

**Program Overview**

State Street has been providing securities lending services to investors since 1974. Today, the State Street lending programme covers equity and fixed income assets around the world. Luxembourg SICAV funds participate in the programme, providing the potential to generate incremental returns for investors in a risk controlled manner.

The programme is managed by State Street Securities Finance (SSSF), a division of State Street Global Markets. SSSF operates through entities within the State Street group of companies. SSSF is a key global player in securities lending, with lendable assets of approximately \$3.12 trillion with 131 borrower relationships and approximately 250 employees dedicated to securities lending activities in more than 35 international markets.<sup>1</sup>

At present, lending in relation to which State Street acts as lending agent is collateralised by non-cash collateral with a margin of 102–110%. Collateral types and collateralisation levels are under continual review based on prevailing market conditions.

Luxembourg SICAV funds benefits from a counterparty default indemnity from State Street Bank & Trust Company (SSBTC) pursuant to its Securities Lending Authorisation Agreement ('SLAA'). In particular, if a counterparty defaults and fails to return equivalent securities to those loaned then, subject to the terms of the SLAA, SSBTC would be required to fund any shortfall between the value of the realised collateral and the market value of the replacement securities.

State Street Securities Finance pays all costs associated with the lending programme; this means income allocated to the Luxembourg SICAV funds is clear of any indirect or 'hidden' costs. Income generated from securities lending is allocated 70% to the Funds and 30% to the lending agent.

<sup>1</sup> As of 31 March 2016. Note that not all borrower relationships are used in relation to the lending of Luxembourg SICAV securities.

**Collateral Breakdown (Luxembourg SICAV Programme Level)**



Source: SSSF, 31 March 2016. <sup>1</sup>31 December 2015.

**Net Position (Luxembourg SICAV Programme Level)**

Quarter	Collateral/Assets on Loan Ratio (%)
Q4 2015 <sup>1</sup>	108.27
Q1 2016	107.73

Source: SSSF, 31 March 2016. <sup>1</sup>31 December 2015.

**Loan Type**

**Collateral Types**

Asset Class	International Equities (%)	Government Bonds (%)
International and US Equities	105 - 110	102 - 105
International Fixed Income	105 - 110	102 - 105

Source: SSSF, 31st March 2016

Fund Name	Collateral Coverage at 31 March 2016 (%)	Maximum On Loan (%)	Average On Loan (%)	Current Month Return (bps)	Total 12 Month Return (bps)	Prior Year Q1 2015 Return (bps)	Current Year Q1 2016 Return (bps)
State Street Europe Small Cap Equity Fund	106.14	9.73	4.71	0.51	0.92	0.16	0.74
State Street Europe Equity Fund	107.43	8.31	4.20	0.14	0.64	0.32	0.28
State Street Europe Enhanced Equity Fund	106.79	15.47	5.67	0.31	1.44	0.53	0.61
State Street North America Enhanced Equity Fund	108.71	11.06	4.36	0.26	1.29	0.53	0.58
State Street Asia Pacific Enhanced Equity Fund	107.49	13.17	4.68	0.21	0.56	0.14	0.35
State Street Emerging Asia Equity Fund	108.51	1.00	0.22	0.01	0.04	0.01	0.01
State Street EMU Small Cap Equity Fund (Active)	106.65	12.16	7.26	0.41	1.00	0.24	0.77
State Street Australia Index Equity Fund	107.53	20.63	10.07	0.27	1.16	0.51	0.64
State Street Japan Index Equity Fund	107.57	13.35	3.69	0.34	0.72	0.23	0.51
State Street US Index Equity Fund	109.27	9.96	5.43	0.11	0.42	0.14	0.29
State Street EMU Index Equity Fund	106.40	14.38	8.04	0.40	1.26	0.60	0.65
State Street Europe Index Equity Fund	106.61	12.77	6.81	0.29	0.97	0.38	0.60
State Street World Index Equity Fund	108.32	10.70	5.89	0.26	1.05	0.43	0.63
State Street World SRI Equity Fund	108.39	16.69	8.09	0.30	1.23	0.48	0.75
State Street Pac Ex Japan Index Equity Fund	107.27	25.16	12.47	0.31	1.12	0.38	0.72
State Street Global EM Index Equity Fund	106.83	3.06	2.03	0.04	0.15	0.06	0.10
State Street Canada Index Equity Fund	107.53	28.38	16.75	3.11	17.63	7.60	9.88
State Street Switzerland Index Equity Fund	105.67	34.97	3.21	0.54	0.95	0.26	0.71
State Street UK Index Equity Fund	107.34	10.78	2.80	0.12	0.32	0.08	0.25
<b>Grand Total</b>	<b>107.72</b>	<b>34.97</b>	<b>6.16</b>	<b>0.33</b>	<b>1.23</b>	<b>0.49</b>	<b>0.70</b>

Source: SSSF, 31 March 2016.

Past performance is not a guarantee of future results. The performance figures contained herein are provided on a net of fees basis and do reflect the deduction of advisory or other fees.

Performance returns for periods of less than one year are not annualized.

The performance includes the reinvestment of dividends and other corporate earnings and is calculated in USD.

**Borrower Exposure: as at 31 March 2016****Borrower Name**

ABN AMRO BANK N.V.	JP MORGAN SECURITIES PLC
CITIGROUP GLOBAL MARKETS LIMITED	MACQUARIE BANK LIMITED
CREDIT SUISSE SECURITIES (EUROPE) LIMITED	MERRILL LYNCH INTERNATIONAL
DEUTSCHE BANK AG	MORGAN STANLEY & CO. INTERNATIONAL PLC.
HSBC BANK PLC	SOCIETE GENERALE SA
ING BANK NV	

Source: SSSF, 31 March 2016.

Exposures are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

**Securities Lending additional information**

1. Total 12 Month Return is calculated as net 12 months securities lending revenue to the fund divided by the average AUM over the same time period
2. Average on loan (%) is calculated as an average percentage value of daily securities on loan divided by the daily AUM of the fund over the last 12 months
3. Maximum on loan (%) is calculated as maximum percentage of the AUM assets lent in a single day over the last 12 months
4. Funds that appear to have no collateral had no loans as of the last day of the month

**A Fund disclosure document and policy document for this fund can be obtained from your advisor or fund platform**

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Securities lending programs and the subsequent reinvestment of the posted collateral are subject to a number of risks, including the risk that the value of the investments held in the collateral may decline in value and may at any point be worth less than the original cost of that investment.

Investing involves risk including the risk of loss of principal. Risks associated with equity investing include stock values which may fluctuate 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.

Actively managed funds do not seek to replicate the performance of a specified index

The Fund is actively managed and may underperform its benchmarks. 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.

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