NAVIGATING A DOWNHILL CLIMB

Corporate profits and economic growth remain positive, but are past their peak. As volatility increases, less accommodative monetary policy and slower growth likely mean lower returns. To position portfolios for a challenging environment with potentially more downside than upside:

Target Quality over Quantity of Growth

In our late cycle environment, seek companies with high profitability and healthy balance sheets that trade at reasonable valuations.

- **SDY**: SPDR® S&P® Dividend ETF
- **QUS**: SPDR MSCI USA StrategicFactorsSM ETF

Get Defensive in Bonds

Shorten duration and move up in quality to mitigate duration induced price declines and credit risks.

- **FLRN**: SPDR Bloomberg Barclays Investment Grade Floating Rate ETF
- **SPSB**: SPDR Portfolio Short Term Corporate Bond ETF
- **BIL**: SPDR Bloomberg Barclays 1-3 Month T-Bill ETF
- **STOT**: SPDR DoubleLine® Short Duration Total Return Tactical ETF
- **SRLN**: SPDR Blackstone / GSO Senior Loan ETF

Rising Rates Alter the Relative Attractiveness of Bond Sector Hedges

Yield, Duration and Drawdown

- **Bloomberg Barclays 1-3 Month T-Bill Index**
- **Bloomberg Barclays US Floating Rate Note (<5 Yr)**
- **S&P/LSTA US Leveraged Loan 100 Index**
- **Bloomberg Barclays US 1-3 Yr Corp. Index**
- **Bloomberg Barclays US 1-5 Yr Corp. Index**
- **Bloomberg Barclays US High Yield Bond Index**
- **Bloomberg Barclays US Aggregate Bond Index**
- **Bloomberg Barclays US Corporate Bond Index**

Sharpe Ratio Since the Fed Began Hiking Frequently (12/31/2016–10/31/2018)

Source: Bloomberg Finance L.P., as of 10/31/2018. Past performance is not a guarantee of future results.

Index returns are unmanaged and do not reflect the deduction of any fees or expenses.*Yield to maturity is used for the S&P/LSTA Leveraged Loan 100 Index. Yield to worst is used for other indices. Yield spreads between the S&P/LSTA Leveraged Loan 100 Index and 3-month LIBOR are used as the credit spread of the loan index.

Focus on Fiscal Policy Beneficiaries

Target regions outside the US where populism is driving fiscal policy to reignite growth as monetary conditions tighten.

- **GWX**: SPDR S&P International Small Cap ETF
- **EWX**: SPDR S&P Emerging Markets Small Cap ETF
- **GXC**: SPDR S&P China ETF

Percent of G20 GDP Output by Political Regime

Source: Bloomberg Economics, Freedom House, International Monetary Fund. Note: Figures include G20 nations and Spain.
**Glossary**

**Bloomberg Barclays U.S. Aggregate Bond Index** A benchmark that provides a measure of the performance of the US dollar denominated investment grade bond market, which includes investment grade government bonds, investment grade corporate bonds, mortgage pass through securities, commercial mortgage backed securities and asset backed securities that are publicly for sale in the US.

**Bloomberg Barclays U.S. Corporate 1-3 Year Index** Designed to measure the performance of US corporate bonds that have a maturity of greater than or equal to 1 year and less than 3 years.

**Bloomberg Barclays U.S. Corporate Bond Index** Measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

**Bloomberg Barclays U.S. Dollar Floating Rate Note < 5 Years Index** A benchmark consisting of debt instruments that pay a variable coupon rate, most based on 3-month LIBOR with a fixed spread. May include US-registered, dollardenominated bonds of non-US corporate, government and other non-U.S. entities.

**Bloomberg Barclays U.S. High Yield Bond Index** Measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody’s, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

**Bloomberg Barclays U.S. 1-5 Year Corporate Index** Designed to measure the performance of US corporate bonds that have a maturity of greater than or equal to 1 year and less than 3 years.

**Bloomberg Barclays U.S. 1-3 Month U.S. Treasury Bill Index** Designed to measure the performance of public obligations of the U.S. Treasury that have a remaining maturity of greater than or equal to 1 month and less than 3 months.

**For Public Use. Important Risk Information**

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**Actively managed funds** do not seek to replicate the performance of a specified index. An actively managed fund may underperform its benchmark. An investment in the fund is not appropriate for all investors and is not intended to be a complete investment program. Investing in the fund involves risks, including the risk that investors may receive little or no return on the investment or that investors may lose part or even all of the investment.

**Passively managed funds** hold a range of securities that, in the aggregate, approximates the full Index in terms of key risk factors and other characteristics. This may cause the fund to experience tracking errors relative to performance of the index.

**Foreign (non-U.S.) Securities** may be subject to greater political, economic, environmental, credit and information risks. Foreign securities may be subject to higher volatility than U.S. securities, due to varying degrees of regulation and limited liquidity. These risks are magnified in emerging markets.

**Bonds** generally present less short-term risk and volatility than stocks, but contain interest rate risk (as interest rates rise, 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.

Investments in **Senior Loans** are subject to credit risk and general investment risk. Credit risk refers to the possibility that the borrower of a Senior Loan will be unable and/or unwilling to make timely interest payments and/or repay the principal on its obligation. Default in the payment of interest or principal on a Senior Loan will result in a reduction in the value of the Senior Loan and consequently a reduction in the value of the Portfolio’s investments and a potential decrease in the net asset value (“NAV”) of the Portfolio.

Securities with **floating or variable interest rates** may decline in value if their coupon rates do not keep pace with comparable market interest rates. Narrowly focused investments typically exhibit higher volatility and are subject to greater geographic or asset class risk. The Fund is subject to credit risk, which refers to the possibility that the debt issuers will not be able to make principal and interest payments.

A “value” style of investing emphasizes undervalued companies with characteristics for improved valuations. This style of investing is subject to the risk that the valuations never improve or that the returns on “value” equity securities are less than returns on other styles of investing or the overall stock market. Although subject to the risks of common stocks, low volatility stocks are seen as having a lower risk profile than the overall markets. However, a fund that invests in low volatility stocks may not produce investment exposure that has lower variability to changes in such stocks’ price levels. A “quality” style of investing emphasizes companies with high returns, stable earnings, and low financial leverage. This style of investing is subject to the risk that the past performance of these companies does not continue or that the returns on “quality” equity securities are less than returns on other styles of investing or the overall stock market.

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

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.

Frequent trading of ETFs could significantly increase commissions and other costs such that they may offset any savings from low fees or costs.

For more information, please contact the Marketing Agent for GLD: State Street Global Advisors Funds Distributors, LLC, One Iron Street, Boston MA 02120; T: +1 866 320 4053 spdrgoldshares.com

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