

# SECURITIES AND EXCHANGE COMMISSION

## FORM N-30B-2

Periodic and interim reports mailed to investment company shareholders (other than annual and semi-annual reports mailed to shareholders pursuant to Rule 30e-1)

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### FILER

#### **MERRILL LYNCH HEALTHCARE FUND INC**

CIK: **709140** | IRS No.: **133143879** | State of Incorpor.: **MA** | Fiscal Year End: **0430**  
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MERRILL LYNCH  
HEALTHCARE  
FUND, INC.

FUND LOGO

Quarterly Report

January 31, 1997

This report is not authorized for use as an offer of sale or a solicitation of an offer to buy shares of the Company unless accompanied or preceded by the Company's current prospectus. Past performance results shown in this report should not be considered a representation of future performance. Investment return and principal value of shares will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Statements and other information herein are as dated and are subject to change.

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Healthcare Fund, Inc.  
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Printed on post-consumer recycled paper

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DEAR SHAREHOLDER

Equity markets worldwide became more volatile during the quarter ended January 31, 1997. In the United States, a post-election stock market rally in November reflected investors' expectations of a bipartisan approach to legislation with a Democratic President and a Republican-majority Congress. For healthcare investors, this outcome meant that it was highly unlikely that there would be a move toward comprehensive healthcare reform legislation as the Clinton Administration sought after the previous Presidential election. Healthcare issues participated strongly in this stock market rally. Then in December, a combination of profit-taking and concern about a resurgence of inflation led to a decline in pharmaceutical share prices. Subsequently, as slow economic growth appeared to be the basic trend with little evidence of inflation, virtually all share prices in the healthcare sector advanced once again. A slow growth, low inflation environment is an ideal economic climate for the pharmaceutical industry.

Outside of the United States, foreign stock markets followed the US pattern with the exception of Japan. In that country, economic weakness further depressed Japanese share prices in general. In addition, the anticipation of drug reimbursement price cuts in the spring led to weakness in the pharmaceutical sector.

Portfolio Matters

During the quarter ended January 31, 1997, Merrill Lynch Healthcare Fund, Inc.'s Class A, Class B, Class C and Class D Shares had total returns of +9.04%, +8.72%, +8.79% and +9.06%, respectively. (Fund results do not reflect sales charges, and would be lower if sales charges were included. Complete performance information, including average annual total returns, can be found on pages 3--7 of this report to shareholders.)

During the January quarter, we continued to emphasize pharmaceutical and medical device companies in the Fund's portfolio. We broadened our investments through the addition of several promising smaller companies such as Coulter Pharmaceuticals, Inc. and Sangstat Medical Corp. Coulter Pharmaceuticals, Inc. is a biotechnology company that is developing an innovative cancer treatment with success in early clinical trials. Sangstat Medical Corp. focuses on drugs to treat immuno-suppression in organ transplant patients. Our investments continue to be diversified geographically, with almost one-third of the portfolio invested in non-US companies.

Late in the quarter, the US Food and Drug Administration approved Rezulin for sale in the United States. This significant pharmaceutical advance for treatment of insulin-dependent diabetes was discovered by Sankyo Company, Ltd., who will market the drug in Japan, and was co-developed with Warner-Lambert Co. in the United States and Glaxo Wellcome PLC in Europe. Pfizer, Inc. will co-market Rezulin in the United States. The Fund has investments in all of these companies. We expect that this new product will be important commercially as well as therapeutically.

In Conclusion

We thank you for your investment in Merrill Lynch Healthcare Fund, Inc., and we look forward to sharing our outlook and strategy with you again in our upcoming annual report to shareholders.

Sincerely,

(Arthur Zeikel)  
Arthur Zeikel  
President

(Jordan C. Schreiber)  
Jordan C. Schreiber  
Vice President and Portfolio Manager

February 25, 1997

PERFORMANCE DATA

About Fund  
Performance

Investors are able to purchase shares of the Fund through the Merrill Lynch Select Pricing SM System, which offers four pricing alternatives:

- \* Class A Shares incur a maximum initial sales charge (front-end load) of 5.25% and bear no ongoing distribution or account maintenance fees. Class A Shares are available only to eligible investors.
- \* Class B Shares are subject to a maximum contingent deferred sales charge of 4% if redeemed during the first year, decreasing 1% each year thereafter to 0% after the fourth year. In addition, Class B Shares are subject to a distribution fee of 0.75% and an account maintenance fee of 0.25%. These shares automatically convert to Class D Shares after approximately 8 years. (There is no initial sales charge for automatic share conversions.)
- \* Class C Shares are subject to a distribution fee of 0.75% and an account maintenance fee of 0.25%. In addition, Class C Shares are subject to a 1% contingent deferred sales charge if redeemed within one year of purchase.
- \* Class D Shares incur a maximum initial sales charge of 5.25% and an account maintenance fee of 0.25% (but no distribution fee).

None of the past results shown should be considered a representation of future performance. Investment return and principal value of shares will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Dividends paid to each class of shares will vary because of the different levels of account maintenance, distribution and transfer agency fees applicable to each class, which are deducted from the income available to be paid

to shareholders.

Average Annual  
Total Return+++

% Return Without % Return With  
Sales Charge Sales Charge\*\*

Class A Shares\*

Year Ended 12/31/96	+11.91%	+ 6.03%
2/01/90++ through 12/31/96	+12.57	+11.70
Five Years Ended 12/31/96	+10.81	+ 9.62
Ten Years Ended 12/31/96	+11.56	+10.96

[FN]

\*Maximum sales charge is 5.25%.

\*\*Assuming maximum sales charge.

++On February 1, 1990, Merrill Lynch Asset Management, L.P. became the sole investment adviser.

% Return % Return  
Without CDSC With CDSC\*\*

Class B Shares\*

Year Ended 12/31/96	+10.69%	+ 6.80%
2/01/90++ through 12/31/96	+11.41	+11.41
Five Years Ended 12/31/96	+ 9.65	+ 9.65
Inception (10/21/88) through 12/31/96	+11.24	+11.24

[FN]

\*Maximum contingent deferred sales charge is 4% and is reduced to 0% after 4 years.

\*\*Assuming payment of applicable contingent deferred sales charge.

++On February 1, 1990, Merrill Lynch Asset Management, L.P. became the sole investment adviser.

% Return % Return  
Without CDSC With CDSC\*\*

Class C Shares\*

Year Ended 12/31/96	+10.76%	+ 9.79%
Inception (10/21/94) through 12/31/96	+22.82	+22.82

[FN]

\*Maximum contingent sales charge is 1% and is reduced to 0% after 1 year.

\*\*Assuming payment of applicable contingent deferred sales charge.

% Return Without % Return With  
Sales Charge Sales Charge\*\*

Class D Shares\*

Year Ended 12/31/96	+11.78%	+ 5.92%
Inception (10/21/94) through 12/31/96	+22.65	+19.68

[FN]

\*Maximum sales charge is 5.25%.

\*\*Assuming maximum sales charge.

+++See Important Note on page 6.

PERFORMANCE DATA (continued)

<TABLE>

Recent  
Performance  
Results\*

<CAPTION>

<S>	1/31/97	10/31/96	1/31/96	12 Month % Change	3 Month % Change
	<C>	<C>	<C>	<C>	<C>

Class A Shares	\$5.15	\$5.35	\$5.16	+ 6.02%(1)	+2.25%(1)
Class B Shares	4.50	4.72	4.58	+ 5.25(1)	+2.13(1)
Class C Shares	4.50	4.72	4.59	+ 5.02(1)	+2.13(1)
Class D Shares	5.00	5.20	5.02	+ 6.00(1)	+2.33(1)
Class A Shares--Total Return				+13.05(2)	+9.04(2)
Class B Shares--Total Return				+12.04(3)	+8.72(3)
Class C Shares--Total Return				+11.87(4)	+8.79(4)
Class D Shares--Total Return				+12.97(5)	+9.06(5)

<FN>

\*Investment results shown do not reflect sales charges; results shown would be lower if a sales charge was included.

- (1) Percent change includes reinvestment of \$0.300 per share capital gains distributions.  
(2) Percent change includes reinvestment of \$0.340 per share ordinary income dividends and \$0.300 per share capital gains distributions.  
(3) Percent change includes reinvestment of \$0.291 per share ordinary income dividends and \$0.300 per share capital gains distributions.  
(4) Percent change includes reinvestment of \$0.294 per share ordinary income dividends and \$0.300 per share capital gains distributions.  
(5) Percent change includes reinvestment of \$0.327 per share ordinary income dividends and \$0.300 per share capital gains distributions.

</TABLE>

<TABLE>

Performance

Summary--

Class A Shares+++

<CAPTION>

Period Covered <S>	Net Asset Value		Capital Gains Distributed <C>	Dividends Paid* <C>	% Change** <C>
	Beginning <C>	Ending <C>			
4/1/83--12/31/83	\$ 9.15	\$ 9.56	--	\$0.120	+ 5.85%
1984	9.56	8.83	\$ 0.040	0.090	- 6.34
1985	8.83	10.65	--	0.120	+22.16
1986	10.65	11.94	0.530	0.100	+17.86
1987	11.94	9.90	3.347	0.015	+10.24
1988	9.90	9.56	0.825	0.145	+ 6.39
1989	9.56	9.09	1.422	0.068	+11.46
1990	9.09	7.29	0.832	0.489	- 6.19
1991	7.29	9.18	--	1.320	+45.71
1992	9.18	4.03	4.123++	1.028	+ 6.92
1993	4.03	3.91	--	0.013	- 2.63
1994	3.91	3.46	0.266	--	- 4.30
1995	3.46	4.98	0.097	0.099	+49.85
1996	4.98	4.92	0.300	0.340	+11.91
1/1/97--1/31/97	4.92	5.15	--	--	+ 4.67
			-----	-----	
			Total \$11.782	Total \$3.947	

Cumulative total return as of 1/31/97: +346.10%\*\*

<FN>

\*Figures may include short-term capital gains distributions.

\*\*Figures assume reinvestment of all dividends and capital gains distributions at net asset value on the ex-dividend date, and do not include sales charge; results would be lower if sales charge was included.

++Figure includes a \$0.879 and \$3.089 return of capital on 4/22/92 and 4/27/92, respectively.

</TABLE>

<TABLE>

Performance

Summary--

Class B Shares+++

<CAPTION>

Period Covered <S>	Net Asset Value		Capital Gains Distributed <C>	Dividends Paid* <C>	% Change** <C>
	Beginning <C>	Ending <C>			
10/21/88--12/31/88	\$10.24	\$9.55	\$0.825	\$0.089	+ 2.22%
1989	9.55	9.07	1.422	0.006	+10.70
1990	9.07	7.19	0.832	0.455	- 7.42
1991	7.19	8.96	--	1.291	+44.21
1992	8.96	3.72	4.123++	1.028	+ 5.46
1993	3.72	3.59	--	--	- 3.50
1994	3.59	3.13	0.266	--	- 4.99
1995	3.13	4.43	0.097	0.099	+48.09
1996	4.43	4.30	0.300	0.291	+10.69

1/1/97--1/31/97

4.30

4.50

--

--

+ 4.65

-----  
Total \$7.865-----  
Total \$3.259

Cumulative total return as of 1/31/97: +150.59%\*\*

&lt;FN&gt;

\*Figures may include short-term capital gains distributions.

\*\*Figures assume reinvestment of all dividends and capital gains distributions at net asset value on the ex-dividend date, and do not reflect deduction of any sales charge; results would be lower if sales charge was deducted.

++Figure includes a \$0.879 and \$3.089 return of capital on 4/22/92 and 4/27/92, respectively.

&lt;/TABLE&gt;

&lt;TABLE&gt;

Performance

Summary--

Class C Shares

&lt;CAPTION&gt;

Period Covered	Net Asset Value		Capital Gains Distributed	Dividends Paid*	% Change**
	Beginning	Ending			
<S>	<C>	<C>	<C>	<C>	<C>
10/21/94--12/31/94	\$3.27	\$3.13	--	--	- 4.28%
1995	3.13	4.43	\$0.097	\$0.099	+48.09
1996	4.43	4.30	0.300	0.294	+10.76
1/1/97--1/31/97	4.30	4.50	--	--	+ 4.65
			-----	-----	
			Total \$0.397	Total \$0.393	

Cumulative total return as of 1/31/97: +64.30%\*\*

&lt;FN&gt;

\*Figures may include short-term capital gains distributions.

\*\*Figures assume reinvestment of all dividends and capital gains distributions at net asset value on the ex-dividend date, and do not reflect deduction of any sales charge; results would be lower if sales charge was deducted.

+++See Important Note on page 6.

&lt;/TABLE&gt;

PERFORMANCE DATA (concluded)

&lt;TABLE&gt;

Performance

Summary--

Class D Shares

&lt;CAPTION&gt;

Period Covered	Net Asset Value		Capital Gains Distributed	Dividends Paid*	% Change**
	Beginning	Ending			
<S>	<C>	<C>	<C>	<C>	<C>
10/21/94--12/31/94	\$3.61	\$3.39	--	--	- 6.09%
1995	3.39	4.85	\$0.097	\$0.099	+49.12
1996	4.85	4.78	0.300	0.327	+11.78
1/1/97--1/31/97	4.78	5.00	--	--	+ 4.60
			-----	-----	
			Total \$0.397	Total \$0.426	

Cumulative total return as of 1/31/97: +63.74%\*\*

&lt;FN&gt;

\*Figures may include short-term capital gains distributions.

\*\*Figures assume reinvestment of all dividends and capital gains distributions at net asset value on the ex-dividend date, and do not include sales charge; results would be lower if sales charge was included.

+++Important Note:

Prior to April 27, 1992, Merrill Lynch Healthcare Fund, Inc. was known as Sci/Tech Holdings, Inc. and contained, in addition to a healthcare portfolio, a portfolio of technology securities. The data on pages 3--6 include the performance of the technology portfolio which is no longer part of the Fund. Set forth below are performance data which, for the period before April 27, 1992, include only the performance of the healthcare portfolio and a pro rata allocated portion of Sci/Tech Holdings, Inc.'s cash reserves. On February 1,

1990, Merrill Lynch Asset Management, L.P. became the sole investment adviser.

</TABLE>

<TABLE>

Recent  
Performance  
Results\*

<CAPTION>

	12 Month %Change	2/01/90 to 1/31/97++ % Change
<S>	<C>	<C>
Class A Shares--Total Return	+13.05%(1)	+221.16%(2)
Class B Shares--Total Return	+12.04(3)	+206.06(4)

<FN>

++Due to the inability to completely isolate the performance of Sci/Tech Holdings, Inc.'s technology portfolio from its healthcare portfolio, computations are based upon management's estimates of the healthcare portfolio.

\*Investment results shown do not reflect sales charges; results shown would be lower if a sales charge was included.

- (1) Percent change includes reinvestment of \$0.340 per share ordinary income dividends and \$0.300 per share capital gains distributions.
- (2) Percent change includes reinvestment of \$3.289 per share ordinary income dividends and \$5.618 per share capital gains distributions.
- (3) Percent change includes reinvestment of \$0.291 per share ordinary income dividends and \$0.300 per share capital gains distributions.
- (4) Percent change includes reinvestment of \$3.164 per share ordinary income dividends and \$5.618 per share capital gains distributions.

</TABLE>

Average Annual  
Total Return

% Return Without Sales Charge    % Return With Sales Charge\*\*

Class A Shares\*

Year Ended 12/31/96	+11.91%	+ 6.03%
Five Years Ended 12/31/96	+10.81	+ 9.62
2/01/90++ through 12/31/96	+17.59	+16.68

[FN]

\*Maximum sales charge is 5.25%.

\*\*Assuming maximum sales charge.

++Due to inability to completely isolate the performance of Sci/Tech Holdings, Inc.'s technology portfolio from its healthcare portfolio, computations are based upon management's estimates of the healthcare portfolio.

% Return Without CDSC    % Return With CDSC\*\*

Class B Shares\*

Year Ended 12/31/96	+10.69%	+ 6.80%
Five Years Ended 12/31/96	+ 9.65	+ 9.65
2/01/90++ through 12/31/96	+16.78	+16.78

[FN]

\*Maximum contingent deferred sales charge is 4% and is reduced to 0% after 4 years.

\*\*Assuming payment of applicable contingent deferred sales charge.

++Due to the inability to completely isolate the performance of Sci/Tech Holdings, Inc.'s technology portfolio from its healthcare portfolio, computations are based upon management's estimates of the healthcare portfolio.

PORTFOLIO INFORMATION

Worldwide  
Investments



Ten Largest Holdings Represented in the Portfolio	Percent of Net Assets
Warner-Lambert Co.	7.3%
Bristol-Myers Squibb Co.	6.0
Lilly (Eli) & Co.	5.7
Baxter International, Inc.	4.2
Johnson & Johnson Co.	4.0
Becton Dickinson & Company	3.8
Hoechst AG	3.3
Cardinal Health, Inc.	3.3
Novartis AG (Registered)	3.0
Sepracor Inc.	2.8

Breakdown of Securities By Country	Percent of Net Assets
United States	71.2%
Germany	9.0
Switzerland	5.3
United Kingdom	3.3
Finland	2.5
Israel	1.4
Japan	1.4
Sweden	0.8
Denmark	0.1

Industries Represented In the Portfolio	Percent of Net Assets
Medical Specialties	23.0%
Pharmaceutical--Prescription	23.4
Pharmaceutical--Consumer	21.8
Pharmaceutical--Diversified	10.9
Biotechnology	8.0
Health Care Cost Containment	6.6
Diagnostics	1.3

<TABLE>  
SCHEDULE OF INVESTMENTS  
<CAPTION>

MIDDLE EAST		Shares Held	Investments	Cost	Value	Percent of Net Assets
<S>	Industries <S>	<C>	<S>	<C>	<C>	<C>
Israel	Pharmaceutical-- Diversified	100,000	Teva Pharmaceuticals Industries, Inc. (ADR)*	\$ 3,858,750	\$ 5,450,000	1.4%
Total Investments in the Middle East				3,858,750	5,450,000	1.4
NORTH AMERICA						
United States	Biotechnology	140,000	Amgen, Inc.	7,696,250	7,892,500	2.1
		120,000	Apton Corp.	2,662,063	2,595,000	0.7
		50,000	Arris Pharmaceutical Corp.	744,063	662,500	0.2
		100,000	Centocor, Inc.	3,204,851	3,812,500	1.0
		200,000	Coulter Pharmaceuticals, Inc.	2,400,000	2,400,000	0.6
		40,000	Creative BioMolecules, Inc.	421,876	405,000	0.1
		205,000	Emisphere Technologies Inc.	2,596,506	4,766,250	1.2
		20,000	Genzyme Corp.	624,688	557,500	0.1
		425,000	Magainin Pharmaceuticals, Inc.	4,431,226	3,400,000	0.9
		30,000	Neurex Corp.	501,876	416,250	0.1
		30,000	Neurogen Corporation	577,500	585,000	0.1
		30,000	Pharmacyclics Inc.	570,000	573,750	0.1
		30,000	Protein Design Labs, Inc.	967,719	1,027,500	0.3
		90,000	Vical, Inc.	1,582,500	1,406,250	0.4
		65,000	Visible Genetics Inc.	544,375	503,750	0.1
				-----	-----	-----
				29,525,493	31,003,750	8.0
	Diagnostics	127,500	Dianon Systems, Inc.	1,246,878	1,434,375	0.4
		75,000	Diatide, Inc.	637,500	496,875	0.1

	147,000	NeoPath, Inc.	2,558,250	2,572,500	0.7	
	145,500	VOXEL	934,850	409,219	0.1	
			-----	-----	-----	
			5,377,478	4,912,969	1.3	
Health Care Cost Containment	150,000	Allegiance Corporation	2,939,942	3,843,750	1.0	
	200,000	Cardinal Health, Inc.	10,260,201	12,525,000	3.3	
	70,000	Healthcare Compare Corp.	3,109,969	2,975,000	0.8	
	15,500	McKesson Corporation	696,930	912,563	0.2	
	125,000	Medpartners, Inc.	2,748,130	2,328,125	0.6	
	100,000	Tenet Healthcare Corp.	2,177,660	2,700,000	0.7	
			-----	-----	-----	
			21,932,832	25,284,438	6.6	
Medical Specialties	350,000	Baxter International, Inc.	14,325,009	16,143,750	4.2	
	300,000	Becton Dickinson & Company	13,153,788	14,775,000	3.8	
	25,000	Boston Scientific Corp.	670,250	1,706,250	0.4	
	200,000	Conceptus Inc.	2,345,999	2,600,000	0.7	
	225,000	Endosonics Corp.	3,310,989	2,896,875	0.7	
	75,000	InControl, Inc.	1,071,875	543,750	0.1	
	165,000	KeraVision, Inc.	2,727,505	2,145,000	0.6	
	50,000	Medi-Ject Corporation	275,000	262,500	0.1	
	100,000	Medtronic, Inc.	3,644,813	6,850,000	1.8	
	35,000	Nellcor Puritan Bennett, Inc.	725,076	595,000	0.1	
	35,000	North American Vaccine Inc.	733,450	857,500	0.2	
	410,000	Optical Sensors, Inc.	4,727,813	3,843,750	1.0	
	75,000	Photoelectron Corp.	637,500	618,750	0.2	
	600,000	ReSound Corp.	6,292,805	3,900,000	1.0	
	50,000	Saint Jude Medical, Inc.	1,748,750	1,893,750	0.5	
	40,000	Stryker Corporation	1,245,000	1,160,000	0.3	
	25,000	Ultrafem Inc.	526,290	412,500	0.1	
	350,000	VISX, Incorporated	8,411,678	7,525,000	2.0	
	80,000	VidaMed, Inc.	1,037,501	980,000	0.3	
			-----	-----	-----	
			67,611,091	69,709,375	18.1	
Pharmaceutical-- Consumer	30,000	American Home Products Corporation	1,664,229	1,901,250	0.5	
	180,000	Bristol-Myers Squibb Co.	19,746,251	22,860,000	6.0	
	270,000	Johnson & Johnson Co.	10,651,930	15,558,750	4.0	
	350,000	Warner-Lambert Co.	19,472,998	28,175,000	7.3	
			-----	-----	-----	
			51,535,408	68,495,000	17.8	
Pharmaceutical-- Diversified	214,400	Collagen Corporation	3,950,904	4,448,800	1.2	
	50,000	Schering-Plough Corp.	3,377,615	3,781,250	1.0	
			-----	-----	-----	
			7,328,519	8,230,050	2.2	
Pharmaceutical-- Prescription	150,000	ALZA Corp.	3,867,120	4,331,250	1.1	
	250,000	Lilly (Eli) & Co.	15,417,405	21,781,250	5.7	
	100,000	Merck & Co., Inc.	6,699,499	9,075,000	2.4	
	110,000	Pfizer, Inc.	7,539,887	10,216,250	2.7	
	28,200	Rhone-Poulenc Rorer Inc.	1,748,279	2,122,050	0.5	
	250,000	Sangstat Medical Corp.	8,267,502	7,656,250	2.0	
	410,000	Sepracor Inc.	10,498,670	10,813,750	2.8	
			-----	-----	-----	
			54,038,362	65,995,800	17.2	
		Total Investments in North America	237,349,183	273,631,382	71.2	
PACIFIC BASIN						
Japan	Pharmaceutical-- Diversified	50,000	Eisai Co. Ltd.	927,112	965,347	0.2
	Pharmaceutical-- Prescription	170,000	Sankyo Company, Ltd.	4,043,277	4,432,343	1.2
			Total Investments in the Pacific Basin	4,970,389	5,397,690	1.4
WESTERN EUROPE						
Denmark	Pharmaceutical-- Prescription	6,000	Novo Nordisk A/S (Class B)	460,157	556,987	0.1

Investments in Denmark 460,157 556,987 0.1

</TABLE>

<TABLE>  
SCHEDULE OF INVESTMENTS (concluded)  
<CAPTION>  
WESTERN

EUROPE (concluded) <S>	Industries <S>	Shares Held <C>	Investments <S>	Cost <C>	Value <C>	Percent of Net Assets <C>
Finland	Medical Specialties	20,000	Instrumentarium Corp. (Group A)	\$ 595,141	\$ 721,149	0.2%
	Pharmaceutical-- Diversified	240,000	Orion-yhtymae OY (Class B)	7,352,403	8,781,627	2.3
			Investments in Finland	7,947,544	9,502,776	2.5
Germany	Medical Specialties	40,000	Fresenius AG (Preferred)	6,773,477	8,033,207	2.1
		333,609	Fresenius Medical Care AG (ADR) *	5,255,159	9,924,868	2.6
				-----	-----	-----
				12,028,636	17,958,075	4.7
	Pharmaceutical-- Consumer	100,000	Bayer AG	3,411,012	3,796,850	1.0
	Pharmaceutical-- Diversified	300,000	Hoechst AG	10,423,951	12,599,194	3.3
			Investments in Germany	25,863,599	34,354,119	9.0
Sweden	Pharmaceutical-- Prescription	70,000	Astra AB 'B' Free (Ordinary)	3,293,981	3,267,595	0.8
			Investments in Sweden	3,293,981	3,267,595	0.8
Switzerland	Pharmaceutical-- Consumer	10,000	Novartis AG (Registered) (a)	11,340,593	11,447,646	3.0
	Pharmaceutical-- Prescription	1,000	Roche Holdings AG	7,664,483	8,780,745	2.3
			Investments in Switzerland	19,005,076	20,228,391	5.3
United Kingdom	Pharmaceutical-- Diversified	402,756	Smithkline Beecham Corporation PLC (ADR) *	4,511,794	5,760,342	1.5
	Pharmaceutical-- Prescription	60,000	Glaxo Wellcome PLC	722,419	961,019	0.2
		185,000	Pliva d.d.	2,640,000	3,145,000	0.8
		100,000	Zeneca Group PLC	2,156,035	2,891,711	0.8
				-----	-----	-----
				5,518,454	6,997,730	1.8
			Investments in the United Kingdom	10,030,248	12,758,072	3.3
			Total Investments in Western Europe	66,600,605	80,667,940	21.0

<CAPTION>  
SHORT-TERM  
SECURITIES

	Face Amount					
Commercial Paper**	\$2,477,000	Countrywide Home Loans, 5.34% due 2/14/1997		2,472,224	2,472,224	0.6
US Government & Agency Obligations**	5,000,000	Federal Home Loan Bank, 5.32% due 2/03/1997		4,998,522	4,998,522	1.3
	5,000,000	Federal Home Loan Mortgage Corp., 5.21% due 2/07/1997		4,995,658	4,995,658	1.3
				-----	-----	-----
				9,994,180	9,994,180	2.6
		Total Investments in Short-Term Securities		12,466,404	12,466,404	3.2
Total Investments				\$325,245,331	377,613,416	98.2

Other Assets Less Liabilities

=====

6,915,815 1.8

Net Assets

-----  
\$384,529,231 100.0%  
-----  
=====

Net Asset Value: Class A--Based on net assets of \$137,348,572  
and 26,648,934 shares outstanding

\$ 5.15  
=====

Class B--Based on net assets of \$204,194,144  
and 45,357,550 shares outstanding

\$ 4.50  
=====

Class C--Based on net assets of \$21,733,190  
and 4,828,537 shares outstanding

\$ 4.50  
=====

Class D--Based on net assets of \$21,253,325  
and 4,252,745 shares outstanding

\$ 5.00  
=====

<FN>

\*American Depositary Receipts (ADR).

\*\*Commercial Paper and certain US Government & Agency Obligations  
are traded on a discount basis; the interest rates shown are the  
discount rates paid at the time of purchase by the Company.

(a) Formerly Sandoz AG (Registered).

</TABLE>

#### PORTFOLIO CHANGES

For the Quarter Ended January 31, 1997

#### Additions

ALZA Corp.  
\*Aetna, Inc.  
Amgen, Inc.  
Arris Pharmaceutical Corp.  
Coulter Pharmaceuticals, Inc.  
Creative BioMolecules, Inc.  
Dianon Systems, Inc.  
\*IDEC Pharmaceuticals Corp.  
\*Matrix Pharmaceutical, Inc.  
Medpartners, Inc.  
Nellcor Puritan Bennett, Inc.  
Neurex Corp.  
Neurogen Corporation  
Photoelectron Corp.  
Pliva d.d.  
Protein Design Labs, Inc.  
Sangstat Medical Corp.  
Sepracor Inc.  
Stryker Corporation  
Tenet Healthcare Corp.  
Ultrafem Inc.  
VOXEL  
Vical, Inc.  
VidaMed, Inc.  
Visible Genetics Inc.

#### Deletions

\*Aetna, Inc.  
BASF AG  
Bergen Brunswig Corp.  
Ciba-Geigy AG (Registered)  
Daiichi Pharmaceutical Co., Ltd.  
Epitope Inc.  
Forest Laboratories, Inc.  
Foundation Health Corp.  
HEALTHSOUTH Corp.  
\*IDEC Pharmaceuticals Corp.  
Integra Lifesciences Corp.  
\*Matrix Pharmaceutical, Inc.  
Sanofi S.A.  
Takeda Chemical Industries, Ltd.  
Transkaryotic Therapies, Inc.  
Walsh International, Inc.

[FN]

\*Added and deleted in the same quarter.