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What's Inside...

ETFR Databank

ETFs ready to take on conventional funds

By Philip Scipio

ETFs will experience a growth spurt over the next couple of years, though nowhere near that suggested by some analysts, who predicted a doubling of assets every year for five years. A new 27-page report penned by Lipper Inc senior analyst Don Cassidy suggests that ETFs will continue to grow steadily and under the right conditions are poised to challenge conventional index based closed-end funds in many venues.

In the report entitled "Exchange-Traded Funds: Impacts on the Conventional Funds Business," Cassidy examines the obstacles to growth for ETFs as well as prospects for challenging index-based closed-end funds for dominance. "We believe that for a variety of reasons the future growth of ETFs will not be exponential as some have projected, but instead will be at a slower pace than seen in recent years," Cassidy writes.

ETFs have existed for about nine years, and at about $89 billion under management, they are a little more than one-quarter the size of the conventional indexed assets they compete against. Their growth thus far has been aided by assets that would ordinarily have gone to conventional funds, Cassidy argues. Since the mid-1990s, ETF S&P 500 products (principally the S&P 500 SPDR) in particular have displaced what would have been further growth in conventional institutional S&P 500 Index fund assets.

"It seems quite possible that shorter-term hot money in ETFs has been diverted from the conventional funds in part to escape their rising restrictiveness, in part to utilize intraday execution, and probably also to substitute for purchase of individual stocks," Cassidy writes. 5▶

Seeking liquidity

By Marsha Zapson

It's no surprise that volume begets volume. Yet, why one European exchange garners more ETF trades than another, or why one European ETF out of many tracking the same index attracts more investors may have multiple explanations. The obvious one—that volume is attracted to the most liquid product—is only part of the story.

An ETF's liquidity is equal to the liquidity of its underlying stocks and not necessarily to its historical volume because of the elegant creation/redemption mechanism designed into the product. While QQQ, the most heavily traded stock worldwide, creates its own liquidity, less frequently traded ETFs, notably sector ETFs, can be bought or sold in trades exceeding the daily averages without moving the market *(see sidebar, page 8)*.

With 92 ETFs and 39 cross listings in Europe at the end of March 2002, the European index on which the most ETFs that trade on the most exchanges are built is the EuroStoxx 50, a blue chip index tracking the top 50 stocks in the Eurozone. At present, there are three on the 7▶

QQQ assets set to soar further

By Elise Coroneos

NASDAQ-100 INDEX TRACKING STOCK

Ticker	QQQ
Launch date	March 10 1999
Net assets	$19.6 billion as of 4/30/02
Shares outstanding (000)	617 million as of 4/30/02
Avg daily trading volume	79.1 million through 4/30/02
Expense ratio	0.20%

(All data as of May 17, 2002)

	52-Week High	52-Week Low
Price	$51.95	$27.20
NAV	$51.16	$28.07
Premium/discount to NAV	Yes, on the retail level, but not on the creation/redemption level	
Sector focus	Technology	
Portfolio structure	Unit Investment Trust	
No of stocks in fund	100	
Options/futures available	Options	
Minimum trade size	1 share	
Distribution frequency	Quarterly	

	3 month	YTD	1-yr
Benchmark	(7.88)%	(19.02)%	(32.65)%

	2001	YTD
Income	0.06%	N/A
Capital gains	$0	$0
Trustee	The Bank of New York	
Custodian	The Bank of New York	
Index provider	The Nasdaq Stock Market, Inc	
Distributor	ALPS Distributors, Inc	

Top six industries as of April 30, 2002

	(%)
Computer & office equipment	36.7
Computer software/services	29.3
Biotechnology	12.9
Telecommunications	9.6
Retail/wholesale trade	5.6
Services	2.7

Top 10 holdings as of April 30, 2002

Stocks	(%)	Stocks	(%)
Microsoft Corp	10.6	Dell Computer Corp	2.7
Intel Corp	7.3	Oracle Corp	2.5
Cisco Systems, Inc	4.2	Maxim Integrated Products, Inc	2.5
QUALCOMM Inc	3.0	Applied Materials, Inc	2.2
Amgen Inc	2.8	Immunex Corp	2.2
Top 10 stocks	**40.0%**		

The Nasdaq-100 Index Tracking Stock (ticker: QQQ) has been an unequivocal success—in anyone's language. With more than $20 billion in assets since its launch just over three years ago in March 1999, the QQQ has gone where few other ETFs have gone. And this trend is set to continue with plans being made for the product to make further inroads in Europe and Japan by the end of the year.

The QQQ was conceived as an answer to two initiatives set by the Nasdaq in early 1997. These were to burnish the Nasdaq brand and increase its visibility, and to add value to Nasdaq-listed companies. Both initiatives were led by the exchange's John Jacobs who recognized that launching investment vehicles on Nasdaq indices was a way of achieving both goals.

"This strategy would increase the branding as people started tracking Nasdaq through a financial product so we could reach brand new investors," says Jacobs. "At the same time, all this would increase the investment in and the value of Nasdaq stocks."

A number of different scenarios were presented to the Nasdaq board in June 1997, which then charged Jacobs with planning for what became known in internal circles as the Spider on the Nasdaq-100.

At the time, there were only two Nasdaq-branded financial instruments. In January 1994, the Chicago Board Options Exchange had begun trading options on the Nasdaq-100, and in April 1996, the Chicago Mercantile Exchange had begun to trade futures and futures options on the index. This previous work using the Nasdaq-100 Index led to its adoption as the basis of the Nasdaq's first ETF rather than the more widely followed Nasdaq Composite. Now, there are more than 400 products based on the Nasdaq 100 index in 29 countries. These include 34 mutual funds, as well as numerous warrants and CDs.

A big issue that affected the development of the new product was deciding when and how to launch it, given that Nasdaq's parent, the NASD, would merge with the American Stock Exchange on October 31, 1998. A further delay resulted when the Amex announced the launch of its Select Sector Spiders. When it eventually did commence trading, the QQQ started with a $14.9 million deposit by Susquehanna.

"From our perspective, it is doing exactly the things we want it to do," says Jacobs. "We are putting Nasdaq instruments into the hands of a broader array of investors, we are continuing to widen the visibility of Nasdaq and the Nasdaq companies, and we are driving investment dollars into Nasdaq companies."

The index

Launched in January 1985, the Nasdaq-100 Index comprises the largest nonfinancial domestic and international stocks listed on The Nasdaq Stock Market based on market capitalization. It is a modified capitalization-weighted index, which is designed to limit domination by a few large stocks while generally retaining the capitalization ranking of companies.

To be eligible for inclusion in the Nasdaq-100 Index, a common type security must be of a nonfinancial company,

which may not currently be in bankruptcy proceedings; must have an average daily trading volume of at least 100,000 shares; and must have been on the Nasdaq Stock Market or another recognized market for at least two years. Only one class of security per issuer is allowed.

If the security is of a foreign issuer, the company must have a worldwide market value of at least $10 billion, a US market value of at least $4 billion and average trading volume on The Nasdaq Stock Market of at least 200,000 shares per day.

The Index is reviewed on a quarterly basis using a proprietary algorithm by which to test and adjust stock weightings.

Future plans

The QQQ's move into Japan this year is significant in that the country recently changed its rules to allow two non-Japanese indices to be the basis of ETFs. Another first the Nasdaq is working toward is the launch of the Europe-based QQQ product, to be known as the EQQQ, this year. "We are giving the Nasdaq-100 ETF a sister product to the US product with the exact same structure," says Jabobs. "They will be completely changeable at the trustee level."

Despite use of the same structure, some changes are being made to accommodate the European product. The Nasdaq in January this year filed a registration statement in Ireland that will allow the firm to form an Irish trust that it will use for listing on Nasdaq in Europe and to register the product in several different countries.

At present, the US product conforms to the US Regulated Investment Company test, which requires that no single stock in the portfolio be weighted at more than 25% and/or that all stocks weighted 5% or more together weigh no more than 50% of the portfolio. In Europe, however, a more stringent 10% threshold makes most US ETFs noncompliant for Europe. This will result in the EQQQ having slightly different weights in the basket.

"The EQQQ will have the same 100 stocks, which will remain at the same relative weights to each other," says Jacobs.

The trustee chosen by the Nasdaq for the EQQQ is a joint venture between the Bank of New York and the AIB. "We have designed this so that if you are creating and redeeming QQQ as an institution, you can go from EQQQ into QQQ and QQQ into EQQQ at no additional cost," says Jacobs. "So it will be very fungible at the institutional level."

Other future plans are the launch of other ETFs including one on the widely followed Nasdaq Composite Index. This index is basically the composite of all of Nasdaq comprising some 4,000 stocks. It is different to the Nasdaq-100 in that it allows Initial Public Offerings and financial companies.

The Nasdaq Composite, unlike the QQQ, will be an optimized product structured as an open-ended mutual fund as opposed to the Unit Investment Trust. "The Nasdaq Composite is currently the most widely followed benchmark on the planet which doesn't have an investment product linked to it," says Jacobs. "It will also be broken down into sectors, similarly to the Select Sector Spiders strategy. We are still working on partners and exactly how that will be structured."

Investors

Since its inception, the image of the QQQ has been that of an investment tool predominantly used by institutional and professional traders. But this, says Jacobs, is changing as more retail investors move into its marketplace. Jacobs illustrates this point by showing that the security's average volume as a percentage of its shares outstanding has dropped substantially from 60% to its current level of 12% throughout the life of the product.

"In March 2000, at the height of the Nasdaq 100-index, there was an average volume of around 60 million shares a day and about 100 million shares of QQQ outstanding," he says. "Today, it has an average volume is around 79 million shares a day and over 700 million QQQ shares outstanding. So you are seeing that the percentage of trading of QQQ as a percentage of the shares outstanding of the QQQ has dropped by a huge amount. This goes to show we have seen a huge influx of buy-and-hold investors in the QQQ."

QQQ: Volume since inception

Active optimization

By Elise Coroneos

Portfolio optimization pertaining to exchange-traded funds is currently most used in order to comply with diversification rules and to eliminate tracking error. In the event, however, that actively managed products come into being, optimization will take on a new role of generating returns above the benchmark index.

"The major difference I see in regards to an active fund versus an indexed fund comes back to the fundamental investment objective," says Feng Ding, a senior portfolio manager at Barclays Global Investors. "An active portfolio will have an additional objective of delivering alpha."

> "If you are going to have an ETF, you are going to need a transparent investment process"

To cope with these additional demands, most portfolio optimization systems will need to be adjusted. Enter Dr Richard Michaud, the author of *Efficient Asset Management* (Oxford University Press, 2001) who is currently in talks with a number of institutions that are interested in using his new techniques to build ETFs and create ETF portfolios.

A portfolio optimizer uses risk estimates and return forecasts as inputs to produce a portfolio. The portfolio that is produced should be more efficient by increasing relative return to risk, that is, what is produced should be the most efficient frontier. The school of thought widely used in portfolio optimization, says Michaud, relies on several accepted methods of portfolio construction.

"These methods are fine in theory, but in practice they have some serious limitations," says Michaud. "The main problem with traditional portfolio optimization is that it is very susceptible to even small changes in the input assumptions leading to very large changes in the conclusions."

Examples of common portfolio practices include managers limiting the weight of any one stock or asset to some fixed figure such as 5%. Another common investment practice is to make sure a portfolio's sector and industry weightings do not exceed certain levels.

"What we have been pointing out to people," says Michaud, "is that the standard methods for making asset allocation and optimization decisions assume that the information that you include to get a solution is 100% certain. And very few people are 100% certain about the information that they use."

The new school

To counter the old school methods of portfolio optimization, Michaud and his son Robert have developed two new optimization techniques that have received US patents. They are the only ones of their kind that have to do with taking a statistical approach to the traditional mean-variance optimization. "What we have done is generalize the standard methods so that you can include the level of uncertainty you have in your forecast as part of the optimization process," says Michaud.

The first technique is resampling. This is a way of replaying history many times to get a better idea of the true nature of asset returns, something existing optimizers are unable to do. By using resampling, more data points or possible return outcomes are created, resulting in a much more accurate efficient frontier.

"The resampling process simulates alternative realizations of capital market history. Properly averaging the different optimal portfolios for the different resampled histories leads to a very different set of optimal portfolios," says Michaud. "Small changes in the data inputs are not usually associated with large changes in the optimal portfolios as was the case with the traditional optimization process."

The second patented technique is called rebalancing—a statistical test to determine when to rebalance a portfolio or an asset allocation. Although an existing portfolio may look very different from an optimal portfolio, its investment value may be similar and the portfolio may not need to be rebalanced, says Michaud. In fact, the very act of rebalancing may be adding to the cost structure of an ETF.

"I estimate that 50% or more of trades done as a normal part of institutional asset management today are very likely to be unnecessary," he says. "Reducing the need to trade reduces the cost of asset management and increases the value of investments."

The main benefit of these techniques for institutions building actively managed ETFs, says Michaud, is that they are demonstrably effective at enhancing the investment value of optimized portfolios and asset allocations. Furthermore, small changes in input variables will result in only small changes in conclusions.

"This is definitely a method of managing ETFs that people are looking at," says Michaud. "If you are going to have an ETF, you are going to need to have a transparent investment process. Using this optimizer is certainly a way for people to understand what the process is without knowing exactly which stocks are being overweighted and underweighted."

Institutional landscape

Despite these indications that institutions are readying themselves for actively managed ETFs, or at least alpha-enhancing activities, some industry participants are not sure how important portfolio optimizers will be to the actively managed process. "For actively managed ETFs, you would probably build in some optimization technique, but that depends on the type of active ETF you are talking about," says Jim Ross, a principal at State Street Global Advisors.

"If you look at a traditional actively managed mutual fund, they are not necessarily using quantitative methods and optimizers to do that active management. A fundamental strategy isn't optimizing off of an index; they are just looking at picking the best stocks they can pick. I don't see a necessary connection between an optimizer and an actively managed ETF."

◀1 ETFs ready to take on conventional funds

Among the reasons ETFs have grown in appeal is that the current true-value information regarding the underlying portfolios of ETFs is superior to that for conventional index funds.

ETFs share a number of characteristics with conventional mutual funds. In some other respects, however, the ETF is superior, Cassidy says in his report. Comparative advantages of ETFs begin with low expenses, with the most extreme advantage belonging to Merrill Lynch's HOLDRs.

ETFs' expense ratios range from nine basis points to 99 basis points a year, with those based on major domestic indices clustering at 25 basis points or lower and the international vehicles generally at 80 basis points or more. This is still considerably below cost for comparable-objective, actively managed equity funds.

ETFs may have a downside when compared with conventional index funds: Costs of entry and exit are at a disadvantage because of the price spread between bid and ask.

Prospects for growth

Compared to conventional index funds, ETFs' growth from zero to $100 billion in less than nine years was phenomenal. According Cassidy, a number of factors will feed the growth of ETFs going forward. The first factor is the return of a fairly sustained bull market. Next, it is important that there be no major problems with liquidity or index tracking, which would be a public relations nightmare. The final and most crucial factor is the successful launch of fixed income index funds as well as actively managed ETFs—both of which are in dry dock awaiting approval from the Securities & Exchange Commission.

"To put it simply, the lowest hanging fruit has already been picked," Cassidy writes. By this, he means that new products based on esoteric indices will have a hard time finding an audience, and few if any meaningful industry or sector areas remain available for ETFs.

With the major turf having already been captured, significant growth of the ETF market depends on winning new investors. The surest way to do this is by introducing innovative products, that is, fixed income or actively managed ETFs, Cassidy writes. The growth of ETFs will also be aided by institutional and individual investors who are becoming convinced that actively managed funds usually underperform their benchmarks. "It seems likely that some amounts of money have been and in the future will be diverted from actively managed conventional funds to not only index-type funds but also ETFs," he says.

Growth will also be spurred by the success of ETFs internationally. While there are 121 ETFs traded in the US, that number is slightly more than half the worldwide total. Growth in other nations, says Cassidy, seems more rapid. Lipper identified 118 ETFs listed on non-US exchanges with the majority, 29, traded in Amsterdam. This tally does include 23 issues listed on the Euronext market, some centering on 6▶

First to Market Wins

ETF	Symbol	Sector	Nov. 2001 Daily Volume in the thousands
Merrill Lynch Biotech HOLDRS	**BBH**	**Biotech**	**1,127.60**
iShares Nasdaq Biotechnology Index Fund	IBB	Biotech	204.2
Select Sector SPDR Fund - Energy Select Sector	**XLE**	**Energy/Resources**	**1,096.80**
iShares Dow Jones US Energy Sector Index Fund	IYE	Energy/Resources	23.0
*iShares S&P Global Energy Index Fund	IXC	Energy/Resources	1.7
iShares Goldman Sachs Natural Resources Index Fund	IGE	Energy/Resources	0.0
Select Sector SPDR Fund - Financial	**XLF**	**Financial Services**	**417.4**
iShares Dow Jones US Financial Sector Index Fund	IYF	Financial Services	18.2
iShares Dow Jones US Financial Services Sector Index Fund	IYG	Financial Services	3.9
*iShares S&P Global Financial Index Fund	IXG	Financial Services	0.1
Merrill Lynch B2B Internet HOLDRS	**BHH**	**Internet**	**115.2**
Merrill Lynch Internet HOLDRS	HHH	Internet	62.2
iShares Dow Jones US Internet Index Fund	IYV	Internet	32.4
streetTRACKs Morgan Stanley Internet Index Fund	MII	Internet	10.2
Select Sector SPDR Fund Technology	**XLK**	**Technology**	**1,819.60**
iShares Goldman Sachs Technology Index Fund	IGM	Technology	174.8
iShares Dow Jones US Technology Sector Index Fund	IYW	Technology	55.2
streetTRACKS Morgan Stanley Technology Index Fund	MTK	Technology	15.4
Merrill Lynch Semiconductor HOLDRS	**SMH**	**Semiconductors**	**3,991.00**
iShares Goldman Sachs Semiconductor Index Fund	IGW	Semiconductors	98.6

** Note: Partial first month since listing*

Source: Lipper Inc

◀5 major multinational indices, which include some duplicated listings.

Challenges ahead

"We believe that the period of extremely rapid asset growth in ETFs has passed," Cassidy writes. "The most salient driving force is the fact that virtually all conceivable equity index baskets of interest have already been addressed. Long term, as bullish trends in stock prices reassert themselves, clearly some increase in assets will flow from valuation. But major asset increments otherwise require net creation by qualified institutional investors."

One nagging issue that comes up repeatedly throughout the report as it examines the prospects for ETFs going forward is whether market saturation is being driven in part by what Cassidy calls "corporate ego." The central question that arose was this: Could the creation of multiple house brands of ETFs covering the same or highly similar asset baskets lead to sparse trading in all or nearly all of them, with the result being that retail orders are executed at unfavorable prices?

Is it possible, Cassidy asks, that corporate ego, combined with the desire to create a full product line, could lead to stubborn overcreation of redundant ETF baskets in some asset classes?

At present, there are already several clusters of existing ETFs serving industries and sectors in common. In the report, Cassidy notes that in just about every case where two or more ETFs cover the same index or market sector, trading activity in each case is overwhelmingly focused on just one of the products. Typically, the product introduced first takes the lion's share of the trading volume. "First to market wins attention and therefore the liquidity battle," says Cassidy.

Volume figures for 2001 proved the point again and again. Merrill's Biotech HLDRS had daily volume of more than 1 million shares compared to iShares Nasdaq Biotech Index Funds' 200,000 share volume. Similarly, the Energy Select Sector, which was first to the market, posted an average daily trading volume of more than 1 million shares in 2001, while iShares Dow Jones US energy Sector Index fund moved less than 25,000 shares daily. Two other funds in the energy/resources area moved fewer than 5,000 shares daily. Merrill's Semiconductor HLDRS moved close to 4 million shares a day, while the iShares Goldman Sachs product moved less than 100,000 shares a day.

Head to head

Despite the potential restraints on growth, Cassidy writes, ETFs are offering "attractive direct competition with existing closed-end funds."

Types of investing where significant numbers of securities are available seem natural candidates for representative ETF baskets. In the closed-end equity population, targets would include healthcare, utilities and real estate, all of which now have ETFs attached. If the SEC does allow ETFs to invest in bond portfolios, an even larger portion of the closed-end fund world would come under competitive attack.

In a portfolio where an ETF can realistically function, closed-end funds appear vulnerable. And the marketplace data seem to indicate that when there is a competitive battle where head-to-head choices are available, ETFs are winning.

Key recommendations

In a 27-page report "Exchange-Traded Funds: Impacts on the Conventional Funds Business," Lipper senior analyst Don Cassidy makes several recommendations for parties affected by the future onslaught of ETFs.

Cassidy suggests that the all-important index owners and publishers realize that it's late in the game and seek to avoid redundant products.

Cassidy also suggests that ETF sponsors not be blinded by corporate ego. "Avoid redundant products and jump quickly, if at all, on bond ETFs." Being first to market is critical, he says.

For conventional index advisors, Cassidy cautions that ETFs mean downward pressure on advisory fees and total expenses. "As ETFs continue to grab market share, expect a slowdown in asset growth compared to prior predictions."

For nonindex open-end fund advisors, he also cautions that ETFs mean downward pressure on advisory fees and total expenses. "Expect SEC approval of ETF classes of actively managed funds," he says. "Again, try to be first to market." He further recommends that they get started on creating infrastructure for ETF classes on major equity funds before the SEC approves any.

Cassidy suggests that financial planners embrace ETFs as a new value adder, thus raising their sophistication to clients.

◀1 Seeking liquidity

Deutsche Börse, one on Euronext Amsterdam, four on Euronext Paris, one on the London Stock Exchange and two on the Swiss Exchange.

The first such product, called LDRS, was launched April 2000 by Merrill Lynch International on the DBAG. Today, that product trades on DBAG, Euronext Amsterdam and Paris, LSE and SWX.

From their inception, Merrill decided to list its LDRS on multiple exchanges "because Europe is such a fragmented market," says Manooj Mistry, ETF product manager at London-based Merrill Lynch. "While many had thought listing the EuroStoxx 50 LDRS on five exchanges would dilute trading, each time we listed in a new country, trading volume increased."

Following the volume

Based on data supplied by Stoxx (see chart) for the week ending April 12, the largest ETF in average daily volume tracking the EuroStoxx 50 is the MasterUnit on Euronext Paris. After that comes the EasyETF, also on Paris, and then EX on DBAG. For that week, the MasterUnit had 39.3% market share; EX, 24.0%; EasyETF, 23.1%; LDRS, 11.7%; and Fresco, 1.9%.

All four MasterUnit ETFs, including the CAC 40 and the EuroStoxx 50, trade only on Euronext Paris. MasterUnits are the ETF brand name of Lyxor Asset Management/Société Générale. "We are working on cross listing our products on other exchanges, as most European players have done," says Isabelle Bourcier, Lyxor's ETF marketing coordinator.

But what drives investors to choose one of these ETFs over another? The first consideration is the exchange. "European investors look to see where the ETF is registered," says Debbie Fuhr, vice president for ETFs at Morgan Stanley in London.

"If an ETF is not registered for sale in a country, then brokers should not be selling or marketing it to those retail investors. And there are many retail investors using Stoxx and Euro Stoxx ETFs because they're easy to understand—being composed of 50 European stocks—and accessible."

Where an ETF is registered also has tax implications for investors in markets such as Germany and Austria, she says. If investors buy ETFs not registered in those countries, they are more heavily taxed. And investors, especially institutional investors, will want to know whether the ETF is UCITS compliant. UCITS-compliant funds can buy only other UCITS-compliant funds. And finally, there are currency considerations.

"Institutional investors tend to trade ETFs in their risk currency," says Dr. Christian Gast, head of UBS's index and investments for the Global Index Market. "Swiss retail investors, for example, might be more comfortable trading in Swiss francs." UBS, which launched its six Frescos in December 2001 on SWX, now offers its version of EuroStoxx 50 on SWX in Swiss francs, and in euros on DBAG.

"It's important to reach the investor in his home exchange," says Gast. "A German investors tends to prefer placing orders on DBAG as opposed to Euronext; similarly a French investor tends to prefer Euronext Paris." Familiarity plays a large role in exchange selection. But, in addition to familiarity, commissions are generally lower on local exchanges. And as Fuhr points out, some investors are members of only one exchange.

"Trading costs are minimal for large institutions trading on foreign exchanges," says Mistry. "But brokers or small retail investors have to buy ETFs on their local exchange to make it economical. Most medium to smaller sized investors—including institutions and retail—have probably never traded outside their local exchange. It's only the large institutions that will regularly do so."

Selecting one of many

For larger investors who do trade on foreign exchanges, Indexchange Investment AG offers an interesting choice: Its EuroStoxx 50 EX trades on DBAG and Euronext Paris. "It doesn't really matter when our product trades because the spreads and volumes are about the same," says Holger Schmid, Indexchange's international sales manager.

Indexchange is also the sponsor of the DAX, one of the most traded ETFs in Europe. And the relationship between it and the EuroStoxx 50 is symbiotic. The same pattern is also seen between Lyxor's CAC (a DAX rival in terms of volume) and its EuroStoxx 50 MasterUnit.

"If institutional investors were choosing between the EuroStoxx 50 EX on the DBAG or Euronext, they would look at volume, see that it's higher in Germany and would, presumably, be more likely to go through DBAG," says Schmid.

"ETFs tracking national indices are the most liquid," says Bourcier. "Futures contracts on those indices are huge. Many institutions use the DAX, CAC and Euro Stoxx 50 because futures on those indices are very liquid. It allows investors to measure liquidity without having to know the index components and their weightings."

Selecting one of the many ETFs based on the same index, says Gast, "comes down to management fees (not relevant for short-term trades), bid/offer spreads and market depth, transaction costs, potential tax implications, and tracking error."

EuroStoxx 50*

Exchange	Volume	EasyETF	EX	Fresco	LDRS	MasterUnit	TOTAL
Amsterdam	27,030				100.00%		0.76%
Frankfurt	698,905		65.88%	3.85%	30.27%		19.73%
London	128				100.00%		0.00%
Paris	2,713,875	30.13%	14.40%		4.14%	51.33%	76.61%
Zurich	102,552			39.26%	60.74%		2.89%
TOTAL	**3,542,490**	**23.08%**	**24.03%**	**1.90%**	**11.67%**	**39.32%**	**100.00%**

**(Daily average volume for week ending April 12, 2002 based on data supplied by Stoxx)*

SSB examines liquidity

By Marsha Zapson

When discussing ETFs, "investors seem to become most confused over liquidity," writes Salomon Smith Barney's research team in a recent examination of the topic. While historical trading volume does not necessarily a liquid ETF make—even though they trade like a stock—volume is one source of liquidity. Just look at QQQ, the most actively traded security in the world. But every ETF, regardless of its volume, is as liquid as its underlying basket of stocks, an equivalency due to the creation/redemption mechanism built into the product.

Because of that mechanism, an institutional investor can purchase large amounts of infrequently traded ETFs without moving the market. One of the more remarkable examples of an authorized participant's ability to create liquidity was the purchase in mid-May of 18.6 million shares (or $2.3 billion) of the iShares MSCI EAFE Fund, an ETF that normally averages about 360,000 shares a day *(see update on page 9)*.

In addition to volume and creating or redeeming shares, SSB also points to the backstop market as a source of liquidity. Anyone with a Bloomberg terminal can find the backstop market for any ETF, says Kevin McNally, head of SSB's ETF research. Anytime there's a trade, Bloomberg shows the change in the bid/ask, which makes it "very obvious, particularly in the less liquid, less frequently traded ETFs, that the specialists are willing to step up and make a market all day," he says.

The specialist, who has different ways to ensure liquidity, is ultimately faced with fulfilling a hedge, says McNally. If, for example, 25,000 shares of VTI are sold, how will the position be hedged until the underlying shares can be created at day's end? In the liquid ETFs, such as QQQ or Spider, futures are generally used before the underlying stock, he says. In many cases, futures will be more liquid and cheaper than the basket. "Options are a possibility, but they tend to be more expensive than the underlying stocks or the futures. There are representative baskets available. But if you're trading Vipers or the Russell 3000, do you want to do a program trade for 3,000 stocks?"

For less frequently traded ETFs, however, specialists rely on the creation/redemption mechanism. As an example, McNally points to the streetTracks Dow Jones US Large Cap Value Index (ELV). During January, ELV traded an average of 5,000 shares a day, on certain days it traded only 100 shares, and for two days it didn't trade at all while the market was open. "If I had to buy 25,000 shares of ELV, that's five days worth of volume I'm trying to buy," says McNally. "However, if you really look at it, the bid is about 22,000, the ask about 21,000 and the spread $0.29. You could trade 20,000 shares or less at any time, and probably not move the market."

The SSB report is based on random pictures of the market during January 2002 to determine the size and spread of the bid and ask for every US ETF, including US-launched internationals. Since these funds, such as the iShares MSCI Japan Index Fund (EWJ), consist of stocks trading on exchanges that are closed while US exchanges are open, spreads tend to be wider, says the study.

"If there's a massive earthquake in Tokyo, EWJ will trade at a discount to its previous day's NAV close," says McNally. "But that's not an accurate NAV because it may not be a discount at all to where the Japanese market opens the next day. It's similar to our future's market trading above or below fair value before our equity market opens. There's new information in the market to which the underlying stocks haven't yet reacted."

	Bid Size	Ask Size	Bid P/(D)	Mid P/(D)	Ask P/(D)	Spread	Spread %	Av Volume
streetTracks Dow Jones US Large Cap Value Index Fund								
ELV Av	21,764	20,884	(0.07)%	0.00%	0.08%	$0.29	0.24%	5,271
ELV Max	25,000	25,000	0.01%	0.09%	0.16%	$0.30	0.25%	
ELV Min	1,000	100	(0.15)%	0.01%	0.01%	$0.20	0.16%	
Nasdaq 100 Shares								
QQQ Av	17,545	15,193	0.00%	(0.02)%	0.04%	$0.01	0.04%	75.2 m
QQQ Max	50,000	50,000	0.13%	0.10%	0.08%	$0.04	0.11%	
QQQ Min	500	100	(0.21)%	(0.23)%	(0.24)%		0.00%	
Vanguard Total Stock Market VIPERs								
VTI Av	83,965	96,364	0.03%	0.07%	0.11%	$0.09	0.09%	166,000
VTI Max	100,000	100,000	0.11%	0.14%	0.18%	$0.10	0.10%	
VTI Min	100	100	(0.06)%	0.01%	0.04%	0.02	0.02%	
iShares MSCI Malaysia Index Fund								
EWM Av	11,769	8,229	(2.52)%	(2.06)%	(1.60)%	$0.05	0.94%	58,800
EWM Max	25,000	25,000	(0.57)%	(0.38)%	0.19%	$0.13	2.56%	
EWM Min	200	200	(3.90)%	(3.36)%	(2.95)%	$0.01	0.19%	
iShares MSCI Japan Index Fund								
EWJ Av	8,391	15,685	(0.42)%	(0.21)%	(0.01)%	$0.03	0.41%	606,000
EWJ Max	50,000	50,000	0.97%	1.16%	1.42%	$0.08	1.11%	
EWJ Min	100	300	(1.93)%	(1.79)%	(1.65)%	$0.01	0.13%	
S&P 500 Depositary Receipts								
SPY Av	87,516	101,375	0.04%	0.00%	(0.03)%	$0.03	0.03%	16.7 m
SPY Max	300,000	250,000	0.10%	0.06%	0.03%	$0.05	0.05%	
SPY Min	100	100	(0.14)%	(0.18)%	(0.21)%		0.00%	

(Selections from SSB's recent Liquidity Study; all data are for January 2002)

$2.3b invested in iShares MSCI EAFE Index Fund

One institution invested $2.3 billion last week in a single trade of the **iShares MSCI EAFE Index Fund** (EFA), purchasing some 18.6 million shares. In comparison, the average daily volume on the fund is about 360,000 shares. This was the largest one-time purchase since the iShares fund family was launched, and represents more than many mutual fund companies attract in a month, according to Boston-based **Financial Research Corp**.

The purchase, large though it was, did not move the market because of the unique creation/redemption mechanism built into ETFs. Because MSCI EAFE is the benchmark most US investors use, it has the potential to see large inflows when large clients want to equitize cash into a benchmark. iShares is the ETF family sponsored by **Barclays Global Investors**.

Nasdaq rebalances its Biotechnology Index

Nasdaq rebalanced its **Biotechnology Index** (NBI); the changes will take effect on May 20 at the market open. The following were added: **Amylin Pharmaceuticals, Inc** (AMLN); **Array BioPharma Inc** (ARRY); **BioMarin Pharmaceutical Inc** (BMRN); **Diversa Corp** (DVSA); **Ligand Pharmaceuticals Inc** (LGND); **Novavax, Inc** (NVAX); **Qiagen N.V.** (QGENF); and **Telik, Inc** (TELK). Two were deleted: **Praecis Pharmaceuticals Inc** (PRCS) and **SuperGen, Inc** (SUPG).

All securities in NBI are listed on Nasdaq. The index is ranked semi-annually in May and November, and is tracked by **iShares Nasdaq Biotechnology IndexSM Fund** (IBB), which trades on the **Amex**. In addition, NBI and IBB options also trade on the Amex.

23 new ETFs start trading on pan-European virt-x

virt-x, the pan-European electronic stock exchange, began trading 23 ETFs on May 6. virt-x, which now trades four Frescos, 15 LDRS and four iShares, uses the SWX Swiss Exchange trading platform. The collaboration leverages the SWX's ETF expertise and virt-x's existing pan-European infrastructure.

As of mid-March, Europe had 91 primary ETF listings (130 total) on six exchanges, and $6.6 billion in assets, according to **Debbie Fuhr**, vice president of ETF research at London-based **Morgan Stanley**. During 2001, 65 new products were launched on European exchanges, including 21 cross listings, and assets grew from $675 million to $5.6 billion.

10▶

Performance: 2002 year to date

Source: Factset and Morgan Stanley

◀9 DJ announces changes in Titans funds

Dow Jones Indexes has changed the rules for four index series in the Dow Jones **Titans** family. Indices affected by the changes are the Dow Jones Global Titans 50, Dow Jones Sector Titans 30, Dow Jones Asian Titans 50 and the Dow Jones Asian Titans 50 (ex-Japan).

Under the changes, which will be effective from June 24, the fundamental factors used to select components for these indices will be reduced from four to two. The weight of float-adjusted market capitalization in the component selection process will be increased from 50% to 60%, while the two fundamental factors will account for 20% each. The fundamental factors used will be sales/revenue and net income, while assets and shareholder equity will be eliminated from the selection process.

The changes will make the indices easier to replicate and more transparent, according to **Michael Petronella**, managing director of Dow Jones Indexes. There are currently two ETFs linked to the Dow Jones Global Titans 50 index.

Deutsche Börse continues as ETF liquidity leader

XFT, the electronic segment of the **Deutsche Börse**, once again had record ETF volumes in April. For the month, about €3.4 billion ($3.1 billion) were traded, which is the second-highest monthly turnover since the market launched in April 2000, and represents a 36% increase compared with April 2001. Last year the turnover was approximately €2.5 billion ($2.3 billion). Capturing a market share of about 50%, XTF was again Europe's leader in ETFs in April, according to the bourse.

The DAX EX, the DJ Euro STOXX EX and DJ Euro STOXX 50 LDRS were among the 30 most heavily traded, and thus the most liquid, securities on Xetra. About €1.2 billion (US$ 1.1 billion) of the DAX EX was traded in April on the bourse. Among nearly all the cross-listed products, XTF posted the bulk of April's volume. There are currently 43 passively and 13 actively managed funds listed in the XTF segment.

QQQ continues its reign as volume leader in May

For week ending May 17, the top traded ETFs were QQQ with a volume of 99 million shares, the Spider, 20.9 million shares, the Hong Kong Tracker, 6.9 million shares, Diamonds, 4.2 million shares, and the Satrix 40, 4 million shares.

This month's assets have increased, compared with April's assets. The Spider increased to $28.6 billion this month from $27.9 billion in April, QQQ increased to $23.2 billion from $20.3 billion and the MidCap Spider increased to $7.6 billion from $7 billion. Other top ETF asset holders remained flat, except for the **iShares MSCI EAFE**, which roughly tripled its assets and volume, ranking it ninth in the US in assets and eight worldwide in volume.

On the move

George Yepes, **Patrick Fay** and **Jim Stearns** have joined **Nasdaq Liffe Markets** with responsibilities for the marketing of security futures, member firm relations, institutional sales and business development. Prior to joining Nasdaq Liffe Markets Yepes was vice president and director of institutional sales at **Blackwood, Inc**; Fay was with the **Chicago Board Options Exchange**; and Stearns was the derivatives coordinator at **Susquehanna International Group, LLP**.

Morgan Stanley rates ETFs

By Philip Scipio

The equity research team of Morgan Stanley has taken a bold first step in the ETF arena by announcing that it will initiate coverage of exchange-traded funds. It's not yet clear whether a rating system on ETFs will have the same effect that it has on stocks. One well-placed recommendation from a white shoe investment firm can send a stock diving or soaring; but to have the same effect on ETFs, which are tied to major indices, one would have to have sway over large segments of the market.

Morgan Stanley is the first Wall Street firm to rate ETFs, blowing past the likes of Morningstar and Lipper, which are better known for rating funds.

Of the 119 existing ETFs traded in the US, Morgan Stanley will rate 25 funds tracking US equity indices and five funds tracking international indices. The firm is tracking eight funds in the major market category, six funds in the style category, 11 funds in the sector category and five funds in the international category.

It will use the same basic rating system it uses for stocks and closed-end funds, assigning each fund one of the three ratings: overweight, equal-weight and underweight, the firm says. Each of the initial 30 funds Morgan Stanley intends to track has been trading for more than one year and has assets of more than $75 million. The longevity criterion will initially exclude Barclays iShare EAFA fund, which has amassed close to $2.5 billion in assets in its first six months of trading. The fund won't celebrate its first year until November.

According to Paul Mazzilli, an analyst who leads Morgan Stanley's five-member ETF research staff, the announcement follows a long period of research on various exchange-traded funds.

Of the eight ETFs that track major market indices, Morgan Stanley assigned the aggressive "overweight" rating to only two funds, the S&P MidCap 400 Depositary Receipts and iShares S&P SmallCap 600 Index Fund. Twelve other funds received an "overweight" rating, including the iShares DJ US Consumer Cyclical fund and the Energy Select Sector SPDR.

The Nasdaq-100 Index Tracking Stock was given a rating of "underweight." While the fund remains the most popular ETF based on volume of shares traded and the second largest with about $22 billion in assets, it is trading at the bottom of its 52-week range of $51.95–$27.20. The QQQ closed at $31.46 on May 22. The rating reflects Morgan Stanley's view that "the momentum is weak for QQQ." Part of the work in evaluating ETFs, of course, is examining the underlying stocks. In the QQQ, Morgan Stanley notes that the valuations of stocks in the index are still very high, and there is still a massive excess of sellers.

US EXCHANGE-TRADED FUNDS
Week ending May 17 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	115 849 700	709 250	23 391.07	32.93	32.99	(0.18)	11.4	(15.4)	(31.5)
S&P 500 SPDR	SPY	26 874 440	262 235	29 147.42	110.90	111.15	(0.22)	4.9	(2.7)	(13.4)
DJIA Diamonds	DIA	3 378 300	37 053	3 839.43	103.43	103.62	(0.18)	4.0	4.1	(7.2)
Volume includes trading on all listing entities										
iShares Dow Jones series										
iShares DJ US Basic Materials	IYM	15 900	1 450	61.47	42.02	42.39	(0.87)	1.9	9.4	(0.1)
iShares DJ US Chemicals	IYD	4 800	250	11.52	45.80	46.06	(0.56)	1.8	8.8	2.1
iShares DJ US Consumer Cyclical	IYC	76 550	2 450	139.55	57.04	56.96	0.14	5.5	2.6	(8.9)
iShares DJ US Energy	IYE	9 650	2 150	104.45	48.47	48.58	(0.23)	0.1	2.0	(16.8)
iShares DJ US Financial	IYF	10 725	1 500	125.27	83.39	83.51	(0.14)	4.2	3.8	0.2
iShares DJ US Financial Services	IYG	6 950	650	62.61	96.34	96.32	0.02	4.2	5.3	1.7
iShares DJ US Healthcare	IYH	53 300	4 250	240.55	56.50	56.60	(0.18)	2.1	(8.9)	(10.9)
iShares DJ US Industrial	IYJ	12 050	1 750	83.49	47.70	47.71	(0.02)	5.6	(5.4)	(16.4)
iShares DJ US Internet	IYV	42 000	1 450	15.30	10.45	10.55	(0.95)	11.9	(28.0)	(51.8)
iShares DJ US Non-Consumer Cyclical	IYK	22 550	2 700	131.41	48.68	48.67	0.02	0.4	11.8	17.2
iShares DJ US Real Estate	IYR	25 150	1 150	98.20	85.52	85.39	0.15	1.8	8.7	15.9
iShares DJ US Technology	IYW	61 200	3 500	160.23	45.94	45.78	0.35	12.1	(13.6)	(29.6)
iShares DJ US Telecommunications	IYZ	26 875	2 450	55.71	22.73	22.74	(0.04)	8.1	(27.7)	(40.3)
iShares DJ US Total Market	IYY	9 275	2 400	124.20	51.53	51.75	(0.43)	4.4	(3.6)	(13.2)
iShares DJ US Utilities	IDU	52 175	2 600	158.83	61.19	61.09	0.16	(3.9)	(3.7)	(26.3)
iShares MSCI series										
iShares MSCI Australia	EWA	53 125	7 800	80.03	10.35	10.26	0.88	4.7	9.5	7.6
iShares MSCI Austria	EWO	11 800	1 400	12.64	9.00	9.03	(0.33)	0.9	23.6	11.9
iShares MSCI Belgium	EWK	91 950	840	10.01	12.12	11.92	1.68	1.9	10.2	11.6
iShares MSCI Brazil	EWZ	246 375	19 100	232.07	12.12	12.15	(0.25)	3.5	(4.6)	(15.4)
iShares MSCI Canada	EWC	16 825	3 400	38.28	11.36	11.26	0.89	2.8	7.0	(6.9)
iShares MSCI EAFE	EFA	246 425	11 200	1 390.93	125.44	124.19	1.01	3.5	5.1	
iShares MSCI EMU	EZU	14 025	2 000	111.70	56.44	55.85	1.06	4.6	0.8	(13.9)
iShares MSCI France	EWQ	14 075	3 200	61.06	19.01	19.08	(0.37)	3.8	1.4	(8.3)
iShares MSCI Germany	EWG	16 625	7 800	118.87	15.22	15.24	(0.13)	4.0	0.8	(11.0)
iShares MSCI Hong Kong	EWH	227 025	10 875	109.08	10.17	10.03	1.40	4.4	10.9	(3.9)
iShares MSCI Italy	EWI	15 325	1 950	32.97	17.00	16.91	0.53	3.1	5.6	(11.7)
iShares MSCI Japan	EWJ	1 345 950	67 800	593.93	8.87	8.76	1.26	5.7	15.0	(19.3)
iShares MSCI Malaysia	EWM	77 350	16 350	102.02	6.28	6.24	0.64	1.6	20.8	60.2
iShares MSCI Mexico	EWW	289 375	10 300	181.18	17.71	17.59	0.68	5.0	16.7	8.6
iShares MSCI Netherlands	EWN	5 775	1 300	23.50	18.14	18.08	0.33	3.1	6.9	(10.8)
iShares MSCI PacRim ex-Japan	EPP	16 325	1 200	71.28	60.08	59.40	1.14	3.8	10.9	
iShares MSCI Singapore	EWS	227 375	16 800	94.25	5.69	5.61	1.43	1.4	12.2	6.6
iShares MSCI South Korea	EWY	71 950	4 600	111.37	24.28	24.21	0.29	11.8	37.1	67.2
iShares MSCI Spain	EWP	8 775	750	15.95	21.27	21.27	0.00	3.3	3.0	(9.6)
iShares MSCI Sweden	EWD	17 100	825	10.34	12.64	12.53	0.88	5.2	(7.8)	(18.9)
iShares MSCI Switzerland	EWL	29 325	2 500	35.05	14.13	14.02	0.78	1.6	12.7	(2.9)
iShares MSCI Taiwan	EWT	201 800	16 100	179.19	11.48	11.13	3.14	3.7	6.5	5.3
iShares MSCI UK	EWU	91 675	9 000	133.56	15.03	14.84	1.28	1.2	2.3	(7.0)
iShares Russell series										
iShares Russell 1000	IWB	94 650	8 100	476.69	58.74	58.85	(0.19)	4.6	(3.4)	(13.2)
iShares Russell 1000 Growth	IWF	62 050	10 950	512.57	46.84	46.81	0.06	6.4	(7.9)	(20.6)
iShares Russell 1000 Value	IWD	133 775	13 650	778.60	57.09	57.04	0.09	3.4	3.4	(5.1)
iShares Russell 2000	IWM	414 825	31 300	3 173.82	101.40	101.40	0.00	3.3	5.4	1.3
iShares Russell 2000 Growth	IWO	247 275	9 000	496.26	55.25	55.14	0.20	4.3	(3.7)	(13.7)
iShares Russell 2000 Value	IWN	165 725	8 200	1 194.33	145.78	145.65	0.09	2.9	14.1	17.1
iShares Russell 3000	IWV	25 925	19 650	1 218.50	62.02	62.01	0.02	4.7	(2.1)	(12.0)
iShares Russell 3000 Growth	IWZ	2 450	1 200	45.10	37.35	37.58	(0.61)	5.3	(8.5)	(20.9)
iShares Russell 3000 Value	IWW	3 925	900	66.27	73.43	73.63	(0.27)	2.9	2.7	(3.9)
iShares Russell MidCap	IWR	15 775	1 000	60.50	60.48	60.50	(0.03)	3.0	2.7	
iShares Russell MidCap Growth	IWP	4 050	1 200	81.20	67.33	67.67	(0.50)	4.5	(6.3)	
iShares Russell Midcap Value	IWS	10 600	800	67.42	84.20	84.27	(0.08)	2.1	8.4	

12▶

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	193 475	4 750	294.41	62.00	61.98	0.03	7.8	(31.9)	(36.8)
iShares Cohen & Steers Realty Majors	ICF	10 650	1 000	89.72	89.69	89.72	(0.03)	1.5	7.9	18.6
iShares GS Natural Resources	IGE	1 375	250	25.42	101.29	101.69	(0.39)	(0.1)	6.2	
iShares GS Networking	IGN	22 375	2 500	55.65	22.15	22.26	(0.49)	10.2	(27.9)	
iShares GS Semiconductor	IGW	17 200	1 000	67.99	67.94	67.99	(0.07)	12.9	2.2	
iShares GS Software	IGV	70 200	600	20.09	33.45	33.49	(0.12)	9.2	(26.5)	
iShares GS Technology	IGM	113 350	900	38.77	43.03	43.08	(0.12)	11.6	(15.1)	(31.5)
iShares S&P series										
iShares S&P 500	IVV	125 275	39 700	4 412.66	110.96	111.15	(0.17)	5.0	(2.7)	(13.5)
iShares S&P 100	OEF	18 375	2 100	114.59	55.57	55.50	0.13	5.8	(5.2)	(15.9)
iShares S&P 500/Barra Growth	IVW	56 100	8 400	471.66	56.17	56.15	0.04	5.8	(5.1)	(11.9)
iShares S&P 500/Barra Value	IVE	51 250	12 700	693.04	54.62	54.57	0.09	4.3	(0.9)	(15.1)
iShares S&P MidCap 400	IJH	29 875	6 150	670.90	109.20	109.09	0.10	3.8	8.1	3.4
iShares S&P MidCap 400/Barra Growth	IJK	139 600	2 600	304.69	117.29	117.19	0.09	4.9	3.0	(2.2)
iShares S&P MidCap 400/Barra Value	IJJ	52 325	5 950	599.11	100.56	100.69	(0.13)	2.4	11.4	8.9
iShares S&P SmallCap 600	IJR	204 400	11 400	1 436.97	126.17	126.05	0.10	3.2	10.4	10.5
iShares S&P SmallCap 600/Barra Gwth	IJT	58 075	2 700	218.59	81.05	80.96	0.11	3.5	5.4	3.2
iShares S&P SmallCap 600/BarraValue	IJS	231 050	7 050	688.43	97.78	97.65	0.13	2.5	14.7	17.0
International										
iShares S&P Global 100	IOO	24 925	800	43.82	55.45	55.39	0.11	5.5	(6.0)	(17.0)
iShares S&P Europe 350 Index	IEV	66 050	10 350	619.65	60.78	59.87	1.52	3.8	2.9	(11.1)
iShares S&P Toronto SE 60	IKC	25	150	6.82		45.45		(0.2)	0.8	(8.3)
iShares S&P Latin America 40	ILF	1 700	250	12.60	50.54	50.41	0.26	3.3	6.0	
iShares S&P TOPIX	ITF	200	450	35.85	79.80	79.66	0.18	4.7	14.5	
iShares S&P Global Energy Sector	IXC	9 275	300	16.18	53.74	53.94	(0.37)	1.4	8.6	
ishares S&P Global Financials Sector	IXG	125	200	11.01		55.04		1.3	3.6	
iShares S&P Global Healthcare Sector	IXJ	975	350	16.46	46.84	47.03	(0.40)	1.1	(5.4)	
iShares S&P Global Tech Sector	IXN	2 925	150	7.20	47.75	47.98	(0.48)	9.1	(14.4)	
iShares S&P Global Telecom Sector	IXP	1 825	300	12.22	40.65	40.72	(0.17)	6.1	(21.3)	
Merrill Lynch HOLDRS										
HOLDRS B2B Internet	BHH	24 500	14 330	52.74	3.87			8.7	(24.6)	(42.6)
HOLDRS Biotech	BBH	830 500	11 760	1 386.56	98.56			10.1	(25.3)	(26.0)
HOLDRS Broadband	BDH	43 125	7 911	96.20	11.75			12.3	(28.8)	(57.3)
HOLDRS Europe 2001	EKH	825	380	22.52	58.05			4.7	(10.5)	(27.5)
HOLDRS Internet	HHH	28 725	4 488	127.29	28.45			14.7	(17.7)	(39.2)
HOLDRS Internet Architecture	IAH	11 475	3 142	98.99	30.90			9.6	(19.4)	(36.8)
HOLDRS Internet Infrastructure	IIH	27 850	7 248	31.89	3.32			18.6	(46.7)	(75.4)
HOLDRS Market 2000	MKH	5 750	2 379	137.19	54.96			6.4	(9.4)	(23.9)
HOLDRS Oil Services	OIH	379 550	4 388	272.48	70.07			(3.5)	15.1	(25.6)
HOLDRS Pharmaceutical	PPH	74 775	5 790	564.66	87.28			2.0	(10.8)	(14.0)
HOLDRS Regional Bank	RKH	27 000	799	89.40	123.45			3.7	10.6	8.6
HOLDRS Retail	RTH	55 800	586	57.78	99.80			5.4	3.4	
HOLDRS Semiconductor	SMH	1 564 225	13 607	547.95	44.10			13.7	5.4	(13.4)
HOLDRS Software	SWH	76 000	2 674	103.44	34.66			10.6	(23.3)	(37.6)
HOLDRS TeleBras	TBH				29.27			5.7	(26.8)	(42.8)
HOLDRS Telecommunications	TTH	33 475	5 546	216.75	33.66			8.4	(23.9)	(37.3)
HOLDRS Utilities	UTH	39 700	1 269	110.55	85.40			(5.5)	(5.0)	(24.6)
HOLDRS Wireless	WMH	11 025	1 100	49.66	42.09			11.0	(28.2)	(40.4)
Statistics for shares outstanding and net assets are based on Feb-28-2002 data										
Morgan Stanley BOXES										
Biotech BOXES	BXB	Trading began Mar-20-2002								
Pharmaceutical BOXES	RXB	Trading began Nov-21-2001								
S&P Depositary Receipts (SPDRs)										
S&P 400 MidCap SPDR	MDY	932 625	76 305	7 633.55	100.00	100.05	(0.05)	3.5	7.9	3.1
SPDR Basic Industries	XLB	132 725	14 300	344.34	24.11	24.08	0.14	2.6	13.0	0.8
SPDR Consumer Services	XLV	40 200	6 000	182.04	30.27	30.34	(0.23)	4.1	12.3	0.8
SPDR Consumer Staples	XLP	76 150	13 650	344.25	25.16	25.22	(0.22)	1.2	(0.9)	(2.3)
SPDR Cyclical/Transportation	XLY	157 350	7 150	216.22	30.25	30.24	0.03	5.7	5.8	6.5
SPDR Energy	XLE	122 175	14 800	411.44	27.76	27.80	(0.13)	0.8	4.3	(18.5)
SPDR Financial	XLF	222 800	21 053	575.17	27.33	27.32	0.02	4.6	4.3	(2.2)
SPDR Industrial	XLI	44 800	9 300	244.59	26.26	26.30	(0.16)	4.8	(5.2)	(17.0)
SPDR Technology	XLK	473 550	53 700	1 071.85	19.94	19.96	(0.09)	10.8	(16.9)	(32.4)
SPDR Utilities	XLU	33 100	6 350	164.72	25.96	25.94	0.10	1.6	(7.4)	(20.2)

Fund Name	Ticker	Volume	Shares (000)	Net assets (million)	Price	NAV	Spread (%)	Return 1 Week	Return YTD	Return 1 Yr
streetTRACKS (State Street Global Advisors)										
Dow Jones series										
DJ Global Titans	DGT	4 300	400	25.00	62.16	62.51	(0.56)	4.9	(7.1)	(16.9)
DJ US Large Cap Growth	DSG	7 275	400	25.54	64.05	63.86	0.29	5.5	(12.7)	(20.0)
DJ US Large Cap Value	DSV	10 800	450	64.45	142.80	143.22	(0.29)	1.3	12.3	17.5
DJ US Small Cap Growth	ELG	3 850	400	19.19	47.60	47.97	(0.77)	7.6	(12.0)	(27.5)
DJ US Small Cap Value	ELV	550	450	55.33		122.96		1.8	(3.6)	(8.5)
Sectors										
FORTUNE 500	FFF	9 775	950	75.76	79.81	79.75	0.07	4.6	(2.6)	(12.2)
FORTUNE e-50	FEF	4 325	300	8.02	26.51	26.73	(0.81)	10.7	(22.0)	(38.6)
MS Internet	MII	13 400	500	4.78	9.46	9.56	(0.99)	11.3	(29.8)	(54.6)
MS High Tech 35	MTK	27 300	1 650	69.53	41.91	42.14	(0.53)	10.4	(18.0)	(31.0)
Wilshire REIT Index Fund	RWR	2 525	200	25.22	125.94	126.09	(0.12)	1.3	6.1	
VIPERs (Vanguard)										
VIPERS Total Stock Market	VTI	142 700	13 918	1 443.30	103.73	103.70	0.03	3.0	(1.3)	
VIPERS Extended Market	VXF	2 900	301	18.67	61.99	62.02	(0.05)	1.2	3.3	

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	135 583	3 648	130.96	35.00	35.90	(2.51)	0.9	(6.5)	
DJ Stoxx 50 LDRS	EUN1	27 829	11 600	406.93	35.00	35.08	(0.23)	0.9	(4.9)	
DJ Euro Stoxx 50 Ex	SX5E	1 256 293	17 089	624.61	36.14	36.55	(1.12)	3.5	(6.0)	
Fresco Euro Stoxx 50	FSEU50	329 290	2 000	71.56	36.10	35.78	0.89	1.7		
DJ Euro Stoxx 50 LDRS	EUN2	504 145	30 500	1 092.82	34.43	35.83	(3.91)	3.1	(6.7)	
FTSE 100	UKXEX GY	Data not available at press-time								
Fresco DJ UK Titans 50	FRC6									
SMI Ex	SMIEX									
European sector indices										
DJ Euro Stoxx Banks	SX7E	9 779	389	11.80	30.10	30.35	(0.82)	0.7	10.7	
DJ Stoxx 600 Banks	SX7P	28 244	1 501	59.28	39.60	39.50	0.25	2.1	8.5	
DJ Euro Stoxx Technology	SX8E	7 506	651	26.54	39.20	40.75	(3.80)	2.9	(20.8)	
DJ Stoxx 600 Technology	SX8P	13 081	901	29.24	32.30	32.45	(0.46)	8.4	(24.9)	
DJ Euro Stoxx Healthcare	SXDE	64	150	7.02	46.10	46.66	(1.20)	2.4	(12.3)	
DJ Stoxx 600 Healthcare	SXDP	149	300	12.98	43.55	43.25	0.69	1.3	(1.7)	
DJ Euro Stoxx Telecommunications	SXKE	14 562	362	13.64	37.15	37.71	(1.49)	3.2	(22.8)	
DJ Stoxx 600 Telecommunications	SXKP	47 527	961	23.98	24.70	24.95	(1.00)	6.4	(29.4)	
Unico MSCI Europe Cons Discretionary	UNMSECD	Data not available at press-time								
Unico MSCI Europe Cons Staples	UNMSECS									
Unico MSCI Europe Energy	UNMSEEN									
Unico MSCI Europe Financials	UNMSEFI									
Unico MSCI Europe Health Care	UNMSEHC									
Unico MSCI Europe Telecom	UNMSETS									
Global & US indices										
DJ Global Titans EX	DJGTEEX	Data not available at press-time								
DJ Industrial Average	DJIEX									
Fresco DJ Industrial Average	FRC2									
Fresco DJ US Tech	FRC4									
FTSE Global Autos LDRS	LDRA									
FTSE Global Banks LDRS	LDRB									
FTSE Global Cyclicals LDRS	LDRC									
FTSE Global Energy LDRS	LDRE									
FTSE Global Financials LDRS	LDRF									
FTSE Global Industries LDRS	LDRG									
FTSE Global Basic Indus LDRS	LDRI									
FTSE Global Media LDRS	LDRM									
FTSE Global Non-Cyclicals LDRS	LDRN									
FTSE Global Pharma LDRS	LDRP									
FTSE Global Tech LDRS	LDRQ									
FTSE Global Telecoms LDRS	LDRT									
FTSE Global Utilities LDRS	LDRU									
Unico MSCI World	UNO1									

14▶

Fund Name	Ticker	Volume	Shares (000)	Net assets (million)	Price	NAV	Spread (%)	Return 1 Week	Return YTD	Return 1 Yr
Euronext Amsterdam										
Dutch market index										
streetTRACKS AEX Index Fund	AEXT	23 726	1 050	54.00	50.80	50.99	(0.37)	1.11	0.45	
European market indices										
DJ Stoxx 50 LDRS	EUN	158 434	30 500	1 093.00	36.18	35.83	0.98	2.46	(5.91)	(17.42)
DJ Euro Stoxx 50 LDRS	EUE	17 137	11 600	407.00	35.57	35.08	1.40		(5.24)	(15.98)
iShares FTSE 100	ISFA		52 220	281.00		5.38			2.96	
iShares FTSE Euro 100	IERA		6 152	66.00		10.70			(3.72)	
iShares FTSE EuroTOP 100	IETA	1 875	780	22.00		27.75			(3.34)	
streetTRACKS MSCI UK	STUK		100	3.00		32.19			1.39	
European sector indices										
iBloomberg European Cyclicals	IBCA		2 850	28.00		9.71			4.82	
iBloomberg European Financials	IBF		2 250	19.00		8.40			1.39	(10.83)
iBloomberg European Industrials	IBIA		2 400	22.00		9.00			7.20	
iBloomberg European Pharmaceuticals	IBP		2 400	23.00		9.38			(2.72)	(10.03)
iBloomberg European Technology	IBQ	20	2 400	12.00		5.02			(15.25)	(40.67)
iBloomberg European Resources	IBRA	2 400	2 400	26.00		10.69			12.53	
iBloomberg European Staples	IBSA		2 400	23.00		9.72			4.69	
iBloomberg European Telecoms	IBT	28	3 262	13.00		3.89			(27.43)	(48.42)
Global indices										
FTSE Global Autos LDRS	TGA		200	12.00		60.24				
FTSE Global Bank LDRS	TGB		2 900	149.00		51.32				
FTSE Global Cyclical LDRS	TGC		500	25.00		49.82				
FTSE Global Energy LDRS	TGE		1 300	69.00		52.72				
FTSE Global Financials LDRS	TGF		2 400	98.00		40.84				
FTSE Global Gneral Industries LDRS	TGG		800	35.00		43.89				
FTSE Global Basic Indus LDRS	TGI		300	16.00		53.80				
FTSE Global Media LDRS	TGM		600	25.00		42.15				
FTSE Global Non-Cyclical LDRS	TGN	800	900	55.00		61.22				
FTSE Global Pharmaceuticals LDRS	TGP		700	29.00		41.78				
FTSE Global Tech LDRS	TGQ	800	1 900	59.00	31.33	30.86	1.52			
FTSE Global Telecom LDRS	TGT		1 500	47.00		31.40				
FTSE Global Utilities LDRS	TGU	186	2 300	89.00		38.77				
Euronext Paris										
French market index										
CAC 40 Master Unit	CAC PA	1 149 522	17 520	789.00	44.72	45.04	(0.71)	2.0	(2.0)	(17.4)
European market indices										
Easy ETF DJ STOXX 50	ETE FP	58 056	8 119	29.00		3.61			(5.5)	
DJ Stoxx 50 LDRS	EUN FP	75 234	30 500	1093.00	35.93	35.83	0.28	1.8	(5.9)	(17.4)
DJ Stoxx 50 SM EX	GXN FP	32 000	3 648	131.00	35.65	35.85	(0.56)	2.6	(3.0)	
Easy ETF DJ Euro STOXX 50	ETN FP	14 000	17 421	62.00		3.55			(4.1)	
DJ Euro Stoxx 50 LDRS	EUE FP	2 113	11 600	407.00	35.15	35.08	0.20	1.4	(5.2)	(16.0)
DJ Euro Stoxx 50 Master Unit	MSE FP	1 152 346	15 743	570.00	35.85	36.22	(1.02)	1.6	(4.1)	
DJ Euro Stoxx 50 SM EX	GXE FP	351 200	17 089	620.00	36.17	36.28	(0.30)	1.3	(4.4)	
streetTRACKS MSCI Pan-Euro	ERO FP	11 329	1 500	157.00	104.00	104.94	(0.90)	0.7	(2.2)	
SPDR Euro	SPO.FP	5 190	400	53.00	134.45	133.38	0.80	3.1		
SPDR Euro 350	SPE.FP	8 154	950	117.00	125.10	123.60	1.21	1.8		
European sector indices										
EasyETF Euro Stoxx Banks	SYB FP	8	32	10.00		303.81				
EasyETF Euro Stoxx Energy	SYE FP	405	35	12.00	352.10	353.48	(0.39)			
EasyETF Euro Stoxx Healthcare	SYH FP	3	18	8.00		466.13				
EasyETF Euro Stoxx Industrials	SYI.FP	3 815	30	10.00	315.10	314.94	0.05			
EasyETF Euro Stoxx Media	SYM FP	4 483	49	12.00		252.02				
EasyETF Euro Stoxx Technology	SYQ FP	1 218	26	11.00	405.60	404.40	0.30	5.2		
EasyETF Euro Stoxx Telecom	SYT FP	810	17	6.00	369.50	371.67	(0.58)	6.8		
EasyETF Euro Stoxx Utilities	SYU FP	402	32	9.00	291.00	292.20	(0.41)			
streetTRACKS MSCI Euro Cons. Disc.	STV FP	2 831	800	37.00	46.82	46.72	0.21		0.1	
streetTRACKS MSCI Euro Cons. Stap.	STS FP	35 470	150	8.00		56.09			7.1	
streetTRACKS MSCI Euro Energy	STN FP	603	300	24.00	77.70	78.80	(1.40)	0.9	10.8	
streetTRACKS MSCI Euro Financials	STK FP	721	200	11.00		55.04			2.2	
streetTRACKS MSCI Euro Health Care	STW FP	162	50	3.00		54.92			(0.7)	
streetTRACKS MSCI Euro Industrials	STQ FP	4 887	550	32.00	58.50	58.25	0.43	1.4	6.0	
streetTRACKS MSCI Euro IT	STZ FP	1 310	500	22.00	44.20	43.49	1.63	5.9	(28.8)	
streetTRACKS MSCI Euro Materials	STP FP	9 270	250	18.00		72.49			9.8	
streetTRACKS MSCI Euro Telecom	STT FP	5 809	350	11.00	32.14	32.07	0.22	7.0	(26.3)	
streetTRACKS MSCI Euro Utilities	STU FP	17	250	12.00		46.60			3.0	
US/Global indices										
Easy ETF DJ Global Titans	ETT FP	4 489	3 765	102.00	26.75	27.06	(1.15)	2.6	(11.1)	
DJIA Master Unit	DJE PA	39 100	1 117	127.00	112.30	113.46	(1.02)	1.0	(1.8)	
MSCI US Tech Master Unit	UST FP	92 226	1 700	13.00	7.28	7.43	(2.02)	6.0	(18.6)	

Fund Name	Ticker	Volume	Shares (000)	Net assets (million)	Price	NAV	Spread (%)	Return 1 Week	Return YTD	Return 1 Yr
Finland										
HEX 25	Trading commenced Feb-11-2002									
OM Sweden (SEK denominated)										
XACTOMX	XACT	161 240	9 550	695.00	74.20	72.81	1.91	1.7	(15.6)	(24.6)
Switzerland										
CHF denominated										
XMTCH	XMSMI	76 000	19 660	1 325.18	67.19		0.17	2.6	4.6	(11.1)
SMI EX	SMIEX	110	665	44.53	67.00		0.38	0.8	2.1	0.6
Fresco DJ Japan Titans 100	FDJ100	4 277	716	44.62	62.30		2.04	3.9	7.1	3.8
Fresco DJ UK Titans 50	FDUK50	250	544	28.17	51.80		0.43	1.6	(4.8)	(4.6)
Fresco DJ Industrial Average	FDUSIA	4 652	814	134.95	165.75		0.58	3.0	(3.6)	2.3
Fresco DJ US Large Cap	FDUSLC	17 619	805	63.10	78.35		0.81	3.0	(11.8)	(9.2)
Fresco DJ US Tech 40	FDUSTC	3 369	717	50.89	71.00		0.65	8.0	(21.1)	(19.2)
Fresco DJ Euro Stoxx 50	FSEU50	9 619	1 945	101.15	52.00		0.41	2.7	(8.1)	(4.4)
NB: 12-month return is since launch for products with less than 12 months trading										
Euro denominated										
DJ Stoxx 50 LDRS	EUN SW	49 364	11 600		35.11		0.65	0.4	(5.0)	(17.3)
DJ Euro Stoxx 50 LDRS	EUNE SW	103 165	30 500		35.73		0.55	2.8	(6.3)	(19.4)
United Kingdom (GBP denominated)										
UK market indices										
iShares FTSE 100	ISF	670 252	52 220	274.02	5.30	5.28	0.27			
iShares FTSE TMT	ITMT	1 800	1 820	9.72	5.37	5.38	(0.14)			
European/US market indices										
DJ Stoxx 50 LDRS	EUN		11 600	256.48	22.10	22.10	0.00	2.8	(6.0)	
DJ Euro Stoxx 50 LDRS	EUE		30 500	689.00	22.59	22.59	0.00	3.9	(2.3)	
iShares FTSE Euro 100	IEUR	7 662	6 152	40.93	6.77	6.71	0.95			
iShares FTSE Eurotop 100	IEUT	7 111	780	13.43	17.34	17.36	(0.10)			
iShares S&P 500	IUSA		6 500	45.11						
European sector indices										
iBloomberg Euro Cyclicals	IBEC	754	2 850	17.26	6.08	6.10	(0.36)			
iBloomberg Euro Financials	IBEF	715	2 250	11.72	5.23	5.24	(0.24)			
iBloomberg Euro Industrials	IBEI	8	2 400	13.47	5.63	5.65	(0.40)			
iBloomberg Euro Pharmaceuticals	IBEP	330	2 400	14.06	5.89	5.90	(0.18)			
iBloomberg Euro Resources	IBER	984	2 400	15.87	6.63	6.66	(0.48)			
iBloomberg Euro Staples	IBES	531	2 400	14.51	6.07	6.08	(0.31)			
iBloomberg Euro Telecoms	IBET	178	3 262	7.90	2.44	2.44	(0.16)			
iBloomberg Euro Technology	IBQQ	19 404	2 400	7.55	3.17	3.17	(0.10)			

INTERNATIONAL EXCHANGE-TRADED FUNDS

Fund Name	Ticker	Volume	Shares (000)	Net assets (million)	Price	NAV	Spread (%)	Return 1 Week	Return YTD	Return 1 Yr
Australia (AUD denominated)										
streetTRACKS ASX S&P 200 Index	STW	104 511	4 301	149.95	34.89	34.86	0.09	2.6	0.8	
streetTRACKS ASX S&P 50 Index	SFY	247	803	28.51	34.32	35.52	(3.38)	2.7	0.3	
streetTRACKS ASX S&P 200 Property	SLF	2 821	2 600	37.58	14.44	14.45	(0.07)	(0.3)		
Canada (CAD denominated)										
Canadian market indices										
iUnits S&P/TSE 60 Index	XIU	387 044	94 923	4 152.00	43.70	43.74	(0.10)	0.8	(1.0)	(8.1)
iUnits S&P/TSE Capped 60 Index	XIC	12 489	5 433	263.00	48.35	48.42	(0.15)	1.1	(1.3)	(7.2)
iUnits S&P/TSE Canadian MidCap Index	XMD	4 218	1 596	80.00	50.40	50.37	0.06	0.8	3.6	(3.4)
SSgA DJ Canada 40	DJF	688	4 554	204.16	45.16	44.83	0.74	1.4	(2.1)	(37.2)
TD TSE 300 Index	TTF	2 433	6 568	169.94	25.90	25.87	0.12	0.0	0.0	0.0
TD TSE 300 Capped Index	TCF	50	2 809	84.22	29.66	29.98	(1.07)	1.4	(5.1)	0.0
Canadian sector indices										
iUnits S&P/TSE Canadian Energy	XEG	3 439	1 722	57.00	32.75	32.88	(0.38)	(1.4)	18.4	12.5
iUnits S&P/TSE Canadian Financials	XFN	7 853	1 534	62.00	29.00	29.05	(0.17)	(0.9)	3.9	9.4
iUnits S&P/TSE Canadian Gold	XGD	38 166	2 236	113.00	50.45	50.57	(0.23)	(2.1)	42.5	51.3
iUnits S&P/TSE Canadian IT	XIT	78 186	4 580	34.00	6.25	6.29	(0.60)	7.8	(48.6)	(36.9)
TD Select Canadian Growth	TAG	120	1 954	16.31	8.30	8.35	(0.60)			
TD Select Canadian Value	TAV	60	1 390	23.17	16.55	16.66	(0.66)			
Fixed income										
iUnits Canada 5-year Govt Bond	XGV	7 632	3 598	99.00	27.65	27.62	0.09	(0.2)	0.7	1.7
iUnits Canada 10-year Govt Bond	XGX	3 602	2 842	74.00	26.15	26.10	0.19	(0.2)	0.4	1.9

16▶

Fund Name		Ticker	Volume	Shares (000)	Net assets (million)	Price	NAV	Spread (%)	Return 1 Week	Return YTD	Return 1 Yr
Canada *(continued)*											
US/Global indices											
iUnits S&P500 RSP		XSP	50 391	6 045	109.00	17.25	17.16	0.50			
iUnits MSCI International Equity RSP		XIN	19 586	1 788	43.00	20.75	20.49	1.28			
Hong Kong (HKD denominated)											
TraHK		2800	4 804 000	2 500 993	3 175.63	12.05	12.07	(0.12)	3.0	5.2	(12.4)
iShares MSCI China Tracker		2801	87 400	23 000	416.76	18.00	18.12	(0.66)	3.4	7.8	
India											
Nifty Benchmark Exch-Traded Scheme		Trading commenced Jan-8-2002									
Israel (ILS denominated)											
TALI 25		TALI	718	496	1 921.52	798.65	795.14	0.44	3.8	(14.2)	(8.7)
Mexico (MXP denominated)											
NAFTRAC		Trading commenced Apr-16-2002									
Japan (JPY denominated)											
Tokyo Stock Exchange											
Nikkei 225	iShares	1329	0	835	77.52	11 700	11 891	(1.61)	0.5		
	Nikko	1330	183 834	6 638	616.38	11 900	11 893	0.06	2.5		
S&P/Topix 150	iShares	1315	0	4 501	35.23		1 003				
Topix	Daiwa	1305	90 880	105 919	922.44	1 117	1 116	0.13	2.4		
	Nomura	1306	628 280	526 205	4 514.16	1 115	1 099	1.47	2.4		
	iShares	1307	120	15 091	131.35	1 100	1 115	(1.34)	(0.5)		
	Nikko	1308	139 000	19 993	173.98	1 120	1 115	0.48	2.4		
Topix Core 30	Daiwa	1310	5 780	2 413	15.64	836	830	0.68	3.3		
	Nomura	1311	11 060	5 000	32.33	829	828	0.10	2.3		
Topix Sectors	Banking: Daiwa	1612	35 200	10 200	16.84	213	212	0.70	4.4		
	Banking: Nomura	1615	209 040	20 007	32.77	213	210	1.53	4.4		
	Elec App: Daiwa	1610	6 940	1 024	15.72	1 970	1 967	0.13	3.1		
	Elec App: Nomura	1613	8 940	3 000	46.05	1 959	1 966	(0.35)	2.4		
	Transport: Daiwa	1611	1 260	1 014	12.70	1 621	1 604	1.04	4.1		
	Transport: Nomura	1614	120	2 000	24.97		1 599				
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		TNZ	104 717	95 268	89.23	0.92	0.94	(2.13)	1.5	16.9	1.3
NZ Mid Cap Index		MDZ	13 928	14 232	28.89	2.04	2.03	0.49	(0.3)	16.3	15.3
Australian 20 Leaders Index		OZY	60 585	59 564	145.21	2.46	2.44	0.82	1.4	13.5	(4.2)
AMP Investments' World Index		WIN	164 078	452 057	700.67	1.66	1.55	7.10	0.0	(5.1)	(28.0)
Singapore											
streetTRACKS Straits Times Index		Launched Apr-17-2002									
South Africa (ZAR denominated)											
SATRIX 40		STX40	84 030	364 492	4 082.02	11.23	11.20	0.27	0.3	4.1	21.5
SATRIX Industrial Index		STXIND	736 528	99 288	764.52	7.70	7.69	0.08	(0.3)	9.7	
SATRIX Financial Index		STXFIN	1 290 421	207 737	839.26	4.04	4.06	(0.38)	(1.2)	20.2	

Volume shows average daily volume for the week ending May-17-2002; **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 May-17-2002. **Sources include** Wiesenberger/Thomson Financial, fund managers, MAR research and other sources.

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