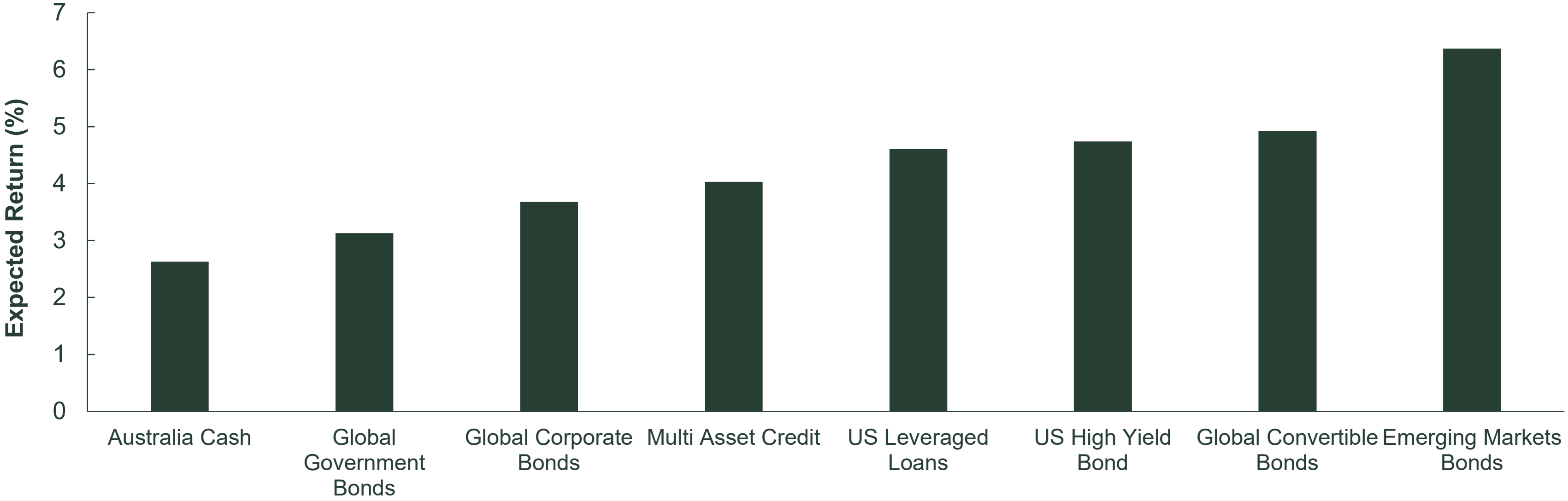
STATE STREET GLOBAL ADVISORS SPDR®

Fixed Income: Considerations

- **Parameters known in advance**
  - Example: could lock in return if holding single bond to maturity
- **Otherwise, valuation (market pricing) matters**
  - Example: bond index
- **Benefit of a bond portfolio vs. single bond?**
  - Diversify your bond exposure
- **Diversification against equities reduced in the short term**
  - Expect this to persist until inflation is back within central bank target

Opportunities: Forecast Returns

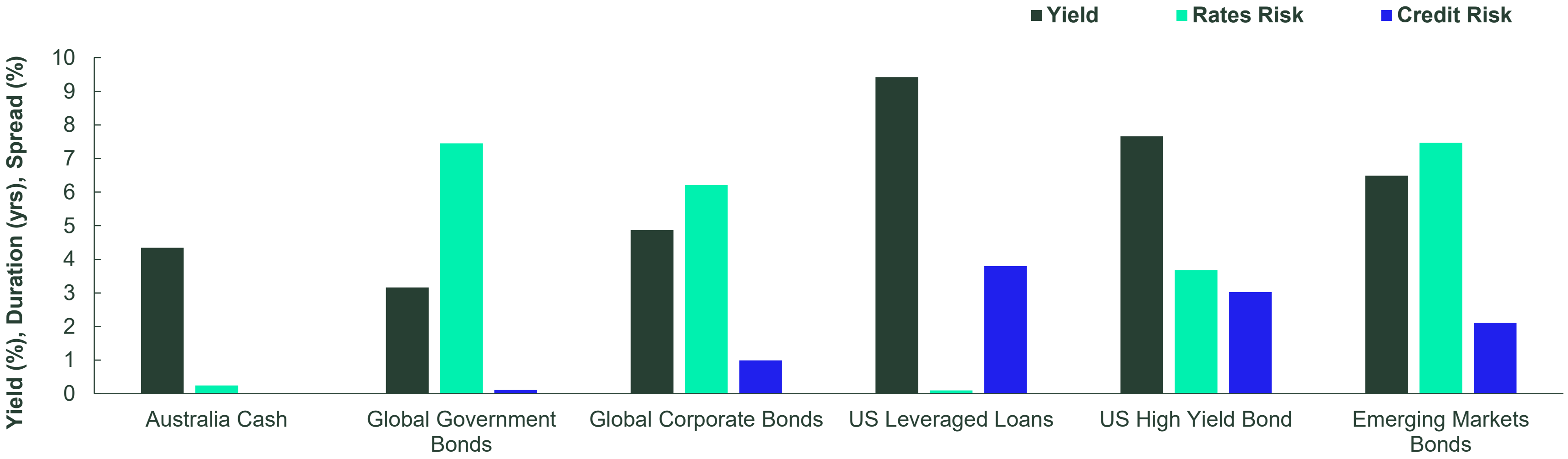
Forecast Long-Term Returns (% annualised) as of 31 December 2023



Source: State Street Global Advisors Investment Solutions Group, in AUD terms, assuming currency hedging for global and international exposures. The forecasted returns are based on SSGA's Investment Solutions Group's 31 December 2023 forecasted 10-year returns and standard deviations. The forecasted performance data is reported on a gross of fees basis. Additional fees, such as the advisory fee, would reduce the return. For example, if an annualized gross return of 10% was achieved over a 5-year period and a management fee of 1% per year was charged and deducted annually, then the resulting return would be reduced from 61% to 54%. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in the local (or regional) currency presented. **The forecasted performance is not necessarily indicative of future performance, which could differ substantially**.

Opportunities: Rates and Credit Levers

Yields, Rates Risk and Credit Risk



Source: Bloomberg Finance L.P., analysis by State Street Global Advisors. as of March 31, 2024. Yield = bank bill rate for cash and yield to worst for bonds; rates risk = modified duration (yrs); credit risk = option adjusted spread (%). Australian cash = BBSW 3 Month Index; global government bonds = Bloomberg Global Aggregate Treasuries Index; global corporate bonds = Bloomberg Global Aggregate Corporate Index; US leveraged loans = Morningstar LSTA US Leveraged Loan 100 USD Index; US high yield bonds = Bloomberg US Corporate High Yield Index; emerging market bonds = Bloomberg Emerging USD Bond Core Index. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index characteristics are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

Evaluating the Opportunity in ETFs

ETFs Compared to Managed Funds

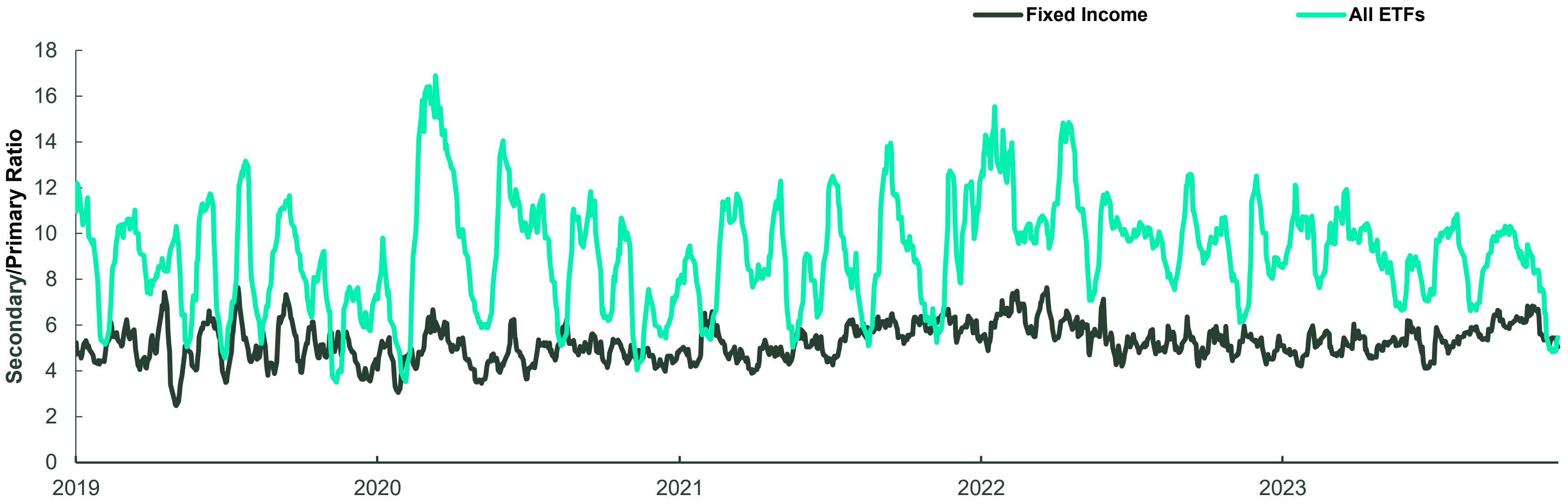
ETFs *Exchange Traded Funds*	• Intraday trading • Pricing transparency • Daily holding transparency	• Primary & secondary market liquidity • Minimum as low as 1 ETF share
Managed Funds	• Once a day trading • End-of-day NAV • Monthly/quarterly holdings	• Primary market liquidity • Minimum size applies

Source: State Street Global Advisors. General characteristics shown for illustrative purposes.

Secondary vs. Primary Liquidity

Markets benefit from additive ETF secondary market liquidity

ETF Secondary to Primary Ratio (Rolling-Ten-Day Average)



Source: Bloomberg Finance, L.P., as of December 31, 2023, analysis by State Street Global Advisors SPDR Americas Research, based on US primary and secondary market data.

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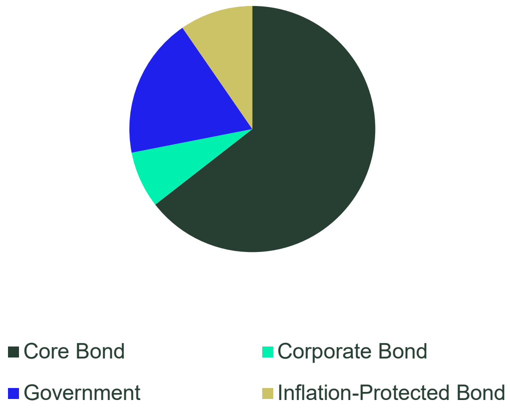
More Choice for Investors

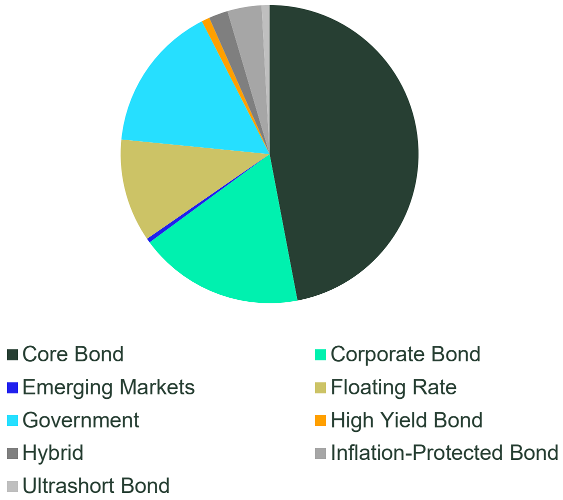
The fixed income ETF universe has expanded in size and type of exposure

Australian-Listed Fixed Income ETF Evolution

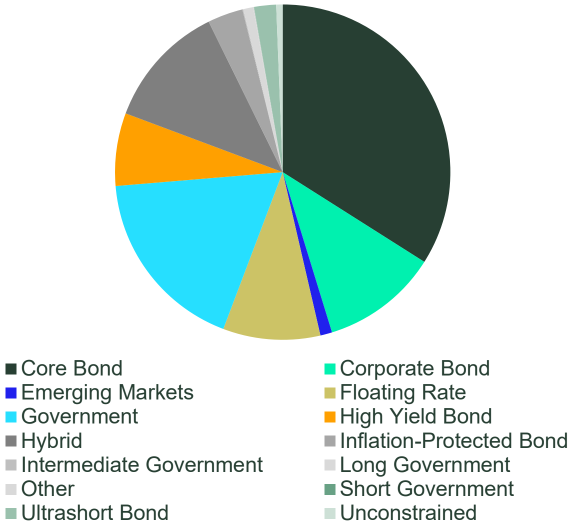
March 2012



March 2018



March 2024



Source: Morningstar Direct, from 31 March 2012 to 31 March 2024. Characteristics are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

Key Advantages of ETFs

Diversification
Exposure to broad
or specific market segments

Transparency
Daily disclosure of underlying
portfolio holdings & intraday pricing

Cost Efficiency
Generally low management fees and operating expenses

Creation/redemption process helps tax efficiency

Flexibility
Trading techniques include limit orders, market orders, and stop-loss orders

Precision
Access various exposures to match changing portfolio goals & economic environments

Liquidity
Easy to buy & sell, facilitated by primary and secondary ETF markets

Certain securities may trade in limited volume or may not have an active trading market. Therefore, there is the risk that it may not be possible to sell the investment at a particular time for an acceptable price. Diversification does not ensure a profit or guarantee against loss. There can be no assurance that a liquid market will be maintained for ETF shares.

Due Diligence Checklist

What should you look for in an ETF?

Evaluate the Index/ Fund

Examine the Fund Provider

Consider the Total Cost of Ownership

Forecast Returns: Assumptions

Fixed Income	Our return forecasts for fixed income derive from current yield conditions together with expectations as to how real and nominal yield curves could evolve relative to historical averages. For corporate bonds, we also analyze credit spreads and their term structures, with separate assessments of investment-grade and high-yield bonds.

Important Disclosures

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Investing involves risk including the risk of loss of principal. Past performance is no guarantee of future results.

The views expressed in this material are the views of State Street Global Advisor APAC Fixed Income Strategy Team through the period ended 16 April 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.

Bonds generally present less short-term risk and volatility than stocks but contain interest rate risk (as interest rates raise, bond prices usually fall); issuer default risk; issuer credit risk; liquidity risk; and inflation risk. These effects are usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss.

International Government bonds and corporate bonds generally have more moderate short-term price fluctuations than stocks but provide lower potential long-term returns.

Investing in high yield fixed income securities, otherwise known as "junk bonds", is considered speculative and involves greater risk of loss of principal and interest than investing in investment grade fixed income securities. These Lower-quality debt securities involve greater risk of default or price changes due to potential changes in the credit quality of the issuer.

Increase in real interest rates can cause the price of inflation-protected debt securities to decrease. Interest payments on inflation-protected debt securities can be unpredictable.

Issuers of convertible securities may not be as financially strong as those issuing securities with higher credit ratings and may be more vulnerable to changes in the economy. Other risks associated with convertible bond investments include: Call risk which is the risk that bond issuers may repay securities with higher coupon or interest rates before the security's maturity date; liquidity risk which is the risk that certain types of investments may not be possible to sell the investment at any particular time or at an acceptable price; and investments in derivatives, which can be more sensitive to sudden fluctuations in interest rates or market prices, potential illiquidity of the markets, as well as potential loss of principal.

The value of the debt securities may increase or decrease as a result of the following: market fluctuations, increases in interest rates, inability of issuers to repay principal and interest or illiquidity in the debt securities markets; the risk of low rates of return due to reinvestment of securities during periods of falling interest rates or repayment by issuers with higher coupon or interest rates; and/or the risk of low income due to falling interest rates. To the extent that interest rates rise, certain underlying obligations may be paid off substantially slower than originally anticipated and the value of those securities may fall sharply. This may result in a reduction in income from debt securities income.

Treasury bills are insured and guaranteed by the government. Treasury Bills maintain a stable value if held to maturity, but returns are generally only slightly above the inflation rate.

Important Disclosures

The information provided does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. You should consult your tax and financial advisor.

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

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