

July 27, 2020  
Weekly Bulletin

## Small Ball Overseas – EWX

### The Lead

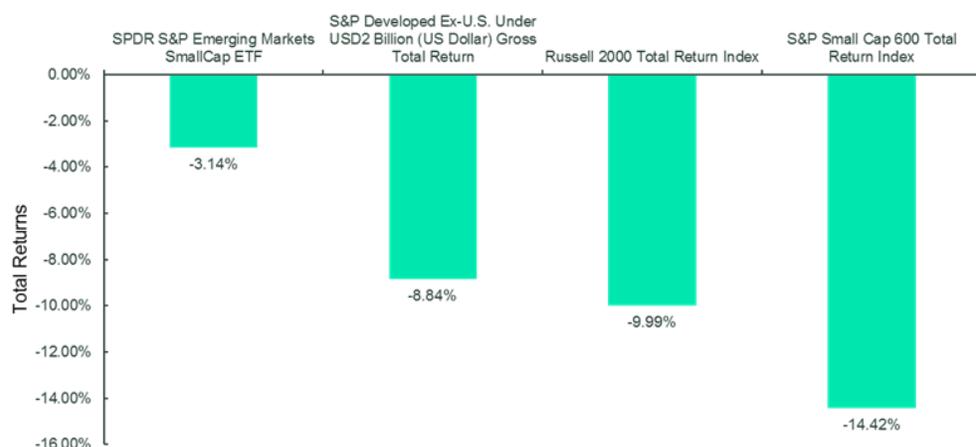
- Historically, EM small-cap equities have recovered more strongly from recessions, outperforming the broader market and large caps by an average of 188% during the past two recession recoveries<sup>1</sup>
- According to the GDP forecast,<sup>2</sup> Asian emerging market countries are expected to get through the pandemic much better than the developed world is expected to
- A unique attribute of EM small caps — when compared with their large-cap peers — is that their sales and growth prospects are heavily dependent on domestic consumers, which may help to better insulate these companies from a post-COVID-19 world<sup>3</sup>

### The Takeaway

The SPDR S&P Emerging Market Small Cap ETF (EWX) is heavily exposed to Asia (~80% of the funds market cap), with the two largest exposures in the fund being Taiwan (~32%) and China (~19%), two countries that have outperformed the broader market YTD.<sup>4</sup> With an AUM two times larger than that of its next competitor, EWX is not only the biggest core EM Small Cap ETF, but it also provides the tightest average bid-ask spread.<sup>5</sup> Moreover, in the small-cap space, EM small cap has outperformed the international and US small-cap markets by 6.25% and 7.61% YTD, respectively.<sup>6</sup>

### Chart of the Week

Performance YTD in the Small-Cap Space



Source: Morningstar, 01/01/2020 – 07/23/2020 **Performance quoted represents past performance, which is no guarantee of future results.** It is not possible to invest directly in an index.

## Standard Performance

Ticker	Name	YTD	1 Year	Annualized			Since Inception	Inception Date
				3 Year	5 Year	10 Year		
EWX (NAV)	SPDR® S&P® Emerging Markets Small Cap ETF	-10.27	-5.72	-1.28	0.88	1.89	1.89	5/12/2008
EWX (MKT)	SPDR® S&P® Emerging Markets Small Cap ETF	-10.80	-6.40	-1.56	0.75	1.92	1.92	5/12/2008

Source: ssga.com/etfs, Morningstar, as of 06/30/2020.

**Performance returns for periods of less than one year are not annualized. 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. For SPDR ETFs, visit [ssga.com/etfs](http://ssga.com/etfs) for most recent month-end performance.** The market price used to calculate the Market Value return is the midpoint between the highest bid and the lowest offer on the exchange on which the shares of the Fund are listed for trading, as of the time that the Fund's NAV is calculated. If you trade your shares at another time, your return may differ.

## Footnotes

<sup>1</sup> Source: Bloomberg Finance, LP, Numbers calculated during recovery periods after Dot-com bubble and Global financial crisis, small cap EM = S&P EM Cap Rng<2 Bil NR USD Index , broader market and large-caps = Russell 1000 Index, Russell 3000 Index, MSCI World Index, MSCI EM Index, and MSCI World Small Cap Index

<sup>2</sup> Source: Bloomberg Finance, LP, as of 7/23/2020

<sup>3</sup> EWX's largest revenue exposure is to Mainland China (26.8%), Taiwan (14.8%) and India (8.3%)<sup>3</sup> Source Factset as of 07/24/2020

<sup>4</sup> Total YTD Returns[%]: MSCI China Index 14.10 , MSCI Taiwan Index 7.56 , MSCI World Index -0.8 and MSCI EM Index -1.71 , Source: Bloomberg Finance, LP, 1/1/2020 - 7/23/2020

<sup>5</sup> Average bid-ask spread for EWX is 0.19% and AUM is 504 million ,for FEMS and EEMS bid-ask spread is 0.52% and AUM is 201 million and 149 million Source: Bloomberg Finance, LP, as of 7/27/2020

<sup>6</sup> Source: Morningstar, as of 7/23/2020

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### Important Risk Information

Investing involves risk including the risk of loss of principal.

Investments in **small-sized companies** may involve greater risks than in those of larger, better known companies. Returns on investments in stocks of small companies could trail the returns on investments in stocks of larger companies.

**Foreign (non-U.S.) Securities** may be subject to greater political, economic, environmental, credit and information risks. Foreign securities may be subject to higher volatility than U.S. securities, due to varying degrees of regulation and limited liquidity.

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

**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..

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