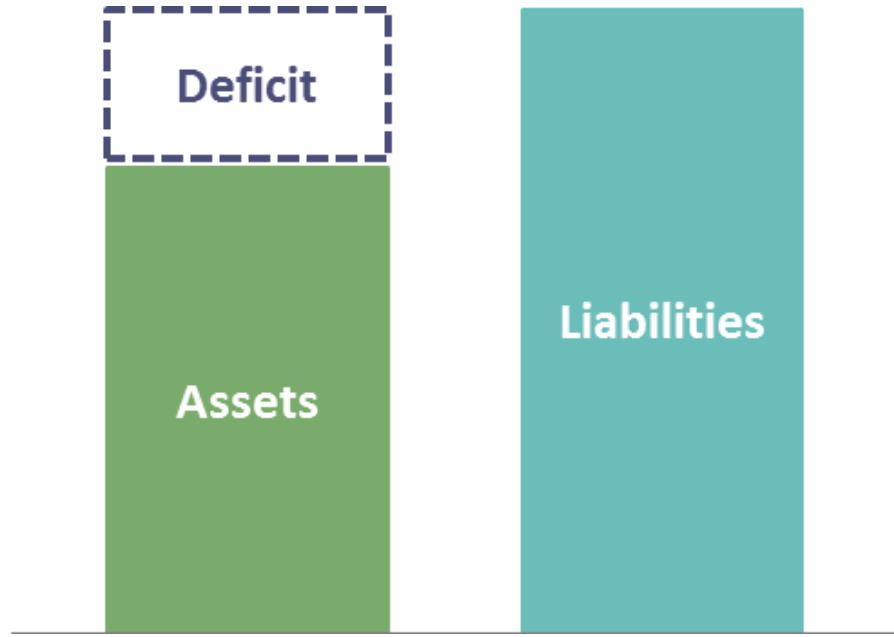


Hedging Liabilities & Seeking Returns in a Low Yield World

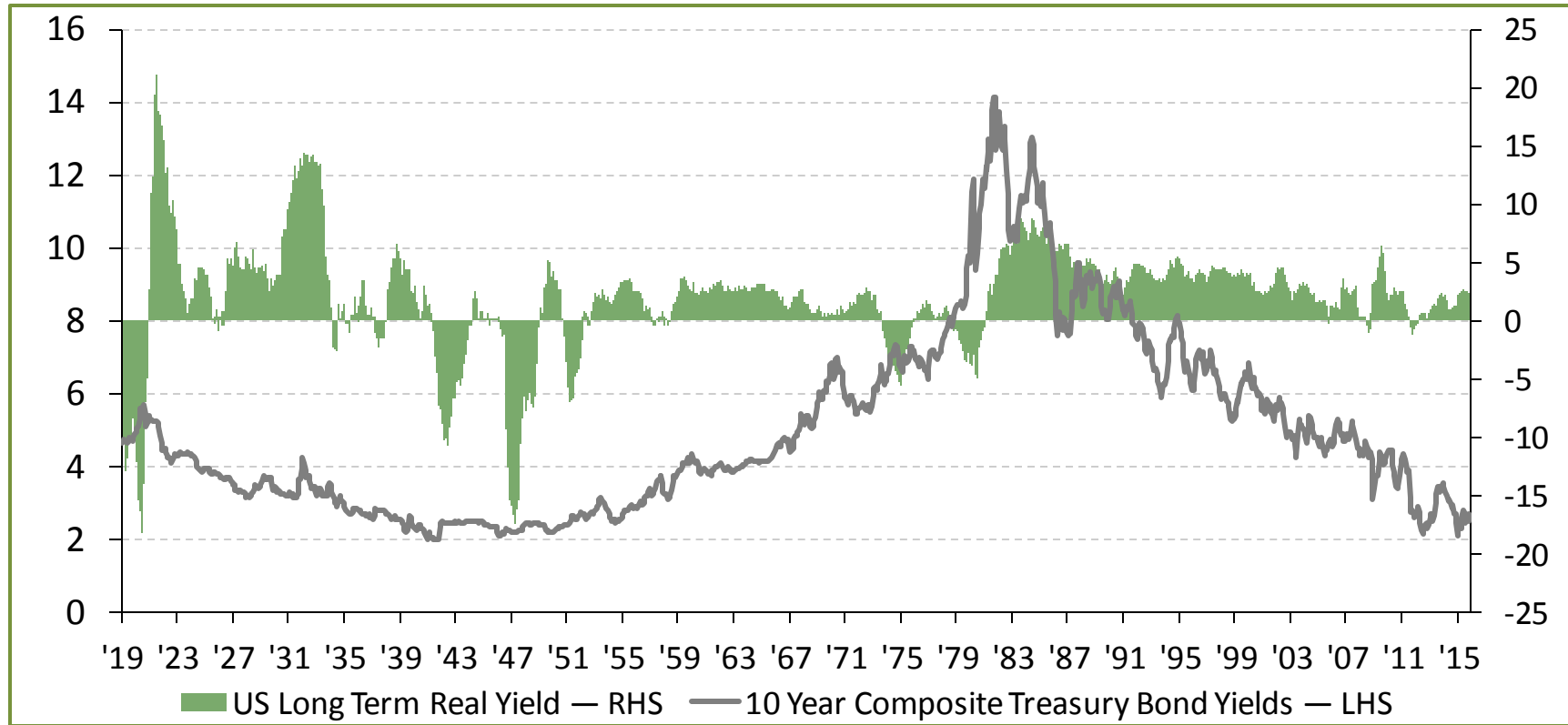
Niall O'Leary, State Street Global Advisors

Asset and Liability Risks

Rather than focus on the more visible asset risks, pension schemes must consider both sides of their balance sheet risk

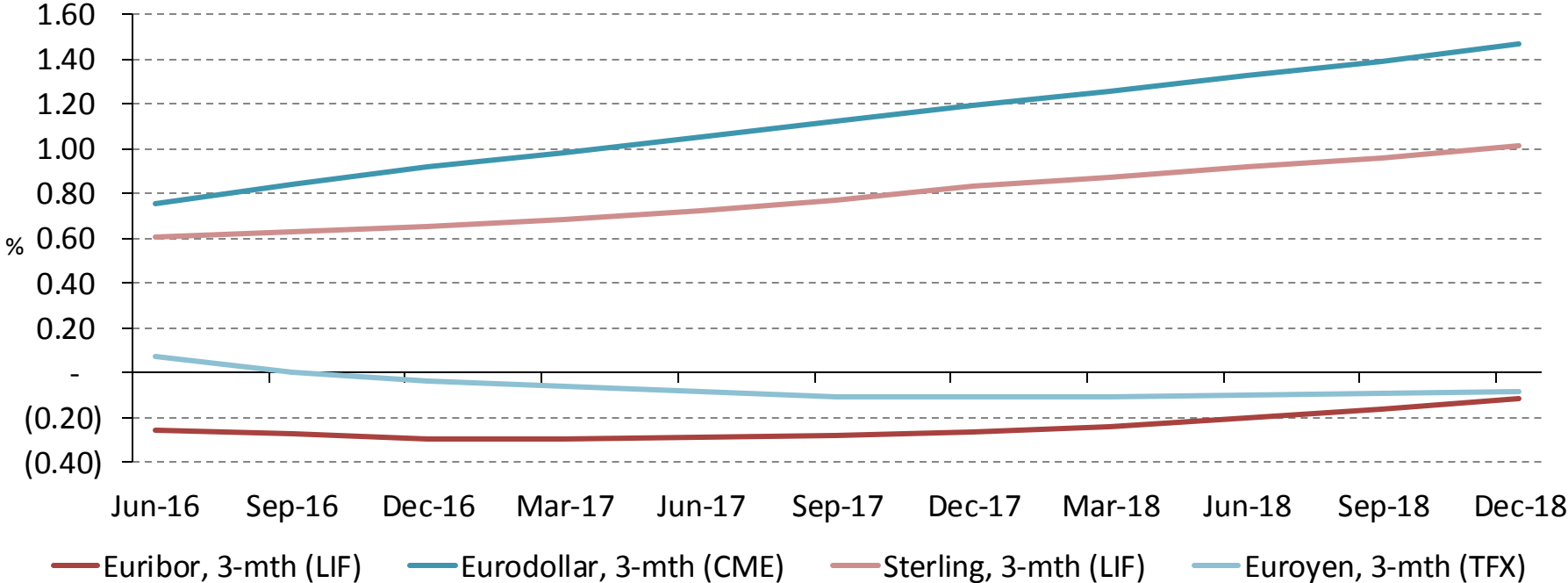


End of a Bull Market? Or a Return to Normal?



Source: SSGA, Ned Davis Research
as of 31 December 2015.

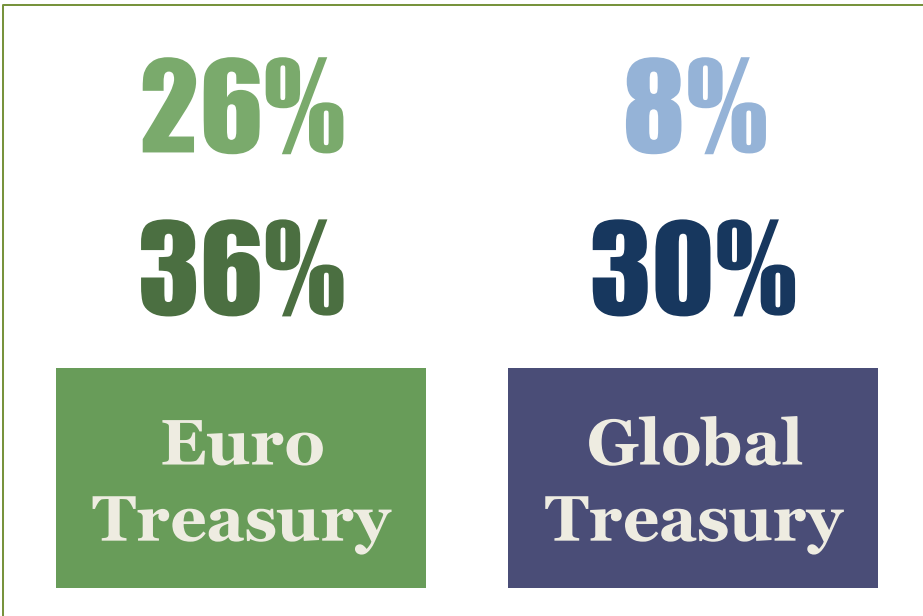
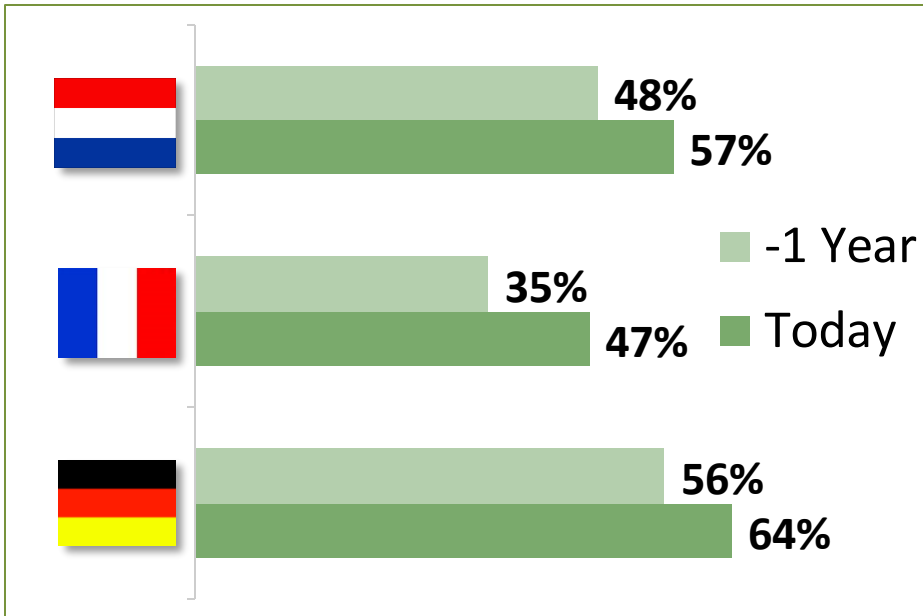
Markets are Pricing in Lower for Longer



Increase in Negative Yielding Bonds

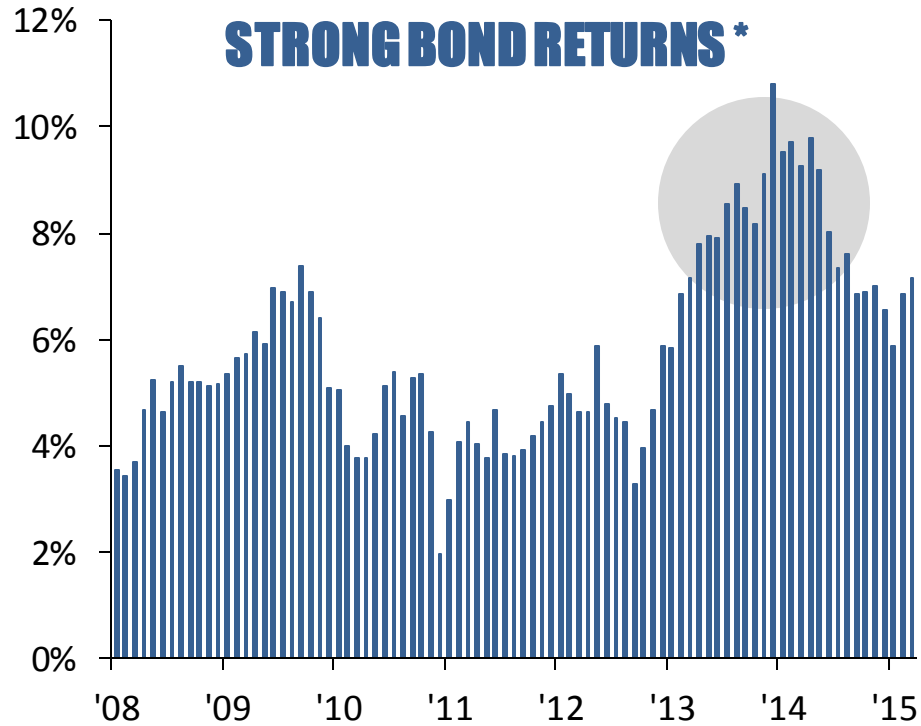
Country Treasury Bond Indices

Market Weight of Negative Yielding Bonds

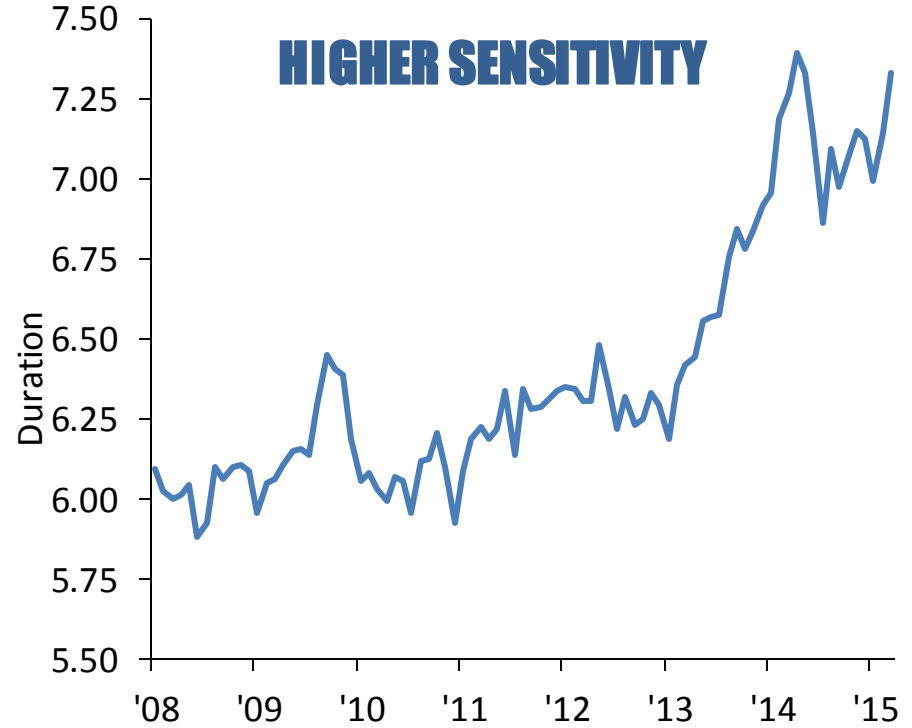


Source: SSGA, Barclays POINT — as of 22 March 2016. -1 Year as of 31 March 2015. Weights of the date indicated, are subject to change, and should not be relied upon as current thereafter. Past performance is not a guarantee of future results.

Are Investors too Complacent?



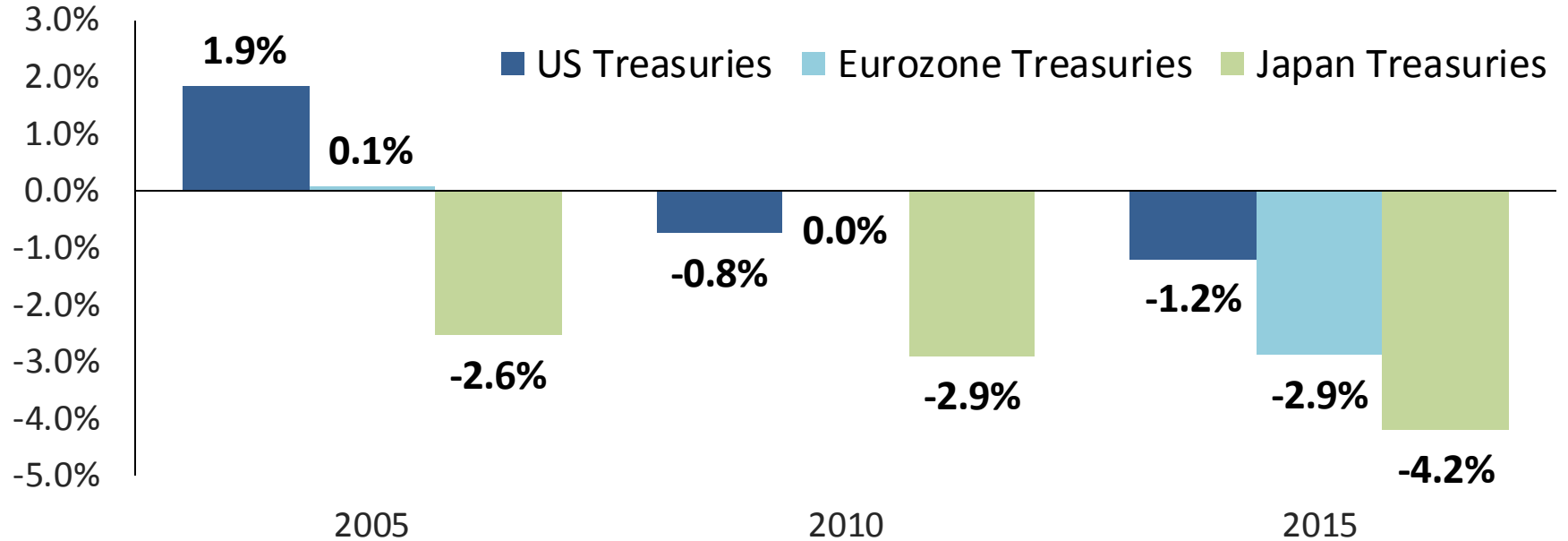
***Rolling 3Y EZ Govt Bond Returns (annualised)**



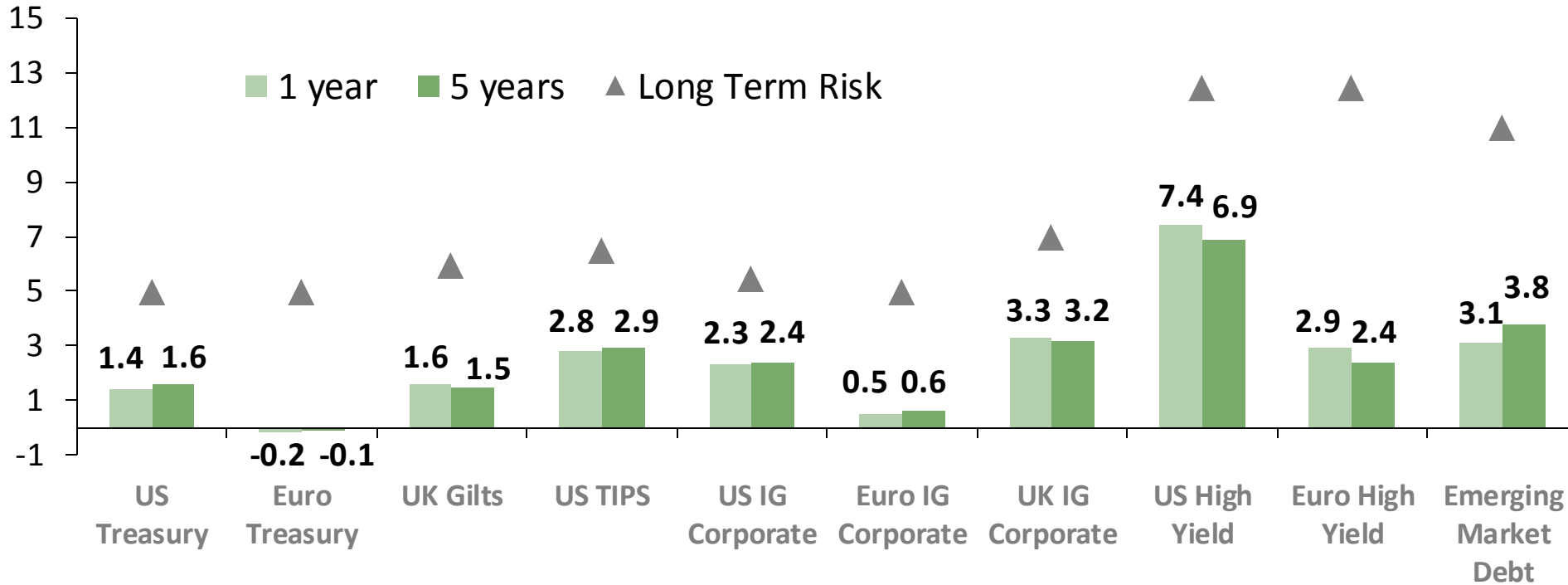
Source: SSGA, Bloomberg, BofAML as at 29 February 2016. Past performance is not a guarantee of future results. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

Low Margin of Safety

Return impact of 50 bps yield increase (1-year horizon)



Long-Term Fixed Income Forecasts

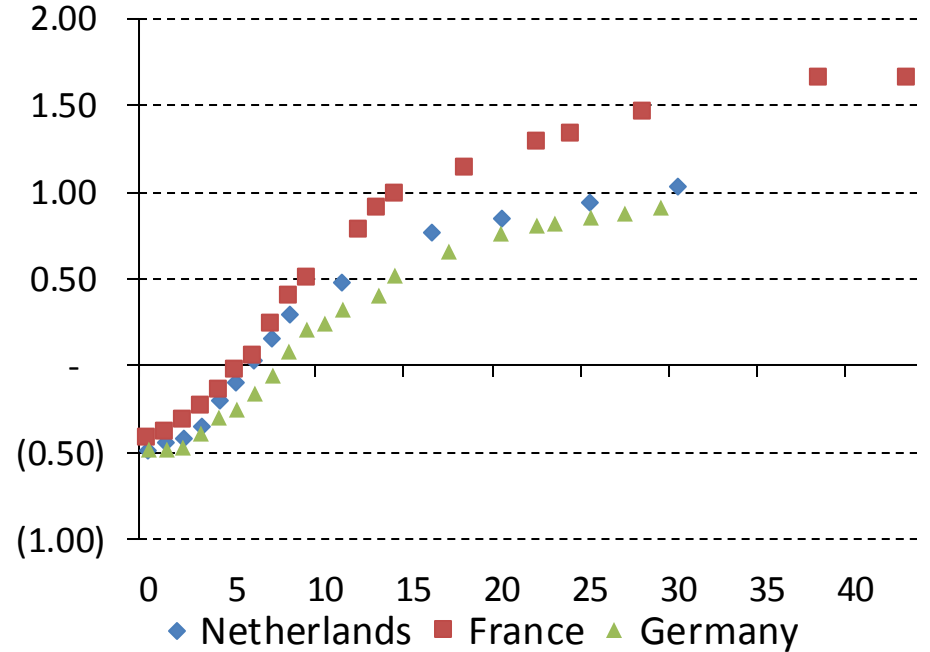


Strategic Option 1 – Embrace Duration

EURO TREASURY YIELDS



STEEP CURVES

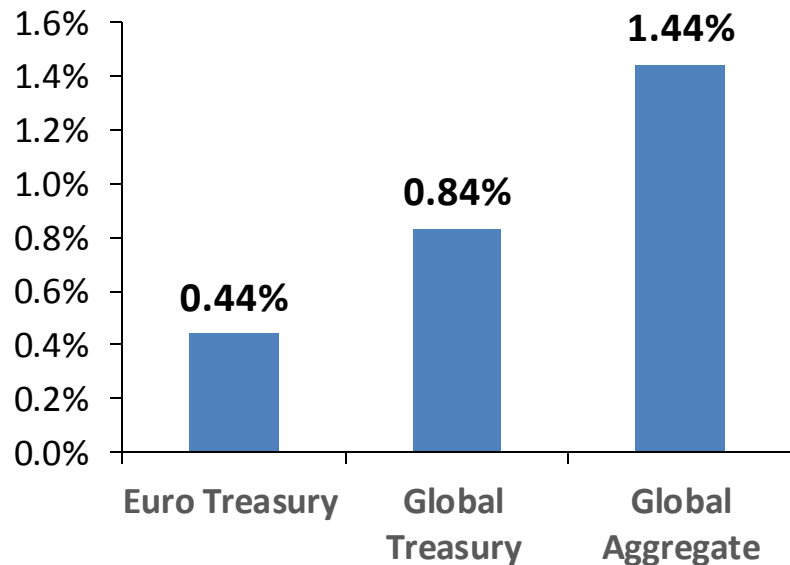


STATE STREET
GLOBAL ADVISORS

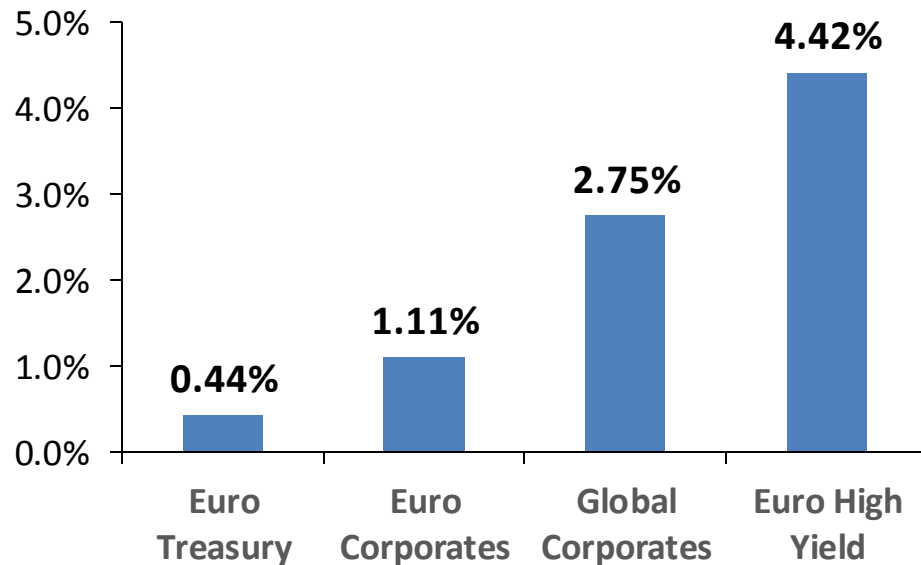
Source: Barclays, SSGA, as of 22 March 2016. Past performance is not a guarantee of future results.

Strategic Option 2 – Broaden/Deepen Exposure

GLOBAL BOND YIELDS



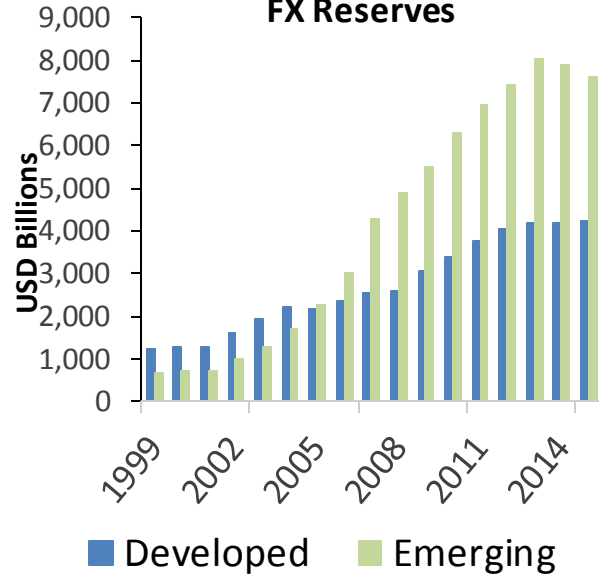
CREDIT SECTOR YIELDS



Strategic Option 3: Emerging Markets

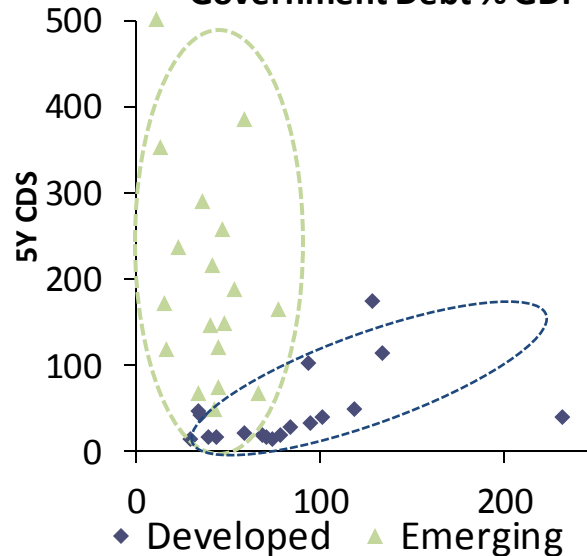
1 STRUCTURAL IMPROVEMENTS

FX Reserves



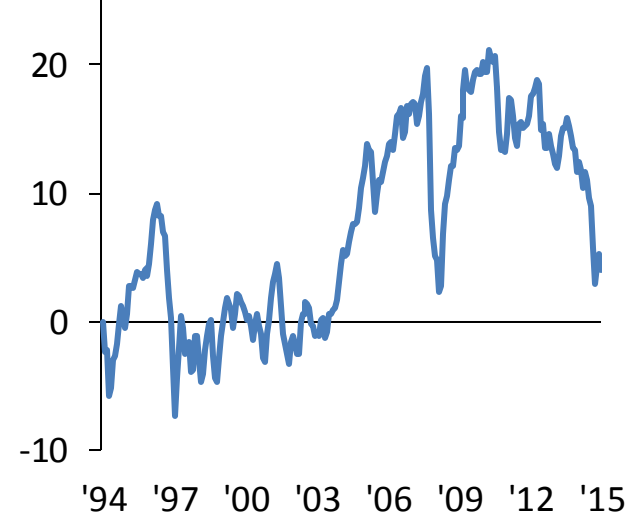
2 FUNDAMENTAL DIVERSIFICATION

Government Debt % GDP



3 IMPROVED VALUATIONS

CPI Based EM Currencies REER*



**STATE STREET
GLOBAL ADVISORS**

A long-term story for long-term investors

Source: SSGA, BIS, IMF, JP Morgan, December 2015. *Real Effective Exchange Rate: Calculated using index weights of the JPM-EM-GBI Global Diversified. Diversification does not ensure a profit or guarantee against loss.

THANK YOU

STATE STREET
GLOBAL ADVISORS

Disclosures

State Street Global Advisors Ireland Limited is regulated by the Central Bank of Ireland. Incorporated and registered in Ireland at Two Park Place, Upper Hatch Street, Dublin 2. Registered number 145221. T: +353 (0)1 776 3000. F: +353 (0)1 776 3300. Member of the Irish Association of Investment Managers. ssga.com

All the information contained in this presentation is as of the date indicated unless otherwise noted. The whole or any part of this work may not be reproduced, copied or transmitted or any of its contents disclosed to third parties without SSGA's express written consent. All information has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is no representation or warranty as to the current accuracy, reliability or completeness of, nor liability for, decisions based on such information and it should not be relied on as such. The views expressed in this material are the views of Niall O'Leary through the period ended 24 March 2016 and are subject to change based on market and other conditions.

This document may contain certain statements deemed to be forward-looking statements. All statements, other than historical facts, contained within this document that address activities, events or developments that SSGA expects, believes or anticipates will or may occur in the future are forward-looking statements. These statements are based on certain assumptions and analyses made by SSGA in light of its experience and perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances, many of which are detailed herein. Such statements are subject to a number of assumptions, risks, uncertainties, many of which are beyond SSGA's control. Please note that any such statements are not guarantees of any future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

Diversification does not ensure a profit or guarantee against loss. Bonds generally present less short-term risk and volatility than stocks, but contain interest rate risk (as interest rates rise bond price 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.

Investing involves risk including the risk of loss of principal. Increase in real interest rates can cause the price of inflation-protected debt securities to decrease. Interest payments on inflation-protected debt securities can be unpredictable. U.S. Treasury Bills maintain a stable value if held to maturity, but returns are generally only slightly above the inflation rate. 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.

Currency Risk is a form of risk that arises from the change in price of one currency against another. Whenever investors or companies have assets or business operations across national borders, they face currency risk if their positions are not hedged. Government bonds and corporate bonds generally have more moderate short-term price fluctuations than stocks, but provide lower potential long-term returns. Investing in foreign domiciled securities may involve risk of capital loss from unfavourable fluctuation in currency values, withholding taxes, from differences in generally accepted accounting principles or from economic or political instability in other nations. 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. The information provided does not constitute investment advice as such term is defined under the Markets in Financial Instruments Directive (2004/39/EC) and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell any investment. It does not take into account any investor's or potential investor's particular investment objectives, strategies, tax status, risk appetite or investment horizon. If you require investment advice you should consult your tax and financial or other professional advisor.

© 2016 State Street Corporation - All Rights Reserved IREPRS – 1305 Exp: 20/04/2016