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Island and Instinet at war over ETF volume

By Philip Scipio

The battle for market share in ETF trading heated up in March as Instinet and Island, the dominant electronic communication networks, declared war by cutting fees associated with trading ETFs and boosting rebates for adding volume in ETF share trading.

First came a bold price cut on March 1 by Island, which had already taken the mantle as the premier marketplace for trading the QQQ, not only the most liquid ETF but also the world's most liquid security. Instinet followed suit two weeks later, undercutting Island's new fee structure for trading ETFs with a view to stealing back some of the volume it had ceded in the QQQs.

Effective March 1, Island lowered the execution fee it charges to trade ETFs to \$1.90 per 1,000 shares, down from \$2.50 per 1,000, while boosting its liquidity rebate to \$1.10 from \$1.00 for 1,000 shares. The new structure undercut Nasdaq, which until then had had the lowest fees, by \$0.10.

"When we put out this plan, I don't think we were thinking of Instinet's pricing, to be honest," says Island executive vice president Andrew Goldman. "We announced a three-prong pricing initiative at the beginning of this year that was launched from our position as the strongest ECN, since we had overtaken Instinet at the end of last year."

Island was aiming to share the economic success it had gained from the increases in liquidity as well as from the network effects of building its customer base, says Goldman.

"The question was: How do we make our traders more profitable?" says Goldman. "If we make them more profitable, they will do more trading on Island, which will increase our

Familiarity breeds...trading

By Marsha Zapson

For institutions, one of the more popular features of exchange-traded funds is their ability to be sold short—even on a down tick. Because of this, selling ETFs short in a declining market may be executed with relative ease, whereas selling the underlying individual stocks within the ETF may present a bigger challenge.

Of the 102 US-based ETFs, 24 represent US equity major sector indices, while 25 represent industry-specific ETFs. These sector ETFs are based on Dow Jones indices (used for iShares), S&P indices (used for Spiders) and proprietary indices (such as HOLDRS, iShares Nasdaq Biotech and Morgan Stanley's BOXES).

It's these ETFs that attract the shorting activity of institutions—particularly hedge funds. Most sector-specific hedge funds use HOLDRS to short. Observers in the ETF industry suggest the HOLDRS' popularity may be due to the product's relative longevity (the first HOLDRS was launched June 1998) and therefore increased investor awareness.

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Pinpointing premiums

By Elise Coroneos

The Analysis Group/Economics recently released the findings of a study examining domestic and international ETF premiums and discounts. The study, which was conducted by Dr Debo Sarkar of the Analysis Group/Economics and Dr Robert F Engle of New York University, set out to calculate the premiums and discounts of 21 domestic ETFs and 16 of the country basket iShares. The first question the study sought to answer was whether premiums and discounts exist, and then second, if they exist, what systematic factors are driving them.

In the case of ETFs based on domestic indices, the study found the average premiums and discounts to be almost zero when a good amount of time was taken into consideration. In the event that a large premium did exist, it was not sustained for more than five to 10 minutes. "For heavily traded ETFs like QQQ or Spider, they disappear in two to three minutes," says Sarkar. "For less traded sector Spiders or Dow Jones sectors, they last a little longer, but in almost all cases, such a large premium disappears in 10 minutes time."

This compares favorably with the country baskets where deviations between ETF prices and NAV were greater and more persistent than for products based on US indices. The study found that a large premium or discount on such products can persist for three to five days. Sarkar, however, emphasizes that findings on country-based ETFs are still in their preliminary stages.

Measuring risk

In order to determine the level of risk involved in an ETF investment, the study compared the standard deviations of premiums with the bid/ask spread. "It is not the premium itself which is comparable to the bid/ask spread; it is the standard deviation of the premium," says Sarkar.

In the cases of ETFs based on both domestic and international indices, the standard deviations of premiums and discounts were smaller than the bid/ask spreads, although to varying degrees. "We think that is a very important finding because these products are not as risky as some investors are led to believe, and with most investments the investor is willing to pay the spread," says Sarkar.

For ETFs based on domestic indices, the standard deviation of premiums ranged from 10 to 35 basis points, while the end-of-day bid/ask spreads ranged from 10 to 80 basis points. For the standard deviation of the premiums that did exist, it was found that there were two major factors that contributed.

The first factor affecting the size of a premium or discount for an ETF based on a domestic index was whether a measurement was taken intraday or at the end of the day. The largest premiums showed up at the end of the trading day, while premiums during the day were relatively small. During the study, the standard deviation of the premium for the

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QQQ was found to be 0.1273 intraday and 0.3246 at the end of the day. Also showing a pronounced difference was the Spider, for which the end-of-day premium was 0.1645 compared with 0.0693 intraday.

These larger premiums occurring at the end of the day were found to be attributable to the different closing times between the underlying market and the ETF. The NAV for most ETFs is calculated at 4:00 pm Eastern time each day, while some ETFs continue trading until 4:15 pm. That extra 15 minutes of information

is not being taken into consideration by the NAV.

"Obviously, comparing price and NAV from different times can skew ETF premiums and discounts," says Sarkar. "That is a very significant and important variable in our explanation of the premium/discount."

Stale quotes

The second factor affecting the premium and discount on ETFs based on domestic indices was stale quotes, especially for those that were traded infrequently. This factor was found to be of even greater consequence for ETFs based on international indices. Quotes on these indices were found to be revised only once an hour with a median time between trades of 25 minutes. Time between quotes for the iShares MSCI Austria was 163 minutes, and for iShares MSCI Australia 103 minutes.

"Suppose you have a quote at 3 pm, and at 4 pm you are still going ahead with that quote," says Sarkar. "It definitely does lead to a measurement error. Suppose you have something happening in Australia; the time it takes to redeem or create on the iShares MSCI Australia is much larger than for a domestic ETF. As a result, there is a large amount of carried cost that leads to the positive premium."

Despite the evidence of greater tracking error for ETFs based on international indices, the standard deviation of the premium was still smaller than their end-of-day bid/ask spread. The standard deviation of their premiums ranged from 50 to 100 basis points, while the end-of-day bid/ask spread ranged from 80 to 220 points.

Unlike their domestic counterparts, however, the size of premiums for international products were less dependent on whether a measurement was taken at end of day versus intraday. The standard deviation of the premium for the iShares MSCI Australia was 0.8628 at the end of the day compared to 0.7181 intraday.

"We have looked at daily premiums/discounts for international products, and we have also looked at intraday by 10 minutes, by every hour and the results are remarkably similar," says Sarkar.

"For international ETFs, we see that we can explain a large amount of variation in a premium/discount because of infrequent trading." ✚

NYSE extends trading based on UTP

By Marsha Zapson

One year ago, the New York Stock Exchange announced its intention to trade the top three ETFs—QQQ, Spiders, Diamonds—on the basis of unlisted trading privileges (see *ETFR*, page 1, May 2001). This year, the NYSE announced its intention to do the same with the next most actively traded ETFs: the 17 Merrill Lynch HOLDRS, the MidCap Spider and the nine Select Sector Spiders.

In between, the NYSE signed an index calculation agreement with Dow Jones to establish its own brand of indices upon which it plans to launch ETFs. Thus, the American Stock Exchange's hegemony in the ETF arena—which had for years made ETFs and that exchange synonymous—is slowly being eroded.

Narrowing spreads

On the issue of UTP privileges, the Securities and Exchange Commission has taken the position that any increase in competition helps investors, products and markets. Certainly ETF sponsors agree: UTP will result in more visibility for their products.

Since QQQ, SPY and DIA have started trading on the NYSE, those three ETFs have experienced overall increases in volume. An aggregated average daily volume for QQQ, SPY and DIA increased from 72 million in July to 112 million through February, according to Robert McSweeney, senior vice president of competitive positions at the NYSE. "Since we've come into the market, we've provided a pool of liquidity that has made ETFs more attractive," he says.

McSweeney attributes this in part to narrower spreads. "Since the top three have been trading on the NYSE, the spreads have narrowed significantly," he says. "QQQ had an average spread of \$0.07, now it's down to a nickel. Spiders were at \$0.15, they're down to seven. The Diamonds were at \$0.25, they're down to \$0.12."

In terms of execution, there's approximately a six-second turnaround for QQQ on the NYSE, says McSweeney. In comparison, he says, the Amex turnaround time is in the high teens. The Spider is in the range of seven seconds on the NYSE, but around 11 seconds on the Amex; and the Diamonds are about eight seconds.

If product listings no longer guarantee order flow for the Amex and the NYSE, and if volume is the name of the game for exchanges today, then tight spreads, deep liquidity and execution speed come into play. "We believe that if we create the best price, the NYSE will be a magnet for order flow," says McSweeney. To date, however, that hasn't necessarily been the case.

The electronic communication networks have, month after month, garnered the lion's share of volume in QQQ, and made a sizable dent in other ETFs (see *story on page 1*).

According to Archipelago, LLC, the Amex at the beginning

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While others trade existing ETFs, we're developing next generation products

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of February had 19.3% of QQQ, 39.8% of SPY and 39.8% of DIA. The NYSE had 9.7% of QQQ, 15.3% of SPY and 24.0% of DIA. But while the Amex still outperforms the NYSE, the Nasdaq InterMarket, in comparison, had the lion's share with 58.4% of QQQ, 40.0% of SPY and 30.9% of DIA.

Still, the NYSE's ETF venture is young. Last year, many in the industry expressed doubts about that exchange's ability to succeed with ETFs. This year, such comments have evaporated.

"Since we're breaking into an established market, we have to give customers a reason to change their behavior and redirect their order flow," says McSweeney. "We're in contact with the customer base. And just this week for example, we received indication from a very significant order flow provider that they'll be switching from the Amex to the NYSE."

To sweeten the deal, the NYSE is suspending fees—as it did for QQQ, SPY and DIA—for all 27 of the new ETFs it will trade on the basis of UTP. "We will make an assessment in a few months as to whether we will institute any proprietary fee," says McSweeney. "We have no intention, however, of imposing fees for agency orders."

At present, there are still no fees for the top three ETFs for customers or professionals on the floor of the NYSE. The Amex had to match that fee structure last year, and many in the industry say it will be forced to do so again this year. This is one more assault on the Amex, which will translate into lost revenue. And it occurs against a backdrop of talks in which the Amex is for sale.

Amex and ETFs

Topping the 10 most active ETFs on the Amex in mid-February were QQQ, SPY and DIA. The remaining seven were all either HOLDRS or Select Sector Spiders. This has been pretty much the pattern for the last five to six months, with an occasional iShares breaking into the group.

"We've pioneered and built a successful ETF business," says the Amex in a statement. "While the NYSE and others are focusing on listing and trading existing Amex ETFs, we're focusing on developing the next generation products for the ETF industry."

Since the inception of the Spider in 1993, ETFs have long been considered an Amex-exclusive product, and out of the 102 US-listed ETFs, 100 are listed on the Amex.

But then the Chicago Stock Exchange began trading ETFs, and then the third market blew in, and today, anything that's perceived as successful is quickly listed elsewhere. It's clear that the NYSE will be expanding its ETF business, and it's only a matter of time before the Nasdaq jumps in as well.

The Amex has always been able to reinvent itself, but this time it just may have a more difficult time doing so. ❖

BGI makes tracks in China

By Elise Coroneos

ISHARES MSCI CHINA TRACKER

Stock Exchange of Hong Kong

Ticker	2801
Launch date	November 23, 2001
Net assets	HK\$303,855,026

(All data below as of March 15, 2002)

Shares outstanding (000)	18,400,000
Avg daily trading volume	204,965
Expense ratio	0.99% MER

	52-Week	
	High	Low
Price	\$17.55	\$14.90
NAV	\$17.56	\$14.75
Premium/discount to NAV	Premium - 0.09%	

Sector focus	Tel Comm Services and Industrials
Portfolio structure	Optimized
No of stocks in fund	30
Options/futures available	Futures
Minimum trade size	200 units per board lot ~ HK\$3,300
Distribution frequency	Annual

Benchmark index	3-mo	YTD	1-yr
	(2.19%)	(1.78%)	(19.61%)
	2000	2001	
Income	\$0	\$0	
Capital gains	\$0	\$0	
Trustee	Bermuda Trust (Far East) Ltd		
Custodian	Bermuda Trust (Far East) Ltd		
Index provider	MSCI		
Distributor	Hong Kong Registrar Ltd		

Portfolio breakdown as of December 31 2001

	(%)
Telecommunication services	51.94
Industrials	20.42
Energy	9.90
Information technology	5.69
Consumer discretionary	5.54
Utilities	3.28

Top 10 holdings as of December 31 2001

Stocks	(%)	Stocks	(%)
China Mobile	51.94	China Mer Hold	2.38
Citic Pacific	8.27	Huaneng Power	2.24
Petrochina	6.33	Cnooc	1.97
Legend Hold	5.69	Cosco Pacific	1.92
Shanghai Ind H	2.98	Denway Motors	1.88
Top 10 stocks	85.60%		

The iShares MSCI China Tracker (ticker: 2801) began trading on the Stock Exchange of Hong Kong on November 28, 2001, after almost a year in development. Established as a domestic product, it is one of only two ETFs domiciled and managed in Hong Kong. The other is the Tracker Fund of Hong Kong (ticker: 2800), which was launched as part of an equities disposal program by the Hong Kong government in November 1999 (see ETFR, page 4, April 2001).

In the leadup to the launch of the China Tracker, Barclays Global Investors began talking to the SEHK back in 1999 with a view to developing an ETF presence in the region. The first fruits of those discussions were the cross-trading of the iShares MSCI South Korea and the iShares MSCI Taiwan from their original home at the American Stock Exchange in May last year. These ETFs are part of a SEHK pilot program specifically designed to facilitate cross-trading of US-listed securities. The ability to cross-trade enables creations and redemptions to occur during the Asian time-zone, thus allowing authorized participants to see the underlying markets.

"Being able to trade these Asian iShares in the Asian time-zone is a very attractive enhancement indeed, which is the prime reason we did this," says Peter Yuen, who was seconded from BGI's headquarters in San Francisco at the end of 2000 to work specifically on the firm's ETF initiatives in Asia. "So far, the trading history in terms of the new unit creations has supported our thought. As it stands right now, authorized participants on the Amex are really trading with very limited information because the underlying market is closed."

A tough road

Although the iShares MSCI China Tracker became the third ETF to be offered by BGI in Hong Kong, it was the first to be developed locally. Given the launch and subsequent success of the Hong Kong Tracker, members of BGI's Hong Kong office expected the development of the iShares MSCI China Tracker to be fairly smooth. But the road to this end proved to be harder going than expected, says Joseph Ho, who runs BGI's office in Hong Kong.

"We thought that with the Tracker Fund of Hong Kong already trading, structurally setting up something very similar would be quite easy, but we encountered quite a few difficulties," says Ho.

These difficulties stemmed from the reality that constructing a commercial ETF proved to be quite different from putting together a product that was initiated and backed by the government, says Ho. "The objective, IPO, launch, discounts and loyalty bonuses were unique to the Tracker Fund of Hong Kong. These features are not provided for the typical ETF."

Despite these hurdles, BGI lobbied for and won regulatory amendments to give its product greater trading flexibility than the Hong Kong Tracker enjoys. These advantages include the ability to short sell and market making capabilities, a function that is new to the Hong Kong market.

"There had previously been market making for warrants but not on the equity side," says Hing Tang, the portfolio manager for the fund who was hired specifically to help

develop the iShares MSCI China Tracker ETF. "This was something we had to introduce to the exchange as well as the Securities and Futures Commission."

Index—its makeup

Choosing which index to utilize was, of course, an initial consideration in the product's development. Given that an ETF tracking the Hang Seng index was already in existence in the Hong Kong Tracker and the relatively small size of the Hong Kong market, creating a China-based product was the next logical step, says Ho.

Out of the possible Chinese indices that could have been used to develop the ETF, the decision to go with the MSCI China index, says Ho, was driven by a desire to attract both retail and institutional investors, locally and internationally. "We were considering a few options, but settled on the MSCI China index because some of the other China indexes can be very fragmented. MSCI, in our view, gave the broadest access to the companies doing business in China versus some of the other indices."

Four groups of China-related stocks are included in the index: H-Shares, red chips, B-Shares and N-Shares. H-shares, which along with red chips make up the bulk of the index, are basically Chinese companies with a portion of their shares listed in Hong Kong. Red chips are majority-owned Chinese entities domiciled in Hong Kong. These companies usually have large operations in both Hong Kong and the mainland.

Of the other stock categories, there are currently only three B-Shares in the index. These are traded in Shanghai and Shenzhen, and are the only share category that can be purchased by foreigners. N-Shares are Chinese companies listed on the New York Stock Exchange, and although eligible for representation, are not currently included in the index.

Of the companies represented, telecommunication services provider China Mobile sits astride the index with a whopping 51.9%, making its sector, of which it is the only representative, the largest in the index. Industrials are the second largest sec-

tor with 20.4% of the index, and energy takes third place with 9.9% of the index.

This index composition has been successful in attracting both local and international investors, a specific aim of the ETF, says Yuen. "So far some activity is being driven from Europe, so there is foreign interest. We recently had creations of over HK\$48 million that came from European clients."

Optimal performance

Because of limited liquidity in some of the index's 41 stocks, the iShares MSCI China Tracker is an optimized portfolio. Launched a week before MSCI changed to an enhanced index methodology at the end of the November last year, BGI decided the ETF should be optimized against the post-November 30 index, even though this increased the likelihood of tracking error in its initial week of trading. Indeed, in the first week of trading, the accumulated return difference was negative 37 basis points, which BGI justified by the high market effect of the unprecedented MSCI rebalance. Since inception to March 15, 2002, the accumulated return difference for the fund is negative 27 basis points.

"Right now, we have optimized the portfolio and excluded 11 securities in the index," says Yuen. "The remaining 30 securities are the most liquid in the index, which makes it easier to create and redeem. We find that the cost benefit is there because it creates a very efficient trading vehicle, thereby reducing the premium/discount on the ETF."

The resulting performance has pleased BGI's Hong Kong team: a 52 week high NAV of \$17.56 on December 12, 2001, up from its listing price of \$16.95.

In terms of future plans, BGI Hong Kong is already working on plans for future products. "Given that the Hong Kong market is relatively small, we're likely to do an overseas product for Hong Kong investors," says Yuen. "It may be a regional, a European or a US-focused product. We have a lot of balls up in the air right now, and I think we're going to carefully analyze what we think will sell out here." ❖

iShares MSCI China Tracker NAV

Still in limbo: SEC ponders fixed income ETFs

By Philip Scipio

Though Barclays Global Investors' Canadian unit has been trading its fixed income ETFs for more than a year, a US fixed income counterpart may still be a year away. But then again, it could be available in as little as three months.

Barclays filed applications with the Securities and Exchange Commission to launch five fixed income iShares based on Lehman Brothers' treasury indices about a year ago. And while sources at the SEC have said fixed income ETFs will hit the market well before actively managed ETFs, there's no real indication of when that will happen. To be sure, some unique issues surround fixed income ETFs, but they are things the commission can "get its arms around," said an SEC spokesman.

Still, several applications seeking approval to launch fixed income products have not yet gotten past the commission. "There are applications and then discussions and more discussions," says Kathleen Moriarty, a partner with the New York law firm Carter Ledyard & Milburn who was a member of the team credited with crafting the legal framework for the first ETFs. "The staff is in the process of reviewing things, and it will just take time."

Moriarty says that fixed income ETFs involve a different class of underlying securities than have been seen so far. "Consequently, there has been more scrutiny than normal because these issues are the first of their kind. Any time you introduce something new into the mix, the staff and commission will want to think about it."

ETFs in waiting

The Barclays Canada ETFs launched more than a year ago are different from those contemplated for the US, and the regulatory environment in Canada is not as demanding as it is in the US. "Our product in the US is focused more on a basket index while in Canada they are trying to replicate a single bond, but the arbitrage mechanism will be the same," says Michael Latham, director of mutual fund delivery in the individual investor business at Barclays.

The initial five products will replicate the Lehman 1-3 Year Treasury Index, Lehman 7-10 Year Treasury Index, Lehman 20+ Year Treasury Index, Lehman Treasury Index and the Lehman Government/Credit Bond Index. "Lehman's leadership in the indexing business in the fixed income marketplace is clear, and that drove our decision to use their indices," says Latham.

At the time of the filing about 12 months ago, some speculated that the products could get SEC approval in six to nine months. Not many people are making guesses today, says Latham.

"It's really hard to predict a standard time. The SEC does not have any statutory period in which to respond to an exemptive request. It is not uncommon for more difficult

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More than the
complexity of the
application impacts how
fast a decision is made

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applications to be there for two or more years.”

During the year the filing has been at the SEC, Barclays has had conversations with the commission staff and the filing is moving along in a positive fashion, says Latham. "The next step is for the staff to resolve any comments that they've given us and take it to the commission, and they will sign off on it."

The back and forth has included the typical questions about the composition of the underlying baskets, the tradability of the product, the settlement and clearing function, says Barclays senior counsel Richard Morris.

Indeed, sources close to the commission have said that the staff has worked out most of the nuances involved with fixed income ETFs, and these could be approved soon. The SEC had to consider what types of fixed income securities would make up the ETF and whether they would offer sufficient liquidity; and how the mechanisms for settling and clearing would differ from traditional ETFs, and how effective would these be. The SEC also had to examine issues surrounding credit risk, particularly if exemptive relief were given for low investment grade, or junk bond, funds.

Bond transparency

There have also been questions about what kind of price transparency would be available to retail investors buying fixed income ETFs. There is no bond exchange where pricing is readily available.

"All of the bonds in the fund are available and quoted on Bloomberg," says Latham. "While there's not an exchange for bonds, the perception that pricing is not available is not true."

The value of bringing the ETF structure to the bond market will derive from the fact that institutional dealers who make markets in the product will push the transparency of the underlying basket trading with each other at prices that they believe are fair value, says Latham. That pricing will then become available to the retail investor through the ETF. "It will actually improve the availability of consistent pricing to the retail investor."

While retail investors may not have a Bloomberg terminal on which to access the prices of the underlying issues in a fixed income ETF, the retail broker/dealers they use to purchase ETF shares do.

"There is a lot more than the complexity of the application that impacts how fast a decision is made, including work flow at the staff level and staff turnover," says Morris. "If they end up busy for reasons unrelated to our filing, it could conceivably make the process take up to two years or more."

The bottom line is that no one knows where the SEC is until it wants people to know, says Moriarty. "Until the SEC has looked at it and published a notice, it's really not for public discussion. Until then it's just between the applicants and the commission." ❧

◀1 Island and Instinet at war over ETF volume

liquidity and give us a greater opportunity to continue consolidating our market position.”

Instinet matched the rate cut on March 12, and began charging \$1.90 to buy 1,000 ETF shares. But in a move that ratcheted up the pricing pressure, Instinet undercut the Island rebate by offering \$1.50 per 1,000 ETF shares added. The firm said it was “moving to compete much more aggressively for market share in ETFs.” Previously, Instinet did not offer a rebate for providing ETF liquidity. Only customers who trade at least 500,000 shares per month on Instinet will qualify for the new rates, the company said.

While Instinet’s price-cutting may be heralded by traders, shareholders openly wondered about the decision’s effect of the firm’s profitability. The decision prompted a selloff of Instinet’s shares, sending the stock price down.

Cult of the QQQ

More than a single product, the QQQ has a cult following, according to one trader. Island’s ability to amass such a significant market share in the QQQ has been a driving force in pulling clients from other trading platforms, the American Stock Exchange and Instinet included, says the trader. Once lured by the QQQ, these traders trade a variety of other securities on Island.

It remains to be seen, however, whether Instinet’s price cuts will be enough of an incentive to lure back customers from Island, which now consistently controls 25–35% of the volume traded in the QQQs.

While Instinet’s volume in ETFs for February, at 1.04 billion, remains close to its peak ETF volume of 1.19 billion set in October, total volume has declined precipitously. Instinet’s volume, which peaked at 8.17 billion shares in March 2001, has been cut by 40% to 4.94 billion shares in February 2002. Although volume recovered in October, spiking to about 7.0 billion shares, the trend has been negative.

Much of the decline has been ascribed to a protracted bear market, but heightened competition has also been a factor. While Island holds more than a quarter of the volume in the QQQ, Instinet’s volume of the QQQs fluctuates between 2% and 6%.

Hardly immune from the pricing war, the Nasdaq has also said it plans to change the pricing structure for some of its trading services as it seeks to recoup costs incurred in building a new stock trading system.

Another key component in the pricing pressure and mad grab for market share is the emergence of high-tech upstarts such as MarketXT, which was purchased by Tradescapex in 2000. While Instinet’s price cut came on the heels of a cut by Island, the cuts also coincide with new competition from MarketXT, which has added significant market share after launching its new platform LightSpeed.

Beyond the QQQ

As other exchanges and networks develop plans to peel away at Island’s new-found dominance in the QQQ, the ECN is making strides to become the dominant player in other ETFs and some of the more popular Merrill Lynch HOLDR products as well.

Island recently posted record liquidity in both the Standard & Poor’s Depository Receipt Trust Series I, or SPDR, and the Dow Jones Industrial Average Trust Series I, or DIAMONDS, the second and third most actively traded ETFs, respectively. According to numbers released by Island in February, the ECN traded approximately 10.7% of all SPDR shares, up from 0.5% in February of last year.

And the price cuts instituted on March 1 have already clearly had an effect on Island’s bottom line. Through March 22, Island reported taking 15.3% of the market share in the SPDR, a new volume record for the ECN in the product. The ECN traded approximately 4.7% of all DIAMONDS 10▶

Island’s SPDR volume soars

◀ Familiarity breeds...trading

Take the health care arena broadly defined: The biotechnology and pharmaceutical HOLDRS are popular hedging products. For the week ending February 22, the Biotech HOLDRS (ticker: BBH) ranked fifth in trading on the American Stock Exchange with a volume of 673,000 share, while the Pharmaceutical HOLDRS (ticker: PPH) ranked 11th, with a volume of 348,000 shares.

Comparing the indices

Kevin Ireland, vice president of the Amex's index share marketplace, agrees that investors use the tools they're familiar with. But in addition, he adds: "It's much easier to monitor a static index of 20 stocks, such as the HOLDRS Biotech, than it is the iShares Nasdaq Biotech (ticker: IBB), even though the latter is a truer measure of the overall biotech industry."

IBB, which had 71 components as of February 2002, just passed its one-year anniversary (it was launched in February 2001). According to State Street Global Advisors Research, for the week ending March 19, IBB ranked 38th worldwide in trading with a volume of 164,000. In the US, it ranked 30th in size with assets of \$250 million.

However, the Nasdaq index, which it tracks, has been around for some time. "From 1993 to 2002, the Nasdaq biotech index has outperformed every single index, especially in the past few years," says John Jacobs, senior vice president of Nasdaq's marketing and financial products.

Last year, the index was down 16%, and through the end of February 2002, it was down 18%, says Jacobs. Nonetheless, since launch, the ETF has grown in assets. At the end of last year, IBB had some \$313 million under management, compared with \$125 million one month after its launch, a 70% increase in assets over this period, says Jacobs.

For the week ending February 22, IBB had a volume of 49,620 shares on the Amex, and ranked number 33 in trading. According to Scott Ebner, associate director of new product development for the Amex, IBB has been trading well recently.

The option on IBB was launched on the Amex in February 2002. "It's a little too early to see if interest in the options will increase interest in the underlying ETF," he says. "It's really

hard to quantify such an increase, especially because there is an overall increase in ETF volume. Down the road, I think it's possible you could see higher volumes in IBB."

Another major biotech index is the Amex's BTK, which, like the Nasdaq index, has been around since the early 1990s. Its focus, however, is much narrower. It has just 17 equally weighted companies, meaning it is not Amgen dominated, which historically has occurred in some of the other biotech indices, says Ebner.

This index, which lists 15 Nasdaq and two NYSE stocks, has steadily increased in value since launch. It closed last year with a value of 580.6. Since then, the index has been dipping. At the end of January, it had a value of 500.0 and at the end of February, a value of 479.2.

Unlike the Nasdaq biotech index, and closer to the Amex's BTK, the Biotech HOLDRS has 20 components. "BTK and BBH are highly correlated," says Ebner. In fact, all the biotech indices have a very high correlation, he says.

Options on BTK trade fairly actively. In comparison, volume on the recently launched Nasdaq biotech option is light. That may be because investors trade what they're used to; but, it's also easier to hedge BTK because it's smaller, say many traders.

BTK options have been more active than HOLDRS options; but recently, HOLDRS option activity has increased. In general, index options have declined in volume while options on ETFs have increased.

Ranking newcomer

In February, Morgan Stanley research noted that some of the most attractive sectors to invest in included defensive sectors such as pharmaceuticals and biotechnology. (The least attractive were technology and energy.) In December 2001, the firm had launched its Pharmaceutical BOXES (ticker: RXB), and in mid-March 2002, launched its Biotechnology BOXES (ticker: BXB).

BOXES are similar to HOLDRS, but are a hybrid between a structured product and an ETF. Structured as debt instruments, they were designed as trading products. (*See ETFR, page 1, January 2002.*)

Many say BOXES are an attempt to improve on an already established product. In addition, Morgan Stanley is well aware that activity in the biotech and pharmaceutical HOLDRS consistently demonstrates high investor interest. The Biotech HOLDRS has ranked fifth in volume on the Amex over the last 12 months; and the Pharmaceutical HOLDRS has ranked between 28 and 15 over the same period.

From a hedging perspective, BOXES track Amex indices, which are better known and considered a better benchmark than HOLDRS. But these products have yet to overcome their newness. Volume here is light, and one observer describes it as episodic. RXB is averaging 25,000 a day for week ending March 22; and BXB, 11,500 on launch, and 125,000 the day following.

Which product will become the industry benchmark is yet to be determined. And if familiarity is the basis for trading and therefore hedging, then only time will tell which products will leap into the top slots. ♣

Amex Biotechnology Index (BTX)

Blue chip FTSE 100 Index rebalanced in March

At the beginning of March, the **FTSE Group** deleted **Celltech Group** from its blue chip FTSE 100 Index and replaced it with **Corus Group**. "Celltech is the final high-technology stock that entered the FTSE 100 in March 2000 to be deleted from the index," said **Gareth Parker**, head of global research for FTSE.

"We're treating it as the revenge of the old economy, which is the media line here in the UK," said Parker. "The index just reflects what's going on in the economy. Two years ago, 41% of the FTSE 100 was in technology companies, now it's 15%. It's a dramatic change."

At that time, the technology boom was at its peak, said Parker. "I believe nine IT companies entered the index that quarter, which is unprecedented in the history of the FTSE 100." Two years later, however, the large ones mostly were deleted because they dropped dramatically in market cap.

"There are still tech companies in the FTSE 100, such as Vodaphone, which is one of the biggest companies in the index," he said. "But Vodaphone also has a different business model than many of the IT companies that shot in and then rocketed out again."

Within the FTSE global classification system, Celltech, a UK-based biotechnology firm, is considered a technology company, although many would slot it into health care or pharmaceuticals. As Parker noted, terminology for these stocks is very inexact and evolving worldwide.

ETFs tracking the FTSE 100 trade on the **Deutsche Börse**, **Euronext Amsterdam** and the **London Stock Exchange**.

DJ/Stoxx and UBS plan to offer US ETFs

Stoxx Ltd licensed the Dow Jones STOXX 50 and Dow Jones Euro STOXX 50 indices in mid-March to **UBS AG** as the basis for US-registered and -listed ETFs. This follows the recent launch of six **Frescos** (which means fresh) on the Swiss Exchange in November 2001 (see *ETFR*, page 3, January 2002).

The new products, which have been filed for exemptive relief with the SEC,

are expected to be rolled out in six to nine months time, according to industry sources. This is the first time a European sponsor, which has previously launched only Europe-listed products, will offer a US-based product tracking a European index. Until now, US ETFs have launched or cross-listed on ex-US exchanges.

"Typically, the big branded indices, the most liquid indices, are the most popular among investors," said **Mike Petronella**, managing director of **DJ Indexes**. "The DJ Euro Stoxx 50 and the DJ Stoxx 50 are certainly the most popular indices representing the pan Euro region."

Month after month across Europe, these indices rack up assets. Transplanting them into the US has advantages for US investors. "There are players in the US market who cannot use futures or foreign funds; these products will be US-based and investments they can use," said Petronella.

European ETFs based on the indices currently have assets of more than \$2 billion, representing a market share of 37%, says **Scott Stark**, managing director of **Stoxx, Ltd**. The liquidity of the Dow Jones Euro Stoxx 50, which is the second most traded derivatives contract in the world, is expected to aid the success of US products based on the indices, he said.

Korean firms form ETF consortium

Six Korean securities firms have formed a consortium in preparation for an expected midyear launch of ETFs, according to the *Korea Herald*. **Hyundai Securities**, **LG Investment & Securities**, **Daewoo Securities** and three other brokerage firms will jointly establish an electronic sales and marketing platform for the products. According to the **Korea Securities Dealers Association**, LG and Daewoo are the country's third and fourth largest securities firms.

Korea Stock Exchange ETF guidelines permit just two funds, which will be based on the local benchmark, the Kospi 200 index. Kospi 200 index options became the world's largest derivatives contract by volume last year, trading 823 million lots. Kospi 200 futures was ranked by MAR's sister publication *F&O*

Week, as the fourth most active index futures contract in the world, trading 32 million contracts in 2001.

Massive online retail participation, which ETF providers will hope to capture, is the major contributor to volumes. Widespread broadband access and a popular trading culture have resulted in 60.9% of KSE's business being done online. There are currently 4.8 million online securities accounts, which have captured 56.4% of the total number of active securities accounts in Korea, according to KSDA statistics.

FTSE Group, HSI Int'l launch Asian indices

London-based **FTSE Group** collaborated with **HSI International**, the company that calculates the Hang Seng indices, to jointly launch a series of Asian indices for derivative products, including ETFs. The **FTSE/Hang Seng Indexes** went live today, Thursday, February 28.

The new indices measure market activity in China, including Shanghai and Shenzhen, Hong Kong, Indonesia, Korea, the Philippines, Singapore, Taiwan and Thailand. They will include the FTSE/Hang Seng Asiatop index, comprised of the 30 largest companies in eligible Asian markets, as well as 11 FTSE/Hang Seng Asian Sector Indexes. These sector indices include: resources, basic industries, general industrials, cyclicals, noncyclicals, telecoms, utilities, financials, banks, real estate and technology.

Deutsche Börse adds four Frescos; fifth due soon

Frankfurt-based **Deutsche Börse AG** began trading four new ETFs in mid-March: **Fresco Euro Stoxx 50**, **Fresco Dow Jones UK Titans 50**, **Fresco Dow Jones Industrial Average** and **Fresco Dow Jones US Technology**. According to the bourse, the **Fresco Dow Jones US Large Cap** fund will be introduced shortly.

DBAG currently trades 43 index funds, 13 of which are actively managed.

Second BOXES starts trading on the Amex

The **Amex** began trading its second **BOXES** (Basket Opportunity



◀ eXchangeable Securities) in mid-March—a new variation on the ETF theme issued by **Morgan Stanley Dean Witter & Co. The Biotechnology BOXES** (ticker: BXB) tracks the Amex's Biotechnology Index, also known as the BTK Index, which is composed of 17 stocks.

BOXES are a hybrid between a structured product and an ETF, similar to but different from HOLDRS, and are structured as a debt instrument (*see ETFR, page 1, January 2002*). BOXES are technically bonds with 30-year maturation dates, and they are not 40-Act registered.

The first BOXES, the **Pharmaceutical BOXES** (ticker: RXB) was jointly listed on the Amex and the Philadelphia exchange mid-November. It tracks the Amex's Pharmaceutical Index, and is composed of 15 stocks. MSDW is planning to launch between six and 12 BOXES, many of which are slated for this year.

London Stock Exchange adds iSHARES S&P 500

The **London Stock Exchange** has listed the **iShares S&P 500 ETF** (ticker: SPX). The annual expense ratio is 40 bps, and it is UCITS compliant. With this new ETF, the number of primary listings in Europe is now 91 and total listings is 130, with some \$6.6 billion under management, according to **Morgan Stanley** research in London.

SGX will launch futures contracts on MSCI Japan

The **Singapore Stock Exchange** reported that it has signed a licensing agreement with **Morgan Stanley Capital International Inc** to launch futures contracts on the MSCI Japan

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Index. At present, the **iShares MSCI Japan** (ticker: EWJ), which trades only on the **American Stock Exchange**, tracks that index. The MSCI Japan Index represents 8.4% of the MSCI World Index.

The new futures contract will begin trading during the second quarter 2002. In a statement, SGX said that the contract is expected to meet demands for a hedging and investing instrument as well as arbitrage opportunities between the Nikkei 225 index and other Japanese indices.

Five Amex-listed ETFs are currently cross-listed and trading on SGX: Spider, iShares S&P 500, Diamonds, iShares DJ US Tech and iShares MSCI Singapore.

Volume on Deutsche Börse's DAX EX soars

Deutsche Börse reported today that its ETF volume was €2.8 billion (\$2.5 billion) in February, down from €2.9 billion (\$2.6 billion) in January. Daily average volume traded in XTF, the bourse's ETF electronic trading platform,

rose from €131 million (\$115.2 million) to €141 million (\$124 million) in February, an increase of about 8%.

DBAG's XTF segment garnered a European market share of about 51% in February. DAX EX, which tracks the national DAX index, had the highest turnover in the XTF in February, with a record volume of about €1.6 billion (\$1.4 billion). The previous record was €1.5 billion (\$1.3 billion) in August 2001. DAX EX had a 20% increase in volume compared with January.

According to Deutsche Börse, the DAX EX had the highest volume of any ETF in Europe, garnering a European market share of over 30%. DBAG offers 39 passive and 13 actively managed ETFs.

Daiwa plans to roll out four more ETFs

Daiwa Asset Management Co, Japan's second largest funds management firm, was set to launch four more ETFs in March. According to a **Reuters Japan** report, the ETFs will be based on Topix indices: the Core 30 index, the Electric Machinery index, the Transport Equipment index and the Banking index. Japan's regulator, the **Financial Services Agency**, recently approved use of the four indices for ETFs, making a total of eight indices available for the product.

The new launches come despite low volumes for existing ETFs in Japan (*see MAR/Week No 101 Feb-14-2002*).

On the move

Al Neubert, formerly with **Dow Jones Indexes**, recently launched his own ETF consulting firm, **A S Neubert Index Business Consulting**, which he said will include marketing, sales, and business and product development.

◀ shares in February and through March 22 it traded a record volume in the ETF of 9.1%.

"The cuts may be responsible to some extent for the increased volume in ETFs," says Goldman. But, he says, the success that Island has enjoyed in the QQQ—on some days Island takes more than 40% of the volume in the QQQ—is also being leveraged onto other ETFs. "Traders are looking for the same things in other ETFs as they are in the QQQ—speed, certainty, reliability and price."

In addition to these more visible ETFs that track broad indices, Island is quickly acquiring market share in products that target more specific sectors and categories, most particu-

larly, in a handful of the more popular Merrill Lynch HOLDRS. Through March 22, trading on Island accounted for 3.4% of the total volume traded in the Biotech* HOLDRS, 16.7% in the Semiconductor HOLDRS and 12.0% in the Oil Service HOLDRS. Island is making inroads in these HOLDRS just as the New York Stock Exchange has decided that it will use its unlisted trading privileges to trade several HOLDRS (*see page 3*).

As for the price war, Goldman says he has heard it described that way and understands that Instinet felt it had to respond to Island price cuts. But he says there won't be a price war in the sense that there are successive cuts. "I don't think there will be a response to their latest cut," he says. ↯

US EXCHANGE-TRADED FUNDS

Week ending March 22 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	70 204 420	618 600	22 634.57	36.68	36.59	0.25	(1.5)	(5.7)	(14.3)
S&P 500 SPDR	SPY	18 944 800	253 283	29 155.41	115.04	115.12	(0.07)	(1.4)	0.9	1.8
DJIA Diamonds	DIA	7 029 540	41 252	4 304.65	104.23	104.35	(0.11)	(1.8)	4.8	11.2
<i>Volume includes trading on all listing entities</i>										
iShares Dow Jones series										
iShares DJ US Basic Materials	IYM	21 560	1 550	64.26	41.62	41.46	0.39	(1.6)	8.4	21.4
iShares DJ US Chemicals	IYD	10 400	200	9.02	45.05	45.11	(0.13)	(1.8)	7.0	16.3
iShares DJ US Consumer Cyclical	IYC	45 560	2 000	114.68	57.44	57.34	0.17	(1.7)	3.3	7.8
iShares DJ US Energy	IYE	16 660	2 050	102.11	49.92	49.82	0.20	(0.6)	5.0	(1.4)
iShares DJ US Financial	IYF	9 620	1 500	124.10	82.80	82.73	0.08	(1.2)	3.1	12.2
iShares DJ US Financial Services	IYG	7 040	650	61.96	95.01	95.33	(0.34)	(1.4)	3.9	12.9
iShares DJ US Healthcare	IYH	32 980	4 050	247.90	61.29	61.21	0.13	(1.9)	(1.2)	10.1
iShares DJ US Industrial	IYJ	10 480	1 750	86.85	49.75	49.63	0.24	(2.2)	(1.3)	6.3
iShares DJ US Internet	IYV	54 840	1 600	20.62	12.80	12.89	(0.70)	(2.0)	(11.8)	(26.1)
iShares DJ US Non-Consumer Cyclical	IYK	9 580	1 250	58.96	47.25	47.17	0.17	2.3	8.5	21.3
iShares DJ US Real Estate	IYR	7 020	1 250	106.00	84.99	84.80	0.22	1.1	8.0	23.1
iShares DJ US Technology	IYW	81 520	2 900	143.64	49.78	49.53	0.50	(0.8)	(6.4)	(16.2)
iShares DJ US Telecommunications	IYZ	14 240	2 100	55.23	26.43	26.3	0.49	(2.3)	(15.9)	(25.2)
iShares DJ US Total Market	IYY	8 380	1 950	104.31	53.57	53.49	0.15	(1.2)	0.2	2.9
iShares DJ US Utilities	IDU	31 640	2 300	151.20	65.91	65.74	0.26	3.6	3.7	(10.1)
iShares MSCI series										
iShares MSCI Australia	EWA	23 100	6 600	65.08	9.90	9.89	0.10	2.0	4.8	19.6
iShares MSCI Austria	EWO	1 500	1 400	11.30		8.10		0.0	9.9	4.9
iShares MSCI Belgium	EWK	900	840	9.23		11.02		0.8	(1.5)	2.0
iShares MSCI Brazil	EWZ	241 540	9 600	123.36	12.82	12.88	(0.47)	(6.3)	0.9	(5.2)
iShares MSCI Canada	EWC	43 080	3 200	35.65	11.20	11.15	0.45	2.1	5.5	2.9
iShares MSCI EAFE	EFA	49 200	8 600	1 032.00	119.96	120.19	(0.19)	(1.5)	0.6	
iShares MSCI EMU	EZU	17 320	1 700	94.03	55.50	55.50	0.00	(0.6)	(0.9)	(6.1)
iShares MSCI France	EWQ	2 620	3 201	59.38	18.60	18.60	0.00	(0.8)	(0.8)	0.4
iShares MSCI Germany	EWG	52 480	7 801	119.51	15.36	15.37	(0.07)	(0.9)	1.7	(2.5)
iShares MSCI Hong Kong	EWH	53 180	8 026	72.31	8.94	9.01	(0.78)	(3.2)	(2.5)	(14.5)
iShares MSCI Italy	EWI	4 120	1 950	32.37	16.68	16.66	0.12	1.2	3.6	(8.4)
iShares MSCI Japan	EWJ	678 620	61 201	490.22	8.03	8.00	0.37	(5.8)	4.2	(23.4)
iShares MSCI Malaysia	EWM	52 520	13 950	81.33	5.85	5.83	0.34	0.0	12.5	22.5
iShares MSCI Mexico	EWV	227 440	10 600	189.63	18.05	17.88	0.95	3.1	18.9	37.3
iShares MSCI Netherlands	EWN	4 560	1 301	23.27	17.99	17.93	0.33	1.1	6.0	(3.4)
iShares MSCI PacRim ex-Japan	EPP	7 660	1 000	56.52	56.70	56.63	0.12	0.5	4.7	
iShares MSCI Singapore	EWS	59 180	18 700	106.96	5.72	5.72	0.00	(1.4)	12.8	4.9
iShares MSCI South Korea	EWY	105 020	4 900	111.52	22.78	22.72	0.26	1.6	28.6	77.5
iShares MSCI Spain	EWP	960	900	18.67	20.61	20.80	(0.91)	(0.9)	(0.2)	(5.2)
iShares MSCI Sweden	EWD	2 600	825	11.30	13.74	13.73	0.07	1.9	0.2	0.7
iShares MSCI Switzerland	EWL	8 420	2 501	32.76	13.21	13.14	0.53	0.7	5.3	0.4
iShares MSCI Taiwan	EWT	72 720	14 900	174.18	11.72	11.68	0.34	3.1	8.7	(3.1)
iShares MSCI UK	EWU	62 140	8 401	122.23	14.57	14.56	0.07	(1.2)	(0.8)	(0.7)
iShares Russell series										
iShares Russell 1000	IWB	26 460	6 900	419.93	60.80	60.85	(0.08)	(1.4)	(0.0)	2.4
iShares Russell 1000 Growth	IWF	79 060	10 050	500.49	49.85	49.80	0.10	(1.5)	(2.0)	(3.8)
iShares Russell 1000 Value	IWD	92 800	11 500	661.02	57.50	57.47	0.05	(1.1)	4.1	8.5
iShares Russell 2000	IWM	383 420	23 800	2 377.62	99.80	99.93	(0.13)	0.6	3.7	14.3
iShares Russell 2000 Growth	IWO	170 480	7 700	433.66	56.40	56.33	0.12	1.5	(1.7)	3.8
iShares Russell 2000 Value	IWN	94 060	5 650	787.33	139.26	139.36	(0.07)	0.5	9.0	25.0
iShares Russell 3000	IWV	63 800	21 300	1 361.07	63.93	63.90	0.05	(1.1)	0.9	3.4
iShares Russell 3000 Growth	IWZ	18 440	700	27.91	39.82	39.87	(0.13)	(1.7)	(2.4)	(2.2)
iShares Russell 3000 Value	IWW	10 000	900	66.50	73.76	73.89	(0.18)	(0.9)	3.2	9.6
iShares Russell MidCap	IWR	28 160	800	48.44	60.69	60.55	0.23	(0.6)	3.1	
iShares Russell MidCap Growth	IWP	8 380	1 150	80.80	70.47	70.26	0.30	(0.3)	(1.9)	
iShares Russell MidCap Value	IWS	11 760	650	53.74	82.82	82.68	0.17	(0.7)	6.6	

Fund Name	Ticker	Volume	Shares (000)	Net assets (million)	Price	NAV	Spread (%)	Return 1 Week	Return YTD	Return 1Yr
iShares Sectors										
iShares Nasdaq Biotech	IBB	88 140	3 600	293.11	81.51	81.42	0.11	1.0	(10.5)	14.2
iShares Cohen & Steers Realty Majors	ICF	17 360	700	62.80	89.97	89.72	0.28	1.0	8.3	23.5
iShares GS Natural Resources	IGE	880	250	25.50		102.01		0.4	8.1	
iShares GS Networking	IGN	14 620	1 800	43.63	24.24	24.24	0.00	(4.0)	(21.0)	
iShares GS Semiconductor	IGW	20 420	500	35.28	70.70	70.56	0.20	(0.3)	6.3	
iShares GS Software	IGV	4 640	600	24.68	41.12	41.13	(0.02)	(0.3)	(9.6)	
iShares GS Technology	IGM	8 380	900	42.02	46.63	46.69	(0.13)	(1.4)	(8.0)	
iShares S&P series										
iShares S&P 500	IVV	137 840	36 300	4 178.86	115.03	115.11	(0.07)	(1.4)	0.9	1.7
iShares S&P 100	OEF	9 640	2 000	116.14	57.87	58.07	(0.34)	(2.4)	(1.3)	0.9
iShares S&P 500/Barra Growth	IVW	84 140	7 550	446.21	59.04	59.10	(0.10)	(1.6)	(0.3)	6.0
iShares S&P 500/Barra Value	IVE	98 400	10 500	584.54	55.56	55.67	(0.20)	(1.5)	0.8	(3.2)
iShares S&P MidCap 400	IJH	22 100	5 600	599.59	107.29	107.07	0.21	0.0	6.2	18.3
iShares S&P MidCap 400/Barra Growth	IJK	13 500	2 150	251.08	116.72	116.77	(0.04)	(0.5)	2.5	14.4
iShares S&P MidCap 400/Barra Value	IJJ	75 820	4 600	448.22	97.45	97.44	0.01	(0.3)	8.0	21.7
iShares S&P SmallCap 600	IJR	139 540	8 700	1 059.40	121.75	121.76	(0.01)	0.8	6.5	22.0
iShares S&P SmallCap 600/Barra Growth	IJT	20 620	2 400	189.94	79.17	79.14	0.04	0.4	2.9	18.2
iShares S&P SmallCap 600/Barra Value	IJS	141 320	4 050	377.95	93.46	93.33	0.14	0.9	9.7	26.0
International										
iShares S&P Global 100	IOO	8 740	800	45.78	57.10	57.26	(0.28)	(1.8)	(3.2)	(4.1)
iShares S&P Europe 350 Index	IEV	41 220	4 650	273.75	58.85	59.00	(0.25)	(0.9)	(0.4)	(3.8)
iShares S&P Toronto SE 60	IKC	60	150	6.82		45.48		1.9	3.4	1.1
iShares S&P Latin America 40	ILF	3 060	150	7.87	52.85	52.35	0.96	1.8	10.8	
iShares S&P TOPIX	ITF	2 940	450	32.76	72.95	72.77	0.25	(4.9)	4.7	
iShares S&P Global Energy	IXC	3 120	300	16.15	53.95	53.87	0.15	(0.7)	9.1	
iShares S&P Global Financials	IXG	860	200	10.64		53.22		(0.0)	1.7	
iShares S&P Global Healthcare	IXJ	2 320	350	17.23	49.30	49.26	0.08	(2.2)	(0.4)	
iShares S&P Global Tech	IXN	7 460	150	7.78	52.39	51.90	0.94	(0.4)	(6.1)	
iShares S&P Global Telecom	IXP	760	300	13.52	45.64	45.10	1.20	(1.3)	(11.7)	
iShares Fixed Income										
iShares 1-3 Year Treasury Index	Launch date to be announced									
iShares 7-10 Year Treasury Index	Launch date to be announced									
iShares 20+ Year Treasury Index	Launch date to be announced									
iShares Treasury Index	Launch date to be announced									
iShares Government/Credit Bond Index	Launch date to be announced									
Merrill Lynch HOLDRS										
HOLDRS B2B Internet	BHH	31 500	14 330	52.74	4.37			2.8	(14.8)	(34.8)
HOLDRS Biotech	BBH	544 740	11 760	1 386.56	126.50			0.8	(4.2)	17.5
HOLDRS Broadband	BDH	38 740	7 911	96.20	12.95			(4.4)	(21.5)	(54.5)
HOLDRS Europe 2001	EKH	2 260	380	22.52	61.83			(0.9)	(5.1)	(12.8)
HOLDRS Internet	HHH	50 840	4 488	127.29	31.33			(0.9)	(9.4)	(7.7)
HOLDRS Internet Architecture	IAH	36 620	3 142	98.99	33.80			0.1	(11.8)	(25.2)
HOLDRS Internet Infrastructure	IIH	15 980	7 248	31.89	5.16			(3.7)	(17.1)	(50.8)
HOLDRS Market 2000	MKH	16 420	2 379	137.19	58.72			(2.2)	(3.2)	(8.4)
HOLDRS Oil Services	OIH	448660	4 388	272.48	65.66			(2.0)	7.8	(23.1)
HOLDRS Pharmaceutical	PPH	208 560	5 790	564.66	96.60			(3.0)	(1.6)	8.6
HOLDRS Regional Bank	RKH	14 420	799	89.40	121.76			(1.0)	8.9	16.4
HOLDRS Retail	RTH	40 520	586	57.78	100.70			(0.6)	4.3	
HOLDRS Semiconductor	SMH	1 241 420	13 607	547.95	46.25			(0.8)	10.5	(6.2)
HOLDRS Software	SWH	44 040	2 674	103.44	41.34			(0.2)	(8.5)	(7.4)
HOLDRS TeleBras	TBH				33.52			(8.6)	(16.2)	(31.4)
HOLDRS Telecommunications	TTH	31 100	5 546	216.75	38.50			(3.2)	(13.4)	(21.8)
HOLDRS Utilities	UTH	17 360	1 269	110.55	95.85			3.6	6.0	(4.6)
HOLDRS Wireless	WMH	9 640	1 100	49.66	46.71			(2.2)	(20.5)	(25.0)
<i>Statistics for shares outstanding and net assets are based on Feb-28-2002 data</i>										
Morgan Stanley BOXES										
Pharmaceutical BOXES	RXB	Trading began Nov-21-2001								
Nuveen										
America's Fastest Growing Companies	Launch date to be announced									
FITRs (Fixed Income Trust Receipts)	Launch date to be announced									
New York Life (NYLIM)										
TechIES (PacEx Tech 100 Index)	Launch date to be announced									

Fund Name	Ticker	Volume	Shares (000)	Net assets (million)	Price	NAV	Spread (%)	Return 1 Week	Return YTD	Return 1 Yr
S&P Depository Receipts (SPDRs)										
S&P 400 MidCap SPDR	MDY	575 400	64 629	6 347.21	98.35	98.21	0.14	(0.3)	6.0	17.9
SPDR Basic Industries	XLB	123 240	15 700	366.44	23.33	23.33	0.00	(1.6)	8.9	20.0
SPDR Consumer Services	XLV	48 560	5 650	166.56	29.51	29.48	0.10	(0.4)	9.5	14.7
SPDR Consumer Staples	XLP	47 320	13 200	345.84	26.16	26.20	(0.15)	(1.0)	3.0	11.4
SPDR Cyclical/Transportation	XLY	52 940	7 800	234.78	30.05	30.10	(0.17)	(1.6)	5.1	20.1
SPDR Energy	XLE	105 900	14 950	425.48	28.42	28.46	(0.14)	(0.9)	6.4	(5.6)
SPDR Financial	XLFI	144 360	23 353	634.97	27.10	27.18	(0.29)	(1.8)	3.0	9.0
SPDR Industrial	XLI	106 960	9 000	245.43	27.23	27.27	(0.15)	(3.0)	(1.7)	5.4
SPDR Technology	XLK	458 380	54 200	1 179.39	21.75	21.73	0.09	(1.9)	(9.4)	(18.8)
SPDR Utilities	XLU	39 600	4 900	137.20	27.97	27.99	(0.07)	0.2	(0.2)	(1.1)

streetTRACKS (State Street Global Advisors)

Dow Jones series

DJ Global Titans	DGT	3 440	300	19.49	64.77	64.96	(0.29)	(2.1)	(3.2)	(1.4)
DJ US Large Cap Growth	DSG	7 960	400	27.45	68.42	68.62	(0.29)	(0.8)	(6.7)	4.0
DJ US Large Cap Value	DSV	19 500	200	27.57	137.44	137.86	(0.30)	(0.4)	8.1	26.9
DJ US Small Cap Growth	ELG	13 360	400	20.51	51.25	51.26	(0.02)	(2.0)	(5.3)	(10.3)
DJ US Small Cap Value	ELV	1 100	400	50.88	126.92	127.20	(0.22)	(1.5)	0.3	10.7

Sectors

FORTUNE 500	FFF	81 960	850	70.04	82.33	82.40	(0.08)	(1.6)	0.5	3.3
FORTUNE e-50	FEF	6 540	400	12.26	30.40	30.64	(0.78)	(2.7)	(10.6)	(18.7)
MS Internet	MII	10 240	500	5.97	11.92	11.94	(0.17)	(0.1)	(11.6)	(34.3)
MS High Tech 35	MTK	2 320	1 550	70.26	45.51	45.33	0.40	(0.8)	(10.9)	(21.5)
Wilshire REIT Index Fund	RWR	3 000	150	18.89	126.12	125.93	0.15	1.0	6.3	

VIPERs (Vanguard)

VIPERs Total Stock Market	VTI	85 440	14 911	1 592.20	106.84	106.80	0.04	(1.0)	1.4	
VIPERs Extended Market	VXF	8 560	201	12.45	62.20	61.92	0.45	0.3	3.7	
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								

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	Data not available at press-time								
NEMAX 50 Ex	NMKXEX	Data not available at press-time								

European market indices

DJ Stoxx 50 Ex	SX5P	34 231	3 050	112.55	37.00	36.90	0.27	(0.3)	(1.2)	
DJ Stoxx 50 LDRS	EUN1	51 233	11 000	403.59	36.50	36.69	(0.52)	1.4	(0.8)	
DJ Euro Stoxx 50 Ex	SX5E	2 526 328	14 587	550.08	37.96	37.71	0.66	0.2	(1.3)	
Fresco DJ Euro Stoxx 50	FSEU50	25 073	1 550	58.03	37.52	37.44	0.21			
DJ Euro Stoxx 50 LDRS	EUN2	1 034 775	28 000	1049.44	37.53	37.48	0.13	0.0	(1.4)	
FTSE 100	UKXEX	Data not available at press-time								
Fresco DJ UK Titans 50		Data not available at press-time								
SMI Ex	SMIEX	Data not available at press-time								

European sector indices

DJ Euro Stoxx Banks	SX7E	1 826	388	11.18	28.70	28.81	(0.38)	1.4	5.5	
DJ Stoxx 600 Banks	SX7P	29 249	651	24.39	37.49	37.46	0.08	0.8	2.7	
DJ Euro Stoxx Technology	SX8E	1 476	651	31.68	48.70	48.67	0.06	(0.4)	(4.1)	
DJ Stoxx 600 Technology	SX8P	13 771	901	36.19	40.33	40.18	0.37	(0.9)	(6.2)	
DJ Euro Stoxx Healthcare	SXDE	897	150	7.20	48.00	48.02	(0.04)	(0.6)	(10.8)	
DJ Stoxx 600 Healthcare	SXDP	20 089	152	6.75	44.40	44.47	(0.16)	(0.5)	0.2	
DJ Euro Stoxx Telecommunications	SXKE	26 000	161	6.99	43.30	43.42	(0.28)	2.4	(10.0)	
DJ Stoxx 600 Telecommunications	SXKP	19 355	610	17.93	29.19	29.40	(0.71)	(0.2)	(16.6)	
Unico MSCI Euro Cons Discretionary	UNMSECD	Data not available at press-time								
Unico MSCI Euro Cons Staples	UNMSECS	Data not available at press-time								
Unico MSCI Euro Energy	UNMSEEN	Data not available at press-time								
Unico MSCI Euro Financials	UNMSEFI	Data not available at press-time								
Unico MSCI Euro Health Care	UNMSEHC	Data not available at press-time								
Unico MSCI Europe Telecom	UNMSETS	Data not available at press-time								

Fund Name	Ticker	Volume	Shares (000)	Net assets (million)	Price	NAV	Spread (%)	Return 1 Week	Return YTD	Return 1 Yr
Deutsche Börse (continued)										
US/Global indices										
DJ Global Titans Ex	DJGTEEX	Data not available at press-time								
Dow Jones Industrial Average	DJIEX	Data not available at press-time								
Fresco DJ Industrial Average		Data not available at press-time								
Fresco DJ US Tech		Data not available at press-time								
Unico MSCI World		Data not available at press-time								
Euronext Amsterdam										
Dutch market index										
streetTRACKS AEX Index	AEXT	17 857	1 050	54.99	52.80	52.37	0.82	1.8	3.2	
European market indices										
DJ Stoxx 50 LDRS	EUN	39 696	28 000	1 049.44	37.35	37.48	(0.35)	(1.2)	(1.6)	(13.6)
DJ Euro Stoxx 50 LDRS	EUE	8 413	11 000	403.59	36.64	36.69	(0.14)	(1.0)	(0.9)	(12.1)
iShares FTSE 100	ISFA	27 566	51 220	440.10		8.59			2.3	
iShares FTSE Euro 100	IERA		5 892	65.47	10.65	11.10	(4.05)		(0.0)	
iShares FTSE EuroTOP 100	IETA	2 239	780	22.30	28.70	28.59	0.38	0.2	(0.0)	
streetTRACKS MSCI UK	STUK	3	100	3.22		32.18			1.4	
European sector indices										
iBloomberg European Cyclical	IBCA	18	3 300	32.92	9.92	9.98	(0.60)		7.7	
iBloomberg European Financials	IBF	3 264	2 850	23.63	8.10	8.26	(1.94)	(2.4)	0.0	(12.0)
iBloomberg European Industrials	IBIA	2	2 850	25.44	8.93	8.93	0.00		6.4	
iBloomberg European Pharmaceuticals	IBP	732	3 000	29.27	9.75	9.75	0.00	1.2	1.2	(6.4)
iBloomberg European Resources	IBRA	122	2 850	30.13	10.58	10.52	0.57		11.2	
iBloomberg European Staples	IBSA		2 850	27.13	9.53	9.49	0.42		2.5	
iBloomberg European Technology	IBQ	162	3 000	18.19	6.08	6.07	0.16	(0.2)	2.4	(28.3)
iBloomberg European Telecoms	IBT	128	3 600	16.64	4.63	4.60	0.65	2.3	(13.7)	(38.7)
Global indices										
FTSE Global Autos LDRS	TGA		200	11.85		59.23				
FTSE Global Bank LDRS	TGB	8 098	700	35.66		50.94				
FTSE Global Basic Industries LDRS	TGI	21	300	16.28		54.27				
FTSE Global Cyclical LDRS	TGC	2 021	500	26.57		53.14				
FTSE Global Energy LDRS	TGE	2 000	800	43.75	55.30	54.69	1.12	0.2		
FTSE Global Financials LDRS	TGF	2 020	500	21.20	42.81	42.39	0.99	(0.3)		
FTSE Global General Industries LDRS	TGG	6 024	300	13.75	46.14	45.83	0.68	(1.3)		
FTSE Global Media LDRS	TGM	6 340	600	27.57		45.95				
FTSE Global Non-Cyclical LDRS	TGN		400	24.86		62.16				
FTSE Global Pharmaceuticals LDRS	TGP	80	400	18.46		46.16				
FTSE Global Technology LDRS	TGQ	28 052	1 300	45.73		35.18				
FTSE Global Telecom LDRS	TGT	6 000	200	7.36	37.31	36.79	1.41	(0.3)		
FTSE Global Utilities LDRS	TGU	6 020	1 300	54.56	42.33	41.97	0.86	2.5		
Euronext Paris										
French market index										
CAC 40 Master Unit	CAC PA	1 213 373	16 692	765.66	45.90	45.87	0.07	0.0	(0.2)	(15.9)
European market indices										
Easy ETF DJ STOXX 50	ETE FP	17 197	9 119	34.01	3.76	3.73	0.80	(1.1)	(2.4)	
DJ Stoxx 50 LDRS	EUN FP	97 818	28 000	1049.44	37.28	37.48	(0.53)	(1.4)	(1.6)	(13.6)
DJ Stoxx 50 SM EX	GXN FP	0	3 048	112.71	37.03	36.98	0.14	0.4	0.1	
Easy ETF DJ Euro STOXX 50	ETN FP	5 440	15 140	54.96	3.63	3.63	0.00	(1.9)	(1.9)	
DJ Euro Stoxx 50 LDRS	EUE FP	45 428	11 000	403.59	36.60	36.69	(0.25)	(1.1)	(0.9)	(12.1)
DJ Euro Stoxx 50 Master Unit	MSE FP	1 212 164	8 000	299.28	37.42	37.41	0.03	(0.4)	(1.0)	
DJ Euro Stoxx 50 SM EX	GXE FP	495 380	14 589	551.04	37.75	37.77	(0.05)	0.4	(0.4)	
streetTRACKS MSCI Pan-Euro	ERO FP	5 545	1 400	150.49	108.30	107.49	0.75	0.3	0.1	
SPDR Euro 350		59	950	121.47	128.09	127.86	0.18	(0.1)		
European sector indices										
EasyETF Euro Stoxx Banks	SYB FP	200	26	7.39	285.10	286.71	(0.56)			
EasyETF Euro Stoxx Energy	SYE FP	24	30	10.45	357.00	354.96	0.57			
EasyETF Euro Stoxx Healthcare	SYH FP		14	6.59		483.10				
EasyETF Euro Stoxx Insurance	SYI FP		17	5.74		333.93				
EasyETF Euro Stoxx Media	SYM FP		25	6.96		284.73				
EasyETF Euro Stoxx Technology	SYQ FP	400	18	8.85	481.70	480.42	0.27			
EasyETF Euro Stoxx Telecom	SYT FP		13	5.65		428.41				
EasyETF Euro Stoxx Utilities	SYU FP	600	25	7.14	291.20	291.77	(0.20)			
streetTRACKS MSCI Euro Cons Disc	STV FP	1 393	600	28.87	48.56	48.12	0.91	1.6	3.1	
streetTRACKS MSCI Euro Cons Staples	STS FP	264	250	13.50	54.35	53.98	0.69	1.2	3.1	
streetTRACKS MSCI Euro Energy	STN FP	293	300	23.71	79.60	79.04	0.71	0.1	11.1	
streetTRACKS MSCI Euro Financials	STK FP	1 456	100	5.41	54.40	54.05	0.65	0.3	0.3	
streetTRACKS MSCI Euro Health Care	STW FP	1 737	50	2.79	56.30	55.78	0.93	(0.1)	0.8	

Fund Name	Ticker	Volume	Shares (000)	Net assets (million)	Price	NAV	Spread (%)	Return 1 Week	Return YTD	Return 1 Yr
Euronext Paris (continued)										
streetTRACKS MSCI Euro Industrials	STQ FP	3 345	550	32.31	59.10	58.75	0.60	0.2	6.9	
streetTRACKS MSCI Euro IT	STZ FP	3 863	1 100	62.00	56.90	56.36	0.96	(1.4)	(7.7)	
streetTRACKS MSCI Euro Materials	STP FP	334	250	17.89	71.95	71.55	0.56	0.7	8.4	
streetTRACKS MSCI Euro Telecom	STT FP	2 510	350	13.07	37.40	37.33	0.19	0.6	(14.2)	
streetTRACKS MSCI Euro Utilities	STU FP	40	400	18.14	45.44	45.36	0.18	(0.1)	0.2	
US/Global indices										
Easy ETF DJ Global Titans	ETT FP	546	3 851	113.22	30.00	29.40	2.04	(0.1)	(3.4)	
DJIA Master Unit	DJE PA	43 074	1 117	133.54	118.80	119.53	(0.61)	(2.3)	3.4	
MSCI US Tech Master Unit	UST FP	147 361	1 700	14.25	8.39	8.38	0.12	(1.5)	(8.2)	
SPDR Euro		10	400	55.69		139.22				
OM Sweden (SEK denominated)										
XACTOMX	XACT	28 120	11 050	898.00	81.70	81.26	0.54	1.0	0.9	1.0
Switzerland										
CHF denominated										
XMTCH	XMSMI	84 843	20 701	1 367.84	65.80	65.92	(0.18)	(0.9)	2.4	0.1
SMI EX	SMIEX	7 195	453	29.84	65.95		0.31	0.8	2.3	0.8
Fresco DJ Euro Stoxx 50	FSEU50	32 066	1 750	95.82	54.50		0.68	0.4	(3.6)	0.2
Fresco DJ Industrial Average	FDUSIA	3 532	600	104.09	174.50		0.78	(0.6)	1.5	7.7
Fresco DJ US Large Cap	FDUSLC	3 364	800	68.13	85.90		1.24	(1.6)	(3.3)	(0.5)
Fresco DJ US Tech 40	FDUSTC	3 278	750	59.65	80.50		1.17	(1.1)	(10.5)	(8.4)
Fresco DJ Japan Titans 100	FDJ100	4 197	750	44.48	59.05		0.94	(5.6)	1.6	(1.6)
Fresco DJ UK Titans 50	FDUK50	42 200	550	29.14	53.10		0.87	0.4	(2.4)	(2.2)
<i>NB: 12-month return is since launch for products launched during 2001</i>										
Euro denominated										
DJ Stoxx 50 LDRS	EUN SW	82 105	11 000	403.59	36.55	36.69	(0.38)	(0.1)	(1.1)	(2.3)
DJ Euro Stoxx 50 LDRS	EUNE SW	77 163	28 000	1 049.44	37.30	37.48	(0.48)	0.1	(2.2)	(4.4)
United Kingdom (GBP denominated)										
UK market indices										
iShares FTSE 100	ISF LN	4 040 351	51 220	272.25	5.32	5.30	0.38			
iShares FTSE TMT	ITMT LN	9 253	1 820	11.10	6.09	6.08	0.16			
European/US market indices										
DJ Stoxx 50 LDRS	EUN LN		11 000	248.71	20.98	21.06	(0.38)	(1.1)	(3.8)	
DJ Euro Stoxx 50 LDRS	EUE LN		28 000	648.80	23.05	23.10	(0.22)	(0.9)	(0.9)	
iShares FTSE Euro 100	IEUR LN	16 499	5 890	40.50	6.90	6.84	0.88			
iShares FTSE Eurotop 100	IEUT LN	606	780	13.79	17.90	17.60	1.70			
iShares S&P 500 ETF	IUSALN	45 410	4 250	34.43	8.06	8.05	0.12			
European sector indices										
iBloomberg Euro Cyclical	IBEC LN	10 371	3 300	20.36	6.26	6.14	1.95			
iBloomberg Euro Financials	IBEF LN	4 038	2 850	14.56	5.07	5.08	(0.20)			
iBloomberg Euro Industrials	IBEI LN	271	2 850	15.74	5.49	5.50	(0.18)			
iBloomberg Euro Pharmaceuticals	IBEP LN	2 046	3 000	18.10	5.99	6.01	(0.33)			
iBloomberg Euro Resources	IBER LN	945	2 850	18.55	6.48	6.48	0.00			
iBloomberg Euro Staples	IBES LN	53	2 850	16.73	5.83	5.85	(0.34)			
iBloomberg Euro Telecoms	IBET LN	4 697	3 600	10.31	2.85	2.85	0.00			
iBloomberg Euro Technology	IBQQ LN	250	3 000	11.26	3.73	3.74	(0.27)			
INTERNATIONAL EXCHANGE-TRADED FUNDS										
Australia (AUD denominated)										
streetTRACKS ASX S&P 200 Index	STW	181 048	4 901	171.44	34.95	34.98	(0.09)	1.0	1.1	
streetTRACKS ASX S&P 50 Index	SFY	22	803	28.58	35.61	35.60	0.03	0.0	(0.5)	
streetTRACKS ASX S&P 200 Property	SLF	25 014	3 300	45.92	13.96	13.91	0.36	(0.0)		
Canada (CAD denominated)										
Canadian market indices										
iUnits S&P/TSE 60 Index	XIU	1 233 712	94 512	4 228.00	44.85	44.73	0.26	(1.7)	2.2	(0.9)
iUnits S&P/TSE Capped 60	XIC	11 700	5 409	268.00	49.50	49.52	(0.03)			
SSgA DJ Canada 40	DJF	744	4 488	206.60	46.00	46.03	(0.07)	(1.4)	0.6	(35.5)
TD TSE 300 Index	TTF	11 904	6 591	173.09	26.35	26.26	0.34			
TD TSE 300 Capped Index	TCF	777	2 819	85.78	30.45	30.43	0.07			
Canadian sector indices										
iUnits S&P/TSE Canadian Energy	XEG	21 609	1 722	56.00	32.55	32.54	0.04			
iUnits S&P/TSE Canadian Financials	XFN	11 428	1 534	44.00	29.00	28.91	0.32			
iUnits S&P/TSE Canadian Gold	XGD	22 112	2 236	96.00	42.95	42.86	0.21			

Fund Name	Ticker	Volume	Shares (000)	Net assets (million)	Price	NAV	Spread (%)	Return 1 Week	Return YTD	Return 1 Yr
Canada (continued)										
iUnits S&P/TSE Canadian IT	XIT	44 894	4 580	37.00	8.05	8.08	(0.41)			
iUnits S&P/TSE Canadian MidCap	XMD	8 923	1 596	81.00	50.75	50.65	0.20			
TD Select Canadian Growth	TAG	820	1 953	17.88	9.18	9.16	0.22			
TD Select Canadian Value	TAV	685	1 406	23.23	16.55	16.53	0.12			
Fixed income										
iUnits Canada 5-year Govt Bond	XGV	17 800	3 395	92.00	27.10	27.14	(0.14)	(1.7)	(1.3)	(3.7)
iUnits Canada 10-year Govt Bond	XGX	13 021	2 842	73.00	25.70	25.72	(0.06)	(0.6)	(1.4)	(5.1)
US/Global indices										
iUnits MSCI International Equity RSP	XIN	16 635	1 592	32.00	20.55	20.27	1.41			
iUnits S&P500 RSP	XSP	106 277	5 655	103.00	18.30	18.19	0.62			
Hong Kong (HKD denominated)										
TraHK	2800.HK	2 619 000	2 531 993	27 910.65	11.00	11.02	(0.21)	(2.2)	(3.9)	(14.1)
iShares MSCI China Tracker	2801.HK	773 480	18 400	303.78	16.50	16.51	(0.06)	(0.3)	(1.2)	
India										
Nifty Benchmark Exch-Traded Scheme	Trading commenced Jan-8-2002									
Israel (ILS denominated)										
TALI 25	TALI	537	496	2 085.49	909.09	905.76	0.37	2.4	(7.0)	8.4
Japan (JPY denominated)										
Tokyo Stock Exchange										
Nikkei 225	iShares	1329	25	835	64.88	11 430	11 355	0.66	(1.9)	9.1
	Nikko	1330	178 443	6 638	571.29	11 390	11 353	0.32	(2.1)	
S&P/Topix 150	iShares	1315	0	4 501	30.64			2.35	(2.1)	(3.8)
Topix	Daiwa	1305	87 525	25 983	212.50	1 079	1 079	0.01	(1.3)	
	Nomura	1306	367 750	526 163	4 305.40	1 077	1 080	(0.23)	(1.7)	
	iShares	1307	2 650	15 091	133.30	1 079	1 086	(0.64)	(1.8)	(6.6)
	Nikko	1308	210 750	19 993	163.38	1 080	1 078	0.18	(0.9)	
Osaka Stock Exchange										
Nikkei 225	Daiwa	1320	Data not available at press-time							
	Nomura	1321								
*Net assets in USD, other values in JPY										
New Zealand (NZD denominated)										
NZSE10 Index Fund	TNZ	154 091	98 084	90.89	0.90	0.93	(3.23)	(1.9)	2.3	(2.6)
NZ Mid Cap Index Fund	MDZ	10 225	14 232	28.86	2.04	2.03	0.49	0.1	2.6	9.6
Australian 20 Leaders Index Fund	OZY	35 256	60 314	149.75	2.46	2.48	(0.81)	(0.1)	(3.7)	8.4
AMP Investments' World Index Fund	WIN	90 967	440 806	737.91	1.66	1.67	(0.60)	(3.0)	(13.8)	(8.9)
Singapore										
streetTRACKS Straits Times Index	Launch scheduled for Apr-17-2002									
South Africa (ZAR denominated)										
SATRIX 40	STX40	593 830	364 492	3 991.19	10.95	10.95	0.00	(0.0)	1.5	36.2
SATRIX Financial Index	STXFIN	92 346	207 737	754.09	3.63	3.63	0.00	(4.7)	1.5	
SATRIX Industrial Index	STXIND	264 533	99 288	736.72	7.42	7.42	0.00	(3.1)	5.7	

Volume shows average daily volume for the week ending Mar-22-2002; **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 Mar-22-2002. **Sources include** Wiesenberger/Thomson Financial, fund managers, MAR research and other sources.



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