

Exchange-Traded Funds

August 9, 2004

Industry Overview

Paul Mazzilli
+1 (1)914 225 4808
Paul.Mazzilli@morganstanley.com
Dodd Kittsley, CFA
+1 (1)914 225 4809
Dodd.Kittsley@morganstanley.com
Dominic Maister
+1 (1)914 225 4856
Dominic.Maister@morganstanley.com

WHAT'S NEW

The US market now has 160 index-linked ETFs with over \$179 billion in assets. So far in 2004, 26 new ETFs have been brought to market. Barclays Global Investors (BGI) launched 12 iShares based on the NYSE Composite, NYSE 100, S&P 1500, and nine Morningstar Style Indexes and Vanguard launched 14 VIPERs based on MSCI US Indexes.

REPORT OVERVIEW

- Complete List of Available ETFs (3-5)**
- Overview and Strategies (6-18)**
- US Equity ETF Profiles (24-134)**
- International Equity ETF Profiles (145-187)**
- Fixed-Income ETF Profiles (190-195)**

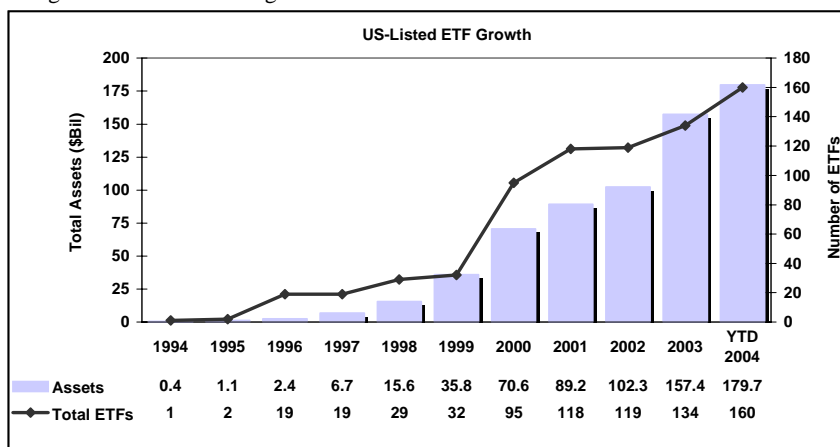
RECENT REPORTS

- ETF Market Overview and Strategies*
August 5, 2004
- US ETFs Continue to Expand in Size, Scope...*
July 28, 2004
- Access Favored Healthcare Sector with ETFs*
May 28, 2004
- Access Favored Energy Sector with ETFs*
May 21, 2004

ETFs include index-linked funds regulated under the Investment Company Act of 1940 that trade on US securities exchanges under exemptive relief from the Securities and Exchange Commission (SEC) as well as grantor trusts consisting of a basket of stocks and marketed as "HOLDERS."

US-listed, open-end fund ETFs must be offered under and sold only pursuant to a Prospectus. US-listed ETFs may not be marketed or sold in a number of jurisdictions and may not be suitable for all investors. Morgan Stanley Sales Personnel should check with the Law Division to clarify whether they may market the ETFs in a particular jurisdiction.

- **This is our comprehensive quarterly report on US-listed, index-linked ETFs**
It includes a summary of investment applications using ETFs, excerpts from our strategy reports, our outlook for the US equity, international equity, and fixed income markets, index data, and individual ETF data.
- **The US index-linked ETF market continues to grow**
ETF total assets are currently over \$179 billion, and average daily trading volume is now over \$12.9 billion (226 million shares).
- **ETFs allow access to our favorite sectors and markets**
Morgan Stanley US strategists currently favor large-cap stocks and believe investors should migrate to lower beta, more defensive names. They are overweight the consumer staples, energy, health care, and industrial sectors in the US. Our global strategists are underweight US equities and overweight Europe, Japan, Developed Asia ex-Japan, and Emerging Markets.
- **As with any investment, ETFs have risks**
These include the general risks associated with investing in securities, potential tracking error, and the possibility that particular indexes may lag other market segments or active managers.



Source: Morgan Stanley Research, Bloomberg. Data as of August 2, 2004.

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Index-Linked Exchange-Traded Funds

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Index-Linked Exchange-Traded Funds

US-Listed Exchange-Traded Funds

	Trading Symbol	7/30/2004 Price (\$)	Intraday NAV Symbol	Approx # Securities in Fund	Expense Ratio (%)	Total Assets (\$ Mil)	Avg Daily Volume (1000/shrs)	Options Avail.	Page
US Major Market ETFs									
Broad Market									
Total Stock Market VIPERs	VTI	104.50	TSJ	1,766	0.15	3,089	172	Yes	24
iShares Russell 3000	IWV	61.45	NMV	2,970	0.20	1,498	183	Yes	25
iShares DJ US Total Market	IYY	51.60	NLAX	1,625	0.20	374	45	No	26
iShares S&P 1500	ISI	95.85	EISNV	1,499	0.20	57	8	No	27
Fidelity Nasdaq Composite Index Tracking Stock	ONEQ	73.84	ONEQN	1,699	0.30	121	128	Yes	28
iShares NYSE Composite	NYC	58.09	NJPNV	1,992	0.25	15	2	No	29
Extended Market VIPERs	VXF	69.57	EAH	1,905	0.20	194	19	No	30
Large-Cap									
Diamond Trust Series 1	DIA	99.82	DXV	30	0.18	7,352	6,774	Yes	31
Nasdaq-100 Index Tracking Stock	QQQ	34.21	QXV	100	0.20	21,601	105,193	Yes	32
iShares NYSE 100	NY	58.99	NJTNV	100	0.20	33	7	No	33
iShares S&P 100	OEF	53.23	OEV	100	0.20	458	110	Yes	34
iShares S&P 500	IVV	109.07	NNV	500	0.09	9,387	579	No	35
Standard & Poors Depository Receipts	SPY	108.96	SXV	500	0.10	42,124	44,312	No	36
Large-Cap VIPERs	VV	47.42	BVH	754	0.12	19	20	No	37
iShares Russell 1000	IWB	58.20	NJBX	996	0.15	1,464	275	Yes	38
streetTRACKS Fortune 500	FFF	77.63	FFYNV	445	0.20	108	10	Yes	39
Rydex S&P Equalweight	RSP	134.52	RSJ	500	0.40	383	36	No	40
Custom									
iShares Dow Jones Select Dividend	DVY	54.19	DJJ	50	0.40	2,518	356	No	41
PowerShares Dynamic Market Portfolio	PWC	35.00	FZM	100	0.60	136	46	Yes	42
PowerShares Dynamic OTC Portfolio	PWO	36.09	FZO	100	0.60	38	10	Yes	43
Mid-Cap									
Standard & Poors Mid-Cap 400 Depository Receipts	MDY	104.77	MXV	399	0.25	6,453	1,388	Yes	44
iShares S&P Mid-Cap 400	IJH	114.38	NJH	399	0.20	1,824	111	Yes	45
iShares Russell Mid-Cap	IWR	67.01	NIZ	798	0.20	733	102	Yes	46
Mid-Cap VIPERs	VO	48.09	BVO	453	0.18	20	4	No	47
Small-Cap									
iShares S&P Small-Cap 600	IJR	135.80	NIR	600	0.20	2,283	308	Yes	48
iShares Russell 2000	IWM	107.64	NJM	1,983	0.20	5,407	6,886	Yes	49
Small-Cap VIPERs	VB	46.99	BVP	1,735	0.18	72	19	No	50
US Style ETFs									
Broad Market Growth/Value									
iShares Russell 3000 Growth	IWZ	35.95	NBE	1,895	0.25	108	25	Yes	51
iShares Russell 3000 Value	IWW	75.72	NNW	1,953	0.25	235	24	Yes	52
Large-Cap Growth/Value/Core									
iShares S&P 500/Barra Growth	IVW	53.40	NJG	166	0.18	1,620	222	No	53
iShares Russell 1000 Growth	IWF	44.60	NBF	621	0.20	2,076	375	Yes	54
iShares Morningstar Large Growth	JKE	56.06	EJK	78	0.25	22	11	No	55
Growth VIPERs	VUG	46.55	PVJ	418	0.15	90	27	No	56
streetTRACKS DJ US Large-Cap Growth	ELG	44.60	FLG	107	0.20	67	13	No	57
iShares S&P 500/Barra Value	IVE	55.14	NME	334	0.18	2,096	251	No	58
iShares Russell 1000 Value	IWD	58.25	NJU	696	0.20	3,070	517	Yes	59
iShares Morningstar Large Value	JKF	59.00	EJN	85	0.25	24	14	No	60
Value VIPERs	VTV	48.49	PVVV	413	0.15	107	24	No	61
streetTRACKS DJ US Large-Cap Value	ELV	122.48	FLV	111	0.20	92	10	No	62
iShares Morningstar Large Core	JKD	57.91	EJH	95	0.20	23	28	No	63
Mid-Cap Growth/Value/Core									
iShares S&P Mid-Cap 400/Barra Growth	IJK	116.80	NNK	184	0.25	822	51	Yes	64
iShares Russell Mid-Cap Growth	IWP	71.69	NIW	484	0.25	544	76	Yes	65
iShares Morningstar Mid Growth	JKH	54.97	FDB	250	0.30	8	3	No	66
iShares S&P Mid-Cap 400/Barra Value	IJJ	110.30	NJJ	215	0.25	1,253	77	Yes	67
iShares Russell Mid-Cap Value	IWS	95.23	NIV	563	0.25	589	62	Yes	68
iShares Morningstar Mid Value	JKI	58.32	FHB	212	0.30	9	4	No	69
iShares Morningstar Mid Core	JKG	56.95	FGB	260	0.25	9	2	No	70
Small-Cap Growth/Value/Core									
iShares S&P Small-Cap 600/Barra Growth	IJT	89.05	NLT	242	0.25	677	86	Yes	71
iShares Russell 2000 Growth	IWO	55.37	NLO	1,325	0.25	1,431	842	Yes	72
iShares Morningstar Small Growth	JKK	53.03	HKJ	358	0.30	11	3	No	73
Small-Cap Growth VIPERs	VBK	44.75	HVK	982	0.22	59	25	No	74
streetTRACKS DJ US Small-Cap Growth	DSG	64.47	PSG	313	0.25	51	10	No	75
iShares S&P Small-Cap 600/Barra Value	IJS	102.36	NJS	358	0.25	1,061	104	Yes	76
iShares Russell 2000 Value	IWN	161.40	NAJ	1,270	0.25	2,001	234	Yes	77
iShares Morningstar Small Value	JKL	57.90	HKK	336	0.30	125	4	No	78
Small-Cap Value VIPERs	VBR	49.44	PVY	962	0.22	25	5	No	79
streetTRACKS DJ US Small-Cap Value	DSV	159.47	PSV	392	0.25	72	6	No	80
iShares Morningstar Small Core	JKJ	56.98	HKG	376	0.25	28	3	No	81

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	Trading Symbol	7/30/2004 Price (\$)	Intraday NAV Symbol	Approx # Securities in Fund	Expense Ratio (%)	Total Assets (\$ Mil)	Avg Daily Volume (1000/shrs)	Options Avail.	Page	
US Sector ETFs										
Consumer Discretionary										
	Consumer Discretionary Select Sector SPDR	XLY	30.13	YXV	85	0.28	239	295	No	82
	iShares DJ US Consumer Cyclical Sector	IYC	52.93	NLL	293	0.60	182	56	No	83
	Retail HOLDRS	RTH	87.37	IRH	20	0*	542	1,868	Yes	84
	Consumer Discretionary VIPERs	VCR	46.49	HVA	430	0.28	19	3	No	85
Consumer Staples										
	Consumer Staples Select Sector SPDR	XLP	22.12	PXV	37	0.28	586	439	Yes	86
	iShares DJ US Consumer Non-Cyclical Sector	IYK	49.35	NMJ	101	0.60	350	88	No	87
	Consumer Staples VIPERs	VDC	51.72	HVP	103	0.28	21	4	No	88
Energy										
	Energy Select Sector SPDR	XLE	31.84	EXX	27	0.28	1,277	1,388	Yes	89
	iShares DJ US Energy Sector	IYE	56.69	NLE	58	0.60	405	76	Yes	90
	Oil Service HOLDRS	OIH	73.27	OXH	18	0*	1,096	1,934	Yes	91
Financials										
	Financial Select Sector SPDR	XLF	27.56	FXV	81	0.28	861	3,982	Yes	92
	iShares DJ US Financial Sector	IYF	86.86	NLF	300	0.60	243	28	Yes	93
	Financials VIPERs	VFH	48.10	HVF	525	0.28	19	2	No	94
	iShares DJ US Financial Services	IYG	99.62	NAG	151	0.60	110	9	No	95
	Regional Bank HOLDRS	RKH	127.74	XRH	19	0*	283	446	Yes	96
Health Care										
	Health Care Select Sector SPDR	XLV	28.92	NXV	53	0.28	753	309	Yes	97
	iShares DJ US Healthcare Sector	IYH	55.37	NHG	176	0.60	664	96	Yes	98
	Health Care VIPERs	VHT	47.10	HVH	301	0.28	19	7	No	99
	iShares Nasdaq Biotechnology	IBB	65.87	IBF	140	0.50	1,133	907	Yes	100
	Biotech HOLDRS	BBH	133.70	IBH	18	0*	1,272	976	Yes	101
	Pharmaceutical HOLDRS	PPH	74.16	IPH	21	0*	782	737	Yes	102
Industrials										
	Industrial Select Sector SPDR	XLI	27.51	TXV	59	0.28	622	690	Yes	103
	iShares DJ Transportation Average	IYT	54.92	EYTNV	20	0.60	25	25	No	104
	iShares DJ US Industrial Sector	IYJ	49.74	NIJ	249	0.60	201	41	No	105
Information Technology- Broad Based										
	Technology Select Sector SPDR	XLK	18.85	KXV	92	0.28	968	528	Yes	106
	iShares DJ US Technology Sector	IYW	43.02	NJW	252	0.60	320	57	Yes	107
	iShares Goldman Sachs Tech	IGM	40.71	IPM	227	0.50	181	62	Yes	108
	streetTRACKS MS High-Tech 35	MTK	42.73	JMT	35	0.50	21	6	No	109
	Information Technology VIPERs	VGT	41.56	HVI	455	0.28	17	4	No	110
Information Technology- Internet										
	Internet HOLDRS	HHH	52.38	HHI	13	0*	213	311	Yes	111
	B2B Internet HOLDRS	BHH	2.27	BUXB	9	0*	26	52	Yes	112
	Internet Architecture HOLDRS	IAH	32.64	XAH	20	0*	69	47	Yes	113
	Internet Infrastructure HOLDRS	IIH	3.03	YIH	14	0*	25	51	Yes	114
Information Technology- Other										
	iShares Goldman Sachs Networking	IGN	26.93	NVK	34	0.50	147	200	Yes	115
	iShares Goldman Sachs Semiconductor	IGW	49.11	NVW	52	0.50	135	95	Yes	116
	iShares Goldman Sachs Software	IGV	32.57	NVV	46	0.50	111	83	Yes	117
	Broadband HOLDRS	BDH	14.62	XDH	22	0*	134	280	Yes	118
	Semiconductor HOLDRS	SMH	31.77	XSH	20	0*	1,676	19,276	Yes	119
	Software HOLDRS	SWH	32.92	XWH	18	0*	252	444	Yes	120
Materials										
	Materials Select Sector SPDR	XLB	25.44	BXV	33	0.28	504	1,212	Yes	121
	iShares DJ US Basic Materials Sector	IYM	42.94	NLBX	68	0.60	296	119	No	122
	Materials VIPERs	VAW	49.89	HVW	117	0.28	20	3	No	123
Natural Resources										
	iShares Goldman Sachs Natural Resources	IGE	114.51	NGJ	121	0.50	258	19	No	124
Real Estate										
	iShares DJ US Real Estate	IYR	100.51	NLR	82	0.60	623	407	No	125
	iShares Cohen & Steers Realty Majors	ICF	110.39	ICG	30	0.35	868	131	Yes	126
	streetTRACKS Wilshire REIT	RWR	154.51	EWV	90	0.25	338	26	No	127
Telecommunications										
	iShares DJ US Telecom Sector	IYZ	21.31	NJZ	23	0.60	257	193	Yes	128
	Telecom HOLDRS	TTH	26.88	ITH	14	0*	183	212	Yes	129
	Wireless HOLDRS	WMH	52.99	IWH	20	0*	95	24	Yes	130
Utilities										
	iShares DJ US Utilities Sector	IDU	58.28	NLU	77	0.60	452	59	Yes	131
	Utilities Select Sector SPDR	XLU	23.56	UXV	33	0.28	1,116	824	Yes	132
	Utilities HOLDRS	UTH	80.68	XUH	20	0*	536	444	Yes	133
	Utilities VIPERs	VPU	50.22	HVJ	90	0.28	40	3	No	134

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International ETFs									
Broad Based - International									
iShares MSCI EAFE	EFA	135.21	EFV	784	0.35	8,405	549	Yes	145
BLDRS Developed Markets 100 ADR	ADRD	58.07	ADRDI	100	0.30	17	1	No	146
iShares MSCI Emerging Markets	EEM	154.10	EEV	245	0.75	1,865	250	No	147
BLDRS Emerging Markets 50 ADR	ADRE	64.76	ADREI	50	0.30	19	3	No	148
Regional - International									
BLDRS Europe 100 ADR	ADRU	57.09	ADRUI	100	0.30	17	1	No	149
Europe 2001 HOLDRS	EKH	55.96	EKI	45	0*	17	2	Yes	150
streetTRACKS Dow Jones STOXX 50	FEU	31.71	FEUIV	50	0.30	24	9	No	151
iShares S&P Europe 350	IEV	63.24	NLG	347	0.60	767	72	No	152
streetTRACKS Dow Jones Euro STOXX 50	FEZ	32.30	FEZIV	50	0.30	91	54	No	153
iShares MSCI EMU	EZU	58.42	WEM	272	0.59	321	83	No	154
BLDRS Asia 50 ADR	ADRA	62.47	ADRAI	50	0.30	22	2	No	155
iShares MSCI Pacific ex-Japan	EPP	72.84	EPK	155	0.50	631	62	No	156
iShares S&P Latin America 40	ILF	57.91	NIH	36	0.50	72	18	No	157
Asia/Pacific									
iShares MSCI Australia	EWA	13.16	WBJ	72	0.59	175	148	No	158
iShares MSCI Hong Kong	EWK	10.16	INH	37	0.59	415	605	No	159
iShares MSCI Japan	EWJ	9.79	INJ	281	0.59	5,585	7,809	No	160
iShares S&P/TOPIX 150	ITF	84.86	NIT	148	0.50	77	13	No	161
iShares MSCI Malaysia	EWM	6.50	INM	70	0.59	252	423	No	162
iShares MSCI Singapore	EWS	6.11	INR	35	0.59	170	181	No	163
iShares MSCI South Korea	EWY	21.96	WWK	59	0.74	271	286	No	164
iShares MSCI Taiwan	EWT	9.55	WWM	96	0.74	369	655	No	165
Europe									
iShares MSCI Austria	EWO	16.75	INY	18	0.59	52	74	No	166
iShares MSCI Belgium	EWK	13.83	INK	21	0.59	23	32	No	167
iShares MSCI France	EWQ	20.08	WBF	57	0.59	56	36	No	168
iShares MSCI Germany	EWG	14.97	WDG	46	0.59	103	139	No	169
iShares MSCI Italy	EWI	20.07	INE	40	0.59	27	17	No	170
iShares MSCI Netherlands	EWN	15.45	INN	26	0.59	28	17	No	171
iShares MSCI Spain	EWP	27.41	INP	37	0.59	45	22	No	172
iShares MSCI Sweden	EWD	16.42	WBQ	44	0.59	27	29	No	173
iShares MSCI Switzerland	EWL	14.91	INL	36	0.59	42	22	No	174
iShares MSCI United Kingdom	EWU	15.60	INU	150	0.59	396	270	No	175
Americas									
iShares MSCI Brazil	EWZ	15.06	WWC	38	0.74	192	512	No	176
iShares MSCI Canada	EWC	14.37	WPB	81	0.59	325	146	No	177
iShares MSCI Mexico	EWX	18.59	INW	27	0.59	157	207	No	178
EMEA									
iShares MSCI South Africa	EZA	56.50	FZANV	43	0.74	88	13	No	179
Broad Based - Global									
streetTRACKS DJ Global Titans	DGT	59.30	UGT	45	0.50	68	16	Yes	180
iShares S&P Global 100	IOO	55.33	OON	97	0.40	185	18	No	181
Market 2000+ HOLDRS	MKH	51.70	XKH	59	0*	62	3	Yes	182
Sectors - Global									
iShares S&P Global Energy Sector	IXC	64.42	XGC	53	0.65	269	49	No	183
iShares S&P Global Financial Sector	IXG	57.00	XGG	214	0.65	28	7	No	184
iShares S&P Global Healthcare Sector	IXJ	46.22	XGJ	76	0.65	149	21	No	185
iShares S&P Global Technology Sector	IXN	45.63	XGN	122	0.65	25	5	No	186
iShares S&P Global Telecommunications Sector	IXP	43.55	XHP	42	0.65	20	5	No	187
US Fixed Income ETFs									
iShares Lehman 1-3 Year Treasury	SHY	81.73	SHZ	9	0.15	1,774	247	Yes	190
iShares Lehman 7-10 Year Treasury	IEF	83.88	IEN	7	0.15	579	217	Yes	191
iShares Lehman 20+ Year Treasury	TLT	84.95	TLZ	16	0.15	280	1,096	Yes	192
iShares GS \$ InvesTop Corporate	LQD	108.90	DLL	100	0.15	2,499	110	Yes	193
iShares Lehman Aggregate	AGG	101.19	AKG	115	0.20	595	74	Yes	194
iShares Lehman TIPS	TIP	102.48	TBKNV	12	0.20	1,126	99	Yes	195

Source: Morgan Stanley Research, Barclays Global Investors, State Street Global Advisors, Bank of New York, and The Vanguard Group. * Expenses for HOLDRS consist of a custody fee of \$2 per round lot (100 shares) per quarter. However, according to the HOLDRS prospectus, the trustee will waive that portion of the fee, which exceeds the total cash distributions. Average daily volume data is for past 100 days or since inception for recently issued ETFs. Data as of July 30, 2004.

Index-Linked Exchange-Traded Funds

ETF Market Overview and Advantages

Index-linked ETFs may serve as attractive investment alternatives. In our view, ETFs are compelling investments for equity and fixed income exposure due to their broad diversification, low expense ratios, high tax efficiency, competitive long-term performance versus active managers, and trading flexibility. Index-linked ETFs are passively managed portfolios designed to provide exposure to specific indexes. Some ETFs offer relatively low-risk, broadly diversified portfolios, which investors may find attractive as the core equity components of their portfolios. Others offer diversified investments in particular styles, sectors, industries, regions, or countries.

Currently, 111 US-listed ETFs provide exposure to US equity markets. The major ETF managers, custodians, and product names include the Bank of New York (Index Trusts and BLDRs), Barclays Global Investors (iShares), Merrill Lynch and the Bank of New York (HOLDRs), State Street Global Advisors (SPDRs and streetTRACKS), and Vanguard (VIPERS). Several ETFs offer exposure to duplicate or similar indexes; however, there are structural differences among products that may differentiate them. We believe investors should favor those ETFs that best meet their investment objectives with the lowest operating expenses and reasonable liquidity. Details on US equity ETFs begin on page 24.

There are 43 US-listed ETFs that provide international equity exposure. These are offered by most of the same fund managers and custodians that offer ETFs with US exposure. The majority of international ETFs are iShares based on MSCI Indexes. Others are based on S&P, Bank of New York ADR, Dow Jones STOXX, and other custom indexes. Details on international ETFs begin on page 145.

There are six ETFs that provide US fixed-income exposure. They are all iShares and are based on Lehman Treasury and Aggregate Indexes and a Goldman Sachs Corporate Bond Index. Details on fixed income ETFs begin on page 190.

ETF Advantages

Index-linked ETFs trade on major exchanges. This allows investors to buy and sell them at stated market prices throughout the day. In contrast to open-end funds that price once a day at the market close, ETFs are available to all investors at market prices throughout the day. This helps to reduce the uncertainty of buying shares intraday at prices to be determined at the close. Many index-linked ETFs can also be shorted without an uptick,

providing extra flexibility for hedging or market-timing strategies. They also can be bought on margin, purchased using limit and stop loss orders, and many have listed options. This open trading does not provide opportunities for market timing, in which some investors buy open-end mutual funds investing in foreign markets that closed before trading started in the US. For example, on a day when the US market is higher, ETFs based on a Japan index will trade up in anticipation of higher prices in Japan overnight. In this case, open-end mutual funds investing in Japan may be priced based on the previous day's close.

Index-linked ETFs have some of the lowest expenses of any registered investment product. Their expense ratios are significantly lower than those of actively managed open-end mutual funds (Exhibit 1). For example, the iShares S&P 500 Index Fund (IVV) has an expense ratio of nine basis points, while the average actively managed domestic equity open-end fund has 152 basis points in expenses. ETF expense ratios also compare favorably to the average expense ratio of 75 basis points for passive/indexed domestic open-end mutual funds. In addition, ETFs typically have much lower portfolio and investor turnover, which leads to lower internal transaction and processing costs. Turnover, or the buying and selling of securities within a fund, leads to implicit costs including commissions, bid-ask spreads, market impact, and opportunity costs. Investor turnover also increases processing and reporting costs, which are borne by long-term investors. ETF investors, however, generally have to pay commissions when they buy or sell shares. ETF and

Exhibit 1

Expenses of ETFs vs. Open-End Mutual Funds*

	Average Expense Ratio
Exchange-Traded Funds:	
US Major Market ETFs	20 Basis Points
US Style ETFs	24 Basis Points
US Sector ETFs**	43 Basis Points
All US Equity ETFs**	31 Basis Points
International Equity ETFs**	68 Basis Points
All Equity ETFs**	39 Basis Points
Fixed Income ETFs	17 Basis Points
Open-end Mutual Funds:	
Actively Managed Domestic Equity	152 Basis Points
Actively Managed International Equity	189 Basis Points
Passive/Indexing Domestic Equity	75 Basis Points
Passive/Indexing International Equity	95 Basis Points
Passive/Indexing Fixed Income	39 Basis Points

Source: Morningstar. *Although these investment vehicles may be similar to ETFs, they are not identical and may offer additional benefits to investors over ETFs, such as increased returns and customized management. **Average expense ratio, excluding HOLDRs.

Index-Linked Exchange-Traded Funds

open-end fund expenses are deducted from net asset values, which may lead to underperformance over time relative to their benchmarks.

A fund's expenses can have a significant impact on the returns of long-term investors. If a shareholder had invested \$10,000 and let it grow for 25 years at a net return of 10% per year, he or she would have \$108,347 at the end of the period. The same investment returning 9.25% (assuming fees were 75 basis points higher) would be worth \$91,314.

Passively managed index-linked ETFs tend to be more tax-efficient than actively managed funds. Since ETFs track indexes, there tends to be less portfolio turnover and realization of capital gains than with actively managed funds. We believe there is minimal risk that investor flight will cause capital gains. In falling markets, many open-end mutual fund investors seek redemptions, which usually force a fund to sell stock and may create capital gains tax liabilities, which are passed on to remaining shareholders. ETFs can reduce this tax liability through an "in-kind" redemption mechanism, whereby baskets of stocks change hands, as opposed to cash. The redemption process is not a taxable transaction for ETFs, so there is no realization of gains that must be distributed to shareholders. Exhibit 2 contains a comparison of capital-gains distributions made by an ETF, the S&P Depository Receipts (SPY) and the average distributions of all open-end funds designed to track the same S&P 500 Index. While SPY's distributions were almost nonexistent, the group of open-end funds paid average distributions of 1.71% of NAV per year.

Historically, actively managed open-end funds have underperformed their benchmarks. According to Morningstar, the majority of open-end funds underperformed their benchmarks over a ten-year period after accounting for fees and taxes (Exhibit 3). This was most prevalent for large-cap funds, where only 2% of

Exhibit 2
Capital Gains Distributions as a Percentage of NAV*

	S&P 500 SPDR ETF (SPY)	Open-End S&P 500 Index Fund Avg.**
1993	0.00	1.10
1994	0.00	1.35
1995	0.00	3.85
1996	0.12	2.10
1997	0.00	2.34
1998	0.00	1.67
1999	0.00	1.52
2000	0.00	2.58
2001	0.00	1.76
2002	0.00	0.42
2003	0.00	0.14
Average	0.01	1.71

* Year-end NAV. ** Average of all open-end S&P 500 Index funds.

Source: Bloomberg

Exchange-Traded Funds – August 9, 2004

Exhibit 3

Open-end Funds That Outperformed After-Taxes

	Value	Blend	Growth
Large*	2%	5%	12%
Medium**	9%	11%	16%
Small***	19%	57%	66%

Data are ten years ended December 31, 2003. Tax rates reflect rates applicable for period. * Versus Russell 1000 Value, Russell 1000, and Russell 1000 Growth ** Versus Russell Midcap Value, Russell Midcap, and Russell Midcap Growth *** Versus Russell 2000 Value, Russell 2000, and Russell 2000 Growth Source: Morningstar, Frank Russell Company and BGI

large-cap value, 5% of large-cap blend, and 12% of large-cap growth managers outperformed. In our view, taxes have been a major contributing factor to underperformance relative to their benchmarks. These returns were calculated under the old tax laws and would look better under the new laws that give tax advantages to both ETFs and open-end funds. Given the relative tax advantages of index-linked ETFs, investors may seek to own ETFs in taxable accounts and hold actively managed funds in tax advantaged accounts.

The market price and net asset value of index-linked ETFs are designed to stay close to each other.

Authorized participants (APs) can create ETF shares by delivering a set amount of stocks in the underlying portfolio to a custodian bank. In return, the AP receives a corresponding number of ETF shares (usually a block of 50,000 or 100,000 shares, called Creation Units). Similarly, ETF shares can be redeemed by delivering them in Creation Unit size to the custodian and receiving a basket of underlying securities. This creation and redemption process helps to keep the difference between an ETF's market price and net asset value (NAV) very small, as any divergence would create an arbitrage opportunity. When an ETF is trading at a significant premium or discount to NAV, APs can buy or sell the ETF and place offsetting buy or sell trades in the underlying basket of component securities.

Intraday NAV estimates can enhance the pricing efficiency of index-linked ETFs.

Exchanges calculate and disseminate estimated ETF underlying portfolio values throughout the trading day. This information helps keep investors aware of the approximate market price/NAV relationship when making purchase and sale decisions. It also can facilitate the arbitrage process through which professional traders can create or redeem shares if the price moves out of line with NAV. Intraday estimates of NAVs can be accessed through most quotation systems by using specific tickers, listed on pages 3-5 and on individual fund profile pages.

Index-Linked Exchange-Traded Funds

Recent Market Developments

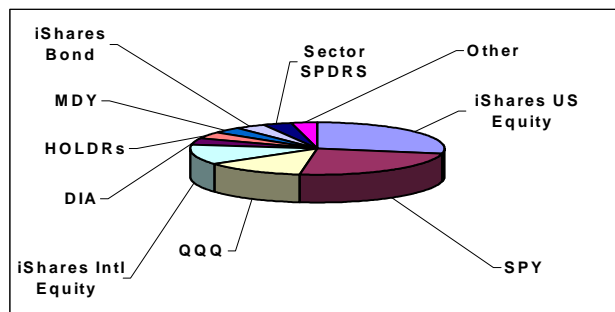
The US index-linked ETF market continues to grow dramatically. For US investors seeking equity or fixed income exposure, there is a large universe of index-linked ETFs. There are now 160 ETFs with total assets over \$179 billion and average daily trading volume over \$12 billion (226 million shares). Although the Standard and Poor's Depository Receipts (SPY) and Nasdaq-100 Tracking Stock (QQQ) continue to dominate the asset mix (Exhibit 4), other areas of the market have recently experienced significant growth. Exhibit 5 contains a current list of the ten largest ETFs.

So far in 2004, 26 new ETFs have been brought to market. Barclays Global Investors (BGI) launched 12 ETFs based on the NYSE Composite, NYSE 100, S&P 1500, and nine Morningstar Style Indexes. Vanguard launched 14 VIPERs (Vanguard Index Participation Equity Receipts) based on MSCI US Indexes. These ETFs provide exposure to US large-cap (blend, growth, and value), mid-cap, small-cap (blend, growth, and value), and seven of ten US broad market sectors (excluding industrials, energy, and telecom).

First half ETF net cash inflows were very strong and broadly dispersed. Overall, nearly \$24 billion in net new assets flowed into ETFs and most segments of the ETF market grew. By objective, most growth occurred in international equity ETFs (Exhibit 6). As indicated in Exhibit 7, the greatest relative individual increases occurred in ETFs tracking the MSCI EAFE, MSCI Japan and Russell 2000 Indexes. There was also significant interest in relatively new products following the Dow Jones Select Dividend and Lehman TIPS Indexes, indicating investor demand for dividend tax preferences and protection against inflation. The majority of redemptions occurred in QQQ, the second largest ETF, which accounted for \$3.4 billion in net outflows. In our view, QQQ is more favored by aggressive institutional investors. We believe the growth in other products reflects increased demand for ETFs by a broader investor base, particularly long-term investors. Details of first half cash flows for all US listed ETFs are included on pages 197-200.

We have seen several notable industry changes this year. UBS, manager of the two FRESCO ETFs (FEZ and FEU), was replaced by State Street Global Advisors (SSgA) in early July. Shortly thereafter, SSgA rebranded these funds as StreetTracks. In addition, SSgA reduced the

Exhibit 4
US-Listed Index-Linked ETF Universe — August 2, 2004



Source: Bloomberg.

expense ratio for the S&P 500 SPDR (SPY) from 12 to 10 basis points in April. BGI also reduced fees by 25 basis points on 22 of their international equity ETFs by eliminating 12b-1 fees.

We expect additional ETFs to be launched later this year. BGI plans to issue ETFs based on the FTSE/Xinhua China 25, Comex Gold, and KLD Socially Responsible Indexes. Vanguard intends to launch seven additional VIPERs based on MSCI European, Pacific, Emerging Markets, the remaining three MSCI US sector based indexes, and the Morgan Stanley REIT Index. SSgA has filed to issue an ETF based on the S&P 500 O-Strip Index, which contains all the Nasdaq listed stocks in the S&P 500. Powershares has also filed to issue 26 ETFs later this year based on proprietary indexes.

BGI, the largest US-listed ETF provider, has gained market share. BGI now has over \$81 billion in ETF assets, followed by SSgA and Bank of New York with \$58 and \$28 billion respectively. In the first half of 2004, BGI had over \$21 billion in ETF net cash inflows, versus \$4.2 billion in net inflows for SSgA and \$3.3 billion in net outflows for Bank of New York (Exhibit 8).

Exhibit 5
Ten Largest US-Listed ETFs — July 30, 2004

ETF	Market Cap (\$Bil)	Avg Daily Vol (Shares)	Avg Daily Vol (\$Mil)
S&P SPDR	42.1	44,312,000	4,828
Nasdaq-100 Tracking Stock	21.6	105,193,000	3,599
iShares S&P 500	9.4	579,000	63
iShares MSCI EAFE	8.4	548,000	74
Diamonds	7.4	6,774,000	676
S&P 400 MidCap SPDR	6.5	1,388,000	145
iShares MSCI Japan	5.6	7,809,000	76
iShares Russell 2000	5.4	6,886,000	741
Total Stock Market VIPERs	3.1	172,000	18
iShares Russell 1000 Value	3.1	517,000	30

Source: Bloomberg.

Index-Linked Exchange-Traded Funds

Exhibit 6

First Half 2004 US-listed ETF Cash Flows by Objective

Investment Objective	Funds	Net Cash Flow (\$Mil)			8/3/2004
		1H 2004	2003	2002	Market Cap (\$Mil)
Broad-Market	9	926	985	544	5,743
Large-Cap	24	5,704	3,586	27,108	95,587
Mid-Cap	11	1,729	985	3,169	12,155
Small-Cap	14	2,456	2,329	3,462	13,707
Sector	38	2,946	3,641	2,434	14,636
International	41	7,657	5,827	3,715	22,249
Fixed Income	6	2,167	739	3,682	7,009
Total	143	23,584	18,093	44,114	171,086

Source: BGI, SSgA, Bank of New York, Vanguard, Fidelity. Data includes all US-listed ETFs and excludes HOLDRs.

Exhibit 7

Largest First Half 2004 US-listed ETF Cash Flows

	Trading Symbol	Net Cash Flow (\$Mil)			8/3/2004
		1H 2004	2003	2002	Market Cap (\$Mil)
iShares MSCI EAFE	EFA	2,824	2,110	2,018	8,746
iShares MSCI Japan	EWJ	2,517	1,810	166	5,556
Standard & Poors Depository Receipts	SPY	2,172	(5,354)	15,665	42,247
iShares Dow Jones Select Dividend	DVY	1,927	444	na	2,635
iShares Russell 2000	IWM	1,672	1,246	767	5,547
iShares S&P 500	IVV	1,259	1,259	2,589	9,672
iShares Lehman TIPS	TIP	960	112	na	1,123
Diamond Trust Series 1	DIA	937	675	2,286	7,459
iShares MSCI Emerging Markets	EEM	895	931	na	1,877
iShares Russell 1000 Value	IWD	789	826	616	3,188
iShares Nasdaq Biotechnology	IBB	627	(18)	467	1,084
iShares S&P 500/Barras Value	IVE	605	510	342	2,170
Total Stock Market VIPERs	VTI	586	732	397	3,125
Energy Select Sector SPDR	XLE	548	251	50	1,307
iShares Russell 1000 Growth	IWF	545	494	389	2,187
Nasdaq-100 Index Tracking Stock	QQQ	(3,486)	3,256	4,340	21,154

Source: BGI, SSgA, Bank of New York, Vanguard, Fidelity. Data includes all US-listed ETFs and excludes HOLDRs.

Exhibit 8

ETF Advisor/Trustee Market Share and Fund Flow Data

ETF Advisor/Trustee	Funds	Net Cash Flow (\$Mil)			8/3/2004	Market
		1H 2004	2003	2002	Net Assets (\$Mil)	Share (%)
Barclays Global Investors	96	21,125	16,424	19,038	81,215	47.5
State Street Global Advisors	21	4,212	-2,915	18,930	57,743	33.8
Bank of New York	6	-3,293	3,571	5,721	27,571	16.1
Vanguard	16	1,227	789	425	3,875	2.3
Rydex	1	168	47	na	387	0.2
Powershares	2	206	17	na	177	0.1
Fidelity	1	-61	159	na	119	0.1
Total	143	23,584	18,093	44,114	171,086	

Source: BGI, SSgA, Bank of New York, Vanguard, Fidelity. Data includes all US-listed ETFs and excludes HOLDRs.

Index-Linked Exchange-Traded Funds

Investment Applications

ETFs have many investment applications. Broad-based ETFs can serve as diversified core holdings, while style and sector ETFs can be used to complete parts of a portfolio or for tactical strategies. We believe ETFs generally work well within macro asset allocation and sector emphasis models. They can also help provide efficient ways to gain international diversification. Another benefit of ETFs is that they are complementary to most other investment products. They can be used together with common stocks, privately managed assets, and other fund products. We summarize some of these strategies below and provide more detail in the following sections.

Index-linked ETFs based on broad-market indexes can serve as good core holdings. We believe it is important to have core equity holdings. Since no single stock, sector, style, or manager consistently outperforms, we believe having core holdings invested in broad-market indexes can help to reduce volatility and achieve competitive returns for an overall portfolio.

We believe ETFs work well with macro asset-allocation models. Exhibit 9 lists Morgan Stanley Private Wealth Management's (PWM) suggested tactical allocations for taxable US investors. In our view, the equity portion of these models has two primary applications:

1) As the framework for an entire equity portfolio. Investors desiring a complete asset-allocation strategy may find this appealing, as they merely have to purchase appropriate investments for each market segment in their proper weightings and occasionally rebalance their portfolios.

Exhibit 9

PWM Tactical Allocation Models for Taxable Investors

	Conservative	Moderate	Aggressive
US Equity			
Large-Cap Growth	11.0%	12.0%	14.0%
Large-Cap Value	11.0	11.0	14.0
Mid/Small-Cap Growth	2.0	2.0	3.0
Mid/Small-Cap Value	2.0	2.0	3.0
	26.0	27.0	34.0
Non US Equity			
Europe	6.0	10.0	11.0
Japan	4.0	6.0	7.0
Emerging Markets	0.0	2.0	3.0
	10.0	18.0	21.0
Fixed Income	34.0	29.0	15.0
Alternative Inv.	21.0	23.0	28.0
Cash	9.0	3.0	2.0

Source: Morgan Stanley. Allocations as of August 9, 2004

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2) As the core equity portion of a portfolio. Investors seeking a more active trading approach may find a core/satellite investment strategy appropriate. In this case, the model can serve as a core. In an effort to increase returns, shorter-term tactical strategies, such as stock, sector, style, or country overweights can be employed as satellite investments. Core holdings can help ensure that a portfolio's performance does not deviate widely from established benchmarks, while satellite investments constitute active plays to try to increase returns.

The equity portion of our PWM asset-allocation models can be implemented with nine ETFs. As illustrated in Exhibit 10, Morgan Stanley's suggested moderate equity allocations can be achieved with six US style-based iShares and three international equity iShares.

ETFs can be used for targeted sector exposure. Sector ETFs can be used for the tactical portion of one's portfolio or as ways to gain exposure to under-represented sectors in a portfolio. They can also serve as the building blocks for Morgan Stanley's US strategy team's sector model, as shown in Exhibit 11.

ETFs offer an efficient way to gain international exposure. They provide access to baskets of stocks in specific countries or regions in the form of an individual listed security. Most ETFs are well diversified and thus we believe they typically provide a less volatile way to obtain exposure to given countries than the purchase of individual stocks or ADRs. They can also provide convenient investments in markets and securities that otherwise might be inaccessible. Investors seeking simple core international equity exposure might use the iShares MSCI EAFE Index Fund (EFA) for developed markets and the iShares MSCI Emerging Markets Index Fund (EEM) for emerging markets. Others might choose to design a portfolio of regional or single country ETFs.

We believe ETFs provide relatively low-cost, liquid trading vehicles. They can be used by market timers wishing to gain or reduce exposure to entire markets or sectors throughout the trading day. They also can be used for targeted asset allocation or sector rotation strategies. Index-linked ETFs are not subject to Rule 10a-1 under the Securities Exchange Act of 1934 (subject to certain restrictions for HOLDERS) and can be shorted throughout the trading day subject to the availability of stock borrows.

ETFs may be sold short to hedge a portfolio of stocks or mutual funds. This allows investors to preserve a portfolio while protecting it from overall market losses. In

Please see analyst certification and other important disclosures starting on page 217.

Index-Linked Exchange-Traded Funds

a market decline, profits on an ETF short position could offset some of the losses incurred by the portfolio. Listed options are available on many ETFs and can potentially be used to implement various hedging or investment strategies.

ETFs can serve as a cash management tool. Investors can purchase ETFs to “equitize” cash inflows that could eventually be invested in stocks. Unlike futures, ETFs can be bought in smaller sizes, do not require any special documentation or accounts, and do not have roll costs or margin requirements. ETFs also track many indexes on which futures are not available.

ETFs may offer efficient tax management strategies.

ETFs can be used to create losses to offset realized or future capital gains. Different ETFs may be considered different stocks from a tax standpoint. The wash-sale rules, which disallow a loss on a stock if the same stock is repurchased within 30 days, apply in a slightly different manner to ETFs. For example, an investor could take a loss on one ETF sector fund and immediately establish a position in another ETF in the same sector, provided that the underlying stocks in each ETF are not substantially identical. ETFs also may be used to hedge and defer income. Investors should check with their tax advisors to ascertain any ETF tax consequences.

Exhibit 10

ETF Implementation of Equity Portion of PWM Moderate Tactical Asset Allocation Model—\$1 Million Portfolio

Asset Class	Portfolio		Symbol	Price (\$)	No. of	Dollars (\$)
	Weight (%)	Representative ETF		8/6/2004	Shares	Invested
US Equity						
Large Cap Growth	27.0	iShares S&P 500/Barra Growth	IVW	52.19	5,173	270,000
Large Cap Value	24.0	iShares S&P 500/Barra Value	IVE	54.49	4,404	240,000
Mid Cap Growth	3.0	iShares S&P MidCap 400/Barra Growth	IJK	111.95	268	30,000
Mid Cap Value	3.0	iShares S&P MidCap 400/Barra Value	IJJ	107.44	279	30,000
Small Cap Growth	2.0	iShares S&P SmallCap 600/Barra Growth	IJT	85.66	233	20,000
Small Cap Value	2.0	iShares S&P SmallCap 600/Barra Value	IJS	99.38	201	20,000
Total	61.0					610,000
Non-US Equity						
Europe	22.0	iShares S&P Europe 350	IEV	63.10	3,487	220,000
Japan	13.0	iShares MSCI Japan	EWJ	9.45	13,757	130,000
Emerging Markets	4.0	iShares MSCI Emerging Markets	EEM	153.18	261	40,000
Total	39.0					390,000

Source: Morgan Stanley Research. Allocations as of August 9, 2004

Exhibit 11

ETF Implementation of Morgan Stanley's US Equity Strategy's Sector Model— \$1 Million Portfolio

Sector	MS Rec.	S&P 500	Basis Points	Representative ETF	Symbol	Price (\$)	No of	Dollars (\$)
	Weight	Weight	Over/Under			8/6/2004	Shares	Invested
Consumer Discretionary	9.5	10.8	(125)	Consumer Discretionary SPDR	XLY	29.18	3,264	95,247
Consumer Staples	12.7	11.2	150	Consumer Staples SPDR	XLP	21.60	5,878	126,961
Energy	8.0	7.0	100	Energy SPDR	XLE	30.93	2,574	79,626
Financials	19.5	20.7	(125)	Financial SPDR	XLF	27.34	7,130	194,943
Health Care	14.3	13.3	100	Healthcare SPDR	XLV	27.88	5,137	143,225
Industrials	13.2	11.5	175	Industrials SPDR	XLI	26.71	4,954	132,319
Information Technology	14.2	16.0	(175)	iShares DJ US Technology	IYW	41.49	3,423	142,012
Materials	3.0	3.0	0	Materials SPDR	XLB	25.09	1,185	29,734
Telecommunication Services	3.2	3.7	(50)	iShares DJ US Telecom	IYZ	21.50	1,478	31,785
Utilities	2.4	2.9	(50)	Utilities SPDR	XLU	24.35	992	24,149
								1,000,000

Source: S&P, Morgan Stanley Research.

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Index-Linked Exchange-Traded Funds

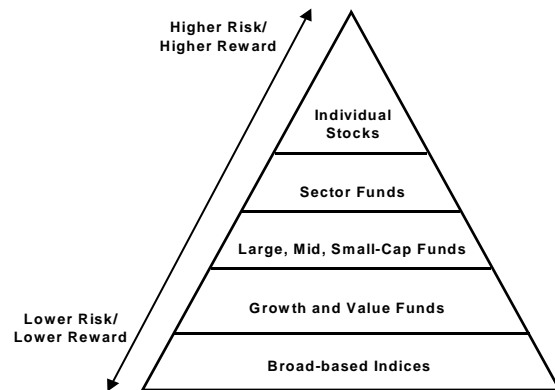
Core/Satellite Strategies

Index-linked exchange-traded funds can be efficient tools used in core/satellite investment strategies. Many institutional and retail investors favor a strategy of diversification and risk control that is built upon a fairly constant allocation to one or more “core holdings.” They then seek to enhance performance by managing allocations to satellite investments that are built around the core (Exhibit 12). Satellite investments could include growth versus value, large-cap versus small-cap, sector funds, and individual stocks. Traditionally, investors used separate managers or open-end mutual funds for core holdings and style and sector plays. However, for many investors, index-linked ETFs may be more attractive core and satellite investments due to their relatively low costs, high tax efficiency, and trading liquidity.

Index-linked ETFs may serve as core holdings for investors. A core holding can help to ensure that a portfolio’s performance does not widely deviate from an established benchmark. Currently, there are ETFs available on a variety of broad-based market indexes, including the Dow Jones Industrial Average, S&P 500, S&P 1500, Fortune 500, Russell 1000, Russell 3000, Dow Jones US Total Market, and Wilshire 5000 Indexes. ETFs based on the broader indexes tend to have very low expense ratios, good tax efficiency, and high liquidity.

Core/satellite investment strategies may reduce overall portfolio volatility. Exhibit 13 is an equity risk pyramid, which reflects our findings that ownership of individual

Exhibit 13
Equity Risk Pyramid



Source: Morgan Stanley Research

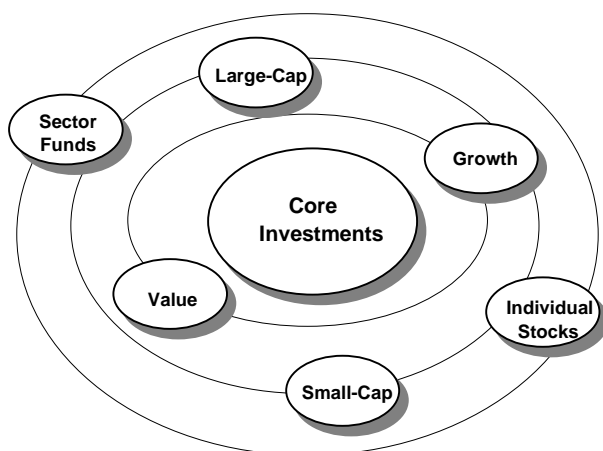
stocks results in the highest risk/reward profile, while ownership of broad-based index funds results in the lowest relative risk profile among equity products. The majority of a core/satellite portfolio’s assets are contained in the base of the pyramid, benchmarked to broad-based or style indexes. A proportionally smaller amount is dedicated to specific sector funds and individual stocks in an effort to outperform the broad market.

Market leadership tends to change. Sector and style allocations can add diversification and provide opportunities to enhance the performance of an equity portfolio. Many studies have shown that asset allocation decisions can add more value to a portfolio on a risk-adjusted basis than individual stock picking. Market leadership among both sectors and styles has changed significantly each year over the past ten years with no single sector or style exhibiting consistent outperformance relative to its peers. Investors with the ability to efficiently rotate their satellite investments among sectors and styles may enhance their overall performance.

Other investments can be an important part of the core/satellite strategy. Having a majority of an equity portfolio in equity index funds allows an investor to take some risks in the rest of the portfolio with more aggressive funds, separate accounts, individual stock selection, or alternative investments. The broad diversification of the core, style, and sector funds enables equity investors to focus on stocks in companies they can research and understand.

Exhibit 12

Core/Satellite Asset Allocation Strategy



Source: Morgan Stanley Research

Index-Linked Exchange-Traded Funds

Core Equity Investments

We view core holdings as a fundamental part of sound portfolios. As an anchor to the portfolio, a core holding invested in a broad market index can lower overall portfolio risk through diversification and can help to ensure that performance tracks that of the overall US market.

While active managers can outperform benchmark indexes in any given year, we believe the performance advantage of market indexes is compelling over the long term. Moreover, market leadership among sectors and styles change significantly each year. Since no single sector, style, or individual stock has consistently outperformed its peers, we believe that keeping a fairly constant portion of a portfolio invested in ETFs linked to broad market indexes not only helps reduce volatility but also can achieve competitive returns for the overall portfolio.

There are eight broad-based indexes that we think can serve as excellent core holdings — the Dow Jones Industrial Average, S&P 500, MSCI Prime Market 750, Russell 1000, S&P 1500, Dow Jones US Total Market, Russell 3000, and Dow Jones Wilshire 5000. ETFs are available for these indexes, most of which offer broad diversification, low expense ratios (averaging 14 basis points), tax efficiency, and high liquidity. Exhibit 14 provides data on the composition and performance of these indexes.

We favor the Russell 3000 and Dow Jones Wilshire 5000 indexes for their broad diversification.

Diversification is important to any core investment, as it aims to lower volatility of the overall portfolio. The Russell 3000 and Dow Jones Wilshire 5000 Indexes provide the broadest exposure to the US stock market. The

Russell 3000 index, with 2,978 issues, accounts for 98% of the US equity market; the Dow Jones Wilshire 5000 index, with 5,079 issues, accounts for the entire US stock market's capitalization. Both indexes cover the widest range of market caps. They also have the best performance over the last year as smaller cap stocks outperformed other market segments. Applicable ETFs are the iShares Russell 3000 Index Fund (IWV) and the Vanguard Total Stock Market VIPERs (VTI).

The Dow Jones Industrial Average exhibited the best long-term historical performance of all US major-market indexes. It outperformed the six other indexes in terms of magnitude and frequency on a three-, five-, and ten-year basis and may serve as a good core holding for some investors. Despite its low number of stocks, the DJIA includes some of the highest-quality, blue-chip companies in major segments of the US economy. Its long-term historical performance is also highly correlated with other broad US market indexes, but it tends to exhibit less volatility. The applicable ETF for the DJIA is the Diamonds (DIA).

The high correlation among all of the indexes provides opportunities for tax-swap strategies. The ETFs tracking these indexes all have high correlation of returns. This may allow investors to undertake a swap by selling one ETF and simultaneously establishing a position in another to recognize losses while maintaining market exposure. Investors should check with their tax advisors to ascertain any tax consequences of buying and selling ETFs.

Exhibit 14

Index Composition and Performance

	Dow Jones Industrial Average	S&P 500	MSCI Prime Market 750	Russell 1000	S&P 1500	Dow Jones US Total Market	Russell 3000	DJ Wilshire 5000
Market Exposure (as of 6/30/04)								
No. of companies	30	500	755	996	1,500	1,633	2,978	5,079
Total Market Cap. (\$trillion)	3.1	10.3	11.0	11.6	12.1	12.0	12.5	12.7
% Total Market Cap.	23%	81%	87%	90%	95%	95%	98%	100%
Median Market Cap (\$million)	72,000	9,271	6,047	4,121	1,862	1,900	861	214
Price Return (through 6/30/04)								
1-Yr	18.6%	19.1%	19.3%	19.5%	20.4%	20.4%	20.5%	21.2%
3-Yr Annualized	1.9%	-0.7%	-0.5%	-0.3%	0.2%	-0.1%	0.2%	0.8%
5-Yr Annualized	0.9%	-2.2%	-2.3%	-1.7%	-1.1%	-1.5%	-1.1%	-1.0%
10-Yr Annualized	13.4%	11.8%	11.7%	11.8%	na	11.6%	11.7%	11.6%

Source: Morgan Stanley Research, Frank Russell Co., Standard & Poor's, Dow Jones, Wilshire Associates.

Note: Boxes indicate broadest exposure and best performance.

Exchange-Traded Funds – August 9, 2004

Please see analyst certification and other important disclosures starting on page 217.

Index-Linked Exchange-Traded Funds

Market Capitalization Investing

We believe ETFs offer an attractive way to gain exposure to various market-cap segments. Currently, there are 17 large-, mid- and small-cap index-linked ETFs. They trade throughout the day as single stocks on US securities exchanges. They are well diversified, which reduces company-specific risk associated with individual stocks. In addition, they generally have lower expense ratios, greater tax efficiency, and provide more trading flexibility than open-end mutual funds.

Capitalization-based ETFs can be used to implement a core/satellite investment strategy. Historically, large-, mid-, and small-cap stocks outperform at different times in the economic cycle. Holding a mixture of ETFs across different market-cap segments in a core portfolio may help reduce overall volatility. In an effort to increase returns, short-term tactical strategies may be employed as satellite investments, by overweighting favored market-caps.

ETFs may provide efficient access to small- and mid-cap market segments. Small-caps represent the largest equity universe in terms of number of companies. Today, there are more than 4,500 US-listed companies not included in the S&P 500 Index. These stocks have an aggregate market cap of \$2.4 trillion, which comprises 19% of the total US equity market capitalization. In addition, smaller-cap stocks have had higher price volatility, greater idiosyncratic risk, and less of a following by research analysts. ETFs can enable investors to

overcome these obstacles and help obtain a diversified exposure to small- and mid-cap stocks, in our view.

We favor MDY and IJR as a way to invest down the capitalization curve. We believe that both the Standard & Poor's MidCap 400 Depository Receipts (MDY) and the iShares S&P SmallCap 600 Index Fund (IJR) are very well diversified. They are designed to track the S&P 400 and 600 Indexes, which have shown superior performance relative to their Russell counterparts since 1994.

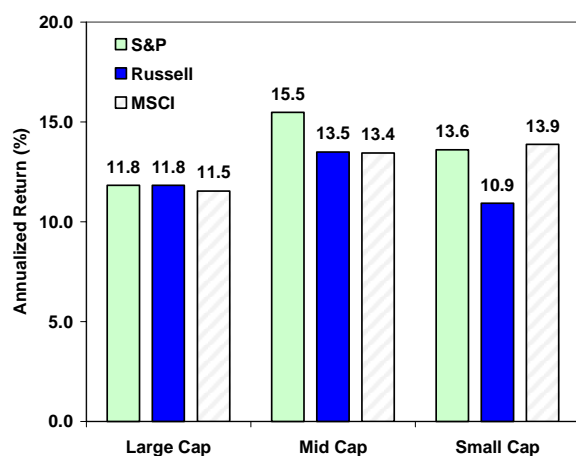
Vanguard VIPERs also offer investors access to market-cap segments. The Mid-Cap VIPERs (VO) and Small-Cap VIPERs (VB) represent pure plays on MSCI US Equity Indexes. In contrast, the Large-Cap VIPERs (VV) provides exposure to the MSCI Prime Market 750 Index, which combines the large- and mid-cap market segments. These ETFs may be attractive to investors due to their low expenses and attractive attributes of the MSCI Indexes, such as low expected turnover. The MSCI Small-Cap Index also has offered superior long-term returns.

Mid-cap indexes have generally outperformed on a long-term basis. The outperformance of mid-cap indexes is evident in both the Russell and S&P indexes. Over the past ten years, the S&P 400 outperformed the S&P 500 and S&P 600, the Russell Midcap beat the Russell 1000 and 2000, and the MSCI Mid-Cap outperformed the MSCI Large-Cap but lagged the MSCI Small-Cap.

S&P indexes have shown competitive historical performance. We compared the S&P, Russell, and MSCI indexes within each market-cap segment over the past ten years. As illustrated in Exhibit 15, the S&P Indexes outperformed their Russell peers across all three market-cap segments and outperformed MSCI Indexes in the large- and mid-cap market segments.

The performance difference between indexes may be due to different selection criteria and rebalancing techniques. Russell and MSCI select the stocks to be included in their indexes primarily based on market capitalization, while the S&P uses selection criteria that includes financial viability and consistency of earnings and dividends. In addition, Russell indexes are rebalanced annually in June, which can generate significant turnover and volatility for stocks being added or deleted. On the other hand, S&P rebalances as necessary throughout the year, with minimal disruptions and MSCI has quarterly index reviews. MSCI also uses buffer zones in an effort to reduce turnover and the migration of stocks from one index to another.

Exhibit 15

Ten-Year Annualized Index Performance

Source: Standard & Poor's, Russell, MSCI
Ten year annualized returns as of June 30, 2004

Index-Linked Exchange-Traded Funds

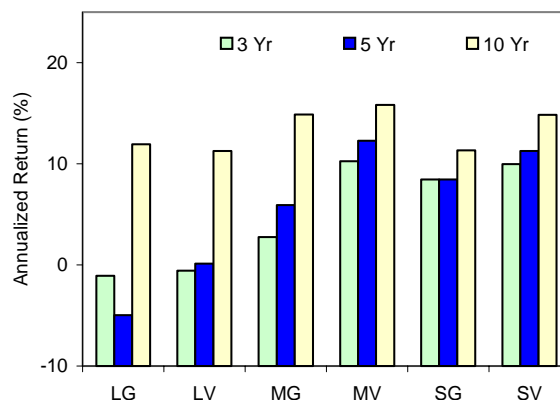
Style Diversification

We believe ETFs can provide an efficient way to gain exposure to various investment styles. Currently, there are 31 style index-linked ETFs. They are well diversified, which reduces company-specific risk associated with individual stocks. In addition, they generally have lower expense ratios, greater tax efficiency, and provide more trading flexibility than open-end mutual funds.

Growth and value are two common investment styles. Growth investing favors companies with high expected earnings growth. A value approach, on the other hand, emphasizes stocks that are selling at low multiples relative to the overall market and are out of favor. Typically, a security is classified as growth or value by some factor, or group of factors, relative to other stocks in a broader index. Factors commonly used include: price-to-earnings (P/E), price-to-book (P/B), and I/B/E/S published consensus forward earnings estimates. Morningstar indexes include a third style “Core”, for those stocks that are not clearly growth or value. They believe this makes their respective growth and value indexes purer plays.

We believe that investors should have exposure to a blend of growth and value. Historically, growth and value outperform at different times in the economic cycle (Exhibit 16). Holding a mixture of growth and value ETFs may reduce overall volatility relative to holding a single style on its own. Growth typically outperforms during economic expansions and value usually performs better during recessions. We believe investors should have

Exhibit 17
Annualized Total Returns by Style



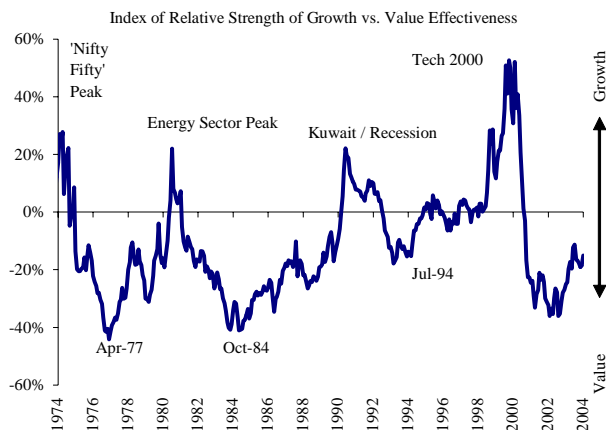
Source: Factset. Key: LG=Large Cap Growth, LV= Large Cap Value, MG=Mid Cap Growth, MV=Mid Cap Value, SG=Small Cap Growth, SV=Small Cap Value (S&P/Barra Indexes) Returns as of June 30, 2004.

exposure to both growth and value equities in their portfolios to ensure reasonable performance in both types of environments.

Growth and value have many definitions. Individual investors, portfolio managers, and established benchmarks attempt to classify stocks as growth or value in a variety of different ways. We believe that no one method is more or less correct than the others. However, it is important to understand the underlying methodology that is employed in each instance. For example, S&P/Barra Indexes use only P/B ratios to classify all stocks in an index as either growth or value. In contrast, Russell uses both P/B and (I/B/E/S) forecast long-term growth, while Dow Jones, Morningstar, and MSCI define growth and value based on multiple factors. For more details on differences in index style methodology, see page 209.

Long-term performance of value and growth stocks has been very similar. Despite significant performance differences in any given year, large-cap growth and value stocks have comparable long-term returns. In addition, large-cap growth stocks outperformed value stocks in 15 of the past 30 calendar years. As shown in Exhibit 17, ten-year returns of growth and value styles have been similar although returns over shorter time horizons have varied.

Exhibit 16
Relative Strength of Growth vs. Value Effectiveness



Source: Morgan Stanley Research

Exchange-Traded Funds – August 9, 2004

Please see analyst certification and other important disclosures starting on page 217.

Index-Linked Exchange-Traded Funds

Sector Investing

Index-linked ETFs can be efficient tools for implementing sector strategies. Sector ETFs can be used for the tactical portion of one's portfolio, as investors rotate in and out of various sectors to enhance returns. They can also serve as building blocks for asset-allocation models or ways to gain exposure to sectors under-represented in a portfolio. Since most ETFs are exempt from Rule 10a-1 under the Securities Exchange Act of 1934, and accordingly may be sold short on a "down tick," they can be used to hedge parts of a stock portfolio. Using ETFs to implement sector strategies can offer greater tax efficiency and lower costs.

A variety of sector- and industry-specific ETFs are currently available. There are now 30 US-listed ETFs representing US sector indexes and 23 industry-specific ETFs. Overall, the underlying indexes can be categorized into four families of indexes, the MSCI US Equity Sector Indexes used for VIPERs, the Dow Jones US Sector Indexes used for iShares, the Standard & Poor's Select Sector Indexes used for Select Sector SPDRs, and proprietary indexes. Proprietary sector indexes include such examples as the Morgan Stanley and Goldman Sachs Technology Indexes, and several HOLDRS.

Historically, few of the available sector ETFs exactly tracked the S&P 500 GICS sector indexes. Most professional investors, strategists, analysts, and technicians base their sector work on the ten S&P 500 indexes based on Global Industry Classification Standard (GICS) sector definitions. The GICS structure was developed jointly by MSCI and Standard & Poor's in order to add consistent industry classifications to major indexes worldwide. However, until mid-2002 very few of the available indexes used for ETFs exactly tracked the ten S&P 500 GICS Sector Indexes. This occurred because the original Select Sector Indexes based upon the S&P 500 were custom designed and only had nine sector groups. The MSCI and Dow Jones US Sector Indexes have ten sectors similar to the S&P 500 GICS indexes, but cover a broader market, resulting in more names and different sectors. Typically, the MSCI and Dow Jones Indexes have two to three times as many companies as the S&P 500 sector indexes. However, this usually represents only 15-20% greater market cap in each sector due to the smaller size of the additional companies.

We favor Select Sector SPDRs for exposure to eight of the ten sectors. Eight Select Sector SPDRs offer pure plays on S&P 500 GICS Sector Indexes, while the Technology Select Sector Index includes companies from both the information technology and telecom services sectors. The Select Sector SPDRs based on these eight indexes are likely more appropriate for investors employing strategic asset-allocation models and tactical strategies. For exposure to information technology and telecom services, investors may prefer ETFs based on Dow Jones or MSCI indexes, which provide purer exposure.

The MSCI US Sector Indexes provide the broadest exposure. In contrast to the Select Sector Indexes, which collectively hold 500 securities, and the Dow Jones Sector Indexes, which together hold over 1,600 stocks, MSCI Sector Indexes offer broader diversification, collectively holding nearly 2,500 securities. Each of the 2,500 companies in the MSCI US Investable Market Index (IMI) is assigned to one of ten sectors using GICS sector definitions. VIPERs are currently available based on seven of the ten MSCI GICS sectors. Vanguard intends to launch VIPERs based on the remaining three US sector-based indexes (industrials, energy, and telecom) later this year.

The Dow Jones US Sector Indexes also offer broad sector exposure. They are available on ten sectors similar to the S&P 500 GICS sector indexes but do not use GICS sector definitions. The Dow Jones Sector Indexes include a variety of large-, mid-, and small-cap stocks that together make up the Dow Jones US Total Market Index, which contains over 1,600 stocks. Investors who want to emphasize exposure to a specific sector and, at the same time, diversify their market-cap exposure may find an ETF based on the Dow Jones Sector Indexes appealing.

Many indexes closely track the S&P 500 GICS Sector Indexes. The correlation of the various families of indexes relative to the corresponding ten S&P 500 GICS sector indexes are usually 0.90 or higher and average over 0.95. This high correlation provides arbitrage and tax swap opportunities. Correlations between Dow Jones US Sector and S&P 500 GICS sectors are indicated in Exhibit 24 on page 23.

Index-Linked Exchange-Traded Funds

Recognizing Losses Using ETFs

We believe significant tax-planning opportunities may exist. Investors owning stocks, mutual funds, or exchange-traded funds with unrealized losses due to volatility in the equity markets might benefit from tax-management strategies. We believe there are several tax-planning strategies that can be employed using index-linked ETFs, including tax-swap and fund-substitution transactions to trigger tax losses. Losses may be used to improve a portfolio's tax efficiency by offsetting realized or future capital gains. Investors should check with their tax advisors to ascertain any tax consequences of buying and selling ETFs.

Tax planning can occur throughout the year.

Historically, most investors wait until the fourth quarter to undertake trades to recognize desired gains or losses. However, investors can harvest gains or losses throughout the year at opportune times. Currently, many market segments remain well below their five-year highs. On average, large-cap growth stocks are 44% below their five-year highs, as of August 2, 2004. The technology and telecommunications sectors have experienced the most dramatic declines from their five-year highs, each falling approximately 65%. Delaying the use of tax-planning strategies until year-end could cause investors to miss the opportunities that now exist.

A tax swap involves the sale of one security and the simultaneous purchase of a similar investment. The sale of a security purchased at a higher price may trigger a loss, which can be used to offset gains realized elsewhere in a portfolio. This may help to reduce taxes due for the current year or allow an investor to undertake other sales to realize gains, which could be offset by the loss. In addition, losses can be carried forward and used to offset gains in future years. Most important, tax swaps enable investors to maintain or alter their desired market exposure when they take a loss.

Tax swaps on ETFs with similar objectives can be structured to comply with the wash-sale rule. These swaps are allowed because individual funds are different entities, which are often managed by different advisors and which usually do not hold the same portfolios. For example, an investor should be able to take a loss on one sector ETF and immediately establish a position in another ETF in the same sector that is managed by a different

advisor, provided the underlying stocks are not substantially identical.

The wash-sale rule may apply to broad-based index funds. A tax swap involving two separate S&P 500 index funds may be a concern because these funds should hold the same securities. However, investors can establish a position in another broad-based index fund that is not substantially similar, but that may have a high correlation of movement to general market trends. For example, an investor can take a loss on an S&P 500 index fund and establish a position in a Russell 1000 index fund, which also tracks the performance of large-cap stocks. In this case, the investor could sell the S&P 500 Depository Receipts (SPY) and buy the iShares Russell 1000 Index Fund (IWB).

Index-linked ETFs can also be used for tax-substitution strategies. Investors with unrealized losses can sell individual positions or large portfolios to recognize tax losses. To establish exposure in similar market sectors, they can purchase comparable ETFs. For example, an investor with a loss on a portfolio of telecom stocks could sell the securities and then purchase a telecom sector ETF such as the iShares Dow Jones US Telecom Fund (IYZ), provided the underlying stocks are not substantially identical. Smaller investors might choose to maintain the ETF investment for its diversification benefits. Investors with large stock portfolios may wish to sell stocks to recognize losses and buy ETFs to maintain market exposure (and possibly reacquire all or a portion of their original positions after 30 days). These investors may seek baskets of ETFs tailored to best track their desired stock portfolio.

Swaps of open-end mutual funds for ETFs may have two tax benefits. Investors could have a tax benefit from redeeming open-end fund positions to recognize a loss now and also to avoid future capital-gains distributions. Purchasing an index-linked ETF with the same objective as the open-end mutual fund would allow them to regain exposure immediately, while potentially improving their tax positions. For example, an investor with a loss on a technology open-end fund may sell the position and then purchase a technology-sector ETF such as the iShares Dow Jones US Technology Fund (IYW), provided the underlying stocks are not substantially identical.

Index-Linked Exchange-Traded Funds

Prospective Tax Planning with ETFs

We believe a basket of index-linked ETFs can provide personalized tax planning strategies. An investor seeking broad market exposure can create returns that resemble a major market index by buying a basket of sector ETFs. By acquiring individual sector ETFs in the proper amounts, an investor can replicate a major index such as the S&P 500. Exhibit 18 shows how a basket of ten ETFs with proper weightings could create an overall portfolio similar to the S&P 500 Index.

The sector basket strategy can be market-neutral or weighted toward favored sectors. A relatively simple model can be used to get weightings in each sector ETF that should produce results similar to the desired major market index. However, investors may seek to enhance the performance of a portfolio by customizing weightings. For example, a basket could be designed to replicate the weightings in Morgan Stanley's US Sector Model. Alternatively, investors may adjust the weightings of the sector ETF basket to adjust for holdings in other parts of their portfolios (e.g., an investor with a lot of individual technology stocks might want to underweight a technology sector fund). Finally, style ETFs that focus on growth or value stocks within various large-, mid-, or small-cap stock indexes can be incorporated into this strategy.

Over time, a dispersion of returns should create gains or losses in individual sector ETFs. At year-end, these gains or losses can be realized by selling some of the ETFs to offset a taxable position in other parts of a portfolio. Gains can be recognized by selling one ETF and then buying the same or another similar ETF immediately (gains are generally not subject to wash-sale rules). To recognize a loss, an investor may be able to sell one sector ETF and purchase another similar ETF and not be subject to the IRS wash-sale rules. This is allowed, provided that the two ETFs are not composed of substantially identical securities. To re-establish a position in the same ETF, an investor could purchase a similar ETF and hold it for 30 days and then switch back to the original ETF.

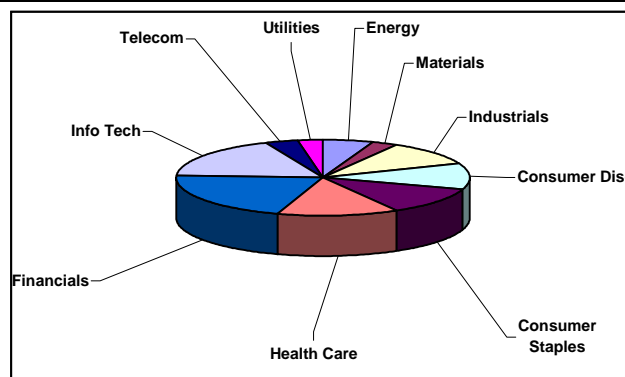
This strategy may be attractive to investors with concentrated positions of low-basis stock. Many investors with long-term holdings that represent a

significant part of their net worth are reluctant to undertake diversification strategies because of the tax consequences of selling low-basis stock. Such investors could use an ETF tax planning strategy within other parts of their portfolios. Losses recognized on the sale of ETFs could be used to offset gains resulting from the sale of the investors' concentrated low-basis positions. The proceeds from the sale of the investors' concentrated positions could then be invested in additional ETFs in order to obtain a more diversified overall portfolio, while providing further tax planning opportunities.

These strategies may also apply to style or market cap ETFs. Over time there are also significant divergences of performance between growth versus value and different levels of market capitalization (large-, mid- and small-cap). The wide range of available ETFs in each of these market segments may allow additional tax planning opportunities.

Tax planning with this strategy can occur throughout the year. Traditionally, most investors wait until the fourth quarter to undertake trades to recognize desired gains or losses. With this ETF sector strategy, investors can harvest gains or losses throughout the year as various sectors perform in different directions. Investors considering these strategies should carefully evaluate their tax position and consult a professional tax advisor.

Exhibit 18
Replication of Major Market Index with Sector ETFs



Source: S&P

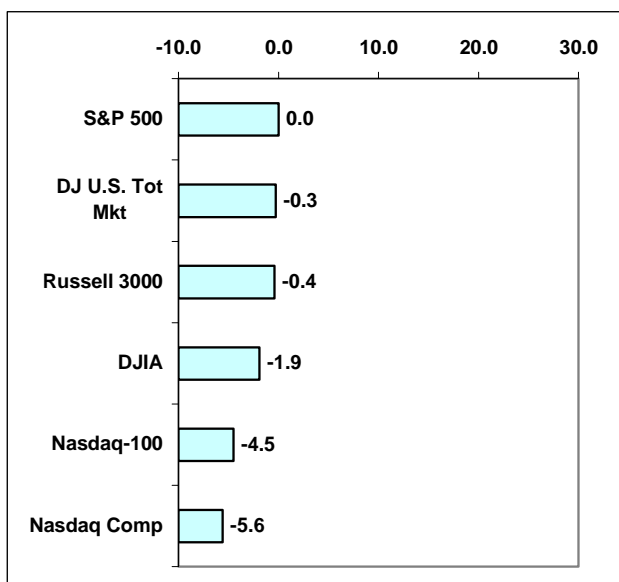
Index-Linked Exchange-Traded Funds

US Index Performance Summary

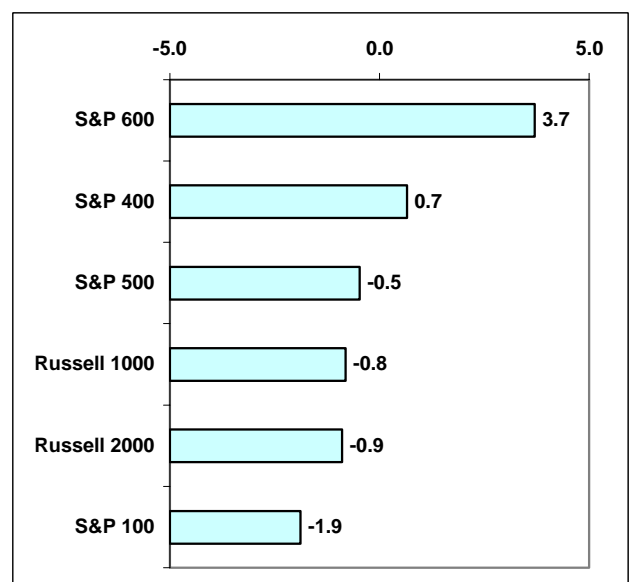
Most major US indexes have posted negative returns so far in 2004. Weaker performance in the second quarter and July has brought most US indexes back into negative territory for the year. With the exception of the S&P 500, all broad-market indexes are now down year-to-date, with the most significant declines exhibited by the tech heavy Nasdaq Composite Index, which has returned negative 5.6%. Small-cap indexes have generally outperformed large- and mid-caps and value has outperformed growth across all market cap ranges. Finally, from a sector perspective, six of the ten sectors of the S&P 500 Index were in positive territory. Led by energy and telecom, sectors displayed a wider range of performance than in 2003.

Exhibit 19
Index Performance –Year-to-Date 2004

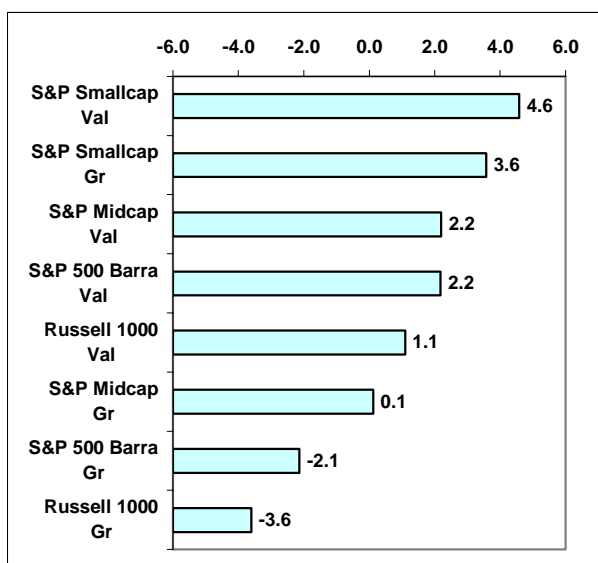
US Major Market Indexes



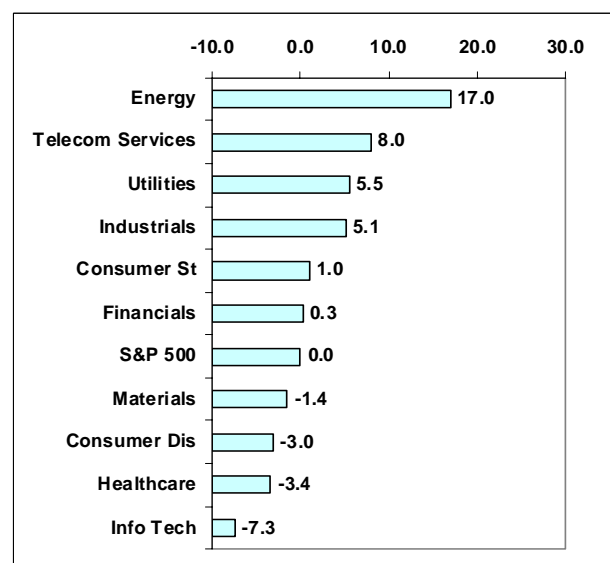
Market-Cap Based Indexes



Style Indexes



S&P 500 GICS Sector Indexes



Source: Bloomberg. Data through August 2, 2004. Total returns.

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Please see analyst certification and other important disclosures starting on page 217.

Index-Linked Exchange-Traded Funds

US Equity Outlook and Investment Opportunities

Our US equity strategists remain neutral on equities.

Henry McVey, our chief US equity strategist, maintains a preference for stocks over bonds at this point in the economic cycle. He has initiated an S&P 500 year-end target of 1,200, which would represent 19 times our 2004 earnings estimate of \$64. However, he cautions investors that, when measured on a year over year basis, corporate earnings growth is beginning to slow. Henry continues to advise investors to exploit the valuation gap between high and low beta and small- versus large-cap stocks, as they represent the two biggest anomalies in the equity market.

Favored Core ETFs

- iShares Russell 3000 Index Fund (IWV)
- Vanguard Total Stock Market VIPERs (VTI)

We believe it is essential to have core equity holdings.

Market leadership among sectors and styles has changed significantly over the past ten years, and no single sector, style, or individual stock has consistently outperformed its peers. Keeping a fairly constant portion of a portfolio invested in broad market indexes can not only help reduce volatility but may also foster competitive returns for an overall portfolio.

Favored Lower-Beta/Defensive ETF

- Diamonds (DIA)

There is building evidence of a market leadership change.

Our US strategy team believes 2003 represented the “sweet spot” for the outperformance of high-beta names. The decline in US Treasury yields, combined with the corporate bond spreads collapsing to levels last seen in the late 1960’s, helped keep highly leveraged players in the telecommunications and utility sectors afloat. With record levels of liquidity and strong economic growth, highly leveraged firms that were bordering on out-of-business status were able to restructure their way back into business. Today, by comparison, we face the triple crown of rising interest rates, slowing earnings growth and peaking economic indicators. Henry McVey believes that this convergence is an important signal to migrate, but not run, to more defensive, lower beta names.

Favored Large-Cap ETFs

- Standard & Poor’s Depository Receipts (SPY)
- iShares S&P 100 Index Fund (OEF)
- iShares Russell 1000 Index Fund (IWB)

Morgan Stanley US strategy team favors large-cap stocks.

Many investors view the Russell 2000 index as a proxy for small-cap stocks. At the end of June, this index was trading at a 48% premium to the S&P 500 on a PE (price/earnings) basis, which is relatively expensive compared to historical 20% premium. In addition, the slowing economic growth that our US economists forecast in 2005 combined with higher short and long-term interest rates could be enough to end the 5-year relative out-performance of small-cap over large-cap.

Favored Sectors and Corresponding ETFs

Consumer Staples: As the overall rate of earnings growth for the market begins to slow, consumer staples typically outperform. In addition, we like the group’s high return on capital, history of returning cash to shareholders and its superior total return profile.

- **Consumer Staples Select Sector SPDR Fund (XLP)**

Energy: According to our analysts and strategists, consensus earnings estimates for the energy sector look too low. While Morgan Stanley expects energy prices (and thus earnings) to be higher for longer, Wall Street is currently forecasting the energy sector’s earnings to decline 21% in Q4 vs. Q2, and 15% in 2005 vs. 2004.

- **Energy Select Sector SPDR Fund (XLE)**

Health Care: A number of new and important drugs are on the brink of approval. While the sector has lagged the market over the past year, our strategy team believes it is now poised to outperform and that the defensive nature of the sector is compelling in the current market environment.

- **Health Care Select Sector SPDR Fund (XLV)**

Industrials: Some industries have been depreciating their equipment faster than they have implemented new spending. We expect to see capital expenditures continue to improve from current levels. We also look for debt reduction to give way to dividend increases by early 2005.

- **Industrial Select Sector SPDR Fund (XLI)**

Index-Linked Exchange-Traded Funds

Exhibit 20

Select Index Valuation and Earnings Estimates

Market/Index	Market Cap		Div Yield (%)	2003E P/E	2004E P/E	Price/Book	3-5 Year EPS Growth (%)	ROE (%)
	Total \$Bil	Avg \$Bil						
Broad Market								
Russell 3000	12,708	4.3	1.7	16.5	15.0	2.7	12.9	13.5
Large Cap								
Dow Jones Industrials	3,661	122.0	2.1	16.5	15.2	3.4	11.1	20.1
NASDAQ 100	1,681	16.8	0.4	25.8	21.9	4.1	18.0	16.9
Russell 1000	11,562	11.6	1.7	16.5	15.0	2.8	12.7	19.7
S&P 500	10,167	20.3	1.8	16.4	15.0	2.8	12.2	14.3
S&P 100	5,694	56.9	2.0	16.5	15.1	3.0	11.5	22.2
Mid Cap								
Russell Midcap	3,190	4.0	1.5	16.1	14.3	2.3	13.2	16.3
S&P Midcap	937	2.3	1.2	16.5	14.5	2.3	14.3	17.1
Small Cap								
Russell 2000	1,146	0.6	1.1	17.1	14.7	2.1	15.6	-49.9
S&P Smallcap	439	0.7	0.9	16.7	14.4	2.1	15.3	11.8
Broad Market Growth								
Russell 3000 Growth	8,361	4.3	1.1	19.2	16.8	3.4	15.0	20.3
Broad Market Value								
Russell 3000 Value	8,812	4.5	2.1	15.0	13.9	2.3	10.9	10.3
Large Cap Growth								
Russell 1000 Growth	7,618	12.3	1.1	19.2	16.9	3.5	14.7	22.0
S&P BARRA Growth	5,000	30.1	1.5	19.6	17.3	4.9	13.4	26.7
Large Cap Value								
Russell 1000 Value	8,044	11.5	1.7	16.5	15.0	2.8	12.7	19.7
S&P BARRA Value	5,167	15.5	2.1	14.2	13.3	2.0	11.0	2.4
MidCap Growth								
Russell Midcap Growth	1,777	3.7	0.7	18.7	16.1	3.1	16.6	19.5
S&P BARRA Midcap Growth	470	2.6	0.7	19.7	17.0	3.7	16.4	23.7
MidCap Value								
Russell Midcap Value	2,319	4.1	1.9	14.5	13.1	1.9	11.1	13.6
S&P BARRA Midcap Value	467	2.2	1.6	14.2	12.6	1.6	12.1	10.6
SmallCap Growth								
Russell 2000 Growth	742	0.6	0.5	19.0	15.9	2.7	18.9	2.3
S&P BARRA Smallcap Growth	216	0.9	0.7	19.7	17.0	3.7	16.4	23.7
SmallCap Value								
Russell 2000 Value	768	0.6	1.5	15.5	13.5	1.7	12.2	-73.4
S&P BARRA Smallcap Value	223	0.6	1.3	15.2	13.1	1.6	12.8	7.8
S&P 500 GICS Sectors								
S&P 500 Consumer Discretionary	1,074	12.6	1.0	17.5	15.4	2.2	14.6	-38.7
S&P 500 Consumer Staples	1,114	30.1	2.1	18.4	16.6	5.2	11.2	40.0
S&P 500 Energy	721	26.7	2.1	13.1	15.4	2.6	8.1	18.9
S&P 500 Financials	2,112	26.1	2.6	12.1	11.0	2.1	11.4	18.4
S&P 500 Health Care	1,361	25.7	1.5	17.8	16.1	4.1	13.8	19.9
S&P 500 Industrials	1,149	19.5	1.8	19.3	16.7	3.1	11.6	18.9
S&P 500 Information Technology	1,678	20.7	0.5	23.2	19.6	3.8	15.5	17.2
S&P 500 Materials	305	9.3	2.2	17.0	14.0	2.7	11.1	12.9
S&P 500 Telecommunication Services	367	33.3	3.4	17.6	17.8	2.2	8.2	13.1
S&P 500 Utilities	287	8.7	3.9	13.8	12.9	1.7	5.3	12.9

Source: FactSet. Data as of August 2, 2004. P/E Estimates and 3-5 year EPS growth forecasts are I/B/E/S consensus numbers.

Exchange-Traded Funds – August 9, 2004

Please see analyst certification and other important disclosures starting on page 217.

Index-Linked Exchange-Traded Funds

Annual Returns by Sector and Style

Exhibit 21

Historical S&P 500 GICS Sector Performance

Performance	Best	Healthcare	Information Technology	Financials	Information Technology	Information Technology	Utilities	Consumer Discretionary	Consumer Staples	Information Technology	Energy
		58.2%	44.8%	49.0%	78.5%	79.7%	57.1%	2.0%	-4.4%	46.6%	15.6%
		Financials	Financials	Healthcare	Telecom Services	Materials	Healthcare	Materials	Materials	Consumer Discretionary	Telecom Services
		53.7%	35.5%	42.3%	53.1%	25.6%	25.6%	-7.2%	36.1%	5.5%	
		Telecom Services	Consumer Staples	Telecom Services	Healthcare	Consumer Discretionary	Financials	Industrials	Energy	Materials	Industrials
		41.8%	26.6%	41.1%	43.5%	24.8%	24.8%	-7.3%	-11.0%	34.8%	4.2%
		Consumer Staples	Energy	Consumer Staples	Consumer Discretionary	Industrials	Consumer Staples	Consumer Staples	Financials	Industrials	Utilities
		40.2%	25.9%	34.4%	41.2%	19.8%	19.8%	-8.3%	-14.3%	29.7%	3.2%
		Information Technology	Industrials	Consumer Discretionary	Consumer Staples	Telecom Services	Energy	Financials	Healthcare	Financials	Consumer Staples
		39.1%	24.9%	33.3%	15.5%	18.9%	15.5%	-10.7%	-19.0%	27.9%	-0.1%
Industrials	Healthcare	Information Technology	Utilities	Energy	Industrials	Energy	Consumer Discretionary	Energy	Financials		
38.8%	21.6%	27.8%	14.9%	18.2%	4.9%	-12.3%	-23.4%	22.4%	-1.1%		
Utilities	Materials	Industrials	Industrials	Financials	Materials	Healthcare	Industrials	Utilities	Materials		
32.7%	15.4%	27.0%	11.5%	3.8%	-14.4%	-12.4%	-25.7%	21.1%	-2.6%		
Energy	Consumer Discretionary	Energy	Financials	Utilities	Consumer Discretionary	Telecom Services	Utilities	Healthcare	Consumer Discretionary		
31.0%	13.6%	25.2%	11.4%	-9.3%	-20.0%	-13.7%	-30.1%	13.3%	-3.5%		
Materials	Utilities	Utilities	Energy	Healthcare	Telecom Services	Information Technology	Telecom Services	Consumer Staples	Healthcare		
20.8%	5.7%	24.8%	0.8%	-10.3%	-38.8%	-25.9%	-34.2%	9.2%	-4.1%		
Consumer Discretionary	Telecom Services	Materials	Materials	Consumer Staples	Information Technology	Utilities	Information Technology	Telecom Services	Information Technology		
20.3%	0.2%	8.1%	-6.6%	-15.5%	-40.6%	-32.5%	-37.6%	3.3%	-7.5%		
Worst	1995	1996	1997	1998	1999	2000	2001	2002	2003	YTD	

Source: Bloomberg. YTD data is through July 30, 2004.

Exhibit 22

Historical Performance by Style

Performance	Best	Value	Large Cap	Value	Growth	Growth	Bonds	Bonds	Bonds	Small Cap	Small Cap
		38.3%	23.2%	38.3%	38.7%	33.2%	11.6%	8.4%	10.3%	47.3%	6.8%
		Large Cap	Growth	Growth	Large Cap	Intl	Mid Cap	Small Cap	Value	Mid Cap	Mid Cap
		37.5%	23.1%	37.2%	28.7%	25.3%	8.2%	1.0%	-15.5%	40.1%	6.7%
		Growth	Value	Mid Cap	Intl	Small Cap	Value	Mid Cap	Intl	Intl	Intl
		37.2%	21.6%	34.5%	18.2%	21.3%	7.0%	-7.0%	-15.9%	39.2%	4.9%
		Mid Cap	Mid Cap	Large Cap	Value	Large Cap	Small Cap	Value	Mid Cap	Value	Value
		34.5%	19.0%	33.3%	15.6%	21.0%	-3.0%	-7.4%	-16.2%	30.0%	3.9%
Small Cap	Small Cap	Small Cap	Mid Cap	Mid Cap	Large Cap	Large Cap	Small Cap	Growth	Growth		
28.4%	16.5%	28.4%	10.1%	18.2%	-9.1%	-13.0%	-20.5%	29.8%	2.7%		
Bonds	Intl	Bonds	Bonds	Value	Intl	Growth	Large Cap	Large Cap	Large Cap		
18.5%	4.4%	9.7%	8.7%	7.3%	-15.2%	-20.9%	-22.1%	26.4%	2.6%		
Intl	Bonds	Intl	Small Cap	Bonds	Growth	Intl	Growth	Bonds	Bonds		
9.4%	3.6%	0.2%	-2.5%	-0.8%	-22.4%	-22.6%	-27.9%	4.1%	0.2%		
Worst	1995	1996	1997	1998	1999	2000	2001	2002	2003	YTD	

Source: Bloomberg. YTD data is through June 30, 2004. Indexes include: MSCI EAFE for International, Russell 1000 Growth for Growth, S&P 500 for Large-Cap, Russell 1000 Value for Value, Russell Mid-Cap for Mid-Cap, Russell 2000 for Small-Cap, and Lehman Aggregate for Bonds.

Exchange-Traded Funds – August 9, 2004

Please see analyst certification and other important disclosures starting on page 217.

Index-Linked Exchange-Traded Funds

Exhibit 23
Major Market and Style Index Correlation Matrix

	Russell 3000	DJ US Total Market	S&P 500	Russell 1000	DJIA	S&P 100	Nasdaq-100	S&P 400 Midcap	Russell Midcap	S&P 600 Smallcap	Russell 2000	S&P 500 Barra Growth	Russell 1000 Growth	S&P 500 Barra Value	Russell 1000 Value	S&P Midcap Growth	S&P Midcap Barra Value	S&P Smallcap Barra Growth	Russell 2000 Growth	S&P Smallcap Barra Value	Russell 2000 Value	
Russell 3000	1.00																					
DJ US Total Market	1.00	1.00																				
S&P 500	1.00	1.00	1.00																			
Russell 1000	1.00	1.00	1.00	1.00																		
DJIA	0.96	0.96	0.97	0.96	1.00																	
S&P 100	0.98	0.99	0.99	0.99	0.97	1.00																
Nasdaq-100	0.86	0.86	0.85	0.85	0.78	0.84	1.00															
S&P 400 Midcap	0.95	0.95	0.93	0.94	0.88	0.89	0.84	1.00														
Russell Midcap	0.97	0.97	0.95	0.96	0.91	0.92	0.86	0.99	1.00													
S&P 600 Smallcap	0.90	0.89	0.87	0.88	0.83	0.83	0.76	0.95	0.94	1.00												
Russell 2000	0.89	0.89	0.86	0.87	0.82	0.82	0.79	0.95	0.95	0.98	1.00											
S&P 500 Barra Growth	0.97	0.97	0.98	0.98	0.96	0.98	0.85	0.89	0.91	0.83	0.82	1.00										
Russell 1000 Growth	0.98	0.98	0.98	0.98	0.95	0.98	0.90	0.92	0.94	0.85	0.85	0.99	1.00									
S&P 500 Barra Value	0.98	0.98	0.98	0.98	0.94	0.97	0.82	0.94	0.96	0.88	0.87	0.93	0.94	1.00								
Russell 1000 Value	0.98	0.98	0.98	0.98	0.95	0.96	0.77	0.93	0.95	0.88	0.87	0.93	0.93	0.99	1.00							
S&P Midcap Growth	0.94	0.94	0.92	0.93	0.86	0.88	0.88	0.98	0.97	0.93	0.92	0.89	0.93	0.91	0.90	1.00						
S&P Midcap Barra Value	0.93	0.93	0.91	0.92	0.87	0.87	0.78	0.98	0.97	0.95	0.95	0.85	0.88	0.93	0.94	0.94	1.00					
S&P Smallcap Barra Growth	0.91	0.90	0.88	0.89	0.83	0.84	0.80	0.96	0.95	0.99	0.97	0.85	0.88	0.87	0.94	0.94	1.00					
Russell 2000 Growth	0.89	0.89	0.86	0.87	0.80	0.82	0.85	0.95	0.94	0.97	0.99	0.82	0.87	0.86	0.85	0.94	0.93	0.97	1.00			
S&P Smallcap Barra Value	0.87	0.86	0.84	0.85	0.81	0.79	0.72	0.93	0.92	0.99	0.97	0.78	0.81	0.86	0.86	0.89	0.94	0.95	0.94	1.00		
Russell 2000 Value	0.87	0.86	0.84	0.85	0.81	0.80	0.71	0.93	0.92	0.98	0.98	0.79	0.81	0.86	0.87	0.88	0.95	0.95	0.94	0.98	1.00	

Source: FactSet. Correlations based upon weekly total returns from August 3, 2001 through August 2, 2004.

Exhibit 24
Sector Index Correlation Matrix

	S&P 500	Dow Jones Tot Mkt	Dow Jones US Sector Indexes										S&P 500 GICS Sector Indexes										
			Basic Materials	Consumer Cyclical	Consumer NonCyc	Energy	Financial	Healthcare	Industrial	Technology	Telecom	Utilities	Consumer Disc	Consumer Staples	Energy	Financial	Healthcare	Industrials	Information Tech	Materials	Telecom Services	Utilities	
S&P 500	1.00																						
Dow Jones Total Market	0.99	1.00																					
Dow Jones US Sector Indexes																							
Basic Materials	0.82	0.82	1.00																				
Consumer Cyclical	0.92	0.92	0.78	1.00																			
Consumer NonCyclical	0.67	0.66	0.62	0.64	1.00																		
Energy	0.63	0.63	0.56	0.50	0.48	1.00																	
Financial	0.92	0.91	0.75	0.85	0.63	0.56	1.00																
Healthcare	0.78	0.77	0.65	0.67	0.69	0.58	0.69	1.00															
Industrial	0.94	0.93	0.86	0.87	0.63	0.59	0.84	0.72	1.00														
Technology	0.81	0.82	0.59	0.75	0.30	0.36	0.68	0.43	0.74	1.00													
Telecom	0.66	0.67	0.44	0.55	0.30	0.36	0.57	0.43	0.57	0.61	1.00												
Utilities	0.55	0.58	0.42	0.47	0.49	0.50	0.52	0.44	0.50	0.37	0.41	1.00											
S&P 500 GICS Sector Indexes																							
Consumer Discretionary	0.93	0.92	0.78	0.99	0.63	0.51	0.84	0.66	0.87	0.75	0.56	0.45	1.00										
Consumer Staples	0.64	0.61	0.59	0.62	0.97	0.46	0.60	0.67	0.59	0.23	0.26	0.43	0.60	1.00									
Energy	0.68	0.67	0.63	0.55	0.53	0.96	0.60	0.64	0.65	0.37	0.38	0.46	0.57	0.52	1.00								
Financial	0.93	0.91	0.75	0.85	0.61	0.56	0.99	0.69	0.85	0.67	0.58	0.50	0.84	0.59	0.61	1.00							
Healthcare	0.74	0.72	0.61	0.62	0.68	0.57	0.66	0.98	0.67	0.37	0.39	0.41	0.62	0.68	0.63	0.66	1.00						
Industrials	0.93	0.91	0.84	0.85	0.64	0.60	0.83	0.71	0.98	0.68	0.57	0.48	0.86	0.62	0.67	0.85	0.67	1.00					
Information Technology	0.82	0.82	0.59	0.75	0.31	0.36	0.68	0.43	0.74	0.99	0.61	0.35	0.76	0.24	0.38	0.69	0.38	0.69	1.00				
Materials	0.83	0.82	0.99	0.78	0.61	0.55	0.74	0.64	0.85	0.60	0.45	0.42	0.79	0.59	0.62	0.74	0.60	0.84	0.61	1.00			
Telecom Services	0.60	0.60	0.38	0.47	0.28	0.31	0.51	0.42	0.51	0.52	0.96	0.37	0.48	0.23	0.34	0.51	0.39	0.52	0.53	0.39	1.00		
Utilities	0.55	0.58	0.40	0.46	0.43	0.51	0.50	0.42	0.49	0.40	0.43	0.97	0.44	0.38	0.46	0.48	0.39	0.48	0.38	0.41	0.38	1.00	

Source: FactSet. Correlations based upon weekly total returns from August 3, 2001 through August 2, 2004.

Index-Linked Exchange-Traded Funds

Total Stock Market VIPERs (VTI)

BROAD MARKET

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$106.30	\$112.79	\$91.65
Fund Ticker	VTI		
Intraday NAV Ticker	TSJ		
Benchmark Index Ticker (Bloomberg)	TMW		
Market Cap (\$Mil)	3,142		
Shares Outstanding (Mil)	30		
Avg Daily Trading Volume (Shares)	150,886		
Expense Ratio (%)	0.15		
Focus	Broad US Market Exposure		
Investment Advisor	The Vanguard Group		
Inception Date	5/31/2001		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	1,766		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.2	20.9	0.6	-1.3
NAV	1.3	21.0	0.7	-0.9

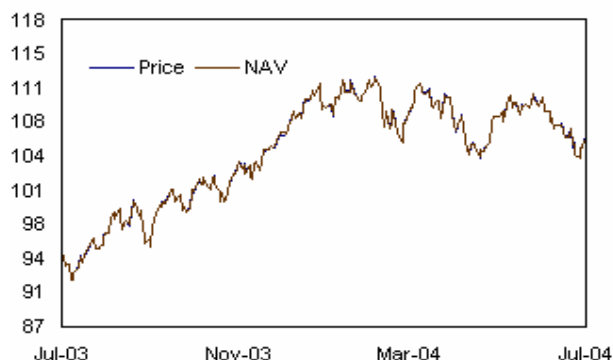
Distribution History (\$)

	2002	2003	YTD 2004
Income	1.25	1.38	0.73
Capital Gains	0.00	0.00	0.00
Total	1.25	1.38	0.73

Fund Description

The Total Stock Market VIPERs (VTI) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Dow Jones Wilshire 5000 Total Market Index. The Dow Jones Wilshire 5000 is the broadest index for the US equity market, measuring the performance of all US-headquartered equity securities with readily available price data. It is market cap-weighted and rebalanced monthly. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance



Portfolio Breakdown

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	22.2
Information Technology	15.6
Consumer Discretionary	13.0
Health Care	12.8
Industrials	11.0
Consumer Staples	9.5
Energy	6.7
Materials	3.2
Telecommunication Services	3.1
Utilities	2.9

Top Ten Holdings (%)

General Electric	2.7
Microsoft	2.3
Exxon Mobil	2.3
Pfizer	1.8
Citigroup	1.7
Wal-Mart	1.7
AIG	1.4
Bank of America	1.3
Johnson & Johnson	1.3
Intel	1.2
Top Ten Total	17.8

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Russell 3000 Index Fund (IWV)

BROAD MARKET

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$62.40	\$66.38	\$54.13
Fund Ticker			IWV
Intraday NAV Ticker			NMV
Benchmark Index Ticker (Bloomberg)			RAY
Market Cap (\$Mil)			1,510
Shares Outstanding (Mil)			24
Avg Daily Trading Volume (Shares)			283,910
Expense Ratio (%)			0.20
Focus	Broad US Market Exposure		
Investment Advisor	Barclays Global Investors		
Inception Date	5/22/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	2,970		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

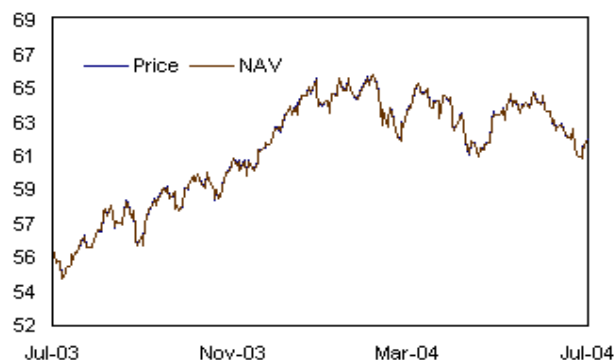
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.2	20.4	-0.2	-2.6
NAV	1.3	20.2	-0.1	-2.6

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.86	0.88	0.42
Capital Gains	0.00	0.00	0.00
Total	0.86	0.88	0.42

Fund Description

The iShares Russell 3000 Index Fund (IWV) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Russell 3000 Index. The index is float-adjusted market cap-weighted and measures the performance of the 3,000 largest US companies based on total market capitalization. It is rebalanced annually in June. To track the index, the fund invests in substantially all of the securities in the Russell 3000 Index in approximately the same proportion as in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	21.6
Information Technology	16.1
Health Care	13.7
Consumer Discretionary	12.2
Industrials	11.0
Consumer Staples	9.0
Energy	6.5
Telecommunication Services	3.4
Materials	3.3
Utilities	3.2

Top Ten Holdings (%)

General Electric	3.0
Exxon Mobil	2.5
Microsoft	2.2
Pfizer	2.1
Citigroup	1.9
Bank of America	1.5
Johnson & Johnson	1.4
AIG	1.4
Intel	1.3
IBM	1.2
Top Ten Total	18.5

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Dow Jones US Total Market Index Fund (IYY)

BROAD MARKET

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$52.04	\$55.55	\$45.29
Fund Ticker			IYY
Intraday NAV Ticker			NLAX
Benchmark Index Ticker (Bloomberg)			DJUS
Market Cap (\$Mil)			377
Shares Outstanding (Mil)			7
Avg Daily Trading Volume (Shares)			39,946
Expense Ratio (%)			0.20
Focus	Broad US Market Exposure		
Investment Advisor	Barclays Global Investors		
Inception Date	6/12/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	1,625		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.5	19.9	-0.4	-4.0
NAV	1.5	20.1	-0.3	-4.0

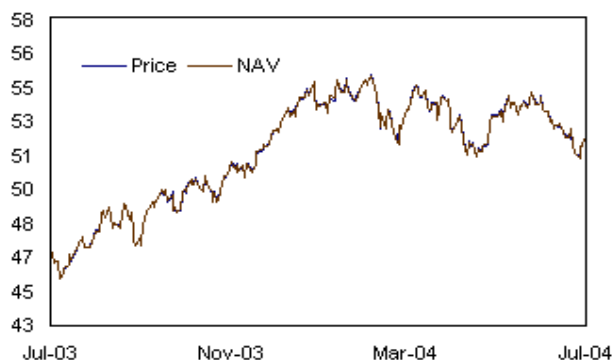
Distribution History (\$)

	2002	2003	YTD 2004
Income	0.60	0.67	0.34
Capital Gains	0.00	0.00	0.00
Total	0.60	0.67	0.34

Fund Description

The iShares Dow Jones US Total Market Index Fund (IYY) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Dow Jones US Total Market Index. For the large- and mid-cap segments, 100% of the stocks are included versus only 50% for the small-cap segment. It is float-adjusted market cap-weighted and is rebalanced quarterly during March, June, September, and December. To track the index, the fund invests in substantially all of the securities in the DJ US Total Market Index in approximately the same proportion.

Price & NAV Performance



Portfolio Breakdown

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	21.3
Information Technology	16.4
Health Care	13.4
Consumer Discretionary	12.0
Industrials	11.1
Consumer Staples	9.1
Energy	7.0
Telecommunication Services	3.3
Materials	3.2
Utilities	3.1

Top Ten Holdings (%)

General Electric	3.0
Exxon Mobil	2.6
Microsoft	2.5
Pfizer	2.1
Citigroup	2.0
Bank of America	1.5
Johnson & Johnson	1.4
AIG	1.4
Intel	1.4
IBM	1.3
Top Ten Total	19.1

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares S&P 1500 Index Fund (ISI)

BROAD MARKET

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$96.78	\$102.45	\$93.79
Fund Ticker	ISI		
Intraday NAV Ticker	EIS		
Benchmark Index Ticker (Bloomberg)	SPR		
Market Cap (\$Mil)	58		
Shares Outstanding (Mil)	1		
Avg Daily Trading Volume (Shares)	10,086		
Expense Ratio (%)	0.20		
Focus	Broad US Market Exposure		
Investment Advisor	Barclays Global Investors		
Inception Date	1/23/2004		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	1,499		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

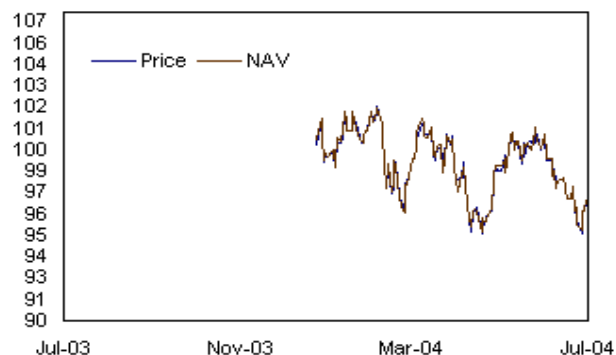
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.4	-	-	1.0
NAV	1.7	-	-	1.1

Distribution History (\$)

	YTD 2004
Income	0.62
Capital Gains	0.00
Total	0.62

Fund Description

The iShares S&P 1500 Index Fund (ISI) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the S&P 1500 Index. The index is market cap-weighted and measures the performance of the companies in the S&P 500, 400, and 600 Indexes. To track the index, the fund invests in substantially all of the securities in the S&P 1500 Index in approximately the same proportion as in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	20.3
Information Technology	16.1
Health Care	12.9
Industrials	12.0
Consumer Discretionary	11.8
Consumer Staples	10.2
Energy	7.0
Telecommunication Services	3.3
Materials	3.2
Utilities	3.1

Top Ten Holdings (%)

General Electric	3.0
Microsoft	2.6
Exxon Mobil	2.6
Pfizer	2.1
Wal-Mart	2.0
Citigroup	2.0
AIG	1.6
Bank of America	1.5
Johnson & Johnson	1.4
Intel	1.3
Top Ten Total	20.0

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Fidelity Nasdaq Composite Index Tracking Stock (ONEQ)

BROAD MARKET

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$75.27	\$86.24
Fund Ticker	ONEQ	
Intraday NAV Ticker	ONEQN	
Benchmark Index Ticker (Bloomberg)	CCMP	
Market Cap (\$Mil)	120	
Shares Outstanding (Mil)	2	
Avg Daily Trading Volume (Shares)	111,557	
Expense Ratio (%)	0.30	
Focus	Broad NASDAQ Market Stocks	
Investment Advisor	Fidelity Management & Research	
Inception Date	10/1/2003	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	1,699	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

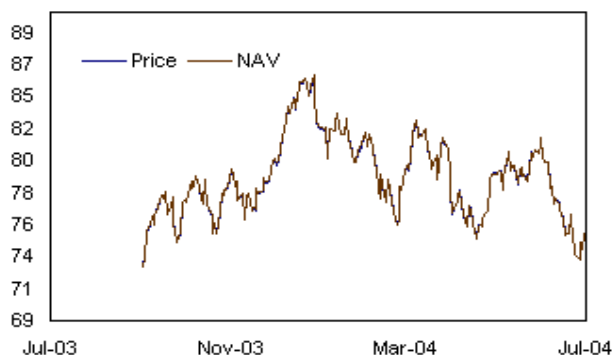
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	2.9	-	-	17.0
NAV	2.8	-	-	12.7

Distribution History (\$)

	2003	YTD 2004
Income	0.07	0.07
Capital Gains	0.00	0.00
Total	0.07	0.07

Fund Description

The Fidelity Nasdaq Composite Index Tracking Stock (ONEQ) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Nasdaq Composite. The index is market cap weighted and is the broadest, most diversified representation of the performance of NASDAQ-listed companies. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Information Technology	51.2
Health Care	13.5
Consumer Discretionary	13.2
Financials	11.1
Industrials	5.7
Telecommunication Services	1.9
Consumer Staples	1.5
Materials	1.0
Energy	0.5
Utilities	0.2

Top Ten Holdings (%)

Microsoft	10.8
Intel	5.5
Cisco	4.9
Dell	3.1
Amgen	2.5
Qualcomm	2.0
Oracle	1.9
Ebay	1.8
Yahoo	1.4
Comcast	1.3
<i>Top Ten Total</i>	35.3

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares NYSE Composite Index Fund (NYC)

BROAD MARKET

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$58.81	\$57.23
Fund Ticker		NYC
Intraday NAV Ticker		NJP
Benchmark Index Ticker (Bloomberg)		NYA
Market Cap (\$Mil)		15
Shares Outstanding (Mil)		0
Avg Daily Trading Volume (Shares)		1,536
Expense Ratio (%)		0.25
Focus	NYSE Listed Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	4/2/2004	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	1,992	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

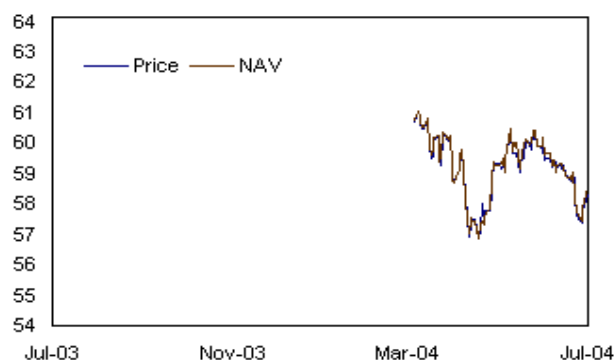
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-0.4	-	-	-0.4
NAV	0.9	-	-	0.9

Distribution History (\$)

	YTD 2004
Income	0.26
Capital Gains	0.00
Total	0.26

Fund Description

The iShares NYSE Composite Index Fund (NYC) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the NYSE Composite Index. The index is free float market cap-weighted and consists of all stocks listed on the NYSE. To track the index, NYC may use optimization techniques and derivatives, however, the fund will generally hold all of the stocks in the index in proportionately the same weights.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	24.9
Health Care	11.9
Consumer Discretionary	11.5
Energy	11.1
Industrials	9.7
Consumer Staples	8.7
Information Technology	6.7
Telecommunication Services	6.6
Materials	4.9
Utilities	3.8

Top Ten Holdings (%)

General Electric	2.5
Exxon Mobil	2.1
Pfizer	1.7
Citigroup	1.6
BP	1.5
Bank of America	1.2
Johnson & Johnson	1.2
HSBC	1.2
AIG	1.1
IBM	1.1
Top Ten Total	15.1

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Extended Market VIPERs (VXF)

BROAD MARKET

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$70.43	\$58.34
Fund Ticker	VXF	
Intraday NAV Ticker	EAH	
Benchmark Index Ticker (Bloomberg)	EMW	
Market Cap (\$Mil)	197	
Shares Outstanding (Mil)	3	
Avg Daily Trading Volume (Shares)	14,506	
Expense Ratio (%)	0.20	
Focus	Mid- & Small-Cap Stocks	
Investment Advisor	The Vanguard Group	
Inception Date	1/4/2002	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	1,905	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

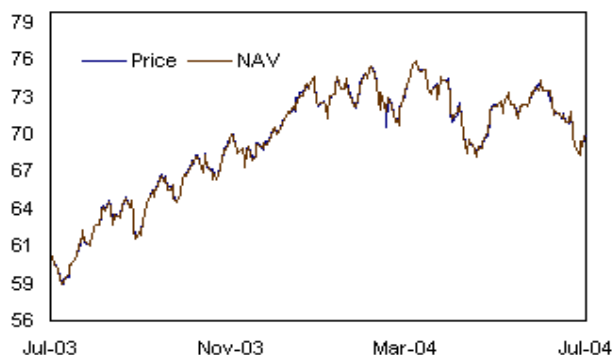
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-0.2	29.5	-	9.9
NAV	0.1	29.7	-	9.3

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.54	0.61	0.00
Capital Gains	0.00	0.00	0.00
Total	0.54	0.61	0.00

Fund Description

The Extended Market VIPERs (VXF) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Dow Jones Wilshire 4500 Index. The index measures the performance of all small and mid-cap stocks. It is constructed using the Dow Jones Wilshire 5000 securities with the companies in the S&P 500 removed. It is market cap-weighted and rebalanced monthly. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	26.9
Consumer Discretionary	20.2
Information Technology	13.1
Health Care	11.6
Industrials	10.5
Energy	5.3
Materials	4.0
Consumer Staples	3.6
Utilities	3.2
Telecommunication Services	1.4

Top Ten Holdings (%)

Berkshire	4.0
Genentech	0.9
Liberty Media	0.8
DirecTV	0.7
IAC Interactive	0.6
Cox Communications	0.6
Amazon	0.5
Juniper Networks	0.4
Fox	0.4
Genworth	0.3
<i>Top Ten Total</i>	<i>9.2</i>

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Diamonds (DIA)

LARGE-CAP

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$101.75	\$107.92
Fund Ticker	DIA	
Intraday NAV Ticker	DXV	
Benchmark Index Ticker (Bloomberg)	INDU	
Market Cap (\$Mil)	7,496	
Shares Outstanding (Mil)	74	
Avg Daily Trading Volume (Shares)	6,309,803	
Expense Ratio (%)	0.18	
Focus	Large-Cap Stocks	
Investment Advisor	State Street Global Advisors	
Inception Date	1/20/1998	
Portfolio Structure	Unit Investment Trust	
Approx. Number of Stocks in Fund	30	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Monthly	
Performance (%)	06/30/2004	

	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.1	18.6	1.8	6.3
NAV	1.2	18.4	1.8	6.3

Distribution History (\$)

	2002	2003	YTD 2004
Income	1.74	1.93	0.65
Capital Gains	0.00	0.00	0.00
Total	1.74	1.93	0.65

Fund Description

The Diamonds (DIA) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Dow Jones Industrial Average. The index is price-weighted and contains 30 blue chip stocks that are generally leaders in their industries. It is rebalanced only after corporate acquisitions or other dramatic shifts in an index component's core business occur. To track the index, the fund invests in all of the securities in the DJIA in approximately the same proportion as in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Industrials	27.0
Financials	14.7
Consumer Staples	14.3
Information Technology	11.6
Health Care	9.7
Consumer Discretionary	9.2
Materials	5.5
Telecommunication Services	4.7
Energy	3.4

Top Ten Holdings (%)

United Technologies	6.9
IBM	6.3
3M	6.0
Caterpillar	5.4
AIG	5.1
Johnson & Johnson	4.0
Wal-Mart	3.9
Procter & Gamble	3.9
American Express	3.6
Boeing	3.6
<i>Top Ten Total</i>	48.7

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Nasdaq-100 Index Tracking Stock (QQQ)

LARGE-CAP

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$34.89	\$29.93
Fund Ticker	QQQ	
Intraday NAV Ticker	QXV	
Benchmark Index Ticker (Bloomberg)	NDX	
Market Cap (\$Mil)	21,419	
Shares Outstanding (Mil)	614	
Avg Daily Trading Volume (Shares)	101,469,144	
Expense Ratio (%)	0.20	
Focus	Large-Cap Non-Financial Stocks	
Investment Advisor	Bank of New York	
Inception Date	3/10/1999	
Portfolio Structure	Unit Investment Trust	
Approx. Number of Stocks in Fund	100	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

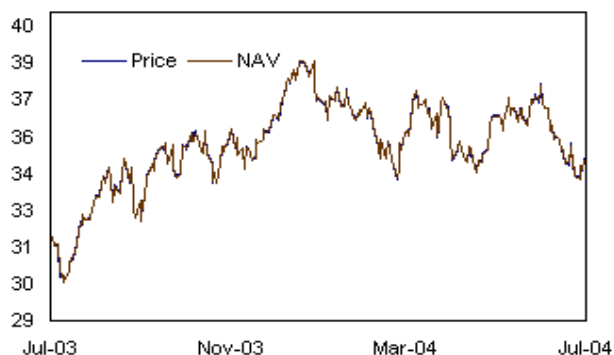
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	5.3	26.1	-6.2	-5.6
NAV	5.4	26.2	-6.1	-5.5

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.00	0.01	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.01	0.00

Fund Description

The Nasdaq-100 Index Tracking Stock (QQQ) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Nasdaq-100 Index. The index is composed of 100 of the largest and most actively traded non-financial companies listed on the Nasdaq Stock Market. It is modified capitalization weighted and rebalanced annually in December. To track the index, the fund invests in substantially all of the securities in the Nasdaq 100 Index in approximately the same proportion as in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Information Technology	59.5
Consumer Discretionary	16.1
Health Care	14.0
Industrials	5.1
Telecommunication Services	3.0
Consumer Staples	1.3
Materials	0.7
Energy	0.3

Top Ten Holdings (%)

Microsoft	9.3
Qualcomm	6.0
Intel	4.8
Cisco	4.4
Ebay	3.4
Amgen	3.0
Dell	2.9
Nextel	2.8
Starbucks	2.3
Comcast	2.3
Top Ten Total	41.3

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares NYSE 100 Index Fund (NY)

LARGE-CAP

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$59.73	\$62.19	\$58.68
Fund Ticker	NY		
Intraday NAV Ticker	NJT		
Benchmark Index Ticker (Bloomberg)	NYID		
Market Cap (\$Mil)	33		
Shares Outstanding (Mil)	1		
Avg Daily Trading Volume (Shares)	7,216		
Expense Ratio (%)	0.20		
Focus	Large-Cap NYSE Listed Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	4/2/2004		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	100		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Performance (%)	06/30/2004		

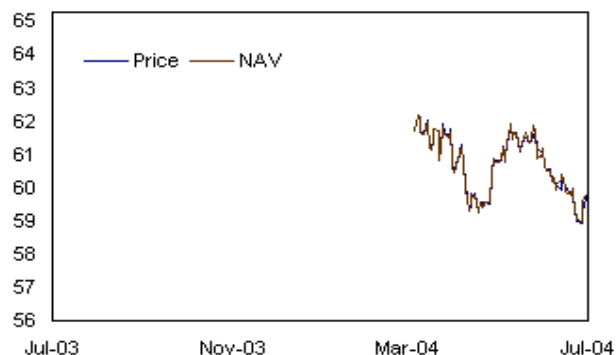
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	0.0	-	-	0.0
NAV	1.0	-	-	1.0

Distribution History (\$)

	YTD 2004
Income	0.20
Capital Gains	0.00
Total	0.20

Fund Description

The iShares NYSE 100 Index Fund (NY) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the NYSE 100 Index. The index consists of the 100 largest stocks listed on the NYSE. The index is free float market cap-weighted and is rebalanced quarterly. To track the index, NY may use optimization techniques and derivatives, however, the fund will generally hold all of the stocks in the index in proportionately the same weights.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	25.0
Health Care	16.6
Industrials	13.3
Consumer Staples	13.1
Consumer Discretionary	8.6
Energy	8.5
Information Technology	6.3
Telecommunication Services	5.2
Materials	2.3
Utilities	1.1

Top Ten Holdings (%)

General Electric	6.0
Exxon Mobil	5.2
Pfizer	4.2
Citigroup	4.0
Bank of America	3.0
Johnson & Johnson	2.9
AIG	2.8
IBM	2.5
Wal-Mart	2.5
Procter & Gamble	2.4
<i>Top Ten Total</i>	35.6

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares S&P 100 Index Fund (OEF)

LARGE-CAP

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$53.99	\$57.60	\$48.70
Fund Ticker			OEF
Intraday NAV Ticker			OEV
Benchmark Index Ticker (Bloomberg)			OEX
Market Cap (\$Mil)			486
Shares Outstanding (Mil)			9
Avg Daily Trading Volume (Shares)			117,060
Expense Ratio (%)			0.20
Focus	Large-Cap Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	10/23/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	100		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

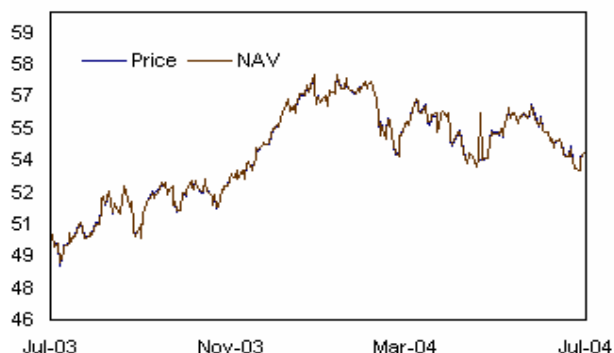
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.1	14.8	-3.2	-6.0
NAV	0.9	14.8	-2.8	-6.1

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.68	0.83	0.45
Capital Gains	0.00	0.00	0.00
Total	0.68	0.83	0.45

Fund Description

The iShares S&P 100 Index Fund (OEF) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the S&P 100 Index. The index is market cap-weighted and is a subset of the S&P 500 Index consisting of large-cap blue chip stocks from diverse industries. S&P rebalances as necessary throughout the year with minimal disruptions. To track the index, the fund invests in substantially all of the securities in the S&P 100 Index in approximately the same proportion as in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	20.2
Information Technology	18.6
Consumer Staples	14.4
Health Care	12.9
Industrials	12.1
Consumer Discretionary	7.3
Energy	6.6
Telecommunication Services	4.0
Materials	2.6
Utilities	1.3

Top Ten Holdings (%)

General Electric	6.1
Microsoft	5.4
Exxon Mobil	5.3
Pfizer	4.3
Wal-Mart	4.0
Citigroup	4.0
AIG	3.2
Bank of America	3.0
Johnson & Johnson	2.9
Intel	2.7
Top Ten Total	41.0

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares S&P 500 Index Fund (IVV)

LARGE-CAP

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$110.98	\$96.45
Fund Ticker	IVV	
Intraday NAV Ticker	NNV	
Benchmark Index Ticker (Bloomberg)	SPX	
Market Cap (\$Mil)	9,733	
Shares Outstanding (Mil)	88	
Avg Daily Trading Volume (Shares)	696,003	
Expense Ratio (%)	0.09	
Focus	Large-Cap Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	5/15/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	500	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

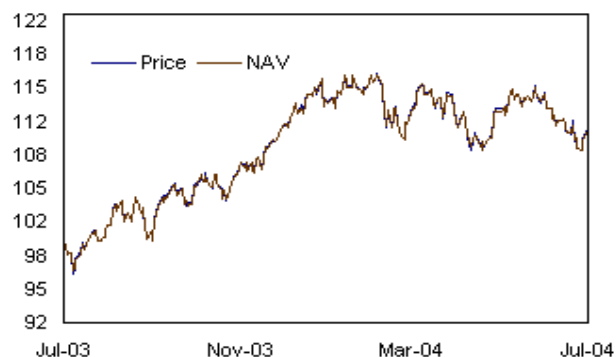
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.6	19.0	-0.8	-4.3
NAV	1.7	19.0	-0.8	-4.3

Distribution History (\$)

	2002	2003	YTD 2004
Income	1.48	1.64	0.79
Capital Gains	0.00	0.00	0.00
Total	1.48	1.64	0.79

Fund Description

The iShares S&P 500 Index Fund (IVV) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the S&P 500 Index. The index is market cap-weighted and measures the performance of the large-cap sector of the US equity market. S&P rebalances as necessary throughout the year with minimal disruptions. To track the index, the fund invests in substantially all of the securities in the S&P 500 Index in approximately the same proportion as in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	20.6
Information Technology	16.3
Health Care	13.2
Industrials	11.6
Consumer Staples	10.9
Consumer Discretionary	10.9
Energy	7.0
Telecommunication Services	3.7
Materials	3.0
Utilities	2.8

Top Ten Holdings (%)

General Electric	3.4
Microsoft	3.0
Exxon Mobil	2.9
Pfizer	2.4
Wal-Mart	2.2
Citigroup	2.2
AIG	1.8
Bank of America	1.7
Johnson & Johnson	1.6
Intel	1.5
<i>Top Ten Total</i>	22.8

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Standard & Poor's Depository Receipts (SPY)

LARGE-CAP

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$110.84	\$116.95	\$96.34
Fund Ticker			SPY
Intraday NAV Ticker			SXV
Benchmark Index Ticker (Bloomberg)			SPX
Market Cap (\$Mil)			42,587
Shares Outstanding (Mil)			384
Avg Daily Trading Volume (Shares)			42,688,980
Expense Ratio (%)			0.10
Focus			Large-Cap Stocks
Investment Advisor			State Street Global Advisors
Inception Date			1/29/1993
Portfolio Structure			Unit Investment Trust
Approx. Number of Stocks in Fund			500
Options Available			No
Minimum Trade Size (Shares)			1
Distribution Frequency			Quarterly
Performance (%)			06/30/2004

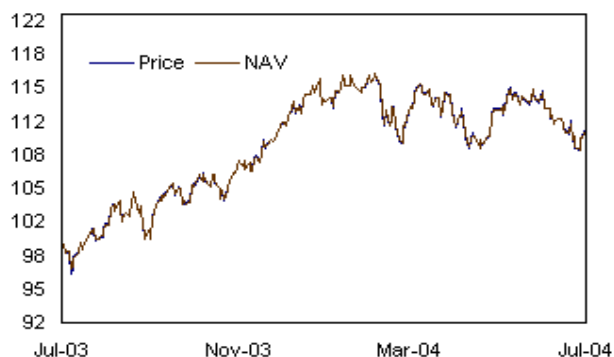
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.6	19.1	-0.7	10.6
NAV	1.7	18.9	-0.8	10.8

Distribution History (\$)

	2002	2003	YTD 2004
Income	1.50	1.63	0.81
Capital Gains	0.00	0.00	0.00
Total	1.50	1.63	0.81

Fund Description

The Standard & Poor's Depository Receipts (SPY) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the S&P 500 Index. The index is market cap-weighted and measures the performance of the large-cap sector of the US equity market. S&P rebalances as necessary throughout the year with minimal disruptions. To track the index, the fund invests in substantially all of the securities in the S&P 500 Index in approximately the same proportion as in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	20.6
Information Technology	16.3
Health Care	13.2
Industrials	11.6
Consumer Staples	10.9
Consumer Discretionary	10.9
Energy	7.0
Telecommunication Services	3.7
Materials	3.0
Utilities	2.8

Top Ten Holdings (%)

General Electric	3.4
Microsoft	3.0
Exxon Mobil	2.9
Pfizer	2.4
Wal-Mart	2.2
Citigroup	2.2
AIG	1.8
Bank of America	1.7
Johnson & Johnson	1.6
Intel	1.5
Top Ten Total	22.8

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Large-Cap VIPERs (VV)

LARGE-CAP

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$48.00	\$47.00
Fund Ticker	VV	
Intraday NAV Ticker	BVH	
Benchmark Index Ticker (Bloomberg)	MZUSP	
Market Cap (\$Mil)	24	
Shares Outstanding (Mil)	1	
Avg Daily Trading Volume (Shares)	8,963	
Expense Ratio (%)	0.12	
Focus	Large-Cap Stocks	
Investment Advisor	The Vanguard Group	
Inception Date	1/30/2004	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	754	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

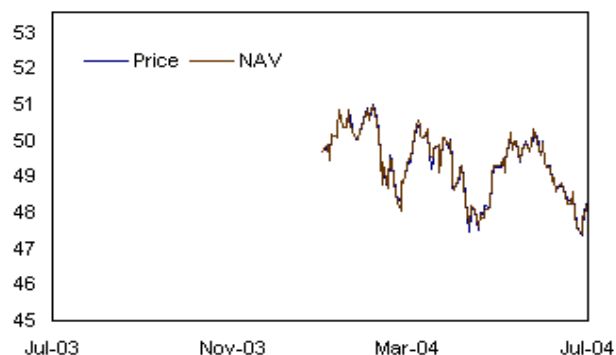
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.8	-	-	0.4
NAV	1.5	-	-	0.3

Distribution History (\$)

	YTD 2004
Income	0.46
Capital Gains	0.00
Total	0.46

Fund Description

The Vanguard Large-Cap VIPERs (VV) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI US Prime Market 750 Index. The index consists of the 750 largest stocks within the broader MSCI Investable Market Index. It is market cap-weighted, adjusted quarterly for free float and for companies that move out of its market cap range, and is rebalanced semiannually in May and November. To track the index, VV may use optimization techniques and derivatives, however, the fund will generally hold all of the stocks in the index in proportionately the same weights.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	21.6
Information Technology	16.1
Health Care	13.5
Consumer Discretionary	11.7
Industrials	10.9
Consumer Staples	9.7
Energy	7.2
Telecommunication Services	3.5
Materials	2.9
Utilities	2.9

Top Ten Holdings (%)

General Electric	3.3
Exxon Mobil	2.8
Microsoft	2.6
Pfizer	2.3
Citigroup	2.1
Bank of America	1.6
Johnson & Johnson	1.5
Intel	1.5
AIG	1.5
Wal-Mart	1.4
<i>Top Ten Total</i>	20.7

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Russell 1000 Index Fund (IWB)

LARGE-CAP

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$59.07	\$51.42
Fund Ticker	IWB	
Intraday NAV Ticker	NJBX	
Benchmark Index Ticker (Bloomberg)	RIY	
Market Cap (\$Mil)	1,489	
Shares Outstanding (Mil)	25	
Avg Daily Trading Volume (Shares)	211,466	
Expense Ratio (%)	0.15	
Focus	Large-Cap Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	5/15/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	996	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

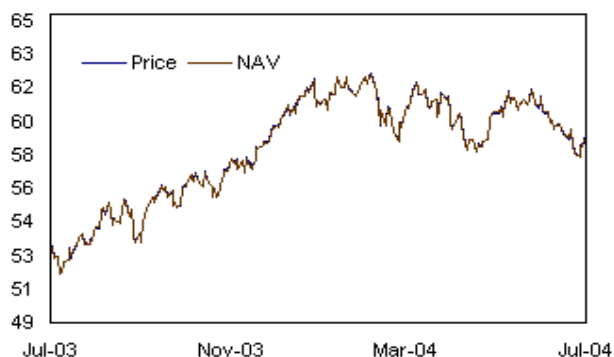
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.5	19.3	-0.5	-4.1
NAV	1.4	19.3	-0.5	-4.2

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.72	0.84	0.48
Capital Gains	0.00	0.00	0.00
Total	0.72	0.84	0.48

Fund Description

The iShares Russell 1000 Index Fund (IWB) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Russell 1000 Index. The index is float-adjusted market cap-weighted and measures the performance of the 1,000 largest companies in the Russell 3000 Index. It is rebalanced annually in June. To track the index, the fund invests in substantially all of the securities in the Russell 1000 Index in approximately the same proportion as in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	21.6
Information Technology	16.0
Health Care	13.8
Consumer Discretionary	11.9
Industrials	10.8
Consumer Staples	9.5
Energy	6.7
Telecommunication Services	3.6
Utilities	3.1
Materials	3.1

Top Ten Holdings (%)

General Electric	3.2
Exxon Mobil	2.8
Microsoft	2.4
Pfizer	2.2
Citigroup	2.1
Bank of America	1.6
Johnson & Johnson	1.5
AIG	1.5
Intel	1.4
IBM	1.3
Top Ten Total	20.1

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

streetTRACKS Fortune 500 Index Fund (FFF)

LARGE-CAP

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$78.31	\$82.91	\$69.15
Fund Ticker			FFF
Intraday NAV Ticker			FFYNV
Benchmark Index Ticker (Bloomberg)			FFX
Market Cap (\$Mil)			110
Shares Outstanding (Mil)			1
Avg Daily Trading Volume (Shares)			9,313
Expense Ratio (%)			0.20
Focus	Fortune 500 Companies		
Investment Advisor	State Street Global Advisors		
Inception Date	10/4/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	445		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

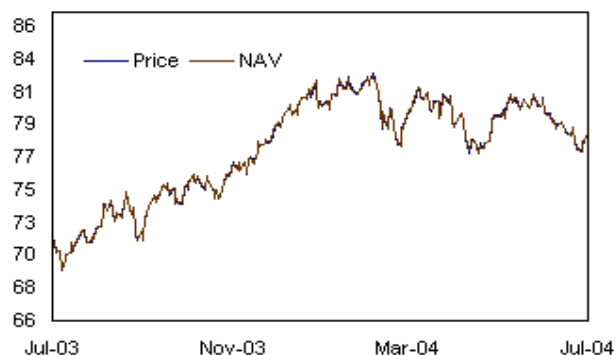
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.4	17.4	-1.3	-2.7
NAV	1.3	17.3	-1.1	-3.4

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.94	1.13	0.55
Capital Gains	0.00	0.00	0.00
Total	0.94	1.13	0.55

Fund Description

The Fortune 500 Index Fund (FFF) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Fortune 500 Index. The index is market cap-weighted and measures the performance of an investable subset of the annual Fortune 500 list of the largest companies in the US ranked by revenues. It is rebalanced annually in January. To track the index, the fund generally will invest in all of the stocks in the index in proportion to their weightings in the index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	20.0
Information Technology	14.1
Health Care	12.9
Consumer Discretionary	12.1
Consumer Staples	12.0
Industrials	11.7
Energy	7.1
Telecommunication Services	3.9
Utilities	3.1
Materials	3.0

Top Ten Holdings (%)

General Electric	3.6
Microsoft	3.3
Exxon Mobil	3.2
Pfizer	2.6
Wal-Mart	2.4
Citigroup	2.4
AIG	2.0
Bank of America	1.8
Johnson & Johnson	1.8
Intel	1.7
Top Ten Total	24.8

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Rydex S&P Equal Weight ETF (RSP)

LARGE-CAP

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$136.41	\$144.16	\$112.18
Fund Ticker			RSP
Intraday NAV Ticker			RSJ
Benchmark Index Ticker (Bloomberg)			SPXEWI
Market Cap (\$Mil)			389
Shares Outstanding (Mil)			3
Avg Daily Trading Volume (Shares)			40,636
Expense Ratio (%)			0.40
Focus	Large-Cap Stocks		
Investment Advisor	Rydex Global Advisors		
Inception Date	4/30/2003		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	500		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	2.4	28.1	-	34.7
NAV	2.3	28.2	-	36.0

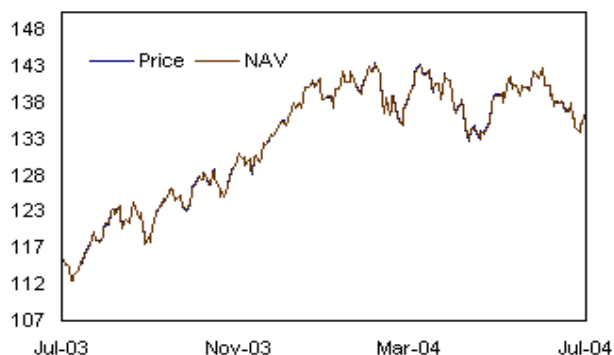
Distribution History (\$)

	2003	YTD 2004
Income	1.00	0.69
Capital Gains	0.00	0.00
Total	1.00	0.69

Fund Description

The Rydex S&P Equal Weight ETF (RSP) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the S&P 500 Equal Weight Index. The index is equal-weighted and measures the performance of the 500 companies in the S&P 500 Index. It is rebalanced quarterly. To track the index, the fund invests in substantially all of the securities in the S&P 500 Equal Weight Index in approximately the same proportion as in the underlying index.

Price & NAV Performance



Portfolio Breakdown

July 30, 2004

Top Sector/Industry Weightings (%)

Consumer Discretionary	16.9
Financials	16.5
Information Technology	15.3
Industrials	12.0
Health Care	10.2
Consumer Staples	7.3
Materials	7.0
Utilities	6.8
Energy	5.8
Telecommunication Services	2.3

Top Ten Holdings (%)

Allegheny	0.3
United States Steel	0.2
Schering-Plough	0.2
Genzyme	0.2
Black & Decker	0.2
Nucor	0.2
Symantec	0.2
Cummins	0.2
Southtrust	0.2
Amerada Hess	0.2
Top Ten Total	2.4

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Dow Jones Select Dividend (DVY)

CUSTOM

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$55.08	\$49.75
Fund Ticker	DVY	
Intraday NAV Ticker	DJJ	
Benchmark Index Ticker (Bloomberg)	DJDVY	
Market Cap (\$Mil)	2,630	
Shares Outstanding (Mil)	48	
Avg Daily Trading Volume (Shares)	293,886	
Expense Ratio (%)	0.40	
Focus	High Dividend Paying Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	11/7/2003	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	50	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

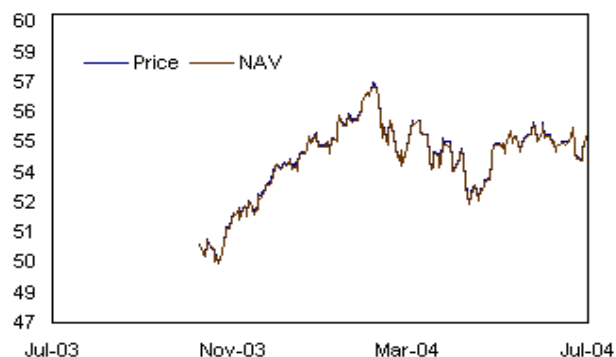
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.5	-	-	13.9
NAV	1.5	-	-	12.5

Distribution History (\$)

	2003	YTD 2004
Income	0.29	0.95
Capital Gains	0.00	0.00
Total	0.29	0.95

Fund Description

The iShares Dow Jones Select Dividend Index Fund (DVY) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Dow Jones Select Dividend Index. The index contains 50 of the highest dividend yielding companies (excluding REITs) in the Dow Jones Total Market Index (covering 95% of US market cap) that meet quality screening requirements. It is rebalanced annually in December and is weighted on a dollar dividend basis. To track the index, the fund generally will invest in all of the stocks in the index in proportion to their weightings in the index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	44.0
Utilities	22.1
Materials	14.1
Consumer Staples	5.7
Consumer Discretionary	4.4
Energy	3.5
Telecommunication Services	3.1
Industrials	1.7
Health Care	1.3

Top Ten Holdings (%)

Bank of America	5.0
FPL Group	3.6
Altria	3.4
People Bk Conn	3.2
Comerica	3.2
DTE Energy	3.0
Eastman Chem	3.0
PNC Bank Corp	2.7
Unitrin	2.7
National City	2.7
Top Ten Total	32.6

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Powershares Dynamic Market Portfolio ETF (PWC)

CUSTOM

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$35.51	\$37.27
Fund Ticker	PWC	
Intraday NAV Ticker	FZM	
Benchmark Index Ticker (Bloomberg)	DYI	
Market Cap (\$Mil)	139	
Shares Outstanding (Mil)	4	
Avg Daily Trading Volume (Shares)	56,156	
Expense Ratio (%)	0.60	
Focus	Large-Cap Stocks	
Investment Advisor	PowerShares Capital	
Inception Date	5/1/2003	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	100	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

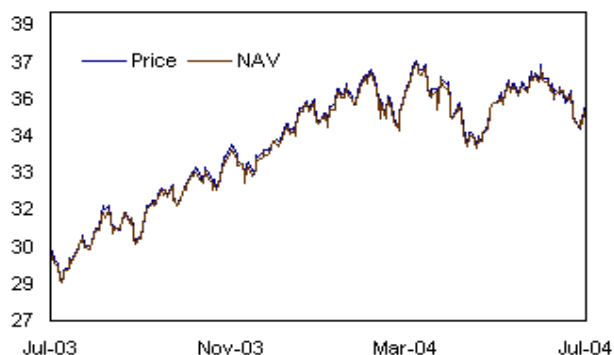
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	2.4	26.3	-	32.9
NAV	2.2	26.4	-	32.1

Distribution History (\$)

	2003	YTD 2004
Income	0.08	0.13
Capital Gains	0.00	0.00
Total	0.08	0.13

Fund Description

The Powershares Dynamic Market Portfolio (PWC) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Dynamic Market Intellidex™ Index. The Index utilizes rules-based quantitative analysis to evaluate and select securities and rebalances on a quarterly basis. The component stocks are selected from the universe of the 2,000 largest U.S. stocks. The Market Intellidex™ is a modified equal dollar weighted index comprised of 100 large, midsize and small companies with sector weightings resembling the U.S. marketplace.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	19.8
Health Care	15.5
Consumer Discretionary	13.9
Information Technology	13.4
Industrials	10.9
Consumer Staples	10.2
Energy	6.8
Telecommunication Services	3.3
Materials	3.2
Utilities	3.0

Top Ten Holdings (%)

Kimberly-Clark	3.6
Avon Prods	3.6
Eaton	2.7
Boeing	2.6
Aetna	2.6
McDonalds	2.6
Staples	2.5
Autodesk	2.5
Allstate	2.5
Metlife	2.4
Top Ten Total	27.6

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Powershares Dynamic OTC Portfolio ETF (PWO)

CUSTOM

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$37.38	\$43.85	\$30.80
Fund Ticker			PWO
Intraday NAV Ticker			FZO
Benchmark Index Ticker (Bloomberg)			DYO
Market Cap (\$Mil)			39
Shares Outstanding (Mil)			1
Avg Daily Trading Volume (Shares)			7,200
Expense Ratio (%)			0.60
Focus		Large-Cap Stocks	
Investment Advisor		PowerShares Capital	
Inception Date		5/1/2003	
Portfolio Structure		Open-End Investment Company	
Approx. Number of Stocks in Fund		100	
Options Available		Yes	
Minimum Trade Size (Shares)		1	
Distribution Frequency		Quarterly	
Performance (%)		06/30/2004	

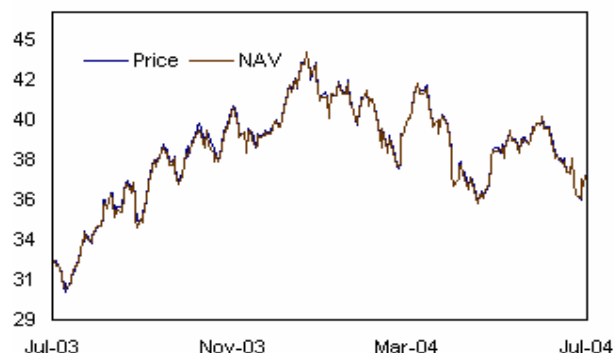
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	0.0	28.6	-	35.0
NAV	0.3	29.0	-	35.2

Distribution History (\$)

	2003	YTD 2004
Income	0.00	0.00
Capital Gains	0.00	0.00
Total	0.00	0.00

Fund Description

The Powershares Dynamic OTC Portfolio (PWO) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Dynamic OTC Intellidex Index. The Index utilizes rules-based quantitative analysis to evaluate and select securities and rebalances on a quarterly basis. The component stocks are selected from the universe of the 1,000 largest U. S. stocks listed on the Nasdaq. The OTC Intellidex™ is a modified equal dollar weighted index comprised of 100 large, midsize and small U.S. companies with sector weightings resembling the Nasdaq marketplace.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Information Technology	50.2
Consumer Discretionary	16.6
Health Care	12.5
Financials	10.6
Industrials	5.5
Telecommunication Services	1.8
Consumer Staples	1.8
Materials	0.7
Energy	0.4

Top Ten Holdings (%)

Kmart	3.8
Cognizant Tech	3.8
Autodesk	3.6
Qualcomm	3.3
Symantec	3.1
Zebra Tech	3.1
Starbucks	3.1
Cisco	2.9
Activision	2.9
Acxiom	2.9
<i>Top Ten Total</i>	32.5

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Standard & Poor's MidCap 400 Depository Receipts (MDY)

MID-CAP

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$106.00	\$87.55
Fund Ticker		MDY
Intraday NAV Ticker		MXV
Benchmark Index Ticker (Bloomberg)		MID
Market Cap (\$Mil)		6,423
Shares Outstanding (Mil)		61
Avg Daily Trading Volume (Shares)		1,240,283
Expense Ratio (%)		0.25
Focus	Mid-Cap Stocks	
Investment Advisor	Bank of New York	
Inception Date	5/4/1995	
Portfolio Structure	Unit Investment Trust	
Approx. Number of Stocks in Fund	399	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

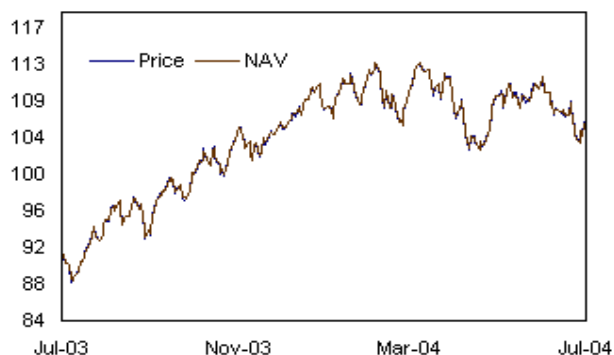
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	0.8	27.8	6.2	14.9
NAV	0.9	27.6	6.3	14.9

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.72	0.86	0.51
Capital Gains	0.00	0.00	0.00
Total	0.72	0.86	0.51

Fund Description

The Standard & Poor's MidCap 400 Depository Receipts (MDY) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the S&P MidCap 400 Index. The index is market-value-weighted and measures the performance of the mid-cap sector of the US equity market. S&P rebalances as necessary throughout the year with minimal disruptions. To track the index, the fund invests in substantially all of the securities in the S&P 400 Index in approximately the same proportion as in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	19.0
Consumer Discretionary	18.7
Information Technology	14.8
Industrials	13.1
Health Care	9.9
Energy	7.8
Utilities	6.7
Consumer Staples	4.8
Materials	4.6
Telecommunication Services	0.6

Top Ten Holdings (%)

Wash Post	0.9
Coach	0.9
XTO Energy	0.8
Murphy Oil	0.7
National Commerce Financial	0.7
Lennar	0.7
Tyson Foods	0.7
L-3 Comms	0.7
D.R. Horton	0.7
FID Natl Finan	0.7
<i>Top Ten Total</i>	<i>7.4</i>

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares S&P MidCap 400 Index Fund (IJH)

MID-CAP

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$115.84	\$95.62
Fund Ticker	IJH	
Intraday NAV Ticker	NJH	
Benchmark Index Ticker (Bloomberg)	MID	
Market Cap (\$Mil)	1,848	
Shares Outstanding (Mil)	16	
Avg Daily Trading Volume (Shares)	101,743	
Expense Ratio (%)	0.20	
Focus	Mid-Cap Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	5/22/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	399	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

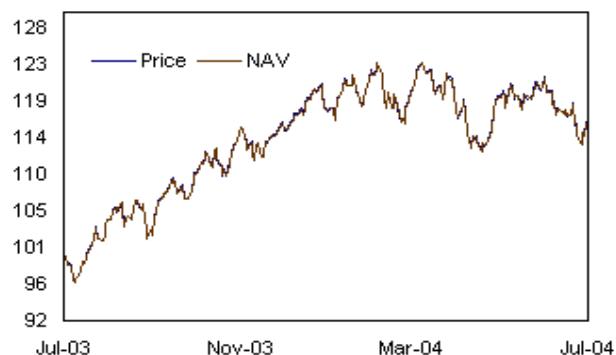
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	0.8	27.9	6.4	7.9
NAV	0.9	27.7	6.4	7.9

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.72	0.81	0.52
Capital Gains	0.00	0.00	0.00
Total	0.72	0.81	0.52

Fund Description

The iShares S&P MidCap 400 Index Fund (IJH) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the S&P MidCap 400 Index. The index is market-value weighted and measures the performance of the mid-cap sector of the US equity market. S&P rebalances as necessary throughout the year with minimal disruptions. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	19.0
Consumer Discretionary	18.7
Information Technology	14.8
Industrials	13.1
Health Care	9.9
Energy	7.8
Utilities	6.7
Consumer Staples	4.8
Materials	4.6
Telecommunication Services	0.6

Top Ten Holdings (%)

Coach	0.9
Wash Post	0.8
XTO Energy	0.8
Murphy Oil	0.7
National Commerce Financial	0.7
Lennar	0.7
Tyson Foods	0.7
L-3 Comms	0.7
D.R. Horton	0.7
FID Natl Finan	0.7
<i>Top Ten Total</i>	<i>7.4</i>

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Russell MidCap Index Fund (IWR)

MID-CAP

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$68.00	\$72.10	\$55.58
Fund Ticker	IWR		
Intraday NAV Ticker	NIZ		
Benchmark Index Ticker (Bloomberg)	RMC		
Market Cap (\$Mil)	738		
Shares Outstanding (Mil)	11		
Avg Daily Trading Volume (Shares)	104,463		
Expense Ratio (%)	0.20		
Focus	Mid-Cap Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	7/16/2001		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	798		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

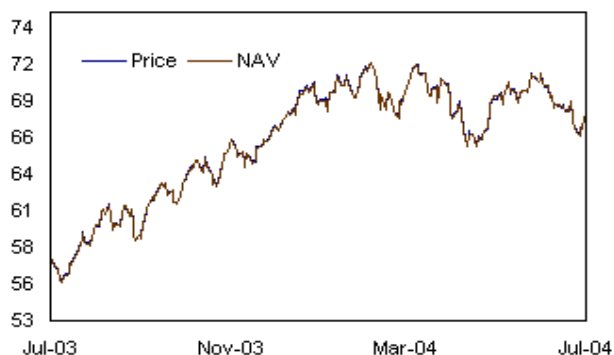
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.3	28.6	-	7.5
NAV	1.4	29.1	-	7.5

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.53	0.72	0.40
Capital Gains	0.00	0.00	0.00
Total	0.53	0.72	0.40

Fund Description

The iShares Russell MidCap Index Fund (IWR) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Russell Midcap Index. The index is market cap-weighted and consists of the 800 smallest companies in the Russell 1000 Index. It is rebalanced annually in June. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	21.7
Consumer Discretionary	17.4
Information Technology	14.3
Industrials	10.8
Health Care	10.5
Utilities	7.4
Materials	6.0
Energy	5.9
Consumer Staples	4.8
Telecommunication Services	1.2

Top Ten Holdings (%)

Regions Financial	0.5
Baker Hughes	0.5
Burl Nthn Santa	0.5
Marathon Oil	0.4
Southtrust	0.4
TXU	0.4
Praxair	0.4
FPL Group	0.4
Apple	0.4
Juniper Networks	0.4
<i>Top Ten Total</i>	4.4

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Mid-Cap VIPERs (VO)

MID-CAP

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$48.67	\$51.47	\$46.63
Fund Ticker			VO
Intraday NAV Ticker			BVO
Benchmark Index Ticker (Bloomberg)			MZUSM
Market Cap (\$Mil)			20
Shares Outstanding (Mil)			0
Avg Daily Trading Volume (Shares)			3,356
Expense Ratio (%)			0.18
Focus			Mid-Cap Stocks
Investment Advisor			The Vanguard Group
Inception Date			1/30/2004
Portfolio Structure			Open-End Investment Company
Approx. Number of Stocks in Fund			453
Options Available			No
Minimum Trade Size (Shares)			1
Distribution Frequency			Annual
Performance (%)			06/30/2004

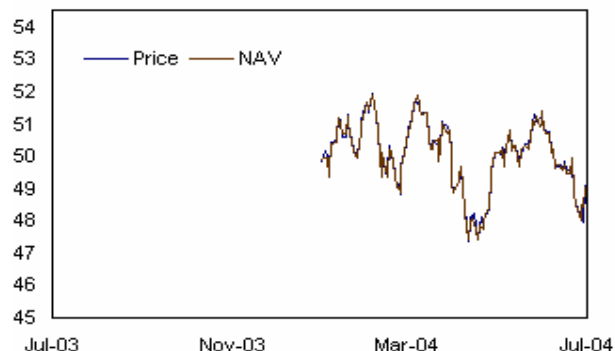
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	0.2	-	-	0.6
NAV	1.1	-	-	1.2

Distribution History (\$)

	YTD 2004
Income	0.00
Capital Gains	0.00
Total	0.00

Fund Description

The Vanguard Mid-Cap VIPERs (VO) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI US Mid-Cap 450 Index. The index consists of the 450 smallest stocks within the broader MSCI Prime Market Index, which contains the largest 750 stocks in the MSCI US Investable Market Index. It is market cap-weighted, adjusted quarterly for free float and for companies that move out of its market cap range, and is rebalanced semiannually in May and November. To track the index, VO may use optimization techniques and derivatives, however, the fund will generally hold all of the stocks in the index in proportionately the same weights.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	20.8
Consumer Discretionary	18.3
Information Technology	15.1
Health Care	10.6
Industrials	9.9
Energy	8.0
Utilities	6.7
Materials	6.0
Consumer Staples	3.5
Telecommunication Services	1.0

Top Ten Holdings (%)

Apple	0.7
TXU	0.7
Xerox	0.6
J C Penney	0.6
Paccar	0.6
Monsanto	0.6
Valero	0.6
Eaton	0.6
Starwood Lodging	0.5
Computer Science	0.5
<i>Top Ten Total</i>	6.0

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares S&P SmallCap 600 Index Fund (IJR)

SMALL-CAP

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$139.09	\$147.30	\$110.37
Fund Ticker			IJR
Intraday NAV Ticker			NIR
Benchmark Index Ticker (Bloomberg)			SML
Market Cap (\$Mil)			2,337
Shares Outstanding (Mil)			17
Avg Daily Trading Volume (Shares)			244,650
Expense Ratio (%)			0.20
Focus	Small-Cap Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	5/22/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	600		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

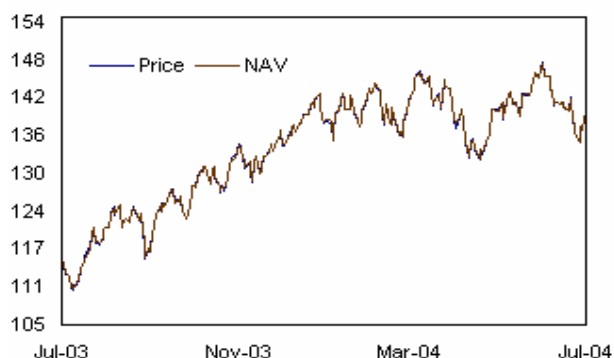
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	3.6	35.2	9.6	11.5
NAV	3.6	35.1	9.2	11.4

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.63	0.82	0.52
Capital Gains	0.00	0.00	0.00
Total	0.63	0.82	0.52

Fund Description

The iShares S&P SmallCap 600 Index Fund (IJR) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the S&P SmallCap 600 Index. The index is market cap-weighted and measures the performance of the small-cap sector of the US equity market. S&P rebalances as necessary throughout the year with minimal disruptions. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Industrials	19.4
Consumer Discretionary	17.7
Information Technology	15.5
Financials	15.1
Health Care	12.8
Energy	6.0
Materials	5.9
Utilities	3.9
Consumer Staples	3.5
Telecommunication Services	0.4

Top Ten Holdings (%)

NVR	0.7
Urban Outfitter	0.5
Timken	0.5
MDC Holdings	0.5
Fliir Systems	0.5
Patina O&G	0.5
Yellow Roadway	0.5
Polaris	0.5
Medicis Pharm	0.5
Roper	0.4
Top Ten Total	5.0

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Russell 2000 Index Fund (IWM)

SMALL-CAP

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$110.00	\$89.63
Fund Ticker	IWM	
Intraday NAV Ticker	NJM	
Benchmark Index Ticker (Bloomberg)	RTY	
Market Cap (\$Mil)	5,649	
Shares Outstanding (Mil)	51	
Avg Daily Trading Volume (Shares)	6,424,773	
Expense Ratio (%)	0.20	
Focus	Small-Cap Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	5/22/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	1,983	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

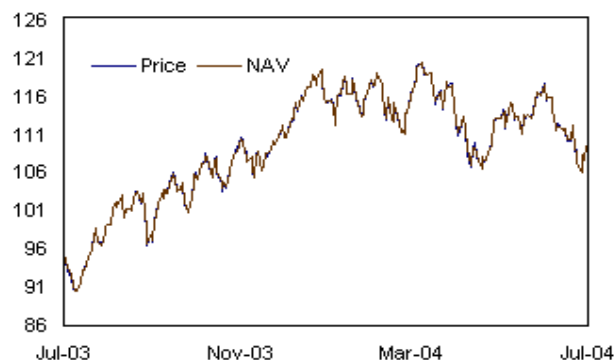
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	0.6	34.1	6.2	6.9
NAV	0.5	33.1	6.0	6.8

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.99	0.92	0.51
Capital Gains	0.00	0.00	0.00
Total	0.99	0.92	0.51

Fund Description

The iShares Russell 2000 Index Fund (IWM) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Russell 2000 Index. The index is float-adjusted market cap-weighted and measures the performance of the 2,000 smallest companies in the Russell 3000 Index. It is rebalanced annually in June. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	21.8
Information Technology	17.5
Consumer Discretionary	15.2
Industrials	14.0
Health Care	12.8
Materials	5.8
Energy	5.2
Utilities	3.4
Consumer Staples	2.9
Telecommunication Services	1.0

Top Ten Holdings (%)

Terex	0.2
Tesoro Petroleum	0.2
Cytec	0.2
Energen	0.2
Palmone	0.2
East West Bancp	0.2
Goodyear Tire	0.2
Aeropostale	0.2
Crown Holdings	0.2
BISYS	0.2
Top Ten Total	1.8

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Small-Cap VIPERs (VB)

SMALL-CAP

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$47.78	\$45.68
Fund Ticker	VB	
Intraday NAV Ticker	BVP	
Benchmark Index Ticker (Bloomberg)	MZUSS	
Market Cap (\$Mil)	72	
Shares Outstanding (Mil)	2	
Avg Daily Trading Volume (Shares)	24,723	
Expense Ratio (%)	0.18	
Focus	Small-Cap Stocks	
Investment Advisor	The Vanguard Group	
Inception Date	1/30/2004	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	1,735	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.0	-	-	0.5
NAV	1.0	-	-	0.5

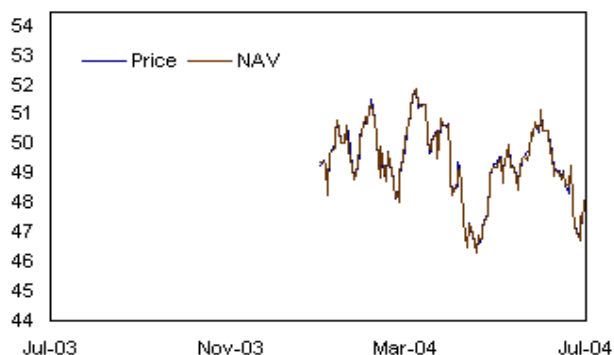
Distribution History (\$)

	YTD 2004
Income	0.00
Capital Gains	0.00
Total	0.00

Fund Description

The Vanguard Small-Cap VIPERs (VB) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI US Small-Cap 1750 Index. The index consists of the 1750 smallest stocks within the broader MSCI Investable Market Index, which contains 2500 stocks. It is market cap-weighted, adjusted quarterly for free float and for companies that move out of its market cap range, and is rebalanced semiannually in May and November. To track the index, VB may use optimization techniques and derivatives, however, the fund will generally hold all of the stocks in the index in proportionately the same weights.

Price & NAV Performance



Portfolio Breakdown

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	22.3
Information Technology	15.7
Consumer Discretionary	15.3
Industrials	14.7
Health Care	11.9
Materials	5.6
Energy	5.5
Utilities	4.6
Consumer Staples	2.5
Telecommunication Services	1.6

Top Ten Holdings (%)

Chesapeake Energy	0.3
Precision Cast	0.3
Cognizant Tech	0.3
Develop Diver	0.3
Peabody Energy	0.3
Ultra Petro	0.2
Amer Tower Sys	0.2
Americredit	0.2
Pentair	0.2
Newfield Expl	0.2
Top Ten Total	2.5

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Russell 3000 Growth Index Fund (IWZ)

BROAD MARKET GROWTH

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$36.36	\$32.64
Fund Ticker	IWZ	
Intraday NAV Ticker	NBE	
Benchmark Index Ticker (Bloomberg)	RAG	
Market Cap (\$Mil)	109	
Shares Outstanding (Mil)	3	
Avg Daily Trading Volume (Shares)	26,946	
Expense Ratio (%)	0.25	
Focus	Broad US Growth Exposure	
Investment Advisor	Barclays Global Investors	
Inception Date	7/24/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	1,895	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

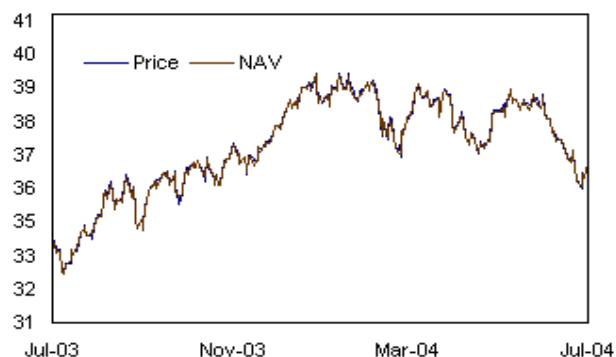
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.8	18.2	-4.0	-13.0
NAV	1.7	18.6	-3.8	-13.1

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.24	0.25	0.13
Capital Gains	0.00	0.00	0.00
Total	0.24	0.25	0.13

Fund Description

The iShares Russell 3000 Growth Index Fund (IWZ) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Russell 3000 Growth Index. The index is float-adjusted market cap-weighted and measures the performance of those companies in the Russell 3000 Index with higher price-to-book ratios and higher forecasted growth. It is rebalanced annually in June. To track the index, the fund invests in substantially all of the securities in the Russell 3000 Growth Index in approximately the same proportion as in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Information Technology	27.1
Health Care	24.1
Consumer Discretionary	13.6
Consumer Staples	12.2
Industrials	9.4
Financials	9.4
Energy	1.7
Materials	1.4
Telecommunication Services	1.1
Utilities	0.1

Top Ten Holdings (%)

Pfizer	4.3
Microsoft	3.6
Johnson & Johnson	2.9
Intel	2.7
Cisco	2.5
Wal-Mart	2.4
Procter & Gamble	2.2
AIG	1.9
IBM	1.7
Dell	1.6
<i>Top Ten Total</i>	25.7

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Russell 3000 Value Index Fund (IWW)

BROAD MARKET VALUE

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$76.79	\$80.32
Fund Ticker	IWW	
Intraday NAV Ticker	NNW	
Benchmark Index Ticker (Bloomberg)	RAV	
Market Cap (\$Mil)	238	
Shares Outstanding (Mil)	3	
Avg Daily Trading Volume (Shares)	14,410	
Expense Ratio (%)	0.25	
Focus	Broad US Value Exposure	
Investment Advisor	Barclays Global Investors	
Inception Date	7/24/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	1,953	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

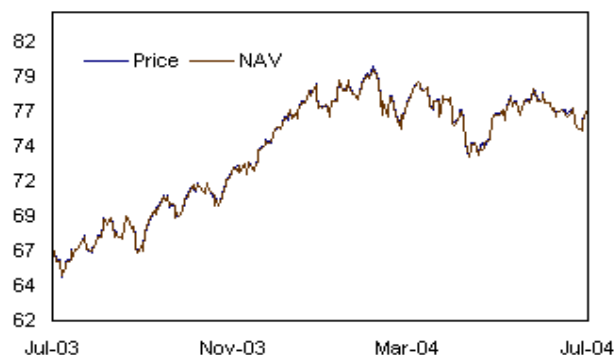
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	0.8	21.6	3.4	4.9
NAV	0.8	21.8	3.4	4.9

Distribution History (\$)

	2002	2003	YTD 2004
Income	1.21	1.43	0.66
Capital Gains	0.00	0.00	0.00
Total	1.21	1.43	0.66

Fund Description

The iShares Russell 3000 Value Index Fund (IWW) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Russell 3000 Value Index. The index is float-adjusted market cap-weighted and measures the performance of those companies in the Russell 3000 Index with lower price-to-book ratios and lower forecasted growth. It is rebalanced annually in June. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	33.1
Industrials	12.6
Energy	11.1
Consumer Discretionary	10.8
Information Technology	6.0
Utilities	6.0
Consumer Staples	5.9
Telecommunication Services	5.5
Materials	5.1
Health Care	3.9

Top Ten Holdings (%)

General Electric	5.1
Exxon Mobil	4.9
Citigroup	3.7
Bank of America	2.8
JP Morgan Chase	2.2
Verizon	1.8
ChevronTexaco	1.7
Wells Fargo	1.6
Altria	1.6
SBC	1.4
Top Ten Total	26.7

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares S&P 500/Barra Growth Index Fund (IVW)

LARGE-CAP GROWTH

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$54.05	\$58.01	\$48.66
Fund Ticker			IVW
Intraday NAV Ticker			NJG
Benchmark Index Ticker (Bloomberg)			SGX
Market Cap (\$Mil)			1,732
Shares Outstanding (Mil)			32
Avg Daily Trading Volume (Shares)			252,840
Expense Ratio (%)			0.18
Focus	Large-Cap Growth Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	5/22/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	166		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

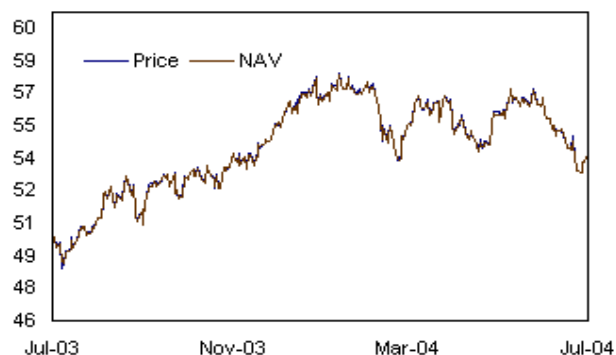
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	2.6	15.9	-1.5	-7.8
NAV	2.6	15.8	-1.3	-7.8

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.48	0.61	0.28
Capital Gains	0.00	0.00	0.00
Total	0.48	0.61	0.28

Fund Description

The iShares S&P 500/Barra Growth Index Fund (IVW) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the S&P 500/Barra Growth Index. The index is a subset of the S&P 500 Index and consists of those companies with the highest price-to-book ratios within the index. It is market cap-weighted and rebalanced semiannually on January 1 and July 1. The indexes are also adjusted each month to reflect additions and deletions to the S&P 500 Index. To track the index, the fund invests in substantially all of the securities in the S&P 500/Barra Growth Index in approximately the same proportion as in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Information Technology	26.4
Health Care	22.4
Consumer Staples	19.6
Industrials	14.4
Consumer Discretionary	8.5
Financials	4.1
Materials	2.6
Energy	1.2
Telecommunication Services	0.6
Utilities	0.1

Top Ten Holdings (%)

General Electric	6.9
Microsoft	6.1
Pfizer	4.8
Wal-Mart	4.5
Johnson & Johnson	3.3
Intel	3.1
IBM	2.9
Cisco	2.8
Procter & Gamble	2.7
Coca Cola	2.1
<i>Top Ten Total</i>	39.2

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Russell 1000 Growth Index Fund (IWF)

LARGE-CAP GROWTH

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$45.34	\$49.11	\$40.58
Fund Ticker	IWF		
Intraday NAV Ticker	NBF		
Benchmark Index Ticker (Bloomberg)	RLG		
Market Cap (\$Mil)	2,192		
Shares Outstanding (Mil)	48		
Avg Daily Trading Volume (Shares)	511,666		
Expense Ratio (%)	0.20		
Focus	Large-Cap Growth Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	5/22/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	621		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

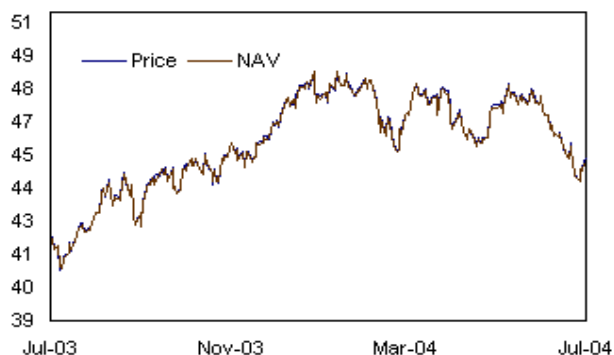
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.8	17.5	-4.3	-11.1
NAV	1.9	17.6	-4.0	-11.1

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.29	0.37	0.16
Capital Gains	0.00	0.00	0.00
Total	0.29	0.37	0.16

Fund Description

The iShares Russell 1000 Growth Index Fund (IWF) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Russell 1000 Growth Index. The index is float-adjusted market cap-weighted and measures the performance of those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth. It is rebalanced annually in June. To track the index, the fund invests in substantially all of the securities in the Russell 1000 Growth Index in approximately the same proportion as in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Information Technology	27.0
Health Care	24.3
Consumer Discretionary	13.4
Consumer Staples	13.1
Financials	9.4
Industrials	8.9
Energy	1.4
Materials	1.2
Telecommunication Services	1.1
Utilities	0.1

Top Ten Holdings (%)

Pfizer	4.6
Microsoft	4.0
Johnson & Johnson	3.1
Intel	3.0
Cisco	2.7
Wal-Mart	2.6
Procter & Gamble	2.4
AIG	2.0
IBM	1.8
Dell	1.7
Top Ten Total	27.9

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Morningstar Large Growth Index Fund (JKE)

LARGE-CAP GROWTH

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$56.57	\$59.65	\$55.62
Fund Ticker			JKE
Intraday NAV Ticker			EJK
Benchmark Index Ticker (Bloomberg)			na
Market Cap (\$Mil)			23
Shares Outstanding (Mil)			0
Avg Daily Trading Volume (Shares)			11,262
Expense Ratio (%)			0.25
Focus	Large-Cap Growth		
Investment Advisor	Barclays Global Investors		
Inception Date	7/2/2004		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	78		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-	-	-	-
NAV	-	-	-	-

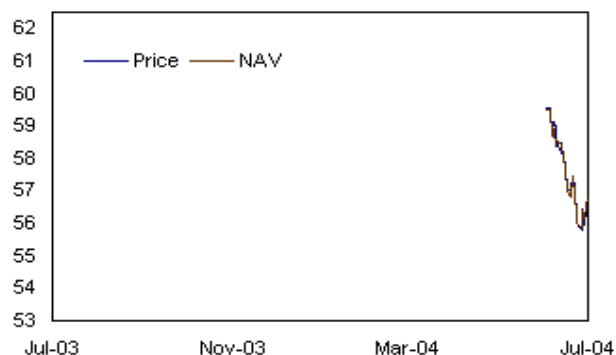
Distribution History (\$)

	YTD 2004
Income	0.00
Capital Gains	0.00
Total	0.00

Fund Description

The iShares Morningstar Large Growth Index Fund (JKE) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Morningstar Large Growth Index.

The index is float-adjusted market cap-weighted and contains US large-cap stocks selected by a ten factor proprietary model that are dominated by growth characteristics. It is rebalanced semiannually in June and December. To track the index, the fund generally will invest in all of the stocks in the index in proportion to their weightings in the index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Information Technology	39.3
Health Care	26.8
Consumer Discretionary	15.0
Consumer Staples	12.7
Energy	2.0
Industrials	1.3
Telecommunication Services	1.3
Financials	1.0
Materials	0.6

Top Ten Holdings (%)

Microsoft	11.1
Pfizer	9.4
Intel	6.0
Wal-Mart	5.4
Cisco	5.4
Coca Cola	3.7
Dell	3.0
Amgen	2.8
Time Warner	2.8
Eli Lilly	2.4
<i>Top Ten Total</i>	52.0

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Growth VIPERs (VUG)

LARGE-CAP GROWTH

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$46.99	\$50.87
Fund Ticker	VUG	
Intraday NAV Ticker	PVJ	
Benchmark Index Ticker (Bloomberg)	MZUSPG	
Market Cap (\$Mil)	89	
Shares Outstanding (Mil)	2	
Avg Daily Trading Volume (Shares)	7,550	
Expense Ratio (%)	0.15	
Focus	Large-Cap Growth Stocks	
Investment Advisor	The Vanguard Group	
Inception Date	1/30/2004	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	418	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

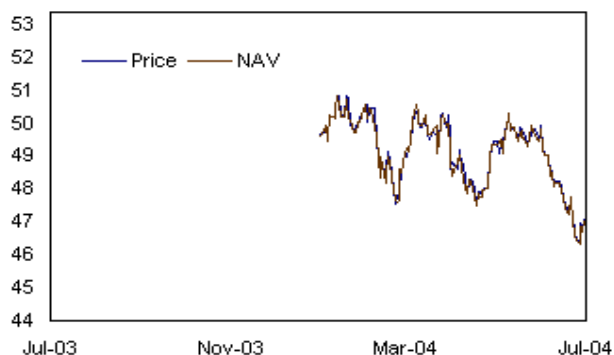
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.5	-	-	-1.3
NAV	1.5	-	-	-1.4

Distribution History (\$)

	YTD 2004
Income	0.16
Capital Gains	0.00
Total	0.16

Fund Description

The Vanguard Growth VIPERs (VUG) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI US Prime Market Growth Index. The index consists of stocks with growth characteristics, determined by an eight factor model, within the broader MSCI US Prime Market 750 Index. The index is market cap-weighted, adjusted quarterly for free float and for companies that move out of its market cap range, and is rebalanced semiannually in May and November. To track the index, VUG may use optimization techniques and derivatives, however, the fund will generally hold all of the stocks in the index in proportionately the same weights.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Information Technology	30.2
Health Care	22.0
Consumer Discretionary	13.7
Consumer Staples	13.3
Financials	9.2
Industrials	5.8
Energy	2.9
Telecommunication Services	1.7
Materials	1.0
Utilities	0.2

Top Ten Holdings (%)

Microsoft	5.3
Pfizer	4.7
Johnson & Johnson	3.2
Intel	3.0
AIG	3.0
Wal-Mart	2.9
IBM	2.8
Cisco	2.8
Procter & Gamble	2.5
Pepsico	1.6
Top Ten Total	31.9

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

streetTRACKS DJ US Large-Cap Growth Index Fund (ELG) LARGE-CAP GROWTH

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$45.12	\$40.71
Fund Ticker	ELG	
Intraday NAV Ticker	FLG	
Benchmark Index Ticker (Bloomberg)	DJUSGL	
Market Cap (\$Mil)	68	
Shares Outstanding (Mil)	2	
Avg Daily Trading Volume (Shares)	13,500	
Expense Ratio (%)	0.20	
Focus	Large-Cap Growth Stocks	
Investment Advisor	State Street Global Advisors	
Inception Date	9/25/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	107	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

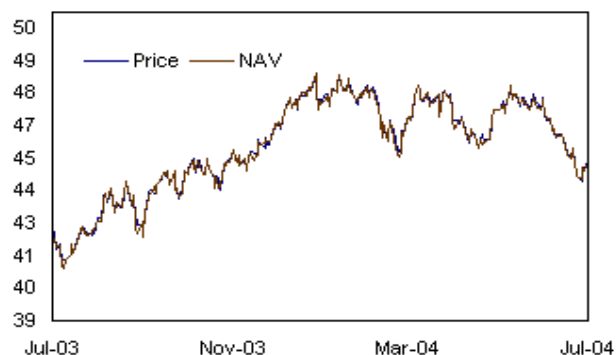
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.8	17.0	-7.9	-17.2
NAV	1.8	16.7	-7.5	-17.3

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.17	0.23	0.12
Capital Gains	0.00	0.00	0.00
Total	0.17	0.23	0.12

Fund Description

The streetTRACKS Dow Jones US Large-Cap Growth Index Fund (ELG) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Dow Jones US Large-Cap Growth Index. The index is float-adjusted market cap-weighted and contains large-cap growth stocks in the Dow Jones US Total Market Index selected by a proprietary model. It is rebalanced quarterly during March, June, September, and December. To track the index, the fund generally will invest in all of the stocks in the index in proportion to their weightings in the index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Information Technology	30.1
Health Care	22.0
Consumer Staples	15.5
Consumer Discretionary	14.6
Financials	9.0
Industrials	6.6
Energy	1.3
Telecommunication Services	0.6
Materials	0.4

Top Ten Holdings (%)

Microsoft	7.3
Pfizer	6.1
Johnson & Johnson	4.1
AIG	4.0
Intel	3.9
IBM	3.7
Wal-Mart	3.6
Cisco	3.5
Procter & Gamble	3.4
Coca Cola	2.4
<i>Top Ten Total</i>	42.1

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares S&P 500/Barra Value Index Fund (IVE)

LARGE-CAP VALUE

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$56.15	\$58.88	\$47.32
Fund Ticker			IVE
Intraday NAV Ticker			NME
Benchmark Index Ticker (Bloomberg)			SVX
Market Cap (\$Mil)			2,153
Shares Outstanding (Mil)			38
Avg Daily Trading Volume (Shares)			230,633
Expense Ratio (%)			0.18
Focus	Large-Cap Value Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	5/22/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	334		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

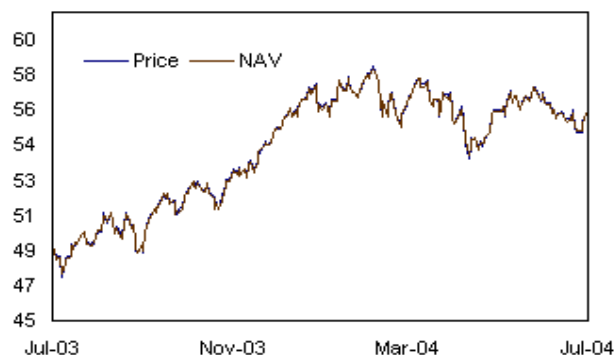
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	0.8	22.2	-0.8	0.5
NAV	0.8	22.0	-0.7	0.4

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.83	0.89	0.45
Capital Gains	0.00	0.00	0.00
Total	0.83	0.89	0.45

Fund Description

The iShares S&P 500/Barra Value Index Fund (IVE) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the S&P 500/Barra Value Index. The index is a subset of the S&P 500 Index and consists of those companies with the lowest price-to-book ratios within the index. It is market cap-weighted and rebalanced semiannually on January 1 and July 1. The indexes are also adjusted each month to reflect additions and deletions to the S&P 500 Index. To track the index, the fund invests in substantially all of the securities in the S&P 500/Barra Value Index in approximately the same proportion as in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	36.6
Consumer Discretionary	13.2
Energy	12.6
Industrials	8.9
Telecommunication Services	6.6
Information Technology	6.5
Utilities	5.3
Health Care	4.3
Materials	3.4
Consumer Staples	2.6

Top Ten Holdings (%)

Exxon Mobil	5.8
Citigroup	4.4
AIG	3.5
Bank of America	3.3
JP Morgan Chase	2.5
Verizon	2.1
ChevronTexaco	2.0
Wells Fargo	1.9
SBC	1.6
Time Warner	1.4
Top Ten Total	28.5

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Russell 1000 Value Index Fund (IWD)

LARGE-CAP VALUE

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$59.30	\$61.76	\$49.90
Fund Ticker			IWD
Intraday NAV Ticker			NJU
Benchmark Index Ticker (Bloomberg)			RLV
Market Cap (\$Mil)			3,173
Shares Outstanding (Mil)			54
Avg Daily Trading Volume (Shares)			559,330
Expense Ratio (%)			0.20
Focus	Large-Cap Value Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	5/22/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	696		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

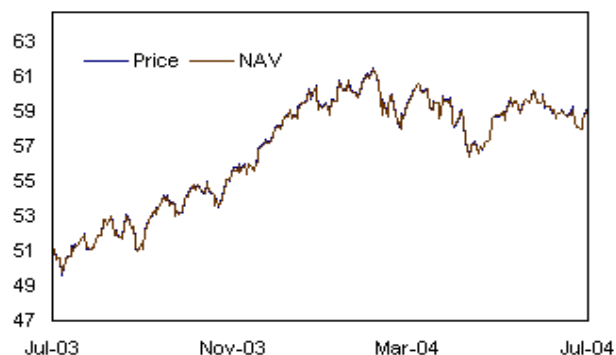
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	0.7	21.3	2.9	3.6
NAV	0.8	20.9	2.8	3.5

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.98	1.11	0.56
Capital Gains	0.00	0.00	0.00
Total	0.98	1.11	0.56

Fund Description

The iShares Russell 1000 Value Index Fund (IWD) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Russell 1000 Value Index. The index is float-adjusted market cap-weighted and measures the performance of those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth. It is rebalanced annually in June. To track the index, the fund invests in substantially all of the securities in the Russell 1000 Value Index in approximately the same proportion as in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	33.1
Industrials	12.5
Energy	11.6
Consumer Discretionary	10.5
Consumer Staples	6.1
Utilities	6.0
Telecommunication Services	5.9
Information Technology	5.7
Materials	4.8
Health Care	3.8

Top Ten Holdings (%)

General Electric	5.5
Exxon Mobil	5.4
Citigroup	4.1
Bank of America	3.1
JP Morgan Chase	2.4
Verizon	1.9
ChevronTexaco	1.8
Wells Fargo	1.7
Altria	1.7
SBC	1.5
Top Ten Total	29.1

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Morningstar Large Value Index Fund (JKF)

LARGE-CAP VALUE

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$59.88	\$60.26	\$58.65
Fund Ticker			JKF
Intraday NAV Ticker			EJN
Benchmark Index Ticker (Bloomberg)			na
Market Cap (\$Mil)			24
Shares Outstanding (Mil)			0
Avg Daily Trading Volume (Shares)			14,199
Expense Ratio (%)			0.25
Focus	Large-Cap Value		
Investment Advisor	Barclays Global Investors		
Inception Date	7/2/2004		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	85		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

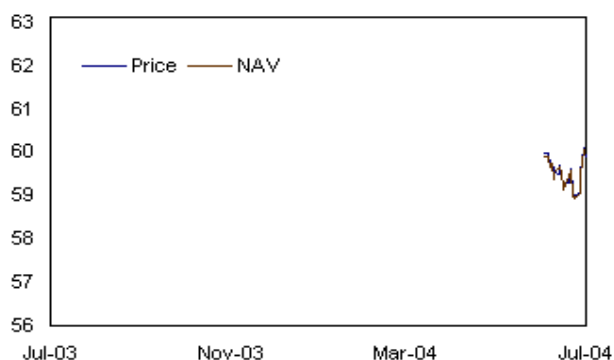
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-	-	-	-
NAV	-	-	-	-

Distribution History (\$)

	YTD 2004
Income	0.00
Capital Gains	0.00
Total	0.00

Fund Description

The iShares Morningstar Large Value Index Fund (JKF) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Morningstar Large Value Index. The index is float-adjusted market cap-weighted and contains US large-cap stocks selected by a ten factor proprietary model that are dominated by value characteristics. It is rebalanced semiannually in June and December. To track the index, the fund generally will invest in all of the stocks in the index in proportion to their weightings in the index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	40.7
Energy	17.7
Telecommunication Services	9.3
Consumer Staples	6.4
Utilities	6.1
Health Care	6.0
Materials	4.7
Industrials	4.3
Consumer Discretionary	2.5
Information Technology	2.3

Top Ten Holdings (%)

Exxon Mobil	10.4
Citigroup	7.9
Bank of America	6.0
JP Morgan Chase	4.6
Verizon	3.7
ChevronTexaco	3.5
Merck	3.5
Altria	3.3
SBC	2.9
Fannie Mae	2.1
Top Ten Total	47.8

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Value VIPERs (VTV)

LARGE-CAP VALUE

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$49.11	\$46.85
Fund Ticker	VTV	
Intraday NAV Ticker	PVW	
Benchmark Index Ticker (Bloomberg)	MZUSPV	
Market Cap (\$Mil)	108	
Shares Outstanding (Mil)	2	
Avg Daily Trading Volume (Shares)	18,496	
Expense Ratio (%)	0.15	
Focus	Large-Cap Value Stocks	
Investment Advisor	The Vanguard Group	
Inception Date	1/30/2004	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	413	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

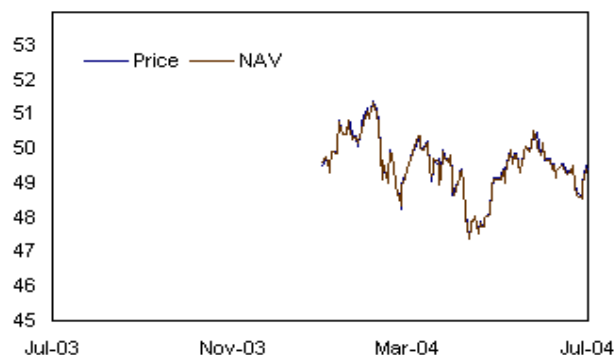
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.5	-	-	0.1
NAV	1.6	-	-	0.2

Distribution History (\$)

	YTD 2004
Income	0.53
Capital Gains	0.00
Total	0.53

Fund Description

The Vanguard Value VIPERs (VTV) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI US Prime Market Value Index. The index consists of stocks with value characteristics, determined by an eight factor model, within the broader MSCI US Prime Market 750 Index. The index is market cap-weighted, adjusted quarterly for free float and for companies that move out of its market cap range, and is rebalanced semiannually in May and November. To track the index, VTV may use optimization techniques and derivatives, however, the fund will generally hold all of the stocks in the index in proportionately the same weights.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	33.3
Industrials	15.7
Energy	11.4
Consumer Discretionary	9.7
Consumer Staples	6.3
Health Care	5.4
Utilities	5.4
Telecommunication Services	5.3
Materials	4.8
Information Technology	2.7

Top Ten Holdings (%)

General Electric	6.4
Exxon Mobil	5.5
Citigroup	4.2
Bank of America	3.2
JP Morgan Chase	2.4
Verizon	2.0
ChevronTexaco	1.9
Merck	1.9
Wells Fargo	1.8
Altria	1.8
Top Ten Total	31.1

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

streetTRACKS DJ US Large-Cap Value Index Fund (ELV)

LARGE-CAP VALUE

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$124.24	\$130.74	\$108.47
Fund Ticker			ELV
Intraday NAV Ticker			FLV
Benchmark Index Ticker (Bloomberg)			DJUSVL
Market Cap (\$Mil)			99
Shares Outstanding (Mil)			1
Avg Daily Trading Volume (Shares)			7,900
Expense Ratio (%)			0.20
Focus	Large-Cap Value Stocks		
Investment Advisor	State Street Global Advisors		
Inception Date	9/25/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	111		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

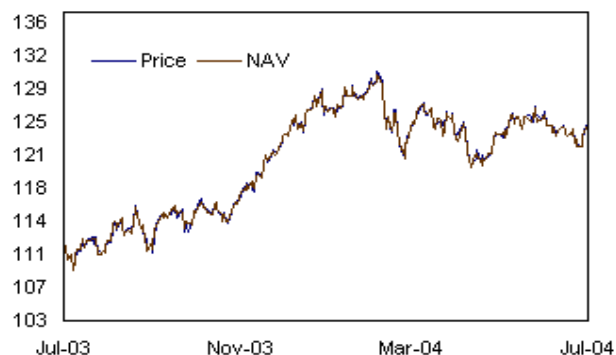
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.3	15.1	0.7	0.4
NAV	1.2	15.6	0.7	0.4

Distribution History (\$)

	2002	2003	YTD 2004
Income	2.40	2.58	1.33
Capital Gains	0.00	0.00	0.00
Total	2.40	2.58	1.33

Fund Description

The streetTRACKS Dow Jones US Large-Cap Value Index Fund (ELV) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Dow Jones US Large Cap Value Index. The index is float-adjusted market cap-weighted and contains large-cap value stocks in the Dow Jones US Total Market Index selected by a proprietary model. It is rebalanced quarterly during March, June, September, and December. To track the index, the fund generally will invest in all of the stocks making up the index in proportion to their weightings in the index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	33.7
Industrials	13.4
Energy	13.1
Health Care	8.1
Telecommunication Services	7.4
Consumer Staples	6.8
Consumer Discretionary	4.9
Information Technology	4.4
Materials	4.2
Utilities	3.9

Top Ten Holdings (%)

General Electric	8.8
Exxon Mobil	7.6
Citigroup	5.8
Bank of America	4.4
JP Morgan Chase	3.4
Verizon	2.7
ChevronTexaco	2.6
Merck	2.6
Wells Fargo	2.5
Altria	2.5
Top Ten Total	42.8

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Morningstar Large Core Index Fund (JKD)

LARGE-CAP CORE

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$58.25	\$59.61	\$57.44
Fund Ticker			JKD
Intraday NAV Ticker			EJH
Benchmark Index Ticker (Bloomberg)			na
Market Cap (\$Mil)			23
Shares Outstanding (Mil)			0
Avg Daily Trading Volume (Shares)			28,462
Expense Ratio (%)			0.20
Focus		Large-Cap Core	
Investment Advisor		Barclays Global Investors	
Inception Date		7/2/2004	
Portfolio Structure		Open-End Investment Company	
Approx. Number of Stocks in Fund		95	
Options Available		No	
Minimum Trade Size (Shares)		1	
Distribution Frequency		Quarterly	
Performance (%)		06/30/2004	

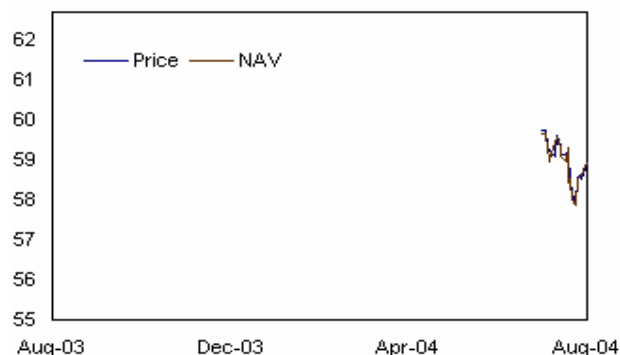
	Since Inception			
	3 Mo	1Yr	3 Yr	
Price	-	-	-	-
NAV	-	-	-	-

Distribution History (\$)

	YTD 2004
Income	0.00
Capital Gains	0.00
Total	0.00

Fund Description

The iShares Morningstar Large Core Index Fund (JKD) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Morningstar Large Core Index. The index is float-adjusted market cap-weighted and contains US large-cap stocks selected by a ten factor proprietary model that are not dominated by either growth or value characteristics. It is rebalanced semiannually in June and December. To track the index, the fund generally will invest in all of the stocks in the index in proportion to their weightings in the index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Industrials	26.0
Financials	18.7
Consumer Staples	14.3
Consumer Discretionary	13.3
Health Care	12.4
Information Technology	10.9
Telecommunication Services	1.5
Energy	1.4
Materials	1.3

Top Ten Holdings (%)

General Electric	11.4
Johnson & Johnson	5.4
AIG	5.3
IBM	4.8
Procter & Gamble	4.5
Wells Fargo	3.2
Pepsico	2.8
Home Depot	2.5
Tyco	2.0
Abbott Labs	2.0
<i>Top Ten Total</i>	43.8

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares S&P MidCap 400/Barra Growth Index Fund (IJK)

MID-CAP GROWTH

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$118.65	\$128.95	\$102.22
Fund Ticker			IJK
Intraday NAV Ticker			NNK
Benchmark Index Ticker (Bloomberg)			MIDG
Market Cap (\$Mil)			836
Shares Outstanding (Mil)			7
Avg Daily Trading Volume (Shares)			41,666
Expense Ratio (%)			0.25
Focus	Mid-Cap Growth Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	7/24/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	184		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

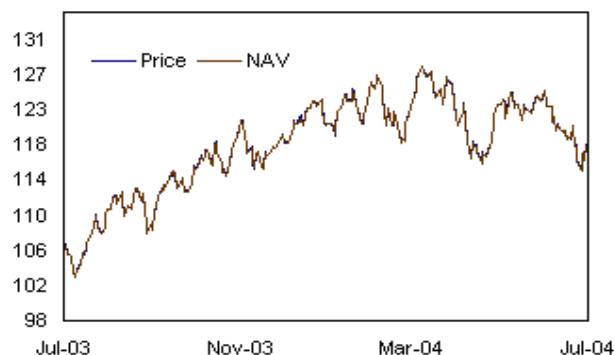
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	0.7	22.5	2.5	-1.8
NAV	0.7	22.3	2.5	-1.8

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.24	0.42	0.27
Capital Gains	0.00	0.00	0.00
Total	0.24	0.42	0.27

Fund Description

The iShares S&P MidCap 400/Barra Growth Index Fund (IJK) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the S&P MidCap 400/Barra Growth Index. The index is market cap-weighted and consists of those companies with the highest price-to-book ratios within the S&P 400 Index. It is rebalanced semi-annually on January 1 and July 1. The indexes are also adjusted each month to reflect additions and deletions to the S&P 400 Index. To track the index, the fund invests in substantially all of the securities in the S&P MidCap 400/Barra Growth Index in approximately the same proportion as in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Consumer Discretionary	23.2
Information Technology	19.1
Health Care	16.0
Industrials	14.4
Financials	12.6
Energy	6.8
Consumer Staples	3.3
Materials	2.8
Utilities	1.6
Telecommunication Services	0.2

Top Ten Holdings (%)

Coach	1.7
Wash Post	1.7
XTO Energy	1.6
Murphy Oil	1.5
Smith Intl	1.3
Microchip Tech	1.3
Harman Intl Inds	1.2
Compass Bncshrs	1.1
CDW	1.1
Greenpoint Fin	1.1
Top Ten Total	13.7

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Russell MidCap Growth Index Fund (IWP)

MID-CAP GROWTH

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$72.61	\$80.33	\$61.09
Fund Ticker			IWP
Intraday NAV Ticker			NIW
Benchmark Index Ticker (Bloomberg)			RDG
Market Cap (\$Mil)			548
Shares Outstanding (Mil)			8
Avg Daily Trading Volume (Shares)			81,726
Expense Ratio (%)			0.25
Focus	Mid-Cap Growth Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	7/16/2001		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	484		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

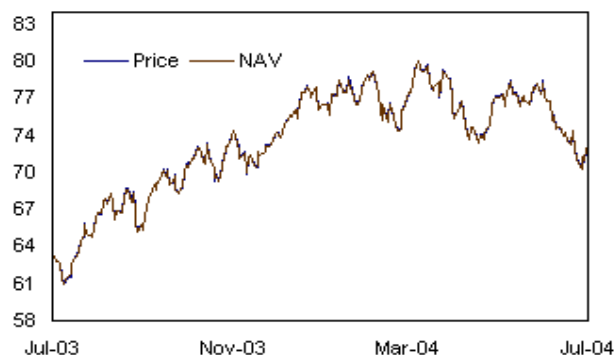
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.1	26.9	-	2.4
NAV	1.0	27.0	-	2.4

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.06	0.14	0.09
Capital Gains	0.00	0.00	0.00
Total	0.06	0.14	0.09

Fund Description

The iShares Russell MidCap Growth Index Fund (IWP) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Russell Midcap Growth Index. The index is a subset of the Russell Midcap Index and measures the performance of those companies with higher price-to-book ratios and higher forecasted growth. It is market cap-weighted and is rebalanced annually in June. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Information Technology	24.7
Consumer Discretionary	22.0
Health Care	19.1
Industrials	13.1
Financials	8.2
Energy	4.8
Consumer Staples	3.5
Materials	2.8
Telecommunication Services	1.2
Utilities	0.5

Top Ten Holdings (%)

Baker Hughes	1.1
Juniper Networks	1.0
Linear Tech	1.0
Genzyme	1.0
Lexmark	0.9
Yum! Brands	0.9
Biomet	0.9
Bed Bath Beyond	0.9
Fortune Brands	0.8
Adobe	0.8
<i>Top Ten Total</i>	9.3

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Morningstar Mid Growth Index Fund (JKH)

MID-CAP GROWTH

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$55.81	\$58.67	\$54.00
Fund Ticker			JKH
Intraday NAV Ticker			FDB
Benchmark Index Ticker (Bloomberg)			na
Market Cap (\$Mil)			8
Shares Outstanding (Mil)			0
Avg Daily Trading Volume (Shares)			3,305
Expense Ratio (%)			0.30
Focus	Mid-Cap Growth		
Investment Advisor	Barclays Global Investors		
Inception Date	7/2/2004		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	250		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

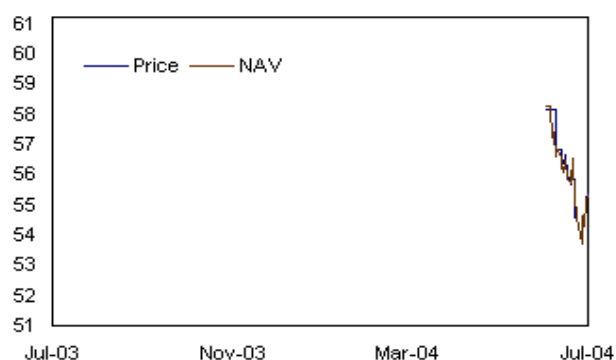
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-	-	-	-
NAV	-	-	-	-

Distribution History (\$)

	YTD 2004
Income	0.00
Capital Gains	0.00
Total	0.00

Fund Description

The iShares Morningstar Mid Growth Index Fund (JKH) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Morningstar Mid Growth Index. The index is float-adjusted market cap-weighted and contains US mid-cap stocks selected by a ten factor proprietary model that are dominated by growth characteristics. It is rebalanced semiannually in June and December. To track the index, the fund generally will invest in all of the stocks in the index in proportion to their weightings in the index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Information Technology	30.2
Health Care	21.6
Consumer Discretionary	17.1
Energy	12.2
Industrials	8.7
Financials	6.0
Consumer Staples	1.4
Materials	1.4
Telecommunication Services	1.0
Utilities	0.3

Top Ten Holdings (%)

Caremark	1.8
Apple	1.5
Juniper Networks	1.4
Transocean	1.2
Moody's	1.1
Coach	1.0
BJ Services	1.0
Altera	1.0
KLA-Tencor	1.0
XTO Energy	1.0
Top Ten Total	11.9

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares S&P MidCap 400/Barra Value Index Fund (IJJ)

MID-CAP VALUE

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$111.56	\$118.93	\$88.40
Fund Ticker			IJJ
Intraday NAV Ticker			NJJ
Benchmark Index Ticker (Bloomberg)			MIDV
Market Cap (\$Mil)			1,266
Shares Outstanding (Mil)			11
Avg Daily Trading Volume (Shares)			68,436
Expense Ratio (%)			0.25
Focus	Mid-Cap Value Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	7/24/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	215		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

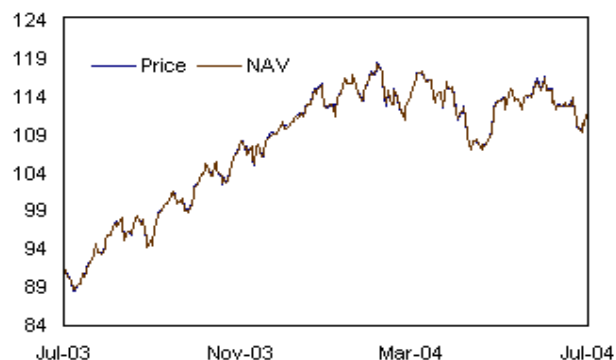
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.3	32.7	9.8	14.4
NAV	1.1	32.5	9.9	14.4

Distribution History (\$)

	2002	2003	YTD 2004
Income	1.12	1.08	0.72
Capital Gains	0.00	0.00	0.00
Total	1.12	1.08	0.72

Fund Description

The iShares S&P MidCap 400/Barra Value Index Fund (IJJ) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the S&P MidCap 400/Barra Value Index. The index is market cap-weighted and consists of those companies with the lowest price-to-book ratios within the S&P 400 Index. It is rebalanced semi-annually on January 1 and July 1. The indexes are also adjusted each month to reflect additions and deletions to the S&P 400 Index. To track the index, the fund invests in substantially all of the securities in the S&P MidCap 400/Barra Value Index in approximately the same proportion as in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	25.4
Consumer Discretionary	14.3
Utilities	11.8
Industrials	11.7
Information Technology	10.5
Energy	8.9
Materials	6.4
Consumer Staples	6.3
Health Care	3.8
Telecommunication Services	0.9

Top Ten Holdings (%)

National Commerce Financial	1.4
Lennar	1.4
Tyson Foods	1.4
L-3 Comms	1.4
D.R. Horton	1.3
FID Natl Finan	1.3
Weatherford	1.3
Dean Foods	1.2
Banknorth Group	1.2
New York Community Bancorp	1.1
<i>Top Ten Total</i>	13.0

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Russell MidCap Value Index Fund (IWS)

MID-CAP VALUE

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$96.22	\$100.13	\$77.20
Fund Ticker	IWS		
Intraday NAV Ticker	NIV		
Benchmark Index Ticker (Bloomberg)	RMV		
Market Cap (\$Mil)	577		
Shares Outstanding (Mil)	6		
Avg Daily Trading Volume (Shares)	75,600		
Expense Ratio (%)	0.25		
Focus	Mid-Cap Value Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	7/16/2001		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	563		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

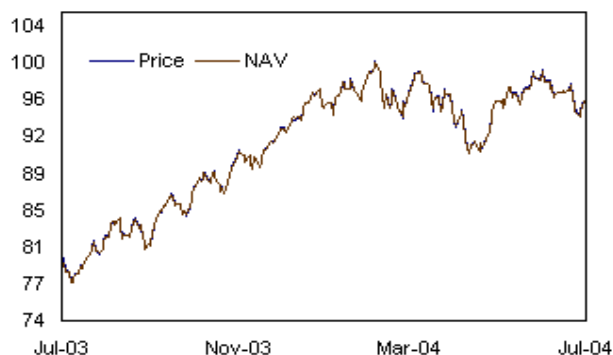
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.8	30.0	-	10.1
NAV	1.7	30.5	-	10.1

Distribution History (\$)

	2002	2003	YTD 2004
Income	1.31	1.46	0.73
Capital Gains	0.00	0.00	0.00
Total	1.31	1.46	0.73

Fund Description

The iShares Russell MidCap Value Index Fund (IWS) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Russell Midcap Value Index. The index is a subset of the Russell Midcap Index and measures the performance of those companies with lower price-to-book ratios and lower forecasted growth. It is market cap-weighted and rebalances annually in June. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	31.2
Consumer Discretionary	14.2
Utilities	12.3
Industrials	9.1
Materials	8.3
Information Technology	6.9
Energy	6.7
Consumer Staples	5.6
Health Care	4.4
Telecommunication Services	1.2

Top Ten Holdings (%)

Regions Financial	0.8
Burl Nthn Santa	0.8
Marathon Oil	0.8
Southtrust	0.8
TXU	0.8
FPL Group	0.7
Air Prods & Chem	0.7
Kroger	0.7
PG&E	0.7
Principal Financial	0.6
Top Ten Total	7.2

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Morningstar Mid Value Index Fund (JKI)

MID-CAP VALUE

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$59.11	\$60.24	\$58.10
Fund Ticker			JKI
Intraday NAV Ticker			FHB
Benchmark Index Ticker (Bloomberg)			na
Market Cap (\$Mil)			9
Shares Outstanding (Mil)			0
Avg Daily Trading Volume (Shares)			3,505
Expense Ratio (%)			0.30
Focus		Mid-Cap Value	
Investment Advisor	Barclays Global Investors		
Inception Date	7/2/2004		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	212		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

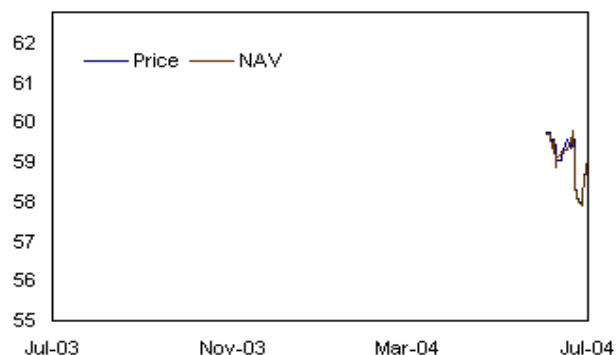
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-	-	-	-
NAV	-	-	-	-

Distribution History (\$)

	YTD 2004
Income	0.00
Capital Gains	0.00
Total	0.00

Fund Description

The iShares Morningstar Mid Value Index Fund (JKI) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Morningstar Mid Value Index. The index is float-adjusted market cap-weighted and contains US mid-cap stocks selected by a ten factor proprietary model that are dominated by value characteristics. It is rebalanced semiannually in June and December. To track the index, the fund generally will invest in all of the stocks in the index in proportion to their weightings in the index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	39.1
Utilities	16.6
Consumer Discretionary	12.4
Industrials	8.8
Materials	6.7
Energy	5.9
Consumer Staples	4.7
Health Care	2.5
Information Technology	2.1
Telecommunication Services	1.1

Top Ten Holdings (%)

St Paul Travelers	2.9
Regions Financial Corp	1.6
Norfolk Southern	1.2
Unocal Corp Del	1.2
Chartr One Fin	1.2
Consol Ed of Ny	1.1
Eaton Corp	1.1
Valero	1.1
Bear Stearns	1.0
Computer Science	1.0
Top Ten Total	13.5

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Morningstar Mid Core Index Fund (JKG)

MID-CAP CORE

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$57.45	\$56.23
Fund Ticker	JKG	
Intraday NAV Ticker	FGB	
Benchmark Index Ticker (Bloomberg)	na	
Market Cap (\$Mil)	9	
Shares Outstanding (Mil)	0	
Avg Daily Trading Volume (Shares)	1,676	
Expense Ratio (%)	0.25	
Focus	Mid-Cap Core	
Investment Advisor	Barclays Global Investors	
Inception Date	7/2/2004	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	260	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

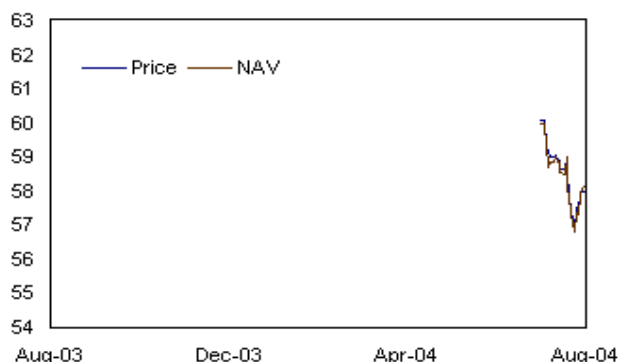
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-	-	-	-
NAV	-	-	-	-

Distribution History (\$)

	YTD 2004
Income	0.00
Capital Gains	0.00
Total	0.00

Fund Description

The iShares Morningstar Mid Core Index Fund (JKG) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Morningstar Mid Core Index. The index is float-adjusted market cap-weighted and contains US mid-cap stocks selected by a ten factor proprietary model that are not dominated by either growth or value characteristics. It is rebalanced semiannually in June and December. To track the index, the fund generally will invest in all of the stocks in the index in proportion to their weightings in the index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Consumer Discretionary	24.5
Financials	23.2
Industrials	14.5
Information Technology	11.6
Materials	8.4
Health Care	6.0
Consumer Staples	4.5
Energy	4.1
Telecommunication Services	1.9
Utilities	1.2

Top Ten Holdings (%)

J C Penney	1.4
Monsanto	1.2
Starwood	1.2
Micron Tech	1.0
Dover	1.0
Marshall Isley	1.0
H & R Block	1.0
MBIA	1.0
Ambac	1.0
Mattel	0.9
Top Ten Total	10.6

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares S&P SmallCap 600/Barra Growth Index Fund (IJT)

SMALL-CAP GROWTH

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$91.73	\$97.82	\$73.61
Fund Ticker			IJT
Intraday NAV Ticker			NLT
Benchmark Index Ticker (Bloomberg)			SMLG
Market Cap (\$Mil)			697
Shares Outstanding (Mil)			8
Avg Daily Trading Volume (Shares)			90,773
Expense Ratio (%)			0.25
Focus	Small-Cap Growth Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	7/24/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	242		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

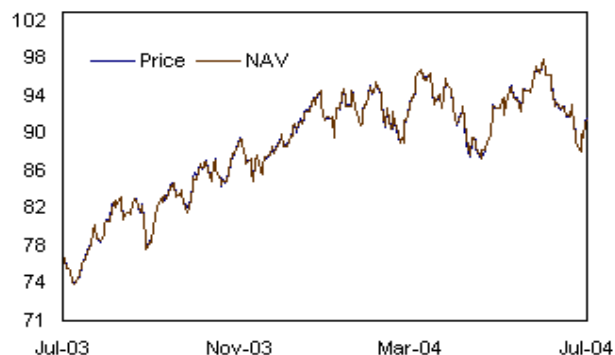
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	4.3	34.2	8.5	4.6
NAV	4.4	34.2	8.3	4.6

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.16	0.31	0.18
Capital Gains	0.00	0.00	0.00
Total	0.16	0.31	0.18

Fund Description

The iShares S&P SmallCap 600/Barra Growth Index Fund (IJT) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the S&P SmallCap 600/Barra Growth Index. The index is market cap-weighted and consists of those companies with the highest price-to-book ratios within the S&P 600 Index. It is rebalanced semi-annually on January 1 and July 1. The indexes are also adjusted each month to reflect additions and deletions to the S&P 600 Index. To track the index, the fund invests in substantially all of the securities in the S&P SmallCap 600/Barra Growth Index in approximately the same proportion as in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Consumer Discretionary	20.2
Health Care	19.6
Information Technology	18.8
Industrials	17.4
Financials	9.5
Energy	7.4
Materials	3.8
Consumer Staples	2.8
Telecommunication Services	0.4

Top Ten Holdings (%)

NVR	1.4
Urban Outfitter	1.1
Flir Systems	1.0
Patina O&G	1.0
Polaris	0.9
Medicis Pharm	0.9
Roper Ind	0.9
Massey Energy	0.9
Pharmaceutical Product Development	0.9
MGI Pharma	0.9
Top Ten Total	9.9

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Russell 2000 Growth Index Fund (IWO)

SMALL-CAP GROWTH

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$56.97	\$48.10
Fund Ticker	IWO	
Intraday NAV Ticker	NLO	
Benchmark Index Ticker (Bloomberg)	RUO	
Market Cap (\$Mil)	1,609	
Shares Outstanding (Mil)	28	
Avg Daily Trading Volume (Shares)	818,480	
Expense Ratio (%)	0.25	
Focus	Small-Cap Growth Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	7/24/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	1,325	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

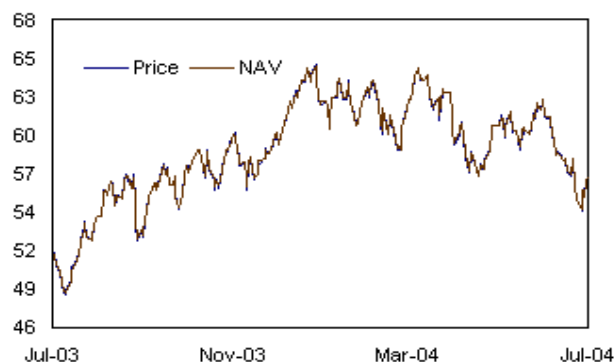
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	0.1	32.7	-0.3	-6.2
NAV	0.1	31.3	-0.5	-6.2

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.17	0.17	0.08
Capital Gains	0.00	0.00	0.00
Total	0.17	0.17	0.08

Fund Description

The iShares Russell 2000 Growth Index Fund (IWO) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Russell 2000 Growth Index. The index is float-adjusted market cap-weighted and measures the performance of those companies in the Russell 2000 Index with higher price-to-book ratios and higher forecasted growth. It is rebalanced annually in June. To track the index, the fund invests in substantially all of the securities in the Russell 2000 Growth Index in approximately the same proportion as in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Information Technology	27.2
Health Care	21.6
Consumer Discretionary	16.0
Industrials	14.1
Financials	9.6
Energy	4.7
Materials	3.2
Consumer Staples	2.2
Telecommunication Services	0.9
Utilities	0.0

Top Ten Holdings (%)

East West Bancp	0.4
Aerpostale	0.4
Allegheny	0.4
IMC Global	0.4
Toro	0.3
Hyperion Solutions	0.3
Apria Hlthcare	0.3
SCP Pool	0.3
Yankee Candle	0.3
Pediatric Med	0.3
Top Ten Total	3.4

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Morningstar Small Growth Index Fund (JKK)

SMALL-CAP GROWTH

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$53.50	\$57.56	\$51.67
Fund Ticker			JKK
Intraday NAV Ticker			HKJ
Benchmark Index Ticker (Bloomberg)			na
Market Cap (\$Mil)			11
Shares Outstanding (Mil)			0
Avg Daily Trading Volume (Shares)			3,411
Expense Ratio (%)			0.30
Focus	Small-Cap Growth		
Investment Advisor	Barclays Global Investors		
Inception Date	7/2/2004		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	358		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-	-	-	-
NAV	-	-	-	-

Distribution History (\$)

	YTD 2004
Income	0.00
Capital Gains	0.00
Total	0.00

Fund Description

The iShares Morningstar Small Growth Index Fund (JKK) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Morningstar Small Growth Index. The index is float-adjusted market cap-weighted and contains US small-cap stocks selected by a ten factor proprietary model that are dominated by growth characteristics. It is rebalanced semiannually in June and December. To track the index, the fund generally will invest in all of the stocks in the index in proportion to their weightings in the index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Information Technology	37.4
Health Care	25.6
Consumer Discretionary	15.1
Industrials	10.2
Financials	4.6
Energy	4.2
Materials	1.2
Telecommunication Services	0.8
Consumer Staples	0.4

Top Ten Holdings (%)

Flir Systems	0.8
Gen-Probe Incorporated	0.7
UCBH Holdings	0.7
East West Bancp	0.7
Aerpostale	0.7
Resmed	0.7
Techne	0.6
Ask Jeeves	0.6
Cree	0.6
Akamai Tech	0.6
<i>Top Ten Total</i>	6.8

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Small-Cap Growth VIPERs (VBK)

SMALL-CAP GROWTH

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$45.75	\$44.06
Fund Ticker	VBK	
Intraday NAV Ticker	HVK	
Benchmark Index Ticker (Bloomberg)	MZUSSG	
Market Cap (\$Mil)	59	
Shares Outstanding (Mil)	1	
Avg Daily Trading Volume (Shares)	23,906	
Expense Ratio (%)	0.22	
Focus	Small-Cap Growth Stocks	
Investment Advisor	The Vanguard Group	
Inception Date	1/30/2004	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	982	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

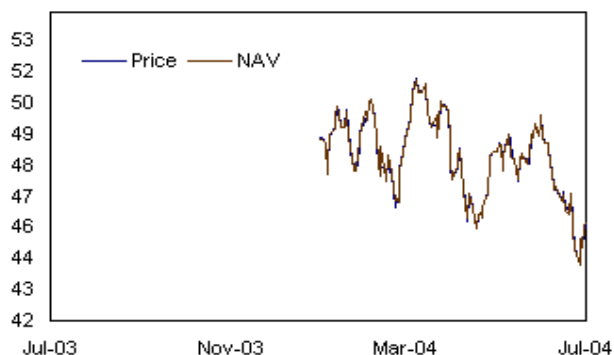
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	0.9	-	-	-1.7
NAV	1.1	-	-	-1.7

Distribution History (\$)

	YTD 2004
Income	0.00
Capital Gains	0.00
Total	0.00

Fund Description

The Vanguard Small-Cap Growth VIPERs (VBK) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI US Small-Cap Growth Index. The index consists of stocks with growth characteristics, determined by an eight factor model, within the broader MSCI US Small-Cap 1750 Index. The index is market cap-weighted, adjusted quarterly for free float and for companies that move out of its market cap range, and is rebalanced semiannually in May and November. To track the index, VBK may use optimization techniques and derivatives, however, the fund will generally hold all of the stocks in the index in proportionately the same weights.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Information Technology	27.4
Health Care	20.6
Consumer Discretionary	17.9
Industrials	13.5
Energy	6.5
Financials	5.8
Telecommunication Services	3.0
Materials	3.0
Consumer Staples	2.2

Top Ten Holdings (%)

Cognizant Tech	0.6
Ultra Petro	0.5
Amer Tower	0.5
Davita	0.5
Crown Castle International Corp	0.4
Getty Images	0.4
Rite Aid	0.4
Monster Worldwide	0.4
Certegy	0.4
Intl Rectifier	0.4
Top Ten Total	4.4

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

streetTRACKS DJ US Small Cap Growth Index Fund (DSG) SMALL-CAP GROWTH

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$65.84	\$71.48	\$54.02
Fund Ticker	DSG		
Intraday NAV Ticker	PSG		
Benchmark Index Ticker (Bloomberg)	DJUSGS		
Market Cap (\$Mil)	49		
Shares Outstanding (Mil)	1		
Avg Daily Trading Volume (Shares)	8,280		
Expense Ratio (%)	0.25		
Focus	Small-Cap Growth Stocks		
Investment Advisor	State Street Global Advisors		
Inception Date	9/25/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	313		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

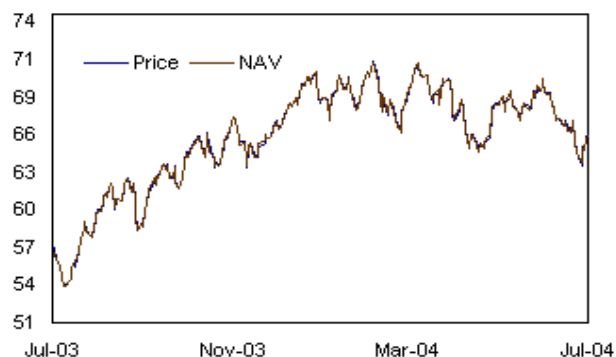
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	0.5	31.2	-3.4	-9.1
NAV	0.9	31.2	-3.9	-9.0

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.00	0.14	0.18
Capital Gains	0.00	0.00	0.00
Total	0.00	0.14	0.18

Fund Description

The streetTRACKS Dow Jones US Small Cap Growth Index Fund (DSG) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Dow Jones US Small Cap Growth Index. The index is float-adjusted market cap-weighted and contains small-cap growth stocks in the Dow Jones US Total Market Index selected by a proprietary model. It is rebalanced quarterly during March, June, September, and December. To track the index, the fund generally will invest in all of the stocks composing the index in proportion to their weightings in the index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Consumer Discretionary	20.6
Health Care	19.9
Industrials	17.0
Information Technology	16.4
Financials	15.6
Energy	4.7
Materials	2.4
Consumer Staples	1.7
Utilities	0.8
Telecommunication Services	0.8

Top Ten Holdings (%)

Equitable Resources	0.8
Noble Energy	0.8
Indep Comm Bk	0.8
Chelsea Proptry	0.7
Macerich	0.7
Millipore	0.7
Borg Warner	0.7
Weingarten	0.6
Brown & Brown	0.6
Rent-A-Centerinc	0.6
<i>Top Ten Total</i>	7.1

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares S&P SmallCap 600/Barra Value Index Fund (IJS)

SMALL-CAP VALUE

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$104.49	\$109.90	\$81.85
Fund Ticker			IJS
Intraday NAV Ticker			NJS
Benchmark Index Ticker (Bloomberg)			SMLV
Market Cap (\$Mil)			1,134
Shares Outstanding (Mil)			11
Avg Daily Trading Volume (Shares)			88,400
Expense Ratio (%)			0.25
Focus	Small-Cap Value Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	7/24/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	358		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

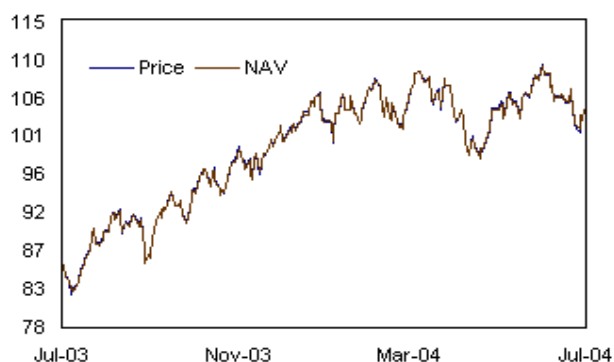
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	2.8	35.8	10.1	14.0
NAV	2.8	35.7	9.7	13.9

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.69	0.76	0.51
Capital Gains	0.00	0.00	0.00
Total	0.69	0.76	0.51

Fund Description

The iShares S&P SmallCap 600/Barra Value Index Fund (IJS) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the S&P SmallCap 600/Barra Value Index. The index is market cap-weighted and consists of those companies with the highest price-to-book ratios within the S&P 600 Index. It is rebalanced semi-annually on January 1 and July 1. The indexes are also adjusted each month to reflect additions and deletions to the S&P 600 Index. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Industrials	21.4
Financials	20.5
Consumer Discretionary	15.2
Information Technology	12.3
Materials	7.9
Utilities	7.5
Health Care	6.2
Energy	4.6
Consumer Staples	4.1
Telecommunication Services	0.3

Top Ten Holdings (%)

Timken	1.0
MDC Holdings	1.0
Yellow Roadway	0.9
South Financial	0.8
Hughes Supply	0.8
Energen	0.8
Shurgard Storage	0.7
Whitney Hold	0.7
UGI Corp	0.7
Steel Dynamics	0.7
<i>Top Ten Total</i>	8.2

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Russell 2000 Value Index Fund (IWN)

SMALL-CAP VALUE

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$164.10	\$175.59	\$129.05
Fund Ticker			IWN
Intraday NAV Ticker			NAJ
Benchmark Index Ticker (Bloomberg)			RUJ
Market Cap (\$Mil)			2,035
Shares Outstanding (Mil)			12
Avg Daily Trading Volume (Shares)			244,783
Expense Ratio (%)			0.25
Focus	Small-Cap Value Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	7/24/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	1,270		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

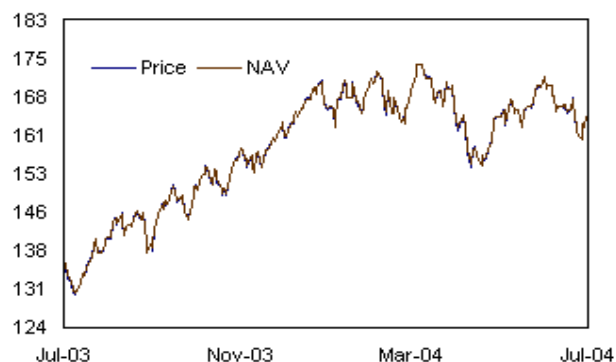
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.0	35.9	11.9	15.9
NAV	0.9	34.9	11.8	15.9

Distribution History (\$)

	2002	2003	YTD 2004
Income	2.11	1.99	1.04
Capital Gains	0.00	0.00	0.00
Total	2.11	1.99	1.04

Fund Description

The iShares Russell 2000 Value Index Fund (IWN) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Russell 2000 Value Index. The index is float-adjusted market cap-weighted and measures the performance of those companies in the Russell 2000 Index with lower price-to-book ratios and lower forecasted growth. It is rebalanced annually in June. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	32.8
Consumer Discretionary	14.4
Industrials	13.9
Information Technology	8.6
Materials	8.2
Utilities	6.4
Energy	5.6
Health Care	4.9
Consumer Staples	3.5
Telecommunication Services	1.1

Top Ten Holdings (%)

Tesoro Petroleum	0.4
Cytec	0.4
Energen	0.3
Palmone	0.3
Goodyear Tire	0.3
BISYS	0.3
Bancpsouth	0.3
Carramerica Rlty	0.3
FMC	0.3
Calpine	0.3
Top Ten Total	3.4

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Morningstar Small Value Index Fund (JKL)

SMALL-CAP VALUE

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$58.60	\$60.13	\$57.23
Fund Ticker			JKL
Intraday NAV Ticker			HKK
Benchmark Index Ticker (Bloomberg)			na
Market Cap (\$Mil)			132
Shares Outstanding (Mil)			2
Avg Daily Trading Volume (Shares)			4,065
Expense Ratio (%)			0.30
Focus	Small-Cap Value		
Investment Advisor	Barclays Global Investors		
Inception Date	7/2/2004		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	336		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

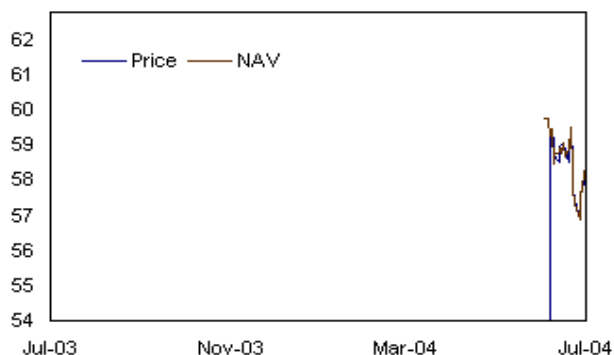
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-	-	-	-
NAV	-	-	-	-

Distribution History (\$)

	YTD 2004
Income	0.00
Capital Gains	0.00
Total	0.00

Fund Description

The iShares Morningstar Small Value Index Fund (JKL) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Morningstar Small Value Index. The index is float-adjusted market cap-weighted and contains US small-cap stocks selected by a ten factor proprietary model that are dominated by value characteristics. It is rebalanced semiannually in June and December. To track the index, the fund generally will invest in all of the stocks in the index in proportion to their weightings in the index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	36.5
Consumer Discretionary	15.9
Industrials	13.0
Utilities	11.9
Materials	10.3
Energy	4.6
Consumer Staples	3.5
Health Care	1.7
Information Technology	1.3
Telecommunication Services	0.6

Top Ten Holdings (%)

Goodyear Tire	0.7
Terex	0.7
Tesoro Petroleum	0.7
South Financial Group	0.7
SI Green Rlty	0.6
Agco	0.6
Reckson Assoc Re	0.6
Yellow Roadway	0.6
Health Retir Prp	0.6
Ikon Office	0.6
Top Ten Total	6.4

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Small-Cap Value VIPERs (VBR)

SMALL-CAP VALUE

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$50.05	\$46.23
Fund Ticker	VBR	
Intraday NAV Ticker	PVY	
Benchmark Index Ticker (Bloomberg)	MZUSSV	
Market Cap (\$Mil)	25	
Shares Outstanding (Mil)	1	
Avg Daily Trading Volume (Shares)	7,756	
Expense Ratio (%)	0.22	
Focus	Small-Cap Value Stocks	
Investment Advisor	The Vanguard Group	
Inception Date	1/30/2004	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	962	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

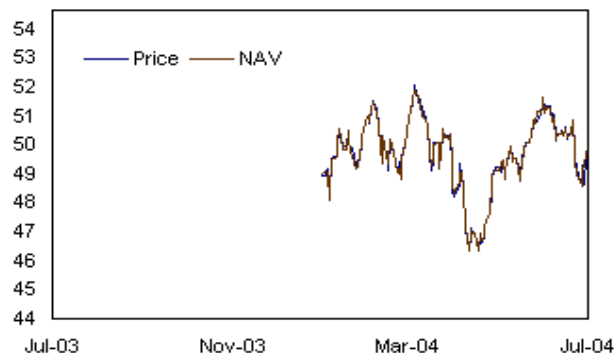
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	0.9	-	-	2.7
NAV	0.9	-	-	2.7

Distribution History (\$)

	YTD 2004
Income	0.00
Capital Gains	0.00
Total	0.00

Fund Description

The Vanguard Small-Cap Value VIPERs (VBR) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI US Small-Cap Value Index. The index consists of stocks with value characteristics, determined by an eight factor model, within the broader MSCI US Small-Cap 1750 Index. The index is market cap-weighted, adjusted quarterly for free float and for companies that move out of its market cap range, and is rebalanced semiannually in May and November. To track the index, VBR may use optimization techniques and derivatives, however, the fund will generally hold all of the stocks in the index in proportionately the same weights.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	37.4
Industrials	15.9
Consumer Discretionary	13.0
Utilities	8.9
Materials	8.0
Information Technology	5.0
Energy	4.7
Health Care	3.9
Consumer Staples	2.7
Telecommunication Services	0.4

Top Ten Holdings (%)

Chesapeake Energy	0.5
Precision Cast	0.5
Develop Diver	0.5
Peabody Energy	0.5
Americredit	0.4
Pentair	0.4
Reliant Energy	0.4
Pacificare Health Sys	0.4
Alliant Energy	0.4
Chelsea Property	0.4
<i>Top Ten Total</i>	4.6

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

streetTRACKS DJ US Small Cap Value Index Fund (DSV)

SMALL-CAP VALUE

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$161.52	\$177.35	\$134.89
Fund Ticker	DSV		
Intraday NAV Ticker	PSV		
Benchmark Index Ticker (Bloomberg)	DJUSVS		
Market Cap (\$Mil)	73		
Shares Outstanding (Mil)	0		
Avg Daily Trading Volume (Shares)	3,413		
Expense Ratio (%)	0.28		
Focus	Small-Cap Value Stocks		
Investment Advisor	State Street Global Advisors		
Inception Date	9/25/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	392		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

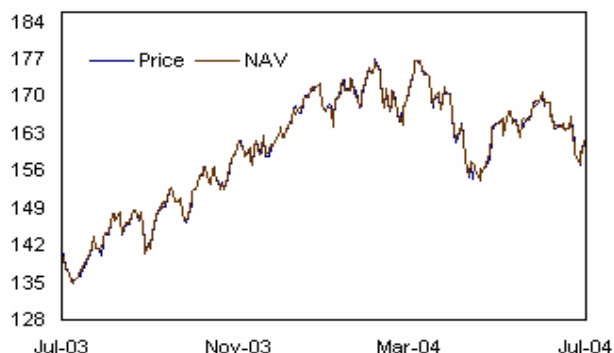
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-1.3	30.6	14.0	19.5
NAV	-1.0	30.9	14.2	17.8

Distribution History (\$)

	2002	2003	YTD 2004
Income	3.33	2.65	1.34
Capital Gains	0.00	0.00	0.00
Total	3.33	2.65	1.34

Fund Description

The streetTRACKS Dow Jones US Small Cap Value Index Fund (DSV) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Dow Jones US Small Cap Value Index. The index is float-adjusted market cap-weighted and contains small-cap value stocks in the Dow Jones US Total Market Index selected by a proprietary model. It is rebalanced quarterly during March, June, September, and December. To track the index, the fund generally will invest in all of the stocks composing the index in proportion to their weightings in the index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	30.7
Information Technology	12.9
Industrials	12.6
Consumer Discretionary	12.0
Materials	11.2
Utilities	11.0
Energy	3.6
Health Care	3.3
Consumer Staples	2.5
Telecommunication Services	0.3

Top Ten Holdings (%)

Ryder System	0.8
Reliant Energy	0.8
Fulton Fin	0.7
Hosp Prop	0.7
COL Bancgroup	0.7
UTD Dominion Rty	0.7
Cali Realty	0.7
Sky Financial Group	0.7
Louisiana Pacif	0.7
Thornburg Mtg	0.6
Top Ten Total	6.9

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Morningstar Small Core Index Fund (JKJ)

SMALL-CAP CORE

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$57.78	\$59.91	\$55.86
Fund Ticker			JKJ
Intraday NAV Ticker			HKG
Benchmark Index Ticker (Bloomberg)			na
Market Cap (\$Mil)			29
Shares Outstanding (Mil)			1
Avg Daily Trading Volume (Shares)			2,529
Expense Ratio (%)			0.25
Focus	Small-Cap Core		
Investment Advisor	Barclays Global Investors		
Inception Date	7/2/2004		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	376		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

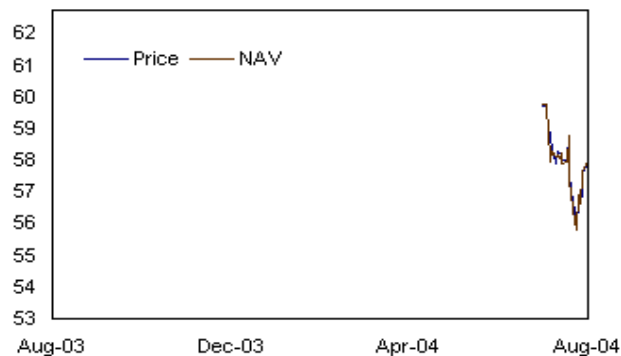
	Since Inception			
	3 Mo	1Yr	3 Yr	
Price	-	-	-	-
NAV	-	-	-	-

Distribution History (\$)

	YTD 2004
Income	0.00
Capital Gains	0.00
Total	0.00

Fund Description

The iShares Morningstar Small Core Index Fund (JKJ) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Morningstar Small Core Index. The index is float-adjusted market cap-weighted and contains US small-cap stocks selected by a ten factor proprietary model that are not dominated by either growth or value characteristics. It is rebalanced semiannually in June and December. To track the index, the fund generally will invest in all of the stocks in the index in proportion to their weightings in the index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	23.2
Industrials	20.2
Information Technology	14.2
Consumer Discretionary	13.8
Health Care	9.8
Energy	7.2
Materials	5.8
Consumer Staples	4.2
Telecommunication Services	1.5

Top Ten Holdings (%)

Palmone	0.7
Briggs Strat	0.7
Andrx	0.7
Brinks	0.7
Ashland Coal	0.7
Centerpnt Prop	0.6
Shurgard Storage	0.6
CBL & Assoc	0.6
Carramerica Rlty	0.6
New Centry Finl	0.6
<i>Top Ten Total</i>	6.4

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Consumer Discretionary Select Sector SPDR Fund (XLY) CONSUMER DISCRETIONARY

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$30.43	\$26.80
Fund Ticker	XLY	
Intraday NAV Ticker	YXV	
Benchmark Index Ticker (Bloomberg)	IXY	
Market Cap (\$Mil)	272	
Shares Outstanding (Mil)	9	
Avg Daily Trading Volume (Shares)	250,186	
Expense Ratio (%)	0.28	
Focus	Consumer Discretionary Sector Stocks	
Investment Advisor	State Street Global Advisors	
Inception Date	12/22/1998	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	85	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

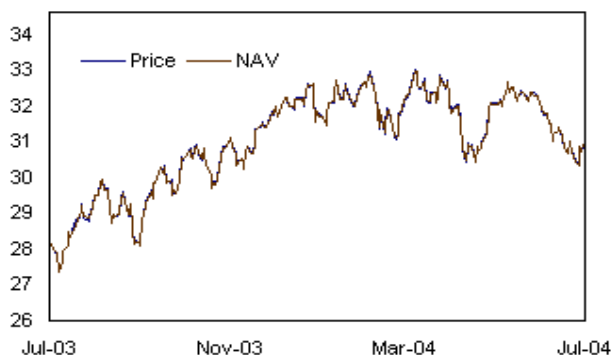
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-0.3	17.5	5.4	4.8
NAV	-0.4	17.8	5.6	4.9

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.17	0.19	0.08
Capital Gains	0.00	0.00	0.00
Total	0.17	0.19	0.08

Fund Description

The Consumer Discretionary Select Sector SPDR Fund (XLY) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Consumer Discretionary Select Sector Index. The index is weighted on a modified market-cap basis and includes companies in the consumer discretionary segment of the economy. It is rebalanced as necessary throughout the year with minimal disruptions. To track the index, the fund generally will invest in all of the securities composing its underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Movies & Entertainment	16.2
Home Improvement Retail	10.7
Broadcasting & Cable TV	8.3
Restaurants	6.4
Publishing	6.1
Department Stores	5.3
Hotels, Resorts & Cruise Lines	5.1
General Merchandise Stores	4.8
Specialty Stores	4.7
Internet Retail	4.7

Top Ten Holdings (%)

Time Warner	6.7
Home Depot	6.7
Comcast	5.5
Viacom	5.2
Ebay	4.7
Walt Disney	4.2
Target	3.6
Lowe's	3.4
McDonald's	3.1
Carnival	2.6
<i>Top Ten Total</i>	45.9

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares DJ US Cons. Cyclical Sector Index Fund (IYC) CONSUMER DISCRETIONARY

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$53.12	\$58.20	\$48.09
Fund Ticker			IYC
Intraday NAV Ticker			NLL
Benchmark Index Ticker (Bloomberg)			DJUSCY
Market Cap (\$Mil)			194
Shares Outstanding (Mil)			4
Avg Daily Trading Volume (Shares)			54,066
Expense Ratio (%)			0.60
Focus	Consumer Cyclical Sector Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	6/12/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	293		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

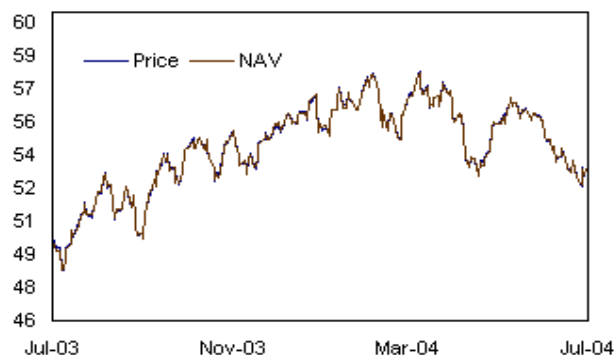
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-2.3	14.4	-2.9	-1.5
NAV	-1.9	14.8	-2.6	-1.5

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.04	0.11	0.05
Capital Gains	0.00	0.00	0.00
Total	0.04	0.11	0.05

Fund Description

The iShares Dow Jones US Consumer Cyclical Sector Index Fund (IYC) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Dow Jones US Consumer Cyclical Sector Index. The index is float-adjusted market cap-weighted and measures the performance of the consumer cyclical sector of the US equity market. It is reviewed and rebalanced quarterly during March, June, September, and December. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Movies & Entertainment	11.2
Broadcasting & Cable TV	10.3
Hypermarkets & Super Centers	10.2
Home Improvement Retail	6.9
Restaurants	6.0
Specialty Stores	5.1
Publishing	5.0
Apparel Retail	4.0
Department Stores	3.7
Drug Retail	3.6

Top Ten Holdings (%)

Wal-Mart	8.9
Home Depot	4.7
Time Warner	4.6
Viacom	3.2
Walt Disney	3.0
Walgreen	2.4
Target	2.3
Lowe's	2.2
Comcast	2.2
McDonalds	2.2
Top Ten Total	35.5

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Retail HOLDERS (RTH)

CONSUMER DISCRETIONARY

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$88.24	\$96.15
Fund Ticker		RTH
Intraday NAV Ticker		IRH
Benchmark Index Ticker (Bloomberg)		IRH
Market Cap (\$Mil)		649
Shares Outstanding (Mil)		7
Avg Daily Trading Volume (Shares)		2,037,250
Expense Ratio (%)		0*
Focus	Retail Industry Stocks	
Investment Advisor	Bank of New York	
Inception Date	5/1/2001	
Portfolio Structure	Grantor Trust	
Approx. Number of Stocks in Fund	20	
Options Available	Yes	
Minimum Trade Size (Shares)	100	
Distribution Frequency	Ongoing	
Performance (%)	06/30/2004	

	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-2.5	13.1	0.2	-1.5
NAV	-2.5	13.1	0.2	-1.5

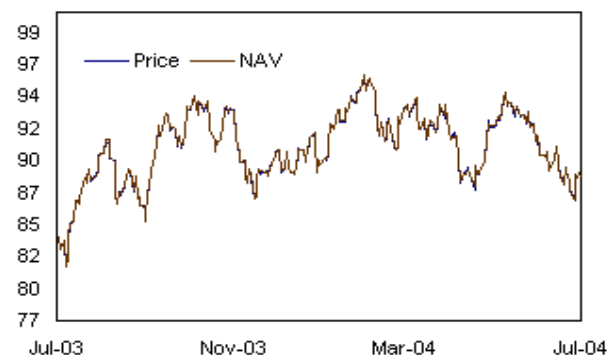
Distribution History (\$)

	2002	2003	YTD 2004
Income	0.48	0.54	0.18
Capital Gains	0.00	0.00	0.00
Total	0.48	0.54	0.18

Fund Description

The Retail HOLDERS (RTH) is an exchange-traded fund that represents an undivided beneficial ownership in the common stock of a group of specified companies. The components of the trust will not change, except for defined reconstitution events such as mergers or acquisitions, which can result in stocks being eliminated from the basket. *Expenses for HOLDERS consist of a custody fee of \$2 per round lot (100 shares) per quarter. However, the trustee will waive that portion of the fee which exceeds the total cash dividends and other cash distributions.

Price & NAV Performance



Portfolio Breakdown

July 30, 2004

Top Sector/Industry Weightings (%)

Hypermarkets & Super Centers	25.5
Home Improvement Retail	23.0
Drug Retail	11.2
Department Stores	9.6
Apparel Retail	8.6
General Merchandise Stores	8.0
Food Retail	6.9
Computer & Electronics Retail	4.2
Internet Retail	3.0

Top Ten Holdings (%)

Wal-Mart	21.7
Home Depot	15.2
Target	8.0
Walgreen	7.9
Lowe's	7.7
Gap	4.1
Costco	3.8
CVS	3.3
Best Buy	3.2
Kohls	3.1
Top Ten Total	78.1

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Consumer Discretionary VIPERs (VCR)

CONSUMER DISCRETIONARY

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$46.89	\$50.93
Fund Ticker	VCR	
Intraday NAV Ticker	HVA	
Benchmark Index Ticker (Bloomberg)	MZUSI0CD	
Market Cap (\$Mil)	19	
Shares Outstanding (Mil)	0	
Avg Daily Trading Volume (Shares)	1,923	
Expense Ratio (%)	0.28	
Focus	Consumer Discretionary	
Investment Advisor	The Vanguard Group	
Inception Date	1/30/2004	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	430	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

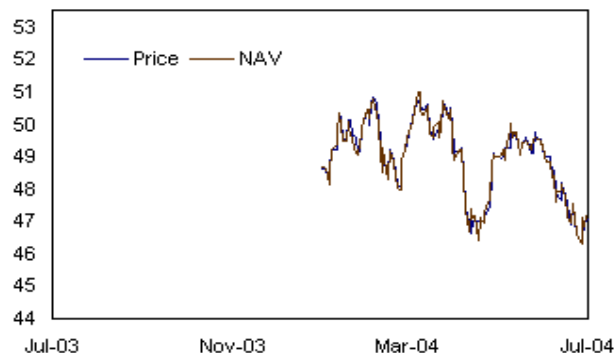
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-1.5	-	-	-2.0
NAV	-1.0	-	-	-1.6

Distribution History (\$)

	YTD 2004
Income	0.00
Capital Gains	0.00
Total	0.00

Fund Description

The Vanguard Consumer Discretionary VIPERs (VCR) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI US Investable Market Consumer Discretionary Index. It consists of all stocks within the broader MSCI Investable Market Index classified as Consumer Discretionary according to the Global Industry Classification Standard (GICS). The index is market cap-weighted, adjusted quarterly for free float and for companies that move out of its market cap range, and is rebalanced semiannually in May and November. To track the index, VCR may use optimization techniques and derivatives, however, the fund will generally hold all of the stocks in the index in proportionately the same weights.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Movies & Entertainment	12.5
Broadcasting & Cable TV	11.7
Home Improvement Retail	8.2
Specialty Stores	6.9
Restaurants	6.9
Publishing	5.9
Apparel Retail	4.6
Internet Retail	4.4
General Merchandise Stores	4.0
Department Stores	4.0

Top Ten Holdings (%)

Home Depot	5.3
Time Warner	5.0
Viacom	3.6
Walt Disney	3.3
Target	2.7
Lowes	2.5
Ebay	2.5
Comcast	2.5
McDonalds	2.4
Ford	1.8
Top Ten Total	31.5

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Consumer Staples Select Sector SPDR Fund (XLP)

CONSUMER STAPLES

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$21.95	\$23.67	\$19.70
Fund Ticker			XLP
Intraday NAV Ticker			PXV
Benchmark Index Ticker (Bloomberg)			IXR
Market Cap (\$Mil)			577
Shares Outstanding (Mil)			26
Avg Daily Trading Volume (Shares)			455,660
Expense Ratio (%)			0.28
Focus	Consumer Staples Sector Stocks		
Investment Advisor	State Street Global Advisors		
Inception Date	12/22/1998		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	37		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

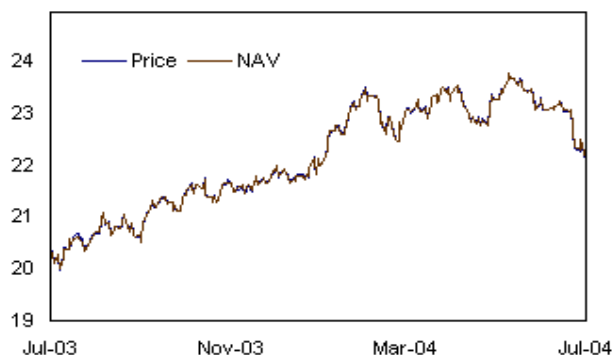
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.3	16.2	-0.1	-1.1
NAV	1.3	16.3	-0.2	-1.1

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.38	0.36	0.17
Capital Gains	0.00	0.00	0.00
Total	0.38	0.36	0.17

Fund Description

The Consumer Staples Select Sector SPDR Fund (XLP) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Consumer Staples Select Sector Index. The index is weighted on a modified market-cap basis and includes companies involved in cosmetics, personal care, soft drinks, tobacco and food products. It is rebalanced as necessary throughout the year with minimal disruptions. To track the index, the fund generally will invest in all of the securities composing its underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Hypermarkets & Super Centers	22.2
Household Products	19.0
Soft Drinks	15.8
Packaged Foods & Meats	12.8
Personal Products	6.3
Tobacco	5.8
Drug Retail	5.4
Brewers	4.3
Food Retail	4.3
Food Distributors	2.1

Top Ten Holdings (%)

Wal-Mart	20.2
Procter & Gamble	12.0
Coca Cola	9.2
Pepsico	4.6
Altria	4.2
Anheuser Busch	3.9
Gillette	3.6
Walgreen	3.6
Kimberly-Clark	3.1
Colgate Palmolive	2.7
Top Ten Total	67.2

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares DJ US Consumer Non-Cyclical Index Fund (IYK)

CONSUMER STAPLES

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$48.72	\$52.85	\$42.16
Fund Ticker			IYK
Intraday NAV Ticker			NMJ
Benchmark Index Ticker (Bloomberg)			NMJNV
Market Cap (\$Mil)			346
Shares Outstanding (Mil)			7
Avg Daily Trading Volume (Shares)			76,346
Expense Ratio (%)			0.60
Focus	Consumer Non-Cyclical Sector Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	6/12/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	101		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

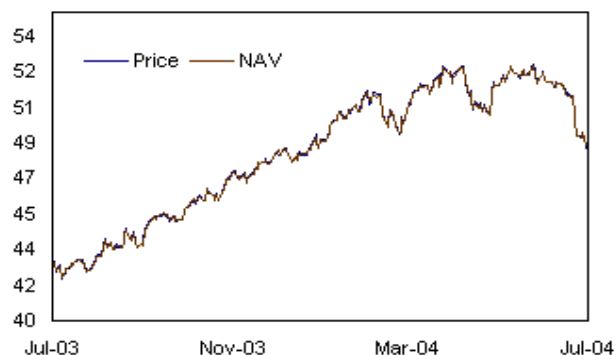
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	3.5	21.5	9.9	7.9
NAV	3.2	21.5	9.8	7.9

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.60	0.67	0.33
Capital Gains	0.00	0.00	0.00
Total	0.60	0.67	0.33

Fund Description

The iShares Dow Jones US Consumer Non-Cyclical Index Fund (IYK) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Dow Jones US Consumer Non-Cyclical Sector Index. The index is float-adjusted market cap-weighted and measures the performance of the consumer non-cyclical sector of the US equity market. It is reviewed and rebalanced quarterly during March, June, September, and December. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Household Products	21.0
Soft Drinks	19.5
Packaged Foods & Meats	13.2
Tobacco	11.3
Personal Products	6.7
Diversified Commercial Services	6.4
Internet Retail	5.0
Brewers	4.3
Food Retail	3.8
Food Distributors	2.3

Top Ten Holdings (%)

Procter & Gamble	13.8
Altria	9.8
Coca Cola	9.7
Pepsico	8.6
Anheuser Busch	4.2
Ebay	3.5
Gillette	3.5
Kimberly-Clark	3.3
Colgate Palmolive	2.7
Cendant	2.4
Top Ten Total	61.5

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Consumer Staples VIPERs (VDC)

CONSUMER STAPLES

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$51.21	\$54.65	\$50.65
Fund Ticker			VDC
Intraday NAV Ticker			HVP
Benchmark Index Ticker (Bloomberg)			MZUSI0CS
Market Cap (\$Mil)			20
Shares Outstanding (Mil)			0
Avg Daily Trading Volume (Shares)			3,776
Expense Ratio (%)			0.28
Focus	Consumer Staples Sector Stocks		
Investment Advisor	The Vanguard Group		
Inception Date	1/30/2004		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	103		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Performance (%)	06/30/2004		

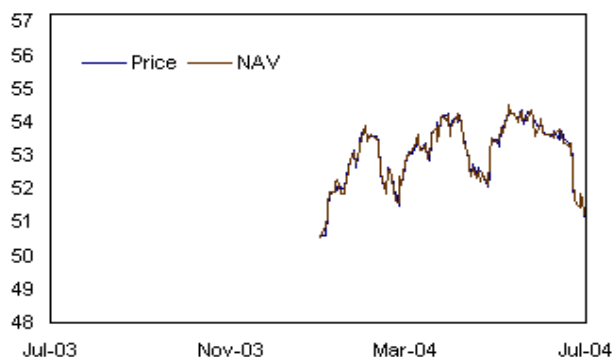
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.8	-	-	6.5
NAV	2.0	-	-	6.6

Distribution History (\$)

	YTD 2004
Income	0.00
Capital Gains	0.00
Total	0.00

Fund Description

The Vanguard Consumer Staples VIPERs (VDC) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI US Investable Market Consumer Staples Index. It consists of all stocks within the broader MSCI Investable Market Index classified as Consumer Staples according to the Global Industry Classification Standard (GICS). The index is market cap-weighted, adjusted quarterly for free float and for companies that move out of its market cap range, and is rebalanced semiannually in May and November. To track the index, VDC may use optimization techniques and derivatives, however, the fund will generally hold all of the stocks in the index in proportionately the same weights.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Household Products	18.3
Soft Drinks	15.4
Hypermarkets & Super Centers	14.8
Packaged Foods & Meats	14.6
Tobacco	9.6
Personal Products	7.4
Drug Retail	6.0
Food Retail	4.8
Brewers	4.3
Food Distributors	2.7

Top Ten Holdings (%)

Wal-Mart	12.7
Procter & Gamble	10.7
Altria	7.6
Coca Cola	7.5
Pepsico	6.6
Anheuser Busch	4.0
Walgreen	3.6
Gillette	3.5
Kimberly-Clark	3.1
Colgate Palmolive	2.7
<i>Top Ten Total</i>	62.0

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Energy Select Sector SPDR Fund (XLE)

ENERGY

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$32.45	\$32.73	\$22.73
Fund Ticker			XLE
Intraday NAV Ticker			EXX
Benchmark Index Ticker (Bloomberg)			IXE
Market Cap (\$Mil)			1,293
Shares Outstanding (Mil)			40
Avg Daily Trading Volume (Shares)			1,419,356
Expense Ratio (%)			0.28
Focus	Energy Sector Stocks		
Investment Advisor	State Street Global Advisors		
Inception Date	12/22/1998		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	27		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

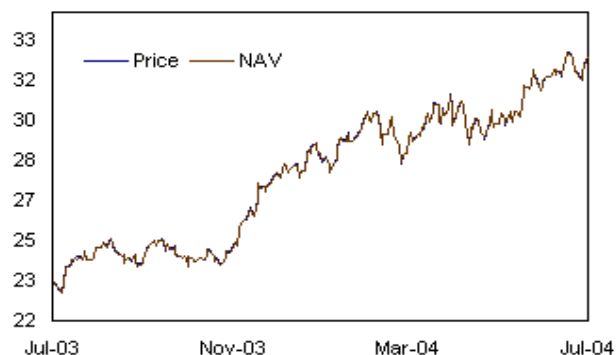
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	7.7	33.2	3.2	7.5
NAV	7.8	33.4	3.2	7.6

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.48	0.48	0.25
Capital Gains	0.00	0.00	0.00
Total	0.48	0.48	0.25

Fund Description

The Energy Select Sector SPDR Fund (XLE) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Energy Select Sector Index. The index is weighted on a modified market-cap basis and includes companies involved in energy-related services. It is rebalanced as necessary throughout the year with minimal disruptions. To track the index, the fund generally will invest in all of the securities composing its underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Integrated Oil & Gas	53.8
Oil & Gas Exploration & Production	20.0
Oil & Gas Equipment & Services	12.0
Oil & Gas Refining, Marketing & Transportation	7.2
Oil & Gas Drilling	7.1

Top Ten Holdings (%)

Exxon Mobil	21.7
ChevronTexaco	15.0
ConocoPhillips	8.3
Schlumberger	4.1
Occidental	3.7
Devon Energy	3.4
Burlington Res	3.2
Anadarko Petroleum	3.1
Apache	3.1
Halliburton	2.9
<i>Top Ten Total</i>	68.4

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Dow Jones US Energy Sector Index Fund (IYE)

ENERGY

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$57.73	\$58.13	\$40.61
Fund Ticker	IYE		
Intraday NAV Ticker	NLE		
Benchmark Index Ticker (Bloomberg)	DJUSEN		
Market Cap (\$Mil)	413		
Shares Outstanding (Mil)	7		
Avg Daily Trading Volume (Shares)	60,083		
Expense Ratio (%)	0.60		
Focus	Energy Sector Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	6/12/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	58		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

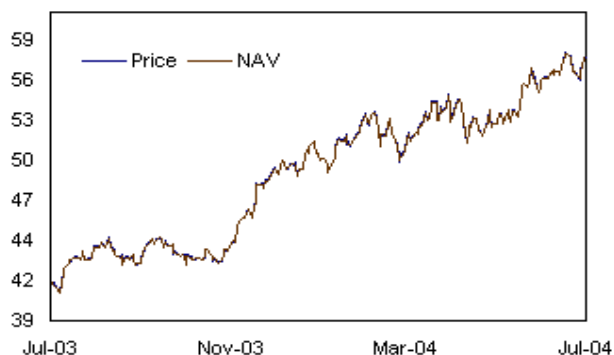
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	7.6	31.6	5.0	4.0
NAV	7.7	32.3	5.1	4.0

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.69	0.73	0.38
Capital Gains	0.00	0.00	0.00
Total	0.69	0.73	0.38

Fund Description

The iShares Dow Jones US Energy Sector Index Fund (IYE) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Dow Jones US Energy Sector Index. The index is float-adjusted market cap-weighted and measures the performance of the energy sector of the US equity market. It is reviewed and rebalanced quarterly during March, June, September, and December. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Integrated Oil & Gas	60.1
Oil & Gas Exploration & Production	18.1
Oil & Gas Equipment & Services	12.8
Oil & Gas Drilling	4.6
Oil & Gas Refining, Marketing & Transportation	3.8
Diversified Metals & Mining	0.5

Top Ten Holdings (%)

Exxon Mobil	24.0
ChevronTexaco	21.4
ConocoPhillips	5.0
Schlumberger	4.5
Occidental	4.4
Burlington Res	3.0
Baker Hughes	2.5
Apache	2.4
Devon Energy	2.4
Anadarko Petroleum	2.4
Top Ten Total	72.0

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Oil Service HOLDRS (OIH)

ENERGY

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$74.78	\$53.67
Fund Ticker		OIH
Intraday NAV Ticker		OXH
Benchmark Index Ticker (Bloomberg)		OXH
Market Cap (\$Mil)		1,099
Shares Outstanding (Mil)		15
Avg Daily Trading Volume (Shares)		1,789,250
Expense Ratio (%)		0*
Focus	Oil Service Stocks	
Investment Advisor	Bank of New York	
Inception Date	2/6/2001	
Portfolio Structure	Grantor Trust	
Approx. Number of Stocks in Fund	18	
Options Available	Yes	
Minimum Trade Size (Shares)	100	
Distribution Frequency	Ongoing	
Performance (%)	06/30/2004	

	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	3.0	20.7	1.5	-7.8
NAV	3.0	20.7	1.5	-7.8

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.36	0.33	0.17
Capital Gains	0.00	0.00	0.00
Total	0.36	0.33	0.17

Fund Description

The Oil Service HOLDRS (OIH) is an exchange-traded fund that represents an undivided beneficial ownership in the common stock of a group of specified companies. The components of the trust will not change, except for defined reconstitution events such as mergers or acquisitions, which can result in stocks being eliminated from the basket.

*Expenses for HOLDRS consist of a custody fee of \$2 per round lot (100 shares) per quarter. According to the prospectus, the trustee will waive that portion of the fee, which exceeds the total cash dividends and other cash distributions.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Oil & Gas Equipment & Services	62.1
Oil & Gas Drilling	37.9

Top Ten Holdings (%)

Baker Hughes	11.1
Schlumberger	9.5
BJ Services	9.3
Halliburton	9.3
Nabors	7.4
Globalsantafe	7.3
Transocean	6.8
Smith	6.3
Noble	5.7
Weatherford	5.7
Top Ten Total	78.5

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Financial Select Sector SPDR Fund (XLF)

FINANCIAL

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$27.97	\$30.61	\$24.62
Fund Ticker			XLF
Intraday NAV Ticker			FXV
Benchmark Index Ticker (Bloomberg)			IXM
Market Cap (\$Mil)			944
Shares Outstanding (Mil)			34
Avg Daily Trading Volume (Shares)			2,893,786
Expense Ratio (%)			0.28
Focus	Financial Sector Stocks		
Investment Advisor	State Street Global Advisors		
Inception Date	12/22/1998		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	81		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-2.3	18.8	2.1	5.4
NAV	-2.4	19.0	2.0	5.5

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.85	0.52	0.28
Capital Gains	0.00	0.00	0.00
Total	0.85	0.52	0.28

Fund Description

The Financial Select Sector SPDR Fund (XLF) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Financial Select Sector Index. The index is weighted on a modified market-cap basis and includes companies involved in a wide array of diversified financial services. It is rebalanced as necessary throughout the year with minimal disruptions. To track the index, the fund generally will invest in all of the securities composing its underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Diversified Banks	18.6
Other Diversified Financial Services	17.6
Regional Banks	10.2
Multi-line Insurance	10.1
Thrifts & Mortgage Finance	9.3
Investment Banking & Brokerage	9.0
Property & Casualty Insurance	6.5
Consumer Finance	6.2
Life & Health Insurance	4.6
Asset Management & Custody Banks	3.9

Top Ten Holdings (%)

Citigroup	10.8
AIG	8.7
Bank of America	8.2
JP Morgan Chase	6.3
Wells Fargo	4.6
Fannie Mae	3.2
American Express	3.0
Wachovia	2.8
Morgan Stanley	2.6
US Bancorp	2.6
Top Ten Total	52.7

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Dow Jones US Financial Sector Index Fund (IYF)

FINANCIAL

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$87.64	\$95.72	\$76.61
Fund Ticker			IYF
Intraday NAV Ticker			NLF
Benchmark Index Ticker (Bloomberg)			DJUSFN
Market Cap (\$Mil)			232
Shares Outstanding (Mil)			3
Avg Daily Trading Volume (Shares)			22,743
Expense Ratio (%)			0.60
Focus	Financial Sector Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	5/22/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	300		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

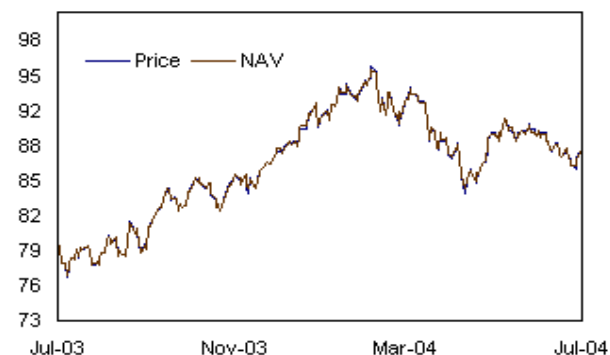
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-2.7	20.0	3.6	7.7
NAV	-2.6	19.9	3.5	7.7

Distribution History (\$)

	2002	2003	YTD 2004
Income	1.19	1.46	0.71
Capital Gains	0.00	0.00	0.00
Total	1.19	1.46	0.71

Fund Description

The iShares Dow Jones US Financial Sector Index Fund (IYF) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Dow Jones US Financial Sector Index. The index is float-adjusted market cap-weighted and measures the performance of the financial sector of the US equity market. It is reviewed and rebalanced quarterly during March, June, September, and December. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Diversified Banks	16.0
Other Diversified Financial Services	15.2
Regional Banks	12.7
Thriffs & Mortgage Finance	9.8
Real Estate Investment Trusts	8.2
Multi-line Insurance	8.0
Investment Banking & Brokerage	7.5
Property & Casualty Insurance	6.8
Consumer Finance	5.1
Life & Health Insurance	3.8

Top Ten Holdings (%)

Citigroup	9.3
Bank of America	7.1
AIG	6.6
JP Morgan Chase	5.4
Wells Fargo	4.0
Fannie Mae	2.5
Wachovia	2.4
American Express	2.3
US Bancorp	2.2
Morgan Stanley	2.0
<i>Top Ten Total</i>	43.8

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Financials VIPERs (VFH)

FINANCIAL

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$48.57	\$46.21
Fund Ticker	VFH	
Intraday NAV Ticker	HVF	
Benchmark Index Ticker (Bloomberg)	MZUS10FN	
Market Cap (\$Mil)	19	
Shares Outstanding (Mil)	0	
Avg Daily Trading Volume (Shares)	2,166	
Expense Ratio (%)	0.28	
Focus	Financials Sector Stocks	
Investment Advisor	The Vanguard Group	
Inception Date	1/30/2004	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	525	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

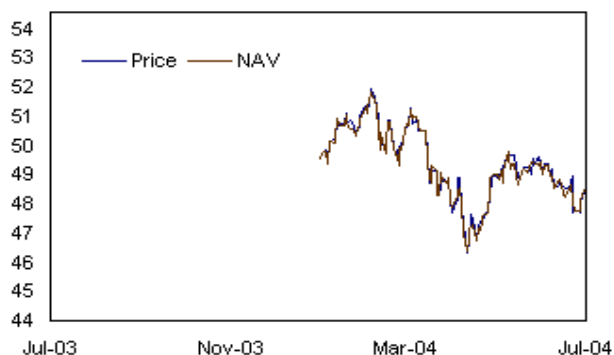
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-2.5	-	-	-1.5
NAV	-2.5	-	-	-1.6

Distribution History (\$)

	YTD 2004
Income	0.00
Capital Gains	0.00
Total	0.00

Fund Description

The Vanguard Financials VIPERs (VFH) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI US Investable Market Financials Index. It consists of all stocks within the broader MSCI Investable Market Index classified as Financials according to the Global Industry Classification Standard (GICS). The index is market cap-weighted, adjusted quarterly for free float and for companies that move out of its market cap range, and is rebalanced semiannually in May and November. To track the index, VFH may use optimization techniques and derivatives, however, the fund will generally hold all of the stocks in the index in proportionately the same weights.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Diversified Banks	15.3
Other Diversified Financial Services	14.3
Regional Banks	13.3
Thrifts & Mortgage Finance	10.0
Real Estate Investment Trusts	8.7
Multi-line Insurance	7.5
Property & Casualty Insurance	7.5
Investment Banking & Brokerage	6.6
Consumer Finance	5.2
Life & Health Insurance	4.3

Top Ten Holdings (%)

Citigroup	8.8
Bank of America	6.7
AIG	6.0
JP Morgan Chase	5.1
Wells Fargo	3.8
Fannie Mae	2.7
Wachovia	2.3
American Express	2.2
US Bancorp	2.1
Morgan Stanley	1.9
Top Ten Total	41.6

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Dow Jones US Financial Services Index Fund (IYG)

FINANCIAL

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$100.82	\$110.79	\$88.71
Fund Ticker			IYG
Intraday NAV Ticker			NAG
Benchmark Index Ticker (Bloomberg)			DJUSFV
Market Cap (\$Mil)			111
Shares Outstanding (Mil)			1
Avg Daily Trading Volume (Shares)			6,063
Expense Ratio (%)			0.60
Focus	Financial Services Industry Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	6/12/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	151		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

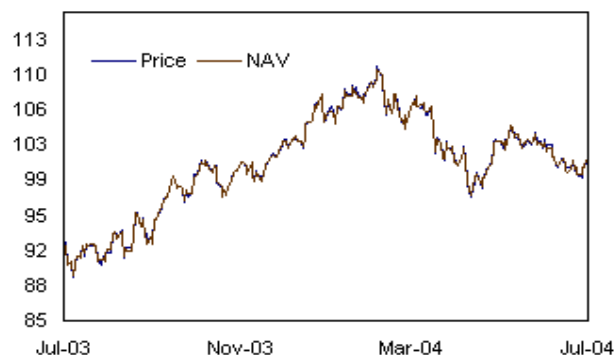
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-3.0	17.8	4.2	6.7
NAV	-3.2	18.0	3.9	6.6

Distribution History (\$)

	2002	2003	YTD 2004
Income	1.47	1.72	1.02
Capital Gains	0.00	0.00	0.00
Total	1.47	1.72	1.02

Fund Description

The iShares Dow Jones US Financial Services Index Fund (IYG) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Dow Jones US Financial Services Index. The index is float-adjusted market cap-weighted and measures the performance of the financial services industry segment of the US equity market. It is reviewed and rebalanced quarterly during March, June, September, and December. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Diversified Banks	22.9
Other Diversified Financial Services	21.7
Regional Banks	18.1
Thriffs & Mortgage Finance	13.1
Investment Banking & Brokerage	10.7
Consumer Finance	7.3
Asset Management & Custody Banks	5.3
Specialized Finance	0.6
Data Processing & Outsourced Services	0.3
IT Consulting & Other Services	0.0

Top Ten Holdings (%)

Citigroup	13.3
Bank of America	10.1
JP Morgan Chase	7.7
Wells Fargo	5.7
Fannie Mae	3.6
Wachovia	3.4
American Express	3.3
US Bancorp	3.2
Morgan Stanley	2.9
Merrill Lynch	2.6
Top Ten Total	55.7

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Regional Bank HOLDERS (RKH)

FINANCIAL

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$129.14	\$140.26	\$111.50
Fund Ticker			RKH
Intraday NAV Ticker			XRH
Benchmark Index Ticker (Bloomberg)			XRH
Market Cap (\$Mil)			327
Shares Outstanding (Mil)			3
Avg Daily Trading Volume (Shares)			308,203
Expense Ratio (%)			0*
Focus	Regional Bank Industry Stocks		
Investment Advisor	Bank of New York		
Inception Date	6/23/2000		
Portfolio Structure	Grantor Trust		
Approx. Number of Stocks in Fund	19		
Options Available	Yes		
Minimum Trade Size (Shares)	100		
Distribution Frequency	Ongoing		
Performance (%)	06/30/2004		

	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-1.7	19.5	5.5	10.3
NAV	-1.7	19.5	5.5	10.3

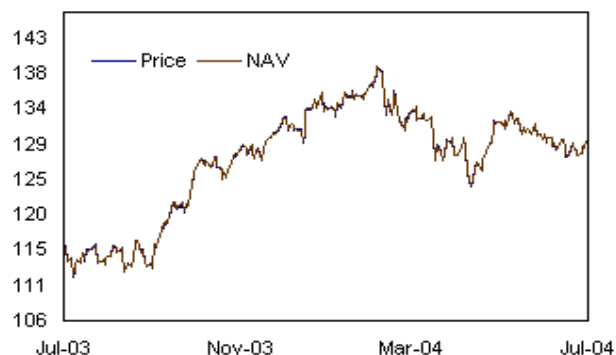
Distribution History (\$)

	2002	2003	YTD 2004
Income	4.78	3.42	2.22
Capital Gains	0.00	0.00	0.00
Total	4.78	3.42	2.22

Fund Description

The Regional Bank HOLDERS (RKH) is an exchange-traded fund that represents an undivided beneficial ownership in the common stock of a group of specified companies. The components of the trust will not change, except for defined reconstitution events such as mergers or acquisitions, which can result in stocks being eliminated from the basket.

*Expenses for HOLDERS consist of a custody fee of \$2 per round lot (100 shares) per quarter. According to the prospectus, the trustee will waive that portion of the fee which exceeds the total cash dividends and other cash distributions.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Diversified Banks	48.8
Regional Banks	30.1
Other Diversified Financial Services	12.5
Asset Management & Custody Banks	8.5
Investment Banking & Brokerage	0.2

Top Ten Holdings (%)

Wachovia	14.1
US Bancorp	12.6
JP Morgan Chase	12.5
Wells Fargo	10.7
Bank of America	9.1
Fifth Third Bncp	5.2
National City	5.1
Suntrust	4.6
PNC Bank	3.5
State Street	3.4
Top Ten Total	80.8

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Health Care Select Sector SPDR Fund (XLV)

HEALTH CARE

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$28.92	\$31.98	\$27.31
Fund Ticker			XLV
Intraday NAV Ticker			NXV
Benchmark Index Ticker (Bloomberg)			IXV
Market Cap (\$Mil)			755
Shares Outstanding (Mil)			26
Avg Daily Trading Volume (Shares)			290,763
Expense Ratio (%)			0.28
Focus	Health Care Sector Stocks		
Investment Advisor	State Street Global Advisors		
Inception Date	12/22/1998		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund			53
Options Available			Yes
Minimum Trade Size (Shares)			1
Distribution Frequency			Quarterly
Performance (%)	06/30/2004		

	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	2.4	5.4	2.0	4.4
NAV	2.6	5.6	2.0	4.4

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.27	0.35	0.16
Capital Gains	0.00	0.00	0.00
Total	0.27	0.35	0.16

Fund Description

The Health Care Select Sector SPDR Fund (XLV) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Health Care Select Sector Index. The index is weighted on a modified market-cap basis and includes companies in the health care sector. It is rebalanced as necessary throughout the year with minimal disruptions. To track the index, the fund generally will invest in all of the securities composing its underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Pharmaceuticals	58.2
Health Care Equipment	16.1
Biotechnology	10.1
Managed Health Care	7.1
Health Care Services	3.1
Health Care Distributors	2.6
Health Care Facilities	2.4
Health Care Supplies	0.5

Top Ten Holdings (%)

Pfizer	17.9
Johnson & Johnson	12.1
Merck	7.4
Amgen	5.3
Eli Lilly	5.3
Medtronic	4.5
Abbott Labs	3.8
Wyeth	3.5
Bristol Myers Squibb	3.2
Unitedhealth	3.2
<i>Top Ten Total</i>	66.1

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Dow Jones US Healthcare Sector Index Fund (IYH)

HEALTH CARE

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$55.46	\$60.90	\$51.60
Fund Ticker			IYH
Intraday NAV Ticker			NHG
Benchmark Index Ticker (Bloomberg)			DJUSHC
Market Cap (\$Mil)			671
Shares Outstanding (Mil)			12
Avg Daily Trading Volume (Shares)			101,953
Expense Ratio (%)			0.60
Focus	Healthcare Sector Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	6/12/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	176		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

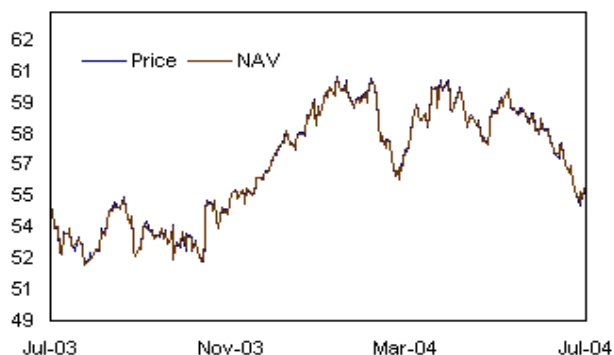
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	2.4	8.4	-0.6	0.3
NAV	2.5	8.7	-0.5	0.3

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.37	0.42	0.18
Capital Gains	0.00	0.00	0.00
Total	0.37	0.42	0.18

Fund Description

The iShares Dow Jones US Healthcare Sector Index Fund (IYH) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Dow Jones US Healthcare Sector Index. The index is float-adjusted market cap-weighted and measures the performance of the healthcare sector of the US equity market. It is reviewed and rebalanced quarterly during March, June, September, and December. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Pharmaceuticals	54.4
Health Care Equipment	15.3
Biotechnology	13.7
Managed Health Care	7.1
Health Care Services	3.8
Health Care Facilities	2.8
Health Care Supplies	1.5
Fertilizers & Agricultural Chemicals	0.7
Health Care Distributors	0.6
Agricultural Products	0.1

Top Ten Holdings (%)

Pfizer	16.3
Johnson & Johnson	11.0
Merck	6.7
Amgen	4.8
Eli Lilly	4.1
Abbott Labs	4.1
Medtronic	4.0
Wyeth	3.2
Bristol Myers Squibb	2.9
Unitedhealth	2.8
Top Ten Total	60.1

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Health Care VIPERs (VHT)

HEALTH CARE

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$46.96	\$51.81	\$46.02
Fund Ticker	VHT		
Intraday NAV Ticker	HVH		
Benchmark Index Ticker (Bloomberg)	MZUS10HC		
Market Cap (\$Mil)	19		
Shares Outstanding (Mil)	0		
Avg Daily Trading Volume (Shares)	10,840		
Expense Ratio (%)	0.28		
Focus	Health Care Sector Stocks		
Investment Advisor	The Vanguard Group		
Inception Date	1/30/2004		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	301		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Performance (%)	06/30/2004		

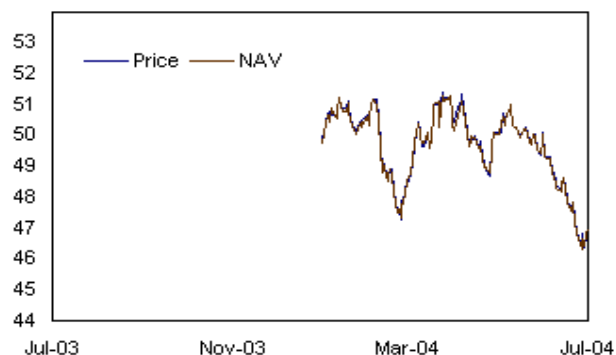
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	2.7	-	-	-0.5
NAV	2.6	-	-	-0.7

Distribution History (\$)

	YTD 2004
Income	0.00
Capital Gains	0.00
Total	0.00

Fund Description

The Vanguard Health Care VIPERs (VHT) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI US Investable Market Health Care Index. It consists of all stocks within the broader MSCI Investable Market Index classified as Health Care according to the Global Industry Classification Standard (GICS). The index is market cap-weighted, adjusted quarterly for free float and for companies that move out of its market cap range, and is rebalanced semiannually in May and November. To track the index, VHT may use optimization techniques and derivatives, however, the fund will generally hold all of the stocks in the index in proportionately the same weights.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Pharmaceuticals	51.3
Health Care Equipment	15.8
Biotechnology	13.4
Managed Health Care	7.0
Health Care Services	4.7
Health Care Facilities	3.1
Health Care Distributors	3.0
Health Care Supplies	1.5
Electronic Equipment Manufacturers	0.2

Top Ten Holdings (%)

Pfizer	15.2
Johnson & Johnson	10.3
Merck	6.3
Amgen	4.6
Eli Lilly	4.0
Medtronic	3.8
Abbott Labs	3.6
Wyeth	3.0
Bristol Myers Squibb	2.7
Unitedhealth	2.5
<i>Top Ten Total</i>	56.1

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Nasdaq Biotechnology Index Fund (IBB)

HEALTH CARE

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$67.85	\$85.00	\$63.75
Fund Ticker			IBB
Intraday NAV Ticker			IBF
Benchmark Index Ticker (Bloomberg)			NBI
Market Cap (\$Mil)			1,133
Shares Outstanding (Mil)			17
Avg Daily Trading Volume (Shares)			779,316
Expense Ratio (%)			0.50
Focus	Biotech Industry Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	2/9/2001		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	140		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

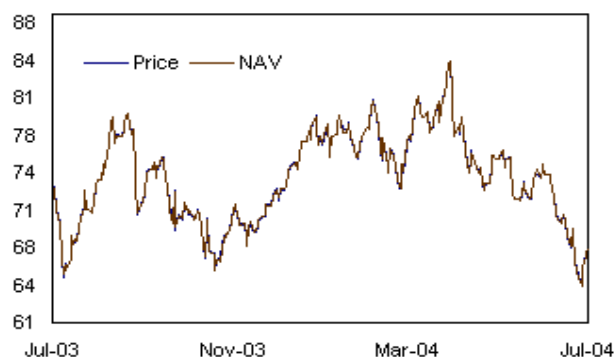
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-2.8	12.1	-9.0	-8.1
NAV	-2.9	12.2	-9.5	-8.1

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.00	0.00	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.00

Fund Description

The iShares Nasdaq Biotechnology Index Fund (IBB) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Nasdaq Biotechnology Index. The index contains companies primarily engaged in using biomedical research for the discovery or development of new treatments or cures for human disease. It is market cap-weighted and rebalanced semiannually in May and November. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Biotechnology	76.6
Pharmaceuticals	20.2
Health Care Equipment	1.3
Health Care Services	0.9
Health Care Distributors	0.9
Application Software	0.2

Top Ten Holdings (%)

Amgen	16.5
Biogen	5.8
Teva Pharm	3.2
Gilead	3.0
Genzyme	2.9
Chiron	2.2
Tularik	1.8
OSI Pharma	1.6
Imclone	1.6
Celgene	1.5
<i>Top Ten Total</i>	40.1

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Biotech HOLDERS (BBH)

HEALTH CARE

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$139.00	\$160.25	\$122.80
Fund Ticker			BBH
Intraday NAV Ticker			IBH
Benchmark Index Ticker (Bloomberg)			IBH
Market Cap (\$Mil)			1,336
Shares Outstanding (Mil)			10
Avg Daily Trading Volume (Shares)			1,088,466
Expense Ratio (%)			0*
Focus	Biotech Industry Stocks		
Investment Advisor	Bank of New York		
Inception Date	11/23/1999		
Portfolio Structure	Grantor Trust		
Approx. Number of Stocks in Fund	18		
Options Available	Yes		
Minimum Trade Size (Shares)	100		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	3.1	18.8	4.3	8.3
NAV	3.1	18.8	4.3	8.3

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.00	0.00	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.00

Fund Description

The Biotech HOLDERS (BBH) is an exchange-traded fund that represents an undivided beneficial ownership in the common stock of a group of specified companies. The components of the trust will not change, except for defined reconstitution events such as mergers or acquisitions, which can result in stocks being eliminated from the basket. *Expenses for HOLDERS consist of a custody fee of \$2 per round lot (100 shares) per quarter. According to the prospectus, the trustee will waive that portion of the fee which exceeds the total cash dividends and other cash distributions.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Biotechnology	96.7
Pharmaceuticals	3.3

Top Ten Holdings (%)

Genentch	30.8
Amgen	26.8
Biogen	11.7
Gilead	6.9
Chiron	5.3
Genzyme	5.3
Applera Corp	2.7
Medimmune	2.5
Sepracor	2.0
Shire Pharm	1.3
<i>Top Ten Total</i>	95.4

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Pharmaceutical HOLDRS (PPH)

HEALTH CARE

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$74.04	\$84.25	\$72.05
Fund Ticker			PPH
Intraday NAV Ticker			IPH
Benchmark Index Ticker (Bloomberg)			IPH
Market Cap (\$Mil)			783
Shares Outstanding (Mil)			11
Avg Daily Trading Volume (Shares)			658,676
Expense Ratio (%)			0*
Focus	Pharmaceutical Industry Stocks		
Investment Advisor	Bank of New York		
Inception Date	2/1/2000		
Portfolio Structure	Grantor Trust		
Approx. Number of Stocks in Fund	21		
Options Available	Yes		
Minimum Trade Size (Shares)	100		
Distribution Frequency	Ongoing		
Performance (%)	06/30/2004		

	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	2.9	-1.6	-4.9	-1.9
NAV	2.9	-1.6	-4.9	-1.9

Distribution History (\$)

	2002	2003	YTD 2004
Income	1.46	1.47	0.81
Capital Gains	0.00	0.00	0.00
Total	1.46	1.47	0.81

Fund Description

The Pharmaceutical HOLDRS (PPH) is an exchange-traded fund that represents an undivided beneficial ownership in the common stock of a group of specified companies. The components of the trust will not change, except for defined reconstitution events such as mergers or acquisitions which can result in stocks being eliminated from the basket.

*Expenses for HOLDRS consist of a custody fee of \$2 per round lot (100 shares) per quarter. According to the prospectus, the trustee will waive that portion of the fee which exceeds the total cash dividends and other cash distributions.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Pharmaceuticals	95.8
Health Care Equipment	2.3
Health Care Services	1.1
Health Care Distributors	0.7
Health Care Supplies	0.1

Top Ten Holdings (%)

Pfizer	25.0
Johnson & Johnson	19.5
Merck	13.5
Eli Lilly	8.6
Abbott Labs	7.4
Wyeth	5.8
Bristol Myers Squibb	5.5
Schering-Plough	3.7
Forest Lab	2.7
Zimmer	1.8
Top Ten Total	93.5

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Industrial Select Sector SPDR Fund (XLI)

INDUSTRIALS

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$27.86	\$28.78	\$22.38
Fund Ticker			XLI
Intraday NAV Ticker			TXV
Benchmark Index Ticker (Bloomberg)			IXI
Market Cap (\$Mil)			614
Shares Outstanding (Mil)			22
Avg Daily Trading Volume (Shares)			798,480
Expense Ratio (%)			0.28
Focus	Industrial Sector Stocks		
Investment Advisor	State Street Global Advisors		
Inception Date	12/22/1998		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund			59
Options Available			Yes
Minimum Trade Size (Shares)			1
Distribution Frequency			Quarterly
Performance (%)	06/30/2004		

	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	8.7	29.8	1.1	5.2
NAV	8.4	30.0	0.9	5.1

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.33	0.34	0.15
Capital Gains	0.00	0.00	0.00
Total	0.33	0.34	0.15

Fund Description

The Industrial Select Sector SPDR Fund (XLI) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Industrial Select Sector Index. The index is weighted on a modified market-cap basis and includes companies involved in the development and production of industrial products. It is rebalanced as necessary throughout the year with minimal disruptions. To track the index, the fund generally will invest in all of the securities composing its underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Industrial Conglomerates	33.3
Aerospace & Defense	18.8
Air Freight & Logistics	9.5
Industrial Machinery	9.0
Diversified Commercial Services	5.7
Construction & Farm Machinery & Heavy Trucks	5.5
Electrical Components & Equipment	4.5
Railroads	4.3
Building Products	2.1
Environmental Services	1.9

Top Ten Holdings (%)

General Electric	21.6
UPS	6.9
3M	5.5
Tyco	5.3
United Technologies	4.2
Boeing	3.6
Honeywell	2.9
Illinois Tool Wk	2.5
Emerson Electric	2.3
Caterpillar	2.2
<i>Top Ten Total</i>	56.9

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Dow Jones Transportation Average Index Fund (IYT)

INDUSTRIALS

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$56.01	\$57.90	\$49.16
Fund Ticker			IYT
Intraday NAV Ticker			EYTNV
Benchmark Index Ticker (Bloomberg)			TRAN
Market Cap (\$Mil)			36
Shares Outstanding (Mil)			1
Avg Daily Trading Volume (Shares)			53,693
Expense Ratio (%)			0.60
Focus	Transportation Related Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	10/10/2003		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	20		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

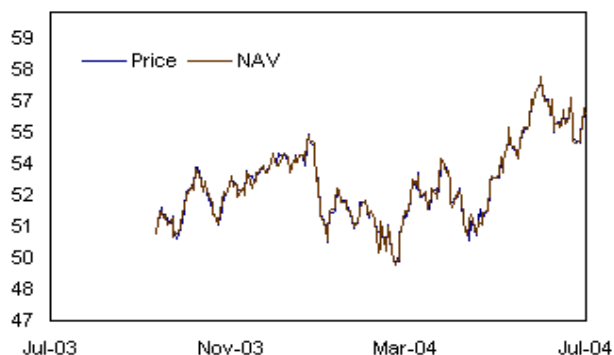
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	11.5	-	-	14.7
NAV	11.5	-	-	16.1

Distribution History (\$)

	2003	YTD 2004
Income	0.38	0.17
Capital Gains	0.00	0.00
Total	0.38	0.17

Fund Description

The iShares Dow Jones U.S. Transportation Average Index Fund (IYT) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Dow Jones Transportation Average. The index is price-weighted and contains 20 transportation stocks that are industry leaders. It is rebalanced only after corporate acquisitions or other dramatic shifts in an index component's core business occur. To track the index, the fund invests in all of the securities in approximately the same proportion as in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Air Freight & Logistics	52.9
Railroads	21.5
Trucking	10.1
Airlines	6.9
Marine	4.5
Specialized Finance	4.1

Top Ten Holdings (%)

Fedex	11.8
UPS	10.9
Expeditors	7.4
Union Pacific	7.0
Ryder	6.4
CNF Transportation	6.3
Yellow Roadway	5.6
J.B. Hunt	5.2
Burl Nthn Santa	4.9
Norfolk Southern	4.9
Top Ten Total	70.4

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Dow Jones US Industrial Sector Index Fund (IYJ)

INDUSTRIALS

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$50.70	\$52.40	\$40.79
Fund Ticker			IYJ
Intraday NAV Ticker			NIJ
Benchmark Index Ticker (Bloomberg)			DJUSIN
Market Cap (\$Mil)			205
Shares Outstanding (Mil)			4
Avg Daily Trading Volume (Shares)			62,770
Expense Ratio (%)			0.60
Focus	Industrial Sector Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	6/12/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	249		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

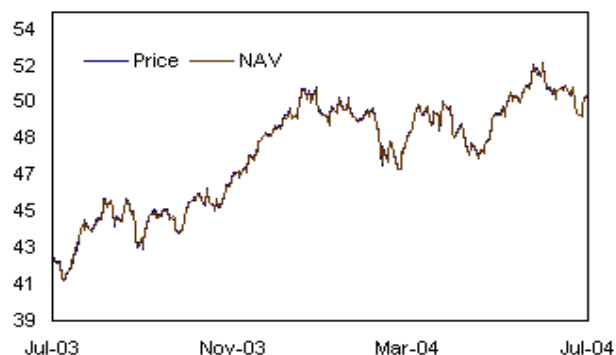
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	7.5	30.3	0.3	-1.8
NAV	7.5	30.0	0.8	-1.8

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.36	0.39	0.16
Capital Gains	0.00	0.00	0.00
Total	0.36	0.39	0.16

Fund Description

The iShares Dow Jones US Industrial Sector Index Fund (IYJ) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Dow Jones US Industrial Sector Index. The index is float-adjusted market cap-weighted and measures the performance of the industrial sector of the US equity market. It is reviewed and rebalanced quarterly during March, June, September, and December. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Industrial Conglomerates	32.7
Aerospace & Defense	14.2
Industrial Machinery	7.7
Data Processing & Outsourced Services	7.0
Air Freight & Logistics	5.4
Construction & Farm Machinery & Heavy Trucks	4.5
Electrical Components & Equipment	3.6
Railroads	3.2
Electronic Equipment Manufacturers	2.5
Diversified Commercial Services	2.2

Top Ten Holdings (%)

General Electric	23.4
Tyco	4.2
3M	4.0
United Technologies	3.3
UPS	2.7
First Data Corp	2.6
Boeing	2.6
Honeywell	2.1
Caterpillar	1.8
Emerson Electric	1.8
<i>Top Ten Total</i>	<i>48.5</i>

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Technology Select Sector SPDR Fund (XLK)

INFO TECH BROAD-BASED

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$19.44	\$22.24	\$16.90
Fund Ticker			XLK
Intraday NAV Ticker			KXV
Benchmark Index Ticker (Bloomberg)			IXT
Market Cap (\$Mil)			921
Shares Outstanding (Mil)			47
Avg Daily Trading Volume (Shares)			489,256
Expense Ratio (%)			0.28
Focus	Tech and Telecom Sector Stocks		
Investment Advisor	State Street Global Advisors		
Inception Date	12/22/1998		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	92		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

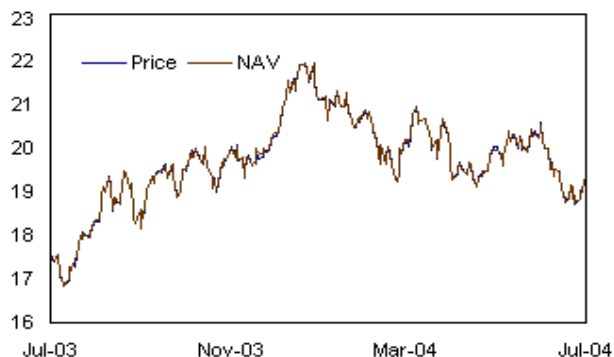
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	2.7	22.1	-9.5	-7.5
NAV	2.2	22.0	-9.2	-7.5

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.04	0.14	0.00
Capital Gains	0.00	0.00	0.00
Total	0.04	0.14	0.00

Fund Description

The Technology Select Sector SPDR Fund (XLK) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Technology Select Sector Index. The index is weighted on a modified market-cap basis and includes companies in the technology sector. It is rebalanced as necessary throughout the year with minimal disruptions. To track the index, the fund generally will invest in all of the securities composing its underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Systems Software	20.2
Computer Hardware	16.0
Communications Equipment	14.7
Semiconductors	14.4
Integrated Telecommunication Services	14.3
Data Processing & Outsourced Services	5.8
Wireless Telecommunication Services	3.2
Computer Storage & Peripherals	2.2
Semiconductor Equipment	2.1
Internet Software & Services	2.0

Top Ten Holdings (%)

Microsoft	14.9
Intel	7.6
IBM	7.1
Cisco	6.8
Verizon	5.2
Dell	4.3
SBC	3.1
Hewlett-Packard	3.0
Qualcomm	2.8
Oracle	2.6
Top Ten Total	57.4

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares DJ US Technology Sector Index Fund (IYW)

INFO TECH BROAD-BASED

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$44.02	\$53.54	\$38.60
Fund Ticker			IYW
Intraday NAV Ticker			NJW
Benchmark Index Ticker (Bloomberg)			DJUSTC
Market Cap (\$Mil)			328
Shares Outstanding (Mil)			7
Avg Daily Trading Volume (Shares)			47,930
Expense Ratio (%)			0.60
Focus	Technology Sector Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	5/15/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	252		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

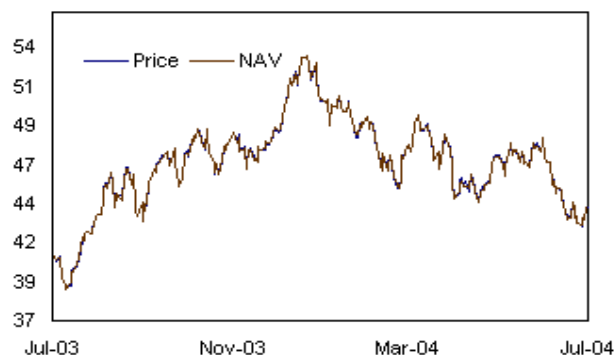
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.6	24.8	-7.8	-19.5
NAV	1.7	24.7	-7.6	-19.5

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.00	0.00	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.00

Fund Description

The iShares Dow Jones US Technology Sector Index Fund (IYW) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Dow Jones US Technology Sector Index. The index is float-adjusted market cap-weighted and measures the performance of the technology sector of the US equity market. It is reviewed and rebalanced quarterly during March, June, September, and December. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Systems Software	23.4
Communications Equipment	20.0
Semiconductors	19.5
Computer Hardware	18.4
Application Software	3.5
Computer Storage & Peripherals	3.5
Semiconductor Equipment	3.2
Internet Software & Services	3.0
Data Processing & Outsourced Services	2.1
Office Electronics	0.9

Top Ten Holdings (%)

Microsoft	17.1
Intel	9.3
IBM	8.7
Cisco	8.3
Dell	4.7
Qualcomm	3.4
Hewlett-Packard	3.3
Oracle	2.4
Motorola	2.2
Texas Instruments	2.2
<i>Top Ten Total</i>	61.5

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Goldman Sachs Technology Index Fund (IGM)

INFO TECH BROAD-BASED

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$41.82	\$50.80	\$36.46
Fund Ticker			IGM
Intraday NAV Ticker			IPM
Benchmark Index Ticker (Bloomberg)			GTC
Market Cap (\$Mil)			186
Shares Outstanding (Mil)			4
Avg Daily Trading Volume (Shares)			60,136
Expense Ratio (%)			0.50
Focus	Technology Industry Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	3/13/2001		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	227		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

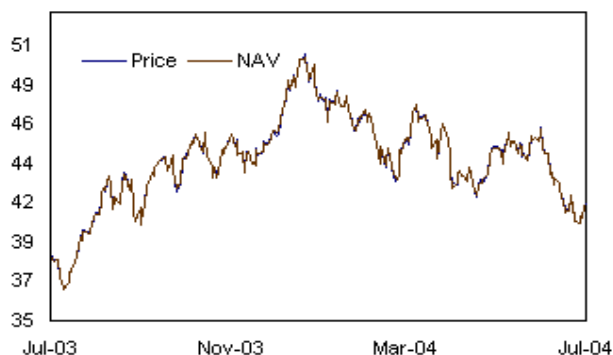
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	2.3	27.0	-8.2	-6.0
NAV	1.7	27.0	-7.7	-6.1

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.00	0.00	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.00

Fund Description

The iShares Goldman Sachs Technology Index Fund (IGM) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Goldman Sachs Technology Sector index. The index has been developed by Goldman Sachs as an equity benchmark for US-traded technology-related stocks. It is modified capitalization weighted and rebalanced semiannually in January and July. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Communications Equipment	18.5
Semiconductors	17.9
Computer Hardware	16.8
Systems Software	16.2
Data Processing & Outsourced Services	6.9
Internet Retail	4.4
Application Software	3.4
Computer Storage & Peripherals	3.2
Semiconductor Equipment	3.0
Internet Software & Services	2.9

Top Ten Holdings (%)

Microsoft	9.9
Intel	7.9
IBM	7.5
Cisco	7.2
Dell	4.6
Hewlett-Packard	3.2
Qualcomm	2.9
Oracle	2.8
Ebay	2.7
Yahoo	2.1
Top Ten Total	50.7

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

streetTRACKS MS Technology Index Fund (MTK)

INFO TECH BROAD-BASED

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$43.57	\$52.28	\$36.79
Fund Ticker			MTK
Intraday NAV Ticker			JMT
Benchmark Index Ticker (Bloomberg)			MSH
Market Cap (\$Mil)			22
Shares Outstanding (Mil)			1
Avg Daily Trading Volume (Shares)			2,383
Expense Ratio (%)			0.50
Focus	Technology Sector Stocks		
Investment Advisor	State Street Global Advisors		
Inception Date	9/25/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	35		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

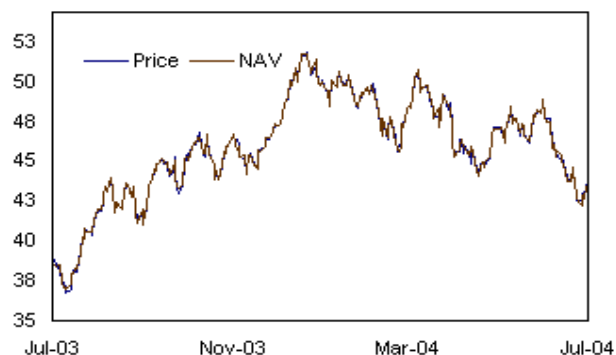
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.0	33.9	-5.7	-16.1
NAV	1.2	34.1	-5.4	-16.1

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.00	0.00	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.00

Fund Description

The streetTRACKS Morgan Stanley Technology Index Fund (MTK) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Morgan Stanley Technology Index. The index is equal-dollar weighted and is composed purely of electronics-based technology companies. It is rebalanced annually in December. To track the index, the fund generally will invest in all of the stocks composing the index in proportion to their weightings in the index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Communications Equipment	21.0
Semiconductors	15.5
Systems Software	10.1
Data Processing & Outsourced Services	9.0
Internet Retail	8.8
Computer Hardware	8.7
Application Software	4.7
Computer Storage & Peripherals	4.4
Internet Software & Services	4.3
Home Entertainment Software	3.3

Top Ten Holdings (%)

Ericsson	4.8
Yahoo	4.3
Qualcomm	4.1
Ebay	3.9
Juniper Networks	3.8
Motorola	3.6
First Data Corp	3.4
Micron Tech	3.3
Automatic Data	3.3
Electronic Arts	3.3
<i>Top Ten Total</i>	<i>37.8</i>

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Information Technology VIPERs (VGT)

INFO TECH BROAD-BASED

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$42.64	\$41.26
Fund Ticker	VGT	
Intraday NAV Ticker	HVI	
Benchmark Index Ticker (Bloomberg)	MZUSI0IT	
Market Cap (\$Mil)	17	
Shares Outstanding (Mil)	0	
Avg Daily Trading Volume (Shares)	1,783	
Expense Ratio (%)	0.28	
Focus	Information Technology Sector Stocks	
Investment Advisor	The Vanguard Group	
Inception Date	1/30/2004	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	455	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

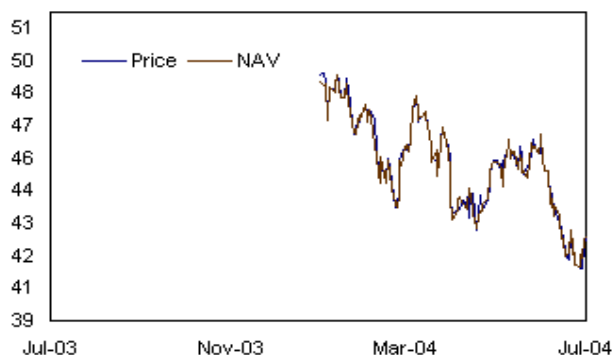
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.2	-	-	-8.5
NAV	1.4	-	-	-8.2

Distribution History (\$)

	YTD 2004
Income	0.00
Capital Gains	0.00
Total	0.00

Fund Description

The Vanguard Information Technology VIPERs (VGT) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI US Investable Market Information Technology Index. It consists of all stocks within the broader MSCI Investable Market Index classified as Information Technology according to the Global Industry Classification Standard (GICS). The index is market cap-weighted, adjusted quarterly for free float and for companies that move out of its market cap range, and is rebalanced semiannually in May and November. To track the index, VGT may use optimization techniques and derivatives, however, the fund will generally hold all of the stocks in the index in proportionately the same weights.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Systems Software	19.8
Communications Equipment	17.8
Semiconductors	17.5
Computer Hardware	16.9
Data Processing & Outsourced Services	7.3
Application Software	3.5
Computer Storage & Peripherals	3.3
Semiconductor Equipment	3.1
Internet Software & Services	3.0
Electronic Equipment Manufacturers	2.1

Top Ten Holdings (%)

Microsoft	14.4
Intel	8.2
IBM	7.7
Cisco	7.4
Dell	4.2
Hewlett-Packard	3.0
Qualcomm	2.9
Oracle	2.1
First Data Corp	2.1
Motorola	2.0
Top Ten Total	54.0

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Internet HOLDERS (HHH)

INFO TECH - INTERNET

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$54.54	\$37.31
Fund Ticker	HHH	
Intraday NAV Ticker	HHI	
Benchmark Index Ticker (Bloomberg)	HHI	
Market Cap (\$Mil)	223	
Shares Outstanding (Mil)	4	
Avg Daily Trading Volume (Shares)	467,926	
Expense Ratio (%)	0*	
Focus	Internet Industry Stocks	
Investment Advisor	Bank of New York	
Inception Date	9/23/1999	
Portfolio Structure	Grantor Trust	
Approx. Number of Stocks in Fund	13	
Options Available	Yes	
Minimum Trade Size (Shares)	100	
Distribution Frequency	Ongoing	
Performance (%)	06/30/2004	

	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	26.5	65.7	12.9	-9.8
NAV	26.5	65.7	12.9	-9.8

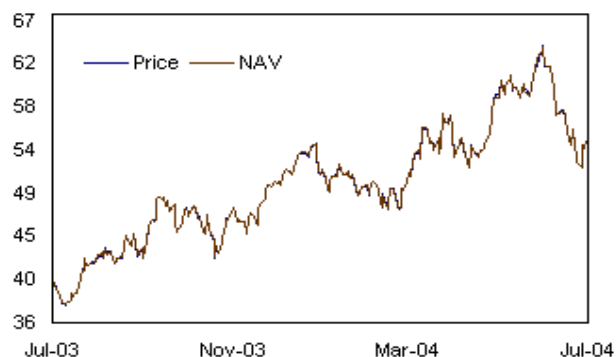
Distribution History (\$)

	2002	2003	YTD 2004
Income	0.00	0.08	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.08	0.00

Fund Description

The Internet HOLDERS (HHH) is an exchange-traded fund that represents an undivided beneficial ownership in the common stock of a group of specified companies. The components of the trust will not change, except for defined reconstitution events such as mergers or acquisitions, which can result in stocks being eliminated from the basket.

*Expenses for HOLDERS consist of a custody fee of \$2 per round lot (100 shares) per quarter. According to the prospectus, the trustee will waive that portion of the fee which exceeds the total cash dividends and other cash distributions.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Internet Retail	48.3
Internet Software & Services	32.4
Movies & Entertainment	12.7
Investment Banking & Brokerage	4.3
Systems Software	2.3

Top Ten Holdings (%)

Ebay	35.0
Yahoo	29.1
Amazon	12.8
Time Warner	12.7
E*Trade Financial	2.4
Mcafee Inc	2.3
Ameritrade	1.8
Earthlink	1.1
Realnetworks	0.8
CNET Networks	0.7
<i>Top Ten Total</i>	98.9

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

B2B Internet HOLDERS (BHH)

INFO TECH - INTERNET

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$2.32	\$3.65
Fund Ticker		BHH
Intraday NAV Ticker		BUXB
Benchmark Index Ticker (Bloomberg)		BUXB
Market Cap (\$Mil)		26
Shares Outstanding (Mil)		11
Avg Daily Trading Volume (Shares)		31,590
Expense Ratio (%)		0*
Focus	B2B Internet Industry Stocks	
Investment Advisor	Bank of New York	
Inception Date	2/24/2000	
Portfolio Structure	Grantor Trust	
Approx. Number of Stocks in Fund	9	
Options Available	Yes	
Minimum Trade Size (Shares)	100	
Distribution Frequency	Ongoing	
Performance (%)	06/30/2004	

	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-6.4	-7.1	-25.1	-55.1
NAV	-6.4	-7.1	-25.1	-55.1

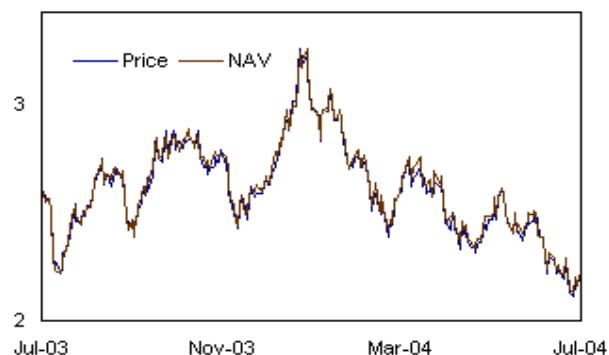
Distribution History (\$)

	2002	2003	YTD 2004
Income	0.26	0.00	0.02
Capital Gains	0.00	0.00	0.00
Total	0.26	0.00	0.02

Fund Description

The B2B Internet HOLDERS (BHH) is an exchange-traded fund that represents an undivided beneficial ownership in the common stock of a group of specified companies. The components of the trust will not change, except for defined reconstitution events such as mergers or acquisitions, which can result in stocks being eliminated from the basket.

*Expenses for HOLDERS consist of a custody fee of \$2 per round lot (100 shares) per quarter. According to the prospectus, the trustee will waive that portion of the fee which exceeds the total cash dividends and other cash distributions.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Data Processing & Outsourced Services	70.7
Application Software	14.7
Internet Software & Services	11.4
Systems Software	3.2

Top Ten Holdings (%)

Checkfree	58.3
Agile Software	14.3
Pegasus Solutions	12.4
Retek	5.9
Ariba	3.3
QRS	3.2
Internet Cap	1.9
Commerce One	0.4
Verticalnet	0.4

Top Ten Total 100.0

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Internet Architecture HOLDRS (IAH)

INFO TECH - INTERNET

Pricing and Fund Data

		52 Week	
		High	Low
Price (7/30/04)	\$33.23	\$40.16	\$29.89
Fund Ticker			IAH
Intraday NAV Ticker			XAH
Benchmark Index Ticker (Bloomberg)			XAH
Market Cap (\$Mil)			70
Shares Outstanding (Mil)			2
Avg Daily Trading Volume (Shares)			25,943
Expense Ratio (%)			0*
Focus	Internet Architecture Stocks		
Investment Advisor	Bank of New York		
Inception Date	2/25/2000		
Portfolio Structure	Grantor Trust		
Approx. Number of Stocks in Fund	20		
Options Available	Yes		
Minimum Trade Size (Shares)	100		
Distribution Frequency	Ongoing		
Performance (%)	06/30/2004		

	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-2.2	12.6	-7.5	-19.7
NAV	-2.2	12.6	-7.5	-19.7

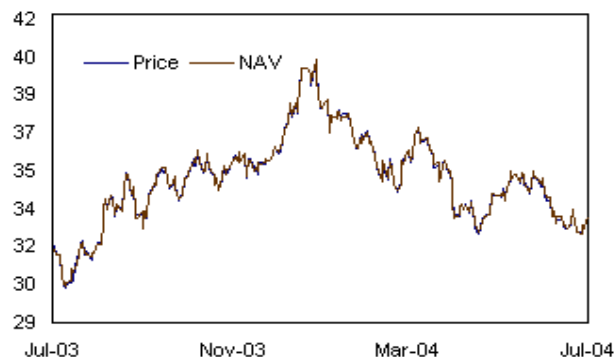
Distribution History (\$)

	2002	2003	YTD 2004
Income	0.06	0.07	0.04
Capital Gains	0.00	0.00	0.00
Total	0.06	0.07	0.04

Fund Description

The Internet Architecture HOLDRS (IAH) is an exchange-traded fund that represents an undivided beneficial ownership in the common stock of a group of specified companies. The components of the trust will not change, except for defined reconstitution events such as mergers or acquisitions, which can result in stocks being eliminated from the basket.

*Expenses for HOLDRS consist of a custody fee of \$2 per round lot (100 shares) per quarter. According to the prospectus, the trustee will waive that portion of the fee which exceeds the total cash dividends and other cash distributions.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Computer Hardware	73.0
Communications Equipment	19.5
Computer Storage & Peripherals	6.3
IT Consulting & Other Services	0.6
Systems Software	0.5
Home Entertainment Software	0.0

Top Ten Holdings (%)

IBM	34.1
Dell	20.3
Cisco	16.4
Hewlett-Packard	13.6
EMC	5.1
Sun Microsystems	2.9
Apple	2.0
Juniper Networks	1.4
Netwk Appliance	1.1
Unisys	0.6
<i>Top Ten Total</i>	97.4

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Internet Infrastructure HOLDRS (IIH)

INFO TECH - INTERNET

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$3.21	\$2.97
Fund Ticker		IIH
Intraday NAV Ticker		YIH
Benchmark Index Ticker (Bloomberg)		YIH
Market Cap (\$Mil)		27
Shares Outstanding (Mil)		8
Avg Daily Trading Volume (Shares)		30,050
Expense Ratio (%)		0*

Focus	Internet Infrastructure Stocks
Investment Advisor	Bank of New York
Inception Date	2/25/2000
Portfolio Structure	Grantor Trust
Approx. Number of Stocks in Fund	14
Options Available	Yes
Minimum Trade Size (Shares)	100
Distribution Frequency	Ongoing
Performance (%)	06/30/2004

	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-6.5	21.1	-30.3	-51.9
NAV	-6.5	21.1	-30.3	-51.9

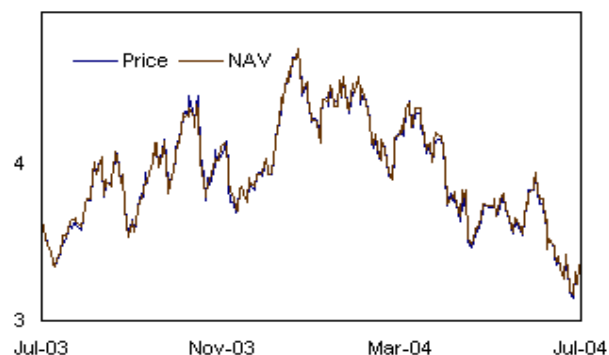
Distribution History (\$)

	2002	2003	YTD 2004
Income	0.01	0.05	0.00
Capital Gains	0.00	0.00	0.00
Total	0.01	0.05	0.00

Fund Description

The Internet Infrastructure HOLDRS (IIH) is an exchange-traded fund that represents an undivided beneficial ownership in the common stock of a group of specified companies. The components of the trust will not change, except for defined reconstitution events such as mergers or acquisitions, which can result in stocks being eliminated from the basket.

*Expenses for HOLDRS consist of a custody fee of \$2 per round lot (100 shares) per quarter. According to the prospectus, the trustee will waive that portion of the fee which exceeds the total cash dividends and other cash distributions.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Internet Software & Services	67.6
Application Software	23.2

Top Ten Holdings (%)

Verisign	33.8
BEA Systems	20.4
Akamai Tech	13.9
Realnetworks	10.4
Infospace	9.1
Openwave Systems	3.7
Vignette	2.8
E.Piphany Inc	1.9
Internap Network Services	1.3
Portal Software	1.0
Top Ten Total	98.2

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Goldman Sachs Networking Index (IGN)

INFO TECH - OTHER

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$27.05	\$19.37
Fund Ticker	IGN	
Intraday NAV Ticker	NVK	
Benchmark Index Ticker (Bloomberg)	GIP	
Market Cap (\$Mil)	147	
Shares Outstanding (Mil)	5	
Avg Daily Trading Volume (Shares)	213,766	
Expense Ratio (%)	0.50	
Focus	Networking Industry Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	7/10/2001	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	34	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

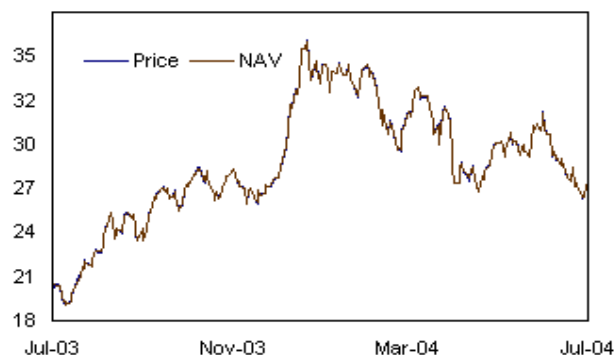
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.1	63.5	-	-4.6
NAV	0.8	61.1	-	-4.6

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.00	0.00	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.00

Fund Description

The iShares Goldman Sachs Networking Index (IGN) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Goldman Sachs Technology Industry Multimedia Networking Index. The index has been developed by Goldman Sachs as an equity benchmark for US-traded multimedia networking stocks. It is modified capitalization-weighted and rebalanced semiannually in January and July. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Communications Equipment	87.5
Semiconductors	12.5

Top Ten Holdings (%)

Qualcomm	12.3
Motorola	10.7
Corning	9.7
Lucent	7.6
Nortel	7.3
RIM	5.7
Juniper Networks	5.1
Cisco	4.9
Broadcom	4.5
Avaya Inc	3.8
Top Ten Total	71.6

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Goldman Sachs Semiconductor Index (IGW)

INFO TECH - OTHER

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$50.69	\$44.86
Fund Ticker	IGW	
Intraday NAV Ticker	NVW	
Benchmark Index Ticker (Bloomberg)	GSM	
Market Cap (\$Mil)	124	
Shares Outstanding (Mil)	2	
Avg Daily Trading Volume (Shares)	137,683	
Expense Ratio (%)	0.50	
Focus	Semiconductor Industry Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	7/10/2001	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	52	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

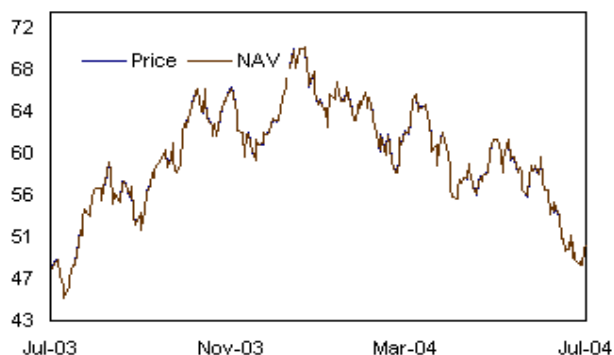
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-3.9	35.9	-	-3.5
NAV	-4.1	35.4	-	-3.4

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.00	0.00	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.00

Fund Description

The iShares Goldman Sachs Semiconductor Index (IGW) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Goldman Sachs Technology Industry Semiconductor Index. The index has been developed by Goldman Sachs as an equity benchmark for US-traded semiconductor stocks. It is modified capitalization weighted and rebalanced semiannually in January and July. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Semiconductors	71.3
Semiconductor Equipment	19.3
Communications Equipment	8.0
Computer Storage & Peripherals	1.4

Top Ten Holdings (%)

Applied Materials	8.8
Intel	8.5
Texas Instruments	8.4
Motorola	8.0
STmicroelectronics	5.9
Maxim Integrtd	5.5
Analog Devices	5.2
Linear Tech	4.3
Xilinx	3.6
Broadcom	3.1
Top Ten Total	61.3

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Goldman Sachs Software Index (IGV)

INFO TECH - OTHER

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$33.85	\$41.10	\$30.12
Fund Ticker			IGV
Intraday NAV Ticker			NVV
Benchmark Index Ticker (Bloomberg)			GSO
Market Cap (\$Mil)			115
Shares Outstanding (Mil)			3
Avg Daily Trading Volume (Shares)			136,523
Expense Ratio (%)			0.50
Focus	Software Industry Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	7/10/2001		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	46		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

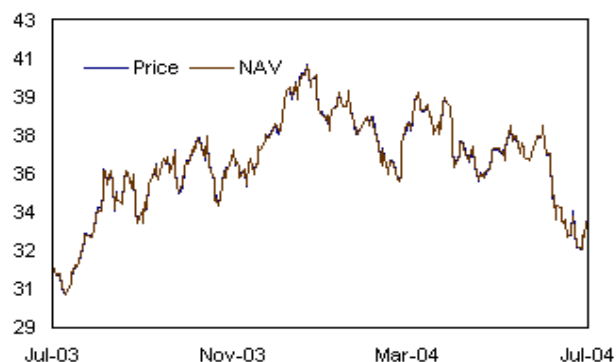
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	0.6	22.4	-	-8.4
NAV	0.3	22.5	-	-8.3

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.00	0.00	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.00

Fund Description

The iShares Goldman Sachs Software Index (IGV) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Goldman Sachs Technology Industry Software Index. The index has been developed by Goldman Sachs as an equity benchmark for US-traded software-related stocks. It is modified capitalization weighted and rebalanced semiannually in January and July. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Systems Software	53.7
Application Software	32.2
Home Entertainment Software	10.2
Internet Software & Services	3.4
Communications Equipment	0.4

Top Ten Holdings (%)

Microsoft	10.2
Oracle	8.5
Electronic Arts	8.0
Computer Assoc	7.7
Symantec	7.6
Adobe	5.2
Veritas Software	4.3
Intuit	3.9
Peoplesoft	3.5
Check Point Software	2.6
Top Ten Total	61.3

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Broadband HOLDERS (BDH)

INFO TECH - OTHER

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$14.60	\$9.25
Fund Ticker		BDH
Intraday NAV Ticker		XDH
Benchmark Index Ticker (Bloomberg)		XDH
Market Cap (\$Mil)		134
Shares Outstanding (Mil)		9
Avg Daily Trading Volume (Shares)		284,393
Expense Ratio (%)		0*
Focus	Broadband Industry Stocks	
Investment Advisor	Bank of New York	
Inception Date	4/6/2000	
Portfolio Structure	Grantor Trust	
Approx. Number of Stocks in Fund	22	
Options Available	Yes	
Minimum Trade Size (Shares)	100	
Distribution Frequency	Ongoing	
Performance (%)	06/30/2004	

	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	2.9	76.6	-7.6	-34.1
NAV	2.9	76.6	-7.6	-34.1

Distribution History (\$)

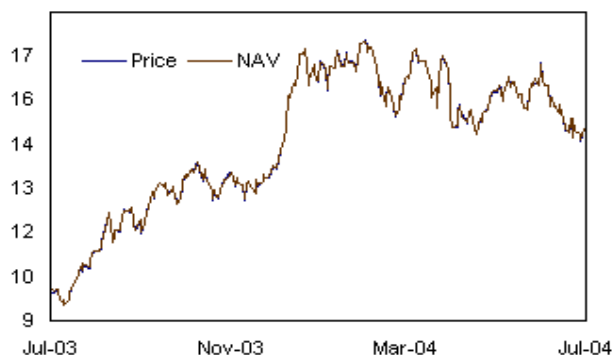
	2002	2003	YTD 2004
Income	0.00	0.00	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.00

Fund Description

The Broadband HOLDERS (BDH) is an exchange-traded fund that represents an undivided beneficial ownership in the common stock of a group of specified companies. The components of the trust will not change, except for defined reconstitution events such as mergers or acquisitions, which can result in stocks being eliminated from the basket.

*Expenses for HOLDERS consist of a custody fee of \$2 per round lot (100 shares) per quarter. According to the prospectus, the trustee will waive that portion of the fee which exceeds the total cash dividends and other cash distributions.

Price & NAV Performance



Portfolio Breakdown

July 30, 2004

Top Sector/Industry Weightings (%)

Communications Equipment	91.8
Semiconductors	8.2

Top Ten Holdings (%)

Qualcomm	38.2
Motorola	19.6
Corning	7.6
Nortel	7.1
Lucent	6.1
Broadcom	4.8
Scientific Atlanta	4.1
JDS Uniphase	2.8
Tellabs	2.4
Comverse Tech	2.3
Top Ten Total	95.1

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Semiconductor HOLDRS (SMH)

INFO TECH - OTHER

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$32.90	\$45.78	\$30.18
Fund Ticker			SMH
Intraday NAV Ticker			XSH
Benchmark Index Ticker (Bloomberg)			XSH
Market Cap (\$Mil)			1,931
Shares Outstanding (Mil)			59
Avg Daily Trading Volume (Shares)			21,797,652
Expense Ratio (%)			0*
Focus	Semiconductor Industry Stocks		
Investment Advisor	Bank of New York		
Inception Date	5/5/2000		
Portfolio Structure	Grantor Trust		
Approx. Number of Stocks in Fund	20		
Options Available	Yes		
Minimum Trade Size (Shares)	100		
Distribution Frequency	Ongoing		
Performance (%)	06/30/2004		

	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-4.2	34.1	-7.8	-16.5
NAV	-4.2	34.1	-7.8	-16.5

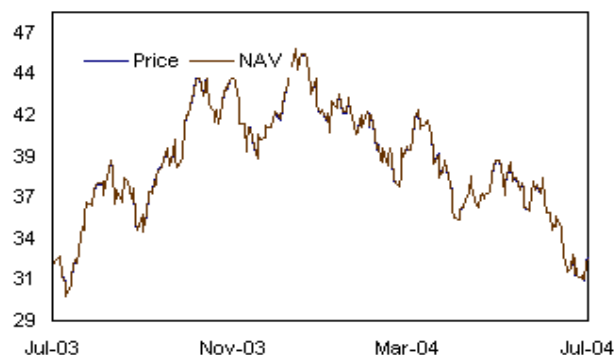
Distribution History (\$)

	2002	2003	YTD 2004
Income	0.00	0.00	0.01
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.01

Fund Description

The Semiconductor HOLDRS (SMH) is an exchange-traded fund that represents an undivided beneficial ownership in the common stock of a group of specified companies. The components of the trust will not change, except for defined reconstitution events such as mergers or acquisitions, which can result in stocks being eliminated from the basket.

*Expenses for HOLDRS consist of a custody fee of \$2 per round lot (100 shares) per quarter. According to the prospectus, the trustee will waive that portion of the fee which exceeds the total cash dividends and other cash distributions.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Semiconductors	78.3
Semiconductor Equipment	20.2
Computer Storage & Peripherals	1.5

Top Ten Holdings (%)

Intel	22.4
Texas Instruments	14.4
Applied Materials	13.2
Maxim Integrtd	7.4
Analog Devices	7.2
Linear Tech	6.0
Xilinx	4.5
Altera	3.9
Micron Tech	3.7
KLA-Tencor	3.6
<i>Top Ten Total</i>	86.3

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Software HOLDRS (SWH)

INFO TECH - OTHER

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$33.92	\$40.20	\$30.69
Fund Ticker			SWH
Intraday NAV Ticker			XWH
Benchmark Index Ticker (Bloomberg)			XWH
Market Cap (\$Mil)			245
Shares Outstanding (Mil)			7
Avg Daily Trading Volume (Shares)			531,463
Expense Ratio (%)			0*
Focus	Software Industry Stocks		
Investment Advisor	Bank of New York		
Inception Date	9/26/2000		
Portfolio Structure	Grantor Trust		
Approx. Number of Stocks in Fund	18		
Options Available	Yes		
Minimum Trade Size (Shares)	100		
Distribution Frequency	Ongoing		
Performance (%)	06/30/2004		

	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	6.1	18.6	-12.3	-21.4
NAV	6.1	18.6	-12.3	-21.4

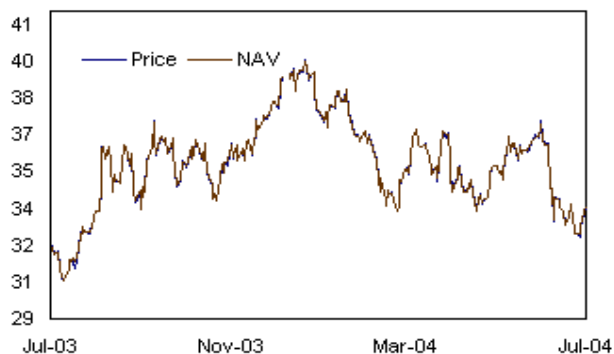
Distribution History (\$)

	2002	2003	YTD 2004
Income	0.00	0.57	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.57	0.00

Fund Description

The Software HOLDRS (SWH) is an exchange-traded fund that represents an undivided beneficial ownership in the common stock of a group of specified companies. The components of the trust will not change, except for defined reconstitution events such as mergers or acquisitions, which can result in stocks being eliminated from the basket.

*Expenses for HOLDRS consist of a custody fee of \$2 per round lot (100 shares) per quarter. According to the prospectus, the trustee will waive that portion of the fee which exceeds the total cash dividends and other cash distributions.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Systems Software	63.6
Application Software	35.7
IT Consulting & Other Services	0.5
Internet Software & Services	0.2

Top Ten Holdings (%)

Microsoft	25.3
SAP	18.9
Computer Assoc	12.6
Oracle	7.4
Adobe	7.4
Intuit	6.6
Peoplesoft	4.3
Veritas Software	3.9
Check Point Software	3.5
BMC Software	3.2
Top Ten Total	93.2

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Materials Select Sector SPDR Fund (XLB)

MATERIALS

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$26.17	\$27.34	\$21.51
Fund Ticker			XLB
Intraday NAV Ticker			BXV
Benchmark Index Ticker (Bloomberg)			IXB
Market Cap (\$Mil)			529
Shares Outstanding (Mil)			20
Avg Daily Trading Volume (Shares)			856,826
Expense Ratio (%)			0.28
Focus	Materials Sector Stocks		
Investment Advisor	State Street Global Advisors		
Inception Date	12/22/1998		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	33		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

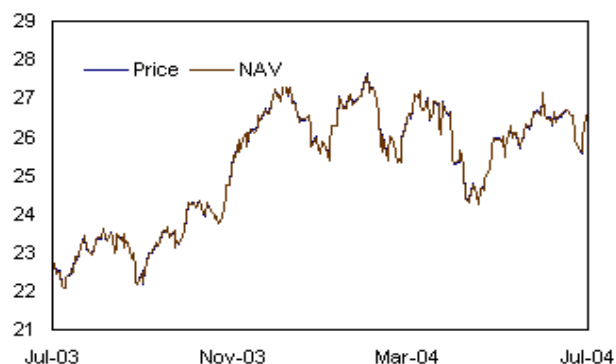
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	3.0	31.7	9.0	7.2
NAV	2.7	31.7	9.0	7.2

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.45	0.48	0.21
Capital Gains	0.00	0.00	0.00
Total	0.45	0.48	0.21

Fund Description

The Materials Select Sector SPDR Fund (XLB) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Materials Select Sector Index. The index is weighted on a modified market-cap basis and includes companies involved in the Materials sector. It is rebalanced as necessary throughout the year with minimal disruptions. To track the index, the fund generally will invest in all of the securities composing its underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Diversified Chemicals	32.2
Paper Products	11.6
Aluminum	9.1
Specialty Chemicals	8.4
Industrial Gases	8.1
Forest Products	5.5
Steel	5.0
Gold	4.8
Diversified Metals & Mining	4.4
Paper Packaging	3.5

Top Ten Holdings (%)

Du Pont	13.8
Dow Chemical	12.3
Alcoa	9.1
International Paper	6.8
Newmont Mining	4.8
Weyerhaeuser	4.6
Praxair	4.2
Air Prods & Chem	3.9
PPG Industries	3.3
Monsanto	3.2
<i>Top Ten Total</i>	65.9

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares DJ US Basic Materials Sector Index Fund (IYM)

MATERIALS

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$44.08	\$36.92
Fund Ticker	IYM	
Intraday NAV Ticker	NLBX	
Benchmark Index Ticker (Bloomberg)	DJUSBM	
Market Cap (\$Mil)	304	
Shares Outstanding (Mil)	7	
Avg Daily Trading Volume (Shares)	65,550	
Expense Ratio (%)	0.60	
Focus	Basic Industries Sector Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	6/12/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	68	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	2.0	29.4	6.4	7.7
NAV	2.1	29.7	6.7	7.7

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.61	0.68	0.34
Capital Gains	0.00	0.00	0.00
Total	0.61	0.68	0.34

Fund Description

The iShares Dow Jones US Basic Materials Sector Index Fund (IYM) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Dow Jones US Basic Materials Sector Index. The index is float-adjusted market cap-weighted and measures the performance of the basic materials sector of the US equity market. It is reviewed and rebalanced quarterly during March, June, September, and December. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Diversified Chemicals	33.3
Paper Products	12.4
Specialty Chemicals	11.0
Aluminum	9.0
Industrial Gases	8.1
Steel	5.5
Gold	5.5
Forest Products	5.2
Diversified Metals & Mining	4.1
Office Services & Supplies	1.9

Top Ten Holdings (%)

Du Pont	13.6
Dow Chemical	12.1
Alcoa	9.0
International Paper	6.7
Newmont Mining	5.1
Weyerhaeuser	4.4
Praxair	4.1
Air Prods & Chem	3.5
PPG Industries	3.3
Georgia-Pacific	2.4
Top Ten Total	64.2

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Materials VIPERs (VAW)

MATERIALS

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$51.27	\$45.80
Fund Ticker	VAW	
Intraday NAV Ticker	HVW	
Benchmark Index Ticker (Bloomberg)	MZUS10MT	
Market Cap (\$Mil)	21	
Shares Outstanding (Mil)	0	
Avg Daily Trading Volume (Shares)	4,176	
Expense Ratio (%)	0.28	
Focus	Materials Sector Stocks	
Investment Advisor	The Vanguard Group	
Inception Date	1/30/2004	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	117	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

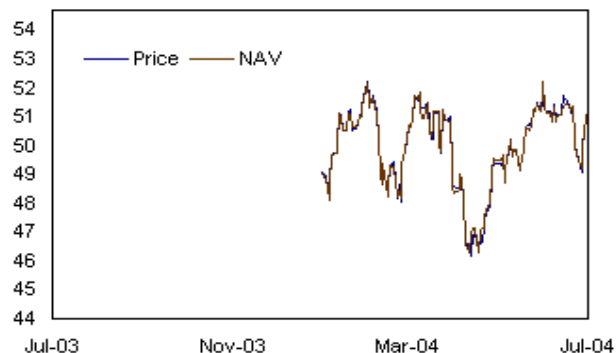
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	3.1	-	-	5.9
NAV	3.3	-	-	6.0

Distribution History (\$)

	YTD 2004
Income	0.00
Capital Gains	0.00
Total	0.00

Fund Description

The Vanguard Materials VIPERs (VAW) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI US Investable Market Materials Index. It consists of all stocks within the broader MSCI Investable Market Index classified as Materials according to the Global Industry Classification Standard (GICS). The index is market cap-weighted, adjusted quarterly for free float and for companies that move out of its market cap range, and is rebalanced semiannually in May and November. To track the index, VAW may use optimization techniques and derivatives, however, the fund will generally hold all of the stocks in the index in proportionately the same weights.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Diversified Chemicals	27.0
Paper Products	10.1
Specialty Chemicals	9.7
Aluminum	7.5
Industrial Gases	6.8
Diversified Metals & Mining	6.3
Paper Packaging	5.5
Steel	5.4
Forest Products	4.6
Gold	4.5

Top Ten Holdings (%)

Du Pont	11.1
Dow Chemical	9.8
Alcoa	7.3
International Paper	5.2
Newmont Mining	4.5
Weyerhaeuser	3.8
Praxair	3.3
Air Prods & Chem	3.1
PPG Industries	2.7
Monsanto	2.5
<i>Top Ten Total</i>	53.3

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Goldman Sachs Natural Resources Index Fund (IGE) NATURAL RESOURCES

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$117.21	\$118.61	\$85.85
Fund Ticker	IGE		
Intraday NAV Ticker	NGJ		
Benchmark Index Ticker (Bloomberg)	GSR		
Market Cap (\$Mil)	264		
Shares Outstanding (Mil)	2		
Avg Daily Trading Volume (Shares)	13,846		
Expense Ratio (%)	0.50		
Focus	Natural Resources Industry Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	10/26/2001		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	121		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

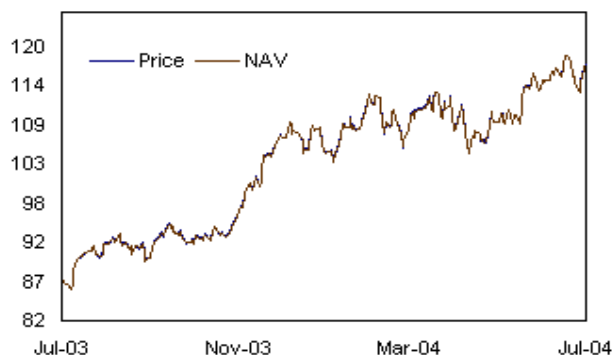
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	4.5	30.7	-	9.2
NAV	4.5	31.0	-	9.1

Distribution History (\$)

	2002	2003	YTD 2004
Income	1.39	1.48	0.67
Capital Gains	0.00	0.00	0.00
Total	1.39	1.48	0.67

Fund Description

The iShares Goldman Sachs Natural Resources Index Fund (IGE) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Goldman Sachs Natural Resources Index. The index has been developed by Goldman Sachs as an equity benchmark for US-traded natural resource-related stocks. It is float-adjusted market cap-weighted and rebalanced quarterly during March, June, September, and December. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Integrated Oil & Gas	41.8
Oil & Gas Exploration & Production	17.1
Oil & Gas Equipment & Services	10.0
Oil & Gas Refining, Marketing & Transportation	5.7
Oil & Gas Drilling	4.8
Paper Products	4.4
Gold	4.3
Aluminum	4.2
Diversified Metals & Mining	3.5
Forest Products	1.6

Top Ten Holdings (%)

BP	7.4
ChevronTexaco	7.4
Exxon Mobil	7.4
Royal Dutch	7.1
ConocoPhillips	5.2
Schlumberger	3.7
Alcoa	2.7
International Paper	2.0
Encana	2.0
Occidental	1.9
Top Ten Total	46.9

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Dow Jones US Real Estate Index Fund (IYR)

REAL ESTATE

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$101.30	\$87.29
Fund Ticker	IYR	
Intraday NAV Ticker	NLR	
Benchmark Index Ticker (Bloomberg)	DJUSRE	
Market Cap (\$Mil)	628	
Shares Outstanding (Mil)	6	
Avg Daily Trading Volume (Shares)	420,256	
Expense Ratio (%)	0.60	
Focus	Real Estate Industry Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	6/12/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	82	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-6.5	26.0	13.8	16.5
NAV	-6.6	25.9	13.7	16.6

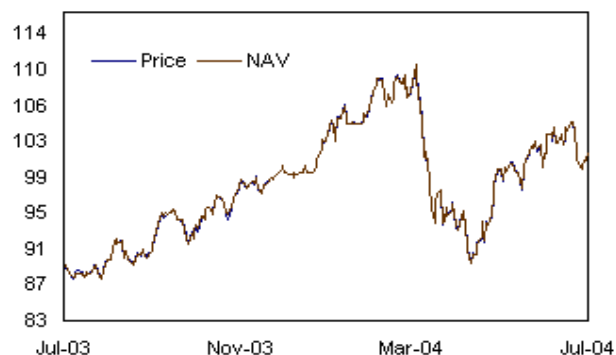
Distribution History (\$)

	2002	2003	YTD 2004
Income	5.38	4.67	2.68
Capital Gains	0.00	0.00	0.00
Total	5.38	4.67	2.68

Fund Description

The iShares Dow Jones US Real Estate Index Fund (IYR) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Dow Jones US Real Estate Index.

The index is float-adjusted market cap-weighted and measures the performance of the real estate industry sector of the US equity market. It is reviewed and rebalanced quarterly during March, June, September, and December. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Real Estate Investment Trusts	98.6
Real Estate Management & Development	1.4

Top Ten Holdings (%)

Equity Office	5.2
Simon Prop	4.6
Equity Residential	4.0
Gen Growth Prop	3.2
Vornado Realty	3.1
Prologis	2.9
Plum Creek Timb	2.8
Boston Ppty	2.7
Archstone-Smith Trust	2.6
Rouse Company	2.2
Top Ten Total	33.3

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Cohen & Steers Realty Majors Index Fund (ICF)

REAL ESTATE

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$111.16	\$93.45
Fund Ticker	ICF	
Intraday NAV Ticker	ICG	
Benchmark Index Ticker (Bloomberg)	RMP	
Market Cap (\$Mil)	878	
Shares Outstanding (Mil)	8	
Avg Daily Trading Volume (Shares)	96,553	
Expense Ratio (%)	0.35	
Focus	Real Estate Investment Trusts	
Investment Advisor	Barclays Global Investors	
Inception Date	2/2/2001	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	30	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-5.9	28.8	15.4	16.1
NAV	-6.0	28.2	15.3	16.1

Distribution History (\$)

	2002	2003	YTD 2004
Income	5.63	4.72	2.70
Capital Gains	0.00	0.00	0.00
Total	5.63	4.72	2.70

Fund Description

The iShares Cohen and Steers Realty Majors Index Fund (ICF) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Cohen and Steers Realty Majors Index. The index consists of relatively large and liquid REITs. It is market cap-weighted and is rebalanced quarterly so that no REIT represents more than 8% of the index. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Real Estate Investment Trusts	100.0
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Top Ten Holdings (%)

Simon Prop	7.9
Equity Office	7.5
Equity Residential	6.5
Vornado Realty	5.6
Gen Growth Prop	5.2
Prologis	4.9
Publicstorageinc	4.7
Archstone-Smith Trust	4.5
Boston Ppty	4.5
Kimco Realty	4.2
Top Ten Total	55.6

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

streetTRACKS Wilshire REIT Index Fund (RWR)

REAL ESTATE

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$154.38	\$168.20	\$131.65
Fund Ticker			RWR
Intraday NAV Ticker			EWR
Benchmark Index Ticker (Bloomberg)			REW
Market Cap (\$Mil)			348
Shares Outstanding (Mil)			2
Avg Daily Trading Volume (Shares)			20,223
Expense Ratio (%)			0.25
Focus	Real Estate Investment Trusts		
Investment Advisor	State Street Global Advisors		
Inception Date	4/23/2001		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	90		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

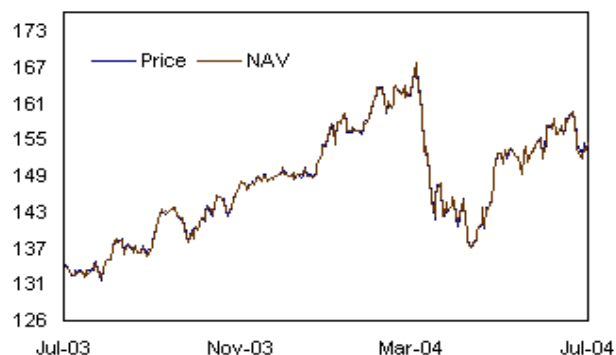
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-4.7	27.3	14.8	16.7
NAV	-5.4	26.7	14.4	17.5

Distribution History (\$)

	2002	2003	YTD 2004
Income	5.73	2.72	4.26
Capital Gains	0.00	0.39	0.00
Total	5.73	3.12	4.26

Fund Description

The streetTRACKS Wilshire REIT Index Fund (RWR) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Wilshire REIT Index. The index is market cap-weighted and is comprised of companies whose charters are the equity ownership and operation of commercial real estates. It is generally rebalanced monthly. To track the index, the fund generally will invest in all of the stocks composing the index in proportion to their weightings in the index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Real Estate Investment Trusts	99.7
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Top Ten Holdings (%)

Simon Prop	5.5
Equity Office	5.5
Equity Residential	4.3
Vornado Realty	3.8
Gen Growth Prop	3.4
Prologis	3.2
Publicstorageinc	3.1
Archstone-Smith Trust	2.9
Boston Ppty	2.9
Kimco Realty	2.7
<i>Top Ten Total</i>	<i>37.2</i>

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Dow Jones US Telecom Sector Index Fund (IYZ)

TELECOM SERVICES

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$22.11	\$22.94	\$18.80
Fund Ticker			IYZ
Intraday NAV Ticker			NJZ
Benchmark Index Ticker (Bloomberg)			DJUSTL
Market Cap (\$Mil)			283
Shares Outstanding (Mil)			13
Avg Daily Trading Volume (Shares)			165,426
Expense Ratio (%)			0.60
Focus	Telecom Sector Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	5/22/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	23		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

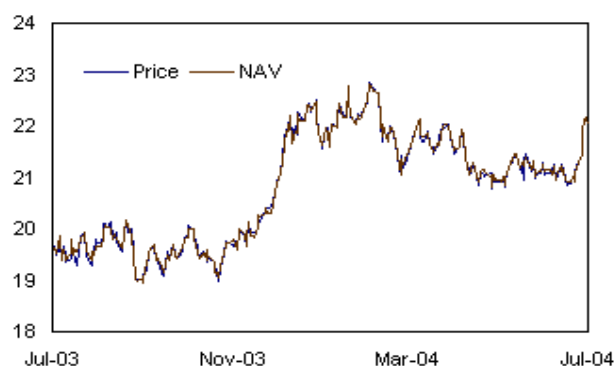
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-0.8	5.5	-15.1	-19.9
NAV	-1.3	5.5	-15.0	-19.9

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.32	0.45	0.18
Capital Gains	0.00	0.00	0.00
Total	0.32	0.45	0.18

Fund Description

The iShares Dow Jones US Telecom Sector Index Fund (IYZ) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Dow Jones US Telecom Sector Index. The index is float-adjusted market cap-weighted and measures the performance of the telecom sector of the US equity market. It is reviewed and rebalanced quarterly during March, June, September, and December. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Integrated Telecommunication Services	77.9
Wireless Telecommunication Services	22.1
Alternative Carriers	0.0

Top Ten Holdings (%)

Verizon	22.9
SBC	19.3
Bellsouth Corp	7.9
Bce Inc	4.8
AT&T Wireless	4.8
Sprint	4.7
Alltel	4.6
Nextel	4.3
Telephone & Data Systems Inc	4.3
AT&T	3.8
<i>Top Ten Total</i>	<i>81.5</i>

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Telecom HOLDERS (TTH)

TELECOM SERVICES

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$28.06	\$24.01
Fund Ticker	TTH	
Intraday NAV Ticker	ITH	
Benchmark Index Ticker (Bloomberg)	ITH	
Market Cap (\$Mil)	191	
Shares Outstanding (Mil)	7	
Avg Daily Trading Volume (Shares)	285,333	
Expense Ratio (%)	0*	
Focus	Telecom Sector Stocks	
Investment Advisor	Bank of New York	
Inception Date	2/1/2000	
Portfolio Structure	Grantor Trust	
Approx. Number of Stocks in Fund	14	
Options Available	Yes	
Minimum Trade Size (Shares)	100	
Distribution Frequency	Ongoing	
Performance (%)	06/30/2004	

	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-1.8	1.0	-16.8	-21.9
NAV	-1.8	1.0	-16.8	-21.9

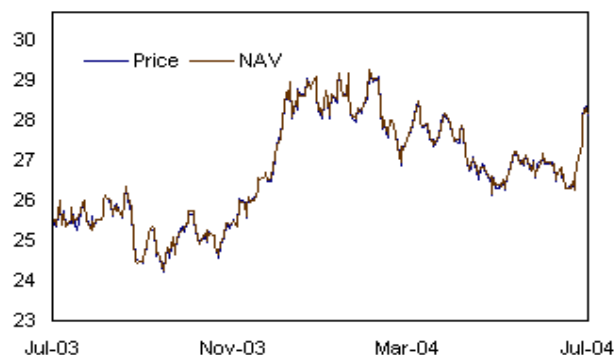
Distribution History (\$)

	2002	2003	YTD 2004
Income	0.83	0.91	0.64
Capital Gains	0.00	0.00	0.00
Total	0.83	0.91	0.64

Fund Description

The Telecom HOLDERS (TTH) is an exchange-traded fund that represents an undivided beneficial ownership in the common stock of a group of specified companies. The components of the trust will not change, except for defined reconstitution events such as mergers or acquisitions, which can result in stocks being eliminated from the basket.

*Expenses for HOLDERS consist of a custody fee of \$2 per round lot (100 shares) per quarter. According to the prospectus, the trustee will waive that portion of the fee which exceeds the total cash dividends and other cash distributions.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Integrated Telecommunication Services	88.0
Wireless Telecommunication Services	11.6
Alternative Carriers	0.3

Top Ten Holdings (%)

Verizon	29.9
SBC	24.3
Bellsouth Corp	14.5
Sprint	6.1
Nextel	4.9
AT&T Wireless	4.1
Bce Inc	3.7
Alltel	3.7
Telephone & Data Systems Inc	2.7
AT&T	2.7
<i>Top Ten Total</i>	96.5

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Wireless HOLDERS (WMH)

TELECOM SERVICES

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$53.70	\$37.93
Fund Ticker		WMH
Intraday NAV Ticker		IWH
Benchmark Index Ticker (Bloomberg)		IWH
Market Cap (\$Mil)		96
Shares Outstanding (Mil)		2
Avg Daily Trading Volume (Shares)		17,900
Expense Ratio (%)		0*
Focus	Wireless Telecom Industry Stocks	
Investment Advisor	Bank of New York	
Inception Date	10/31/2000	
Portfolio Structure	Grantor Trust	
Approx. Number of Stocks in Fund	20	
Options Available	Yes	
Minimum Trade Size (Shares)	100	
Distribution Frequency	Ongoing	
Performance (%)	06/30/2004	

	Since Inception			
	3 Mo	1Yr	3 Yr	Inception
Price	2.3	48.1	-2.2	-12.6
NAV	2.3	48.1	-2.2	-12.6

Distribution History (\$)

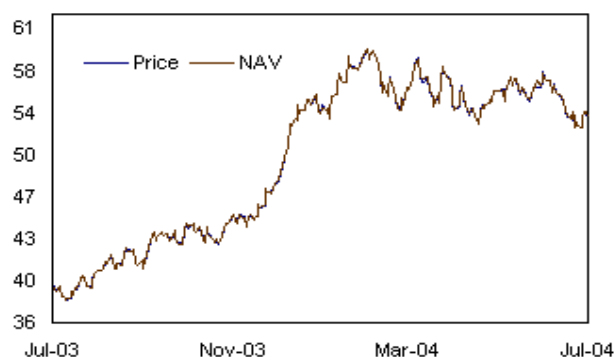
	2002	2003	YTD 2004
Income	0.42	0.46	0.32
Capital Gains	0.00	0.00	0.00
Total	0.42	0.46	0.32

Fund Description

The Wireless HOLDERS (WMH) is an exchange-traded fund that represents an undivided beneficial ownership in the common stock of a group of specified companies. The components of the trust will not change, except for defined reconstitution events such as mergers or acquisitions, which can result in stocks being eliminated from the basket.

*Expenses for HOLDERS consist of a custody fee of \$2 per round lot (100 shares) per quarter. According to the prospectus, the trustee will waive that portion of the fee which exceeds the total cash dividends and other cash distributions.

Price & NAV Performance



Portfolio Breakdown

July 30, 2004

Top Sector/Industry Weightings (%)

Communications Equipment	42.1
Wireless Telecommunication Services	35.8
Integrated Telecommunication Services	21.6
Semiconductors	0.4

Top Ten Holdings (%)

Qualcomm	16.8
Verizon	12.2
Motorola	12.1
AT&T Wireless	10.7
Vodafone	8.5
Nextel	6.8
Deutsche Telekom	5.7
Sk Telecom	5.5
Nokia	4.9
RIM	4.6
Top Ten Total	87.8

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares Dow Jones US Utilities Sector Index Fund (IDU)

UTILITIES

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$59.21	\$49.61
Fund Ticker	IDU	
Intraday NAV Ticker	NLU	
Benchmark Index Ticker (Bloomberg)	DJUSUT	
Market Cap (\$Mil)	459	
Shares Outstanding (Mil)	8	
Avg Daily Trading Volume (Shares)	45,426	
Expense Ratio (%)	0.60	
Focus	Utilities Sector Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	6/12/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	77	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

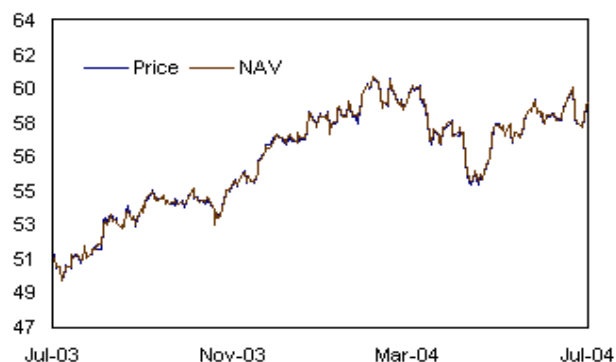
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-1.2	11.9	-5.8	-1.0
NAV	-1.0	12.2	-6.0	-1.0

Distribution History (\$)

	2002	2003	YTD 2004
Income	2.07	1.80	0.93
Capital Gains	0.00	0.00	0.00
Total	2.07	1.80	0.93

Fund Description

The iShares Dow Jones US Utilities Sector Index Fund (IDU) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Dow Jones US Utilities Sector Index. The index is float-adjusted market cap-weighted and measures the performance of the utilities sector of the US equity market. It is reviewed and rebalanced quarterly during March, June, September, and December. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Electric Utilities	64.0
Multi-Utilities & Unregulated Power	28.6
Gas Utilities	6.9
Water Utilities	0.5

Top Ten Holdings (%)

Exelon	6.4
Southern	6.0
Dominion	5.7
Duke Energy	5.4
Entergy	3.6
TXU	3.6
Firstenergy	3.6
Amer Elec Pwr	3.5
FPL Group	3.2
PG&E	2.9
<i>Top Ten Total</i>	43.8

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Utilities Select Sector SPDR Fund (XLU)

UTILITIES

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$24.12	\$24.75	\$20.12
Fund Ticker			XLU
Intraday NAV Ticker			UXV
Benchmark Index Ticker (Bloomberg)			IXU
Market Cap (\$Mil)			1,159
Shares Outstanding (Mil)			48
Avg Daily Trading Volume (Shares)			665,476
Expense Ratio (%)			0.28
Focus	Utilities Sector Stocks		
Investment Advisor	State Street Global Advisors		
Inception Date	12/22/1998		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	33		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Performance (%)	06/30/2004		

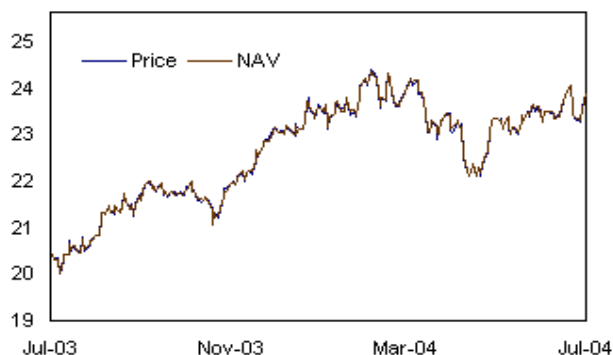
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-1.5	11.2	-5.3	-0.7
NAV	-1.4	11.2	-5.3	-0.6

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.92	0.80	0.40
Capital Gains	0.00	0.00	0.00
Total	0.92	0.80	0.40

Fund Description

The Utilities Select Sector SPDR Fund (XLU) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Utilities Select Sector Index. The index is weighted on a modified market-cap basis and includes companies involved in electricity and natural gas distribution. It is rebalanced as necessary throughout the year with minimal disruptions. To track the index, the fund generally will invest in all of the securities composing its underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Electric Utilities	69.3
Multi-Utilities & Unregulated Power	25.7
Gas Utilities	4.9

Top Ten Holdings (%)

Exelon	8.0
Southern	7.5
Dominion	7.2
Duke Energy	6.9
Entergy	4.6
Firstenergy	4.5
Amer Elec Pwr	4.4
FPL Group	4.3
TXU	4.2
PG&E	4.1
Top Ten Total	55.8

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Utilities HOLDERS (UTH)

UTILITIES

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$82.50	\$83.15	\$67.70
Fund Ticker			UTH
Intraday NAV Ticker			XUH
Benchmark Index Ticker (Bloomberg)			XUH
Market Cap (\$Mil)			537
Shares Outstanding (Mil)			7
Avg Daily Trading Volume (Shares)			492,540
Expense Ratio (%)			0*
Focus	Utilities Sector Stocks		
Investment Advisor	Bank of New York		
Inception Date	6/23/2000		
Portfolio Structure	Grantor Trust		
Approx. Number of Stocks in Fund	20		
Options Available	Yes		
Minimum Trade Size (Shares)	100		
Distribution Frequency	Ongoing		
Performance (%)	06/30/2004		

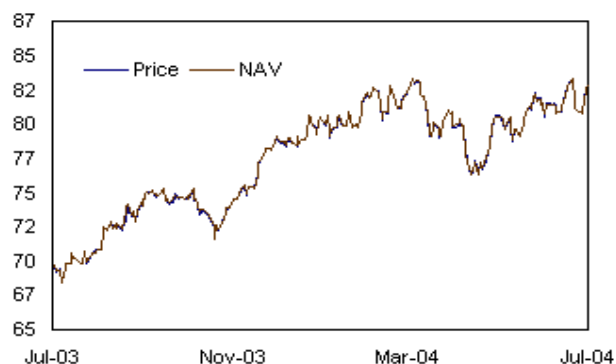
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-0.9	11.7	-5.3	-0.1
NAV	-0.9	11.7	-5.3	-0.1

Distribution History (\$)

	2002	2003	YTD 2004
Income	3.07	2.60	1.59
Capital Gains	0.00	0.00	0.00
Total	3.07	2.60	1.59

Fund Description

The Utilities HOLDERS (UTH) is an exchange-traded fund that represents an undivided beneficial ownership in the common stock of a group of specified companies. The components of the trust will not change, except for defined reconstitution events such as mergers or acquisitions, which can result in stocks being eliminated from the basket. *Expenses for HOLDERS consist of a custody fee of \$2 per round lot (100 shares) per quarter. According to the prospectus, the trustee will waive that portion of the fee which exceeds the total cash dividends and other cash distributions.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Electric Utilities	73.2
Multi-Utilities & Unregulated Power	22.9
Oil & Gas Refining, Marketing & Transportation	3.9

Top Ten Holdings (%)

Exelon	12.7
Southern	10.3
Dominion	8.4
Duke Energy	7.8
Entergy	6.9
FPL Group	6.5
TXU	5.8
PG&E	5.8
Amer Elec Pwr	5.4
Publ Svc Enter	4.9
<i>Top Ten Total</i>	74.6

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Utilities VIPERs (VPU)

UTILITIES

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$50.93	\$46.65
Fund Ticker	VPU	
Intraday NAV Ticker	HVJ	
Benchmark Index Ticker (Bloomberg)	MZUSI0UT	
Market Cap (\$Mil)	41	
Shares Outstanding (Mil)	1	
Avg Daily Trading Volume (Shares)	4,936	
Expense Ratio (%)	0.28	
Focus	Utilities Sector Stocks	
Investment Advisor	The Vanguard Group	
Inception Date	1/30/2004	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	90	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

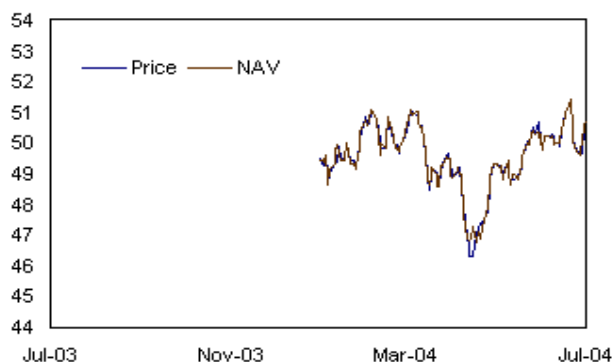
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-1.0	-	-	1.8
NAV	-0.9	-	-	2.0

Distribution History (\$)

	YTD 2004
Income	0.00
Capital Gains	0.00
Total	0.00

Fund Description

The Vanguard Utilities VIPERs (VPU) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI US Investable Market Utilities Index. It consists of all stocks within the broader MSCI Investable Market Index classified as Utilities according to the Global Industry Classification Standard (GICS). The index is market cap-weighted, adjusted quarterly for free float and for companies that move out of its market cap range, and is rebalanced semiannually in May and November. To track the index, VPU may use optimization techniques and derivatives, however, the fund will generally hold all of the stocks in the index in proportionately the same weights.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Electric Utilities	64.0
Multi-Utilities & Unregulated Power	27.6
Gas Utilities	7.5
Water Utilities	0.8

Top Ten Holdings (%)

Exelon	6.3
Southern	5.9
Dominion	5.6
Duke Energy	5.3
Entergy	3.6
Firstenergy	3.5
Amer Elec Pwr	3.4
FPL Group	3.2
PG&E	3.2
TXU	3.1
Top Ten Total	43.2

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Using Index-Linked ETFs to Gain International Exposure

Morgan Stanley suggests at least a 12% allocation to international equities. We believe US investors should have exposure to international equities, as approximately 48% of the world's total market capitalization exists outside the United States (Exhibit 25). Including international equities in a portfolio may reduce risk and enhance returns. Morgan Stanley's Private Wealth Management (PWM) tactical allocation models for taxable investors currently have international allocations of 12%, 19%, and 22% for conservative, moderate, and aggressive US investors.

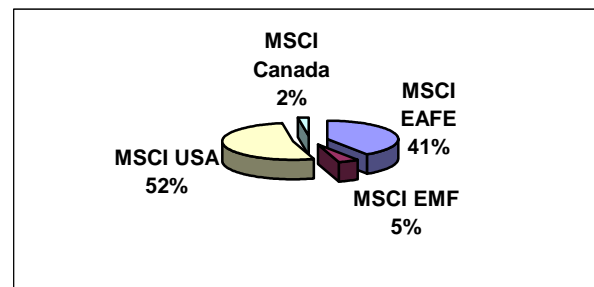
We favor the inclusion of diversified international investments for US investors. Market leadership among countries has changed significantly. Since no single country has consistently outperformed its peers, investing in broad-based international index-linked ETFs can help not only to reduce volatility, but also to achieve competitive returns for the overall portfolio. In the past ten years, the US portion of the MSCI ACWI has been among the top-three performing countries only once, ranking second in 1995. We believe diversified international investments also eliminate the need for investors to consistently select countries that outperform in order to maintain competitive performance.

Index-linked ETFs provide a way to gain international equity exposure. As listed on page 5 of this report, there are now 43 US-listed ETFs that provide diversified international equity exposure. We categorize these indexes as broad-based, regional, country-specific, or global. ETFs based upon these indexes can serve as core international holdings within an investor's portfolio because they are well diversified, which we believe reduces risks associated with individual stocks, sectors, or countries. The ETFs included in this report are based on indexes that contain between 18 and over 1,000 separate stocks and can account for up to 85% of the world's market capitalization outside the US. These ETFs also have relatively low expense ratios, ranging from 30 to 75 basis points. As discussed below, some ETFs tracking global indexes have significant US exposure and may not be attractive for international diversification.

Four ETFs offer broad-based international exposure. ETFs based on broad indexes are very diversified by country and sector. They may be attractive as core international holdings or for investors seeking international diversification in one product. The iShares MSCI EAFE Index fund (EFA) provides the broadest international exposure. Its underlying index offers exposure to 21 developed market countries in Europe, Australasia, and the

Exhibit 25

World Market Capitalization



Source: MSCI. Data as of August 2, 2004.

Far East. It contains over 1,000 securities, encompassing approximately 85% of the world's market capitalization outside of the US and has historically exhibited a low correlation with the US market. In addition, there are three other broad-based ETFs designed to track the MSCI Emerging Markets, BNY Developed Markets 100 ADR, and BNY Emerging Markets 50 ADR Indexes.

Nine ETFs are based on regional indexes. ETFs based on regional indexes are diversified by country and sector and may be attractive for investors seeking exposure to favored regions. Currently, there are ETFs based on four Pan European, two Euro-zone, two Asian, and one Latin American regional indexes.

ETFs based on 22 country-specific indexes are also available. Although less diversified than other international ETFs, single-country ETFs are usually diversified by companies and sectors. They may be attractive to investors seeking targeted exposure to specific countries or customized portfolios of groups of countries.

Eight ETFs based on global indexes also provide some international exposure. There are two ETFs based on the S&P Global and Dow Jones Global Titans Indexes that can provide exposure to large-cap leading companies worldwide. The Market 2000+ HOLDRs holds a passive basket of 60 multinational companies. There are also five ETFs tied to broader-based S&P Global Sector Indexes including energy, financials, health care, technology, and telecommunications. Investors should be aware that large-cap US companies dominate these indexes and they may not be attractive to investors seeking pure international plays to diversify US equity holdings. We believe the lack of interest in ETFs tied to global indexes, as demonstrated by low assets and trading volumes, indicates that most US investors prefer to isolate the US versus the rest of the world in their asset allocation strategies.

Index-Linked Exchange-Traded Funds

International ETF Product Families and Indexes

There are 43 US-listed ETFs that provide international exposure. The majority of these ETFs are iShares, which are managed by Barclays Global Investors. Other international equity ETFs include four BLDRs by Nasdaq and The Bank of New York, two HOLDRs by Merrill Lynch and The Bank of New York, and three streetTRACKS by State Street Global Advisors. The major characteristics of these 43 international equity ETFs are summarized in Exhibit 26 and described in further detail below.

iShares are based on MSCI and S&P Indexes. They are designed to track the broad market in each region or country. The current iShares MSCI series started with a rebranding of what was previously called World Equity Benchmark Shares (WEBS). iShares are structured as open-end funds and use optimization techniques to design portfolios to closely track an index while minimizing transaction costs. Under this technique, the ETF omits or underweights some stocks (usually the less liquid or smaller-cap stocks). The iShares are listed on the American Stock Exchange (except IOO, which is listed on the New York Stock Exchange) and have expense ratios ranging from 35 to 75 basis points.

BLDRs are based on indexes of liquid ADRs. BLDRs are Baskets of Listed Depositary Receipts. Their indexes of American Depositary Receipts (ADRs) were created by The Bank of New York, and include large-cap international companies that trade in the US. BLDRs are tied to the BNY Developed Markets 100, Europe 100, Asia 50, and Emerging Markets 50 ADR Indexes. The advantages of ADR-based indexes are their large-cap exposure and the liquidity of their underlying ADRs that trade in the US. To qualify for ADR listings, companies must adhere to US accounting standards, which adds a form of quality. However, many leading companies around the world may not meet these standards and this leads to skewing by country and sectors versus other established indexes. This skewing is greater in emerging markets, which have relatively fewer ADRs. The BLDRs are structured as Unit Investment Trusts (UITs) and must fully replicate their underlying indexes. They are the first family of funds to be listed on the Nasdaq market and have expense ratios of 30 basis points.

streetTRACKS are based on large-cap Dow Jones Global and European Indexes. One is based on the Dow Jones Global Titans Index, which provides exposure to 50 large-cap multinational companies. This fund is listed on the American Stock Exchange and has an expense ratio of 50 basis points. The other two, formally managed by UBS and named FRESCO Index Shares are based on the Dow Jones STOXX 50 and Euro STOXX 50 Indexes. The Dow Jones STOXX 50 Index, contains large-cap companies throughout the developed markets in Europe, while the Dow Jones Euro STOXX 50 Index only includes companies in the Euro zone. It thus provides a purer play on the euro currency but excludes companies in major European markets such as the UK and Switzerland. These two indexes are popular in Europe and provide the advantages of large-cap, high-quality, and liquid companies. There are also liquid futures tied to the same indexes, which help in ETF market making and may lead to tighter bid-ask spreads. These two ETFs are listed on the New York Stock Exchange and have expense ratios of 30 basis points.

HOLDRs are custom portfolios of large-cap stocks. The HOLDRs that provide international exposure are the Market 2000+ and the Europe 2001. HOLDRs are structured as grantor trusts. They are similar to owning the underlying basket of stocks, as investors receive ongoing dividends, company reports, and have voting rights. In addition, individual investors have the ability to redeem HOLDRs for the underlying shares. However, trades must be in round lots of 100 shares. They are never rebalanced, which may lead to abnormal weightings among constituents. Stocks may drop out of a basket due to mergers, acquisitions, or other events. They are listed on the American Stock Exchange and have expenses consisting of a custody fee of \$2 per 100 shares per quarter

Many of these products are based on indexes in multiple countries. There are 16 US-listed ETFs that are based on indexes containing multiple non-US markets and sectors. We believe ETFs based on these indexes may be attractive to investors seeking simpler or lower-risk international investments than ETFs investing in single markets or sectors.

Index-Linked Exchange-Traded Funds

Exhibit 26

Product Characteristics – US-Listed ETFs Providing International Exposure

	<i>iShares</i>	<i>BLDRs</i>	<i>streetTRACKS</i>	<i>HOLDERS</i>
Advisor/ Trustee	Barclays Global Investors	Nasdaq/ The Bank of New York	State Street Global Advisors	Merrill Lynch/ The Bank of New York
Range (# ETFs)	Broad International (1) Emerging Markets (1) Regional (4) Global (1) Global Sectors (5) Single Countries (22)	Broad International (1) Emerging Markets (1) Regional (2)	Global (1) Europe (2)	Europe (1) Global (1)
Indexes	MSCI/ S&P	BNY ADR	DJ Titans/ DJ STOXX	Custom
Focus	Broad Market	ADR Only	Large-Cap	Large-Cap
Structure	Open-end Fund	Unit Investment Trust	Open-end Fund	Grantor Trust
Approach	Optimization	Full replication	Usually replicate	Passive
Expense Ratios	35-75 basis points	30 basis points	30-50 basis points	**
Exchange	AMEX/NYSE	Nasdaq	AMEX/NYSE	AMEX

Source: Morgan Stanley Research, Company Data

** Expenses for *HOLDERS* consist of a custody fee of \$2 per round lot (100 shares) per quarter. However, according to the *HOLDERS* prospectus, the trustee will waive that portion of the fee, which exceeds the total cash dividends and other cash distributions.

Index-Linked Exchange-Traded Funds

Exhibit 27

Country Exposure for Broad-Based, Regional, and Global Indexes

	Broad Dev		Broad Em		Pan-European				Euro-Zone		Asia/Pacific		Latin America	Global		
	MSCI EAFE	Dev. Mkts 100 ADR	MSCI Emerging Markets	Emerging Markets 50 ADR	Europe 100 ADR	Europe 2001 HOLDERS	Dow Jones STOXX 50	S&P Europe 350	Dow Jones Euro STOXX 50	MSCI EMU	Asia 50 ADR	MSCI Pacific ex-Japan	S&P Latin-America 40	DJ Global Titans	S&P Global 100	Market 2000+ HOLDERS
Index Summary																
# of Countries	21	15	26	12	14	12	8	17	6	11	7	4	4	9	15	10
# of Companies	1,068	100	662	50	100	45	50	350	50	298	50	160	40	50	100	58
% of MCSI ACWI ex-US	85	41	10	3	34	20	35	67	23	28	11	7	2	22	35	13

Country Weights (%)																
Asia/Pacific	31	21	52	52							100	100		2	7	6
Australia	5	4									21	65			1	
China			9	12							3					
Hong Kong	2											21				
India			5	6							1					
Indonesia			2	1												
Japan	23	16									65			2	6	6
Korea			17	13							4				1	
Malaysia			5													
New Zealand	0										1	3				
Pakistan																
Philippines			1	1												
Singapore	1											11				
Thailand			3													
Taiwan			11	18							6					
Europe	69	79			100	98	100	100	100	99				31	37	27
Austria								2		4					0	
Belgium	1							1								
Denmark	1	0			0											
Finland	1	3			4	1	3	2	5	4			2	1	1	
France	9	10			12	13	10	14	32	29			2	6	4	
Germany	7	7			9	8	12	10	22	21			2	5	2	
Greece	1				0			0		1						
Ireland	1	1			1	6		1		3						
Italy	4	3			4		4	5	10	12			1	0		
Luxembourg						3		0								
Netherlands	5	8			11	18	11	7	18	15			2	4	3	
Norway	1	0			0			0								
Portugal	0	0			1			1		1						
Spain	4	6			7	8	6	5	13	11				3		
Sweden	2	1			2	1		3						1	0	
Switzerland	7	4			6	12	14	10					6	5	4	
United Kingdom	26	35			44	28	40	38					16	12	13	
Latin America			18	33									100			
Argentina			1										3			
Brazil			9	18									44			
Chile			2										11			
Mexico			6	13									43			
Peru			1	1												
EMEA			23	16												
Israel			4	6												
Russia			4	2												
South Africa			15	8												
Other	0		7			2			1					1	0	
United States														68	56	67

Source: FactSet. Data as of July 30, 2004.

Exchange-Traded Funds – August 9, 2004

Please see analyst certification and other important disclosures starting on page 217.

Index-Linked Exchange-Traded Funds

International Index Correlations

Many international indexes have low correlations with the US. Correlation is a measure of the relation between two variables. Correlation coefficients can range from +1.00 (perfect positive) to -1.00 (perfect negative). Exhibit 26 shows historical correlation among select broad-based international, regional, and global indexes. The

correlations were calculated using weekly returns over the past three years. Several indexes had low correlations with the MSCI USA, indicating they may provide diversification benefits when added to a portfolio of US stocks.

Exhibit 28

Country-Specific Index Correlations

	Argentina	Austria	Brazil	Canada	France	Germany	HongKong	India	Italy	Japan	Korea	Mexico	Russia	Singapore	Spain	Switzerland	Taiwan	Thailand	Turkey	UK	USA	MSCI EAFE	MSCI EM	
Argentina	1.00																							
Austria	0.20	1.00																						
Brazil	0.30	0.29	1.00																					
Canada	0.24	0.42	0.48	1.00																				
France	0.27	0.31	0.45	0.78	1.00																			
Germany	0.23	0.32	0.47	0.76	0.91	1.00																		
HongKong	0.19	0.30	0.31	0.59	0.61	0.61	1.00																	
India	0.24	0.29	0.30	0.47	0.44	0.45	0.56	1.00																
Italy	0.25	0.32	0.41	0.72	0.88	0.85	0.60	0.46	1.00															
Japan	0.04	0.36	0.29	0.50	0.41	0.41	0.47	0.32	0.33	1.00														
Korea	0.16	0.21	0.40	0.54	0.45	0.49	0.59	0.41	0.40	0.48	1.00													
Mexico	0.31	0.27	0.52	0.60	0.61	0.64	0.48	0.43	0.62	0.39	0.49	1.00												
Russia	0.25	0.21	0.31	0.41	0.34	0.30	0.29	0.25	0.32	0.35	0.32	0.32	1.00											
Singapore	0.27	0.31	0.35	0.62	0.57	0.59	0.76	0.58	0.59	0.47	0.64	0.54	0.30	1.00										
Spain	0.30	0.35	0.48	0.72	0.83	0.83	0.57	0.43	0.82	0.41	0.48	0.63	0.32	0.57	1.00									
Switzerland	0.18	0.31	0.30	0.62	0.83	0.80	0.57	0.37	0.80	0.32	0.36	0.49	0.23	0.50	0.77	1.00								
Taiwan	0.26	0.22	0.35	0.52	0.43	0.43	0.61	0.39	0.37	0.35	0.72	0.43	0.23	0.67	0.46	0.33	1.00							
Thailand	0.13	0.30	0.32	0.46	0.34	0.35	0.41	0.43	0.31	0.39	0.50	0.40	0.27	0.54	0.40	0.23	0.48	1.00						
Turkey	0.08	0.16	0.26	0.34	0.29	0.31	0.35	0.28	0.36	0.20	0.30	0.32	0.14	0.37	0.32	0.18	0.37	0.30	1.00					
UK	0.24	0.32	0.39	0.73	0.90	0.83	0.59	0.44	0.84	0.36	0.40	0.58	0.33	0.57	0.78	0.83	0.37	0.28	0.30	1.00				
USA	0.25	0.13	0.46	0.78	0.83	0.84	0.59	0.42	0.76	0.34	0.48	0.64	0.28	0.56	0.75	0.74	0.43	0.28	0.18	0.79	1.00			
MSCI EAFE	0.24	0.41	0.47	0.82	0.93	0.90	0.70	0.50	0.86	0.64	0.55	0.66	0.40	0.68	0.85	0.83	0.49	0.42	0.34	0.91	0.81	1.00		
MSCI EM	0.30	0.37	0.62	0.73	0.64	0.66	0.73	0.60	0.60	0.55	0.87	0.69	0.46	0.77	0.67	0.50	0.81	0.62	0.47	0.59	0.61	0.74	1.00	

Source: FactSet. Correlations based upon weekly returns from August 3, 2001 through August 2, 2004.

Index-Linked Exchange-Traded Funds

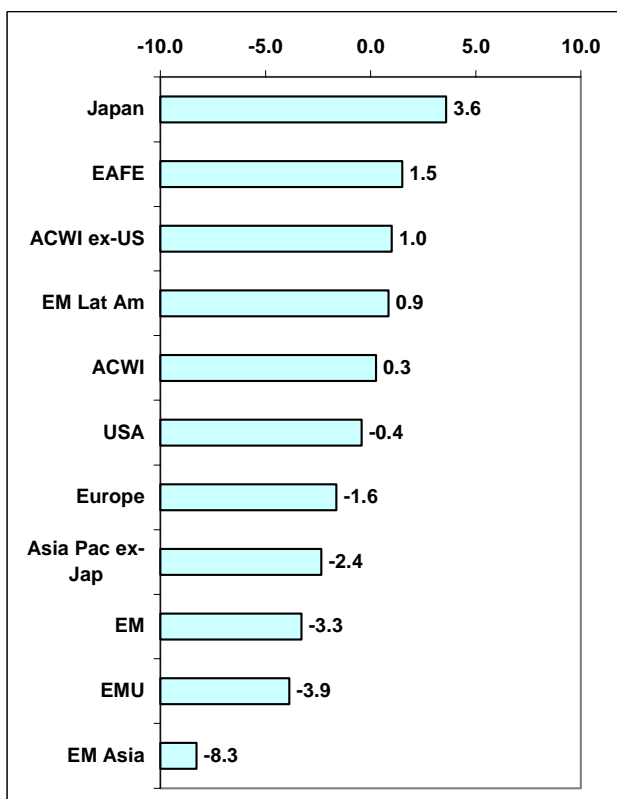
International Index Performance Summary

Year-to-date returns have been mixed. As exhibited below, Japan had the strongest performance in US dollar terms and helped the broader developed market based MSCI EAFE Index obtain positive performance. Emerging markets, on the other hand, exhibited weaker relative performance. Among developed markets, the MSCI USA Index underperformed the MSCI EAFE Index by 1.9 percentage points year-to-date.

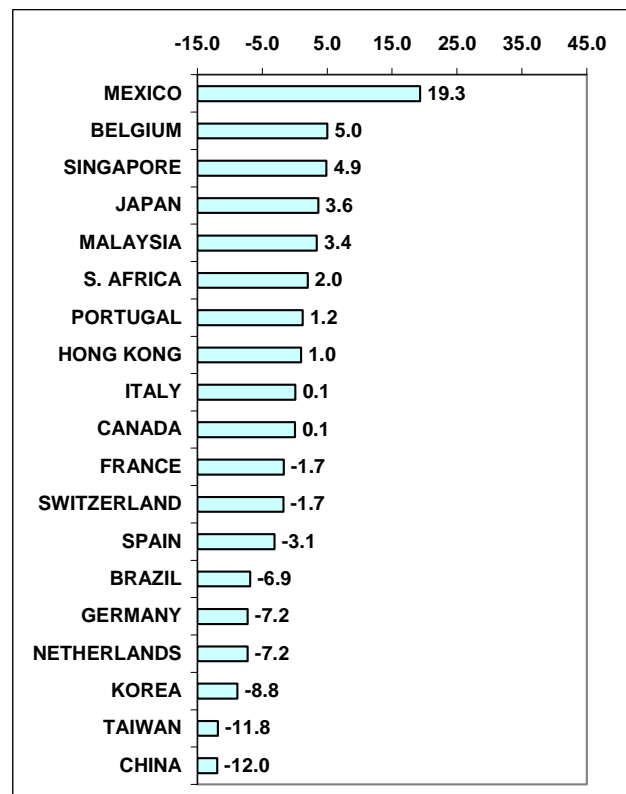
Country-specific indexes also had mixed performance so far this year. The MSCI Mexico Index has been the only single country index on our list that exhibited strong performance over 10% for the year in US dollar terms. China, Taiwan, and Korea have posted negative returns of 8% or greater for the year.

Exhibit 29
Index Performance – Year-to-Date 2004

MSCI Major Market Indexes



MSCI Country Indexes



Source: Bloomberg. Data through July 30, 2004. Total returns in US dollars.

Index-Linked Exchange-Traded Funds

International Equity Outlook and Investment Opportunities

We currently prefer international markets to the US.

Morgan Stanley's Global Asset Allocation Committee maintains a strong preference for equities outside the US. While they are not outright bearish on US markets, they believe that other more compelling risk/reward profiles exist in other regions. In their global equity portfolio, they remain overweight in every region outside the US, funded by a significant US underweight (Exhibit 28).

Favored Developed Markets ETF

- iShares MSCI EAFE Index Fund (EFA)

For core international holdings, we favor indexes that are diversified by region, country, and sectors. The MSCI EAFE Index offers exposure to 21 developed market countries in Europe, Australasia, and the Far East. It contains over 1,000 securities, encompassing approximately 85% of the world's market capitalization outside of the US.

Favored Emerging Markets ETF

- iShares MSCI EM Index Fund (EEM)

Our largest relative overweight is emerging markets.

Morgan Stanley's asset allocation committee maintains an 8% weighting in emerging markets relative to its 5% weight in the MSCI All Country World Index. In their view, emerging market valuations remain penalized due to historical macro crises, although such risk has materially diminished. With five of the six largest emerging markets now rated investment grade, the second-highest ROE globally after the US, and a volatility profile similar to the US and Europe, the emerging markets' discount to developed markets on a forward P/E basis appears excessive. Demonstrating that current corporate returns are sustainable should help expand the asset class's current 2005 forward P/E of 9.7.

Favored European ETFs

- iShares S&P Europe 350 Index Fund (IEV)
- streetTRACKS Dow Jones Euro STOXX Fund (FEZ)

Our global strategy team is overweight European equities. Morgan Stanley's asset allocation committee maintains a 31% weighting in Europe relative to its 28% weight in the MSCI All Country World Index. Europe has remained locked in its tightest trading range in 24 years with a year-to-date peak-to-trough trading range of just 7%. Our European strategy team, lead by Teun Draaisma and Ben Funnell, have not changed their thesis: markets are attractively valued at 12 times next year's earnings.

However, they believe we must first get through the poor news-flow over the next 1-2 quarters. They believe weaker consumer demand, the US election, and China's economic slowdown are likely to keep a short-term lid on the markets.

Favored Japan ETF

- iShares MSCI Japan Index Fund (EWJ)

Morgan Stanley strategists maintain an overweight position in Japan.

Morgan Stanley's asset allocation committee maintains an 11% weighting in Japan relative to its 9% weight in the MSCI All Country World Index. Our Japan strategist Naoki Kamiyama suggests Japanese equities offer an attractive opportunity because structural weakness is coming to an end. Structural reforms, such as banks writing off non-performing loans (NPLs) are quietly advancing. In his view, investors interested in profiting from Japanese stocks need to return prior to the economy actually overcoming deflation, based on evidence that structural reforms are moving in the right direction. He believes the TOPIX may rise to the 1,600-point level within the next two years (45% above current 1,100 point level).

Favored Asia ex-Japan ETFs

- iShares MSCI South Korea Index Fund (EWY)
- iShares MSCI Taiwan Index Fund (EWT)

Within Asia, our strategists are overweight Korea and Taiwan. In their view, emerging markets in Asia show the best value and the best growth globally. From a value perspective, the region has among the lowest P/B at 1.8 and cheapest valuation with a 12 month forward P/E of 8.6. On the growth side, it boasts the highest consensus long-term forward EPS growth estimate of 17.3%.

Favored Latin America ETFs

- iShares MSCI Brazil Index Fund (EWZ)

Within Latin America, our strategists currently favor Brazil. Valuation remains supportive in Brazil relative to the rest of Latin America with the market trading at a one 2004 forward P/E ratio of 7.7. This is 24% below its historical average and cheap relative to Brazilian bond yields. In addition, GDP growth expectations for Brazil remain strong as consensus 2004 forecasts recently increased to 3.6% and Morgan Stanley economists forecast 4.4%. Our strategists also believe that Brazil is less correlated with the global cycle and that its own domestic cycle should dominate investors' decision process.

Index-Linked Exchange-Traded Funds

Morgan Stanley Global and Regional Asset Allocation Models – August 2004

Exhibit 30

Morgan Stanley Global Asset Allocation Model and Representative ETFs – August 2, 2004

Global Equity Portfolio

Region	Morgan Stanley Weighting	MSCI All-Country World Free	Spread vs. ACWI	Representative ETF	Symbol
North America	46%	55%	-9%	Vanguard Total Stock Market VIPERS	VTI
Europe	31%	28%	3%	iShares S&P Europe 350	IEV
Japan	11%	9%	2%	iShares MSCI Japan	EWJ
Developed Asia ex-Japan	4%	3%	1%	iShares MSCI Pacific ex-Japan	EPP
Emerging Markets	8%	5%	3%	iShares MSCI Emerging Markets	EEM

Source: Morgan Stanley

Exhibit 31

Morgan Stanley Regional Model Portfolio Weightings – August 2, 2004

Europe	Model Portfolio (%)	MSCI Europe (%)	Difference (%)	Asia/Pacific	Model Portfolio (%)	MSCI Asia/Pacific ex-Japan (%)	Difference (%)
Austria	0.0	0.4	-0.4	Australia/New Zealand	34.8	36.7	-1.9
Belgium	4.3	1.7	2.6	China	7.7	7.4	0.3
Denmark	2.2	1.1	1.1	Hong Kong	5.7	12.0	-6.3
Finland	0.8	1.9	-1.0	India	2.5	4.4	-1.9
France	13.0	13.7	-0.7	Indonesia	2.0	1.5	0.5
Germany	8.1	9.8	-1.6	Malaysia	2.7	3.8	-1.1
Greece	1.5	0.7	0.9	New Zealand	5.1	1.7	3.4
Ireland	1.9	1.2	0.8	Phillipines	0.0	0.4	-0.4
Italy	6.1	5.5	0.6	Korea	16.8	14.4	2.4
Netherlands	5.2	6.9	-1.7	Singapore	3.2	6.2	-3.0
Norway	1.5	0.8	0.8	Taiwan	14.7	9.2	5.5
Portugal	1.2	0.5	0.7	Thailand	3.7	2.3	1.4
Spain	7.2	5.2	2.0				
Sweden	6.7	3.4	3.3				
Switzerland	7.7	10.3	-2.6				
UK	32.4	37.0	-4.6				
				Latin America	Model Portfolio (%)	MSCI EMF Lat Am (%)	Difference (%)
				Argentina	1.1	2.9	-1.8
				Brazil	55.3	47.9	7.4
				Chile	8.3	10.1	-1.8
				Colombia	0.0	0.8	-0.8
				Mexico	35.3	34.1	1.2
				Peru	0.0	2.9	-2.9
				Venezuela	0.0	0.9	-0.9

Source: Morgan Stanley Research

Index-Linked Exchange-Traded Funds

Exhibit 32

Global Economic Forecasts – August 2, 2004

	GNP/GDP Growth (%)		CPI Inflation (%)	
	2004E	2005E	2004E	2005E
North America				
United States	4.6	3.9	2.6	2.4
Canada	3.1	3.7	1.9	2.1
Asia/Pacific				
Japan	5.0	1.4	-0.1	-0.1
China	7.8	7.5	2.8	2.5
Hong Kong	5.2	3.4	-1.0	-0.5
Korea	4.6	3.8	3.7	3.0
Malaysia	6.7	4.8	1.6	1.6
Singapore	6.8	3.5	1.6	1.0
Taiwan	5.6	3.6	0.5	0.8
Latin America				
Brazil	4.4	3.8	6.2	5.0
Mexico	5.1	4.5	4.0	4.0
Europe				
Austria	1.3	2.3	1.9	1.7
Belgium	2.3	1.8	2.2	2.0
France	2.3	2.4	2	1.4
Germany	1.8	1.7	1.7	1.4
Italy	1.2	1.8	2.2	2.0
Netherlands	1.7	2.0	1.1	0.5
Spain	2.9	2.8	2.9	2.7
Sweden	3.0	2.5	0.9	1.4
Switzerland	2.0	2.1	0.5	1.0
United Kingdom	3.2	2.5	1.4	1.6

Source: Morgan Stanley Research.

Exhibit 33

Global Market Performance and Valuation – August 2, 2004

	MSCI Performance (US\$)				% off 12-Mo.		P/E Ratio		EPS Growth	
	3-Mo.	6-Mo.	12-Mo.	3-Yr ann.	High	Low	2004E	2005E	2004E	2005E
North America										
United States	-0.2	-2.9	12.3	-3.7	-4.7	14.1	17.2	16.1	16.0	7.0
Canada	6.4	-2.2	22.5	7.2	-5.5	24.9	14.8	13.2	27.0	12.0
Asia/Pacific										
Japan	-4.1	1.7	30.4	-0.3	-10.4	33.8	17.4	15.8	60.0	10.0
Australia	0.8	0.1	20.8	10.9	-6.8	22.5	12.0	10.8	33.0	11.0
Hong Kong	0.0	-6.2	22.8	0.2	-12.1	26.7	13.7	12.7	22.0	8.0
Korea	-17.9	-18.6	-0.4	17.6	-26.9	4.0	6.9	6.0	101.0	14.0
Taiwan	-15.2	-18.8	-3.3	2.9	-26.4	0.7	10.4	9.7	64.0	7.0
Latin America										
Brazil	10.6	-2.8	44.6	8.5	-15.8	50.1	7.7	7.0	31.0	10.0
Mexico	0.6	-0.2	24.9	5.2	-9.1	27.3	12.1	10.8	29.0	12.0
Europe										
France	-0.7	-3.8	22.6	-0.4	-8.0	23.4	14.8	14.0	55.0	6.0
Germany	-3.1	-9.2	19.5	-3.8	-13.1	22.4	14.9	14.1	85.0	6.0
United Kingdom	1.0	1.3	22.3	0.4	-5.3	23.0	13.3	12.5	10.0	6.0

Source: Morgan Stanley Research, FactSet.

E = Morgan Stanley Estimates.

Exchange-Traded Funds – August 9, 2004

Please see analyst certification and other important disclosures starting on page 217.

Index-Linked Exchange-Traded Funds

Exhibit 34

Select MSCI Country Index Annual Performance

Index Return	Best	Switzerland 45.0	Brazil 42.5	Mexico (53.9)	Belgium 68.7	Sweden 80.6	Switzerland 6.4	Mexico 18.5	Austria 17.3	Brazil 102.9	Austria 25.2
		USA 38.2	Spain 41.3	Switzerland 44.8	Italy 53.2	Mexico 80.1	Canada 5.6	Taiwan 10.5	Australia (0.3)	Sweden 61.0	Taiwan 11.8
		Sweden 34.1	Taiwan 40.3	Italy 36.4	Spain 50.6	Brazil 67.2	Italy (0.8)	Australia 2.7	Italy (6.3)	Germany 60.1	Mexico 10.9
		Spain 31.2	Sweden 28.0	USA 34.1	France 42.1	Japan 61.8	Netherlands (3.6)	Austria (5.0)	Switzerland (10.0)	Austria 54.5	Sweden 5.2
		Netherlands 28.9	Hong Kong 33.1	Brazil 27.3	USA 30.7	Singapore 60.2	France (4.1)	Belgium (10.2)	Japan (10.1)	Spain 54.3	Belgium 5.0
		Belgium 27.3	Canada 29.3	Spain 26.2	Germany 29.9	Hong Kong 59.5	Australia (9.1)	Spain (11.0)	Singapore (11.0)	Canada 52.3	Singapore 4.9
		Hong Kong 22.6	Netherlands 28.5	Germany 25.0	Switzerland 24.1	Canada 54.4	Brazil (11.4)	USA (12.0)	Canada (12.8)	Australia 45.1	Japan 3.6
		United Kingdom 21.3	United Kingdom 27.4	Netherlands 24.5	Netherlands 23.9	Taiwan 52.7	Austria (11.5)	United Kingdom (14.0)	Mexico (13.3)	Taiwan 40.0	Hong Kong 1.0
		AC World Free 19.5	USA 24.1	United Kingdom 22.6	AC World Free 22.0	France 29.7	United Kingdom (11.5)	AC World Free (15.9)	Belgium (14.2)	France 37.8	United Kingdom 0.3
		Canada 19.1	France 21.8	AC World Free 15.0	United Kingdom 17.8	AC World Free 26.8	USA (12.5)	Brazil (17.0)	Spain (14.9)	Italy 34.8	Italy 0.1
		Germany 17.0	Mexico 18.7	Belgium 14.5	Sweden 14.5	USA 22.4	AC World Free (13.9)	Hong Kong (18.6)	United Kingdom (15.2)	Japan 34.6	Canada 0.0
		France 14.8	Australia 17.8	Sweden 13.5	Australia 7.1	Germany 20.5	Hong Kong (14.7)	Canada (20.1)	Hong Kong (17.8)	Singapore 34.2	Australia 1.1
		Australia 12.5	Germany 14.1	Canada 13.3	Japan 5.2	Australia 18.7	Germany (15.3)	Switzerland (21.1)	AC World Free (19.0)	Hong Kong 32.5	AC World -1.1
		Singapore 12.2	Italy 13.4	France 12.4	Austria 0.8	United Kingdom 12.5	Spain (15.5)	Netherlands (21.6)	Netherlands (20.3)	Switzerland 32.4	USA -1.4
		Italy 1.7	AC World Free 13.2	Austria 2.0	Hong Kong (2.9)	Netherlands 7.4	Belgium (16.3)	Germany (22.0)	France (20.8)	AC World Free 31.6	France -1.7
		Japan 0.9	Belgium 13.1	Taiwan (6.3)	Singapore (3.6)	Spain 5.3	Mexico (20.5)	France (22.1)	USA (22.7)	Belgium 30.7	Switzerland -1.8
		Austria (4.4)	Austria 4.9	Australia (9.5)	Canada (5.7)	Italy 0.2	Sweden (21.0)	Singapore (23.4)	Taiwan (24.5)	Mexico 29.8	Spain 3.1
		Brazil (19.2)	Switzerland 2.8	Hong Kong (23.3)	Taiwan (20.6)	Switzerland (6.6)	Singapore (27.7)	Italy (26.1)	Sweden (30.1)	United Kingdom 27.2	Netherlands -7.3
		Mexico (20.4)	Singapore 0.3	Japan (23.5)	Mexico (33.5)	Austria (8.7)	Japan (28.1)	Sweden (26.8)	Brazil (30.7)	USA 26.8	Germany -7.3
		Taiwan (29.3)	Japan (15.4)	Singapore (40.5)	Brazil (39.6)	Belgium (13.7)	Taiwan (44.9)	Japan (29.3)	Germany (32.9)	Netherlands 24.6	Brazil 7.4
Worst	1995	1996	1997	1998	1999	2000	2001	2002	2003	YTD	

Source: MSCI. YTD data through July 30, 2004.

Index-Linked Exchange-Traded Funds

iShares MSCI EAFE Index Fund (EFA)

BROAD-BASED - INTL

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$136.90	\$145.24	\$108.83
Fund Ticker	EFA		
Intraday NAV Ticker	EFV		
Benchmark Index Ticker (Bloomberg)	MXEA		
Market Cap (\$Mil)	8,762		
Shares Outstanding (Mil)	64		
Avg Daily Trading Volume (Shares)	561,410		
Expense Ratio (%)	0.35		
Focus	International Developed Markets		
Investment Advisor	Barclays Global Investors		
Inception Date	8/14/2001		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	784		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Performance (%)	06/30/2004		

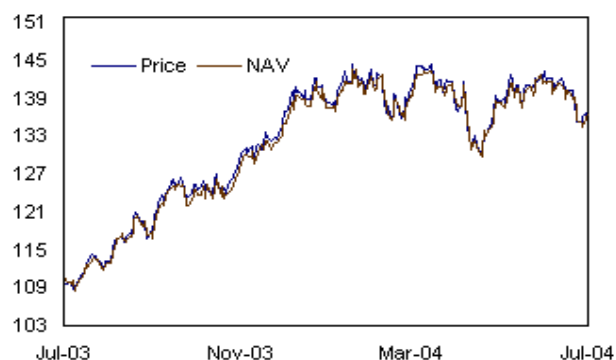
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.0	33.6	-	5.3
NAV	0.2	32.1	-	4.8

Distribution History (\$)

	2002	2003	YTD 2004
Income	1.88	1.57	0.00
Capital Gains	0.00	0.00	0.00
Total	1.88	1.57	0.00

Fund Description

The iShares MSCI EAFE Index Fund (EFA) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI EAFE Index. The index consists of stocks from 21 countries in Europe, Australasia, and the Far East. It is float-adjusted market cap-weighted and is rebalanced quarterly in February, May, August, and November. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Country Weighing (%)

United Kingdom	26.0	Australia	5.3
Japan	23.0	Netherlands	4.9
France	9.0	Italy	3.9
Switzerland	7.3	Spain	3.6
Germany	6.7	Sweden	2.4

Top Sector/Industry Weightings (%)

Financials	26.2
Consumer Discretionary	14.0
Industrials	9.6
Energy	8.7
Consumer Staples	8.4
Health Care	7.9
Telecommunication Services	7.2
Materials	6.8
Information Technology	6.4
Utilities	4.8

Top Ten Holdings (%)

BP	2.8
HSBC	2.1
Vodafone	2.0
Glaxosmithkline	1.6
Total	1.6
Toyota	1.5
Royal Dutch	1.5
Novartis	1.4
Nestle	1.4
Royal Bank of Scotland	1.1
Top Ten Total	16.9

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

BLDRS Developed Markets 100 ADR Index Fund (ARD) BROAD-BASED - INTL**Pricing and Fund Data**

	52 Week	
	High	Low
Price (7/30/04)	\$57.86	\$41.16
Fund Ticker	ARD	
Intraday NAV Ticker	ARDI	
Benchmark Index Ticker (Bloomberg)	BKTD	
Market Cap (\$Mil)	17	
Shares Outstanding (Mil)	0	
Avg Daily Trading Volume (Shares)	779	
Expense Ratio (%)	0.30	
Focus	Developed Market-Based ADRs	
Investment Advisor	Bank of New York	
Inception Date	11/13/2002	
Portfolio Structure	Unit Investment Trust	
Approx. Number of Stocks in Fund	100	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

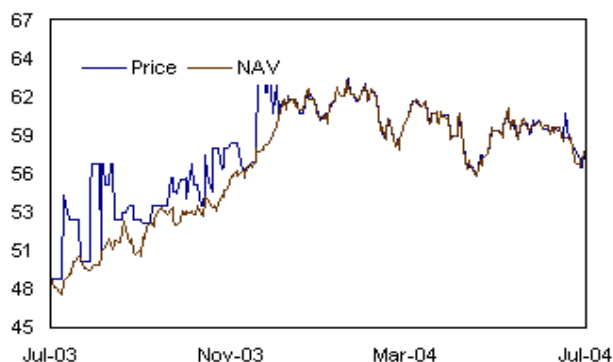
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	0.1	22.1	-	22.3
NAV	0.3	27.3	-	22.5

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.07	1.06	0.79
Capital Gains	0.00	0.00	0.00
Total	0.07	1.06	0.79

Fund Description

The BLDRS Developed Markets 100 ADR Index Fund (ARD) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of The Bank of New York Developed Markets 100 ADR Index. The index is market cap-weighted and includes 100 of the most actively traded companies from international developed markets having a free float capitalization ranging from \$5 billion to over \$100 billion. ARD is structured as a unit investment trust and must hold all of the securities in substantially the same weights as its underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Country Weighing (%)

United Kingdom	34.9	Spain	5.3
Japan	16.0	Switzerland	4.5
France	8.5	United States	4.1
Netherlands	8.3	Australia	4.0
Germany	7.4	Italy	3.0

Top Sector/Industry Weightings (%)

Financials	24.0
Energy	16.4
Consumer Discretionary	13.0
Telecommunication Services	12.0
Health Care	10.0
Information Technology	7.0
Materials	5.5
Consumer Staples	5.4
Utilities	3.8
Industrials	2.2

Top Ten Holdings (%)

BP	5.6
HSBC	4.5
Vodafone	4.1
Toyotarp	3.7
Glaxosmithkline	3.3
Total	3.3
Novartis	3.1
Royal Dutch	2.9
UBS	2.0
Astrazeneca	2.0
Top Ten Total	34.6

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares MSCI Emerging Markets Index Fund (EEM)

BROAD-BASED - INTL

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$155.75	\$182.40	\$124.18
Fund Ticker	EEM		
Intraday NAV Ticker	EEV		
Benchmark Index Ticker (Bloomberg)	MXEF		
Market Cap (\$Mil)	1,885		
Shares Outstanding (Mil)	12		
Avg Daily Trading Volume (Shares)	181,196		
Expense Ratio (%)	0.75		
Focus	Emerging Markets		
Investment Advisor	Barclays Global Investors		
Inception Date	4/7/2003		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	245		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Performance (%)	06/30/2004		

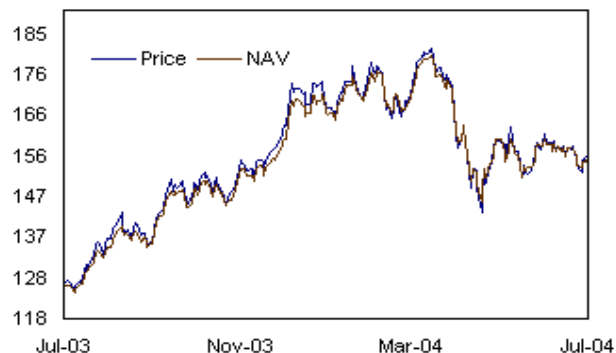
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-7.9	35.5	-	51.6
NAV	-7.9	35.1	-	49.0

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.00	0.81	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.81	0.00

Fund Description

The iShares MSCI EM Index Fund (EEM) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI EM Index. The index consists of stocks from 26 emerging market countries. It is float-adjusted market cap-weighted and is rebalanced quarterly in February, May, August, and November. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Country Weighing (%)

Korea	16.3	Mexico	7.4
South Africa	16.1	India	5.5
Hong Kong	9.8	Russian Fed	4.2
Taiwan	9.2	Israel	4.1
Brazil	8.1	Thailand	3.7

Top Sector/Industry Weightings (%)

Materials	16.7
Telecommunication Services	15.3
Financials	14.3
Information Technology	11.5
Energy	9.1
Consumer Staples	5.1
Consumer Discretionary	4.5
Industrials	3.7
Utilities	3.3
Health Care	2.9

Top Ten Holdings (%)

Samsung Elec	6.7
Anglo American	3.7
Posco	3.5
Taiwan Semi	2.9
United Microelec	2.2
Lukoil	2.0
Korea Elec Pwr	1.9
Teva Pharmaceutical	1.8
Kookmin Bk	1.8
China Mobile	1.8
<i>Top Ten Total</i>	28.2

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

BLDRS Emerging Markets 50 ADR Index Fund (ADRE)

BROAD-BASED - INTL

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$66.58	\$79.00
Fund Ticker	ADRE	
Intraday NAV Ticker	ADREI	
Benchmark Index Ticker (Bloomberg)	BKTEM	
Market Cap (\$Mil)	20	
Shares Outstanding (Mil)	0	
Avg Daily Trading Volume (Shares)	1,226	
Expense Ratio (%)	0.30	
Focus	Emerging Market-Based ADRs	
Investment Advisor	Bank of New York	
Inception Date	11/13/2002	
Portfolio Structure	Unit Investment Trust	
Approx. Number of Stocks in Fund	50	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

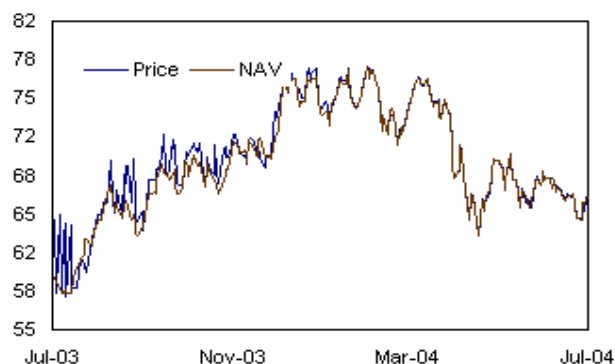
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-7.7	27.2	-	28.6
NAV	-7.3	28.1	-	26.2

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.05	1.23	0.69
Capital Gains	0.00	0.00	0.00
Total	0.05	1.23	0.69

Fund Description

The BLDRS Emerging Markets 50 ADR Index Fund (ADRE) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of The Bank of New York Emerging Markets 50 ADR Index. The index is market cap-weighted and includes 50 of the most actively traded companies from international emerging markets having a free float capitalization ranging from \$900 million to \$20 billion. ADRE is structured as a unit investment trust and must hold all of the securities in substantially the same weights as its underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Country Weighing (%)

Brazil	17.1	South Africa	9.2
Taiwan	15.0	India	7.6
Hong Kong	13.8	Israel	6.2
Mexico	13.2	United States	2.2
Korea	11.6	Indonesia	1.2

Top Sector/Industry Weightings (%)

Telecommunication Services	26.8
Information Technology	20.5
Energy	15.4
Materials	13.4
Financials	8.3
Health Care	6.2
Consumer Discretionary	2.7
Utilities	1.9
Consumer Staples	1.5
Industrials	0.9

Top Ten Holdings (%)

Taiwan Semi	8.5
Teva Pharm	6.2
Amer Movil	4.5
Infosys	4.2
China Mobile	4.2
Telefonos De Mex	3.6
Petroleo Brasileiro Sa Petro	3.5
United Microelec	3.4
Sk Telecom	3.3
Kookmin Bk	3.0
<i>Top Ten Total</i>	44.5

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

BLDRS Europe 100 ADR Index Fund (ADRU)

REGIONAL - INTERNATIONAL

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$57.78	\$50.53
Fund Ticker	ADRU	
Intraday NAV Ticker	ADRUI	
Benchmark Index Ticker (Bloomberg)	BKTEUR	
Market Cap (\$Mil)	17	
Shares Outstanding (Mil)	0	
Avg Daily Trading Volume (Shares)	1,155	
Expense Ratio (%)	0.30	
Focus	European Market-Based ADRs	
Investment Advisor	Bank of New York	
Inception Date	11/13/2002	
Portfolio Structure	Unit Investment Trust	
Approx. Number of Stocks in Fund	100	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

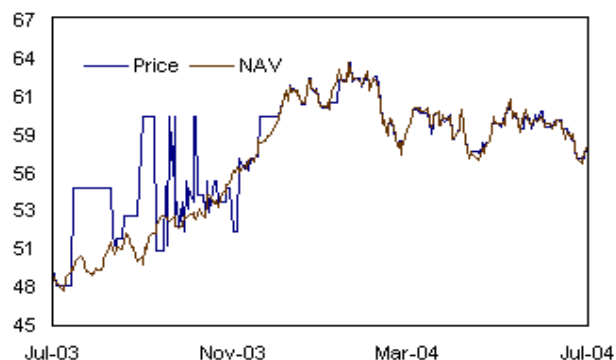
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	2.2	27.1	-	22.8
NAV	1.7	26.8	-	22.9

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.07	1.13	0.90
Capital Gains	0.00	0.00	0.00
Total	0.07	1.13	0.90

Fund Description

The BLDRS Europe 100 ADR Index Fund (ADRU) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of The Bank of New Europe 100 ADR Index. The index is market cap-weighted and includes 100 of the most actively traded companies from the European market having a free float capitalization ranging from \$1 billion to over \$100 billion. ADRU is structured as a unit investment trust and must hold all of the securities in substantially the same weights as its underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Country Weighing (%)

United Kingdom	43.2	Switzerland	5.7
Netherlands	10.5	United States	4.8
France	10.2	Italy	3.5
Germany	8.9	Finland	2.4
Spain	6.2	Sweden	2.0

Top Sector/Industry Weightings (%)

Financials	23.3
Energy	19.6
Telecommunication Services	12.6
Health Care	12.0
Materials	6.7
Consumer Staples	6.6
Consumer Discretionary	5.6
Information Technology	5.5
Utilities	4.7
Industrials	3.2

Top Ten Holdings (%)

BP	6.6
HSBC	5.3
Vodafone	4.8
Glaxosmithkline	3.9
Total	3.9
Novartis	3.7
Royal Dutch	3.4
UBS	2.3
Astrazeneca	2.3
Shell Transport	2.3
<i>Top Ten Total</i>	38.6

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Europe 2001 HOLDRS (EKH)

REGIONAL - INTERNATIONAL

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$55.96	\$66.08	\$47.95
Fund Ticker			EKH
Intraday NAV Ticker			EKI
Benchmark Index Ticker (Bloomberg)			EKI
Market Cap (\$Mil)			17
Shares Outstanding (Mil)			0
Avg Daily Trading Volume (Shares)			1,720
Expense Ratio (%)			0*
Focus	Large European Stocks		
Investment Advisor	Bank of New York		
Inception Date	1/17/2001		
Portfolio Structure	Grantor Trust		
Approx. Number of Stocks in Fund	45		
Options Available	Yes		
Minimum Trade Size (Shares)	100		
Distribution Frequency	Ongoing		
Performance (%)	06/30/2004		

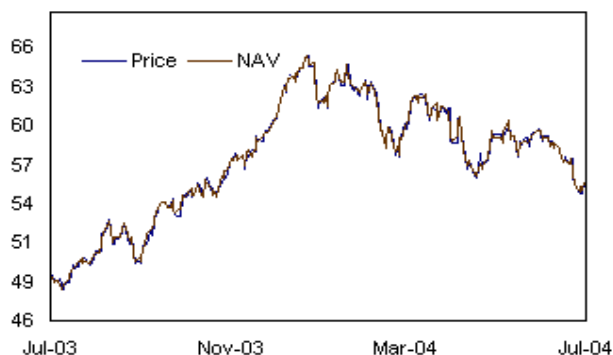
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-1.2	26.2	-4.8	-12.3
NAV	-1.2	26.2	-4.8	-12.3

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.77	0.70	0.61
Capital Gains	0.00	0.00	0.00
Total	0.77	0.70	0.61

Fund Description

The Europe 2001 HOLDRS (EKH) is an exchange-traded fund structured as a grantor trust that represents an undivided beneficial ownership in the common stock of a group of specified companies. The components of the trust will not change, except for defined reconstitution events such as mergers or acquisitions, which can result in stocks being eliminated from the basket. *Expenses for HOLDRS consist of a custody fee of \$2 per round lot (100 shares) per quarter. According to the prospectus, the trustee will waive that portion of the fee which exceeds the total cash dividends and other cash distributions.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Country Weighing (%)

United Kingdom	28.1	Switzerland	6.4
United States	15.9	Ireland	6.1
France	15.3	Germany	5.3
Netherlands	12.7	Finland	1.0
Spain	8.2	Sweden	0.8

Top Sector/Industry Weightings (%)

Health Care	21.1
Information Technology	19.9
Energy	16.0
Consumer Discretionary	9.3
Telecommunication Services	9.2
Financials	8.5
Consumer Staples	7.8
Industrials	4.5
Utilities	3.6

Top Ten Holdings (%)

Total	5.2
Ryanair	4.5
Diageo	4.5
Glaxosmithkline	4.4
Repsol	4.1
BP	4.0
Novartis	4.0
ASM	3.8
UBS	3.6
Scottish Pwr	3.6
Top Ten Total	41.6

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

streetTRACKS Dow Jones STOXX 50 Fund (FEU)

REGIONAL - INTERNATIONAL

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$32.12	\$27.26
Fund Ticker	FEU	
Intraday NAV Ticker	FEUIV	
Benchmark Index Ticker (Bloomberg)	SX5P	
Market Cap (\$Mil)	24	
Shares Outstanding (Mil)	1	
Avg Daily Trading Volume (Shares)	2,313	
Expense Ratio (%)	0.30	
Focus	Large-Cap Pan European Stocks	
Investment Advisor	State Street Global Advisors	
Inception Date	10/21/2002	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	50	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

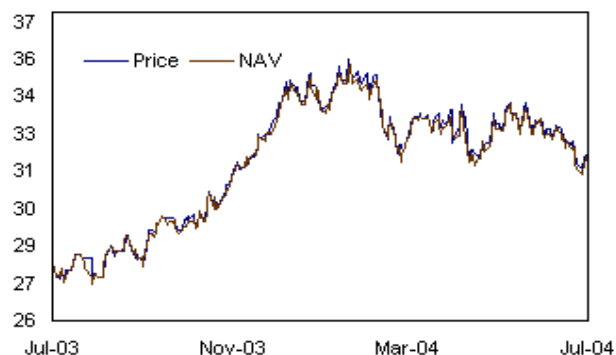
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.5	24.1	-	19.0
NAV	1.0	21.8	-	19.9

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.00	0.75	0.57
Capital Gains	0.00	0.00	0.00
Total	0.00	0.75	0.57

Fund Description

The streetTRACKS Dow Jones STOXX 50 Fund (FEU) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Dow Jones STOXX 50 Index. The index consists of 50 of the largest blue chip stocks in Europe. It is float-adjusted market cap-weighted, subject to a 10% weighting cap, and is rebalanced annually in September. To track the index, the fund generally holds all of the constituents of the index in substantially the same weights.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Country Weighing (%)

United Kingdom	41.8	Spain	5.5
Switzerland	14.9	Italy	3.8
Germany	12.0	Finland	2.0
Netherlands	10.5		
France	9.5		

Top Sector/Industry Weightings (%)

Financials	33.5
Energy	19.8
Health Care	13.3
Telecommunication Services	11.1
Consumer Staples	9.4
Information Technology	3.2
Materials	2.8
Consumer Discretionary	2.5
Utilities	2.3
Industrials	2.1

Top Ten Holdings (%)

BP	7.3
HSBC	5.8
Vodafone	5.4
Total	4.3
Glaxosmithkline	4.3
Novartis	4.0
Royal Dutch	3.8
Nestle	3.7
Royal Bank of Scotland	3.0
UBS	2.6
<i>Top Ten Total</i>	44.2

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares S&P Europe 350 Index Fund (IEV)

REGIONAL - INTERNATIONAL

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$64.00	\$52.56
Fund Ticker	IEV	
Intraday NAV Ticker	NLG	
Benchmark Index Ticker (Bloomberg)	SPEE	
Market Cap (\$Mil)	778	
Shares Outstanding (Mil)	12	
Avg Daily Trading Volume (Shares)	47,293	
Expense Ratio (%)	0.60	
Focus	S&P Europe 350 Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	7/25/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	347	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

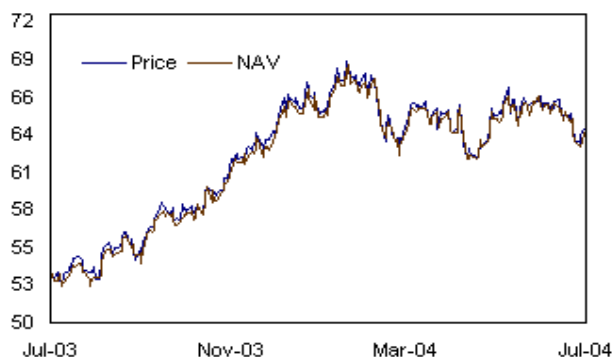
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	2.3	28.2	3.3	-3.0
NAV	1.9	27.5	3.4	-3.3

Distribution History (\$)

	2002	2003	YTD 2004
Income	1.06	1.11	0.00
Capital Gains	0.00	0.00	0.00
Total	1.06	1.11	0.00

Fund Description

The iShares S&P Europe 350 Index Fund (IEV) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the S&P Europe 350 Index. The index is float-adjusted market cap-weighted and measures the performance of stocks in 16 European countries. The index is rebalanced quarterly in March, June, September, and December. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Country Weighing (%)

United Kingdom	39.3	Italy	5.5
France	13.5	Spain	5.2
Switzerland	10.3	Sweden	3.2
Germany	10.1	Belgium	1.6
Netherlands	6.9	Finland	1.5

Top Sector/Industry Weightings (%)

Financials	28.3
Energy	12.4
Consumer Discretionary	10.1
Consumer Staples	10.1
Health Care	9.1
Telecommunication Services	8.6
Industrials	6.5
Materials	6.0
Utilities	4.9
Information Technology	3.9

Top Ten Holdings (%)

BP	4.1
HSBC	3.2
Vodafone	2.9
Total	2.5
Glaxosmithkline	2.4
Novartis	2.2
Royal Dutch	2.1
Nestle	2.0
Royal Bank of Scotland	1.7
UBS	1.6
Top Ten Total	24.7

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

streetTRACKS Dow Jones Euro STOXX 50 Fund (FEZ) REGIONAL - INTERNATIONAL

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$32.76	\$27.71
Fund Ticker	FEZ	
Intraday NAV Ticker	FEZIV	
Benchmark Index Ticker (Bloomberg)	SX5E	
Market Cap (\$Mil)	90	
Shares Outstanding (Mil)	3	
Avg Daily Trading Volume (Shares)	41,696	
Expense Ratio (%)	0.30	
Focus	Large-Cap Euro Zone Stocks	
Investment Advisor	State Street Global Advisors	
Inception Date	10/21/2002	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	50	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

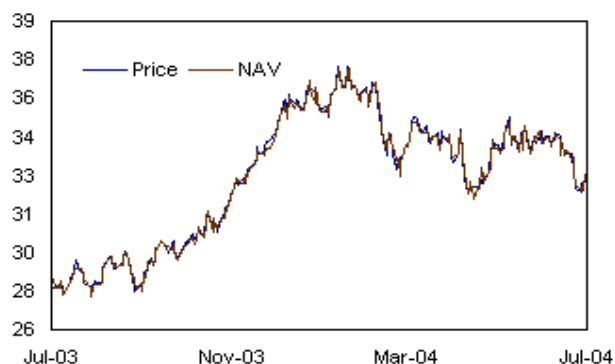
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	2.8	27.2	-	24.9
NAV	1.7	26.0	-	24.6

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.00	0.66	0.62
Capital Gains	0.00	0.00	0.00
Total	0.00	0.66	0.62

Fund Description

The streetTRACKS Dow Jones Euro STOXX 50 Fund (FEZ) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Dow Jones Euro STOXX 50 Index. The index consists of 50 of the largest blue chip stocks in the Euro zone. It is float-adjusted market cap-weighted, subject to a 10% weighting cap, and is rebalanced annually in September. To track the index, the fund generally holds all of the constituents of the index in substantially the same weights.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Country Weighing (%)

France	29.9	Finland	3.5
Germany	23.7		
Netherlands	18.9		
Spain	12.9		
Italy	11.2		

Top Sector/Industry Weightings (%)

Financials	29.6
Energy	18.5
Telecommunication Services	11.0
Utilities	8.5
Consumer Discretionary	7.6
Consumer Staples	7.3
Information Technology	6.4
Materials	4.9
Industrials	4.6
Health Care	1.5

Top Ten Holdings (%)

Total	7.4
Royal Dutch	6.6
Telefonica Esp	3.9
Siemens	3.6
Nokia	3.5
ENI Spa	3.2
BNP Paribas	3.0
E.On Ag	2.9
Banco Santander Central Hispano	2.8
Banco Bilbao Vizcaya	2.8
<i>Top Ten Total</i>	39.7

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares MSCI EMU Index Fund (EZU)

REGIONAL - INTERNATIONAL

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$59.50	\$49.17
Fund Ticker	EZU	
Intraday NAV Ticker	WEM	
Benchmark Index Ticker (Bloomberg)	MSDUEMU	
Market Cap (\$Mil)	327	
Shares Outstanding (Mil)	6	
Avg Daily Trading Volume (Shares)	40,423	
Expense Ratio (%)	0.59	
Focus	MSCI EMU Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	7/26/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	272	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

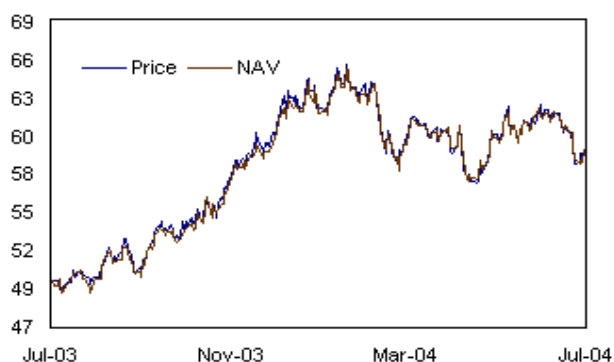
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	3.0	29.6	2.6	-5.4
NAV	2.4	28.1	2.5	-5.7

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.45	0.79	0.00
Capital Gains	0.00	0.00	0.00
Total	0.45	0.79	0.00

Fund Description

The iShares MSCI EMU Index Fund (EZU) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI EMU Index. The index consists of stocks from 11 European countries. It is float-adjusted market cap-weighted and is rebalanced quarterly in February, May, August, and November. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Country Weighing (%)

France	27.4	Finland	4.0
Germany	21.1	Belgium	3.9
Netherlands	14.9	Ireland	2.5
Italy	11.8	Portugal	1.2
Spain	11.3	Austria	1.0

Top Sector/Industry Weightings (%)

Financials	27.9
Energy	12.5
Consumer Discretionary	11.7
Telecommunication Services	10.2
Industrials	7.6
Consumer Staples	7.3
Utilities	7.2
Materials	6.8
Information Technology	6.1
Health Care	2.7

Top Ten Holdings (%)

Total	4.7
Royal Dutch	4.4
Telefonica Esp	2.8
Siemens	2.3
ENI Spa	2.2
Nokia	2.2
BNP Paribas	2.0
E.On Ag	1.8
Banco Bilbao Vizcaya	1.8
Dt Telekom	1.8
Top Ten Total	26.0

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

BLDRS Asia 50 ADR Index Fund (ADRA)

REGIONAL - INTERNATIONAL

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$62.87	\$47.31
Fund Ticker	ADRA	
Intraday NAV Ticker	ADRAI	
Benchmark Index Ticker (Bloomberg)	BKTAS	
Market Cap (\$Mil)	22	
Shares Outstanding (Mil)	0	
Avg Daily Trading Volume (Shares)	990	
Expense Ratio (%)	0.30	
Focus	Asian Market-Based ADRs	
Investment Advisor	Bank of New York	
Inception Date	11/13/2002	
Portfolio Structure	Unit Investment Trust	
Approx. Number of Stocks in Fund	50	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

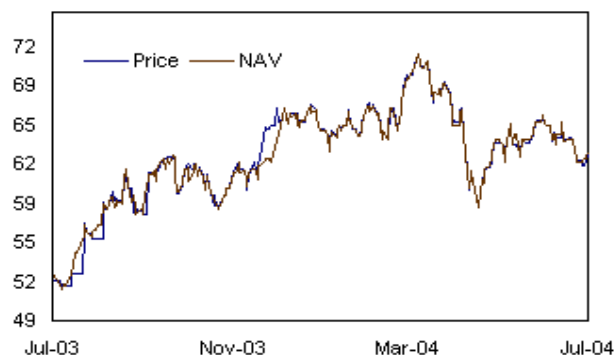
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-4.6	32.7	-	24.1
NAV	-4.6	33.4	-	22.5

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.08	0.68	0.39
Capital Gains	0.00	0.00	0.00
Total	0.08	0.68	0.39

Fund Description

The BLDRS Asia 50 ADR Index Fund (ADRA) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of The Bank of New York Asia 50 ADR Index. The index is market cap-weighted and includes 50 of the most actively traded companies from the Asian market having a free float capitalization ranging from \$1 billion to \$90 billion. ADRA is structured as a unit investment trust and must hold all of the securities in substantially the same weights as its underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Country Weighing (%)

Japan	66.7	India	1.8
Australia	18.7	United States	1.0
Taiwan	4.2	New Zealand	0.8
Hong Kong	3.8		
Korea	3.0		

Top Sector/Industry Weightings (%)

Consumer Discretionary	37.4
Financials	19.0
Information Technology	17.5
Telecommunication Services	11.6
Materials	5.3
Energy	2.0
Consumer Staples	1.9
Industrials	1.9

Top Ten Holdings (%)

Toyotarp	14.9
Mitsubishi	6.7
Honda	5.2
Canon	4.4
BHP Billiton	3.8
NTT Docomo	3.7
Matsushita Elec	3.5
Sony	3.5
News Corp	3.2
Natl Australia	3.1
<i>Top Ten Total</i>	52.0

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares MSCI Pacific ex-Japan Index Fund (EPP)

REGIONAL - INTERNATIONAL

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$73.26	\$79.52	\$59.25
Fund Ticker	EPP		
Intraday NAV Ticker	EPK		
Benchmark Index Ticker (Bloomberg)	MXPCJ		
Market Cap (\$Mil)	630		
Shares Outstanding (Mil)	9		
Avg Daily Trading Volume (Shares)	27,166		
Expense Ratio (%)	0.50		
Focus	MSCI Pacific ex-Japan Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	10/26/2001		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	155		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Performance (%)	06/30/2004		

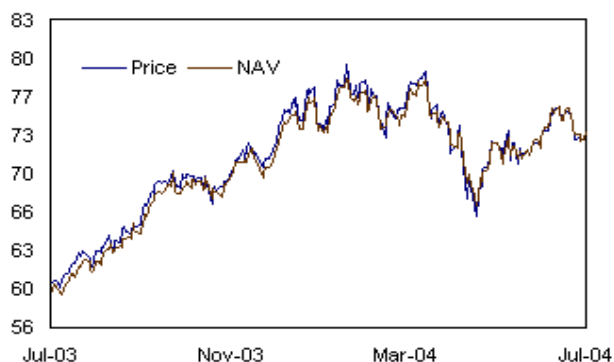
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-5.5	27.1	-	17.2
NAV	-4.8	27.3	-	17.0

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.88	1.51	0.00
Capital Gains	0.00	0.00	0.00
Total	0.88	1.51	0.00

Fund Description

The iShares MSCI Pacific ex-Japan Index Fund (EPP) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI Pacific ex-Japan Index. The index consists of stocks from four countries: Australia, Hong Kong, New Zealand, and Singapore. It is float-adjusted market cap-weighted and is rebalanced quarterly in February, May, August, and November. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Country Weighing (%)

Australia	65.2
Hong Kong	20.9
Singapore	10.8
New Zealand	3.0

Top Sector/Industry Weightings (%)

Financials	46.2
Materials	14.3
Consumer Discretionary	10.7
Industrials	10.0
Consumer Staples	5.0
Utilities	4.8
Telecommunication Services	4.5
Energy	2.0
Health Care	1.6
Information Technology	1.0

Top Ten Holdings (%)

BHP Billiton	5.8
Natl Aust Bank	4.8
Commonwealth Bk	4.7
A N Z Bank	3.9
News Corp-Prefd	3.6
Westpac Bkg	3.6
Westfield Group	2.6
Hutchison	2.5
News Corp	2.0
Cheung Kong	2.0
Top Ten Total	35.5

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares S&P Latin America 40 Index (ILF)

REGIONAL - INTERNATIONAL

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$59.78	\$64.90	\$43.81
Fund Ticker			ILF
Intraday NAV Ticker			NIH
Benchmark Index Ticker (Bloomberg)			SPINLAC
Market Cap (\$Mil)			75
Shares Outstanding (Mil)			1
Avg Daily Trading Volume (Shares)			9,296
Expense Ratio (%)			0.50
Focus	Large-Cap Latin American Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	11/12/2001		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	36		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Performance (%)	06/30/2004		

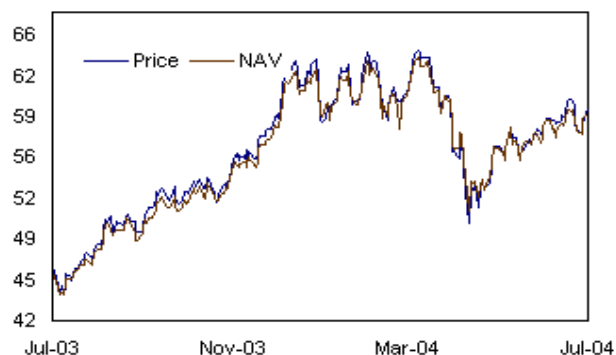
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-6.6	32.7	-	15.4
NAV	-6.5	33.6	-	15.3

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.92	0.74	0.00
Capital Gains	0.00	0.00	0.00
Total	0.92	0.74	0.00

Fund Description

The iShares S&P Latin America 40 Index Fund (ILF) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the S&P Latin America 40 Index. The index is comprised of highly liquid securities from major economic sectors four Latin American countries, namely Mexico, Brazil, Argentina, and Chile. It is float-adjusted market cap-weighted and is rebalanced quarterly in March, June, September and December. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Country Weighing (%)

Brazil	43.8
Mexico	43.2
Chile	10.4
Argentina	2.5

Top Sector/Industry Weightings (%)

Telecommunication Services	25.9
Materials	20.8
Financials	13.1
Consumer Staples	12.7
Energy	11.4
Utilities	5.3
Industrials	4.7
Consumer Discretionary	3.8

Top Ten Holdings (%)

AMX	11.9
Telmex	9.8
Petroleo Brasileiro	9.1
Cemex	8.2
Comp Vale	5.7
Banco Itau	4.7
Comphania De Bebidas Das Americas	4.2
Walmart De Mex V	4.0
Tlevisa	3.8
Banco Bradesco	3.2
<i>Top Ten Total</i>	<i>64.6</i>

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares MSCI Australia Index Fund (EWA)

ASIA/PACIFIC

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$13.24	\$10.88
Fund Ticker	EWA	
Intraday NAV Ticker	WBJ	
Benchmark Index Ticker (Bloomberg)	MSDUAS	
Market Cap (\$Mil)	175	
Shares Outstanding (Mil)	13	
Avg Daily Trading Volume (Shares)	49,956	
Expense Ratio (%)	0.59	
Focus	MSCI Australia Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	3/12/1996	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	72	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

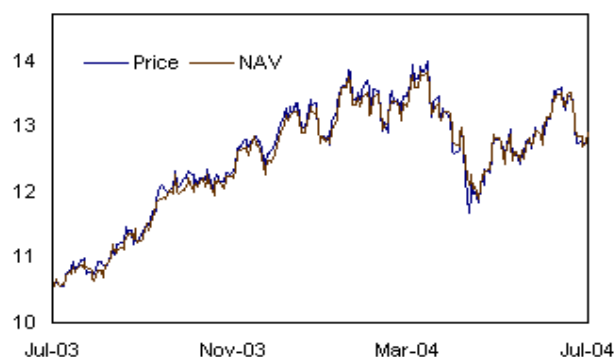
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-4.6	24.8	14.7	6.5
NAV	-5.4	24.5	14.0	6.4

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.27	0.43	0.00
Capital Gains	0.00	0.00	0.00
Total	0.27	0.43	0.00

Fund Description

The iShares MSCI Australia Index Fund (EWA) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI Australia Index. The index consists of stocks representing Australia's largest and most established public companies. It is float-adjusted market cap-weighted and is rebalanced quarterly in February, May, August, and November. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	45.5
Materials	20.9
Consumer Discretionary	11.7
Consumer Staples	7.3
Industrials	6.1
Energy	3.1
Health Care	2.2
Telecommunication Services	2.0
Utilities	1.1
Information Technology	0.2

Top Ten Holdings (%)

BHP Billiton	8.9
Natl Aust Bank	7.4
Commonwealth Bk	7.3
A N Z Bank	6.0
News Corp-Prefd	5.6
Westpac Bkg	5.5
Westfield Group	4.0
News Corp	3.0
Woolworths	2.2
Rio Tinto	2.1
Top Ten Total	52.1

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares MSCI Hong Kong Index Fund (EWH)

ASIA/PACIFIC

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$10.14	\$7.86
Fund Ticker	EWH	
Intraday NAV Ticker	INH	
Benchmark Index Ticker (Bloomberg)	MSDUHK	
Market Cap (\$Mil)	402	
Shares Outstanding (Mil)	40	
Avg Daily Trading Volume (Shares)	333,493	
Expense Ratio (%)	0.59	
Focus	MSCI Hong Kong Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	3/12/1996	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	37	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

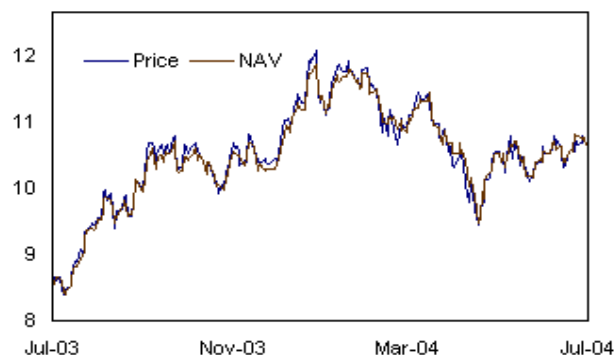
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-4.4	34.4	2.2	0.0
NAV	-4.7	34.8	2.2	-0.1

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.14	0.15	0.00
Capital Gains	0.00	0.00	0.00
Total	0.14	0.15	0.00

Fund Description

The iShares MSCI Hong Kong Index Fund (EWH) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI Hong Kong Index. The index consists of stocks representing Hong Kong's largest and most established public companies. It is float-adjusted market cap-weighted and is rebalanced quarterly in February, May, August, and November. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	50.6
Industrials	18.3
Utilities	17.3
Consumer Discretionary	9.7
Telecommunication Services	2.2
Information Technology	0.9
Materials	0.9

Top Ten Holdings (%)

Hutchison	12.5
Sun Hung Kai Pro	9.0
Cheung Kong	8.8
Hang Seng Bk Ltd	8.3
CLP Holdings	8.1
Swire Pacific A	4.8
BOC Hong Kong	4.7
HK & China Gas	4.7
HK Elec Hlds	4.5
Bank of E Asia	3.0
<i>Top Ten Total</i>	68.4

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares MSCI Japan Index Fund (EWJ)

ASIA/PACIFIC

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$9.84	\$7.34
Fund Ticker		EWJ
Intraday NAV Ticker		INJ
Benchmark Index Ticker (Bloomberg)		MXJP
Market Cap (\$Mil)		5,567
Shares Outstanding (Mil)		566
Avg Daily Trading Volume (Shares)		5,191,770
Expense Ratio (%)		0.59
Focus	MSCI Japan Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	3/12/1996	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	281	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

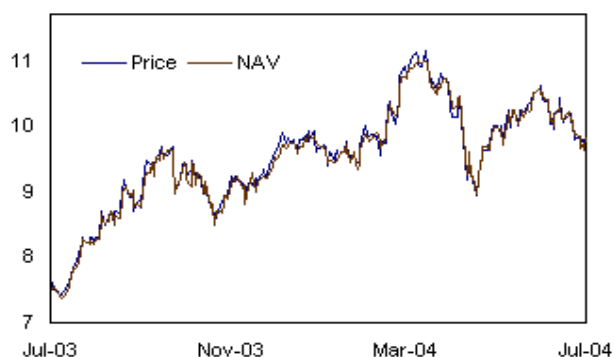
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-2.3	46.1	1.3	-3.5
NAV	-4.0	44.9	0.7	-3.7

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.00	0.00	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.00

Fund Description

The iShares MSCI Japan Index Fund (EWJ) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI Japan Index. The index consists of stocks representing Japan's largest and most established public companies. It is float-adjusted market cap-weighted and is rebalanced quarterly in February, May, August, and November. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Consumer Discretionary	22.6
Financials	17.4
Information Technology	15.7
Industrials	14.9
Materials	7.8
Consumer Staples	6.3
Health Care	6.1
Utilities	4.9
Telecommunication Services	3.5
Energy	0.9

Top Ten Holdings (%)

Toyota	6.6
Mitsubishi	2.4
Takeda Pharmaceutical	2.4
Canon	2.3
Honda	2.1
NTT Docomo	2.0
Sony	1.8
Mizuho Financial	1.6
Matsushita Elec Industrial	1.6
Nissan	1.5
Top Ten Total	24.2

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares S&P/TOPIX 150 Index Fund (ITF)

ASIA/PACIFIC

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$85.49	\$96.59
Fund Ticker		ITF
Intraday NAV Ticker		NIT
Benchmark Index Ticker (Bloomberg)		SPTPX
Market Cap (\$Mil)		77
Shares Outstanding (Mil)		1
Avg Daily Trading Volume (Shares)		7,300
Expense Ratio (%)		0.50
Focus	Large-Cap Japanese Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	10/23/2001	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	148	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

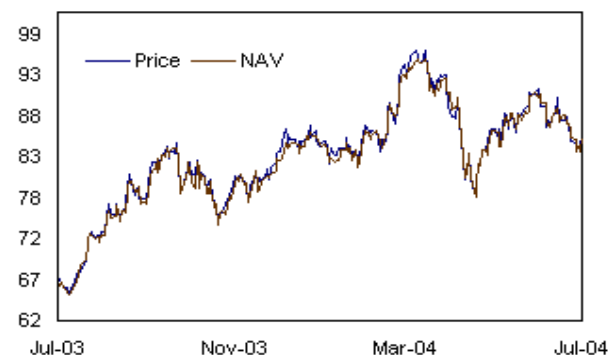
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-3.3	42.9	-	7.1
NAV	-4.6	42.1	-	6.5

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.70	0.24	0.00
Capital Gains	0.00	0.00	0.00
Total	0.70	0.24	0.00

Fund Description

The iShares S&P/TOPIX 150 Index Fund (ITF) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the S&P/Tokyo Stock Price Index (TOPIX) 150 Index. The index is comprised of approximately 70% of the market capitalization of the Japanese equity market. It includes 150 highly liquid securities selected from each major sector of the Tokyo market. It is float-adjusted market cap-weighted and is rebalanced as necessary throughout the year. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Consumer Discretionary	23.2
Industrials	16.1
Financials	15.8
Information Technology	14.9
Materials	6.6
Health Care	5.9
Consumer Staples	5.9
Telecommunication Services	5.6
Utilities	5.3
Energy	0.7

Top Ten Holdings (%)

Toyota	8.0
NTT	3.2
Canon	2.8
Honda	2.7
Takeda Pharmaceutical	2.6
NTT Docomo	2.4
Sony	2.3
Mitsubishi	2.2
Matsushita Elec Industrial	1.9
Tokyo Elec Pwr	1.9
<i>Top Ten Total</i>	30.1

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares MSCI Malaysia Index Fund (EWM)

ASIA/PACIFIC

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$6.58	\$5.73
Fund Ticker		EWM
Intraday NAV Ticker		INM
Benchmark Index Ticker (Bloomberg)		MSDUMAF
Market Cap (\$Mil)		242
Shares Outstanding (Mil)		37
Avg Daily Trading Volume (Shares)		178,533
Expense Ratio (%)		0.59
Focus	MSCI Malaysia Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	3/12/1996	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	70	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

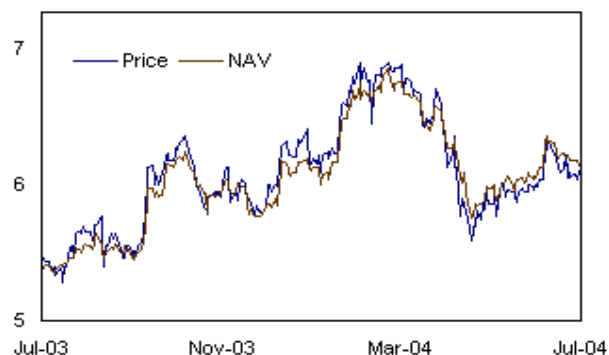
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-11.5	18.1	16.4	-6.4
NAV	-10.0	18.4	16.1	-6.3

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.09	0.10	0.00
Capital Gains	0.00	0.00	0.00
Total	0.09	0.10	0.00

Fund Description

The iShares MSCI Malaysia Index Fund (EWM) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI Malaysia Index. The index consists of stocks representing Malaysia's largest and most established public companies. It is float-adjusted market cap-weighted and is rebalanced quarterly in February, May, August, and November. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	30.2
Industrials	18.2
Consumer Discretionary	16.9
Consumer Staples	11.4
Utilities	10.9
Telecommunication Services	9.2
Materials	1.5
Information Technology	1.1
Energy	0.6

Top Ten Holdings (%)

Malayan Banking	11.2
Telekom Malaysia	5.6
Tenaga Nasional	5.1
Publicbk Foreign	4.6
Commerce Asset	4.5
Sime Darby Bhd	4.2
British American	3.8
Misc Foreign	3.7
Maxis Communicat	3.6
Genting Berhad	3.4
Top Ten Total	49.8

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares MSCI Singapore Index Fund (EWS)

ASIA/PACIFIC

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$6.30	\$4.82
Fund Ticker	EWS	
Intraday NAV Ticker	INR	
Benchmark Index Ticker (Bloomberg)	MXSG	
Market Cap (\$Mil)	173	
Shares Outstanding (Mil)	27	
Avg Daily Trading Volume (Shares)	148,016	
Expense Ratio (%)	0.59	
Focus	MSCI Singapore Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	3/12/1996	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	35	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

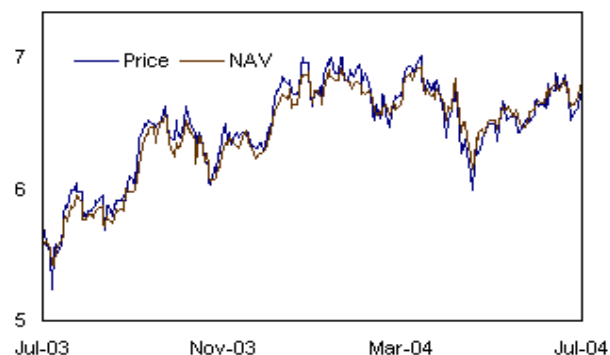
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-1.9	32.1	6.6	-6.2
NAV	-2.4	31.1	6.5	-6.3

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.08	0.12	0.00
Capital Gains	0.00	0.00	0.00
Total	0.08	0.12	0.00

Fund Description

The iShares MSCI Singapore Index Fund (EWS) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI Singapore Index. The index consists of stocks representing Singapore's largest and most established public companies. It is float-adjusted market cap-weighted and is rebalanced quarterly in February, May, August, and November. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	51.2
Industrials	22.0
Telecommunication Services	12.2
Information Technology	5.7
Consumer Discretionary	5.4
Consumer Staples	2.6
Health Care	0.9

Top Ten Holdings (%)

DBS	14.2
UOB	14.0
Spore Telecom	12.2
OCBC	10.5
SIA	4.1
Keppel	4.0
Spore Press Hldg	3.6
City Devt Ltd	3.3
ST Engrg	3.1
Venture Corporation	2.9
<i>Top Ten Total</i>	<i>71.9</i>

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares MSCI South Korea Index Fund (EWY)

ASIA/PACIFIC

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$22.05	\$30.10
Fund Ticker	EWY	
Intraday NAV Ticker	WWK	
Benchmark Index Ticker (Bloomberg)	MSEUSKO	
Market Cap (\$Mil)	270	
Shares Outstanding (Mil)	12	
Avg Daily Trading Volume (Shares)	237,456	
Expense Ratio (%)	0.74	
Focus	MSCI South Korea Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	5/10/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	59	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

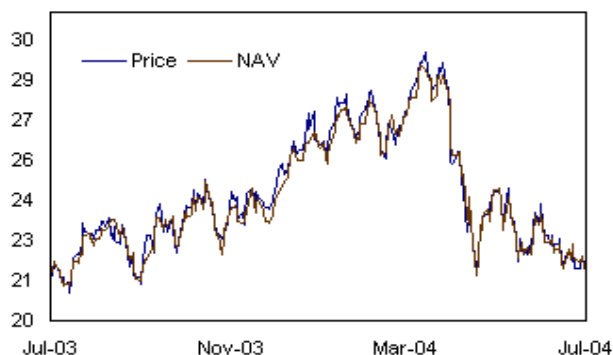
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-13.7	22.9	20.1	4.9
NAV	-14.9	21.9	19.8	4.5

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.00	0.24	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.24	0.00

Fund Description

The iShares MSCI South Korea Index Fund (EWY) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI Korea Index. The index consists of stocks representing Korea's largest and most established public companies. It is float-adjusted market cap-weighted and is rebalanced quarterly in February, May, August, and November. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Information Technology	34.8
Consumer Discretionary	18.9
Financials	14.7
Materials	10.3
Industrials	8.0
Energy	4.7
Consumer Staples	4.4
Utilities	3.0
Telecommunication Services	0.9
Health Care	0.2

Top Ten Holdings (%)

Samsung Electr	24.0
Pohang Iron Stl	8.0
Kookmin Bank	6.3
Hyundai Motor	4.5
Samsung SDI	4.2
LG Electronics	4.0
Korea Elec Power	3.0
SK Corporation	2.9
Shinhan Financ	2.6
Samsung EI-Mech	2.5
Top Ten Total	62.0

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares MSCI Taiwan Index Fund (EWT)

ASIA/PACIFIC

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$9.80	\$13.43
Fund Ticker	EWT	
Intraday NAV Ticker	WWM	
Benchmark Index Ticker (Bloomberg)	MSEUSTW	
Market Cap (\$Mil)	368	
Shares Outstanding (Mil)	38	
Avg Daily Trading Volume (Shares)	411,786	
Expense Ratio (%)	0.74	
Focus	MSCI Taiwan Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	6/21/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	96	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

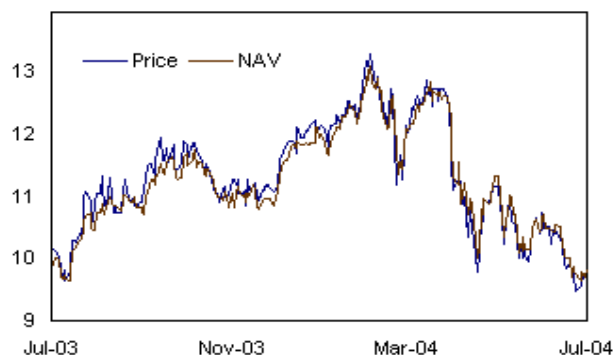
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-11.2	21.3	0.9	-12.6
NAV	-11.9	21.5	2.8	-12.7

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.00	0.02	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.02	0.00

Fund Description

The iShares MSCI Taiwan Index Fund (EWT) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI Taiwan Index. The index consists of stocks representing Taiwan's largest and most established public companies. It is float-adjusted market cap-weighted and is rebalanced quarterly in February, May, August, and November. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Information Technology	50.8
Financials	23.3
Materials	14.0
Industrials	4.4
Consumer Discretionary	3.2
Telecommunication Services	2.8
Consumer Staples	1.5

Top Ten Holdings (%)

Taiwan Semicont	12.1
United Micro	6.1
Cathay Finl Hldg	4.5
Nan Ya Plastic	3.9
Hon Hai	3.8
China Steel	3.6
Mega Financial Holding Corp	3.3
Formosa Plastic	2.9
Chinatrust Financial Holding	2.8
China Dvlp Fin H	2.7
<i>Top Ten Total</i>	45.8

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares MSCI Austria Index Fund (EWO)

EUROPE

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$17.14	\$17.73
Fund Ticker	EWO	
Intraday NAV Ticker	INY	
Benchmark Index Ticker (Bloomberg)	MVUDAT	
Market Cap (\$Mil)	55	
Shares Outstanding (Mil)	3	
Avg Daily Trading Volume (Shares)	68,796	
Expense Ratio (%)	0.59	
Focus	MSCI Austria Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	3/12/1996	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	18	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

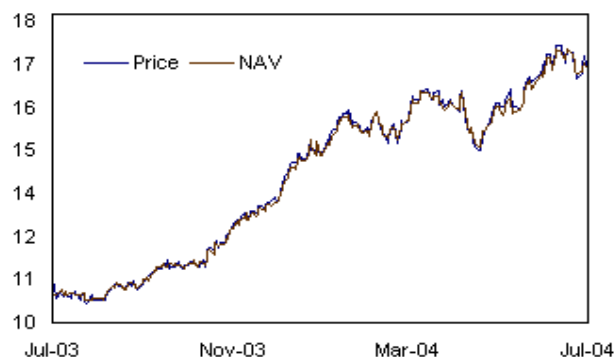
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	6.9	61.5	31.6	7.3
NAV	6.7	58.9	31.5	7.2

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.10	0.17	0.00
Capital Gains	0.00	0.00	0.00
Total	0.10	0.17	0.00

Fund Description

The iShares MSCI Austria Index Fund (EWO) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI Austria Index. The index consists of stocks representing Austria's largest and most established public companies. It is float-adjusted market cap-weighted and is rebalanced quarterly in February, May, August, and November. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	34.5
Telecommunication Services	18.0
Materials	17.3
Industrials	14.0
Energy	11.3
Utilities	5.0

Top Ten Holdings (%)

Erste Bank St	20.4
Telekom Aust	18.0
OMV	11.3
Oest Elektrizitats	5.0
Bank Austria	4.9
Wienerberger	4.9
Voestalpine	4.7
ImmoFin Anlage	4.6
Flughafen Wien	4.1
Boehler Uddeholm	4.1
Top Ten Total	81.9

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares MSCI Belgium Index Fund (EWK)

EUROPE

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$14.13	\$11.05
Fund Ticker		EWK
Intraday NAV Ticker		INK
Benchmark Index Ticker (Bloomberg)		MSDUBE
Market Cap (\$Mil)		24
Shares Outstanding (Mil)		2
Avg Daily Trading Volume (Shares)		15,263
Expense Ratio (%)		0.59
Focus	MSCI Belgium Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	3/12/1996	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	21	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

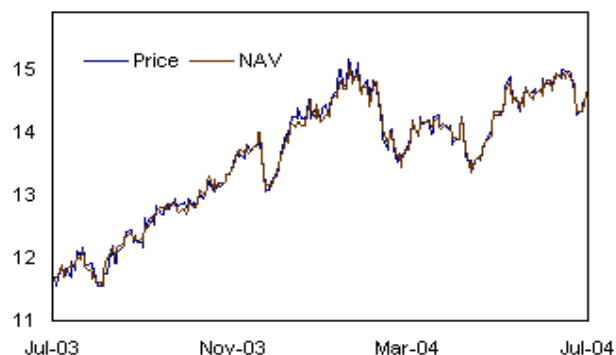
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	6.8	41.0	13.4	6.1
NAV	6.1	39.9	12.8	6.0

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.11	1.01	0.00
Capital Gains	0.00	0.00	0.00
Total	0.11	1.01	0.00

Fund Description

The iShares MSCI Belgium Index Fund (EWK) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI Belgium Index. The index consists of stocks representing Belgium's largest and most established public companies. It is float-adjusted market cap-weighted and is rebalanced quarterly in February, May, August, and November. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	49.7
Consumer Staples	12.3
Utilities	10.5
Telecommunication Services	7.2
Materials	7.0
Health Care	6.0
Consumer Discretionary	4.5
Industrials	1.6
Information Technology	1.2

Top Ten Holdings (%)

Fortis	24.3
Dexia	12.6
Electrabel	10.5
Belgacom	5.0
Solvay	5.0
Kredietbank	4.8
UCB	4.8
Delhaize	4.8
Interbrew	4.8
Groupe Bruxelles Lambert Sa	4.7
Top Ten Total	81.4

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares MSCI France Index Fund (EWQ)

EUROPE

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$20.43	\$16.43
Fund Ticker		EWQ
Intraday NAV Ticker		WBF
Benchmark Index Ticker (Bloomberg)		MVUDFR
Market Cap (\$Mil)		57
Shares Outstanding (Mil)		3
Avg Daily Trading Volume (Shares)		19,190
Expense Ratio (%)		0.59
Focus	MSCI France Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	3/12/1996	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	57	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	3.8	30.1	2.9	9.0
NAV	3.7	29.4	2.7	8.9

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.18	0.28	0.00
Capital Gains	0.00	0.00	0.00
Total	0.18	0.28	0.00

Fund Description

The iShares MSCI France Index Fund (EWQ) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI France Index. The index consists of stocks representing France's largest and most established public companies. It is float-adjusted market cap-weighted and is rebalanced quarterly in February, May, August, and November. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	19.6
Energy	17.5
Consumer Discretionary	17.5
Consumer Staples	11.8
Industrials	8.2
Materials	6.3
Information Technology	6.0
Telecommunication Services	5.2
Health Care	4.3
Utilities	3.5

Top Ten Holdings (%)

Total	17.1
BNP Paribas	7.1
France Telecom	4.1
AXA	4.1
Carrefour	4.1
Societe Generale	4.0
Vivendi Universal	3.9
Sanofi-Synthelab	3.4
L Oreal	3.3
Danone	3.0
Top Ten Total	54.3

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares MSCI Germany Index Fund (EWG)

EUROPE

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$15.14	\$12.16
Fund Ticker	EWG	
Intraday NAV Ticker	WDG	
Benchmark Index Ticker (Bloomberg)	MSDUGR	
Market Cap (\$Mil)	104	
Shares Outstanding (Mil)	7	
Avg Daily Trading Volume (Shares)	89,043	
Expense Ratio (%)	0.59	
Focus	MSCI Germany Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	3/12/1996	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	46	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

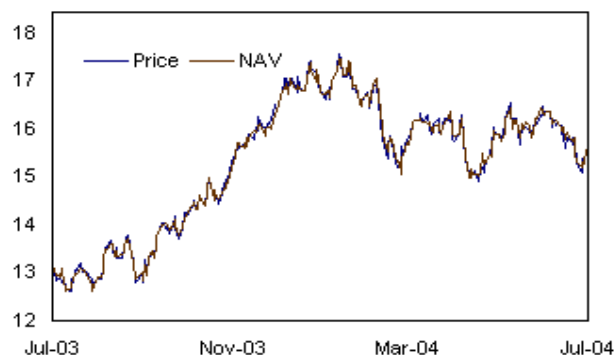
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	3.8	34.0	0.3	5.0
NAV	3.8	34.2	0.1	5.0

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.12	0.20	0.00
Capital Gains	0.00	0.00	0.00
Total	0.12	0.20	0.00

Fund Description

The iShares MSCI Germany Index Fund (EWG) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI Germany Index. The index consists of stocks representing Germany's largest and most established public companies. It is float-adjusted market cap-weighted and is rebalanced quarterly in February, May, August, and November. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	21.8
Consumer Discretionary	15.2
Industrials	14.2
Utilities	12.9
Materials	11.2
Telecommunication Services	8.5
Information Technology	8.0
Health Care	5.1
Consumer Staples	3.2

Top Ten Holdings (%)

Siemens	10.8
E.On	8.5
Dt Telekom	8.5
Daimlerchrysler	7.4
Deutsche Bank	7.3
SAP	6.4
BASF	5.0
Allianz	4.7
RWE	3.9
Bayer	3.5
<i>Top Ten Total</i>	66.1

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares MSCI Italy Index Fund (EWI)

EUROPE

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$20.30	\$21.34	\$16.50
Fund Ticker			EWI
Intraday NAV Ticker			INE
Benchmark Index Ticker (Bloomberg)			MSDUIT
Market Cap (\$Mil)			27
Shares Outstanding (Mil)			1
Avg Daily Trading Volume (Shares)			10,153
Expense Ratio (%)			0.59
Focus			MSCI Italy Stocks
Investment Advisor			Barclays Global Investors
Inception Date			3/12/1996
Portfolio Structure			Open-End Investment Company
Approx. Number of Stocks in Fund			40
Options Available			No
Minimum Trade Size (Shares)			1
Distribution Frequency			Annual
Performance (%)			06/30/2004

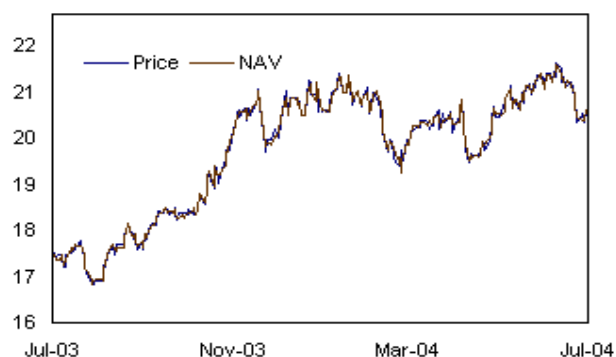
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	6.4	24.7	8.1	10.7
NAV	6.0	25.0	7.9	10.7

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.38	0.61	0.00
Capital Gains	0.00	0.00	0.00
Total	0.38	0.61	0.00

Fund Description

The iShares MSCI Italy Index Fund (EWI) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI Italy Index. The index consists of stocks representing Italy's largest and most established public companies. It is float-adjusted market cap-weighted and is rebalanced quarterly in February, May, August, and November. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	42.2
Telecommunication Services	20.1
Energy	18.6
Utilities	7.5
Consumer Discretionary	7.3
Industrials	3.5
Materials	0.6
Information Technology	0.4

Top Ten Holdings (%)

ENI Spa	18.6
Generali Assic	8.9
Telecom Italia	8.6
Telecom Italia Mobila	7.0
Unicredito Italiano	4.9
Enel Spa	4.8
Telecom Italia R	4.5
Banca Intesa Spa	4.5
San Paolo-Imi Spa	4.1
Bco Pop Vr E No	2.4
Top Ten Total	68.3

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares MSCI Netherlands Index Fund (EWN)

EUROPE

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$15.55	\$13.71
Fund Ticker	EWN	
Intraday NAV Ticker	INN	
Benchmark Index Ticker (Bloomberg)	MSDUNE	
Market Cap (\$Mil)	28	
Shares Outstanding (Mil)	2	
Avg Daily Trading Volume (Shares)	13,556	
Expense Ratio (%)	0.59	
Focus	MSCI Netherlands Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	3/12/1996	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	26	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

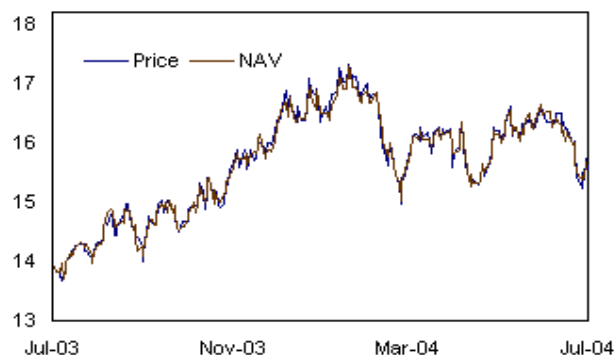
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	4.5	28.3	-3.0	4.0
NAV	4.0	27.3	-3.3	3.9

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.25	0.37	0.00
Capital Gains	0.00	0.00	0.00
Total	0.25	0.37	0.00

Fund Description

The iShares MSCI Netherlands Index Fund (EWN) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI Netherlands Index. The index consists of stocks representing Netherland's largest and most established public companies. It is float-adjusted market cap-weighted and is rebalanced quarterly in February, May, August, and November. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Energy	25.8
Financials	24.5
Consumer Staples	18.8
Consumer Discretionary	12.5
Industrials	5.4
Materials	5.2
Telecommunication Services	4.1
Information Technology	3.6

Top Ten Holdings (%)

Royal Dutch	24.6
ING	13.8
Unilever	10.5
ABN-Amro	5.0
Philips	4.8
Akzo Nobel	4.3
Aegon	4.3
Koninklijke Kpn	4.1
Heineken	4.0
Reed Elsevier	4.0
<i>Top Ten Total</i>	79.3

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares MSCI Spain Index Fund (EWP)

EUROPE

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$27.32	\$22.16
Fund Ticker	EWP	
Intraday NAV Ticker	INP	
Benchmark Index Ticker (Bloomberg)	MSDUSP	
Market Cap (\$Mil)	45	
Shares Outstanding (Mil)	2	
Avg Daily Trading Volume (Shares)	11,213	
Expense Ratio (%)	0.59	
Focus	MSCI Spain Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	3/12/1996	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	37	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

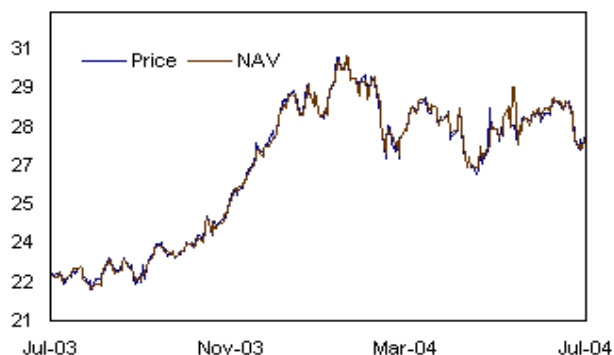
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	0.4	27.9	11.0	12.7
NAV	0.4	27.0	10.7	12.6

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.16	0.27	0.00
Capital Gains	0.00	0.00	0.00
Total	0.16	0.27	0.00

Fund Description

The iShares MSCI Spain Index Fund (EWP) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI Spain Index. The index consists of stocks representing Spain's largest and most established public companies. It is float-adjusted market cap-weighted and is rebalanced quarterly in February, May, August, and November. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	31.8
Telecommunication Services	23.7
Utilities	15.9
Industrials	8.7
Consumer Discretionary	5.3
Energy	5.0
Consumer Staples	4.5
Materials	1.9
Health Care	1.7
Information Technology	1.4

Top Ten Holdings (%)

Telefonica Esp	23.7
Banco Santander Central Hispano	12.8
Banco Bilbao Vizcaya	11.7
Repsol	5.0
Iberdrola	4.9
Endesa	4.9
BK Popular	4.4
Altadis	3.4
U Fenosa	2.6
Inditex	2.2
Top Ten Total	75.6

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares MSCI Sweden Index Fund (EWD)

EUROPE

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$16.48	\$12.10
Fund Ticker	EWD	
Intraday NAV Ticker	WBQ	
Benchmark Index Ticker (Bloomberg)	MSDUSW	
Market Cap (\$Mil)	27	
Shares Outstanding (Mil)	2	
Avg Daily Trading Volume (Shares)	21,906	
Expense Ratio (%)	0.59	
Focus	MSCI Sweden Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	3/12/1996	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	44	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

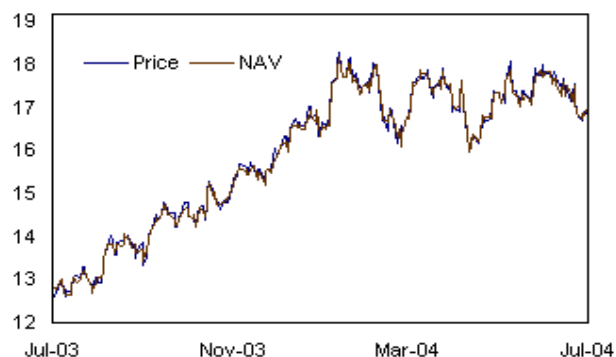
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	5.7	53.7	10.2	8.9
NAV	4.7	51.1	9.4	8.7

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.12	0.25	0.00
Capital Gains	0.00	0.00	0.00
Total	0.12	0.25	0.00

Fund Description

The iShares MSCI Sweden Index Fund (EWD) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI Sweden Index. The index consists of stocks representing Sweden's largest and most established public companies. It is float-adjusted market cap-weighted and is rebalanced quarterly in February, May, August, and November. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Industrials	24.6
Information Technology	22.6
Financials	21.9
Consumer Discretionary	11.3
Telecommunication Services	6.8
Materials	6.6
Health Care	3.5
Consumer Staples	2.3
Energy	0.5

Top Ten Holdings (%)

Ericsson	22.2
Nordea	8.5
H&M	6.7
SHB	5.6
Telia	4.7
Volvo	4.4
Sandvik	4.3
Svenska Cellulosa	4.1
SEB	3.6
Electrolux	2.8
<i>Top Ten Total</i>	<i>66.8</i>

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares MSCI Switzerland Index Fund (EWL)

EUROPE

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$14.59	\$12.06
Fund Ticker	EWL	
Intraday NAV Ticker	INL	
Benchmark Index Ticker (Bloomberg)	MSDUSZ	
Market Cap (\$Mil)	42	
Shares Outstanding (Mil)	3	
Avg Daily Trading Volume (Shares)	15,146	
Expense Ratio (%)	0.59	
Focus	MSCI Switzerland Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	3/12/1996	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	36	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

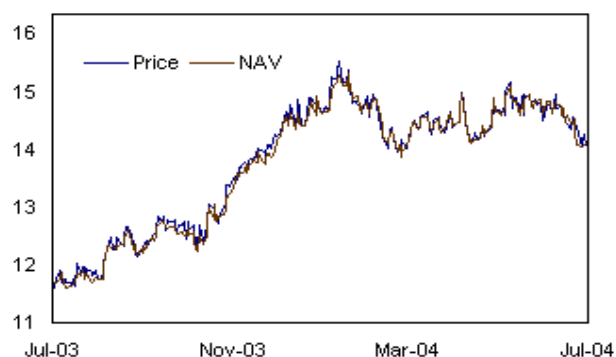
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	2.7	29.7	4.7	5.0
NAV	2.0	29.7	4.5	4.9

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.03	0.05	0.00
Capital Gains	0.00	0.00	0.00
Total	0.03	0.05	0.00

Fund Description

The iShares MSCI Switzerland Index Fund (EWL) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI Switzerland Index. The index consists of stocks representing Switzerland's largest and most established public companies. It is float-adjusted market cap-weighted and is rebalanced quarterly in February, May, August, and November. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Health Care	33.5
Financials	24.8
Consumer Staples	12.5
Materials	12.4
Consumer Discretionary	6.8
Industrials	6.7
Telecommunication Services	2.8
Information Technology	0.5

Top Ten Holdings (%)

Novartis	18.9
Nestle	12.5
UBS	9.0
Roche	8.2
CS Group	4.8
Zurich Financial Services	4.3
Swiss Reinsurance	4.0
Holcim	3.9
Givaudan	2.9
Richemont	2.9
Top Ten Total	71.3

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares MSCI United Kingdom Index Fund (EWU)

EUROPE

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$15.77	\$12.82
Fund Ticker	EWU	
Intraday NAV Ticker	INU	
Benchmark Index Ticker (Bloomberg)	MXGB	
Market Cap (\$Mil)	416	
Shares Outstanding (Mil)	26	
Avg Daily Trading Volume (Shares)	199,460	
Expense Ratio (%)	0.59	
Focus	MSCI United Kingdom Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	3/12/1996	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	150	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

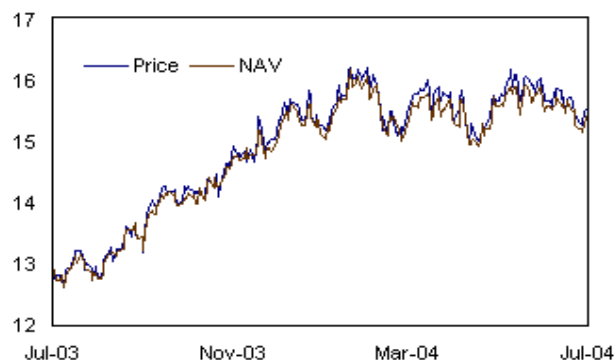
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.9	26.8	3.7	7.5
NAV	1.2	25.1	3.4	7.2

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.11	0.48	0.00
Capital Gains	0.00	0.00	0.00
Total	0.11	0.48	0.00

Fund Description

The iShares MSCI United Kingdom Index Fund (EWU) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI United Kingdom Index. The index consists of stocks representing the United Kingdom's largest and most established public companies. It is float-adjusted market cap-weighted and is rebalanced quarterly in February, May, August, and November. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	26.3
Energy	15.5
Consumer Discretionary	11.6
Health Care	10.8
Consumer Staples	10.7
Telecommunication Services	9.5
Industrials	6.1
Utilities	4.4
Materials	4.3
Information Technology	0.9

Top Ten Holdings (%)

BP	10.7
HSBC	8.4
Vodafone	7.7
Glaxosmithkline	6.2
Royal Bank of Scotland	4.4
Astrazeneca	3.9
Shell	3.7
Barclays	2.9
Halifax Group	2.6
Lloyds Tsb	2.2
<i>Top Ten Total</i>	<i>52.5</i>

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares MSCI Brazil Index Fund (EWZ)

AMERICAS

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$15.75	\$9.87
Fund Ticker	EWZ	
Intraday NAV Ticker	WWC	
Benchmark Index Ticker (Bloomberg)	MSEUSBR	
Market Cap (\$Mil)	199	
Shares Outstanding (Mil)	13	
Avg Daily Trading Volume (Shares)	278,910	
Expense Ratio (%)	0.74	
Focus	MSCI Brazil Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	7/11/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	38	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

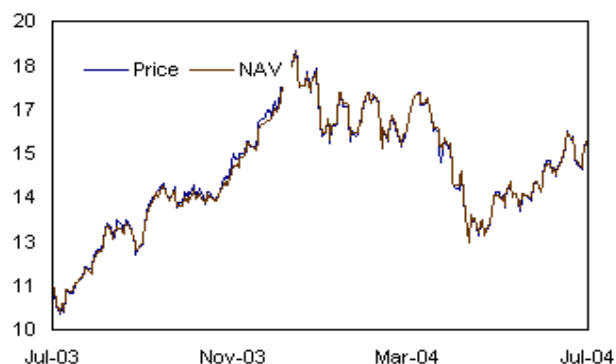
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-12.4	40.8	3.7	-5.3
NAV	-12.1	42.1	3.5	-5.3

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.11	0.27	0.00
Capital Gains	0.00	0.00	0.00
Total	0.11	0.27	0.00

Fund Description

The iShares MSCI Brazil Index Fund (EWZ) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI Brazil Index. The index consists of stocks representing Brazil's largest and most established public companies. It is float-adjusted market cap-weighted and is rebalanced quarterly in February, May, August, and November. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Telecommunication Services	30.6
Utilities	20.7
Consumer Staples	19.6
Financials	19.1
Materials	7.2
Industrials	1.6
Consumer Discretionary	1.1
Energy	0.1

Top Ten Holdings (%)

Ambev	17.0
Itaubanco	12.0
Tele Nor Les	9.2
Unibanco	7.1
Cemig	7.1
Eletrobras	6.5
Brasiltpar	5.8
Telesp CI Pa	4.4
Eletrobras	3.7
VCP	3.2
Top Ten Total	75.9

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares MSCI Canada Index Fund (EWC)

AMERICAS

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$14.36	\$15.44	\$11.41
Fund Ticker	EWC		
Intraday NAV Ticker	WPB		
Benchmark Index Ticker (Bloomberg)	MSDUCA		
Market Cap (\$Mil)	326		
Shares Outstanding (Mil)	23		
Avg Daily Trading Volume (Shares)	126,460		
Expense Ratio (%)	0.59		
Focus	MSCI Canada Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	3/12/1996		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	81		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Performance (%)	06/30/2004		

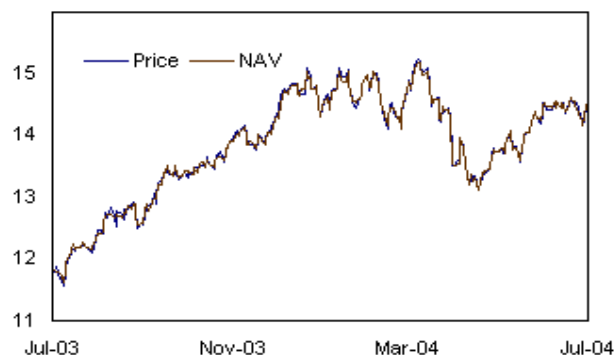
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-1.5	23.5	8.6	9.9
NAV	-1.9	24.5	8.6	9.9

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.03	0.20	0.00
Capital Gains	0.00	0.00	0.00
Total	0.03	0.20	0.00

Fund Description

The iShares MSCI Canada Index Fund (EWC) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI Canada Index. The index consists of stocks representing Canada's largest and most established public companies. It is float-adjusted market cap-weighted and is rebalanced quarterly in February, May, August, and November. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Financials	39.4
Energy	21.7
Materials	15.4
Industrials	6.1
Information Technology	6.0
Consumer Discretionary	5.9
Consumer Staples	2.4
Telecommunication Services	1.9
Health Care	1.1

Top Ten Holdings (%)

Royal Bk Can	6.5
Manulife	6.2
Bk Nova Scotia	5.9
Bk Of Montreal	4.5
Encana	4.4
CDN Imper Bank	3.9
Sun Life Finl	3.6
Nortel	3.2
Alcan	3.2
Canadian National Railway	2.9
Top Ten Total	44.2

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares MSCI Mexico Index Fund (EWW)

AMERICAS

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$19.04	\$21.40
Fund Ticker	EWW	
Intraday NAV Ticker	INW	
Benchmark Index Ticker (Bloomberg)	MVUEMXF	
Market Cap (\$Mil)	160	
Shares Outstanding (Mil)	8	
Avg Daily Trading Volume (Shares)	99,230	
Expense Ratio (%)	0.59	
Focus	MSCI Mexico Stocks	
Investment Advisor	Barclays Global Investors	
Inception Date	3/12/1996	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	27	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Performance (%)	06/30/2004	

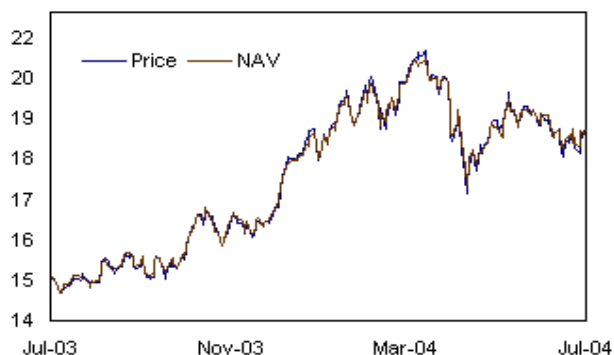
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-6.1	36.4	7.2	10.9
NAV	-5.2	35.0	7.9	10.9

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.52	0.21	0.00
Capital Gains	0.00	0.00	0.00
Total	0.52	0.21	0.00

Fund Description

The iShares MSCI Mexico Index Fund (EWW) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI Mexico Index. The index consists of stocks representing Mexico's largest and most established public companies. It is float-adjusted market cap-weighted and is rebalanced quarterly in February, May, August, and November. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Telecommunication Services	42.9
Consumer Staples	20.7
Consumer Discretionary	14.7
Materials	12.8
Industrials	6.9
Financials	2.0

Top Ten Holdings (%)

AMX	21.3
Telmex	16.9
Cemex	9.4
Tlevisa	5.4
Walmart De Mex V	4.9
Femsa	4.5
Gcarso	4.0
Kimber	3.7
Gmodelo	3.4
Telecom	2.6
Top Ten Total	76.3

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares MSCI South Africa Index Fund (EZA)

SOUTH AFRICA

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$57.94	\$62.15	\$43.87
Fund Ticker	EZA		
Intraday NAV Ticker	FZANV		
Benchmark Index Ticker (Bloomberg)	MXZA		
Market Cap (\$Mil)	90		
Shares Outstanding (Mil)	2		
Avg Daily Trading Volume (Shares)	10,200		
Expense Ratio (%)	0.74		
Focus	MSCI South Africa Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	2/7/2003		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	43		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Performance (%)	06/30/2004		

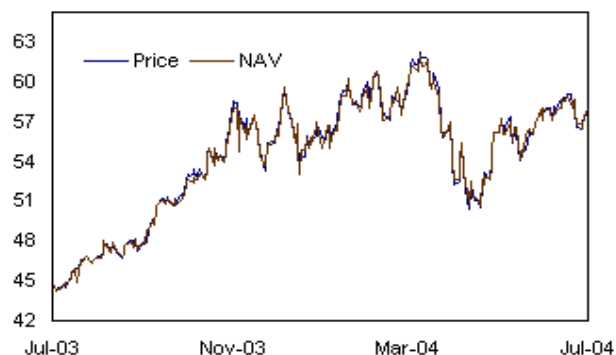
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-5.5	42.7	-	36.5
NAV	-5.8	41.2	-	36.4

Distribution History (\$)

	2003	YTD 2004
Income	1.36	0.00
Capital Gains	0.00	0.00
Total	1.36	0.00

Fund Description

The iShares MSCI South Africa Index Fund (EZA) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the MSCI South Africa Index. The index consists of stocks representing South Africa's largest and most established public companies. It is float-adjusted market cap-weighted and is rebalanced quarterly in February, May, August, and November. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

Materials	42.9
Financials	24.6
Energy	7.7
Telecommunication Services	6.3
Industrials	6.2
Consumer Discretionary	5.8
Consumer Staples	5.4
Health Care	0.7
Information Technology	0.3

Top Ten Holdings (%)

Anglo American	23.1
Sasol	7.7
Std Bank Inv Cp	6.8
Oldmutual	6.1
MTN	4.5
Impala Platinum	4.1
Firstrand	4.0
Anglogold	3.3
Gold Fields	3.2
Sanlam	3.1
<i>Top Ten Total</i>	65.9

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

streetTRACKS DJ Global Titans Index Fund (DGT)

BROAD-BASED - GLOBAL

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$59.84	\$63.77
Fund Ticker		DGT
Intraday NAV Ticker		UGT
Benchmark Index Ticker (Bloomberg)		DJGT
Market Cap (\$Mil)		69
Shares Outstanding (Mil)		1
Avg Daily Trading Volume (Shares)		15,523
Expense Ratio (%)		0.50
Focus	50 Global Blue Chips	
Investment Advisor	State Street Global Advisors	
Inception Date	9/25/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	45	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Performance (%)	06/30/2004	

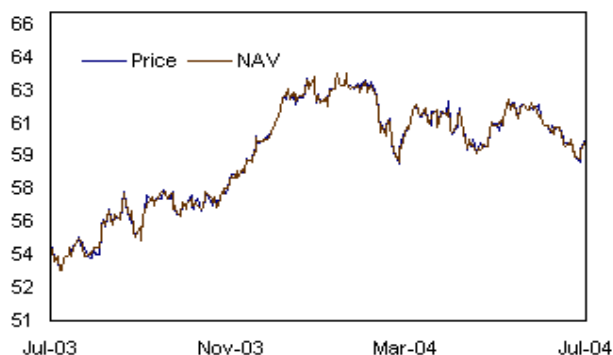
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	1.4	14.9	-3.2	-6.9
NAV	1.5	15.5	-3.0	-6.7

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.83	0.93	0.49
Capital Gains	0.00	0.00	0.00
Total	0.83	0.93	0.49

Fund Description

The streetTRACKS Dow Jones Global Titans Index Fund (DGT) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Dow Jones Global Titans Index. The index is float-adjusted market cap-weighted and consists of 50 leading blue-chip companies from eight countries around the world chosen by Dow Jones. To track the index, the fund generally will invest in all of the stocks comprising the underlying index in proportion to their weightings in the index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Country Weighing (%)

United States	73.5	Switzerland	2.1
United Kingdom	14.0	Germany	1.1
Netherlands	2.7	Finland	1.0
Japan	2.5	Italy	1.0
France	2.2		

Top Sector/Industry Weightings (%)

Financials	19.8
Health Care	18.0
Energy	16.2
Information Technology	15.9
Consumer Staples	10.2
Industrials	7.4
Telecommunication Services	7.2
Consumer Discretionary	5.3

Top Ten Holdings (%)

General Electric	6.3
Exxon Mobil	5.5
Microsoft	5.3
Pfizer	4.5
Citigroup	4.2
BP	3.7
Bank of America	3.2
Johnson & Johnson	3.0
HSBC	3.0
AIG	3.0
Top Ten Total	41.7

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares S&P Global 100 Index Fund (IOO)

BROAD-BASED - GLOBAL

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$55.96	\$60.44	\$48.43
Fund Ticker			IOO
Intraday NAV Ticker			OON
Benchmark Index Ticker (Bloomberg)			OOI
Market Cap (\$Mil)			187
Shares Outstanding (Mil)			3
Avg Daily Trading Volume (Shares)			10,756
Expense Ratio (%)			0.20
Focus	Global Large-Cap Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	12/5/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	97		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Performance (%)	06/30/2004		

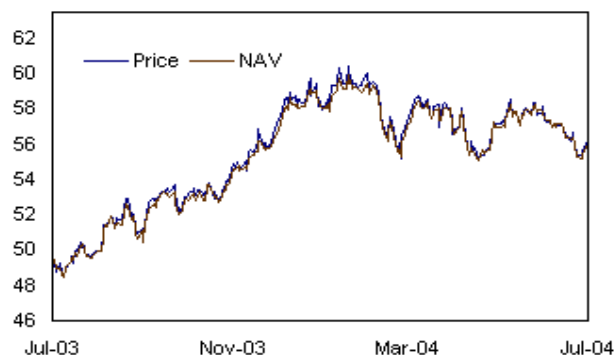
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	0.5	20.2	-1.9	-5.2
NAV	1.0	20.2	-1.8	-5.4

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.55	0.65	0.00
Capital Gains	0.00	0.00	0.00
Total	0.55	0.65	0.00

Fund Description

The iShares S&P Global 100 Index Fund (IOO) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the S&P Global 100 Index. The index is float-adjusted market cap-weighted and measures the performance of large companies from 16 countries whose businesses are global in nature. It is rebalanced quarterly in March, June, September and December. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Country Weighing (%)

United States	57.4	Germany	4.6
United Kingdom	12.2	Netherlands	3.9
Switzerland	5.3	Spain	2.7
France	5.2	Finland	0.8
Japan	5.0	Australia	0.7

Top Sector/Industry Weightings (%)

Financials	20.5
Information Technology	14.8
Consumer Staples	13.2
Energy	13.1
Health Care	12.9
Industrials	8.8
Consumer Discretionary	8.0
Telecommunication Services	4.4
Materials	2.7
Utilities	0.9

Top Ten Holdings (%)

General Electric	5.3
Exxon Mobil	4.6
Microsoft	4.1
Pfizer	3.7
Citigroup	3.4
BP	3.1
AIG	2.8
Johnson & Johnson	2.5
HSBC	2.4
Intel	2.4
Top Ten Total	34.2

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Market 2000+ HOLDERS (MKH)

BROAD-BASED - GLOBAL

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/04)	\$52.18	\$47.18
Fund Ticker		MKH
Intraday NAV Ticker		XKH
Benchmark Index Ticker (Bloomberg)		XKH
Market Cap (\$Mil)		63
Shares Outstanding (Mil)		1
Avg Daily Trading Volume (Shares)		4,093
Expense Ratio (%)		0*
Focus	Large-Cap Global Stocks	
Investment Advisor	Bank of New York	
Inception Date	8/29/2000	
Portfolio Structure	Grantor Trust	
Approx. Number of Stocks in Fund	59	
Options Available	Yes	
Minimum Trade Size (Shares)	100	
Distribution Frequency	Ongoing	
Performance (%)	06/30/2004	

	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-0.4	11.1	-6.1	-12.9
NAV	-0.4	11.1	-6.1	-12.9

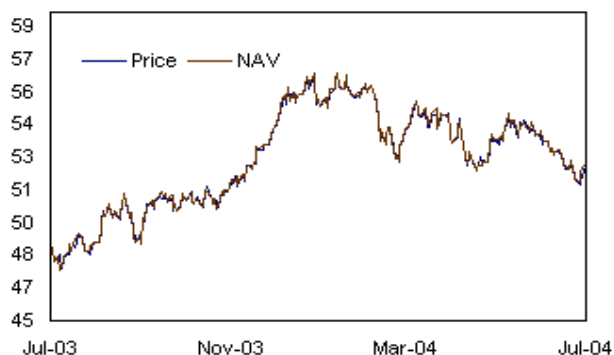
Distribution History (\$)

	2002	2003	YTD 2004
Income	0.00	0.74	0.48
Capital Gains	0.00	0.00	0.00
Total	0.00	0.74	0.48

Fund Description

The Market 2000+ HOLDERS (MKH) is an exchange-traded fund structured as a grantor trust that represents an undivided beneficial ownership in the common stock of a group of specified large-cap multinational companies. Over 50% of the index is in large-cap companies. The components of the trust will not change, except for defined reconstitution events such as mergers or acquisitions, which can result in stocks being eliminated from the basket.

*Expenses for HOLDERS consist of a custody fee of \$2 per round lot (100 shares) per quarter. According to the prospectus, the trustee will waive that portion of the fee which exceeds the total cash dividends and other cash distributions.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Country Weighing (%)

United States	66.1	Netherlands	2.9
United Kingdom	13.0	Germany	1.6
Japan	5.7	Finland	0.9
France	4.7	Sweden	0.5
Switzerland	4.6		

Top Sector/Industry Weightings (%)

Health Care	23.7
Information Technology	18.4
Telecommunication Services	16.7
Energy	13.4
Consumer Discretionary	11.8
Financials	7.3
Consumer Staples	6.6
Industrials	1.9
Materials	0.3

Top Ten Holdings (%)

Novartis	4.3
Johnson & Johnson	4.2
Wal-Mart	4.1
Total	3.7
Exxon Mobil	3.5
Astrazeneca	3.4
Dell	3.4
IBM	3.3
Microsoft	3.3
BP	3.2
Top Ten Total	36.5

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares S&P Global Energy Sector Index Fund (IXC)

SECTORS - GLOBAL

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$66.00	\$66.62	\$47.71
Fund Ticker			IXC
Intraday NAV Ticker			XGC
Benchmark Index Ticker (Bloomberg)			SGES
Market Cap (\$Mil)			281
Shares Outstanding (Mil)			4
Avg Daily Trading Volume (Shares)			37,126
Expense Ratio (%)			0.65
Focus	Global Energy Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	11/12/2001		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	53		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Performance (%)	06/30/2004		

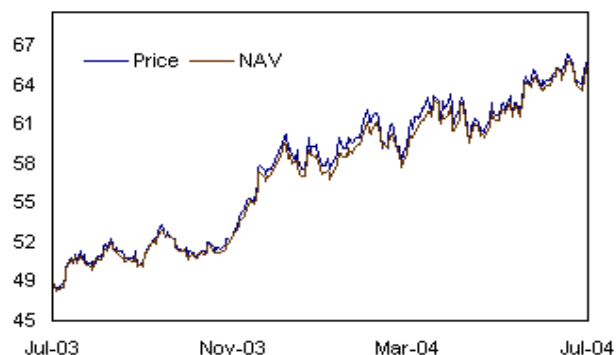
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	5.0	30.0	-	12.0
NAV	6.0	29.8	-	11.5

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.91	0.62	0.00
Capital Gains	0.00	0.00	0.00
Total	0.91	0.62	0.00

Fund Description

The iShares S&P Global Energy Sector Index Fund (IXC) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the S&P Global Energy Sector Index. The index measures the performance of companies that S&P deems to be part of the energy sector of the economy and that S&P believes are important to global markets. It is a subset of the S&P Global 1200 Index. It is float-adjusted market cap-weighted and is rebalanced quarterly in March, June, September, and December. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Country Weighing (%)

United States	47.8	Italy	4.2
United Kingdom	20.0	Spain	1.8
France	7.9	Norway	1.6
Canada	7.5	Brazil	0.8
Netherlands	6.5	Japan	0.8

Top Sector/Industry Weightings (%)

Integrated Oil & Gas	78.2
Oil & Gas Exploration & Production	11.0
Oil & Gas Equipment & Services	5.0
Oil & Gas Refining, Marketing & Transportation	4.3
Oil & Gas Drilling	1.5

Top Ten Holdings (%)

Exxon Mobil	19.8
BP	13.4
Total	7.9
Royal Dutch	6.5
ChevronTexaco	4.8
Shell Transport And Trading	4.5
ENI Spa	4.2
ConocoPhillips	4.2
Schlumberger	2.7
BG Group	2.1
<i>Top Ten Total</i>	70.1

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares S&P Global Financial Sector Index Fund (IXG)

SECTORS - GLOBAL

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$57.53	\$62.74	\$49.69
Fund Ticker	IXG		
Intraday NAV Ticker	XGG		
Benchmark Index Ticker (Bloomberg)	SGFS		
Market Cap (\$Mil)	29		
Shares Outstanding (Mil)	1		
Avg Daily Trading Volume (Shares)	3,203		
Expense Ratio (%)	0.65		
Focus	Global Financial Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	11/12/2001		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	214		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Performance (%)	06/30/2004		

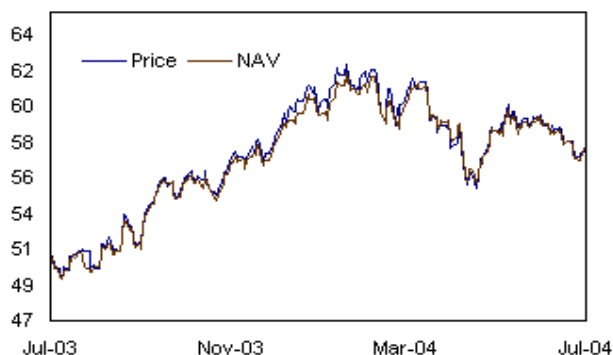
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-2.5	23.6	-	7.6
NAV	-2.0	23.8	-	7.3

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.57	1.31	0.00
Capital Gains	0.00	0.00	0.00
Total	0.57	1.31	0.00

Fund Description

The iShares S&P Global Financials Sector Index Fund (IXG) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the S&P Global Energy Sector Index. The index measures the performance of companies that S&P deems to be part of the financial sector of the economy and that S&P believes are important to global markets. It is a subset of the S&P Global 1200 Index. It is float-adjusted market cap-weighted and is rebalanced quarterly in March, June, September, and December. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Country Weighing (%)

United States	50.2	Switzerland	3.9
United Kingdom	13.3	France	3.1
Japan	5.0	Italy	3.1
Australia	4.1	Germany	2.8
Canada	4.1	Spain	2.5

Top Sector/Industry Weightings (%)

Diversified Banks	39.6
Other Diversified Financial Services	10.7
Multi-line Insurance	8.7
Investment Banking & Brokerage	5.6
Regional Banks	5.0
Life & Health Insurance	5.0
Thrifts & Mortgage Finance	4.8
Property & Casualty Insurance	4.7
Diversified Capital Markets	3.8
Consumer Finance	3.7

Top Ten Holdings (%)

Citigroup	5.4
AIG	4.4
Bank of America	4.1
HSBC	3.9
JP Morgan Chase	3.1
Wells Fargo	2.3
Royal Bank of Scotland	2.0
UBS	1.9
Fannie Mae	1.6
American Express	1.5
Top Ten Total	30.2

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares S&P Global Healthcare Sector Index Fund (IXJ)

SECTORS - GLOBAL

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$46.13	\$50.99	\$41.73
Fund Ticker			IXJ
Intraday NAV Ticker			XGJ
Benchmark Index Ticker (Bloomberg)			SGH
Market Cap (\$Mil)			150
Shares Outstanding (Mil)			3
Avg Daily Trading Volume (Shares)			20,280
Expense Ratio (%)			0.65
Focus	Global Healthcare Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	11/12/2001		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund			76
Options Available			No
Minimum Trade Size (Shares)			1
Distribution Frequency			Annual
Performance (%)			06/30/2004

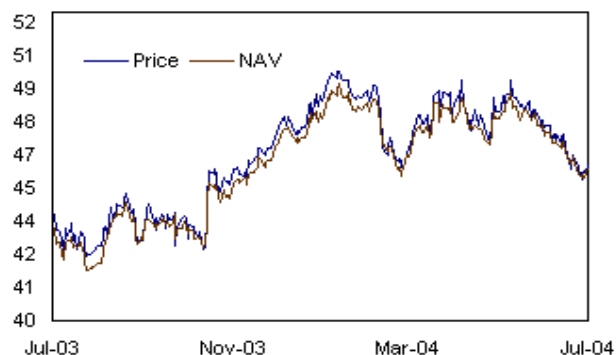
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	2.3	9.3	-	-0.7
NAV	2.3	8.8	-	-0.9

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.25	0.30	0.00
Capital Gains	0.00	0.00	0.00
Total	0.25	0.30	0.00

Fund Description

The iShares S&P Global Healthcare Sector Index Fund (IXJ) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the S&P Global Healthcare Sector Index. The index measures the performance of companies that S&P deems to be part of the healthcare sector of the economy and that S&P believes are important to global markets. It is a subset of the S&P Global 1200 Index. It is float-adjusted market cap-weighted and is rebalanced quarterly in March, June, September, and December. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Top Sector/Industry Weightings (%)

United States	70.8	Germany	0.9
United Kingdom	11.6	Denmark	0.7
Switzerland	9.8	Australia	0.3
Japan	4.2	Canada	0.2
France	1.5		

Top Sector/Industry Weightings (%)

Pharmaceuticals	68.9
Health Care Equipment	11.7
Biotechnology	7.3
Managed Health Care	4.8
Health Care Services	2.3
Health Care Distributors	1.9
Health Care Facilities	1.8
Health Care Supplies	1.2
Electronic Equipment Manufacturers	0.1

Top Ten Holdings (%)

Pfizer	12.9
Johnson & Johnson	8.8
Glaxosmithkline	6.4
Novartis	6.0
Merck	5.4
Astrazeneca	4.0
Amgen	3.9
Eli Lilly	3.8
Roche	3.7
Abbott Labs	3.3
<i>Top Ten Total</i>	58.1

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares S&P Global Technology Sector Index Fund (IXN)

SECTORS - GLOBAL

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$46.63	\$55.97	\$40.80
Fund Ticker			IXN
Intraday NAV Ticker			XGN
Benchmark Index Ticker (Bloomberg)			SGI
Market Cap (\$Mil)			26
Shares Outstanding (Mil)			1
Avg Daily Trading Volume (Shares)			3,670
Expense Ratio (%)			0.65
Focus	Global Technology Stocks		
Investment Advisor	Barclays Global Investors		
Inception Date	11/12/2001		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	122		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Performance (%)	06/30/2004		

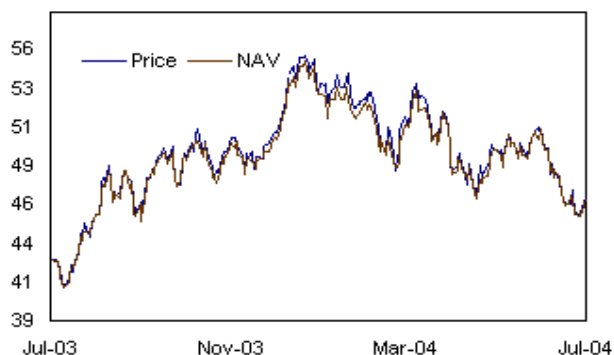
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-0.3	25.6	-	-1.7
NAV	-0.3	26.4	-	-1.7

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.00	0.00	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.00

Fund Description

The iShares S&P Global Technology Sector Index Fund (IXN) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the S&P Global Information Technology Sector Index. The index measures the performance of companies that S&P deems to be part of the information technology sector of the economy and that S&P believes are important to global markets. It is a subset of the S&P Global 1200 Index. It is float-adjusted market cap-weighted and is rebalanced quarterly in March, June, September, and December. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Country Weighing (%)

United States	76.7	Sweden	1.9
Japan	9.4	Canada	1.7
Finland	2.5	France	1.6
Korea	2.1	Taiwan	1.2
Germany	1.9	United Kingdom	0.6

Top Sector/Industry Weightings (%)

Communications Equipment	20.0
Systems Software	19.0
Computer Hardware	16.7
Semiconductors	16.1
Data Processing & Outsourced Services	5.4
Office Electronics	3.7
Application Software	3.6
Electronic Equipment Manufacturers	3.4
Semiconductor Equipment	2.9
Internet Software & Services	2.1

Top Ten Holdings (%)

Microsoft	14.1
Intel	7.2
IBM	6.8
Cisco	6.5
Dell	4.1
Hewlett-Packard	2.9
Qualcomm	2.5
Nokia	2.5
Oracle	2.5
Samsung Elec	2.1
Top Ten Total	51.3

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

iShares S&P Global Telecom Sector Index Fund (IXP)

SECTORS - GLOBAL

Pricing and Fund Data

	52 Week		
		High	Low
Price (7/30/04)	\$44.72	\$49.59	\$38.95
Fund Ticker			IXP
Intraday NAV Ticker			XHP
Benchmark Index Ticker (Bloomberg)			SGT
Market Cap (\$Mil)			20
Shares Outstanding (Mil)			0
Avg Daily Trading Volume (Shares)			3,206
Expense Ratio (%)			0.65

Focus	Global Telecom Stocks
Investment Advisor	Barclays Global Investors
Inception Date	11/12/2001
Portfolio Structure	Open-End Investment Company
Approx. Number of Stocks in Fund	42
Options Available	No
Minimum Trade Size (Shares)	1
Distribution Frequency	Annual

Performance (%) 06/30/2004

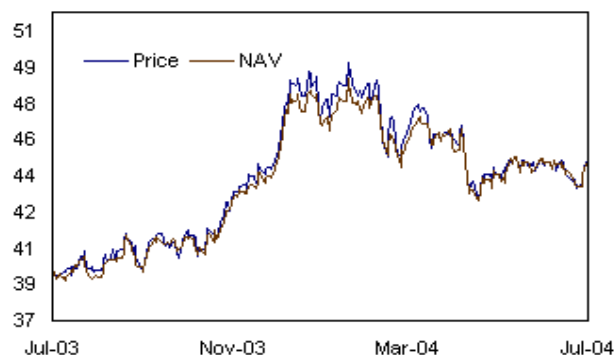
	Since			
	3 Mo	1Yr	3 Yr	Inception
Price	-4.3	12.0	-	-3.5
NAV	-2.6	12.8	-	-3.4

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.64	0.65	0.00
Capital Gains	0.00	0.00	0.00
Total	0.64	0.65	0.00

Fund Description

The iShares S&P Global Telecommunications Sector Index Fund (IXP) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the S&P Global Telecommunications Sector Index. The index measures the performance of companies that S&P deems to be part of the telecommunications sector of the economy and that S&P believes are important to global markets. It is a subset of the S&P Global 1200 Index. It is float-adjusted market cap-weighted and is rebalanced quarterly in March, June, September, and December. To track the index, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Portfolio Breakdown**

July 30, 2004

Country Weighing (%)

United States	38.1	Germany	4.1
United Kingdom	19.8	France	3.6
Japan	7.6	Australia	2.6
Spain	6.7	Canada	2.6
Italy	4.5	Mexico	2.4

Top Sector/Industry Weightings (%)

Integrated Telecommunication Services	67.0
Wireless Telecommunication Services	32.4
Alternative Carriers	0.6

Top Ten Holdings (%)

Vodafone	14.9
Verizon	10.8
SBC	8.5
Telefonica Esp	6.7
Bellsouth Corp	5.1
NTT	4.3
DT Telekom	4.1
AT&T Wireless	4.0
NTT Docomo	3.3
BT Group	3.0
Top Ten Total	64.6

Source: Bloomberg, Company Data, Thomson

Index-Linked Exchange-Traded Funds

Fixed-Income Index-Linked ETFs and Market Outlook

Fixed-income ETFs are baskets of bonds that trade as single stocks. We believe they offer effective ways to invest in specific fixed-income market segments. Six ETFs now provide bond index exposure, at expense ratios of only 15 to 20 basis points each (Exhibit 35).

Three fixed-income ETFs follow maturity based Lehman US Treasury Indexes. Investors can gain exposure to short (1-3 year), intermediate (7-10 year), and long (20+ years) maturity ranges of the US Treasury market. These indexes are market cap-weighted and include fixed-rate US Treasury securities with more than \$200 million outstanding.

LQD follows the GS \$ InvesTop Corporate Bond Index. This index is designed to provide balanced representation of the US dollar investment-grade corporate market through, generally, the most liquid corporate bonds available. The index consists of 100 bonds that are equally par weighted and is rebalanced monthly. The GS \$ InvesTop Index is rules-based and is a subset of the GS \$ Corporate Investment-Grade Index.

AGG is based on the Lehman Brothers US Aggregate Index. This index, which includes more than 5,500 issues, is designed to represent the total fixed-rate, nonconvertible US investment-grade bond market, excluding municipal bonds. The fund uses a representative sampling strategy to try to track the index, which is market-cap-weighted and includes securities with more than \$200 million outstanding.

TIP is designed to track the Lehman Brothers TIPS Index. This ETF is designed to correspond to the price and yield performance of the inflation-protected sector, known as "TIPS," of the United States Treasury market as defined by the Lehman Brothers US Treasury Inflation Protected Securities Index. The index is market-cap-

weighted and includes securities with more than \$200 million outstanding. TIPS securities are designed to provide inflation protection to investors and pay a nominal fixed coupon plus a variable return adjusted for inflation.

Significant differences exist between indexes. Three Lehman Treasury Indexes target specific maturity ranges and are market-capitalization weighted. In contrast, the GS \$ InvesTop, Lehman Aggregate, and Lehman TIPS Indexes do not target specific maturity ranges. Therefore, we expect their average maturities to vary depending on changes in the overall corporate, domestic investment-grade bond and TIPS markets, respectively.

Investing in fixed-income ETFs differs from owning individual bonds. These ETFs are all based on indexes that rebalance monthly. Rebalancing enables them to maintain desired traits, such as specific maturity ranges for the Lehman Treasury and high liquidity for the GS indexes. For example, the three maturity-based Lehman Indexes drop and add securities monthly in order to maintain fairly constant maturities. This is unlike owning individual bonds, which constantly become shorter in maturity.

Fixed-income ETFs pay monthly dividends. For investors seeking monthly income, fixed-income ETFs offer advantages over individual bonds, which usually make coupon payments twice a year. We expect ETF annualized yields will approximate those of the underlying indexes. The ETFs intend to pay out 1/12 of their anticipated annual income streams per month. Dividend changes are expected to reflect changes in interest rates.

Dividends from Treasury ETFs should generally be exempt from state and local taxes. This may represent an advantage over other Treasury funds that also invest heavily in federal agency bonds, which do not enjoy the same state and local tax exemptions. Investors should

Exhibit 35

Fixed-Income Index Composition and Applicable ETFs

Index	Index Composition			Applicable ETF (Index Fund)	ETF Characteristics	
	# of Bonds	7/30/04 Yield (%)	Duration (Years)		ETF Symbol	Expense Ratio (%)
Lehman 1-3 Year Treasury	30	2.54	1.74	iShares Lehman 1-3 Year Treasury	SHY	0.15
Lehman 7-10 Year Treasury	14	4.26	6.58	iShares Lehman 7-10 Year Treasury	IEF	0.15
Lehman 20+ Year Treasury	15	5.27	12.63	iShares Lehman 20+ Year Treasury	TLT	0.15
GS \$InvesTop Corporate	100	5.18	6.36	iShares GS \$ InvesTop Corporate	LQD	0.15
Lehman Aggregate	5,662	4.52	4.77	iShares Lehman Aggregate	AGG	0.20
Lehman TIPS	12	4.74	5.47	iShares Lehman TIPS	TIP	0.20

Source: BGI, Lehman, Goldman Sachs. Index data as of June 30, 2004, except yields (July 30, 2004).

Index-Linked Exchange-Traded Funds

consult their tax advisors about tax consequences of investments in fixed-income ETFs.

Fixed-income ETFs have many investment applications.

They can serve as diversified core holdings or for tactical strategies. Investors who have views on the yield curve or credit spreads can make applicable investments. Fixed-income ETFs are complementary to other investment products. They can be used with individual bonds, stocks, and other funds. They also may help provide a total ETF portfolio solution for those investors already using equity ETFs and can be used to implement the fixed income portion of our asset allocation models.

Fixed Income Outlook

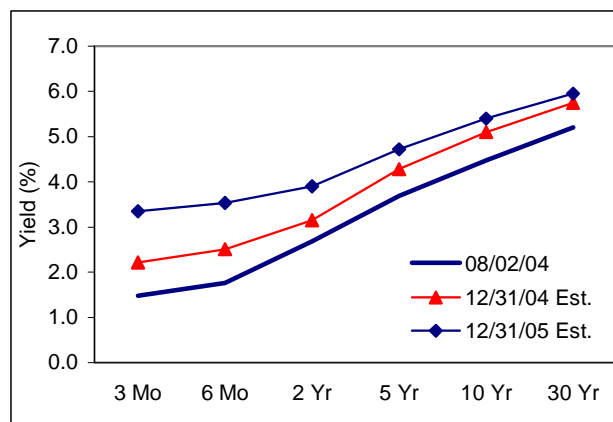
Our US economics team continues to expect sustainable growth and higher interest rates. Although recent economic data has been surprisingly weak, the current growth pause is not likely to alter the near-term course of monetary policy. The Fed's game plan - to raise interest rates at a measured pace - was designed to allow for temporary fluctuations in the inflation data and the economic advance. Thus, we continue to look for 25 basis-point (bp) rate hikes at each of the next three Federal Reserve meetings this year.

Corporations' pent-up demand for hiring and capital spending should be the primary drivers of stronger GDP. According to our senior US economist Richard Berner, aggressive actions taken by corporate America to eliminate the post-bubble headwinds of over-hiring and overinvestment have now gone overboard. His models suggest that with economic growth where it is today, job growth is approximately 1.8 million short of where it should be. In addition, the strong job growth that we have already seen in March, April and May will probably begin to show up in consumer confidence and spending in the third quarter.

Capital spending is also expected to pick up as "use it or lose it" incentives expire this year. The bonus depreciation investment incentives in current tax law that allow companies to expense 50% of equipment put in place this year and small business to expense investment outlays up to \$100,000 will expire on December 31. While this should lead to increased spending this year, it may come at the expense of spending in early 2005.

Exhibit 36

US Treasury Yield Curve and Forecast



Sources: Bloomberg, Morgan Stanley Research.

Our fixed-income strategist, believes upside risks remain for inflation and global growth. Amy Falls suggests that the economy is recovering, jobs are growing and with continued large budget deficits, the real federal-funds rate (which subtracts inflation) is too low. She believes that with inflation heading towards 2% on a year-over-year basis, the Fed may take a more aggressive tightening path than either the market or our economics group currently expect. While many investors seem to be positioning for the next piece of data, Amy believes the medium term trends are clear. The Fed will hike short-term interest rates, the yield curve will flatten in the second half of the year, and the 10-year treasury yield will approach 5.0% to 5.25% (Exhibit 36).

Our credit analyst have a mixed medium-term outlook for investment-grade and high-yield corporate bonds. They note improving debt ratios, stronger balance sheets, and prospects of continued earnings gains in light of better pricing power. However, they are concerned about investors exiting the markets later this year amid higher interest rates, as well as a potential drop off in balance sheet discipline.

Despite the risks, partial fixed-income exposure remains critical for most portfolios. We believe that continued financial and global uncertainty should heighten the appeal of portfolio diversification into fixed-income assets. Many individual investors are underweight bonds and, in our view, should consider adding to their holdings.

Index-Linked Exchange-Traded Funds

iShares Lehman 1-3 Year Treasury Index Fund (SHY)

FIXED-INCOME

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/2004)	\$81.79	\$83.08
Fund Ticker		SHY
Intraday NAV Ticker		SHZ
Benchmark Index Ticker (Bloomberg)		N/A
Net Assets (\$Mil)		1,405
Shares Outstanding (Mil)		17.0
Avg Daily Trading Volume (Shares)		142,600
Expense Ratio (%)		0.15
Focus	Short Term Treasuries	
Investment Advisor	Barclays Global Investors	
Inception Date	7/26/02	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Securities in Fund	9	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Monthly	
Performance (%)	06/30/2004	

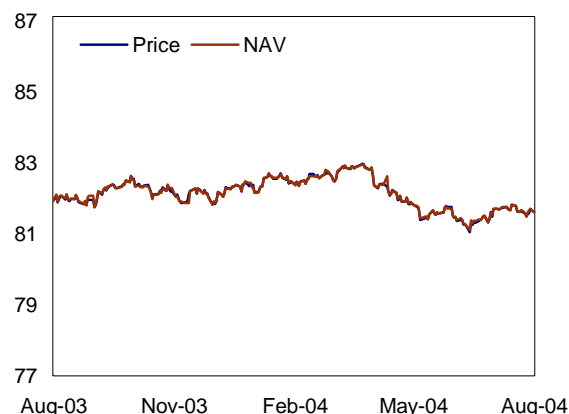
	YTD	1Yr	3 Yr	Since Inception
Price	-0.2	0.4	-	2.1
NAV	-0.2	0.4	-	2.0

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.64	1.31	0.88
Capital Gains	0.00	0.00	0.00
Total	0.64	1.31	0.88

Fund Description

The iShares Lehman 1-3 Year Treasury Bond Fund (SHY) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Lehman 1-3 Year US Treasury Index. The index is market cap-weighted and includes all publicly issued US Treasury securities that have a remaining maturity between 1 and 3 years, are non-convertible, are denominated in US dollars are rated investment grade by Moody's Investors Services, are fixed rate, and have more than \$150 million par outstanding. It is rebalanced monthly. To track the index, the fund uses a stratified sampling technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Index Breakdown* June 30, 2004**

Current Yield (%)	2.54
Average Credit Quality	AAA
Weighted Average Maturity (Years)	1.87
Effective Duration (Years)	1.74
Weighted Average Coupon (%)	3.39

Top ETF Holdings (%)

US Treasury Note, 1.88%, 12/05	24.0
US Treasury Note, 2.0%, 5/06	18.9
US Treasury Note, 5.75%, 11/05	17.5
US Treasury Note, 3.12%, 5/07	11.8
US Treasury Note, 6.50%, 10/15/06	11.5
US Treasury Note, 1.50%, 7/31/05	7.6
US Treasury Note, 2.62%, 11/15/06	6.4
US Treasury Note, 2.25%, 2/07	2.3
Morgan Stanley Repo, 1.05%, 8/04	0.1

Source: Bloomberg, Company Data, Thomson

* Current yield as of 7/30/2004

Index-Linked Exchange-Traded Funds

iShares Lehman 7-10 Year Treasury Index Fund (IEF)

FIXED-INCOME

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/2004)	\$83.78	\$88.55
Fund Ticker		IEF
Intraday NAV Ticker		IEN
Benchmark Index Ticker (Bloomberg)		SBGT710
Net Assets (\$Mil)		480
Shares Outstanding (Mil)		5.6
Avg Daily Trading Volume (Shares)		174,804
Expense Ratio (%)		0.15
Focus	Intermediate Term Treasuries	
Investment Advisor	Barclays Global Investors	
Inception Date	7/26/02	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Securities in Fund	7	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Monthly	
Performance (%)	06/30/2004	

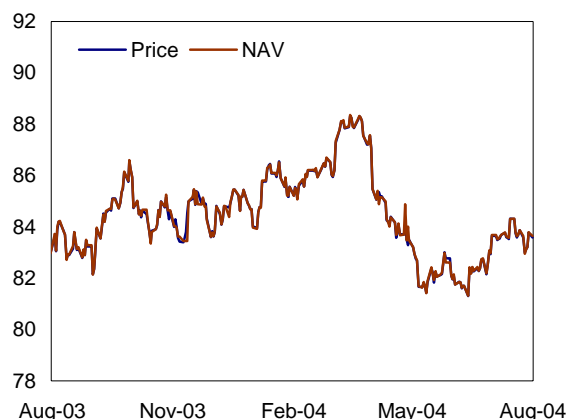
	Since			
	YTD	1Yr	3 Yr	Inception
Price	-0.4	-2.5	-	4.5
NAV	-0.4	-2.5	-	4.5

Distribution History (\$)

	2002	2003	YTD 2004
Income	1.78	3.22	1.86
Capital Gains	0.00	0.00	0.00
Total	1.78	3.22	1.86

Fund Description

The iShares Lehman 7-10 Year Treasury Bond Fund (IEF) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Lehman 7-10 Year US Treasury Index. The index is market cap-weighted and includes all publicly issued US Treasury securities that have a remaining maturity between 7 and 10 years. It is rebalanced monthly. To track the index, the fund uses a stratified sampling technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Index Breakdown***

June 30, 2004

Current Yield (%)	4.26
Average Credit Quality	AAA
Weighted Average Maturity (Years)	8.72
Effective Duration (Years)	6.58
Weighted Average Coupon (%)	5.03

Top ETF Holdings (%)

US Treasury Note, 5.0%, 8/11	43.2
US Treasury Note, 4.25%, 11/13	19.7
US Treasury Note, 4.38%, 8/12	13.0
US Treasury Note, 3.62%, 5/13	10.3
US Treasury Note, 4.75%, 5/14	7.0
US Treasury Note, 4.88%, 2/12	6.7
Morgan Stanley Repo, 0.74%, 8/04	0.1

Source: Bloomberg, Company Data, Thomson

* Current yield as of 7/30/2004

Index-Linked Exchange-Traded Funds

iShares Lehman 20+ Year Treasury Index Fund (TLT)

FIXED-INCOME

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/2004)	\$84.59	\$80.51
Fund Ticker	TLT	
Intraday NAV Ticker	TLZ	
Benchmark Index Ticker (Bloomberg)	SBGT10P	
Net Assets (\$Mil)	270	
Shares Outstanding (Mil)	3.1	
Avg Daily Trading Volume (Shares)	720,986	
Expense Ratio (%)	0.15	
Focus	Long Term Treasuries	
Investment Advisor	Barclays Global Investors	
Inception Date	7/26/02	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Securities in Fund	16	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Monthly	
Performance (%)	06/30/2004	

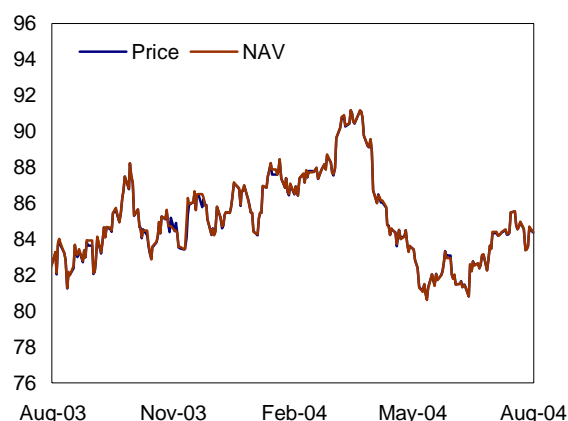
	YTD	1Yr	3 Yr	Since Inception
Price	-0.1	-4.9	-	5.7
NAV	-0.3	-4.9	-	5.5

Distribution History (\$)

	2002	2003	YTD 2004
Income	1.94	4.53	2.37
Capital Gains	0.00	0.00	0.00
Total	1.94	4.53	2.37

Fund Description

The iShares Lehman 20+ Year Treasury Bond Fund (TLT) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Lehman 20+ Year US Treasury Index. The index is market cap-weighted and includes all publicly issued US Treasury securities that have a remaining maturity greater than 20 years, are non-convertible, are denominated in US dollars are rated investment grade by Moody's Investors Services, are fixed rate, and have more than \$150 million par outstanding. It is rebalanced monthly. To track the index, the fund uses a stratified sampling technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Index Breakdown*****June 30, 2004**

Current Yield (%)	5.27
Average Credit Quality	AAA
Weighted Average Maturity (Years)	23.37
Effective Duration (Years)	12.63
Weighted Average Coupon (%)	6.19

Top ETF Holdings (%)

US Treasury Bond, 6.12%, 11/27	12.3
US Treasury Bond, 6.25%, 5/30	9.9
US Treasury Bond, 5.38%, 2/31	8.9
US Treasury Bond, 6.88%, 8/25	7.3
US Treasury Bond, 5.25%, 8/29	7.0
US Treasury Bond, 6.50%, 11/26	6.9
US Treasury Bond, 6.62%, 2/27	6.4
US Treasury Bond, 6.12%, 8/29	6.0
US Treasury Bond, 6.00%, 2/26	6.0
US Treasury Bond, 7.50%, 11/24	5.6

Source: Bloomberg, Company Data, Thomson

* Current yield as of 7/30/2004

Index-Linked Exchange-Traded Funds

iShares GS \$ InvesTop Corporate Index Fund (LQD)

FIXED-INCOME

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/2004)	\$108.94	\$115.00
Fund Ticker	LQD	
Intraday NAV Ticker	DLL	
Benchmark Index Ticker (Bloomberg)	GSITOP	
Net Assets (\$Mil)	2,396	
Shares Outstanding (Mil)	21.4	
Avg Daily Trading Volume (Shares)	178,363	
Expense Ratio (%)	0.15	
Focus	Investment Grade Corp Bonds	
Investment Advisor	Barclays Global Investors	
Inception Date	7/26/02	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Securities in Fund	100	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Monthly	
Performance (%)	06/30/2004	

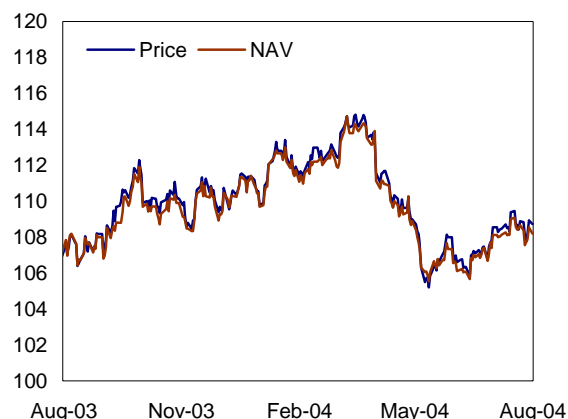
	Since			
	YTD	1Yr	3 Yr	Inception
Price	-0.7	-1.4	-	7.4
NAV	-0.7	-1.2	-	7.3

Distribution History (\$)

	2002	2003	YTD 2004
Income	2.48	5.49	3.04
Capital Gains	0.00	0.00	0.00
Total	2.48	5.49	3.04

Fund Description

The iShares GS \$ InvesTop Corporate Bond Fund (LQD) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of GS \$ InvesTop Index. The index consists of 100 bonds that are equally par weighted and is designed to provide balanced representation of the US dollar investment grade corporate market through some of the most liquid corporate bonds available. The index is rebalanced monthly. To track the index, the fund invests in all of the securities in the underlying index in approximately the same weightings.

Price & NAV Performance**Index Breakdown***

June 30, 2004

Current Yield (%)	5.18
Average Credit Quality	A-
Weighted Average Maturity (Years)	10.18
Effective Duration (Years)	6.36
Weighted Average Coupon (%)	5.45

Top ETF Holdings (%)

AT&T Broadband, 9.45%, 1/22	1.2
Sprint Cap, 8.75%, 3/32	1.2
AT&T Broadband, 8.38%, 3/13	1.2
Sprint Cap, 8.38%, 3/12	1.2
Devon Energy, 7.95%, 4/32	1.2
Verizon Global FDG, 7.75%, 12/30	1.1
Valero Energy, 7.5%, 4/32	1.1
Cendant Corp, 7.38%, 1/13	1.1
CRH America Inc, 6.95%, 3/12	1.1
Cox Communications, 7.12%, 10/12	1.1

Source: Bloomberg, Company Data, Thomson

* Current yield as of 7/30/2004

Index-Linked Exchange-Traded Funds

iShares Lehman Aggregate Index Fund (AGG)

FIXED-INCOME

Pricing and Fund Data

	52 Week	
	High	Low
Price (7/30/2004)	\$101.15	\$98.85
Fund Ticker	AGG	
Intraday NAV Ticker	AKG	
Benchmark Index Ticker (Bloomberg)	N/A	
Net Assets (\$Mil)	287	
Shares Outstanding (Mil)	2.8	
Avg Daily Trading Volume (Shares)	43,700	
Expense Ratio (%)	0.20	
Focus	Domestic Investment Grade Bond Market	
Investment Advisor	Barclays Global Investors	
Inception Date	9/26/03	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Securities in Fund	115	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Monthly	
Performance (%)	06/30/2004	

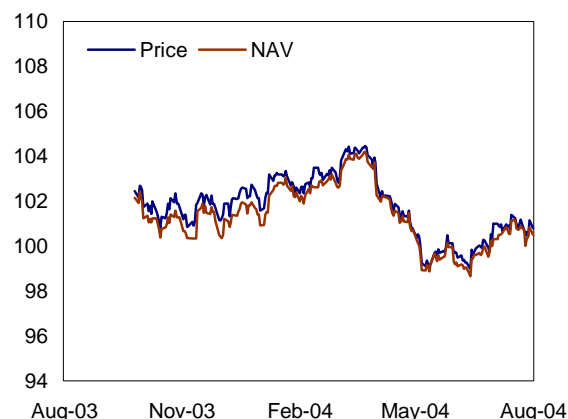
	YTD	1Yr	3 Yr	Since Inception
Price	-0.2	-	-	0.4
NAV	-0.1	-	-	1.5

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.00	0.92	2.01
Capital Gains	0.00	0.00	0.00
Total	0.00	0.92	2.01

Fund Description

The iShares Lehman Aggregate Bond Fund (AGG) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Lehman Aggregate Bond Index. The index is market cap-weighted and is designed to measure the total United States investment grade bond market. It is rebalanced monthly. To track the index, the fund uses a stratified sampling technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Index Breakdown*****June 30, 2004**

Current Yield (%)	4.52
Average Credit Quality	AA
Weighted Average Maturity (Years)	7.50
Effective Duration (Years)	4.77
Weighted Average Coupon (%)	5.33

Top ETF Holdings (%)

US Treasury Note, 2.5%, 5/06	7.2
US Treasury Note, 3.0%, 11/07	5.6
FNMA, 2.12%, 4/06	4.9
FNMA, 5.50%, 8/34	4.5
US Treasury Bond, 8.12%, 8/19	3.4
FNMA, 5.0%, 8/34	3.3
US Treasury Note, 7.75%, 5/14	2.9
US Treasury Note, 6.0%, 8/09	2.8
FHL Mortgage, 5.50%, 8/34	2.4
FHL Mortgage, 2.75%, 3/08	2.3

Source: Bloomberg, Company Data, Thomson

* Current yield as of 7/30/2004

Index-Linked Exchange-Traded Funds

iShares Lehman TIPS Index Fund (TIP)

FIXED-INCOME

Pricing and Fund Data

		52 Week	
		High	Low
Price (7/30/2004)	\$102.33	\$107.67	\$99.53
Fund Ticker			TIP
Intraday NAV Ticker			TBK
Benchmark Index Ticker (Bloomberg)			na
Net Assets (\$Mil)			236
Shares Outstanding (Mil)			2.3
Avg Daily Trading Volume (Shares)			113,673
Expense Ratio (%)			0.20
Focus	Treasury Inflation Protected Securities		
Investment Advisor	Barclays Global Investors		
Inception Date			12/5/03
Portfolio Structure	Open-End Investment Company		
Approx. Number of Securities in Fund			12
Options Available			Yes
Minimum Trade Size (Shares)			1
Distribution Frequency			Monthly
Performance (%)			06/30/2004

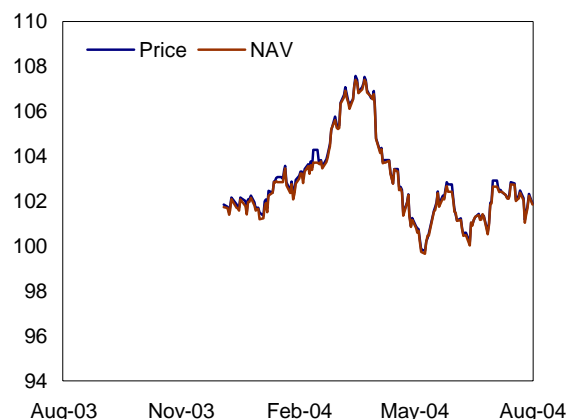
	Since			
	YTD	1Yr	3 Yr	Inception
Price	2.0	-	-	1.9
NAV	1.8	-	-	2.6

Distribution History (\$)

	2002	2003	YTD 2004
Income	0.00	0.12	2.70
Capital Gains	0.00	0.00	0.00
Total	0.00	0.12	2.70

Fund Description

The iShares Lehman US TIPS Fund (TIP) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, which is designed to track the performance of the Lehman US Treasury Inflation Protected Securities Index. The index is rebalanced monthly. To track the index, the fund uses a stratified sampling technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance**Index Breakdown***

June 30, 2004

Current Yield (%)	4.74
Average Credit Quality	AAA
Weighted Average Maturity (Years)	11.03
Effective Duration (Years)	5.47
Weighted Average Coupon (%)	3.24

Top ETF Holdings (%)

US Treasury Note, 3.0%, 7/12	13.3
US Treasury Bond, 3.88%, 4/29	12.1
US Treasury Note, 1.88%, 7/13	10.9
US Treasury Bond, 3.62%, 4/28	10.4
US Treasury Note, 3.62%, 1/08	9.5
US Treasury Note, 3.88%, 1/09	8.6
US Treasury Note, 3.38%, 1/07	8.5
US Treasury Note, 3.50%, 1/11	7.0
US Treasury Note, 4.25%, 1/10	6.7
US Treasury Note, 2.0%, 1/14	4.7

Source: Bloomberg, Company Data, Thomson

* Current yield as of 7/30/2004

Index-Linked Exchange-Traded Funds

Investment Concerns

ETFs possess risks related to the securities in their underlying indexes. ETFs are subject to risks applicable to any investment in portfolios of common stocks or fixed-income investments, including that of generally lower prices and the chance that they may underperform more concentrated or actively managed portfolios. By targeting performance in line with indexes, investors are also forgoing opportunities to outperform.

Index-linked ETFs are subject to “tracking error” risks. Factors such as expenses, imperfect correlation between an ETF’s securities and those in its underlying index, rounding, changes to indexes, and regulatory policies may cause an ETF’s return to deviate from that of its underlying index. In many cases, these risks are relatively low. We completed a study that found low historical tracking error through December 2003 for most US-listed ETFs (for more details see *Low Historical Tracking Error for Most ETFs* on pages 194-198). Six major sources of tracking error are summarized below:

- **Fees and expenses.** Expenses of all fund products reduce total returns. Although index-linked ETFs tend to have low expense ratios, fees will cause an ETF to underperform its index over time.
- **Premiums/discounts.** On any date, the closing price of an ETF may be at a premium or discount to its net asset value (NAV). This will affect reported performance of the ETF versus its index for periods ending on that date.
- **Dividend reinvestment.** Some of the unit trust-based ETFs hold dividends in cash and only pay them out to investors on a periodic basis. In contrast, ETFs structured as open-end funds can reinvest dividends daily. A lag in dividend reinvestment can cause small underperformance in rising markets and small outperformance in falling markets.
- **Optimized replication.** Many ETFs use optimization techniques to design portfolios to closely track an index while minimizing transaction costs. Under this technique, the ETF omits or underweights some stocks (usually the less liquid and smaller-cap stocks). This technique, if properly used, should have only a minor effect on tracking.
- **Rebalancing.** Index-linked ETFs are required to make changes in the composition of their portfolios when stocks are added to or dropped from the index. The

timing, market impact, and transaction costs of the changes can affect performance.

- **Nonconcurrent trading hours.** Some ETFs trade in the US when their underlying markets are closed. For example, the Japanese market is closed while the iShares MSCI Japan is trading on the AMEX. Given increased correlation between markets, ETFs based on Japan may appear to be at a premium when US markets are up in anticipation that its market will rally overnight. Similarly, on a down day in the US, the Japan ETF may appear to be at a discount.

The “index divisor” for ETFs may change over time.

When introduced, an index-linked ETF typically has an “original index divisor”. For example, at inception the Nasdaq-100 Index Tracking Stock had a market price ratio of 1/40 of its underlying index (the share price was equal to the index divided by 40). Expenses and other sources of tracking error could cause the ratio to change over time.

The tax efficiency of index-linked ETFs will vary by product.

Index-linked ETFs generally have a tax advantage over open-end mutual funds, because redemptions do not force a sale of stocks and a taxable event. However, some index-linked ETFs settle in cash and do not have this advantage. Capital gains may also arise from changes in the composition of an index. This would have a minor effect on large capitalization-weighted indexes, given that most big name stocks are static, while the weaker performers are dropped. Small-cap indexes have historically had higher turnover. However, we expect any tax effect should be much lower than that of actively and passively managed open-end funds.

Index-linked ETFs do not issue stock certificates.

Shares are held in book-entry form and stock certificates are not issued. Investors owning these shares are shown on the records of DTC or its participants. The beneficial owner of these shares is not entitled to receive physical delivery of stock certificates.

Transaction costs may slightly reduce the efficiency of the arbitrage process that keeps prices in line with NAV.

Professional traders who create and redeem shares incur normal transaction costs to purchase or sell the individual ETF shares. In addition, certain fund sponsors impose transaction fees for the issuance and redemption of creation units of index-linked shares.

Index-Linked Exchange-Traded Funds

First-Half 2004 Individual ETF Fund Flow Details

This is an excerpt from a more detailed report, *US ETFs Continue to Expand in Size, Scope, and Investor Base*, July 28, 2004.

First-half ETF net cash inflows were very strong and broadly dispersed. Overall, nearly \$24 billion in net new assets flowed into ETFs and most segments of the ETF market grew. By objective, most growth occurred in international equity ETFs. The greatest relative individual increases occurred in ETFs tracking the MSCI EAFE, MSCI Japan and Russell 2000 Indexes. There was also

significant interest in relatively new products following the Dow Jones Select Dividend and Lehman TIPS Indexes, indicating investor demand for dividend tax preferences and protection against inflation. The majority of redemptions occurred in QQQ, the second largest ETF, which accounted for \$3.4 billion in net outflows. In our view, QQQ is more favored by aggressive institutional investors. We believe the growth in other products reflects increased demand for ETFs by a broader investor base, particularly long-term investors. Details of first half cash flows for all US listed ETFs are included in Exhibits 37-40.

Exhibit 37

Details of First-Half Cash Flows for Major Market ETFs

	Trading Symbol	7/23/2004 Price (\$)	Net Cash Flow (\$Mil)			Market Cap (\$Mil)	1H 2004 Cash Flow % of Market Cap
			1H 2004	2003	2002		
US Major Market ETFs							
Broad Market							
Total Stock Market VIPERs	VTI	104.50	586	732	397	3,088	19
iShares Russell 3000	IWV	61.45	143	(194)	(13)	1,499	10
iShares DJ US Total Market	IYY	51.60	49	153	69	374	13
iShares S&P 1500 Index Fund	ISI	95.85	60	na	na	58	104
Fidelity NASDAQ Composite Index Tracking Stock	ONEQ	73.84	(61)	159	na	118	(50)
iShares NYSE Composite	NYC	58.09	15	na	na	15	102
Extended Market VIPERs	VXF	69.57	73	57	28	194	38
Large-Cap							
Diamond Trust Series 1	DIA	99.82	937	675	2,286	7,353	13
Nasdaq-100 Index Tracking Stock	QQQ	34.21	(3,486)	3,256	4,340	21,614	(16)
iShares NYSE 100	NY	58.99	33	na	na	32	102
iShares S&P 100	OEF	53.23	139	90	69	466	30
iShares S&P 500	IVV	109.07	1,259	1,259	2,589	9,391	13
Standard & Poors Depository Receipts	SPY	108.96	2,172	(5,354)	15,665	42,104	5
Large-Cap VIPERs	VV	47.42	22	na	na	19	113
iShares Russell 1000	IWB	58.20	(343)	797	404	1,467	(23)
streetTRACKS Fortune 500	FFF	77.63	8	1	48	109	7
Rydex S&P Equalweight	RSP	134.52	168	47	na	384	44
Custom							
iShares Dow Jones Select Dividend	DVY	54.19	1,927	444	na	2,520	76
PowerShares Dynamic Market Portfolio	PWC	35.00	165	17	na	137	121
PowerShares Dynamic OTC Portfolio	PWO	36.09	41	0	na	38	108
Mid-Cap							
Standard & Poors Mid-Cap 400 Depository Receipts	MDY	104.77	169	313	1,382	6,463	3
iShares S&P Mid-Cap 400	IJH	114.38	401	(168)	874	1,824	22
iShares Russell Mid-Cap	IWR	67.01	304	157	159	734	41
Mid-Cap VIPERs	VO	48.09	20	na	na	19	104
Small-Cap							
iShares S&P Small-Cap 600	IJR	135.80	124	172	950	2,281	5
iShares Russell 2000	IWM	107.64	1,672	1,246	767	5,414	31
Small-Cap VIPERs	VB	46.99	76	na	na	71	107
Total			6,671	3,859	30,013	107,786	6

Index-Linked Exchange-Traded Funds

Exhibit 38

Details of First-Half Cash Flows for Style ETFs

	Trading Symbol	7/23/2004 Price (\$)	Net Cash Flow (\$Mil)			Market Cap (\$Mil)	1H 2004 Cash Flow % of Market Cap
			1H 2004	2003	2002		
US Style ETFs							
Broad Market Growth/Value							
iShares Russell 3000 Growth	IWZ	35.95	(27)	51	23	108	(25)
iShares Russell 3000 Value	IWW	75.72	89	27	40	235	38
Large-Cap Growth/Value/Core							
iShares S&P 500/Barra Growth	IVW	53.40	413	459	376	1,621	25
iShares Russell 1000 Growth	IWF	44.60	545	494	389	2,078	26
iShares Morningstar Large Growth	JKE	56.06	24	na	na	22	107
Growth VIPERs	VUG	46.55	95	na	na	89	107
streetTRACKS DJ US Large-Cap Growth	ELG	44.60	33	15	0	67	50
iShares S&P 500/Barra Value	IVE	55.14	605	510	342	2,093	29
iShares Russell 1000 Value	IWD	58.25	789	826	616	3,070	26
Value VIPERs	VTV	48.49	105	na	na	107	98
iShares Morningstar Large Value	JKF	59.00	24	na	na	24	102
streetTRACKS DJ US Large-Cap Value	ELV	122.48	7	51	(16)	92	8
iShares Morningstar Large Core	JKD	57.91	24	na	na	23	103
Mid-Cap Growth/Value/Core							
iShares S&P Mid-Cap 400/Barra Growth	IJK	116.80	206	152	179	823	25
iShares Russell Mid-Cap Growth	IWP	71.69	138	236	102	545	25
iShares Morningstar Mid Growth	JKH	54.97	9	na	na	8	108
iShares S&P Mid-Cap 400/Barra Value	IJJ	110.30	206	156	402	1,252	16
iShares Russell Mid-Cap Value	IWS	95.23	259	139	72	590	44
iShares Morningstar Mid Value	JKI	58.32	9	na	na	9	103
iShares Morningstar Mid Core	JKG	56.95	9	na	na	9	105
Small-Cap Growth/Value/Core							
iShares S&P Small-Cap 600/Barra Growth	IJT	89.05	53	(23)	426	677	8
iShares Russell 2000 Growth	IWO	55.37	(24)	515	354	1,431	(2)
iShares Morningstar Small Growth	JKK	53.03	12	na	na	11	112
Small-Cap Growth VIPERs	VBK	44.75	65	na	na	58	112
streetTRACKS DJ US Small-Cap Growth	DSG	64.47	0	25	5	52	0
iShares S&P Small-Cap 600/Barra Value	IJS	102.36	187	(54)	546	1,059	18
iShares Russell 2000 Value	IWN	161.40	205	443	393	2,001	10
iShares Morningstar Small Value	JKL	57.90	12	na	na	126	10
Small-Cap Value VIPERs	VBR	49.44	25	na	na	25	100
streetTRACKS DJ US Small-Cap Value	DSV	159.47	20	4	21	72	27
iShares Morningstar Small Core	JKJ	56.98	30	na	na	28	105
Total			4,145	4,027	4,270	18,404	23

Index-Linked Exchange-Traded Funds

Exhibit 39

Details of First-Half Cash Flows for Sector ETFs

	Trading Symbol	Price (\$)	Net Cash Flow (\$Mil)			Market Cap (\$Mil)	1H 2004
			1H 2004	2003	2002		Cash Flow % of Market Cap
US Sector ETFs							
Consumer Discretionary							
Consumer Discretionary Select Sector SPDR	XLY	30.13	(38)	87	9	240	(16)
iShares DJ US Consumer Cyclical Sector	IYC	52.93	(6)	21	118	183	(3)
Consumer Discretionary VIPERs	VCR	46.49	20	na	na	19	108
Consumer Staples							
Consumer Staples Select Sector SPDR	XLP	22.12	283	44	(22)	586	48
iShares DJ US Consumer Non-Cyclical Sector	IYK	49.35	146	52	67	350	42
Consumer Staples VIPERs	VDC	51.72	20	na	na	21	98
Energy							
Energy Select Sector SPDR	XLE	31.84	548	251	50	1,278	43
iShares DJ US Energy Sector	IYE	56.69	117	83	42	405	29
Financials							
Financial Select Sector SPDR	XLF	27.56	31	171	(141)	861	4
iShares DJ US Financial Sector	IYF	86.86	19	45	63	243	8
Financials VIPERs	VFH	48.10	20	na	na	19	105
iShares DJ US Financial Services	IYG	99.62	(10)	44	2	110	(9)
Health Care							
Health Care Select Sector SPDR	XLV	28.92	292	256	(16)	755	39
iShares DJ US Healthcare Sector	IYH	55.37	183	74	187	664	28
Health Care VIPERs	VHT	47.10	20	na	na	19	107
iShares Nasdaq Biotechnology	IBB	65.87	627	(18)	467	1,136	55
Industrials							
Industrial Select Sector SPDR	XLI	27.51	53	200	96	623	9
iShares DJ Transportation Average	IYT	54.92	18	4	0	25	75
iShares DJ US Industrial Sector	IYJ	49.74	16	73	50	201	8
Information Technology- Broad Based							
Technology Select Sector SPDR	XLK	18.85	(56)	(200)	127	967	(6)
iShares DJ US Technology Sector	IYW	43.02	(5)	192	67	320	(1)
iShares Goldman Sachs Tech	IGM	40.71	56	67	(13)	181	31
streetTRACKS MS Technology	MTK	42.73	(2)	(19)	(3)	21	(12)
Information Technology VIPERs	VGT	41.56	20	na	na	17	123
Information Technology- Other							
iShares Goldman Sachs Networking	IGN	26.93	61	49	9	147	42
iShares Goldman Sachs Semiconductor	IGW	49.11	(11)	83	44	135	(8)
iShares Goldman Sachs Software	IGV	32.57	(79)	142	4	111	(72)
Materials							
Materials Select Sector SPDR	XLB	25.44	(63)	353	32	504	(13)
iShares DJ US Basic Materials Sector	IYM	42.94	(66)	194	71	296	(22)
Materials VIPERs	VAW	49.89	20	na	na	20	99
Natural Resources							
iShares Goldman Sachs Natural Resources	IGE	114.51	130	73	(5)	258	51
Real Estate							
iShares DJ US Real Estate	IYR	100.51	306	152	92	623	49
iShares Cohen & Steers Realty Majors	ICF	110.39	192	326	179	872	22
streetTRACKS Wilshire REIT	RWR	154.51	155	158	70	340	46
Telecommunications							
iShares DJ US Telecom Sector	IYZ	21.31	108	30	71	258	42
Utilities							
iShares DJ US Utilities Sector	IDU	58.28	(35)	142	215	452	(8)
Utilities Select Sector SPDR	XLU	23.56	(186)	512	499	1,115	(17)
Utilities VIPERs	VPU	50.22	40	na	na	40	99
Total			2,946	3,641	2,434	14,415	20

Index-Linked Exchange-Traded Funds

Exhibit 40

Details of First-Half Cash Flows for International and Fixed-Income ETFs

	Trading Symbol	Price (\$)	Net Cash Flow (\$Mil)			Market Cap (\$Mil)	1H 2004
			1H 2004	2003	2002		Cash Flow % of Market Cap
International ETFs							
Broad Based - International							
iShares MSCI EAFE	EFA	135.21	2,824	2,110	2,018	8,383	34
BLDRS Developed Markets 100 ADR	ADRD	58.07	0	3	na	17	-
iShares MSCI Emerging Markets	EEM	154.10	895	931	na	1,865	48
BLDRS Emerging Markets 50 ADR	ADRE	64.76	15	(0)	na	19	75
Regional - International							
BLDRS Europe 100 ADR	ADRU	57.09	0	0	na	17	-
streetTRACKS Dow Jones STOXX 50	FEU	31.71	16	(25)	30	24	67
iShares S&P Europe 350	IEV	63.24	125	66	372	768	16
streetTRACKS Dow Jones Euro STOXX 50	FEZ	32.30	(40)	(125)	186	89	(45)
iShares MSCI EMU	EZU	58.42	143	29	82	321	45
BLDRS Asia 50 ADR	ADRA	62.47	9	0	na	22	43
iShares MSCI Pacific ex-Japan	EPP	72.84	126	266	141	626	20
iShares S&P Latin America 40	ILF	57.91	11	39	5	72	16
Asia/Pacific							
iShares MSCI Australia	EWA	13.16	38	30	18	174	22
iShares MSCI Hong Kong	EWH	10.16	(4)	227	90	410	(1)
iShares MSCI Japan	EWJ	9.79	2,517	1,810	166	5,545	45
iShares S&P/TOPIX 150	ITF	84.86	53	10	(18)	76	70
iShares MSCI Malaysia (Free)	EWM	6.50	113	43	7	247	46
iShares MSCI Singapore	EWS	6.11	3	55	13	167	2
iShares MSCI South Korea	EWY	21.96	107	42	42	267	40
iShares MSCI Taiwan	EWT	9.55	88	147	24	358	25
Europe							
iShares MSCI Austria	EWO	16.75	21	(4)	6	52	41
iShares MSCI Belgium	EWK	13.83	12	(6)	3	23	51
iShares MSCI France	EWQ	20.08	0	(7)	3	56	-
iShares MSCI Germany	EWG	14.97	(37)	21	(1)	103	(36)
iShares MSCI Italy	EWI	20.07	0	(10)	0	27	-
iShares MSCI Netherlands	EWN	15.45	7	(1)	0	28	24
iShares MSCI Spain	EWP	27.41	(2)	9	(4)	45	(4)
iShares MSCI Sweden	EWD	16.42	5	5	0	27	19
iShares MSCI Switzerland	EWL	14.91	2	3	1	43	4
iShares MSCI United Kingdom	EWU	15.60	210	11	19	399	53
Americas							
iShares MSCI Brazil	EWZ	15.06	(136)	197	137	191	(71)
iShares MSCI Canada	EWC	14.37	3	(232)	313	326	1
iShares MSCI Mexico	EWV	18.59	102	1	40	156	65
EMEA							
iShares MSCI South Africa	EZA	56.50	(3)	61	na	88	(3)
Broad Based - Global							
streetTRACKS DJ Global Titans	DGT	59.30	43	6	2	68	63
iShares S&P Global 100	IOO	55.33	70	54	11	185	38
Sectors - Global							
iShares S&P Global Energy Sector	IXC	64.42	190	31	0	271	70
iShares S&P Global Financial Sector	IXG	57.00	12	(1)	4	29	42
iShares S&P Global Healthcare Sector	IXJ	46.22	104	20	12	150	69
iShares S&P Global Technology Sector	IXN	45.63	8	11	(8)	25	31
iShares S&P Global Telecommunications Sector	IXP	43.55	5	2	0	20	24
Total			7,657	5,827	3,715	21,781	35
US Fixed Income ETFs							
iShares Lehman 1-3 Year Treasury	SHY	81.73	454	420	896	1,774	26
iShares Lehman 7-10 Year Treasury	IEF	83.88	169	(198)	577	579	29
iShares Lehman 20+ Year Treasury	TLT	84.95	58	(225)	457	280	21
iShares GS \$ InvesTop Corporate	LQD	108.90	189	418	1,753	2,505	8
iShares Lehman Aggregate	AGG	101.19	336	213	na	597	56
iShares Lehman TIPS	TIP	102.48	960	112	na	1,127	85
Total			2,167	739	3,682	6,862	32
US-Listed ETF Total			23,584	18,093	44,114	169,248	14

Source: Morgan Stanley Research, Bank of New York, Barclays Global Investors, SSgA, and The Vanguard Group.

Exchange-Traded Funds – August 9, 2004

Please see analyst certification and other important disclosures starting on page 217.

A Closer Look at ETF Structures

Index-linked exchange-traded funds (ETFs) have distinctive features. Each ETF is designed to track a specific index or basket of securities. They provide access to investment styles, asset classes, markets, and different sectors. Index-linked ETFs have three main structures: (1) open-end mutual funds, (2) unit investment trusts (UITs), and (3) grantor trusts.

Most ETFs are structured as open-end funds. They are registered under the Investment Company Act of 1940 and operate with SEC exemptions. Although most open-end structured ETFs fully replicate their underlying indexes, they have the capacity to employ optimization and sampling techniques. These ETFs may exclude certain securities and deviate from their benchmark constituent weightings, which could lead to tracking error. The open-end structure allows funds to lend stock, which may generate extra income. In addition, these funds can hold other securities and financial instruments, including cash and equivalents, and futures. Dividends are reinvested in the fund on the day of receipt and are paid quarterly or semiannually.

Eight ETFs are structured as unit investment trusts (UITs). These are the S&P Depository Receipts (SPY),

MidCap SPDRs (MDY), Diamonds (DIA) and Nasdaq-100 Tracking Stock (QQQ) and four Baskets of Listed Depository Receipts (BLDRs). These ETFs are registered under the Investment Company Act of 1940 and operate with SEC exemptions. ETFs structured as UITs must fully replicate the holdings of their underlying index. Also, lending of stocks is not allowed. Dividends paid on the underlying stocks are usually held as cash and paid out monthly, quarterly, or semiannually.

HOLDERS are structured as grantor trusts. Each HOLDERS provides investors with beneficial ownership in its underlying securities. They are similar to owning an ADR or the underlying basket of stocks, as investors receive ongoing dividends, company reports, and have voting rights for each constituent stock. In addition, individual investors have the ability to redeem HOLDERS for the underlying shares, however, trades must be in round lots of 100 shares. Management fees are low and are paid out of dividends. These trusts are not registered as investment companies under the Investment Company Act of 1940. HOLDERS are never rebalanced, which may lead to abnormal weightings among constituents. Stocks may drop out of a basket due to mergers, acquisitions or other events.

Exhibit 41

Comparison of the Structures of Index-Linked Exchange-Traded Funds

Characteristics	Open-End Mutual Fund	Unit Investment Trust	Grantor Trust
	iShares, Select Sector SPDRs, StreetTRACKS, VIPERS, Powershares, Rydex, ONEQ	S&P 500 SPDR, S&P 400 SPDR, Nasdaq 100, Diamonds, BLDRs	HOLDERS
Investment Company Act of 1940 Applies	Yes	Yes	No
Allowed to use Derivatives	Yes, but generally not used	Yes, but generally not used	No
Can Receive Income From Loaning Securities	Yes	No	No
Reinvests Dividends	Yes	No	No
Investors May Short the ETF on a Downtick	Yes	Yes	Yes (if 15 or more stocks)
Voting Rights on the Underlying Stocks	Advisor	Trustee	Investor
Tax Issues	Distributes capital gains and dividends. "In Kind" Redemption is not taxable to fund.	Distributes capital gains and dividends. "In Kind" redemption is not taxable to trust	Roughly the same as owning the underlying stocks
Creation/Redemption at the Authorized Participant Level	Minimum 50,000 or 100,000 ETF shares	Minimum 50,000 ETF shares	100 share lot minimum
Investor Purchase and Sales	No minimum	No minimum	100 share lot minimum
Replication of the Index Being Tracked	May optimize index	Must fully replicate index	Custom weighted basket

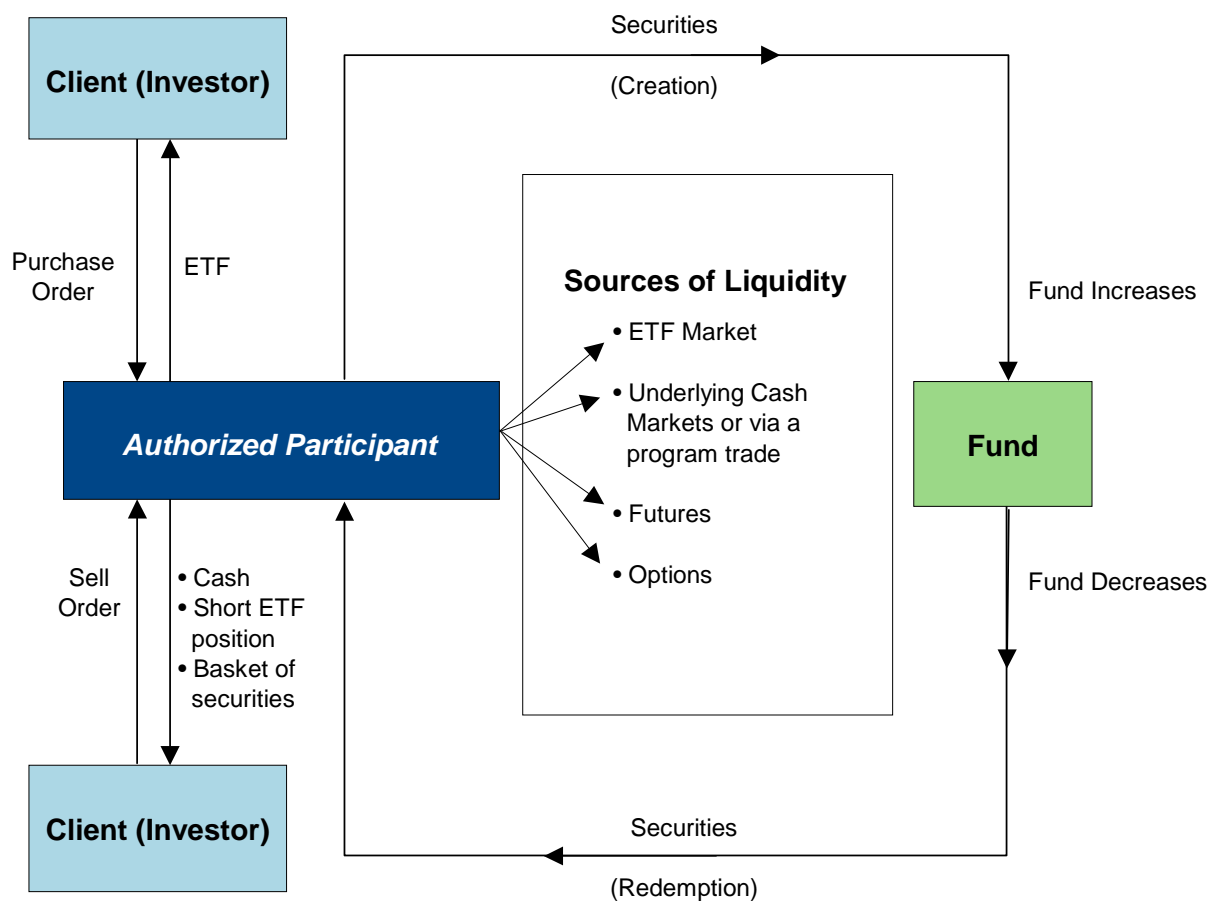
Source: Morgan Stanley Research

ETF “In-Kind” Creation/Redemption

Index-linked exchange-traded funds have a unique creation and redemption process. These funds are hybrids of closed-end and open-end mutual funds or unit investment trusts. The ability to continually create or redeem shares facilitates an arbitrage process that helps keep the market price of an ETF in line with its underlying net asset value. If an ETF is in demand, or selling at a premium, authorized participants (APs) can sell ETF shares to investors and buy the underlying securities in the market to create new shares. Likewise, if an ETF is selling at a discount or an investor with a large position is seeking liquidity, APs can buy the ETF shares, short the underlying securities, and then redeem the ETF shares from the trustee to cover the short position.

ETF shares can be created and redeemed by APs in block-size “creation units.” The creator delivers to the trustee a portfolio of securities in the index in exchange for an institutional block of ETF shares (usually 50,000 or 100,000 shares). Similarly, ETF shares can only be redeemed in creation units, mainly “in-kind” for a portfolio of stocks held by the fund. A key benefit is that the “in-kind” distribution of securities does not create a tax event, which could occur if the fund sold securities and delivered cash. This is a special advantage of an index-linked ETF versus an open-end indexed mutual fund, which would typically have to sell securities to meet cash redemptions. There is an exception in that cash is used in lieu of securities in the creation/redemption process in certain emerging market countries.

Exhibit 42
ETF “In-Kind” Creation/Redemption Process



Source: Morgan Stanley

Low Historical Tracking Error for Most ETFs

This is an excerpt from a more detailed report, *Most ETFs Have Exhibited Low Tracking Error*, on January 22, 2004.

Introduction

Tracking error may be a concern to ETF investors.

ETFs are designed with the objective of replicating the performance of specific indexes. The primary goal of ETF portfolio managers is to minimize tracking error, which we define as the difference in total return between an ETF's net asset value (NAV) and its underlying index. Therefore, tracking error can indicate to us how well managers have met their objectives. Factors such as fees and expenses, creation and redemption costs, portfolio optimization, index changes, and dividend reinvestment may cause an ETF's performance to deviate from that of its underlying index.

We looked at 2003 tracking error for US-listed ETFs.

Exhibits 45-47 contain a list of tracking errors in 2003 for each US-listed ETF with daily NAV and index data available since December 31, 2002. HOLDERS were excluded because they are based on a static basket of securities that are unmanaged and therefore do not experience any NAV tracking error. Our analysis is based on official daily closing prices of each security, which are used to determine the closing value of each index and the NAV of each ETF. We also include reinvested dividends for both ETF and index returns.

Observations

Our study indicates that most ETFs tracked their indexes fairly well.

In 2003, tracking error averaged 29 basis points for US broad market ETFs, 35 basis points for US style ETFs, 87 basis points for US sector ETFs, 127 basis points for international ETFs, and 13 basis points for fixed income ETFs (Exhibit 43). Average tracking errors

were usually a measure of underperformance.

Tracking error was modestly higher than expense ratios.

In 2003, over 95% major market, style and fixed income ETFs had tracking error that were less than 20 basis points higher than their expense ratios. Sector and international equity ETFs exhibited average tracking errors that were 41 and 58 basis points higher than their expense ratios, respectively. We believe that managers can impact performance through efficient management of index changes and rebalances. Many ETFs also can earn income to offset fees from loaning stocks.

Fixed income ETFs had the lowest average tracking error.

The four fixed income ETFs out for over a year had an average tracking error of 13 basis points. This is slightly lower than their average expense ratio of 15 basis points. We believe the low tracking error for this group is due to their very low fees and the liquidity of the securities in their underlying indexes.

Broad-market ETFs had the lowest tracking error among equity ETFs.

ETFs based on broad US markets exhibited an average tracking error of 29 basis points in 2003. We believe minimal tracking error for the group is also due to very low fees, liquid securities in their underlying indexes, reduced need for optimization, and efficient management of index changes and rebalances.

Tracking error varied significantly for sector ETFs.

The Select Sector SPDRs exhibited the lowest tracking error among sector ETFs. They have the lowest fees, at 28 basis points, are based on large-cap, very liquid stocks, and typically do not employ optimization because they are based on custom indexes that are consistent with IRS diversification requirements. While these sector ETFs closely track their custom indexes, they may deviate slightly from the S&P 500 indexes based on the Global

Exhibit 43

2003 ETF Tracking Error

	Broad Market	Style	Sector	Diversified International	Country	Global	Fixed Income
Average (bps)	29	35	87	101	161	53	13
Low (bps)	2	19	16	5	29	33	4
High (bps)	46	72	552	358	573	93	18
0 to 25 bps	38%	11%	3%	29%	0%	0%	100%
26 to 50 bps	62%	78%	17%	0%	14%	57%	0%
51 to 75 bps	0%	11%	33%	14%	10%	29%	0%
76 to 100 bps	0%	0%	37%	29%	5%	14%	0%
> than 100 bps	0%	0%	10%	29%	71%	0%	0%

Source: Barclays Global Investors, Bloomberg, Thomson.

Exchange-Traded Funds – August 9, 2004

Please see analyst certification and other important disclosures starting on page 217.

Index-Linked Exchange-Traded Funds

Appendices

Industry Classification Standard (GICS) sector definitions. We believe that the iShares Sector Funds have exhibited higher tracking error due to higher fees (60 basis points), inclusion of small- and mid-cap stocks, and the need for several funds to optimize their portfolios to meet IRS diversification requirements.

Tracking error was widest in ETFs providing international exposure. These funds tend to have the highest fees and many employ optimization. Their underlying securities tend to be less liquid, have higher spreads, and do not trade when US markets are open. In addition, associated with the creation and redemption of ETFs, factors such as currency fluctuations, round lot requirements in certain markets, and cash settlement requirements in certain markets may contribute to additional tracking risk.

Funds optimizing for diversification reasons tend to exhibit the highest tracking error. For example, the two US sector funds with the highest tracking error in 2003, the iShares Dow Jones US Telecom Sector Index Fund (IYZ) and the iShares Dow Jones US Energy Sector Index Fund (IYE), optimize for diversification reasons. These funds had positive tracking errors of 552 and 138 basis points respectively in 2003 as their overweight small-cap positions outperformed. This is in contrast to the negative tracking error that occurred in 2002 as small caps underperformed. We attribute higher tracking error for these funds to their portfolio allocations, which may differ significantly from the indexes they are designed to track (Exhibit 44).

Several funds based on broader indexes have successfully optimized to reduce costs and turnover. For example, the iShares MSCI EAFE Index Fund (EFA) and the Vanguard Total Stock Market VIPERS (VTI) hold representative samplings of their respective underlying indexes. EFA currently holds 748 of the 1005 securities in the MSCI EAFE Index, and VTI holds 1,719 of the 5,176 securities in the Wilshire 5000 Index. In our view, this type of optimization will likely lead to modest tracking

error. EFA and VTI have exhibited very low tracking error in 2003 of 14 and 21 basis points, respectively.

Market price performance may have higher tracking error. The actual performance that investors achieve is affected by both the purchase and sale value of ETF shares. Premium/discounts and wide bid/ask spreads may contribute to differences in market performance relative to NAV performance and the performance of a fund's underlying index. However, authorized participants typically can reduce this impact for large orders by seeking liquidity in the underlying market and creating or redeeming shares at or close to NAV.

Exhibit 44

ETF Portfolio and Index Composition Differences

Dow Jones US Telecom			
Name	Index Weight (%)	IYZ Weight (%)	Difference (%)
Verizon	27.1	21.5	-5.7
SBC	24.2	19.0	-5.1
BellSouth	14.6	7.5	-7.2
Nextel	8.4	4.7	-3.6
AT&T Wireless	5.0	5.5	0.5
AT&T	4.5	4.6	0.1
Sprint Corp. (FON)	4.2	4.2	0.0
Alltel Corp.	4.1	4.3	0.2
Qwest	1.7	2.0	0.3
Sprint Corp. (PCS)	1.2	1.2	0.0

Dow Jones US Energy			
Name	Index Weight (%)	IYZ Weight (%)	Difference (%)
Exxon Mobil	38.8	22.5	-16.3
ChevronTexaco	13.2	22.5	9.2
ConocoPhillips	5.8	4.8	-1.0
Schlumberger	4.6	4.9	0.4
Occidental Petroleum	2.3	4.6	2.2
Apache	1.9	2.5	0.7
Anadarko Petroleum	1.8	2.4	0.6
Devon Energy	1.8	2.4	0.6
Halliburton	1.6	1.8	0.2
Burlington Resources Inc.	1.6	2.7	1.1

Source: Barclays Global Investors, MSCI, Dow Jones

* All weightings as of December 31, 2003

Index-Linked Exchange-Traded Funds

Appendices

Exhibit 45

Historical Tracking Error: Major Market and Style ETFs

Major Market ETFs	Trading Symbol	2003 Total Return		2003 Tracking Error (bps)	Expense Ratio (bps)
		NAV	Index		
Broad Market					
Total Stock Market VIPERs	VTI	31.43	31.64	-21	15
iShares Russell 3000	IWV	30.77	31.06	-29	20
iShares DJ US Total Market	IYY	30.42	30.75	-33	20
Extended Market VIPERs	VXF	43.55	43.84	-29	20
Large-Cap					
Diamond Trust Series 1	DIA	27.98	28.28	-30	18
Nasdaq-100 Index Tracking Stock	QQQ	49.15	49.48	-33	20
iShares S&P 100	OEF	25.98	26.25	-27	20
iShares S&P 500	IVV	28.51	28.68	-17	9
Standard & Poors Depository Receipts	SPY	28.38	28.68	-30	12
iShares Russell 1000	IWB	29.64	29.89	-25	15
streetTRACKS Fortune 500	FFF	26.64	27.02	-38	20
Mid-Cap					
iShares S&P MidCap 400	IJH	35.37	35.62	-25	20
Standard & Poors MidCap 400 Depository Receipts	MDY	35.18	35.64	-46	25
iShares Russell MidCap	IWR	39.73	40.06	-33	20
Small-Cap					
iShares S&P SmallCap 600	IJR	38.59	38.79	-20	20
iShares Russell 2000	IWM	46.94	47.25	-31	20
Average				-29	18
Style ETFs	Trading Symbol	2003 Total Return		2003 Tracking Error (bps)	Expense Ratio (bps)
		NAV	Index		
Broad Market Growth					
iShares Russell 3000 Growth	IWZ	30.66	30.97	-31	25
Broad Market Value					
iShares Russell 3000 Value	IWW	30.76	31.14	-38	25
Large-Cap Growth					
iShares S&P 500/Barra Growth	IVW	25.42	25.66	-24	18
iShares Russell 1000 Growth	IWF	29.46	29.75	-29	20
streetTRACKS DJ US Large Cap Growth	ELG	29.19	29.52	-33	20
Large-Cap Value					
iShares S&P 500/Barra Value	IVE	31.51	31.79	-28	18
iShares Russell 1000 Value	IWD	29.71	30.03	-32	20
streetTRACKS DJ US Large Cap Value	ELV	25.53	25.88	-35	20
Mid-Cap Growth					
iShares S&P MidCap 400/Barra Growth	IJK	30.76	30.95	-19	25
iShares Russell MidCap Growth	IWP	42.39	42.71	-32	25
Mid-Cap Value					
iShares S&P MidCap 400/Barra Value	IJJ	39.67	40.18	-51	25
iShares Russell MidCap Value	IWS	37.70	38.07	-37	25
Small-Cap Growth					
iShares S&P SmallCap 600/Barra Growth	IJT	37.05	37.31	-26	25
iShares Russell 2000 Growth	IWO	48.19	48.54	-35	25
streetTRACKS DJ US Small Cap Growth	DSG	48.05	48.48	-43	25
Small-Cap Value					
iShares S&P SmallCap 600/Barra Value	IJS	39.75	40.03	-28	25
iShares Russell 2000 Value	IWN	45.62	46.03	-41	25
streetTRACKS DJ US Small Cap Value	DSV	42.94	43.66	-72	25
Average				-35	23

Source: Barclays Global Investors, Thomson, Bloomberg

Index-Linked Exchange-Traded Funds

Appendices

Exhibit 46

Historical Tracking Error: US Sector and Fixed Income ETFs

Sector ETFs	Trading Symbol	2003 Total Return		2003 Tracking Error (bps)	Expense Ratio (bps)
		NAV (%)	Index (%)		
Consumer Discretionary					
Consumer Discretionary Select Sector SPDR	XLY	36.97	37.41	44	28
iShares DJ US Consumer Cyclical Sector	IYC	33.06	33.83	77	60
Consumer Staples					
Consumer Staples Select Sector SPDR	XLP	10.92	11.27	35	28
iShares DJ US Consumer Non-Cyclical Sector	IYK	20.83	21.56	73	60
Energy					
Energy Select Sector SPDR	XLE	26.33	26.82	49	28
iShares DJ US Energy Sector	IYE	27.12	25.74	138	60
Financials					
Financial Select Sector SPDR	XLF	30.50	31.03	53	28
iShares DJ US Financial Sector	IYF	31.37	32.23	86	60
iShares DJ US Financial Services	IYG	34.05	34.92	87	60
Health Care					
Health Care Select Sector SPDR	XLV	14.78	15.14	36	28
iShares Nasdaq Biotechnology	IBB	45.59	45.75	16	50
iShares DJ US Healthcare Sector	IYH	18.70	19.43	73	60
Industrials					
Industrial Select Sector SPDR	XLI	32.43	33.02	59	28
iShares DJ US Industrial Sector	IYJ	32.40	33.24	84	60
Information Technology- Broad Based					
iShares DJ US Technology Sector	IYW	50.14	51.04	90	60
iShares Goldman Sachs Tech	IGM	53.62	54.23	61	50
streetTRACKS MS High-Tech 35	MTK	65.05	65.97	92	50
Technology Select Sector SPDR	XLK	39.02	39.48	46	28
Information Technology- Other					
iShares Goldman Sachs Networking	IGN	104.60	105.51	91	50
iShares Goldman Sachs Semiconductor	IGW	82.13	82.92	79	50
iShares Goldman Sachs Software	IGV	49.59	50.26	67	50
Materials					
iShares DJ US Basic Materials Sector	IYM	34.83	35.68	85	60
Materials Select Sector SPDR	XLB	37.45	38.16	71	28
Natural Resources					
iShares Goldman Sachs Natural Resources	IGE	33.63	34.40	77	50
Real Estate					
iShares DJ US Real Estate	IYR	35.74	36.89	115	60
iShares Cohen & Steers Realty Majors	ICF	36.79	37.45	66	35
streetTRACKS Wilshire REIT	RWR	35.50	36.18	68	25
Telecommunications					
iShares DJ US Telecom Sector	IYZ	12.85	7.33	552	60
Utilities					
iShares DJ US Utilities Sector	IDU	24.11	24.91	80	60
Utilities Select Sector SPDR	XLU	25.76	26.27	51	28
Average				87	46
Fixed Income ETFs					
iShares Lehman 1-3 Year Treasury	SHY	1.79	1.92	13	15
iShares Lehman 7-10 Year Treasury	IEF	2.05	1.87	18	15
iShares Lehman 20+ Year Treasury	TLT	1.76	1.80	4	15
iShares GS \$ InvesTop Corporate	LQD	7.43	7.28	15	15
Average				13	15

Source: Barclays Global Investors, Thomson, Bloomberg

Index-Linked Exchange-Traded Funds

Appendices

Exhibit 47

Historical Tracking Error: Diversified International and Regional, Country, and Global ETFs

Diversified International ETFs	Trading Symbol	2003 Total Return		2003 Tracking Error (bps)	Expense Ratio (bps)
		NAV (%)	Index (%)		
Broad Based - International					
iShares MSCI EAFE	EFA	38.45	38.59	14	35
Regional - International					
Fresco Dow Jones STOXX 50	FEU	36.17	36.90	73	30
iShares S&P Europe 350	IEV	37.70	38.72	102	60
Fresco Dow Jones Euro STOXX 50	FEZ	41.72	42.54	82	30
iShares MSCI EMU	EZU	42.39	43.15	76	84
iShares MSCI Pacific ex-Japan	EPP	45.72	45.77	5	50
iShares S&P Latin America 40	ILF	62.11	65.69	358	50
Average				101	48
Country ETFs	Trading Symbol	2003 Total Return		2003 Tracking Error (bps)	Expense Ratio (bps)
		NAV (%)	Index (%)		
Asia/Pacific					
iShares MSCI Australia	EWA	49.82	49.46	36	84
iShares MSCI Hong Kong	EWH	36.82	38.10	128	84
iShares MSCI Japan	EWJ	35.54	35.91	37	84
iShares S&P/TOPIX 150	ITF	32.83	34.86	203	50
iShares MSCI Malaysia (Free)	EWM	25.07	26.61	154	84
iShares MSCI Singapore	EWS	39.70	37.60	210	84
iShares MSCI South Korea	EWY	33.74	35.02	128	99
iShares MSCI Taiwan	EWT	39.92	41.91	199	99
Europe					
iShares MSCI Austria	EWO	58.46	56.96	150	84
iShares MSCI Belgium	EWK	41.06	35.33	573	84
iShares MSCI France	EWQ	39.62	40.22	60	84
iShares MSCI Germany	EWG	63.09	63.80	71	84
iShares MSCI Italy	EWI	38.85	37.83	102	84
iShares MSCI Netherlands	EWN	25.71	28.09	238	84
iShares MSCI Spain	EWP	56.78	58.46	168	84
iShares MSCI Sweden	EWD	64.24	64.53	29	84
iShares MSCI Switzerland	EWL	33.20	34.08	88	84
iShares MSCI United Kingdom	EWU	30.74	32.06	132	84
Americas					
iShares MSCI Brazil	EWZ	113.03	115.01	198	99
iShares MSCI Canada	EWC	53.34	54.60	126	84
iShares MSCI Mexico	EWJ	36.24	32.81	343	84
Average				161	85
Global ETFs	Trading Symbol	2003 Total Return		2003 Tracking Error (bps)	Expense Ratio (bps)
		NAV (%)	Index (%)		
Broad Based					
streetTRACKS DJ Global Titans	DGT	24.99	25.32	33	50
iShares S&P Global 100	IOO	30.53	30.93	40	20
Sectors					
iShares S&P Global Energy Sector	IXC	28.39	28.04	35	65
iShares S&P Global Financial Sector	IXG	37.83	38.76	93	65
iShares S&P Global Healthcare Sector	IXJ	17.73	18.38	65	65
iShares S&P Global Technology Sector	IXN	47.02	47.46	44	65
iShares S&P Global Telecommunications Sector	IXP	25.45	26.08	63	65
Average				53	56

Source: Barclays Global Investors, Thomson, Bloomberg

US Major Market Index Descriptions

Dow Jones Indexes

The **Dow Jones Industrial Average** consists of 30 blue-chip US companies with strong histories of successful growth. It is price-weighted and the components in the index are selected at the discretion of the editors of the *Wall Street Journal*. Composition changes are rare.

The **Dow Jones US Total Market Index** represents about 95% of the US equity market and consists of approximately 1,600 stocks. For large- and mid-cap segments, 100% of the stocks are included versus 50% for small-caps, which avoids the less liquid names. It is float-adjusted market cap-weighted and rebalanced quarterly.

MSCI Indexes

The **MSCI Large Cap 300**, **MSCI Mid Cap 450**, and the **MSCI Small Cap 1,750** are respectively designed to measure the large-, mid-, and small-cap segments of the US market. The **MSCI Prime Market 750** combines the large-cap and the mid-cap indexes. These indexes are float adjusted market-cap weighted and component changes are subject to buffer zones to limit turnover associated with the quarterly index rebalance.

Nasdaq Indexes

The **Nasdaq-100** contains the 100 largest nonfinancial stocks listed on the Nasdaq stock market. It is modified market-cap weighted and is rebalanced annually in December. The weight of any stock is limited to 24% of the index and the combined weight of all securities with an individual weight of more than 4.5% is limited to 48% of the index.

The **Nasdaq Composite** contains all of the stocks listed on the Nasdaq stock market. The index is free-float market-cap weighted and is continuously rebalanced to reflect IPOs and corporate events.

NYSE Indexes

The **NYSE-100** contains the 100 largest stocks listed on the New York Stock Exchange. It is free-float market-cap weighted and component changes are subject to a buffer zone to limit turnover associated with a quarterly rebalance.

The **NYSE Composite** is designed to measure the performance of all common stocks listed on the NYSE, including ADRs, REITs and tracking stocks. The index is free-float market-cap weighted and is continuously rebalanced to reflect IPOs and corporate events.

Russell Indexes

The **Russell 3000 Index** measures the performance of the 3,000 largest US companies based on total market

capitalization, which represents about 98% of the US equity market. The **Russell 1000 Index** tracks the largest 1,000 stocks and the **Russell 2000 Index** tracks the smallest 2,000 stocks in the broader Russell 3000. The **Russell Midcap Index** contains the smallest 800 stocks in the broader Russell 1000. These indexes are float-adjusted market cap-weighted and are rebalanced annually in June.

S&P Indexes

The **S&P 500**, **S&P 400**, and **S&P 600 Indexes** are respectively designed to measure the large-, mid-, and small-cap segments of the US market. Companies are chosen for inclusion by a committee and tend to be leading US companies. These indexes are market-cap weighted and are rebalanced continuously when needed. The **S&P 1500 Index** contains all the stocks in the S&P 500, 400, and 600 Indexes. The **S&P 500 Equal-weight Index** has the same constituents as the S&P 500, but each company is allocated a fixed weight of 0.20% at a quarterly rebalancing. This results in greater weighting of small-cap and value stocks than in the S&P 500.

Wilshire Indexes

The **Wilshire 5000 Index** measures the performance of all US-headquartered equity securities with readily available price data. The index was named after the nearly 5,000 stocks it contained when it was originally created in 1974, but it has grown to include over 5,100 issues.

The **Wilshire 4500 Index** measures the performance of all small- and mid-cap stocks. It is constructed using the Wilshire 5000 securities with the companies in the S&P 500 Index removed. Both Wilshire Indexes are market cap-weighted and rebalanced monthly.

Lehman Brothers Bonds Indexes

The **Lehman Brothers US Aggregate Index** is designed to represent the total fixed-rate, nonconvertible US investment grade bond market, excluding municipals. It is market-cap weighted and includes over 6,500 issues with more than \$200 million outstanding. The Treasury components of this index are broken down into several sub-indexes including the **1-3 Year Treasury**, **7-10 Year Treasury**, **20+ Year Treasury Indexes**. The **Lehman Treasury Inflation Protected Securities (TIPS)**, however, is not included in the Aggregate Index. Monthly index rebalancing for all Lehman Indexes helps maintain maturity range targets.

Note: Bolded indexes have corresponding US-listed ETFs.

Selected US Growth and Value Style Index Descriptions

Dow Jones Indexes

Dow Jones uses a six-factor model to classify stocks as growth, value or neutral and those classified as neutral are excluded from the style indexes. These indexes are reviewed semi-annually and are float-adjusted market-cap weighted. ETFs are available on four Russell style indexes in the large- and small-cap market segments.

The exclusion of neutral stocks may make these indexes a purer play on growth and value than other indexes. In addition, the use of a six-factor model with both historical and forward-looking data may more accurately define value and growth. Disadvantages include their complexity and that they are not widely known or used.

Morningstar Indexes

Morningstar classifies stocks as growth, value, or core using a ten-factor model. Style indexes are available for large-, mid- and small-cap markets which represent about 70, 20 and 7% of the US market respectively. Within each market cap range, the growth, value, and core indexes each target a 33.3% weight. These indexes rebalance semiannually and are float-adjusted market-cap weighted. ETFs are available on all nine Morningstar style indexes.

Morningstar Index advantages include a two dimensional, model with both historical and forward-looking data that may more accurately define value and growth. In addition, component growth, value and core indexes can be combined to equal their broad market index. They also use buffer zones to reduce turnover and manage the migration of companies from one index to another, which can occur semiannually. Disadvantages include their complexity and that they are not widely used by institutional investors.

MSCI Indexes

MSCI assigns stocks to growth and value indexes using eight factors including three to assess value and five for growth. They target a 50% weight for each market cap segment. Stocks having both or neither style are allocated to each style index in proportionate amounts. These indexes rebalance semiannually and are float-adjusted market-cap weighted. ETFs are available on four MSCI style indexes in the prime (both large-cap and mid-cap) and small-cap market segments.

MSCI Index advantages include using a model with both historical and forward-looking data which may more accurately define value and growth. In addition, component growth and value indexes can be combined to equal their broad market index. They also use buffer zones in an effort to reduce turnover and manage the migration of companies from one index to another during quarterly

reviews. Disadvantages include their complexity and that they are not widely known or used.

Russell Indexes

Russell uses a two-factor model to assign stocks to style indexes. Each stock in the Russell 3000 Index earns a score based on its P/B ratio and I/B/E/S long-term growth forecast which determines if it is considered growth, value, or both. Stocks categorized as having both characteristics are weighted proportionately in both the growth and value indexes. For example, a stock that is given a 20% weight in the value index will have an 80% weight in the growth index. These indexes are float-adjusted market-cap weighted and are reconstituted annually. ETFs are available on eight Russell style indexes in the broad-, large-, mid-, and small-cap market segments.

Russell advantages include use of a two-factor model to differentiate between growth and value stocks. Growth is measured by a company's long-term growth forecast and value is measured by a company's P/B value. Another advantage is that component growth and value indexes can be combined to equal their broad market index. A disadvantage of the index is that growth and value are not mutually exclusive.

S&P/Barra Indexes

S&P/Barra style indexes use a single factor, a company's price-to-book (P/B) ratio, to separate value from growth stocks. Companies in segment indexes are ranked by their P/B and then divided into two equal groups weighted by market cap. The value index contains companies with lower P/B, while the growth index contains those with higher P/B. More companies are usually classified as value rather than growth because growth companies tend to have larger market values. These indexes rebalance twice a year and are market-cap weighted. ETFs are available on six S&P/Barra style indexes in the large-, mid-, and small-cap market segments.

S&P/Barra indexes advantages include an easy-to-understand methodology, mutually exclusive categories, and their wide acceptance as benchmarks. In addition, component growth and value indexes can be combined to equal their broad market index. Disadvantages center on the use of a single factor to differentiate between styles. Although P/B may accurately identify undervalued companies as value investments, growth is not specifically measured. Another drawback of just using P/B is that style classifications do not include forward estimates or historical data, which may shed light on a company's growth rate.

Selected US Sector, Industry, and Custom Index Descriptions

Dow Jones Indexes

The Dow Jones Select Dividend Index contains the 50 highest-dividend-yielding companies, excluding REITs, in the Dow Jones Total Market Index that have: a positive five-year dividend growth rate, an average five-year dividend payout ratio less than or equal to 60%, and an average daily dollar trading volume of more than \$1.5 million. Annually, in December, 100 stocks are identified as suitable for the index and the 50 with the highest yields at the end of November are selected. Stocks stay in the index unless their yield drops below the top 100 securities at the time of the last rebalance. During the year, a stock can be removed in the case of bankruptcy, elimination of a dividend, or a significant dividend reduction. The highest yielding stock remaining from the 100 selected in the annual screen is used for replacement. Although components are selected based on yield, weights are based on indicated annualized dividends in dollars. For example, if a stock pays an annual dividend of \$2, and all dividends from the index components equal \$50, then that stock would be assigned a 4% weighting at the time of rebalance.

The Dow Jones Transportation Average is price weighted, like the Dow Jones Industrial Average, and contains 20 stocks in the transportation industry. Editors of the *Wall Street Journal* determine the composition the index, which has had very low turnover.

The Dow Jones US Sector Indexes are based on ten US economic sectors, which generally correspond with the ten GICS sectors. All of the 1,600-plus stocks in these ten sectors together comprise the Dow Jones US Total Market Index, which is designed to represent 95% of US market capitalization. The indexes are float-adjusted market cap-weighted and are rebalanced quarterly.

Goldman Sachs Indexes

The Goldman Sachs Technology Indexes are based on a composite index of over 200 stocks. In addition there are six industry-specific indexes, including **Networking**, **Semiconductors**, and **Software**. The indexes are modified market cap-weighted and are rebalanced semiannually in January and July.

The Goldman Sachs \$ InvesTop Corporate Bond Index is designed to represent the US dollar investment-grade corporate market through, generally, the most liquid corporate bonds available. The index is rules based, consists of 100 bonds that are equally par weighted, and is rebalanced monthly.

HOLDRS

HOLDRS are securities that represent ownership in the stock of specified companies in a particular industry or sector. Currently HOLDRS are available on 15 US sectors and industries. Usually 20 stocks are initially included in each HOLDR. The composition of a HOLDR does not change after issue, except in special cases like mergers or acquisitions. Initial component weights are predetermined at the time of issue and no rebalancing occurs.

Morgan Stanley Indexes

The Morgan Stanley Technology Index is comprised of 35 companies within the technology sector. It is calculated and maintained by the American Stock Exchange in consultation with Morgan Stanley, which may from time to time suggest changes in industry categories or changes in the component stocks. It is equal-dollar weighted upon rebalancing in December.

MSCI Indexes

The MSCI Sector Indexes are broad-based. Each of the companies in MSCI's broad-based Investable Market Index is assigned to one of ten sectors. In contrast to the Select Sector Indexes, which collectively hold 500 securities, and Dow Jones Sector Indexes, which together hold 1,600, MSCI Sector Indexes offer broader diversification, holding nearly 2,500 securities in aggregate. The indexes are float-adjusted market cap-weighted and are rebalanced quarterly.

Nasdaq Indexes

The Nasdaq Biotech Index holds all of the biotechnology companies listed on the Nasdaq market. The index is modified market-cap weighted and rebalances in May and November. Components must meet specific criteria, including \$100 million in market capitalization and 50,000 shares of average daily trading volume.

S&P Indexes

The S&P Select Sector Indexes allocate each stock in the S&P 500 to one and only one of nine Select Sector Indexes. The Select Sector Index portfolios are weighted on a modified market-cap basis and are rebalanced continuously when needed. The nine Select Sector Indexes do not all match up with the ten S&P/MSCI sector indexes available in the S&P 500. The major difference is the lack of telecom services as a Select Sector Index, as the stocks are rolled into the Technology Select Sector Index.

Note: Bolded indexes have corresponding US-listed ETFs.

Selected International Index Descriptions

Bank of New York ADR Indexes

The Bank of New York ADR Indexes each include 50 or 100 of the most actively traded companies with American Depositary Receipts (ADRs). These indexes are market cap weighted, rebalance quarterly, and their constituents are determined by committee. The **Developed Market 100 ADR** and **Emerging Markets 50 ADR** give broad non-US exposure in multiple countries. The **Europe 100 ADR** and **Asia 50 ADR** offer diversified regional exposure.

Dow Jones Indexes

The Dow Jones STOXX Indexes provide exposure to large-cap stocks in Europe. The **STOXX 50 Index** includes 50 blue chip companies throughout Europe while the **Euro STOXX 50** includes similar companies only within the Euro-zone and also provides a pure play on the euro currency. Both indexes are float-adjusted market cap-weighted, subject to a 10% weighting cap, and are rebalanced annually in September.

The **Dow Jones Global Titans Index** is comprised of 50 leading global blue-chip companies chosen by Dow Jones. It is free-float market cap weighted and rebalances annually in June. The index usually has a large majority of its market capitalization in US companies.

MSCI Indexes

The **MSCI Country Indexes** equity indexes are based on 51 country markets globally created by Morgan Stanley Capital International (MSCI). In constructing the country indexes, MSCI aims to achieve a uniform level of 85% of free float-adjusted market representation level within each industry group, within each country. MSCI Indexes are all float-adjusted market cap weighted and are rebalanced quarterly.

The **MSCI EAFE Index** provides exposure to 21 developed market countries in Europe, Australasia, and the Far East. It contains over 1,000 securities, encompassing approximately 85% of the world's market capitalization outside of the US, and provides broad non-US equity exposure.

The **MSCI Emerging Markets Index** provides exposure to 26 emerging market countries. It contains over 600 securities, encompassing approximately 10% of the world's market capitalization outside of the US.

The **MSCI EMU Index** consists of large and liquid stocks from the following 11 European countries within the European Monetary Union: Austria, Belgium, Finland,

France, Germany, Greece, Ireland, Italy, Netherlands, Portugal, and Spain. This index provides a pure play on the euro currency as well as the region's equity markets.

The **MSCI Pacific ex-Japan Index** provides exposure to companies based in developed markets in Asia. This index has a heavy weighting in Australia but also provides exposure to Hong Kong, New Zealand, and Singapore.

S&P Indexes

The **S&P Europe 350 Index** measures the performance of 350 leading companies in 17 European markets.

Constituents in the index are determined by committee and are screened for sector representation, size, liquidity and fundamentals. The index includes companies in the UK, Switzerland, and Scandinavia, in addition to those in the European Monetary Union. This index is float-adjusted market-cap weighted and rebalances quarterly.

The **S&P Global 100 Index** is an equity index measuring the performance of 100 leading companies in the global economy. Constituents in the index are determined by committee and are screened for sector representation, liquidity, and size. The index typically has a majority of its market capitalization in US companies. This index is float-adjusted market-cap weighted and rebalances quarterly.

The S&P Global Sector Indexes track global sectors including **Energy, Financial, Healthcare, Technology** and **Telecom**. These indexes are a subset of the S&P Global 1200 Index. They are float-adjusted market cap-weighted and are rebalanced quarterly. As global indexes, they are heavily weighted towards the US with typically more than 50% of each index in US companies.

The **S&P Latin America 40 Index** measures the performance of 40 leading companies in Latin America. Constituents in the index are determined by committee and are screened for sector representation, size, liquidity and fundamentals. The index predominately includes companies in Brazil and Mexico, but also provides exposure to Argentina, and Chile.

The **S&P/TOPIX 150 Index** is maintained by the Japanese S&P Index Committee. It includes 150 highly liquid securities selected from each major sector of the Japanese market.

Note: Bolded indexes have corresponding US-listed ETFs.

Standardized Performance as of June 30, 2004

	Trading Symbol	1 Yr Mkt	1 Yr NAV	5 Yr Mkt	5 Yr NAV	10 Yr Mkt	10 Yr NAV	SI Mkt	SI NAV
US Major Market ETFs									
Broad Market									
Total Stock Market VIPERs	VTI	20.9	21.0	-	-	-	-	-1.3	-0.9
iShares Russell 3000	IWV	20.4	20.2	-	-	-	-	-2.6	-2.6
iShares DJ US Total Market	IYY	19.9	20.1	-	-	-	-	-4.0	-4.0
iShares S&P 1500	ISI	-	-	-	-	-	-	1.0	1.1
Fidelity NASDAQ Composite Index Tracking Stock	ONEQ	-	-	-	-	-	-	17.0	12.7
iShares NYSE Composite	NYC	-	-	-	-	-	-	-	-
Extended Market VIPERs	VXF	29.5	29.7	-	-	-	-	9.9	9.3
Large-Cap									
Diamond Trust Series 1	DIA	18.6	18.4	0.8	0.8	-	-	6.3	6.3
Nasdaq-100 Index Tracking Stock	QQQ	26.1	26.2	-8.1	-8.1	-	-	-5.6	-5.5
iShares NYSE 100	NY	-	-	-	-	-	-	-	-
iShares S&P 100	OEF	14.8	14.8	-	-	-	-	-6.0	-6.1
iShares S&P 500	IVV	19.0	19.0	-	-	-	-	-4.3	-4.3
Standard & Poors Depository Receipts	SPY	19.1	18.9	-2.2	-2.3	11.6	11.6	10.6	10.8
Large-Cap VIPERs	VV	-	-	-	-	-	-	0.4	0.3
iShares Russell 1000	IWB	19.3	19.3	-	-	-	-	-4.1	-4.2
streetTRACKS Fortune 500	FFF	17.4	17.3	-	-	-	-	-2.7	-3.4
Rydex S&P Equalweight	RSP	28.1	28.2	-	-	-	-	34.7	36.0
Custom									
iShares Dow Jones Select Dividend	DVY	-	-	-	-	-	-	13.9	12.5
PowerShares Dynamic Market Portfolio	PWC	26.3	26.4	-	-	-	-	32.9	32.1
PowerShares Dynamic OTC Portfolio	PWO	28.6	29.0	-	-	-	-	35.0	35.2
Mid-Cap									
Standard & Poors Mid-Cap 400 Depository Receipts	MDY	27.8	27.6	8.7	8.7	-	-	14.9	14.9
iShares S&P Mid-Cap 400	IJH	27.9	27.7	-	-	-	-	7.9	7.9
iShares Russell Mid-Cap	IWR	28.6	29.1	-	-	-	-	7.5	7.5
Mid-Cap VIPERs	VO	-	-	-	-	-	-	0.6	1.2
Small-Cap									
iShares S&P Small-Cap 600	IJR	35.2	35.1	-	-	-	-	11.5	11.4
iShares Russell 2000	IWM	34.1	33.1	-	-	-	-	6.9	6.8
Small-Cap VIPERs	VB	-	-	-	-	-	-	0.5	0.5
US Style ETFs									
Broad Market Growth/Value									
iShares Russell 3000 Growth	IWZ	18.2	18.6	-	-	-	-	-13.0	-13.1
iShares Russell 3000 Value	IWW	21.6	21.8	-	-	-	-	4.9	4.9
Large-Cap Growth/Value									
iShares S&P 500/Barra Growth	IVW	15.9	15.8	-	-	-	-	-7.8	-7.8
iShares Russell 1000 Growth	IWF	17.5	17.6	-	-	-	-	-11.1	-11.1
Growth VIPERs	VUG	-	-	-	-	-	-	-1.3	-1.4
streetTRACKS DJ US Large-Cap Growth	ELG	17.0	16.7	-	-	-	-	-17.2	-17.3
iShares S&P 500/Barra Value	IVE	22.2	22.0	-	-	-	-	0.5	0.4
iShares Russell 1000 Value	IWD	21.3	20.9	-	-	-	-	3.6	3.5
Value VIPERs	VTV	-	-	-	-	-	-	0.1	0.2
streetTRACKS DJ US Large-Cap Value	ELV	15.1	15.6	-	-	-	-	0.4	0.4

Standardized Performance as of June 30, 2004 (cont.)

	Trading Symbol	1 Yr Mkt	1 Yr NAV	5 Yr Mkt	5 Yr NAV	10 Yr Mkt	10 Yr NAV	SI Mkt	SI NAV
Mid-Cap Growth/Value									
iShares S&P Mid-Cap 400/Barra Growth	IJK	22.5	22.3	-	-	-	-	-1.8	-1.8
iShares Russell Mid-Cap Growth	IWP	26.9	27.0	-	-	-	-	2.4	2.4
iShares S&P Mid-Cap 400/Barra Value	IJJ	32.7	32.5	-	-	-	-	14.4	14.4
iShares Russell Mid-Cap Value	IWS	30.0	30.5	-	-	-	-	10.1	10.1
Small-Cap Growth/Value									
iShares S&P Small-Cap 600/Barra Growth	IJT	34.2	34.2	-	-	-	-	4.6	4.6
iShares Russell 2000 Growth	IWO	32.7	31.3	-	-	-	-	-6.2	-6.2
Small-Cap Growth VIPERs	VBK	-	-	-	-	-	-	-1.7	-1.7
streetTRACKS DJ US Small-Cap Growth	DSG	31.2	31.2	-	-	-	-	-9.1	-9.0
iShares S&P Small-Cap 600/Barra Value	IJS	35.8	35.7	-	-	-	-	14.0	13.9
iShares Russell 2000 Value	IWN	35.9	34.9	-	-	-	-	15.9	15.9
Small-Cap Value VIPERs	VBR	-	-	-	-	-	-	2.7	2.7
streetTRACKS DJ US Small-Cap Value	DSV	30.6	30.9	-	-	-	-	19.5	17.8
US Sector ETFs									
Consumer Discretionary									
Consumer Discretionary Select Sector SPDR	XLY	17.5	17.8	2.0	2.1	-	-	4.8	4.9
iShares DJ US Consumer Cyclical Sector	IYC	14.4	14.8	-	-	-	-	-1.5	-1.5
Retail HOLDERS	RTH	13.1	13.1	-	-	-	-	-1.5	-1.5
Consumer Discretionary VIPERs	VCR	-	-	-	-	-	-	-2.0	-1.6
Consumer Staples									
Consumer Staples Select Sector SPDR	XLP	16.2	16.3	-0.6	-0.7	-	-	-1.1	-1.1
iShares DJ US Consumer Non-Cyclical Sector	IYK	21.5	21.5	-	-	-	-	7.9	7.9
Consumer Staples VIPERs	VDC	-	-	-	-	-	-	6.5	6.6
Energy									
Energy Select Sector SPDR	XLE	33.2	33.4	4.2	4.2	-	-	7.5	7.6
iShares DJ US Energy Sector	IYE	31.6	32.3	-	-	-	-	4.0	4.0
Oil Service HOLDERS	OIH	20.7	20.7	-	-	-	-	-7.8	-7.8
Financials									
Financial Select Sector SPDR	XLF	18.8	19.0	3.5	3.5	-	-	5.4	5.5
iShares DJ US Financial Sector	IYF	20.0	19.9	-	-	-	-	7.7	7.7
Financials VIPERs	VFH	-	-	-	-	-	-	-1.5	-1.6
iShares DJ US Financial Services	IYG	17.8	18.0	-	-	-	-	6.7	6.6
Regional Bank HOLDERS	RKH	19.5	19.5	-	-	-	-	10.3	10.3
Health Care									
Health Care Select Sector SPDR	XLV	5.4	5.6	1.5	1.4	-	-	4.4	4.4
iShares DJ US Healthcare Sector	IYH	8.4	8.7	-	-	-	-	0.3	0.3
Health Care VIPERs	VHT	-	-	-	-	-	-	-0.5	-0.7
iShares Nasdaq Biotechnology	IBB	12.1	12.2	-	-	-	-	-8.1	-8.1
Biotech HOLDERS	BBH	18.8	18.8	-	-	-	-	8.3	8.3
Pharmaceutical HOLDERS	PPH	-1.6	-1.6	-	-	-	-	-1.9	-1.9
Industrials									
Industrial Select Sector SPDR	XLI	29.8	30.0	0.5	0.6	-	-	5.2	5.1
iShares DJ Transportation Average	IYT	-	-	-	-	-	-	14.7	16.1
iShares DJ US Industrial Sector	IYJ	30.3	30.0	-	-	-	-	-1.8	-1.8

Standardized Performance as of June 30, 2004 (cont.)

	Trading Symbol	1 Yr Mkt	1 Yr NAV	5 Yr Mkt	5 Yr NAV	10 Yr Mkt	10 Yr NAV	SI Mkt	SI NAV
Information Technology- Broad Based									
Technology Select Sector SPDR	XLK	22.1	22.0	-12.4	-12.4	-	-	-7.5	-7.5
iShares DJ US Technology Sector	IYW	24.8	24.7	-	-	-	-	-19.5	-19.5
iShares Goldman Sachs Tech	IGM	27.0	27.0	-	-	-	-	-6.0	-6.1
streetTRACKS MS High-Tech 35	MTK	33.9	34.1	-	-	-	-	-16.1	-16.1
Information Technology VIPERs	VGT	-	-	-	-	-	-	-8.5	-8.2
Information Technology- Internet									
Internet HOLDRS	HHH	65.7	65.7	-	-	-	-	-9.8	-9.8
B2B Internet HOLDRS	BHH	-7.1	-7.1	-	-	-	-	-55.1	-55.1
Internet Architecture HOLDRS	IAH	12.6	12.6	-	-	-	-	-19.7	-19.7
Internet Infrastructure HOLDRS	IIH	21.1	21.1	-	-	-	-	-51.9	-51.9
Information Technology- Other									
iShares Goldman Sachs Networking	IGN	63.5	61.1	-	-	-	-	-4.6	-4.6
iShares Goldman Sachs Semiconductor	IGW	35.9	35.4	-	-	-	-	-3.5	-3.4
iShares Goldman Sachs Software	IGV	22.4	22.5	-	-	-	-	-8.4	-8.3
Broadband HOLDRS	BDH	76.6	76.6	-	-	-	-	-34.1	-34.1
Semiconductor HOLDRS	SMH	34.1	34.1	-	-	-	-	-16.5	-16.5
Software HOLDRS	SWH	18.6	18.6	-	-	-	-	-21.4	-21.4
Materials									
Materials Select Sector SPDR	XLB	31.7	31.7	3.1	3.1	-	-	7.2	7.2
iShares DJ US Basic Materials Sector	IYM	29.4	29.7	-	-	-	-	7.7	7.7
Materials VIPERs	VAW	-	-	-	-	-	-	5.9	6.0
Natural Resources									
iShares Goldman Sachs Natural Resources	IGE	30.7	31.0	-	-	-	-	9.2	9.1
Real Estate									
iShares DJ US Real Estate	IYR	26.0	25.9	-	-	-	-	16.5	16.6
iShares Cohen & Steers Realty Majors	ICF	28.8	28.2	-	-	-	-	16.1	16.1
streetTRACKS Wilshire REIT	RWR	27.3	26.7	-	-	-	-	16.7	17.5
Telecommunications									
iShares DJ US Telecom Sector	IYZ	5.5	5.5	-	-	-	-	-19.9	-19.9
Telecom HOLDRS	TTH	1.0	1.0	-	-	-	-	-21.9	-21.9
Wireless HOLDRS	WMH	48.1	48.1	-	-	-	-	-12.6	-12.6
Utilities									
iShares DJ US Utilities Sector	IDU	11.9	12.2	-	-	-	-	-1.0	-1.0
Utilities Select Sector SPDR	XLU	11.2	11.2	-1.5	-1.8	-	-	-0.7	-0.6
Utilities HOLDRS	UTH	11.7	11.7	-	-	-	-	-0.1	-0.1
Utilities VIPERs	VPU	-	-	-	-	-	-	1.8	2.0
International ETFs									
Broad Based - International									
iShares MSCI EAFE	EFA	33.6	32.1	-	-	-	-	5.3	4.8
BLDRS Developed Markets 100 ADR	ADR	22.1	27.3	-	-	-	-	22.3	22.5
iShares MSCI Emerging Markets	EEM	35.5	35.1	-	-	-	-	51.6	49.0
BLDRS Emerging Markets 50 ADR	ADRE	27.2	28.1	-	-	-	-	28.6	26.2

Standardized Performance as of June 30, 2004

	Trading Symbol	1 Yr Mkt	1 Yr NAV	5 Yr Mkt	5 Yr NAV	10 Yr Mkt	10 Yr NAV	SI Mkt	SI NAV
Regional - International									
BLDRS Europe 100 ADR	ADRU	27.1	26.8	-	-	-	-	22.8	22.9
Europe 2001 HOLDRS	EKH	26.2	26.2	-	-	-	-	-12.3	-12.3
streetTRACKS Dow Jones STOXX 50	FEU	24.1	21.8	-	-	-	-	19.0	19.9
iShares S&P Europe 350	IEV	28.2	27.5	-	-	-	-	-3.0	-3.3
streetTRACKS Dow Jones Euro STOXX 50	FEZ	27.2	26.0	-	-	-	-	24.9	24.6
iShares MSCI EMU	EZU	29.6	28.1	-	-	-	-	-5.4	-5.7
BLDRS Asia 50 ADR	ADRA	32.7	33.4	-	-	-	-	24.1	22.5
iShares MSCI Pacific ex-Japan	EPP	27.1	27.3	-	-	-	-	17.2	17.0
iShares S&P Latin America 40	ILF	32.7	33.6	-	-	-	-	15.4	15.3
Asia/Pacific									
iShares MSCI Australia	EWA	24.8	24.5	6.6	6.9	-	-	6.5	6.4
iShares MSCI Hong Kong	EWH	34.4	34.8	-2.6	-2.0	-	-	0.0	-0.1
iShares MSCI Japan	EWJ	46.1	44.9	-2.5	-2.5	-	-	-3.5	-3.7
iShares S&P/TOPIX 150	ITF	42.9	42.1	-	-	-	-	7.1	6.5
iShares MSCI Malaysia (Free)	EWM	18.1	18.4	0.0	3.1	-	-	-6.4	-6.3
iShares MSCI Singapore	EWS	32.1	31.1	-4.2	-3.5	-	-	-6.2	-6.3
iShares MSCI South Korea	EWY	22.9	21.9	-	-	-	-	4.9	4.5
iShares MSCI Taiwan	EWT	21.3	21.5	-	-	-	-	-12.6	-12.7
Europe									
iShares MSCI Austria	EWO	61.5	58.9	13.9	14.4	-	-	7.3	7.2
iShares MSCI Belgium	EWK	41.0	39.9	1.0	1.4	-	-	6.1	6.0
iShares MSCI France	EWQ	30.1	29.4	0.9	1.0	-	-	9.0	8.9
iShares MSCI Germany	EWG	34.0	34.2	-2.5	-2.1	-	-	5.0	5.0
iShares MSCI Italy	EWI	24.7	25.0	2.1	2.5	-	-	10.7	10.7
iShares MSCI Netherlands	EWN	28.3	27.3	-5.1	-4.7	-	-	4.0	3.9
iShares MSCI Spain	EWP	27.9	27.0	2.5	2.9	-	-	12.7	12.6
iShares MSCI Sweden	EWD	53.7	51.1	1.1	1.3	-	-	8.9	8.7
iShares MSCI Switzerland	EWL	29.7	29.7	0.2	0.8	-	-	5.0	4.9
iShares MSCI United Kingdom	EWU	26.8	25.1	-1.6	-1.5	-	-	7.5	7.2
Americas									
iShares MSCI Brazil	EWZ	40.8	42.1	-	-	-	-	-5.3	-5.3
iShares MSCI Canada	EWC	23.5	24.5	7.8	7.9	-	-	9.9	9.9
iShares MSCI Mexico	EWX	36.4	35.0	6.8	6.9	-	-	10.9	10.9
EMEA									
iShares MSCI South Africa	EZA	42.7	41.2	-	-	-	-	36.5	36.4

Standardized Performance as of June 30, 2004

	Trading Symbol	1 Yr Mkt	1 Yr NAV	5 Yr Mkt	5 Yr NAV	10 Yr Mkt	10 Yr NAV	SI Mkt	SI NAV
Broad Based - Global									
streetTRACKS DJ Global Titans	DGT	14.9	15.5	-	-	-	-	-6.9	-6.7
iShares S&P Global 100	IOO	20.2	20.2	-	-	-	-	-5.2	-5.4
Market 2000+ HOLDRS	MKH	11.1	11.1	-	-	-	-	-12.9	-12.9
Sectors - Global									
iShares S&P Global Energy Sector	IXC	30.0	29.8	-	-	-	-	12.0	11.5
iShares S&P Global Financial Sector	IXG	23.6	23.8	-	-	-	-	7.6	7.3
iShares S&P Global Healthcare Sector	IXJ	9.3	8.8	-	-	-	-	-0.7	-0.9
iShares S&P Global Technology Sector	IXN	25.6	26.4	-	-	-	-	-1.7	-1.7
iShares S&P Global Telecommunications Sector	IXP	12.0	12.8	-	-	-	-	-3.5	-3.4
US Fixed Income ETFs									
iShares Lehman 1-3 Year Treasury	SHY	0.4	0.4	-	-	-	-	2.1	2.0
iShares Lehman 7-10 Year Treasury	IEF	-2.5	-2.5	-	-	-	-	4.5	4.5
iShares Lehman 20+ Year Treasury	TLT	-4.9	-4.9	-	-	-	-	5.7	5.5
iShares GS \$ InvesTop Corporate	LQD	-1.4	-1.2	-	-	-	-	7.4	7.3
iShares Lehman Aggregate	AGG	-	-	-	-	-	-	0.4	1.5
iShares Lehman TIPS	TIP	-	-	-	-	-	-	1.9	2.6

Source: Morgan Stanley Research, Barclays Global Investors, State Street Global Advisors, and Bank of New York.

* Expenses for HOLDRS consist of a custody fee of \$2 per round lot (100 shares) per quarter. However, according to the HOLDRS prospectus, the trustee will waive that portion of the fee, which exceeds the total cash dividends and other cash distributions.

Index-Linked Exchange-Traded Funds

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Index-Linked Exchange-Traded Funds

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(as of July 31, 2004)

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Total	1,787		662		

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Index-Linked Exchange-Traded Funds

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The Americas

1585 Broadway
New York, NY 10036-8293
United States
Tel: +1 (1)212 761 4000

Europe

25 Cabot Square, Canary Wharf
London E14 4QA
United Kingdom
Tel: +44 (0)20 7425 8000

Japan

20-3, Ebisu 4-chome
Shibuya-ku,
Tokyo 150-6008, Japan
Tel: +81 (0)3 5424 5000

Asia/Pacific

Three Exchange Square
Central
Hong Kong
Tel: +852 2848 5200