

## NEWS RELEASE

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### Local ETF industry gathers momentum

Co-head of iShares Australia, Tim Bradbury, believes the increasing number of exchange traded fund (ETF) providers in Australia is excellent for both the industry and investors.

"We welcome more ETF providers to the Australian market. This provides even greater choice and increases awareness of the ETF category, which can only be good for the overall market and investors," Bradbury said.

"Competition is expected given the phenomenal growth trend overseas. The number of ETF providers entering the market this year confirms our view that Australia's ETF sector will continue to grow to a significant level as investors and intermediaries become more familiar with the ETF product and the considerable benefits it has over managed funds."

Globally, there has been a phenomenal move away from managed funds into ETFs. In 2008, there was a net funds outflow from traditional managed funds estimated at US\$205 billion worldwide. In contrast, net inflows into ETFs were US\$215 billion, as investors sought the benefits ETFs offer, such as instant diversification, liquidity and the transparency of knowing exactly the composition of the funds at any given time.

Research firm Investment Trends recently reported that ETFs are finally gathering traction in Australia. "We are finding very, very rapid growth at the moment in ETFs off a very low base and the accelerating growth is being driven by high net worth investors," its principal Mark Johnston said, adding that the number of ETF investors was likely to double in 2009 to 33,000.

iShares continues to be the leading exchange traded funds provider, both globally and locally. In Australia there are 19 iShares on offer. Earlier this year, three new global sector funds providing cost-effective investment in the defensive sectors of healthcare, telecommunications and consumer staples were added to the range.

iShares make up over 45 per cent of the world's ETF market in assets under management, in comparison to the next largest provider with 20 per cent market share. iShares sales globally rose from US\$70 billion in 2007 to US\$89 billion in 2008, despite the stock-market meltdown. Seven iShares are among the top 10 ETFs worldwide by assets under management (AUM).

#### **Background**

##### **Global comparison of ETF providers active in Australia**

<b>Provider</b>	<b>Number of ETFs</b>	<b>AUM</b>	<b>Market share</b>
iShares	361	US\$325bn	45.7%
State Street	98	US\$146bn	20.5%
Vanguard	38	US\$45bn	6.4%

*Source: ETF Landscape Industry Review, January 2009 – Year End 2008 Review*

## Media Contacts

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## Background information

iShares Exchange Traded Funds from Barclays Global Investors, are the world's leading family of exchange traded funds (ETFs). Over 361 iShares are traded on major stock exchanges around the world. iShares account for close to half of the ETF market worldwide.<sup>1</sup> Barclays Global Investors has launched 19 iShares ETFs in four tranches on the ASX, the first in October 2007:

International Exchange Traded Funds listed on the ASX	ASX code	Fees (%)	Description
<b>Global sector funds</b>			
iShares S&P Global Consumer Staples	IXI	0.48	97 food and household product stocks
iShares S&P Global Healthcare	IXJ	0.48	81 global healthcare stocks
iShares S&P Global Telecommunications	IXP	0.48	46 major telecommunication groups
iShares S&P Global 100	I00	0.40	100 multinational companies
<b>Regions – developed economies</b>			
iShares MSCI EAFE	IVE	0.34	Europe, Australasia, Far East
iShares S&P Europe 350	IEU	0.60	350 shares across Europe
<b>Regions – emerging economies</b>			
iShares MSCI Emerging Markets	IEM	0.72	More than 20 emerging economies
iShares MSCI BRIC	IBK	0.72	Brazil, Russia, India, China
iShares S&P Asia 50	IAA	0.50	50 shares across Asia
<b>Country indices – developed economies</b>			
iShares S&P 500	IVV	0.09	US large caps
iShares S&P MidCap 400	IJH	0.20	US shares US\$1b – US\$4b
iShares S&P SmallCap 600	IJR	0.20	US shares US\$300m – US\$1b
iShares Russell 2000	IRU	0.20	US small caps
iShares MSCI Japan	IJP	0.52	Japanese shares
iShares MSCI Hong Kong	IHK	0.52	Hong Kong shares
iShares MSCI Singapore	ISG	0.52	Singaporean shares
<b>Country indices – emerging economies</b>			
iShares MSCI Taiwan	ITW	0.73	Taiwanese shares
iShares MSCI South Korea	IKO	0.63	South Korean shares
iShares FTSE/Xinhua China 25	IZZ	0.74	25 leading Chinese shares

ETFs are index funds that are bought and sold like ordinary shares on a stock exchange. They provide instant exposure to an entire index through a single trade. ETFs combine the advantages of shares with the benefits of index funds. iShares ETFs are attractive to individual and institutional investors and financial intermediaries because of their trading flexibility, cost-effective diversification and transparency benefits. iShares ETFs can be used to achieve many investment strategies:

- Completing a portfolio's strategic asset allocation
- Core-satellite investing
- Reducing portfolio risk through diversification

For further information on iShares ETFs and strategies for using them, visit [iShares.com.au](http://iShares.com.au).

<sup>1</sup> Source: ETF Industry Preview from Barclays Global Investors, December 2008.

### **Barclays Global Investors**

Barclays Global Investors (BGI) is one of the world's largest asset managers and a leading global provider of investment management products and services. It has nearly 3,000 institutional clients and over AUD\$2.2 trillion of assets under management (November 2008). It transformed the investment industry by creating the first index strategy in 1971 and the first quantitative active strategy in 1979. BGI is the global product leader in exchange traded funds with over 361 iShares ETFs for institutions, intermediaries and individuals globally. BGI is a majority-owned subsidiary of Barclays PLC, one of the UK's largest companies and one of the world's foremost providers of financial services with operations in over 60 countries.

### **Barclays Global Investors Australia**

Barclays Global Investors Australia (BGIA) has been one of the fastest growing investment managers in Australia with currently over AUD\$31 billion in funds under management (November 2008). BGIA offers a wide range of total return, risk-controlled active and index strategies across both developed and emerging markets. In addition to this, iShares, the world's leading family of exchange traded funds (ETFs), were launched in October 2007. BGIA serves a range of clients including Australian corporations; industry, public sector and superannuation funds; master funds; and wrap account distributors.

For further information about Barclays Global Investors, please visit our website [www.barclaysglobal.com](http://www.barclaysglobal.com).

### **Important information**

Before investing in an iShares fund, you should carefully consider the appropriateness of such products to your circumstances, read the applicable Australian prospectus and consult an investment adviser. Prepared by Barclays Global Investors Australia Ltd ABN 33 001 804 566, AFSL 225 398 ("BGIA") on behalf of iShares, Inc. ARBN 125 632 279 and iShares Trust ARBN 125 632 411. Barclays Global Fund Advisers ("BGFA") serves as an adviser to the iShares funds that are registered with the United States Securities and Exchange Commission under the Investment Company Act of 1940. BGFA is a subsidiary of Barclays Global Investors, N.A. ("BGINA"). BGIA and BGINA are majority-owned subsidiaries of Barclays Bank PLC. Unless otherwise stated, any opinions expressed, analysis and assumptions made in this press release reflect BGIA's judgement as of the date of publication and are subject to change. The information in this document relates to iShares funds quoted on the Australian Securities Exchange ("ASX"). Trades on ASX in the shares on an iShares fund are settled using CHESS Depositary Interests ("CDI"s). International investments such as an iShares fund may have different risk characteristics compared to investments in other securities listed on the ASX that do not have international exposure.. The performance of an iShares fund is not guaranteed by ASX, any foreign or Australian regulatory or depositary institution or any Barclays or other entity. Use of the "ASX" abbreviation is not an endorsement by ASX. An iShares fund is not sponsored, endorsed, promoted, issued or sold by MSCI Inc, Standard & Poor's, the London Stock Exchange and The Financial Times Limited ("FTSE"), FTSE/Xinhua Index Limited ("FXI") or Frank Russell Group. © 2008 Barclays Global Investors Australia Limited. All rights reserved. iShares® is a registered trademark of Barclays Global Investors, N.A. All other trademarks, servicemarks, or registered trademarks are the property of their respective owners.