

International Investor

Issue No. 59

P.O. Box 34-162, Auckland

November 7, 2000.

Inside International Investor

When Will Stockmarkets Recover?	2	Investment Fund Survey	4-7
Korean Fundamentals Bullish	4	Best Managed Biotechnology Funds	7, 8

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

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	33%	Neutral	Neutral	Bearish	Bearish	-9.5%	-6.3%	-7.9%	3,266.50
Austria	46%	Bullish	Neutral	Neutral	Bearish	-6.8%	-2.9%	-17.7%	1,133.98
Belgium	45%	Neutral	Bullish	Bearish	Bearish	-1.5%	+8.9%	-18.5%	3,181.85
Canada	36%	Bearish	Neutral	Bullish	Bearish	-10.6%	-1.5%	+27.6%	9,720.40
Denmark	43%	Bearish	Bullish	Neutral	Bearish	+3.0%	+11.2%	+16.8%	995.93
Finland	30%	Bearish	Neutral	Bearish	Bearish	-0.1%	-24.0%	+23.6%	13,847.81
France	32%	Bearish	Neutral	Bearish	Bearish	-5.7%	-5.5%	+5.9%	4,048.54
Germany	34%	Bearish	Neutral	Bearish	Bearish	-3.0%	-8.5%	+4.8%	7,128.27
Ireland	49%	Bearish	Bullish	Neutral	Neutral	+6.7%	+3.4%	+6.1%	5,879.31
Italy	47%	Neutral	Bullish	Neutral	Bearish	+0.7%	-0.5%	+17.9%	32,977.00
Japan	29%	Bearish	Bearish	Neutral	Neutral	-3.8%	-18.4%	-19.9%	14,837.78
Netherlands	35%	Bearish	Neutral	Bearish	Bearish	-2.2%	-1.3%	+0.3%	968.90
New Zealand	23%	Neutral	Bearish	Bearish	Bearish	-18.7%	-20.0%	-26.8%	2,163.75
Norway	47%	Bearish	Bullish	Bearish	Neutral	+6.3%	+21.6%	+23.2%	878.26
Spain	27%	Bearish	Bearish	Bearish	Bearish	-3.9%	-9.4%	-9.4%	989.05
Sweden	31%	Bearish	Bearish	Neutral	Bearish	-9.8%	-21.8%	+4.6%	5,402.00
Switzerland	32%	Neutral	Bullish	Bearish	Bearish	-3.5%	+6.0%	-3.1%	8,062.10
Un. Kingdom	43%	Bearish	Neutral	Bullish	Bearish	-3.3%	-3.0%	-10.1%	6,385.40
USA	37%	Bearish	Neutral	Neutral	Bearish	-2.5%	-0.4%	+4.1%	1,426.69
Argentina	45%	Bullish	Bearish	Bearish	Bullish	-6.9%	-9.5%	-16.4%	17,377.28
Brazil	29%	Neutral	Bearish	Bearish	Bearish	-19.9%	-10.6%	+13.3%	14,533.96
Czech Rep.	43%	Bearish	Bearish	Bullish	Bullish	-13.2%	-16.3%	-12.4%	1,518.00
Chile	50%	Neutral	Bearish	Bullish	Neutral	-5.2%	-10.5%	-0.9%	4,832.55
China	39%	Bearish	Bearish	Neutral	Neutral	-20.4%	-2.3%	+8.5%	727.50
Greece	45%	Bearish	Bearish	Bullish	Neutral	-7.1%	-18.0%	-45.8%	3,791.88
Hong Kong	41%	Bearish	Neutral	Neutral	Bearish	-10.5%	+2.0%	+14.2%	15,594.12
Hungary	30%	Bearish	Bearish	Neutral	Bearish	-10.1%	-16.4%	-12.0%	7,989.56
India	26%	Neutral	Bearish	Bearish	Bearish	-8.3%	-21.5%	-20.2%	3,935.70
Indonesia	35%	Bearish	Bearish	Neutral	Bearish	-22.1%	-34.7%	-50.7%	409.83
Israel	58%	Neutral	Bearish	Bullish	Neutral	-8.2%	-2.1%	+19.9%	441.08
Korea	45%	Bullish	Bearish	Bullish	Bearish	-22.3%	-26.9%	-35.8%	560.41
Malaysia	32%	Bearish	Bearish	Neutral	Bearish	-6.7%	-17.8%	+5.4%	760.30
Mexico	27%	Bearish	Bearish	Bearish	Bearish	-7.1%	-4.6%	+5.0%	6,319.58
Philippines	21%	Neutral	Bearish	Bearish	Bearish	-22.5%	-32.9%	-50.0%	1,287.85
Poland	31%	Bearish	Bearish	Bearish	Neutral	-14.4%	-12.2%	+8.4%	16,550.30
Portugal	33%	Neutral	Bearish	Bearish	Neutral	-10.5%	-11.8%	-4.4%	2,654.54
Russia	35%	Bearish	Neutral	Neutral	Bearish	-6.7%	-9.5%	+99.8%	1,936.86
Singapore	33%	Bearish	Bullish	Bearish	Bearish	-0.2%	-3.2%	-5.7%	2,061.50
Sth Africa	35%	Bearish	Bullish	Bearish	Bearish	-1.6%	+4.1%	-5.7%	8,417.70
Taiwan	31%	Bullish	Bearish	Bearish	Bearish	-29.6%	-36.6%	-24.2%	5,796.08
Thailand	34%	Bearish	Bearish	Bullish	Bearish	-13.6%	-32.9%	-39.0%	287.84
Turkey	61%	Bearish	Neutral	Bullish	Neutral	+2.4%	-25.2%	+51.3%	14,803.00
Venezuela	42%	Bullish	Bearish	Bullish	Bearish	-6.3%	+7.9%	+1.0%	6,457.93

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

Stockmarket Outlook

The reasons for the unfavourable forecasts for most world stockmarkets have been discussed over recent months: World economic growth is at cyclical highs and could turn down sharply owing to either labour shortages, higher inflation, higher interest rates or the impact of higher oil prices. World stockmarkets are also near highs - both in absolute terms and relative fundamentals (i.e. Price/Earnings ratios are high, Dividend Yields low). The "wealth effect" of high share prices has encouraged a spending boom, which has helped boost economic growth rates over recent years.

A decline in economic growth rates would slow the growth in corporate profits. If companies fail to achieve the growth expectations built into current share prices then stockmarkets will decline. This will reverse the "wealth effect", resulting in higher savings and a drop in consumer spending. Lower consumer spending can continue this cycle by lowering economic activity and corporate profits.

The only real question is whether this economic slowdown is a *soft landing* (i.e. growth rates slow, but the world avoids a recession) or a *hard landing* (i.e. the world economy spirals into recession, with the downturn leading to a negative wealth effect, low consumer spending, further economic contraction, falling corporate profits, plunging stockmarkets). Increases in interest rates during 1999/2000, plus the bursting of the technology share bubble provide the environment for an economic slowdown which, with good economic management, could become a *soft landing*. The current high oil price, however, could slow the world economy sufficiently to cause a *hard landing*. All previous oil price shocks have resulted in a hard landing.

The Impact of the Current Situation on World Stockmarkets

World stockmarkets have reacted differently to the current situation.

In Asia, sentiment is very negative and stockmarkets have fallen sharply as investors price in the impact of a hard landing. This is perhaps an example of what Peter Lynch (*One Up on Wall Street*) calls "penultimate preparedness" - where investors prepare themselves for the *last* thing that has happened. Lynch gives the example that *after* the October 1987 crash, "people began to worry that the market was *going* to crash". Having suffered a major crisis in 1997/1998, Asian investors appear to have sold down their stockmarkets in preparation for another crisis.

In contrast, the United States, United Kingdom and European stockmarkets are being priced in anticipation of a soft economic landing - to be followed by another economic and stockmarket boom.

Part of the discrepancy between these markets could be the result of the impact of oil prices on expectations. Emerging economies are more dependent upon oil and are consuming approximately twice as

much oil per dollar of Gross Domestic Product as developed economies. The sharp rise in oil has therefore had a more negative impact upon emerging economies than upon developed economies.

The reverse side of the coin, of course, is that when oil prices fall sharply in 2001 this will have a much more favourable impact upon the emerging economies.

When Will Stockmarkets Recover?

The immediate outlook for stockmarkets may not be attractive, but when can investors expect this situation to improve? The answer to that question will depend, in no small part, on whether the world economy suffers a soft or hard landing. Nevertheless, at this stage it seems likely that oil prices and interest rates will decline during 2001.

Pressure will continue on OPEC to lift production - even if the cause of the shortage is in other areas (i.e. pipeline capacity, refining capacity). Oil demand increased rapidly this year as Asian economies recovered strongly but OPEC has been slow to *raise* production to meet this higher demand. The slowing in economic growth rates plus the end of the Northern Hemisphere winter will lower oil demand in early 2001. If OPEC is equally slow to lower production - which is likely - then the price of oil will drop rapidly in the first quarter of 2001.

As mentioned above, lower oil prices will have the greatest favourable impact on the emerging economies which use more oil per unit of production than the developed economies. With stockmarkets in these emerging economies already priced to expect the worst, stock prices could jump sharply higher.

Subject to economic developments, it also appears likely that major economies will cut interest rates about mid-2001.

Summary and Recommendation

Stockmarkets in developed countries remain expensive and have not adjusted to the threat of a hard landing in the world economy. On the other hand, stockmarkets in Asia and other emerging economies have reacted poorly to the impact of higher oil prices and the threat of a downturn in global economic activity. As a result, we believe that developed stockmarkets have *under-anticipated* the necessary adjustment to prices while emerging stockmarkets have *over-anticipated*.

The next 6-9 months may hold some unpleasant economic surprises - but oil prices and interest rates are likely to fall in early to mid 2001. Lower oil prices will be particularly favourable for the emerging economies.

Asian and emerging stockmarkets have (1) fallen sharply anticipating the worst but (2) will benefit most from lower oil prices next year. These markets are therefore probably *already at their lows and close to an important buying opportunity*.

Developed stockmarkets are still too expensive and will likely continue to drift lower over at least the next 6-9 months.

Recommended International Investment Funds

Investment Strategy

Most world stockmarkets have fallen over recent months, so continue to hold 30-40% of international portfolios in a cash reserve, waiting for the next buying opportunity.

While that buying opportunity in developed markets may still be 6-12 months away, Asian and Emerging stockmarkets appear to have over-reacted and fallen too far. An opportunity to add to investment positions in these depressed markets may therefore be close at hand.

Fund News

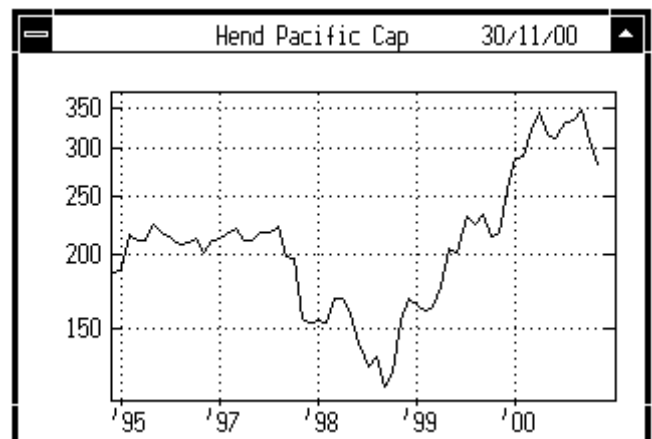
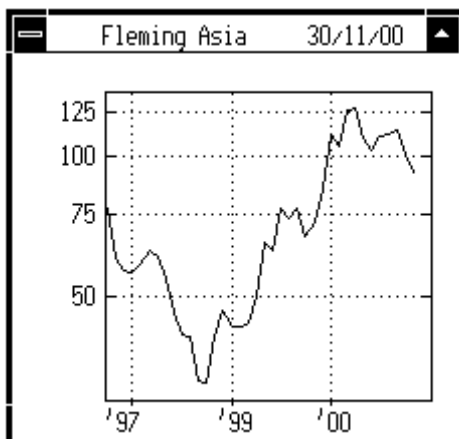
Both **HSBC Asian Fund** and **HSBC Hong Kong Growth Fund** have been converted from *Unit Trusts* to *Open Ended Investment Companies* (OEIC). Very little changes except that the Manager quotes just a single *redemption* price for the shares. When you buy in, an initial sales fee (usually 3%) and other fees (usually about 2%) are added to that quoted price.

Templeton Emerging Market Investment Trust plc has re-purchased just 800,000 of its own shares over the last four weeks, reducing its issued capital to 456,608,671 shares.

Current Advice	Investment Fund	EPIC Code	Initial Recommendation		Prem/Disc to Net Assets	Recent Price		Gain or Loss %	
			Date	Offer Price		Bid-Offer or Last Sale	NZ Cents		
Asian Regional									
BUY	Fleming Asia WARRANTS	FAIW	07/03/00	43.8p	141.7		24.75p	89.3	-37
HOLD	Fidelity Asian Values WARRANTS	FASW	10/03/98	17.5p	49.7		18.0p	65.0	+31
HOLD	Gartmore Pacific Growth Fund	*	29/10/85	41.4p	105.4		187.98-200.16p	700.2	+565
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		46.4p	167.3	+57
HOLD	HSBC Hong Kong Growth Fund	*	07/04/98	159.4p	481.6		203.2p	733.2	+52
BUY	Henderson Pacific Capital	*	08/08/00	342.2p	1122.6		288.0p	1039.2	-7
HOLD	Schroder Asia Pacific WARRANTS	SDPW	13/07/99	25.5p	75.8		19.25p	69.5	-8
Japan									
HOLD	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	-16%	161.5p	582.7	+32
HOLD	Invesco Japan Discovery Trust	IJD	13/07/99	95.5p	284.0	-7%	119.0p	429.4	+51
Korea									
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		62.62-67.04p	233.9	+12
Thailand									
HOLD	Old Mutual Thailand Trust	*	08/12/98	49.0p	155.9		39.40-42.74p	148.2	-5
International									
HOLD	Aberdeen Prolific Emerging Markets	*	13/08/91	39.0p	116.1		65.99-69.82p	245.0	+111
HOLD	Templeton E/Markets WARRANTS	TEMA	13/07/99	40.3p	119.7		21.0p	75.8	-37
* 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 71¼ pence (-14%, i.e. 14% below net asset value), **Fleming Asian** shares at 96½ pence (-12%), **Schroder Asia Pacific** shares at 73½ pence (-16%), **Templeton Emerging Markets** shares at 111¼ pence (-21%), **Baillie Gifford Shin Nippon** warrants at 41 pence, **Invesco Japan Discovery** warrants trade at 57½ pence.



Investment Fund Survey

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
NEW ZEALAND							
NEW ZEALAND BASED UNIT TRUSTS							
	A Jones NZ Share	Very Low	-0%	0.46	-6	1	-2
	AMP NZ Share	Very Low	+2%	0.53	7	1	-3
	AMP Passive NZ Share	Very Low	-3%	0.15	-8	-8	-7
	AMP Tracker Fund	Medium	-0%	0.58	-22	-8	-8
	ANZ Tranz Equity	Very Low	-2%	0.68	-4	2	-3
	ASB NZ Shares	Medium	-1%	0.71	-5	-7	-7
	AXA NM NZ Leaders	Low	-0%	0.63	-11	2	-4
	BNZ Active Growth	Very Low	+2%	0.16	11	2	2
	BNZ Equities Discovery	Very Low	+5%	0.27	6	-3	-3
	BNZ NZ Blue Chip	Very Low	+0%	0.82	-2	1	-3
	BNZ NZ Equity Index	Medium	-1%	0.84	-20	-8	-8
	BT LP New Zealand Share	Very Low	+5%	0.64	12	-1	-1
	BTIS NZ Share	Very Low	+2%	0.58	8	6	-1
	Coronet Equity Trust	Very Low	-2%	0.31	-4	4	-3
	Direct Second Fifteen	Very Low	+1%	0.19	9	1	3
	FCMI Toronto New Zealand	Very Low	-2%	0.22	-7	-7	-2

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
	NZ Guardian NZ Equity	Low	+2%	0.72	-9	-6	-7
Buy	NZ Guardian Small Coys	Very Low	+20%	0.18	72	27	0
	NZ Guardian NZGT 30	Medium	-3%	0.76	-21	-6	-9
	NZ Share Index Top 40	Medium	-3%	0.81	-17	-5	-6
Buy	NZFM NZ Equity	Very Low	+7%	0.31	11	12	-4
	NZFM Prop & Infrastruct.	Very Low	+2%	0.10	-3	-1	-9
Buy	Nat Bank NZ Equity Gth	Very Low	+7%	0.55	24	8	-2
	Royal & Sun NZ Exp Asia	Very Low	-2%	0.06	-1	-2	-2
	Royal & Sun NZ Sharemkt	Very Low	-0%	0.45	-2	-5	-5
	Tower New Zealand Equity	Very Low	-1%	0.63	-6	4	-3
	Tower Tortis New Zealand	Very Low	-4%	0.36	-25	-3	-8
Avoid	Westpac NZ Share Index	Very Low	-7%	0.52	-26	-10	-11
	Westpac Sel. NZ Shares	Very Low	-2%	0.48	-14	1	-4

NEW ZEALAND BASED INSURANCE BONDS

	CIGNA NZ Shares	Very Low	-1%	0.43	-10	6	-6
	Sov. Super New Zealand	Very Low	+4%	0.20	21	9	7

NEW ZEALAND LISTED INVESTMENT TRUSTS

	Mid-Cap Index	Very Low	-3%	0.50	-4	-6	0
	TeNZ	Very High	-0%	0.91	-25	-7	-10

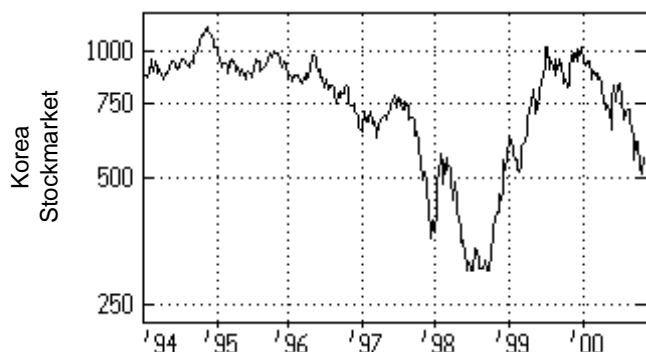
UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

	NZ Investment Trust	Very Low	-4%	0.26	-15	4	2
--	---------------------	----------	-----	------	-----	---	---

South Korea

Stockmarket Valuation

Like many Asian stockmarkets, Korea has suffered a decline this year . . .



. . . but that cannot continue much further with Price/Earnings ratios now at historical lows and Dividend Yields at historical highs . . .



AUSTRALIA

AUSTRALIAN BASED UNIT TRUSTS

Avoid	AMP Active Quant Share	Very Low	-8%	0.04	-7	-5	2
	AMP Blue Chip Trust	Medium	+1%	0.58	53	19	3
	AMP Equity Trust	High	+6%	0.59	73	20	2
	AMP Multi-Mgr Aust Share	High	+1%	0.66	43	15	4
Buy	AMP Small Companies Trust	Medium	+8%	0.29	78	24	5
	ANZ Aust Sharemarket Trt	Low	-5%	0.54	24	11	-1
	ANZ Australian Leaders	Low	-6%	0.46	29	9	-1
	ANZ Div Imputation Trust	Low	-2%	0.46	43	13	-3
Avoid	ANZ Equity Trust No 1	Low	-8%	0.45	13	6	-4
	ANZ Equity Trust No 2	Low	-6%	0.46	23	7	-2
	ANZ Equity Imputation Trt	Low	-4%	0.37	27	7	-3
	AXA NM Australian Leaders	High	+4%	0.69	58	22	-4
	AXA NM Equities Imput'n	Medium	-4%	0.62	25	11	-0
	AXA NM Industrial Fund	Medium	-4%	0.52	35	20	0
	Advance Imputation Fund	Low	-1%	0.54	46	17	3
Buy	Aust Ethical Equities	Very Low	+5%	0.14	53	13	4
	Aust Unity Aust Leaders	Very High	+24%	0.19	23	2	2
	BT Sel Mkts Equity Imp.	Medium	-6%	0.37	23	-6	-5
	BT Split Trust Growth	Medium	-0%	0.29	22	11	-7
	Challenger Growth Link	Low	+1%	0.41	46	13	-0
	Citicorp Inv Port Aust	Low	-4%	0.41	23	5	-6
Buy	Col First State Dev. Coys	Medium	+16%	0.15	98	19	0
	Col First State Imput'n	Medium	+2%	0.62	53	14	1
Buy	Col First State Future Ld	Medium	+17%	0.27	126	36	7
	Col First State Aust Sh.	High	-6%	0.69	7	0	0
	Commonwealth Aust Share	Very Low	-2%	0.39	38	18	-1
	Commonwealth Imputation	Low	-6%	0.45	10	10	-4
Avoid	Dresdner Australian Gth	High	-11%	0.22	-2	1	1
	HSBC Flexi-Trust Imp Gth	Medium	+0%	0.59	52	14	-0
	Hunter Hall Value Growth	Very Low	+5%	0.02	35	3	0
	Invesco Australian Small	Medium	-2%	0.17	25	-14	-13
Avoid	Invesco Australia	Medium	-8%	0.59	16	2	-4
Avoid	Invesco Imputation	Very Low	-11%	0.31	8	3	1
Buy	JB Were Emerging Leaders	Medium	+13%	0.32	87	35	4
	JB Were Investment	Medium	-1%	0.29	34	15	3
	JB Were Leaders Trust	Medium	+2%	0.68	46	17	0
Avoid	Lowell Aust Growth	High	-12%	0.28	-14	-8	-8
	MLC Aust Tr - Aust Share	Low	-4%	0.39	31	9	0
	MLC Aust Trust - Index	Low	+0%	0.45	39	14	-1
	MLIM Growth Trust	Medium	-3%	0.63	23	8	-1
	MLIM Imputation Trust	Medium	-2%	0.70	29	9	-1
Avoid	Macquarie S/M Aust Share	Very Low	-9%	0.30	5	-1	-1
	Merc Mutual Blue Chip	Low	+1%	0.50	53	15	2
	Merc Mutual Aust Share	Medium	-0%	0.65	32	11	1
	Merc Mutual Emerging Coys	Very Low	+5%	0.15	42	8	5
	NAFM In Trt - Equities	Medium	-2%	0.58	34	7	1
	NAFM Inv Trust - Div Imp	Medium	-2%	0.49	38	4	1
	Norwich Imputation Trust	Medium	-5%	0.61	20	9	-1
	Parker Enhanced Leaders	Low	+1%	0.54	39	19	3
	Perpetual ICSav - Indust.	Very Low	+1%	0.50	44	14	0
	Perpetual ICSav - Sm Coys	Very Low	-1%	0.19	31	8	2
	Perpetual ICSav - Aust	Low	+0%	0.51	43	15	0
	Perpetual Industrial	Very Low	-3%	0.24	33	15	0
	Roth FA Australian Share	Medium	-4%	0.49	21	8	-1
	Roth FA Smaller Companies	Low	-4%	0.28	8	-2	-0
Buy	Tyndall Aust Spec Sits	Very High	+16%	0.17	97	18	-20
	Westpac Aust Tax Effect.	Low	+0%	0.61	48	17	1
	Westpac Aust Gth Share	Medium	+1%	0.62	48	19	-0

NEW ZEALAND BASED UNIT TRUSTS

	A Jones Australian Share	Very Low	-0%	0.24	32	13	3
	AMP Australian Shares	Very Low	-0%	0.17	42	10	3
	BTIS Australian Share	Very Low	-6%	0.24	17	-1	-2
	Col FS Australian Equity	Low	-3%	0.56	12	1	-2
Avoid	Col FS Tasman Share Trt	Very Low	-10%	0.05	7	1	1
	Nat Bank Aust Equity Gth	Very Low	-0%	0.22	31	22	2
	Nat Bank Trans Tasman	Very Low	+1%	0.17	34	15	1
Avoid	Westpac Australasian	Very Low	-8%	0.20	2	6	-1

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

NEW ZEALAND BASED INSURANCE BONDS

	Royal Sun All Trans-Tas	Very Low	-4%	0.31	20	8	-1
	Sov. Super Australia	Very Low	-3%	0.28	31	12	2

UNITED KINGDOM BASED UNIT TRUSTS

	Friends Prov. Australian	Medium	+3%	0.66	58	18	2
	M & G Australian	Medium	-2%	0.49	48	9	2

AUSTRALIAN LISTED INVESTMENT TRUSTS

	Argo Investments	Very Low	-6%	0.05	11	2	0
Avoid	Australian Foundation	Very Low	-8%	0.08	3	-13	-5
Avoid	BT Australian Equity	Very Low	-7%	0.02	10	-3	-9
	Bounty Investments	Very Low	-5%	0.05	24	6	1
	Cambooya	Very Low	-3%	0.09	38	-3	-1
	Choiseul Plantation	Very Low	+1%	0.06	45	3	-0
	Diversified United Inv.	Very Low	+2%	0.02	50	18	2
	Huntley Investment Coy	Low	-2%	0.27	37	11	1
	MaxiLink - Capital	Low	-1%	0.20	42	-9	-4
	Wakefield Investments	Very Low	-6%	0.10	25	-1	0

NEW ZEALAND LISTED INVESTMENT TRUSTS

	Ozzy Tortis	High	+6%	0.59	70	21	0
--	-------------	------	-----	------	----	----	---

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Avoid	Australian Opportunity	Low	-24%	0.07	-23	-30	5
-------	------------------------	-----	------	------	-----	-----	---

GOLD & MINING**AUSTRALIAN BASED UNIT TRUSTS**

	BT Sel Mkts Global Res.	Very Low	-6%	0.70	19	29	11
	Col First State Glb Res.	Medium	+4%	0.86	41	11	6
	JB Were Resources	High	+1%	0.89	19	13	-1
	Lowell Aust Resources	Medium	-4%	0.71	4	11	4
	Merc Mutual Resources	High	-3%	0.89	-5	12	-0
	Roth FA Natural Resources	Medium	-1%	0.89	12	18	1

UNITED KINGDOM BASED UNIT TRUSTS

	M & G Commodity	Medium	+2%	0.89	39	30	15
	M & G Gold & General	High	-0%	0.76	19	11	14
	Merrill Lynch Gold & General	High	+6%	0.53	29	-4	4

AUSTRALIAN LISTED INVESTMENT TRUSTS

	BT Resources	Low	-6%	0.62	24	9	-3
--	--------------	-----	-----	------	----	---	----

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Buy	Mercury World Mining	High	+11%	0.83	60	9	7
-----	----------------------	------	------	------	----	---	---

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

EMERGING MARKETS**AUSTRALIAN BASED UNIT TRUSTS**

Avoid	Macquarie S/M Emerging	Medium	-7%	0.71	-8	-5	-11
-------	------------------------	--------	-----	------	----	----	-----

NEW ZEALAND BASED UNIT TRUSTS

Avoid	ASB Emerging Markets	Very Low	-7%	0.67		11	-4
	NZFM Global Emerging Mkt	Medium	-3%	0.70	19	15	-5
	Nat Bank Emerging Mkts	Medium	-6%	0.78	18	22	-2

NEW ZEALAND BASED INSURANCE BONDS

Avoid	Royal Sun All E/Markets	Low	-12%	0.65	-1	3	-9
-------	-------------------------	-----	------	------	----	---	----

UNITED KINGDOM BASED UNIT TRUSTS

	Aberdeen Emerging Markets	Medium	+2%	0.78	38	39	-2
Buy	Aberdeen Frontier Markets	Medium	+15%	0.62	87	54	3
	BAM Emerging Markets	Very High	+6%	0.80		28	-4
	Framlington Emerging Markets	Very High	+1%	0.71	6	15	-11
Buy	Gartmore Emerging Markets	High	+10%	0.72	63	34	-8
	Hill Samuel Global Emerg. Mkts	Medium	-2%	0.73	24	13	-8
	Invesco GT Emerging Countries	High	-2%	0.79	19	15	-5
	Lazard Emerging Markets	Medium	-3%	0.64		26	-4
	Martin Currie Emerging Mkts	High	+2%	0.75	33	19	-4
	Merrill Lynch Emerging Markets	High	+1%	0.80	22	23	-6
	Rothschild Emerging Markets	High	+2%	0.63		22	-6
	Royal & Sun All. Emerging Mkts	High	-1%	0.78	34	12	-8
	Schroder Gbl Emerging Mkts	High	-1%	0.82	33	13	-4
	Stewart Ivory Emerging Markets	Medium	+2%	0.77	41	36	-4

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

	Aberdeen Emerging Econ.	Very High	+4%	0.72	34	37	-2
	Advance Developing Mkts	Medium	+3%	0.58		34	-5
Avoid	Beta Global Emerging	High	-7%	0.45	1	43	9
	Dresdner RCM Emerg Mkts	High	-2%	0.65	19	12	-12
Buy	F & C Emerging Markets	Very High	-3%	0.59	-22	25	-8
	Fleming Emerging Mkts	Very High	+12%	0.65	53	33	-13
	Govett Emerging Mkts	Very High	+3%	0.73	16	16	-13
	Murray Emerg. Economies	Very High	+6%	0.70	21	45	-3
	Schroder Emer Countries	Very High	+0%	0.69	29	11	-10
Avoid	Tea Plantations	Very Low	-34%	0.03	-49	-18	9
	Templeton Emerging Mkts	Very High	-4%	0.62	16	4	-4

(Continued on Page 6)

Investment Fund Survey Information.

Fund Listings. Unit trusts are listed under the country where they invest, and then sub-divided according to the country where the Fund Manager is based. For example, "Australian Funds" hold principally Australian shares and other Australian investments although these unit trusts may be based in either the UK, NZ or Australia.

Risk Ratings. Most equity unit trusts follow general stockmarket trends but some are far more volatile than others. The "Risk Rating" measures just how volatile a trust is relative to the stockmarket in the country where it invests. "Very High" and "High" risk funds will usually rise very fast during a Bull Market (i.e. during a rising stockmarket trend) but will also fall fastest in value when the stockmarket dips. "Low" and "Very Low" risk funds will experience smaller price fluctuations.

Superiority Ratings. The "Superiority Rating" is the most important statistic for selecting the best managed funds to buy and the worst managed funds to avoid. The "Superiority Rating" shows whether a fund's actual return was above or below its expected return based upon its volatility. For example, if the stockmarket rises 10% then a fund with a volatility of 1.5 would be expected to rise 15% (i.e. 10% x 1.5). If the fund rose 20% it would have a "Superiority Rating" of +5%. On the other hand, if the fund rose only 10% it would be given a "superiority rating" of -5%. (Actually, the "Superiority Ratings" are calculated from a statistical analysis of each fund's monthly performance over the last three years, with extra importance given to its performance over the latest twelve month period.)

Many unit trusts that beat the stockmarket by a substantial margin during the Bull Market years of 1986-87 simply invested in very risky, volatile shares and were not really managed in a superior way. Only funds that perform better than can be expected from their volatility (or risk exposure) can be said to be benefiting from genuinely superior management.

Current Advice. The "Superiority Rating" measures the annual amount by which a fund's performance is above or below its expected return based upon its level of risk exposure. As a high "Superiority Rating" indicates excellent management of the fund's investment portfolio these trusts are automatically given "Buy" recommendations.

A negative "Superiority Rating" shows poor investment results and the unit trusts with the worst management record have been given an "Avoid" recommendation.

Market Correlation. The "Market Correlation" measures how closely a fund's price follows general stockmarket movements (in the country where it invests). Correlations, which statisticians call R² ("R-squared"), vary from 0 (no correlation) to 1 (100% correlation). Most equity unit trusts have "Market Correlations" between 0.60 and 0.95.

Investors who buy and sell unit trusts on the basis of "market timing" should choose funds with high market correlations. The performance of these funds will closely reflect general stockmarket movements. Other investors may wish to minimise the impact of general stockmarket fluctuations and buy trusts with lower market correlations.

How to Maximise Profits from this Unit Trust Survey.

First decide whether you want to invest in a unit trust that holds New Zealand, Australian, International, United Kingdom, European, Japanese or Gold & Mining shares, then turn to the appropriate section.

If you expect the stockmarket to rise strongly (in the country where the fund invests) the "High" and "Very High" risk funds with high superiority ratings and high market correlations will be your choice.

If uncertain about the general stockmarket trend then "Medium", "Low", or even "Very Low", risk unit trusts with the highest superiority ratings will be the best investments.

Most NZ based and Australian based unit trusts are sold through sharebrokers and other commission sales organisations. UK based trusts are not sold through NZ agents but may be bought and sold (by telephone or by post) directly from the management organisations, through Chelsea Financial Services who rebate 2% of the initial sales charge or through UK internet broker FasTrade (www.fastrade.co.uk) who rebate 3%. Addresses and telephone numbers may be found in the unit trust section of leading UK newspapers (available at major public libraries), on the Financial Times internet site (www.ft.com) or from "International Investor". Prices can also be found at the TrustNet web site (www.trustnet.co.uk).

Current Advice	Investment Fund	Risk Rating	Specialty Rating	Market Correlation	Performance 36 mth	12 mth	3 mth
----------------	-----------------	-------------	------------------	--------------------	--------------------	--------	-------

LATIN AMERICA**NEW ZEALAND BASED UNIT TRUSTS**

Avoid	Tower Spot. Latin Amer.	Low	-10%	0.86	11	22	-4
-------	-------------------------	-----	------	------	----	----	----

UNITED KINGDOM BASED UNIT TRUSTS

	Abbey Latin America	Medium	+1%	0.94	31	52	-3
	Aberdeen Latin America	Medium	-0%	0.98	29	51	-4
	BG Latin American	Medium	+3%	0.95	56	54	-2
	Edinburgh Latin American	High	-3%	0.96	11	48	-3
	Fleming Select Latin America	Medium	+2%	0.98	41	46	-6
	NPI Latin American	Medium	-1%	0.92	29	45	-3
	Old Mutual Fund Latin American	Medium	+3%	0.96	47	55	-2
	Perpetual Latin America	Medium	-2%	0.95	22	51	-0
	Scot Widows Latin America	Medium	+3%	0.97		51	-2

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

	Aberdeen Latin American	High	+1%	0.94	16	61	-4
	Edinburgh Inca	High	+5%	0.84	19	52	-7
	Scudder Latin American	High	+3%	0.85	52	59	9
	Templeton Latin Amer.	High	-2%	0.84	20	30	-2

FAR EASTERN / PACIFIC (EXCL JAPAN)**AUSTRALIAN BASED UNIT TRUSTS**

Buy	Dresdner Tiger Opport.	High	+2%	0.82		19	-12
	Dresdner Taipan Trust	High	+9%	0.88	84	18	-11
	Fidelity Perp. S.E. Asia	Medium	-1%	0.91	50	-5	-14
	HSBC Flexi-Trt Dragon Trt	Medium	-1%	0.82	45	4	-20
	Norwich Asia	High	+1%	0.78		8	-2

NEW ZEALAND BASED UNIT TRUSTS

Avoid	AJ Asia Pacific Share	Medium	-7%	0.70	31	16	-4
Avoid	AMP Asian Shares	Low	-10%	0.66	15	-9	-8
	BT LP Pacific Basin	Low	-6%	0.79	7	-6	
Avoid	Royal & Sun Asian S/Mkt	Very Low	-7%	0.68	10	-3	
Avoid	Tower Spotlight Asia	Low	-7%	0.75	42	13	-4

NEW ZEALAND BASED INSURANCE BONDS

Avoid	Royal Sun All Far East	Low	-9%	0.78	23	2	-9
	Sovereign Far East	Very Low	-5%	0.29	21	9	-1

UNITED KINGDOM BASED UNIT TRUSTS

	Abbey Asian Pacific	High	+2%	0.94	52	18	-8
	Aberdeen Far East Emerging	Low	-2%	0.80	63	22	3
	BAM Far East	Low	+2%	0.95		28	1
	BG Pacific	High	+6%	0.88	64	39	0
	Baring East	Medium	-1%	0.94	55	21	-6
Buy	Britannia Pacific Growth	Medium	+7%	0.89	95	35	-2
	CGU PPT Oriental Growth	Low	-1%	0.96		16	-3
	Canada Life Far East	Medium	-5%	0.87	43	6	-4
	Cazenove Pacific Portfolio	Medium	-5%	0.93	48	19	-2
	Credit Suisse Orient	High	+3%	0.90	59	7	-6
	Deutsche Asian Trader	Medium	+1%	0.93	70	23	-3
	Dresdner Tiger	Medium	-0%	0.91	47	18	-6
Avoid	Edinburgh Asian Small Coys	High	-9%	0.87	6	-2	-10
	Edinburgh Pacific	Medium	+2%	0.87	55	28	-1
Buy	Exeter Pacific Growth	Medium	+9%	0.88	108	33	-2
	Fidelity South East Asian	Medium	+3%	0.81	85	34	5
	Fleming Select Pacific	Low	-2%	0.92	65	32	-1
	Friends Prov. Asian Growth	Medium	-5%	0.89	41	13	-8
	GRE Pacific	Medium	-5%	0.93	48	20	-2
	Gartmore Pacific	High	+2%	0.86	53	20	-5
	Govett Asia Pacific	Low	-4%	0.92	58	25	4
Avoid	Govett Greater China Fund	High	-14%	0.81	16	4	-6
	Govett Pacific	High	+1%	0.93		19	-4
	HSBC Asian	High	-0%	0.94	55	8	-7
Avoid	HSBC Pacific Index	Medium	-12%	0.58	20	24	-2
Buy	Henderson Pacific Capital	Medium	+16%	0.88	145	46	-7
	Hill Samuel Far East	Medium	+1%	0.94	55	18	-8
	Invesco GT Orient	High	-2%	0.90		7	-10
	Legal & General Pacific Gth	High	+1%	0.96	64	24	-3
	Legal & General Pacific Index	Low	-6%	0.89	48	21	0
	M & G South East Asian	Medium	+1%	0.95	65	18	-3
	Martin Currie Asian Pacific	Medium	+2%	0.87	55	29	-2
	Merrill Lynch Pacific	Medium	-1%	0.94	46	14	-7
Avoid	Murray Pacific	Medium	-10%	0.91	31	8	-4
Buy	Newton Oriental	Medium	+9%	0.88	93	44	-4
	Perpetual Asian Small Mkts	Medium	+3%	0.96	69	22	-5
	Portfolio Asia	Medium	+4%	0.93	72	24	-3
	Prudential Pacific Markets	Medium	-3%	0.86	63	10	1
	Rothschild Asia Pacific	High	-3%	0.89		5	-5
Buy	Royal London Far East Gth	High	+7%	0.84	75	30	-9
Buy	Schroder Pacific Growth	High	+8%	0.93	90	22	-4
	Scottish Amicable Asia Pacific	Low	-3%	0.89	71	10	-0
	Scottish Mutual Far Eastern	High	-1%	0.92	54	16	-1
	Scottish Widows' Sth East Asia	High	-3%	0.90	40	2	-8
	Stewart Ivory Asia Pacific	Low	+0%	0.91	66	25	-1
United	Kingdom based Listed Investment Trusts						
	Aberdeen New Dawn	Medium	+3%	0.67	82	25	7
Buy	Aberdeen Asian Small Co	Medium	+13%	0.58	94	37	-1
Buy	Edinburgh Dragon Trust	High	+9%	0.83	71	26	8
Avoid	Edinburgh Java	High	-25%	0.46	-37	-19	0
Avoid	Edinburgh New Tiger	Medium	-15%	0.78	-15	-19	-15
	Fidelity Asian Values	High	+4%	0.73	46	0	-18
Buy	Fleming Asia	Very High	+23%	0.81	107	45	-9
	Govett Asian Smaller	Very High	-5%	0.69	12	1	-2
Buy	Henderson TR Pacific	Very High	+14%	0.71	84	24	-15
	Invesco Asia	Very High	-1%	0.81	29	-3	-19
Buy	Pacific Horizons	Very High	+12%	0.78	83	44	2

Current Advice	Investment Fund	Risk Rating	Specialty Rating	Market Correlation	Performance 36 mth	12 mth	3 mth
----------------	-----------------	-------------	------------------	--------------------	--------------------	--------	-------

	Pacific Assets	Very High	+2%	0.74	49	-6	-15
Buy	Schroder Asia Pacific	Very High	+10%	0.79	72	11	-15
	Scottish Oriental Sm Co	Medium	+1%	0.64	60	21	2

FAR EASTERN / PACIFIC (INCL JAPAN)**AUSTRALIAN BASED UNIT TRUSTS**

	BT Sel Mkts Pacific Basin	Very High	-1%	0.81	58	11	-14
	Dresdner Pacific Growth	Medium	-6%	0.68	39	-2	-11
	Invesco Asian Growth	Very High	-3%	0.78	57	-4	-5

NEW ZEALAND BASED UNIT TRUSTS

Avoid	BTIS Pacific Basin	Medium	-12%	0.86	17	0	-6
-------	--------------------	--------	------	------	----	---	----

UNITED KINGDOM BASED UNIT TRUSTS

	Aberdeen Asia Pacific	Low	-2%	0.85	88	22	8
	CCS Asian Growth	Very High	+1%	0.84		17	-7
	CGU PPT Far Eastern Growth	Low	-1%	0.83		14	4
Buy	Dresdner Orient Assets	High	+10%	0.79	114	20	3
	Equitable Far East	Medium	+1%	0.94	97	19	5
	Fidelity New ASEAN	Medium	-4%	0.52			-3
	Friends Prov. Pacific Basin	Medium	+2%	0.93	84	16	0
	GAM Far East	Medium	+4%	0.71		28	6
Avoid	Investec GF Asian Smaller	Very High	-19%	0.69	-14	-5	-8
Buy	Jupiter Far Eastern	Medium	+21%	0.87	254	34	7
	Legal & General Far East	Medium	+4%	0.89	108	23	-0
	Martin Currie Far East	Medium	+3%	0.93	82	22	4
	Royal & Sun All. Far East	Medium	+1%	0.85	95	16	-0
	Schroder Far Eastern	Medium	+5%	0.95	99	20	5
	Scottish Life Pacific	Low	+2%	0.92	96	21	4
	St. James's Place Far East	Medium	+1%	0.92	89	22	5
	Un Friendly Far Eastern	Medium	+6%	0.89	98	28	-1

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

	F & C Pacific	Medium	+0%	0.69	70	5	-2
	Govett Asian Recovery	Very High	-0%	0.74		9	2
Avoid	Henderson Far East Inc.	Very Low	-17%	0.34	25	-2	-1
	Martin Currie Pacific	Very High	+3%	0.79	83	19	1

HONG KONG / CHINA REGION**UNITED KINGDOM BASED UNIT TRUSTS**

	Gartmore Hong Kong and China	Medium	-6%	0.86	54	35	-3
	HSBC Hong Kong	Medium	-5%	0.85	70	33	-1
	Invesco HK and China	Medium	-5%	0.86	47	38	-7
	Investec GF HK & China	Medium	+2%	0.89	103	47	3
	Old Mutual Fund Hong Kong	Medium	-4%	0.90	84	52	3

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

	Fleming Chinese	Very High	-2%	0.87	28	58	-16
--	-----------------	-----------	-----	------	----	----	-----

KOREA**UNITED KINGDOM BASED UNIT TRUSTS**

Buy	Baring Korean	Low	+9%	0.90	159	0	-8
	Schroder Seoul	Medium	+2%	0.87	104	-26	-12

THAILAND**UNITED KINGDOM BASED UNIT TRUSTS**

Buy	Old Mutual Fund Thailand	Medium	+11%	0.75	19	-23	-2
-----	--------------------------	--------	------	------	----	-----	----

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

	Aberdeen New Thai IT	Very Low	-6%	0.29	-4	-3	-6
--	----------------------	----------	-----	------	----	----	----

INDIA**UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS**

Buy	Fleming Indian	High	+20%	0.45	106	27	-7
-----	----------------	------	------	------	-----	----	----

JAPAN**AUSTRALIAN BASED UNIT TRUSTS**

	Dresdner Japan Growth	Very Low	+4%	0.26	130	1	-2
--	-----------------------	----------	-----	------	-----	---	----

UNITED KINGDOM BASED UNIT TRUSTS

Buy	Abbey Japan Trust	Low	+7%	0.66	124	20	9
	Aberdeen Japan	Very Low	+2%	0.50	107	14	14
	BAM Japan	Very Low	-1%	0.62		10	13
	BG Japan	Very Low	+18%	0.43	187	24	9
	Barclays Japan	Low	+1%	0.70	90	14	9
Avoid	Baring Japan Growth	Low	-10%	0.68	50	6	13
	Baring Japan Sunrise	Low	+4%	0.52	124	-9	8
Buy	Britannia Japan	Very Low	+7%	0.60	136	32	14
Buy	CCS Japan	Low	+15%	0.57	171	32	9
	CGU PPT Japan Growth	Very Low	+3%	0.44		17	12
	Canada Life Japanese	Very Low	+6%	0.42	127	20	6
	Cazenove Japan Portfolio	Low	+4%	0.64	105	17	10
	Clerical Med Japan Growth	Low	+5%	0.54	110	9	13
	Deutsche Japan Tracker	Very Low	-1%	0.68	80	20	13
Buy	Deutsche Japan Growth	Low	+14%	0.57	157	44	14
	Dresdner Japan	Low	+4%	0.59	103	4	10
	Edinburgh Tokyo	Low	-0%	0.58	79	18	9
Buy	Fidelity Japan	Low	+18%	0.45	178	34	12
Buy	Fleming Select Japanese	Low	+10%	0.60			

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
	GRE Japan	Very Low	-1%	0.61	87	10	13
	Gartmore Japan	Low	+6%	0.61	124	12	14
	Govett Japan General	Very Low	+0%	0.52	92	21	9
	Govett Japan Index Tracker	Medium	+1%	0.88		6	7
	HSBC Japan Growth	Low	+6%	0.56	113	1	10
	HSBC Japan Index	Very Low	+1%	0.68	97	18	12
	Henderson Japan	Very Low	+2%	0.42	104	25	16
	Hill Samuel Japanese	Low	+4%	0.53	101	4	6
	Invesco GT Japan	High	+3%	0.43		6	12
	Lazard Japanese	Very Low	+5%	0.47	126	17	13
	Legal & General Japanese	Very Low	+4%	0.54		27	9
	Legal & General Japan Index	Very Low	+1%	0.66	100	19	13
	M & G Japan & General	Low	+2%	0.72	88	14	10
Buy	Martin Currie Japan	Very Low	+7%	0.59	134	21	12
	Merrill Lynch Japan	Low	+5%	0.60	111	21	14
Buy	Murray Japan	Very Low	+9%	0.62	148	13	9
	Newton Japan Growth	Very Low	-2%	0.61	77	0	5
	Old Mutual Fund Japan	Low	-1%	0.63	77	19	13
	Perpetual Japan Growth	Very Low	+1%	0.59	105	4	6
	Portfolio Japan	Medium	+2%	0.53		4	7
	Prudential Japanese	Low	+0%	0.76	95	16	11
	Rothschild Japan	Low	+2%	0.59		10	6
Buy	Royal London Japan Growth	Low	+8%	0.51	124	14	4
Buy	Schroder Japan Enterprise	Medium	+19%	0.39	132	15	9
	Schroder Tokyo	Very Low	+3%	0.55	106	25	11
	Scottish Amicable Japanese	Low	-0%	0.76	89	13	11
	Scottish Mutual Japanese	Low	+4%	0.69	114	18	11
	Scottish Widows' Japanese	Very Low	+4%	0.60	100	19	7
Buy	Stewart Ivory Japan	Very Low	+12%	0.52	166	13	10
Buy	Sun Life of Canada Japan	Low	+16%	0.50	174	28	12
UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS							
Buy	Fleming Japan	High	+19%	0.53	166	8	2
Buy	GT Japan	Medium	+8%	0.51	91	4	10
Buy	Gartmore Select Japan	Medium	+7%	0.53	118	10	2
Buy	Invesco Tokyo	High	+8%	0.57	100	5	14
	Martin Currie Japan	Medium	+4%	0.45	110	12	13
	Perpetual Japan	Medium	+1%	0.38	111	-9	8
	Schroder Japan Growth	Very Low	+2%	0.32	115	11	13

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
JAPAN SMALLER COS							
UNITED KINGDOM BASED UNIT TRUSTS							
Buy	Dresdner Japan Spec Sits	Low	+16%	0.76	241	-4	5
	Edinburgh Japan Small Coys	Low	-4%	0.79	131	5	12
	F & C Japanese Smaller Coys	Low	+0%	0.83	114	-28	-14
Buy	Fidelity Japan Sp Sits	Low	+13%	0.82	218	-10	3
	Friends Prov. Japan Small Coys	Very Low	-0%	0.83	144	1	8
	HSBC Japan Small Coys	Low	+5%	0.74	205	-4	3
Avoid	Henderson Japan Smaller Coys	Very Low	-10%	0.71	97	-14	5
Buy	Hill Samuel Japan Small Cos	Medium	+10%	0.80		14	9
Buy	Invesco Japanese Small Coys	Medium	+22%	0.80	351	-11	8
	M & G Jap Small Cos	Very Low	-2%	0.61	160	20	25
Avoid	Schroder Japan Small Coys	Very Low	-12%	0.28	76	-1	7
UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS							
Buy	B Gifford Shin Nippon	Medium	+9%	0.66	230	-10	2
Buy	Baillie Gifford Japan	Very Low	+10%	0.68	203	17	5
Buy	Fidelity Japan Values	Medium	+16%	0.69	281	-12	2
Avoid	Henderson Japan Small	Very Low	-18%	0.59	70	-15	11
Buy	Invesco Japan	Very High	+24%	0.70	362	-7	5
TECHNOLOGY							
UNITED KINGDOM BASED UNIT TRUSTS							
Buy	Aberdeen Technology	Medium	+12%	0.88	407	86	-2
Buy	CF Bio-Tech	High	+24%	0.50		257	26
	CF Technology	Medium	+1%	0.86		95	-6
Buy	Framlington Health	Medium	+9%	0.61		303	28
Avoid	Framlington Netnet	Very High	-36%	0.92		50	-14
Buy	Henderson Global Technology	Medium	+21%	0.87	519	111	-3
Avoid	Premier Technology	High	-9%	0.88		57	-6
Buy	Societe Generale Technology	Medium	+9%	0.87		89	0
UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS							
Buy	Finsbury W/wide Pharm.	Very Low	+19%	0.49	346	251	35
Buy	Finsbury Technology	High	+23%	0.79	636	192	7
Buy	Henderson Technology	Medium	+24%	0.77	521	116	2
Buy	Herald Investment Trust	Medium	+14%	0.83	439	135	7
Buy	International Biotech	Very High	+23%	0.52	350	552	42

Best Managed Investment Funds

(A review of Funds that rate well in our current Investment Fund Survey. These funds are not formal Buy recommendations.)

Biot echnology Funds

The *hottest* investment sector recently has been Biotechnology. We would caution investors about the risks of buying into a boom market, but for those investors who *must* consider an investment in the sector there are two Biotechnology listed investment trusts worth examining: **Finsbury Worldwide Pharmaceutical** and **International Biotechnology Trust**.

Finsbury Worldwide Pharmaceutical Trust plc (EPIC code FWP), with a £270 million share portfolio, is probably the most attractive fund and suitable for conservative investors wanting an exposure to this sector.

Finsbury Worldwide Pharmaceutical rates well in our *Investment Trust Survey* with a *Superiority Rating* of +17%. Equally attractive, in the high risk Technology sector, the trust has a *Very Low Risk Rating*. This low risk reflects its conservative investment strategy. 60-80% of the portfolio is invested in major pharmaceutical companies with just 20-40% invested in "smaller biotechnology companies and specialty pharmaceutical companies". At the present time 72.5% is invested in major companies and 27.5% in smaller companies. The portfolio is reasonably well diversified, with 52.1% of the portfolio in the top ten shareholdings. Geographically the trust has most of its investments in the United States (63.5% of the portfolio), with significant holdings in Europe (24.7%) and Asia (11.8%).

The trust's portfolio is slightly geared, with debt of

about £30 million and Shareholders Equity of £240 million.

The annual management fee is just 0.5% per annum *plus* a performance fee equal to 20% of the amount by which the net assets outperform the Datastream World Pharmaceutical Index over the last year. This is a fair performance fee as it compares this Pharmaceutical trust against a Pharmaceutical share index. Recently (see *International Investor*, August 2000, Issue No 56) we criticised the performance fees of listed investment trusts Finsbury Technology (which effectively takes 20% of all gains above 10% per annum) and Henderson Technology (which compares the performance of that technology trust against a general, non-technology, world share index). Nevertheless, in the last financial year (ended March 31, 2000) the Datastream World Pharmaceutical Index rose only 1.4% while Finsbury Worldwide Pharmaceutical's portfolio rose 99.2% (after fees) - resulting in the Manager and Investment Adviser receiving fees in excess of £14.8 million!

The company attributes its strong performance to (1) its investment in "smaller specialty biotechnology companies", (2) its "exposure to Japanese pharmaceutical companies which recovered from previous under-performance", (3) gearing and (4) the buy-back of 1,500,000 shares (3.7% of the company) at an average discount of 21% to net asset value.

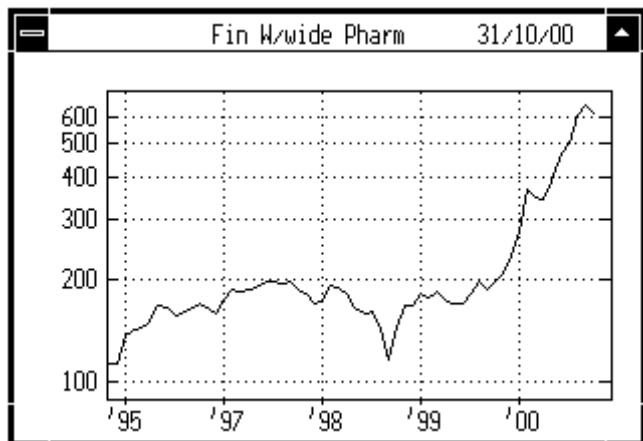
The trust remains optimistic about the long term attractions of investing in pharmaceutical and biotechnology companies. *(Continued on Page 8)*

Best Managed Funds (Continued from Page 7)

New skills such as “genomic, combinatorial chemistry, high through-put screening and bio-informatics” should increase the range of new products being introduced to the healthcare market.

Finsbury Worldwide Pharmaceutical seeks capital appreciation, not income. A small surplus for the March 2000 year resulted in a small 0.4 pence dividend being paid in August.

Finsbury Worldwide Pharmaceutical has an issued capital of 38,640,000 shares which currently trade around 617½ pence - which is a slight (i.e. 5%) discount to net asset value.



International Biotechnology Trust plc (Epic code IBT) holds a £339 million portfolio. This is a *Very High Risk* fund - performing poorly through until 1998 but increasing 10-fold in value over the last two years!

As a result of its previous poor performance the shares fell to a 40% discount to net asset value. This led to US based **Millennium Partners** acquiring an 11.2% stake and seeking to have the trust liquidated so as to realise a gain on shares bought at a discount to net assets. As a result, International Biotechnology is proposing to distribute £45-70 million to investors in the near future by buying-back around 14-22% of its capital. It is also proposed that £30-50 million be returned in late 2001 by re-purchasing a further 10-15% of the shares. Shareholders will therefore have the opportunity to receive cash (equal to about 95% of net asset value) for some or all of their shares, or to continue to hold shares in this biotechnology trust. Despite this, the shares continue to trade at a 14% discount to net asset value.

International Biotechnology Trust is not simply a *portfolio investor* but also a late stage *venture capitalist*. The trust seeks capital appreciation from investing in “mid-stage biotechnology companies” which are either *unlisted* (but plan to float on the stock exchange within a year) or which have been listed for less than two years. They seek “under-managed” and “under-funded” companies with products believed to have good commercial potential. International Biotechnology Trust will then seek to provide scientific and strategic support for the companies in which it invests.

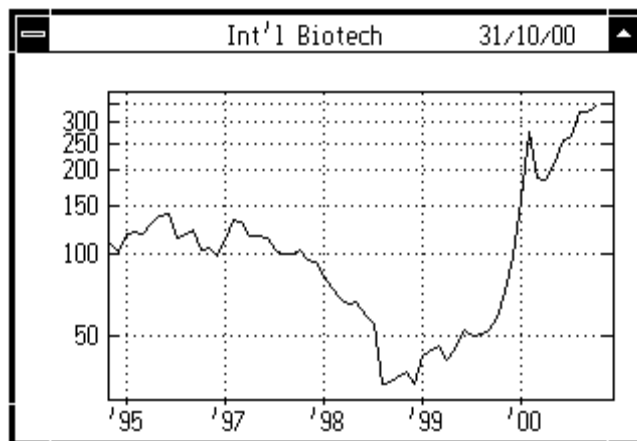
INTERNATIONAL INVESTOR is published 12 times per year by Securities Research Company Limited, P.O. Box 34-162, Auckland. (66 Stanaway Street. Telephone 64-9-4199 427 Facsimile 64-9-4199 428 Internet: www.stockmarket.co.nz or www.stockmarket-research.com or www.stockmarket-research.co.uk Email: james@stockmarket.co.nz). Subscription Rate NZ\$150 (including GST) per year. Readers are advised that they should not assume that every recommendation made in the future will be profitable or equal the performance of recommendations made in the past. The entire contents are copyright. Reproduction in whole or part is strictly forbidden.

Reflecting this investment strategy, the trust's portfolio is relatively concentrated with 25 core holdings. 27.0% of the portfolio is in cash, with 64.3% of the remainder held in the ten largest share investments. Of the 73% of the portfolio invested in shares, 66% is in North America (15 United States and four Canadian companies), 5% is in the United Kingdom (three companies) and 2% in Europe (one German and one French company).

The management fee and incentive fees payable are currently being re-negotiated and will be based upon performance relative to a biotechnology index. For the six months to the end of February 2000, the incentive fee was £8.65 million (or about 2.5% of net assets).

While details of the proposed buy-back this year and next year have not been finalised, these should simply allow some investors to cash in their investment in the company which will continue to invest in biotechnology shares. As the trust holds a concentrated portfolio and many unlisted securities, this will always remain a high risk fund, the share price could remain volatile and the shares may continue to trade at a discount to net assets. Nevertheless, the trust has performed extremely strongly over the last two years and provides investors with an exposure to unlisted and newly listed biotechnology companies.

International Biotechnology has an issued capital of 88,001,125 shares. These currently trade at 352½ pence - a 14% discount to net asset value.



Internet Password

“International Investor” is published on the Internet in full but password protected to prevent unauthorised access by non-subscribers.

November's Password December's Password

See Print Newsletters

For Passwords

Please keep these passwords confidential!

Next Issue

The next issue of “International Investor” will be posted in five weeks time on Tuesday December 11, 2000 and on our internet sites on Wednesday December 12.