

What's Inside...

What price oil now? Cover
ETF futures head off Russell
reconstitution Cover
A fighting chance Page 2
New ETF scandal
unfolds Page 6


ETFR Databank

Listing of global
ETF data Page 9

What price oil now?

By Marsha Zapson

The energy complex has been a volatile sector in the US over the past few months, characterized by numerous, sharp spikes. As war in Iraq loomed, traders and investors pushed crude-oil futures on the New York Mercantile Exchange to highs last seen in the runup to the Gulf War in 1991. At that time, crude rose to \$41 before plunging to \$11 the morning after the campaign was launched.


Not surprisingly, Oil Services Holdrs (OIH) has been among the top 10 exchange-traded funds in terms of volume on the American Stock Exchange for most of the past year. One of three ETFs that invest in the energy sector, it tracks a basket of 18 oil services stocks. The others are Select Sector SPDR (XLE), composed of 23 energy companies, and iShares Dow Jones US Energy Fund (IYE), composed of 76 companies. For the week ending March 14, OIH ranked 10th in terms of daily average volume out of the 124 ETFs trading on the Amex, XLE ranked 16th, and IYE ranked 83rd. 

ETF futures head off Russell reconstitution

By Elise Coroneos

In a move designed to help fund managers and investors significantly reduce the risks associated with the annual Russell reconstitution, Nasdaq Liffe Markets has announced the issue of the first-ever July futures contracts on Russell indices.

Russell reconstitutes its 21 US stock indices on the last trading day in June each year, resulting in a newly adjusted stock composition effective with the start of the third quarter. Until now, futures contracts straddling the June/July reconstitution period had been available only in June and September, making them an impractical way of dealing with the associated risks.

Now June and July contracts will be issued on the exchange-traded funds futures available on the iShares Russell 1000 (IWB), the iShares Russell 1000 Value Index Fund (IWD), the iShares Russell 1000 Growth Index Fund (IWF), the iShares Russell 2000 (IWM) and the iShares Russell 3000 (IWV). 

The reports on investment managers and funds published in MAR/ETFR are based solely on information and data supplied by the respective investment manager. The accuracy and completeness of such information and data have not been verified by the publisher, and therefore we do not and cannot guarantee the accuracy or completeness of such information. Further, any statement non-factual in nature and any statements of opinion constitute only current opinions of the authors, which are subject to change and not necessarily the opinions of the publisher. No information in this newsletter constitutes or should be interpreted as a solicitation for investment in any of the investments reported on. A prospective client should independently investigate an investment manager and a fund before engaging the services of that manager, and should consult with independent qualified sources of investment advice and other legal and tax professionals before using the services of an investment manager. Due to, among other things, the volatile nature of the markets in which the investments and investment managers reported in this publication are involved, the investments written about in this newsletter may only be suitable for certain qualified investors, and may be subject to other requirements and/or restrictions enacted and/or enforced by regulatory agencies including but not limited to the Securities and Exchange Commission and the Commodity Futures Trading Commission, and/or other state and federal regulatory agencies. Past performance records as reported should not be considered indicative of future results.

© 2003 by Managed Account Reports LLC ISSN 1532-7205
All rights reserved. Reproduction in any form forbidden without permission. See page 16 for detailed copyright statement.

A fighting chance

By Philip Scipio

TREASURY 10 FITR

Ticker	TTE		
Launch date	October 31, 2002		
Market capitalization	\$21.6 million as of 3/25/03		
Shares outstanding	250,000		
Average daily trading volume	22,7000 shares (50-day)		
Expense ratio	0.15%		
	52-Week		
	High		Low
Price	88.74		83.51
NAV	88.61		83.37
Portfolio structure	Representative sampling		
Number of securities	6 to 8 Treasury notes + BONY Treasury Money Market Fund		
Options available	No		
Minimum trade size	1 share for individual investors 50,000 shares to create/redeem		
Distribution frequency	Income distributed monthly Capital gains, if any, distributed annually		
Benchmark index returns (as of 03/25/03)	3-month	YTD	1-year
	5.44	(0.06)	15.42
Capital gains	None distributed		
Custodian	BONY		
Trustee	BONY		
Distributor	ALPS Distributors Inc		

In November 2002, ETF Advisors launched four Treasury Fixed Income Trust Receipts, adding FITRS (pronounced "fighters") to the list of diamonds, spiders, holders and boulders that fill the ETF arena.

The funds—the Treasury 1 FITR, Treasury 2 ETF, Treasury 5 FITR and Treasury 10 FITR—which are traded on the American Stock Exchange, are designed to track the returns, before fees and expenses, of the Ryan OTR Treasury Indexes. These indices represent the characteristics and returns of the on-the-run US Treasury yield curve, with one-, two-, five- and 10-year maturities. At least 95% of the underlying assets of the FITRS are debt obligations of the US Treasury or federal agencies.

In an increasingly crowded marketplace, the aptly named fighters have at least two very large obstacles to overcome to find an audience. One is the launch of Barclays Global Investors' four fixed income ETFs during the third quarter of 2002. The other is brand name recognition: The Lehman and Goldman bond indices on which BGI's funds are based are significantly better known than the Ryan OTR Treasury Indexes.

If anyone can overcome these obstacles, ETF Advisors managing director Gary Gastineau can. Gastineau has had a long career in exchange-traded funds, and is uniquely qualified to walk the product line through the tough terrain to success. What he must contend with here is the tendency of the first product to market in any given area to stake out an almost insurmountable lead.

Gastineau started the process of creating the FITRS series some five years ago while he was still working at the Amex. The preliminary filing with the Securities and Exchange Commission occurred four years ago, and another filing followed when he left the exchange to join Nuveen.

By the time the SEC finally approved the series, Gastineau and the fledgling ETFs had found a new home at ETF Advisors. The FITRS were initially scheduled to launch at approximately the same time as the iShares fixed income series, but because of delays Barclays won the first-to-market advantage.

The FITRS product line has about \$70 million under management, with the 10-year fund claiming the biggest portion. ETF Advisors is targeting a retail base, even though the underlying Ryan indices are relatively well known in some institutional circles. "These products bring a great deal of transparency to the retail market for Treasuries at attractive spreads," says Gastineau. The firm has no immediate plans to launch a corporate bond fund, though the area has interesting possibilities, he says.

The right index

"We wanted to use the right index," says Gastineau. He notes that the kind of index used to gauge the performance of a portfolio can be very different from the type used as the template for a fund. "If you want to measure how the manager of an institutional portfolio has performed relative to the opportunities he faced, the Lehman aggregate is a fine benchmark."

The index used for the creation of an ETF should be as liquid as possible, and allow for securities to be purchased as cheaply as possible, says Gastineau. "It's not an accident that

the bid and ask prices that the specialists make on the FITRs are tighter than on other fixed income ETFs," he says. "That's designed into the product."

Each of the four portfolios is based on the current on-the-run US Treasury. The underlying index for each of the 2-year, 5-year and 10-year Treasuries FITRs tracks the return of only one security: the most recently issued, or on-the-run, Treasury security for the particular maturity of the fund.

The underlying index for the one-year Treasury FITR tracks the return of a pair of securities, the on-the-run six-month and two-year Treasuries, weighted two-thirds in the six-month bill and one-third in the two-year note. "That gives you the equivalent of a one-year Treasury," says Gastineau. The adjustment was made necessary when the Treasury Department eliminated the one-year bill. "We wanted to offer a short-term product to compete with money markets," he says.

Gastineau points out that ETF Advisors chose the on-the-run Treasuries because liquidity is greatest in that area of the yield curve. "If you take a look at the trading in the FITRs versus other fixed income funds, you'll find that the spread on the FITRs is significantly smaller," he says. The spread is nearly always one cent on the one-year, two cents on the two-year, three to four cents on the five-year and five cents on the 10-year. Other fixed income funds have materially wider spreads despite trading more frequently."

Single security funds?

Although the fund indices track a single security, with the exception of the Treasury 1 FITR, the ETFs themselves are not single security funds. Each of the four fund portfolios holds between six and eight Treasury notes with varying coupons and maturities and a cash equivalent Bank of New York money market fund in each.

The 10-year FITR uses the US Treasury 11.25%, 7.25%, 4.88%, 4.38%, 4.0% and 3.86% coupon notes to match its benchmark. "The underlying index has one securities, but we are replicating the cash flows with this sort of ministaggered

portfolio," says Gastineau. "This method cuts down on the turnover and consequently the transaction cost."

In each case, the weightings of the securities in the funds are intended to match duration of the index. "You are focusing attention on high liquidity points of the yield curve," says Gastineau.

"You are trying to replicate the duration in the cash flows of the on-the-run security, using not just that security but other securities that approximate the duration maturity range. To the extent you can find a security that is temporarily selling cheaper than the on-the-run, you can get a better return. That's what our portfolio manager has done."

The portfolio manager is Richard Harper, a vice president with ETF Advisors. Prior to joining the firm in June 2002, Harper was an assistant vice president with Nuveen Investments, where he worked as a financial markets economist and fixed income portfolio strategist.

The three longer-term funds have a positive tracking error. The one-year fund has a slightly negative tracking error of less than four-tenths of a basis point. "We've done a little bit toward covering expenses in that fund, but in the others we have more than covered expenses," says Gastineau.

The two-year fund has a positive tracking error of three-tenths of a basis point, while the five-year fund boasts a positive tracking error of 11.8 basis points and the 10-year fund a positive tracking error of 27.3 basis points. "Those are fairly dramatic when you are closely tracking your index," says Gastineau.

The other US-based fixed income ETFs in contrast have negative tracking errors, the widest being that of the iShares 20+ Treasury Index Fund: 61 basis points for the three-month period ended February 28.

"The idea is to match the index then beat it, not be creamed by it," says Gastineau. "We are matching the duration and maturity the primary focus is duration, that's the primary way you replicate performance. But because we have been able to buy the cash flows more cheaply taking the same risk we managed to do a little bit better." ❖

Treasury 10 FITR Fund Holdings

Issue	Coupon	Maturity	Market Price	% of Holdings
US TREAS	11.25%	02/15/2015	\$164.86	9.66%
US TREAS	7.25%	05/15/2016	\$127.08	26.54%
US TREAS	4.875%	02/15/2012	\$107.38	5.03%
US TREAS	4.375%	08/15/2012	\$103.38	13.63%
US TREAS	4.00%	11/15/2012	\$100.33	20.53%
US TREAS	3.875%	02/15/2013	\$99.33	24.44%
BNY HAMILTON TRY MNY FD HAMIL				0.19%

Treasury 2 FITR Fund Holdings

Issue	Coupon	Maturity	Market Price	% of Holdings
US TREAS	5.875%	11/15/2005	\$109.92	17.14%
US TREAS	5.875%	11/15/2004	\$106.97	15.46%
US TREAS	6.75%	05/15/2005	\$110.41	9.77%
US TREAS	5.75%	11/15/2005	\$109.63	4.70%
US TREAS	2.125%	10/31/2004	\$100.95	9.56%
US TREAS	1.75%	12/31/2004	\$100.27	9.73%
US TREAS	1.625%	01/31/2005	\$99.97	21.80%
US TREAS	1.50%	02/28/2005	\$99.69	11.76%
BNY HAMILTON TRY MNY FD HAMIL				0.09%

Treasury 5 FITR Fund Holdings

Issue	Coupon	Maturity	Market Price	% of Holdings
US TREAS	4.75%	11/15/2008	\$107.97	16.51%
US TREAS	6.00%	08/15/2009	\$114.81	20.25%
US TREAS	3.50%	11/15/2006	\$103.50	9.74%
US TREAS	3.25%	08/15/2007	\$101.88	11.98%
US TREAS	3.00%	11/15/2007	\$100.50	12.47%
US TREAS	3.00%	02/15/2008	\$100.30	28.67%
BNY HAMILTON TRY MNY FD HAMIL				0.39%

Treasury 1 FITR Fund Holdings

Issue	Coupon	Maturity	Market Price	% of Holdings
US TREAS	1.50%	02/28/2005	\$99.69	6.46%
US TREAS	5.25%	08/15/2003	\$101.59	23.91%
US TREAS	3.875%	06/30/2003	\$100.72	18.17%
US TREAS	3.00%	01/31/2004	\$101.48	18.17%
US TREAS	2.25%	07/31/2004	\$101.11	14.28%
US TREAS	2.125%	10/31/2004	\$100.95	6.89%
US TREAS	1.625%	01/31/2005	\$99.97	12.06%
BNY HAMILTON TRY MNY FD HAMIL				0.07%

◀¹ What price oil now?

Oil play

"It's the sector *du jour*," says Kevin Ireland, vice president of the Amex's index share marketplace. "Everyone's trying to do a play on oil, and OIH is basically a proxy for drilling and pipeline companies." As the price of oil fluctuates, investors are betting—either long or short—that companies like Baker Hughes, which is 11.6% of OIH, or Schlumberger, which is 8.3% of OIH, will go up or down. Their expectation, says Ireland, is that the higher the price of oil goes, the more business drillers will do because more rigs will open and profits will increase.

"If you do an overlay of the price of oil against the three ETFs tracking the sector, all three have seriously underperformed," says Ireland. "Oil obviously spiked: It's up about 30% in terms of price over the past year. All three ETFs are flat to down. They've attracted some interest lately, and have been moving up a little, but they haven't moved like oil. Investors buying the oil companies as a proxy for oil have been disappointed this year, they haven't received the same performance."

Yet OIH, and to a lesser extent XLE, continues to pique interest. "We're seeing a lot of activity in OIH, especially by hedge funds," says Tom Jardine, managing director at Deutsche Bank. "One strategy bets that the domestic oil drillers will benefit from this war, whereas some of the other energy names with international oil exposure will take a beating. But that's actually the opposite of what happened a couple of days ago. It's a very volatile sector, and people are playing that spread so to speak."

Agreeing, Joe Montesano, sector index and ETF trader at Goldman Sachs, says: "We're seeing a lot of day-trading-type activity in OIH. If you look at the typical close-to-close volatility of the OIH, it's fairly muted, but the intraday volatility is high. Investors can profit quickly by playing those intraday moves."

In comparison, XLE usually attracts "slower money, meaning more of a buy-and-hold pattern," says Montesano. "XLEs are easy to trade from a liquidity standpoint, even though the underlying volume isn't high. The stocks in the index are very liquid. Baker Hughes, which is in the Holdrs, for example, is not as easy to trade as Exxon Mobile, which is in XLE. When we do get orders for XLE, they're usually a bigger size, but less frequent."

Also, OIH has stolen a considerable amount of volume away from the OSX, the energy index on the Philadelphia Exchange, says Montesano. "Investors used to trade put-call combinations on the OSX to gain exposure to the oil service market. But it's so highly correlated to the OIH that investors who aren't looking for option plays really just buy the OIH. It's an easier trading vehicle."

Morgan Stanley also favors XLE and OIH, says Paul Mazzilli, head of Morgan Stanley's ETF research team in New York. In part, this is because its current bias is toward larger cap energy

“
It's the
sector *du jour*;
everyone's trying
to do a play on oil
”

companies, which are the constituents in both those funds. "The Holdrs is a pure play on the services companies, and it's the only one out there," says Mazzilli.

The Select Sector Spider, which comprises S&P 500 names, is an obvious Morgan Stanley choice; it's composed of energy stocks with market caps ranging from \$1.9 billion to \$230.0 billion. In comparison, the iShares has approximately 13% non-S&P names.

XLE and IYE are pretty similar; both funds have the same top four holdings, with only the weightings varying. In both

funds, Exxon Mobil ranks first at 23.2% and 24.6%, respectively, followed by Chevron Texaco at 15.5% and 22.0%, respectively.

"The energy Spider has about eight times the volume," says Mazzilli. "It trades some 278,000 shares a day, whereas the iShares trades about 38,000. In general, traders tend to like Spiders more, whereas iShares tends to be used more by financial advisors."

Stress testing

In its research report dated March 17, Morgan Stanley strategists had an overweight position of 6.6% on the energy sector relative to its S&P 500 Index weight of 6.2%. "We think that the market is anticipating that oil prices will come down to about \$20 after the war is over," says Mazzilli. "Our price range is \$25 to \$26, and that's pretty profitable for the larger cap companies."

Interestingly, Morgan Stanley recently performed a beta analysis, based on weekly price movements, of US ETFs versus the S&P 500 Index over the past year or since inception. It created the report, says Mazzilli, in response to requests for the information from two very disparate investor bases: hedge funds looking for high beta and retail investors looking for low beta.

Internet Infrastructure Holdrs (IIH) at 2.45 topped the list, which came out at the end of February. The streetTRACKS Wilshire Reit at 0.29 was at the bottom. OIH had a beta of 0.83; XLE, a beta of 0.81; and IYE, a beta of 0.76; in comparison, QQQ had a beta of 1.52.

And Dow Jones Indexes, using stress testing methods, examined the top three performing US market sectors and the worst three, comparing their behavior to the Industrial Average at the onset of major events in the 1990s. On day one of the Gulf War in January 1991, the DJ US Energy Index on which the iShares product is based was the worst performing US sector, up nearly 0.7%. In comparison, the DJIA was up nearly 0.9%.

Six months later, the energy index was up 11.7% and the Dow remained unchanged. One year later, the energy index was up 4.8% and the Dow was up 24.5%. Whether the indices will mimic such performance this time around, and at what price, is now the question. ↕

◀1 ETF futures head off Russell reconstitution

How it will work?

Put simply, Russell ETF futures contracts expiring on the NQLX in June are based on preconstituted indices, while those expiring in July are based on postreconstituted indices. By simultaneously selling, or going short, a Russell June contract and purchasing, or going long, a Russell July contract, funds are pegged to the corresponding Russell ETF—all without having to buy and sell the underlying securities.

"An investor or a fund manager with exposure to the Russell indices could take this exposure measured in notional dollars, and sell the appropriate number of ETF futures in the June contract and purchase the equivalent number in the July contract," says Tom Ascher, chief executive of Nasdaq Liffe Markets.

When June expiration arrives, the short futures contract is settled into a short iShares position. Then when the July expiration arrives, the long futures contract is settled into a long iShares position, representing a postreconstitution index.

Because ETF futures on the NQLX are physically settled into the corresponding ETFs, the component securities can be tendered to Barclays Global Investors, the owner of the iShares products, as a position nets out. BGI can accept the component securities in the proper ratios to be tendered and recombined to form ETFs, or deconstruct ETFs into its component securities.

"We have eliminated the risks for the cost of the spread between the June and July contracts," says Ascher. "People will not have to trade out of the stocks or engage in the 'on-the-close' frenzy when everyone runs to sell the stocks that are being removed and purchase those that are being added in the proper ratios."

Those who want to get exposure to the new indexes can buy the July futures, without even knowing what the indices are going to contain.

Playing the game

Ascher believes that the trade will be most applicable to and find the greatest interest in the fund management community. Among its potential users will also be those who make a business practice of actively managing the reconstitution and view it as an opportunity. "So we've got some that have historically wanted to off-load the rebalancing risk, as is sometimes done in private party transactions," says Ascher.

Perhaps more interesting, however, is the opportunity the market at large will now have to explicitly value the reconstitution. Fund managers will be able not only to flat out remove their risk, but also to price it and take on more without having to do an OTC or a private transaction.

"The active traders that want to take the other side of the

2003 Schedule for index reconstitution

May 30	US stocks ranked by capitalization: Preliminary
June 13, 20 and 27	Lists of additions and deletions to the Russell 3000 available (after 4 pm Pacific)
July 1	Newly reconstituted Russell US indexes go into effect
July 9	Final membership lists for the Russell 1000, Russell 2000, and Russell 3000 Indexes posted (after 4 pm Pacific)

trade are now going to be afforded the opportunity to do so," says Ascher. "We think there is a high probability that other players will look to take on more rebalancing risk."

In previous years, those wanting to go short the stocks being deleted from the indices ran into problems because those stocks were difficult to borrow. However, the use of the June/July contracts of the relevant ETF futures overcomes this

issue, says Kelly Haughton, strategic director Russell indices.

"If you go long the basket of stocks that are going to remain in the index and short the futures, in essence you are going to be short those stocks being deleted," says Haughton.

More opportunities, more liquidity?

A frequent argument against ETF futures and single stock futures has been their lack of liquidity. Ascher rejects this argument, pointing out that the barometer for measuring liquidity of ETF futures is not limited to the contracts traded on the NQLX, but encompasses a host of interested market makers.

"As soon as you have the potential for large amounts of capital that can be played between the cash both in terms of component stocks, the ETFs and the future, and in some instances the related securities option, you have the makings for a great deal of liquidity," he says.

This latest move may also arguably increase the instruments' liquidity as futures are made available on the Russell 1000 Value and Russell 1000 Growth indices for the first time. These indices, along with the Russell 2000, traditionally experience the most turnover in component securities during the annual reconstitution.

"People are becoming very much interested in deploying capital against these instruments and in arbitraging them against the cash," says Ascher.

Index options on a variety of the Russell indices are already available on the Chicago Board Options Exchange, the Pacific Exchange and the International Securities Exchange.

Over the years, Russell has resisted suggestions that it should reconstitute its indices on a more regular basis—perhaps once a quarter—arguing that more frequent reconstitution would increase transaction costs for index fund managers whose products are benchmarked to the indices. The significance of the annual Russell reconstitution is obvious when you consider the results of a recent survey by the firm, which calculated more than \$1 trillion is benchmarked to the indices.

Haughton believes that while the new ETF futures contracts may possibly reduce the transaction costs associated with the reconstitution, Russell would wait two or three years before making any judgment leading to a change in its current practices. ❖

First ETF scandal unfolds; Nikko SSB in the spotlight

The Japanese ETF market, which is the fastest-growing ETF market globally in terms of assets, has been dealt a blow after the markets regulator accused **Nikko Salomon Smith Barney** of market manipulation. Japan's **Securities and Exchange Surveillance Commission**, the investigative arm of its **Financial Supervisory Agency**, found that NSSB in July 2002 had breached rules by deliberately pushing up the prices of stocks on close. SESC said the deals enabled NSSB to profit as stocks purchased at a lower average price were used to create ETF portfolios for a client, and then sold to at their higher closing prices.

Nikko Salomon Smith Barney has been suspended from proprietary stock trading for four weeks beginning March 19, after Japan's regulators charged the firm with market manipulation related to ETF portfolio deals. Nikko SSB is a major participant in Japan's ETF market. According to one ETFR source: "Suspending trading would have a material impact on NSSB's revenues at a time when trading is particularly thin. It may also have a dampening effect on the issuance of new ETFs as Japanese retail investors—who are not trading a lot now—would be hesitant to enter an ETF if they suspected it would be mis-priced due to market manipulation."

NSSB said it "regrets receiving these findings...and takes this notice quite seriously." The firm "intends to undertake a close dialogue with the FSA during its legally mandated hearing process, which is scheduled to occur in the near future."

NSSB is Japan's third largest securities broker and one of the largest participants in the ETF market, having grown 218% in 2002 to \$21 billion. In the half year to September 30, 2002, the firm earned ¥50.1 billion (\$408 million) from trading, of which equity sales and the structuring of ETFs accounted for ¥40.1 billion. Nikko Asset Management, a related firm, manages around half of Japan's ETF assets.

According to an ETF industry source, the development has battered investors' confidence in the Japanese ETF industry.

"It has come at a bad time, with the stock market near 20-year lows," he said. "I would not be surprised if the regulators haul up other securities firms for similar infringements."

The Financial Supervisory Agency said the suspension was the longest ever imposed for market manipulation. FSA also ordered Nikko SSB to strengthen its internal controls, ensure compliance by directors and staff and take measures to prevent any recurrence of the violation.

Five Unicos are delisted, new one set to launch

While five **Unico** ETFs that had been trading on the Deutsche Börse stopped trading on February 28 and were delisted on March 3, a new one will be launched on April 1. These are the first European ETFs to be closed, although **BGI** switched its index provider from **Bloomberg** to **FTSE** in December 2002, and **North American** saw four of its ETFs shuttered at the end of 2002. (They were the SSgA Dow Jones Canada Titans 40, iShares DJ US Chemicals, iShares DJ US Internet, and the iShares S&P TSE 60.)

The five shuttered **Unico iTrackers** are MSCI Europe Consumer discretionary, MSCI Europe Consumer Staples, MSCI Europe Energy, MSCI Europe Health Care and MSCI Europe Telecom. All five had been launched March 1, 2002. Although the Unico iTrackers had been registered for sale in jurisdictions outside Germany, they were not listed in, nor did they trade in other countries. Also, the Unico site, where potential investors would go for information, was only in German. All of which made trading these ETFs difficult, say ETF observers.

According to Unico, the investment company decided to close these five sector ETFs because their assets under management remained small and trading light. "When it comes to stocks, more chancy specialties like sector investments are less in demand than the broad market strategies in the current market," said a Unico spokesman.

"Due to this fact, Unico is focusing on broad market indices, which is reflected in our present range of index funds, including the S&P 500, DAX 30, Nasdaq-100 and MSCI World," said the spokesman. "On April 1, we will launch

an ETF on **MSCI Europe**." This makes Unico the only sponsor to have ETFs tracking both the MSCI World and **MSCI Europe** indices.

ETF daily volume increases, assets remain unchanged

Average daily trading volume in ETFs globally has increased significantly since the end of 2002 through the first two months of 2003, writes **Debbie Fuhr**, executive director of global exchange traded funds research for **Morgan Stanley** in London, in her research. Total volume has increased from 143 million shares (or \$6.3 billion) to 161 million shares (or \$7.2 billion), while assets under management have remained static in Europe, at \$10.7 billion, and in Japan, at \$20.4 billion. Meanwhile ETF assets declined in the US 9.1%, going from \$102.3 billion to \$93 billion.

BGI to launch two new bond ETFs in US

Barclays Global Investors filed a prospectus with the **Securities and Exchange Commission** in early March to add the **iShares CSFB Liquid US Agency Bond Fund** to its fixed income product offerings. One week later, it filed another prospectus with the SEC for the **iShares Lehman US Aggregate Bond Fund**.

The first proposed iShares will track the CSFB Liquid Agency Index, which represents the most liquid portion of the US Agency bond market, currently contains noncallable securities with remaining maturities of greater than one year from **Federal Home Loan Banks, Freddie Mac** and **Fannie Mae**. The second iShares will track the Lehman US Aggregate Bond Index, which includes US investment grade bond market securities.

Fixed income iShares allow individual investors to see intra-daily pricing of different bonds with similar maturities or quality, according to **Lee Kranefuss**, chief executive of BGI's ETF business. Unlike stocks where prices are widely disseminated, the fair market value of bonds that trade on the secondary market is difficult for investors to assess.

BGI's four existing fixed income ETFs, which were launched in July 2002, currently have assets totaling more than \$3.7

billion. They are the **iShares GS \$ InvesTop Corporate Bonds** (LQD), the **iShares 1–3 Year Treasury Index** (SHY), the **iShares 7–10 Year Treasury Index** (IEF) and the **iShares 20+ Year Treasury Index** (TLT).

New corporate bond ETF options listed on the CBOE

The **Chicago Board Options Exchange** listed options on the **iShares GS \$ Investop Corporate Bond Fund** (LQD) as of early March. Initial strike prices ranged from 100 to 115, in one-point increments, with position limits of 22,500.

The underlying ETF, which is based on the corporate bond market as defined by the Goldman Sachs \$ InvesTop Index, was one of four US fixed income products launched by **Barclays Global Investors** on July 26, 2002. The ETF has so far been the most successful iShare in terms of asset growth, attracting \$1.0 billion in assets in its first week of trading. At present, it holds more than \$1.8 billion in assets.

iShares launches Europe's first corporate bond ETF

London-based **iShares Plc** launched Europe's first corporate bond ETF, which is UCITS compliant, on the Deutsche Börse on March 19. On June 17, the **iBoxx Liquid Corporates** (IBCX) will begin trading on the London Stock Exchange.

IBCX began trading on the DBAG's XTF segment with €750 million (US \$xx) in assets. It is quoted real time on that exchange and may also be traded over the counter. It tracks the iBoxx Liquid Corporates Index, an index composed of 40 investment-grade bonds, at an expense ratio capped at 0.2%.

iBoxx, a consortium of seven investment banks (including ABN AMRO, Barclays Capital, BNP Paribas, Deutsche Bank, Dresdner Kleinwort Wasserstein, Morgan Stanley, and UBS Warburg) and the DBAG, was established to create and publish fixed income indices. During 2002, European ETF assets under management rose 91% from €4.65 billion (US\$xx) to €9.77 billion (US\$ xx) according to **Morgan Stanley**.

iShares S&P 500 clone trades on Italian bourse

The **Italian Stock Exchange** began trading the **iShares S&P 500** on February 28. The fund, which is a European clone of the iShares S&P 500 (IVV) that trades on the Amex, is domiciled in Ireland and currently trades on the London Stock Exchange and on London-based **virt-X**. Trading in euros, the new Italian cross-listing will trade under the ticker IUSA.

According to the MAR/ETFR database for the week ending January 10, the fund trading on the LSE had £69.6 million (\$109.6 million), and the one on virt-X had €68 million (\$73.2 million). By comparison, IVV had \$5.5 billion in assets and the venerable Spider (SPY) had \$41.8 billion for the same period.

US tech ETF starts trading on Deutsche Börse's XTF

Deutsche Börse recently began trading a new ETF based on the **MSCI US Tech Master Unit**. The underlying index, **MSCI USA Information Technology**, comprises the 75 largest US-based IT firms. The ETF is issued by **Lyxor International Asset Management**, a subsidiary of **Société Générale**. Deutsche Börse's XTF segment attracted 99% of the German ETF market share in February, and 47% in Europe overall. The segment trades 62 ETFs and 23 actively managed equity funds.

Amex begins trading OEF, suspends transaction fee

The **American Stock Exchange** has started trading the **iShares S&P 100 Index Fund** (OEF) under unlisted trading privileges. The fund, which currently lists on the **Chicago Board Options Exchange**, seeks investment results that correspond to the performance of US large-cap stocks from a broad range of industries. This move by the Amex is expected to provide investors with increased liquidity and narrower spreads. In an attempt to generate additional interest, the Amex has suspended transaction fees on customer orders in OEF for 30 days, regardless of size. This addition to the Amex brings the number of ETFs it trades to 124.

ETF futures help support Russell index reconstitution

Nasdaq Liffe Markets will offer new contracts on each of the five **Russell iShares** ETFs it currently lists. These new July 2003 contracts will provide traders with a way to manage the risks associated with the annual reconstitution of Russell's family of US indices. Russell futures contracts expiring on June 20 are based on preconstituted Russell indices, while the futures expiring on July 18 are based on postreconstituted indices. Traders who sell a Russell June contract and purchase a Russell July contract simultaneously have their funds pegged to a Russell ETF, thereby not requiring them to buy and sell the underlying securities.

The five Russell iShares traded on NQLX comprise the iShares Russell 1000 (IWB), the iShares Russell 1000 Value Index Fund (IWD), the iShares Russell 1000 Growth Index Fund (IWF), iShares Russell 2000 (IWM) and the iShares Russell 3000 (IWW).

For Japanese ETFs, Topix emerges as index of choice

The **Tokyo Stock Price Index**, a weighted composite index of approximately 1,500 stocks listed on the First Section of the Tokyo Stock Exchange, has emerged as the dominant index on which Japanese ETFs are based. Of the \$20.8 billion in Japanese ETFs, 83% or \$17.2 billion is invested in the Topix, according to **Morgan Stanley**. The **Nikkei 225 Index** accounts for 16% of Japanese ETF assets, and sector indices and the **FTSE Japan index** account for 1%.

ECN Island begins selectively quoting some ETFs it trades

In early March, **Island** has begun distributing quotes in two ETFs: **Semiconductor HOLDR** (SMH) and **Market 2000 HOLDR** (MKH). At the same time, however, the ECN stopped disseminating quotes in the **Biotech HOLDR** (BBH). The change reflects the ongoing debate between Island and the **SEC** over the trade-through rule of the **Intermarket Trading System** (ETFR, October 2002, page 1). There are now four ETFs that Island trades but

◀7 does not quote: QQQ, SPY, DIA, and BBH.

With eye on HK's ETF market, S&P launches equity indices

Standard & Poor's began rolling out its five new equity indices, the **S&P/HKEx** indices, on March 3 and began real-time calculation for the S&P/HKEx **LargeCap** index and the S&P/HKEx **GEM** index. The S&P/HKEx **MidCap**, **SmallCap** and **Composite** indices will follow later in the year.

The S&P/HKEx LargeCap index comprises 25 stocks covering approximately 75% of the Hong Kong market, such as **HSBC** and **China Mobile**. The S&P/HKEx GEM index, which is designed to represent the Growth Enterprise Market, consists of stocks that meet strict liquidity guidelines. Securities known as **Red Chips** and **H-Shares** will also be included in the indices. Red Chips are majority owned Chinese entities domiciled in Hong Kong and H-Shares are mainland China-domiciled companies.

The firm, which is currently in discussions regarding the licensing of products based on the S&P/HKEx indices, believes ETFs will be available to investors wishing to track the markets these indices represent, according to a spokesman at S&P.

New Indian ETF launched on CNX Nifty Junior Index

Benchmark Asset Management Co launched an ETF based on the CNX Nifty Junior Index. The index comprises the 50–100 ranked stocks listed on the **National Stock Exchange of India**. The firm launched India's first ETF a year ago; it was based on the top 50 NSE stocks. That ETF raised \$2 million, according to BAMC's chief investment officer **Sanjiv Shah**. Last month, **Prudential ICICI Mutual Fund** launched an ETF on the 30 stock **Sensex**. It has raised some \$4 million so far.

Budapest Exchange connects with Xetra

Participants of the **Budapest Stock Exchange** will soon be trading on **Xetra**, the **Deutsche Börse's** electronic trading platform. The technical connection between the Budapest Exchange and Xetra is scheduled for the

second quarter of 2003.

The Budapest Exchange is functioning as a so-called multimember front-end provider. Hungarian banks and brokerage firms will be directly admitted to trading on the **FWB Frankfurt Stock Exchange**. One main goal of the Budapest Exchange is a stronger integration into international securities trading. The alliance between the DBAG and the Budapest Exchange marks the first integration of market participants from an eastern European country to trade on Xetra.

There are currently some 400 participants from 18 countries trading on Xetra, which trades over 10,000 equities, warrants, certificates and ETFs.

ETFs expected on new DJ Islamic Index family

Dow Jones Indexes recently launched the **Dow Jones Islamic Market Titans 100** index, as well as three subset blue-chip indices: the Dow Jones **US Islamic Titans 50**, the Dow Jones Europe **Islamic Titans 25** and the Dow Jones **Asia/Pacific Titans 25**. It is anticipated that ETFs based on the Dow Jones Islamic Index family will be launched in the near future.

The Dow Jones Islamic Market Titans 100 was created because of an increasing demand for social-ethical and Islamic index investment, according to **Lars Hamich**, executive director for global business development of Dow Jones Indexes. Index-constituent eligibility is determined by industry-type and financial ratios. Companies are excluded if they engage in the following lines of business: alcohol, tobacco, pork-related products, financial services, defense/weapons and entertainment.

The Dow Jones Islamic Market Titans 100 comprises the Dow Jones Islamic Market US Titans 50, the Dow Jones Islamic Market Europe Titans 25 and the Dow Jones Islamic Market Asia/Pacific Titans 25.

Singapore Exchange will close NY office

The Singapore Exchange Limited plans to close its New York office in the near future, although no firm date was given. The decision is in line with the exchange's efforts to streamline opera-

tions and maintain cost efficiencies, it said in an official release. With this move, the New York office's liaison function will be carried out from Singapore. Industry observers suggest that the closing may in part be due to the failure of the cross listing effort between the **American Stock Exchange** and the Singapore Exchange, which, when launched last year, represented the first fungible trading of product across time zones. There are currently five Amex-listed ETFs cross-listed and trading on SGX; they are: Spider, iShares S&P 500, Diamonds, iShares DJ US Tech, and iShares MSCI Singapore.

Morgan Stanley approach to ETF asset allocation changes

In mid-March, **Morgan Stanley** changed its analytical approach to ETF asset allocation. It no longer provides research ratings on selected ETFs; rather, it now focuses on how each ETF fits into the firm's macro and sector strategies.

Int'l Securities Exchange lists more ETF options

The New York-based **International Securities Exchange** began trading options on nine ETFs mid-March. They are: iShares Russell Midcap (IWR), iShares Russell 3000 Value (IWW), iShares Russell 3000 Growth (IWZ), Select Sector Spider Health Care (XLV), iShares Russell Midcap Growth (IWP), iShares Russell Midcap Value (IWS), Select Sector Spider Industrials (XLI), Select Sector Spider Consumer Discretionary (CLY), and Select Sector Spider Materials (XLB).

On the move

Knight Trading Group, based in Jersey City, New Jersey, formed an institutional options and ETF sales and trading team recently. Five out of its new six-member team were tapped from **Merill Lynch**. Heading the team is **Kevin Klenke** as senior vice president and head of institutional options/ETF sales and trading. The other Merrill Lynch alums include **Stephen Arellano**, **Dean Brown**, **George Glaraga**, **Scott Goldberg**. Knight also hired senior vice president **J Douglas Smoot** from **Chilton Investment Co.**

US EXCHANGE-TRADED FUNDS Week ending March 14 2003

Volume statistics reflect Amex trading only, except for QQQ, SPY and DIA.

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 Tracking Stock	QQQ	81 492 220	658 350	16 873.51	25.63	25.72	(0.35)	4.8	5.5	(30.9)
S&P 500 SPDR	SPY	57 570 960	411 595	34 524.59	83.88	84.13	(0.30)	1.0	(4.6)	(26.9)
DJIA Diamonds	DIA	10 355 640	59 355	4 676.58	78.79	78.96	(0.22)	1.8	(5.1)	(24.1)
iShares Dow Jones series										
DJ US Basic Materials	IYM	21 680	2 000	62.34	31.17	31.28	(0.35)	2.8	(8.8)	(24.6)
DJ US Consumer Cyclical	IYC	6 260	2 950	116.88	39.62	39.70	(0.20)	1.4	(5.1)	(32.0)
DJ US Energy	IYE	14 180	2 650	102.10	38.53	38.52	0.03	(3.4)	(1.8)	(22.0)
DJ US Financial Sector	IYF	23 280	2 050	130.50	63.66	63.36	0.47	(1.3)	(6.7)	(23.0)
DJ US Financial Services	IYG	10 160	700	51.53	73.62	73.64	(0.03)	(1.4)	(5.7)	(22.2)
DJ US Healthcare	IYH	62 760	6 650	309.09	46.48	46.50	(0.04)	(1.9)	(4.0)	(25.0)
DJ US Industrial	IYJ	8 640	2 100	71.99	34.28	34.31	(0.09)	0.5	(8.1)	(31.8)
DJ US Non-Consumer Cyclical	IYK	25 680	2 200	83.71	38.05	38.09	(0.11)	2.5	(6.1)	(16.4)
DJ US Real Estate	IYR	21 860	2 150	158.63	73.78	73.78	0.00	(1.0)	(3.7)	(6.7)
DJ US Technology	IYW	35 700	5 400	178.09	32.98	32.95	0.09	3.0	1.4	(34.4)
DJ US Telecommunications	IYZ	114 240	6 550	109.97	16.79	16.82	(0.18)	1.9	(11.4)	(36.7)
DJ US Total Market	IYY	54 000	3 500	135.84	38.81	38.74	0.18	0.2	(5.2)	(27.5)
DJ US Utilities	IDU	32 420	5 100	224.96	44.11	44.23	(0.27)	0.1	(6.8)	(27.5)
iShares MSCI series										
Australia	EWA	24 820	8 200	73.06	8.88	8.87	0.11	(3.0)	(2.3)	(6.0)
Austria	EWO	10 520	1 700	14.81	8.73	8.60	1.51	(5.4)	(0.1)	8.8
Belgium	EWK	3 400	3 480	29.65	8.55	8.41	1.66	4.3	(14.8)	(20.8)
Brazil	EWZ	52 600	6 650	53.27	8.10	8.02	1.00	3.2	0.5	(40.6)
Canada	EWC	24 820	47 000	457.31	9.66	9.66	0.00	(1.8)	2.3	(11.7)
EAFFE	EFA	478 720	20 600	1 855.03	90.15	89.35	0.90	(1.0)	(9.8)	(25.3)
EMU	EZU	88 640	3 300	128.34	38.99	38.31	1.77	(1.7)	(11.9)	(30.7)
France	EWQ	30 400	3 200	42.94	13.45	13.15	2.28	1.9	(11.1)	(29.0)
Germany	EWG	235 260	7 200	61.34	8.55	8.42	1.54	(5.7)	(14.4)	(45.0)
Hong Kong	EWH	39 380	16 050	114.60	7.14	7.13	0.14	(0.8)	(4.0)	(21.3)
Italy	EWI	4 300	2 100	28.88	13.81	13.60	1.54	(3.5)	(6.8)	(15.4)
Japan	EWJ	1 171 900	77 400	501.55	6.47	6.52	(0.77)	(2.0)	(6.2)	(23.5)
Malaysia	EWM	32 760	14 175	70.88	5.00	4.92	1.63	(1.6)	(2.0)	(15.9)
Mexico	EWV	23 860	3 200	37.63	11.84	11.61	1.98	1.6	(6.7)	(30.9)
Netherlands	EWN	20 840	2 350	25.31	10.79	10.70	0.84	3.0	(19.0)	(38.8)
Pacific ex-Japan	EPP	14 960	3 100	152.02	48.93	49.60	(1.35)	(1.2)	(1.9)	(10.5)
Singapore	EWS	9 520	17 100	69.60	4.07	3.93	3.56	(2.0)	(8.0)	(31.0)
South Africa	EZA	2 400	1 750	64.70						
South Korea	EWY	36 960	6 300	97.78	15.53	15.53	0.00	(2.9)	(15.4)	(30.7)
Spain	EWP	7 220	2 925	52.47	17.99	17.90	0.50	(0.1)	1.1	(13.1)
Sweden	EWD	4 520	2 325	21.48	9.26	9.14	1.31	0.2	(4.3)	(31.4)
Switzerland	EWL	26 720	2 500	24.13	9.68	9.55	1.36	(2.4)	(14.0)	(27.0)
Taiwan	EWT	94 460	17 250	138.52	8.04	8.08	(0.50)	2.9	(0.9)	(28.9)
UK	EWU	150 700	15 200	167.20	11.02	10.90	1.10	1.3	(10.3)	(24.3)
iShares Russell series										
Russell 1000	IWB	736 320	17 200	761.96	44.30	44.25	0.11	1.0	(4.9)	(27.1)
Russell 1000 Growth	IWF	121 040	24 050	847.76	35.25	35.21	0.11	1.6	(3.0)	(29.9)
Russell 1000 Value	IWD	169 600	22 650	966.25	42.66	42.63	0.07	(0.6)	(6.6)	(25.0)
Russell 2000	IWM	517 820	26 200	1 848.15	70.54	70.85	(0.44)	0.6	(6.3)	(27.6)
Russell 2000 Growth	IWO	195 980	16 150	603.69	37.38	37.55	(0.45)	0.7	(5.7)	(32.1)
Russell 2000 Value	IWN	49 980	6 150	634.00	103.09	103.49	(0.39)	(0.1)	(6.9)	(23.8)
Russell 3000	IWV	84 740	25 250	1 169.58	46.32	46.36	(0.09)	0.7	(5.0)	(27.0)
Russell 3000 Growth	IWZ	10 660	2 000	56.24	28.11	28.14	(0.11)	0.9	(3.5)	(30.0)
Russell 3000 Value	IWW	2 060	1 750	96.15	54.94	54.91	0.05	(0.0)	(6.6)	(24.7)
Russell MidCap	IWR	13 200	3 800	174.72	45.98	46.04	(0.13)	(0.3)	(5.1)	(23.6)
Russell MidCap Growth	IWP	7 260	2 000	100.76	50.38	50.21	0.34	0.5	(2.8)	(28.8)
Russell MidCap Value	IWS	29 540	1 600	102.37	63.98	64.03	(0.08)	(1.2)	(6.2)	(21.7)

Fund Name	Ticker	Volume	Shares (000)	Net assets (million)	Price	NAV	Spread (%)	Return 1 Week	Return YTD	Return 1 Yr
iShares Sectors										
Nasdaq Biotech	IBB	73 500	9 850	481.07	48.84	48.98	(0.29)	2.4	(0.7)	(39.3)
Cohen & Steers Realty Majors	ICF	38 260	2 600	205.30	78.96	78.99	(0.04)	(1.1)	(2.4)	(6.0)
Goldman Sachs Natural Resources	IGE	12 900	350	27.28	77.95	77.71	0.31	(3.0)	(4.2)	(23.0)
Goldman Sachs Networking	IGN	4 600	1 550	22.63	14.60	14.63	(0.21)	2.1	7.7	(42.1)
Goldman Sachs Semiconductor	IGW	46 920	1 950	70.08	35.94	35.81	0.36	5.8	3.3	(49.5)
Goldman Sachs Software	IGV	14 860	900	23.68	26.31	26.39	(0.30)	5.3	4.8	(36.0)
Goldman Sachs Technology	IGM	30 100	1 650	49.70	30.12	30.08	0.13	3.0	0.1	(36.4)
iShares S&P series										
S&P 500	IVV	182 400	49 800	4 159.30	83.52	83.65	(0.16)	0.7	(4.9)	(27.1)
S&P 100	IEF	202 170	6 500	276.45	42.53	42.62	(0.21)	(2.1)	(7.9)	(30.7)
S&P 500/Barra Growth	IVW	112 060	14 200	618.84	43.58	43.60	(0.05)	1.3	(2.6)	(26.5)
S&P 500/Barra Value	IVE	70 200	16 600	658.19	39.65	39.78	(0.33)	0.2	(7.1)	(28.0)
S&P MidCap 400	IJH	66 620	14 150	1 124.64	79.48	79.59	(0.14)	(0.4)	(7.4)	(25.2)
S&P MidCap 400/Barra Growth	IJK	53 660	3 500	299.46	85.56	85.59	(0.04)	0.1	(6.3)	(26.8)
S&P MidCap 400/Barra Value	IJJ	22 960	7 350	535.45	72.85	72.71	0.19	(0.9)	(8.7)	(24.5)
S&P SmallCap 600	IJR	107 240	11 150	988.34	88.64	88.86	(0.25)	(0.1)	(8.7)	(25.9)
S&P SmallCap 600/Barra Growth	IJT	16 900	5 050	305.73	60.54	60.45	0.15	0.3	(7.0)	(23.2)
S&P SmallCap 600/Barra Value	IJS	45 600	7 250	466.54	64.35	64.25	0.16	(1.5)	(11.5)	(30.0)
International										
S&P Global 100	IOO	21 140	1 450	58.82	41.60	41.40	0.48	0.4	(6.5)	(27.9)
S&P Europe 350	IEV	81 480	8 750	373.98	42.84	42.59	0.59	0.5	(10.3)	(26.7)
S&P Latin America 40	ILF	6 500	250	8.75	35.16	35.24	(0.23)	4.5	(3.7)	(30.4)
S&P Topix	ITF	760	150	8.62	57.37	57.47	(0.17)	(1.8)	(7.3)	(24.2)
S&P Global Energy	IXC	3 900	400	17.47	43.71	43.55	0.37	(2.5)	(4.7)	(18.3)
S&P Global Financials	IXG	9 760	300	11.90	39.69	40.15	(1.15)	1.5	(6.3)	(23.5)
S&P Global Healthcare	IXJ	1 340	650	24.75	38.10	38.09	0.03	(1.3)	(5.7)	(24.0)
S&P Global Technology	IXN	500	200	6.87	34.37	34.80	(1.24)	6.1	1.0	(33.8)
S&P Global Telecommunications	IXP	1 580	300	10.03	33.45	33.75	(0.89)	1.7	(8.1)	(25.7)
iShares Fixed Income										
1-3 Year Treasury	SHY	77 800	11 800	971.73	82.29	82.32	(0.04)	(0.3)	0.3	
7-10 Year Treasury	IEF	95 080	5 100	442.94	86.80	86.85	(0.06)	(0.7)	1.4	
20+ Year Treasury	TLT	195 500	1 800	162.00	89.96	89.96	0.00	(0.7)	2.3	
GS InvesTop Corporate Bond	LQD	90 980	18 800	2 059.16	109.63	109.57	0.05	(0.9)	0.7	
ETF Advisors FITRs										
Treasury 1 FITR	TFT	7 860	200	17.06	85.29	85.33	(0.05)	(0.1)	0.3	
Treasury 2 FITR	TOU	3 180	200	17.16	85.75	85.80	(0.06)	(0.3)	0.6	
Treasury 5 FITR	TFI	1 840	200	17.29	86.44	86.48	(0.05)	(0.5)	1.1	
Treasury 10 FITR	TTE	78 460	250	21.94	87.72	87.78	(0.07)	(0.8)	2.0	
Fresco										
Fresco DJ Stoxx 50	FEU	6 720	1 202	26.63	22.18	22.94	(3.31)	0.9	(7.5)	
Fresco DJ Euro Stoxx 50	FEZ	411 540	6 652	142.15	21.39	22.01	(2.82)	(0.6)	(12.2)	
Merrill Lynch HOLDRS										
HOLDRS B2B Internet	BHH	67 860	12 942	27.44	2.08			4.5	5.1	(51.1)
HOLDRS Biotech	BBH	362 340	14 266	1 268.26	90.71			1.2	7.3	(25.8)
HOLDRS Broadband	BDH	87 660	7 193	56.04	8.07			2.8	6.9	(40.4)
HOLDRS Europe 2001	EKH	2 140	481	18.89	38.81			1.1	(6.9)	(36.7)
HOLDRS Internet	HHH	37 880	4 237	113.22	27.79			3.4	12.1	(12.1)
HOLDRS Internet Architecture	IAH	5 160	2 250	58.53	25.99			1.3	0.9	(22.9)
HOLDRS Internet Infrastructure	IIH	8 880	8 550	19.24	2.33			6.4	(3.7)	(56.5)
HOLDRS Market 2000	MKH	4 080	1 645	69.46	42.12			1.1	(5.9)	(29.0)
HOLDRS Oil Services	OIH	483 340	6 820	393.86	53.62			(6.3)	(6.3)	(19.5)
HOLDRS Pharmaceutical	PPH	104 020	6 479	459.88	69.45			(2.7)	(5.8)	(28.9)
HOLDRS Regional Bank	RKH	26 560	1 885	187.33	95.60			(2.7)	(6.6)	(21.0)
HOLDRS Retail	RTH	187 640	3 881	257.87	67.10			2.4	(3.8)	(33.4)
HOLDRS Semiconductor	SMH	1 626 340	30 329	713.94	23.98			7.0	8.3	(48.6)
HOLDRS Software	SWH	100 600	9 026	243.60	27.60			5.3	4.3	(32.0)
HOLDRS TeleBras	TBH				19.02			5.0	2.0	(46.5)
HOLDRS Telecommunications	TTH	76 900	5 994	137.14	22.68			2.5	(15.2)	(41.8)
HOLDRS Utilities	UTH	52 520	3 092	182.73	59.75			(0.3)	(6.0)	(33.0)
HOLDRS Wireless	WMH	16 840	1 345	43.95	32.75			2.9	(6.4)	(30.7)

Statistics for shares outstanding and net assets are based on Feb-28-2003 data

Fund Name	Ticker	Volume	Shares (000)	Net assets (million)	Price	NAV	Spread (%)	Return 1 Week	Return YTD	Return 1 Yr
NASDAQ Baskets of Liquid Depository Receipts (BLDRs)										
Asia 50 ADR	ADRA				43.55			(1.0)	(4.9)	
Developed Markets 100 ADR	ADRD				40.89	41.00	(0.27)		(7.7)	
Emerging Markets 50 ADR	ADRE				46.39	46.35	0.09	1.4	(9.1)	
Europe 100 ADR	ADRU				40.75	40.90	(0.37)	(1.4)	(8.1)	
S&P Depository Receipts (SPDRs)										
S&P 400 MidCap SPDR	MDY	376 120	57 184	4 173.29	72.99	73.25	(0.35)	0.0	(6.9)	(25.2)
Consumer Discretionary	XLY	320 680	38 350	685.70	22.10	22.05	0.23	1.9	(4.6)	(27.4)
Consumer Staples	XLP	1 539 700	24 254	498.42	18.54	18.51	0.16	2.2	(7.2)	(28.9)
Energy	XLE	29 860	5 950	151.25	21.87	21.80	0.32	(3.5)	(2.4)	(22.6)
Financial	XLF	149 800	10 950	203.12	20.56	20.58	(0.10)	(0.6)	(6.5)	(24.2)
Health Care	XLV	413 840	62 201	907.51	25.42	25.45	(0.12)	(2.1)	(4.1)	(13.5)
Industrial	XLI	66 640	5 650	124.87	18.94	19.05	(0.58)	1.2	(7.5)	(31.3)
Materials	XLB	85 120	12 250	222.09	18.14	18.12	0.11	2.4	(8.7)	(22.1)
Technology	XLK	312 620	12 800	279.94	14.59	14.61	(0.14)	4.4	(1.3)	(33.9)
Utilities	XLU	68 140	15 350	290.73	17.88	17.91	(0.17)	(0.2)	(6.5)	(33.5)
streetTRACKS (State Street Global Advisors)										
Dow Jones series										
DJ Global Titans	DGT	3 940	300	14.13	47.14	47.12	0.04	0.8	(5.8)	(27.8)
DJ US Large Cap Growth	ELG	3 820	350	12.56	35.88	36.00	(0.33)	3.4	(1.5)	(30.9)
DJ US Large Cap Value	ELV	3 200	250	23.39	93.56	94.00	(0.47)	0.4	(7.0)	(26.6)
DJ US Small Cap Growth	DSG	2 300	350	14.71	42.03	42.10	(0.17)	0.7	(6.4)	(38.9)
DJ US Small Cap Value	DSV	3 940	300	32.84	109.48	109.71	(0.21)	(0.3)	(7.9)	(19.0)
Sectors										
FORTUNE 500	FFF	21 660	1 300	78.36	60.28	60.20	0.13	0.3	(5.0)	(27.2)
FORTUNE e-50	FEF	560	250	5.23	20.93	20.86	0.34	3.5	3.5	(33.2)
Morgan Stanley High Tech 35	MTK	1 900	950	27.82	29.28	29.31	(0.10)	3.9	2.3	(36.1)
Morgan Stanley Internet	MII	7 260	400	3.08	7.69	7.70	(0.13)	2.7	2.1	(35.5)
Wilshire REIT	RWR	2 440	750	84.65	112.86	113.09	(0.20)	(0.6)	(2.7)	(6.0)
VIPERs (Vanguard)										
Total Market	VTI	492 600	15 902	1 245.76	78.60	78.60	0.00	0.8	(4.9)	(26.1)
Extended Market	VXF	5 960	711	33.06	46.41	46.41	0.00	0.2	(6.5)	(24.4)
EUROPEAN EXCHANGE-TRADED FUNDS										
Euro denominated unless otherwise stated										
Deutsche Börse										
German market indices										
DAX Ex	DAXEX				23.91	23.88	0.13			
MDAX Ex	MDAXEX				27.29	27.34	(0.18)			
NEMAX 50 Ex	NMKXEX				3.32	3.32	0.00			
eb.rexx German Govt Bonds					117.29					
Fresco DJ German Titans					Data not available at press-time					
European market indices										
DJ Stoxx 50 [Ex]	SX5P	193 229	6 850		21.54			3.9	(15.1)	
DJ Stoxx 50 [LDRS]	EUN1	63 286	17 600	376.46	21.22	21.39	(0.79)	3.5	(15.2)	
DJ Euro Stoxx 50 [Ex]	SX5E	3 057 138	35 384		20.85			2.1	(15.3)	
DJ Euro Stoxx 50 [Fresco]	FSEU50	310 863	6 650	138.06	20.46	20.76	(1.45)	2.4	(15.4)	
DJ Euro Stoxx 50 [LDRS]	EUN2	1 693 325	47 700	994.55	20.37	20.85	(2.30)	2.2	(15.9)	
DJ Euro Stoxx 50 [Master Unit]	MSE				16.60			3.1	(6.9)	
FTSE 100	EXI4				52.65					
SMI Ex	SMI				27.53	27.67	(0.51)			
Fresco DJ UK Titans 50	FRC6				Data not available at press-time					
European sector indices										
DJ Stoxx Banks [Fresco]	FSTEBA		250	6.06	24.31	24.25	0.25	5.1	(11.0)	
DJ Stoxx Healthcare [Fresco]	FSTEHC		250	6.85	27.32	27.41	(0.33)	2.8	(10.5)	
DJ Stoxx Technology [Fresco]	FSTETC		250	4.37	17.21	17.47	(1.49)	9.1	(12.8)	
DJ Stoxx Telecommunications [Fresco]	FSTETL	1633	350	7.10	20.20	20.29	(0.44)	5.6	(8.5)	
DJ Euro Stoxx Banks [Ex]	SX7E	1 100	546		17.21	18.64	(7.67)			
DJ Euro Stoxx Healthcare [Ex]	SXDE	8 001	450	11.88	27.60	26.40	4.55	3.4	(16.0)	
DJ Euro Stoxx Technology [Ex]	SX8E	515	752		23.05	23.33	(1.20)	9.3	(13.5)	
DJ Euro Stoxx Telecommunications [Ex]	SXKE	3 415	601	17.47	29.80	29.08	2.48	5.3	(6.9)	

Fund Name	Ticker	Volume	Shares (000)	Net assets (million)	Price	NAV	Spread (%)	Return 1 Week	Return YTD	Return 1 Yr
Deutsche Börse (continued)										
DJ Stoxx 600 Autos [Ex]	SXAP	142	100		12.51					
DJ Stoxx 600 Banks [Ex]	SX7P	2 204	808	19.42	25.00	24.03	4.04	6.4	(13.1)	
DJ Stoxx 600 Basic Resources [Ex]	SXPP	8 001	199		18.45			3.4	(12.2)	
DJ Stoxx 600 Chemicals [Ex]	SX4P	231	200		16.55				(20.4)	
DJ Stoxx 600 Construction [Ex]	SXOP	142	100		13.13					
DJ Stoxx 600 Cyclical Goods [Ex]	SX2P		551		9.02					
DJ Stoxx 600 Energy [Ex]	SXEP	713	547		23.76			(0.6)		
DJ Stoxx 600 Financial Services [Ex]	SXFP		299		15.42				(16.2)	
DJ Stoxx 600 Food [Ex]	SX3P	11 030	91		17.37					
DJ Stoxx 600 Healthcare [Ex]	SXDP	538	503	13.57	27.40	26.97	1.59	2.6	(11.6)	
DJ Stoxx 600 Industrial Goods [Ex]	SXNP		64		13.62					
DJ Stoxx 600 Insurance [Ex]	SXIP	14 251	908		12.15			4.2	(27.2)	
DJ Stoxx 600 Media [Ex]	SXMP		100		14.80					
DJ Stoxx 600 Non-Cyclical [Ex]	SXHP		150		20.43					
DJ Stoxx 600 Retail [Ex]	SX1P		47		17.37					
DJ Stoxx 600 Technology [Ex]	SX8P	515	752		23.05			9.3	(13.5)	
DJ Stoxx 600 Telecommunications [Ex]	SXKP	11 367	2 460	49.45	20.60	20.10	2.49	6.7	(10.6)	
DJ Stoxx 600 Utilities [Ex]	SX6P	285	102		17.70					
Unico MSCI Euro Cons Discretionary	UNO4	Ceased trading Feb-28-2003; delisted Mar-03-2003								
Unico MSCI Euro Cons Staples	UNO7									
Unico MSCI Euro Energy	UNO5									
Unico MSCI Euro Financials	UNO2	Data not available at press time								
Unico MSCI Euro Healthcare	UNO3	Ceased trading Feb-28-2003; delisted Mar-03-2003								
Unico MSCI Euro Telecommunications	UNO6									
Global & US indices										
DJ Global Titans [Ex]	DJGTE			17.88	17.84	0.22				
DJ Industrial Average [Ex]	DJI			74.29	74.18	0.15				
DJ Japan Titans [Fresco]	FRC5	Data not available at press time								
DJ US Large Cap [Fresco]	FRC3									
DJ US Technology [Fresco]	FRC4									
DJ Industrial Average [Fresco]	FRC2									
FTSE Global Autos LDRS	LDRA									
FTSE Global Banks LDRS	LDRB									
FTSE Global Basic Industries LDRS	LDRI									
FTSE Global Cyclical LDRS	LDRC									
FTSE Global Energy LDRS	LDRE									
FTSE Global Financials LDRS	LDRF									
FTSE Global Industries LDRS	LDRG									
FTSE Global Media LDRS	LDRM									
FTSE Global Non-Cyclical LDRS	LDRN									
FTSE Global Pharmaceuticals LDRS	LDRP									
FTSE Global Technology LDRS	LDRQ									
FTSE Global Telecoms LDRS	LDRT									
FTSE Global Utilities LDRS	LDRU									
Unico MSCI World	UNO1									
Euronext Amsterdam										
Dutch market index										
streetTRACKS AEX	AEXT	Data not available at press time								
European market indices										
DJ Euro Stoxx 50 LDRS	EUE	32 734	47 700	994.55	20.80	20.85	(0.24)	3.0	(15.5)	
DJ Stoxx 50 LDRS	EUN	6 255	17 600	376.46	21.10	21.39	(1.36)	2.8	(14.1)	
iShares FTSE 100 (GBP)	ISFA	Data not available at press time								
iShares FTSE Euro 100	IERA									
iShares FTSE Eurotop 100	IETA	238			16.83	16.87	(0.24)			
streetTRACKS MSCI UK	STUK	Data not available at press time								
European sector indices										
iShares FTSE Euro Pharm/Biotech	BIO	Data not available at press time								
iShares FTSE Euro Banks	IBKS									
iShares FTSE Euro Cons Cyclical	ICYC									
iShares FTSE Euro Oil & Gas	IOIL									
iShares FTSE Euro Media	ISEE	500			2.80	2.86	(2.10)			
iShares FTSE Euro Technology	ITEK	1 190			2.20	2.24	(1.70)			
iShares FTSE Euro Cons Non-Cyclical	IUSE	Data not available at press time								
iShares FTSE Euro Utilities	IUTL									

Fund Name	Ticker	Volume	Shares (000)	Net assets (million)	Price	NAV	Spread (%)	Return 1 Week	Return YTD	Return 1 Yr
Euronext (Amsterdam) (continued)										
Global indices										
FTSE Global Autos LDRS	TGA	Data not available at press time								
FTSE Global Bank LDRS	TGB									
FTSE Global Basic Indus LDRS	TGI									
FTSE Global Cyclical LDRS	TGC									
FTSE Global Energy LDRS	TGE									
FTSE Global Financials LDRS	TGF									
FTSE Global General Industries LDRS	TGG									
FTSE Global Media LDRS	TGM									
FTSE Global Non-Cyclical LDRS	TGN									
FTSE Global Pharmaceuticals LDRS	TGP									
FTSE Global Technology LDRS	TGQ									
FTSE Global Telecoms LDRS	TGT									
FTSE Global Utilities LDRS	TGU									
Euronext Brussels										
Belgian market index										
BEL 20 Master Unit	BEL	Data not available at press-time								
Euronext Paris										
French market index										
CAC 40 Master Unit	CAC	Data not available at press-time								
European market indices										
DJ Stoxx 50 [EasyETF]	ETE	159 529	24 865	49.98	2.06	2.01	2.49	4.0	(16.5)	
DJ Stoxx 50 LDRS	EUE	226 616	47 700	994.55	21.03	20.85	0.86	4.9	(15.7)	
DJ Stoxx 50 EX	GXN	4	6 850	145.35	21.54	21.22	1.51	2.8		
DJ Euro Stoxx 50 [EasyETF]	ETN	100 927	10 576	21.79	2.09	2.06	1.46	3.5	(15.8)	
*DJ Euro Stoxx 50 [Fresco] Class B	FRE	229	2	35.35	20.87	20.79	0.38	4.3		
DJ Euro Stoxx 50 LDRS	EUN	190 362	17 600	376.46	21.52	21.39	0.61	5.7	(14.6)	
DJ Euro Stoxx 50 EX	GXE	54 921	35 384	729.25	21.31	20.61	3.40	3.4	(14.7)	
DJ Euro Stoxx 50 Master Unit	MSE	2 639 434	34 920	701.55	20.93	20.09	4.18	5.2	(16.5)	
streetTRACKS MSCI Pan-Euro	ERO	Data not available at press time								
SPDR Euro	SPO									
SPDR Euro 350	SPE									
<i>* Price and NAV 000 Euros</i>										
European sector indices										
EasyETF ASPI Euro	SYV		112	5.13		45.75				
EasyETF Euro Stoxx Banks	SYB									
EasyETF Euro Stoxx Energy	SYE	200	72	17.07		236.81				
EasyETF Euro Stoxx Healthcare	SYH		40	10.59		263.54				
EasyETF Euro Stoxx Insurance	SYI	13 953	240	30.92	130.60	128.83	1.37	5.1	(23.2)	
EasyETF Euro Stoxx Media	SYM	1 318	125	16.26	131.40	129.73	1.29	6.2		
EasyETF Euro Stoxx Technology	SYT	0	50	11.14	227.00	225.07	0.86			
EasyETF Euro Stoxx Telecoms	SYQ	240	35	10.37	295.00	292.86	0.73	2.5		
EasyETF Euro Stoxx Utilities	SYU	220	53	9.56		181.44				
streetTRACKS MSCI Euro Cons Disc	STV	Data not available at press time								
streetTRACKS MSCI Euro Cons Stap	STS									
streetTRACKS MSCI Euro Energy	STN									
streetTRACKS MSCI Euro Financials	STK									
streetTRACKS MSCI Euro Healthcare	STW									
streetTRACKS MSCI Euro Industrials	STQ									
streetTRACKS MSCI Euro IT	STZ									
streetTRACKS MSCI Euro Materials	STP									
streetTRACKS MSCI Euro Telecoms	STT									
streetTRACKS MSCI Euro Utilities	STU									
US/Global indices										
EasyETF DJ Global Titans	ETT	330	2 081	35.39	17.30	17.01	1.70	7.6	(15.1)	
DJIA Master Unit	DJE PA	Data not available at press time								
MSCI US Tech Master Unit	UST									
Finland										
HEX25	IHEX25	8 460	1 525	18.00	11.50	11.60	(0.86)	3.2	(10.7)	-31.75

Fund Name	Ticker	Volume	Shares (000)	Net assets (million)	Price	NAV	Spread (%)	Return 1 Week	Return YTD	Return 1 Yr
Italy										
B1 Ethical Index	B1ET	6 952	275	13.29	47.94	48.32	(0.79)	5.7		
B1 MSCI Euro	B1EU	30 838	775	47.24	60.49	60.95	(0.75)	4.5	(12.0)	
DJ Industrial Average	DJE	6 479	3 450	253.49	74.50	73.47	1.40	6.4	(8.2)	
DJ Euro Stoxx 50 LDRS	EUE	31 982	47 700	994.55	20.52	20.85	(1.58)	4.4	(12.7)	
DJ Stoxx 50 LDRS	EUN	11 155	17 600	376.46	21.21	21.39	(0.84)	4.5	(11.1)	
iShares S&P 500	IUSA	20 836	8 250	63.38	7.88	7.68	2.57	2.2		
DJ Euro Stoxx 50 Master Unit	MSE	56 189	34 920	701.55	20.70	20.09	3.04	(0.9)	(14.9)	
SPDR Euro 350	SPDRE	193	3 000	233.01	77.85	77.67	0.23	4.7	(10.8)	
SPDR Euro	SPDRO	599	1 850	150.02	79.70	81.09	(1.71)	4.9	(11.0)	
MSCI US Technology Master Unit	UST	11 115	12 419	57.38	4.69	4.62	1.52	8.7	(2.7)	
Sweden (SEK denominated)										
XACTOMX	XACT	257 579	21 750	1 018.00	46.30	46.80	(1.07)	2.2	(12.6)	(42.3)
Switzerland (CHF denominated)										
XMTCH	XMSMI	576 871	32 999	1 325.14	39.95	40.16	(0.52)	6.8	(12.9)	(39.2)
SMI EX	SMIEX	0	534	21.76	40.24				(18.4)	(38.1)
Fresco DJ Euro Stoxx 50	FSEU50	36 379	6 650	138.06	30.30	30.46	(0.53)	2.9	(14.0)	
Fresco DJ Industrial Average	FDUSIA	7 739	1 250	131.08	107.25			4.9	(9.9)	(39.2)
Fresco DJ Japan Titans 100	FDJ100	30	900	35.43	38.30			(2.3)	(10.1)	(38.6)
Fresco DJ UK Titans 50	FDUK50	7 000	550	18.05	33.60			6.3	(9.1)	(36.5)
Fresco DJ US Large Cap	FDUSLC	5 516	850	41.87	49.55			2.8	(10.3)	(43.2)
Fresco DJ US Tech 40	FDUSTC	3 495	650	28.17	45.15			6.6	(2.9)	(44.5)
Euro denominated										
DJ Stoxx 50 LDRS	EUN	1 994	17 600	376.46	21.17	21.39	(1.03)	3.6	(15.1)	(41.9)
DJ Euro Stoxx 50 LDRS	EUNE	112 974	47 700	994.55	20.63	20.85	(1.06)	3.4	(16.2)	(44.2)
XMTCH MSCI Euro	XMMSE	50 788	2 526	154.00	60.00			5.1	(11.9)	(16.1)
USD denominated										
XMTCH DJ Banks Titans	XMTBK	200	96	8.99	92.10			(13.9)	(14.1)	(15.4)
XMTCH DJ Healthcare Titans	XMTHC	150	98	8.99	92.30			(3.3)	(7.2)	(11.3)
XMTCH DJ Technology Titans	XMTTE	233	99	9.99	107.00			3.4	(1.8)	1.4
<i>YTD and 12-month return are since inception for products with less than 12-month's trading</i>										
United Kingdom (GBP denominated)										
UK market indices										
iShares FTSE 100	ISF	4 563 079			3.66	3.63	0.80			
iShares FTSE TMT	ITMT	8 574			2.65	2.66	(0.65)			
European/US market indices										
DJ Euro Stoxx 50 LDRS	EUE	35 742	47 700		14.20	14.15	0.39	3.3	(11.7)	
DJ Stoxx 50 LDRS	EUN		17 600		14.54	14.51	0.20	3.5	(10.4)	
iShares FTSE Euro 100	IEUR	65 734			4.35	4.28	1.71			
iShares FTSE Eurotop 100	IEUT	13 655			11.53	11.44	0.80			
iShares S&P 500 ETF (USD)	IUSA	32 882			5.35	5.27	1.50			
European sector indices										
iShares FTSE Euro Banks	IBKS	12 309			3.19	3.14	1.43			
iShares FTSE Euro Cons Cyclical	ICYC	485			4.19	4.17	0.42			
iShares FTSE Euro Cons Non-cyclical	IUSE	1 363			4.19	4.19	0.11			
iShares FTSE Euro Media	ISEE	56 641			1.88	1.89	(0.40)			
iShares FTSE Euro Oil and Gas	IOIL	7 880			4.78	4.77	0.18			
iShares FTSE Euro Pharm/Biotech	IBIO	2 190			3.97	3.94	0.63			
iShares FTSE Euro Technology	ITEK	24 039			1.48	1.52	(2.79)			
iShares FTSE Euro Utilities	IUTL	3 016			3.55	3.54	0.25			
Virt-X (Euro denominated)										
European market indices										
LDRS Euro Stoxx 50	EUE	129 587	47 700	988.34	20.92			(3.6)	(21.3)	(45.7)
LDRS Stoxx 50	EUN	184	17 600	370.66	21.33	21.39	(0.28)	(7.3)	(17.0)	(40.6)
Fresco Euro Stoxx 50	FSEU50	60 554	6 350	132.72	20.75	20.76	(0.05)	3.8	(15.1)	(39.9)
iShares FTSE 100	ISF	300	94 020	511.73	5.38			(14.6)	(14.6)	(36.6)
iShares FTSE Euro 100	IEUR	345	56 318	35.61	6.24			(5.3)	(18.4)	(39.1)
iShares FTSE Eurotop 100	IEUT		1 105	18.58	16.92				(14.7)	(34.7)
iShares S&P 500	IUSA		7 750	58.91	7.87				(11.8)	(33.6)
SPDR Europe 350	SPE		3 000	231.48	77.10				(12.7)	(12.7)
SPDR Euro	SPO	2 000	1 850	149.32	80.85			(11.8)	(11.8)	(11.8)

Fund Name	Ticker	Volume	Shares (000)	Net assets (million)	Price	NAV	Spread (%)	Return 1 Week	Return YTD	Return 1 Yr
Virt-X (continued)										
US/Global market indices										
FTSE Global Autos LDRS	FTGA		110	3.76	33.46					(36.1)
FTSE Global Bank LDRS	FTGB		510	16.48	32.89					(35.3)
FTSE Global Cyclical LDRS	FTGC	26	200	5.74	29.83			(7.3)	(23.3)	(18.5)
FTSE Global Energy LDRS	FTGE		500	18.66	36.99					(24.0)
FTSE Global Financials LDRS	FTGF		300	6.93	23.55					(6.2)
FTSE Global General Industries LDRS	FTGG	2 125	410	10.33	25.25			(12.3)	(12.0)	(40.8)
FTSE Global Basic Industries LDRS	FTGI		700	22.56	32.71					(27.4)
FTSE Global Media LDRS	FTGM		300	7.49	25.87				(20.2)	(3.0)
FTSE Global Non-Cyclical LDRS	FTGM		400	15.92	40.73				3.8	(5.0)
FTSE Global Pharmaceuticals LDRS	FTGP		400	11.40	29.16				(10.6)	(10.7)
FTSE Global Technology LDRS	FTGQ		200	3.57	18.89					(14.5)
FTSE Global Utilities LDRS	FTGT		100	2.17	22.06					9.6
FTSE Global Telecoms LDRS	FTGU		210	5.49	26.41				2.9	(25.1)
US market indices (USD denominated)										
Fresco DJIA	FDUSIA	4 675	1 250	96.49	78.78			3.1	(7.4)	(20.8)
Fresco DJ US Large Cap	FDUSLC	3 000	850	30.82	36.90			(3.8)	(7.8)	(26.8)
Fresco DJ US Technology	FDUSTC	8 224	650	20.74	33.20			2.1	(2.9)	(19.8)
INTERNATIONAL EXCHANGE-TRADED FUNDS										
Australia (AUD denominated)										
streetTRACKS ASX S&P 200	STW		13 805	385.90	28.02	27.96	0.21	0.4	(7.6)	(17.3)
streetTRACKS ASX S&P 50	SFY		803	22.60	28.00	28.16	(0.57)	0.9	(7.9)	(18.6)
streetTRACKS ASX S&P 200 Property	SLF		4 800	68.74	14.80	14.32	3.35	(1.7)	(4.6)	1.9
Canada (CAD denominated)										
Canadian market indices										
iUnits S&P/TSE 60	XIU	2 843 563	108 727	3 936.00	36.25	36.20	0.15	0.4	(5.0)	(19.4)
iUnits S&P/TSE Capped 60	XIC	73 550	5 694	228.00	40.00	40.05	(0.14)	0.1	(5.6)	(19.7)
iUnits S&P/TSE Canadian MidCap	XMD	56 473	1 806	72.00	40.00	39.91	0.23	0.0	(7.6)	(21.2)
TD S&P/TSX Composite	TTF	1 995	5 762	122.18	21.20	21.20	0.00	(0.8)	(4.3)	(18.1)
TD S&P/TSX Capped Composite	TCF	65	2 844	69.90	24.60	24.58	0.08	(0.8)	(4.3)	(18.1)
TD Select Canadian Growth	TAG	340	2 049	11.89	5.90	5.80	1.72	(1.4)	(4.6)	(37.1)
TD Select Canadian Value	TAV	2 148	1 436	21.12	14.80	14.71	0.61	(0.4)	(3.1)	(9.5)
Canadian sector indices										
iUnits S&P/TSE Canadian Energy	XEG	120 883	1 920	60.00	31.25	31.20	0.15	(3.4)	(2.0)	(0.6)
iUnits S&P/TSE Canadian Financials	XFN	36 361	2 437	65.00	26.60	26.54	0.21	0.6	(1.8)	(8.3)
iUnits S&P/TSE Canadian Gold	XGD	621 460	3 769	148.00	39.25	39.21	0.09	0.3	(21.7)	(0.3)
iUnits S&P/TSE Canadian IT	XIT	230 327	10 203	40.00	4.00	3.96	1.03	5.3	(5.4)	(54.0)
iUnits S&P/TSX Canadian REIT	XRE	63 415	1 858	18.00	9.70	9.69	0.10			
Fixed income										
iUnits Canada 5-year Govt Bond	XGV	67 415	5 102	144.00	28.15	28.16	(0.02)	(0.7)	0.2	3.1
iUnits Canada 10-year Govt Bond	XGX	17 382	2 842	78.00	27.50	27.51	(0.04)	(0.7)	1.1	6.6
US/Global indices										
iUnits S&P500 RSP	XSP	395 605	8 594	108.00	12.55	12.59	(0.34)	4.1	(13.4)	(32.3)
iUnits MSCI International Equity RSP	XIN	93 155	3 816	55.00	14.45	14.52	(0.52)	2.5	(15.0)	(30.2)
Hong Kong (HKD denominated)										
TraHK	2800.HK	2 960 000	2 352 993	21 216.72	9.05	9.02	0.38	0.6	(3.7)	(20.3)
iShares MSCI China Tracker (2801)	2801.HK	Data not available at press time								
India (INR denominated)										
Sensex SPICE	ICSPICE	7 500	6 250	4.11	31.34	31.04	0.96	0.6		
Nifty Benchmark ET Scheme	NBEES	11 497	898	1.89	2.12	2.11	0.47	(1.7)	(3.9)	(13.2)
<i>SPICE assets in USD, other values in INR; NBEES values stated in USD</i>										
Israel (ILS denominated)										
TALI 25	TALI	2 386	496	1 576.02	664.23	662.64	0.24	(0.3)	(2.8)	(22.7)
Japan (JPY denominated)										
Tokyo Stock Exchange										
Nikkei 225	iShares	14	813	54.97	7 940	8 016	(0.95)	(1.7)	(23.0)	(31.2)
	Nikko	1330	11 479	777.52	8 030	8 030	(0.00)	(1.8)	(6.2)	(30.5)
S&P/Topix 150	iShares	1315	4 501	26.06	860	687	25.26	(1.0)	(31.6)	(30.5)
	Daiwa	1305	103 300	122 080	817.75	790	794	(0.52)	(1.9)	(6.9)

Fund Name	Ticker	Volume	Shares (000)	Net assets (million)	Price	NAV	Spread (%)	Return 1 Week	Return YTD	Return 1 Yr	
Japan (continued)											
	Nomura	1306	798 460	1 194 099	7 990.05	794	793	0.09	(1.1)	(6.1)	(26.8)
	iShares	1307	700	15 091	100.47	733	789	(7.13)	(1.3)	(31.7)	(28.2)
	Nikko	1308	962 200	1 093 808	7 294.02	788	791	(0.33)	(1.7)	(6.7)	(27.0)
Topix Core 30	Daiwa	1310	1 860	2 413	11.16	553	548		(0.2)	(9.5)	
	Nomura	1311	2 580	5 000	23.12	550	548	0.32	(0.2)	(10.0)	
Topix Sectors	Banking: Daiwa	1612	2 200	10 200	11.81	139	137	1.22	(1.4)	(12.0)	
	Banking: Nomura	1615	71 960	30 048	34.39	137	136	0.96	(2.1)	(12.2)	
	Elec App: Daiwa	1610	400	1 024	10.70	1 225	1 239		(2.0)	(7.0)	
	Elec App: Nomura	1613	1 780	3 000	31.41	1 210	1 241	(2.52)	(2.4)	(9.0)	
	Transport: Daiwa	1611	100	1 014	10.60	1 229	1 240		(2.8)	(9.8)	
	Transport: Nomura	1614	40	2 000	20.94	1 235	1 241	(0.48)	(2.1)	(9.2)	
	Transport: Daiwa	1611	0	1 014	11.23	1 314	1 327		2.7	(3.6)	
	Transportation: Nomura		1614	0	2 000	22.17	1 296	1 328	(2.43)	0.9	(4.7)
<i>*Net assets in USD, other values in JPY</i>											
Mexico (MXP denominated)											
NAFTRAC	Trading commenced Apr-16-2002										
New Zealand (NZD denominated)											
NZSE 10	TNZ		41 881	85 420	72.61	0.85	0.86	(1.16)	(0.3)	0.2	(0.9)
NZ Mid Cap	MDZ		8 387	15 432	27.93	1.81	1.82	(0.55)	(1.7)	(4.4)	(3.8)
Australian 20 Leaders	OZY		53 823	55 213	93.86	1.70	1.70	0.00	0.4	(10.8)	(42.1)
AMP Investments' World	WIN		24 836	365 892	343.94	0.94	0.98	(4.08)	(2.1)	(19.1)	(83.0)
South Africa (ZAR denominated)											
SATRIX 40	STX40		534 614	390 492	2 952.12	7.56	7.57	(0.08)	2.0	(13.0)	(29.0)
SATRIX Industrial	STXIND		317 031	98 288	486.53	4.95	5.01	(1.15)	2.0	(16.0)	(34.0)
SATRIX Financial	STXFIN		101 542	207 737	598.28	2.88	2.91	(1.20)	0.0	(11.0)	(35.0)
South Korea (KRW denominated)											
Kodex 200	6950 KS	Data not available at press-time									
Kospi 200	6966 KS										
Kosef 50	6955 KS										
Kodex 50	6960 KS										

Volume shows average daily volume for the week ending Mar-14-2003; **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 Mar-14-2003; **Spread** shows the difference between the closing price and the NAV as at Feb-7-2002, expressed as a percentage. **Sources include** Wiesenberger/Thomson Financial, fund managers, MAR research and other sources.

COPYRIGHT STATEMENT

© 2003 Managed Account Reports LLC. All rights reserved.

The text, images and other materials contained or displayed on any MAR publication, product, service, report, e-mail or web site are proprietary to Managed Account Reports LLC, except where otherwise noted, and constitute valuable intellectual property. No material from any part of any Managed Account Reports LLC publication, product, service, report, e-mail or web site may be downloaded, transmitted, broadcast, transferred, assigned, reproduced or in any other way used or otherwise disseminated in any form to any person or entity, without the explicit written consent of Managed Account Reports LLC. All unauthorized reproduction or other use of material from Managed Account Reports LLC shall be deemed willful infringement(s) of Managed Account Reports LLC copyright and other proprietary and intellectual property rights, including but not limited to, rights of privacy. Managed Account Reports LLC expressly reserves all rights in connection with its intellectual property, including without limitation the right to block the transfer of its products and services and/or to track usage thereof, through electronic tracking technology, and all other lawful means, now known or hereafter devised. Managed Account Reports LLC reserves the right, without further notice, to pursue to the fullest extent allowed by the law any and all criminal and civil remedies for the violations of its rights.

For permission to photocopy and use material electronically from MAR/ETFR, please contact the Copyright Clearance Center at (978) 750-8400 (www.copyright.com)



Managed Account Reports, LLC

1250 Broadway, 26th Floor
New York, NY 10001
United States of America
Tel: +1-212-213-6202
Fax: +1-212-213-1870
<http://www.marhedge.com>

President

Greg Newton
Tel: +1-646-274-6262
gnewton@marhedge.com

Editorial

Editor in Chief

Michael Ocrant
Tel: +1-646-274-6228

Managing Editor

Michael Fischer
Tel: +1-646-274-6220

Special Projects Editor

Marsha Zapson
Tel: +1-646-274-6225

Associate Editors

Elise Coroneos
Tel: +1-646-274-6221

Philip Scipio
Tel: +1-646-274-6227

European Editor

Patricia Ward
Tel: +44-20-7556-6035
Associate Editor (Europe)
Laurence Davison
Tel: +44-20-7827-6487

Data operations

Indira Peters-DiDio
Tel: +1-646-274-6226
Aniece Jones
Tel: +1-646-274-6223
Claudette Ledgister
Tel: +1-646-274-6229

Production Manager

Karyn Fry
Tel: +1-646-274-6222

Conferences

Conference Coordinator
Jennifer Newman
Tel: +1-646-274-6214
Conference Officer
Jeannie Lee
Tel: +1-646-274-6213

Subscriptions

Marketing Manager
Gina Dzurenda
Tel: +1-646-274-6268

Customer service/Inquiries

Keisha Morgan
Tel: +1-646-274-6224

European Operations

International Business Manager
David Setters
Tel: +44-20-7827-9977
Email: dsetters@fow.com

Advertising Sales

North America
Christopher Janos
Tel: +1-312-993 4117
Email:
cjanos@karengleason.com
Rest of the world
Michelle Hemstedt
Tel: +44-20-7827-9977
Email: mhemstedt@fow.com

Subscription rates

\$545 US-Canada
\$595 Rest of the world

Email

MAR staff can be reached by email using the initial of the person's first name, followed by the last name @marhedge.com

e.g. gnewton@marhedge.com