

What's Inside...

The fear factor:

Increasing options Cover

Titanic moment

for Titan 40 Cover

How single stock futures

will affect ETFs Page 2

Moody's, S&P rate Barclays

bond ETFs Page 3

REIT ETFs:

Almost an alternative
asset class Page 4

ETFR Databank

Listing of global

ETF data Page 10

The fear factor: Increasing options

By Marsha Zapson

As investors seek a hedge in a volatile market, the venerable Spider has received increased attention—which means volume—in recent weeks. In mid-August a year ago, for example, the Spider's average daily volume on the American Stock Exchange was 5.8 million shares; this August, it clocked in at 10.1 million shares.

Much of the interest in the Spider has been driven by fear: fear of equity market declines and individual stock blowups. Rather than trying to guess which stock will implode or miss its SEC earnings certification deadline, investors have been betting on broad baskets of stocks—namely, exchange-traded funds. And in a volatile market, characterized by plenty of dips, ETFs are also appealing because they can be sold short, even on a downtick.

In another defensive play, option activity has increased in recent weeks as investors have sought ways to capitalize on that volatility. According to the Options Clearing Corp, which clears and guarantees all US-traded options, overall volume (which includes stock options, index options and foreign currency options) hit 84.1 million contracts in July, representing an 8.5% increase over the previous high in January 2001. And as major indices fell in July, some 8.6 million index option contracts traded that month, representing a 113.0% increase over last year.

QQQ reigns again

Index options are soaring, according to Chicago Board Options Exchange, the US's largest options exchange. This July, the exchange traded 11.5 million contracts, up 101% over last year; and year to date, it has traded 50.6 million contracts, up 23% over last year. While equities may be suffering, index options in general are increasing in volume because of gen- ➤

Titanic moment for Titan 40

By Philip Scipio

In what may be a hint of things to come as ETFs battle each other for dominance in certain market sectors, State Street Global Advisors has given the old heave-ho to its SSgA Dow Jones Canada Titans 40 Index Participation Fund.

The Titans 40, seen as a direct competitor to Barclays' iUnits S&P/TSE 60 Index Participation Fund, or i60, was never even a slight threat to the Barclays product. A spot check on August 20 tells the story. While both funds were trading at around \$38.20, the volume on the i60 at 85,000 shares was more than 220 times the volume on the Titan 40 fund. Similarly, the i60's C\$3.3 billion under management dwarfed the Titan, which had about C\$173 million under management.

The termination and liquidation of the fund is effective November 1, 2002. The fund, launched in October 2000, is the first ETF to be terminated since the mass proliferation ➤

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How single stock futures will affect ETFs

By Elise Coroneos

OneChicago and Nasdaq Liffe Markets are just weeks away from trading single stock futures in the US for the first time since the ban on such instruments was overturned in late 2000. Close behind will be the American Stock Exchange and the Island Futures Exchange which plan to start trading single stock futures early next year. Until the trading bell rings, however, opinion is undecided on whether single stock futures will compete against or complement the ETF marketplace.

Michael Bickford, who will be responsible for single stock futures at the American Stock Exchange, believes that while the potential exists for single stock futures to attract market players who have traditionally used exchange-traded funds, they will also bring new players into the market. This will be mainly due to the additional leverage they will provide because of their 20% margins, as compared to the current 50% stock margin for equities.

"Some hedge fund managers attracted to leveraged products tend to think a 50% stock margin is not enough leverage. So I think the greater leverage will attract an audience that may not currently be users of ETF products," says Bickford.

Interactive trading

Many market participants have suggested that single stock futures will encourage trading, hedging and investing opportunities, creating a trickle-down effect that will ultimately benefit ETFs. "Anytime you have more opportunities, you will see more liquidity in the marketplace," says Peter Borish, senior managing director, international business development at OneChicago, a joint venture between the Chicago Board Options Exchange, the Chicago Mercantile Exchange and the Chicago Board of Trade.

"I believe that volume is additive so they will definitely help each other," says Borish. "There will be more liquidity in the underlying components of the ETFs and the arbitrage between the two instruments will keep prices more in line."

Thomas Ascher, chief executive of Nasdaq Liffe Markets, agrees. "I firmly believe single stock futures will complement far more than they will compete with ETFs," he says. "There will be times when a trader is looking to effect a trade in the marketplace and will choose one instrument over the other; however, the volume that will arise out of the interplay between analytical players, arbitrageurs and professional liquidity providers will outstrip any volume shift because of competition."

The expectation that the interrelationship between market players will, in and of itself, be the catalyst for trading in both ETFs and single stock futures is evidenced by the structure being established by some firms to trade the new instruments. "When we look at some of the firms that are joining us as members with the intention of market making or engaging in

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proprietary trading," says Ascher, "we are seeing several instances where the ETF desk is taking on responsibility for single stock futures. I think that underscores the expectation that there will be interrelation."

Alex Budny, an ETF researcher for Lehman Brothers, believes that even if single stock futures can fill the same role as ETFs, there will probably be some period of time during which many investors will simply observe the efficiency of the new market. Nevertheless, Budny believes that the potential exists for single stock futures to benefit from the liquidity already built into

the ETF market.

"Market makers that trade ETFs could potentially use single stock futures as a way to hedge their trading activities in ETFs," says Budny. "The mini-Nasdaq 100's and the mini-S&P 500's have gained a lot of dollar volume, and I believe the major participant in that market is the ETF market maker."

Single stock futures on ETFs

In addition to single stock futures' implications for market volume, plans are afoot for the new instruments to create a further impression on the ETF marketplace. Nasdaq Liffe Markets is expected to announce single stock futures on the Nasdaq 100 ETF (QQQ) in coming weeks.

There are currently no true futures on ETFs that are physically settled, according to Ascher. "There are lots of major equity index futures products, some of which are based on the same indices upon which ETFs are based, but the advantage of what we will be offering is absolute convergence," he says.

Single stock futures on ETFs will overcome the problem of the decoupling at expiration, a frequent occurrence with cash settled index futures. The new product will have comparable exposure to that obtained with a cash settled index future, but with the benefit of being a physically settled future that is deliverable to the ETF.

"With the physically settled future on the ETF," says Ascher, "you have an absolute assurance of convergence at expiration because at the end of the day when someone takes the contract all the way to expiration, they are going to be long or short the ETF. It is a nice melding of the two worlds and it underscores why I firmly believe that single stock futures will be complementary to the ETF business, far more than any competitive element."

The Amex also intends to launch single stock futures on ETFs, according to Bickford. Like single stock futures, however, such products will not be made available on the exchange until early next year.

OneChicago is yet to publicly commit to single stock futures on ETFs. Instead, it is in the investigative stage of studying the viability of such instruments, according to Borish, who believes they would be a benefit to active ETF participants looking for active capital appreciation and capital efficiency. ✚

Moody's, S&P rate Barclays bond ETFs

By Philip Scipio

The lifeblood of any bond offering is often its credit rating. While such a rating may not be as critical to bond funds, the ratings do give investors a clear indication about the nature and quality of a fund's holdings as well as the skill of the manager.

A lot of attention has been paid to Barclays Global Investors' first fixed income exchange-traded funds, which were launched in late July. The funds' launch was more closely watched than anticipated because average retail investors were searching for an alternative amid rapidly declining equities markets. But as they rushed to add fixed income ETFs to their portfolios, many probably didn't realize that they could first check the funds' ratings.

Moody's Investor Service initiated ratings coverage in July in advance of the launch, and Standard & Poor's did so shortly afterward.

In the same way investors should use impartial evaluations to weigh the risks and rewards of any investment vehicle, they should conduct thorough research before buying any bond ETF, says Standard & Poor's, which was asked to do a ratings analysis on the four funds Barclays launched.

The nitty gritty

Moody's Money Market and Bond Fund Ratings are opinions of the investment quality of shares in funds that principally invest in short-term and long-term fixed income obligations. The ratings range from Aaa, judged to be of the best quality, to B, judged to generally lack characteristics of a desirable investment.

Moody's market risk ratings range from MR1, indicating very low sensitivity to changing interest rates and other market conditions, to MR5, indicating very high sensitivity to changing interest rates and other market conditions.

Moody's gave the iShares GS \$ InvesTop Corporate Bond Fund a credit rating of A2 and a market risk rating of MR3. Moody's said that the A2/MR3 ratings are based on the credit quality of the fund's prospective investments, its management relative to its objectives, and its strong operations and compliance program.

Because the index straddles the entire investment grade spectrum, the fund's rating is expected to change from time to time. Moody's will monitor portfolio changes due to rebalancing activities or rating changes on the underlying issues.

Moody's gave a bond fund credit rating of Aaa to the iShares Lehman 1-3 Year Treasury Bond Fund, the iShares Lehman 7-10 Year Treasury Bond Fund and the the iShares Lehman 20+ Year Treasury Bond Fund. The funds received market risk ratings of MR1, MR4 and MR5, respectively, based on the credit quality of their prospective investments, their management relative to their objectives, and their strong operations and compliance program.

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The ratings
will be
an important
tool

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Standard & Poor's also provides evaluations for credit quality and volatility. Credit quality ratings are current assessments of the overall credit quality of a fund's portfolio. The ratings scale ranges from triple Af, denoting extremely strong protection against losses from credit defaults, to triple Cf, which denotes extreme vulnerability to losses from credit defaults.

S&P assigned the triple Af rating to three of the four funds. The iShares Lehman 1-3 Year fund, the iShares Lehman 7-10 Year Treasury fund and the iShares Lehman

20+ Year Treasury fund all received the top rating, signifying that the funds provide extremely strong protection against losses from credit defaults. The iShares GS \$ InvesTop fund was rated single-A minus-f, suggesting that the fund provides strong protection against losses from credit defaults.

"Bond ETFs can be a good choice for many investors," says Wendy Liebeck, fund analyst, Standard & Poor's. "But it's important for investors to arm themselves with the right information to evaluate the risks and potential rewards of any particular fund," she says, noting that ratings will be an important tool in that process.

Standard & Poor's volatility ratings, identified by the letter "S," are based on S&P's current opinion of a fixed-income fund's sensitivity to changing market conditions. The volatility ratings are based on a scale from S1, for the lowest sensitivity, to S6, for the highest sensitivity. Volatility ratings evaluate sensitivity to factors such as interest rate movements, credit risk and liquidity.

The iShares Lehman 1-3 Year fund was rated S1, indicating that the fund has low sensitivity to changing market conditions. The iShares Lehman 7-10 Year fund and iShares GS \$ InvesTop fund were rated S3, moderately sensitive to changing market conditions. The iShares Lehman 20+ Year fund received a more volatile S5 rating, highly sensitive to changing market conditions.

"It's the same process that we do with closed-end bond funds and money funds, this is the first fixed income ETF," says Liebeck. "The rating process is the same. It's a management assessment that looks at how the manager runs the fund, the operational guidelines, the oversight, and overall quality and volatility of the portfolio," she says. The assessment of the quality and experience of the fund manager also influences the overall rating.

After the initial rating, S&P continues to monitor funds on a monthly basis, and will revise a rating if the volatility or credit quality ratings of the underlying bonds in the funds change, says Liebeck.

Much like the in-depth process for an individual corporate bond issue, the ratings for the new ETFs reflect an independent analysis, she says. "We have to feel comfortable rating the fund; so in that respect, it's not unlike a credit rating for a company where S&P has wide access to information relating to the fund." ❖

REIT ETFs: Almost an alternative asset class

By Elise Coroneos

ISHARES COHEN & STEERS REALTY MAJORS WILSHIRE REIT INDEX FUND

Tickers			
ICF		iShares Cohen & Steers Realty Majors	
RWR		Wilshire REIT Index Fund	
Launch dates		ICF	January 29, 2001
		RWR	April 27, 2001
Net assets		ICF	\$136 million as of August 20, 2002
		RWR	\$32.6 million as of June 30, 2002
Shares outstanding		ICF	1,600,000
		RWR	250,000
Avg daily trading volumes		ICF	14,127 shares
		RWR	4,000 shares
Expense ratios		ICF	0.35%
		RWR	0.25%
		52-Week	
		High	Low
Price	ICF	\$94.45	\$77.60
	RWR	\$132.00	\$110.00
NAV	ICF	\$94.86	\$77.69
	RWR	\$133.00	\$108.00
Premium/discount to NAV		ICF	25 basis points
		RWR	30 basis points
Sector focus		Real Estate	
Portfolio structure		ICF	Full replication
		RWR	Full replication
No of stocks in fund		ICF	31
		RWR	91
Options available		ICF	Options under consideration
		RWR	No
Minimum trade size		ICF	1 share
		RWR	1 share
Distribution frequency		ICF	Quarterly
		RWR	Quarterly
Benchmark indices		3-mo	YTD
		(0.33%)	7.67%
		4.60%	13.30%
		1-yr	
			12.85%
			16.00%
Income		2000	2001
		ICF	\$4.36
		RWR	\$5.12
			\$3.03
Capital gains		ICF	0.00%
		RWR	0.69%
			None
Custodians		ICF	Investors Bank & Trust
		RWR	State Street
Index providers		ICF	Cohen & Steers
		RWR	Wilshire
Distributors		ICF	SEI
		RWR	State Street Global Markets

Amid the poor returns registered by the vast majority of ETFs so far this year, real estate-based products stand out as a safe haven for investors. The two ETFs wholly made up of Real Estate Investment Trusts have seen an increase in assets since the beginning of the year.

During this period, the iShares Cohen & Steers Realty Majors (ICF) has risen from about \$21 million under management to \$136 million. Launched in January 2001, the iShare has returned 7.7% this year to date. The Wilshire REIT (RWR) managed by State Street Global Advisors has experienced a more modest increase in assets, from \$18 million to \$32 million. The Wilshire-based product, which was launched in April 2001, has returned about 6.6% so far this year.

The equity nature of ETF trading combined with the relative stability of real estate has been the attraction for a lot of investors, according to Bruce Lavine, iShares product development officer at Barclay Global Investors. "People have flocked to real estate since seeing overvaluation and increased volatility in the equity markets. The REIT ETF is a sort of hybrid instrument for investors that they really gravitate toward. It is almost showing up as an alternative asset class."

Gus Fleites, a principal at State Street, believes that investors attracted to real estate-based ETFs are those looking to maintain investments in high yielding securities in what is essentially an economic climate favoring low yield investments such as bonds. "Investors have been attracted to the higher yields of the real estate securities," says Fleites. "And the higher yield on the interest rate securities is really independent of the interest rate environment, rather being driven by the underlying rents collected on these properties."

Dual development

Both BGI and State Street tout their respective index providers, Cohen & Steers and Wilshire, as the leader in the REIT business. When attempting to sell the advantages of their index providers, BGI focuses on the exclusive focus of Cohen & Steers in the real estate sector, while State Street believes that Wilshire's independence from real estate investing, unlike Cohen & Steers, creates an index uncompromised by active managers defining benchmarks.

Lavine at BGI does not think that the investment activities of Cohen & Steers compromise the integrity of its index composure. "I don't see any disadvantages, only advantages," he says. "They are a fund manager in the business who can help us promote the product in the real estate community. The fund is fully transparent, and we have a lot of confidence in Cohen & Steers as people who are deeply ingrained in the real estate business."

Both BGI and State Street had relationships with their index providers before the idea of a REIT-based ETF was conceived. BGI had a standing relationship with Cohen & Steers as a leader in the real estate arena, while State Street's real estate company, The Tuckerman Group, had adopted the Wilshire benchmark as its preferred benchmark years earlier.

Cohen & Steers, which was established in 1986, was the first US investment firm to focus exclusively on real estate

securities. The Realty Majors index, upon which the iShare is based, was originally used as the basis of an investment trust of the same name set up in 1998. Sold through Merrill Lynch, the trust raised about \$1 billion. The index was then created in December 1998, and listed on the American Stock Exchange.

The Cohen & Steers index comprises 31 underlying stocks, with no REIT representing more than 8% of the index. Initially, each new constituent must have a minimum market capitalization of \$500 million and a trading volume of at least 600,000 shares per month for the previous six months.

Launched on January 1, 1978, to coincide with the start date of the Russell/NCREIF Property Index, State Street's Wilshire product contains 91 stocks with no maximum weight any one REIT can represent. Each constituent must have a market capitalization of at least \$100 million and liquidity commensurate with that of other institutionally held equity real estate securities. Unlike the Cohen & Steers index, a specific level of required liquidity is not defined.

Wilshire dictates that at least 75% of a company's total revenue must be derived from the ownership and operation of real estate assets, with no more than 25% of its assets in direct mortgage investments.

The companies included in the two indices are those positioned to benefit from the consolidation and securitization of the real estate industry. A REIT's portfolio quality, management, capital structure, and sector and geographic diversification are all factors considered before inclusion.

The top three holdings in the iShares ETF are Simon Property Group Inc, representing 7.7% of the index; Equity Residential Properties Trust with 7.5%; and Equity Office Properties Trust with 7.4%. In the Wilshire REIT, the top three holdings are Equity Office Properties Trust with 8.7%, Equity Residential Properties Trust with 5.4% and Property Group Inc with 4.5%.

Both ETFs include similar sectors within the REIT universe, albeit with a somewhat different emphasis. While both products hold the greatest percentage of assets in the apartment sector, the iShare then focuses on office and retail as its second- and third-tier sectors. The Wilshire ETF, on the other hand, has a focus on diversified interests and factory outlets.

Other real estate sectors represented in the iShare are industrial, office industrial, storage, healthcare and manufac-

tured homes. The remaining portion of the Wilshire index comprises hotels, industrial, manufactured homes, office, retail (local and regional) and storage.

Capitalizing on conditions

To take advantage of the current focus on real estate, State Street plans to give the REIT ETF special attention in its marketing campaigns in order to raise assets. "In our marketing and sales efforts, we are spending a lot of time trying to explain why real estate as an asset class is attractive today, and why REITs are an effective way to get exposure to the asset class," says Fleites.

Both firms are especially pleased with the assets coming into the REIT ETFs because these in turn will attract a more significant level of institutional investment. At present, there are restrictions on how much mutual funds can hold in a fund, making it difficult for institutions to take large stakes in smaller ETFs.

Assets in REIT ETFs are expected to continue to grow, in part because of the ongoing securitization of the US real estate industry. With less than 10% of US commercial real estate owned by public companies, many are predicting that this figure will grow significantly over the next decade. To capitalize on this expected trend, both BGI and State Street have plans to expand their ETF real estate-based offerings in the US and on a global basis.

BGI already offers the iShares Dow Jones Real Estate Fund (IYR). Not a pure REIT fund, the ETF covers the same sectors as the Cohen & Steers fund, plus hotels and motels and mortgages. There is also currently talk of listing options on the iShares Cohen & Steers Realty Majors ETF. "Sectors will go in and out of favor, but this is one we think will be a strong core holding for many investors for a long period of time and we are trying to promote it as such," says Lavine.

State Street's real estate ETFs also include the streetTRACKS S&P/ASX 200 Property (SLF) which is based on the property sector in Australia and was launched earlier this year. Looking ahead, State Street has been examining the possibility of doing something in Europe, but is yet to make a commitment because of the challenge of finding the appropriate benchmark representative of a market as diverse as Europe. ❖

Top 10 holdings/Weighting of iShares Cohen & Steers Realty Majors as of July 31, 2002

Stocks	Weightings (%)
Simon Property Group Inc	7.65
Equity Residential Properties Trust	7.53
Equity Office Properties Trust	7.44
Vornado Realty Trust	5.39
Prologis Trust	5.29
Archstone-Smith Trust	5.20
Public Storage Inc	5.09
Apartment Investment & Management Co	4.78
Duke Realty Corp	3.97
Boston Properties Inc	3.96

Top 10 holdings in Wilshire REIT Index Fund as of July 31, 2002

Stocks	Weightings (%)
Equity Office Properties Trust	8.70
Equity Residential Properties Trust	5.40
Property Group Inc REIT	4.50
Vornado Realty Trust	3.40
Archstone Smith	3.24
Prologis Trust	3.19
Apartment Investment and Management Co A	3.10
Public Storage Inc	3.00
Duke Realty	2.70
Boston Properties Inc	2.50

◀1 Titanic moment for Titan 40

of ETFs began in 1998.

The failure of the fund follows the prediction of Lipper analyst Don Cassidy, who in his report on the state of ETFs in May concluded that when several funds are competing in the same space, investors will gravitate toward one and usually the first to market. (i60 was launched in October 1999.) And it's not surprising that the first ETF casualty took place in Canada where the equity market is a fraction of the size of US markets, and therefore not as able to support multiple products competing for attention in the same space.

An unwanted honor

"I guess it is the first ETF to close," concedes State Street principal Gus Fleites. But the termination of the fund also shows that State Street is willing to make the hard decisions, he says. "We are comfortable with the rest of our lineup."

Although the Dow Titan 40 was not the smallest ETF in terms of assets or volume, it was nevertheless the first fund to wind up on the chopping block. The fund's benchmark—net performance—was the major factor in the decision to terminate the product, says Fleites. A benchmark and its acceptance in the investment community is more important than performance, which merely mimics the market, he says.

"It was a decision we took very seriously," says Fleites. The Dow 40 index lacked traction with the investing public. "We kept coming back to the fact that the Dow Jones Titans Canada 40 has just not been an accepted benchmark in Canada."

When State Street launched the Titan fund, the TSE/S&P 60 index had already become the dominant index, dethroning the Canadian TSE 35 and TSE 100 indices. Institutional investors who felt the 35 index wasn't broad enough and the 100 index wasn't liquid enough, had flocked to the TSE/S&P 60 index. In the months before the Titan was launched, the TSE 35 and TSE 60 indices were phased out and holders of the ETFs based on those indices voted to merge with Barclay's iUnits S&P/TSE 60.

Still, when State Street launched the Titans 40, it was seen as a direct challenge to the S&P/TSE 60 Fund.

The Titans 40 had one of the lowest management expense ratios in the world, only 0.08%, compared to about 0.17% for the i60. But when the issue of liquidity is factored in, the real cost was often considerably more. This is because when the spread between the bid and ask prices blows out, as it does when liquidity is scarce, the real cost to trade can rise by as much as 0.5% a unit.

"We still believe that the index has certain features that make it attractive from the standpoint of the liquidity of the underlying components and the transparency of the methodology for construction, etc," says Fleites.

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Indeed, when the fund began trading, it showed signs that it could hold its own against the S&P TSE 60 fund. On its first day of trading, the Titans 40 fund moved more than one million shares, a far cry from the couple hundred shares that change hands today. "Clearly its low cost, attractive index and market liquidity have struck a chord with investors," said SSgA Canada president and managing director Jean Dumoulin at the time of the launch.

"At the end of the day," says Fleites, "it was a reflection that it was going to be very difficult to try to unseat the estab-

lished benchmark and why continue to fight an uphill battle."

State Street stopped taking subscription orders for new units of the Titan 40 on August 7. Redemption orders for basket positions and for cash will be processed until October 28. The outstanding units will continue to be listed and posted for trading on the Toronto Stock Exchange until the final trading day.

"Basically we provided the proper notice to make sure that all shareholders are treated equally and those who want to liquidate while its still trading can do so," says Fleites. With the termination of the Titans 40, State Street doesn't have an ETF offering in Canada, and has no plans to launch one in the near future.

First to market

Fleites concedes that i60's being first to market gave it a powerful advantage over the Titans 40. How powerful can such a head start be?

One of the best illustrations can be found by comparing the S&P 500 SPDR, which was launched in 1993, with the upstart iShares S&P 500, which was launched close to seven years later. Even though the iShares fund has amassed \$4 billion, that is only a fraction of the SPDR's \$30 billion under management. And whereas the iShares has 40 million shares outstanding, the SPDR has 300 million; and trading volume for the iShares fund hovers around 223,000 shares a day, while nearly 27 million shares of the SPDR change hands every day.

"Being first is important in any industry," says Fleites. "But it is also important to note the size of a market. Given the size of the US equity market, there is room for Russell, Wilshire, Dow Jones and a host of other broad market indices." In Canada, where the equity market is a fraction of the size of the US market, clearly there isn't room for two, he says.

But the size of the market is only a partial explanation. For a new index to dethrone or even compete effectively with a reigning index, it has to be marketed.

"Clearly you want to make sure that the benchmarks you are using are followed and have attraction. It's probably the most important criterion for evaluating the prospects for these products," says Fleites. ✚

◀¹ The fear factor: Increasing options

eral market uncertainty, says Joe Levin, a CBOE vice president. The CBOE's total ETF options traded hit 3.5 million in July, up 58% over last year; and year to date, it has traded 15.3 million contracts, up 38% over last year.

Keith Keenan, a vice president and head of the institutional trading desk at Wall Street Access, says: "We've seen a lot of hedge funds and aggressive traders trying to capitalize on large industry swings in both the Dow and Nasdaq. Most of our accounts have focused on the indices."

Similarly, Michael Bickford, senior vice president of options at the Amex, says that option activity on the Amex this July was up fairly significantly from the previous month, but that that is not necessarily unusual. Besides, he says, QQQ options volume so dwarfs other Amex options, it's difficult to argue that ETF option volume increased.

The Amex, which is the second largest US options exchange, did see a significant spike in QQQ options volume during July, says Bickford. He attributes it to a period of relatively high market volatility. "It was around the time the Nasdaq was making its low and investors were expressing opinions about the future of the Nasdaq market with options," he says. Year to date through July, QQQ options contracts rose to 21.0 million from 16.5 million through June, says the exchange. And according to the OCC, the lion's share of QQQ options trade on the Amex.

After QQQ, the next most active ETF options traded on the Amex are Semiconductor HOLDRS and MidCap Spider options, says Bickford. Year to date through July, options on SMH were 699,000, up from 587,000 through June; and options on MDY were 430,000, up from 264,000. The Amex, which trades options on just about every ETF, doesn't trade Diamond options or Spider options. (Diamond options trade only on the CBOE, and Dow Jones has not expanded its license to the Amex; options on Spiders are nonexistent because of licensing issues with Standard & Poor's.)

"One of our largest accounts has been aggressively trading DIA options," says Keenan. "We've been buying 10,000 to 15,000 puts at a time. And when the Dow hits their target, they roll out of the puts and buy calls to take advantage of the volatility. Just before the market bottomed in mid-July, for example, we saw a massive amount of speculation on the downside. In addition to the Diamonds, clients were buying 15,000 or 20,000 QQQ puts at a time. Many hedge fund clients were trying to capitalize on market volatility by aggressively trading the ETFs."

The CBOE, which trades options on a handful of ETFs, has seen DIA options increase to 1.6 million in July from a mid-May launch, according to OCC data. During July, DIA options hit 825,000 contracts, which surpasses, for example, SMH or MDY options. In addition to the increase in DIA options in July, options on its underlying index, DJX, had a record-breaking month, says the CBOE. Options on the ETF and on the index

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We've seen a lot of aggressive traders trying to capitalize on large swings in the Dow and Nasdaq
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are complementary and may increase interest in each other, says Levin.

The NewYork-based International Securities Exchange, which opened in May 2000 and is now the third largest US options exchange in terms of volume, ranks fourth in QQQ option volume, a product it listed in March 2001. The Pacific and the Philadelphia exchanges rank third and fifth, respectively, in QQQ options trading.

Making an integrated market

Sure to increase the popularity of both options and ETFs is the repeal of a long-standing rule prohibiting specialists from making markets simultaneously in options and their underlying ETFs. Although the application to overturn the integrated market making rule—and its subset, side-by-side trading—was passed by the SEC in mid-July, the action was a long time coming, as the Amex initially filed the petition three years ago, says Bickford.

Today, the same specialist, or specialists from the same firm, can physically trade both the ETF and its option side by side. "However, for existing products in which the ETF and its option are allocated to different individuals or firms, those allocations will probably remain," says Bickford.

Looking at Nasdaq 100 as an example, Bickford says that different specialists trade different Nasdaq 100 products because at the time of allocation, the rule was in effect. "Now we have the ability to move one or the other product and have them trade next to each other; and that's something we're examining logistically. We think this will create one-stop shopping for investors, and we also think it will make better and deeper markets."

Originally, when the rule was implemented, there were concerns that trading-related products opened the opportunity for price manipulation, says Bickford. The fear was that one specialist with two pieces of information previously held separately by two distinct and independent bodies—those trading the stock or the option—could misuse that information.

"In our argument to the SEC, we said that these are products whose value is derived from something else, and that therefore those concerns did not exist," says Bickford. "Let's take the Nasdaq 100 once again as an example. If the ETF is bought or sold, Intel or Microsoft, for example, will not necessarily be moved. Price discovery in QQQ has more to do with the underlying portfolio than with the trading within the ETF's components. Similarly, QQQ option pricing is based on the ETF, not the underlying stocks."

Looking ahead, the Amex is eyeing options on its newest ETFs—four bond iShares—which began trading on that exchange at the end of July. Options on fixed income ETFs? "There were a few small issues that have to be dealt with at the clearing level, but I think you can expect them shortly," says Bickford. ♦

MSCI is developing US equity indices

Morgan Stanley Capital

International is developing a family of investable US equity indices for US investors, and plans to launch the new indices in two tranches. The first group will be offered early in 2003; it will include large, mid- and small-cap, as well as value and growth indices. The second group will be offered at mid-year; it will include microcap and total market indices, according to **Khalid Ghayur**, a managing director and global director of MSCI research.

What's interesting about these new indices is that they are designed for the US investor, and MSCI, long acknowledged a leader in international benchmarks, is making its first foray into the home grown index business.

"From a strategic business viewpoint, we are obviously looking at areas where we can build market share," said Ghayur. "Putting to one side other asset classes—such as hedge funds, fixed income, and so on—which we're also doing, we're looking at indices for domestic investing. In that context, the US, being the world's largest market, is obviously the first place we want to start.

"And although we have no definite plans now, it is likely, depending on how the US indices play out, that at some point in the future we will develop domestic indices for other major world markets."

The total market index will cover the whole US market and include about 5,000 stocks. That index will be subdivided into two basic segments: investable and noninvestable. Both of those segments will be composed of 2,500 stocks.

The investable index, which is composed of relatively large and liquid stocks, will itself be subdivided into large, mid- and small-cap indices, as well as value and growth indices. The noninvestable carries microcaps. And as Ghayur points out, the total market index is investable even though the bottom segment is not.

There are currently a plethora of US indices (and products built on them) for the US investor to choose from, but

Ghayur said that these new MSCI products are a response to marketplace requests. "What we have heard from clients is that other index providers with US-based products lack a robust construction and maintenance methodology," he said.

"One index provider, for example, may have good large- and small-cap indices but poor value and growth indices. Others may have good value and growth, but poor size indices; and still others may have good construction but poor maintenance methodologies. What we are trying to offer is a family of indices with a robust methodology consistent throughout all areas of that family."

Has MSCI agreed to ally itself with a sponsor to produce ETFs on its new family? No, he said; but MSCI hopes that someone out there is already thinking about creating those products.

UBS Global Asset Mgt to launch ETFs on NYSE

As first reported here (*ETFR*, April 2002, page 9), **UBS Global Asset Management** will launch two US-based ETFs tracking the Dow Jones/STOXX 50 and the Dow Jones/Euro STOXX 50 indices. "We're hoping that once we receive SEC approval, the ETFs will be out by the end of September or early October," said **Joseph La Corte**, managing director and co-head of its global index market.

When launched, the two products, which are currently before the SEC, will trade on the **New York Stock Exchange**. La Corte, who is based in New York, said that the NYSE has implemented initiatives to position itself as a primary listing forum. "It recently created, through the UTP process, an ETF segment that has a reasonable portion of overall ETF volumes."

This is the first time a European sponsor, which has previously launched only Europe-listed products, will offer a US-based product tracking a European index. Until now, US ETFs have launched or cross-listed on ex-US exchanges. In early December 2001, UBS, which is based in Switzerland, launched six ETFs on the Swiss Exchange.

The new product family, dubbed

Fresco or fresh, now trades on multiple European exchanges; it is a collaboration among index provider Dow Jones/STOXX, sponsor UBS and administrator **State Street**.

At the end of July, Europe offered 106 ETFs, matching the number traded in the US. Of that 106, there were 11 European ETFs based on the Dow Jones/EuroSTOXX 50 indices, sponsored by five European firms and trading on five European exchanges. This is by far Europe's most popular index.

Will it be as popular in the US? "I think investors are seeking opportunities that reach beyond the US," says La Corte.

"But it's also important to note that investors who purchase these Dow Jones/STOXX ETFs will have diversified European exposure in a single security that clears in the US. There's a large institutional base currently using EuroSTOXX futures, and some portion of that group would prefer an equity security that doesn't have to be rolled period to period. Also, there are investors who don't have the infrastructure necessary or are prohibited from carrying futures."

BGI adds four ETFs to its online advisor tool

In mid-August, **Barclays Global Investors** added data on its four new fixed income ETFs (see *ETFR* July 2002, page 2) to its **Asset Class Illustrator**, an online research and analysis tool for financial advisors. The recently launched iShares began trading on the **Amex** at the end of July, and were then quickly offered on the **New York Stock Exchange**, via unlisted trading privileges.

BGI's asset allocator, available at www.iShares.com, permits financial advisors to view hypothetical portfolios of up to 15 indices and their behavior over time. The tool produces risk/return scatter grams of indices' annualized standard deviation and average total returns, line charts of cumulative returns, and summary data tables.

BGI is also planning to add its bond iShares to its Core/Satellite tool, available on the same site, which allows advisors to run index and active management "what ifs."

US EXCHANGE-TRADED FUNDS

Week ending August 16 2002

Fund Name	Ticker	Volume	Shares (000)	Net assets (million)	Price	NAV	Spread (%)	Return 1 Week	Return YTD	Return 1 Yr
Major market indices										
Nasdaq-100 Index Tracking Stock	QQQ	94 032 240	778 700	19 288.40	24.70	24.77	(0.28)	5.9	(36.5)	(34.6)
S&P 500 SPDR	SPY	43 021 060	312 638	29 184.76	93.22	93.36	(0.15)	2.1	(17.9)	(19.0)
DJIA Diamonds	DIA	12 039 360	44 254	3 888.16	87.73	87.88	(0.17)	0.3	(11.1)	(12.9)
<i>Volume includes trading on all listing entities</i>										
iShares Dow Jones series										
iShares DJ US Basic Materials	IYM	67 160	3 100	111.45	35.87	35.95	(0.22)	(2.4)	(6.2)	(6.2)
iShares DJ US Chemicals	IYD	14 160	250	10.35	41.26	41.39	(0.31)	(0.4)	(1.5)	3.0
iShares DJ US Consumer Cyclical	IYC	54 700	3 150	141.03	44.56	44.78	(0.49)	5.8	(19.9)	(20.9)
iShares DJ US Energy	IYE	59 220	1 850	77.07	41.90	41.66	0.58	4.3	(11.5)	(13.6)
iShares DJ US Financial Sector	IYF	18 220	1 500	109.49	73.25	72.99	0.36	1.4	(8.4)	(9.2)
iShares DJ US Financial Services	IYG	12 600	650	54.03	83.25	83.13	0.14	1.2	(8.6)	(9.9)
iShares DJ US Healthcare	IYH	106 140	5 250	261.08	49.83	49.73	0.20	0.3	(19.5)	(18.4)
iShares DJ US Industrial	IYJ	21 840	1 750	70.60	40.43	40.33	0.25	0.3	(19.8)	(17.4)
iShares DJ US Internet	IYV	19 240	1 250	8.79	7.01	7.03	(0.28)	5.9	(51.7)	(47.2)
iShares DJ US Non-Consumer Cyclical	IYK	21 700	3 100	138.63	44.65	44.72	(0.16)	1.4	2.8	6.9
iShares DJ US Real Estate	IYR	81 880	1 800	147.02	81.60	81.69	(0.11)	2.5	5.2	2.7
iShares DJ US Technology	IYW	43 100	3 750	128.36	34.35	34.23	0.35	7.5	(35.4)	(33.5)
iShares DJ US Telecommunications	IYZ	29 100	2 250	38.30	17.15	17.02	0.76	8.1	(45.2)	(50.4)
iShares DJ US Total Market	IYY	23 520	2 850	123.43	43.32	43.31	0.02	2.0	(18.7)	(18.5)
iShares DJ US Utilities	IDU	59 980	3 000	155.49	51.95	51.83	0.23	1.0	(17.5)	(25.9)
iShares MSCI series										
iShares MSCI-Australia	EWA	33 120	8 200	76.01	9.30	9.29	0.11	2.0	(1.6)	(1.3)
iShares MSCI-Austria	EWO	1 400	1 800	14.89	8.40	8.28	1.45	3.2	15.4	1.7
iShares MSCI-Belgium	EWK	5 360	1 000	10.22	10.05	10.21	(1.57)	(0.9)	(8.6)	(12.9)
iShares MSCI-Brazil	EWZ	103 600	10 150	76.33	7.60	7.54	0.80	(6.7)	(40.2)	(34.9)
iShares MSCI-Canada	EWC	38 180	7 000	66.08	9.64	9.44	2.12	1.5	(9.2)	(10.9)
iShares MSCI-EAFE	EFA	168 120	35 800	3 847.43	108.20	107.44	0.71	1.0	(9.3)	
iShares MSCI-EMU	EZU	23 380	2 850	131.16	46.22	45.99	0.50	0.2	(17.4)	(19.8)
iShares MSCI-France	EWQ	19 020	3 200	49.89	15.60	15.58	0.13	(1.3)	(16.8)	(16.9)
iShares MSCI-Germany	EWG	53 740	7 800	93.99	11.97	12.05	(0.66)	(0.5)	(20.7)	(22.0)
iShares MSCI-Hong Kong	EWH	79 880	12 450	100.97	8.15	8.11	0.49	2.0	(11.1)	(8.6)
iShares MSCI-Italy	EWI	6 520	1 950	29.70	15.00	15.23	(1.51)	(0.7)	(6.8)	(16.6)
iShares MSCI-Japan	EWJ	500 720	85 800	684.68	8.00	7.99	0.13	0.5	3.8	(14.5)
iShares MSCI-Malaysia	EWM	79 560	16 425	96.58	5.95	5.88	1.19	2.1	14.4	27.2
iShares MSCI-Mexico	EWV	55 140	5 200	72.18	13.86	13.67	1.39	4.8	(8.7)	(8.4)
iShares MSCI-Netherlands	EWN	5 360	1 300	19.12	14.70	14.70		1.7	(14.3)	(21.8)
iShares MSCI-Pacific ex-Japan	EPP	22 800	1 800	94.64	53.20	52.61	1.12	2.0	(1.8)	
iShares MSCI-Singapore	EWS	53 620	17 600	90.29	5.11	5.13	(0.39)	1.4	0.8	(1.7)
iShares MSCI-South Korea	EWY	37 160	4 550	95.32	20.77	20.92	(0.72)	5.4	17.3	51.2
iShares MSCI-Spain	EWP	4 700	1 050	18.62	17.73	17.73		(0.6)	(14.4)	(16.7)
iShares MSCI-Sweden	EWD	31 660	825	7.85	9.49	9.49	0.00	5.3	(30.8)	(28.1)
iShares MSCI-Switzerland	EWL	17 700	2 750	33.06		12.00		2.4	(3.2)	(6.6)
iShares MSCI-Taiwan	EWT	57 040	16 100	149.25	9.31	9.28	0.32	4.4	(13.6)	0.5
iShares MSCI-UK	EWU	121 880	8 800	114.75	13.12	13.03	0.69	0.4	(10.7)	(10.7)
iShares Russell series										
iShares Russell 1000	IWB	63 320	12 350	611.20	49.51	49.49	0.04	2.1	(18.3)	(18.5)
iShares Russell 1000 Growth	IWF	126 800	12 450	485.18	39.05	38.97	0.21	2.8	(23.1)	(22.8)
iShares Russell 1000 Value	IWD	94 020	16 950	816.99	48.28	48.21	0.15	1.7	(12.2)	(14.2)
iShares Russell 2000	IWM	548 440	34 750	2 745.60	78.95	79.02	(0.09)	2.5	(17.7)	(15.8)
iShares Russell 2000 Growth	IWO	179 900	8 350	342.52	40.75	41.03	(0.68)	2.4	(28.9)	(26.7)
iShares Russell 2000 Value	IWN	113 100	7 100	833.97	117.50	117.47	0.03	1.0	(7.6)	(6.4)
iShares Russell 3000	IWV	41 620	20 400	1 058.15	51.90	51.88	0.04	2.1	(17.8)	(18.2)
iShares Russell 3000 Growth	IWZ	6 140	1 450	45.02	31.09	31.06	0.10	2.2	(23.7)	(23.0)
iShares Russell 3000 Value	IWW	2 040	1 200	74.48	62.12	62.07	0.08	1.7	(12.7)	(13.8)
iShares Russell MidCap	IWR	14 760	1 250	62.95	50.45	50.36	0.18	3.3	(14.1)	(12.0)
iShares Russell MidCap Growth	IWP	10 480	1 200	63.54	53.01	52.95	0.11	3.9	(26.2)	
iShares Russell MidCap Value	IWS	30 780	900	65.02	72.35	72.24	0.15	1.5	(6.5)	(6.0)

Fund Name	Ticker	Volume	Shares (000)	Net assets (million)	Price	NAV	Spread (%)	Return 1 Week	Return YTD	Return 1 Yr
iShares Sectors										
iShares Nasdaq Biotech	IBB	467 840	8 050	427.78	53.01	53.15	(0.26)	(0.4)	(41.8)	(35.1)
iShares Cohen & Steers Realty Majors	ICF	58 960	1 600	137.57	86.09	85.98	0.13	2.3	5.2	3.7
iShares Goldman Sachs Natural Res	IGE	3 220	250	21.24	84.65	84.94	(0.34)	1.5	(10.8)	
iShares Goldman Sachs Networking	IGN	2 320	1 350	17.58	13.00	13.03	(0.23)	5.2	(57.7)	(60.5)
iShares Goldman Sachs Semiconductor	IGW	29 840	1 000	42.67	42.75	42.67	0.19	8.2	(35.7)	(37.7)
iShares Goldman Sachs Software	IGV	4 060	800	19.33	24.22	24.16	0.25	4.5	(46.8)	(41.8)
iShares Goldman Sachs Technology	IGM	3 360	700	22.14	31.70	31.63	0.22	7.8	(37.5)	(36.2)
iShares S&P series										
iShares S&P 500	IVV	102 620	38 800	3 620.82	93.19	93.32	(0.14)	2.1	(18.0)	(19.2)
iShares S&P 100	OEF	321 120	3 450	162.22	47.16	47.02	0.30	2.5	(19.3)	(19.7)
iShares S&P 500/Barra Growth	IVW	186 200	9 050	434.04	48.01	47.96	0.10	2.6	(18.7)	(16.8)
iShares S&P 500/Barra Value	IVE	101 740	12 850	577.35	44.99	44.93	0.13	2.0	(18.0)	(21.5)
iShares S&P MidCap 400	IJH	82 060	6 950	625.78	90.29	90.05	0.27	3.4	(10.4)	(7.9)
iShares S&P MidCap 400/Barra Gwth	IJK	81 160	3 150	300.60	95.50	95.42	0.08	4.3	(16.1)	(11.5)
iShares S&P MidCap 400/Barra Value	IJJ	43 000	6 850	575.33	84.12	83.99	0.15	2.2	(6.5)	(5.9)
iShares S&P SmallCap 600	IJR	127 700	11 050	1 112.85	100.73	100.71	0.02	2.8	(11.7)	(10.1)
iShares S&P SmallCap 600/Barra Gwth	IJT	42 600	3 500	230.37	65.80	65.83	(0.05)	3.3	(14.4)	(11.9)
iShares S&P SmallCap 600/Barra Value	IJS	78 300	6 500	496.80	76.50	76.44	0.08	1.6	(10.1)	(9.5)
International										
iShares S&P Global 100	IOO	8 680	800	37.09	47.26	47.09	0.36	1.4	(19.9)	(19.2)
iShares S&P Europe 350 Index	IEV	39 640	10 950	556.70	51.05	50.80	0.49	0.1	(13.6)	(15.7)
iShares S&P Toronto SE 60	IKC	420	150	5.75		38.29		0.5	(14.3)	(15.3)
iShares S&P Latin America 40	ILF	1 020	200	7.40	36.61	36.63	(0.05)	(2.6)	(23.2)	
iShares S&P TOPIX	ITF	1 640	450	32.23	72.24	71.71	0.74	3.1	3.6	
iShares S&P Global Energy Sector	IXC	1 040	300	14.74	49.09	49.10	(0.02)	2.2	(0.8)	
iShares S&P Global Financials Sector	IXG	2 400	200	9.35	46.60	46.75	(0.32)	3.0	(10.9)	
iShares S&P Global Healthcare Sector	IXJ	18 920	350	14.74	42.12	42.08	0.10	(0.0)	(14.9)	
iShares S&P Global Tech Sector	IXN	2 140	150	5.44	36.29	36.26	0.08	6.1	(34.9)	
iShares S&P Global Telecom Sector	IXP	5 260	300	10.38	34.69	34.61	0.23	5.6	(32.8)	
iShares Fixed Income										
iShares 1-3 Year Treasury Index	SHY	49 520	7 500	609.98						
iShares 7-10 Year Treasury Index	IEF	64 740	8 300	691.31						
iShares 20+ Year Treasury Index	TLT	56 740	8 300	705.09						
iShares GS InvesTop Corporate Bonds	LQD	67 880	12 200	1 259.04						
Merrill Lynch HOLDRS										
HOLDRS B2B Internet	BHH	20 740	380	20.87	1.92			9.1	(62.6)	(54.3)
HOLDRS Biotech	BBH	896 560	13 121	1 240.54	88.34			0.1	(31.3)	(21.6)
HOLDRS Broadband	BDH	18 220	7 443	79.34	7.57			7.5	(54.1)	(58.4)
HOLDRS Europe 2001	EKH	1 720	3 880	113.22	45.60			1.1	(29.4)	(30.4)
HOLDRS Internet	HHH	14 540	13 584	46.05	21.20			7.0	(38.7)	(38.6)
HOLDRS Internet Architecture	IAH	12 020	4 033	106.86	26.59			9.6	(30.6)	(27.5)
HOLDRS Internet Infrastructure	IIH	11 620	7 585	22.53	1.58			3.9	(74.6)	(77.7)
HOLDRS Market 2000	MKH	10 960	2 372	124.68	46.10			3.1	(24.0)	(25.2)
HOLDRS Oil Services	OIH	569 340	4 620	328.91	56.20			7.9	(7.5)	(7.6)
HOLDRS Pharmaceutical	PPH	220 260	6 104	517.71	74.09			(0.2)	(23.9)	(24.7)
HOLDRS Regional Bank	RKH	11 980	3 556	429.16	111.53			0.9	0.4	(5.4)
HOLDRS Retail	RTH	190 000	786	74.43	79.85			5.0	(17.2)	(12.3)
HOLDRS Semiconductor	SMH	1 711 160	23 014	884.90	27.36			8.1	(34.6)	(37.2)
HOLDRS Software	SWH	86 420	3 674	112.89	25.55			4.9	(43.5)	(39.4)
HOLDRS TeleBras	TBH				18.28			(6.3)	(52.8)	(47.0)
HOLDRS Telecommunications	TTH	46 120	4 616	154.76	25.84			7.0	(41.3)	(46.7)
HOLDRS Utilities	UTH	46 300	1 256	108.07	70.40			0.3	(21.0)	(26.9)
HOLDRS Wireless	WMH	3 680	958	38.70	32.10			6.6	(45.0)	(44.6)
Statistics for shares outstanding and net assets are based on June 14 data										
Morgan Stanley BOXES										
Biotech BOXES	BXB	Trading commenced Mar-20-2002								
Pharmaceutical BOXES	RXB	Trading commenced Nov-21-2001								
S&P Depositary Receipts (SPDRs)										
S&P 400 MidCap SPDR	MDY	653 120	77 106	6 368.96	82.70	82.58	0.15	3.4	(10.5)	(8.1)
Select Sector SPDR-Consumer Disc.	XLY	65 200	4 700	116.14	24.85	24.71	0.57	6.9	(12.6)	(7.6)
Select Sector SPDR-Consumer Staples	XLP	34 560	10 950	241.56	21.99	22.06	(0.32)	0.6	(12.9)	(12.5)

Fund Name	Ticker	Volume	Shares (000)	Net assets (million)	Price	NAV	Spread (%)	Return 1 Week	Return YTD	Return 1 Yr
S&P Depository Receipts <i>(continued)</i>										
Select Sector SPDR-Energy	XLE	87 180	10 850	253.35	23.30	23.34	(0.17)	3.3	(11.8)	(19.0)
Select Sector SPDR-Financial	XLF	683 960	18 203	428.86	23.58	23.56	0.08	0.9	(9.6)	(11.8)
Select Sector SPDR-Health Care	XLV	43 160	4 150	112.67	27.24	27.16	0.29	0.1	1.1	(2.1)
Select Sector SPDR-Industrial	XLI	16 120	6 250	140.25	22.38	22.44	(0.27)	(0.7)	(19.0)	(20.3)
Select Sector SPDR-Materials	XLB	69 420	10 700	216.78	20.28	20.26	0.10	(2.7)	(4.5)	(4.6)
Select Sector SPDR-Technology	XLK	200 560	54 750	819.61	15.00	14.96	0.27	6.8	(37.5)	(37.8)
Select Sector SPDR-Utilities	XLU	57 640	7 550	159.31	21.12	21.09	0.14	0.5	(23.8)	(27.6)

streetTRACKS (State Street Global Advisors)
Dow Jones series

DJ Global Titans	DGT	1 720	450	23.91	53.22	53.14	0.15	2.5	(20.2)	(18.8)
DJ US Small Cap Growth	DSG	4 780	400	18.62	46.29	46.55	(0.56)	2.5	(36.9)	(31.7)
DJ US Small Cap Value	DSV	7 780	400	50.06	125.60	125.15	0.36	1.9	(0.6)	0.3
DJ US Large Cap Growth	ELG	7 760	400	15.76	39.18	39.38	(0.51)	3.5	(27.5)	(27.3)
DJ US Large Cap Value	ELV	2 700	350	36.87	105.61	105.34	0.26	1.2	(16.1)	(15.9)

Sectors

FORTUNE 500	FFF	12 840	1 050	71.14	67.55	67.76	(0.31)	2.1	(17.3)	(17.7)
FORTUNE e-50	FEF	480	250	5.00	19.40	19.98	(2.90)	2.1	(42.9)	(41.2)
Morgan Stanley Internet	MII	220	650	4.25		6.54		2.8	(53.6)	(51.9)
Morgan Stanley High Tech 35	MTK	1 140	1 600	49.55	30.78	30.97	(0.61)	4.4	(39.8)	(37.5)
Wilshire REIT	RWR	9 200	250	30.25	120.78	121.00	(0.18)	3.2	3.0	3.4

VIPERs (Vanguard)

Total Market	VTI	69 680	12 737	1 107.48	86.75	86.91	(0.18)	2.3	(17.2)	(17.6)
Extended Market	VXF	5 220	303	15.53	51.44	51.21	0.45	2.4	(14.3)	

EUROPEAN EXCHANGE-TRADED FUNDS

Euro denominated unless otherwise stated

Deutsche Börse
German market indices

DAX Ex	DAXEX	Data not available at press-time								
MDAX Ex	MDAXEX									
NEMAX 50 Ex	NMKXEX									

European market indices

DJ Stoxx 50 Ex	SX5P	179 279	4 850	133.70	27.60	27.57	0.11	(1.8)	(26.3)	
DJ Stoxx 50 LDRS	EUN1	10 301	13 600	379.30	27.96	27.89	0.25	(0.1)	(24.0)	
DJ Euro Stoxx 50 Ex	SX5E	929 242	31 280	849.25	27.69	27.15	1.99	(1.3)	(28.0)	
Fresco Euro Stoxx 50	FRC1	94 610	5 950	162.49	27.30	27.31	(0.04)	(1.8)		
DJ Euro Stoxx 50 LDRS	EUN2	516 492	34 700	960.50	27.80	27.68	0.43	(1.2)	(26.9)	
FTSE 100	EXI4	Data not available at press-time								
Fresco DJ UK Titans 50	FRC6									
SMI Ex	SMI									

European sector indices

DJ Euro Stoxx Banks	SX7E	19	492	11.16	22.80	22.67	0.57	(1.3)	(16.2)	
DJ Euro Stoxx Technology	SX8E	262	901	22.98	25.20	25.49	(1.14)	(2.3)	(50.4)	
DJ Euro Stoxx Healthcare	SXDE	6 505	150	5.76	38.70	38.39	0.81	(1.0)	(28.1)	
DJ Euro Stoxx Telecoms	SXKE	12 014	362	11.01	30.50	30.44	0.20	(2.2)	(36.6)	
DJ Stoxx 600 Autos	SXAP	Trading commenced Jul-22-2002								
DJ Stoxx 600 Banks	SX7P	4 523	655	19.88	30.70	30.34	1.19	1.0	(15.9)	
DJ Stoxx 600 Basic Res	SXPP	Trading commenced Jul-22-2002								
DJ Stoxx 600 Chemicals	SX4P	Trading commenced Jul-22-2002								
DJ Stoxx 600 Construction	SXOP	Trading commenced Jul-22-2002								
DJ Stoxx 600 Cyclical Goods	SX2P	Trading commenced Jul-22-2002								
DJ Stoxx 600 Energy	SXEP	Trading commenced Jul-22-2002								
DJ Stoxx 600 Financial Services	SXFP	Trading commenced Jul-22-2002								
DJ Stoxx 600 Food	SX3P	Trading commenced Jul-22-2002								
DJ Stoxx 600 Healthcare	SXDP	2 013	603	21.51	35.90	35.66	0.67	(0.3)	(19.0)	
DJ Stoxx 600 Industrial Goods	SXNP	Trading commenced Jul-22-2002								
DJ Stoxx 600 Insurance	SXIP	Trading commenced Jul-22-2002								
DJ Stoxx 600 Media	SXMP	Trading commenced Jul-22-2002								
DJ Stoxx 600 Non-Cyclical	SXHP	Trading commenced Jul-22-2002								
DJ Stoxx 600 Retail	SX1P	Trading commenced Jul-22-2002								
DJ Stoxx 600 Technology	SX8P	45 488	1 784	34.78	20.00	19.49	2.62	1.8	(53.5)	
DJ Stoxx 600 Telecoms	SXKP	11 784	1 711	35.60	20.60	20.81	(1.01)	(1.0)	(41.1)	
DJ Stoxx 600 Utilities	SX6P	Trading commenced Jul-22-2002								
Unico MSCI Cons Discretionary	UNO4	Data not available at press-time								

Fund Name	Ticker	Volume	Shares (000)	Net assets (million)	Price	NAV	Spread (%)	Return 1 Week	Return YTD	Return 1 Yr
Deutsche Börse (continued)										
Unico MSCI Europe Cons Staples	UNO7									
Unico MSCI Europe Energy	UNO5									
Unico MSCI Europe Financials	UNO2									
Unico MSCI Europe Health Care	UNO3									
Unico MSCI Europe Telecom	UNO6									
Global & US indices										
DJ Global Titans EX	DJGTE	Data not available at press-time								
DJ Industrial Average	DJI									
Fresco DJ Industrial Average	FRC2									
Fresco DJ US Tech	FRC4									
FTSE Global Autos LDRS	LDR A									
FTSE Global Banks LDRS	LDR B									
FTSE Global Cyclical LDRS	LDR C									
FTSE Global Energy LDRS	LDR E									
FTSE Global Financials LDRS	LDR F									
FTSE Global Industries LDRS	LDR G									
FTSE Global Basic Indus LDRS	LDR I									
FTSE Global Media LDRS	LDR M									
FTSE Global Non-Cyclical LDRS	LDR N									
FTSE Global Pharmaceuticals LDRS	LDR P									
FTSE Global Tech LDRS	LDR Q									
FTSE Global Telecoms LDRS	LDR T									
FTSE Global Utilities LDRS	LDR U									
Unico MSCI World										
Euronext Amsterdam										
Dutch market index										
streetTRACKS AEX Index Fund	AEXT	34 327	2 100	79.00	38.19	37.42	2.06	3.2	(26.3)	(32.1)
European market indices										
DJ Stoxx 50 LDRS	EUN	105 417	34 700	960.00	27.30	27.68	(1.37)	0.2	(27.3)	(31.6)
DJ Euro Stoxx 50 LDRS	EUE	7 705	13 600	379.00		27.89			(24.7)	(28.1)
iShares FTSE 100	ISFA		68 820	302.00		4.39			(16.0)	
iShares FTSE Euro 100	IERA		6 152	50.00		8.18			(26.4)	
iShares FTSE EuroTOP 100	IETA	1 130	780	17.00		21.76			(24.2)	
streetTRACKS MSCI UK	STUK		100	3.00		26.58			(16.3)	
European sector indices										
iBloomberg European Cyclical	IBCA		2 850	22.00		7.76			(16.3)	
iBloomberg European Financials	IBF	322	2 250	14.00		6.06			(26.8)	
iBloomberg European Industrials	IBIA		2 400	16.00		6.59			(21.5)	
iBloomberg European Pharmaceuticals	IBP	10	2 400	18.00		7.57			(21.5)	
iBloomberg European Technology	IBQ	200	2 400	7.00		2.98			(49.6)	
iBloomberg European Resources	IBRA		2 400	21.00		8.60			(9.4)	
iBloomberg European Staples	IBSA		2 400	20.00		8.28			(10.9)	
iBloomberg European Telecoms	IBT	218	3 262	10.00		3.11			(41.9)	
Global indices										
FTSE Global Autos LDRS	TGA	65	110	5.00		46.69				
FTSE Global Bank LDRS	TGB	50	410	17.00		41.04				
FTSE Global Cyclical LDRS	TGC		900	33.00		36.99				
FTSE Global Energy LDRS	TGE	46	680	30.00		44.39				
FTSE Global Financials LDRS	TGF		400	13.00		32.08				
FTSE Global General Industries LDRS	TGG		710	24.00		34.21				
FTSE Global Basic Indus LDRS	TGI	47	300	13.00		42.41				
FTSE Global Media LDRS	TGM		400	12.00		28.79				
FTSE Global Non-Cyclical LDRS	TGN	4 000	600	32.00		53.00				
FTSE Global Pharmaceuticals LDRS	TGP		230	8.00		35.38				
FTSE Global Tech LDRS	TGQ		480	10.00		21.73				
FTSE Global Telecom LDRS	TGT		100	2.00		24.65				
FTSE Global Utilities LDRS	TGU	153	510	17.00		32.67				
Euronext Paris										
French market index										
CAC 40 Master Unit	CAC PA	1 248 450	26 330	907.00	34.33	34.43	(0.29)	(1.2)	(25.1)	(32.1)
European market indices										
Easy ETF DJ Stoxx 50	ETE	92 100	13 369	36.00	2.73	2.72	0.37	0.4	(28.8)	
DJ Stoxx 50 LDRS	EUN	16 501	34 700	960.00	27.65	27.68	(0.11)	1.5	(27.3)	(31.6)
DJ Stoxx 50 SM EX	GXN	2 002	4 850	134.00	27.79	27.63	0.58	2.1	(25.2)	

Fund Name	Ticker	Volume	Shares (000)	Net assets (million)	Price	NAV	Spread (%)	Return 1 Week	Return YTD	Return 1 Yr
Euronext Paris (continued)										
Easy ETF DJ Euro Stoxx 50	ETN	5 460	17 421	48.00		2.76			(25.4)	
DJ Euro Stoxx 50 LDRS	EUE	42 767	13 600	379.00	27.90	27.89	0.04	2.5	(24.7)	(28.1)
DJ Euro Stoxx 50 SM EX	GXE	51 245	31 280	847.00	27.60	27.09	1.88	1.7	(28.6)	
DJ Euro Stoxx 50 Master Unit	MSE	1 234 087	22 960	634.00	27.73	27.61	0.43	(0.2)	(26.9)	(32.8)
streetTRACKS MSCI Pan-Euro	ERO	9 139	3 200	262.00	80.95	82.00		(1.7)	(23.6)	(26.4)
SPDR Euro	SPO	1 176	1 800	185.00		102.54				
SPDR Euro 350	SPE	1 169	2 800	275.00	98.80	98.16	0.65	2.8		
European sector indices										
EasyETF ASPI Euro	SYV		112	7.00		60.30				
EasyETF Euro Stoxx Banks	SYB	200	95	21.68	230.40	229.06	0.58	0.4		
EasyETF Euro Stoxx Energy	SYE	166	56	16.88		299.69				
EasyETF Euro Stoxx Healthcare	SYH		44	16.99		384.12				
EasyETF Euro Stoxx Indust	SYI	200	198	41.56	202.80	202.11	0.34	0.7		
EasyETF Euro Stoxx Media	SYM	823	71	10.05	141.00	142.28	(0.90)	(7.8)		
EasyETF Euro Stoxx Technology	SYQ	1	27	8.41		304.06				
EasyETF Euro Stoxx Telecom	SYT	200	33	8.33	252.10	252.58	(0.19)	0.7		
EasyETF Euro Stoxx Utilities	SYU	1	35	8.36		240.99				
streetTRACKS MSCI Euro Cons Disc	STV		250	8.00		33.46			(28.3)	
streetTRACKS MSCI Euro Cons Stap	STS	20	350	17.00		49.28			(5.9)	
streetTRACKS MSCI Euro Energy	STN	12 600	350	24.00		67.42			(5.2)	
streetTRACKS MSCI Euro Financials	STK	413	350	14.00	40.98	40.84	0.34	0.4	(24.2)	
streetTRACKS MSCI Euro Healthcare	STW	13 020	150	7.00		46.56			(15.8)	
streetTRACKS MSCI Euro Industrials	STQ	6 840	1 100	48.00	43.50	43.66	(0.37)	(1.0)	(20.5)	
streetTRACKS MSCI Euro IT	STZ	4 281	550	14.00	25.88	25.77	0.43	(1.0)	(57.8)	
streetTRACKS MSCI Euro Materials	STP	400	250	14.00		57.72			(12.6)	
streetTRACKS MSCI Euro Telecom	STT	674	350	9.00		26.75			(38.5)	
streetTRACKS MSCI Euro Utilities	STU	2 220	950	38.00	39.93	40.19		(0.4)	(11.2)	
US/Global indices										
Easy ETF DJ Global Titans	ETT	82	2 661	57.00	21.45	21.39	0.28	2.4	(29.8)	
DJIA Master Unit	DJE	32 688	1 417	128.00	91.00	90.43	0.63	2.0	(21.8)	(25.5)
MSCI US Tech Master Unit	UST	69 863	1 700	9.00	5.22	5.08	2.76	7.4	(44.4)	
Finland										
HEX 25	Trading commenced Feb-11-2002									
OM Sweden (SEK denominated)										
XACTOMX	XACT	6 360	14 550	758.00	51.60	52.11	(0.97)	(0.0)	(40.1)	(37.0)
Switzerland (CHF denominated)										
XMTCH	XMSMI	463 958	21 610	1 140.00	54.00	54.08	(0.15)	3.6	(19.8)	(20.4)
SMI EX	SMIEX	592	1 663	26.80	53.95			3.0	(16.3)	(17.5)
Fresco DJ Japan Titans 100	FDJ100	3 256	600	31.24	52.20			(1.5)	(10.2)	(13.0)
Fresco DJ UK Titans 50	FDUK50	100	750	30.67	41.65			0.2	(23.4)	(23.3)
Fresco DJ Industrial Average	FDUSIA	5 785	1 350	175.97	130.00			(0.2)	(24.4)	(19.8)
Fresco DJ US Large Cap	FDUSLC	2 080	1 150	70.04	60.85			0.0	(31.5)	(29.5)
Fresco DJ US Tech 40	FDUSTC	3 766	850	43.11	52.75			7.7	(41.4)	(40.0)
Fresco DJ Euro Stoxx 50	FSEU50	34 932	5 950	236.42	39.80			0.1	(29.6)	(26.8)
Euro denominated										
DJ Stoxx 50 LDRS	EUN	1 479	13 600	379.30	28.00	27.89	0.39		(24.2)	(24.8)
DJ Euro Stoxx 50 LDRS	EUNE	39 820	34 700	960.50	27.60	27.68	(0.29)	(1.4)	(27.7)	(28.8)
United Kingdom (GBP denominated)										
UK market indices										
iShares FTSE 100	ISF	1 190 994	68 820	299.49	4.37	4.36	0.23			
iShares FTSE TMT	ITMT	4 326	1 820	6.35	3.52	3.49	0.86			
European/US market indices										
DJ Euro Stoxx 50 LDRS	EUE	4 000	34 700	386.47	1775.00	1742.90	1.84	(0.6)	(23.2)	
DJ Stoxx 50 LDRS	EUN		13 600	152.62	1790.00	1756.10	1.93	0.6	(23.8)	
iShares FTSE Euro 100	IEUR	17 901	6 152	31.93	5.23	5.20	0.58			
iShares FTSE Eurotop 100	IEUT	105	780	10.78	13.99	13.84	1.08			
iShares S&P 500 ETF	IUSA	8 079	6 750	40.17	6.10	6.05	0.83			
European sector indices										
iBloomberg Euro Cyclical	IBEC	1 150	2 850	14.01	4.94	4.92	0.41			
iBloomberg Euro Financials	IBEF	2 594	2 250	8.66	3.91	3.86	1.30			
iBloomberg Euro Industrials	IBEI	6	2 400	10.02	4.20	4.18	0.48			
iBloomberg Euro Pharmaceuticals	IBEP	281	2 400	11.60	4.84	4.84	0.00			
iBloomberg Euro Resources	IBER	1 040	2 400	13.13	5.49	5.48	0.18			
iBloomberg Euro Staples	IBES	571	2 400	12.58	5.28	5.25	0.57			
iBloomberg Euro Telecoms	IBET	3 879	3 262	6.47	2.00	1.99	0.50			
iBloomberg Euro Technology	IBQQ	2 163	2 400	4.59	1.92	1.91	0.52			

Fund Name	Ticker	Volume	Shares (000)	Net assets (million)	Price	NAV	Spread (%)	Return 1 Week	Return YTD	Return 1 Yr
Virt-X (Euro denominated)										
European market indices										
DJ Stoxx 50 LDRS	EUN	3 646	5 800	358.30	28.20			(7.2)		
DJ Euro Stoxx 50 LDRS	EUNE	21 406	15 500	895.26	29.61			(6.5)		
Fresco Euro Stoxx 50	FSEU50	9 240	2 550	73.97	28.91			(7.6)		
iShares FTSE 100	ISF		810	378.10	6.68					
iShares FTSE Euro 100	IEUR		95	57.61	8.58					
iShares FTSE Eurotop 100	IEUT		766	18.37	22.32					
Global market indices										
FTSE Global Autos LDRS	FTGA		110	5 091	46.92					
FTSE Global Banks LDRS	FTGB	210	1 210	48 406	41.00			7.4		
FTSE Global Basic Ind LDRS	FTGI		300	12 742	42.59					
FTSE Global Cyclical LDRS	FTGC		900	30 930	37.16					
FTSE Global Energy LDRS	FTGE		680	29 233	44.52					
FTSE Global Financial LDRS	FTGF		1 445	44 773	32.24					
FTSE Global Gen Ind LDR	FTGG		710	23 842	34.25					
FTSE Global Media LDRS	FTGM		400	11 096	28.81					
FTSE Global Non-Cyclical LDRS	FTGM		600	31 246	53.23					
FTSE Global Pharmaceutical LDRS	FTGP		230	8 009	35.59					
FTSE Global Technology LDRS	FTGQ		480	9 585	21.72					
FTSE Global Telecoms LDRS	FTGT		700	16 521	24.72					
FTSE Global Utilities LDRS	FTGU	33	1 410	45 761	32.94			2.0		
iShares S&P 500	IUSA		105	64 133	9.61					
US market indices (USD denominated)										
Fresco DJ Industrial Average	FDUSIA	1 658	1 350		88.40			1.6		
Fresco DJ US (Large Cap)	FDUSLC	680	1 150		41.33			(2.2)		
Fresco DJ US Technology	FDUSTC		850		35.01					

INTERNATIONAL EXCHANGE-TRADED FUNDS

Australia (AUD denominated)

streetTRACKS ASX S&P 200 Index	STW		5 304	166.16	31.38	31.33	0.16	1.0	(6.7)	
streetTRACKS ASX S&P 50 Index	SFY		803	25.84	32.26	32.18	0.25	0.7	(8.0)	
streetTRACKS ASX S&P 200 Property	SLF		4 400	62.75	14.33	14.26	0.49	(1.1)		

Canada (CAD denominated)

Canadian market indices

iUnits S&P/TSE 60 Index	XIU	1 241 523	88 510	3 283.00	37.00	37.09	(0.25)	(1.5)	(16.2)	(15.9)
iUnits S&P/TSE Capped 60 Index	XIC	8 917	5 613	230.00	41.10	41.05	0.11	(1.2)	(16.1)	(15.3)
iUnits S&P/TSE Canadian MidCap Index	XMD	12 728	1 673	72.00	42.85	43.00	(0.34)	(1.0)	(11.9)	(7.3)
SSgA DJ Canada 40	DJF	609	4 709	180.76	38.50	38.39	0.30	0.3	(16.1)	(46.3)
TD TSE 300 Index	TTF	68 980	5 943	130.93	21.90	22.03	(0.59)	(1.1)	(13.8)	(11.9)
TD TSE 300 Capped Index	TCF	60	2 854	72.84	25.45	25.53	(0.31)	(1.1)	(13.8)	(11.9)

Canadian sector indices

iUnits S&P/TSE Canadian Energy	XEG	9 674	1 761	56.00	32.00	31.93	0.22	(0.8)	15.7	20.8
iUnits S&P/TSE Canadian Financials	XFN	9 458	2 134	55.89	26.25	26.19	0.21	(2.4)	(5.9)	(7.9)
iUnits S&P/TSE Canadian Gold	XGD	15 253	2 951	126.00	42.70	42.76	(0.15)	(1.7)	20.6	28.6
iUnits S&P/TSE Canadian IT	XIT	447 197	6 958	26.00	3.80	3.77	0.76	1.3	(68.7)	(56.1)
TD Select Canadian Growth	TAG	20	2 024	13.00	6.49	6.42	1.09			
TD Select Canadian Value	TAV	1 180	1 461	21.51	14.75	14.72	0.20			

Fixed income

iUnits Canada 5-year Govt Bond	XGV	13 189	3 842	108.00	28.01	28.02	(0.05)	(0.7)	2.0	2.2
iUnits Canada 10-year Govt Bond	XGX	4 941	2 842	76.00	26.75	26.81	(0.23)	(0.7)	2.7	2.3

US/Global indices

iUnits S&P500 RSP	XSP	31 435	7 438	109.00	14.65	14.62	0.22	1.4	(21.1)	(19.7)
iUnits MSCI International Equity RSP	XIN	5 148	2 677	48.00	18.15	17.98	0.95			

Hong Kong (HKD denominated)

TraHK	2800	3 850 000	2 578 993	26 727.48	10.35	10.36	(0.13)	2.0	(9.6)	(13.4)
iShares MSCI China Tracker (2801)	2801	55 560	17 600	277.20	15.70	15.75	(0.32)	3.0	(6.0)	

India (INR denominated)

Nifty Benchmark Exch-Traded Scheme Trading commenced Jan-8-2002

Israel (ILS denominated)

TALI 25	TALI	3 354	496	1 766.56	761.25	763.29	(0.27)	(1.3)	(21.7)	(17.6)
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Mexico (MXP denominated)

NAFTRAC Trading commenced Apr-16-2002

Fund Name		Ticker	Volume	Shares (000)	Net assets (million)	Price	NAV	Spread (%)	Return 1 Week	Return YTD	Return 1 Yr
Japan (JPY denominated)											
Tokyo Stock Exchange											
Nikkei 225	iShares	1329	0	835	69.57		9 776				
	Nikko	1330	81 646	9 997	834.05	9 800	9 789	0.11	(2.1)	(6.3)	(14.9)
S&P/Topix 150	iShares	1315	60	4 501	32.22		840				
	iShares	1315	0	4 501	34.62		900				
	Daiwa	1305	81 020	122 080	1 005.77	966	967	(0.07)	(1.8)	(3.4)	(17.9)
	Nomura	1306	514 820	909 600	7 490.44	962	966	(0.43)	(1.7)	(6.8)	(18.1)
	iShares	1307	1 160	15 091	123.65	959	961	(0.25)	0.0	(3.5)	
Topix Core 30	Nikko	1308	4 319 400	495 951	4 070.95	961	963	(0.22)	(2.0)		
	Daiwa	1310	3 180	2 413	14.34	695	697	(0.32)	(3.7)		
	Nomura	1311	260	5 000	29.72	700	697	0.39	(3.2)		
Topix Sectors	Banking: Daiwa	1612	5 000	10 200	17.35	199	200	(0.31)	(0.5)		
	Banking: Nomura	1615	128 840	20 007	33.93	200	199	0.50	(0.5)		
	Elec App: Daiwa	1610	1 240	1 024	13.32	1 507	1 526	(1.26)	(0.5)		
	Elec App: Nomura	1613	2 680	3 000	39.08	1 530	1 528	0.12	(1.9)		
	Transport: Daiwa	1611	400	1 014	11.52	1 337	1 333	0.31	(5.0)		
	Transport: Nomura	1614	380	2 000	22.73		1 333		0.0		
Osaka Stock Exchange											
Nikkei 225	Daiwa	1320	Data not available at press-time								
	Nomura	1321									
*Net assets in USD, other values in JPY											
New Zealand (NZD denominated)											
NZSE10 Index Fund	TNZ	27 123	91 768	81.34	0.88	0.89	(1.12)	(1.8)	1.6	5.6	
NZ Mid Cap Index Fund	MDZ	8 700	14 631	29.06	2.04	1.99	2.51	0.0	5.9	9.6	
Australian 20 Leaders Index Fund	OZY	26 396	58 364	122.34	2.46	2.10	17.14	1.5	(13.8)	(11.2)	
AMP Investments' World Index Fund	WIN	36 272	455 492	576.00	1.28	1.26	1.59	(0.8)	(35.9)	(37.4)	
Singapore (SGD denominated)											
streetTRACKS Straits Times Index Launched Apr-17-2002											
South Africa (ZAR denominated)											
SATRIX 40	STX40	174 981	403 491	3 691.95	9.15	9.05	1.15	1.7	(17.9)	11.6	
SATRIX Industrial Index	STXIND	101 573	99 288	625.52	6.30	6.40	(1.56)	1.7	(10.2)		
SATRIX Financial Index	STXFIN	34 547	207 737	714.62	3.44	3.35	2.78	3.9	6.4		
Volume shows average daily volume for the week ending Aug-16-2002; Shares shows the number of outstanding shares; Net assets are approximations, shown in millions of the appropriate currency unit (unless otherwise stated); Price shows the closing price on Aug-16-2002. Sources include Wiesenberger/Thomson Financial, fund managers, MAR research and other sources.											

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Bond ETFs quickly gather assets

In the month since Barclays Global Investors' fixed income ETFs were launched on the Amex, the four new iShares have quickly attracted substantial assets. Since the July 26 launch, the iShares GS \$InvesTop Corporate Bond Fund (LQD) garnered \$1.3 billion, accounting for 1.4% of all ETF assets traded on the Amex, becoming the eighth largest ETF on that exchange for week ending August 16. BGI's three other bond ETFs also did

well: iShares Lehman 20+ Year Treasury Bond Fund (TLT) had some \$705 million in assets, ranking 15 on the Amex; iShares Lehman 7-10 Year Treasury Bond Fund (IEF) had some \$691 million, ranking 16; and iShares Lehman 1-3 Year Treasury Bond Fund (SHY) had some \$610 million, ranking 20. With 121 ETFs currently listed on the Amex, these new bond ETFs have had a pretty impressive run.



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