



State Street Global Advisors launches SPDR S&P 500 ESG Screened UCITS ETF

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State Street Global Advisors, the asset management business of State Street Corporation, has launched the SPDR S&P 500 ESG Screened UCITS ETF. The fund is to list on Xetra, Euronext Amsterdam and Borsa Italiana this week and on SIX in due course.

The SPDR S&P 500 ESG Screened UCITS ETF will track the newly launched S&P 500 ESG Exclusions II Index, which offers investors exposure to the flagship S&P 500 Index with an ESG screen. The index methodology has been devised to exclude companies based on data from Sustainalytics, a leading independent provider of ESG and corporate governance research and ratings. The index is reviewed quarterly and components are free-float market cap-weighted. It aims to offer a low tracking error and similar risk-return characteristics to the S&P 500 Index

The exclusion criteria aims to eliminate exposure to controversial weapons, civilian firearms, tobacco and thermal coal, as well as companies that do not comply with the Ten Principles of the UN Global Compact. Companies that are deemed non-compliant with the UNGC principles, as identified by Sustainalytics, will be excluded from the eligible universe. A total of 36 stocks in the S&P 500 are currently excluded by the index screening process.

The index methodology is also notable for its 'fast-exit' feature. If a company is reported by RepRisk, an ESG data science company, to have violated its RepRisk Index (RRI) indicator threshold of 70, it will be removed from the index within two business days.*

"The S&P 500 Index is one of the most popular indices amongst equity investors, with over USD125 billion of assets tracking the benchmark in UCITS ETFs alone. Subsequently, there is strong demand for an ETF linked to this index with ESG overlay. We have developed a fund with exclusion criteria based on investor demand. The screens are based on the responsible policies of leading asset owners and aim to reduce reputational and idiosyncratic risks," says Rebecca Chesworth, Senior ETF Strategist at State Street Global Advisors.

The SPDR S&P 500 ESG Screened UCITS ETF has a TER of 0.10 per cent per annum.

The resulting portfolio of stocks in the new SPDR ETF has a low tracking error (0.58 per cent annualised over the last 10 years) and similar performance characteristics to the parent S&P 500 benchmark. The active weight by sector is less than 3 percent in all cases (the largest being Information Technology at +2.24 per cent, followed by Industrials at -1.89 per cent).

“State Street Global Advisors now manage over USD200 billion of ESG assets and are a leader in this area. It is clear investors are increasingly focused on seeing ESG concerns addressed in their portfolios and want to take advantage of the many benefits offered by ETFs to do this. The launch of our new SPDR S&P 500 ESG Screened UCITS ETF illustrates our determination to meet this demand,” adds Mandy Chiu, Head of ETF Product for EMEA and APAC, at State Street Global Advisors.