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More US ETF providers target Australia

Good for advisers and investors

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More US exchange-traded fund (ETF) issuers have signalled interest in listing their products in Australia as the local ETF industry's funds under management (FUM) booms.

Providers that have flagged interest include WisdomTree, ProShares, PowerShares, PIMCO, Claymore and Rydex, according to market rumours.

"WisdomTree is considering listing some of our ETFs in Australia," a WisdomTree spokesperson confirmed.

WisdomTree uses a fundamental weighting methodology to construct its ETFs, rather than a market capitalisation approach.

Its ETFs include Emerging Markets Small Cap Dividend, International Large Cap Dividend, US Total Earnings, International Real Estate and a range of currency ETFs including Chinese yuan and South African rand.

It is understood ProShares is also interested in listing its ETFs in Australia after receiving significant interest from advisers and institutional investors for its products.

ProShares is the world's largest manager of so-called inverse and leveraged ETFs. Its UltraShort Dow 30 ETF, for example, is designed to rise 10 per cent if the Dow Jones drops 5 per cent.

Invesco Australia chief executive Mick O'Brien said there are no firm plans for the firm to introduce its PowerShares suite of ETFs to the Australian market.

"However, as always, we will continue to review this position from time to time and may introduce products at some future point," he said.

PowerShares ETFs allow investors to access investment themes including global water, global clean energy and other forms of renewable energy including nuclear and wind, as well as commodities.

PIMCO, which offered its first ETF in June 2009, declined to comment. A Rydex spokesperson said the firm would not comment on any rumours or industry speculation and Claymore did not return comment.

Any dealing that the Australian Securities Exchange (ASX) has had with potential issuers of any product is a matter of utmost confidence, ASX's general manager of equity markets Richard Murphy said.

Russell Investments said earlier this month it would introduce a "new breed" of "innovative next generation" ETFs in Australia from May.

The FUM of ETFs on the local stock exchange soared 150.1 per cent to \$3.28 billion in the 12 months to March 2010, according to ASX data.

Investment Trends principal Mark Johnston said he is not surprised new issuers would enter the Australian market given the growth in use of ETFs. He said more issuers would be good for advisers and investors given the demand for a wider range of ETFs.

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