

I've been waiting 3 years to say this....

23rd June 2003

Yes the markets are up and the Lanson, Collins Stewart & All Weather funds have shown good growth in the last few months...at long last I hear you say! I am sure you will share my joy to see all the funds in the black again.

There is a noticeable change of sentiment in the markets and investors are much more positive and optimistic now than for a long time. In fact Newsletter writers in the USA, as polled by Investors Intelligence, are showing the least amount of pessimism in more than a decade, the "bulls" outnumber the "bears" by nearly 4 to 1.

Last week saw more positive economic indicators in the US and for the first time in years, investors bought when the market dipped last week and did not sell heavily. US mutual funds inflows have also seen a big increase in money being deposited. There is a danger in this, as too much optimism causes too much of a rally and then it falls away. We may see this happen soon as July, August & September are traditionally the worst months for the major indices. [Good time to invest, bad time to sell] Some analysts argue that this is simply another bear market rally, such as we have seen 4 times already since the April 2000 collapse. However it has to break out one day and now we have seen 3 years of adjustments to stock prices, the worst should be over. The USA economy is continuing to show signs of recovery helped by a weak dollar and this will help to pull up the rest of the world in time.

I have also read a very detailed technical analysis of the Japanese market and the conclusion was that their stock market has, after 13 years, turned around the bottom and is now heading back up.

Just to make the point that things go in cycles, I mentioned the **Economist property survey** last week which points out that there is a bubble now particularly in UK, USA, Australia, Spain, Ireland and the Netherlands, with London being the most expensive city (for property) in the world. Many of you have said you could not find it on the bookstalls. I have discovered it on the web at <http://www.economist.com/surveys/showsurvey.cfm?issue=20030531>. If you have trouble with this then I have downloaded all 8 articles and can send them to you.

Fund Performance as at 21st June 2003

	1 month	2003 ytd	1 year
Lanson International Growth	8.2%	14.7%	6.1%
Lanson Optima Fund	7.6%	10.7%	3.6%
Collins Stewart Aggressive USD	6.5%	11.7%	10.8%
Collins Stewart Growth USD	5.6%	9.5%	3.3%
Student Accommodation	0.7%	3.3%	9.1%
Momentum All Weather	1.1%	4.5%	5.2%
S&P 500 Capital Return	6.5%	13.2%	-0.5%
Dow Jones Indust Cap Return	6.4%	10.3%	0.7%
FTSE 100	4.3%	14.7%	-9.7%

To end of May 2003:

Premier Low Risk Fund	0.7%	1.6%	4.0%
Quadriga GCT USD	9.9%	18.2%	109%

It is time to consider whether you need to increase your monthly contributions or to restart them if you have stopped them.

I'll keep this short this time but 2 other items of interest:

An associate of mine in Dubai is setting up a mutual fund to purchase viaticals from Mutual Benefits in Florida. He recently spent several days there conducting his diligence and reported back to me that everything is even better than I have reported to you. You will remember that viaticals are the sale of life insurance policies of seriously ill or terminally ill people. MB have been selling these for 8 years and there have been no defaults. The accuracy of the life expectancy predictions is very good (generally to within 6 months), hence the fixed flat return of 12% per year is achieved to within 6 months of the life expectancy on average. Average 12.2% - 9.4% APR on a 4 year policy. The capital and return are assured as the original life policy is assigned to the investor. There is no need to be squeamish about this investment as it fulfils a social need in the US to provide money to people in the last years of their lives and generally prevents them from lapsing their life insurance before they die, as they often cannot afford to continue premiums. The consequence of this is that the life insurance industry is not keen on the viatical industry as they have to pay out on more life policies as fewer lapse. Having said that, MB have stringent criteria for accepting a policy and nearly three quarters of applicants are rejected as having unsuitable policies.

The MAN AP Unison capital guaranteed hedge fund that I wrote about recently has been hugely successful again. For those who missed it or could not raise \$50,000, then don't worry as I met Quadriga last week. (I have included their performance figures above.) They are launching a similar fund at the end of the month for a minimum investment of \$15,000. It is a commodity & financial futures hedge fund that will target 16-18% pa growth with a volatility of 12% and it will have a capital guarantee from ABN Amro bank. If you would like me to send you details when I receive them please let me know.