

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%	Bearish	Bullish	Bullish	Neutral	+4.5%	+1.0%	-0.9%	3,393.90
Austria	71%	Neutral	Bullish	Bullish	Bullish	+12.1%	-3.2%	-1.4%	1,206.85
Belgium	62%	Bullish	Neutral	Neutral	Bullish	+0.7%	-7.1%	-13.5%	2,748.44
Canada	64%	Neutral	Neutral	Bullish	Bullish	+4.9%	-5.1%	-20.5%	7,535.36
Denmark	60%	Neutral	Bearish	Bullish	Bullish	-2.9%	-14.6%	-25.8%	261.17
Finland	60%	Bullish	Bearish	Bullish	Bullish	-0.7%	+12.8%	-18.0%	8,126.27
France	49%	Bullish	Bearish	Bullish	Bullish	-4.8%	-12.0%	-27.5%	2,817.81
Germany	48%	Neutral	Bearish	Neutral	Bullish	-3.9%	-13.0%	-29.7%	4,835.95
Ireland	55%	Bullish	Bearish	Bullish	Bullish	-10.4%	-20.2%	-23.6%	4,758.82
Italy	43%	Bullish	Bearish	Neutral	Bullish	-2.5%	-15.2%	-30.0%	22,039.00
Japan	41%	Neutral	Bearish	Bullish	Bullish	-15.3%	-25.3%	-37.1%	9,686.06
Netherlands	56%	Bullish	Bearish	Bullish	Bullish	-4.2%	-12.1%	-27.9%	677.90
New Zealand	62%	Bearish	Neutral	Bullish	Neutral	+3.6%	-3.9%	-5.0%	2,111.22
Norway	39%	Bullish	Bearish	Bearish	Neutral	+0.3%	-12.8%	-23.4%	622.07
Spain	57%	Bearish	Bearish	Bullish	Bullish	-5.0%	-4.6%	-21.7%	784.40
Sweden	48%	Bearish	Bearish	Bullish	Bullish	-0.1%	-6.8%	-25.9%	222.65
Switzerland	47%	Bearish	Bearish	Bullish	Bullish	-4.5%	-5.5%	-22.5%	6,245.50
Un. Kingdom	53%	Neutral	Bearish	Bullish	Bullish	-5.1%	-6.1%	-18.5%	5,128.10
USA	60%	Bearish	Bearish	Bullish	Bullish	-2.2%	-7.9%	-16.6%	1,096.22
Argentina	63%	Neutral	Bullish	Bearish	Bullish	+12.4%	+8.2%	-20.8%	1,265.44
Brazil	41%	Bullish	Bearish	Bearish	Bullish	+2.2%	-9.3%	-40.7%	12,597.86
Czech Rep.	67%	Bullish	Bearish	Bullish	Neutral	+7.4%	+16.3%	-12.0%	406.40
Chile	35%	Neutral	Bearish	Bearish	Neutral	-0.4%	-7.7%	-14.6%	5,244.05
China	55%	Bearish	Bearish	Bullish	Bullish	-5.5%	-16.1%	-24.5%	142.30
Greece	47%	Neutral	Bearish	Bullish	Bearish	-7.1%	-4.1%	-24.9%	2,527.34
Egypt	25%	Neutral	Bearish	Bearish	Bearish	-6.9%	-4.8%	-23.4%	617.42
Hong Kong	49%	Neutral	Bearish	Bullish	Bullish	-0.8%	-10.6%	-33.7%	10,518.99
Hungary	81%	Neutral	Bullish	Bullish	Bullish	+12.1%	+17.1%	+3.6%	7,699.58
India	57%	Neutral	Bullish	Bearish	Bullish	+11.9%	+2.0%	-24.1%	3,493.92
Indonesia	46%	Bearish	Bullish	Bearish	Neutral	+17.6%	-10.9%	-6.3%	436.98
Israel	68%	Bearish	Neutral	Bullish	Bullish	+2.7%	-10.1%	-5.4%	430.00
Korea	68%	Bearish	Bullish	Bullish	Neutral	+24.7%	+29.7%	+19.4%	739.66
Malaysia	74%	Neutral	Bullish	Bullish	Bullish	+18.6%	+9.7%	-1.9%	710.92
Mexico	82%	Neutral	Bullish	Bullish	Bullish	+21.6%	+0.8%	+12.9%	6,681.45
Philippines	59%	Bearish	Bullish	Bullish	Neutral	+36.4%	+5.3%	-25.4%	1,344.35
Poland	71%	Bearish	Bullish	Bullish	Bullish	+7.1%	+22.4%	-11.0%	15,374.43
Portugal	60%	Bullish	Bearish	Bullish	Bullish	-7.1%	-3.4%	-28.5%	1,950.53
Russia	60%	Neutral	Bullish	Neutral	Neutral	+31.5%	+48.2%	+80.7%	3,506.36
Singapore	86%	Neutral	Bullish	Bullish	Bullish	+26.6%	+1.5%	-16.2%	1,736.42
Sth Africa	59%	Bullish	Bullish	Bearish	Bullish	+3.3%	-9.7%	-19.6%	10,658.75
Taiwan	79%	Bearish	Bullish	Bullish	Bullish	+40.4%	+30.7%	-6.3%	5,926.08
Thailand	67%	Bearish	Bullish	Bullish	Neutral	+33.6%	+15.4%	+5.5%	353.59
Turkey	57%	Bearish	Bearish	Bullish	Bullish	+19.3%	+5.0%	-49.6%	9,680.00

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

Stockmarket Outlook

The United States economy is showing some early signs of recovery. Economic growth, however, is likely to remain slow - probably for several years.

Most investors see the US economy as the only source of growth in the world. We don't agree. Certainly the US economy drove most of the world's growth during the 1990's - and it was just too easy for other countries to grow their economies by producing goods to meet the demands of the US consumer. Now that US consumer demand is not going to save the world from recession, countries need to look elsewhere for growth. The *possibilities* are not too hard to find:

Japan could become a source of global economic growth - if it ever restructures its banking sector and deregulates its economy. The Japanese economy is heading for another crisis - which may finally lead to some action. It is sometimes difficult to believe that Japan will ever deregulate and restructure its economy, but (with or without reforms) the most successful firms will likely be *smaller* companies that adapt to use unique skills to build niche markets. We therefore continue to hold investments in a couple of well managed *smaller Japanese companies* trusts, although we rate them as only a "Hold" at the present time.

European economies have the potential to grow at a reasonable rate - *if* their politically independent Central Bank can move away from its anti-inflationary stance. Inflation is not a problem in the world today - there is

more risk from *deflation*. If the Central Bank continues to lower interest rates, European economies could outperform the US over the next several years.

South East Asian economies also hold excellent *potential*. Most of these countries failed to restructure after the 1997/98 crisis as booming US demand for Information Technology equipment rescued ailing Asian economies. Asian economies then suffered in 2001 as IT exports fell in response to the slowing US economy. Now those IT exports are starting to recover slightly. The potential for Asia, however, comes not from its old export-based industries (which cannot compete with lower cost production in China), but from expanding domestic demand (i.e. improving the quality of housing, growing service industries).

Thailand is seeking to make progress along these lines. Non-performing bank debts are being cleared through the *Thai Asset Management Corporation*. State owned companies are being privatised - to improve management of these businesses and provide added depth to the stockmarket. Policies to increase domestic demand involve revitalising the rural sector and encouraging the development of *skill based smaller and medium sized enterprises*.

South Korea is also moving to boost domestic demand and build its service industries - although the rapid increase in household debt over the last year is causing an asset bubble in house prices and the stockmarket!

Recommended International Investment Funds

Share Buy-Backs

Several of our UK listed investment trusts have re-purchased their own shares over the last month at significant discounts to net asset values: **Baillie Gifford Shin Nippon** re-purchased 350,000 shares at 101 pence, **Fleming Asian Investment Trust** bought 1,500,000 shares at 82½ pence, while **Fleming European Fledgeling Investment Trust** bought 500,000 of its own shares at 226 pence.

Fund News

Very highly leveraged **Legg Mason Investors International Utilities Trust** continues to decline in value, but now has virtually all of its assets in low risk Electricity, Water and Gas utilities and little in Telecommunications.

At the end of January, Electricity shares accounted for 53% of its portfolio, Gas 15%, Water 17%, Telecommunications 11%, other investment 3% and

cash 1%. United States shares now make up 58% of the portfolio, followed by the UK 30%, Europe 7% and other countries at 4%.

Owing to this increase in US investments, the trust has converted its £55.4 million Sterling loan to a US\$79.5 million loan, repayable in November 2003 (i.e. one month ahead of this split capital trust's winding up date of December 2003). This conversion to a US dollar loan offers three advantages:

1. It reduces exchange rate risk by matching its US investments with US dollar borrowings.
2. The fixed interest rate drops from 4.575% on the Sterling loan to 3.08% on the US dollar loan - saving interest of £820,000 per annum.
3. The banking covenant on asset cover has been relaxed. Previously bank debt was not allowed to exceed 33.3% of net assets, but in future must remain less than 40% of net assets. As a result of the

decline in net assets over the last year, a further 13% decline would have breached the original covenant - requiring the trust to sell depressed investments to repay debt. A further 34% decline in net assets would be needed to breach the new covenant.

Needless to say we are disappointed with the performance of this investment that has lost two-thirds of its value over the last year! In retrospect we clearly started buying back into world stockmarkets *too early* and this trust also under-performed relative to the market. Nevertheless, this trust offers extremely high leverage - so could either (1) lose the remaining one-third of our initial investment, or (2) recover very rapidly. The trust will be wound up at the end of 2003 when assets in excess of £245 million (i.e. the amount needed to repay bank debt, Zero Dividend Preference shares and the Income shares) will be distributed to the 57,689,000 Ordinary shares. At present the trust's assets are worth only £252 million.

Fund Report

Eaglet Investment Trust's report to December 2001 shows holdings in 48 *smaller* UK companies with an average market capitalisation of just £42 million. Borrowings were raised to £30.2 million (nil the previous year when the trust held £4.8 million in cash) as the

Managers have sought to acquire shares at prices that offered exceptional value.

The portfolio is weighted in favour of Electronic & Electrical Equipment and Support Services (especially Recruitment companies where current valuations are so low they anticipate "a doomsday scenario") and a range of special situations (i.e. shares that have fallen out of favour for various reasons, but where management have taken action to improve profitability).

"The style of *Momentum Investing* has created some eye opening investment opportunities when thrown into reverse. Companies no longer worthy of investment by the largest institutions shrink in market capitalisation" when *index funds* "add fuel to the fire as companies are sold at any share price". Eaglet has "been busy sorting through the debris of the many fallen stars" which "has led to an increase in the number of investment opportunities". The trust has made "a number of important investments" that are expected to "materially benefit performance in the future".

Eaglet Investment Trust's director and Fund Manager, Peter Webb, purchased 50,000 shares on-market at 352 pence on February 7, lifting his investment to 250,000 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		
Europe									
BUY	Fleming Euro Fledgeling IT plc	FEF	15/01/02	226.5p	765.8	-21%	205.5p	695.0	-9
United Kingdom									
BUY	Eaglet Investment Trust plc	EIN	13/11/01	334.0p	1160.7	+7%	352.0p	1190.4	+3
Asian Regional									
BUY	Fleming Asia WARRANTS	FAIW	07/03/00	43.8p	141.7		14.75p	49.9	-65
HOLD	Fidelity Asian Values WARRANTS	FASW	10/03/98	17.5p	49.7		11.0p	37.2	-25
HOLD	Gartmore Pacific Growth Fund	*	29/10/85	41.4p	105.4		167.46-178.60p	585.2	+455
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		40.7p	137.7	+30
HOLD	HSBC Hong Kong Growth Fund	*	07/04/98	159.4p	481.6		158.9p	537.4	+12
HOLD	Henderson Pacific Capital	*	08/08/00	342.2p	1122.6		254.6p	861.0	-23
BUY	Schroder Asia Pacific WARRANTS	SDPW	13/07/99	25.5p	75.8		9.0p	30.4	-60
Japan									
HOLD	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	-17%	100.0p	338.2	-23
BUY	Invesco Japan Discovery Trust	IJD	13/07/99	95.5p	284.0	-19%	61.5p	208.0	-27
Korea									
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		86.91-92.58p	303.5	+45
Thailand									
HOLD	Old Mutual Thailand Trust	*	08/12/98	49.0p	155.9		44.82-47.85p	156.7	+0
International									
HOLD	Aberdeen Prolific Emerging Markets	*	13/08/91	39.0p	116.1		61.53-65.06p	214.1	+84
HOLD	Legg Mason Int'l Utilities	LIU	13/02/01	170.5p	565.5	+7%	54.0p	182.6	-68
BUY	Private Equity Investor plc	PEQ	11/12/01	122.5p	420.2	-35%	126.0p	426.1	+1
BUY	Templeton E/Markets WARRANTS	TEMA	13/07/99	40.3p	119.7		13.5p	45.7	-62

* 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 60¾ pence (-18%, i.e. 18% *below* net asset value), **Fleming Asian** shares at 85¼ pence (-15%), **Schroder Asia Pacific** shares at 63¾ pence (-20%), **Templeton Emerging Markets** shares at 114¼ pence (-16%), **Baillie Gifford Shin Nippon** warrants at 19¾ pence, **Eaglet Investment Trust** warrants at 255 pence and **Invesco Japan Discovery** warrants which trade at 14½ pence.

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance 36 mth	12 mth	3 mth
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LATIN AMERICA

NEW ZEALAND BASED UNIT TRUSTS

Tower Spot. Latin Amer.	Low	-4%	0.84	53	-11	10
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UNITED KINGDOM BASED UNIT TRUSTS

Abbey Latin America	Medium	+2%	0.97	94	-5	21
Aberdeen Latin America	High	-4%	0.97	68	-18	27
BG Latin American	Medium	+2%	0.97	87	-6	17
Edinburgh Latin American	High	-4%	0.96	71	-16	16
Invesco Perp Latin America	High	-5%	0.94	74	-15	30
NPI Latin American	Medium	-3%	0.91	60	-12	15
Old Mutual Latin American	Medium	+2%	0.96	97	-5	21
Scot Wid. Latin America	Medium	+2%	0.98	94	-7	21

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Aberdeen Latin American	Very High	+1%	0.91	99	-20	28
Deutsche Latin America	Medium	+2%	0.90		-18	18

FAR EASTERN / PACIFIC (EXCL JAPAN)

AUSTRALIAN BASED UNIT TRUSTS

Dresdner Taipan Trust	High	+2%	0.78	66	-4	33
Dresdner Tiger Opport.	High	-5%	0.80	34	-7	29
Fidelity Perp. S.E. Asia	High	-4%	0.89	34	-5	23
HSBC Flexi-Trt Dragon Trt	High	-8%	0.86	22	-14	22
Norwich Asia	Medium	-0%	0.80	38	-8	19

NEW ZEALAND BASED UNIT TRUSTS

AJ Asia Pacific Share	Low	-4%	0.85	18	-9	14
AMP Asian Shares	Medium	-6%	0.86	14	-4	14
BT LP Pacific Basin	Low	-1%	0.94	39	-4	15
Royal & Sun Asian S/Mkt	Very Low	-2%	0.79	29	-1	4
Tower Spotlight Asia	Medium	+2%	0.90	45	-4	15

NEW ZEALAND BASED INSURANCE BONDS

Royal Sun All Far East	Low	-4%	0.86	29	-6	12
Sovereign Far East	Very Low	-5%	0.49	26	-18	-7

UNITED KINGDOM BASED UNIT TRUSTS

AXA Global Pacific Growth	Medium	-3%	0.97		-7	20
Abbey Asian Pacific	Medium	-2%	0.95	40	-7	16
Aberdeen Far East Emerging	Low	+5%	0.88	66	3	19
BG Pacific	High	+6%	0.93	87	4	29
Baring East	High	-0%	0.96	63	-4	27
Britannic Pacific Growth	Medium	+7%	0.92	90	0	21
Canada Life Far East	Medium	+2%	0.89	44	7	21
Cazenove Pacific Portfolio	Medium	-1%	0.94	35	-4	16
Credit Suisse Orient	High	-5%	0.95	22	-12	20
Deutsche Asian Trader	Medium	+1%	0.96	63	-3	25
Dresdner Tiger	High	-5%	0.95	43	-6	31
Edinburgh Pacific	Medium	-3%	0.91	37	-13	18
Exeter Pacific Growth	High	+12%	0.94	103	4	27
Fidelity Asean	Low	-2%	0.59		3	26
Fidelity South East Asian	Low	+1%	0.86	48	-7	13
Fleming Select Pacific	Medium	+1%	0.93	50	-3	14
Fr Prov Asian Growth	Medium	-6%	0.93	28	-6	26
Gartmore Pacific	High	-3%	0.90	36	-6	19
Govett Asia Pacific	Medium	+2%	0.93	61	7	27
Govett Greater China Fund	Medium	-1%	0.92	44	3	22
Govett Pacific	Medium	+1%	0.97		1	22
HSBC Pacific Index	Low	-1%	0.91	34	-4	15
HSBC Splst Asian	High	-3%	0.95	29	-8	29
Henderson Pacific Capital	Medium	+3%	0.91	75	-6	19
Hill Samuel Far East	Medium	-2%	0.95	42	-5	15
L & G Pacific Growth	Medium	-0%	0.97	42	-4	21
L & G Pacific Index	Medium	-2%	0.91	33	-4	17
M & G South East Asian	Medium	-0%	0.95	45	-9	19
Martin Currie Asian Pacific	Medium	+1%	0.92	53	-5	19
Merrill Lynch Pacific	High	-5%	0.95	31	-7	25
Newton Oriental	Medium	+8%	0.91	90	7	21
Prudential Pacific Markets	Medium	-1%	0.93	37	-4	22
Rothschild FA Asian	Medium	-8%	0.86		1	27
Rothschild FA Prt Asia Pacific	Medium	+2%	0.98		-0	22
Royal & Sun Pacific Gth	High	+2%	0.97		-2	25
Royal London Far East Gth	Very High	+4%	0.92	62	2	30
Schroder Pacific Growth	High	+2%	0.95	59	-5	27
Scot Amic Asia Pacific	Medium	-1%	0.94	38	-3	23
Scot Mutual Far Eastern	Medium	-1%	0.96	34	-7	21
Scot Wid. South East Asia	Medium	-2%	0.94	37	-7	15
Solus Eastern Enterprise	Medium	+2%	0.95		-6	17
Sun Life of Canada Asia Pac	Medium	-2%	0.95		-12	16

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Aberdeen New Dawn	Medium	+12%	0.80	94	3	17
Aberdeen Asian Small Co	Low	+16%	0.65	136	7	8
Edinburgh Java	Medium	-19%	0.51	-25	-37	8
Edinburgh Dragon Trust	Very High	+3%	0.89	61	-21	22
Fidelity Asian Values	Very High	-8%	0.86	20	-14	35
Fleming Asia	Very High	+11%	0.82	116	-12	30
Henderson TR Pacific	Very High	+1%	0.84	58	-19	29
Invesco Asia	Very High	-0%	0.83	45	-2	44
Pacific Assets	Very High	-1%	0.85	44	-15	43
Pacific Horizons	Very High	+14%	0.83	127	-1	30
Schroder Asia Pacific	Very High	+2%	0.88	55	-15	34
Scottish Oriental Sm Co	Medium	+22%	0.70	189	44	20

UNITED KINGDOM BASED INVESTMENT TRUSTS - SPLIT CAPITAL

BFS Asian Assets - Cap	Medium	-10%	0.53		-21	3
BFS Asian Assets - Inc	Very Low	-16%	0.39		-29	-10

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance 36 mth	12 mth	3 mth
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FAR EASTERN / PACIFIC (INCL JAPAN)

AUSTRALIAN BASED UNIT TRUSTS

BT Pacific Basin	Very High	+6%	0.87	64	-8	21
Commonwealth Asia Pacific	Medium	-6%	0.83		-31	0
Dresdner Pacific Growth	Medium	-7%	0.73	12	-19	5
Invesco Asian Growth	Very High	-6%	0.82	11	-20	7
NAFM Asia Growth	Very High	+2%	0.75		-12	25

NEW ZEALAND BASED UNIT TRUSTS

BTIS Pacific Basin	Medium	-2%	0.86	26	-5	14
United Kingdom based Unit Trusts						
Aberdeen Asia Pacific	Low	+2%	0.92	50	-3	10
Dresdner Orient Assets	Medium	+6%	0.76	58	-14	4
Equitable Far East	Low	-0%	0.91	35	-8	6
Fr Prov Pacific Basin	Medium	-4%	0.92	21	-15	5
GAM Far East	Medium	+7%	0.86		-16	8
Jupiter Far Eastern	Medium	+11%	0.80	88	-16	2
L & G Far East	Medium	+2%	0.89	40	-12	3
Lincoln Far East	Medium	+3%	0.74	46	10	18
Royal & Sun All. Far East	Medium	-1%	0.90	25	-12	8
S & W Far Eastern	Medium	-1%	0.92		-18	1
Schroder Far Eastern	Medium	-2%	0.93	26	-19	7
Scot Life Pacific	Medium	-3%	0.92	24	-18	4
St James's Far East	Medium	+1%	0.92	47	-7	12

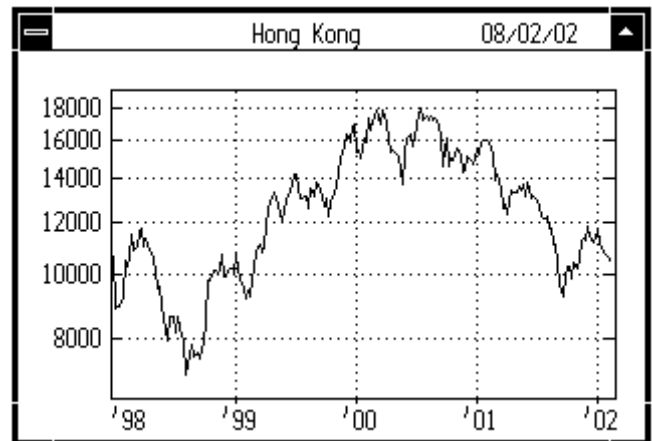
UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

F & C Pacific	Medium	-11%	0.76	2	-20	5
Govett Asian Recovery	Very High	+4%	0.77	62	-3	13
Henderson Far East Inc.	Low	+4%	0.54	50	25	18
Martin Currie Pacific	High	+2%	0.86	50	-15	10

HONG KONG / CHINA REGION

UNITED KINGDOM BASED UNIT TRUSTS

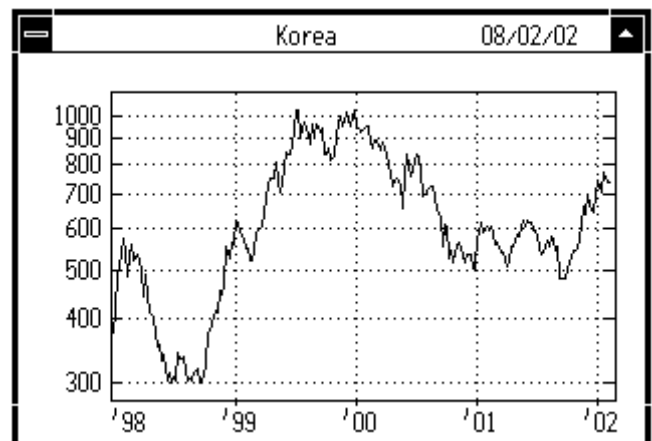
Gartmore China Growth	Low	+1%	0.77	53	-10	8
HSBC Splst Hong Kong Gth	Medium	+0%	0.78	36	-20	4
Invesco Perp HK and China	Medium	+1%	0.80	66	-14	10
Old Mutual Hong Kong	Low	+6%	0.81	76	-13	6



KOREA

UNITED KINGDOM BASED UNIT TRUSTS

Baring Korean	Medium	+13%	0.88	121	44	37
Schroder Seoul	Medium	+3%	0.83	63	32	37



Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance 36 mth	12 mth	3 mth
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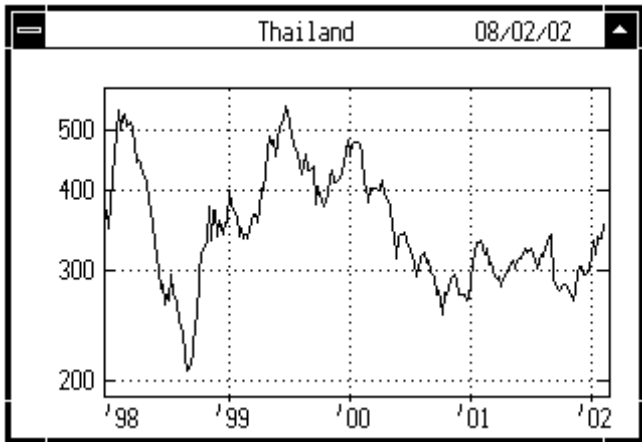
THAILAND

UNITED KINGDOM BASED UNIT TRUSTS

Old Mutual Thailand	Medium	-2%	0.77	-4	-0	30
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UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

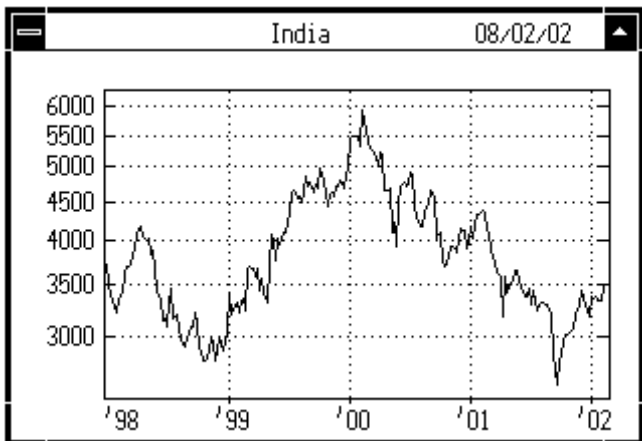
Aberdeen New Thai IT	Very Low	-1%	0.43	20	13	25
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INDIA

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Buy Fleming Indian	High	+16%	0.57	72	-20	12
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JAPAN

AUSTRALIAN BASED UNIT TRUSTS

Dresdner Japan Growth	Low	+3%	0.49	9	-27	-16
Fidelity Japan	Medium	-1%	0.75		-36	-15
Invesco Japan	Medium	+1%	0.71		-26	-7

UNITED KINGDOM BASED UNIT TRUSTS

Avoid AXA Global Japan Growth	Very Low	-10%	0.80		-34	-17
Abbey Japan Trust	Low	+4%	0.73	1	-32	-16
Aegon Japan	Very Low	-2%	0.66		-30	-13
Buy BG Japan	Medium	+8%	0.64	12	-35	-18
Buy Barclays Japan	Low	+1%	0.72	-7	-30	-16
Avoid Baring Japan Growth	Very Low	-7%	0.75	-28	-32	-17
Buy Britannic Japan	Low	+8%	0.76	18	-31	-16
Buy Canada Life Japanese	Low	+8%	0.58	20	-31	-18
Buy Cazenove Japan Portfolio	Low	+5%	0.71	0	-29	-18
Avoid Clerical Med Japan Growth	Low	+4%	0.70	0	-31	-15
Buy Deutsche Japan Tracker	Very Low	-1%	0.74	-11	-32	-16
Buy Deutsche Japan Growth	Low	+11%	0.73	28	-27	-15
Buy Dresdner Japan	Medium	+7%	0.67	8	-27	-16
Buy Edinburgh Tokyo	Medium	+7%	0.75	9	-25	-15
Avoid Equitable Japanese	Very Low	-14%	0.66		-33	-16
Buy Fidelity Japan	Medium	+11%	0.68	18	-36	-14
Avoid First State Japanese Growth	Very Low	-11%	0.68		-33	-16
Buy Fleming Select Japanese	Low	+10%	0.74	19	-26	-14
Buy Fr Prov Tokyo	Low	+5%	0.69	7	-28	-15
Buy Framlington Japan & General	Low	+4%	0.66	-5	-45	-22
Buy Gartmore Japan	Medium	+9%	0.74	9	-35	-17
Buy Govett Japan Index Tracker	Medium	-6%	0.83		-35	-15
Buy Govett Japanese Opps	Low	+2%	0.59	5	-18	-3
Buy HSBC Japan Index	Very Low	+2%	0.73	-2	-31	-16
Buy Henderson Japan	Very Low	+9%	0.28	26	-24	-14
Buy Hill Samuel Japanese	Low	+3%	0.67	-4	-31	-17
Buy L & G Japan Index	Low	+2%	0.73	-3	-31	-16
Buy L & G Japanese	Very Low	-2%	0.62		-29	-17
Buy Lazard Japanese	Very Low	+2%	0.61	-2	-34	-19
Buy Legg Mason New Japan	Very Low	-3%	0.47		-17	-15
Buy Lincoln Japan	Very Low	-5%	0.63	-17	-31	-15

International Investor

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance 36 mth	12 mth	3 mth
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Buy M & G Japan & General	Low	-1%	0.72		-18	-39	-22
Buy Martin Currie Japan	Low	+7%	0.78	11	-27	-16	
Buy Merrill Lynch Japan	Low	+2%	0.74	-3	-33	-15	
Buy Newton Japan Growth	Very Low	-2%	0.64	-14	-27	-16	
Buy Old Mutual Japan	Very Low	-1%	0.67	-10	-32	-16	
Buy Prudential Japanese	Low	+0%	0.79	-16	-35	-19	
Avoid Rothschild FA Japan	Very Low	-14%	0.79		-35	-15	
Buy Rothschild FA Prt Japan	Low	+2%	0.43		-28	-16	
Buy Royal London Japan Growth	Low	+7%	0.58	14	-29	-16	
Buy Schroder Japan Dynamic	Medium	+13%	0.44	20	-32	-16	
Buy Schroder Tokyo	Very Low	+7%	0.54	22	-17	-18	
Buy Scot Amic Japanese	Low	+0%	0.79	-15	-34	-19	
Buy Scot Mutual Japanese	Low	+4%	0.76	2	-31	-17	
Buy Scot Wid. Japanese	Low	+2%	0.76	-2	-31	-16	
Avoid Solus Japan	Very Low	-13%	0.53		-34	-14	
Buy Sun Life of Canada Japan	Medium	+11%	0.65	14	-37	-16	

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Buy Fleming Japan	Very High	+23%	0.72	25	-31	-15
Buy Gartmore Select Japan	High	+10%	0.57	-10	-44	-23
Buy Invesco Tokyo	High	+12%	0.67	-1	-31	-13
Buy Martin Currie Japan	Medium	+9%	0.59	-7	-34	-23
Buy Perpetual Japan	High	+28%	0.40	12	-32	-26
Buy Schroder Japan Growth	Medium	+17%	0.57	25	-22	-21

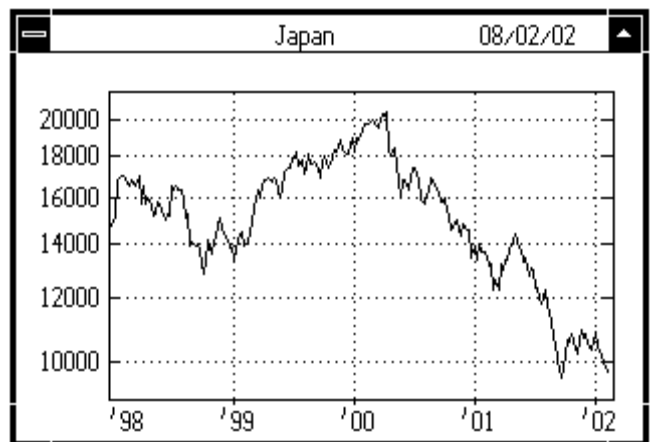
JAPAN SMALLER COS

UNITED KINGDOM BASED UNIT TRUSTS

Avoid BG Japan Small	Very Low	-11%	0.51		-23	-21
Avoid Dresdner Japan Spec Sits	Very Low	+1%	0.73	63	-30	-16
Avoid F & C Japanese Smaller Coys	Low	-17%	0.73	-8	-37	-14
Buy Fidelity Japan Sp Sits	Low	-2%	0.77	33	-26	-19
Buy Fr Prov Japan Smaller Coys	Very Low	-6%	0.79	32	-25	-15
Avoid Henderson Japan Capital Gth	Very Low	-9%	0.60	4	-27	-19
Buy Hill Samuel Japan Small Cos	Low	+16%	0.67		-12	-19
Buy Invesco Perp Japan Small Coys	Low	+12%	0.72	103	-18	-17
Buy M & G Jap Small Cos	Very Low	-3%	0.69	27	-30	-21
Buy Schroder Japan Small Coys	Very Low	-5%	0.34	17	-18	-19

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Buy B Gifford Shin Nippon	Low	+11%	0.64	83	-21	-20
Avoid Baillie Gifford Japan	Very Low	-7%	0.63	17	-41	-22
Buy Fidelity Japan Values	Medium	+1%	0.60	33	-33	-23
Avoid Fleming Japan Small Cos	Very Low	-14%	0.53		-33	-18
Buy Invesco Japan	High	+15%	0.61	92	-23	-17



TECHNOLOGY

AUSTRALIAN BASED UNIT TRUSTS

Buy Alliance Technology	Medium	+9%	0.78		-27	-18
Buy CFS Global Health Biotech	Very Low	-4%	0.61		-19	-6
Buy CFS Tech & Comms	Medium	+5%	0.72		-31	-15

UNITED KINGDOM BASED UNIT TRUSTS

Avoid Aberdeen Euro Tech	Medium	-37%	0.84		-55	7
Avoid Aberdeen Technology	Medium	-5%	0.89	6	-43	13
Buy Aegon Technology	High	+1%	0.87		-48	5
Buy CF Bio-Tech	High	+42%	0.64		-25	-13
Buy CF Technology	Medium	-2%	0.87		-43	13
Avoid Edinburgh Technology	Very High	-14%	0.87		-67	-2
Buy Framlington Health	Low	+23%	0.71	154	-14	-1
Buy Framlington NASDAQ	High	+5%	0.93		-37	13
Avoid Framlington Netnet	High	-28%	0.91		-52	11
Buy Framlington New Leaders	Low	+1%	0.97		-30	1
Buy Franklin Biotech	Low	+12%	0.63		-21	-7
Buy Gartmore UK Techtornado	High	-5%	0.89		-56	6
Buy Govett Euro Tech	Very Low	-4%	0.84		-32	1
Buy Henderson Global Technology	High	-4%	0.90	12	-49	18
Buy Investec GF Wired Index	Low	+4%	0.77		-35	4
Buy Jupiter Global Technology	Medium	-4%	0.95		-44	11
Buy Lincoln Internet Tollkeeper	Medium	+3%	0.89		-42	8
Avoid M & G Global Technology	Medium	-8%	0.84		-46	4
Buy M & G Innovator	High	+4%	0.81		-65	-5
Buy Merrill Lynch Digital Euro	High	+5%	0.91		-45	11
Avoid Newton Global Innovation	Low	-8%	0.86		-38	9
Avoid Premier Technology	High	-20%	0.89		-55	9

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
Avoid	Rathbone Technology	High	-25%	0.92	-54	7	
	Rothschild FA Prt in Tech Plus	High	+3%	0.91	-45	10	
	Royal & Sun Eurotech	Medium	-5%	0.92	-47	7	
Avoid	S & W Global Technology	High	-25%	0.90	-59	-0	
Avoid	Sarasin Websar	Very Low	-11%	0.85	-30	7	
Avoid	Schroder Eurotech	High	-14%	0.90	-51	7	
	Schroder Medical Discovery	Very Low	+1%	0.15	2	-2	
	Soc Gen Technology	High	-1%	0.89	23	-34	15
Avoid	Solus Technology Plus	Very Low	-39%	0.25	-55	3	
UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS							
Buy	3i Bioscience	High	+46%	0.72	-31	2	
	3i Euro Technology	Very High	-4%	0.90	-70	7	
Avoid	Amerindo Internet Fund	Very High	-28%	0.77	-75	-11	

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
	Asian Technology	Medium	+2%	0.57	-16	42	
Buy	Close Fin Eurotech	Very High	+21%	0.86	-58	11	
Buy	Finsbury Technology	Very High	+29%	0.81	144	-35	9
Buy	Finsbury Life Sciences	Medium	+29%	0.69	-39	0	
Buy	Finsbury W/wide Pharm.	Very Low	+34%	0.53	256	5	-0
Avoid	Framlington Health	Very Low	-32%	0.14	-82	-37	
	Herald Investment Trust	Medium	+5%	0.84	68	-39	18
Buy	International Biotech	Very High	+39%	0.64	262	-46	-8
Avoid	Invesco TechMARK	High	-19%	0.70	-59	26	
Buy	Private Equity Investor	Very Low	+14%	0.55	-29	10	
UNITED KINGDOM BASED INVESTMENT TRUSTS - SPLIT CAPITAL							
Avoid	Euro Tech & Inc (Cap)	Very High	-51%	0.37	-92	7	
Avoid	Govett Euro Tech & Inc	Medium	-51%	0.29	-87	-48	

Best Managed Funds

Far Eastern / Pacific Funds

The best managed Far Eastern / Pacific funds over the last three years have been **Scottish Oriental Smaller Companies Trust**, **Aberdeen Asian Smaller Companies Investment Trust** and **Pacific Horizon Investment Trust**.

Scottish Oriental Smaller Companies Trust plc seeks "long term capital growth" by investing in the shares of smaller Asian companies (i.e. with a market capitalisation of under US\$500 million), but excluding Japan and Australia.

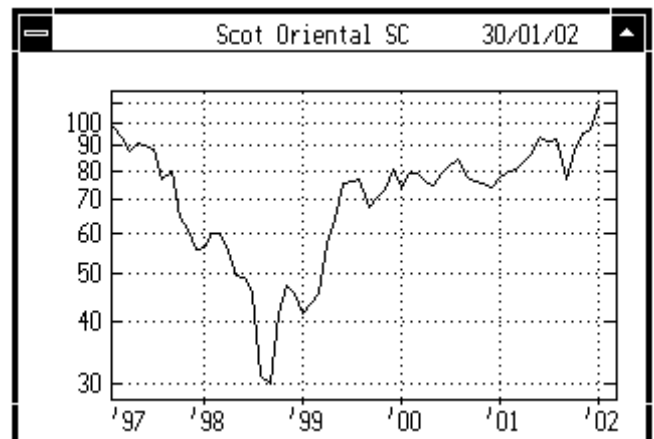
This is a relatively small trust, formed in 1995, with assets of £37.8 million. The portfolio is very well diversified, with the ten largest holdings making up just 23.5% of the portfolio. Most of the investments are in Hong Kong (25.9% of assets), China (17.3%), Korea (13.7%), Thailand (13.7%), Singapore (8.1%) and Malaysia (5.2%), while smaller amounts are invested in India (3.7%), Taiwan (3.3%), Sri Lanka (2.9%), Philippines (2.2%), Indonesia (1.6%) and cash (2.4%, net of borrowings).

The trust can borrow an amount "not exceeding net assets" to leverage its portfolio, but currently is borrowing ¥280 million (£1.5 million) at 1.69%, repayable in February 2003 and ¥220 million (£1.2 million) at 1.81% repayable in August 2003. This is a low level of borrowing - just 7% of total assets - and is currently exceeded by the trust's 10% cash holding.

The issued capital consists of 25,466,250 shares (code SST) and 4,747,400 warrants (code SSTW) to buy shares at 100 pence until 31 January 2007. The annual management fee is 1.0% per annum. The trust generated a net income of 2.56 pence per share and 70% of this was distributed as a 1.81 pence dividend (plus Tax Credit) in January, offering a gross yield of 1.8%.

Scottish Oriental Smaller Companies Trust rates as a *Medium Risk* fund in our *Investment Fund Survey* and earns an outstanding *Superiority Rating* of +22%. The trust's excellent performance over the long term is "largely due to the emphasis on careful stock selection" according to the Fund Manager. Over the last year the trust gained from its "over-weighted position in Thailand as well as in China-focused companies listed in Hong Kong".

Despite performing well, the shares have historically traded at a 15-30% discount to net asset value. At 113 pence the shares currently trade at a 16% discount. The January 2007 warrants offer an attractive leveraged entry into this investment trust and at 45 pence they trade at a slight discount to their *fair* value (as determined by the *Black-Scholes* model). The shares and warrants are actively traded with bid-offer spreads of about 2½% and 4½%, respectively.



Aberdeen Asian Smaller Companies Investment Trust plc seeks "to maximise its total return" from investments in smaller companies (i.e. with a market capitalisation of under US\$250 million at the time of purchase) in the Asia Pacific region, including Australia.

Similar to Scottish Oriental, this trust was also formed in 1995 with assets of £34.1 million and is slightly leveraged (i.e. with about 8% of borrowings).

The portfolio is more concentrated with a total of 58 investments, of which the ten largest holdings make up 43.5% of the portfolio. The geographic spread is very different with the largest investments in Singapore (21.4% of the portfolio), Hong Kong (16.0%), Thailand (11.0%), Indonesia (9.7%), Malaysia (7.7%), Philippines (6.6%), India (6.4%), Sri Lanka (5.9%), Korea (4.9%), Australia (4.8%), UK (3.6%), Pakistan (1.2%) and Taiwan (1.0%).

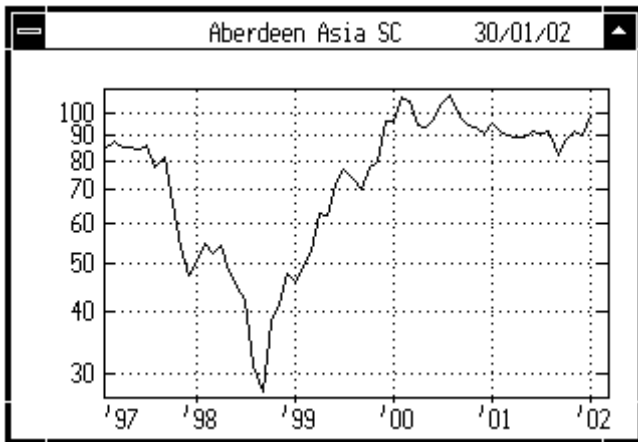
The issued capital consists of 26,752,000 shares (code AAS) and 6,999,000 warrants (code AASW) to buy shares at 100 pence until 30 November 2010. Over the last year the trust re-purchased (*Continued on Page 8*)

Best Managed Funds (Continued from Page 7)

3.0 million of its own shares at an average price of 92 pence. The annual management fee is 1.2% per annum. A dividend of 2.0 pence (plus Tax Credit) was paid in November, offering a gross yield of 2.2%.

Aberdeen Asian Smaller Companies Investment Trust rates as a *Low Risk* fund in our *Investment Fund Survey*, with a *Superiority Rating* of +12%. The trust has sought to focus on domestic companies and avoided those dependent upon exports.

At 100½ pence the shares are at a 19% discount to net assets. The January 2007 warrants offer an attractive leveraged investment and at 42 pence trade at a 16% discount to *fair* value. The shares and warrants are actively traded with bid-offer spreads of 2% and 4%, respectively.



Pacific Horizon Investment Trust plc invests in Asia Pacific region stockmarkets - excluding Japan and Australia - seeking capital growth. The main difference from the other two trusts reviewed this month is that Pacific Horizon invests mainly in *larger* companies.

With assets of £48.7 million this is the largest of the three trusts being reviewed, but is still only a medium sized fund. The trust has arranged a £10 million multi-currency facility and currently has borrowings of HK\$68 million (£6.4 million). Debt therefore makes up 13% of total assets, but may go as high as 20%.

The portfolio is well diversified with the ten largest holdings making up 30.8% of the portfolio. The largest holdings are in Hong Kong/China (36.7% of the portfolio), Korea (21.4%), Taiwan (16.0%), Singapore (9.5%), Malaysia (8.7%), Thailand (2.7%), Philippines (2.7%) and Indonesia (2.3%).

The issued capital consists of 76,440,000 shares (code PHI) and 15,764,000 warrants (code PHIW) to buy shares at 56 pence on 30 June 2002. During September and October 2001, the trust repurchased 2,400,000 of its own shares at prices of 28¾-32½ pence. The annual management fee is 1.0% per annum. A dividend of 0.45 pence (plus Tax Credit) was paid in October, offering a gross yield of 1.1%.

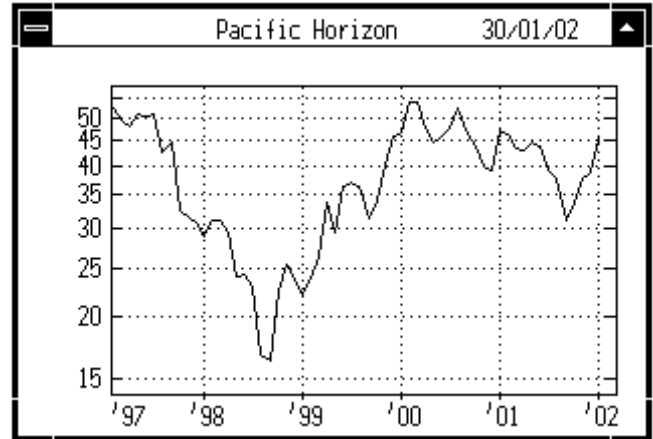
Pacific Horizon is assessed as a *High Risk* fund in

our *Investment Fund Survey*, but the *Superiority Rating* is attractive at +14%.

At 47 pence the shares are at a 16% discount to net assets. The warrants expire in just 4½ months so offer extremely high leverage, but are also extremely risky. For example, the warrants will expire worthless unless the share price appreciates 19%, but every 1% in excess of that would add 0.47 pence to the value of the warrants. That is a massive 63% of the ¾ pence per warrant that an investor will need to pay to buy these warrants!

The warrants trade at a bid-offer spread of ¼ - ¾ pence. While that is 200%, it is also a very narrow spread of just ½ pence!

The shares trade with a bid-offer spread around 2%.



Summary and Recommendation

All of these trusts are very well managed and have performed well - despite the decline in Asian stockmarkets over the last two years.

The performance of Scottish Oriental Smaller Companies Trust has been exceptional. While Asian stockmarkets lost around half of their value over the last two years this trust has been able to steadily increase its net asset value - which soared to new highs as Asian stockmarkets recovered over the last four months! Shares and/or warrants in this trust are clearly attractive for long term investment.

Owing to the low cost - and extreme leverage - of Pacific Horizon warrants, these securities will appeal to very high risk speculators seeking to profit from a continuation of the recovery in Asian stockmarkets over the next four months!

Next Issue

The next issue of *International Investor* will be posted in four weeks time on Tuesday March 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.