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Poor timing plagues NYSE's Global 100


By Philip Scipio

It has been more than eight months since the New York Stock Exchange launched its first exchange-traded fund, the iShares S&P 100 Global Index Fund, or IOO. The product opened to great fanfare, and was heralded as a product worthy of the Big Board.

"With 76 of the S&P Global 100 companies listed on the NYSE and representing a combined global market capitalization exceeding \$7 trillion, it is only natural the iShares S&P Global 100 ETF trade on the NYSE," said NYSE chief executive Richard Grasso at the time.

"Today's investor is increasingly aware that the global economy presents opportunities for global investment," added Leo O'Neil, the president of Standard & Poor's. "The S&P Global 100 Index was created with this fact in mind."

And Lee Kranefuss, chief executive of BGI's Individual Investor Group, chimed in: "With the iShares S&P Global 100, investors have one-stop access to companies around the world."

As it turns out, not a whole lot of investors want one-stop access to companies around the world. With the US market in turmoil, investors have their hands full trying to figure out what is happening with their domestic holdings, says Kevin McNally, an analyst with Salomon Smith Barney. 

Optimization: A better mousetrap

By Marsha Zapson

Optimization, in its purest sense, seeks to reproduce the return of an index by holding a lesser number of securities in a product tracking that index. For exchange-traded funds, optimization techniques are used to eliminate tracking errors rather than to boost returns, says Herbert Blank, principal of New York-based QED International. In comparison, mutual funds will optimize in an attempt to beat a benchmark.

Within the ETF arena, there are ETF structures that prohibit optimization, namely, Unit Investment Trusts. "The two ETFs we manage, the MidCap Spider (ticker: MDY) and the QOQ, are UITs and must therefore fully replicate the S&P 400 and Nasdaq 100, respectively," says Joe Keenan, vice president of the Bank of New York.

Similarly, State Street Global Advisors, which manages the venerable Spider and the Diamonds, must replicate the underlying indices stock for stock because these two funds are UITs. But beyond these two, SSgA does not optimize any of its ETFs, even though it could. "Obviously we have the flexibility to do so in the open-ended funds—ETFs other than Spiders or Diamonds," says James Ross, an SSgA principal. "But we believe, based on the indices we have, that full replication allows us to come the closest to returning the index, and that's the goal of these products."

Ross points out that optimization in itself isn't a bad thing or a good thing. "Performance can be better than, the same or worse than the index depending on the technique used," he says. "None of these funds allow optimization to the point of making a bet on one stock, but it offers more portfolio management decision-making ability than a unit trust. The goal is still the index; it's just a question of how you get there."

One problem inherent in optimization is how it affects investors who go long or short the fund, says Ross. If the fund outperforms the index, those who go short will lose money; if it underperforms, those who are long lose money. "Most investors, particularly large institutional ones, who invest in ETFs are looking for predictability of returns, meaning they want the fund to return the index," says Ross. "Nothing more, nothing less."

Global perspectives

By Elise Coroneos

In August, the Deutsche Börse announced that it will launch a new trading platform to accommodate the underlying US stocks of the Dow Jones Industrial Average, the Dow Jones Global Titans 50, the S&P 100 and the Nasdaq 100. The platform, to be known as the Xetra US Stars, will trade some 210 US stocks in euros starting September 14.

The exchange's move is significant for ETFs based on these indices that trade on European markets because of the facilitation of more timely index values, improved price discovery, greater liquidity and lower spreads that are expected to result. Although there are ETFs based on all four indices, so far only two of the indices, the Dow Jones Industrial Average and the Dow Jones Global Titans 50, are used as the basis for ETFs in Europe.

These ETFs are the new Indexchange-issued fund known as the Dow Jones Global Titans 50 Ex, which was launched on the Deutsche Börse XTF segment on August 17; and the AXA issued EasyETF Global Titans (ticker: ETT) and the Société Générale-issued ETF called the Dow Jones Industrial Average Master Unit (ticker: DJE FP), both of which trade on the Euronext Paris.

The introduction of the new trading platform effectively means that price calculations for US stocks in the affected indices will be extended from 6.5 hours to 13 hours. The DJIA contains 30 US stocks, while the Dow Jones Global Titans 50 currently contains 27 US stocks, 20 European stocks and three Japanese stocks.

Although the majority of these indices' European and Asian stocks are already traded in the US market as ADRs listed on the New York Stock Exchange, their underlying US stocks have not been traded during European trading hours in a liquid fashion.

Cost benefits

US stocks have been able to be traded in Europe in the past, but this has been in the form of a cross-border trade in US dollars, thereby necessitating a higher cost structure. The average cost for trading US stocks under the old system was €4.25.

Under the new system, US stocks have been granted listing authorization from the German regulatory body equivalent to that of the US Securities and Exchange Commission, and will therefore be traded at the German price standard for a retail order of up to €25,000, which is €1.50 per order.

"On the US Stars platform, you will be trading in euro, in a transaction that is not regarded to be a cross-border transaction," says Candice Adam, a spokesperson for the Deutsche Börse. "So you are paying the same as you would to trade standard German stock issues."

In addition to a price benefit, there will also be greater flexi-

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Trading on the ETF will
be effectively more
liquid and individual
spreads will tighten
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bility to trade more often. Until now, US stocks have been able to be traded only as "one option only." This means that there is a once per day trading option, which provides little flexibility to market makers.

Markets moving together

To date, European ETF market makers have had only the New York closing value of individual stocks from the previous day with which to price their product.

Under the new system, according to Mike Petronella of Dow Jones Indexes, ETF managers should have a much better pricing mechanism for their funds. "People with ETFs on the Dow Jones Industrial Average and the Dow Jones Global Titans 50 will be able to price their baskets more accurately so they will have a better fair value," he says. "It also gives the arbitrageurs the ability to correct price discrepancies.

"The benefit to any market participant is that they have better price discovery for the index itself. Other than pricing the index just on European components, we are now able to price the index on its European and its US components. To us as the index provider, it certainly makes the index more valuable."

The real benefit, according to Petronella, is the greater trading volume and liquidity that will result from more accessible trading. "The advantage is that because the underlying stocks are now coming into continuous trading, trading on the ETF will be effectively more liquid and their individual spreads will tighten," he says.

US markets experts have been employed to continuously quote binding bid and ask prices at a minimum of €50,000 per quote. These experts include Goldman Sachs and Morgan Stanley, as well as three German-based companies.

"We say that in order for indexes to work very well, you need all three pieces moving," says Petronella. "Those three pieces being the basket, the underlying stocks, and the derivatives. And that is exactly what we will now have on the Deutsche Börse."

Further expansion

While the new developments at the Deutsche Börse have facilitated ease of trading for US stocks, the exchange is still working on the launch of a trading platform for Asian stocks. A move that would create further liquidity for global ETFs such as the Dow Jones Global Titans 50. Although the project is well underway, a launch date is yet to be announced.

In order to capitalize on its expected ability to create a more liquid market within which ETFs can trade in Europe, the Deutsche Börse has confirmed that it plans to list an ETF based on the Dow Jones Industrial Average in the near future. This will be the third ETF based on this index, the others being the DJIA Diamond (ticker: DIA), and the Société Générale-issued Master Unit (ticker: DJE). ❖

Asia: An update

By Marsha Zapson

Since May, when Asia saw a barrage of ETF activity, first with two iShares (iShares MSCI South Korea and iShares MSCI Taiwan) listed under a trading-only agreement on the Hong Kong Exchange, and then with five cross-listed ETFs (Spider, Diamonds, iShares S&P 500, iShares Dow Jones US Technology and iShares MSCI Singapore) on the Singapore Exchange, trading has been “chugging along at the same pace it has been for months,” says Mark Roberts, product strategist for Barclays Global Investors in Tokyo.

Yet the Hong Kong Tracker consistently defies moderation, becoming Asia’s success story to date (*see ETFR, April 2001, page 4*). It continues to hold some of the largest assets of any ETF trading outside the US, and, as *ETFR* goes to press, it is the second most traded ETF globally. (The QQQ retains its preeminent place unchallenged.) The news here, however, is the launch of Japan’s ETFs and the imminent launches planned by both BGI and State Street Global Advisors in Asia.

Finally to market

When BGI finally launched its iShares TOPIX, it was beaten to market by Nomura and Daiwa, which had also launched ETFs on the same index. This progression of launches in Japan is a tale in itself. It began this past spring when US and Japanese players were given a chance to attain par with one another as sponsors awaited Tokyo’s revised rules affecting ETF launches.

When the revised regulations were finally disseminated, they were, as most regulations are, fairly vague. Yet within two days, all three of the local groups had filed registration statements for their ETFs. “I think State Street and BGI were both completely dumbfounded,” says Roberts. “How could they launch with so many details as yet unknown?”

The Japanese firms rushed product to market as soon as legally possible with light documentation on some details—and then immediately suspended creations/redemptions, says Roberts. The in-kind creation/redemption process is what keeps ETFs running efficiently, and is one essential characteristic of their design. “It seems as though the Japanese sponsors launched as quickly as legally possible, and then gave themselves 60 days to actually figure out how to run ETFs,” says Roberts.

The broker-dealer community understands that there will be no creations or redemptions in any of the Japanese ETFs for 60 days from launch. As a result, the market has product that looks and acts very much like a closed-end fund. All that being said, however, “it trades just fine; and as long as everyone is comfortable with the components and the values, it should trade close to fair value—assuming there is no market test, no large up or down swings,” says Roberts.

When BGI finally launched its ETF August 22, it attracted the lion’s share of assets and volume on its first day of trading.

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The iShares product had some \$241.3 million in assets with a volume of 3.3 million, while Nomura’s version had some \$222 million in assets and 1.1 million in volume, and Daiwa’s had some \$115.8 million in assets and 273,500 in volume.

Given that launches attract a volume that often slackens thereafter, Nomura’s TOPIX ETF traded about 1.3 million shares on its launch, July 27, says Roberts. “The iShares TOPIX volume is the largest single-day trading volume for any ETF in Japan’s short ETF history; after that comes

Nomura’s Nikkei 225 ETF, which traded 1.8 million on launch.”

While there’s a definite nationalist element at play in Japan, there is a significant segment of the Japanese equity market that’s non-Japanese, he says. “Global broker-dealers like Morgan Stanley, Goldman Sachs and Deutsche all have a presence here, and they may well be happier trading a BGI or SSgA product than a Nomura product,” he says. “They’re not in competition with BGI or SSgA, but may be with Nomura.”

SSgA makes inroads

As SSgA nears launch of its Japanese ETFs, it has already positioned itself in Australia with the launch of StreetTRACKS S&P/ASX 50 and StreetTRACKS S&P/ASX 200 on August 27. These two ETFs track the top 50 and 200 companies, respectively, and are the first in a series SSgA plans to launch down under, says Gus Fleites, an SSgA principal.

These will be the first two products SSgA has launched in Asia since the Hong Kong Tracker in 1999, but SSgA also plans to launch the StreetTRACKS Straits Times Index in Singapore early September, says Fleites.

Apparently earlier this year, Solomon Smith Barney launched an ETF against the S&P/ASX 100 Index in Australia; it carries a very high expense ratio (just shy of 100 basis points) and doesn’t have an in-kind create and redeem mechanism, which may owe to regulatory issues at the Australian Exchange. This lack has led to lively discussions as to whether it’s really an ETF.

“SSgA’s Australian ETFs have all the bells and whistles that a traditional ETF has,” says Fleites. In addition, it has a very aggressive expensive ratio, especially compared with Australia’s Unit Trusts. Fleites predicts that the Australian ETFs will attract investors similar to other ETF launches: It will build slowly and initially attract institutional investors.

Interestingly, there are four ETFs quietly trading on the New Zealand Stock Exchange, the first of which launched in 1996. New Zealand’s ETFs were designed after extensive exchanges with those who put the Spider together at the Amex. New Zealand’s ETFs track the New Zealand market at the top and midcap levels, the Australian market at the top level and the world market, says the NZSE. ❖

Underlying market strength drives returns

By Elise Coroneos

ISHARES MSCI MEXICO (FREE)

| | |
|--------------------------------|--|
| Current market capitalization | US \$47.6 million as of July 31 2001 |
| Launch date | March 12, 1996 |
| Average daily volume | 51,905 shares (1/2/01-8/21/01) |
| Average value of daily trading | \$793,576 Price times volume for 120 days (prior to 8/21/01) |
| Listing price | \$9.95 |
| Each share | US \$15.87 as of July 31, 2001 |

Service Providers

| | |
|-----------------------|---------------------------|
| Trustee and custodian | JP Morgan Chase |
| Investment advisor | Barclays Global Investors |
| Index provider | MSCI |
| Distributor | SEI |
| Expense ratios | 84 basis points per annum |
| Shares outstanding | 3,000,030 |

The top 10 holdings in the iShares MSCI Mexico (Free) as of July 31, 2001:

| | Weightings (%) |
|---------------------------------|----------------|
| Stocks | (%) |
| TELEFONOS DE MEXICO SA-SERIES L | 24.15 |
| AMERICA MOVIL SA | 13.77 |
| GRUPO FIN BANACCIO | 9.59 |
| WALMART DE MEXICO | 6.02 |
| CEMEX SA DE CV-SERIES CPO | 5.18 |
| GRUPO TELEVISA SA-SERIES CPO | 4.91 |
| FEMSA UBD | 4.47 |
| GRUPO FIN BBVA BANCOMER SA | 4.46 |
| KIMBERLEY CLARK DE MEXICO SA | 3.77 |
| GRUPO CARSO A1 | 3.29 |
| Top 10 Stocks | 79.61 |

Launched on March 12, 1996, the iShares MSCI Mexico (Free) was one of the original WEBS, or World Equity Benchmark series, which included 17 foreign country index portfolios tracking the indices of Morgan Stanley Capital International. The introduction of the WEBS provided US investors with a cost-effective way to gain exposure to foreign countries not served by most closed-end funds or traditional mutual funds.

This suite of products, including the iShares MSCI Mexico (Free), was rebranded from WEBS to iShares on May 9, 2001, in order to create coherency across the iShares family. As a result of this changeover, the expense ratios for the country ETFs dropped from an average of 110 basis points to 84 basis points.

Of all the single-country-based ETFs offered to investors, the iShares MSCI Mexico (Free) is riding highest on a year-to-date return of 16.4% as of August 17, 2001. The closest performing country ETF this year to date is the iShares MSCI South Korea, with a return of 16.2%. In third place is iShares MSCI Austria, with a return of 10.7%.

In fact, when compared to all the ETF products tracked by ETFR, the iShares MSCI Mexico (Free) is outperforming all other products on a year-to-date-return basis. The highest return in the sector and broad-based products so far this year has been the StreetTracks DJ US Small Cap Value with 13.2%, below that of the iShares Mexico product.

The performance of the fund, according to iShares MSCI Mexico (Free) portfolio manager Feng Ding, has been driven by the strength in the underlying Mexico market. The market's vibrancy has been fueled by last year's election of President Vicente Fox, who has been trying to push through fiscal reforms, she says.

Another factor that has contributed to the performance of the Mexico iShare has been the volatility in markets such as Argentina and Brazil, from which Mexico is considered a safe haven. This has increased the volume of the iShares MSCI Mexico (Free), which has seen an average daily volume of 51,905 shares from the beginning of January to August 21, 2001.

The third factor contributing to the fund's performance has been the presence of significant corporate activity, which has helped to propel the performance of the local market, says Ding. Most important was Citibank's \$12.5 billion acquisition of one of the largest local banks, Banacci, which represented 10% of the Mexico index. The tender offer, which was announced in May and calculated in July, was at a significant premium to the market price of Banacci at the time.

Index methodology

In terms of constructing the MSCI Mexico (Free) index, MSCI employs a five-step approach. The first step is to define the total market and then, second, to sort the market by industry groups and target 60% for inclusion. This process ensures that the index reflects the industry characteristics of the overall market, and permits the construction of accurate regional and composite industry indices.

The third step is to select stocks with good liquidity and

free float. While liquidity is not an absolute measure in the selection of index constituents, it is significant relative to market capitalization and to average liquidity for the country.

The fourth step in the construction of the index is to avoid cross-ownership. Substantial cross-ownership can skew industry weights, distort country level valuations and overstate a country's true market size.

The fifth step is to apply the full market capitalization weight to each stock.

In late June, Barclays rebalanced the whole iShares MSCI series, including Mexico, to track the free-float-adjusted MSCI indices. The move to free-float weight its indices represented a significant shift in terms of the formula for calculating the market capitalization of stocks. While MSCI aimed to implement the change in two phases, the first phase being in November 2001 and the second phase in May 2001, Barclays thought it important to make the switch earlier than necessary.

"We believe that better benchmarks make better funds," says BGI's Ding. "As a result, we thought it was important to transition the iShares, including Mexico, sooner rather than later to provide the transition management tools as well as the exposure management tools for people with a longer time horizon."

Under the free-float methodology, MSCI indices are further refined (beyond the five-step process) to take into account factors affecting the number of shares actually available to investors when the market capitalization is calculated. These factors include block ownership by single individuals, such as founders or venture capitalists; block ownership of stocks by government; and legal restrictions, such as statutory limits on foreign ownership and local disclosure laws.

When the transition to free-float was made, stocks within the iShares MSCI Mexico (Free) index that fell into above categories were excluded from market capitalization calculations. At the time of the transition to free-float methodology, the fund index, which aims to capture 85% of the free-float-adjusted market capitalization by industry, experienced a one-way turnover in securities of 11%.

"The actual transition was managed very carefully, both from a transaction cost perspective and from a tax perspec-

tive," says Ding. "We don't believe that investors are going to be experiencing any tax implications from the transition."

Equity concentration

Moving to a free-float-weighted index was especially important in the case of iShares MSCI Mexico (Free), which has a very high level of equity concentration. The fund is made up of 24 companies, with the top 10 holdings representing a whopping 79.6% of the total net asset value. As of July 31, 2001, the top holdings were Telefonos de Mexico SA-Series L, representing about 24.2% of the fund; America Movil SA, with 13.8%; and Grupo Fin Banaccio, with 9.6%.

Given its high level of equity concentration, the iShares MSCI Mexico (Free) without free-float methodology was particularly vulnerable to the shortcomings of traditional market cap weighted indices. In a traditional market cap weighted index, if a stock joins the index with a full market capitalization weight but a small number of available shares, it can create a squeeze that results in an unnecessarily large price fluctuation.

According to Ding, the high level of concentration necessitates her employing optimization as opposed to full replication to keep the overall equity exposure in line with the index.

"In terms of Mexico, there are some liquidity concerns I have with a couple of names in the index, which are simply difficult to trade," says Ding. "Overall I try to stay away from the extremely illiquid securities because if I hold them in the fund, market makers simply have to pay more to acquire them, which will drive up operational costs."

Of the industries represented in the fund, the top 10 as of July 31, 2001, were Telecommunications, representing approximately 38.0% of the fund; Banking, 14.1%; Merchandising, 10.6%; Beverages and Tobacco, 9.1%; Broadcasting and Publishing, 7.4%; Building Materials and Components, 5.2%; Multi-Industry, 4.7%; Health and Personal Care, 3.8%; Metals - Non Ferrous, 1.6%; and Energy Equipment and Services, 1.6%.

In terms of investor interest, Ding says that the iShares MSCI Mexico (Free) has broad appeal to both institutional and retail investors. "We are aware of a number of investors who utilize the iShares Mexico fund as a mechanism to short the Mexico market," she says. ❖

iShares MSCI Mexico (Free) NAV

Creating an ETF: Let's make a deal

By Philip Scipio

While there may be plenty of room for new exchange-traded funds, the process of creating a new product from scratch can be overwhelming. And though there are reported cases of individuals seeking to enter the lucrative market, going so far as to file for exemptions with the SEC, only well-capitalized firms have been able to make an offering.

In an earlier article (*see ETFR, August 2001, page 6*), a hypothetical ETF manager set out to create a new ETF, choosing

a market niche not already represented and licensing an as-yet unlicensed index, the S&P Broadcast Media Index.

That index is likely to raise at least two red flags at the SEC, according to the S&P's Elliott Shurgin. The S&P Broadcast Media Index has only three companies: Univision accounts for 10%, while Clear Channel and Comcast each account for about 45%. "An ETF based on a fairly narrow index may run into issues with respect to being too heavily concentrated in a particular security," he says. The narrow index will also present problems when it's time to market the new product to brokerage firms.

The second problem is that the index will likely not exist beyond 2001, when the S&P will create new industry categories. At the end of this year under the Global Industry Classification standard, many of the S&P's current indices will be folded into broader categories. But until that happens, the index is still fair game and the upstart manager presses ahead, securing a licensing agreement.

The manager's next step is to select an exchange. With the bulk of ETFs being listed on the American Stock Exchange, not to mention the exchange's new ETF services unit, the upstart not surprisingly chooses the Amex.

The manager then has to file for exemption from certain provisions of the Investment Company Act of 1940 and the 1934 Act with the SEC division of investment management. At the same time, the exchange has to file for certain exemptions with the SEC division of market regulation to list the product. On the exchange side, however, filing for and receiving exemptions has become pretty routine and automatic, says Nuveen's Gary Gastineau.

Within the SEC, between the two divisions, the market regulation division has a greater concern about the index, the weightings of the stocks in the index and the liquidity of the stocks in the index. The investment management division, on the other hand, is primarily concerned with the index as it pertains to the makeup of the new ETF—What will a fund based on a certain index look like?

Fully replicating or optimized?

Two primary structures are used for ETFs: exchange-traded, open-ended index mutual funds and unit investment trusts. The open-ended structure allows the fund to lend shares and to use sampling techniques to create optimized portfolios. The

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No index...
no
market
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unit trusts have to fully replicate the stocks in the index being tracked and cannot lend any of the stocks in the portfolio.

"When choosing the index, you have to decide if you want the portfolio to be optimized or to replicate the index," says Barclays' Tom Taggart. Although it seems easy, there is a lot of work involved in closely tracking an index, accounting for all the events that occur day in and day out that affect weights, and making substitutions in the index, he says.

Given the relatively tight parameters of the broadcast index, the upstart manager has decided to strictly follow the index. The next steps come in close succession. The first is to arrange for the principle service provider, which will likely be one of three or four banks that are in the business of providing various services to issuers, including IBT, State Street and Bank of New York. The second is filing a registration statement with the SEC, not unlike the statement for conventional mutual funds. It helps to have a fleet of lawyers during the process, says Taggart.

In most cases, one bank acts as sole service provider—including being the custodian for the securities and transfer agent responsible for the creation redemption process, says Gastineau. "You have only one shareholder—the depository trust company—so you don't have shareholder accounting at the fund level." The bank will also take care of the fund accounting, the daily pricing, tax loss accounting—everything that has to get done on the operations side, he says.

But the issuer still needs to know the tax loss in each security and the cumulative realized and unrealized gains and losses throughout the portfolio. For that there has to be near flawless systems integration between the issuer and the principal service provider to ensure that the issuer is getting back the portfolio accounting information and the tax loss accounting information.

Creating interest

Assuming that the exemption filing doesn't get comment from the SEC requesting additional information and the integration process between the issuer and the principal service provider is complete, it's time to create interest among financial services firms.

From dealing with the SEC to securing a licensing agreement to negotiating listing on an exchange and a deal with service providers, the startup process is personnel intensive, requiring lawyers, accountants and finally pitchmen.

"You have to arrange meetings and get the interest financial services firms that will be market makers—people who would arbitrage the product, keeping the fund tracking the index closely willing to create and redeem on behalf of the fund company," says Taggart. "These firms put up seed money and a commitment to make a market in these ETFs. If you have an index that no one wants, they won't do it." ❖

◀¹ Optimization: A better mousetrap

The case for Vanguard

Salomon Smith Barney, in a recent research report on the Vanguard Total Stock Market VIPERs (ticker: VTI), Vanguard's newly launched ETF, points out that that ETF is optimized. VTI is designed to track the Wilshire 5000 Total Market Index, but uses optimization to achieve returns similar to its benchmark, says the study.

The Wilshire 5000 with over 6,500 cap-weighted stocks offers the broadest swatch of US equities, and, as a result, VTI provides the broadest exposure of any ETF to that market. Currently, VTI holds about 3,400 names.

The largest company in the Wilshire exceeds a \$480 billion market cap; the smallest, less than \$1 million. While the fund replicates the larger holdings—since they're very liquid—it eliminates many small caps. For the latter, the fund invests in a sample portfolio that mimics industry weightings, market capitalizations, P/E ratios and dividend yields, says the study.

This optimization will probably lead to some tracking error in VTI, says SSB. But because VTI is a new share class of an existing mutual fund, the study suggests that VTI's tracking error may be similar to the performance of the mutual fund. The Total Stock Market Index mutual fund has had minimal tracking error over time, and "cumulative returns have outpaced the benchmark," says the study.

Echoing SSgA's comments, the study suggests that because many investors short ETFs as a hedge, the outperformance may be less attractive. Still, VTI has attracted substantial assets since launch in May 2001. According to the Amex, VTI has some \$123.7 million in assets and an average volume of about 21,000 for week ending August 17. Out of the 90 odd ETFs trading on the Amex, that exchange ranks VTI 28 in assets and 38 in volume.

VTI has a creation basket of 1,750 securities, and its spread has been surprisingly narrow, around \$0.10, says the study. "Considering that the specialist has been making a market 100,000 shares up and \$0.10 wide, it appears that the creation basket is practical enough to maintain a reasonable market," says SSB. "In fact, since the VIPERs launch, we have seen other ETF specialists tighten their markets in other funds."

As SSB points out, a major concern regarding an ETF with thousands of stocks is the in-kind creation/redemption process, which means that a basket of stocks is deposited or accepted in exchange for ETF shares. The larger the basket, the more complicated this process becomes.

Compliance dictates optimization

Similar to Vanguard, Barclays Global Investors does optimize, although only in certain ETFs. While BGI has iShares tracking some of the largest indices, such as the Russell series or the US Dow Jones Total Market (ticker: IYY), it rarely optimizes in its ETFs tracking domestic indices. Alternatively, it generally optimizes in its ETFs tracking global indices, such as the MSCI series (see *this issues, page 4*) or the new EAFE ETF.

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The goal
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it's just how
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"On the US side of the business, we optimize for one reason, and that's compliance," says Patrick O'Connor, BGI's US portfolio manager. He points to two IRS rules, the 5/50 and the 25% single issuer. In the former, securities representing more than 5% of the portfolio cannot, when combined, represent over 50% of the entire fund. In the latter, no individual component can be greater than 25% at quarter-end.

"The example we use of optimizing an ETF because of the 5/50 rule is the Dow Jones Telecom iShare (ticker: IYZ)," says O'Connor. Because the six top names represent 85% of the index, BGI optimizes. Even in the large funds, like the Russell series or the DJ Total Market, the iShares fully replicate, says O'Connor.

The international iShares are a little more complicated, says Feng Ding, BGI's emerging markets portfolio manager. "Although we optimize most of the international portfolios, we nonetheless try to maintain index-like exposure."

Similar to the US iShares, BGI's international ETFs must also meet diversification requirements. But in addition to diversification, there are three other reasons iShares are optimized: operational ease, liquidity and round lot trades.

For example, the iShares MSCI EAFE, launched in August, contains 800 of the index's 1,040 components, and represents 18 of its 21 countries. "Here, it's not necessary to meet diversification requirements; it's already well diversified," says Ding.

BGI optimizes here to lower the cost of the in-kind creation/redemption process, which because of the number of countries and securities, becomes too cumbersome. "There are names in the EAFE index that are very small," she says.

In iShares MSCI Mexico (Free) (ticker: EWW), the ETF with the highest year-to-date returns, BGI optimizes to meet diversification requirements, says Ding. "That index is quite top heavy, and to limit the number and meet the 5/50 requirement, we have to underweight some securities," she says. "Also, some securities are difficult to trade and costly for the market maker to acquire because they're illiquid. In Mexico, we actually avoid some companies because of liquidity concerns."

And finally, iShares are optimized because of round lots rules, says Ding. Many international markets, such as Japan or Taiwan, permit trades only in round lots of 1,000, thereby making the trading of odd lots cumbersome. "In addition, because some of the smaller index weightings happen to have relatively large share prices, the fund is then overweight in that security," she says. "Because of high price, large lots and low index weights, we cut them from the portfolio."

While optimization is clearly a neutral technique in the ETF arena—because its goal is neither to outperform nor underperform—were it pushed to its logical extreme, it would be this side of actively managed, currently a hot button topic with the Securities and Exchange Commission. "Any ETF that doesn't perfectly replicate the underlying index, is in some way being actively managed," says Keenan. ❖

◀¹ Poor timing plagues NYSE's Global 100

"In addition to that, the Global 100 is just not a widely used benchmark," says McNally. "There are a few things that you need to have a successful ETF. One of the things is volatility, so hedge funds get interested. Another is a popular benchmark, and I guess the Global 100 is not popular."

In stark contrast, McNally is betting that the new ETFs based on the EAFE MSCI Index will be hugely successful. "There's \$300 billion worldwide indexed off of EAFE and \$1.5 trillion benchmarked to it."

The S&P Global 100

When possible, ETFs have been linked to existing indices with strong followings. But the S&P Global 100 was created by Standard & Poor's and the New York Stock Exchange a little less than a year before the Global 100 ETF was launched in December 2000. The index was to track 100 leading companies whose performance is tied to global economic, competitive and industry trends. Far from being popular, it was practically unknown until the product launch.

Some have looked at the IOO as a test of whether an ETF based on an index created specifically for the product can be successful. But it may not be the best test case. "It doesn't speak well for the prospects of freshly created indices as the basis of ETF products, but that is not to say that the method cannot work," says McNally.

"Nuveen is trying to do America's fastest growing companies and that's a little different from what we expect in a small cap index," says McNally. "So, while they have quite a chore ahead of them convincing people that theirs is a better way to run an index, it can be done."

As for the Global 100, McNally says people apparently aren't very interested right now in global indices. "Neither the IOO or the DJ Titans are doing all that well."

Indeed, Addison Capital Management, which constructs and actively manages portfolios using ETFs, has put plans for a global product on hold. At the same time, Robert Levitt of Levitt Capital Management says he has looked at the IOO, but his firm's clients are not interested in global investments. "It's not the time for it, and timing is everything. If we wanted an international ETF, however, the one coming out of Barclays on the EAFE would be more interesting."

IOO daily returns

YEAR-TO-DATE ENDING AUGUST 23, 2001

Source: BigCharts.com

Target audience

From the institutional perspective, global products can be a tough sell, says one market observer who closely follows the IOO. "Most institutions, with their asset allocation models, will pick and choose international securities instead of trying to buy the world in one security. The [IOO] was more of a retail-oriented product to begin with.

"At the end of the day, ETFs are still institutional products. They are using them for transition management, cash management, hedging, etc. Institutions are the ones driving the volume, and the IOO doesn't have the trading volume because it doesn't have an institutional following. If you have a retail-oriented product, you will have light volume and light interest."

There is another drawback for funds with no institutional appeal, said the source. The product must rely on retail interest, but there is no incentive for intermediaries who sell to retail investors to sell the product. "You won't have an army of brokers who are going to go out and sell their clients the Global 100 because there is no compensation. While that is true for all ETFs, when the base is retail oriented, the impact is more pronounced. Those intermediaries are the primary way retail investors buy products, and if there is no incentive to sell, it will die on the vine."

The source notes that nobody knows about the IOO, "and the markets haven't been frothing over with people looking to buy new products." But there have been new iShares products that have fared very well.

In a ranking of iShares products for the period ended July 31, after more than eight months of trading, the IOO is ranked 38 by assets under management with \$49 million. The iShares S&P 100 index, which launched a little more than a month before the IOO, has more than \$215 million. The iShares Nasdaq Biotech fund and the iShares Goldman Sachs GSTI Index fund, both launched after the IOO, have \$157 million and \$87.3 million under management, respectively. Ranking by performance during the three-month period ended July 31, the IOO was ranked 43.

"There was a small stretch a few months ago when it was trading pretty actively, but that was really a couple of customers trading back and forth with each other," says the source. "There's been very little action."

According to the source, it is tough to mar- 12▶

IOO Volume

YEAR-TO-DATE ENDING AUGUST 23, 2001

Source: BigCharts.com

Capital-protected product based on ETF

SG, the investment banking unit of Société Générale, has raised A\$10 million (US\$5.3 million) from about 1,000 investors in its first CaPELS (Capital-Protected, Equity-Linked Securities), launched earlier this year in Australia. Based on the StreetTRACKS Dow Jones Global Titans ETF, SG's CaPELS provides a capital guarantee, but caps returns at 15% per year for the five-year product.

At maturity, the value of the CaPELS will be calculated using an annual compounding model. The formula is the issue price (A\$1,000) multiplied by each of the five annual performances of the fund within the limit of 15% per year. SG calculates the annual performance of the StreetTRACKS ETF on each anniversary of the CaPELS launch.

The product has an exchange rate guarantee to protect against currency fluctuations, and is also listed on the Australian Stock Exchange to provide an exit mechanism. SG says the product is unique to Australia.

New ETF on Dow Jones Global Titans 50

The Dow Jones Global Titans 50 EX began trading on the Deutsche Börse AG's segment for ETFs and actively managed equity funds, the XFT, on August 17. Issued by Indexchange Investment AG, the ETF tracks the performance of the Global Titans 50 index, which includes 27 US stocks, 20 European equities and three Japanese stocks.

The ETF, which is traded in euros, has an expense ratio of 50 basis points. It is the first based on a worldwide index to be traded on the XTF market segment.

In addition, the Deutsche Börse has confirmed that it plans to list an ETF based on the Dow Jones Industrial Average in the near future. It will be the third ETF based on this index, the others being the DJIA Diamond (ticker: DIA), which trades on the Amex, and the Dow Jones Industrial Average Master Unit (ticker: DJE) issued by Société Générale, which trades on Euronext Paris.

BGI rolls out Japan ETF

Barclay's Global Investors launched its iShares TOPIX on the Tokyo Stock Exchange on August 23, saying its ETF had the largest single-day trading volume for any ETF in Japan. BGI's ETF traded 3.3 million shares, compared to Nomura's Nikkei 225 ETF, which traded 1.8 million shares on July 27. The robust volume augurs well for BGI's launch of its iShares S&P/TOPIX 150 on August 29 and iShares Nikkei 225 on September 5.

At present, five other ETFs also trade in Japan—three on the Tokyo Stock Exchange and two on the Osaka Securities Exchange. These ETFs, tracking the Nikkei 225 and Topix indices, were launched in mid-July by Nomura Asset Management, Daiwa Asset Management and Nikko Asset Management, all Japanese firms.

These five ETFs have seen steady increases in volumes. Osaka Securities Exchange's two funds have garnered two-thirds of the Japanese market, trading ¥8.1 billion (US\$65 million) on average each day. The Nikkei 225 ETFs are listed by Daiwa and Nomura.

Tokyo Stock Exchange's ETFs trade around ¥4.1 million daily, but most of this volume accrues to the Nikko-sponsored

fund based on the Nikkei 225. The two funds based on TOPIX indices, which are sponsored by Daiwa and Nomura, barely trade. The reason, said traders, is that the Topix has 1,500 stocks, which presents difficulties in creation and redemption.

Volumes have also been helped by recent volatility in the Japanese equity market. For example, the market dived to 16-year lows at the end of July before bouncing back strongly the next week.

Stoxx derivatives set to spur ETF growth

Stoxx Ltd announced on August 16 that its futures contracts had become the most actively traded equity index products in Europe. A record 15.4 million futures contracts were traded on the Dow Jones Euro Stoxx 50 Index through July 31, 2001, according to Eurex. This is almost double that of the Index's closest competitor, Germany's DAX with 7.7 million contracts. The Dow Jones Euro Stoxx 50 covers the 50 most liquid blue chip companies in the Eurozone.

This is significant for ETFs based on the same index, as a healthy derivatives market creates the ability to control spreads and provide better liquidity using arbitrage. There are currently two issuers of ETFs based on the Dow Jones Euro Stoxx 50. Merrill Lynch is the issuer of the Dow Jones Euro Stoxx 50 LDRS, which trades on multiple European exchanges, and Indexchange is the issuer of the Dow Jones Euro Stoxx 50 Ex.

Furthermore, US investors have accounted for 24.1% of total Dow Jones Euro Stoxx 50 futures volume so far this year, up from less than 5% in 2000. This is promising news for Stoxx, which is reportedly considering a dollar-denominated version of an ETF based on the index. Launched in 1998 to coincide with the newly emerging unified European marketplace, Stoxx Ltd is a joint venture between Deutsche Börse AG, Dow Jones & Co, Euronext Paris SA and SWX Swiss Exchange.

SSgA launches domestic Australian ETF

State Street Global Advisors, expects to launch its first ETFs in Australia on August 27, following release of its ETF prospectus this week. The StreetTRACKS S&P/ASX 50 and StreetTRACKS S&P/ASX 200 are based on the dominant local indices for the Australian equity market, tracking the top 50 and top 200 stocks, respectively. S&P is the index manager.

The ETFs will have fees of 28.6 basis points, significantly lower than Salomon Smith Barney's 90 basis points for its Australian ETF, launched earlier this year. SSGA and the Australian Stock Exchange will allow "in-kind" creation and redemption of units in the funds through contributions or redemptions of the underlying securities in the relevant index, which SSB's ETF does not.

Dow Jones ETFS to see extended trading

Price calculations for US stocks in the Dow Jones Industrial Average and the Dow Jones Global Titans 50 will be extended from 6.5 hours to 13 hours from September 14. ETFs based on the two indices include the Diamond ETF (ticker: DIA), and the DJ Global Titans (ticker: DGT), Société Générale ETF—Dow Jones Industrial Average Master

Unit (ticker: DJE), the SSgA StreetTRACKS ETF (ticker: DJT) and AXA EasyETF (ticker: ETT).

Although the majority of these indices of European and Asian stocks are already traded in the US market as ADRs listed on the New York Stock Exchange, their underlying US stocks have not been traded during European trading hours. The extension of trading in these indices US stocks will be facilitated by the launch of a new segment on the Deutsche Börse, which will start trading US stocks in euros, also on September 14. The segment will contain all the US stocks in the Dow Jones Industrial Average, Dow Jones Global Titans 50, S&P 100 and Nasdaq 100. This totals some 200 US stocks.

Dow Jones Indexes will use the Xetra prices of the US stocks for their two effected indices before the US markets open. This is expected to benefit the affected ETFs by facilitating more timely index values and improved price discovery and liquidity. In Europe at the moment, US stocks underlying an ETF cannot be traded at the same time as the ETF itself is trading.

S&P launches commodity index

Standard & Poor's introduced its new S&P Commodity Index (SPCI) on August 9, and announced the fourth quarter launch of futures and options contracts based on the SPCI on the New York Board of Trade. SPCI measures price changes in a cross-section of agricultural and industrial commodities with actively traded US futures contracts.

SPCI tracks 17 commodities in six sectors including grains, meat and livestock, metals, softs (coffee, sugar, cocoa), fibers and energy. The prices used to calculate the index are real-time futures contracts prices traded in Chicago and New York. SPCI is geometrically calculate—which means it attempts to protect against excessive risk due to large weightings of a single commodity because of short-term price spikes. (Both the Dow Jones-AIG Commodity and the Goldman Sachs Commodity indices, for example, are arithmetically calculated.)

Lee Kranefuss, chief executive of Barclays Global Investors' Individual Investor Business, said in a statement: "BGI is exploring cost-effective investment products based on the S&P Commodity Index, such as an iShares ETF."

BGI brings out EAFE ETF

Barclays Global Investors launched an ETF (ticker: EFA) on August 17, based on the new Provisional EAFE MSCI Index. It will trade on the Amex and will be the first tradable product based on an EAFE index to be offered in the US. The management fee is expected to be 35 basis points. (In comparison, the iShares MSCI series carry 84 basis points.)

The MSCI Provisional Index Series, launched May 31, is designed to facilitate the shift from the old index to the new free float-adjusted one. The old index formally rebalances to the new at the end of November. When completed, the new index will have about 800 companies representing 21 developed markets outside North America and will use optimization techniques. The UK will increase in country weight, rising to 26.2% in the provisional from 21.2% in the standard; France will fall to 9.5% from 11.2%; Germany will decrease to 7.0% from 8.5%; and Italy will decrease to 3.7% from 4.6%.

The new ETF will trade while Asian and European markets

are closed, and the best time to trade it will be as close to open in New York as possible.

CBOT launches DJ-AIGCISM

The Chicago Board of Trade, Dow Jones Indices and AIG Trading Group will launch the DJ-AIGCISM futures contract in the fourth quarter on the CBOT's electronic trading platform, a/c/e. The contract is designed to offer investors the ability to hedge commodity inflation exposure and is based on the Dow Jones-AIG Commodity Index.

The DJ-AIGCI is composed of futures contracts on 20 commodities and is a rolling index. It is composed of commodities traded on US exchanges, excepting aluminum, nickel and zinc, which trade on the London Metal Exchange.

New StreetTRACKS offerings

The total number of ETFs worldwide is now 150 with the recent launch on Euronext Amsterdam of Boston-based State Street Global Advisors' new StreetTRACKS. The management company for the new ETF is State Street Global Advisors France SA.

The new StreetTRACKS is based on an MSCI United Kingdom Index (ticker: STUK NA), and is composed of 111 cap-weighted UK securities with a total market cap of about \$1.6 trillion. In addition, it will be priced in sterling and carry an expense ratio of 0.3%. STUK NA will closely track the MSCI UK Index, and will use the same securities in substantially the same proportions as used by MSCI, although it will employ optimization techniques. The index provides a benchmark representing market opportunities available for institutional investors.

StreetTRACKS, launched September 2000, now lists three ETFs on Euronext (the pan-European exchange started in January that combines the Amsterdam, Brussels and Paris exchanges and will shortly include the Portuguese). STUK NA brings the total StreetTRACKS to 13, and SsgA's total ETF offerings to 26 with assets of about \$39 billion.

UTP volumes from the regionals

As of mid-August, volume for the top three ETFs remain with the Amex. Following are data for Spider, QQQ and Diamond on the various US exchanges that trade them. All figures are supplied courtesy of that exchange. The Spider trades 56% of its volume on the Amex; on the Boston, 1.0%; CBOE, 0%; Cincinnati, 0.6%; Chicago, 3.0%; ECNs, 19.0%; NYSE, 19.0%; and the Pacific, 0.1%.

Similarly, the QQQ, the most traded ETF in the world, trades 34.4% of its volume on the Amex; on the Boston, 2.2%; CBOE, 0.5%; Cincinnati, 2.6%; Chicago, 8.2%; ECNs, 39.9%; NYSE, 1.7%; Pacific, 0.1%; and the Philadelphia, 0.4%.

And finally, the Diamonds' volume on the Amex is 56.0%; on the Boston, 1.3%; on CBOE, 0%; Cincinnati, 0.5%; Chicago, 0.9%; ECNs, 22.0%; and the NYSE, 19.0%.

The NYSE expected to attract trades nearing 35%, and hasn't, as yet, come close. While some lack of interest may be attributable to summer ennui, the upcoming quarter will better indicate if the NYSE's UTP effort will be a successful component of its ETF initiative.

US and Europe: An update

By Marsha Zapson

By mid-August, the number of ETFs worldwide had grown to 174 with 194 discrete listings (some ETFs are cross-listed on multiple exchanges). Of those, 92 are housed in the US (which does not include unlisted trading privileges). Total assets for US ETFs was some \$72.9 billion; and the balance, about \$10 billion, was spread among some 82 ETFs worldwide. These numbers are due to increase exponentially come September.

Of the US ETFs, the Spider, the ETF that launched an industry, is still the largest ETF worldwide, with some \$28.4 billion in assets and 39% market share. Following it is the QQQ, with some \$22.3 billion in assets and 30.6% market share.

After the top two, market share and assets drop off pretty quickly, as the S&P 400 MidCap Spider clocks in with \$4.4 billion and 6.0% market share, followed by the iShares S&P 500, with \$2.7 billion in assets and 3.7% market share. However, year to date, the top performers are the iShares MSCI Mexico (Free), up 19.5%; the Spider Cyclical/Transportation, up 13.3%; streetTRACKS DJ US Small Cap Value, up 11.7%; and iShares S&P Small Cap 600/BARRA Value, up 9.6%.

In Europe through mid-August, ETFs have about \$3.5 billion in assets, which is up slightly from the previous week, says Deborah Fuhr, vice president and head of ETFs for Morgan Stanley & Co in London. There are now some 39 ETFs with 55 separate listings on six exchanges.

The success of ETFs in Europe has been an impressive story, and industry observers suggest that the numerous sponsors and legal jurisdictions have helped launch an industry and cre-

ate an appetite for its products. Europe's ETF arena has created a scenario in which a FTSE-based product in the UK, a CAC-based product in France and a DAX-based product in Germany are all making noise in the same financial markets and media. The result is a compounding of public awareness.

Still, although the national indices attract most of the assets, the most consistently popular ETF is the DJ Stoxx LDRS. This is in part due to the sheer number of Stoxx products offered and to the fact that they trade on exchanges in the Netherlands, the UK, France, Germany and Switzerland. After Stoxx, the CAC 40 logs in as the second largest in Europe; XMTCH on SMI, third; the Master DJ Stoxx Euro, fourth; and the recent MSCI Pan-Euro, fifth. The latter was also the second most heavily traded ETF on Euronext.

There's about \$588 million invested in the DJ Euro Stoxx Ldrs, about \$532 million in the CAC and about \$398 million in SMI. After the Spider, QQQ and MidCap Spider, which are numbers one, two and three, respectively, in assets worldwide, comes the Hong Kong Tracker and the iUnits S&P 60 as fourth and fifth, respectively. The Deutsche Börse's Dow Jones Euro Stoxx is 15 in size, the Nikkei 225 is 16 and the CAC 18.

"Come September, we will have the MSCI Pan-Euro sectors and the FTSE global sectors," says Fuhr. "While I still hear people discussing creating more sector products, some are looking at adding regionals. I think people want to diversify their exposure across Europe, rather than being home based; having that product range is attractive to retail and institutional investors."

ket any new product. But the way Barclays markets an entire line of ETFs, instead of focusing on any one, makes it easy for funds to get lost in the shuffle. Moreover, there's some marketing that could be done by the exchange that isn't being done, the source says. McNally agrees, noting that, the NYSE could do more for the product but doesn't have the marketing capability that the Amex has for ETFs.

Indeed, the fund has been criticized on a number of fronts by a variety of sources on issues ranging from tax efficiency to marketing to other efficiencies.

"There are an awful lot of expenses a fund can have associated with transactions that don't show up in the expense ratio," says Gary Gastineau, managing director at Nuveen Investments. Prior to joining Nuveen, Gastineau helped the American Stock Exchange set up some of the earliest ETFs. "You can have a fund that is prohibitively expensive, like the IOO, without having a particularly high expense ratio. Everyone is looking at the expense ratio, but that's only part of the picture; and some of

the better analysts are starting to look beyond that."

Among the problems Gastineau has with the IOO is the number of clearance and settlement regimes that operate around the fund. He puts that number between six and 10. "It's not a particularly efficient process. It builds up costs for the creator and redeemer, and it builds up costs to a more limited extent inside the fund that are not reflected in the expense ratio."

Barclays' Tom Taggart says that while the IOO may be out of favor with investors now, there is still a place for it.

When the product was originally launched, it was suggested by the exchange that it would be cross-listed on other global exchanges. However, the Big Board seems to have backed off that goal since the product launch. In fact, says Taggart, the product is now viewed by many as a stepping stone for the exchange to enter the market before trading, using the unlisted trading privileges to trade some of the other products. ❖

EXCHANGE-TRADED FUNDS

Week ending August 17 2001

| 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 | 20 038 480 | 582 350 | 22 007.01 | 37.76 | 37.39 | 0.99 | (7.16) | (35.31) | (60.36) |
| S&P 500 SPDR | SPY | 5 804 800 | 242 179 | 28 252.60 | 116.75 | 116.67 | 0.07 | (1.79) | (10.53) | (21.14) |
| DJIA Diamonds | DIA | 1 576 420 | 23 502 | 2 408.48 | 102.50 | 102.50 | 0.00 | (0.63) | (3.27) | (5.88) |
| iShares Dow Jones series | | | | | | | | | | |
| iShares DJ US Basic Materials | IYM | 2 140 | 400 | 15.46 | 38.45 | 38.66 | (0.54) | (0.72) | (1.26) | |
| iShares DJ US Chemicals | IYD | 6 140 | 400 | 16.49 | 41.10 | 41.32 | (0.53) | 1.23 | (5.10) | 7.06 |
| iShares DJ US Consumer Cyclical | IYC | 3 260 | 600 | 33.82 | 57.40 | 57.29 | 0.19 | (2.36) | 3.13 | (4.37) |
| iShares DJ US Energy | IYE | 8 600 | 1 250 | 61.78 | 50.24 | 50.10 | 0.28 | 2.80 | (8.14) | (3.13) |
| iShares DJ US Financial | IYF | 3 520 | 850 | 69.79 | 83.14 | 83.18 | (0.05) | (0.28) | (3.98) | 4.91 |
| iShares DJ US Financial Services | IYG | 2 720 | 400 | 37.62 | 94.85 | 95.44 | (0.62) | (0.40) | (3.50) | 3.65 |
| iShares DJ US Healthcare | IYH | 18 120 | 2 400 | 147.84 | 61.95 | 61.96 | (0.02) | 0.41 | (13.66) | 0.16 |
| iShares DJ US Industrial | IYJ | 1 280 | 950 | 46.66 | 49.75 | 49.88 | (0.26) | 0.71 | (11.76) | (18.85) |
| iShares DJ US Internet | IYV | 13 440 | 1 100 | 14.63 | 13.80 | 13.85 | (0.36) | (5.22) | (55.35) | (79.27) |
| iShares DJ US Non-Consumer Cyclical | IYK | 4 700 | 450 | 19.04 | 42.39 | 42.30 | 0.21 | 1.73 | (1.96) | 1.99 |
| iShares DJ US Real Estate | IYR | 34 120 | 650 | 55.11 | 84.82 | 84.62 | 0.24 | 1.58 | 13.09 | 18.09 |
| iShares DJ US Technology | IYW | 14 460 | 1 950 | 100.87 | 53.75 | 53.85 | (0.19) | (2.80) | (27.91) | (58.31) |
| iShares DJ US Telecommunications | IYZ | 6 960 | 1 500 | 52.74 | 35.79 | 35.90 | (0.31) | (0.33) | (7.46) | (30.37) |
| iShares DJ US Total Market | IYY | 7 440 | 1 550 | 83.58 | 54.63 | 54.80 | (0.31) | (0.91) | (10.79) | (20.91) |
| iShares DJ US Utilities | IDU | 11 900 | 550 | 39.90 | 71.90 | 72.76 | (1.18) | (2.97) | (17.92) | (5.93) |
| iShares MSCI series | | | | | | | | | | |
| iShares MSCI-Australia | EWA | 7 220 | 6 200 | 60.57 | 9.56 | 9.60 | (0.42) | 0.10 | 0.63 | (8.68) |
| iShares MSCI-Austria | EWO | 2 540 | 1 400 | 11.82 | 8.37 | 8.32 | 0.60 | 3.46 | 10.67 | 3.61 |
| iShares MSCI-Belgium | EWK | 1 600 | 840 | 9.98 | 11.85 | 11.97 | (1.00) | 2.42 | (7.06) | (13.59) |
| iShares MSCI-Brazil | EWZ | 7 180 | 1 250 | 15.08 | 12.56 | 12.61 | (0.40) | (2.03) | (23.88) | (35.18) |
| iShares MSCI-Canada | EWC | 2 420 | 2 700 | 29.57 | 11.06 | 11.15 | (0.81) | (1.25) | (17.31) | (33.71) |
| iShares MSCI-EMU | EZU | 4 980 | 1 600 | 93.41 | 59.79 | 59.22 | 0.96 | 2.33 | (18.38) | (22.84) |
| iShares MSCI-France | EWQ | 15 180 | 3 200 | 64.16 | 20.39 | 20.33 | 0.30 | 3.40 | (17.41) | (23.79) |
| iShares MSCI-Germany | EWG | 15 980 | 7 800 | 121.45 | 15.90 | 15.91 | (0.06) | 0.57 | (18.46) | (24.77) |
| iShares MSCI-Hong Kong | EWH | 17 800 | 5 926 | 55.47 | 9.13 | 9.23 | (1.08) | (0.65) | (20.61) | (32.19) |
| iShares MSCI-Italy | EWI | 7 260 | 1 950 | 35.86 | 18.67 | 18.64 | 0.16 | 2.13 | (17.48) | (18.29) |
| iShares MSCI-Japan | EWJ | 378 060 | 58 200 | 552.90 | 9.66 | 9.55 | 1.15 | 1.68 | (12.68) | (27.79) |
| iShares MSCI-Malaysia | EWM | 10 880 | 16 050 | 78.32 | 4.78 | 4.88 | (2.05) | 1.06 | (5.59) | (21.02) |
| iShares MSCI-Mexico | EWV | 12 420 | 3 000 | 46.02 | 15.50 | 15.88 | (2.39) | (5.49) | 16.43 | (3.12) |
| iShares MSCI-Netherlands | EWN | 2 040 | 1 300 | 24.84 | 19.45 | 19.28 | 0.88 | 2.64 | (14.27) | (19.65) |
| iShares MSCI-Singapore | EWS | 13 560 | 13 800 | 73.97 | 5.28 | 5.38 | (1.86) | (0.19) | (18.77) | (31.30) |
| iShares MSCI-South Korea | EWY | 4 760 | 2 500 | 35.10 | 14.23 | 14.13 | 0.71 | 5.80 | 16.16 | (25.11) |
| iShares MSCI-Spain | EWP | 4 080 | 1 275 | 27.32 | 21.74 | 21.63 | 0.51 | 3.52 | (5.22) | (14.76) |
| iShares MSCI-Sweden | EWD | 2 820 | 825 | 10.97 | 13.64 | 13.61 | 0.22 | 1.04 | (23.69) | (42.90) |
| iShares MSCI-Switzerland | EWL | 4 800 | 2 501 | 33.34 | 13.16 | 13.37 | (1.57) | 0.38 | (21.73) | (17.25) |
| iShares MSCI-Taiwan | EWT | 51 880 | 11 550 | 108.45 | 9.64 | 9.52 | 1.26 | 6.64 | (8.74) | (45.51) |
| iShares MSCI-UK | EWU | 31 520 | 7 801 | 119.28 | 15.46 | 15.38 | 0.52 | 0.06 | (12.28) | (17.23) |
| iShares Russell series | | | | | | | | | | |
| iShares Russell 1000 | IWB | 14 600 | 3 600 | 220.90 | 62.33 | 62.37 | (0.06) | (0.73) | (10.76) | (20.56) |
| iShares Russell 1000 Growth | IWF | 83 560 | 8 250 | 419.60 | 51.83 | 51.92 | (0.17) | (1.50) | (19.70) | (40.38) |
| iShares Russell 1000 Value | IWD | 27 700 | 7 900 | 452.12 | 57.95 | 57.93 | 0.03 | (0.34) | (2.85) | 2.31 |
| iShares Russell 2000 | IWM | 239 520 | 16 500 | 1 565.52 | 96.20 | 96.07 | 0.14 | 1.69 | 0.98 | (5.43) |
| iShares Russell 2000 Growth | IWO | 50 580 | 5 650 | 315.61 | 57.00 | 56.78 | 0.39 | 0.88 | (11.14) | (27.70) |
| iShares Russell 2000 Value | IWN | 117 440 | 4 100 | 523.61 | 129.20 | 128.85 | 0.27 | 2.46 | 12.63 | 22.07 |
| iShares Russell 3000 | IWV | 17 260 | 9 300 | 597.15 | 65.13 | 65.27 | (0.21) | (0.81) | (9.72) | (19.93) |
| iShares Russell 3000 Growth | IWZ | 2 560 | 500 | 20.35 | 40.81 | 41.53 | (1.73) | (2.93) | (21.09) | (40.72) |
| iShares Russell 3000 Value | IWW | 3 080 | 500 | 36.62 | 73.63 | 74.13 | (0.67) | (0.53) | (3.22) | |
| iShares Russell MidCap Index | IWR | 240 | 850 | 49.05 | | | | | | |
| iShares Russell MidCap Growth | IWP | 380 | 200 | 13.59 | | | | | | |
| iShares Russell Midcap Value | IWS | 880 | 200 | 15.64 | | | | | | |
| iShares Sectors | | | | | | | | | | |
| iShares Nasdaq Biotech | IBB | 41 860 | 1 800 | 146.95 | 83.45 | 83.43 | 0.02 | 1.03 | | |
| iShares Cohen & Steers Realty Majors | ICF | 1 100 | 500 | 44.24 | 87.80 | 88.19 | (0.44) | 0.99 | | |
| iShares GS Networking | IGN | 200 | 650 | 21.37 | | | | | | |
| iShares GS Semiconductor | IGW | 1 980 | 450 | 30.92 | | | | | | |
| iShares GS Software | IGV | 400 | 550 | 22.76 | | | | | | |

| Fund Name | Ticker | Volume | Shares (000) | Net assets (\$ million) | Price | NAV | Spread (%) | Return 1 Week | Return YTD | Return 1 Yr |
|--|-----------------------------|---------|--------------|-------------------------|--------|--------|------------|---------------|------------|-------------|
| iShares Sectors (continued) | | | | | | | | | | |
| iShares GS Technology | IGM | 3 160 | 1 450 | 71.75 | 54.09 | 54.03 | 0.11 | (4.83) | | |
| iShares GS Consumer Industries | Launch date to be announced | | | | | | | | | |
| iShares GS Cyclical Industries | Launch date to be announced | | | | | | | | | |
| iShares GS Financials | Launch date to be announced | | | | | | | | | |
| iShares GS Healthcare | Launch date to be announced | | | | | | | | | |
| iShares GS Natural Resources | Launch date to be announced | | | | | | | | | |
| iShares GS Utilities | Launch date to be announced | | | | | | | | | |
| iShares S&P series | | | | | | | | | | |
| iShares S&P 500 | IVV | 104 620 | 22 850 | 10 500 | 118.57 | 118.61 | (0.03) | (0.79) | (9.28) | (19.93) |
| iShares S&P 500/Barra Growth | IVW | 16 900 | 5 300 | 308.73 | 59.26 | 59.33 | (0.12) | (0.84) | (12.95) | (33.75) |
| iShares S&P 500/Barra Value | IVE | 34 820 | 7 300 | 2 800 | 59.12 | 59.14 | (0.03) | (1.00) | (6.11) | (4.16) |
| iShares S&P MidCap 400 | IJH | 29 520 | 3 350 | 331.75 | 100.67 | 100.55 | 0.12 | 0.77 | (2.14) | (3.00) |
| iShares S&P MidCap 400/Barra Growth | IJK | 5 000 | 1 100 | 118.47 | 109.89 | 109.75 | 0.13 | 0.68 | (11.26) | (21.69) |
| iShares S&P MidCap 400/Barra Value | IJJ | 19 020 | 2 350 | 212.30 | 91.42 | 91.41 | 0.01 | 1.06 | 7.52 | 20.40 |
| iShares S&P SmallCap 600 | IJR | 57 940 | 4 150 | 467.50 | 113.73 | 113.53 | 0.18 | 2.40 | 5.45 | 7.64 |
| iShares S&P SmallCap 600/Barra Growth | IJT | 3 380 | 650 | 48.38 | 75.38 | 75.18 | 0.27 | 1.81 | (3.84) | (9.68) |
| iShares S&P SmallCap 600/Barra Value | IJS | 18 060 | 2 050 | 174.48 | 85.72 | 85.59 | 0.15 | 2.24 | 11.68 | 22.22 |
| iShares S&P 100 Index Fund | OEF | 3 000 | 3 450 | 205.55 | 60.34 | 60.69 | (0.58) | (0.46) | (12.23) | |
| iShares S&P Global 100 Index Fund | IOO | 27 200 | 800 | 47.99 | 60.21 | 59.94 | 0.45 | (0.28) | (13.12) | |
| iShares S&P Europe 350 Index | IEV | 14 660 | 2 950 | 179.63 | 62.24 | 61.52 | 1.17 | 1.88 | (18.07) | (20.20) |
| iShares S&P Toronto SE 60 | IKC | 160 | 150 | 6.78 | 45.95 | 45.82 | | (0.97) | (11.38) | (28.28) |
| Merrill Lynch HLDRs | | | | | | | | | | |
| HOLDRS Biotech | BBH | 614 080 | 11 535 | 1 334.67 | 115.71 | | | (0.29) | (32.06) | (33.26) |
| HOLDRS Broadband | BDH | 91 520 | 8 478 | 154.29 | 18.20 | | | (7.66) | (60.04) | (80.82) |
| HOLDRS B2B Internet | BHH | 44 120 | 14 853 | 62.38 | 4.20 | | | (9.68) | (75.14) | (90.48) |
| HOLDRS Europe 2001 | EKH | 3 140 | 492 | 32.71 | | | | | | |
| HOLDRS Internet | HHH | 100 540 | 4 329 | 15.11 | 34.90 | | | (7.23) | (9.82) | (67.90) |
| HOLDRS Internet Architecture | IAH | 19 840 | 3 523 | 12.95 | 36.75 | | | (7.08) | (36.09) | (62.85) |
| HOLDRS Internet Infrastructure | IIH | 357 480 | 7 701 | 56.06 | 7.28 | | | (8.43) | (67.10) | (86.69) |
| HOLDRS Market 2000 | MKH | 8 700 | 3 540 | 219.28 | 61.95 | | | (3.48) | (17.63) | |
| HOLDRS Oil Services | OIH | 276 380 | 3 020 | 184.82 | 61.20 | | | 4.56 | | |
| HOLDRS Pharmaceutical | PPH | 52 460 | 5 322 | 532.31 | 100.03 | | | (0.10) | (11.63) | 6.59 |
| HOLDRS Regional Bank | RKH | 8 720 | 1 190 | 142.81 | 120.01 | | | (0.91) | 1.22 | 18.51 |
| HOLDRS Retail | RTH | 5 220 | 606 | 55.41 | | | | | | |
| HOLDRS Semiconductor | SMH | 870 380 | 12 607 | 549.15 | 43.56 | | | (5.69) | (11.10) | (55.29) |
| HOLDRS Software | SWH | 109 540 | 3 578 | 151.00 | | | | | | |
| HOLDRS TeleBras | TBH | | | | 35.65 | | | (8.47) | (49.97) | (60.31) |
| HOLDRS Telecommunications | TTH | 49 260 | 7 078 | 348.95 | 49.30 | | | (2.90) | (6.87) | (22.46) |
| HOLDRS Utilities | UTH | 27 940 | 686 | 68.05 | 99.23 | | | (2.16) | (16.52) | (1.27) |
| HOLDRS Wireless | WMH | 16 880 | 1 600 | 93.66 | 58.53 | | | (5.37) | (29.61) | |
| Nuveen | | | | | | | | | | |
| America's Fastest Growing Companies | Launch date to be announced | | | | | | | | | |
| FITRs (Fixed Income Trust Receipts) | Launch date to be announced | | | | | | | | | |
| S&P Depository Receipts (SPDRs) | | | | | | | | | | |
| S&P 400 MidCap SPDR | MDY | 513 800 | 48 076 | 4 370.59 | 90.76 | 90.93 | (0.19) | (0.47) | (3.47) | (4.97) |
| SPDR Basic Industries | XLB | 9 620 | 4 850 | 105.15 | 21.71 | 21.68 | 0.14 | 2.45 | 2.24 | 9.14 |
| SPDR Consumer Services | XLV | 8 940 | 4 050 | 112.79 | 27.89 | 27.85 | 0.14 | (2.31) | 2.41 | (7.18) |
| SPDR Consumer Staples | XLP | 47 620 | 10 250 | 259.74 | 25.46 | 25.35 | 0.43 | 1.92 | (10.32) | 6.18 |
| SPDR Cyclical/Transportation | XLY | 116 240 | 5 150 | 140.60 | 27.18 | 27.30 | (0.44) | (3.62) | 6.62 | 4.84 |
| SPDR Energy | XLE | 82 540 | 7 950 | 232.62 | 29.33 | 29.26 | 0.24 | 1.31 | (10.93) | (8.02) |
| SPDR Financial | XLF | 89 360 | 26 151 | 711.83 | 27.18 | 27.22 | (0.15) | (2.16) | (7.53) | (0.27) |
| SPDR Industrial | XLI | 28 340 | 2 550 | 72.19 | 28.37 | 28.31 | 0.21 | (0.49) | (8.77) | (6.56) |
| SPDR Technology | XLK | 181 140 | 41 200 | 991.68 | 24.13 | 24.07 | 0.25 | (5.67) | (22.94) | (55.47) |
| SPDR Utilities | XLU | 22 260 | 2 550 | 76.60 | 30.00 | 30.03 | (0.10) | (0.56) | (8.37) | 10.97 |
| streetTRACKS (State Street Global Advisors) | | | | | | | | | | |
| Dow Jones series | | | | | | | | | | |
| DJ Global Titans | DGT | 320 | 300 | 19.83 | 66.07 | 66.44 | (0.56) | (4.11) | (13.60) | |
| DJ US Large Cap Growth | DSG | 2 820 | 100 | 6.78 | 67.82 | 67.84 | (0.03) | (1.88) | (15.62) | |
| DJ US Large Cap Value | DSV | 920 | 200 | 26.31 | 131.87 | 131.53 | 0.26 | 2.04 | 13.22 | |
| DJ US Small Cap Growth | ELG | 1 400 | 400 | 21.60 | 54.02 | 53.99 | 0.06 | (7.28) | (26.08) | |
| DJ US Small Cap Value | ELV | 280 | 300 | 38.36 | 127.47 | 127.88 | (0.32) | (1.96) | (5.83) | |

| 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) <i>(continued)</i> | | | | | | | | | | |
| Sectors | | | | | | | | | | |
| FORTUNE 500 | FFF | 9 740 | 550 | 45.82 | 82.95 | 83.31 | (0.43) | (2.85) | (9.72) | |
| FORTUNE e-50 | FEF | 1 080 | 400 | 13.16 | 33.01 | 32.91 | 0.30 | (5.69) | (33.65) | |
| MS High Tech 35 | MTK | 800 | 1 350 | 66.76 | 49.28 | 49.44 | (0.32) | (6.31) | (26.72) | |
| MS Internet | MII | 380 | 350 | 4.52 | 13.00 | 13.37 | (2.77) | (9.03) | (53.36) | |
| Wilshire REIT Index Fund | RWR | 120 | 150 | 18.72 | 123.38 | 124.19 | (0.65) | 2.03 | | |
| VIPERS (Vanguard) | | | | | | | | | | |
| VIPERS Total Stock Market | VTI | 20 840 | 1 160 | 123.67 | | | | | | |
| VIPERS Index | VFINX | | | | | | | | | Launch date to be announced |
| VIPERS Small(Cap) | NAESX | | | | | | | | | Launch date to be announced |
| VIPERS Growth | VIGRX | | | | | | | | | Launch date to be announced |
| VIPERS Value | VIVAX | | | | | | | | | Launch date to be announced |
| International Exchange-Traded Funds | | | | | | | | | | |
| Australia (AUD denominated) | | | | | | | | | | |
| streetTRACKS ASX S&P 200/S&P 50 | | | | | | | | | | Launch date to be announced |
| Canada (CAD denominated) | | | | | | | | | | |
| iUnits S&P/TSE 60 | XIU | 885 745 | 93 809 | 4 094.89 | 43.58 | 43.65 | (0.16) | (2.07) | (17.22) | (35.55) |
| iUnits S&P500 RSP | XSP | 12 266 | 1 568 | 28.25 | 18.00 | 17.93 | 0.39 | (1.64) | (7.93) | |
| iUnits S&P/TSE Capped 60 | XIC | 7 171 | 5 333 | 259.34 | 48.25 | 48.28 | (0.06) | (2.03) | (4.54) | |
| iUnits S&P/TSE Canadian MidCap | XMD | 1 271 | 1 519 | 69.92 | 46.25 | 46.17 | 0.17 | (2.43) | (10.45) | |
| iUnits S&P/TSE Canadian Energy | XEG | 8 193 | 1 500 | 39.70 | 26.50 | 26.47 | 0.11 | (0.75) | 0.34 | |
| iUnits S&P/TSE Canadian Financials | XFN | 7 153 | 1 524 | 43.80 | 28.30 | 28.30 | 0.00 | (1.39) | 10.17 | |
| iUnits S&P/TSE Canadian Gold | XGD | 7 525 | 1 698 | 56.15 | 33.75 | 33.64 | 0.33 | 4.49 | 30.60 | |
| iUnits S&P/TSE Canadian IT | XIT | 23 923 | 1 978 | 16.43 | 8.45 | 8.42 | 0.36 | (8.15) | (19.52) | |
| SSgA DJ Canada 40 Index | DJF | | | | | | | | | Data not available at press-time |
| TD TSE 300 Capped Index Fund | TCF | | | | | | | | | Data not available at press-time |
| TD TSE 300 Index Fund | TTF | | | | | | | | | Data not available at press-time |
| Fixed income | | | | | | | | | | |
| iUnits Canada 5-year Govt Bond | XGV | 12 955 | 2 868 | 78.55 | 27.50 | 27.40 | 0.36 | 0.73 | 4.18 | |
| iUnits Canada 10-year Govt Bond | XGX | 2 157 | 2 842 | 74.64 | 26.30 | 26.28 | 0.08 | 0.77 | 2.49 | |
| Europe (Euro denominated unless otherwise specified) | | | | | | | | | | |
| Deutsche Börse | | | | | | | | | | |
| DAXEX | DAXEX | | 3 570 | 186.82 | 52.30 | 52.98 | (1.30) | (2.10) | | |
| DJ Global Titans EX | DJGTE | | 50 | 1.47 | 29.25 | 29.53 | (0.96) | | | |
| DJ Stoxx 50 LDRS | EUN1 | 12 024 | 5 800 | 211.92 | 36.43 | 36.90 | (1.29) | (0.92) | (14.57) | (9.87) |
| DJ Euro Stoxx 50 LDRS | EUN2 | 102 835 | 17 000 | 647.05 | 38.09 | 38.54 | (1.18) | (0.38) | (15.55) | (9.97) |
| MDAX | MDAX | | 198 | 9.25 | 46.79 | 46.65 | 0.30 | 0.23 | | |
| NEMAX 50 | NMKX | | 2 351 | 24.90 | 10.68 | 10.68 | 0.00 | (0.64) | | |
| SMI | SMIE | | 100 | 6.62 | 44.08 | 43.99 | 0.20 | (0.08) | | |
| DJ Stoxx 50 Ex | SX5P | 53 088 | 3 766 | 138.18 | 36.82 | 36.94 | (0.33) | (0.53) | | |
| DJ Euro Stoxx 50 Ex | SX5E | 109 394 | 4 640 | 176.77 | 38.15 | 38.52 | (0.97) | (0.44) | | |
| DJ Stoxx 600 Banks | SX7P | 0 | 50 | 1.85 | 37.31 | 37.11 | 0.54 | 0.00 | | |
| DJ Stoxx Euro 600 Banks | SX7E | 0 | 135 | 3.93 | 29.71 | 29.20 | 1.72 | 0.00 | | |
| DJ Stoxx 600 Technology | SX8P | 26 | 50 | 1.76 | 39.50 | 35.59 | 9.90 | 0.00 | | |
| DJ Euro Stoxx Technology | SX8E | 3 016 | 201 | 8.04 | 39.50 | 40.72 | (3.09) | (6.50) | | |
| DJ Stoxx 600 Healthcare | SXDP | 1 | 50 | 2.24 | 44.45 | 44.80 | (0.79) | (3.74) | | |
| DJ Stoxx Healthcare | SXDE | 0 | 50 | 2.74 | 56.00 | 54.75 | 2.23 | 0.00 | | |
| DJ Stoxx 600 Telecommunications | SXKP | 2 140 | 58 | 1.72 | 29.46 | 29.85 | (1.32) | (2.68) | | |
| DJ Euro Stoxx Telecommunications | SXKE | 4 000 | 303 | 13.09 | 43.39 | 43.77 | (0.88) | (5.49) | | |
| Euronext (Amsterdam) | | | | | | | | | | |
| streetTRACKS AEX Index Fund | AEXT | 22 985 | 750 | 39.87 | 52.90 | 53.16 | (0.49) | 0.04 | | |
| streetTRACKS MSCI UK | | N/A | 100 | 3.26 | N/A | 32.55 | N/A | 0.61 | | |
| DJ Stoxx 50 LDRS | EUN NA | 26 080 | 5 800 | 211.93 | 36.46 | 36.54 | (0.22) | (2.93) | | |
| DJ Euro Stoxx 50 LDRS | EUE NA | 71 220 | 17 000 | 647.02 | 38.00 | 38.06 | (0.16) | (2.81) | | |
| iBloomberg Cyclical | IBCA | 5 000 | 4 200 | 39.22 | N/A | 9.34 | N/A | (2.77) | | |
| iBloomberg Financials | IBF | 1 000 | 4 200 | 37.43 | N/A | 8.91 | N/A | (0.17) | | |
| iBloomberg Industrials | IBIA | 0 | 4 200 | 37.20 | N/A | 8.86 | N/A | (2.68) | | |
| iBloomberg Pharmaceuticals | IBP | 300 | 4 200 | 41.69 | N/A | 9.93 | N/A | (0.47) | | |
| iBloomberg Resources | IBRA | 10 000 | 4 200 | 39.29 | N/A | 9.35 | N/A | (1.25) | | |
| iBloomberg Staples | IBSA | 0 | 4 200 | 40.03 | N/A | 9.53 | N/A | (1.38) | | |
| iBloomberg Technology | IBQ | 0 | 4 200 | 22.73 | N/A | 5.41 | N/A | (3.38) | | |
| iBloomberg Telecoms | IBT | 900 | 4 200 | 19.78 | N/A | 4.71 | N/A | (5.94) | | |

| Fund Name | Ticker | Volume | Shares (000) | Net assets (million) | Price | NAV | Spread (%) | Return 1 Week | Return YTD | Return 1 Yr |
|---|---------|-----------|--------------|----------------------------------|---------|---------|------------|---------------|------------|-------------|
| Euronext (Paris) | | | | | | | | | | |
| CAC 40 Master Unit | CAC PA | 3 029 363 | 11 989 | 596.45 | 48.41 | 49.75 | (2.69) | 0.04 | (14.88) | |
| DJ Euro Stoxx 50 LDRS | EUE FP | 175 937 | 17 000 | 647.02 | 37.80 | 38.06 | (0.68) | (2.91) | | |
| DJ Stoxx 50 LDRS | EUN FP | 28 928 | 5 800 | 211.93 | 36.44 | 36.54 | (0.27) | (2.46) | | |
| Master DJ Euro Stoxx 50 | MSE FP | 2 495 720 | 100 | 4.38 | 38.11 | 43.78 | (12.95) | 11.60 | (3.92) | |
| DJIA Master Unit | DJE FP | 148 797 | 1 418 | 161.56 | 112.30 | 113.91 | (1.41) | (1.84) | (10.48) | |
| Easy ETF DJ Euro Stoxx 50 | ETN FP | 542 163 | 9 119 | 34.56 | 3.76 | 3.79 | (0.79) | (2.57) | | |
| Easy ETF DJ Stoxx 50 | ETE FP | 120 989 | 9 599 | 35.04 | 3.68 | 3.65 | 0.82 | (2.14) | | |
| Easy ETF Global Titans | | 65 360 | 3 851 | 113.25 | 29.16 | 29.41 | (0.85) | (3.32) | | |
| streetTRACKS MSCI Pan-Euro | | 128 031 | 2 400 | 261.79 | 107 | 109.08 | (1.91) | (0.10) | | |
| OM Sweden (SEK denominated) | | | | | | | | | | |
| XACTOMX | XACT | 43 510 | 8 800 | | 81.90 | 81.52 | 0.47 | (1.61) | (2.50) | |
| Switzerland | | | | | | | | | | |
| DJ Stoxx 50 LDRS | EUN SW | 3 500 | 5 800 | 211.93 | 36.80 | 36.54 | 0.71 | (1.21) | (21.86) | |
| DJ Euro Stoxx 50 LDRS | EUNE SW | 25 478 | 17 000 | 647.02 | 37.90 | 38.06 | (0.42) | (1.56) | (21.71) | |
| XMTCH (CHF denominated) | XMSMI | 30 639 | 7 120 | 482.13 | 67.30 | 67.71 | (0.61) | (0.37) | (7.81) | |
| United Kingdom (GBP denominated) | | | | | | | | | | |
| iShares iFTSE 100 | ISF | 172 393 | 16 700 | Data not available at press time | | | | | | |
| iShares iFTSE TMT | ITMT | 6 986 | 1 540 | Data not available at press time | | | | | | |
| iShares iFTSE ex-UK | IEUR | 9 154 | 1 000 | Data not available at press time | | | | | | |
| DJ Euro Stoxx 50 LDRS | EUE LN | 20 | 17 000 | 410.72 | 24.75 | 24.16 | 2.44 | | | |
| DJ Stoxx 50 LDRS | EUN LN | | 5 800 | 134.50 | 23.50 | 23.19 | 1.34 | | | |
| iBloomberg Cyclical | IBEC | 6 540 | 4 200 | Data not available at press time | | | | | | |
| iBloomberg Financials | IBEF | 338 | 4 200 | Data not available at press time | | | | | | |
| iBloomberg Industrials | IBEI | 150 | 4 200 | Data not available at press time | | | | | | |
| iBloomberg Pharmaceuticals | IBEP | 304 | 4 200 | Data not available at press time | | | | | | |
| iBloomberg Resources | IBER | 0 | 4 200 | Data not available at press time | | | | | | |
| iBloomberg Staples | IBES | 140 | 4 200 | Data not available at press time | | | | | | |
| iBloomberg Technology | IBQQ | 480 | 4 200 | Data not available at press time | | | | | | |
| iBloomberg Telecoms | IBET | 1 188 | 4 200 | Data not available at press time | | | | | | |
| Hong Kong (Asset & price values in USD) | | | | | | | | | | |
| TraHK | 2800.HK | 3 233 370 | 2 252 993 | 27 976.00 | 12.35 | 12.42 | (0.54) | (3.14) | (18.75) | (31.01) |
| Israel | | | | | | | | | | |
| TALI 25 | TALI | 134 | 75 | 328.37 | 1044.00 | 1041.20 | 0.27 | 1.53 | (12.55) | (20.18) |
| New Zealand (NZD denominated) | | | | | | | | | | |
| NZSE10 Index Fund | TNZ | 65 904 | 103 056 | 91.72 | 0.88 | 0.89 | (1.12) | (1.12) | 12.15 | (7.14) |
| NZ Mid Cap Index Fund | MDZ | 4 444 | 13 432 | 26.80 | 2.00 | 2.00 | 0.00 | 1.02 | 11.17 | 16.77 |
| Australian 20 Leaders I | OZY | 26 416 | 59 988 | 144.75 | 2.48 | 2.41 | 2.90 | (0.66) | 4.79 | 5.73 |
| AMP Investments' World Index Fund | WIN | 92 393 | 390 204 | 696.60 | 1.81 | 1.79 | 1.12 | (1.11) | (8.84) | (28.18) |
| South Africa (SAR denominated) | | | | | | | | | | |
| SATRIX 40 | STX40 | 1 356 526 | 361 492 | 3 022.07 | 8.36 | 8.32 | 0.46 | (3.24) | 8.43 | |

Volume shows average daily volume for the week ending Aug-17-2001; **Shares** shows the number of outstanding shares; **Net assets** are approximations; **Price** shows the closing price on Aug-17-2001. **Sources include** AMEX, Weisenberg/Thomson Financial, Investors Bank & Trust, State Street Global Advisors, MAR research and other sources.



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