International Investor

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Inside International Investor

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World Stockmarket Forecasts

Stockmarket	One-Year Forecast	Fundamental Indicators	Technical Indicators	Monetary Indicators	Economic Indicators	Historica 3 mths	l Performance 6 mths	e (in US\$) 12 mths	Share Index
Australia	46%	Neutral	Bullish	Bearish	Bearish	+1.8%	-3.2%	-4.7%	3,261.00
Austria	35%	Bullish	Bearish	Bearish	Bearish	-1.8%	-16.9%	-18.8%	1,103.97
Belgium	36%	Neutral	Neutral	Bearish	Bearish	+3.1%	-12.6%	-11.4%	2,977.72
Canada	45%	Bearish	Bullish	Neutral	Bearish	+8.0%	+21.1%	+43.4%	10,380.28
Denmark	43%	Bearish	Bullish	Bearish	Neutral	+2.0%	+6.5%	+23.0%	890.97
Finland	48%	Bearish	Bullish	Bearish	Bullish	-7.2%	+7.6%	+81.2%	15,814.50
France	45%	Bearish	Bullish	Bearish	Bearish	+1.1%	+5.0%	+27.2%	4,074.96
Germany	36%	Neutral	Bullish	Bearish	Bearish	-6.9%	-4.2%	+16.3%	7,052.22
Ireland	34%	Bearish			Neutral	-10.3%	-6.8%	-9.5%	4,974.39
Italy	45%	Neutral	Bullish	Bearish	Bearish	+2.9%	+9.7%	+19.0%	32,561.00
Japan Netherlands	28 %	Bearish	Bearish	Bearish	Neutral	-16.1%	-6.7%	+10.0%	17,398.24
Netherlands_	35%	Bearish	Bullish	Bearish	Bearish	-0.5%	-2.1%	+8.7%	949.80
New Zealand	29%	Bullish	Bearish	Bearish	Bearish	-11.4%	-19.4%	-10.3%	2,269.24
Norway		Neutral	Bullish	Bearish	Neutral	+8.3%	+3.0%	+18.9%	774.15
Spain	33%	Bearish	Bearish	Neutral	Bearish	-7.3%	-5.1%	+1.5%	1,001.61
Sweden	_ 42%	Bearish	Bullish	Bearish	Bearish	-6.3%	+8.9%	+50.5%	6,078.00
Switzerland	49%	Neutral	Bullish	Bearish	Bearish	+7.2%	+2.0%	+6.9%	7,903.70
Un. Kingdom_	_ 34%	Bearish	Neutral	Bearish	Bearish	-5.2%	-7.8%	-3.2%	6,497.50
USA	44%	Bearish	Bullish	Neutral	Bearish	-2.5%	+2.6%	+5.4%	1,478.90
Argentina	_ 51%	Bearish	Bullish	Neutral	Neutral	-2.7%	-0.2%	+3.1%	20,339.17
Brazil	_ 59%	Neutral	Bullish	Bullish	Bearish	-2.6%	+9.4%	+53.3%	17,598.83
Czech Rep	_ 43%	Bearish	Bearish	Bullish	Bearish	-17.9%	-4.6%	+0.0%	1,608.00
Chile	42%	Neutral	Bearish	Neutral	Bearish	-10.4%	-8.2%	-5.4%	4,903.45
China	48%	Bearish	Bullish	Neutral	Neutral	+6.3%	+23.1%	+7.0%	870.44
Greece	38%	Bearish	Bearish	Bullish	Bearish	-21.9%	-34.6%	-16.9%	3,914.03
Hong Kong	43%	Bearish	Bullish	Neutral	Bearish	-0.8%	+9.0%	+17.8%	16,829.96
Hungary	32%	Bearish	Bearish	Neutral	Bearish	-18.3%	-14.7%	-2.2%	8,220.89
India	_ 32%	Bearish	Bullish	Bearish	Bearish	-8.3%	-11.8%	+9.0%	4,905.94
Indonesia	32%	Bearish	Bearish	Neutral	Bearish	-26.6%	-43.3%	-44.7%	508.11
Israel	_ 45%	Bearish	Bullish	Neutral	Bearish	+8.9%	+16.1%	+35.2%	503.07
Korea	51%	Neutral	Bullish	Bullish	Bearish	-0.5%	-9.8%	-14.7%	841.74
Malaysia	33%			Neutral	Bearish		+0.2%	-3.6%	820.47
Mexico	44%	Bearish	Bullish		Bearish	-4.4%	+4.2%	+23.2%	7,370.38
Philippines				Bearish			-32.1%	-48.1%	1,550.60
Poland	41%			Neutral			-3.2%		19,474.40
Portugal		Neutral		Bearish	Neutral	-8.3%	-1.8%	+17.6%	2,825.21
Russia	35%	Bearish	Bullish	Neutral	Bearish	-13.2%	+3.2%	+34.2%	1,857.18
Singapore		Bearish	Neutral	Bullish	Bearish	-3.9%	-16.8%	-6.2%	2,092.63
Sth Africa			Bearish	Bearish	Bearish	-5.7%	-21.2%	-5.0%	7,723.62
Taiwan	_ 33%		Bearish	Neutral	Bearish	-18.4%	-7.7%	-0.2%	8,173.08
Thailand	_ 29%		Bearish	Neutral	Bearish	-23.5%	-33.0%	-40.7%	322.87
Turkey	_ 53%		Bearish	Bullish	Bullish	-24.6%	-26.7%	+89.8%	13,433.00
Venezuela	_ 67%	Bullish	Bullish	Bullish	Bearish	+19.5%	+23.0%	+21.0%	7,047.83

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.

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Recommended International Investment Funds

Stockmarkets recovered a little over the last month, slightly raising the value of most of our international investments.

The four investment trust *warrants* in our portfolio continue to trade at 35-45% discounts to their *fair value* - so these remain attractive securities to Buy and Hold. Even conservative investors can do better buying these under-valued warrants - and put some money in the bank - rather than simply buying an unleveraged investment fund.

We shall continue to focus our portfolio on Asia and Emerging Stockmarkets. Asian economies should continue to perform well as a result of the significant recstructuring that followed the 1997-98 crisis. Emerging Stockmarkets should ultimately benefit from a foreign investment out of the United States (i.e. US investors are very under-weighted in international equities) and the impact of the internet (e.g. with its impact of decentralisation and niche market).

			Initial Red	<u>commen</u>	dation	Prem/			Gain
Current	t	EPIC	Date	<u>Offer</u>	<u>Price</u>	Disc	<u>Recent Pr</u>	ice	or
Advice	Investment Fund	Code		Foreign	NZ	to Net	Bid-Offer or	NZ	Loss
	Asia				Cents	Assets	Last Sale	Cents	%
HOLD	AIB Govett Greater China Fund	*	13/08/96	212.9p	480.4		223.37-238.36p	739.7	+54
BUY	Fleming Asia WARRANTS	FAIW	07/03/00	43.8p	141.7		30.75p	98.5	-30
BUY	Fidelity Asian Values WARRANTS	FASW	10/03/98	17.5p	49.7		29.0p	92.9	+87
HOLD	Gartmore Pacific Growth Fund	*	29/10/85	41.4p	105.4	:	218.44-233.09p	723.4	+587
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		55.30-58.70p	182.6	+72
HOLD	HSBC Hong Kong Growth Fund	*	07/04/98	159.4p	481.6	:	209.50-223.20p	693.2	+44
BUY	Schroder Asia Pacific WARRANTS	SDPW	13/07/99	25.5p	75.8		24.25p	77.7	+2
	Japan								
HOLD	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	-16%	198.0p	634.4	+44
HOLD	Invesco Japan Discovery Trust	IJD	13/07/99	95.5p	284.0	+1%	144.5p	463.0	+63
	Korea								
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		81.60-87.69p	271.2	+30
	Thailand								
HOLD	Old Mutual Thailand Trust	*	08/12/98	49.0p	155.9		47.54-51.96p	159.4	+2
	International								
HOLD	Aberdeen Prolific Emerging Marke	ts *	13/08/91	39.0p	116.1		73.28-77.55p	241.6	+108
BUY	Templeton E/Markets WARRANTS	TEMA	13/07/99	40.3p	119.7		29.0p	92.9	-22
* Unite	d Kingdom based Unit Trust								

Other Shares and Warrants

Alternative investments in the UK listed investment trust shares and warrants recommended above include **Fidelity Asian Values** shares at 99 pence (-9%, i.e. 10% *below* net asset value), **Fleming Asian** shares at 112¾ pence (-11%), **Schroder Asia Pacific** shares at 94 pence (-13%), **Templeton Emerging Markets** shares at 127¼ pence (-19%), **Baillie Gifford Shin Nippon** warrants at 63 pence, **Invesco Japan Discovery** warrants trade at 74½ pence.

Investment Fund Survey

Our *Investment Fund Survey* is a very important part of *International Investor*. The survey evaluates the risk-adjusted performance of funds by comparing their returns against that of the share index in the country (or countries) where they invest. Information from this survey - together with further analysis - is then used to make the individual selections of funds that we formally recommend for investments.

Our fund database, however, has become so large that the quarterly *Investment Fund Survey* has become very large and time consuming - leaving little space or time to provide other features in the newsletters. Therefore we are splitting the *Investment Fund Survey* into two parts: International, United States, United Kingdom, European and Germany funds will be covered in the first newsletter of every quarter (i.e. January, April, July and October) while New Zealand, Australia,

Gold & Mining, Emerging Markets, Latin America, Far Eastern, Hong Kong, Korea, Thailand, India and Japan funds - plus a new *Technology* funds section - will be covered in the second newsletter (i.e. February, May, August and November).

Our *Listed Investment Trust Warrant Analysis* will be moved to the final issue of each quarter (i.e. March, June, September and December.

From this month we have also split out *smaller companies* funds from the United States, United Kingdom, Europe and Japan sections - with the performance of these smaller company funds compared against a more appropriate smaller company share index.

Why Invest Internationally Through Investment Funds

There are many reason for investing internationally

through investment fund rather than through direct investment in foreign equities.

One of the main reasons is diversification. As investors we would need to buy shares in around 10 shares in each country to achieve a reasonable level of diversification. That requires a lot of research into individual companies in all of the stockmarkets in which we wanted to invest. That would also require a larger initial investment - and higher transaction costs - than investing via a unit trust (where the minimum investment usually NZ\$1500-3000) or a listed trust (where there is no minimum, but where an economic minimum may be NZ\$2000-3000).

Investing through managed funds also simplifies the management of foreign investments. You don't need to worry about foreign exchange, dealing with different brokers in different countries, language problems - or what to do with small foreign currency dividends!

<u>UK based</u> managed funds are also the most *tax efficient* way for the NZ resident to invest internationally. Most NZ based funds either pay 33% realised capital gains taxes or 33% *unrealised* capital gains taxes (under the Foreign Investment Fund rules). Australia *listed* funds pay Australian capital gains taxes (currently at 17%), while Australian units trusts distribute their realised capital gains as *Income* - on which a NZ

resident will pay income tax at up to 39%. UK unit trusts and UK listed trusts are exempt from UK capital gains taxes, and a NZ resident invest will pay no capital gains tax on *investments* in these UK securities.

United Kingdom Stockbroker

As UK based funds offer significant tax advantages and lower operating costs than NZ and Australian funds it makes sense to invest mainly through UK based funds.

While NZ investors can buy UK *listed* investment trusts through most NZ brokers the cost of usually fairly high - from brokerage rates of about 1-2% and minimum charges of £50-100. There can also be delays selling - with signed transfers often *mailed* to the UK *before* a sell transaction is placed in the market! It therefore quicker, easier and cheaper to deal direct with a UK based broker.

Some UK stockbrokers will also assist with the purchase and sale of unit trust investments - with a few rebating some of the initial 2-3% commission they receive from the fund management company.

We have that the **FasTrade** (www.fastrade.co.uk) discount internet stockbroking service is excellent. Brokerage rates are 0.5%, with a minimum of £15 and a maximum of £30. The company also rebates charges that same brokerage on unlisted units trusts, but rebates the full 3% sales commission.

Current Advice	Investment Fund	Risk Rating	Superi- ority Rating	Market Correla- tion	Perform 36 mth	mance 12 mth	(NZ\$) 3 mth	Current Advice	InvestmentFund	Risk Rating	Superi- ority Rating	Market Correla- tion	Perform 36 mth	mance of the man the m	(NZ\$) 3 mth
	INTERN	United Kingdom e	BASED UN	NT TR	RUSTS										
	AUSTRALIAN BA			TC	ABN AMRO Global Growth	Very High		0.80		44	-3				
A ! -!	AMP Multi-Mar Global		-8%		г,	0.1	0		Abbey Global Growth	Very Low	-5%	0.10	50 77	10 19	3
Avoid Avoid	ANZ International Markets	Medium Medium	-8%	0.63	56 2	21 4	0 -2		Abbey International Abbey Nat'l International	Low Medium	-2% -4%	0.79 0.74	//	27	4 2
Avoid	AXA NM World Growth	Medium	-9%	0.38	60	8	1		Aberdeen World	Medium	-4%	0.90	78	20	0
Avoid	Advance International	Very Low		0.44	45	4	8		BG International	Very Low	-2%	0.17	109	36	33
Avoid	Advance Worldwide Share	Low	-12%	0.58	39	1	1		Barclays Worldwide	Medium	-3%	0.89	81	23	3
Avoid	Aust Unity Int'l Share	Medium	-17%	0.54		4	0		Baring Global Growth	Very High		0.92	150	30	-1
Avoid	BT Sel Mkts International	Very High		0.87	40	28	-4		Britannia Intern'l Spec Sits	High	+3%	0.71	106	30	-5
Avoid Avoid	Challenger World Link Citicorp Inv Port Global	Medium Medium	-16% -17%	0.31	-1	-1 6	-17 -2		Canada Life International Gth Clerical Medical UK & Overseas	Medium High	-2% -2%	0.78 0.87	94 81	34 18	2 -6
Avoid	Col First State Intern'l	Medium	-17%	0.41		31	-2		Dresdner Global Equity	Medium	-4%	0.87	84	16	-o 1
Avoid	Commonwealth Int'l Share	Medium	-7%	0.49		17	0		Equitable International	Medium	+0%	0.84	85	36	2
	Dresdner Global	Medium	-6%	0.57	56	15	-5	Buy	Exeter Warrant	Very High		0.89	219	68	4
Buy	Dresdner International	High	+11%	0.64		60	-3	Buy	Fidelity Managed Int'l	Very High	+9%	0.66	169	30	-5
	Fidelity Perp. Int'l	Medium	-1%	0.71	82	26	-1		Fleming Private Global Opport.	Medium	+3%	0.80	112	29	-2
	HSBC Flexi-Trt Int'l Trt	Medium	-5%	0.56	61	24	-1		Fleming Private W'wide Capital	Medium	+5%	0.81	124	35	-2
Avoid	Invesco International	High	-11%	0.62	37	22	-6	Buy	Framlington International	High	+7%	0.87	136	46	-4
	JB Were International MLC Aust - Platinum Gbl	Medium Medium	-6% -1%	0.68	50	22 18	0		Friends Prov. International GA International Growth	High Medium	+1%	0.91 0.94	109	29 29	-2 0
Avoid	MLMAM International Gth	Medium	-1%	0.56	50	22	-19		GRE International	Medium	-1%	0.94	83	29	-2
Avoid	Macquarie S/M Int'l Share	Medium	-20%	0.42		-6	2	Buy	Gartmore Global Utilities		+15%	0.69	193	41	-6
711014	NAFM Inv Trt - Global	Low	-6%	0.61	49	18	-1	Duj	Henderson Independent Port.	Medium	+1%	0.93	94	24	-2
	Perpetual ICSav - Int'l	Medium	-2%	0.73		28	0		Henderson International	Medium	+2%	0.92	103	37	1
	Roth FA Global Small Coy	High	-4%	0.38	19		-25		Hill Samuel Int'l	Medium	-2%	0.81	102	22	4
Avoid	Roth FA Int'l Share	Very High		0.59	24		-12		Investec GF Global Privat'n	High	+0%	0.79	97	40	5
Avoid	Tower International Gth	Medium	-13%	0.28		7	4		Legal & General Global Gth	Medium	-2%	0.92	91	29	2
Avoid	Tyndall Aust Int'l No 1 Westpac International	Low Medium	-5% -17%	0.73 0.38	75 17	12 0	3 1		Legal & General Worldwide Lincoln Global	Medium Medium	-2% -3%	0.93	88 86	19 32	1 4
Avoid	•				1 /	U	'		M & G International Gth	Medium	-4%	0.90	79	28	1
	New Zealand B		_	-					MGM International Equity	Medium	+6%	0.84	126	38	2
Augld	AJ International Share	Medium	-4%	0.67	62 51	18	-6 -2		Marlborough International	Medium	-0%	0.52	60	39	-7
Avoid	AMP International Share AMP Passive Int'l Share	Low Medium	-7% +5%	0.62	51	12 24	-2 -1		Martin Currie International	High	+0%	0.93	88	42	-O
Avoid	ANZ World Equity Trust	Low	-7%	0.80	48	15	0		Mercury International	High	+3%	0.85	101	30	-2
Avoid	ASB World Shares	Medium	-3%	0.64	70	18	-4		Murray Worldwide Equity	Very High		0.93	95	33	-2
Avoid	BNZ International Equity	Medium	-10%	0.66	38	15	4		NPI Global Care Newton International	Medium Very High	+2% +4%	0.69 0.86	103 113	29 44	-4 -5
	BT Life Int'l Share	Medium	-3%	0.86		28	1		Old Mutual Fund Worldwide	Medium	-0%	0.84	111	20	-0
Avoid	BTIS International Share	Low	-7%	0.80		22	1		Pearl International	Medium	-1%	0.89	90	24	-1
Avoid	Col FS Global Property	Very Low	-24%	0.38		-1	4		Perpetual Int'l Emerging Coys	High	+5%	0.84	119	38	-1
	NZ Guardian Global	Very Low	-10%	0.56	33	14	1		Perpetual Int'l Growth	High	-1%	0.87	94	25	1
Avoid	NZFM Global Equity Gth NZFM Global Small Coys	Medium Medium	-7% +1%	0.64 0.56	52 86	14 42	1 -7		Perpetual Worldwide Recovery	High	+1%	0.87		26	1
Avoid	NZFM Global Prop & Infra	Medium	-8%	0.38	47	5	-8		Premier Global 100	Medium	+2%	0.72	119	32	-0
	NZFM Global Blue Chip	Very Low	-13%	0.34	23	2	5		Prudential Global Growth	Medium	-6%	0.75	71	10	2
	Nat Bank Int'l Equity	Very Low	-8%	0.76	49	17	3	Avoid	Prudential Int'l Growth	Low Medium	-8% -2%	0.70 0.87	61 86	10 20	4 0
	Royal & Sun Int'l S/Mkt	Low	-3%	0.65		22	-3		Royal & Sun All. Intern'l Gth Royal London International	High	+0%	0.87	91	26	-7
	Tower Global Equity	Low	-4%	0.60	62	18	-4		Scottish Life Worldwide	High	-1%	0.78	80	36	-2
	Tower Tortis Intern'l	Medium	-6%	0.66	94	23	1		Scottish Mutual Worldwide Vent	Low	-2%	0.75	78	21	1
Avoid	Westpac Emerging Opps.	Very High		0.67	23		-10		Scottish Mutual International	Medium	+1%	0.67	100	35	3
	Westpac International	Low	-6%	0.75	48	16	2	Buy	Scottish Widows' Global	High	+7%		128	42	1
	New Zealand bas	ED INSURA	ANCE I	S ONDS	3				Singer & Freidlander Global	Medium	+3%	0.93		29	-0
Avoid	Royal Sun All Global Fd	Medium	-7%	0.75	49	20	-1		Sovereign Int'l Growth	High	+2%	0.93		38	1
Avoid	Sov. Super Int'l Equity	Medium	-18%	0.53	6	14	-0			(C	ontii	nued	on F	'age	4)

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Current	Investment Fund	Risk	Superi- ority	Market Correla-	Perfor 36	12	3	Current	Investment Fund	Risk	Superi- ority	Market Correla-	Perform 36	12	3
Advice		Rating	Rating	tion	mth	mth	mth	Advice		Rating	Rating	tion	mth	mth	mth
	St. James's Place Int'l Sun Life of Canada W/Wide Gth	High Medium	+5% +1%	0.67 0.87		42 26	-2 -1		Warrants & Value Witan Investment Coy	Medium High	+6% +0%		113	45 29	4 0
	Australian Listed	INVESTM	RUSTS		United Kingdom based Investment Trusts - Split Capital										
	BT Global	High	-1%	0.42			17	Buy	Asset Management	Very Low		0.01		102	5
Avoid	Platinum Capital Templeton Global	Very Low Very Low		0.12	74 16	47 -12	14	Avoid	British Assets Trust Fleming W'wide Income	Medium Very High	-6%	0.46 0.31	78 55		10 11
Avoid	New Zealand Lister					-12	17	Avoid	Jupiter Int'l Green IT	Very High		0.40	78	47	
	World Index Fund	Medium	+4%	0.76		30	0		Murray Global Return	Very High	ı -3%	0.29		22	-1
	UNITED KINGDOM BASED L				RUST		Ü		UNITED	CTAT					
	Alliance Trust	Low	-6%	0.45	76	8	3		<u>UNITED</u>	SIAI	ES				
	Anglo & Overseas Trust	High	+5%	0.65	139	32	4		Australian bas	SED UNIT	TRUS	TS			
Dent	Bankers Investment	Medium	-5% +7%	0.62 0.78	74 122	22 59	8 -2	Avoid	BT Sel Mkts American Gth	Medium	-12%	0.43	56	32	-3
Buy	Brunner Invest. Trust Capital Gearing Trust	Very High Very Low	-0%	0.78	72	59	-2 -2		Fidelity Perp. America	Medium	-6%	0.74	81	13	-0
	Edinburgh Investment	High	-4%	0.78	82	15	-2		New Zealand base	D INSUR	ANCE	30NDS	;		
	Edinburgh Worldwide	Very High		0.76		26	-5	Avoid	Royal Sun All Nth Amer	Very Low		0.35	56	16	-1
Buv	English & Scottish F & C Smaller Companies	Very High Medium	-6% +7%	0.66 0.54	71 106	26 42	2 -8	Avoid	Sov. Super Nth America	Very Low		0.24	18	19	0
Duy	Fleming Overseas	Medium	+3%	0.81		39	7		United Kingdom e	-					
Buy	Fleming Mercantile	Very High		0.69		59	-3	Buv	Abbey American Growth Abbey US Emerging Companies	Very Low	+5%	0.42 0.12	145 443	36	-2 7
A ! -!	Foreign & Colonial	Medium	+1%	0.70	109	31	6	виу	Aberdeen American Opport.	Low	-2%		114	41	-0
Avoid Buy	Govett High Income IT Henderson Strata Inv	Very Low Very High		0.27	50 178	105	1 -14	Avoid	Aberdeen North American	Low	-11%	0.62	76	11	1
Buy	Henderson Smaller Coy	Very High		0.65	176		-26		Barclays America	Low	+0%	0.61	143	23	2
Buy	Jupiter Primadona	Very High		0.48	155		-23		Baring American Gth	Medium	+4%	0.54		35	3
	Law Debenture Corp.	Low	-13%	0.42	48	3	14	Buy	Britannia American	Very Low		0.32		36	-1
	Majedie Investment	Very Low	-4%	0.37	73	6	3		CCS North American	Very Low			165	31 19	4
	Martin Currie Portfolio	Low	-3%	0.69		21	4		Canada Life North American Cavenove North American	Medium Low	-4% -3%	0.58 0.73	125	19	2 2
	Mid Wynd Invest Trust	Medium	+6%	0.54	95	50	-3		Clerical Medical American	Very Low		0.73	140	24	-0
	Monks Investment	Medium	+2%	0.82	104	33	-0	Buy	Credit Suisse Transatlantic	Low	+8%		198	38	4
Avoid	Murray International	Medium	-9% -0%	0.65 0.07	61 74	27 36	8 13	Buy	Deutsche American Growth	Medium	+9%	0.55	204	51	-1
	Orxy International	Very Low	-0%	0.07	86	30 8	7		Deutsche US Index	Low	-2%	0.58	130	23	2
	Personal Assets Trust Ptarmigan International	Very Low Medium	-2% +2%	0.27	93	43	7	Buy	Dresdner North American	Low	+7%	0.48	202	40	1
	RIT Capital Partners	Low	+5%	0.50	124	30	1		Equitable North American	Low	-5%	0.71	101	13	4
	Scottish Invest. Trust	Medium	-2%	0.76	93	24	i	Buy	Fidelity American	Low	+14%	0.23	286		-11
	Scottish Mortgage & Trt	Very High	-1%	0.80	96	28	-5	Buy	Fidelity American Spec Sits	Low	+23%	0.14		86	-7
Buy	Scottish Value	Very High		0.55	137	70	-14		Fleming Select America	Low	-0%		140	29	4
-	Scottish American Inv.	Medium	-1%	0.78	90	18	-2	Buy	Framlington American Gth	Very Low		0.34		64	-2
	Second Alliance	Medium	-6%	0.66	75	9	-1		Friends Prov. American	Medium	+1%	0.70	145	28	1 2
Avoid	Secs Trust of Scotland	Medium	-10%	0.61	48	11	1		GA Nth American Growth GRE North American	Low Medium	-0% -0%	0.52 0.66	120	29 32	1
Buy	Tribune Trust Managed	Very Low	+9%	0.31		22	-4		GRE NOTH AMERICAN	wediuiii	-0%	0.00	139	32	'

Investment Trust 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 unit trusts may be based in either the UK, NZ or Australia.

Risk Ratings. Most equity unit trusts follow general stockmarket trends but some are far more volatile than others. The "Risk Rating" measures just how volatile a trust 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 unit trusts that beat the stockmarket by a substantial margin during the Bull Market years of 1986-87 simply invested in very risky, volatile shares and were not really 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 it level of risk exposure. As a high "Superiority Rating" indicates excellent management of the fund's investment portfolio these trusts are automatically given "Buy" recommendations.

A negative "Superiority Rating" shows poor investment results and the unit trusts with the worst management record have been given an "Avoid" recommendation.

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 R^2 ("R-squared"), vary from 0 (no correlation) to 1 (100% correlation). Most equity unit trusts have "Market Correlations" between 0.60 and 0.95.

Investors who buy and sell unit trusts 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 trusts with lower market correlations.

How to Maximise Profits from this Unit Trust Survey.

First decide whether you want to invest in a unit trust 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 unit trusts 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, through Chelsea Financial Services who rebate 2% of the initial sales charge or through UK internet broker FasTrade (www.fastrade.co.uk) who rebate 3%. Addresses and telephone numbers may be found in the unit trust section of leading UK newspapers (available at major public libraries), on the at Financial Times internet site (www.ft.com) or from "International Investor". Prices can also be found at the TrustNet web site (www.trustnet.co.uk).

July	11, 2000.												F	age	e 5
Current	Investment Fund	Risk	Superi- ority	Market Correla-	Perfor 36	mance 12	(NZ\$) 3	Current	Investment Fund	Risk	Superi- ority	Market Correla-	Perform 36	0	
Advice		Rating	Rating	tion	mth	mth	mth	Advice		Rating	Rating	tion		mth	mth
	Gartmore American Govett American General	Low Low	+5% +1%	0.52 0.51	164 136	45 28	-1 0		Gartmore UK Growth Gartmore UK Index	Low Low	+3%	0.67 0.86	101 79	21 9	-4 -1
	HSBC American Growth	Medium	-2%	0.59	133	26	0	Augld	Govett FTSE 250 Index	Very Low	-3%	0.47	78	12 -9	1
	HSBC American Index Henderson North American	Low Low	+0% +1%	0.68 0.58	141 149	23 40	2 4	Avoid	Govett Geared UK Index HSBC Footsie Fund	Very High Medium	-3%	0.85 0.91	48 80	-9	-13 -2
Avoid	Lazard Nth American Gth	Low Low	-9% +0%	0.60 0.67	88 144	5 23	2	Buy	HSBC UK Growth HSBC UK Index	Low Low	+9% -2%	0.53 0.88	134 81	41 9	-4 -1
	Legal & General US Index Legal & General Nth American	Low	+1%	0.62	153	31	4		Hargreaves Lansdown Warrant	Very High		0.49	62	21	-11
	Lincoln North American M & G American & General	Low Low	-4% -1%	0.68 0.56	119 125	19 27	-O		Hargreaves Lansdown Investment Hill Samuel British	Low Low	+5% -4%	0.43 0.87	106 77	33 2	-8 -4
	M & G American Recovery	Very Low	+4%	0.32	123	39	-1		Hill Samuel Capital	Low	-2%	0.83	81	12	-1
	MGM North American Growth Martin Currie North American	Very Low Low	-1% -0%		123 110	22 44	3		Invesco UK Growth Investec GF UK Opportunities	Medium Very Low	+2% -4%	0.73	97 87	21 19	-5 10
Buy	Mercury American Opportunities	Very Low	+24%	0.05	292	110	-2	_	Jupiter UK Growth	Very Low	-1%	0.59	99	13	5
	Mercury American Fund Murray American	Low Low	+5% -6%	0.58 0.34	166 77	28 41	-4 -0	Buy	Jupiter UK Special Situations Legal & General UK Recovery	Very Low Low	+11%	0.17 0.75	146 77	46 8	-7 -3
	NPI North America	Low	-1%	0.54	115	29	-1		Legal & General UK Stockmarket		-2%	0.91	81	6 9	-2
	Newton American Old Mutual Fund Nth American	Very Low Medium	+3% +1%		138 156	33 22	-2 1		Legal & General UK Index Legal & General Equity	Low Low	-1% -5%	0.60 0.83	83 73	5	-2 -1
Avoid	Perpetual American Growth	Medium Low	-2% -13%	0.76 0.47	128 61	23 -7	3 5	Avoid	Lincoln Growth	Low Medium	-2% -7%	0.87 0.70	84 70	10 6	-2 3
Avoid	Prudential North American Royal & Sun All. Nth American	Low	+6%	0.47		35	-4	Avoid	M & G Recovery MGM Special Situations	Very Low	+1%	0.66	94	14	-0
	Royal London American Gth S & P US Growth	Low Low	-2% -1%	0.62 0.59	122 134	18 29	0 4		MGM UK Growth Marlborough UK Growth	Very Low Very Low	-1% +3%	0.74 0.24	90 85	12 17	2 -14
	Schroder American	Medium	-5%	0.73	107	11	-1		Martin Currie UK Growth	Low	-5%	0.70	61	20	-O
Avoid	Scottish Amicable American Scottish Life America	Low Low	-14% +1%	0.47	59 145	-6 23	6 -0		Mercury Brit Blue Chip Mercury Recovery	Medium Very Low	-6% +1%	0.82	68 80	-0 16	-2 5
	Scottish Mutual Nth American	Low	+6%	0.47	185	42	2	Avoid	Murray Blue Chip	Very Low	-8%	0.79	47	0	2
Avoid	Scottish Widows' Nth American Stewart Ivory American	Low Low	+2%	0.53 0.64	144 89	32 19	1 2	Avoid	Murray UK Growth NatWest UK Tracker	Low Medium	-7% -3%	0.75 0.91	53 80	4 6	-5 -3
	Sun Life of Canada Nth Amer.	Very Low	+0%	0.58	132	26	3		Old Mutual UK All Share Mirror	Low	-2%	0.87	80	8	-0
Buy	Un Friendly Nth American UNITED KINGDOM BASED L	Low	+8%		185	55	-0		Pearl Equity Trust Pearl Growth	Low Low	-4% -1%	0.77 0.72	71 88	6 12	-6 -3
Avoid	American Opportunity	Medium	VESTIV -10%	0.16	33	20	-2	Avoid	Perpetual UK Growth	Low	-9%	0.65	66	6	12
717014	Edinburgh US Tracker	Medium	+2%	0.75	145	31	5		Prudential UK Growth Royal & Sun All. Equity Trust	Low Low	-5% -0%	0.86 0.77	73 95	6 9	2 -2
Avoid	Fleming American Second London American	Low Very High	+0%	0.60	141	41 -26	14 -29	Dent	Royal London UK Growth	Low	+1%	0.73	89	13	-8
		, ,						Buy	Sanwa UK Growth Schroder UK Enterprise	Very Low Medium	-4%	0.35 0.68	133 70	30 10	-10 -1
	<u>UNITED STATES</u>	<u>S SMA</u>	<u>LLE</u>	R C	<u>os</u>				Schroder UK Equity Scottish Amicable Equity Trust	Medium Low	-1% -1%	0.82 0.81	88 88	13 9	2 1
	United Kingdom b	BASED UN	NIT TR	USTS					Scottish Life UK Equity	Low	-0%	0.85	96	11	0
Avoid Buy	BG American Smaller Coys Baring American Small Coys	Low Low	-7% +7%	0.39	88 131	21 85	2 -4		Scottish Mutual Selective Opps Scottish Mutual UK Equity	Very Low Low	+3% -0%	0.56 0.76	104 87	31 12	1 -5
	F & C US Smaller Coys	Low	-7%	0.46	76	10	-2		Scottish Widows' UK Index	Low	-2%	0.82	80	6	-4
Avoid	Framlington Amer Small Coys Friends Prov. Amer Small Coys	Medium Very Low	+3%	0.33 0.27	134 67	61 20	3		Scottish Widows' Equity Scottish Widows' UK Spec Sits	Low Low	-4% -1%	0.78 0.56	74 77	5 11	-4 -10
Buy	Henderson Amer Small Coys	Low	+11%	0.27	193	72	6		Societe Generale UK Growth	Low Medium	+2% -4%	0.53 0.89	74	21 5	1 -2
Buy Buy	Hill Samuel US Small Coys' Invesco American Smaller Coys		+11% +20%	0.26 0.18	190 286	93 89	6 -0		Sovereign FTSE 100 Sovereign UK Growth	Low	-4%	0.89	64	15	-2 -5
,	M & G American Smaller Coys	Medium	+5%	0.45	157	62	4	Buy	St. James's Place UK & Gen Prg Stewart Ivory British	Very Low Low	+12%	0.40	160 97	38 19	0 -10
	Perpetual Amer Small Coys S & P American Smaller Coys	Low Low	-2% +0%	0.58 0.38	112 141	28 40	5 12		Sun Life of Canada UK Growth	Medium	-5%	0.82	70	7	-1
	Schroder US Smaller Coys	Very Low		0.37		48	10		Tilney UK Equity Un Friendly UK Equity Growth	Low Low	-6% -5%	0.62 0.64		11 7	-1 -1
	UNITED KINGDOM BASED L						0		UNITED KINGDOM BASED L				RUST		•
Avoid	F & C US Smaller Coys Fleming US Discovery	Medium Medium	-4% -10%	0.50 0.24	94	19 34	-2 1	Buy	3i Group	High	+26%	0.35	251	93	-6
Buy	Nth Atlantic Smaller Renaissance U.S.	Very Low Low	+4%	0.15 0.11	92 162	31 90	-7 -6		3i UK Select Aberdeen Convertible	Low Very Low	-3% -6%	0.50 0.40	57	1 15	4 -1
Duy	US Smaller Companies IT	Medium	-5%		116	33	16		Aberdeen High Income	Very Low	-2%	0.32	83	-6	-2
	LINITED I	ZINICE							Advance UK Albany	Very Low Low	+2% -5%	0.38 0.48	81	28 8	-1 9
	<u>UNITED I</u>							Buy	Aurora Invest Trust Brit Empire Securities	Very Low Very Low		0.09	141 79	79 31	8
	UNITED KINGDOM B								British American IT	Very Low	-6%	0.28	52	10	5
	Abbey Assets & Earnings Abbey Dividend & Growth	Very Low Low	-7% -9%	0.74 0.76	53 48	-3	-4 1	Avoid Avoid	City Merchants High Yld City of London	Very Low Medium	-10% -13%	0.24 0.71	50	-5	7 3
	Abbey Nat'l N & P UK Growth	Low	-4%	0.80		10	-2		Dresdner RCM 2nd Endow.	Very Low	-1%	0.08	53	5	О
	Abbey Nat'l UK Growth Aberdeen UK Blue Chip	Low Low	-5% -3%	0.67 0.83	77	9 2	-4 -3		Dunedin Income Growth Edinburgh UK Tracker	Medium Medium	-1% -0%	0.69 0.75	103 96	12 15	6 -1
	Aberdeen UK Growth BG British 350	Low Medium	-1% -2%	0.80 0.81	87 85	9 4	-4 -2	Augld	Exeter Preferred Cap.	Low	+2%	0.30	115	9	10
	BWD Equity Growth	Medium	-3%	0.89	88	12	-1	Avoid	F & C Income Growth Fidelity Special Values	Low Very Low	-8% +4%	0.57 0.23	69 111	6 42	11 13
	BWD UK Equity Barclays Capital	Low Low	-5% -2%	0.85 0.87	78 86	4 8	5 -2	Avoid	Finsbury Growth Fleming Claverhouse	Low Low	-7% +2%	0.47 0.65	52 108	9 22	-3 -0
	Barclays FTSE 100	Medium	-2%	0.91	83	5	-3		Fleming Mid Cap	Very Low	+0%	0.31	100	37	-1
	Baring UK Growth Britannia UK General	Medium Low	+1% -5%	0.66 0.80	108 68	15 -0	-5 -5		GT Income Growth Glasgow Income Trust	Medium Very Low	-4% -6%	0.46 0.35	85 75	33 1	13 10
	Cazenove UK Equity	Low	-4%	0.69	77	14	-1		Govett Strategic Inv.	Low	+1%	0.36	90	31	-7
	Credit Suisse Growth Deutsche UK Blue Chip	Low Medium	+ 4% + 1%	0.47 0.84	107 111	28 12	-9 0	Avoid	Henderson High Income Invesco Convertible	Low Very Low	-9% -6%	0.42	62 73	4 8	11 5
	Deutsche UK Equity	Low	-3%	0.77	91	11	2		Legal & Gen'l Recovery	Very Low	-2%	0.60	89	12	3
	Deutsche UK Growth Deutsche UK Index	Low Low	+ 1% -5%	0.70 0.87	105 69	19 7	2 -1		Life Offices Opport. London & St Lawrence	Very Low Very Low	-0% -6%	0.01 0.24	57 49	10 -5	2 -4
Buy	Dresdner UK Growth		+10%	0.46	140	29	-9		Lowland Investment Co	Very Low	-5%	0.33	79	10	14
	Dresdner UK Index Equitable Special Situations	Medium Very Low	-2% -2%	0.88 0.43	83 74	10 26	-2 1	Avoid Avoid	Merchants Trust Murray Income Trust	Medium Medium	-11% -9%	0.63 0.58	66 63	-7 11	12 11
Russ	Equitable UK Index	Medium	-3% +9%	0.91 0.54	80 185	7 32	·1 3	Avoid	Perpetual Income & Gth	Medium	-17%	0.55	34	-6	12
Buy Buy	Exeter Capital Growth Fidelity Recovery	Medium Very Low	+8%	0.21	112	52	-1	Avoid Buy	Prolific Income plc Radio Trust	Medium Very Low	-11% +41%	0.41 0.00	73 355	18 122	27 3
	Fidelity Special Situations Fidelity UK Growth	Very Low Low	+5% -2%	0.32 0.75	115 86	34 18	9 -1	Avoid Avoid	Schroder Income & Grwth Schroder UK Growth	Very Low Medium		0.40 0.55	34 46	-0 8	8 -6
	Fleming Private Growth	Low	-1%	0.79	78	13	-3	Avolu	Shires Investment Trust	Low	-5%	0.47	86	-8	3
	Fleming Select UK Equity Framlington UK Growth	Very Low Very Low	-1% +4%	0.50 0.61	81 115	9 29	1 -1		Temple Bar Inv. Trust Tribune Trust Indexed	Medium Very Low	-6% -6%	0.59 0.81	81	-3 7	7 -2
	Friends Prov. Equity	Low	-0%	0.81	91	16	-4		Undervalued Assets	Very Low	-1%	0.13	46	23	-19
Avoid	GA Blue Chip Tracking GA Equity Growth	Low Low	-5% -7%	0.80 0.81		7 6	-2 -2	Avoid	Value & Income Trust	Very Low	-12%	0.23	28	12	7
	GRE Growth Equity GRE UK 100 Index	Low Medium	-4% -2%	0.72 0.88	67 83	6 7	-5 -2			11	onti	nued	on E)arr	a 6)
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Page	e 6								nation			
Current Advice	Investment Fund	Superi- Risk ority Rating Rating	Correla-	Performance (NZ\$) 36 12 3 mth mth mth	Current Advice	InvestmentFund	Risk Rating	Superi- ority Rating	Market Correla- tion	Perforr 36 mth	mance 12 mth	(<u>NZ\$)</u> 3 mth
Uni	TED KINGDOM BASED INVES	TMENT TRUSTS	- Spli	IT CAPITAL		UNITED KINGDOM BASED	Listed I	NVESTN	MENT T	RUST	ſS	
Avoid Avoid	BFS Income & Growth BFS Overseas	Very Low -33% Very Low -8%	0.25 0.07	-34 -6 1 -1	D.IV	3i Smaller Quoted Coys AIM Trust		gh +2%		128	53	-1 -6
Buy	Danae - Capital	Very Low -8% Low +8%		173 22 8	Buy Avoid	Aberforth Smaller Coys	High	gh+61% -10%	0.26 0.47	433	11	7
Avoid	Dartmoor Derby Trust - Capital	Very Low -7% Very Low +3%	0.33	70 -8 9 116 27 10	Buy Buy	Capital Opportunities Dresdner RCM Smaller	Very Hig Very Hig		0.38		119 119	-8 -10
Avoid	Dresdner RCM Income Gth	Low -19%	0.17	11 24	,	Dunedin Smaller Coys IT	Very Hi	gh +0%	0.65	88	46	-9
	Edinburgh Income & Val. Edinburgh Income Trust	Very Low -6% Very Low -3%	0.01 0.23	-5 2 107 -5 1	Buy Buy	Eaglet Investment Trust Edinburgh Smaller Coys	Very Hig Very Hig	gh+25% gh+15%	0.55 0.68	293 176		6 -12
Avoid	Exeter Enhanced Income	Very Low -13%	0.08	-4 5	Buy	Finsbury Trust	Medium	+13%	0.36	122	78	-7
Buy	Finsbury Inc & Gth -Cap Fleming Inc & Cap	Very High+26% Medium -4%	0.41 0.35	53 -14 100 6 14	Buy	Fleming Smaller Coys Gartmore Small Coys		gh+14% gh +1%	0.77 0.71	186 97	79 40	-2 -22
Buy	Fleming Inc & Gth - Cap Fleming I & G (2006)	High +7% Medium -4%	0.47 0.27	194 18 20 0 10	Buy	Gartmore Fledgling Indx Group Trust	Very Hi	gh+12% w -2%	0.55 0.19	115 37	60 16	
	Framlington I & C - Cap	Very High +1%	0.50	149 11 16	Buy	Hill Samuel UK Emerging	Very Hiç	gh +9%	0.66	115	71	-18
Avoid Avoid	Friends Prov Ethical Gartmore Shared Equity	Low -10% Medium -12%	0.25 0.26	40 10 5 55 -19 14	Buy	I & S UK Discovery I & S UK Smaller Coys	Very Hig Very Hig	gh+14% ah +6%		130 122	89 59	-10 -8
Avoid	Gartmore SNT	Very High -38%	0.33	-32 -11		Invesco England	Very Hi	gh +3%	0.70	88	75	-8
	Gartmore British Gartmore Scotland - Cap	Very High +2% Very High +0%	0.27 0.47	-2 2 154 -3 22	Avoid	Knox D'Arcy Trust Montanaro UK Small Coys	Very Lo	w -9% +3%	0.16 0.60	11 113	-7 52	-12 3
Avoid	Govett Enhanced Income	Very Low -9% Very Low -4%	0.05 0.22	-11 12 83 -0 10		NatWest Smaller Coys Perpetual UK Smaller Co	Very High	gh -0% +1%	0.65 0.60	84 106	67 41	-5 3
Avoid	Guiness Flight Extra Henderson Geared I & G	Very Low -8%	0.45	75 1 5	Avoid	Shires Smaller Coys	High Medium	-7%	0.38	68	22	3
Avoid	I & S Optimum Income Invesco Recovery 2005	Medium -10% Very Low +3%	0.38	75 -5 8 5 21	Buy Buy	Smaller Companies IT Themis FTSE Fledge	Very Hig Very Lo		0.65 0.18	155	64 63	-9 1
Avoid	Invesco Geared Opps	Medium -20%	0.30	-4 16	Duj	Themis FTSE All Small	High	+5%	0.57		33	-4
Avoid	Investors Capital Jersey Phoenix	Medium -1% Very Low -7%	0.53 0.30	92 25 11 72 -6 4	Llau	Throgmorton Trust TED KINGDOM BASED INVES		gh -6% Toucto	0.64 S - S PI	60 UT C	29 ADIT	-6
Buy	Jos Holdings - Capital	Medium +33%	0.27	322 86 -9	ONI	Aberforth SL - Cap	Medium		0.37	61		AL 13
Buy	Jove Investment - Cap Jupiter Extra Income	Very High+30% Very Low -3%	0.34 0.28	752 12 21 86 -4 6		Lloyds Smaller Co - Cap	High	+2%	0.74	133	61	
Ruy	Jupiter Enhanced	Very Low -6%	0.09 0.36	-15 0 419 66 -22		EH	ROPE	,				
Buy	Jupiter Split Trust Cap Legg Mason Utilities	Very High+35% Low +0%	0.36	99 26 8								
Avoid Avoid	Leveraged Income Fund M & G Equity Trust -Cap	Very Low -8% Very High -10%	0.15 0.33	9 1 98 -19 2	A ! -!	AUSTRALIAN BA				27	4.5	10
Avoid	M & G High Income - Cap	Very High -29%	0.19	-13 -26 1	Avoid Avoid	BT Sel Mkts Europe Growth Dresdner Europe Growth	High Medium	-10% -12%	0.24	37 -21	15 24	-12 -16
Buy	M & G Income IT - Cap M & G Recovery - Cap	High +4% Very High+21%		168 6 20 360 35 8	Avoid	Fidelity Perp. Europe	High	-0%	0.41	82 43	29 45	-2
Avoid	Martin Currie I & G	Very High -11%	0.26	75 0 18	Avoid	Invesco European New Zealand B	· · · · · ·	gh -12%	0.37 ISTS	43	45	-12
Avoid Buy	Monthly High Income Murray Extra Return	Medium -24% Very High+11%	0.19 0.19	-11 11 20 -21		BTIS European Share	Low	-5%	0.27		18	-3
Avoid	New Fulcrum	Very Low -12%	0.02 0.12	-22 -6 -10 -5	Buy	Tower Spot. Emerg. Euro. Tower Spotlight Europe	Medium Medium		0.12 0.26	82 71	47 34	-14 1
Avoid Buy	Quarterly High Income Schroder Split - Cap	Very Low -7% Low +37%		232 35 23		New Zealand Basi			_		34	
Buy Avoid	Second St David's - Cap Second Scottish Nat'l	Very High+11% Low -22%	0.21	42 -15 -5 -15 5		Royal Sun All European	Medium		0.32	61	20	-2
Buy	Tor Inv Trust - Capital	Very Low +11%	0.01	133 32 15	Avoid	' '	Medium		0.18	27	24	-4
Avoid	Yeoman II - Cap	Very Low -17%	0.00	-13 -8		UNITED KINGDOM Abbey European Capital	Medium		0.24	112	31	7
	UNITED KINGDO	M SMALL	ER C	os:		Aberdeen European Growth	Medium	+3%	0.25	137	41	4
	UNITED KINGDOM E	BASED UNIT TR	USTS			BG Europe Baring Euro Sel.	very ніс High	gh +4% +5%	0.31 0.20	159 123	57 62	-6 -7
Buy	ABN AMRO UK Growth	Very High+32%	0.60	93 -9	Buy	Baring European Growth Britannia European	High High	+7% +2%	0.27	165 126	39 39	-3 -2
Buy Buy	Abbey Nat'l Smaller Cos Aberdeen UK Emerging	Very High+13% High +15%	0.74 0.61	56 -9 180 54 -13		Canada Life European	High	+4%	0.21	153	54	3
Avoid	BG British Smaller Coys	Low -10%	0.46	46 17 17	Buy	Cazenove European Portfolio Clerical Medical European	Very Hiç Medium		0.34	223 124	77 31	-4 -8
Avoid Buy	BG UK Smaller Companies BWD UK Smaller Coys	Medium -10% Very High+25%	0.78 0.61	48 0 -6 258 113 -11		Credit Suisse European	Medium	-3%	0.22	97	24	1
Buy	Baring UK Small Coys Britannia Smaller Companies	Very High+21% Very High +6%	0.68 0.76			Deutsche European Growth Dresdner Euro Index	Medium Low	-0% -6%	0.22	127 82	45 24	4 5
Buy	Canada Life UK Smaller Coys	Very High+12%	0.66	154 55 -15	Buy	Dresdner European	Very Hiç			163		-12
Buy Buy	Cavendish Opportunities Cazenove UK Smaller Coys	Low +8% Very High +7%	0.57 0.71			Edinburgh European Equitable European	High Medium	-1% +2%		115 126	38 31	-2 3
Buy	Credit Suisse Smaller Coys	Very High +9%	0.63	121 55 -17		Fidelity European Fidelity European Opps	Medium Medium		0.21 0.22		57 47	3 -2
Buy Buy	Dresdner UK Mid-Cap Dresdner UK Smaller Companies	Very High+20% Very High+18%	0.55 0.48	220 69 -14 154 104 -23		Fleming Select Cont Europe	Medium	+0%	0.23	120	40	5
Buy	Edinburgh UK Smaller Coys	Very High+31%		284 131 -19		Framlington European Friends Prov. European	High Very Hig	+6% gh +3%	0.24	172 153	53 46	7 1
Buy Buy	Equitable Smaller Coys Fleming Select UK Smaller Coys	Very High +7% High +8%	0.80			GA European Growth	High	+6%	0.34	100	48	0
Buy	Framlington Capital Gartmore UK Small Coys	Very High +6% Very High +8%	0.71 0.68			GRE European Gartmore European	Medium High	-1% +4%	0.25 0.26		35 42	3 1
	Govett UK Smaller Companies	High +4%	0.64	103 22 -15	Buy	Gartmore European Sel Opps	High	+11%		209	59	1 -1
Buy Buy	HSBC UK Smaller Coys Henderson UK Small Coys	High +14% Very High+20%	0.76 0.50		Buy	Govett European General Govett European Strategy	Medium Very Hiç		0.21 0.31		24 52	
	Hill Samuel UK Smaller Coys	Very High +1%	0.69	87 48 -6	Buy	HSBC European Growth HSBC Eurotrack 100	High Medium	+10% +1%	0.27 0.22		57 33	-0 5
Buy	Invesco UK Smaller Companies Investec GF UK Emerging Coys	Very High +9% Low -3%	0.63 0.54	103 62 -15 59 28 7	Buy	Henderson European	High	+9%	0.25	186	59	3
	Lazard UK Small Coy	Medium +2%	0.76		Buy	Hill Samuel European Invesco European Growth	Low Very Hid	+6% h+18%	0.20 0.18		42 91	7 -5
Buy	Legal & General UK Small Coys M & G Smaller Companies	Medium +6% Very High+11%	0.74 0.69			Investec GF European Gth	Medium	+2%	0.22	133	43	4
Buy	Marlborough Special Situations Martin Currie UK Smaller Coys	Very High+34% High +5%	0.39 0.79	262 136 -18 106 50 -4	Buy	Jupiter European Lazard European Growth	Medium Low	+7% +2%	0.22 0.16		54 36	2 7
Buy	Mercury UK Smaller Coys	Medium +13%	0.64	153 63 -3		Legal & General European	Low	-2%	0.20		24 32	3 5
Buy Buy	Murray Smaller Companies Pearl UK Small Coys	Very High+30% High +7%	0.51 0.58	268 179 -11 104 41 -13		Legal & General Euro Index Lincoln European	Medium Medium	+2%	0.21 0.20	127	40	5
Buy	Perpetual UK Small Coys	High +8%	0.78	136 58 -2		M & G European MGM European Growth	Medium Medium		0.22		43 34	3 7
Buy	Prudential Smaller Companies Royal & Sun All. UK Smaller	Medium +1% Very High+11%	0.81 0.58	92 26 -5 127 47 -20		Martin Currie European	High	+4%	0.29	150	51	1
Buy	S & P UK Small Coys Gth	Very High+15%	0.74	185 64 -8		Mercury European Growth Mercury New Europe	High High	+3% +1%	0.29		43 39	6 4
Buy	Schroder UK Smaller Coys Scottish Amicable UK Small	Very High+15% Medium +0%	0.86	171 67 -10 82 30 -5		Old Mutual Fund Swiss Equities	Very Lo	w -1%	0.07	95	23	8
	Scottish Mutual UK Small Coys Scottish Widows' UK Small Coys	Very High +3%	0.74 0.83	87 58 -9 87 32 -4		Old Mutual Fund European Pearl New Europe	Medium High	+0% +4%	0.24 0.27		45 50	1 2
	Singer & Freidlander Small Cos	High +6%	0.64	93 47 -12		Perpetual European Prudential European	High Low	+5%	0.31	141	42 22	1 6
Buy	Smith & Williamson Small Sec. Sun Life of Canada Small Coys	Very High+19% Very High -1%	0.51 0.75	207 92 -28 88 41 -6		Royal & Sun All. European	Medium	+5%	0.22	154	51	-1
	Tilney UK Smaller Cos	Very High +4%	0.78	32 -10	Buy	Royal London European Gth S & P European Growth	Medium Medium		0.20		53 46	-3 4
									3.20	. 20		

July	11, 2000.												ŀ	' age	7
Current Advice	Investment Fund	Risk Rating	Superi- ority Rating	Market Correla- tion	Perform 36 mth	mance 12 mth	(<u>NZ\$)</u> 3 mth	Current Advice	Investment Fund	Risk Rating	Superi- ority Rating	Market Correla- tion	Perform 36	mance (N 12	
Buy Buy Buy Buy	Sanwa European Gth Schroder European Scottish Amicable European Scottish Life European Scottish Mutual European Scottish Widows' Europe Singer & Freidlander Cont'l Societe Generale European Sovereign European Gth Stewart Ivory European Sun Life of Canada European Tilney European Growth Un Friendly European UNITED KINGDOM BASED L	Medium Medium Very Low Medium High Medium High Medium Very High High Medium Medium Medium Medium Medium	+4% -1% +1% +3% +7% +9% +5% +2% -1% -5% -0%	0.28 0.23 0.31 0.23 0.25 0.29 0.34 0.20		54 46 23 36 37 46 40 62 47 44 31 33 30	3 4 6 4 0 2 4 1 -3 1 4 2	Buy Buy Buy Buy Buy Buy Buy	EUROPE SN UNITED KINGDOM E BG Euro Small Coys Deutsche Europa Dresdner European Spec Sits F & C European Smaller Coys Fleming Select Cont Euro Sm Co Framilington Cnt'l Sm Coys Henderson European Smaller Coys M & G European Smaller Coys S & P Euro Small Coys Schroder Euro Small Coys	SASED U Very High Very High Very High High	NIT TR 1 +2% 1+16% 1+23% +5% 1+18% +17% 1+24% 1+21% 1+27% 1+27% 1+19%	0.24 0.19 0.15 0.20 0.20 0.12 0.15 0.17	215 263 148 236 221 257 294 323 238	126 116 39 111 124 131 101	-7 14 -3 10 12 -4
	Central European Gth Charter European Trust Euroland Plus F & C European Fidelity Euro V. First Ireland IT	Low Very High Very Low Low High	-12%	0.06 0.26 0.01 0.12 0.16 0.02	18 161 159 43	39	-13 -11 1 5 5	Buy Buy Buy Buy	Stewart Ivory European Small UNITED KINGDOM BASED L Fleming Euro Fledgeling Invesco Continental Sm TR European	Medium	+15% VESTM 1+31%	0.14 IENT T	201 RUST 366	107 S 183 - 157	2
Buy	Fleming Cont'l Europe Gartmore Irish Small Gartmore European Martin Currie European Mercury Euro Priv.	Medium Low High - Very High Medium	+1% +2% +10% +4% +3%	0.18 0.09 0.19 0.24 0.20	138 91 213 161	60 37 73 72 31	9 -11 4 5 3	Buy	GERI UNITED KINGDOM E Baring German Growth	MANY BASED UI		USTS 0.56	293	69	-8
Buy UNI Buy Buy Buy Buy	Perpetual European TED KINGDOM BASED INVES Henderson Eurotrust Jupiter European IT Legg Mason Euro Util. SR Pan-European	Very High-	+17% +18% +12%	0.18 - SPI 0.17 0.19 0.02 0.07	296 251 264	88 131 50	3 10 5	Avoid	UNITED KINGDOM BASED L East German Inv Trust		VESTM	IENT T	RUST		17

Best Managed Investment Funds

Some of the funds that rate well in our *Investment Fund Analysis* include unit trusts **Exeter Warrant & Global Opportunities**, **Gartmore Global Utilities** and **Invesco GT European Growth** plus listed investment trusts **AIM Trust**, **Asset Management Investment Company** and **Scottish Value Trust**.

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Exeter Warrant & Global Opportunities is a "fund offunds". This UK unit trust invests in *listed* investment trust shares and investment trust warrants. Both shares in *split capital* trusts and warrants give this unit trust a leveraged portfolio.

Exeter Warrant is a small fund with assets of just £6.5 million under management. Its biggest investments are in Gartmore Select Japan (6.6% of the portfolio), Enhanced Zero (6.0%), Jupiter European (5.9%), Templeton Emerging Markets (4.8%), Fleming American (4.7%), Law Debenture (4.4%), Mercury European warrants (4.3%) and US Smaller Companies (4.2%).

The largest investments are in funds that invest in the United Kingdom (34.5%), followed by Europe (22.4%), North America (17.2%), Japan (9.2%) and the Far East (8.3%).

There is a 5.5% bid/offer spread (part of which may be rebated if units are purchased through Fastrade or Chelsea), a 1.25% annual management fee and the minimum initial investment is £1000. There has been no net income available for distribution.

The *potential* disadvantage of this fund is the double management fees - once set extracted by the listed trusts and then a second set by the unit trust manager. Nevertheless, this fund has been well managed and earned above average (risk adjusted) returns. Exeter Warrant & Global Opportunities could be considered by investors willing to accept above average risks but wanting a managed, international portfolio.

Gartmore Global Utilities outperformed the market during 1998 and recently has invested heavily in Telecommunications stocks, so continues to rate well in our *Investment Fund Survey*.

At least 50% of the portfolio will be invested in the UK and Europe (currently UK 30.7%, Europe 28.0%), with North America (28.1%) accounting for the majority of other investments. The fund also seeks "a reasonable level of income" although the current yield is only 0.3%.

This fund combines the excitement (and potential?) of Telecommunications/Internet stocks with the relative safety of other Utilities (i.e. Electricity, Gas). Correctly balancing those sectors could be very successful. Incorrectly managed, a low risk Utilities fund could become a high risk Technology fund.

Invesco GT European Growth is rated as one of the best managed European unit trusts in our current *Investment Fund Survey* - and has consistently rated well in the past.

Invesco GT European Growth is a very large fund, with assets of £2,829.8 million. At present that is invested in Germany (32.1% of the portfolio), France (12.1%), Finland (10.8%), Netherlands (9.4%), Switzerland (7.7%), Sweden (6.8%), United Kingdom (3.0%), Spain (2.9%) and Ireland (2.7%), with 7.2% held in cash. The portfolio is weighted towards Information Technology shares (30.8% of the portfolio) but is otherwise well diversified across industrial sectors. The top ten shareholdings make up just 36.6% of the portfolio.

In line with similar UK unit trusts, there is a 6.5% bid/offer spread, a 1.5% annual management fee and a minimum initial investment of £1000. The fund offers "Income" units (i.e. income is distributed in October) and "Accumulation" units (i.e. income is still taxable to the investor, but retained to *(Continued on Page 8)*

Best Managed Funds (Continued from Page 7) increase the value of the units).

This is a well diversified European fund that just keeps on performing well - suggesting superior management-and earning the fund a +14% Superiority Rating. Investors wanting an exposure to European stockmarkets should seriously consider this UK based unit trust.

The AIM Trust (code ATR) is a £181.3 million listed investment trust that seeks long term capital growth by investing in the *very small* UK companies that are traded on the *Alternative Investment Market*.

The shares in which the trust invests can be very volatile and can also lack liquidity - although very small company shares can make excellent investments. The trust is reasonably well diversified, with the ten largest holdings making up just 42.5% of the portfolio. The strong performance of the fund over the last year has no doubt been helped by the spectacular performance of many small technology shares. Shares in AIM Trust currently trade at a 10% discount to net asset backing.

Asset Management Investment Company (code AMN) is an unusual investment company. The company holds both listed and unlisted shares in companies involved in Investment Management. The company holds a £21.2 million portfolio invested in the fund management companies in the United Kingdom (42% of the portfolio), the United States (31%), Europe (20%) and Pacific (5%). The largest individual investments are in IFDC (19.0% of the portfolio), Ely Fund Managers (14.4%), City of London Group (12.4%), Marque Millennium (9.6%), Thornhill Holdings (7.2%), Aberdeen America (6.4%), Regent Pacific (5.1%), Midhurst Asset Management (4.9%), Mayberry Group (4.2%) and Clark Capital Management (3.2%).

Asset Management Investment Company is a "split capital" trust, with its capital consisting of 5,800,000 Zero Dividend Preference shares (which will be repaid at £2.00 out of capital in October 2006) and 11,500,000 ordinary income shares (which receive all of the income and all of the capital remaining after the ZDP shares have been repaid). In addition, there are 1,007,403 warrants to buy the ordinary shares at 99.2 pence in January 2002.

Investment Management can be a volatile business. If the stockmarket were to decline and remain depressed, then the value of the trust's investments would decline substantially. On the other hand, Investment Management has been a business that has grown rapidly over the last two decades (along with the stockmarket boom, privatisation and the growth in retirement savings) and created significant wealth for the owners of the management companies.

Subject to volatility, this fund could be an attractive long term investment - with the January 2002 warrants offering a leveraged entry into the company. The shares recently traded at a 10% discount to net assets.

Scottish Value Trust (code SCV) is a "fund of funds". That is, this listed investment trust owns shares in other listed investment trusts and investment companies.

Scottish Value Trust also considers itself a "catalyst for the release of value for shareholders". That means that the trust will buy into other trusts that *trade at a significant discount to net asset value*, and then pressure management to take steps to increase the share price. Those steps may include (1) a share buy-back, (2) converting to a unit trust or OEIC (i.e. open ended investment company) where units can be redeemed at net asset value, (3) seeking to have the trust taken over (at a value closer to net assets) by another trust or (4) liquidating a trust.

This £97.6 million trust's main investments are: Enterprise Capital Trust (16.1% of assets), Thompson Clive Investments (11.5%), First Hungary Fund (8.9%), Jupiter European (7.0%), JF Japan OTC (6.7%), Mercury European (5.7%), Chaucer Holdings (3.3%), JF Fledgeling (3.1%), Edinburgh New Tiger (2.9%) and SVB Holdings (2.9%). By country it is invested in the United Kingdom (31.1% of assets), Europe (27.6%), North America (14.4%), Far East (12.7%) and Japan (12.6%).

The trust can leverage its portfolio by borrowing up to an extremely high 67% of its portfolio, but currently portfolio leverage is 24%.

Scottish Value Trust's performance has been variable. It under-performed in 1998 but performed very strongly in 1999. Therefore, although it rates well at present it would not be our first choice for investment. The shares are currently trading at about a 15% discount to net assets.

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The next issue of "International Investor" will be posted in four weeks time on Tuesday August 8, 2000 and on our internet sites on Wednesday August 9.