

SPDR Spotlight

The David-and-Goliath Battle – ESIX

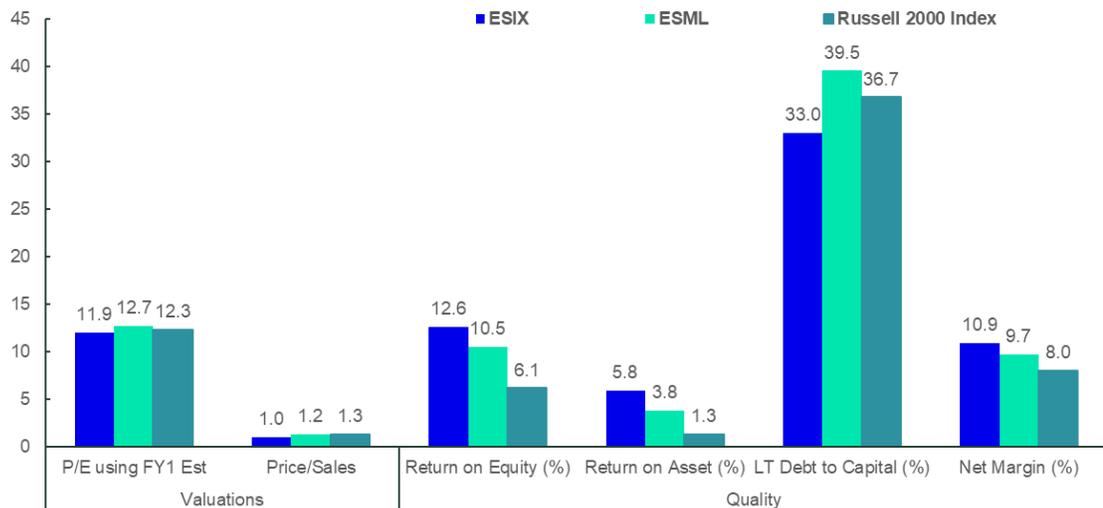
- It has been a challenging year for small-cap equities amid monetary tightening and a slowing economy, with the Russell 2000 index down by 12% year to date and having a maximum drawdown of 27%¹
- However, the macroeconomic headwinds did not impose the same amount of pain on all small-cap exposures, as the SPDR S&P SmallCap 600 ESG ETF (ESIX) has outperformed the Russell 2000 index and its largest ESG competitor -- iShares ESG Aware MSCI USA Small-Cap ETF (ESML) -- by 4% and 3% respectively since its inception in early January and with less drawdown²
- Thanks to the profitability screen of the parent index - the S&P SmallCap 600[®] Index - ESIX's portfolio has exhibited a value tilt and higher quality than ESML's portfolio (see the chart below), which may lead to greater resilience in the current higher rates and heightened economic uncertainty environment, evidenced by its lower volatility and less drawdown year to date

The Takeaway

ESIX takes a best-in-class approach by selecting top-ranked companies based on their ESG scores in the their respective industry group, while maintaining similar industry group weights to that of the broad market. In today's complex and uncertain economic environment, ESIX's quality and value oriented characteristics may potentially serve as a strong ESG core building block. It could also be a replacement of small-cap ESG funds that are in deep losses but with higher expense ratio, benefiting investors in a tax-and-cost-efficient way.

Chart of the Week

ESIX's Quality and Value Traits



Source: FactSet, as of 7/29/2022. Characteristics are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

Standard Performance

Ticker	Name	QTD	YTD	Annualized					Inception Date	Gross Expense Ratio (%)
				1 Year	3 Year	5 Year	10 Year	Since Inception		
ESIX (NAV)	SPDR S&P SmallCap 600 ESG ETF	-8.64%	-13.78%	-	-	-	-	-16.81%	1/10/2022	0.35
ESIX (MKT)	SPDR S&P SmallCap 600 ESG ETF	-8.73%	-13.94%	-	-	-	-	-17.54%		
ESML (NAV)	iShares ESG Aware MSCI USA Small-Cap ETF	-17.03%	-21.55%	-21.14%	6.50%	-	-	6.36%	4/10/2018	
ESML (MKT)	iShares ESG Aware MSCI USA Small-Cap ETF	-16.96%	-21.47%	-21.14%	6.51%	-	-	6.38%		

Source: ssga.com as of 6/30/2022. **Performance returns for periods of less than one year are not annualized. Past performance is not a reliable indicator of future performance. 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 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. The gross expense ratio is the fund's total annual operating expenses ratio. It is gross of any fee waivers or expense reimbursements. It can be found in the fund's most recent prospectus.

¹ FactSet, as of 7/29/2022. **Past performance is not a reliable indicator of future performance.**

² FactSet, as of 7/29/2022. ESIX' inception date is January 10, 2022. **Past performance is not a reliable indicator of future performance.**

Investment Objective:

The SPDR S&P SmallCap 600 ESG ETF (ESIX) seeks to track the S&P SmallCap 600 ESG Index which is designed to select S&P SmallCap 600® firms meeting certain sustainability criteria (criteria related to environmental, social and governance factors) while maintaining similar overall industry group weights as the S&P SmallCap 600® Index

The iShares ESG Aware MSCI USA Small-Cap ETF (ESML) seeks to track the MSCI USA Small Cap Extended ESG Focus Index which is designed to produce investment results comparable to a capitalization weighted index of small-capitalization U.S. companies, while reflecting a higher allocation to those companies with favorable environmental, social and governance ("ESG") profiles (as determined by the index provider).

ssga.com

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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 of

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

Non-diversified funds that focus on a relatively small number of securities tend to be more volatile than diversified funds and the market as a whole.

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