

# Global Equity Research

[www.ubswarburg.com/researchweb](http://www.ubswarburg.com/researchweb)

In addition to the **UBS Warburg** web site our research products are available over third-party systems provided or serviced by: Bloomberg, First Call, I/B/E/S, IFIS, Multex, QUICK and Reuters

**UBS Warburg is a financial services group of UBS AG**

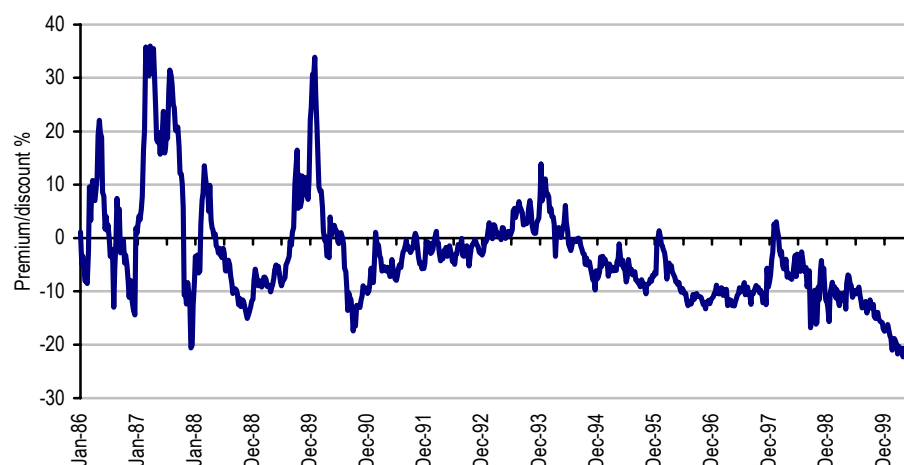
**William Dinning**  
+44 020 7568 0968  
[william.dinning@ubsw.com](mailto:william.dinning@ubsw.com)

## US Listed Country Funds

### Buy now (while stocks last)

- With many country funds in the US trading at their widest discounts in history we believe that the sector offers extraordinary value.
- Supply has shrunk by the equivalent of a remarkable 43% of today's assets in the last three years, but on the surface this appears to be doing little to help discounts. Under the surface we think it is sowing the seeds of a revival in fortunes for the sector.
- While supply continues to shrink, any sign of a sustained recovery in the relative performance of emerging markets would likely coincide with a pick-up in demand for country funds. Seventy-eight percent of fund assets are invested in emerging markets.
- We are not going to hazard a guess as to if and when US investors will jump on the emerging markets bandwagon again. But we would suggest that US investors tend to invest money overseas towards the end of financial market cycles. In fact, the last three US financial market upswings have ended with country funds trading at premiums to NAV, not at record discounts.
- Some of the funds we would focus on include Asia Pacific Fund (APB), Scudder New Asia (SAF), Jardine Fleming China Region Fund (JFC), Korea Fund (KF), Latin America Investment Fund (LAM) and Templeton Emerging Markets Fund (EMF).

**Chart 1: US Country Fund discounts 1986-2000**



Source: UBS Warburg

## Country Funds under the gun

The US country fund sector has never seen discounts as wide as those witnessed in the first half of this year. The sector average discount has been greater than 20% for 13 consecutive weeks since 10 March 2000 (see chart on page 1).

**Previously discounts have only been this wide during financial market crises**

Previous discount lows have been associated with financial market or economic crises such as the October 1987 crash and the 1990-1991 recession and Gulf War. But on these occasions, extremely low discounts lasted for only one or two weeks.

There is considerable financial market turbulence today but no crisis. In fact, the majority of the world's markets are still well supported by a buoyant global economy, benign inflationary conditions and strong US consumption that is essentially pulling in the world's goods as fast as the world can make them (reflected in the US current account deficit of 4.0% of GDP).

So, why are discounts so wide?

The problem for the country fund market is complex, but we believe that we should not lose sight of the basics. At the risk of stating the obvious, we believe too little demand and too much supply has been the problem.

### Supply has shrunk dramatically

The wide discounts on offer have not been enough to attract investors, in part because there seems to be widespread concern about the "oversupply" of fund paper.

In fact the sector has been shrinking at a remarkable rate since 1997.

From 1997 to this year there have been 17 country fund open-endings. These 17 funds had net assets of \$2.5bn in aggregate at the time of their open-ending.

The remaining funds have paid out dividends that total a further \$2.4bn since the fourth quarter of 1997. In addition, the number of shares outstanding of the remaining funds has, in aggregate, declined by 4% since the end of 1997 due to share buybacks and tenders. These have overwhelmed new share issuance from one rights offering (Japan OTC Equity Fund) and the trickle of new paper from dividend reinvestment programmes.

**Sector is 43% smaller than it would have been due to corporate actions**

The assets of today's country fund market stand at \$12.7bn. This means that open-endings since 1997 represent 20% and dividend payments represent 19% of the total NAV of today's funds. Add the 4% reduction in shares outstanding and the net assets of the fund market are effectively 43% below where they would have been without the supply shrinkage since 1997.

**Table 1: Supply shrinkage since 1997**

Supply change 1997-2000		How much
Total assets of today's funds		\$12.73bn
Open-endings	17 funds	\$2.55bn
Dividends paid	All funds	\$2.42bn
Total cash out		\$4.97bn
Total cash out as % of assets of today's funds		-39.0%
Shares outstanding of today's funds	End 1997: 977.7 million	
	End 1999: 938.0million	-4.0%

Source: UBS Warburg

Table 2 shows the shares outstanding of each of the funds today and to what extent that figure has changed since the last report and accounts in 1997. Note that the average discount over the last three months is wider for funds that have seen shares outstanding fall since 1997 than it is for funds where shares outstanding have risen!

### **Still submerged, after all these years...**

So, does supply shrinkage affect discounts?

#### **Sector still submerged**

We suspect it does. The fund market can be compared to a submerged boat. If the water level needs to come down 50% before the boat is visible, it makes little difference to the view whether the water level falls by 4% or 43%. You still can't see the boat.

We do not know what the magic number is for the country fund market to reach equilibrium. What we do know, though, is that the country fund market still seems to be underwater. As we see it, the response to that is not to stop pumping the water out.

#### **Buybacks to continue**

We believe it is likely that funds will continue with buyback programmes. Some funds may also discover that, in current market conditions, a dialogue with shareholders will sometimes result in the need to shrink funds by more than the management groups would like.

There is an apparent random nature to the culling procedure in the fund market that can make the process appear unfair. Without wishing to single funds out, it is still the case that France Growth Fund (FRF) has outperformed the French market for a decade, has a managed distribution policy, a management fee that is based on the share price, rather than the NAV, and in general has been a well-run closed-end fund. But it is trading at a 14% discount not because of any of the above, but because there are now Board members who won election over Directors recommended by the Fund and investors appear to be speculating that more corporate actions will be forthcoming.

Table 3 shows a list of other funds that we think have the possibility of action ahead. It is quite conceivable that actions in this table could reduce the sector by a further 2-4% in the next six months.

Table 2: Shares outstanding 1997 to 2000

Ticker	Name	% change in shares outstanding	Change in shares outstanding	Last 13 weeks average discount
EWJ	European Warrant Fund Inc	46.8%	3,812,758	-24.7
JOF	Japan OTC Equity Fund Inc	39.2%	4,462,384	-31.4
EMF	Templeton Emerging Markets Fund	6.7%	1,108,698	-18.0
GER	Germany Fund	4.9%	683,606	-9.2
CH	Chile Fund	1.9%	260,948	-32.2
MXF	Mexico Fund	1.6%	791,018	-30.1
TRF	Templeton Russia Fund Inc	1.4%	76,523	-6.8
LDF	Latin American Discovery Fund	1.2%	138,141	-24.6
BZF	Brazil Fund Inc	1.1%	172,550	-26.4
TTF	Thai Fund Inc	1.0%	129,475	22.5
IAF	First Australia Fund Inc	0.8%	130,732	-19.0
SAF	Scudder New Asia Fund Inc	0.5%	40,156	-25.6
AF	Argentina Fund Inc	0.2%	17,653	-30.0
APB	Asia Pacific Fund	0.1%	27,054	-29.7
SGF	Singapore Fund Inc	0.1%	5,553	-20.8
MF	Malaysia Fund Inc	0.1%	5,049	-8.6
IGF	India Growth Fund Inc	0.0%	4,105	-35.5
JGF	Jakarta Growth Fund	0.0%	824	0.3
Average Discount for Funds that have increased shares outstanding:				-19.4
TWN	Taiwan Fund Inc	0	0	-15.3
TC	Thai Capital Fund	0	0	36.4
ROC	R.O.C. Taiwan Fund	0	0	-18.9
PKF	Pakistan Investment Fund Inc	0	0	-35.1
MXE	Mexico Equity & Income Fund	0	0	-10.1
KIF	Korean Investment Fund Inc	0	0	-31.3
KF	Korea Fund	0	0	-32.2
KEF	Korea Equity Fund	0	0	-31.8
JFC	Jardine Fleming China Region	0	0	-30.3
JEQ	Japan Equity Fund	0	0	-22.5
IRL	Irish Investment Fund Inc	0	0	-28.5
IF	Indonesia Fund Inc	0	0	28.6
GRR	Asia Tigers Fund Inc	0	0	-29.7
GCH	Greater China Fund	0	0	-29.9
FPF	First Philippine Fund	0	0	-22.7
EME	Foreign & Col Em Middle East	0	0	-12.0
EF	Europe Fund Inc	0	0	-14.1
ASA	ASA Ltd	0	0	-12.0
Average Discount for Funds that have had no change in shares outstanding:				-17.3
FRF	France Growth Fund Inc	-0.4%	-65,333	-14.6
SWZ	Swiss Helvetia Fund	-1.0%	-244,395	-20.8
TDF	Templeton Dragon Fund Inc	-2.1%	-1,147,200	-31.1
IFN	India Fund Inc	-2.6%	-872,400	-34.1
PGF	Portugal Fund Inc.	-4.4%	-235,060	-17.1
TCH	Templeton China World Fund	-5.2%	-1,064,199	-30.2
BZL	Brazilian Equity Fund	-5.7%	-374,400	-26.0
TKF	Turkish Investment Fund	-6.8%	-481,750	-24.1
CHN	China Fund	-7.1%	-771,764	-29.3
IIF	MSDW India Investment Fund	-8.7%	-3,106,600	-35.3
JFI	Jardine Fleming India Fund	-10.0%	-1,128,400	-34.3
FAK	Fidelity Advisor Korea Fund	-10.0%	-624,338	-10.6
AFF	MSDW Africa Investment Fund	-10.1%	-1,557,356	-30.5
MSF	MSDW Emerging Markets Fund	-10.2%	-2,329,600	-26.1
RNE	MSDW Eastern Europe Fund	-10.9%	-545,252	-20.2
ISL	First Israel Fund Inc	-11.0%	-548,900	-19.6
GF	New Germany Fund	-11.6%	-3,750,713	-23.2
ITA	Italy Fund Inc	-12.1%	-1,150,375	-14.0
APF	MSDW Asia Pacific Fund	-13.1%	-9,420,534	-28.4
ETF	Emerging Markets Telecomm Fund	-13.7%	-1,155,000	-22.3
SNF	Spain Fund Inc (The)	-14.6%	-1,466,125	-8.7
CEE	Central European Equity Fund	-15.5%	-1,803,042	-28.4
LAQ	Latin America Equity Fund Inc	-15.9%	-1,364,936	-25.8
LAM	Latin America Investment Fund	-20.4%	-1,602,621	-24.4
SOA	Southern Africa Fund Inc	-24.0%	-1,441,704	-23.8
CLM	Clemente Strategic Value Fund	-24.8%	-1,463,340	-15.2
EMG	Emerging Markets Infrastructure Fd	-26.3%	-4,243,014	-21.4
OST	Austria Fund	-36.0%	-4,211,474	-27.1
TVF	Templeton Vietnam South East Asia	-41.9%	-3,377,430	-31.3
Average Discount for Funds that have reduced shares outstanding:				-24.1

Source: Company Reports, UBS Warburg

Funds where shares  
outstanding have shrunk  
trade at bigger discounts

Table 3: Forthcoming corporate events

	Forthcoming possible actions	Asset size \$million	Current discount %
<b>Likely open-endings</b>	Foreign and Colonial Emerging Middle East (EME) June 12 vote on liquidation that has Board support.	53	-11
	Fidelity Advisor Korea Fund (FAK) June 14 vote on open-ending that has Board support	56	-8
<b>Considering proposals to open-end or "deliver NAV to shareholders"</b>	Mexico Equity and Income Fund (MXE) Shareholder meeting in July to vote on liquidation proposal	114	-8
	Italy Fund (ITA) Shareholder proposal to open-end approved in May. Two dissident shareholders elected to Board.	156	-11
	France Growth Fund (FRF) 2 dissident shareholder representatives elected to Board in April. Proposal to deliver NAV to shareholders approved by less than a majority of shareholders.	238	-14
	ROC Taiwan (ROC) Shareholders to vote June 29 on whether or not to convert to open-end (this is an automatic vote triggered by level of discount).	374	-24
	Clemente Strategic Value (CLM) April 26 shareholders voted in favour of non-binding proposal to deliver NAV to shareholders	63	-16
<b>Tenders</b>	Emerging Markets Infrastructure Fund (EMG) Shareholders to vote on proposed 50% tender offer that is subject to approval of merger into Emerging Markets Telecom (ETF).	146	-19
	Latin America Investment Fund (LAM) Shareholders to vote on proposed 50% tender offer that is subject to approval of merger into Latin America Equity (LAQ). Shareholders voted at AGM on May 22 in favour of proposal that Board should consider open-ending.	98	-18
	Latin America Equity Fund (LAQ) Shareholders voted at AGM on May 22 in favour of proposal that Board should consider open-ending.	100	-25
	Southern Africa Fund (SOA) Conducted tender for 5% of shares in May. 74% of shares were tendered	79	-29

Source: UBS Warburg

Sector could shrink a further 2-4% this year

In addition to these actions, a number of funds will probably continue to buy back shares and offer mandatory distribution programmes. In the latter, the funds pay out a fixed percentage of NAV in dividends, usually on a quarterly basis. Austria Fund (OST), France Growth Fund (FRF), Spain Fund (SNF), First Australia Fund (IAF) and Templeton Dragon Fund (TDF) employ such a policy. All this will reduce supply further.

### **Demand clearly not there**

Given the dramatic supply shrinkage over the last three years, it does seem plausible that the demand side of the equation must be playing a large part in the prevalence of discounts.

#### **78% of assets in emerging markets**

The key to demand for country funds is the outlook for emerging markets. Seventy-eight per cent of the assets of the US country fund market are in funds that invest the majority of their assets in emerging markets.

Not surprisingly, there is therefore a relationship between the relative performance of emerging markets and fund valuations.

Chart 2 on page 7 shows the MSCI Emerging Markets Free Index relative to the S&P 500 Index and the average premium or discount on the US listed country fund market.

The chart highlights some noteworthy events over the last decade. From 1990/91 and the lows in the lead-up to the Gulf War, emerging markets outperformed the S&P and country fund discounts were replaced by premiums. New funds were launched for a number of new emerging markets, starting with the first "China Funds" in 1992.

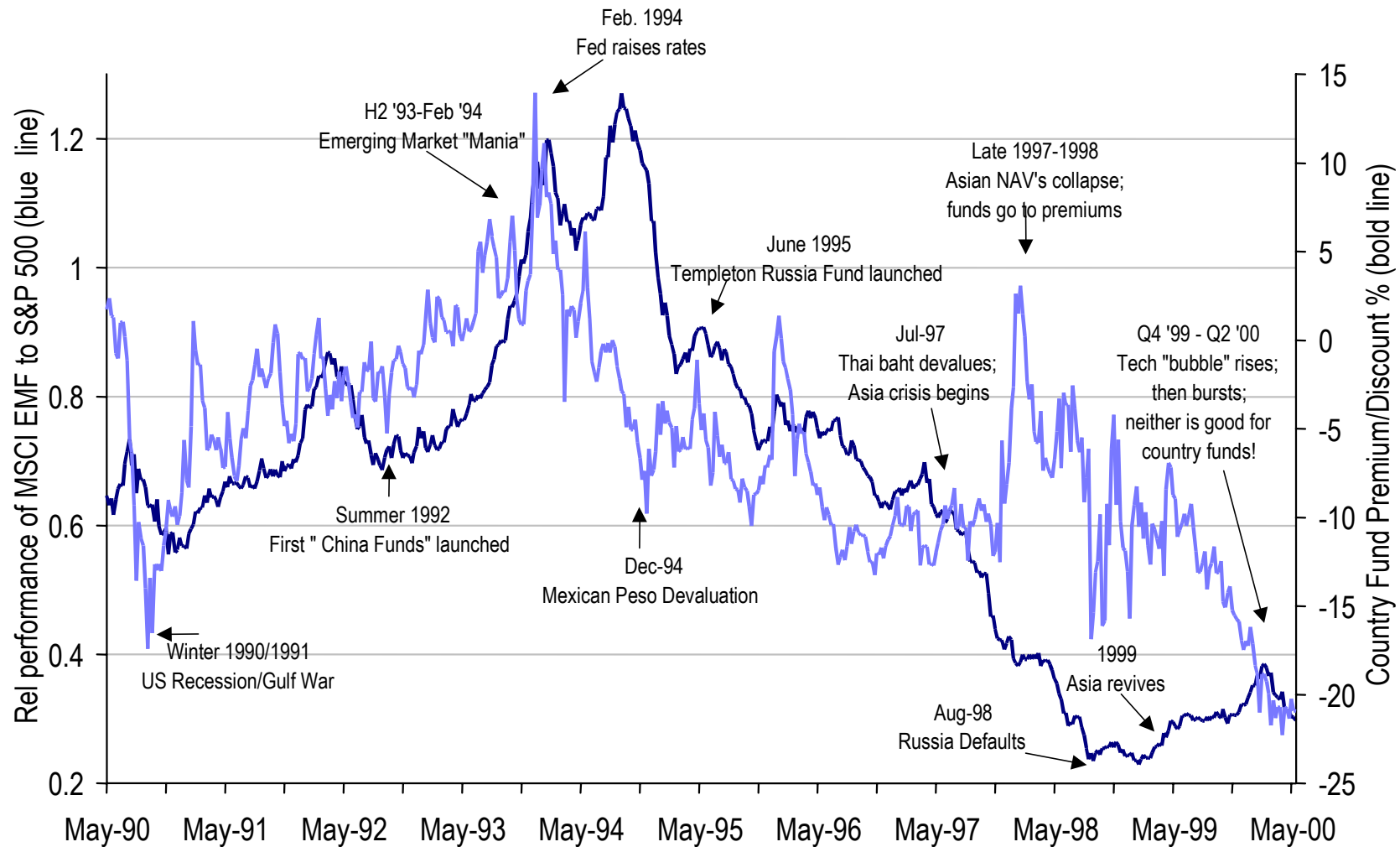
#### **Emerging markets have been under pressure for most of the last six years**

In 1994 there was a deflating of the premia in the fund market as the Federal Reserve Board's decision in February to raise interest rates and then the Mexican peso devaluation in December began a period of underperformance by emerging markets that was to last until 1999.

Pockets of interest in emerging markets allowed the launch of Russia funds in 1995 and 1996, but any chance of a sustained recovery from the damage done in 1994 was eradicated by the Asian crisis that began in July 1997 and spread across the emerging world. Ironically, the Asian crisis produced the best valuations for country funds since the emerging market "mania" (well, bull market) of 1993-94.

There are two types of period when country funds tend to trade at premiums to NAV. The first is when there is strong demand for emerging markets, as there was in 1993 and 1994. The second is when emerging markets are in crisis and the NAVs of funds investing in them collapse. This was the case in 1997 and again in 1998 when the Russian default produced the LTCM crisis.

Chart 2: Fund discounts and MSCI EMF/S&P 500



Source: UBS Warburg, MSCI

During periods of crisis, the share prices of funds tend not to decline as much as NAVs. Investors appear to take the attitude that anything that collapses rapidly could just as easily rally swiftly, and so they tend to retain their shares. Other investors tend to buy these funds for easy access to a market that has collapsed with the goal of selling into any rally. As a consequence of more demand than supply, premiums to NAV appear.

**Discounts widen despite 1999 emerging market rally**

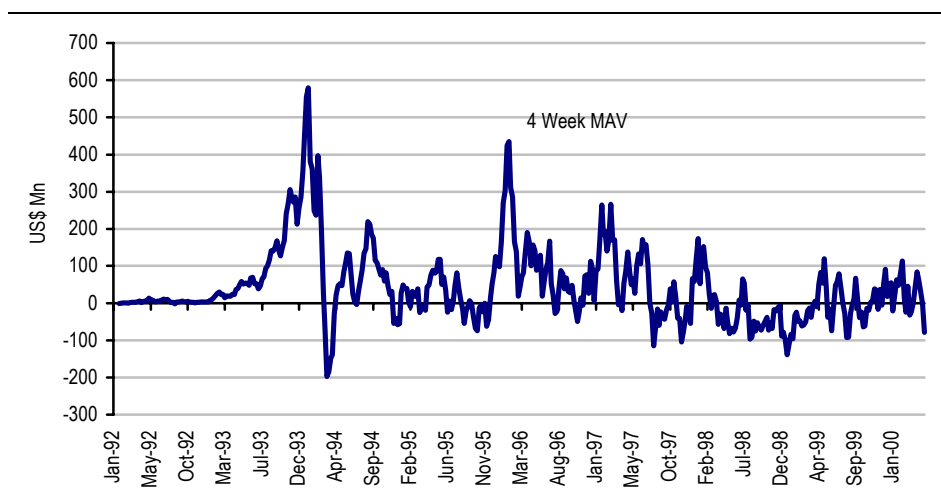
Although there has been a rally by emerging markets since 1998, country fund discounts have widened. Some of this reflects the move from premiums to discounts in Asian funds. But mostly it seems to reflect the fact that the emerging market rally since 1998 has not attracted any real new money into the asset class.

Individual investors in the US have continued to shun emerging markets. For example, between the end of 1997 and the end of 1999, assets in Emerging Market open-end funds in the US fell from \$21bn to \$19.2bn and net flows were -\$1.1bn over this period.

**Retail investor demand is negative**

Retail investor demand for emerging market product is not zero. As Chart 3 shows, it is negative. It is therefore not surprising that discounts on closed-end funds have widened in this environment.

**Chart 3: Flows into open-end Emerging Market Funds**



Source: AMG Data Services

Historically, individual investors have been the major swing factor in the closed-end country fund market. For most of the 1990s, individuals owned more than 80% of the shares of closed-end country funds.

**Institutions becoming more important**

To some extent, the closed-end country fund market has seen a shift in its shareholder base. Today institutions own 34% of the country fund sector. Table 4 shows a breakdown of their holdings (the unweighted average of their holdings is 30.4%).

These figures are based on filings of holdings with the SEC. This data is never perfect, but there seems to be reason to think that it may understate institutional



ownership. Many foreign institutions do not habitually file US holdings, and there is evidence that the trading desks of some investment institutions have holdings that they do not have to declare given the nature of their business.

Some institutions are in the country fund market as a means of gaining access to emerging markets. But others are more likely to "hedge out" their market exposure as their interest comes from taking advantage of pressure on managers of funds to "do something" about the discounts to NAV.

We believe there is plenty of room for more institutional demand based on a desire to have exposure to the underlying assets that the fund owns at a big discount to NAV, rather than demand based purely on a desire to realise NAV in the fund.

Table 4: Percentage of fund shares owned by institutions

	Ticker	Name	% institutionally owned
<b>ASIA</b>			
Asia ex Japan	APB	Asia Pacific Fund	48.2
	GRR	Asia Tigers Fund Inc	56.4
	TVF	Templeton Vietnam Se Asia FD	11.0
Asia inc. Japan	SAF	Scudder New Asia Fund Inc	18.5
	APF	MSDW Asia Pacific Fund	52.1
Australia	IAF	First Australia Fund Inc	3.4
China/Hong Kong	CHN	China Fund	16.8
	GCH	Greater China Fund	34.2
	JFC	Jardine Fleming China Region	33.3
	TCH	Templeton China World Fund	26.5
	TDF	Templeton Dragon Fund Inc	19.2
India	IFN	India Fund Inc	45.7
	IGF	India Growth Fund Inc	58.8
	JFI	Jardine Fleming India Fund	54.9
	IIF	MSDW India Investment Fund	53.6
Indonesia	IF	Indonesia Fund Inc	3.7
	JGF	Jakarta Growth Fund	10.3
Japan	JOF	Japan OTC Equity Fund Inc	26.3
	JEQ	Japan Equity Fund	4.7
Korea	KF	Korea Fund	39.9
	KEF	Korea Equity Fund	13.0
	KIF	Korean Investment Fund Inc	45.7
	FAK	Fidelity Advisor Korea Fund	27.7
Malaysia	MF	Malaysia Fund Inc	3.4
Pakistan	PKF	Pakistan Investment Fund Inc	27.4
Philippines	FPF	First Philippine Fund	33.6
Singapore	SGF	Singapore Fund Inc	22.0
Taiwan	ROC	R.O.C. Taiwan Fund	51.4
	TWN	Taiwan Fund Inc	51.9
Thailand	TTF	Thai Fund Inc	2.6
	TC	Thai Capital Fund	1.3
<b>EUROPE/MIDEAST/AFRICA</b>			
W. Europe Regional	EF	Europe Fund Inc	7.8
	EFW	European Warrant Fund Inc	42.5
E. Europe Regional	CEE	Central European Equity Fund	15.9
	RNE	MSDW Eastern Europe Fund	46.3
	OST	Austria Fund	4.1
Austria	OST	Austria Fund	4.1
France	FRF	France Growth Fund Inc	51.6
Germany	GER	Germany Fund	4.7
	GF	New Germany Fund	24.5
Ireland	IRL	Irish Investment Fund Inc	23.6
Italy	ITA	Italy Fund Inc	59.2
Portugal	PGF	Portugal Fund Inc.	60.3
Russia	TRF	Templeton Russia Fund Inc	5.5
Spain	SNF	Spain Fund Inc (The)	12.0
Switzerland	SWZ	Swiss Helvetia Fund	23.8
Mid East Regional	EME	Foreign & Col Em Middle East	61.3
Israel	ISL	First Israel Fund Inc	14.9
Turkey	TKF	Turkish Investment Fund	31.4
Africa Regional	AFF	MSDW Africa Investment Fund	59.7
South Africa	ASA	ASA Ltd	19.4
	SOA	Southern Africa Fund Inc	37.5
<b>LATIN AMERICA</b>			
Latin America Regional	LAM	Latin America Investment Fund	49.5
	LAQ	Latin America Equity Fund Inc	39.9
	LDF	Latin American Discovery Fund	41.5
Argentina	AF	Argentina Fund Inc	49.4
Brazil	BZF	Brazil Fund Inc	37.5
	BZL	Brazilian Equity Fund	17.3
Chile	CH	Chile Fund	40.7
Mexico	MXF	Mexico Fund	39.0
	MXE	Mexico Equity & Income Fund	8.3
<b>GLOBAL</b>			
Emerging Markets	ETF	Emerging Markets Telecomm Fund	15.9
	EMG	Emerging Markets Infrastructure Fund	32.5
	MSF	MSDW Emerging Markets Fund	38.3
	EMF	Templeton Emerging Markets Fund	13.3
Global	CLM	Clemente Strategic Value Fund	47.5
Average For Sector:			30.4

Source: Bloomberg, UBS Warburg

### Institutional interest across regions

## **If emerging markets come back, so should country funds**

The lack of demand for emerging markets from either individuals or institutions is probably a prime factor in the current width of discounts. The UBS Warburg view on emerging markets from an asset allocation perspective is positive in the medium term but neutral in the near term.

We do not profess to know when emerging markets might begin to outperform developed markets, and particularly the US market, again.

### **International investing is a late-cycle phenomenon in the US**

But it should be noted that the tendency is for American investors to invest overseas towards the end of an investment cycle rather than at its beginning. Each of the last three US financial market upswings has ended with country funds trading at premiums to NAV.

If we use the graph on page 1 as a guide to US investor sentiment towards foreign markets we would highlight the fact that premiums to NAV were in evidence in 1987, before the stock market crash in October of that year. They were in evidence again in 1989-90 before the Iraqi invasion of Kuwait, US recession and Gulf War. And then in 1993-94 the emerging market “mania” pushed country funds to premiums before the Fed rate hikes in February 1994.

Different segments of the country fund market traded at premiums during each of these three periods. In 1987, Korea Fund and Taiwan Fund were at premiums in excess of 100% as investors bought into the only vehicles for gaining access to those markets. It was a global bull market in 1987, so most of the dozen country funds then in existence were at premiums.

In 1989-90, the primary focus was Europe, and Japanese investors joined US investors in their enthusiasm for Europe as the Berlin Wall came down. Accessing Europe via US listed country funds was attractive to Japanese investors in part because of the strength of the yen against the dollar that made US dollar-based investments attractive. Spain Fund and Germany Fund were the star performers of this country fund bull market when they went to premiums in excess of 100%.

Then finally came the emerging market “mania” of 1993-94 when Asian funds in particular were the best performers.

Each of these periods occurred in the last months of a financial market uptrend in the US. We believe this is relevant today because whatever one’s views on the US market, it seems likely to be closer to the end of its current up cycle than the beginning.

It is in this environment that US investors generally begin to find it more difficult to make money in the domestic market, and yet the benign liquidity conditions that have created the bull market are still in place. This often leads investors further out on the risk curve and to seek returns in foreign markets.

As we see it, US investors do not invest internationally out of need, but out of greed. European and Asian investors are used to seeing their own market as but a

small part of the world pie and consequently have for decades invested significant sums of money outside their own market. However, most US investors see a world market that is dominated by the US. In general, they only tend to want to move out of the local market when they believe that the returns are going to justify the perceived added "risk". History, and investment economics, tends to suggest that this will be more likely to occur toward the end of a bull market than the beginning,

It seems to us that the enthusiasm for TMT stocks in Q4 99 and Q1 00 has played a similar role to that of emerging markets in 1993-94. A chart pattern of TMT price performance does not look dissimilar to that of emerging markets in Q4 93 and Q1 94.

We believe the same marginal dollar that sought noteworthy returns from a China fund in 1993/94 was seeking it from China.com in 1999/2000.

**Country funds tend to end the cycle at premiums, not at record discounts**

It is therefore possible that among the things that the "new economy" may have changed is the tendency for global bull markets to continue until country funds are at premiums to NAV.

But we doubt that the world has changed so much that global bull markets end with country funds at record discounts. We're convinced that there has to be a little bit left for the country fund market.

And our best estimate is that the fund market will get that attention sooner rather than later.

## Some funds to focus on

Table 5: US Country Fund Market

As of 31/05/2000	Ticker	Name	Current Estimated NAV \$	Current Price \$	Premium/ Discount %	Last 13 weeks average Discount %	Gross Assets \$mn
<b>ASIA</b>							
<b>Asia ex Japan</b>	APB	Asia Pacific Fund	12.57	8.531	-32.1%	-29	225
	GRR	Asia Tigers Fund Inc.	11.85	7.969	-32.7%	-29	228
	TVF	Templeton Vietnam and South East Asia	9.58	6.375	-33.5%	-31	44
<b>Asia inc. Japan</b>	SAF	Scudder New Asia Fund Inc.	18.98	13.469	-29.1%	-26	159
	APF	MSDW Asia Pacific Fund	13.48	9.500	-29.5%	-28	822
<b>Australia</b>	IAF	First Australia Fund Inc.	7.56	6.031	-20.2%	-19	127
<b>China/Hong Kong</b>	CHN	China Fund	12.52	9.031	-27.9%	-29	118
	GCH	Greater China Fund	10.73	7.781	-27.5%	-30	128
	JFC	Jardine Fleming China Region	10.10	7.188	-28.8%	-30	87
	TCH	Templeton China World Fund	10.30	7.281	-29.3%	-30	192
	TDF	Templeton Dragon Fund Inc.	11.15	7.969	-28.5%	-29	558
<b>India</b>	IFN	India Fund Inc.	18.45	12.344	-33.1%	-34	567
	IGF	India Growth Fund Inc.	16.27	10.063	-38.2%	-35	146
	JFI	Jardine Fleming India Fund	14.97	9.500	-36.5%	-35	149
	IIF	MSDW India Investment Fund	17.13	11.031	-35.6%	-35	519
<b>Indonesia</b>	IF	Indonesia Fund Inc	2.28	3.563	56.2%	29	11
	JGF	Jakarta Growth Fund	1.52	1.813	19.0%	1	8
<b>Japan</b>	JOF	Japan OTC Equity Fund Inc.	12.66	8.531	-32.6%	-30	196
	JEQ	Japan Equity Fund	9.12	7.188	-21.2%	-22	99
<b>Korea</b>	KF	Korea Fund	18.99	12.781	-32.7%	-32	851
	KEF	Korea Equity Fund	4.96	3.344	-32.6%	-31	38
	KIF	Korean Investment Fund Inc.	9.24	6.156	-33.3%	-31	70
	FAK	Fidelity Advisor Korea Fund	11.08	10.250	-7.5%	-11	56
<b>Malaysia</b>	MF	Malaysia Fund Inc	6.32	5.031	-20.3%	-8	60
<b>Pakistan</b>	PKF	Pakistan Investment Fund Inc.	3.71	2.344	-36.9%	-36	42
<b>Philippines</b>	FPF	First Philippine Fund	5.16	3.969	-23.1%	-23	56
<b>Singapore</b>	SGF	Singapore Fund Inc.	7.94	6.438	-18.9%	-21	74
<b>Taiwan</b>	ROC	R.O.C. Taiwan Fund	11.44	8.688	-24.1%	-19	374
	TWN	Taiwan Fund Inc.	24.82	19.219	-22.6%	-15	389
<b>Thailand</b>	TTF	Thai Fund Inc.	3.80	4.813	26.5%	23	49
	TC	Thai Capital Fund	2.14	3.000	40.0%	37	13
<b>EUROPE/MIDEAST/AFRICA</b>							
<b>W. Europe Regional</b>	EF	Europe Fund Inc.	19.96	17.375	-13.0%	-14	195
	EWf	European Warrant Fund Inc.	19.29	14.938	-22.6%	-25	222
<b>E. Europe Regional</b>	CEE	Central European Equity Fund	19.54	14.094	-27.9%	-28	175
	RNE	MSDW Eastern Europe Fund	20.46	16.906	-17.4%	-20	88
<b>Austria</b>	OST	Austria Fund	12.61	9.813	-22.2%	-28	94
<b>France</b>	FRF	France Growth Fund Inc.	16.32	14.063	-13.8%	-15	238
<b>Germany</b>	GER	Germany Fund	15.06	14.281	-5.2%	-9	216
	GF	New Germany Fund	16.17	13.094	-19.0%	-23	448
<b>Ireland</b>	IRL	Irish Investment Fund Inc.	19.24	13.844	-28.0%	-28	96
<b>Italy</b>	ITA	Italy Fund Inc	19.85	17.625	-11.2%	-14	156
<b>Portugal</b>	PGF	Portugal Fund Inc.	14.63	11.938	-18.4%	-17	66
<b>Russia</b>	TRF	Templeton Russia Fund Inc.	15.77	14.906	-5.5%	-7	80
<b>Spain</b>	SNF	Spain Fund Inc.	13.53	12.438	-8.1%	-9	113
<b>Switzerland</b>	SWZ	Swiss Helvetia Fund	17.43	13.906	-20.2%	-20	423
<b>Mid East Regional</b>	EME	Foreign & Colonial Emg. Middle East	18.99	16.906	-11.0%	-12	53
<b>Israel</b>	ISL	First Israel Fund Inc.	20.47	16.000	-21.8%	-20	84
<b>Turkey</b>	TKF	Turkish Investment Fund	21.01	15.625	-25.6%	-24	135
<b>Africa Regional</b>	AFF	MSDW Africa Investment Fund	11.54	7.875	-31.8%	-30	157

As of 31/05/2000	Ticker	Name	Current Estimated NAV \$	Current Price \$	Premium/ Discount %	Last 13 weeks average Discount %	Gross Assets \$mn
<b>South Africa</b>	ASA	ASA Ltd	18.70	15.281	-18.3%	-12	171
	SOA	Southern Africa Fund Inc.	17.22	12.250	-28.9%	-24	79
<b>LATIN AMERICA</b>							
<b>Latin America Regional</b>	LAM	Latin America Investment Fund	16.11	13.156	-18.3%	-24	98
	LAQ	Latin America Equity Fund Inc.	15.31	11.469	-25.1%	-26	100
	LDF	Latin American Discovery Fund	12.63	9.313	-26.2%	-24	142
<b>Argentina</b>	AF	Argentina Fund Inc.	14.08	9.438	-33.0%	-30	127
<b>Brazil</b>	BZF	Brazil Fund Inc.	20.61	14.844	-28.0%	-26	323
	BZL	Brazilian Equity Fund	6.95	5.000	-28.0%	-26	37
<b>Chile</b>	CH	Chile Fund	14.16	9.438	-33.4%	-32	202
<b>Mexico</b>	MXF	Mexico Fund	20.05	13.594	-32.2%	-31	959
	MXE	Mexico Equity & Income Fund	10.02	9.188	-8.3%	-10	114
<b>GLOBAL</b>							
<b>Emerging Markets</b>	ETF	Emerging Markets Telecomm Fund	17.99	13.594	-24.5%	-22	122
	EMG	Emerging Markets Infrastructure Fund	13.57	11.063	-18.5%	-21	146
	MSF	MSDW Emerging Markets Fund	18.71	13.344	-28.7%	-26	363
	EMF	Templeton Emerging Markets Fund	11.10	8.750	-21.1%	-18	188
<b>Global</b>	CLM	Clemente Strategic Value FD	14.58	12.250	-16.0%	-15	63
		Average (plus gross assets for sector):			-20.6%		12,730

Source: UBS Warburg, CDA Wiesenberger

Table 5 shows our universe of US listed funds. We believe many funds deserve attention at today's valuations but we will highlight some that have a couple of things in common.

First, they have all been in existence for at least eight years and consequently have lived through more than just the down cycle of the last six years. Investors have made money in these funds before which, in our opinion, makes them more likely to turn to them when they are reacquainting themselves with emerging markets.

Second, they are trading at substantial discounts, on our calculations, and third we expect that they will perform well in any emerging market upturn.

### Focus initially on established funds

We also highlight a fund where the discount is narrower but where corporate actions should be supportive of the fund in the short to medium term.

Full-page profiles of these funds appear at the end of this report, but a snapshot follows.

**Asia Pacific Fund (APB).** Asia-ex-Japan fund that has been in existence since 1987. Historically the "blue-chip" Asia-ex-Japan fund. At a 29% discount to estimated NAV, we would expect it to appear on investors' stock screens when they revisit the sector.

**Scudder New Asia Fund (SAF).** Asia including Japan fund with a lower weighting in Japan than its competitor, MSDW Asia Pacific Fund (APF). Another fund dating from 1987 run by a well established institution (Scudder Kemper) that again we would expect to be an initial beneficiary of a pick-up in investor interest in emerging markets.

**Jardine Fleming China Region Fund (JFC).** Run by Steve Luk in recent months. JF is one of the traditional powerhouses in the asset management business in Asia. JF China is one of the original China funds from 1992. Asset allocation mix is 52% in mainstream Hong Kong, 16% in Red Chips, 1% in "H" shares, 23% in Taiwan.

**Korea Fund (KF).** Lead manager is John Lee of Scudder Kemper. Fund has a large position in one stock (SK Telecom) but manager likely to bring that down to 25% of the portfolio from 30%. Fund also has indicated desire to increase its weighting in Private Equity in Korea (currently less than 1% of the portfolio).

**Latin America Investment Fund (LAM).** Run by Emily Alejos of Credit Suisse Asset Management. Fund has proposed conducting a tender for 50% of shares outstanding which is subject to approval of the proposed merger into its sister fund, Latin America Equity Fund (LAQ). We believe this corporate action would be supportive of the discount in coming months. The fund currently has 32% of its assets in Latin debt instruments. After the merger it would be more of an equity fund (LAQ has 94% of assets in equities).

**Templeton Emerging Markets Fund (EMF).** We consider this an excellent example of an emerging market value play. Mark Mobius and team take a bottom-up approach that focuses on earnings growth and valuation. If those things ever come back into favour, so should this fund. It has suffered in relative performance in recent months but it is the most famous emerging market fund in the US. We do not expect a return of investor enthusiasm to the sector without a revaluation of this fund.

**Table 6: Funds highlighted in this report**

Fund	Current discount %	Primary asset allocation
APB Asia Pacific Fund	-32%	Hong Kong 33%, Taiwan 23%, S. Korea 21%, Singapore 12%, Malaysia 4%
SAF Scudder New Asia	-29%	Japan 32%, Hong Kong 16%, S. Korea 16%, Taiwan 15%, India 10%
JFC Jardine Fleming China Region	-29%	16% Red Chips, 1% "H" Shares, 52% other Hong Kong, 23% Taiwan
KF Korea Fund	-33%	96% invested in Korean equities
LAM Latin America Investment Fund	-18%	Mexico 36%, Brazil 32%, Chile 10%, Argentina 7%, Venezuela 5%
EMF Templeton Emerging Markets Fund Inc.	-21%	Brazil 14%, Mexico 12%, Thailand 8%, S. Africa 8%, Hong Kong 7%, Turkey 5%

Source: UBS Warburg

## Asia Pacific Fund, Inc

As At: 31-May-00

### Investment Objectives

Long-term capital appreciation through investment primarily in equity securities in The Asia Pacific Countries exc. Japan and Australasia. The Fund may also invest in China, India, Indonesia, Pakistan and Sri Lanka.

### Basic Details

#### Address

Gateway Center Three, 100 Mulberry Street, Newark,  
NJ, 07102-4077

Tel 800 451 6788

Fax 852 2845 9050

#### Directors

Michael J Downey (Chairman), David J Brennan, David G P Scholfield,  
Robert H Burns, Olam Chairavat, Robert F Gunia, Douglas G Tong Hsu,  
John Alston Morrell

### Other Information

Domicile	U.S.A	Launched	1987
Traded Exch	New York	Financial Year End	31-Mar-00
StockBroker	Not Applicable		

### Management

Management Group Baring Intl Inv Far East

### Fund Manager(s)

James Squire

### Management Contract

Manager: 1.1% p.a. of average weekly total NAVs up to US\$50M; 0.9% of assets between US\$50M and US\$100M; 0.7% of assets over US\$100M.  
Administrator: 0.25% p.a. of average weekly total NAVs.

### Wind Up Provisions

Wind-up requires 75% shareholder vote.

### Portfolio Summary

<b>Geographical Spread</b> as at 28-Apr-00			
Hong Kong	32.7	Thailand	2.9
Taiwan	22.5	India	1.4
Korea (South)	20.7	Indonesia	1.1
Singapore	12.3	Philippines	0.4
Malaysia	3.7		
Cash	2.3		
<b>Largest Shareholdings</b> as at 28-Apr-00			
Samsung Electronics	9.3	Cable & Wireless	4.4
Hutchison Whampoa	8.9	DBS Group Hold	4.4
Taiwan Semiconductor	5.1	United Microelectronics	2.9
Cheung Kong	4.6	Singapore Press	2.4
China Telecom	4.5	HSBC Holdings	2.3

Ordinary Share RIC APB.N

### Asset Structure

Capital Structure Type	Nom	Authorised	Issued	Votes
Ordinary	0.01	30000000	18930333	1

Gross Assets	237996
Prior Charges	0
Shareholders funds	237996

### Net Dividends

Type	Ex Div	Pay Date	USD
INC	29-Dec-99	14-Jan-00	0.14

### Relative Performance and Discount

#### UBS Warburg Performance Benchmarks

Category Asia Regional exc Japan General Equity  
Index MSCI Far East Free(X Jap.)

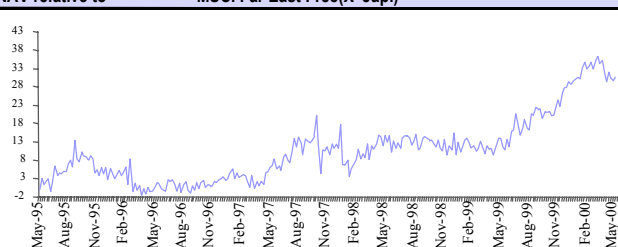
#### UBS Warburg Performance Tables

Category	1-Year	3-Year	5-Year
NAV	26	-13	-15
NAV Total Return	28	-9	2
Price	5	-27	-51
Price Total Return	6	-23	-41
MSCI Far East Free(X Jap.)	5	-33	-30

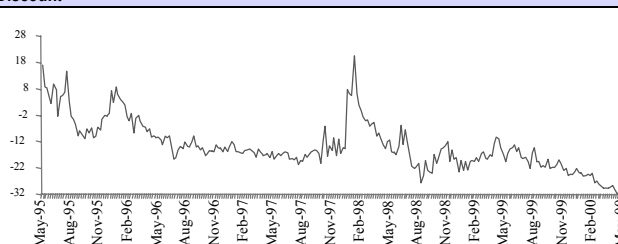
### Share Statistics

	USD	USD
NAV & Price	13	9
Discount(-)/Premium(+)	-32	
Gross Dividend Yield	2	
Stated & Effective Gearing	100	98

### NAV relative to MSCI Far East Free(X Jap.)



### Discount





# Scudder New Asia Fund Inc

As At: 31-May-00

## Investment Objectives

Long-term capital appreciation through investment primarily in equity securities of Asian companies.

## Basic Details

### Address

345 Park Avenue,  
New York, USA, 10154-0004

Fax 212-751-3451

### Directors

Daniel Pierce (Chairman), Wilson Nolen, Paul Bancroft III, William H Gleysteen, Jnr, James W Morley, Robert G Stone, Jnr, William H Luers, Kathryn L Quirk, Robert J Callander, Thomas J. Devine, Hugh T. Patrick, Sheryl J. Bolton

### Other Information

Domicile	U.S.A	Launched	1987
Traded Exch	New York	Financial Year End	31-Dec-99
StockBroker	Not Applicable		

## Management

Management Group Scudder Kemper Investments, Inc.

### Fund Manager(s)

Nicholas Bratt, Theresa Gusman, Elizabeth Allan, Tien Yu Sieh

## Management Contract

Manager: 1.25% p.a. of total NAVs up to US\$75M; 1.15% of assets from US\$75M to US\$200M and 1.1% of assets in excess of US\$200M.

## Wind Up Provisions

Board will consider conversion to open-end status, if shares trade at a substantial discount for an extended period of time. Such an amendment would require approval by 75% of shareholders.

## Portfolio Summary

<b>Geographical Spread</b>		as at 28-Apr-00
Japan	32.3	Singapore 3.9
Hong Kong	15.7	Malaysia 2.9
Korea (South)	15.7	Thailand 1.0
Taiwan	14.7	U.S.A 1.0
India	9.8	
Cash	3.0	
<b>Largest Shareholdings</b>		as at 28-Apr-00
Samsung Electronics	5.9	NTT Mobile Comms 3.1
SK Telecom	4.8	NEC Corporation 2.3
China Telecom	4.6	Chartered Semicon 2.0
Satyam Computers	3.3	Kyocera 1.9
Infosys Technology	3.1	Sony Corp 1.9

Ordinary Share RIC SAF.N

## Asset Structure

Capital Structure Type	Nom	Authorised	Issued	Votes
Ordinary	0.01	50000120	8804757	1

Gross Assets	165540
Prior Charges	0
Shareholders funds	165540

## Net Dividends

year ended 31-Dec-99

Type	Ex Div	Pay Date	USD
------	--------	----------	-----

## Relative Performance and Discount

### UBS Warburg Performance Benchmarks

Category	Asia Regional Inc Japan	General Equity
Index	MSCI Far East	

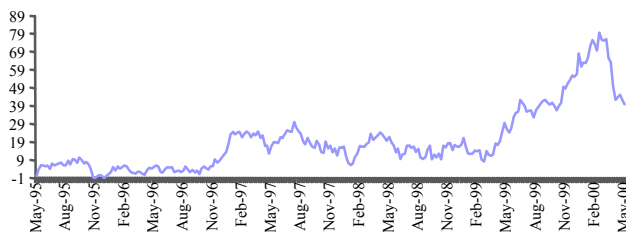
### UBS Warburg Performance Tables

Category	1-Year	3-Year	5-Year
NAV	32	14	17
NAV Total Return	32	19	32
Price	14	3	-15
Price Total Return	15	11	0
MSCI Far East	26	3	-7

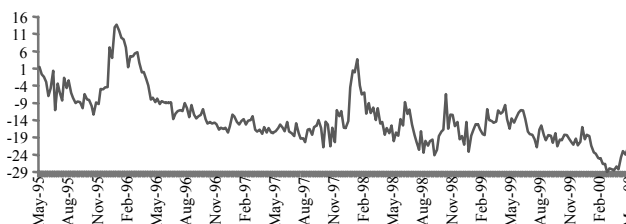
## Share Statistics

	USD	USD
NAV & Price	19	14
Discount(-)/Premium(+)	-27	
Gross Dividend Yield	0	
Stated & Effective Gearing	100	97

## NAV relative to MSCI Far East



## Discount



## Jardine Fleming China Region Fund Inc

As At: 01-Jun-00

**Investment Objectives**  
Seeking long-term capital appreciation through investment primarily in equities of companies with substantial assets in, or revenues derived from, China, Hong Kong, Taiwan and Macau. The Fund may invest up to 25% of its assets in unlisted securities.

### Basic Details

**Address**  
47th Floor Jardine House,  
1 Connaught Place, Hong Kong,  
Tel 852 2840 6001 Fax 852 2845 1651

**Directors**  
J M I Reid, Martin G Barrow, Emmett J Rice, The Earl of Cromer, A R Hamilton, S M Chung, Ng Yook Man, A. Douglas Eu

### Other Information

Domicile U.S.A Launched 1992  
Traded Exch New York Financial Year End 31-Dec-99  
StockBroker Not Applicable

### Management

Management Group Jardine Fleming Investment Mgt  
**Fund Manager(s)**  
Steve Luk

### Management Contract

Manager: 1.5% per annum of total net assets up to US\$50m, 1.25% between US\$50m-US\$75m, 1% in excess of US\$75m. Administrator: 0.1% per annum of total net assets up to US\$250m, 0.075% between US\$250m-US\$500m, 0.05% in excess of US\$500m. Subject to a minimum annual fee of US\$200,000, plus reimbursement for ad-hoc expenses.

### Wind Up Provisions

The Fund has an unlimited life. If the Fund is trading at a substantial discount the board may consider repurchasing shares, at or below NAV.

### Portfolio Summary

**Geographical Spread** as at 28-Apr-00  
Hong Kong 68.6 Taiwan 23.2  
Cash 8.2  
**Largest Shareholdings** as at 28-Apr-00  
Hutchison Whampoa 11.5 China Telecom 5.2  
Cheung Kong Holdings 7.9 HSBC Holdings 5.1  
Cable & Wireless 5.7 Legend Holdings 4.1  
Taiwan Semiconductor 5.7 Citic Pacific 3.2  
Sun Hung Kai Co 5.3 CLP Holdings 2.3

Ordinary Share	RIC	JFC.N
<b>Asset Structure</b>		
<b>Capital Structure Type</b>	<b>Nom</b>	<b>Authorised</b>
Ordinary	0.01	100000000
		<b>Issued</b>
		9101372
		<b>Votes</b>
		1
Gross Assets	92701	
Prior Charges	0	
Shareholders funds	92701	

Net Dividends		year ended	31-Dec-99
Type	Ex Div	Pay Date	USD
INC	15-Dec-99	30-Dec-99	0.04

### Relative Performance and Discount

#### UBSWarburg Performance Benchmarks

Category China General Equity  
Index IFC China Invest Weekly

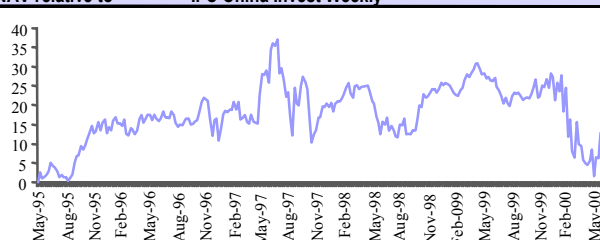
#### UBSWarburg Performance Tables

Category	1-Year	3-Year	5-Year
NAV	23	-41	-17
NAV Total Return	24	-40	-16
Price	7	-46	-42
Price Total Return	7	-46	-41
IFC China Invest Weekly	74	-38	-30

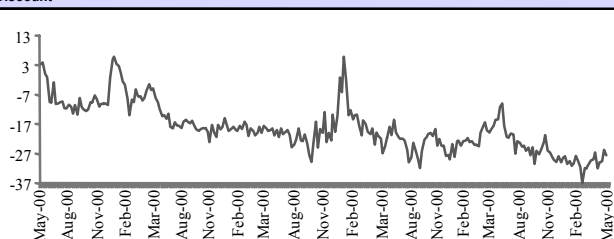
### Share Statistics

	USD	USD
NAV & Price	10	7
Discount(-)/Premium(+)	-28	
Gross Dividend Yield	1	
Stated & Effective Gearing	100	92

### NAV relative to IFC China Invest Weekly



### Discount



## Korea Fund Inc.

As At: 31-May-00

### Investment Objectives

Long-term capital appreciation through investment in Korean securities. The Company invests in a broad spectrum of Korean industries and closed-end investment company. It is the first United States investment company authorized to invest in Korean securities.

### Basic Details

#### Address

345 Park Avenue,  
New York, USA, 10154-0004  
Tel 212 326 6200

Fax 212 751 3451

#### Directors

Juris Padegs (Chairman), Wilson Nolen, S C Lee, S M Robbins,  
William H Gleysteen, Jnr, Robert J Callander, Hugh T. Patrick,  
Tai Ho Lee, Kesop Yun

#### Other Information

Domicile	U.S.A	Launched	1984
Traded Exch	New York	Financial Year End	30-Jun-99
StockBroker	Not Applicable		

### Management

Management Group Scudder Kemper Investments, Inc.

#### Fund Manager(s)

Nicholas Bratt, John Lee

Tel 212 326 6200

#### Management Contract

Manager: 1.15% p.a. of month-end total NAVs up to US\$50M; 1.10% p.a. of assets between \$50M and \$100M; 1% p.a. on the next \$250M, 0.95% on the next \$400M and 0.9% on assets over \$750M. Korean Adviser: Paid by Manager, 0.2875% p.a. of month-end total NAVs up to \$50M; 0.275% p.a. of total NAVs between \$50M and \$100M; 0.25% p.a. on the next \$250M, 0.2375% on the next \$400M and 0.225% on assets in excess of \$750M.

### Wind Up Provisions

No provisions.

### Portfolio Summary

<b>Geographical Spread</b>	as at 28-Apr-00		
Korea (South)	96.0		
Cash	4.0		
<b>Largest Shareholdings</b>	as at 28-Apr-00		
SK Telecom	30.8	Samsung Elect Co Ltd	3.1
Samsung Electronics	11.7	Dacom Corp	2.5
Samsung Electro-Mech	5.5	Korea Electric Power Corp	2.5
Samsung Fire & Marine Ins.	4.4	Housing & Com Bank	1.5
Pohang Iron & Steel Co.	3.1	Samsung Display Devices	1.3

Ordinary Share RIC KF.N

### Asset Structure

<b>Capital Structure Type</b>	Nom	Authorised	Issued	Votes
Ordinary	0.01	50000000	49999999	1

Gross Assets	949574
Prior Charges	0

Shareholders funds 949574

### Net Dividends

Type	Ex Div	Pay Date	USD
		30-Jun-99	

### Relative Performance and Discount

#### UBS Warburg Performance Benchmarks

Category	Korea (South)	General Equity
Index	IFC Korea Invest Weekly	

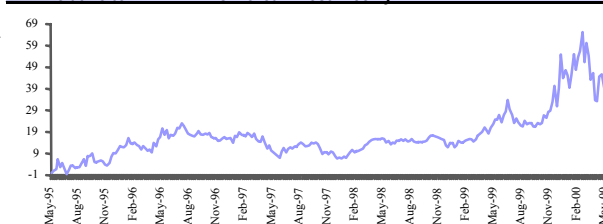
#### UBS Warburg Performance Tables

<b>Category</b>	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>
NAV	38	50	-1
NAV Total Return	38	50	13
Price	5	-8	-42
Price Total Return	5	-7	-25
IFC Korea Invest Weekly	2	-12	-41

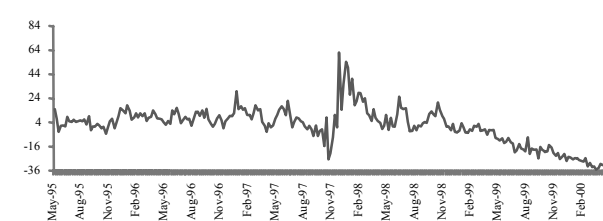
### Share Statistics

	<b>USD</b>	<b>USD</b>
NAV & Price	19	13
Discount(-)/Premium(+)	-33	
Gross Dividend Yield	0	
Stated & Effective Gearing	100	96

### NAV relative to IFC Korea Invest Weekly



### Discount



# Latin America Investment Fund, Inc.

As At: 31-May-00

## Investment Objectives

Long term capital appreciation by investing primarily in securities in Latin America. Under normal conditions, the fund expects at least 65% of its assets to be invested in listed equities in Brazil, Chile, & Mexico. Fund may invest up to 25% of its assets in unlisted equity securities & up to 30% of assets in sovereign debt issues.

## Basic Details

### Address

CSAM, 1 Citicorp Center, 153 East 53rd St,  
New York, USA, NY 10022

Tel 212 310 0291

Fax 212 355 2099

### Directors

William W Jr Priest (Chairman), James John Cattano, George Walter Landau, Martin Miguel Torino, Richard Watt, Dr. Enrique Arzac, Riordan Roett

### Other Information

Domicile	U.S.A	Launched	1990
Traded Exch	New York	Financial Year End	31-Dec-99
StockBroker	Not Applicable		

### Management

Management Group Credit Suisse Asset Management

### Fund Manager(s)

Emily Alejos

### Management Contract

Adviser: 1.0625% p.a. of average weekly total NAVs up to \$100M; 0.9775% p.a. of assets between \$100M & \$150M; 0.8925% p.a. of total NAVs in excess of \$150M. Sovereign Debt Adviser: 0.1875% p.a. of NAVs up to \$100M; 0.1725% p.a. of NAVs between \$100M and \$150M; 0.1575% p.a. of NAVs in excess of \$150M. Argentine Sub-Adviser: Paid by Adviser. 0.02% p.a. of average NAVs. Chilean Sub-Adviser: Paid by Adviser. 0.05% p.a. of average NAVs. Chilean Admin: 0.1% p.a. of average NAV's or 2,000 UF, whichever is greater.

### Wind Up Provisions

If the Fund's shares trade at any time for a substantial period of time at a substantial discount from NAV, the Directors will consider, at their next scheduled meeting, taking actions designed to reduce or eliminate the discount. The actions considered by the Directors may include periodic share repurchases.

### Portfolio Summary

<b>Geographical Spread</b>	as at 28-Apr-00	
Latin America Regional	64.4	
Cash	4.3	Fixed Interest 31.3
<b>Largest Shareholdings</b>	as at 28-Apr-00	
Federal Rep of Brazil	8.5	Tele Norte Leste Part 4.5
Telmex	7.2	WalMart de Mexico 3.8
Republic of Argentina	7.0	Grupo Fin Banamex 3.3
Republic of Venezuela	4.7	Grupo Televisa 3.2
United Mexican State	4.6	Petroleo Brasileiro 3.2

Ordinary Share RIC LAM.N

## Asset Structure

Capital Structure Type	Nom	Authorised	Issued	Votes
Ordinary	0.001	100000000	6270139	1

Gross Assets	101001
Prior Charges	0
Shareholders funds	101001

## Net Dividends year ended 31-Dec-99

Type	Ex Div	Pay Date	USD
INC	13-Dec-99	29-Dec-99	0.5

## Relative Performance and Discount

### UBS Warburg Performance Benchmarks

Category Latin America Regional General Equity  
Index IFC Latin America Wkly Invest.

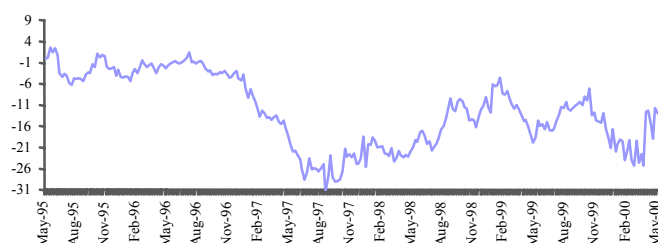
### UBS Warburg Performance Tables

Category	1-Year	3-Year	5-Year
NAV	16	-26	-10
NAV Total Return	20	-10	11
Price	22	-27	-20
Price Total Return	26	-7	4
IFC Latin America Wkly Invest.	3	-17	17

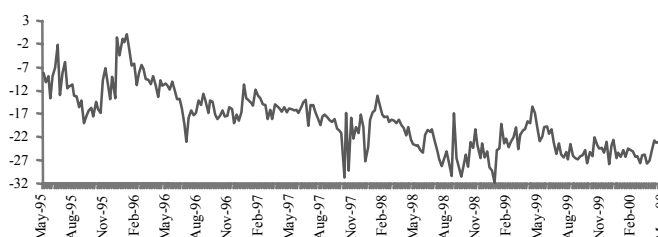
### Share Statistics

	USD	USD
NAV & Price	16	13
Discount(-)/Premium(+)	-18	
Gross Dividend Yield	4	
Stated & Effective Gearing	100	64

### NAV relative to IFC Latin America Wkly Invest.



### Discount



# Templeton Emerging Markets Fund Inc.

As At: 31-May-00

Ordinary Share RIC EMF.N

**Investment Objectives**  
 The Fund's investment objective is long-term capital appreciation. Under normal conditions, at least 75% of the Fund's total assets will be invested in emerging country equity securities, including common and preferred stock, debt securities convertible into common stock and common stock purchase warrants.

Asset Structure				
Capital Structure Type	Nom	Authorised	Issued	Votes
Ordinary	0.01	30000000	17656437	1
Gross Assets		195525		
Prior Charges		0		
Shareholders funds		195525		
Net Dividends		year ended	31-Aug-99	
Type	Ex Div	Pay Date	USD	

**Basic Details**  
**Address**  
 3905-08, Two Exchange Square,  
 Central, Hong Kong,  
 Tel +852-2820-2400 Fax +852-2845-0181  
**Directors**  
 J W Galbraith, F R Millsaps, G S Macklin, B P Krahmer, A H Hines, Harris Ashton, S J Fortunato, Harmon E Burns, The Hon Nicholas F Brady, Charles B Johnson, Edith Holiday, Frank Crothers

**Relative Performance and Discount**  
**UBS Warburg Performance Benchmarks**  
 Category Global Emerging General Equity  
 Index MSCI Emg. Mkts Free

**UBS Warburg Performance Tables**

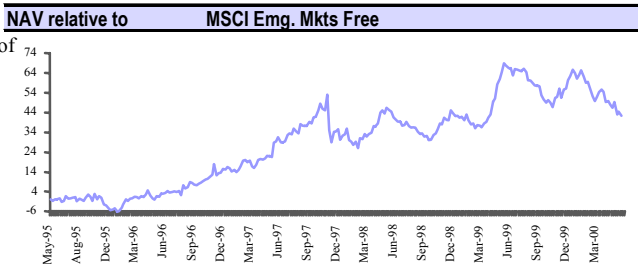
Category	1-Year	3-Year	5-Year
NAV	-9	-48	-40
NAV Total Return	-8	-5	35
Price	-35	-62	-59
Price Total Return	-33	-38	-19
MSCI Emg. Mkts Free	14	-19	-10

**Other Information**  
 Domicile U.S.A Launched 1989  
 Traded Exch New York Financial Year End 31-Aug-99  
 StockBroker Not Applicable

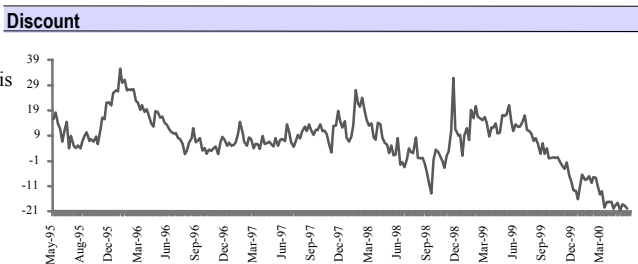
**Share Statistics**

	USD	USD
NAV & Price	11	9
Discount(-)/Premium(+)	-21	
Gross Dividend Yield	1	
Stated & Effective Gearing	100	97

**Management Contract**  
 The fund pays monthly a fee to the Manager, on an annual basis, to 1.25% of the average weekly net assets.



**Wind Up Provisions**  
 If for a fiscal quarter during or after 1993, the average discount from NAV is substantial, the Board of Directors of the Fund will consider converting the Fund to an open-end investment company, requiring a favourable vote of a majority of the shares entitled to vote on the matter.



**Portfolio Summary**

Geographical Spread		
	as at 31-Mar-00	
Brazil	14.3	Turkey 5.4
Mexico	11.5	Korea (South) 5.1
Thailand	8.4	Indonesia 4.6
South Africa	8.2	Argentina 3.9
Hong Kong	7.1	Poland 3.8
Cash	2.9	
Largest Shareholdings		
	as at 29-Feb-00	
Telefonos de Mexico	5.3	CVRD 2.1
Anglo American	2.2	Telesp 2.1
Banamex	2.1	





This report was produced by:

**UBS Warburg**

+44-20-7567 8000

**Head office:**

1 Finsbury Avenue

London

EC2M 2PP

UK

---

**UBS Warburg, 1 Finsbury Avenue, London, EC2M 2PP, UK Phone: +44-20-7567 8000**

This report has been prepared by the division, group, subsidiary or affiliate of UBS AG ("UBS") identified herein. In certain countries UBS AG is referred to as UBS SA, which is a translation of UBS AG, its registered legal name. UBS Warburg is a financial services group of UBS AG. This report is for distribution only under such circumstances as may be permitted by applicable law, including the following:

**United Kingdom:** This report has been issued by UBS AG, acting through its financial services group UBS Warburg, regulated in the UK by the Securities and Futures Authority and member of the London Stock Exchange, for distribution in the United Kingdom to persons who are not UK private customers. Customers should approach the analyst(s) named on the cover regarding any matter relating to this report, except when this report is published outside the UK in which case they should contact their London representative. **Italy:** Should persons receiving this research in Italy require additional information or wish to effect transactions in the relevant securities, they should contact either Giubergia Warburg Dillon Read SIM SpA, a subsidiary of UBS SA, in Milan or UBS Warburg (Italia) SIM SpA, a subsidiary of UBS SA, in Milan or its London or Lugano Branch. **South Africa:** UBS Warburg Securities (South Africa) (Pty) Ltd. is a member of the Johannesburg Stock Exchange. **United States:** This report is being distributed to US persons by either (i) UBS Warburg LLC, a subsidiary of UBS AG; or (ii) by another division, group, subsidiary or affiliate of UBS AG to major US institutional investors only. UBS Warburg LLC accepts responsibility for the content of a report prepared by another division, group, subsidiary or affiliate of UBS AG when distributed by UBS Warburg LLC to US persons. All transactions by a US person in the securities mentioned in this report must be effected through UBS Warburg LLC, and not through another division, group, subsidiary or affiliate of UBS AG. **Canada:** UBS Bunting Warburg Inc. will provide upon request a statement of its financial condition and a list of its directors and senior officers. **Singapore:** This report is being distributed in Singapore by UBS Warburg & Associates (Singapore) Research Pte. Ltd. **Hong Kong:** This report is being distributed in Hong Kong to investors who fall within section 3(1) of the Securities Ordinance (Cap 333) by UBS Warburg Asia Limited. **Japan:** This report is being distributed in Japan by UBS Warburg (Japan) Limited to institutional investors only.

This report has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. The report is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. The report is based on information obtained from sources believed to be reliable but is not guaranteed as being accurate, nor is it a complete statement or summary of the securities, markets or developments referred to in the report. The report should not be regarded by recipients as a substitute for the exercise of their own judgement. Any opinions expressed in this report are subject to change without notice and UBS is not under any obligation to update or keep current the information contained herein. UBS and/or its directors, officers and employees may have or have had interests or long or short positions in, and may at any time make purchases and/or sales as principal or agent, or UBS may act or have acted as market-maker in the relevant securities or related financial instruments discussed in this report. Furthermore, UBS may have or have had a relationship with or may provide or have provided corporate finance, capital markets and/or other financial services to the relevant companies. Employees of UBS may serve or have served as officers or directors of the relevant companies. UBS may rely on information barriers, such as "Chinese Walls", to control the flow of information contained in one or more areas within UBS, into other areas, units, divisions, groups, or affiliates of UBS.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Past performance is not necessarily indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report. Clients wishing to effect transactions should contact their local sales representative. UBS accepts no liability whatsoever for any loss or damage of any kind arising out of the use of all or any part of this report. **Additional information will be made available upon request.**

© 2000. All rights reserved. No part of this report may be reproduced or distributed in any manner without the written permission of UBS. UBS specifically prohibits the re-distribution of this report, via the Internet or otherwise, and accepts no liability whatsoever for the actions of third parties in this respect.