



ISA investors oblivious to Exchange Traded Funds option

- *Most retail investors unaware ETFs can be put into an ISA*
 - *Low fees and transparency suit ISA investors*
- *SPA ETF urges IFAs to consider ETF option for clients*

London, 19 February 2008: Pioneering provider of ‘second generation’ Exchange Traded Funds (ETF), SPA ETF Plc, is urging ISA investors to consider using an Exchange Traded Fund this year as many investors are completely unaware that ETFs can be placed into an ISA – or that the low fees, easy access and transparency offered by ETFs are ideally suited to their needs.

Daniel Freedman, Director of SPA ETF Plc, urges IFAs and ISA investors to consider the benefits of using an ETF:

“Exchange Traded Funds are the professional investor’s best kept secret and we are keen to make retail investors aware that they can place an ETF into an ISA, as they are so ideally suited to their needs: ETFs are cheap, transparent and easy to use.

“Intermediaries have a role to play here too in educating their clients about the benefits of ETFs and reminding them that they can put them into their ISA – as, in our experience, many retail investors are excited by the ETF option once they fully understand it.

“Whilst many retail investors are only just becoming aware of ETFs, nonetheless we have witnessed a growing interest from many retail investors looking for an alternative to actively managed investment products. This year we expect to see a substantial growth of assets under management across the sector.

“In the long term, ETFs will prove extremely popular with ISA investors, as they have done in the United States. The combination of instant diversification, low cost and the flexibility offered by ETFs will lead to the exchange traded market evolving and more specialised products appearing in the market.”

Stephen Barber, Head of Research at Selftrade¹, one of the UK’s leading stockbrokers in ETFs, comments on placing ETFs into an ISA:

“Exchange Traded Funds are well suited to ISA investors who can use their allowance to invest in funds with low fees, easy access and transparency. This allows for diversified portfolios to be built, offering access to markets and sectors from across the world.

“While Selftrade continues to see retail clients using ETFs as part of their portfolio planning, many other investors are not fully aware of their benefits and many people don’t realise that an ETF can be held in their ISA. If the trends we have seen at Selftrade are a guide, we predict that in time a significant proportion of ISA investors’ money will go into ETFs each year.”

ETFs can be traded in real-time on the world's stock exchanges and savvy 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.

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.

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.

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

¹Selftrade provides a range of investment services and is one of the UK's largest execution-only stockbrokers. Customers can manage their investments in Dealing, self-select ISA, PEP and SIPP Dealing accounts. Child Trust Funds, Child SIPP, Company Dealing accounts are also available. A CFD and spread betting service is provided by City Index.

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