

AUSTRALIAN

RESEARCH

INDEPENDENT INVESTMENT RESEARCH

SPDR S&P/ASX 200 Fund (STW)

Company Overview

STW is an exchange traded fund (ETF) that offers investors the ability to invest in the S&P/ASX 200 Accumulation Index through a single transaction on the ASX. STW is managed by State Street Global Advisors Australia Limited (SSgA), the first company to launch ETFs in Australia. Retail investors can gain access to STW through the ASX, whereas stockbrokers acting as principal can access an open PDS so that units can be applied for and redeemed off-market. STW has appointed Citigroup Global Markets Australia Pty Ltd as the market maker for the fund.

Investment Objective

The fund aims to provide investment returns that closely correspond to the performance of the S&P/ASX 200 Accumulation Index.

Style and Process

STW is an index fund that tracks the S&P/ASX 200 Accumulation Index, whereby the manager holds all the shares in the index on a full replication basis. The fund is passively managed, with turnover only occurring when there is a change in the index by S&P. Returns will be in line with the index; however, STW will slightly underperform due to fees charged. Limited use of futures is permitted to assist in efficient tracking of the index. The fund is not permitted to use futures for the purposes of gearing.

Portfolio Characteristics

The portfolio mimics the S&P/ASX 200 Accumulation Index, as can be seen from its low tracking error. As such, the portfolio is diversified and provides exposure to the index that is often used as the proxy for the performance of the Australian market. Turnover is low and the structure acts as a stop-loss to some degree given companies that are falling in size and liquidity will eventually be replaced with companies growing in size and liquidity. On 11 June 2010, SSgA announced the receipt of an exclusive license over the S&P/ASX 200 Accumulation Index from S&P.

Independent Investment Research Comments

STW provides investors cost- and tax-effective exposure to the S&P/ASX 200 Accumulation Index. The appointed market maker ensures that liquidity is available for investors. The fund accrues dividends and distributions from the securities comprising the portfolio and distributes them semi-annually, net of fees and with any appropriate franking credits. The market (ASX 200 Accumulation Index) declined 11.6% over the September quarter, reflecting a raft of negative information from overseas raising concerns about global economic growth. Independent Investment Research views the fund as well structured and considers it an appropriate core investment in an investment portfolio.

Rating



LMI TYPE

Exchange Traded Fund

INVESTMENT AREA

Australia

INVESTMENT ASSETS

S&P/ASX 200 Accumulation Index

INVESTMENT SECTORS

Diversified

Key Investment Information

Price as at 23 November 2011	\$38.73
Market cap (\$M)	2,036.4
Shares on issue (M)	52.6
Shares traded (\$M p.a)	3,376.0
12-month L/H (\$)	35.23/47.31
Listing date	August 2001
Fees	
Management Fee (%)	0.29
Performance incentives (%)	na

Pre-tax NTA Performance Analytics (including dividends)

	S&P/ASX 200 Acc	
	1 Yr	3 Yr (p.a.)
Excess Per. (%)	(0.37)	(0.78)
TE (%)	0.05	0.89

Dividend Yield	(%)
FY09	4.94pf
FY10	3.35pf
FY11	4.07pf

Directors of Responsible Entity

Robert Goodlad	Chairman
Jonathan Shead	Director
Michael Nairn	Director

Other Data

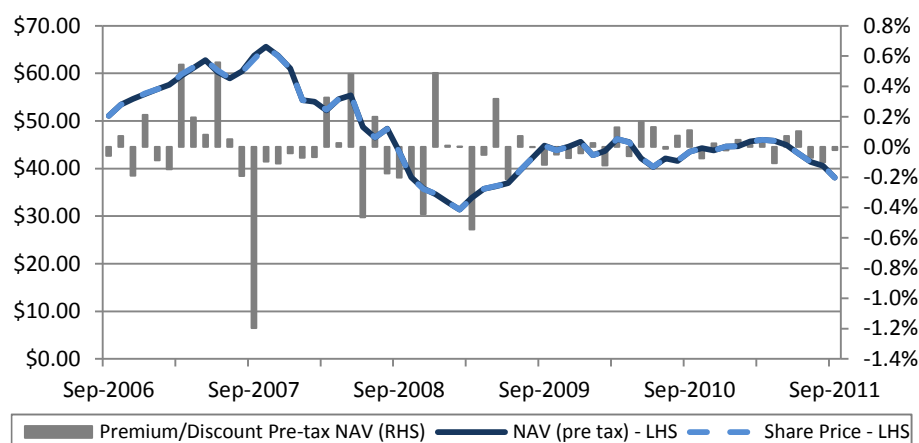
- ◆ **Options** – None on issue
- ◆ **Dividend policy** – Dividends paid semi-annually (December & June).
- ◆ **Capital management policy** – Units can be created or redeemed by participating brokers at NAV.
- ◆ **LIC tax concessions** – No
- ◆ **DRP available** – Yes

STW's Portfolio (Top 10) Weighting

Code	Portfolio (%)
BHP	11.7
CBA	7.4
WBC	6.4
ANZ	5.3
NAB	5.1
TLS	4.0
WES	3.8
WOW	3.1
RIO	2.8
NCM	2.7
	52.4

Source all figures: STW/Independent Investment Research/IRESS.
All data as at 30 September 2011 unless otherwise specified

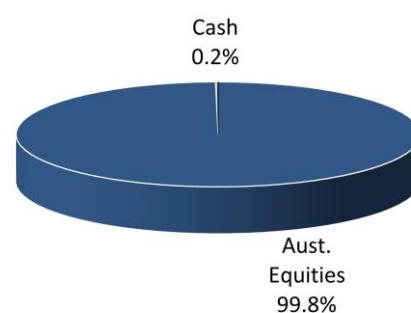
NAV & Share Price Performance



Sector Breakdown

Sector	(%)
Energy	7.0
Materials	25.7
Industrials	6.8
Consumer Discretionary	3.6
Consumer Staples	9.5
Healthcare	3.4
Financials (ex Property)	31.4
Property	6.2
Information Technology	0.6
Telecommunication Services	4.3
Utilities	1.5

Asset Weighting



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