

\$1.5 billion lost on tar sands and fracking holdings

New York State Common Retirement Fund has lost more than \$1.5 billion on just 16 fossil fuel companies in the last year

Highlights:

- \$1.5 billion loss on 16 companies since March 31, 2019
- 60% drop in value
- Value of tar sands holdings has dropped by 57% from \$2 billion to \$850 million
- Value of major fracking holdings down 84%
- Exxon investment has dropped below base cost - a loss of over \$500 million in 1 year
- S&P 500 Energy companies have consistently underperformed the rest of the market over 1, 3 and 5 year time horizons
- Market value were down double digits even before the oil crash

60% drop in value of holdings in just a year

The New York State Common Retirement Fund (Fund) has lost more than \$1.5 billion on just 16 oil and gas stocks over the last year as the energy sector faces increasing volatility and declining prospects, according to a new analysis by 350.org¹. New York State Comptroller Thomas DiNapoli, the sole custodian of the Fund, has so far refused to divest from fossil fuels.

The Fund serves as the retirement fund for more than 1 million New Yorkers and its oil and gas holdings have left it overexposed to the precipitous drop in energy stocks over both the past month and year. At the end of March 2019, the Fund had more than \$13 billion invested in fossil fuel companies.

While government stimulus may trigger a slight rebound in the coming days, most analysts agree the overall outlook for the sector is dim. 350.org's preliminary analysis looked at the Fund's publicly disclosed oil and gas holdings, focusing on its significant tar sands holdings and top fracking companies. It is reasonable to assume that the damage is far more widespread

¹ Analysis is based on the most recent publicly available asset list dated March 31, 2019 for the NYS Common Retirement Fund available [online](#). Analysis was done using base cost, March 31, 2019 and March 23, 2020 market values, and number of shares of select companies. We did not analyze bond holdings.

across the Fund's full fossil fuel holdings and the Fund is likely down several billions of dollars across the entire fossil fuel sector this year.

NYS CRF's Holdings in major tar sands operators

Tar Sands Company Holding	TAR SANDS RESERVES CURRENTLY UNDER PRODUCTION (MILLIONS OF BARRELS)	PROJECTED EXPANSION* (MILLIONS OF BARRELS)	NYS CRF Market Value 3/31/19	Base Costs	Shares owned by CRF on 3/31/19	Share Price 3/23/20	Market Value on 3/23/2020	1 year loss (3/31/19 to 3/20/20)	1 year % difference (3/31/19 to 3/20/20)
SUNCOR ENERGY	8,176	520	\$2,125,252	\$2,358,675	65556	\$10.61	\$695,549	-\$1,429,703	-67.27%
CANADIAN NATURAL RESOURCES	7,042	1399	\$2,180,610	\$2,693,844	79400	\$8.31	\$659,814	-\$1,520,796	-69.74%
EXXONMOBIL	4,008	666	\$871,321,102	\$421,047,071	10,783,677	\$31.45	\$339,146,642	-\$532,174,460	-61.08%
TOTAL	1,488	361	\$29,539,154	\$18,898,920	531,246	\$28.80	\$15,299,885	-\$14,239,269	-48.20%
DEVON ENERGY	674	443	\$28,441,746	\$32,769,277	901,196	\$6.18	\$5,569,391	-\$22,872,355	-80.42%
CONOCOPHILLIPS	752	353	\$192,274,403	\$79,752,612	2,880,947	\$24.55	\$70,727,249	-\$121,547,154	-63.22%
HUSKY ENERGY	654	234	\$17,928,833	\$22,431,337	1,807,700	\$2.87	\$5,188,099	-\$12,740,734	-71.06%
BP	421	429	\$175,442,053	\$163,540,590	4,107,349	\$18.19	\$74,712,678	-\$100,729,375	-57.41%
BP ADR	421	429	\$31,591,110	\$28,289,554	722,578	\$20.60	\$14,885,107	-\$16,706,003	-52.88%
CHEVRON	603	117	\$612,317,894	\$253,316,281	4,970,920	\$54.22	\$269,523,282	-\$342,794,612	-55.98%
ROYAL DUTCH SHELL a	302	59	\$25,181,000	\$20,864,950	801,500	\$26.83	\$21,504,245	-\$3,676,755	-14.60%
ROYAL DUTCH SHELL b	302	59	\$51,734,798	\$37,131,920	1,635,208	\$25.02	\$40,912,904	-\$10,821,894	-20.92%
Total			\$2,040,077,955	\$1,083,095,031			\$858,824,845	-\$1,181,253,110	-57.90%

The Fund had more than \$2.5 billion invested in 11 tar sands majors a year ago. These companies are all down double digits, with their total value dropping by nearly \$1.2 billion in the past year. If the price of oil stays low, many of these companies face increased risks and potentially bankruptcy.

NYS CRF's Holdings in large fracking companies other than oil majors

Fracking Company Holding	NYS CRF Market Value 3/31/19	Base Costs	Shares owned by CRF	Share Price 3/23/20	Market Value on 3/23/2020	1 year loss (3/31/19 to 3/20/20)	1 year % difference (3/31/19 to 3/20/20)
Noble	\$29,593,748	\$41,539,137	1,196,674	4.96	\$5,935,503	-\$23,658,245	-79.94%
Extraction	\$843,462	\$2,789,839	199,400	0.62	\$123,628	-\$719,834	-85.34%
Apache	\$61,621,771	\$79,288,257	1,777,893	4.9	\$8,711,676	-\$52,910,095	-85.86%
Devon	\$28,441,746	\$32,769,277	901,196	6.18	\$5,569,391	-\$22,872,355	-80.42%
Occidental	\$119,624,261	\$56,461,459	1,807,013	9.95	\$17,979,779	-\$101,644,482	-84.97%
Chesapeake Energy	\$10,174,609	\$20,062,240	3,282,132	0.17	\$557,962	-\$9,616,647	-94.52%
Total	\$250,299,597	\$232,910,209			\$38,877,940	-\$211,421,657	-84.47%

The Fund's investments in fracking companies are extensive. In the interest of time, 350.org analyzed only major fracking companies other than the oil majors. The losses suffered by this sector are even more significant than tar sands companies, with drops in share value between 79% and 95%.

Current Market Values have dropped below Base Costs

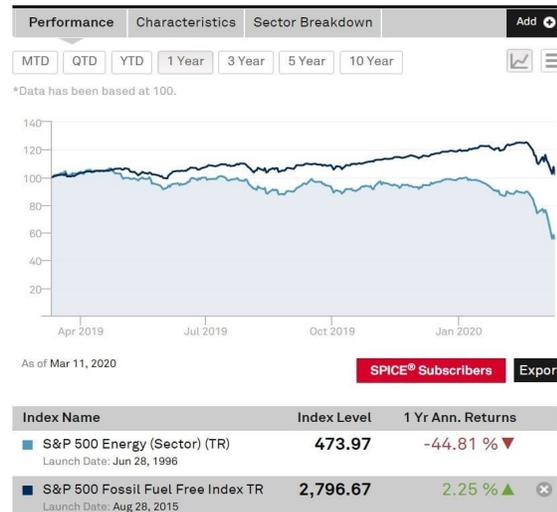
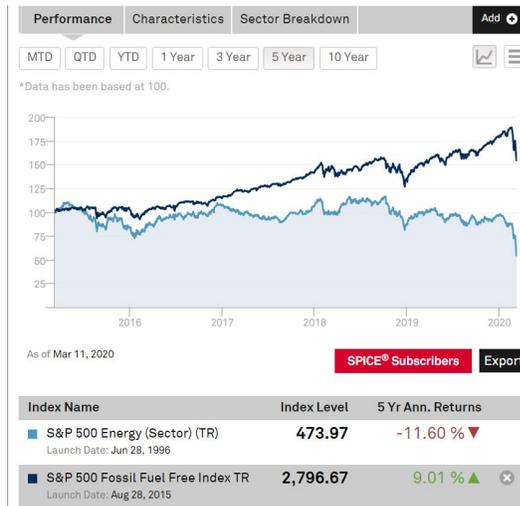
In all cases, the March 23, 2020 value of these holdings is below the original investment or base cost of the price of the asset. Often, it has been argued, that while energy companies have decreased in value in recent years, if one has held them for a considerable amount of time, there is little risk of not making some profit off of the investment. This argument no longer holds much water. Case in point is Exxon. The base cost for the fund's considerable stock holdings in Exxon were \$420 million. While several years ago these stock holdings were valued at more than \$1 billion, as of March 20, these had declined significantly. In the past year the value of the fund's holdings in Exxon have declined by 60%, dropping to less than \$340 million (equity only).

The CRF's Fossil Fuel stocks underperformed even before the oil and stock market crash

It's important to note that the stock prices of the analyzed companies were all down significantly before the drop in oil prices and the recent stock market upheaval. These particular stocks, along with the rest of the energy sector, have not tracked the performance of the rest of the market for several years. On Feb 3, 2020, a month before the oil and stock market crash, the tar sands companies were down 15% in market value from March 31, 2019. The fracking

companies were down in value by more than 33%. This at the time when New York and Toronto stock exchanges on which they trade were breaking new record highs and other sectors were positively performing.

The Energy Sector Has Underperformed Over 1, 3 and 5 years



The Energy sector has consistently underperformed the rest of the S&P 500, an indicator of the long term decline of the industry and its increasing risk for long term investors. The collapse of the Fund's oil and gas holdings isn't surprising given the sector's overall poor performance. Last year, S&P 500 Energy companies were down 44% while the rest of the S&P 500 rose by 2%. That's a 46% difference in performance.

Divest now

For years, [fossil fuel divestment](#) advocates have warned New York State Comptroller Tom DiNapoli about the financial as well as climate risks of continuing to invest in oil, gas, and coal companies. [A 2018 study by Corporate Knights](#) concluded that the Fund would be an estimated \$22.2 billion richer if it had decided to divest its fossil fuel stocks ten years prior. Since that study has been released, pension fund holders have missed out on hundreds of millions of dollars more of potential gains because of Comptroller DiNapoli's refusal to change course.

These numbers help explain why the [Fossil Fuel Divestment Act](#) in the New York State legislature has gained such momentum in recent weeks. The act now has 31 Senate and 46 Assembly Member sponsors.