

**August 24, 2020**  
Weekly Bulletin

## Reservations Over Reserves – SPYX

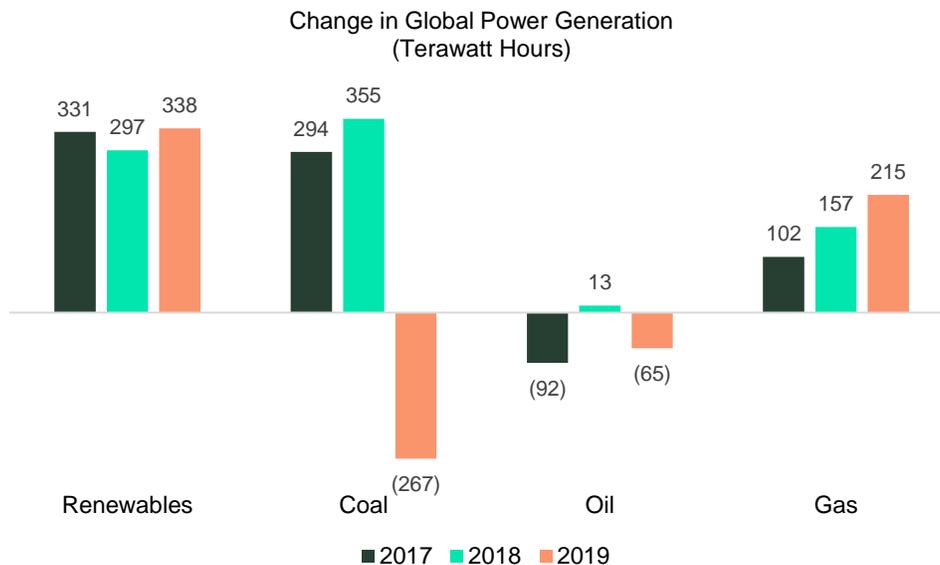
- Increasing affordability<sup>1</sup> and accessibility of clean energy and more public interest in environmental issues have investors and businesses alike re-examining the value of fossil fuel reserves
- Such energy giants as Royal Dutch Shell and BP have expressed grave worry over their fossil fuel reserves due to continuously low demand, with both companies recently writing down the value of their reserve assets by \$22 billion and \$17.5 billion, respectively<sup>2</sup>
- For investors concerned about continuous devaluation of fossil fuel reserves in their portfolio, the SPDR S&P 500 Fossil Fuel Reserves Free ETF [SPYX] provides exposure to the flagship S&P 500 Index while avoiding companies with fossil fuel reserves, improving certain sustainability characteristics while maintaining low annualized tracking error (0.70%) and similar beta (0.99) relative to the S&P 500<sup>3</sup>

### The Takeaway

Though the generation of certain fossil fuels has waned slightly in recent years due to increasing adoption of clean energy,<sup>4</sup> fallout from the COVID-19 pandemic may exacerbate these trends. Many politicians are pushing for a “green recovery” focused on job creation through clean infrastructure, including Democratic presidential nominee Joe Biden. SPYX offers a way for investors to mitigate risk related to the decreasing value of fossil fuel reserves in their core equity allocation.

### Chart of the Week

Global Power Generation, Year/Year Terawatt Hour Change



Source: *Statistical Review of World Energy*, BP, June 2020

**Standard Performance**

Ticker	Name	YTD	1 Year	Annualized			Since Inception	Inception Date	Gross Expense Ratio (%)
				3 Year	5 Year	10 Year			
SPYX	SPDR S&P 500 Fossil Fuel Reserves Free ETF (NAV)	-2.32	8.77	11.14	-	-	11.70	11/30/2015	0.25%
SPYX	SPDR S&P 500 Fossil Fuel Reserves Free ETF (MKT)	-2.29	8.71	11.11	-	-	11.70		

Source: ssga.com/etfs as of June 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.

<sup>1</sup> Over the last decade, wind and solar PV costs have decreased by 70% and 89%, respectively. *Lazard's Levelized Cost of Energy Analysis*, Lazard, November 2019

<sup>2</sup> Source: Wall Street Journal, June 30, 2020

<sup>3</sup> Source: FactSet, period 08/01/2017 – 7/31/2020

<sup>4</sup> Low-carbon electricity output matched that of global coal for the first time in 2019, with renewables being the largest source of new energy for the year. *Statistical Review of World Energy*, BP, June 2020

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