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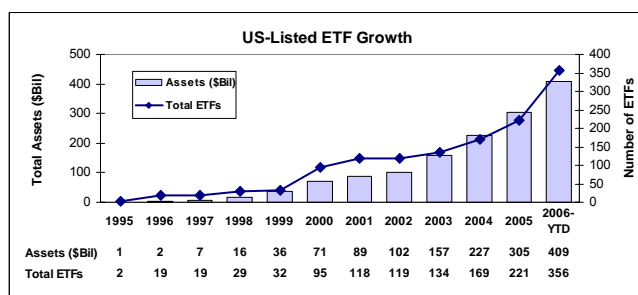
November 14, 2006

Exchange-Traded Funds Quarterly Report: Over \$400 Billion in 354 ETFs

This is our comprehensive quarterly report on US-listed ETFs. It includes a summary of ETF investment applications, excerpts from our strategy reports, our outlook for the US and international equity and fixed-income markets, index data, and individual ETF profiles.

The US ETF market continues to show rapid growth. In 2006, 135 new ETFs have been issued and the US market now has 354 ETFs with \$409 billion in assets. Markets accessible through ETFs include US and international equities, fixed-income, commodities, and currencies.

ETFs provide access to our favorite markets and sectors. Morgan Stanley's US strategists favor large-cap and growth stocks and are overweight the financials, health care, industrials, consumer staples and technology sectors. Our global equity strategists continue to like Europe and Japan and believe that most investors should have meaningful exposure to international equities.



Source: Morgan Stanley Research as of 11/9/06

What's New

With a 60% increase in US listings in 2006, it is no longer practical to publish one-page profiles on each ETF in this report. Included are complete profiles on ETFs having over \$75 million in assets as of November 1, 2006. Basic data on all US-Listed ETFs is included on the list on pages 4-10 where we have highlighted in bold our favored ETFs by market segment. Our selection criteria include index composition, ETF expenses, and liquidity and our market outlook.

Report Overview

List of Available ETFs (4-10)

Overview and Strategies (11-32)

US Equity ETF Profiles (37-185)

International Equity ETF Profiles (191-235)

Fixed-Income ETF Profiles (238-243)

Commodity and Currency ETF Profiles (245-251)

Featured Strategy Reports

Our report on ETF market growth in 2006 is included on pages 17-21. One-page excerpts from our recent strategy reports on Commodity and Currency ETFs are included on pages 29 and 30, respectively.

Prices and net asset values as of November 8, 2006, unless otherwise indicated.

As with any investment, ETFs have risks. These include the general risks associated with investing in the underlying assets, potential tracking error, and the possibility that particular indexes may lag other market segments or active managers. (See "Investment Concerns" on page 252.)

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 "HOLDRS."

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.

Morgan Stanley does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Table of Contents

Favored ETF Investment Ideas	3
List of Available US-Listed Exchange-Traded Funds	4-10
ETF Market Overview and Advantages	11-12
ETF Investment Applications	13
Implementing Morgan Stanley Asset Allocation Models with ETFs	
Global Wealth Management (GWM) Asset Allocation Frameworks	14-15
US Large-Cap Sector Asset Allocation Model	16
Featured Strategy Reports	
US Market Sees Explosive Growth in Listings in 2006	17-21
Strategies Using Index-Linked ETFs	
Core/Satellite	22
Core Equity Investments	23
Market Cap Investing	24
Style Diversification	25
Sector and Industry Investing	26
International Investing	27
Fixed-Income Investing	28
Investing in Commodities	29
Investing in Foreign Currencies	30
Recognizing Losses Using ETFs	31
Prospective Tax Planning with ETFs	32
US Equity	
Market Performance and Outlook	33-35
Individual US Equity ETF Profiles	37-185
International Equity	
Market Performance and Outlook	186-190
Individual International Equity ETF Profiles	191-235
Fixed-Income	
Market Performance and Outlook	236-237
Individual Fixed-Income ETF Profiles	238-243
Commodities and Currencies	
Market Performance and Outlook	244
Individual Commodity and Currency ETF Profiles	245-251
Appendices	
Investment Concerns	252
A Closer Look at ETF Structures	253
ETF "In-Kind" Creation/Redemption Process	254
Selected Index Descriptions	255-258

We would like to acknowledge the contributions of Mansi Shah to this report.

FAVORED ETF INVESTMENT IDEAS

This list highlights ETFs that, in our opinion, best target Morgan Stanley's global research recommendations.

US Equity

In the US, we remain positive on equities and favor large capitalization and growth stocks. We are also overweight the Consumer Staples, Financials, Health Care, Industrials and Information Technology Sectors. In addition, over the long term an aging American population is likely lead to an increase in demand for higher dividend-paying securities. See page 36 for additional details on our outlook for the US market.

Broad US Core Holding

- Vanguard Total Stock Market ETF (VTI)

Large-Cap

- S&P Depository Receipts (SPY)
- Diamonds (DIA)

Large-Cap Growth

- iShares Russell 1000 Growth (IWF)
- iShares S&P 500 Growth (IVW)
- Nasdaq-100 Index Tracking Stock (QQQQ)

Sector & Industry

- Consumer Staples Select Sector SPDR (XLP)
- Financials Select Sector SPDR Fund (XLF)
- Health Care Select Sector SPDR (XLV)
- iShares Nasdaq Biotechnology Index Fund (IBB)
- Industrials Select Sector SPDR (XLI)
- iShares DJ US Technology (IYW)
- Semiconductor HOLDRs (SMH)

Dividend Income

- iShares DJ Select Dividend Index Fund (DVY)
- PowerShares HY Equity Dividend Achievers (PEY)

International Equity

We remain bullish on international equities and are currently overweight in Europe and Japan. Despite strong returns over the past few years, we also believe investors should maintain some exposure to emerging markets as a result of their above average growth potential. See page for 190 for additional details on our outlook for international markets.

Broad International

- iShares MSCI EAFE Index Fund (EFA)
- iShares MSCI EAFE Growth Index Fund (EFG)

Regional International

- Vanguard European ETF (VGK)
- Vanguard Pacific ETF (VPL)

Emerging Markets

- iShares MSCI EM Index Fund (EEM)
- Vanguard Emerging Markets ETF (VWO)

Country-Specific International

- iShares MSCI Japan Index Fund (EWJ)
- iShares MSCI South Korea (EWY)
- iShares MSCI Taiwan (EWT)

US Fixed-Income

We remain cautious on fixed-income markets.

However, for investors looking for exposure in the markets, we prefer higher-quality lower-duration assets. ETFs can also be used to provide exposure to Treasury Inflation Protected Securities (TIPS). See page 237 for additional details on our outlook for the fixed-income markets.

- iShares Lehman 1-3 Year Treasury Bond Fund (SHY)
- iShares Lehman Aggregate Bond Fund (AGG)
- iShares Lehman TIPS Bond Fund (TIP)

November 14, 2006
Exchange-Traded Funds

US-Listed Exchange-Traded Funds

	Trading Symbol	11/8/2006 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									
	ONEQ	93.80	ONEQI	2,035	0.30	168	41	Yes	37
	IYY	67.22	IYYIV	1,626	0.20	525	29	Yes	38
	NYC	81.19	NYCIV	1,481	0.25	101	12	Yes	39
	IWV	80.11	IWVIV	2,947	0.20	2,438	262	Yes	40
	ISI	123.34	EIS	1,497	0.20	166	9	No	41
	PRFZ	52.98	PRFZIV	71	0.60	26	na	No	*
	TMW	99.73	FFY	725	0.20	109	4	Yes	42
	VXF	100.46	EAH	1,871	0.08	429	39	Yes	43
	VTI	137.20	TSJ	1,765	0.07	6,475	146	Yes	44
	DTD	56.31	DTDIV	755	0.28	50	12	No	*
Large-Cap									
	DIA	121.83	DXV	30	0.18	6,373	6,867	Yes	45
	QQEW	19.88	QQEWI	100	0.60	23	21	No	*
	NY	73.12	NYIV	100	0.20	341	62	Yes	46
	IWB	75.17	IWBIV	986	0.15	2,827	179	Yes	47
	OEF	64.75	OEFIV	100	0.20	3,280	804	Yes	48
	IVV	139.06	IVVIV	499	0.09	17,971	780	Yes	49
	QQQQ	43.03	QXV	100	0.20	19,396	109,823	Yes	50
	PRF	56.51	PRFIV	1,000	0.60	495	100	Yes	51
	XLG	105.28	XLGIV	50	0.20	397	78	Yes	52
	RSP	46.34	RSPIV	500	0.40	1,761	252	Yes	53
	SPY	138.91	SVX	500	0.10	65,606	65,573	Yes	54
	ELR	63.25	EZR	749	0.20	13	1	Yes	*
	VV	61.64	BVH	748	0.07	816	41	Yes	55
	DTN	56.71	DTNIV	92	0.38	82	25	No	56
	DLN	56.58	DLNIV	287	0.28	160	34	No	57
Mid-Cap									
	IWR	97.76	IWRIV	785	0.20	2,518	193	Yes	58
	IJH	79.21	IJHIV	396	0.20	3,999	210	Yes	59
	MDY	144.40	MXV	400	0.25	8,563	1,984	Yes	60
	EMM	55.63	EYM	496	0.25	17	2	Yes	*
	VO	71.51	BVO	447	0.13	1,503	72	Yes	61
	DON	55.38	DONIV	434	0.38	33	9	No	*
Small-Cap									
	IWM	76.59	IWMIV	1,971	0.20	10,015	43,890	Yes	62
	IJR	64.87	IJRIV	601	0.20	4,490	726	Yes	63
	PZJ	25.91	PZJNV	250	0.60	60	22	Yes	*
	DSC	61.05	DVC	1,745	0.25	15	5	Yes	*
	VB	67.27	BVP	1,713	0.10	642	46	Yes	64
	DES	56.07	DESIV	799	0.38	47	20	No	*
Micro-Cap									
	FDM	23.13	RDM	297	0.60	16	28	Yes	*
	IWC	56.78	IWCIV	1,473	0.60	236	78	Yes	65
	PZI	17.21	HXZ	400	0.60	159	60	Yes	66
US Specialty Market ETFs									
Dividend Income									
	CVY	25.94	CYM	143	0.60	54	na	No	*
	FDL	22.92	RDL	98	0.45	59	40	Yes	*
	DVY	69.50	DVYIV	112	0.40	7,295	372	Yes	67
	PFM	16.82	FKO	315	0.50	50	35	Yes	*
	PHJ	16.71	FKM	100	0.50	36	14	Yes	*
	PEY	15.94	HEY	50	0.50	423	114	Yes	68
	PID	18.33	FKJ	60	0.50	304	111	Yes	69
	SDY	60.87	SYW	50	0.30	173	36	Yes	70
	VIG	53.05	GIG	214	0.28	59	13	Yes	*
	DHS	56.38	DHSIV	410	0.38	101	29	No	71

*We do not publish profiles on ETFs with less than \$75 million in assets or that started trading in the 30 days prior to the publication of this report.

Bolding Designates Favored ETFs by market segment

November 14, 2006
Exchange-Traded Funds

US-Listed Exchange-Traded Funds (cont'd)

	Trading Symbol	11/8/2006 Price (\$)	Intraday NAV Symbol	Approx # Securities in Fund	Expense Ratio (%)	Total Assets (\$ Mil)	Avg Daily Volume (1000/shrs)	Options Avail.	Page
US Specialty Market ETFs (Contd)									
Custom									
	Claymore/Sabrient Insider ETF	NFO 26.52	NFAIV	97	0.60	38	na	Yes	*
	Claymore/Sabrient Stealth ETF	STH 26.22	STBIV	98	0.60	16	na	Yes	*
	Claymore/Zacks Sector Rotation ETF	XRO 26.74	XUO	99	0.60	40	na	Yes	*
	First Trust IPOX-100 Index Fund	FPX 21.14	XPT	100	0.60	15	8	Yes	*
	iShares KLD Select Social Index Fund	KLD 58.53	KLDIV	214	0.50	73	6	No	*
	Mactor Vectors-Environmental Services	EVX 41.80	HVX	24	0.55	37	na	No	*
	PowerShares Cleantech Portfolio	PZD 24.90	PZDIV	62	0.60	30	na	No	*
	PowerShares Dynamic Mkt Portfolio	PWC 49.07	FZM	100	0.60	927	73	Yes	72
	PowerShares Dynamic OTC Portfolio	PWO 51.83	FZO	100	0.60	188	57	Yes	73
	PowerShares Listed Private Equity	PSP 25.73	PSPIV	34	0.60	25	na	No	*
	PowerShares Lux Nanotech	PXN 18.45	JDT	25	0.60	137	64	Yes	74
	PowerShares Value Line Timeliness	PIV 15.45	JDV	50	0.60	182	109	Yes	75
	PowerShares Water Resource	PHO 17.85	JDP 38	0.60	1,208	453	Yes	76	
	PowerShares WilderHill Clean Energy	PBW 17.76	BWH 42	0.60	663	271	Yes	77	
	PowerShares WH Progressive Energy	PUW 24.99	PUWIV	36	0.60	30	na	No	*
Leveraged									
	Ultra Dow 30ProShares	DDM 85.61	DKB	30	0.95	57	77	No	*
	Ultra MidCap400 ProShares	MVV 80.84	MXR	399	0.95	48	52	No	*
	Ultra QQQ ProShares	QLD 86.91	ECJ	100	0.95	205	383	No	78
	Ultra S&P500 ProShares	SSO 86.44	SEV	500	0.95	121	82	No	79
Inverse									
	Short Dow30 ProShares	DOG 64.45	DHJ	na	0.95	68	65	No	*
	Short MidCap400 ProShares	MYY 65.77	MKJ	na	0.95	80	107	No	80
	Short QQQ ProShares	PSQ 63.44	EJP	na	0.95	86	104	No	81
	Short S&P500 ProShares	SH 64.36	SJA	na	0.95	112	62	No	82
	Ultra Short MidCap 400 Proshares	MZZ 64.76	na	na	0.95	108	129	No	83
	UltraShort Dow 30Proshares	DXD 60.02	DHK	na	0.95	118	131	No	84
	UltraShort QQQ Proshares	QID 54.28	EJM	na	0.95	506	1,335	No	85
	UltraShort S&P500 ProShares	SDS 60.72	SJB	na	0.95	258	263	No	86
US Style ETFs									
Broad Market Growth/Value									
	iShares Russell 3000 Growth	IWZ 44.29	IWZIV	1,912	0.25	239	32	Yes	87
	iShares Russell 3000 Value	IWW 104.68	IWWIV	1,898	0.25	621	50	Yes	88
Large-Cap Growth/Value/Core									
	iShares Morningstar Large Growth	JKE 63.13	JKEIV	124	0.25	235	21	No	89
	iShares Russell 1000 Growth	IWF 54.36	IWFIV	680	0.20	6,800	942	Yes	90
	iShares S&P 500 Growth	IWW 64.15	IWWIV 307	0.18	4,191	358	No	91	
	First Trust Strategic Value Index Fund	FDV 21.80	HDX	40	0.65	17	17	No	*
	PowerShares Dyn. Large-Cap Growth	PWB 16.39	BWW	50	0.60	187	86	Yes	92
	Rydex S&P 500 Pure Growth	RPG 35.33	RPGIV	143	0.35	18	5	Yes	*
	streetTRACKS DJ Wilshire LC Growth	ELG 52.60	FLG	430	0.20	191	22	No	93
	Vanguard Growth ETF	VUG 57.07	PVJ	417	0.11	981	95	Yes	94
	iShares Morningstar Large Value	JKF 81.32	JKFIV	91	0.25	409	56	No	95
	iShares Russell 1000 Value	IWD 80.26	IWDIV 609	0.20	8,187	940	Yes	96	
	iShares S&P 500 Value	IVE 74.76	IVEIV	351	0.18	4,287	360	Yes	97
	PowerShares Dyn. Large-Cap Value	PWV 19.18	DBW	50	0.60	362	249	Yes	98
	Rydex S&P 500 Pure Value	RPV 32.82	RPVIV	148	0.35	21	11	Yes	*
	streetTRACKS DJ Wilshire LC Value	ELV 81.05	FLV	319	0.20	149	13	No	99
	Vanguard Value ETF	VTV 66.18	PVV	412	0.11	1,539	98	Yes	100
	iShares Morningstar Large Core	JKD 74.20	JKDIV	95	0.20	129	12	No	101
Mid-Cap Growth/Value/Core									
	iShares Morningstar Mid Growth	JKH 83.08	JKHIV	247	0.30	190	13	No	102
	iShares Russell MidCap Growth	IWP 101.45	IWPVIV	536	0.25	1,502	68	Yes	103
	iShares S&P MidCap 400 Growth	IJK 79.04	IJKIV 234	0.25	1,714	86	Yes	104	
	PowerShares Dyn. Mid-Cap Growth	PWJ 18.75	GBW	75	0.60	113	48	Yes	105
	Rydex S&P MidCap 400 Pure Growth	RFG 50.57	RFGIV	94	0.35	23	3	Yes	*
	streetTRACKS DJ Wilshire MC Growth	EMG 60.41	EDG	248	0.25	21	1	Yes	*
	Vanguard Mid Cap Growth ETF	VOT 54.70	BVG	200	0.13	38	na	Yes	*
	iShares Morningstar Mid Value	JKI 83.07	JKIV	245	0.30	137	15	No	106
	iShares Russell MidCap Value	IWS 142.26	IWSIV	481	0.25	2,722	168	Yes	107
	iShares S&P MidCap 400 Value	IJJ 77.93	IJJIV 305	0.25	2,461	103	Yes	108	
	PowerShares Dyn. Mid-Cap Value	PWP 18.11	HWBIOVPV	75	0.60	65	16	Yes	*
	Rydex S&P MidCap 400 Pure Value	RFV 33.72	RFVIV	115	0.35	15	4	Yes	*
	streetTRACKS DJ Wilshire MC Value	EMV 57.45	EYV	248	0.25	9	1	Yes	*
	Vanguard Mid Cap Value ETF	VOE 54.80	BVS	250	0.13	38	na	Yes	*
	iShares Morningstar Mid Core	JKG 80.15	JKGIV	256	0.25	116	10	No	109

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November 14, 2006
Exchange-Traded Funds

US-Listed Exchange-Traded Funds (cont'd)

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US Style ETFs (Cont'd)									
Small-Cap Growth/Value/Core									
iShares Morningstar Small Growth	JKK	73.66	JKKIV	353	0.30	62	10	No	*
iShares Russell 2000 Growth	IWO	77.58	IWOIV	1,284	0.25	2,408	1,238	Yes	110
iShares S&P SmallCap 600 Growth	IJT	126.21	IJTIV	364	0.25	1,257	73	Yes	111
PowerShares Dyn. Small-Cap Growth	PWT	17.69	DWB	100	0.60	1,321	38	Yes	*
Rydex S&P SmallCap 600 Pure Growth	RZG	39.37	RZGIV	139	0.35	8	2	Yes	*
streetTRACKS DJ Wilshire SC Growth	DSG	91.36	PSG	893	0.25	68	3	No	*
Vanguard Small-Cap Growth ETF	VBK	64.37	HVK	929	0.12	487	30	Yes	112
iShares Morningstar Small Value	JKL	80.45	JKLIV	342	0.30	112	10	No	113
iShares Russell 2000 Value	IWN	77.95	IWNIV	1,302	0.25	3,832	922	Yes	114
iShares S&P SmallCap 600 Value	IJS	73.75	IJSIV	459	0.25	1,927	115	Yes	115
PowerShares Dyn. Small-Cap Value	PWY	17.65	RWBIOPV	100	0.60	74	30	Yes	*
Rydex S&P SmallCap 600 Pure Value	RZV	40.10	RZVIV	178	0.35	6	2	Yes	*
streetTRACKS DJ Wilshire SC Value	DSV	68.97	PSV	852	0.25	100	8	No	116
Vanguard Small-Cap Value ETF	VBR	70.17	PVY	962	0.12	401	33	Yes	117
iShares Morningstar Small Core	JKJ	84.81	JKJIV	363	0.25	122	14	No	118
US Sector and Industry ETFs									
Consumer Discretionary									
Cons Discretionary Sel. Sector SPDR									
iShares DJ US Consumer Services	IYC	65.69	IYCV	247	0.48	255	46	Yes	120
Rydex S&P Eq. Wght. Cnsmr. Disc.	RCD	45.42	RCDIV	87	0.50	7	na	No	*
Vanguard Consumer Discretionary ETF	VCR	59.28	HVAX	433	0.26	71	39	Yes	121
iShares DJ US Home Construction	ITB	36.59	ITBIV	20	0.48	65	181	No	122
PowerShares Dyn. Bldg. & Construction	PKB	15.67	HKBETF	30	0.60	14	16	Yes	*
PowerShares Dynamic Consumer Disc.	PEZ	25.88	PEZIV	60	0.60	15	na	Yes	*
PowerShares Dynamic Leisure & Ent.	PEJ	17.64	DJBETF	30	0.60	31	36	Yes	*
PowerShares Dynamic Media	PBS	15.39	MJK	30	0.60	17	18	Yes	*
PowerShares Dynamic Retail	PMR	18.92	HKP	30	0.60	22	36	Yes	*
PowerShares FTSE RAFI Cnsmr Goods	PRFG	50.78	PRFGIV	108	0.60	25	na	No	*
PowerShares FTSE RAFI Cnsmr Serv.	PRFS	52.70	PRFSIV	156	0.60	26	na	No	*
Retail HOLDERS	RTH	98.06	IRH	18	0*	344	3,160	Yes	123
SPDR Homebuilder ETF	XHB	32.85	HBM	21	0.35	266	1,494	Yes	124
SPDR Retail ETF	XRT	40.86	KZR	53	0.35	47	364	Yes	*
Consumer Staples									
Consumer Staples Sel. Sector SPDR									
iShares DJ US Consumer Goods	IYK	58.63	IYKIV	150	0.48	343	77	Yes	126
Rydex S&P Eq. Wght. Cnsmr. Stpls.	RHS	47.81	RHSIV	60	0.50	7	na	No	*
Vanguard Consumer Staples ETF	VDC	63.02	HVP	105	0.26	251	32	Yes	127
PowerShares Dynamic Food & Beverage	PBJ	15.98	FJW	30	0.60	30	19	Yes	*
PowerShares Dynamic Cnsmr. Staples	PSL	25.47	PSLIV	60	0.60	15	na	Yes	*
Energy									
Energy Select Sector SPDR									
iShares DJ US Energy	IYE	99.65	IYEIV	73	0.48	856	85	Yes	129
Rydex S&P Eq. Wght. Energy	RYE	49.12	RYEIV	31	0.50	8	na	No	*
Vanguard Energy ETF	VDE	84.10	DVO	146	0.26	365	54	Yes	130
iShares DJ US Oil Equipment & Serv.	IEZ	45.56	IEZIV	56	0.48	66	31	No	*
iShares DJ US Oil & Gas Exp. & Prod.	IEO	48.79	IEOIV	51	0.48	54	27	No	*
Oil Service HOLDERS	OIH	139.91	OXH	18	0*	3,806	11,952	Yes	131
PowerShares Dyn. Energy & Exp.	PXE	18.91	HKC	30	0.60	103	120	Yes	132
PowerShares Dyn. Oil & Gas Services	PXJ	19.97	HKM	30	0.60	281	175	Yes	133
PowerShares FTSE RAFI Energy	PRFE	55.56	PRFEIV	48	0.60	28	na	No	*
PowerShares Dynamic Energy	PXI	27.74	PXIIV	60	0.60	17	na	Yes	*
SPDR Oil & Gas Equip. & Services ETF	XES	29.52	KZK	27	0.35	31	21	Yes	*
SPDR Oil & Gas Expl. & Drilling ETF	XOP	38.43	KZO	37	0.35	47	98	Yes	*
Financials									
Financial Select Sector SPDR									
iShares DJ US Financial	IYF	114.05	IYFIV	298	0.48	540	38	Yes	135
Rydex S&P Eq. Wght. Financials	RYF	49.00	RYFIV	105	0.50	7	na	No	*
Vanguard Financials ETF	VFH	63.28	HVF	541	0.26	182	20	Yes	136
iShares DJ US Financial Services	IYG	130.42	IYGV	141	0.48	473	59	Yes	137
iShares DJ US Broker Dealers	IAI	52.22	KOC	25	0.48	118	58	No	138
iShares DJ US Insurance	IAK	52.26	KSF	77	0.48	13	8	No	*
iShares DJ US Regional Banks	IAT	50.09	KAT	81	0.48	18	12	No	*
PowerShares Dynamic Insurance	PIC	17.88	HKI	30	0.60	52	36	Yes	*
PowerShares FTSE RAFI Financials	PRFF	52.38	PRFFIV	218	0.60	21	na	Yes	*
PowerShares Dynamic Banking Portfolio	PJB	24.64	PJBIV	30	0.60	15	na	Yes	*
PowerShares Dynamic Financial	PFI	25.23	PFIIV	60	0.60	15	na	Yes	*
Regional Bank HOLDERS	RKH	158.39	XRH	19	0*	243	453	Yes	139
streetTRACKS KBW Bank ETF	KBE	57.23	KHE	24	0.35	123	109	No	140
streetTRACKS KBW Capital Mkts. ETF	KCE	64.67	KPE	24	0.35	105	158	No	*
streetTRACKS KBW Insurance ETF	KIE	55.20	KIH	24	0.35	113	106	No	141
streetTracks KBW Regional Banking ETF	KRE	48.97	KZE	50	0.35	68	259	Yes	142

* We do not publish profiles on ETFs with less than \$75 million in assets or that started trading in the 30 days prior to the publication of this report.

US-Listed Exchange-Traded Funds (cont'd)

	Trading Symbol	11/8/2006 Price (\$)	Intraday NAV Symbol	Approx # Securities in Fund	Expense Ratio (%)	Total Assets (\$ Mil)	Avg Daily Volume (1000/shrs)	Options Avail.	Page
US Sector and Industry ETFs (Contd)									
Health Care- Broad Based									
Health Care Select Sector SPDR	XLV	33.22	NXV	56	0.24	1,887	1,040	Yes	143
iShares DJ US Healthcare	IYH	65.94	IYHIV	162	0.48	1,291	120	Yes	144
PowerShares FTSE RAFI Health Care	PRFH	49.89	PRFHIV	71	0.60	24	na	No	*
Rydex S&P Eq. Wght. Health Care	RYH	49.53	RYHIV	48	0.50	7	na	No	*
Vanguard Health Care ETF	VHT	57.11	HVH	276	0.26	418	54	Yes	145
iShares DJ US Health Care Provides	IHF	50.28	IHFIV	47	0.48	32	96	No	*
iShares DJ Medical US Devices	IHI	49.31	IHIIV	43	0.48	32	9	No	*
PowerShares Dynamic Healthcare	PTH	25.30	PTHIV	60	0.60	15	na	No	*
PowerShares Dynamic Hlthcr. Services	PTJ	24.60	PTJIV	30	0.60	14	na	No	*
Health Care- Biotechnology									
Biotech HOLDRS	BBH	192.13	IBH	17	0*	1,536	300	Yes	146
First Trust Amex Biotechnology	FBT	24.26	EBT	20	0.60	30	18	No	*
iShares Nasdaq Biotechnology	IBB	81.00	IBBIV	166	0.48	1,975	1,107	Yes	147
PowerShares Dyn. Biotech & Genome	PBE	18.74	BJD	30	0.60	256	121	Yes	148
SPDR Biotech ETF	XBI	50.93	BIS	29	0.35	57	13	Yes	*
Health Care- Pharmaceuticals									
iShares DJ US Pharmaceuticals	IHE	53.05	IHEIV	39	0.48	54	18	No	*
Pharmaceutical HOLDRS	PPH	77.21	IPH	20	0*	1,541	920	Yes	149
PowerShares Dynamic Pharmaceuticals	PJP	18.20	AJT	30	0.60	89	47	Yes	150
SPDR Pharmaceuticals ETF	XPH	34.37	KZP	21	0.35	44	16	Yes	*
Industrials									
Industrial Select Sector SPDR	XLI	34.66	TXV	52	0.24	1,133	1,689	Yes	151
iShares DJ US Industrial	IYJ	64.08	IYJIV	21	0.48	290	24	Yes	152
PowerShares Aerospace & Defense	PPA	17.59	HKR	58	0.60	98	108	Yes	153
PowerShares Dynamic Industrials	PRN	26.08	PRNIV	60	0.60	15	na	Yes	*
PowerShares FTSE RAFI Industrials	PRFN	53.08	PRFNIV	151	0.60	32	na	No	*
Rydex S&P Eq. Wght. Industrials	RGI	50.15	RGIIV	53	0.50	7	na	No	*
Vanguard Industrials ETF	VIS	64.60	DVL	317	0.26	134	18	Yes	154
iShares DJ US Aerospace & Defense	ITA	51.03	ITAIV	31	0.48	91	22	No	155
iShares DJ Transportation Average	IYT	84.77	IYTIV	21	0.48	378	638	Yes	156
Information Technology- Broad Based									
iShares DJ US Technology	IYW	53.59	IYWIV	229	0.48	671	120	Yes	157
iShares Goldman Sachs Technology	IGM	50.34	IGMIV	234	0.48	280	94	Yes	158
PowerShares FTSE RAFI Telcm.& Tech.	PRFQ	53.05	PRFQIV	109	0.60	26	na	No	*
Rydex S&P Eq. Wght. Technology	RYT	48.87	RYTIV	79	0.50	7	na	No	*
streetTRACKS Morgan Stanley Tech.	MTK	55.47	JMT	35	0.50	145	32	No	159
Technology Select Sector SPDR	XLK	23.04	KXV	88	0.25	2,037	2,289	Yes	160
Vanguard Information Technology ETF	VGT	51.85	HVI	391	0.26	213	26	Yes	161
First Trust NASDAQ-100-Tech. Sector	QTEC	19.97	QTECI	43	0.60	23	14	No	*
PowerShares Dyn. Hrdwre & Cons. Elec.	PHW	16.97	HKH	30	0.60	8	9	Yes	*
PowerShares Dynamic Technology	PTF	25.74	PTFIV	60	0.60	15	na	Yes	*
Information Technology- Internet									
Internet HOLDRS	HHH	53.74	HHI	12	0*	367	311	Yes	162
B2B Internet HOLDRS	BHH	2.19	BUXB	5	0*	18	52	No	*
Internet Architecture HOLDRS	IAH	40.49	XAH	20	0*	77	35	Yes	*
Internet Infrastructure HOLDRS	IIH	5.54	YIH	10	0*	54	250	No	*
First Trust DJ Internet Index Fund	FDN	22.72	HDN	40	0.60	26	7	No	*
Information Technology- Networking									
Broadband HOLDRS	BDH	16.35	XDH	20	0*	108	191	Yes	163
iShares Goldman Sachs Networking	IGN	31.23	IGNIV	32	0.48	233	189	Yes	164
PowerShares Dynamic Networking	PXQ	16.88	EJR	30	0.60	25	26	Yes	*
Information Technology- Semiconductor									
iShares Goldman Sachs Semiconductor	IGW	61.09	IGWIV	55	0.48	321	229	Yes	165
PowerShares Dynamic Semiconductors	PSI	17.08	SJG	30	0.60	64	74	Yes	*
Semiconductor HOLDRS	SMH	33.86	XSH	19	0*	1,664	17,968	Yes	166
SPDR Semiconductor ETF	XSD	49.72	SCY	22	0.35	42	48	Yes	*
Information Technology- Software									
iShares Goldman Sachs Software	IGV	44.88	IGVIV	43	0.48	267	162	Yes	167
PowerShares Dynamic Software	PSJ	19.39	CJK	30	0.60	87	55	Yes	168
Software HOLDRS	SWH	40.45	XWH	13	0*	171	190	Yes	169

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US Sector and Industry ETFs (Contd)									
Materials									
iShares DJ US Basic Materials	IYM	57.26	IYMIV	81	0.48	437	77	Yes	170
Materials Select Sector SPDR	XLB	33.66	BXV	30	0.25	914	3,187	Yes	171
Rydex S&P Eq. Wght. Materials	RTM	49.37	RTMIV	31	0.50	7	na	No	*
Vanguard Materials ETF	VAW	68.36	HVW	119	0.26	117	10	Yes	172
PowerShares FTSE RAFI Materials	PRFM	54.14	PRFMIV	51	0.60	27	na	No	*
Powershares Dynamic Basic Materials	PYZ	26.67	PYZIV	60	0.60	16	na	Yes	*
Market Vectors Steel Sector ETF	SLX	44.57	KLX	39	0.55	40	na	No	*
Natural Resources									
iShares Goldman Sachs Nat. Resource	IGE	99.60	IGEIV	120	0.48	1,367	104	No	173
Market Vectors Gold Miners ETF	GDX	38.26	GMI	44	0.55	433	593	Yes	174
SPDR Metals & Mining ETF	XME	47.76	KZD	26	0.35	29	16	Yes	*
Real Estate									
iShares Cohen & Steers Realty	ICF	94.31	ICFIV	30	0.35	2,552	259	Yes	175
iShares DJ US Real Estate	IYR	79.21	IYRIV	85	0.48	1,810	1,659	Yes	176
streetTRACKS Wilshire REIT	RWR	83.73	EWR	86	0.25	1,268	70	No	177
Vanguard REIT ETF	VNQ	73.61	NVZ	103	0.12	1,322	74	Yes	178
Telecommunication Services									
iShares DJ US Telecommunications	IYZ	28.85	IYZIV	25	0.48	838	463	Yes	179
PowerShares Dyn. Telecom & Wireless	PTE	18.51	HKZ	30	0.60	28	20	Yes	*
Telecom HOLDRS	TTH	34.34	ITH	14	0*	294	233	Yes	180
Vanguard Telecom Services ETF	VOX	71.76	DVT	44	0.26	134	25	Yes	181
Wireless HOLDRS	WMH	60.92	IWH	19	0*	64	12	Yes	*
Utilities									
iShares DJ US Utilities	IDU	87.30	IDUIV	74	0.48	755	62	Yes	182
PowerShares Dynamic Utilities	PUI	18.66	HKV	30	0.60	58	70	Yes	*
PowerShares FTSE RAFI Utilities	PRFU	53.43	PRFUIV	72	0.60	21	na	No	*
Rydex S&P Eq. Wght. Utilities	RYU	54.71	RYUIV	42	0.50	8	na	No	*
Utilities HOLDRS	UTH	127.94	XUH	19	0*	254	197	Yes	183
Utilities Select Sector SPDR	XLU	35.65	UXV	31	0.25	3,255	4,035	Yes	184
Vanguard Utilities ETF	VPU	74.68	HVJ	89	0.26	151	32	Yes	185
International ETFs									
Developed Markets									
BLDRS Developed Markets 100 ADR	ADRD	28.51	ADRD1	100	0.30	77	22	No	*
iShares MSCI EAFE	EFA	71.30	EFAIV	811	0.35	33,044	3,554	Yes	191
iShares MSCI EAFE Growth	EFG	65.90	EFGIV	539	0.40	341	28	No	192
iShares MSCI EAFE Value	EFV	69.71	EFVIV	534	0.40	610	88	No	193
WisdomTree DIEFA	DWM	59.02	DWMIV	574	0.48	29	10	No	*
WisdomTree DIEFA High-Yielding	DTH	59.18	DTHIV	346	0.58	53	17	No	*
WisdomTree Int'l LC Dividend	DOL	58.85	DOLIV	258	0.48	29	10	No	*
WisdomTree Int'l MC Dividend	DIM	59.70	DIMIV	367	0.58	30	11	No	*
WisdomTree Int'l SC Dividend	DLS	58.21	DLSIV	542	0.58	58	19	No	*
WisdomTree Int'l Dividend Top 100	DOO	60.31	DOOIV	95	0.58	84	25	No	*
WisdomTree Int'l Communications	DGG	27.22	DGGIV	125	0.58	5	na	No	*
WisdomTree Int'l Cnsmr. Cyclical	DPC	26.73	DPCIV	326	0.58	5	na	No	*
WisdomTree Int'l Cnsmr. Non-Cyclical	DPN	25.77	DPNIV	273	0.58	5	na	No	*
WisdomTree Int'l Basic Materials	DBN	27.24	DBNIV	147	0.58	5	na	No	*
WisdomTree International Energy	DKA	27.22	DKAIV	45	0.58	5	na	No	*
WisdomTree International Financial	DRF	26.28	DRFIV	369	0.58	5	na	No	*
WisdomTree International Health Care	DBR	25.49	DBRIV	79	0.58	5	na	No	*
WisdomTree International Industrial	DDI	26.55	DDIIV	391	0.58	5	na	No	*
WisdomTree International Technology	DBT	25.22	DBTIV	82	0.58	5	na	No	*
WisdomTree International Utilities	DBU	26.57	DBUIV	59	0.58	5	na	No	*
Emerging Markets									
BLDRS Emerging Markets 50 ADR	ADRE	35.33	ADREI	50	0.30	305	208	Yes	194
Claymore/BNY BRIC ETF	EEB	27.95	EED	73	0.60	60	na	No	*
iShares MSCI Emerging Markets	EEM	105.47	EEMIV	270	0.75	13,723	5,898	Yes	195
Vanguard Emerging Markets ETF	VWO	72.58	HVO	752	0.30	1,660	144	Yes	196

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International ETFs (Contd)									
Asia/Pacific									
	BLDRS Asia 50 ADR	ADRA 31.10	ADRAI	50	0.30	102	22	Yes	197
	iShares MSCI Pacific ex-Japan	EPP 121.40	EPPIV	180	0.50	2,277	100	No	198
	Vanguard Pacific ETF	VPL 64.29	SVY	370	0.18	685	62	Yes	199
	WisdomTree Pacific ex-Jpn. Total Div.	DND 58.79	DNDIV	218	0.48	18	9	No	*
	WisdomTree Pacific ex-Jpn High-Yldg Div.	DNH 57.99	DNHIV	94	0.58	23	12	No	*
	iShares MSCI Australia	EWA 23.31	EWAIV	88	0.59	775	456	Yes	200
	iShares FTSE/Xinhua China 25	FXI 88.00	FXIIV	26	0.74	3,760	517	Yes	201
	PowerShares Gldn Drgn China	PGJ 17.37	TGJ	54	0.60	255	105	Yes	202
	iShares MSCI Hong Kong	EWK 15.05	EWKIV	42	0.59	1,034	1,551	Yes	203
	iShares MSCI Malaysia	EWM 8.32	EWMIV	59	0.59	389	882	No	204
	iShares MSCI Singapore	EWS 10.36	EWSIV	38	0.59	823	845	No	205
	iShares MSCI South Korea	EWY 48.03	EWYIV	90	0.74	1,636	883	No	206
	iShares MSCI Taiwan	EWT 13.66	EWTIV	100	0.74	1,913	2,923	Yes	207
Europe									
	BLDRS Europe 100 ADR	ADRU 28.90	ADRUI	100	0.30	35	12	No	*
	Europe 2001 HOLDERS	EKH 79.73	EKI	40	0*	19	2	Yes	*
	iShares S&P Europe 350	IEV 102.47	IEVIV	342	0.60	2,244	149	Yes	208
	streetTRACKS Dow Jones STOXX 50	FEU 47.33	FEUIV	50	0.33	76	25	No	*
	Vanguard European ETF	VGK 66.85	SVK	374	0.18	1,251	150	Yes	209
	iShares MSCI EMU	EZU 99.52	EZUIV	289	0.59	2,057	97	No	210
	streetTRACKS DJ Euro STOXX 50	FEZ 52.05	FEZIV	50	0.33	321	114	No	211
	WisdomTree Europe Total Dividend	DEB 59.50	DEBIV	301	0.48	12	9	No	*
	WisdomTree Europe HY Equity	DEW 59.53	DEWIV	140	0.58	24	12	No	*
	WisdomTree Europe SC Dividend	DFE 60.12	DFEIV	440	0.58	30	8	No	*
	iShares MSCI Austria	EWO 33.73	EWOIV	21	0.59	386	95	No	212
	iShares MSCI Belgium	EWK 24.76	EWKIV	22	0.59	212	96	No	213
	iShares MSCI France	EWQ 32.91	EWQIV	62	0.59	192	162	No	214
	iShares MSCI Germany	EWG 25.61	EWGIV	52	0.59	872	517	No	215
	iShares MSCI Italy	EWI 32.30	EWIIV	34	0.59	189	58	No	216
	iShares MSCI Netherlands	EWN 25.71	EWNIV	26	0.59	198	142	No	217
	iShares MSCI Spain	EWP 51.98	EWPVIV	35	0.59	559	171	No	218
	iShares MSCI Sweden	EWD 29.76	EWDIV	47	0.59	268	125	No	219
	iShares MSCI Switzerland	EWL 24.15	EWLIV	39	0.59	217	112	No	220
	iShares MSCI United Kingdom	EWU 23.39	EWUIV	159	0.59	926	263	No	221
Japan									
	iShares MSCI Japan	EWJ 13.63	EWJIV	316	0.59	13,403	13,175	Yes	222
	iShares S&P/TOPIX 150	ITF 120.40	ITFIV	150	0.50	321	13	Yes	223
	WisdomTree Japan Total Dividend	DXJ 52.91	DXJIV	268	0.48	26	7	No	*
	WisdomTree Japan HY Equity	DNL 54.17	DNLIV	203	0.58	27	7	No	*
	WisdomTree Japan SC Dividend	DFJ 48.89	DFJIV	496	0.58	10	9	No	*
Latin America									
	iShares S&P Latin America 40	ILF 159.40	ILFIV	38	0.50	1,369	212	Yes	224
	iShares MSCI Brazil	EWZ 43.95	EWZIV	54	0.74	2,742	3,718	Yes	225
	iShares MSCI Mexico	EWV 47.35	EWVIV	28	0.59	1,135	2,314	No	226
North America									
	iShares MSCI Canada	EWC 25.26	EWCIV	109	0.59	1,094	609	Yes	227
South Africa									
	iShares MSCI South Africa	EZA 106.35	EZAIV	50	0.74	329	74	No	228
Global ETFs									
Broad Market									
	iShares S&P Global 100	IOO 73.61	IOOIV	102	0.40	602	45	Yes	229
	Market 2000+ HOLDERS	MKH 60.32	XKH	55	0*	44	3	Yes	*
	streetTRACKS DJ Global Titans	DGT 74.59	UGT	45	0.50	159	22	Yes	230
Global Sectors									
	iShares S&P Global Consumer Disc.	RXI 56.02	RXIIV	182	0.48	28	na	No	*
	iShares S&P Global Energy	IXC 110.39	IXCIV	62	0.48	677	64	Yes	231
	iShares S&P Global Financial	IXG 87.82	IXGIV	225	0.48	300	28	Yes	232
	iShares S&P Global Healthcare	IXJ 57.05	IXJIV	79	0.48	732	89	Yes	233
	iShares S&P Global Industrial Sector	EXI 53.77	EXIIV	166	0.48	27	na	No	*
	iShares S&P Global Materials Sector	MXI 54.18	MXIIV	115	0.48	27	na	No	*
	iShares S&P Global Staples Sector	KXI 51.79	KXIIV	92	0.48	26	na	No	*
	iShares S&P Global Technology	IXN 56.84	IXNIV	115	0.48	156	59	Yes	234
	iShares S&P Global Telecom	IXP 61.31	IXPIV	43	0.48	164	27	Yes	235
	iShares S&P Global Utilities Sector	JXI 53.69	JXIIV	70	0.48	27	na	No	*

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November 14, 2006
Exchange-Traded Funds

US-Listed Exchange-Traded Funds (cont'd)

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US Fixed Income ETFs									
iShares Lehman 1-3 Year Treasury	SHY	80.07	SHYIV	27	0.15	5,424	471	Yes	238
iShares Lehman 7-10 Year Treasury	IEF	82.93	IEFIV	13	0.15	1,846	255	Yes	239
iShares Lehman 20+ Year Treasury	TLT	89.53	TLTIV	12	0.15	1,476	1,062	Yes	240
iShares GS \$ InvesTop Corporate	LQD	107.06	LQDIV	101	0.15	2,682	143	Yes	241
iShares Lehman Aggregate	AGG	100.07	AGGIV	123	0.20	4,461	226	Yes	242
iShares Lehman TIPS	TIP	100.41	TIPIV	21	0.20	4,034	175	Yes	243
Commodity ETFs									
PowerShares DB Commodity Index Fund	DBC	24.96	DBCIV	na	0.83	692	336	No	245
iShares GSCI Commodity Indexed Trust	GSG	41.79	GSGIV	na	0.75	89	93	No	246
iShares COMEX Gold Trust	IAU	61.18	IAUIV	na	0.40	855	156	No	247
streetTRACKS Gold Trust	GLD	61.11	GLDIV	na	0.40	8,262	4,394	No	248
United States Oil Fund	USO	53.40	UOI	na	0.85	627	1,434	No	249
iShares Silver Trust	SLV	124.17	SLVIV	na	0.50	1,364	368	No	250
Currency ETFs									
Currency Shares Australian Dollar	FXA	77.19	FXANV	na	0.40	12	3	No	*
Currency Shares British Pound Sterling	FXB	190.79	FXBNV	na	0.40	57	5	No	*
Currency Shares Canadian Dollar	FXC	88.55	FXCNV	na	0.40	40	7	No	*
CurrencyShares Euro Trust	FXE	127.70	FXENV	na	0.40	848	115	No	250
Currency Shares Mexican Peso	FXM	92.32	FXMNV	na	0.40	9	1	No	*
Currency Shares Swedish Krona	FXS	140.11	FSXNV	na	0.40	21	1	No	*
Currency Swiss Franc	FXF	80.08	FXFNV	na	0.40	24	7	No	*
PowerShares DB G10 Currency Harvest	DBV	25.49	FBV	na	0.83	55	na	No	*

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Bolding Designates Favored ETFs by market segment

Important Note on Tax Implications of ETF Strategies

The potential tax treatments of various ETF asset classes and trading strategies are discussed throughout this report, notably on pages 29–32.

Morgan Stanley does not render advice on tax and tax accounting matters to clients. This material was not intended or written to be used, and it cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under US federal tax laws.

ETF Market Overview and Advantages

Index-linked ETFs may serve as attractive investment alternatives. In our view, ETFs are compelling investments for exposure to many asset classes 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, baskets of stocks, currencies or commodities. 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, countries, or commodities.

There are currently 254 ETFs that provide exposure to US equity markets. The largest ETF managers include Barclays Global Investors (iShares), State Street Global Advisors (streetTRACKs and SPDRs), Bank of New York (QQQQ, MDY, BLDs), Vanguard, Merrill Lynch (HOLDs), World Gold Trust, PowerShares, Rydex, ProShares, WisdomTree, DB Commodity Services, Victoria Bay, Van Eck, Claymore, First Trust, and Fidelity. Several ETFs offer exposure to duplicate or similar indexes; however, there are structural differences in the products and indexes. We believe investors should favor ETFs that best meet their investment objectives with the lowest operating expenses and reasonable liquidity.

US equity ETF profiles begin on page 37

There are 80 ETFs that provide international equity exposure. Many international ETFs are iShares based on MSCI Indexes, but others are based on S&P, Bank of New York ADR, Dow Jones STOXX, and WisdomTree indexes.

International equity ETF profiles begin on page 191

Six ETFs offer US fixed-income exposure. They are all iShares based on Lehman Treasury and Aggregate Indexes and a Goldman Sachs Corporate Bond Index.

Fixed-Income ETF profiles begin on page 238

There are 14 ETFs that provide exposure to alternative asset classes including gold, silver, oil, broad based commodities and currencies. Three commodity ETFs hold the physical commodity in which they invest, while three other ETFs utilize commodity futures. The currency ETFs invest in foreign time deposits or currency futures.

Commodity/Currency profiles begin on page 245

ETF Advantages

Index-linked ETFs trade on major exchanges. This allows investors to buy and sell them at stated market prices. In contrast to open-end funds that price once a day at the 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. They can be bought on margin, purchased using limit and stop loss orders, and many have listed options. This open trading prevents opportunities for market timing in which some investors buy open-end funds investing in foreign markets that closed before US trading started. For example, on a day when the US market is higher, ETFs based on a Japan index usually trade up in anticipation of higher prices in Japan overnight. In this case, open-end 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 open-end mutual funds, but the range has widened as some providers cut fees while certain newer products have higher fees (Exhibit 1). For example, the Vanguard Total Stock Market Index Fund (VTI) has an expense ratio of seven basis points (bps), while the average actively managed domestic equity open-end fund has 150 bps in expenses. ETF expense ratios also compare

Exhibit 1

Expense Ratios of ETFs vs. Open-End Mutual Funds

	Average	Range
Exchange-Traded Funds*:		
US Major Market ETFs	28 bps	7-60 bps
US Specialty Market ETFs	69 bps	28-95 bps
US Style ETFs	29 bps	11-65 bps
US Sector/Industry ETFs	46 bps	12-60 bps
All US Equity ETFs	43 bps	7-95 bps
International Equity ETFs	54 bps	18-75 bps
All Equity ETFs	45 bps	7-95 bps
Fixed-Income ETFs	17 bps	15-20 bps
Open-end Mutual Funds**:		
Actively Managed Domestic Equity	150 bps	
Actively Managed International Equity	170 bps	
Passive/Indexing Domestic Equity	72 bps	
Passive/Indexing International Equity	99 bps	
Passive/Indexing Fixed-Income	43 bps	

Source: Company data, Morgan Stanley Research. *Average expense ratio, excluding HOLDs. **Morningstar 3/31/06. 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

favorably to the average expense ratio of 72 bps for passive/indexed domestic equity open-end mutual funds. In addition, ETFs typically have much lower portfolio and investor turnover, which leads to lower internal transaction and processing costs. The buying and selling of securities within a fund leads to costs including commissions, bid-ask spreads, and market impact. Investor turnover also increases processing and reporting costs, which are borne by long-term investors. ETF investors, however, generally have to pay commissions to buy or sell shares. ETF and open-end fund expenses are deducted from net asset values, which may lead to underperformance over time relative to their benchmarks.

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 the oldest ETF, SPY, versus the S&P open-end funds designed to track the same S&P 500 Index. While SPY's distributions were almost nonexistent, the open-end funds had average distributions equal to 1.68% of NAV.

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	1.33
1994	0.00	1.33
1995	0.00	4.76
1996	0.12	2.43
1997	0.00	3.72
1998	0.00	2.24
1999	0.00	1.79
2000	0.00	2.20
2001	0.00	0.51
2002	0.00	0.11
2003	0.00	0.14
2004	0.00	0.50
2005	0.00	0.81
Average	0.01	1.68

* Year-end NAV. **Average open-end S&P 500 fund. Source: Bloomberg

Exhibit 3

Open-end Funds that Underperformed Benchmark

	Value	Blend	Growth
Large	80%	80%	60%
Medium	76%	57%	56%
Small	69%	58%	36%

Based on Lipper data for the past 15 years, ending December 31, 2005. Dow Jones Wilshire Indexes were used from the respective indexes. Sources: Lipper, SSGA Advisor Consulting Services.

Historically, actively managed open-end funds have underperformed their benchmarks. According to Lipper, the majority of open-end funds underperformed representative benchmarks over the past fifteen years (Exhibit 3). This was most prevalent for large-cap funds, where 80% of value, 80% of blend, and 60% of growth managers underperformed. If these returns were calculated on an after-tax basis, active manager underperformance would be even more dramatic, in our view.

The market price and net asset value (NAV) 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 securities 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 NAV 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 4–10 and on the individual ETF profile pages.

ETF Investment Applications

ETFs have many investment applications. Broad-based ETFs can serve as diversified core holdings, while style, sector and industry ETFs can be used to complete parts of a portfolio or for tactical strategies. We believe ETFs generally work well within asset allocation models. They provide efficient ways to diversify into international markets, fixed-income and alternative assets. Another benefit is that ETFs are complementary to most other investment vehicles. They can be used together with common stocks, privately managed assets, and other fund products.

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

ETFs can be used to efficiently implement asset allocation models. Morgan Stanley currently maintains two distinct asset allocation models. The equity portion of the Global Wealth Management (GWM) Asset Allocation Frameworks, can be implemented using six US style and three international equity ETFs (Exhibits 4–5). In our view, this model has two primary applications:

1) The construction of 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.

2) 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 could serve as a core. In an effort to increase returns, shorter-term tactical strategies, such as stock, sector, style, or country overweights may 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 strategies to try to increase returns.

Morgan Stanley Chief US Strategist Henry McVey also maintains a sector model. A large-cap US sector model can be closely replicated with ten ETFs (Exhibit 6). This model may be attractive to investors wishing to gain exposure to certain sectors or pursuing a more aggressive trading strategy.

ETFs offer an efficient way to gain international exposure. Most ETFs are well diversified and thus we believe they are typically less volatile than individual stocks. They can also

provide convenient investments in markets that might be inaccessible. Investors seeking simple core international equity exposure might use ETFs based on the MSCI EAFE, Europe, Pacific, or Emerging Markets Indexes. Others might choose to design a portfolio of regional or single-country ETFs.

ETFs also offer a way to gain exposure to fixed-income and alternative investments. ETFs are available for short- and long-maturity Treasuries as well as the Corporate, Aggregate and Treasury Inflation Protected (TIPs) market. ETFs can also provide exposure to gold and silver bullion, oil and broad based commodity indexes and foreign currency.

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, bonds, or mutual funds. This allows investors to preserve a portfolio while protecting it from overall market losses. In a market decline, profits on an ETF short position could offset losses incurred by the portfolio. Listed options are available on many ETFs and can also 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 securities. 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 needs. ETFs 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 securities from a tax standpoint. The wash-sale rules, which disallow a loss on a security if the same security is repurchased within 30 days, apply in a slightly different manner to ETFs. For example, an investor could take a loss on one sector ETF 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 (please see pages 31–32).

Morgan Stanley Global Wealth Management (GWM) Asset Allocation Frameworks

A number of GWM Asset Allocation Frameworks are available. David Darst, GWM Chief Investment Strategist, and Barbara Reinhard, Deputy Chief Investment Strategist, maintain GWM Asset Allocation Frameworks reflecting the views of the Morgan Stanley GWM Asset Allocation Committee. These frameworks are primarily designed for Morgan Stanley's Global Wealth Management (GWM) clients. They are based on three investor risk tolerances (conservative, moderate, and aggressive) and four segments of investable assets. Exhibit 4 lists the twelve suggested tactical allocations for taxable investors.

The suggested equity allocations of these frameworks can be achieved by purchasing nine ETFs. Exhibit 5 includes an example of the approximate number of shares of each ETF that a taxable investor would need to purchase to replicate the equity portion of the moderate framework with

\$1 Million. This example includes our favored ETF for each asset class, which are well diversified and offer low relative expense ratios. Criteria for our selection of ETFs include underlying index composition, performance, expense ratios, size and liquidity.

ETFs can also be used to gain exposure to some of the non-equity portions of the frameworks. We favor the iShares Lehman Aggregate Bond Fund (AGG) for US investment-grade fixed-income, the iShares Lehman 1-3 Yr Treasury Bond Fund (SHY) for short-term US investment-grade fixed-income, the Vanguard REIT ETF (VNQ) for real estate, the iShares Goldman Sachs Natural Resources (IGE) and the streetTRACKS Gold Trust (GLD) for real assets, and the iShares Lehman TIPS Bond Fund (TIP) for inflation-indexed securities.

Exhibit 4

Morgan Stanley's GWM Tactical Asset Allocation Frameworks for Taxable US Individual Investors

Asset Class	Tactical Taxable US Dollar/US Oriented Investors											
	Investible Assets											
	< \$100,000			\$100,000 to \$1 Mil			\$1 Mil to \$20 Mil			> \$20 Mil		
	Con (%)	Mod (%)	Agg (%)	Con (%)	Mod (%)	Agg (%)	Con (%)	Mod (%)	Agg (%)	Con (%)	Mod (%)	Agg (%)
Equity	45.0	58.0	76.0	45.0	56.0	70.0	39.0	48.0	57.0	39.0	48.0	57.0
US Equity	32.0	40.0	54.0	32.0	38.0	48.0	26.0	30.0	35.0	26.0	30.0	35.0
Large Cap Growth	16.0	19.0	26.0	16.0	18.0	23.0	13.0	14.0	17.0	13.0	14.0	17.0
Large Cap Value	14.0	17.0	24.0	14.0	16.0	21.0	11.0	12.0	14.0	11.0	12.0	14.0
Mid Cap Growth	0.7	1.4	1.4	0.7	1.4	1.4	0.7	1.4	1.4	0.7	1.4	1.4
Mid Cap Value	0.7	1.4	1.4	0.7	1.4	1.4	0.7	1.4	1.4	0.7	1.4	1.4
Small Cap Growth	0.3	0.6	0.6	0.3	0.6	0.6	0.3	0.6	0.6	0.3	0.6	0.6
Small Cap Value	0.3	0.6	0.6	0.3	0.6	0.6	0.3	0.6	0.6	0.3	0.6	0.6
Non-US Equity	13.0	18.0	22.0	13.0	18.0	22.0	13.0	18.0	22.0	13.0	18.0	22.0
Europe	8.0	11.0	12.0	8.0	11.0	12.0	8.0	11.0	12.0	8.0	11.0	12.0
Japan	5.0	5.0	7.0	5.0	5.0	7.0	5.0	5.0	7.0	5.0	5.0	7.0
Emerging Markets	0.0	2.0	3.0	0.0	2.0	3.0	0.0	2.0	3.0	0.0	2.0	3.0
Fixed Income	39.0	30.0	14.0	37.0	27.0	14.0	32.0	24.0	14.0	30.0	22.0	11.0
US Fixed Income	39.0	30.0	14.0	37.0	27.0	14.0	32.0	24.0	14.0	30.0	22.0	11.0
Investment Grade	37.0	27.0	11.0	35.0	24.0	11.0	30.0	21.0	11.0	28.0	19.0	8.0
Short-Term Investment Grade	2.0	3.0	3.0	2.0	3.0	3.0	2.0	3.0	3.0	2.0	3.0	3.0
High Yield	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-US Fixed Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
International	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerging Markets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Alternative Investments	2.0	2.0	2.0	6.0	6.0	6.0	17.0	18.0	21.0	20.0	22.0	26.0
Real Estate & REITs	0.0	0.0	0.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Real Assets	0.0	0.0	0.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Private Equity/Venture Capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.0	4.0	5.0
Managed Futures Funds	0.0	0.0	0.0	0.0	0.0	0.0	4.0	4.0	4.0	4.0	4.0	4.0
Hedge Funds or Funds of Funds	0.0	0.0	0.0	0.0	0.0	0.0	7.0	8.0	11.0	7.0	8.0	11.0
Inflation-Indexed Securities	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Cash/Cash Equivalent	14.0	10.0	8.0	12.0	11.0	10.0	12.0	10.0	8.0	11.0	8.0	6.0

Source: Morgan Stanley GWM Asset Allocation Group. Data are as of November 10, 2006. Certain frameworks may combine or separate small- and mid-cap market segments according to financial market outlook, investor preference, and the universe of available investments for each respective size, market-cap, and style category

Small- and mid-cap style segments may be combined.

Investors may wish to combine the growth and value allocations within the small- and mid-cap market segments of the frameworks because of their small relative size (1–2%). This may appeal to investors particularly when growth and value weights are the same. This can be accomplished by using two instead of four ETFs. To gain exposure to a blend of growth and value, we favor the iShares S&P 400 Index Fund (IJH) for mid-cap equities and the iShares S&P 600 Index Fund (IJR) for small caps equities. These funds have lower expense ratios (by 5 bps) and offer higher liquidity than their component growth and value ETFs.

Global Wealth Management (GWM) Market Outlook

Changes were made to the Tactical Allocation

Frameworks on October 9, 2006. Exposure to US Large Cap Growth and Value Equity, European Equity and Cash was increased. The offsets for these changes were reductions to US Small/Mid Cap Growth Equity, Japanese Equity and Hedge Funds / Fund of Funds.

Exposures to US Large Cap Growth and Value Equities and European Equities were increased in the Tactical Conservative, Moderate, and Aggressive frameworks by 1% each. In the Committee's opinion, these markets represent relatively good value at 13.9 and 11.2 times 12-month forward earnings, respectively. Exposure to US Small/Mid Cap stocks was reduced by 1% in each of these frameworks as the Committee believes a rotation into large cap and out of more cyclically driven small- and mid-cap equities is now underway. A 20% reduction to Japan Equity was also made as the Committee prefers the valuations and less cyclically geared markets in the US and Europe.

Allocations to cash in the tactical frameworks were increased by 2% at the expense of a 2% reduction to Hedge Funds or Fund of Funds. The committee believes that the alpha generation environment and rapid growth of assets under management in the hedge fund industry may lead to relatively lackluster returns of hedge funds over the near term. The proceeds from this reduction have been allocated to cash as it offers competitive yields to investment grade bonds, which the committee believes are expensive.

Exhibit 5

Implementation of Equity Portion of the GWM Tactical Framework* with ETFs - \$1 Million Portfolio

Asset Class	Portfolio Wgt (%)	Equity Wgt (%)	Representative ETF	Sym	Price (\$) 11/9/06	No. of Shares	Dollars (\$) Invested
Equity	48.0	100.0					1,000,000
US Equity							
Large Cap Growth	14.0	29.2	iShares S&P 500 Growth	IVW	63.74	4,576	291,667
Large Cap Value	12.0	25.0	iShares S&P 500 Value	IVE	74.34	3,363	250,000
Mid Cap Growth	1.4	2.9	iShares S&P MidCap 400 Growth	IJK	78.55	371	29,167
Mid Cap Value	1.4	2.9	iShares S&P MidCap 400 Value	IJJ	77.43	377	29,167
Small Cap Growth	0.6	1.3	iShares S&P SmallCap 600 Growth	IJT	125.18	100	12,500
Small Cap Value	0.6	1.3	iShares S&P SmallCap 600 Value	IJS	73.20	171	12,500
Total US Equity	30.0	62.5					625,000
International Equity							
Europe	11.0	22.9	Vanguard European Vipers	VGK	66.53	3,445	229,167
Japan	5.0	10.4	iShares MSCI Japan	EWJ	13.46	7,739	104,167
Emerging Markets	2.0	4.2	iShares MSCI Emerging Markets	EEM	105.83	394	41,667
Total International Equity	18.0	37.5					375,000
Total	48.0	100.0					1,000,000

Source: Morgan Stanley GWM Asset Allocation Group, FactSet. *For a taxable US dollar/US oriented investor with a moderate risk profile and \$1 Million - \$20 Million in investable assets. Recommended weights as of November 9, 2006.

Morgan Stanley US Large-Cap Sector Asset Allocation Model

US strategist Henry McVey maintains a US sector-based model. The overweight and underweight positions in this model are relative to the sector weights in the S&P 500 Index. This model might be attractive to investors seeking large-cap exposure tilted toward favored sectors or to more aggressive investors seeking long or short positions in overweight or underweight sectors.

The suggested sector allocations may be achieved by purchasing ten ETFs. We use the ETFs that, in our view, provide the best exposure to each of the sectors rated by our strategists. Exhibit 6 includes the approximate number of shares of each ETF that an investor would need to purchase for a \$1 million investment. ETFs that provide exposure to sector indexes contain from 24 to more than 250 separate stocks and have relatively low expense ratios, ranging from 24 to 48 basis points (bps).

For exposure to eight of the ten sectors, we favor Select Sector SPDRs. Our strategists' sector weightings are based upon the Global Industry Classification Standard (GICS), which was developed jointly by MSCI and Standard & Poor's in order to add consistent sector classifications to major indexes worldwide. Select Sector SPDRs offer pure sector plays on eight of the ten sectors in the S&P 500. Because there are only nine Select Sector SPDRs, these ETFs do not provide pure exposure to the information technology or telecom services sectors, which are combined into a single ETF. Select Sector SPDRs also have relatively low expense ratios at 24-25 bps and high liquidity.

For exposure to technology and telecom, we favor iShares for pure exposure and ample liquidity. The iShares DJ US Technology Index Fund (IYW) offers pure exposure to technology stocks and closely tracks the S&P 500 GICS Information Technology Index. The iShares DJ US Telecom Index Fund (IYZ) offers pure exposure to telecom stocks and closely tracks the S&P 500 GICS Telecommunications Services Index.

Notable Overweight Sectors:

Financials: At 350 basis points, the Financials sector is now the largest sector overweight. Diversified financials remains the area of focus as M&A appears to be growing in as under-leveraged companies are either acquired or taken private. Robust international markets should also lead to strong trading revenues at the institutionally driven investment banks.

Health Care: We continue to overweight the Health Care sector with a 13.5% position versus the sector's 12.5% weight in the S&P 500. Big pharmaceutical stocks are coming out of their long slumber and several biotechnology names look poised to show strong growth.

Consumer Staples: After nearly three years of disappointments, earnings and valuations for the sector finally look reasonable. Importantly, this is occurring at a time where input costs are moderating.

Information Technology: Following the 100 basis point (bp) reduction to our strategists recommended weight, IT is now a more modest 100 bp overweight. However, they do believe that several semiconductor names are worth considering.

Exhibit 6

Implementation of US Sector Model with ETFs –\$1 Million Portfolio

S&P 500 GICS Sector	Morgan Stanley S&P 500 Wgt (%)	S&P 500 Wgt (%)	Basis Points Over/Under	Representative ETF	Sym	Price (\$) 11/9/06	No. of Shares	Dollars (\$) Invested
Consumer Disc	6.6	10.3	(375)	Consumer Discretionary SPDR	XLY	37.21	1,772	65,954
Consumer Staples	10.4	9.4	100	Consumer Staples SPDR	XLP	25.54	4,071	103,962
Energy	9.7	9.7	0	Energy SPDR	XLE	58.00	1,676	97,226
Financials	25.4	21.9	350	Financial SPDR	XLF	35.51	7,167	254,495
Health Care	13.5	12.5	100	Healthcare SPDR	XLV	32.44	4,163	135,052
Industrials	11.3	10.8	50	Industrials SPDR	XLI	34.45	3,281	113,039
Info Tech	16.3	15.3	100	iShares DJ US Technology	IYW	53.73	3,037	163,198
Materials*	1.2	2.9	(175)	Materials SPDR	XLB	34.03	352	11,969
Telecom Services	3.0	3.5	(50)	iShares DJ US Telecom	IYZ	28.45	1,062	30,209
Utilities	2.5	3.5	(100)	Utilities SPDR	XLU	35.64	699	24,897
Total								1,000,000

Benchmark: S&P 500 Index. Source: Morgan Stanley Research. Weights may not total 100% due to rounding. *Some investors may wish to skip an allocation to materials given our strategists' current small allocation to the sector.

US Market Sees Explosive Growth in Listings in 2006

This section is an excerpt from our November 6, 2006 report "US Market Sees Explosive Growth in Listings in 2006." It details the growth of the US-listed ETF market including an analysis of fund flows and market composition. Data, such as cash flows, total assets, average daily dollar volume, turnover, and short interest are available in the full report for 320 ETFs.

Industry Growth

The US ETF market continues to evolve and is generating robust growth in terms of both assets and new listings.

As of October 31, 2006, the market consisted of 346 ETFs, with total assets exceeding \$403 billion and average daily trading volume in excess of \$26 billion. During the third-quarter of 2006, 29 ETFs were launched in the United States and net cash flows for the industry approached \$5.5 billion. Through the end of September, net cash flows for the industry now approach \$36.7 billion (exhibit 7). On a year-to-date basis, the number of US listed ETFs has increased by 126, which represents 57% growth over the 221 US ETFs available as of the end of 2005. Assets have increased by approximately \$98 billion since the end of 2005, which represents 32% growth.

The evolution of the ETF industry is equally as impressive as its continued growth. From inception in 1993 with the launch of SPDR Trust (SPY), ETFs were designed for investors to achieve returns comparable to established equity benchmarks and to provide liquidity for active traders. Older ETFs were generally based on broad market cap weighted indexes and had low costs, low turnover and high tax efficiency. Newer ETFs include those based on fundamental indexes with new approaches to weightings, indexes using rules based models for stock selection and thematic indexes. New ETFs also give exposure to leveraged and inverse products, commodities and foreign currencies. Many newer ETFs have higher relative fees and turnover and potential tax implications.

The range of new ETFs is changing the complexity of the industry. During the first ten years, most ETFs were focused on well-known indices. However, a large number of more recently launched ETFs track new or less well-known benchmarks. This has heightened the importance of industry and analysis to help differentiate among products. We believe investors should carefully consider the investment objectives, design and structure of ETFs as their performance might deviate meaningfully from established benchmarks. For example, some newer fundamental or rules based indexes

may have a tilt towards small or large cap or growth or value stocks that have shown historical outperformance when these market segments outperformed. However, this can turn into underperformance when these market segments lag.

ETFs based on international markets continue to gain share. During the third quarter, \$2.1 billion of net new assets went into ETFs based on international markets, with the iShares MSCI EAFE (EFA) ETF taking in an additional \$1.2 billion. EFA now has net cash flows totaling almost \$4.9 billion on a year-to-date basis (Exhibit 8). Interestingly, the large-, mid- and small-cap segments of the domestic ETF market all experienced net outflows in the third quarter, while the broad-market segment had a net inflow.

ETF assets are growing rapidly, but a few providers still account for vast majority of industry assets. As of November 1, 2006, Barclays Global Investors (BGI) had \$228 billion in ETF assets, for a 57% market share, followed by State Street Global Advisors (SSGA), which had \$94 billion in assets or 23% market share (Exhibit 9). Each of the other 14 providers had less than a 7% share, and they had only \$81 billion combined in assets.

The ten largest ETFs currently account for almost 50% market share and the top 20 account for 62%. While these numbers have declined as the number of ETFs has increased, it still reflects the concentration of industry assets. The remaining 326 ETFs account for approximately \$152 billion, while the smallest 100 ETFs average just \$21 million in assets, which equates to a total of \$2.1 billion and 0.5% market share.

Daily ETF dollar volume exceeds \$26 billion, but remains concentrated. Exhibits 10 and 11 contain lists of the top 20 ETFs by net assets and average daily dollar volume. SPY and QQQ together account for more than 50% of the industry's daily dollar volume and the ten most actively traded ETFs account for almost 85%. However, these numbers are down significantly from 1999–2003 when SPY, QQQ, and DIA together averaged up to 90% of total volume.

Some ETFs have notable short interest. In aggregate, there was \$59 billion in ETF short interest as of November 1, 2006. Exhibit 12 contains a list of 30 ETFs with the highest short interest as a percent of market cap. Currently, there are eight ETFs with short interest greater than 100%, indicating that more shares are held short than are outstanding, due to multiple borrowings. However, the majority of ETFs (204) have short interest less than 5% and the average short interest among US-listed ETFs is 12%.

Several ETFs experience a high level of share turnover versus assets. Exhibit 13 includes a list of the 30 ETFs with the most frequent turnover (measured in days as a ratio of market cap relative to daily dollar volume). The average ETF sees its assets turn over approximately every 95 days, but 20 ETFs currently experience much more rapid turnover at less than 10 days, and two ETFs (RTH and OIH) see 100% of their shares turn over in less than two days. In our view, many of these ETFs are used by aggressive investors to gain targeted market exposure over very short time horizons.

ETF Provider Developments (by order of US assets)

Barclays Global Investors (BGI) is the largest provider of US listed ETFs and continues to gain market share. As of September 30, 2006, BGI had 119 ETFs that now have \$229 billion in assets for 57% of the US market. Through September, BGI took in \$29.5 billion in net new assets this year, which is over 80% of the net cash flows for the entire ETF industry. In 2006, BGI added five global sector funds and now offers ETFs on all 10 S&P global sectors. They also listed two new commodity ETFs, iShares Silver (SLV), which holds physical silver, and iShares GSCI Commodity-Indexed Trust (GSG), which uses commodity futures to track a production-weighted basket of 24 commodities. Earlier this year, BGI launched ten industry ETFs based on components of the Dow Jones Wilshire 2500 index. BGI's industry ETFs use a modified market-cap weighting. Of the new products issued by BGI this year, SLV has attracted the most assets and is the only new ETF to gather in excess of \$1 billion in assets.

State Street Global Advisors (SSGA) is the second largest ETF provider. As of September 30, 2006, SSGA had 39 ETFs that now have \$93 billion in assets for a 23% market share. Through the end of September, SSGA had net cash outflows this year of \$3.2 billion, with most of those redemptions occurring in SPDR Trust (SPY). SSGA has listed nine new ETFs in 2006, eight of which are industry-based indexes that are components of S&P Total Market Index and one that is based on the Keefe, Bruyette & Woods Regional Banking Index. Most of SSGA's industry ETFs use an equal weighting approach. Of their new products, SPDR Homebuilder ETF (XHB) has generated the most new assets and now has a market-cap of \$316 million.

As of September 30, 2006, BONY had 6 ETFs which now have almost \$28 billion in assets for a 6.9% market share. Through September, BONY had net cash outflows of \$6.8 billion this year, with most redemptions occurring in NASDAQ-100 Tracking Stock (QQQQ) and has not listed any new ETFs. NASDAQ Global Funds, the sponsor of QQQQ recently

agreed to turn over the sponsorship of QQQQ and four BLDRs to PowerShares Capital Management. However, BONY is expected to continue to manage the assets of these ETFs.

Vanguard is the fourth largest US-listed ETF provider. As of September 30, 2006, they had 26 ETFs that now have \$20 billion in assets for a 5.0% market share. Through September, Vanguard had the second largest net cash inflows this year of \$6.1 billion. The largest portion of the inflows occurred in Vanguard REIT ETF (VNQ) and Vanguard Emerging Markets ETF (VWO), which is now the lowest-cost emerging market ETF. In terms of new offerings, Vanguard rounded out its growth and value series by introducing mid-cap growth and value ETFs and introduced the Vanguard Dividend Appreciation ETF (VIG) in 2006. While overall ETF assets grew by over 40%, Vanguard has yet to generate significant assets in any of its newest ETFs.

Merrill Lynch is the fifth largest ETF provider. Their 17 HOLDRs have assets of \$9.9 billion for a 2.5% market share. Several HOLDRs (OIH, SMH) continue to represent the largest or most liquid ETF-type product to access a given industry. However, more efficient ETF structures have been created since HOLDRs were first launched in 1999, and no new ones have been listed this year.

World Gold Trust Services (WGS) is the sixth largest ETF provider. As of September 30, 2006, WGS had one ETF, the streetTRACKS Gold ETF (GLD) that now has \$7.5 billion in assets for a 1.9% market share. Through the end of the third quarter, GLD had net cash inflows of \$2.3 billion on a year-to-date basis. WGS has not introduced any other products in the US.

PowerShares Capital Management is the seventh largest ETF provider. They have been the most aggressive issuer of US-listed ETFs with 25 new products in 2006. As of September 30, 2006, PowerShares managed 48 ETFs that have current assets of \$7.5 billion for a 1.8% market share. They now have the second number of ETFs and had a high percentage growth in assets taking in over \$3.2 billion in net new funds this year. Many of PowerShares' ETFs use rules-based models to screen and select stocks and rebalance quarterly. Most of these indexes use a modified or tiered market cap weighting and have a small and mid-cap bias in addition to a value tilt. Their most successful products have identified attractive market segments for specific focus such as their Water Resources Portfolio (PHO) or Clean Energy Portfolio (PBW). The largest new product launched by PowerShares in 2006 is the PowerShares Zacks' Small-Cap Portfolio (PZJ), which has \$61 million in assets.

Rydex Investments is the eighth largest ETF provider. As of September 31, 2006, they had 15 ETFs with current assets of \$3.2 billion for a 0.8% market share. Rydex has launched 12 new products so far this year, six providing exposure to foreign currencies and six others are based on a series of S&P Pure growth and value indices. Rydex had almost \$1 billion in net new cash flows this year most of which came into the S&P 500 Equal Weight ETF (RSP) and the Euro Currency Trust (FXE). Rydex's most successful ETF launch this year has been the CurrencyShares British Pound Sterling Trust (FXB), which tracks the price of the British Pound in terms of US Dollars and generates interest income based on an overnight lending rate. FXB currently has \$57 million in assets.

ProShares is the ninth largest ETF provider. They entered the market in June and as of September 31, 2006 had 12 ETFs with current assets of \$1.6 billion for a 0.4% market share. They were the first to deliver leveraged (double) or inverse ETFs. ProShares currently has leveraged, inverse and leveraged inverse products based on the Dow 30, S&P 500, S&P MidCap 400 and NASDAQ-100 indices. Their most successful ETF has been the UltraShort QQQ ProShares (QID), which tracks double the inverse of the NASDAQ-100's daily performance. QID now has \$443 million in assets.

WisdomTree Asset Management is the tenth largest ETF provider. They entered the market in June and as of September 31, managed 20 ETFs with current assets of \$0.8 billion for a 0.2% market share. The firm has launched 30 new products so far this year, which are fundamentally weighted to favor companies that pay large streams of dividends. Their screening process is relatively straightforward and leaves the ETFs with a value bias since they omit growth stocks that do not pay dividends. A number of WisdomTree's ETFs give exposure to international markets and they are the first firm to offer international small and mid cap ETFs and regional ETFs with high dividend yields. Their largest new product is the WisdomTree LargeCap Dividend Fund (DLN), which has assets of \$154 Million.

DB Commodity Services (DBCS) is the eleventh largest ETF provider. DBCS entered the market in February and as of September 31, 2006, had two ETFs with current assets of \$0.7 billion for a 0.2% market share. DBC, which uses

commodity futures to track a basket of six commodities, has been the firm's most successful launch and now has \$680 Million in assets. DBV, which tracks a currency index, was launched in late September 2006.

Victoria Bay Asset Management is the twelfth largest ETF provider in terms of managed assets. As of September 31, 2006 Victoria Bay managed one ETF with current assets of \$0.6 billion for a 0.2% market share. In April 2006, the firm launched United States Oil Fund (USO), which invests in futures contracts and seeks to deliver the performance of near month light sweet crude oil futures contract.

Van Eck Associates is the thirteenth largest ETF provider. As of September 31, 2006, they managed one ETF with current assets of \$0.4 billion for a 0.1% market share. In May, they launched Market Vectors Gold Miners ETF (GDX) which tracks the AMEX Gold Miners. It has taken in about \$300 Million in net inflows. Van Eck recently launched two additional ETFs, both of which currently have less than \$40 Million in assets.

Claymore Advisors is the latest to enter the US market and is the fourteenth largest provider. They launched five ETFs in September, which track newly developed or thematic indices including the Sabrient Insider and Stealth indices, the Zacks' Yield Hog and Sector Rotation indices and the BONY BRIC index, which invests in ADRs from Brazil, Russia, India and China. These ETFs have aggregate assets of \$205 Million for a 0.1% market share. The BRIC ADR ETF (EEB) is their biggest \$58 million in assets.

First Trust Advisors is the fifteenth largest ETF provider. As of September 31, 2006, they managed 8 ETFs with current assets of \$0.2 billion for less than a 0.1% market share. First Trust entered the ETF market in September 2005 using some established indices (such as the Amex Biotech index) and offers other thematic products, such as the IPOX-100, which tracks a new issue index.

Fidelity Management and Research is the smallest ETF provider. However, in our opinion, the firm has yet to show any meaningful interest in the market. Fidelity manages one ETF that tracks the NASDAQ Composite Index (ONEQ) that currently has \$164 million in assets for less than a 0.1% market share.

November 14, 2006
Exchange-Traded Funds

Exhibit 7

US-Listed ETF Cash Flows by Objectives*

Investment Objective	Funds	Net Cash Flow (\$Mil)				11/2/2006 Assets (\$Mil)	Market Share (%)
		Q3 06	YTD 06	2005	2004		
Broad-Market	11	639	822	1,677	1,888	11,341	3
Large-Cap	29	(1,769)	(3,280)	9,402	14,008	145,958	36
Mid-Cap	21	(497)	316	4,915	3,722	25,675	6
Small-Cap	21	(1,296)	2,660	298	5,648	26,498	7
Micro-Cap	3	4	126	205	0	406	0
Custom	13	283	2,155	1,096	284	3,913	1
Dividend Income	10	513	(637)	2,814	4,218	8,460	2
Leveraged / Inverse	12	1,278	1,467	0	0	1,671	0
Sector & Industry	110	1,946	8,664	6,476	9,772	51,278	13
International	57	2,132	14,586	22,488	15,066	92,849	23
Global	13	356	613	730	534	2,919	1
Fixed Income	6	718	3,753	6,782	3,778	19,888	5
Commodity	6	1,111	4,905	2,800	1,353	11,431	3
Currency	8	71	519	90	0	1,039	0
Total	320	5,489	36,669	59,771	60,271	403,326	100

Exhibit 8

US-Listed ETFs with Net Cash Inflows or Outflows Greater Than \$1.2 Billion Through Third Quarter 2006*

ETF Name	Sym	11/02/06 Price (\$)	Net Cash Flow (\$Mil)				Mkt Cap (\$Mil)	
			Q3 06	YTD '06	2,005	2004		
Inflows	iShares MSCI EAFE Index Fund	EFA	70.20	1,224	4,857	6,960	6,620	32,517
	streetTRACKS Gold Trust	GLD	61.36	366	2,310	2,502	1,353	7,885
	iShares S&P 500 Index Fund	IVV	137.04	(196)	2,036	2,019	3,133	17,726
	iShares S&P 100 Index Fund	OEF	63.79	889	1,704	157	258	3,269
	iShares Russell 2000 Index Fund	IWM	74.58	(1,060)	1,220	(8)	1,404	10,367
	iShares FTSE/Xinhua China 25 Index Fund	FXI	85.46	198	1,215	682	568	3,568
Outflows	Nasdaq-100 Index Tracking Stock	QQQQ	42.00	(1,877)	(5,717)	(2,545)	(5,565)	18,226
	SPDR S&P 500	SPY	136.86	(124)	(4,210)	3,716	8,804	66,668
	Diamonds	DIA	120.26	(2,736)	(2,384)	(230)	1,044	6,536

Exhibit 9

ETF Advisor/Trustee Market Share and Fund Flow Data*

ETF Advisor/Trustee	#er Funds	Net Cash Flow (\$Mil)				11/2/2006 Assets (\$Mil)	Market Share (%)
		3Q 06	YTD '06	2005	2004		
Barclays Global Investors (iShares)	119	5,354	29,516	44,435	44,643	228,340	56.6
State Street Global Advisors (SPDRs, StreetTRACKS)	39	(2,700)	(3,265)	7,721	12,507	94,459	23.4
Bank of New York	6	(2,474)	(6,882)	(2,288)	(4,961)	27,368	6.8
Vanguard	26	1,887	6,052	4,916	2,567	20,096	5.0
Bank of New York/Merrill Lynch (HOLDERS)	17	(93)	989	(954)	3,337	9,849	2.4
World Gold Trust Services	1	366	2,310	2,502	1,353	7,916	2.0
Powershares	47	634	3,202	2,616	409	7,308	1.8
Rydex (Currency Shares)	15	224	982	711	477	3,190	0.8
ProShares	12	1,278	1,467	0	0	1,671	0.4
WisdomTree	20	410	775	0	0	860	0.2
DB Commodity Services	2	76	503	0	0	723	0.2
Victoria Bay Asset Management	1	216	484	0	0	622	0.2
Van Eck Associates	1	152	301	0	0	354	0.1
Claymore Advisors	5	89	89	0	0	205	0.1
First Trust	8	44	129	62	0	200	0.0
Fidelity	1	25	19	51	(61)	165	0.0
Total	320	5,489	36,669	59,771	60,271	0 403,326	100

*Source: Bloomberg, ETF Advisors and Trustees. Note: Market Share Data aggregated by entities that most directly manage assets.

November 14, 2006
Exchange-Traded Funds

Exhibit 10

Top 20 Largest US Listed ETFs by Net Assets

ETF	Sym	Net Assets (\$Mil)
SPDR S&P 500	SPY	66,672
iShares MSCI EAFE Index Fund	EFA	32,669
Nasdaq-100 Index Tracking Stock	QQQQ	18,209
iShares S&P 500 Index Fund	IVV	17,727
iShares MSCI Japan Index Fund	EWJ	13,761
iShares MSCI Emerging Markets Index Fund	EEM	13,268
iShares Russell 2000 Index Fund	IWM	10,392
MidCap SPDR Trust	MDY	8,657
iShares Russell 1000 Value Index Fund	IWD	8,175
streetTRACKS Gold Trust	GLD	7,916
iShares DJ Select Dividend Index Fund	DVY	7,210
iShares Russell 1000 Growth Index Fund	IWF	6,679
Diamonds	DIA	6,533
Vanguard Total Stock Market ETF	VTI	6,411
iShares Lehman 1-3 Year Treasury Bond Fund	SHY	5,398
iShares S&P SmallCap 600 Index Fund	IJR	4,495
iShares Lehman Aggregate Bond Fund	AGG	4,454
iShares S&P 500 Value Index Fund	IVE	4,208
iShares S&P 500 Growth Index Fund	IVW	4,126
iShares Lehman TIPS Bond Fund	TIP	4,019

US Listed ETF Total 403,326

Source: Bloomberg 11/1/06

Exhibit 12

US Listed ETFs with Highest Short Interest

ETF	Sym	Short Interest (%)
Retail HOLDRS	RTH	400.6
streetTracks KBW Regional Banking ETF	KRE	205.3
Regional Bank HOLDRS	RKH	166.8
PowerShares Dynamic Retail Portfolio	PMR	143.3
Utilities HOLDRS	UTH	129.1
iShares DJ U.S. Real Estate Index Fund	IYR	121.2
Fidelity Nasdaq Composite Index Tracking Stock	ONEQ	105.0
SPDR Oil & Gas Exploration and Drilling ETF	XOP	100.5
iShares Russell 2000 Index Fund	IWM	86.8
Oil Services HOLDRS	OIH	77.6
streetTRACKS KBW Insurance	KIE	75.6
SPDR Retail ETF	XRT	72.1
Energy Select Sectors SPDR	XLE	69.2
streetTRACKS KBW Bank	KBE	59.7
streetTRACKS KBW Capital Markets	KCE	54.0
iShares Russell 1000 Index Fund	IWB	49.6
Financials Select Sectors SPDR	XLF	46.6
Semiconductor HOLDRS	SMH	46.2
Consumer Discretionary Select Sectors SPDR	XLY	44.1
iShares DJ Transportation Index Fund	IYT	40.9

Source: Bloomberg 11/1/06

Exhibit 11

Top 20 US Listed ETFs Daily Dollar Volume

ETF	Sym	Avg Daily Vol (\$Mil)
SPDR S&P 500	SPY	8,937
Nasdaq-100 Index Tracking Stock	QQQQ	4,514
iShares Russell 2000 Index Fund	IWM	3,295
Oil Services HOLDRS	OIH	1,562
Energy Select Sectors SPDR	XLE	1,247
Diamonds	DIA	803
iShares MSCI Emerging Markets Index Fund	EEM	603
Semiconductor HOLDRS	SMH	588
Retail HOLDRS	RTH	303
MidCap SPDR Trust	MDY	289
streetTRACKS Gold Trust	GLD	267
iShares MSCI EAFE Index Fund	EFA	245
Financials Select Sectors SPDR	XLF	216
iShares MSCI Japan Index Fund	EWJ	178
iShares MSCI Brazil Index Fund	EWZ	156
Utilities Select Sectors SPDR	XLU	143
iShares DJ U.S. Real Estate Index Fund	IYR	126
iShares S&P 500 Index Fund	IVV	108
Materials Select Sector SPDR	XLB	107
iShares MSCI Mexico Index Fund	EWX	100

US Listed ETF Total 26,441

Source: Bloomberg 11/1/06

Exhibit 13

US Listed ETFs with Quickest Turnover in Days

ETF	Sym	Turnover (Days)
Retail HOLDRS	RTH	1.3
Oil Services HOLDRS	OIH	2.0
Semiconductor HOLDRS	SMH	2.8
Energy Select Sectors SPDR	XLE	3.0
iShares Russell 2000 Index Fund	IWM	3.1
SPDR Retail ETF	XRT	3.2
Regional Bank HOLDRS	RKH	3.5
Nasdaq-100 Index Tracking Stock	QQQQ	4.0
streetTRACKS KBW Capital Markets	KCE	5.5
streetTracks KBW Regional Banking ETF	KRE	6.1
SPDR Homebuilders ETF	XHB	6.3
iShares DJ Transportation Index Fund	IYT	6.5
Ultra QQQ ProShares	QLD	6.6
UltraShort QQQ Proshares	QID	6.6
SPDR S&P 500	SPY	7.5
Materials Select Sector SPDR	XLB	7.9
Diamonds	DIA	8.1
iShares Dow Jones US Health Care Provides Index	IHF	8.6
United States Oil Fund	USO	8.7
Ultra Dow 30ProShares	DDM	8.8

Source: Bloomberg 11/1/06

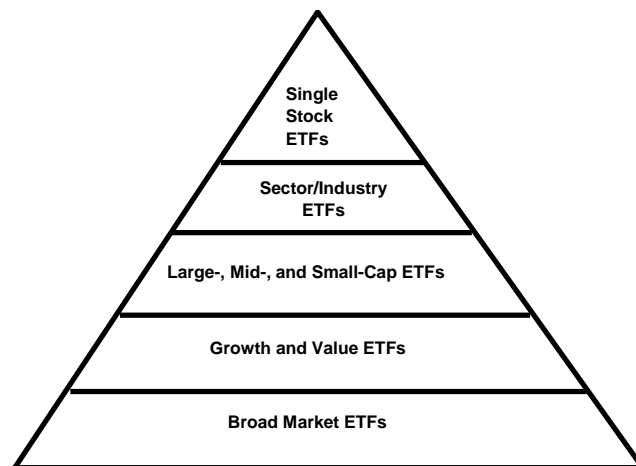
Core/Satellite Strategies

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 14). Satellite investments could include growth versus value, large-cap versus small-cap, sector and industry focus, 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 deviate widely 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, Russell 1000, Russell 3000, Dow Jones US Total Market, Dow Jones Wilshire 5000 and MSCI Prime Market 750 and Broad Market 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 15 is an equity risk pyramid, which reflects our findings that ownership of individual stocks results in the highest risk/reward profile, while ownership of broad-

Exhibit 15
Equity Risk Pyramid



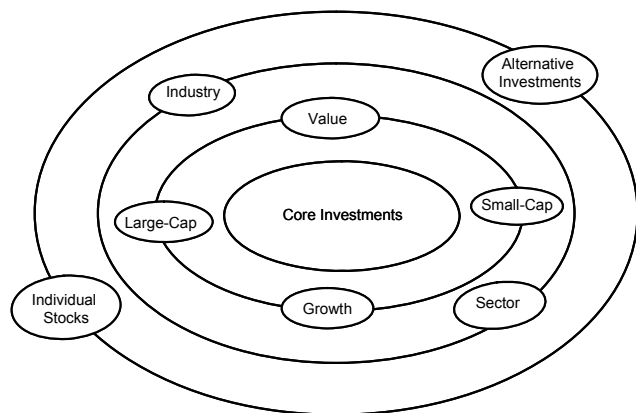
Source: Morgan Stanley Research

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 growth and value style indexes. A proportionally smaller amount is dedicated to specific sector and industry ETFs 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 actively managed funds, separate accounts, individual stock selection, or alternative investments. The broad diversification of the core, style, and sector and industry funds enables equity investors to focus on stocks in companies they can research and understand.

Exhibit 14
Core/Satellite Asset Allocation Strategy



Source: Morgan Stanley Research

Core US Equity ETF 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 nine broad-based indexes that we believe 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, MSCI Broad Market, and Dow Jones Wilshire 5000. ETFs are available for these indexes, most of which offer broad diversification, low expense ratios (averaging 15 basis points), tax efficiency, and high liquidity. Exhibit 16 provides data on the composition and performance of these nine indexes and the ten ETFs that can be used to track them (two ETFs track the S&P 500 index).

We currently favor the Russell 3000, Dow Jones Wilshire 5000, and MSCI US Broad Market 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, MSCI US Broad Market and Dow Jones Wilshire 5000 Indexes provide the broadest exposure, each accounting for 98% or more of the US equity market. Applicable ETFs are the iShares Russell 3000 Index Fund (IUV), Vanguard Total Stock Market ETF (VTI) and streetTRACKS Total Market ETF (TMW). These indexes have performed relatively well over the past three and five years due to the outperformance of small- and mid-cap stocks.

The Dow Jones Industrial Average (DJIA) exhibited the top long-term performance. It outperformed the other indexes over the past 12-months and on a ten-year basis. 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).

Exhibit 16

Index Composition and Performance

	DJ Ind Average	S&P 500	MSCI Pr Mkt 750	Russell 1000	S&P 1500	DJ US Totl Mkt	Russell 3000	MSCI Brd Mkt	DJ Wilshire 5000
Market Exposure (as of 1/31/06)									
Approx. number of companies	30	500	750	1,000	1,500	1,632	3,000	3,857	4968
Total Market Cap. (\$trillion)	4	12	11	13	14	14	15	14	15
% Total Market Cap.	24	79	86	92	93	96	98	99	100%
Median Market Cap (\$billion)	88	11	6	5	2	2	1	0.5	0.3
Total Return (through 11/7/06)									
1-Yr	17.8%	15.5%	15.2%	15.5%	15.2%	15.3%	15.5%	15.2%	14.9%
3-Yr Annualized	9.3%	11.0%	11.8%	11.4%	11.3%	11.4%	11.5%	12.0%	11.7%
5-Yr Annualized	6.8%	5.9%	6.8%	6.6%	6.2%	6.5%	7.0%	n/a	7.6%
10-Yr Annualized	8.5%	7.9%	8.5%	8.1%	8.3%	8.2%	8.2%	n/a	8.2%
Representative ETF(s)									
Symbol	DIA	SPY/IVV	VV	IWB	ISI	IYY	IUV	VTI	TMW

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

Market-Capitalization Investing with ETFs

We believe ETFs offer an attractive way to gain exposure to various market-cap segments. Currently, there are 27 index-linked ETFs that specifically target the large-, mid-, and small-cap segments of the US equity market. There are also three ETFs based on micro-cap indexes. 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 with similar objectives.

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-cap segments.

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 roughly \$4 trillion, which comprises over 20% 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 IJH and IJR as a way to invest down the capitalization curve. We believe that both the iShares S&P MidCap 400 (IJH) and the iShares S&P SmallCap 600 Index Fund (IJR) are very well diversified. They are designed to track the S&P MidCap 400 and SmallCap 600 Indexes, which have shown superior long-term historical performance relative to their Russell counterparts. As illustrated in Exhibit 17, the S&P Indexes outperformed their Russell peers in the mid- and small-cap market segments over the past ten years by 1.5% and 2.2% per year, respectively.

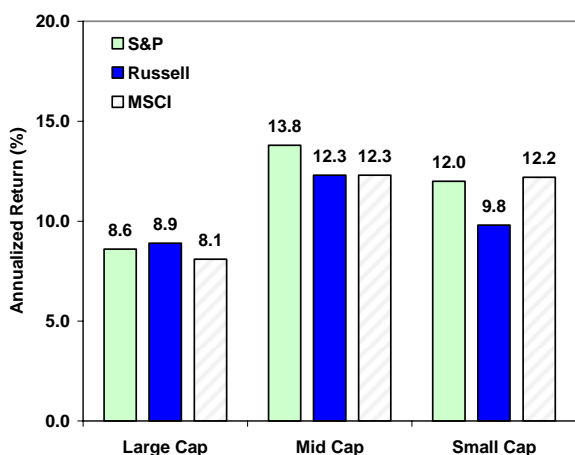
Vanguard ETFs also offer investors access to market-cap segments. The Vanguard Mid-Cap ETF (VO) and Small-Cap ETF (VB) represent pure plays on MSCI US Equity Indexes. In contrast, the Large-Cap ETF (VV) provides exposure to the MSCI Prime Market 750 Index, which combines the large- and mid-cap market segments. These ETFs may be attractive to investors due to their low expenses and the 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 the S&P, Russell, and MSCI indexes. Over the past ten years, each index provider's mid-cap index outperformed its respective large- and small-cap indexes.

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 based primarily on market capitalization, while the S&P uses selection criteria that include 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 among indexes.

Exhibit 17

Ten-Year Annualized Index Performance



Source: Standard & Poor's, Russell, MSCI. Ten year annualized returns as of November 7, 2006.

Style Diversification with ETFs

ETFs can provide an efficient way to gain exposure to growth and value investment styles. Currently, there are 63 US equity style ETFs. They offer exposure to seven index families covering various segments of the US equity market, as classified by market capitalization and style, and are very well diversified, containing between 50 and over 1,900 separate stocks. They generally have lower expense ratios, greater tax efficiency, and provide more trading flexibility than open-end mutual funds. As indicated in Exhibit 18, ETFs based on different index families offer varying and incomplete degrees of exposure to each market segment. However, most segments have at least two ETFs, which may facilitate tax swaps.

Significant differences exist among style indexes targeting similar market segments. Each index family, including Dow Jones, Morningstar, MSCI, PowerShares, Russell, S&P and S&P Pure, has unique characteristics and definitions of growth and value. The following paragraphs summarize some of our conclusions after analysis of index compositions and historical returns.

The S&P family of indexes offers two different approaches to growth and value investing. In December of 2005, the original S&P Barra indexes transitioned to S&P/Citigroup methodology, which uses a seven-factor approach (three growth/four value) to determine style. These indexes are market-cap weighted with approximately 50% of the indexes' capitalization in the growth and 50% in the value index. Stocks that do not exhibit predominant growth or value characteristics are split between the two. Six iShares are based on the S&P/Citigroup growth and value indexes (Exhibit 18).

Exhibit 18

Style ETFs by Index Family and Market Exposure

	DJ	Mstar	MSCI	PwrShrs	Rusell	S&P	S&P Pure
	Large-Cap						
Blend	ELR	-	VV*	-	IWB*	SPY/IVV	-
Growth	ELG	JKE	VUG*	PWB	IWF*	IVW	RPG
Value	ELV	JKF	VTV*	PWV	IWD*	IVE	RPV
Core	-	JKD	-	-	-	-	-
	Mid-Cap						
Blend	EMM	-	VO	-	IWR	MDY/IJH	-
Growth	EMB	JKH	-	PWJ	IWP	IJK	RFG
Value	EMV	JKI	-	PWP	IWS	IJJ	RFV
Core	-	JKG	-	-	-	-	-
	Small-Cap						
Blend	DSC	-	VB	-	IWM	IJR	-
Growth	DSG	JKK	VBK	PWT	IWO	IJT	RZG
Value	DSV	JKL	VBR	PWY	IWN	IJS	RZV
Core	-	JKJ	-	-	-	-	-
	Broad Market Cap						
Blend	IYY	-	VTI	-	IWV	ISI	-
Growth	-	-	-	-	IWZ	-	-
Value	-	-	-	-	IWW	-	-
Core	-	-	-	-	-	-	-

Source: Morgan Stanley Research

S&P/Citigroup also offer Pure Growth and Value indexes. These use the same seven-factor model to identify those companies with strong growth or value characteristics. Stocks exhibiting the strongest growth characteristics representing one-third of the market cap of the base index are included in the growth segment and vice-versa for value. The middle third of the index, those with the least pronounced growth or value characteristics, are excluded. Component stocks in each Pure Index are weighted according to their style scores. As a result, the pure growth and value indexes offer a more targeted exposure relative to many other growth and value indexes.

We favor using S&P/Citigroup Style Indexes for strategic exposure. For investors seeking strategic exposure to blend, growth and value market segments, particularly within asset allocation models, we favor the S&P/Citigroup Style Indexes. They are widely used benchmarks that provide exposure to large-, mid-, and small-cap growth and value segments of the equity market. They offer complete exposure to all three major market cap segments and avoid overlap by including each stock in only one market cap segment. Although they double count some stocks by splitting them between growth and value indexes, the growth and value indexes each approximate 50% of the broader S&P indexes by market cap segment. These indexes offer exposure to stocks with characteristic growth/value attributes and competitive performance, in our view. Our primary concerns regarding other index families includes overlapping market cap segments (Russell, MSCI and Dow Jones Wilshire) and the exclusion of stocks that do not possess strong growth or value characteristics (Morningstar and S&P/Citigroup Pure Style). We also favor ETFs based on the S&P/Citigroup Style higher relative liquidity and competitive expense ratios.

For targeted exposure, we prefer Morningstar Growth and Value indexes. Their omission of core stocks that do not have strong growth or value attributes helps provide purer style plays. These indexes may be more appropriate for aggressive investors seeking targeted exposure. Over the past eight years, the average annual difference between Morningstar Growth and Value Indexes were usually significantly higher than the differences among those of the other index providers across most market cap segments analyzed. We had expected greater differences for S&P/Citigroup Pure Style Indexes, but this did not occur in most observations. Investors should be aware that the ETFs tied to the Morningstar Indexes are relatively new and some have yet to develop significant assets or liquidity.

Sector and Industry Investing with ETFs

Index-linked ETFs offer efficient ways to implement sector and industry strategies. They can be used for the tactical portion of a 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. Most ETFs are exempt from Rule 10a-1 under the Securities Exchange Act of 1934, and may be sold short on a “down tick,” so they can be used to hedge parts of a portfolio or by aggressive investors seeking short exposure.

A variety of sector- and industry-specific ETFs are currently available. There are now 40 US-listed ETFs investing in 10 US sectors. Overall, the underlying indexes can be categorized into four families; the AMEX Select Sector Indexes used for Select Sector SPDRs, the Dow Jones US Sector Indexes used for many iShares, the MSCI US Equity Sector Indexes used for Vanguard ETFs, and proprietary indexes used for several different ETF families. Proprietary sector indexes include the Goldman Sachs and Morgan Stanley Technology Indexes, two HOLDRS and Intellidexes. While there are also 80 industry-specific ETFs available, the focus of this section is on sector ETFs.

For large-cap sector exposure, we favor ETFs tracking the S&P 500 GICS sector indexes. Most investors, strategists, and technicians base their sector work on the ten S&P 500 indexes, which follow Global Industry Classification Standard (GICS) sector definitions. The GICS structure was developed jointly by MSCI and Standard & Poor's to add consistent industry classifications to major indexes worldwide. The MSCI and Dow Jones US Sector Indexes each have ten sectors, with MSCI based on GICS and Dow Jones sorted according to the industry classification Benchmark (ICB) shared with FTSE. Each covers a broader market than the S&P, 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, but the extra names usually represent only 15–20% of each index.

We favor Select Sector SPDRs for exposure to eight of the ten S&P 500 GICS 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 technology and telecom services, investors may prefer ETFs based on Dow Jones or MSCI indexes, which provide purer sector exposure.

The Dow Jones US Sector Indexes offer broad sector exposure. They are available on ten sectors similar to the S&P 500 GICS sector indexes, but use ICB and not 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 prefer an ETF based on the Dow Jones Sector Indexes.

The MSCI US Sector Indexes provide the broadest exposure. While the Select Sector Indexes, collectively hold 500 securities, and the Dow Jones Sector Indexes, represent over 1,600 stocks, the MSCI Sector Indexes offer broader diversification, collectively holding 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. Vanguard ETFs are currently available based on all ten MSCI GICS sectors.

HOLDRs also offer exposure to the telecom and utility sectors. HOLDRs (HOLing Company Depository Receipts) are concentrated and static portfolios usually focused on large-cap stocks in a particular industry. Investors might find them attractive due to their low expense ratios and high relative liquidity. A HOLDR is a trust that offers many of the benefits of individual stock ownership. However, investors should be aware that HOLDRs only trade in incremental units of 100 share round lots, which may make them less desirable for smaller portfolios or for use in asset allocation models.

PowerShares XTF ETFs also offer sector and industry exposure. They are based on Intellidex and other proprietary indexes that utilize rules-based quantitative analysis to select securities. These indexes have special weightings, and usually will not closely track the cap-weighted S&P GICS Indexes. Sector and industry PowerShares have relatively high expense ratios of 50–60 basis points and investors should be aware that many are relatively new and have yet to develop significant liquidity.

International Investing with ETFs

World Market Capitalization

Morgan Stanley suggests at least a 14% allocation to international equities. We believe US investors should have exposure to international equities, as approximately 54% of the world's total market cap exists outside the United States (Exhibit 19). Including international equities in a portfolio may reduce risk and enhance returns. Morgan Stanley's Global Wealth Management (GWM) Tactical Asset Allocation Frameworks for taxable US dollar/US oriented individual investors currently have international equity allocations between 14% and 23%.

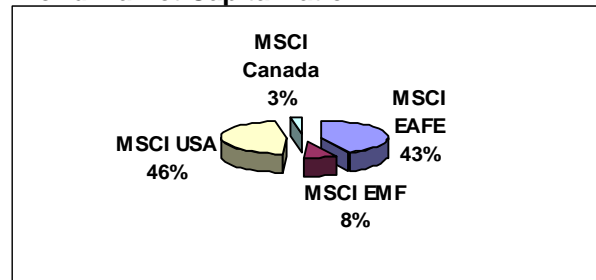
We favor the inclusion of diversified international investments for US investors. Market leadership among countries can change significantly. Since no single country has consistently outperformed its peers, investing in broad-based international index-linked ETFs can help not only to reduce volatility, 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-five performing countries twice, ranking third in 1997 and fourth in 1998. 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 pages 7–8 of this report, 70 US-listed ETFs provide diversified international (ex-US) 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 21 and over 1,000 stocks and account for up to 80% of the world's market cap outside North America. These ETFs also have relatively low expense ratios, ranging from 18 to 75 basis points. As discussed below, some ETFs tracking global indexes have significant US exposure and may not be attractive for international diversification.

There are 26 ETFs offering broad exposure to non-US markets. ETFs based on these indexes are 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 markets in Europe, Australasia, and the Far East encompassing

Exhibit 19

World Market Capitalization



Source: MSCI. Data as of July 31, 2006.

approximately 80% of the world's market cap outside of North America. Other broad-based ETFs track the MSCI Emerging Markets, BONY Developed Markets 100 ADR, BONY Emerging Markets 50 ADR, BONY BRIC Select ADR and WisdomTree DIEFA Indexes.

There are 18 ETFs offering exposure across developed markets outside the US. These include ETFs tied to MSCI EAFE growth and value and Wisdom Tree LargeCap, MidCap, SmallCap, high dividend and non US sector indexes.

There are 16 ETFs 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 eight Pan European, two Euro-zone, five Asian, and one Latin American regional indexes.

ETFs based on 27 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.

Thirteen 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+ HOLDERS holds a passive basket of 55 multinational companies. There are also ten ETFs tied to the ten S&P Global Sector Indexes. 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.

Fixed-Income Investing with ETFs

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 20).

Three fixed-income ETFs follow maturity-based Lehman Brothers US Treasury Indexes. Investors can gain exposure to short (1–3 year, SHY), intermediate (7–10 year, IEF), and long (20+ years, TLT) 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 iBoxx \$ Liquid Investment Grade Index. This index is designed to provide balanced representation of the US investment-grade corporate market through, the most liquid corporate bonds. The index consists of 100 equally par weighted bonds and is rebalanced monthly.

AGG is based on the Lehman Brothers US Aggregate Index. This index, with more than 6,300 issues, is designed to represent the total fixed-rate, nonconvertible US investment-grade bond market, excluding muni 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.

Differences exist between indexes. Three Lehman Treasury Indexes target specific maturity ranges and are market-cap

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 their underlying markets.

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. Their annualized yields should approximate those of the underlying indexes before fees. The ETFs try to pay out 1/12 of their anticipated annual income streams per month.

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 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 be used for tactical strategies. Investors who have views on the yield curve can make applicable investments. 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 frameworks.

Exhibit 20

Fixed-Income Index Composition and Applicable ETFs

Index	Fund Composition			Applicable ETF (Index Fund)	ETF Characteristics	
	# of Bonds	11/3/06 Yield* (%)	Duration (Years)		ETF Symbol	Expense Ratio (%)
Lehman 1-3 Year Treasury	27	4.7	1.7	iShares Lehman 1-3 Year Treasury	SHY	0.15
Lehman 7-10 Year Treasury	13	4.6	6.6	iShares Lehman 7-10 Year Treasury	IEF	0.15
Lehman 20+ Year Treasury	12	4.8	13.2	iShares Lehman 20+ Year Treasury	TLT	0.15
iBoxx \$ Liquid Investment Grade	101	5.5	6.1	iShares iBoxx Investment Grade Corp.	LQD	0.15
Lehman Aggregate	123	5.3	5.0	iShares Lehman Aggregate	AGG	0.20
Lehman TIPS**	21	6.3	5.9	iShares Lehman TIPS	TIP	0.20

Source: BGI. *Yield to maturity. **TIPS yield is variable based on inflation.

Commodity Investing with ETFs

The following is an excerpt from our August 22, 2006 report, Six ETFs Provide Exposure to Commodity Markets.

Six ETFs provide commodity exposure in one of two ways.

The relatively low cost of storing a bar of gold enables the streetTRACKS Gold Trust (GLD) and the iShares COMEX Gold Trust (IAU) to invest in and store physical gold bullion. The same is true for iShares Silver Trust (SLV), which invests in silver bullion. However, it is less practical to store oil, industrial metals and perishable agricultural products or livestock. As a result, the iShares GSCI Commodity-Indexed Trust (GSG), which tracks an index of 24 commodities, the PowerShares DC Commodity Index Tracking Fund (DBC), which tracks an index of six commodities, and the United States Oil Fund (USO), which provides exposure to oil, utilize the futures markets to track their benchmark indices.

Providing exposure to gold or silver is a relatively straightforward process. GLD, IAU, and SLV hold the physical bullion in which they invest. The prices of these ETFs are designed to reflect the value of the assets owned by the trust at any point in time. The two gold ETFs (GLD and IAU) were initially priced at 1/10th of an ounce of gold, but we expect this relationship to weaken slightly over time, as a result of the funds' annual expense ratios of 40 basis points (bps). In the case of SLV, each share was issued at a price equivalent to 10 ounces of silver, but this relationship is also likely to weaken as a result of its 50 bps of annual expenses.

The futures markets can be utilized to provide commodity exposure when storage is less practical. Some commodities are perishable or have costs that make storage impractical. When that is the case, ETFs can deliver returns that are linked to commodity prices by utilizing the futures markets. The ETF managers gain their desired exposure by entering into agreements to buy commodities at a specified price on a specified date. However, before the contract is settled, the ETF will "roll" its exposure into a contract with a later expiration date, thereby maintaining market exposure, but never actually taking delivery of the commodity.

When futures contracts are purchased, Treasuries are bought simultaneously. At the time an investor buys or sells a futures contract, they are required to post US Treasuries as collateral. The Treasuries generate interest income for the ETF that can be used to offset expenses. However, if this income is greater than the ETF's expenses it will be taxed as ordinary income to the investor.

The ETF creation and redemption process differs, but always involves an authorized participant (AP). IAU and SLV can be created or redeemed in blocks of 50,000 shares. This process takes place between an AP and the Trust in exchange for gold or silver. GLD can be created or redeemed in blocks of 100,000 shares. DBC and USO are created or redeemed in cash and require units of 200,000 and 100,000 shares respectively. GSG can be created or redeemed in units of 50,000 shares in exchange for Commodity Excess Return Futures (CERFs) and cash. APs are major broker-dealers or specialists which have creation/redemption agreements with the ETF advisor. Investors can also buy or sell the ETFs on an exchange in units as small as one share.

The structures of commodity ETFs lead to unique tax treatments. According to their advisors, GLD, IAU and SLV will be treated as a collectable for capital gains purposes. As such, the maximum tax rate will be 28% if the ETF is held longer than one year, but gains are generally treated as ordinary income if they are short-term. Gains or losses on these ETFs are only realized when an investor decides to sell.

The tax treatment of ETFs investing in commodity futures is different. For DBC and USO, gains (or losses) can be realized throughout the year as positions are rolled or liquidated. In addition, at year-end, the value of their futures positions are treated as section 1256 contracts and are "marked-to-market." Gains or losses on these contracts are then realized as 60% long-term and 40% short-term. Unlike ETFs that hold securities, gains may be realized each year even if the shareholder does not sell the ETF. We believe that GSG may have a tax advantage in that 5-year CERFs are not section 1256 contracts and not subject to interim mark-to-markets. However, they may have tax consequences upon their ultimate roll. The net interest income generated from the collateral will be taxed as Treasury ordinary income even if the ETF does not make a distribution.

Five of the commodity ETFs will issue Grantor Trust letters to investors at year-end. Investors in GLD, IAU, SLV, DBC and GSG will be informed of their tax liability with a grantor trust letter sent directly or through their broker-dealer. As USO is structured as a limited partnership, owners will receive a separate K-1 statement.

Currency Investing with ETFs

The following is an excerpt from our August 31, 2006 report, Seven ETFs Now Provide Exposure to Foreign Currencies. Subsequent to this report, a PowerShares ETF was listed tied to the DB Currency Future Harvest Index, which favors high-yielding currencies.

There are now seven ETFs that provide exposure to foreign currency price movements relative to the US Dollar. Rydex Investments offers seven "CurrencyShares," which are designed to track the price of the Australian Dollar, the British Pound, the Canadian Dollar, the euro, the Mexican Peso, the Swedish Krona and the Swiss Franc relative to changes in the U.S. Dollar. For example, a weakening of the US dollar vs. the euro would lead to an appreciation in the price of the Euro Currency Trust (FXE) and vice-versa. In the case of the euro, Australian and Canadian Dollars, the British Pound and the Swiss Franc, the price of the ETF is equivalent to roughly 100 units of the base currency. For the Mexican Peso and the Swedish Krona, the ETF's price reflects roughly 1,000 units of the base currency.

Index-linked ETFs may serve as attractive investment structures to gain currency exposure. They may provide an efficient way for investors to make tactical plays in foreign currencies or to hedge foreign currency exposure. In our view, the costs for many investors associated with currency ETFs may be lower than the costs associated with trading and investing in other currency related investments. In addition, ETFs provide liquidity throughout the day as they are traded like stocks on US exchanges and can be easily shorted, as they are exempt from the "uptick" rule. These ETFs are not leveraged, do not utilize derivative instruments and their currency holdings are held by an insured depository.

"CurrencyShares" primary assets are invested in time deposits, which generate interest income. JP Morgan Chase, the depository, maintains two separate depository accounts for each CurrencyShare that are denominated in the currency that the Trust is designed to track. The vast majority of each Trust's assets, which represents the currency owned on behalf of investors, is held in an account that generates interest income, which accrues daily based on a stated overnight rate listed in each Trust's Prospectus and is quoted daily on the Trusts' website (www.currencyshares.com). In the case of FXE, interest accrues based on the Euro OverNight

Index Average (EONIA), which is calculated by the European Central Bank less a 27-basis-point fee charged by JP Morgan.

Each ETF has a second account which holds the interest income generated by the Trust. Interest earned by each of the ETFs is held in a separate non-interest generating account by the depository. At the end of each month, the CurrencyShare will declare a dividend to be paid that is equivalent to the interest income that has been earned minus fund expenses of approximately 8% (1/12) of the 40 basis points of annual operating expense. In the event that the income is insufficient to meet the expenses, the fund may need to sell a small portion of its holdings, which would weaken the 100:1 or 1,000:1 relationship of a CurrencyShare to its target currency.

The net asset value (NAV) of each CurrencyShare reflects only the value of the primary interest earning account. Interest income that is generated by the Trust and held in the second account is essentially a funded, but unpaid liability. As a result, the interest income is both an asset and liability of the Trust, which cancel out each other, and is therefore not factored in to the NAV of the fund.

The creation and redemption process for currency ETFs involves time deposits in exchange for shares in the ETF. Each of the CurrencyShares can be created or redeemed by Authorized Participants (APs) in blocks of 50,000 shares or multiples thereof. APs are major broker-dealers or specialists with creation/redemption agreements in place with the ETF advisor (Rydex). Investors wishing to trade in smaller units can buy or sell the ETFs on an exchange in units as small as a single share.

Investors in CurrencyShares are subject to two types of tax: capital gains and ordinary income. At the end of each year, investors in these ETFs will receive a Grantor Trust Letter, directly or through their broker dealer, that will indicate the amount of ordinary interest income they have received. In addition, when an investor in CurrencyShares decides to sell a position, they will realize a capital gain (or loss) that, similar to common stocks, will be either short or long-term in nature, depending on length of time the investor has owned the ETF.

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 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.

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 the highs reached in early 2000. The technology and telecommunications sectors have experienced the most dramatic declines, each falling more than 60%. Delaying the use of tax-planning strategies until year-end could cause investors to miss the opportunities that currently 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 ETFs 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 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 position. 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.

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 21 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 or international ETFs 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

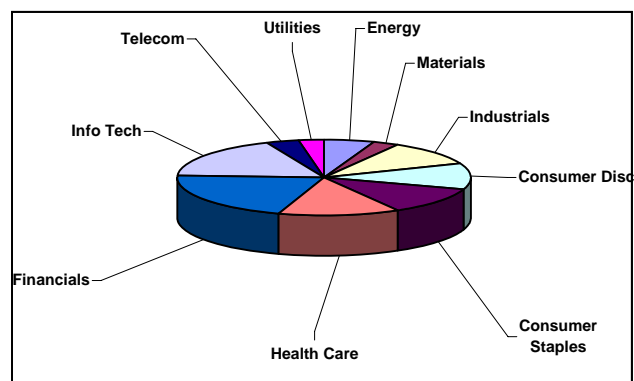
because of the tax consequences of selling low-basis stock. Such investors could use an ETF tax planning strategy within other parts of their portfolios. Losses recognized on the sale of ETFs could be used to offset gains resulting from the sale of the investors' concentrated low-basis positions. The 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, market-cap, industry-specific, or international 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) and different industries. 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.

Exhibit 21

Replication of Major Market Index with Sector ETFs



Source: S&P

For additional information, please see our full report, *2006 Year-End Equity ETF Tax Strategies*, published on November 7, 2006.

US EQUITY INDEX-LINKED ETFs

The following section highlights US equity ETFs and their underlying indexes. It includes historical performance, valuations, correlations, our market outlook, and individual ETF profiles.

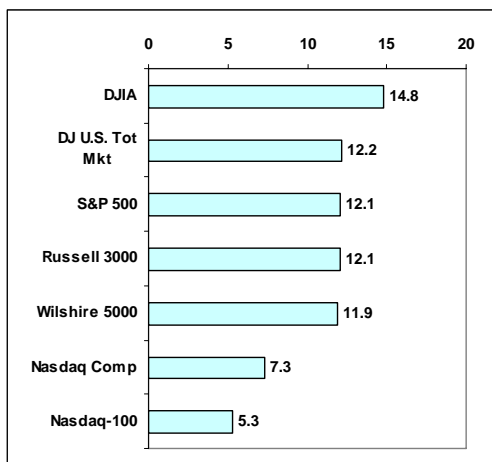
As of October 31, 2006, value continued to outperform growth on a year-to-date basis. Regardless of market-cap segment (Russell 1000 or Russell 2000) or index provider (Russell or S&P), the most pronounced trend is that value investing has delivered stronger returns so far this year.

From a sector perspective, technology indexes have lagged, while the telecommunications industry has bounced strongly following weak performance in 2005. Energy also continues to be a leader on a year-to-date basis, despite the recent drop in the price of crude oil.

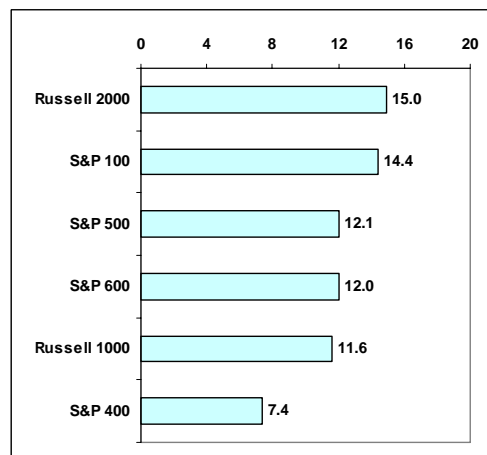
Exhibit 22

US Year-to-Date Performance through October 31, 2006

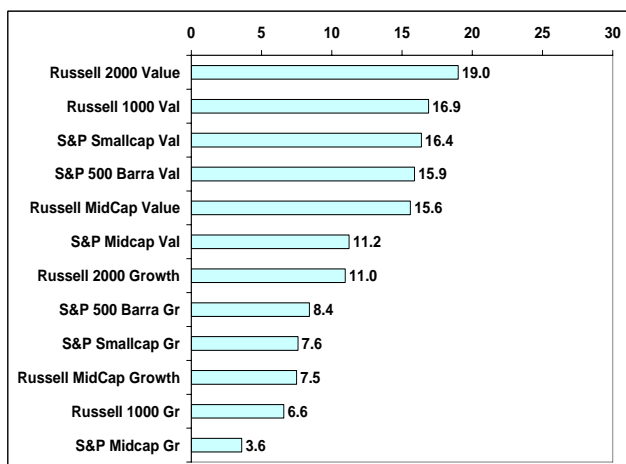
Major Market Indexes



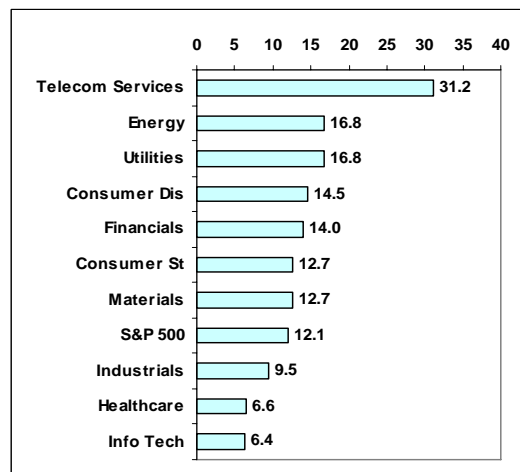
Market Cap Indexes



Style Indexes



S&P 500 GICS Sector Indexes



Source: Bloomberg, Morgan Stanley Research

Exhibit 23

US Index Historical Returns by S&P 500 GICS Sectors

Performance	Best	Financials 49.0%	Information Technology 78.5%	Information Technology 79.7%	Utilities 57.1%	Consumer Discretionary 2.0%	Consumer Staples -4.4%	Information Technology 46.6%	Energy 31.5%	Energy 31.7%	Telecom Services 31.2%
		Healthcare 42.3%	Telecom Services 53.1%	Materials 25.6%	Healthcare 25.6%	Materials 1.0%	Materials -7.2%	Consumer Discretionary 36.1%	Utilities 24.3%	Utilities 16.2%	Energy 16.8%
		Telecom Services 41.1%	Healthcare 43.5%	Consumer Discretionary 24.8%	Financials 24.8%	Industrials -7.3%	Energy -11.0%	Materials 34.8%	Telecom Services 19.8%	Financials 6.5%	Utilities 16.8%
		Consumer Staples 34.4%	Consumer Discretionary 41.2%	Industrials 19.8%	Consumer Staples 19.8%	Consumer Staples -8.3%	Financials -14.3%	Industrials 29.7%	Industrials 18.0%	Healthcare 6.1%	Consumer Discretionary 14.5%
		Consumer Discretionary 33.3%	Consumer Staples 15.5%	Telecom Services 18.9%	Energy 15.5%	Financials -10.7%	Healthcare -19.0%	Financials 27.9%	Consumer Discretionary 13.3%	Materials 4.3%	Financials 14.0%
		Information Technology 27.8%	Utilities 14.9%	Energy 18.2%	Industrials 4.9%	Energy -12.3%	Consumer Discretionary -23.4%	Energy 22.4%	Materials 13.2%	Consumer Staples 3.3%	Consumer Staples 12.7%
		Industrials 27.0%	Industrials 11.5%	Financials 3.8%	Materials -14.4%	Healthcare -12.4%	Industrials -25.7%	Utilities 21.1%	Financials 10.9%	Industrials 2.1%	Materials 12.7%
		Energy 25.2%	Financials 11.4%	Utilities -9.3%	Consumer Discretionary -20.0%	Telecom Services -13.7%	Utilities -30.1%	Healthcare 13.3%	Consumer Staples 8.2%	Information Technology 1.0%	Industrials 9.5%
		Utilities 24.8%	Energy 0.8%	Healthcare -10.3%	Telecom Services -38.8%	Information Technology -25.9%	Telecom Services -34.2%	Consumer Staples 9.2%	Information Technology 2.6%	Telecom Services -6.0%	Healthcare 6.6%
		Materials 8.1%	Materials -6.6%	Consumer Staples -15.5%	Information Technology -40.6%	Utilities -32.5%	Information Technology -37.6%	Telecom Services 3.3%	Healthcare 1.7%	Consumer Discretionary -6.6%	Information Technology 6.4%
Worst	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006 YTD	

Source: Morgan Stanley Data, Bloomberg, Index Providers. YTD Data as of October 31, 2006

Exhibit 24

US Index Historical Returns by Style

Performance	Best	Value 38.3%	Growth 38.7%	Growth 33.2%	Bonds 11.6%	Bonds 8.4%	Bonds 10.3%	Small Cap 47.3%	Intl 20.7%	Intl 14.0%	Value 16.9%
		Growth 37.2%	Large Cap 28.7%	Intl 25.3%	Mid Cap 8.2%	Small Cap 1.0%	Value -15.5%	Mid Cap 40.1%	Mid Cap 20.2%	Mid Cap 12.7%	Small Cap 15.0%
		Mid Cap 34.5%	Intl 18.2%	Small Cap 21.3%	Value 7.0%	Mid Cap -7.0%	Intl -15.9%	Intl 39.2%	Small Cap 18.3%	Value 7.05%	Mid Cap 11.3%
		Large Cap 33.3%	Value 15.6%	Large Cap 21.0%	Small Cap -3.0%	Value -7.4%	Mid Cap -16.2%	Value 30.0%	Value 16.5%	Growth 5.26%	Large Cap 12.1%
		Small Cap 28.4%	Mid Cap 10.1%	Mid Cap 18.2%	Large Cap -9.1%	Large Cap -13.0%	Small Cap -20.5%	Growth 29.8%	Large Cap 10.9%	Large Cap 4.9%	Intl 18.9%
		Bonds 9.7%	Bonds 8.7%	Value 7.3%	Intl -15.2%	Growth -20.9%	Large Cap -22.1%	Large Cap 26.4%	Bonds 6.8%	Small Cap 4.6%	Growth 6.6%
		Intl 0.2%	Small Cap -2.5%	Bonds -0.8%	Growth -22.4%	Intl -22.6%	Growth -27.9%	Bonds 4.1%	Growth 6.3%	Bonds 2.43%	Bonds 3.5%
	Worst	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006 YTD

Source: Morgan Stanley Data, Bloomberg, Index Providers. 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. YTD Data as of October 31, 2006.

Exhibit 25

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

Source: FactSet. Correlations based upon weekly total returns from 11/7/03 to 11/3/06.

Exhibit 26

US Index Sector Correlation Matrix

	S&P 500	Dow Jones Tot Mkt	Dow Jones US Sector Indexes										S&P 500 GICS Sector Indexes									
			Basic Materials	Consumer Services	Consumer Goods	Oil & Gas	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	0.81	0.82	1.00																			
Consumer Services	0.85	0.86	0.66	1.00																		
Consumer Goods	0.79	0.78	0.60	0.68	1.00																	
Energy	0.52	0.53	0.67	0.29	0.31	1.00																
Financial	0.87	0.87	0.65	0.76	0.73	0.28	1.00															
Healthcare	0.73	0.71	0.47	0.58	0.66	0.28	0.62	1.00														
Industrial	0.91	0.91	0.80	0.81	0.69	0.44	0.74	0.59	1.00													
Technology	0.80	0.81	0.59	0.71	0.51	0.26	0.61	0.45	0.77	1.00												
Telecom	0.73	0.73	0.51	0.60	0.57	0.32	0.68	0.55	0.60	0.56	1.00											
Utilities	0.60	0.62	0.52	0.46	0.54	0.57	0.59	0.39	0.48	0.31	0.46	1.00										
S&P 500 GICS Sector Indexes																						
Consumer Discretionary	0.88	0.89	0.71	0.97	0.69	0.35	0.78	0.57	0.84	0.74	0.63	0.48	1.00									
Consumer Staples	0.67	0.65	0.47	0.64	0.90	0.16	0.65	0.60	0.56	0.37	0.52	0.46	0.59	1.00								
Energy	0.53	0.53	0.67	0.27	0.31	0.99	0.28	0.30	0.44	0.26	0.32	0.56	0.35	0.16	1.00							
Financial	0.87	0.85	0.64	0.74	0.71	0.26	0.98	0.62	0.73	0.61	0.66	0.54	0.76	0.64	0.26	1.00						
Healthcare	0.68	0.65	0.42	0.51	0.62	0.23	0.56	0.98	0.54	0.40	0.52	0.33	0.51	0.57	0.25	0.57	1.00					
Industrials	0.88	0.87	0.76	0.78	0.67	0.39	0.72	0.59	0.98	0.71	0.58	0.45	0.80	0.56	0.39	0.73	0.55	1.00				
Information Technology	0.82	0.82	0.59	0.71	0.53	0.26	0.63	0.46	0.78	0.99	0.59	0.31	0.75	0.38	0.26	0.63	0.42	0.73	1.00			
Materials	0.82	0.82	0.99	0.67	0.60	0.63	0.66	0.48	0.81	0.59	0.51	0.51	0.71	0.49	0.63	0.66	0.43	0.78	0.60	1.00		
Telecom Services	0.68	0.66	0.44	0.53	0.55	0.25	0.63	0.53	0.55	0.50	0.95	0.41	0.57	0.49	0.25	0.63	0.51	0.54	0.53	0.46	1.00	
Utilities	0.59	0.61	0.53	0.45	0.53	0.57	0.59	0.40	0.47	0.30	0.45	0.99	0.46	0.44	0.55	0.54	0.33	0.45	0.31	0.50	0.41	1.00

Source: FactSet. Correlations based upon weekly total returns from 11/7/03 to 11/3/06.

US Equity Market Outlook & Favored ETFs

Our Chief US Investment Strategist Henry McVey raised his 2006 earnings forecast and price target for the S&P 500 to \$86.25 from \$85.00 and to 1375 from 1350, respectively. For 2007 he raised his earnings forecast to \$91.00 from \$89.50, and has set a preliminary year-end price target of 1475. Despite his increased targets, McVey expects earnings growth to slow from 13.1% in 2006 to 5.5% in 2007.

Earnings multiples may expand for the first time since 2003. Headline inflation has fallen, and in McVey's opinion, this has been one of the primary catalysts for the recent market rally. Looking forward, he believes that the more favorable inflation data is now in the price and that a potential steepening of the yield curve (or a less inverted curve) may be a more important catalyst. McVey is forecasting 1.7% multiple expansion, which would take P/E ratios to 16.2 times trailing earnings by the end of next year. In his view, this expansion seems reasonable given that more of the S&P's future earnings growth is expected to come from higher multiple sectors.

McVey continues to advocate a three-pronged approach to stock selection. He believes that investors should focus on companies and industries that offer stable growth and innovation, rising return on equity, and pricing power. He is less bullish on cyclical growth stocks, which may be vulnerable to a slowdown in growth. Investors had previously underestimated the earnings power of energy and commodity companies, but this no longer appears to be the case. McVey now favors the Financials, Technology, Healthcare and Consumer Staples sectors. He also believes that some of the market's premier growth names, are now attractively valued.

Favored Growth ETFs

- iShares Russell 1000 Growth (IWF)
- iShares S&P 500 Growth (IVW)
- Nasdaq-100 Index Tracking Stock (QQQQ)

Long-term asset allocators should begin to migrate up the cap curve. The return of large-cap US stocks has lagged almost every other asset class. Going forward, McVey believes that either the return on large-cap domestic equities has to go up, or returns on every other asset class have to revert to the mean. The P/E multiples for US small- and mid-cap stocks have recently expanded, but large caps have continued to lag.

Favored Large-Cap ETFs

- S&P Depository Receipts (SPY)

- Diamonds (DIA)

Our strategy team is currently overweight five sectors of the S&P 500 and underweight four others. Their largest sector overweights are discussed below:

Financials: At 350 basis points, the Financials sector is the largest sector overweight. Diversified financials remains the area of focus as McVey thinks that M&A will continue to grow in importance in coming quarters as acquisitions and private transactions continue, and robust international markets should lead to strong trading revenues at institutionally driven investment banks.

Favored Financial ETFs

- Financials Select Sector SPDR Fund (XLF)

Health Care: McVey is overweight the Health Care sector with a 13.5% position versus the sector's 12.5% weight in the S&P 500. Big pharmaceutical stocks are coming out of their long slumber and several biotechnology names look poised to show strong growth.

Favored HealthCare ETFs

- Health Care Select Sector SPDR (XLV)
- iShares Nasdaq Biotechnology Index Fund (IBB)

Consumer Staples: After nearly three years of disappointments, earnings and valuations for the sector finally look reasonable. Importantly, this is occurring at a time where input costs are moderating. McVey is currently 100 bps overweight the sector.

Favored Consumer Staples ETF

- Consumer Staples Select Sector SPDR (XLP)

Information Technology: Technology is a modest 100 basis point overweight, but McVey believes the semiconductor industry is attractive.

Favored Information Technology ETF

- iShares DJ US Technology (IYW)
- Semiconductor HOLDRs (SMH)

Dividend income is likely to remain a long-term driver of stock performance. We continue to expect that an aging American population will seek increased income from the equity portion of their portfolios.

Favored Dividend Income ETFs

- iShares DJ Select Dividend Index Fund (DVY)
- PowerShares HY Equity Dividend Achievers (PEY)

Fidelity Nasdaq Composite Index Tracking Stock (ONEQ)

BROAD MARKET

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	93.80	94.60	79.06
Fund Ticker		ONEQ	
Intraday NAV Ticker		ONEQI	
Benchmark Index Ticker (Bloomberg)		CCMP	
Market Cap (\$Mil)		168	
Shares Outstanding (Mil)		1.8	
Avg Daily Trading Volume (Shares)		40,513	
Expense Ratio (%)		0.30	
Focus		Broad Market	
Investment Advisor		Fidelity Management & Research	
Inception Date		10/1/2003	
Portfolio Structure		Open-End Investment Company	
Approx. Number of Stocks in Fund		2,035	
Options Available		Yes	
Minimum Trade Size (Shares)		1	
Distribution Frequency		Quarterly	
Annualized Performance (%)		09/30/2006	

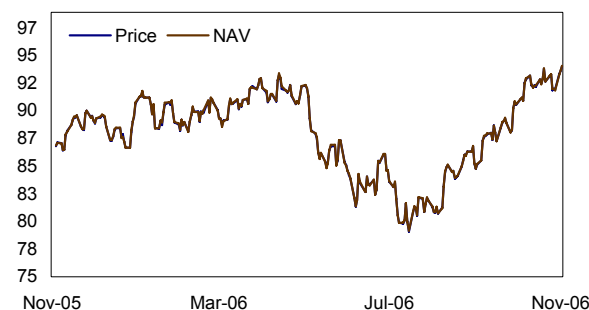
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	4.2	5.7	9.2	-	-	9.2
NAV	4.1	5.6	7.9	-	-	9.2

Distribution History (\$)			
	2004	2005	YTD 2006
Income	1.03	0.34	0.33
Capital Gains	0.00	0.50	0.00
Total	1.03	0.84	0.33

Fund Description

Fidelity Nasdaq Composite Index Tracking Stock (ONEQ) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Nasdaq Composite Index. This Index is market-cap weighted and measures the performance of all domestic and international stocks listed exclusively on the Nasdaq Stock Market. Eligible securities include common stock, American depositary receipts (ADRs), limited partnership interests, ordinary shares, real estate investment trusts (REITs), shares of beneficial interest or tracking stocks. Security types not included are closed-end funds, convertible debentures, exchange-traded funds, preferred stocks, rights, warrants, units and derivative securities. The index is float adjusted and market capitalization weighted. 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Information Technology	48.8
Health Care	14.2
Consumer Discretionary	13.2
Financials	12.0
Industrials	5.9
Consumer Staples	1.7
Energy	1.2
Materials	1.2
Telecommunication Services	1.2
Utilities	0.0

Top Ten Holdings (%)

Microsoft Corp	7.8
Cisco Systems	4.0
Intel	3.4
Oracle	2.5
Google	2.4
Qualcomm	2.4
Amgen	2.4
Apple Computer	1.9
Dell	1.7
Comcast Corp	1.5
Top Ten Total	30.0

Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data for ONEQ current to the most recent month-end at the following website: www.fidelity.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

iShares Dow Jones US Total Market Index Fund (IYY)

BROAD MARKET

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	67.22	67.48
Fund Ticker	IYY	
Intraday NAV Ticker	IYYIV	
Benchmark Index Ticker (Bloomberg)	DJUS	
Market Cap (\$Mil)	525	
Shares Outstanding (Mil)	7.9	
Avg Daily Trading Volume (Shares)	28,727	
Expense Ratio (%)	0.20	
Focus	Broad Market	
Investment Advisor	Barclays Global Investors	
Inception Date	6/12/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	1,626	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

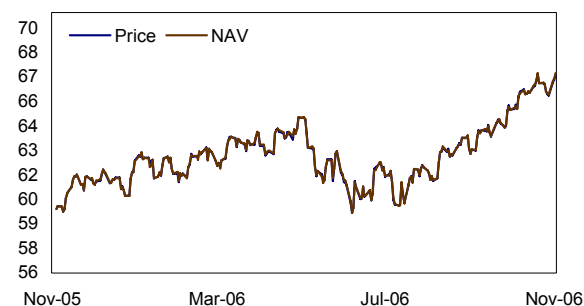
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	4.4	10.1	12.8	7.9	-	0.8
NAV	4.7	10.3	12.9	7.8	-	0.8

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.92	0.94	0.70
Capital Gains	0.00	0.00	0.00
Total	0.92	0.94	0.70

Fund Description

iShares Dow Jones U.S. Total Market Index Fund (IYY) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Dow Jones US Total Market Index. The index seeks to measure the performance of the US equity broad markets and serves as the underlying index for the Dow Jones US sector Indexes. It is designed to represent over 95% of the US equity market by investing in a broad selection of stocks that meet objective and rules based criteria and it consists of approximately 1,600 stocks. To avoid less liquid small cap stocks, companies that fall within the bottom 1% by free-float market capitalization or within the bottom .01% of stocks by turnover are omitted. It is float-adjusted market cap-weighted and is reconstituted quarterly in March, June, September, and December. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	21.8
Information Technology	15.7
Health Care	12.4
Consumer Discretionary	11.4
Industrials	10.9
Energy	9.1
Consumer Staples	8.4
Utilities	3.8
Telecommunication Services	3.3
Materials	3.2

Top Ten Holdings (%)

Exxon Mobil	2.9
GE	2.5
Microsoft	1.7
Citigroup	1.7
Bank Of America	1.7
Proctor & Gamble	1.4
Johnson & Johnson	1.4
Pfizer	1.3
Altria	1.1
JP Morgan Chase	1.1
Top Ten Total	16.7

Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data for iShares current to the most recent month-end at the following website: www.ishares.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

iShares NYSE Composite Index Fund (NYC)

BROAD MARKET

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	81.19	81.40	68.46
Fund Ticker		NYC	
Intraday NAV Ticker		NYCIV	
Benchmark Index Ticker (Bloomberg)		NYA	
Market Cap (\$Mil)		101	
Shares Outstanding (Mil)		1.3	
Avg Daily Trading Volume (Shares)		11,568	
Expense Ratio (%)		0.25	

Focus	Broad Market		
Investment Advisor	Barclays Global Investors		
Inception Date	4/2/2004		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	1,481		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		

Annualized Performance (%) 09/30/2006

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	4.0	12.9	-	-	-	12.2
NAV	4.2	13.2	-	-	-	12.2

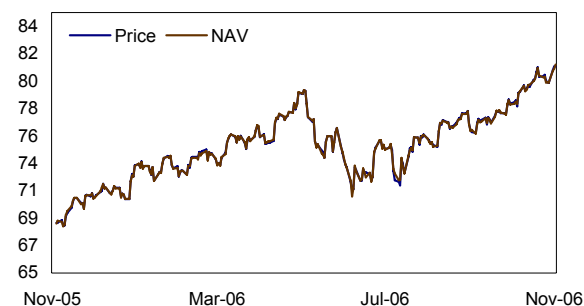
Distribution History (\$)

	2004	2005	YTD 2006
Income	1.31	1.05	0.99
Capital Gains	0.00	0.00	0.00
Total	1.31	1.05	0.99

Fund Description

iShares NYSE Composite Index Fund (NYC) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the NYSE Composite Index. The index measures the performance of all common and tracking stocks, REITs and ADRs listed on the New York Stock Exchange. It is well diversified by sector and country. Unlike most broad US indexes which are primarily US, over 15% of its components and over 30% its market capitalization consists of non-US stocks. In addition, over a third of its top twenty holdings are large multinational companies domiciled outside the US. The NYSE Composite usually represents over 75% of the market capitalization of the US and over 60% of the world. The index is free float market cap-weighted and changes composition quarterly. 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 November 8, 2006

Top Sector/Industry Weightings (%)

Financials	26.5
Energy	12.9
Health Care	10.5
Consumer Discretionary	10.3
Industrials	9.1
Consumer Staples	7.5
Information Technology	6.5
Telecommunication Services	6.2
Materials	5.8
Utilities	4.7

Top Ten Holdings (%)

Exxon Mobil	2.2
GE	1.9
Citigroup	1.3
Bank Of America	1.3
BP	1.2
HSBC	1.1
Proctor & Gamble	1.1
Pfizer	1.0
Johnson & Johnson	1.0
Toyota Motor Corp	0.9
Top Ten Total	13.0

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Russell 3000 Index Fund (IWV)

BROAD MARKET

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	80.11	80.26
Fund Ticker	IWV	
Intraday NAV Ticker	IWVIV	
Benchmark Index Ticker (Bloomberg)	RAY	
Market Cap (\$Mil)	2,437	
Shares Outstanding (Mil)	30.6	
Avg Daily Trading Volume (Shares)	261,974	
Expense Ratio (%)	0.20	
Focus	Broad Market	
Investment Advisor	Barclays Global Investors	
Inception Date	5/22/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	2,947	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

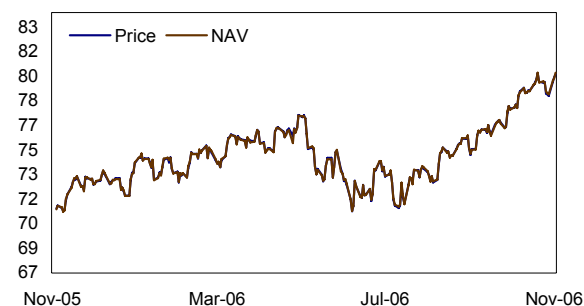
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	4.8	9.9	12.8	7.9	-	1.6
NAV	4.6	10.0	12.8	7.9	-	1.6

	Distribution History (\$)		
	2004	2005	YTD 2006
Income	1.11	1.28	0.83
Capital Gains	0.00	0.00	0.00
Total	1.11	1.28	0.83

Fund Description

iShares Russell 3000 Index Fund (IWV) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Russell 3000 Index. Components of the Russell 3000 Index are determined by ranking U.S. common stocks from largest to smallest market capitalization at an annual reconstitution period at the end of May. The index is float-adjusted market cap-weighted and represents approximately 98% of the investable U.S. equity market. The index excludes stocks trading below \$1.00, pink sheet and bulletin board stocks, non-US. incorporated stocks, foreign stocks, ADRs, closed-end mutual funds, limited partnerships, and royalty trusts. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	22.2
Information Technology	15.6
Health Care	12.6
Consumer Discretionary	11.7
Industrials	10.9
Energy	8.3
Consumer Staples	8.3
Utilities	3.8
Telecommunication Services	3.3
Materials	3.3

Top Ten Holdings (%)

Exxon Mobil	2.8
GE	2.4
Microsoft	1.7
Citigroup	1.7
Bank Of America	1.6
Proctor & Gamble	1.4
Johnson & Johnson	1.3
Pfizer	1.3
Altria	1.1
JP Morgan Chase	1.1
Top Ten Total	16.4

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares S&P 1500 Index Fund (ISI)

BROAD MARKET

Pricing and Fund Data 11/08/06

	52 Week		
		High	Low
Price (\$)	123.34	123.51	107.34
Fund Ticker	ISI		
Intraday NAV Ticker	EIS		
Benchmark Index Ticker (Bloomberg)	SPR		
Market Cap (\$Mil)	166		
Shares Outstanding (Mil)	1.4		
Avg Daily Trading Volume (Shares)	9,248		
Expense Ratio (%)	0.20		
Focus	Broad Market		
Investment Advisor	Barclays Global Investors		
Inception Date	1/23/2004		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	1,497		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Annualized Performance (%)	09/30/2006		

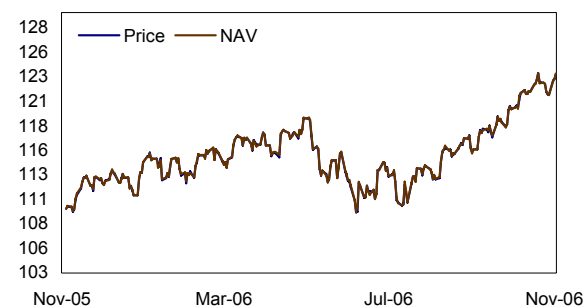
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	4.7	10.3	-	-	-	8.4
NAV	4.8	10.1	-	-	-	8.4

Distribution History (\$)			
	2004	2005	YTD 2006
Income	1.64	1.72	1.30
Capital Gains	0.00	0.00	0.00
Total	1.64	1.72	1.30

Fund Description

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 measures the performance of the large, mid and small-cap sectors of the US equity market as represented by the companies in the S&P 500, 400 and 600 Indexes. It is capitalization-weighted and includes a broad range of securities chosen by an S&P Index Committee for market size, liquidity and industry group representation. The Committee follows a set of published rules and meets on a regular basis. Changes to the index are made 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	21.5
Information Technology	15.6
Health Care	12.1
Industrials	11.5
Consumer Discretionary	11.1
Energy	9.3
Consumer Staples	8.6
Utilities	4.0
Materials	3.3
Telecommunication Services	3.2

Top Ten Holdings (%)

Exxon Mobil	3.0
GE	2.6
Citigroup	1.8
Microsoft	1.8
Bank Of America	1.7
Proctor & Gamble	1.4
Johnson & Johnson	1.4
Pfizer	1.4
AIG	1.2
Altria	1.2
Top Ten Total	17.5

Source: Bloomberg, Company Data, Thomson, FactSet.

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streetTRACKS Total Market ETF (TMW)

BROAD MARKET

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	99.73	99.84
Fund Ticker	TMW	
Intraday NAV Ticker	FFY	
Benchmark Index Ticker (Bloomberg)	DWCF	
Market Cap (\$Mil)	109	
Shares Outstanding (Mil)	1.1	
Avg Daily Trading Volume (Shares)	4,119	
Expense Ratio (%)	0.20	
Focus	Broad Market	
Investment Advisor	State Street Global Advisors	
Inception Date	10/4/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	725	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

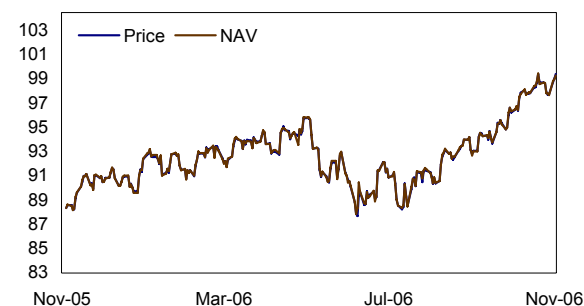
	Since Incept					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	4.6	10.1	12.2	6.7	-	1.8
NAV	4.6	9.9	12.2	6.6	-	1.8

Distribution History (\$)			
	2004	2005	YTD 2006
Income	1.55	1.46	1.10
Capital Gains	0.00	0.00	0.00
Total	1.55	1.46	1.10

Fund Description

streetTRACKS Total Market ETF (TMW) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Dow Jones Wilshire 5000 Index. The Dow Jones Wilshire 5000 aims to be the broadest index for the US equity market. It measures the performance of all US-headquartered equity securities with readily available price data including common stock, REITs and limited partnerships. The index is weighted by both full market and float-adjusted capitalization. Shares outstanding for multiple classes of stock are combined to reflect a company's total capitalization and float-adjustment occurs only if blocked shares are greater than 5% of total shares. The Index is updated 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	21.8
Information Technology	15.5
Health Care	12.4
Consumer Discretionary	12.2
Industrials	10.9
Energy	9.2
Consumer Staples	8.2
Utilities	3.7
Telecommunication Services	3.1
Materials	3.0

Top Ten Holdings (%)

Exxon Mobil	2.8
GE	2.4
Microsoft	1.8
Citigroup	1.6
Bank Of America	1.6
Pfizer	1.3
Proctor & Gamble	1.3
Johnson & Johnson	1.3
Altria	1.1
Cisco	1.1
Top Ten Total	16.2

Source: Bloomberg, Company Data, Thomson, FactSet.

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Vanguard Extended Market ETF (VXF)

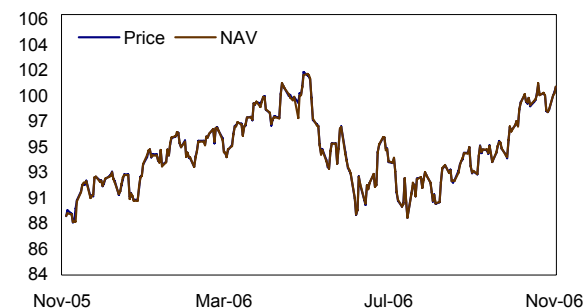
BROAD MARKET

Pricing and Fund Data		11/08/06	
52 Week			
		High	Low
Price (\$)	100.46	101.79	87.72
Fund Ticker	VXF		
Intraday NAV Ticker	EAH		
Benchmark Index Ticker (Bloomberg)	SPCMI		
Market Cap (\$Mil)	430		
Shares Outstanding (Mil)	4.3		
Avg Daily Trading Volume (Shares)	39,357		
Expense Ratio (%)	0.08		
Focus	Broad Market		
Investment Advisor	The Vanguard Group		
Inception Date	1/4/2002		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	1,871		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Annualized Performance (%)		09/30/2006	
	3 Mo	1 Yr	5 Yr
Price	-0.3	8.0	16.1
NAV	-0.3	8.1	16.3
Distribution History (\$)		YTD 2006	
	2004	2005	
Income	0.81	1.02	0.08
Capital Gains	0.00	0.00	0.00
Total	0.81	1.02	0.08

Fund Description

Vanguard Extended Market ETF (VXF) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the S&P Completion Index. The index measures the performance of all stocks in the S&P Total Market Index with the companies in the S&P 500 removed, providing exposure to mid-, small- and micro-cap companies. It is market cap-weighted and rebalanced to reflect changes to the S&P 500 and Total Market Indexes which can be made by the S&P Index Committee 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	23.6
Consumer Discretionary	15.2
Information Technology	14.6
Industrials	13.1
Health Care	12.6
Energy	7.4
Utilities	4.7
Materials	4.1
Consumer Staples	2.6
Telecommunication Services	2.1

Top Ten Holdings (%)

Genentech	1.3
American Tower Corp	0.5
Celgene Corp	0.5
DIRECTV Group	0.5
Host Marriott Corp	0.4
GlobalSantaFe Corp	0.4
NYSE Group Inc.	0.4
General Growth Properties	0.4
Liberty Global	0.4
Cognizant Technology Solutions Corp	0.3
Top Ten Total	5.1

Source: Bloomberg, Company Data, Thomson, FactSet.

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Vanguard Total Stock Market ETF (VTI)

BROAD MARKET

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	137.20	120.04
Fund Ticker	VTI	
Intraday NAV Ticker	TSJ	
Benchmark Index Ticker (Bloomberg)	MSCIBM	
Market Cap (\$Mil)	6,478	
Shares Outstanding (Mil)	47.5	
Avg Daily Trading Volume (Shares)	146,009	
Expense Ratio (%)	0.07	
Focus	Broad Market	
Investment Advisor	The Vanguard Group	
Inception Date	5/31/2001	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	1,765	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

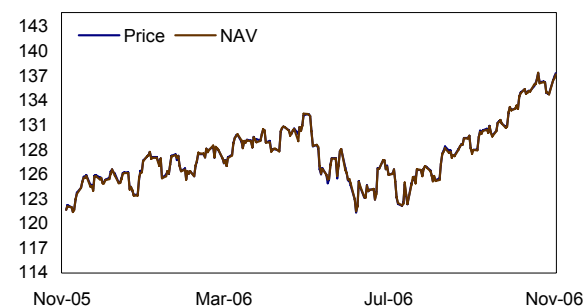
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	4.5	10.3	13.1	8.4	-	3.4
NAV	4.5	10.4	13.2	8.5	-	3.4

Distribution History (\$)	2004	2005	YTD 2006
Income	1.90	2.08	1.59
Capital Gains	0.00	0.00	0.00
Total	1.90	2.08	1.59

Fund Description

Vanguard Total Stock Market ETF (VTI) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the MSCI US Broad Market Index. The index contains large, mid, small and micro cap companies and targets for inclusion over 99% of the US market cap. It is market cap-weighted, adjusted quarterly beginning in February 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, the fund uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	22.6
Information Technology	15.4
Health Care	12.6
Consumer Discretionary	11.3
Industrials	11.0
Energy	9.0
Consumer Staples	8.2
Utilities	3.6
Telecommunication Services	3.2
Materials	3.1

Top Ten Holdings (%)

ExxonMobil Corp.	2.7
General Electric Co.	2.4
Citigroup, Inc.	1.6
Bank of America Corp.	1.6
Microsoft Corp.	1.6
Pfizer Inc.	1.4
The Procter & Gamble Co.	1.3
Johnson & Johnson	1.3
JPMorgan Chase & Co.	1.1
Altria Group, Inc.	1.1
Top Ten Total	16.1

Source: Bloomberg, Company Data, Thomson, FactSet.

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Diamonds (DIA)

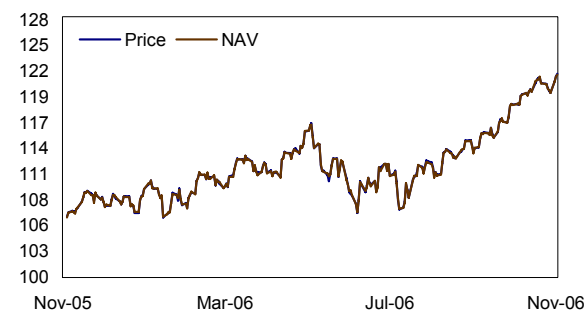
LARGE-CAP

Pricing and Fund Data		11/08/06					
		52 Week					
		High	Low				
Price (\$)	121.83	121.96	105.27				
Fund Ticker		DIA					
Intraday NAV Ticker		DXV					
Benchmark Index Ticker (Bloomberg)		INDU					
Market Cap (\$Mil)		6,372					
Shares Outstanding (Mil)		52.6					
Avg Daily Trading Volume (Shares)		6,866,677					
Expense Ratio (%)		0.18					
Focus		Large-Cap					
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					
Annualized Performance (%)		09/30/2006					
		Since					
		3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price		5.0	12.8	10.1	7.9	-	6.6
NAV		5.3	12.9	10.2	7.9	-	6.6
Distribution History (\$)							
		2004		2005		YTD 2006	
Income		1.98		2.24		1.89	
Capital Gains		0.00		0.00		0.00	
Total		1.98		2.24		1.89	

Fund Description

Diamonds (DIA) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Dow Jones Industrial Average. The Index contains 30 blue chip US companies that are generally leaders in their industries with strong histories of successful growth. The Dow Jones Industrial is the only major US index that is price-weighted such that a company's stock price determines its weighting in the index and not its market capitalization. Thus, companies with higher stock prices may have greater impact on daily movements of the index. The editors of the Wall Street Journal select the components in the index. Composition changes are rare and usually occur only after corporate acquisitions or dramatic shifts in an index component's core business occur. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Industrials	24.0
Consumer Staples	15.9
Financials	14.8
Information Technology	12.0
Consumer Discretionary	9.7
Health Care	9.3
Materials	5.0
Telecommunication Services	4.7
Energy	4.7

Top Ten Holdings (%)

IBM	6.1
Altria	5.4
Boeing	5.3
3M	5.2
Exxon Mobil	4.7
Johnson & Johnson	4.5
AIG	4.4
United Technologies	4.3
Proctor & Gamble	4.2
Caterpillar	4.0
Top Ten Total	48.1

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares NYSE 100 Index Fund (NY)

LARGE-CAP

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	73.12	73.35
Fund Ticker	NY	
Intraday NAV Ticker	NYIV	
Benchmark Index Ticker (Bloomberg)	NYID	
Market Cap (\$Mil)	341	
Shares Outstanding (Mil)	4.7	
Avg Daily Trading Volume (Shares)	61,824	
Expense Ratio (%)	0.20	
Focus	Large-Cap	
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	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Annualized Performance (%)	09/30/2006	

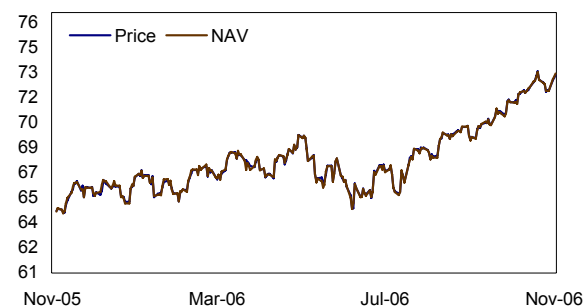
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	6.2	12.3	-	-	-	7.9
NAV	6.3	12.1	-	-	-	7.9

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.84	1.36	0.76
Capital Gains	0.00	0.00	0.00
Total	0.84	1.36	0.76

Fund Description

iShares NYSE 100 Index Fund (NY) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the NYSE 100 Index. The index consists of the 100 largest US stocks listed on the New York Stock Exchange and its components usually represent over 40% of the total market capitalization of all publicly traded companies in the United States. The NYSE developed the index as a way to track "the best of the best". It consists of blue chip, well established and liquid companies that meet the NYSE's listing standards. The index is well diversified across economic sectors and many of its constituents are leaders within their industries and are well known. The index is free float market cap-weighted and is rebalanced quarterly with an 80-120 buffer applied to limit turnover. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	25.3
Health Care	15.1
Energy	13.3
Industrials	12.3
Consumer Staples	11.9
Information Technology	6.5
Consumer Discretionary	6.3
Telecommunication Services	5.3
Utilities	2.3
Materials	1.5

Top Ten Holdings (%)

Exxon Mobil	6.0
GE	5.2
Citigroup	3.6
Bank Of America	3.5
Proctor & Gamble	2.8
Johnson & Johnson	2.8
Pfizer	2.8
Altria	2.4
JP Morgan Chase	2.3
AIG	2.2
Top Ten Total	33.5

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Russell 1000 Index Fund (IWB)

LARGE-CAP

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	75.17	66.05
Fund Ticker	IWB	
Intraday NAV Ticker	IWBIV	
Benchmark Index Ticker (Bloomberg)	RIY	
Market Cap (\$Mil)	2,827	
Shares Outstanding (Mil)	37.8	
Avg Daily Trading Volume (Shares)	179,189	
Expense Ratio (%)	0.15	
Focus	Large-Cap	
Investment Advisor	Barclays Global Investors	
Inception Date	5/15/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	986	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

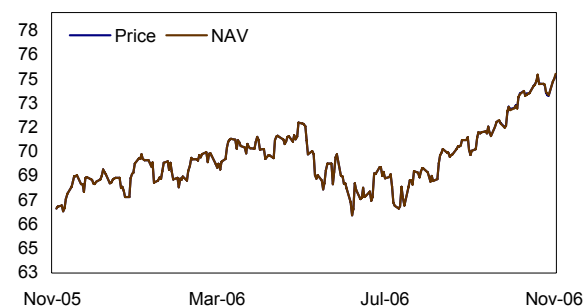
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	5.0	9.9	12.6	7.5	-	0.6
NAV	5.0	10.1	12.6	7.5	-	0.6

Distribution History (\$)			
	2004	2005	YTD 2006
Income	1.12	1.30	0.87
Capital Gains	0.00	0.00	0.00
Total	1.12	1.30	0.87

Fund Description

iShares Russell 1000 Index Fund (IWB) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Russell 1000 Index. All Russell U.S. equity indexes are subsets of the Russell 3000 Index that ranks U.S. common stocks from largest to smallest market capitalization at an annual reconstitution period at the end of May. The Russell 1000 Index measures the performance of the 1000 largest companies in the Russell 3000 Index. The index is float-adjusted market cap-weighted and represents over 90% of the total market capitalization of the Russell 3000 Index. The Russell U.S. Equity indexes exclude stocks trading below \$1.00, pink sheet and bulletin board stocks, non-U.S. incorporated stocks, foreign stocks, ADRs, closed-end mutual funds, limited partnerships, and royalty trusts. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	22.1
Information Technology	15.3
Health Care	12.6
Consumer Discretionary	11.3
Industrials	10.6
Consumer Staples	8.8
Energy	8.6
Utilities	3.9
Telecommunication Services	3.5
Materials	3.2

Top Ten Holdings (%)

Exxon Mobil	3.1
GE	2.6
Microsoft	1.9
Citigroup	1.8
Bank Of America	1.8
Proctor & Gamble	1.5
Johnson & Johnson	1.4
Pfizer	1.4
Altria	1.2
JP Morgan Chase	1.2
Top Ten Total	18.0

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares S&P 100 Index Fund (OEF)

LARGE-CAP

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	64.75	64.98
Fund Ticker	OEF	
Intraday NAV Ticker	OEFIV	
Benchmark Index Ticker (Bloomberg)	OEX	
Market Cap (\$Mil)	3,279	
Shares Outstanding (Mil)	50.9	
Avg Daily Trading Volume (Shares)	804,331	
Expense Ratio (%)	0.20	
Focus	Large-Cap	
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	
Annualized Performance (%)	09/30/2006	

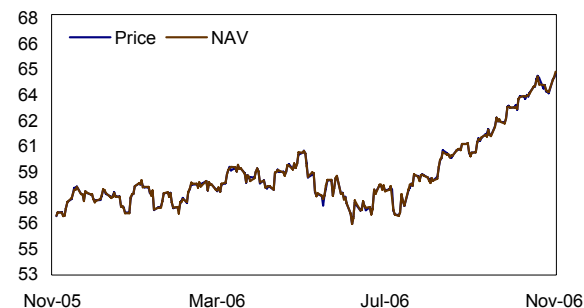
	Since					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	7.4	11.3	9.5	4.9	-	-1.2
NAV	7.5	11.6	9.6	4.9	-	-1.2

Distribution History (\$)			
	2004	2005	YTD 2006
Income	1.25	1.06	0.71
Capital Gains	0.00	0.00	0.00
Total	1.25	1.06	0.71

Fund Description

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 100 major large-cap blue chip stocks across diverse industry groups. The index is adjusted to reflect changes to the S&P Indexes which are made by the S&P Index Committee as necessary throughout the year. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	22.2
Information Technology	14.7
Industrials	13.2
Health Care	12.0
Consumer Staples	11.7
Energy	10.4
Consumer Discretionary	7.7
Telecommunication Services	4.3
Materials	2.1
Utilities	1.7

Top Ten Holdings (%)

Exxon Mobil	6.1
GE	5.2
Citigroup	3.6
Microsoft	3.6
Bank Of America	3.5
Proctor & Gamble	2.9
Johnson & Johnson	2.8
Pfizer	2.8
AIG	2.5
Altria	2.5
Top Ten Total	35.6

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares S&P 500 Index Fund (IVV)

LARGE-CAP

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	139.06	139.32
Fund Ticker	IVV	
Intraday NAV Ticker	IVVIV	
Benchmark Index Ticker (Bloomberg)	SPX	
Market Cap (\$Mil)	17,968	
Shares Outstanding (Mil)	130.0	
Avg Daily Trading Volume (Shares)	780,486	
Expense Ratio (%)	0.09	
Focus	Large-Cap	
Investment Advisor	Barclays Global Investors	
Inception Date	5/15/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	499	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

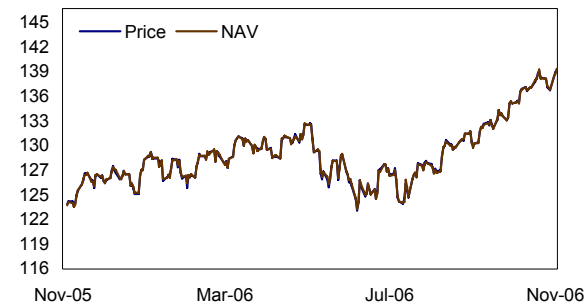
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	5.4	10.6	12.2	6.9	-	0.3
NAV	5.6	10.7	12.2	6.9	-	0.3

Distribution History (\$)	2004	2005	YTD 2006
Income	2.10	2.15	1.67
Capital Gains	0.00	0.00	0.00
Total	2.10	2.15	1.67

Fund Description

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 measures the performance of the large-cap sector of the US equity market. It is capitalization-weighted and includes a broad range of securities chosen by an S&P Committee for market size, liquidity and industry group representation. The goal of the Index Committee is to ensure that the S&P 500 remains a leading indicator of US equities reflecting the risk and return characteristics of the broader large-cap universe. The Committee follows a set of published rules and meets on a regular basis. Changes to the index are made as necessary throughout the year. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	22.0
Information Technology	15.4
Health Care	12.4
Industrials	10.9
Consumer Discretionary	10.5
Energy	9.4
Consumer Staples	9.4
Telecommunication Services	3.5
Utilities	3.5
Materials	3.0

Top Ten Holdings (%)

Exxon Mobil	3.4
GE	2.9
Citigroup	2.0
Microsoft	2.0
Bank Of America	2.0
Proctor & Gamble	1.6
Johnson & Johnson	1.6
Pfizer	1.6
AIG	1.4
Altria	1.4
Top Ten Total	19.9

Source: Bloomberg, Company Data, Thomson, FactSet.

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Nasdaq-100 Index Tracking Stock (QQQQ)

LARGE-CAP

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	43.03	43.35	35.54
Fund Ticker			QQQQ
Intraday NAV Ticker			QXV
Benchmark Index Ticker (Bloomberg)			NDX
Market Cap (\$Mil)			19,410
Shares Outstanding (Mil)			453.5
Avg Daily Trading Volume (Shares)		109,822,824	
Expense Ratio (%)			0.20
Focus			Large-Cap
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
Annualized Performance (%)			09/30/2006

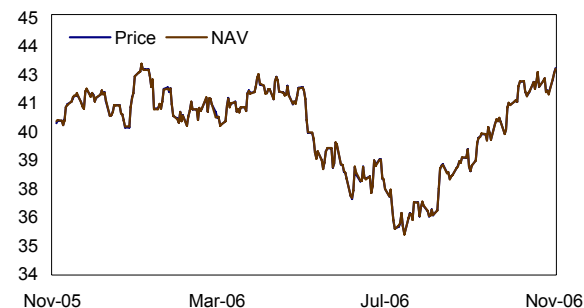
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	4.9	3.5	8.4	7.3	-	-2.8
NAV	5.1	3.5	8.4	7.2	-	-2.8

Distribution History (\$)	2004	2005	YTD 2006
Income	0.38	0.14	0.08
Capital Gains	0.00	0.00	0.00
Total	0.38	0.14	0.08

Fund Description

Nasdaq-100 Index Tracking Stock (QQQQ) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 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. The index is reconstituted annually in a December Ranking Review based on market capitalization rankings. To reduce turnover, securities ranked 101 to 125 are retained in the index if they were in the top 100 eligible securities in the previous Ranking Review. The index uses a modified capitalization weighted methodology and is rebalanced quarterly. Upon rebalancing, the weight of any single stock is limited to 24% of the index and the combined weight of all securities with individual weights of more than 4.5% is limited to 48% of the index. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Information Technology	61.7
Consumer Discretionary	17.0
Health Care	14.0
Industrials	4.3
Consumer Staples	1.5
Telecommunication Services	1.0
Materials	0.3
Energy	0.3

Top Ten Holdings (%)

Microsoft	6.7
Apple	6.5
Qualcomm	4.9
Google	4.3
Cisco	3.6
Intel	2.9
Amgen	2.8
Oracle	2.8
Starbucks	2.7
Comcast	2.6
Top Ten Total	39.9

Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data for QQQQ current to the most recent month-end at the following website: www.nasdaq.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

PowerShares FTSE RAFI US 1000 Portfolio (PRF)

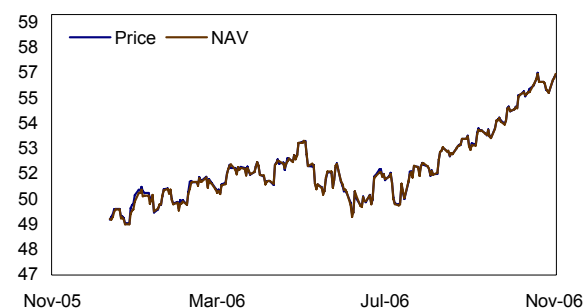
LARGE-CAP

Pricing and Fund Data		11/08/06	
52 Week			
		High	Low
Price (\$)	56.51	56.67	49.16
Fund Ticker	PRF		
Intraday NAV Ticker	PRFIV		
Benchmark Index Ticker (Bloomberg)	FR10		
Market Cap (\$Mil)	495		
Shares Outstanding (Mil)	8.8		
Avg Daily Trading Volume (Shares)	100,433		
Expense Ratio (%)	0.60		
Focus	Custon		
Investment Advisor	PowerShares Capital		
Inception Date	12/19/2005		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	1,000		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Annualized Performance (%)		09/30/2006	
	3 Mo	1 Yr	Since Incept
Price	5.4	-	10.6
NAV	5.5	-	10.6
Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.00	0.00	0.40
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.40

Fund Description

PowerShares FTSE RAFI US 1000 Portfolio (PRF) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the FTSE RAFI US 1000 Index. The Index is designed to track the performance of the largest U.S. equities, selected based on the following four fundamental measures of firm size: latest available book value and cash flow, sales and dividends averaged over the prior five years. An overall weight is calculated for each firm by equally-weighting each fundamental measure. For companies that have never paid dividends, that measure will be excluded from the average. Each of the 1000 equities with the highest fundamental weight are then selected and assigned a weight equal to its fundamental weight. The index is reconstituted annually in March. To track the index, the fund may use an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)

Integrated Oil & Gas	5.6
Other Diversified Financial Services	5.2
Pharmaceuticals	4.9
Integrated Telecommunication Services	4.0
Industrial Conglomerates	3.3
Property & Casualty Insurance	3.2
Multi-Utilities	2.9
Automobile Manufacturers	2.7
Electric Utilities	2.6
Regional Banks	2.4

Top Ten Holdings (%)

Exxon Mobil	2.9
GE	2.4
Citigroup	2.0
General Motors	1.7
Bank Of America	1.7
Microsoft	1.7
Chevron	1.5
JP Morgan Chase	1.5
Wal-Mart	1.4
AT&T	1.4
Top Ten Total	18.3

Source: Bloomberg, Company Data, Thomson, FactSet.

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Rydex Russell Top 50 ETF (XLG)

LARGE-CAP

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	105.28	105.44	90.75
Fund Ticker		XLG	
Intraday NAV Ticker		XLGIV	
Benchmark Index Ticker (Bloomberg)		RTOP50	
Market Cap (\$Mil)		397	
Shares Outstanding (Mil)		3.8	
Avg Daily Trading Volume (Shares)		78,196	
Expense Ratio (%)		0.20	
Focus		Large-Cap	
Investment Advisor		Rydex Investments	
Inception Date		5/10/2005	
Portfolio Structure		Open-End Investment Company	
Approx. Number of Stocks in Fund		50	
Options Available		Yes	
Minimum Trade Size (Shares)		1	
Distribution Frequency		Quarterly	
Annualized Performance (%)		09/30/2006	

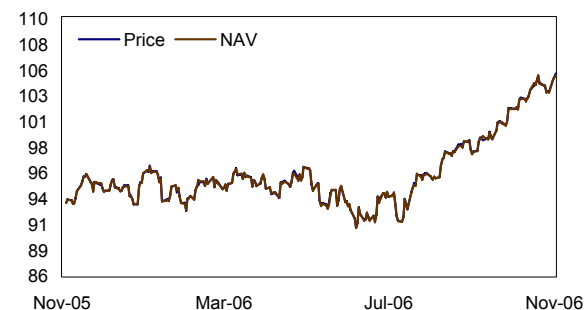
	Since					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	8.0	11.2	-	-	-	10.3
NAV	8.3	10.9	-	-	-	10.3

	Distribution History (\$)		
	2004	2005	YTD 2006
Income	0.00	0.93	1.39
Capital Gains	0.00	0.00	0.00
Total	0.00	0.93	1.39

Fund Description

Rydex Russell Top 50 ETF (XLG) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Russell Top 50 Index. The index is market cap-weighted and consists of the 50 largest US companies in the Russell 3000 Index. These mega-cap companies can represent over 40% of the total market-cap of the Russell 3000 Index. The index is rebalanced annually in June. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	22.2
Information Technology	17.9
Health Care	14.8
Consumer Staples	11.6
Energy	11.3
Industrials	10.0
Telecommunication Services	6.3
Consumer Discretionary	5.9

Top Ten Holdings (%)

Exxon Mobil	7.1
GE	6.1
Microsoft	4.3
Citigroup	4.2
Bank Of America	4.1
Proctor & Gamble	3.4
Johnson & Johnson	3.3
Pfizer	3.3
Altria	2.8
JP Morgan Chase	2.8
Top Ten Total	41.4

Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data for RSP current to the most recent month-end at the following website: www.rydexfunds.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

Rydex S&P Equal Weight ETF (RSP)

LARGE-CAP

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	46.34	40.02
Fund Ticker	RSP	
Intraday NAV Ticker	RSPIV	
Benchmark Index Ticker (Bloomberg)	SPXEWI	
Market Cap (\$Mil)	1,763	
Shares Outstanding (Mil)	38.2	
Avg Daily Trading Volume (Shares)	252,203	
Expense Ratio (%)	0.40	
Focus	Large-Cap	
Investment Advisor	Rydex Investments	
Inception Date	4/30/2003	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	500	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

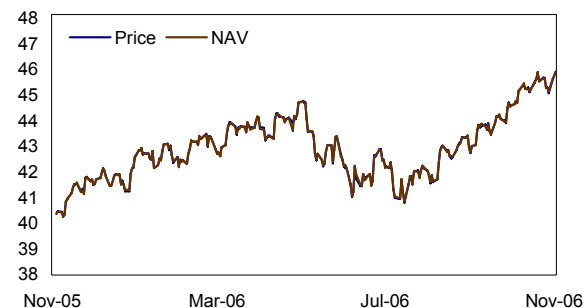
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	3.8	10.4	15.8	-	-	18.8
NAV	3.8	10.4	15.8	-	-	18.8

	2004	2005	YTD 2006
Income	0.37	0.44	0.35
Capital Gains	0.00	0.00	0.00
Total	0.37	0.44	0.35

Fund Description

Rydex S&P Equal Weight ETF (RSP) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the S&P 500 Equal Weight Index. The index has the same constituents as the S&P 500 Index but each company is allocated an equal fixed weight of 0.20% at quarterly rebalancings. This generally results in a greater weighting of small-cap and value stocks than in the S&P 500 which is market-cap weighted. The index is also adjusted to reflect changes to the S&P 500 Index which are made by the S&P Index Committee as necessary throughout the year. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Consumer Discretionary	17.6
Financials	17.4
Information Technology	15.5
Health Care	10.7
Industrials	10.7
Consumer Staples	7.6
Utilities	6.4
Materials	6.2
Energy	6.1
Telecommunication Services	2.0

Top Ten Holdings (%)

Amer Pwr Conver	0.3
Nucor	0.2
Harman International	0.2
Allegheny Tech	0.2
Norfolk Southern	0.2
Officemax Inc	0.2
Allied Waste	0.2
Realogy Corp	0.2
Hasbro	0.2
Phelps Dodge	0.2
Top Ten Total	2.4

Source: Bloomberg, Company Data, Thomson, FactSet.

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Standard & Poor's Depository Receipts (SPY)

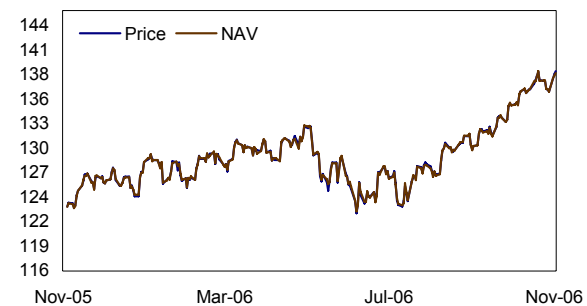
LARGE-CAP

Pricing and Fund Data		11/08/06	
52 Week			
		High	Low
Price (\$)	138.91	139.14	121.75
Fund Ticker	SPY		
Intraday NAV Ticker	SXV		
Benchmark Index Ticker (Bloomberg)	SPX		
Market Cap (\$Mil)	65,654		
Shares Outstanding (Mil)	475.4		
Avg Daily Trading Volume (Shares)	65,572,708		
Expense Ratio (%)	0.10		
Focus	Large-Cap		
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	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Annualized Performance (%)		09/30/2006	
	3 Mo	1 Yr	5 Yr
Price	5.5	10.5	12.2
NAV	5.6	10.7	12.2
Distribution History (\$)		YTD 2006	
	2004	2005	2006
Income	1.85	2.15	1.65
Capital Gains	0.00	0.00	0.00
Total	1.85	2.15	1.65

Fund Description

Standard & Poor's Depository Receipts "SPDRs"(SPY) are shares of an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 is designed to track the performance of the S&P 500 Index. The index measures the performance of the large-cap sector of the US equity market. It is capitalization-weighted and includes a broad range of securities chosen by an S&P Index Committee for market size, liquidity and industry group representation. The goal of the Committee is to ensure that the S&P 500 remains a leading indicator of US equities reflecting the risk and return characteristics of the broader large-cap universe. The Committee follows a set of published rules and meets on a regular basis. Changes to the index are made as necessary throughout the year. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)

Financials	22.1
Information Technology	15.4
Health Care	12.4
Industrials	10.8
Consumer Discretionary	10.4
Energy	9.4
Consumer Staples	9.4
Telecommunication Services	3.5
Utilities	3.5
Materials	3.0

Top Ten Holdings (%)

Exxon Mobil	3.4
GE	2.9
Citigroup	2.0
Microsoft	2.0
Bank Of America	2.0
Proctor & Gamble	1.6
Johnson & Johnson	1.6
Pfizer	1.6
AIG	1.4
Altria	1.4
Top Ten Total	19.9

Source: Bloomberg, Company Data, Thomson, FactSet.

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Vanguard Large-Cap ETF (VV)

LARGE-CAP

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	61.64	54.00
Fund Ticker	VV	
Intraday NAV Ticker	BVH	
Benchmark Index Ticker (Bloomberg)	MZUSP	
Market Cap (\$Mil)	817	
Shares Outstanding (Mil)	13.3	
Avg Daily Trading Volume (Shares)	41,262	
Expense Ratio (%)	0.07	
Focus	Large-Cap	
Investment Advisor	The Vanguard Group	
Inception Date	1/30/2004	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	748	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

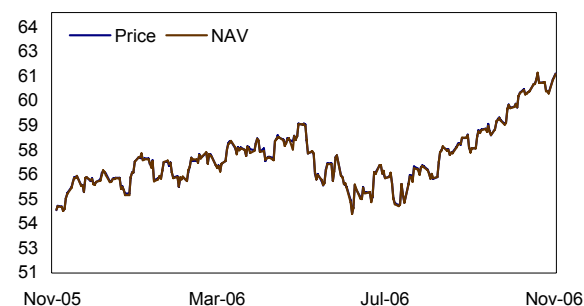
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	5.2	10.8	-	-	-	8.5
NAV	5.3	10.7	-	-	-	8.5

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.96	0.87	0.70
Capital Gains	0.00	0.00	0.00
Total	0.96	0.87	0.70

Fund Description

Vanguard Large-Cap ETF (VV) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 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 and includes large and mid-cap stocks. It is market cap-weighted, adjusted quarterly beginning in February for free float and for companies that move out of its market cap range, and is rebalanced semiannually in May and November. MSCI uses buffer zones in an effort to reduce turnover and manage the migration of companies from one index to another during quarterly reviews. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	22.2
Information Technology	15.5
Health Care	12.5
Consumer Discretionary	11.1
Industrials	10.4
Energy	9.4
Consumer Staples	8.9
Utilities	3.6
Telecommunication Services	3.5
Materials	2.9

Top Ten Holdings (%)

Exxon Mobil	3.2
GE	2.7
Microsoft	1.9
Citigroup	1.9
Bank Of America	1.8
Proctor & Gamble	1.5
Johnson & Johnson	1.5
Pfizer	1.5
Altria	1.3
JP Morgan Chase	1.2
Top Ten Total	18.4

Source: Bloomberg, Company Data, Thomson, FactSet.

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WisdomTree Dividend Top 100 Fund (DTN)

LARGE-CAP

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	56.71	56.99	49.58
Fund Ticker			DTN
Intraday NAV Ticker			DTNIV
Benchmark Index Ticker (Bloomberg)			WTTOP
Market Cap (\$Mil)			82
Shares Outstanding (Mil)			1.5
Avg Daily Trading Volume (Shares)			25,009
Expense Ratio (%)			0.38
Focus			Dividend
Investment Advisor			WisdomTree
Inception Date			6/16/2006
Portfolio Structure			Open-End Investment Company
Approx. Number of Stocks in Fund			na
Options Available			No
Minimum Trade Size (Shares)			1
Distribution Frequency			Quarterly
Annualized Performance (%)			09/30/2006

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	7.1	-	-	-	-	9.3
NAV	7.2	-	-	-	-	9.3

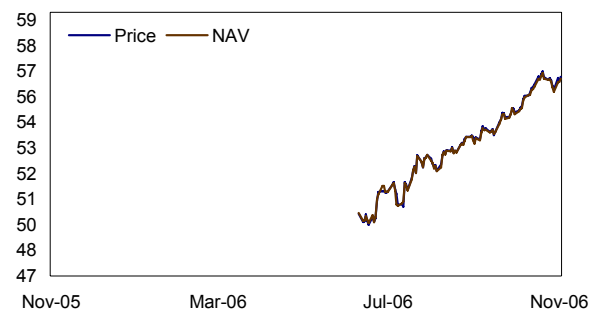
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.00	0.00	0.20
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.20

Fund Description

WisdomTree Dividend Top 100 Fund (DTN) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the WisdomTree Dividend Top 100 Index. The index is a sub set of the WisdomTree Dividend Index which measures the performance of all U.S. companies that pay regular cash dividends, are listed on the NYSE, AMEX or NASDAQ, and meet certain liquidity requirements. The Dividend Top 100 Index consists of the 100 highest yielding of the 300 largest companies, ranked by market capitalization, within the WisdomTree Dividend Index. Unlike other US WisdomTree Indexes, a component's weight in the index is determined by its indicated annual dividend yield. The Index is reconstituted annually, at which time each components weight is adjusted to reflect its dividend weight in the Index. To track the Index, the fund generally invests in all of the securities comprising its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	36.2
Utilities	22.2
Consumer Staples	11.3
Materials	9.4
Consumer Discretionary	6.2
Health Care	5.4
Industrials	3.7
Telecommunication Services	3.6
Energy	2.1

Top Ten Holdings (%)

Southern Copper Corp	4.4
General Motors	2.1
Lincoln National	1.9
AT&T	1.7
Consolidated Edison Inc	1.6
Progress Energy	1.6
Xcel Energy Inc	1.5
Reynolds American Inc	1.5
Ameren Corporation	1.5
Merck	1.5
Top Ten Total	19.3

Source: Bloomberg, Company Data, Thomson, FactSet.

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WisdomTree LargeCap Dividend Fund (DLN)

LARGE-CAP

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	56.58	50.00
Fund Ticker	DLN	
Intraday NAV Ticker	DLNIV	
Benchmark Index Ticker (Bloomberg)	WTLDI	
Market Cap (\$Mil)	160	
Shares Outstanding (Mil)	2.9	
Avg Daily Trading Volume (Shares)	33,683	
Expense Ratio (%)	0.28	
Focus	Large-Cap Value	
Investment Advisor	WisdomTree	
Inception Date	6/16/2006	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	na	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

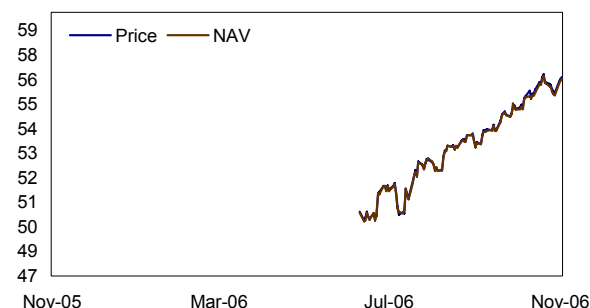
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	6.9	-	-	-	-	8.8
NAV	7.2	-	-	-	-	8.8

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.00	0.00	0.21
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.21

Fund Description

WisdomTree LargeCap Dividend Fund (DLN) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the WisdomTree LargeCap Dividend Index. The index is a sub set of the WisdomTree Dividend Index which measures the performance of all U.S. companies that pay regular cash dividends, are listed on the NYSE, AMEX or NASDAQ, and meet certain liquidity requirements. The LargeCap index consists of the 300 largest companies, ranked by market capitalization, within the WisdomTree Dividend Index. Companies in the index are weighted based on their projected cash dividends by annualizing the last regularly declared dividend per share and multiplying that figure by the number of outstanding shares. The index is reconstituted annually, at which time each components weight is adjusted to reflect its dividend weight in the index. To track the Index, the fund generally invests in all of the securities comprising its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	30.2
Consumer Staples	13.3
Health Care	11.5
Industrials	10.4
Energy	8.6
Utilities	6.1
Telecommunication Services	5.5
Information Technology	5.4
Consumer Discretionary	5.2
Materials	3.8

Top Ten Holdings (%)

Bank Of America	4.8
GE	4.6
Citigroup	4.6
Exxon Mobil	4.0
Altria	3.4
Pfizer	3.4
AT&T	2.9
JP Morgan Chase	2.4
Verizon	2.3
Chevron	2.0
Top Ten Total	34.5

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Russell Midcap Index Fund (IWR)

MID-CAP

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	97.76	84.35
Fund Ticker	IWR	
Intraday NAV Ticker	IWRIV	
Benchmark Index Ticker (Bloomberg)	RMC	
Market Cap (\$Mil)	2,519	
Shares Outstanding (Mil)	25.9	
Avg Daily Trading Volume (Shares)	193,237	
Expense Ratio (%)	0.20	
Focus	Mid-Cap	
Investment Advisor	Barclays Global Investors	
Inception Date	7/16/2001	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	785	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

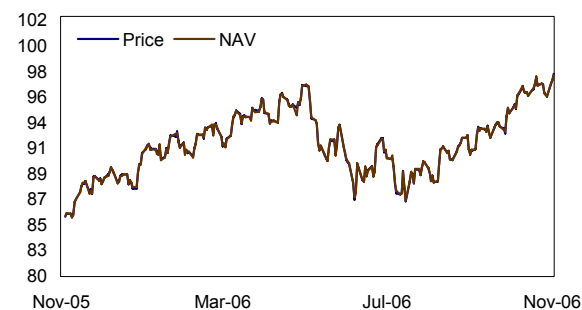
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	2.0	9.3	17.9	14.7	-	10.5
NAV	2.1	9.4	18.0	14.7	-	10.5

	2004	2005	YTD 2006
Income	0.88	1.23	0.92
Capital Gains	0.00	0.00	0.00
Total	0.88	1.23	0.92

Fund Description

iShares Russell Midcap Index Fund (IWR) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Russell Midcap Index. All Russell U.S. equity indexes are subsets of the Russell 3000 Index that ranks U.S. common stocks from largest to smallest market capitalization at an annual reconstitution period at the end of May. The Russell 1000 Index includes the 1000 largest companies in the Russell 3000 Index and the Russell Midcap Index measures the performance of the 800 smallest companies in The Russell 1000 Index. The Midcap index is float-adjusted market cap-weighted and represents approximately 25% of the total market capitalization of the Russell 1000 Index. The Russell U.S. Equity indexes exclude stocks trading below \$1.00, pink sheet and bulletin board stocks, non-U.S. incorporated stocks, foreign stocks, ADRs, closed-end mutual funds, limited partnerships, and royalty trusts. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	20.1
Consumer Discretionary	18.1
Information Technology	13.9
Industrials	11.4
Health Care	9.6
Utilities	8.1
Energy	6.1
Consumer Staples	5.7
Materials	5.1
Telecommunication Services	2.0

Top Ten Holdings (%)

Harley-davidson	0.5
Celgene Corporation	0.5
Entergy	0.4
J C Penney Co	0.4
Allergan	0.4
American Electric Power Company	0.4
Yum! Brands Inc	0.4
Xerox Corp	0.4
Electronic Arts	0.4
Forst Laboratories, Inc.	0.4
Top Ten Total	4.3

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares S&P MidCap 400 Index Fund (IJH)

MID-CAP

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	79.21	81.98
Fund Ticker	IJH	
Intraday NAV Ticker	IJHIV	
Benchmark Index Ticker (Bloomberg)	MID	
Market Cap (\$Mil)	4,001	
Shares Outstanding (Mil)	50.8	
Avg Daily Trading Volume (Shares)	209,671	
Expense Ratio (%)	0.20	
Focus	Mid-Cap	
Investment Advisor	Barclays Global Investors	
Inception Date	5/22/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	396	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

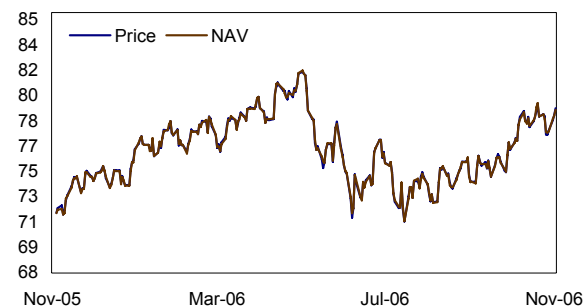
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-1.0	6.3	15.2	12.9	-	9.1
NAV	-1.1	6.4	15.1	12.9	-	9.1

	2004	2005	YTD 2006
Income	0.57	0.83	0.65
Capital Gains	0.00	0.00	0.00
Total	0.57	0.83	0.65

Fund Description

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 measures the performance of the mid-cap sector of the US equity market. It is capitalization-weighted and includes a broad range of securities chosen by an S&P Index Committee for market size, liquidity and industry group representation. The Committee follows a set of published rules and meets on a regular basis. Changes to the index are made as necessary throughout the year. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	18.4
Information Technology	15.8
Industrials	15.7
Consumer Discretionary	14.7
Health Care	10.4
Utilities	8.6
Energy	8.4
Materials	5.2
Consumer Staples	2.2
Telecommunication Services	0.6

Top Ten Holdings (%)

Peabody Energy	1.0
Cognizant	0.9
Expeditors	0.9
Precision Cast	0.8
Noble Energy	0.8
Ensco	0.7
C H Robinson Ww	0.7
Varian Medical	0.6
Lam Research	0.6
Microchip Technology	0.6
Top Ten Total	7.7

Source: Bloomberg, Company Data, Thomson, FactSet.

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S&P MidCap 400 Depository Receipts (MDY)

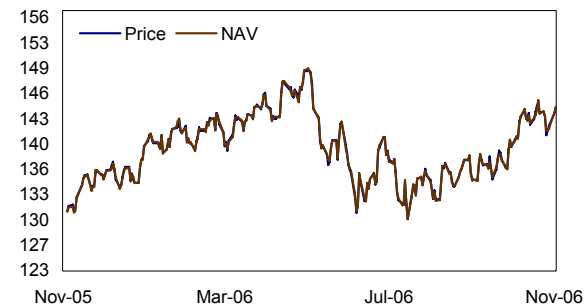
MID-CAP

Pricing and Fund Data		11/08/06				
		52 Week				
		High				Low
Price (\$)	144.40	149.60				128.82
Fund Ticker		MDY				
Intraday NAV Ticker		MXV				
Benchmark Index Ticker (Bloomberg)		MID				
Market Cap (\$Mil)		8,565				
Shares Outstanding (Mil)		59.6				
Avg Daily Trading Volume (Shares)		1,984,034				
Expense Ratio (%)		0.25				
Focus		Mid-Cap				
Investment Advisor		Bank of New York				
Inception Date		5/4/1995				
Portfolio Structure		Unit Investment Trust				
Approx. Number of Stocks in Fund		400				
Options Available		Yes				
Minimum Trade Size (Shares)		1				
Distribution Frequency		Quarterly				
Annualized Performance (%)		09/30/2006				
		Since				
		3 Mo	1 Yr	3 Yr	5 Yr	10 Yr
Price		-0.8	6.3	15.0	12.8	13.0
NAV		-1.2	6.3	14.9	12.8	13.0
		Incept				
Price						14.1
NAV						14.1
Distribution History (\$)		YTD 2006				
		2004		2005		YTD 2006
Income		1.06		1.37		1.13
Capital Gains		0.00		0.00		0.00
Total		1.06		1.37		1.13

Fund Description

S&P MidCap 400 Depository Receipts (MDY) are shares of an exchange-traded fund registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the S&P MidCap 400 Index. The index measures the performance of the mid-cap sector of the US equity market. It is capitalization-weighted and includes a broad range of securities chosen by an S&P Index Committee for market size, liquidity and industry group representation. The Committee follows a set of published rules and meets on a regular basis. Changes to the index are made as necessary throughout the year. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)

Financials	18.3
Information Technology	15.8
Industrials	15.7
Consumer Discretionary	14.8
Health Care	10.6
Utilities	8.5
Energy	8.4
Materials	5.2
Consumer Staples	2.1
Telecommunication Services	0.6

Top Ten Holdings (%)

Peabody Energy	1.0
Cognizant	0.9
Expeditors	0.9
Precision Cast	0.8
Noble Energy	0.8
Ensco	0.7
C H Robinson Ww	0.7
Varian Medical	0.6
Lam Research	0.6
Microchip Technology	0.6
Top Ten Total	7.7

Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data for MDY current to the most recent month-end at the following website: www.amex.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

Vanguard Mid-Cap ETF (VO)

MID-CAP

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	71.51	61.84
Fund Ticker	VO	
Intraday NAV Ticker	BVO	
Benchmark Index Ticker (Bloomberg)	MZUSM	
Market Cap (\$Mil)	1,505	
Shares Outstanding (Mil)	21.1	
Avg Daily Trading Volume (Shares)	71,557	
Expense Ratio (%)	0.13	
Focus	Mid-Cap	
Investment Advisor	The Vanguard Group	
Inception Date	1/30/2004	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	447	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Annualized Performance (%)	09/30/2006	

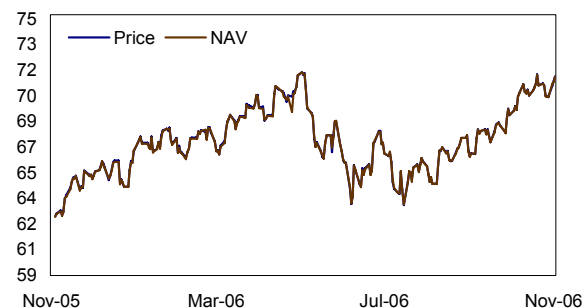
	Since					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	1.5	8.9	-	-	-	13.2
NAV	1.3	9.0	-	-	-	13.2

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.64	0.75	0.00
Capital Gains	0.00	0.00	0.00
Total	0.64	0.75	0.00

Fund Description

Vanguard Mid-Cap ETF (VO) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 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 750 Index, which contains the largest 750 stocks in the MSCI US Investable Market Index. It is market cap-weighted, adjusted quarterly beginning in February for free float and for companies that move out of its market cap range, and is rebalanced semiannually in May and November. MSCI uses buffer zones in an effort to reduce turnover and manage the migration of companies from one index to another during quarterly reviews. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	21.3
Consumer Discretionary	16.4
Information Technology	14.2
Industrials	11.2
Health Care	10.0
Energy	9.3
Utilities	6.6
Materials	4.3
Consumer Staples	3.7
Telecommunication Services	3.1

Top Ten Holdings (%)

CSX Corp	0.7
Prologis	0.6
Amer Tower Sys	0.6
AES Corp	0.6
Qwest Communications	0.6
ArchStone-Smith	0.5
Chesapeake Energy Corp	0.5
GlobalSantaFe	0.5
Sempra Energy	0.5
Office Depot	0.5
Top Ten Total	5.8

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Russell 2000 Index Fund (IWM)

SMALL-CAP

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	76.59	78.02	64.58
Fund Ticker	IWM		
Intraday NAV Ticker	IWMIV		
Benchmark Index Ticker (Bloomberg)	RTY		
Market Cap (\$Mil)			10,001
Shares Outstanding (Mil)			132.2
Avg Daily Trading Volume (Shares)		43,889,552	
Expense Ratio (%)		0.20	
Focus			Mid-Cap
Investment Advisor		Barclays Global Investors	
Inception Date		5/22/2000	
Portfolio Structure		Open-End Investment Company	
Approx. Number of Stocks in Fund		1,971	
Options Available		Yes	
Minimum Trade Size (Shares)		1	
Distribution Frequency		Quarterly	
Annualized Performance (%)			09/30/2006

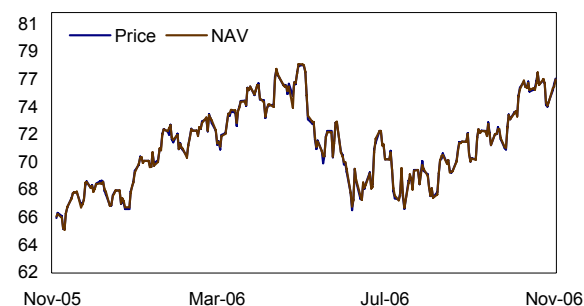
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	0.7	9.6	15.4	13.8	-	8.2
NAV	0.4	9.8	15.3	13.6	-	8.2

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.59	0.88	0.50
Capital Gains	0.00	0.00	0.00
Total	0.59	0.88	0.50

Fund Description

iShares Russell 2000 Index Fund (IWM) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Russell 2000 Index. All Russell U.S. equity indexes are subsets of the Russell 3000 Index that ranks U.S. common stocks from largest to smallest market capitalization at an annual reconstitution period at the end of May. The Russell 2000 Index measures the performance of the 2000 smallest companies in the Russell 3000 Index. The index is float-adjusted market cap-weighted and represents under 10% of the total market capitalization of the Russell 3000 Index. The Russell U.S. Equity indexes exclude stocks trading below \$1.00, pink sheet and bulletin board stocks, non-U.S. incorporated stocks, foreign stocks, ADRs, closed-end mutual funds, limited partnerships, and royalty trusts. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	22.7
Information Technology	18.2
Consumer Discretionary	15.9
Industrials	13.8
Health Care	12.3
Energy	5.2
Materials	4.5
Consumer Staples	3.0
Utilities	3.0
Telecommunication Services	1.4

Top Ten Holdings (%)

Alexandria Re Eq	0.2
Hologic Inc	0.2
Veritas Dgc	0.2
Phillips-van Heusen Corp	0.2
Sothebys	0.2
Polycom Inc	0.2
Realty Income	0.2
Time Warner Telecom Inc	0.2
Big Lot Inc	0.2
Natwide Health	0.2
Top Ten Total	1.8

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares S&P SmallCap 600 Index Fund (IJR)

SMALL-CAP

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	64.87	67.07	56.28
Fund Ticker	IJR		
Intraday NAV Ticker	IJRIV		
Benchmark Index Ticker (Bloomberg)	SML		
Market Cap (\$Mil)	4,488		
Shares Outstanding (Mil)	69.9		
Avg Daily Trading Volume (Shares)	725,998		
Expense Ratio (%)	0.20		
Focus	Mid-Cap		
Investment Advisor	Barclays Global Investors		
Inception Date	5/22/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	601		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Annualized Performance (%)	09/30/2006		

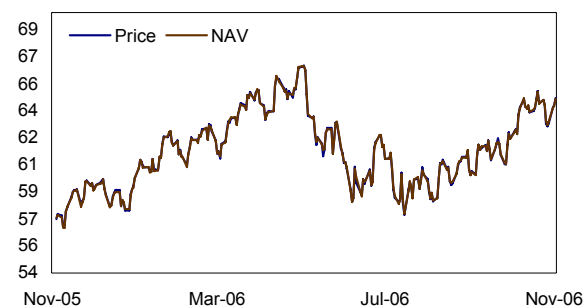
	Since					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	-1.1	6.9	17.1	14.9	-	11.4
NAV	-0.9	7.0	17.2	14.9	-	11.4

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.40	0.50	0.35
Capital Gains	0.00	0.00	0.00
Total	0.40	0.50	0.35

Fund Description

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 measures the performance of the small-cap sector of the US equity market. It is capitalization-weighted and includes a broad range of securities chosen by an S&P Index Committee for market size, liquidity and industry group representation. The Committee follows a set of published rules and meets on a regular basis. Changes to the index are made as necessary throughout the year. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	18.1
Information Technology	15.9
Industrials	15.6
Consumer Discretionary	14.7
Health Care	10.6
Energy	8.5
Utilities	8.5
Materials	5.2
Consumer Staples	2.1
Telecommunication Services	0.6

Top Ten Holdings (%)

Peabody Energy Corp	1.0
Cognizant Technology Solutions Corp	1.0
Expeditors International Washington	0.9
Precision Castparts Corp	0.8
Noble Energy	0.8
ENSCO International	0.7
CH Robinson Worldwide	0.7
Varian Medical Systems	0.6
Questar Corp	0.6
Lam Research Corp	0.6
Top Ten Total	7.7

Source: Bloomberg, Company Data, Thomson, FactSet.

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Vanguard Small-Cap ETF (VB)

SMALL-CAP

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	67.27	58.00
Fund Ticker	VB	
Intraday NAV Ticker	BVP	
Benchmark Index Ticker (Bloomberg)	MZUSS	
Market Cap (\$Mil)	642	
Shares Outstanding (Mil)	9.6	
Avg Daily Trading Volume (Shares)	46,407	
Expense Ratio (%)	0.10	
Focus	Mid-Cap	
Investment Advisor	The Vanguard Group	
Inception Date	1/30/2004	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	1,713	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Annualized Performance (%)	09/30/2006	

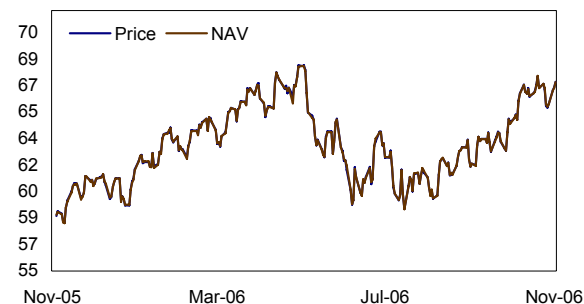
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	0.0	8.0	-	-	-	9.8
NAV	-0.3	8.0	-	-	-	9.8

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.62	0.68	0.00
Capital Gains	0.00	0.00	0.00
Total	0.62	0.68	0.00

Fund Description

Vanguard Small-Cap ETF (VB) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 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 US Investable Market Index, which contains 2500 stocks. It is market cap-weighted, adjusted quarterly beginning in February for free float and for companies that move out of its market cap range, and is rebalanced semiannually in May and November. MSCI uses buffer zones in an effort to reduce turnover and manage the migration of companies from one index to another during quarterly reviews. To track the index, the fund may use optimization techniques, however, it will generally hold all of the stocks in the index in proportionately the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	22.2
Industrials	15.8
Information Technology	15.0
Consumer Discretionary	15.0
Health Care	10.3
Energy	6.7
Materials	5.9
Utilities	4.8
Consumer Staples	2.8
Telecommunication Services	1.4

Top Ten Holdings (%)

Level 3 Communications Inc	0.3
Camden Property	0.3
Federal Realty	0.2
Roper Ind	0.2
Fmc Technologies	0.2
Northeast Utils	0.2
Covance Inc	0.2
Hcc Ins Hldgs	0.2
Reckson Assoc Re	0.2
Ventas Inc	0.2
Top Ten Total	2.3

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Russell Microcap Index Fund (IWC)

MICRO-CAP

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	56.78	49.30
Fund Ticker	IWC	
Intraday NAV Ticker	IWCIV	
Benchmark Index Ticker (Bloomberg)	RMICROX	
Market Cap (\$Mil)	235	
Shares Outstanding (Mil)	4.2	
Avg Daily Trading Volume (Shares)	78,356	
Expense Ratio (%)	0.60	
Focus	Micro-Cap	
Investment Advisor	Barclays Global Investors	
Inception Date	8/16/2005	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	1,473	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

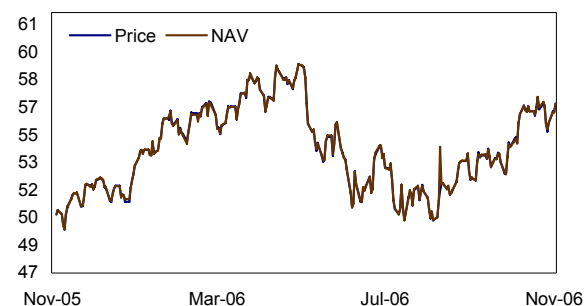
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-0.7	5.5	-	-	-	6.7
NAV	-1.0	5.6	-	-	-	6.7

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.00	0.10	0.16
Capital Gains	0.00	0.00	0.00
Total	0.00	0.10	0.16

Fund Description

iShares Russell Microcap Index Fund (IWC) 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 Microcap Index. The index measures the performance of the microcap segment that represents less than 3% of the U.S. equity market. Russell ranks U.S. common stocks from largest to smallest market capitalization at an annual reconstitution period at the end of May. The Russell Microcap Index includes the 1,000 smallest securities in the small-cap Russell 2000 Index plus the next 1000 smaller securities. The index is float-adjusted market cap-weighted and excludes stocks trading below \$1.00, pink sheet and bulletin board stocks, non-U.S. incorporated stocks, foreign stocks, ADRs, closed-end mutual funds, limited partnerships, and royalty trusts. 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	24.1
Information Technology	19.8
Health Care	17.9
Consumer Discretionary	13.2
Industrials	12.1
Energy	3.7
Consumer Staples	3.1
Materials	2.9
Telecommunication Services	1.9
Utilities	1.2

Top Ten Holdings (%)

City Bank	0.3
Energysouth	0.3
Iberiabank Corp	0.3
Integra Bank Corp	0.3
World Accept	0.3
Stratasys Inc	0.3
Independ Bncp	0.3
One Liberty	0.3
Tierone Corp	0.2
Knbt Bancorp	0.2
Top Ten Total	2.7

Source: Bloomberg, Company Data, Thomson, FactSet.

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PowerShares Zacks MicroCap Portfolio (PZI)

MICRO-CAP

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	17.21	14.55
Fund Ticker	PZI	
Intraday NAV Ticker	HXZ	
Benchmark Index Ticker (Bloomberg)	ZAX	
Market Cap (\$Mil)	159	
Shares Outstanding (Mil)	9.3	
Avg Daily Trading Volume (Shares)	60,109	
Expense Ratio (%)	0.60	
Focus	Micro-Cap	
Investment Advisor	PowerShares Capital	
Inception Date	8/18/2005	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	400	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

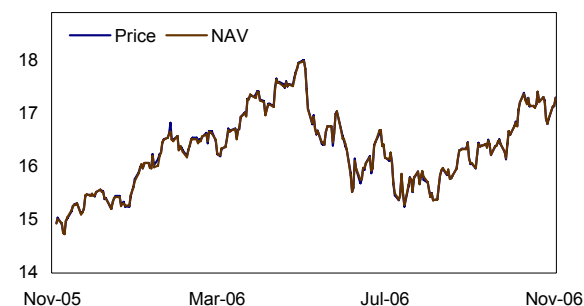
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-0.3	8.7	-	-	-	9.4
NAV	-0.3	8.7	-	-	-	9.4

	2004	2005	YTD 2006
Income	0.00	0.01	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.01	0.00

Fund Description

PowerShares Zacks Micro Cap Portfolio (PZI) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Zacks Micro Cap Index. Components are evaluated based on Zacks proprietary quantitative methodology designed to identify a group of micro cap stocks with the greatest potential to outperform passive benchmark micro cap indices. The Index is calculated using a tiered weighting methodology and rebalances quarterly in March, June, September and December. To track the index, the fund may use optimization techniques, however, it will generally hold all of the securities in the index in proportionately the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Information Technology	26.0
Financials	23.3
Consumer Discretionary	16.0
Industrials	14.7
Health Care	5.5
Materials	5.3
Energy	4.1
Consumer Staples	3.2
Telecommunication Services	1.4
Utilities	0.5

Top Ten Holdings (%)

Am Physicians	0.4
21st Century	0.3
Amrep Corp	0.3
Helen Of Troy	0.3
L.b. Foster	0.3
G-iii Apparel	0.3
Brush Eng Matls	0.3
Zygo Corp	0.3
Universal Stain	0.3
Mikron Infrared Inc	0.3
Top Ten Total	3.4

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Dow Jones Select Dividend Index Fund (DVY)

DIVIDEND-INCOME

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	69.50	60.78
Fund Ticker	DVY	
Intraday NAV Ticker	DVYIV	
Benchmark Index Ticker (Bloomberg)	DJDVY	
Market Cap (\$Mil)	7,301	
Shares Outstanding (Mil)	105.7	
Avg Daily Trading Volume (Shares)	371,619	
Expense Ratio (%)	0.40	
Focus	Dividend	
Investment Advisor	Barclays Global Investors	
Inception Date	11/7/2003	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	112	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

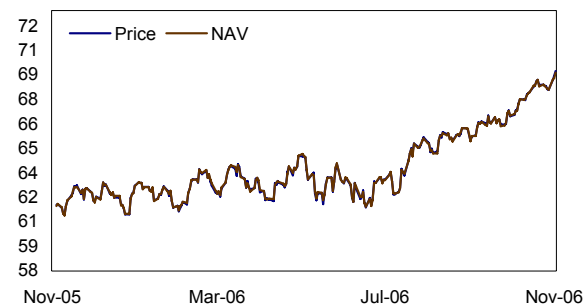
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	6.2	10.4	-	-	-	14.3
NAV	6.3	10.3	-	-	-	14.3

	2004	2005	YTD 2006
Income	1.91	1.85	1.70
Capital Gains	0.00	0.00	0.00
Total	1.91	1.85	1.70

Fund Description

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 100 of the highest dividend yielding companies (excluding REITs) in the Dow Jones Total Market Index that meet quality and liquidity screening requirements including: a positive five-year dividend growth rate, an average five-year dividend payout ratio less than or equal to 60%, and a three month average daily trading volume of more than 200,000 shares. It is rebalanced in December as suitable stocks are identified and the 100 with the highest yields can be selected. However, stocks stay in the index unless their yield drops below the top 200 securities. Although components are selected based on yield, weights are based on annualized dividends in dollars. 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	39.1
Utilities	22.7
Materials	7.8
Consumer Staples	7.3
Health Care	5.8
Energy	4.9
Consumer Discretionary	4.8
Telecommunication Services	4.1
Industrials	3.4
Information Technology	0.2

Top Ten Holdings (%)

Altria	3.9
Bank Of America	3.2
Merck	2.6
Pinnacel West Cap	2.6
DTE Energy	2.6
PNC Bank	2.6
FPL	2.6
First Energy	2.6
AT&T	2.2
Kinder Morgan	2.2
Top Ten Total	27.1

Source: Bloomberg, Company Data, Thomson, FactSet.

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PowerShares High Yield Equity Dividend Achievers Port. (PEY) DIVIDEND-INCOME

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	15.94	15.98	14.23
Fund Ticker		PEY	
Intraday NAV Ticker		HEY	
Benchmark Index Ticker (Bloomberg)		DAY	
Market Cap (\$Mil)		422	
Shares Outstanding (Mil)		26.7	
Avg Daily Trading Volume (Shares)		114,180	
Expense Ratio (%)		0.50	
Focus		Dividend	
Investment Advisor		PowerShares Capital	
Inception Date		12/8/2004	
Portfolio Structure		Open-End Investment Company	
Approx. Number of Stocks in Fund		50	
Options Available		Yes	
Minimum Trade Size (Shares)		1	
Distribution Frequency		Monthly	
Annualized Performance (%)		09/30/2006	

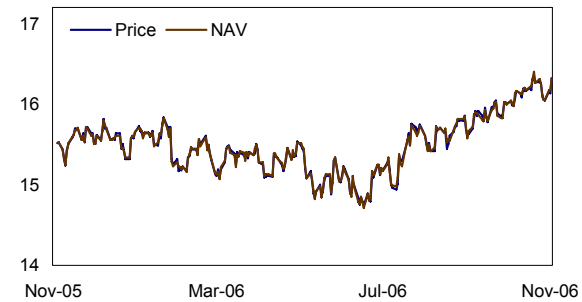
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	6.6	6.2	-	-	-	6.3
NAV	6.0	6.0	-	-	-	6.3

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.04	0.45	0.43
Capital Gains	0.00	0.00	0.00
Total	0.04	0.45	0.43

Fund Description

PowerShares High Yield Equity Dividend Achievers Portfolio (PEY) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the Dividend Achievers 50 Index. The index is comprised of the 50 highest yielding stocks with at least 10 years of consecutive dividend increases selected by Mergent, Inc. from the US Dividend Achievers universe. It is a subset of the Broad Dividend Achievers Index that is reconstituted annually. Components must be incorporated in the United States and must have raised annual regular cash dividend payments for at least each of the last 10 consecutive fiscal years. The index uses a modified equal weighting methodology incorporating current dividend yield and is rebalanced quarterly in January, April, July and October. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	53.3
Utilities	31.7
Consumer Staples	7.3
Consumer Discretionary	2.1
Telecommunication Services	2.1
Health Care	1.8
Materials	1.7

Top Ten Holdings (%)

FNB Corp	2.8
Progress Energy	2.7
Peoples Energy	2.7
FST Comwth Fin	2.6
Firstmerit Corp	2.5
Consolidated Edison Inc	2.5
Washington Mutual	2.4
Universal Corp	2.3
Wps Res Corp	2.3
Arthur J Gallagr	2.3
<i>Top Ten Total</i>	25.2

Source: Bloomberg, Company Data, Thomson, FactSet.

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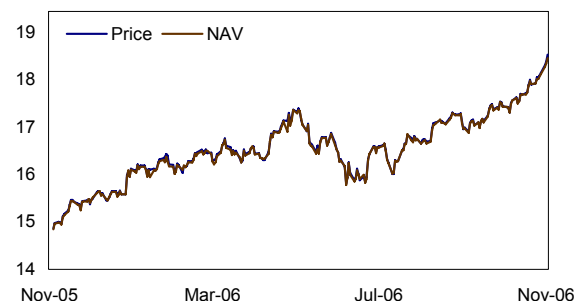
PowerShares International Dividend Achievers Portfolio (PID) DIVIDEND-INCOME

Pricing and Fund Data		11/08/06	
52 Week			
		High	Low
Price (\$)	18.33	18.37	14.50
Fund Ticker	PID		
Intraday NAV Ticker	FKJ		
Benchmark Index Ticker (Bloomberg)	DAT		
Market Cap (\$Mil)	305		
Shares Outstanding (Mil)	16.7		
Avg Daily Trading Volume (Shares)	111,330		
Expense Ratio (%)	0.50		
Focus	International Dividend		
Investment Advisor	PowerShares Capital		
Inception Date	9/15/2005		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	60		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Annualized Performance (%)	09/30/2006		
		Since	Incept
	3 Mo	1 Yr	3 Yr
Price	6.7	15.9	-
NAV	6.4	15.8	-
			5 Yr
			10 Yr
			18.0
			18.0
Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.00	0.08	0.37
Capital Gains	0.00	0.00	0.00
Total	0.00	0.08	0.37

Fund Description

PowerShares International Dividend Achievers Portfolio (PID) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the International Dividend Achievers Index. The index is comprised of non-US companies selected by Mergent, Inc. as international Dividend Achievers. Components include dividend paying American Depositary Receipts (ADRs) and non-U.S. common or ordinary stocks trading on the NYSE, NASDAQ or AMEX that have increased consistently their aggregate annual regular dividend payments over the course of the last five calendar or fiscal years. The index uses a dividend yield weighting methodology incorporating current dividend yield. It is reconstituted annually and is rebalanced quarterly in January, April, July and October. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	41.3
Consumer Staples	12.5
Utilities	9.8
Energy	9.1
Information Technology	8.7
Consumer Discretionary	5.3
Telecommunication Services	4.1
Health Care	3.4
Materials	3.0
Industrials	2.8

Top Ten Holdings (%)

Nam Tai	7.2
Provida S A	4.4
Telestra Corp	4.1
Lloyds Tsb	3.5
Endesa Sa Ads	3.3
Natl Australia	2.6
Huaneng Pow Intl	2.5
ANZ Banking Group	2.5
Abn Amro Hldg	2.4
HSBC	2.3
Top Ten Total	34.9

Source: Bloomberg, Company Data, Thomson, FactSet.

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SPDR Dividend ETF (SDY)

DIVIDEND-INCOME

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	60.87	61.24
Fund Ticker	SDY	
Intraday NAV Ticker	SYW	
Benchmark Index Ticker (Bloomberg)	SPHYDA	
Market Cap (\$Mil)	173	
Shares Outstanding (Mil)	2.9	
Avg Daily Trading Volume (Shares)	36,312	
Expense Ratio (%)	0.30	
Focus	Dividend	
Investment Advisor	State Street Global Advisors	
Inception Date	11/8/2005	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	50	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

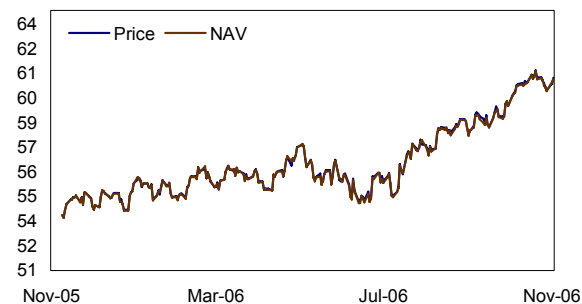
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	6.4	-	-	-	-	13.1
NAV	6.4	-	-	-	-	13.1

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.00	0.31	1.18
Capital Gains	0.00	0.00	0.00
Total	0.00	0.31	1.18

Fund Description

SPDR Dividend ETF (SDY) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of S&P High Yield Dividend Aristocrats Index. This index is designed to measure the performance of the 50 highest yielding U.S. stocks in the S&P 1500 Composite that have consistently raised dividends for at least 25 years. S&P believes the criterion of increasing dividends every year for 25 years brings in companies from a broad range of industries, rather than being heavy into financials and utilities. The index is weighted by indicated yield and rebalanced quarterly. To prevent over concentration in individual companies, no single stock will have a weight of more than 4% of the index at each quarterly rebalancing. To track the index, the fund may use optimization techniques, however, it will generally hold all of the stocks in the index in proportionately the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Regional Banks	19.4
Gas Utilities	9.4
Pharmaceuticals	9.1
Multi-Utilities	9.0
Diversified Banks	5.2
Packaged Foods & Meats	4.8
Household Products	4.4
Specialty Chemicals	4.2
Home Furnishings	3.6
Industrial Conglomerates	3.5

Top Ten Holdings (%)

Consolidated Edison Inc	3.2
First Horizon National Corp	2.9
Vectren Corporation	2.9
Wps Res Corp	2.9
Wgl Hldgs	2.8
Bank Of America	2.7
US Bancorp	2.6
Comerica	2.6
Merck	2.5
Fifth Third	2.5
Top Ten Total	27.6

Source: Bloomberg, Company Data, Thomson, FactSet.

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WisdomTree High-Yielding Equity (DHS)

DIVIDEND-INCOME

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	56.38	49.57
Fund Ticker	DHS	
Intraday NAV Ticker	DHSIV	
Benchmark Index Ticker (Bloomberg)	WTHYE	
Market Cap (\$Mil)	101	
Shares Outstanding (Mil)	1.8	
Avg Daily Trading Volume (Shares)	28,893	
Expense Ratio (%)	0.38	
Focus	Dividend	
Investment Advisor	WisdomTree	
Inception Date	6/16/2006	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	na	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

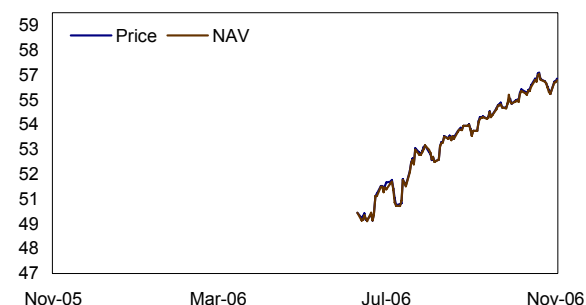
	Since				
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr
Price	8.0	-	-	-	-
NAV	8.3	-	-	-	-

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.00	0.00	0.29
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.29

Fund Description

WisdomTree High-Yielding Equity Fund (DHS) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the WisdomTree High-Yielding Equity Index. The index is a sub set of the WisdomTree Dividend Index which measures the performance of all U.S. companies that pay regular cash dividends, are listed on the NYSE, AMEX or NASDAQ, and meet certain liquidity requirements. The High-Yielding Equity Index includes the top 30% of companies ranked by dividend yield that fall within the WisdomTree Dividend Index. Companies in the Index are weighted based on their projected cash dividends by annualizing the last regularly declared dividend per share and multiplying that figure by the number of outstanding shares. The Index is reconstituted annually, at which time each component's weight is adjusted to reflect its dividend weight in the Index. To track the Index, the fund generally invests in all of the securities comprising its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	44.2
Health Care	11.3
Utilities	10.9
Consumer Staples	9.8
Telecommunication Services	7.7
Industrials	7.0
Materials	4.3
Energy	3.2
Consumer Discretionary	1.5
Information Technology	0.0

Top Ten Holdings (%)

Bank Of America	7.0
Citigroup	6.6
GE	6.5
Altria	4.8
Pfizer	4.8
AT&T	4.1
JP Morgan Chase	3.4
Verizon	3.2
Chevron	2.9
Merck	2.7
Top Ten Total	45.9

Source: Bloomberg, Company Data, Thomson, FactSet.

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PowerShares Dynamic Market Portfolio (PWC)

CUSTOM

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	49.07	43.84
Fund Ticker	PWC	
Intraday NAV Ticker	FZM	
Benchmark Index Ticker (Bloomberg)	DYI	
Market Cap (\$Mil)	928	
Shares Outstanding (Mil)	19.0	
Avg Daily Trading Volume (Shares)	72,866	
Expense Ratio (%)	0.60	
Focus	Custom	
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	
Annualized Performance (%)	09/30/2006	

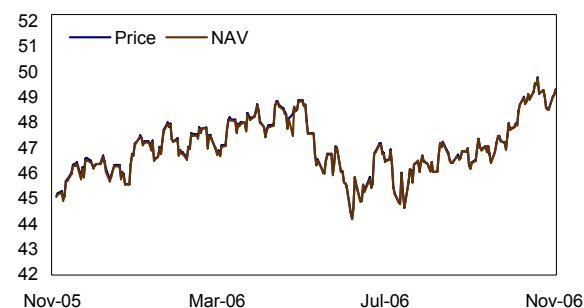
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	1.0	5.0	16.2	-	-	18.4
NAV	1.1	5.2	16.3	-	-	18.4

	2004	2005	YTD 2006
Income	0.24	0.31	0.14
Capital Gains	0.00	0.00	0.00
Total	0.24	0.31	0.14

Fund Description

PowerShares Dynamic Market Portfolio (PWC) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Dynamic Market Intellidex Index. The Index utilizes rules-based quantitative analysis to evaluate and select securities using a variety of investment value determinants such as fundamental growth, stock valuation, timeliness and risk factors. This process occurs quarterly in February, May, August and November. The component stocks are selected from 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. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	20.4
Information Technology	15.1
Consumer Discretionary	13.4
Health Care	11.8
Industrials	11.1
Energy	9.2
Consumer Staples	8.8
Materials	3.7
Utilities	3.5
Telecommunication Services	3.1

Top Ten Holdings (%)

Marathon Oil	3.2
Coca-Cola	3.2
Reynolds American Inc	3.0
Sunonco	2.9
Nordstrom	2.7
Nucor	2.6
Cummins Inc	2.6
Cooper Industries Ltd	2.6
Moody's	2.5
Freescale Semiconductor	2.5
Top Ten Total	27.8

Source: Bloomberg, Company Data, Thomson, FactSet.

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PowerShares Dynamic OTC Portfolio (PWO)

CUSTOM

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	51.83	45.35
Fund Ticker	PWO	
Intraday NAV Ticker	FZO	
Benchmark Index Ticker (Bloomberg)	DYO	
Market Cap (\$Mil)	188	
Shares Outstanding (Mil)	3.7	
Avg Daily Trading Volume (Shares)	57,159	
Expense Ratio (%)	0.60	
Focus	Custom	
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	
Annualized Performance (%)	09/30/2006	

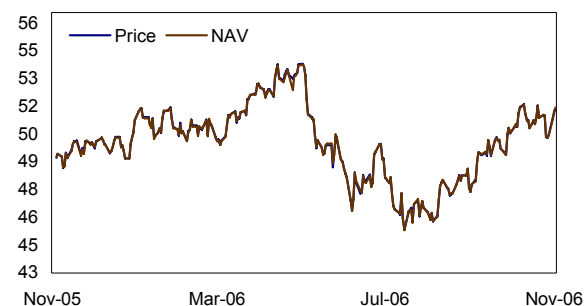
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	0.3	4.7	12.3	-	-	17.8
NAV	0.1	4.7	12.9	-	-	17.8

	Distribution History (\$)		
	2004	2005	YTD 2006
Income	0.00	0.06	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.06	0.00

Fund Description

PowerShares Dynamic OTC Portfolio (PWO) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Dynamic OTC Intellidex Index. The Index utilizes rules-based quantitative analysis to evaluate and select securities using a variety of investment value determinants such as fundamental growth, stock valuation, timeliness and risk factors. This process occurs quarterly in February, May, August and November. The component stocks are selected from 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. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Information Technology	49.7
Consumer Discretionary	14.9
Health Care	13.0
Financials	11.2
Industrials	5.8
Consumer Staples	1.9
Energy	1.4
Telecommunication Services	1.2
Materials	0.9

Top Ten Holdings (%)

Nvidia	3.4
BEA Systems	3.2
Cisco	3.1
Fiserv Inc	3.0
Applied Materials	2.9
Amer Eagle Outf	2.9
Cognizant	2.8
Verisign Inc	2.8
Tellabs	2.8
Sears Hlds Corp	2.7
Top Ten Total	29.5

Source: Bloomberg, Company Data, Thomson, FactSet.

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PowerShares Lux Nanotech Portfolio (PXN)

CUSTOM

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	18.45	15.69
Fund Ticker	PXN	
Intraday NAV Ticker	JDT	
Benchmark Index Ticker (Bloomberg)	LUXNI	
Market Cap (\$Mil)	137	
Shares Outstanding (Mil)	7.5	
Avg Daily Trading Volume (Shares)	64,215	
Expense Ratio (%)	0.60	
Focus	Custom	
Investment Advisor	PowerShares Capital	
Inception Date	10/26/2005	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	25	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

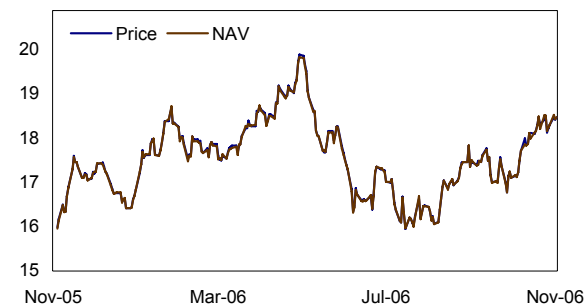
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	0.0	-	-	-	-	13.5
NAV	0.1	-	-	-	-	13.5

Distribution History (\$)	2004	2005	YTD 2006
Income	0.00	0.01	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.01	0.00

Fund Description

PowerShares Lux Nanotech Portfolio (PXN) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Lux Nanotech Index. The index is calculated using a modified equal weighting methodology. During quarterly updates in March, June, September and December selected components are split into two groups: nanotechnology specialists and end-use incumbents. The specialists are small- and mid-cap companies focusing on emerging nanotechnology applications while the end-use incumbents are larger companies that are applying nanotechnology to existing product lines. The stocks in each group are then equally weighted with 75% going to specialists and 25% to incumbents. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Semiconductors	15.2
Pharmaceuticals	14.6
Specialty Chemicals	13.6
Life Sciences Tools & Services	8.9
Semiconductor Equipment	8.4
Computer Hardware	5.5
Diversified Chemicals	5.4
Diversified Commercial & Professional Services	5.2
Industrial Conglomerates	5.1
Asset Management & Custody Banks	4.5

Top Ten Holdings (%)

Cambridge Disply	6.8
Flamel Technol	6.0
Nve Corp	5.7
Arrowhead Research Corp	5.2
Accelrys, Inc	5.0
Namphase Tech	4.8
Symyx Tech Inc	4.8
Fei Company	4.6
Abraxis Biosciences Inc	4.5
Harris &harris	4.5
Top Ten Total	52.0

Source: Bloomberg, Company Data, Thomson, FactSet.

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PowerShares Value Line Timeliness Select Portfolio (PIV)

CUSTOM

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	15.45	17.95	13.81
Fund Ticker			PIV
Intraday NAV Ticker			JDV
Benchmark Index Ticker (Bloomberg)			VLTSI
Market Cap (\$Mil)			182
Shares Outstanding (Mil)			11.9
Avg Daily Trading Volume (Shares)			109,274
Expense Ratio (%)			0.60
Focus			Custom
Investment Advisor			PowerShares Capital
Inception Date			12/6/2005
Portfolio Structure			Open-End Investment Company
Approx. Number of Stocks in Fund			50
Options Available			Yes
Minimum Trade Size (Shares)			1
Distribution Frequency			Quarterly
Annualized Performance (%)			09/30/2006

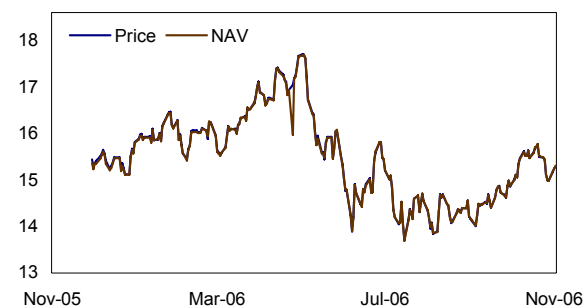
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-5.5	-	-	-	-	-4.6
NAV	-5.6	-	-	-	-	-4.6

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.00	0.00	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.00

Fund Description

PowerShares Value Line Timeliness Select Portfolio (PIV) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the Value Line Timeliness Select Index. The index represents the 50 highest ranking common stocks based on proprietary methodology using three core Value Line investment merit indicators: Timeliness, Safety and Technical rankings. Timeliness is determined by a company's earnings growth and stock price performance. Safety is computed by averaging two other Value Line indicators-the price stability index and the financial strength rating. The Technical rank is based on an analysis of the stock's historical price performance relative the universe followed by Value line. The 50 components are equally weighted upon a quarterly rebalancing in February, May, August and November. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Oil & Gas Equipment & Services	7.0
Apparel Retail	6.2
Electronic Manufacturing Services	5.2
Home Furnishings	5.1
Steel	4.6
Systems Software	4.3
Movies & Entertainment	4.0
Department Stores	3.9
Industrial Machinery	3.9
Regional Banks	3.7

Top Ten Holdings (%)

Kimball Intl B	2.7
Sothebys	2.5
Allegheny Tech	2.5
Illumina	2.5
Midwest Air Group Inc	2.4
Tmpur-pdic Intl	2.4
Amer Eagle Outf	2.3
Terex Corp	2.3
Hercules Inc	2.2
Akamai Tech	2.2
Top Ten Total	24.2

Source: Bloomberg, Company Data, Thomson, FactSet.

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PowerShares Water Resources Portfolio (PHO)

CUSTOM

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	17.85	15.06
Fund Ticker	PHO	
Intraday NAV Ticker	JDP	
Benchmark Index Ticker (Bloomberg)	ZWI	
Market Cap (\$Mil)	1,207	
Shares Outstanding (Mil)	68.1	
Avg Daily Trading Volume (Shares)	453,383	
Expense Ratio (%)	0.60	
Focus	Custom	
Investment Advisor	PowerShares Capital	
Inception Date	11/18/2005	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	38	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

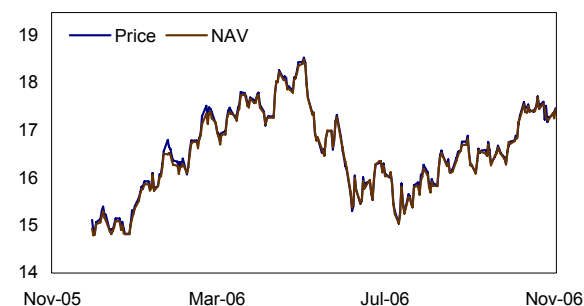
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	1.7	-	-	-	-	9.8
NAV	1.5	-	-	-	-	9.8

	2004	2005	YTD 2006
Income	0.00	0.01	0.07
Capital Gains	0.00	0.00	0.00
Total	0.00	0.01	0.07

Fund Description

PowerShares Water Resources Portfolio (PHO) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Palisades Water Index. The Index, created by Hydrogen Ventures, LLC, includes US listed companies that focus on the provision of potable water, the treatment of water and technology and services related to water consumption. Components must get at least 50% of revenues from water related activities and include water utility, treatment, analysis and monitoring, infrastructure, distribution and resource management companies and conglomerates that contribute significantly to the water industry. The index uses a modified equal dollar weighting and is rebalanced and reconstituted quarterly in March, June, September and December. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Industrial Machinery	30.8
Water Utilities	18.8
Multi-Utilities	7.1
Electrical Components & Equipment	6.5
Environmental & Facilities Services	5.8
Construction & Engineering	5.7
Industrial Conglomerates	4.1
Specialty Chemicals	3.6
Life Sciences Tools & Services	3.5
Health Care Equipment	3.1

Top Ten Holdings (%)

Watts Inds	4.4
Pentair Inc	4.1
Mueller Water Products Inc A	4.0
Franklin Elec	3.7
Nalco Holding	3.6
Danaher Corp	3.6
Ilt Corp	3.6
American States Water Co	3.6
Millipore Cp	3.5
Aqua America	3.5
Top Ten Total	37.5

Source: Bloomberg, Company Data, Thomson, FactSet.

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PowerShares WilderHill Clean Energy Portfolio (PBW)

CUSTOM

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	17.76	24.08	15.66
Fund Ticker		PBW	
Intraday NAV Ticker		BWH	
Benchmark Index Ticker (Bloomberg)		ECO	
Market Cap (\$Mil)		663	
Shares Outstanding (Mil)		37.6	
Avg Daily Trading Volume (Shares)		270,795	
Expense Ratio (%)		0.60	
Focus		Custom	
Investment Advisor		PowerShares Capital	
Inception Date		3/3/2005	
Portfolio Structure		Open-End Investment Company	
Approx. Number of Stocks in Fund		42	
Options Available		Yes	
Minimum Trade Size (Shares)		1	
Distribution Frequency		Quarterly	
Annualized Performance (%)		09/30/2006	

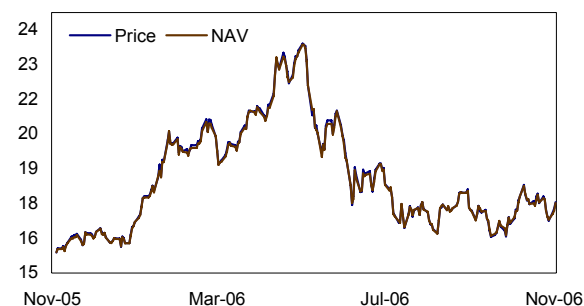
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-11.5	-4.9	-	-	-	5.1
NAV	-10.9	-4.6	-	-	-	5.1

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.00	0.00	0.01
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.01

Fund Description

PowerShares WilderHill Clean Energy Portfolio (PBW) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the WilderHill Clean Energy Index. The Index seeks to deliver capital appreciation through companies that focus on greener and generally renewable sources of energy and technologies facilitating cleaner energy. It includes US listed companies involved in renewable energy harvesting or production, energy conversion, energy storage, pollution prevention, improvements in energy efficiency, power delivery, energy conservation and monitoring of energy information. The index uses a modified equal dollar weighting. No single stock may exceed 3% of the index at its quarterly rebalancing in March, June, September and December. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Electrical Components & Equipment	23.8
Electronic Equipment Manufacturers	12.4
Semiconductor Equipment	8.7
Semiconductors	8.5
Specialty Chemicals	7.9
Electronic Manufacturing Services	5.8
Heavy Electrical Equipment	4.7
Auto Parts & Equipment	4.6
Oil & Gas Exploration & Production	4.2
Electric Utilities	3.8

Top Ten Holdings (%)

Om Group	4.9
Sunpower Corp Class A	3.8
Ballard Power Systems Inc	3.7
Amer Pwr Conver	3.7
Medis Techs	3.7
Energy Conversion Devices	3.6
Ormat Tech	3.5
Suntech Power Holdings Adr	3.2
Kyocera Corp	3.1
Maxwell Tech	3.1
Top Ten Total	36.2

Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data for Powershares current to the most recent month-end at the following website: www.powershares.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

Ultra QQQ ProShares (QLD)

LEVERAGED

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	86.91	60.70
Fund Ticker		QLD
Intraday NAV Ticker		ECJ
Benchmark Index Ticker (Bloomberg)		NDX
Market Cap (\$Mil)		206
Shares Outstanding (Mil)		2.4
Avg Daily Trading Volume (Shares)		383,430
Expense Ratio (%)		0.95
Focus		Leverage
Investment Advisor		ProShares
Inception Date		6/21/2006
Portfolio Structure		Open-End Investment Company
Approx. Number of Stocks in Fund		na
Options Available		No
Minimum Trade Size (Shares)		1
Distribution Frequency		Yearly
Annualized Performance (%)		09/30/2006

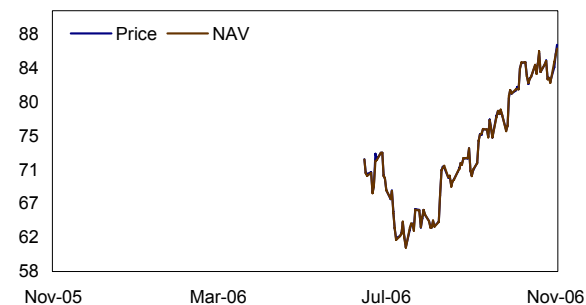
	Since				
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr
Price	7.8	-	-	-	-
NAV	8.0	-	-	-	-

Distribution History (\$)			
	2004	2005	YTD 2006
Income	na	na	0.00
Capital Gains	na	na	0.00
Total	0.00	0.00	0.00

Fund Description

Ultra QQQ ProShares (QLD) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 that is designed to double the daily 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. The index is reconstituted annually in a December Ranking Review based on market capitalization rankings. It uses a modified capitalization weighted methodology and is rebalanced quarterly. Upon rebalancing, the weight of any single stock is limited to 24% of the index and the combined weight of all securities with individual weights of more than 4.5% is limited to 48% of the index. To achieve twice the daily performance of the NASDAQ-100 Index the fund will invest in a combination of equity securities, Treasury Bills and will also utilize derivative instruments including equity swaps and index futures.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Technology	37.3
Communications	29.6
Consumer, Non-cyclical	17.1
Consumer, Cyclical	11.7
Industrial	3.6
Energy	0.4
Basic Materials	0.4

Top Ten Holdings (%)

Common Stock
Cash
Equity Swaps/Derivatives

Source: Bloomberg, Company Data, Thomson, FactSet.

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Ultra S&P500 ProShares (SSO)

LEVERAGED

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	86.44	86.72	68.11
Fund Ticker			SSO
Intraday NAV Ticker			SEV
Benchmark Index Ticker (Bloomberg)			SPX
Market Cap (\$Mil)			122
Shares Outstanding (Mil)			1.4
Avg Daily Trading Volume (Shares)			81,722
Expense Ratio (%)			0.95

Focus		Leverage
Investment Advisor		ProShares
Inception Date		6/21/2006
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund		na
Options Available		No
Minimum Trade Size (Shares)		1
Distribution Frequency		Yearly
Annualized Performance (%)		09/30/2006

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	9.7	-	-	-	-	12.7
NAV	9.6	-	-	-	-	12.7

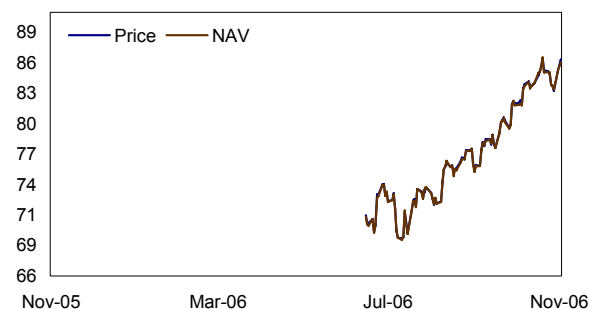
Distribution History (\$)

	2004	2005	YTD 2006
Income	na	na	0.00
Capital Gains	na	na	0.00
Total	0.00	0.00	0.00

Fund Description

Ultra S&P500 ProShares (SSO) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 that is designed to double the daily performance of the S&P 500 Index. The index measures the performance of the large-cap sector of the US equity market. It is capitalization-weighted and includes a broad range of securities chosen by an S&P Committee for market size, liquidity and industry group representation. The goal of the Index Committee is to ensure that the S&P 500 remains a leading indicator of US equities reflecting the risk and return characteristics of the broader large-cap universe. The Committee follows a set of published rules and meets on a regular basis. Changes to the index are made as necessary throughout the year. To achieve twice the daily performance of the S&P 500 Index, the fund will invest in a combination of equity securities, Treasury Bills and will utilize derivative instruments including equity swaps and index futures.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financial	21.4
Consumer, Non-cyclical	20.5
Industrial	11.7
Communications	11.2
Energy	10.2
Technology	10.2
Consumer, Cyclical	8.4
Utilities	3.4
Basic Materials	3.0

Top Ten Holdings (%)

Common Stock
Cash
Equity Swaps/Derivatives

Source: Bloomberg, Company Data, Thomson, FactSet.

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Short MidCap400 Proshares (MYY)

INVERSE

Pricing and Fund Data

		11/08/06	
		52 Week	
		High	Low
Price (\$)	65.77	72.00	65.31
Fund Ticker			MYY
Intraday NAV Ticker			MKJ
Benchmark Index Ticker (Bloomberg)			MID
Market Cap (\$Mil)			79
Shares Outstanding (Mil)			1.2
Avg Daily Trading Volume (Shares)			106,754
Expense Ratio (%)			0.95
Focus			Inverse
Investment Advisor			ProShares
Inception Date			6/21/2006
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund			na
Options Available			No
Minimum Trade Size (Shares)			1
Distribution Frequency			Yearly
Annualized Performance (%)			09/30/2006

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	2.7	-	-	-	-	-0.3
NAV	2.8	-	-	-	-	-0.3

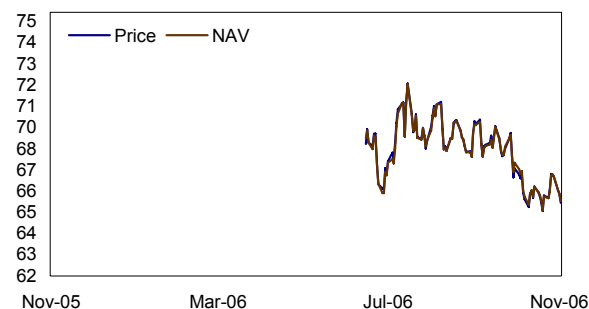
Distribution History (\$)

	2004	2005	YTD 2006
Income	na	na	0.00
Capital Gains	na	na	0.00
Total	0.00	0.00	0.00

Fund Description

Short MidCap400 ProShares (MYY) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 that is designed to track the inverse of the daily performance S&P MidCap 400 Index such that the value of the ETF will go up when the index goes down and vice versa. The index measures the performance of the mid-cap sector of the US equity market. It is capitalization-weighted and includes a broad range of securities chosen by an S&P Index Committee for market size, liquidity and industry group representation. The Committee follows a set of published rules and meets on a regular basis. Changes to the index are made as necessary throughout the year. To achieve the inverse daily performance of the S&P 400 MidCap Index, the fund will invest in Treasury Bills and utilize derivative instruments including equity swaps and index futures.

Price & NAV Performance



Portfolio Breakdown

November 8, 2006

Top Sector/Industry Weightings (%)

Financial	16.4
Industrial	16.0
Consumer, Non-cyclical	16.0
Consumer, Cyclical	14.2
Energy	11.7
Technology	10.2
Utilities	6.6
Communications	4.7
Basic Materials	3.8
Diversified	0.4

Top Ten Holdings (%)

Cash	
Equity Swaps/Derivatives	

Source: Bloomberg, Company Data, Thomson, FactSet.

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Short QQQ Proshares (PSQ)

INVERSE

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	63.44	63.05
Fund Ticker		PSQ
Intraday NAV Ticker		EJP
Benchmark Index Ticker (Bloomberg)		NDX
Market Cap (\$Mil)		86
Shares Outstanding (Mil)		1.4
Avg Daily Trading Volume (Shares)		103,595
Expense Ratio (%)		0.95
Focus		Inverse
Investment Advisor		ProShares
Inception Date		6/21/2006
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund		na
Options Available		No
Minimum Trade Size (Shares)		1
Distribution Frequency		Yearly
Annualized Performance (%)		09/30/2006

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-3.4	-	-	-	-	-2.9
NAV	-3.3	-	-	-	-	-2.9

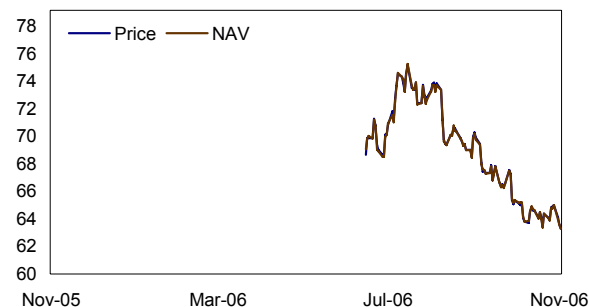
Distribution History (\$)

	2004	2005	YTD 2006
Income	na	na	0.00
Capital Gains	na	na	0.00
Total	0.00	0.00	0.00

Fund Description

Short QQQ ProShares (PSQ) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 that is designed to track the inverse of the daily performance of the NASDAQ-100 Index such that the value of the ETF will go up when the index goes down and vice versa. The index is composed of 100 of the largest and most actively traded non-financial companies listed on the NASDAQ Stock Market. The index is reconstituted annually in a December Ranking Review based on market capitalization rankings. It uses a modified capitalization weighted methodology and is rebalanced quarterly. Upon rebalancing, the weight of any single stock is limited to 24% of the index and the combined weight of all securities with individual weights of more than 4.5% is limited to 48% of the index. To achieve the inverse daily performance of the NASDAQ-100 Index, the fund will invest in Treasury Bills and utilize derivative instruments including equity swaps and index futures.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Technology	37.3
Communications	29.6
Consumer, Non-cyclical	17.1
Consumer, Cyclical	11.7
Industrial	3.6
Energy	0.4
Basic Materials	0.4

Top Ten Holdings (%)

Cash
Equity Swaps/Derivatives

Source: Bloomberg, Company Data, Thomson, FactSet.

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Short S&P500 ProShares (SH)

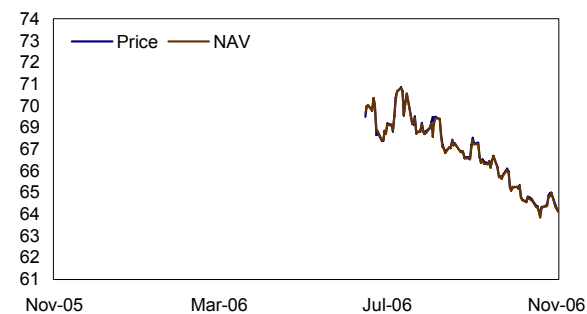
INVERSE

Pricing and Fund Data		11/08/06	
52 Week			
		High	Low
Price (\$)	64.36	71.21	64.01
Fund Ticker	SH		
Intraday NAV Ticker	SJA		
Benchmark Index Ticker (Bloomberg)	SPX		
Market Cap (\$Mil)	112		
Shares Outstanding (Mil)	1.7		
Avg Daily Trading Volume (Shares)	61,556		
Expense Ratio (%)	0.95		
Focus	Inverse		
Investment Advisor	ProShares		
Inception Date	6/21/2006		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	na		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Yearly		
Annualized Performance (%)		09/30/2006	
	3 Mo	1 Yr	3 Yr
Price	-3.1	-	-
NAV	-3.3	-	-
Distribution History (\$)		YTD 2006	
	2004	2005	YTD 2006
Income	na	na	0.00
Capital Gains	na	na	0.00
Total	0.00	0.00	0.00

Fund Description

Short S&P500 ProShares (SH) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 that is designed to track the inverse of the daily performance of the S&P 500 Index such that the value of the ETF will go up when the index goes down and vice versa. The index measures the performance of the large-cap sector of the US equity market. It is capitalization-weighted and includes a broad range of securities chosen by an S&P Committee for market size, liquidity and industry group representation. The goal of the Index Committee is to ensure that the S&P 500 remains a leading indicator of US equities reflecting the risk and return characteristics of the broader large-cap universe. The Committee follows a set of published rules and meets on a regular basis. Changes to the index are made as necessary throughout the year. To achieve the inverse daily performance of the S&P 500 Index, the fund will invest in Treasury Bills and utilize derivative instruments including equity swaps and index futures.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)

Financial	21.4
Consumer, Non-cyclical	20.5
Industrial	11.7
Communications	11.2
Energy	10.2
Technology	10.2
Consumer, Cyclical	8.4
Utilities	3.4
Basic Materials	3.0

Top Ten Holdings (%)

Cash	
Equity Swaps/Derivatives	

Source: Bloomberg, Company Data, Thomson, FactSet.

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Ultra Short MidCap400 Proshares (MZZ)

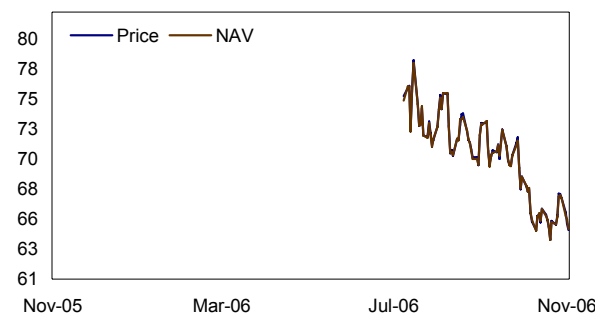
INVERSE

Pricing and Fund Data		11/08/06	
52 Week			
		High	Low
Price (\$)	64.76	79.00	63.80
Fund Ticker			MZZ
Intraday NAV Ticker			MKD
Benchmark Index Ticker (Bloomberg)			MID
Market Cap (\$Mil)			108
Shares Outstanding (Mil)			1.7
Avg Daily Trading Volume (Shares)			129,189
Expense Ratio (%)			0.95
Focus		Leverage Inverse	
Investment Advisor		ProShares	
Inception Date		7/13/2006	
Portfolio Structure		Open-End Investment Company	
Approx. Number of Stocks in Fund		0	
Options Available		No	
Minimum Trade Size (Shares)		1	
Distribution Frequency		Yearly	
Annualized Performance (%)		09/30/2006	
		Since	
	3 Mo	1 Yr	3 Yr
	5 Yr	10 Yr	Incept
Price	-	-	-
NAV	-	-	-
			-4.6
			-4.6
Distribution History (\$)			
	2004	2005	YTD 2006
Income	na	na	0.00
Capital Gains	na	na	0.00
Total	0.00	0.00	0.00

Fund Description

UltraShort MidCap400 ProShares (MZZ) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 that is designed to track double the inverse of the daily performance S&P MidCap 400 Index such that the value of the ETF goes up 200% of what the index goes down and vice versa. The index measures the performance of the mid-cap sector of the US equity market. It is capitalization-weighted and includes a broad range of securities chosen by an S&P Index Committee for market size, liquidity and industry group representation. The Committee follows a set of published rules and meets on a regular basis. Changes to the index are made as necessary throughout the year. To achieve twice the inverse daily performance of the S&P 400 MidCap Index, the fund will invest in Treasury Bills and utilize derivative instruments including equity swaps and index futures.

Price & NAV Performance



Portfolio Breakdown

November 8, 2006

Top Sector/Industry Weightings (%)

Financial	16.4
Industrial	16.0
Consumer, Non-cyclical	16.0
Consumer, Cyclical	14.2
Energy	11.7
Technology	10.2
Utilities	6.6
Communications	4.7
Basic Materials	3.8
Diversified	0.4

Top Ten Holdings (%)

Common Stock
Cash
Equity Swaps/Derivatives

Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. After one year, you may obtain performance data for ProShares ETFs current to the most recent month-end at the following website: www.proshares.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

UltraShort Dow30Proshares (DXD)

INVERSE

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	60.02	76.14	59.82
Fund Ticker			DXD
Intraday NAV Ticker			DHK
Benchmark Index Ticker (Bloomberg)			INDU
Market Cap (\$Mil)			118
Shares Outstanding (Mil)			2.0
Avg Daily Trading Volume (Shares)			130,809
Expense Ratio (%)			0.95
Focus		Leverage Inverse	
Investment Advisor		ProShares	
Inception Date		7/13/2006	
Portfolio Structure		Open-End Investment Company	
Approx. Number of Stocks in Fund		0	
Options Available		No	
Minimum Trade Size (Shares)		1	
Distribution Frequency		Yearly	
Annualized Performance (%)		09/30/2006	

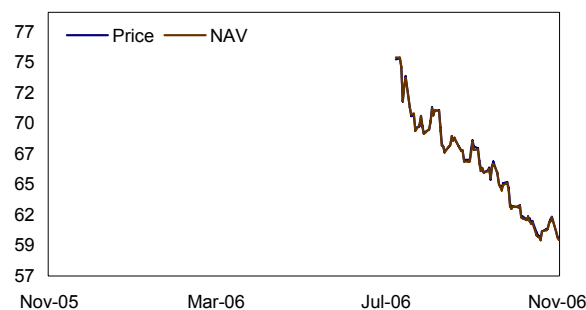
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-	-	-	-	-	-12.3
NAV	-	-	-	-	-	-12.3

Distribution History (\$)			
	2004	2005	YTD 2006
Income	na	na	0.00
Capital Gains	na	na	0.00
Total	0.00	0.00	0.00

Fund Description

UltraShort Dow30 ProShares (DXD) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 that is designed track double the inverse of the daily performance of the Dow Jones Industrial Average (DJIA) such that the value of the ETF goes up 200% when the DJIA goes down and vice versa. The DJIA contains 30 blue chip US companies that are generally leaders in their industries with strong histories of successful growth. The Dow Jones Industrial is the only major US index that is price-weighted such that a company's stock price determines its weighting in the index and not its market capitalization. Thus, companies with higher stock prices may have greater impact on daily movements of the index. The editors of the Wall Street Journal select the components in the index. Composition changes are rare and usually occur only after corporate acquisitions or dramatic shifts in an index component's core business. To achieve twice the inverse daily performance of the DJIA Index, the fund will invest in Treasury Bills and utilize derivative instruments including equity swaps at

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Industrial	26.8
Consumer, Non-cyclical	21.0
Financial	14.5
Technology	10.8
Consumer, Cyclical	10.6
Communications	6.6
Basic Materials	5.3
Energy	4.4
Diversified	

Top Ten Holdings (%)

Common Stock
Cash
Equity Swaps/Derivatives

Source: Bloomberg, Company Data, Thomson, FactSet.

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UltraShort QQQ Proshares (QID)

INVERSE

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	54.28	78.55
Fund Ticker	QID	
Intraday NAV Ticker	EJM	
Benchmark Index Ticker (Bloomberg)	NDX	
Market Cap (\$Mil)	505	
Shares Outstanding (Mil)	9.2	
Avg Daily Trading Volume (Shares)	1,334,880	
Expense Ratio (%)	0.95	
Focus	Leverage Inverse	
Investment Advisor	ProShares	
Inception Date	7/13/2006	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	0	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Yearly	
Annualized Performance (%)	09/30/2006	

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-	-	-	-	-	-19.1
NAV	-	-	-	-	-	-19.1

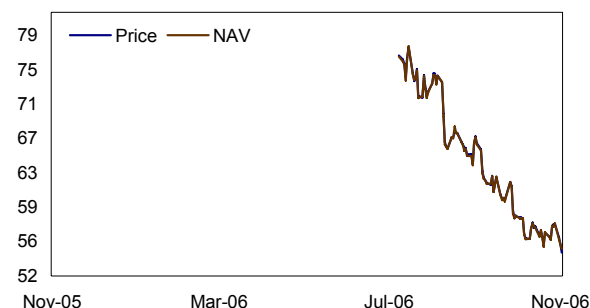
Distribution History (\$)

	2004	2005	YTD 2006
Income	na	na	0.00
Capital Gains	na	na	0.00
Total	0.00	0.00	0.00

Fund Description

UltraShort QQQ ProShares (QID) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 that is designed to track double the inverse of the daily performance of the NASDAQ-100 Index such that the value of the ETF goes up 200% of what the index goes down on a daily basis and vice versa. The index is composed of 100 of the largest and most actively traded non-financial companies listed on the NASDAQ Stock Market. The index is reconstituted annually in a December Ranking Review based on market capitalization rankings. It uses a modified capitalization weighted methodology and is rebalanced quarterly. Upon rebalancing, the weight of any single stock is limited to 24% of the index and the combined weight of all securities with individual weights of more than 4.5% is limited to 48% of the index. To achieve twice the inverse daily performance of the NASDAQ-100 Index, the fund will invest in Treasury Bills and utilize derivative instruments including equity swaps and index futures.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Technology	37.3
Communications	29.6
Consumer, Non-cyclical	17.1
Consumer, Cyclical	11.7
Industrial	3.6
Energy	0.4
Basic Materials	0.4

Top Ten Holdings (%)

Common Stock
Cash
Equity Swaps/Derivatives

Source: Bloomberg, Company Data, Thomson, FactSet.

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UltraShort S&P500 ProShares (SDS)

INVERSE

Pricing and Fund Data 11/08/06
52 Week

		High	Low
Price (\$)	60.72	75.70	60.23
Fund Ticker			SDS
Intraday NAV Ticker			SJB
Benchmark Index Ticker (Bloomberg)			SPX
Market Cap (\$Mil)			258
Shares Outstanding (Mil)			4.2
Avg Daily Trading Volume (Shares)			263,124
Expense Ratio (%)			0.95
Focus		Leverage	Inverse
Investment Advisor			ProShares
Inception Date			7/13/2006
Portfolio Structure		Open-End	Investment Company
Approx. Number of Stocks in Fund			0
Options Available			No
Minimum Trade Size (Shares)			1
Distribution Frequency			Yearly
Annualized Performance (%)			09/30/2006

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-	-	-	-	-	-11.8
NAV	-	-	-	-	-	-11.8

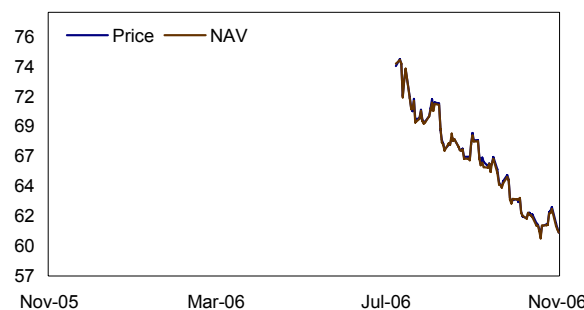
Distribution History (\$)

	2004	2005	YTD 2006
Income	na	na	0.00
Capital Gains	na	na	0.00
Total	0.00	0.00	0.00

Fund Description

UltraShort S&P500 ProShares (SDS) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 that is designed to track double the inverse of the daily performance of the S&P 500 Index such that the value of the ETF goes up 200% of what the index goes down and vice versa. The index measures the performance of the large-cap sector of the US equity market. It is capitalization-weighted and includes a broad range of securities chosen by an S&P Committee for market size, liquidity and industry group representation. The goal of the Index Committee is to ensure that the S&P 500 remains a leading indicator of US equities reflecting the risk and return characteristics of the broader large-cap universe. The Committee follows a set of published rules and meets on a regular basis. Changes to the index are made as necessary throughout the year. To achieve twice the inverse daily performance of the S&P 500 Index, the fund will invest in Treasury Bills and utilize derivative instruments including equity swaps and index futures.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)

Financial	21.4
Consumer, Non-cyclical	20.5
Industrial	11.7
Communications	11.2
Energy	10.2
Technology	10.2
Consumer, Cyclical	8.4
Utilities	3.4
Basic Materials	3.0

Top Ten Holdings (%)

Common Stock
Cash
Equity Swaps/Derivatives

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Russell 3000 Growth Index Fund (IWZ)

BROAD MARKET GROWTH

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	44.29	44.36	38.74
Fund Ticker	IWZ		
Intraday NAV Ticker	IWZIV		
Benchmark Index Ticker (Bloomberg)	RAG		
Market Cap (\$Mil)	239		
Shares Outstanding (Mil)	5.5		
Avg Daily Trading Volume (Shares)	31,900		
Expense Ratio (%)	0.25		
Focus	Broad US Growth		
Investment Advisor	Barclays Global Investors		
Inception Date	7/24/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	1,912		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Annualized Performance (%)	09/30/2006		

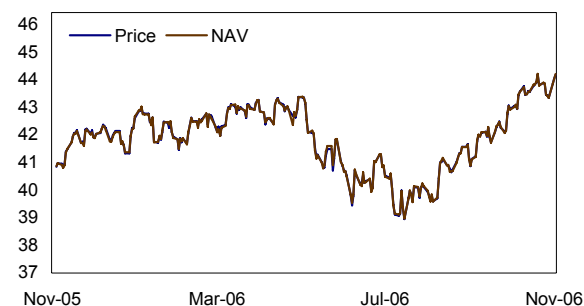
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	3.3	5.9	8.2	4.6	-	-6.8
NAV	3.4	5.8	8.4	4.5	-	-6.8

	2004		2005	YTD 2006
	Income	Capital Gains	Total	
Income	0.41		0.35	0.29
Capital Gains	0.00		0.00	0.00
Total	0.41		0.35	0.29

Fund Description

iShares Russell 3000 Growth Index Fund (IWZ) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the Russell 3000 Growth Index. Russell uses a two-factor model to assign stocks to its growth and value indexes. Each stock in a broad index earns a score based on its Price-to-Book ratio and I/B/E/S forecast long-term growth mean to determine if it is growth, value, or both. Than 70% are classified all value or all growth and 30% having both attributes are weighted proportionately to both growth and value indexes. For example, a stock that has a 40% weight in a value index will have a 60% weight in a growth index. This results in the number of companies in the combined growth and value indexes being greater than in the Russell 3000 Index. However, on a market cap basis the combined growth and value indexes equal the Russell 3000 Index upon annual rebalancing in June. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Information Technology	26.5
Health Care	18.1
Industrials	14.5
Consumer Discretionary	14.2
Consumer Staples	9.2
Financials	8.5
Energy	4.1
Materials	2.7
Utilities	1.3
Telecommunication Services	0.9

Top Ten Holdings (%)

Microsoft	3.4
GE	2.3
Johnson & Johnson	2.3
Cisco	2.0
IBM	1.7
Intel	1.6
Wal-Mart	1.6
Pepsi	1.4
Google	1.3
Amgen	1.2
Top Ten Total	18.7

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Russell 3000 Value Index Fund (IWW)

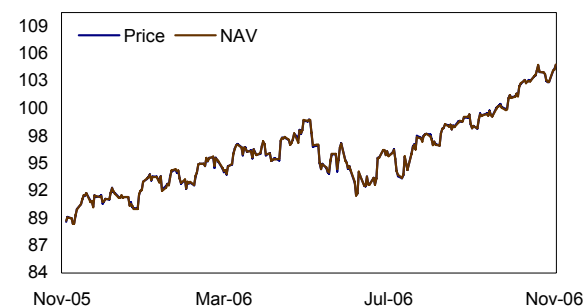
BROAD MARKET VALUE

Pricing and Fund Data		11/08/06	
52 Week			
		High	Low
Price (\$)	104.68	104.83	87.91
Fund Ticker	IWW		
Intraday NAV Ticker	IWWIV		
Benchmark Index Ticker (Bloomberg)	RAV		
Market Cap (\$Mil)	620		
Shares Outstanding (Mil)	6.0		
Avg Daily Trading Volume (Shares)	50,453		
Expense Ratio (%)	0.25		
Focus	Broad US Value		
Investment Advisor	Barclays Global Investors		
Inception Date	7/24/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	1,898		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Annualized Performance (%)		09/30/2006	
	3 Mo	1 Yr	5 Yr
Price	5.8	14.3	11.0
NAV	5.8	14.3	10.9
Distribution History (\$)		YTD 2006	
	2004	2005	YTD 2006
Income	1.62	2.03	1.42
Capital Gains	0.00	0.00	0.00
Total	1.62	2.03	1.42

Fund Description

iShares Russell 3000 Value Index Fund (IWW) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the Russell 3000 Value Index. Russell uses a two-factor model to assign stocks to its growth and value indexes. Each stock in a broad index earns a score based on its Price-to-Book ratio and I/B/E/S forecast long-term growth mean to determine if it is growth, value, or both. Than 70% are classified all value or all growth and 30% having both attributes are weighted proportionately to both growth and value indexes. For example, a stock that has a 40% weight in a value index will have a 60% weight in a growth index. This results in the number of companies in the combined growth and value indexes being greater than in the Russell 3000 Index. However, on a market cap basis the combined growth and value indexes equal the Russell 3000 Index upon annual rebalancing in June. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)

Financials	36.1
Energy	12.6
Consumer Discretionary	9.2
Consumer Staples	7.3
Industrials	7.2
Health Care	7.0
Utilities	6.4
Telecommunication Services	5.8
Information Technology	4.4
Materials	3.9

Top Ten Holdings (%)

Exxon Mobil	5.4
Citigroup	3.3
Bank Of America	3.3
Pfizer	2.6
GE	2.5
JP Morgan Chase	2.2
Proctor & Gamble	2.2
Chevron	2.0
AT&T	1.8
AIG	1.7
Top Ten Total	26.9

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Morningstar Large Growth Index Fund (JKE)

LARGE-CAP GROWTH

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	63.13	64.36	55.74
Fund Ticker	JKE		
Intraday NAV Ticker	JKEIV		
Benchmark Index Ticker (Bloomberg)	MLGR		
Market Cap (\$Mil)	235		
Shares Outstanding (Mil)	3.8		
Avg Daily Trading Volume (Shares)	21,042		
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	124		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Annualized Performance (%)	09/30/2006		

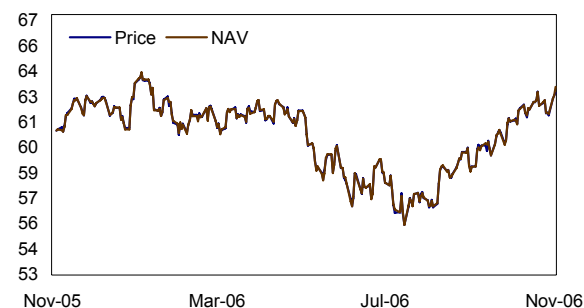
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	3.3	3.0	-	-	-	2.0
NAV	3.3	2.7	-	-	-	2.0

	Distribution History (\$)		
	2004	2005	YTD 2006
Income	0.76	0.22	0.21
Capital Gains	0.00	0.00	0.00
Total	0.76	0.22	0.21

Fund Description

iShares Morningstar Large Growth Index Fund (JKE) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Morningstar Large Growth Index. This Index measures the performance of large-cap stocks that are expected to grow at a faster pace than the rest of the market as measured by forward earnings, historical earnings, book value, cash flow and sales. Morningstar defines the large-cap segment as 70% of the US market and splits it one third each into growth, value, and core indexes. Stocks are classified by a ten-factor model and are only assigned to one style index. The component growth, value and core indexes can be combined to equal their broad market index. The index is float-adjusted market cap-weighted and is rebalanced quarterly. Stocks are added or removed semi-annually and buffer zones are used to reduce turnover. 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Information Technology	34.7
Health Care	18.5
Consumer Discretionary	17.8
Energy	8.4
Industrials	7.0
Consumer Staples	5.7
Financials	4.7
Materials	2.3
Telecommunication Services	0.5
Utilities	0.5

Top Ten Holdings (%)

Cisco	4.7
Intel	3.9
Pepsi	3.3
Google	3.3
Amgen	2.8
Oracle	2.3
Schlumberger	2.3
Apple	2.1
United Health	2.1
Disney	1.9
Top Ten Total	28.7

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Russell 1000 Growth Index Fund (IWF)

LARGE-CAP GROWTH

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	54.36	47.65
Fund Ticker	IWF	
Intraday NAV Ticker	IWFIV	
Benchmark Index Ticker (Bloomberg)	RLG	
Market Cap (\$Mil)	6,806	
Shares Outstanding (Mil)	126.2	
Avg Daily Trading Volume (Shares)	941,683	
Expense Ratio (%)	0.20	
Focus	Large-Cap Growth	
Investment Advisor	Barclays Global Investors	
Inception Date	5/22/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	680	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

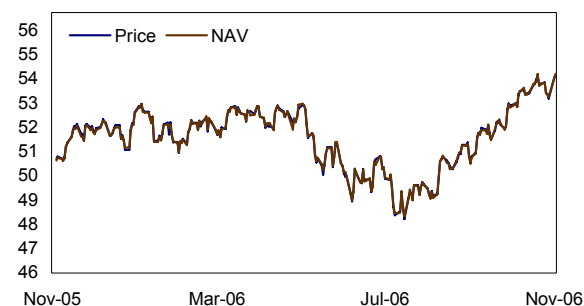
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	3.3	5.7	8.0	4.2	-	-5.7
NAV	3.9	5.9	8.2	4.2	-	-5.7

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.51	0.45	0.39
Capital Gains	0.00	0.00	0.00
Total	0.51	0.45	0.39

Fund Description

iShares Russell 1000 Growth Index Fund (IWF) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the Russell 1000 Growth Index. Russell uses a two-factor model to assign stocks to its growth and value indexes. Each stock in a broad index earns a score based on its Price-to-Book ratio and I/B/E/S long-term growth forecast to determine if it is growth, value, or both. Than 70% are classified all value or all growth and 30% having both attributes are weighted proportionately to both growth and value indexes. For example, a stock that has a 40% weight in a value index will have a 60% weight in a growth index. This results in the number of companies in the combined growth and value indexes being greater than in the Russell 1000 Index. However, on a market cap basis the combined growth and value indexes equal the Russell 1000 Index upon annual rebalancing in June. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Information Technology	26.8
Health Care	17.8
Industrials	14.2
Consumer Discretionary	14.0
Consumer Staples	9.8
Financials	8.4
Energy	3.9
Materials	2.7
Utilities	1.5
Telecommunication Services	0.9

Top Ten Holdings (%)

Microsoft	3.7
GE	2.5
Johnson & Johnson	2.5
Cisco	2.1
IBM	1.9
Intel	1.8
Wal-Mart	1.7
Pepsi	1.5
Google	1.4
Amgen	1.3
Top Ten Total	20.4

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares S&P 500 Growth Index Fund (IVW)

LARGE-CAP GROWTH

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	64.15	64.41	56.25
Fund Ticker	IVW		
Intraday NAV Ticker	IVWIV		
Benchmark Index Ticker (Bloomberg)	SGX		
Market Cap (\$Mil)	4,193		
Shares Outstanding (Mil)	65.8		
Avg Daily Trading Volume (Shares)	357,671		
Expense Ratio (%)	0.18		
Focus	Large-Cap Growth		
Investment Advisor	Barclays Global Investors		
Inception Date	5/22/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	307		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Annualized Performance (%)	09/30/2006		

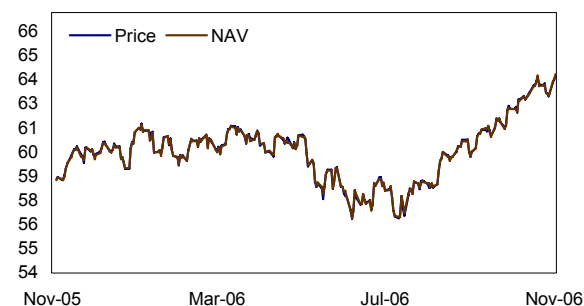
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	6.0	6.6	8.2	4.5	-	-3.3
NAV	6.0	7.0	8.2	4.5	-	-3.3

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.98	0.75	0.54
Capital Gains	0.00	0.00	0.00
Total	0.98	0.75	0.54

Fund Description

iShares S&P 500 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/Citigroup Growth Index. S&P/Citigroup uses a multifactor approach (three growth/four value) to determine style. The indexes are market cap weighted with the growth and value subindexes approximating 50% of the broader market-cap based index. One-third of the market cap in the broader index will be fully allocated to growth, one-third fully to value, and the remaining stocks which do not exhibit predominant growth or value characteristics will be split proportionally between the two indexes. The index is rebalanced annually and adjusted to reflect changes to the S&P 400 Index which are made by the S&P Index Committee as necessary throughout the year. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Information Technology	22.4
Health Care	20.9
Consumer Staples	14.2
Consumer Discretionary	11.7
Energy	10.7
Financials	10.7
Industrials	7.2
Materials	1.1
Utilities	0.8
Telecommunication Services	0.2

Top Ten Holdings (%)

Exxon Mobil	4.4
Microsoft	4.1
Proctor & Gamble	3.3
Johnson & Johnson	3.2
Pfizer	3.2
GE	2.8
Cisco	2.4
IBM	2.3
Wal-Mart	2.0
Altria	1.7
Top Ten Total	29.4

Source: Bloomberg, Company Data, Thomson, FactSet.

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PowerShares Dynamic Large Cap Growth Portfolio (PWB) LARGE-CAP GROWTH

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	16.39	14.54
Fund Ticker	PWB	
Intraday NAV Ticker	BWW	
Benchmark Index Ticker (Bloomberg)	ILH	
Market Cap (\$Mil)	187	
Shares Outstanding (Mil)	11.5	
Avg Daily Trading Volume (Shares)	85,625	
Expense Ratio (%)	0.60	

Focus	Large-Cap Growth	
Investment Advisor	PowerShares Capital	
Inception Date	3/3/2005	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	50	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

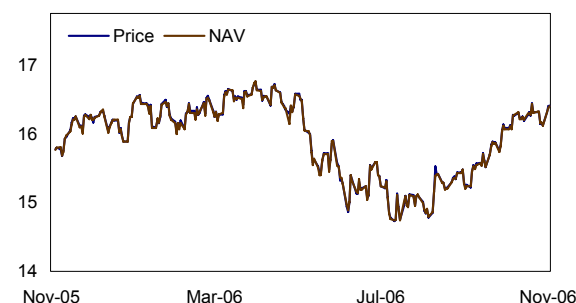
	Since					Incept
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	
Price	2.5	2.9	-	-	-	4.4
NAV	2.6	2.6	-	-	-	4.4

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.00	0.00	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.00

Fund Description

PowerShares Dynamic Large Cap Growth Portfolio (PWB) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Dynamic Large Cap Growth Intellidex Index. The Style Intellidexes apply a rules-based ten factor style isolation process to objectively segregate companies into their appropriate investment style and size universe. This process occurs quarterly in February, May, August and November. The Large Cap Growth index consists of 50 stocks selected from the 250 largest U.S. stocks. The Index is calculated using a tiered weighting methodology. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Consumer Discretionary	21.9
Financials	16.2
Health Care	16.1
Information Technology	13.6
Industrials	13.5
Energy	6.6
Consumer Staples	5.7
Telecommunication Services	3.6
Utilities	2.7

Top Ten Holdings (%)

Goldman Sachs	4.0
Time Warner	3.8
Oracle	3.7
Sprint Nextel	3.6
Comcast	3.6
News Corp	3.5
Amgen	3.5
American Express Company	3.4
Disney	3.4
Boeing	3.4
<i>Top Ten Total</i>	<i>35.8</i>

Source: Bloomberg, Company Data, Thomson, FactSet.

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streetTRACKS DJ Wilshire Large Cap Growth ETF (ELG)

LARGE-CAP GROWTH

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	52.60	46.54
Fund Ticker	ELG	
Intraday NAV Ticker	FLG	
Benchmark Index Ticker (Bloomberg)	DWLG	
Market Cap (\$Mil)	191	
Shares Outstanding (Mil)	3.7	
Avg Daily Trading Volume (Shares)	22,221	
Expense Ratio (%)	0.20	
Focus	Large-Cap Growth	
Investment Advisor	State Street Global Advisors	
Inception Date	9/25/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	430	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

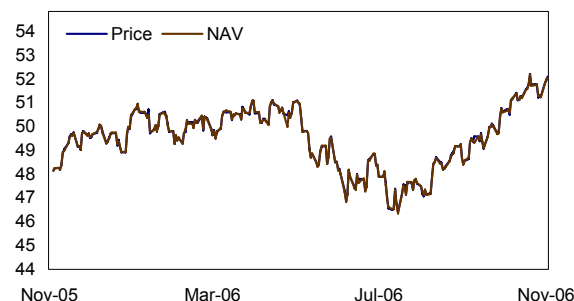
	Since					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	3.0	6.5	7.0	2.8	-	-9.9
NAV	3.1	6.4	7.2	2.8	-	-9.9

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.64	0.36	0.25
Capital Gains	0.00	0.00	0.00
Total	0.64	0.36	0.25

Fund Description

streetTRACKS DJ Wilshire Large Cap Growth ETF (ELG) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the Dow Jones Wilshire Large Cap Growth Index. The Index reflects large cap stocks within the Dow Jones Wilshire 5000 Composite Index selected for capitalization and growth characteristics. Large cap stocks are ranked from 1-750 by market cap and are assigned to either growth or value so that 50% of stocks by market cap are in the growth or value indexes. Six factors are used to assign a stock to growth or value: projected price-to-earnings ratio, projected earnings growth, price-to-book ratio, dividend yield, trailing revenue growth and trailing earnings growth. The index is float-adjusted and market capitalization weighted. Its holdings are reviewed semi-annually in March and December and buffers are employed to limit turnover. Share and float factors are updated quarterly. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Information Technology	21.4
Health Care	18.6
Consumer Discretionary	17.6
Consumer Staples	11.4
Financials	9.2
Industrials	9.2
Energy	7.7
Materials	2.2
Telecommunication Services	1.5
Utilities	1.1

Top Ten Holdings (%)

Microsoft	4.0
Proctor & Gamble	3.1
Johnson & Johnson	3.1
Cisco	2.3
Wal-Mart	2.0
Pepsi	1.6
Google	1.5
Amgen	1.4
Time Warner	1.3
Comcast	1.3
Top Ten Total	21.7

Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data for StreetTRACKS current to the most recent month-end at the following website: www.ssga.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

Vanguard Growth ETF (VUG)

LARGE-CAP GROWTH

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	57.07	50.00
Fund Ticker	VUG	
Intraday NAV Ticker	PVJ	
Benchmark Index Ticker (Bloomberg)	MZUSPG	
Market Cap (\$Mil)	981	
Shares Outstanding (Mil)	17.3	
Avg Daily Trading Volume (Shares)	94,507	
Expense Ratio (%)	0.11	
Focus	Large-Cap Growth	
Investment Advisor	The Vanguard Group	
Inception Date	1/30/2004	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	417	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

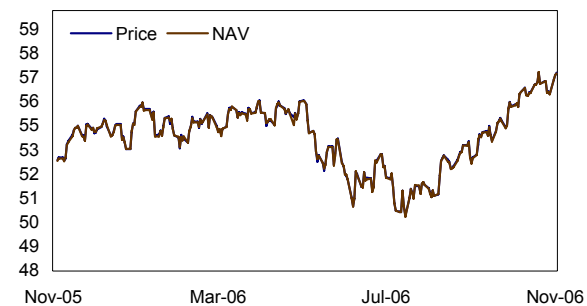
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	3.7	6.1	-	-	-	4.1
NAV	3.8	6.2	-	-	-	4.1

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.61	0.46	0.38
Capital Gains	0.00	0.00	0.00
Total	0.61	0.46	0.38

Fund Description

Vanguard Growth ETF (VUG) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the MSCI US Prime Market Growth Index. The index consists of large and mid-cap stocks with growth characteristics within the MSCI US Prime Market 750 Index. MSCI assigns stocks to growth and value indexes using eight factors including three for value and five for growth. Stocks having both styles are allocated to each index in proportionate weights. In each market segment, the component growth and value indexes can be combined to equal their broad market index. The index is market cap-weighted, adjusted quarterly beginning in February for free float and for companies that move out of its market cap range, and is rebalanced semiannually in May and November. MSCI uses buffer zones in an effort to reduce turnover and manage the migration of companies from one index to another during quarterly reviews. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Information Technology	27.9
Health Care	16.9
Consumer Discretionary	15.5
Consumer Staples	10.8
Industrials	10.3
Financials	8.6
Energy	5.5
Materials	2.4
Telecommunication Services	1.6
Utilities	0.5

Top Ten Holdings (%)

Microsoft	3.9
Proctor & Gamble	3.2
Johnson & Johnson	3.1
Cisco	2.3
Intel	1.9
Wal-Mart	1.9
Pepsi	1.6
Google	1.6
AIG	1.5
Amgen	1.4
Top Ten Total	22.3

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Morningstar Large Value Index Fund (JKF)

LARGE-CAP VALUE

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	81.32	81.57
Fund Ticker	JKF	
Intraday NAV Ticker	JKFIV	
Benchmark Index Ticker (Bloomberg)	MLVL	
Market Cap (\$Mil)	409	
Shares Outstanding (Mil)	5.1	
Avg Daily Trading Volume (Shares)	55,637	
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	91	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

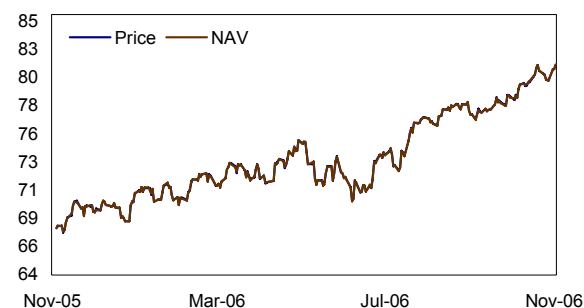
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	7.2	17.1	-	-	-	16.1
NAV	7.4	17.0	-	-	-	16.1

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.86	1.68	1.34
Capital Gains	0.00	0.00	0.00
Total	0.86	1.68	1.34

Fund Description

iShares Morningstar Large Value Index Fund (JKF) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Morningstar Large Value Index. The Morningstar Large Value Index measures the performance of large-cap stocks with relatively low prices given anticipated per-share earnings, book value, cash flow, sales and dividends. Morningstar defines the large-cap segment as 70% of the US market and splits it one third each into growth, value, and core indexes. Stocks are classified by a ten-factor model and are only assigned to one style index. The component growth, value and core indexes can be combined to equal their broad market index. The index is float-adjusted market cap-weighted and is rebalanced quarterly. Stocks are added or removed semi-annually and buffer zones are used to reduce turnover. 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	39.9
Energy	18.2
Telecommunication Services	9.2
Health Care	9.2
Consumer Staples	8.9
Utilities	7.9
Materials	3.5
Consumer Discretionary	2.6
Industrials	0.5
Information Technology	0.1

Top Ten Holdings (%)

Exxon Mobil	10.8
Citigroup	6.4
Bank Of America	6.2
Pfizer	5.0
Altria	4.3
JP Morgan Chase	4.2
Chevron	3.8
AT&T	3.4
Verizon	2.8
Wachovia	2.7
Top Ten Total	49.6

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Russell 1000 Value Index Fund (IWD)

LARGE-CAP VALUE

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	80.26	80.35	67.38
Fund Ticker	IWD		
Intraday NAV Ticker	IWDIV		
Benchmark Index Ticker (Bloomberg)	RLV		
Market Cap (\$Mil)	8,180		
Shares Outstanding (Mil)	102.4		
Avg Daily Trading Volume (Shares)	939,574		
Expense Ratio (%)	0.20		
Focus	Large-Cap Value		
Investment Advisor	Barclays Global Investors		
Inception Date	5/22/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	609		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Annualized Performance (%)	09/30/2006		

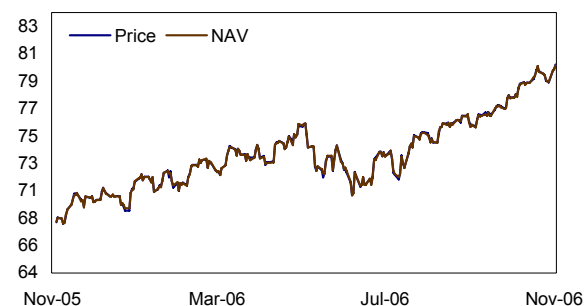
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	6.0	14.5	17.1	10.6	-	7.3
NAV	6.2	14.4	17.0	10.5	-	7.3

	2004	2005	YTD 2006
Income	1.30	1.70	1.18
Capital Gains	0.00	0.00	0.00
Total	1.30	1.70	1.18

Fund Description

iShares Russell 1000 Value Index Fund (IWD) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the Russell 1000 Value Index. Russell uses a two-factor model to assign stocks to its growth and value indexes. Each stock in a broad index earns a score based on its Price-to-Book ratio and I/B/E/S long-term growth forecast to determine if it is growth, value, or both. Than 70% are classified all value or all growth and 30% having both attributes are weighted proportionately to both growth and value indexes. For example, a stock that has a 40% weight in a value index will have a 60% weight in a growth index. This results in the number of companies in the combined growth and value indexes being greater than in the Russell 1000 Index. However, on a market cap basis the combined growth and value indexes equal the Russell 1000 Index upon annual rebalancing in June. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	36.2
Energy	13.4
Consumer Discretionary	8.6
Consumer Staples	7.7
Health Care	7.3
Industrials	6.8
Utilities	6.5
Telecommunication Services	6.2
Materials	3.7
Information Technology	3.6

Top Ten Holdings (%)

Exxon Mobil	5.9
Citigroup	3.7
Bank Of America	3.6
Pfizer	2.9
GE	2.7
JP Morgan Chase	2.4
Proctor & Gamble	2.4
Chevron	2.2
AT&T	2.0
AIG	1.9
Top Ten Total	29.6

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares S&P 500 Value Index Fund (IVE)

LARGE-CAP VALUE

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	74.76	63.37
Fund Ticker	IVE	
Intraday NAV Ticker	IVEIV	
Benchmark Index Ticker (Bloomberg)	SVX	
Market Cap (\$Mil)	4,289	
Shares Outstanding (Mil)	57.6	
Avg Daily Trading Volume (Shares)	359,678	
Expense Ratio (%)	0.18	
Focus	Large-Cap Value	
Investment Advisor	Barclays Global Investors	
Inception Date	5/22/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	351	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

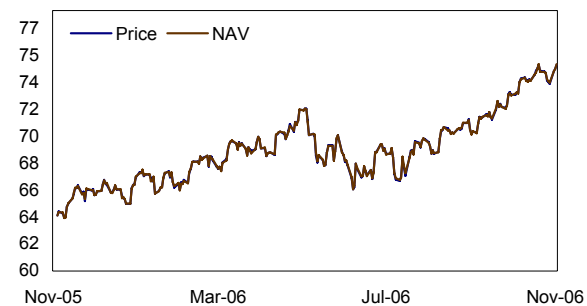
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	5.0	14.2	16.1	8.9	-	4.7
NAV	5.2	14.4	16.1	8.9	-	4.7

	2004	2005	YTD 2006
Income	1.02	1.31	1.03
Capital Gains	0.00	0.00	0.00
Total	1.02	1.31	1.03

Fund Description

iShares S&P 500 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/Citigroup Value Index. S&P/Citigroup uses a multifactor approach (three growth/four value) to determine style. The indexes are market cap weighted with the growth and value subindexes approximating 50% of the broader market-cap based index. One-third of the market cap in the broader index will be fully allocated to growth, one-third fully to value, and the remaining stocks which do not exhibit predominant growth or value characteristics will be split proportionally between the two indexes. The index is rebalanced annually and adjusted to reflect changes to the S&P 500 Index which are made by the S&P Index Committee as necessary throughout the year. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	33.1
Industrials	14.4
Consumer Discretionary	9.2
Information Technology	8.6
Energy	8.2
Telecommunication Services	6.8
Utilities	6.1
Materials	4.8
Consumer Staples	4.7
Health Care	4.0

Top Ten Holdings (%)

Citigroup	4.0
GE	3.0
Bank Of America	3.0
JP Morgan Chase	2.6
Exxon Mobil	2.4
AT&T	2.1
Wells Fargo	1.9
Verizon	1.7
Hewlett-packard	1.7
Wachovia	1.7
Top Ten Total	24.1

Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data for iShares current to the most recent month-end at the following website: www.ishares.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

PowerShares Dynamic Large Cap Value Portfolio (PWV)

LARGE-CAP VALUE

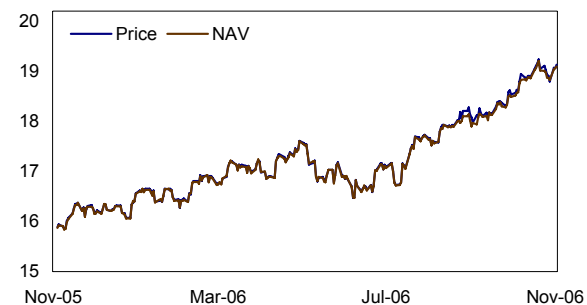
Pricing and Fund Data		11/08/06			
		52 Week			
		High	Low		
Price (\$)	19.18	20.00	15.75		
Fund Ticker			PWV		
Intraday NAV Ticker			DBW		
Benchmark Index Ticker (Bloomberg)			ILW		
Market Cap (\$Mil)			363		
Shares Outstanding (Mil)			19.0		
Avg Daily Trading Volume (Shares)			249,292		
Expense Ratio (%)			0.60		
Focus		Large-Cap Value			
Investment Advisor		PowerShares Capital			
Inception Date		3/3/2005			
Portfolio Structure		Open-End Investment Company			
Approx. Number of Stocks in Fund		50			
Options Available		Yes			
Minimum Trade Size (Shares)		1			
Distribution Frequency		Quarterly			
Annualized Performance (%)		09/30/2006			
		Since			
		3 Mo	1 Yr	3 Yr	5 Yr
Price		8.1	16.2	-	-
NAV		7.9	15.7	-	-
					10 Yr
					Incept
					17.0
					17.0

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.00	0.21	0.16
Capital Gains	0.00	0.00	0.00
Total	0.00	0.21	0.16

Fund Description

PowerShares Dynamic Large Cap Value Portfolio (PWV) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Dynamic Large Cap Value Intellidex Index. The Style Intellidexes apply a rules-based ten factor style isolation process to objectively segregate companies into their appropriate investment style and size universe. This process occurs quarterly in February, May, August and November. The Large Cap Value index consists of 50 stocks selected from the 250 largest U.S. stocks. The Index is calculated using a tiered weighting methodology. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	45.0
Consumer Discretionary	8.2
Consumer Staples	7.1
Telecommunication Services	6.9
Energy	6.8
Health Care	6.7
Industrials	5.6
Utilities	5.6
Information Technology	5.2
Materials	3.1

Top Ten Holdings (%)

Merrill Lynch	3.7
IBM	3.6
Merck	3.6
AT&T	3.5
Verizon	3.4
US Bancorp	3.3
AIG	3.3
JP Morgan Chase	3.3
Citigroup	3.3
Wells Fargo	3.2
Top Ten Total	34.2

Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data for Powershares current to the most recent month-end at the following website: www.powershares.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

streetTRACKS DJ Wilshire Large Cap Value ETF (ELV)

LARGE-CAP VALUE

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	81.05	81.18	68.61
Fund Ticker		ELV	
Intraday NAV Ticker		FLV	
Benchmark Index Ticker (Bloomberg)		DWLV	
Market Cap (\$Mil)		149	
Shares Outstanding (Mil)		1.9	
Avg Daily Trading Volume (Shares)		13,137	
Expense Ratio (%)		0.20	
Focus		Large-Cap Value	
Investment Advisor		State Street Global Advisors	
Inception Date		9/25/2000	
Portfolio Structure		Open-End Investment Company	
Approx. Number of Stocks in Fund		319	
Options Available		No	
Minimum Trade Size (Shares)		1	
Distribution Frequency		Quarterly	
Annualized Performance (%)		09/30/2006	

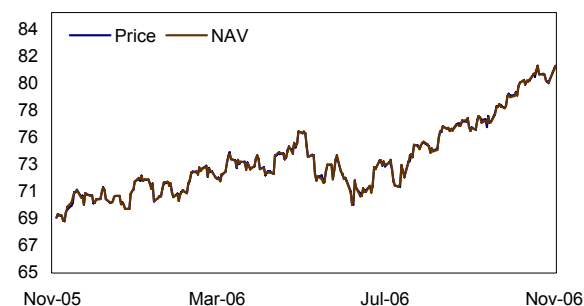
	Since Incept					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	7.2	15.2	14.9	7.5	-	4.9
NAV	7.1	15.0	14.8	7.5	-	4.9

Distribution History (\$)			
	2004	2005	YTD 2006
Income	1.55	1.82	1.24
Capital Gains	0.00	0.00	0.00
Total	1.55	1.82	1.24

Fund Description

streetTRACKS DJ Wilshire Large Cap Value ETF (ELV) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the Dow Jones Wilshire Large Cap Value Index. The Index reflects large cap stocks within the Dow Jones Wilshire 5000 Composite Index selected for capitalization and value characteristics. Large cap stocks are ranked from 1-750 by market cap and are assigned to either growth or value so that 50% of stocks by market cap are in the growth or value indexes. Six factors are used to assign a stock to growth or value: projected price-to-earnings ratio, projected earnings growth, price-to-book ratio, dividend yield, trailing revenue growth and trailing earnings growth. The index is float-adjusted and market capitalization weighted. Its holdings are reviewed semi-annually in March and December and buffers are employed to limit turnover. Share and float factors are updated quarterly. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	33.8
Industrials	11.5
Energy	11.3
Information Technology	9.8
Health Care	7.0
Consumer Staples	6.7
Utilities	6.0
Telecommunication Services	5.4
Consumer Discretionary	5.0
Materials	3.6

Top Ten Holdings (%)

Exxon Mobil	6.0
GE	5.2
Citigroup	3.6
Bank Of America	3.5
Pfizer	2.8
Altria	2.4
JP Morgan Chase	2.3
AIG	2.2
Chevron	2.1
IBM	2.0
Top Ten Total	31.8

Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data for StreetTRACKS current to the most recent month-end at the following website: www.ssga.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

Vanguard Value ETF (VTV)

LARGE-CAP VALUE

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	66.18	66.32	55.59
Fund Ticker	VTV		
Intraday NAV Ticker	PVW		
Benchmark Index Ticker (Bloomberg)	MZUSPV		
Market Cap (\$Mil)	1,539		
Shares Outstanding (Mil)	23.4		
Avg Daily Trading Volume (Shares)	97,790		
Expense Ratio (%)	0.11		
Focus	Large-Cap Value		
Investment Advisor	The Vanguard Group		
Inception Date	1/30/2004		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	412		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Annualized Performance (%)	09/30/2006		

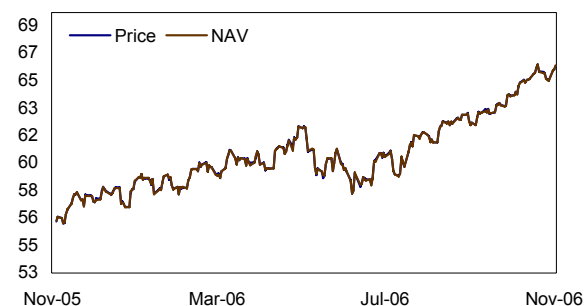
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	6.5	15.0	-	-	-	12.0
NAV	6.6	15.2	-	-	-	12.0

	2004		2005	YTD 2006
	Income	Capital Gains	Total	
Income	1.22	0.00	1.48	1.07
Capital Gains	0.00	0.00	1.48	0.00
Total	1.22	0.00	1.48	1.07

Fund Description

Vanguard Value ETF (VTV) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the MSCI US Prime Market Value Index. The index consists of large and mid-cap stocks with value characteristics within the MSCI US Prime Market 750 Index. MSCI assigns stocks to growth and value indexes using eight factors including three for value and five for growth. Stocks having both styles are allocated to each index in proportionate weights. In each market segment, the component growth and value indexes can be combined to equal their broad market index. The index is market cap-weighted, adjusted quarterly beginning in February for free float and for companies that move out of its market cap range, and is rebalanced semiannually in May and November. MSCI uses buffer zones in an effort to reduce turnover and manage the migration of companies from one index to another during quarterly reviews. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weight

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	34.7
Energy	13.1
Industrials	10.4
Health Care	8.5
Consumer Staples	7.2
Consumer Discretionary	7.0
Utilities	6.5
Telecommunication Services	5.3
Information Technology	4.0
Materials	3.3

Top Ten Holdings (%)

Exxon Mobil	6.1
GE	5.2
Citigroup	3.6
Bank Of America	3.5
Pfizer	2.8
Altria	2.4
JP Morgan Chase	2.4
Chevron	2.1
AT&T	1.9
Wells Fargo	1.6
Top Ten Total	31.6

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Morningstar Large Core Index Fund (JKD)

LARGE-CAP CORE

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	74.20	64.72
Fund Ticker	JKD	
Intraday NAV Ticker	JKDIV	
Benchmark Index Ticker (Bloomberg)	MLCR	
Market Cap (\$Mil)	129	
Shares Outstanding (Mil)	1.8	
Avg Daily Trading Volume (Shares)	12,145	
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	
Annualized Performance (%)	09/30/2006	

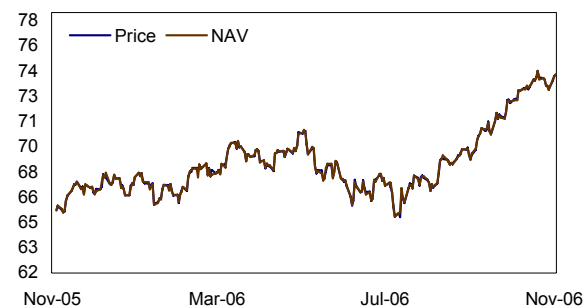
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	6.4	12.1	-	-	-	10.5
NAV	6.5	11.7	-	-	-	10.5

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.39	0.96	0.71
Capital Gains	0.00	0.00	0.00
Total	0.39	0.96	0.71

Fund Description

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 Morningstar Large Core Index measures the performance of large-cap stocks where neither growth nor value characteristics predominate. Morningstar defines the large-cap segment as 70% of the US market and splits it one third each into growth, value, and core indexes. Stocks are classified by a ten-factor model and are only assigned to one style index. The component growth, value and core indexes can be combined to equal their broad market index. The index is float-adjusted market cap-weighted and is rebalanced quarterly. Stocks are added or removed semi-annually and buffer zones are used to reduce turnover. 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Industrials	22.3
Financials	18.9
Information Technology	15.6
Consumer Staples	14.2
Health Care	12.6
Consumer Discretionary	10.0
Materials	2.0
Energy	1.6
Utilities	1.3
Telecommunication Services	1.3

Top Ten Holdings (%)

GE	9.0
Microsoft	6.3
Proctor & Gamble	5.0
Johnson & Johnson	4.9
AIG	3.8
IBM	3.5
Wal-Mart	3.1
Wells Fargo	2.8
Hewlett-packard	2.7
Coca-Cola	2.5
Top Ten Total	43.6

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Morningstar Mid Growth Index Fund (JKH)

MID-CAP GROWTH

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	83.08	87.50
Fund Ticker	JKH	
Intraday NAV Ticker	JKHIV	
Benchmark Index Ticker (Bloomberg)	MMGR	
Market Cap (\$Mil)	190	
Shares Outstanding (Mil)	2.3	
Avg Daily Trading Volume (Shares)	13,403	
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	247	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

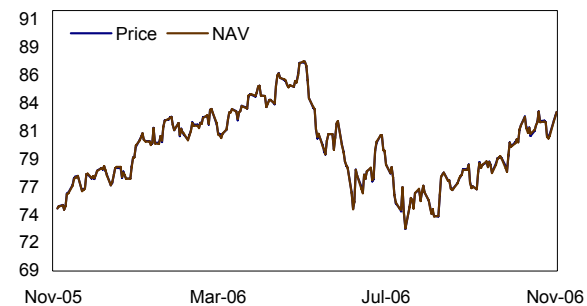
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-1.6	7.0	-	-	-	15.0
NAV	-1.8	6.9	-	-	-	15.0

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.01	0.09	0.12
Capital Gains	0.00	0.00	0.00
Total	0.01	0.09	0.12

Fund Description

iShares Morningstar Mid Growth Index Fund (JKH) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Morningstar Mid Growth Index. The Morningstar Mid Growth Index measures the performance of mid-cap stocks that are expected to grow at a faster pace than the rest of the market as measured by forward earnings, historical earnings, book value, cash flow and sales. Morningstar defines the mid-cap segment as 20% of the US market and splits it one third each into growth, value, and core indexes. Stocks are classified by a ten-factor model and are only assigned to one style index. The component growth, value and core indexes can be combined to equal their broad market index. The index is float-adjusted market cap-weighted and is rebalanced quarterly. Stocks are added or removed semi-annually and buffer zones are used to reduce turnover. 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Information Technology	24.5
Health Care	18.8
Consumer Discretionary	17.1
Industrials	11.4
Energy	10.7
Financials	9.5
Materials	3.1
Telecommunication Services	2.2
Utilities	1.5
Consumer Staples	1.2

Top Ten Holdings (%)

T. Rowe Price	1.3
Liberty M Hg A	1.3
Nvidia	1.3
Intuit Inc	1.2
Hilton	1.1
Cognizant	1.1
Expeditors	1.1
KLA Tencor	1.0
Noble Corporation	1.0
Precision Cast	1.0
Top Ten Total	11.3

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Russell Midcap Growth Index Fund (IWP)

MID-CAP GROWTH

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	101.45	88.85
Fund Ticker	IWP	
Intraday NAV Ticker	IWPIV	
Benchmark Index Ticker (Bloomberg)	RDG	
Market Cap (\$Mil)	1,503	
Shares Outstanding (Mil)	14.9	
Avg Daily Trading Volume (Shares)	68,151	
Expense Ratio (%)	0.25	
Focus	Mid-Cap Growth	
Investment Advisor	Barclays Global Investors	
Inception Date	7/16/2001	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	536	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

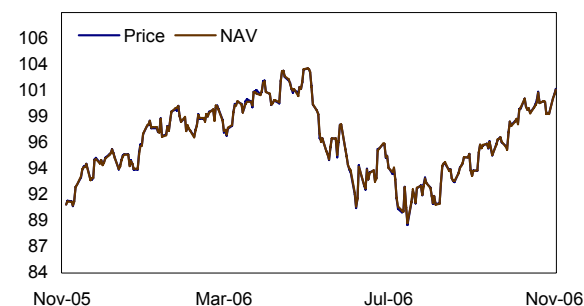
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	0.8	6.7	14.2	11.7	-	5.9
NAV	0.8	6.8	14.3	11.8	-	5.9

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.23	0.44	0.62
Capital Gains	0.00	0.00	0.00
Total	0.23	0.44	0.62

Fund Description

iShares Russell Midcap Growth Index Fund (IWP) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the Russell Midcap Growth Index. The index comes from the Russell Midcap Index that includes the 800 smallest companies in The Russell 1000 Index. Russell uses a two-factor model to assign stocks to growth and value indexes. Each stock in a broad index earns a score based on its Price-to-Book ratio and I/B/E/S forecast long-term growth mean to determine if it is growth, value, or both. Than 70% are classified all value or all growth and 30% having both attributes are weighted proportionately to both growth and value indexes. This results in the number of companies in the combined growth and value indexes being greater than in the Russell Midcap Index. However, on a market cap basis the combined growth and value indexes equal the Russell Midcap Index upon annual rebalancing in June. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Consumer Discretionary	22.2
Information Technology	19.2
Health Care	14.9
Industrials	14.6
Financials	9.1
Energy	7.6
Consumer Staples	4.5
Materials	3.9
Telecommunication Services	2.2
Utilities	1.8

Top Ten Holdings (%)

Harley-davidson	0.9
Celgene Corporation	0.9
J C Penney Co	0.8
Allergan	0.8
Yum! Brands Inc	0.8
Electronic Arts	0.8
Forst Laboratories, Inc.	0.8
Coach Inc	0.7
Amer Tower Sys	0.7
AES Corp	0.7
Top Ten Total	7.8

Source: Bloomberg, Company Data, Thomson, FactSet.

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

MID-CAP GROWTH

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	79.04	70.50
Fund Ticker	IJK	
Intraday NAV Ticker	IJKIV	
Benchmark Index Ticker (Bloomberg)	MIDG	
Market Cap (\$Mil)	1,713	
Shares Outstanding (Mil)	21.9	
Avg Daily Trading Volume (Shares)	86,233	
Expense Ratio (%)	0.25	
Focus	Mid-Cap Growth	
Investment Advisor	Barclays Global Investors	
Inception Date	7/24/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	234	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

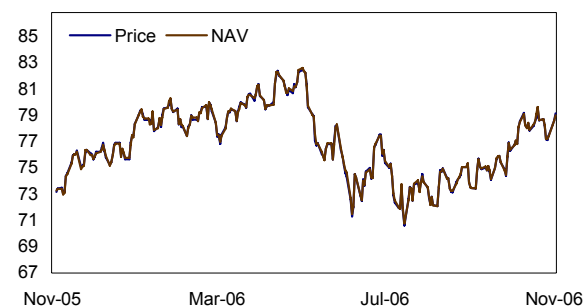
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-1.6	4.7	12.2	10.5	-	2.1
NAV	-1.7	4.8	12.2	10.5	-	2.1

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.29	0.44	0.22
Capital Gains	0.00	0.00	0.00
Total	0.29	0.44	0.22

Fund Description

iShares S&P MidCap 400 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/Citigroup Growth Index. S&P/Citigroup uses a multifactor approach (three growth/four value) to determine style. The indexes are market cap weighted with the growth and value subindexes approximating 50% of the broader market-cap based index. One-third of the market cap in the broader index will be fully allocated to growth, one-third fully to value, and the remaining stocks which do not exhibit predominant growth or value characteristics will be split proportionally between the two indexes. The index is rebalanced annually and adjusted to reflect changes to the S&P 400 Index which are made by the S&P Index Committee as necessary throughout the year. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Consumer Discretionary	20.3
Information Technology	18.8
Health Care	17.6
Industrials	15.7
Energy	11.9
Financials	10.4
Consumer Staples	2.4
Utilities	1.5
Materials	1.3

Top Ten Holdings (%)

Cognizant	2.1
Expeditors	2.0
Noble Energy	1.7
C H Robinson Ww	1.5
Varian Medical	1.4
Abercrom Fitch A	1.3
Amer Eagle Outf	1.2
Sothwest Energy	1.2
Amphenol Corp A	1.2
Sepracor Inc	1.1
Top Ten Total	14.7

Source: Bloomberg, Company Data, Thomson, FactSet.

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PowerShares Dynamic Mid Cap Growth Portfolio (PWJ)

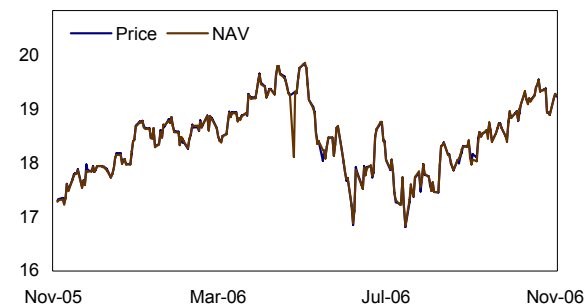
MID-CAP GROWTH

Pricing and Fund Data		11/08/06			
		52 Week			
		High	Low		
Price (\$)	18.75	19.44	16.32		
Fund Ticker		PWJ			
Intraday NAV Ticker		GBW			
Benchmark Index Ticker (Bloomberg)		ILJ			
Market Cap (\$Mil)		113			
Shares Outstanding (Mil)		6.1			
Avg Daily Trading Volume (Shares)		47,909			
Expense Ratio (%)		0.60			
Focus		Mid-Cap Growth			
Investment Advisor		PowerShares Capital			
Inception Date		3/3/2005			
Portfolio Structure		Open-End Investment Company			
Approx. Number of Stocks in Fund		75			
Options Available		Yes			
Minimum Trade Size (Shares)		1			
Distribution Frequency		Quarterly			
Annualized Performance (%)		09/30/2006			
		3 Mo	1 Yr	3 Yr	5 Yr
Price		0.1	10.4	-	-
NAV		0.1	10.5	-	-
					10 Yr
					Incept
					13.5
					13.5
Distribution History (\$)					
		2004	2005	YTD 2006	
Income		0.00	0.00	0.02	
Capital Gains		0.00	0.00	0.00	
Total		0.00	0.00	0.02	

Fund Description

PowerShares Dynamic Mid Cap Growth Portfolio (PWJ) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Dynamic Mid Cap Growth Intellidex Index. The Style Intellidexes apply a rules-based ten factor style isolation process to objectively segregate companies into their appropriate investment style and size universe. This process occurs quarterly in February, May, August and November. The Mid Cap Growth index consists of 75 stocks selected from the 750 stocks following the 250 largest U.S. stocks ranked by market capitalization. The Index is calculated using a tiered weighting methodology. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown

November 8, 2006	
Top Sector/Industry Weightings (%)	
Industrials	23.0
Information Technology	20.8
Health Care	17.3
Consumer Discretionary	16.9
Financials	9.0
Materials	6.9
Energy	5.0
Telecommunication Services	0.7
Consumer Staples	0.5

Top Ten Holdings (%)

Coach Inc	4.1
Nvidia	3.7
Expeditors	3.6
Starwood Lodging	3.4
Precision Cast	3.4
Office Depot	3.4
Intuit Inc	3.3
C R Bard Inc	3.3
EnSCO	3.3
Rockwell Collins	3.3
Top Ten Total	34.9

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Morningstar Mid Value Index Fund (JKI)

MID-CAP VALUE

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	83.07	83.26
Fund Ticker	JKI	
Intraday NAV Ticker	JKIIV	
Benchmark Index Ticker (Bloomberg)	MMVL	
Market Cap (\$Mil)	137	
Shares Outstanding (Mil)	1.7	
Avg Daily Trading Volume (Shares)	14,522	
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	245	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

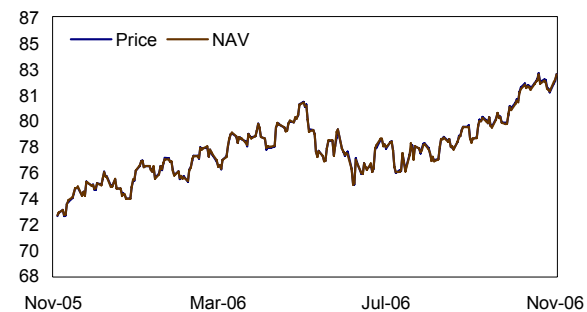
	Since Incept				
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr
Price	2.9	10.4	-	-	-
NAV	2.6	10.4	-	-	-

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.67	1.90	0.95
Capital Gains	0.00	0.00	0.00
Total	0.67	1.90	0.95

Fund Description

iShares Morningstar Mid Value Index Fund (JKI) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Morningstar Mid Value Index. The Morningstar Mid Value Index measures the performance of mid-cap stocks with relatively low prices given the anticipated per-share earnings, book value, cash flow, sales and dividends. Morningstar defines the mid-cap segment as 20% of the US market and splits it one third each into growth, value, and core indexes. Stocks are classified by a ten-factor model and are only assigned to one style index. The component growth, value and core indexes can be combined to equal their broad market index. The index is float-adjusted market cap-weighted and is rebalanced quarterly. Stocks are added or removed semi-annually and buffer zones are used to reduce turnover. 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	36.6
Consumer Discretionary	15.4
Utilities	15.1
Materials	7.9
Consumer Staples	7.6
Industrials	5.9
Energy	4.7
Information Technology	3.6
Telecommunication Services	2.2
Health Care	1.0

Top Ten Holdings (%)

Host Hotels And Resorts Inc	1.2
Constellation Energy Group	1.2
Pitney Bowes Inc	1.1
CIT Group	1.1
Amsouth Bancorp	1.0
Limited Brands	1.0
Comerica	1.0
El Paso Corp	1.0
Computer Sciences Corp	0.9
Xcel Energy Inc	0.9
Top Ten Total	10.4

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Russell Midcap Value Index Fund (IWS)

MID-CAP VALUE

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	142.26	142.49
Fund Ticker	IWS	
Intraday NAV Ticker	IWSIV	
Benchmark Index Ticker (Bloomberg)	RMV	
Market Cap (\$Mil)	2,737	
Shares Outstanding (Mil)	19.3	
Avg Daily Trading Volume (Shares)	167,859	
Expense Ratio (%)	0.25	
Focus	Mid-Cap Value	
Investment Advisor	Barclays Global Investors	
Inception Date	7/16/2001	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	481	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

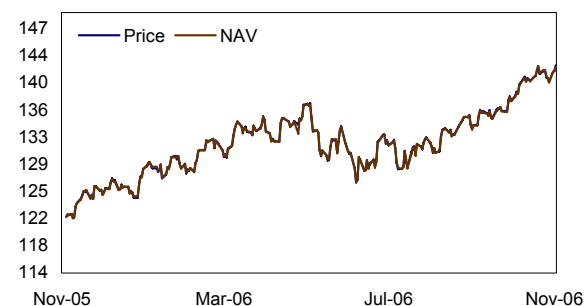
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	3.5	12.1	20.9	16.5	-	13.2
NAV	3.5	12.1	20.9	16.4	-	13.2

Distribution History (\$)			
	2004	2005	YTD 2006
Income	1.73	2.43	1.70
Capital Gains	0.00	0.00	0.00
Total	1.73	2.43	1.70

Fund Description

iShares Russell Midcap Value Index Fund (IWS) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the Russell Midcap Value Index. The index comes from the Russell Midcap Index that includes the 800 smallest companies in The Russell 1000 Index. Russell uses a two-factor model to assign stocks to growth and value indexes. Each stock in a broad index earns a score based on its Price-to-Book ratio and I/B/E/S forecast long-term growth mean to determine if it is growth, value, or both. Than 70% are classified all value or all growth and 30% having both attributes are weighted proportionately to both growth and value indexes. This results in the number of companies in the combined growth and value indexes being greater than in the Russell Midcap Index. However, on a market cap basis the combined growth and value indexes equal the Russell Midcap Index upon annual rebalancing in June. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	32.7
Utilities	15.3
Consumer Discretionary	13.3
Information Technology	7.7
Industrials	7.7
Consumer Staples	7.1
Materials	6.5
Energy	4.3
Health Care	3.7
Telecommunication Services	1.8

Top Ten Holdings (%)

Entergy	1.0
American Electric Power Company	0.9
Xerox Corp	0.9
Equity Residential	0.8
Equity Office	0.8
Prologis	0.8
Ford Motor Co	0.8
PG&E	0.8
Key Corp	0.8
Edison International	0.8
Top Ten Total	8.5

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares S&P MidCap 400 Value Index fund (IJJ)

MID-CAP VALUE

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	77.93	79.95
Fund Ticker	IJJ	
Intraday NAV Ticker	IJJIV	
Benchmark Index Ticker (Bloomberg)	MIDV	
Market Cap (\$Mil)	2,459	
Shares Outstanding (Mil)	31.8	
Avg Daily Trading Volume (Shares)	102,890	
Expense Ratio (%)	0.25	
Focus	Mid-Cap Value	
Investment Advisor	Barclays Global Investors	
Inception Date	7/24/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	305	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

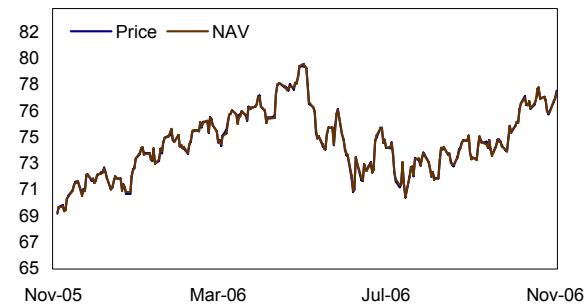
	Since					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	-0.3	7.7	17.6	14.9	-	13.9
NAV	-0.6	7.6	17.6	14.9	-	13.9

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.77	1.16	0.97
Capital Gains	0.00	0.00	0.00
Total	0.77	1.16	0.97

Fund Description

iShares S&P MidCap 400 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/Citigroup Value Index. S&P/Citigroup uses a multifactor approach (three growth/four value) to determine style. The indexes are market cap weighted with the growth and value subindexes approximating 50% of the broader market-cap based index. One-third of the market cap in the broader index will be fully allocated to growth, one-third fully to value, and the remaining stocks which do not exhibit predominant growth or value characteristics will be split proportionally between the two indexes. The index is rebalanced annually and adjusted to reflect changes to the S&P 400 Index which are made by the S&P Index Committee as necessary throughout the year. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	24.9
Industrials	15.7
Utilities	14.3
Information Technology	13.3
Consumer Discretionary	10.2
Materials	8.5
Energy	5.4
Health Care	4.8
Consumer Staples	1.9
Telecommunication Services	1.0

Top Ten Holdings (%)

Peabody Energy	1.2
Developers Diversified	1.1
Manpower Inc	1.0
Mercantl Bkshr	0.9
Precision Cast	0.9
Wisconsin Ener	0.9
Lyondell Petro	0.9
Telephone & Data Systems Inc	0.9
Old Republic	0.9
Amb Property	0.8
Top Ten Total	9.4

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Morningstar Mid Core Index Fund (JKG)

MID-CAP CORE

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	80.15	80.28
Fund Ticker	JKG	
Intraday NAV Ticker	JKGIV	
Benchmark Index Ticker (Bloomberg)	MMCR	
Market Cap (\$Mil)	116	
Shares Outstanding (Mil)	1.5	
Avg Daily Trading Volume (Shares)	10,245	
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	256	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

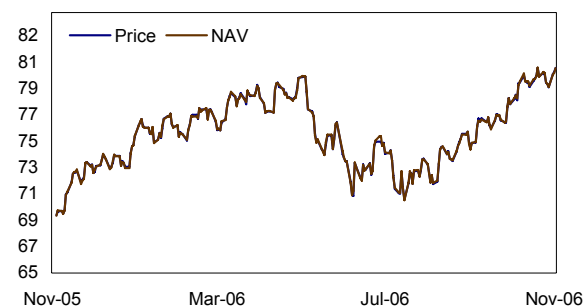
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	2.3	8.0	-	-	-	13.3
NAV	2.2	8.1	-	-	-	13.3

	2004		2005		YTD 2006	
	Income	Capital Gains	Income	Capital Gains	Income	Capital Gains
Total	0.24	0.00	0.77	0.00	0.62	0.00
	0.24		0.77		0.62	

Fund Description

iShares Morningstar Mid Core Index Fund (JKG) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Morningstar Mid Core Index. The Morningstar Mid Core Index measures the performance of mid-cap stocks where neither growth nor value characteristics predominate. Morningstar defines the mid-cap segment as 20% of the US market and splits it one third each into growth, value, and core indexes. Stocks are classified by a ten-factor model and are only assigned to one style index. The component growth, value and core indexes can be combined to equal their broad market index. The index is float-adjusted market cap-weighted and is rebalanced quarterly. Stocks are added or removed semi-annually and buffer zones are used to reduce turnover. 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	21.0
Industrials	20.6
Consumer Discretionary	18.1
Information Technology	14.8
Health Care	10.9
Materials	5.2
Consumer Staples	3.8
Utilities	2.3
Energy	2.2
Telecommunication Services	1.0

Top Ten Holdings (%)

ArchStone-Smith	1.3
Boston Property	1.2
Public Storage	1.2
Fisher Scientific	1.1
Nordstrom	1.0
Rockwell Collins	1.0
E*trade Financial Corp	1.0
Itt Corp	1.0
Parker-hannifin	1.0
L-3 Comms Hldgs	1.0
Top Ten Total	10.9

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Russell 2000 Growth Index Fund (IWO)

SMALL-CAP GROWTH

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	77.58	81.55	66.67
Fund Ticker	IWO		
Intraday NAV Ticker	IWOIV		
Benchmark Index Ticker (Bloomberg)	RUO		
Market Cap (\$Mil)	2,404		
Shares Outstanding (Mil)	31.4		
Avg Daily Trading Volume (Shares)	1,238,121		
Expense Ratio (%)	0.25		
Focus	Small-Cap Growth		
Investment Advisor	Barclays Global Investors		
Inception Date	7/24/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	1,284		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Annualized Performance (%)	09/30/2006		

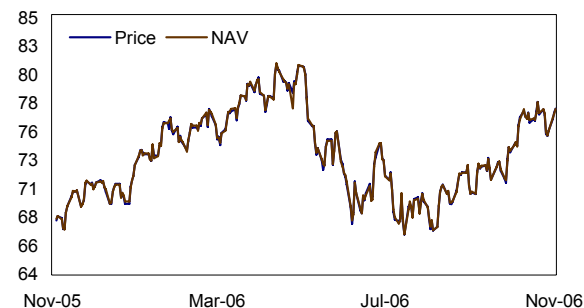
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-1.4	5.6	11.7	10.2	-	-1.5
NAV	-1.8	5.7	11.6	9.9	-	-1.5

	2004	2005	YTD 2006
Income	0.16	0.33	0.17
Capital Gains	0.00	0.00	0.00
Total	0.16	0.33	0.17

Fund Description

iShares Russell 2000 Growth Index Fund (IWO) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the Russell 2000 Growth Index. Russell uses a two-factor model to assign stocks to its growth and value indexes. Each stock in a broad index earns a score based on its Price-to-Book ratio and I/B/E/S forecast long-term growth mean to determine if it is growth, value, or both. Than 70% are classified as all value or all growth and 30% having both attributes are weighted proportionately to both growth and value indexes. For example, a stock that has a 40% weight in a value index will have a 60% weight in a growth index. This results in the number of companies in the combined growth and value indexes being greater than in the related broad index. However, on a market cap basis the combined growth and value indexes equal their broad market index upon an annual rebalancing in June. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Information Technology	23.6
Health Care	20.5
Industrials	16.9
Consumer Discretionary	16.4
Financials	9.2
Energy	6.1
Materials	3.3
Consumer Staples	2.6
Telecommunication Services	1.3
Utilities	0.1

Top Ten Holdings (%)

Hologic Inc	0.4
Sothebys	0.4
Digital River	0.4
Miller Herman	0.4
Acuity Brands Wi	0.3
Myogen Inc	0.3
Flir Systems	0.3
Osi Pharmaceuticals	0.3
Icos Corp	0.3
Aquantive Inc	0.3
Top Ten Total	3.5

Source: Bloomberg, Company Data, Thomson, FactSet.

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

SMALL-CAP GROWTH

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	126.21	112.30
Fund Ticker	IJT	
Intraday NAV Ticker	IJTIV	
Benchmark Index Ticker (Bloomberg)	SMLG	
Market Cap (\$Mil)	1,254	
Shares Outstanding (Mil)	10.1	
Avg Daily Trading Volume (Shares)	72,739	
Expense Ratio (%)	0.25	
Focus	Small-Cap Growth	
Investment Advisor	Barclays Global Investors	
Inception Date	7/24/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	364	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

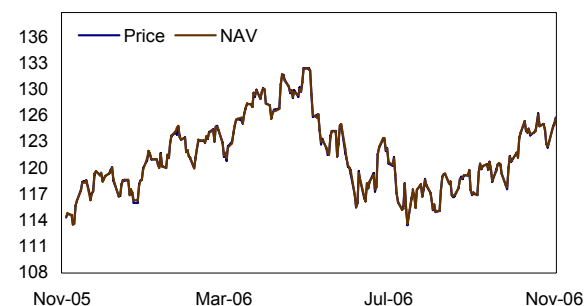
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-2.5	3.2	15.4	13.6	-	6.5
NAV	-2.5	3.3	15.5	13.7	-	6.5

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.36	0.65	0.19
Capital Gains	0.00	0.00	0.00
Total	0.36	0.65	0.19

Fund Description

iShares S&P SmallCap 600 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/Citigroup Growth Index. S&P/Citigroup uses a multifactor approach (three growth/four value) to determine style. The indexes are market cap weighted with the growth and value subindexes approximating 50% of the broader market-cap based index. One-third of the market cap in the broader index will be fully allocated to growth, one-third fully to value, and the remaining stocks which do not exhibit predominant growth or value characteristics will be split proportionally between the two indexes. The index is rebalanced annually and adjusted to reflect changes to the S&P 600 Index which are made by the S&P Index Committee as necessary throughout the year. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Consumer Discretionary	19.6
Health Care	18.4
Information Technology	18.3
Industrials	13.5
Financials	12.9
Energy	11.6
Consumer Staples	2.7
Materials	1.8
Utilities	0.9
Telecommunication Services	0.3

Top Ten Holdings (%)

Frontier Oil	1.2
Cerner Corp	1.2
Cimarex Energy	1.1
Global Payments Inc	1.1
Helix Energy Solutions Group Inc	1.1
NVR Inc	1.0
Landstar Sys	1.0
Idexx Labs	1.0
Cooper Cos Inc	1.0
Respironics	1.0
Top Ten Total	10.6

Source: Bloomberg, Company Data, Thomson, FactSet.

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Vanguard Small-Cap Growth ETF (VBK)

SMALL-CAP GROWTH

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	64.37	68.44	55.89
Fund Ticker	VBK		
Intraday NAV Ticker	HVK		
Benchmark Index Ticker (Bloomberg)	MZUSSG		
Market Cap (\$Mil)	487		
Shares Outstanding (Mil)	7.6		
Avg Daily Trading Volume (Shares)	29,863		
Expense Ratio (%)	0.12		
Focus	Small-Cap Growth		
Investment Advisor	The Vanguard Group		
Inception Date	1/30/2004		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	929		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Annualized Performance (%)	09/30/2006		

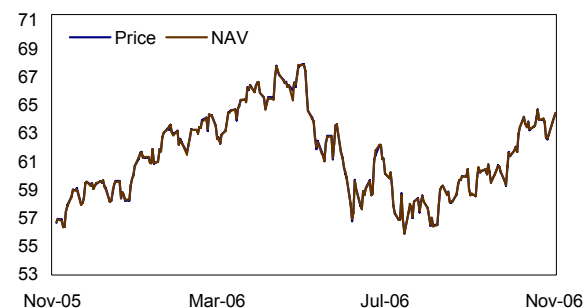
	Since Incept				
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr
Price	-1.9	5.4	-	-	-
NAV	-2.4	5.4	-	-	-

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.09	0.21	0.00
Capital Gains	0.00	0.00	0.00
Total	0.09	0.21	0.00

Fund Description

Vanguard Small-Cap Growth ETF (VBK) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the MSCI US Small Cap Growth Index. The index consists of small-cap stocks with growth characteristics within the MSCI US Small Cap 1750 Index. MSCI assigns stocks to growth and value indexes using eight factors including three for value and five for growth. Stocks having both styles are allocated to each index in proportionate weights. In each market segment, the component growth and value indexes can be combined to equal their broad market index. The index is market cap-weighted, adjusted quarterly beginning in February for free float and for companies that move out of its market cap range, and is rebalanced semiannually in May and November. MSCI uses buffer zones in an effort to reduce turnover and manage the migration of companies from one index to another during quarterly reviews. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Information Technology	22.3
Health Care	18.5
Consumer Discretionary	17.2
Industrials	16.6
Energy	9.6
Financials	6.6
Materials	4.2
Consumer Staples	2.7
Telecommunication Services	2.2
Utilities	0.2

Top Ten Holdings (%)

Level 3 Communications Inc	0.6
Roper Ind	0.5
Fmc Technologies	0.5
Covance Inc	0.4
Range Resources	0.4
Nasdaq Stock Mkt	0.4
Denbury Rsc	0.4
Manitowoc Co	0.4
Resmed	0.4
Ametek Inc	0.4
Top Ten Total	4.3

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Morningstar Small Value Index Fund (JKL)

SMALL-CAP VALUE

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	80.45	81.05
Fund Ticker	JKL	
Intraday NAV Ticker	JKLIV	
Benchmark Index Ticker (Bloomberg)	MSVL	
Market Cap (\$Mil)	111	
Shares Outstanding (Mil)	1.4	
Avg Daily Trading Volume (Shares)	10,419	
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	342	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

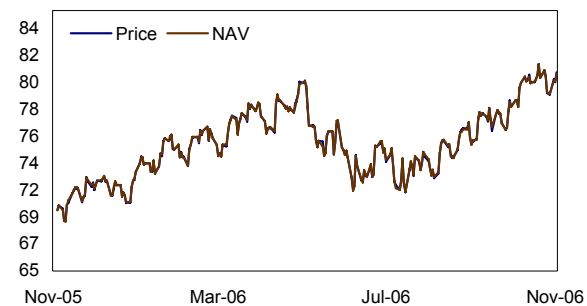
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	3.0	10.6	-	-	-	14.4
NAV	3.0	10.4	-	-	-	14.4

	2004	2005	YTD 2006
Income	0.75	1.49	1.02
Capital Gains	0.00	0.00	0.00
Total	0.75	1.49	1.02

Fund Description

iShares Morningstar Small Value Index Fund (JKL) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Morningstar Small Value Index. The Morningstar Small Value Index measures the performance of small-cap stocks with relatively low prices given anticipated per-share earnings, book value, cash flow, sales and dividends. Morningstar defines the small-cap segment as 7% of the US market and splits it one third each into growth, value, and core indexes. Stocks are classified by a ten-factor model and are only assigned to one style index. The component growth, value and core indexes can be combined to equal their broad market index. The index is float-adjusted market cap-weighted and is rebalanced quarterly. Stocks are added or removed semi-annually and buffer zones are used to reduce turnover. 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	36.3
Consumer Discretionary	19.3
Industrials	10.5
Materials	9.3
Utilities	9.1
Information Technology	3.7
Consumer Staples	3.6
Telecommunication Services	3.4
Energy	2.6
Health Care	2.2

Top Ten Holdings (%)

Windstream Corporation	2.0
Natwide Health	0.7
Acuity Brands Wi	0.7
KKR Financial Corp	0.7
Post Prop	0.7
Nicor Inc	0.6
First Indust Rea	0.6
Lear Corp	0.6
Rent-a-center Inc	0.6
Jack In The Box Inc	0.6
Top Ten Total	7.9

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Russell 2000 Value Index Fund (IWN)

SMALL-CAP VALUE

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	77.95	78.50	64.36
Fund Ticker	IWN		
Intraday NAV Ticker	IWNIV		
Benchmark Index Ticker (Bloomberg)	RUJ		
Market Cap (\$Mil)		3,828	
Shares Outstanding (Mil)		49.7	
Avg Daily Trading Volume (Shares)		921,768	
Expense Ratio (%)		0.25	

Focus	Small-Cap Value
Investment Advisor	Barclays Global Investors
Inception Date	7/24/2000
Portfolio Structure	Open-End Investment Company
Approx. Number of Stocks in Fund	1,302
Options Available	Yes
Minimum Trade Size (Shares)	1
Distribution Frequency	Quarterly
Annualized Performance (%)	09/30/2006

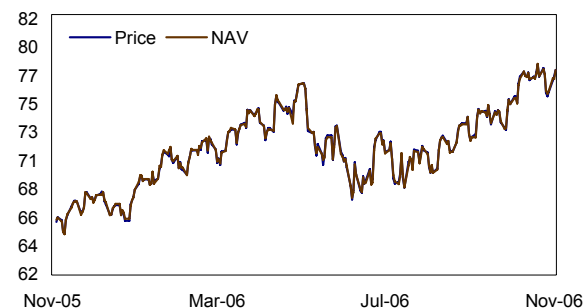
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	2.4	13.7	18.8	16.7	-	15.1
NAV	2.5	13.8	18.8	16.7	-	15.1

Distribution History (\$)	2004	2005	YTD 2006
Income	0.88	1.16	0.84
Capital Gains	0.00	0.00	0.00
Total	0.88	1.16	0.84

Fund Description

iShares Russell 2000 Value Index Fund (IWN) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Russell 2000 Value Index. Russell uses a two-factor model to assign stocks to its growth and value indexes. Each stock in a broad index earns a score based on its Price-to-Book ratio and I/B/E/S forecast long-term growth mean to determine if it growth, value, or both. Than 70% are classified as all value or all growth and 30% having both attributes are weighted proportionately to both growth and value indexes. For example, a stock that has a 40% weight in a value index will have a 60% weight in a growth index. This results in the number of companies in the combined growth and value indexes being greater than in the related broad index. However, on a market cap basis the combined growth and value indexes equal their broad market index upon an annual rebalancing in June. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weight

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	35.3
Consumer Discretionary	15.5
Information Technology	13.2
Industrials	10.9
Materials	5.6
Utilities	5.6
Health Care	4.6
Energy	4.3
Consumer Staples	3.3
Telecommunication Services	1.6

Top Ten Holdings (%)

Realty Income	0.3
Big Lot Inc	0.3
Alexandria Re Eq	0.3
Natwide Health	0.3
Westar Energy Inc	0.3
KKR Financial Corp	0.3
Biomed Realty Trust Inc	0.3
Post Prop	0.3
Nicor Inc	0.3
Sybase	0.3
Top Ten Total	3.2

Source: Bloomberg, Company Data, Thomson, FactSet.

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

SMALL-CAP VALUE

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	73.75	62.50
Fund Ticker	IJS	
Intraday NAV Ticker	IJSIV	
Benchmark Index Ticker (Bloomberg)	SMLV	
Market Cap (\$Mil)	1,926	
Shares Outstanding (Mil)	26.4	
Avg Daily Trading Volume (Shares)	115,215	
Expense Ratio (%)	0.25	
Focus	Small-Cap Value	
Investment Advisor	Barclays Global Investors	
Inception Date	7/24/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	459	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

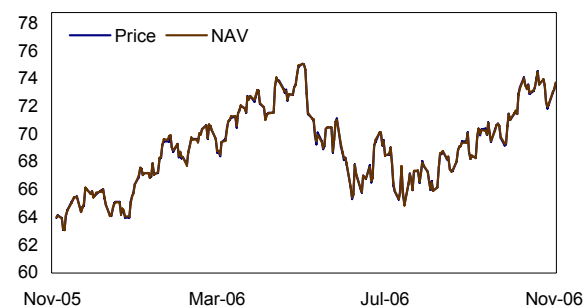
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	0.7	10.4	18.6	15.6	-	13.5
NAV	0.5	10.4	18.7	15.6	-	13.5

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.68	0.65	0.61
Capital Gains	0.00	0.00	0.00
Total	0.68	0.65	0.61

Fund Description

iShares S&P SmallCap 600 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/Citigroup Value Index. S&P/Citigroup uses a multifactor approach (three growth/four value) to determine style. The indexes are market cap weighted with the growth and value subindexes approximating 50% of the broader market-cap based index. One-third of the market cap in the broader index will be fully allocated to growth, one-third fully to value, and the remaining stocks which do not exhibit predominant growth or value characteristics will be split proportionally between the two indexes. The index is rebalanced annually and adjusted to reflect changes to the S&P 600 Index which are made by the S&P Index Committee as necessary throughout the year. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Industrials	20.8
Financials	19.3
Information Technology	15.2
Consumer Discretionary	13.3
Utilities	8.7
Materials	8.6
Health Care	5.5
Consumer Staples	4.4
Energy	3.9
Telecommunication Services	0.2

Top Ten Holdings (%)

Energen Corp.	1.0
UGI Corp.	0.9
Carpenter Technology Corp.	0.9
Veritas DGC, Inc.	0.9
Corn Products International, Inc.	0.9
Atmos Energy Corp.	0.9
Acuity Brands, Inc.	0.7
Colonial Properties Trust REIT	0.7
Kansas City Southern	0.7
Whitney Holding Corp.	0.7
Top Ten Total	8.3

Source: Bloomberg, Company Data, Thomson, FactSet.

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streetTRACKS DJ Wilshire Small Cap Value ETF (DSV)

SMALL-CAP VALUE

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	68.97	60.15
Fund Ticker	DSV	
Intraday NAV Ticker	PSV	
Benchmark Index Ticker (Bloomberg)	DWSV	
Market Cap (\$Mil)	100	
Shares Outstanding (Mil)	1.5	
Avg Daily Trading Volume (Shares)	7,634	
Expense Ratio (%)	0.25	
Focus	Small-Cap Value	
Investment Advisor	State Street Global Advisors	
Inception Date	9/25/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	852	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

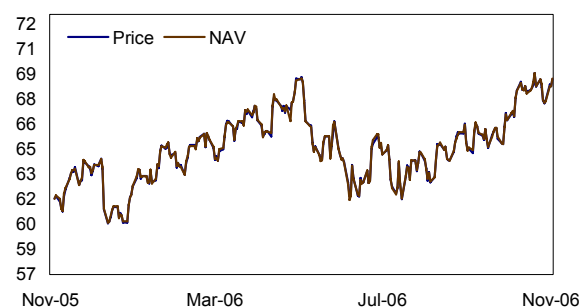
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	1.2	11.5	20.4	18.1	-	18.3
NAV	1.1	11.4	20.5	18.2	-	18.3

	2004	2005	YTD 2006
Income	1.04	1.21	1.14
Capital Gains	1.35	1.99	0.00
Total	2.40	3.20	1.14

Fund Description

streetTRACKS DJ Wilshire Small Cap Value ETF (DSV) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the Dow Jones Wilshire Small Cap Value Index. The Index reflects small cap stocks within the Dow Jones Wilshire 5000 Composite Index selected for capitalization and value characteristics. Small cap stocks are ranked from 751-2500 by market cap and are assigned to either growth or value so that 50% of stocks by market cap are in the growth or value indexes. Six factors are used to assign a stock to growth or value: projected price-to-earnings ratio, projected earnings growth, price-to-book ratio, dividend yield, trailing revenue growth and trailing earnings growth. The index is float-adjusted and market capitalization weighted. Its holdings are reviewed semi-annually in March and December and buffers are employed to limit turnover. Share and float factors are updated quarterly. To track the index, the fund may use an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	33.4
Industrials	15.6
Consumer Discretionary	12.4
Materials	8.8
Information Technology	8.5
Utilities	8.3
Energy	6.7
Consumer Staples	3.2
Health Care	2.5
Telecommunication Services	0.5

Top Ten Holdings (%)

Partnerre Ltd	0.4
Reckson Assoc Re	0.4
Oge Energy	0.4
Avnet Inc	0.4
Officemax Inc	0.4
Renaissance	0.4
Harsco Corp	0.4
Bre Property	0.4
Manitowoc Co	0.4
Cms Energy Corp	0.3
Top Ten Total	3.7

Source: Bloomberg, Company Data, Thomson, FactSet.

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Vanguard Small-Cap Value ETF (VBR)

SMALL-CAP VALUE

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	70.17	59.95
Fund Ticker	VBR	
Intraday NAV Ticker	PVY	
Benchmark Index Ticker (Bloomberg)	MZUSSV	
Market Cap (\$Mil)	401	
Shares Outstanding (Mil)	5.8	
Avg Daily Trading Volume (Shares)	32,665	
Expense Ratio (%)	0.12	
Focus	Small-Cap Value	
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	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Annualized Performance (%)	09/30/2006	

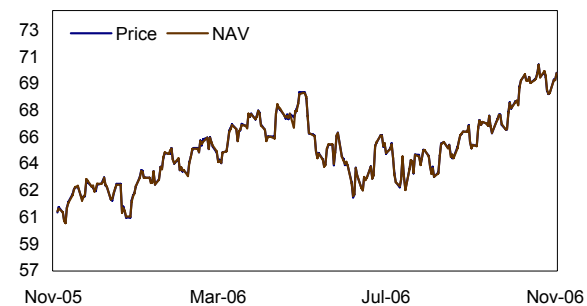
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	1.8	10.1	-	-	-	12.6
NAV	1.7	10.3	-	-	-	12.6

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.97	1.16	0.00
Capital Gains	0.00	0.00	0.00
Total	0.97	1.16	0.00

Fund Description

Vanguard Small-Cap Value ETF (VBR) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the MSCI US Small Cap Value Index. The index consists of small-cap stocks with value characteristics within the MSCI US Small Cap 1750 Index. MSCI assigns stocks to growth and value indexes using eight factors including three for value and five for growth. Stocks having both styles are allocated to each index in proportionate weights. In each market segment, the component growth and value indexes can be combined to equal their broad market index. The index is market cap-weighted, adjusted quarterly beginning in February for free float and for companies that move out of its market cap range, and is rebalanced semiannually in May and November. MSCI uses buffer zones in an effort to reduce turnover and manage the migration of companies from one index to another during quarterly reviews. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	36.6
Industrials	15.0
Consumer Discretionary	13.1
Utilities	9.0
Information Technology	8.3
Materials	7.6
Energy	4.0
Consumer Staples	2.9
Health Care	2.7
Telecommunication Services	0.7

Top Ten Holdings (%)

Camden Property	0.5
Federal Realty	0.5
Northeast Utils	0.4
Reckson Assoc Re	0.4
Ventas Inc	0.4
Oge Energy	0.4
Officemax Inc	0.4
Harsco Corp	0.4
Sierra Pacific Resources	0.4
Plains Expl	0.4
Top Ten Total	4.0

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Morningstar Small Core Index Fund (JKJ)

SMALL-CAP CORE

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	84.81	69.56
Fund Ticker	JKJ	
Intraday NAV Ticker	JKJIV	
Benchmark Index Ticker (Bloomberg)	MSCR	
Market Cap (\$Mil)	122	
Shares Outstanding (Mil)	1.5	
Avg Daily Trading Volume (Shares)	13,739	
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	363	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

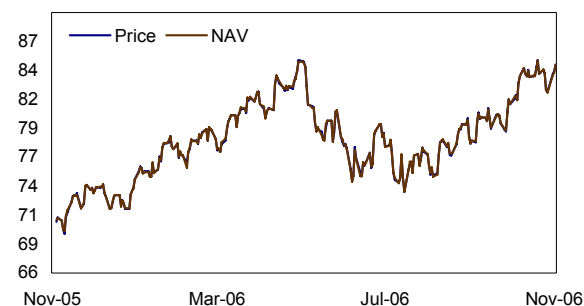
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	1.1	13.3	-	-	-	15.0
NAV	1.1	13.2	-	-	-	15.0

Distribution History (\$)	2004	2005	YTD 2006
Income	0.31	0.57	0.47
Capital Gains	0.00	0.00	0.00
Total	0.31	0.57	0.47

Fund Description

iShares Morningstar Small Core Index Fund (JKJ) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Morningstar Small Core Index. The Morningstar Small Core Index measures the performance of small-cap stocks where neither growth nor value characteristics predominate. Morningstar defines the small-cap segment as 7% of the US market and splits it one third each into growth, value, and core indexes. Stocks are classified by a ten-factor model and are only assigned to one style index. The component growth, value and core indexes can be combined to equal their broad market index. The index is float-adjusted market cap-weighted and is rebalanced quarterly. Stocks are added or removed semi-annually and buffer zones are used to reduce turnover. 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Industrials	19.8
Financials	18.8
Information Technology	17.0
Consumer Discretionary	16.3
Health Care	9.5
Energy	7.7
Consumer Staples	4.7
Materials	4.3
Telecommunication Services	1.0
Utilities	0.9

Top Ten Holdings (%)

Corrections Corporation Of America	0.8
Phillips-van Heusen Corp	0.7
Veritas Dgc	0.7
Big Lot Inc	0.7
Home Properties Inc	0.6
Brocade Communications Systems	0.6
Oceaneering Intl	0.6
Parametric Technology Corp	0.6
Hercules Inc	0.6
Highwoods Prop	0.6
Top Ten Total	6.3

Source: Bloomberg, Company Data, Thomson, FactSet.

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Consumer Discretionary Select Sector SPDR (XLY)

CONSUMER DISCRETIONARY

Pricing and Fund Data		11/08/06	
52 Week			
		High	Low
Price (\$)	37.33	37.47	31.13
Fund Ticker	XLY		
Intraday NAV Ticker	YXV		
Benchmark Index Ticker (Bloomberg)	IXY		
Market Cap (\$Mil)	758		
Shares Outstanding (Mil)	20.4		
Avg Daily Trading Volume (Shares)	1,736,583		
Expense Ratio (%)	0.25		
Focus	Consumer Discretionary		
Investment Advisor	State Street Global Advisors		
Inception Date	12/22/1998		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	86		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Annualized Performance (%)	09/30/2006		

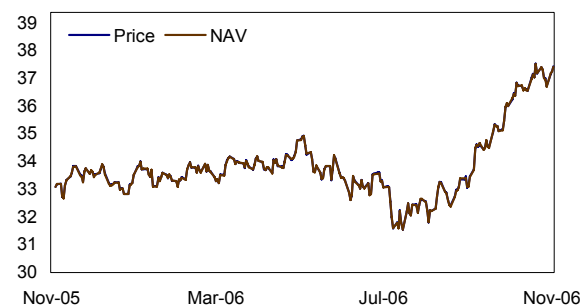
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	4.9	8.6	9.1	9.6	-	5.0
NAV	4.9	8.7	9.1	9.5	-	5.0

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.24	0.33	0.14
Capital Gains	0.00	0.00	0.00
Total	0.24	0.33	0.14

Fund Description

Consumer Discretionary Select Sector SPDR (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 encompasses those industries that tend to be the most sensitive to economic cycles such as automobiles, household durable goods, apparel, leisure equipment, hotels, restaurants, media and consumer retailing. It consists of large cap stocks within the S&P 500 Index classified in the Consumer Discretionary Sector according to the Global Industry Classification Standard (GICS). The index is rebalanced to reflect changes to the S&P 500 Index that are made by the S&P Index Committee as necessary throughout the year. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Movies & Entertainment	17.3
Broadcasting & Cable TV	10.6
Home Improvement Retail	10.0
Restaurants	8.3
Department Stores	7.1
Hotels, Resorts & Cruise Lines	5.1
General Merchandise Stores	4.7
Publishing	3.9
Specialty Stores	3.0
Automobile Manufacturers	2.8

Top Ten Holdings (%)

Comcast	6.6
Time Warner	6.3
Home Depot	6.0
Disney	5.1
McDolanlds	4.0
Target	3.9
News Corp	3.8
Lowe's	3.5
Starbucks	2.2
Viacom	2.2
Top Ten Total	43.5

Source: Bloomberg, Company Data, Thomson, FactSet.

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

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	65.69	66.33	56.71
Fund Ticker		IYC	
Intraday NAV Ticker		IYCIV	
Benchmark Index Ticker (Bloomberg)		DJUSCY	
Market Cap (\$Mil)		255	
Shares Outstanding (Mil)		3.9	
Avg Daily Trading Volume (Shares)		45,986	
Expense Ratio (%)		0.48	
Focus		Consumer Discretionary	
Investment Advisor		Barclays Global Investors	
Inception Date		6/12/2000	
Portfolio Structure		Open-End Investment Company	
Approx. Number of Stocks in Fund		247	
Options Available		Yes	
Minimum Trade Size (Shares)		1	
Distribution Frequency		Quarterly	
Annualized Performance (%)		09/30/2006	

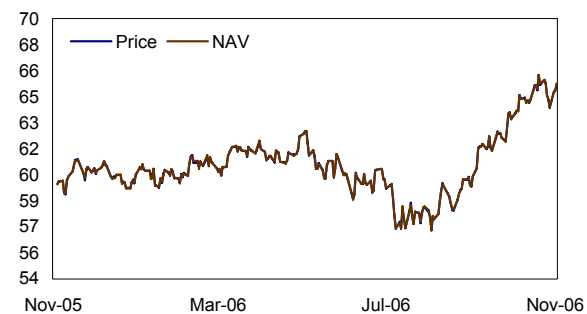
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	3.2	7.7	8.2	6.1	-	1.0
NAV	3.2	7.6	8.1	6.1	-	1.0

	2004		2005		YTD 2006	
Income	0.14		0.15		0.15	
Capital Gains	0.00		0.00		0.00	
Total	0.14		0.15		0.15	

Fund Description

iShares Dow Jones U.S. Consumer Services Sector Index Fund (IYC) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Dow Jones US Consumer Services Sector Index. The index is a sub set of Dow Jones US Total Market Index that seeks to represent over 95% of the US equity market by investing in a broad selection of stocks that meet rules based criteria and consists of approximately 1,600 stocks. Stocks in the total market index are assigned to the consumer services sector by the Industry Classification Benchmark (ICB) and include food and drug retail, general retail, media and travel and leisure companies. The index is float-adjusted market cap-weighted and is rebalanced quarterly in March, June, September, and December. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Movies & Entertainment	12.2
Broadcasting & Cable TV	11.0
Hypermarkets & Super Centers	8.5
Restaurants	7.3
Home Improvement Retail	6.8
Department Stores	5.1
Apparel Retail	4.4
Hotels, Resorts & Cruise Lines	4.1
Publishing	3.9
Drug Retail	3.9

Top Ten Holdings (%)

Wal-Mart	7.0
Time Warner	4.4
Home Depot	4.3
Disney	3.4
McDolanlds	2.8
Comcast	2.8
Lowe's	2.6
Target	2.5
Walgreen	2.4
News Corp	2.1
Top Ten Total	34.3

Source: Bloomberg, Company Data, Thomson, FactSet.

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Vanguard Consumer Discretionary ETF (VCR)

CONSUMER DISCRETIONARY

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	59.28	59.34
Fund Ticker	VCR	
Intraday NAV Ticker	HVAX	
Benchmark Index Ticker (Bloomberg)	MZUSIOCD	
Market Cap (\$Mil)	71	
Shares Outstanding (Mil)	1.2	
Avg Daily Trading Volume (Shares)	39,362	
Expense Ratio (%)	0.26	
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	433	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Annualized Performance (%)	09/30/2006	

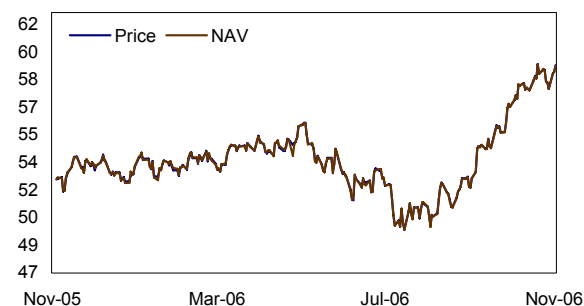
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	3.9	6.8	-	-	-	4.3
NAV	4.1	6.8	-	-	-	4.3

	2004	2005	YTD 2006
Income	0.35	0.31	0.00
Capital Gains	0.00	0.00	0.00
Total	0.35	0.31	0.00

Fund Description

Vanguard Consumer Discretionary ETF (VCR) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the MSCI US Investable Market Consumer Discretionary Index. The index is a subset of the MSCI US Investable Market Index which contains 2500 large, mid and small-cap stocks. It consists of all stocks within the broader MSCI US Investable Market Index classified as in the consumer discretionary sector according to the Global Industry Classification Standard (GICS). The index is market cap-weighted, adjusted quarterly beginning in February 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, the fund may use an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Movies & Entertainment	13.0
Broadcasting & Cable TV	11.8
Restaurants	8.2
Home Improvement Retail	7.3
Department Stores	5.3
Apparel Retail	5.1
Hotels, Resorts & Cruise Lines	4.4
Publishing	4.2
Casinos & Gaming	3.6
General Merchandise Stores	3.6

Top Ten Holdings (%)

Time Warner	4.7
Home Depot	4.4
Disney	3.7
Comcast	3.0
McDolanlds	2.9
Target	2.7
Lowe's	2.5
News Corp	2.2
Comcast Corp Special Class A	1.7
Starbucks	1.7
Top Ten Total	29.4

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Dow Jones US Home Construction (ITB)

CONSUMER DISCRETIONARY

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	36.59	32.50
Fund Ticker	ITB	
Intraday NAV Ticker	ITBIV	
Benchmark Index Ticker (Bloomberg)	DJSHMB	
Market Cap (\$Mil)	54	
Shares Outstanding (Mil)	1.5	
Avg Daily Trading Volume (Shares)	188,243	
Expense Ratio (%)	0.48	

Focus	Consumer Discretionary
Investment Advisor	Barclays Global Investors
Inception Date	5/5/2006
Portfolio Structure	Open-End Investment Company
Approx. Number of Stocks in Fund	20
Options Available	No
Minimum Trade Size (Shares)	1
Distribution Frequency	Quarterly

Annualized Performance (%) 09/30/2006

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-5.9	-	-	-	-	-26.0
NAV	-5.8	-	-	-	-	-26.0

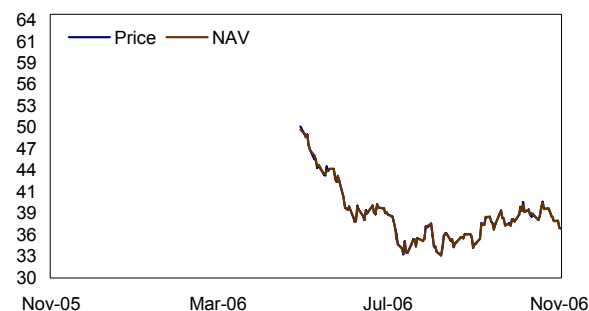
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.00	0.00	0.10
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.10

Fund Description

iShares Dow Jones U.S. Home Construction Index Fund (ITB) 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 U.S. Select Home Construction Index. The index includes companies in the Dow Jones Wilshire 2500 Index that are constructors of residential, mobile and/or prefabricated homes. To be included, companies must also meet certain liquidity and market capitalization requirements. The index is modified market cap weighted and is rebalanced in March, June, September and December. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Homebuilding	100.0

Top Ten Holdings (%)

Lennar Corp	6.1
Centex Corp	5.8
Pulte Homes Inc	5.8
D.r. Horton Inc	5.7
Champion Entr	5.6
Toll Brothers	5.6
KB Home	5.6
Mdc Holdings Inc	5.4
Beazer Homes	5.3
NVR Inc	4.9
Top Ten Total	56.0

Source: Bloomberg, Company Data, Thomson, FactSet.

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Retail HOLDRS (RTH)

CONSUMER DISCRETIONARY

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	98.06	101.49	87.12
Fund Ticker		RTH	
Intraday NAV Ticker		IRH	
Benchmark Index Ticker (Bloomberg)		IRH	
Market Cap (\$Mil)		344	
Shares Outstanding (Mil)		3.6	
Avg Daily Trading Volume (Shares)		3,159,522	
Expense Ratio (%)		0*	
Focus		Retail	
Investment Advisor		Bank of New York	
Inception Date		5/1/2001	
Portfolio Structure		Grantor Trust	
Approx. Number of Stocks in Fund		18	
Options Available		Yes	
Minimum Trade Size (Shares)		100	
Distribution Frequency		Ongoing	
Annualized Performance (%)		09/30/2006	

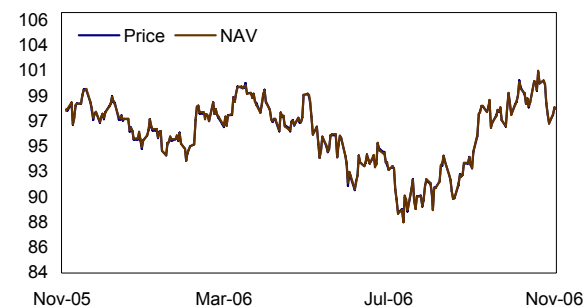
	Since					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	2.8	7.2	7.1	5.8	-	1.5
NAV	2.8	7.2	7.1	5.8	-	1.5

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.68	0.79	0.85
Capital Gains	0.00	0.00	0.00
Total	0.68	0.79	0.85

Fund Description

Retail HOLDRS (RTH) is an exchange-traded fund in a grantor trust format 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. Investing in HOLDRS is similar to the outright ownership of the underlying basket of stocks, as investors receive ongoing dividends, company reports, and have voting rights for each constituent stock. Individual investors also have the ability to redeem HOLDRS for the underlying shares, however, purchases and sales of HOLDRS can only be made in multiples of 100 shares. *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 November 8, 2006

Top Sector/Industry Weightings (%)	
Home Improvement Retail	23.5
Hypermarkets & Super Centers	22.1
Drug Retail	12.2
Department Stores	9.5
General Merchandise Stores	9.4
Apparel Retail	8.6
Food Retail	6.5
Computer & Electronics Retail	5.5
Internet Retail	2.7

Top Ten Holdings (%)

Wal-Mart	17.8
Home Depot	15.1
Target	9.4
Lowe's	8.5
Walgreen	8.2
Federated Department Stores	5.2
Best Buy	5.0
Costco	4.3
Kohl S Corp	4.3
Cvs Corporation	4.0
Top Ten Total	81.7

Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data for HOLDRS current to the most recent month-end at the following website: www.holdrs.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

SPDR Homebuilders ETF (XHB)

CONSUMER DISCRETIONARY

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	32.85	46.52	28.78
Fund Ticker	XHB		
Intraday NAV Ticker	HBM		
Benchmark Index Ticker (Bloomberg)	SPSIHO		
Market Cap (\$Mil)	265		
Shares Outstanding (Mil)	8.2		
Avg Daily Trading Volume (Shares)	1,494,056		
Expense Ratio (%)	0.35		
Focus	Consumer Discretionary		
Investment Advisor	State Street Global Advisors		
Inception Date	2/6/2006		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	21		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Annualized Performance (%)	09/30/2006		

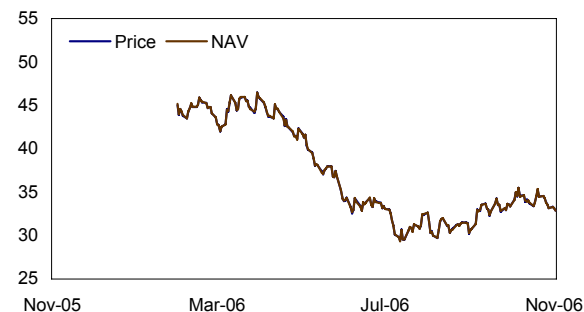
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-3.5	-	-	-	-	-27.0
NAV	-2.7	-	-	-	-	-27.0

Distribution History (\$)	2004	2005	YTD 2006
Income	0.00	0.00	0.15
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.15

Fund Description

SPDR Homebuilders ETF (XHB) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the S&P Homebuilders Select Industry Index. The index represents the homebuilding sub-industry portion of the S&P Total Market Index that tracks all US company common stocks listed on the NYSE, AMEX, NASDAQ and NASDAQ Small-Cap Exchanges. The Select Industry Indexes are designed to measure the performance of narrow sub-industries based on the Global Industry Classification Standard (GICS). Stocks in the Select Index are subject to certain liquidity constraints and are equally weighted when the index is rebalanced quarterly in March, June, September, and December. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Homebuilding	72.1
Home Improvement Retail	14.6
Home Furnishings	13.4

Top Ten Holdings (%)

Champion Entr	6.3
Beazer Homes	5.1
Mdc Holdings Inc	5.1
Sherwin-williams	5.1
Hovnanian Enterprises	4.9
Meritage Home Corp	4.8
Toll Brothers	4.8
Lowe's	4.8
Lennar Corp	4.8
Home Depot	4.7
Top Ten Total	50.5

Source: Bloomberg, Company Data, Thomson, FactSet.

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Consumer Staples Select Sector SPDR (XLP)

CONSUMER STAPLES

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	25.69	23.01
Fund Ticker	XLP	
Intraday NAV Ticker	PXV	
Benchmark Index Ticker (Bloomberg)	IXR	
Market Cap (\$Mil)	1,561	
Shares Outstanding (Mil)	61.2	
Avg Daily Trading Volume (Shares)	1,875,272	
Expense Ratio (%)	0.25	
Focus	Consumer Staples	
Investment Advisor	State Street Global Advisors	
Inception Date	12/22/1998	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	39	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

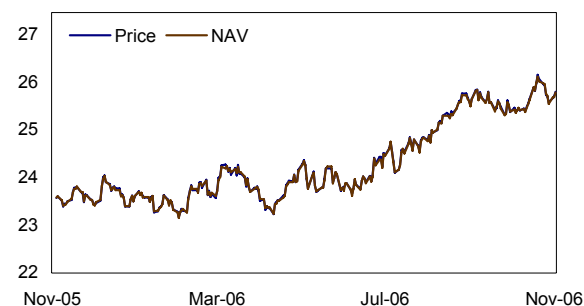
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	5.5	11.3	9.7	2.1	-	1.0
NAV	5.5	11.1	9.6	2.0	-	1.0

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.36	0.44	0.38
Capital Gains	0.00	0.00	0.00
Total	0.36	0.44	0.38

Fund Description

Consumer Staples Select Sector SPDR (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 encompasses companies whose businesses are less sensitive to economic cycles such as food, beverage, tobacco, non-durable household good and personal products. It consists of large cap stocks within the S&P 500 Index classified in the Consumer Staples Sector according to the Global Industry Classification Standard (GICS). The index is rebalanced to reflect changes to the S&P 500 Index that are made by the S&P Index Committee as necessary throughout the year. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Household Products	24.2
Tobacco	16.8
Hypermarkets & Super Centers	12.7
Packaged Foods & Meats	12.4
Soft Drinks	10.6
Drug Retail	6.2
Food Retail	4.7
Brewers	3.9
Agricultural Products	2.4
Personal Products	2.4

Top Ten Holdings (%)

Proctor & Gamble	17.2
Altria	14.6
Wal-Mart	10.3
Coca-Cola	4.8
Pepsi	4.5
Walgreen	3.9
Anheuser Bush	3.4
Colgate Palmolive	3.1
Kimberly Clark	2.8
Archer-daniels	2.4
Top Ten Total	67.0

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares DJ US Consumer Goods Sector Index Fund (IYK) CONSUMER STAPLES

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	58.63	51.85
Fund Ticker	IYK	
Intraday NAV Ticker	IYKIV	
Benchmark Index Ticker (Bloomberg)	DJUSNC	
Market Cap (\$Mil)	344	
Shares Outstanding (Mil)	5.9	
Avg Daily Trading Volume (Shares)	76,962	
Expense Ratio (%)	0.48	
Focus	Consumer Staples	
Investment Advisor	Barclays Global Investors	
Inception Date	6/12/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	150	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

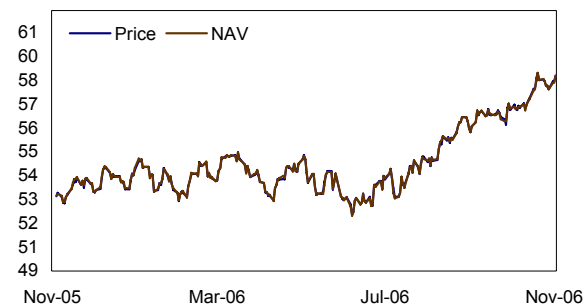
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	6.5	7.3	10.7	8.0	-	7.0
NAV	6.6	7.0	10.7	8.0	-	7.0

	2004	2005	YTD 2006
Income	0.73	0.86	0.75
Capital Gains	0.00	0.00	0.00
Total	0.73	0.86	0.75

Fund Description

iShares Dow Jones U.S. Consumer Goods Sector 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 Goods Sector Index. The index is a sub set of Dow Jones US Total Market Index that seeks to represent over 95% of the US equity market by investing in a broad selection of stocks that meet rules based criteria and consists of approximately 1,600 stocks. Stocks in the total market index are assigned to the consumer goods sector by the Industry Classification Benchmark (ICB) and include automobile and parts, beverage, food producer, household goods, leisure goods, personal goods and tobacco companies. The index is float-adjusted market cap-weighted and is rebalanced quarterly in March, June, September, and December. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Household Products	22.1
Soft Drinks	17.2
Tobacco	15.3
Packaged Foods & Meats	10.8
Homebuilding	3.6
Apparel, Accessories & Luxury Goods	3.4
Brewers	3.1
Automobile Manufacturers	2.6
Agricultural Products	2.6
Auto Parts & Equipment	2.2

Top Ten Holdings (%)

Proctor & Gamble	15.7
Altria	13.2
Pepsi	8.3
Coca-Cola	7.9
Anheuser Bush	2.7
Colgate Palmolive	2.6
Kimberly Clark	2.4
Archer-daniels	1.8
General Mills	1.6
Harley-davidson	1.4
Top Ten Total	57.6

Source: Bloomberg, Company Data, Thomson, FactSet.

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Vanguard Consumer Staples ETF (VDC)

CONSUMER STAPLES

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	63.02	63.82	55.60
Fund Ticker	VDC		
Intraday NAV Ticker	HVP		
Benchmark Index Ticker (Bloomberg)	MZUSI0CS		
Market Cap (\$Mil)	251		
Shares Outstanding (Mil)	4.0		
Avg Daily Trading Volume (Shares)	32,430		
Expense Ratio (%)	0.26		
Focus	Consumer Staples		
Investment Advisor	The Vanguard Group		
Inception Date	1/30/2004		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	105		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Annualized Performance (%)	09/30/2006		

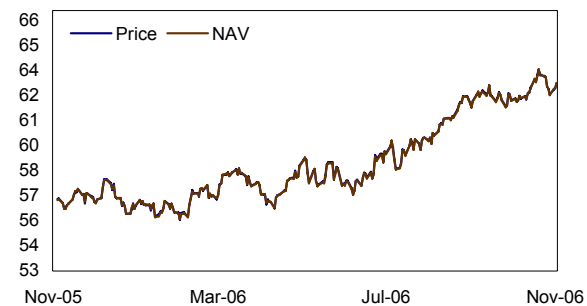
	Since					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	5.5	11.2	-	-	-	9.1
NAV	5.6	10.9	-	-	-	9.1

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.85	0.70	0.00
Capital Gains	0.24	0.00	0.00
Total	1.09	0.70	0.00

Fund Description

Vanguard Consumer Staples ETF (VDC) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the MSCI US Investable Market Consumer Staples Index. The index is a subset of the MSCI US Investable Market Index which contains 2500 large, mid and small-cap stocks. It consists of all stocks within the broader MSCI US Investable Market Index classified as in the consumer staples sector according to the Global Industry Classification Standard (GICS). The index is market cap-weighted, adjusted quarterly beginning in February 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, the fund may use an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Household Products	21.7
Packaged Foods & Meats	14.9
Tobacco	14.2
Soft Drinks	13.5
Hypermarkets & Super Centers	10.0
Drug Retail	6.0
Food Retail	5.2
Personal Products	3.8
Brewers	3.7
Agricultural Products	3.3

Top Ten Holdings (%)

Proctor & Gamble	14.3
Altria	11.3
Wal-Mart	7.6
Pepsi	6.2
Coca-Cola	5.7
Walgreen	3.5
Anheuser Bush	3.1
Colgate Palmolive	2.7
Kimberly Clark	2.5
Costco	2.1
Top Ten Total	59.1

Source: Bloomberg, Company Data, Thomson, FactSet.

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Energy Select Sector SPDR (XLE)

ENERGY

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	57.52	46.73
Fund Ticker	XLE	
Intraday NAV Ticker	EXX	
Benchmark Index Ticker (Bloomberg)	IXE	
Market Cap (\$Mil)	3,862	
Shares Outstanding (Mil)	66.5	
Avg Daily Trading Volume (Shares)	23,132,292	
Expense Ratio (%)	0.24	
Focus	Energy	
Investment Advisor	State Street Global Advisors	
Inception Date	12/22/1998	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	30	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

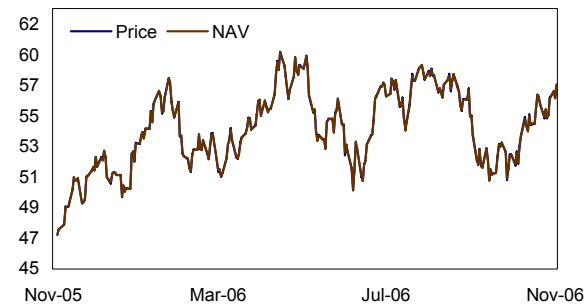
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-5.5	0.8	32.3	17.6	-	13.2
NAV	-5.3	0.9	32.4	17.5	-	13.2

Distribution History (\$)	2004	2005	YTD 2006
Income	0.51	0.57	0.54
Capital Gains	0.00	0.00	0.00
Total	0.51	0.57	0.54

Fund Description

Energy Select Sector SPDR (XLE) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Energy Select Sector Index. The index is weighted on a modified market-cap basis and encompasses companies involved in the exploration, production, marketing, refining and transportation of oil and gas products, coal and other consumable fuels and the provision of drilling and other energy related services and equipment. It consists of large cap stocks within the S&P 500 Index classified in the Energy Sector according to the Global Industry Classification Standard (GICS). The index is rebalanced to reflect changes to the S&P 500 Index that are made by the S&P Index Committee as necessary throughout the year. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Integrated Oil & Gas	55.0
Oil & Gas Equipment & Services	15.4
Oil & Gas Exploration & Production	13.3
Oil & Gas Drilling	6.1
Oil & Gas Storage & Transportation	4.6
Oil & Gas Refining & Marketing	4.5
Coal & Consumable Fuels	1.1

Top Ten Holdings (%)

Exxon Mobil	23.3
Chevron	13.0
Conocophillips	8.9
Schlumberger	4.5
Occidental Petroleum	4.0
Halliburton	3.4
Valero	3.2
Marathon Oil	3.2
Devon Energy	3.1
TransOcean	2.4
Top Ten Total	69.0

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Dow Jones US Energy Sector Index Fund (IYE)

ENERGY

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	99.65	102.02
Fund Ticker	IYE	
Intraday NAV Ticker	IYEIV	
Benchmark Index Ticker (Bloomberg)	DJUSEN	
Market Cap (\$Mil)	855	
Shares Outstanding (Mil)	8.5	
Avg Daily Trading Volume (Shares)	85,346	
Expense Ratio (%)	0.48	
Focus	Energy	
Investment Advisor	Barclays Global Investors	
Inception Date	6/12/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	73	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

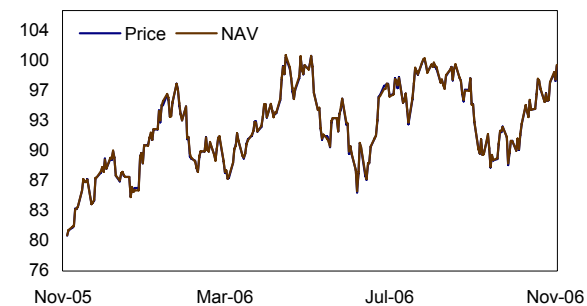
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-3.5	2.8	30.7	17.8	-	11.6
NAV	-3.3	2.7	30.8	17.8	-	11.6

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.76	0.79	0.81
Capital Gains	0.00	0.00	0.00
Total	0.76	0.79	0.81

Fund Description

iShares Dow Jones U.S. Energy Sector Index Fund (IYE) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Dow Jones US Oil & Gas Sector Index. The index is a sub set of Dow Jones US Total Market Index that seeks to represent over 95% of the US equity market by investing in a broad selection of stocks that meet rules based criteria and consists of approximately 1,600 stocks. Stocks in the total market index are assigned to the energy sector by the Industry Classification Benchmark (ICB) and include oil and gas producers and oil equipment, services and distribution companies. The index 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Integrated Oil & Gas	55.7
Oil & Gas Equipment & Services	16.4
Oil & Gas Exploration & Production	14.8
Oil & Gas Drilling	6.6
Oil & Gas Refining & Marketing	3.4
Oil & Gas Storage & Transportation	3.0
Multi-Utilities	0.0

Top Ten Holdings (%)

Exxon Mobil	24.3
Chevron	17.3
Schlumberger	6.3
Conocophillips	4.9
Occidental Petroleum	4.4
Devon Energy	3.0
Baker Hughes	2.7
Marathon Oil	2.6
Valero	2.5
Halliburton	2.4
Top Ten Total	70.3

Source: Bloomberg, Company Data, Thomson, FactSet.

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Vanguard Energy ETF (VDE)

ENERGY

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	84.10	67.80
Fund Ticker	VDE	
Intraday NAV Ticker	DVO	
Benchmark Index Ticker (Bloomberg)	MSCIEN	
Market Cap (\$Mil)	365	
Shares Outstanding (Mil)	4.3	
Avg Daily Trading Volume (Shares)	54,292	
Expense Ratio (%)	0.26	
Focus	Energy	
Investment Advisor	The Vanguard Group	
Inception Date	9/29/2004	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	146	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Annualized Performance (%)	09/30/2006	

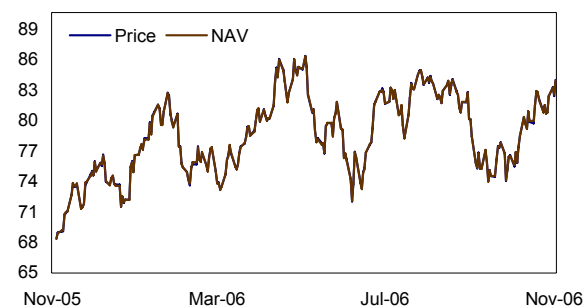
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-5.0	1.4	-	-	-	25.6
NAV	-5.0	1.4	-	-	-	25.6

	Distribution History (\$)		
	2004	2005	YTD 2006
Income	0.22	0.55	0.00
Capital Gains	0.00	0.00	0.00
Total	0.22	0.55	0.00

Fund Description

Vanguard Energy ETF (VDE) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the MSCI US Investable Market Energy Index. The index is a subset of the MSCI US Investable Market Index which contains 2500 large, mid and small-cap stocks. It consists of all stocks within the broader MSCI US Investable Market Index classified as in the energy sector according to the Global Industry Classification Standard (GICS). The index is market cap-weighted, adjusted quarterly beginning in February 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, the fund may use an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Integrated Oil & Gas	47.2
Oil & Gas Equipment & Services	18.6
Oil & Gas Exploration & Production	16.6
Oil & Gas Drilling	7.3
Oil & Gas Refining & Marketing	4.2
Oil & Gas Storage & Transportation	3.5
Coal & Consumable Fuels	2.7

Top Ten Holdings (%)

Exxon Mobil	21.2
Chevron	11.5
Conocophillips	7.7
Schlumberger	6.2
Occidental Petroleum	2.9
Halliburton	2.4
Valero	2.3
Marathon Oil	2.3
Devon Energy	2.1
TransOcean	1.7
Top Ten Total	60.3

Source: Bloomberg, Company Data, Thomson, FactSet.

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Oil Services HOLDRS (OIH)

ENERGY

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	139.91	112.60
Fund Ticker	OIH	
Intraday NAV Ticker	OXH	
Benchmark Index Ticker (Bloomberg)	OXH	
Market Cap (\$Mil)	3,824	
Shares Outstanding (Mil)	27.2	
Avg Daily Trading Volume (Shares)	11,951,977	
Expense Ratio (%)	0*	

Focus	Energy
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
Annualized Performance (%)	09/30/2006

	Since Incept					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	
Price	-13.0	5.3	31.8	23.1	-	6.0
NAV	-13.0	5.3	31.8	23.1	-	6.0

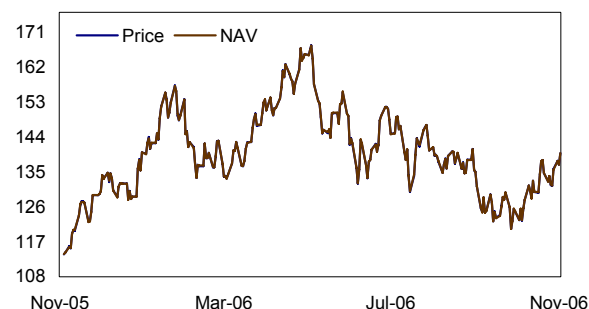
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.34	0.56	0.65
Capital Gains	0.00	0.00	0.00
Total	0.34	0.56	0.65

Fund Description

Oil Services HOLDRS (OIH) is an exchange-traded fund in a grantor trust format 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. Investing in HOLDRS is similar to the outright ownership of the underlying basket of stocks, as investors receive ongoing dividends, company reports, and have voting rights for each constituent stock. Individual investors also have the ability to redeem HOLDRS for the underlying shares, however, purchases and sales of HOLDRS can only be made in multiples of 100 shares. *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 November 8, 2006

Top Sector/Industry Weightings (%)	
Oil & Gas Equipment & Services	59.4
Oil & Gas Drilling	40.6

Top Ten Holdings (%)

Baker Hughes	10.8
Halliburton	10.5
Schlumberger	10.4
TransOcean	9.8
GlobalSantaFe	7.8
BJ Services	6.2
Noble Corporation	5.8
Diamond Offshore	5.7
Nabors Inds Inc	5.6
Weatherford	5.5
Top Ten Total	78.0

Source: Bloomberg, Company Data, Thomson, FactSet.

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PowerShares Dynamic Energy & Exploration Portfolio (PXE)

ENERGY

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	18.91	20.31	15.16
Fund Ticker		PXE	
Intraday NAV Ticker		HKC	
Benchmark Index Ticker (Bloomberg)		DWE	
Market Cap (\$Mil)		103	
Shares Outstanding (Mil)		5.4	
Avg Daily Trading Volume (Shares)		119,546	
Expense Ratio (%)		0.60	
Focus		Energy	
Investment Advisor		PowerShares Capital	
Inception Date		10/26/2005	
Portfolio Structure		Open-End Investment Company	
Approx. Number of Stocks in Fund		30	
Options Available		Yes	
Minimum Trade Size (Shares)		1	
Distribution Frequency		Quarterly	
Annualized Performance (%)		09/30/2006	

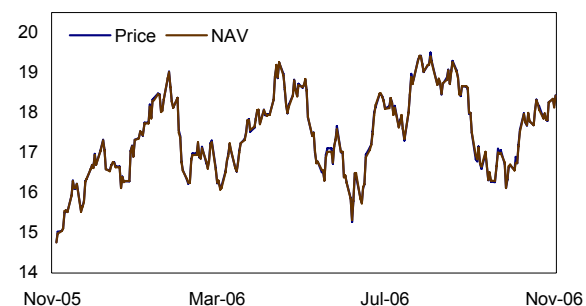
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-5.7	-	-	-	-	9.4
NAV	-6.4	-	-	-	-	9.4

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.00	0.02	0.01
Capital Gains	0.00	0.00	0.00
Total	0.00	0.02	0.01

Fund Description

PowerShares Dynamic Energy Exploration & Production Portfolio (PXE) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Dynamic Energy Exploration & Production Intellidex Index. The Index utilizes rules-based quantitative analysis to evaluate and select securities using a variety of investment value determinants such as fundamental growth, stock valuation, timeliness and risk factors. This process occurs quarterly in February, May, August and November. The Index consists of 30 stocks selected from the largest 2000 US stocks and is calculated using a tiered weighting methodology. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Energy	91.2
Utilities	8.6

Top Ten Holdings (%)

Exxon Mobil Corp.	5.3
Anadarko Petroleum Corp.	5.2
XTO Energy Inc.	5.0
Marathon Oil Corp.	5.0
ConocoPhillips	4.8
Occidental Petroleum Corp.	4.6
Hess Corp.	4.6
Valero Energy Corp.	4.3
Energy Partners Ltd.	3.8
Giant Industries Inc.	3.2
Top Ten Total	30.3

Source: Bloomberg, Company Data, Thomson, FactSet.

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PowerShares Dynamic Oil & Gas Services Portfolio (PXJ)

ENERGY

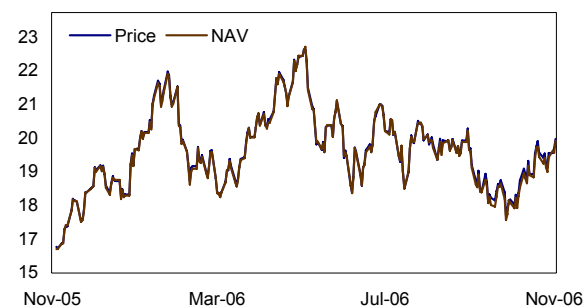
Pricing and Fund Data		11/08/06	
52 Week			
		High	Low
Price (\$)	19.97	23.30	16.10
Fund Ticker		PXJ	
Intraday NAV Ticker		HKM	
Benchmark Index Ticker (Bloomberg)		DWO	
Market Cap (\$Mil)		281	
Shares Outstanding (Mil)		14.1	
Avg Daily Trading Volume (Shares)		174,813	
Expense Ratio (%)		0.60	
Focus		Energy	
Investment Advisor		PowerShares Capital	
Inception Date		10/26/2005	
Portfolio Structure		Open-End Investment Company	
Approx. Number of Stocks in Fund		30	
Options Available		Yes	
Minimum Trade Size (Shares)		1	
Distribution Frequency		Quarterly	
Annualized Performance (%)		09/30/2006	
		Since	
	3 Mo	1 Yr	3 Yr
Price	-10.5	-	-
NAV	-11.6	-	-
		5 Yr	10 Yr
		-	-
			Incept
			13.1

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.00	0.00	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.00

Fund Description

PowerShares Dynamic Oil & Gas Services Portfolio (PXJ) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Dynamic Oil Services Intellidex Index. The Index utilizes rules-based quantitative analysis to evaluate and select securities using a variety of investment value determinants such as fundamental growth, stock valuation, timeliness and risk factors. This process occurs quarterly in February, May, August and November. The Index consists of 30 stocks selected from the largest 2000 US stocks and is calculated using a tiered weighting methodology. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Energy	97.3
Industrials	2.7

Top Ten Holdings (%)

ENSCO International Inc.	6.1
GlobalSantaFe Corp.	5.4
Diamond Offshore Drilling Inc.	5.2
Schlumberger Ltd.	5.0
Smith International Inc.	4.8
Halliburton Co.	4.7
Baker Hughes Inc.	4.7
BJ Services Co.	4.3
NS Group Inc.	3.8
Veritas DGC Inc.	3.6
Top Ten Total	47.4

Source: Bloomberg, Company Data, Thomson, FactSet.

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Financials Select Sector SPDR (XLF)

FINANCIAL

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	35.75	35.81	30.73
Fund Ticker			XLF
Intraday NAV Ticker			FXV
Benchmark Index Ticker (Bloomberg)			IXM
Market Cap (\$Mil)			2,537
Shares Outstanding (Mil)			71.5
Avg Daily Trading Volume (Shares)			5,948,176
Expense Ratio (%)			0.25
Focus			Financials
Investment Advisor		State Street Global Advisors	
Inception Date			12/22/1998
Portfolio Structure		Open-End Investment Company	
Approx. Number of Stocks in Fund			88
Options Available			Yes
Minimum Trade Size (Shares)			1
Distribution Frequency			Quarterly
Annualized Performance (%)			09/30/2006

	Since					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	7.7	20.0	13.4	9.3	-	7.1
NAV	7.9	20.2	13.4	9.3	-	7.1

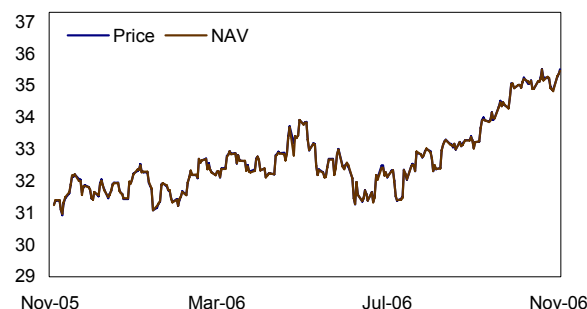
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.63	0.71	0.56
Capital Gains	0.00	0.00	0.00
Total	0.63	0.71	0.56

Fund Description

Financials Select Sector SPDR (XLF) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Financial Select Sector Index. The index is weighted on a modified market-cap basis and encompasses companies involved in banking, consumer and specialized finance, investment banking and brokerage, asset management and custody, insurance and real estate including REFITS. It consists of large cap stocks within the S&P 500 Index classified in the Financials Sector according to the Global Industry Classification Standard (GICS). The index is rebalanced to reflect changes to the S&P 500 Index that are made by the S&P Index Committee as necessary throughout the year. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Other Diversified Financial Services	24.1
Investment Banking & Brokerage	12.1
Diversified Banks	10.9
Regional Banks	8.7
Multi-line Insurance	8.5
Thrifts & Mortgage Finance	6.7
Property & Casualty Insurance	6.5
Life & Health Insurance	5.5
Asset Management & Custody Banks	5.0
Consumer Finance	4.2

Top Ten Holdings (%)

Citigroup	9.1
Bank Of America	8.9
AIG	6.3
JP Morgan Chase	6.0
Wells Fargo	4.4
Wachovia	3.9
Goldman Sachs	3.0
Morgan Stanley	3.0
Merrill Lynch	2.8
American Express Company	2.6
Top Ten Total	50.2

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Dow Jones US Financial Sector Index Fund (IYF)

FINANCIAL

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	114.05	98.02
Fund Ticker	IYF	
Intraday NAV Ticker	IYFIV	
Benchmark Index Ticker (Bloomberg)	DJUSFN	
Market Cap (\$Mil)	539	
Shares Outstanding (Mil)	4.8	
Avg Daily Trading Volume (Shares)	38,283	
Expense Ratio (%)	0.48	
Focus	Financials	
Investment Advisor	Barclays Global Investors	
Inception Date	5/22/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	298	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

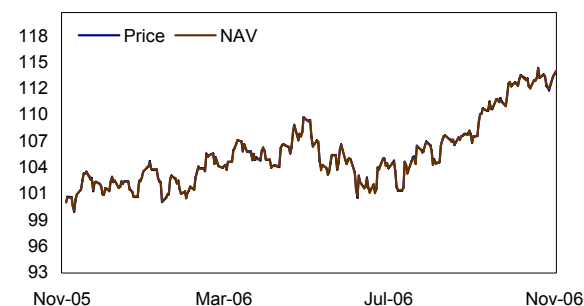
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	7.2	19.4	14.0	10.5	-	9.2
NAV	7.3	19.3	14.0	10.3	-	9.2

	2004	2005	YTD 2006
Income	1.71	2.05	1.48
Capital Gains	0.00	0.00	0.00
Total	1.71	2.05	1.48

Fund Description

iShares Dow Jones U.S. Financial Sector Index Fund (IYF) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Dow Jones US Financial Sector Index. The index is a sub set of Dow Jones US Total Market Index that seeks to represent over 95% of the US equity market by investing in a broad selection of stocks that meet rules based criteria and consists of approximately 1,600 stocks. Stocks in the total market index are assigned to the financial sector by the Industry Classification Benchmark (ICB) and include banks, non-life insurance, life insurance, real estate and general finance companies. The index is float-adjusted market cap-weighted and is rebalanced quarterly in March, June, September, and December. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Other Diversified Financial Services	20.6
Investment Banking & Brokerage	10.5
Regional Banks	9.7
Diversified Banks	9.0
Property & Casualty Insurance	7.1
Multi-line Insurance	7.1
Thrifts & Mortgage Finance	7.1
Asset Management & Custody Banks	5.0
Life & Health Insurance	4.7
Consumer Finance	3.5

Top Ten Holdings (%)

Citigroup	7.8
Bank Of America	7.6
JP Morgan Chase	5.1
AIG	4.7
Wells Fargo	3.5
Wachovia	3.3
Merrill Lynch	2.5
Morgan Stanley	2.3
Goldman Sachs	2.2
American Express Company	1.9
Top Ten Total	41.1

Source: Bloomberg, Company Data, Thomson, FactSet.

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Vanguard Financials ETF (VFH)

FINANCIAL

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	63.28	54.43
Fund Ticker	VFH	
Intraday NAV Ticker	HVF	
Benchmark Index Ticker (Bloomberg)	MZUSIOFN	
Market Cap (\$Mil)	183	
Shares Outstanding (Mil)	2.9	
Avg Daily Trading Volume (Shares)	20,436	
Expense Ratio (%)	0.26	
Focus	Financials	
Investment Advisor	The Vanguard Group	
Inception Date	1/30/2004	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	541	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Annualized Performance (%)	09/30/2006	

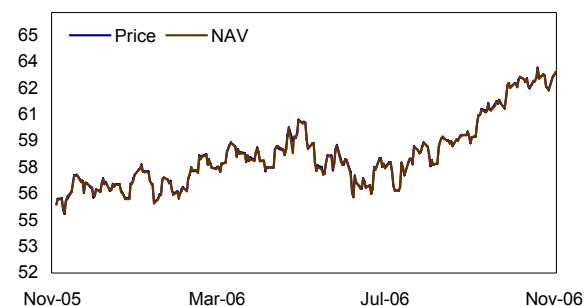
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	7.1	19.3	-	-	-	9.9
NAV	7.1	19.3	-	-	-	9.9

	2004	2005	YTD 2006
Income	1.15	1.01	0.85
Capital Gains	0.00	0.00	0.00
Total	1.15	1.01	0.85

Fund Description

Vanguard Financials ETF (VFH) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the MSCI US Investable Market Financials Index. The index is a subset of the MSCI US Investable Market Index which contains 2500 large, mid and small-cap stocks. It consists of all stocks within the broader MSCI US Investable Market Index classified as in the financials sector according to the Global Industry Classification Standard (GICS). The index is market cap-weighted, adjusted quarterly beginning in February 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, the fund may use an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Other Diversified Financial Services	19.5
Regional Banks	10.9
Investment Banking & Brokerage	9.8
Diversified Banks	8.6
Property & Casualty Insurance	8.0
Thriffs & Mortgage Finance	7.2
Multi-line Insurance	6.4
Asset Management & Custody Banks	5.0
Life & Health Insurance	5.0
Consumer Finance	3.5

Top Ten Holdings (%)

Citigroup	7.4
Bank Of America	7.2
JP Morgan Chase	4.9
AIG	4.3
Wells Fargo	3.4
Wachovia	3.1
Merrill Lynch	2.3
Goldman Sachs	2.2
Morgan Stanley	2.2
American Express Company	1.9
Top Ten Total	38.9

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Dow Jones US Financial Services Index Fund (IYG)

FINANCIAL

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	130.42	130.48
Fund Ticker	IYG	
Intraday NAV Ticker	IYGIV	
Benchmark Index Ticker (Bloomberg)	DJUSFV	
Market Cap (\$Mil)	473	
Shares Outstanding (Mil)	3.7	
Avg Daily Trading Volume (Shares)	58,974	
Expense Ratio (%)	0.48	
Focus	Financials	
Investment Advisor	Barclays Global Investors	
Inception Date	6/12/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	141	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

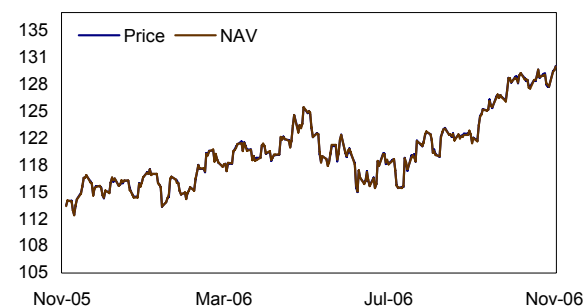
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	7.3	21.9	13.2	10.8	-	8.5
NAV	7.4	21.7	13.2	10.8	-	8.5

Distribution History (\$)			
	2004	2005	YTD 2006
Income	2.17	2.35	1.64
Capital Gains	0.00	0.00	0.00
Total	2.17	2.35	1.64

Fund Description

iShares Dow Jones U.S. Financial Services Index Fund (IYG) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940s designed to track the performance of the Dow Jones US Financial Services Index. The index is a sub set of Dow Jones US Total Market Index that seeks to represent over 95% of the US equity market by investing in a broad selection of stocks that meet rules based criteria and consists of approximately 1,600 stocks. Stocks in the total market index are assigned to financial services by the Industry Classification Benchmark (ICB) and include real estate and general finance companies. The index is float-adjusted market cap-weighted and is rebalanced quarterly in March, June, September, and December. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Other Diversified Financial Services	30.7
Investment Banking & Brokerage	15.6
Regional Banks	14.5
Diversified Banks	13.4
Thriffs & Mortgage Finance	10.1
Asset Management & Custody Banks	7.4
Consumer Finance	5.3
Specialized Finance	2.3
Data Processing & Outsourced Services	0.4
Diversified Commercial & Professional Services	0.2

Top Ten Holdings (%)

Citigroup	11.6
Bank Of America	11.4
JP Morgan Chase	7.7
Wells Fargo	5.3
Wachovia	4.9
Merrill Lynch	3.7
Morgan Stanley	3.5
Goldman Sachs	3.3
American Express Company	2.9
US Bancorp	2.8
Top Ten Total	57.1

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Dow Jones Broker-Dealers Index Fund (IAI)

FINANCIAL

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	52.22	40.75
Fund Ticker	IAI	
Intraday NAV Ticker	IAIIV	
Benchmark Index Ticker (Bloomberg)	DJSINV	
Market Cap (\$Mil)	118	
Shares Outstanding (Mil)	2.3	
Avg Daily Trading Volume (Shares)	58,089	
Expense Ratio (%)	0.48	
Focus	Financials	
Investment Advisor	Barclays Global Investors	
Inception Date	5/5/2006	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	na	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	8.6	-	-	-	-	-3.2
NAV	8.2	-	-	-	-	-3.2

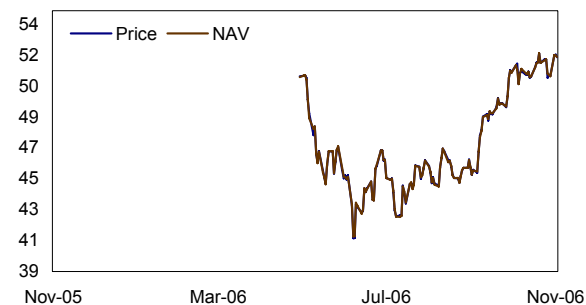
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.00	0.00	0.05
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.05

Fund Description

iShares Dow Jones U.S. Broker-Dealers Index Fund (IAI) 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 U.S. Select Investment Services Index. The index includes companies in the Dow Jones Wilshire 2500 Index that provide a range of specialized financial services, including securities brokers and dealers, online brokers and securities or commodities exchanges. To be included, companies must also meet certain liquidity and market capitalization requirements. The index is modified market cap weighted and is rebalanced in March, June, September and December. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Investment Banking & Brokerage	70.8
Specialized Finance	20.7
Asset Management & Custody Banks	8.5

Top Ten Holdings (%)

Merrill Lynch	9.1
Goldman Sachs	8.8
Morgan Stanley	8.5
Lehman Brothers	6.9
Charles Schwab	5.2
Bear Stearns Cos	5.2
Chicago Mercantile Exchange	5.1
Ameriprise Financial	4.4
Legg Mason	4.1
E*trade Financial Corp	4.0
Top Ten Total	61.2

Source: Bloomberg, Company Data, Thomson, FactSet.

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Regional Bank HOLDRS (RKH)

FINANCIAL

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	158.39	137.25
Fund Ticker	RKH	
Intraday NAV Ticker	XRH	
Benchmark Index Ticker (Bloomberg)	XRH	
Market Cap (\$Mil)	243	
Shares Outstanding (Mil)	1.5	
Avg Daily Trading Volume (Shares)	452,580	
Expense Ratio (%)	0*	
Focus	Financials	
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	
Annualized Performance (%)	09/30/2006	

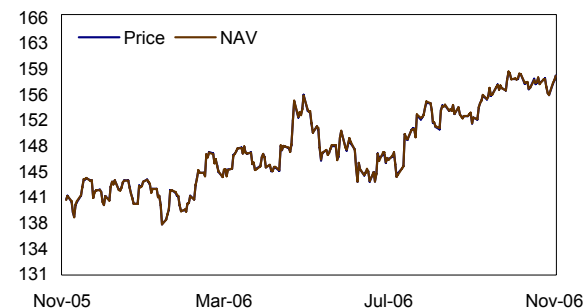
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	7.3	23.3	14.2	10.2	-	10.7
NAV	7.3	23.3	14.2	10.2	-	10.7

Distribution History (\$)			
	2004	2005	YTD 2006
Income	3.71	4.75	4.68
Capital Gains	0.00	0.00	0.00
Total	3.71	4.75	4.68

Fund Description

Regional Bank HOLDRS (RKH) is an exchange-traded fund in a grantor trust format 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. Investing in HOLDRS is similar to the outright ownership of the underlying basket of stocks, as investors receive ongoing dividends, company reports, and have voting rights for each constituent stock. Individual investors also have the ability to redeem HOLDRS for the underlying shares, however, purchases and sales of HOLDRS can only be made in multiples of 100 shares. *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 November 8, 2006

Top Sector/Industry Weightings (%)	
Diversified Banks	39.4
Regional Banks	27.6
Other Diversified Financial Services	22.6
Asset Management & Custody Banks	10.1
Investment Banking & Brokerage	0.2

Top Ten Holdings (%)

Wachovia	14.4
JP Morgan Chase	13.1
US Bancorp	12.2
Wells Fargo	11.0
Bank Of America	9.4
Suntrust	4.5
National City	4.2
State Street	4.1
PNC Bank	4.0
Mellon Financial	3.5
Top Ten Total	80.4

Source: Bloomberg, Company Data, Thomson, FactSet.

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streetTRACKS KBW Bank ETF (KBE)

FINANCIAL

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	57.23	50.77
Fund Ticker	KBE	
Intraday NAV Ticker	KHE	
Benchmark Index Ticker (Bloomberg)	BKX	
Market Cap (\$Mil)	123	
Shares Outstanding (Mil)	2.2	
Avg Daily Trading Volume (Shares)	108,854	
Expense Ratio (%)	0.35	
Focus	Financials	
Investment Advisor	State Street Global Advisors	
Inception Date	11/8/2005	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	24	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	6.3	-	-	-	-	15.7
NAV	6.2	-	-	-	-	15.7

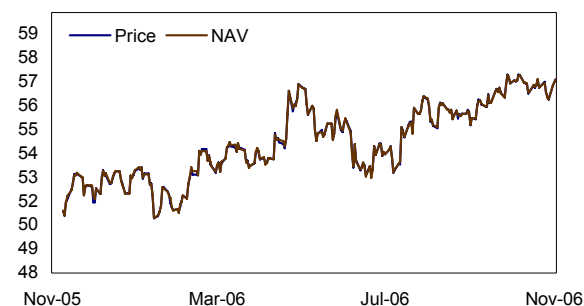
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.00	0.13	1.22
Capital Gains	0.00	0.00	0.00
Total	0.00	0.13	1.22

Fund Description

streetTRACKS KBW Bank ETF (KBE) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Keefe, Bruyette & Woods Bank Index. The index is a float adjusted modified-market cap weighted index of 24 geographically diverse companies representing national money center banks and regional banks listed on U.S. stock markets. Index components are selected to provide appropriate representation of the industry's sub-sectors. KBW indexes are reviewed and rebalanced to maintain modified market capitalization targets at the end of each calendar quarter. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Regional Banks	32.9
Other Diversified Financial Services	25.0
Diversified Banks	20.2
Asset Management & Custody Banks	14.7
Thrifts & Mortgage Finance	4.0
Consumer Finance	3.2

Top Ten Holdings (%)

JP Morgan Chase	8.7
Bank Of America	8.5
Wells Fargo	8.0
Citigroup	7.8
Wachovia	5.3
US Bancorp	4.5
Suntrust	4.1
Washington Mutual	4.0
State Street	4.0
Bank Of New York	4.0
Top Ten Total	58.8

Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data for StreetTRACKS current to the most recent month-end at the following website: www.ssga.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

streetTRACKS KBW Insurance ETF (KIE)

FINANCIAL

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	55.20	49.30
Fund Ticker	KIE	
Intraday NAV Ticker	KIH	
Benchmark Index Ticker (Bloomberg)	KIX	
Market Cap (\$Mil)	113	
Shares Outstanding (Mil)	2.1	
Avg Daily Trading Volume (Shares)	105,983	
Expense Ratio (%)	0.35	
Focus	Financials	
Investment Advisor	State Street Global Advisors	
Inception Date	11/8/2005	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	24	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

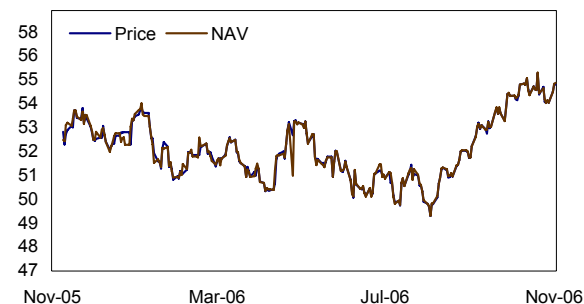
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	5.4	-	-	-	-	4.3
NAV	5.3	-	-	-	-	4.3

	Distribution History (\$)		
	2004	2005	YTD 2006
Income	0.00	0.11	0.35
Capital Gains	0.00	0.00	0.00
Total	0.00	0.11	0.35

Fund Description

streetTRACKS KBW Insurance ETF (KIE) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Keefe, Bruyette & Woods Insurance Index. The index is a float adjusted modified-market cap weighted index of 24 US listed companies selected to provide appropriate representation of the industry's diverse sub-sectors including: personal and commercial lines, property/casualty, life insurance, reinsurance, brokerage and financial guarantee. KBW indexes are reviewed and rebalanced to maintain modified market capitalization targets at the end of each calendar quarter. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Property & Casualty Insurance	40.3
Life & Health Insurance	29.8
Multi-line Insurance	16.9
Insurance Brokers	8.3
Thriffs & Mortgage Finance	2.3
Reinsurance	2.2

Top Ten Holdings (%)

AIG	8.4
Metlife Inc	7.5
Allstate Cp	7.4
Prudential Financial	6.8
Hartford Finl Svcs	5.5
St Paul Travelers Cos Inc	5.1
Ace Ltd	4.7
Chubb Corp	4.6
Principal Financial	4.5
Marsh & McLennan	4.3
Top Ten Total	58.8

Source: Bloomberg, Company Data, Thomson, FactSet.

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streetTRACKS KBW Regional Banking ETF (KRE)

FINANCIAL

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	48.97	46.50
Fund Ticker	KRE	
Intraday NAV Ticker	KZE	
Benchmark Index Ticker (Bloomberg)	KRX	
Market Cap (\$Mil)	68	
Shares Outstanding (Mil)	1.4	
Avg Daily Trading Volume (Shares)	257,368	
Expense Ratio (%)	0.35	
Focus	Financials	
Investment Advisor	State Street Global Advisors	
Inception Date	6/22/2006	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	50	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

	Since Incept					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	2.1	-	-	-	-	2.8
NAV	1.9	-	-	-	-	2.8

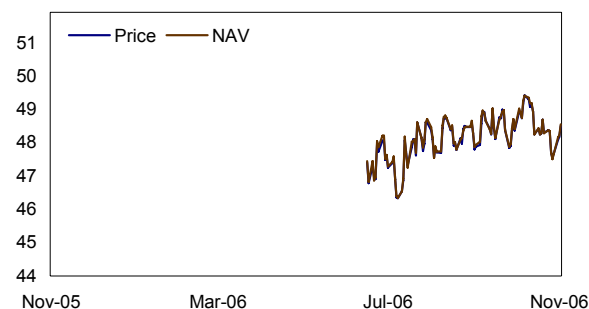
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.00	0.00	0.38
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.38

Fund Description

streetTRACKS KBW Regional Banking ETF (KRE) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Keefe, Bruyette & Woods (KBW) Regional Banking Index. The Regional Banking Index is an equal weighted index of geographically diverse companies representing regional banking institutions listed on U.S. stock markets. As of December 31, 2005, the Regional Banking Index was comprised of 50 stocks. Stocks in the index were assigned initial weights of the lesser of their actual capitalization weight or 2%. Upon quarterly rebalancings in March, June, September and December, stocks whose weights have increased beyond 3% or below 1% will be weighted back to 2%. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Regional Banks	88.1
Thriffs & Mortgage Finance	11.9

Top Ten Holdings (%)

Td Banknorth	2.2
Trustmark Cp	2.2
Utd Bankshares	2.2
Valley Natl Bncp	2.2
Fst Midwest	2.2
Prov Bkshrs Cp	2.2
Chittenden Cp	2.2
Umpquaholdingscorp	2.2
Col Bancgroup	2.1
Commerce Bancs	2.1
Top Ten Total	22.0

Source: Bloomberg, Company Data, Thomson, FactSet.

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Health Care Select Sector SPDR (XLV)

HEALTH CARE

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	33.22	29.43
Fund Ticker	XLV	
Intraday NAV Ticker	NXV	
Benchmark Index Ticker (Bloomberg)	IXV	
Market Cap (\$Mil)	1,888	
Shares Outstanding (Mil)	58.3	
Avg Daily Trading Volume (Shares)	1,040,018	
Expense Ratio (%)	0.24	
Focus	Health Care	
Investment Advisor	State Street Global Advisors	
Inception Date	12/22/1998	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	56	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

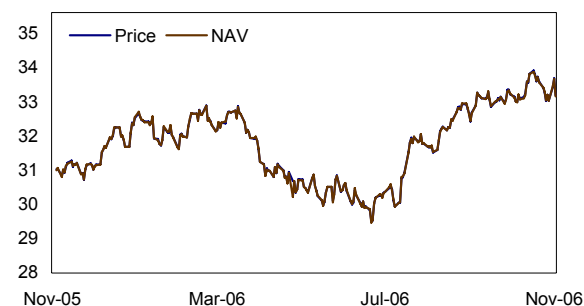
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	10.1	7.3	7.4	8.3	-	4.6
NAV	10.1	7.2	7.3	8.3	-	4.6

	2004	2005	YTD 2006
Income	0.34	0.40	0.33
Capital Gains	0.00	0.00	0.00
Total	0.34	0.40	0.33

Fund Description

Health Care Select Sector SPDR (XLV) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Health Care Select Sector Index. The index is weighted on a modified market-cap basis and encompasses companies that manufacture equipment, provide services or develop, produce and market pharmaceuticals and biotechnology products. It consists of large cap stocks within the S&P 500 Index classified in the Health Care Sector according to the Global Industry Classification Standard (GICS). The index is rebalanced to reflect changes to the S&P 500 Index that are made by the S&P Index Committee as necessary throughout the year. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Pharmaceuticals	52.7
Health Care Equipment	12.6
Managed Health Care	11.1
Biotechnology	10.6
Health Care Services	4.2
Health Care Distributors	3.7
Life Sciences Tools & Services	2.4
Health Care Facilities	2.2
Health Care Technology	0.4
Health Care Supplies	0.2

Top Ten Holdings (%)

Johnson & Johnson	12.8
Pfizer	12.7
Merck	6.5
Amgen	5.8
Wyeth	4.5
United Health	4.3
Abbott	4.0
Medtronic	3.7
Eli Lilly	3.6
Bristol-Myers	3.2
Top Ten Total	61.0

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Dow Jones US Healthcare Sector Index Fund (IYH)

HEALTH CARE

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	65.94	58.58
Fund Ticker	IYH	
Intraday NAV Ticker	IYHIV	
Benchmark Index Ticker (Bloomberg)	DJUSHC	
Market Cap (\$Mil)	1,289	
Shares Outstanding (Mil)	20.1	
Avg Daily Trading Volume (Shares)	119,803	
Expense Ratio (%)	0.48	
Focus	Health Care	
Investment Advisor	Barclays Global Investors	
Inception Date	6/12/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	162	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

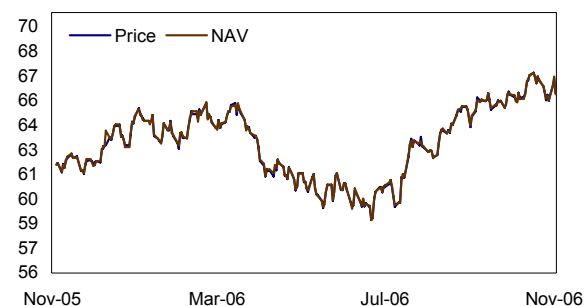
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	8.7	6.3	8.3	2.4	-	2.2
NAV	8.7	6.3	8.4	2.4	-	2.2

Distribution History (\$)	2004	2005	YTD 2006
Income	0.38	0.46	0.43
Capital Gains	0.00	0.00	0.00
Total	0.38	0.46	0.43

Fund Description

iShares Dow Jones U.S. Healthcare Sector Index Fund (IYH) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Dow Jones US Healthcare Sector Index. The index is a sub set of Dow Jones US Total Market Index that seeks to represent over 95% of the US equity market by investing in a broad selection of stocks that meet rules based criteria and consists of approximately 1,600 stocks. Stocks in the total market index are assigned to the healthcare sector by the Industry Classification Benchmark (ICB) and include health care equipment and services, pharmaceutical and biotechnology companies. The index is float-adjusted market cap-weighted and is rebalanced quarterly in March, June, September, and December. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Pharmaceuticals	48.2
Biotechnology	15.1
Health Care Equipment	14.0
Managed Health Care	10.3
Health Care Services	4.3
Life Sciences Tools & Services	3.3
Health Care Facilities	2.7
Health Care Supplies	1.4
Health Care Distributors	0.6
Agricultural Products	0.1

Top Ten Holdings (%)

Johnson & Johnson	11.4
Pfizer	11.2
Merck	5.7
Amgen	5.1
Abbott	4.2
Wyeth	3.9
United Health	3.8
Medtronic	3.2
Eli Lilly	3.1
Bristol-Myers	2.8
Top Ten Total	54.5

Source: Bloomberg, Company Data, Thomson, FactSet.

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Vanguard Health Care ETF (VHT)

HEALTH CARE

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	57.11	50.68
Fund Ticker	VHT	
Intraday NAV Ticker	HVH	
Benchmark Index Ticker (Bloomberg)	MZUSIOHC	
Market Cap (\$Mil)	418	
Shares Outstanding (Mil)	7.5	
Avg Daily Trading Volume (Shares)	54,468	
Expense Ratio (%)	0.26	
Focus	Health Care	
Investment Advisor	The Vanguard Group	
Inception Date	1/30/2004	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	276	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Annualized Performance (%)	09/30/2006	

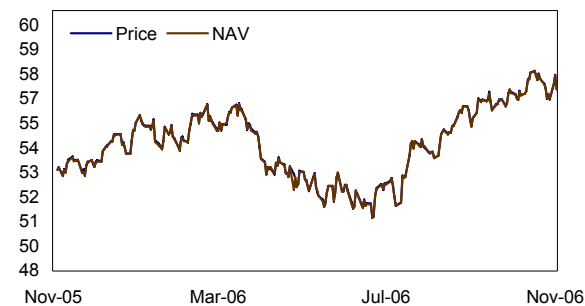
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	8.2	6.7	-	-	-	4.7
NAV	8.3	6.5	-	-	-	4.7

	2004	2005	YTD 2006
Income	0.13	0.39	0.00
Capital Gains	0.00	0.00	0.00
Total	0.13	0.39	0.00

Fund Description

Vanguard Health Care ETF (VHT) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the MSCI US Investable Market Health Care Index. The index is a subset of the MSCI US Investable Market Index which contains 2500 large, mid and small-cap stocks. It consists of all stocks within the broader MSCI US Investable Market Index classified as in the health care sector according to the Global Industry Classification Standard (GICS). The index is market cap-weighted, adjusted quarterly beginning in February 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, the fund may use an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Pharmaceuticals	45.3
Biotechnology	14.8
Health Care Equipment	13.7
Managed Health Care	9.7
Health Care Services	4.7
Life Sciences Tools & Services	3.5
Health Care Distributors	3.3
Health Care Facilities	2.9
Health Care Supplies	1.3
Health Care Technology	0.8

Top Ten Holdings (%)

Johnson & Johnson	10.6
Pfizer	10.4
Merck	5.3
Amgen	4.7
Abbott	3.8
Wyeth	3.6
United Health	3.5
Medtronic	3.1
Eli Lilly	3.0
Wellpoint	2.6
Top Ten Total	50.8

Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data for Vanguard ETFs current to the most recent month-end at the following website: www.vanguard.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

Biotech HOLDRS (BBH)

HEALTH CARE- BIOTECH

Pricing and Fund Data 11/08/06

	52 Week		
		High	Low
Price (\$)	192.13	212.25	167.47
Fund Ticker			BBH
Intraday NAV Ticker			IBH
Benchmark Index Ticker (Bloomberg)			IBH
Market Cap (\$Mil)			1,534
Shares Outstanding (Mil)			8.2
Avg Daily Trading Volume (Shares)			299,601
Expense Ratio (%)			0*
Focus			Biotechnology
Investment Advisor			Bank of New York
Inception Date			11/23/1999
Portfolio Structure			Grantor Trust
Approx. Number of Stocks in Fund			17
Options Available			Yes
Minimum Trade Size (Shares)			100
Distribution Frequency			Ongoing
Annualized Performance (%)			09/30/2006

	Since Incept					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	
Price	4.7	1.3	14.4	12.3	-	9.9
NAV	4.7	1.3	14.4	12.3	-	9.9

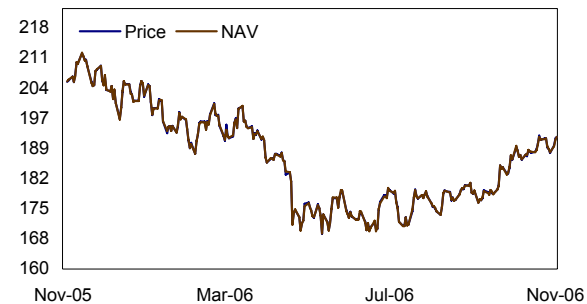
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.00	0.00	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.00

Fund Description

Biotech HOLDRS (BBH) is an exchange-traded fund in a grantor trust format 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. Investing in HOLDRS is similar to the outright ownership of the underlying basket of stocks, as investors receive ongoing dividends, company reports, and have voting rights for each constituent stock. Individual investors also have the ability to redeem HOLDRS for the underlying shares, however, purchases and sales of HOLDRS can only be made in multiples of 100 shares. *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 November 8, 2006

Top Sector/Industry Weightings (%)	
Biotechnology	92.3
Life Sciences Tools & Services	4.1
Pharmaceuticals	3.6

Top Ten Holdings (%)

Genentech	38.2
Amgen	25.5
Gilead Sciences, Inc.	11.4
Biogen-Idec	6.8
Genzyme	5.0
Applera Corp-applied Biosystems Grp	3.5
Medimmune	2.5
Shire Plc	2.0
Sepracor Inc	1.6
Millennium Pharmaceuticals	0.7
Top Ten Total	97.2

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Nasdaq Biotechnology Index Fund (IBB)

HEALTH CARE- BIOTECH

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	81.00	85.70	67.19
Fund Ticker		IBB	
Intraday NAV Ticker		IBBIV	
Benchmark Index Ticker (Bloomberg)		NBI	
Market Cap (\$Mil)		1,887	
Shares Outstanding (Mil)		23.9	
Avg Daily Trading Volume (Shares)		1,107,025	
Expense Ratio (%)		0.48	
Focus		Biotechnology	
Investment Advisor		Barclays Global Investors	
Inception Date		2/9/2001	
Portfolio Structure		Open-End Investment Company	
Approx. Number of Stocks in Fund		166	
Options Available		Yes	
Minimum Trade Size (Shares)		1	
Distribution Frequency		Quarterly	
Annualized Performance (%)		09/30/2006	

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	1.5	-4.2	0.9	-0.2	-	-5.2
NAV	1.4	-4.3	0.9	-0.2	-	-5.2

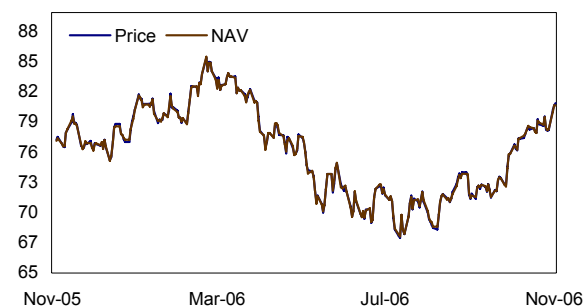
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.00	0.00	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.00

Fund Description

iShares Nasdaq Biotechnology Index Fund (IBB) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Nasdaq Biotechnology Index. The Index includes securities of companies exclusively listed on the Nasdaq Stock Market which are classified according to the Industry Classification Benchmark (ICB) as either Biotechnology or Pharmaceuticals and which also meet other eligibility criteria. It contains companies primarily engaged in using biomedical research for the discovery or development of new treatments or cures for human disease. The index is calculated under a modified market cap-weighted methodology. Eligible securities are evaluated semiannually in May and November and the index is reviewed for potential rebalancing on a quarterly basis. 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 November 8, 2006

Top Sector/Industry Weightings (%)

Biotechnology	69.9
Pharmaceuticals	21.7
Life Sciences Tools & Services	6.5
Health Care Supplies	1.5
Health Care Equipment	0.4

Top Ten Holdings (%)

Amgen	15.3
Gilead Sciences, Inc.	6.0
Celgene Corporation	4.5
Teva Pharm	3.9
Biogen-Idec	3.6
Genzyme	3.4
Vertex Pharmaceuticals, Inc.	2.7
Medimmune	1.7
Sepracor Inc	1.5
Shire Plc	1.5
Top Ten Total	44.1

Source: Bloomberg, Company Data, Thomson, FactSet.

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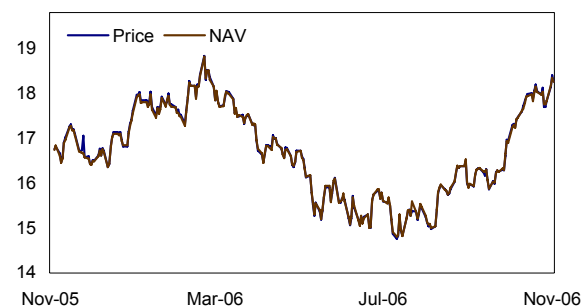
PowerShares Dynamic Biotech & Genome Portfolio (PBE) HEALTH CARE- BIOTECH

Pricing and Fund Data		11/08/06	
52 Week			
		High	Low
Price (\$)	18.74	19.36	15.09
Fund Ticker	PBE		
Intraday NAV Ticker	BJD		
Benchmark Index Ticker (Bloomberg)	DZO		
Market Cap (\$Mil)	255		
Shares Outstanding (Mil)	14.0		
Avg Daily Trading Volume (Shares)	120,762		
Expense Ratio (%)	0.60		
Focus	Biotechnology		
Investment Advisor	PowerShares Capital		
Inception Date	6/23/2005		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	30		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Annualized Performance (%)		09/30/2006	
	3 Mo	1 Yr	Since Incept
Price	3.1	-0.7	10.8
NAV	3.0	-0.8	10.8

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.00	0.00	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.00

Fund Description
PowerShares Dynamic Biotechnology & Genome Portfolio (PBE) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Dynamic Biotech & Genome Intellidex Index. The Index utilizes rules-based quantitative analysis to evaluate and select securities using a variety of investment value determinants such as fundamental growth, stock valuation, timeliness and risk factors. This process occurs quarterly in February, May, August and November. The Index consists of 30 stocks selected from the largest 3000 US stocks and is calculated using a tiered weighting methodology. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown		November 8, 2006
Top Sector/Industry Weightings (%)		
Biotechnology		59.6
Life Sciences Tools & Services		25.8
Pharmaceuticals		10.0
Specialty Chemicals		4.6

Top Ten Holdings (%)	
Applera Corp-applied Biosystems Grp	5.3
Waters Corp	5.1
Amgen	4.9
Biogen-Idec	4.8
Gilead Sciences, Inc.	4.7
New River Pharm	4.6
Sigma Aldrich	4.6
Genzyme	4.5
Genentech	4.5
Myogen Inc	3.9
Top Ten Total	46.9

Source: Bloomberg, Company Data, Thomson, FactSet.

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Pharmaceutical HOLDRS (PPH)

HEALTH CARE- PHARMA

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	77.21	80.00	66.00
Fund Ticker		PPH	
Intraday NAV Ticker		IPH	
Benchmark Index Ticker (Bloomberg)		IPH	
Market Cap (\$Mil)		1,541	
Shares Outstanding (Mil)		20.5	
Avg Daily Trading Volume (Shares)		920,283	
Expense Ratio (%)		0*	
Focus		Pharmaceuticals	
Investment Advisor		Bank of New York	
Inception Date		2/1/2000	
Portfolio Structure		Grantor Trust	
Approx. Number of Stocks in Fund		20	
Options Available		Yes	
Minimum Trade Size (Shares)		100	
Distribution Frequency		Ongoing	
Annualized Performance (%)		09/30/2006	

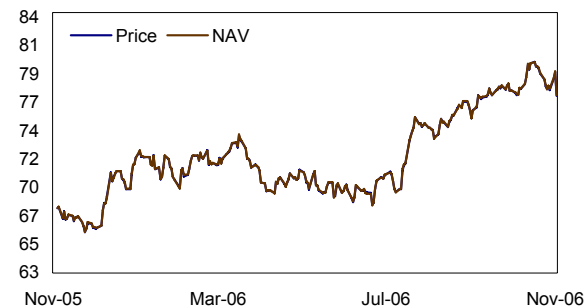
	Since					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	11.7	14.8	4.0	-2.6	-	-0.5
NAV	11.7	14.8	4.0	-2.6	-	-0.5

Distribution History (\$)			
	2004	2005	YTD 2006
Income	1.52	1.70	1.81
Capital Gains	0.00	0.00	0.00
Total	1.52	1.70	1.81

Fund Description

Pharmaceutical HOLDRS (PPH) is an exchange-traded fund in a grantor trust format 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. Investing in HOLDRS is similar to the outright ownership of the underlying basket of stocks, as investors receive ongoing dividends, company reports, and have voting rights for each constituent stock. Individual investors also have the ability to redeem HOLDRS for the underlying shares, however, purchases and sales of HOLDRS can only be made in multiples of 100 shares. *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 November 8, 2006

Top Sector/Industry Weightings (%)	
Pharmaceuticals	95.7
Health Care Equipment	2.4
Health Care Services	1.8

Top Ten Holdings (%)

Johnson & Johnson	22.4
Pfizer	19.9
Merck	12.9
Abbott	8.5
Wyeth	7.8
Eli Lilly	7.2
Bristol-Myers	5.7
Schering-plough	4.0
Forst Laboratories, Inc.	2.5
Medco Health Solutions	1.8
Top Ten Total	92.6

Source: Bloomberg, Company Data, Thomson, FactSet.

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PowerShares Dynamic Pharmaceuticals Portfolio (PJP) HEALTH CARE- PHARMA

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	18.20	15.37
Fund Ticker	PJP	
Intraday NAV Ticker	AJT	
Benchmark Index Ticker (Bloomberg)	DZR	
Market Cap (\$Mil)	89	
Shares Outstanding (Mil)	5.0	
Avg Daily Trading Volume (Shares)	46,868	
Expense Ratio (%)	0.60	
Focus	Pharmaceuticals	
Investment Advisor	PowerShares Capital	
Inception Date	6/23/2005	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	30	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

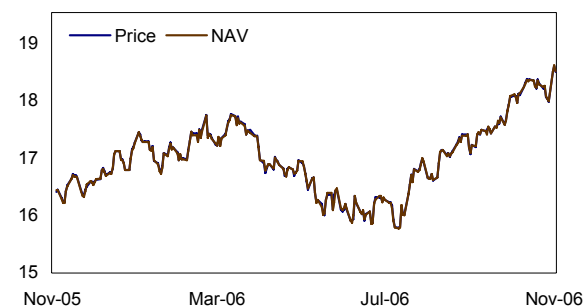
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	8.7	8.5	-	-	-	14.0
NAV	9.0	8.2	-	-	-	14.0

	2004	2005	YTD 2006
Income	0.00	0.03	0.04
Capital Gains	0.00	0.00	0.00
Total	0.00	0.03	0.04

Fund Description

PowerShares Dynamic Pharmaceuticals Portfolio (PJP) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Dynamic Pharmaceuticals Intellidex Index. The Index utilizes rules-based quantitative analysis to evaluate and select securities using a variety of investment value determinants such as fundamental growth, stock valuation, timeliness and risk factors. This process occurs quarterly in February, May, August and November. The Index consists of 30 stocks selected from the largest 3000 US stocks and is calculated using a tiered weighting methodology. . To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Pharmaceuticals	69.4
Biotechnology	27.4
Personal Products	3.3

Top Ten Holdings (%)

Bristol-Myers	5.3
Merck	5.3
Amgen	5.2
Wyeth	5.0
Johnson & Johnson	4.9
Genentech	4.9
Eli Lilly	4.8
Pfizer	4.6
Chattem Inc	3.3
Celgene Corporation	3.2
Top Ten Total	46.3

Source: Bloomberg, Company Data, Thomson, FactSet.

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Industrials Select Sector SPDR (XLI)

INDUSTRIALS

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	34.66	36.02	29.97
Fund Ticker	XLI		
Intraday NAV Ticker	TXV		
Benchmark Index Ticker (Bloomberg)	IXI		
Market Cap (\$Mil)	1,133		
Shares Outstanding (Mil)	33.0		
Avg Daily Trading Volume (Shares)	1,688,872		
Expense Ratio (%)	0.24		
Focus	Industrial		
Investment Advisor	State Street Global Advisors		
Inception Date	12/22/1998		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	52		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Annualized Performance (%)	09/30/2006		

	Since Incept					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	
Price	-1.0	12.4	14.4	8.6	-	6.2
NAV	-1.0	12.5	14.5	8.7	-	6.2

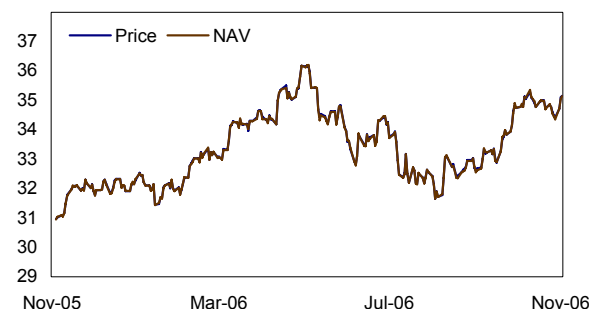
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.40	0.49	0.35
Capital Gains	0.00	0.00	0.00
Total	0.40	0.49	0.35

Fund Description

Industrials Select Sector SPDR (XLI) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Industrial Select Sector Index. The index is weighted on a modified market-cap basis and encompasses companies involved in capital goods, aerospace and defense, construction, electrical equipment and industrial machinery and transportation services. It consists of large cap stocks within the S&P 500 Index classified in the Industrials Sector according to the Global Industry Classification Standard (GICS). The index is rebalanced to reflect changes to the S&P 500 Index that are made by the S&P Index Committee as necessary throughout the year. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Industrial Conglomerates	29.6
Aerospace & Defense	23.2
Air Freight & Logistics	8.8
Industrial Machinery	8.0
Railroads	7.6
Construction & Farm Machinery & Heavy Trucks	7.0
Electrical Components & Equipment	5.0
Environmental & Facilities Services	2.0
Building Products	1.6
Office Services & Supplies	1.4

Top Ten Holdings (%)

GE	19.6
UPS	6.1
United Technologies	5.0
Boeing	4.9
Tyco	4.5
3M	4.5
Caterpillar	3.1
Federal Express	2.7
Honeywell	2.7
Emerson Electric	2.7
Top Ten Total	55.7

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Dow Jones US Industrial Sector Index Fund (IYJ)

INDUSTRIALS

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	64.08	55.59
Fund Ticker	IYJ	
Intraday NAV Ticker	IYJIV	
Benchmark Index Ticker (Bloomberg)	DJUSIN	
Market Cap (\$Mil)	289	
Shares Outstanding (Mil)	4.6	
Avg Daily Trading Volume (Shares)	24,031	
Expense Ratio (%)	0.48	
Focus	Industrial	
Investment Advisor	Barclays Global Investors	
Inception Date	6/12/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	270	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

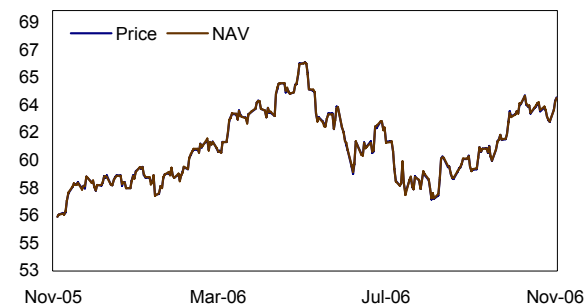
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-0.8	11.4	14.1	8.6	-	1.8
NAV	-1.0	11.5	14.0	8.7	-	1.8

	2004	2005	YTD 2006
Income	0.46	0.64	0.46
Capital Gains	0.00	0.00	0.00
Total	0.46	0.64	0.46

Fund Description

iShares Dow Jones U.S. Industrial Sector Index Fund (IYJ) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Dow Jones US Industrial Sector Index. The index is a sub set of Dow Jones US Total Market Index that seeks to represent over 95% of the US equity market by investing in a broad selection of stocks that meet rules based criteria and consists of approximately 1,600 stocks. Stocks in the total market index are assigned to the industrial sector by the Industry Classification Benchmark (ICB) and include construction and materials, aerospace and defense, general industrial, electronic and electrical equipment, engineering, industrial transportation and support service companies. The index is float-adjusted market cap-weighted and is rebalanced quarterly in March, June, September, and December. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Industrial Conglomerates	27.0
Aerospace & Defense	16.1
Industrial Machinery	7.5
Data Processing & Outsourced Services	6.6
Construction & Farm Machinery & Heavy Trucks	6.1
Air Freight & Logistics	5.7
Railroads	5.0
Electrical Components & Equipment	4.3
Electronic Equipment Manufacturers	2.5
Environmental & Facilities Services	1.8

Top Ten Holdings (%)

GE	19.6
United Technologies	3.3
Tyco	3.2
Boeing	3.1
3M	2.9
UPS	2.7
Caterpillar	2.1
Emerson Electric	1.9
Federal Express	1.8
Honeywell	1.7
Top Ten Total	42.3

Source: Bloomberg, Company Data, Thomson, FactSet.

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PowerShares Aerospace & Defense Portfolio (PPA)

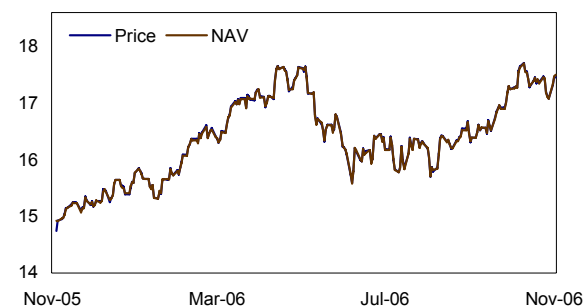
INDUSTRIALS

Pricing and Fund Data		11/08/06	
52 Week			
		High	Low
Price (\$)	17.59	17.93	14.87
Fund Ticker		PPA	
Intraday NAV Ticker		HKR	
Benchmark Index Ticker (Bloomberg)		DXS	
Market Cap (\$Mil)		105	
Shares Outstanding (Mil)		6.0	
Avg Daily Trading Volume (Shares)		108,216	
Expense Ratio (%)		0.60	
Focus		Industrial	
Investment Advisor		PowerShares Capital	
Inception Date		10/26/2005	
Portfolio Structure		Open-End Investment Company	
Approx. Number of Stocks in Fund		58	
Options Available		Yes	
Minimum Trade Size (Shares)		1	
Distribution Frequency		Quarterly	
Annualized Performance (%)		09/30/2006	
	3 Mo	1 Yr	5 Yr
Price	3.4	-	-
NAV	3.3	-	-
Distribution History (\$)		YTD 2006	
	2004	2005	2006
Income	0.00	0.02	0.04
Capital Gains	0.00	0.00	0.00
Total	0.00	0.02	0.04

Fund Description

PowerShares Aerospace & Defense Portfolio (PPA) 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 SPADE Defense Index. Components will include publicly traded companies involved in the US defense, military, space, and homeland security marketplace. The index is modified cap-weighted and no stock may exceed 10% of the index following its quarterly rebalance in March, June, September and December. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown

November 8, 2006	
Top Sector/Industry Weightings (%)	
Aerospace & Defense	61.9
Broadcasting & Cable TV	12.6
Industrial Machinery	4.4
Consumer Electronics	4.0
Data Processing & Outsourced Services	3.8
Communications Equipment	3.6
IT Consulting & Other Services	2.1
Electronic Equipment Manufacturers	1.9
Metal & Glass Containers	1.8
Construction & Farm Machinery & Heavy Trucks	1.4

Top Ten Holdings (%)

United Technologies	6.8
Boeing	6.8
Lockheed Martin	6.5
Honeywell	6.1
General Dynamics Corp	5.1
The Directv Group Inc	4.9
Raytheon Co	4.6
Northrop Grumman Corp	4.3
Echostar Communications	4.3
Itt Corp	4.2
Top Ten Total	53.4

Source: Bloomberg, Company Data, Thomson, FactSet.

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Vanguard Industrials ETF (VIS)

INDUSTRIALS

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	64.60	54.90
Fund Ticker	VIS	
Intraday NAV Ticker	DVL	
Benchmark Index Ticker (Bloomberg)	MSCIIN	
Market Cap (\$Mil)	135	
Shares Outstanding (Mil)	2.1	
Avg Daily Trading Volume (Shares)	18,006	
Expense Ratio (%)	0.26	
Focus	Industrial	
Investment Advisor	The Vanguard Group	
Inception Date	9/29/2004	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	317	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Annualized Performance (%)	09/30/2006	

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-1.4	13.1	-	-	-	12.7
NAV	-1.4	13.0	-	-	-	12.7

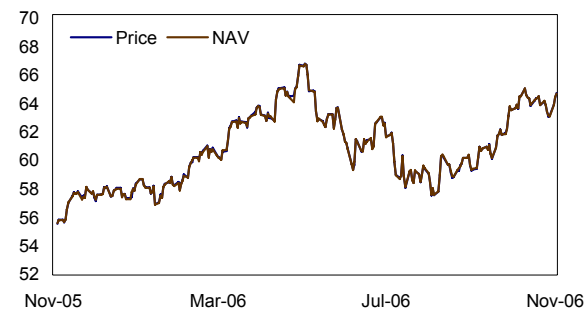
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.32	0.45	0.00
Capital Gains	0.00	0.00	0.00
Total	0.32	0.45	0.00

Fund Description

Vanguard Industrials ETFs (VIS) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the MSCI US Investable Market Industrials Index. The index is a subset of the MSCI US Investable Market Index which contains 2500 large, mid and small-cap stocks. It consists of all stocks within the broader MSCI US Investable Market Index classified as in the Industrials sector according to the Global Industry Classification Standard (GICS). The index is market cap-weighted, adjusted quarterly beginning in February 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, the fund may use an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Industrial Conglomerates	28.3
Aerospace & Defense	18.9
Industrial Machinery	8.8
Construction & Farm Machinery & Heavy Trucks	7.1
Air Freight & Logistics	6.3
Railroads	5.7
Electrical Components & Equipment	5.5
Diversified Commercial & Professional Services	3.4
Environmental & Facilities Services	2.4
Building Products	1.9

Top Ten Holdings (%)

GE	19.9
United Technologies	3.7
Boeing	3.6
Tyco	3.6
3M	3.4
UPS	2.9
Caterpillar	2.4
Emerson Electric	2.1
Honeywell	2.0
Federal Express	2.0
Top Ten Total	45.6

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Dow Jones US Aerospace & Defense (ITA)

INDUSTRIALS

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	51.03	52.14	44.99
Fund Ticker	ITA		
Intraday NAV Ticker	ITAIV		
Benchmark Index Ticker (Bloomberg)	DJSASD		
Market Cap (\$Mil)	91		
Shares Outstanding (Mil)	1.8		
Avg Daily Trading Volume (Shares)	22,286		
Expense Ratio (%)	0.48		
Focus	Industrial		
Investment Advisor	Barclays Global Investors		
Inception Date	5/5/2006		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	na		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Annualized Performance (%)	09/30/2006		

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	3.6	-	-	-	-	-5.9
NAV	3.4	-	-	-	-	-5.9

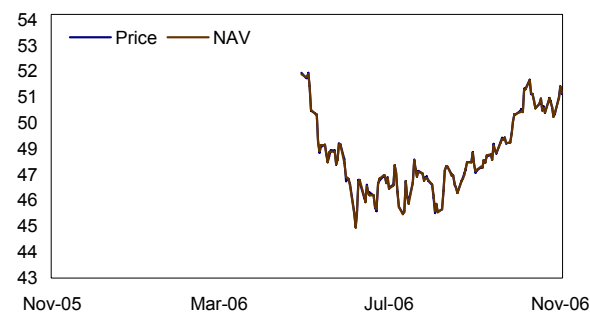
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.00	0.00	0.09
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.09

Fund Description

iShares Dow Jones U.S. Aerospace & Defense Index Fund (ITA) 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 U.S. Select Aerospace & Defense Index. The index includes companies in the Dow Jones Wilshire 2500 Index that are manufacturers, assemblers, and distributors of aircraft and aircraft parts and/or military aircraft, radar equipment, and weapons. To be included, companies must also meet certain liquidity and market capitalization requirements. The index is modified market cap weighted and is rebalanced in March, June, September and December. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)

Aerospace & Defense	94.6
Electronic Equipment Manufacturers	2.6
Industrial Conglomerates	1.4
IT Consulting & Other Services	1.4

Top Ten Holdings (%)

United Technologies	9.7
Boeing	9.5
Lockheed Martin	7.3
General Dynamics Corp	6.6
Raytheon Co	6.4
Northrop Grumman Corp	6.0
Precision Cast	4.8
Rockwell Collins	4.8
L-3 Comms Hldgs	4.7
Goodrich Corp	3.8
Top Ten Total	63.4

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Dow Jones Transportation Index Fund (IYT)

INDUSTRIALS

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	84.77	71.20
Fund Ticker	IYT	
Intraday NAV Ticker	IYTIV	
Benchmark Index Ticker (Bloomberg)	TRAN	
Market Cap (\$Mil)	378	
Shares Outstanding (Mil)	4.5	
Avg Daily Trading Volume (Shares)	638,407	
Expense Ratio (%)	0.48	
Focus	Transportation	
Investment Advisor	Barclays Global Investors	
Inception Date	10/10/2003	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	21	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

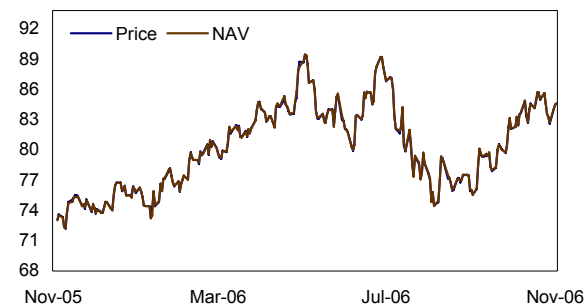
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-9.4	20.4	-	-	-	17.8
NAV	-9.5	20.1	-	-	-	17.8

Distribution History (\$)	2004	2005	YTD 2006
Income	0.29	0.44	0.31
Capital Gains	0.00	0.00	0.00
Total	0.29	0.44	0.31

Fund Description

iShares Dow Jones Transportation 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 like the Dow Jones Industrial Average and contains 20 transportation stocks that are industry leaders. Editors of the Wall Street Journal determine the composition of the Index, which has had very low turnover. 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 uses an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Air Freight & Logistics	27.9
Railroads	26.1
Trucking	20.6
Airlines	10.4
Oil & Gas Storage & Transportation	5.9
Marine	4.6
Trading Companies & Distributors	4.4

Top Ten Holdings (%)

Federal Express	11.5
Union Pacific	9.0
Burlington Northern	7.5
UPS	7.4
Overseas Ship	5.9
Norfolk Southern	5.0
Ryder System Inc	5.0
Expeditors	4.8
Conway Inc	4.7
Landstar Sys	4.7
Top Ten Total	65.5

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares DJ US Technology Sector Index Fund (IYW)

INFO TECH BROAD-BASED

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	53.59	43.75
Fund Ticker	IYW	
Intraday NAV Ticker	IYWIV	
Benchmark Index Ticker (Bloomberg)	DJJUSTC	
Market Cap (\$Mil)	672	
Shares Outstanding (Mil)	12.5	
Avg Daily Trading Volume (Shares)	119,572	
Expense Ratio (%)	0.48	
Focus	Information Technology	
Investment Advisor	Barclays Global Investors	
Inception Date	5/15/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	229	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

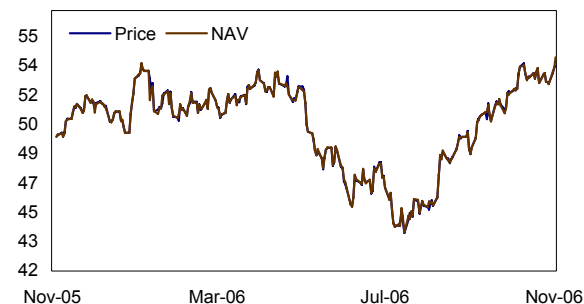
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	8.2	5.7	6.6	6.2	-	-11.9
NAV	8.2	5.5	6.7	6.1	-	-11.9

Distribution History (\$)	2004	2005	YTD 2006
Income	0.70	0.07	0.06
Capital Gains	0.00	0.00	0.00
Total	0.70	0.07	0.06

Fund Description

iShares Dow Jones U.S. Technology Sector Index Fund (IYW) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Dow Jones US Technology Sector Index. The index is a sub set of Dow Jones US Total Market Index that seeks to represent over 95% of the US equity market by investing in a broad selection of stocks that meet rules based criteria and consists of approximately 1,600 stocks. Stocks in the total market index are assigned to the technology sector by the Industry Classification Benchmark (ICB) and include software and computer service and technology hardware and equipment companies. The index is float-adjusted market cap-weighted and is rebalanced quarterly in March, June, September, and December. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Computer Hardware	19.4
Systems Software	19.0
Communications Equipment	18.2
Semiconductors	17.0
Internet Software & Services	8.0
Application Software	4.7
Computer Storage & Peripherals	4.4
Semiconductor Equipment	3.4
Data Processing & Outsourced Services	1.4
Wireless Telecommunication Services	1.2

Top Ten Holdings (%)

Microsoft	12.5
Cisco	7.3
IBM	6.8
Intel	6.1
Hewlett-packard	5.3
Google	5.1
Oracle	3.6
Apple	3.3
Qualcomm	2.9
Motorola	2.8
Top Ten Total	55.7

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Goldman Sachs Technology Index Fund (IGM) INFO TECH BROAD-BASED

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	50.34	41.15
Fund Ticker	IGM	
Intraday NAV Ticker	IGMIV	
Benchmark Index Ticker (Bloomberg)	GTC	
Market Cap (\$Mil)	280	
Shares Outstanding (Mil)	5.6	
Avg Daily Trading Volume (Shares)	93,662	
Expense Ratio (%)	0.48	
Focus	Information Technology	
Investment Advisor	Barclays Global Investors	
Inception Date	3/13/2001	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	234	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

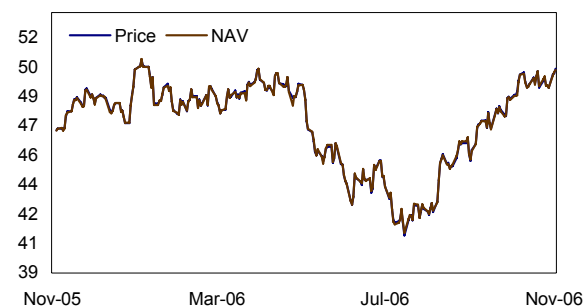
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	7.3	4.7	6.1	5.1	-	-2.8
NAV	7.3	4.2	6.2	5.1	-	-2.8

	2004	2005	YTD 2006
Income	0.33	0.07	0.04
Capital Gains	0.00	0.00	0.00
Total	0.33	0.07	0.04

Fund Description

iShares Goldman Sachs Technology Index Fund (IGM) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 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 and component companies must meet objective criteria for inclusion. The index includes companies in the following categories: producers of sophisticated computer-related devices, electronics and networking services, producers of software and consultants for information technology. It is modified capitalization weighted and reconstituted and rebalanced semiannually in January and July. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Communications Equipment	16.8
Computer Hardware	16.6
Systems Software	16.6
Semiconductors	15.3
Internet Software & Services	8.9
Data Processing & Outsourced Services	6.4
Application Software	4.5
Computer Storage & Peripherals	3.7
Semiconductor Equipment	3.2
IT Consulting & Other Services	1.7

Top Ten Holdings (%)

Microsoft	9.9
Cisco	6.2
IBM	5.9
Intel	5.2
Hewlett-packard	4.6
Google	4.3
Oracle	4.1
Apple	2.8
Qualcomm	2.5
Motorola	2.4
Top Ten Total	47.9

Source: Bloomberg, Company Data, Thomson, FactSet.

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streetTRACKS Morgan Stanley Technology ETF (MTK) INFO TECH BROAD-BASED

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	55.47	56.15	44.76
Fund Ticker			MTK
Intraday NAV Ticker			JMT
Benchmark Index Ticker (Bloomberg)			MSH
Market Cap (\$Mil)			145
Shares Outstanding (Mil)			2.6
Avg Daily Trading Volume (Shares)			32,039
Expense Ratio (%)			0.50

Focus	Information Technology		
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		
Annualized Performance (%)	09/30/2006		

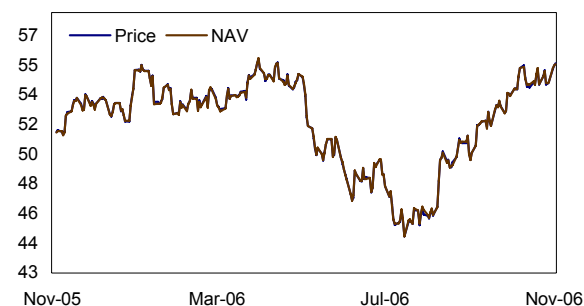
	Since					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	7.4	5.0	8.7	7.2	-	-9.3
NAV	7.5	4.9	8.8	7.1	-	-9.3

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.10	0.01	0.04
Capital Gains	0.00	0.00	0.00
Total	0.10	0.01	0.04

Fund Description

streetTRACKS Morgan Stanley Technology ETF (MTK) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Morgan Stanley Technology Index. The Index is composed purely of electronics-based technology companies. It was the first listed broad-market technology barometer dedicated exclusively to the electronics-based technology industry. The Index is comprised of US companies drawn from 11 technology sub-sectors including: computer & business services; technical software (CAD/CAM, EDA); enterprise software; Internet and PC software; telecom equipment; wireline/wireless; data networking/data security; server & enterprise hardware; PC hardware & data storage; connectors/electronics manufacturing services; semiconductor capital equipment; and semiconductors. The index is equal-dollar weighted upon its annual rebalancing in December. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Communications Equipment	19.4
Semiconductors	14.5
Computer Hardware	12.0
Systems Software	10.2
Internet Software & Services	9.2
IT Consulting & Other Services	6.8
Application Software	6.6
Computer Storage & Peripherals	5.9
Data Processing & Outsourced Services	5.7
Home Entertainment Software	2.7

Top Ten Holdings (%)

Nvidia	5.0
Oracle	4.0
Cisco	3.9
Hewlett-packard	3.7
Intuit Inc	3.6
Infosys Technologies Ltd	3.6
Network Appliance	3.4
Avaya	3.3
Symantec	3.2
Accenture Ltd	3.2
Top Ten Total	37.0

Source: Bloomberg, Company Data, Thomson, FactSet.

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Technology Select Sector SPDR (XLK)

INFO TECH BROAD-BASED

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	23.04	23.29	18.85
Fund Ticker	XLK		
Intraday NAV Ticker	KXV		
Benchmark Index Ticker (Bloomberg)	IXT		
Market Cap (\$Mil)	2,039		
Shares Outstanding (Mil)	88.4		
Avg Daily Trading Volume (Shares)	2,289,072		
Expense Ratio (%)	0.25		
Focus	Tech and Telecom		
Investment Advisor	State Street Global Advisors		
Inception Date	12/22/1998		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	88		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Annualized Performance (%)	09/30/2006		

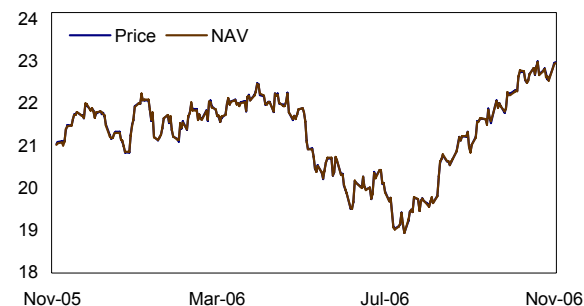
	Since Incept					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	8.4	6.2	7.7	3.5	-	-4.3
NAV	8.7	6.2	7.7	3.6	-	-4.3

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.42	0.15	0.04
Capital Gains	0.00	0.00	0.00
Total	0.42	0.15	0.04

Fund Description

Technology Select Sector SPDR (XLK) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Technology Select Sector Index. The index is weighted on a modified market-cap basis and encompasses companies involved in software and services, consulting, hardware and equipment, semiconductors and communications services. It consists of large cap stocks within the S&P 500 Index classified in both the Information Technology and Telecommunications Services Sectors according to the Global Industry Classification Standard (GICS). The index is rebalanced to reflect changes to the S&P 500 Index that are made by the S&P Index Committee as necessary throughout the year. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Computer Hardware	17.1
Systems Software	15.4
Communications Equipment	14.8
Integrated Telecommunication Services	14.0
Semiconductors	12.7
Internet Software & Services	7.5
Data Processing & Outsourced Services	5.1
Wireless Telecommunication Services	3.3
Computer Storage & Peripherals	2.7
Application Software	2.5

Top Ten Holdings (%)

Microsoft	10.6
Cisco	6.3
IBM	5.9
Intel	5.2
Verizon	4.6
Hewlett-packard	4.5
AT&T	4.3
Google	4.3
BellSouth	3.5
Oracle	3.2
Top Ten Total	52.4

Source: Bloomberg, Company Data, Thomson, FactSet.

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Vanguard Information Technology ETF (VGT)

INFO TECH BROAD-BASED

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	51.85	42.50
Fund Ticker	VGT	
Intraday NAV Ticker	HVI	
Benchmark Index Ticker (Bloomberg)	MZUSI0IT	
Market Cap (\$Mil)	213	
Shares Outstanding (Mil)	4.1	
Avg Daily Trading Volume (Shares)	26,210	
Expense Ratio (%)	0.26	
Focus	Information Technology	
Investment Advisor	The Vanguard Group	
Inception Date	1/30/2004	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	391	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Annualized Performance (%)	09/30/2006	

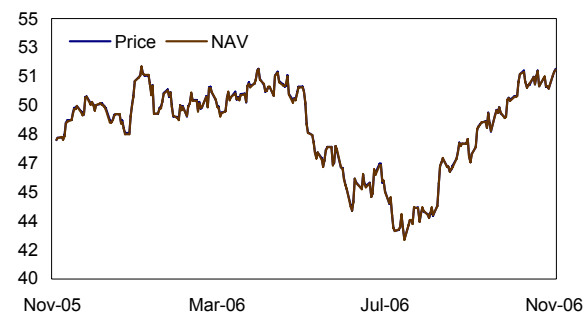
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	7.0	5.2	-	-	-	-1.0
NAV	7.3	5.2	-	-	-	-1.0

	2004	2005	YTD 2006
Income	0.61	0.09	0.00
Capital Gains	0.00	0.00	0.00
Total	0.61	0.09	0.00

Fund Description

Vanguard Information Technology ETF (VGT) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the MSCI US Investable Market Information Technology Index. The index is a subset of the MSCI US Investable Market Index which contains 2500 large, mid and small-cap stocks. It consists of all stocks within the broader MSCI US Investable Market Index classified as in the information technology sector according to the Global Industry Classification Standard (GICS). The index is market cap-weighted, adjusted quarterly beginning in February 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, the fund may use an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Computer Hardware	17.1
Systems Software	16.5
Communications Equipment	16.1
Semiconductors	15.0
Internet Software & Services	8.7
Data Processing & Outsourced Services	7.0
Application Software	4.5
Computer Storage & Peripherals	3.9
Semiconductor Equipment	3.0
Electronic Equipment Manufacturers	2.2

Top Ten Holdings (%)

Microsoft	10.8
Cisco	6.3
IBM	6.0
Intel	5.2
Hewlett-packard	4.6
Google	4.3
Oracle	3.3
Apple	2.9
Qualcomm	2.6
Motorola	2.4
Top Ten Total	48.5

Source: Bloomberg, Company Data, Thomson, FactSet.

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Internet HOLDERS (HHH)

INFO TECH - INTERNET

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	53.74	70.85	44.12
Fund Ticker		HHH	
Intraday NAV Ticker		HHI	
Benchmark Index Ticker (Bloomberg)		HHI	
Market Cap (\$Mil)		367	
Shares Outstanding (Mil)		6.8	
Avg Daily Trading Volume (Shares)		310,683	
Expense Ratio (%)		0*	
Focus		Internet	
Investment Advisor		Bank of New York	
Inception Date		9/23/1999	
Portfolio Structure		Grantor Trust	
Approx. Number of Stocks in Fund		12	
Options Available		Yes	
Minimum Trade Size (Shares)		100	
Distribution Frequency		Ongoing	
Annualized Performance (%)		09/30/2006	

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-8.7	-20.2	5.1	12.9	-	-10.3
NAV	-8.7	-20.2	5.1	12.9	-	-10.3

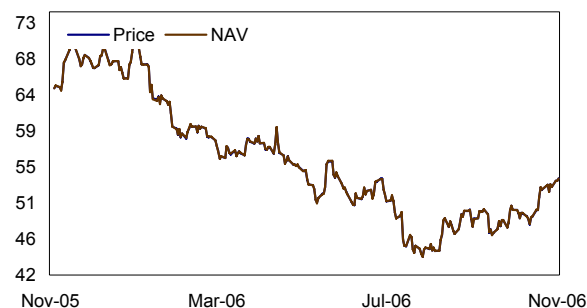
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.00	0.30	0.03
Capital Gains	0.00	0.00	0.00
Total	0.00	0.30	0.03

Fund Description

Internet HOLDERS (HHH) is an exchange-traded fund in a grantor trust format 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. Investing in HOLDERS is similar to the outright ownership of the underlying basket of stocks, as investors receive ongoing dividends, company reports, and have voting rights for each constituent stock. Individual investors also have the ability to redeem HOLDERS for the underlying shares, however, purchases and sales of HOLDERS can only be made in multiples of 100 shares. *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

November 8, 2006

Top Sector/Industry Weightings (%)

Internet Software & Services	58.4
Movies & Entertainment	15.8
Internet Retail	13.8
Investment Banking & Brokerage	8.1
Systems Software	3.9

Top Ten Holdings (%)

eBay	29.3
Yahoo!	25.7
Time Warner	15.8
Amazon.com Inc	12.9
E*trade Financial Corp	5.3
McAfee Inc	3.9
TD Ameritrade Holding Corp	2.8
Realnetworks	1.6
Priceline.com	0.9
Earthlink Inc	0.8
Top Ten Total	99.1

Source: Bloomberg, Company Data, Thomson, FactSet.

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Broadband HOLDERS (BDH)

INFO TECH - NETWORKING

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	16.35	21.43
Fund Ticker	BDH	
Intraday NAV Ticker	XDH	
Benchmark Index Ticker (Bloomberg)	XDH	
Market Cap (\$Mil)	108	
Shares Outstanding (Mil)	6.7	
Avg Daily Trading Volume (Shares)	190,937	
Expense Ratio (%)	0*	
Focus	Broadband	
Investment Advisor	Bank of New York	
Inception Date	4/6/2000	
Portfolio Structure	Grantor Trust	
Approx. Number of Stocks in Fund	20	
Options Available	Yes	
Minimum Trade Size (Shares)	100	
Distribution Frequency	Ongoing	
Annualized Performance (%)	09/30/2006	

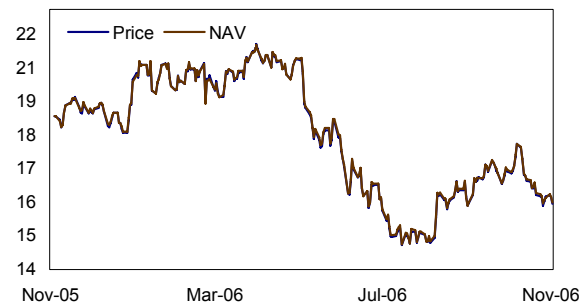
	Since					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	2.4	-3.7	16.3	5.1	-	-22.8
NAV	2.4	-3.7	16.3	5.1	-	-22.8

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.00	0.01	0.02
Capital Gains	0.00	0.00	0.00
Total	0.00	0.01	0.02

Fund Description

Broadband HOLDERS (BDH) is an exchange-traded fund in a grantor trust format 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. Investing in HOLDERS is similar to the outright ownership of the underlying basket of stocks, as investors receive ongoing dividends, company reports, and have voting rights for each constituent stock. Individual investors also have the ability to redeem HOLDERS for the underlying shares, however, purchases and sales of HOLDERS can only be made in multiples of 100 shares. *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 November 8, 2006

Top Sector/Industry Weightings (%)	
Communications Equipment	86.9
Semiconductors	13.1

Top Ten Holdings (%)

Qualcomm	34.9
Motorola	25.2
Corning	11.2
Broadcom	5.4
Freescale Semiconductor	4.7
Lucent	4.2
Nortel Networks	3.8
Comverse Tech	2.6
Tellabs	2.5
JDS Uniphase	1.3
Top Ten Total	95.9

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Goldman Sachs Networking Index Fund (IGN) INFO TECH - NETWORKING

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	31.23	37.35	25.37
Fund Ticker	IGN		
Intraday NAV Ticker	IGNIV		
Benchmark Index Ticker (Bloomberg)	GIP		
Market Cap (\$Mil)	226		
Shares Outstanding (Mil)	7.3		
Avg Daily Trading Volume (Shares)	189,065		
Expense Ratio (%)	0.48		
Focus	Networking		
Investment Advisor	Barclays Global Investors		
Inception Date	7/10/2001		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	32		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Annualized Performance (%)	09/30/2006		

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	2.7	-1.5	9.2	5.0	-	-3.1
NAV	2.4	-1.5	9.3	5.2	-	-3.1

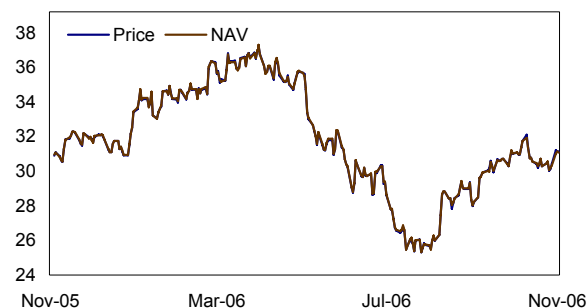
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.00	0.00	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.00

Fund Description

iShares Goldman Sachs Networking Index Fund (IGN) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 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 and is a sub set of the Goldman Sachs Technology Index. The index includes companies that are producers of telecom equipment, data networking and wireless equipment. Component companies must meet objective criteria for inclusion. The index is modified capitalization weighted and reconstituted and rebalanced semiannually in January and July. To track the index, the fund may use optimization techniques; however, it will generally hold all of the stocks in the index in proportionately the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Communications Equipment	82.5
Semiconductors	17.5

Top Ten Holdings (%)

Cisco	10.2
Motorola	9.3
Res In Motion	8.8
Corning	7.6
Qualcomm	7.2
Broadcom	7.0
Marvell	4.9
Juniper	4.9
Lucent	4.8
Nortel Networks	4.7
Top Ten Total	69.3

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Goldman Sachs Semiconductor Index Fund (IGW)

INFO TECH - SEMIS

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	61.09	69.40	50.79
Fund Ticker	IGW		
Intraday NAV Ticker	IGWIV		
Benchmark Index Ticker (Bloomberg)	GSM		
Market Cap (\$Mil)	301		
Shares Outstanding (Mil)	5.0		
Avg Daily Trading Volume (Shares)	228,654		
Expense Ratio (%)	0.48		
Focus	Semiconductor		
Investment Advisor	Barclays Global Investors		
Inception Date	7/10/2001		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	55		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Annualized Performance (%)	09/30/2006		

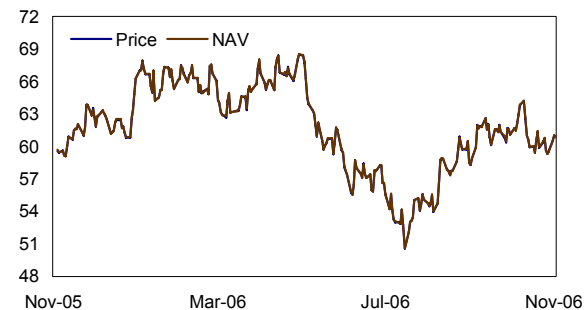
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	6.2	3.9	5.5	5.1	-	-1.2
NAV	6.3	3.7	5.7	5.2	-	-1.2

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.00	0.03	0.09
Capital Gains	0.00	0.00	0.00
Total	0.00	0.03	0.09

Fund Description

iShares Goldman Sachs Semiconductor Index Fund (IGW) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 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 and is a sub set of the Goldman Sachs Technology Index. The index includes companies that are producers of capital equipment or manufacturers of wafers and chips. Component companies must meet objective criteria for inclusion. The index is modified capitalization weighted and reconstituted and rebalanced semiannually in January and July. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Semiconductors	68.6
Semiconductor Equipment	19.8
Communications Equipment	9.2
Computer Storage & Peripherals	2.5

Top Ten Holdings (%)

Intel	10.2
Motorola	9.2
Texas Instruments	8.1
Applied Materials	6.5
Stmicroelectronics	4.1
Broadcom	3.7
Nvidia	3.1
Analog Devices	3.0
AMD	3.0
Asml Holding Nv	2.9
Top Ten Total	53.6

Source: Bloomberg, Company Data, Thomson, FactSet.

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Semiconductor HOLDRS (SMH)

INFO TECH - SEMIS

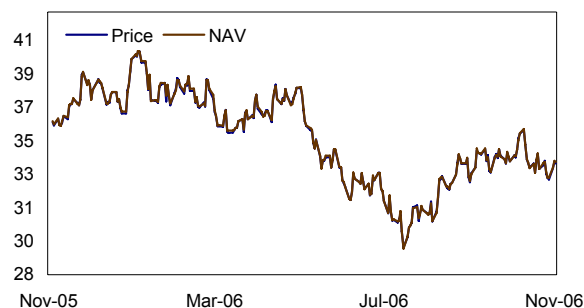
Pricing and Fund Data		11/08/06	
52 Week			
		High	Low
Price (\$)	33.86	40.64	29.02
Fund Ticker			SMH
Intraday NAV Ticker			XSH
Benchmark Index Ticker (Bloomberg)			XSH
Market Cap (\$Mil)			1,668
Shares Outstanding (Mil)			50.0
Avg Daily Trading Volume (Shares)			17,968,436
Expense Ratio (%)			0*
Focus		Semiconductor	
Investment Advisor		Bank of New York	
Inception Date		5/5/2000	
Portfolio Structure		Grantor Trust	
Approx. Number of Stocks in Fund		19	
Options Available		Yes	
Minimum Trade Size (Shares)		100	
Distribution Frequency		Ongoing	
Annualized Performance (%)		09/30/2006	
		Since	Incept
	3 Mo	1 Yr	3 Yr
Price	4.5	-6.5	0.3
NAV	4.5	-6.5	0.3
		5 Yr	10 Yr
		3.2	-
		-	-12.2

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.04	0.16	0.24
Capital Gains	0.00	0.00	0.00
Total	0.04	0.16	0.24

Fund Description

Semiconductor HOLDRS (SMH) is an exchange-traded fund in a grantor trust format 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. Investing in HOLDRS is similar to the outright ownership of the underlying basket of stocks, as investors receive ongoing dividends, company reports, and have voting rights for each constituent stock. Individual investors also have the ability to redeem HOLDRS for the underlying shares, however, purchases and sales of HOLDRS can only be made in multiples of 100 shares. *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 November 8, 2006

Top Sector/Industry Weightings (%)	
Semiconductors	76.2
Semiconductor Equipment	20.9
Computer Storage & Peripherals	2.8

Top Ten Holdings (%)

Texas Instruments	19.7
Intel	18.9
Applied Materials	13.4
Analog Devices	5.6
Linear Tech	4.6
Maxim Integrated	4.3
KLA Tencor	4.3
National Semiconductor	4.3
Micron	3.8
Xilinx	3.8
Top Ten Total	82.8

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Goldman Sachs Software Index Fund (IGV)

INFO TECH - SOFTWARE

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	44.88	45.36
Fund Ticker	IGV	
Intraday NAV Ticker	IGVIV	
Benchmark Index Ticker (Bloomberg)	GSO	
Market Cap (\$Mil)	260	
Shares Outstanding (Mil)	5.8	
Avg Daily Trading Volume (Shares)	162,472	
Expense Ratio (%)	0.48	
Focus	Software	
Investment Advisor	Barclays Global Investors	
Inception Date	7/10/2001	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	43	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	14.9	5.4	9.0	7.7	-	-2.3
NAV	14.8	5.3	8.9	7.9	-	-2.3

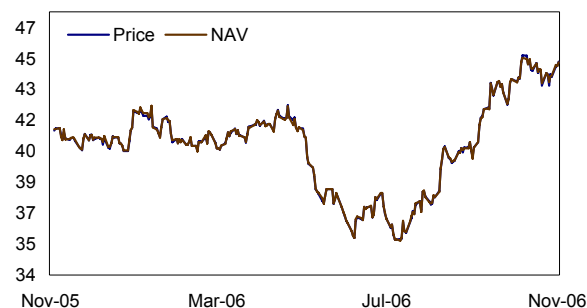
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.20	0.04	0.00
Capital Gains	0.00	0.00	0.00
Total	0.20	0.04	0.00

Fund Description

Shares Goldman Sachs Software Index Fund (IGV) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 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 and is a sub set of the Goldman Sachs Technology Index. The index includes companies that are producers of client/server, enterprise, internet, PC and entertainment software. Component companies must meet objective criteria for inclusion. The index is modified capitalization weighted and reconstituted and rebalanced semiannually in January and July. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown

November 8, 2006

Top Sector/Industry Weightings (%)

Systems Software	43.6
Application Software	42.7
Home Entertainment Software	10.3
Internet Software & Services	3.4

Top Ten Holdings (%)

Oracle	9.9
Microsoft	9.7
Adobe	9.6
Symantec	8.8
Electronic Arts	6.8
Intuit Inc	4.8
CA Inc	4.8
Autodesk	3.6
Amdocs Ltd	3.3
BMC Software	2.7
Top Ten Total	64.1

Source: Bloomberg, Company Data, Thomson, FactSet.

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PowerShares Dynamic Software Portfolio (PSJ)

INFO TECH - SOFTWARE

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	19.39	19.51	15.90
Fund Ticker			PSJ
Intraday NAV Ticker			CJK
Benchmark Index Ticker (Bloomberg)			DZC
Market Cap (\$Mil)			87
Shares Outstanding (Mil)			4.5
Avg Daily Trading Volume (Shares)			55,442
Expense Ratio (%)			0.60
Focus			Software
Investment Advisor			PowerShares Capital
Inception Date			6/23/2005
Portfolio Structure			Open-End Investment Company
Approx. Number of Stocks in Fund			30
Options Available			Yes
Minimum Trade Size (Shares)			1
Distribution Frequency			Quarterly
Annualized Performance (%)			09/30/2006

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	5.1	10.2	-	-	-	16.1
NAV	5.0	10.0	-	-	-	16.1

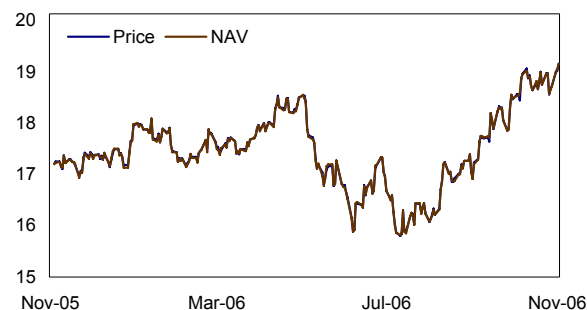
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.00	0.00	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	0.00

Fund Description

PowerShares Dynamic Software Portfolio (PSJ) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Dynamic Software Intellidex Index. The Index utilizes rules-based quantitative analysis to evaluate and select securities using a variety of investment value determinants such as fundamental growth, stock valuation, timeliness and risk factors. This process occurs quarterly in February, May, August and November. The Index consists of 30 stocks selected from the largest 3000 US stocks and is calculated using a tiered weighting methodology. 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

November 8, 2006

Top Sector/Industry Weightings (%)

Application Software	47.2
Systems Software	21.6
Internet Software & Services	13.3
Data Processing & Outsourced Services	10.1
Computer Hardware	5.5
Electronic Equipment Manufacturers	2.3

Top Ten Holdings (%)

NCR Corp	5.5
Oracle	5.3
BEA Systems	5.3
BMC Software	5.2
Fiserv Inc	5.0
Intuit Inc	5.0
Cadence Design	4.9
Citrix	4.3
Microstrategy Inc	3.2
Websense Inc	3.2
Top Ten Total	47.0

Source: Bloomberg, Company Data, Thomson, FactSet.

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Software HOLDRS (SWH)

INFO TECH - SOFTWARE

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	40.45	41.00	32.00
Fund Ticker	SWH		
Intraday NAV Ticker	XWH		
Benchmark Index Ticker (Bloomberg)	XWH		
Market Cap (\$Mil)	171		
Shares Outstanding (Mil)	4.2		
Avg Daily Trading Volume (Shares)	190,307		
Expense Ratio (%)	0*		
Focus	Software		
Investment Advisor	Bank of New York		
Inception Date	9/26/2000		
Portfolio Structure	Grantor Trust		
Approx. Number of Stocks in Fund	13		
Options Available	Yes		
Minimum Trade Size (Shares)	100		
Distribution Frequency	Ongoing		
Annualized Performance (%)	09/30/2006		

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	11.4	10.2	8.6	7.5	-	-11.8
NAV	11.4	10.2	8.6	7.5	-	-11.8

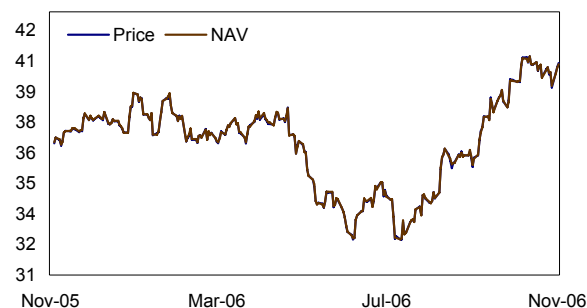
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.02	2.21	0.11
Capital Gains	0.00	0.00	0.00
Total	0.02	2.21	0.11

Fund Description

Software HOLDRS (SWH) is an exchange-traded fund in a grantor trust format 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. Investing in HOLDRS is similar to the outright ownership of the underlying basket of stocks, as investors receive ongoing dividends, company reports, and have voting rights for each constituent stock. Individual investors also have the ability to redeem HOLDRS for the underlying shares, however, purchases and sales of HOLDRS can only be made in multiples of 100 shares. *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 November 8, 2006

Top Sector/Industry Weightings (%)	
Systems Software	55.2
Application Software	44.3
IT Consulting & Other Services	0.4
Internet Software & Services	0.1

Top Ten Holdings (%)

Microsoft	21.5
SAP Aktiengesell	19.8
Adobe	12.7
Oracle	11.0
CA Inc	10.5
Intuit Inc	10.4
BMC Software	5.2
Symantec	3.9
Check Point Software	3.1
Tibco Software	1.1
Top Ten Total	99.2

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares DJ US Basic Materials Sector Index Fund (IYM)

MATERIALS

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	57.26	48.04
Fund Ticker	IYM	
Intraday NAV Ticker	IYMIV	
Benchmark Index Ticker (Bloomberg)	DJUSBM	
Market Cap (\$Mil)	436	
Shares Outstanding (Mil)	7.6	
Avg Daily Trading Volume (Shares)	77,425	
Expense Ratio (%)	0.48	
Focus	Materials	
Investment Advisor	Barclays Global Investors	
Inception Date	6/12/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	81	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

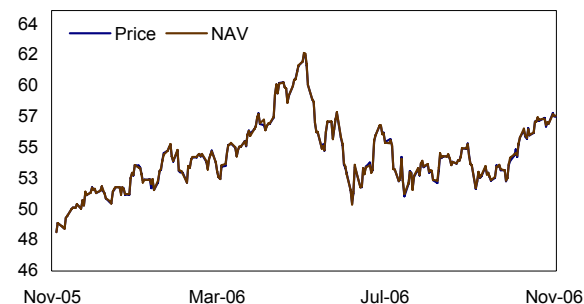
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-4.1	12.7	14.7	11.2	-	8.4
NAV	-3.9	12.9	14.8	11.3	-	8.4

	2004	2005	YTD 2006
Income	0.74	0.87	0.73
Capital Gains	0.00	0.00	0.00
Total	0.74	0.87	0.73

Fund Description

iShares Dow Jones U.S. Basic Materials Sector Index Fund (IYM) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Dow Jones US Basic Materials Sector Index. The index is a sub set of Dow Jones US Total Market Index that seeks to represent over 95% of the US equity market by investing in a broad selection of stocks that meet rules based criteria and consists of approximately 1,600 stocks. For the large- and mid-cap segments, 100% of eligible stocks are included versus only about 50% for the small-cap segment in order to avoid less liquid names. Stocks in the total market index are assigned to the basic materials sector by the Industry Classification Benchmark (ICB) and include chemical, forestry and paper, industrial metals and mining companies. The index is float-adjusted market cap-weighted and is rebalanced quarterly in March, June, September, and December. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Diversified Chemicals	25.1
Steel	11.7
Specialty Chemicals	10.3
Diversified Metals & Mining	8.8
Industrial Gases	8.3
Coal & Consumable Fuels	6.4
Aluminum	6.0
Fertilizers & Agricultural Chemicals	6.0
Gold	4.9
Paper Products	4.2

Top Ten Holdings (%)

DuPont	9.5
Dow Chemical	8.8
Alcoa	5.5
Monsanto	5.4
Phelps Dodge	4.5
Praxair	4.5
Newmont Mining	4.3
Nucor	3.7
International Paper	3.7
Weyerhaeuser	3.5
Top Ten Total	53.4

Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data for iShares current to the most recent month-end at the following website: www.ishares.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

Materials Select Sector SPDR (XLB)

MATERIALS

Pricing and Fund Data		11/08/06	
52 Week			
		High	Low
Price (\$)	33.66	35.35	27.73
Fund Ticker			XLB
Intraday NAV Ticker			BXV
Benchmark Index Ticker (Bloomberg)			IXB
Market Cap (\$Mil)			914
Shares Outstanding (Mil)			26.9
Avg Daily Trading Volume (Shares)			3,186,565
Expense Ratio (%)			0.25
Focus			Materials
Investment Advisor			State Street Global Advisors
Inception Date			12/22/1998
Portfolio Structure			Open-End Investment Company
Approx. Number of Stocks in Fund			30
Options Available			Yes
Minimum Trade Size (Shares)			1
Distribution Frequency			Quarterly
Annualized Performance (%)			09/30/2006

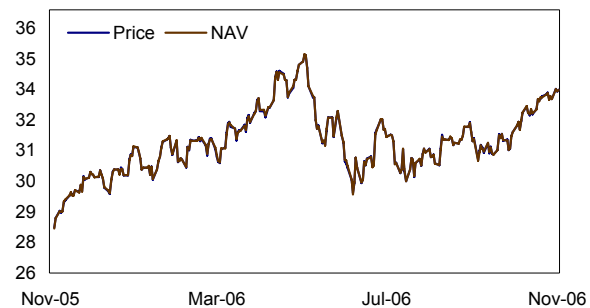
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-0.9	18.0	15.6	12.9	-	8.0
NAV	-0.6	18.2	15.6	12.8	-	8.0

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.51	0.63	0.55
Capital Gains	0.00	0.00	0.00
Total	0.51	0.63	0.55

Fund Description

Materials Select Sector SPDR (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 encompasses a wide range of commodity related manufacturing industries including chemical, construction materials, forest products, and metals and mining. It consists of large cap stocks within the S&P 500 Index classified in the Materials Sector according to the Global Industry Classification Standard (GICS). The index is rebalanced to reflect changes to the S&P 500 Index that are made by the S&P Index Committee as necessary throughout the year. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Diversified Chemicals	28.4
Industrial Gases	9.7
Steel	9.5
Diversified Metals & Mining	8.3
Aluminum	6.7
Specialty Chemicals	6.6
Fertilizers & Agricultural Chemicals	6.6
Gold	5.7
Paper Products	5.6
Forest Products	4.9

Top Ten Holdings (%)

DuPont	11.6
Dow Chemical	10.7
Alcoa	6.7
Monsanto	6.6
Newmont Mining	5.7
Praxair	5.4
Phelps Dodge	5.1
Nucor	5.0
Weyerhaeuser	4.3
Air Products	4.3
Top Ten Total	65.3

Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data for Select Sector SPDRs current to the most recent month-end at the following website: www.sectorspdrs.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

Vanguard Materials ETF (VAW)

MATERIALS

Pricing and Fund Data		11/08/06	
52 Week			
		High	Low
Price (\$)	68.36	70.80	55.79
Fund Ticker	VAW		
Intraday NAV Ticker	HVW		
Benchmark Index Ticker (Bloomberg)	MZUS10MT		
Market Cap (\$Mil)	117		
Shares Outstanding (Mil)	1.7		
Avg Daily Trading Volume (Shares)	9,953		
Expense Ratio (%)	0.26		
Focus	Materials		
Investment Advisor	The Vanguard Group		
Inception Date	1/30/2004		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	119		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Annualized Performance (%)	09/30/2006		

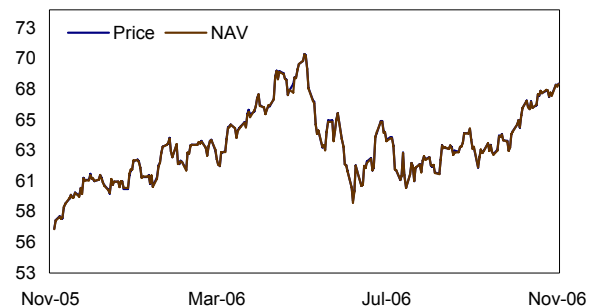
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-0.9	15.6	-	-	-	11.4
NAV	-1.0	15.6	-	-	-	11.4

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.98	0.97	0.00
Capital Gains	0.00	0.00	0.00
Total	0.98	0.97	0.00

Fund Description

Vanguard Materials ETF (VAW) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the MSCI US Investable Market Materials Index. The index is a subset of the MSCI US Investable Market Index which contains 2500 large, mid and small-cap stocks. It consists of all stocks within the broader MSCI US Investable Market Index classified as in the materials sector according to the Global Industry Classification Standard (GICS). The index is market cap-weighted, adjusted quarterly beginning in February 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, the fund may use an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Diversified Chemicals	22.7
Steel	11.2
Specialty Chemicals	11.0
Industrial Gases	7.8
Diversified Metals & Mining	7.5
Fertilizers & Agricultural Chemicals	6.3
Aluminum	5.5
Paper Products	4.7
Paper Packaging	4.6
Gold	4.3

Top Ten Holdings (%)

DuPont	8.6
Dow Chemical	8.0
Alcoa	5.0
Monsanto	4.9
Newmont Mining	4.2
Phelps Dodge	4.1
Praxair	4.0
Nucor	3.7
Air Products	3.2
Weyerhaeuser	3.2
Top Ten Total	49.0

Source: Bloomberg, Company Data, Thomson, FactSet.

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

Pricing and Fund Data 11/08/06

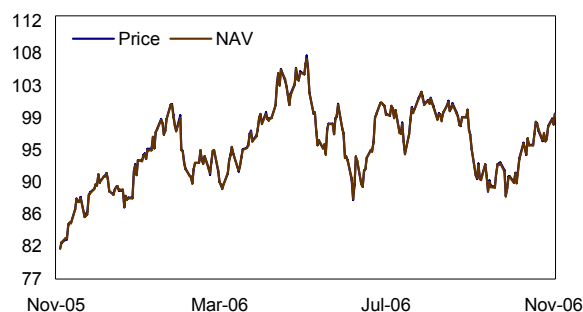
		52 Week	
		High	Low
Price (\$)	99.60	107.90	80.99
Fund Ticker	IGE		
Intraday NAV Ticker	IGEIV		
Benchmark Index Ticker (Bloomberg)	GSR		
Market Cap (\$Mil)	1,366		
Shares Outstanding (Mil)	13.6		
Avg Daily Trading Volume (Shares)	103,778		
Expense Ratio (%)	0.48		
Focus	Materials		
Investment Advisor	Barclays Global Investors		
Inception Date	10/26/2001		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	120		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Annualized Performance (%)	09/30/2006		

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-6.2	3.0	28.6	-	-	16.3
NAV	-6.5	2.9	28.6	-	-	16.3

Distribution History (\$)			
	<u>2004</u>	<u>2005</u>	<u>YTD 2006</u>
Income	0.71	0.85	0.83
Capital Gains	0.00	0.00	0.00
Total	0.71	0.85	0.83

Fund Description
iShares Goldman Sachs Natural Resources Index Fund (IGE) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 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. The index includes companies in the following categories: Extractive industries, energy companies, owners and operators of timber tracts, forestry services, producers of pulp and paper and owners of plantations. Component companies must meet objective criteria for inclusion. The index is modified capitalization weighted and reconstituted and rebalanced semiannually in January and July. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Integrated Oil & Gas	40.4
Oil & Gas Exploration & Production	16.8
Oil & Gas Equipment & Services	12.4
Oil & Gas Drilling	5.5
Gold	4.8
Oil & Gas Storage & Transportation	4.0
Diversified Metals & Mining	3.5
Oil & Gas Refining & Marketing	3.0
Aluminum	2.7
Coal & Consumable Fuels	1.8

Top Ten Holdings (%)	
Exxon Mobil	9.1
Chevron	8.8
BP	7.5
Conocophillips	6.0
Schlumberger	4.6
Occidental Petroleum	2.4
Encana	2.4
Suncor	2.1
Valero	2.0
Halliburton	2.0
Top Ten Total	47.0

Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data for iShares current to the most recent month-end at the following website: www.ishares.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

Market Vectors Gold Miners ETF (GDX)

NATURAL RESOURCES

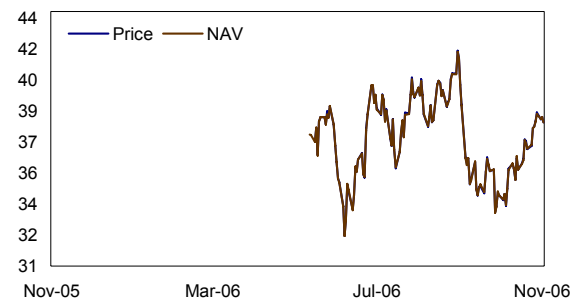
Pricing and Fund Data		11/08/06	
52 Week			
		High	Low
Price (\$)	38.26	42.58	31.82
Fund Ticker	GDX		
Intraday NAV Ticker	GMI		
Benchmark Index Ticker (Bloomberg)	GDM		
Market Cap (\$Mil)	433		
Shares Outstanding (Mil)	10.9		
Avg Daily Trading Volume (Shares)	593,274		
Expense Ratio (%)	0.55		
Focus	Materials		
Investment Advisor	Van Eck Associates		
Inception Date	5/22/2006		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	na		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Annualized Performance (%)	09/30/2006		
	3 Mo	1 Yr	3 Yr
Price	-7.9	-	-
NAV	-7.8	-	-
			5 Yr
			-
			10 Yr
			-
			Since Incept
			-4.2

Distribution History (\$)			
	2004	2005	YTD 2006
Income	na	na	0.00
Capital Gains	na	na	0.00
Total	0.00	0.00	0.00

Fund Description

Market Vectors Gold Miners ETF (GDX) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Amex Gold Miners Index. The index is comprised of a globally diversified universe of common stocks and ADRs of publicly traded companies that are primarily involved in mining for gold and silver. The index only invests in companies with market capitalizations greater than \$100 million and that have average daily volume of at least 50,000 shares during the prior six months. The index is modified market capitalization weighted so that no single stock will account for greater than 20% of the index and all stocks with a weight of 4.5% will not account for more than a combined 50% of the index. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Gold	82.6
Precious Metals & Minerals	10.5
Diversified Metals & Mining	7.0

Top Ten Holdings (%)

Barrick Gold	15.0
Newmont Mining	10.8
Anglogold Ashanti Limited	6.5
Freeport-McMoRan	6.3
Goldcorp	6.1
Harmony Gold	5.4
Glamis Gold	4.7
Gold Fields Ltd	4.7
Kinross Gold	4.3
Agnico Eagle	4.3
Top Ten Total	68.2

Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data for Van Eck current to the most recent month-end at the following website: www.vaneck.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

iShares Cohen & Steers Realty Majors Index Fund (ICF)

REAL ESTATE

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	94.31	98.24	69.80
Fund Ticker	ICF		
Intraday NAV Ticker	ICFIV		
Benchmark Index Ticker (Bloomberg)	RMP		
Market Cap (\$Mil)	2,549		
Shares Outstanding (Mil)	27.0		
Avg Daily Trading Volume (Shares)	258,878		
Expense Ratio (%)	0.35		
Focus	U.S. Real Estate		
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		
Annualized Performance (%)	09/30/2006		

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	10.3	29.2	28.1	23.2	-	21.7
NAV	10.4	29.4	28.2	23.2	-	21.7

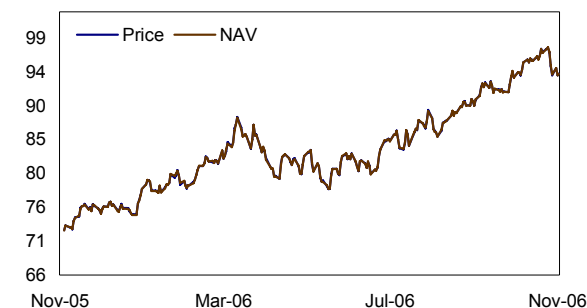
Distribution History (\$)

	2004	2005	YTD 2006
Income	2.84	2.85	1.99
Capital Gains	0.00	0.00	0.00
Total	2.84	2.85	1.99

Fund Description

iShares Cohen & Steers Realty Majors Index Fund (ICF) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Cohen & Steers Realty Majors Index. The index seeks to measure the performance of relatively large and actively traded US Real Estate Investment Trusts (REITs) that may benefit from future consolidation and securitization of the US real estate industry. Securities are chosen by a committee based on a review of several factors including management, portfolio quality and sector and geographic diversification. The index is modified market capitalization-weighted and is reconstituted 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

November 8, 2006

Top Sector/Industry Weightings (%)

Retail REITs	28.9
Residential REITs	21.1
Office REITs	19.8
Specialized REITs	12.9
Diversified REITs	8.9
Industrial REITs	8.5

Top Ten Holdings (%)

Simon Property	7.8
Vornado Realty	7.2
Equity Residential	6.7
Prologis	6.5
Equity Office	6.2
ArchStone-Smith	5.4
Boston Property	5.2
Public Storage	5.0
General Growth Properties	4.9
Host Hotels And Resorts Inc	4.6
Top Ten Total	59.6

Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data for iShares current to the most recent month-end at the following website: www.ishares.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

iShares Dow Jones US Real Estate Index Fund (IYR)

REAL ESTATE

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	79.21	82.55	61.30
Fund Ticker	IYR		
Intraday NAV Ticker	IYRIV		
Benchmark Index Ticker (Bloomberg)	DJUSRE		
Market Cap (\$Mil)	1,811		
Shares Outstanding (Mil)	22.8		
Avg Daily Trading Volume (Shares)	1,659,001		
Expense Ratio (%)	0.48		
Focus	U.S. Real Estate		
Investment Advisor	Barclays Global Investors		
Inception Date	6/12/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	85		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Annualized Performance (%)	09/30/2006		

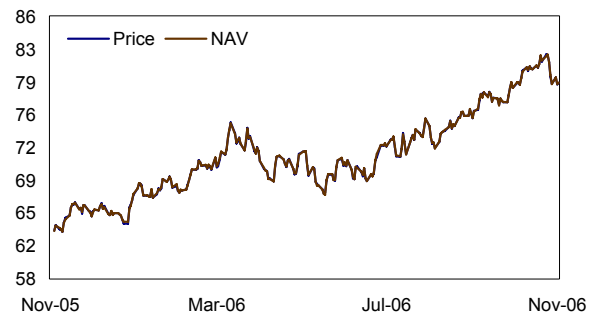
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	9.3	24.6	24.4	20.7	-	19.8
NAV	8.7	24.8	24.4	20.7	-	19.8

Distribution History (\$)			
	2004	2005	YTD 2006
Income	2.60	2.75	1.80
Capital Gains	0.00	0.00	0.00
Total	2.60	2.75	1.80

Fund Description

iShares Dow Jones U.S. Real Estate Index Fund (IYR) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Dow Jones US Real Estate Index. The index seeks to measure the performance of the real estate sector of the US equity market and is a sub set of the Dow Jones US Financials Index. Its holdings are concentrated mainly in Real Estate Investment Trusts (REITs) but also include real estate holding and development company securities. The index is float-adjusted market cap-weighted. 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Retail REITs	22.0
Residential REITs	18.3
Office REITs	18.2
Specialized REITs	15.5
Diversified REITs	7.5
Real Estate Management & Development	7.0
Mortgage REITs	6.2
Industrial REITs	5.4

Top Ten Holdings (%)

Simon Property	5.8
Equity Office	4.5
Equity Residential	4.4
Vornado Realty	4.3
Prologis	4.2
ArchStone-Smith	3.6
Boston Property	3.3
General Growth Properties	3.3
Public Storage	3.2
Host Hotels And Resorts Inc	3.1
Top Ten Total	39.5

Source: Bloomberg, Company Data, Thomson, FactSet.

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streetTRACKS DJ Wilshire REIT Index Fund (RWR)

REAL ESTATE

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	83.73	87.45
Fund Ticker	RWR	
Intraday NAV Ticker	EWR	
Benchmark Index Ticker (Bloomberg)	DWRTF	
Market Cap (\$Mil)	1,267	
Shares Outstanding (Mil)	15.1	
Avg Daily Trading Volume (Shares)	70,093	
Expense Ratio (%)	0.25	
Focus	U.S. Real Estate	
Investment Advisor	State Street Global Advisors	
Inception Date	4/23/2001	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	86	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	9.1	28.0	27.1	22.2	-	21.6
NAV	9.1	27.7	27.0	22.2	-	21.6

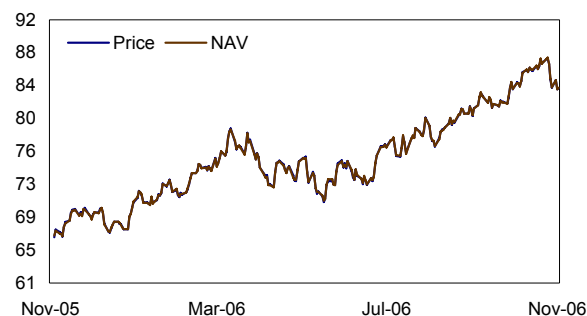
Distribution History (\$)

	2004	2005	YTD 2006
Income	3.12	2.94	1.93
Capital Gains	0.00	0.45	0.00
Total	3.12	3.38	1.93

Fund Description

streetTRACKS DJ Wilshire REIT Index Fund (RWR) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940, designed to track the performance of the Dow Jones Wilshire REIT Index. This index is a subset of the Dow Jones Wilshire Real Estate Securities Index and consists of equity owners and operators of commercial or residential real estate. Excluded securities include: mortgage, healthcare, net-lease and hybrid REITs, finance companies, home builders, landowners, sub-dividers, and companies that have more than 25% of assets in direct mortgages. The index is weighted by both full market and float-adjusted capitalization. Additions and deletions to the index and share updates are made quarterly in March, June, September, and December. To track the index, the fund may use optimization techniques, however, it will generally hold all of the stocks in the index in proportionately the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Retail REITs	27.5
Office REITs	21.9
Residential REITs	21.5
Specialized REITs	12.8
Diversified REITs	8.6
Industrial REITs	7.7

Top Ten Holdings (%)

Simon Property	6.8
Equity Residential	5.0
Vornado Realty	5.0
Prologis	4.8
Equity Office	4.7
ArchStone-Smith	4.0
Boston Property	3.9
Host Hotels And Resorts Inc	3.8
General Growth Properties	3.7
Public Storage	3.6
Top Ten Total	45.2

Source: Bloomberg, Company Data, Thomson, FactSet.

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Vanguard REIT ETF (VNQ)

REAL ESTATE

Pricing and Fund Data		11/08/06	
52 Week			
		High	Low
Price (\$)	73.61	76.80	57.74
Fund Ticker	VNQ		
Intraday NAV Ticker	NVZ		
Benchmark Index Ticker (Bloomberg)	RMS		
Market Cap (\$Mil)	1,323		
Shares Outstanding (Mil)	18.0		
Avg Daily Trading Volume (Shares)	73,536		
Expense Ratio (%)	0.12		
Focus	U.S. Real Estate		
Investment Advisor	The Vanguard Group		
Inception Date	9/29/2004		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	103		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Annualized Performance (%)	09/30/2006		

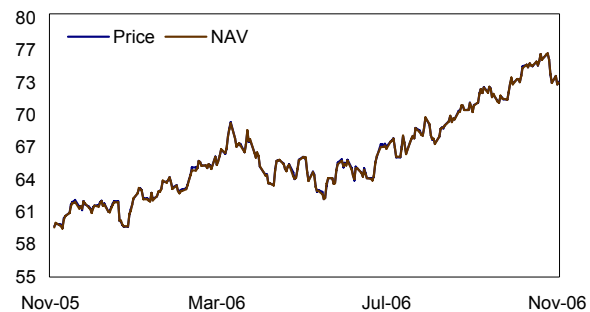
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	9.5	25.2	-	-	-	26.3
NAV	9.4	25.9	-	-	-	26.3

Distribution History (\$)			
	2004	2005	YTD 2006
Income	1.06	2.89	1.76
Capital Gains	0.00	0.68	0.00
Total	1.06	3.56	1.76

Fund Description

Vanguard REIT ETFs (VNQ) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the MSCI US REIT Index. The index seeks to represent approximately 85% of the US REIT universe and contains actively traded equity REITs that meet minimum market-cap standards. It is market cap-weighted and free float-adjusted and is rebalanced quarterly beginning in February. MSCI started calculating and maintaining this index on June 20, 2005. Prior to this date, the index was known as the Morgan Stanley REIT Index and was calculated and maintained by the AMEX. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown

November 8, 2006

Top Sector/Industry Weightings (%)	
Retail REITs	26.1
Office REITs	20.7
Residential REITs	19.5
Specialized REITs	18.2
Diversified REITs	8.3
Industrial REITs	7.1

Top Ten Holdings (%)

Simon Property	6.2
Equity Residential	4.6
Equity Office	4.6
Prologis	4.5
Vornado Realty	4.4
ArchStone-Smith	3.7
Boston Property	3.4
Host Hotels And Resorts Inc	3.3
Public Storage	3.3
General Growth Properties	3.3
Top Ten Total	41.2

Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data for Vanguard ETFs current to the most recent month-end at the following website: www.vanguard.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

iShares Dow Jones US Telecom Sector Index Fund (IYZ)

TELECOM SERVICES

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	28.85	29.26	22.75
Fund Ticker	IYZ		
Intraday NAV Ticker	IYZIV		
Benchmark Index Ticker (Bloomberg)	DJJUSTL		
Market Cap (\$Mil)	839		
Shares Outstanding (Mil)	29.6		
Avg Daily Trading Volume (Shares)	462,980		
Expense Ratio (%)	0.48		
Focus	Telecom		
Investment Advisor	Barclays Global Investors		
Inception Date	5/22/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	25		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Annualized Performance (%)	09/30/2006		

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	8.7	21.2	16.4	-1.6	-	-8.7
NAV	8.8	21.0	16.5	-1.7	-	-8.7

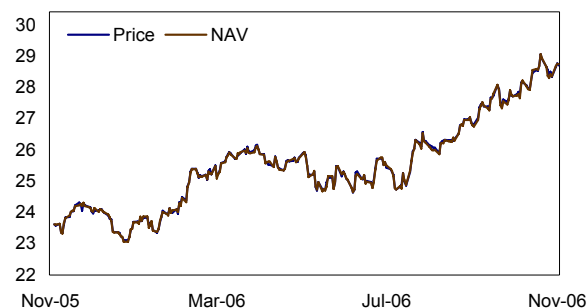
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.55	0.81	0.44
Capital Gains	0.00	0.00	0.00
Total	0.55	0.81	0.44

Fund Description

iShares Dow Jones U.S. Telecommunications Sector Index Fund (IYZ) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Dow Jones US Telecom Sector Index. The index is a sub set of Dow Jones US Total Market Index that seeks to represent over 95% of the US equity market by investing in a broad selection of stocks that meet rules based criteria and consists of approximately 1,600 stocks. Stocks in the total market index are assigned to the telecommunications sector by the Industry Classification Benchmark (ICB) and include fixed-line and mobile communications companies. The index 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Integrated Telecommunication Services	66.5
Wireless Telecommunication Services	27.8
Broadcasting & Cable TV	2.4
Multi-Sector Holdings	2.3
Alternative Carriers	0.9

Top Ten Holdings (%)

AT&T	22.4
Verizon	19.2
Sprint Nextel	8.0
BellSouth	4.9
Alltel	4.9
NII Holdings Inc	4.5
Century Telephone	4.2
Qwest Communications	4.2
BCE Inc	3.1
Citizens Communications Co	2.9
Top Ten Total	78.2

Source: Bloomberg, Company Data, Thomson, FactSet.

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Telecom HOLDRS (TTH)

TELECOM SERVICES

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	34.34	34.96
Fund Ticker	TTH	
Intraday NAV Ticker	ITH	
Benchmark Index Ticker (Bloomberg)	ITH	
Market Cap (\$Mil)	294	
Shares Outstanding (Mil)	8.7	
Avg Daily Trading Volume (Shares)	233,327	
Expense Ratio (%)	0*	
Focus	Telecom	
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	
Annualized Performance (%)	09/30/2006	

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	11.2	25.7	14.6	-4.9	-	-11.2
NAV	11.2	25.7	14.6	-4.9	-	-11.2

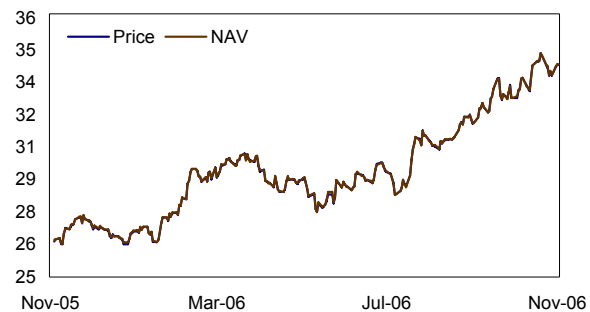
Distribution History (\$)

	2004	2005	YTD 2006
Income	2.12	1.00	0.95
Capital Gains	0.00	0.00	0.00
Total	2.12	1.00	0.95

Fund Description

Telecom HOLDRS (TTH) is an exchange-traded fund in a grantor trust format 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. Investing in HOLDRS is similar to the outright ownership of the underlying basket of stocks, as investors receive ongoing dividends, company reports, and have voting rights for each constituent stock. Individual investors also have the ability to redeem HOLDRS for the underlying shares, however, purchases and sales of HOLDRS can only be made in multiples of 100 shares. *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

November 8, 2006

Top Sector/Industry Weightings (%)

Integrated Telecommunication Services	84.4
Wireless Telecommunication Services	15.1
Alternative Carriers	0.5

Top Ten Holdings (%)

AT&T	31.0
Verizon	23.6
BellSouth	19.8
Sprint Nextel	9.1
BCE Inc	3.3
Qwest Communications	3.3
Alltel	3.2
Telephone & Data Systems Inc	1.5
Tel & Data S	1.4
Century Telephone	1.2
Top Ten Total	97.2

Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data for HOLDRS current to the most recent month-end at the following website: www.holders.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

Vanguard Telecom Services ETF (VOX)

TELECOM SERVICES

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	71.76	72.40	54.19
Fund Ticker			VOX
Intraday NAV Ticker			DVT
Benchmark Index Ticker (Bloomberg)			MSCITC
Market Cap (\$Mil)			134
Shares Outstanding (Mil)			1.9
Avg Daily Trading Volume (Shares)			24,842
Expense Ratio (%)			0.26
Focus			Telecom
Investment Advisor			The Vanguard Group
Inception Date			9/29/2004
Portfolio Structure			Open-End Investment Company
Approx. Number of Stocks in Fund			44
Options Available			Yes
Minimum Trade Size (Shares)			1
Distribution Frequency			Annual
Annualized Performance (%)			09/30/2006

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	10.2	27.4	-	-	-	19.7
NAV	10.2	27.4	-	-	-	19.7

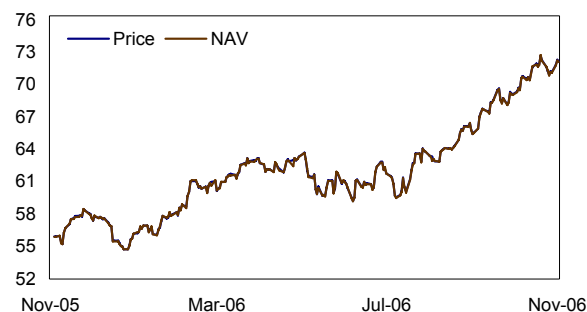
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.41	1.34	0.00
Capital Gains	0.00	0.00	0.00
Total	0.41	1.34	0.00

Fund Description

Vanguard Telecommunication Services ETFs (VOX) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the MSCI US Investable Market Telecommunication Services Index. The index is a subset of the MSCI US Investable Market Index which contains 2500 large, mid and small-cap stocks. It consists of all stocks within the broader MSCI US Investable Market Index classified as in the telecommunication services sector according to the Global Industry Classification Standard (GICS). The index is market cap-weighted, adjusted quarterly beginning in February 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, the fund may use an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Integrated Telecommunication Services	63.7
Wireless Telecommunication Services	29.3
Alternative Carriers	7.1

Top Ten Holdings (%)

AT&T	19.2
Verizon	14.2
BellSouth	8.5
Sprint Nextel	5.3
Alltel	4.2
Amer Tower Sys	3.7
Qwest Communications	3.4
Windstream Corporation	3.2
NII Holdings Inc	2.6
Crown Castle International Corp	2.1
Top Ten Total	66.4

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Dow Jones US Utilities Sector Index Fund (IDU)

UTILITIES

Pricing and Fund Data		11/08/06	
52 Week			
		High	Low
Price (\$)	87.30	88.09	73.86
Fund Ticker	IDU		
Intraday NAV Ticker	IDUIV		
Benchmark Index Ticker (Bloomberg)	DJUSUT		
Market Cap (\$Mil)	756		
Shares Outstanding (Mil)	8.7		
Avg Daily Trading Volume (Shares)	61,709		
Expense Ratio (%)	0.48		
Focus	Utilities		
Investment Advisor	Barclays Global Investors		
Inception Date	6/12/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	74		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Annualized Performance (%)	09/30/2006		

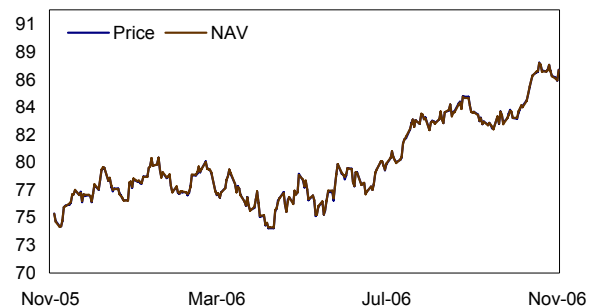
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	5.6	3.8	19.1	8.2	-	6.1
NAV	5.5	3.8	19.1	8.2	-	6.1

Distribution History (\$)			
	2004	2005	YTD 2006
Income	1.94	2.19	1.68
Capital Gains	0.00	0.00	0.00
Total	1.94	2.19	1.68

Fund Description

iShares Dow Jones U.S. Utilities Sector Index Fund (IDU) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Dow Jones US Utilities Sector Index. The index is a sub set of Dow Jones US Total Market Index that seeks to represent over 95% of the US equity market by investing in a broad selection of stocks that meet rules based criteria and consists of approximately 1,600 stocks. Stocks in the total market index are assigned to the utility sector by the Industry Classification Benchmark (ICB) and include electricity, gas, water and multiutility companies. The index is float-adjusted market cap-weighted and is rebalanced quarterly in March, June, September, and December. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown

November 8, 2006

Top Sector/Industry Weightings (%)	
Electric Utilities	40.7
Multi-Utilities	37.7
Independent Power Producers & Energy Traders	12.7
Gas Utilities	8.0
Water Utilities	0.6
Specialty Chemicals	0.3

Top Ten Holdings (%)

Exelon	7.5
Duke Energy	7.1
TXU	5.3
Dominion Resources	5.3
Southern Company	4.9
First Energy	3.5
FPL	3.4
Entergy	3.2
American Electric Power Company	2.9
Public Service Enterprises	2.8
Top Ten Total	46.0

Source: Bloomberg, Company Data, Thomson, FactSet.

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Utilities HOLDRS (UTH)

UTILITIES

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	127.94	130.75	107.81
Fund Ticker		UTH	
Intraday NAV Ticker		XUH	
Benchmark Index Ticker (Bloomberg)		XUH	
Market Cap (\$Mil)		254	
Shares Outstanding (Mil)		2.0	
Avg Daily Trading Volume (Shares)		196,887	
Expense Ratio (%)		0*	
Focus		Utilities	
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	
Annualized Performance (%)		09/30/2006	

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	5.3	3.4	21.9	8.9	-	7.9
NAV	5.3	3.4	21.9	8.9	-	7.9

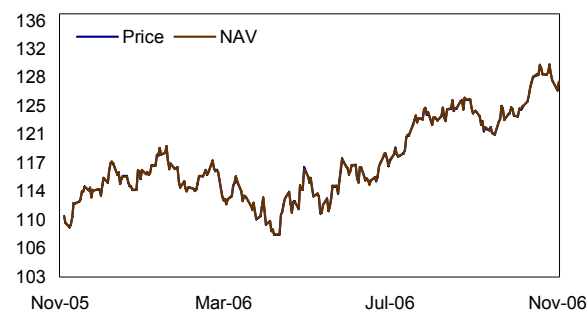
Distribution History (\$)

	2004	2005	YTD 2006
Income	3.17	3.66	3.76
Capital Gains	0.00	0.00	0.00
Total	3.17	3.66	3.76

Fund Description

Utilities HOLDRS (UTH) is an exchange-traded fund in a grantor trust format 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. Investing in HOLDRS is similar to the outright ownership of the underlying basket of stocks, as investors receive ongoing dividends, company reports, and have voting rights for each constituent stock. Individual investors also have the ability to redeem HOLDRS for the underlying shares, however, purchases and sales of HOLDRS can only be made in multiples of 100 shares. *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 November 8, 2006

Top Sector/Industry Weightings (%)

Electric Utilities	53.2
Multi-Utilities	29.7
Independent Power Producers & Energy Traders	12.3
Oil & Gas Storage & Transportation	4.8

Top Ten Holdings (%)

Excelon	14.3
TXU	11.8
Southern Company	8.2
Duke Energy	7.3
Dominion Resources	7.0
Entergy	6.6
FPL	6.3
PG&E	5.7
Edison International	5.2
Public Service Enterprises	4.8
Top Ten Total	77.2

Source: Bloomberg, Company Data, Thomson, FactSet.

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Utilities Select Sector SPDR (XLU)

UTILITIES

Pricing and Fund Data		11/08/06	
52 Week			
		High	Low
Price (\$)	35.65	36.16	30.10
Fund Ticker			XLU
Intraday NAV Ticker			UXV
Benchmark Index Ticker (Bloomberg)			IXU
Market Cap (\$Mil)			3,257
Shares Outstanding (Mil)			91.2
Avg Daily Trading Volume (Shares)			4,035,189
Expense Ratio (%)			0.25
Focus			Utilities
Investment Advisor		State Street Global Advisors	
Inception Date			12/22/1998
Portfolio Structure		Open-End Investment Company	
Approx. Number of Stocks in Fund			31
Options Available			Yes
Minimum Trade Size (Shares)			1
Distribution Frequency			Quarterly
Annualized Performance (%)			09/30/2006

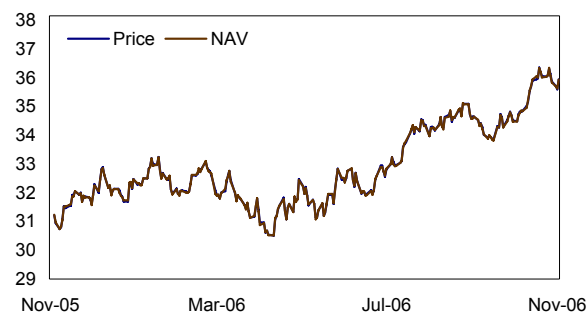
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	6.1	4.5	19.6	6.6	-	5.2
NAV	6.0	4.5	19.8	6.5	-	5.2

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.87	1.01	0.78
Capital Gains	0.00	0.00	0.00
Total	0.87	1.01	0.78

Fund Description

Utilities Select Sector SPDR (XLU) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Utilities Select Sector Index. The index is weighted on a modified market-cap basis and encompasses companies considered electric, gas or water utilities or those that operate as independent producers or distributors of power. It consists of large cap stocks within the S&P 500 Index classified in the Utilities Sector according to the Global Industry Classification Standard (GICS). The index is rebalanced to reflect changes to the S&P 500 Index that are made by the S&P Index Committee as necessary throughout the year. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown

November 8, 2006

Top Sector/Industry Weightings (%)	
Electric Utilities	44.7
Multi-Utilities	41.2
Independent Power Producers & Energy Traders	13.2
Gas Utilities	0.9

Top Ten Holdings (%)

Exelon	9.6
Duke Energy	9.1
TXU	6.8
Dominion Resources	6.7
Southern Company	6.3
FPL	4.8
First Energy	4.5
Entergy	4.1
American Electric Power Company	3.8
Public Service Enterprises	3.6
Top Ten Total	59.2

Source: Bloomberg, Company Data, Thomson, FactSet.

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Vanguard Utilities ETF (VPU)

UTILITIES

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	74.68	75.30
Fund Ticker	VPU	
Intraday NAV Ticker	HVJ	
Benchmark Index Ticker (Bloomberg)	MZUSI0UT	
Market Cap (\$Mil)	151	
Shares Outstanding (Mil)	2.0	
Avg Daily Trading Volume (Shares)	31,630	
Expense Ratio (%)	0.26	
Focus	Utilities	
Investment Advisor	The Vanguard Group	
Inception Date	1/30/2004	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	89	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Annualized Performance (%)	09/30/2006	

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	5.4	4.4	-	-	-	17.6
NAV	5.5	4.4	-	-	-	17.6

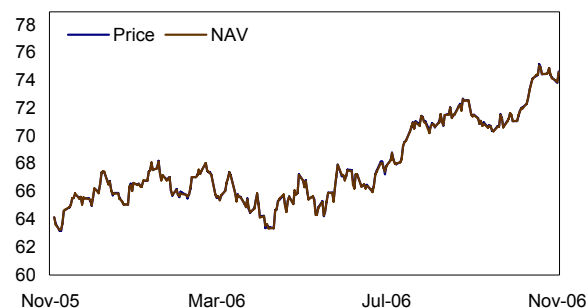
Distribution History (\$)

	2004	2005	YTD 2006
Income	1.55	1.90	1.63
Capital Gains	0.00	0.00	0.00
Total	1.55	1.90	1.63

Fund Description

Vanguard Utilities ETF (VPU) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the MSCI US Investable Market Utilities Index. The index is a subset of the MSCI US Investable Market Index which contains 2500 large, mid and small-cap stocks. It consists of all stocks within the broader MSCI US Investable Market Index classified as in the utilities sector according to the Global Industry Classification Standard (GICS). The index is market cap-weighted, adjusted quarterly beginning in February 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, the fund may use an optimization technique to invest in a representative sample of securities in the underlying index.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Electric Utilities	40.3
Multi-Utilities	38.4
Independent Power Producers & Energy Traders	12.4
Gas Utilities	8.0
Water Utilities	0.9

Top Ten Holdings (%)

Excelon	7.2
Duke Energy	6.8
Dominion Resources	5.0
TXU	4.8
Southern Company	4.7
FPL	3.4
First Energy	3.4
Entergy	3.1
American Electric Power Company	2.9
Public Service Enterprises	2.7
Top Ten Total	44.2

Source: Bloomberg, Company Data, Thomson, FactSet.

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INTERNATIONAL EQUITY INDEX-LINKED ETFs

The following section highlights international equity ETFs and their underlying indexes. It includes historical performance, valuations, correlations, our market outlook, and individual ETF profiles.

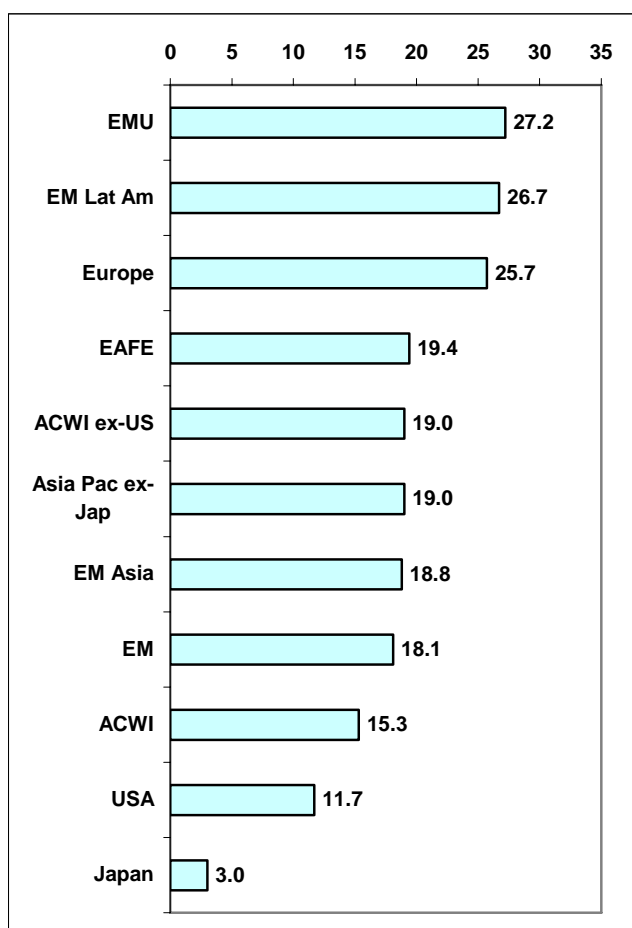
With the exception of Japan, Major International equity markets have continued to outperform the US this year. Most regions have benefited from a strengthening of the local currency relative to the US Dollar. Three of the four top performing regions have heavy European exposure. Latin America also continues to perform well, despite many investors expectation that the regions strong performance in 2005 and 2005, combined with a heavy election calendar, could lead to lackluster returns this year.

The country-specific indexes we monitor have generally exhibited positive performance so far this year. China and Spain have been standout performers, as have many of the single-country European indices, which have benefited from currency appreciation. South Africa, which had robust gains earlier this year, has corrected as gold prices have come down.

Exhibit 27

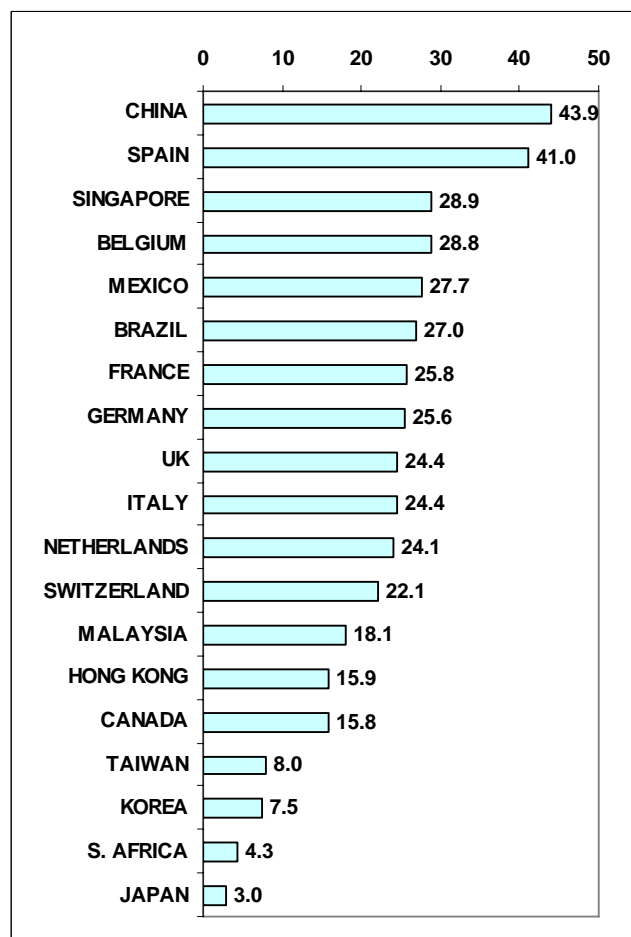
Index Performance – Year-to-Date 2006 in US Dollar Terms

Selected MSCI Major Market Indexes



Source: MSCI, as of 10/31/06

Selected MSCI Country Indexes



Source: MSCI, as of 10/31/06

Exhibit 28

Selected MSCI Country Index Annual Performance

Index Return	Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006 YTD
Best	Mexico 53.9	Belgium 68.7	Sweden 80.6	Switzerland 6.4	Mexico 18.5	Austria 17.3	Brazil 115.0	Austria 72.3	Brazil 57.0	Spain 41.0
	Switzerland 44.8	Italy 53.2	Mexico 80.1	Canada 5.6	Taiwan 10.5	Australia (0.3)	Sweden 66.1	Mexico 48.3	Mexico 49.1	Singapore 28.9
	Italy 36.4	Spain 50.6	Brazil 67.2	Italy (0.8)	Australia 2.7	Italy (6.3)	Germany 64.8	Belgium 44.9	Canada 28.9	Belgium 28.8
	USA 34.1	France 42.1	Japan 61.8	Netherlands (3.6)	Austria (5.0)	Switzerland (10.0)	Spain 59.2	Sweden 37.3	Japan 25.6	Sweden 28.3
	Brazil 27.3	USA 30.7	Singapore 60.2	France (4.1)	Belgium (10.2)	Japan (10.1)	Austria 57.8	Brazil 36.5	Austria 25.1	Mexico 27.7
	Spain 26.2	Germany 29.9	Hong Kong 59.5	Australia (9.1)	Spain (11.0)	Singapore (11.0)	Canada 55.4	Italy 33.9	Australia 17.5	Brazil 27.0
	Germany 25.0	Switzerland 24.1	Canada 54.4	Brazil (11.4)	USA (12.0)	Canada (12.8)	Australia 51.4	Australia 32.0	Switzerland 17.1	France 25.8
	Netherlands 24.5	Netherlands 23.9	Taiwan 52.7	Austria (11.5)	United Kingdom (14.0)	Mexico (13.3)	Taiwan 42.5	Spain 29.6	Netherlands 14.9	Germany 25.6
	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 41.0	Hong Kong 25.0	Singapore 14.4	United Kingdom 24.4
	AC World Free 15.0	United Kingdom 17.8	AC World Free 26.8	USA (12.5)	Brazil (17.0)	Spain (14.9)	Italy 39.0	Canada 22.8	Sweden 14.4	Italy 24.4
	Belgium 14.5	Sweden 14.5	USA 22.4	AC World Free (13.9)	Hong Kong (18.6)	United Kingdom (15.2)	Hong Kong 38.1	Singapore 22.3	AC World 11.4	Netherlands 24.1
	Sweden 13.5	Australia 7.1	Germany 20.5	Hong Kong (14.7)	Canada (20.1)	Hong Kong (17.8)	Singapore 37.6	United Kingdom 19.6	France 10.6	Australia 23.1
	Canada 13.3	Japan 5.2	Australia 18.7	Germany (15.3)	Switzerland (21.1)	AC World Free (19.0)	Belgium 36.9	France 19.2	Germany 10.5	Switzerland 22.1
	France 12.4	Austria 0.8	United Kingdom 12.5	Spain (15.5)	Netherlands (21.6)	Netherlands (20.3)	Japan 36.2	Germany 16.7	Belgium 10.2	Austria 21.7
	Austria 2.0	Hong Kong (2.9)	Netherlands 7.4	Belgium (16.3)	Germany (22.0)	France (20.8)	Switzerland 35.0	Japan 16.0	Hong Kong 8.4	Hong Kong 15.9
	Taiwan (6.3)	Singapore (3.6)	Spain 5.3	Mexico (20.5)	France (22.1)	USA (22.7)	AC World Free 34.6	AC World 15.8	United Kingdom 7.4	Canada 15.8
	Australia (9.5)	Canada (5.7)	Italy 0.2	Sweden (21.0)	Singapore (23.4)	Taiwan (24.5)	Mexico 32.8	Switzerland 15.6	Taiwan 7.3	AC World 15.3
	Hong Kong (23.3)	Taiwan (20.6)	Switzerland (6.6)	Singapore (27.7)	Italy (26.1)	Sweden (30.1)	United Kingdom 32.1	Netherlands 13.3	USA 5.7	USA 11.7
	Japan (23.5)	Mexico (33.5)	Austria (8.7)	Japan (28.1)	Sweden (26.8)	Brazil (30.7)	Netherlands 29.3	USA 10.7	Spain 4.9	Taiwan 8.0
Worst	Singapore (40.5)	Brazil (39.6)	Belgium (13.7)	Taiwan (44.9)	Japan (29.3)	Germany (32.9)	USA 29.1	Taiwan 9.8	Italy 3.1	Japan 3.0

Source: MSCI. YTD Data as of 10/31/06

Exhibit 29

Global Economic Forecasts – November 3, 2006

	GNP/GDP Growth (%)			CPI Inflation (%)		
	2005	2006E	2007E	2005	2006E	2007E
Global Economy	4.6	5.0	4.2	3.7	3.6	3.2
North America						
United States	3.2	3.4	3.0	3.4	3.4	1.9
Canada	2.9	2.7	2.2	2.2	2.0	1.3
Asia/Pacific						
Japan	2.6	2.8	2.3	-0.1	0.1	0.2
China	10.2	10.5	8.5	1.1	2.3	2.5
Hong Kong	7.3	5.6	4.5	1.1	2.3	2.5
Singapore	6.4	7.5	5.0	0.5	1.3	1.2
Taiwan	4.0	4.0	3.5	2.3	1.6	1.5
Latin America						
Brazil	2.3	3.5	4.0	6.9	4.5	4.1
Mexico	3.0	4.1	3.3	4.0	3.5	3.2
Europe						
France	1.2	2.3	1.9	1.7	1.7	1.1
Germany	0.9	2.3	1.1	2.0	1.8	1.9
Italy	0.1	1.7	1.0	2.0	2.1	1.7
Spain	3.5	3.6	2.6	3.4	3.6	2.6
Sweden	2.7	4.5	3.3	0.8	1.3	1.6
Switzerland	1.9	3.0	1.9	1.2	1.2	1.0
United Kingdom	1.9	2.6	2.5	2.0	2.4	2.4

Source: Morgan Stanley Research.

Exhibit 30

Global Market Performance and Valuation – November 3, 2006

	MSCI Performance (US\$)			% off 12-Mo.		P/E Ratio		EPS Growth	
	3-Month	YTD	12-Mo.	High	Low	2006E	2007E	2006E	2007E
North America									
US - S&P 500	7.1	11.0	14.0	-1.7	14.0	15.7	14.3	13.8	10.0
Canada	4.1	15.3	23.3	-1.3	25.6	16.2	14.6	27.0	11.4
Asia/Pacific									
Japan	0.7	2.3	14.1	-11.3	15.7	17.7	15.9	7.6	11.1
Australia	11.3	23.6	30.4	-0.4	32.0	14.9	14.9	13.2	0.1
Hong Kong	8.9	18.0	20.1	0.0	22.6	16.0	17.3	9.6	-7.6
Korea	7.3	9.3	27.0	-7.2	28.1	11.8	10.0	2.4	17.5
Taiwan	12.1	11.2	27.4	-7.3	27.6	15.4	13.0	19.0	18.4
Latin America									
Brazil	5.8	29.9	34.7	-8.9	37.4	10.2	8.9	20.9	15.2
Mexico	13.8	27.1	42.7	-2.8	44.0	14.1	12.4	17.9	14.1
Europe									
France	5.0	25.0	29.3	-1.4	32.9	14.3	13.3	8.4	8.0
Germany	7.5	24.5	31.6	-1.3	34.7	14.1	13.2	14.0	6.8
United Kingdom	5.0	24.4	25.1	-0.4	29.4	14.2	13.3	13.3	6.9

Exhibit 31

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	0.51	1.00																						
Brazil	0.61	0.61	1.00																					
Canada	0.63	0.62	0.70	1.00																				
France	0.49	0.76	0.65	0.66	1.00																			
Germany	0.42	0.74	0.64	0.61	0.95	1.00																		
HongKong	0.37	0.44	0.46	0.43	0.52	0.53	1.00																	
India	0.41	0.52	0.46	0.47	0.54	0.58	0.46	1.00																
Italy	0.42	0.75	0.59	0.60	0.90	0.88	0.47	0.51	1.00															
Japan	0.37	0.55	0.53	0.54	0.58	0.61	0.54	0.43	0.53	1.00														
Korea	0.37	0.51	0.52	0.51	0.57	0.58	0.66	0.49	0.50	0.68	1.00													
Mexico	0.44	0.61	0.71	0.60	0.68	0.68	0.47	0.43	0.61	0.57	0.57	1.00												
Russia	0.54	0.52	0.53	0.53	0.43	0.36	0.36	0.31	0.38	0.45	0.44	0.48	1.00											
Singapore	0.41	0.52	0.50	0.45	0.62	0.65	0.68	0.56	0.57	0.63	0.63	0.49	0.41	1.00										
Spain	0.45	0.75	0.65	0.61	0.89	0.89	0.52	0.53	0.87	0.56	0.50	0.64	0.38	0.61	1.00									
Switzerland	0.39	0.75	0.54	0.57	0.85	0.83	0.51	0.48	0.81	0.50	0.51	0.58	0.36	0.56	0.81	1.00								
Taiwan	0.36	0.42	0.46	0.41	0.51	0.52	0.60	0.46	0.45	0.54	0.68	0.47	0.30	0.59	0.44	0.46	1.00							
Thailand	0.42	0.46	0.48	0.40	0.48	0.50	0.49	0.44	0.44	0.45	0.49	0.42	0.36	0.54	0.47	0.43	0.48	1.00						
Turkey	0.47	0.52	0.62	0.46	0.46	0.48	0.40	0.40	0.46	0.46	0.46	0.55	0.44	0.51	0.50	0.39	0.40	0.44	1.00					
UK	0.51	0.76	0.66	0.66	0.87	0.83	0.53	0.52	0.81	0.57	0.55	0.66	0.49	0.61	0.82	0.81	0.51	0.55	0.46	1.00				
USA	0.40	0.52	0.68	0.60	0.74	0.75	0.46	0.45	0.66	0.51	0.52	0.74	0.35	0.48	0.66	0.59	0.48	0.33	0.38	0.67	1.00			
MSCI EAFE	0.52	0.80	0.70	0.70	0.93	0.92	0.63	0.58	0.86	0.80	0.69	0.73	0.51	0.73	0.88	0.84	0.60	0.56	0.54	0.91	0.73	1.00		
MSCI EM	0.60	0.72	0.79	0.71	0.75	0.75	0.73	0.64	0.69	0.72	0.84	0.76	0.63	0.74	0.71	0.67	0.76	0.65	0.67	0.77	0.67	0.86	1.00	

Source: FactSet. Correlations based upon weekly total returns from 11/7/03 to 11/03/06

International Equity Market Outlook & Favored ETFs

Morgan Stanley suggests at least a 13% allocation to international equities. We believe US investors should have exposure to international equities, as approximately 54% of the All Country World Index's (ACWI's) market cap exists outside the United States. Including international equities in a portfolio may reduce risk and enhance returns. Morgan Stanley's Global Wealth Management (GWM) Tactical Asset Allocation Frameworks for taxable US dollar/US oriented individual investors currently have international equity allocations between 13% and 22%.

For core international holdings, we favor indexes that are diversified by region, country and sector. The MSCI EAFE Index is broadly diversified and comprises 21 MSCI country indexes and over 1,100 securities representing the developed markets outside of North America: Europe, Australia and the Far East. To gain added flexibility to over- or underweight the major components of EAFE and reduce fees, some investors may wish to split EAFE into its two major components: Europe and Asia Pacific. To weight the ETFs in line with their proportionate weights in the EAFE Index, investors should hold about 70% in Europe and 30% in Asia Pacific.

Favored Developed Markets ETFs

- iShares MSCI EAFE Index Fund (EFA)
- iShares MSCI EAFE Growth Index Fund (EFG)
- Vanguard European ETF (VGK)
- Vanguard Pacific ETF (VPL)

Morgan Stanley's European strategists currently have a bullish outlook for Europe. Despite the recent rally, they believe further upside potential exists and they have increased their year-end price target from 1365 to 1516 for MSCI Europe, which represents an additional 3% upside from current levels. European GDP has grown at a surprising pace and our economists' estimate for GDP growth is now 2.7% for 2006 before slowing to 1.8% next year. Valuations remain attractive. MSCI Europe is now trading at a 14.2 times 2006 earnings, which represents a 10% discount compared to the 15.7 multiple of the ACWI index.

Favored European ETF

Vanguard European ETF (VGK)

The Japanese market has rebounded from its June lows, but continues to lag many foreign markets. Our Japanese equity strategist believes that the TOPIX index could trade in the 1,750-1,800 range by year end, which represents roughly 10-12% upside from the current 1,600 level. Our strategists feel that the market could be near an inflection point. Deflation in Japan is forecast to end this year, which should lead to stronger corporate investments, increased employment and higher prices, which should also translate into increased domestic demand. The current earnings season for Japanese companies could also be a catalyst as we expect to see upward revisions to earnings growth. Our overall expectations are for 10% earnings growth, with export companies continuing to do well as a result of only a modest US economic slowdown and a weaker yen.

Favored Japan ETFs

- iShares MSCI Japan Index Fund (EWJ)
- Vanguard Pacific ETF (VPL) (75% Japan)

Our strategists in Asia — excluding Japan — expect earnings to increase 10.6% this year and an additional 10% in 2007. Although valuations in the region have become less attractive following the recent market rally, they still appear reasonable. Developed Asia Ex-Japan is currently trading at 16.1 times 2006 and 15.2 times 2007 earnings. Asia is becoming less dependent on the US as direct trade with the US is now only slightly larger than trade with Europe.

Favored Asian ETFs

- iShares MSCI South Korea (EWY)
- iShares MSCI Taiwan (EWT)

Emerging markets (EMs) currently make up 8% of the All Country World Index (ACWI). Our strategists reduced exposure to EMs in May as they were up approximately 25% through the first five months of the year. However, investors may still wish to maintain some exposure to the asset class as a result of its above average growth potential. EMs are currently trading at 12.4 times 2007 earnings expectations, which represents a 12% discount to the S&P 500.

Favored Broad Based Emerging Market ETFs

- iShares MSCI EM Index Fund (EEM)
- Vanguard Emerging Markets ETF (VWO)

iShares MSCI EAFE Index Fund (EFA)

DEVELOPED MARKETS

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	71.30	56.03
Fund Ticker	EFA	
Intraday NAV Ticker	EFAIV	
Benchmark Index Ticker (Bloomberg)	NDDUEAFE	
Market Cap (\$Mil)	32,846	
Shares Outstanding (Mil)	463.2	
Avg Daily Trading Volume (Shares)	3,553,612	
Expense Ratio (%)	0.35	
Focus	International Developed	
Investment Advisor	Barclays Global Investors	
Inception Date	8/14/2001	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	811	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Annualized Performance (%)	09/30/2006	

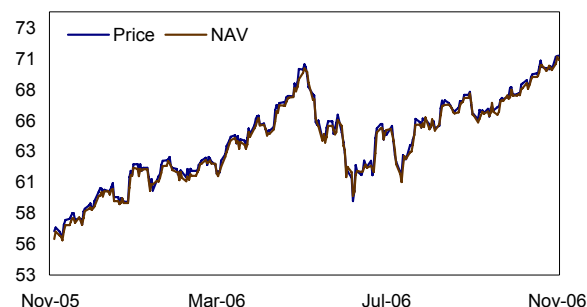
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	3.6	18.8	22.0	14.0	-	11.0
NAV	3.9	19.0	22.0	14.1	-	11.0

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.80	1.11	0.00
Capital Gains	0.00	0.00	0.00
Total	0.80	1.11	0.00

Fund Description

iShares MSCI EAFE Index Fund (EFA) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the MSCI EAFE Index. The Index is a leading benchmark used to measure international equity performance and comprises 21 MSCI country indexes representing the developed markets outside of North America: Europe, Australasia and the Far East. It consists of over 1100 securities from developed countries including Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. The Index is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. The index is fully rebalanced annually in May and reviewed and rebalanced if necessary in February, 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 November 8, 2006

Country Weighting (%)			
United Kingdom	24.2	Australia	5.6
Japan	22.9	Spain	4.2
France	9.8	Italy	3.9
Germany	7.3	Netherlands	3.3
Switzerland	7.0	Sweden	2.5

Top Sector/Industry Weightings (%)

Financials	30.1
Consumer Discretionary	12.1
Industrials	10.8
Materials	8.5
Consumer Staples	7.7
Energy	7.6
Health Care	7.3
Utilities	5.3
Information Technology	5.3
Telecommunication Services	5.3

Top Ten Holdings (%)

BP	1.8
HSBC	1.8
Toyota Motor Corp	1.4
GlaxoSmithKline	1.2
Total	1.2
Novartis	1.1
Vodafone	1.1
Nestle	1.1
Royal Dutch Shell	1.1
UBS	1.0
Top Ten Total	13.0

Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data for iShares current to the most recent month-end at the following website: www.ishares.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

iShares MSCI EAFE Growth Index Fund (EFG)

DEVELOPED MARKETS - GROWTH

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	65.90	67.04	52.63
Fund Ticker	EFG		
Intraday NAV Ticker	EFGIV		
Benchmark Index Ticker (Bloomberg)	NDUGEAFF		
Market Cap (\$Mil)	341		
Shares Outstanding (Mil)	5.2		
Avg Daily Trading Volume (Shares)	28,133		
Expense Ratio (%)	0.40		
Focus	International Developed Growth		
Investment Advisor	Barclays Global Investors		
Inception Date	8/5/2005		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	539		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Annualized Performance (%)	09/30/2006		

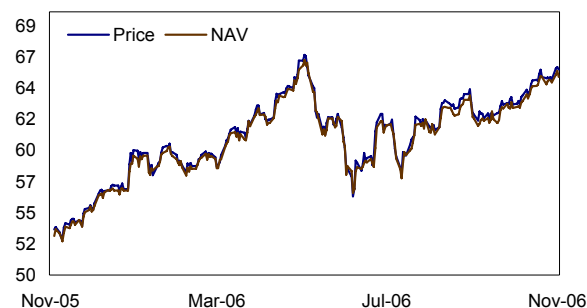
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	2.2	16.9	-	-	-	21.8
NAV	2.2	16.3	-	-	-	21.8

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.00	0.23	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.23	0.00

Fund Description

iShares MSCI EAFE Growth Index Fund (EFG) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the MSCI EAFE Growth Index. The index consists of stocks with growth characteristics, within the broader MSCI EAFE Index, which offers exposure to 21 developed market countries in Europe, Australasia, and the Far East. It is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. MSCI assigns stocks to growth and value style 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. The indexes are fully rebalanced annually in May and reviewed and rebalanced if necessary in February, 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 November 8, 2006

Country Weighting (%)			
United Kingdom	23.9	Australia	5.5
Japan	22.3	Spain	4.2
France	9.6	Italy	4.1
Switzerland	7.6	Netherlands	3.6
Germany	7.2	Sweden	2.5

Top Sector/Industry Weightings (%)	
Financials	19.9
Health Care	13.3
Industrials	13.0
Consumer Discretionary	12.0
Materials	11.8
Consumer Staples	10.0
Information Technology	7.9
Energy	7.7
Telecommunication Services	2.8
Utilities	1.6

Top Ten Holdings (%)	
BP	3.8
GlaxoSmithKline	2.6
Novartis	2.4
Roche	2.1
Mitsubishi Financial	1.9
Total	1.7
Astrazeneca	1.6
Sanofi	1.5
Banco Bilbao	1.4
Nokia	1.3
Top Ten Total	20.4

Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data for iShares current to the most recent month-end at the following website: www.ishares.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

iShares MSCI EAFE Value Index Fund (EFV)

DEVELOPED MARKETS-VALUE

Pricing and Fund Data		11/08/06	
52 Week			
		High	Low
Price (\$)	69.71	69.94	52.85
Fund Ticker	EFV		
Intraday NAV Ticker	EFVIV		
Benchmark Index Ticker (Bloomberg)	NDUVEAFF		
Market Cap (\$Mil)	611		
Shares Outstanding (Mil)	8.8		
Avg Daily Trading Volume (Shares)	87,987		
Expense Ratio (%)	0.40		
Focus	International Developed Value		
Investment Advisor	Barclays Global Investors		
Inception Date	8/5/2005		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	534		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Annualized Performance (%)	09/30/2006		

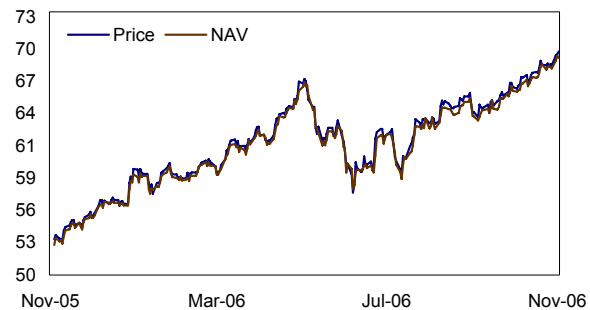
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	5.2	21.8	-	-	-	27.1
NAV	5.4	21.3	-	-	-	27.1

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.00	0.25	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.25	0.00

Fund Description

iShares MSCI EAFE Value Index Fund (EFV) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the MSCI EAFE Value Index. The index consists of stocks with value characteristics, within the broader MSCI EAFE Index, which offers exposure to 21 developed market countries in Europe, Australasia, and the Far East. It is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. MSCI assigns stocks to growth and value style 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. The indexes are fully rebalanced annually in May and reviewed and rebalanced if necessary in February, 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

November 8, 2006

Country Weighting (%)			
United Kingdom	24.4	Australia	5.6
Japan	23.1	Spain	4.5
France	10.2	Italy	3.8
Germany	7.4	Netherlands	3.2
Switzerland	6.6	Sweden	2.3

Top Sector/Industry Weightings (%)

Financials	39.9
Consumer Discretionary	12.0
Utilities	8.9
Industrials	8.3
Telecommunication Services	7.7
Energy	7.3
Consumer Staples	5.6
Materials	5.3
Information Technology	3.2
Health Care	1.9

Top Ten Holdings (%)

HSBC	3.5
Toyota Motor Corp	2.8
Nestle	2.2
Vodafone	2.2
Royal Dutch Shell	2.1
Royal Bank Of Scotland	1.8
Banco Santander	1.7
Royal Dutch Shell B	1.6
BNP Paribas	1.5
Barclays	1.4
Top Ten Total	20.7

Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data for iShares current to the most recent month-end at the following website: www.ishares.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

BLDRS Emerging Markets 50 ADR Index Fund (ADRE)

EMERGING MARKETS

Pricing and Fund Data		11/08/06	
52 Week			
		High	Low
Price (\$)	35.33	36.98	25.37
Fund Ticker			ADRE
Intraday NAV Ticker			ADREI
Benchmark Index Ticker (Bloomberg)			BKTEM
Market Cap (\$Mil)			305
Shares Outstanding (Mil)			8.6
Avg Daily Trading Volume (Shares)			208,023
Expense Ratio (%)			0.30
Focus	Emerging Market 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	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Quarterly		
Annualized Performance (%)	09/30/2006		

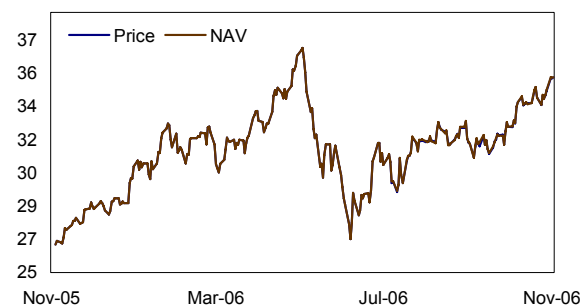
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	4.5	20.9	30.6	-	-	32.5
NAV	4.9	20.9	30.4	-	-	32.5

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.33	0.54	0.47
Capital Gains	0.00	0.00	0.00
Total	0.33	0.54	0.47

Fund Description

BLDRS Emerging Markets 50 ADR Index Fund (ADRE) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 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. This index uses free float adjusted market capitalizations and is reviewed and rebalanced quarterly in March, June, September and December. 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 November 8, 2006

Country Weighting (%)			
Brazil	23.5	India	8.2
Hong Kong	15.8	South Africa	6.3
Mexico	13.4	Israel	3.9
Korea	13.3	Russia	2.2
Taiwan	9.8	Indonesia	1.4

Top Sector/Industry Weightings (%)

Telecommunication Services	22.8
Energy	18.7
Financials	17.2
Materials	16.2
Information Technology	13.8
Health Care	3.9
Consumer Staples	2.4
Consumer Discretionary	2.1
Utilities	1.5
Industrials	1.3

Top Ten Holdings (%)

American Movil	6.0
Taiwan Semiconductor	5.8
China Mobile Limited	5.1
Petroleo Brasileiro Sa Petro	4.6
Infosys Technologies Ltd	4.0
Kookmin Bk	3.9
Teva Pharm	3.9
Petroleo Brasileiro Adr	3.7
Posco	3.4
Cemex Sab De Cv	3.4
Top Ten Total	43.8

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares MSCI Emerging Markets Index Fund (EEM)

EMERGING MARKETS

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	105.47	81.26
Fund Ticker	EEM	
Intraday NAV Ticker	EEMIV	
Benchmark Index Ticker (Bloomberg)	NDUEEGF	
Market Cap (\$Mil)	13,689	
Shares Outstanding (Mil)	129.3	
Avg Daily Trading Volume (Shares)	5,897,995	
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	270	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Annualized Performance (%)	09/30/2006	

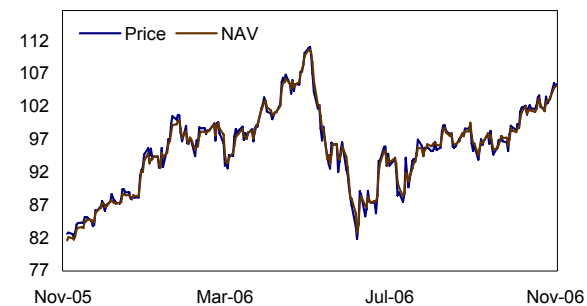
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	3.1	15.3	30.0	-	-	37.7
NAV	3.9	16.3	30.1	-	-	37.7

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.80	0.99	0.00
Capital Gains	0.00	0.00	0.00
Total	0.80	0.99	0.00

Fund Description

iShares MSCI Emerging Markets Index Fund (EEM) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the MSCI EM Index. The index seeks to measure equity market performance in the global emerging markets. It consists of over 800 securities from 26 emerging market countries including Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Jordan, Korea, Malaysia, Mexico, Morocco, Pakistan, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, Turkey and Venezuela. It is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. The indexes are fully rebalanced annually in May and reviewed and rebalanced if necessary in February, 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 November 8, 2006

Country Weighting (%)*			
South Korea	16.5	South Africa	9.2
Taiwan	10.7	Mexico	7.6
Brazil	10.3	India	5.5
Russia	9.9	Israel	4.0
China	9.8	Indonesia	2.7

Top Sector/Industry Weightings (%)	
Energy	17.3
Banks	15.5
Materials	13.2
Telecommunication Services	12.7
Semiconductors & Semiconductor Equipment	12.2
Utilities	4.8
Software & Services	3.0
Technology Hardware & Equipment	2.5
Pharmaceuticals Biotechnology & Life Sciences	2.2
Capital Goods	2.1

Top Ten Holdings (%)	
Samsung Electronics	5.0
OAQ Gazprom - ADR, Reg S	4.7
Taiwan Semiconductor Manufacturing	3.5
Kookmin Bank, Sponsored ADR	3.0
POSCO, ADR	2.8
LUKOIL, Sponsored ADR	2.2
United Microelectronics Corp	1.9
China Mobile Hong Kong, Ltd.	1.9
Korea Electric Power Corp	1.9
America Movil SA de CV-Class L	1.7
Top Ten Total	28.7

Source: Bloomberg, Company Data, Thomson, FactSet.

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Vanguard Emerging Markets ETF (VWO)

EMERGING MARKETS

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	72.58	55.40
Fund Ticker	VWO	
Intraday NAV Ticker	HVO	
Benchmark Index Ticker (Bloomberg)	MXEF	
Market Cap (\$Mil)	1,664	
Shares Outstanding (Mil)	22.9	
Avg Daily Trading Volume (Shares)	143,569	
Expense Ratio (%)	0.30	
Focus	Emerging Markets	
Investment Advisor	The Vanguard Group	
Inception Date	3/10/2005	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	752	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Annualized Performance (%)	09/30/2006	

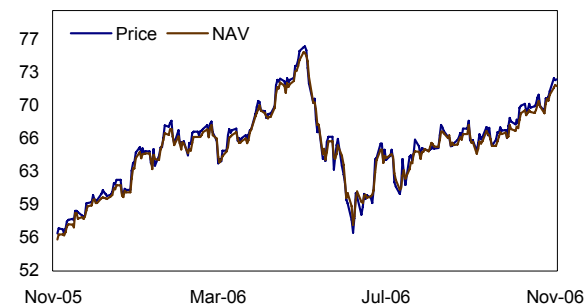
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	4.5	18.5	-	-	-	22.8
NAV	4.1	18.2	-	-	-	22.8

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.00	1.08	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	1.08	0.00

Fund Description

Vanguard Emerging Markets ETF (VWO) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Select Emerging Markets Index. The Index includes approximately 650 common stocks of companies located in emerging markets around the world including Europe, Asia, Africa and Latin America. The Select Emerging Markets Index is a subset of the MSCI Emerging Markets Index with adjustments designed to reduce risk. The most significant adjustment is the exclusion of certain markets due to concerns about liquidity, repatriation of capital or entry barriers. In addition, individual country weights are capped at 20% of index market cap. MSCI administers the Select Emerging Markets exclusively for Vanguard. The index is float-adjusted and market capitalization weighted. It is fully rebalanced annually in May and reviewed and rebalanced if necessary in February, August and November. To track the index, the fund generally will invest in all of the securities in the index in proportion to their weightings in the index.

Price & NAV Performance



Portfolio Breakdown September 30, 2006

Country Weighting (%)			
South Korea	17.9	South Africa	7.8
Taiwan	13.3	India	6.8
Russia	10.4	Mexico	6.2
Brazil	10.3	Israel	2.8
China	9.4	Malaysia	2.7

Top Sector/Industry Weightings (%)	
Energy	17.3
Banks	15.5
Materials	13.2
Telecommunication Services	12.7
Semiconductors & Semiconductor Equipment	12.2
Utilities	4.8
Software & Services	3.0
Technology Hardware & Equipment	2.5
Pharmaceuticals Biotechnology & Life Sciences	2.2
Capital Goods	2.1

Top Ten Holdings (%)	
Samsung Electronics Co., Ltd.	3.7
China Mobile (Hong Kong) Ltd.	1.8
Petroleo Brasileiro SA Pfd.	1.7
America Movil	1.6
Kookmin Bank	1.4
Petroleo Brasileiro	1.4
Teva Pharmaceutical	1.3
Hon Hai Precision	1.2
Teva Pharmaceutical	1.2
Cemex	0.6
Top Ten Total	15.9

Source: Bloomberg, Company Data, Thomson, FactSet.

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BLDRS Asia 50 ADR Index Fund (ADRA)

ASIA/PACIFIC

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	31.10	25.37
Fund Ticker	ADRA	
Intraday NAV Ticker	ADRAI	
Benchmark Index Ticker (Bloomberg)	BKTAS	
Market Cap (\$Mil)	102	
Shares Outstanding (Mil)	3.3	
Avg Daily Trading Volume (Shares)	22,140	
Expense Ratio (%)	0.30	
Focus	Asia 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	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Quarterly	
Annualized Performance (%)	09/30/2006	

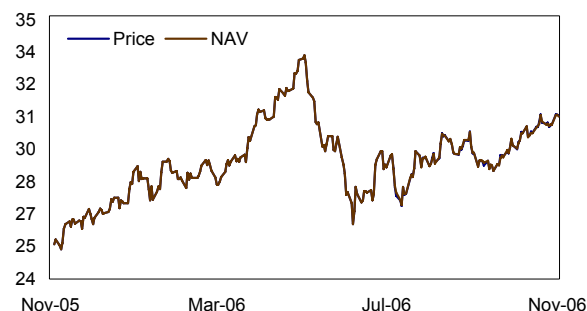
	Since					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	0.9	14.3	16.8	-	-	18.9
NAV	0.8	14.3	16.6	-	-	18.9

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.28	0.39	0.29
Capital Gains	0.00	0.00	0.00
Total	0.28	0.39	0.29

Fund Description

BLDRS Asia 50 ADR Index Fund (ADRA) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 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. This index uses free float adjusted market capitalizations and is reviewed and rebalanced quarterly in March, June, September and December. 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 November 8, 2006

Country Weighting (%)			
Japan	58.4	India	3.7
Australia	17.2	Indonesia	0.7
Hong Kong	7.9	New Zealand	0.5
Korea	6.7		
Taiwan	4.9		

Top Sector/Industry Weightings (%)	
Consumer Discretionary	28.8
Financials	27.1
Information Technology	17.5
Telecommunication Services	10.5
Materials	8.8
Energy	3.7
Industrials	2.9
Utilities	0.8

Top Ten Holdings (%)	
Toyota Motor Corp	13.6
Mitsubishi UFJ Financial	10.3
BHP Billiton	5.7
Canon Inc ADR	5.0
Honda Motor Co	4.9
Natl Australia	3.6
Matsushita Elec	3.5
ANZ Banking Group	3.1
Sony	3.1
Taiwan Semiconductor	2.9
Top Ten Total	55.5

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares MSCI Pacific ex-Japan Index Fund (EPP)

ASIA/PACIFIC

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	121.40	122.80	96.75
Fund Ticker	EPP		
Intraday NAV Ticker	EPPIV		
Benchmark Index Ticker (Bloomberg)	NDDUPFXJ		
Market Cap (\$Mil)	2,221		
Shares Outstanding (Mil)	18.5		
Avg Daily Trading Volume (Shares)	100,343		
Expense Ratio (%)	0.50		
Focus	Pacific Ex Japan		
Investment Advisor	Barclays Global Investors		
Inception Date	10/26/2001		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	180		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Annualized Performance (%)	09/30/2006		

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	3.5	11.8	23.0	-	-	20.4
NAV	4.1	12.6	23.7	-	-	20.4

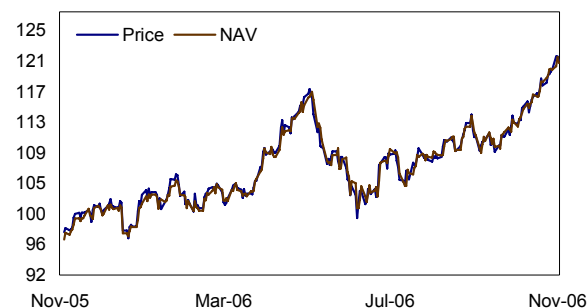
Distribution History (\$)

	2004	2005	YTD 2006
Income	3.01	3.70	0.00
Capital Gains	0.00	0.00	0.00
Total	3.01	3.70	0.00

Fund Description

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 developed market countries: Australia, Hong Kong, New Zealand, and Singapore. It is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. The indexes are fully rebalanced annually in May and reviewed and rebalanced if necessary in February, 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 November 8, 2006

Country Weighting (%)

Australia	66.9
Hong Kong	20.5
Singapore	10.8
New Zealand	1.9

Top Sector/Industry Weightings (%)

Financials	48.9
Materials	15.3
Industrials	10.6
Consumer Discretionary	6.2
Consumer Staples	5.2
Utilities	3.8
Energy	3.0
Telecommunication Services	3.0
Health Care	2.2
Information Technology	1.8

Top Ten Holdings (%)

BHP Billiton	7.5
National Australian Bank	4.8
Commonwealth Bank	4.8
ANZ Bank	4.2
Westpac	3.5
Westfield Group	2.2
Woolworths	1.9
Hutchison	1.9
Rio Tinto	1.8
Cheung Kong	1.6
Top Ten Total	34.4

Source: Bloomberg, Company Data, Thomson, FactSet.

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Vanguard Pacific ETF (VPL)

ASIA/PACIFIC

Pricing and Fund Data		11/08/06	
52 Week			
		High	Low
Price (\$)	64.29	70.15	55.34
Fund Ticker	VPL		
Intraday NAV Ticker	SVY		
Benchmark Index Ticker (Bloomberg)	MXPB		
Market Cap (\$Mil)	685		
Shares Outstanding (Mil)	10.8		
Avg Daily Trading Volume (Shares)	61,612		
Expense Ratio (%)	0.18		
Focus	Japan & Devlp'd Asia		
Investment Advisor	The Vanguard Group		
Inception Date	3/10/2005		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	370		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Annualized Performance (%)	09/30/2006		

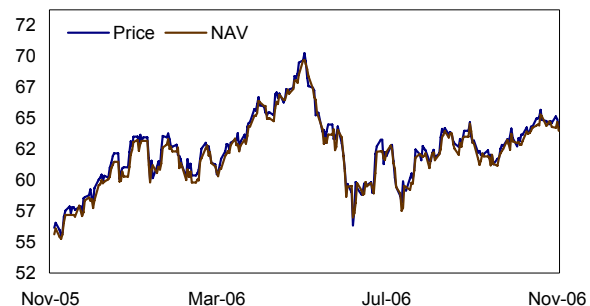
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	0.0	11.2	-	-	-	15.7
NAV	0.4	12.4	-	-	-	15.7

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.00	0.93	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	0.93	0.00

Fund Description

Vanguard Pacific ETF (VPL) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the MSCI Pacific Index. The index consists of approximately 550 common stocks of companies located in five developed market countries in the Asia Pacific region including Japan, Australia, Hong Kong, New Zealand, and Singapore. It is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. The index fully rebalanced annually in May and reviewed and rebalanced if necessary in February, August and November. To track the index, the fund generally will invest in all of the securities in the index in proportion to their weightings in the index.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Country Weighting (%)	
Japan	74.0
Australia	17.4
Hong Kong	5.3
Singapore	2.8
New Zealand	0.5

Top Sector/Industry Weightings (%)	
Financials	29.8
Consumer Discretionary	16.8
Industrials	14.4
Materials	10.5
Information Technology	9.7
Health Care	5.2
Consumer Staples	4.7
Utilities	4.4
Telecommunication Services	3.1
Energy	1.3

Top Ten Holdings (%)	
Toyota Motor Corp	4.6
Mitsubishi Financial	3.0
BHP Billiton	2.1
Mizuho Financial Group Inc	2.1
Sumitomo Mitsui Financial Group Inc	1.7
Honda Motor Co Ltd	1.5
Canon	1.5
Takeda Pharmaceutical	1.5
National Australian Bank	1.3
Commonwealth Bank	1.3
Top Ten Total	20.5

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares MSCI Australia Index Fund (EWA)

ASIA/PACIFIC

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	23.31	18.35
Fund Ticker	EWA	
Intraday NAV Ticker	EWAIV	
Benchmark Index Ticker (Bloomberg)	MXAU	
Market Cap (\$Mil)	771	
Shares Outstanding (Mil)	33.4	
Avg Daily Trading Volume (Shares)	455,513	
Expense Ratio (%)	0.59	
Focus	Australia	
Investment Advisor	Barclays Global Investors	
Inception Date	3/12/1996	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	88	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Annualized Performance (%)	09/30/2006	

	Since					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	2.2	12.0	25.9	25.8	10.6	10.5
NAV	2.8	12.4	26.4	24.8	10.7	10.5

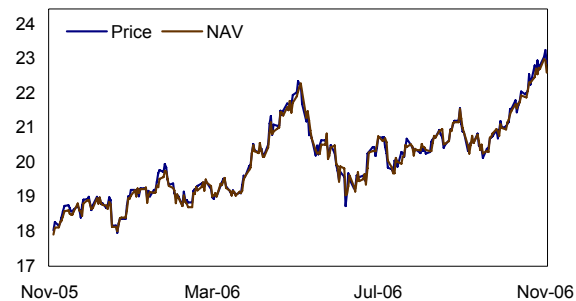
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.58	0.67	0.00
Capital Gains	0.00	0.00	0.00
Total	0.58	0.67	0.00

Fund Description

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 larger and most established public companies. It is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. The indexes are fully rebalanced annually in May and reviewed and rebalanced if necessary in February, 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	48.3
Materials	22.4
Consumer Staples	7.5
Industrials	7.4
Energy	4.4
Consumer Discretionary	4.3
Health Care	2.9
Utilities	1.3
Telecommunication Services	1.0
Information Technology	0.4

Top Ten Holdings (%)

BHP Billiton	11.3
National Australian Bank	7.2
Commonwealth Bank	7.2
ANZ Bank	6.3
Westpac	5.1
Westfield Group	3.3
Woolworths	2.9
Rio Tinto	2.6
Qbe Insurance	2.3
AMP	2.1
Top Ten Total	50.4

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares FTSE/Xinhua China 25 Index Fund (FXI)

ASIA/PACIFIC

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	88.00	90.12	59.21
Fund Ticker	FXI		
Intraday NAV Ticker	FXIIV		
Benchmark Index Ticker (Bloomberg)	XIN01		
Market Cap (\$Mil)	3,767		
Shares Outstanding (Mil)	42.2		
Avg Daily Trading Volume (Shares)	516,706		
Expense Ratio (%)	0.74		
Focus	China		
Investment Advisor	Barclays Global Investors		
Inception Date	10/8/2004		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	26		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Annualized Performance (%)	09/30/2006		

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	5.9	29.2	-	-	-	24.8
NAV	6.5	29.8	-	-	-	24.8

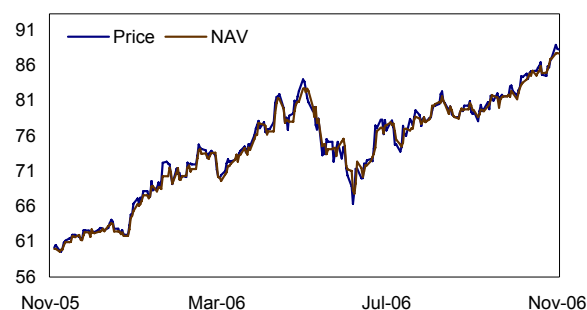
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.00	1.25	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	1.25	0.00

Fund Description

iShares FTSE/Xinhua China 25 Index Fund (FXI) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the FTSE/Xinhua China 25 Index. The index represents the performance of the largest companies in China available to international investors and consists of 25 of the largest and most liquid Chinese stocks. It contains "H" Shares of companies incorporated in China and "Red Chip" shares of companies incorporated in Hong Kong that have the majority of their business in China. Both share types are listed and trade in Hong Kong. Components are reviewed quarterly. The index is free float adjusted and modified market cap weighted with individual component weightings capped on a declining basis with the top position capped at 10%. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)

Financials	32.7
Energy	23.2
Telecommunication Services	21.7
Industrials	9.8
Materials	5.4
Utilities	4.2
Consumer Discretionary	3.1

Top Ten Holdings (%)

China Mobile	10.8
Petrochina	9.2
China Life	7.9
Bank Of China	7.0
China Petroleum And Chemical Corp	4.6
China Unicom	4.2
China Telecom Corp Limited	4.1
China Shenhua Energy Company Limited	4.0
Bank Of Comm	4.0
Cnooc	4.0
Top Ten Total	59.8

Source: Bloomberg, Company Data, Thomson, FactSet.

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PowerShares Golden Dragon Halter USX China Portfolio (PGJ)

ASIA/PACIFIC

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	17.37	18.07	13.38
Fund Ticker		PGJ	
Intraday NAV Ticker		TGJ	
Benchmark Index Ticker (Bloomberg)		HXC	
Market Cap (\$Mil)		254	
Shares Outstanding (Mil)		14.5	
Avg Daily Trading Volume (Shares)		105,050	
Expense Ratio (%)		0.60	
Focus		China	
Investment Advisor		PowerShares Capital	
Inception Date		12/8/2004	
Portfolio Structure		Open-End Investment Company	
Approx. Number of Stocks in Fund		54	
Options Available		Yes	
Minimum Trade Size (Shares)		1	
Distribution Frequency		Quarterly	
Annualized Performance (%)		09/30/2006	

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	1.1	12.7	-	-	-	7.2
NAV	1.0	12.7	-	-	-	7.2

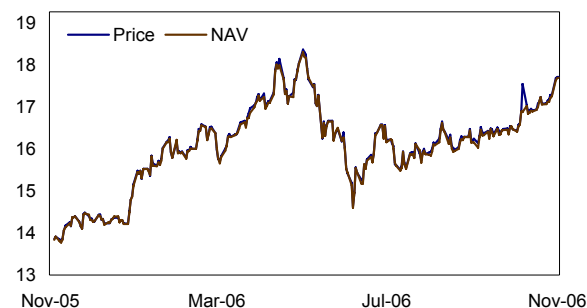
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.00	0.16	0.20
Capital Gains	0.00	0.00	0.00
Total	0.00	0.16	0.20

Fund Description

PowerShares Golden Dragon Halter USX China Portfolio (PGJ) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Halter USX China Index. The index is comprised of securities of companies that derive a majority of their revenue from the People's Republic of China that are listed on a major US exchange. The index is calculated using a modified market-cap weighted methodology. The list of component stocks is reviewed on a monthly basis and the portfolio is rebalanced and reconstituted quarterly in March, June, September and December at the discretion of a selection committee. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)

Information Technology	22.1
Telecommunication Services	20.6
Energy	19.2
Industrials	11.6
Materials	8.4
Consumer Discretionary	6.8
Utilities	5.1
Financials	4.6
Health Care	1.3
Consumer Staples	0.4

Top Ten Holdings (%)

China Mobile Limited	6.7
Petrochina Co	5.9
Huaneng Pow Intl	5.1
China Unicom	4.9
China Petroleum	4.8
Aluminum China	4.6
China Life Insurance	4.6
Suntech Power Holdings Adr	4.6
China Telecom Cp	4.5
Cnooc Limited Adr	4.4
Top Ten Total	50.1

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares MSCI Hong Kong Index Fund (EWH)

ASIA/PACIFIC

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	15.05	15.18	12.40
Fund Ticker	EWH		
Intraday NAV Ticker	EWHIV		
Benchmark Index Ticker (Bloomberg)	NDDUHK		
Market Cap (\$Mil)	1,029		
Shares Outstanding (Mil)	68.9		
Avg Daily Trading Volume (Shares)	1,551,077		
Expense Ratio (%)	0.59		
Focus	Hong Kong		
Investment Advisor	Barclays Global Investors		
Inception Date	3/12/1996		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	42		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Annualized Performance (%)	09/30/2006		

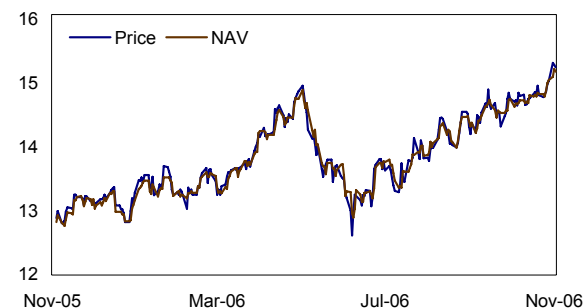
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	4.4	6.9	16.7	14.3	3.0	3.7
NAV	6.2	9.9	17.0	15.4	3.1	3.7

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.27	0.36	0.00
Capital Gains	0.00	0.00	0.00
Total	0.27	0.36	0.00

Fund Description

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 larger and most established public companies. It is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. The indexes are fully rebalanced annually in May and reviewed and rebalanced if necessary in February, 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	52.0
Industrials	14.8
Utilities	13.7
Consumer Discretionary	11.7
Information Technology	5.2
Telecommunication Services	2.6

Top Ten Holdings (%)

Hutchison	9.2
Cheung Kong	8.2
Sun Hung Kai Pro	7.3
CLP Holdings	5.8
Hang Seng Bk Ltd	5.1
Swire Pacific A	5.0
Esprit Asia	4.7
BOC Hong Kong	4.2
Hkex-500	4.1
HK & China Gas	4.1
Top Ten Total	57.6

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares MSCI Malaysia Index Fund (EWM)

ASIA/PACIFIC

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	8.32	8.42	6.70
Fund Ticker	EWM		
Intraday NAV Ticker	EWMIV		
Benchmark Index Ticker (Bloomberg)	MXMY		
Market Cap (\$Mil)	389		
Shares Outstanding (Mil)	46.6		
Avg Daily Trading Volume (Shares)	881,845		
Expense Ratio (%)	0.59		
Focus	Malaysia		
Investment Advisor	Barclays Global Investors		
Inception Date	3/12/1996		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	59		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Annualized Performance (%)	09/30/2006		

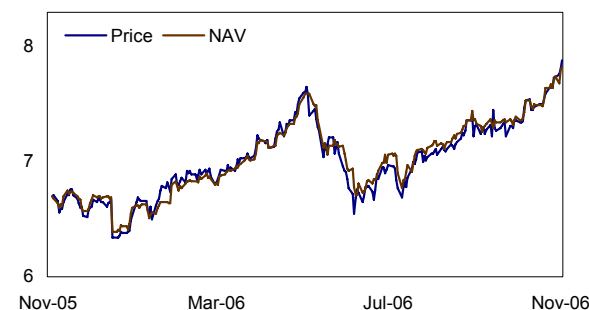
	Since					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	5.1	9.1	12.1	14.3	-3.7	-2.9
NAV	5.7	10.4	12.7	13.3	-3.4	-2.9

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.16	0.29	0.00
Capital Gains	0.00	0.00	0.00
Total	0.16	0.29	0.00

Fund Description

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 larger and most established public companies. It is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. The indexes are fully rebalanced annually in May and reviewed and rebalanced if necessary in February, 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	31.0
Industrials	18.5
Consumer Discretionary	14.6
Consumer Staples	12.9
Utilities	12.7
Telecommunication Services	7.7
Energy	1.6
Materials	0.6
Information Technology	0.4

Top Ten Holdings (%)

Malayan Banking	10.6
Bumiputra Commerce Holdings Berhad	7.6
IOI Corp Bhd	5.7
Tenaga Nasional	5.1
Misc Foreign	5.0
Genting Berhad	4.7
Sime Darby Bhd	4.6
Maxis Communicat	3.9
Telekom Malaysia	3.8
Publicbk Foreign	3.6
<i>Top Ten Total</i>	54.7

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares MSCI Singapore Index Fund (EWS)

ASIA/PACIFIC

Pricing and Fund Data 11/08/06

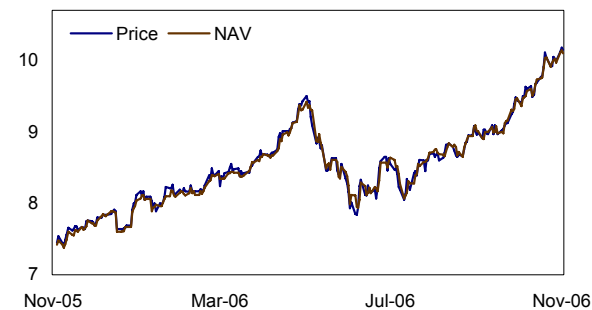
		52 Week	
		High	Low
Price (\$)	10.36	10.43	7.56
Fund Ticker	EWS		
Intraday NAV Ticker	EWSIV		
Benchmark Index Ticker (Bloomberg)	NDDUSG		
Market Cap (\$Mil)	823		
Shares Outstanding (Mil)	79.4		
Avg Daily Trading Volume (Shares)	844,556		
Expense Ratio (%)	0.59		
Focus	Singapore		
Investment Advisor	Barclays Global Investors		
Inception Date	3/12/1996		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	38		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Annualized Performance (%)	09/30/2006		

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	6.0	21.2	22.4	20.4	0.2	-0.5
NAV	6.7	23.9	22.7	19.4	0.2	-0.5

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.28	0.29	0.00
Capital Gains	0.00	0.00	0.00
Total	0.28	0.29	0.00

Fund Description
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 larger and most established public companies. It is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. The indexes are fully rebalanced annually in May and reviewed and rebalanced if necessary in February, 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	53.6
Industrials	23.5
Telecommunication Services	11.7
Consumer Discretionary	4.8
Information Technology	3.7
Consumer Staples	1.5
Health Care	0.9
Energy	0.3

Top Ten Holdings (%)

DBS Group	13.0
UOB Ltd	12.4
Spore Telecom	11.7
Ocbc	10.8
Keppel Corp	5.1
SIA Ltd	4.9
Capitaland	4.4
Spore Press Hldg	4.0
City Devt Ltd	3.6
Fraser & Neave	2.6
<i>Top Ten Total</i>	72.5

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares MSCI South Korea Index Fund (EWY)

ASIA/PACIFIC

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	48.03	52.90	38.70
Fund Ticker	EWY		
Intraday NAV Ticker	EWYIV		
Benchmark Index Ticker (Bloomberg)	NDEUSKO		
Market Cap (\$Mil)	1,630		
Shares Outstanding (Mil)	33.7		
Avg Daily Trading Volume (Shares)	883,254		
Expense Ratio (%)	0.74		
Focus	Korea		
Investment Advisor	Barclays Global Investors		
Inception Date	5/10/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	90		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Annualized Performance (%)	09/30/2006		

	Since					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	2.5	17.9	30.2	33.8	-	14.3
NAV	5.3	22.5	30.7	34.3	-	14.3

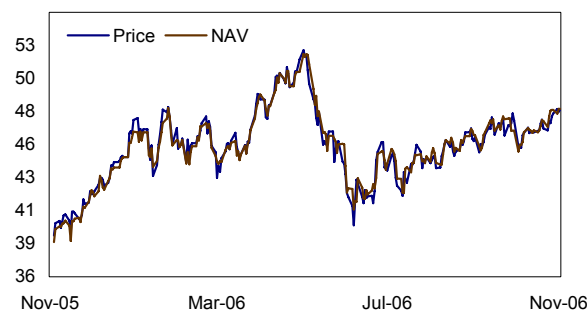
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.10	0.26	0.00
Capital Gains	0.00	0.00	0.00
Total	0.10	0.26	0.00

Fund Description

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 larger and most established public companies. It is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. The indexes are fully rebalanced annually in May and reviewed and rebalanced if necessary in February, 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Information Technology	27.2
Financials	19.7
Industrials	14.3
Consumer Discretionary	12.3
Materials	7.8
Consumer Staples	6.6
Telecommunication Services	5.4
Energy	3.1
Utilities	2.9
Health Care	0.6

Top Ten Holdings (%)

Samsung Electronics	20.8
Kookmin Bank	7.7
Posco	5.9
Hyundai Motor	3.6
Shinhan Financ	3.0
Korea Elec Power	2.9
Shinsegae	2.5
SK Corporation	2.3
KT & G Corporation	2.0
Hyundai Hvy Ind	2.0
<i>Top Ten Total</i>	52.6

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares MSCI Taiwan Index Fund (EWT)

ASIA/PACIFIC

Pricing and Fund Data 11/08/06

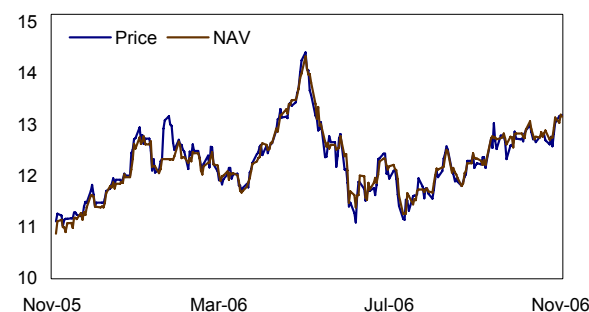
		52 Week	
		High	Low
Price (\$)	13.66	14.94	11.30
Fund Ticker	EWT		
Intraday NAV Ticker	EWTIV		
Benchmark Index Ticker (Bloomberg)	NDEUSTW		
Market Cap (\$Mil)	1,905		
Shares Outstanding (Mil)	141.0		
Avg Daily Trading Volume (Shares)	2,922,598		
Expense Ratio (%)	0.74		
Focus	Taiwan		
Investment Advisor	Barclays Global Investors		
Inception Date	6/21/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	100		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Annualized Performance (%)	09/30/2006		

	Since				
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr
Price	-0.2	10.5	5.9	13.0	-
NAV	2.4	13.6	7.2	13.7	-

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.08	0.14	0.00
Capital Gains	0.00	0.00	0.00
Total	0.08	0.14	0.00

Fund Description
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 larger and most established public companies. It is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. The indexes are fully rebalanced annually in May and reviewed and rebalanced if necessary in February, 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Information Technology	58.4
Financials	17.1
Materials	11.6
Industrials	3.6
Telecommunication Services	3.5
Consumer Discretionary	2.0
Energy	1.5
Consumer Staples	1.3

Top Ten Holdings (%)

Taiwan Semiconductor Manufacturing Co	13.9
Hon Hai Precision Industries	9.6
Cathay Financial Holding Co Ltd	3.8
United Micro	3.6
AU Optronics Corp	3.1
Mediatek	3.0
High Tech Comp	2.9
China Steel	2.7
Nan Ya Plastic	2.7
Chunghwa Telecom	2.6
Top Ten Total	48.0

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares S&P Europe 350 Index Fund (IEV)

EUROPE

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	102.47	102.77
Fund Ticker	IEV	
Intraday NAV Ticker	IEVIV	
Benchmark Index Ticker (Bloomberg)	SPTR350N	
Market Cap (\$Mil)	2,245	
Shares Outstanding (Mil)	22.0	
Avg Daily Trading Volume (Shares)	149,131	
Expense Ratio (%)	0.60	
Focus	S&P Europe 350	
Investment Advisor	Barclays Global Investors	
Inception Date	7/25/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	342	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Annualized Performance (%)	09/30/2006	

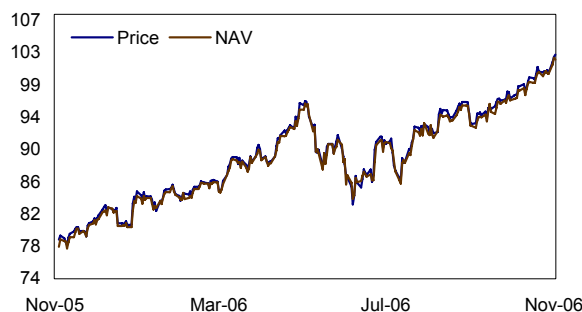
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	5.7	22.7	23.6	14.1	-	4.9
NAV	5.7	22.4	23.4	14.0	-	4.9

Distribution History (\$)			
	2004	2005	YTD 2006
Income	1.35	1.88	0.00
Capital Gains	0.00	0.00	0.00
Total	1.35	1.88	0.00

Fund Description

iShares S&P Europe 350 Index Fund (IEV) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the S&P Europe 350 Index. This index is a component of the S&P Global 1200 Index and includes 350 highly liquid securities from major economic sectors spanning 17 exchanges. The index covers approximately 70% of the region's market cap and provides exposure to Austria, Belgium, Denmark, Finland, France, Germany, Great Britain, Greece, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden and Switzerland. The index is maintained by the S&P Index Committee, whose members include Standard and Poor's economists and index analysts. It is float-adjusted market cap-weighted and changes are made 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 November 8, 2006

Country Weighting (%)			
United Kingdom	35.8	Italy	5.5
France	14.5	Netherlands	5.5
Germany	10.8	Sweden	3.3
Switzerland	10.8	Belgium	1.9
Spain	6.6	Finland	1.6

Top Sector/Industry Weightings (%)	
Financials	32.3
Energy	10.1
Consumer Discretionary	9.1
Consumer Staples	8.9
Health Care	8.8
Materials	7.2
Industrials	7.2
Telecommunication Services	6.8
Utilities	6.6
Information Technology	3.0

Top Ten Holdings (%)	
HSBC	2.8
BP	2.7
Total	2.1
Novartis	2.1
GlaxoSmithKline	1.9
Nestle	1.7
Vodafone	1.7
UBS	1.6
Royal Dutch Shell	1.6
Roche	1.5
Top Ten Total	19.8

Source: Bloomberg, Company Data, Thomson, FactSet.

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Vanguard European ETF (VGK)

EUROPE

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	66.85	66.99	50.80
Fund Ticker			VGK
Intraday NAV Ticker			SVK
Benchmark Index Ticker (Bloomberg)			MXER
Market Cap (\$Mil)			1,251
Shares Outstanding (Mil)			18.8
Avg Daily Trading Volume (Shares)			150,259
Expense Ratio (%)			0.18
Focus		Europe ADRs	
Investment Advisor		The Vanguard Group	
Inception Date		3/10/2005	
Portfolio Structure		Open-End Investment Company	
Approx. Number of Stocks in Fund			374
Options Available			Yes
Minimum Trade Size (Shares)			1
Distribution Frequency			Annual
Annualized Performance (%)			09/30/2006

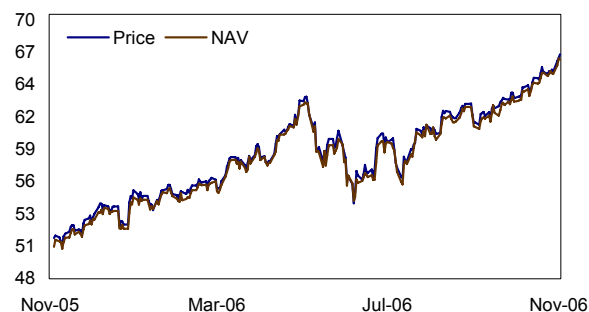
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	5.5	23.4	-	-	-	17.4
NAV	5.7	22.1	-	-	-	17.4

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.00	1.38	0.00
Capital Gains	0.00	0.00	0.00
Total	0.00	1.38	0.00

Fund Description

Vanguard European ETF (VGK) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the MSCI Europe Index. The index consists of approximately 600 common stocks in 16 developed European countries. Most of the index is comprised of companies located in the United Kingdom, France, Switzerland and Germany. Other countries represented in the index include Austria, Belgium, Denmark, Finland, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain and Sweden. The index is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. The index is fully rebalanced annually in May and reviewed and rebalanced if necessary in February, August and November. To track the index, the fund generally will invest in all of the securities in the index in proportion to their weightings in the index.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Country Weighting (%)			
United Kingdom	35.2	Italy	5.6
France	14.4	Netherlands	4.9
Germany	10.5	Sweden	3.7
Switzerland	10.2	Finland	2.1
Spain	6.1	Belgium	1.8

Top Sector/Industry Weightings (%)

Financials	30.2
Energy	10.2
Consumer Discretionary	9.6
Consumer Staples	9.0
Health Care	8.7
Industrials	8.6
Materials	7.3
Telecommunication Services	6.7
Utilities	6.1
Information Technology	3.7

Top Ten Holdings (%)

BP	2.7
HSBC	2.7
GlaxoSmithKline	1.9
Total	1.8
Novartis	1.7
Nestle	1.7
Vodafone	1.6
Royal Dutch Shell	1.6
UBS	1.5
Roche	1.5
Top Ten Total	18.6

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares MSCI EMU Index Fund (EZU)

EUROPE

Pricing and Fund Data 11/08/06

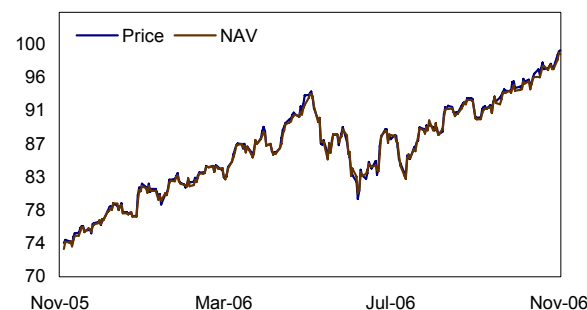
		52 Week	
		High	Low
Price (\$)	99.52	102.42	73.50
Fund Ticker	EZU		
Intraday NAV Ticker	EZUIV		
Benchmark Index Ticker (Bloomberg)	NDDUEMU		
Market Cap (\$Mil)	2,054		
Shares Outstanding (Mil)	20.7		
Avg Daily Trading Volume (Shares)	96,936		
Expense Ratio (%)	0.59		
Focus	EMU		
Investment Advisor	Barclays Global Investors		
Inception Date	7/26/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	289		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Annualized Performance (%)	09/30/2006		

	Since					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	7.0	24.6	25.0	15.0	-	3.7
NAV	6.4	24.0	25.2	15.0	-	3.7

Distribution History (\$)			
	2004	2005	YTD 2006
Income	1.30	1.32	0.00
Capital Gains	0.00	0.00	0.00
Total	1.30	1.32	0.00

Fund Description
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 (Euro Monetary Unit) Index. The index consists of stocks from 12 European countries that use the euro currency including Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. It is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. The indexes are fully rebalanced annually in May and reviewed and rebalanced if necessary in February, 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 November 8, 2006

Country Weighting (%)			
France	29.0	Finland	4.4
Germany	21.8	Belgium	3.7
Spain	12.6	Ireland	2.5
Italy	11.6	Austria	1.8
Netherlands	10.0	Greece	1.5

Top Sector/Industry Weightings (%)	
Financials	33.8
Consumer Discretionary	10.7
Industrials	9.3
Utilities	9.0
Telecommunication Services	7.7
Materials	7.4
Energy	7.1
Consumer Staples	6.5
Information Technology	5.1
Health Care	3.4

Top Ten Holdings (%)	
Total	3.7
Banco Santander	2.5
BNP Paribas	2.3
Sanofi	2.2
Telefonica Esp	2.1
ING Group	2.1
Banco Bilbao	2.1
Nokia	2.0
ENI	2.0
Allianz	1.9
<i>Top Ten Total</i>	22.9

Source: Bloomberg, Company Data, Thomson, FactSet.

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streetTRACKS Dow Jones EURO STOXX 50 Fund (FEZ)

EUROPE

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	52.05	39.35
Fund Ticker	FEZ	
Intraday NAV Ticker	FEZIV	
Benchmark Index Ticker (Bloomberg)	SX5E	
Market Cap (\$Mil)	320	
Shares Outstanding (Mil)	6.2	
Avg Daily Trading Volume (Shares)	113,951	
Expense Ratio (%)	0.33	
Focus	Large Cap Euro Zone	
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	
Annualized Performance (%)	09/30/2006	

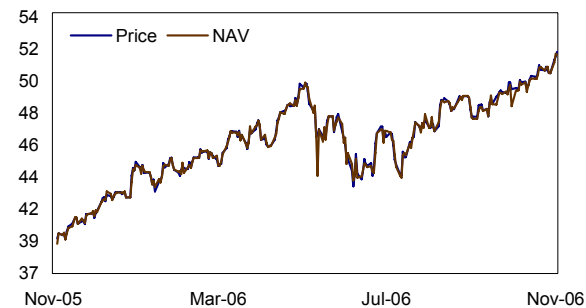
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	6.3	23.1	24.0	-	-	22.0
NAV	6.1	22.5	23.8	-	-	22.0

	Distribution History (\$)		
	2004	2005	YTD 2006
Income	0.83	0.99	1.19
Capital Gains	0.00	0.00	0.00
Total	0.83	0.99	1.19

Fund Description

streetTRACKS Dow Jones EURO STOXX 50 Fund (FEZ) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Dow Jones EURO STOXX 50 Index. The Index seeks to provide a blue-chip representation of market sector leaders in the Eurozone by measuring the performance of the 50 largest companies within the Eurozone portion of the Dow Jones STOXX Total Market Index. It gives exposure to 12 countries including Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. The index is free float market capitalization weighted. It captures approximately 60% of the market capitalization of the Dow Jones EURO STOXX Total Market Index that covers approximately 95% of the free-float market capitalization of the represented countries. The index is rebalanced annually in September. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Country Weighting (%)			
France	34.0	Finland	3.1
Germany	23.5	Ireland	0.9
Spain	14.4		
Netherlands	12.5		
Italy	11.5		

Top Sector/Industry Weightings (%)	
Financials	39.8
Utilities	11.2
Energy	9.9
Telecommunication Services	8.2
Consumer Discretionary	7.3
Consumer Staples	6.0
Information Technology	5.4
Materials	5.0
Industrials	3.8
Health Care	3.3

Top Ten Holdings (%)	
Total	5.8
Banco Santander	4.1
BNP Paribas	3.6
ING Group	3.5
Sanofi	3.3
Unicredito	3.3
Telefonica Esp	3.2
E.ON	3.1
Banco Bilbao	3.1
Nokia	3.1
Top Ten Total	36.3

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares MSCI Austria Index Fund (EWO)

EUROPE

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	33.73	35.00	25.16
Fund Ticker	EWO		
Intraday NAV Ticker	EWOIV		
Benchmark Index Ticker (Bloomberg)	NDDUAT		
Market Cap (\$Mil)	385		
Shares Outstanding (Mil)	11.4		
Avg Daily Trading Volume (Shares)	94,571		
Expense Ratio (%)	0.59		
Focus	Austria		
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		
Annualized Performance (%)	09/30/2006		

	Since					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	2.4	18.5	43.0	35.5	13.6	12.2
NAV	2.8	17.8	42.7	35.2	13.5	12.2

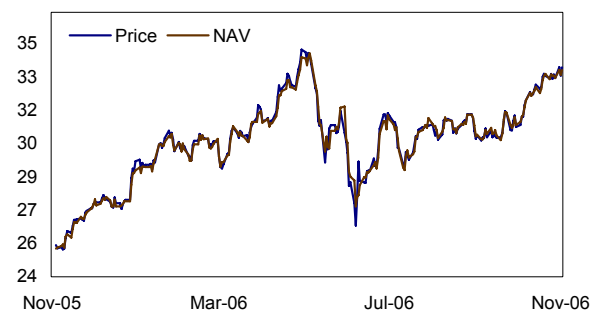
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.09	0.29	0.00
Capital Gains	0.00	0.00	0.00
Total	0.09	0.29	0.00

Fund Description

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 larger and most established public companies. It is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. The indexes are fully rebalanced annually in May and reviewed and rebalanced if necessary in February, 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	43.1
Energy	13.8
Telecommunication Services	13.5
Materials	13.0
Industrials	10.6
Utilities	6.0

Top Ten Holdings (%)

Erste Bank St	19.7
OMV Ag	13.8
Telekom Aust	13.5
Voestalpine	5.8
Raiff Int Bnkhld	5.7
Wienerberger	5.0
Oest Elektrizitats	4.9
Meinl Eur Land	4.8
CA Immobilien	4.6
Boehler Uddeholm	4.3
Top Ten Total	82.0

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares MSCI Belgium Index Fund (EWK)

EUROPE

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	24.76	24.85	18.61
Fund Ticker	EWK		
Intraday NAV Ticker	EWKIV		
Benchmark Index Ticker (Bloomberg)	NDDUBE		
Market Cap (\$Mil)	211		
Shares Outstanding (Mil)	8.6		
Avg Daily Trading Volume (Shares)	96,480		
Expense Ratio (%)	0.59		
Focus	Belgium		
Investment Advisor	Barclays Global Investors		
Inception Date	3/12/1996		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	22		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Annualized Performance (%)	09/30/2006		

	Since					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	10.3	29.5	32.2	20.9	10.4	10.5
NAV	10.1	28.0	31.5	20.5	10.4	10.5

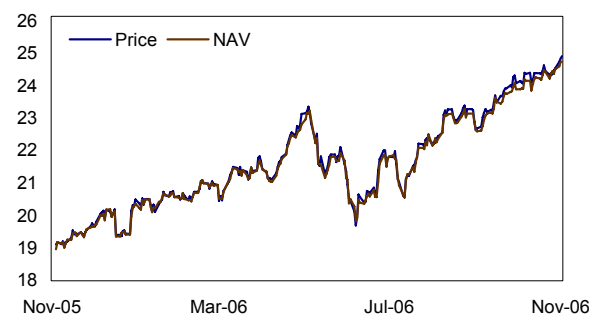
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.29	0.81	0.00
Capital Gains	0.00	0.00	0.00
Total	0.29	0.81	0.00

Fund Description

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 larger and most established public companies. It is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. The indexes are fully rebalanced annually in May and reviewed and rebalanced if necessary in February, 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	61.7
Consumer Staples	12.0
Materials	8.7
Telecommunication Services	7.3
Health Care	5.0
Consumer Discretionary	2.6
Industrials	1.6
Information Technology	0.6
Energy	0.4

Top Ten Holdings (%)

Fortis B	25.0
KBC Bankverzekerings Holding	13.8
Dexia	10.0
Belgacom	5.4
Inbev Sa	5.2
Groupe Bruxelles Lambert Sa	5.0
Solvay	4.9
Delhaize	4.4
Cofinimmo	4.3
UCB	3.8
Top Ten Total	81.9

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares MSCI France Index Fund (EWQ)

EUROPE

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	32.91	24.56
Fund Ticker	EWQ	
Intraday NAV Ticker	EWQIV	
Benchmark Index Ticker (Bloomberg)	NDDUFR	
Market Cap (\$Mil)	191	
Shares Outstanding (Mil)	5.8	
Avg Daily Trading Volume (Shares)	162,040	
Expense Ratio (%)	0.59	
Focus	France	
Investment Advisor	Barclays Global Investors	
Inception Date	3/12/1996	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	62	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Annualized Performance (%)	09/30/2006	

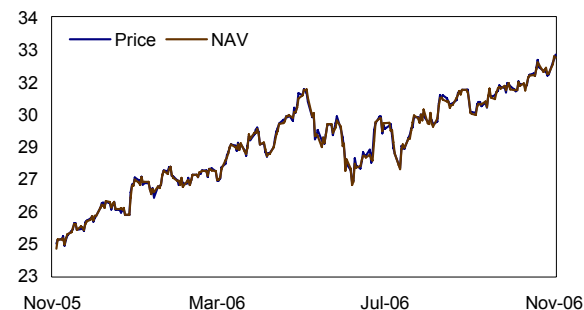
	Since					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	5.2	22.9	24.3	14.5	10.9	11.4
NAV	4.7	22.2	24.4	14.2	10.8	11.4

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.30	0.32	0.00
Capital Gains	0.00	0.00	0.00
Total	0.30	0.32	0.00

Fund Description

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 larger and most established public companies. It is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. The indexes are fully rebalanced annually in May and reviewed and rebalanced if necessary in February, 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	23.0
Consumer Discretionary	15.2
Energy	13.3
Industrials	10.0
Consumer Staples	8.8
Health Care	8.2
Materials	6.7
Utilities	6.0
Telecommunication Services	4.7
Information Technology	4.3

Top Ten Holdings (%)

Total	12.7
BNP Paribas	7.7
Sanofi	7.3
AXA	5.4
Societe Generale	5.1
Suez	3.9
France Telecom	3.7
Vivendi	3.7
Carrefour	3.1
Danone	3.0
Top Ten Total	55.7

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares MSCI Germany Index Fund (EWG)

EUROPE

Pricing and Fund Data 11/08/06

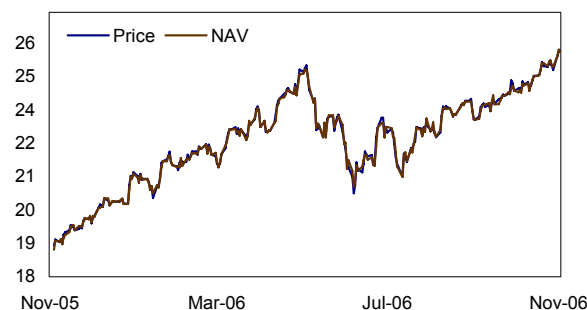
		52 Week	
		High	Low
Price (\$)	25.61	25.73	18.66
Fund Ticker	EWG		
Intraday NAV Ticker	EWGIV		
Benchmark Index Ticker (Bloomberg)	NDDUGR		
Market Cap (\$Mil)	868		
Shares Outstanding (Mil)	33.9		
Avg Daily Trading Volume (Shares)	516,974		
Expense Ratio (%)	0.59		
Focus	Germany		
Investment Advisor	Barclays Global Investors		
Inception Date	3/12/1996		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	52		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Annualized Performance (%)	09/30/2006		
		Since	
	3 Mo	1 Yr	10 Yr
Price	4.8	24.3	8.0
NAV	4.8	24.0	8.1

Distribution History (\$)			
	<u>2004</u>	<u>2005</u>	<u>YTD 2006</u>
Income	0.19	0.12	0.00
Capital Gains	0.00	0.00	0.00
Total	0.19	0.12	0.00

Fund Description

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 larger and most established public companies. It is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. The indexes are fully rebalanced annually in May and reviewed and rebalanced if necessary in February, 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	27.5
Consumer Discretionary	14.7
Industrials	14.6
Utilities	13.8
Materials	12.5
Information Technology	6.0
Telecommunication Services	5.3
Health Care	3.0
Consumer Staples	2.7

Top Ten Holdings (%)

Allianz	9.2
Siemens	8.7
E.ON	8.4
Deutsche Bank	7.3
Daimlerchrysler	6.0
DT Telekom N	5.3
RWE Ag	5.0
BASF Ag	4.8
SAP Ag	4.7
Bayer Ag	4.2
<i>Top Ten Total</i>	63.7

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares MSCI Italy Index Fund (EWI)

EUROPE

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	32.30	32.42	24.40
Fund Ticker	EWI		
Intraday NAV Ticker	EWIIV		
Benchmark Index Ticker (Bloomberg)	NDDUIT		
Market Cap (\$Mil)	189		
Shares Outstanding (Mil)	5.9		
Avg Daily Trading Volume (Shares)	57,937		
Expense Ratio (%)	0.59		
Focus	Italy		
Investment Advisor	Barclays Global Investors		
Inception Date	3/12/1996		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	34		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Annualized Performance (%)	09/30/2006		

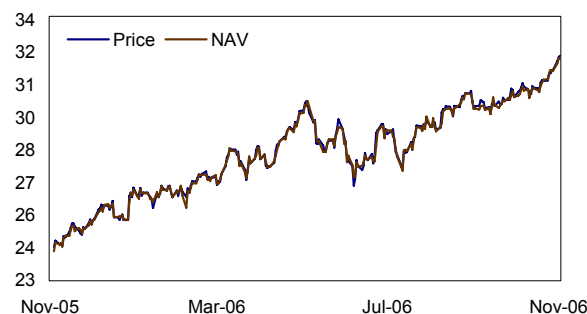
Since						
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	4.2	18.1	23.8	17.4	12.2	12.7
NAV	4.2	17.8	23.7	17.2	12.2	12.7

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.64	0.51	0.00
Capital Gains	0.00	0.00	0.00
Total	0.64	0.51	0.00

Fund Description

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 larger and most established public companies. It is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. The indexes are fully rebalanced annually in May and reviewed and rebalanced if necessary in February, 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	47.7
Energy	16.4
Utilities	10.4
Telecommunication Services	10.3
Consumer Discretionary	8.7
Industrials	5.5
Materials	0.9
Information Technology	0.1

Top Ten Holdings (%)

ENI	16.4
Unicredito	13.6
Enel Spa	8.7
Telecom Italia	7.1
Generali Assic	4.9
San Paolo-imi Spa	4.8
Banca Intesa	4.6
Capitalia	3.4
Telecom Italia R	3.3
Mediobanca	3.1
<i>Top Ten Total</i>	69.8

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares MSCI Netherlands Index Fund (EWN)

EUROPE

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	25.71	25.74	18.91
Fund Ticker	EWN		
Intraday NAV Ticker	EWNIV		
Benchmark Index Ticker (Bloomberg)	NDDUNE		
Market Cap (\$Mil)	197		
Shares Outstanding (Mil)	7.8		
Avg Daily Trading Volume (Shares)	142,040		
Expense Ratio (%)	0.59		
Focus	Netherlands		
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		
Annualized Performance (%)	09/30/2006		

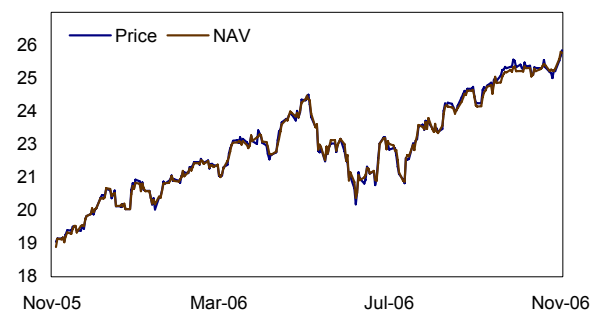
	Since				
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr
Price	11.3	32.7	23.9	11.2	6.7
NAV	10.7	32.1	23.4	10.9	6.6

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.26	0.48	0.00
Capital Gains	0.00	0.00	0.00
Total	0.26	0.48	0.00

Fund Description

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 Netherlands's larger and most established public companies. It is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. The indexes are fully rebalanced annually in May and reviewed and rebalanced if necessary in February, 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	41.4
Consumer Staples	18.7
Consumer Discretionary	15.4
Industrials	7.5
Materials	6.5
Telecommunication Services	5.2
Information Technology	3.6
Energy	1.6

Top Ten Holdings (%)

ING Group	19.3
ABN Amro	11.9
Philips	9.0
Unilever Cert	8.7
Koninklijke Kpn Nv	5.2
Aegon Nv	4.9
TNT Nv	4.6
Akzo Nobel	4.4
Ahold Kon.	4.3
Reed Elsevier Nv	4.2
Top Ten Total	76.3

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares MSCI Spain Index Fund (EWP)

EUROPE

Pricing and Fund Data 11/08/06

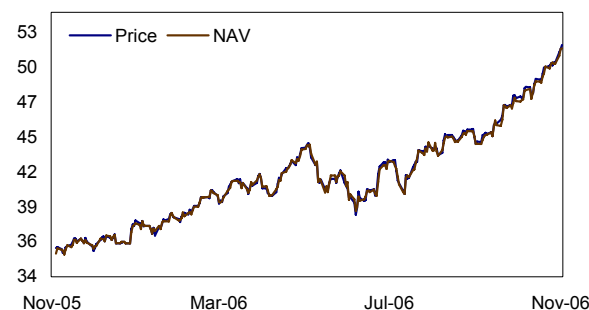
		52 Week	
		High	Low
Price (\$)	51.98	52.34	35.17
Fund Ticker	EWP		
Intraday NAV Ticker	EWPIV		
Benchmark Index Ticker (Bloomberg)	NDDUSP		
Market Cap (\$Mil)	558		
Shares Outstanding (Mil)	10.7		
Avg Daily Trading Volume (Shares)	170,630		
Expense Ratio (%)	0.59		
Focus	Spain		
Investment Advisor	Barclays 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		
Annualized Performance (%)	09/30/2006		

Since						
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	11.3	27.3	30.1	21.6	15.4	15.7
NAV	11.6	27.1	29.9	21.9	15.3	15.7

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.61	0.74	0.00
Capital Gains	0.00	0.00	0.00
Total	0.61	0.74	0.00

Fund Description
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 larger and most established public companies. It is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. The indexes are fully rebalanced annually in May and reviewed and rebalanced if necessary in February, 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	39.9
Utilities	16.5
Telecommunication Services	16.3
Industrials	11.2
Energy	5.1
Consumer Staples	3.9
Consumer Discretionary	3.9
Materials	1.5
Health Care	1.1
Information Technology	0.7

Top Ten Holdings (%)	
Banco Santander	18.8
Telefonica Esp	16.3
Banco Bilbao	14.9
Endesa	5.5
Iberdrola	5.4
Repsol	5.1
Banco Popular	4.5
Acs Cons Y Serv	3.1
Altadis	3.0
Gas Natural	2.5
<i>Top Ten Total</i>	79.0

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares MSCI Sweden Index Fund (EWD)

EUROPE

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	29.76	30.14
Fund Ticker	EWD	
Intraday NAV Ticker	EWDIV	
Benchmark Index Ticker (Bloomberg)	NDDUSW	
Market Cap (\$Mil)	267	
Shares Outstanding (Mil)	8.9	
Avg Daily Trading Volume (Shares)	125,271	
Expense Ratio (%)	0.59	
Focus	Sweden	
Investment Advisor	Barclays Global Investors	
Inception Date	3/12/1996	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	47	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Annualized Performance (%)	09/30/2006	

	Since					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	7.4	22.8	29.9	21.2	10.5	11.8
NAV	6.7	22.5	29.4	21.6	10.4	11.8

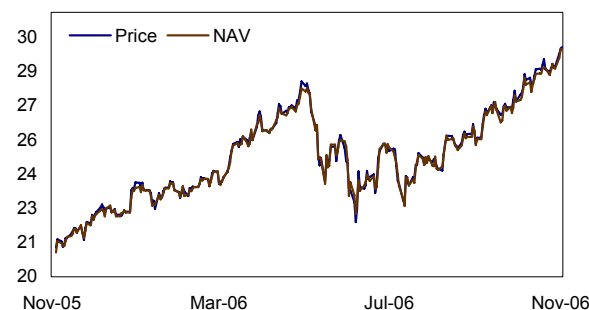
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.15	0.42	0.00
Capital Gains	0.00	0.00	0.00
Total	0.15	0.42	0.00

Fund Description

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 larger and most established public companies. It is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. The indexes are fully rebalanced annually in May and reviewed and rebalanced if necessary in February, 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Industrials	28.5
Financials	21.5
Information Technology	19.1
Consumer Discretionary	12.2
Materials	7.9
Telecommunication Services	5.8
Consumer Staples	2.5
Health Care	1.7
Energy	0.8

Top Ten Holdings (%)

Ericsson	18.9
Nordea Bank	9.6
H & M B	6.9
Shb A	4.6
Volvo B	4.6
Telia	4.6
Seb A	4.4
Sandvik	4.1
Atlas Copco A	3.2
Svenska Cellulosa B	2.9
<i>Top Ten Total</i>	63.8

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares MSCI Switzerland Index Fund (EWL)

EUROPE

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	24.15	24.30	18.35
Fund Ticker	EWL		
Intraday NAV Ticker	EWLIV		
Benchmark Index Ticker (Bloomberg)	NDDUSZ		
Market Cap (\$Mil)	217		
Shares Outstanding (Mil)	9.0		
Avg Daily Trading Volume (Shares)	112,293		
Expense Ratio (%)	0.59		
Focus	Switzerland		
Investment Advisor	Barclays Global Investors		
Inception Date	3/12/1996		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	39		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Annualized Performance (%)	09/30/2006		

	Since					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	8.3	27.7	22.3	14.3	8.7	8.2
NAV	7.2	26.5	22.3	14.0	8.6	8.2

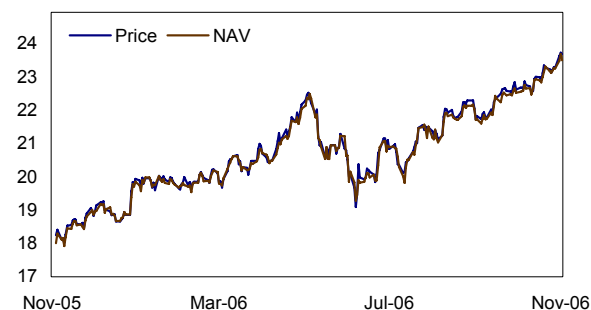
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.09	0.12	0.00
Capital Gains	0.00	0.00	0.00
Total	0.09	0.12	0.00

Fund Description

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 larger and most established public companies. It is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. The indexes are fully rebalanced annually in May and reviewed and rebalanced if necessary in February, 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Health Care	31.7
Financials	28.7
Consumer Staples	12.3
Materials	9.7
Industrials	8.2
Consumer Discretionary	6.0
Telecommunication Services	2.7
Information Technology	0.7

Top Ten Holdings (%)

Novartis	12.5
Roche	12.3
Nestle	12.3
UBS	10.6
CS Group N	5.0
Zurich Financial Services	5.0
Swiss Reinsurance	4.5
Richemont I	3.6
ABB Ltd	3.5
Syngenta N	3.3
Top Ten Total	72.5

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares MSCI United Kingdom Index Fund (EWU)

EUROPE

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	23.39	23.41	18.31
Fund Ticker	EWU		
Intraday NAV Ticker	EWUIV		
Benchmark Index Ticker (Bloomberg)	NDDUUK		
Market Cap (\$Mil)	924		
Shares Outstanding (Mil)	39.8		
Avg Daily Trading Volume (Shares)	263,416		
Expense Ratio (%)	0.59		
Focus	United Kingdom		
Investment Advisor	Barclays Global Investors		
Inception Date	3/12/1996		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	159		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Annualized Performance (%)	09/30/2006		

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	4.0	19.1	20.9	12.0	8.7	9.5
NAV	4.1	17.9	20.6	11.9	8.6	9.5

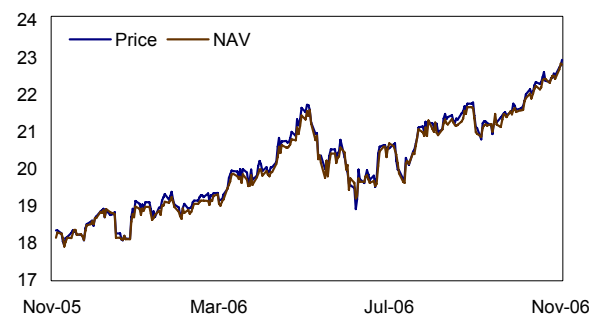
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.34	0.58	0.00
Capital Gains	0.00	0.00	0.00
Total	0.34	0.58	0.00

Fund Description

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 larger and most established public companies. It is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. The indexes are fully rebalanced annually in May and reviewed and rebalanced if necessary in February, 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Banks	19.0
Energy	17.2
Pharmaceuticals Biotechnology & Life Sciences	9.0
Food Beverage & Tobacco	7.5
Materials	7.4
Telecommunication Services	6.0
Insurance	4.8
Utilities	4.6
Media	3.5
Capital Goods	3.4

Top Ten Holdings (%)

BP PLC	7.8
HSBC Holdings PLC	7.5
GlaxoSmithKline PLC	5.5
Royal Dutch Shell PLC-Class A	4.5
Vodafone Group PLC	4.3
Royal Bank of Scotland Group PLC	3.9
AstraZeneca PLC	3.5
Royal Dutch Shell PLC-Class B	3.4
Barclays PLC	2.9
HBOS PLC	2.7
<i>Top Ten Total</i>	46.0

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares MSCI Japan Index Fund (EWJ)

JAPAN

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	13.63	15.55	11.98
Fund Ticker	EWJ		
Intraday NAV Ticker	EWJIV		
Benchmark Index Ticker (Bloomberg)	NDDUJN		
Market Cap (\$Mil)	13,314		
Shares Outstanding (Mil)	990.6		
Avg Daily Trading Volume (Shares)	13,174,765		
Expense Ratio (%)	0.59		
Focus	Japan		
Investment Advisor	Barclays Global Investors		
Inception Date	3/12/1996		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	316		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Annualized Performance (%)	09/30/2006		

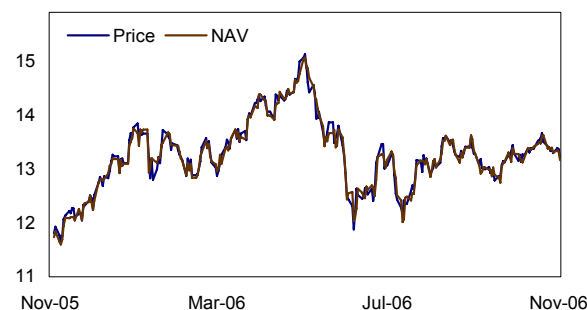
	Since					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	-0.7	11.6	15.9	10.2	-0.4	-0.4
NAV	-0.9	12.4	16.0	10.5	-0.4	-0.4

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.04	0.06	0.00
Capital Gains	0.00	0.00	0.00
Total	0.04	0.06	0.00

Fund Description

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 larger and most established public companies. It is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. The indexes are fully rebalanced annually in May and reviewed and rebalanced if necessary in February, 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	22.0
Consumer Discretionary	21.0
Industrials	16.8
Information Technology	12.3
Materials	8.9
Health Care	5.9
Consumer Staples	4.7
Utilities	4.4
Telecommunication Services	3.1
Energy	1.0

Top Ten Holdings (%)

Toyota Motor Corp	6.4
Mitsubishi Financial	4.0
Mizuho Financial Group Inc	2.8
Sumitomo Mitsui Financial Group Inc	2.5
Canon	2.1
Takeda Pharmaceutical	2.1
Honda Motor Co Ltd	2.1
Matsushita Electric Ind Co Ltd	1.6
Sony	1.6
The Tokyo Electric Power Co Inc	1.3
Top Ten Total	26.4

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares S&P/TOPIX 150 Index Fund (ITF)

JAPAN

Pricing and Fund Data 11/08/06

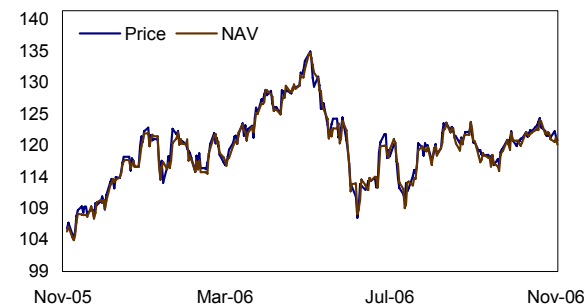
	52 Week	
	High	Low
Price (\$)	120.40	103.28
Fund Ticker	ITF	
Intraday NAV Ticker	ITFIV	
Benchmark Index Ticker (Bloomberg)	SPTR150N	
Market Cap (\$Mil)	320	
Shares Outstanding (Mil)	2.7	
Avg Daily Trading Volume (Shares)	12,527	
Expense Ratio (%)	0.50	
Focus	Japan Large-Cap	
Investment Advisor	Barclays Global Investors	
Inception Date	10/23/2001	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	150	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Annualized Performance (%)	09/30/2006	

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-0.7	13.3	16.0	-	-	9.7
NAV	-0.6	13.8	16.1	-	-	9.7

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.34	0.38	0.00
Capital Gains	0.00	0.00	0.00
Total	0.34	0.38	0.00

Fund Description
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/TOPIX 150 Index. The index represents the large cap segment of the Japanese equity market and includes approximately 70% of its market capitalization. It is comprised of 150 highly liquid securities selected from each major sector of the Japanese market. The index is float-adjusted and market cap-weighted and was developed in collaboration with the Tokyo Stock Exchange. It is maintained by the Japanese S&P Index Committee, whose members include representatives from both Standard and Poor's and the Tokyo Stock Exchange and changes are made 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	24.9
Consumer Discretionary	19.9
Industrials	16.1
Information Technology	12.1
Materials	7.9
Health Care	5.1
Consumer Staples	5.1
Utilities	4.3
Telecommunication Services	4.1
Energy	0.5

Top Ten Holdings (%)

Toyota Motor Corp	7.1
Mitsubishi Financial	5.6
Mizuho Financial Group Inc	3.9
Sumitomo Mitsui Financial Group Inc	3.8
Canon	2.9
Honda Motor Co Ltd	2.4
Nippon Telegraph Telephone Corp	2.3
Takeda Pharmaceutical	2.3
Matsushita Electric Ind Co Ltd	1.9
Sony	1.8
Top Ten Total	33.8

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares S&P Latin America 40 Index Fund (ILF)

LATIN AMERICA

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	159.40	162.80	112.25
Fund Ticker	ILF		
Intraday NAV Ticker	ILFIV		
Benchmark Index Ticker (Bloomberg)	SPTRL40N		
Market Cap (\$Mil)	1,368		
Shares Outstanding (Mil)	8.7		
Avg Daily Trading Volume (Shares)	212,040		
Expense Ratio (%)	0.50		
Focus	Latin America		
Investment Advisor	Barclays Global Investors		
Inception Date	11/12/2001		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	38		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Annualized Performance (%)	09/30/2006		

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	4.0	19.7	44.0	-	-	30.3
NAV	4.5	20.6	44.3	-	-	30.3

Distribution History (\$)

	2004	2005	YTD 2006
Income	0.94	1.69	0.00
Capital Gains	0.00	0.00	0.00
Total	0.94	1.69	0.00

Fund Description

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 designed to track the performance of the S&P Latin America 40 Index. The index is a component of the S&P Global 1200 Index and includes 40 highly liquid securities from major economic sectors of four Latin American countries including Mexico, Brazil, Argentina, and Chile. Representing approximately 70% of each country's market cap, this index provides coverage of the large cap, liquid constituents of each key country in Latin America. The index is maintained by the S&P Index Committee, whose members include Standard and Poor's economists and index analysts. It is float-adjusted market cap-weighted and changes are made 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 November 8, 2006

Country Weighting (%)

Brazil	51.3
Mexico	37.1
Chile	8.0
Italy	3.2
Argentina	0.4

Top Sector/Industry Weightings (%)

Materials	26.8
Telecommunication Services	18.9
Financials	16.0
Energy	13.3
Consumer Staples	12.3
Utilities	5.4
Consumer Discretionary	3.2
Industrials	2.8

Top Ten Holdings (%)

AMX L	12.2
Cemex Cpo	7.7
Petroleo Brasileiro Adr	7.7
Comp Vale Do Pr	6.9
Banco Itau Sa Pr	6.0
Co Vale Do Rio	5.9
Banco Bradesco	4.7
Telmex L	4.2
Walmart De Mex V	4.1
Comphania De Bebidas Das Americas	3.3
Top Ten Total	62.7

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares MSCI Brazil Index Fund (EWZ)

LATIN AMERICA

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	43.95	31.49
Fund Ticker	EWZ	
Intraday NAV Ticker	EWZIV	
Benchmark Index Ticker (Bloomberg)	NDUEBRA	
Market Cap (\$Mil)	2,737	
Shares Outstanding (Mil)	63.1	
Avg Daily Trading Volume (Shares)	3,717,797	
Expense Ratio (%)	0.74	
Focus	Brazil	
Investment Advisor	Barclays Global Investors	
Inception Date	7/11/2000	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	54	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Annualized Performance (%)	09/30/2006	

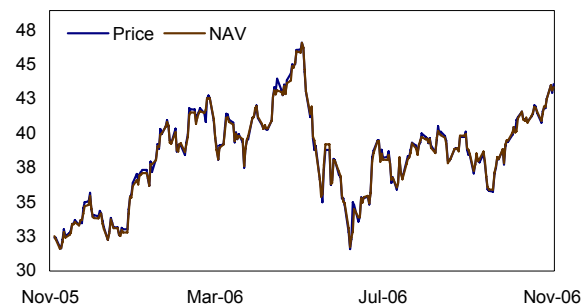
	Since					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	-1.7	17.5	47.3	34.9	-	13.6
NAV	-1.0	17.8	48.4	34.7	-	13.6

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.46	0.58	0.00
Capital Gains	0.00	0.00	0.00
Total	0.46	0.58	0.00

Fund Description

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 larger and most established public companies. It is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. The indexes are fully rebalanced annually in May and reviewed and rebalanced if necessary in February, 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Materials	25.5
Energy	22.7
Banks	17.8
Utilities	7.8
Food Beverage & Tobacco	7.3
Telecommunication Services	6.1
Transportation	4.1
Capital Goods	3.3
Retailing	2.0
Consumer Durables & Apparel	1.2

Top Ten Holdings (%)

Petroleo Brasileiro SA Preferred	12.8
Petroleo Brasileiro SA	10.0
Cia Vale do Rio Doce Preferred-Class A	8.7
Banco Bradesco SA Preferred	7.8
Cia Vale do Rio Doce, ADR	7.2
Banco Itau Holding Financeira SA Preferred	5.0
Cia de Bebidas das Americas Preferred	4.9
Uniao de Bancos Brasileiros SA	4.5
Gerdau SA Preferred	2.2
Cia Siderurgica Nacional SA	2.1
Top Ten Total	87.8

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares MSCI Mexico Index Fund (EWW)

LATIN AMERICA

Pricing and Fund Data 11/08/06

		52 Week				
		High	Low			
Price (\$)	47.35	48.09	31.15			
Fund Ticker	EWW					
Intraday NAV Ticker	EWWIV					
Benchmark Index Ticker (Bloomberg)	NDEUMXF					
Market Cap (\$Mil)	1,134					
Shares Outstanding (Mil)	24.2					
Avg Daily Trading Volume (Shares)	2,314,360					
Expense Ratio (%)	0.59					
Focus	Mexico					
Investment Advisor	Barclays Global Investors					
Inception Date	3/12/1996					
Portfolio Structure	Open-End Investment Company					
Approx. Number of Stocks in Fund	28					
Options Available	No					
Minimum Trade Size (Shares)	1					
Distribution Frequency	Annual					
Annualized Performance (%)	09/30/2006					
		Since				
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	16.3	33.7	42.7	30.6	16.5	17.3
NAV	16.9	33.7	42.7	30.0	16.4	17.3

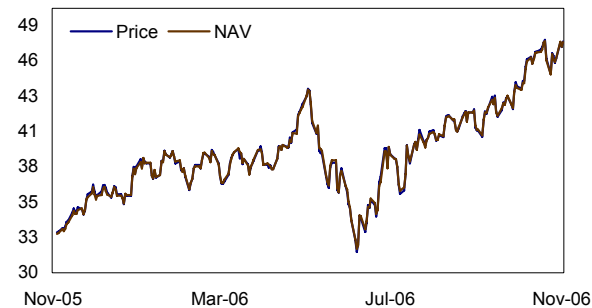
Distribution History (\$)

	<u>2004</u>	<u>2005</u>	<u>YTD 2006</u>
Income	0.28	0.48	0.00
Capital Gains	0.00	0.00	0.00
Total	0.28	0.48	0.00

Fund Description

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 larger and most established public companies. It is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. The indexes are fully rebalanced annually in May and reviewed and rebalanced if necessary in February, 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

November 8, 2006

Top Sector/Industry Weightings (%)

Telecommunication Services	40.6
Consumer Staples	18.6
Materials	17.4
Consumer Discretionary	11.0
Industrials	8.0
Financials	4.4

Top Ten Holdings (%)

AMX L	25.1
Cemex Cpo	13.9
Telmex L	8.8
Tlevisa Cpo	5.5
Walmart De Mex V	4.6
Femsa Ubd	4.6
Gfnorte O	4.4
America Telecom Sa	4.2
Gcarso A1	3.1
Grupo Mexico Sa	2.9
<i>Top Ten Total</i>	<i>77.1</i>

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares MSCI Canada Index Fund (EWC)

NORTH AMERICA

Pricing and Fund Data 11/08/06

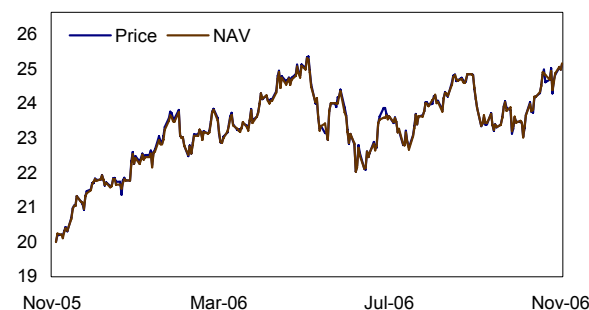
		52 Week	
		High	Low
Price (\$)	25.26	25.81	20.06
Fund Ticker	EWC		
Intraday NAV Ticker	EWCIV		
Benchmark Index Ticker (Bloomberg)	NDDUCA		
Market Cap (\$Mil)	1,095		
Shares Outstanding (Mil)	43.1		
Avg Daily Trading Volume (Shares)	609,031		
Expense Ratio (%)	0.59		
Focus	Canada		
Investment Advisor	Barclays Global Investors		
Inception Date	3/12/1996		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	109		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Annualized Performance (%)	09/30/2006		

	Since					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	1.1	12.0	25.9	20.9	13.0	13.3
NAV	1.1	12.1	25.7	20.5	13.1	13.3

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.20	0.15	0.00
Capital Gains	0.00	0.00	0.00
Total	0.20	0.15	0.00

Fund Description
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 larger and most established public companies. It is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. The indexes are fully rebalanced annually in May and reviewed and rebalanced if necessary in February, 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Financials	33.4
Energy	29.7
Materials	15.1
Industrials	5.9
Consumer Discretionary	4.5
Information Technology	4.5
Telecommunication Services	3.4
Consumer Staples	2.3
Utilities	0.7
Health Care	0.5

Top Ten Holdings (%)	
Royal Bk Can	6.3
Manulife Fin	5.6
Bk Nova Scotia	4.8
Encana	4.3
Suncor Energy	3.8
Bk Of Montreal	3.4
Canadian Natural Resources Limited	3.0
Barrick Gold	3.0
Cdn Imper Bank	2.9
Canadian National Railway	2.8
<i>Top Ten Total</i>	39.9

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares MSCI South Africa Index Fund (EZA)

SOUTH AFRICA

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	106.35	125.40	84.66
Fund Ticker	EZA		
Intraday NAV Ticker	EZAIV		
Benchmark Index Ticker (Bloomberg)	NDEUSSA		
Market Cap (\$Mil)	330		
Shares Outstanding (Mil)	3.1		
Avg Daily Trading Volume (Shares)	74,462		
Expense Ratio (%)	0.74		
Focus	South Africa		
Investment Advisor	Barclays Global Investors		
Inception Date	2/7/2003		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	50		
Options Available	No		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Annualized Performance (%)	09/30/2006		

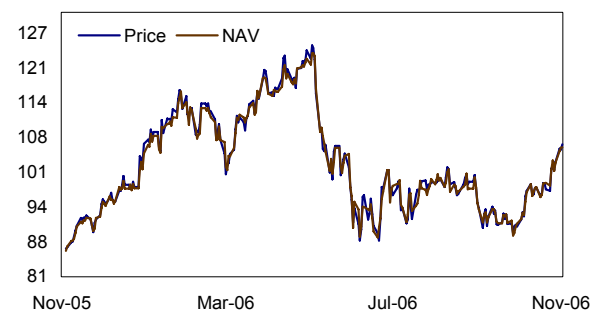
	Since					
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Price	-6.9	1.2	26.7	-	-	28.8
NAV	-6.7	1.6	26.8	-	-	28.8

Distribution History (\$)			
	2004	2005	YTD 2006
Income	1.21	1.97	0.00
Capital Gains	0.00	0.00	0.00
Total	1.21	1.97	0.00

Fund Description

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 larger and most established public companies. It is float-adjusted and market capitalization weighted. MSCI targets that their indexes represent about 85% of total market capitalization by country and industry. The indexes are fully rebalanced annually in May and reviewed and rebalanced if necessary in February, 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 November 8, 2006

Top Sector/Industry Weightings (%)	
Materials	27.4
Financials	21.7
Consumer Discretionary	11.4
Energy	11.3
Telecommunication Services	10.4
Industrials	9.3
Consumer Staples	5.6
Health Care	1.8
Information Technology	1.1

Top Ten Holdings (%)

Sasol	11.3
Std Bank Inv Cp	8.2
MTN	7.2
Impala Platinum	6.5
Gold Fields	4.8
Firststrand	4.3
Angl American Platinum	4.1
Anglogold	3.7
Telkom	3.3
Sanlam	3.1
<i>Top Ten Total</i>	56.5

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares S&P Global 100 Index Fund (IOO)

GLOBAL BROAD MARKET

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	73.61	73.78	62.25
Fund Ticker	IOO		
Intraday NAV Ticker	IOOIV		
Benchmark Index Ticker (Bloomberg)	SPTR100N		
Market Cap (\$Mil)	602		
Shares Outstanding (Mil)	8.2		
Avg Daily Trading Volume (Shares)	45,324		
Expense Ratio (%)	0.40		
Focus	Global Large-Cap		
Investment Advisor	Barclays Global Investors		
Inception Date	12/5/2000		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	102		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Annualized Performance (%)	09/30/2006		

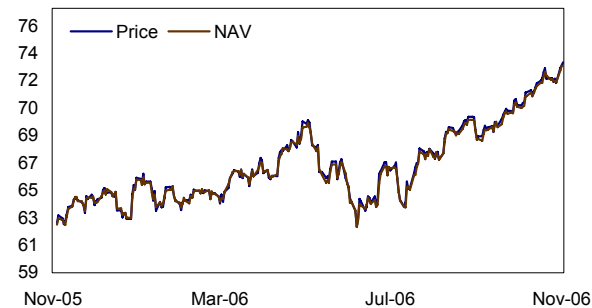
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	6.2	12.8	13.1	7.0	-	0.7
NAV	6.2	12.3	13.3	6.8	-	0.7

Distribution History (\$)			
	2004	2005	YTD 2006
Income	1.03	1.20	0.00
Capital Gains	0.00	0.00	0.00
Total	1.03	1.20	0.00

Fund Description

iShares S&P Global 100 Index Fund (IOO) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the S&P Global 100 Index. This index measures the performance of 100 multinational, blue-chip companies of major importance in the global equity markets. It includes large cap companies from the S&P Global 1200 whose businesses are global in nature and that derive a substantial portion of their operating income from multiple countries. A global company is defined as one that has production facilities and/or other fixed assets outside its home country and makes major management decisions in a global context. The index is maintained by the S&P Index Committee, whose members include Standard and Poor's economists and index analysts. It is float-adjusted market cap-weighted and changes are made 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 November 8, 2006

Country Weighting (%)			
United States	48.7	Japan	5.3
United Kingdom	12.9	Netherlands	4.6
France	7.7	Spain	3.7
Switzerland	6.3	Korea	1.0
Germany	6.1	Finland	0.9

Top Sector/Industry Weightings (%)	
Financials	23.5
Energy	14.2
Information Technology	12.8
Consumer Staples	12.6
Health Care	12.1
Consumer Discretionary	9.2
Industrials	7.3
Telecommunication Services	3.8
Materials	3.0
Utilities	1.6

Top Ten Holdings (%)	
Exxon Mobil	4.9
GE	4.2
Microsoft	2.9
Citigroup	2.9
BP	2.6
HSBC	2.6
Proctor & Gamble	2.4
Johnson & Johnson	2.3
Pfizer	2.3
AIG	2.0
<i>Top Ten Total</i>	29.1

Source: Bloomberg, Company Data, Thomson, FactSet.

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streetTRACKS DJ Global Titans ETF (DGT)

GLOBAL BROAD MARKET

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	74.59	74.67	64.10
Fund Ticker			DGT
Intraday NAV Ticker			UGT
Benchmark Index Ticker (Bloomberg)			DJGT
Market Cap (\$Mil)			159
Shares Outstanding (Mil)			2.2
Avg Daily Trading Volume (Shares)			22,409
Expense Ratio (%)			0.50
Focus		Global Blue-Chip	
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	
Annualized Performance (%)		09/30/2006	

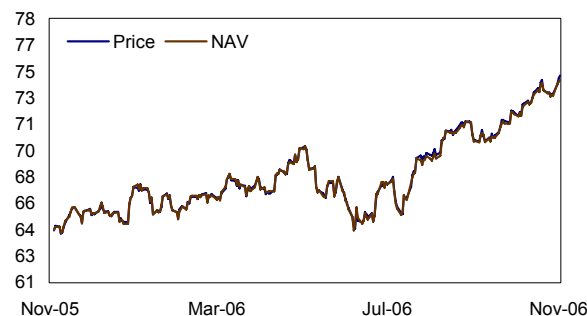
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	7.6	12.9	11.6	5.1	-	-1.0
NAV	7.3	12.3	11.5	5.0	-	-1.0

Distribution History (\$)			
	2004	2005	YTD 2006
Income	1.25	1.34	1.21
Capital Gains	0.00	0.00	0.00
Total	1.25	1.34	1.21

Fund Description

streetTRACKS DJ Global Titans ETF (DGT) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Dow Jones Global Titans Index. The Index seeks to provide an effective representation of the world's largest global companies and is comprised of 50 common stocks, selected for their market capitalization, assets, book value, sales/revenue and net profits. Each year, Dow Jones selects the world's largest stocks by market capitalization in order to create the Global Titan universe. After determining the initial list of eligible stocks, Dow Jones uses a proprietary model to create the index considering the factors mentioned above. The index is weighted by free-float market capitalization. Each component's weight is capped at 10% of the index's total free-float market capitalization. The index's composition is reviewed annually in June and weights are reviewed quarterly. To track the index, the fund generally will invest in all of the securities composing its underlying index in substantially the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Country Weighting (%)			
United States	68.5	Switzerland	2.1
United Kingdom	14.0	Spain	1.3
Japan	4.8	Finland	1.2
Netherlands	3.4	Germany	1.1
France	2.3	Italy	1.1

Top Sector/Industry Weightings (%)	
Financials	23.5
Energy	18.8
Health Care	15.6
Information Technology	13.8
Consumer Staples	10.6
Telecommunication Services	7.0
Industrials	6.7
Consumer Discretionary	4.0

Top Ten Holdings (%)	
Exxon Mobil	6.4
GE	5.5
Microsoft	3.9
Citigroup	3.8
Bank Of America	3.7
HSBC	3.4
BP	3.4
Proctor & Gamble	3.0
Johnson & Johnson	3.0
Pfizer	3.0
Top Ten Total	39.2

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares S&P Global Energy Sector Index Fund (IXC)

GLOBAL SECTOR

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	110.39	112.34	89.73
Fund Ticker	IXC		
Intraday NAV Ticker	IXCIV		
Benchmark Index Ticker (Bloomberg)	SGES		
Market Cap (\$Mil)	680		
Shares Outstanding (Mil)	6.1		
Avg Daily Trading Volume (Shares)	63,951		
Expense Ratio (%)	0.48		
Focus	Global Energy Sector		
Investment Advisor	Barclays Global Investors		
Inception Date	11/12/2001		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	62		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Annualized Performance (%)	09/30/2006		

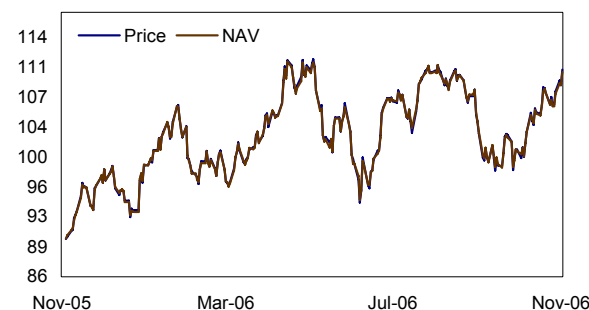
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-3.1	2.0	28.7	-	-	17.7
NAV	-3.3	1.7	28.9	-	-	17.7

Distribution History (\$)			
	2004	2005	YTD 2006
Income	1.27	1.10	0.00
Capital Gains	0.00	0.00	0.00
Total	1.27	1.10	0.00

Fund Description

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 designed to track the performance of the Standard & Poor's Global Energy Sector Index. This 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 and includes significant US exposure. Component companies include oil equipment and services, oil exploration and production and oil refineries. The index is maintained by the S&P Index Committee, whose members include Standard and Poor's economists and index analysts. It is float-adjusted market cap-weighted and changes are made 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 November 8, 2006

Country Weighting (%)			
United States	50.8	Norway	1.6
United Kingdom	20.9	Hong Kong	1.5
Canada	9.5	Spain	1.5
France	6.7	Brazil	1.4
Italy	4.2	Australia	0.9

Top Sector/Industry Weightings (%)	
Integrated Oil & Gas	72.9
Oil & Gas Exploration & Production	11.7
Oil & Gas Equipment & Services	8.0
Oil & Gas Storage & Transportation	2.7
Oil & Gas Refining & Marketing	2.2
Oil & Gas Drilling	1.9
Coal & Consumable Fuels	0.8

Top Ten Holdings (%)

Exxon Mobil	18.4
BP	9.3
Total	6.7
Chevron	6.4
Royal Dutch Shell	5.3
Conocophillips	4.2
Royal Dutch Shell B	3.9
ENI	3.6
Schlumberger	3.2
BG Group PLC	2.3
Top Ten Total	63.4

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares S&P Global Financial Sector Index Fund (IXG)

GLOBAL SECTORS

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	87.82	88.00
Fund Ticker	IXG	
Intraday NAV Ticker	IXGIV	
Benchmark Index Ticker (Bloomberg)	SGFS	
Market Cap (\$Mil)	301	
Shares Outstanding (Mil)	3.5	
Avg Daily Trading Volume (Shares)	28,330	
Expense Ratio (%)	0.48	
Focus	Global Financial	
Investment Advisor	Barclays Global Investors	
Inception Date	11/12/2001	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	225	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Annualized Performance (%)	09/30/2006	

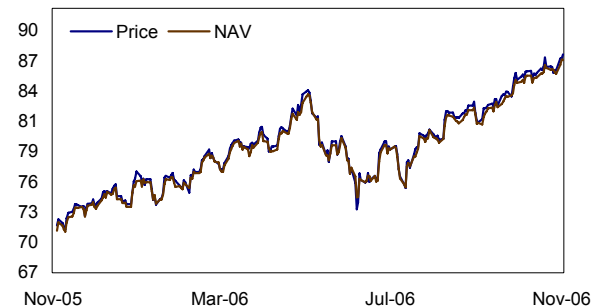
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	7.0	24.6	19.6	-	-	12.5
NAV	6.7	23.5	19.4	-	-	12.5

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.90	1.20	0.00
Capital Gains	0.00	0.00	0.00
Total	0.90	1.20	0.00

Fund Description

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 designed to track the performance of the Standard & Poor's Global Financial 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 and includes significant US exposure. Component companies include major banks, diversified financials, insurance, real estate, savings and loan associations and securities brokers. The index is maintained by the S&P Index Committee, whose members include Standard and Poor's economists and index analysts. It is float-adjusted market cap-weighted and changes are made 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 November 8, 2006

Country Weighting (%)			
United States	41.0	Switzerland	4.3
United Kingdom	12.8	France	4.1
Japan	7.0	Italy	3.6
Australia	4.9	Germany	3.6
Canada	4.5	Spain	3.5

Top Sector/Industry Weightings (%)	
Diversified Banks	40.8
Other Diversified Financial Services	12.4
Multi-line Insurance	7.9
Investment Banking & Brokerage	6.3
Life & Health Insurance	5.8
Diversified Capital Markets	4.0
Property & Casualty Insurance	3.9
Regional Banks	3.4
Thrifts & Mortgage Finance	3.0
Asset Management & Custody Banks	2.9

Top Ten Holdings (%)	
Citigroup	3.8
Bank Of America	3.7
HSBC	3.3
AIG	2.6
JP Morgan Chase	2.5
UBS	1.9
Wells Fargo	1.9
Mitsubishi Financial	1.8
Royal Bank Of Scotland	1.7
Banco Santander	1.7
<i>Top Ten Total</i>	24.8

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares S&P Global Healthcare Sector Index Fund (IXJ)

GLOBAL SECTOR

Pricing and Fund Data 11/08/06

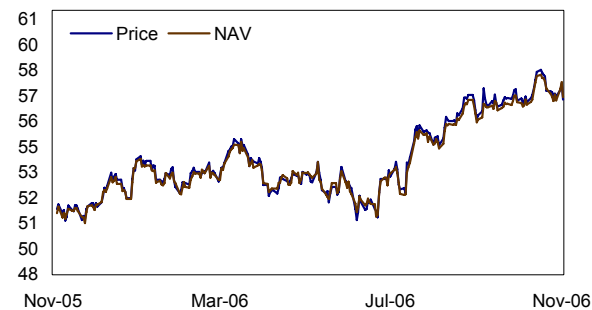
		52 Week	
		High	Low
Price (\$)	57.05	58.81	50.87
Fund Ticker	IXJ		
Intraday NAV Ticker	IXJIV		
Benchmark Index Ticker (Bloomberg)	SGH		
Market Cap (\$Mil)	727		
Shares Outstanding (Mil)	13.1		
Avg Daily Trading Volume (Shares)	89,056		
Expense Ratio (%)	0.48		
Focus	Global Healthcare		
Investment Advisor	Barclays Global Investors		
Inception Date	11/12/2001		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	79		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Annualized Performance (%)	09/30/2006		

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	7.5	10.9	10.5	-	-	3.6
NAV	7.1	10.6	10.5	-	-	3.6

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.36	0.37	0.00
Capital Gains	0.00	0.00	0.00
Total	0.36	0.37	0.00

Fund Description
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 designed to track the performance of the Standard & Poor's 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 and includes significant US exposure. Component companies include health care providers, biotechnology companies and manufacturers of medical supplies, advanced medical devices and pharmaceuticals. The index is maintained by the S&P Index Committee, whose members include Standard and Poor's economists and index analysts. It is float-adjusted market cap-weighted and changes are made 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 November 8, 2006

Country Weighting (%)			
United States	65.0	Denmark	0.7
Switzerland	12.9	Germany	0.5
United Kingdom	11.2	Australia	0.3
Japan	4.6	Ireland	0.3
France	4.0	Belgium	0.2

Top Sector/Industry Weightings (%)	
Pharmaceuticals	67.4
Health Care Equipment	8.9
Biotechnology	7.4
Managed Health Care	7.1
Health Care Services	3.1
Health Care Distributors	2.4
Life Sciences Tools & Services	1.6
Health Care Facilities	1.4
Health Care Supplies	0.5
Health Care Technology	0.3

Top Ten Holdings (%)	
Johnson & Johnson	8.3
Pfizer	8.2
Novartis	7.0
GlaxoSmithKline	6.5
Roche	5.2
Merck	4.2
Astrazeneca	4.0
Amgen	3.7
Sanofi	3.5
Abbott	3.1
<i>Top Ten Total</i>	53.8

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares S&P Global Technology Sector Index Fund (IXN)

GLOBAL SECTORS

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	56.84	57.68	47.12
Fund Ticker	IXN		
Intraday NAV Ticker	IXNIV		
Benchmark Index Ticker (Bloomberg)	SGI		
Market Cap (\$Mil)	156		
Shares Outstanding (Mil)	2.8		
Avg Daily Trading Volume (Shares)	59,243		
Expense Ratio (%)	0.48		
Focus	Global Technology		
Investment Advisor	Barclays Global Investors		
Inception Date	11/12/2001		
Portfolio Structure	Open-End Investment Company		
Approx. Number of Stocks in Fund	115		
Options Available	Yes		
Minimum Trade Size (Shares)	1		
Distribution Frequency	Annual		
Annualized Performance (%)	09/30/2006		

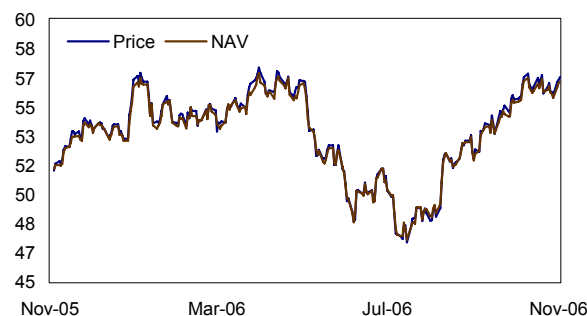
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	7.8	8.0	7.2	-	-	1.0
NAV	7.2	6.8	7.1	-	-	1.0

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.62	0.02	0.00
Capital Gains	0.00	0.00	0.00
Total	0.62	0.02	0.00

Fund Description

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 designed to track the performance of the Standard & Poor's 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 that are important to global markets. It is a subset of the S&P Global 1200 Index and includes significant US exposure. Components are involved in the development and production of technology products including computer hardware and software, telecommunications equipment, microcomputer components, computer circuits and office equipment. The index is maintained by the S&P Index Committee, whose members include S&P economists and index analysts. It is float-adjusted market cap-weighted and changes are made 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 November 8, 2006

Country Weighting (%)			
United States	73.7	Sweden	2.2
Japan	8.7	Germany	2.0
Korea	3.3	France	1.6
Finland	3.1	Canada	1.3
Taiwan	3.0	United Kingdom	0.7

Top Sector/Industry Weightings (%)	
Communications Equipment	20.0
Semiconductors	18.9
Computer Hardware	16.9
Systems Software	13.9
Internet Software & Services	7.0
Data Processing & Outsourced Services	4.6
Application Software	4.4
Office Electronics	3.2
Electronic Equipment Manufacturers	3.1
Semiconductor Equipment	2.6

Top Ten Holdings (%)	
Microsoft	9.6
Cisco	5.7
IBM	5.4
Intel	4.7
Hewlett-packard	4.1
Google	3.9
Samsung Elec Gdr	3.3
Nokia	3.1
Oracle	2.9
Apple	2.6
Top Ten Total	45.2

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares S&P Global Telecom Sector Index Fund (IXP)

GLOBAL SECTORS

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	61.31	47.77
Fund Ticker	IXP	
Intraday NAV Ticker	IXPIV	
Benchmark Index Ticker (Bloomberg)	SGT	
Market Cap (\$Mil)	161	
Shares Outstanding (Mil)	2.7	
Avg Daily Trading Volume (Shares)	26,937	
Expense Ratio (%)	0.48	
Focus	Global Telecom	
Investment Advisor	Barclays Global Investors	
Inception Date	11/12/2001	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	43	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Annualized Performance (%)	09/30/2006	

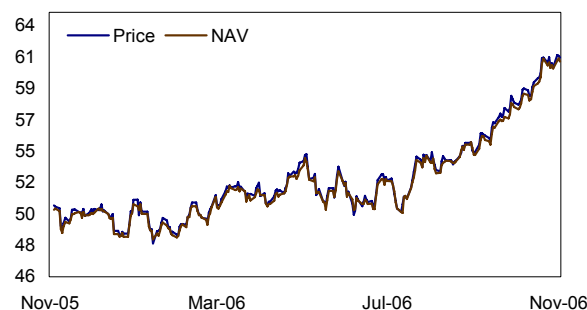
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	9.9	14.3	15.4	-	-	4.2
NAV	9.3	13.0	15.0	-	-	4.2

Distribution History (\$)			
	2004	2005	YTD 2006
Income	0.67	1.23	0.00
Capital Gains	0.00	0.00	0.00
Total	0.67	1.23	0.00

Fund Description

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 designed to track the performance of the Standard & Poor's 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 and includes significant US exposure. Components include diversified communication carriers and wireless communications companies. The index is maintained by the S&P Index Committee, whose members include Standard and Poor's economists and index analysts. It is float-adjusted market cap-weighted and changes are made 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 November 8, 2006

Country Weighting (%)			
United States	34.9	Canada	4.3
United Kingdom	14.9	Germany	4.1
Spain	7.7	Mexico	4.0
Japan	7.3	Hong Kong	3.2
France	4.8	Italy	2.5

Top Sector/Industry Weightings (%)	
Integrated Telecommunication Services	69.8
Wireless Telecommunication Services	29.6
Alternative Carriers	0.5

Top Ten Holdings (%)	
Vodafone	10.9
AT&T	10.6
Verizon	8.6
Telefonica Esp	7.7
BellSouth	6.5
Sprint Nextel	4.5
Nippon Telegraph Telephone Corp	4.1
DT Telekom N	4.1
France Telecom	3.6
BT Group	3.6
<i>Top Ten Total</i>	64.1

Source: Bloomberg, Company Data, Thomson, FactSet.

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FIXED-INCOME INDEX-LINKED ETFs

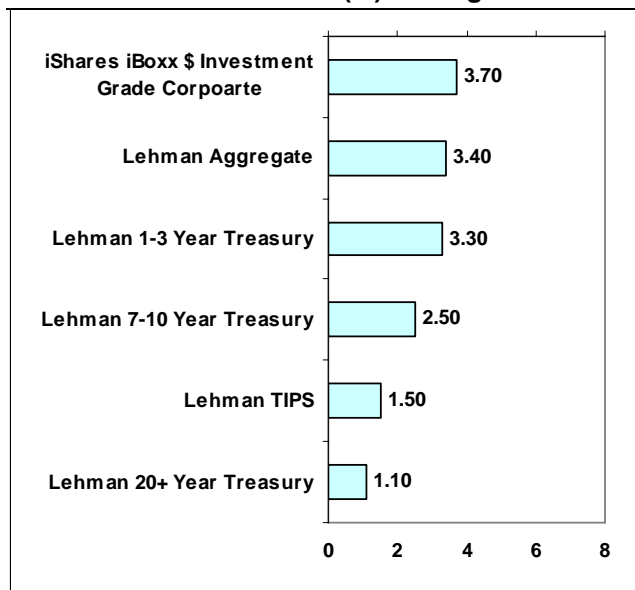
The following section highlights fixed-income ETFs and their underlying indexes. It includes historical performance, current yield data, our market outlook and individual ETF profiles.

Taking credit risk has paid off so far in 2006. The six available fixed-income ETFs are all focused on the investment grade market, with four investing only in Treasuries. The corporate credit exposure of the iShares iBoxx \$ Investment Grade Corporate Bond Fund (previously the iShares GS \$ InvesTop Corporate Bond) has enabled the ETF to slightly outperform. Despite falling from recent highs, Treasury yields are generally higher than year-end 2005. As a result of falling bond prices, the year-to-date total return on each of the bond ETFs is lower than the interest income an investor would have received.

Fixed-income indexes with available ETFs offer a range of yields to maturity. With the exception of TIPS, which changes its dividend monthly based on fluctuations in the inflation rate, the five bond indexes with available ETFs have yields to maturity that range from 5.50% for the iBoxx \$ Investment Grade Corporate Bond Index to 4.60% for the Lehman 7-10 Year Treasury Index. As a result of a slightly inverted yield curve, as of 11/7/06, the yield to maturity on the 7-10 Year Index is lower than that of the 1-3 Year Index.

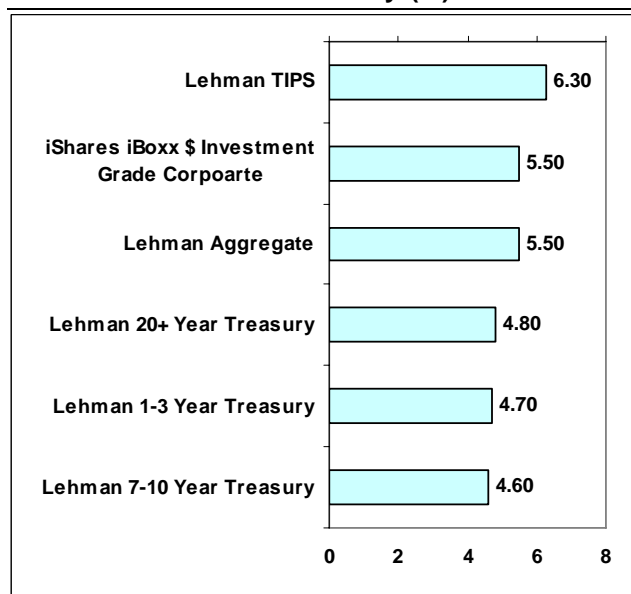
Exhibit 32

ETF Year-to-Date Returns (%) Through 10/31/06



Source: Bloomberg

Current Index Yield to Maturity*(%)



Source: BGI. Data as of 11/3/06

*Dividend yields on ETFs may differ from the stated yields on their underlying indexes and part of an ETFs yield may include accretion to par on discount bonds. In addition, the yield to maturity of the Lehman TIPS Index is variable and is based upon monthly changes in CPI. For more details on the iShares Lehman TIPS Bond Fund, refer to our July 18, 2005 report, *iShares Lehman TIPS Bond Fund: Inflation Protection through ETFs*.

Fixed-Income Market Outlook & Favored ETFs

US housing activity is in recession and home prices are now decelerating or declining. Our US economists, led by Richard Berner, believe that the combination could reduce US growth by as much as 1½ percentage points in the second half of 2006. The latest data suggest that sales of new and existing homes were off 21.6% and 11.4%, respectively, in the year ending July 2006. In response, builders have slashed housing starts, a move that will take its toll on both output and jobs. In addition, declining home prices are likely to crimp spending on household goods. However, Berner believes the deceleration in housing wealth will have much less impact on consumer spending than some observers currently fear. In his opinion, empirical studies suggest that a \$1 decline in housing wealth would trim spending by at most 11 cents.

Our economists see several sources of economic stimulus that should offset housing-related weakness. International growth remains strong, which should boost US exports. Financial conditions remain supportive of growth as borrowing rates are still low and vendors continue to offer zero-interest financing to nurture spending. The recent decline in long-term rates, the gains in stock prices, the decline in volatility and tight risk spreads have all recently added to financial stimulus. In addition, real wage and salary income was up 4.3% in the year ended July 2006 — a six-year high, and the unemployment rate has dipped to 4.4%, the lowest rate since May 2001. Declining energy prices are also supportive of growth. Government forecasts currently suggest gasoline prices could fall to \$2.15 a gallon, which, if this were to occur for an extended period, our economists estimate could add roughly \$100 billion annualized to consumer purchasing power.

Our economists and equity and fixed-income strategists believe that the best of the bond rally is now behind us. Sentiment in the bond market has understandably turned bullish, but is now at a 3-year high. Many market participants currently expect the Federal Reserve to ease monetary policy by early next year and by as much as 75 basis points by early 2008; as such, bond investors appear to be fully pricing in downside to economic growth. However, our strategists expect 10-year yields to rise into the 5.0–5.5% range as growth is likely to prove resilient. In addition, they believe that global inflation likely bottomed in 2002/2003, when central banks “opened the floodgates of liquidity” as they turned their attention from fighting inflation to fighting deflation. Furthermore, they expect demand for capital to increase yields as emerging economies will require capital to invest in the fixed-assets needed to employ their burgeoning work forces.

Fixed-income exposure remains an important part of 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.

Our corporate debt analysts believe that even investment-grade corporate bonds offer a poor risk-reward tradeoff at the current time. The additional yields available in the market for moving out on the risk curve are quite low relative to historical standards. As of November 1, 2006, the current spreads (over Treasuries) in the BBB and BB corporate market are approximately 125 basis points (bps) and 223 bps, respectively, well below the historical averages since January 1990 of 159 bps and 525 bps. Although corporate balance sheets remain in good shape, rising stock buy-backs and dividend payouts actually come at a bondholders’ expense. We favor an ETF tied to the Lehman Brothers Aggregate Index for its relatively short duration and higher quality assets.

Favored US Investment Grade Fixed-Income ETF

- iShares Lehman Aggregate Bond Fund (AGG)

Treasury Inflation Protected Securities (TIPS) offer inflation protection. For investors seeking investment-grade exposure and inflation protection, TIPS represents an attractive investment alternative.

Favored US Inflation-Protected ETF

- iShares TIPS Bond Fund (TIP)

Shorter-duration Treasury notes offer competitive yields and may mitigate interest-rate risk. The yield curve has flattened dramatically over the past two years as short-term interest rates have increased faster than long-term rates. With the yield curve now slightly inverted, high-quality, low-duration short-term Treasuries may be an appealing investment for many investors.

Favored Short-Term Treasury ETF

- iShares Lehman 1-3 Year Treasury Bond Fund (SHY)

iShares Lehman 1-3 Year Treasury Bond Fund (SHY)

FIXED-INCOME

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	80.07	79.26
Fund Ticker	SHY	
Intraday NAV Ticker	SHYIV	
Benchmark Index Ticker (Bloomberg)	na	
Market Cap (\$Mil)	5,419	
Shares Outstanding (Mil)	67.7	
Avg Daily Trading Volume (Shares)	471,374	
Expense Ratio (%)	0.15	
Focus	Fixed Income	
Investment Advisor	Barclays Global Investors	
Inception Date	7/26/2002	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	27	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Monthly	
Annualized Performance (%)	09/30/2006	

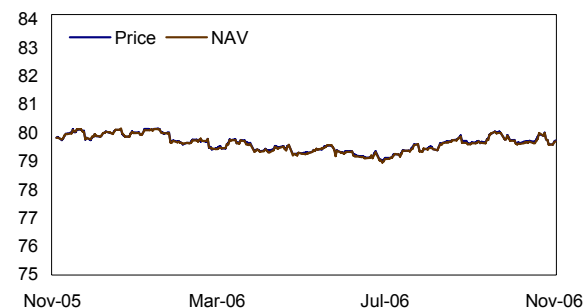
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	1.9	3.6	1.8	-	-	2.2
NAV	2.0	3.6	1.8	-	-	2.2

Distribution History (\$)	2004	2005	YTD 2006
Income	1.58	2.45	2.77
Capital Gains	0.00	0.00	0.00
Total	1.58	2.45	2.77

Fund Description

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 designed to track the performance of the Lehman Brothers 1-3 Year US Treasury Index. The index includes all publicly issued US Treasury securities that have a remaining maturity of between 1 and 3 years, are non-convertible, denominated in US dollars, rated investment grade, fixed rate, and have more than \$250 million par outstanding. The index is market cap-weighted and rebalanced monthly to help maintain maturity targets. To track the index, the fund may use optimization techniques, however, it will generally hold all of the securities in the index in proportionately the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Average Yield to Maturity(%)	4.8
Average Credit Quality	Aaa/AAA
Weighted Average Maturity (Years)	1.9
Effective Duration (Years)	1.8
Weighted Average Coupon (%)	3.8

Top ETF Holdings (%)

US Treasury Note, 3.75%, 5/15/08	8.0
US Treasury Note, 3%, 2/15/08	8.0
US Treasury Note, 3%, 11/15/07	7.7
US Treasury Note, 4.88%, 8/15/09	7.1
US Treasury Note, 4.12%, 8/15/08	6.3
US Treasury Note, 2.62%, 5/15/08	4.8
US Treasury Note, 4.88%, 5/15/09	4.5
US Treasury Note, 4.75%, 11/15/08	4.5
US Treasury Note, 2.62%, 3/15/09	4.2
US Treasury Note, 4.5%, 2/15/09	3.9
Top Ten Total	58.8

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Lehman 7-10 Year Treasury Bond Fund (IEF)

FIXED-INCOME

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	82.93	79.58
Fund Ticker	IEF	
Intraday NAV Ticker	IEFIV	
Benchmark Index Ticker (Bloomberg)	na	
Market Cap (\$Mil)	1,873	
Shares Outstanding (Mil)	22.6	
Avg Daily Trading Volume (Shares)	254,889	
Expense Ratio (%)	0.15	
Focus	Fixed Income	
Investment Advisor	Barclays Global Investors	
Inception Date	7/26/2002	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	13	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Monthly	
Annualized Performance (%)	09/30/2006	

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	4.6	2.6	2.6	-	-	4.3
NAV	4.6	2.7	2.6	-	-	4.3

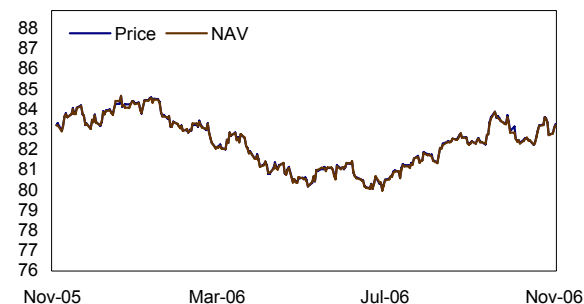
Distribution History (\$)

	2004	2005	YTD 2006
Income	3.18	3.25	2.95
Capital Gains	0.00	0.00	0.00
Total	3.18	3.25	2.95

Fund Description

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 designed to track the performance of the Lehman Brothers 7-10 Year US Treasury Index. The index includes all publicly issued US Treasury securities that have a remaining maturity of between 7 and 10 years, are non-convertible, denominated in US dollars, rated investment grade, fixed rate, and have more than \$250 million par outstanding. The index is market cap-weighted and rebalanced monthly to help maintain maturity targets. To track the index, the fund may use optimization techniques, however, it will generally hold all of the securities in the index in proportionately the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Average Yield to Maturity(%)	4.7
Average Credit Quality	Aaa/AAA
Weighted Average Maturity (Years)	8.6
Effective Duration (Years)	6.6
Weighted Average Coupon (%)	6.2

Top ETF Holdings (%)

US Treasury Note, 11.25%, 2/15/15	17.6
US Treasury Note, 4.12%, 5/15/15	17.6
US Treasury Note, 4.25%, 11/15/13	11.6
US Treasury Note, 4.88%, 8/15/16	10.9
US Treasury Note, 4.75%, 5/15/14	7.6
US Treasury Note, 9.25%, 2/15/16	6.6
US Treasury Note, 4.5%, 2/15/16	4.9
US Treasury Note, 4.25%, 11/15/14	4.9
US Treasury Note, 5.12%, 5/15/16	4.2
US Treasury Note, 7.25%, 5/15/16	3.7
Top Ten Total	89.6

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Lehman 20+ Year Treasury Bond Fund (TLT)

FIXED-INCOME

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	89.53	82.56
Fund Ticker	TLT	
Intraday NAV Ticker	TLTIV	
Benchmark Index Ticker (Bloomberg)	na	
Market Cap (\$Mil)	1,467	
Shares Outstanding (Mil)	16.4	
Avg Daily Trading Volume (Shares)	1,061,595	
Expense Ratio (%)	0.15	
Focus	Fixed Income	
Investment Advisor	Barclays Global Investors	
Inception Date	7/26/2002	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	12	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Monthly	
Annualized Performance (%)	09/30/2006	

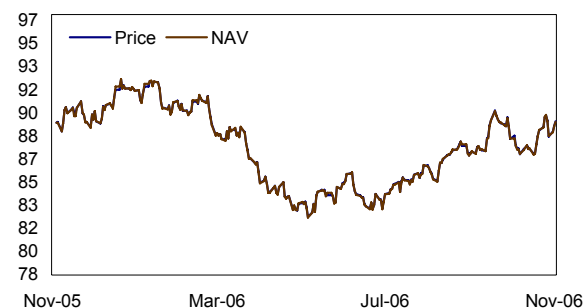
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	7.3	1.7	5.3	-	-	6.9
NAV	7.3	1.8	5.4	-	-	6.9

Distribution History (\$)	2004	2005	YTD 2006
Income	4.14	4.18	3.35
Capital Gains	0.00	0.00	0.00
Total	4.14	4.18	3.35

Fund Description

iShares Lehman 20+ Year Treasury Bond Fund (TLT) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Lehman Brothers 20+ Year US Treasury Index. The index includes all publicly issued US Treasury securities that have a remaining maturity greater than 20 years, are non-convertible, denominated in US dollars, rated investment grade, fixed rate, and have more than \$150 million par outstanding. The index is market cap-weighted and rebalanced monthly to help maintain maturity targets. To track the index, the fund may use optimization techniques, however, it will generally hold all of the securities in the index in proportionately the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Average Yield to Maturity(%)	4.9
Average Credit Quality	Aaa/AAA
Weighted Average Maturity (Years)	23.2
Effective Duration (Years)	13.2
Weighted Average Coupon (%)	5.7

Top ETF Holdings (%)

US Treasury Bond, 4.5%, 2/15/36	14.2
US Treasury Bond, 6.12%, 11/15/27	14.2
US Treasury Bond, 6.25%, 5/15/30	12.4
US Treasury Bond, 5.38%, 2/15/31	11.6
US Treasury Bond, 6.12%, 8/15/29	8.2
US Treasury Bond, 5.5%, 8/15/28	8.1
US Treasury Bond, 6.5%, 11/15/26	7.6
US Treasury Bond, 6.62%, 2/15/27	6.7
US Treasury Bond, 5.25%, 2/15/29	6.5
US Treasury Bond, 5.25%, 11/15/28	5.5
Top Ten Total	95.0

Source: Bloomberg, Company Data, Thomson, FactSet.

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iBoxx \$ Investment Grade Corporate Bond Fund (LQD)

FIXED-INCOME

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	107.06	100.00
Fund Ticker	LQD	
Intraday NAV Ticker	LQDIV	
Benchmark Index Ticker (Bloomberg)	IBOXIG	
Market Cap (\$Mil)	2,679	
Shares Outstanding (Mil)	25.0	
Avg Daily Trading Volume (Shares)	143,227	
Expense Ratio (%)	0.15	
Focus	Fixed Income	
Investment Advisor	Barclays Global Investors	
Inception Date	7/26/2002	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	101	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Monthly	
Annualized Performance (%)	09/30/2006	

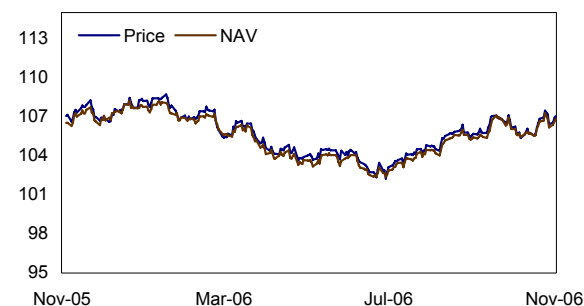
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	4.6	2.6	3.2	-	-	5.9
NAV	4.8	3.0	3.3	-	-	5.9

Distribution History (\$)	2004	2005	YTD 2006
Income	5.19	5.13	4.50
Capital Gains	0.00	0.00	0.00
Total	5.19	5.13	4.50

Fund Description

iBoxx \$ Investment Grade Corporate Bond Fund (LQD) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of Goldman Sachs \$ InvesTop Index. The index is a basket of 100 bonds designed to provide balanced representation of the US dollar investment grade corporate market through some of the most liquid corporate bonds available. All 100 bonds in the basket are equally par-weighted and the index is rebalanced monthly. To track the index, the fund may use optimization techniques, however, it will generally hold all of the securities in the index in proportionately the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Average Yield to Maturity(%)	5.6
Average Credit Quality	A2/BBB+
Weighted Average Maturity (Years)	10.2
Effective Duration (Years)	6.1
Weighted Average Coupon (%)	5.3

Top ETF Holdings (%)

Mohawk Inds Inc, 6.12%, 1/15/16	1.1
United Technologies, 4.38%, 5/1/10	1.1
Embarq Corp, 7.99%, 6/1/36	1.1
Hsbc Hldgs Plc, 6.5%, 5/2/36	1.1
General Elec Cap Cor, 5%, 1/8/16	1.1
Deere John Capital C, 7%, 3/15/12	1.1
Jpmorgan Chase Cap X, 6.95%, 8/17/66	1.1
Merrill Lynch & Co I, 6.05%, 5/16/16	1.1
TXU Energy Co Llc, 7%, 3/15/13	1.1
Oracle Corp / Ozark, 5%, 1/15/11	1.0
Top Ten Total	10.7

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Lehman Aggregate Bond Fund (AGG)

FIXED-INCOME

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	100.07	96.00
Fund Ticker	AGG	
Intraday NAV Ticker	AGGIV	
Benchmark Index Ticker (Bloomberg)	na	
Market Cap (\$Mil)	4,464	
Shares Outstanding (Mil)	44.6	
Avg Daily Trading Volume (Shares)	225,684	
Expense Ratio (%)	0.20	
Focus	Fixed Income	
Investment Advisor	Barclays Global Investors	
Inception Date	9/26/2003	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	123	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Monthly	
Annualized Performance (%)	09/30/2006	

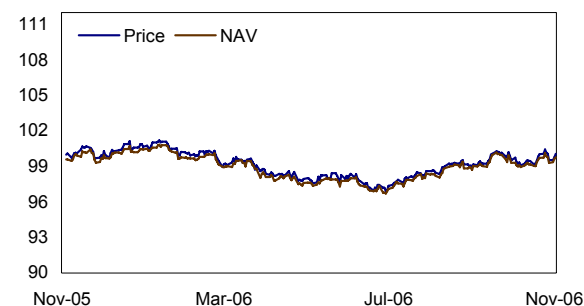
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	4.0	3.3	3.1	-	-	3.2
NAV	3.7	3.4	3.1	-	-	3.2

Distribution History (\$)	2004	2005	YTD 2006
Income	3.54	4.09	3.91
Capital Gains	0.00	0.00	0.00
Total	3.54	4.09	3.91

Fund Description

iShares Lehman Aggregate Bond Fund (AGG) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Lehman Brothers US Aggregate Index. The index includes over 6,500 issues with more than \$250 million outstanding. It is designed to represent the total fixed-rate, non-convertible US investment grade bond market, excluding municipals. The securities in the index are denominated in US dollars and must have at least one year remaining to maturity. The index is market cap-weighted and is rebalanced monthly. To track the index, the fund may use optimization techniques, however, it will generally hold all of the securities in the index in proportionately the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Average Yield to Maturity(%)	5.4
Average Credit Quality	Aa/AA-
Weighted Average Maturity (Years)	7.2
Effective Duration (Years)	5.0
Weighted Average Coupon (%)	5.4

Top ETF Holdings (%)

FNMA Tba 30Yr, 5.5%, 12/15/36	5.3
US Treasury Note, 6%, 8/15/09	5.3
FNMA Tba 30Yr, 6%, 12/15/36	4.9
Fhlmc Gold Tba 30 Yr, 5.5%, 12/15/36	4.3
US Treasury Bond, 7.62%, 2/15/25	3.8
US Treasury Note, 3%, 11/15/07	3.7
FHLMC, 2.75%, 3/15/08	3.5
US Treasury Note, 5.12%, 6/30/08	3.2
US Treasury Bond, 8.12%, 8/15/19	2.8
FNMA Tba 30Yr, 6.5%, 12/15/36	2.7
Top Ten Total	39.5

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares Lehman TIPS Bond Fund (TIP)

FIXED-INCOME

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	100.41	98.21
Fund Ticker	TIP	
Intraday NAV Ticker	TIPIV	
Benchmark Index Ticker (Bloomberg)	na	
Market Cap (\$Mil)	4,034	
Shares Outstanding (Mil)	40.1	
Avg Daily Trading Volume (Shares)	174,954	
Expense Ratio (%)	0.20	
Focus	Fixed Income	
Investment Advisor	Barclays Global Investors	
Inception Date	12/4/2003	
Portfolio Structure	Open-End Investment Company	
Approx. Number of Stocks in Fund	21	
Options Available	Yes	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Monthly	
Annualized Performance (%)	09/30/2006	

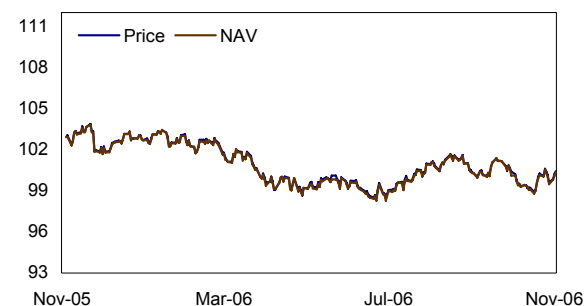
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	3.3	1.5	-	-	-	4.5
NAV	3.6	1.7	-	-	-	4.5

Distribution History (\$)	2004	2005	YTD 2006
Income	4.14	5.58	4.27
Capital Gains	0.00	0.00	0.00
Total	4.14	5.58	4.27

Fund Description

iShares Lehman TIPS Bond Fund (TIP) is an exchange-traded fund, registered with the SEC under the Investment Company Act of 1940 designed to track the performance of the Lehman Brothers US Treasury Inflation Notes Index. The index includes all publicly issued, US Treasury Inflation Protected securities that have at least one year to maturity, are non-convertible, denominated in US dollars, rated investment grade, fixed rate and have more than \$200 million par outstanding. The index is market capitalization weighted and the securities in the Index are updated on the last calendar day of each month. To track the index, the fund may use optimization techniques, however, it will generally hold all of the securities in the index in proportionately the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Average Yield to Maturity(%)	6.5
Average Credit Quality	Aaa/AAAF
Weighted Average Maturity (Years)	10.1
Effective Duration (Years)	5.9
Weighted Average Coupon (%)	2.6

Top ETF Holdings (%)

US Treasury Bond, 2.38%, 1/15/25	8.0
US Treasury Bond, 3.88%, 4/15/29	8.0
US Treasury Note, 0.88%, 4/15/10	7.6
US Treasury Note, 3%, 7/15/12	7.1
US Treasury Note, 2%, 1/15/14	6.3
US Treasury Bond, 3.62%, 4/15/28	6.3
US Treasury Note, 1.88%, 7/15/13	5.9
US Treasury Note, 1.62%, 1/15/15	5.5
US Treasury Note, 2%, 7/15/14	5.4
US Treasury Note, 3.62%, 1/15/08	5.1
Top Ten Total	65.2

Source: Bloomberg, Company Data, Thomson, FactSet.

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COMMODITY & CURRENCY ETFS

The following section highlights commodity- and currency-based ETFs and their underlying assets.

There are now 14 US-listed ETFs that provide exposure to alternative asset classes. Two of these ETFs provide exposure to gold bullion and one offers exposure to silver bullion. One ETF utilizes oil futures to provide exposure to oil and two more use commodity futures to provide exposure to a broader basket of commodities. Seven ETFs provide exposure to foreign currencies and invest in local market time deposits. One ETF tracks a long/short index favoring currencies with the highest interest rates.

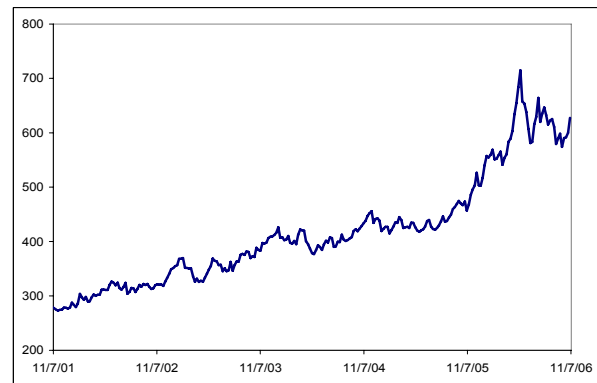
In November 2004, the first ETF investing in gold was launched, followed by another in early 2005. The profiles of these two ETFs are contained on the following pages. Gold has performed well and is up almost 120% since January 2000. As of November 7, it was also up approximately 20% in 2006, but down 14% from its high in May. Gold tends to have an inverse relationship to the US dollar. As the dollar's exchange value falls, it takes more dollars to buy gold, so the dollar gold price rises. Conversely, when the dollar strengthens, it takes fewer dollars to buy gold, so the dollar gold price falls. The weakness of the US dollar and concerns about inflation enabled gold prices to move to new highs earlier this year (Exhibit 37).

The return of gold has exhibited low correlation with the returns of many other asset classes. From October 1984 to September 2004, the price of gold exhibited low correlations with the returns of the S&P 500 (US equities), Citigroup 3-month T-bill (cash), Lehman Aggregate (US investment-grade fixed-income), and Dow Jones Wilshire REIT (real estate) Indexes ranging between positive 0.05 and negative 0.14 (Source: SSGA).

One oil and two broader-based commodity ETFs are also available, the first of which was launched in January 2006. The PowerShares DB Commodity Tracking Index Fund (DBC) provides exposure to six commodities, but has a heavy energy focus. The United States Oil Fund (USO) came out in April and tracks the price of the near-month West Texas Intermediate Light Sweet Crude Oil future. An additional commodity ETF, the iShares GSCI Commodity-Indexed Trust (GSG), was launched in July of 2006. GSG also has a heavy energy concentration, but, in aggregate, provides exposure to a production weighted basket of 24 commodities.

Exhibit 33

Gold Prices 5-Years Ending 11/7/06 (\$/oz)



Source: Bloomberg as of August 8, 2006

In late 2005, the first currency ETF was launched on the euro (€) and an additional six were launched in June 2006. The euro has appreciated from \$1.17 in mid-November 2005 to \$1.27 as of November 7, 2006 (Exhibit 38). In June, CurrencyShares were launched on the Australian and Canadian Dollars, the British Pound, the Mexican Peso, the Swedish Krona and the Swiss Franc. Each of these ETFs invests its assets in time deposits of its target currency and earns taxable interest that is roughly equivalent to the overnight rate in that country minus ETF expenses.

Exhibit 34

Price of the euro/US Dollar, 5 Years Ending 11/7/06



Source: Bloomberg as of August 8, 2006

PowerShares DB Commodity Index Tracking Fund (DBC)

COMMODITY

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	24.96	27.17	22.24
Fund Ticker		DBC	
Intraday NAV Ticker		DBCIV	
Benchmark Index Ticker (Bloomberg)		DBLCIX	
Market Cap (\$Mil)		703	
Shares Outstanding (Mil)		27.8	
Avg Daily Trading Volume (Shares)		335,587	
Expense Ratio (%)		0.83	
Focus		Commodity	
Investment Advisor	DB Commodity Services LLC/USA		
Inception Date		2/3/2006	
Portfolio Structure		Grantor Trust	
Approx. Number of Stocks in Fund		na	
Options Available		No	
Minimum Trade Size (Shares)		1	
Distribution Frequency		Annual	
Annualized Performance (%)		09/30/2006	

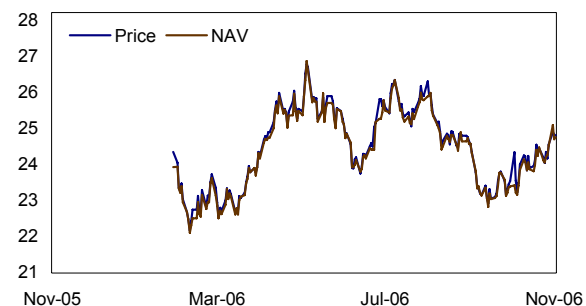
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-5.3	-	-	-	-	-2.2
NAV	-5.6	-	-	-	-	-2.2

Distribution History (\$)			
	2004	2005	YTD 2006
Income	na	na	0.00
Capital Gains	na	na	0.00
Total	0.00	0.00	0.00

Fund Description

The Powershares DB Commodity Index Tracking Fund (DBC) is an exchange-traded fund designed to track the performance of the Deutsche Bank Liquid Commodity Index-Excess Return (DBLCI). The DBLCI is a rules-based index based on six liquid futures contracts. Its base weightings include Light Sweet Crude Oil (35%), Heating Oil (20%), Aluminum (12.5%), Gold (10%), Corn (11.25%) and Wheat (11.25%). The index rebalances annually in November to return each commodity to its base weight. DBC invests in commodity futures, cash and short-term fixed income securities that generate interest income. DBC has variable expenses that could be as high as 0.83% per year consisting of a 0.75% management fee and estimated futures brokerage commissions of 0.08%. To track the index, the fund may use optimization techniques but will generally hold futures positions in commodities in the index in proportionately the same weights.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Energy	48.0
Agriculture	25.2
Industrial Metals	15.8
Precious Metals	11.1
Total	100.0

Top Ten Holdings (%)

Light Crude	30.8
Heating Oil	17.3
Corn	13.5
Gold	11.1
Aluminium	15.8
Wheat	11.7

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares GSCI Commodity Indexed Trust (GSG)

COMMODITY

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	41.79	39.74
Fund Ticker	GSG	
Intraday NAV Ticker	GSGIV	
Benchmark Index Ticker (Bloomberg)	GSCITR	
Market Cap (\$Mil)	91	
Shares Outstanding (Mil)	2.2	
Avg Daily Trading Volume (Shares)	93,262	
Expense Ratio (%)	0.75	
Focus	Commodity	
Investment Advisor	Barclays Global Investors	
Inception Date	7/20/2006	
Portfolio Structure	Grantor Trust	
Approx. Number of Stocks in Fund	na	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	None	
Annualized Performance (%)	09/30/2006	

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-	-	-	-	-	-14.6
NAV	-	-	-	-	-	-14.6

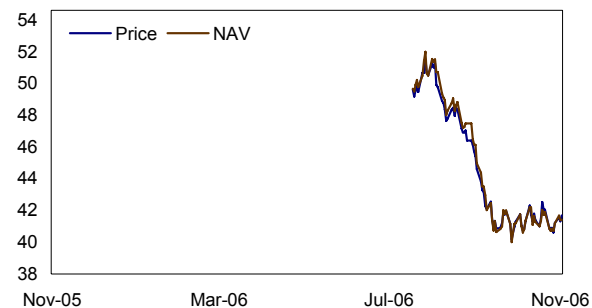
Distribution History (\$)

	2004	2005	YTD 2006
Income	na	na	0.00
Capital Gains	na	na	0.00
Total	0.00	0.00	0.00

Fund Description

iShares GSCI Commodity-Indexed Trust (GSG) is an exchange-traded fund designed to track the GSCI Total Return Index. The index contains 24 commodities from five sectors including energy, industrial metals, precious metals, agriculture and livestock. The GSCI Total Return Index represents the GSCI Excess Return Index plus interest income earned on a fully collateralized futures portfolio. The GSCI Excess Return Index includes returns on the GSCI Spot Index (based on the arithmetic average of stable long futures positions) plus returns resulting from the discount or premium received by "rolling" the contract positions forward as they approach delivery. GSCI commodity indexes are production weighted based on the average quantity produced over the last five years and rebalanced annually. GSG invests in "CERFs", which are five year contracts tied to the GSCI Excess Return Index and short-term Treasuries and cash that generate interest income.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)

Energy	75.0
Agriculture	9.6
Industrial Metals	9.3
Precious Metals	2.2
Livestock	4.0

Total 100.0

Top Ten Holdings (%)

Crude Oil	30.9
Brent Crude Oil	14.8
Unleaded Gas	8.8
Heating Oil	8.3
Natural Gas	7.8
GasOil	4.5
Copper	4.1
Aluminium	2.8
Wheat	2.2
Live Cattle	2.1

Source: Bloomberg, Company Data, Thomson, FactSet.

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iShares COMEX Gold Trust (IAU)

COMMODITY

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	61.18	72.32	46.04
Fund Ticker			IAU
Intraday NAV Ticker			IAUIV
Benchmark Index Ticker (Bloomberg)			na
Market Cap (\$Mil)			867
Shares Outstanding (Mil)			13.8
Avg Daily Trading Volume (Shares)			156,087
Expense Ratio (%)			0.40
Focus			Commodity
Investment Advisor			Barclays Global Investors
Inception Date			1/21/2005
Portfolio Structure			Grantor Trust
Approx. Number of Stocks in Fund			na
Options Available			No
Minimum Trade Size (Shares)			1
Distribution Frequency			Annual
Annualized Performance (%)			09/30/2006

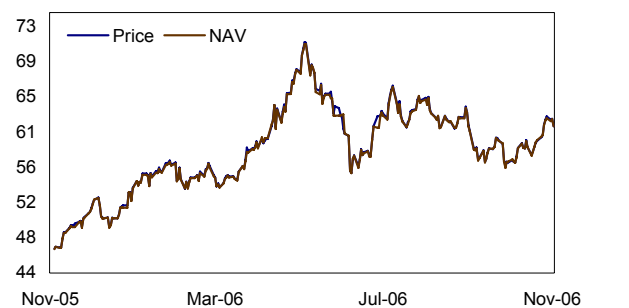
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-2.8	27.2	-	-	-	22.1
NAV	-2.5	27.1	-	-	-	22.1

Distribution History (\$)			
	2004	2005	YTD 2006
Income	na	na	0.00
Capital Gains	na	na	0.00
Total	0.00	0.00	0.00

Fund Description

iShares COMEX Gold Trust (IAU) is an exchange-traded fund that represents an undivided beneficial ownership in the trust's assets, which are primarily allocated gold. The iShares COMEX Gold Trust seeks to correspond generally, to the day-to-day movement of the price of gold bullion. The objective of the Gold Trust is for the value of the iShares to reflect, at any given time, the price of gold owned by the Trust at that time, less expenses and liabilities. Each share of IAU is designed to track the price of 1/10 of an ounce of gold net of trust expenses. The gold that underlies IAU shares may be held in the form of allocated London Good Delivery bars. IAU's daily Net Asset Value (NAV) is determined based on that day's announced COMEX settlement price for the spot month gold futures contract (the futures contract closest to maturity on that day).

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Precious Metals	100.0

Top Ten Holdings (%)

Gold Bullion	100.0
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Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data for iShares current to the most recent month-end at the following website: www.ishares.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

streetTRACKS GOLD Trust (GLD)

COMMODITY

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	61.11	46.03
Fund Ticker	GLD	
Intraday NAV Ticker	GLDIV	
Benchmark Index Ticker (Bloomberg)	na	
Market Cap (\$Mil)	8,353	
Shares Outstanding (Mil)	132.7	
Avg Daily Trading Volume (Shares)	4,394,474	
Expense Ratio (%)	0.40	
Focus	Commodity	
Investment Advisor	World Gold Trust Services	
Inception Date	11/12/2004	
Portfolio Structure	Grantor Trust	
Approx. Number of Stocks in Fund	na	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Annual	
Annualized Performance (%)	09/30/2006	

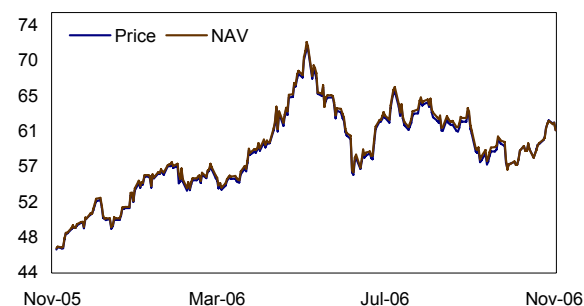
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-2.9	27.3	-	-	-	17.3
NAV	-2.4	26.1	-	-	-	17.3

Distribution History (\$)	2004	2005	YTD 2006
Income	na	na	0.00
Capital Gains	na	na	0.00
Total	0.00	0.00	0.00

Fund Description

streetTRACKS Gold Trust (GLD) is an exchange-traded fund that represents an undivided beneficial ownership in the trust's assets, which are primarily allocated gold. GLD was designed to offer investors a means of participating in the gold bullion market without the necessity of taking physical delivery of gold, and to buy and sell that interest through the trading of a security on a regulated stock exchange. Each share of GLD is designed to track the price of 1/10 of an ounce of gold, net of trust expenses. The gold that underlies GLD is held in the form of allocated London Good Delivery bars in the London vault of HSBC Bank, USA

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Precious Metals	100.0

Top Ten Holdings (%)

Gold Bullion	100.0
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Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data for StreetTRACKS current to the most recent month-end at the following website: www.ssga.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

United States Oil Fund (USO)

COMMODITY

Pricing and Fund Data 11/08/06

		52 Week	
		High	Low
Price (\$)	53.40	74.60	50.82
Fund Ticker			USO
Intraday NAV Ticker			UOI
Benchmark Index Ticker (Bloomberg)			
Market Cap (\$Mil)			643
Shares Outstanding (Mil)			11.8
Avg Daily Trading Volume (Shares)		1,433,786	
Expense Ratio (%)		0.85	
Focus			Commodity
Investment Advisor	Victoria Bay Asset Management		
Inception Date			4/3/2006
Portfolio Structure			Limited Partnership
Approx. Number of Stocks in Fund			na
Options Available			No
Minimum Trade Size (Shares)			1
Distribution Frequency			None
Annualized Performance (%)			09/30/2006

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-18.6	-	-	-	-	-16.5
NAV	-18.3	-	-	-	-	-16.5

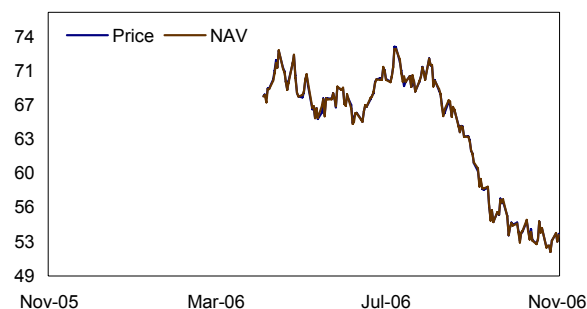
Distribution History (\$)

	2004	2005	YTD 2006
Income	na	na	0.00
Capital Gains	na	na	0.00
Total	0.00	0.00	0.00

Fund Description

United States Oil Fund (USO) is a commodity pool designed to reflect the price of West Texas Intermediate light, sweet crude oil less expenses of operation. It is not a mutual fund registered under the Investment Company Act of 1940. Partnership units represent a fractional undivided beneficial interest in USO's net assets. USO invests in oil futures and short-term Treasury securities that generate interest income. It holds futures contracts for light, sweet crude oil and other petroleum products traded on the New York Mercantile (NYMEX) or other exchanges. USO seeks to have the return of its Net Asset Value (NAV) over time match the returns of its benchmark contracts. It does not seek to have its price in nominal terms equal the price of the current front month contract. Daily NAV is based on settlement values of contracts traded on the NYMEX as of its close of trading at 2:30 pm eastern time. USO's variable expenses consist of a 0.50% management fee that drops to 0.20% for assets over \$1 billion plus estimated brokerage fees for futures and Treasuries of 0.35%.

Price & NAV Performance



Portfolio Breakdown

November 8, 2006

Top Sector/Industry Weightings (%)

Energy	100.0
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Top Ten Holdings (%)

West Texas Intermediate light	100.0
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Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data for USO current to the most recent month-end at the following website: unitedstatesoilfund.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

iShares Silver Trust (SLV)

COMMODITY

Pricing and Fund Data		11/08/06	
52 Week			
		High	Low
Price (\$)	124.17	152.50	95.49
Fund Ticker			SLV
Intraday NAV Ticker			SLVIV
Benchmark Index Ticker (Bloomberg)			
Market Cap (\$Mil)			1,368
Shares Outstanding (Mil)			10.5
Avg Daily Trading Volume (Shares)			368,421
Expense Ratio (%)			0.50
Focus			Commodity
Investment Advisor			Barclays Global Investors
Inception Date			4/27/2006
Portfolio Structure			Grantor Trust
Approx. Number of Stocks in Fund			na
Options Available			No
Minimum Trade Size (Shares)			1
Distribution Frequency			Annual
Annualized Performance (%)			09/30/2006

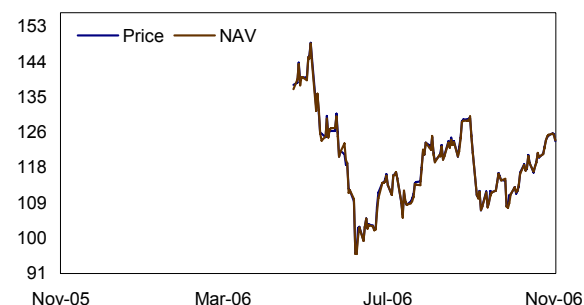
	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	2.8	-	-	-	-	-17.1
NAV	7.8	-	-	-	-	-17.1

Distribution History (\$)			
	2004	2005	YTD 2006
Income	na	na	0.00
Capital Gains	na	na	0.00
Total	0.00	0.00	0.00

Fund Description

iShares Silver Trust (SLV) is an exchange-traded fund that represents an undivided beneficial ownership in the trust's assets, which are primarily silver bullion. The Silver Trust seeks to correspond generally, to the day-to-day movement of the price of silver bullion. The objective of the Silver Trust is for its value to reflect, at any given time, the price of silver owned by the Trust at that time, less expenses and liabilities. Each share of SLV is designed to track the price of ten ounces of silver net of trust expenses. The iShares are backed by silver, identified on the custodian's books in allocated and unallocated accounts on behalf of the trust and held by the custodian in England or other locations that may be authorized in the future. The trust's silver assets are valued based on each day's announced London Fix, the price for an ounce of silver set by three market-making members of the London Bullion Market Association, minus all accrued fees, expenses and liabilities.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
Precious Metals	100.0

Top Ten Holdings (%)

Silver Bullion	100.0
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Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data for iShares current to the most recent month-end at the following website: www.ishares.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

Euro Currency Trust (FXE)

CURRENCY

Pricing and Fund Data 11/08/06

	52 Week	
	High	Low
Price (\$)	127.70	117.96
Fund Ticker	FXE	
Intraday NAV Ticker	na	
Benchmark Index Ticker (Bloomberg)	na	
Market Cap (\$Mil)	847	
Shares Outstanding (Mil)	6.6	
Avg Daily Trading Volume (Shares)	115,490	
Expense Ratio (%)	0.40	
Focus	Currency	
Investment Advisor	Rydex Investments	
Inception Date	12/12/2005	
Portfolio Structure	Grantor Trust	
Approx. Number of Stocks in Fund	na	
Options Available	No	
Minimum Trade Size (Shares)	1	
Distribution Frequency	Monthly	
Annualized Performance (%)	09/30/2006	

	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept
Price	-0.2	-	-	-	-	7.7
NAV	-0.2	-	-	-	-	7.7

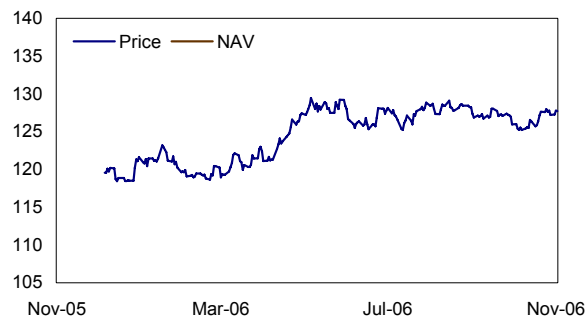
Distribution History (\$)

	2004	2005	YTD 2006
Income	0.00	0.00	2.31
Capital Gains	0.00	0.00	0.00
Total	0.00	0.00	2.31

Fund Description

CurrencyShares Euro Trust (FXE) is a currency-based exchange-traded product designed to track the price of the euro currency in US Dollars. Each share represents units of fractional undivided beneficial interest in the trust's assets which are maintained in euro-denominated demand deposits. The Trust will earn interest on its deposits at an initial annual nominal rate of the Euro Over Night Index Average (EONIA) minus 27 basis points. Interest income is used to pay fund expenses and any excess interest will be distributed to shareholders on a monthly basis.

Price & NAV Performance



Portfolio Breakdown November 8, 2006

Top Sector/Industry Weightings (%)	
euro	100.0

Top Ten Holdings (%)

Time Deposits	100.0
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Source: Bloomberg, Company Data, Thomson, FactSet.

The performance data included herein represent past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data for FXE current to the most recent month-end at the following website: www.rydexfunds.com. ETFs do not charge sales loads or other nonrecurring fees, but you may pay a brokerage commission on the purchase or sale of ETF shares. Any performance data shown in this report does not reflect the deduction of a brokerage commission, which would reduce the performance quoted.

Investment Concerns

ETFs possess risks related to the assets in their underlying indexes. ETFs are subject to risks applicable to investments in portfolios of common stocks, fixed-income securities, commodities or currencies, including that of generally lower prices. There is also a chance that ETF portfolios 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 2005 for most US-listed ETFs (for more details see *Most ETFs Exhibited Low Tracking Error in 2005*, dated February 9, 2006). Some 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.
- **Dividend reinvestment.** Some 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.
- **Diversification requirements.** Most index-linked ETFs are subject to SEC diversification requirements such that no ETF can invest more than 25% of its assets in any single issue. In addition, securities that have a weighting of 5% or more cannot compose more than 50% of total ETF assets. As the weightings of companies within some indexes are higher than these thresholds, many ETFs statistically optimize their holding to reflect the weighting of the index while still adhering to diversification rules.
- **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 less liquid and smaller-cap stocks).

- **Rebalancing.** ETFs are required to make changes in the composition of their portfolios when stocks are added to or dropped from the index and the timing, market impact, and transaction costs can affect performance.
- **Non-concurrent 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 in the US. 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 ETFs will vary by product. Index-linked ETFs have a tax advantage over open-end mutual funds, because +redemptions do not force a sale of stocks and a taxable event. However, capital gains may arise from changes in the index composition. This may 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, any tax effect is 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 and are 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.

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 usually 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), Nasdaq-100 Tracking Stock (QQQQ) 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 quarterly.

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 35

Comparison of the Structures of Equity and Fixed-Income Index-Linked Exchange-Traded Funds

Characteristics	Open-End Mutual Fund	Unit Investment Trust	Grantor Trust*
	Most Equity and Fixed Income ETFs	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 Securities	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

*Six commodity based ETFs and seven currency ETF are also forms of grantor trusts, which have been structured to hold commodities, futures or currencies.

Source: Morgan Stanley Research

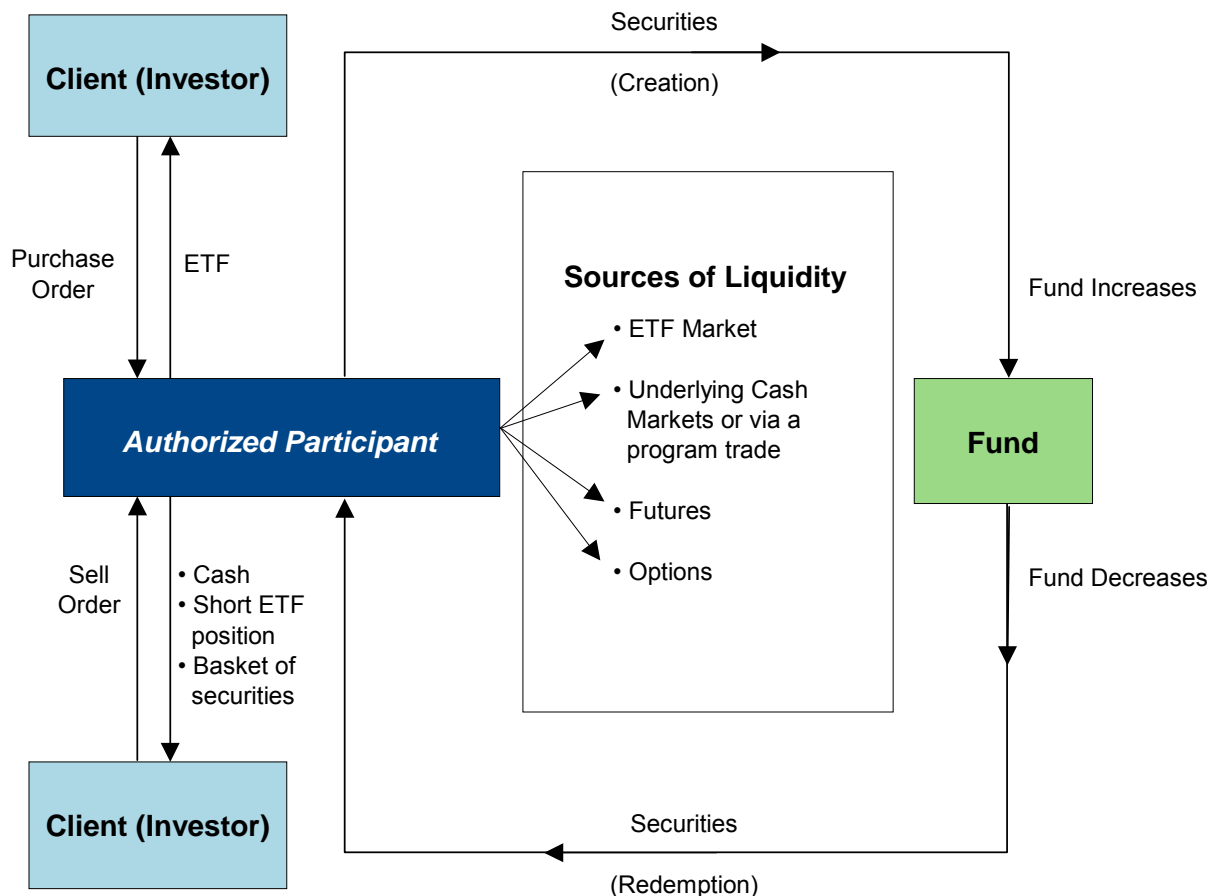
ETF “In-Kind” Creation/Redemption

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 36

ETF “In-Kind” Creation/Redemption Process



Source: Morgan Stanley

Sources of Index-Linked ETF Tracking Error

We attribute ETF tracking error primarily to the eight major sources summarized below. The first six may cause net asset value (NAV) tracking error, while the final two may cause market price tracking error.

NAV Tracking Error

- **Fees and expenses.** Expenses of all fund products reduce total returns. Although index-linked ETFs tend to have low expense ratios, fees may cause an ETF to underperform its index over time.
- **Optimized Portfolios.** Many ETFs employ optimization techniques to design portfolios that will closely track indexes while minimizing transaction costs. Under this technique, an ETF typically omits or underweights less liquid and smaller-cap stocks. In our view, this type of optimization will likely lead to modest tracking error.
- **Forced Diversification.** IRS diversification requirements limit ETFs from having more than 25% of their assets in a single stock or all stocks with weightings over 5% from exceeding 50% of their total assets. These requirements force several ETF portfolios to deviate from their underlying indexes. This is most common in US sector, US industry, and international single-country ETFs.
- **Round Lot Requirements.** Certain international markets only allow trading of stocks in round lots of 100 shares. This causes managers to overweight, underweight, or eliminate smaller stocks in their creation/redemption baskets designed to track the underlying index.
- **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.
- **Rebalancing.** Index-linked ETFs are required to make changes in the composition of their portfolios when stocks are added to or dropped from an index. The timing, market impact, and transaction costs of the changes can affect performance.

Market Price Tracking Error

- **Premiums/discounts.** The actual performance that investors achieve is affected by both the purchase and sale value of ETF shares. Premium/discounts and 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.
- **Non-concurrent 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 indexes 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. In these cases, we view ETFs as price-discovery mechanisms for investors, similar to the way US equity futures act as indicators prior to when US markets open.

Selected US Major Market Index Descriptions

Dow Jones Indexes

The **Dow Jones Industrial Average** contains 30 blue-chip US companies that are industry leaders. It is price-weighted with a company's stock price determining its weight, not its market capitalization. The editors of the *Wall Street Journal* select components and composition changes are rare. The **Dow Jones US Total Market Index** represents over 95% of the US equity market and has around 1,600 stocks. It is float-adjusted market-cap weighted and reconstituted quarterly. The **Dow Jones Wilshire 5000 Index** measures the performance of all US-headquartered equity securities with available price data. The **Dow Jones Wilshire Large, Mid and Small Cap Indexes** have components from the 5000 index ranked by market capitalization from 1-750, 501-1000 and 751-2500 respectively. The DJ Wilshire indexes are float-adjusted market-cap weighted and updated monthly.

Intellidex Indexes

The **Dynamic Market Intellidex Index** utilizes rules-based quantitative analysis to select stocks considering growth, valuation, timeliness and risk factors. Components are selected quarterly from the 2,000 largest U.S. stocks. The index consists 100 large, midsize and small companies and is modified equal dollar weighted.

MSCI Indexes

The MSCI Large Cap 300, **MSCI Mid Cap 450**, and **MSCI Small Cap 1,750** measure the large-, mid-, and small-cap segments of the US equity market. The **MSCI Prime Market 750** combines the large-cap and the mid-cap indexes. The **MSCI US Broad Market Index** contains large, mid, small and micro cap companies and targets for inclusion over 99% of the US market. MSCI indexes are float-adjusted market-cap weighted, adjust quarterly and rebalance semi-annually.

Nasdaq Indexes

The **Nasdaq-100 Index** contains the 100 largest stocks listed on the Nasdaq market excluding financials. It is modified market-cap weighted and is reconstituted each December.

The **Nasdaq Composite Index** contains all of the stocks listed exclusively on the Nasdaq stock market. The index is free-float market-cap weighted and is rebalanced to reflect IPOs and corporate events.

NYSE Indexes

The **NYSE-100 Index** contains the 100 largest US stocks listed on the New York Stock Exchange. The **NYSE Composite Index** measures the performance of all stocks listed on the NYSE including ADRs, REITs and tracking

stocks. Over 15% of its components and 30% of its capitalization consists of non-US stocks. The index represents over 75% of US and over 60% of world market cap. NYSE indexes are free float market cap-weighted and updated quarterly.

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 Russell 3000. The **Russell Midcap Index** contains the smallest 800 stocks in the broader Russell 1000. The **Russell Top 50 Index** contains the 50 largest companies in the Russell 3000 while The **Russell Microcap Index** includes the 1,000 smallest securities in the Russell 2000 plus the next 1000 smaller securities. The indexes are float-adjusted market-cap weighted and are reconstituted each June.

S&P Indexes

The **S&P 500**, **MidCap 400** and **SmallCap 600 Indexes** measure the large-, mid-, and small-cap segments of the US equity market. The **S&P 1500 Index** contains all the stocks in the S&P 500, 400, and 600 Indexes. The **S&P 100 Index** measures the 100 largest stocks in the S&P 500. The **S&P 500 Equal-weight Index** has the same constituents as the S&P 500, but each gets a fixed weight of 0.20% at quarterly rebalancing resulting in greater weighting of small-cap and value stocks. The **S&P 500 O-Strip Index** is a subset of the S&P 500 containing stocks listed on over-the-counter (OTC) markets. The **S&P Completion Index** measures stocks in the S&P Total Market Index with the companies in the S&P 500 removed, providing exposure to mid-, small- and micro-cap companies. S&P indexes are market-cap weighted and rebalanced as needed.

Lehman Brothers Bond Indexes

The **Lehman Brothers US Aggregate Index** covers the total fixed-rate, nonconvertible US investment-grade bond market, excluding municipals. It is market-cap weighted and includes over 6,500 issues. The Treasury components of this index are broken down into several sub-indexes including the **1-3 Year Treasury**, **7-10 Year Treasury** and **20+ Year Treasury Indexes**. The **Lehman Brothers US Treasury Inflation Notes Index** is not included in the Aggregate Index. The indexes rebalance monthly to help maintain maturity range targets.

Note: Bolded indexes have corresponding US-listed ETFs.

Selected US Growth and Value Style Index Descriptions

Dow Jones Wilshire Indexes

Dow Jones ranks stocks from the Dow Jones Wilshire 5000 Composite Index and puts them into market capitalization segments. Stocks within each market cap segment are assigned to either growth or value so that 50% of stocks by market cap are in the related growth or value indexes. Six factors are used to designate a stock growth or value: projected price-to-earnings ratio, projected earnings growth, price-to-book ratio, dividend yield, trailing revenue growth and trailing earnings growth. The indexes are float-adjusted, market capitalization weighted. Holdings are reviewed semi-annually. streetTRACKS has six ETFs based on Dow Jones Wilshire style indexes in the large-, mid-, and small-cap market segments.

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 market segments that represent about 70, 20 and 7% of the US market respectively. Each market cap range is split one third each into growth, value, and core indexes. Stocks are classified by a ten-factor model and are only assigned to one style index. The component growth, value and core indexes can be combined to equal their broad market index. The indexes are float-adjusted market cap-weighted and rebalanced quarterly. Stocks are added or removed semi-annually and buffer zones are used to reduce turnover. iShares has ETFs based on all nine Morningstar style indexes.

MSCI Indexes

MSCI assigns stocks to growth and value indexes using eight factors including three for value and five for growth. They target a 50% weight for each market cap segment. Stocks having both or neither styles are allocated to each index in proportionate weights. In each market segment, the component growth and value indexes can be combined to equal their broad market index. The indexes are market cap-weighted, adjusted quarterly beginning in February for free float and for companies that move out of a market cap range, and is rebalanced semi-annually in May and November. MSCI uses buffer zones in an effort to reduce turnover and manage the migration of companies from one index to another during quarterly reviews. Vanguard has four ETFs based on MSCI style indexes in the prime (both large-cap and mid-cap) and small-cap market segments.

Russell Indexes

Russell uses a two-factor model to assign stocks to its growth and value indexes. Each stock in a broad index earns a score based on its Price-to-Book ratio and I/B/E/S consensus long-term growth forecast to determine if it is growth, value, or both. Than 70% are classified as all value or all growth and 30% having both attributes are weighted proportionately to both growth and value indexes. For example, a stock that has a 40% weight in a value index will have a 60% weight in a growth index. This results in the number of companies in the combined growth and value indexes being greater than in the related broad index. However, on a market cap basis the combined growth and value indexes equal their broad market index upon annual rebalancing in June. iShares has eight ETFs based on Russell style indexes in the broad-, large-, mid-, and small-cap market segments.

S&P Indexes

S&P/Citigroup Growth and Value Indexes are exhaustive, containing the full market cap of the S&P 500, MidCap 400 and SmallCap indexes. They use a seven-factor model (three growth/four value) to determine style and are market cap weighted. One-third of the market cap in the broader index is fully allocated to growth, one-third fully to value, and the remaining stocks that do not exhibit predominant growth or value characteristics will be split proportionally between the two indexes. This results in the number of companies in the combined growth and value indexes being greater than in the related broad index. However, the growth and value sub indexes each approximate 50% of the broader S&P indexes. The indexes are rebalanced annually and adjusted as needed to reflect changes to the broader S&P Indexes. iShares has six ETFs based on S&P/Citigroup style indexes in the large-, mid-, and small-cap market segments.

S&P/Citigroup also has Pure Style Indexes. These use a seven-factor model (three growth/four value) to identify those companies in the S&P 500, MidCap 400 and SmallCap 600 with the strongest style characteristics. Stocks representing one-third of the market cap of the S&P broader index are included in each Pure style Index. Index components are weighted according to style score strength and classified as either 100% growth or 100% value. The indexes are rebalanced annually in December and adjusted as needed to reflect changes to the broader S&P Indexes. Rydex has six ETFs based on S&P/Citigroup Pure Style indexes in the large-, mid-, and small-cap market segments.

Selected US Sector, Industry, and Custom Index Descriptions

Cohen and Steers Indexes

The Cohen & Steers Realty Majors Index contains large and liquid US REITs. A committee considers management, quality and sector and regional diversification in choosing securities. It is modified market cap-weighted and reconstitutes quarterly with an 8% weighting cap.

Dow Jones Indexes

The Dow Jones US Sector Indexes are sub sets of the Dow Jones US Total Market Index that is rules based, seeks to represent 95% of the US equity market, and consists of approximately 1,600 stocks. The Industry Classification Benchmark (ICB) assigns each stock to ten sectors. The indexes are float-adjusted market cap-weighted and rebalance quarterly.

The Dow Jones Select Dividend Index contains stocks with the highest dividend yields (excluding REITs) in the Dow Jones Total Market Index with: five-year dividend growth, an average five-year dividend payout ratio less than 60%, and average daily volume of more than 200,000 shares. It reconstitutes in December as 100 suitable stocks with the highest yields are identified. Component weights are based on annualized dividends in dollars.

Goldman Sachs Indexes

The Goldman Sachs Technology Index is a composite index of over 200 stocks and has six industry sub indexes, including **Networking**, **Semiconductors**, and **Software**. The indexes are modified market cap-weighted and are reconstituted and rebalanced semi-annually.

The Goldman Sachs Natural Resources Index contains US-traded natural resource-related stocks. It is modified capitalization weighted and reconstitutes semi-annually.

The Goldman Sachs \$ InvesTop Corporate Bond Index is rules based and represents the US dollar investment-grade corporate market through some of the most liquid corporate bonds available. All 100 bonds in the basket are equally par-weighted and the index is rebalanced monthly

Merrill Lynch HOLDRS

HOLDRS represent ownership in specific stocks in particular US industries or sectors like **pharmaceutical** or **semiconductor**. Usually 20 stocks are initially included in each HOLDRS and its composition does not change after issue, except in special cases like mergers or acquisitions. Component weights are determined at issuance and no rebalancing occurs.

Morgan Stanley Indexes

The Morgan Stanley Technology Index is composed purely of US electronics-based technology companies drawn from 11 technology sub-sectors. The index is equal-dollar weighted upon its annual rebalancing in December.

MSCI Indexes

The MSCI Sector Indexes are subsets of the MSCI US Investable Market Index that contains 2500 large, mid and small-cap stocks. Stocks in the broader index are assigned to ten sectors according to the Global Industry Classification Standard (GICS). The indexes are float-adjusted market cap-weighted and adjusted quarterly.

The MSCI US REIT Index represents approximately 85% of the US REIT universe and contains actively traded equity REITs that meet market-cap minimums. It is float-adjusted market cap-weighted and rebalances quarterly.

Nasdaq Indexes

The Nasdaq Biotechnology Index includes companies exclusively listed on Nasdaq classified by the Industry Classification Benchmark (ICB) as Biotechnology or Pharmaceuticals. The index is modified market cap-weighted and rebalances quarterly.

PowerShares Custom Indexes

The Palisades Water Index contains US listed stocks that focus on the provision and treatment of potable water, and technology and services related to water consumption. It is modified equal dollar weighted and reconstitutes quarterly.

The WilderHill Clean Energy Index contains US stocks focusing on greener and renewable sources of energy and technologies facilitating cleaner energy. It is modified equal dollar weighted and rebalances quarterly with a 3% weighting cap.

S&P Indexes

The S&P Select Sector Indexes allocate each stock in the S&P 500 to nine Select Sector Indexes according to the Global Industry Classification Standard (GICS). They are modified market-cap weighted and rebalanced when needed. Eight of the nine Select Sector Indexes match up with the ten GICS sectors in the S&P 500. However, there is no telecommunication services Select Sector Index and these stocks are in 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 include actively traded non-US companies with American Depositary Receipts (ADRs). The indexes are market cap weighted, rebalance quarterly and components are determined by committee. The **Developed Markets 100 ADR** and **Emerging Markets 50 ADR Indexes** give broad non-US exposure in multiple countries. The **Europe 100 ADR** and **Asia 50 ADR Indexes** have diversified regional exposure.

Dow Jones Indexes

The **Dow Jones STOXX 50 Index** includes 50 blue chip companies throughout Europe while the **Dow Jones EURO STOXX 50** includes similar companies only within the Euro-zone and provides a play on the euro currency. The indexes are float-adjusted market cap-weighted, subject to a 10% weighting cap, and rebalance annually in September.

FTSE/Xinhua Indexes

The **FTSE/Xinhua China 25 Index** represents large Chinese companies available to global investors. It contains "H" Shares of companies incorporated in China and "Red Chip" shares of companies incorporated in Hong Kong with most of their business in China. These shares are listed and trade in Hong Kong. The index is float adjusted and modified market cap weighted. Components are reviewed quarterly and have a 10% weighting cap.

MSCI Indexes

MSCI Country Indexes are available for 51 global markets. The indexes seek to represent 85% of total market capitalization by country and industry. They are float-adjusted market cap weighted and rebalance quarterly.

The **MSCI EAFE Index** is broadly diversified and comprises 21 MSCI country indexes and over 1,100 securities representing the developed markets outside of North America: Europe, Australasia and the Far East.

The **MSCI Emerging Markets Index** measures equity market performance in the global emerging markets and consists of over 800 securities from 26 countries.

The **MSCI Europe Index** consists of around 600 stocks in 16 developed European countries. Most of the index is comprised of companies in the United Kingdom, France, Switzerland and Germany.

The **MSCI EMU Index** consists of about 300 stocks from 12 European countries that use the euro currency including Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the 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 Index** consists of approximately 550 companies located in five developed market countries in the Asia Pacific region including Japan, Australia, Hong Kong, New Zealand, and Singapore.

The **MSCI Pacific ex-Japan Index** consists of about 200 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** is a component of the S&P Global 1200 Index and includes 350 liquid securities from 17 exchanges. It covers about 70% of the region's market and includes companies in the UK, Switzerland, and Scandinavia, in addition to those in the European Monetary Union. Committees maintain the S&P global indexes. They are float-adjusted market cap-weighted and changes are made as necessary.

The **S&P Global 100 Index** includes 100 multinational, blue-chip companies from the S&P Global 1200 with businesses global in nature and that derive a substantial portion of their operating income from multiple countries.

The S&P Global Sector Indexes track global sectors including **Energy, Financial, Healthcare, Technology** and **Telecommunications**. These indexes are a subset of the S&P Global 1200 Index. 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** is a component of the S&P Global 1200 Index. It includes liquid securities from major sectors of four countries including Mexico, Brazil, Argentina, and Chile and represents about 70% of each country's market cap.

The **S&P/TOPIX 150 Index** represents the large cap segment of the Japanese equity market. It contains highly liquid securities from each major sector and includes approximately 70% of the market's capitalization.

Note: Bolded indexes have corresponding US-listed ETF

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(as of October 31, 2006)

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Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)		
	Count	% of Total	Count	% of Total IBC	% of Rating Category
Overweight/Buy	801	38%	309	44%	39%
Equal-weight/Hold	942	45%	308	44%	33%
Underweight/Sell	345	17%	78	11%	23%
Total	2,088		695		

Data include common stock and ADRs currently assigned ratings. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations. Investment Banking Clients are companies from whom Morgan Stanley or an affiliate received investment banking compensation in the last 12 months.

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Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

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Unless otherwise specified, the time frame for price targets included in this report is 12 to 18 months.

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Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

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Industry Coverage: Exchange - Traded Funds - Index-Linked Bond Funds

Company (Ticker)	Rating (as of)	Price (11/13/2006)
Paul J. Mazzilli		
iShares GS\$ InvesTop Corporate Bond Fund (LQD.A)	NA (08/27/2002)	\$107.39
iShares Lehman 1-3 Year Treasury Bond Fund (SHY.A)	NA (08/27/2002)	\$80.12
iShares Lehman 20+ Year Treasury Bond Fund (TLT.A)	NA (08/27/2002)	\$89.84
iShares Lehman 7-10 Year Treasury Bond Fund (IEF.A)	NA (08/27/2002)	\$83.06
iShares Lehman TIPS Bond Fund (TIP.N)	NA (01/22/2004)	\$100.33

Stock Ratings are subject to change. Please see latest research for each company.

Industry Coverage: Exchange - Traded Funds - Index-Linked Commodity Funds

Company (Ticker)	Rating (as of)	Price (11/13/2006)
Paul J. Mazzilli		
DB Commodity Index Tracking Fund (DBC.A)	NA-V	\$24.58
United States Oil Fund LP (USO.A)	NA-V	\$52.35
iShares Silver Trust (SLV.A)	NA-V	\$128.60
streetTRACKS Gold Trust (GLD.N)	NA (11/18/2004)	\$62.19

Stock Ratings are subject to change. Please see latest research for each company.

Industry Coverage: Exchange - Traded Funds - Index-Linked US Equity

Company (Ticker)	Rating (as of)	Price (11/13/2006)
Dominic Maister		
First Trust NASDAQ-100 Equal Weighted Index Fund (QQEW.O)	NA-	\$20.03
Paul J. Mazzilli		

B2B Internet HOLDERS (BHH.A)	NA (03/18/2002)	\$2.16
Biotech HOLDERS (BBH.A)	NA (03/18/2002)	\$186.42
Broadband HOLDERS (BDH.A)	NA (03/18/2002)	\$16.29
Consumer Discretionary Select Sector SPDR Fund (XLY.A)	NA (03/13/2003)	\$37.38
Consumer Staples SPDR (XLP.A)	NA (03/13/2003)	\$25.47
Currency Shares Australian Dollar Trust (FXA.N)	NA-	\$76.40
Currency Shares British Pound Sterling Trust (FXB.N)	NA-	\$190.39
Currency Shares Canadian Dollar Trust (FXC.N)	NA-	\$87.90
Currency Shares Mexican Peso Trust (FXM.N)	NA-	\$91.69
Currency Shares Swedish Krona Trust (FXS.N)	NA-	\$141.07
Currency Swiss Franc Trust (FXF.N)	NA-	\$80.35
Diamonds (DIA.A)	NA (03/13/2003)	\$121.35
Energy SPDR (XLE.A)	NA (03/13/2003)	\$57.35
Euro Currency Trust (FXE.N)	NA-	\$128.22
Extended Market VIPERs (VXF.A)	NA (03/18/2002)	\$100.74
Fidelity NASDAQ Composite Index Tracking Stock (ONEQ.O)	NA (10/31/2003)	\$94.70
Financial SPDR (XLF.A)	NA (03/13/2003)	\$35.76
First Trust Amex Biotechnology Index Fund (FBT.A)	NA-	\$23.82
First Trust Dow Jones Internet Index Fund (FDN.A)	NA-	\$22.81
First Trust IPOX-100 Index Fund (FPX.A)	NA-	\$21.38
First Trust NASDAQ-100 Equal Weighted Index Fund (QQEW.O)	NA-	\$20.03
First Trust NASDAQ-100-Technology Sector Index Fund (QTEC.O)	NA-	\$20.24
Health Care Select Sector SPDR Fund (XLV.A)	NA (03/13/2003)	\$32.55
Industrial SPDR (XLI.A)	NA (03/13/2003)	\$34.77
Internet Architecture HOLDERS (IAH.A)	NA (03/18/2002)	\$41.53
Internet HOLDERS (HHH.A)	NA (03/18/2002)	\$54.18
Internet Infrastructure HOLDERS (IIH.A)	NA (03/18/2002)	\$5.58
Market Vectors Gold Miners ETF (GDX.A)	NA-	\$38.92
Materials Select Sector SPDR Fund (XLB.A)	NA (03/13/2003)	\$34.03
Nasdaq-100 Tracking Stock (QQQQ.O)	NA (03/13/2003)	\$43.46
Oil Services HOLDERS (OIH.A)	NA (03/18/2002)	\$137.13
Pharmaceutical HOLDERS (PPH.A)	NA (03/18/2002)	\$75.12

November 14, 2006

Exchange-Traded Funds

PowerShares Aerospace & Defense Portfolio (PPA.A)	NA-V	\$17.66	Pharmaceuticals (PJP.A)		
PowerShares Dynamic Building and Construction (PKB.A)	NA-V	\$15.72	Powershares Dynamic Semiconductors (PSI.A)	NA-V	\$17.26
PowerShares Dynamic Insurance Portfolio (PIC.A)	NA-V	\$17.92	Powershares Dynamic Software (PSJ.A)	NA-V	\$19.79
PowerShares Dynamic Large Cap Growth Portfolio (PWB.A)	NA (03/10/2005)	\$16.29	Powershares Golden Dragon Halter USX China (PGJ.A)	NA (02/09/2005)	\$17.77
PowerShares Dynamic Large Cap Value Portfolio (PWV.A)	NA (03/10/2005)	\$19.13	Powershares High Yield Equity Dividend Achievers (PEY.A)	NA (02/09/2005)	\$15.99
PowerShares Dynamic Mid Cap Growth Portfolio (PWJ.A)	NA (03/10/2005)	\$18.73	Powershares Zacks Micro Cap Portfolio (PZI.A)	NA ()	\$17.29
PowerShares Dynamic Mid Cap Value Portfolio (PWA.A)	NA (03/10/2005)	\$18.14	Regional Bank HOLDERS (RKH.A)	NA (03/18/2002)	\$157.97
PowerShares Dynamic Oil & Gas Service Portfolio (PXJ.A)	NA-V	\$19.74	Retail HOLDERS (RTH.A)	NA (03/18/2002)	\$96.85
PowerShares Dynamic Retail Portfolio (PMR.A)	NA-V	\$18.92	Rydex Equal Weight S&P Index Fund (RSP.A)	NA (02/11/2005)	\$46.46
PowerShares Dynamic Small Cap Growth Portfolio (PWT.A)	NA (03/10/2005)	\$17.71	Rydex Russell Top 50 ETF (XLG.A)	NA-V	\$104.97
PowerShares Dynamic Small Cap Value Portfolio (PWY.A)	NA (03/10/2005)	\$17.70	Rydex S&P 500 Pure Growth ETF (RPG.A)	NA-	\$35.34
PowerShares Energy Exploration & Production (PXE.A)	NA-V	\$18.73	Rydex S&P 500 Pure Value ETF (RPV.A)	NA-	\$32.95
PowerShares Hardware & Consumer Electronics (PHW.A)	NA-V	\$17.13	Rydex S&P MidCap 400 Pure Growth ETF (RFG.A)	NA-	\$50.73
PowerShares Lux Nanotech Portfolio (PXN.A)	NA-V	\$18.02	Rydex S&P MidCap 400 Pure Value ETF (RFV.A)	NA-	\$33.82
PowerShares Telecom & Wireless Portfolio (PTE.A)	NA-V	\$18.48	Rydex S&P SmallCap 600 Pure Growth ETF (RZG.A)	NA-	\$39.60
PowerShares Value Line Timeliness Select Portfolio (PIV.A)	NA-V	\$15.38	Rydex S&P SmallCap 600 Pure Value ETF (RZV.A)	NA-	\$39.97
PowerShares Water Resources Portfolio (PHO.A)	NA-V	\$18.05	S&P Depository Rcpts (SPY.A)	NA (03/13/2003)	\$138.58
PowerShares WilderHill Clean Energy Portfolio (PBW.A)	NA (03/10/2005)	\$17.72	S&P MidCap 400 Dep. Rcpts (MDY.A)	NA (03/13/2003)	\$145.05
PowerShares Zacks Small Cap Portfolio (PZJ.A)	NA-	\$26.11	SPDR Biotech ETF (XBI.A)	NA-	\$50.71
Powershares Dynamic Biotech & Genome (PBE.A)	NA-V	\$18.71	SPDR Homebuilders ETF (XHB.A)	NA-	\$33.30
Powershares Dynamic Food & Beverage (PBJ.A)	NA-V	\$15.98	SPDR Metals & Mining ETF (XME.A)	NA-	\$47.68
Powershares Dynamic Leisure and Entertainment (PEJ.A)	NA-V	\$17.71	SPDR Oil & Gas Equipment and Services ETF (XES.A)	NA-	\$29.07
Powershares Dynamic Market Port (PWC.A)	NA (02/09/2005)	\$49.07	SPDR Oil & Gas Exploration and Drilling ETF (XOP.A)	NA-	\$38.14
Powershares Dynamic Media (PBS.A)	NA-V	\$15.31	SPDR Pharmaceuticals ETF (XPH.A)	NA-	\$33.67
Powershares Dynamic Networking (PXQ.A)	NA-V	\$17.26	SPDR Retail ETF (XRT.A)	NA-	\$41.03
Powershares Dynamic OTC Port (PWO.A)	NA (02/09/2005)	\$52.50	SPDR Semiconductor ETF (XSD.A)	NA-	\$50.26
Powershares Dynamic	NA-V	\$17.94	Semiconductor HOLDERS (SMH.A)	NA (03/18/2002)	\$34.22
			Short Dow30 ProShares (DOG.A)	NA-	\$64.69
			Short MidCap400 ProShares (MYY.A)	NA-	\$65.76
			Short QQQ ProShares (PSQ.A)	NA-	\$63.00
			Short S&P500 ProShares (SH.A)	NA-	\$64.43
			Software HOLDERS (SWH.A)	NA (03/18/2002)	\$40.97
			Technology SPDR (XLK.A)	NA (03/18/2002)	\$23.29

November 14, 2006

Exchange-Traded Funds

Telecom HOLDERS (TTH.A)	NA (03/18/2002)	\$33.52	WisdomTree MidCap Dividend	NA-	\$55.52
The First Trust Morningstar	NA-	\$22.74	Fund (DON.N)		
Dividend Leaders Index (FDL.A)			WisdomTree Total Dividend Fund	NA-	\$56.15
Total Stock Mkt VIPERs (VTI.A)	NA (03/13/2003)	\$137.16	(DTD.N)		
Ultra Dow 30ProShares (DDM.A)	NA-	\$84.95	iShare Russell 2000 Fd (IWM.A)	NA (03/18/2002)	\$76.80
Ultra QQQ ProShares (QLD.A)	NA-	\$88.05	iShares COMEX Gold Trust	NA (01/28/2005)	\$62.13
Ultra S&P500 ProShares (SSO.A)	NA-	\$85.95	(IAU.A)		
Utilities HOLDERS (UTH.A)	NA (03/18/2002)	\$128.85	iShares Cohen & Steers Realty	NA (03/18/2002)	\$95.19
Utilities SPDR (XLU.A)	NA (03/13/2003)	\$35.99	Majors (ICF.A)		
Vanguard Consumer Discretionary	NA (03/05/2004)	\$59.36	iShares DJ Basic Materials (IYM.A)	NA (03/18/2002)	\$57.70
VIPERs (VCR.A)			iShares DJ Chemical (IYD.A^A03)	NA (03/18/2002)	\$
Vanguard Cosumer Staples	NA (03/05/2004)	\$62.55	iShares DJ Cons Non-Cyclical	NA (03/13/2003)	\$58.57
VIPERs (VDC.A)			(IYK.A)		
Vanguard Dividend Appreciation	NA-	\$52.70	iShares DJ Consumer Cyclical	NA (03/13/2003)	\$64.78
VIPERs (VIG.A)			(IYC.A)		
Vanguard Emerging Markets	NA (03/10/2005)	\$72.75	iShares DJ Financial (IYF.A)	NA (03/18/2002)	\$113.15
VIPERs (VVO.A)			iShares DJ Financial Svcs (IYG.A)	NA (03/18/2002)	\$128.60
Vanguard Energy VIPERs (VDE.A)	NA (11/11/2004)	\$110.13	iShares DJ Healthcare (IYH.A)	NA (03/13/2003)	\$64.62
Vanguard European VIPERs	NA (03/10/2005)	\$66.78	iShares DJ Industrial (IYJ.A)	NA (03/18/2002)	\$60.71
(VGK.A)			iShares DJ Internet (IYV.A^A03)	NA (03/18/2002)	\$
Vanguard Financials VIPERs	NA (03/05/2004)	\$63.46	iShares DJ Real Estate (IYR.A)	NA (03/18/2002)	\$79.72
(VFH.A)			iShares DJ Technology (IYW.A)	NA (03/13/2003)	\$54.44
Vanguard Growth VIPERs (VUG.A)	NA (03/05/2004)	\$57.02	iShares DJ Telecom (IYZ.A)	NA (03/13/2003)	\$28.25
Vanguard Health Care VIPERs	NA (03/05/2004)	\$56.04	iShares DJ Transportation Avg	NA (10/31/2003)	\$85.15
(VHT.A)			Index Fund (IYT.A)		
Vanguard Industrials VIPERs	NA (11/11/2004)	\$64.86	iShares DJ US Energy (IYE.A)	NA (03/18/2002)	\$99.61
(VIS.A)			iShares DJ US Tot Mkt Fd (IYY.A)	NA (03/18/2002)	\$66.86
Vanguard Information Technology	NA (03/05/2004)	\$52.60	iShares DJ Utilities (IDU.A)	NA (03/13/2003)	\$87.30
VIPERs (VGT.A)			iShares Dow Jones US Broker-	NA-	\$52.33
Vanguard Large-Cap VIPERs	NA (03/05/2004)	\$61.61	Dealers Index Fund (IAI.N)		
(VV.A)			iShares Dow Jones US Home	NA-	\$37.08
Vanguard Materials VIPERs	NA (03/05/2004)	\$69.09	Construction Index Fund (ITB.N)		
(VAW.A)			iShares Dow Jones US Insurance	NA-	\$52.63
Vanguard Mid-Cap VIPERs (VO.A)	NA (03/05/2004)	\$71.72	Index Fund (IAK.N)		
Vanguard Pacific VIPERs (VPL.A)	NA (03/10/2005)	\$63.22	iShares Dow Jones US Oil & Gas	NA-	\$48.45
Vanguard REIT VIPERs (VNQ.A)	NA (11/11/2004)	\$74.20	Exploration & Produ (IEO.N)		
Vanguard Small-Cap Growth	NA (03/05/2004)	\$64.37	iShares Dow Jones US Oil	NA-	\$44.61
VIPERs (VBK.A)			Equipment & Services Inde	(IEZ.N)	
Vanguard Small-Cap VIPERs	NA (03/05/2004)	\$67.48	iShares Dow Jones US	NA-	\$52.20
(VB.A)			Pharmaceuticals Index Fund		
Vanguard Small-Cap Value	NA (03/05/2004)	\$70.51	(IHE.N)		
VIPERs (VBR.A)			iShares Dow Jones US Regional	NA-	\$50.17
Vanguard Telecom Services	NA (11/11/2004)	\$70.53	Banks Index Fund (IAT.N)		
VIPERs (VOX.A)			iShares Goldman Sachs Natural	NA (03/18/2002)	\$99.08
Vanguard Utilities VIPERs (VPU.A)	NA (03/05/2004)	\$75.15	Resources (IGE.A)		
Vanguard Value VIPERs (VTV.A)	NA (03/05/2004)	\$66.22	iShares Goldman Sachs	NA (03/18/2002)	\$31.66
Wireless HOLDERS (WMH.A)	NA (03/18/2002)	\$60.97	Networking (IGN.A)		
WisdomTree Dividend Top 100	NA-	\$56.66	iShares Goldman Sachs	NA (03/18/2002)	\$61.54
Fund (DTN.N)			Semiconductor (IGW.A)		
WisdomTree High-Yielding Equity	NA-	\$56.10	iShares Goldman Sachs Software	NA (03/18/2002)	\$45.76
Fund (DHS.N)			(IGV.A)		
WisdomTree LargeCap Dividend	NA-	\$56.35	iShares Goldman Sachs	NA (03/18/2002)	\$51.14
Fund (DLN.N)			Technology (IGM.A)		

iShares KLD Select Social Index Fund (KLD.N)	NA (01/28/2005)	\$58.41	streetTRACKS DJ LargeCap Value (ELV.A)	NA (03/18/2002)	\$81.15
iShares Lehman Aggregate (AGG.A)	NA (10/31/2003)	\$100.20	streetTRACKS DJ SmallCap Growth (DSG.A)	NA (03/18/2002)	\$91.42
iShares NYSE 100 Index Fund (NY.N)	NA (04/02/2004)	\$72.78	streetTRACKS DJ SmallCap Value (DSV.A)	NA (03/18/2002)	\$69.17
iShares NYSE Composite Index Fund (NYC.N)	NA (04/02/2004)	\$81.04	streetTRACKS DJ Wilshire Large Cap (ELR.A)	NA-V	\$63.11
iShares Nasdaq Biotech (IBB.A)	NA (03/13/2003)	\$80.10	streetTRACKS DJ Wilshire Mid Cap (EMM.A)	NA-V	\$55.82
iShares Russell 1000 Fd (IWB.A)	NA (03/18/2002)	\$75.16	streetTRACKS DJ Wilshire Mid Cap Growth (EMG.A)	NA-V	\$60.36
iShares Russell 1000 Growth (IWF.A)	NA (03/18/2002)	\$54.25	streetTRACKS DJ Wilshire Mid Cap Value (EMV.A)	NA-V	\$57.79
iShares Russell 1000 Value (IWD.A)	NA (03/18/2002)	\$80.14	streetTRACKS DJ Wilshire Small Cap (DSC.A)	NA-V	\$61.17
iShares Russell 2000 Growth (IWO.A)	NA (03/18/2002)	\$77.64	streetTRACKS KBW Bank ETF (KBE.A)	NA-V	\$57.14
iShares Russell 2000 Value (IWN.A)	NA (03/18/2002)	\$78.24	streetTRACKS KBW Capital Markets ETF (KCE.A)	NA-V	\$64.85
iShares Russell 3000 Fd (IWW.A)	NA (03/13/2003)	\$80.16	streetTRACKS KBW Insurance ETF (KIE.A)	NA-V	\$55.53
iShares Russell 3000 Growth (IWZ.A)	NA (03/18/2002)	\$44.22	streetTRACKS MS High-Tech 35 (MTK.A)	NA (03/18/2002)	\$56.51
iShares Russell 3000 Value (IWW.A)	NA (03/18/2002)	\$104.86	streetTRACKS SPDR (OOO.A)	NA (11/11/2004)	\$51.96
iShares Russell Microcap Index Fund (IWC.N)	NA-V	\$56.83	streetTRACKS SPDR Dividend (SDY.A)	NA-V	\$60.78
iShares Russell MidCap (IWR.A)	NA (03/18/2002)	\$98.05	streetTRACKS Total Market ETF (TMW.A)	NA (03/18/2002)	\$99.61
iShares Russell MidCap Growth (IWP.A)	NA (03/18/2002)	\$101.63	streetTRACKS Wilshire REIT (RWR.A)	NA (03/18/2002)	\$84.67
iShares Russell MidCap Value (IWS.A)	NA (03/18/2002)	\$142.64	streetTracks KBW Regional Banking ETF (KRE.A)	NA-	\$49.27
iShares S&P 100 Idx Fd (OEF.W)	NA (03/18/2002)	\$			
iShares S&P 1500 Index Fund (ISL.A)	NA (03/05/2004)	\$123.28			
iShares S&P 500 Fd (IVV.A)	NA (03/13/2003)	\$139.17			
iShares S&P MidCap 400 Fd (IJH.A)	NA (03/18/2002)	\$79.30			
iShares S&P MidCap400/Barra Grwth (IJK.A)	NA (03/13/2003)	\$78.78			
iShares S&P MidCap400/Barra Value (IJJ.A)	NA (03/13/2003)	\$77.02			
iShares S&P SmallCap 600 (IJR.A)	NA (03/13/2003)	\$64.98			
iShares S&P SmallCap 600/Barra Value (IJS.A)	NA (03/13/2003)	\$73.72			
iShares S&P SmallCap600/Barra Gwth (IJT.A)	NA (03/13/2003)	\$125.18			
iShares S&P500/Barra Growth (IVW.A)	NA (03/13/2003)	\$63.98			
iShares S&P500/Barra Value (IVE.A)	NA (03/13/2003)	\$74.52			
iShares Select Dividend Index Fund (DVI.N)	NA (11/20/2003)	\$69.49			
streetTRACKS DJ LargeCap Gwth (ELG.A)	NA (03/18/2002)	\$52.52			

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Industry Coverage: Exchange - Traded Funds - Index-Linked International Equity

Company (Ticker) Rating (as of) Price (05/27/2004)

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BLDRS Asia 50 ADR (ADRA.A)	NA (03/12/2004)	\$	iShares MSCI France (EWQ.A)	NA (03/18/2002)	\$32.45
BLDRS Developed Markets 100 ADR (ADRD.A)	NA (03/12/2004)	\$	iShares MSCI Germany (EWG.A)	NA (03/13/2003)	\$25.77
BLDRS Emerging Markets 50 ADR (ADRE.A)	NA (03/12/2004)	\$	iShares MSCI Hong Kong (EWH.A)	NA (03/18/2002)	\$15.04
BLDRS Europe 100 ADR (ADRU.A)	NA (03/12/2004)	\$	iShares MSCI Italy (EWI.A)	NA (03/18/2002)	\$31.56
Europe 2001 HOLDRS (EKH.A)	NA (03/18/2002)	\$79.99	iShares MSCI Japan (EWJ.A)	NA (03/13/2003)	\$13.38
Fresco Dow Jones Euro STOXX 50 Fund (FEZ.N)	NA (10/21/2002)	\$52.23	iShares MSCI Malaysia (EWM.A)	NA (03/18/2002)	\$8.39
Fresco Dow Jones STOXX 50 Fund (FEU.N)	NA (10/21/2002)	\$47.09	iShares MSCI Mexico (EWW.A)	NA (03/18/2002)	\$47.63
Market 2000+ HOLDRS (MKH.A)	NA (03/18/2002)	\$59.79	iShares MSCI Netherlands (EWN.A)	NA (03/18/2002)	\$25.61
Ultra MidCap400 ProShares (MUV.A)	NA-	\$81.05	iShares MSCI Pacific ex-Japan (EPP.A)	NA (03/18/2002)	\$120.20
WisdomTree DIEFA Fund (DWM.N)	NA-	\$58.81	iShares MSCI Singapore (EWS.A)	NA (03/18/2002)	\$10.45
WisdomTree DIEFA High-Yielding Fund (DTH.N)	NA-	\$58.91	iShares MSCI South Africa (EZA.A)	NA (03/12/2004)	\$106.25
WisdomTree Europe High-Yielding Equity Fund (DEW.N)	NA-	\$59.28	iShares MSCI South Korea (EWY.A)	NA (03/18/2002)	\$48.60
WisdomTree Europe SmallCap Dividend Fund (DFE.N)	NA-	\$60.15	iShares MSCI Spain (EWP.A)	NA (03/18/2002)	\$52.25
WisdomTree Europe Total Dividend Fund (DEB.N)	NA-	\$59.34	iShares MSCI Sweden (EWD.A)	NA (03/18/2002)	\$30.03
WisdomTree International Dividend Top 100 Fund (DOO.N)	NA-	\$60.13	iShares MSCI Switzerland (EWL.A)	NA (03/18/2002)	\$24.13
WisdomTree International LargeCap Dividend Fund (DOL.N)	NA-	\$58.52	iShares MSCI Taiwan (EWT.A)	NA (03/18/2002)	\$13.61
WisdomTree International SmallCap Dividend Fund (DLS.N)	NA-	\$57.99	iShares MSCI United Kingdom (EWU.A)	NA (10/17/2006)	\$23.33
WisdomTree Japan High-Yielding Equity Fund (DNL.N)	NA-	\$53.57	iShares S&P Europe 350 (IEV.A)	NA (03/13/2003)	\$102.24
WisdomTree Japan SmallCap Dividend Fund (DFJ.N)	NA-	\$47.60	iShares S&P Global Energy (IXC.A)	NA (03/18/2002)	\$109.80
WisdomTree Japan Total Dividend Fund (DXJ.N)	NA-	\$51.99	iShares S&P Global Financial (IXG.A)	NA (03/18/2002)	\$87.13
WisdomTree Pacific ex-Japan Total Dividend Fund (DND.N)	NA-	\$58.52	iShares S&P Global Healthcare (IXJ.A)	NA (03/18/2002)	\$55.94
iShares EAFE Growth (EFG.N)	NA-V	\$65.36	iShares S&P Global Technology (IXN.A)	NA (03/18/2002)	\$57.53
iShares EAFE Value (EFV.N)	NA-V	\$69.43	iShares S&P Global Telecom (IXP.A)	NA (03/18/2002)	\$60.96
iShares FTSE/Xinhua China (FXI.N)	NA (11/11/2004)	\$91.25	iShares S&P Global Telecom (IXP.A)	NA (03/18/2002)	\$60.96
iShares Global 100 (IOO.N)	NA (03/18/2002)	\$96.46	iShares S&P Latin America 40 (ILF.A)	NA (03/18/2002)	\$157.25
iShares MSCI Australia (EWA.A)	NA (03/18/2002)	\$22.94	iShares S&P/TOPIX 150 (ITF.A)	NA (03/18/2002)	\$117.80
iShares MSCI Austria (EWO.A)	NA (03/18/2002)	\$33.95	iShares S&P/TSE 60 (IKC.A^A03)	NA (03/18/2002)	\$
iShares MSCI Belgium (EWK.A)	NA (03/18/2002)	\$24.69	streetTRACKS DJ Global Titans (DGT.A)	NA (03/18/2002)	\$74.30
iShares MSCI Brazil (EWZ.A)	NA (03/18/2002)	\$42.78			
iShares MSCI Canada (EWC.A)	NA (03/18/2002)	\$24.97			
iShares MSCI EAFE (EFA.A)	NA (03/13/2003)	\$70.77			
iShares MSCI EMU (EZU.A)	NA (03/13/2003)	\$99.89			
iShares MSCI Emerging Markets Free (EEM.A)	NA (03/12/2004)	\$106.34			

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