

International Investor

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World Stockmarket Forecasts

Stockmarket	One-Year Forecast	Fundamental Indicators	Technical Indicators	Monetary Indicators	Economic Indicators	Historical Performance (in US\$)			Share Index
						3 mths	6 mths	12 mths	
Australia	46%	Bearish	Neutral	Bullish	Bearish	+6.5%	-6.7%	-14.8%	3,188.60
Austria	43%	Bullish	Neutral	Neutral	Bearish	+11.0%	-4.5%	-14.7%	1,093.58
Belgium	52%	Neutral	Bullish	Neutral	Bearish	+10.6%	-4.9%	-10.1%	2,991.10
Canada	27%	Bearish	Bearish	Neutral	Bearish	-15.2%	-20.0%	+0.8%	8,716.40
Denmark	44%	Bearish	Bullish	Neutral	Neutral	+4.8%	+4.5%	+11.5%	934.56
Finland	26%	Bearish	Bearish	Neutral	Bearish	+25.4%	-29.4%	-20.9%	12,285.61
France	41%	Neutral	Bearish	Neutral	Bearish	+7.9%	-14.3%	-6.6%	3,711.21
Germany	39%	Bearish	Bearish	Neutral	Neutral	+8.4%	-15.0%	-14.9%	6,490.03
Ireland	52%	Bearish	Bullish	Neutral	Neutral	+10.3%	+4.2%	+3.1%	5,555.50
Italy	49%	Neutral	Neutral	Neutral	Bearish	+10.8%	-11.3%	+0.8%	30,497.00
Japan	30%	Bearish	Bearish	Neutral	Neutral	-20.7%	-29.2%	-37.1%	13,347.74
Netherlands	45%	Bearish	Bearish	Neutral	Neutral	+7.3%	-11.0%	-7.7%	896.60
New Zealand	40%	Bearish	Bearish	Neutral	Bearish	+10.1%	-12.4%	-29.3%	2,084.82
Norway	54%	Bearish	Bullish	Neutral	Bullish	+3.2%	-0.6%	+1.1%	778.14
Spain	41%	Bearish	Neutral	Neutral	Neutral	+7.5%	-10.8%	-11.0%	942.04
Sweden	32%	Bearish	Bearish	Neutral	Bearish	-0.7%	-25.6%	-20.5%	4,881.00
Switzerland	42%	Neutral	Bullish	Neutral	Bearish	+12.5%	+0.9%	+3.0%	7,848.20
Un. Kingdom	45%	Bearish	Bearish	Bullish	Bearish	+1.0%	-6.2%	-16.1%	6,165.00
USA	38%	Bearish	Bearish	Bullish	Neutral	-4.0%	-12.7%	-10.0%	1,318.55
Argentina	67%	Bullish	Neutral	Bullish	Bullish	+4.6%	-11.7%	-13.4%	18,067.15
Brazil	55%	Neutral	Bullish	Bullish	Bearish	+5.1%	-7.7%	-11.6%	16,850.09
Czech Rep.	50%	Bearish	Neutral	Bullish	Bullish	+10.6%	-8.4%	-10.9%	1,508.00
Chile	58%	Bullish	Bullish	Bullish	Bearish	+5.3%	-4.0%	-19.1%	4,980.73
China	37%	Bearish	Bearish	Bearish	Bullish	+2.0%	-21.5%	-3.8%	680.43
Greece	54%	Neutral	Bearish	Bullish	Neutral	-1.1%	-17.2%	-42.9%	3,314.11
Hong Kong	36%	Bearish	Neutral	Neutral	Bearish	+4.2%	-13.1%	-1.8%	15,295.42
Hungary	44%	Neutral	Neutral	Neutral	Neutral	+11.6%	-2.3%	-24.8%	7,906.41
India	34%	Bearish	Bearish	Bullish	Bearish	+7.5%	-20.2%	-31.0%	4,036.58
Indonesia	39%	Bearish	Bearish	Bullish	Bearish	-7.4%	-20.2%	-55.9%	407.36
Israel	47%	Neutral	Bearish	Bullish	Bearish	-11.7%	-16.5%	-8.1%	412.02
Korea	46%	Neutral	Bearish	Bullish	Bearish	-0.9%	-38.2%	-45.5%	587.87
Malaysia	36%	Neutral	Bearish	Neutral	Bearish	-9.5%	-20.7%	-26.9%	678.90
Mexico	28%	Bearish	Bearish	Bearish	Bearish	-1.3%	-23.9%	-22.8%	5,966.60
Philippines	26%	Bearish	Neutral	Bearish	Bearish	+9.7%	-14.4%	-42.3%	1,541.65
Poland	42%	Bearish	Neutral	Neutral	Bullish	+30.5%	-8.2%	-17.1%	17,070.54
Portugal	43%	Neutral	Bearish	Neutral	Neutral	+7.9%	-14.4%	-11.6%	2,575.10
Russia	39%	Neutral	Bearish	Neutral	Bearish	-9.1%	-10.9%	-14.8%	1,686.50
Singapore	27%	Bearish	Bearish	Bearish	Bearish	+4.4%	-7.1%	-22.4%	1,919.82
Sth Africa	42%	Neutral	Bullish	Neutral	Bearish	+4.2%	-4.7%	-25.5%	8,662.20
Taiwan	32%	Bullish	Bearish	Bearish	Neutral	-12.8%	-40.2%	-45.1%	5,339.40
Thailand	48%	Bearish	Neutral	Bullish	Neutral	+22.7%	-9.0%	-43.3%	311.25
Turkey	47%	Bearish	Bearish	Bullish	Neutral	-14.0%	-23.6%	-52.7%	10,965.00
Venezuela	57%	Neutral	Bullish	Bullish	Bearish	+14.2%	+6.9%	+23.9%	7,611.33

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.

Stockmarket Outlook

The US Federal Reserve's earlier than expected and larger than expected ½% cut in the Discount Rate on January 3rd is an important *first step* in an improvement in Monetary indicators. The NASDAQ responded with a record one day 14% jump, but stock prices quickly fell back to end the week unchanged. We believe the first interest rate cut is still *too early* to be buying.

Interest Rates Are Important

Martin Zweig evaluates the impact of the Federal Reserve's action on the stockmarket through what he calls a "*Fed Indicator*". This is described in his 1986 book "*Winning on Wall Street*". An *initial* Discount Rate cut (e.g. as happened this month) is bullish and worth two points on Zweig's "*Fed Indicator*". Subsequent cuts are worth an additional point. The current "*Fed Indicator*" of +2 points (resulting from this month's interest rate decline) is stated to be "extremely bullish". We feel this is a little premature.

Norman Fosback - who took a more scientific approach to stockmarket analysis - suggested a "*Two Tumbles and a Jump*" rule back in 1973 which he explains in his 1976 book "*Stock Market Logic*" (which is now out of print). Fosback wrote "The rule states that when the Federal Reserve eases the monetary climate by decreasing one of the three basic policy variables (Discount Rate, Margin Requirement or Reserve Requirement) two times in succession, conditions are favourable for an ensuing jump in stock prices." Conditions for the "Two Tumbles" rule happen only about once in four years - but have a near perfect forecasting record and resulted in average gains of 30% over the following year! A second cut in the Discount Rate would generate Fosback's "Two Tumbles and a Jump" Buy Signal.

Our One-Year Forecasts

So what impact has falling interest rates had on our One-Year Forecasts for world stockmarkets?

Our model has upgraded United States Monetary conditions to Bullish (from Neutral last month) but our overall Forecast is up only slightly at 37% (which is still slightly Bearish). Our Forecast for the United Kingdom remains Neutral at 45%.

Improving Monetary indicators have had a significant impact on several other stockmarkets: In New Zealand, improving Monetary indicators lifted our Forecast to a Neutral 40% (from 24%). France is also Neutral at 41% (up from 28%), Norway is Neutral at 54% (up from 36%), Argentina is Bullish at 67% (up from 44%), Brazil is Neutral at 54% (up from 31%), Czech Republic is Neutral at 50% (up from 37%) and Chile is Bullish at 58% (up from 37%). The main factor behind all of these improvements is more favourable Monetary conditions.

Summary and Recommendation

Interest rates are an important factor determining future stockmarket trends, but if the United States (and world?) economy is heading for a recession then stock prices will likely fall sharply for 3-6 months before recovering strongly.

Our Forecasts (like any stockmarket forecasting technique) are far from perfect, but are designed to look 12-months into the future. The *accurate* Forecast for a stockmarket that declines 20-30% over the next 3-6 months, but recovers to end the year unchanged would be "Neutral". Similarly, if a stockmarket were to fall 15-20%, then recover strongly to end the year up 10-20% would be "Bullish". While many of our Forecasts have improved to Neutral, we continue to remain concerned about risks over the next 3-6 months.

The Federal Reserve's cut in interest rates may have brought the next buying opportunity closer - but it is probably still too early to start re-investing our 30-40% cash reserve.

Recommended International Investment Funds

The coming recession in the United States is widely expected to be bad for Asian economies and stockmarkets. Asia has relied on booming demand for Information Technology (IT) products to generate growth since the 1997/98 crisis. However - as most investors should be aware - stockmarkets never perform in the future in the way that is widely expected! We believe Asian stockmarkets will perform *contrary* to these widely held expectations:

Firstly, Asian stockmarkets have *already* declined significantly during 2000 - *reacting* to the higher cost of imported oil and *anticipating* the inevitable recession

that higher energy prices helped trigger in the United States. Secondly, strong growth in export income from the IT boom provided an *easy, short term* solution but has allowed Asian governments and companies to avoid the necessary and more *difficult* corporate restructuring which is necessary for *long term* recovery and growth. Thirdly, Asian economies *could maintain* nominal income growth in their corporate sector in the face of lower US (and global) demand through *competitive devaluation* of their currencies. This strategy could ultimately devastate manufacturing in the developed world - so would lead to protectionism in

the US, UK and Europe. Fourthly, and perhaps most importantly, Asian governments have repeatedly demonstrated in the past that they are very adept at "brinkmanship". Difficult and unpopular change is avoided for as long as possible - then rapidly implemented (and accepted by the population) when there are no other remaining options.

And Asia is once again on the brink of a crisis. Corporate debt levels are too high. No real progress has been made over the last 2-3 years with difficult restructuring and assets sales. Governments cannot continue to recycle debt to the corporate sector as their own debt levels are rising. The export boom that has "saved the day" over the last two years is over.

The outcome of further government and corporate inaction is now very clear - but it is at this brink of crisis that real change will rapidly start to occur.

Over the last month, Taiwan has passed a Merger & Acquisition Bill (which encourages banks to merge). Plans by two major Korean banks resulted in company

wide strikes by employees - later called off owing to a lack of public support for the strikers. A three year court battle in Thailand has handed control of the country's largest corporate debtor, **TPI**, to creditors.

With Asia's options now very limited, we expect to see real progress on corporate restructuring and corporate assets sales as these economies reach the brink of (but pull back from) the *next Asian crisis*. Ultimately this is the only way forward - and stockmarkets will reward countries and companies that embrace this solution.

Thailand Rated "Buy"

We are upgrading our recommendation for **Old Mutual Thailand Trust** (a UK unlisted unit trust) to "Buy" (see Pages 4-5).

Our Forecast for Thailand has risen to a Neutral 48% and the country has a new government promising populist policies involving economic restructuring, economic development and boosting domestic demand. This is exactly what is required in most Asian economies.

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		
Asian Regional									
BUY	Fleming Asia WARRANTS	FAIW	07/03/00	43.8p	141.7		21.75p	306.7	-49
HOLD	Fidelity Asian Values WARRANTS	FASW	10/03/98	17.5p	49.7		15.5p	51.5	+4
HOLD	Gartmore Pacific Growth Fund	*	29/10/85	41.4p	105.4		176.88-188.91p	608.0	+477
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		43.87p	145.8	+37
HOLD	HSBC Hong Kong Growth Fund	*	07/04/98	159.4p	481.6		197.40p	656.3	+36
BUY	Henderson Pacific Capital	*	08/08/00	342.2p	1122.6		274.10p	911.2	-19
HOLD	Schroder Asia Pacific WARRANTS	SDPW	13/07/99	25.5p	75.8		14.75p	49.0	-35
Japan									
HOLD	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	-18%	117.75p	391.5	-11
HOLD	Invesco Japan Discovery Trust	IJD	13/07/99	95.5p	284.0	-15%	76.75p	255.2	-10
Korea									
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		57.57-61.64p	198.2	-5
Thailand									
BUY	Old Mutual Thailand Trust	*	08/12/98	49.0p	155.9		41.49-44.19p	142.4	-9
International									
HOLD	Aberdeen Prolific Emerging Markets	*	13/08/91	39.0p	116.1		63.62-67.31p	217.6	+87
HOLD	Templeton E/Markets WARRANTS	TEMA	13/07/99	40.3p	119.7		20.75p	69.0	-42

* United 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 66¼ pence (-14%, i.e. 14% *below* net asset value), **Fleming Asian** shares at 92¼ pence (-9%), **Schroder Asia Pacific** shares at 72 pence (-13%), **Templeton Emerging Markets** shares at 115¼ pence (-19%), **Baillie Gifford Shin Nippon** warrants at 28½ pence and **Invesco Japan Discovery** warrants which trade at 25½ pence.

Country Analysis: Thailand

Thailand has a new political system and a new government after the opposition **Thai Rak Thai (TRT)** party won control of the new lower house of parliament, the House of Representatives.

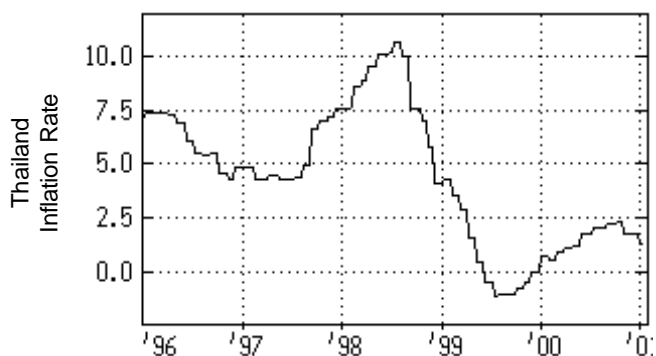
Both political parties planned to lower the corporate tax rate from 30% to 25% over the next 4-5 years. Where the previous government sought *export* led growth (which, with the US heading for recession would be difficult to achieve), the TRT will promote *domestic demand* to generate economic growth. The TRT plans to establish a state owned Asset Management Corporation to tackle the problem of non-performing bank loans. The banking sector will remain weak, but the real economy will be able to develop. The TRT plans to boost rural development. Farmer debt repayment will be suspended for three years and Bt7.7 billion will be spent revitalising rural villages. That works out as Bt1 million per village - or only US\$23,000 - but that will buy a lot in Thailand. In addition, each village will be connected to the internet.

These policies would boost domestic activity by increasing government spending - which would be favourable for the stockmarket over the next few years. Over the longer term, government debt levels could become a problem - but this could be avoided by financing spending from the privatisation of state owned businesses. Privatisation would also be favourable for the economy and stockmarket.

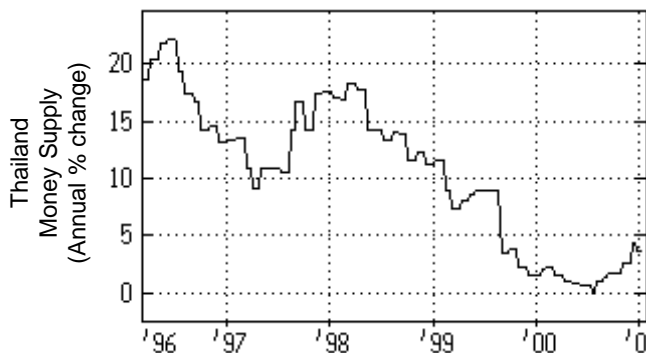
Thailand's stockmarket fell for the three years from 1996 to 1998, recovered in 1999 only to decline again last year. It is now showing the first signs of another recovery . . .



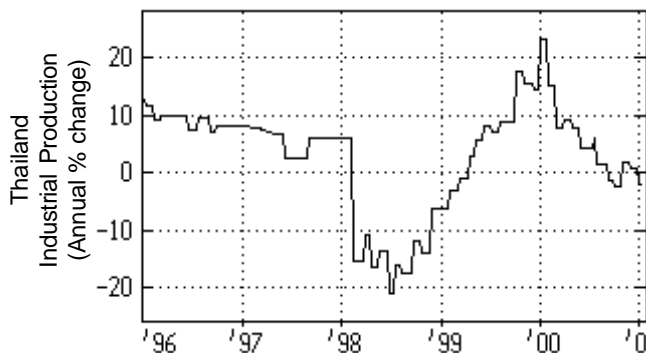
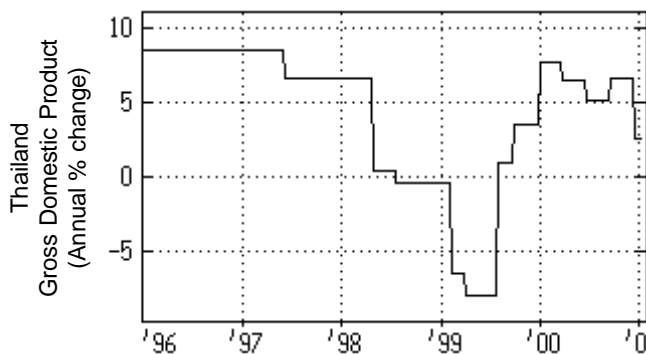
. . . which has turned our Technical indicators Neutral. Monetary indicators are Bullish (favourable), with Inflation and Interest Rates both low and stable . . .



Money Supply Growth declined from 1998 to low levels mid 2000 (which was unfavourable), but is now increasing - which should help fuel growth in the real economy and in stock prices . . .



The economy recovered strongly from the 1997/98 crisis, but has since weakened . . .



. . . so is now rated Neutral but a sustainable upturn in activity is achievable.

Summary and Recommendation

Thailand's stockmarket is showing signs of a recovery and new uptrend, Monetary conditions are favourable and the Economy could sustain the new government's

plans for restructuring, development and growth. All of this improves the outlook for Thailand's stockmarket - so we are upgrading our recommendation on **Old Mutual Thailand Trust** from "Hold" to "Buy".

Investment Fund Survey

Current Advice	Investment Fund	Risk Rating	Sperry-ity Rating	Market Correlation	Performance			Current Advice	Investment Fund	Risk Rating	Sperry-ity Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth						36 mth	12 mth	3 mth
INTERNATIONAL															
AUSTRALIAN BASED UNIT TRUSTS															
Avoid	AMP Multi-Mgr Global	Medium	-7%	0.62	25	-4	-12								
Avoid	ANZ International Markets	Medium	-18%	0.55	-15	-11	-17								
Avoid	Advance International	Very Low	-10%	0.35	28	13	3								
Avoid	Advance Worldwide Share	Low	-12%	0.54	8	-9	-11								
Avoid	BT Sel Mkts International	Very High	-7%	0.84	17	-8	-18								
Avoid	Citicorp Inv Port Global	Very High	-18%	0.46	-16	-18	-11								
	Commonwealth Int'l Share	High	-3%	0.50	41	-2	-13								
	Dresdner Global	Medium	-3%	0.43	40	-1	-13								
Buy	Dresdner International	High	+10%	0.54		3	-16								
	Fidelity Perp. Int'l	Medium	-0%	0.75	57	0	-12								
Avoid	HSBC Flexi-Trt Int'l Trt	Medium	-10%	0.40	5	-18	-15								
Avoid	Invesco International	High	-12%	0.51	-3	-19	-19								
	JB Were International	Medium	-6%	0.67	27	-5	-11								
Avoid	Lowell International	High	-7%	0.43	13	-12	-23								
	MLC Aust - Platinum Gbl	Low	-4%	0.31	47	-10	-7								
Avoid	NAFM Inv Trt - Global	Medium	-9%	0.52	18	-13	-13								
	Perpetual ICSav - Int'l	Medium	-0%	0.75	57	4	-12								
Avoid	Roth FA Global Small Coy	High	-16%	0.25	-13	-29	-3								
Avoid	Roth FA Int'l Share	Very High	-12%	0.57	6	-10	-14								
	Tyndall Aust Int'l No 1	Medium	-5%	0.76	41	3	-7								
Avoid	WealthLink World Link	Medium	-17%	0.23	-17	-9	-4								
Avoid	Westpac International	Medium	-14%	0.37	-11	-9	-15								
NEW ZEALAND BASED UNIT TRUSTS															
	AJ International Share	Medium	-4%	0.72	35	-9	-11								
Avoid	AMP International Share	Low	-7%	0.64	34	-1	-9								
	AMP Passive Int'l Share	Medium	+4%	0.58		-7	-16								
Avoid	ANZ World Equity Trust	Low	-7%	0.71	36	-1	-7								
	ASB World Shares	High	-4%	0.68	41	-9	-8								
	BNZ International Equity	Medium	-6%	0.65	34	12	-3								
	BT Life Int'l Share	Medium	-3%	0.81		0	-10								
Avoid	BTIS International Share	Low	-7%	0.76	27	-5	-10								
Avoid	Col FS Global Property	Very Low	-20%	0.27		4	0								
Avoid	NZ Guardian Global	Very Low	-8%	0.45	30	1	-10								
Avoid	NZFM Global Equity Gth	Medium	-7%	0.73	26	-3	-11								
	NZFM Global Small Coys	High	+2%	0.59	43	5	-18								
Avoid	NZFM Global Blue Chip	Very Low	-10%	0.25	28	13	4								
Avoid	NZFM Global Prop & Infra	Medium	-9%	0.43	22	-10	-6								
Avoid	Nat Bank Int'l Equity	Low	-8%	0.76	25	-0	-11								
	Royal & Sun Int'l S/Mkt	Low	-4%	0.63		0	-10								
	Tower Global Equity	Medium	-4%	0.68	34	-1	-10								
	Tower Tortis Intern'l	High	-2%	0.70	56	-1	-14								
	Westpac International	Low	-6%	0.78	32	3	-6								
NEW ZEALAND BASED INSURANCE BONDS															
	Royal Sun All Global Fd	Medium	-6%	0.73	34	-1	-11								
UNITED KINGDOM BASED UNIT TRUSTS															
	ABN AMRO Global Growth	Very High	+6%	0.69		9	-22								
	Abbey Global Growth	Very Low	-6%	0.08	37	10	-4								
	Abbey Global Opportunities	Medium	-3%	0.83		1	-10								
	Abbey International	Medium	-2%	0.85	54	1	-11								
	Abbey Nat'l International	Medium	-3%	0.81		-1	-12								
	Aberdeen World	Medium	-4%	0.92	47	1	-10								
	BG International	Low	+4%	0.23	71	27	-11								
	Barclays Worldwide	Medium	-1%	0.92	57	5	-9								
	Baring Global Growth	Very High	+5%	0.89	77	-7	-17								
	Canada Life International Gth	Medium	+4%	0.79	73	13	-13								
	Clerical Medical UK & Overseas	High	-2%	0.85	53	-1	-8								
	Dresdner Global Equity	High	-2%	0.84	47	-3	-14								
	Equitable International	Medium	+1%	0.81	63	0	-16								
	Fidelity International	Medium	+1%	0.80		2	-11								
Buy	Fidelity Managed Int'l	Very High	+10%	0.60	108	-2	-14								
	Fleming Private International	Medium	+0%	0.88		3	-9								
	Fleming Private Global Opport.	Medium	+3%	0.76	79	9	-5								
	Fleming Private W/wide Capital	Medium	+6%	0.81	78	0	-11								
Buy	Framlington International	High	+7%	0.79	81	-2	-17								
	Friends Prov. International	High	+2%	0.91	64	-3	-13								
	GA International Growth	Medium	+1%	0.93		2	-11								
	GAM International Growth	Very Low	-6%	0.23		13	-3								
Buy	Gartmore Global Utilities	Medium	+11%	0.61	101	-5	-14								
	Guardian International	Medium	-1%	0.93	53	2	-11								
	HSBC Tulip	High	+1%	0.75		3	-11								
	Henderson Independent Port.	Medium	+1%	0.94	57	0	-11								
	Henderson International	Medium	+2%	0.87	62	-3	-17								
	Hill Samuel Int'l	Medium	-0%	0.79	57	-1	-13								
	Invesco GT International	High	+1%	0.73		-6	-15								
	Investec GF Global Privat'n	Medium	+5%	0.69	77	16	-2								
	Lazard International Equity	Low	-2%	0.75		5	-10								
Buy	Lazard Worldwide Portfolio	High	+7%	0.76		5	-16								
	Legal & General Global Gth	Medium	+1%	0.91	67	5	-13								
	Legal & General Worldwide	Medium	-2%	0.94	52	2	-10								
	Lincoln Global	Medium	-1%	0.79	61	0	-18								
	M & G International Gth	Medium	+2%	0.88	68	11	-10								
	MGM International Equity	Medium	+6%	0.84	93	8	-8								
	Marlborough International	Medium	-1%	0.51	42	5	-15								
	Martin Currie International	High	+2%	0.89	49	-2	-17								
	Merrill Lynch International	High	+3%	0.86	56	3	-14								
	Murray Worldwide Equity	Very High	+2%	0.91	54	-5	-17								
	NPI Global Care	Medium	+1%	0.62	51	3	-14								
	Newton International	Very High	+5%	0.83	64	0	-12								
	Old Mutual Fund Worldwide	High	+1%	0.88	69	-1	-12								
	Pearl International	Medium	-0%	0.88	60	-2	-12								
	Perpetual Int'l Growth	High	+1%	0.90	61	5	-9								
	Perpetual Int'l Emerging Coys	High	+5%	0.80	82	5	-10								
	Perpetual Worldwide Recovery	High	+2%	0.88	72	4	-9								
	Premier Global 100	Medium	+3%	0.73	64	-4	-17								
	Prudential Global Growth	Medium	-4%	0.78	48	4	-7								
	Prudential Int'l Growth	Low	-4%	0.74	47	5	-7								
	Royal & Sun All. Intern'l Gth	Medium	-1%	0.90	48	-2	-14								
	Royal London International	High	+1%	0.89	58	0	-14								
	Scottish Life Worldwide	High	-1%	0.71	48	-9	-22								
	Scottish Mutual International	Medium	+3%	0.65	75	2	-13								
Buy	Scottish Widows' Global	High	+7%	0.86	87	4	-11								
	Singer & Freudlander Global	Medium	+3%	0.90	65	-3	-13								
	Sovereign Int'l Growth	High	+5%	0.92	79	5	-13								
	St. James's Place Int'l	High	+6%	0.59	79	10	-9								
	Sun Life of Canada W/Wide Gth	Medium	+1%	0.87	67	0	-9								
	United Fr. International	Very High	+4%	0.84		0	-16								
AUSTRALIAN LISTED INVESTMENT TRUSTS															
	BT Global	High	+5%	0.42	96	10	-9								
	Platinum Capital	Very Low	+5%	0.13	89	30	0								
Avoid	Templeton Global	Very Low	-17%	0.03											

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance 36 mth	12 mth	3 mth
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UNITED STATES**AUSTRALIAN BASED UNIT TRUSTS**

Avoid	BT Sel Mkts American Gth	Medium	-10%	0.40	11	-2	-21
	Fidelity Perp. America	Low	-5%	0.65	50	3	-13

NEW ZEALAND BASED INSURANCE BONDS

Avoid	Royal Sun All Nth Amer	Very Low	-8%	0.35	28	-1	-15
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UNITED KINGDOM BASED UNIT TRUSTS

	Abbey American Growth	Low	+3%	0.52	69	4	-18
	Aberdeen American Opport.	Very Low	+6%	0.39	98	52	4
Avoid	Aberdeen North American	Low	-9%	0.70	27	-0	-19
	Barclay America Growth	Very Low	-4%	0.35		11	-13
	Barclays America	Low	+1%	0.67	79	8	-13
	Baring American Gth	Medium	+5%	0.64	97	5	-18
Buy	Britannia American	Low	+7%	0.49	102	6	-20
	CCS North American	Low	+3%	0.61	76	13	-16
	CGU PPT North American Gth	Low	+0%	0.70		3	-15
	Canada Life North American	Low	+1%	0.63	89	24	-9
	Cazenove North American	Low	-3%	0.76	48	5	-15
	Clerical Medical American	Very Low	+1%	0.55	81	1	-12
Buy	Credit Suisse Transatlantic	Low	+11%	0.54	124	21	-14
Buy	Deutsche American Growth	Medium	+10%	0.62	113	8	-19
	Deutsche US Index	Low	-0%	0.63	70	8	-13
Buy	Dresdner North American	Low	+9%	0.53	116	6	-17
Buy	Edinburgh North American	Medium	+7%	0.51	109	5	-18
	Equitable North American	Low	-4%	0.77	49	9	-14
Buy	Fidelity American	Low	+17%	0.22	226	18	1
	Fleming Select America	Low	+2%	0.64	68	14	-13
Buy	Framlington American Gth	Low	+20%	0.45	176	11	-21
	Friends Prov. American	Medium	+1%	0.73	74	3	-15
	GA Nth American Growth	Low	+0%	0.62		0	-16
Buy	GAM North America	Very Low	+7%	0.10		24	-14
Buy	Gartmore American	Low	+8%	0.60	100	15	-15
	Guardian American	Medium	+2%	0.70	87	15	-8
	Henderson North American	Medium	+1%	0.65	70	3	-21
	Hill Samuel American	Low	+3%	0.44		-0	-22
	Invesco GT US Growth	Medium	+4%	0.29		-11	-35
	Jupiter North America	Low	-1%	0.57		1	-14
Avoid	Lazard Nth American Gth	Low	-7%	0.68	42	7	-13
	Legal & General US Index	Low	+1%	0.73	80	8	-13
	Legal & General Nth American	Low	+4%	0.70	89	17	-16
	Lincoln North American	Low	-3%	0.60	57	2	-17
	M & G American & General	Low	-1%	0.68	57	2	-17
	M & G American Recovery	Low	+2%	0.44	62	12	-14
	MGM North American Growth	Very Low	+1%	0.57	75	17	-9
	Martin Currie North American	Low	-1%	0.57	49	3	-17
	Merrill Lynch American	Low	+3%	0.64	83	-5	-18

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance 36 mth	12 mth	3 mth
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	Murray American	Low	-5%	0.46	30	-3	-24
	NPI North America	Low	-2%	0.62	53	2	-17
	Newton American	Low	+2%	0.53	74	8	-14
	Old Mutual Fund Nth American	Medium	+2%	0.69	94	3	-13
	Perpetual American Growth	Medium	-2%	0.82	67	10	-13
	Portfolio American	Low	+6%	0.49		8	-17
Avoid	Prudential North American	Low	-11%	0.52	25	5	-8
	Rothschild North America	Medium	+5%	0.36		5	-21
	Royal & Sun All. Nth American	Low	+3%	0.57	70	2	-16
	Royal London American Gth	Low	-3%	0.69	53	-2	-23
	S & W American	Very Low	+5%	0.21	98	25	-10
	Schroder American	Medium	-5%	0.78	51	-3	-16
Avoid	Scottish Amicable American	Low	-11%	0.52	24	5	-9
	Scottish Life America	Low	+0%	0.68	74	0	-16
Buy	Scottish Mutual Nth American	Medium	+7%	0.57	98	15	-19
	Scottish Widows' Nth American	Low	+2%	0.62	70	1	-19
	Stewart Ivory American	Low	-4%	0.70	47	17	-14
Buy	Sun Life of Canada Nth Amer.	Very Low	-0%	0.67	74	9	-14
	Un Friendly Nth American	Medium	+9%	0.38	95	10	-24

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

	American Opportunity	Medium	-5%	0.18	9	21	-15
	Edinburgh US Tracker	Medium	+2%	0.77	93	11	-11
	Fleming American	Low	+5%	0.58	89	30	-13
Avoid	Second London American	Very High	-29%	0.16		-28	-9

UNITED STATES SMALLER COS**UNITED KINGDOM BASED UNIT TRUSTS**

Buy	Abbey US Emerging Companies	Very High	+33%	0.36	233	16	-27
Buy	Baring American Small Coys	Low	+8%	0.20	65	12	-20
	F & C US Smaller Coys	Very Low	-6%	0.52	36	12	-8
Buy	Fidelity American Spec Sits	Very High	+26%	0.41	211	17	-20
	Fleming Select American Sm Co	Very Low	+4%	0.00		-1	-27
	Friends Prov. Amer Small Coys	Very Low	-4%	0.35	38	23	-10
Buy	Henderson Amer Small Coys	Medium	+11%	0.36	87	13	-24
Buy	Hill Samuel US Small Coys'	High	+12%	0.33	65	3	-33
Buy	Invesco American Smaller Coys	High	+20%	0.28	152	5	-23
Buy	M & G American Smaller Coys	Medium	+9%	0.55	90	31	-19
Buy	Merrill Lynch American Opps	High	+24%	0.31	152	19	-20
	Perpetual Amer Small Coys	Medium	-1%	0.63	59	13	-12
Buy	Schroder US Smaller Coys	Low	+8%	0.47	90	56	-6

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

	F & C US Smaller Coys	Low	-2%	0.46	53	14	-7
	Fleming US Discovery	Low	+4%	0.20		61	-7
	Nth Atlantic Smaller	Very Low	+5%	0.18	54	40	-7
Buy	Renaissance U.S.	Low	+20%	0.13	95	47	-30

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 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 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" 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 R² ("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 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).

Current Advice	Investment Fund	Risk Rating	Super-oidly Rating	Market Correla-tion	36 mth	12 mth	Performance 3 mth
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UNITED KINGDOM

UNITED KINGDOM BASED UNIT TRUSTS

Abbey Assets & Earnings	Very Low	-5%	0.72	26	-3	-9	
Abbey Dividend & Growth	Low	-6%	0.77	25	0	-3	
Abbey General	Very Low	-4%	0.62		-3	-9	
Abbey Nat'l N & P UK Growth	Low	+0%	0.78		0	-9	
Abbey Nat'l UK Growth	Low	-1%	0.65		-2	-10	
Aberdeen UK Blue Chip	Low	-2%	0.80	39	-4	-7	
Aberdeen UK Growth	Low	-0%	0.78	44	-3	-8	
BG British 350	Medium	+0%	0.81	50	1	-5	
BWD Equity Growth	Low	+2%	0.89	59	7	-3	
BWD UK Equity	Medium	-0%	0.86	46	10	0	
Barclays Capital	Low	-1%	0.85	45	-0	-6	
Barclays FTSE 100	Low	-1%	0.87	38	-5	-9	
Baring UK Growth	Low	+5%	0.62	61	-1	-10	
Britannia UK General	Low	-3%	0.81	36	-4	-8	
CGU PPT UK & General	Very Low	-1%	0.74		0	-7	
CGU PPT UK Growth	Very Low	-1%	0.68		-1	-8	
CGU PPT UK Index Tracking	Low	-0%	0.78		-1	-5	
Cazenove UK Equity	Low	+1%	0.66	43	7	-9	
Credit Suisse Growth	Very Low	+7%	0.45	65	5	-8	
Deutsche UK Blue Chip	Medium	+4%	0.81	66	4	-7	
Deutsche UK Equity	Low	+2%	0.75	54	8	-6	
Deutsche UK Growth	Low	+5%	0.66	63	8	-6	
Deutsche UK Index	Low	-2%	0.84	35	1	-6	
Dresdner UK Growth	Low	+11%	0.45	90	-2	-14	
Dresdner UK Index	Low	+0%	0.85	47	1	-6	
Equitable Special Situations	Very Low	+2%	0.53	53	4	-9	
Equitable UK Index	Medium	-2%	0.86	34	-6	-11	
Exeter Capital Growth	Medium	+14%	0.50	109	18	-7	
Fidelity Special Situations	Very Low	+10%	0.32	87	36	3	
Fidelity UK Growth	Low	+2%	0.74	51	9	-6	
Fleming Select UK Equity	Very Low	-7%	0.25	15	-14	-6	
Framlington UK Growth	Very Low	+8%	0.56	82	15	-6	
Friends Prov. Equity	Low	+3%	0.78	48	-0	-10	
GA Blue Chip Tracking	Low	-1%	0.80		0	-5	
GA Equity Growth	Very Low	-3%	0.76		1	-7	
GAM UK Diversified	Very Low	+15%	0.00		47	8	
Gartmore UK Growth	Low	+3%	0.65	51	0	-9	
Gartmore UK Index	Low	+0%	0.86	44	1	-6	
Govett FTSE 250 Index	Very Low	+0%	0.50	46	2	-7	
Guardian Growth Equity	Low	-2%	0.69	39	-3	-5	
Guardian UK 100 Index	Medium	+0%	0.86	46	0	-5	
HSBC FTSE 250 Index	Very Low	+3%	0.25		7	-9	
HSBC Footsie Fund	Low	-2%	0.89	41	-2	-7	
Hargreaves Lansdown Warrant	Very High	+8%	0.40	80	-3	-5	
Hargreaves Lansdown Investment	Very Low	+10%	0.32	86	15	-5	
Henderson UK Capital Growth	Low	-2%	0.65		-7	-8	
Hill Samuel British	Low	-2%	0.86	35	-6	-10	
Hill Samuel Capital	Low	-0%	0.82	46	-3	-10	
Invesco GT UK Blue Chip	Very Low	+2%	0.67		4	-6	
Invesco UK Growth	Low	+4%	0.68	55	-1	-9	
Investec GF UK Opportunities	Low	+4%	0.53	46	20	-10	
Jupiter UK Growth	Very Low	+5%	0.67	78	25	2	
Jupiter UK Special Situations	Very Low	+13%	0.18	84	12	-10	
Legal & General UK Stockmarket	Medium	-1%	0.90	42	-1	-6	
Legal & General UK Recovery	Low	-1%	0.74	41	-2	-9	
Legal & General Equity	Low	-2%	0.82	35	1	-7	
Legal & General UK Index	Very Low	-1%	0.67	43	2	-7	
Lincoln Growth	Low	-0%	0.67	38	-5	-12	
M & G Blue Chip	Low	+2%	0.80		3	-8	
M & G British Opportunities	Very Low	+13%	0.13		26	8	
M & G Capital	Very Low	+3%	0.43		4	-13	
M & G Index Tracker	Low	+0%	0.85		1	-6	
M & G Recovery	Low	-2%	0.72	33	5	-5	
MGM Special Situations	Very Low	+4%	0.63	55	7	-8	
MGM UK Growth	Very Low	+2%	0.73	57	10	-5	
Marlborough UK Growth	Very Low	+3%	0.20	45	-2	-12	
Martin Currie UK Growth	Low	-1%	0.68	23	2	-13	
Merrill Lynch Brit Blue Chip	Low	-4%	0.80	29	-2	-7	
Merrill Lynch Recovery	Very Low	+3%	0.29	61	21	5	
Murray UK Growth	Low	-4%	0.76	29	0	-6	
NatWest UK Tracker	Low	-1%	0.89	43	-1	-6	
Old Mutual UK All Share Mirror	Low	+0%	0.85	44	1	-6	
Old Mutual UK Growth	Very Low	-6%	0.42		-5	-6	
Pearl Equity Trust	Low	-1%	0.73	39	-2	-7	
Pearl Growth	Low	+2%	0.72	50	-1	-7	
Perpetual UK Growth	Low	-2%	0.60	46	25	5	
Portfolio UK Growth	Very Low	+7%	0.16		12	-7	
Prudential UK Growth	Low	-1%	0.84	40	4	-6	
Rothschild UK	Very Low	+4%	0.31		5	-9	
Royal & Sun All. Equity Trust	Low	+3%	0.78	55	3	-7	
Royal & Sun FTSE 100 Tracker	Low	-0%	0.56		-1	-5	
Royal & Sun FTSE All Share	Very Low	-1%	0.79		2	-7	
Royal London UK Growth	Low	+2%	0.74	51	-1	-8	
Sanwa UK Growth	Very Low	+9%	0.35	79	2	-12	
Schroder UK Enterprise	Low	-3%	0.61	30	-0	-7	
Schroder UK Equity	Low	+4%	0.81	57	9	-2	
Scottish Amicable Equity Trust	Low	+1%	0.83	47	4	-7	
Scottish Life UK Equity	Low	+2%	0.84	55	4	-6	
Scottish Mutual UK Equity	Low	+2%	0.72	47	-3	-10	
Scottish Widows' UK Index	Low	-1%	0.82	43	-0	-6	
Scottish Widows' Equity	Low	-2%	0.77	36	-3	-10	
Scottish Widows' UK Spec Sits	Low	+2%	0.48	46	-5	-13	
Societe Generale UK Growth	Very Low	+7%	0.56		10	-5	
Sovereign FTSE 100	Low	-2%	0.86	37	-2	-5	
Sovereign UK Growth	Low	-0%	0.75	38	-4	-9	
St. James's Place UK & Gen Prg	Very Low	+13%	0.41	108	7	-4	
Stewart Ivory British	Low	+2%	0.51	46	-6	-13	

Current Advice	Investment Fund	Risk Rating	Super-oidly Rating	Market Correla-tion	36 mth	12 mth	Performance 3 mth
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Sun Life of Canada UK Growth	Low	-2%	0.80	37	2	-2	
Tilney UK Equity	Very Low	-1%	0.64		1	-9	
Un Friendly UK Equity Growth	Low	-2%	0.84	39	0	-7	

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Buy 3i Group	High	+34%	0.34	191	19	-27	
3i UK Select	Very Low	-3%	0.35		1	-4	
Aberdeen High Income	Very Low	-7%	0.27	13	-19	-13	
Aberdeen Convertible	Very Low	-6%	0.36	9	-2	-7	
Advance UK	Very Low	+6%	0.27	55	12	-12	
Albany	Very Low	-0%	0.33	47	8	-3	
Buy Aurora Invest Trust	Very Low	+23%	0.10	109	38	-14	
British American IT	Very Low	-3%	0.17	42	6	-2	
Avoid City Merchants High Yld	Very Low	-8%	0.21	5	-4	-16	
Avoid City of London	Medium	-9%	0.72	21	-1	0	
Dresdner RCM 2nd Endow.	Very Low	-3%	0.04	32	2	-7	
Dunedin Income Growth	Medium	+4%	0.61	55	12	-5	
Edinburgh UK Tracker	Low	+0%	0.67	42	-6	-11	
Avoid Enhanced Zero Trust	Very Low	-7%	0.17		-1	-11	
Exeter Preferred Cap.	Very Low	+5%	0.29	73	7	-5	
F & C Income Growth	Low	-2%	0.59	43	12	-1	
Buy Fidelity Special Values	Very Low	+13%	0.26	106	47	5	
Finsbury Growth	Medium	-2%	0.59	33	9	-8	
Fleming Claverhouse	Low	+4%	0.69	51	4	-7	
Buy Fleming Mid Cap	Very Low	+13%	0.28		25	-9	
Glasgow Income Trust	Very Low	-4%	0.32	36	12	-4	
Buy Govett Strategic Inv.	Medium	+7%	0.41	59	12	-14	
Invesco Convertible	Very Low	-1%	0.50	38	11	-5	
Legal & Gen'l Recovery	Low	+1%	0.67	48	7	-6	
Life Offices Opport.	Very Low	-2%	0.10	30	6	-13	
London & St Lawrence	Very Low	-3%	0.31	38	7	-5	
Lowland Investment Co	Very Low	+2%	0.31	57	29	9	
Merchants Trust	Medium	-5%	0.56	32	10	9	
Avoid Mercury Keystone IT	Medium	-8%	0.50	17	2	0	
Murray Income Trust	Medium	-0%	0.60	39	28	2	
Avoid Perpetual Income & Gth	Medium	-8%	0.44	20	21	7	
Schroder UK Growth	Medium	-5%	0.45	11	-1	-13	
Avoid Schroder Income & Grwth	Very Low	-7%	0.37	16	18	1	
Shires Investment Trust	Medium	-1%	0.55	38	3	-7	
Temple Bar Inv. Trust	Low	-1%	0.50	45	5	0	
Tribune Trust Indexed	Very Low	-2%	0.79		-4	-7	
Undervalued Assets	Very Low	-1%	0.11	18	-10	-20	
Avoid Value & Income Trust	Very Low	-7%	0.24	6	24	8	

UNITED KINGDOM BASED INVESTMENT TRUSTS - SPLIT CAPITAL

Avoid BFS Income & Growth	Very Low	-38%	0.25		-41	-17	
Avoid BFS Small Companies	Very Low	-13%	0.00		-13	-7	
Avoid Dartmoor	Very Low	-10%	0.21	12	-16	-8	
Buy Derby Trust - Capital	Very Low	+7%	0.34	72	18	-3	
Avoid Dresdner RCM Income Gth	Low	-10%	0.14		9	8	
Avoid Edinburgh Income & Val.	Very Low	-9%	0.00		5	-4	
Avoid Exeter Enhanced Income	Very Low	-16%	0.05		-13	-8	
Buy Finsbury Inc & Gth-Cap	Very High	+36%	0.43	187	9	-16	
Fleming I & G (2006)	Very Low	-1%	0.16		18	-4	
Framlington I & C - Cap	Medium	+5%	0.37	52	-9	-11	
Avoid Framlington Second Dual	Low	-20%	0.24		-14	2	
Friends Prov Ethical	Low	-2%	0.22	36	24	4	
Avoid Gartmore SNT	Very High	-27%	0.33		-39	-12	
Avoid Gartmore Shared Equity	Medium	-12%	0.30	6	-20	-6	
Gartmore Scotland - Cap	Very High	+6%	0.53	53	3	-3	
Avoid Govett Enhanced Income	Very Low	-17%	0.10		-13	-6	
Guinness Flight Extra	Very Low	-1%	0.23	47	5	-4	
Henderson Geared I & G	Very Low	-5%	0.41	30	4	-2	
I & S Optimum Income	Medium	-6%	0.41	20	5	-7	
Invesco Recovery 2005	Very Low	+5%	0.05		14	-3	
Avoid Invesco Geared Opps	Medium	-14%	0.30		-4	-10	
Investors Capital	Medium	+5%	0.58	50	15	-4	
Avoid Jersey Phoenix	Very Low	-9%	0.23	2	-9	-15	
Buy Jov Holdings - Capital	Low	+32%	0.25	190	10	-13	
Buy Jose Investment - Cap	Very High	+37%	0.28	165	-12	-10	
Avoid Jupiter Enhanced	Very Low	-9%	0.05		-7	-8	
Buy Legg Mason Utilities	Very Low	+16%	0.09	189	52	-2	
Avoid Leveraged Income Fund	Very Low	-15%	0.10		-27	-22	
M & G Equity Trust -Cap	Very High	-3%	0.31	-0	-1	3	
Avoid M & G High Income - Cap	Very High	-12%	0.12	-24	-7	9	
M & G High Income	Very Low	-6%	0.10		-10	-6	
M & G Income	Very Low	+0%	0.08		2	-2	
Buy M & G Income IT - Cap	High	+8%	0.34	61	11	-3	
M & G Recovery	Very Low	+6%	0.10		16	-6	
Buy M & G Recovery - Cap	Very High	+30%	0.33	187	34	-6	
Martin Currie I & G	Very High	+4%	0.23	51	18	-3	
Avoid Monthly High Income	Low	-18%	0.16		-12	-0	
Buy Murray Extra Return	Very High	+24%	0.23		20	-16	
Avoid New Fulcrum	Very Low	-23%	0.02		-22	-6	
Avoid Quarterly High Income	Very Low	-20%	0.16		-21	-12	
Buy Schroder Split - Cap	High	+39%	0.09	132	36	7	
Avoid Second Scottish Nat'l	Very Low	-21%	0.18		-20	-8	
Yeoman II - Cap	Very Low	+4%	0.00		47	60	

UNITED KINGDOM SMALLER COS

UNITED KINGDOM BASED UNIT TRUSTS

Buy ABN AMRO UK Growth	Very High	+22%	0.59		26	-9	
Abbey Nat'l Smaller Cos	Very High	+3%	0.64		3	-20	
Buy Aberdeen UK Emerging	High	+12%	0.63	141	12	-8	
BG British Smaller Coys	Very Low	-6%	0.42	36	16	-8	
Avoid BG UK Smaller Companies	Low	-7%	0.58	38	9	-6	
Buy BWD UK Smaller Coys	Very High	+20%	0.60	162	9	-17	
Buy Baring UK Small Coys	Very High	+19%	0.62	160	27	-12	
Britannia Smaller Companies	Very High	+3%	0.78	75	3	-15	
CGU PPT Smaller Cos	Very High	+2%	0.74		12	-12	

Current Advice	Investment Fund	Risk Rating	Speriodicity Rating	Market Correlation	Performance			Current Advice	Investment Fund	Risk Rating	Speriodicity Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth						36 mth	12 mth	3 mth
Buy	Canada Life UK Smaller Coys	Very High	+8%	0.59	92	6	-18	Buy	Equitable European	Medium	+6%	0.27	66	0	-11
Buy	Cavendish Opportunities	Very Low	+7%	0.44	83	22	-10	Buy	Fidelity European Opps	Medium	+10%	0.22	78	10	-14
Buy	Cazenove UK Smaller Coys	Very High	+7%	0.64	82	19	-18	Buy	Fidelity European	Low	+15%	0.15	113	29	-3
	Credit Suisse Smaller Coys	Very High	+6%	0.57	90	7	-16	Buy	Fleming Select Cont Europe	Low	+8%	0.19	82	14	-5
Buy	Dresdner UK Mid-Cap	Very High	+12%	0.52	119	-11	-24	Buy	Framlington European	Medium	+13%	0.21	101	9	-10
Buy	Dresdner UK Smaller Companies	Very High	+11%	0.48	79	-2	-25	Buy	Friends Prov. European	Medium	+11%	0.22	94	8	-7
Buy	Edinburgh UK Smaller Coys	Very High	+26%	0.57	188	3	-29	Buy	GA European Growth	Medium	+11%	0.27	13	7	-
	Equitable Smaller Coys	Very High	+4%	0.60	63	-3	-25	Buy	GAM European Growth	High	+15%	0.46	24	7	-
Buy	Fleming Select UK Smaller Coys	High	+7%	0.78	100	12	-14	Buy	Gartmore European	High	+10%	0.27	96	3	-8
	Framlington Capital	High	+3%	0.68	80	2	-13	Buy	Gartmore European Sel Opps	Medium	+17%	0.21	136	10	-8
Buy	Gartmore UK & Irish Small Cos	Very High	+14%	0.74	29	-12	-	Buy	Govett European Blue Chip	Low	+6%	0.18	76	6	-5
	Gartmore UK Small Coys	Very High	+2%	0.65	67	-1	-17	Buy	Govett European Strategy	Very High	+15%	0.29	119	-13	-15
	Govett UK Smaller Companies	High	-2%	0.62	60	-6	-18		Guardian European	Low	+5%	0.19	63	7	-8
	Hill Samuel UK Smaller Coys	Very High	-1%	0.71	52	5	-14	Buy	HSBC Eurotrack 100	Low	+7%	0.20	77	10	-7
	Invesco UK Smaller Companies	High	+3%	0.60	65	-3	-16	Buy	Henderson European	High	+15%	0.25	114	11	-9
	Investec GF UK Emerging Coys	Low	-3%	0.52	46	5	-15	Buy	Hill Samuel European	Medium	+12%	0.22	99	12	-11
	Jupiter UK Small Cos	Very High	+4%	0.73	13	9	-	Buy	Invesco European Growth	Very High	+24%	0.19	135	-2	-27
	Lazard UK Small Coy	Medium	+2%	0.78	68	12	-11	Buy	Investec GF European Gth	Low	+10%	0.19	91	13	-4
	Legal & General UK Small Coys	Medium	+6%	0.72	81	21	-17	Buy	Jupiter Euro Spec Sits	High	+25%	0.30	43	9	-
	M & G Smaller Companies	Very High	+6%	0.68	92	0	-20	Buy	Jupiter European	Medium	+13%	0.20	99	16	-9
Buy	Marlborough Special Situations	High	+29%	0.40	231	12	-11	Buy	Lazard European Growth	Low	+10%	0.17	88	17	-7
	Martin Currie UK Smaller Coys	High	+2%	0.71	59	8	-20	Buy	Legal & General Euro Index	Low	+7%	0.19	78	9	-6
Buy	Merrill Lynch UK Smaller Coys	Medium	+10%	0.68	108	13	-10		Legal & General European	Low	+3%	0.20	56	1	-9
Buy	Murray Smaller Companies	Very High	+31%	0.49	221	46	-21	Buy	Lincoln European	Low	+6%	0.17	66	4	-17
	Pearl UK Small Coys	High	+2%	0.64	67	-3	-19	Buy	M & G European	Medium	+8%	0.24	78	8	-10
Buy	Perpetual UK Small Coys	High	+7%	0.75	97	19	-7	Buy	MGM European Growth	Low	+7%	0.28	77	17	-5
	Prudential Smaller Companies	Medium	+0%	0.77	68	8	-10	Buy	Martin Currie European	Medium	+11%	0.24	93	7	-12
Buy	Royal & Sun All. UK Smaller	Very High	+9%	0.52	112	-1	-20	Buy	Merrill Lynch European Gth	Medium	+11%	0.23	96	12	-6
Buy	Schroder UK Smaller Coys	High	+10%	0.61	111	4	-12	Buy	Merrill Lynch New Europe	Medium	+8%	0.27	76	13	-8
	Scottish Amicable UK Small	Medium	-0%	0.80	60	8	-12		Old Mutual European Growth	Low	-1%	0.50	-1	-8	
	Scottish Mutual UK Small Coys	Very High	+0%	0.67	54	3	-20		Old Mutual Fund European	Medium	+5%	0.23	56	8	-8
	Scottish Widows' UK Small Coys	Medium	-1%	0.81	51	12	-13		Old Mutual Fund Swiss Equities	Very Low	+5%	0.06	58	19	-4
	Singer & Freidlander Small Cos	High	-0%	0.70	54	-7	-17	Buy	Pearl New Europe	Medium	+13%	0.19	110	18	-7
	Sun Life of Canada Small Coys	Medium	-1%	0.64	56	9	-10	Buy	Perpetual European	Medium	+9%	0.29	79	7	-11
	Tilney UK Smaller Cos	High	-1%	0.71	4	4	-10	Buy	Portfolio European	High	+10%	0.36	8	-14	-

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Buy	3i Smaller Quoted Coys	Very High	+4%	0.65	84	5	-23	Buy	Prudential European	Very Low	+4%	0.14	67	13	0
Buy	AIM Trust	Very High	+57%	0.26	506	48	-10	Buy	Rothschild Europe	High	+9%	0.32	7	-12	-
	Aberforth Smaller Coys	Medium	-6%	0.39	55	10	-1	Buy	Royal & Sun All. European	Medium	+12%	0.21	96	13	-9
Buy	Capital Opportunities	High	+22%	0.31	107	44	-21	Buy	Royal London European Gth	Low	+17%	0.15	117	23	-3
Buy	Discovery Trust	High	+12%	0.43	105	26	-8	Buy	Sanwa European Gth	Low	+16%	0.23	123	18	-7
Buy	Dresdner RCM Smaller	Very High	+15%	0.51	-6	-18	-	Buy	Schroder European	Medium	+11%	0.24	95	15	-6
	Dunedin Smaller Coys IT	Very High	+3%	0.60	78	21	-16	Buy	Scottish Amicable European	Very Low	+5%	0.13	72	15	0
Buy	Eaglet Investment Trust	High	+32%	0.43	353	73	8	Buy	Scottish Life European	Low	+8%	0.22	86	14	-7
Buy	Edinburgh Smaller Coys	Very High	+11%	0.71	117	8	-18	Buy	Scottish Mutual European	Medium	+7%	0.25	74	2	-11
Buy	Finsbury Trust	Low	+21%	0.24	188	84	6	Buy	Scottish Widows' Europe	Medium	+13%	0.22	107	5	-11
Buy	Fleming Mercantile	Very High	+11%	0.70	78	16	-12	Buy	Singer & Freidlander Cont'l	Low	+13%	0.18	108	15	-8
Buy	Fleming Smaller Coys	Very High	+17%	0.69	171	28	-12	Buy	Societe Generale European	Medium	+17%	0.26	20	-10	
	Gartmore Small Coys	Very High	+1%	0.63	59	5	-19	Buy	Sovereign European Gth	Medium	+9%	0.23	85	2	-8
Buy	Gartmore Fledgling Indx	Medium	+12%	0.37	123	21	-5	Buy	Stewart Ivory European	High	+7%	0.21	71	-0	-13
	Group Trust	Very Low	-2%	0.19	30	22	-9		Sun Life of Canada European	Medium	+5%	0.23	67	3	-8
	Henderson Smaller Coy	Very High	+5%	0.48	74	-22	-27	Buy	Tilney European Growth	Medium	+4%	0.27	9	-8	
Buy	Hill Samuel UK Emerging	Very High	+12%	0.67	128	27	-9		Un Friendly European	Low	+7%	0.15	81	14	-3
	I & S UK Smaller Coys	Very High	+5%	0.64	93	7	-20								
	Invesco England	Very High	+0%	0.67	46	-5	-19								
Avoid	Knox D'Arcy Trust	Very Low	-15%	0.08	-5	-14	-5								
	Montanaro UK Small Coys	High	+5%	0.65	79	18	-16	Buy	Charter European Trust	Medium	+5%	0.19	-10	-13	-
	Perpetual UK Smaller Co	Medium	+3%	0.52	79	19	-5	Buy	Euroland Plus	Very Low	+4%	0.03	3	-19	-
	Shires Smaller Coys	Medium	-2%	0.38	53	31	-5	Buy	F & C European	Low	+12%	0.12	102	4	-10
Buy	Smaller Companies IT	Very High	+10%	0.60	119	9	-8	Buy	Fidelity Euro V.	Medium	+19%	0.10	131	35	-4
	Themis FTSE All Small	Medium	+5%	0.50	14	13	-	Buy	Fleming Cont'l Europe	Medium	+12%	0.14	102	24	0
	Throgmorton Trust	High	-6%	0.62	28	12	-11	Buy	Gartmore European	Medium	+17%	0.14	127	9	-13

UNITED KINGDOM BASED INVESTMENT TRUSTS - SPLIT CAPITAL

Buy	Aberforth SL - Cap	Medium	-1%	0.32	70	30	4
Buy	Lloyds Smaller Co - Cap	High	+8%	0.73	98	34	-10

EUROPE

AUSTRALIAN BASED UNIT TRUSTS

Avoid	BT Sel Mkts Europe Growth	Medium	-7%	0.20	20	-12	-9
Avoid	Dresdner Europe Growth	Very Low	-11%	0.04	-37	-5	-13
	Fidelity Perp. Europe	Medium	+5%	0.33	62	9	-4
Avoid	Invesco European	Very High	-10%	0.28	-12	-24	-25

NEW ZEALAND BASED UNIT TRUSTS

Buy	BTIS European Share	Very Low	-2%	0.21	34	-7	-7
	Tower Spot. Emerg. Euro.	Low	+8%	0.10	58	1	-4
	Tower Spotlight Europe	Very Low	+3%	0.19	57	13	-4

NEW ZEALAND BASED INSURANCE BONDS

	Royal Sun All European	Very Low	-2%	0.22	37	1	-7
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UNITED KINGDOM BASED UNIT TRUSTS

Buy	Abbey European Capital	Low	+6%	0.21	68	11	-7
Buy	Aberdeen European Growth	Low	+9%	0.20	86	11	-6
Buy	BG Europe	High	+11%	0.23	95	4	-12
Buy	Baring Euro Sel.	Medium	+10%	0.16	77	7	-14
Buy	Baring European Growth	Medium	+7%	0.25	77	-8	-11
Buy	Britannia European	Medium	+8%	0.20	83	4	-9
Buy	CGU PPT Europe Growth	Medium	+8%	0.39	15	-6	-
Buy	Canada Life European	High	+13%	0.21	91	20	-13
Buy	Cazenove European Portfolio	Very High	+16%	0.32	111	1	-22
Buy	Clerical Medical European	Medium	+7%	0.19	78	6	-7
	Credit Suisse European	Low	+4%	0.20	69	6	-4
Buy	Deutsche European Growth	Medium	+8%	0.20	80	8	-8
	Dresdner Euro Index	Low	+1%	0.18	44	10	-6
Buy	Dresdner European	Very High	+12%	0.30	87	6	-14
	Edinburgh European	Medium	+6%	0.20	74	11	-5

Buy	Equitable European	Medium	+6%	0.27	66	0	-11
Buy	Fidelity European Opps	Medium	+10%	0.22	78	10	-14
Buy	Fidelity European	Low	+15%	0.15	113	29	-3
Buy	Fleming Select Cont Europe	Low	+8%	0.19	82	14	-5
Buy	Framlington European	Medium	+13%	0.21	101	9	-10
Buy	Friends Prov. European	Medium	+11%	0.22	94	8	-7
Buy	GA European Growth	Medium	+11%	0.27	13	7	-
Buy	GAM European Growth	High	+15%	0.46	24	7	-
Buy	Gartmore European	High	+10%	0.27	96	3	-8
Buy	Gartmore European Sel Opps	Medium	+17%	0.21	136	10	-8
Buy	Govett European Blue Chip	Low	+6%	0.18	76	6	-5
Buy	Govett European Strategy	Very High	+15%	0.29	119	-13	-15
	Guardian European	Low	+5%	0.19	63	7	-8
Buy	HSBC Eurotrack 100	Low	+7%	0.20	77	10	-7
Buy	Henderson European	High	+15%	0.25	114	11	-9
Buy	Hill Samuel European	Medium	+12%	0.22	99	12	-11
Buy	Invesco European Growth	Very High	+24%	0.19	135	-2	-27
Buy	Investec GF European Gth	Low	+10%	0.19	91	13	-4
Buy	Jupiter Euro Spec Sits	High	+25%	0.30	43	9	-
Buy	Jupiter European	Medium	+13%	0.20	99	16	-9
Buy	Lazard European Growth	Low	+10%	0.17	88	17	-7
Buy	Legal & General Euro Index	Low	+7%	0.19	78	9	-6
	Legal & General European	Low	+3%	0.20	56	1	-9
	Lincoln European	Low	+6%	0.17	66	4	-17
Buy	M & G European	Medium	+8%	0.24	78	8	-10
Buy	MGM European Growth	Low	+7%	0.28	77	17	-5
Buy	Martin Currie European	Medium	+11%	0.24	93	7	-12
Buy	Merrill Lynch European Gth	Medium	+11%	0.23	96	12	-6
Buy	Merrill Lynch New Europe	Medium	+8%	0.27	76	13	-8
	Old Mutual European Growth	Low	-1%	0.50	-1	-8	-
	Old Mutual Fund European	Medium	+5%	0.23	56	8	-8
	Old Mutual Fund Swiss Equities	Very Low	+5%	0.06	58	19	-4
Buy	Pearl New Europe	Medium	+13%	0.19	110	18	-7
Buy	Perpetual European	Medium	+9%	0.29	79	7	-11
Buy	Portfolio European	High	+10%	0.36	8	-14	-
Buy	Premier French Equities	Low	+8%	0.40	20	4	-
Buy	Prudential European	Very Low	+4%	0.14	67	13	0
Buy	Rothschild Europe	High	+9%	0.32	7	-12	-
Buy	Royal & Sun All. European	Medium	+12%	0.21	96	13	-9
Buy	Royal London European Gth	Low	+17%	0.15	117	23	-3
Buy	Sanwa European Gth	Low	+16%	0.23	123	18	-7
Buy	Schroder European	Medium	+11%	0.24	95	15	-6
	Scottish Amicable European	Very Low	+5%	0.13	72	15	0
Buy	Scottish Life European	Low	+8%	0.22	86	14	-7

Best Managed Investment Funds

Although the United States stockmarket declined last year two UK based unit trusts/OEICs that invest in US equities performed strongly: **Fidelity American Fund** and **Schroder US Smaller Companies Fund**. These are discussed below.

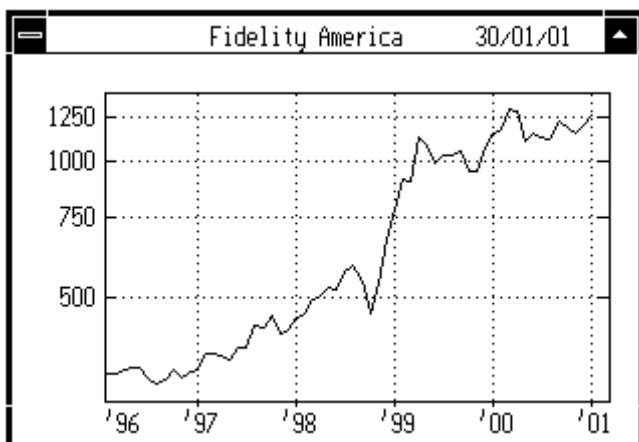
Three funds investing in the United Kingdom stockmarket are also worthy of further attention (and with the right market conditions could be very attractive investments). These are UK unit trusts **Exeter Capital Growth** and **Marlborough (Hargreave Hale) Special Situations Fund**, and UK listed trust **Eaglet Investment Trust**.

Fidelity American Fund is a £693 million OEIC (open ended investment company - the new structure for unit trusts) that invests in mainly larger and medium sized United States shares. The portfolio is very well diversified with the top ten investments making up only about 12.4% of the portfolio.

The trust's performance closely matched the S&P500 Index through until late 1998. In 1999 and early last year the trust significantly outperformed the index - helped by the internet and technology booms. The trust fell sharply in March/April 2000 as the internet bubble burst, but surprisingly the trust has again performed very well over the last three months! All of this suggests that the Fund Manager captured gains from investing in the internet boom and, while suffering a sharp loss in March/April 2000, has since restructured the portfolio to capture gains from the best performing US shares during the last quarter of last year.

This strong performance has earned Fidelity American Fund a high +17% *Superiority Rating*, although it also has a *Low Risk Rating* and a low 0.22 market correlation. That shows high returns but low risks! And even more importantly, a very low correlation with the general US stockmarket trend.

While there are no guarantees in stockmarket investment, it is exactly this type of high return from good stock picking and low exposure to general stockmarket trends that investors should currently be looking for from a United States investment fund.



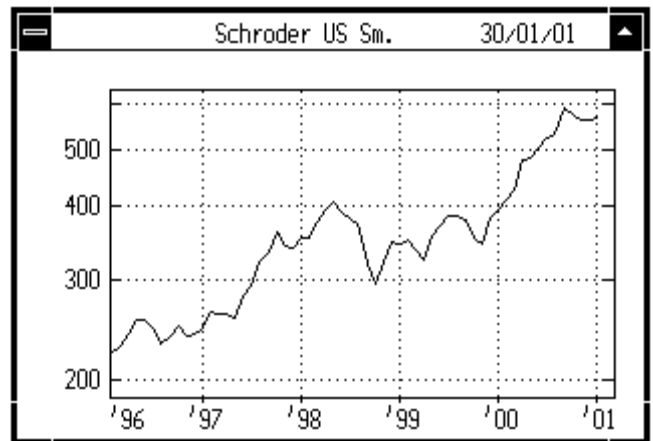
Schroder US Smaller Companies is another UK based unit trust that has performed well - without the high tech (high risk) exposure! The trust holds a £132

million portfolio invested in smaller United States and Canadian companies. The portfolio is very well diversified, with just 16.0% of assets invested in the ten biggest holdings.

The trust turned in a slightly above average long term performance through to the end of 1999 and then soared in value last year. With little high-tech exposure the trust did not suffer a sharp decline in March/April 2000 but continued to increase in value through to a peak in mid-September. Since then its value has declined, but by less than the general market.

As Schroder US Smaller Companies did not participate in the 1999 technology boom its *Superiority Rating* is +8% - reflecting its strong performance during 2000. The trust has a *Low Risk Rating* but an average market correlation of 0.47.

Schroder US Smaller Companies is a well managed fund that achieved superior returns last year while avoiding the risks involved in the technology sector.



Exeter Capital Growth is an unusual UK unit trust that invests its £71 million portfolio mainly in the *capital shares* of *split capital* listed investment trusts.

This is a high risk strategy - and the trust did suffer a significant loss in value during the UK stockmarket decline from June to September 1998. Nevertheless, our *Investment Fund Survey* rates Exeter Capital Growth as *Medium Risk* and its recent decline has been in line with the general decline in the UK stockmarket.

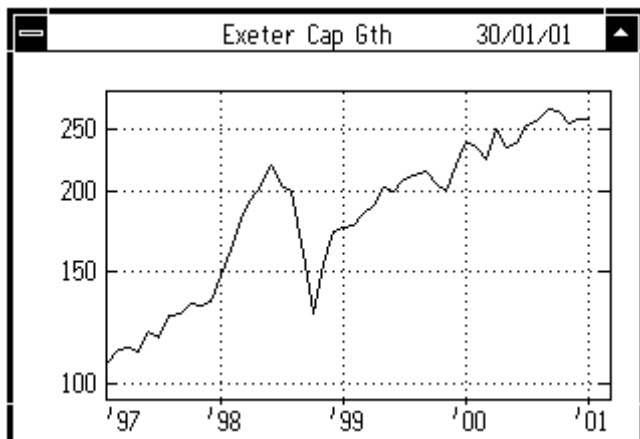
The strategy of investing in split capital shares resulted in significant gains in early 1998 - all of which were lost in the June/September 1998 decline! Over the last 2¼ years, however, the trust has again earned a far above average rate of capital appreciation. Overall the trust earns a *Superiority Rating* of +14% and has been one of the top performing UK funds over the last three years.

Exeter Capital Growth could again quickly suffer a 50% or greater loss of value in a general stockmarket downturn. Nevertheless, the Fund Manager appears to have a sound strategy for investment in volatile split capital shares, so this unit trust should be a good very long term investment for investors prepared to accept higher shorter term volatility and risk.

Given the uncertain short term outlook for the UK stockmarket we would be *(Continued on Page 10)*

Best Managed Funds*(Continued from Page 9)*

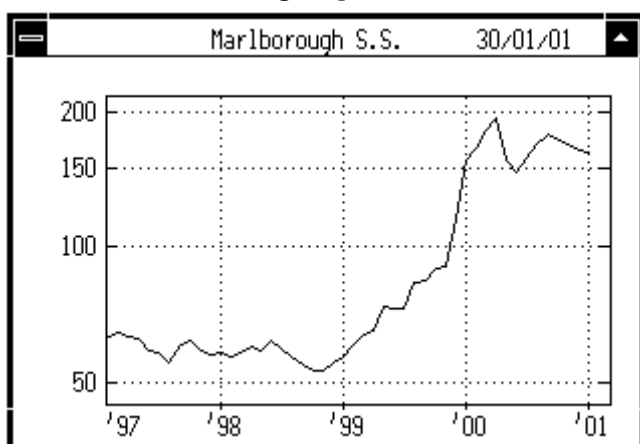
cautious about investing in Exeter Capital Growth at this time - but an investment made when the stockmarket starts to recover could prove very successful.



Marlborough (Hargreave Hale) Special Situations Fund is a small £7.2 million UK unit trust that seeks capital growth from “an actively managed” portfolio and “speculative” investment policy involving buying shares in smaller companies, new issues and troubled companies “with good recovery prospects”.

The portfolio is well diversified across industry sectors, and the ten largest shareholdings making up only about 32% of the portfolio

The fund get a *High Risk Rating* in our *Investment Fund Survey*, but a very strong +29% *Superiority Rating*. The trust under-performed slightly in 1997 and 1998, but *tripled* in value during 1999. The portfolio went on to new highs from January to March 2000 - before losing those gains in the technology decline in April. The strong gains during 1998 indicate that the Fund Manager is capable of capturing significant gains - far in excess of the market average - during a boom period. If the market outlook improves, then this trust could again perform well.



Eaglet Investment Trust plc (EPIC code EIN) is a UK listed investment trust that invests in small UK companies (i.e. with a market capitalisation of under £50 million).

This trust performed very strongly during 1999 and

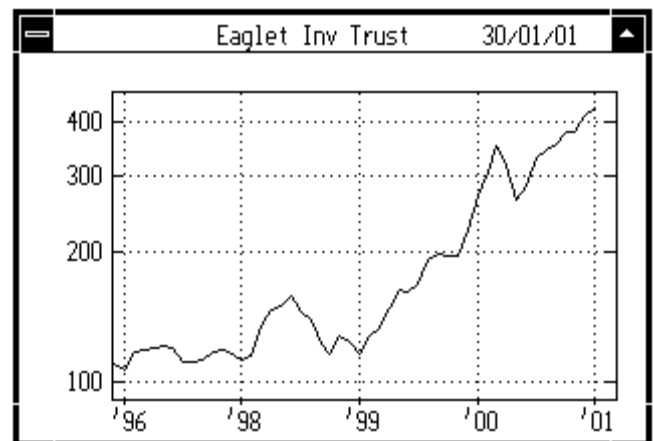
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went on to a peak in early March 2000 and declined sharply during March/April 2000. Its *best performance*, however, has been since its April 2000 lows - from which it has appreciated about 70% despite a relatively flat stockmarket!

Eaglet Investment has equity of £125 million and can borrow up to £24 million to finance its portfolio of fledgling companies. This portfolio is usually diversified over 40-50 different shareholdings. The trust seeks to invest in companies that have growth potential but which can be purchased at reasonable valuations and it is “very rare” for it to purchase shares in companies that are not earning a profit. The trust's exposure to the internet sector was therefore limited.

The trust has recently raised £3.35 million in new equity from the placement of 950,000 shares at £4.30 each. This lifts the issued capital to 29.7 million shares. An annual dividend of 3.2 pence offers a dividend yield of 0.8%. There are also 1.3 million warrants (to buy shares in October 2002 at a price of £1.00). With the share price at £4.22 these warrants are well “in the money” and trade around their *intrinsic value* (i.e. £4.22 - £1.00 = £3.22) but offer a little leverage.

Eaglet Investment Trust rates very well in our *Investment Trust Survey*. The *Superiority Rating* is an extremely high +32%. This trust has *outperformed* virtually every other investment fund that we monitor (including the Technology sector funds) the last three months, over the last year and over the last three years.



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Next Issue

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