exchange traded funds

US INDEPENDENCE DAY: LARGE CAP FOCUS THIS 4TH JULY FOR SPA ETF

- ***Cheap dollar, market conditions, and undervalued prices present opportunity***
- ***Energy, basic materials and technology sectors focus***

Thursday 26 June 2008, London: This Independence Day SPA ETF, the pioneering 'second generation' Exchange Traded Funds (ETFs) provider that uses MarketGrader for its investment methodology, says that US large cap stocks are now set to perform strongly on a relative basis over the coming years.

Currently many factors are indicating that the US large cap sector is about to see a significant improvement and provide investors with strong returns for the foreseeable future relative to US small caps and US bonds.

The current overall US economic environment is beneficial to large cap companies. The trade weighted dollar index, the index used for tracking and analyzing the foreign exchange movements of the U.S. dollar, is at the lowest level on record providing a big boost to large cap exporters and multinationals, in particular for mega cap stocks.

US market conditions are also favourable to large cap stocks. Bond yields recently fell below equity yields and most recently when this happened in 2003, equities rallied strongly. The out-performance of small Vs large cap stocks is also at its historical peak, in cyclical terms.

Historically large cap stocks out-perform when volatility is high, have more stable earnings and are considered to be less risky. Therefore, large caps should make a sound investment in today's market environment

One final and important factor should be considered: large cap stocks are now cheap on a fundamental basis relative to small caps, presenting a significant buying opportunity.

Investors should however focus on certain sectors within the US large cap space in order to increase returns. Energy and basic materials stocks, due to their commodities based element, should see much higher returns; and information technology is likely to perform well too. Conversely, investors should consider being underweight in sectors such as financials, telecommunications and consumer staples, as they are likely to see much lower returns.

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

"All the indications are that the US large cap sector is set to perform strongly relative to small caps and bonds in the coming years: the cheap dollar aids exporters, multi-nationals and mega caps alike; equity yields are attractive relative to bond yields; the performance of small cap stocks relative to large cap stocks is at its historical extremes, large caps provide visibility and stability of earnings in volatile markets; and very importantly, large caps look attractive on a company fundamental basis.

“However, whilst we see large caps as a significant opportunity for investors, we would also stress the need for being selective. We see strong returns coming from the energy, basic materials and information technology sectors, which will continue to benefit from continued growth in emerging markets – whilst we expect financials to continue to underperform, until banks have fully repaired their balance sheets.

“Evidence to support the selective approach to sectors, and stocks within these sectors, might be the strong performance of the SPA ETF MarketGrader Large Cap index, which has returned +3.19% in the twelve months to the end of May, whilst the S&P 500 index is down by -8.51%.”

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

Each of the SPA ETF 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 please contact:

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

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