

Investing Internationally Exchange Traded Funds (ETFs)

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INVESTING INTERNATIONALLY

- The Australian share market accounts for less than 2% of total global share market capitalisation.
- Using Select Equities' International Securities Trading Service, you can access global share market investment opportunities by investing in listed securities on most major international stock markets.
- Whilst many listed Australian companies have high quality international operations, eg BHP, RIO, WPL, MBL, PBL et al, the majority of the world's largest and most successful companies are listed offshore.
- Building an investment portfolio containing an exposure to some of the world's largest and most successful companies listed on offshore bourses is another way to generate long-term wealth.

WHAT IS AN ETF?

- Exchange Traded Funds (ETFs) are listed investment products that hold a basket of securities generally designed to track a stock index, an industry sector, or international stock, yet they are listed and trade like a single stock.
- Broad-based ETFs are generally designed to passively track a specific stock index where the ETF's aim is to replicate the relevant stock index weightings.
- Some of the largest, most liquid and popular ETFs are listed over the page, covering stock indices in the USA, Hong Kong, Japan and the UK.

BROAD BASED ETFs - INVESTOR BENEFITS

- With a relatively small amount of capital, a high degree of diversification can be achieved.
- The diversification can reduce both volatility and risk.
- Investment management expertise, which may be good or bad, is eliminated as returns will be closely aligned with the index.
- Management expense fees are generally lower than actively managed funds, performance fees are mitigated and the structures and contents of the funds are transparent.
- The major international broad based ETFs are quite liquid and can be traded on the respective stock exchange just like an ordinary share.

RISKS

- An international investment is subject to currency risk. Foreign exchange cross rates can be volatile and unpredictable.
- There can be added complexity investing in international markets.
- Country and political risks can exist.

HOW DO I GET STARTED?

- Contact your Select Equities adviser if you want to learn more about ETFs, or if you wish to add an ETF exposure to your investment portfolio.

WHAT ARE THE FEES?

International Securities Transaction Fees are charged depending on the value of the trade and may vary depending on the market.

USA Standard International Securities Transaction Fees	Brokerage
Standard brokerage rate	1.10%
Minimum transaction fee	USD 100
One off international securities trading facility establishment fee	\$440

Market: USA
Index: Dow Jones Industrial Average
ETF: DIAMONDS
Code: DIA

DIA Description:

A product designed to replicate the Dow Jones Industrial Average (DJIA), an index that is more than 100 years old. This ETF is comprised of 30 of the biggest companies in the United States. The DJIA currently includes 28 companies listed on the NYSE and 2 companies listed on the Nasdaq. The editors of The Wall Street Journal oversee the Dow Jones and make changes to its components, as needed, to reflect what's happening in the broad market, as well as in American industry in general.

Market: USA
Index: NASDAQ 100
ETF: QQQ NASDAQ-100 Index Tracker
Code: QQQQ

QQQ Description:

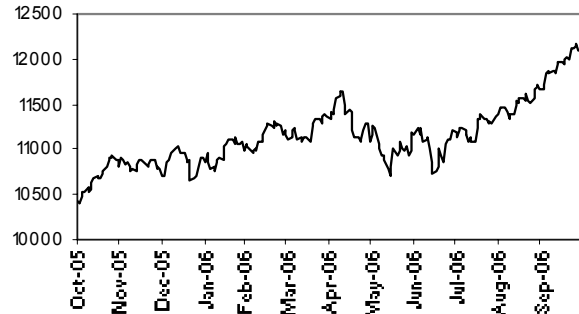
The NASDAQ-100 Trust Series I is a pooled investment designed to provide investment results that generally correspond to the price and yield performance of the NASDAQ-100 Index. The NASDAQ-100 Index includes 100 of the largest domestic and international non-financial companies listed on The Nasdaq Stock Market based on market capitalization.

Market: USA
Index: Standard & Poor's 500
ETF: SPDRs, S&P Depository Receipts
Code: SPY

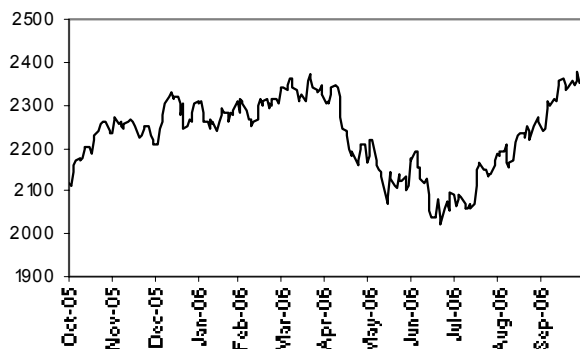
SPY Description:

A product designed to replicate the Standard & Poor's 500 Composite Stock Price Index (S&P 500) by accumulating and holding a portfolio of the constituents that comprise the S&P 500 Composite Stock Price Index. The S&P 500 is widely regarded as a gauge of the U.S. equities market, and includes a representative sample of 500 leading companies in leading industries of the U.S. economy. The S&P 500 focuses on the large-cap segment of the market, with over 80% coverage of U.S. equities.

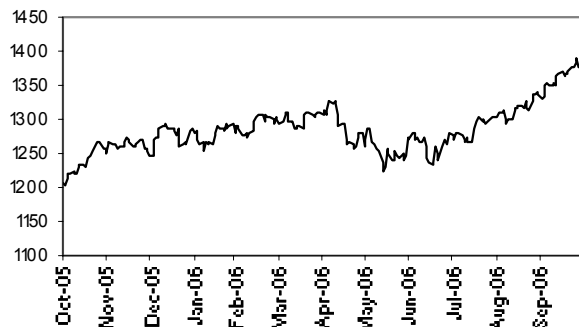
12 Month Dow Jones Index Chart (USA)



12 Month NASDAQ Index Chart (USA)



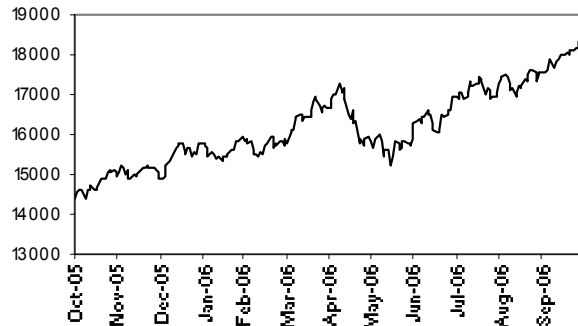
12 Month S&P 500 Index Chart (USA)



Market Hong Kong
Index Hang Seng
ETF TraHK, Tracker Fund of Hong Kong
Code 2800

2800 Description:

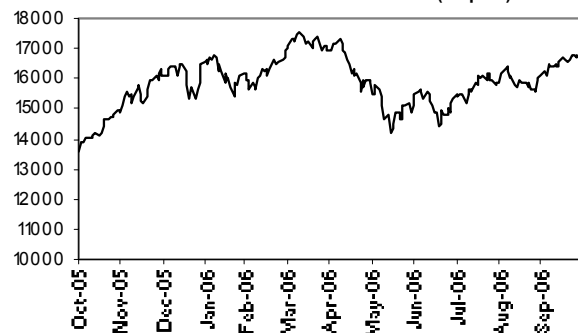
TraHK's investment objective is to provide investment results that closely correspond to the performance of the Hang Seng Index in HK Dollars (which are pegged to the USD). The Hang Seng Index (HSI) is a well-known benchmark for the performance of the Hong Kong stock market. The HSI is composed of some of the largest companies in terms of capitalisation listed on the Stock Exchange of Hong Kong whose shares are among the most frequently traded.

12 Month Hang Seng Index Chart (Hong Kong)


Market Tokyo, Japan
Index Nikkei 225
ETF Nikko Exchange Traded Fund
Code 1330

1330 Description:

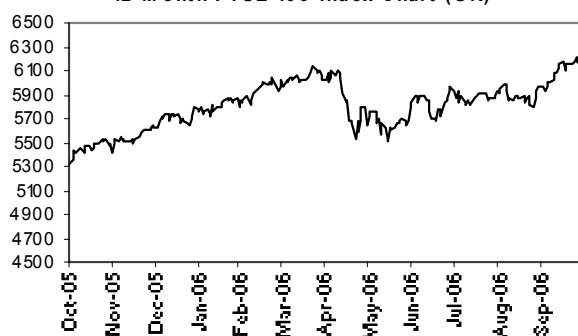
An ETF product designed to replicate the Nikkei 225 Stock Average (NIKKEI 225). The Nikkei 225 is based on a portfolio of 225 of the largest stocks trading on the Tokyo Stock Exchange. Stocks are weighted according to their prices. The Nikkei peaked in 1989 at over 38000, so despite a relatively strong rally staged during the past 12 months, the Nikkei remains at a substantial price discount to its all time highs achieved more than a decade ago.

12 Month Nikkei 225 Index Chart (Japan)


Market London, UK
Index FTSE100
ETF iShares FTSE 100
Code ISF

ISF Description:

An ETF designed to provide an exposure to the top 100 companies listed on the London Stock Exchange. The ISF's objective is to track the FTSE 100 Index, the key benchmark for the London Stock Exchange.

12 Month FTSE 100 Index Chart (UK)


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Disclosure of Interest:

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