

# Spinning

## NEW WEBS

ONLY TWO YEARS AGO, Americans seeking to invest in Sweden had few options. They could buy shares in some Swedish companies, but most were not traded on the United States markets. There were mutual funds that contained Swedish investments, but their overall portfolios covered larger areas—like all of Europe, for example—meaning the ongoing investment in Sweden would change.

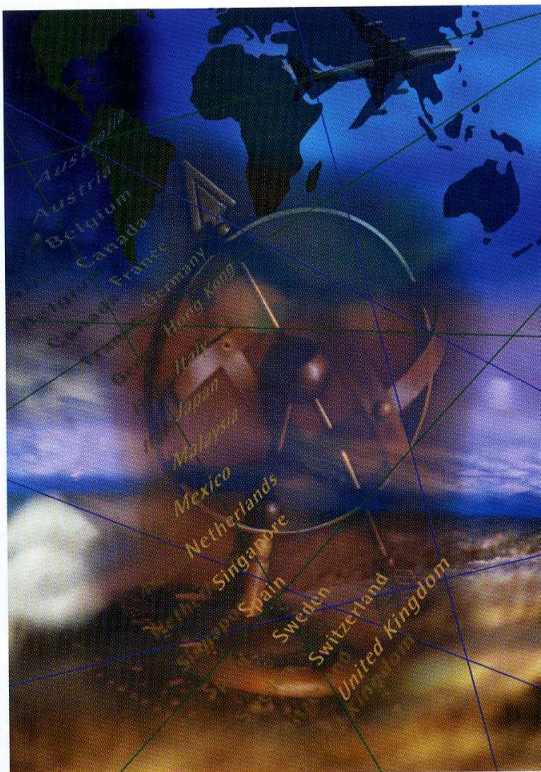
Since March 1996, Americans have had the option to own a diversified Swedish stock portfolio through WEBS (World Equity Benchmark Shares). Traded on the American Stock Exchange, WEBS are designed to give individuals a low cost, tax-efficient way to invest internationally in world stock markets with just one trade. WEBS are equity securities, not mutual funds, that seek to track the performance of a country's broader economy, and must be purchased through a broker.

Currently, Americans can choose among 17 WEBS, each representing a different country—including Sweden (ticker symbol: EWD). Each WEBS share represents a broad portfolio of publicly traded stocks in a selected country. The WEBS portfolio is managed passively to try to match the performance of the Morgan Stanley Capital International (MSCI) Index for a particular country.

Brokers cite two major reasons to invest in WEBS: a lower expense ratio than may be experienced in more aggressively managed mutual funds and more tax efficiency than an average international portfolio. The turnover for most mutual funds approaches 100 percent, but WEBS boast an average turnover of only 10 percent, which keeps costs down and can substantially reduce an investor's taxable gains at year end. In addition, WEBS are very liquid because they are stocks.

Investors have the assurance that their investment will always represent companies in the country they choose, the convenience of achieving a market presence in one security, and the satisfaction of investing in an individual country on a long- or short-term basis.

In 1997 the total net return to investors in Swedish WEBS was 10.4 percent; since its inception, Swedish WEBS have paid a return



*Investing in WEBS is the least expensive and most tax-efficient way to invest in a single country*

*American investors now have easy access to Swedish and other foreign economies*

of 40.94 percent. The Swedish MSCI Index has outperformed all of the other 16 countries offered through WEBS. In other words, if an investor had placed \$10,000 in the Swedish MSCI Index five years ago, it would be worth more than \$34,500 today, compared to a return of about \$22,300 for \$10,000 invested in the Standard & Poors

500 during the same period.

In a recent summary, the top ten Swedish WEBS stocks included the following companies: L M Ericsson, Astra, ABB, Skandinaviska Enskilda Banken, Hennes & Mauritz, Svenska Handelsbanken, Atlas Copco, Volvo, Skandia Försäkrings, and Electrolux. Currently, there are about 28 companies in the Swedish WEBS portfolio.

Financial experts recommend investing abroad to participate in the economic growth of companies outside of the United States, and to diversify a portfolio to reduce risk and volatility. Historically, international markets have behaved differently than the U.S. market—either climbing more quickly or climbing when the U.S. market is falling.

Purchasing Swedish WEBS also is a great way to sweeten an IRA, to invest for children or grandchildren, or to satisfy a desire to invest in the land of one's ancestors. It provides access to the companies that have made Sweden an economic success.

For more information on WEBS investing, visit its Web site at <http://websontheweb.com>, where a full description and presentation on the underlying structure for each WEBS series is available. Simply click on one of the 17 waving flags for information on the corresponding country. Investors without Internet access may call their broker for more information. **S&A**