# International Investor

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#### Inside International Investor

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### World Stockmarket Forecasts

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Stockmarket	One-Year	Fundamental	Technical	Monetary	Economic		Performance		Share
	Forecast	Indicators	Indicators	Indicators	Indicators	3 mths	6 mths	12 mths	Index
Australia	67%	Bearish	Bullish	Bullish	Neutral	+4.5%	+1.0%	-0.9%	3,393.90
Austria	71%	Neutral	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	61%	Neutral	Neutral	Bullish	Bullish	+4.9%	-5.1%	-20.5%	7,535.36
Denmark		Neutral	Bearish	Bullish	Bullish	-2.9%	-14.6%	-25.8%	261.17
Finland		Bullish	Bearish	Bullish	Bullish	-0.7%	+12.8%	-18.0%	8,126.27
France		Bullish	Bearish	Bullish	Bullish	-4.8%	-12.0%	-27.5%	2,817.81
Germany	43% 	Neutral		Neutral	Bullish	-3.9%	-13.0%	-27.3%	4,835.95
Ireland	40% 55%	Bullish	Bearish	Bullish	Bullish	-10.4%	-20.2%	-23.6%	4,758.82
Italy	J370 13%	Bullish		Neutral	Bullish	-2.5%	-15.2%	-30.0%	22,039.00
Italy	43/0 //10/	Neutral	Bearish	Bullish	Bullish	-15.3%	-25.3%	-37.1%	9,686.06
Italy Japan Netherlands _	41 /0 56%	Bullish	Bearish	Bullish	Bullish	-4.2%	-23.3%	-27.9%	677.90
New Zealand	50 /0 620/		Neutral	Bullish	Neutral	+3.6%	-3.9%	-27.9%	2,111.22
New Zealallu	02.70 200/	Bullish		Bearish	Neutral	+0.3%	-3.9%	-3.0%	622.07
Norway	39% 570/			Bullish	Bullish	+0.3% -5.0%			
Spain Sweden	3770 1 <b>0</b> 0/		Bearish	Bullish	Bullish	-3.0% -0.1%	-4.6%	-21.7% -25.9%	784.40 222.65
Sweden Switzerland _	4 <b>0</b> %		Bearish				-6.8%		
Un. Kingdom	4/%		Bearish	Bullish	Bullish	-4.5% 5.10/	-5.5%	-22.5%	6,245.50
		Neutral	Bearish	Bullish	Bullish	-5.1%	-6.1%	-18.5%	5,128.10
USA	60%		Bearish	Bullish	Bullish	-2.2%	-7.9%	-16.6%	1,096.22
Argentina	03%	Neutral	Bullish	Bearish	Bullish	+12.4%	+8.2%	-20.8%	1,265.44
Brazil Czech Rep	41%	Bullish		Bearish	Bullish	+2.2%	-9.3%	-40.7%	12,597.86
Czecn Kep	6/%	Bullish	Bearish	Bullish	Neutral	+7.4%	+16.3%	-12.0%	406.40
Chile	35%	Neutral		Bearish	Neutral	-0.4%	-7.7%	-14.6%	5,244.05
China		Bearish		Bullish	Bullish	-5.5%	-16.1%	-24.5%	142.30
Greece	47%	Neutral		Bullish	Bearish	-7.1%	-4.1%	-24.9%	2,527.34
Egypt	25%		Bearish		Bearish	-6.9%	-4.8%	-23.4%	617.42
Egypt Hong Kong	49%	Neutral		Bullish	Bullish	-0.8%	-10.6%	-33.7%	10,518.99
Hungary	81%	Neutral	Bullish	Bullish		+12.1%	+17.1%	+3.6%	7,699.58
India	57%	Neutral	Bullish	Bearish	Bullish		+2.0%	-24.1%	3,493.92
Indonesia	46%	Bearish	Bullish	Bearish	Neutral		-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		+29.7%	+19.4%	739.66
Malaysia	74%	Neutral	Bullish	Bullish		+18.6%	+9.7%	-1.9%	710.92
Mexico	82%	Neutral	Bullish	Bullish		+21.6%	+0.8%	+12.9%	6,681.45
Philippines	59%	Bearish	Bullish	Bullish	Neutral		+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		+48.2%	+80.7%	3,506.36
Singapore	86%	Neutral	Bullish	Bullish	Bullish		+1.5%	-16.2%	1,736.42
Sth Africa		Bullish	Bullish	Bearish	Bullish	+3.3%	-9.7%	-19.6%	10,658.75
Taiwan	79%	Bearish	Bullish	Bullish		+40.4%	+30.7%	-6.3%	5,926.08
Thailand	67%	Bearish	Bullish	Bullish	Neutral		+15.4%	+5.5%	353.59
Turkey	57%	Bearish	Bearish	Bullish	Bullish	+19.3%	+5.0%	-49.6%	9,680.00
1									

**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.

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### 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 repurchased 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

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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.

			Initial Red	commen	dation	Prem/			Gain
Curren	t	EPIC	Date	<u>Offer</u>	<u>Price</u>	Disc	<u>Recent Pi</u>	ice	or
Advice	Investment Fund	Code		Foreign	NZ	to Net	Bid-Offer or	NZ	Loss
	_				Cents	Assets	Last Sale	Cents	%
	Europe								
BUY	Fleming Euro Fledgeling IT plc	FEF	15/01/02	226.5p	765.8	-21%	205.5p	695.0	-9
	Uinted 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 Marke	ts *	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		119.7		13.5p	45.7	-62
* Unite	d 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 60% pence (-18%, i.e. 18% *below* net asset value), **Fleming Asian** shares at 85% pence (-15%), **Schroder Asia Pacific** shares at 63% pence (-20%), **Templeton Emerging Markets** shares at 114% pence (-16%), **Baillie Gifford Shin Nippon** warrants at 19% pence, **Eaglet Investment Trust** warrants at 255 pence and **Invesco Japan Discovery** warrants which trade at 14% pence.

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## Investment Fund Survey

Current Advice	Investment Fund	Risk Rating	Superi- ority Rating	Market Correla- tion	Per 36 mth	forma 12 mth	ance 3 mth	Current Advice		Risk Rating	Superi- ority Rating	Market Correla- tion	Peri 36 mth	forma 12 mth	ance 3 mth
	NEW Z	<b>ΕΔΙΔΙ</b>	VΩ						Tyndall Aust Spec Sits	Very High	+6%	0.30	46	-3	29
									WealthLink Growth Link Westpac Aust Gth Share	Low Medium	+0% +1%	0.46 0.83	14 30	-3 2	0 3
	NEW ZEALAND BA A Jones NZ Share	ASED UNI Very Low		0.78	6	6	6		Westpac Aust Tax Effect.	Medium	+1%	0.85	28	2	4
	AMP NZ Share	Very Low	+3%	0.77	17	10	6		New Zealand b	ASED <b>U</b> NI	т <b>T</b> RU	ISTS			
	AMP Passive NZ Share ANZ Tranz Equity	Low Very Low	-2% -2%	0.34 0.67	-3 4	8	12 8		A Jones Australian Share AMP Australian Shares	Very Low Very Low		0.55 0.55	24 20	3	5 2
	ASB NZ Shares	High	+1%	0.79	1	16	10		BTIS Australian Share	Very Low	-6%	0.59	1	-4	2
	AXA NM NZ Leaders BNZ Active Growth	Low Very Low	+1% -1%	0.80 0.52	6 9	7 -2	8 1		Nat Bank Trans Tasman Nat Bank Aust Equity Gth	Very Low Very Low		0.47 0.63	32 28	6 2	4 3
	BNZ Equities Discovery	Very Low	+5%	0.86	22	9	6		Westpac Australasian	Very Low	-3%	0.39	10	2	5
	BNZ NZ Blue Chip BNZ NZ Equity Index	Very Low Medium	+1%	0.91 0.91	13 -2	8	7 9		New Zealand basi						
Buy	BT LP New Zealand Share	Low	+8%	0.82	34	12	5		Royal Sun All Trans-Tas Sov. Super Australia	Very Low Very Low		0.57 0.59	18 26	2	7 6
Buy	BTIS NZ Share Coronet Equity Trust	Low Very Low	+ 7% -5%	0.81 0.30	27 -3	12 -10	5 7		United Kingdom				20	0	Ü
	NZ Guardian NZGT 30	High	-1%	0.81	-4	3	10		Fr Prov Australian	Low	+1%	0.80	22	-3	3
	NZ Guardian Small Coys NZ Guardian NZ Equity	Very Low Medium	+6% +2%	0.23 0.72	35 13	.9 10	1 14		Australian Listed	INVESTM	IENT T	RUSTS			
	NZ Share Index Top 40	Medium	-1%	0.92	-2	6	8		Argo Investments	Very Low		0.19	43	36	17
	NZFM NZ Equity NZFM Prop & Infrastruct.	Medium Low	+2% -1%	0.59 0.46	14 4	4 2	8 5	Avoid	Australian Foundation BT Australian Equity	High Very Low	+2% -7%	0.45 0.13	21 2	30 -3	18 9
Buy	Nat Bank NZ Equity Gth	Very Low		0.53	40	13	6		Bounty Investments	Very Low	-5%	0.02	3	-2	-0
	Royal & Sun NZ Exp Asia Royal & Sun NZ Sharemkt	Very Low Very Low	-2% -0%	0.50 0.79	-3 3	-6 0	0 6	Buy Buy	Choiseul Plantation Diversified United Inv.	Very Low Very Low		0.20 0.11	47 47	26 23	8 14
	Tower New Zealand Equity	Very Low		0.84	15	8	7	,	Huntley Investment Coy	Very Low	+3%	0.12	25	12	6
	Tower Tortis New Zealand Westpac NZ Share Index	Medium Medium	-2% -4%	0.80 0.75	-3 -4	4 -0	10 7		MaxiLink - Capital Wakefield Investments	Low Very Low	-1% -4%	0.39 0.01	2 1	-1 -2	-0 -0
	Westpac Sel. NZ Shares	Very Low		0.80	4	5	6		New Zealand Liste	D INVEST	MENT	TRUST	S		
	New Zealand Base				0.4	4.0	,		Ozzy Tortis	Very High		0.83	26	-3	7
	Sov. Super New Zealand UNITED KINGDOM	Very Low	_	0.49	26	10	6		United Kingdom based						
	GAM New Zealand	Medium	-3%	0.50		4	12		Australian Opportunity	High	-5%	0.23	-25	11	-5
	New Zealand Liste				S	•			GOLD 8	R MINI	NG				
	Mid-Cap Index	Very Low	+2%	0.53	4	6	5		AUSTRALIAN BA			eTC			
	Tenz Linited Kingdom Baced I	Very High		0.89	-6		12		BT Global Energy & Res.	Low	-4%	0.73	43	3	-3
Buy	UNITED KINGDOM BASED I	LISTED IN Very Low		1 <b>ENI I</b> I 0.21	23	1 <b>S</b>	2		Col First State Glb Res.	Medium	-1%	0.82	67	5	7
Биу	NZ investment trust	very Low	T / /0	0.21	23	13	2		ING Resources JB Were Resources	Very High High	ı -4% -2%	0.93 0.90	59 73	19 15	15 9
	AUS1	<b>TRALIA</b>	4						Lowell Aust Resources	Medium	-2%	0.55	74	14	16
	Australian ba	SED UNIT	TRUS	TS					Roth FA Natural Resources  UNITED KINGDOM	High	-1% NIT <b>T</b> E	0.90	74	24	18
	AMP Active Quant Share	Very Low	-5%	0.18	1	1	4	Buy	Merrill Lynch Gold & General	Low	+10%	0.40	105	64	17
	AMP Blue Chip Trust AMP Equity Trust	High High	+ 1% + 4%	0.80 0.81	22 30	0	3	,	UNITED KINGDOM BASED	LISTED IN		IENT T	RUST	S	
	AMP Multi-Mgr Aust Share	High	-3%	0.62	-3	-12	-7	Buy	Merrill World Mining	High	+7%	0.82	104	21	21
	AMP Small Companies Trust ANZ Aust Sharemarket Trt	Medium Medium	+3%	0.51 0.76	35 4	-7 -4	4 2		EMEDOIN	~ MA =	VET	TC			
Avoid	ANZ Australian Leaders	Very Low	-10%	0.07	-12	-2	-0		<u>EMERGIN</u>						
Avoid	ANZ Div Imputation Trust ANZ Equity Trust No 1	Medium Medium	+2% -11%	0.71 0.73	23 -11	-2 -7	3 2		Australian ba						
	ANZ Equity Trust No 2	Very Low	-10%	0.09	-11	-2	-0	Avoid	Citigroup Emerging Mkts Macquarie S/M Emerging	Very Low Medium	-3% -9%	0.35 0.80	1	8 -18	27 14
	ANZ Equity Imputation Trt AXA NM Australian Leaders	High Medium	-5% -0%	0.75 0.58	-2 15	-10 -3	1 6	717014	Schroder Emerging Markets	High	-2%	0.94	•	-15	15
	AXA NM Industrial Fund	Medium	-3%	0.73	1	-3	0		${\sf N}$ EW ${\sf Z}$ EALAND B						
	Advance Imputation Fund Aust Ethical Equities	Medium Low	+2% +3%	0.78 0.39	31 41	6 -6	5 1		ASB Emerging Markets NZFM Global Emerging Mkt	Low High	-5% -1%	0.79 0.91	30 41	-5	18 22
Avoid	BT Split Trust Growth	Medium	-15%	0.53	-19	-21	-0		Nat Bank Emerging Mkts	Medium	-5%	0.92			17
	Citicorp Inv Port Aust Col First State Aust Sh.	Medium High	-5% -3%	0.68 0.91	1 4	-1 -3	6 2		New Zealand basi	ED INSUR	ANCE	Bonds			
Buy	Col First State Dev. Coys	Very High Medium		0.47	97 89	5 -5	13 2		Royal Sun All E/Markets	Medium	-4%	0.92	24	-4	15
Buy	Col First State Future Ld Col First State Imput'n	Medium	+13%	0.53 0.89	16	-5 -1	3		UNITED KINGDOM						25
	Commonwealth Share Income Commonwealth Aust Share	Very Low Low	-6% -2%	0.61 0.71	1 13	-2 -3	4 2		AXA Global Emerging Mkts Aberdeen Emerging Markets	High Medium	+4% +4%	0.98 0.95	69	-4 -6	25 21
Avoid	Dresdner Australian Gth	High	-8%	0.71	-15	-8	9		Aberdeen Frontier Markets	Medium Medium	+2%	0.78	39	-13	12
	HSBC Flexi-Trust Imp Gth Hunter Hall Value Growth	Medium Very Low	-1% +1%	0.80 0.35	9 47	-2 11	1 9		BG Emerging Markets Edinburgh Emerging Markets	Medium	+5% +1%	0.92 0.94		-6	24 15
	ING Australia Share	Medium	+1%	0.35	22	3	6	Buy	First State Global Emerg Mkts	Medium	+8%	0.92 0.95	42	6 -3	18 24
	ING Blue Chip ING Emerging Companies	Medium Medium	+0% -1%	0.76 0.49	13 24	-2 -15	6 5	Buy	Framlington Emerging Markets Gartmore Emerging Markets	High High	+2% +7%	0.90	66	-4	26
	Invesco Australia	Medium	-15%	0.39	-26	-24	-0		Hill Samuel Global Emerg. Mkts		-4% -2%	0.95 0.95	19 34	-11 -9	19 27
	Invesco Australian Small Invesco Imputation	Very Low Medium	-19% -16%	0.17 0.22	-29 -37	-23 -31	-0 -0		Invesco Perp Emerging Country Lazard Emerging Markets	мedium	-2% -1%	0.95	37	-6	21
Buy	JB Were Emerging Leaders	Low	+16%	0.48	100	9	2		Martin Currie Emerging Mkts Merrill Lynch Emerging Markets	Medium Medium	+0% -2%	0.94 0.95	43	-3 -11	22 22
	JB Were Investment JB Were Leaders Trust	High High	-1% +0%	0.74 0.86	13 19	-6 -6	5 2		Rothschild FA Prt E/Markets	Medium	-0%	0.93	20	-7	20
Avoid	Lowell Aust Growth	Very Low	-9%	0.02	-7	1	7		Royal & Sun All. Emerging Mkts Schroder Gbl Emerging Mkts	Medium Medium	-2% -1%	0.97 0.95	30 29	-6 -10	22 22
	MLC Aust Tr - Aust Share MLC Aust Trust - Index	Medium Medium	-3% -3%	0.65 0.67	10 8	-1 -6	4 4		Scot Wid. Emerging Markets	High	-0%	0.93	∠7		20
	Macquarie S/M Aust Share	Low	-5%	0.64	5	1	4		UNITED KINGDOM BASED	LISTED IN	VESTM	IENT <b>T</b> I	RUST	S	
	NAFM In Trt - Equities NAFM Inv Trust - Div Imp	Very High Medium	ı -6% -2%	0.65 0.78	-10 10	-20 1	5 5	Buy Buy	Aberdeen Emerging Econ. Advance Developing Mkts	Very High High	1+15% +8%	0.86 0.93	101 76	-2 3	29 24
	Parker Enhanced Leaders	Medium	+0%	0.81	30	2	2	ьиу	Dresdner RCM Emerg Mkts	High	+2%	0.93	76 49	5	24 36
	Perpetual ICSav - Aust Perpetual ICSav - Sm Coys	Medium Low	+1% +5%	0.78 0.58	32 45	8 16	7 10	Buy Buy	F & C Emerging Markets Fleming Emerging Mkts	Very High Very High		0.88 0.88	65 77	-12 -9	22 27
	Perpetual ICSav - Indust.	Medium	+1%	0.79	25	4	6	,	Schroder Emer Countries	High	+1%	0.88	33	-17	26
	Perpetual Industrial Roth FA Australian Share	Low Medium	-1% -5%	0.80 0.67	22 4	4 -0	6 5	Avoid	Tea Plantations Templeton Emerging Mkts	Very Low Medium	-28% +5%	0.04 0.81	-29 40		2 11
	Roth FA Smaller Companies	Very High		0.64	3	-11	9		pioto Emerging wikts	caidiii	. 570	0.01		5	

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Performance 36 12 2 Performance 36 12 3 Investment Fund Risk Investment Fund Risk Current Current mth mth mth Advice

#### LATIN AMERICA

#### New Zealand based Unit Trusts

Tower Spot. Latin Amer.	Low	-4%	0.84	53	-11	10
UNITED KINGDOM	BASED $U$ N	NT TR	USTS			
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		21
Scot Wid. Latin America	Medium	+2%	0.98	94	-7	21
UNITED KINGDOM BASED I	LISTED IN	/ESTM	ENT T	RUS	ΓS	
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
Avoid	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						

Medium

0.97

-3%

20

AXA Global Pacific Growth

Buy

	7001 Global Lacine Growth	Micaiaiii	370	0.77		,	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	

Buy Fleming Select Pacific Medium Fr Prov Asian Growth 0.93 28 -6 26 Medium -6% 19 27 Gartmore Pacific High 0.90 -6 7 Govett Asia Pacific Medium +2% 0.93 61 0.92 3 22 Govett Greater China Fund Medium Govett Pacific Medium 0.9722 HSBC Pacific Index 15 0.91 34 -1% Low HSBC Splst Asian Henderson Pacific Capital High Medium 0.95 29 75 29 19 -3% -8 -6 -5 +3% -2% -0% 0.95 0.97 42 42 Hill Samuel Far East Medium L & G Pacific Growth -4 Medium 21 L & G Pacific Index Medium 0.91 33 -4 -9 17 M & G South East Asian Martin Currie Asian Pacific 45 53 Medium -0% 0.95 19 Medium +1% 0.92 -5 19 Merrill Lynch Pacific Newton Oriental High Medium -5% 0.95 0.91 31 90 25 21 Buy +8%

	Prudential Pacific Markets	Medium	-1%	0.93	37	-4	22
Avoid	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

#### UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Medium

Medium

+2%

-2%

0.95

0.95

-12 16

Duy	ADELUCEII IVEW DAWII	MEGIUIII + 1270	0.00	74	3	1 /
Buy	Aberdeen Asian Small Co	Low +16%	0.65	136	7	8
Avoid	Edinburgh Java	Medium -19%	0.51	-25	-37	8
	Edinburgh Dragon Trust	Very High +3%	0.89	61	-21	22
Avoid	Fidelity Asian Values	Very High -8%	0.86	20	-14	35
Buy	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
Buy	Pacific Horizons	Very High+14%	0.83	127	-1	30
	Schroder Asia Pacific	Very High +2%	0.88	55	-15	34
Buy	Scottish Oriental Sm Co	Medium +22%	0.70	189	44	20

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

Solus Eastern Enterprise

Sun Life of Canada Asia Pac

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

#### FAR EASTERN / PACIFIC (INCL JAPAN)

#### AUSTRALIAN BASED UNIT TRUSTS

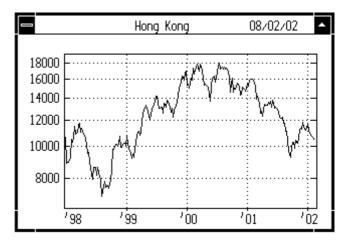
	BT Pacific Basin	Very High +6	% 0.87	64	-8	21
	Commonwealth Asia Pacific	Medium -6	% 0.83		-31	0
Avoid	Dresdner Pacific Growth	Medium -7	% 0.73	12	-19	5
	Invesco Asian Growth	Very High -6	% 0.82	11	-20	7
	NAFM Asia Growth	Very High +2	% 0.75		-12	25
	New Zealand ba	SED UNIT T	RUSTS			
	BTIS Pacific Basin	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		% 0.92		-15	5
Buy	GAM Far East	Medium +7	% 0.86		-16	8
Buy	Jupiter Far Eastern	Medium +11			-16	2
	L & G Far East	Medium +2			-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			-18	1
	Schroder Far Eastern	Medium -2			-19	7
	Scot Life Pacific	Medium -3			-18	4
	St James's Far East	Medium +1	% 0.92	47	-7	12
	United Kingdom based L	ISTED INVES	TMENT	Trus <sup>-</sup>	ΓS	

		-	_			_	
Avoid	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

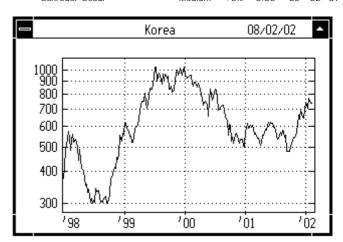
Low	+1%	0.77	53	-10	8
Medium	+0%	0.78	36	-20	4
Medium	+1%	0.80	66	-14	10
Low	+6%	0.81	76	-13	6
	Medium Medium	Medium +0% Medium +1%	Medium +0% 0.78 Medium +1% 0.80	Medium +0% 0.78 36 Medium +1% 0.80 66	Medium +0% 0.78 36 -20 Medium +1% 0.80 66 -14



#### **KOREA**

#### UNITED KINGDOM BASED UNIT TRUSTS

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



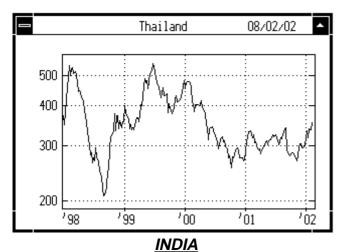
#### Page 6 International Investor

			Superi-	Market	Per	<u>forma</u>	<u>ince</u>	
Current Advice	Investment Fund	Risk Rating	ority Rating	Correla- tion	36 mth	12 mth	3 mth	Cu Ad
		•	Ü					

#### **THAILAND**

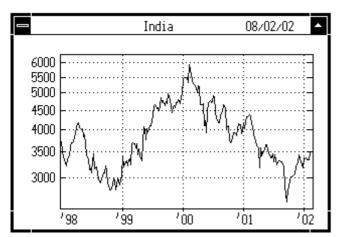
#### UNITED KINGDOM BASED UNIT TRUSTS

Old Mutual Thailand Medium -2% 0.77 -4 -0 30 UNITED KINGDOM BASED LISTED INVESTMENT  $T_{RUSTS}$  Aberdeen New Thai IT Very Low -1% 0.43 20 13 25



#### United Kingdom based Listed Investment Trusts

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



#### **JAPAN**

#### AUSTRALIAN BASED UNIT TRUSTS

	, 100110120110		. •								
	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						
	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						
	Cazenove Japan Portfolio	Low +5%	0.71	-O	-29 -18						
	Clerical Med Japan Growth	Low +4%	0.70	О	-31 -15						
	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							
	Fr Prov Tokyo	Low +5%	0.69	7							
	Framlington Japan & General	Low +4%	0.66		-45 -22						
Buy	Gartmore Japan	Medium +9%	0.74								
	Govett Japan Index Tracker	Medium -6%	0.83		-35 -15						
	Govett Japanese Opps	Low +2%	0.59	5	-18 -3						
	HSBC Japan Index	Very Low +2%	0.73	-2	-31 -16						
Buy	Henderson Japan	Very Low +9%	0.28		-24 -14						
	Hill Samuel Japanese	Low +3%	0.67		-31 -17						
	L & G Japan Index	Low +2%	0.73	-3	-31 -16						

Very Low

Very Low Very Low

Very Low +2% Very Low -3%

-2%

0.62

0.61 0.47

L & G Japanese

Lazard Japanese Legg Mason New Japan Lincoln Japan

Current	Investment Fund	Risk	Superi- ority	Market Correla-	36	forma 12	3				
Advice		Rating	Rating	tion	mth	mth	mth				
	M & G Japan & General	Low	-1%	0.72		-39					
Buy	Martin Currie Japan	Low	+7%	0.78	11	-27	-16				
	Merrill Lynch Japan	Low	+2%	0.74	-3	-33	-15				
	Newton Japan Growth	Very Low	-2%	0.64	-14	-27	-16				
	Old Mutual Japan	Very Low	/ -1%	0.67	-10	-32	-16				
	Prudential Japanese	Low	+0%	0.79	-16	-35	-19				
Avoid	Rothschild FA Japan	Very Low	-14%	0.79		-35	-15				
	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				
,	Scot Amic Japanese	Low	+0%	0.79	-15	-34	-19				
	Scot Mutual Japanese	Low	+4%	0.76	2	-31	-17				
	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 L	ISTED IN	IVESTM	ENT T	RUST	ΓS					
Buy	Fleming Japan	Very High	h+23%	0.72	25	-31	-15				
Buy	Gartmore Select Japan	High		0.57	-10	-44					
Buy	Invesco Tokyo		+12%	0.67	-1	-31					
Buy	Martin Currie Japan	Medium		0.59		-34					
Buy	Perpetual Japan	High		0.40		-32					
Buy	Schroder Japan Growth	Medium		0.57		-22					
Duy	Schloder Sapan Growth	wicalulli	/ /0	0.57	23		- 1				
	IADAN OMALLED COC										

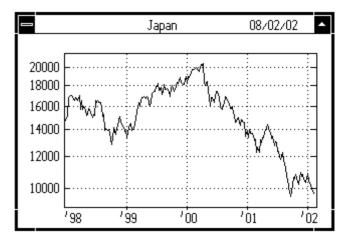
#### JAPAN SMALLER COS

#### UNITED KINGDOM BASED UNIT TRUSTS

Avoid	BG Japan Small	Very Low -11	% 0.51		-23 -2
	Dresdner Japan Spec Sits	Very Low +1	% 0.73	63	-30 -10
Avoid	F & C Japanese Smaller Coys	Low -17	% 0.73	-8	-37 -1
	Fidelity Japan Sp Sits	Low -2	% 0.77	33	-26 -19
	Fr Prov Japan Smaller Coys	Very Low -6	% 0.79	32	-25 -1
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 -1
	M & G Jap Small Cos	Very Low -3	% 0.69	27	-30 -2
	Schroder Japan Small Coys	Very Low -5	% 0.34	17	-18 -19
	Lhuzen Kuinnau ninen L	LOTED LANCES			

#### United Kingdom based Listed Investment Trusts

Buy	B Gifford Shin Nippon	Low	+11%	0.64	83	-21 -2	20
Avoid	Baillie Gifford Japan	Very Low	-7%	0.63	17	-41 -2	22
	Fidelity Japan Values	Medium	+1%	0.60	33	-33 -2	23
Avoid	Fleming Japan Small Cos	Very Low	-14%	0.53		-33 -1	18
Buy	Invesco Japan	High	+15%	0.61	92	-23 -1	17



#### **TECHNOLOGY**

#### AUSTRALIAN BASED UNIT TRUSTS

Alliance Technology	Medium +9%	0.78		-27	18
CFS Global Health Biotech	Very Low -4%	0.61		-19	-6
CFS Tech & Comms	Medium +5%	0.72		-31	15
United Kingdom i	BASED UNIT TR	USTS			
Aberdeen Euro Tech	Medium -37%	0.84		-55	7
Aberdeen Technology	Medium -5%	0.89	6	-43	13
Aegon Technology	High +1%	0.87		-48	5
CF Bio-Tech	High +42%	0.64		-25	-13
CF Technology	Medium -2%	0.87		-43	13
Edinburgh Technology	Very High -14%	0.87		-67	-2
Framlington Health	Low +23%	0.71	154	-14	-1
Framlington NASDAQ	High +5%	0.93		-37	13
Framlington Netnet	High -28%	0.91		-52	11
Framlington New Leaders	Low +1%	0.97		-30	1
Franklin Biotech	Low +12%	0.63		-21	-7
Gartmore UK Techtornado	High -5%	0.89		-56	6
Govett Euro Tech	Very Low -4%	0.84		-32	1
Henderson Global Technology	High -4%	0.90	12	-49	18
Investec GF Wired Index	Low +4%	0.77		-35	4
Jupiter Global Technology	Medium -4%	0.95		-44	11
Lincoln Internet Tollkeeper	Medium +3%	0.89		-42	8
M & G Global Technology	Medium -8%	0.84		-46	4
M & G Innovator	High +4%	0.81		-65	-5
Merrill Lynch Digital Euro	High +5%	0.91		-45	11
Newton Global Innovation	Low -8%	0.86		-38	9
Premier Technology	High -20%	0.89		-55	9
	CFS Global Health Biotech CFS Tech & Comms  UNITED KINGDOM I Aberdeen Euro Tech Aberdeen Technology Aegon Technology CF Bio-Tech CF Technology Edinburgh Technology Edinburgh Technology Framlington Health Framlington Nealth Framlington Netnet Framlington Netnet Framlington Net Leaders Franklin Biotech Gartmore UK Techtornado Govett Euro Tech Henderson Global Technology Investec GF Wired Index Jupiter Global Technology Lincoln Internet Tollkeeper M & G Global Technology M & G Innovator Merrill Lynch Digital Euro Newton Global Innovation	CFS Global Health Biotech CFS Tech & Comms  UNITED KINGDOM BASED UNIT TR Aberdeen Euro Tech Aberdeen Technology Aegon Technology CF Bio-Tech CF Technology Edinburgh Technology Framlington Health Framlington NASDAQ Framlington Netnet Framlington New Leaders Franklin Biotech Gartmore UK Techtornado Govett Euro Tech High High H-4% High H-2% High H-5% High H-3% High H-5% High H-4% Hoderson Global Technology Investec GF Wired Index Jupiter Global Technology M & G Innovator Merrill Lynch Digital Euro Newton Global Innovation  Newton Global Innovation  High H-5% Newton Global Innovation  Advantage Hedium H-4% High H-4% High H-5% Newton Global Innovation  Avery Low Hedium H-3% Hedium H-3% Hedium H-3% Hedium H-3% Hedium H-3% Hedium H-4% High H-4% High H-5% Newton Global Innovation Low High H-5%	CFS Global Health Biotech CFS Tech & Comms         Very Low Medium         -4% +5%         0.61 0.72           UNITED KINGDOM BASED UNIT TRUSTS           Aberdeen Euro Tech Aberdeen Technology         Medium         -37%         0.84 0.84           Aberdeen Technology         Medium         -5%         0.89 0.89           Aegon Technology         High         +1%         0.87 0.64           CF Technology         Medium         -2%         0.67 0.87           Edinburgh Technology         Very High         -14%         0.87 0.93           Framlington Health         Low         +23%         0.71 14%         0.97 0.93           Framlington NASDAQ         High         -5%         0.93 0.93           Framlington New Leaders         Low         +1%         0.97           Framklin Biotech         Low         +12%         0.63           Gartmore UK Techtornado         High         -5%         0.89           Govett Euro Tech         Very Low         -4%         0.84           Henderson Global Technology         High         -4%         0.90           Jupiter Global Technology         Medium         -4%         0.95           Medium         -4%         0.95           Medium	CFS Global Health Biotech CFS Tech & Comms         Very Low Medium         -4% +5%         0.61 0.72           UNITED KINGDOM BASED UNIT TRUSTS           Aberdeen Euro Tech Aberdeen Technology         Medium         -37%         0.84 0.87           Aberdeen Technology         Medium         -5%         0.89 0.87         6           Aegon Technology         High         +1%         0.87           CF Bio-Tech         High         +42%         0.64           CF Technology         Very High         -14%         0.87           Edinburgh Technology         Very High         -14%         0.87           Framlington Health         Low         +23%         0.71         154           Framlington NASDAQ         High         -5%         0.93         154           Framlington New Leaders         Low         +1%         0.91         154           Framklin Biotech         Low         +12%         0.63         164           Gartmore UK Techtornado         High         -5%         0.89         12           Henderson Global Technology         High         -4%         0.90         12           Jupiter Global Technology         Medium         -4%         0.95           Investec GF W	CFS Global Health Biotech CFS Tech & Comms         Very Low Medium         -4%         0.61         -19           UNITED KINGDOM BASED UNIT TRUSTS           Aberdeen Euro Tech         Medium         -37%         0.84         -5           Aberdeen Technology         Medium         -5%         0.89         6         -43           Aegon Technology         High         +1%         0.87         -48           CF Bio-Tech         High         +42%         0.64         -25           CF Technology         Wery High         -14%         0.87         -67           Framlington Health         Low         +23%         0.71         154         -14           Framlington NASDAQ         High         +5%         0.93         -37           Framlington Netnet         High         -28%         0.91         -55           Framlington New Leaders         Low         +1%         0.97         -30           Franklin Biotech         Low         +12%         0.63         -21           Gartmore UK Techtornado         High         -5%         0.89         -56           Govett Euro Tech         Very Low         -4%         0.77         -35           Jupiter Global Technology<

-34 -19 -17 -15

-17 -31 -15

rebi	uary 12, 2002.												Pa	ıge	1
Curren Advice		Risk Rating	Superi- ority Rating	Market Correla- tion	Per 36 mth	forma 12 mth	ance 3 mth	Current Advice	Investment Fund	Risk	uperi- ority ating	Market Correla- tion		12	ce 3 nth
Avoid	Rathbone Technology	High	-25%	0.92		-54	7		Asian Technology	Medium	+2%	0.57		-16	42
	Rothschild FA Prt in Tech Plus	High	+3%	0.91		-45	10	Buy	Close Fin Eurotech	Very Hig	h+21%	0.86		-58	11
	Royal & Sun Eurotech	Medium	-5%	0.92		-47	7	Buy	Finsbury Technology	Very Hig	h+29%	0.81	144	-35	9
Avoid	S & W Global Technology	High	-25%	0.90		-59	-0	Buy	Finsbury Life Sciences	Medium	+29%	0.69		-39	0
Avoid	Sarasin Websar	Very Low	-11%	0.85		-30	7	Buy	Finsbury W/wide Pharm.	Very Lov	1+34%	0.53	256	5	-O
Avoid	Schroder Eurotech	High	-14%	0.90		-51	7	Avoid	Framlington Health	Very Lov	-32%	0.14		-82	-37
	Schroder Medical Discovery	Very Low	+1%	0.15		2	-2		Herald Investment Trust	Medium	+5%	0.84	68	-39	18
	Soc Gen Technology	High	-1%	0.89	23	-34	15	Buy	International Biotech	Very Hig	h+39%	0.64	262	-46	-8
Avoid	Solus Technology Plus	Very Low	-39%	0.25		-55	3	Avoid	Invesco TechMARK	High	-19%	0.70		-59	26
	UNITED KINGDOM BASED	LISTED I	NVEST	MENT <b>T</b>	RUS	STS		Buy	Private Equity Investor	Very Lov				-29	
Buy	3I Bioscience		+46%	0.72		-31	2	Ĺ	INITED KINGDOM BASED	INVESTMEN	t <b>T</b> rl	JSTS -	Split	· Ca	PITAL
	3i Euro Technology	Very High		0.90		-70	7	Avoid	Euro Tech & Inc (Cap)	Very Hig	h -51%	0.37		-92	7
Avoid	Amerindo Internet Fund	Very High		0.77		-75	-11		Govett Euro Tech & Inc	Medium	-51%				-48

### Best Managed Funds

#### Far Eastern / Pacific Funds

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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.

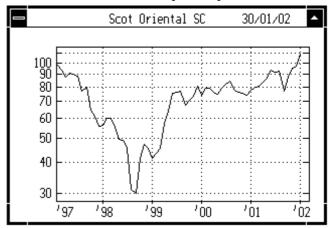
This is a relatively small trust, formed in 1995, with assets of £37.8 million. The portfolio is very well diversified, with the ten largest holdings making up just 23.5% of the portfolio. Most of the investments are in Hong Kong (25.9% of assets), China (17.3%), Korea (13.7%), Thailand (13.7%), Singapore (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).

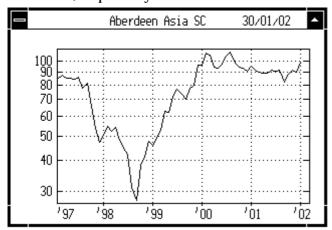
The portfolio is more concentrated with a total of 58 investments, of which the ten largest holdings make up 43.5% of the portfolio. The geographic spread is very different with the largest investments in Singapore (21.4% of the portfolio), Hong Kong (16.0%), Thailand (11.0%), Indonesia (9.7%), Malaysia (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 multicurrency 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%.

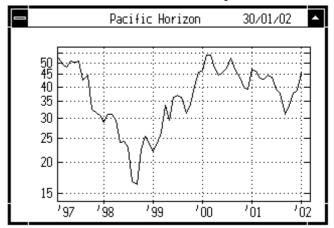
Pacific Horizon is assessed as a High Risk fund in

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  $4\frac{1}{2}$  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  $\frac{3}{4}$  pence per warrant that an investor will need to pay to buy these warrants!

The warrants trade at a bid-offer spread of  $\frac{1}{4}$  -  $\frac{3}{4}$  pence. While that is 200%, it is also a very narrow spread of just  $\frac{1}{2}$  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.