



SPDR ETFs Switzerland

Guest contribution for SIX Swiss Exchange on the occasion of the SPDR ETF listings on January 31, 2012

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Mr. Appert, a few months after the first SPDR ETF was listed on SIX Swiss Exchange you are now launching additional products on the market. What do you have in your bag this time?

Our listing of 16 additional SPDR ETFs today makes it possible for investors to invest in stocks and bonds in both industrialized countries and Emerging Markets. The range of products comprises various products which are unique Europe-wide as well as two new global products such as the SPDR MSCI ACWI IMI ETF. It contains investments in developed countries, Emerging Markets and Small Caps and corresponds to 98 percent of global stock market capitalization. It enables investors to make broad, in-depth investments in international stock markets.

Many of the new SPDR ETFs offer access to Emerging Markets. Didn't the hype die out long ago?

In contrast to developed countries, Emerging Markets offer dynamic growth opportunities. Prognoses foresee at least five percent this year. For this reason seven of the new SPDR ETFs are heavily geared toward Emerging Markets. The new SPDR ETFs comprise products, which replicate a broad range of Emerging Market stocks and government bonds as well as stock ETFs that focus on the Small Cap segment, which comprises the important regional groups of Emerging Markets. Through these products we are supporting investors who are specifically generating a stock and bond exposure to international Emerging markets and thereby diversifying their portfolios.

What are you recommending to investors besides Emerging Markets?

Dividend ETFs are an interesting alternative in the currently weak yield environment. They offer investors a steady revenue stream with considerable immunity from market turbulence. In the last ten years, alone dividends account for approximately two-thirds of S&P 500 profits.

Both sustainability and yield play a role in our dividend policy. For example, the SPDR S&P US Dividend Aristocrats listed today replicates the value development of S&P High Yield Dividend Aristocrats, which, to put it briefly, contains an index of US companies whose dividends have constantly risen for the last 25 years. The idea is to replicate a broad spectrum of high-quality companies with a sustainable dividend policy. This gives our portfolio a totally new quality.

There are now a good number of ETF providers in Switzerland, and the competition is not asleep at the switch. What do you do better than the others?

Our strength is the physical replication of global stock indices. And this is no trivial task. Let me give you an example. Acquiring all outstanding bonds for an ETF based on bond indices would be cost prohibitive. The portfolio manager must therefore select a security that most precisely replicates all outstanding corporate



bonds in order to keep the tracking error to a minimum. This requires a high degree of experience. With over 30 years of indexing experience and global scale, physical replication certainly plays to our strengths.

And you have such people? SPDR ETFs are still a very new brand.

You can assume that we do, because SPDR ETFs as a product category were first launched by SSgA in Switzerland with a listing in May 2011. However, in contrast to other providers we can look back on 30 years of market expertise given we created the very first ETF in the US in 1993. This product replicates the S&P 500, it remains the largest and most heavily traded ETF and just last week broke the USD 100 billion mark., Offered by State Street Global Advisors (SSgA), SPDR ETFs have the backing of one of the largest asset managers in the world.

SSgA offers investors a disciplined investment process and a strong global investment platform with access to all important asset classes, capitalization sizes and investment styles. SPDR ETFs profit from these decades of experience. SSgA now manages ETF assets worldwide valued at USD 271 billion. In Europe, ETFs have already been launched throughout Germany, UK, France and Italy.

About Rochus Appert:

Rochus Appert is Vice President of State Street Global Advisors (SSgA) and Head of Intermediary Business and in charge of marketing SPDR ETFs in Switzerland. Appert joined SSgA in July 2005. The economist previously served as head of the Mid Cap team at Credit Suisse.