

# International Investor

Issue No. 100

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## World Stockmarket Forecasts

Stockmarket	One-Year Forecast	Fundamental Indicators	Technical Indicators	Monetary Indicators	Economic Indicators	Historical Performance (in US\$)			Share Index
						3 mths	6 mths	12 mths	
Australia	66%	Bullish	Bullish	Neutral	Bearish	+4.3%	+19.3%	+50.0%	3,437.40
Austria	63%	Bearish	Bullish	Bullish	Bullish	+18.4%	+48.0%	+83.0%	1,923.24
Belgium	73%	Neutral	Bullish	Bullish	Bullish	+3.8%	+21.2%	+54.5%	2,441.08
Canada	76%	Bearish	Bullish	Bullish	Bullish	+4.1%	+19.4%	+54.0%	8,798.75
Denmark	64%	Bearish	Bullish	Bullish	Bullish	+0.8%	+10.6%	+51.4%	263.58
Finland	72%	Bullish	Bullish	Bullish	Bullish	+10.0%	+23.0%	+49.8%	6,966.45
France	74%	Bullish	Bullish	Bullish	Bullish	+1.5%	+19.3%	+53.4%	2,562.51
Germany	65%	Bearish	Bullish	Bullish	Neutral	-3.7%	+22.5%	+70.9%	4,007.60
Ireland	76%	Bullish	Bullish	Bullish	Bullish	+3.4%	+22.9%	+50.4%	5,327.47
Italy	82%	Bullish	Bullish	Bullish	Bullish	-0.6%	+14.7%	+39.8%	20,834.00
Japan	50%	Bearish	Bullish	Neutral	Bearish	+13.5%	+17.0%	+68.2%	11,815.95
Netherlands	75%	Bullish	Bullish	Bullish	Bullish	-5.4%	+7.8%	+34.8%	350.52
New Zealand	55%	Neutral	Bullish	Bearish	Neutral	+3.5%	+18.6%	+51.2%	2,043.03
Norway	82%	Neutral	Bullish	Bullish	Neutral	+9.5%	+35.2%	+83.3%	723.93
Spain	75%	Neutral	Bullish	Bullish	Bullish	+1.6%	+23.2%	+49.2%	864.89
Sweden	72%	Bearish	Bullish	Bullish	Bullish	+4.0%	+22.8%	+68.5%	216.09
Switzerland	65%	Bearish	Bullish	Bullish	Bullish	+1.3%	+14.7%	+41.7%	5,784.60
Un. Kingdom	55%	Neutral	Bullish	Neutral	Bearish	+1.4%	+14.8%	+37.4%	4,465.60
USA	64%	Neutral	Bullish	Bullish	Bearish	+3.0%	+10.9%	+29.9%	1,141.81
Argentina	55%	Bearish	Bullish	Bullish	Bearish	+7.8%	+43.9%	+83.5%	2,758.57
Brazil	76%	Neutral	Bullish	Bullish	Bullish	+1.9%	+34.0%	+115.1%	22,948.95
Czech Rep.	87%	Bullish	Bullish	Bullish	Bullish	+20.7%	+36.5%	+85.3%	837.00
Chile	59%	Bearish	Bullish	Bullish	Bearish	-1.0%	+13.8%	+80.0%	7,582.08
China	60%	Bearish	Bullish	Bullish	Bearish	+11.8%	+19.8%	-4.9%	118.71
Greece	57%	Neutral	Bullish	Bullish	Bearish	-1.0%	+18.7%	+74.3%	2,372.77
Egypt	60%	Bearish	Bullish	Bearish	Bullish	+9.5%	+15.1%	+25.2%	881.74
Hong Kong	58%	Neutral	Neutral	Bullish	Neutral	-0.9%	+8.6%	+44.5%	12,731.76
Hungary	54%	Bearish	Bullish	Bearish	Neutral	+21.6%	+29.9%	+60.7%	11,238.11
India	47%	Neutral	Bullish	Bearish	Bearish	+0.3%	+32.0%	+101.4%	5,788.08
Indonesia	74%	Neutral	Bullish	Bullish	Bearish	+5.0%	+17.9%	+91.9%	750.65
Israel	63%	Bearish	Bullish	Bullish	Neutral	+3.4%	+26.0%	+62.4%	567.17
Korea	67%	Neutral	Bullish	Neutral	Bullish	+12.6%	+24.2%	+74.8%	883.69
Malaysia	65%	Neutral	Bullish	Bullish	Bearish	+12.5%	+19.9%	+40.5%	887.34
Mexico	71%	Neutral	Bullish	Bullish	Bullish	+20.3%	+36.9%	+66.2%	10,713.54
Philippines	42%	Neutral	Bullish	Bearish	Neutral	-0.7%	+8.5%	+26.1%	1,450.91
Poland	55%	Bearish	Bullish	Neutral	Bearish	+12.6%	+23.0%	+80.6%	24,387.78
Portugal	72%	Bearish	Bullish	Bullish	Bullish	+6.7%	+26.7%	+55.0%	2,118.77
Russia	59%	Bearish	Bullish	Bullish	Bearish	+39.1%	+35.5%	+124.4%	8,967.92
Singapore	70%	Bullish	Bullish	Bullish	Bearish	+6.6%	+15.9%	+51.6%	1,880.45
Sth Africa	65%	Neutral	Bullish	Neutral	Bullish	+5.6%	+27.7%	+70.4%	10,890.61
Taiwan	42%	Bearish	Neutral	Neutral	Bearish	+11.8%	+16.7%	+53.6%	6,545.54
Thailand	66%	Neutral	Bullish	Bullish	Bearish	-9.3%	+19.0%	+103.7%	693.12
Turkey	60%	Bearish	Bullish	Bullish	Bearish	+16.3%	+45.9%	+122.2%	20,485.03
Venezuela	37%	Bullish	Bullish	Bearish	Bearish	+16.5%	-15.8%	+65.7%	27,112.93

**One Year Forecasts** predict the probability that a stock-market will rise over the next year. Investors should seek to invest in markets with forecasts of 60-100%, while avoiding markets with forecasts of 0-40%. Bullish = Favourable. Bearish = Unfavourable.

# Recommended International Investment Funds

Three of our investments have increased sharply in value over the last month:

**Aberforth Smaller Companies Trust plc** rose 9.2% as the share price rose closer to its net asset backing. The shares have historically traded close to their net asset value, although that discount had increased to around 9-12% over recent months. That larger than normal discount *may* have been the result of selling by investors who took shares in this trust when **Aberforth Split Level Trust** was wound up in December 2003.

**Baillie Gifford Shin Nippon plc** shares rose 23.7% with **Invesco Japan Discovery Trust plc** shares soaring 35.3% for the month! The Japanese economy is showing signs of recovery in both export demand and domestic consumption - which has boosted both the exchange rate and the stockmarket. Smaller company share prices are most sensitive to improvements in sentiment, so performed extremely well last month.

## Fund Report

The Manager of **Scottish Oriental Smaller Companies Trust plc** expects economic growth to accelerate throughout the Asian region in 2004 and that "the trust is well positioned to participate in the high rates of economic growth expected". Asian economies will be "driven by higher domestic consumption, recovery in private investment and robust exports", with "the end of deflation in China and Hong Kong" seen as positive and "contributing to improved consumer sentiment".

They also believe that "valuations for Asian companies are inexpensive compared to the rest of the world", while growth is higher.

Although strong economic growth and improving sentiment would favour low quality, marginal businesses, Asian stockmarkets are not without risks, so the trust continues to favour "well managed, soundly financed companies with strong businesses".

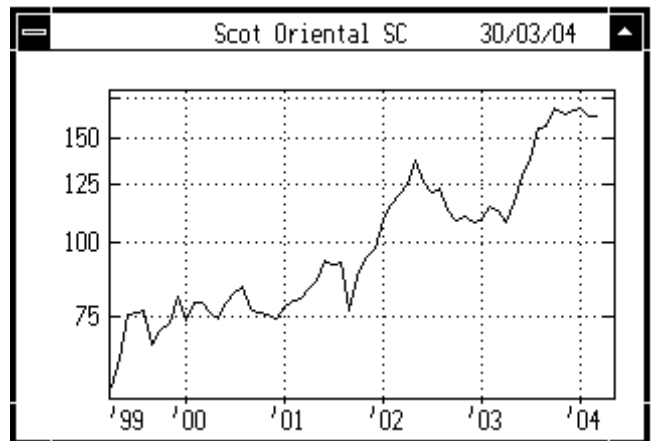
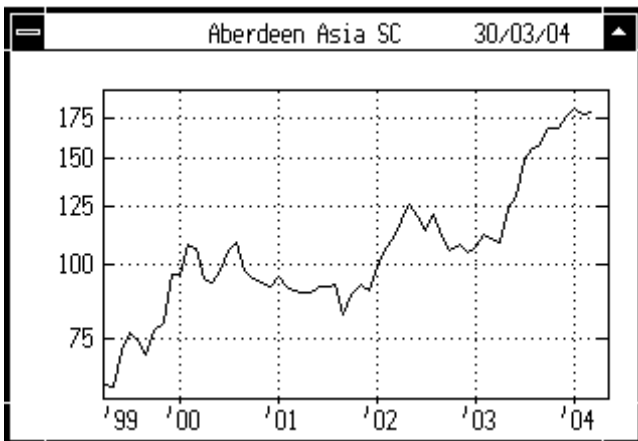
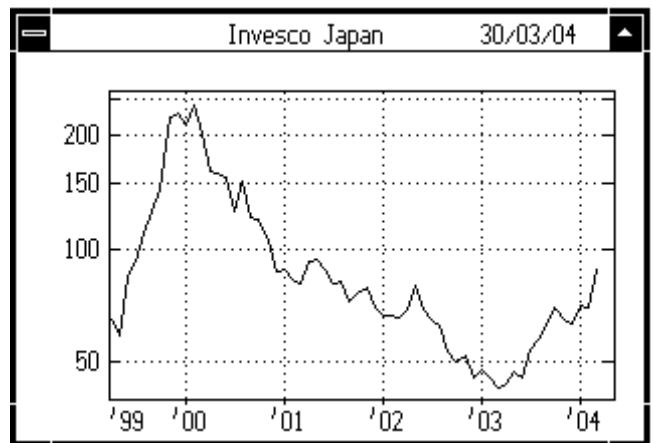
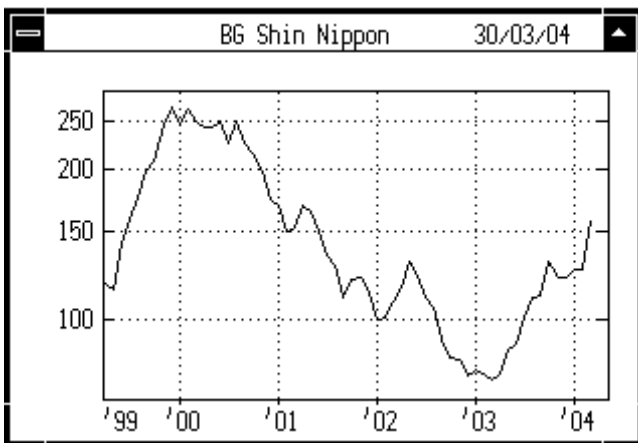
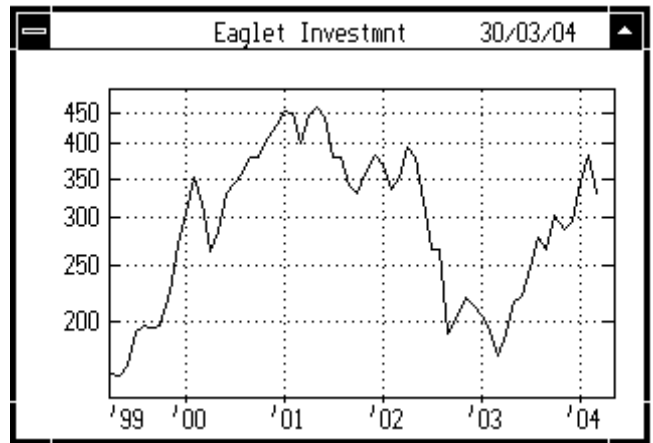
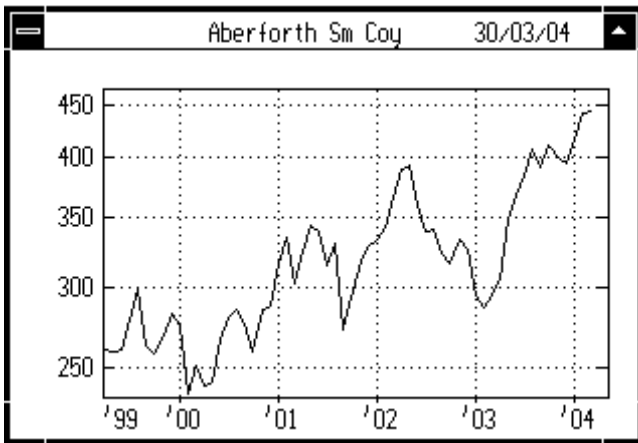
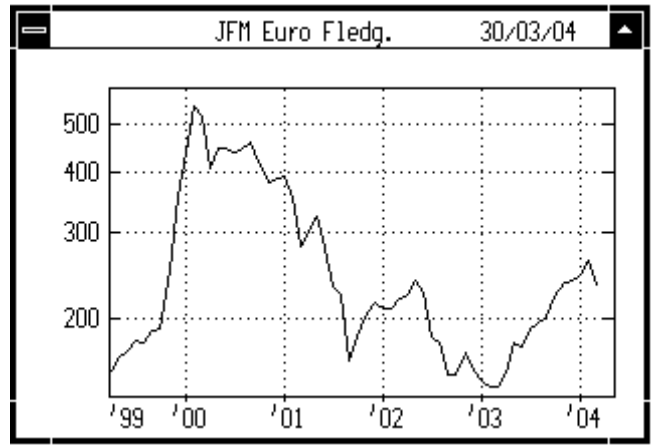
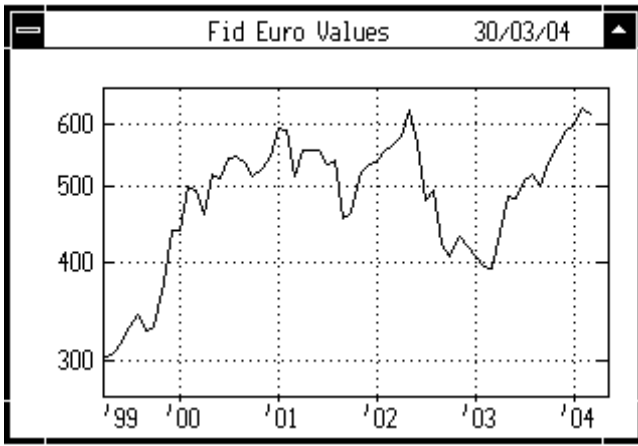
The trust is slightly leveraged with a 1.04% interest rate Japanese Yen loan equal to about 7% of net assets.

Current Advice	Investment Fund	EPIC Code	Initial Recommendation		Prem/Disc to Net Assets	Recent Price		Gain or Loss %	
			--- Date ---	Offer Price		Bid-Offer or Last Sale	NZ Cents		
<b>Europe</b>									
BUY	Fidelity European Values plc	FEV	13/05/03	463.5p	1291.1	-5%	631.00p	1753.8	+36
BUY	JFM Fleming Euro Fledgeling IT plc	JFF	15/01/02	226.5p	765.8	-17%	248.25p	690.0	-10
<b>United Kingdom</b>									
BUY	Aberforth Smaller Cos Trt plc	ASL	15-07-03	375.5p	1042.0	-3%	471.00p	1309.1	+26
BUY	Eaglet Investment Trust plc	EIN	13/11/01	334.0p	1160.7	-11%	336.00p	933.9	-20
<b>Asian Regional</b>									
BUY	Aberdeen Asian Sm Co WARRANTS	AASW	09/09/03	75.3p	209.1		101.00p	280.7	+34
BUY	Gartmore Pacific Growth Fund	*	29/10/85	41.4p	105.4		190.73p	530.1	+403
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		41.49p	115.3	+8
HOLD	HSBC Hong Kong Growth Fund	*	07/04/98	159.4p	481.6		157.60p	438.0	-9
BUY	Henderson Pacific Capital	*	08/08/00	342.2p	1122.6		279.70p	777.4	-31
BUY	Scot Oriental Sm Cos WARRANTS	SSTW	11/11/03	78.0p	211.5		80.50p	223.7	+6
HOLD	Schroder Asia Pacific WARRANTS	SDPW	13/07/99	25.5p	75.8		11.75p	32.7	-57
<b>Japan</b>									
HOLD	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	-8%	165.50p	460.0	+4
HOLD	Invesco Japan Discovery Trust	JD	13/07/99	95.5p	284.0	-11%	97.00p	269.6	-5
<b>Korea</b>									
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		95.96-102.10p	275.2	+31
<b>International</b>									
HOLD	Aberdeen Prolific Emerging Markets	*	13/08/91	61.7p	184.0		127.70p	354.9	+93
BUY	Private Equity Investor plc	PEQ	11/12/01	122.5p	420.2	-20%	99.25p	275.8	-34
HOLD	Templeton E/Markets WARRANTS	TEMA	13/07/99	40.3p	119.7		17.00p	47.2	-61

\* United Kingdom based Unit Trust

## Other Shares and Warrants

Alternative investments in the UK listed investment trust shares and warrants recommended above include **Aberdeen Asian Smaller Companies** shares at 186½ (-3%, i.e. 3% below net asset value), **Schroder Asia Pacific** shares at 88¼ pence (-5%), **Scottish Oriental Smaller Companies** shares at 168 pence (-5%), **Templeton Emerging Markets** shares at 150¼ pence (-13%), **Baillie Gifford Shin Nippon** warrants at 14½ pence and **Invesco Japan Discovery** warrants which trade at 9½ pence.





Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
Avoid	Invesco Perp US Aggressive	Very High	-15%	0.60	-64	9	1
	Invesco Perp US Equity	Medium	-5%	0.67	3	-1	
	JPMF United States Growth	Low	-5%	0.75	5	0	
	Jupiter North America	Medium	-4%	0.75	-49	15	2
	L & G (Barclays) America	Low	-2%	0.77	-39	7	1
	L & G North American	Low	-2%	0.78	-40	5	1
	L & G US Index	Low	-2%	0.78	-39	7	1
	Lazard Nth American Gth	Low	-2%	0.78	-39	7	1
	Lincoln North American	Low	-2%	0.80	-41	7	0
	M & G American & General	Medium	-5%	0.75	-46	10	0
	MGM North American Growth	Very Low	-4%	0.68	-42	5	1
	Martin Currie North American	Medium	-1%	0.77	-42	9	0
	Merrill Lynch American	Low	-5%	0.76	-44	5	0
	New Star North America Ret A	Low	-3%	0.77	-42	6	3
	Newton American	Low	-3%	0.71	-45	8	0
	Norwich US Growth	Very Low	+0%	0.75	8	1	
	Old Mutual North American	Low	+1%	0.76	-35	12	1
	Prudential North American	Low	+3%	0.74	-30	10	0
	Royal London North American	Low	-5%	0.73	1	-1	
	S & W American	Low	+2%	0.70	-36	14	3
	Schroder North American	Medium	-3%	0.80	8	1	
	Scot Amic American	Low	+3%	0.77	-29	12	1
Avoid	Scot Life America	Low	-8%	0.75	-49	2	-1
	Scot Mutual North American	Medium	-3%	0.75	-42	5	0
	Scot Wid. American	Very Low	-3%	0.67	5	3	
	Soc. Gen American Growth	Medium	-1%	0.74	8	0	
	St James's North America	Low	-1%	0.66	6	1	
	Stan Life America	Low	+2%	0.75	8	1	
	Threadneedle American Gth	Very Low	-1%	0.30	5	-0	

**UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS**

	American Opportunity	Very Low	+2%	0.04	-35	2	2
	Edinburgh US Tracker	Medium	-1%	0.71	-42	6	-3
	JPMF American	High	-1%	0.75	-48	8	-5
Avoid	Second London American	Very Low	-18%	0.00	-60	-22	3

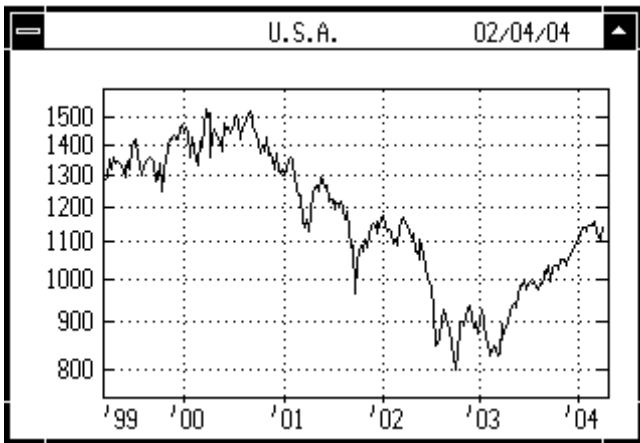
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**UNITED KINGDOM BASED UNIT TRUSTS**

Buy	F & C US Smaller Coys	Medium	+11%	0.67	-15	34	2
	Fidelity American Spec Sits	Medium	+4%	0.62	-25	16	0
	Henderson Amer Small Coys	Medium	+1%	0.67	-34	20	-1
	Invesco Perp US Smaller Coys	High	-3%	0.66	-40	12	1
	Merrill Lynch American Opps	Medium	+5%	0.57	-26	19	1
Buy	Schroder US Smaller Coys	Low	+11%	0.72	-12	26	5
	Threadneedle Amer Small Cos	Very Low	+4%	0.58	23	3	

**UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS**

Buy	F & C US Smaller Coys	Medium	+12%	0.55	-19	34	-3
Buy	JPMF US Discovery	Very High	+19%	0.53	-7	57	3
Buy	Nth Atlantic Smaller	Very Low	+7%	0.24	-25	37	1
Buy	Renaissance U.S.	Low	+26%	0.14	21	99	22



**UNITED KINGDOM**

**UNITED KINGDOM BASED UNIT TRUSTS**

Buy	AXA UK Growth	Medium	+2%	0.89	-35	17	0
	AXA UK Opportunities	High	+17%	0.82	38	3	
	AXA UK Tracker	Medium	+1%	0.91	-35	18	1
	Abbey Natl N & P UK Growth	High	+0%	0.86	-38	16	2
	Abbey Natl Stockmarket 100	Medium	+3%	0.87	-33	16	0
	Abbey Natl UK Growth	Medium	-2%	0.85	-39	14	1
	Aberdeen UK Growth	High	-1%	0.86	-41	16	0
Buy	Aberdeen UK Mid-Cap	High	+8%	0.69	36	8	
	Aegon UK Equity Growth	Medium	+1%	0.80	-35	17	2
	Aegon UK Tactical	Medium	+1%	0.78	16	2	
	Allianz Dres UK Index	High	+1%	0.81	17	1	
	Allianz Dres UK Growth	Medium	+6%	0.82	24	1	
Buy	Artemis UK Growth	High	+12%	0.66	-9	54	15
Buy	Artemis UK Special Sits	Medium	+23%	0.54	52	11	
	BG British 350	Medium	+3%	0.81	-28	18	2

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
Buy	BWD Rensburg Aggressive Gth	Low	+13%	0.64	1	32	8
	BWD Rensburg UK Blue Chip	Medium	+5%	0.86	13	0	
Buy	BWD Rensburg UK Mid Cap	High	+11%	0.64	-23	49	10
	Bank of Scotland FTSE 100	Medium	+2%	0.86	-34	15	0
	Baring UK Growth	Medium	+2%	0.82	-35	19	2
	Britannic UK General	Medium	-1%	0.82	-40	12	0
	CIS UK Growth	Medium	+1%	0.87	16	2	
	CS FTSE 100 Tracker	Medium	+1%	0.85	13	-1	
	Canada Life General	High	+2%	0.88	19	1	
	Canada Life Growth	Medium	+2%	0.88	19	1	
	Cazenove UK Equity	Medium	+5%	0.84	-29	24	2
	DWS UK Blue Chip	High	+0%	0.82	-41	15	1
	DWS UK Equity	Medium	+2%	0.77	-36	17	1
	DWS UK Growth	High	+3%	0.80	-35	19	1
	Direct Line FTSE 100 Tracker	Medium	+1%	0.91	-34	16	1
Buy	Fidelity Special Situations	Medium	+20%	0.63	5	49	10
	Fidelity UK Growth	High	+5%	0.85	-30	25	3
	First State British Opps	High	+5%	0.76	26	1	
	Franklington UK Growth	Medium	+3%	0.83	-33	22	4
Buy	GAM UK Diversified	High	+19%	0.55	-2	62	8
Buy	Gartmore Govett FTSE 250 Index	High	+13%	0.70	-14	51	10
	Gartmore Govett UK Blue Chip	Medium	+1%	0.85	-35	18	2
Buy	Gartmore UK Index	High	+8%	0.79	-28	30	2
	HSBC British	Medium	+2%	0.83	13	-3	
	HSBC FTSE 100 Index	Medium	-1%	0.83	-38	13	0
Buy	HSBC FTSE 250 Index	High	+11%	0.67	-19	47	10
	HSBC Household Names	High	+5%	0.83	22	0	
	HSBC Splst UK Growth	Medium	+5%	0.81	20	0	
	HSBC UK Gth & Inc	High	+3%	0.84	20	1	
	Henderson UK Capital Growth	Medium	+4%	0.81	-26	25	6
	Hill Samuel Capital	Medium	+1%	0.86	-34	17	2
	ISIS FTSE 100 Tracker	Medium	+0%	0.86	-37	13	0
	ISIS FTSE All Share	Medium	+1%	0.85	-35	18	2
	Insight UK Portfolio	Medium	+4%	0.64	-32	20	-1
	Invesco Perp UK Key Trends	High	+4%	0.70	26	5	
Buy	Invesco Perp UK Growth	Very High	+12%	0.64	38	46	9
	Invesco Perp UK Equity	High	-1%	0.78	11	2	
Buy	Invesco Perp UK Aggressive	Very High	+33%	0.53	71	11	
Buy	JPMF UK Dynamic	High	+15%	0.73	40	8	
	Jupiter Environmental	Medium	+4%	0.55	-32	37	4
	Jupiter UK Growth	High	+5%	0.76	-33	33	9
	Jupiter UK Special Situations	High	+5%	0.55	-36	44	9
Buy	Jupiter Undervalued Assets	Medium	+16%	0.58	-2	33	5
	L & G (A & L) Capital Growth	Medium	+3%	0.82	-32	19	2
	L & G (A & L) UK 100 Index	Medium	+1%	0.86	-34	15	0
	L & G (Barclays) Capital	Medium	+1%	0.85	-34	17	1
	L & G (Barclays) 500	Medium	+3%	0.70	-33	24	8
	L & G (Barclays) FTSE 100	Medium	-1%	0.74	-35	13	0
	L & G Equity	Medium	+0%	0.80	-36	16	0
	L & G UK Index	Medium	+1%	0.82	-35	18	2
	L & G UK Recovery	High	+3%	0.82	-34	20	1
	L & G UK Stockmarket	Medium	+1%	0.86	-36	15	-1
	Lincoln Growth	Medium	+1%	0.84	-36	17	2
	M & G Blue Chip	High	-0%	0.86	-42	11	0
	M & G British Opportunities	High	+3%	0.70	-37	29	5
	M & G Capital	Medium	-1%	0.79	-42	22	5
	M & G Index Tracker	Medium	+1%	0.87	-35	18	2
Buy	M & G Recovery	Medium	+8%	0.73	-27	37	6
	M & G UK Growth	High	+0%	0.82	-42	19	2
Buy	MGM Special Situations	Medium	+2%	0.81	-33	20	3
	Martin Currie UK Growth	Medium	+7%	0.75	-21	28	6
	Merrill Lynch UK Value	Medium	+6%	0.78	19	2	
	New Star UK Growth Ret A	High	+5%	0.87	23	3	
Buy	Norwich Blue Chip Tracking	Medium	+0%	0.86	13	0	
Buy	Norwich UK Growth	Medium	+7%	0.73	27	4	
	Norwich UK Index	Medium	+1%	0.91	18	2	
	Prudential UK Growth	Medium	+1%	0.83	-38	15	1
	Prudential UK Index	Medium	+1%	0.84	13	0	
Buy	Rathbone Capital	High	+8%	0.78	37	7	
Buy	Rathbone Spec Situations	Low	+22%	0.47	67	14	
	Royal London UK Equity	Low	+0%	0.71	15	1	
	Royal London UK Growth	Medium	+0%	0.86	-37	14	0
Buy	Schroder UK Enterprise	High	+7%	0.79	-28	28	5
	Schroder UK Equity	High	+5%	0.85	-35	19	0
Buy	Schroder UK Mid 250	Medium	+19%	0.69	7	54	12
	Scot Amic Equity Trust	Medium	+2%	0.79	-34	17	1
	Scot Amic FTSE 100 Tracker	Low	+1%	0.77	15	1	
	Scot Life UK Equity	Medium	+1%	0.86	-34	15	1
	Scot Mutual Growth	Low	+3%	0.85	15	2	
	Scot Mutual Opportunity	Medium	+6%	0.83	19	2	
	Scot Mutual UK Equity	Medium	-1%	0.85	-39	14	2
Buy	Scot Mutual UK All Share Index	Medium	+8%	0.86	22	2	
	Scot Wid. UK Growth	Low	+5%	0.75	17	1	
	Scot Wid. UK Index	Very Low	-6%	0.30	-33	3	6
Buy	Soc Gen UK Growth	Very High	+16%	0.64	-21	62	8
	Solus UK Growth	Medium	+2%	0.85	-32	20	2
	Solus UK Special Situations	Very High	-3%	0.71	-51	27	2
	Sovereign FTSE 100	Medium	-1%	0.87	-39	13	-3
	Sovereign UK Growth	High	+5%	0.83	-35	30	3
Buy	St James's Recovery	Medium	+16%	0.54	54	8	
	St James's Tracker	Medium	+4%	0.87	21	2	
	St James's UK & Gen Prog.	Medium	+5%	0.80	-25	24	3
	Stan Life UK Equity Gth	Medium	+4%	0.77	19	3	
	Threadneedle UK Growth	High	+6%	0.61	20	4	
	Tilney UK Equity	Medium	+4%	0.82	-29	18	1

(Continued on Page 6)



Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth

**NEW ZEALAND BASED UNIT TRUSTS**

	BTIS European Share	Very Low	-3%	0.63	-26	7	0
	Tower Spotlight Europe	Low	-3%	0.61	-34	12	1

**UNITED KINGDOM BASED UNIT TRUSTS**

	AXA European Growth	Medium	-0%	0.78	-35	30	-1
	Aberdeen European Growth	High	+3%	0.85	-34	24	-2
	Aegon Europe Tactical	Medium	-2%	0.82	-39	22	-3
	Aegon European	Medium	-2%	0.84	-38	23	-3
	Allchurches Euro Growth	Medium	+1%	0.85	-25	24	2
	Allianz Dres Euro Index	High	+1%	0.85	-35	25	-3
	Allianz Dres European	Medium	+1%	0.85	24	-2	
Buy	Artemis European Growth	Low	+12%	0.78	41	2	
	BG Europe	Medium	-4%	0.85	-37	20	1
Buy	BWD Pan European Growth	Medium	+1%	0.81	23	-3	
	Baring Euro Sel.	Medium	+7%	0.66	-19	51	4
	Baring European Growth	High	-3%	0.87	-40	23	-2
	Britannic European	Medium	+1%	0.84	-33	24	-4
	CIS European	Medium	-2%	0.88	22	-3	
Buy	CS Euro Frontiers	Very Low	+20%	0.15	76	20	
	CS European	Medium	-1%	0.86	-39	21	-3
	Canada Life European	Medium	-4%	0.83	-43	25	0
	Cazenove European Portfolio	High	+1%	0.91	-37	32	0
	DWS European Growth	Medium	-2%	0.84	-36	25	-1
Buy	Fidelity European	Low	+10%	0.86	-4	30	1
Buy	Fidelity European Opps	Very High	+9%	0.87	-26	35	2
	Framlington European	Medium	+2%	0.87	-32	33	-1
	Gartmore European	Medium	-2%	0.60	-42	11	0
	Gartmore European Sel Opps	Medium	+1%	0.86	-32	25	-1
	Gartmore Govett Euro Blue Chip	High	+1%	0.85	-37	25	-1
	Gartmore Govett Euro Strategy	High	+0%	0.83	-36	30	-1
	HSBC Eurotrack 100	High	+1%	0.88	-36	24	-2
	HSBC Splst European	High	+3%	0.87	31	-3	
	Henderson Euro Cap Gth	Medium	+2%	0.84	27	-3	
	Henderson European	High	+0%	0.85	-37	23	-3
	ISIS European	High	+3%	0.87	-32	27	-3
	Insight Europe	Medium	-2%	0.83	-36	18	-5
	Insight European	Medium	+0%	0.79	-35	24	-1
Avoid	Invesco Perp Euro Growth	Medium	-7%	0.83	-46	17	0
	Invesco Perp European Equity	High	+6%	0.82	28	2	
	JPMF European Growth	Medium	+1%	0.85	27	-2	
Buy	JPMF New Europe	Medium	+26%	0.40	62	20	
	Jupiter European	Low	+4%	0.78	-21	33	2
	L & G (A & L) European	Medium	-2%	0.82	-36	19	-1
	L & G Euro Index	High	+1%	0.89	-36	25	-1
	L & G European	Medium	-3%	0.89	-41	22	-2
	Lazard European Growth	Medium	+2%	0.86	-26	22	1
	Lincoln European	Medium	+0%	0.82	-35	22	-1
	M & G Euro Blue Chip	Medium	-4%	0.84	23	2	
	M & G European	High	-1%	0.89	-41	29	-1
	M & G European Index Tracker	High	+0%	0.89	-37	26	-2
	MGM European Growth	High	+3%	0.85	-35	25	-3
	Martin Currie European	Very High	+4%	0.87	-34	33	-1
	New Star European Ret	Medium	-2%	0.87	-34	24	-1
	Newton Continental European	Medium	-1%	0.87	-32	23	-2
	Newton Pan-European	Medium	-1%	0.89	23	-1	
	Norwich European	Medium	+4%	0.89	23	-2	
	Premier European Growth	Low	+2%	0.73	28	3	
	Prudential European	Medium	-0%	0.88	-37	24	-2
	Prudential Euro Index	Medium	-2%	0.89	21	-2	
	Royal London European Gth	High	+2%	0.86	-34	30	-3
	S & W European	High	+3%	0.88	-36	25	-3
	Schroder European	High	+3%	0.89	-31	37	2
	Scot Amic European	Medium	+1%	0.89	-36	22	-2
	Scot Life European	High	+1%	0.86	-34	30	-3
	Scot Mutual European	High	+1%	0.87	-39	21	-3
	Scot Wid. Euroland	Medium	-3%	0.86	-39	24	-1
	Scot Wid. European Growth	Low	+0%	0.82	23	-1	
	Soc. Gen European	High	+1%	0.84	-36	29	-1
	Solus European Growth	Medium	+1%	0.88	-30	31	0
	Sovereign European Gth	High	+0%	0.88	-37	28	0
	St James's Gtr Euro Prog.	Medium	+5%	0.83	34	1	
	Stan Life European	Medium	+1%	0.81	24	0	
	Threadneedle Euro Growth	Medium	+5%	0.84	27	-2	
	Threadneedle Euro Sel Growth	Medium	+4%	0.84	26	-3	
	Threadneedle Pan Euro Gth	Medium	+1%	0.88	22	-2	
	Tilley European Growth	Medium	+0%	0.86	-34	23	-1

**UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS**

	Baring Emerging Europe	Very Low	+6%	0.27	70	22	
	Blue Planet Gth & Inc	Very Low	-1%	0.05	-20	21	5
	Charter Pan European	Very High	+2%	0.83	-36	31	-0
Buy	Eastern European	Low	+29%	0.39	81	66	26
Buy	European Assets	Very High	+7%	0.59	45	58	-5
	F & C European	Very High	+4%	0.80	-44	33	-2
Buy	Fidelity Euro V.	Medium	+14%	0.70	-4	54	8
	Gartmore European	High	-2%	0.76	-38	27	2
Buy	Gartmore Irish Small	Medium	+27%	0.49	38	95	11
	Henderson Eurotrust	Very High	+0%	0.35	31	4	
Buy	Invesco Perp European	Very High	+10%	0.75	56	8	
Buy	JPMF Russia	Very Low	+14%	0.01	97	32	
Buy	Jupiter European Opps	High	+14%	0.51	72	10	
Buy	Martin Currie European	Very High	+8%	0.82	-40	43	-1
	Merrill European	High	+1%	0.80	-35	45	9
	SR Europe	Medium	+4%	0.53	70	11	

**UNITED KINGDOM BASED INVESTMENT TRUSTS - SPLIT CAPITAL**

Avoid	Govett Euro Enhanced	Very High	-84%	0.25	-98	-57	-17
	Morley Absolute Growth	Very High	-5%	0.21	17	-4	

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth

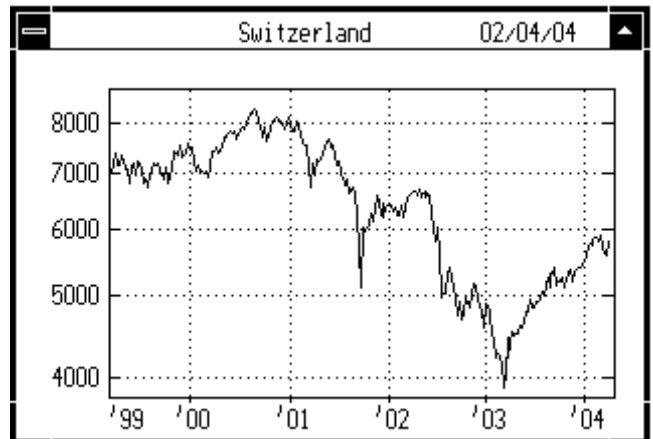
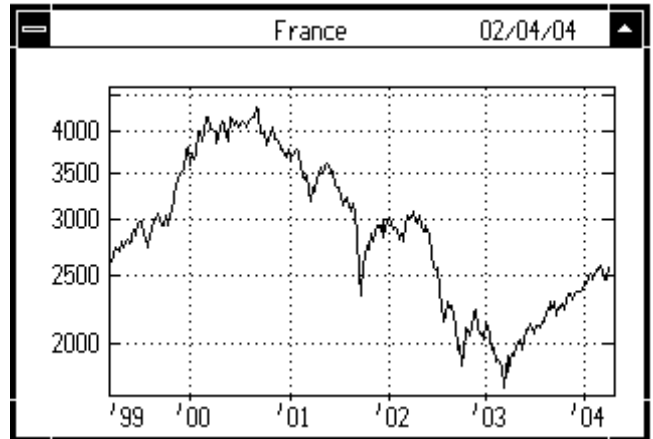
**EUROPE SMALLER COS**

**UNITED KINGDOM BASED UNIT TRUSTS**

	BG Euro Small Coys	Very High	+4%	0.68	-35	50	4
	DWS European Smaller Cos	Very High	+3%	0.79	-39	49	4
Buy	First State European Small	Medium	+9%	0.79	38	3	
	Henderson European Small Cos	Medium	+3%	0.74	-31	42	3
	Invesco Perp Euro Smaller Cos	Medium	-4%	0.71	-41	28	2
	JPMF European Smaller Coys	Medium	+3%	0.67	45	4	
	Jupiter Euro Spec Sits	Medium	+4%	0.81	-22	33	1
	M & G European Smaller Coys	High	+1%	0.72	-43	50	2
Buy	Schroder Euro Small Coys	High	+3%	0.79	-37	52	6
	Threadneedle Euro Small Cos	Low	+16%	0.72	42	1	

**UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS**

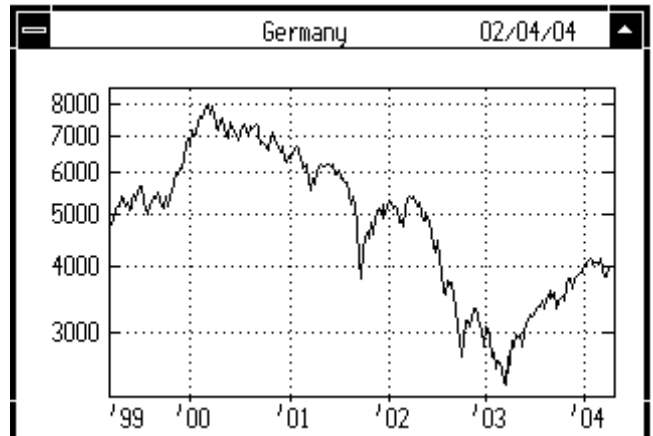
	Henderson Euro Micro	Very High	+2%	0.46	-44	81	13
	Invesco Continental Sm	Very High	-1%	0.60	-52	64	10
Buy	JPMF Euro Fledgling	Very High	+10%	0.63	-33	58	1
	TR European	Very High	-1%	0.63	-48	59	6



**GERMANY**

**UNITED KINGDOM BASED UNIT TRUSTS**

Avoid	Baring German Growth	Medium	-9%	0.64	-60	47	-2
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# Fund Review:

## Framlington Income & Growth Trust plc

**Framlington Income & Growth Trust plc** is a split capital trust where the "capital" shares (code FRNC) offer investors the potential for high returns over the next four years.

The trust has £82.4 million in assets, invested in the shares of larger UK companies. This is well diversified, with the ten largest holdings making up just 37.1% of the portfolio. The annual management fee is just 0.85%.

The trust is leveraged with £32.8 million (i.e. 40% of assets) funded by bank debt. The capital structure consists of 39,132,000 *Income* shares and 24,828,000 *Capital* shares. This *split capital* structure leverages the income and capital returns to investors.

The *Income* shareholders receive all of the income but will only be repaid 35 pence per share when the trust is wound up between March 2008 and September 2008. These shares currently trade around 43½ pence - so offer a 14.7% income yield but will *decline* 19% in value over the next four years when the trust is wound up.

The *Capital* shares receive no income but, at the winding up, will receive *all* of the assets remaining after the trust has repaid its £32.8 million in bank debt and £13.7 million to the *Income* shareholders. That gives the *Capital* shares a current net asset value of around £1.46, yet they trade on market at 84½ pence - a large 42% discount. The *Capital* shares will appreciate to around net asset value as the 2008 winding up date approaches, so if stockmarket values remain unchanged then the *Capital* shares will appreciate around 15% per annum over the next four years.

The *Capital* shares are also *leveraged* by the bank debt and the fixed *Income* share entitlement. Every 10% movement in the portfolio will result in an £8.24 million change in the net assets of the *Capital* shares, or 33 pence per share. That is a 22% change in net asset value and equal to 39% of the current share price.

So if the portfolio of large UK shares falls by 56% or more over the next four years, then there would be no residual assets to repay to the *Capital* shares which would become worthless. However, if the portfolio remains steady in value - or appreciates - then the *Capital* shares will rise strongly in value over the next four years. If, for example, the portfolio rises 56% in value, then the *Capital* shares will appreciate 290% to £3.30.

During the 2000-2003 stockmarket decline the net asset value of the *Capital* shares fell around 65%. Faced with an uncertain future, the shares dropped to a 60% discount to net assets, so fell over 80% in value. Over the last year the net asset value has recovered over 40% and

the share price has doubled, but still trades at a large discount.

Not surprisingly the *Capital* shares earn a Very High risk rating in our *Investment Trust Survey* but they also earn a +27% *superiority* rating.

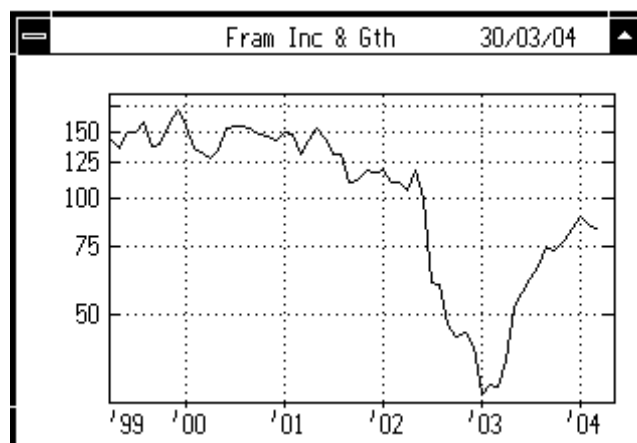
The shares are actively traded, but have a relatively high bid/offer spread of 6%, quoted at 82-87 pence (i.e. *marketmakers* will buy from you at 82 pence, or sell to you at 87 pence).

### Summary and Recommendation

We are not formally recommending **Framlington Income & Growth Trust *Capital* shares**, but this is an attractive *split capital trust* situation. The share price will trade close to net asset value at the 2008 winding up date, so the shares must appreciate from 84½ pence to around the net asset value of 146 pence. This is a low risk *arbitrage* situation.

The shares also offer high leverage, so any rise or fall in the UK stockmarket over the next four years will also have a significantly larger impact upon the value of these shares. This is *very high risk*, but the stockmarket is probably in the early stages of recovery and should perform well over the next four years.

Overall this is a *very high risk* investment, but does offer the potential for very high returns. So a small investment would be appropriate for high risk investors with a diversified share portfolio.



### Next Issue

The next issue of *International Investor* will be posted in five weeks time on Tuesday May 11, 2004 (and delivered in most areas on Wednesday 12).

Subscribers who have updated their account online with an e-mail address will also receive the Electronic version in their e-mail Tuesday morning.