

May 10, 2021  
Weekly Bulletin

## Breaking Up With Brent – SPYX

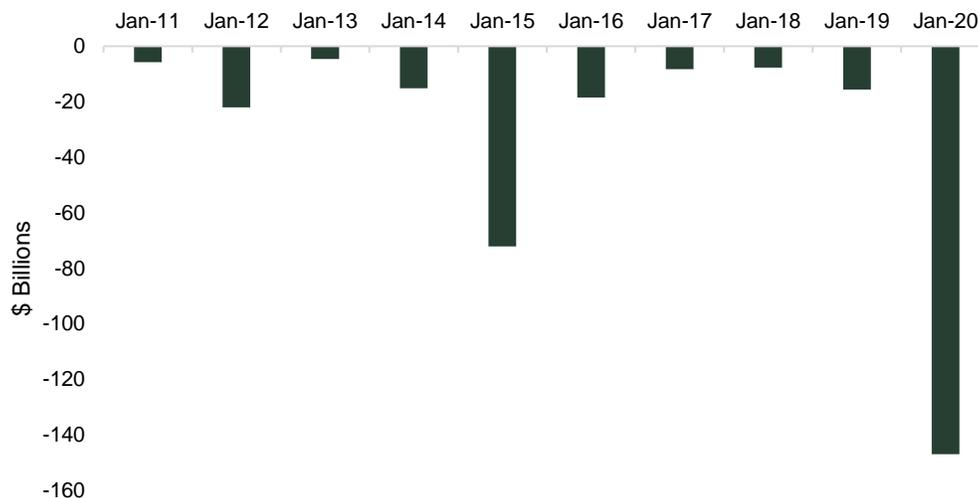
- The Biden Administration has made several course corrections in fighting climate crisis, from promptly rejoining the Paris Climate Agreement to pledging a 50% reduction in greenhouse gas emissions by 2030 and net-zero emissions by 2050, moves that would fundamentally transform the economy
- Through a series of policy initiatives, the administration has set forth a roadmap to achieving these lofty goals while supporting job creation – including replacing fossil fuel subsidies with ones geared at clean energy production, funding clean and efficient infrastructure, and utilizing new sources of hydrogen for industrial production
- For investors concerned about a continuously decreasing reliance on fossil fuels, the SPDR S&P 500 Fossil Fuel Reserves Free ETF [SPYX] provides exposure to the flagship S&P 500 Index while avoiding companies with proven fossil fuel reserves, improving certain sustainability characteristics while maintaining low annualized tracking error (0.56%) and precise beta (1.00) relative to the S&P 500<sup>1</sup>

### The Takeaway

Meeting our greenhouse gas initiatives, among other climate-related goals, will require sweeping nation-wide efforts and a shift from traditional fossil fuel energy toward renewable energy sources – impairing fossil fuel assets. The latter will continue to pressure fossil-fuel reserves owners, especially after a difficult 2020, which proved to be one of the worst years for fossil fuel reserves write-downs. Oil and gas companies in North America and Europe wrote down a collective \$145 billion in the first three quarters alone due to a pandemic-led plunge in prices.<sup>2</sup> 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

Oil-and-gas asset write-downs, impairments of oil properties and goodwill, Q1-Q3 of each year



Source: S&P Global Market Intelligence, Evaluate Energy Ltd. and IHS Markit, December 2020

**Standard Performance**

<u>Ticker</u>	<u>Name</u>	<u>YTD</u>	<u>Annualized</u>				<u>Since Inception</u>	<u>Inception Date</u>	<u>Gross Expense Ratio (%)</u>
			<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>			
SPYX	SPDR S&P 500 Fossil Fuel Reserves Free ETF (NAV)	5.91	55.94	17.17	16.66	-	15.46	11/30/2015	0.20%
SPYX	SPDR S&P 500 Fossil Fuel Reserves Free ETF (MKT)	5.90	55.87	17.15	16.67	-	15.47		

Source: ssga.com/etfs as of March 31, 2021

**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. All results are historical and assume the reinvestment of dividends and capital gains. 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> FactSet, period 05/01/2020 – 4/30/2021 **Performance quoted represents past performance, which is no guarantee of future results**

<sup>2</sup> *2020 Was One of the Worst-Ever Years for Oil Write-Downs*, Wall Street Journal, December 2020

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