

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	+3.6%	-7.5%	-12.4%	3,261.30
Austria	59%	Neutral	Bullish	Neutral	Neutral	+11.3%	+0.7%	-2.7%	1,154.94
Belgium	54%	Neutral	Bullish	Neutral	Neutral	+2.4%	-3.5%	+1.4%	2,997.70
Canada	37%	Bearish	Bearish	Bullish	Bearish	-0.6%	-18.5%	-6.1%	8,957.60
Denmark	46%	Bearish	Bullish	Neutral	Bearish	+8.1%	+6.0%	+14.0%	979.21
Finland	29%	Bearish	Bearish	Neutral	Bearish	-20.0%	-28.1%	-45.4%	9,350.15
France	45%	Neutral	Bearish	Neutral	Neutral	+1.1%	-9.5%	-14.4%	3,667.94
Germany	38%	Bearish	Bearish	Neutral	Bearish	+2.0%	-9.1%	-20.1%	6,497.07
Ireland	57%	Neutral	Bullish	Neutral	Neutral	+7.2%	+15.1%	+8.5%	5,880.77
Italy	44%	Neutral	Bearish	Neutral	Bearish	-2.4%	-5.9%	-13.8%	29,721.00
Japan	30%	Bearish	Bearish	Neutral	Neutral	-17.8%	-23.0%	-36.9%	13,422.83
Netherlands	42%	Bearish	Bearish	Neutral	Neutral	-0.3%	-5.7%	-10.8%	887.30
New Zealand	32%	Bearish	Bearish	Bearish	Bearish	+8.3%	-11.4%	-23.3%	2,132.20
Norway	51%	Bearish	Bullish	Neutral	Bullish	-1.6%	-1.3%	+5.3%	802.36
Spain	43%	Bearish	Neutral	Neutral	Bearish	+7.9%	-5.6%	-19.7%	945.22
Sweden	45%	Bullish	Bearish	Neutral	Bearish	-94.4%	-95.4%	-96.1%	278.45
Switzerland	36%	Neutral	Bullish	Bearish	Bearish	+5.0%	-0.3%	+11.2%	7,920.10
Un. Kingdom	46%	Bearish	Bearish	Bullish	Bearish	-2.4%	-7.1%	-9.8%	6,164.30
USA	48%	Bearish	Bearish	Bullish	Bullish	-3.7%	-10.7%	-5.2%	1,314.76
Argentina	59%	Neutral	Bearish	Bullish	Bullish	+3.6%	-10.9%	-21.7%	17,388.66
Brazil	61%	Bullish	Bullish	Bullish	Bearish	+15.5%	-10.6%	-15.6%	17,138.40
Czech Rep.	47%	Bearish	Bearish	Bullish	Bullish	+8.3%	-11.5%	-26.7%	1,479.00
Chile	69%	Neutral	Bullish	Bullish	Neutral	+5.4%	-0.8%	-19.0%	4,991.60
China	41%	Bearish	Bearish	Bearish	Bullish	-0.6%	-18.5%	-12.0%	714.51
Greece	52%	Bearish	Bearish	Bullish	Neutral	-5.8%	-14.0%	-47.1%	3,169.71
Hong Kong	40%	Bearish	Bullish	Neutral	Bearish	+3.1%	-7.8%	-8.9%	15,873.28
Hungary	46%	Neutral	Bearish	Bullish	Neutral	+5.9%	-6.6%	-31.8%	7,681.12
India	47%	Bearish	Bullish	Bullish	Bearish	+12.2%	+3.4%	-30.4%	4,397.33
Indonesia	43%	Bearish	Bearish	Bullish	Bearish	-1.8%	-25.5%	-47.5%	427.91
Israel	45%	Neutral	Bearish	Bullish	Bearish	-10.0%	-18.1%	-19.9%	402.84
Korea	50%	Neutral	Bearish	Bullish	Bearish	-5.4%	-27.2%	-44.6%	595.47
Malaysia	51%	Neutral	Bearish	Bullish	Bearish	-3.7%	-9.7%	-27.5%	724.81
Mexico	36%	Bearish	Bullish	Bearish	Bearish	+2.2%	-7.1%	-19.6%	6,344.16
Philippines	39%	Bearish	Bullish	Neutral	Bearish	+18.7%	+7.1%	-28.9%	1,695.59
Poland	64%	Bearish	Bullish	Bullish	Bullish	+19.5%	-0.4%	-15.9%	17,642.63
Portugal	49%	Neutral	Bearish	Neutral	Neutral	+7.5%	-6.4%	-23.5%	2,573.45
Russia	44%	Neutral	Neutral	Neutral	Bearish	-3.3%	-16.8%	-4.8%	1,809.57
Singapore	40%	Neutral	Neutral	Neutral	Bearish	-0.8%	-7.9%	-14.4%	1,973.37
Sth Africa	48%	Neutral	Bullish	Neutral	Bearish	+6.8%	-1.1%	-15.7%	9,173.03
Taiwan	51%	Bearish	Bearish	Bullish	Neutral	-5.2%	-29.6%	-45.8%	5,809.84
Thailand	53%	Bearish	Bullish	Bullish	Neutral	+13.7%	-1.9%	-37.4%	324.72
Turkey	53%	Bearish	Bearish	Bullish	Neutral	-30.6%	-31.8%	-49.3%	9,546.00
Venezuela	45%	Neutral	Bullish	Bearish	Bearish	+16.6%	+11.4%	+21.6%	7,663.02

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 has again cut interest rates, by ½% on January 31. This is a very aggressive monetary easing by the Federal Reserve. Most other Central Banks have also cut interest rates.

As discussed last month, two successive interest rate cuts by the Federal Reserve is more significant, and Bullish (i.e. favourable) for the stockmarket, than a single drop in interest rates. Yet the US stockmarket rose in response to the January 3rd cut but declined following the January 31st reduction. The reason is that the second cut has highlighted the fact that this *aggressive easing is in response to a very serious risk of recession*. Stock prices have dipped as investors worry about the impact of the recession.

We don't mean to make light of these short term recession risks - which could have a very negative impact upon stock prices over the next several months. However, aggressive monetary easing *is* bullish for the stockmarket - yet aggressive monetary easing is only ever required *in response to an economic crisis*. Short term risks are real, but medium to long term this is, without doubt, a favourable development.

As we have pointed out many times, the *market* often expects a repeat of its recent past (which Peter Lynch called "penultimate preparedness" in *One Up on Wall Street*). After the October 1987 crash, investors were bearish (i.e. pessimistic) *expecting another crash*.

Now that the NASDAQ index has fallen 50% (removing most of its *bubble* valuation), investors expect technology shares to fall in value. We think technology shares may remain out of favour for some time, and may drift lower, but the worst is over. Similarly, Asian stockmarkets that *have* fallen significantly over the last year - were widely expected to fall significantly in response to the US recession. *Expectations* are usually already built into current share prices, so stockmarkets usually move in the *opposite* direction to what is most widely expected!

Finally, we would once again remind investors of the old adage "A bull market climbs a wall of worry". If investors are worried about a US/global recession, then stockmarkets could appreciate in value. When investors finally *stop* worrying about the recession, stockmarkets will be at their next peak and vulnerable to decline!

Summary and Recommendation

Aggressive interest cuts *are* favourable for stockmarkets, although short term risks remain high. Our Forecasts are still relatively Neutral, so it is probably too early to be aggressively buying shares with our 40-45% cash reserve. Nevertheless, we shall re-invest a small amount of our cash, buying into a Utilities fund (that will benefit from lower interest rates) and will start adding to our positions in Asian warrants.

Recommended International Investment Funds

International Investor aims to invest fairly aggressively, seeking maximum capital growth over the longer term. Risks on *individual* investments are minimised by holding a diversified portfolio, but some investments will be volatile and can suffer a short term decline in value. International investments can make up about 40% of total investment portfolios, with the remaining 60% held in NZ and Australian shares. When we recommend you buy a fund or warrant, we invest our own money in that fund or warrant.

If this investment strategy is *too risky* for your particular financial circumstances then you can reduce your risk exposure by:

1. investing less than 40% of your portfolio internationally, and/or
2. holding a percentage of your portfolio in riskless, interest earning bank deposits.

Performance During the Stockmarket Decline

Conservative investors owning Telecom NZ have suffered a 40% loss since stockmarkets peaked in February 2000. Technology investors have seen the

NASDAQ index fall 50% (although many individual technology shares - especially in NZ and Australia - have fallen considerably more). Our international investments have held up better!

Over the last year or so we have held about 10-15% of our international portfolio in warrants (which are down 50% since February 2000), 50-60% in funds (down an average of only 28%) and, owing to the unfavourable outlook, 30-35% in cash (which has earned a couple of percent in interest). Overall this portfolio has declined about 20-25% since February 2000. Based upon current market values, investors should now have about 6-9½ in warrants, 45-55% in funds and 40-45% in cash (i.e. as our portfolio has declined by one-fifth, our original 30-35% cash reserve is equal to 40-45% of our current international portfolio).

Where to Re-invest that Cash

Now we are entering a phase of re-building our equity positions and increasing our exposure to equities. Assuming that stockmarket outlooks continue to improve, this rebuilding phase will be spread over the next 3-9 months. When fully invested, we aim to hold

15-20% in warrants and split capital shares (i.e. 2½-5% in each of five securities) and 80-85% in 12-14 unit trusts/investment trusts.

From the 40-45% currently in cash, 2½-5% of the international portfolio will be invested in **Legg Mason International Utilities** ordinary shares and another 20-30% will be used to buy into 3-5 new fund recommendations, about 4-7% can be used to add to existing warrants and about 5-15% can be used to add to existing funds.

Dollar Cost Averaging

Dollar cost averaging is a technique where you spread a planned purchase over several months rather than make one large investment at one point in time. As it is impossible to time stockmarket trends accurately, this technique will average out one's purchase price. This will help reduce portfolio volatility, leading to more assured, steady long term returns.

A further advantage of spreading purchases over several months is that it allows us to re-examine our planned purchases in the light of stockmarket conditions over that period. If the market outlook deteriorates, we can defer future purchases - having committed only 20-35% of the money we planned to invest in a particular fund. If the stockmarket outlook improves, we can always speed up our planned purchase schedule.

The advantage of using a UK discount broker is that with a brokerage fee of £15 per trade (i.e. with Fastrade)

it is relatively inexpensive to make 3-5 separate trades. Dealing through a NZ broker and paying £50-100 per trade makes dollar cost averaging expensive and uneconomic!

Current Recommendation

At this stage we shall invest 2½-5% of our international portfolio (from the 40-45% held in a cash reserve) in Legg Mason International Utilities, spreading those purchases over the next three months.

We shall also start making small additional investments in some of our warrant holdings, buying some more **Fleming Asian Investment Trust** warrants this month, as this fund rates very favourably in our *Investment Fund Survey*. In future months we shall, subject to the stockmarket outlook, also add to our holdings in **Schroder Asia Pacific** warrants and **Templeton Emerging Markets** warrants.

Fund News

Baillie Gifford Shin Nippon plc has begun re-purchasing its own shares which are trading at a 20% discount to net asset value. On January 22 the trust repurchased 100,000 shares at 129 pence and on January 31 it bought 250,000 shares at 130 pence. That still leaves an issued capital of 31,455,492 shares.

Fleming Asian Investment Trust plc may also start re-purchasing its own shares. The recent AGM approved the purchase of up to 24,528,042 shares (14.99% of its capital).

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		23.25p	77.1	-46
HOLD	Fidelity Asian Values WARRANTS	FASW	10/03/98	17.5p	49.7		16.75p	55.6	+12
BUY	Gartmore Pacific Growth Fund	*	29/10/85	41.4p	105.4		183.11-195.15p	627.3	+495
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		45.9p	152.3	+43
HOLD	HSBC Hong Kong Growth Fund	*	07/04/98	159.4p	481.6		205.6p	681.9	+42
BUY	Henderson Pacific Capital	*	08/08/00	342.2p	1122.6		279.4p	926.7	-17
BUY	Schroder Asia Pacific WARRANTS	SDPW	13/07/99	25.5p	75.8		16.25p	53.9	-29
Japan									
HOLD	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	-21%	129.5p	429.5	-2
HOLD	Invesco Japan Discovery Trust	IJD	13/07/99	95.5p	284.0	-16%	90.8p	301.0	+6
Korea									
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		62.20-66.59p	213.6	+2
Thailand									
BUY	Old Mutual Thailand Trust	*	08/12/98	49.0p	155.9		43.89-47.31p	151.2	-3
International									
HOLD	Aberdeen Prolific Emerging Markets	*	13/08/91	39.0p	116.1		67.32 71.23p	229.8	+98
BUY	Legg Mason Int'l Utilities plc	LIU	13/02/01	170.5p	565.5	-12%	170.5p	565.5	
BUY	Templeton E/Markets WARRANTS	TEMA	13/07/99	40.3p	119.7		21.5p	71.3	-40

* 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 71¼ pence (-13%, i.e. 13% below net asset value), **Fleming Asian** shares at 96½ pence (-9%), **Schroder Asia Pacific** shares at 77¼ pence (-12%), **Templeton Emerging Markets** shares at 121¾ pence (-17%), **Baillie Gifford Shin Nippon** warrants at 35¾ pence and **Invesco Japan Discovery** warrants which trade at 30½ pence.

Fund Recommendation:

Buy Legg Mason International Utilities

“Ordinary” Shares

Utility shares - often considered *old economy* businesses and as *income* investments with little growth - were neglected by investors during the technology boom and became under-valued. Now the sector is coming back in favour. Utilities are a *safe haven* investment, offer a *high income yield*, are non-cyclical (i.e. recession proof) and will benefit considerably from the current run of aggressive interest rate cuts by Central Banks.

Legg Mason International Utilities plc is a “split capital” UK listed investment trust that invests in a portfolio of international utility company shares. Being a “split capital” trust the *ordinary* shares offer a leveraged exposure to this sector which will likely perform very well over the next 6-12 months.

Portfolio and Investment Strategy

Legg Mason International Utilities holds a £325 million portfolio. Most investments are in Electricity utilities (47% of the portfolio) and Telecommunications (32%), with smaller holdings in Water companies (14%), other utilities (5%) and cash (2%). By country, the portfolio is invested mainly in the United Kingdom (41%), the United States (33%) and Europe (22%), with a small investment in Japan (2%). The ten largest investments make up about 43% of the portfolio.

The trust seeks superior performance through *stock picking* (i.e. selecting the right shares) based upon four criteria: Proven Management (i.e. who have delivered results for shareholders), Business Development (i.e. companies expanding into new markets or industries), strong Cash flow generation and low Valuation (i.e. growth, but at a reasonable price). Once purchased, shares are held for the long term.

With US Electricity company shares performing poorly during the technology boom, the trust also performed poorly during 1999. In February 2000 the trust lowered its exposure to Telecommunications shares as “valuations became unsustainable” - thereby realising gains near the market's peak. Helped by those timely sales, the fund has performed *very well* over the last year.

The trust will be wound up on December 31, 2003 - although it is normal for a “split capital” trust to be *reorganised* 6-12 months ahead of this date. The annual management fee is 0.75% per annum.

Our Investment Fund Survey rates

Legg Mason International

Utilities as an Attractive Trust

Legg Mason International Utilities rates well in our quarterly *Investment Fund Survey*. The combination

of *low risk* utilities shares and a *high risk* leveraged capital structure results in a *Medium* risk rating in our survey. A *Market Correlation* of 0.24 indicates that performance is not highly dependent upon general stockmarket fluctuations. Most importantly the trust earns a *Superiority Rating* of +19%, showing superior risk-adjusted performance.

Legg Mason International Utilities is therefore a suitable fund from which investors may seek to earn leveraged returns from a sector that we believe will perform well relative to the general stockmarket.

Outlook for Utilities Shares

With two interest rate cuts by the US Federal Reserve so far this year the outlook for world stockmarkets is improving, although the US may suffer a recession in the short term. While that may involve some short term risks, we believe that Utilities shares could be a good investment in this environment. Several factors make Utilities attractive for investment:

1. Electricity, Water and Telecommunications are non-cyclical businesses - so would not suffer in an economic recession. With slower economic growth, investors will tend to favour these *safe haven*, non-cyclical shares.
2. Electricity and Water shares offer *high dividend yields*, so lower interest rates will make these shares relatively more attractive compared with fixed interest investments.
3. As Electricity, Water and Telecommunications companies have relatively stable businesses they use significant amounts of debt in their capital structure. The current decline in interest rates will therefore reduce their operating costs and improve profitability.
4. Many Utilities companies are using their customer base and billing systems to cross-sell a wide range of other products, creating new sources of revenue and profit.

Legg Mason International Utilities' Capital Structure

While utility companies are low risk investments, this investment trust has a “split capital” structure which produces a high leverage for the Ordinary shareholders. Legg Mason International Utilities' £325 million portfolio is funded by a £55.4 million bank loan, of 56,248,000 Zero Dividend Preference (ZDP) shares, 57,688,000 Income shares and 57,689,000 Ordinary shares. We recommend investing in these Ordinary shares.

The company will be wound up on December 31, 2003 (i.e. in two years and ten months). At that time the company will repay its bank loan, the ZDP shares

at £2.51 each and the Income shares at £0.8425 each, with all remaining assets going to the Ordinary shareholders. These repayments will require the following amount:

Sterling loan	£55.4 million
ZDP shares	£141.2 million
Income shares	<u>£48.6 million</u>
Total Repayments	£245.2 million

If the portfolio remained unchanged in value at £325 million at the Demember 2003 winding up date, then there would be £79.8 million (£1.38 per share) for the Ordinary shareholders. Based upon the current value of the ZDP shares (which have still to accumulate two years and ten months of interest), the net asset value of the Ordinary shares is currently £1.94. So the shares are currently selling at a small 12% discount to net asset value.

Potential Returns - and Risk

The main potential advantage of this capital structure is the high leverage offered to the Ordinary shareholders. A £1000 investment in the Ordinary shares gives an investor an interest in £3300 worth of utility company shares. All of the capital gains will accrue to the Ordinary shareholders.

This leverage also increases the size of the loss that will be suffered by the Ordinary shareholders if utility shares decline in value. That loss, of course, is limited to 100% (i.e. the ordinary shares could become worthless at the winding up date).

In addition, the Ordinary shares and the Income shares have equal entitlement to the investment income earned from its £325 million portfolio of utility shares. All of the trust's investment income, less interest on its bank loan, is distributed to these classes of shareholders. The trust is expecting to pay a dividend rate of 8.5 pence (plus Tax Credit) this year, producing an income yield of 5.0% for the Ordinary shareholders.

Legg Mason International Utilities ordinary shares therefore involve high risk but offer the potential for high returns. Leverage multiplies the losses or gains from its portfolio of international utilities shares.

Other Information

Legg Mason International Utilities are actively traded. There are three market makers (i.e. brokers

who make a market in the shares by buying and selling) and the ordinary shares were recently quoted at 168-173 pence, and last traded at 170½ pence. That is a 3.0% spread, which is reasonably small for a volatile, split capital share.

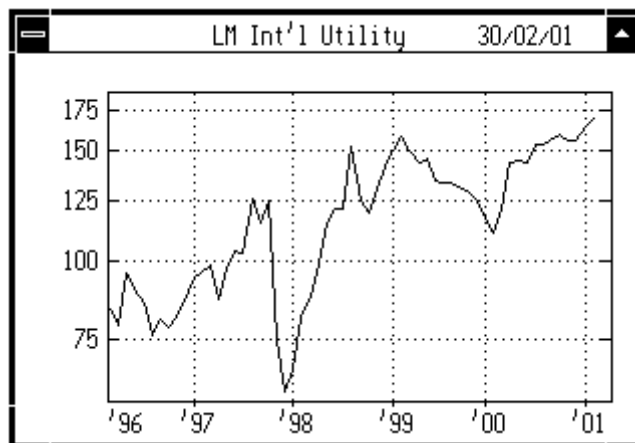
We would normally invest 5-7½% of our international portfolio in investment funds and 2½-5% in volatile warrants. Owing to its high leverage, this split capital trust should be considered similar to a warrant, so we shall invest only 2½-5% of our portfolio in this share.

Summary and Recommendation

For an investment in Legg Mason International Utilities ordinary shares to be a successful, we require two things: Firstly, that Utility shares need to rise in value. Falling interest rates are making high yielding, non-cyclical utilities an attractive sector for investment. Secondly, the trust must continue to be reasonably well managed. Its high Superiority Rating, as measured in our Investment Fund Survey, shows superior historical performance - and this past performance is our best guide to the future.

We believe that this is a good time to invest in utility shares and that Legg Mason International Utilities, with its good management and high leverage, is an attractive fund that will maximise our returns. Therefore, we recommend buying the ordinary shares of this UK listed "split capital" trust.

The EPIC code for the ordinary shares is LIU.



Investment Fund Survey

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance 36 mth	12 mth	3 mth	Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance 36 mth	12 mth	3 mth
NEW ZEALAND															
NEW ZEALAND BASED UNIT TRUSTS															
	A Jones NZ Share	Very Low	-0%	0.50	6	-1	1		BNZ Equities Discovery	Very Low	+5%	0.25		5	2
	AMP NZ Share	Very Low	+2%	0.54	15	3	2		BNZ NZ Blue Chip	Very Low	+0%	0.86	8	2	2
	AMP Passive NZ Share	Very Low	-3%	0.19		-6	1		BNZ NZ Equity Index	Medium	-1%	0.85	-8	-4	4
	AMP Tracker Fund	Medium	-0%	0.61	-13	-5	1		BT LP New Zealand Share	Very Low	+6%	0.65	28	14	5
	ANZ Tranz Equity	Very Low	-2%	0.70	3	3	2		BTIS NZ Share	Very Low	+3%	0.63	23	8	4
	AXA NM NZ Leaders	Low	+0%	0.66	1	2	0		Coronet Equity Trust	Very Low	-1%	0.37	1	-1	-1
	BNZ Active Growth	Very Low	+2%	0.13	20	5	-1		Direct Second Fifteen	Very Low	+4%	0.19	35	8	9
									NZ Guardian NZ Equity	Low	+2%	0.65	2	-5	5
									NZ Guardian NZGT 30	Medium	-3%	0.74	-12	-3	5

(Continued on Page 6)

Current Advice	Investment Fund	Risk Rating	Super-Ordinary Rating	Market Correlation	Performance 36 mth	12 mth	3 mth
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Current Advice	Investment Fund	Risk Rating	Super-Ordinary Rating	Market Correlation	Performance 36 mth	12 mth	3 mth
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AUSTRALIAN LISTED INVESTMENT TRUSTS

Avoid	Argo Investments	Very Low	-7%	0.09	-3	-4	-5
Avoid	Australian Foundation	Very Low	-8%	0.09	-1	-9	-1
Avoid	BT Australian Equity	Very Low	-8%	0.02	2	-7	1
	Bounty Investments	Very Low	-5%	0.02	9	0	-4
	Cambooya	Very Low	-2%	0.09	26	-2	6
	Choiseul Plantation	Very Low	+1%	0.03	28	-1	-3
	Diversified United Inv.	Very Low	+1%	0.00	18	2	0
	Huntley Investment Coy	Very Low	-1%	0.11	21	3	-1
	MaxiLink - Capital	Low	-2%	0.23	20	-9	0
	Wakefield Investments	Very Low	-6%	0.05	4	-2	-4

NEW ZEALAND LISTED INVESTMENT TRUSTS

	Ozzy Tortis	Very High	+5%	0.60	55	8	0
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UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Avoid	Australian Opportunity	High	-22%	0.14	-15	-22	4
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GOLD & MINING

AUSTRALIAN BASED UNIT TRUSTS

	BT Sel Mkts Global Res.	Very Low	-5%	0.65	15	3	-8
	Col First State Glb Res.	Medium	+4%	0.88	55	5	3
	JB Were Resources	Medium	-1%	0.88	27	-4	-1
	Lowell Aust Resources	Medium	-6%	0.69	-5	-8	-4
	Merc Mutual Resources	High	-4%	0.89	7	-4	-1
	Roth FA Natural Resources	Medium	-0%	0.90	25	3	-2

UNITED KINGDOM BASED UNIT TRUSTS

	M & G Commodity	Medium	+5%	0.90	54	18	2
	M & G Gold & General	Very High	+2%	0.79	32	15	5
	Merrill Lynch Gold & General	Very High	+4%	0.56	26	1	0

AUSTRALIAN LISTED INVESTMENT TRUSTS

	BT Resources	Low	-4%	0.62	23	4	7
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UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Buy	Merrill World Mining	High	+9%	0.81	75	1	5
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EMERGING MARKETS

AUSTRALIAN BASED UNIT TRUSTS

Avoid	Macquarie S/M Emerging	Medium	-8%	0.70	8	-32	-1
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NEW ZEALAND BASED UNIT TRUSTS

	NZFM Global Emerging Mkt	Medium	-4%	0.84	20	-15	-6
	Nat Bank Emerging Mkts	Low	-5%	0.84	12	-12	-3

NEW ZEALAND BASED INSURANCE BONDS

Avoid	Royal Sun All E/Markets	Low	-9%	0.86	12	-13	2
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UNITED KINGDOM BASED UNIT TRUSTS

Buy	Aberdeen Emerging Markets	Medium	+4%	0.95	39	-4	-4
Buy	Aberdeen Frontier Markets	Low	+12%	0.72	57	-11	-11
Buy	Framlington Emerging Markets	Medium	-1%	0.87	15	-27	-6
Buy	Gartmore Emerging Markets	Medium	+8%	0.90	50	-14	-5
	Hill Samuel Global Emerg. Mkts	Medium	-3%	0.92	17	-20	-5
	Invesco GT Emerging Countries	Medium	-2%	0.94	12	-17	-5
	Lazard Emerging Markets	Medium	-2%	0.91	-11	-3	-3
	Martin Currie Emerging Mkts	Medium	+1%	0.88	29	-22	-9
	Merrill Lynch Emerging Markets	Medium	+0%	0.92	18	-17	-7
	Rothschild Emerging Markets	High	+2%	0.96	-16	-7	-7
	Royal & Sun All. Emerging Mkts	Medium	-2%	0.95	16	-22	-8
	Schroder Gbl Emerging Mkts	Medium	-1%	0.92	26	-21	-7
	Stewart Ivory Emerging Markets	Medium	+4%	0.95	49	-4	-3

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Buy	Aberdeen Emerging Econ.	Very High	+9%	0.91	44	4	6
	Advance Developing Mkts	Medium	+3%	0.80	-7	-1	-1
	Beta Global Emerging	High	+1%	0.65	8	11	-1
	Dresdner RCM Emerg Mkts	Medium	+0%	0.84	15	-13	2
	F & C Emerging Markets	Very High	-1%	0.86	-15	-5	6
Buy	Fleming Emerging Mkts	Very High	+14%	0.87	47	-12	-2
	Govett Emerging Mkts	Very High	+5%	0.92	21	-20	5
Buy	Murray Emerg. Economies	Very High	+11%	0.94	26	1	1
	Schroder Emer Countries	High	+2%	0.87	22	-20	0
Avoid	Tea Plantations	Very Low	-33%	0.02	-53	-21	-13
	Templeton Emerging Mkts	Very High	+1%	0.87	27	-12	4

LATIN AMERICA

NEW ZEALAND BASED UNIT TRUSTS

Avoid	Tower Spot. Latin Amer.	Low	-9%	0.85	24	6	5
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UNITED KINGDOM BASED UNIT TRUSTS

	Abbey Latin America	Medium	-0%	0.96	34	4	-0
	Aberdeen Latin America	Medium	-2%	0.98	27	6	0
	BG Latin American	Medium	+2%	0.95	47	8	2
	Edinburgh Latin American	High	-4%	0.96	6	2	1
	Fleming Select Latin America	Medium	+1%	0.98	36	6	4
	NPI Latin American	Medium	-3%	0.92	19	5	1
	Old Mutual Fund Latin American	Medium	+2%	0.96	38	10	1
	Perpetual Latin America	Medium	-3%	0.94	12	3	-3
	Scot Widows Latin America	Medium	+2%	0.98	7	-0	-0

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

	Aberdeen Latin American	Very High	-0%	0.93	17	10	1
	Edinburgh Inca	Very High	+5%	0.84	33	14	11
	Templeton Latin Amer.	High	-3%	0.82	14	1	6

FAR EASTERN / PACIFIC (excl JAPAN)

AUSTRALIAN BASED UNIT TRUSTS

Buy	Dresdner Taipan Trust	High	+7%	0.80	86	-19	-10
	Dresdner Tiger Opport.	High	+0%	0.78	52	-19	-7
	Fidelity Perp. S.E. Asia	Medium	-3%	0.87	53	-22	-6
	HSBC Flexi-Trt Dragon Trt	Medium	-2%	0.78	58	-21	-3
	Norwich Asia	Medium	+3%	0.75	88	-12	-5

NEW ZEALAND BASED UNIT TRUSTS

Avoid	AJ Asia Pacific Share	Low	-3%	0.71	77	-6	-3
	AMP Asian Shares	Medium	-9%	0.66	27	-22	1
	BT LP Pacific Basin	Low	-5%	0.82	44	-10	1
	Royal & Sun Asian S/Mkt	Very Low	-5%	0.65	47	1	-3
	Tower Spotlight Asia	Medium	-5%	0.75	53	-1	2

NEW ZEALAND BASED INSURANCE BONDS

Avoid	Royal Sun All Far East	Low	-7%	0.74	40	-9	0
Avoid	Sovereign Far East	Very Low	-7%	0.29	3	-18	-12

UNITED KINGDOM BASED UNIT TRUSTS

	Abbey Asian Pacific	Medium	+1%	0.94	66	-16	-6
	Aberdeen Far East Emerging	Low	+1%	0.83	81	1	-2
	BG Pacific	High	+6%	0.89	91	-7	-6
	Baring East	Medium	-1%	0.92	67	-11	-6
Buy	Britannia Pacific Growth	Medium	+7%	0.89	109	-5	-3
	CGU PPT Oriental Growth	Medium	-2%	0.94	-8	-5	-5
	Canada Life Far East	High	-4%	0.89	48	-15	-5
	Cazenove Pacific Portfolio	Medium	-4%	0.92	54	-6	-3
	Credit Suisse Orient	High	-0%	0.89	52	-24	-8
	Deutsche Asian Trader	Medium	+1%	0.92	80	-10	-7
	Dresdner Tiger	Medium	-2%	0.89	57	-18	-7
	Edinburgh Pacific	Medium	+0%	0.87	48	-11	-7
Buy	Exeter Pacific Growth	High	+10%	0.92	100	2	-1
	Fidelity South East Asian	Low	+4%	0.79	89	2	-5
	Fleming Select Pacific	Low	-0%	0.91	61	4	-5
	Friends Prov. Asian Growth	Medium	-5%	0.89	49	-18	-9
	Gartmore Pacific	Medium	-0%	0.86	53	-18	-8
	Govett Asia Pacific	Low	-2%	0.92	67	-1	-5
Avoid	Govett Greater China Fund	Medium	-10%	0.82	36	-15	-7
	Govett Pacific	High	-1%	0.93	-17	-7	-7
	Guardian Pacific	Medium	-4%	0.94	53	-8	-6
Avoid	HSBC Pacific Index	Medium	-7%	0.59	22	3	-5
Buy	Henderson Pacific Capital	Medium	+13%	0.88	117	-1	-8
	Hill Samuel Far East	Medium	-1%	0.94	65	-15	-7
	Invesco GT Orient	High	-6%	0.88	-22	-7	-7
	Legal & General Pacific Index	Low	-4%	0.89	52	-0	-6
	Legal & General Pacific Gth	Medium	+1%	0.96	66	-10	-7
	M & G South East Asian	Medium	+1%	0.94	72	-10	-5
	Martin Currie Asian Pacific	Medium	+2%	0.87	62	-9	-5
	Merrill Lynch Pacific	Medium	-4%	0.91	45	-21	-9
Avoid	Murray Pacific	Low	-9%	0.92	42	-14	-6
Buy	Newton Oriental	Medium	+9%	0.86	90	5	-3
	Perpetual Asian Small Mkts	Medium	+3%	0.96	84	-8	-3
	Portfolio Asia	Medium	+4%	0.92	73	-8	-5
	Prudential Pacific Markets	Medium	-2%	0.85	65	-8	-3
	Rothschild Asia Pacific	High	-6%	0.90	-23	-7	-7
Buy	Royal London Far East Gth	High	+7%	0.83	79	-7	-4
	Schroder Pacific Growth	High	+6%	0.93	93	-13	-8
	Scottish Amicable Asia Pacific	Medium	-2%	0.89	69	-7	-2
	Scottish Mutual Far Eastern	Medium	-1%	0.93	67	-12	-5
	Scottish Widows' Sth East Asia	High	-4%	0.90	54	-19	-4
	Stewart Ivory Asia Pacific	Medium	+2%	0.87	76	1	-3

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Buy	Aberdeen New Dawn	High	+6%	0.73	86	1	-1
Buy	Aberdeen Asian Small Co	Medium	+15%	0.62	123	1	-8
Buy	Edinburgh Dragon Trust	Very High	+9%	0.92	72	-4	2
Avoid	Edinburgh New Tiger	High	-17%	0.78	-15	-36	-6
Avoid	Edinburgh Java	High	-18%	0.45	-1	-25	-9
Buy	Fidelity Asian Values	High	-1%	0.71	43	-28	-5
Buy	Fleming Asia	Very High	+19%	0.87	98	-5	-3
Buy	Govett Asian Smaller	Very High	-2%	0.70	35	-20	-11
Buy	Henderson TR Pacific	Very High	+10%	0.79	64	-14	-2
	Invesco Asia	Very High	-2%	0.81	34	-20	-2
	Pacific Assets	Very High	+2%	0.77	61	-22	-2
Buy	Pacific Horizons	Very High	+13%	0.80	94	2	-2
Buy	Schroder Asia Pacific	Very High	+8%	0.79	82	-12	-1
	Scottish Oriental Sm Co	Medium	+3%	0.68	64	7	-7

FAR EASTERN / PACIFIC (incl JAPAN)

AUSTRALIAN BASED UNIT TRUSTS

	BT Sel Mkts Pacific Basin	Very High	+3%	0.81	82	-14	1
	Dresdner Pacific Growth	Medium	-6%	0.60	41	-26	-12
	Invesco Asian Growth	High	-4%	0.80	49	-35	-14

NEW ZEALAND BASED UNIT TRUSTS

Avoid	BTIS Pacific Basin	Medium	-10%	0.80	31	-15	1
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UNITED KINGDOM BASED UNIT TRUSTS

	Aberdeen Asia Pacific	Low	+0%	0.86	72	-5	-10
	CCS Asian Growth	Very High	+3%	0.80	-19	-10	-10
	CGU PPT Far Eastern Growth	Low	-3%	0.80	-15	-14	-14
Buy	Dresdner Orient Assets	High	+10%	0.76	112	-15	-11
	Equitable Far East	Medium	+1%	0.89	69	-16	-18
	Friends Prov. Pacific Basin	Medium	-1%	0.92	56	-21	-16
Buy	GAM Far East	Medium	+8%	0.64	-1	-4	-4
Avoid	Investec GF Asian Smaller	Very High	-16%	0.68	16	-21	-4

(Continued on Page 8)

Current Advice	Investment Fund	Risk Rating	Specialty Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
Buy	Jupiter Far Eastern	Medium	+19%	0.83	173	-9	-17
	Legal & General Far East	Medium	+4%	0.89	82	-15	-16
Avoid	Lincoln Far East	Low	-10%	0.63	46	-2	-6
	Martin Currie Far East	Medium	+2%	0.93	64	-18	-15
	Royal & Sun All. Far East	Medium	+1%	0.85	67	-10	-13
	Schroder Far Eastern	Medium	+2%	0.94	71	-18	-14
	Scottish Life Pacific	Low	+1%	0.91	65	-14	-16
	St. James's Place Far East	Medium	+1%	0.91	72	-15	-16
	Un Friendly Far Eastern	Medium	+5%	0.89	77	-13	-14

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

	F & C Pacific	Medium	-5%	0.69	20	-32	-23
	Govett Asian Recovery	Very High	-1%	0.70		-35	-20
Avoid	Henderson Far East Inc.	Very Low	-14%	0.39	6	-7	-5
	Martin Currie Pacific	Very High	+2%	0.83	34	-19	-15

HONG KONG / CHINA REGION**UNITED KINGDOM BASED UNIT TRUSTS**

	Gartmore Hong Kong and China	Medium	-6%	0.84	85	-2	-6
Avoid	Invesco HK and China	Medium	-7%	0.84	72	-5	-5
	Investec GF HK & China	Medium	+1%	0.87	121	17	-2
	Old Mutual Fund Hong Kong	Medium	-2%	0.88	105	19	-3

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

	Fleming Chinese	Very High	-5%	0.80	55	7	1
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KOREA**UNITED KINGDOM BASED UNIT TRUSTS**

Buy	Baring Korean	Low	+9%	0.88	146	-21	-4
	Schroder Seoul	Medium	+1%	0.84	82	-39	-8

THAILAND**UNITED KINGDOM BASED UNIT TRUSTS**

Buy	Old Mutual Fund Thailand	Medium	+8%	0.81	14	-35	5
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UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

	Aberdeen New Thai IT	Very Low	-5%	0.34	7	-12	6
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INDIA**UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS**

Buy	Fleming Indian	High	+22%	0.44	137	-7	2
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JAPAN**AUSTRALIAN BASED UNIT TRUSTS**

	Dresdner Japan Growth	Very Low	+2%	0.27	65	-29	-27
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UNITED KINGDOM BASED UNIT TRUSTS

Buy	Abbey Japan Trust	Medium	+7%	0.73	72	-19	-23
	Aberdeen Japan	Very Low	+2%	0.50	58	-17	-22
Buy	BG Japan	Low	+15%	0.48	102	-24	-26
	Barclays Japan	Low	+1%	0.71	42	-22	-24
Avoid	Baring Japan Growth	Very Low	-8%	0.61	19	-26	-28
	Baring Japan Sunrise	Low	+4%	0.46	70	-35	-26
Buy	Britannia Japan	Low	+10%	0.63	91	-9	-22
Buy	CCS Japan	Low	+15%	0.59	106	-13	-23
	CGU PPT Japan Growth	Very Low	-1%	0.43		-23	-24
Buy	Canada Life Japanese	Very Low	+7%	0.45	86	-15	-20
	Cazenove Japan Portfolio	Low	+4%	0.62	52	-25	-25
	Clerical Med Japan Growth	Low	+4%	0.58	56	-29	-25
	Deutsche Japan Tracker	Very Low	-1%	0.66	38	-16	-23
Buy	Deutsche Japan Growth	Low	+14%	0.61	90	-12	-24
	Dresdner Japan	Medium	+4%	0.60	52	-28	-26
	Edinburgh Tokyo	Low	+1%	0.54	33	-23	-26
Buy	Fidelity Japan	Low	+15%	0.49	100	-21	-26
Buy	Fleming Select Japanese	Low	+10%	0.61	83	-20	-23
Buy	Framlington Japan & General	Medium	+11%	0.63	82	-22	-24
	Friends Prov. Tokyo	Low	+6%	0.57	56	-32	-26
	GA Japan Growth	Low	+4%	0.67		-21	-24
Buy	Gartmore Japan	Medium	+8%	0.64	79	-19	-24
	Govett Japan General	Low	-0%	0.60	40	-28	-27
	Govett Japan Index Tracker	Medium	+1%	0.85		-26	-23
	Guardian Japan	Low	-1%	0.61	33	-21	-25
	HSBC Japan Index	Low	+2%	0.70	50	-16	-22
	Henderson Japan	Very Low	+3%	0.38	66	-22	-22
	Hill Samuel Japanese	Low	+3%	0.59	49	-24	-23
	Invesco GT Japan	Medium	-3%	0.40		-39	-26
	Lazard Japanese	Very Low	+5%	0.50	68	-17	-24
	Legal & General Japanese	Very Low	+5%	0.50		-14	-24
	Legal & General Japan Index	Low	+2%	0.66	52	-17	-23
	Lincoln Japan	Very Low	-3%	0.35	34	-23	-27
	M & G Japan & General	Low	+2%	0.68	48	-26	-25
Buy	Martin Currie Japan	Very Low	+7%	0.62	74	-18	-25
	Merrill Lynch Japan	Low	+5%	0.65	53	-23	-26
Buy	Murray Japan	Low	+8%	0.66	77	-21	-23
	Newton Japan Growth	Low	-2%	0.60	30	-24	-25
	Old Mutual Fund Japan	Low	+0%	0.62	38	-18	-24

Current Advice	Investment Fund	Risk Rating	Specialty Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
	Perpetual Japan Growth	Very Low	+2%	0.53	68	-18	-18
	Portfolio Japan	Medium	-2%	0.49		-33	-25
	Prudential Japanese	Low	+3%	0.72	53	-20	-24
	Rothschild Japan	Low	-1%	0.55		-25	-24
Buy	Royal London Japan Growth	Low	+7%	0.52	72	-21	-21
Buy	Schroder Japan Enterprise	Medium	+14%	0.43	83	-42	-23
	Schroder Tokyo	Very Low	+4%	0.55	56	-10	-22
	Scottish Amicable Japanese	Low	+2%	0.73	47	-22	-24
	Scottish Mutual Japanese	Low	+4%	0.68	62	-20	-23
	Scottish Widows' Japanese	Very Low	+3%	0.61	52	-17	-22
Buy	Stewart Ivory Japan	Very Low	+11%	0.49	103	-20	-25
Buy	Sun Life of Canada Japan	Medium	+15%	0.55	98	-22	-26

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Buy	Fleming Japan	Very High	+17%	0.58	85	-34	-24
	GT Japan	High	+5%	0.61	32	-44	-30
Buy	Gartmore Select Japan	Medium	+9%	0.54	67	-23	-22
Buy	Invesco Tokyo	Very High	+7%	0.57	38	-43	-28
	Martin Currie Japan	Medium	+5%	0.45	45	-25	-26
Buy	Perpetual Japan	High	+9%	0.42	65	-19	-19
	Schroder Japan Growth	Low	+5%	0.37	62	-15	-20

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

Buy	Dresdner Japan Spec Sits	Low	+10%	0.77	173	-31	-27
Avoid	F & C Japanese Smaller Coys	Low	-7%	0.83	62	-52	-25
	Fidelity Japan Sp Sits	Medium	+4%	0.81	119	-45	-32
	Friends Prov. Japan Small Coys	Very Low	-3%	0.81	81	-32	-25
Avoid	Henderson Japan Capital Gth	Very Low	-11%	0.70	56	-37	-24
Buy	Hill Samuel Japan Small Cos	Low	+12%	0.75		-29	-23
Buy	Invesco Japanese Small Coys	Medium	+14%	0.79	235	-54	-29
	M & G Jap Small Cos	Very Low	+1%	0.61	110	-3	-22
Avoid	Schroder Japan Small Coys	Very Low	-10%	0.29	47	-15	-23

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

	B Gifford Shin Nippon	Medium	+5%	0.66	142	-46	-27
	Baillie Gifford Japan	Very Low	+6%	0.65	109	-30	-28
Buy	Fidelity Japan Values	Medium	+9%	0.69	152	-50	-37
Avoid	Henderson Japan Small	Very Low	-18%	0.58	22	-40	-32
Buy	Invesco Japan	Very High	+18%	0.71	212	-58	-33

TECHNOLOGY**UNITED KINGDOM BASED UNIT TRUSTS**

	Aberdeen Technology	Medium	+3%	0.89	242	-24	-31
Buy	CF Bio-Tech	High	+34%	0.57		27	-24
	CF Technology	Medium	-2%	0.88		-14	-19
Buy	Framlington Health	Low	+18%	0.64		60	-22
Avoid	Framlington Netnet	High	-43%	0.91		-50	-32
Buy	Henderson Global Technology	Medium	+11%	0.88	295	-16	-30
	M & G Global Technology	Low	-5%	0.71		-4	-16
Avoid	Premier Technology	High	-22%	0.87		-33	-27
Avoid	Rathbone Technology	High	-17%	0.95		-34	-32
	Societe Generale Technology	Medium	+0%	0.88		-22	-30

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Buy	Finsbury Technology	High	+19%	0.77	467	2	-23
Buy	Finsbury W/wide Pharm.	Very Low	+27%	0.43	288	111	-14
Buy	Henderson Technology	Medium	+15%	0.77	323	-11	-31
Buy	Herald Investment Trust	Medium	+10%	0.83	302	-6	-22
Buy	International Biotech	Very High	+31%	0.54	282	73	-28

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