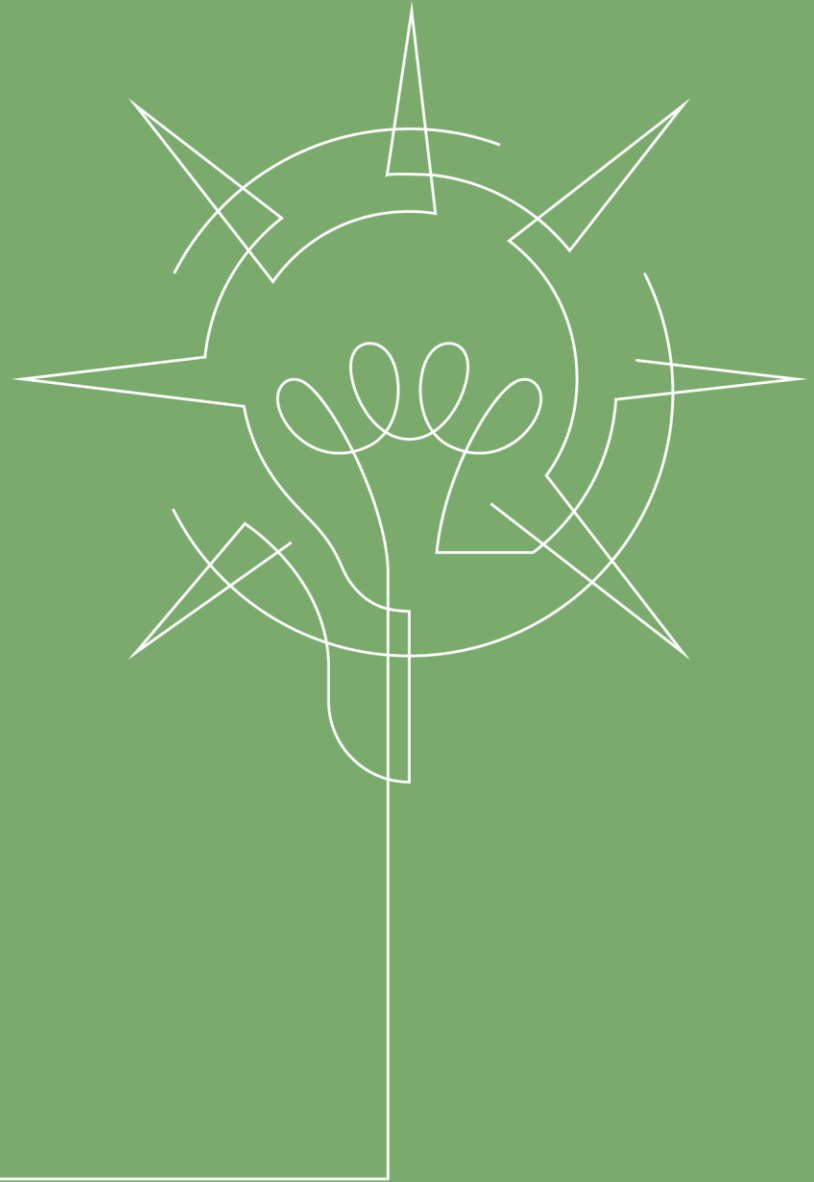


State Street Global Advisors SPDR[®] ETFs Chart Pack

Fixed Income Edition



For Public Use

Please see Appendix C for more information on investment terms used in this Chart Pack.

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SPDR[®]**

Fixed Income Chart Pack: Charting a Challenging Bond Market

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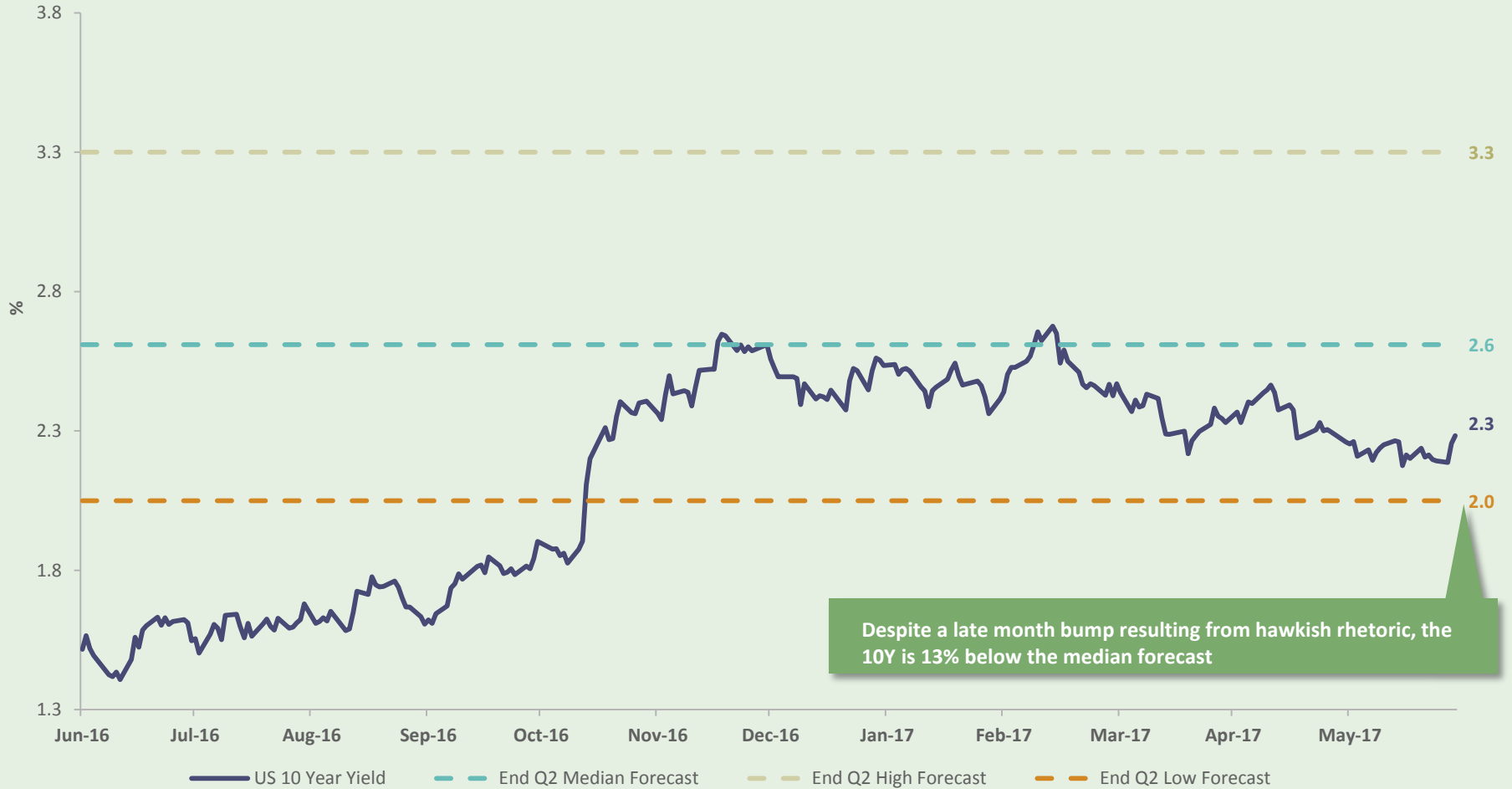
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RATES

10 Year Yield — Fooled Again. After looking like the forecasters may finally have gotten it right, the 10 year yield has been below 2.6 since March

US 10 Year Yield versus Start of Year Consensus Analyst Forecasts for 10 Year Yield at the End of Q2

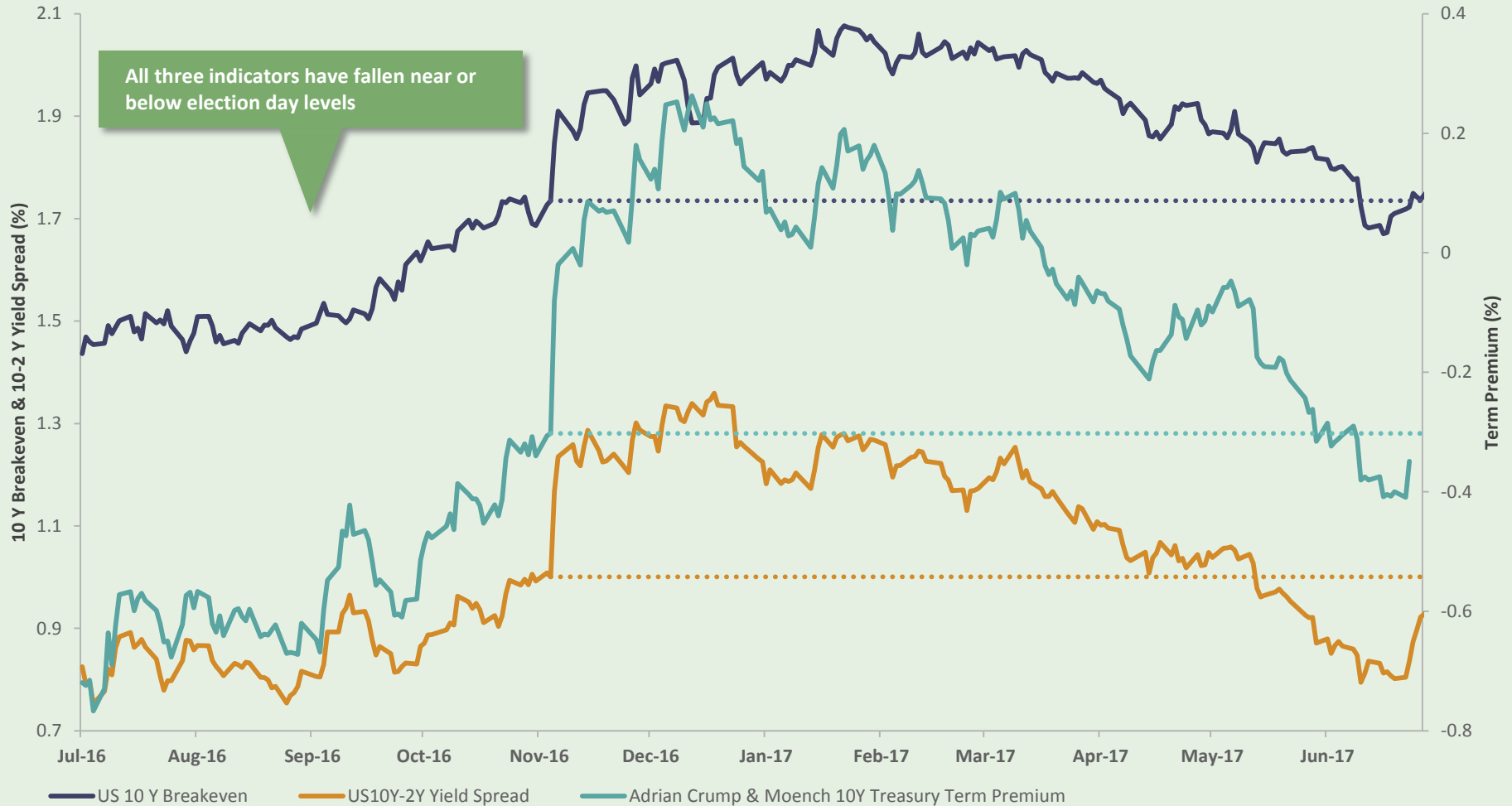


Source: Bloomberg Finance L.P. As of June 30, 2017 Forecasts from Consensus Analyst Estimates as compiled by Bloomberg Finance L.P. as of January 2017
Projected characteristics are based upon estimates and reflect subjective judgments and assumptions. There can be no assurance that developments will transpire as forecasted and that the estimates are accurate.

RATES

Inflation — After a post-election surge, inflationary expectations have subsided and term premiums have declined as potentially reflationary, pro-cyclical legislation stalls

Term Premium, US Treasury Curve & Breakeven Back Below Election Levels

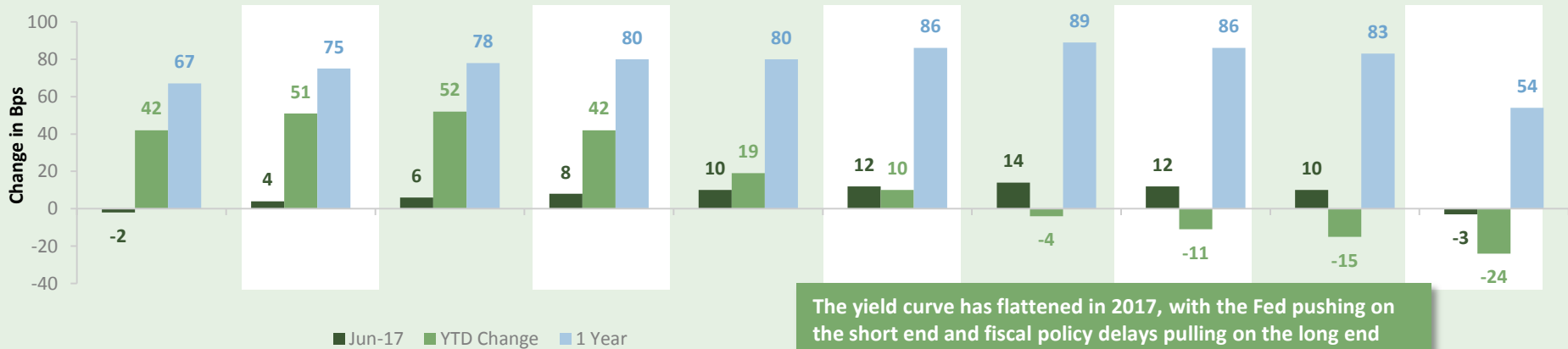
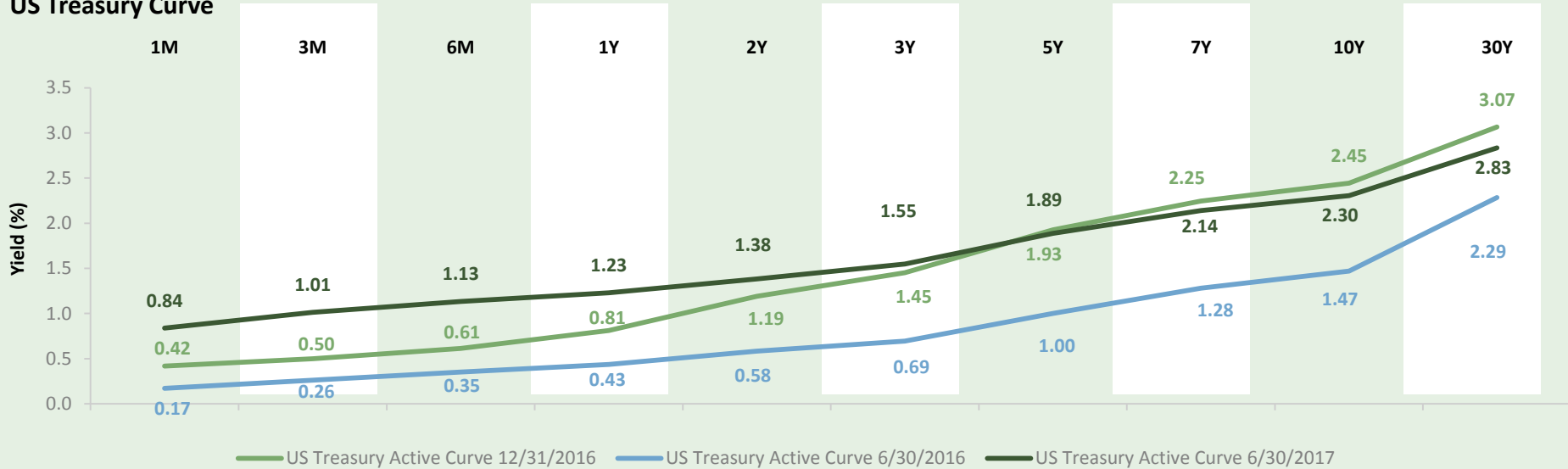


Source: Bloomberg Finance L.P. As of June 30, 2017. Past performance is not a guarantee of future results.

RATES

Yield Curve — After flattening throughout 2017, the yield curve steepened in June as a result of renewed hawkish rhetoric from Fed Chair Yellen

US Treasury Curve



The yield curve has flattened in 2017, with the Fed pushing on the short end and fiscal policy delays pulling on the long end

Source: Bloomberg Finance L.P. As of May 31, 2017. Past performance is not a guarantee of future results.

RATES

Global Trends — Curve flattening is an international occurrence, with all major developed 10–2 year yield spreads having tightened throughout 2017

Yield Curves Around the World Have Modestly Tightened Throughout the Year



Source: Bloomberg Finance L.P. As of June 30, 2017. Past performance is not a guarantee of future results.

RATES

Got Yield? — Globally, yields are well below long term averages, with yields on the Agg and the Global Agg 40% and 54% below their 20 year averages, respectively

Global Bond Yields to Worst (%)

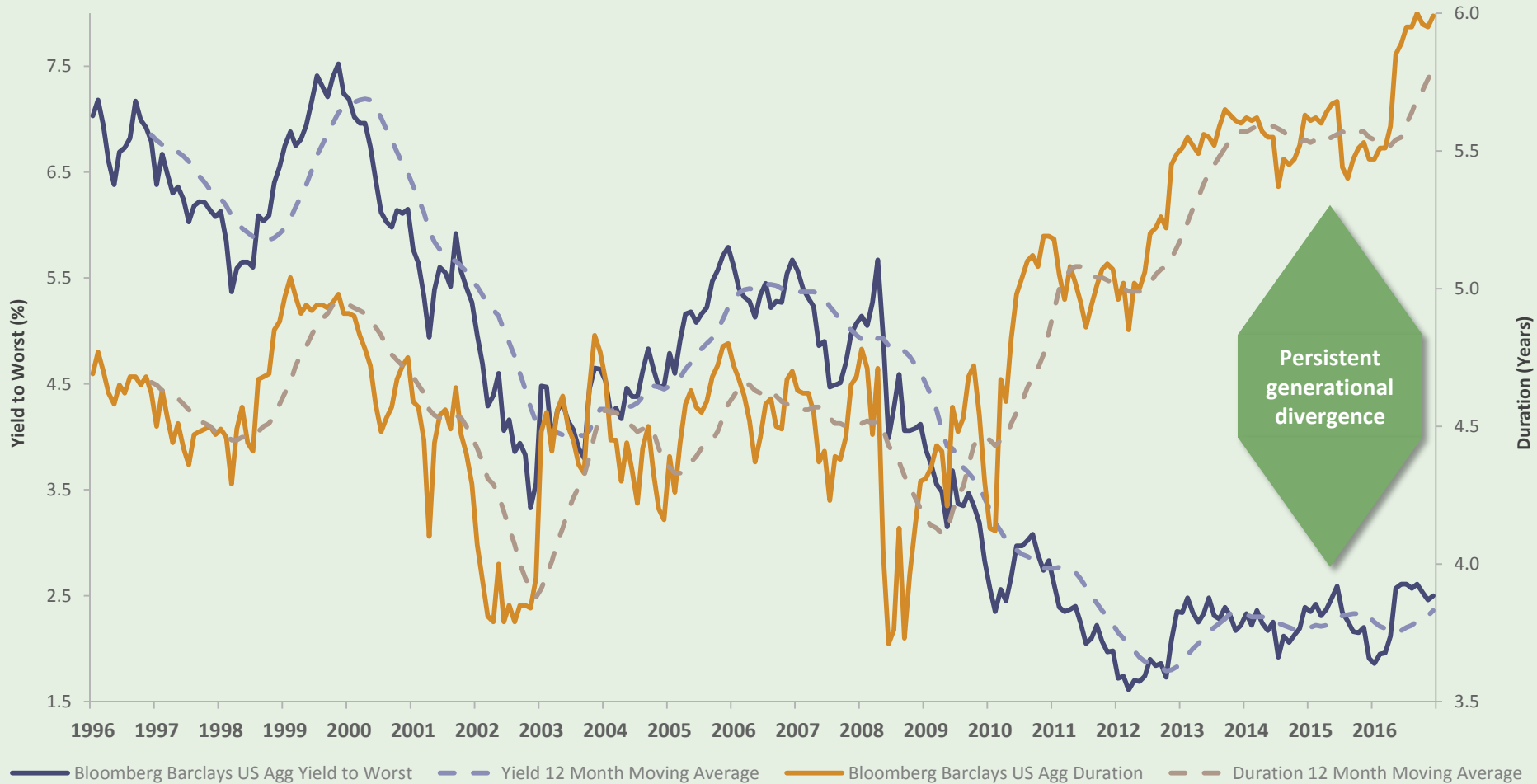


Bloomberg Finance L.P. As of June 28, 2017. Past performance is not a guarantee of future results. Index returns are unmanaged and do not reflect the deduction of any fees or expenses.

RATES

Risk and Return — With the Agg's yield generationally low, the benchmark's duration (Risk) continues to rise, reflecting an increasingly asymmetrical risk profile

The Agg's Risk Profile Continues to Underwhelm (Against 12 Month Moving Average)



Source: Bloomberg Finance L.P. As of June 28, 2017. Past performance is not a guarantee of future results. Index returns are unmanaged and do not reflect the deduction of any fees or expenses.

RATES

Yields and Return Potential — Historically, the Agg's next 3 years of returns are closely linked to its current level of yield, meaning core bond returns may remain challenged

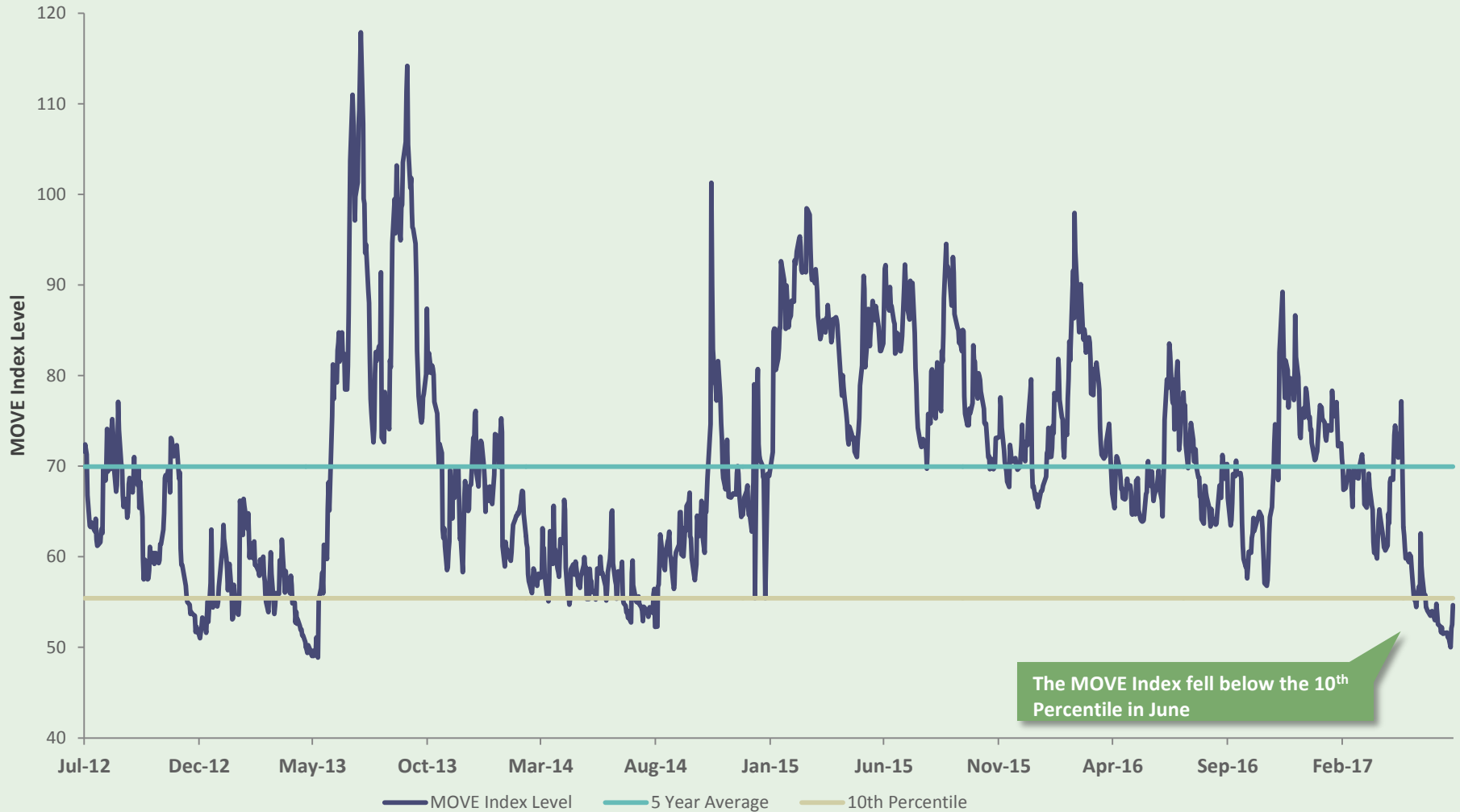
Index Initial Yield to Worst and Subsequent 3-Yr Annualized Return



Bloomberg Finance L.P. As of May 31, 2017. Past performance is not a guarantee of future results. Index returns are unmanaged and do not reflect the deduction of any fees or expenses.

RATES

Rate Volatility — Rates are low and volatility has trended lower, but it is an environment which has been marked by periodic bouts of turbulence with frequent spikes above averages



Bloomberg Finance L.P. As of June 31, 2017. Past performance is not a guarantee of future results. Index returns are unmanaged and do not reflect the deduction of any fees or expenses.

High Yield Volatility — Given high yield fundamentals, the downward trend in volatility may give investors a false sense of security

High Yield Implied and Realized Volatility



As June came to end, implied and realized volatility decoupled

Bloomberg Finance L.P. As of June 29, 2017. Past performance is not a guarantee of future results. Index returns are unmanaged and do not reflect the deduction of any fees or expenses.

CREDIT

Spread Levels — For most major bond segments, spreads are near their tightest levels in a decade. A trend that is the most pronounced in US based credit exposures

Option Adjusted Spread 10 year Range (Bps)

Credit spreads are almost at their lowest level in a decade



Bloomberg Barclays Global Agg Ex-US

Bloomberg Barclays US Agg Corporate

Bloomberg Barclays US Agg Credit

Bloomberg Barclays US Corporate HY

BoAML Emerging Market Corporate Plus Index

◆ Average ■ Max ▲ Min ● Current

Source: Bloomberg Finance L.P. As of June 28, 2017. Past performance is not a guarantee of future results. Index returns are unmanaged and do not reflect the deduction of any fees or expenses.

High Yield versus Investment Grade Spreads — The additional spread pick-up for high yield corporates over investment grade is just 2.5x

High Yield OAS/Investment Grade OAS



Source: Bloomberg Finance L.P. As of June 28, 2017. **Past performance is not a guarantee of future results.**
 High yield OAS is represented by the Bloomberg Barclays US Corporate High Yield Index.
 Investment Grade OAS is represented by the Bloomberg Barclays USD Liquid Investment Grade Corporate Index.

High Yield Spreads — Within High yield, Spreads have Tightened Considerably in the Lower Grade CCC Rates Credits

CCC High Yield Spreads/Broad High Yield Spreads

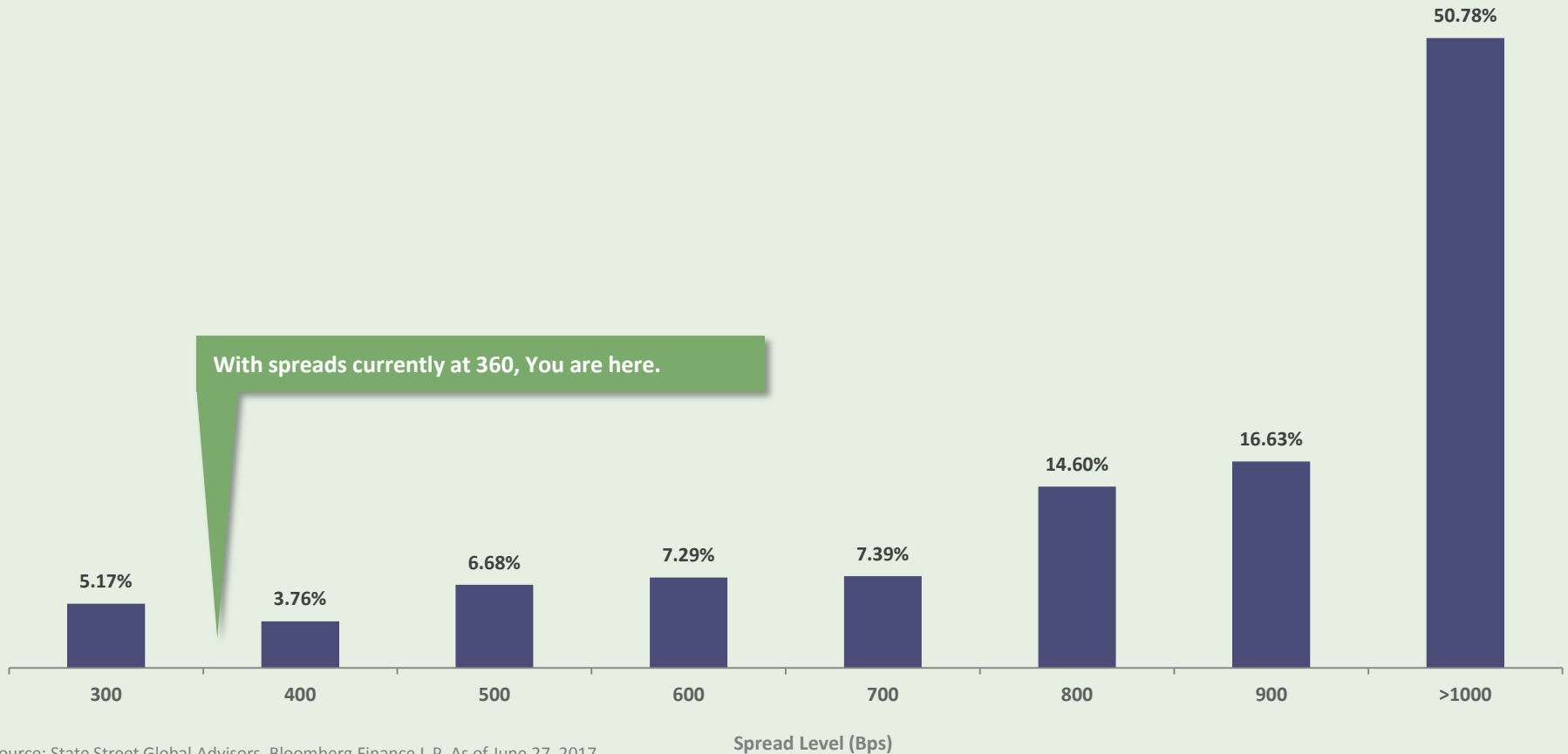


While Below Average Throughout 2017, Spread Compression of CCC to Broad HY has Slowed

Source: St. Louis Federal Reserve. As of June 28, 2017. Past performance is not a guarantee of future results.

High Yield Spreads versus Returns — Since 2001, there’s been a strong link between high yield spreads and the subsequent 12 month returns earned

Historical Average Forward 12 Month Return Based on Starting Spread Level



Source: State Street Global Advisors, Bloomberg Finance L.P. As of June 27, 2017.

Past performance is not a guarantee of future results.

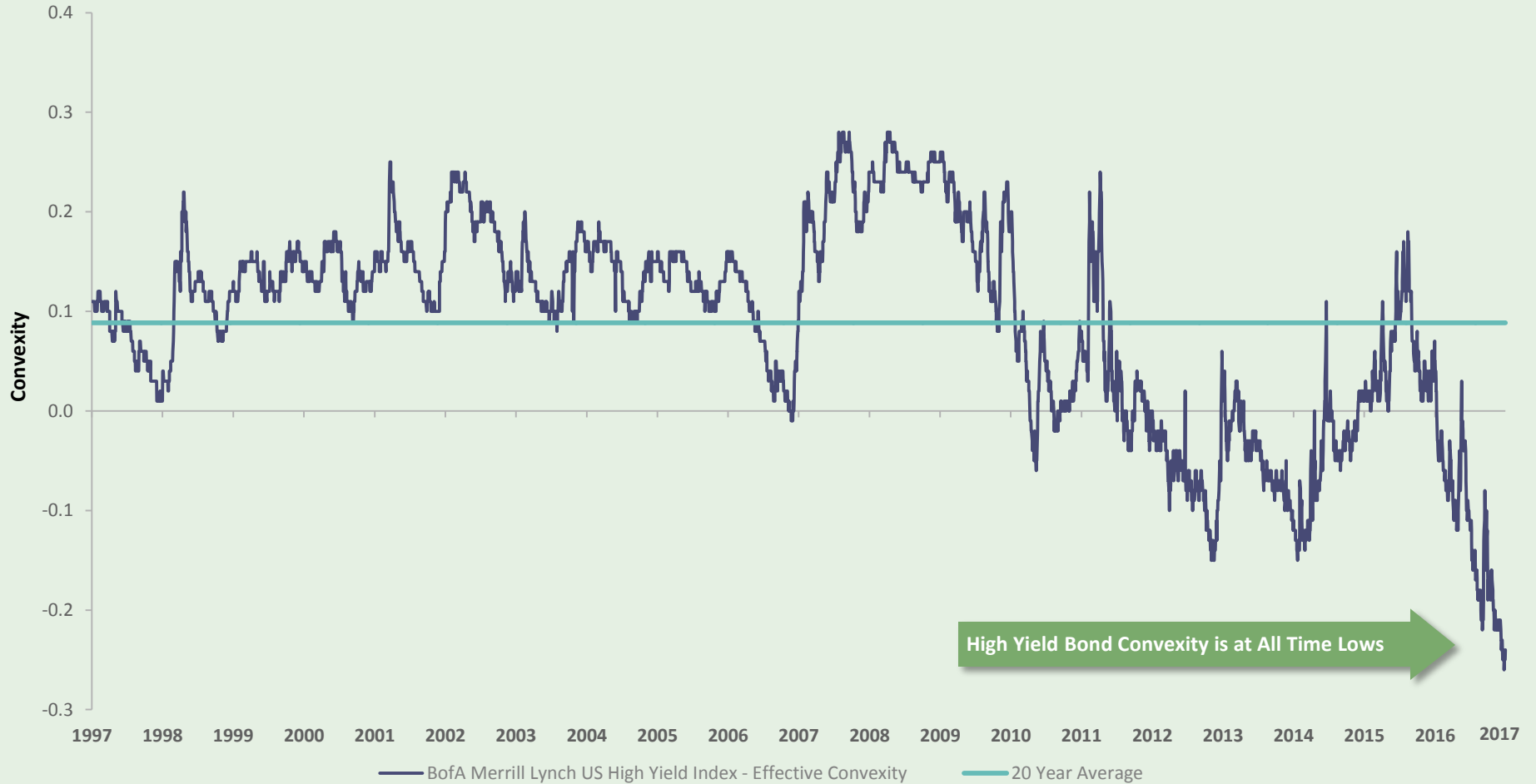
Represented by the Monthly OAS of the Bloomberg Barclays US Corporate High Yield Index since 2001.

Characteristics are as of the date indicated and should not be relied upon as current thereafter.

CREDIT

High Yield Upside Capped? — The most negative convexity in the history of high yield means embedded call provisions may cap potential gains

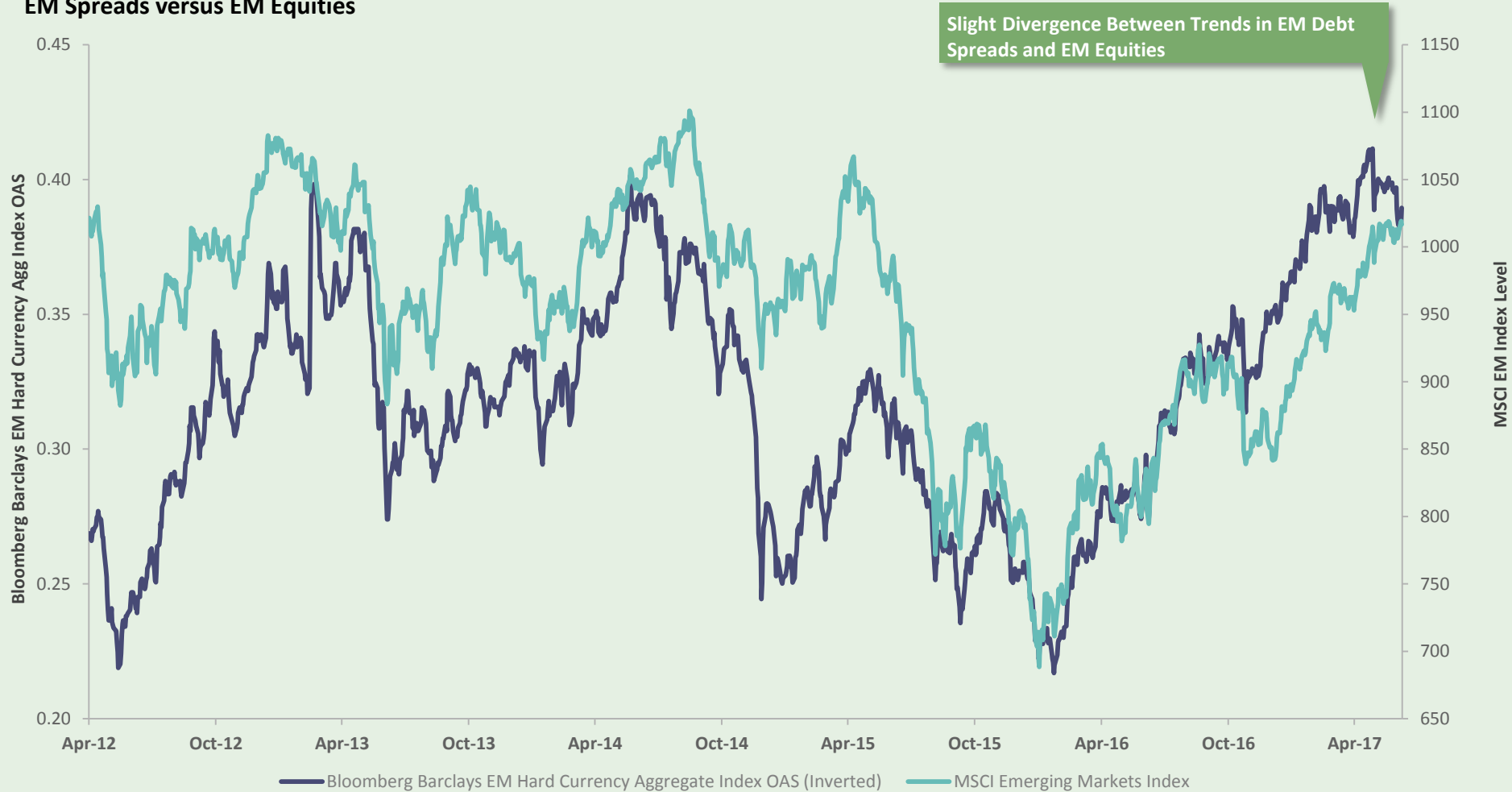
High Yield Convexity



Source: Bloomberg Finance LP. As of June 28, 2017.
Past performance is not a guarantee of future results.

Emerging Markets — EM spreads had been tightening this year, but lately they have begun to widen while equities have continued to rise to levels which may signal a reversal

EM Spreads versus EM Equities

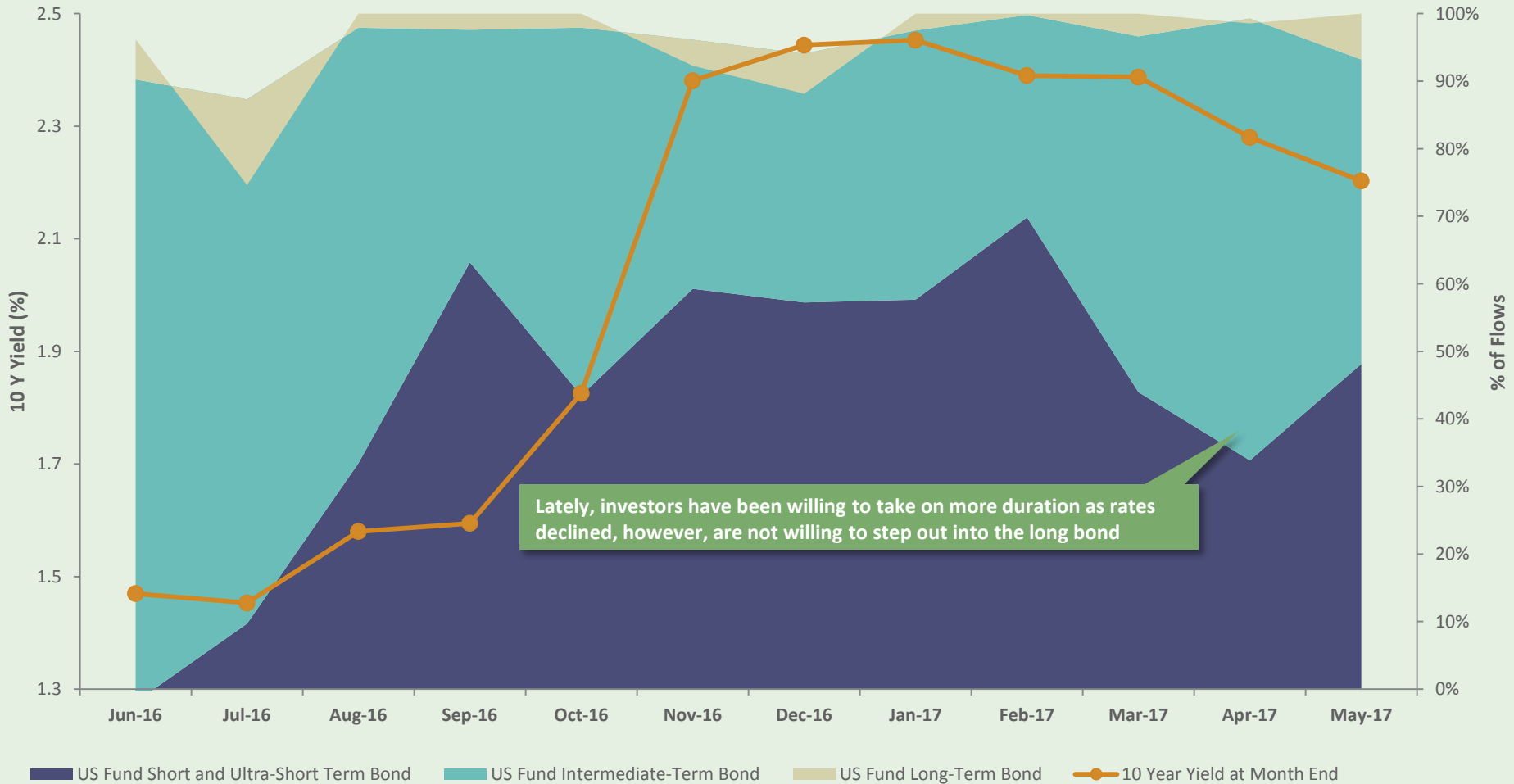


Source: Bloomberg Finance LP. As of June 28, 2017. Characteristics are as of the date given and should not be relied upon as current thereafter.

POSITIONING

Maturity Based Flows — As rates rose in the early part of the year and after the Fed initiated a series of rate hikes, flows into short and ultra short term funds followed

Flows (% of total)



Source: Bloomberg Finance L.P., State Street Global Advisors. As of June 28, 2017 Characteristics are as of the date indicated and should not be relied upon as current thereafter.

POSITIONING

Options — Spiking post-election, the combined rolling 30 day put/call ratio of JNK and HYG options has declined to pre-election levels indicating more call side volume

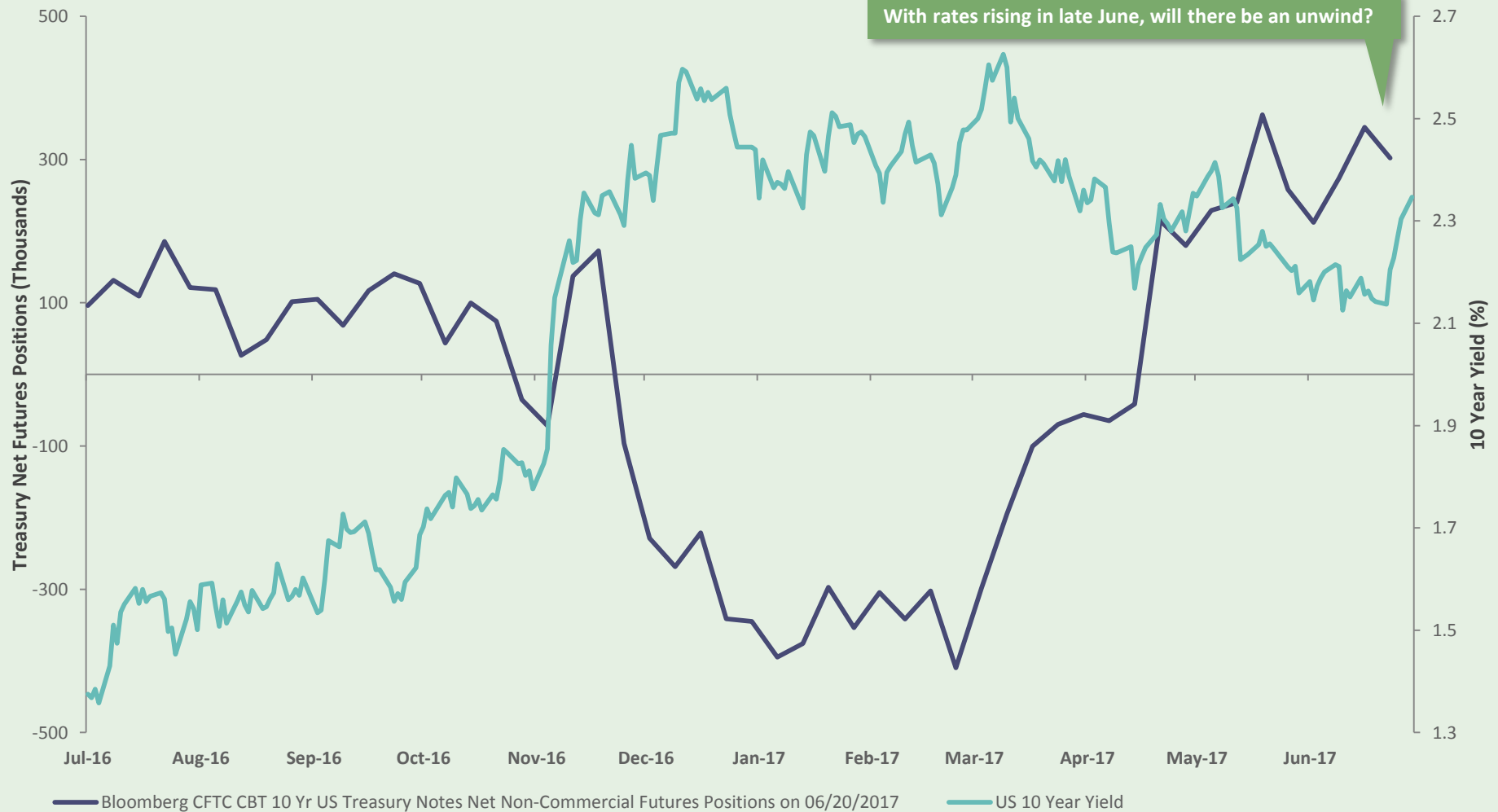


Source: Bloomberg Finance L.P., State Street Global Advisors. As of June 28, 2017. Characteristics are as of the date indicated and should not be relied upon as current thereafter. **Past performance is not a guarantee of future results.**

POSITIONING

Futures — Investors have gone long treasuries to the greatest degree in the past year, as yields have fallen off post-election highs

Treasury Futures Positioning versus Yields



Bloomberg Finance L.P. As of June 28, 2017. Past performance is not a guarantee of future results. Index returns are unmanaged and do not reflect the deduction of any fees or expenses.

Appendix C: Definitions

Definitions

Implied Volatility: A way of estimating volatility of a security's price based on a number of predictive variables. Implied volatility rises when the market is falling when investors believe that the asset's price will decline over time, and it falls when the market is rising when investors believe that the security's price will rise over time. This is due to the common belief that bearish markets are riskier than bullish markets.

Bloomberg Barclays US Aggregate 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.

BofA Merrill Lynch US High Yield Master II Index: The BofA Merrill Lynch US High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch).

Yield to worst: Yield to worst is an estimate of the lowest yield that you can expect to earn from a bond when holding to maturity, absent a default. It is a measure that is used in place of yield to maturity with callable bonds.

Yield: The income produced by an investment, typically calculated as the interest received annually divided by the investment's price.

Basis Point: One hundredth of one percent, or 0.01%.

Spread Changes: Changes in the spread between Treasury securities and non-Treasury securities that are identical in all respects except for quality rating.

Bloomberg Barclays Global Aggregate Bond Index The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays US Credit Index The Bloomberg Barclays US Credit Index measures the investment grade, US dollar-denominated, fixed-rate, taxable corporate and government related bond markets. It is composed of the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities.

Bloomberg Barclays US Corporate Bond Index The Bloomberg Barclays US Corporate Bond Index measures the investment grade, US dollar-denominated, fixed-rate, taxable corporate and government related bond markets. It is composed of the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities.

Credit Spread A credit spread is the difference in yield between a US Treasury bond and a debt security with the same maturity but of lesser quality.

Term Premium: Term premium is the compensation that investors require for bearing the risk that short-term Treasury yields do not evolve as they expected.

US 10 Year Yield The most current yield on the most recently issued 10 year maturity US government bond.

Breakeven The break-even rate is applied to bonds and refers to the difference between the yield on a nominal fixed-rate bond and the real yield on an inflation-linked bond (such as a Treasury inflation-protected security, or TIPS) of similar maturity and credit quality. If inflation averages more than the break-even rate, the inflation-linked investment will outperform the fixed-rate bond. If inflation averages below the break-even rate, the fixed-rate bond will outperform the inflation-linked bond.

Duration A measure of the price sensitivity of a fixed income investment to changes in interest rates, expressed as a number of years.

Option-adjusted spread (OAS) is the **yield spread** which has to be added to a benchmark yield curve to discount a security's payments to match its market price, using a dynamic pricing model that accounts for embedded options.

Definitions

MOVE Index The Merrill Lynch Option Volatility Estimate (MOVE) Index is a yield curve weighted index of normalized implied volatility on 1-month treasury options which are weighted on the 2, 5, 10 and 30 year contracts

Bloomberg Barclays Global Agg Ex-US Index A measure of global investment grade debt from 24 local currency markets. This multi- currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays US Agg Corporate 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 US Agg Credit Index Measures the investment grade, US dollar-denominated, fixed-rate, taxable corporate and government related bond markets. It is composed of the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities.

Bloomberg Barclays US Corporate HY 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.

BoAML Emerging Market Corporate Plus Index A comprehensive measure of the EM corporate bond market (including quasi-government debt), including all countries other than FX G10, W Europe, US and related territories, with at least one year to maturity, fixed coupon, USD/EUR with a \$250M outstanding par OAS.

Convexity A measure of the curvature in the relationship between bond prices and yield, which demonstrates how the duration of a bond changes and interest rates change. Used as a risk management tool to measure the amount of market risk to which a portfolio is exposed.

MSCI Emerging Markets Index The MSCI Em (Emerging Markets) Index is a free-float weighted equity index that captures large and mid cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg Barclays EM Hard Currency Aggregate Index The Bloomberg Barclays Emerging Markets Local Currency Liquid Government Index is a country-constrained, more liquid version of the flagship Emerging Markets Local Currency Government Index, which is designed to provide a broad measure of the performance of local currency Emerging Markets (EM) debt.

Put/Call Ratio Calculated by dividing the number of traded put options by the number of traded call options on a security. The put/call ratio is a popular tool for gauging overall sentiment and investor positioning.

Bloomberg CFTC CBT 10 Yr US Treasury Notes Net Non-Commercial Futures Positions The Commitments of Traders (COT) reports provide a breakdown of each Tuesday's open interest for markets in which 20 or more traders hold positions equal to or above the reporting levels established by the CFTC. A trader must report his or her position if at the daily market close, their position is at or above the CFTC's reporting level in any futures month or option expiration. A trader is determined to be commercial or non-commercial using the following rationale: All traders' reported futures positions in a commodity are classified as commercial if the trader uses futures contracts in that particular commodity for hedging as defined in the CFTC's regulations

Appendix D: Important Disclosures

Important Disclosures

The views expressed in this material are the views of SPDR Americas Research Team through the period ended as of June 30, 2017 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.

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.

All material has been obtained from sources believed to be reliable. There is no representation or warranty as to the accuracy of the information and State Street shall have no liability for decisions based on such information.

All the index performance results referred to are provided exclusively for comparison purposes only. It should not be assumed that they represent the performance of any particular investment.

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.

Non-diversified funds that focus on a relatively small number of securities tend to be more volatile than diversified funds and the market as a whole.

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.

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.

The values of **debt securities** may decrease as a result of many factors, including, by way of example, general market fluctuations; increases in interest rates; actual or perceived inability or unwillingness of issuers, guarantors or liquidity providers to make scheduled principal or interest payments; illiquidity in debt securities markets; and prepayments of principal, which often must be reinvested in obligations paying interest at lower rates.

Foreign investments involve greater risks than US investments, including political and economic risks and the risk of currency fluctuations, all of which may be magnified in emerging markets.

Because of their narrow focus, **sector funds** tend to be more volatile.

Commodities investing entail significant risk as commodity prices can be extremely volatile due to wide range of factors Bond funds contain interest rate risk (as interest rates rise bond prices usually fall); the risk of issuer default; issuer credit risk; liquidity risk; and inflation risk.

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.

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.

Important Disclosures (continued)

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