

What's Inside...

| | |
|---|--------|
| Will mutual fund fee debate benefit ETFs? | Cover |
| Hedging with options | Cover |
| For wary investors seeking international exposure | Page 2 |
| StyleBox gets a makeover | Page 4 |
| ETFs challenge country CEFs | Page 4 |
| ETFR Databank | |
| Listing of global ETF data | Page 9 |

Will mutual fund fee debate benefit ETFs?

By Philip Scipio

Mutual fund fees are getting tougher scrutiny these days as a protracted bear market has left legions of mutual fund investors up in arms about paying revved up fees for ho-hum performance. The challenge for sponsors of exchange-traded funds will be to turn these discontented investors into ETF buyers.

So far, the major issuers of ETFs haven't launched any new advertising campaigns seizing on the mutual fund fee issue. Perhaps they should, aiming them at retail investors. Institutional investors, many of which already use ETFs in their portfolios, aren't likely to be moved one way or another by the fee debate. But retail investors are another story.

ETFs are inherently less expensive for investors to own than mutual funds. The biggest obstacles to direct competition on a broader scale between ETFs and mutual funds is the limited scope of ETFs. But as more ETFs hit the market based on a wider variety of indices using different techniques, they will conceivably be able to compete with mutual funds on a broader level.

ETFs' reputation on the more competitive playing field may be enhanced by an unlikely source: mutual funds themselves. At the very least, the negative attention currently **5►**

Hedging with options

By Marsha Zapson

As investors returned to the market, seeking participation in a stock rally that began some three months ago, the Dow had climbed to over 9,000 by mid-June, the S&P 500 index had increased about 23% and the Nasdaq 100 had risen about 25%. The second quarter was thus on track to becoming the best since 1998's fourth quarter, according to *The Wall Street Journal*. But investors, who have learned their bear market lessons well, have become more cautious.

Returning investors are now seeking hedging strategies, and many are translating their newfound caution into option plays. Not surprisingly, option activity has increased across all five US exchanges, with option-based strategies running the gamut from the simple to the complex. Investors are buying and selling puts and calls as they bet on both market direction and the rise or fall of individual securities.

A strategy for all seasons

"One of the wonderful things about options, whether they be on ETFs, indices or stocks, is that they can be used in any market condition: bullish, bearish or neutral," says Frank Tirado, an instructor with The Options Institute at the Chicago Board Options Exchange. As the mar- **6►**

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For wary investors seeking international exposure

By Keith Button

BLDRS EMERGING MARKETS 50 ADR INDEX FUND

| | | |
|---------------------------------|--|-------------|
| Ticker | ADRE | |
| Launch date | November 13, 2002 <i>(All data as of June 20, 2003)</i> | |
| Net assets | \$17,850,000 | |
| Shares outstanding | 300,000 | |
| Avg daily trading volume | 2,063 | |
| Expense ratio | 0.30% | |
| Price | 31-week | |
| | High | Low |
| | 60.25 | 43.98 |
| NAV | 58.20 | 44.60 |
| Sector focus | Emerging markets | |
| Portfolio structure | Fully replicating fund | |
| Number of ADRs in fund | 50 | |
| Options available | No | |
| Minimum trade size | 1 share | |
| Distribution frequency | Quarterly dividends; annually for capital gains, if needed | |
| Benchmark index returns | 3 month | YTD |
| | (8.35%) | 13.11% |
| Income | 2002 | 2003 |
| | \$0.17 | \$0.54 |
| Capital gains | N/A | N/A |
| Custodian | The Bank of New York | |
| Trustee | The Bank of New York | |
| Distributor | ALPS Distributors Inc | |

Top 10 holdings as of June 20, 2003

| ADRs | (%) |
|-------------------------|-------------|
| Taiwan Semiconductor | 13.3 |
| Teva Pharmaceutical | 6.1 |
| Telefonos de Mexico | 5.1 |
| China Mobile | 4.6 |
| Kookmin Bank | 4.4 |
| United Microelectronics | 4.4 |
| SK Telecom | 4.1 |
| Petroleo Brasileiro | 3.1 |
| Cemex | 3.1 |
| America Movil | 3.0 |
| Total | 51.2 |

The seven-month-old BLDRS Emerging Markets 50 ADR Index Fund is designed around the concept of reassuring investors who want international exposure but may be wary of non-US equities.

Nasdaq Financial Products Services Inc launched the fund with Bank of New York as trustee in November 2002 along with three other BLDRS, pronounced "builders" and named for "Baskets of Listed Depository Receipts." BLDRS Emerging Markets, Asia 50 ADR Index Fund, Europe 100 ADR Index Fund and Developed Markets 100 ADR Index Fund are based on indices created in 1998.

The BLDRS funds, listed on Nasdaq, are the only exchange-traded funds that track indices of American Depository Receipts. Bank of New York is the largest depository bank for ADRs, with 66% of all sponsored depository receipt programs not traded over the counter, and more than 1,400 programs representing 70 countries.

The impetus for creating the BLDRS was to provide a transparent vehicle for non-US exposure with a low expense ratio, says Laura Melman, vice president of product management for BoNY's depository receipt division. BLDRS Emerging Markets has an expense ratio of 0.3%, much lower than the management fee for an actively managed mutual fund of non-US stocks, she says. Other international ETF fees hover around 0.8%. As an ETF, the BLDRS product also offers more liquidity than a non-exchange-traded fund.

When BLDRS Emerging Markets launched, it was the only ETF to offer emerging markets exposure. Barclays Global Investors rolled out the second such fund on April 11 on the American Stock Exchange: iShares MSCI Emerging Markets Index Fund. Because the BLDRS Emerging Markets offers international exposure and the benefits of ADRs, the product "fills a niche, and it makes folks a little more comfortable," says Melman.

ADR advantages

Investors who might have worried about investing in overseas stocks have had their concerns allayed by the benefits of ADRs, she says. ADRs offer several advantages over direct ownership of non-US stocks.

They are traded and settled in the US in US dollars, which lowers transaction costs and eliminates the global custody and currency exchange issues of owning non-US stocks. And they trade during US daytime hours, not the hours of the market where the company's stock is listed. This makes it easier to match an ADR investment with other US-traded vehicles, such as for hedging purposes, with Net Asset Values calculated at the end of the same trading day.

Institutional investors that have bylaws limiting or prohibiting ownership of non-US stocks can utilize ADRs for their foreign exposure.

ADRs also have some new tax benefits. The Jobs and Growth Tax Relief Reconciliation Act of 2003 signed into law in May by President Bush drops the top-tier tax to 15% for dividends from US companies, non-US companies with bilateral tax treaties and ADRs. For companies in countries without tax treaties with the US, stock dividends will be taxed at the higher marginal income

tax rates. But ADR dividends from those companies will be taxed at the 15% rate.

The US government has not listed which countries will not qualify for the lower dividend rate. But according to JP Morgan's adr.com Web site, the list of countries without income tax treaties with the US includes Brazil, Chile, Hong Kong, Malaysia, Singapore and Taiwan. "It's fortuitous for us, because all of our BLDRS are invested in ADRs," says Melman.

For a mutual fund invested in companies from the nontreaty countries, qualifying and non-qualifying dividends will have to be considered separately for US income taxes.

A study released in June by Oxford Metrica, underwritten by BoNY, reported some other benefits of ADRs. Companies

launching depositary receipt programs on US exchanges improved their liquidity by an average of 27%, according to the study. The rise in liquidity reflects the companies' greater access and visibility to investors, as well as wider coverage by equity analysts.

These companies also saw their domestic share prices increase, reflecting the value investors placed on the financial disclosure required by the Securities and Exchange Commission, reconciliation with US generally accepted accounting principles and annual reporting requirements with ADRs. SEC disclosure requirements flow back to the non-US company that is represented by an ADR. US stock exchanges on which the ADRs are listed impose their own reporting requirements, including GAAP compliance.

For the BLDRS funds, in addition to investor assurances offered by the benefits of ADRs, the indices are created by an objective process. And the index makes it easy for investors to know at any given moment what the constituents are, and when and why they would change, says Melman.

Bank of New York sends any subjective decision regarding the makeup of its Emerging Markets 50 ADR Index to a vote of the independent members of its ADR Index Committee outside the bank. BoNY also has an outside provider manage the index: Dow Jones. The index is free-float adjusted and rebalanced quarterly, as are the fund holdings reflecting the index.

The index uses the World Bank's definition of emerging markets because it is the most widely accepted, says Melman, and the ADRs in the index are the most liquid and most actively traded. The liquidity criteria help authorized participants in the creation/redemption process for the BLDRS funds, which is the same as that of any other ETF, only with ADRs as the underlying securities. Higher liquidity means tighter bid-ask spreads, more stable prices and easier trading.

Bank of New York considers 174 ADRs as emerging markets,

BoNY Emerging Markets 50 ADR Index vs MSCI Emerging Markets Free Index

Source: Bank of New York

and the bank is the depository for 103 of those. Of the emerging-markets-based ADRs, the index selects the 50 most actively traded large- and medium-sized ones, based on market capitalization. Each ADR in the index is traded on Nasdaq, Amex or New York Stock Exchange

Performance

When the BLDRS funds were launched, the sponsors' expectations were tempered because of the state of the stock markets and the difficulty of educating investors about ETFs and ADRs, says Melman. BoNY and Nasdaq had previously launched QQQ, the most widely traded ETF. "The funds are slowly increasing in trading volume," she says. "The idea was to launch the funds, and have Nasdaq and the

investment community spread the word about their benefits."

Shares in the BLDRS Emerging Markets ETF were trading around \$59.50 in mid-June, up 16.7% this year. Since the fund began, its trading range has been \$43.98 to \$60.25. The fund has 300,000 shares outstanding, with average daily trading volume of 2,062 shares through June 19. Since the fund launched in November, the bid-ask spreads have tightened to about 20 cents and less, and that should continue as the ETF becomes more actively traded, says Jim Boliver, a vice president in the BoNY depositary receipt division.

For the most part, the share price of the ETF is set by trading, and is not directly tied to value of the ADRs owned by the fund. But two factors keep the ETF price in line with the underlying ADRs: arbitrage and the creation/redemption process, says Boliver.

Shares in the fund can be sold short, and the BLDRs funds are exempt from the general rule that shares be sold short only on an uptick. There are no options traded on the funds.

Makeup of the index

As of June, the top 10 ADRs in the BoNY Emerging Markets 50 ADR Index accounted for 51% of its weighting. The top 10 companies in the MSCI Emerging Markets Index fund, including seven holdings in depositary receipts, represent 33% of that ETF.

Four of the top 10 companies represented in the BoNY and MSCI emerging markets indices are the same: Taiwan Semiconductor, United Microelectronics, Kookmin Bank and Telefonos de Mexico.

Two of the ADRs in the BoNY index's top 10 are from Taiwan companies, representing 18% of the index; three are from companies in Mexico, 11%; two from Korea, 9%; and one company each from Israel, China and Brazil, with 6%, 5% and 3%, respectively. ↕

StyleBox gets a makeover

By Lauren Venezia

Morningstar's Market Barometer appears to have struck a responsive note with investors. The firm reports that its new asset allocation tool, released in late 2002, has attracted an increasing number of users seeking investment insights. Market Barometer is derived from StyleBox, Morningstar's flagship stock and fund classification tool. The new and improved StyleBox comprises nine squares, which are based on market capitalization.

The original StyleBox, introduced a decade ago, drew complaints from funds it tracked for being too simplistic: It used only two factors, Price/Earnings and Price/Book. The new system has eight additional factors. Now large-, mid- and small-cap stocks are broken down by value, growth or a blend. When Morningstar implemented the new tool, 1,240 funds and stocks, or 17% of US stock portfolios, moved to a different position.

Simultaneous with Market Barometer's launch, Morningstar also created 16 new indices covering 97% of US equity markets—all of which are rules based, free-float weighted and screened for liquidity. To be eligible, a stock must be listed on the NYSE, Amex or Nasdaq and domiciled in or have most of its business carried out in the US, have significant historical data available, and be in the top 75% of companies in the investable universe.

Market Barometer depicts the intensity of market moves in

shades of green and red. Color coding offers a performance snapshot, and makes tracking that performance quick and easy. In the Market Barometer world, green indicates that a stock is moving up and red that it is declining. Varying shades of light green and pink show the precise percentage change. For example, Morningstar's large value index was pink during the week of June 23, representing a 0.9% decline.

The tool is user friendly for even the most novice investors. "People are not used to looking at numbers and interpreting data," says Sanjay Arya, director of Morningstar index services. "It's difficult for the average person to put pages of data into context and make smart investment decisions."

Although Market Barometer categorizes only individual stocks, an investor can go to the Web site and plug in not only stocks, but also funds, ETFs or some combination of all three. It will then analyze the risk tolerance of that investor and the riskiness of his or her portfolio. Alternatively, to reach a desired risk level, the investor can use the tool to allocate holdings more diversely within the StyleBox.

"Market Barometer helps show how growth stocks, for example, can be up one year and down the next," says Arya. "It's an investment tool that can be used to fill in gaps in portfolios."

And as far as ETFs are concerned, Morningstar intends to get a license to build ETFs based on its new indices. Arya says the firm is currently talking with several potential sponsors. ❖

ETFs challenge country CEFs

By Marsha Zapson

"Single-country ETFs have had a major effect on both the creation and dissolution of comparable closed-end funds," writes Donald Cassidy, a Lipper senior research analyst. His recently published report (which is available on www.lipper.com) discusses how the country ETFs—formerly WEBS, now iShares MSCI—have wreaked havoc on closed-end country funds.

Cassidy details the "striking difference" between existing closed-end funds through 1995 and those offered in 1996, the year WEBS were launched. He writes: "At that time [WEBS] effectively closed the window for country-fund CEF issuance; even more important, it seems to have led to the liquidation and open-ending of a significant number of previously existing country equity CEFs."

In a recent interview, Cassidy said his study is based on psychology about risk. Researchers, psychologists and financial theorists believe that most people, excluding professional speculators, are more risk averse than risk seeking. Investors will therefore perceive a CEF trading at a 10% discount, for example, to be more of a risk than an opportunity.

"While the potential is there to increase returns because the CEF trades at a discount, it could also dip to 20% or 25%," says Cassidy. "That widening discount is too risky for most people to accept. The comparable ETF eliminates the premium/discount risk because of the way the product is structured." Add to that that ETFs have expense ratios lower than CEFs and "ETFs have

made considerable competitive inroads against CEFs."

Cassidy asks the pertinent question: "What has happened to CEFs that matched [ETFs] geographically?" Out of a possible 21 MSCI iShares, Cassidy narrows his focus to the 16 country ETFs corresponding to preexisting CEFs. Of the 13 CEFs corresponding to eight matched country ETFs, all have closed and one is currently under attack, he writes. Of the 21 CEFs not matched with ETFs, only three have closed.

He writes: "Thus the contrast of event clusters is striking: three of 21 (14%) departures in nonmatched CEFs/ETFs, contrasted with eight countries and 13 funds for 16 iShares-matched countries (50% or 81%, depending on how one states the fractions, countries or funds)."

Institutionally driven

At present, there are another 15 CEF/ETF matches, of which the larger CEFs might become logical targets, says Cassidy. "The Mexico Fund has already gone to interval status and has shrunk by more than 50% in response to institutional pressure about its discount." He points out that the next country ETF to launch will probably be based on the FTSE/Xinhua China 25 Index, which is currently before the SEC. It will be interesting to see whether Cassidy's trend affects the several extant CEF matches.

The outlook for CEFs existing in this competitive space is not rosy. Will there be new CEF launches? "I seriously doubt it," he says. ❖

◀¹ Will mutual fund fee debate benefit ETFs?

being paid to mutual fund fees by the US Congress and the Securities and Exchange Commission should highlight the cost efficiencies of ETFs.

Carpe diem

On June 11, Congressman Richard H. Baker (R-La) introduced legislation in the US House of Representatives aimed at forcing mutual funds to disclose a broad range of fee information and profitable arrangements they currently don't have to disclose. The bill would require fund companies to tell shareholders more about their operating expenses, including transaction costs and soft-dollar arrangements.

Congress's nonpartisan General Accounting Office weighed in with a report suggesting that the SEC should consider new disclosure rules for mutual funds. For its part, the SEC, which regulates some 8,200 mutual funds, issued a potential blueprint for reforming the industry, including a plan to limit the use of soft-dollar commissions.

Still, ETF industry watchers and participants seem unanimous in their view that the current mutual fund fee revolt isn't going to be a watershed for ETFs. "The fees mutual funds charge compared to ETFs is not a new topic," says State Street Global Investor's director of marketing Gary McDonald. "The distinctions have been around a while. When you are looking at an actively managed mutual fund and an ETF, you are talking about apples and oranges. You have to make the distinction between active and passive funds.

"Mutual funds are excellent investment vehicles. They serve a lot of useful purposes, so I can't see something like this creating some major groundswell."

Barclays Global Advisors' Jay Parsons agrees. "I don't think the attention being paid to mutual fund fees now will actually be negative for mutual funds," he says. "I think there's a lot more disclosure than the press is portraying." Parsons, too, notes that the fee structure of ETFs relative to mutual funds is already well known.

"One of the key benefits of ETFs has always been transparency of investment holdings, transaction levels, fee levels—that has been one of the key elements that has helped drive the explosion of iShares," he says. "With ETFs, investors have the ability to know exactly what they are getting when they are getting it."

Analysts, too, agree that ETFs aren't likely to get much mileage out of the mutual fund fee debate. "It can't hurt and may in fact bring some extra attention to ETFs for investors that aren't aware of them, but it won't mean anything to the size of the ETF industry," says Lipper & Co analyst Don Cassidy.

"It may not mean a whole lot primarily because when you talk about ETFs, it's the institutions that have to create or destroy the shares," says Cassidy. Institutions have already gravitated toward ETFs and use them in their portfolios where

doing so makes sense, he says.

"On the other hand, individual investors are probably the ones getting increased pounding into their heads about expense, and that may mean that they are more interested in trading or investing in ETFs," says Cassidy. "But that doesn't increase the assets in the ETF world."

Fees are one of the key things investors look at when they are considering ETFs, says Morgan Stanley ETF analyst Paul Mazzilli. "The average US equity ETF has a 28 basis point expense ratio

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Current talk about fees will give some an opportunity to look at ETFs

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compared with 140 for the average open-end US equity fund." The difference is considerable, especially when compared with funds that are based on the same index and are essentially passively managed.

Although the fee differences can be substantial, one major obstacle that may keep retail investors from switching to ETFs, even when it makes sense to do so, is their continuing lack of knowledge about the investment. "The ETF business is still very small compared to the open-end mutual fund business," says Mazzilli. "The trading volume is generated by institutional investors and hedge funds. A lot of retail investors don't even know what they are yet."

Striking 401(k) gold

One of the easiest access points for retail investors wanting exposure to equities is through their employee 401(k) plans. But even if the fee issue should gain traction with investors and they become inclined to seek out alternatives, they couldn't just change their 401(k) allocations to include more ETFs.

Indeed, including exchange-traded funds as part of various 401(k) plans will be no small task. "401(k) boards tend to be cautious and behind the curve when it comes to new offers," says Cassidy. "It will be an uphill battle. From a mechanical standpoint, most plans would have to have a brokerage account instead of the usual omnibus plan the use with a mutual fund administrator."

It will be up to the providers of 401(k)s to expand the technology, says BGI's Parsons. Most 401(k) platforms aren't capable of handling the transactional prices of ETFs throughout the day as they trade, he says. And without that capability, the advantage of an ETF disappears.

"You'll probably see further expansion in the use of the brokerage window," he says. But that means using two platforms, which has not been very attractive for 401(k) plans. He hopes the two platforms may be able to merge at some point.

Although ETFs have had a major growth spurt in recent years, people are still adopting them, says McDonald. "It's becoming more and more of a portfolio management tool, and we are big proponents of that. So to the extent that people are on the fence, the current talk about fees will give more of them an opportunity to look at ETFs as a legitimate way of helping to manage their portfolios. It certainly won't hurt." ↵

◀ Hedging with options

ket has increased some 80% over its March lows, investors and advisors are employing strategies to protect appreciation, he says. Such strategies can be implemented by buying puts or covered calls, for example, to protect recent ETF (and stock) gains.

In fact, puts on QQQ have risen dramatically in recent weeks. QQQ, which is not only the most heavily traded stock in the world but also the most actively traded US option, has seen the ratio of its puts to calls in open interest increase. On the CBOE, that ratio rose to 2.0 in mid-June from 1.4 in

mid-May and 1.2 in mid-April. (Market observers suggest that hedging with options increased in the technology sector overall after Morgan Stanley downgraded the semiconductor sector.)

At the CBOE alone, options on QQQ are up 30% year to date over the last year, options on Diamonds are up a whopping 8,278% and options on iShares S&P 100 (OEF) are up 254%. "CBOE index option volumes, which include ETFs, have been increasing for more than 12 consecutive months," says Tirado. "And that's consistent with a trend in which investors are shying away from individual stock selection."

Even though the big option story is index related, volume on OEF options may still seem high. But OEF stands as a substitute for the S&P 500 index, which accounts for most of its activity. Paul Mazzilli of Morgan Stanley notes in his research report that there are no options available (because of licensing agreements) on the two ETFs tracking the S&P 500: Spider (SPY) and iShares S&P 500 (IVV).

While the CBOE trades SPX, an option on the S&P 500 index, Mazzilli points to two other proxies—besides OEF—which have exhibited high correlation with the S&P 500 over the past three years: iShares Russell 100 (IWB) and streetTRACKS Fortune 500 (FFF). However, he says, "these options are based on different base values and strike prices. When used with SPY or IVV, they would not qualify as covered calls for risk management or margin purposes."

At present, options are offered on 69 out of a possible 114 US-based ETFs. One driver that makes an ETF optionable is its volume, says Tirado. That is, the more heavily an ETF trades, the more interest there will be in trading an option on that fund. (QQQ is, of course, the perfect example.) But that pat-

Summary of Option Activity

2003 YTD through May

| Exchange | Equity Options | Market Share (%) | Total Options | Total Market Share (%) |
|--------------|--------------------|------------------|--------------------|------------------------|
| CBOE | 80,461,439 | 26.22 | 109,463,976 | 32.35 |
| ISE | 85,655,971 | 27.91 | 85,655,971 | 25.31 |
| AMEX | 70,339,162 | 22.92 | 71,616,604 | 21.16 |
| PHLX | 37,580,918 | 12.25 | 38,804,674 | 11.47 |
| PSE | 32,861,638 | 10.71 | 32,861,638 | 9.71 |
| Total | 306,899,128 | 100.00 | 338,402,863 | 100.00 |

2002 January through May

| Exchange | Equity Options | Market Share (%) | Total Options | Total Market Share (%) |
|--------------|--------------------|------------------|--------------------|------------------------|
| CBOE | 89,515,740 | 30.52 | 111,286,614 | 34.99 |
| AMEX | 79,468,203 | 27.10 | 80,478,103 | 25.30 |
| ISE | 54,909,229 | 18.72 | 54,909,229 | 17.26 |
| PSE | 36,099,863 | 12.31 | 36,099,863 | 11.35 |
| PHLX | 33,294,648 | 11.35 | 35,282,917 | 11.09 |
| Total | 293,287,683 | 100.00 | 318,056,726 | 100.00 |

Source: American Stock Exchange

tern—in which the underlying stock volume correlates with the underlying option volume—is typical, he says. "We saw that trend during the 1990s, for example, when the number of shares traded on exchanges exploded, and our option volume followed suit."

Total index options at the CBOE have increased 45% year to date over last year, while ETF options are up a brisk 73% for the same period—an increase attributable to investors eschewing both individual stock selection and capital preservation strategies.

"Investors want to either extract value through covered call writing or to seek

protection," says Tirado. "Buying a call option serves as a stock substitute, but buying a put option is simply buying insurance for the underlying asset. It's very similar to a term insurance policy offered on an ETF or stock. You pull up your put options on the screen and pick your deductible."

Buying protective puts provides downside protection while maximizing upside potential, less the cost of the put. If the ETF (or underlying security) declines in value, the put increases in value—which means the ETF can be sold at the strike price. Alternatively, writes Mazzilli, the ETF may increase in value, in which case the put option will decline in value and expire worthless. However, investors can make up for losses with gains in the ETF; in this scenario, as Tirado suggests, the protective put acts like insurance.

Just as the CBOE has seen its option activity rise, so have the American Stock Exchange and the International Securities Exchange seen theirs rise. Year to date through May 2003, total option activity on the Amex was 71,616,604 contracts, while that on the ISE was 85,655,971, according to Amex data. (In comparison, the CBOE traded 109,463,976, says the Amex.)

Michael Bickford, senior vice president of options at the Amex, says that in this rally, investors are buying calls, "but that's obvious in any up market. Even though investors are concerned about chasing individual stocks, we've also seen some selling of puts a little below the market."

Options, as Bickford points out, offer a leveraged alternative to buying or selling the underlying security; they permit investors to take advantage of price movement with less capital commitment. For investors who know how to use them, options are definitely a strategy for all markets. ↗

American Stock Exchange sold to GTCR for \$110m

The **National Association of Securities Dealers** has agreed to sell the **American Stock Exchange** to **GTCR Golder Rauner LLC**, a Chicago-based private equity firm, for \$110 million. After more than a year of talks between NASD and GTCR, NASD signed a term sheet to sell the Amex on May 30. NASD will invest the entire \$110 million in the Amex, and will not keep any of the proceeds of the sale.

NASD first put the exchange up for sale two years ago. GTCR emerged as the front-runner, competing against the likes of the **CBOE** and some overseas exchanges. GTCR, which was founded in 1980, has \$4.8 billion under management. The firm has plans to make the Amex trading system more electronic in the future.

Vanguard redemptions discouraged with fee

Vanguard will add a 2% redemption fee to mutual fund shares held less than two months. The redemption fee, which went into effect June 27, will apply to nine international equity mutual funds. In an effort to keep fees stable for investors, Vanguard has long tried to discourage day traders and arbitrageurs from buying in and out of their funds. All of which may be good news for ETFs.

This is the second measure Vanguard has put into effect to discourage arbitrage and short-term trading. In January 2002, the mutual fund giant decided to allow only two redemptions within a rolling 12-month period, and the buying and selling of shares until 2:30 pm Eastern time.

Indian money market ETF is ready to be launched

A money market ETF called **Liquid BeES** will soon be launched, according to **Praveen Rao**, vice president of **Benchmark Asset Management Co** in Mumbai, India. The new ETF will be the first of its kind worldwide. In May 2002, the firm filed a draft offer document with **SEBI**, the Indian equivalent of the **SEC**, for **Gold BeES**, an ETF tracking gold spot prices. Rao said the firm is still awaiting approval.

Benchmark Asset Management cur-

rently offers **Nifty BeES**, which was India's first ETF and tracks the S&P CNX Nifty, and **Junior BeES**, which tracks CNX Junior Nifty Index, a midcap index. Response to the two Nifty BeEs currently trading is similar to US investor response in the early days of the ETF industry, said Rao. Investor education is necessary, and awareness is slowly increasing, he said.

But India is hampered in part because "passive investing as a concept is in its nascent stages, and very few investors currently believe in passive investing. However, index futures are now becoming quite popular, and we believe they may lead to heightened interest in our ETFs."

XACTFonder launches ETF on Stockholm bourse

XACTFonder launched its second ETF, **XACT SBX**, which trades on the Stockholm Exchange and tracks the bourse's benchmark index, **SBX_PI**. The index comprises the 80–100 most heavily traded shares on the exchange and costs 30 bps. **XACT SBX**, which began trading June 2, offers more diversified exposure to the Swedish equity market than **XACTFonder's** first ETF, **XACT OMX**.

Japanese bank leads way with launch of new ETF

Bank of Tokyo-Mitsubishi created a ¥180 billion (\$1.5 billion) ETF in conjunction with the **Banks' Shareholdings Purchase Corp**, a government entity that buys equity portfolios of Japanese banks. **BTM** and **Mitsubishi Securities Co**, both part of the **Mitsubishi Tokyo Financial Group Inc**, contributed more than half of the shares in the ETF, according to an article in *Nihon Keizai Shimbun*. This is the first time a major bank has used **BSPC's** portfolios to create an ETF, and more banks could follow **BTM's** lead.

ETF planned on new FTSEurofirst indices

An ETF on the **FTSEurofirst 80** index will begin trading on **Euronext** in September, with the exact date of the launch yet to be announced. This will be the first ETF based on one of the new **FTSEurofirst** indices created jointly by **Euronext** and **FTSE**. The new tracker will consist of 80 stocks in the current Eurozone.

Lyxor Asset Management, which is the sponsor, is a subsidiary of **Société Générale** and has more than €2 billion (US \$2.3 billion) in ETF assets under management. Overall, tracker volume on **NextTrack** is already up 107% from January through mid-June.

Products have not yet been announced on the other **FTSEurofirst** indices, the **FTSEurofirst 100**, which tracks 100 pan-European stocks. Options and futures on **FTSEurofirst** indices were available on **Euronext.liffe** June 23.

Fidelity Investments allies with Nasdaq for first ETF

Fidelity Investments, one of the world's largest mutual fund companies, recently filed for exemptive relief for its first ETF, the **Fidelity Nasdaq Composite Index Tracking Stock**. Touted as the last major index available on which to build an ETF, the new fund will track the **Nasdaq Composite Index** and will be composed of between 1,200 and 1,300 **Nasdaq** stocks. It still awaits **SEC** approval.

DJ launches index of Asian blue chips

Asia has seen a plethora of indices launched or planned, with the index providers hoping they will be used in ETFs and derivatives. **Dow Jones Indexes** this week launched its **Dow Jones Tiger Titans 50**, an index based on blue-chip companies headquartered in Hong Kong, Singapore, South Korea and Taiwan. Each component's weight in the index is capped at 10% to prevent dominance by any individual company. With a free-float market capitalization of US\$321 billion, the index represents 60% of its respective markets.

In addition, the **Osaka Securities Exchange** plans to launch an index for the 104 stocks listed on its **Hercules** exchange. **Hercules**, previously known as the **Nasdaq Japan** stock market, was established in 2000 as a joint venture with **Nasdaq US** for Japanese startup companies. **Nasdaq** withdrew from the venture last year.

. . . and S&P rolls out its own Asian index

Standard & Poor's plans to launch a new investable index, the **S&P**



◀7 Asia 50, which is based on 50 leading companies from Hong Kong, Korea, Taiwan and Singapore that covers some 60% of the region's market capitalization. **Robert Shakotko**, global managing director for Standard & Poor's index business said the S&P Asia 50 is designed to support index-linked products.

The June 23 launch of the S&P Asia 50 follows the restructuring of the S&P Global 1200 index series, which currently covers the Asia/Pacific region, via the Asia Pacific 100 index. At the end of June, S&P will measure the Asia/Pacific region with two separate indices: the S&P/ASX 50 (which was launched June 2002) and the soon-to-launch S&P Asia 50 index. The S&P/ASX 50 is composed of the 50 largest stocks by market cap in Australia, and is available to investors via the streetTRACKS S&P/ASX 50 ETF and the ASX Mini50 futures contract.

In addition to the new S&P Asia 50 and the current S&P/ASX 50, the S&P Global 1200 will be composed of five other regional indices: the S&P 500, the S&P Europe 350, the S&P/TSX 60 (Canada), S&P/TOPIX 150 (Japan) and the S&P Latin America 40.

Launch of Taiwan's first ETF is imminent

Polaris International Securities Investment Trust Co hopes to launch the country's first ETF by the end of June, subject to final regulatory approval. The initial asset size is expected to be TWD3 billion (US\$86 million). Sixteen local brokerages will work with Polaris to promote the fund, according to *Taiwan Economic News*. The **Polaris Taiwan Top 50 Tracker Fund** (TTT) is based on a new FTSE/Taiwan Stock Exchange index. **SSGA** is Polaris' partner in the venture.

Meanwhile, **Citibank** will shortly launch a service for Taiwan's smaller retail customers to invest in 48 American blue chip stocks plus 20 bonds and ETFs. While high-net-worth clients are already well serviced by a plethora of private banks in the country, Citibank will be the first financial institution in Taiwan to offer such a service to small investors, according to *Taiwan Economic News*. The minimum investment is US\$2,000 and each investor can make 33 transactions

within one year with a service charge of 3% of investments.

Tokyo Stock Exchange offers two new indices

The Tokyo Stock Exchange plans to launch two new indices, the TOPIX 1000 index and the Mothers Index. The TOPIX 1000 will be added to the capitalization-weighted TOPIX New Index Series, which includes TOPIX Core 30, TOPIX 100 and TOPIX 500. The Mothers Index will be a capital weighted index based on all stocks listed on **Market Of The High-growth and Emerging Stocks** (Mothers), which was established in 1999 and currently has 51 companies listed. The exchange says it expects the indices to "contribute to the development of financial products."

ISE once again the largest US options exchange

For the fourth consecutive month, the **International Securities Exchange** traded more equity options than any other US options exchange, according to the ISE. Its equity options market share was 29% in May, a 38% increase over the 21% market share for the same year-ago period. Overall, in its listings, ISE traded more volume in 366 of its 542 issues than any other options exchange.

In May, ISE traded 20.1 million equity options contracts, up 69% from 11.9 million equity options contracts in the same year-ago period. Average daily volume in May was 960,177 contracts, up 77% from 543,114 contracts in the same year-ago period.

ISE was the lead market in May for options on 23 of the 30 stocks in the Dow, which represented 72% of the index's total weighting. It was also the lead market for options on 219 of the stocks in the Standard & Poor's 500 Index, which represented 62% of the index's total weighting. And it was the lead market for options on 279 stocks of the 1000 stocks in the Russell 1000 Index, which represented 58% of the index's total weighting.

Nasdaq closing price used in Russell reconstitution

The Nasdaq Stock Market Inc will, for the first time this year, have its offi-

cial closing price used to calculate the closing values of the 21 US **Russell** stock indices when they undergo their annual reconstitution on June 30. The annual process is a significant liquidity event, as investors and money managers trade securities to keep the composition of their portfolios identical to the indices.

Nasdaq began calculating the official closing price for all NASDAQ National Market and SmallCap securities on April 14. NASDAQ indices—as well as other major market indices, such as Russell, Dow Jones and Standard & Poor's—use NASDAQ data for index value calculations.

Diamond futures daily trading to be extended

OneChicago changed the closing time for futures on the **Diamonds** (DIA1C) from 3 pm to 3:15 pm Chicago time June 2. The change responds to demand from traders wanting to execute arbitrage opportunities with the futures and the underlying ETF (Diamonds, DIA), which is traded until 4:15 pm in New York, said **Mary Haffenberg** from OneChicago. (See cover story this issue on option volume.) The remainder of the exchange's products will continue to trade from 8:15 am to 3 pm Chicago time. Each Diamonds contracts represents 100 shares of the underlying Diamonds ETF.

DJ MicroSector Indexes futures on OneChicago

OneChicago, LLC and **Dow Jones Indexes** signed an exclusive license agreement permitting OneChicago to list futures on DJ MicroSector Indexes. Futures on eight of the 15 new MicroSector Indexes began trading June 23, the remaining seven contracts are slated for trading June 27.

MicroSector indexes are narrow-based equity indexes that include five of the largest and most actively traded stocks in each sector.

The new indices are derived from stocks and ADRs in industry groups and subgroups comprising Dow Jones Global Indexes. Each index is created from the top 10 eligible stocks in the industry group or subgroup, ranked by free-float market cap, dollar volume and options volume.

US EXCHANGE-TRADED FUNDS

Week ending June 13 2003

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

| Fund Name | Ticker | Volume | Shares (000) | Net assets (million) | Price | NAV | Spread (%) | Return 1 Week | Return YTD | Return 1 Yr |
|---------------------------------|--------|------------|--------------|----------------------|--------|--------|------------|---------------|------------|-------------|
| Major market indices | | | | | | | | | | |
| Nasdaq-100 Tracking Stock | QQQ | 83 080 100 | 679 100 | 20 332.25 | 29.96 | 29.94 | 0.07 | (0.6) | 22.9 | 8.5 |
| S&P 500 SPDR | SPY | 38 258 880 | 436 748 | 43 438.96 | 99.56 | 99.45 | 0.11 | 0.3 | 13.3 | (0.1) |
| DJIA Diamonds | DIA | 7 503 280 | 63 906 | 5 848.68 | 91.58 | 91.51 | 0.08 | 0.8 | 10.5 | (1.5) |
| iShares Dow Jones series | | | | | | | | | | |
| DJ US Basic Materials | IYM | 11 600 | 3 050 | 109.83 | 36.04 | 36.02 | 0.06 | (0.5) | 5.6 | (7.0) |
| DJ US Consumer Cyclical | IYC | 16 460 | 2 050 | 100.53 | 49.06 | 49.04 | 0.04 | (0.0) | 17.3 | (4.4) |
| DJ US Energy | IYE | 24 680 | 2 650 | 117.79 | 44.41 | 44.45 | (0.09) | 0.8 | 13.7 | (0.7) |
| DJ US Financial Sector | IYF | 19 700 | 2 050 | 160.37 | 78.22 | 78.24 | (0.03) | (0.6) | 15.6 | 4.1 |
| DJ US Financial Services | IYG | 7 080 | 700 | 63.93 | 91.40 | 91.33 | 0.08 | (0.3) | 17.7 | 7.0 |
| DJ US Healthcare | IYH | 32 680 | 7 750 | 422.22 | 54.57 | 54.48 | 0.17 | 0.9 | 12.9 | 5.7 |
| DJ US Industrial | IYJ | 17 020 | 2 000 | 83.04 | 41.56 | 41.52 | 0.10 | 0.2 | 11.5 | (3.1) |
| DJ US Non-Consumer Cyclical | IYK | 24 200 | 2 200 | 96.45 | 43.71 | 43.84 | (0.30) | 0.1 | 8.4 | (5.4) |
| DJ US Real Estate | IYR | 28 820 | 2 550 | 215.91 | 84.68 | 84.67 | 0.01 | (1.2) | 12.2 | 5.4 |
| DJ US Technology | IYW | 41 420 | 7 850 | 304.11 | 38.65 | 38.72 | (0.18) | (1.9) | 18.9 | 0.9 |
| DJ US Telecoms | IYZ | 94 640 | 6 950 | 140.81 | 20.34 | 20.26 | 0.39 | (0.2) | 7.8 | 2.9 |
| DJ US Total Market | IYY | 34 680 | 4 700 | 218.17 | 46.40 | 46.41 | (0.02) | 0.1 | 13.9 | 0.2 |
| DJ US Utilities | IDU | 50 060 | 5 100 | 275.40 | 54.10 | 54.00 | 0.19 | 0.3 | 15.1 | (4.6) |
| iShares MSCI series | | | | | | | | | | |
| Australia | EWA | 43 320 | 9 000 | 100.71 | 11.18 | 11.18 | 0.00 | 2.4 | 23.1 | 15.4 |
| Austria | EWO | 4 040 | 1 700 | 18.89 | 10.95 | 11.01 | (0.54) | 1.3 | 27.2 | 25.8 |
| Belgium | EWK | 2 880 | 2 680 | 30.50 | 11.37 | 11.30 | 0.62 | 1.2 | 15.2 | 6.5 |
| Brazil | EWZ | 103 540 | 6 650 | 73.55 | 11.09 | 10.98 | 1.00 | 0.3 | 39.0 | 9.7 |
| Canada | EWC | 38 920 | 47 300 | 560.98 | 11.88 | 11.84 | 0.34 | (0.1) | 25.8 | 11.6 |
| EAFFE | EFA | 295 360 | 23 600 | 2 634.47 | 111.45 | 110.74 | 0.64 | 1.4 | 12.6 | (1.3) |
| Emerging Markets | EEM | 38 220 | 650 | 76.82 | 118.85 | 118.00 | | 1.0 | | |
| EMU | EZU | 31 680 | 3 300 | 169.26 | 50.95 | 50.51 | 0.87 | 3.1 | 17.1 | 1.2 |
| France | EWQ | 26 540 | 3 200 | 55.74 | 17.24 | 17.13 | 0.64 | 2.9 | 16.5 | 1.7 |
| Germany | EWG | 64 160 | 9 000 | 112.41 | 12.30 | 12.25 | 0.41 | 3.3 | 25.0 | (7.8) |
| Hong Kong | EWH | 482 320 | 23 550 | 183.22 | 7.82 | 7.81 | 0.13 | 1.3 | 5.2 | (12.2) |
| Italy | EWI | 22 560 | 1 800 | 32.53 | 17.84 | 17.83 | 0.06 | 1.7 | 22.2 | 17.3 |
| Japan | EWJ | 1 745 120 | 153 600 | 1 092.10 | 7.19 | 7.21 | (0.28) | 1.7 | 3.5 | (13.7) |
| Malaysia | EWM | 44 040 | 13 575 | 74.26 | 5.52 | 5.53 | (0.18) | 2.8 | 10.0 | (5.5) |
| Mexico | EWV | 277 820 | 5 100 | 72.83 | 14.25 | 14.25 | 0.00 | 2.3 | 14.5 | (0.6) |
| Netherlands | EWN | 15 420 | 1 700 | 24.09 | 14.04 | 13.91 | 0.93 | 2.0 | 6.3 | (12.5) |
| Pacific ex-Japan | EPP | 11 940 | 2 800 | 166.82 | 60.00 | 59.58 | 0.70 | 2.0 | 18.6 | 5.3 |
| Singapore | EWS | 227 100 | 117 700 | 587.32 | 5.06 | 5.03 | 0.60 | 3.3 | 18.5 | (1.7) |
| South Africa | EZA | 2 120 | 1 750 | 72.85 | 41.38 | 41.28 | 0.24 | (0.3) | | |
| South Korea | EWY | 62 440 | 6 150 | 119.80 | 19.52 | 19.72 | (1.01) | 2.1 | 6.4 | (15.4) |
| Spain | EWP | 4 460 | 2 250 | 52.31 | 23.19 | 23.00 | 0.83 | 4.2 | 30.9 | 20.6 |
| Sweden | EWD | 5 600 | 1 350 | 16.32 | 12.09 | 11.97 | 1.00 | 3.8 | 26.6 | 9.3 |
| Switzerland | EWL | 29 180 | 2 750 | 33.83 | 12.20 | 12.13 | 0.58 | 3.7 | 9.8 | (3.6) |
| Taiwan | EWT | 181 220 | 17 800 | 158.78 | 8.86 | 8.92 | (0.67) | (0.2) | 8.7 | (15.2) |
| UK | EWU | 44 580 | 12 400 | 169.51 | 13.59 | 13.48 | 0.82 | 0.9 | 11.9 | 2.3 |
| iShares Russell series | | | | | | | | | | |
| Russell 1000 | IWB | 172 240 | 22 100 | 1 165.78 | 52.87 | 52.74 | 0.25 | 0.2 | 14.0 | 0.5 |
| Russell 1000 Growth | IWF | 179 040 | 22 950 | 949.44 | 41.44 | 41.36 | 0.19 | 0.4 | 14.4 | 0.3 |
| Russell 1000 Value | IWD | 136 200 | 27 700 | 1 428.49 | 51.48 | 51.57 | (0.17) | (0.0) | 13.4 | (0.6) |
| Russell 2000 | IWM | 468 320 | 35 300 | 3 163.23 | 89.64 | 89.62 | 0.02 | (0.7) | 18.7 | (0.8) |
| Russell 2000 Growth | IWO | 218 260 | 18 650 | 889.98 | 47.76 | 47.72 | 0.08 | (1.0) | 20.1 | 0.0 |
| Russell 2000 Value | IWN | 52 520 | 6 700 | 872.47 | 130.30 | 130.24 | 0.05 | (0.8) | 17.6 | (1.0) |
| Russell 3000 | IWV | 58 800 | 25 250 | 1 397.34 | 55.32 | 55.34 | (0.04) | 0.0 | 13.9 | 0.0 |
| Russell 3000 Growth | IWZ | 5 260 | 2 000 | 66.34 | 33.15 | 33.17 | (0.06) | (0.4) | 13.9 | 0.1 |
| Russell 3000 Value | IWW | 3 820 | 1 750 | 116.50 | 66.42 | 66.57 | (0.23) | (0.1) | 13.6 | (0.5) |
| Russell MidCap | IWR | 57 200 | 4 800 | 270.34 | 56.45 | 56.32 | 0.23 | (0.2) | 16.7 | 2.6 |
| Russell MidCap Growth | IWP | 28 300 | 2 700 | 167.00 | 62.12 | 61.86 | 0.42 | (0.3) | 20.2 | 4.7 |
| Russell MidCap Value | IWS | 13 780 | 1 700 | 132.97 | 78.37 | 78.23 | 0.18 | (0.3) | 15.4 | 1.0 |

| Fund Name | Ticker | Volume | Shares (000) | Net assets (million) | Price | NAV | Spread (%) | Return 1 Week | Return YTD | Return 1 Yr |
|--|--------|-----------|--------------|----------------------|--------|--------|------------|---------------|------------|-------------|
| iShares Sectors | | | | | | | | | | |
| Nasdaq Biotech | IBB | 232 500 | 11 400 | 831.17 | 73.11 | 72.91 | 0.27 | 0.3 | 48.1 | 44.8 |
| Cohen & Steers Realty Majors | ICF | 57 660 | 3 650 | 327.84 | 91.48 | 91.23 | 0.27 | (1.4) | 13.0 | 6.0 |
| Goldman Sachs Natural Resources | IGE | 3 380 | 600 | 54.76 | 91.64 | 91.69 | (0.05) | 0.1 | 13.0 | (0.5) |
| Goldman Sachs Networking | IGN | 40 360 | 2 700 | 53.84 | 19.86 | 19.94 | (0.40) | (5.0) | 46.1 | 15.5 |
| Goldman Sachs Semiconductor | IGW | 44 200 | 1 850 | 80.25 | 43.55 | 43.35 | 0.46 | (6.3) | 25.6 | (17.0) |
| Goldman Sachs Software | IGV | 50 100 | 2 400 | 76.34 | 31.80 | 31.82 | (0.06) | (2.5) | 26.3 | 12.2 |
| Goldman Sachs Technology | IGM | 32 460 | 3 000 | 109.71 | 36.54 | 36.55 | (0.03) | (1.6) | 21.6 | 3.7 |
| iShares S&P series | | | | | | | | | | |
| S&P 500 | IVV | 154 900 | 59 500 | 5 896.45 | 99.58 | 99.46 | 0.12 | 0.2 | 13.1 | (0.2) |
| S&P 100 | OEF | 113 520 | 9 300 | 466.02 | 50.00 | 50.11 | (0.22) | 0.4 | 12.8 | 1.2 |
| S&P 500/Barra Growth | IVW | 97 160 | 14 200 | 707.73 | 50.09 | 49.97 | 0.24 | 0.4 | 11.8 | (0.5) |
| S&P 500/Barra Value | IVE | 107 760 | 20 350 | 994.50 | 49.14 | 49.07 | 0.14 | 0.0 | 14.7 | 0.3 |
| S&P MidCap 400 | IJH | 31 340 | 15 000 | 1 447.95 | 97.01 | 96.75 | 0.27 | 0.1 | 12.9 | (1.5) |
| S&P MidCap 400/Barra Growth | IJK | 26 580 | 3 750 | 383.59 | 102.49 | 102.38 | 0.11 | (0.1) | 12.2 | (1.9) |
| S&P MidCap 400/Barra Value | IJJ | 22 760 | 7 750 | 696.18 | 90.41 | 90.12 | 0.32 | (0.3) | 13.4 | (0.9) |
| S&P SmallCap 600 | IJR | 85 140 | 12 100 | 1 320.47 | 109.70 | 109.34 | 0.33 | 0.1 | 12.7 | (2.8) |
| S&P SmallCap 600/Barra Growth | IJT | 16 840 | 5 100 | 370.97 | 73.10 | 72.82 | 0.38 | 0.1 | 12.4 | 0.5 |
| S&P SmallCap 600/Barra Value | IJS | 30 500 | 7 250 | 587.69 | 81.49 | 81.27 | 0.27 | (0.4) | 12.3 | (6.8) |
| International | | | | | | | | | | |
| S&P Global 100 | IOO | | | | 49.69 | 49.61 | 0.16 | 1.2 | 12.2 | 1.5 |
| S&P Europe 350 | IEV | 82 220 | 8 750 | 480.46 | 54.70 | 54.09 | 1.13 | 2.7 | 15.2 | 2.4 |
| S&P Latin America 40 | ILF | 2 660 | 400 | 17.70 | 44.46 | 44.36 | 0.23 | 0.2 | 21.5 | 5.3 |
| S&P Topix | ITF | 300 | 150 | 9.41 | | 63.63 | | 2.4 | 2.9 | (13.7) |
| S&P Global Energy | IXC | 9 240 | 400 | 20.72 | 51.30 | 51.51 | (0.41) | 1.0 | 12.3 | 3.0 |
| S&P Global Financials | IXG | 4 680 | 400 | 20.20 | 50.59 | 50.27 | 0.64 | 1.2 | 18.0 | 2.6 |
| S&P Global Healthcare | IXJ | 1 860 | 700 | 31.26 | 44.78 | 44.53 | 0.56 | 0.5 | 10.9 | 5.3 |
| S&P Global Technology | IXN | 900 | 200 | 8.09 | 40.99 | 40.54 | 1.11 | (0.0) | 19.0 | 2.2 |
| S&P Global Telecoms | IXP | 2 620 | 300 | 12.17 | 40.41 | 40.30 | 0.27 | (1.3) | 10.0 | 13.9 |
| iShares Fixed Income | | | | | | | | | | |
| 1-3 Year Treasury | SHY | 117 060 | 9 400 | 779.64 | 82.95 | 82.91 | 0.05 | 0.3 | 1.5 | |
| 7-10 Year Treasury | IEF | 49 600 | 3 600 | 326.99 | 90.63 | 90.66 | (0.03) | 1.7 | 6.8 | |
| 20+ Year Treasury | TLT | 322 540 | 1 400 | 136.61 | 97.18 | 97.22 | (0.04) | 3.2 | 12.0 | |
| GS InvesTop Corporate Bond | LQD | 27 280 | 22 000 | 2 577.30 | 117.48 | 117.19 | 0.25 | 1.7 | 9.4 | |
| ETF Advisors FITRs Trading ended May-21-2003; Final NAV calculated May-27-2003. | | | | | | | | | | |
| Fresco | | | | | | | | | | |
| Fresco DJ Euro Stoxx 50 | FEZ | | | | 29.34 | 29.46 | (0.41) | 2.5 | 17.2 | |
| Fresco DJ Stoxx 50 | FEU | | | | | 28.92 | | 3.0 | 18.9 | |
| Merrill Lynch HOLDRS | | | | | | | | | | |
| HOLDRS B2B Internet | BHH | 39 940 | 12 936 | 35.96 | 2.91 | | | (2.3) | 47.0 | 1.0 |
| HOLDRS Biotech | BBH | 413 620 | 13 670 | 1 643.77 | 127.25 | | | 1.0 | 50.5 | 57.4 |
| HOLDRS Broadband | BDH | 91 840 | 7 226 | 67.41 | 9.33 | | | (3.6) | 23.6 | 0.1 |
| HOLDRS Europe 2001 | EKH | 1 100 | 460 | 21.70 | 49.50 | | | (1.1) | 19.4 | 2.7 |
| HOLDRS Internet | HHH | 91 240 | 4 944 | 184.52 | 36.95 | | | 2.5 | 49.4 | 47.3 |
| HOLDRS Internet Architecture | IAH | 5 120 | 1 750 | 54.39 | 31.13 | | | (0.2) | 20.9 | 15.7 |
| HOLDRS Internet Infrastructure | IIH | 37 680 | 8 550 | 28.21 | 3.27 | | | (3.0) | 37.9 | 26.4 |
| HOLDRS Market 2000 | MKH | 2 680 | 1 645 | 79.36 | 49.43 | | | 0.1 | 11.0 | 2.3 |
| HOLDRS Oil Services | OIH | 552 800 | 6 966 | 447.37 | 63.35 | | | 0.5 | 10.8 | (3.5) |
| HOLDRS Pharmaceutical | PPH | 332 060 | 6 673 | 511.32 | 80.22 | | | 0.5 | 9.2 | 3.0 |
| HOLDRS Regional Bank | RKH | 10 440 | 2 105 | 232.66 | 114.30 | | | 0.2 | 12.2 | 0.9 |
| HOLDRS Retail | RTH | 160 660 | 3 834 | 302.47 | 80.49 | | | (0.7) | 15.6 | (10.2) |
| HOLDRS Semiconductor | SMH | 2 020 900 | 27 329 | 818.51 | 28.50 | | | (6.6) | 28.7 | (14.8) |
| HOLDRS Software | SWH | 134 000 | 9 536 | 300.48 | 32.39 | | | (1.1) | 22.8 | 11.1 |
| HOLDRS TeleBras | TBH | | | | 29.13 | | | (1.8) | 56.5 | 22.8 |
| HOLDRS Telecoms | TTH | 60 660 | 5 612 | 147.92 | 26.85 | | | (0.9) | 2.9 | (8.3) |
| HOLDRS Utilities | UTH | 42 000 | 3 891 | 285.37 | 73.67 | | | 0.5 | 16.9 | (6.5) |
| HOLDRS Wireless | WMH | 8 020 | 1 365 | 51.54 | 37.60 | | | (0.5) | 7.9 | 6.8 |
| <i>Statistics for HOLDRS shares outstanding and net assets are based on May-31-2003 data</i> | | | | | | | | | | |
| NASDAQ Baskets of Liquid Depositary Receipts (BLDRs) | | | | | | | | | | |
| Asia 50 ADR | ADRA | | | | | 50.35 | | 0.3 | 7.4 | |
| Developed Markets 100 ADR | ADRD | | | | | 49.69 | | 2.9 | 14.3 | |

| Fund Name | Ticker | Volume | Shares (000) | Net assets (million) | Price | NAV | Spread (%) | Return 1 Week | Return YTD | Return 1 Yr |
|---|---------|----------------------------------|--------------|----------------------|--------|--------|------------|---------------|------------|-------------|
| NASDAQ Baskets of Liquid Depository Receipts (BLDRs) (continued) | | | | | | | | | | |
| Emerging Markets 50 ADR | ADRE | | | | | 56.69 | | (3.3) | 9.7 | |
| Europe 100 ADR | ADRU | | | | | 50.37 | | (2.0) | 12.5 | |
| PowerShares | | | | | | | | | | |
| Dynamic Market Portfolio | XTF.M | 660 | 401 | 47.76 | | | | | | |
| Dynamic OTC Portfolio | XTF.Q | 880 | 300 | 38.09 | | | | | | |
| Rydex | | | | | | | | | | |
| S&P 500 Equal Weight | RSP | 20 220 | 1 251 | 143.58 | 114.80 | 114.77 | 0.03 | (0.3) | | |
| S&P Depository Receipts (SPDRs) | | | | | | | | | | |
| S&P 400 MidCap SPDR | MDY | 331 640 | 55 086 | 4 877.87 | 88.61 | 88.55 | 0.07 | (0.0) | 13.0 | (1.7) |
| Consumer Discretionary | XLY | 58 540 | 5 650 | 155.32 | 27.46 | 27.49 | (0.11) | 0.3 | 19.0 | (1.2) |
| Consumer Staples | XLP | 73 160 | 13 150 | 268.26 | 20.36 | 20.40 | (0.20) | 0.2 | 2.7 | (12.0) |
| Energy | XLE | 130 620 | 16 000 | 399.20 | 24.94 | 24.95 | (0.04) | 0.7 | 12.3 | (1.1) |
| Financial | XLF | 693 140 | 37 005 | 939.56 | 25.34 | 25.39 | (0.20) | (0.3) | 15.7 | 3.7 |
| Health Care | XLV | 62 920 | 5 950 | 174.28 | 29.32 | 29.29 | 0.10 | 0.4 | 10.7 | 6.4 |
| Industrial | XLI | 54 860 | 20 550 | 471.01 | 22.85 | 22.92 | (0.31) | 0.4 | 11.4 | (2.6) |
| Materials | XLB | 15 000 | 12 250 | 258.97 | 21.12 | 21.14 | (0.09) | (0.5) | 6.9 | (4.4) |
| Technology | XLK | 451 860 | 62 301 | 1 062.23 | 17.00 | 17.04 | (0.23) | (1.2) | 14.9 | 1.2 |
| Utilities | XLU | 384 240 | 47 200 | 1 052.56 | 22.32 | 22.30 | 0.09 | 1.0 | 17.7 | (6.6) |
| streetTRACKS (State Street Global Advisors) | | | | | | | | | | |
| Dow Jones series | | | | | | | | | | |
| DJ Global Titans | DGT | 3 660 | 200 | 11.09 | 55.30 | 55.44 | (0.25) | 0.1 | 11.3 | (0.1) |
| DJ US Large Cap Growth | ELG | 8 180 | 550 | 22.79 | 41.35 | 41.42 | (0.17) | 0.6 | 13.3 | (1.7) |
| DJ US Large Cap Value | ELV | 3 260 | 400 | 45.49 | 113.52 | 113.73 | (0.18) | (0.5) | 12.9 | 0.8 |
| DJ US Small Cap Growth | DSG | 6 620 | 350 | 18.85 | 54.01 | 53.87 | 0.26 | (0.8) | 20.1 | (1.3) |
| DJ US Small Cap Value | DSV | 5 840 | 250 | 34.02 | 136.30 | 136.09 | 0.15 | (0.6) | 16.1 | 4.6 |
| Sectors | | | | | | | | | | |
| Fortune 500 | FFF | 10 280 | 1 150 | 81.82 | 71.26 | 71.14 | 0.17 | 0.5 | 12.9 | (0.8) |
| Fortune e-50 | FEF | 2 740 | 350 | 9.16 | 26.21 | 26.17 | 0.15 | (0.6) | 30.1 | 17.5 |
| Morgan Stanley High Tech 35 | MTK | 7 940 | 950 | 34.56 | 36.47 | 36.37 | 0.27 | (2.2) | 27.3 | 3.3 |
| Morgan Stanley Internet | MII | 11 840 | 500 | 5.17 | 10.40 | 10.34 | 0.58 | (1.6) | 37.9 | 29.5 |
| Wilshire REIT | RWR | 14 960 | 900 | 115.97 | 128.70 | 128.86 | (0.12) | (1.7) | 12.3 | 5.6 |
| VIPERs (Vanguard) | | | | | | | | | | |
| Total Market | VTI | 85 320 | 19 574 | 1 836.43 | 93.78 | 93.76 | 0.02 | (0.0) | 13.9 | 0.8 |
| Extended Market | VXF | 3 320 | 711 | 41.41 | 58.22 | 58.14 | 0.14 | (0.2) | 17.4 | 4.0 |
| EUROPEAN EXCHANGE-TRADED FUNDS | | | | | | | | | | |
| Euro denominated unless otherwise stated | | | | | | | | | | |
| Deutsche Börse | | | | | | | | | | |
| German market indices | | | | | | | | | | |
| DAX Ex | DAXEX | Data not available at press-time | | | | | | | | |
| MDAX Ex | MDAXEX | | | | | | | | | |
| NEMAX 50 Ex | NMKXEX | | | | | | | | | |
| eb.rexx German Govt Bonds | | | | | | | | | | |
| Fresco DJ German Titans | | | | | | | | | | |
| European market indices | | | | | | | | | | |
| DJ Stoxx 50 [Ex] | SX5P | 57 533 | | | 24.78 | | | (0.6) | 2.1 | |
| DJ Stoxx 50 [LDRS] | EUN1 | 79 345 | | | 24.25 | 24.26 | (0.04) | 0.5 | (0.2) | |
| DJ Euro Stoxx 50 [Ex] | SX5E | 951 889 | | | 25.14 | | | 1.0 | 3.2 | |
| DJ Euro Stoxx 50 [Fresco] | FSEU50 | 72 805 | | | 24.52 | 24.72 | (0.81) | 1.6 | 2.2 | |
| DJ Euro Stoxx 50 [LDRS] | EUN2 | 441 237 | | | 24.65 | 24.78 | (0.52) | 0.9 | 3.1 | |
| DJ Euro Stoxx 50 [Master Unit] | MSE | | | | 16.00 | | | 1.9 | (9.2) | |
| iBoxx Liquid Corp Bonds | IBCS | 9 987 | | | 122.90 | 122.71 | 0.15 | | | |
| FTSE 100 | EXI4 | Data not available at press-time | | | | | | | | |
| Fresco UK Titans 50 | FRC6 | | | | | | | | | |
| SMI Ex | SMI | | | | | | | | | |
| European sector indices | | | | | | | | | | |
| DJ Stoxx Banks [Fresco] | FSTEB A | | | | 29.10 | 29.25 | (0.51) | 4.9 | 6.8 | |
| DJ Stoxx Healthcare [Fresco] | FSTEH C | | | | 30.89 | 30.80 | 0.29 | 2.7 | 1.3 | |
| DJ Stoxx Technology [Fresco] | FSTET C | | | | 20.86 | 20.81 | 0.24 | 1.7 | 13.4 | |

| Fund Name | Ticker | Volume | Shares (000) | Net assets (million) | Price | NAV | Spread (%) | Return 1 Week | Return YTD | Return 1 Yr |
|-------------------------------------|--------|--------|--------------|----------------------|----------------------------------|-------|------------|---------------|------------|-------------|
| Deutsche Börse (continued) | | | | | | | | | | |
| DJ Stoxx Telecoms [Fresco] | FSTETL | 1287 | | | 22.50 | 22.24 | 1.17 | (0.3) | 8.0 | |
| DJ Euro Stoxx Banks [Ex] | SX7E | 1 696 | | | 23.39 | | | 4.8 | | |
| DJ Euro Stoxx Healthcare [Ex] | SXKE | 8 762 | | | 33.50 | 33.96 | (1.35) | (0.4) | 10.7 | |
| DJ Euro Stoxx Technology [Ex] | SX8E | 1 339 | | | 27.12 | | | (4.5) | 16.5 | |
| DJ Euro Stoxx Telecoms [Ex] | SXDE | 2 365 | | | 32.10 | 32.87 | (2.34) | (0.9) | 1.9 | |
| DJ Stoxx 600 Autos [Ex] | SXAP | 2 074 | | | 15.68 | | | 2.8 | | |
| DJ Stoxx 600 Banks [Ex] | SX7P | 9 495 | | | 29.40 | 29.82 | (1.41) | 0.3 | 8.4 | |
| DJ Stoxx 600 Basic Resources [Ex] | SXPP | 50 | | | | | | | (3.3) | |
| DJ Stoxx 600 Chemicals [Ex] | SX4P | 5 200 | | | | | | | (3.3) | |
| DJ Stoxx 600 Construction [Ex] | SXOP | | | | | | | | | |
| DJ Stoxx 600 Cyclical Goods [Ex] | SX2P | 430 | | | | | | | | |
| DJ Stoxx 600 Energy [Ex] | SXEP | 2 646 | | | | | | | | |
| DJ Stoxx 600 Financial Ser [Ex] | SXFP | | | | | | | | 2.9 | |
| DJ Stoxx 600 Food [Ex] | SX3P | 716 | | | 18.84 | | | 0.3 | | |
| DJ Stoxx 600 Healthcare [Ex] | SXDP | 1 338 | | | 30.70 | 31.22 | (1.67) | (1.9) | 3.6 | |
| DJ Stoxx 600 Industrial Goods [Ex] | SXNP | 7 590 | | | 15.30 | | | | | |
| DJ Stoxx 600 Insurance [Ex] | SXIP | 13 465 | | | 15.32 | | | (0.3) | (4.1) | |
| DJ Stoxx 600 Media [Ex] | SXMP | 10 720 | | | | | | | 3.9 | |
| DJ Stoxx 600 Non-Cyclical [Ex] | SXHP | 5 000 | | | | | | | | |
| DJ Stoxx 600 Retail [Ex] | SX1P | | | | | | | | | |
| DJ Stoxx 600 Technology [Ex] | SX8P | 1 339 | | | 27.12 | | | (4.5) | 16.5 | |
| DJ Stoxx 600 Telecoms [Ex] | SXKP | 11 976 | | | 22.10 | 22.54 | (1.95) | (2.7) | 5.2 | |
| DJ Stoxx 600 Utilities [Ex] | SX6P | 1 500 | | | 20.84 | | | | | |
| Global & US indices | | | | | | | | | | |
| DJ Global Titans [Ex] | DJGTE | | | | Data not available at press time | | | | | |
| DJ Industrial Average [Ex] | DJI | | | | | | | | | |
| DJ Industrial Average [Fresco] | FRC2 | | | | | | | | | |
| DJ Japan Titans [Fresco] | FRC5 | | | | | | | | | |
| DJ US Large Cap [Fresco] | FRC3 | | | | | | | | | |
| DJ US Technology [Fresco] | FRC4 | | | | | | | | | |
| FTSE Global Autos LDRS | LDRA | | | | | | | | | |
| FTSE Global Banks LDRS | LDRB | | | | | | | | | |
| FTSE Global Basic Indus LDRS | LDRI | | | | | | | | | |
| FTSE Global Cyclical LDRS | LDRC | | | | | | | | | |
| FTSE Global Energy LDRS | LDRE | | | | | | | | | |
| FTSE Global Financials LDRS | LDRF | | | | | | | | | |
| FTSE Global Industries LDRS | LDRG | | | | | | | | | |
| FTSE Global Media LDRS | LDRM | | | | | | | | | |
| FTSE Global Non-Cyclicals LDRS | LDRN | | | | | | | | | |
| FTSE Global Pharmaceutical LDRS | LDRP | | | | | | | | | |
| FTSE Global Technology LDRS | LDRQ | | | | | | | | | |
| FTSE Global Telecoms LDRS | LDRT | | | | | | | | | |
| FTSE Global Utilities LDRS | LDRU | | | | | | | | | |
| Unico MSCI World | UNO1 | | | | | | | | | |
| Euronext Amsterdam | | | | | | | | | | |
| Dutch market index | | | | | | | | | | |
| streetTRACKS AEX | AEXT | 34 186 | 3 300 | 103.52 | 30.55 | 31.37 | (2.61) | (0.5) | (3.7) | (43.1) |
| European market indices | | | | | | | | | | |
| DJ Euro Stoxx 50 LDRS | EUN | 28 587 | 58 700 | 1 454.59 | 24.84 | 24.78 | 0.24 | 2.5 | 3.7 | (38.8) |
| DJ Stoxx 50 LDRS | EUE | 7 590 | 17 600 | 426.98 | 24.60 | 24.26 | 1.40 | 2.8 | 0.8 | (37.5) |
| iShares FTSE 100 (GBP) | ISFA | | 119 420 | 498.77 | | 4.18 | | | 6.9 | |
| iShares FTSE Euro 100 | IERA | 13 | 8 102 | 59.76 | | 7.38 | | | 2.7 | |
| iShares FTSE EuroTop 100 | IETA | 1 118 | 1 365 | 26.10 | | 19.12 | | | 0.2 | |
| streetTRACKS MSCI UK | STUK | | 100 | 2.62 | | 26.16 | | | 9.3 | |
| European sector indices | | | | | | | | | | |
| iShares FTSE Euro Banks | IBKS | 1 300 | 2 100 | 11.50 | 5.61 | 5.47 | 2.56 | 4.9 | 5.7 | |
| iShares FTSE Euro Cons Cyclical | ICYC | | 2 250 | 15.57 | | 6.92 | | | 2.3 | |
| iShares FTSE Euro Cons Non-Cyclical | IUSE | | 1 500 | 9.74 | | 6.49 | | | (10.6) | |
| iShares FTSE Euro Media | ISEE | | 3 262 | 10.59 | | 3.25 | | | 1.2 | |
| iShares FTSE Euro Oil & Gas | IOIL | 40 | 1 650 | 12.82 | | 7.77 | | | (3.4) | |
| iShares FTSE Euro Pharm/Biotech | BIO | | 1 500 | 9.68 | | 6.45 | | | (1.3) | |
| iShares FTSE Euro Technology | ITEK | | 2 100 | 5.56 | | 2.65 | | | 13.3 | |
| iShares FTSE Euro Utilities | IUTL | | 1 500 | 8.80 | | 5.87 | | | 3.8 | |

| Fund Name | Ticker | Volume | Shares (000) | Net assets (million) | Price | NAV | Spread (%) | Return 1 Week | Return YTD | Return 1 Yr |
|---|--------|---------|--------------|----------------------|--------|--------|------------|---------------|------------|-------------|
| Euronext (Amsterdam) (continued) | | | | | | | | | | |
| Global indices | | | | | | | | | | |
| FTSE Global Autos LDRS | TGA | | 100 | 3.72 | | 37.16 | | | | (4.6) |
| FTSE Global Bank LDRS | TGB | 1 733 | 500 | 19.11 | | 38.21 | | | | 6.3 |
| FTSE Global Basic Industries LDRS | TGI | | 700 | 24.87 | | 35.53 | | | | (6.1) |
| FTSE Global Cyclical LDRS | TGC | | 200 | 6.48 | | 32.40 | | | | 0.9 |
| FTSE Global Energy LDRS | TGE | 2 000 | 200 | 7.98 | | 39.91 | | | | 0.2 |
| FTSE Global Financials LDRS | TGF | | 300 | 7.89 | | 26.29 | | | | (2.3) |
| FTSE Global General Industries LDRS | TGG | | 400 | 11.02 | | 27.56 | | | | (2.4) |
| FTSE Global Media LDRS | TGM | 1 163 | 300 | 8.65 | | 28.84 | | | | (0.2) |
| FTSE Global Non-Cyclical LDRS | TGN | 120 | 400 | 16.98 | 42.66 | 42.44 | 0.52 | 0.6 | | (6.9) |
| FTSE Global Pharmaceuticals LDRS | TGP | 898 | 400 | 12.52 | 31.91 | 31.31 | 1.92 | 2.0 | | (1.8) |
| FTSE Global Technology LDRS | TGQ | 780 | 200 | 4.03 | | 20.14 | | | | 6.3 |
| FTSE Global Telecoms LDRS | TGT | | 100 | 2.42 | | 24.17 | | | | (1.6) |
| FTSE Global Utilities LDRS | TGU | 100 | 200 | 5.78 | | 28.88 | | | | 0.1 |
| Euronext Brussels | | | | | | | | | | |
| Belgian market index | | | | | | | | | | |
| BEL 20 Master Unit | BEL | 8 518 | 1 000 | 20.19 | 20.17 | 20.19 | (0.10) | 0.4 | | 0.5 |
| Euronext Paris | | | | | | | | | | |
| French market index | | | | | | | | | | |
| CAC 40 Master Unit | CAC | 645 117 | 44 320 | 1 415.57 | 31.62 | 31.94 | (1.00) | 1.5 | 5.6 | (37.0) |
| European market indices | | | | | | | | | | |
| DJ Stoxx 50 [EasyETF] | ETE | 47 330 | 24 865 | 62.66 | 2.50 | 2.52 | (0.79) | 2.5 | 5.0 | |
| DJ Stoxx 50 LDRS | EUE | 22 853 | 17 600 | 426.98 | 24.60 | 24.26 | 1.40 | 2.8 | 0.8 | (37.5) |
| DJ Stoxx 50 SM EX | GXN | 3 000 | 7 004 | 176.72 | | 25.23 | | | | 3.0 |
| DJ Euro Stoxx 50 [EasyETF] | ETN | 130 311 | 10 576 | 26.33 | 2.50 | 2.49 | 0.40 | 2.9 | 4.2 | |
| DJ Euro Stoxx 50 [Fresco] Class B* | FRE | 46 | 2 | 51.61 | 24.85 | 25.18 | (1.30) | | | |
| DJ Euro Stoxx 50 LDRS | EUN | 79 936 | 58 700 | 1 454.59 | 24.79 | 24.78 | 0.04 | 2.3 | 3.7 | (38.8) |
| DJ Euro Stoxx 50 SM EX | GXE | 22 177 | 48 925 | 1 252.00 | 25.54 | 25.59 | (0.20) | 2.0 | 4.7 | |
| DJ Euro Stoxx 50 Master Unit | MSE | 617 162 | 37 437 | 942.28 | 24.83 | 25.17 | (1.35) | 1.7 | 6.7 | (38.7) |
| SPDR Euro 350 | SPE | 3 171 | 3 000 | 267.06 | 90.07 | 89.02 | 1.18 | 2.3 | 1.4 | |
| SPDR Euro | SPO | 2 921 | 1 850 | 176.53 | 95.94 | 95.42 | 0.54 | 2.3 | 4.2 | |
| streetTRACKS MSCI Pan-Euro | ERO | 24 225 | 5 600 | 422.18 | 75.35 | 75.39 | (0.05) | 1.3 | 3.5 | (32.4) |
| * Price and NAV 000 Euros | | | | | | | | | | |
| European sector indices | | | | | | | | | | |
| EasyETF ASPI Euro | SYV | | 112 | 6.32 | | 56.38 | | | | 3.7 |
| EasyETF Euro Stoxx Banks | SYB | 61 | 148 | 34.87 | 236.50 | 236.13 | 0.16 | 4.6 | 15.5 | |
| EasyETF Euro Stoxx Energy | SYE | 200 | 72 | 20.29 | | 281.29 | | | | 1.3 |
| EasyETF Euro Stoxx Healthcare | SYH | 265 | 45 | 14.62 | | 328.30 | | | | 2.5 |
| EasyETF Euro Stoxx Insurance | SYI | 1 119 | 438 | 72.84 | 166.00 | 166.13 | (0.08) | 4.3 | 0.8 | |
| EasyETF Euro Stoxx Media | SYM | 1 319 | 127 | 20.20 | 160.60 | 159.55 | 0.66 | 0.8 | 2.7 | |
| EasyETF Euro Stoxx Technology | SYT | | 49 | 13.36 | | 269.96 | | | | 11.2 |
| EasyETF Euro Stoxx Telecoms | SYQ | 230 | 35 | 12.14 | 343.00 | 342.86 | 0.04 | 0.9 | 10.3 | |
| EasyETF Euro Stoxx Utilities | SYU | 84 | 53 | 11.97 | 227.00 | 227.11 | (0.05) | 1.0 | 11.3 | |
| streetTRACKS MSCI Euro Cons Disc | STV | | 850 | 26.53 | | 31.21 | | | | 3.8 |
| streetTRACKS MSCI Euro Cons Stap | STS | 160 | 400 | 16.32 | | 40.80 | | | | (7.1) |
| streetTRACKS MSCI Euro Energy | STN | 2 974 | 400 | 23.69 | | 59.22 | | | | 0.5 |
| streetTRACKS MSCI Euro Financials | STK | 1 822 | 700 | 27.04 | 38.95 | 38.63 | 0.83 | 3.8 | 8.5 | |
| streetTRACKS MSCI Euro Healthcare | STW | 120 | 400 | 16.15 | | 40.38 | | | | 2.8 |
| streetTRACKS MSCI Euro Industrials | STQ | 86 | 1 000 | 38.58 | | 38.58 | | | | 6.3 |
| streetTRACKS MSCI Euro IT | STZ | 4 577 | 550 | 15.70 | | 28.54 | | | | 14.7 |
| streetTRACKS MSCI Euro Materials | STP | | 200 | 9.97 | | 49.87 | | | | (4.4) |
| streetTRACKS MSCI Euro Telecoms | STT | 175 | 1 100 | 32.48 | | 29.53 | | | | 6.2 |
| streetTRACKS MSCI Euro Utilities | STU | 48 | 300 | 10.90 | | 36.33 | | | | 3.9 |
| US/Global indices | | | | | | | | | | |
| EasyETF DJ Global Titans | ETT | 1 124 | 2 080 | 39.88 | 18.76 | 19.17 | (2.14) | (0.5) | 0.1 | |
| DJIA Master Unit | DJE | 34 502 | 2 428 | 192.19 | 78.00 | 79.15 | (1.45) | 0.2 | (0.6) | (34.8) |
| MSCI US Tech Master Unit | UST | 53 694 | 8 169 | 40.85 | 4.87 | 5.00 | (2.60) | (1.2) | 7.5 | |
| Finland | | | | | | | | | | |
| HEX25 | IHEX25 | 840 | 1 525 | 19.00 | 12.60 | 12.59 | 0.08 | 0.0 | (2.2) | (0.1) |

| Fund Name | Ticker | Volume | Shares (000) | Net assets (million) | Price | NAV | Spread (%) | Return 1 Week | Return YTD | Return 1 Yr |
|---|--------|-----------|--------------|----------------------|--------|-------|------------|---------------|------------|-------------|
| Italy | | | | | | | | | | |
| B1 Ethical Index | B1ET | 4 939 | 325 | 17.87 | | 54.97 | | (0.4) | | |
| B1 MSCI Euro | B1EU | 19 051 | 950 | 67.95 | 71.81 | 71.53 | 0.39 | 0.6 | 3.3 | |
| DJ Industrial Average | DJE | 9 868 | 2 428 | 192.19 | 78.20 | 79.15 | (1.20) | 1.3 | (1.1) | |
| DJ Euro Stoxx 50 LDRS | EUE | 2 871 | 58 700 | 1 454.59 | 25.10 | 24.78 | 1.29 | 0.9 | 3.7 | |
| DJ Stoxx 50 LDRS | EUN | 1 463 | 17 600 | 426.98 | 24.50 | 24.26 | 0.99 | 0.0 | 0.8 | |
| iShares S&P 500 | IUSA | 33 907 | 10 750 | 90.51 | 8.45 | 8.42 | 0.36 | 0.6 | | |
| DJ Euro Stoxx 50 Master Unit | MSE | 35 269 | 37 437 | 942.28 | 24.76 | 25.17 | (1.63) | 4.1 | 6.7 | |
| SPDR Euro 350 | SPDRE | 142 | 3 000 | 267.06 | 90.30 | 89.02 | 1.44 | (0.3) | 2.2 | |
| SPDR Euro | SPDRO | 523 | 1 850 | 176.53 | 95.50 | 95.42 | 0.08 | 0.4 | 4.7 | |
| MSCI US Technology Master Unit | UST | 21 756 | 8 169 | 40.85 | 4.88 | 5.00 | (2.40) | (0.8) | 5.3 | |
| Sweden (SEK denominated) | | | | | | | | | | |
| XACTOMX | XACT | 230 206 | 20 950 | 1 137.00 | 54.10 | 54.27 | (0.32) | (0.2) | 9.3 | (12.7) |
| Switzerland (CHF denominated) | | | | | | | | | | |
| XMTCH | XMSMI | 256 014 | 35 939 | 1 695.80 | 48.74 | | | 0.2 | 6.3 | (20.2) |
| SMI EX | SMIEX | 250 | 550 | 26.04 | 49.80 | | | 1.8 | 0.3 | (18.2) |
| Fresco DJ Euro Stoxx 50 | FSEU50 | 7 971 | 7 250 | 260.36 | 38.65 | | | 2.8 | 12.9 | (17.8) |
| Fresco DJ Industrial Average | FDUSIA | 3 243 | 1 350 | 159.99 | 119.86 | | | 0.3 | 0.7 | (20.6) |
| Fresco DJ Japan Titans 100 | FDJ100 | 7 339 | 900 | 35.09 | 40.74 | | | 1.5 | (4.4) | (31.0) |
| Fresco DJ UK Titans 50 | FDUK50 | 513 | 550 | 27.84 | 39.29 | | | 2.3 | 6.3 | (15.5) |
| Fresco DJ US Large Cap | FDUSLC | 295 | 800 | 45.37 | 57.51 | | | 0.9 | 4.1 | (17.9) |
| Fresco DJ US Tech 40 | FDUSTC | 18 336 | 850 | 42.27 | 49.11 | | | (1.6) | 5.6 | (18.5) |
| Euro denominated | | | | | | | | | | |
| DJ Stoxx 50 LDRS | EUN | 839 | 17 600 | 412.41 | 24.63 | | | 2.7 | 2.4 | (20.6) |
| DJ Euro Stoxx 50 LDRS | EUNE | 83 223 | 55 700 | 1320.35 | 25.14 | | | 3.0 | 5.6 | (21.1) |
| XMTCH MSCI Euro | XMMSE | 72 406 | 2 592 | 176.20 | 71.90 | | | 1.0 | 5.6 | 0.6 |
| USD denominated | | | | | | | | | | |
| XMTCH DJ Banks Titans | XMTBK | 63 | 50 | 5.97 | 121.00 | | | 3.6 | 19.2 | 17.5 |
| XMTCH DJ Healthcare Titans | XMTHC | 38 | 50 | 4.98 | 111.25 | | | 0.9 | 13.5 | 8.5 |
| XMTCH DJ Technology Titans | XMTTE | 240 | 99 | 12.94 | 132.00 | | | (1.3) | 21.1 | 25.1 |
| <i>YTD and 12-month return are since inception for products with less than 12-month's trading</i> | | | | | | | | | | |
| United Kingdom (GBP denominated) | | | | | | | | | | |
| UK market indices | | | | | | | | | | |
| iShares FTSE 100 | ISF | 2 756 045 | 119 420 | 493.04 | 4.15 | 4.14 | 0.22 | | | |
| iShares FTSE TMT | ITMT | 3 600 | 1 610 | 5.78 | 3.74 | 3.60 | 3.66 | | | |
| European/US market indices | | | | | | | | | | |
| DJ Euro Stoxx 50 LDRS | EUE | 33 660 | | | 17.52 | 17.60 | (0.46) | 1.5 | 10.8 | |
| DJ Stoxx 50 LDRS | EUN | 1 | | | 17.21 | 17.23 | (0.12) | 1.0 | 8.7 | |
| iShares FTSE Euro 100 | IEUR | 2 571 | 8 102 | 42.07 | 5.21 | 5.24 | (0.49) | | | |
| iShares FTSE EuroTop 100 | IEUT | 341 | 1 365 | 18.40 | 13.53 | 13.59 | (0.44) | | | |
| iShares S&P 500 | IUSA | 70 743 | 10 750 | 75.04 | 5.96 | 5.93 | 0.50 | | | |
| European sector indices | | | | | | | | | | |
| iShares FTSE Euro Banks | IBKS | 2 492 | 2 100 | 8.09 | 3.85 | 3.88 | (0.84) | | | |
| iShares FTSE Euro Cons Cyclical | ICYC | 1 232 | 2 250 | 10.95 | 4.88 | 4.91 | (0.53) | | | |
| iShares FTSE Euro Cons Non-Cyclical | IUSE | 2 445 | 1 500 | 6.86 | 4.60 | 4.61 | (0.31) | | | |
| iShares FTSE Euro Media | ISEE | 742 | 3 262 | 7.47 | 2.28 | 2.31 | (1.24) | | | |
| iShares FTSE Euro Oil and Gas | IOIL | 362 | 1 650 | 9.04 | 5.48 | 5.52 | (0.80) | | | |
| iShares FTSE Euro Pharm/Biotech | IBIO | 1 006 | 1 500 | 6.82 | 4.56 | 4.59 | (0.58) | | | |
| iShares FTSE Euro Technology | ITEK | 1 365 | 2 100 | 3.92 | 1.86 | 1.88 | (1.19) | | | |
| iShares FTSE Euro Utilities | IUTL | 244 | 1 500 | 6.20 | 4.15 | 4.17 | (0.43) | | | |
| Fixed income | | | | | | | | | | |
| iShares GS InvesTop Corp (USD) | LQDE | 52 | | | | | | | | |
| Virt-X (Euro denominated) | | | | | | | | | | |
| European market indices | | | | | | | | | | |
| LDRS Euro Stoxx 50 | EUE | 25 880 | 55 700 | 1356.30 | 25.12 | | | 2.7 | 5.2 | (27.5) |
| LDRS Stoxx 50 | EUN | 75 | 17 600 | 423.63 | 23.65 | | | 3.2 | 4.1 | (25.5) |
| FRESCO EURO Stoxx 50 | FSEU50 | 2 608 | 7 250 | 173.57 | 25.10 | | | 2.6 | 2.7 | (27.3) |
| FRESCO EURO Stoxx 50 B | FRE | | 2 | 49.18 | 22.64 | | | | 10.3 | 10.3 |
| iShares FTSE 100 | ISF | 27 500 | 119 420 | 690.17 | 5.86 | | | 0.5 | (7.0) | (30.9) |
| iShares FTSE Euro 100 | IEUR | | 8 102 | 57.97 | 7.18 | | | | (6.1) | (29.9) |
| iShares FTSE EuroTop 100 | IEUT | | 1 365 | 25.52 | 18.78 | | | | (7.4) | (29.1) |
| SPDR Europe 350 | SPE | 2 500 | 3 000 | 261.64 | 89.08 | | | 0.6 | (2.0) | (2.0) |
| SPDR Euro | SPO | | 1 850 | 172.03 | 93.45 | | | | 12.9 | 12.9 |
| <i>* Price and NAV 000 Euros</i> | | | | | | | | | | |

| Fund Name | Ticker | Volume | Shares (000) | Net assets (million) | Price | NAV | Spread (%) | Return 1 Week | Return YTD | Return 1 Yr |
|---|---------|----------------------------------|--------------|----------------------|--------|--------|------------|---------------|------------|-------------|
| Virt-X (continued) | | | | | | | | | | |
| US/Global market indices | | | | | | | | | | |
| FTSE Global Autos LDRS | FTGA | | 100 | 3.64 | 37.41 | | | | | (36.1) |
| FTSE Global Bank LDRS | FTGB | | 500 | 18.78 | 32.27 | | | | | (35.3) |
| FTSE Global Basic Industries LDRS | FTGI | | 700 | 24.83 | 35.00 | | | | (9.1) | (34.0) |
| FTSE Global Cyclical LDRS | FTGC | | 200 | 6.51 | 27.51 | | | | (23.3) | (18.5) |
| FTSE Global Energy LDRS | FTGE | | 300 | 11.82 | 37.35 | | | | (4.7) | (27.6) |
| FTSE Global Financials LDRS | FTGF | | 300 | 7.91 | 26.15 | | | | (10.8) | (16.3) |
| FTSE Global General Industries LDRS | FTGG | | 400 | 10.88 | 26.50 | | | | (7.7) | (37.9) |
| FTSE Global Media LDRS | FTGM | | 300 | 8.71 | 26.41 | | | | (20.2) | (3.0) |
| FTSE Global Non-Cyclical LDRS | FTGN | | 400 | 16.91 | 42.37 | | | | (12.1) | (19.5) |
| FTSE Global Pharmaceuticals LDRS | FTGP | | 400 | 12.55 | 29.64 | | | | (10.6) | (10.7) |
| FTSE Global Technology LDRS | FTGQ | | 200 | 4.14 | 19.00 | | | | (2.8) | (16.9) |
| FTSE Global Telecoms LDRS | FTGU | | 200 | 5.77 | 27.95 | | | | (3.0) | (29.4) |
| FTSE Global Utilities LDRS | FTGT | | 100 | 2.44 | 23.23 | | | | | 9.6 |
| US market indices (USD denominated) | | | | | | | | | | |
| Fresco DJ Industrial Average | FDUSIA | 3 683 | 1 350 | 125.59 | 92.31 | | | 0.3 | 8.5 | (7.2) |
| Fresco DJ US (Large Cap) | FDUSLC | 821 | 800 | 35.61 | 44.22 | | | 1.8 | 16.1 | (7.9) |
| Fresco DJ US Technology | FDUSTC | 4 065 | 850 | 33.18 | 37.79 | | | (0.1) | 10.5 | (8.7) |
| iShares S&P 500 | IUSA | 101 380 | 10 000 | 101.29 | 10.00 | | | 2.4 | (9.3) | (31.7) |
| INTERNATIONAL EXCHANGE-TRADED FUNDS | | | | | | | | | | |
| Australia (AUD denominated) | | | | | | | | | | |
| streetTRACKS ASX S&P 200 | STW | 152 700 | 12 005 | 380.50 | 31.65 | 31.69 | (0.14) | 1.3 | 4.7 | (3.1) |
| streetTRACKS ASX S&P 50 | SFY | 258 337 | 1 803 | 57.26 | 31.76 | 31.83 | (0.22) | 1.3 | 4.0 | (4.5) |
| streetTRACKS ASX S&P 200 Property | SLF | 16 954 | 4 100 | 64.19 | 15.70 | 15.66 | 0.29 | 1.0 | 5.4 | 7.2 |
| Canada (CAD denominated) | | | | | | | | | | |
| Canadian market indices | | | | | | | | | | |
| iUnits S&P/TSE 60 | XIU | 7 364 188 | 114 529 | 4 568.00 | 39.90 | 39.89 | 0.03 | 0.5 | 4.6 | (2.4) |
| iUnits S&P/TSE Capped 60 | XIC | 38 892 | 5 710 | 252.00 | 44.05 | 44.13 | (0.19) | 0.2 | 3.9 | (3.0) |
| iUnits S&P/TSE Canadian MidCap | XMD | 24 527 | 1 849 | 85.00 | 45.85 | 45.78 | 0.15 | 1.2 | 5.9 | (5.4) |
| TD S&P/TSX Composite | TTF | Data not available at press-time | | | | | | | | |
| TD S&P/TSX Capped Composite | TCF | | | | | | | | | |
| TD Select Canadian Growth | TAG | | | | | | | | | |
| TD Select Canadian Value | TAV | | | | | | | | | |
| Canadian sector indices | | | | | | | | | | |
| iUnits S&P/TSE Canadian Energy | XEG | 61 502 | 1 928 | 65.00 | 33.80 | 33.72 | 0.23 | 1.0 | 6.0 | 6.8 |
| iUnits S&P/TSE Canadian Financials | XFN | 71 604 | 2 537 | 74.00 | 29.33 | 29.35 | (0.05) | 1.2 | 8.2 | 3.6 |
| iUnits S&P/TSE Canadian Gold | XGD | 132 254 | 3 982 | 166.00 | 41.85 | 41.70 | 0.35 | 1.0 | (16.5) | (12.8) |
| iUnits S&P/TSE Canadian IT | XIT | 312 635 | 10 723 | 52.00 | 4.84 | 4.86 | (0.33) | (1.4) | 14.4 | (0.2) |
| iUnits S&P/TSX Canadian REIT | XRE | 60 431 | 2 467 | 25.00 | 10.25 | 10.21 | 0.37 | | | |
| Fixed income | | | | | | | | | | |
| iUnits Canada 5-year Govt Bond | XGV | 144 618 | 5 256 | 156.00 | 29.74 | 29.73 | 0.04 | 1.0 | 5.8 | 6.0 |
| iUnits Canada 10-year Govt Bond | XGX | 34 234 | 2 842 | 85.00 | 29.76 | 29.76 | 0.00 | 1.6 | 9.4 | 11.1 |
| US/Global indices | | | | | | | | | | |
| iUnits S&P 500 RSP | XSP | 260 865 | 9 578 | 130.00 | 13.48 | 13.55 | (0.49) | (0.5) | (7.0) | (14.1) |
| iUnits MSCI International Equity RSP | XIN | 53 777 | 4 075 | 66.00 | 16.40 | 16.23 | 1.07 | 0.6 | (3.6) | (15.0) |
| Hong Kong (HKD denominated) | | | | | | | | | | |
| TraHK | 2800.HK | 3 690 000 | 2 378 993 | 23 721.36 | 9.95 | 9.97 | (0.21) | 0.5 | 5.9 | (11.6) |
| iShares MSCI China Tracker (2801) | 2801.HK | 193 300 | 13 000 | 219.57 | 16.80 | 16.89 | (0.53) | 4.5 | 18.1 | (2.7) |
| India (INR denominated) | | | | | | | | | | |
| Nifty Benchmark ET Scheme | NBEES | 5 626 | 1 038 | 2.37 | 2.27 | 2.28 | (0.44) | 1.1 | (2.1) | (0.9) |
| Sensex SPICE | ICSPICE | 14 900 | 6 580 | 4.45 | 32.48 | 33.70 | (3.63) | 1.7 | 2.6 | |
| <i>SPICE assets in USD, other values in INR; NBEES values stated in USD</i> | | | | | | | | | | |
| Israel (ILS denominated) | | | | | | | | | | |
| TALI 25 | TALI | 4 249 | 496 | 1 983.13 | 911.34 | 908.88 | 0.27 | (1.8) | 22.3 | 9.3 |
| Japan (JPY denominated) | | | | | | | | | | |
| Tokyo Stock Exchange | | | | | | | | | | |
| Nikkei 225 | iShares | 1329 | 813 | 62.40 | | 9 032 | | | | |
| | Nikko | 1330 | 108 514 | 10 420 | 801.50 | 9 030 | 9 051 | (0.24) | 2.0 | 5.5 (17.5) |
| S&P/Topix 150 | iShares | 1315 | 3 017 | 19.35 | | 755 | | | | 31.8 |

| Fund Name | Ticker | Volume | Shares (000) | Net assets (million) | Price | NAV | Spread (%) | Return 1 Week | Return YTD | Return 1 Yr |
|--|-------------------------------|-----------|--------------|----------------------|----------|-------|------------|---------------|------------|--------------|
| Japan (continued) | | | | | | | | | | |
| Topix | Daiwa | 1305 | 116 760 | 104 101 | 790.16 | 893 | 893 | (0.02) | 1.5 | 5.2 (15.8) |
| | iShares | 1307 | 20 | 12 651 | 95.43 | | 888 | | | |
| | Nomura | 1306 | 796 100 | 1 296 540 | 9 841.64 | 890 | 890 | 0.00 | 1.0 | 5.2 (16.1) |
| | Nikko | 1308 | 2 435 000 | 991 335 | 7 509.30 | 887 | 891 | (0.49) | 0.9 | 5.0 (17.0) |
| Topix Core 30 | Daiwa | 1310 | 340 | 2 413 | 12.50 | 606 | 610 | (0.59) | 1.2 | (0.8) (22.3) |
| | Nomura | 1311 | 4 020 | 5 000 | 25.88 | 606 | 609 | (0.53) | 2.7 | (0.8) (22.5) |
| Topix Sectors | Banking: Daiwa | 1612 | 10 200 | 10 200 | 13.27 | 154 | 153 | 0.63 | | |
| | Banking: Nomura | 1615 | 88 320 | 30 048 | 38.66 | 147 | 151 | (2.90) | 5.8 | (5.8) (31.9) |
| | Elec App: Daiwa | 1610 | 880 | 1 024 | 12.13 | 1 397 | 1 394 | 0.25 | | 6.1 (22.0) |
| | Elec App: Nomura | 1613 | 3 620 | 3 000 | 35.60 | 1 364 | 1 396 | (2.32) | 0.4 | 2.6 (23.9) |
| | Transport: Daiwa | 1611 | 120 | 1 014 | 12.31 | 1 421 | 1 428 | (0.49) | | |
| | Transport: Nomura | 1614 | 100 | 2 000 | 24.29 | | 1 429 | | | |
| <i>Net assets are USD (Other price values are JPY)</i> | | | | | | | | | | |
| Mexico (MXP denominated) | | | | | | | | | | |
| NAFTRAC | Trading commenced Apr-16-2002 | | | | | | | | | |
| New Zealand (NZD denominated) | | | | | | | | | | |
| NZSE10 | TNZ | 61 278 | 83 898 | 79.62 | 0.95 | 0.95 | (0.11) | 1.0 | 9.8 | 6.6 |
| NZ Mid Cap | MDZ | 14 683 | 15 432 | 30.65 | 2.01 | 1.98 | 1.52 | 2.8 | 6.5 | 0.5 |
| Australian 20 Leaders | OZY | 68 912 | 53 714 | 111.02 | 2.02 | 2.07 | (2.27) | (0.4) | 7.9 | (11.4) |
| AMP Investments' World | WIN | 35 162 | 366 617 | 408.40 | 1.12 | 1.11 | 0.54 | 0.9 | 0.0 | (21.2) |
| Singapore (SGD denominated) | | | | | | | | | | |
| streetTRACKS Straits Times | STTF | 11 240 | 22 100 | 336.11 | 15.00 | 15.21 | (1.37) | 2.6 | 6.8 | |
| South Africa (ZAR denominated) | | | | | | | | | | |
| SATRIX 40 | STX40 | 150 817 | 318 492 | 2 586.37 | 8.15 | 8.12 | 0.37 | (2.4) | (7.4) | (25.3) |
| SATRIX Industrial | STXIND | 101 563 | 98 288 | 536.29 | 5.44 | 5.46 | (0.37) | 0.5 | (8.3) | (26.9) |
| SATRIX Financial | STXFIN | 11 014 | 206 737 | 681.00 | 3.22 | 3.29 | (2.13) | (1.2) | 0.3 | (15.0) |
| South Korea (KRW denominated) | | | | | | | | | | |
| KODEX 200 | | 1 487 024 | 44 600 | 383 335 | 8410 | 8480 | (0.83) | 3.8 | 2.8 | |
| KODEX 50 | | 5 424 | 3 300 | 20 578 | 5960 | 6149 | (3.07) | | | |
| KOSEF | | 687 820 | 17 400 | 149 515 | 8400 | 8478 | (0.92) | | | |
| KOSEF 50 | | 374 | 2 400 | 14 935 | 5930 | 6139 | (3.40) | | | |

Volume shows average daily volume for the week ending Jun-13-2003; **Shares** shows the number of outstanding shares; **Net assets** are approximations, shown in millions of the appropriate currency unit (unless otherwise stated); **Price** shows the closing price on May-16-2003; **Spread** shows the difference between the closing price and the NAV as at Jun-13-2003, expressed as a percentage. **Sources include** Thomson Financial, fund managers, MAR research and other sources.

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