

# International Investor

Issue No. 128

www.stockmarket.co.nz

August 7, 2006

## Inside International Investor

Private Equity Investor plc holds  
US\$20 million excess cash ..... 3

Investment Fund Survey: ..... 4 - 7  
NZ, Australia, Gold & Mining, Emerging Markets, Latin  
America, Far Eastern, Japan, Technology

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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 _____	55%	Bullish	Neutral	Bearish	Neutral	-6.1%	+4.4%	+13.4%	4,926.10
Austria _____	41%	Bearish	Bullish	Neutral	Bearish	-12.2%	+2.0%	+23.2%	3,753.73
Belgium _____	71%	Bullish	Bullish	Bullish	Neutral	-2.7%	+9.2%	+23.1%	3,828.54
Canada _____	52%	Neutral	Bullish	Bearish	Bearish	-4.4%	+1.7%	+22.2%	11,936.68
Denmark _____	40%	Bearish	Bullish	Bearish	Neutral	-5.8%	+1.9%	+9.0%	377.73
Finland _____	57%	Neutral	Bullish	Bullish	Bearish	-9.1%	+8.7%	+23.2%	8,611.68
France _____	58%	Bearish	Bullish	Neutral	Neutral	-4.2%	+9.6%	+20.2%	3,537.34
Germany _____	55%	Neutral	Bullish	Neutral	Bearish	-5.2%	+8.7%	+23.9%	5,723.03
Ireland _____	62%	Bearish	Bullish	Bullish	Neutral	-1.9%	+8.4%	+19.8%	7,719.00
Italy _____	56%	Bullish	Bullish	Neutral	Bearish	-4.1%	+9.6%	+15.6%	28,258.00
Japan _____	34%	Bearish	Bearish	Bearish	Bearish	-11.1%	-2.9%	+29.3%	15,499.18
Netherlands _____	58%	Neutral	Bullish	Bullish	Bearish	-2.2%	+8.5%	+21.7%	455.80
New Zealand _____	62%	Bullish	Bullish	Neutral	Bullish	-0.7%	-0.1%	-6.0%	2,471.29
Norway _____	66%	Bearish	Bullish	Bullish	Neutral	-9.0%	+18.7%	+33.4%	322.09
Spain _____	75%	Bullish	Bullish	Bullish	Bearish	-0.1%	+15.2%	+24.7%	1,294.88
Sweden _____	48%	Bullish	Bullish	Neutral	Bearish	-8.9%	+7.4%	+20.7%	305.09
Switzerland _____	41%	Bearish	Bullish	Bearish	Bearish	-1.8%	+6.8%	+23.7%	7,891.03
Un. Kingdom _____	57%	Bullish	Bullish	Bearish	Neutral	-0.6%	+11.0%	+19.4%	5,889.40
USA _____	35%	Neutral	Neutral	Bearish	Bearish	-3.5%	+1.2%	+4.3%	1,279.36
Argentina _____	57%	Bearish	Bullish	Bullish	Bearish	-10.0%	+10.9%	+33.9%	5,942.19
Brazil _____	59%	Bearish	Bullish	Bullish	Bearish	-13.1%	+4.2%	+50.8%	37,847.88
Czech Rep. _____	55%	Neutral	Bullish	Bullish	Bearish	-4.4%	+1.7%	+23.5%	1,431.00
Chile _____	34%	Bearish	Neutral	Bearish	Bullish	-7.5%	+2.5%	+1.0%	9,952.28
China _____	46%	Bearish	Bullish	Neutral	Bearish	-1.1%	+4.3%	+40.4%	89.35
Greece _____	70%	Bearish	Bullish	Bullish	Bullish	-9.2%	+2.0%	+22.6%	3,844.92
Egypt _____	36%	Bearish	Neutral	Bearish	Neutral	-10.7%	-25.8%	+10.8%	1,941.07
Hong Kong _____	52%	Bearish	Bullish	Neutral	Bearish	-1.0%	+9.2%	+12.2%	16,887.80
Hungary _____	43%	Bearish	Bullish	Neutral	Bearish	-15.0%	-0.6%	+0.1%	22,216.71
India _____	36%	Bearish	Bullish	Bearish	Bearish	-15.3%	+5.8%	+30.8%	10,866.51
Indonesia _____	67%	Neutral	Bullish	Neutral	Bullish	-9.4%	+14.4%	+26.9%	1,389.35
Israel _____	26%	Bearish	Bullish	Bearish	Bearish	-6.8%	+3.6%	+17.6%	822.16
Korea _____	41%	Bearish	Neutral	Neutral	Bearish	-11.8%	-4.6%	+25.9%	1,304.51
Malaysia _____	55%	Bullish	Bullish	Neutral	Bearish	-4.3%	+3.0%	+1.5%	937.99
Mexico _____	63%	Bearish	Bullish	Bullish	Bearish	-3.5%	+4.2%	+37.0%	20,354.99
Philippines _____	67%	Bearish	Bullish	Bullish	Neutral	-4.3%	+11.3%	+29.8%	2,362.60
Poland _____	78%	Bullish	Bullish	Bullish	Bearish	-2.9%	+25.0%	+55.7%	44,003.29
Portugal _____	58%	Bearish	Bullish	Bullish	Bearish	+0.1%	+22.8%	+36.5%	3,040.96
Russia _____	74%	Bearish	Bullish	Bullish	Bullish	-9.4%	+26.4%	+122.9%	20,057.19
Singapore _____	63%	Bullish	Bullish	Bullish	Bearish	-6.5%	+5.4%	+10.8%	2,462.92
Sth Africa _____	49%	Bearish	Bullish	Bearish	Bearish	-14.4%	-3.4%	+29.0%	21,001.68
Taiwan _____	31%	Bullish	Bearish	Bearish	Bearish	-15.9%	-4.6%	-3.4%	6,442.61
Thailand _____	58%	Bullish	Neutral	Bullish	Neutral	-8.7%	-1.4%	+11.7%	703.28
Turkey _____	40%	Bullish	Bearish	Bullish	Bearish	-26.6%	-26.0%	+8.3%	36,159.61
Venezuela _____	75%	Bullish	Bullish	Bullish	Bearish	+7.1%	+31.7%	+92.3%	34,929.62

**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

## Fund Reports

**Aberforth Smaller Companies Trust plc's** net asset value rose 4.8% in its half year to 30 June - under-performing its benchmark index which was up 6.8%. This short term under-performance resulted from the trust's *value* approach to investing. *Oil & Gas Producers, Mining, Real Estate* and *General Financial* companies had risen strongly in 2005 "to valuations that your Managers found difficult to rationalise" so the trust was under-weighted in these sectors which continued to become more over-valued.

The trust, however, is over-weighted in *Telecommunications, Media and Technology* companies owing to "several attractively valued businesses". This is a sector in which Aberforth Smaller Companies was under-weighted when these shares traded at high valuations in the last boom!

Higher interest rates have had an impact on the stockmarket, but "has served to throw up additional investment opportunities as fundamentally good businesses have found themselves caught up in the atmosphere of worry".

A 6.3% higher interim dividend of 4.25 pence will be paid on 1 September, with the shares trading entitlement from 4 August.

### Aberforth Smaller Companies Trust



**Fidelity European Values plc** lifted its net asset value 5.5% in its half year to 30 June, slightly under-performing the 5.9% rise in the European index. The shares, however, *declined* 3.2% for the period, having started at a small premium to net assets and falling to a small discount.

The trust focuses upon individual share selection so found the period "challenging" as "sentiment is driving the market rather than underlying earnings power". Nevertheless, the Fund Manager believes that European economies are continuing to improve, with falling unemployment and increasing consumer confidence. Many companies are restructuring to cut costs, resulting in "healthy earnings" growth.

### Fidelity European Values



**Fidelity Japan Values plc** experienced a very poor performance for its half year to 30 June. The smaller Japanese companies index fell 11.1% but the trust's net assets fell 21.4%. Its investment in internet based services companies which declined sharply, moderate leverage and the weak Yen all contributed to the larger fall in net asset value. The share price performed even worse, starting the period at a small premium to net assets and falling to a 9.4% discount. Fidelity Japan Values, however, is a very volatile fund, rating *Very High Risk* in our quarterly *Investment Fund Survey*, so will typically experience both greater declines and greater gains than the market index.

The Fund Manager remains "positive about the economic outlook for Japan" which is "into its fourth year of recovery". It also points to "increasing consumer confidence, an end to deflation and strong capital spending growth". While the market may remain "volatile in the short term" the Manager is "optimistic that economic recovery" will lead to "further earnings growth and attractive opportunities in the stock market".

### Fidelity Japan Values



**Herald Investment Trust plc** also saw its net asset value decline 5.8% over the six months to 30 June - despite "strong earnings growth" from many of its technology company investments. Based upon consensus forecasts for 2006, the average Price/Earnings ratio of

the trust's portfolio is about 16. Excluding the 16% of unprofitable companies, the average P/E ratio is only 14.

Despite the threat of a slowdown in economic growth, "much of the growth" from Technology shares comes from "structural shifts to new business models or new products, so most of the holdings are expected to make progress even if world GDP growth slows". A P/E ratio of 14 looks too low for this sector, so Technology shares should also be re-rated in value at some stage in the future.

### Herald Investment Trust



**Private Equity Investor plc** made significant progress over its financial year to 31 March 2006 - in addition to the 48.1% increase in net asset value and 58.4% increase in the share price.

The trust received cash and share distributions of US\$31.4 million for the year. At the end of March it held cash and listed investments worth US\$43.8 million (up from US\$24.9 million in March 2005), while its outstanding commitments to contribute to venture capital partnerships was only US\$23.8 million (down from US\$51.2 million in March 2005). The trust is therefore in a cash positive position for the first time with around an excess US\$20 million in cash. The directors will now "consider options for the company's future" and then report back to shareholders.

At 31 March 2006 the trust's venture capital partnerships held shares in 459 private companies and 62 public companies. There were 82 new investments during the year and 247 follow-on investments. 62 investments were written off, 83 written down in value and 116 companies written up in value.

The ten largest investments - making up 21.7% of the portfolio - were in Baidu (7.7% of the portfolio), NetFlix.com (2.7%), Xora (2.0%), (Cont'd on Page 4)

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%	1086.0p	3313.0	+157
BUY	JFM Fleming Euro Fledgeling IT plc	JFF	15/01/02	226.5p	765.8	-10%	588.0p	1793.8	+134
<b>United Kingdom</b>									
BUY	Aberforth Smaller Cos Trt plc	ASL	15/07/03	375.5p	1042.0	-8%	642.0p	1958.5	+88
BUY	Invesco English & Int'l Trust	IEI	10/01/06	273.5p	700.6	-14%	287.5p	877.1	+25
<b>Asian Regional</b>									
BUY	Aberdeen Asian Sm Co WARRANTSAASW		09/09/03	75.3p	209.1		163.0p	497.3	+138
HOLD	Gartmore Pacific Growth Fund	*	29/10/85	41.4p	105.4		243.44p	742.6	+605
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		55.66p	169.8	+60
HOLD	HSBC Greater China Fund	*	07/04/98	159.4p	481.6		191.8p	585.1	+22
HOLD	Henderson Asia Pac Capital	*	08/08/00	342.2p	1122.6		362.1p	1104.6	-2
BUY	Scot Oriental Sm Cos WARRANTS	SSTW	11/11/03	78.0p	211.5		143.0p	436.2	+106
<b>Japanese</b>									
HOLD	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	-3%	207.0p	631.5	+43
HOLD	Fidelity Japan Values plc	FJV	10/01/06	126.0p	322.7	-3%	83.25p	254.0	-21
HOLD	Invesco Japan Discovery Trust	IJD	13/07/99	95.5p	284.0	-4%	107.25p	327.2	+15
<b>Korea</b>									
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		168.3-178.6p	529.1	+153
<b>International</b>									
BUY	Aberdeen Emerging Markets	*	13/08/91	61.7p	184.0		215.1p	656.2	+257
BUY	Herald Investment Trust	HRI	12/10/04	310.8p	820.1	-13%	328.75p	1002.9	+22
BUY	Private Equity Investor plc	PEQ	11/12/01	122.5p	420.2	+1%	157.50p	480.5	+14

\* United Kingdom based Unit Trust

The average Gains/Losses of all current investments from initial recommendation is +106.8%. This is equal to an average annual rate of +15.9%, based upon the length of time each position has been held. The average annual rate of gain of ALL recommendations (both the 17 current and 45 closed out) is +13.5%.

### Other Shares and Warrants

Alternative investments in the UK listed investment trust shares and warrants recommended above include **Aberdeen Asian Smaller Companies** shares at 263½ pence (trading at net asset value) and **Scottish Oriental Smaller Companies** shares at 224½ pence (a 2% discount to net assets).

**Recommended Funds** (Continued from Page 3)  
 Redback Networks (1.9%), DivNetworks (1.8%),  
 Conversagent (1.6%), Focus Media (1.1%), netForensics  
 (1.0%), Alteris (1.0%) and Tutor.com (0.9%).

**Private Equity Investor**



**Share Buy-Backs**

On 18 July, **JPMorgan European Fledgling Investment Trust plc** re-purchased 60,000 shares on-market at 564 pence and 100,000 shares on-market at 561 pence. These were made at discounts around 11.6% to net asset value.

**Invesco English & International Trust plc** received redemption requests for 9,146,902 shares - or 17.84% of its capital - in the quarterly share redemption. Buying back these large quantities of shares at a discount to net asset value lifts the net asset value of the remaining shares and will boost our long term returns from remaining a shareholder in this investment trust. The issued capital is now 42,125,689 shares.

# Investment Fund Survey

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance			Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth						36 mth	12 mth	3 mth
<b>NEW ZEALAND</b>															
<b>NEW ZEALAND BASED UNIT TRUSTS</b>															
	AMP NZ Share	Very Low	-1%	0.73	39	7	-2								
	AMP Passive NZ Shares	Low	-3%	0.88	3	5	-5								
	ASB NZ Shares	Low	-1%	0.64	40	3	-6								
Buy	Fisher Fledgling Fund	Very Low	+6%	0.31	31	7									
	Fisher NZ Growth Fund	Very Low	+9%	0.39	38	11									
	ING NZ Share	Medium	-5%	0.49	40	4	-2								
	NZ Guardian NZGT 30	Low	-4%	0.79	34	-1	-6								
Buy	NZ Guardian Small Coys	Very Low	+9%	0.26	94	15	2								
	Thoroughbred NZ Equity	Very Low	-1%	0.69	41	7	-2								
	Tower New Zealand Equity	Very Low	-1%	0.68	37	3	-3								
<b>NEW ZEALAND LISTED INVESTMENT TRUSTS</b>															
Avoid	Mid-Cap Index	Low	-4%	0.45	46	16	5								
	TeNZ	Medium	-9%	0.84	19	-11	-13								
<b>UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS</b>															
Buy	NZ Investment Trust	Very Low	+9%	0.25	90	22	1								
<b>AUSTRALIA</b>															
<b>AUSTRALIAN BASED UNIT TRUSTS</b>															
	AMP Blue Chip Trust	High	-3%	0.50	51	19	-9								
	AMP Equity Trust	High	-2%	0.59	62	22	-9								
	AMP FLI Aust	Medium	-2%	0.62	59	20	-7								
	AMP FLI Small Companies	High	-3%	0.32	36	7	-18								
	ANZ Equity Imputation Trt	Medium	-5%	0.55	40	16	-8								
	ANZ Equity Trust No 1	Very High	-2%	0.48	44	4	-22								
	ANZ ING Aust Shares	Very High	-2%	0.52	52	9	-19								
	ANZ ING Blue Chip	Medium	-1%	0.58	58	18	-9								
	AXA Australia Industrial	Medium	-6%	0.29	18	1	-20								
	Advance Imputation Fund	Medium	-5%	0.44	28	8	-13								
Avoid	Allianz Australian Gth	Medium	-1%	0.49	69	29	-6								
	Aust Ethical Equities	Low	-8%	0.28	12	6	-13								
	BT Australia	Medium	-1%	0.43	50	20	-12								
	BT Smaller Companies	High	-0%	0.29	58	14	-15								
	BT Split Trust Growth	Low	-1%	0.46	53	26	-3								
	Challenger Aust Shares	High	-4%	0.53	45	24	-8								
	Col First State Aust Sh.	Medium	-5%	0.52	39	7	-11								
	Col First State Dev. Coys	Very Low	-4%	0.19	31	18	-10								
	Col First State Future Ld	High	-2%	0.31	41	8	-17								
Avoid	Col First State Imput'n	Medium	-7%	0.53	30	8	-11								
Avoid	Commonwealth Aust Share	Medium	-7%	0.68	44	15	-7								
	Commonwealth Share Income	Medium	-6%	0.65	45	15	-7								
Avoid	Gold Sachs Emerging Lead.	Medium	-7%	0.19	21	-1	-17								
	Gold Sachs Leaders Trust	High	-1%	0.45	48	12	-15								
	Hunter Hall Value Growth	Medium	-3%	0.43	46	28	-8								
Avoid	ING Australia Share	High	-7%	0.39	32	13	-17								
	ING Blue Chip	Medium	-6%	0.40	31	11	-15								
	Inv Mutual Aust Share	Very Low	-1%	0.46	49	18	-6								
	Inv Mutual Aust Small	Very Low	-3%	0.25	38	1	-9								
	JB Were Investment	Medium	-3%	0.46	44	11	-13								
	MLC Aust Tr - Aust Share	Low	-6%	0.28	28	11	-15								
	MLC Aust Trust - Index	Medium	+0%	0.69	75	27	-3								
	Macquarie Active Aust Equ	Medium	+0%	0.76	77	26	-5								
Avoid	NAFM In Trt - Equities	High	-9%	0.27	13	2	-21								
	NAFM Inv Trust - Div Imp	Medium	-4%	0.49	36	10	-12								
	Parker Enhanced Leaders	Low	-3%	0.38	46	18	-7								
	Perpetual ICSav - Aust	Medium	+3%	0.58	75	21	-9								
	Perpetual ICSav - Sm Coys	Medium	-2%	0.37	44	11	-11								
Avoid	Perpetual ICSav - Indust.	Low	-11%	0.12	5	11	-11								
Avoid	Portfolio Ptnrs Emerging	High	-14%	0.19	3	-5	-21								
<b>NEW ZEALAND BASED UNIT TRUSTS</b>															
	AMP Australian Shares	Very Low	-1%	0.58	49	19	-2								
Avoid	ANZ TranzEquity	Very Low	-16%	0.48		-4	-3								
	ING Australian Share	Low	+0%	0.32	61	17	-6								
	Thoroughbred Aust Equity	Medium	-1%	0.61	65	17	-6								
	Thoroughbred Trans Tas.	Very Low	+1%	0.40	51	15	-4								
<b>UNITED KINGDOM BASED UNIT TRUSTS</b>															
	Martin Currie Australasian	Medium	+1%	0.71		22	-2								
<b>AUSTRALIAN LISTED INVESTMENT TRUSTS</b>															
	Argo Investments	Very Low	+6%	0.07	61	34	6								
	Australian Foundation	Very Low	+0%	0.16	53	32	4								
	Choiseul Plantation	Very Low	+6%	0.02	67	34	9								
Buy	Diversified United Inv.	Very Low	+9%	0.09	91	37	7								
	Huntley Investment Coy	Very Low	-1%	0.16	54	26	5								
<b>NEW ZEALAND LISTED INVESTMENT TRUSTS</b>															
	Ozzy Tortis	Medium	+0%	0.61	66	28	-4								
<b>UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS</b>															
Buy	Stocks Convertible	Very Low	+21%	0.01	122	14	-6								
<b>GOLD &amp; MINING</b>															
<b>AUSTRALIAN BASED UNIT TRUSTS</b>															
	BT Natural Resources	High	-5%	0.61	81	28	-23								
Avoid	Col First State Glb Res.	High	-9%	0.85	74	38	-14								
	Gold Sachs Resources	Medium	+4%	0.79	160	46	-3								
Avoid	ING Resources	Very High	-13%	0.63	57	13	-35								
	Lowell Aust Resources	Very Low	-3%	0.09	66	14	4								
<b>UNITED KINGDOM BASED UNIT TRUSTS</b>															
	First State Global Resources	Medium	+6%	0.81		52	-4								
Buy	JPM Natural Resources	High	+7%	0.92		70	-6								
	Merrill Gold & General	Very High	-4%	0.77	109	91	-9								
<b>UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS</b>															
Buy	City Nat Res High Yld	Low	+3%	0.76		63	2								
	Merrill World Mining	Medium	+14%	0.62	220	77	-1								
	Resources Invest Trust	High	+5%	0.70		105	-4								
<b>EMERGING MARKETS</b>															
<b>AUSTRALIAN BASED UNIT TRUSTS</b>															
	Macquarie S/M Emerging	Medium	-0%	0.46	63	1	-36								
<b>UNITED KINGDOM BASED UNIT TRUSTS</b>															
	AXA Framlington Emerging Mkts	Medium	+1%	0.92	112	43	-11								
	Aberdeen Emerging Markets	Medium	+1%	0.95	132	40	-7								
	BG Emerging Markets	Medium	+2%	0.91	144	53	-5								
	BG Emerging Mkts Large Cap	Medium	+2%	0.97		49	-6								
	CS MM Emerging Markets	Low	-3%	0.86		38	-6								
	Dimensional Emerging Markets	Medium	-2%	0.95		31	-8								
	F & C Emerging Markets	Medium	-6%	0.96	93	38	-6								

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
	First State Global E/M Leaders	Medium	-2%	0.93		37	-4
	First State Global Emerg Mkts	Medium	-3%	0.90	93	37	-5
	Frank Tem Gbl E/Markets	Medium	-3%	0.97		41	-6
	Gartmore Emerging Markets Opps	High	-4%	0.97		39	-8
	Gartmore PP E/Markets Opps	High	-4%	0.97		40	-8
Avoid	Henderson Emerging Markets	High	-7%	0.93	99	37	-7
	Invesco Perp Emerging Country	Medium	-4%	0.96	100	38	-7
	JPM Emerging Markets	Medium	+1%	0.96	137	42	-6
	Lazard Emerging Markets	Medium	+0%	0.96	127	38	-6
	Lincoln Emerging Markets	Low	-3%	0.97		28	-6
	Lloyd George E/Markets	High	-3%	0.97		33	-9
	Martin Currie Emerging Mkts	High	-3%	0.94	122	47	-8
	Merrill Emerging Markets	High	-4%	0.96	109	43	-9
	SG Global Emerging Markets	Medium	-3%	0.96		42	-7
	SWIP Emerging Markets	High	+2%	0.95		44	-7
	Schroder Gbl Emerging Mkts	Medium	-5%	0.97	104	40	-6
	Scot Wid. Emerging Markets	Medium	-3%	0.94	100	30	-7
	UBS Global Emerging Markets	Medium	-3%	0.97		39	-9

**UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS**

Buy	Advance Developing Mkts	Medium	+4%	0.87	151	50	-8
	Genesis Emerging Mkts	Medium	+10%	0.76	153	35	-13
	JPMF Emerging Mkts	Very High	+4%	0.85	184	45	-7
Buy	Tea Plantations	Very Low	+29%	0.01	198	33	3
	Templeton Emerging Mkts	High	-0%	0.87	129	44	-10

**LATIN AMERICA**

**UNITED KINGDOM BASED UNIT TRUSTS**

	F & C Latin American Equity	Medium	-1%	0.95		52	-5
	Invesco Perp Latin America	Medium	+0%	0.98	206	61	-6
	Scot Wid. Latin America	Medium	-1%	0.98	187	60	-5
	Threadneedle Latin America	Medium	-3%	0.98	186	58	-7

**FAR EASTERN / PACIFIC (EXCL JAPAN)**

**AUSTRALIAN BASED UNIT TRUSTS**

Avoid	Allianz Taipan Trust	Low	-1%	0.79	70	31	4
	Perpetual Fid. SE Asia	Very Low	-9%	0.44	20	11	4

**NEW ZEALAND BASED UNIT TRUSTS**

	AMP Asian Shares	Medium	-3%	0.76	48	15	-9
	ING Asia Pacific Shares	Low	+2%	0.46		29	-6
	Tower Spotlight Asia	Low	-5%	0.78	43	12	-5

**UNITED KINGDOM BASED UNIT TRUSTS**

	AXA Pacific Growth	Low	+2%	0.93	71	25	-5
	Allianz Dres Tot Ret Asian Eq	High	-2%	0.96	70	34	-5
	BG Developing Asia Pacific	Low	+5%	0.84	86	34	-2
	BG Pacific	Medium	+3%	0.87	90	38	-3
	Baring East	High	-2%	0.91	68	33	-7
	CS MM Asia Pacific	Medium	-2%	0.94		28	-5
	CS Orient	High	-5%	0.92	58	25	-4
	F & C Pacific Growth	Medium	+0%	0.98		30	-4
	Fidelity South East Asian	High	+1%	0.95	92	39	-5
	First State Asia Pac Leaders	Medium	+0%	0.96	28	-1	
	First State Asia Pacific	Medium	+4%	0.95	89	31	-2
	Gartmore Pacific	High	-2%	0.97	67	25	-7
	HSBC Asia Freestyle	Medium	-4%	0.93		17	-5
	HSBC Asia Growth	Medium	-2%	0.96	66	27	-4
	HSBC Pacific Index	Medium	-0%	0.96	64	24	-6
	Halifax Far Eastern	Low	+2%	0.89		30	-5
	Henderson Asia Pacific Capital	High	-2%	0.91	62	26	-5
	Inscape Pacific Basin	Medium	+3%	0.95		38	-4
	Insight Asia Pacific Equity	Medium	-0%	0.97	61	23	-4
	Invesco Perp Asian	Medium	+2%	0.97		29	-6
	Invesco Perp Pacific	Medium	+2%	0.87	67	32	-6
	JPM Asia	High	-0%	0.95		26	-5
	L & G Pacific Growth	High	+1%	0.88	74	29	-10
	L & G Pacific Index	Medium	-0%	0.94	67	25	-4
	Legg Mason Asia Pacific	High	+3%	0.92		34	-5
	Lloyd George Asia Pacific	Medium	-0%	0.97		25	-7
	Lloyd George Developed Asia	Medium	-4%	0.84		16	-2
	Lloyd George Eastern Opps	High	-4%	0.90		24	-9
	Martin Currie Asian Pacific	Medium	+4%	0.91	103	33	-4
	New Star Asia Portfolio	Medium	-0%	0.93		39	-3
	New Star Pacific Growth	Medium	+1%	0.97		27	-5
	Newton Oriental	Medium	+3%	0.93	84	35	-5
	Old Mutual Asian Select	Medium	-1%	0.92	76	28	-3
	Prudential Pacific Markets	Medium	-2%	0.93	67	24	-5
	Royal London Far East Gth	Medium	-1%	0.96	75	29	-6
	SWIP Asian Pacific	Medium	+2%	0.94		29	-4
	Schroder Pacific Growth	High	-0%	0.95	70	30	-5
	Scot Mutual Far Eastern	Medium	-1%	0.95	67	34	-4
	Scot Wid. Pacific	Medium	-0%	0.94	70	27	-5
	Sing & Fried Pacific Growth	Medium	-0%	0.95		29	-5
	Skandia Far East Equity Blend	Medium	-1%	0.92		26	-5
	Stan Life Asian Pacific	Medium	-1%	0.91	67	28	-5
	Threadneedle Asia Growth	Medium	+1%	0.97	80	32	-4
	UBS Developed Asia Equity	Medium	+1%	0.93		29	-3

**UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS**

	Aberdeen Asian Small Co	High	+5%	0.75	93	21	-12
	Aberdeen New Dawn	Very High	+5%	0.88	110	24	-12
	Edinburgh Dragon Trust	Very High	-1%	0.94	94	30	-10
	Fidelity Asian Values	High	-0%	0.84	84	29	-2
Avoid	Henderson TR Pacific	Very High	-7%	0.87	54	24	-6
	Invesco Asia	High	+1%	0.84	79	32	-11

**Brazil**



**Mexico**



**Chile**



**Argentina**



Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
	JPMF Asian	High	-4%	0.92	68	21	-7
	New India	Very High	-5%	0.83	11	11	-15
	Pacific Assets	Very High	-2%	0.82	79	28	-5
Buy	Pacific Horizons	Medium	+8%	0.55	127	38	-7
Buy	Premier Pacific Income	Low	+8%	0.31	37	37	-2
	Schroder Asia Pacific	High	+1%	0.88	86	26	-5
Buy	Scottish Oriental Sm Co	Low	+7%	0.59	91	30	-5

**FAR EASTERN / PACIFIC (INCL JAPAN)**

**AUSTRALIAN BASED UNIT TRUSTS**

	BT Asian	High	-4%	0.86	70	25	-10
	Invesco Asian Growth	High	-1%	0.76	62	35	-13

**UNITED KINGDOM BASED UNIT TRUSTS**

	Jupiter Far Eastern	Low	+1%	0.73	66	38	-5
	L & G Far East	Medium	+1%	0.91	73	35	-9
	Lincoln Far East	Low	-1%	0.77	61	16	-4
	S & W Far Eastern	Medium	+0%	0.92	74	39	-8
	Schroder Far Eastern	Low	+0%	0.93	64	34	-5

**UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS**

	Gartmore Asia Pacific	Very High	+0%	0.88	41	41	-15
	Martin Currie Pacific	Very High	+5%	0.88	108	40	-10
	Witan Pacific	High	+0%	0.94	35	35	-7

**HONG KONG / CHINA REGION**

**UNITED KINGDOM BASED UNIT TRUSTS**

Buy	First State Gtr China Growth	Medium	+8%	0.64	29	29	-2
Buy	Gartmore China Growth	High	+11%	0.55	99	41	-5
	HSBC Greater China	Medium	+1%	0.76	54	16	-4
Buy	Invesco Perp HK and China	Medium	+7%	0.70	74	39	1
Buy	Neptune China	Very High	+12%	0.69	55	4	

**UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS**

	JPMF Chinese	Very High	+4%	0.55	51	19	-11
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**KOREA**

**UNITED KINGDOM BASED UNIT TRUSTS**

	Baring Korean	High	+1%	0.69	109	45	-9
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**THAILAND**

**UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS**

Buy	Aberdeen New Thai IT	Low	+14%	0.55	85	41	-14
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**INDIA**

**UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS**

Buy	JPMF Indian	Medium	+14%	0.75	265	38	-15
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**JAPAN**

**AUSTRALIAN BASED UNIT TRUSTS**

	Allianz Japan Growth	Low	+4%	0.57	76	61	4
	Perpetual Fid. Japan	Very Low	+1%	0.08	37	11	4
Buy	Platinum Japan	Low	+8%	0.58	70	24	-15

**UNITED KINGDOM BASED UNIT TRUSTS**

Buy	AXA Framlington Japan & Gen.	Medium	+20%	0.59	162	44	-10
	AXA Japan Growth	Low	+5%	0.71	67	33	-8
	Aberdeen Japan Growth	Low	+1%	0.79	42	29	-8
	Allianz Dres Japan	Medium	+4%	0.81	61	45	-10
Buy	BG Japan	Medium	+7%	0.78	87	36	-11
Buy	Baring Japan Growth	Medium	+7%	0.73	80	39	-11
	CF Canlife Japanese Growth	Medium	-0%	0.85	36	9	-9
	CS MM Japan Portfolio	Medium	+3%	0.66	26	-13	
	CS New Japan	Medium	+1%	0.74	41	33	-13
	F & C Japan Growth	Medium	+4%	0.81	37	15	
	Fidelity Japan	Medium	+3%	0.85	62	43	-9
	Gartmore Japan Opportunities	Medium	+4%	0.79	49	7	
	HSBC Japan Index	Medium	+4%	0.85	66	44	-7
	Halifax Japanese	Low	+6%	0.85	44	6	
	Inscape Japan Equities	Low	+4%	0.86	43	7	
	Insight Japan	Medium	+6%	0.69	41	-12	
	Insight Japan Equity	Low	+4%	0.76	45	6	
	Invesco Perp Japan	Low	+3%	0.80	41	-5	
	JPM Japan Growth	Medium	+1%	0.65	41	18	-17
	L & G Japan Index	Medium	+4%	0.85	68	44	-7
	L & G Japanese	Medium	+4%	0.75	63	41	-10
	Legg Mason Japan Equity	Medium	-5%	0.27	-10	-27	
	Lincoln Japan	Low	+4%	0.75	56	40	-7
Buy	M & G Japan & General	Low	+7%	0.77	74	54	-6
	Martin Currie Japan	Medium	+3%	0.83	62	44	-9
	Merrill Japan	Medium	+3%	0.80	50	36	-10
	New Star Japan A	Medium	-3%	0.75	29	21	-14
	Newton Japan Growth	Medium	+0%	0.75	48	28	-9
	Old Mutual Japanese Select	Medium	+5%	0.78	67	33	-10
	Prudential Japanese	Medium	+1%	0.79	56	45	-6
	Royal London Japan Growth	Medium	+3%	0.77	56	35	-10
	SWIP Japanese	Medium	+2%	0.81	38	9	
	Schroder Japan Alpha Plus	Low	+6%	0.73	66	26	-9
	Schroder Tokyo	Low	+3%	0.77	55	32	-7
	Scot Mutual Japanese	Medium	+4%	0.84	69	42	-7

**International Investor**

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
	Scot Wid. Japan Growth	Medium	+2%	0.80		41	-9
	Scot Wid. Japan Select	Medium	-1%	0.80	45	34	-9
	Skandia Japanese Equity	Medium	+1%	0.78		30	-13
	Stan Life Japan Eq Ind Trk	Medium	+1%	0.77		41	-10
	Stan Life Japanese	Medium	+5%	0.70	62	40	-13
	Threadneedle Japan Growth	Medium	+1%	0.82	55	37	-10

**UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS**

	JPMF Japanese	Very High	+4%	0.80	67	40	-15
Buy	Merrill Japan Enhanced	High	+13%	0.82		63	-9
Buy	Perpetual Japan	Medium	+7%	0.69	78	50	-4
Buy	Schroder Japan Growth	Medium	+7%	0.67	81	40	-6

**JAPAN SMALLER COS**

**UNITED KINGDOM BASED UNIT TRUSTS**

	BG Japan Small	High	+5%	0.70	75	26	-17
	Fidelity Japan Sp Sits	High	+4%	0.54	67	16	-16
Buy	Henderson Japan Capital Gth	Low	+7%	0.47	68	44	-8
	Invesco Perp Japan Small Coys	High	+4%	0.35	55	-3	-24
Buy	M & G Jap Small Cos	Medium	+9%	0.39	76	2	-21
	SWIP Japan Small Coys	High	+6%	0.54		17	-19
	Threadneedle Japan Small Cos	High	-1%	0.57	36	10	-19

**UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS**

Buy	Atlantis Japan Growth	Very High	+18%	0.51	166	28	-17
Buy	B Gifford Shin Nippon	Very High	+10%	0.65	122	40	-18
Buy	Baillie Gifford Japan	Very High	+9%	0.79	142	59	-10
Buy	Fidelity Japan Values	Very High	+7%	0.60	111	25	-18
Buy	Invesco Japan	Very High	+11%	0.46	117	14	-22
Buy	JPMF Japan Small	Very High	+4%	0.51	78	35	-19

**Japan**



**SOUTH AFRICA**

**UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS**

Buy	Old Mutual South Africa	Very High	+12%	0.47	177	41	-17
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**TECHNOLOGY**

**AUSTRALIAN BASED UNIT TRUSTS**

	CFS Global Health Biotech	Very Low	+3%	0.39	30	24	4
	CFS Tech & Comms	Medium	+0%	0.85	22	8	-11
	Platinum Intl Technology	Medium	+3%	0.75	41	32	-5

**UNITED KINGDOM BASED UNIT TRUSTS**

	AXA Framlington Biotech	High	-2%	0.61	12	3	-11
	AXA Framlington GIB Tech.	Very High	+4%	0.78	27	9	-18
	AXA Framlington Health	Medium	-2%	0.73	14	1	-5
Avoid	Abbey Nat'l Technology	Medium	-7%	0.62	-3	-4	-13
Avoid	Aegon Technology	High	-7%	0.78	-4	-5	-15
	Frank Temp Biotech	Low	-2%	0.48	5	-1	-6
	Henderson Global Technology	High	-2%	0.80	10	8	-13
	Investec Global Technology	Very High	-1%	0.79		7	-12
	Jupiter Global Technology	Low	-6%	0.62	3	4	-9
	L & G Global Health & Pharm.	Very Low	+0%	0.25		19	6
	L & G Global Technology	Medium	-4%	0.80	10	7	-10
	Lincoln Internet Tollkeeper	Medium	-3%	0.74	9	-1	-15
	M & G Global Technology	High	+3%	0.85	29	10	-13
	Neptune Global Health Fund	Very Low	-6%	0.32	0	6	-6
	New Star Technology	High	-2%	0.79		10	-10
	Newton Global Innovation	Medium	-1%	0.86	19	11	-9
	Old Mutual Global Technology	Very High	-5%	0.79	2	1	-17
	SG Technology	Very High	-2%	0.68	7	6	-17
	Schroder Medical Discovery	Very Low	+0%	0.34	22	21	6
	Threadneedle Global Healthcare	Very Low	+1%	0.57		10	1

**UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS**

Avoid	Amerindo Internet Fund	Very High	-51%	0.10	-92	-93	-74
Buy	Close Fin Eurotech	High	+9%	0.42	47	8	-13
	Finsbury Emerging Bio.	Very High	+4%	0.71		13	-10
	Finsbury Technology	Medium	-2%	0.64	15	6	-11
	Finsbury W/wide Pharm.	Low	+0%	0.60	14	10	-4
	Herald Investment Trust	Very High	+3%	0.58	29	13	-11
	International Biotech	Low	+11%	0.33	72	40	3
Buy	Merrill New Energy Tech	Very High	+32%	0.53	214	59	-14
Buy	Polar Cap Technology	Very High	+8%	0.72	47	13	-12
Buy	Private Equity Investor	Very Low	+19%	0.02	74	65	1

**China**



**Taiwan**



**South Korea**



**Singapore**



**India**



**Malaysia**



**Hong Kong**



**Thailand**



# *Taxation of International Investments*

The proposal to introduce an unrealised capital gains tax on international investments has resulted in Parliament's Finance and Expenditure Committee receiving 3681 submissions from the public. It is reported that a tax bill usually receives around 50 submissions. The committee will hear oral submissions in Wellington on 23rd and 30th of August and the 6th and 13th of September, in Auckland on 27th and 28th September and in Christchurch on 4th October.

The Inland Revenue Department has suggested that this new tax will affect 10-20,000 people, while several stockbroking firms believe the numbers will be far higher. An even larger number will be indirectly affected as beneficiaries of trusts or the ultimate beneficiaries of estates.

Whatever the actual number - and it may eventually be lower as many investors will simply sell off their international investments to avoid the administration and compliance costs - this newsletter is uncomfortable with *any* tax that seeks to affect *only* 10-20,000 people. A tax system needs to be broadly based. This tax seeks to extract additional revenue from only 1/4-1/2% of the population who probably *already* pay a large share of the total income taxes. Either this will raise little tax in total *or* it must raise a large additional dollar amount per taxpayer. Is it wise to make the tax system more dependent upon a very small number of wealthy, educated and/or talented but definitely *mobile* people who would be welcomed by most other countries.

The final tax legislation could be passed in November or December and may include further changes. Guinness Peat Group - with 28,000 New Zealand resident shareholders - has been given a five year exemption to the new tax. It has been suggested that the United Kingdom and the United States may be excluded like Australian shares. The \$50,000 or \$100,000 per couple exemption level could also be raised. But would this tax then raise any significant revenues? Or be just a socialist tax to "punish" a few bigger investors?

When this legislation is finalised, investors can decide how to react to this new tax. For most small to medium sized investors the answer will probably be to reduce international investments to below the exemption level.

## *Perpetual Income & Growth Warrants*

These informally recommended warrants have a final exercise\expiry date of 31 August 2006. Investors can either:

- (1) exercise these warrants by paying 100 pence to buy the shares, or
- (2) sell the warrants on-market to realise their value, or
- (3) do nothing and the trustee will exercise the warrants, sell the shares on-market and distribute the net proceeds (after the subscription price and other costs).

We originally reviewed these warrants in December 2001 at 35¾ pence and their current value is around 128½ pence. Doing nothing and letting the trustee realise the value of these warrants is often the best alternative, especially for investors with small investments, as it avoids direct brokerage costs.

### *Next Issue:*

The next issue of *International Investor* will be emailed in five weeks time on Monday September 11, 2006.

The print version will be delivered later that week, depending upon printing and postal delivery times.