

CHAPTER 2

Asset Classes and Financial Instruments

2.1 THE MONEY MARKET

Major Classes of Financial Assets or Securities

- Money market
- Bond market
- Equity markets
- Indexes
- Derivative markets

Money Market Instruments

- Treasury bills
- Certificates of deposits
- Commercial Paper
- Bankers Acceptances

Money Market Instruments

- Eurodollars
- Repurchase Agreements (RPs) and Reverse RPs
- Brokers' Calls
- Federal Funds
- LIBOR Market

Figure 2.1 Money Rates

FIGURE 2.1
Rates on money market securities
Source: From The Wall Street Journal, January 5, 2007.
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International rates					Other short-term rates				
Label	Week	High	Low	Rate	Label	Week	High	Low	Rate
Prime rates					Commercial paper				
U.S.	5.25	5.25	5.25	5.25	20-day paper	5.22	—	—	—
Canada	4.85	4.90	4.80	5.00	60-day paper	5.22	—	—	—
Europe	5.25	5.25	5.25	5.25	90-day paper	5.22	—	—	—
Japan	4.05	4.05	4.05	3.75	Dealer commercial paper				
Spain	5.05	5.05	4.95	5.05	30 days	5.26	5.27	5.26	4.52
U.K.	5.05	5.05	5.00	4.50	60 days	5.26	5.28	5.01	4.42
U.S. (BBA)	5.25	5.25	5.25	4.13	90 days	5.26	5.28	5.01	4.42
U.S. (BBA)	5.00	5.00	5.00	4.00	180 days	5.26	5.28	5.01	4.42
U.S. (BBA)	5.00	5.00	5.00	3.50	Euro commercial paper				
U.S. government rates					30 days	5.26	5.28	5.01	2.80
1-month	5.00	5.00	5.00	5.00	90 days	5.26	5.28	5.01	2.80
3-month	5.00	5.00	5.00	5.00	180 days	5.26	5.28	5.01	2.80
6-month	5.00	5.00	5.00	5.00	3 months	5.09	5.08	5.05	2.45
1-year	5.00	5.00	5.00	5.00	London interbank offered rate, or Libor				
Federal funds					Overnight	5.2000	5.20	4.500	4.50
Effective rate	5.24	5.25	5.37	4.21	3 months	5.3600	5.36	5.200	4.950
Treasury bill auction					6 months	5.420	5.44	5.210	2.80
4-week	4.76	4.68	4.53	3.90	9 months	5.420	5.44	5.210	2.80
12-week	4.90	4.85	4.90	4.00	1 year	5.420	5.44	5.210	2.80
26-week	4.90	4.90	5.10	4.50	Euro Libor				
Secondary market					Overnight	3.420	3.44	3.710	2.80
Freddie Mac					3 months	3.710	3.72	3.710	2.40
30-year mortgage	5.62	6.00	6.71	5.81	Euro interbank offered rate (Euribor)				
15-year	5.05	5.05	4.91	5.52	Overnight	3.420	3.44	3.620	2.80
5-year	3.95	3.95	3.95	3.95	3 months	3.710	3.72	3.710	2.40
1-year	3.35	3.35	3.35	3.35	Asian dollars				
Fannie Mae					Overnight	3.310	3.37	3.420	4.41
30-year mortgage	6.06	6.30	6.70	5.93	3 months	3.510	3.50	3.520	3.90
15-year	4.90	4.90	4.81	5.50	Yield on U.S. Treasury bills				
5-year	3.95	3.95	3.95	3.95	1-month	5.25	5.25	5.25	4.40
1-year	3.35	3.35	3.35	3.35	3-month	5.25	5.25	5.25	4.40
Bankers acceptances					6-month	5.25	5.25	5.25	4.40
30 days	5.25	5.25	5.25	4.35	9-month	5.25	5.25	5.25	4.40
60 days	5.25	5.25	5.25	4.35	1-year	5.25	5.25	5.25	4.40
90 days	5.25	5.25	5.25	4.35	Eurodollar (indicated)				
180 days	5.25	5.25	5.25	4.35	3 months	5.25	5.25	5.25	4.40
360 days	5.25	5.25	5.25	4.35	6 months	5.25	5.25	5.25	4.40
Bankers' acceptances					9 months	5.25	5.25	5.25	4.40
30 days	5.25	5.25	5.25	4.35	1 year	5.25	5.25	5.25	4.40
60 days	5.25	5.25	5.25	4.35	Yield on U.S. Treasury bills				
90 days	5.25	5.25	5.25	4.35	1-month	5.25	5.25	5.25	4.40
180 days	5.25	5.25	5.25	4.35	3-month	5.25	5.25	5.25	4.40
360 days	5.25	5.25	5.25	4.35	6-month	5.25	5.25	5.25	4.40
Bankers' acceptances					9-month	5.25	5.25	5.25	4.40
30 days	5.25	5.25	5.25	4.35	1 year	5.25	5.25	5.25	4.40
60 days	5.25	5.25	5.25	4.35	Yield on U.S. Treasury bills				
90 days	5.25	5.25	5.25	4.35	1-month	5.25	5.25	5.25	4.40
180 days	5.25	5.25	5.25	4.35	3-month	5.25	5.25	5.25	4.40
360 days	5.25	5.25	5.25	4.35	6-month	5.25	5.25	5.25	4.40
Bankers' acceptances					9-month	5.25	5.25	5.25	4.40
30 days	5.25	5.25	5.25	4.35	1 year	5.25	5.25	5.25	4.40
60 days	5.25	5.25	5.25	4.35	Yield on U.S. Treasury bills				
90 days	5.25	5.25	5.25	4.35	1-month	5.25	5.25	5.25	4.40
180 days	5.25	5.25	5.25	4.35	3-month	5.25	5.25	5.25	4.40
360 days	5.25	5.25	5.25	4.35	6-month	5.25	5.25	5.25	4.40
Bankers' acceptances					9-month	5.25	5.25	5.25	4.40
30 days	5.25	5.25	5.25	4.35	1 year	5.25	5.25	5.25	4.40
60 days	5.25	5.25	5.25	4.35	Yield on U.S. Treasury bills				
90 days	5.25	5.25	5.25	4.35	1-month	5.25	5.25	5.25	4.40
180 days	5.25	5.25	5.25	4.35	3-month	5.25	5.25	5.25	4.40
360 days	5.25	5.25	5.25	4.35	6-month	5.25	5.25	5.25	4.40
Bankers' acceptances					9-month	5.25	5.25	5.25	4.40
30 days	5.25	5.25	5.25	4.35	1 year	5.25	5.25	5.25	4.40
60 days	5.25	5.25	5.25	4.35	Yield on U.S. Treasury bills				
90 days	5.25	5.25	5.25	4.35	1-month	5.25	5.25	5.25	4.40
180 days	5.25	5.25	5.25	4.35	3-month	5.25	5.25	5.25	4.40
360 days	5.25	5.25	5.25	4.35	6-month	5.25	5.25	5.25	4.40
Bankers' acceptances					9-month	5.25	5.25	5.25	4.40
30 days	5.25	5.25	5.25	4.35	1 year	5.25	5.25	5.25	4.40
60 days	5.25	5.25	5.25	4.35	Yield on U.S. Treasury bills				
90 days	5.25	5.25	5.25	4.35	1-month	5.25	5.25	5.25	4.40
180 days	5.25	5.25	5.25	4.35	3-month	5.25	5.25	5.25	4.40
360 days	5.25	5.25	5.25	4.35	6-month	5.25	5.25	5.25	4.40
Bankers' acceptances					9-month	5.25	5.25	5.25	4.40
30 days	5.25	5.25	5.25	4.35	1 year	5.25	5.25	5.25	4.40
60 days	5.25	5.25	5.25	4.35	Yield on U.S. Treasury bills				
90 days	5.25	5.25	5.25	4.35	1-month	5.25	5.25	5.25	4.40
180 days	5.25	5.25	5.25	4.35	3-month	5.25	5.25	5.25	4.40
360 days	5.25	5.25	5.25	4.35	6-month	5.25	5.25	5.25	4.40
Bankers' acceptances					9-month	5.25	5.25	5.25	4.40
30 days	5.25	5.25	5.25	4.35	1 year	5.25	5.25	5.25	4.40
60 days	5.25	5.25	5.25	4.35	Yield on U.S. Treasury bills				
90 days	5.25	5.25	5.25	4.35	1-month	5.25	5.25	5.25	4.40
180 days	5.25	5.25	5.25	4.35	3-month	5.25	5.25	5.25	4.40
360 days	5.25	5.25	5.25	4.35	6-month	5.25	5.25	5.25	4.40
Bankers' acceptances					9-month	5.25	5.25	5.25	4.40
30 days	5.25	5.25	5.25	4.35	1 year	5.25	5.25	5.25	4.40
60 days	5.25	5.25	5.25	4.35	Yield on U.S. Treasury bills				
90 days	5.25	5.25	5.25	4.35	1-month	5.25	5.25	5.25	4.40
180 days	5.25	5.25	5.25	4.35	3-month	5.25	5.25	5.25	4.40
360 days	5.25	5.25	5.25	4.35	6-month	5.25	5.25	5.25	4.40
Bankers' acceptances					9-month	5.25	5.25	5.25	4.40
30 days	5.25	5.25	5.25	4.35	1 year	5.25	5.25	5.25	4.40
60 days	5.25	5.25	5.25	4.35	Yield on U.S. Treasury bills				
90 days	5.25	5.25	5.25	4.35	1-month	5.25	5.25	5.25	4.40
180 days	5.25	5.25	5.25	4.35	3-month	5.25	5.25	5.25	4.40
360 days	5.25	5.25	5.25	4.35	6-month	5.25	5.25	5.25	4.40
Bankers' acceptances					9-month	5.25	5.25	5.25	4.40
30 days	5.25	5.25	5.25	4.35	1 year	5.25	5.25	5.25	4.40
60 days	5.25	5.25	5.25	4.35	Yield on U.S. Treasury bills				
90 days	5.25	5.25	5.25	4.35	1-month	5.25	5.25	5.25	4.40
180 days	5.25	5.25	5.25	4.35	3-month	5.25	5.25	5.25	4.40
360 days	5.25	5.25	5.25	4.35	6-month	5.25	5.25	5.25	4.40
Bankers' acceptances					9-month	5.25	5.25	5.25	4.40
30 days	5.25	5.25	5.25	4.35	1 year	5.25	5.25	5.25	4.40
60 days	5.25	5.25	5.25	4.35	Yield on U.S. Treasury bills				
90 days	5.25	5.25	5.25	4.35	1-month	5.25	5.25	5.25	4.40
180 days	5.25	5.25	5.25	4.35	3-month	5.25	5.25	5.25	4.40
360 days	5.25	5.25	5.25	4.35	6-month	5.25	5.25	5.25	4.40
Bankers' acceptances					9-month	5.25	5.25	5.25	4.40
30 days	5.25	5.25	5.25	4.35	1 year	5.25	5.25	5.25	4.40
60 days	5.25	5.25	5.25	4.35	Yield on U.S. Treasury bills				
90 days	5.25	5.25	5.25	4.35	1-month	5.25	5.25	5.25	4.40
180 days	5.25	5.25	5.25	4.35	3-month	5.25	5.25	5.25	4.40
360 days	5.25	5.25	5.25	4.35	6-month	5.25	5.25	5.25	4.40
Bankers' acceptances					9-month	5.25	5.25	5.25	4.40
30 days	5.25	5.25	5.25	4.35	1 year	5.25	5.25	5.25	4.40
60 days	5.25	5.25	5.25	4.35	Yield on U.S. Treasury bills				
90 days	5.25	5.25	5.25	4.35	1-month	5.25	5.25	5.25	4.40
180 days	5.25	5.25	5.25	4.35	3-month	5.25	5.25	5.25	4.40
360 days	5.25	5.25	5.25	4.35	6-month	5.25	5.25	5.25	4.40
Bankers' acceptances					9-month	5.25	5.25	5.25	4.40
30 days	5.25	5.25	5.25	4.35	1 year	5.25	5.25	5.25	

Table 2.2 Components of the Money Market

Major components of the money market	\$ Billion
Repurchase agreements	563.0
Small-denomination time deposits*	973.7
Large-denomination time deposits	1,359.4
Eurodollars	430.2
Treasury bills	963.9
Commercial paper	1,829.8
Savings deposits	3,620.5
Money market mutual funds	1,853.6

*Small denominations are less than \$100,000

Source: *Economic Report of the President*, U.S. Government Printing Office, 2006; *Flow of Funds Accounts of the United States*, Board of Governors of the Federal Reserve System, September 2006.

Figure 2.2 Treasury Bills

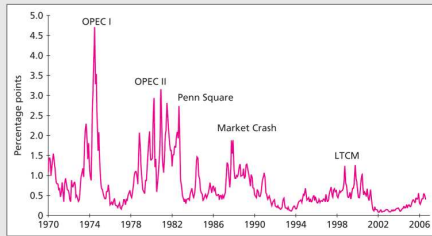
MATURITY	DAYS TO		ASKED	CHG	YLD
	MAT	BID			
Jun 11 07	8	4.50	4.49	-0.11	4.36
Jun 18 07	13	4.57	4.56	-0.09	4.43
Jun 25 07	20	4.61	4.60	-0.01	4.48
Jul 01 07	27	4.70	4.69	-0.06	4.77
Jul 08 07	34	4.70	4.69	-0.01	4.78
Jul 15 07	41	4.73	4.72	-0.08	4.81
Jul 22 07	48	4.79	4.78	-0.04	4.80
Aug 01 07	55	4.83	4.82	-0.02	4.92
Aug 08 07	62	4.86	4.85	-0.01	4.96
Aug 15 07	69	4.85	4.84	-0.01	4.95
Aug 22 07	76	4.88	4.87	-0.02	4.99
Aug 29 07	83	4.88	4.87	-0.02	4.99
Apr 05 07	90	4.91	4.90	-0.01	5.03
Apr 12 07	97	4.90	4.89	-0.01	5.02
Apr 19 07	104	4.90	4.89	-0.01	5.03
Apr 26 07	111	4.90	4.89	-0.01	5.03

FIGURE 2.2

Treasury bill listings
Source: The Wall Street Journal Online, January 4, 2007.

Figure 2.3 Spreads on CDs and Treasury Bills

FIGURE 2.3
Spread between three-month CD and T-bill rates



2.2 THE BOND MARKET

Bond Market

- Treasury Notes and Bonds
- Federal Agency Debt
- International Bonds
- Inflation-Protected Bonds
- Municipal Bonds
- Corporate Bonds
- Mortgages and Mortgage-Backed Securities

Treasury Notes and Bonds

- Maturities
 - Notes – maturities up to 10 years
 - Bonds – maturities in excess of 10 years
- Par Value - \$1,000
- Quotes – percentage of par

Figure 2.4 Treasury Notes and Bonds

U.S. Government Bonds and Notes

Representative One-Country quotes based on transactions of \$1 million in face.
Treasury bond, note and bill quotes are from mid-September. Colors in bond and note bid-asked quotes represent 1/2 bid, 1/2 ask means 1/10. Bid changes in 1/32s. Treasury bills, and short-term notes, Treasury bill quotes in hundredths, quoted in terms of a rate of discount. Days to maturity calculated from settlement date. All yields are to maturity and based on the quoted price. For bonds with call provisions, yields are computed to the earliest call date for issues quoted above par and to the maturity date for issues quoted below par.
*When issued, bidly change expressed in basis points.

DATE	Maturity			ASK			DATE	Maturity			ASK		
	MO/YR	BID	ASKED	CHG	YTD	MO/YR		BID	ASKED	CHG	YTD		
3/25	Jan 07	99.08	99.29	-0.12	4.20	Nov 16	97.19	97.28	-0.10	4.60			
3/15	Jan 07	99.27	99.28	-0.01	2.00	Jan 14	97.14	97.17	-0.03	2.28			
2/28	Feb 07	99.21	99.23	-0.02	0.00	Feb 14	96.88	96.90	-0.02	5.61			
4/28	Feb 07	100.04	100.05	-0.01	4.75	Nov 14	100.26	100.27	-0.01	4.61			
3/25	Feb 07	99.21	99.23	-0.02	4.00	Nov 14	119.02	119.02	-0.00	4.61			
3/28	Mar 07	99.21	99.22	-0.01	2.00	Jul 14	97.14	97.15	-0.01	2.27			
3/25	Feb 07	98.24	98.27	-0.03	4.25	Aug 14	97.21	97.22	-0.01	4.61			
3/25	Mar 07	99.21	99.22	-0.01	4.25	Aug 14	119.04	119.05	-0.01	4.62			
1/25	Jul 13	99.20	99.21	-0.01	11.75	Nov 14	118.30	118.31	-0.01	4.29			
4/28	Aug 13	99.20	99.21	-0.01	4.00	Nov 14	97.19	97.20	-0.01	4.61			
12/28	Aug 13	111.04	111.05	-0.01	4.71	Nov 13	96.18	96.19	-0.01	2.29			

FIGURE 2.4

Listing of Treasury issues
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Federal Agency Debt

Major issuers

- Federal Home Loan Bank
- Federal National Mortgage Association
- Government National Mortgage Association
- Federal Home Loan Mortgage Corporation

Municipal Bonds

- Issued by state and local governments
- Types
 - General obligation bonds
 - Revenue bonds
 - Industrial revenue bonds
- Maturities - range up to 30 years

Figure 2.5 Outstanding Tax-exempt Debt

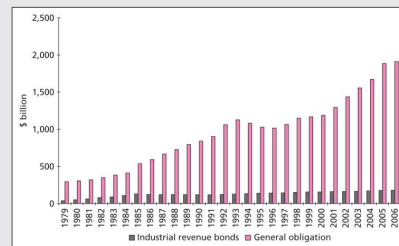


FIGURE 2.5

Outstanding tax-exempt debt

Source: *Flow of Funds Accounts of the U.S.*, Board of Governors of the Federal Reserve System, 2007.

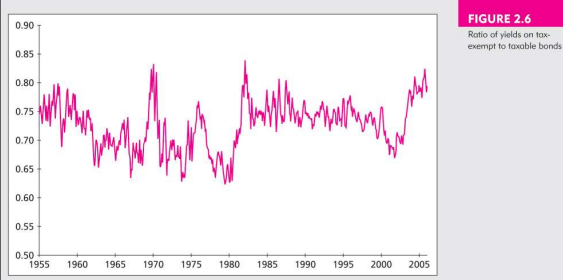
Municipal Bond Yields

- Interest income on municipal bonds is not subject to federal and sometimes state and local tax
- To compare yields on taxable securities a Taxable Equivalent Yield is constructed

Table 2.3 Equivalent Taxable Yields

Marginal Tax Rate	Tax-Exempt Yield				
	1%	2%	3%	4%	5%
20%	1.25%	2.50%	3.75%	5.00%	6.25%
30	1.43	2.86	4.29	5.71	7.14
40	1.67	3.33	5.00	6.67	8.33
50	2.00	4.00	6.00	8.00	10.00

Figure 2.6 Ratio of Yields on Tax-exempts to Taxables, 1955-2006



Corporate Bonds

- Issued by private firms
- Semi-annual interest payments
- Subject to larger default risk than government securities
- Options in corporate bonds
 - Callable
 - Convertible

Figure 2.7 Investment Grade Bond Listings

ISSUER NAME	SYMBOL	COUPON	MATURITY	RATING			LAST	CHANGE	YIELD %	
				MOODY'S	S&P	FITCH				
Alltel	AT.G0	7.875%	Jul 2032	A2/A-	-/A	109.079	100.744	103.523	-5.617	7.561
Home Depot	HD.G0	5.400%	Mar 2016	Aa3/A-	/A+	100.188	97.375	97.598	-0.222	5.740
Home Depot	HD.GK	5.875%	Dec 2036	Aa3/A-	/A+	99.522	98.720	99.355	0.387	5.921
Goldman Sachs GP	GS.W0	5.750%	Oct 2016	Aa3/AA-	/AA-	103.184	101.671	101.989	0.166	5.482
Walt Disney	DIS.W0	5.700%	Jul 2011	A2/A-	-/BBB+	102.123	101.865	102.558	0.158	5.183
R.R.Donnelley & Sons	DNY.GU	4.950%	Apr 2014	Baa2/BBB+	-/--	92.916	92.196	92.235	-1.115	6.302

FIGURE 2.7

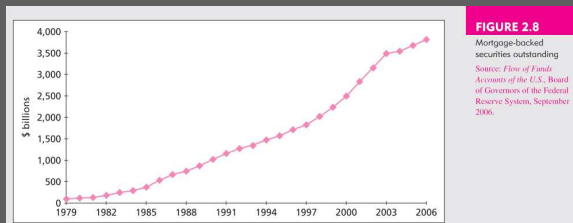
Investment Grade Bond Listings

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Mortgages and Mortgage-backed Securities

- Developed in the 1970s to help liquidity of financial institutions
- Proportional ownership of a pool or a specified obligation secured by a pool
- Market has experienced very high rates of growth

Figure 2.8 Mortgage-Backed Securities Outstanding



2.3 EQUITY SECURITIES

Equity Markets

- Common stock
 - Residual claim
 - Limited liability
- Preferred stock
 - Fixed dividends - limited
 - Priority over common
 - Tax treatment
- Depository receipts

Figure 2.9 Stock Market Listings

FIGURE 2.9

Listing of stocks traded on the New York Stock Exchange

Source: From *The Wall Street Journal Online*, January 9, 2007. Reprinted by permission of Dow Jones & Company, Inc. via Copyright Clearance Center, Inc. © 2007 Dow Jones & Company, Inc. All Rights Reserved Worldwide.

NAME	SYMBOL	CLOSE	NET CHG	VOLUME	\$2 WK HIGH	\$2 WK LOW	DIV	P/E	YTD% CHG
General	GE	31.59	-0.29	491,200	20.77	33.02	—	44	-2.1
General	GM	83.88	-0.25	3,986,200	94.66	75.28	—	49	3.1
General	GGC	42.61	-1.11	1,979,100	41.41	39.33	—	23	-2.4
General	GD	74.59	0.17	1,407,200	77.98	54.48	0.92	1.2	0.3
General	GEI	37.54	-0.19	26,907,200	38.49	33.96	1.12	31	0.9
General	GEF	51.51	-0.8	1,308,200	54.14	41.92	1.8	3.5	-1.4
General	GEH	34.56	-0.82	597,600	40.44	33.36	4.8	12.9	-1.8
General	GEI	54.97	-0.42	1,335,600	59.23	47.05	1.48	2.6	-1.1
General	GEJ	30.24	0.1	18,077,600	30.56	19	1	2.3	-1.6
General	GEK	38.75	-0.9	137,900	43.72	25.5	—	15	-1.5
General	GLE	52.86	-0.5	384,600	56.75	31	—	9	-1.4
General	GLI	32.6	0.1	298,200	24.4	23	—	2.9	0.4
General	GLJ	46.86	-0.21	384,600	48.29	40	1.35	2.9	-1.2
General	GLK	33.79	-0.22	1,419,900	36.47	21	0.36	1.1	-1.2
General	GLL	37.57	-1.23	1,32,200	40.23	14.69	—	25	0.1
General	GLM	18.89	-0.28	479,900	24.65	18.36	0.32	1.7	-3.2
General	GLN	12.22	-0.07	762,200	14.8	9	—	27	-1.9
General	GLP	8.59	-0.04	486,200	11.02	5.85	0.09	0.9	-3.7
General	GLQ	15.57	-0.56	1,775,100	18.16	11.27	0.38	2.7	-2.7

2.4 STOCK AND BOND MARKET INDEXES

Stock Market Indexes

- There are several indexes worldwide such as:
 - Dow Jones Industrial Average (DJIA)
 - Nikkei Average
- Offer ways of comparing performance of managers
- Base of derivatives

Factors for Construction of Stock Indexes

- Representative?
- Broad or narrow?
- How is it weighted?
 - Price weighted (DJIA)
 - Market weighted (S&P 500, NASDAQ)
 - Equal (Value Line Index)

Table 2.4 Data to Construct Stock Price Indexes

TABLE 2.4

Data to construct stock price indexes

Stock	Initial Price	Final Price	Shares (millions)	Initial Value of Outstanding Stock (\$ million)	Final Value of Outstanding Stock (\$ million)
ABC	\$ 25	\$30	20	\$500	\$600
XYZ	100	90	1	100	90
Total				\$600	\$690

DJIA Price-Weighted Average

- Using data from Table 2.4; example 2.2
- Initial value = \$25 + \$100 = \$125
- Final value = \$30 + \$90 = \$120
- Percentage change in portfolio value =
- Initial index value = $(25 + 100)/2 = 62.5$
- Final index value = $(30 + 90)/2 = 60$

Percentage change in index =
 $-2.5/62.5 = -.04 = -4\%$

S&P's Composite 500 Market Value-Weighted Index

- Using data from Table 2.4:
 - ABC would have five times the weight given to XYZ

Value Line Equally Weighted Index

- Places equal weight on each return
- Using data from Table 2.4
- Start with equal dollars in each investment
- ABC increases in value by 20%
- XYZ decreases by 10%
- Need to rebalance to keep equal weights

Examples of Other Indexes - Domestic

- Dow Jones Industrial Average (30 Stocks)
- Standard & Poor's 500 Composite
- NASDAQ Composite
- NYSE Composite
- Wilshire 5000

Figure 2-10 Comparative Performance of Several Stock Market Indexes

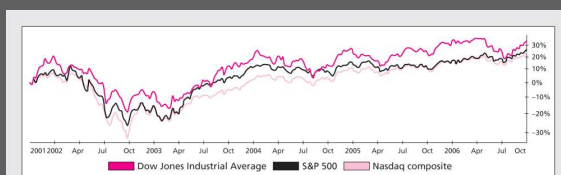


FIGURE 2.10

Comparative performance of several stock market indexes, 2001–2006

Examples of Indexes - International

- Nikkei 225 & Nikkei 300
- FTSE (Financial Times of London)
- Dax
- Region and Country Indexes
 - EAFE
 - Far East
 - United Kingdom

Table 2.6 Sample of MSCI Stock Indexes

Regional Indexes		Countries	
Developed Markets	Emerging Markets	Developed Markets	Emerging Markets
EAFE (Europe, Australia, Far East)	Emerging Markets (EM)	Australia	Argentina
EASEA (EAFE excluding Japan)	EM Asia	Austria	Brazil
Europe	EM Far East	Belgium	Chile
EMU	EM Latin America	Canada	China
Far East	Emerging Markets Free (EMF)	Denmark	Colombia
Kokusai (World excluding Japan)	EMF Asia	Finland	Czech Republic
Nordic Countries	EMF Eastern Europe	France	Egypt
North America	EMF Europe	Germany	Hungary
Pacific	EMF Europe & Middle East	Greece	India
The World Index	EMF Far East	Hong Kong	Indonesia
G7 countries	EMF Latin America	Ireland	Israel
World excluding U.S.		Italy	Jordan
		Japan	Korea
		Netherlands	Malaysia
		New Zealand	Mexico
		Norway	Morocco
		Portugal	Pakistan
		Singapore	Peru
		Spain	Philippines
		Sweden	Poland
		Switzerland	Russia
		U.K.	South Africa
		U.S.	Sri Lanka
			Taiwan
			Thailand
			Turkey
			Venezuela

2.5 DERIVATIVE MARKETS

Derivative Securities

Options

■ Basic Positions

- Call (Buy)
- Put (Sell)

■ Terms

- Exercise Price
- Expiration Date
- Assets

Futures

■ Basic Positions

- Long (Buy)
- Short (Sell)

■ Terms

- Delivery Date
- Assets