

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

Investment Fund Survey 4 - 7

Best Managed Funds:

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

Stockmarket	One-Year Forecast	Fundamental Indicators	Technical Indicators	Monetary Indicators	Economic Indicators	Historical Performance (in US\$)			Share Index
						3mths	6mths	12mths	
Australia _____	43%	Bullish	Bearish	Neutral	Bearish	-0.4%	+0.4%	+5.1%	3,164.30
Austria _____	60%	Neutral	Bullish	Neutral	Bullish	+4.5%	+17.2%	+17.5%	1,231.59
Belgium _____	68%	Bullish	Bearish	Bullish	Bullish	+2.0%	+2.5%	+1.7%	2,552.27
Canada _____	49%	Neutral	Bearish	Bullish	Neutral	-4.6%	-4.9%	-6.4%	7,112.46
Denmark _____	59%	Bullish	Bearish	Bullish	Bullish	-0.8%	-0.7%	-8.3%	247.12
Finland _____	56%	Bullish	Bearish	Bullish	Bullish	-13.5%	-25.2%	-6.7%	6,212.82
France _____	49%	Bullish	Bearish	Neutral	Bullish	-4.9%	-7.9%	-8.3%	2,562.97
Germany _____	55%	Neutral	Bearish	Bullish	Bullish	-5.6%	-8.3%	-12.1%	4,483.03
Ireland _____	53%	Bullish	Bearish	Bullish	Bullish	-3.1%	-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	+4.4%	+8.3%	-8.1%	10,826.09
Netherlands _____	56%	Bullish	Bearish	Bullish	Bullish	-3.9%	-1.8%	-10.0%	629.20
New Zealand _____	40%	Bearish	Neutral	Neutral	Bearish	+5.4%	+4.9%	+9.0%	1,941.08
Norway _____	47%	Bullish	Bearish	Bearish	Bullish	-3.7%	+2.0%	-4.3%	572.21
Spain _____	56%	Neutral	Bearish	Bullish	Bullish	-0.6%	-3.2%	+2.4%	739.12
Sweden _____	44%	Bearish	Bearish	Bullish	Bullish	-12.4%	-17.9%	-8.3%	183.18
Switzerland _____	53%	Bearish	Bearish	Bullish	Bullish	+0.0%	+3.3%	+2.8%	6,024.20
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	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	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
Egypt _____	39%	Neutral	Bearish	Bearish	Bullish	+0.4%	+0.0%	-12.8%	628.25
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	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.

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 than 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:

Month End Seasonality 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.

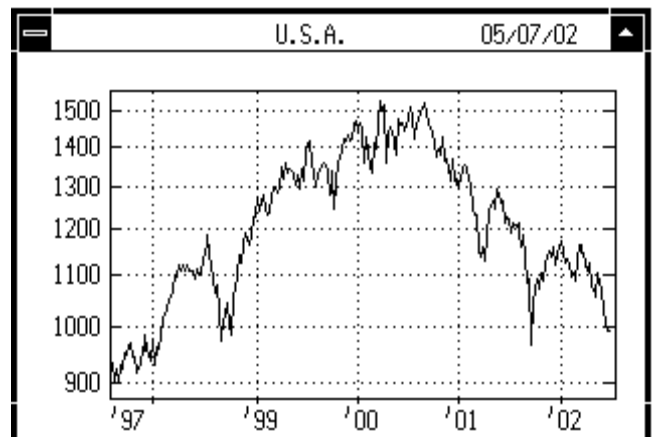
Pre-Holiday Seasonality where "stock prices behave in a significantly positive manner in each of the two trading days preceding a holiday market close". The most likely reason for this is "that traders wish to lighten up" on short sales to "cover themselves against unexpected good news that may be announced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

If investors are currently very concerned about terrorism then we would expect to see the opposite 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.



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.

Current Advice	Investment Fund	EPIC Code	Initial Recommendation		Prem/Disc to Net Assets	Recent Price		Gain or Loss %	
			--- Date ---	Offer Price		Bid-Offer or Last Sale	NZ Cents		
Europe									
BUY	Fleming Euro Fledgeling IT plc	FEF	15/01/02	226.5p	765.8	-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	JD	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 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 63¼ pence (-13%, i.e. 13% below net asset value), **JPMorgan Fleming Asian** shares at 87½ pence (-10%), **Schroder Asia Pacific** shares at 70¾ pence (-13%), **Templeton Emerging Markets** shares at 108¾ 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

Current Advice	InvestmentFund	Risk Rating	Superiority Rating	Market Correlation	Performance			Current Advice	InvestmentFund	Risk Rating	Superiority Rating	Market Correlation	Performance								
					'36 mth	'12 mth	'3 mth						'36 mth	'12 mth	'3 mth						
INTERNATIONAL																					
AUSTRALIAN BASED UNIT TRUSTS																					
	AMP Multi-Mgr Global	Medium	-4%	0.85	-30	-31	-20		Martin Currie International	High	+3%	0.87	-21	-34	-23						
	ANZ International Markets	Medium	-4%	0.72	-38	-30	-20	Buy	NPI Global Care	Medium	-1%	0.78	-23	-31	-17						
	Advance International	Medium	-2%	0.55	-28	-32	-15		Newton International	High	+9%	0.88	-8	-26	-18						
Avoid	Advance Worldwide Share	High	-7%	0.80	-47	-34	-21		Old Mutual Worldwide	Medium	+1%	0.89	-23	-30	-17						
	BT International	Very High	+2%	0.82	-32	-32	-24		Pearl International	Medium	-1%	0.88	-24	-30	-18						
	Citicorp Inv Port Global	Medium	-4%	0.57	-43	-21	-11		Premier Global 100	Medium	-3%	0.75	-30	-35	-23						
	Citigroup Global Equity	Low	-1%	0.67		-27	-13		Prudential Global Growth	Low	+0%	0.87	-19	-25	-16						
	Commonwealth Int'l Share	High	+2%	0.69	-27	-29	-19		Prudential Int'l Growth	Low	-0%	0.86	-17	-24	-15						
	Dresdner Global	High	-5%	0.65	-37	-37	-22		Royal & Sun All. Intern'l Gth	Medium	-2%	0.91	-26	-30	-17						
	Dresdner International	Very High	+6%	0.77	-13	-31	-15	Avoid	Scot Life Worldwide	Medium	-3%	0.80	-31	-30	-16						
	Fidelity Perp. Int'l	High	+2%	0.81	-21	-30	-15		Scot Mutual International	Medium	+1%	0.90	-16	-27	-16						
Avoid	HSBC Flexi-Trt Int'l Trt	Medium	-8%	0.64	-40	-32	-19		Scot Wid. Global	Medium	+3%	0.86	-16	-32	-19						
Avoid	Invesco International	Very High	-8%	0.73	-51	-38	-19	Buy	Singer & Freidlander Global	Medium	-7%	0.64	-38	-42	-18						
	JB Were International	High	-2%	0.81	-35	-34	-23		Sovereign Int'l Growth	Medium	+2%	0.79	-12	-29	-19						
Avoid	Lowell International	Low	-19%	0.20	-58	-46	-11		St James's International	Medium	+8%	0.65	7	-20	-12						
Buy	MLC Aust - Platinum Gbl	Very High	+14%	0.61	-1	-15	-19	AUSTRALIAN LISTED INVESTMENT TRUSTS													
	MLC MKey Global Share	Very High	+4%	0.84		-32	-22	Buy	(I A) BT Global	Very High	+11%	0.46	-16	-25	-25						
Avoid	NAFM Inv Trt - Global	Medium	-7%	0.66	-38	-34	-19	Buy	(I A) Platinum Capital	Medium	+30%	0.33	100	7	-10						
	Perpetual ICSav - Int'l	High	+2%	0.79	-26	-35	-25		(I A) Templeton Global	Medium	+4%	0.31	-26	-28	-19						
Avoid	Roth FA Int'l Share	High	-13%	0.48	-53	-32	-21	NEW ZEALAND LISTED INVESTMENT TRUSTS													
	Tyndall Aust Int'l No 1	Very High	+1%	0.82	-34	-36	-16		World Index Fund	Medium	-0%	0.73	-24	-32	-22						
	WealthLink World Link	Medium	-6%	0.50	-41	-28	-18	UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS													
Avoid	Westpac International	Medium	-8%	0.68	-44	-31	-20		Alliance Trust	Low	+2%	0.62	-8	-23	-12						
	NEW ZEALAND BASED UNIT TRUSTS																				
	AMP International Share	Medium	+2%	0.87	-18	-20	-12	Buy	Anglo & Overseas Trust	Very High	+5%	0.73	-21	-39	-23						
	AMP Passive Int'l Share	Medium	-0%	0.80	-28	-31	-21	Buy	Bankers Investment	Medium	+12%	0.81	9	-20	-14						
	ANZ World Equity Trust	Medium	+4%	0.84	-13	-17	-10	Buy	Brit Empire Securities	Very Low	+17%	0.59	55	-9	-5						
	ASB World Shares	High	+4%	0.81	-27	-23	-15	Buy	Brunner Invest. Trust	Very High	+8%	0.81	-13	-35	-15						
Buy	BNZ International Equity	Low	+10%	0.75	-7	-12	-9	Buy	Capital Gearing Trust	Very Low	+4%	0.04	36	-2	-4						
	BT Life Int'l Share	Medium	+5%	0.86	-9	-17	-11	Buy	Edinburgh Worldwide	Very High	+7%	0.79	-27	-40	-23						
	BTIS International Share	Medium	+3%	0.82	-13	-17	-11	Buy	Edinburgh Investment	Medium	-1%	0.81	-24	-31	-19						
	ING International Share	High	-3%	0.78	-35	-32	-14	Buy	F & C Smaller Companies	Very High	+12%	0.71	-5	-30	-17						
	NZ Guardian Global	Medium	+0%	0.78	-26	-29	-21	Buy	Fleming Overseas	High	+8%	0.87	-7	-33	-21						
	NZFM Global Equity Gth	High	+1%	0.80	-30	-33	-26	Avoid	Foreign & Colonial	Medium	+6%	0.89	1	-23	-15						
	NZFM Global Blue Chip	Very Low	+4%	0.54	-4	-15	-15	Buy	Henderson Strata Inv	Very High	+8%	0.58	-31	-56	-21						
Avoid	NZFM Global Prop & Infra	Medium	-7%	0.65	-39	-31	-17	Avoid	Jupiter Primadona	High	-8%	0.34	-44	-54	-14						
Buy	NZFM Global Small Coys	Very High	+13%	0.73	-3	-20	-17	Buy	Law Debenture Corp.	Medium	+7%	0.61	-2	-11	-15						
Avoid	Nat Bank Int'l Equity	Low	-7%	0.70	-35	-26	-15	Buy	Majedie Investment	High	-2%	0.68	-31	-32	-20						
	Royal & Sun Int'l S/Mkt	Medium	+5%	0.86	-9	-16	-10	Buy	Martin Currie Portfolio	Medium	+4%	0.75	-10	-29	-13						
	Tower Global Equity	Medium	+5%	0.85	-16	-22	-14	Buy	Merrill Asset All (Gth)	High	+1%	0.70	-23	-29	-16						
	Tower Tortis Intern'l	Medium	+1%	0.81	-23	-31	-21	Buy	Mid Wynd Invest Trust	Medium	+13%	0.60	20	-18	-9						
	Westpac International	Medium	+0%	0.85	-24	-27	-17	Buy	Monks Investment	Low	+7%	0.77	12	-23	-12						
	NEW ZEALAND BASED INSURANCE BONDS																				
Buy	Royal Sun All Global Fd	High	+6%	0.88	-16	-23	-14	Buy	Murray International	Medium	+0%	0.82	-18	-29	-15						
	Sov. Super Int'l Equity	Medium	+7%	0.80	-9	-16	-11	Buy	Pantheon International	Very Low	-0%	0.29	-24	-4							
	UNITED KINGDOM BASED UNIT TRUSTS																				
	ABN AMRO Global Growth	High	-5%	0.72	-38	-43	-25	Buy	Personal Assets Trust	Very Low	-0%	0.27	1	-16	-9						
	AXA Global - Global Growth	Medium	+2%	0.89	-30	-18		Buy	PTarmigan International	Medium	+9%	0.60	10	-20	-11						
	Abbey Global Growth	Very Low	-6%	0.02	13	-8	-3	Buy	RIT Capital Partners	Very Low	+3%	0.37	17	-17	-8						
	Abbey Global Opportunities	Medium	-5%	0.87	-32	-19		Buy	Scottish American Inv.	Medium	-0%	0.86	25	-31	-19						
	Abbey International	Low	-4%	0.85	-28	-32	-19	Buy	Scottish Value	Very High	+20%	0.68	23	-21	-3						
	Abbey Nat'l International	Medium	-2%	0.91	-20	-27	-16	Buy	Scottish Mortgage & Trt	Medium	+2%	0.86	-16	-26	-17						
	Aberdeen World	Medium	-3%	0.92	-23	-27	-15	Buy	Scottish Invest. Trust	Medium	+3%	0.90	-10	-28	-18						
	Aegon Worldwide Tactical	Medium	-5%	0.91	-37	-20		Buy	Second Alliance	Low	+1%	0.64	-13	-28	-16						
	Allchurches Int'l Growth	Medium	+5%	0.94	-23	-16		Buy	Secs Trust of Scotland	Low	+2%	0.66	-9	-24	-14						
	BG International	Low	+1%	0.43	-10	-27	-16	Buy	Special Utilities 'S'	Very Low	+1%	0.22	-8	-22	-12						
	Bank of Scotland World Gth	Medium	-0%	0.91	-31	-18		Buy	Tribune Trust Managed	Medium	+1%	0.70	-24	-32	-16						
	Baring Global Growth	High	+0%	0.87	-28	-30	-18	Buy	Witan Investment Coy	Medium	+4%	0.88	-8	-28	-16						
	Britannic Global Growth	Medium	-3%	0.82	-31	-18		UNITED KINGDOM BASED INVESTMENT TRUSTS - SPLIT CAPITAL													
	Canada Life International Gth	Medium	+3%	0.81	-14	-28	-17	Buy	Asset Management	Medium	+25%	0.28	83	-32	1						
Buy	Cavendish Worldwide	Medium	+12%	0.88		-19	-11	Avoid	BFS Absolute Ret. - Cap	Very High	-9%	0.43	-92	-17							
Buy	Clerical Medical UK & Overseas	Medium	+0%	0.89	-24	-29	-20	Avoid	Fleming Wwld Income	High	-1%	0.39	-26	-37	-3						
Buy	Deutsche World Opps	Medium	+9%	0.75		-26	-14	Avoid	Gowett High Income IT	Very High	-74%	0.20	-97	-6							
	Dresdner Global Equity	Medium	-3%	0.75	-31	-31	-18	Avoid	Legg Mason Int'l Util.	Very High	-30%	0.22	86	-89	-64						
Buy	Exeter Global Opportunities	Very High	+13%	0.91	-29	-12		Avoid	Murray Global Return	Very High	-28%	0.21	-75	-77	-40						
	Fidelity International	Medium	+2%	0.92		-30	-18	Avoid	Quilter Global Enhanced	Medium	-139%	0.04		-97	-52						
	Fidelity Managed Int'l	High	+3%	0.83	-22	-33	-20	UNITED STATES													
	First State Global Growth	Medium	+4%	0.86		-25	-17	AUSTRALIAN BASED UNIT TRUSTS													
	Fr Prov International	Medium	-0%	0.86	-23	-30	-18		BT Sel Mkts American Gth	High	-6%	0.52	-37	-36	-28						
	Framlington International	Medium	+1%	0.80	-23	-33	-18		Fidelity Perp. America	High	-5%	0.70	-38	-41	-27						
Buy	GAM International Growth	Low	+9%	0.60	-13	-9			Invesco America	High	-3%	0.56		-30	-10						
Avoid	Gartmore Global Utilities	Low	-7%	0.48	-30	-38	-21	NEW ZEALAND BASED INSURANCE BONDS													
	Gartmore Global Growth	Low	-4%	0.82		-28	-17		Royal Sun All Nth Amer	Medium	-2%	0.48	-20	-21	-13						
	Govett Global Opportunites	Medium	+1%	0.89		-30	-20		Sov. Super Nth America	Low	+3%	0.45	1	-15	-11						
	Henderson Independent Port.	Medium	+2%	0.92	-16	-25	-14	UNITED KINGDOM BASED UNIT TRUSTS													
	Henderson International	High	+1%	0.91	-21	-31	-17		ACM American Growth	High	-9%	0.75		-40	-24						
	Hill Samuel Int'l	Low	-3%	0.80	-26	-32	-19	Avoid	AXA Global American	High	-0%	0.87		-35	-24						
	Invesco Perp International	High	+1%	0.83	-33	-20		Buy	Abbey American Growth	Medium	-3%	0.71	24	-35	-24						
	Jupiter Ecology	Medium	+4%	0.66		-32	-18	Buy	Aberdeen American Opport.	Low	+7%	0.41	25	-29	-19						
	L & G (Barclays) Worldwide	Low	+0%	0.95	-13	-25	-16	Avoid	Aberdeen North American	Medium	-10%	0.81	-35	-34	-21						
	L & G Global Growth	Medium	+2%	0.94	-18	-30	-18	Buy	Aegon American	Medium	-1%	0.88		-35	-23						
	L & G Worldwide	Medium	-1%	0.92	-19	-26	-16	Buy	BG American	Medium	+5%	0.83		-25	-18						
	Lazard International Equity	Medium	+0%	0.91		-31	-18	Buy	Baring American Gth	High	-4%	0.75	-29	-35	-22						
	Legg Mason Global Growth	Low	-6%	0.79		-34	-20	Buy	Britannic American	Medium	-4%	0.66	-26	-40	-25						
Avoid	Legg Mason Telecoms	Low	-32%	0.33		-45	-27	Buy	Canada Life North American	Medium	+3%	0.64	-17	-35	-26						
	Lincoln Global	Medium	-1%	0.82	-22	-32	-20	Avoid	Cazenove North American	Medium	-5%	0.90	-31	-36	-24						
	M & G International Gth	Low	-3%	0.81	-22	-35	-19	Buy	Clerical Medical American	Medium	-3%	0.69	-21	-36	-25						
	MGM International Equity	Low	+5%	0.81	-6	-28	-16	Buy	Credit Suisse Transatlantic	Medium	+2%	0.68	-10	-34	-21						
								Avoid	Deutsche American Growth	Medium	+4%	0.73	-8	-32	-22						
									Deutsche US Index	Medium	-2%	0.82	-20	-33	-23						

Table with 15 columns: Current Advice, Investment Fund, Risk Rating, Superiority Rating, Market Correlation, Performance (36, 12, 3 mth), Current Advice, Investment Fund, Risk Rating, Superiority Rating, Market Correlation, Performance (36, 12, 3 mth). Lists various investment funds like Dresdner North American, Fidelity UK Growth, etc.

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Table with 15 columns: Current Advice, Investment Fund, Risk Rating, Superiority Rating, Market Correlation, Performance (36, 12, 3 mth). Lists UK investment trusts like American Opportunity, Edinburgh US Tracker, etc.

UNITED STATES SMALLER COS

UNITED KINGDOM BASED UNIT TRUSTS

Table with 15 columns: Current Advice, Investment Fund, Risk Rating, Superiority Rating, Market Correlation, Performance (36, 12, 3 mth). Lists UK-based unit trusts like Abbey US Emerging Companies, Aegon American Small Coys, etc.

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Table with 15 columns: Current Advice, Investment Fund, Risk Rating, Superiority Rating, Market Correlation, Performance (36, 12, 3 mth). Lists UK investment trusts like F & C US Smaller Coys, Nth Atlantic Smaller, etc.

UNITED KINGDOM

UNITED KINGDOM BASED UNIT TRUSTS

Table with 15 columns: Current Advice, Investment Fund, Risk Rating, Superiority Rating, Market Correlation, Performance (36, 12, 3 mth). Lists UK-based unit trusts like AXA UK - UK Growth, AXA UK - UK Tracker, etc.

Table with 15 columns: Current Advice, Investment Fund, Risk Rating, Superiority Rating, Market Correlation, Performance (36, 12, 3 mth). Lists various investment funds like Fidelity UK Growth, First State British All Cos, Fr Prov Equity, etc.

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Table with 15 columns: Current Advice, Investment Fund, Risk Rating, Superiority Rating, Market Correlation, Performance (36, 12, 3 mth). Lists UK investment trusts like 3i Group, 3i UK Select, Aberdeen Convertible, etc.

Table with columns: Current Advice, InvestmentFund, Risk Rating, Superi- ority Rating, Market Correla- tion, Performance (36, 12, 3 mth).

Table with columns: Current Advice, InvestmentFund, Risk Rating, Superi- ority Rating, Market Correla- tion, Performance (36, 12, 3 mth).

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Table with columns: Current Advice, InvestmentFund, Risk Rating, Superi- ority Rating, Market Correla- tion, Performance (36, 12, 3 mth).

Table with columns: Current Advice, InvestmentFund, Risk Rating, Superi- ority Rating, Market Correla- tion, Performance (36, 12, 3 mth).

UNITED KINGDOM BASED INVESTMENT TRUSTS - SPLIT CAPITAL

Table with columns: Current Advice, InvestmentFund, Risk Rating, Superi- ority Rating, Market Correla- tion, Performance (36, 12, 3 mth).

EUROPE

AUSTRALIAN BASED UNIT TRUSTS

Table with columns: Current Advice, InvestmentFund, Risk Rating, Superi- ority Rating, Market Correla- tion, Performance (36, 12, 3 mth).

NEW ZEALAND BASED UNIT TRUSTS

Table with columns: Current Advice, InvestmentFund, Risk Rating, Superi- ority Rating, Market Correla- tion, Performance (36, 12, 3 mth).

NEW ZEALAND BASED INSURANCE BONDS

Table with columns: Current Advice, InvestmentFund, Risk Rating, Superi- ority Rating, Market Correla- tion, Performance (36, 12, 3 mth).

UNITED KINGDOM BASED UNIT TRUSTS

Table with columns: Current Advice, InvestmentFund, Risk Rating, Superi- ority Rating, Market Correla- tion, Performance (36, 12, 3 mth).

UNITED KINGDOM SMALLER COS

UNITED KINGDOM BASED UNIT TRUSTS

Table with columns: Current Advice, InvestmentFund, Risk Rating, Superi- ority Rating, Market Correla- tion, Performance (36, 12, 3 mth).

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					'36 mth	'12 mth	'3 mth
	Newton Continental European	Medium	-4%	0.81	-23	-13	
	OM Gerrard European Growth	Very High	+2%	0.93	-29	-18	
	Old Mutual European Blue Chip	High	-4%	0.78	-30	-21	
	Old Mutual European	Very High	+2%	0.75	-18	-31	-20
	Old Mutual Swiss Equities	Low	-1%	0.68	-8	-19	-10
	Pearl New Europe	Medium	+6%	0.68	5	-21	-11
	Prudential European	Medium	-0%	0.80	-12	-23	-14
	Rothschild FA Euroland	Medium	-4%	0.84	-22	-12	
	Rothschild FA Prt Europe	High	+5%	0.65	-24	-12	
	Royal & Sun All. European	High	+5%	0.67	-3	-23	-14
	Royal London European Gth	High	+6%	0.71	8	-24	-12
	S & W European	High	-1%	0.81	-24	-13	
	Schroder European	High	+3%	0.79	-8	-25	-13
	Scot Amic European	Medium	+2%	0.80	-11	-25	-15
	Scot Life European	Medium	+3%	0.80	-7	-24	-12
	Scot Mutual European	Medium	+2%	0.75	-12	-22	-14
	Scot Wid. Euroland	Medium	-3%	0.78	-25	-13	
	Scot Wid. Europe	High	+4%	0.70	-8	-25	-12
	Singer & Freidlander Cont'l	High	+4%	0.64	-9	-27	-14
Buy	Soc Gen European	High	+8%	0.69	2	-25	-14
	Solus European Growth	Medium	-6%	0.90	-25	-13	
	Sovereign European Gth	High	+1%	0.74	-8	-24	-16
	Tilney European Growth	Medium	+2%	0.73	-12	-21	-11
UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS							
Buy	Blue Planet Euro Fin.	Very High	+9%	0.66	-25	-1	
	Blue Planet Gth & Inc	Very Low	+1%	0.12	-9	-4	
	Charter Pan European	Very High	-0%	0.69	-28	-29	-20
Buy	Eastern European	High	+29%	0.45	9	-8	
Avoid	European Assets	High	-8%	0.39	-36	-42	-11
	F & C European	High	+6%	0.67	-3	-29	-16
Buy	Fidelity Euro V.	High	+24%	0.58	88	-9	-4
Buy	Fleming Cont'l Europe	High	+7%	0.79	9	-25	-13
Buy	Gartmore European	Very High	+8%	0.72	3	-20	-17
Buy	Gartmore Irish Small	Medium	+17%	0.30	64	-11	4

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					'36 mth	'12 mth	'3 mth
	Martin Currie European	Very High	+6%	0.74	-7	-30	-14
	Merrill European	High	+4%	0.76	-16	-26	-17
UNITED KINGDOM BASED INVESTMENT TRUSTS - SPLIT CAPITAL							
Avoid	Govett Euro Enhanced	Very High	-52%	0.25		-89	-62
Buy	Henderson Eurotrust	Very High	+14%	0.52	5	-28	-10
Avoid	Legg Mason Euro Util.	Very High	-9%	0.34	-48	-41	-14

EUROPE SMALLER COS

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					'36 mth	'12 mth	'3 mth
UNITED KINGDOM BASED UNIT TRUSTS							
	Aegon Euro Smaller Coys	Very High	-5%	0.82	-28	-11	
Buy	BG Euro Small Coys	Very High	+12%	0.57	1	-25	-17
Buy	Deutsche Europa	Very High	+16%	0.49	15	-31	-15
	Dresdner European Smaller Coys	Very High	+3%	0.45	-19	-37	-13
	F & C European Smaller Coys	Very High	+4%	0.65	-23	-23	-16
Buy	Henderson European Small Cos	Very High	+16%	0.49	18	-28	-12
	Hill Samuel Pan-Euro Small Cos	High	+5%	0.67	-16	-8	
Buy	Invesco Perp Euro Smaller Cos	Very High	+7%	0.46	-14	-22	-8
	JPMF European Smaller Coys	Medium	-2%	0.62	-24	-6	
Buy	Jupiter Euro Spec Sits	Medium	+19%	0.55	-17	-8	
	M & G European Smaller Coys	Very High	+6%	0.54	-10	-41	-16
Buy	Schroder Euro Small Coys	Very High	+12%	0.63	7	-28	-14

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Buy	Fleming Euro Fledgeling	Very High	+27%	0.48	38	-28	-1
Avoid	Henderson Euro Micro	Very High	-18%	0.55	-49	-11	
	Invesco Continental Sm	Very High	+6%	0.55	42	-40	-12
Avoid	TR European	Very High	-8%	0.46	-27	-46	-12

GERMANY

UNITED KINGDOM BASED UNIT TRUSTS

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**.

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 re-invest 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.

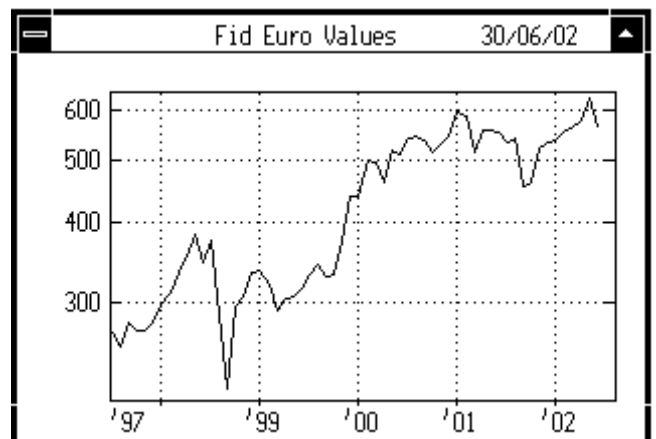
European Funds

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 under-valuation, "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 563½ 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!



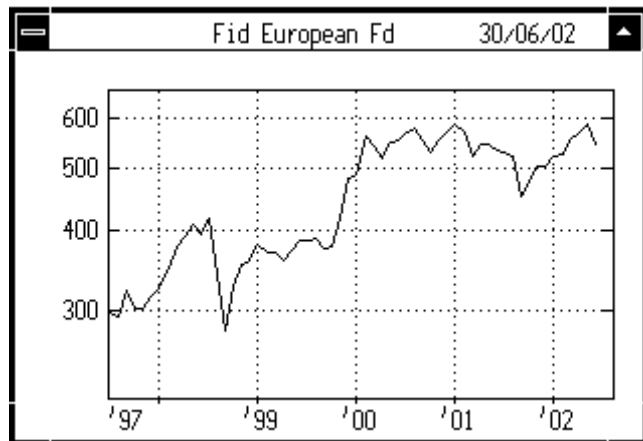
Best Managed Funds (Continued from page 7)

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**

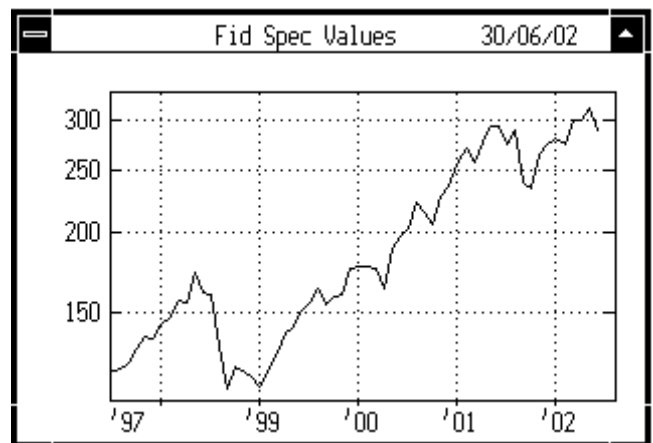
Fidelity Special Values plc (code FSV) is a listed investment trust that seeks "long term capital growth from an actively managed portfolio of special situation investments".

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.

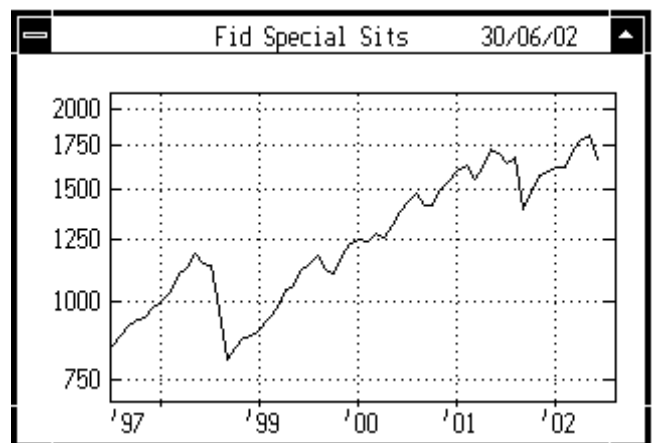


UK unit trust **Fidelity Special Situations Fund** is a clone of listed Fidelity Special Values plc and is "aggressively" managed seeking "long term capital growth" from "special situation" investments.

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.

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.australia-stockmarket.com Email: james@stockmarket.co.nz). Subscription Rate NZ\$180 (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.