

International Investor

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World Stockmarket Forecasts

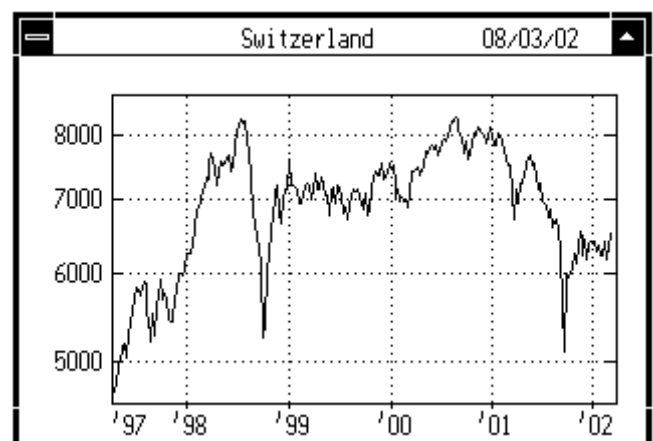
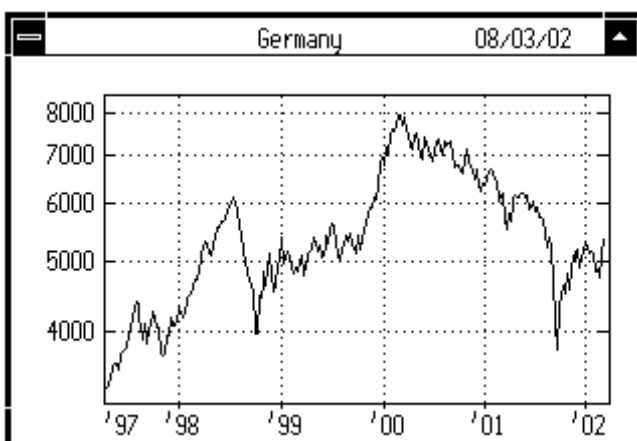
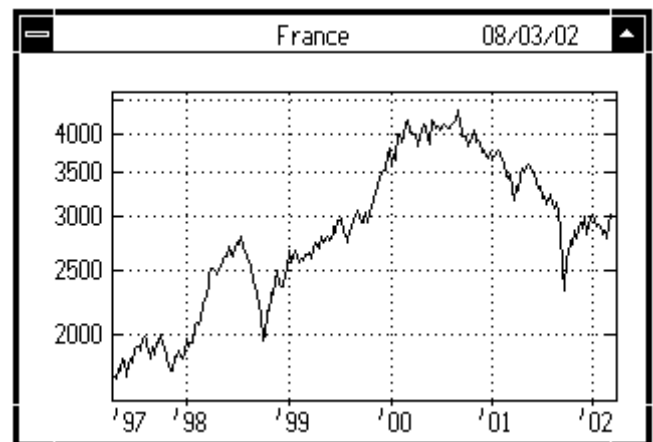
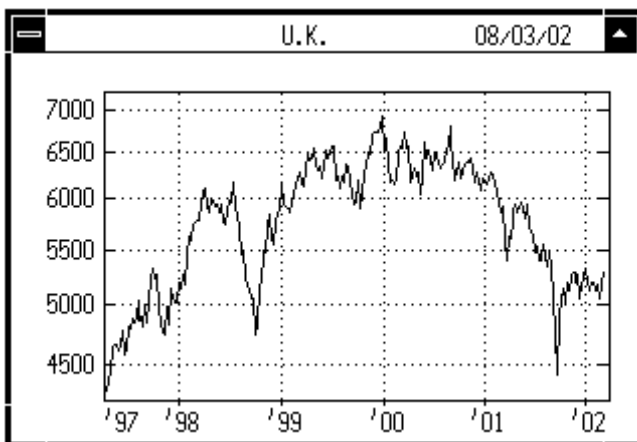
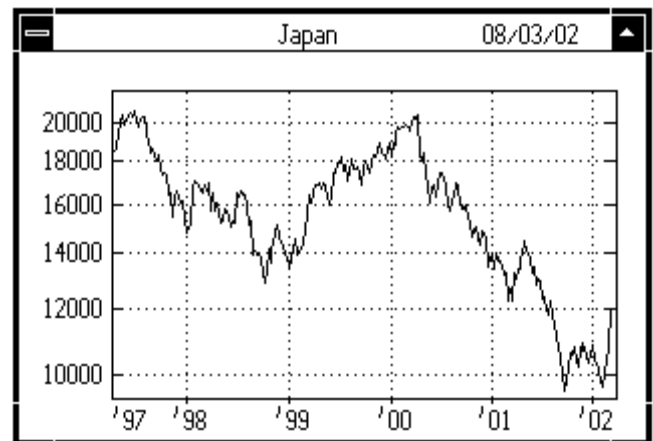
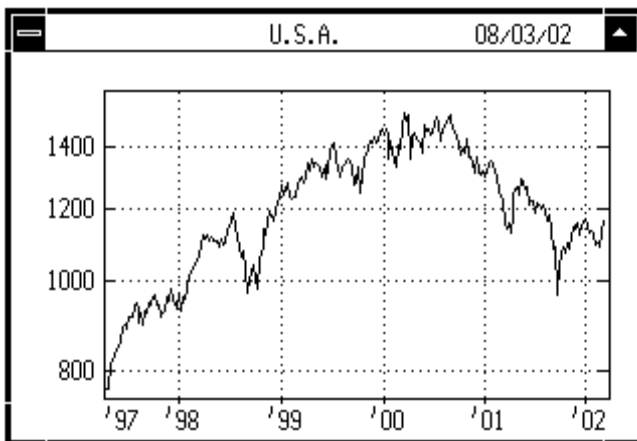
Stockmarket	One-Year Forecast	Fundamental Indicators	Technical Indicators	Monetary Indicators	Economic Indicators	Historical Performance (in US\$)			Share Index
						3 mths	6 mths	12 mths	
Australia	65%	Bearish	Bullish	Bullish	Bearish	+5.2%	+8.6%	+7.5%	3,428.10
Austria	69%	Neutral	Bullish	Neutral	Bullish	+7.8%	+1.1%	-3.3%	1,245.21
Belgium	62%	Bullish	Neutral	Neutral	Bullish	+0.7%	-6.3%	-14.7%	2,701.70
Canada	72%	Neutral	Bullish	Bullish	Bullish	+3.1%	+5.9%	-5.2%	7,910.26
Denmark	65%	Neutral	Neutral	Bullish	Bullish	+1.2%	-5.0%	-18.4%	275.39
Finland	74%	Neutral	Bullish	Bullish	Bullish	+0.3%	+50.8%	-0.6%	8,918.96
France	62%	Bullish	Neutral	Neutral	Bullish	-0.7%	+2.3%	-18.2%	3,034.94
Germany	68%	Neutral	Bullish	Bullish	Bullish	+1.3%	+9.1%	-19.0%	5,359.55
Ireland	55%	Bullish	Bearish	Bullish	Bullish	-12.7%	-15.3%	-17.6%	4,995.64
Italy	58%	Neutral	Neutral	Neutral	Bullish	-0.6%	+0.1%	-19.9%	23,619.00
Japan	59%	Bearish	Bullish	Bullish	Bullish	+7.5%	+5.6%	-12.5%	11,885.79
Netherlands	71%	Bullish	Neutral	Bullish	Bullish	+2.0%	-0.8%	-19.9%	727.00
New Zealand	65%	Bearish	Bullish	Bullish	Neutral	+4.5%	-1.4%	+0.8%	2,075.87
Norway	55%	Bearish	Bullish	Neutral	Neutral	+9.5%	-0.6%	-14.8%	681.47
Spain	64%	Neutral	Bullish	Neutral	Bullish	-3.9%	+6.5%	-15.3%	835.33
Sweden	65%	Bearish	Bullish	Bullish	Bullish	-1.0%	+16.7%	-14.4%	240.71
Switzerland	60%	Bearish	Bullish	Bullish	Bullish	-0.2%	+3.6%	-15.0%	6,531.20
Un. Kingdom	54%	Neutral	Neutral	Neutral	Bullish	-0.4%	+1.4%	-13.5%	5,285.70
USA	74%	Bearish	Bullish	Bullish	Bullish	+0.5%	+7.2%	-5.6%	1,164.31
Argentina	62%	Bullish	Bullish	Bearish	Bullish	-25.6%	-3.7%	-33.1%	1,160.71
Brazil	60%	Bullish	Bullish	Bearish	Bullish	+4.8%	+25.1%	-24.7%	13,961.93
Czech Rep.	88%	Bullish	Bullish	Bullish	Neutral	+13.6%	+30.7%	-0.1%	439.90
Chile	60%	Neutral	Bullish	Bullish	Neutral	+0.9%	-2.3%	-2.4%	5,456.59
China	57%	Bearish	Bearish	Bullish	Bullish	-10.5%	-5.5%	-14.8%	154.06
Greece	36%	Neutral	Bearish	Neutral	Bearish	-11.1%	-8.6%	-29.8%	2,448.11
Egypt	47%	Neutral	Bearish	Neutral	Bullish	-4.9%	-8.3%	-21.4%	623.77
Hong Kong	59%	Neutral	Bearish	Bullish	Bullish	-5.1%	+8.2%	-20.9%	11,233.23
Hungary	72%	Neutral	Bullish	Neutral	Bullish	+14.5%	+31.8%	+20.1%	8,390.58
India	69%	Bearish	Bullish	Bullish	Bullish	+4.4%	+10.9%	-10.0%	3,656.77
Indonesia	42%	Bearish	Bullish	Bearish	Bearish	+30.4%	-2.4%	+16.6%	475.11
Israel	59%	Bearish	Bearish	Bullish	Bullish	-8.6%	-9.0%	-13.0%	398.44
Korea	68%	Bearish	Bullish	Bullish	Neutral	+13.1%	+45.1%	+40.9%	825.27
Malaysia	74%	Bearish	Bullish	Bullish	Bullish	+13.0%	+7.3%	+7.5%	747.63
Mexico	81%	Bearish	Bullish	Bullish	Bullish	+18.7%	+26.7%	+21.9%	7,192.22
Philippines	66%	Bearish	Bullish	Bullish	Neutral	+29.1%	+11.3%	-15.3%	1,432.19
Poland	67%	Bearish	Bullish	Neutral	Bullish	+7.1%	+20.8%	-3.3%	15,489.80
Portugal	74%	Bullish	Neutral	Bullish	Bullish	-2.4%	+5.0%	-24.6%	2,025.91
Russia	59%	Bearish	Bullish	Neutral	Neutral	+45.3%	+59.3%	+95.3%	4,078.21
Singapore	85%	Neutral	Bullish	Bullish	Bullish	+11.2%	+9.4%	-8.6%	1,798.99
Sth Africa	50%	Bullish	Bullish	Bearish	Neutral	+4.4%	-7.0%	-17.9%	11,152.47
Taiwan	72%	Bearish	Bullish	Bullish	Bullish	+10.3%	+38.6%	-2.0%	6,011.65
Thailand	67%	Bearish	Bullish	Bullish	Neutral	+29.9%	+17.4%	+27.8%	390.65
Turkey	57%	Bearish	Bearish	Bullish	Bullish	-17.7%	+16.1%	-32.6%	9,794.00
Venezuela	31%	Bullish	Bearish	Bearish	Bearish	-13.1%	-27.3%	-34.9%	6,985.11

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 remain moderately Bullish (i.e. favourable) and continue to steadily improve. Low interest rates will *eventually* boost economic activity. The current economic recession - like *every* recession in the past - will eventually end, to be followed by an economic recovery. The recovery may be slow, but that is still favourable for stockmarkets.

The outlook for stockmarkets is attractive, so investors should be close to or fully invested in shares (we are holding a small cash reserve). *Smaller* company shares are often most sensitive to economic and stockmarket cycles - and certainly more adaptable to change - so we particularly favour investment funds that target *smaller* companies for investment.



Recommended International Investment Funds

Name Change

Fleming Asian Investment Trust plc has changed its name to **JP Morgan Fleming Asian Investment Trust plc**. The code for the shares has changed from FAI to JPF (and the warrant code is JPFW).

Share Buy-Backs

Many of the listed investment trusts continue to buy-back their own shares at large discounts to net assets:

Fidelity Asian re-purchased 165,000 shares at 62¾ pence, **Fleming European Fledgeling** bought 100,000 of its own shares at 212 pence, while **Templeton Emerging Markets** has re-purchased 250,000 shares at 117.4 pence, 11,114 shares at 116.5 pence, 325,000 shares at 120.35 pence, 150,000 shares at 120.5 pence and 15,000 shares at 122 pence.

Fund Report and Dividend

Legg Mason Investors International Utilities Trust plc will pay a final 2.6 pence dividend (ex-dividend 20 February, payable 15 March) making a total distribution of 8.9 pence for the year to December.

While the ordinary shares have declined significantly in value - owing to the highly leveraged capital structure - these shares "will be the first to benefit from any sustained improvement in sentiment towards utilities and telecom shares". The Fund Managers believe that "investors are now focusing on companies whose shares offer a combination of low valuation, reasonable earnings growth and a sustainable and rising dividend yield" and "this environment should make utilities an attractive sector in which to invest". (Cont'd on Page 4)

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	-19%	219.5p	729.2	-5
United Kingdom									
BUY	Eaglet Investment Trust plc	EIN	13/11/01	334.0p	1160.7	+7%	352.5p	1171.1	+1
Asian Regional									
BUY	Fleming Asia WARRANTS	FAIW	07/03/00	43.8p	141.7		17.25p	57.3	-60
HOLD	Fidelity Asian Values WARRANTS	FASW	10/03/98	17.5p	49.7		17.0p	56.5	+14
HOLD	Gartmore Pacific Growth Fund	*	29/10/85	41.4p	105.4		181.28-193.28p	622.2	+491
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		42.2p	140.1	+32
HOLD	HSBC Hong Kong Growth Fund	*	07/04/98	159.4p	481.6		166.3p	552.5	+15
HOLD	Henderson Pacific Capital	*	08/08/00	342.2p	1122.6		265.1p	880.7	-22
BUY	Schroder Asia Pacific WARRANTS	SDPW	13/07/99	25.5p	75.8		13.75p	45.7	-40
Japap									
BUY	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	-15%	115.5p	383.7	-13
BUY	Invesco Japan Discovery Trust	IJD	13/07/99	95.5p	284.0	-15%	72.25p	240.0	-15
Korea									
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		96.33-102.90p	330.9	+58
Thailand									
HOLD	Old Mutual Thailand Trust	*	08/12/98	49.0p	155.9		50.18-53.66p	172.5	+11
International									
HOLD	Aberdeen Prolific Emerging Markets	*	13/08/91	39.0p	116.1		66.24-69.96p	226.2	+95
HOLD	Legg Mason Int'l Utilities	LIU	13/02/01	170.5p	565.5	-32%	41.5p	137.9	-76
BUY	Private Equity Investor plc	PEQ	11/12/01	122.5p	420.2	-19%	123.5p	410.3	-2
BUY	Templeton E/Markets WARRANTS	TEMA	13/07/99	40.3p	119.7		19.25p	64.0	-47

* 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 73 pence (-12%, i.e. 12% below net asset value), **JF Morgan Fleming Asian** shares at 95¼ pence (-9%), **Schroder Asia Pacific** shares at 75¾ pence (-12%), **Templeton Emerging Markets** shares at 122¼ pence (-13%), **Baillie Gifford Shin Nippon** warrants at 28½ pence, **Eaglet Investment Trust** warrants at 252 pence and **Invesco Japan Discovery** warrants which trade at 17½ pence.

Recommended Funds (Continued from Page 3)

Gartmore Pacific Growth Fund's Managers believe that "a significant number of Asian companies have boosted efficiency in recent years through restructuring programs" and that "their low labour costs and advanced technologies will help them exploit the pick-up in world demand later this year". While "cautious about the short term outlook" this "global revival could trigger a sustained rise in share prices".

Gartmore Pacific has reduced its cash reserve and its defensive investment in Australia, and increased its investments in Taiwan and Korea.

Pacific Capital Growth Fund is also expecting a recovery and has over-weighted its portfolio in "traditional cyclical sectors" such as steel and property, but has a "neutral" weighting in technology and telecommunications. The fund has "reduced some of our more defensive holdings and used the proceeds to increase our exposure to Taiwan and South Korea". The cash holding is down 2.9% (from 14.2%, three

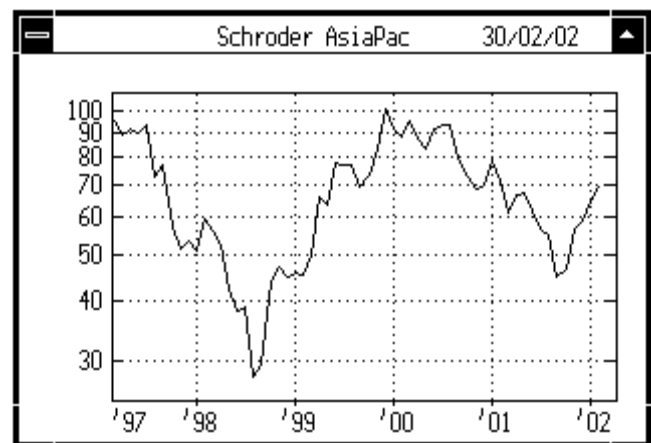
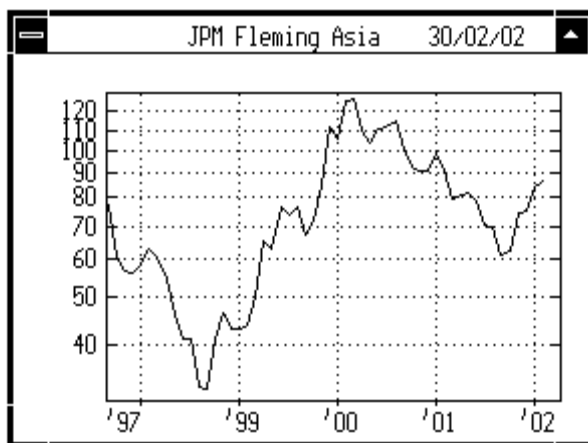
months earlier), although the fund still has a relatively large 25.5% of its portfolio invested in Australia.

Portfolio Performance

While our new investments have made little progress, our older investments - especially the Asian warrants - have recovered very strongly over recent months.

Our Asian warrants remain attractive long term investments: Asian stockmarkets have already started to recover strongly - and should continue to perform well as the global economy improves later this year. Our *Warrant Analysis* shows these securities are *undervalued*, trading at 28-39% discounts to their *fair value*. The *break-even* rates are relatively low at 7-11% per annum. These warrants also have 3-4½ years until their final exercise/expiry date. So there is still plenty of time for stockmarkets to recover and grow in value - which would make these warrants very valuable.

We currently hold a small cash reserve which will be used to add one more fund to our portfolio over the coming months.



Recommended Funds

Geographic Portfolio Spread

Fund Name	Size (Mil)	Leverage (% debt)	Top 10 Hldgs (%)	Portfolio invested in (%):-													
				Cash	HK	Australia	Malay	Japan	Taiwan	Korea	Sing.	Thail'd	Phil.	China			
Fidelity Asian Values plc	£92	25	52.3	1	26			8		18	24	11					
JP Morgan Fleming Asia IT	£185	11	35.2	5	26			3		21	24	10	2				India 7%
Gartmore Pacific Gth Fund	£78	Nil	35.7	2.2	25.6	2.5	6.4			19.3	24.9	11.5	3.1				India 1.4%
HSBC Asian Fund	£50	Nil	30.2	4.0	18.2	15.8	5.7			15.8	24.9	10.5	0.8				NZ 0.3%
HSBC Hong Kong Gth Fund	£26	Nil	57.4	0.9	99.1												
Henderson Pacific Capital	£161	Nil	28.6	2.9	17.6	25.5	2.4			14.6	21.1	12.5	1.8				NZ 1.6%
Schroder Asia Pacific plc	£121	6	44.5	5	30			6		13	25	16					
Baring Korea	£88	Nil	51.9	4.1													
Old Mutual Thailand	£6	Nil	50.5	1.4													98.6
					Cash	USA	UK	Europe	Japan	Other							
Baillie Gifford Shin Nippon plc	£48	26	32.0	11						89							
Eaglet Investment Trust plc	£135	23	48.3				100										
Fleming Euro Fledgling IT	£174	13	18.3	6				94									
Invesco Japan Discovery Trt	£22	Nil	41.4	3					97								
Legg Mason Int'l Utilities	£254	88	46.1	1	56	29	10	3	1								
Private Equity Investor plc	£99	Nil	-	50	50												
					Cash	Asia	Latin Amer	Africa	Europe & Middle East								
Aberdeen Emerging Markets	£12	Nil	27.7	1.6		51.6	21.5	7.5									17.8
Templeton E/Markets plc	£627	Nil	21.8	6.0		49.0	16.0	3.0									29.0

The "Dow Dividend" Portfolio

Our "Dow Dividend" Portfolio

Our "Dow Dividend" portfolio was started with US\$10,000 (NZ\$23,450) in January 2002 when the Dow Jones Industrial Index was 9987.53 and the S&P 500 Index was 1145.60.

The portfolio currently consists of:

105 shares in SBC Communications (SBC)	\$4,032
65 shares in JP Morgan Chase (JPM)	\$2,258
64 shares in ExxonMobil (XOM)	\$2,746
24 shares in International Paper (IP)	\$1,065
Cash balance	<u>\$50</u>
Total Value	\$10,151

Our cash holding has increased over the last two months with a \$22.87 (US\$26.91 less 15% non-resident withholding tax) dividend from SBC Communications.

The Dow Jones Index is currently 10,572.49 and the S&P 500 Index is 1164.31.

No changes will be made to our "Dow Dividend" Portfolio until the next annual review in December 2002.

Current Data

Investors can find the current ten highest yielding Dow stocks by visiting a site such as **Dogs of the Dow** (www.dogsofthedow.com/doggishy1.htm). The five *lowest priced* shares are also identified as "Small Dogs".

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

Company	Price	Yield	"Small Dog"
Eastman Kodak	US\$32.15	5.60%	Yes
Philip Morris	\$53.25	4.36%	No
JP Morgan Chase	\$34.74	3.91%	Yes
General Motors	\$60.71	3.29%	No
DuPont	\$47.08	2.97%	No
SBC Communications	\$38.40	2.66%	Yes
Caterpillar	\$59.33	2.36%	No
International Paper	\$44.36	2.25%	Yes
Merck	\$62.50	2.24%	No
ExxonMobil	\$42.91	2.14%	Yes

As Eastman Kodak is the *highest yielding and the lowest priced* of these ten stocks, *exclude* it from further consideration. Then invest in the remaining four lowest priced stocks, which are labelled as "Small Dogs".

While we are not making any changes to our portfolio, investors starting a "Dow Dividend" portfolio *now* should invest as follows:

Company	Price	Percent
JP Morgan Chase	\$34.74	40%
SBC Communications	\$38.40	30%
ExxonMobil	\$42.91	20%
International Paper	\$44.36	10%

We are weighting our version of the "Dow Dividend" portfolio towards the lower priced stocks. So the decline in JP Morgan Chase's price would *increase* its weighting to 40% of the portfolio.

Readers Ask . . .

Question: Can I buy these shares through my New Zealand broker or my Australian brokers?

Answer: Probably - but it is cheaper and simpler to open an account with a US internet broker like **E*Trade Securities** (www.etrade.com).

US internet brokers charge US\$5-25 per trade (E*Trade charges US\$15) compared with about 2%, a minimum of around US\$100 with a NZ or Australian broker. A local broker may also have a minimum trade size of US\$5000, while you can make very small trades (i.e. as little as one share) through a US broker.

Question: I am trying to open an account with E*Trade. Do I have to first apply for a US tax number and/or Social Security number? If so, how do I go about doing that?

Answer: No, you do not need a tax or social security number. Simply identify yourself as a "New Zealand citizen". You will be required to complete and return a "Form W-8" with your application to certify that you are a Non Resident Alien (NRA).

Question: What is the tax situation? Do I need to pay US capital gains taxes?

Answer: If the broker has your correct tax details (i.e. knows you are a NRA and has received your Form W-8), then you will not be subject to any capital gains taxes in the US. Your broker will deduct 15% withholding tax from dividends. The full dividend amount (i.e. the amount of cash deposited to your brokerage account *and* the withholding tax) will need to be declared as income on your NZ tax return, where you can also claim the US withholding tax as a tax credit against tax payable in NZ.

Question: I have read some bad things about JP Morgan Chase. Can I just invest in the other three stocks?

Answer: It is your money and you can invest it how you want. If, however, you exclude a "bad" company you are not following this investment method which is designed to pick stocks that are *out of favour* and therefore *depressed* in value. If a company is receiving bad press coverage then it is a prime candidate to be selected as a "Buy" under this technique.

Listed Investment Trust

Warrant Analysis

As our stockmarket Forecasts improve, our *Warrant Analysis* has focused on speculative warrant investments. In December we identified **Perpetual Income & Growth** warrants at 35¾ pence (now up 27% at 45½ pence), **Schroder Income & Growth** warrants at 46½ pence (up 18% to 55 pence) and **Gartmore European** warrants at 142 pence (up 4% at 147 pence). Last month, in *Best Managed Funds*, we identified **Pacific Horizon** warrants as attractive to “very high risk speculators” owing to their “low cost and extreme leverage”. At 1¾ pence, the mid-price on those warrants is up 250% (although investors would have needed to buy at ¾ pence, for a gain of 133%).

Interests associated with this newsletter have made small investments in all of these four warrants.

All four of those warrants remain attractive:

Perpetual Income & Growth is the lowest risk warrant as they are “in the money” (i.e. the shares trade above the exercise price of 100 pence), have four years and five months until the final exercise/expiry date (i.e. plenty of time for the share price to appreciate and increase the value of the warrants), a low break-even rate of zero and 2.0 times leverage. If the share price appreciates at just 5% per annum, the warrants will increase in value by 14.2% p.a.

Schroder Income and Growth warrants and **Gartmore European** warrants are also relatively low risk - “in the money”, with almost two years until expiry, low break-even rates and good leverage.

Pacific Horizon warrants remain *very high risk* but offer *very high* leverage. The warrants expire at the end of June, so if the shares don't appreciate by at least 6% to 56 pence then the warrants will expire worthless. Asian stockmarkets are volatile. If the trust rises just 10% (to 58 pence) by the end of June the warrants will be worth 2 pence. A 20% gain (to 63½ pence) would make the warrants worth 7½ pence. That would be a 10-fold gain on our cost of ¾ pence!

Other warrants to offer good leverage include formally recommended **Templeton Emerging Markets** warrants and **JP Morgan Fleming Asia** warrants. Both have 2½-3 years to expiry, moderate 7-9% break-even rates, trade at large 35-40% discounts to *fair value* and offer high 2.4-2.7 times leverage.

F & C Income & Growth warrants are also attractive, with just 16 months until expiry but high 3.3 times leverage. We reviewed these warrants last December, but as the trust's portfolio is concentrated in just ten holdings concluded that these warrants were less attractive than the Perpetual I & G warrants or the Schroder I & G warrants.

Over the last three months, F & C Income & Growth's share price has risen 6%, while the warrants have under-performed with a gain of only 10%. The warrant discount to *fair value* has increased to 13% (from 6% in December), the break-even rate has also fallen to zero (from 2%) and the potential returns have increased. For example, a 5% p.a. rate on capital appreciation in the share price now offers an 18.2% p.a. gain on the warrants, up from 10.1% p.a. in our December analysis.

Summary and Recommendation

The recovery in stockmarkets is making speculative warrant investment more attractive. **Perpetual Income & Growth, Schroder Income & Growth, Gartmore European** and **Pacific Horizon** warrants remain attractive for investors seeking maximum capital appreciation and prepared to accept the risk of total loss (if stockmarkets decline).

The potential for **F & C Income & Growth** warrants has improved, so we believe these are also suitable for a small speculative investment.

Investments in speculative warrants should be limited to a very small percentage of an investor's total portfolio.

Warrant	Current Share Price	Warrant Exercise Price	Years & Months to Expiry	Current Warrant Price	Black-Scholes Value	Warrant Over/Under Valued (%)	Share Volatility	Warrant Leverage	Warrant Return (%p.a.) from Share Price appreciation of:	Break-Even Rate		
									5%p.a.	10%p.a.	20%p.a.	
INDIA												
Fleming Indian	68.8p	100.0p	1-11	5.50p	7.75p	-29	0.391	3.8	-100.0	-100.0	-100.0	+25%
UNITED KINGDOM												
Aberforth Smaller Coys	359.5p	100.0p	1-0	259.50p	263.42p	-1	0.260	1.4	+6.9	+13.9	+27.7	+0%
Dartmoor	16.0p	118.0p	0-4	3.75p	15.84p	-76	10.000	1.0	-100.0	-100.0	-100.0	+999%
Eaglet Investment Trust	352.5p	100.0p	0-7	252.00p	254.81p	-1	0.283	1.4	+7.4	+14.5	+28.8	-0%
Edinburgh Smaller Coys	88.0p	100.0p	6-6	32.00p	36.29p	-12	0.378	1.8	-6.4	+11.1	+31.3	+6%

Warrant	Current Share Price	Warrant Exercise Price	Years & Months to Expiry	Current Warrant Price	Black-Scholes Value	Warrant Over/Under Valued (%)	Share Volatility	Warrant Leverage	Warrant Share Price appreciation of: 5%pa	Return (%p.a.) from: 10%pa	20%pa	Break-Even Rate
F & C Income Growth	133.5p	100.0p	1-4	34.00p	39.30p	-13	0.189	3.3	+18.2	+36.7	+72.3	+0%
Fidelity Special Values	291.0p	100.0p	1-10	191.00p	198.07p	-4	0.231	1.5	+7.5	+14.9	+29.4	+0%
Perpetual Income & Gth	146.5p	100.0p	4-5	45.50p	66.31p	-31	0.238	2.0	+14.2	+25.3	+44.0	-0%
Schroder Income & Grwth	155.0p	100.0p	1-9	55.00p	61.88p	-11	0.172	2.5	+13.7	+26.6	+51.1	+0%
Schroder UK Growth	106.8p	100.0p	0-5	10.25p	11.35p	-10	0.238	7.7	-27.9	+20.4	+156.4	+8%

UNITED STATES

F & C US Smaller Coys	243.5p	100.0p	0-8	141.00p	146.13p	-4	0.223	1.7	+11.4	+20.3	+38.2	-2%
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LATIN AMERICA

Aberdeen Latin American	61.8p	100.0p	7-7	10.25p	27.62p	-63	0.482	1.6	-100.0	+13.7	+42.0	+8%
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EMERGING MARKETS

Abtrust Emerging Econ.	80.3p	100.0p	5-10	16.00p	31.63p	-49	0.423	1.8	-13.9	+17.0	+43.7	+7%
Dresdner RCM Emerg Mkts	106.0p	100.0p	2-4	15.75p	44.66p	-65	0.637	1.8	+7.8	+36.2	+80.2	+4%
F & C Emerging Markets	66.8p	102.0p	1-0	1.00p	5.03p	-80	0.499	4.5	-100.0	-100.0	-100.0	+54%
Schroder Emer Countries	64.3p	100.0p	4-6	8.75p	15.23p	-43	0.391	2.4	-100.0	-100.0	+44.6	+12%
Templeton Emerging Mkts	122.3p	133.0p	2-6	19.25p	29.66p	-35	0.381	2.7	-41.2	+5.8	+57.4	+9%

TECHNOLOGY

Herald Investment Trust	288.0p	100.0p	1-1	188.00p	192.33p	-2	0.403	1.5	+7.7	+15.3	+30.5	+0%
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INTERNATIONAL

Special Utilities S	162.5p	100.0p	5-10	73.50p	85.40p	-14	0.213	1.8	+8.1	+17.0	+32.0	+1%
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EUROPEAN

Gartmore European	368.0p	220.0p	1-10	147.00p	166.47p	-12	0.285	2.1	+12.5	+24.1	+46.0	-0%
TR European	148.0p	166.0p	1-7	20.50p	21.16p	-3	0.329	4.0	-100.0	-53.5	+31.2	+16%

JAPAN

B Gifford Shin Nippon	115.3p	200.0p	3-1	28.50p	16.92p	+68	0.410	3.0	-100.0	-100.0	-56.4	+25%
Fidelity Japan Values	50.5p	100.0p	2-1	8.00p	4.45p	+80	0.463	3.5	-100.0	-100.0	-100.0	+44%
Gartmore Select Japan	43.3p	100.0p	1-2	1.37p	0.21p	+568	0.365	9.7	-100.0	-100.0	-100.0	+108%
Invesco Japan	72.3p	100.0p	2-7	17.50p	18.32p	-4	0.522	2.3	-100.0	-100.0	-4.1	+21%
Invesco Tokyo	30.8p	55.0p	2-3	4.25p	2.05p	+108	0.360	4.4	-100.0	-100.0	-100.0	+34%
Martin Currie Japan	83.5p	100.0p	0-6	2.50p	3.29p	-24	0.341	9.3	-100.0	-100.0	-100.0	+51%
Martin Currie Japan 05	83.5p	100.0p	3-7	25.75p	19.97p	+29	0.341	2.6	-100.0	-10.2	+26.9	+12%
Schroder Japan Growth	75.5p	100.0p	2-8	12.50p	11.21p	+11	0.329	3.5	-100.0	-100.0	+25.2	+16%

FAR EASTERN

Aberdeen Asian Small	110.3p	100.0p	8-8	50.50p	58.31p	-13	0.350	1.6	+3.5	+13.5	+28.2	+4%
Edinburgh Dragon Trust	70.3p	60.0p	2-10	27.00p	25.40p	+6	0.386	2.2	-9.0	+6.2	+30.8	+8%
Fidelity Asian Values	73.0p	100.0p	4-5	17.00p	23.48p	-28	0.452	2.0	-100.0	-9.0	+34.7	+11%
JP Morgan Fleming Asia	95.3p	100.0p	2-11	17.25p	28.22p	-39	0.406	2.4	-17.6	+14.8	+55.2	+7%
Invesco Asia	61.8p	100.0p	2-4	3.25p	8.64p	-62	0.443	3.1	-100.0	-100.0	-100.0	+25%
Pacific Assets	59.5p	130.0p	0-2	0.07p	0.00p	+999	0.481	71.4	-100.0	-100.0	-100.0	+999%
Pacific Horizons	53.0p	56.0p	0-3	1.75p	3.42p	-49	0.421	8.5	-100.0	-100.0	-100.0	+41%
Schroder Asia Pacific	75.8p	100.0p	3-10	13.75p	22.70p	-39	0.449	2.1	-100.0	-10.1	+41.7	+11%
Scottish Oriental Sm Co	124.0p	100.0p	4-10	70.00p	56.56p	+24	0.362	1.8	-4.2	+6.9	+24.2	+7%

HONG KONG / CHINA REGION

Fleming Chinese	61.0p	100.0p	1-11	11.00p	61.00p	-82	9.999	1.0	-100.0	-100.0	-100.0	+37%
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World Stockmarket Capitalisations

Country	Market Capitalisation (US\$ Billions)	Percentage of Total
United States	12,704	52.11
Japan	2,206	9.05
United Kingdom	1,993	8.18
France	1,022	4.19
Germany	797	3.27
Switzerland	559	2.29
Canada	545	2.24
Italy	491	2.01
Netherlands	463	1.90
Australia	356	1.46
Hong Kong	336	1.38
Spain	318	1.30
Taiwan	303	1.24
South Korea	219	0.90
Sweden	215	0.88
Finland	168	0.69
Belgium	151	0.62
Brazil	142	0.58
Mexico	138	0.57
China	132	0.54
Singapore	113	0.46
South Africa	112	0.46
Russia	97	0.40
Malaysia	93	0.38
India	87	0.36
Denmark	83	0.34
Norway	65	0.27
Greece	58	0.24
Ireland	57	0.23
Portugal	43	0.18
Israel	43	0.18
Chile	39	0.16
Thailand	28	0.12
Turkey	27	0.11
Austria	24	0.10
Poland	21	0.09
Philippines	17	0.07
Indonesia	15	0.06
New Zealand	14	0.06
Argentina	9	0.04
Hungary	9	0.04
Czech Republic	7	0.03
Morocco	6	0.03
Peru	6	0.02
Columbia	4	0.02
Venezuela	3	0.01
Jordan	3	0.01
Egypt	3	0.01
Pakistan	3	0.01
Nigeria	3	0.01
TOTAL	\$24,381	100.00%

Readers Ask . . .

Question: Would you mind commenting on how serious you consider the risk of any depreciation of the GB Pound to our UK investments, if the UK joins the European Monetary Union?

Answer: The risk is actually very low.

Firstly, while our funds are *based* in the UK, most are invested *internationally*. The assets of the funds are invested in Europe, or Hong Kong or Japan - so our currency exposure is in Euros, HK dollars or Yen. Fluctuations in Sterling will have no impact on the value of these investments (in NZ dollar terms). A lower value Sterling would *increase* the value of the funds (in Sterling), but the lower exchange rate would leave their value (in NZ dollars) unchanged.

Secondly, the impact on funds that invest in UK shares (e.g. Eaglet Investment Trust) is also small as *shares are a natural currency hedge*. If Sterling depreciates that will boost the profitability of exporters and boost the UK economy which will enjoy a competitive cost advantage relative to foreign businesses. So if Sterling were to suddenly *depreciate* by 5%, the UK stockmarket would probably *appreciate* almost instantly by 5% as investors anticipate the impact of the lower exchange rate on the economy and company profitability. So once again, there would be little impact upon the NZ dollar value of our UK investments.

Thirdly, our warrant investments give us a *negative* exposure to Sterling. If Sterling depreciates by 5%, then the net asset value (and the share price) of our Asian investment trusts will appreciate by 5% (in Sterling terms). As warrants offer 2.0-2.4 times leverage, that would likely result in a 10-12% increase in the Sterling value of our warrants. Convert that to NZ dollars (at the 5% lower exchange rate) and we would be 5-7% ahead!

A way to understand the warrant's negative exposure to Sterling is to consider that warrants give us (1) an indirect investment in the assets of the trusts (which are invested overseas) and (2) a potential Sterling liability (i.e. the eventual cost of exercising the warrants). Depreciate Sterling and the *real* cost of exercising the warrants is reduced - which, of course, *increases* their value.

For *long term* investors in *equities*, with a diversified portfolio, exchange rate fluctuations are not a major problem.

Next Issue

The next issue of *International Investor* will be posted in five weeks time on Tuesday April 16, 2002 (and delivered in most areas on Wednesday 17).

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