



MARKETGRADER 100 INDEX REBALANCE HOLDS OVERWEIGHT ENERGY POSITION AND SEES FURTHER OUTPERFORMANCE FOR THE INDEX

- **Move from Financials and Information Technology into Materials and Industrials**
 - **Exxon Mobil Corporation, Microsoft and Berkshire Hathaway Inc removed**

Tuesday 26 August 2008, London: The latest six-monthly rebalancing of the MarketGrader 100, 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 will continue to hold its overweight energy sector allocation in anticipation of further returns from the sector.

The rebalance demonstrates several macroeconomic factors. The credit crunch shows no signs of abating and the MarketGrader methodology is finding little value in the financial sector. In the energy sector, despite the recent correction, oil prices are still at an historically high level and although prices have come off, energy companies are still very cash generative. MarketGrader is overweight Energy stocks relative to the S&P 500. Technology meanwhile has been affected by the slowdown spreading to the rest of the world by the recent appreciation in the dollar, causing the MarketGrader system to lower its weighting to this sector.

The index continued to outperform the S&P 500 over the same period due to the index's fundamental selection of stocks at the last six-monthly re-balancing of the portfolio back in February. During the last six months the S&P 500 index was overall down 3.49%, whilst the MarketGrader 100 index was up by 1.65%.

Overall it has also shown an overall shift towards companies with a lower market capitalisation and a move away from Financial and Information Technology companies towards Materials and Industrials stocks.

The MarketGrader 100 index has reduced its allocation to Financials from 13% down to 5% and Information Technology from 23% to 13%. Meanwhile it has increased the allocation to Materials from just 6% to 13%, Consumer Staples up from only 2% to 7%, and Industrials from 16% to 21%.

Energy remains a significant proportion of the index with the allocation increasing from 23% to 25%, the maximum allocation that any one sector is allowed to have within the index.

Household names that have now been removed from the index include Exxon Mobil Corporation, Microsoft and Berkshire Hathaway Inc, whilst Nike has been added.

MarketGrader 100 is a fundamentally driven and equally weighted index created by US research company MarketGrader. The SPA MarketGrader 100 provides investors with access to a basket of 100 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:

"This latest rebalancing of the SPA ETF MarketGrader 100 has shown again that the index is able to outperform the S&P500 index in most market conditions by its careful fundamental selection of stocks on a systematic basis. It has further shown that it is able to select appropriate stocks in the sectors that are benefitting most in the prevailing macro economic background."

The sector breakdown of the SPA ETF MarketGrader 100 at rebalancing (previous figure in brackets):

- Consumer Discretionary: 9% (12%)
- Consumer Staples: 7% (2%)
- Energy: 25% (23%)
- Financials: 5% (13%)
- Health Care: 7% (5%)
- Industrials: 21% (16%)
- Information Technology: 13% (23%)
- Materials: 13% (6%)

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 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 MarketGrader 40:](#)
- [SPA ETF MarketGrader 100:](#)
- [SPA ETF MarketGrader 200:](#)
- [SPA ETF MarketGrader Small Cap:](#)
- [SPA ETF MarketGrader Mid Cap:](#)
- [SPA ETF MarketGrader Large Cap](#)

SPA ETF's MarketGrader 40 has also rebalanced. The MG 40 rebalances on a quarterly basis, unlike the MG 100 which only rebalances every six months. More information about the MG 40 rebalancing is available upon request.

- ENDS -

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About SPA ETF

SPA ETF, 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 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 billion assets under management. Additional information is available at www.spa-etf.com