

ETFS

Focus: of the **SPDR S&P Metals and Mining ETF** is to replicate as closely as possible, before expenses, the total return performance of the S&P Metals and Mining Select Industry Index (which is an equally weighted market cap index and represents the metals and mining sub-industry portion of the S&P Total Market Index). The sectors covered by the index include: coal and consumable fuels, aluminium, diversified metals and mining, gold, precious metals and minerals, steel.

The Index is rebalanced after close, on the third Friday, of the quarter ending month. The reference date for additions and deletions is after the closing of the last trading date of the previous month. A company is deleted from the index if the S&P Total Market Index drops the constituent. However, no companies are added between rebalancing.

Strength: the ETF provides exposure to the US metals and mining sector (Index constituents are chosen using the S&P select industry indices methodology); it is liquid; low cost; can be used for diversification and for hedging

Weakness: US concentration, capitalisation bias

Opportunities: in the case of most metals and minerals there exists a demand - supply dislocation which has been fuelled by rapid economic growth, especially in emerging economies

Threat: although the sector is poised to do well over the long term, it could be subject to market related set backs in the short term

Risk:

Expertise in structuring index: **high**

Diversification achieved by the Index

Geographic: **US concentration**

Sector and at stock level: **broad based representation; but large cap concentration**

Price to book ratio: **3.06**

FY1 Price /Earning ratio: **14.56**

Ability to maintain low portfolio turnover: **yes**

Ability to keep transaction costs low: **yes**

Number of holdings 27 - weighted average market capitalisation: USD6,439.86 mn

Performance

ETF's ability to deliver targeted returns in a rising: **high**

falling, sideways trending markets: **moderate**

Suitability to:

ETF's inclusion in a conservative portfolio: **good**

ETF's inclusion in a balanced portfolio: **good**

ETF's inclusion in an opportunistic portfolio: **good**

ETF's gross expense ratio: **0.35%**

Outlook:

Scope for a metals and mining ETF: **high**

Conditions needed for a relative out performance: **bull market; sustained economic growth**

Conditions for an under performance :**economic downturn**

ETF's YTD change: **15.8%**

ETF's Ability to deliver targeted annual returns: **high**

Index's quarter-to-date-performance (as of 28.02.2007) : **10.17%**

Index's performance since inception on 19.6.2006 (and as of 28.02.2007): **25.72%**

Investment::

Target audience: **broad based**

Level of complexity: **simple**

ETF offers: **sector diversification**

To optimise returns, recommended avg. holding period: **can be wielded opportunistically or used as a passive investment**

Available to investors: **globally**

Base currency of the ETF: **USD**

Liquidity provided: **daily** (individual ETF are non redeemable as fund trades can be executed in aggregation only); is marginable and can be **traded short**

Transparency provided: **high**