

International Investor

Issue No. 68

P.O. Box 34-162, Auckland

August 14, 2001.

Inside International Investor

Stockmarket Forecasts slowly improve	1, 2	Investment Fund Survey	4, 5, 6
Thailand and Japan to restructure?	2	Best Managed Funds: Biotechnology and Healthcare	7, 8

Editor and Research Director: James R Cornell (B.Com.)

World Stockmarket Forecasts

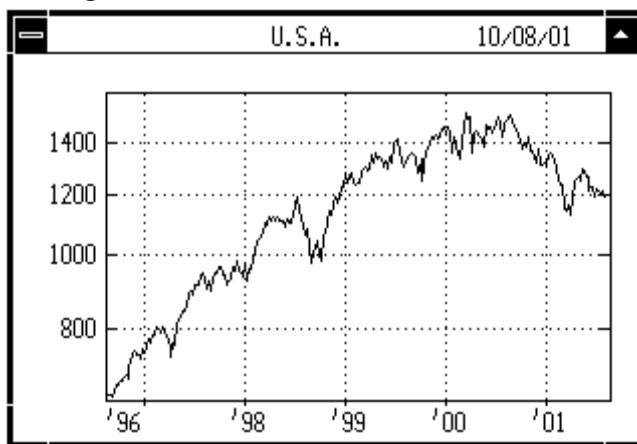
Stockmarket	One-Year Forecast	Fundamental Indicators	Technical Indicators	Monetary Indicators	Economic Indicators	Historical Performance (in US\$)			Share Index
						3 mths	6 mths	12 mths	
Australia	66%	Neutral	Bullish	Bullish	Bullish	-1.0%	-1.8%	-9.2%	3,343.90
Austria	69%	Bullish	Bullish	Bullish	Neutral	+2.4%	+1.9%	+2.6%	1,217.98
Belgium	63%	Neutral	Neutral	Bullish	Bullish	+4.4%	-6.8%	-10.0%	2,892.27
Canada	42%	Neutral	Bearish	Bullish	Bullish	-4.1%	-16.2%	-31.7%	7,644.72
Denmark	49%	Bearish	Bearish	Bullish	Bullish	+0.9%	-13.1%	-7.9%	299.51
Finland	49%	Bullish	Bearish	Bullish	Bullish	-31.3%	-27.3%	-47.7%	7,040.65
France	41%	Neutral	Bearish	Bullish	Neutral	-10.6%	-17.6%	-25.5%	3,128.20
Germany	41%	Bearish	Bearish	Bullish	Bullish	-9.7%	-19.2%	-26.6%	5,433.49
Ireland	48%	Bearish	Neutral	Bullish	Bearish	-2.1%	-4.3%	+10.2%	5,828.31
Italy	48%	Bullish	Bearish	Bullish	Neutral	-7.5%	-17.5%	-22.4%	25,391.00
Japan	35%	Bearish	Bearish	Bullish	Neutral	-16.1%	-15.8%	-35.2%	11,735.06
Netherlands	52%	Neutral	Bearish	Bullish	Bullish	-8.7%	-17.9%	-22.6%	753.70
New Zealand	63%	Bearish	Bullish	Bullish	Bearish	+6.1%	-1.1%	-12.4%	2,161.66
Norway	32%	Bearish	Bearish	Bearish	Bullish	-6.6%	-12.1%	-13.3%	715.83
Spain	42%	Bearish	Bearish	Bullish	Bullish	-11.8%	-17.9%	-22.4%	803.64
Sweden	30%	Bearish	Bearish	Bearish	Bullish	-10.2%	-20.5%	-38.8%	231.36
Switzerland	43%	Bullish	Bearish	Bullish	Neutral	-9.0%	-18.1%	-18.3%	6,623.40
Un. Kingdom	40%	Bearish	Bearish	Bullish	Neutral	-7.7%	-13.2%	-19.4%	5,427.20
USA	52%	Bearish	Bearish	Bullish	Bullish	-4.5%	-9.5%	-19.1%	1,190.16
Argentina	40%	Bullish	Bearish	Bearish	Bullish	-19.4%	-26.8%	-34.8%	12,652.89
Brazil	16%	Bullish	Bearish	Bearish	Bearish	-10.5%	-34.7%	-41.6%	13,915.09
Czech Rep.	44%	Bullish	Bearish	Neutral	Neutral	-9.2%	-24.4%	-33.1%	1,133.00
Chile	47%	Neutral	Bullish	Bearish	Bearish	-4.5%	-7.5%	-8.2%	5,597.54
China	40%	Bearish	Bearish	Neutral	Neutral	-14.5%	-10.1%	-26.7%	642.55
Greece	43%	Neutral	Bearish	Bullish	Bullish	-15.9%	-21.7%	-32.7%	2,624.08
Hong Kong	40%	Bearish	Bearish	Bullish	Bearish	-13.7%	-25.9%	-31.7%	11,765.81
Hungary	39%	Neutral	Bearish	Neutral	Neutral	-0.5%	-11.5%	-17.3%	6,498.75
India	36%	Neutral	Bearish	Neutral	Bullish	-7.3%	-25.6%	-23.1%	3,316.21
Indonesia	43%	Bearish	Bullish	Bearish	Neutral	+45.4%	+5.1%	-21.7%	435.67
Korea	54%	Neutral	Bearish	Bullish	Neutral	-3.6%	-8.0%	-33.0%	555.34
Malaysia	53%	Bearish	Neutral	Neutral	Bullish	+13.5%	-10.6%	-19.2%	648.06
Mexico	80%	Neutral	Bullish	Bullish	Bullish	+10.0%	+12.0%	+4.0%	6,628.49
Philippines	39%	Bearish	Bearish	Bullish	Neutral	-14.9%	-29.1%	-24.1%	1,294.23
Poland	38%	Bearish	Bearish	Neutral	Bullish	-20.2%	-27.2%	-30.8%	12,513.32
Portugal	58%	Bullish	Bearish	Bullish	Bullish	-14.4%	-25.9%	-30.7%	1,973.79
Russia	63%	Bullish	Bullish	Bullish	Neutral	+6.2%	+22.0%	+1.5%	2,257.25
Singapore	49%	Neutral	Bearish	Neutral	Bullish	-0.8%	-17.5%	-24.0%	1,641.43
Sth Africa	44%	Bullish	Bearish	Neutral	Bearish	-8.2%	-10.9%	-11.9%	8,520.18
Taiwan	55%	Bullish	Bearish	Bullish	Bullish	-18.8%	-28.3%	-49.5%	4,476.91
Thailand	49%	Bearish	Neutral	Neutral	Neutral	+2.0%	-8.6%	-10.4%	315.87
Turkey	34%	Bearish	Bearish	Neutral	Bullish	-33.8%	-52.1%	-67.3%	9,401.00
Venezuela	38%	Neutral	Bearish	Bullish	Bearish	-5.6%	-9.8%	+0.4%	7,176.83

One Year Forecasts predict the probability that a stock-market will rise over the next year. Investors should seek to invest in markets with forecasts of 60-100%, while avoiding markets with forecasts of 0-40%. Bullish = Favourable. Bearish = Unfavourable.

Stockmarket Outlook

Our World Stockmarket Forecasts continue to improve steadily, albeit slowly. This is consistent with our expectation that stockmarkets will hit their lows in the current half year (i.e. late 2001) and start to recover in early 2002. If our Forecasts continue to improve over the next few months - looking beyond current depressed prices to the 2002 recovery - we shall re-invest our cash reserve and add new funds to our portfolio.

It is still a little early for aggressive purchases - but we *are* approaching a new buying opportunity. In the meantime, we shall continue our strategy to steadily invest small amounts of our cash reserve by adding to existing funds and warrants.



Thailand

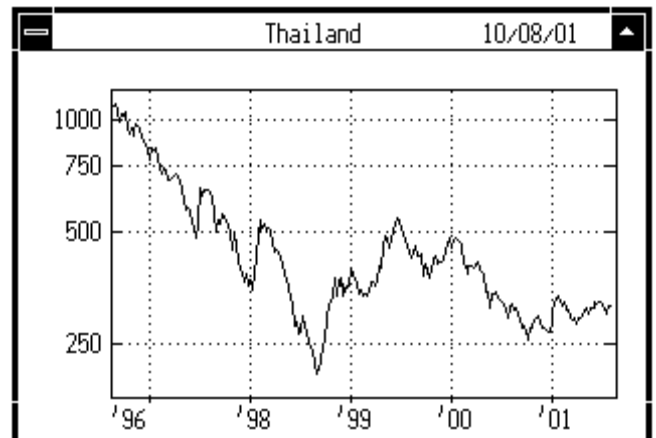
Back in January this year, Thailand introduced a new political system and elected a new government. At that stage we upgraded our recommendation on UK unit trust **Old Mutual Thailand Trust** to a "Buy". Attractive policies of the new government included establishing an Asset Management Corporation to take over non-performing bank loans and moves to stimulate domestic demand.

On June 26, legislation was passed to create the Thai Asset Management Corporation (TAMC). The TAMC will take over Bt 1.1 *trillion* (US\$24 *billion*) of bad loans, paying the banks 70% of face value. This is approximately the written down value of the loans in the banks' balance sheets. The TAMC will bear 20% of any losses, with further losses shared with the banks.

The TAMC will have two very important impacts upon the Thai economy. Firstly, the removal of bad debts from their balance sheets will enable banks to make new, profitable loans. This will allow profitable, soundly financed businesses to borrow to fund expansion. Secondly, as part of its debt recovery the TAMC may seek active restructuring of troubled debtor companies. Debtor companies could be forced to sell unprofitable and unproductive assets to repay loans, or to be taken over by financially stronger companies. Such asset and corporate restructuring would be extremely positive for the Thai economy and the

stockmarket.

The Thai stockmarket is very under-valued, and with real potential for corporate restructuring we are continuing to rate **Old Mutual Thailand Trust** as an attractive "Buy".



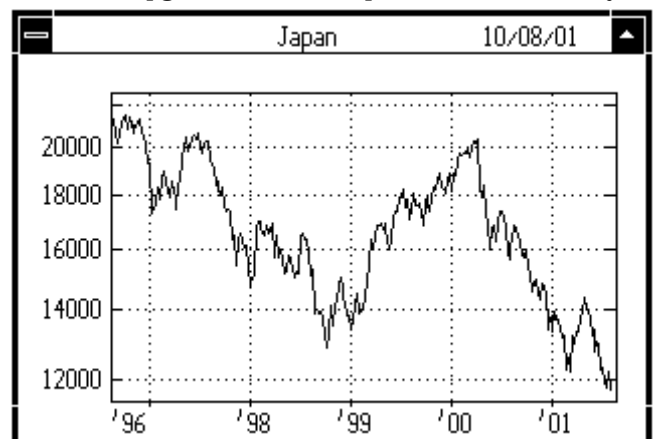
Japan

After a decade of not restructuring, Japan is slowly moving closer to finally resolving its economic problems. The Liberal Democratic Party (LDP) won 65 seats (up 2) in the July 29 Upper House elections, while their coalition partner, Komeito, won 12 seats (down 1).

Equally importantly, pro-reform opposition parties also won additional seats, while anti-reform opposition parties lost seats. The pro-reform Democratic Party won 26 seats (up 2) and the Liberal Party 6 seats (up 3). The anti-reform Communist Party won 5 seats (down 3) and the Democratic Socialists won 3 seats (down 5).

As the Japanese economy restructures we believe the best investment opportunities will be found among smaller companies, so funds like **Baillie Gifford Shin Nippon** and **Invesco Japan Discovery Trust** (both of which trade at large 20% discounts to net asset value) would be very attractive for new purchases.

The Japanese stockmarket is still very weak, but could turn up over the next 2-3 months - at which stage we would upgrade our two Japanese funds to "Buy".



Recommended International Investment Funds

All of our listed investment trusts (excluding *split capital* trust Legg Mason International Utilities) are trading at historically large 18-20% discounts to their net asset value. Such widespread pessimism by investors can only mean one thing: stockmarkets must be very close to their ultimate lows and we can look forward to a recovery in the value of our portfolios over the next 3-12 months!

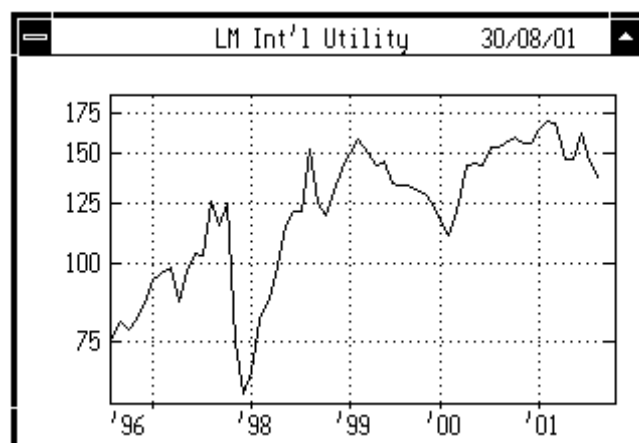
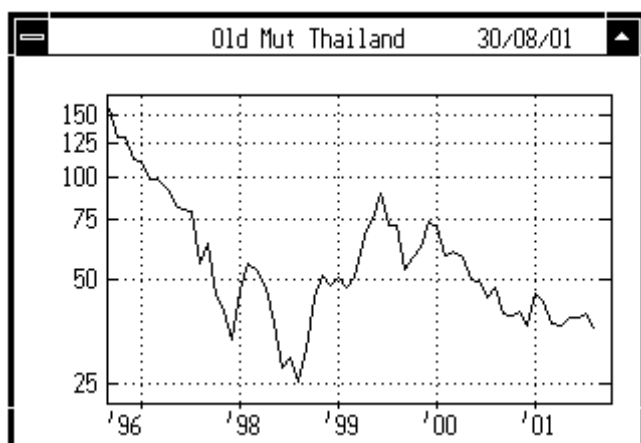
Schroder Asia Pacific Fund has taken advantage of this large discount to re-purchase 300,000 shares at 56½ pence. This share buy-back at a discount adds £43,300 to the net assets of the remaining 139,705,505 shares.

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	12.25p	41.1	-71	
HOLD	Fidelity Asian Values WARRANTS	FASW	10/03/98	17.5p	49.7	9.5p	31.9	-36	
HOLD	Gartmore Pacific Growth Fund	*	29/10/85	41.4p	105.4	153.23-163.27p	530.9	+404	
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3	36.0p	120.9	+14	
HOLD	HSBC Hong Kong Growth Fund	*	07/04/98	159.4p	481.6	170.9p	573.3	+19	
BUY	Henderson Pacific Capital	*	08/08/00	342.2p	1122.6	234.3p	786.0	-30	
BUY	Schroder Asia Pacific WARRANTS	SDPW	13/07/99	25.5p	75.8	8.25p	27.7	-64	
Japan									
BUY	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	-19%	132.0p	442.8	+1
HOLD	Invesco Japan Discovery Trust	IJD	13/07/99	95.5p	284.0	-20%	79.5p	266.7	-6
Korea									
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4	63.16-67.24p	218.7	+4	
Thailand									
BUY	Old Mutual Thailand Trust	*	08/12/98	49.0p	155.9	37.26-40.04p	129.7	-17	
International									
HOLD	Aberdeen Prolific Emerging Markets	*	13/08/91	39.0p	116.1	56.71-60.01p	195.8	+69	
BUY	Legg Mason Int'l Utilities	LIU	13/02/01	170.5p	565.5	+1%	139.0p	466.3	-18
BUY	Templeton E/Markets WARRANTS	TEMA	13/07/99	40.3p	119.7	12.75p	42.8	-64	

* 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 52¼ pence (-18%, i.e. 18% below net asset value), **Fleming Asian** shares at 70¾ pence (-19%), **Schroder Asia Pacific** shares at 56¾ pence (-20%), **Templeton Emerging Markets** shares at 103¾ pence (-19%), **Baillie Gifford Shin Nippon** warrants at 34 pence and **Invesco Japan Discovery** warrants which trade at 27 pence.



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									AUSTRALIA								
NEW ZEALAND BASED UNIT TRUSTS									AUSTRALIAN BASED UNIT TRUSTS								
	A Jones NZ Share	Very Low	-0%	0.49	8	-0	1		AMP Active Quant Share	Very Low	-6%	0.01	3	-3	-2		
	AMP NZ Share	Very Low	+3%	0.60	25	6	3		AMP Blue Chip Trust	Medium	+1%	0.67	31	1	0		
	AMP Passive NZ Share	Very Low	-3%	0.21	-1	-5	-3		AMP Equity Trust	Medium	+5%	0.71	45	2	1		
	ANZ Tranz Equity	Very Low	-2%	0.69	7	0	0		AMP Multi-Mgr Aust Share	Medium	-1%	0.54	19	-8	-5		
	ASB NZ Shares	Low	-1%	0.59	-4	-4	-3		AMP Small Companies Trust	Low	+5%	0.30	58	-11	0		
	AXA NM NZ Leaders	Low	+0%	0.68	7	0	1		ANZ Aust Sharemarket Trt	Medium	-4%	0.71	10	-9	-1		
	BNZ Active Growth	Very Low	+0%	0.45	20	-1	-1		Avoid ANZ Australian Leaders	Very Low	-10%	0.10	-5	-21	0		
	BNZ Equities Discovery	Very Low	+5%	0.56	40	3	3		ANZ Div Imputation Trust	Low	+2%	0.56	31	-0	1		
	BNZ NZ Blue Chip	Very Low	+0%	0.84	13	3	1		Avoid ANZ Equity Trust No 1	Medium	-11%	0.59	-11	-17	-2		
	BNZ NZ Equity Index	Medium	-1%	0.84	-3	-5	-2		Avoid ANZ Equity Trust No 2	Very Low	-10%	0.13	-5	-17	0		
	BT LP New Zealand Share	Very Low	+6%	0.63	36	8	3		ANZ Equity Imputation Trt	Medium	-4%	0.58	4	-9	-2		
	BTIS NZ Share	Very Low	+3%	0.63	29	8	2		AXA NM Australian Leaders	Medium	+2%	0.62	35	-1	5		
	Coronet Equity Trust	Very Low	-2%	0.14	7	-7	5		AXA NM Industrial Fund	Medium	-2%	0.62	23	-2	2		
	NZ Guardian NZGT 30	Medium	-3%	0.72	-7	-3	-2		Advance Imputation Fund	Low	+2%	0.64	26	2	-3		
	NZ Guardian NZ Equity	Low	+2%	0.63	12	3	3		Aust Ethical Equities	Very Low	+5%	0.12	47	-1	2		
Buy	NZ Guardian Small Coys	Very Low	+12%	0.13	56	-9	0		Avoid BT Split Trust Growth	Low	-15%	0.28	-22	-28	-6		
	NZ Share Index Top 40	Low	-2%	0.81	-1	-1	-1		Citicorp Inv Port Aust	Very Low	-5%	0.42	4	-11	-2		
	NZFM NZ Equity	Very Low	+1%	0.30	21	-8	1		Col First State Aust Sh.	Medium	-4%	0.84	21	-6	-2		
Buy	NZFM Prop & Infrastruct.	Very Low	-1%	0.31	24	-12	-1		Buy Col First State Dev. Coys	High	+17%	0.32	131	4	1		
	Nat Bank NZ Equity Gth	Very Low	+10%	0.55	66	13	10		Buy Col First State Future Ld	Medium	+18%	0.41	134	6	1		
	Royal & Sun NZ Sharemkt	Very Low	-0%	0.59	14	-4	-3		Col First State Imput'n	Medium	+2%	0.81	36	-0	-1		
	Royal & Sun NZ Exp Asia	Very Low	+0%	0.22	31	-0	2		Commonwealth Share Income	Very Low	-6%	0.47	6	-10	-2		
	Tower New Zealand Equity	Very Low	+0%	0.66	15	3	1		Commonwealth Aust Share	Very Low	-1%	0.57	20	-6	0		
	Tower Tortis New Zealand	Very Low	-4%	0.27	-7	-4	-3		Dresdner Australian Gth	High	-6%	0.27	1	-12	-18		
Avoid	Westpac NZ Share Index	Very Low	-7%	0.48	-12	-8	-1		HSBC Flexi-Trust Imp Gth	Medium	-0%	0.68	25	-4	0		
	Westpac Sel. NZ Shares	Very Low	-2%	0.47	5	-2	1		Hunter Hall Value Growth	Very Low	-1%	0.03	9	-5	-1		
NEW ZEALAND BASED INSURANCE BONDS																	
	Sov. Super New Zealand	Very Low	+6%	0.22	37	13	0		ING Australia Share	Low	+1%	0.65	32	3	3		
UNITED KINGDOM BASED UNIT TRUSTS																	
	GAM New Zealand	Very Low	-1%	0.05			6		ING Blue Chip	Medium	+2%	0.62	27	-0	0		
NEW ZEALAND LISTED INVESTMENT TRUSTS																	
	Mid-Cap Index	Very Low	+4%	0.43	26	11	5		ING Emerging Companies	Low	+3%	0.31	39	-10	-10		
	TeNZ	Very High	-2%	0.92	-20	-9	-5		Avoid Invesco Australia	Very High	-10%	0.62	-21	-29	-21		
UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS																	
	NZ Investment Trust	Very Low	+6%	0.18	12	15	6		Avoid Invesco Australian Small	Medium	-18%	0.29	-12	-40	-1		
									Avoid Invesco Imputation	Very High	-8%	0.35	-27	-26	-30		
									Buy JB Were Emerging Leaders	Very Low	+17%	0.29	117	13	4		
									JB Were Investment	Medium	+0%	0.64	25	-4	-4		
									JB Were Leaders Trust	Medium	+1%	0.76	23	-6	-6		
									Avoid Lowell Aust Growth	Very Low	-12%	0.06	-4	-4	10		
									MLC Aust Tr - Aust Share	Very Low	-3%	0.53	16	-1	0		
									MLC Aust Trust - Index	Low	-1%	0.59	16	-7	-2		
									Macquarie S/M Aust Share	Very Low	-5%	0.46	13	-6	3		

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

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

How to Maximise Profits from this Unit Trust Survey.

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

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

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

Most NZ based and Australian based unit trusts are sold through sharebrokers and other commission sales organisations. UK based trusts are not sold through NZ agents but may be bought and sold (by telephone or by post) directly from the management organisations, through Chelsea Financial Services who rebate 2% of the initial sales charge or through UK internet broker FasTrade (www.fastrade.co.uk) who rebate 3%. Addresses and telephone numbers may be found in the unit trust section of leading UK newspapers (available at major public libraries), on the 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-odily Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
	NAFM In Trt - Equities	Medium	-2%	0.68	18	-2	0
	NAFM Inv Trust - Div Imp	Low	-2%	0.61	22	0	1
	Parker Enhanced Leaders	Very Low	+0%	0.63	24	-2	0
	Perpetual ICSav - Aust	Very Low	+1%	0.61	31	1	-1
	Perpetual Industrial	Very Low	-1%	0.62	21	-1	-1
	Perpetual ICSav - Sm Coys	Very Low	+2%	0.37	40	5	2
	Perpetual ICSav - Indust.	Very Low	+1%	0.62	26	-1	-1
	Roth FA Australian Share	Low	-5%	0.35	7	-14	0
Buy	Roth FA Smaller Companies	High	-6%	0.46	4	-18	-12
	Tyndall Aust Spec Sits	High	+9%	0.19	39	-26	-11
	WealthLink Growth Link	Very Low	+2%	0.26	37	0	9
	Westpac Aust Tax Effect.	Low	+1%	0.76	32	1	1
	Westpac Aust Gth Share	Low	+1%	0.73	33	0	2

NEW ZEALAND BASED UNIT TRUSTS

	A Jones Australian Share	Very Low	+1%	0.33	29	3	2
	AMP Australian Shares	Very Low	+1%	0.28	29	4	5
	BTIS Australian Share	Very Low	-6%	0.36	6	-8	-0
	Col FS Australian Shares	Very Low	-1%	0.51	2	2	2
	Col FS Tasman Share Trt	Very Low	-2%	0.06		9	8
	Nat Bank Trans Tasman	Very Low	+3%	0.25	48	6	4
	Nat Bank Aust Equity Gth	Very Low	+1%	0.47	34	1	1
	Westpac Australasian	Very Low	-5%	0.21	11	-1	2

NEW ZEALAND BASED INSURANCE BONDS

	Royal Sun All Trans-Tas	Very Low	-3%	0.39	16	-3	-1
	Sov. Super Australia	Very Low	+0%	0.36	27	5	2

UNITED KINGDOM BASED UNIT TRUSTS

	Fr Prov Australian	Medium	+3%	0.76	35	-1	0
--	--------------------	--------	-----	------	----	----	---

AUSTRALIAN LISTED INVESTMENT TRUSTS

	Argo Investments	Very Low	-2%	0.05	28	9	14
	Australian Foundation	Low	-2%	0.20	20	12	17
Avoid	BT Australian Equity	Very Low	-7%	0.00	1	-11	7
	Bounty Investments	Very Low	-3%	0.03	16	-4	0
	Cambooya	Very Low	+5%	0.08	60	26	20
	Choiseul Plantation	Very Low	+4%	0.00	46	19	20
Buy	Diversified United Inv.	Very Low	+8%	0.01	62	19	17
	Huntley Investment Coy	Very Low	+3%	0.07	25	12	11
	MaxiLink - Capital	Low	+0%	0.28	24	1	12
	Wakefield Investments	Very Low	-3%	0.04	10	-5	0

NEW ZEALAND LISTED INVESTMENT TRUSTS

	Ozzy Tortis	Very High	+4%	0.79	28	-6	-4
--	-------------	-----------	-----	------	----	----	----

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Avoid	Australian Opportunity	Medium	-9%	0.18	-12	17	10
-------	------------------------	--------	-----	------	-----	----	----

GOLD & MINING

AUSTRALIAN BASED UNIT TRUSTS

	BT Global Energy & Res.	Very Low	-4%	0.60	30	13	-1
	Col First State Glb Res.	Medium	+2%	0.84	47	10	-11
	ING Resources	High	-4%	0.93	38	4	-4
	JB Were Resources	High	-3%	0.91	38	3	-6
	Lowell Aust Resources	Medium	-5%	0.55	29	17	10
	Roth FA Natural Resources	High	-1%	0.92	39	3	-3

UNITED KINGDOM BASED UNIT TRUSTS

	Merrill Lynch Gold & General	Very High	+5%	0.49	60	30	6
--	------------------------------	-----------	-----	------	----	----	---

AUSTRALIAN LISTED INVESTMENT TRUSTS

	BT Resources	Very Low	+1%	0.55	53	14	0
--	--------------	----------	-----	------	----	----	---

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Buy	Merrill World Mining	Very High	+9%	0.80	80	21	-6
-----	----------------------	-----------	-----	------	----	----	----

EMERGING MARKETS

AUSTRALIAN BASED UNIT TRUSTS

Avoid	Macquarie S/M Emerging	Medium	-10%	0.78	-15	-30	-7
-------	------------------------	--------	------	------	-----	-----	----

NEW ZEALAND BASED UNIT TRUSTS

	ASB Emerging Markets	Very Low	-6%	0.71	7	-15	-5
	NZFM Global Emerging Mkt	Medium	-4%	0.85	5	-22	-4
	Nat Bank Emerging Mkts	Low	-5%	0.85	-3	-21	-8

NEW ZEALAND BASED INSURANCE BONDS

Avoid	Royal Sun All E/Markets	Low	-8%	0.89	-5	-18	-4
-------	-------------------------	-----	-----	------	----	-----	----

UNITED KINGDOM BASED UNIT TRUSTS

	AXA Global Emerging Mkts	High	+1%	0.97		-21	-7
	Aberdeen Emerging Markets	Medium	+4%	0.94	19	-16	-3
	Aberdeen Frontier Markets	Medium	+5%	0.67	14	-21	-2
	BG Emerging Markets	High	+2%	0.93		-15	0
	Colonial FS Emerging Mkts	Medium	+3%	0.90		-6	3
	Edinburgh Emerging Markets	Medium	+1%	0.92		-16	-3
	Framlington Emerging Markets	High	-2%	0.87	1	-27	-2
Buy	Gartmore Emerging Markets	High	+7%	0.87	18	-24	-4
	Hill Samuel Global Emerg. Mkts	Medium	-3%	0.93	-6	-25	-6
	Invesco Perp Emerging Country	High	-2%	0.93	-9	-23	-5
	Lazard Emerging Markets	Medium	-2%	0.92		-18	-1
	Martin Currie Emerging Mkts	Medium	+0%	0.88	8	-22	-4
	Merrill Lynch Emerging Markets	Medium	-1%	0.91	-2	-28	-8
	Rothschild Emerging Markets	High	+2%	0.95		-23	-4
	Royal & Sun All. Emerging Mkts	Medium	-2%	0.96	-4	-25	-4
	Schroder Gbl Emerging Mkts	Medium	-1%	0.92	3	-24	-6
	Scot Widows Emerging Markets	High	+0%	0.94		-23	-5

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Buy	Aberdeen Emerging Econ.	Very High	+15%	0.88	20	-15	-7
	Advance Developing Mkts	High	+6%	0.82	15	-14	-6
	Dresdner RCM Emerg Mkts	High	+0%	0.81	-4	-21	-2

Current Advice	Investment Fund	Risk Rating	Super-odily Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
Buy	F & C Emerging Markets	Very High	+4%	0.84	-27	-23	-9
	Fleming Emerging Mkts	Very High	+11%	0.81	6	-30	-10
	Schroder Emer Countries	High	+4%	0.83	0	-29	-7
Avoid	Tea Plantations	Very Low	-31%	0.01	-59	-12	-11
Buy	Templeton Emerging Mkts	High	+9%	0.82	14	-12	-7

LATIN AMERICA

NEW ZEALAND BASED UNIT TRUSTS

Avoid	Tower Spot. Latin Amer.	Low	-8%	0.86	6	-7	2
-------	-------------------------	-----	-----	------	---	----	---

UNITED KINGDOM BASED UNIT TRUSTS

	Abbey Latin America	Medium	+1%	0.95	18	-8	2
	Aberdeen Latin America	High	-3%	0.98	-4	-20	-1
	BG Latin American	Medium	+2%	0.97	26	-6	3
	Edinburgh Latin American	High	-4%	0.96	-10	-12	0
	Fleming Select Latin America	Medium	+1%	0.98	15	-9	2
	NPI Latin American	Medium	-3%	0.91	1	-9	1
	Old Mutual Latin American	Medium	+1%	0.97	18	-10	0
	Perpetual Latin America	High	-5%	0.94	-12	-19	-1
	Scot Widows Latin America	Medium	+2%	0.98		-9	1

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

	Aberdeen Latin American	Very High	+0%	0.93	-12	-22	-3
	Templeton Latin Amer.	High	+4%	0.72	10	3	5

FAR EASTERN / PACIFIC (excl JAPAN)

AUSTRALIAN BASED UNIT TRUSTS

	Dresdner Taipan Trust	High	+2%	0.80	62	-32	-11
	Dresdner Tiger Opport.	Medium	-4%	0.76	30	-32	-9
	Fidelity Perp. S.E. Asia	Medium	-5%	0.88	36	-31	-11
	HSBC Flexi-Trt Dragon Trt	Medium	-6%	0.79	29	-38	-12
	Norwich Asia	Medium	+2%	0.77	52	-19	-4

NEW ZEALAND BASED UNIT TRUSTS

	AJ Asia Pacific Share	Low	-5%	0.79	32	-14	-3
Avoid	AMP Asian Shares	Low	-8%	0.67	23	-17	-5
	BT LP Pacific Basin	Low	-5%	0.83	35	-15	-5
	Royal & Sun Asian S/Mkt	Very Low	-5%	0.70	51	-8	-2
	Tower Spotlight Asia	Medium	-1%	0.84	69	-12	-5

NEW ZEALAND BASED INSURANCE BONDS

Avoid	Royal Sun All Far East	Low	-7%	0.75	28	-17	-6
Avoid	Sovereign Far East	Very Low	-9%	0.25	1	-17	-7

UNITED KINGDOM BASED UNIT TRUSTS

	AXA Global Pacific Growth	Medium	-1%	0.95		-23	-7
	Abbey Asian Pacific	Medium	-2%	0.94	50	-24	-5
	Aberdeen Far East Emerging	Low	+5%	0.84	81	-5	-3
	BG Pacific	High	+6%	0.89	82	-11	-3
	Barclays Glb Inv Far Eastern	Medium	-2%	0.87		-27	-4
Buy	Baring East	Medium	-1%	0.93	53	-25	-8
	Britannic Pacific Growth	Medium	+7%	0.91	103	-11	-5
	Canada Life Far East	High	+1%	0.86	64	-9	1
	Cazenove Pacific Portfolio	Medium	-1%	0.92	46	-11	-5
	Credit Suisse Orient	High	-4%	0.93	37	-27	-8
	Deutsche Asian Trader	Medium	+1%	0.94	72	-21	-6
	Dresdner Tiger	Medium	-5%	0.91	38	-28	-9
	Edinburgh Pacific	Medium	-2%	0.87	31	-21	-9
Buy	Exeter Pacific Growth	High	+12%	0.93	98	-12	-6
	Fidelity Asean	Very Low	-1%	0.28		-17	5
	Fidelity South East Asian	Low	+4%	0.79	77	-7	-4
	Fleming Select Pacific	Low	+1%	0.91	60	-13	-3
Avoid	Fr Prov Asian Growth	Medium	-7%	0.90	32	-28	-6
	Gartmore Pacific	High	-3%	0.88	33	-24	-6
	Govett Asia Pacific	Low	+1%	0.92	58	-8	-4
	Govett Greater China Fund	Medium	-4%	0.83	47	-17	-7
	Govett Pacific	Medium	-1%	0.94		-20	-5
	HSBC Pacific Index	Medium	-3%	0.57	25	-12	-5
Buy	Henderson Pacific Capital	Medium	+7%	0.90	88	-26	-6
	Hill Samuel Far East	Medium	-3%	0.93	51	-25	-5
Avoid	Invesco GT Orient	High	-8%	0.88		-32	-11
	Legal & General Pacific Gth	Medium	+0%	0.96	55	-18	-4
	Legal & General Pacific Index	Low	-2%	0.89	45	-14	-5
	M & G South East Asian	Medium	+1%	0.94	60	-21	-6
	Martin Currie Asian Pacific	Medium	+1%	0.88	57	-16	-4
	Merrill Lynch Pacific	Medium	-5%	0.93	33	-28	-9
Buy	Newton Oriental	Medium	+8%	0.88	87	-13	-6
	Portfolio Asia	Medium	+3%	0.95	67	-16	-5
	Prudential Pacific Markets	Medium	-1%	0.88	55	-15	-5
	Rothschild FA Gbl Asian	Very Low	-3%	0.54		-27	-8
	Rothschild FA Prt Asia Pacific	Medium	+1%	0.97		-18	-6
	Royal & Sun Pacific Gth	High	+1%	0.97		-19	-6
	Royal London Far East Gth	High	+5%	0.88	74	-21	-3</

Current Advice	Investment Fund	Risk Rating	Sper- oity Rating	Market Correl- ation	Performance		
					36 mth	12 mth	3 mth
Buy	Pacific Horizons	Very High	+14%	0.80	85	-13	-9
	Pacific Assets	Very High	+2%	0.77	37	-37	-16
	Schroder Asia Pacific	Very High	+6%	0.79	59	-36	-15
Buy	Scottish Oriental Sm Co	Medium	+14%	0.61	121	18	10

FAR EASTERN / PACIFIC (incl JAPAN)

AUSTRALIAN BASED UNIT TRUSTS

	BT Pacific Basin	Very High	+4%	0.81	64	-25	-9
Avoid	Dresdner Pacific Growth	Medium	-7%	0.58	26	-33	-11
Avoid	Invesco Asian Growth	High	-7%	0.79	27	-32	-12

New Zealand based Unit Trusts							
Avoid	BTIS Pacific Basin	Medium	-7%	0.78	22	-16	-5

UNITED KINGDOM BASED UNIT TRUSTS

Buy	Aberdeen Asia Pacific	Low	+2%	0.87	68	-7	-4
	Dresdner Orient Assets	Medium	+8%	0.76	94	-16	-7
	Equitable Far East	Medium	+1%	0.88	60	-17	-5
	Fr Prov Pacific Basin	Medium	-4%	0.93	36	-25	-9
Buy	GAM Far East	Medium	+11%	0.71		-11	-9
Avoid	Investec GF Asian Smaller	Very High	-8%	0.67	28	-14	-3
Buy	Jupiter Far Eastern	Medium	+17%	0.82	169	-16	-8
	Legal & General Far East	Medium	+3%	0.88	70	-21	-4
	Lincoln Far East	Low	-2%	0.60	45	-3	1
	Martin Currie Far East	Medium	+1%	0.92	53	-19	-6
	Royal & Sun All. Far East	Medium	+1%	0.89	49	-19	-9
	S & W Far Eastern	High	-0%	0.90		-22	-9
	Schroder Far Eastern	Medium	-1%	0.92	44	-23	-11
	Scottish Life Pacific	Medium	-1%	0.90	44	-23	-11
	St. James's Place Far East	Medium	+1%	0.90	67	-17	-9

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Avoid	F & C Pacific	High	-8%	0.67	5	-34	-18
	Govett Asian Recovery	Very High	-1%	0.69		-25	-8
	Henderson Far East Inc.	Low	-2%	0.40	36	5	4
	Martin Currie Pacific	Very High	+2%	0.84	35	-20	-7

HONG KONG / CHINA REGION

UNITED KINGDOM BASED UNIT TRUSTS

	Gartmore Hong Kong and China	Low	-2%	0.82	79	-14	-5
	Invesco Perp HK and China	Low	-5%	0.79	68	-21	-5
	Investec GF HK & China	Medium	+4%	0.84	109	-12	-6
	Old Mutual Hong Kong	Medium	+5%	0.83	133	-4	-4

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

	Fleming Chinese	Very High	+0%	0.76	94	-30	-11
--	-----------------	-----------	-----	------	----	-----	-----

KOREA

United Kingdom based Unit Trusts							
Buy	Baring Korean	Low	+12%	0.88	164	-10	2
	Schroder Seoul	Medium	+2%	0.82	97	-24	-2

THAILAND

UNITED KINGDOM BASED UNIT TRUSTS

	Old Mutual Thailand	Medium	+2%	0.79	32	-13	-1
--	---------------------	--------	-----	------	----	-----	----

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

	Aberdeen New Thai IT	Very Low	-4%	0.38	10	-4	3
--	----------------------	----------	-----	------	----	----	---

INDIA

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Buy	Fleming Indian	Medium	+15%	0.50	70	-25	-6
-----	----------------	--------	------	------	----	-----	----

JAPAN

AUSTRALIAN BASED UNIT TRUSTS

	Dresdner Japan Growth	Very Low	+1%	0.35	53	-33	-10
--	-----------------------	----------	-----	------	----	-----	-----

UNITED KINGDOM BASED UNIT TRUSTS

Buy	AXA Global Japan Growth	Very Low	-2%	0.68		-24	-14
	Abbey Japan Trust	Low	+7%	0.71	41	-25	-15
Buy	Aberdeen Japan	Very Low	+4%	0.58	50	-9	-4
	BG Japan	Low	+11%	0.55	76	-26	-14
	Barclays Japan	Low	+2%	0.70	34	-23	-14
	Baring Japan Growth	Low	-6%	0.64	3	-25	-14
Buy	Britannic Japan	Low	+11%	0.71	58	-19	-16
Buy	Canada Life Japanese	Very Low	+8%	0.52	69	-19	-12
	Cazenove Japan Portfolio	Low	+5%	0.64	38	-21	-12
	Clerical Med Japan Growth	Low	+4%	0.61	33	-22	-13
	Colonial FS Japanese Gth	Very Low	-3%	0.48		-23	-14
	Deutsche Japan Tracker	Very Low	+1%	0.69	27	-20	-14
Buy	Deutsche Japan Growth	Low	+11%	0.65	61	-18	-11
	Dresdner Japan	Medium	+5%	0.61	38	-22	-11
	Edinburgh Tokyo	Medium	+3%	0.62	27	-22	-12
	Equitable Japanese	Very Low	-4%	0.41		-25	-13
Buy	Fidelity Japan	Medium	+13%	0.57	65	-28	-19
Buy	Fleming Select Japanese	Low	+10%	0.69	64	-20	-12
	Fr Prov Tokyo	Low	+4%	0.62	35	-29	-14
Buy	Framlington Japan & General	Medium	+8%	0.68	48	-32	-17
	GA Japan Growth	Low	+3%	0.68		-23	-11
Buy	Gartmore Japan	Medium	+11%	0.72	59	-24	-18
	Govett Japan General	Low	-0%	0.66	21	-29	-12
	Govett Japan Index Tracker	Low	-4%	0.77		-29	-17
	HSBC Japan Index	Low	+4%	0.72	39	-19	-14
Buy	Henderson Japan	Low	+9%	0.44	56	-14	-15

Current Advice	Investment Fund	Risk Rating	Sper- oity Rating	Market Correl- ation	Performance		
					36 mth	12 mth	3 mth
	Hill Samuel Japanese	Low	+4%	0.63	29	-25	-14
Avoid	Invesco Perp Japan	Low	-7%	0.43		-28	-14
	Lazard Japanese	Very Low	+5%	0.60	47	-20	-15
	Legal & General Japan Index	Very Low	+4%	0.69	39	-20	-14
	Legal & General Japanese	Very Low	+1%	0.55		-22	-12
	Legg Mason New Japan	Very Low	-2%	0.24		-20	-5
	Lincoln Japan	Very Low	-5%	0.48	15	-35	-14
	M & G Japan & General	Low	+2%	0.71	26	-28	-15
Buy	Martin Currie Japan	Low	+7%	0.71	54	-19	-11
	Merrill Lynch Japan	Low	+4%	0.68	35	-25	-13
	Newton Japan Growth	Very Low	-2%	0.64	22	-23	-7
	Old Mutual Japan	Very Low	+1%	0.65	26	-19	-11
	Portfolio Japan	Very Low	-3%	0.41		-23	-10
	Prudential Japanese	Low	+3%	0.77	24	-26	-15
	Rothschild FA Glb Japan	Very Low	-4%	0.65		-29	-15
	Rothschild Japan	Very Low	+1%	0.34		-12	-2
Buy	Royal London Japan Growth	Low	+8%	0.55	60	-24	-14
Buy	Schroder Japan Enterprise	Medium	+13%	0.45	57	-28	-17
	Schroder Tokyo	Very Low	+5%	0.54	59	-9	-4
	Scot Amic Japanese	Low	+3%	0.78	23	-25	-15
	Scot Mutual Japanese	Low	+6%	0.71	42	-22	-16
	Scot Widows Japanese	Very Low	+2%	0.71	36	-25	-15
	Solus Japan	Very Low	-4%	0.17		-26	-16
Buy	Sun Life of Canada Japan	Medium	+14%	0.62	70	-25	-15

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Buy	Fleming Japan	Very High	+21%	0.69	70	-28	-20
Buy	GT Japan	High	+7%	0.63	30	-25	-4
Buy	Gartmore Select Japan	Medium	+13%	0.59	45	-34	-21
Buy	Invesco Tokyo	High	+9%	0.66	25	-28	-16
Buy	Martin Currie Japan	Medium	+10%	0.59	33	-23	-15
Buy	Perpetual Japan	Very High	+25%	0.49	84	-9	-21
Buy	Schroder Japan Growth	Medium	+15%	0.55	68	-4	-9

JAPAN SMALLER COS

UNITED KINGDOM BASED UNIT TRUSTS

	BG Japan Small	Very Low	-3%	0.48		-23	-7
	Dresdner Japan Spec Sits	Low	+4%	0.77	130	-28	-11
Avoid	F & C Japanese Smaller Coys	Low	-15%	0.82	25	-49	-21
	Fidelity Japan Sp Sits	Low	-3%	0.79	94	-33	-9
	Fr Prov Japan Smaller Coys	Very Low	-6%	0.79	65	-26	-11
Avoid	Henderson Japan Capital Gth	Very Low	-9%	0.68	52	-20	-13
Buy	Hill Samuel Japan Small Cos	Low	+16%	0.67		-2	0
Buy	Invesco Perp Japan Small Coys	Medium	+9%	0.78	200	-23	-4
	M & G Jap Small Cos	Very Low	+3%	0.62	88	-3	-8
	Schroder Japan Small Coys	Very Low	-6%	0.30	64	-12	-8

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Buy	B Gifford Shin Nippon	Medium	+8%	0.63	160	-19	-9
	Baillie Gifford Japan	Very Low	-2%	0.58	81	-35	-18
	Fidelity Japan Values	Medium	+1%	0.65	96	-42	-20
Avoid	Henderson Japan Small	Very Low	-13%	0.50	31	-18	-5
Buy	Invesco Japan	Very High	+12%	0.66	185	-32	-13

TECHNOLOGY

UNITED KINGDOM BASED UNIT TRUSTS

Avoid	Aberdeen Euro Tech	Low	-36%	0.77		-67	-28
	Aberdeen Technology	Medium	-3%	0.88	64	-57	-15
Buy	CF Bio-Tech	Medium	+41%	0.60		-19	-7
	CF Technology	Medium	-5%	0.85		-56	-24
	Edinburgh Technology	High	-6%	0.79		-66	-33
Buy	Framlington Health	Low	+22%	0.65		-6	10
Avoid	Framlington Netnet	High	-36%	0.91		-66	-17
	Gartmore UK Techtornado	High	-3%	0.85		-62	-32
	Henderson Global Technology	High	+0%	0.89	63	-62	-20
	Investec GF Wired Index	Very Low	+3%	0.68		-32	-10
	Jupiter Global Technology	High	-5%	0.94		-55	-17
	Lincoln Internet Tollkeeper	Medium	+2%	0.84		-47	-11
Avoid	M & G Global Technology	Medium	-7%	0.76		-47	-18
Buy	M & G Innovator	Very High	+7%	0.72		-49	-28
Avoid	Newton Global Innovation	Low	-8%	0.68		-50	-15
	Portfolio Technology	Medium	-3%	0.86		-48	-13
Avoid	Premier Technology	High	-22%	0.86		-58	-15
	Rathbone Technology	High	-24%	0.92		-64	-22
	Rothschild FA Prt in Tech Plus	Medium	+0%	0.85		-56	-16
	Royal & Sun Eurotech	Medium	-6%	0.87		-53	-24
Avoid	S & W Global Technology	High	-25%	0.84		-67	-23
Avoid	Sarasin Websar	Very Low	-8%	0.78		-32	-9
Avoid	Schroder Eurotech	Medium	-15%	0.84		-61	-26
	Schroder Medical Discovery	Very Low	+3%	0.06		18	6
	Societe Generale Technology	Medium	-5%	0.88		-52	-9
Avoid	Solus Technology Plus	Very Low	-29%	0.07		-66	-57

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Buy	3i Bioscience	High	+39%	0.70		-20	1
	3i Euro Technology	Very High	-3%	0.88		-74	-45
Avoid	Amerindo Internet Fund	Very High	+11%	0.83			

Best Managed Funds

Technology, Biotechnology Funds

Most Technology funds have fallen 50-75% in value over the last year. Nevertheless we remain cautious, believing that the technology sector may remain depressed for some time and recover only slowly.

A more attractive sector for investment is probably Biotechnology and Healthcare. Research in this field should yield a whole new range of medical treatments, providing new business opportunities and products. Investment funds in this sector that are worth considering include UK listed investment trusts **Finsbury Worldwide Pharmaceutical Trust** and **3i Bioscience Investment Trust**, plus UK unit trusts **CF Bio-Tech Fund**, **Framlington Health Fund** and **Schroder Medical Discovery Fund**. To aid comparison, all charts in this section have been produced to the same date and (logarithmic) price scale.

Finsbury Worldwide Pharmaceutical Trust (EPIC Code FWP) has been discussed previously (*International Investor* Issue 59, November 2000). This is a £238 million listed investment trust that invests 60-80% of its portfolio in major pharmaceutical companies (i.e. market capitalisations in excess of US\$5 billion) and 20-40% in "smaller biotechnology companies and specialty pharmaceutical companies".

This conservative investment strategy probably helps give the fund its *Very Low Risk Rating* in our *Investment Trust Survey*. Even more importantly the fund earns a very high +34% *Superiority Rating* and has continued to appreciate in value over the last year as most of the technology sector fell sharply.

At the present time, 74.4% of the portfolio is invested in major pharmaceutical companies and a relatively low 25.6% in smaller companies. United States shares makes up 66.1% of the portfolio, with 24.5% invested in Europe and 9.4% in Asia/Pacific. The portfolio is reasonably well diversified, with 46.8% invested in the ten largest holdings.

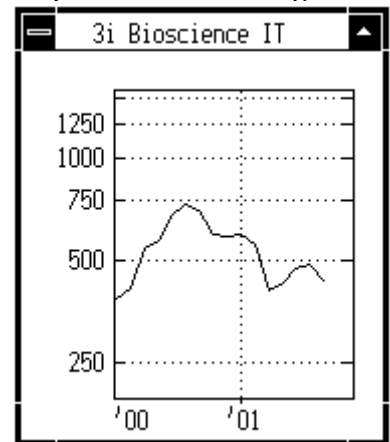
Finsbury Worldwide Pharmaceutical Trust is slightly leveraged. The trust has arranged a bank loan of £50 million, of which £36 million has been drawn down to buy shares. The annual management fee is 0.5% plus an incentive of 20% of gains in excess of the Datastream Pharmaceutical Index. The annual dividend was 2.0 pence, producing a yield of 0.4%. The shares trade at a premium of 5% to net asset value.

3i Bioscience Investment Trust (EPIC code TBS) is a £232 million listed investment trust that seeks "long term capital growth by investing in life science and healthcare companies" involved in "the development or application of novel technology".

The trust has a *High Risk Rating* - reflecting its focus on biotechnology and unlisted investments - but an excellent *Superiority Rating* of +39%.

The portfolio is very well diversified over a wide range of biotechnology and healthcare sectors. 61.0% of the portfolio is invested in the United States and 38.0% in Europe. The ten largest shareholdings account for only 38.7% of the portfolio. About 19% of the portfolio is invested in unquoted shares (i.e. pre-IPO, venture capital funding), but this is widely diversified over 41 companies. The portfolio is unleveraged.

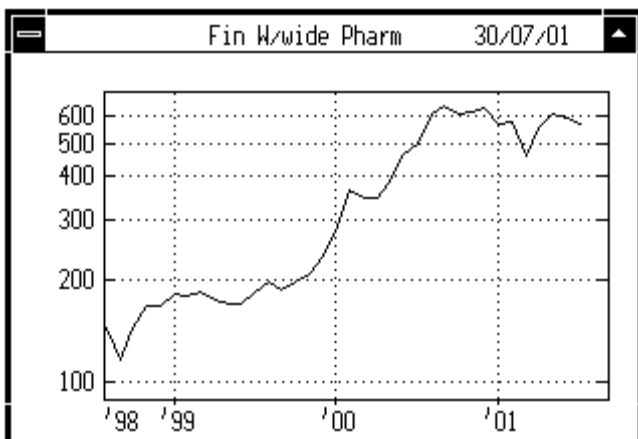
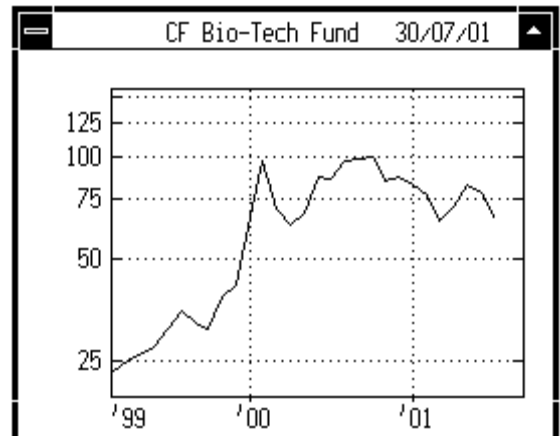
The annual management fee is 1% of the value of the listed investments and 2% of the value of unlisted investments. Net income is nil, so there is no dividend. An attractive feature of this trust is the shares trade at a 17% discount to net asset value.



CF Bio-Tech Fund is a very small £18.7 million UK unlisted OEIC that seeks long term capital growth from listed US companies "engaged in the fields of bio-nutritional healthcare and associated bio-technology".

The fund earns a *Medium Risk Rating* and an excellent +41% *Superiority Rating*. All of the portfolio is invested in the United States, but reasonably well diversified (i.e. 53.2% of the portfolio is invested in the top ten holdings).

The annual management fee is a relatively high 2.0%. The Fund Manager will only deal (i.e. issue and redeem) the shares once per week - on Thursday - and there is a 6% initial sales fee (discounted by some UK brokers) built into the unit price. The minimum initial investment is £500. There is no net income, so the yield is nil.



(Continued on Page 8)

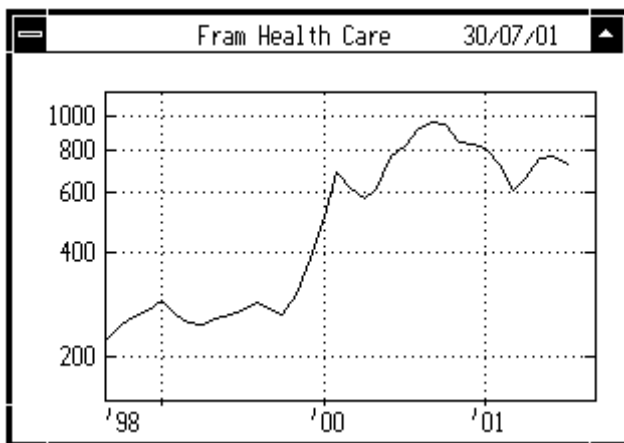
Best Managed Funds*(Continued from Page 7)*

Framlington Healthcare Fund is a large £510 million UK unit trust that seeks "to achieve capital growth through investment in healthcare and medical services and product companies worldwide".

As this unit trust is diversified across the whole health sector - including product distributors and care providers, as well as the more risky biotechnology companies - it earns a *Low Risk Rating*. The *Superiority Rating* is a high +22% and, in addition, the value of the fund has held up well over the last year and risen strongly over the last few months.

83.9% of the portfolio is invested in the United States, 8.1% in Europe, 5.1% in the UK and 1.0% in Africa/Middle East. The fund, however, is extremely widely diversified - as shown by the ten largest investments making up only 11.4% of the portfolio!

The annual management fee is 1.5%, with a 5.5% initial sales fee. The minimum investment is £500. Income yield is nil.

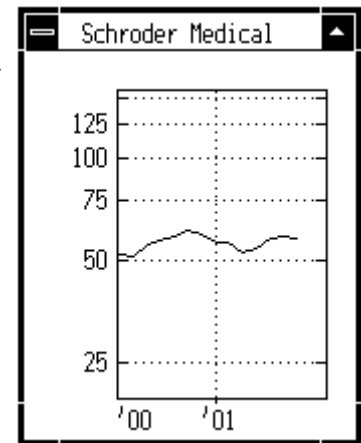


Schroder Medical Discovery Fund is a £100 million UK unit trust which simply states its investment policy as "to seek the best growth opportunities from around the world". In practice, that involves investing in a wide range of Chemical, Health & Personal Care, Electronic Instrument and Pharmaceutical companies.

This is a very new fund - launched in May 2000 - so we only have a limited amount of historical data to analyse. Over that short period the fund rated as *Very Low Risk* with an extremely low *Market Correlation* of 0.06. The *Superiority Rating* is only slightly positive at +3%, but the fund has recorded an excellent 18% increase in value over the last year.

66.6% of the portfolio is invested in the United States, 16.1% in Europe, 9.8% in the United Kingdom, 2.2% in Japan and 4.4% in cash. The portfolio is well diversified across sectors, company size (i.e. 66.1% is invested in large companies, 25.0% in mid sized companies and 9.0% in smaller companies) and the ten largest holdings account for just 32.5% of the portfolio.

The annual management fee is 1.5%, with an initial sales fee of 5.25%. The minimum initial investment is £1000. The fund offers *Income* units (i.e. which distribute net income) and *Accumulation* units (i.e. which reinvest income), but to date there has been no income to distribute. Net income, if any, is expected to be low.

**Summary and Recommendation**

If world stockmarket Forecasts continue to improve over the next few months, Biotechnology and Healthcare is one sector in which we will consider making an investment.

Finsbury Worldwide Pharmaceutical Trust is clearly an attractive fund that has performed well and has most of its money in large pharmaceutical companies. This is probably the best overall fund for this sector, although we are a little cautious about the fund's concentration in drug company shares.

Another excellent performer is **Framlington Healthcare Fund** (a UK unlisted unit trust). This fund is extremely well diversified over the whole healthcare sector, so is well placed to benefit from advances in any part of this sector.

3i Bioscience Investment Trust has also performed well. This fund is more risky (but well diversified) and offers greater exposure to higher growth sectors with its focus on biotechnology companies and unlisted, venture capital investments. An added advantage is that the shares trade at a substantial discount to net asset value.

Similarly, **CF Bio-Tech Fund** offers exposure to the potentially high growth biotechnology sector, but this fund is less well diversified and has a relatively high management fee.

We probably have insufficient data to properly evaluate **Schroder Medical Discovery**. However, this would appear to be one of the lowest risk funds in this sector. The only disadvantage: that low risk exposure may reduce potential gains when biotechnology/healthcare shares appreciate in value.

Next Issue

The next issue of "International Investor" will be posted in four weeks time on Tuesday September 11, 2001 (and delivered in most areas on Wednesday 12).

Subscribers who have updated their account online with an e-mail address will also receive the Electronic version in their e-mail Tuesday morning.