# International Investor

Issue No. 79 P.O. Box 34-162, Auckland July 9, 2002.

#### Inside International Investor

Why "this time it's different", but still the same ..... 2  $\,$ 

Best Managed Funds:

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Fidelity European Valuesplc, Fidelity European Fund, Fidelity Special Values plc, Fidelity Special Sits Fund ......7, 8

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

## World Stockmarket Forecasts

Australia         43%         Bullish Austria         Bearish 60%         Neutral Bullish Austria         Bearish 60%         Neutral Bullish Bearish Bullish Bullish Bullish August Bearish Bullish Bullish Bullish August Bearish Bullish Bullish Bullish August Bearish Bullish Bullish August Bearish Bullish Bullish August Bearish Bullish Bullish Bullish August Bearish Bullish Bullish Bullish August Bearish Bullish Bullish August Bullish August August Bearish Bullish Bullish August August August Bullish August
Austria   60%   Neutral   Bullish   Bearish   Bullish   Bearish   Bullish   Bearish   Bullish   Bearish   Bullish   Heavish   Bullish   Heavish   Bullish   Heavish   Bullish   Heavish   Heavish
Belgium
Canada         49%         Neutral         Bearish Bullish Bearish Bullish Bearish Bullish Bearish Bullish France         Neutral 59%         Bullish Bearish Bullish Bullish -0.8%         -4.9%         -6.4%         7,112.46           Finland         56%         Bullish Bearish Bullish Bearish Bullish France         49%         Bullish Bearish Bullish Bullish Bullish -13.5%         -25.2%         -6.7%         6,212.82           France         49%         Bullish Bearish Bullish Bullish Bullish -5.6%         -8.3%         2,562.97           Germany         55%         Neutral Bearish Bullish Bullish Bullish -5.6%         -8.3%         -12.1%         4,483.03           Ireland         53%         Bullish Bearish Bullish Bullish Bullish -3.1%         -12.9%         -17.4%         4,515.06           Italy         51%         Bullish Bearish Bullish Bullish Bullish -3.1%         -12.9%         -17.4%         4,515.06           Japan         48%         Bearish Bearish Bullish Bullish Bullish -4.8%         -3.4%         -9.4%         20,428.00           New Zealand         40%         Bearish Neutral Bearish Bullish Bullish -3.9%         -1.8%         -10.0%         629.20           New Zealand         40%         Bearish Bearish Bullish Bull
Denmark
Finland         56%         Bullish         Bearish         Bullish         Bullish         -13.5%         -25.2%         -6.7%         6,212.82           France         49%         Bullish         Bearish         Neutral         Bullish         Neutral         Bullish         -4.9%         -7.9%         -8.3%         2,562.97           Germany         55%         Neutral         Bearish         Bullish         Bullish         Bullish         Bullish         -5.6%         -8.3%         -12.1%         4,483.03           Ireland         53%         Bullish         Bearish         Bullish         Bullish         Bullish         -3.1%         -12.9%         -17.4%         4,515.06           Italy         51%         Bullish         Bearish         Bullish         Bullish         -3.1%         -12.9%         -17.4%         4,515.06           Japan         48%         Bearish         Bearish         Bullish         Bullish         -4.8%         -3.4%         -9.4%         20,428.00           Japan         48%         Bearish         Bullish         Bullish         Bullish         -4.4%         +8.3%         -8.1%         10,826.09           Newtzelands         40%         Bearish         B
France         49%         Bullish         Bearish         Neutral         Bullish         -4.9%         -7.9%         -8.3%         2,562.97           Germany         55%         Neutral         Bearish         Bullish         Bullish         Bullish         -5.6%         -8.3%         -12.1%         4,483.03           Ireland         53%         Bullish         Bearish         Bullish         Bullish         Bullish         -12.9%         -17.4%         4,515.06           Italy         51%         Bullish         Bearish         Neutral         Bullish         -4.8%         -3.4%         -9.4%         20,428.00           Japan         48%         Bearish         Bearish         Bullish         Bullish         Bullish         -4.4%         -3.4%         -9.4%         20,428.00           Netherlands         56%         Bullish         Bearish         Bullish         Bullish         -1.8%         -10.0%         629.20           New Zealand         40%         Bearish         Neutral         Bearish         Bullish         Bullish         -3.7%         +4.9%         +9.0%         1,941.08           Norway         47%         Bullish         Bearish         Bullish         Bullish         <
Germany
Ireland
Italy
Japan
New Zealand
Norway
Spain
Switzerland         53%         Bearish         Bearish         Bullish         Hebrish         Bullish         Hebrish         Bullish         Hebrish         Hebrish         Bullish         Hebrish         Hebrish <t< td=""></t<>
Switzerland         53%         Bearish         Bearish         Bullish         Hebrish         Bullish         Hebrish         Bullish         Hebrish         Hebrish         Bullish         Hebrish         Hebrish <t< td=""></t<>
Un. Kingdom         48%         Bullish         Bearish         Bullish         Bullish         -6.3%         -8.7%         -9.1%         4,615.60           USA         44%         Neutral         Bearish         Bullish         Bullish         -11.9%         -15.6%         -16.9%         989.03           Argentina         46%         Neutral         Bearish         Bullish         -15.4%         -52.6%         -27.8%         1,522.77           Brazil         42%         Bullish         Bearish         Neutral         Bullish         -37.3%         -41.1%         -36.2%         10,523.65           Czech Rep.         68%         Bullish         Neutral         Bullish         Neutral         +8.7%         +20.7%         +31.3%         407.80           Chile         34%         Neutral         Bearish         Bullish         Neutral         +8.7%         +20.7%         +31.3%         407.80           China         57%         Bearish         Bullish         Neutral         +4.0%         -6.6%         -20.8%         157.79           Greece         51%         Bullish         Bearish         Bullish         Neutral         +9.2%         -9.7%         -4.8%         2,197.87
USA
Argentina       46%       Neutral       Neutral       Bearish       Bullish       -15.4%       -52.6%       -27.8%       1,522.77         Brazil       42%       Bullish       Bearish       Neutral       Bullish       -37.3%       -41.1%       -36.2%       10,523.65         Czech Rep.       68%       Bullish       Neutral       Bullish       Neutral       +8.7%       +20.7%       +31.3%       407.80         Chile       34%       Neutral       Bearish       Bullish       Bullish       -13.2%       -16.0%       -15.5%       4,934.61         China       57%       Bearish       Bullish       Bullish       Neutral       +4.0%       -6.6%       -20.8%       157.79         Greece       51%       Bullish       Bearish       Bullish       Neutral       +9.2%       -9.7%       -4.8%       2,197.87
Brazil
Czech Rep.       68%       Bullish       Neutral       Bullish       Neutral       +8.7%       +20.7%       +31.3%       407.80         Chile       34%       Neutral       Bearish       Bullish       Bullish       -13.2%       -16.0%       -15.5%       4,934.61         China       57%       Bearish       Bullish       Bullish       Neutral       +4.0%       -6.6%       -20.8%       157.79         Greece       51%       Bullish       Bearish       Bullish       Neutral       +9.2%       -9.7%       -4.8%       2,197.87
Chile       34%       Neutral Bearish Bearish Bullish -13.2%       -16.0%       -15.5%       4,934.61         China       57%       Bearish Bullish Bullish Neutral +4.0%       -6.6%       -20.8%       157.79         Greece       51%       Bullish Bearish Bullish Neutral +9.2%       -9.7%       -4.8%       2,197.87
China 57% Bearish Bullish Bullish Neutral +4.0% -6.6% -20.8% 157.79 Greece 51% Bullish Bearish Bullish Neutral +9.2% -9.7% -4.8% 2,197.87
Greece 51% Bullish Bearish Bullish Neutral +9.2% -9.7% -4.8% 2,197.87
Egypt 39% Neutral Bearish Bullish +0.4% +0.0% -12.8% 628.25
Egypt 59/0   Neutral Dearish Dearish Dunish +0.4/0 +0.0/0 -12.0/0 020.25
Hong Kong 50% Neutral Bearish Bullish Bullish -0.2% -7.7% -16.9% 10,806.16
Hungary 59% Bullish Bullish Neutral Bullish +1.0% +11.7% +33.0% 7,745.51
India 38% Bearish Neutral Bearish Neutral -4.8% -2.5% -2.7% 3,330.61
Indonesia 53% Bearish Bullish Neutral Neutral +4.4% +50.6% +45.7% 492.78
Israel 26% Bearish Bearish Bullish -7.4% -30.1% -27.1% 348.72
Korea 62% Bearish Bullish Bullish Neutral -4.6% +14.7% +47.0% 787.83
Malaysia 65% Bearish Bullish Bullish Neutral -2.2% +7.4% +18.8% 744.62
Mexico 55% Neutral Bearish Bullish Bullish -20.0% -9.7% -11.4% 6,462.83
Philippines 45% Neutral Bearish Bullish Neutral -21.4% -4.2% -16.2% 1,119.72
Poland 54% Bearish Bearish Bullish Bullish -8.3% -12.4% +4.5% 14,048.23
Portugal 47% Bullish Bearish Neutral Bullish +0.7% -5.2% +1.7% 1,800.47
Russia 55% Bearish Bullish Neutral Neutral +14.7% +46.5% +76.6% 4,827.34
Singapore 49% Bearish Neutral Neutral Neutral -4.3% +1.9% +2.1% 1,641.53
Sth Africa 41% Bullish Bullish Bearish Bearish +2.7% +17.1% -2.7% 10,538.31
Taiwan 41% Bearish Bearish Neutral Neutral -11.3% -2.3% +15.0% 5,255.23
Thailand 58% Bearish Bullish Neutral Bearish +13.5% +34.0% +34.7% 401.10
Turkey 53% Bearish Neutral Bullish Neutral -18.7% -30.9% -27.5% 9,351.16
Venezuela 30% Bullish Bearish Bearish Neutral -26.6% -37.3% -46.3% 7,121.61

**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

#### "This time it's different"

According to legendary investor Sir John Templeton, those are the "four most expensive words in the investing language". Of course, every stockmarket boom and every stockmarket depression *is* different. Each is driven by a different set of factors and events, and each occurs within a different economic, political and social environment. But despite this, each boom and each bust is very similar. Each is caused by *expectations* moving out of line with the *long term* reality of corporate revenues, cash flows and profits.

Was it really only two years ago that most investors believed that the Internet had taken the world economy into the "virtuous cycle" of a new "Golden Age" where high rates of economic growth were likely for decades into the future? If the world economy could grow at 4-6% per annum (up from historical rates of 2-3%), then this time it *really* would have been different and the high share prices of the Technology boom would be bargains.

Unfortunately, while the stockmarket provides investors with expensive lessons in experience, few seem to learn. Cuts in interest rates are favourable for the stockmarket - but the US Federal Reserve started cutting interest rates 18 months ago and US stocks are still falling. This time it's different? The stockmarket appears in a vicious cycle of terrorist attacks, lower corporate profitability and corporate fraud. Yes, every cycle is driven by different factors, but the eventual outcome will be the same as in the past.

Without the terrorist attacks of September 2001, world stockmarkets would probably have hit their lows in late 2001 and then recovered *very slowly* this year with some volatility as economic recovery faltered and with the disclosure of major corporate fraud or a major corporate failure. In other words, a fairly normal stockmarket recovery, albeit in an environment of slower than normal economic recovery.

The event changing this was the terrorist attacks which lowered stockmarket values and further depressed economic activity. There is nothing unusual in this. In other cycles the events depressing stock values and economic activity have been an oil crisis, a banking crisis, a property crisis, third world debt crisis or fear of nuclear war. What *is* different is that the *fear* of terrorism appears to have a bigger impact that the *real* crises of previous cycles.

### The Impact of Terrorism on the Stockmarket

Perhaps an indication of the impact that the fear of terrorism is having on the stockmarket can be seen from the recent performance of the US stockmarket around the 4th of July holiday close.

Norman Fosback studied *seasonality* in stock prices which he describes in his 1976 book *Stock Market Logic*.

Very briefly, he discusses two types of seasonality: <u>Month End Seasonality</u> where "stocks have a marked tendency to rise during the first four days of every month and on the last day of every month". This is probably caused by monthly investments in mutual funds and pension plans, and individuals investing end of month salaries.

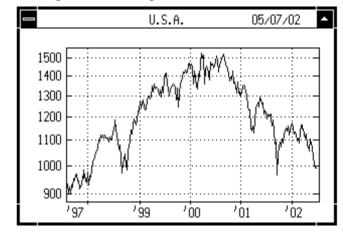
<u>Pre-Holiday Seasonality</u> where "stock prices behave in a significantly positive manner in each of the two trading days preceding a holiday market close". The most likely reason for this is "that traders wish to lighten up" on short sales to "cover themselves against unexpected good news that may be announced while the market is closed".

If investors are currently very concerned about terrorism then we would expect to see the <u>opposite</u> impact on stock prices. That is, investors would reduce their exposure to stocks *ahead* of the holiday owing to the risk of *expected* bad news (i.e. an attack) that would depress prices. *After* the holiday - if there was no attack - share prices would rise strongly. This is, in fact, what happened last week. The S&P 500 Index fell about 3½% in the two days pre-holiday - then retraced that decline by rising strongly on Friday. This time it's different!

What this demonstrates is that current stock valuations are discounted to reflect a high *risk premium* for expected terrorist attacks. So world stockmarkets are low, reflecting this risk and uncertainty. While the individual factors are different, this situation is just the same as other periods when stockmarkets have been low owing to the particular risks and uncertainties of those times.

#### **Summary and Recommendation**

Our Stockmarket Forecasts generally remain Neutral, so we do not believe "this time it's different" and that values will never recover. Stockmarkets are probably at - or very near - their lows. While we still hold a small 5-7½% cash reserve, we have positioned our portfolio to reflect the expectation that we are near the low of this cycle by being close to fully invested in equities and holding several leveraged investments.



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## Recommended International Investment Funds

#### **Name Change**

Following the takeover of **Flemings** by **Chase Manhattan** and the subsequent merger with **JP Morgan**, two of our UK listed investment trusts have decided to change their names. Earlier in the year **Fleming Asian Investment Trust plc** became **JP Morgan Fleming Asian Investment Trust plc** and now **Fleming European Fledgeling Investment Trust plc** is seeking shareholder approval to become **JP Morgan Fleming European Fledgeling Investment Trust plc**.

#### **Fund News**

In September 2001, **Legg Mason International Utilities Trust plc** wrote off its £8 million investment in **Railtrack plc** after that company was placed in administration. Railtrack has since re-listed on the London Stock Exchange, valuing the trust's shareholding at £6.3 million.

**Private Equity Investor plc** will announce results for the year to March - including valuations of its venture capital partnership investments - on 11 July.

**Templeton Emerging Markets Investment Trust plc** has re-purchased 388,215 of its own shares at 114 pence.

			Initial Recommendation Prem/									
Current	t	EPIC	Date	Offer	<u>Price</u>	Disc	<u>Recent Pr</u>	<u>ice</u>	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	-17%	214.0p	672.5	-12			
	United Kingdom											
BUY	Eaglet Investment Trust plc	EIN	13/11/01	334.0p	1160.7	+2%	311.5p	978.9	-16			
	Asia Regional											
HOLD	Fidelity Asian Values WARRANTS	FASW	10/03/98	17.5p	49.7		11.0p	34.6	-30			
HOLD	Gartmore Pacific Growth Fund	*	29/10/85	41.4p	105.4		163.15-174.13p	530.0	+403			
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		39.7p	124.7	+17			
HOLD	HSBC Hong Kong Growth Fund	*	07/04/98	159.4p	481.6		151.3p	475.5	-1			
HOLD	Henderson Pacific Capital	*	08/08/00	342.2p	1122.6		248.4p	780.6	-30			
BUY	JPM Fleming Asia WARRANTS	JPFW	07/03/00	43.8p	141.7		16.0p	50.3	-65			
BUY	Schroder Asia Pacific WARRANTS	SDPW	13/07/99	25.5p	75.8		10.0p	31.4	-59			
	Japan											
BUY	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	-13%	124.0p	389.7	-11			
HOLD	Invesco Japan Discovery Trust	ND	13/07/99	95.5p	284.0	-16%	70.5p	221.6	-22			
	Korea											
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		99.08-105.50p	321.5	+54			
	Thailand											
HOLD	Old Mutual Thailand Trust	*	08/12/98	49.0p	155.9		49.22-52.53p	159.9	+3			
	International											
HOLD	Aberdeen Prolific Emerging Markets	*	13/08/91	39.0p	116.1		61.31-64.87p	198.3	+71			
HOLD	Legg Mason Int'l Utilities	LIU	13/02/01	170.5p	565.5	+86%	15.0p	47.1	-92			
BUY	Private Equity Investor plc	PEQ	11/12/01	122.5p	420.2	-42%	103.5p	325.3	-23			
BUY	Templeton E/Markets WARRANTS	TEMA	13/07/99	40.3p	119.7		10.0p	31.4	-74			
* United	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 63½ pence (-13%, i.e. 13% *below* net asset value), **JPMorgan Fleming Asian** shares at 87½ pence (-10%), **Schroder Asia Pacific** shares at 70½ pence (-13%), **Templeton Emerging Markets** shares at 108½ pence (-17%), **Baillie Gifford Shin Nippon** warrants at 25½ pence, **Eaglet Investment Trust** warrants at 212 pence and **Invesco Japan Discovery** warrants which trade at 13 pence.

# Investment Fund Survey Risk Only Corela 35 12 3 Current Investment Fund Risk Only Corela 36 12 3 Current Investment Fund Risk Only Corela 36 12 3 Current Investment Fund Risk Only Corela 36 12 3 Current Investment Fund Risk Only Corela 26 12 3 Current Investment Fund Risk Only Cor

Current Advice	InvestmentFund	Risk Rating	Superi- ority Rating	Market Correla- tion	Perf 36 mth	orma 12 m/h	ance 3 mth	Current Advice	InvestmentFund	Risk Rating	Superi- ority Rating	Market Correla- tion	Perf 36 mth	orma 12 mml	ance 3 mth
	INTER	VATION	IAI						Martin Currie International	High	+3%	0.87	-21	-34	-23
	<u>INTERI</u>								NPI Global Care	Medium	-1%	0.78	-23	-31	-17
	Australian B	ASED ${\sf U}$ NI ${\sf I}$	TRUS	TS				Buy	Newton International Old Mutual Worldwide	High Medium	+9% +1%	0.88	-8 -23	-26 -30	-18 -17
	AMP Multi-Mgr Global	Medium	-4%	0.85	-30	-31	-20		Pearl International	Medium	-1%	0.88	-24	-30	-18
	ANZ International Markets Advance International	Medium Medium	-4% -2%	0.72 0.55	-38 -28	-30 -32	-20 -15		Premier Global 100	Medium	-3%	0.75	-30	-35	-23
Avoid	Advance Worldwide Share	High	-7%	0.80	-47	-34	-21		Prudential Global Growth Prudential Int'l Growth	Low Low	+0% -0%	0.87 0.86	-19 -17	-25 -24	-16 -15
	BT International Citicorp Inv Port Global	Very High Medium	+2% -4%	0.82 0.57	-32 -43	-32 -21	-24 -11		Royal & Sun All. Intern'l Gth	Medium	-2%	0.91	-26	-30	-17
	Citigroup Global Equity	Low	-4%	0.67	-43	-27	-13		Scot Life Worldwide Scot Mutual International	Medium Medium	-3% +1%	0.80 0.90	-31 -16	-30 -27	-16 -16
	Commonwealth Int'l Share	High	+2%	0.69	-27	-29	-19		Scot Wid. Global	Medium	+3%	0.86	-16	-32	-19
	Dresdner Global Dresdner International	High Very High	-5% +6%	0.65 0.77	-37 -13	-37 -31	-22 -15	Avoid	Singer & Freidlander Global	Medium	-7%	0.64	-38	-42	-18
	Fidelity Perp. Int'l	High	+2%	0.81	-21	-30	-15	Buy	Sovereign Int'l Growth St James's International	Medium Medium	+2% +8%	0.79 0.65	-12 7	-29 -20	-19 -12
Avoid Avoid	HSBC Flexi-Trt Int'l Trt Invesco International	Medium Very High	-8% -8%	0.64 0.73	-40 -51	-32 -38	-19 -19	,	AUSTRALIAN LISTED						-
Avoiu	JB Were International	High	-2%	0.73	-35	-34	-23	Buy	(I A) BT Global	Very High	+11%	0.46	-16	-25	-25
Avoid	Lowell International	Low	-19%	0.20	-58	-46	-11	Buy	(I A) Platinum Capital	Medium	+30%	0.33	100	7	-10
Buy	MLC Aust - Platinum Gbl MLC MKey Global Share	Very High Very High	+14% +4%	0.61 0.84	-1	-15 -32	-19 -22		(I A) Templeton Global	Medium	+4%	0.31 <b>T</b> DUOT	-26	-28	-19
Avoid	NAFM Inv Trt - Global	Medium	-7%	0.66	-38	-34	-19		NEW ZEALAND LISTE World Index Fund	Medium	IMENI -0%	0.73	S -24	-32	-22
Avoid	Perpetual ICSav - Int'l Roth FA Int'l Share	High High	+2% -13%	0.79 0.48	-26 -53	-35 -32	-25 -21		UNITED KINGDOM BASED						-22
Avoid	Tyndall Aust Int'l No 1	Very High	+1%	0.48	-34	-36	-21 -16		Alliance Trust	FIQUED II	42%	0.62	.8	-23	-12
	WealthLink World Link	Medium	-6%	0.50	-41	-28	-18		Anglo & Overseas Trust	Very High	+2%	0.82	-o -21	-23	-23
Avoid	Westpac International	Medium	-8% <b></b>	0.68	-44	-31	-20	Buy	Bankers Investment	Medium	+12%	0.81	9	-20	-14
	NEW ZEALAND I		_	-	10	20	10	Buy Buy	Brit Empire Securities Brunner Invest. Trust	Very Low Very High	+17% +8%	0.59 0.81	55 -13	.9 -35	-5 -15
	AMP International Share AMP Passive Int'l Share	Medium Medium	+2% -0%	0.87 0.80	-18 -28	-20 -31	-12 -21	Duj	Capital Gearing Trust	Very Low	+4%	0.04	36	-2	-4
	ANZ World Equity Trust	Medium	+4%	0.84	-13	-17	-10	Buy	Edinburgh Worldwide Edinburgh Investment	Very High	+7% -1%	0.79 0.81	-27 -24	-40 -31	-23 -19
Buy	ASB World Shares BNZ International Equity	High Low	+4% +10%	0.81 0.75	-27 7	-23 -12	-15 -9	Buy	F & C Smaller Companies	Medium Very High	+12%	0.81	-5	-30	-17
buy	BT Life Int'l Share	Medium	+10%	0.75	-9	-17	-11	Buy	Fleming Overseas	High	+8%	0.87	-7	-33	-21
	BTIS International Share	Medium	+3%	0.82	-13	-17	-11	Buy	Foreign & Colonial Henderson Strata Inv	Medium Very High	+6% +8%	0.89 0.58	-31	-23 -56	-15 -21
	ING International Share NZ Guardian Global	High Medium	-3% +0%	0.78 0.78	-35 -26	-32 -29	-14 -21	Avoid	Jupiter Primadona	High	-8%	0.34	-44	-54	-14
	NZFM Global Equity Gth	High	+1%	0.80	-30	-33	-26	Buy	Law Debenture Corp.	Medium	+7%	0.61	-2	-21	-15
Avoid	NZFM Global Blue Chip NZFM Global Prop & Infra	Very Low Medium	+4% -7%	0.54 0.65	-4 -39	-15 -31	-15 -16		Majedie Investment Martin Currie Portfolio	High Medium	-2% +4%	0.68 0.75	-31 -10	-32 -29	-20 -13
Buy	NZFM Global Small Coys	Very High	+13%	0.83	-39	-20	-17		Merrill Asset All (Gth)	High	+1%	0.70	-23	-29	-16
Avoid	Nat Bank Int'l Equity	Low	-7%	0.70	-35	-26	-15	Buy Buy	Mid Wynd Invest Trust Monks Investment	Medium Low	+13% +7%	0.60 0.77	20 12	-18 -23	-9 -12
	Royal & Sun Int'l S/Mkt Tower Global Equity	Medium Medium	+5% +5%	0.86 0.85	.9 -16	-16 -22	-10 -14	Duy	Murray International	Medium	+0%	0.82	-18	-29	-15
	Tower Tortis Intern'l	Medium	+1%	0.81	-23	-31	-21		Pantheon International	Very Low	-0%	0.29	4	-24	-4
	Westpac International	Medium	+0%	0.85	-24	-27	-17	Buy	Personal Assets Trust Ptarmigan International	Very Low Medium	-0% +9%	0.27 0.60	1 10	-16 -20	.9 -11
	New Zealand bas			-				.,	RIT Capital Partners	Very Low	+3%	0.37	17	-17	-8
Buy	Royal Sun All Global Fd Sov. Super Int'l Equity	High Medium	+6% +7%	0.88	-16 .9	-23 -16	-14 -11	Buy	Scottish American Inv. Scottish Value	Medium Very High	-0% +20%	0.86 0.68	-25 23	-31 -21	-19 -3
Duy	UNITED KINGDOM				,	10	• • •	Duy	Scottish Mortgage & Trt	Medium	+2%	0.86	-16	-26	-17
	ABN AMRO Global Growth	High	-5%	0.72	-38	-43	-25		Scottish Invest. Trust Second Alliance	Medium	+3% +1%	0.90	-10 -13	-28 -28	-18
	AXA Global - Global Growth	Medium	+2%	0.89		-30	-18		Secs Trust of Scotland	Low Low	+1%	0.64 0.66	-13	-28 -24	-16 -14
	Abbey Global Growth Abbey Global Opportunities	Very Low Medium	-6% -5%	0.02 0.87	13	-8 -32	-3 -19		Special Utilities 'S'	Very Low	+1%	0.22	-8	-22	-12
	Abbey International	Low	-4%	0.85	-28	-32	-19		Tribune Trust Managed Witan Investment Coy	Medium Medium	+1% +4%	0.70 0.88	-24 -8	-32 -28	-16 -16
	Abbey Nat'l International	Medium	-2%	0.91	-20	-27	-16	Unii	TED KINGDOM BASED INVE						
	Aberdeen World Aegon Worldwide Tactical	Medium Medium	-3% -5%	0.92 0.91	-23	-27 -37	-15 -20	Buy	Asset Management	Medium	+25%	0.28	83	-32	1
	Allcurches Int'l Growth	Medium	+5%	0.94		-23	-16	Avoid	BFS Absolute Ret Cap	Very High	-9%	0.43		-92	-17
	BG International Bank of Scotland World Gth	Low Medium	+1% -0%	0.43 0.91	-10	-27 -31	-16 -18	Avoid	Fleming Wwide Income Govvett High Income IT	High Very High	-1% -74%	0.39 0.20	-26 -97	-37 -96	-3 -61
	Baring Global Growth	High	+0%	0.87	-28	-30	-18	Avoid	Legg Mason Int'l Util.	Very High	-30%	0.22	-86	-89	-64
	Britannic Global Growth	Medium	-3%	0.82	1.4	-31	-18	Avoid	Murray Global Return	Very High	-28%	0.21	-75	-77 -97	-40 -52
Buy	Canada Life International Gth Cavendish Worldwide	Medium Medium	+3% +12%	0.81 0.88	-14	-28 -19	-17 -11	Avoid	Quilter Global Enhanced	Medium	-139%	0.04		-97	-52
-	Clerical Medical UK & Overseas	Medium	+0%	0.89	-24	-29	-20		UNITED	STA	TFS				
Buy	Deutsche World Opps Dresdner Global Equity	Medium Medium	+9% -3%	0.75 0.75	-31	-26 -31	-14 -18								
Buy	Exeter Global Opportunities	Very High	+13%	0.91	01	-29	-12		AUSTRALIAN BA				0.7	27	20
	Fidelity International	Medium	+2%	0.92	22	-30	-18		BT Sel Mkts American Gth Fidelity Perp. America	High High	-6% -5%	0.52 0.70	-37 -38	-36 -41	-28 -27
	Fidelity Managed Int'l First State Global Growth	High Medium	+3% +4%	0.83 0.86	-22	-33 -25	-20 -17		Invesco America	High	-3%	0.56	00		-10
	Fr Prov International	Medium	-0%	0.86	-23	-30	-18		New Zealand bas	ED INSUF	RANCE <b>E</b>	BONDS			
Buy	Framlington International GAM International Growth	Medium Low	+1% +9%	0.80	-23	-33 -13	-18 -9		Royal Sun All Nth Amer	Medium	-2%	0.48	-20	-21	-13
Avoid	Gartmore Global Utilities	Low	-7%	0.48	-30	-38	-21		Sov. Super Nth America	Low	+3%	0.45	1	-15	-11
	Gartmore Global Growth	Low	-4%	0.82		-28	-17	A ! . !	UNITED KINGDOM ACM American Growth		NIT TR -9%	0.75		40	24
	Govett Global Opportunites Henderson Independent Port.	Medium Medium	+1% +2%	0.89 0.92	-16	-30 -25	-20 -14	Avoid	AXA Global American	High High	-9% -0%	0.75		-40 -35	-24 -24
	Henderson International	High	+1%	0.91	-21	-31	-17		Abbey American Growth	Medium	-3%	0.71	-24	-35	-24
	Hill Samuel Int'l	Low High	-3% +1%	0.80	-26	-32 -33	-19 -20	Buy Avoid	Aberdeen American Opport. Aberdeen North American	Low Medium	+7% -10%	0.41 0.81	25 -35	-29 -34	-19 -21
	Invesco Perp International Jupiter Ecology	Medium	+1%	0.83		-32	-18	AVUIU	Aegon American	Medium	-1%	0.88	-33	-35	-23
	L & G (Barclays) Worldwide	Low	+0%	0.95	-13	-25	-16		BG American	Medium	+5%	0.83	20	-25	-18
	L & G Global Growth L & G Worldwide	Medium Medium	+2% -1%	0.94 0.92	-18 -19	-30 -26	-18 -16		Baring American Gth Britannic American	High Medium	-4% -4%	0.75 0.66	-29 -26	-35 -40	-22 -25
	Lazard International Equity	Medium	+0%	0.91	-	-31	-18		Canada Life North American	Medium	+3%	0.64	-17	-35	-26
Avoid	Legg Mason Global Growth Legg Mason Telecoms	Low Low	-6% -32%	0.79 0.33		-34 -45	-20 -27		Cazenove North American Clerical Medical American	Medium Medium	-5% -3%	0.90 0.69	-31 -21	-36 -36	-24 -25
AVUIU	Lincoln Global	Medium	-32% -1%	0.33	-22	-32	-20		Credit Suisse Transatlantic	Medium	+2%	0.68	-10	-34	-21
	M & G International Gth	Low	-3%	0.81	-22	-35	-19		Deutsche American Growth	Medium	+4%	0.73	-8	-32	-22
	MGM International Equity	Low	+5%	0.81	-6	-28	-16	_	Deutsche US Index	Medium	-2%	0.82	-20	-33	-23

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Current Advice	InvestmentFund	Risk Rating	Superi- ority Rating	Market Correla- tion	Perf 36 mmth	form: 12 m/h	ance 3 mml	Current Advice		Risk Rating	Superi- ority Rating	Market Correla- tion	Perf 36 mth	orma 12 mml	ance 3 mmh
	Dresdner North American	Medium	-4% +0%	0.60	-20	-33 -35	-20		Fidelity UK Growth First State British All Cos	Medium	+5%	0.75 0.84	-8		-16
Buy	Edinburgh North American Fidelity American	High Very Low	+13%	0.71 0.26	-17 29	-15	-22 -15		Fr Prov Equity	Medium Medium	-3% -2%	0.84	-23	-27 -27	-16 -16
	First State American Gth Fr Prov American	High Medium	-3% -5%	0.80	-28	-36 -37	-23 -24		Fr Prov UK Growth Fr Prov UK Index Tracking	Medium Medium	-6% +0%	0.84 0.84		-26 -25	-15 -14
	Framlington American Gth	Medium	+0%	0.55	-11	-37	-21	Buy	Framlington UK Growth	Medium	+7%	0.62	-1	-24	-15
Buy	GAM North America Gartmore American	Low Medium	+17% +1%	0.36 0.64	-4	-12 -30	-11 -18	Buy	GAM UK Diversified Gartmore UK Growth	Very Low High	+18% +2%	0.29 0.75	-21	-16 -27	-10 -17
Avoid	Govett US Blue Chip Govett US Index	Low Medium	-8% -5%	0.28 0.87		-36 -34	-24 -24	Deni	Gartmore UK Index	Medium Medium	+0% +7%	0.81 0.56	-22 -8	-25 -20	-15 -14
	Govett US Opportunities	Low	+2%	0.87		-29	-19	Buy	Govett FTSE 250 Index Govett UK Blue Chip	High	-1%	0.83	-0	-28	-15
	Henderson North American Hill Samuel American	Medium Medium	-4% -2%	0.77 0.70	-25	-36 -36	-24 -25		HSBC FTSE 100 Index HSBC FTSE 250 Index	Medium Medium	-2% +4%	0.87 0.52	-26	-26 -22	-17 -16
Avoid	Invesco Perp US Growth	Very High	-12%	0.59		-55	-31	Buy	Hargreaves Dynamic Growth	Very High	+10%	0.41	-12	-20	-9
	JPMF United States Growth  Jupiter North America	Medium Very High	-6% -4%	0.79 0.75		-39 -43	-25 -27		Hargreaves Investment Henderson UK Capital Growth	Medium Medium	+1% +1%	0.39 0.76	-10	-27 -24	-12 -14
	L & G (Barclays) America L & G North American	Medium Medium	-1% +1%	0.78 0.79	-21 -12	-33 -33	-23 -23		Hill Samuel British Hill Samuel Capital	Medium Medium	-2% +0%	0.82 0.83	-24 -20	-22 -24	-13 -14
	L & G US Index	Medium	-1%	0.81	-20	-33	-23	Buy	Invesco Perp UK Growth	Very High	+10%	0.84	64	-20	-12
	Lazard Nth American Gth Lincoln North American	Medium Medium	-6% -4%	0.79 0.73	-30 -27	-31 -35	-23 -23	Buy	JPMF UK Dynamic Jupiter Environmental	Very High Medium	+15% +1%	0.81 0.56		-12 -24	-10 -11
Avoid	M & G American & General MGM North American Growth	Medium	-9% -1%	0.75	-37	-40	-22		Jupiter UK Growth	Medium	+1%	0.64	-16 -15		-15
	Martin Currie North American	Low High	-1%	0.72 0.72	-11 -21	-30 -39	-21 -28	Buy	Jupiter UK Special Situations Jupiter Undervalued Assets	High Very High	+2% +23%	0.34 0.53	-15	-34 -12	-13 -7
Avoid	Merrill Lynch American NPI North America	Medium Medium	-7% -5%	0.78 0.78	-30 -27	-35 -35	-22 -23		L & G (A & L) Capital Growth L & G (A & L) UK 100 Index	High Medium	+2% -1%	0.74 0.86		-25 -25	-16 -16
	Newton American	Medium	+1%	0.70	-15	-37	-25		L & G (Barclays) FTSE 100	Medium	-1%	0.80	-28	-26	-19
	OM Gerrard Nth American Old Mutual North American	High Medium	+0% -1%	0.86 0.78	-21	-33 -32	-22 -22		L & G (Barclays) Capital L & G (Barclays) 500	Medium High	-1% -1%	0.83 0.79	-21	-24 -26	-15 -15
	Prudential North American Rothschild FA Prt Nth America	Low Medium	-3% -3%	0.64 0.55	-24	-25 -33	-19 -21		L & G Equity L & G UK Index	Medium Medium	-2% -1%	0.79 0.77	-25 -21	-27 -25	-16 -16
	Royal & Sun All. Nth American	Medium	-5%	0.71	-26	-34	-22		L & G UK Recovery	Medium	-1%	0.74	-22	-26	-17
	S & W American Scot Amic American	Low Low	+1% -3%	0.42 0.59	-5 -22	-32 -24	-22 -19		L & G UK Stockmarket Legg Mason UK Growth	Medium High	-1% +4%	0.86 0.87	-23	-25 -23	-16 -14
	Scot Life America	Medium	-6%	0.79	-32	-36	-22		Lincoln Growth	Medium	-3%	0.71	-27	-26	-15
	Scot Mutual North American Scot Wid. North American	Medium Medium	-0% -4%	0.68 0.77	-19 -27	-35 -35	-22 -24	Buy	M & G Blue Chip M & G British Opportunities	Medium Medium	-3% +10%	0.84 0.50		-29 -30	-17 -15
	UNITED KINGDOM BASED L	ISTED IN	VESTM	ENT T	RUST	ΓS			M & G Capital M & G Index Tracker	Medium Medium	-6% -0%	0.65 0.88		-35 -27	-19 -16
	American Opportunity Edinburgh US Tracker	Very Low Medium	-3% +2%	0.06 0.64	0 -11	-35 -35	-20 -25		M & G Recovery	Medium	+3%	0.68	-18	-28	-13
	JPMF American	High	+4%	0.67	-10	-43	-33		M & G UK Growth MGM Special Situations	High Medium	-6% +3%	0.76 0.72	-15	-33 -27	-18 -16
Avoid	Second London American	Very Low	-10%	0.03	-52	-14	-4		MGM UK Growth	Medium Medium	+2% +5%	0.79 0.69	-13 -10	-24 -22	-15 -16
	UNITED STATES	S SMA	ALLE		Martin Currie UK Growth NatWest UK Tracker	Medium	-1%	0.86	-25	-26	-17				
	UNITED KINGDOM E								OM Gerrard UK Growth OM Gerrard UK Opportunities	Very High High	+2% +2%	0.90 0.87		-26 -27	-15 -15
Buy	Abbey US Emerging Companies	Very High	+28%	0.47	51	-17	-17	Accelel	Old Mutual UK All Share Mirror	Medium	+0%	0.82	-22	-25	-15
Buy Buy	Aegon American Small Coys F & C US Smaller Coys	Very High Medium	+9% +7%	0.87 0.58	-0	-39 -24	-31 -22	Avoid	Old Mutual UK Growth Pearl Equity Trust	Low Medium	-8% -1%	0.67 0.69	-23	-26 -25	-15 -16
Buy	Fidelity American Spec Sits	Very High	+22%	0.60	13	-30	-20		Pearl Growth Prudential UK Growth	Medium Medium	+0% +0%	0.66 0.79	-22 -24	-25 -27	-17 -16
	Fr Prov American Small Coys Gartmore America Small Coys	Low Very High	+3% +5%	0.45 0.67	-2	-29 -28	-19 -17		Rothschild FA Prt UK	Medium	+1%	0.61	-24	-25	-14
Buy Buy	Henderson Amer Small Coys Hill Samuel US Small Coys'	High Very High	+9% +21%	0.53 0.49	7 36	-28 -17	-20 -17		Rothschild FA UK Major Coys Royal & Sun All. Equity Trust	High Medium	-4% +2%	0.78 0.75	-16	-27 -22	-18 -15
Buy	Invesco Perp American Smaller	Very High	+11%	0.51	-8	-37	-22		Royal & Sun FTSE 100 Tracker Royal & Sun FTSE All Share	Medium Medium	-2% -3%	0.76 0.78		-26 -26	-16 -16
Buy Buy	Merrill Lynch American Opps Schroder US Smaller Coys	Very High Low	+20% +18%	0.45 0.61	23 59	-32 -18	-24 -18		Royal London UK Growth	Medium	+1%	0.78	-21	-27	-15
,	UNITED KINGDOM BASED L	ISTED IN	VESTM	ENT T	RUST	ΓS			Schroder UK Enterprise Schroder UK Equity	Medium Medium	+2% +6%	0.68 0.83	-24 -12	-23 -26	-17 -16
Buy	F & C US Smaller Coys	Medium	+10% +4%	0.61 0.16	19	-16	-20 -3	Buy	Schroder UK Mid 250	Medium	+15%	0.59		-11	-8
Buy	Nth Atlantic Smaller Renaissance U.S.	Very Low Low	+4%	0.16	28 49	-23 -16	-3 -19		Scot Amic Equity Trust Scot Life UK Equity	Medium Medium	+2% +1%	0.77 0.80	-20 -19	-27 -24	-16 -14
	LINITED	KING							Scot Mutual UK Equity Scot Wid. Equity	Medium Medium	-1% +0%	0.75 0.72	-22 -20	-26 -20	-16 -13
	<u>UNITED I</u>								Scot Wid. UK Index	Medium	-2%	0.78	-26	-27	-16
	UNITED KINGDOM E	-				2/	1/		Scot Wid. UK Spec Sits Soc Gen UK Growth	Medium High	+1% +6%	0.59 0.60	-19 -15	-22 -27	-13 -16
	AXA UK - UK Growth AXA UK - UK Tracker	High Medium	+2% +1%	0.89 0.92		-26 -26	-16 -16	Buy	Solus UK Growth Solus UK Special Situations	High Very High	+2% +10%	0.86 0.72		-24 -33	-14 -15
	Abbey Assets & Earnings Abbey Dividend & Growth	Low Medium	-3% -2%	0.72 0.74	-25 -23	-22 -21	-14 -12	Duy	Sovereign FTSE 100	Medium	-2%	0.77	-26	-25	-16
	Abbey General	Low	-3%	0.72		-21	-12	Buy	Sovereign UK Growth St James's UK & Gen Prog.	Medium Low	+1% +10%	0.73 0.51	-20 23	-26 -16	-16 .9
	Abbey Nat'l N & P UK Growth Abbey Nat'l Stockmarket 100	Medium Medium	-1% +0%	0.77 0.86	-24	-26 -24	-16 -15	-	Tilney UK Equity	Medium	+1%	0.68	-20		-12
	Abbey Nat'l UK Growth Aberdeen UK Blue Chip	Medium High	-2% -3%	0.71 0.77	-26 -36	-26 -30	-17 -18	Buy	UNITED KINGDOM BASED 3i Group	LISTED IN Very High	1VESTM +23%	<b>ENT I</b> 0.51	RUST .3		-16
	Aberdeen UK Growth	Medium	-1%	0.76	-29	-30	-18	-	3i UK Select	Medium	+0%	0.45	-22	-22	-11
	Aegon UK Equity Growth Aegon UK Tactical	High Very High	+4% +4%	0.85 0.83		-26 -27	-15 -16	Avoid	Aberdeen Convertible Advance UK	Very Low Low	-30% +2%	0.02 0.42	-60 -0	-63 -27	3 -8
Buy	Artemis UK Growth	Very High	+7% +2%	0.64 0.79	-19	-22 -22	-12 -14	Dono	Albany	Medium	+5%	0.39	-6	-17	-9
Buy	BG British 350 BWD Rensburg Aggressive Gth	Medium Medium	+9%	0.69	4	-8	-3	Buy Buy	Aurora Invest Trust Blue Planet UK Fin.	Medium Very High	+14% +7%	0.18 0.63	17	-30 -21	-4 -9
	BWD Rensburg UK Mid Cap BWD UK Equity	Very High Medium	+5% +5%	0.67 0.78	-12	-25 -22	-14 -12		British American IT City Merchants High Yld	Medium Very Low	-1% -3%	0.47 0.08	-20 -8	-32 -11	-12 .9
	Bank of Scotland FTSE 100	Medium	+0%	0.88		-25	-16		City of London	Medium	+5%	0.71	-14	-18	-13
	Baring UK Growth Britannic UK General	Medium Medium	+1% -3%	0.67 0.77	-23 -29	-29 -27	-17 -16	Avoid Buy	Dartmoor Deutche Equity Income	Very Low High	-112% +12%	0.04 0.61		-98 -21	-52 -5
	Cazenove UK Equity Clerical Medical UK Growth	Medium High	+0% +0%	0.71 0.82	-25	-26 -25	-17 -16	•	Dresdner RCM 2nd End 09 Dresdner RCM End 2010	Very Low Very Low	-5% -3%	0.02 0.21		-29	-7 -11
	Credit Suisse Growth	Medium	+5%	0.58	-4	-25	-14	Avoid	Dresdner RCM 2b End 06	Very Low	-8%	0.08	-16	-30	-11
	Deutsche UK Blue Chip Deutsche UK Equity	Medium Low	+2% +3%	0.81 0.68	-22 -12	-27 -21	-17 -13	Buy	Dunedin Income Growth Edinburgh UK Tracker	Very High Medium	+10% +1%	0.67 0.74	-7 -18	-24 -26	-13 -15
	Deutsche UK Growth	Medium	+5%	0.71 0.82	-8 -23	-23 -26	-14 -16	Avoid	Enhanced Zero Trust	Very Low	-84%	0.00	.0	-98	-4
	Deutsche UK Index Direct Line FTSE 100 Tracker	Medium Medium	-2%	0.94		-25	-15	Avoid Buy	Exeter Enhanced Income F & C Income Growth	Very Low Medium	-80% +11%	0.04 0.56	12	-94 -12	-59 -12
	Dresdner UK Growth Dresdner UK Index	High Medium	+4% +0%	0.59 0.81	-20 -21	-34 -25	-18 -16	Buy	Fidelity Special Values Finsbury Growth	Medium Medium	+28% +2%	0.33 0.61	102 .9	-11 -25	-6 -13
Buy	Exeter Capital Growth	High	+9%	0.49	1	-28	-7		Fleming Claverhouse	Very High	+4%	0.81	-20	-32	-19
Buy	Fidelity Special Situations	Low	+19% Copy	0.45 right	57 © <b>S</b> 4	-12 <b>-CU</b>	.7 rities	Rosoar	Gartmore Growth Opps	Very High	+1%	0.52		-32	-14

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Curren Advice		Risk Rating	Superi- ority Rating	Market Correla- tion	Perf 36 mmth	orma 12 m/h	ance 3 mmh	Current Advice	InvestmentFund	Risk Rating	Superi- ority Rating	Market Correla- tion	Perfo 36 mth	orma 12 mmth	ance 3 mth	
Buy	Glasgow Income Trust	Medium High	+10% +7%	0.39 0.45	2	-25 -26	-17 -4		Scot Mutual UK Small Coys	High Low	-0% +0%	0.80	-10 1	-37 -22	-15 -9	
Buy	Govett Strategic Inv. Invesco Convertible	Very Low	+2%	0.23	4	-25	-8	Avoid	Scot Wid. UK Small Coys Singer & Freidlander Small Cos	Very High	-8%	0.81	-33	-44	-18	
Avoid	Life Offices Opport. London & St Lawrence	Very Low Very Low	-7% -3%	0.10 0.22	-6 -7	-24 -17	-10 -3		Tilney UK Smaller Cos	Medium	+0%	0.86	-6	-28	-11	
Buy	Lowland Investment Co	Medium	+18%	0.34	37	-17	-9		UNITED KINGDOM BASED I  3i Smaller Quoted Coys	_ISTED IN Very High	NVESTM +2%	ENT   1   0.78	RUST -11	·S -34	-12	
Buy Buy	Merchants Trust Murray Income Trust	Very High Very High	+13% +15%	0.60 0.65	.9 8	-18 -20	-15 -13	Buy	AIM Trust	Very High	+21%	0.49	15	-69	-24	
Buy	Perpetual Income & Gth	Medium	+15%	0.41	17	-9	-12	Buy	Aberforth Smaller Coys	Low Medium	+17% +0%	0.60 0.78	45	-5 -35	-5 -12	
Buy	Schroder UK Growth Schroder Income & Grwth	Medium Low	-5% +8%	0.56 0.36	-37 9	-32 -10	-18 -11		Britannic Smaller Coys Capital Opportunities	Very High	+4%	0.76	3	-35 -45	-12	
,	Shires Income	Medium	-3%	0.40	-28	-35	-5	Buy	Discovery Trust Dresdner RCM Smaller	Medium High	+4% +10%	0.62 0.53	6 29	-34 -29	-15 -3	
Buy	Temple Bar Inv. Trust Tribune Trust Indexed	Medium Medium	+8% +0%	0.52 0.70	-1 -18	-18 -22	-12 -13	Buy	Dunedin Smaller Coys IT	Very High	+7%	0.75	6	-40	-14	
D	Undervalued Assets	Medium	-1%	0.28	-16		-12 -3	Buy	Eaglet Investment Trust Edinburgh Smaller Coys	Medium Very High	+23% -2%	0.49 0.81	99 -32	-36 -54	-12 -20	
Buy Unii	Value & Income Trust TED KINGDOM BASED INVES	Very Low -	+10% Frusts	0.21 - Spi	20 .IT <b>C</b> .	-3 <b>ΔΡΙΤ</b>		Buy	Finsbury Smaller Quoted	Very High	+7%	0.83	0	-35	-29	
Avoid	BFS Income & Growth	Very Low	-93%	0.01	-97	-94	6	Buy Buy	Fleming Smaller Coys Fleming Mercantile	Very High Medium	+10% +15%	0.80 0.86	9 48	-41 -16	-12 -10	
Auglal	BFS Small Companies	Very Low	+3% -137%	0.04		-12 -94	16 -54	Buy	Framlington Innovation	Low	+7%	0.71	20	-22 -39	.9 -11	
Avoid Avoid	Broadgate City of Oxford Grd Inc	Very Low Very Low	-137%	0.00 0.02		-60	-54 26	Buy	Gartmore Small Coys Gartmore Fledgling Indx	Medium Medium	-5% +22%	0.63 0.56	-20 75	-39 -12	-11 -5	
Buy Buy	Danae - Capital Derby Trust - Capital	Very High Medium	+30% +10%	0.56 0.42	5	-42 -23	-4 -10		I & S UK Smaller Coys Intrinsic Value plc	High High	+1% -1%	0.71 0.81	-14	-33 -37	-17 -9	
buy	Dresdner RCM Income Gth	Low	+2%	0.42	-13	-23 -21	1	Buy	Invesco England	Very High	+10%	0.82	-2	-35	-13	
Buy	Edinburgh Income & Val. Framlington I & C - Cap	Very Low High	+8% +0%	0.11 0.38	21 -29	-15 -37	-1 -12	Avoid Buy	Knox D'Arcy Trust Montanaro UK Small Coys	Very Low Medium	-7% +9%	0.04 0.72	-13 27	-7 -28	-0 -8	
Avoid	Framlington Second Dual	High	-53%	0.09		-80	-16	Buy	Shires Smaller Coys	Low	+9%	0.72	32	-12	3	
Buy Avoid	Gartmore SNT Gartmore High Income	Very High Very Low	+24% -37%	0.29	-83	-59 -52	-20 7	Buy	Smaller Companies IT Themis FTSE All Small	Medium Medium	+11% +2%	0.57 0.75	25 -1	-24 -29	-1 -9	
Avoid	Geared Income	Very Low	-165%	0.02		-98	-60		Throgmorton Trust	Medium	+6%	0.77	6	-25	-11	
Avoid Buy	Govett Enhanced Income Henderson High Income	Very High High	-35% +27%	0.10 0.33	-83	-80 -15	-2 -4	Uni	red $K$ ingdom based $I$ nves					APIT	AL	
,	Henderson Geared I & G	Low	-3%	0.31	-14	-26	-5	Buy	Aberforth SL - Cap	Very Low	+18%	0.35	72	-4	6	
Avoid	I & S Optimum Income Invesco Recovery 2005	Very Low Very Low	-14% +1%	0.09	-35 -3	-37 -31	-10		FIIF	ROPE						
	Invesco Geared Opps	Low	+2%	0.20	-15	-30	-10				- Tauc					
Avoid Avoid	Investors Capital Jersey Phoenix	Very High Very High	-21% -30%	0.22 0.33	-98 -83	-99 -76	-17 -35		AUSTRALIAN BAS	High	1 TRUS -3%	0.65	-35	-25	-19	
Buy	Jos Holdings - Capital	Very High	+20%	0.42	30	-26	-6		Dresdner Europe Growth	Medium	-4%	0.51	-26	-27	-18	
Avoid	Jove Investment - Cap Jupiter Enhanced	Medium Very Low	-55% -6%	0.06 0.06	-90 -25	-85 -34	8 -1	Avoid	Fidelity Perp. Europe Invesco European	Medium Very High	+1% -8%	0.80 0.64	-11 -53	-25 -36	-14 -19	
Avoid	Jupiter Dividend & Gth	Very Low	-19% +40%	0.01	02	-57 -35	-0 -8	Avoid	New Zealand B	, ,			-55	-50	-17	
Buy Avoid	Jupiter Split Trust Cap Leveraged Income Fund	Very High Very Low	-94%	0.32 0.01	83 -97	-35 -94	-8 -41		BTIS European Share	Low	-1%	0.66	-12	-15	-9	
Avoid Buy	M & G Equity Trust -Cap M & G High Income - Cap	Medium Very High	-7% +18%	0.18 0.11	-51 -23	-32 -19	-13 -7	Buy	Tower Spotlight Europe Tower Spot. Emerg. Euro.	Medium Very High	+1% +20%	0.73 0.46	-12 28	-23 -6	-16 -13	
Avoid	Martin Currie I & G (c)	Very High	-22%	0.17	-74	-77	1	Duy	New Zealand Base				20	-0	-13	
Avoid Avoid	Monthly High Income New Fulcrum	Low Medium	-33% -19%	0.12 0.11	-71 -62	-68 -58	-26 8		Royal Sun All European	Medium	+1%	0.67	-19	-21	-14	
Avoid	Premier High Income	Very Low	-45%	0.01		-58	-6		Sov. Super European	Medium	+0%	0.67	-14	-17	-10	
Avoid Buy	Quarterly High Income Rights & Issues	Very Low Medium	-159% +24%	0.00 0.37	-100	-100 -11	-82 -1	Avoid	UNITED KINGDOM ABN AMRO Pan Europe	BASED U High	NIT TR -14%	0.79		-36	-25	
Avoid	Second Scottish Nat'l	Very High	-32%	0.17	-82	-74	-27	Avoid	ACM European Enhanced Income	Very Low	-13%	0.08		-43	2	
Avoid Avoid	St David's Inv Trust Yeoman II - Cap	Medium Very High	-122% -65%	0.02 0.13	-95	-98 -93	-55 -69		AXA Global European Growth Abbey European Capital	Medium Medium	-5% +1%	0.61 0.77	-8	-26 -22	-15 -12	
									Aberdeen European Growth	High	+6%	0.81	-1	-19	-13	
	<u>UNITED KINGDO</u>				<i>:0</i> 5	<u> </u>			Aegon Europe Tactical Aegon European	Medium Medium	-5% -6%	0.81 0.86		-28 -26	-13 -14	
	United Kingdom	based $\mathsf U$	Init Tr	USTS				Dono	Allchurches Euro Growth	Medium	+2%	0.89	0	-19	-12 -18	
Buy	ABN AMRO UK Growth AXA UK - UK Smaller	Medium Medium	+11% -4%	0.64 0.95	39	-27 -35	-15 -17	Buy	BG Europe Baring Euro Sel.	Very High Medium	+7% +4%	0.68 0.43	-8 2	-26 -23	-18 -7	
	Abbey Nat'l Smaller Cos	Medium	-0%	0.80	-9	-36	-14		Baring European Growth Britannic European	High Medium	-2% +3%	0.75 0.65	-23 -7	-25 -20	-14 -13	
Buy	Aberdeen UK Emerging Aberforth UK Small Coys	Medium Very Low	+4% +21%	0.73 0.81	8	-29 -7	-7 -5		Canada Life European	Medium	+2%	0.53	-7	-24	-14	
Buy	Artemis UK Smaller Coys	Medium	+11%	0.94	,	-19	-9	Buy	Cazenove European Portfolio Clerical Medical European	Very High Medium	+7% +2%	0.64 0.72	-13 -13	-29 -24	-16 -15	
	BG British Smaller Coys BG UK Smaller Companies	Low Low	-1% -0%	0.76 0.85	-6 -12	-24 -23	-12 -12		Credit Suisse European	Medium	-0%	0.79	-16	-23	-15	
Buy	BWD UK Smaller Coys Baring UK Small Coys	High High	+16% +12%	0.65 0.74	48 29	-23 -23	-12 -16		Deutsche European Growth Dresdner Euro Index	High Medium	+2% -1%	0.76 0.74	-11 -17	-22 -23	-14 -12	
Buy	Britannic Smaller Companies	Medium	+12%	0.74	-1	-30	-10	Dono	Edinburgh European	Medium	+2%	0.66	-5	-22	-12	
Dun	Canada Life UK Smaller Coys Cavendish Opportunities	High Medium	+4% +7%	0.76 0.78	-1 11	-26 -18	-14 -5	Buy Buy	Fidelity European Opps Fidelity European	Very High Medium	+9% +16%	0.77 0.66	-1 49	-23 -9	-19 -6	
Buy	Cazenove UK Smaller Coys	High	+7%	0.78	4	-27	-18	Avoid	First State Euro Growth	Medium	-10%	0.77	10	-20	-13	
Avoid	Clerical Medical UK Smaller Credit Suisse UK Sm Coys	Medium High	-8% -2%	0.92 0.75	-13	-29 -37	-11 -14		Fr Prov European Framlington European	High High	+2% +4%	0.68 0.68	-10 -5	-26 -23	-15 -14	
Avoid	Deutsche Genesis	Very High	-8%	0.89		-39	-24	Buy Buy	GAM European Growth Gartmore European Sel Opps	Medium High	+10% +10%	0.69 0.65	11	-24 -18	-12 -11	
	Dresdner UK Mid-Cap Dresdner UK Smaller Companies	High Very High	+3% +2%	0.66 0.60	-8 -14	-32 -35	-16 -13	Duy	Gartmore European	High	+3%	0.75	-10	-24	-16	
	Edinburgh UK Smaller Coys	Very High	+3%	0.68	-19	-52	-23		Govett European Strategy Govett European Blue Chip	Very High Medium	+6% +1%	0.60 0.71	-14 -17	-26 -25	-17 -16	
Buy Buy	First State British Small Cos Gartmore UK & Irish Small Cos	Medium Very High	+8% +14%	0.92 0.74		-18 -32	-11 -11		HSBC Eurotrack 100	Medium	+1%	0.82	-12	-25	-15	
,	Gartmore UK Small Coys	Medium	-2%	0.72	-14	-33	-11		Henderson European Hill Samuel European	High Medium	+5% +3%	0.70 0.75	-1 -7	-23 -23	-13 -13	
	Govett UK Smaller Companies Hill Samuel UK Smaller Coys	Medium Medium	-3% +1%	0.74 0.76	-19 -0	-28 -23	-13 -15		Invesco Perp Euro Growth	Very High	+2%	0.46	-18	-29	-15	
Avoid	Invesco Perp UK Small Coys JPMF UK Smaller Companies	High Low	+5% -7%	0.78 0.89	5	-23 -31	.9 -13	Buy	JPMF European Growth JPMF New Europe	Low Very High	-2% +21%	0.77 0.59		-22 -1	-10 -11	
AVUIU	Jupiter UK Small Cos	Medium	+2%	0.81		-31	-11	Buy	Jupiter European	Low	+7%	0.60	17	-17	-8	
Buy	L & G UK Small Coys Lazard UK Small Coy	Medium Low	+5% +9%	0.83	5 25	-26 -14	-14 -10		L & G (A & L) European L & G Euro Index	Medium Medium	-5% +1%	0.88 0.81	-12	-22 -24	-15 -14	
,	M & G Smaller Companies	Very High	-0%	0.81	-17	-37	-12		L & G European Lazard European Growth	Medium Medium	-2% +3%	0.78 0.74	-21 -2	-25 -22	-14 -10	
Buy	Marlborough Special Situations OM Gerrard UK Small Companies	High Low	+26% -3%	0.60 0.89	107	-25 -31	-13 -10		Legg Mason Euro Growth	Medium	-5%	0.80		-21	-11	
	Pearl UK Small Coys	High	-5%	0.76	-25	-39	-21		Lincoln European M & G European Index Tracker	Medium Medium	+0% -4%	0.72 0.89	-13	-22 -25	-13 -14	
Buy	Prudential Smaller Companies Royal & Sun All. UK Smaller	Medium High	+2% +7%	0.88 0.70	.7 .1	-30 -33	-11 -19		M & G European	High	+1%	0.79	-17	-31	-17	
Avoid	S & W Smaller Securities	Medium Medium	-24% +12%	0.73 0.78	25	-46 -17	-17 -8		MGM European Growth Martin Currie European	High Very High	+4% +5%	0.82 0.74	-7 -9	-21 -28	-14 -19	
Buy	Schroder UK Smaller Coys Scot Amic UK Small	Medium	+12%	0.78	35 -6	-30	-8 -10	Avoid	Merrill Lynch European Gth	Low	-17%	0.33	-42		-15	
			C		@ C.			Dagaar	oh Company I td							

July	3, 2002.												Г	ag	eı
Curren Advice		Risk Rating	Superi- ority Rating	Market Correla- tion	Perf 36 mml	orm: 12 mth	ance 3 mml	Curren Advice		Risk Rating	Superi- ority Rating	Market Correla- tion	Perf 36 mth	orma 12 mmh	ance 3 mml
	Newton Continental European OM Gerrard European Growth	Medium Very High	-4% +2%	0.81 0.93		-23 -29	-13 -18		Martin Currie European Merrill European	Very High High	+6% +4%	0.74 0.76	-7 -16		-14 -17
	Old Mutual European Blue Chip	High	-4%	0.78		-30	-21	Uni	TED KINGDOM BASED INVE	STMENT	<b>T</b> RUSTS	- Spi	т С	APIT	ΑI
	Old Mutual European	Very High	+2%	0.75	-18	-31	-20	Avoid	Govett Euro Enhanced	Very High	-52%	0.25		-89	-62
	Old Mutual Swiss Equities	Low	-1%	0.68	-8	-19	-10	Buy	Henderson Eurotrust	Very High	+14%	0.52	5	-28	-10
	Pearl New Europe	Medium	+6%	0.68	5	-21	-11	Avoid	Legg Mason Euro Util.	Very High	-9%	0.34	-48		-14
	Prudential European	Medium	-0%	0.80	-12	-23	-14	Avoiu	Legg Mason Euro otii.	very riigiri	-7 /0	0.34	-40	*** 1	-14
	Rothschild FA Euroland	Medium	-4%	0.84		-22	-12		EUD ODE O						
	Rothschild FA Prt Europe	High	+5%	0.65		-24	-12		EUROPE S	MALLI	ER C	US			
	Royal & Sun All. European	High	+5%	0.67	-3	-23	-14		I I I/	1	I T				
	Royal London European Gth	High	+6%	0.71	8	-24	-12		United Kingdon	I BASED U	INIT I R	USTS			
	S & W European	High	-1%	0.81		-24	-13		Aegon Euro Smaller Coys	Very High	-5%	0.82		-28	-11
	Schroder European	High	+3%	0.79	-8	-25	-13	Buy	BG Euro Small Coys	Very High	+12%	0.57	1	-25	-17
	Scot Amic European	Medium	+2%	0.80	-11	-25	-15	Buy	Deutsche Europa	Very High	+16%	0.49	15	-31	-15
	Scot Life European	Medium	+3%	0.80	-7	-24	-12		Dresdner European Smaller Coys	Very High	+3%	0.45	-19	-37	-13
	Scot Mutual European	Medium	+2%	0.75	-12	-22	-14		F & C European Smaller Coys	Very High	+4%	0.65	-23	-23	-16
	Scot Wid. Euroland	Medium	-3%	0.78	_	-25	-13	Buy	Henderson European Small Cos	Very High	+16%	0.49	18	-28	-12
	Scot Wid. Europe	High	+4%	0.70	-8	-25	-12		Hill Samuel Pan-Euro Small Cos	High	+5%	0.67		-16	-8
_	Singer & Freidlander Cont'l	High	+4%	0.64	-9	-27	-14	Buy	Invesco Perp Euro Smaller Cos	Very High	+7%	0.46	-14	-22	-8
Buy	Soc Gen European	High	+8%	0.69	2	-25	-14		JPMF European Smaller Coys	Medium	-2%	0.62		-24	-6
	Solus European Growth	Medium	-6%	0.90		-25	-13	Buy	Jupiter Euro Spec Sits	Medium	+19%	0.55		-17	-8
	Sovereign European Gth	High	+1%	0.74	-8	-24	-16	-	M & G European Smaller Coys	Very High	+6%	0.54	-10	-41	-16
	Tilney European Growth	Medium	+2%	0.73	-12	-21	-11	Buy	Schroder Euro Small Coys	Very High	+12%	0.63	7	-28	-14
	United Kingdom based	Listed I	NVESTM	ENT I	RUST	S			UNITED KINGDOM BASED	LISTED IN	NVESTM	ENT T	RUST	S	
Buy	Blue Panet Euro Fin.	Very High	+9%	0.66		-25	-1	Buy	Fleming Euro Fledgeling	Very High	+27%	0.48	38	-28	-1
-	Blue Planet Gth & Inc	Very Low	+1%	0.12		-9	-4	Avoid	Henderson Furo Micro	Very High	-18%	0.55	50	-49	-11
	Charter Pan European	Very High	-0%	0.69	-28	-29	-20	Avoid	Invesco Continental Sm	Very High	+6%	0.55	-42	-40	-12
Buy	Eastern European	High	+29%	0.45		9	-8	Avoid	TR European	Very High	-8%	0.46	-27		-12
Avoid	European Assets	High	-8%	0.39	-36	-42	-11	711014	The Edit oppositi	vo. yg	0,0	0.10			
	F & C European	High	+6%	0.67	-3	-29	-16		OF!		,				
Buy	Fidelity Euro V.	High	+24%	0.58	88	-9	-4		GEI	<u>RMAN)</u>	_				
Buy	Fleming Cont'l Europe	High	+7%	0.79	9	-25	-13		UNITED KINGDOM	L DAOED I	Lut To				
Buy	Gartmore European	Very High	+8%	0.72	3	-20	-17								
Buy	Gartmore Irish Small	Medium	+17%	0.30	64	-11	4		Baring German Growth	Medium	-1%	0.48	-16	-31	-19

## Best Managed Funds

Four funds managed by UK based **Fidelity Investments** rate very well in our *Investment Fund Survey*. These are UK listed investment trusts **Fidelity European Values** plc and **Fidelity Special Values** plc, and UK unit trusts **Fidelity European Fund** and **Fidelity Special Situations Fund**.

July 9, 2002.

All four of these funds invest in "special situations" where the Manager sees under-valuation, a recovery/turnaround situation or good growth potential which is not appreciated by the market.

The two European funds - one listed, one unlisted - are effectively clones, following the same investment strategies and owning the same stocks. The situation is similar with the UK funds where Fidelity offers both listed and unlisted funds with identical strategies and very similar portfolios.

The listed trusts use bank debt to leverage their portfolios - so are more risky, but have produced better long term returns. Managements fees are also slightly lower. The listed funds also avoid the initial sales charge which creates a 6-7% bid/offer spread on the unlisted funds. That would appear to make the listed trusts more attractive.

On the downside, however, Fidelity Special Values trades at a high 13% premium to net asset value. So the unlisted UK trust may be the better option at present. Investors could then redeem the unlisted fund and reinvest in the listed trust when it next trades at a 10-15% discount to net asset value.

To allow comparison between funds, all of the following charts have been drawn to the same ratio price scale.

#### **European Funds**

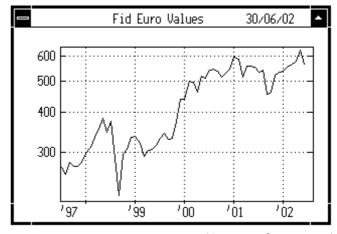
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**Fidelity European Values plc** (code FEV) is a listed investment trust that seeks "long term growth from the stockmarkets of Continental Europe". The trust invests in large, medium sized and smaller companies, relying on stock picking based upon criteria involving undervaluation, "turnaround situations" and growth situations that are "unrecognised" by the market.

The trust holds a £413 million portfolio, which is slightly leveraged with loans of 90 million Euros (about £58 million), or about 14%. The portfolio is well diversified.

The issued capital consists of 63,143,386 shares which at  $563\frac{1}{2}$  pence trade at a 3% premium to net asset value. The management fee is 1.0% per annum, and the shares offer a small 0.4% income yield

In our *Investment Fund Survey* the shares rate as *High Risk*, probably reflecting its use of leverage, but earn a very high *Superiority Rating* of +24%. In fact, the trust has performed extremely well over the last six months!



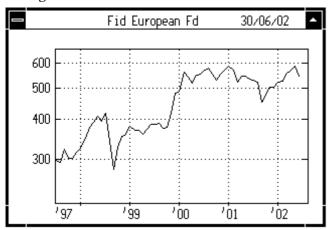
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**Best Managed Funds** (Continued from page 7) **Fidelity European Fund** is a UK unit trust which follows a similar investment strategy as the listed Fidelity European Values plc trust.

This unit trust is very large, with assets of £1,787 million. This portfolio is also very well diversified, with holdings in 160 companies. The ten largest investments make up just 24% of the portfolio.

The management fee is 1.5% per annum and there is the usual 6-7% spread (which is discounted through some brokers) in the initial bid/offer spread. The initial investment is £1000, then £250 for additional investments. The expected income yield is nil.

Fidelity European Fund has a *Medium Risk* rating in our *Investment Fund Survey* and a high *Superiority Rating* of +16%.



**United Kingdom Funds** 

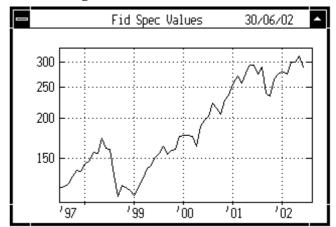
**Fidelity Special Values plc** (code FSV) is a listed investment trust that seeks "long term capital growth from an actively managed portfolio of special situation investments".

The trust holds a £136 million portfolio, which is slightly leveraged with loans of £20 million, or about 15%. The portfolio is well diversified.

The issued capital consists of 40,980,282 shares. At around 290½ pence the shares are trading at a high 13% premium to net asset value. The management fee is 0.95% per annum, and the shares offer a 1.0% income yield

The shares rate *Medium Risk* and have a very high *Superiority Rating* of +28%. Fidelity Special Values

performed particularly well during 2000 and early 2001, and again over the last six months, to earn a far above average return for its investors.

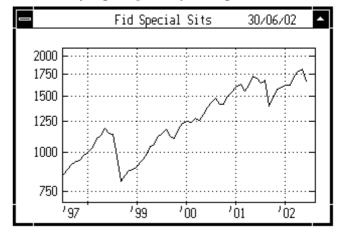


UK unit trust **Fidelity Special Situations Fund** is a clone of listed Fidelity Special Values plc and is "aggressively" managed seeking "long term capital growth" from "special situation" investments.

This is also a very large fund with assets of £1,632 million. The portfolio consists of shares in 203 companies, with only 19% of the portfolio in the ten biggest holdings.

The management fee is 1.5% per annum and there is the usual 6-7% spread. The initial investment is £1000, then £250 for additional investments. The income yield is nil.

Fidelity Special Situations Fund has *Low Risk* but earns a very high *Superiority Rating* of +19%.



### Next Issue

The next issue of *International Investor* will be posted in five weeks time on Tuesday August 13, 2002 (and delivered in most areas on Wednesday 14).

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

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