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DIAMONDS TRUST SERIES I

Form N-30D

June 28, 2006

THE DOW INDUSTRIALS (SM) ("DIAMONDS") (SM)

DIAMONDS TRUST, SERIES 1

A UNIT INVESTMENT TRUST

SEMI-ANNUAL REPORT

APRIL 30, 2006

(UNAUDITED)

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DIAMONDS TRUST, SERIES 1  
 SCHEDULE OF INVESTMENTS  
 APRIL 30, 2006 (UNAUDITED)

COMMON STOCKS	SHARES	VALUE
3M Co. ....	4,269,970	\$ 364,783,537
Alcoa, Inc. ....	4,269,970	144,239,587
Altria Group, Inc. ....	4,269,970	312,391,005
American Express Co. ....	4,269,970	229,767,086
American International Group, Inc. ....	4,269,970	278,615,542
AT&T, Inc. ....	4,269,970	111,915,914
Boeing Co. ....	4,269,970	356,328,996
Caterpillar, Inc. ....	4,269,970	323,407,528
Citigroup, Inc. ....	4,269,970	213,285,001
Coca-Cola Co. (The).....	4,269,970	179,167,941
Disney (Walt) Co. (The).....	4,269,970	119,388,361
Du Pont (E.I.) de Nemours.....	4,269,970	188,305,677
Exxon Mobil Corp. ....	4,269,970	269,349,708
General Electric Co. ....	4,269,970	147,698,262
General Motors Corp. ....	4,269,970	97,696,914
Hewlett-Packard Co. ....	4,269,970	138,645,926
Home Depot, Inc. ....	4,269,970	170,499,902
Honeywell International, Inc. ....	4,269,970	181,473,725
Intel Corp. ....	4,269,970	85,314,001
International Business Machines Corp. ....	4,269,970	351,589,330
Johnson & Johnson ....	4,269,970	250,262,942
JPMorgan Chase & Co. ....	4,269,970	193,771,239
McDonald's Corp. ....	4,269,970	147,612,863

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Merck & Co., Inc. ....	4,269,970	146,972,367
Microsoft Corp. ....	4,269,970	103,119,775
Pfizer, Inc. ....	4,269,970	108,158,340
Procter & Gamble Co. ....	4,269,970	248,554,954
United Technologies Corp. ....	4,269,970	268,196,816
Verizon Communications, Inc. ....	4,269,970	141,037,109
Wal-Mart Stores, Inc. ....	4,269,970	192,276,749
Total Common Stocks -- (Cost \$6,818,292,722).....		----- \$6,063,827,097 =====

See accompanying notes to financial statements.

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DIAMONDS TRUST, SERIES 1  
STATEMENT OF ASSETS AND LIABILITIES  
APRIL 30, 2006 (UNAUDITED)

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ASSETS		
Investments in securities, at value.....	\$6,063,827,097	
Cash.....	7,982,001	
Receivable for income delivered for DIAMONDS in-kind transactions.....	5,480	
Dividends receivable.....	9,251,710	
	-----	
TOTAL ASSETS.....	6,081,066,288	
-----		
LIABILITIES		
Payable for income delivered for DIAMONDS in-kind transactions.....	7,180	
Income distribution payable.....	6,782,495	
Accrued Trustee expense.....	246,300	
Accrued expenses and other liabilities.....	2,668,536	
	-----	
TOTAL LIABILITIES.....	9,704,511	
-----		
NET ASSETS.....	\$6,071,361,777	
=====		
NET ASSETS REPRESENTED BY:		
Paid in surplus.....	\$7,121,890,478	
Undistributed net investment income.....	2,495,657	
Accumulated net realized loss on investments.....	(298,558,733)	
Net unrealized depreciation on investments.....	(754,465,625)	
	-----	
NET ASSETS.....	\$6,071,361,777	
=====		
NET ASSET VALUE PER DIAMOND.....	\$113.60	
-----		
UNITS OF FRACTIONAL UNDIVIDED INTEREST		
("DIAMONDS") OUTSTANDING, UNLIMITED UNITS AUTHORIZED, \$0.00 PAR VALUE.....	53,443,009	
-----		
COST OF INVESTMENTS.....	\$6,818,292,722	
=====		

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See accompanying notes to financial statements.

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DIAMONDS TRUST, SERIES 1  
STATEMENTS OF OPERATIONS

	SIX MONTHS ENDED APRIL 30, 2006 (UNAUDITED)	FOR THE YEAR ENDED OCTOBER 31, 2005	FOR THE YEAR ENDED OCTOBER 31, 2004	FOR THE YEAR ENDED OCTOBER 31, 2003
<b>INVESTMENT INCOME</b>				
Dividend income.....	\$ 84,444,661	\$ 177,120,908	\$ 145,895,782	\$ 137,895,782
<b>EXPENSES:</b>				
Trustee expense.....	2,370,931	4,928,790	4,708,689	4,708,689
Marketing expense.....	2,003,796	4,307,114	4,019,534	4,019,534
DJIA license fee.....	1,267,000	2,655,783	3,750,004	3,750,004
Legal and audit services.....	36,929	149,889	89,900	89,900
SEC registration expense.....	23,907	324,223	73,883	73,883
Printing and postage expense.....	174,181	403,199	43,194	43,194
Other expense.....	57,435	120,310	661	661
Amortization of organization costs.....	--	--	--	--
Total expenses.....	5,934,179	12,889,308	12,685,865	12,685,865
Trustee earnings credit.....	(104,508)	(280,392)	(88,355)	(88,355)
Net expenses after Trustee earnings credit.....	5,829,671	12,608,916	12,597,510	12,597,510
NET INVESTMENT INCOME.....	78,614,990	164,511,992	133,298,272	125,298,272
<b>REALIZED AND UNREALIZED GAIN ON INVESTMENTS</b>				
Net realized gain on investment transactions.....	230,172,710	651,853,900	213,134,509	213,134,509
Net change in unrealized appreciation (depreciation).....	350,576,844	(297,315,375)	(133,449,812)	(133,449,812)
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS.....	580,749,554	354,538,525	79,684,697	79,684,697
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS.....	\$659,364,544	\$ 519,050,517	\$ 212,982,969	\$1,000,000

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See accompanying notes to financial statements.

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DIAMONDS TRUST, SERIES 1  
STATEMENTS OF CHANGES IN NET ASSETS

	SIX MONTHS ENDED APRIL 30, 2006 (UNAUDITED)	FOR THE YEAR ENDED OCTOBER 31, 2005	FOR THE YEAR ENDED OCTOBER 31, 2004	FOR THE YEAR ENDED OCTOBER 31, 2003
INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS:				
Net investment income...	\$ 78,614,990	\$ 164,511,992	\$ 133,298,272	\$ 133,298,272
Net realized gain on investment transactions.....	230,172,710	651,853,900	213,134,509	213,134,509
Net change in unrealized appreciation (depreciation).....	350,576,844	(297,315,375)	(133,449,812)	(133,449,812)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS.....	659,364,544	519,050,517	212,982,969	1,012,982,969
UNDISTRIBUTED NET INVESTMENT INCOME (LOSS) INCLUDED IN PRICE OF UNITS ISSUED AND REDEEMED.....	946,649	(2,410,446)	(1,282,877)	(1,282,877)
DISTRIBUTIONS TO UNITHOLDERS FROM NET INVESTMENT INCOME.....	(77,516,862)	(168,178,022)	(130,617,261)	(130,617,261)
NET INCREASE (DECREASE) IN NET ASSETS FROM ISSUANCE AND REDEMPTION OF DIAMONDS.....	(1,921,419,002)	(1,129,366,247)	2,118,716,178	2,118,716,178
NET INCREASE (DECREASE) IN NET ASSETS DURING PERIOD...	(1,338,624,671)	(780,904,198)	2,199,799,009	1,012,982,969
NET ASSETS AT BEGINNING OF PERIOD.....	7,409,986,448	8,190,890,646	5,991,091,637	4,978,091,637
NET ASSETS END OF PERIOD*....	\$ 6,071,361,777	\$7,409,986,448	\$8,190,890,646	\$5,991,091,637
*INCLUDES UNDISTRIBUTED NET INVESTMENT INCOME.....	\$ 2,495,657	\$ 1,397,529	\$ 5,063,559	\$ 5,063,559

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See accompanying notes to financial statements.

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DIAMONDS TRUST, SERIES 1  
FINANCIAL HIGHLIGHTS  
SELECTED DATA FOR A DIAMOND OUTSTANDING DURING THE PERIOD

	SIX MONTHS ENDED* 4/30/06	FOR THE YEAR ENDED 10/31/05	FOR THE YEAR ENDED 10/31/04	FOR THE YEAR ENDED 10/31/03	FOR TH END 10/3
NET ASSET VALUE, BEGINNING OF YEAR.....	\$ 104.31	\$ 100.48	\$ 98.20	\$ 84.12	\$
INVESTMENT OPERATIONS:					
Net investment income(1).....	1.28	2.39(5)	1.94	1.91	
Net realized and unrealized gain (loss) on investments.....	9.21	3.91	2.28	14.06	
TOTAL FROM INVESTMENT OPERATIONS.....	10.49	6.30	4.22	15.97	
UNDISTRIBUTED NET INVESTMENT INCOME INCLUDED IN PRICE OF UNITS ISSUED AND REDEEMED....	0.02	(0.03)	0.00(2)	(0.01)	
LESS DISTRIBUTIONS FROM:					
Net investment income.....	(1.22)	(2.44)	(1.94)	(1.88)	
NET ASSET VALUE, END OF PERIOD.....	\$ 113.60	\$ 104.31	\$ 100.48	\$ 98.20	\$
TOTAL INVESTMENT RETURN(3).....	10.12%	6.23%	4.27%	19.22%	
RATIOS AND SUPPLEMENTAL DATA					
Ratios to average net assets:					
Net investment income.....	2.35%	2.27%	1.89%	2.12%	
Total expenses.....	0.18%	0.18%	0.18%	0.18%	
Net expenses excluding trustee earnings credit....	0.18%	0.17%	0.18%	0.18%	
Net expenses excluding trustee earnings credit and fee waivers.....	0.17%	0.17%	0.18%	0.18%	
Portfolio turnover rate(4)...	0.00%(6)	7.69%	13.88%	8.71%	
NET ASSET VALUE, END OF YEAR (000'S).....	\$6,071,362	\$7,409,986	\$8,190,891	\$5,991,092	\$4,11

\* Unaudited

(1) Per share numbers have been calculated using the average shares method, which more appropriately presents the per share data for the period.

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- (2) Amount shown represents less than \$0.005.
- (3) Total returns for periods less than one year are not annualized and do not reflect broker commission charges.
- (4) Portfolio turnover ratio excludes securities received or delivered from processing creations or redemptions of DIAMONDS.
- (5) Net investment income per unit reflects receipt of a one time dividend from a portfolio holding (Microsoft Corp.). The effect of this dividend amounted to \$0.22 per share.
- (6) Amount shown represents less than 0.005%.

See accompanying notes to financial statements.

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DIAMONDS TRUST, SERIES 1  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2006 (UNAUDITED)

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### NOTE 1 -- ORGANIZATION

DIAMONDS Trust Series 1 (the "Trust") is a unit investment trust created under the laws of the State of New York and registered under the Investment Company Act of 1940. The Trust was created to provide investors with the opportunity to purchase units of beneficial interest in the Trust representing proportionate undivided interests in the portfolio of securities consisting of substantially all of the component common stocks, which comprise the Dow Jones Industrial Average (the "DJIA"). Each unit of fractional undivided interest in the Trust is referred to as a "DIAMOND". The Trust commenced operations on January 14, 1998 upon the initial issuance of 500,000 DIAMONDS (equivalent to ten "Creation Units" -- see Note 4) in exchange for a portfolio of securities assembled to reflect the intended portfolio composition of the Trust.

### NOTE 2 -- SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect the reported amounts and disclosures in the financial statements. Actual results could differ from these estimates. The following is a summary of significant accounting policies followed by the Trust.

### SECURITY VALUATION

Portfolio securities are valued based on the closing sale price on the exchange which is deemed to be the principal market for the security, except for securities listed on the NASDAQ which are valued at the NASDAQ official closing price. If no closing sale price or official closing price is available, then the security is valued at the last sale price on the exchange which is deemed to be the principal market for the security. If there is no closing sale price available or official closing price, and if the Trustee deems the last sale price an inappropriate basis for evaluation, valuation will be determined by the Trustee in good faith based on available information.

### INVESTMENT RISK

The Trust invests in various investments which are exposed to risks, such market risk. Due to the level of risk associated with certain investments it is at least reasonably possibly that changes in the values of investment securities will occur in the near term and that such changes could materially affect the

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amounts reported in the financial statements.

INVESTMENT TRANSACTIONS

Investment transactions are recorded on the trade date. Realized gains and losses from the sale or disposition of securities are recorded on the identified cost basis. Dividend income is recorded on the ex-dividend date.

DISTRIBUTIONS TO UNITHOLDERS

The Trust declares and distributes dividends from net investment income to its unitholders monthly. The Trust will distribute net realized capital gains, if any, at least annually.

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DIAMONDS TRUST, SERIES 1  
NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)  
APRIL 30, 2006 (UNAUDITED)

EQUALIZATION

The Trust follows the accounting practice known as "Equalization" by which a portion of the proceeds from sales and costs of reacquiring the Trust's units, equivalent on a per unit basis to the amount of distributable net investment income on the date of the transaction, is credited or charged to undistributed net investment income. As a result, undistributed net investment income per unit is unaffected by sales or reacquisitions of the Trust's units.

FEDERAL INCOME TAX

The Trust has qualified and intends to qualify as a "regulated investment company" under Subchapter M of the Internal Revenue Code of 1986, as amended. By so qualifying and electing, the Trust will not be subject to federal income taxes to the extent it distributes its taxable income, including any net realized capital gains, for each fiscal year. In addition, by distributing during each calendar year substantially all of its net investment income and capital gains, if any, the Trust will not be subject to federal excise tax. Income and capital gain distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles. These differences are primarily due to differing treatments for income equalization, in-kind transactions and losses deferred due to wash sales. Net investment income per share calculations in the financial highlights for all years presented exclude these differences.

During the six months ended April 30, 2006, the Trust reclassified \$230,172,710 of non-taxable security gains realized in the in-kind redemption of Creation Units (Note 4) as an increase to paid in surplus in the Statements of Assets and Liabilities.

At October 31, 2005, the Trust had the following capital loss carryforwards which may be used to offset any net realized gains, expiring October 31:

2008.....	5,933,194
2010.....	2,065,467
2011.....	68,716,435
2012.....	221,260,584

NOTE 3 -- TRANSACTIONS WITH THE TRUSTEE AND SPONSOR

In accordance with the Trust Agreement, State Street Bank and Trust Company (the "Trustee") maintains the Trust's accounting records, acts as custodian and

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transfer agent to the Trust, and provides administrative services, including filing of all required regulatory reports. The Trustee is also responsible for determining the composition of the portfolio of securities which must be delivered and/or received in exchange for the issuance and/or redemption of Creation Units of the Trust, and for adjusting the composition of the Trust's portfolio

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DIAMONDS TRUST, SERIES 1  
NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)  
APRIL 30, 2006 (UNAUDITED)

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from time to time to conform to changes in the composition and/or weighting structure of the DJIA. For these services, the Trustee received a fee at the following annual rates for the six months ended April 30, 2006:

NET ASSET VALUE OF THE TRUST	FEE AS A PERCENTAGE OF NET ASSET VALUE OF THE TRUST
-----	-----
\$0 - \$499,999,999	10/100 of 1% per annum plus or minus the Adjustment Amount
\$500,000,000 - \$2,499,999,999	8/100 of 1% per annum plus or minus the Adjustment Amount
\$2,500,000,000 - and above	6/100 of 1% per annum plus or minus the Adjustment Amount

The Adjustment Amount is the sum of (a) the excess or deficiency of transaction fees received by the Trustee, less the expenses incurred in processing orders for creation and redemption of DIAMONDS and (b) the amounts earned by the Trustee with respect to the cash held by the Trustee for the benefit of the Trust. During the six months ended April 30, 2006, the Adjustment Amount decreased the Trustee's fee by \$34,908. The Adjustment Amount included a deficiency of net transaction fees from processing orders of (-\$69,600) and a Trustee earnings credit of (+\$104,508).

PDR Services LLC (the "Sponsor", a wholly-owned subsidiary of the American Stock Exchange LLC) agreed to reimburse the Trust for, or assume, the ordinary operating expenses of the Trust which exceeded 18.00/100 of 1% per annum of the daily net asset value of the Trust. The amounts of such reimbursements by the Sponsor for the fiscal years ended October 31, 2003, October 31, 2004, October 31, 2005 and the six-month period ended April 30, 2006 were \$0.

Dow Jones & Company, Inc. ("Dow Jones"), the American Stock Exchange LLC (the "AMEX"), the Sponsor, and State Street Global Markets, LLC ("SSGM") have entered into a License Agreement pursuant to which certain Dow Jones marks may be used in connection with the Trust subject to the payment of license fees. SSGM is a subsidiary of the Trustee.

### INDEMNIFICATIONS

Under the Trust's organizational documents, its officers and trustees are indemnified against certain liability arising of the performance of their duties to the Trust. Additionally, in the normal course of business, the Trust enters into contracts with service providers that contain general indemnification clauses. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. However, based on experience the Trust expects the risk of



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loss to be remote.

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DIAMONDS TRUST, SERIES 1  
 NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)  
 APRIL 30, 2006 (UNAUDITED)

NOTE 4 -- TRUST TRANSACTIONS IN DIAMONDS  
 Transactions in DIAMONDS were as follows.

	SIX MONTHS ENDED APRIL 30, 2006	
	DIAMONDS	AMOUNTS
DIAMONDS sold.....	61,800,000	\$ 6,751,847,944
DIAMONDS issued upon dividend reinvestment.....	6,783	738,007
DIAMONDS redeemed.....	(79,400,000)	(8,673,058,304)
Net income equalization.....	--	(946,649)
Net Decrease.....	(17,593,217)	\$ (1,921,419,002)

	YEAR ENDED OCTOBER 31, 2005	
	DIAMONDS	AMOUNTS
DIAMONDS sold.....	117,800,000	\$ 12,383,980,226
DIAMONDS issued upon dividend reinvestment.....	16,090	1,702,587
DIAMONDS redeemed.....	(128,300,000)	(13,517,459,506)
Net income equalization.....	--	2,410,446
Net Decrease.....	(10,483,910)	\$ (1,129,366,247)

	YEAR ENDED OCTOBER 31, 2004	
	DIAMONDS	AMOUNTS
DIAMONDS sold.....	72,900,000	\$ 7,485,525,585
DIAMONDS issued upon dividend reinvestment.....	11,705	1,201,305
DIAMONDS redeemed.....	(52,400,000)	(5,369,293,589)
Net income equalization.....	--	1,282,877
Net Increase.....	20,511,705	\$ 2,118,716,178

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	YEAR ENDED OCTOBER 31, 2003	
	DIAMONDS	AMOUNTS
DIAMONDS sold.....	70,850,000	\$ 6,167,457,123
DIAMONDS issued upon dividend reinvestment.....	4,321	385,016
DIAMONDS redeemed.....	(58,800,000)	(5,208,795,987)
Net income equalization.....	--	398,863
Net Increase.....	12,054,321	\$ 959,445,015

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DIAMONDS TRUST, SERIES 1  
 NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)  
 APRIL 30, 2006 (UNAUDITED)

Except for under the Trust's dividend reinvestment plan, DIAMONDS are issued and redeemed by the Trust only in Creation Unit size aggregations of 50,000 DIAMONDS. Such transactions are only permitted on an in-kind basis, with a separate cash payment which is equivalent to the undistributed net investment income per DIAMOND (income equalization) and a balancing cash component to equate the transaction to the net asset value per unit of the Trust on the transaction date. A transaction fee of \$1,000 is charged in connection with each creation or redemption of Creation Units through the DIAMONDS Clearing Process per Participating party per day, regardless of the number of Creation Units created or redeemed. Transaction fees are received by the Trustee and used to offset the expense of processing orders.

NOTE 5 -- INVESTMENT TRANSACTIONS

For the six months ended April 30, 2006, the Trust had net in-kind contributions, net in-kind redemptions, purchases and sales of investment securities of \$4,823,459,157, \$6,745,176,364, \$0 and \$0, respectively. At April 30, 2006, the cost of investments for federal income tax purposes was \$6,818,292,722 accordingly, gross unrealized appreciation was \$162,771,285, and gross unrealized depreciation was \$917,236,910, resulting in net unrealized depreciation of \$754,465,625.

NOTE 6 -- TAX INFORMATION

For Federal income tax purposes, the percentage of Trust ordinary distributions which qualify for the corporate dividends received deduction for the fiscal year ended October 31, 2005 is 100%.

For the fiscal year ended October 31, 2005, certain dividends paid by the Trust may be designated as qualified dividend income and subject to a maximum tax rate of 15%, as provided for by the Jobs and Growth Tax Relief Reconciliation Act of 2003. Complete information was reported in conjunction with your 2005 Form 1099-DIV.

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DIAMONDS TRUST, SERIES 1  
 OTHER INFORMATION  
 APRIL 30, 2006 (UNAUDITED)

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FREQUENCY OF DISTRIBUTIONS OF DISCOUNTS AND PREMIUMS  
 BID/ASK PRICE(1) VS. NET ASSET VALUE (NAV)  
 FIVE YEAR PERIOD ENDING 4/30/06

RANGE	NUMBER OF DAYS	PERCENTAGE OF TOTAL DAYS
PREMIUM		
More than 0.25%.....	16	1.3%
Between zero and 0.25%.....	564	44.9%
BID/ASK PRICE EQUAL TO NAV.....	45	3.6%
DISCOUNT		
Between zero and -0.25%.....	604	48.1%
Less than -0.25%.....	27	2.1%
Total:.....	1,256	100%

COMPARISON OF TOTAL RETURNS BASED ON NAV AND BID/ASK PRICE

CUMULATIVE TOTAL RETURNS

	ONE YEAR	FIVE YEAR	SINCE FIRST TRAD
Return Based on NAV.....	13.93%	16.91%	67.21%
Return Based on Bid/Ask Price.....	14.12%	17.16%	67.22%
Dow Jones Industrial Average.....	14.17%	17.97%	69.43%

AVERAGE ANNUAL TOTAL RETURNS

	ONE YEAR	FIVE YEAR	SINCE FIRST TRAD
Return Based on NAV.....	13.93%	3.17%	6.41%
Return Based on Bid/Ask Price.....	14.12%	3.22%	6.41%
Dow Jones Industrial Average.....	14.17%	3.36%	6.58%

(1) Currently, the calculation of the Bid/Ask Price is based on the midpoint of the best bid and best offer on the AMEX at 4:00 p.m. However, prior to April 3, 2001, calculation of the Bid/Ask Price was based on the midpoint of the best bid and best offer at the close of trading on the AMEX, ordinarily 4:15 p.m.

(2) The Trust commenced trading on the AMEX on January 20, 1998.

DIAMONDS TRUST, SERIES 1

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SPONSOR

PDR Services LLC  
c/o American Stock Exchange LLC  
86 Trinity Place  
New York, NY 10006

TRUSTEE

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