

TRADE RATIONALE

May 2026

State Street Active Asset Allocation ETF Portfolios

State of the Market Regime Indicator (MRI)



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

Key Takeaways

- Our Market Regime Indicator (MRI) reflects a recent improvement in overall support for risk assets. After deteriorating in the lead-up to and around the Iran conflict, risk appetite has improved, as evidenced by the indicator’s move back into a more moderate regime.
- Our assessment of the current market environment suggests a modestly better outlook for risk assets notwithstanding significant uncertainty that surrounds the war with Iran and the continued closure of the Strait of Hormuz.
- Though our equity forecast remains soft, it has improved alongside our expectations for credit spreads. Overall, our quantitative framework has shifted toward cautious optimism, which has led to a modest increase in equity exposure back to overweight, while increasing both total portfolio risk and active risk positioning.

Increase		Decrease	
High Yield Bonds	+3.50%	Fixed Income Sector Rotation	-2.25%
US Large-Cap Equities	+1.50%	Long-Term Treasuries	-2.00%
US Small-Cap Equities	+1.00%	Aggregate Bonds	-1.75%
Emerging Markets	+1.00%	Developed ex-US Equity	-1.00%

Source: State Street Investment Management as of 5/7/2026.

Portfolio Positioning

Within equities, regional forecasts have diverged more meaningfully. Our preferred regions, the US and emerging markets, have improved, while non-US developed markets have weakened. In the US, price momentum has rebounded following earlier softness around the Middle East conflict, supported by strong April performance. Sentiment indicators, including sales and earnings expectations, have recovered to levels seen late last year, while quality factors remain supportive. Large-cap equities continue to lead, although the outlook for small-cap equities has improved notably, driven by stronger sentiment and modestly better macro conditions. Emerging markets also strengthened, with improvements in macroeconomic and price momentum factors reinforcing an already solid backdrop. In contrast, non-US developed equities remain challenged.

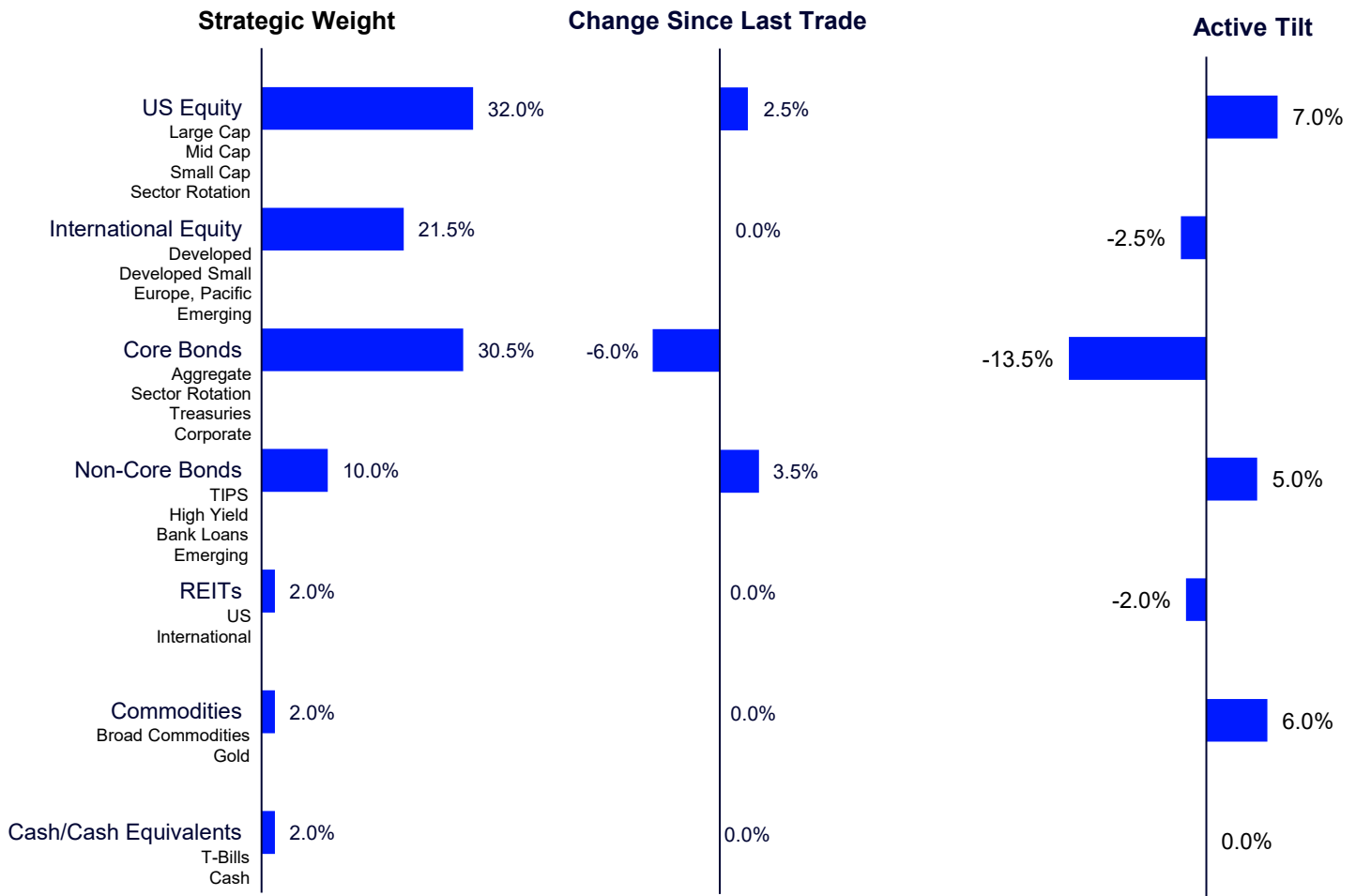
Within fixed income, our outlook is mixed. Expectations for duration-sensitive assets have softened, while the outlook for credit and non-US government bonds has improved. We repositioned the portfolio to reflect a more constructive outlook for credit. We reduced exposure to long Treasuries and aggregate bonds, redeploying

proceeds into high yield. While we retain a bias toward longer-duration assets, overall duration has been reduced in favor of a greater allocation to spread sectors.

Positioning Update

State Street Active Asset Allocation ETF Portfolio — Moderate

Asset Class			
Equity 58.0%	Fixed Income 32.0%	Real Assets 8.0%	Cash & Cash Equivalents 2.0%



Source: State Street Investment Management, as of 5/7/2026. 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
	US Equity	15.5%	27.5%	39.0%	47.0%	56.0%	59.5%
<u>SPY</u>	State Street® SPDR® S&P 500® ETF Trust	8.8%	14.8%	19.5%	22.3%	26.5%	25.5%
<u>XLSR</u>	State Street® US Sector Rotation ETF	3.8%	8.8%	13.5%	16.3%	19.5%	21.0%
<u>SPMD</u>	State Street® SPDR® Portfolio S&P 400® Mid Cap ETF	1.0%	1.5%	2.5%	3.8%	4.5%	6.0%
<u>SPSM</u>	State Street® SPDR® Portfolio S&P 600® Small Cap ETF	2.0%	2.5%	3.5%	4.8%	5.5%	7.0%
	International Equity	4.5%	11.5%	19.0%	26.0%	32.0%	34.5%
<u>SPDW</u>	State Street® SPDR® Portfolio Developed World ex-US ETF	0.0%	2.0%	7.5%	11.5%	15.0%	15.5%
<u>GWX</u>	State Street® SPDR® S&P® International Small Cap ETF	0.0%	2.0%	2.0%	3.0%	3.5%	4.0%
<u>SPEM</u>	State Street® SPDR® Portfolio Emerging Markets ETF	4.5%	7.5%	9.5%	11.5%	13.5%	15.0%
	Fixed Income	70.0%	51.0%	32.0%	17.0%	3.0%	0.0%
<u>SPAB</u>	State Street® SPDR® Portfolio Aggregate Bond ETF	12.0%	4.8%	0.0%	0.0%	0.0%	0.0%
<u>FISR</u>	State Street® Fixed Income Sector Rotation ETF	29.5%	22.3%	13.0%	2.0%	0.0%	0.0%
<u>TIPX</u>	State Street® SPDR® Bloomberg 1-10 Year TIPS ETF	6.0%	4.5%	2.0%	0.0%	0.0%	0.0%
<u>SPTL</u>	State Street® SPDR® Portfolio Long Term Treasury ETF	1.0%	1.0%	1.0%	1.0%	0.0%	0.0%
<u>SRLN</u>	State Street® Blackstone Senior Loan ETF	4.5%	3.5%	2.5%	2.0%	0.0%	0.0%
<u>EBND</u>	SPDR® Bloomberg Emerging Markets Local Bond ETF	2.5%	2.0%	1.5%	1.0%	0.0%	0.0%
<u>EMHC</u>	State Street® SPDR® Bloomberg Emerging Markets USD Bond ETF	4.5%	3.5%	3.0%	2.0%	0.0%	0.0%
<u>SPLB</u>	State Street® SPDR® Portfolio Long Term Corporate Bond ETF	3.0%	3.0%	3.0%	3.0%	2.0%	0.0%
<u>JNK</u>	State Street® SPDR® Bloomberg High Yield Bond ETF	7.0%	6.5%	6.0%	6.0%	1.0%	0.0%
	Real Assets	8.0%	8.0%	8.0%	8.0%	7.0%	4.0%
<u>CERY</u>	State Street® SPDR® Bloomberg Enhanced Roll Yield Commodity Strategy No K-1 ETF	5.0%	5.0%	5.0%	5.0%	4.5%	3.0%
<u>GLD®</u>	SPDR® Gold Shares	3.0%	3.0%	3.0%	3.0%	2.5%	1.0%
	Cash/Cash Equivalents	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
N/A	Cash	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Source: State Street Investment Management as of 5/7/2026. 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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Commodities Basis 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.

REITs or Real Estate Investment Trust Companies that own and operate commercial properties, such as office buildings and apartment complexes.

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 Risk Information

The views expressed are those of State Street Investment Management’s Investment Solutions Group (ISG) as of May 7, 2026 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.

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Investing involves risk including the risk of loss of principal.

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.

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

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.

There are risks associated with investing in Real Assets and the Real Assets sector, including real estate, precious metals and natural resources. Investments can be significantly affected by events relating to these industries.

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.

Asset Allocation is a method of diversification which positions assets among major investment categories. Asset Allocation may be used in an effort to manage risk and enhance returns. It does not, however, guarantee a profit or protect against loss.

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

Companies with large market capitalizations go in and out of favor based on market and economic conditions. Larger companies tend to be less volatile than companies with smaller market capitalizations. In exchange for this potentially lower risk, the value of the security may not rise as much as companies with smaller market capitalizations.

Investing in REITs involves certain distinct risks in addition to those risks associated with investing in the real estate industry in general. Equity REITs may be affected by changes in the value of the underlying property owned by the REITs, while mortgage REITs may be affected by the quality of credit extended. REITs are subject to heavy cash flow dependency, default by borrowers and self-liquidation. REITs, especially mortgage REITs, are also subject to interest rate risk (i.e., as interest rates rise, the value of the REIT may decline).

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

State Street Global Advisors (SSGA) is now State Street Investment Management. Please go to statestreet.com/investment-management for more information.

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