

# International Investor

Issue No. 73

P.O. Box 34-162, Auckland

January 15, 2002.

## Inside 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	67%	Neutral	Bullish	Bullish	Bullish	+9.6%	+2.9%	-1.8%	3,360.10
Austria	73%	Bullish	Neutral	Bullish	Bullish	+1.2%	-4.3%	-4.0%	1,119.80
Belgium	70%	Bullish	Neutral	Bullish	Bullish	-3.1%	-5.1%	-16.6%	2,661.59
Canada	67%	Neutral	Bullish	Bullish	Bullish	+7.5%	-4.5%	-16.9%	7,701.93
Denmark	67%	Neutral	Bearish	Bullish	Bullish	-2.1%	-10.1%	-21.5%	265.22
Finland	81%	Neutral	Bullish	Bullish	Bullish	+19.1%	+21.7%	-35.1%	8,508.41
France	61%	Bullish	Bearish	Bullish	Bullish	+5.1%	-4.2%	-25.1%	2,963.86
Germany	79%	Bullish	Neutral	Bullish	Bullish	+10.4%	-8.2%	-24.7%	5,209.97
Ireland	76%	Bullish	Neutral	Bullish	Neutral	+4.4%	-9.0%	-6.0%	5,566.22
Italy	57%	Bullish	Bearish	Bullish	Neutral	+3.7%	-7.3%	-30.0%	22,771.00
Japan	47%	Bearish	Bearish	Bullish	Bullish	-10.0%	-20.2%	-29.9%	10,441.59
Netherlands	68%	Bullish	Bearish	Bullish	Bullish	+0.4%	-8.0%	-27.3%	695.30
New Zealand	73%	Bearish	Bullish	Bullish	Neutral	+11.9%	+4.0%	-3.0%	2,132.17
Norway	55%	Bullish	Neutral	Bullish	Neutral	+13.1%	-6.0%	-18.9%	650.98
Spain	60%	Bearish	Bearish	Bullish	Bullish	+3.3%	+2.0%	-21.2%	791.49
Sweden	61%	Bearish	Bullish	Bullish	Bullish	+15.2%	+6.5%	-25.5%	238.07
Switzerland	59%	Neutral	Bearish	Bullish	Bullish	+4.3%	-1.2%	-20.1%	6,416.40
Un. Kingdom	54%	Neutral	Bearish	Bullish	Neutral	+0.8%	-3.1%	-17.4%	5,198.60
USA	69%	Bearish	Bearish	Bullish	Bullish	+4.9%	-5.8%	-13.1%	1,145.60
Argentina	71%	Bullish	Bullish	Neutral	Bullish	+26.0%	+10.9%	-22.7%	893.78
Brazil	52%	Bullish	Bullish	Bearish	Bullish	+44.8%	+3.0%	-35.0%	13,587.49
Czech Rep.	70%	Bullish	Neutral	Bullish	Neutral	+18.3%	+13.8%	-12.7%	411.60
Chile	34%	Neutral	Neutral	Bearish	Neutral	+11.6%	-2.4%	-10.0%	5,325.10
China	54%	Bearish	Bearish	Bullish	Bullish	-0.3%	-20.4%	-13.9%	154.51
Greece	54%	Neutral	Bearish	Bullish	Bearish	+11.7%	+10.6%	-26.9%	2,574.68
Egypt	34%	Neutral	Bearish	Bullish	Bearish	-5.8%	-12.3%	-22.8%	617.76
Hong Kong	55%	Neutral	Bearish	Bullish	Bullish	+8.7%	-11.5%	-27.0%	11,166.46
Hungary	84%	Bullish	Bullish	Bullish	Bullish	+20.2%	+28.7%	-0.5%	7,772.10
India	52%	Neutral	Bullish	Bearish	Bullish	+12.8%	-5.1%	-19.9%	3,362.88
Indonesia	49%	Bearish	Bullish	Neutral	Neutral	+3.9%	+0.4%	-6.9%	411.77
Israel	78%	Bearish	Bullish	Bullish	Bullish	+14.0%	-0.7%	-0.6%	448.56
Korea	69%	Bearish	Bullish	Bullish	Neutral	+39.3%	+31.6%	+20.7%	727.36
Malaysia	65%	Neutral	Bullish	Neutral	Bullish	+15.0%	+13.2%	+3.5%	703.04
Mexico	77%	Bearish	Bullish	Bullish	Bullish	+15.0%	+1.1%	+15.6%	6,420.15
Philippines	51%	Bearish	Bearish	Bullish	Neutral	+17.6%	-11.7%	-22.3%	1,191.60
Poland	81%	Bearish	Bullish	Bullish	Bullish	+24.9%	+23.1%	-6.6%	15,700.26
Portugal	66%	Bullish	Neutral	Bullish	Neutral	+3.3%	+4.9%	-27.2%	2,000.05
Russia	68%	Neutral	Bullish	Bullish	Neutral	+48.2%	+34.3%	+86.2%	3,379.29
Singapore	84%	Bullish	Bullish	Bullish	Bullish	+18.8%	+2.6%	-16.5%	1,704.07
Sth Africa	59%	Bullish	Bullish	Bearish	Bullish	+3.0%	-11.2%	-13.1%	10,900.34
Taiwan	84%	Bearish	Bullish	Bullish	Bullish	+46.7%	+26.3%	-1.5%	5,687.59
Thailand	66%	Bearish	Bullish	Bullish	Neutral	+18.6%	+9.8%	+5.3%	332.55
Turkey	70%	Bearish	Neutral	Bullish	Bullish	+63.2%	+22.5%	-51.4%	11,275.00
Venezuela	9%	Neutral	Bearish	Bearish	Bearish	-6.5%	-18.3%	-22.0%	6,465.95

**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 for most countries - although the United States has come back from last month's rather high 82%.

We are therefore continuing to re-invest the large cash reserve we accumulated in the first half of 2000 and will soon be fully invested in equities.

This month we are recommending **Fleming European Fledgeling IT plc** which increases our portfolio to 12 investments funds (each with about 5-7½% of the portfolio), plus four warrants (2½-5% each) and one split capital trust (2½-5%). One more investment fund recommendation over the next few months will bring us to fully invested.

## Recommended International Investment Funds

We are down-grading **Legg Mason International Utilities** to a "Hold" as the trust has failed to recover over recent months and now rates unfavourably in our *Investment Fund Survey*. This split capital trust is very volatile (and became even more volatile as the net asset value declined), so the share price could appreciate very strongly if its portfolio recovers in value.

More recent recommendations - **Eaglet Investment Trust**, **Private Equity Investor** and **Fleming European Fledgeling** - are more attractive for new purchases.

### Fund Report

For the six months to September 30, 2001, **Private Equity Investor** plc reported a 10% decline in its net asset value. Appreciation in the value of its bond

investments and currency gains (i.e. the US dollar rose against Sterling) partially offset the drop in the value of its venture capital investments.

Its venture capital fund investments distributed £835,214 from the proceeds of trade sales (i.e. companies sold to other businesses). The value of ten other investments were written up in value, 73 investments were written down in value and 49 companies were "allowed to fail in order to preserve cash for investments that offered the prospect of greatest returns". The venture capital managers also invested in 61 new companies. At September 30 the trust (through its venture capital partnerships) held investments in 18 public companies and 373 private companies. 60% of its assets, however, were still held in cash and bonds.

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		
<b>Europe</b>									
BUY	Fleming Euro Fledgeling IT plc	FEF	15/01/02	226.5p	765.8	-16%	226.5p	765.8	
<b>United Kingdom</b>									
BUY	Eaglet Investment Trust plc	EIN	13/11/01	334.0p	1160.7	+8%	375.0p	1268.0	+9
<b>Asian Regional</b>									
BUY	Fleming Asia WARRANTS	FAIW	07/03/00	43.8p	141.7		16.0p	54.1	-62
HOLD	Fidelity Asian Values WARRANTS	FASW	10/03/98	17.5p	49.7		13.25p	44.8	-10
HOLD	Gartmore Pacific Growth Fund	*	29/10/85	41.4p	105.4		163.08-173.79p	569.5	+441
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		40.2p	135.9	+28
HOLD	HSBC Hong Kong Growth Fund	*	07/04/98	159.4p	481.6		164.5p	556.2	+15
HOLD	Henderson Pacific Capital	*	08/08/00	342.2p	1122.6		251.2p	849.4	-24
BUY	Schroder Asia Pacific WARRANTS	SDPW	13/07/99	25.5p	75.8		10.5p	35.5	-53
<b>Japan</b>									
BUY	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	-14%	108.0p	365.2	-17
HOLD	Invesco Japan Discovery Trust	IJD	13/07/99	95.5p	284.0	-18%	69.5p	235.0	-17
<b>Korea</b>									
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		82.46-87.73p	287.7	+37
<b>Thailand</b>									
HOLD	Old Mutual Thailand Trust	*	08/12/98	49.0p	155.9		38.99-41.94p	136.8	-12
HOLD	Aberdeen Prolific Emerging Markets	*	13/08/91	39.0p	116.1		59.69-63.15p	207.7	+79
HOLD	Legg Mason Int'l Utilities	LIU	13/02/01	170.5p	565.5	+16%	79.0p	267.1	-53
BUY	Private Equity Investor plc	PEQ	11/12/01	122.5p	420.2	-34%	129.0p	436.2	+4
BUY	Templeton E/Markets WARRANTS	TEMA	13/07/99	40.3p	119.7		15.5p	52.41	-56

\* 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 61¼ pence (-16%, i.e. 16% below net asset value), **Fleming Asian** shares at 82¾ pence (-15%), **Schroder Asia Pacific** shares at 64¼ pence (-17%), **Templeton Emerging Markets** shares at 108½ pence (-18%), **Baillie Gifford Shin Nippon** warrants at 23¾ pence, **Eaglet Investment Trust** warrants at 278 pence and **Invesco Japan Discovery** warrants which trade at 18½ pence.

# Fund Recommendation: Buy Fleming European Fledgeling Investment Trust plc

## BUY Fleming European Fledgeling Investment Trust plc (code FEF)

**Fleming European Fledgeling Investment Trust plc** is a *very volatile* fund but has also produced excellent (risk-adjusted) returns. With an improvement in our Forecasts for European stockmarkets this trust could now be poised to recover and grow strongly in value . . .

The trust was formed in 1990 and seeks capital growth from investing in smaller Continental European growth companies. About 8% of the portfolio is invested in **Fleming Frontier European Discovery Fund (FFEDF)**- which invests in micro-cap companies with market capitalisations of less than £100 million. The rest of the portfolio is selected from the stocks that make up its benchmark index, the HSBC Smaller European Companies Index, which consists of 1000 companies with market capitalisations from £41-1200 million. From these 1000 shares the trust seeks "aggressive" capital growth from "market leading growth companies whose prospects are fundamentally undervalued by the stockmarket". This combination of *growth* and *smaller companies* has led to some extremely volatile performances from the trust - especially during the late 1999-early 2000 technology boom (when the trust more than tripled in value) and the last two year decline (where it lost most of those gains).

With its focus on *growth* stocks, Fleming European Fledgeling is likely to perform somewhere between a Technology fund (but without the large *incentive* fees that erode long term returns) and a more balanced smaller companies fund. Recent massive gains and losses resulted from around 50% of the portfolio being in technology shares, although this has now been reduced to about 20% of the portfolio. The portfolio will "remain firmly overweighted in the three growth sectors of *business providers, consumer goods* and *technology*" which the Fund Manager believes "continue to offer the most attractive long term investment opportunities".

The trust *further* increases this volatility through the use of gearing. Currently the trust has fixed interest rate loans totalling Euro 63.5 million (£23.5 million), leveraging the portfolio by 13%. Leverage has historically ranged from about 10-20%.

The £176 million portfolio is very well diversified with shareholdings in 80-90 companies (excluding companies held through the holding in FFEDF). The ten largest investments (excluding FFEDF) make up only 18.3% of the portfolio.

By country the trust has most of its assets in France (14% of the portfolio), Sweden (12%), Germany (11%), Italy (10%), Switzerland (8%), Finland (7%), Netherlands (6%), Spain (6%), Denmark (6%), Norway (6%) Ireland (3%) and Belgium (2%).

As stated above, Fleming European Fledgeling is

very volatile and earns a *High Risk* rating in our *Investment Fund Survey*. In fact, the trust is *twice* as volatile as the European stockmarket index, so can be expected to fluctuate in value by about 20% for every 10% fluctuation in the index.

Despite this high risk exposure, Fleming European Fledgeling has also produced high *risk-adjusted* returns. That is, the trust has *outperformed* the gains (or losses) that would be expected from fluctuations in the index and its high volatility. In our survey the trust earns an outstanding *Superiority Rating* of +22%.

The shares have historically traded between a 5% *premium* to net asset value and a 25% discount. At present they trade at a 14% discount. The trust has shareholder permission to re-purchase up to 15% of its shares. While it has not actually re-purchased any of its shares, it may do so if they were to trade at a large discount to net asset value.

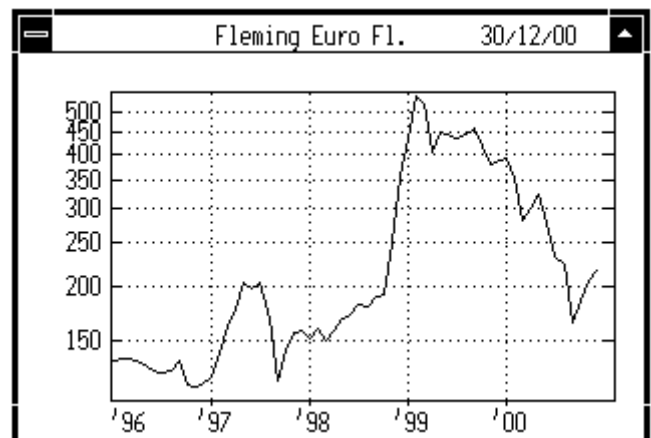
As the fund seeks capital appreciation it does not expect to have any income (after management expenses) or to pay a dividend. The annual management fee is 1.0% of net assets.

The shares are actively traded with a narrow spread between the bid and offer prices, usually around 1-2%.

### Summary and Recommendation

If European stockmarkets continue to improve then Fleming European Fledgeling IT plc should be one of the top performing funds owing to (1) high volatility, which multiplies the markets gains (but also its losses), (2) superior risk-adjusted performance (which improves expected returns whether the market rises or falls) and (3) its focus on *small, emerging growth* companies (which offer the best long term investment returns and which are now under-valued after sharp declines over the last two years).

The trust does carry high risks and would suffer a sharp, short term, drop in value on any market decline, but Fleming European Fledgeling offers an excellent way to profit from the medium to long term recovery and growth in the value of smaller European company share prices.



# A New Investment Strategy: A "Dow Dividend" Portfolio

*International Investor* is to start a passive investment portfolio that will invest in high yielding, out of favour stocks selected from some of the 30 largest companies in the world. This portfolio will follow the methods outlined by Michael O'Higgins in the 1991 book "Beating the Dow" and updated by Robert Sheard in the 1998 book "The Unemotional Investor".

## **Where This Dow Dividend Portfolio fits in our Investment Strategy**

We currently invest a lot of time carefully selecting individual investments. Internationally we focus on identifying the *best managed* funds, investing in countries where the stockmarket is expected to perform well. In Australia and NZ we seek to identify *growth* and/or *cyclical* shares which are neglected and undervalued.

As our investment portfolios have grown over the 21 years, we have sought to diversify our investments more widely. Originally we followed only NZ shares, adding international investments in 1985 (following the removal of foreign exchange controls) and Australian investments in 1994.

The Dow Dividend Portfolio will further expand our investments into a complementary area:

1. These methods have performed very well over a long period of time, so should make a worthwhile contribution to growing our investment wealth.
2. The portfolio can be quickly updated *just once per year* with the stocks held through to the next annual review period. These methods therefore require very little research or monitoring (so we can continue to focus our main efforts on our other international investments as well as Australian and NZ shares).
3. The portfolio will own four stocks selected from the Dow Jones Industrial Index - which are some of the very largest companies in the world. This portfolio gives us exposure to *larger companies* - a relatively *low risk* sector - but which are deliberately underweighted in our other portfolios that seek higher long term growth from smaller company shares.

We therefore believe that it may be appropriate to invest 5-20% of total equity portfolios in the Dow Dividend portfolio, with 30-35% in other International investments, 20-25% in NZ shares and 30-40% in Australian shares.

Although it is *possible* to buy US stocks through most NZ and Australian based stockbrokers the costs are very high. For example, a minimum purchase may be US\$5000 per stock with brokerage of 2% and a minimum fee of US\$100 per trade. Investors should therefore open an account with a US based internet

broker like **E\*Trade** (www.etrade.com). You can open an account with as little as US\$1000, there is no minimum stock purchase and brokerage is a flat US\$15 per trade!

## **History of the Beating the Dow Methods . . .**

In the 1991 book *Beating The Dow*, Michael O'Higgins suggests three portfolios selected from the 30 stocks that make up the Dow Jones Industrial Average. These are some of the biggest companies in the world, so the risk of a company failure is low - although individual stock prices can still be volatile. The selection criteria is to use the Dividend Yield to find the most undervalued and *out of favour* of these 30 stocks.

The first portfolio suggested by O'Higgins is the "Ten highest yielding stock portfolio" - which simply consists of the ten Dow Jones Industrial stocks with the *highest dividend yield*. The high dividend yield identifies the stocks that are *most undervalued* and *out of favour* with investors - and which usually recover strongly and outperform the average stock in the Dow Jones Index.

The second portfolio is the "Five high-yield/lowest priced stock portfolio". This selection criteria (1) identifies the ten highest yielding Dow stocks, then (2) selects the five *lowest priced stocks*. This low priced criteria improves results as these lower priced stocks are *more volatile* and therefore produce higher percentage returns.

The third portfolio, called the "Penultimate Profit Prospect" (or PPP), consists of only one stock. This is the *second* lowest priced share selected from the ten highest yield shares. O'Higgins found that "The *lowest-priced* Dow stock has tended over the years to be a company in financial difficulty rather than a company out of favour due to other circumstances" such as temporarily depressed earnings. While an investment in the PPP stock has generated the highest long term returns, such a one-stock portfolio involves excessively high volatility and unacceptably high risk.

## **. . . Updated for the Unemotional Investor**

Robert Sheard has picked up on how the *lowest* priced of the ten highest dividend yield shares often worked *against* the selection criteria used by O'Higgins.

In his 1998 book *The Unemotional Investor* he suggested a "Beating the Dow Four Portfolio" based upon O'Higgins' "Five high-yield/lowest priced stock portfolio" but excluding the *lowest priced* stock. This offered some improvement with slightly higher returns.

With further research Sheard discovered that "in the vast majority of cases where the cheapest priced stock suffered a melt-down, it also happened to be the stock with the highest dividend yield". This is consistent

with O'Higgins' theory about a company experiencing financial difficulties.

So by first finding the ten highest yield stocks and then *removing the highest yield stock if - but only if - it is also the lowest priced stock* avoids this under-performance. The *lowest priced* stocks are then selected from this list of 9 or 10 stocks.

The four *lowest priced* stocks from this amended list resulted in Sheard's "Unemotional Value Four Portfolio".

While the "Unemotional Value Four Portfolio" generated virtually identical returns to the "Beating the Dow Four Portfolio" from 1971-1996, Sheard claims it performed significantly better from 1961-1970 (but does not publish his actual results for this decade).

The main advantage of this rule to eliminate the *lowest priced* stock if it is also the *highest yield* stock was that it allowed Sheard to create an "Unemotional Value Two Portfolio" - using the same criteria as above but selecting only the two *lowest priced* stocks remaining. This portfolio produced gains slightly in excess of the very high returns earned by O'Higgins' "Penultimate Profit Prospect" but with considerably less risk than the one stock portfolio!

### **Our Dow Dividend Portfolio**

We intend to invest in a portfolio consisting of the four stocks that qualify for the "Unemotional Value Four Portfolio" criteria *but we shall weight these stocks in favour of the better performing lower priced stocks*. This will allow us to diversify over four stocks, while weighting returns towards the high performance "Unemotional Value Two Portfolio" stocks.

In general, we shall invest 40% of the portfolio in the lowest priced stock, 30% in the next lowest priced and 20% and 10% in the remaining two stocks. We shall, however, vary this slightly using common sense and to avoid unnecessary trading at the annual review dates.

Portfolios using these methods are reviewed and updated only once per year. Usually this is on January 1st each year. These methods, however, seek to identify depressed and under-valued stocks. So it should be advantageous to review and update the portfolio in December when depressed stocks become further depressed by year end tax loss selling.

We shall therefore review and update our Dow Dividend Portfolio in December each year.

### **Our Initial Beating the Dow Portfolio**

We shall start our *Beating the Dow* portfolio with a hypothetical US\$10,000 (or about NZ\$23,450). Investors can scale up or down their actual purchases depending upon their individual circumstances and how much they wish to commit to this strategy.

In *Beating the Dow*, O'Higgins designed some worksheets to select the five shares in which to invest - but now you simply need to go to a website that follows

this strategy to get the information you need!

**Dogs of the Dow** ([www.dogsofthedow.com](http://www.dogsofthedow.com)) is updated each week with this information. The page [www.dogsofthedow.com/doggishy1.htm](http://www.dogsofthedow.com/doggishy1.htm) even lists the ten highest yielding shares in order from the highest yield. The five *lowest priced* shares are also identified as "Small Dogs".

If the stock with the *highest yield* is also the *lowest priced* stock, cross it from this list. Then select the four *lowest priced* "small dogs".

The website recently identified the following ten highest yield Dow stocks:

Company	Price	Yield	"Small Dog"
Eastman Kodak	US\$27.18	6.62%	Yes
Philip Morris	\$47.65	4.87%	No
General Motors	\$49.77	4.02%	No
JP Morgan Chase	\$38.34	3.55%	Yes
DuPont	\$43.02	3.25%	No
Caterpillar	\$50.82	2.75%	No
SBC Communications	\$37.83	2.70%	Yes
International Paper	\$41.04	2.44%	Yes
ExxonMobil	\$38.50	2.39%	Yes
Merck	\$58.98	2.37%	No

As Eastman Kodak is the *highest yielding* and the *lowest priced* of these ten stocks we *exclude* it from further consideration. We are then only interested in the lowest priced of these stocks, which are labelled as "Small Dogs".

This leaves us with our four stocks (in order of lowest to highest priced): SBC Communications \$37.83, JP Morgan Chase \$38.34, ExxonMobil \$38.50 and International Paper \$41.04.

We would normally seek to invest 40% in the lowest priced stock, then 30%, 20% and 10% in the remaining stocks - but JP Morgan Chase and ExxonMobil are virtually identical in price we shall invest (approximately) as follows:

SBC Communications	40%
JP Morgan Chase	25%
ExxonMobil	25%
International Paper	10%

We shall purchase the following shares *at market* with costs based upon the current offer prices and brokerage of a flat US\$15 through a discount broker:

105 shares in SBC Communications	\$3,987
65 shares in JP Morgan Chase	\$2,507
64 shares in ExxonMobil	\$2,479
24 shares in International Paper	\$1,000
Cash balance	<u>\$27</u>
Total Investment	\$10,000

Once we have bought these stocks we will make no changes to the portfolio until we review and update it in December. We shall also monitor and report upon its progress through the year in the March, June and September issues of *International Investor*.



Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
	First State Global Growth	Medium	-2%	0.87	-12	13	
	Fr Prov International	Medium	-0%	0.90	3	-16	7
	Framlington International	Medium	+1%	0.82	9	-22	5
	GAM International Growth	Low	+6%	0.62	7	7	
	Gartmore Global Growth	Low	-4%	0.84	-16	6	
	Gartmore Global Utilities	Low	-1%	0.51	7	-19	-1
	Govett Global Opportunit	Medium	-1%	0.93	-10	12	
	HSBC Tulip	Medium	+2%	0.90	-13	7	
	Henderson Independent Port.	Medium	+0%	0.94	11	-12	7
	Henderson International	Medium	+1%	0.93	11	-15	9
	Hill Samuel Int'l	Low	-2%	0.85	4	-12	7
	Invesco Perp International	High	+2%	0.85	-15	12	
	Jupiter Ecology	Medium	+2%	0.68	-21	6	
	L & G Global Growth	Medium	+2%	0.96	11	-15	7
	L & G Worldwide	Medium	-1%	0.94	11	-11	7
	Lazard International Equity	Medium	-1%	0.93	-12	7	
Buy	Lazard Worldwide Portfolio	Medium	+8%	0.88	-7	11	
	Legg Mason Global Growth	Medium	-4%	0.87	-14	9	
Avoid	Legg Mason Telecoms	Medium	-22%	0.39	-28	7	
	Lincoln Global	Medium	-1%	0.86	8	-12	10
	MGM International Equity	Medium	+4%	0.86	20	-18	-0
	Martin Currie International	Medium	+3%	0.90	20	-11	8
	NPI Global Care	Medium	-2%	0.79	-2	-19	6
	Newton International	High	+6%	0.86	18	-11	14
	Old Mutual Worldwide	Medium	+1%	0.91	5	-13	8
	Pearl International	Medium	-1%	0.90	1	-16	8
	Perpetual Int'l Growth	High	+5%	0.95	19	-12	11
Buy	Perpetual Worldwide Recovery	High	+8%	0.89	34	-7	14
	Premier Global 100	Medium	-3%	0.74	-3	-14	9
	Prudential Global Growth	Medium	+0%	0.89	11	-9	7
	Prudential Int'l Growth	Low	+0%	0.88	10	-8	8
	Royal & Sun All. Intern'l Gth	Medium	-2%	0.93	-2	-14	8
	Scot Life Worldwide	High	-5%	0.81	-9	-22	8
	Scot Mutual International	Medium	+1%	0.68	13	-14	9
	Scot Widows Global	Medium	+5%	0.89	24	-15	8
Avoid	Singer & Freidlander Global	Medium	-7%	0.68	-15	-31	7
	Sovereign Int'l Growth	Low	+2%	0.76	23	-12	10
	St James's International	Medium	+6%	0.68	26	-9	6
	Sun Life of Canada W/Wide Gth	Medium	-1%	0.90	5	-18	6

**AUSTRALIAN LISTED INVESTMENT TRUSTS**

Buy	BT Global	Very High	+5%	0.58	18	-21	15
	Platinum Capital	Low	+23%	0.38	106	33	10
	Templeton Global	Medium	+1%	0.32	-1	9	10

**NEW ZEALAND LISTED INVESTMENT TRUSTS**

	World Index Fund	Medium	-0%	0.75	8	-11	7
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**UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS**

Buy	Alliance Trust	Low	+2%	0.66	10	-6	4
Buy	Anglo & Overseas Trust	Very High	+10%	0.76	25	-16	13
Buy	Bankers Investment	Medium	+10%	0.82	39	-1	13
Buy	Brit Empire Securities	Very Low	+17%	0.63	109	4	7
Buy	Brunner Invest. Trust	Very High	+10%	0.82	33	-20	10
	Capital Gearing Trust	Very Low	+4%	0.08	52	21	4
	Edinburgh Investment	Medium	-1%	0.79	3	-19	5
Buy	Edinburgh Worldwide	Very High	+9%	0.81	12	-19	10
	English & Scottish	Medium	+6%	0.70	25	-13	2
Buy	F & C Smaller Companies	Very High	+10%	0.72	36	-16	6
Buy	Fleming Overseas	High	+10%	0.89	41	-8	12
	Foreign & Colonial	Medium	+6%	0.88	31	-12	8
Buy	Henderson Strata Inv	Very High	+9%	0.57	13	-46	19
	Jupiter Primadona	High	-3%	0.31	-12	-44	11
	Law Debenture Corp.	Medium	+6%	0.62	20	1	7
	Majedie Investment	Medium	-4%	0.71	-13	-22	9
	Martin Currie Portfolio	Medium	+4%	0.80	-13	8	
	Merrill Asset Alloc'n	High	-4%	0.70	-23	9	
Buy	Mid Wynd Invest Trust	High	+11%	0.72	48	-7	12
	Monks Investment	Low	+6%	0.78	34	-8	7
	Murray International	Medium	-2%	0.83	2	-16	8
	Pantheon International	Very Low	+0%	0.37	-22	-1	
	Personal Assets Trust	Very Low	+1%	0.35	21	5	-2
Buy	Ptarmigan International	Medium	+7%	0.65	57	-9	10
	RIT Capital Partners	Very Low	+3%	0.40	34	-8	-2
	Scottish Invest. Trust	Medium	+3%	0.90	17	-10	8
	Scottish Mortgage & Trt	High	+2%	0.85	7	-13	9
Buy	Scottish Value	Very High	+13%	0.65	55	-19	14
	Scottish American Inv.	High	-0%	0.85	1	-21	7
	Second Alliance	Low	+1%	0.64	3	-12	-1
	Secs Trust of Scotland	Medium	+2%	0.70	14	-7	6
Buy	Special Utilities 'S'	Low	+7%	0.44	29	6	9
	Tribune Trust Managed	High	+3%	0.73	3	-20	5
	Witan Investment Coy	Medium	+3%	0.90	18	-14	9

**UNITED KINGDOM BASED INVESTMENT TRUSTS - SPLIT CAPITAL**

Buy	Asset Management	Very High	+28%	0.39	148	-18	5
Buy	BFS Absolute Ret. - Cap	Very High	+23%	0.75	-84	26	
	Fleming W'wide Income	Medium	+1%	0.42	-13	-17	7
Avoid	Govett High Income IT	Very High	-31%	0.31	-81	-77	-18
Avoid	Legg Mason Int'l Util.	High	-7%	0.41	-39	-48	-12
Avoid	Murray Global Return	Medium	-14%	0.18	-64	-34	
Avoid	Quilter Global Enhanced	Very High	-81%	0.15	-94	-59	

**UNITED STATES**

**AUSTRALIAN BASED UNIT TRUSTS**

Avoid	BT Sel Mkts American Gth	High	-12%	0.60	-13	-20	8
Avoid	Fidelity Perp. America	High	-7%	0.72	-5	-17	16
	Invesco America	Very High	-4%	0.76	-21	11	

**NEW ZEALAND BASED INSURANCE BONDS**

Avoid	Royal Sun All Nth Amer	Medium	-7%	0.57	3	-12	12
	Sov. Super Nth America	Low	-4%	0.52	23	-7	9

**UNITED KINGDOM BASED UNIT TRUSTS**

Avoid	ACM American Growth	Very High	-7%	0.87	-14	12	
	AXA Global American	High	+1%	0.91	-3	12	
	Abbeey American Growth	Medium	-3%	0.68	13	-11	11
	Aberdeen American Opport.	Very Low	+6%	0.37	65	-12	7
Avoid	Aberdeen North American	Low	-11%	0.77	-9	-15	10
	BG American	Medium	+2%	0.90	-4	11	
	Barclays America	Medium	-1%	0.76	17	-8	12
	Baring American Gth	High	-5%	0.74	5	-20	15
	Britannic American	Medium	-0%	0.62	22	-14	7
	Canada Life North American	Medium	+3%	0.67	28	-4	18
	Cazenove North American	Medium	-5%	0.83	1	-7	11
	Clerical Medical American	Medium	+1%	0.67	23	-5	12
	Credit Suisse Transatlantic	Medium	+2%	0.67	33	-11	12
	Deutsche American Growth	Medium	+3%	0.72	35	-9	12
	Deutsche US Index	Medium	-3%	0.78	14	-7	12
	Dresdner North American	Medium	-3%	0.66	18	-17	10
	Edinburgh North American	High	+0%	0.69	19	-13	14
	Equitable North American	Medium	+2%	0.80	28	5	13
Buy	Fidelity American	Very Low	+17%	0.23	82	7	12
	First State American Gth	High	-6%	0.85	-13	16	
	Fleming Select America	Medium	-1%	0.74	21	-7	10
	Fr Prov American	Medium	-5%	0.82	6	-14	12
	Framlington American Gth	Medium	+3%	0.53	39	-20	6
Buy	GAM North America	Low	+15%	0.47	24	22	
	Gartmore American	Medium	+1%	0.65	34	-13	7
	Govett US Blue Chip	Low	-6%	0.35	-10	13	
	Govett US Index	Medium	-5%	0.89	-12	11	
	Govett US Opportunities	Low	+1%	0.71	-6	11	
	Henderson North American	Medium	-5%	0.75	8	-14	12
	Hill Samuel American	Medium	-2%	0.71	-8	10	
Avoid	Invesco Perp US Growth	Very High	-14%	0.70	-46	32	
	Jupiter North America	Very High	-3%	0.78	-16	14	
	L & G North American	Medium	+1%	0.77	30	-7	11
	L & G US Index	Medium	-1%	0.78	19	-8	11
	Lazard Nth American Gth	Low	-6%	0.74	3	-6	11
	Lincoln North American	Medium	-4%	0.71	10	-7	12
Avoid	M & G American & General	Medium	-8%	0.76	-4	-23	7
	MGM North American Growth	Low	-1%	0.62	24	-5	11
	Martin Currie North American	High	+2%	0.72	42	-7	11
Avoid	Merrill Lynch American	Medium	-7%	0.74	2	-19	9
Avoid	NPI North America	Medium	-7%	0.71	2	-14	13
	Newton American	Medium	+2%	0.64	30	-6	13
	Old Mutual North American	Medium	-1%	0.76	19	-9	13
	Prudential North American	Low	-4%	0.61	7	4	13
	Rothschild FA Prt Nth America	Medium	-4%	0.59	-13	11	
	Royal & Sun All. Nth American	Medium	-5%	0.69	12	-16	10
	S & W American	Very Low	+4%	0.39	47	0	14
	Scot Amic American	Low	-5%	0.53	7	5	13
	Scot Life America	Medium	-6%	0.78	1	-15	12
	Scot Mutual North American	Medium	-1%	0.67	26	-12	16
	Scot Widows North American	Medium	-4%	0.73	9	-11	11
	Sun Life of Canada Nth Amer.	Medium	-6%	0.74	5	-17	11

**UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS**

	American Opportunity	Very Low	+6%	0.07	56	-2	-10
	Edinburgh US Tracker	Medium	+2%	0.81	34	-5	10
	Fleming American	Medium	+5%	0.67	46	-4	15
Avoid	Second London American	Very Low	-11%	0.04	-32	2	-10

**UNITED STATES SMALLER COS**

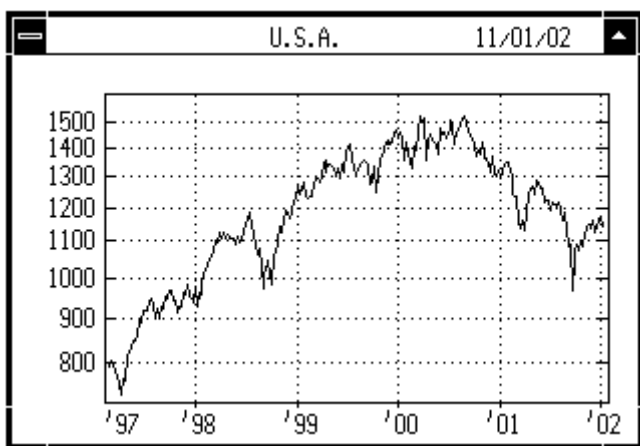
**UNITED KINGDOM BASED UNIT TRUSTS**

Buy	Abbey US Emerging Companies	Very High	+27%	0.51	185	1	18
	Baring American Small Coys	High	+1%	0.44	23	-22	18
	F & C US Smaller Coys	Medium	+4%	0.58	39	10	24
Buy	Fidelity American Spec Sits	Very High	+22%	0.64	109	-13	34
	Fleming Select American Sm Co	Very High	+3%	0.42	-7	28	
	Fr Prov American Small Coys	Low	+1%	0.46	31	0	16
	Gartmore America Small Coys	Very High	-1%	0.71	-9	14	
	Henderson Amer Small Coys	High	+6%	0.56	50	-6	18
	Hill Samuel US Small Coys'	Very High	+16%	0.49	88	9	18
Buy	Invesco Perp American Smaller	Very High	+16%	0.46	83	-16	26
Buy	Merrill Lynch Amer Small Coys	Very High	+9%	0.84	-5	23	
Buy	Merrill Lynch American Opps	Very High	+20%	0.48	116	-7	22
Buy	Schroder US Smaller Coys	Low	+15%	0.57	114	22	17

**UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS**

Buy	F & C US Smaller Coys	Low	+6%	0.62	56	12	17
	Fleming US Discovery	Medium	+14%	0.26	118	16	32

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
Buy	Nth Atlantic Smaller	Very Low	+7%	0.21	68	-4	-3
Buy	Renaissance U.S.	Low	+15%	0.18	110	13	9



**UNITED KINGDOM**

**UNITED KINGDOM BASED UNIT TRUSTS**

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	36 mth	12 mth	3 mth
Avoid	AXA UK - UK Growth	Medium	+2%	0.85	-10	7	
	AXA UK - UK Tracker	Medium	-1%	0.91	-11	5	
	Abbey Assets & Earnings	Low	-6%	0.75	-8	-12	3
	Abbey Dividend & Growth	Low	-5%	0.75	-9	-9	3
	Abbey General	Low	-7%	0.72	-12	3	
	Abbey Nat'l N & P UK Growth	Medium	-1%	0.76	-0	-15	5
	Abbey Nat'l Stockmarket 100	Medium	-1%	0.84	-11	5	
	Abbey Nat'l UK Growth	Low	-2%	0.69	-1	-14	4
	Aberdeen UK Blue Chip	Medium	-2%	0.78	-6	-16	8
	Aberdeen UK Growth	Medium	-1%	0.75	-2	-14	7
	Artemis UK Growth	High	+1%	0.58	-13	10	
	BG British 350	Medium	+1%	0.78	7	-8	6
	BWD Rensburg Aggressive Gth	Medium	+2%	0.82	11	-12	6
	BWD Rensburg UK Mid Cap	High	-0%	0.57	-13	8	
	BWD UK Equity	Medium	+4%	0.77	9	-7	7
	Bank of Scotland FTSE 100	Medium	-1%	0.86	-11	5	
	Barclays 500	Medium	-3%	0.74	-12	7	
	Barclays Capital	Medium	-1%	0.82	3	-11	5
	Barclays FTSE 100	Medium	-2%	0.85	-4	-12	4
	Baring UK Growth	Medium	+2%	0.66	8	-16	2
	Britannic UK General	Medium	-3%	0.77	-3	-13	3
	Cazenove UK Equity	Medium	-2%	0.68	0	-18	8
	Clerical Medical UK Growth	Medium	-4%	0.79	-15	6	
	Credit Suisse Growth	Medium	+5%	0.57	27	-9	7
	Deutsche UK Blue Chip	Medium	+2%	0.81	8	-14	6
	Deutsche UK Equity	Low	+3%	0.67	18	-9	3
	Deutsche UK Growth	Medium	+5%	0.70	25	-10	7
	Deutsche UK Index	Medium	-2%	0.80	-1	-11	6
	Direct Line FTSE 100 Tracker	Low	-3%	0.94	-11	4	
	Dresdner UK Growth	High	+6%	0.58	20	-18	5
	Dresdner UK Index	Medium	+0%	0.82	5	-12	5
	Equitable Pelican	Medium	-2%	0.85	-9	5	
Avoid	Equitable Special Situations	Low	+5%	0.60	34	-5	5
Buy	Equitable UK All Share Index	Very High	-8%	0.50	-39	-44	5
Buy	Exeter Capital Growth	High	+11%	0.50	33	-16	10
Buy	Fidelity Special Situations	Low	+18%	0.37	101	8	11
	Fidelity UK Growth	Medium	+4%	0.71	21	-10	8
Avoid	First State UK All Companies	Medium	-4%	0.80	-13	5	
	Fleming Select UK Equity	Very Low	-9%	0.32	-17	-7	6
	Fr Prov Equity	Medium	-2%	0.76	0	-15	3
	Fr Prov UK Growth	Medium	-6%	0.78	-16	3	
	Fr Prov UK Index Tracking	Medium	-1%	0.80	-12	6	
Buy	Framlington UK Growth	Low	+7%	0.63	40	-7	7
Buy	GAM UK Diversified	Very Low	+21%	0.20	12	8	
	Gartmore UK Growth	High	+0%	0.74	6	-18	8
	Gartmore UK Index	Medium	+0%	0.81	5	-12	6
	Govett FTSE 250 Index	Medium	+5%	0.51	29	-4	12
	Govett UK Blue Chip	Medium	-1%	0.80	-11	5	
	Govett UK Enhanced Opps	Very High	-4%	0.78	-35	18	
	HSBC FTSE 100 Index	Medium	-2%	0.87	-2	-13	4
	HSBC FTSE 250 Index	Medium	+2%	0.45	-5	12	
	Hargreaves Investment	Low	+0%	0.29	16	-27	10
	Hargreaves Warrant	High	+5%	0.38	22	-26	18
	Henderson UK Capital Growth	Medium	-1%	0.74	-12	6	
	Hill Samuel British	Medium	-2%	0.81	-2	-10	2
	Hill Samuel Capital	Medium	-0%	0.80	2	-11	4
	Invesco GT UK Blue Chip	Medium	-1%	0.75	-13	8	
	Jupiter Environmental	Medium	-4%	0.50	-17	6	
	Jupiter UK Growth	Medium	+4%	0.61	18	-16	6
	Jupiter UK Special Situations	High	+2%	0.35	21	-26	12
Buy	Jupiter Undervalued Assets	Very High	+16%	0.50	7	15	

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
	L & G (A & L) Capital Growth	Medium	-0%	0.70	-11	6	
	L & G (A & L) UK 100 Index	Medium	-1%	0.84	-12	5	
	L & G Equity	Medium	-2%	0.79	-1	-11	4
	L & G UK Index	Medium	-1%	0.77	4	-12	4
	L & G UK Recovery	Medium	-0%	0.70	8	-10	5
	L & G UK Stockmarket	Medium	-1%	0.85	-2	-12	4
	Legg Mason UK Growth	High	+2%	0.85	-13	7	
	Lincoln Growth	Medium	-3%	0.71	-2	-13	5
	M & G Blue Chip	Medium	-3%	0.82	-15	5	
Buy	M & G British Opportunities	Medium	+13%	0.44	-7	7	
	M & G Capital	Medium	-5%	0.65	-19	9	
	M & G Index Tracker	Medium	+0%	0.88	-11	5	
	M & G Recovery	Medium	+4%	0.67	12	-8	5
	M & G UK Growth	Medium	-4%	0.79	-14	6	
	MGM Special Situations	Medium	+3%	0.68	16	-8	8
	MGM UK Growth	Medium	+2%	0.78	14	-10	5
	Marlborough UK Growth	Very Low	-1%	0.27	13	-7	9
	Martin Currie UK Growth	Medium	+2%	0.69	15	-5	1
	Merrill Lynch Brit Blue Chip	Medium	-1%	0.77	-4	-9	6
	NatWest UK Tracker	Medium	-1%	0.86	-1	-13	5
	Old Mutual UK All Share Mirror	Medium	+0%	0.82	5	-12	6
Avoid	Old Mutual UK Growth	Low	-9%	0.64	-13	4	
	Pearl Equity Trust	Medium	-1%	0.67	-4	-14	5
	Pearl Growth	Medium	-0%	0.65	0	-14	6
	Prudential UK Growth	Medium	+0%	0.79	6	-11	6
	Rothschild FA Prt UK	Medium	+0%	0.56	-12	8	
	Rothschild FA UK Major Coys	High	-5%	0.73	-15	7	
	Royal & Sun All. Equity Trust	Medium	+2%	0.75	12	-7	7
	Royal & Sun FTSE 100 Tracker	Medium	-2%	0.74	-12	4	
	Royal & Sun FTSE All Share	Low	-3%	0.75	-12	5	
	Royal London UK Growth	Medium	+1%	0.77	5	-14	5
	Sanwa UK Growth	Medium	+4%	0.49	22	-11	7
	Schroder UK Enterprise	High	-0%	0.63	10	-13	12
	Schroder UK Equity	Medium	+6%	0.77	26	-8	6
Buy	Schroder UK Mid 250	Medium	+7%	0.55	-0	8	
	Scot Amic Equity Trust	Medium	+2%	0.78	10	-8	7
	Scot Life UK Equity	Medium	+1%	0.79	6	-13	5
	Scot Mutual UK Equity	Medium	-1%	0.73	5	-13	4
	Scot Widows Equity	Medium	-3%	0.75	-2	-12	2
	Scot Widows UK Spec Sits	Medium	-1%	0.61	5	-14	6
	Scot Widows UK Index	Medium	-2%	0.78	-2	-13	5
	Soc Gen UK Growth	High	+6%	0.61	24	-13	11
	Solus UK Growth	High	+2%	0.85	-13	7	
Buy	Solus UK Special Situations	Very High	+7%	0.67	-18	13	
	Sovereign FTSE 100	Low	-2%	0.71	-3	-13	4
Buy	Sovereign UK Growth	Medium	+1%	0.66	12	-13	7
	St James's UK & Gen Prog.	Low	+10%	0.49	58	-2	4
	Sun Life of Canada UK Growth	Low	+4%	0.48	18	3	5
	Tilney UK Equity	Medium	+0%	0.66	5	-10	6

**UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS**

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	36 mth	12 mth	3 mth
Buy	3i Group	Very High	+22%	0.51	62	-29	18
	3i UK Select	Medium	-3%	0.49	-12	13	
Avoid	Aberdeen Convertible	Very Low	-16%	0.02	-32	-31	-17
	Advance UK	Low	+2%	0.36	28	-10	8
	Albany	Medium	+5%	0.37	21	-10	6
Buy	Aurora Invest Trust	High	+12%	0.23	42	-27	4
	British American IT	Medium	-2%	0.39	-2	-17	10
	City Merchants High Yld	Very Low	-2%	0.08	12	21	4
	City of London	Medium	+2%	0.71	2	0	10
Buy	Deutsche Equity Income	Medium	+8%	0.60	-6	5	
	Dresdner RCM 2nd Endow.	Very Low	+1%	0.04	28	9	-1
	Dunedin Income Growth	High	+6%	0.62	6	-7	11
	Edinburgh UK Tracker	Medium	+1%	0.70	5	-7	6
Avoid	Enhanced Zero Trust	Low	-34%	0.02	-73	-32	
Avoid	Exeter Selective Assets	Very Low	-15%	0.01	-40	-50	-30
Buy	F & C Income Growth	Low	+8%	0.54	26	6	5
Buy	Fidelity Special Values	Low	+27%	0.26	155	21	11
	Finsbury Growth	Low	+0%	0.49	9	-7	4
	Fleming Claverhouse	High	+1%	0.79	5	-13	10
	Gartmore Growth Opps	Very High	-6%	0.48	-23	11	
Buy	Glasgow Income Trust	Low	+9%	0.25	25	18	9
	Govett Strategic Inv.	High	+6%	0.48	22	-18	8
	Invesco Convertible	Very Low	+6%	0.22	34	7	2
	Life Offices Opport.	Very Low	-1%	0.04	27	8	-2
	London & St Lawrence	Very Low	+1%	0.33	20	3	0
Buy	Lowland Investment Co	Low	+17%	0.27	76	16	13
Buy	Merchants Trust	High	+8%	0.57	5	2	16
Buy	Murray Income Trust	High	+9%	0.61	18	-4	8
Buy	Perpetual Income & Gth	Low	+7%	0.37	18	9	12
	Schroder UK Growth	Medium	-5%	0.56	-1	-17	9
	Schroder Income & Grwth	Very Low	+3%	0.35	18	7	3
	Shires Investment Trust	Medium	+0%	0.36	-11	-12	-1
Buy	Temple Bar Inv. Trust	Medium	+8%	0.48	18	5	9
	Tribune Trust Indexed	Low	-1%	0.70	4	-9	6
	Undervalued Assets	Low	-3%	0.20	1	-12	6
	Value & Income Trust	Very Low	+6%	0.19	30	1	3

**UNITED KINGDOM BASED INVESTMENT TRUSTS - SPLIT CAPITAL**

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	36 mth	12 mth	3 mth
Avoid	BFS Income & Growth	High	-48%	0.16	-83	-73	-30
	BFS Small Companies	Very Low	+3%	0.05	13	1	



Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
Avoid	Broadgate	Very Low	-79%	0.00	-82	-51	
Avoid	City of Oxford Grd Inc	Very High	-9%	0.10	-53	-20	
Buy	Derby Trust - Capital	Medium	+9%	0.40	39	-5	15
	Dresdner RCM Income Gth	Very Low	-0%	0.08	-8	-5	6
Buy	Edinburgh Income & Val.	Very Low	+7%	0.08	14	4	
Avoid	Fleming I & G (2006)	High	-21%	0.09	-65	13	
Avoid	Framlington Second Dual	Very High	-36%	0.14	-65	-19	
	Framlington I & C - Cap	High	+6%	0.42	8	-14	4
Buy	Gartmore SNT	Very High	+18%	0.42	-45	-21	146
Avoid	Gartmore High Income	Very Low	-20%	0.04	-31	-12	
Avoid	Geared Income	Very Low	-63%	0.00	-87	-73	
Avoid	Govett Enhanced Income	Very High	-23%	0.22	-52	9	
Buy	Henderson High Income	Very High	+24%	0.38	8	8	
	Henderson Geared I & G	Very Low	-3%	0.25	-3	-8	4
	I & S Optimum Income	Very Low	-4%	0.14	-19	-20	-12
	Invesco Geared Opps	Very Low	+6%	0.11	13	15	-2
Buy	Invesco Recovery 2005	Very Low	+11%	0.07	47	6	4
	Investors Capital	Very High	+0%	0.26	-96	-97	11
Avoid	Jersey Phoenix	Very High	-18%	0.35	-54	-48	40
Buy	Jos Holdings - Capital	Very High	+17%	0.42	66	-24	8
Avoid	Jove Investment - Cap	Very High	-12%	0.23	-77	-75	-49
Buy	Jupiter Split Trust Cap	Very High	+47%	0.31	141	-4	10
	Jupiter Dividend & Gth	Very Low	+5%	0.02	-30	-20	
	Jupiter Enhanced	Very Low	-1%	0.05	-11	-11	
Avoid	Leveraged Income Fund	Very Low	-52%	0.03	-83	-79	-23
	M & G Equity Trust -Cap	Very High	+1%	0.24	-29	-34	-11
Avoid	M & G High Income - Cap	Very High	-9%	0.22	-66	-40	24
Buy	M & G Recovery - Cap	Very High	+15%	0.34	-4	-43	26
	Martin Currie I & G (c)	Very High	+2%	0.29	-61	-54	-21
Avoid	Monthly High Income	Very Low	-17%	0.09	-50	-44	-17
	New Fulcrum	High	-6%	0.20	-17	13	
Avoid	Premier High Income	Very Low	-15%	0.01	-22	-26	
Avoid	Quarterly High Income	Very Low	-84%	0.00	-97	-91	
Buy	Rights & Issues	High	+19%	0.35	72	3	10
Buy	Schroder Split - Cap	Very High	+44%	0.35	72	-3	36
Avoid	Second Scottish Nat'l	Very High	-18%	0.16	-60	-43	12
Avoid	St David's Inv Trust	Very High	-30%	0.13	-87	-39	
Avoid	Yeoman II - Cap	Very High	-20%	0.10	-85	-27	

**UNITED KINGDOM SMALLER COS**

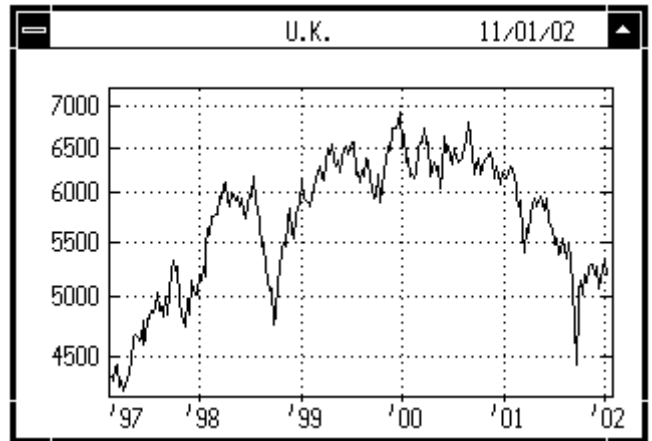
**UNITED KINGDOM BASED UNIT TRUSTS**

Buy	ABN AMRO UK Growth	Low	+12%	0.63	91	-14	8
	AXA UK - UK Smaller	Medium	-0%	0.96	-15	12	
	Abbey Nat'l Smaller Cos	Medium	+0%	0.81	46	-18	13
Buy	Aberdeen UK Emerging	Medium	+7%	0.74	57	-20	4
Buy	Aberforth UK Small Coys	Very Low	+19%	0.81	13	8	
Buy	Artemis UK Smaller Coys	Medium	+8%	0.93	-7	16	
	BG British Smaller Coys	Low	-2%	0.75	27	-9	12
	BG UK Smaller Companies	Low	-0%	0.83	23	-7	12
Buy	BWD UK Smaller Coys	High	+15%	0.64	113	-11	13
Buy	Baring UK Small Coys	High	+12%	0.72	101	-19	19
	Britannic Smaller Companies	Medium	+3%	0.79	45	-16	7
	Canada Life UK Smaller Coys	High	+3%	0.76	51	-16	17
	Cavendish Opportunities	Medium	+5%	0.80	63	-7	18
	Cazenove UK Smaller Coys	High	+4%	0.80	60	-16	18
Avoid	Clerical Medical UK Smaller	Medium	-9%	0.93	-24	11	
	Credit Suisse Smaller Coys	High	-2%	0.73	28	-31	10
Avoid	Deutsche Genesis	High	-9%	0.89	-29	18	
	Dresdner UK Mid-Cap	High	+2%	0.67	34	-19	16
	Dresdner UK Smaller Companies	Very High	-3%	0.59	21	-38	16
Buy	Edinburgh UK Smaller Coys	Very High	+8%	0.70	67	-38	21
Avoid	Equitable Smaller Coys	High	-7%	0.73	14	-29	13
	First State UK Smaller Cos	Medium	+3%	0.92	-8	21	
Buy	Fleming Select UK Smaller Coys	High	+8%	0.88	66	-10	21
	Framlington Capital	Medium	+6%	0.77	56	-11	13
Buy	Gartmore UK & Irish Small Cos	Very High	+18%	0.77	-22	15	
	Gartmore UK Small Coys	High	-2%	0.74	22	-26	9
	Govett UK Smaller Companies	Medium	-3%	0.76	15	-18	8
	Hill Samuel UK Smaller Coys	Medium	-1%	0.75	33	-17	10
	Invesco Perp UK Small Coys	High	+3%	0.80	52	-17	19
	Jupiter UK Small Cos	Medium	+4%	0.82	-22	8	
	L & G UK Small Coys	Medium	+4%	0.85	45	-13	9
Buy	Lazard UK Small Coy	Low	+8%	0.87	69	5	12
	M & G Smaller Companies	Very High	+1%	0.81	34	-28	18
Buy	Marlborough Special Situations	Medium	+31%	0.56	221	6	13
	Martin Currie UK Smaller Coys	Medium	-3%	0.79	29	-25	10
	Pearl UK Small Coys	Medium	-4%	0.74	21	-22	14
	Prudential Smaller Companies	Medium	+2%	0.88	36	-19	12
Buy	Royal & Sun All. UK Smaller	High	+9%	0.71	64	-17	15
Avoid	S & W Smaller Securities	High	-17%	0.80	-31	14	
Buy	Schroder UK Smaller Coys	Medium	+8%	0.76	77	-9	16
	Scot Amic UK Small	Medium	+1%	0.92	36	-18	14
	Scot Mutual UK Small Coys	High	+0%	0.80	47	-18	13
	Scot Widows UK Small Coys	Low	-0%	0.91	34	-14	9
Avoid	Singer & Freidlander Small Cos	Very High	-8%	0.80	3	-34	14
Buy	Sun Life of Canada Small Coys	Low	+10%	0.58	71	12	8
	Tilney UK Smaller Cos	Medium	-0%	0.87	34	-18	9

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
<b>UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS</b>							
	3i Smaller Quoted Coys	Very High	-0%	0.76	29	-26	19
Buy	AIM Trust	Very High	+35%	0.48	188	-56	26
Buy	Aberforth Smaller Coys	Medium	+16%	0.57	102	19	17
	Britannic Smaller Coys	Medium	+6%	0.81	-14	8	
	Capital Opportunities	Very High	-0%	0.58	46	-39	18
	Discovery Trust	Medium	+4%	0.61	58	-28	9
Buy	Dresdner RCM Smaller	Very High	+8%	0.56	81	-28	6
Buy	Dunedin Smaller Coys IT	Very High	+10%	0.74	68	-17	14
Buy	Eaglet Investment Trust	Medium	+33%	0.49	264	-7	9
	Edinburgh Smaller Coys	Very High	-3%	0.80	24	-51	20
	Finsbury Smaller Quoted	High	+4%	0.90	-11	29	
Buy	Fleming Smaller Coys	Very High	+12%	0.81	102	-30	24
Buy	Fleming Mercantile	Medium	+13%	0.86	97	1	12
	Framlington Innovation	Low	+5%	0.67	3	12	
Buy	Gartmore Fledgling Indx	Medium	+19%	0.55	132	-7	13
	Gartmore Small Coys	High	-4%	0.65	24	-32	5
	I & S UK Smaller Coys	High	+1%	0.68	48	-25	10
	Intrinsic Value plc	Very High	-2%	0.88	-25	23	
	Invesco England	Very High	+3%	0.81	49	-28	25
Avoid	Knox D'Arcy Trust	Very Low	-16%	0.19	-24	-16	-9
Buy	Montanaro UK Small Coys	Medium	+10%	0.68	70	-7	9
Buy	Perpetual UK Smaller Co	Medium	+7%	0.78	77	-8	18
Buy	Shires Smaller Coys	Low	+7%	0.54	70	2	12
Buy	Smaller Companies IT	High	+13%	0.60	83	-17	2
	Themis FTSE All Small	Medium	+3%	0.73	-17	12	
	Throgmorton Trust	Medium	+1%	0.77	41	-10	12

**UNITED KINGDOM BASED INVESTMENT TRUSTS - SPLIT CAPITAL**

Buy	Aberforth SL - Cap	Very Low	+20%	0.38	136	19	9
Buy	Lloyds Smaller Co - Cap	Low	+10%	0.73	83	-11	5



**EUROPE**

**AUSTRALIAN BASED UNIT TRUSTS**

	BT Europe Growth	Medium	-6%	0.63	-19	-22	6
Avoid	Dresdner Europe Growth	Medium	-8%	0.45	-17	-18	5
	Fidelity Perp. Europe	Medium	+2%	0.79	4	-17	6
Avoid	Invesco European	Very High	-13%	0.62	-45	-38	8

**NEW ZEALAND BASED UNIT TRUSTS**

	BTIS European Share	Low	-1%	0.60	3	-12	3
	Tower Spotlight Europe	Medium	+0%	0.65	8	-19	5
Buy	Tower Spot. Emerg. Euro.	High	+14%	0.44	61	-1	20

**NEW ZEALAND BASED INSURANCE BONDS**

	Royal Sun All European	Medium	-1%	0.61	1	-15	11
	Sov. Super European	Medium	-3%	0.60	-1	-16	4

**UNITED KINGDOM BASED UNIT TRUSTS**

Avoid	ABN AMRO Pan Europe	Medium	-13%	0.74	-21	11	
	AXA Global European Growth	High	-4%	0.90	-19	8	
	Abbey European Capital	Medium	+1%	0.73	3	-16	4
	Aberdeen European Growth	Medium	+6%	0.73	19	-15	11
	Allchurches Euro Growth	Medium	+0%	0.85	-9	7	
Buy	BG Europe	Very High	+7%	0.61	10	-18	10
	Baring Euro Sel.	Medium	+1%	0.39	2	-30	-3
	Baring European Growth	High	-2%	0.69	-8	-23	9
	Britannic European	Medium	+3%	0.60	8	-16	8
	Canada Life European	Medium	+3%	0.48	8	-24	-2
Buy	Cazenove European Portfolio	Very High	+7%	0.61	11	-25	8
	Clerical Medical European	Medium	+2%	0.66	4	-16	8
	Credit Suisse European	Medium	+1%	0.73	1	-16	6
	Deutsche European Growth	High	+2%	0.70	6	-20	8
	Dresdner Euro Index	Medium	-2%	0.73	-4	-19	8
	Dresdner European	High	+3%	0.63	5	-21	8
	Edinburgh European	Medium	+1%	0.63	0	-21	5
	Equitable European	Medium	-0%	0.80	-4	-17	7
Buy	Fidelity European	Medium	+13%	0.62	55	-8	8
	Fidelity European Opps	Very High	+6%	0.73	16	-12	17
Avoid	First State Euro Growth	Low	-15%	0.74	-24	5	

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
	Fleming Select Cont Europe	Medium	+3%	0.70	-0	-16	7
	Fr Prov European	High	+3%	0.64	7	-19	6
	Framlington European	Medium	+4%	0.63	15	-20	6
Buy	GAM European Growth	High	+12%	0.68		-16	4
	Gartmore European	Medium	+4%	0.65	12	-15	10
Buy	Gartmore European Sel Opps	Medium	+9%	0.60	31	-13	8
Buy	Govett European Strategy	Very High	+8%	0.55	16	-20	5
	Govett European Blue Chip	Medium	+2%	0.66	4	-15	8
	HSBC Eurotrack 100	Medium	+2%	0.76	4	-17	9
	Henderson European	High	+6%	0.65	21	-18	8
	Hill Samuel European	Medium	+4%	0.67	13	-16	4
	Invesco French	Very High	-4%	0.84		-22	17
	Invesco Perp Euro Growth	Very High	+4%	0.41	3	-28	2
	Jupiter European	Low	+6%	0.54	30	-13	2
	L & G (A & L) European	Medium	-5%	0.85		-15	8
	L & G Euro Index	Medium	+2%	0.75	3	-18	9
	L & G European	Medium	-2%	0.72	-8	-18	3
	Lazard European Growth	Medium	+3%	0.68	10	-16	4
Avoid	Legg Mason Euro Growth	Medium	-7%	0.78		-20	7
	Lincoln European	Medium	-1%	0.64	-4	-17	9
	M & G European Index Tracker	Medium	-4%	0.88		-18	7
	M & G European	High	+2%	0.72	-1	-22	6
	MGM European Growth	High	+3%	0.76	4	-15	13
	Martin Currie European	High	+4%	0.67	9	-19	7
	Merrill Lynch European Gth	Low	+1%	0.31	-27	-48	-28
	Newton Continental European	Medium	-3%	0.79		-17	4
	Old Mutual European	Very High	+2%	0.67	7	-22	11
	Old Mutual European Blue Chip	High	-4%	0.75		-19	11
	Old Mutual Swiss Equities	Low	-1%	0.66	-0	-18	6
Buy	Pearl New Europe	Medium	+7%	0.65	22	-18	6
	Prudential European	Low	+1%	0.70	7	-15	6
Avoid	Rothschild FA Euroland	Medium	-7%	0.83		-20	7
	Rothschild FA Prt Europe	High	+5%	0.63		-18	8
	Royal & Sun All. European	High	+6%	0.62	15	-17	8
	Royal London European Gth	Medium	+6%	0.61	15	-20	9
	S & W European	High	-5%	0.79	-20	-20	11
Buy	Sanwa European Gth	Medium	+9%	0.63	22	-18	6
	Schroder European	High	+3%	0.71	7	-23	8
	Scot Amic European	Medium	+3%	0.71	10	-14	9
	Scot Life European	Medium	+3%	0.76	8	-19	9
	Scot Mutual European	Medium	+2%	0.70	6	-15	8
	Scot Widows Europe	High	+5%	0.65	13	-18	8
	Scot Widows Euroland	Medium	-3%	0.75		-17	6
Buy	Singer & Freidlander Cont'l	High	+5%	0.59	8	-22	6
	Soc Gen European	High	+10%	0.67	26	-19	10
Avoid	Solus European Growth	High	-7%	0.90		-21	6
	Sovereign European Gth	Medium	+2%	0.57	8	-16	10
	Sun Life of Canada European	High	-2%	0.75	-11	-25	4
	Tilney European Growth	Medium	+2%	0.68	4	-18	7

#### UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Buy	Charter European Trust	Very High	-2%	0.60	-9	-31	14
	Eastern European	Medium	+15%	0.39		23	19
	European Assets	High	-0%	0.39	-8	-24	15
Buy	F & C European	High	+7%	0.55	17	-19	8
Buy	Fidelity Euro V.	Medium	+22%	0.49	77	1	13
Buy	Fleming Cont'l Europe	High	+8%	0.68	20	-19	10
Buy	Gartmore Irish Small	Low	+13%	0.24	53	1	9
	Gartmore European	High	+6%	0.59	14	-24	11
	Martin Currie European	Very High	+4%	0.62	0	-27	12
	Merrill Euro Priv.	High	+5%	0.68	17	-18	10
	Perpetual European	Very High	+2%	0.59	-5	-30	18

#### UNITED KINGDOM BASED INVESTMENT TRUSTS - SPLIT CAPITAL

Avoid	Govett Euro Enhanced	Low	-22%	0.17		-47	-16
Buy	Henderson Eurotrust	Very High	+11%	0.51	15	-32	12
	Legg Mason Euro Util.	Very High	-1%	0.33	-24	-32	10

### EUROPE SMALLER COS

#### UNITED KINGDOM BASED UNIT TRUSTS

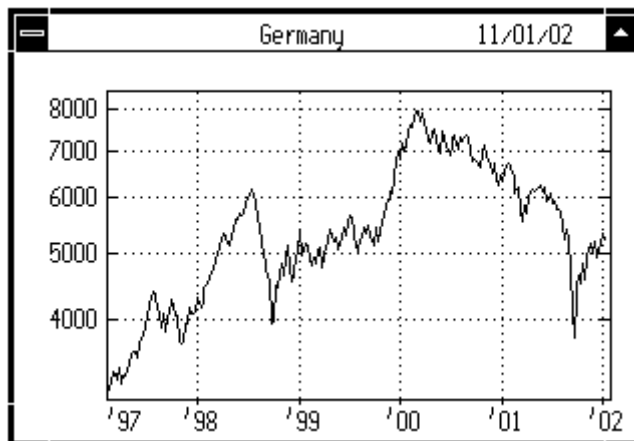
Buy	BG Euro Small Coys	Very High	+7%	0.52	17	-31	18
Buy	Deutsche Europa	Very High	+14%	0.43	34	-28	10
	Dresdner European Smaller Coys	Very High	+4%	0.42	1	-40	10
	F & C European Smaller Coys	Very High	-2%	0.57	-10	-21	17
Buy	Fleming Select Cont Euro Sm Co	Very High	+15%	0.42	34	-28	10
Buy	Framlington Cnt'l Sm Coys	Very High	+7%	0.47	19	-35	13
Buy	Henderson European Small Cos	Very High	+14%	0.44	44	-27	10
	Hill Samuel Pan-Euro Small Cos	High	-2%	0.66		-21	12
	Invesco Perp Euro Smaller Cos	Very High	+3%	0.47	-4	-38	13
Buy	Jupiter Euro Spec Sits	High	+21%	0.52		-10	6
Buy	M & G European Smaller Coys	Very High	+8%	0.50	12	-47	8
Buy	Schroder Euro Small Coys	Very High	+8%	0.54	17	-28	13

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS							
Buy	Fleming Euro Fledgeling	Very High	+22%	0.48	52	-42	27
Avoid	Henderson Euro Micro	Very High	-13%	0.60		-54	-0
	Invesco Continental Sm	Very High	-3%	0.54	-35	-62	23
	TR European	Very High	-5%	0.41	-19	-52	-8

### GERMANY

#### UNITED KINGDOM BASED UNIT TRUSTS

Baring German Growth Low +3% 0.32 15 -39 8



## FasTrade

UK brokers **Torrie & Company** and **Charles Stanley & Company** are "joining forces", so their internet divisions, **FasTrade** and **Xest** will also merge. The merged internet service will use the **FasTrade** brand and be run by existing FasTrade staff, but will operate as a subsidiary of Charles Stanley.

Many *International Investor* subscribers use the FasTrade service so will have been sent forms to "transfer" their "Nominee account" to Charles Stanley.

Fees remain virtually unchanged: a flat fee of £14.99 for UK listed securities (i.e. shares and warrants), £14.99 plus a £40.00 surcharge on Unit Trusts (with all commission refunded to the investor) and a £5.00 quarterly maintenance fee on Nominee accounts.

The broker promises the new service will offer charting, research and fantasy portfolios at its website.

## Next Issue

The next issue of *International Investor* will be posted in four weeks time on Tuesday February 12, 2002 (and delivered in most areas on Wednesday 13).

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