

Money Market Reform Update

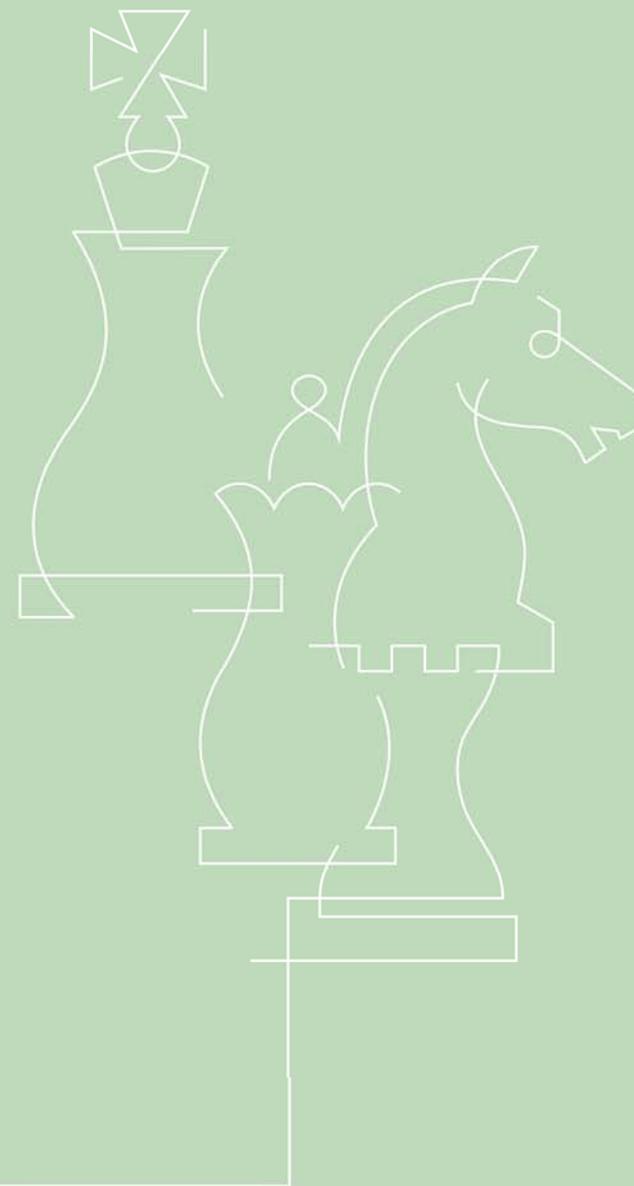
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September 21, 2016

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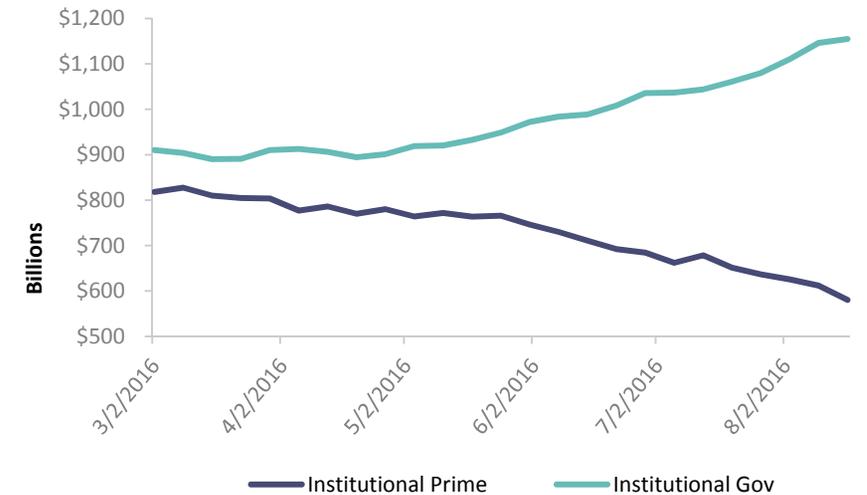
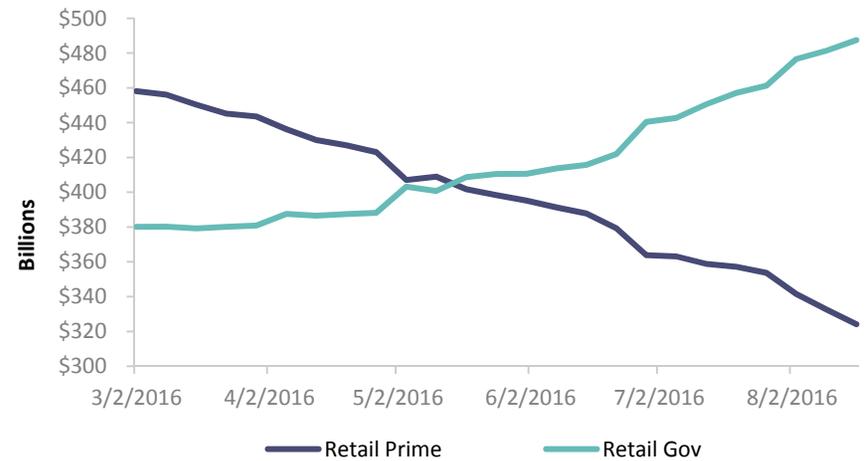
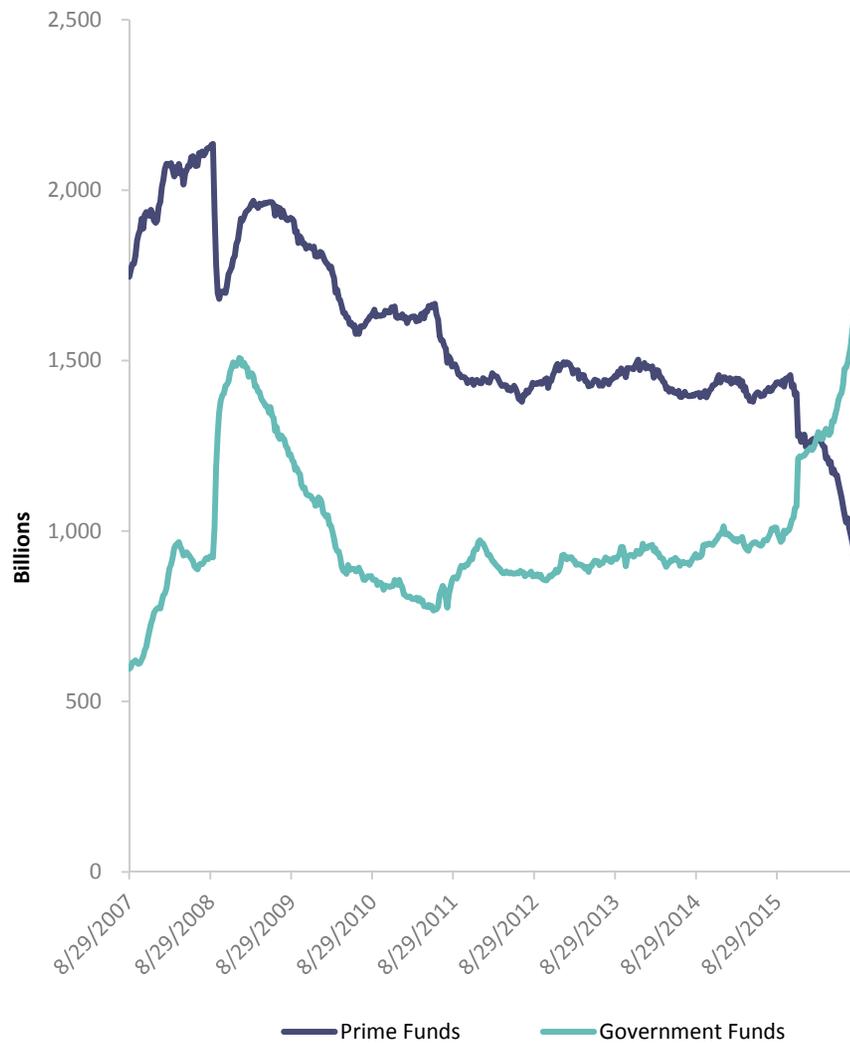
Outline

- Short Term Investment Options — Current versus Future
 - Are prime funds dead or not?
 - Regulation: Did they go too far?
 - Does this current regulation help or hurt?
 - Can things go wrong in short duration space? Could '08 happen again?
- Operating Cash versus Core Cash versus Strategic Cash
 - Liquidity, Duration, Credit
 - What are the risks in operating assets?
 - What is the goal of an operating portfolio? Safety, liquidity, opportunity?
- Economics and Politics
 - What is the Fed going to do?
 - Election: Positive for markets or not?

Liquidity: Gates, Fees and Market Reactions

- **GATES:** If Weekly Liquidity falls below 30% The Fund's Board may impose a gate for up to 10 days in any 90 day period
- **FEES:** If Weekly Liquidity falls below 30% the Fund's board may impose a Fee of up to 2% on redemptions, And if the weekly liquidity falls below 10% a mandatory 1% fee is imposed (unless Board deems not in best interest of shareholders)

Money Market Fund Assets on the move



Graph Source: ICI, Bloomberg Finance, L.P., as of August 10, 2016.

Floating NAV: What about accounting implications?

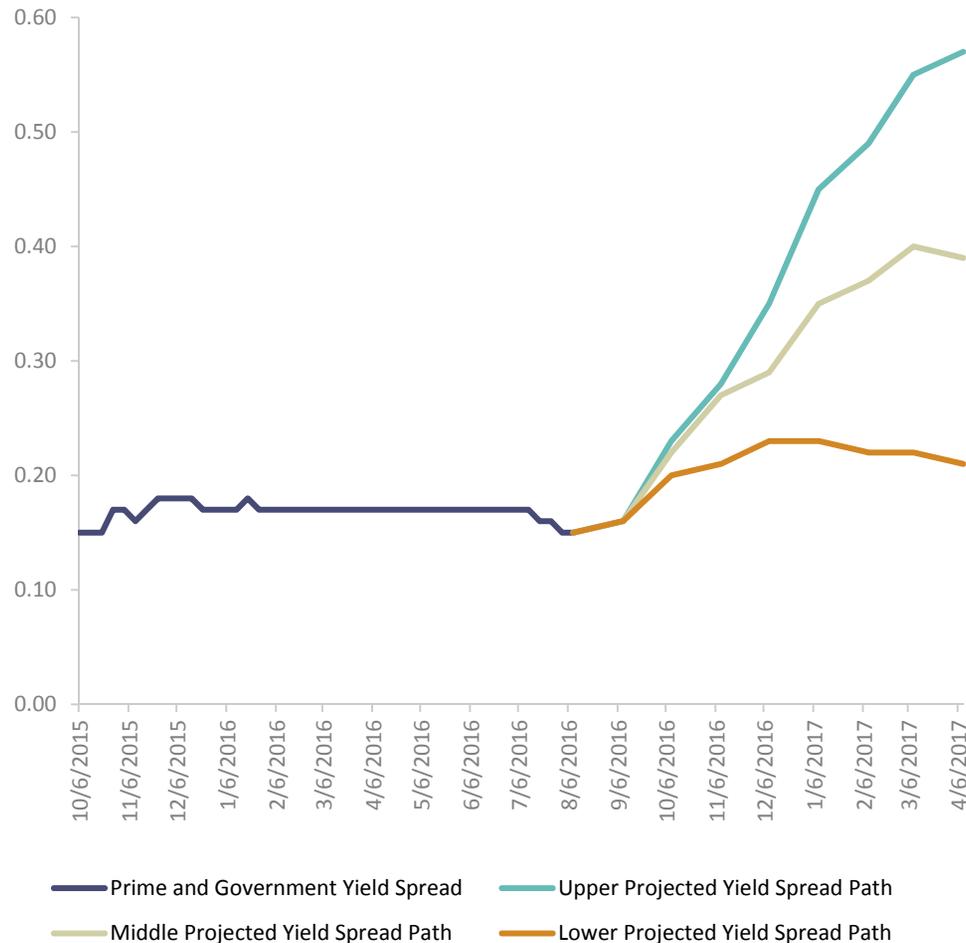
- Treasury Department and the IRS proposed tax guidance that would:
 - Streamline accounting methods to address gains and losses for investors in floating NAV money market funds
 - Simplified method of accounting- net gains and losses versus transaction by transaction
 - Provide tax relief from “wash sale” rules for any losses stemming from buying and selling shares of a floating NAV fund in the same day
- The SEC also clarified that money market funds with a floating NAV will continue to be considered cash equivalents for balance sheet purposes

Opportunity in Prime Assets?

Money Fund Investors are adjusting to the new rules governing SEC 2a–7 Money Market Funds and we believe opportunities abound:

- The Libor Curve has **steepened**
- Short term credit investments have **cheapened** and have value to cash investors
- Separately managed accounts and comingled funds not impacted reform can be a **great buying opportunity**
- Liquidity rules that govern MMFs will provide a level of opportunity loss that **non-MMF investors may be able to take advantage of**
- Understanding your **corporation's cash flows** is so valuable
- Short Term Investment Funds or Separately Managed Accounts may offer a **good balance** of yield and liquidity

The Spread Between Prime Money Market Fund Yields and Government Money Market Fund Yields



- Many US Investors are watching to see how wide the spread in yield will go before they make their investment decision
- Some prime and government fund yield spreads got as wide as 20–25 basis points
- The average was 17 basis points before it began to compress due to increased weekly liquidity and shortening WAM and WAL
- Some investors are showing renewed interest in prime fund strategies due to the increase in the yield spread over government strategies

Source: SSGA, iMoney Net as of August 17, 2016.

Past performance is not a guarantee of future results.

The above projected yields are estimates based on certain assumptions and analysis made by SSGA. There is no guarantee that the estimates will be achieved.

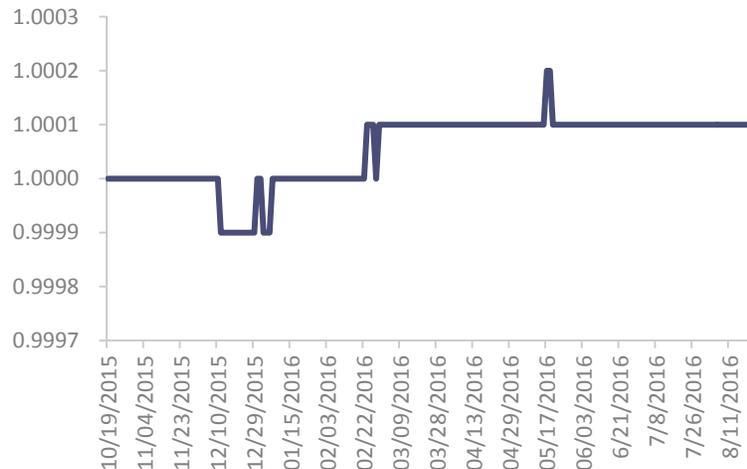
Variable NAV: Can Cash Be Total Return?

Example

Yield Spread 0.35%			
Purchase	50,000,000.00	\$ 1.0002	\$ 50,010,000.00
Days Held 90			
Sold	50,000,000.00	\$ 0.9999	\$ 49,995,000.00
	Principle Gain/Loss	\$	(15,000.00)
	Interest	\$	43,758.75
	Total Net Proceeds	\$	50,038,758.75
	Total % Return		0.23%

- Client invests \$50 million in a prime money market fund
- Prime fund yield is 35 basis points over a government money market fund yield
- Client sells prime fund after 90 days for a 3 basis point NAV loss (1.0002 versus 0.9999)
- Client records \$15,000 loss on the sale and \$43,758.75 in earned interest
- The total return on the investment is \$38,758.75 over what would have been earned during the same period in a stable NAV government money market fund
- Thus a total % return of 0.23%

Mark to Market NAV of Institutional Liquid Reserves Money Market Fund*



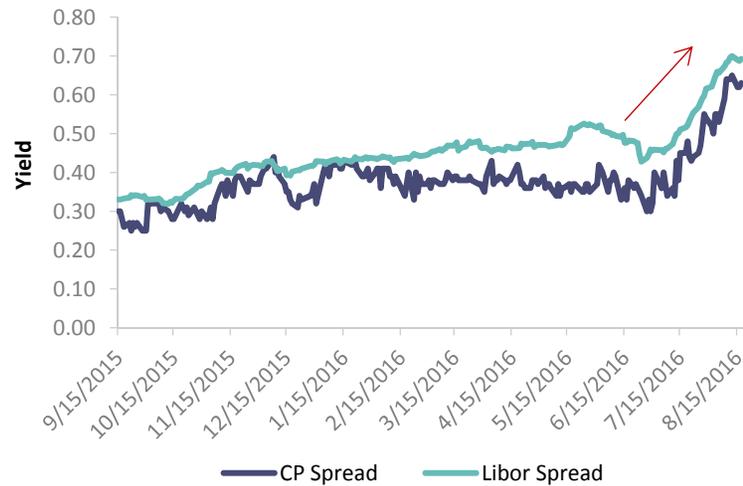
Source: SSGA, as of August 22, 2016.

Information contained on this page is for illustrative purposes only.

* Please see Fund Fact Sheet in Appendix A.

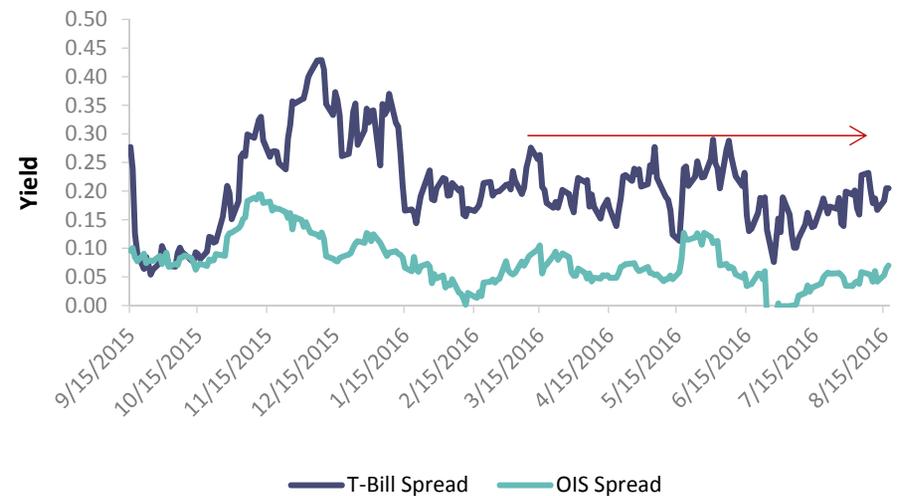
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Short Term Yield Curves Flatten with Market Volatility



- As the demand for government and treasury assets increase the yield curve remains relatively flat
- Although it has come off the early summer lows

- The yield curve has steepened due to pending rule changes and the demand for short term debt (1 month) and lack of demand for longer term debt (>2 months)
- Prime Funds continue to increase short term Liquidity and “bid up” short term debt

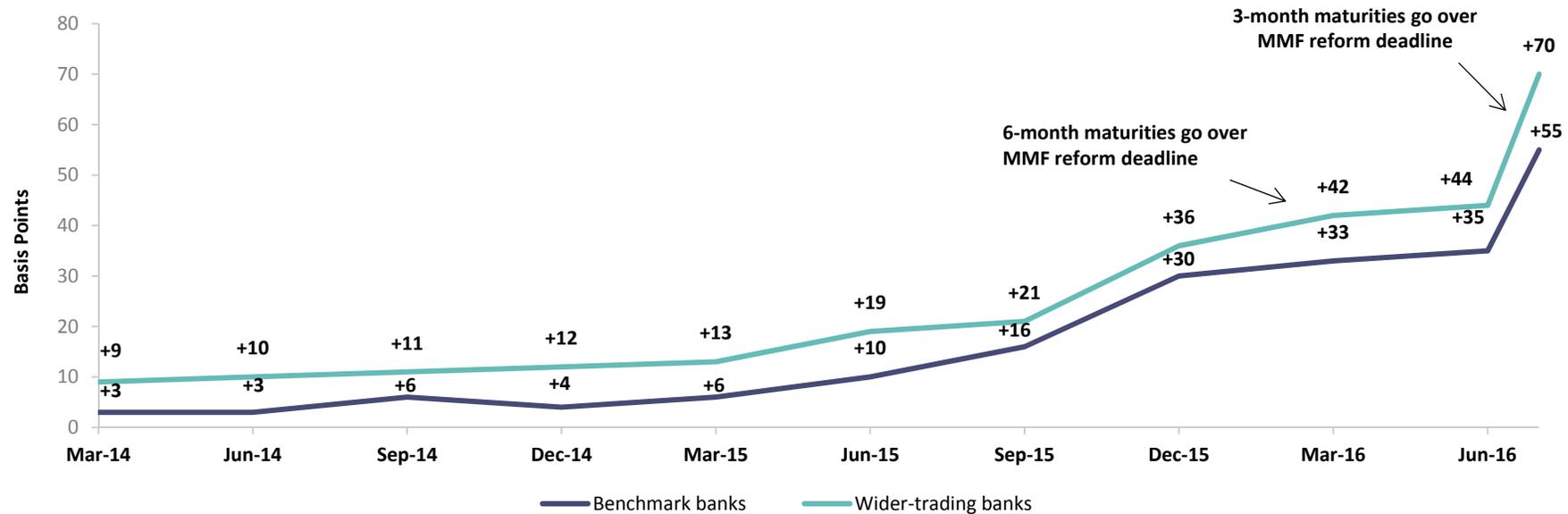


Source: Bloomberg Finance, L.P., as of August 17, 2016.
Past performance is not a guarantee of future results.

Bank Spreads and Commercial Paper

There has been a significant spread widening in Bank Floating Rate Notes

6 month Floating Rate Note issuance levels spread to 1 month Libor

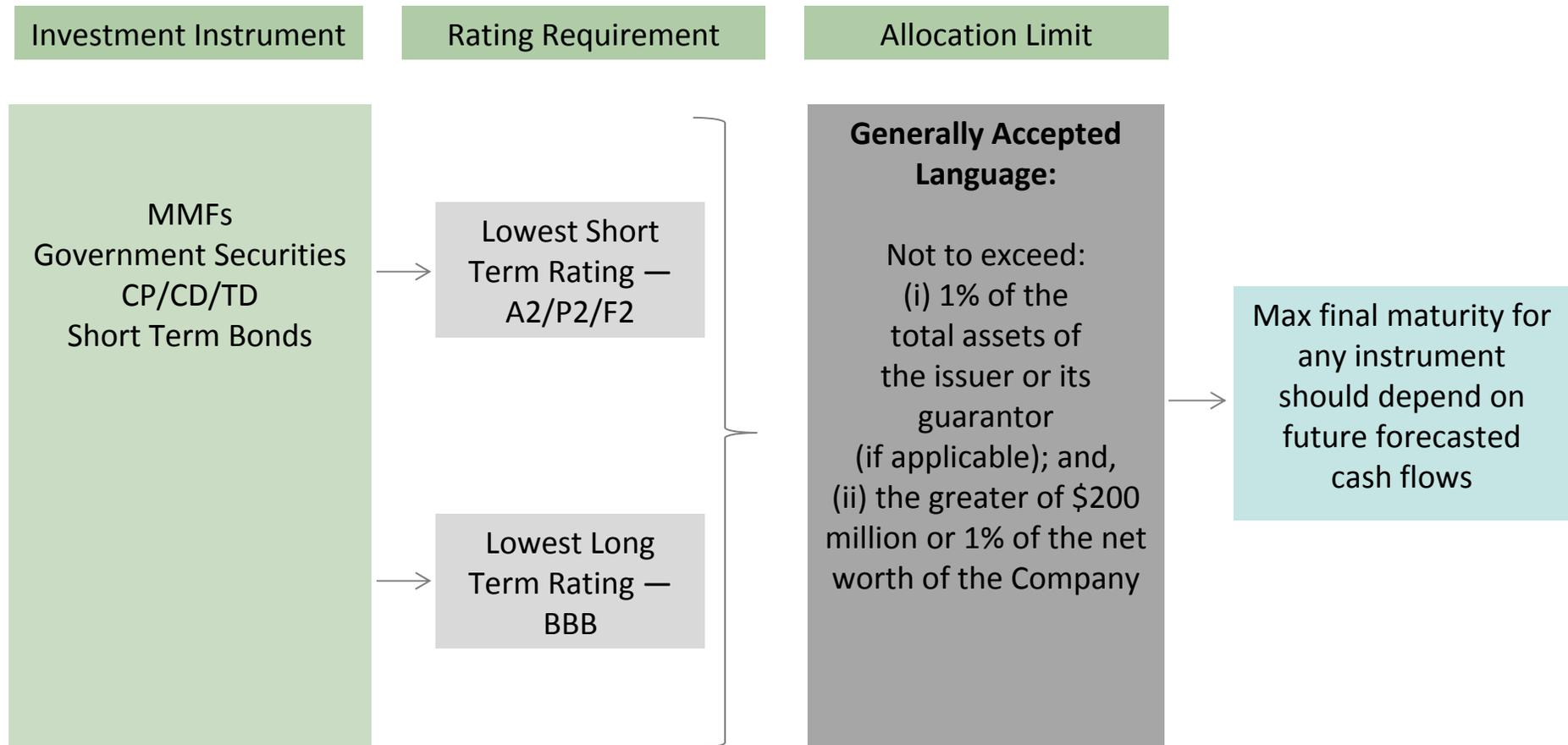


- Bank floating rate notes are a good indicator of credit conditions in the short term fixed income market
- Historically, post crisis, bank floating rate note spreads have traded close to Libor
- Because of the shortening of WAMs and WALs in Prime MMF there has been little demand for these notes and thus significant increase in their spread to Libor
- Fundamental bank credit conditions continue to be strong but MMF technicals are causing the spread to widen
- Investors not affected by the SEC's MMF reform are benefitting from the increase in spreads

Source: JPMorgan July 31, 2016.

Benchmark Banks represent higher quality, more liquid banks trading at the tighter end of the range. Wider-trading banks represent lower quality, less liquid banks trading at the wider end of the trading range.

Illustrative Investment Policy Matrix — Key Features



The above is for illustrative purposes only.

Major Macro Challenges for Markets in 2016

★ CHINA

- Risk of RMB devaluation
- Credit and Investment bubbles
- Housing % GDP over 3x US peak

III FED

- Focus on global developments
- Cautious inflation outlook
- Slower pace of rate hikes

🌐 GEOPOLITICAL

- Middle-East tensions
- Oil prices — lower range
- Political instability

€ EUROPE

- Migrant crisis
- QE distortions
- Boost from weaker Euro fading

\$ US

- Controversial Presidential election
- Congressional gridlock
- Weak external environment

¥ Japan

- 2% inflation by mid-2017?
- Diminishing return from policy actions
- Liquidity issues in JGB Market

🇬🇧 BREXIT

- Political uncertainty
- Economic uncertainty

QE = Quantitative easing.
"Brexit" = Britain exit from European Union.
Fed = US Federal Reserve.

Global Bond Market Landscape

POLICY

Convergence

- Fed slows normalization pace
- ECB and BOJ increase QE
- “Brexit” risk delays BOE action
- China — RMB stability preferable

ECONOMY

Rebalancing Growth

- Loose policy in Europe and Asia
- Modest help from fiscal policies
- Shrinking output gaps — though still negative

LOW-FLATION

Downside Risks

- Global developments — China slowdown & oil prices
- Less upward pressure on USD with fewer rate hikes
- Low productivity and subdued wage growth

ECB = European Central Bank.
BOE = Bank of England.
BOJ = Bank of Japan.

Appendix A: Fact sheet

Fund Facts

Ticker Symbol	SSIX
CUSIP	85749P101
Net Expense Ratio	0.12%
Net Assets	\$39,487,957,103
Weighted Average Maturity	28
Weighted Average Life	37
7 Day Yield	0.46%
7 Day Yield (Subsidized)	0.46%
Number of Holdings	194
Inception	August 12, 2004
Net Asset Value	\$1.00
S&P Fund Rating*	AAAM
Fitch Fund Rating*	AAAMMF
Trading Deadline	5:00 PM (EST)

Fund Objective

The investment objective of State Street Institutional Liquid Reserves Fund is to seek to maximize current income, to the extent consistent with the preservation of capital and liquidity and the maintenance of a stable \$1.00 per share net asset value ("NAV") by investing in U.S. dollar-denominated money market securities.

Investment Strategy

The Fund attempts to meet its investment objective by investing in a broad range of money market instruments. These may include among other things: U.S. government securities, including U.S. Treasury bills, notes and bonds and other securities issued or guaranteed as to principal and/or interest, as applicable, by the U.S. government or its agencies or instrumentalities; certificates of deposits and time deposits of U.S. and foreign banks (including ECDs, ETDs and YCDs); commercial paper and other high quality obligations of U.S. or foreign companies; asset-backed securities, including asset-backed commercial paper; mortgage-related securities; and repurchase agreements. These instruments may bear fixed, variable or floating rates of interest or may be zero coupon securities. The Fund also may invest in shares of other money market funds, including funds advised by the Adviser. Under normal market conditions, the Fund intends to invest more than 25% of its total assets in bank obligations. A substantial portion of the Fund may be invested in securities that are issued or traded pursuant to exemptions from registration under the federal securities laws

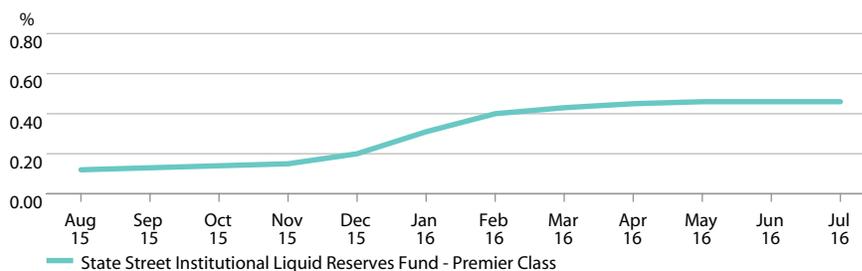
Fund Performance

	As of	1 Month	3 Month	YTD	1 Year	Annualized 3 Year	5 Year	10 Year
Month End	07/31/2016	0.04%	0.12%	0.25%	0.31%	0.16%	0.16%	1.18%
Quarter End	06/30/2016	0.04%	0.11%	0.21%	0.28%	0.15%	0.15%	1.22%

Performance quoted represents past performance, which is no guarantee of future results. 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. Visit www.ssga.com/cash most recent month-end performance.

Average Annual Total Returns reflect the reinvestment of dividends, capital gains distributions all fee waivers and expense reimbursements.

Monthly Yield History



30 Day Yield

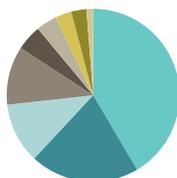
Yield quotations more closely reflect the current earnings of money market funds than the total return quotations.

Maturity

	2015					2016						
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Weighted Average Maturity (Days)	24	22	39	33	23	30	35	31	34	28	28	28
Weighted Average Life (Days)	56	53	68	60	40	50	52	49	49	42	37	37

Maturity as of month end

Fund Composition (% Amortized Cost)



- Certificate of Deposit - 41.51%
- Financial Company Commercial Paper - 20.43%
- Treasury Repurchase Agreement - 11.30%
- Government Agency Repurchase Agreement - 10.96%
- Asset Backed Commercial Paper - 4.77%
- Other Instrument - 3.89%
- Government Agency Debt - 3.04%
- Other Repurchase Agreement - 2.85%
- Treasury Debt - 1.25%

Top Ten Holdings‡ (% Amortized Cost)

Mizuho Securities USA Repo	4.97%
President and Fellows of Harvard College	1.64
Citigroup Tri Party Repo	1.49
Calyon Tri Party Repo	1.24
Societe Generale Tri Party Repo	1.24
BNP Tri Party Repo	1.18
Credit Suisse	1.12
Calyon Tri Party Repo	1.12
Credit Industriel et Commercial	1.12
ING Bank NV	0.99

Maturity Ladder (% Amortized Cost)

Overnight (1 Day)	12.50%
2 - 30 Days	36.52
31 - 60 Days	27.78
61 - 90 Days	14.21
Over 90 Days	8.99

Please note that full details of underlying fund holdings can be found on www.ssga.com/cash.

‡Subject to change.

Appendix B: Disclosures and Biography

Important Disclosures

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Investments in asset backed and mortgage backed securities are subject to prepayment risk which can limit the potential for gain during a declining interest rate environment and increases the potential for loss in a rising interest rate environment.

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

An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.

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Tracking Code: GCB-1087

Expiration Date: October 31, 2016

Biography



Donald Norris III

Donald is a Vice President at State Street Global Advisors and a member of the Global Cash Business team. As a Regional Sales Director, he is responsible for distribution of SSGA's Global Cash and Short Term Fixed Income solutions to US corporations, financial institutions, and third-party distributors in the Northeast and Mid Atlantic regions of the United States.

Prior to his current role Donald worked as an Internal Wholesaler for the Global Cash Business team. He served as one of the primary points of contact for internal and external queries regarding SSGA and State Street Institutional Money Market Funds, short term fixed income solutions, and separately managed accounts specifically working with west coast cash investors.

Donald earned a BA from Saint Anselm College where he majored in Financial Economics. Donald also holds Financial Industry Regulatory Authority (FINRA) Series 7 and 63 licenses.