

XES - Dangerous Rating

SPDR S&P Oil & Gas Equip & Service



★★☆☆☆	Predictive Rating	Dangerous
Business Strength		
★★★★☆	Quality of Earnings	Neutral EE
★★★★☆	Size of the Moat (ROIC)	7.75%
Valuation		
★★☆☆☆	Free Cash Flow Yield	-1.38%
★☆☆☆☆	Price to Economic Book Value	4.42
★★☆☆☆	Market-Implied Duration of Moat	45 years

- We recommend investors avoid SPDR S&P Oil & Gas Equip & Service (XES).
- XES ranks in the 7th percentile of the 400+ ETFs we cover.
- Neutral EE means that economic earnings are negative but moving in the same direction as GAAP EPS.
- The Price to Economic Book Value ratio compares market expectations for future cash flows to existing cash flows. When the ratio is greater than one, the market predicts cash flows will increase, and vice versa.
- Market-Implied Duration of Moat measures the number of years of future profit growth implied by the stock price.

ETF Details

Net Asset Value (\$MM)	\$340.12
Issuer	State Street
Category	Energy Equities
Index	S&P Oil & Gas Equip & Serv Select Industry
Management Style	Passive
Exposure	Long
Inception Date	06/19/06
Number of Holdings	47
Premium (Discount)	0.03%
Avg. Daily Volume (3 Mo.)	266,200
Geography	U.S.

Predictive Rating Methodology

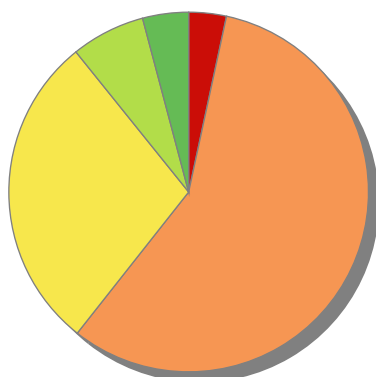
Our rating is based on the aggregation of our financial models for the ETF's holdings, which enables us to assess the profitability and valuation of the ETF just like a stock.

Our predictive ETF rating system is the same as our stock rating system, consistently top-ranked by Barron's.

Expense Analysis

Expense Ratio	0.35%
Rank (percentile)	56.06%
10-Year Cost	\$893.64

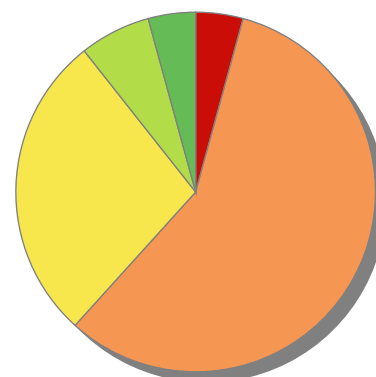
XES's fees will cost an investor \$893.64 over 10 years assuming a \$10,000 investment and 10% returns.



Allocations

3.38%	Very Dangerous ★☆☆☆☆	2
57.26%	Dangerous ★★☆☆☆	27
28.58%	Neutral ★★★☆☆	13
6.65%	Attractive ★★★★☆	3
4.13%	Very Attractive ★★★★★	2
0.00%	Unrated	0

Holdings



Top 5 Holdings

Global Industries, Ltd. (GLBL)	3.58%
Core Laboratories N.V. (CLB)	2.81%
Oceaneering International, Inc. (OII)	2.80%
Cameron International Corp (CAM)	2.80%
Hornbeck Offshore Services, Inc. (HOS)	2.75%

Capitalization Exposure

Large Cap	18.50%
Mid Cap	43.80%
Small Cap	37.70%

Explanation of Predictive ETF Rating System

Our ETF research aggregates results from our Company Valuation models for each of the companies held by an ETF. Our rating system grades ETFs according to the 5 most important criteria for assessing the risk versus reward of an ETF. Our analysis results in the 5 ratings: Very Attractive corresponds to a "Strong Buy" rating, Attractive to "Buy", Very Dangerous to a "Sell or Short", and everything in-between to a "Hold" rating.

Predictive Risk/Reward Rating	Business Strength		Valuation		
	Quality of Earnings	Size of Moat (ROIC)	FCF Yield	Price to Economic Book Value	Market-Implied Duration of Moat
Very Dangerous ☆☆☆☆	Misleading Trend	Bottom Quintile	< -5%	> 3.5 or -1 < 0	> 50
Dangerous ☆☆☆☆	False Positive	4th Quintile	-5% < -1%	2.4 < 3.5 or < -1	20 < 50
Neutral ☆☆☆☆	Neutral EE	3rd Quintile	-1% < 3%	1.6 < 2.4	10 < 20
Attractive ☆☆☆☆	Positive EE	2nd Quintile	3% < 10%	1.1 < 1.6	3 < 10
Very Attractive ☆☆☆☆	Rising EE	Top Quintile	> 10%	0 < 1.1	0 < 3

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- Standard for all companies.
- A more accurate representation of the true underlying cash flows of the business.

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