

International Investor

Issue No. 140

www.stockmarket.co.nz

August 6, 2007

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International Investments Rise Strongly	3	International, United States, United Kingdom, Europe and Germany	

Founder: James R Cornell (B.Com.)

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	43%	Neutral	Neutral	Neutral	Bearish	+0.5%	+15.2%	+37.6%	6,055.90
Austria	31%	Bearish	Neutral	Bearish	Bearish	-1.0%	+7.4%	+31.3%	4,618.43
Belgium	45%	Bullish	Bearish	Neutral	Bullish	-8.1%	+0.8%	+19.4%	4,281.14
Canada	57%	Neutral	Neutral	Bullish	Neutral	+3.5%	+16.2%	+21.6%	13,565.24
Denmark	53%	Bearish	Bullish	Neutral	Bullish	+2.9%	+11.5%	+40.5%	495.86
Finland	60%	Neutral	Bullish	Bullish	Bearish	+3.1%	+16.7%	+38.0%	11,136.20
France	47%	Bullish	Bearish	Neutral	Neutral	-6.5%	+4.5%	+20.3%	3,987.64
Germany	43%	Neutral	Bullish	Bearish	Bearish	+0.2%	+14.6%	+38.7%	7,435.67
Ireland	39%	Bullish	Bearish	Neutral	Bearish	-11.2%	-3.9%	+18.9%	8,595.23
Italy	35%	Bullish	Bearish	Bearish	Neutral	-8.1%	-0.1%	+16.8%	30,915.00
Japan	35%	Neutral	Bearish	Bearish	Neutral	-1.9%	-2.0%	+4.6%	16,797.86
Netherlands	39%	Neutral	Neutral	Neutral	Bearish	-2.1%	+9.2%	+22.1%	521.52
New Zealand	37%	Neutral	Bearish	Bearish	Neutral	-0.1%	+7.5%	+27.0%	2,565.79
Norway	64%	Bearish	Bullish	Bullish	Neutral	+2.5%	+12.0%	+33.4%	404.38
Spain	40%	Neutral	Neutral	Bearish	Bearish	+0.2%	+4.7%	+32.1%	1,602.15
Sweden	47%	Bullish	Neutral	Bearish	Neutral	-3.7%	+6.4%	+38.1%	395.76
Switzerland	31%	Neutral	Bearish	Bearish	Bearish	-7.1%	-2.3%	+12.3%	8,671.43
Un. Kingdom	43%	Bullish	Bearish	Neutral	Bearish	-3.5%	+2.2%	+12.8%	6,224.30
USA	42%	Bearish	Bearish	Neutral	Bullish	-4.8%	-1.1%	+12.0%	1,433.06
Argentina	45%	Bearish	Neutral	Bullish	Neutral	-2.1%	+2.3%	+25.3%	7,626.06
Brazil	60%	Bearish	Bullish	Bullish	Bearish	+12.9%	+31.3%	+61.4%	52,846.38
Czech Rep.	37%	Neutral	Bullish	Bearish	Neutral	-1.3%	+12.0%	+33.5%	1,772.30
Chile	44%	Bearish	Bullish	Bearish	Bullish	+2.1%	+17.7%	+54.3%	14,783.35
China	53%	Bearish	Bullish	Neutral	Bearish	+42.8%	+109.2%	+282.6%	324.27
Greece	52%	Bearish	Bullish	Neutral	Neutral	+2.3%	+7.5%	+34.5%	4,842.65
Egypt	65%	Bearish	Bullish	Bullish	Bearish	+8.9%	+22.7%	+46.4%	2,798.28
Hong Kong	55%	Bearish	Bullish	Neutral	Neutral	+8.0%	+9.3%	+32.5%	22,538.44
Hungary	79%	Bearish	Bullish	Bullish	Bullish	+9.0%	+26.8%	+47.4%	28,483.29
India	58%	Bearish	Bullish	Bullish	Bearish	+10.0%	+14.9%	+60.7%	15,138.40
Indonesia	64%	Bearish	Bullish	Bullish	Bearish	+8.0%	+24.8%	+60.0%	2,269.79
Israel	37%	Bearish	Neutral	Neutral	Bearish	-7.4%	+8.5%	+32.7%	1,073.32
Korea	57%	Bearish	Bullish	Neutral	Neutral	+20.3%	+34.9%	+50.4%	1,876.80
Malaysia	74%	Neutral	Bullish	Bullish	Bullish	-3.2%	+11.6%	+51.2%	1,335.42
Mexico	52%	Bearish	Bullish	Neutral	Bullish	-1.9%	+6.4%	+44.6%	29,671.77
Philippines	55%	Neutral	Bullish	Bullish	Bearish	+6.8%	+9.9%	+60.9%	3,352.24
Poland	52%	Bullish	Bullish	Bearish	Bearish	+0.1%	+21.8%	+53.4%	61,684.42
Portugal	49%	Bearish	Bullish	Bearish	Bearish	+10.1%	+25.0%	+50.3%	4,282.75
Russia	46%	Bearish	Bullish	Bullish	Bearish	+3.7%	+4.2%	+14.6%	21,978.34
Singapore	60%	Neutral	Bullish	Bullish	Neutral	-1.6%	+8.0%	+44.5%	3,436.04
Sth Africa	21%	Bearish	Neutral	Bearish	Bearish	-6.2%	+9.1%	+25.8%	27,582.01
Taiwan	60%	Neutral	Bullish	Neutral	Neutral	+13.7%	+16.6%	+40.6%	9,057.82
Thailand	76%	Bullish	Bullish	Bullish	Bullish	+20.0%	+29.3%	+32.9%	837.73
Turkey	78%	Bullish	Bullish	Bullish	Bullish	+19.7%	+29.9%	+61.8%	50,716.44
Venezuela	45%	Bullish	Bearish	Neutral	Neutral	+39.4%	+92.8%	+48.1%	42,041.34

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.

World Stockmarket Outlook

The United States stockmarket fell 6.4% over the last four weeks owing to problems in the Sub-Prime Mortgage market and fears of a credit crunch.

The UK and European stockmarkets reacted slightly worse, slipping around 7-8%.

The stockmarket in Japan was also down 7.4%, while Hong Kong is unchanged and the domestic Chinese market went *up* another 26.0%!!

Sub-Prime Mortgages (as you have probably been told every night on the news) are mortgages to people with “less than perfect” credit ratings. The extent of losses - by both large, conservative US and European banks and “smart money” Hedge Funds - demonstrates that even trained and highly paid financial professionals can ignore risk and make large undiversified bets on particular asset classes.

Even then, with proper lending criteria it would have been possible to avoid significant losses on sub-prime mortgage lending. Clearly if a person has a dubious credit history they should not be lent close to 100% of the value of the property being pledged as security. Not so many years ago, even the highest quality borrower could not get a mortgage for more than 70% of the property value. Applying that simple credit criteria could have avoided the current problems. Furthermore, property values have been rising. So the security of loans should increase over time.

Obviously lenders have aggressively sought to lend money on these high interest mortgages - lending close to 100% of the property value and allowing further equity withdrawals (i.e. advancing additional money) when property values increased.

Hedge funds make money in this market by borrowing cheaply and investing in these high interest mortgages to earn a large interest margin on the borrowed funds. This all works fine - as long as you ignore the risks and the market doesn't collapse!!

Other hedge funds make money on a similar arbitrage: borrowing in low interest rate currencies like the Yen and investing in high interest rate currencies. This strategy similarly offers high returns on the borrowed money - as long as you ignore the risks. In this case the risk is not default by the borrower, but large currency fluctuations (i.e. losses) when there is a rush to unwind these positions. As always, financial markets work well to separate a fool from his money! In today's world the fools are the “smart money” invested in hedge funds and private equity.

The Impact on the World Economy and Financial Market

The impact of the current credit crunch could be serious - or could be quickly forgotten!

Mortgage sales will at least reduce property inflation and may even lower house prices. This will impact on the “wealth effect” where consumers spend owing to their increased housing wealth. In many cases consumers have been increasing their mortgages to withdraw cash for current consumption. So consumption in the United States *may* decline and impact upon the global economy. On the other hand, US consumers *may* continue to spend from income (and save little). Or - as this newsletter has argued for more than a few years - growth in China and Asian economies is probably the more important source

of *future* growth, not continued excessive consumption from an over-indebted US consumer.

The problems in the Sub-Prime Mortgage market has also resulted in banks and investors waking up to risk! So the cheap money that finances hedge funds and some very large Private Equity takeovers will be more difficult to find and more expensive. There have been some very large private equity takeovers recently. It is difficult to see too much logic in these takeovers *except the availability of low cost debt financing*. Most multi-billion dollar companies can already afford the best professional dollar management and are pressured by their institutional shareholders to perform. So what can a small private equity firm bring to these companies? Probably little more than earning a profit by buying an income earning business with low cost debt.

If interest costs go up - especially with the high debt levels in many private equity takeovers - then these deals will dry up. Stockmarkets have been inflated by the takeover premiums on these large deals - and the expectation of future takeover activity. If that takeover activity diminishes, investors expectations will be lower and share prices should fall to lower levels reflecting the new situation.

On the other hand, merger and takeover activity among medium sized and smaller companies should still continue. This activity is usually driven by industry consolidation, company expansion or diversification.

Much of the new money entering financial markets over recent years has come from petro-dollars. With high prices, oil exporters are generating high surpluses and this money is being recycled via investments in property, shares, bank deposits, etc. This flow of money to financial markets will continue - so it is unlikely that the world faces a serious credit crunch.

Risky, low credit worthy borrowers - whether an individual with a poor credit rating, or a hedge fund or private equity fund - will simply find it more difficult and more expensive to get access to credit. The end result should be higher interest returns to investors and the better allocation of credit to higher quality borrowers - correcting the mis-allocation of recent years!

Summary and Recommendation

Fixed interest investors have ignored risks over recent years and allocated too many loans to Sub-Prime Mortgages and low credit worthy hedge funds and private equity funds. The current shake up should result in the better allocation of financing in the future.

The impact of the current changes *could* impact consumer spending and, therefore, global economic growth - or could just as likely be ignored. The global economy remains in good shape and growth in China and consumption in Asia are probably more important than a possible slight dip in US consumption.

Stockmarkets have dropped about 6-7% - reflecting lower takeover expectations and the risks of the credit crunch impacting on economic growth. Uncertainty and investor sentiment *could* see stockmarkets drift lower in the immediate future, but the current situation is unlikely to evolve into a serious credit problem or have any serious impact on the world economy, so a major decline in stockmarkets is not expected. Remain fully invested in the recommended funds.

Recommended International Investment Funds

Fund Liquidation

The directors of **Invesco Japan Discovery Trust plc** have decided to effectively liquidate this listed investment trust.

Listed investment trusts have been unpopular investment funds over recent years, often trading at significant discounts to net asset values. This has prevented new trusts being launched or existing trusts from raising new capital. In fact, most trusts have re-purchased shares on-market. Repurchasing shares at a discount increases the net asset value of the remaining shares, but slowly liquidates the trusts.

Japanese funds have under-performed other country funds over recent years - and Japanese *smaller* company shares have been very volatile - making a Japanese smaller company trust particularly unpopular with

investors. Invesco Japan Discovery Trust is also a fairly small trust with only £25 million in assets - so relatively uneconomic to maintain or to manage.

The directors therefore plan to write to shareholders seeking approval to liquidate the company and giving investors the option of either transferring their assets to an open-ended fund managed by Invesco (i.e. probably the £61 million Invesco Perpetual Japanese Smaller Companies Fund) or receiving cash.

The *short term* impact of this announcement is that the share price rose from a 14% discount to net asset value to just a 5% discount at present. On the liquidation or transfer to an open ended fund, investors should realise close to net asset value less a couple of percent for liquidation costs.

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		
Europe									
HOLD	Fidelity European Values plc	FEV	13/05/03	463.5p	1291.1	-4%	1290.0p	3429.0	+166
BUY	JFM Fleming Euro Fledgeling IT plc	JFF	15/01/02	226.5p	765.8	-11%	791.5p	2103.9	+175
United Kingdom									
BUY	Aberforth Smaller Cos Trt plc	ASL	15/07/03	375.5p	1042.0	-14%	728.5p	1936.5	+86
HOLD	Invesco English & Int'l Trust	IEI	10/01/06	273.5p	700.6	-7%	359.5p	955.6	+36
Asian Regional									
BUY	Aberdeen Asian Sm Co WARRANTSAASW		09/09/03	75.3p	209.1		212.0p	563.5	+169
HOLD	Gartmore Pacific Growth Fund	*	29/10/85	41.4p	105.4		343.73p	913.7	+767
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		77.59p	206.2	+94
HOLD	Henderson Asia Pac Capital	*	08/08/00	342.2p	1122.6		485.5p	1290.5	+15
BUY	Gartmore China Opportunities	*	09/07/07	548.9p	1410.4		547.13p	1454.4	+3
BUY	Scot Oriental Smaller Coy	SST	11/11/03	121.9p	330.5	-8%	323.0p	858.6	+160
Japan									
BUY	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	-7%	179.5p	477.1	+8
BUY	Fidelity Japan Values plc	FJV	10/01/06	126.0p	322.7	-9%	67.75p	180.1	-44
HOLD	Invesco Japan Discovery Trust	IJD	13/07/99	95.5p	284.0	-5%	82.0p	218.0	-23
Korea									
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		243.6-258.5p	667.3	+219
International									
BUY	Aberdeen Emerging Markets	*	13/08/91	61.7p	184.0		294.0p	781.5	+325
BUY	Herald Investment Trust	HRI	12/10/04	310.8p	820.1	-9%	412.75p	1097.2	+34
HOLD	Private Equity Investor plc	PEQ	11/12/01	122.5p	420.2	-1%	162.75p	432.6	+3

* United Kingdom based Unit Trust

The average Gains/Losses of all current investments from initial recommendation is +128.0%. This is equal to an average annual rate of +18.0%, based upon the length of time each position has been held. The average annual rate of gain of ALL recommendations (both the 18 current and 46 closed out) is +14.1%.

Other Shares and Warrants

Alternative investments in the UK listed investment trust warrants recommended above include **Aberdeen Asian Smaller Companies** shares at 314½ pence (trading at an 11% discount to net asset value).

Investment Fund Survey

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
NEW ZEALAND							
NEW ZEALAND BASED UNIT TRUSTS							
	AMP NZ Share	Very Low	-1%	0.77	39	16	2
	ASB NZ Shares	Low	-2%	0.71	40	19	3
	Fisher Fledgling Fund	Very Low	+6%	0.28		10	-4
Buy	Fisher NZ Growth Fund	Very Low	+12%	0.34		15	-2
	ING NZ Share	Medium	-5%	0.50	31	7	1
	NZ Guardian NZGT 30	Medium	-4%	0.79	29	16	3
	NZ Guardian Small Coys	Very Low	+6%	0.30	72	9	3
	Tower New Zealand Equity	Very Low	-1%	0.71	32	12	2
NEW ZEALAND LISTED INVESTMENT TRUSTS							
	Mid-Cap Index	Medium	+2%	0.60	51	15	-1
Avoid	TeNZ	Medium	-9%	0.78	19	19	5
UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS							
Buy	NZ Investment Trust	Low	+7%	0.37	80	18	4

AUSTRALIA

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
AUSTRALIAN BASED UNIT TRUSTS							
Avoid	AMP Blue Chip Trust	High	-10%	0.44	27	-6	-11
Avoid	AMP Equity Trust	Very High	-10%	0.57	37	-5	-11
Avoid	AMP FLI Aust	Very High	-10%	0.50	33	-11	-12
Avoid	AMP FLI Small Companies	Very High	-14%	0.44	32	10	-8
Avoid	ANZ Equity Imputation Trt	Very High	-9%	0.57	27	-4	-15
Avoid	ANZ Equity Trust No 1	Very High	-17%	0.57	20	-7	-18
Avoid	ANZ ING Aust Shares	Very High	-11%	0.52	32	-2	-11
	ANZ ING Blue Chip	High	-5%	0.51	42	-1	-11
Avoid	AXA Australia Industrial	Very High	-18%	0.42	-2	-10	-23
Avoid	Advance Imputation Fund	High	-13%	0.49	12	-6	-13
Avoid	Aust Ethical Equities	High	-11%	0.34	15	8	-9
Avoid	BT Australia	Very High	-7%	0.68	50	1	-9
Avoid	BT Smaller Companies	Very High	-10%	0.52	49	9	-10
	BT Split Trust Growth	Medium	-4%	0.66	43	-1	-5
	Challenger Aust Shares	Medium	-4%	0.53	60	12	-5
Avoid	Col First State Aust Sh.	High	-14%	0.57	18	-8	-9
Avoid	Col First State Dev. Coys	Very High	-8%	0.36	18	11	-10
Avoid	Col First State Future Ld	Very High	-17%	0.44	11	-12	-18
Avoid	Col First State Imput'n	High	-14%	0.55	17	-8	-8
Avoid	Commonwealth Aust Share	Medium	-12%	0.63	22	-4	-4
Avoid	Commonwealth Share Income	Medium	-12%	0.59	23	-4	-3
Avoid	Gold Sachs Emerging Lead.	Very High	-16%	0.32	-10	-12	-24
Avoid	Gold Sachs Leaders Trust	Very High	-11%	0.49	30	-3	-13
Avoid	Hunter Hall Value Growth	Medium	-8%	0.37	35	4	2
Avoid	ING Australia Share	Very High	-15%	0.44	9	-10	-22
Avoid	ING Blue Chip	Very High	-13%	0.49	20	-4	-15
Avoid	MLC Aust Tr - Aust Share	Very Low	-9%	0.16	22	-0	-11
	MLC Aust Trust - Index	Medium	+0%	0.66	74	11	-1
	Macquarie Active Aust Equ	Very High	-2%	0.68	59	-1	-13
Avoid	NAFM In Trt - Equities	Very High	-19%	0.34	-1	-1	-13
Avoid	NAFM Inv Trust - Div Imp	Very High	-11%	0.53	21	-4	-14
	Parker Enhanced Leaders	Medium	-5%	0.45	44	7	-2
	Perpetual ICSav - Aust	Very High	-4%	0.61	50	0	-10
Avoid	Perpetual ICSav - Sm Coys	Very High	-7%	0.46	23	4	-17
Avoid	Perpetual ICSav - Indust.	High	-13%	0.21	-9	-2	-15
Avoid	Portfolio Ptnrs Emerging	Very High	-21%	0.26	-1	14	2

NEW ZEALAND BASED UNIT TRUSTS

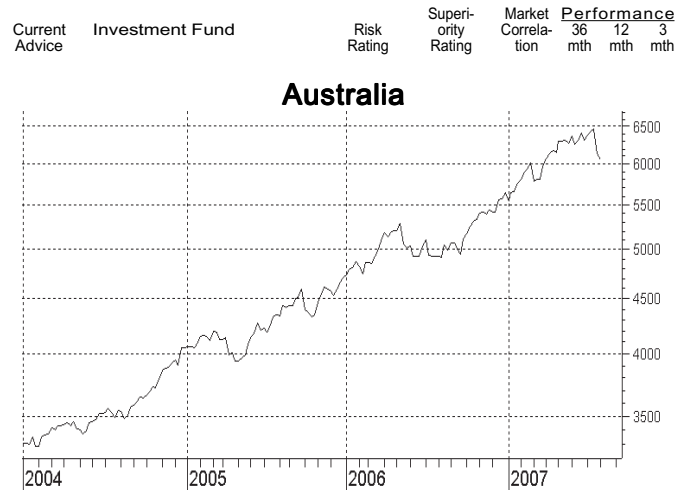
	AMP Australian Shares	Very Low	-0%	0.44	53	11	0
Avoid	ANZ TranzEquity	Very Low	-8%	0.23		9	1
Buy	Fisher Australian Growth	Very Low	+11%	0.31		30	6
	ING Australian Share	Very Low	+1%	0.27	70	15	3

AUSTRALIAN LISTED INVESTMENT TRUSTS

Buy	Argo Investments	Very Low	+7%	0.04	71	3	2
	Australian Foundation	Very Low	+6%	0.06	83	13	7
Buy	Choiseul Plantation	Very Low	+8%	0.00	67	1	6
Buy	Diversified United Inv.	Very Low	+10%	0.05	120	22	14
	Huntley Investment Coy	Very Low	+3%	0.07	48	-2	2

NEW ZEALAND LISTED INVESTMENT TRUSTS

	Ozzy Tortis	Low	+1%	0.52	75	11	2
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GOLD & MINING

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
AUSTRALIAN BASED UNIT TRUSTS							
Avoid	BT Natural Resources	High	-9%	0.69	77	19	7
Avoid	Col First State Glb Res.	Medium	-11%	0.86	64	7	-1
	Gold Sachs Resources	Medium	+3%	0.70	127	7	7
Avoid	ING Resources	Very High	-19%	0.55	12	-10	-26
UNITED KINGDOM BASED UNIT TRUSTS							
	First State Global Resources	Medium	+4%	0.83	132	16	7
Buy	JPM Natural Resources	High	+7%	0.91		18	5
	Merrill Gold & General	High	-6%	0.70	99	-1	0
Buy	S & W Global Gold & Res.	Very Low	+7%	0.42		12	6
UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS							
Buy	City Nat Res High Yld	Very Low	+15%	0.57		39	13
Buy	Merrill World Mining	Medium	+13%	0.63	180	25	5
	Resources Invest Trust	Low	+2%	0.50	121	-10	-0

EMERGING MARKETS

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
AUSTRALIAN BASED UNIT TRUSTS							
Avoid	Macquarie S/M Emerging	High	-14%	0.54	65	19	5
UNITED KINGDOM BASED UNIT TRUSTS							
	AXA Framlington Emerging Mkts	Medium	+4%	0.90	160	34	8
	Aberdeen Emerging Markets	Medium	+2%	0.94	123	18	3
	BG Emerging Markets	Medium	+3%	0.86	151	17	9
	BG Emerging Mkts Large Cap	Medium	+2%	0.93		10	6
	CS MM Emerging Markets	Low	+3%	0.80	113	23	10
	Dimensional Emerging Markets	Medium	+1%	0.90	115	23	4
	F & C Emerging Markets	Medium	-2%	0.94	120	22	10
	First State Global E/M Leaders	Medium	+1%	0.91	109	18	4
	First State Global Emerg Mkts	Medium	+2%	0.90	113	19	5
	Frank Tem Glb E/Markets	Medium	-3%	0.93	110	16	12
	Gartmore Emerging Markets Opps	High	-2%	0.96		25	9
	Henderson Emerging Markets	High	-5%	0.94	111	14	5
	Invesco Perp Emerging Country	Medium	-1%	0.95	122	19	6
	JPM Emerging Markets	Medium	+3%	0.95	140	17	2
	Lazard Emerging Markets	Medium	+1%	0.94	125	14	4
	Lincoln Emerging Markets	Medium	-3%	0.94	90	11	4
	Lloyd George E/Markets	Medium	-3%	0.92	104	12	3
	Martin Currie Emerging Mkts	High	-2%	0.95	141	19	8
	Merrill Emerging Markets	High	-4%	0.96	118	15	6
	SG Global Emerging Markets	Medium	-2%	0.85	104	11	7
	SWIP Emerging Markets	High	-1%	0.92	127	9	3
	Schroder Gbl Emerging Mkts	Medium	-1%	0.97	128	21	3
	Scot Wid. Emerging Markets	Medium	-3%	0.92	98	10	8
	UBS Global Emerging Markets	Medium	-3%	0.97	119	14	6
UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS							
	Advance Developing Mkts	Medium	+4%	0.85	154	21	9
	Genesis Emerging Mkts	Low	+6%	0.71	152	23	10
	JPMF Emerging Mkts	Very High	+2%	0.81	175	18	-0
	Templeton Emerging Mkts	Very High	-1%	0.89	157	27	13

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

UNITED KINGDOM BASED UNIT TRUSTS

F & C Latin American Equity	Medium	+2%	0.95	199	34	9
Invesco Perp Latin America	Medium	-1%	0.98	188	22	6
Scot Wid. Latin America	Medium	+1%	0.98	220	35	8
Threadneedle Latin America	High	-3%	0.98	191	24	6

FAR EASTERN / PACIFIC (EXCL JAPAN)

NEW ZEALAND BASED UNIT TRUSTS

AMP Asian Shares	Medium	-3%	0.76	65	14	6
ING Asia Pacific Shares	Low	+6%	0.59		28	13
Tower Spotlight Asia	Medium	-5%	0.81	42	9	3

UNITED KINGDOM BASED UNIT TRUSTS

AXA Pacific Growth	Medium	+2%	0.88	96	26	11
Allianz Dres Tot Ret Asian Eq	High	-2%	0.95	98	18	9
BG Developing Asia Pacific	Low	+5%	0.85	96	16	5
BG Pacific	Medium	+5%	0.80	122	24	13
Baring East	High	+2%	0.90	124	37	16
CF Canlife Far East	Very High	+2%	0.88		34	15
CS Asia Pacific	Medium	+1%	0.84		18	8
CS MM Asia Pacific	Medium	+1%	0.89	92	22	12
CS Orient	High	-5%	0.93	72	18	10
F & C Pacific Growth	Medium	+4%	0.94		29	13
Fidelity South East Asian	High	+2%	0.91	154	36	19
First State Asia Pac Leaders	Medium	+3%	0.95	105	20	5
First State Asia Pac Sust.	Low	+5%	0.93		19	5
First State Asia Pacific	Medium	+4%	0.95	108	20	5
Gartmore Pacific	High	-3%	0.96	94	23	10
HSBC Asia Growth	Medium	-2%	0.95	96	21	12
HSBC Pacific Index	Medium	-1%	0.96	76	11	4
Halifax Far Eastern	Low	-3%	0.89		3	3
Henderson Asia Pacific Capital	High	-4%	0.96	81	16	7
Inscape Pacific Basin	Medium	+3%	0.95	110	19	9
Insight Asia Pacific Equity	Medium	-0%	0.94	80	18	6
Invesco Perp Asian	Medium	+2%	0.94	107	23	7
Invesco Perp Pacific	Medium	-1%	0.84	70	8	1
Investec Asia	Medium	+5%	0.93		29	13
JPM Asia	High	+1%	0.94		28	12
L & G Pacific Growth	Medium	-1%	0.89	94	21	11
L & G Pacific Index	Medium	-0%	0.95	82	12	6
Legg Mason Asia Pacific	High	+3%	0.92	31	13	
Liv Victoria Pacific	Medium	+0%	0.94		23	8
Lloyd George Asia Pacific	Medium	-1%	0.91		13	1
Lloyd George Developed Asia	Medium	+0%	0.76	11	-3	
Lloyd George Eastern Opps	High	-3%	0.78		36	22
Marlborough Far East Growth	Low	+5%	0.85		20	10
Martin Currie Asian Pacific	Medium	+4%	0.93	122	26	10
New Star Asia Portfolio	Medium	+4%	0.87	111	29	13
New Star Pacific Growth	Medium	+1%	0.95	98	21	11
Newton Oriental	Medium	+2%	0.92	87	12	3
Old Mutual Asian Select	Medium	+1%	0.90	107	28	15
Premier Eastern Enterprise	Medium	+1%	0.83		19	9
Prudential Pacific Markets	Medium	-2%	0.93	76	14	5
Royal London Far East Gth	Medium	-1%	0.96	95	21	9
SG Pacific	Medium	+1%	0.82		20	10
SJP Far East	Medium	-6%	0.88		3	2
SWIP Asian Pacific	Medium	+1%	0.84	86	10	-3
Schroder Pacific Growth	High	-3%	0.95	92	15	8
Scot Mutual Far Eastern	Medium	-0%	0.95	93	16	8
Scot Wid. Pacific	Medium	-0%	0.93	92	15	3
Sing & Fried Pacific Growth	Medium	-5%	0.90	69	8	8
Skandia Far East Equity Blend	Medium	-1%	0.92		17	6
Stan Life Asian Pacific	Medium	+4%	0.87	109	32	14
Stan Life Pacific Basin Eq Ind	Low	+4%	0.79		19	4
Threadneedle Asia Growth	High	+2%	0.98	117	28	10

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Avoid	Aberdeen Asian Income	Medium	-8%	0.55		-5	-11
Avoid	Aberdeen Asian Small Co	High	-4%	0.68	75	4	-3
Avoid	Aberdeen New Dawn	Very High	-8%	0.78	82	2	-5
Avoid	Edinburgh Dragon Trust	Very High	-9%	0.83	92	6	-2
	Fidelity Asian Values	High	-0%	0.86	123	21	8
	Henderson TR Pacific	High	-5%	0.83	92	22	9
	Invesco Asia	High	-3%	0.84	100	14	5
	JPMF Asian	High	-2%	0.82	118	34	14
	Pacific Assets	High	+1%	0.82	134	39	17
Buy	Pacific Horizons	Medium	+12%	0.63	175	47	18
	Schroder Asia Pacific	Medium	+1%	0.85	107	20	9
	Schroder Oriental Inc.	Medium	-4%	0.74	11	-2	
	Scottish Oriental Sm Co	Low	+6%	0.64	101	19	3

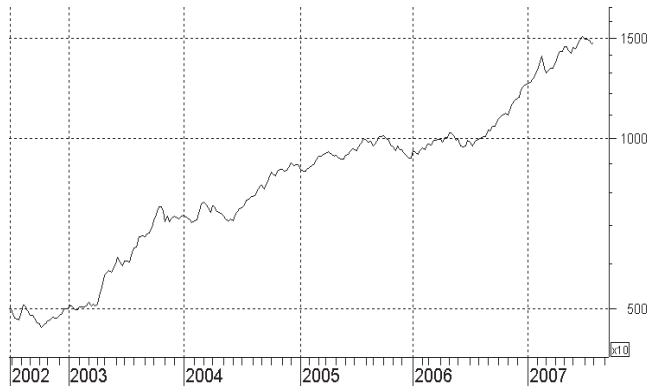
Brazil



Mexico



Chile



Argentina



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

FAR EASTERN / PACIFIC (INCL JAPAN)

AUSTRALIAN BASED UNIT TRUSTS

BT Asian	High	+2%	0.84	86	17	6
Invesco Asian Growth	Medium	-5%	0.78	50	3	5

UNITED KINGDOM BASED UNIT TRUSTS

L & G Far East	Medium	-2%	0.85	53	-0	6
Lincoln Far East	Medium	+1%	0.88	51	8	4
S & W Far Eastern	High	+2%	0.90	76	10	3
Schroder Far Eastern	Medium	+2%	0.90	61	9	3

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Henderson Far East Inc.	Very Low	+0%	0.39	33	6	2
Martin Currie Pacific	High	+1%	0.87	83	15	9
Witan Pacific	High	-4%	0.92		-2	-0

HONG KONG / CHINA REGION

UNITED KINGDOM BASED UNIT TRUSTS

Buy	First State Gtr China Growth	Medium	+16%	0.54	134	40	17
Buy	Gartmore China Growth	High	+17%	0.49	149	57	23
	HSBC Greater China	Medium	+4%	0.60	63	19	15
Buy	Invesco Perp HK and China	Medium	+14%	0.57	127	40	20
Buy	Neptune China	Medium	+15%	0.55		29	12

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

	JPMF Chinese	Very High	+1%	0.47	98	24	14
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China



Hong Kong



KOREA

UNITED KINGDOM BASED UNIT TRUSTS

	Baring Korean	High	+1%	0.72	165	23	20
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Korea



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

THAILAND

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Buy	Aberdeen New Thai IT	Medium	+10%	0.47	80	16	12
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Thailand



INDIA

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Avoid	JPMF Indian	Medium	+2%	0.69	176	24	6
	New India	Medium	-13%	0.67		11	-4

India



JAPAN

AUSTRALIAN BASED UNIT TRUSTS

	Platinum Japan	Low	-0%	0.64	11	-20	-11
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UNITED KINGDOM BASED UNIT TRUSTS

	AXA Framlington Japan & Gen.	Medium	+2%	0.81	15	-17	-4
	AXA Japan Growth	Medium	+3%	0.69	19	-12	-5
	Aberdeen Japan Growth	Low	-2%	0.80	2	-18	-5
	BG Japan	Medium	-1%	0.79	14	-19	-8
	Baring Japan Growth	Medium	-1%	0.79	14	-18	-4
	CF Canlife Japanese Growth	High	-6%	0.87		-21	-8
	CS Core Japan	Medium	-5%	0.80		-16	-2
	CS MM Japan Portfolio	Low	-4%	0.66	3	-19	-4
Avoid	CS New Japan	Medium	-7%	0.75	-1	-24	-5
	F & C Japan Growth	Medium	-5%	0.80	5	-21	-7
	Fidelity Japan	Medium	-1%	0.83	18	-14	-2
	Gartmore Japan Opportunities	Medium	+2%	0.78	23	-15	-5
	HSBC Japan Index	Medium	+2%	0.83	21	-15	-4
	Halifax Japanese	Medium	+4%	0.82		-13	-3
	Inscape Japan Equities	Medium	-1%	0.82	11	-20	-3
	Insight Japan Equity	Low	+3%	0.75	24	-14	-3
	Invesco Perp Japan	Low	+1%	0.74	7	-19	-10
Avoid	JPM Japan Growth	Medium	-7%	0.61	2	-18	-2
	L & G Japan Index	Medium	+2%	0.84	22	-15	-4
	L & G Japanese	Medium	-4%	0.73	12	-20	-2
Avoid	Legg Mason Japan Equity	Medium	-33%	0.32		-46	-18
	Lincoln Japan	Low	+1%	0.75	14	-17	-5
	Liv Victoria Japan Growth	Medium	-1%	0.91		-16	-3
	M & G Japan & General	Medium	-1%	0.74	12	-25	-8
	Martin Currie Japan	Medium	-3%	0.82	14	-20	-3
	Martin Currie Japan Alpha	Medium	-4%	0.75		-15	-1
	Merrill Japan	Medium	-0%	0.75	11	-17	-6
Avoid	Neptune Japan Opportunities	High	-11%	0.71		-15	-4
Avoid	New Star Japan A	Medium	-7%	0.72	-4	-15	-3
Avoid	Newton Japan Growth	Low	-7%	0.75	-8	-21	-4
	Old Mutual Japanese Select	Medium	-1%	0.78	16	-16	-2
	Prudential Japanese	Medium	-2%	0.75	8	-21	-7
	Royal London Japan Growth	Medium	-2%	0.81	8	-18	-4
	SWIP Japanese	Medium	-2%	0.81	11	-19	-5

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
	Schroder Japan Alpha Plus	Low	-1%	0.69	15	-13	-1
	Schroder Tokyo	Low	+1%	0.77	10	-15	-4
	Scot Mutual Japanese	Medium	-0%	0.75	13	-17	-3
	Scot Wid. Japan Growth	Medium	-2%	0.80	10	-18	-4
	Scot Wid. Japan Select	Medium	-3%	0.80	6	-19	-6
	Skandia Japanese Equity	Medium	-4%	0.78		-15	-3
	Stan Life Japan Eq Ind Trk	Medium	+2%	0.81		-11	-3
	Stan Life Japanese	Medium	-1%	0.73	17	-14	-3
	Threadneedle Japan Growth	Medium	-4%	0.81	4	-21	-6

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Avoid	JPMF Japanese	Very High	-7%	0.71	6	-26	-10
	Perpetual Japan	Medium	+2%	0.62	11	-24	-17
	Schroder Japan Growth	High	-2%	0.69	11	-24	-7

Japan



JAPAN SMALLER COS

UNITED KINGDOM BASED UNIT TRUSTS

Avoid	BG Japan Small	Medium	-5%	0.68	-2	-26	-11
	Fidelity Japan Sp Sits	Medium	-9%	0.59	-7	-25	-4
	Henderson Japan Capital Gth	Low	+1%	0.58	10	-19	-6
Avoid	Invesco Perp Japan Small Coys	Medium	-13%	0.40	-25	-24	-4
Avoid	M & G Jap Small Cos	Low	-10%	0.44	-23	-29	-11

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
	SWIP Japan Small Coys	Medium	-3%	0.52	8	-18	-4
Avoid	Threadneedle Japan Small Cos	Medium	-10%	0.61	-16	-25	-10

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

	Atlantis Japan Growth	Very High	-4%	0.51	-13	-36	-21
	B Gifford Shin Nippon	Very High	-4%	0.69	3	-26	-10
	Baillie Gifford Japan	Very High	-0%	0.75	20	-25	-9
Avoid	Fidelity Japan Values	Very High	-11%	0.66	-10	-32	-11
Avoid	Invesco Japan	High	-14%	0.46	-33	-40	-19
Avoid	JPMF Japan Small	Very High	-11%	0.52	-13	-30	-9

TECHNOLOGY

AUSTRALIAN BASED UNIT TRUSTS

	CFS Global Health Biotech	Very Low	+2%	0.48	15	-13	-10
	CFS Tech & Comms	High	+2%	0.88	30	7	1
	Platinum Intl Technology	Medium	+2%	0.68	23	-7	-7

UNITED KINGDOM BASED UNIT TRUSTS

	AXA Framlington Biotech	Very High	-4%	0.74	15	-6	-15
	AXA Framlington Glb Tech.	Very High	+2%	0.80	39	9	2
	AXA Framlington Health	Medium	-4%	0.74	5	-9	-7
	Abbey Nat'l Technology	High	-3%	0.67	13	9	2
	Aegon Technology	High	-5%	0.77	14	9	3
	Frank Temp Biotech	High	-5%	0.67	5	-5	-11
	Henderson Global Technology	High	+1%	0.77	34	11	6
	Investec Global Technology	High	-4%	0.79	-2	1	1
	Jupiter Global Technology	Low	-4%	0.57	8	-2	-3
	L & G Global Health & Pharm.	Very Low	+2%	0.37		-14	-9
	L & G Global Technology	Medium	-1%	0.77	18	4	2
	Lincoln Internet Tollkeeper	High	-1%	0.79	18	6	-0
	M & G Global Technology	High	+2%	0.88	38	1	-3
	New Star Technology	High	-3%	0.77	19	1	1
Avoid	Old Mutual Global Technology	Very High	-7%	0.82	5	-8	-5
	SG Technology	Very High	-2%	0.84	17	9	0
	Schroder Medical Discovery	Very Low	+2%	0.39	11	-14	-9
	Threadneedle Global Healthcare	Very Low	+2%	0.68	18	-9	-8

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

	Finsbury Emerging Bio.	Very High	-4%	0.68		-15	-14
	Finsbury W/wide Pharm.	Medium	-5%	0.59	1	-17	-11
	Herald Investment Trust	Medium	+3%	0.45	29	8	-1
Buy	International Biotech	Medium	+9%	0.33	31	-6	-17
Buy	Merrill New Energy Tech	Very High	+24%	0.40	180	18	-2
	Polar Cap Technology	Very High	+2%	0.66	37	-4	-4
Buy	Private Equity Investor	Very Low	+13%	0.04	37	-8	-4

Investment Fund Survey Information.

Fund Listings. Unit trusts are listed under the country where they invest, and then sub-divided according to the country where the Fund Manager is based. For example, "Australian Funds" hold principally Australian shares and other Australian investments although these funds may be based in either the UK, NZ or Australia.

Risk Ratings. Most equity funds follow general stockmarket trends but some are far more volatile than others. The "Risk Rating" measures just how volatile a fund is relative to the stockmarket in the country where it invests. "Very High" and "High" risk funds will usually rise very fast during a Bull Market (i.e. during a rising stockmarket trend) but will also fall fastest in value when the stockmarket dips. "Low" and "Very Low" risk funds will experience smaller price fluctuations.

Superiority Ratings. The "Superiority Rating" is the most important statistic for selecting the best managed funds to buy and the worst managed funds to avoid. The "Superiority Rating" shows whether a fund's actual return was above or below its expected return based upon its volatility. For example, if the stockmarket rises 10% then a fund with a volatility of 1.5 would be expected to rise 15% (i.e. 10% x 1.5). If the fund rose 20% it would have a "Superiority Rating" of +5%. On the other hand, if the fund rose only 10% it would be given a "superiority rating" of -5%. (Actually, the "Superiority Ratings" are calculated from a statistical analysis of each fund's monthly performance over the last three years, with extra importance given to its performance over the latest twelve month period.)

Many funds can beat the stockmarket by a substantial margin during a Bull Market simply invested in very risky, volatile shares but these are not managed in a superior way. Only funds that perform better than can be expected from their volatility (or risk exposure) can be said to be benefiting from genuinely superior management.

Current Advice. The "Superiority Rating" measures the annual amount by which a fund's performance is above or below its expected return based upon

its level of risk exposure. As a high "Superiority Rating" indicates excellent management of the fund's investment portfolio these trusts are automatically given "Buy" ratings. A negative "Superiority Rating" shows poor investment results and the funds with the worst management record have been given an "Avoid" rating.

Market Correlation. The "Market Correlation" measures how closely a fund's price follows general stockmarket movements (in the country where it invests). Correlations, which statisticians call R² ("R-squared"), vary from 0 (no correlation) to 1 (100% correlation). Most equity funds have "Market Correlations" between 0.60 and 0.95.

Investors who buy and sell funds on the basis of "market timing" should choose funds with high market correlations. The performance of these funds will closely reflect general stockmarket movements. Other investors may wish to minimise the impact of general stockmarket fluctuations and buy funds with lower market correlations.

How to Maximise Profits from this Investment Fund Survey.

First decide whether you want to invest in a fund that holds New Zealand, Australian, International, United Kingdom, European, Japanese or Gold & Mining shares, then turn to the appropriate section.

If you expect the stockmarket to rise strongly (in the country where the fund invests) the "High" and "Very High" risk funds (with high superiority ratings and high market correlations) will be your choice.

If uncertain about the general stockmarket trend then "Medium", "Low", or even "Very Low", risk funds with the highest superiority ratings will be the best investments.

Most NZ based and Australian based unit trusts are sold through sharebrokers and other commission sales organisations. UK based trusts are not sold through NZ agents but may be bought and sold (by telephone or by post) directly from the management organisations or through a stockbrokers like FasTrade (www.fastrade.co.uk). Prices can also be found at the TrustNet web site (www.trustnet.com).

Reports

Aberforth Smaller Companies Trust plc recorded a net asset gain of 5.4% for the year to the end of June, just slightly beating its benchmark index which rose 4.6%. The Fund Manager is “cautious” about the stockmarket, but has a value approach to investing so is not exposed to shares trading on high valuations and is “biased towards companies with robust balance sheets”.

The interim dividend will be 10.6% higher at 4.7 pence - reflecting the dividend growth from its investments in smaller UK companies. The dividend will be paid on 23 August, to shareholders registered on 27 July.

Fidelity Japan Values plc net asset value fell 6.0% over the six months to June 30, mainly owing to the depreciation of the Yen against Sterling.

The Japanese economy is experiencing “stable, moderate growth”, private capital investment is firm but personal consumption remains relatively weak. The Fund Manager believes this may improve owing to the tight labour market which will “exert upward pressure on wages”, leading to a recovery in private consumption and a needed increase in “core price inflation”.

Herald Investment Trust plc recorded an 8.6% increase in net assets for the six months to 30 June. Earnings growth for its investee companies for the year to June 2007 is forecast to average 42.5%, which would lower the portfolio average Price/Earnings ratio to just 16.9. The trust has a diversified portfolio of smaller and medium sized growth companies so has the potential to perform well.

Herald Investment Trust plc



Invesco English & International Trust plc has significantly restructured over the last year - repaying preference shares and debentures and redeeming a large number of ordinary shares. The company expects a lower rate of redemption in future and seeks to become the “vehicle of choice” for investors in smaller UK

growth shares.

The Fund Manager believes that the under-performance of many smaller companies over the last year or two has created a “valuation anomaly” and “views the coming year with some confidence”.

An annual dividend of 1.3 pence will be paid on 10 August, ex-dividend 20 July.

At the end of June, Invesco English & International received redemption requests for 1,737,393 shares or 5.2% of its capital and on 1 August re-purchased a further 83,195 shares on-market. This leaves an issued capital of 31,501,164 shares.

Private Equity Investor plc recorded only a 1.6% increase in net assets to 31 March, with the 14.8% increase in US dollar terms offset by the dollar's drop against Sterling.

At 1 July, the trust held US\$70 million in cash and listed shares, of which US\$32 million will be needed to finance future commitments to venture capital fund investments. That leaves US\$38 million in surplus cash and realisable shares and the company will make a cash distribution of at least US\$20 million (US\$0.40 or about 20 pence per share) and is still “seeking the most tax efficient manner” to make this distribution.

With a maturing investment portfolio, Private Equity has also received investment income which will be distributed with a 1.1 pence dividend payable on 11 October, ex-dividend 10 August.

Through its venture capital fund investments the trust has investments in 450 private companies and 55 listed companies, making up 60% of its total assets.

Three earlier venture capital investments and two new investments made over the last year will ultimately be transferred to a new “fund of funds” venture capital/private equity portfolio which its majority owned fund management and advisory company, **The Campton Group Inc**, plans to launch in the future to raise new money to invest in venture capital/private equity funds.

Share Buy-Backs

Fidelity European Values Plc made four buy-backs on-market over the last month, acquiring a total of 266,500 shares for £3.62 million.

Fidelity Japan Values plc repurchased 150,000 shares on-market on 26 July.

Next Issue:

The next issue of *International Investor* will be emailed in five weeks time on Monday September 10, 2007.

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