# The Scott Letter: *Closed-End Fund Report*©


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## Swiss Helvetia Fund, Inc

### George Cole Scott, Editor

The Scott Letter Online is intended to educate global investors. [What are closed-end funds?] Closed-end funds can be a valuable and profitable investment tool. Please feel free to forward this newsletter to anyone who you believe could benefit from information on closed-end funds or global portfolios. You may also visit our website [www.CEFadvisors.com] Please call (800) 356-3508 or email: cefa@CEFadvisors.com to get started with one of our managed portfolios. We currently offer portfolios with the following objectives: **1.** ***Global Balanced Growth*** **2.** ***Global Balanced Income*** **3.** ***International & REIT*** **4.** ***Single Country Fund & ETF*** **5.** ***Long/Short Global Market Neutral.***

For more information on closed-end funds, please visit the [Investor Resources] section on our website, [Closed-End Fund Association] or Capital Link's [Closed-End Fund Forum].

Back issues of The Scott Letter Online are available on our website. They include interviews with Aberdeen Australia Equity Fund, Adams Express, Allied Capital, Asia Pacific Fund, Ellsworth & Bancroft Convertible Funds, Central European Equity & Russian Fund, General American Investors, H & Q Healthcare Investors, Latin America Equity & Brazilian Equity Fund, Pan Pacific Realty, Renaissance Capital, Royce Funds, Templeton Funds and Tri-Continental.

**In This Issue of The Scott Letter Online**

- Swiss Helvetia Interview
- Analyst Commentary on Switzerland
- Global Market Neutral Overview
- January 2005 Portfolio Manager Commentary

We have just started buying into the European region after making huge gains in Eastern Europe and Latin America in 2004. Part of our strategy is to focus on a different region of the world as money flows shift direction. It is important to do this in order to try to continue our good performance of 2004.

One of the most stable markets in the world is Switzerland. We have started purchasing shares of Swiss Helvetia Fund (NYSE-SWZ). We are familiar with SWZ as it was one of our favored funds in the 1990s under the management of George de Montebello.

The Swiss Helvetia Fund is a non-diversified, closed-end investment company whose objective is to seek long-term capital appreciation through investment in equity and equity-linked securities of Swiss companies. The Fund does not intend to enter into transactions to reduce currency risk.
The investment advisor, Hottinger Group, dates back to Banque Hottinger, which was formed in Paris in 1786. Hottinger is one of Europe's oldest private banking firms, and it has remained under control of the Hottinger family through seven generations. The executive offices of the Fund are located in New York.

It has long been a tradition of the Hottinger family to play an active role in consideration of the major questions of national and international economics and finance. Baron Hottinger has continued this tradition, occupying, in addition to his role in the bank, important posts including Vice-Chairman of the Paris Chamber of Commerce and

Industry, Chairman of the International Chamber of Commerce, Chairman of the E.C. banking Federation between 1943 and 1979 and Chairman of the French Banking Association.

Continuing its international expansion, the Hottinger family showed its loyalty to its Swiss roots, opening banks in Zurich in 1968 and Geneva in 1988. In Paris, the banking business was merged in 1997 with the Credit Swiss Group. More than two centuries after it was founded and under the leadership of current partners, The Hottinger Group opened offices in New York (1981), Luxembourg (1992), Nassau (1996), London (2001) and Toronto (2002).

Thus, seven generations of bankers, all direct descendants of Baron Jean-Conrad Hottinger, have played a crucial role in the far-reaching economic changes we have seen in Switzerland, France and worldwide.

The Fund's cumulative performance continues to be superior to its Swiss peers and its benchmark. As of September 30, 2004, the Fund maintained Morningstar's overall rating of four stars. Past performance is no guarantee of future results.

**The Swiss Helvetia Fund, Inc.**

Comparative Performance Summary

**12/31/2004**

| | ***Cumulative*** | | | |
|---|---|---|---|---|
| | **Calendar YTD** | **Three Years** | **Five Years** | **Ten Years** |
| Since | 12/31/2003 | 12/31/2001 | 12/31/1999 | 12/31/1994 |
| ***Performance Per Share of the Fund In U.S. Dollars*** | | | | |
| Based on *Net Asset Value* | 17.18% | 15.32% | 5.30% | 11.24% |
| Based on *Market Price* | 23.64% | 17.72% | 7.89% | 10.48% |
| ***Performance of Swiss indices In U. S. Dollars*** | | | | |
| Swiss Performance Index (SPI) | 16.26% | 12.14% | 3.39% | 10.94% |
| Swiss Market Index (SMI) | 12.83% | 8.99% | 1.05% | 9.56% |

## The Swiss Economy

Switzerland has 7.3 million inhabitants and ranks eighth in the European economy. There are no natural resources except for hydropower. Figures given us show that 72% of the people are employed in the tertiary (service) sector.

The average GDP growth since 1990 was 1% per year. Exports are 40% of GDP; the EU takes 65% of Swiss exports. GDP in 2004 was $US 340 billion vs. $135 billion for its largest holding, Novartis, the pharmaceutical giant. The trade balance surplus is around 1.2 billion (in Swiss currency). The Swiss currency is strong: the franc appreciated on average 6.5% per year since 1999 and 1.4% over the last ten years. Inflation ranged between 1% and 0.6% since 1999. Interest rates reported by Swiss National Bank are 0.75% target rates. Six month's deposits pay 0.77% and ten year government bonds 2.24%.

## Swiss Market Characteristics

The Swiss economy is much smaller than others in Western Europe and has a more concentrated group of stocks. The SPI's top five stocks make-up 65% of the total market capitalization. The SPI's top ten stocks are 78% of the total market. By comparison, the Swiss Helvetia Fund's top five positions are 54% of its total assets, and its top positions are 73% of total assets. Finance, Food and Healthcare are 72% of the Swiss stock markets.

At the end of 2004, the market capitalization of Swiss Performance Index (SPI) is $495.5 billion versus the CAC 40(French index), $1083 billion and the DAX (German index) $739 billion. Swiss stocks tend to underperform when global GDP accelerates and to underperform in local currency when the US dollar weakens. (We like that because we have been investing in SWZ for defensive reasons and noticed that in the January downswing, the Swiss stock market held up).

The quarterly report for the period ending December 31, 2004 showed net assets of $401.5 million. The largest sector is Healthcare, composed primarily of Novartis AG, 15.81% (pharmaceutical and nutrition products), Roche Holding AG, 11.53%(pharmaceuticals) and Phonek Holding AG (hearing aids and other wireless products).

Biotechnology is composed of two companies: Actelon Ltd., a pharmaceutical company that develops and markets synthetic small molecule drugs used in treatment of heart and pulmonary conditions and Cytos Biotechnology AG which develops and produces bio-pharmaceuticals and vaccines.

The second largest sector is Food and Beverages, 13.61%, composed of Nestle AG, the largest food and beverage processing company in the world, and Lindt & Sprungli AG, the major manufacturer of premium Swiss chocolates.

Other holdings are Banking, 10.25%, composed of UBS AG, the largest Swiss bank and Credit Swiss Group, the investment advisor for two closed-end funds, Latin America Equity Fund and Brazil Equity Fund.

Smaller sectors include Chemicals, Construction, Industrial Goods and Services, Technology, Insurance and Retailers.

We interviewed Phillippe Comby and Rudolf Millisits at their office in New York on January 14:

**Philippe Comby, CFA**
Portfolio Manager

**Rudolf Millisits**
Executive Vice President, COO

Philippe Comby, CFA, has been the Portfolio Manager and Vice President of Swiss Helvetia Fund since 2000. He is also Senior Vice President, Hottinger Capital Corp. (investment adviser to the Fund). Mr. Comby oversees international and US equity portfolios for Hottinger US private banking. He has been active in portfolio management since 1996 and is a CFA charter holder, University of Geneva, Switzerland in political science.

Rudolf Millisits, Executive Vice President and Chief Operating Officer of Hottinger Capital Corporation has been involved in the management of Swiss Helvetia Fund since September, 1994. In addition, Mr. Millisits is the Chairman and CEO of Hottinger U.S. Inc., the parent company of Hottinger Capital Corporation. He is responsible for the U.S. operations of the Hottinger Group.

Prior to joining the Hottinger Group in the United States, Mr. Millisits had been Vice President and portfolio manager/ client advisor with Hottinger & Cie in Switzerland. From 1980 - 1992, Mr. Millisits worked in several positions (branch manager, investment advisor) at Credit Swiss in their Geneva and New York offices.

Rudolf Millisits is a graduate of Swiss Mercantile Society School of Rheineck/ Switzerland with a B.S. in business and accounting. He successfully completed several management-training programs at Credit Swiss, as well as financial programs at New York University and the New York Institute of Finance.

**SL:** How would you describe your investment style, strategy and philosophy?

**Comby:** We are using a tri-dimensional approach:

**Micro Analysis:** Identification of stock market drivers and assessment of those drivers. For example: liquidity, risk aversion, earnings cycle, and correlation changes between asset classes. Micro drivers to us are key elements to grasp stock valuation (contraction or expansion).

**Industry Group Analysis**: This includes supply and demand characteristics, with a special look at supply and lack thereof as a driver for return on equity and assets. We also use cross border valuation analysis.

**Stock Picking:** Assessment of management and competitive positioning. The portfolio has a bias toward large cap stocks due to the composition of the benchmark (Swiss Performance Index). The Swiss market itself contains a high concentration of multinational companies. However, the Fund's portfolio has about 35% in small and mid-cap stocks, higher than the benchmark (15%).

**Capital Cycle:** Management is looking for a healthy supply and demand structure as a driver of a sustainable return on assets and equity. In our view, a strong market position and sparse capacity are determining factors of stable margins and growing cash flow with potential for dividend increases.
SL: How do you do your research?

**Comby:** We do in-house research and also rely on broker research, but we do not pay soft dollar commissions for third-party research. We emphasize the potential impact of downsize earnings revisions as a major risk for the markets. In that regard, we adopt a cautious approach toward growth stocks in light of the slowing down of the (Swiss) economy and its very low interest rates.

**SL:** We have started buying SWZ shares and found there is often volatility in daily trading. Is this because of your concentration in so few companies?

**Comby:** The stock itself is more volatile than the market value due primarily to fluctuations in the discount and the liquidity of the shares.

**SL:** After being among the best performing European markets in the first half of 2004, why did SWZ perform so poorly in the last quarter?

**Comby:** This was mainly due to the poor performance of large capitalization stocks (such as Novartis, Roche and Nestle), Swiss mid-capitalization stocks, on the other hand, performed better, outperforming the SPI Index. Main themes in the Fund's strategy were investments in energy, commodity-related and high yield dividend stocks.

**SL:** We have been following the interest rate picture in Europe. What are the interest rates of the Swiss economy?

**Comby:** On September 16, the Swiss National Bank (SNB) increased the three-month (LIBOR) interest rate target range by 0.25 percentage points to the 0.25% to 1.25%. In so doing, the SNB indicated it intends to keep the middle of the target range for the time being. Real gross domestic product (GDP) grew at 2.00%, year over year, in the second quarter, slightly better than the 1.6% rate of the first quarter.

**SL:** How does the Swiss market fit into the rest of the region, such as Germany, France and Italy, your closest neighbors? How close is the correlation?

**Comby:** Currency correlation is high with those countries; however, the Swiss market is less sensitive to (world) economic cycles.

**SL:** What can you tell us about the impact of your currency on US dollar investments? If your franc is strong like the Euro, it should be beneficial to US dollar investors.

**Comby:** The Swiss franc has appreciated 6 percent per year for five years and 1.4% for ten years. It is positive for the US holders to the extent that the local return is not too affected. In 2003 and 2004, the returns for US holders were not impacted too much; in 2003 and 2004, returns in US dollar terms were very good. As far as US markets are concerned, most of the diversification is currency-related.

**SL:** What can you tell us about the correlation between the Swiss and the U.S. markets?

**Comby**: Over the past five years, the Swiss markets appreciated 3.39% per year in US dollar terms compared to 2.30% for the US S&P 500 Index. Currency diversification helps (performance), as the Swiss franc appreciated by 6.00% per year versus the US dollar.

**SL:** What is the dividend yield on your portfolio, and how much do you payout in capital gains?

**Comby:** The dividend yield averages between 1.6% and 1.9%. The Fund, however, paid 6.076% annually on average in capital gains and income from 1997 to 2003.

**SL:** That appears to be lower than other countries in Europe, but higher than the U.S.

**Comby:** The Fund's (dividend) payout generally is higher than (those) in the US. Swiss companies, however, because of withholding taxes on dividends, tend to return excess cash partly in dividend increases and partly in share buy-backs.

**SL:** What percentage of the Swiss economy depends on exports?

**Comby:** It has always been high: about 40% of GDP. Switzerland has a small domestic base.

**SL:** Our research shows that European companies generally have higher profit margins than those in the US. How does that scenario fit into the Swiss economy?

**Comby:** The companies have trimmed their costs for years because of currency headwinds. Everything being equal, they also have a lower cost of capital than other European countries.

**SL:** What is the average price-to-earnings ratio in your portfolio?

**Comby:** We don't provide the P/E ratio for the Fund, but, according to consensus estimates, the Swiss market has a 2005 forward P/E ratio of 16.

**SL:** That is higher than the rest of Europe. It must be because of your premium companies. Why does Switzerland have a higher percentage of export-driven companies than many other nations?

**Comby:** We have premium products, which have strong global demand, particularly in Europe, the United States and Asia. In addition, Swiss demographics are stagnant, domestic demand is slow growing and limited in size.

**SL:** What industries and sectors do you think are likely to outperform your benchmarks this year?

**Comby:** Non-cyclical companies which have pricing power due to the increase of the equity risk premium are likely to do best.

**SL:** You have a large percentage of your portfolio in healthcare companies. Will this be a good place to be in 2005 and beyond?

**Comby:** Healthcare pricing will continue to be under pressure. Only the companies with high innovations and low patent expiration rates will do well. This is the case for Roche, Novartis and Actelion.

**SL:** Tell us about some of your other portfolio companies, particularly in healthcare and food and beverages?

**Comby**: Nestle is our largest holding in the food and beverage area. It is the largest food and beverage processing company in the world. We also own Lindt.& Sprungli, the major manufacturer of premium Swiss chocolates.
In the financial sector, the valuation looks attractive. Private banking at UBS and Credit Suisse is relatively defensive. The insurance companies should return to being a more stable investment.

**SL:** Turning to corporate governance matters, I see that you have a share buy-back program. Has it worked well for your shareholders?

**Comby:** Yes, in times of increased selling pressure, we believe our share buy-back program was able to support the share price to a certain extent.

(SWZ has had a continuous stock repurchase program since 1999. The Board of Directors has recently authorized to extend the Fund's stock repurchase program to purchase up to 250,000 shares of its common stock during 2005 versus a Board authorized purchase of up to 500,000 shares in 2004. For the nine months ending September 30, 2004, the Fund repurchased and retired 135,000 shares at an average price of $12.87 per share and a weighted average discount of 17.52%. These repurchases had a total cost of $1,738,016, resulting in an increase of $375,338 to the Fund's net asset value. (According to a press release sent to Dow Jones in December, the Fund repurchased 189,000 of its shares in open-market transactions during 2004-ED).

The principal purpose of the stock repurchase program is to enhance stockholder value by increasing the Fund's net asset value per share without creating a meaningful adverse effect upon the Fund's expense ratio and without realizing capital gains in order to fund the repurchases.

**SL:** Has SWZ ever considered a "managed distribution" program as many other closed-end funds do? This is one way to narrow the discount to improve performance of the shares. Do you have enough cash flow from dividends and long-term capital gains to consider this increasingly popular strategy?

**Comby:** We looked at other closed-end funds that have managed distributions and discussed it at board meetings. However, we have not adopted one.

**SL:** Would you wrap-up your comments about the Swiss market? Why do you think Switzerland is a good country for our readers and clients' investment portfolios?

**Comby:** One positive effect is currency diversification. Another is the defensive nature of the Swiss market (food, healthcare, etc.) at this stage of the economic cycle. Also, Switzerland underperformed the more aggressive markets in 2004. We believe the Fund may be due for a catch-up.

The expense ratio for SWZ in 2004 was 1.14%. The portfolio turnover for the same period was 41%.

For more information, contact The Swiss Helvetia Fund, Inc. at 1270 Avenue of The Americas, Suite 400, New York, N.Y. 1-212-332-2760 or http://www.swz.com

**Peer Group/Indices Performance Comparison in Swiss Francs [1]**

| | Total return as of year ended December 31, | | | | | | | | Cumulative Performance |
|---|---|---|---|---|---|---|---|---|---|
| | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 | 12/31/96 - 12/31/04 |
| **Swiss Helvetia Fund** | **7.74%** | **22.54%** | **-20.40%** | **-22.91%** | **14.06%** | **14.70%** | **15.57%** | **53.99%** | **88.63%** |
| Swiss Performance Index (SPI) | 6.89% | 22.06% | -25.95% | -22.03% | 11.91% | 11.69% | 15.36% | 55.19% | **68.56%** |
| Swiss Market Index (SMI) | 3.74% | 18.51% | -27.84% | -21.11% | 7.47% | 5.71% | 14.28% | 58.93% | **44.41%** |
| Switzerland iShares[2] (Formerly called Webs Switzerland) | 6.34% | 19.14% | -26.23% | -23.12% | 7.75% | 12.22% | 11.74% | 47.79% | **43.48%** |
| CS Equity Swiss Blue Chips[3, 7] | 2.75% | 18.13% | -28.75% | -22.12% | 10.97% | 7.57% | 14.21% | 59.90% | **46.83%** |
| UBS Equity Inv. Switzerland[4, 7] | 5.00% | 18.14% | -26.02% | -22.04% | 7.42% | 6.43% | 12.75% | 55.94% | **43.81%** |
| Pictet (CH) - Swiss Equities [5, 7] | 7.05% | 20.10% | -27.93% | -22.35% | 7.34% | 9.38% | 11.05% | 55.65% | **46.01%** |
| Saraswiss (Bank Sarasin)[6, 7] | 2.93% | 19.64% | -28.51% | -24.45% | 9.72% | 7.10% | 14.41% | 53.57% | **37.32%** |

Sources : Bloomberg, management companies' websites, Investment Company Capital Corp., and Forum Financial Group.

[1] Performance of funds is based on changes in the fund's NAV over a specified period. In each case total return is calculated assuming reinvestment of all distributions. Funds listed, other than Switzerland iShares, are not registered with the Securities and Exchange Commission. Performance and descriptive information about the funds are derived from their published investor reports and websites, which are subject to change.

[2] Switzerland iShares are traded on the New York Stock Exchange and invest in most of the same stocks listed in the Morgan Stanley Capital International Switzerland Index. These stocks represent Switzerland's largest and most established public companies, accounting for approximately 85% of the market capitalization of all of Switzerland's publicly traded stocks. Performance of iShares is calculated based upon the closing prices of the period indicated using the Swiss franc/U.S. dollar exchange rate as of noon each such date, as reported by Bloomberg. Such exchange rates were as follows: 12/31/96 = 1.35, 12/31/97 = 1.46, 12/31/98 = 1.38, 12/31/99 = 1.60, 12/31/00 = 1.61, 12/31/01 = 1.67, 12/31/02 = 1.39, 12/31/03 = 1.24 and 12/31/04 = 1.13710.

[3] This fund invests in equities issued by leading Swiss companies. Stock selection is based on economic, sector and company analyses. Preference is given to large-cap companies.

[4] This fund invests primarily in major Swiss companies. Quality criteria used for determining relative weightings of companies include: strategic orientation, strength of market position, quality of management, soundness of earnings, growth potential and potential for improving shareholder value. The investment objective seeks to provide results that are aligned with the SPI performance.

[5] This fund invests in shares of Swiss companies listed on the Swiss Stock Exchange (SWX) and included in the SPI.

[6] This fund invests in shares of Swiss companies. It weights individual sectors relative to the SPI on the basis of their expected relative performance. It focuses on liquid blue-chip stocks.

[7] These funds are not available for U.S. residents or citizens.

The Fund's cumulative ten-year performance for the period ended 12/31/04 was 152.20%

*Past performance is no guarantee of future results.*

**SWZ / I Shares Performance Comparison in US dollars and based on NAV**

| | Total return as of year ended December 31, | | | | | | | | Cumulative Performance |
|---|---|---|---|---|---|---|---|---|---|
| | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 | 12/31/96 - 12/31/04 |
| **Swiss Helvetia Fund** | **17.18%** | **37.00%** | **-4.46%** | **-24.72%** | **12.11%** | **-1.09%** | **22.89%** | **41.08%** | **121.98%** |
| Switzerland iShares [1] (Formerly called Webs Switzerland) | 15.66% | 33.20% | -11.46% | -24.92% | 5.91% | -3.23% | 18.82% | 35.40% | **68.86%** |

Source : Forum Administrative Services LLC

1 Switzerland iShares are traded on the New York Stock Exchange and invest in most of the same stocks listed in the Morgan Stanley Capital International Switzerland index

*Past performance is no guarantee of future results.*

## Analyst Commentary
**By James Libera**
**Switzerland**

Switzerland has long been recognized for its economic and currency stability, acting as a safe-haven for investors in times of instability elsewhere. Over the long-term, the Swiss economy has been one of the most successful anywhere, giving the country's citizens among the highest living standards and per capita incomes in the world.

However, over the last decade or so, the economy has become relatively sluggish, with growth lagging the rest of Europe. While Switzerland has trade agreements with the European Union, the country has steadfastly refused to become a formal EU member, which may have had some negative effects on trade and overall economic activity. In 2002 and 2003, the Swiss economy showed essentially zero growth.

It revived in 2004 with an estimated 1.7% GDP growth. We expect slight acceleration to about 2% in 2005. That would put Switzerland at around the Euro-zone average. Inflation is low at just 1%, but rising economic growth and increased global energy prices could begin to put upward pressure on general prices. To forestall that possibility, the Swiss central bank has begun to raise interest rates. Two-year government bonds yield just 0.75%.

Switzerland is home to many multinational corporations, far out of proportion to the country's economic size. The economy is dominated by these large multinational names (Novartis, Nestle, etc.), and, as a result, the market is less dependent on overall European and global economies.

We are moderately bullish on the Swiss market's prospects in 2005.

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## Global Market-Neutral Portfolio
### Overview

The global market-neutral portfolio takes advantage of the unique characteristic of closed-end funds that is their premium-discount structure. By evaluating historical trends in individual fund discounts and premiums, the portfolio manager is able to invest in long or short positions, which are likely to move in profitable directions over time. The underlying market risk is hedged by simultaneously placing long or short positions on closed-end funds or exchange traded funds (ETF's), which have similar underlying market exposure. For example, if the Brazil Fund (BZF) is selling at a historically wide discount, the portfolio manager could go long BZF while at the same time shorting the Brazil ETF, thereby minimizing risk of the Brazilian market itself.

A secondary strategy is to invest in attractive country markets, while shorting unattractive markets, for example going long Korea Fund and short Taiwan Fund (not necessarily our market views). The overall global market performance is essentially hedged, while there is some exposure to individual market returns.

Since the portfolio manager is perhaps uniquely qualified with more than 15 years experience analyzing both closed-end funds and the underlying global equity markets, this combined global market-neutral strategy has an excellent opportunity of generating steady returns with minimal risk of volatility or large draw-downs.

That has indeed proven the case. The initial global market-neutral portfolio was begun on October 10, 2003 with a value of $554,473.36. As of January 25, 2005, the portfolio was worth $638,935.55. While this performance is presently un-audited, the compound annual return so far has been 11.56%. Global market neutrality has been maintained throughout the period. Gains have been steady throughout with low volatility and drawdowns.

Although past results do not guarantee future returns, the portfolio manager is confident that this strategy can continue to generate steady gains with minimal volatility. There is a $250K minimum.

***Source:*** James Libera, Washington International Advisors. For more information please call 202-783-7051.

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## Portfolio Manager Commentary

During January, as we added new clients, we continued to buy The Swiss Helvetia Fund and The Europe Fund. We are still holding small positions in Central Europe and Russia Fund but see better value in funds in Western Europe. We reduced positions in Templeton Global Income Fund, which has been a great performer and an excellent hedge against the decline in the US dollar, because this could be less important in 2005.

The March Scott Letter will feature an interview with Dr. J. Mark Mobius, manager of the Templeton Emerging Markets Fund. We telephone Mark wherever he is at the beginning of each year (we found him in Brazil this year) to check in on how the emerging markets are doing. For the first time, James Libera of Washington International Advisors, a specialist in country funds and Exchange Traded Funds (ETFs) joined us for the interview.

We will increase slightly our foreign allocation in 2005 to 35% because that is where we see better values. We are looking into using ETFs for part of our foreign investment strategy. Our focus in 2005 will be Western Europe.

**Top Ten Holdings:**

| | |
|---|---|
| 1. General American Investors | 6. Cohen & Steers Total Return Realty |
| 2. Allied Capital Corporation | 7. Swiss Helvetia Fund |
| 3. Brazil Equity Fund | 8. Lazard Global Total Return & Income |
| 4. Adams Express Company | 9. Latin America Equity Fund |
| 5. Asia Pacific Fund | 10. Aberdeen Australia Equity Fund |

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The editors of The Scott Letter Online are interested in any feedback from our readers regarding how we may improve this publication. Comments concerning topics in which you agree or disagree are also of interest to us. Your opinions are valuable and will help us to be able to serve you better. Please send your questions or comments to our email address or by regular mail prior to the next edition or The Scott Letter Online. We do read your letters, but we cannot guarantee they will be published in the Scott Letter.

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