



RE-BALANCED MARKETGRADER 40 INDEX OUTPERFORMS THROUGH FUNDAMENTAL SELECTION OF ‘OVER-SOLD’ STOCKS

- *MarketGrader 40 index returns 8.36% to S&P 500's 2.21% over last quarter's rebalancing*
- *Microsoft dropped and Google added to portfolio*
- *Increased allocation for industrials and information technology*

London, Tuesday 27 May 2008: The latest quarterly rebalancing of the MarketGrader 40, the quant-based US stock index from [MarketGrader](#) used for the pioneering ‘second generation’ Exchange Traded Funds (ETFs) from [SPA ETF Plc](#), has revealed that it significantly outperformed the S&P 500 over the last three months, returning 8.36% to the S&P 500's 2.21%.

This strong outperformance was based on the fundamental selection of stocks at the last quarterly re-balancing of the portfolio in February, when the MG 40 was overweight Energy, Information Technology, Basic Materials and Industrials relative to the S&P 500. These have been the best performing sectors over the past 3 months with particularly strong returns coming from stocks in the Energy and Information Technology sectors. The MG 40 was also underweight Financials relative to the S&P 500, which was the worst performing sector.

As part of this re-balancing Microsoft has been removed from the portfolio and Google added. This follows Microsoft's disappointing recent financial results while Google provided positive recent results. Other household names selected include Dreamworks International and Caterpillar Inc.

Elsewhere the allocation for the industrials sector has increased substantially, from 10% to 20%. There has also been a slight increase for the information technology sector from 25% to 30%, which now represents the largest weighting for the portfolio (the maximum allowed for any one sector). Positions in U.S. equities with exposure to commodity based sectors such as Oil, Gas, and Basic Materials which should benefit from continued buoyant economic activity in emerging markets, and Industrials and Technology, which should benefit from a weak dollar, could yield longer term results for investors.

MarketGrader 40 is a fundamentally driven and equally weighted index created by US research company MarketGrader. The SPA MarketGrader 40 provides investors with access to a basket of 40 top rated US equities based on MarketGrader's analysis of a company's fundamental attractiveness from a universe of 5,700 US equities.

Neil Michael, Head of Quantitative Strategies at SPA ETF Plc, comments:

“We are delighted with the outperformance of the SPA ETF MarketGrader 40 in relation to the S&P 500 since its last rebalancing. This performance reflects the importance of fundamental stock selection, in particular during the current economic environment. Rebalancing is an

important discipline to ensure that stocks that have become overvalued are replaced in favour of more attractive, under-valued stocks. This disciplined process forces the investors to reinvest on an equal-weighted basis so as to capture the maximum gains.

“With this latest re-balancing we expect the index to continue to perform well, in particular from the industrials and Information Technology sectors – and stocks that are experiencing strong earnings growth too.”

The sector breakdown of the SPA ETF MarketGrader 40 at rebalancing (previous figure in brackets):

- Consumer Discretionary: 10% (12.5%)
- Consumer Staples: 2.5% (0%)
- Energy: 25% (30%)
- Financials: 2.5% (12.5%)
- Health Care: 2.5% (2.5%)
- Industrials: 20% (10%)
- Information Technology: 30% (25%)
- Materials: 7.5% (7.5%)

SPA MarketGrader ETFs utilise the performance of fundamentally driven indices created by US research company MarketGrader to provide private and institutional investors with access to a broad universe of US equities via an investment vehicle that has equal weighting, is rebalanced regularly, uses transparent data and selects stocks using 24 fundamental factors.

ETFs can be traded in real-time on the world’s stock exchanges and investors can buy and sell throughout the day at live prices rather than limiting themselves to the end-of-day price points available for open-ended fund investors. Investors also benefit from improved transparency as information on the securities’ underlying assets is published daily.

Demonstrating the company’s growing presence as a global provider of ETFs, SPA ETF Plc recently listed on the Borsa Italiana, following its listings last year on the London Stock Exchange (LSE) and American Stock Exchange (Amex).

Six SPA MarketGrader ETFs exist on the LSE, Amex and Borsa Italiana:

- SPA ETF Plc MarketGrader 40
- SPA ETF Plc MarketGrader 100
- SPA ETF Plc MarketGrader 200
- SPA ETF MarketGrader Small Cap
- SPA ETF MarketGrader Mid Cap
- SPA ETF MarketGrader Large Cap

Each of the SPA ETF Plc MarketGrader 40, 100 and 200 are based on MarketGrader’s ‘core’ indices of top-rated North American securities. Whilst the SPA ETF MarketGrader Small Cap,

Mid Cap and Large Cap are 'cap' indices based on the top 100 North American stocks within each market capitalisation category.

- ENDS -

For further information or for a complete list of the stocks deleted / added to the SPA ETF MarketGrader 40, please contact:

Penrose Financial

Roman Townsend romant@penrose.co.uk 020 7786 4875

About SPA ETF Plc

SPA ETF Plc, headquartered in London, is an innovative, independent specialist provider of Exchange Traded Funds (ETFs) established to offer global private and institutional investors access to ETFs tracking fundamental US focused indices.

SPA's ETFs track the performance of stock indices created by the research provider MarketGrader's quant-based methodology. It uses 24 quantitative filters within four main areas (growth, value, profitability and cash flow) to carry out a fundamental evaluation of more than 5,700 North American stocks. Each index periodically adjusts its holdings to ensure an equal weighting for all stocks and to ensure holdings are of optimal grade.

SPA ETF Plc is supported by London & Capital, an independent firm of investment advisors and fund managers, with services including investment expertise, research, quantitative analysis and regulatory authorisations. London & Capital has USD3.4 billion assets under management. Additional information is available at www.spa-etf.com