

International Investor

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World Stockmarket Forecasts

Stockmarket	One-Year Forecast	Fundamental Indicators	Technical Indicators	Monetary Indicators	Economic Indicators	Historical Performance (in US\$)			Share Index
						3 mths	6 mths	12 mths	
Australia	73%	Neutral	Bullish	Bullish	Bullish	+12.1%	+15.8%	+25.5%	5,415.40
Austria	54%	Bearish	Bullish	Bullish	Bearish	+21.9%	+29.8%	+35.0%	4,308.50
Belgium	63%	Neutral	Bullish	Neutral	Neutral	+15.2%	+26.3%	+38.9%	4,255.06
Canada	59%	Bearish	Bullish	Neutral	Neutral	+6.1%	+9.1%	+16.9%	12,899.58
Denmark	58%	Bearish	Bullish	Neutral	Bearish	+15.4%	+23.7%	+26.5%	429.13
Finland	68%	Neutral	Bullish	Bullish	Bearish	+15.1%	+17.7%	+31.7%	9,410.35
France	64%	Neutral	Bullish	Bullish	Bearish	+12.6%	+20.0%	+32.0%	3,824.93
Germany	52%	Bearish	Bullish	Neutral	Bearish	+16.6%	+23.9%	+36.9%	6,427.41
Ireland	67%	Bearish	Bullish	Bullish	Neutral	+17.7%	+28.5%	+40.3%	8,917.15
Italy	63%	Bullish	Bullish	Bullish	Bearish	+13.3%	+20.6%	+33.0%	31,275.00
Japan	48%	Bearish	Bullish	Neutral	Bearish	+3.2%	+9.7%	+11.3%	16,417.82
Netherlands	56%	Neutral	Bullish	Bullish	Bearish	+7.8%	+17.7%	+24.4%	476.53
New Zealand	57%	Neutral	Bullish	Bearish	Bullish	+16.4%	+16.6%	+13.6%	2,584.44
Norway	69%	Neutral	Bullish	Bullish	Neutral	+15.7%	+15.7%	+38.0%	348.61
Spain	69%	Bullish	Bullish	Bullish	Bearish	+23.6%	+35.1%	+53.8%	1,546.81
Sweden	60%	Bullish	Bullish	Neutral	Bearish	+19.3%	+28.7%	+40.9%	355.30
Switzerland	50%	Bearish	Bullish	Neutral	Bearish	+9.4%	+18.4%	+23.1%	8,540.87
Un. Kingdom	62%	Bullish	Bullish	Neutral	Neutral	+10.3%	+16.1%	+24.9%	6,152.40
USA	55%	Bearish	Bullish	Neutral	Bearish	+8.3%	+12.4%	+11.7%	1,407.29
Argentina	61%	Bearish	Bullish	Bullish	Bearish	+22.7%	+29.6%	+46.1%	6,875.88
Brazil	67%	Bearish	Bullish	Bullish	Neutral	+18.8%	+29.5%	+37.4%	42,977.58
Czech Rep.	65%	Neutral	Bullish	Bullish	Bearish	+16.9%	+39.0%	+32.6%	1,611.60
Chile	56%	Bearish	Bullish	Bearish	Bullish	+18.0%	+25.5%	+24.1%	11,791.09
China	58%	Bearish	Bullish	Neutral	Bearish	+31.1%	+38.6%	+102.6%	117.60
Greece	69%	Bearish	Bullish	Bullish	Neutral	+13.9%	+26.2%	+35.5%	4,230.51
Egypt	45%	Bearish	Bullish	Bearish	Bearish	+11.2%	+23.7%	+5.1%	2,289.71
Hong Kong	62%	Bearish	Bullish	Bullish	Bearish	+9.4%	+19.7%	+25.4%	18,739.99
Hungary	53%	Bearish	Bullish	Neutral	Neutral	+20.9%	+26.6%	+28.0%	23,477.46
India	50%	Bearish	Bullish	Neutral	Bearish	+19.7%	+44.6%	+56.9%	13,799.49
Indonesia	80%	Neutral	Bullish	Bullish	Neutral	+21.9%	+44.3%	+63.4%	1,775.28
Israel	48%	Bearish	Bullish	Neutral	Bearish	+23.5%	+18.8%	+30.3%	941.90
Korea	58%	Bearish	Bullish	Bullish	Neutral	+6.7%	+16.7%	+18.6%	1,390.43
Malaysia	58%	Neutral	Bullish	Neutral	Neutral	+18.5%	+24.0%	+29.9%	1,098.59
Mexico	65%	Bearish	Bullish	Bullish	Bearish	+25.9%	+52.1%	+44.1%	25,756.81
Philippines	89%	Bullish	Bullish	Bullish	Neutral	+21.0%	+40.2%	+44.7%	2,831.40
Poland	85%	Bullish	Bullish	Bullish	Bearish	+29.5%	+46.8%	+72.6%	52,166.51
Portugal	55%	Bearish	Bullish	Neutral	Bearish	+13.4%	+20.0%	+50.1%	3,369.11
Russia	58%	Bearish	Bullish	Bullish	Bearish	+12.1%	+30.4%	+67.6%	21,633.48
Singapore	73%	Bullish	Bullish	Bullish	Neutral	+16.4%	+26.6%	+34.6%	2,865.14
Sth Africa	48%	Bearish	Bullish	Bearish	Bearish	+14.9%	+17.1%	+24.0%	23,760.59
Taiwan	64%	Bullish	Bullish	Neutral	Bearish	+15.9%	+18.7%	+26.1%	7,636.30
Thailand	69%	Bullish	Bullish	Bullish	Neutral	+12.7%	+19.2%	+23.4%	740.94
Turkey	56%	Bullish	Bullish	Bullish	Bearish	+8.7%	+21.6%	-0.7%	39,320.47
Venezuela	77%	Bullish	Bullish	Bullish	Bearish	+13.3%	+25.2%	+93.6%	45,557.65

One Year Forecasts predict the probability that a stock-market will rise over the next year. Investors should seek to invest in markets with forecasts of 60-100%, while avoiding markets with forecasts of 0-40%. Bullish = Favourable. Bearish = Unfavourable.

World Stockmarket Outlook

All world stockmarkets have moved higher over the last three, six and twelve months (with the exception of Turkey, which slipped 0.7% over the year) and this is a very favourable Bullish uptrend. Monetary indicators - important for short to medium term trends - are generally Bullish or at least Neutral.

The medium to longer term Fundamental and Economic indicators are more mixed.

Overall, however, we are happy to remain fully invested in equities. Our portfolio is significantly *under-weighted* in United States equities, owing to the lower long term growth expected from that region and the weak US dollar. Our portfolio is *over-weighted* in Asian equities, as we seek to profit from the higher long term growth in that region. Our portfolio is also *over-weighted* in the *smaller companies* sector in Europe, the United Kingdom, Asia and Japan. We believe that smaller companies will continue to be better able to adapt to changes in technology, the economy and the environment. While more volatile in the short term, smaller company shares should therefore provide higher investment returns over the medium to long term.

Recommended Funds Geographic Portfolio Spread

Fund Name	Size (Mil)	Leverage (% debt)	Top 10 Hldgs (%)	Portfolio invested in (%)											
				Cash	HK	Australia	Malay	Taiwan	Korea	Sing.	Thail'd	Phil.	China	India	
Aberdeen Asian Sm Coys plc	£118	7	33.7	0.4	14.7		13.7		8.8	18.6	10.8	4.9		9.8	Indo 5.9%, Sri Lanka 4.9%
Baring Korea	£186	Nil	46.2	2.4					97.6						
Gartmore Pacific Opps	£98	Nil	30.3	5.0	12.5	32.9	1.2	14.7	20.8	4.6		1.7	3.8		
HSBC Asian Fund	£62	Nil	28.1		15.5		4.4	20.3	28.2	9.3	1.5	0.7	17.4		Indonesia 2.8%
HSBC Greater China Fund	£27	Nil	37.6		46.8			40.7					12.5		
Henderson Asia Pacific Cap	£150	Nil	36.9	0.9	16.6	13.4	4.9	13.8	17.7	7.3	4.6		8.1		Indonesia 6.4%
Scottish Oriental Sm Coys plc	£81	Nil	19.6	4.4	5.8		10.3	9.4	9.6	16.0	10.1	3.5	11.8	2.1	Sri Lanka 3.0%
				Cash	USA	UK	Europe	Japan	Other						
Aberforth Small Cos Trust plc	£785	Nil	21.4	2.6		97.4									
Baillie Gifford Shin Nippon plc	£75	21	25.3	5.0				95.0							
Fidelity European Values plc	£879	15	36.8	4.0			96.0								
Fidelity Japan Values plc	£91	18	18.0	1.0				99.0							
Herald Investment Trust plc	£382	6	24.3	2.0	15.9	65.8	5.0		9.0						
JPM Fleming Euro Fledgling	£384	Nil	23.4				100.0								
Invesco England & Int'l	£154	15	15.0	0.0		100.0									
Invesco Japan Discovery Trt	£30	Nil	39.7	0.0				100.0							
Private Equity Investor plc	£89	Nil	25.9	34.3	61.1										
				Cash	Asia	Latin Amer	Africa	Europe & Middle East							
Aberdeen Emerging Markets	£292	Nil	33.8	3.6	47.5	27.7	5.7	15.5							

Fidelity European Values plc continues to have its largest investments in France (19.8% of the portfolio), followed by Germany (15.9%), Switzerland (14.9%) and the Netherlands (11.9%). It has smaller holdings in Sweden (6.9%), Italy (5.9%), Spain (5.0%), Greece (3.0%), Norway (3.0%), Finland (3.0%), cash (4.0%) and other European holdings 7.0%.

JPMorgan Fleming European Fledgling has its largest investments in Switzerland (14.6%), the Netherlands (13.7%), Italy (7.8%), France (7.8%), Denmark (6.8%), Germany (6.8%), Sweden (5.9%), Spain (5.9%) and Austria (5.9%).

Recommended International Investment Funds

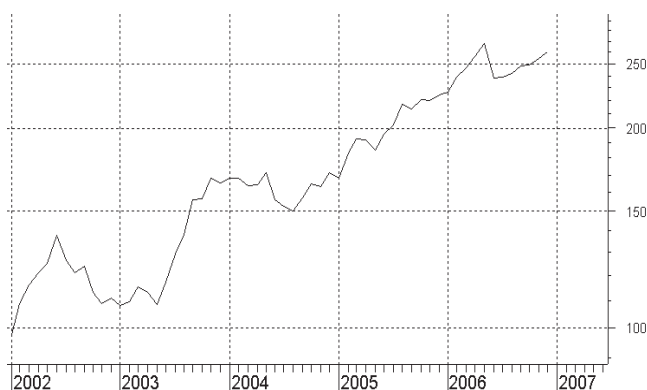
Scottish Oriental Smaller Companies plc

The final exercise date for our **Scottish Oriental Smaller Companies** warrants is 31 January 2007 - so we have been considering whether to sell these warrants on-market to realise our profit (and re-invest elsewhere) or to exercise the warrants by buying shares at 100 pence.

Asian stockmarkets still offer good value and Scottish Oriental Smaller Companies is a well managed fund with exposure to the smaller companies sector - so we have decided to exercise the warrants and continue to invest in this trust through ownership of the ordinary shares.

Investors holding the warrants in a broker's nominee account (e.g. with Fastrade) will need to (1) have sufficient cash in their brokerage account at the end of January and (2) instruct the broker to exercise the warrants.
(Continued on Page 4)

Scottish Oriental Smaller Companies plc



Current Advice	Investment Fund	EPIC Code	Initial Recommendation		Prem/Disc to Net Assets	Recent Price		Gain or Loss %
			--- Date ---	Offer Price		Bid-Offer or Last Sale	NZ Cents	
Europe								
BUY	Fidelity European Values plc	FEV	13/05/03	463.5p	1291.1	-5%	1178.0p	3352.0 +160
BUY	JFM Fleming Euro Fledgeling IT plc	JFF	15/01/02	226.5p	765.8	-11%	683.5p	1944.9 +154
United Kingdom								
BUY	Aberforth Smaller Cos Trt plc	ASL	15/07/03	375.5p	1042.0	-10%	719.5p	2047.3 +96
BUY	Invesco English & Int'l Trust	IEI	10/01/06	273.5p	700.6	-11%	311.5p	886.4 +27
Asian Regional								
BUY	Aberdeen Asian Sm Co WARRANTSAASW		09/09/03	75.3p	209.1		198.0p	563.4 +169
HOLD	Gartmore Pacific Growth Fund	*	29/10/85	41.4p	105.4		270.31p	769.2 +630
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		62.76p	178.6 +68
HOLD	HSBC Greater China Fund	*	07/04/98	159.4p	481.6		217.7p	619.5 +29
HOLD	Henderson Asia Pac Capital	*	08/08/00	342.2p	1122.6		410.9p	1169.2 +4
BUY	Scot Oriental Sm Cos WARRANTS	SSTW	11/11/03	78.0p	211.5		162.5p	462.4 +119
Japan								
HOLD	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	-7%	189.0p	537.8 +22
HOLD	Fidelity Japan Values plc	FJV	10/01/06	126.0p	322.7	-6%	74.75p	212.7 -34
HOLD	Invesco Japan Discovery Trust	IJD	13/07/99	95.5p	284.0	-8%	95.0p	270.3 -5
Korea								
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		177.5-188.0p	520.0 +148
International								
BUY	Aberdeen Emerging Markets	*	13/08/91	61.7p	184.0		249.7p	710.5 +286
BUY	Herald Investment Trust	HRI	12/10/04	310.8p	820.1	-11%	372.5p	1060.0 +29
BUY	Private Equity Investor plc	PEQ	11/12/01	122.5p	420.2	+4%	171.0p	486.6 +16

* United Kingdom based Unit Trust

The average Gains/Losses of all current investments from initial recommendation is +112.8%. This is equal to an average annual rate of +16.0%, based upon the length of time each position has been held. The average annual rate of gain of ALL recommendations (both the 17 current and 45 closed out) is +13.6%.

Other Shares and Warrants

Alternative investments in the UK listed investment trust shares and warrants recommended above include **Aberdeen Asian Smaller Companies** shares at 298¼ pence (trading at a 4% discount to net asset value) and **Scottish Oriental Smaller Companies** shares at 263 pence (a 6% discount to net assets).

Recommended Funds (Continued from Page 3)

Investors without surplus cash to exercise (or who are over-weighted in this investment) could sell around 40% of the warrants on-market. This will provide enough cash to exercise the remaining 60% of the warrants.

If the share and warrant prices continue to appreciate in the short term, then any partial sale of warrants to fund the exercise of the remaining warrants would best be delayed until about mid-January.

Smaller stockmarkets and smaller company shares

International Investor often perform well during the first week of January - so that would also support delaying any partial sale until mid-January.

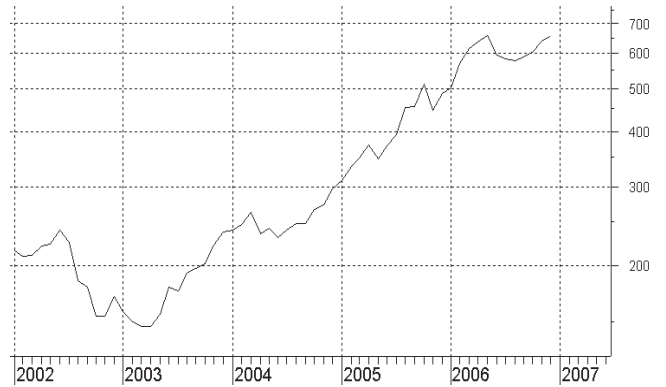
Share Buy-Backs

Invesco English and International Trust plc continues to repurchase its own shares at a discount to net asset value. It repurchased 55,000 shares on-market on 22 November at an average of 305.87 pence and 130,952 shares on 28 November at 308.7 pence. The issued capital is now 38,326,475 shares.

Fidelity European Values plc



JFM Fleming Euro Fledgling



Ballie Gifford Shin Nippon plc



Fidelity Japan Values plc



Invesco Japan Discovery Trust



Baring Korea Trust (OEIC)



Listed Investment Trust

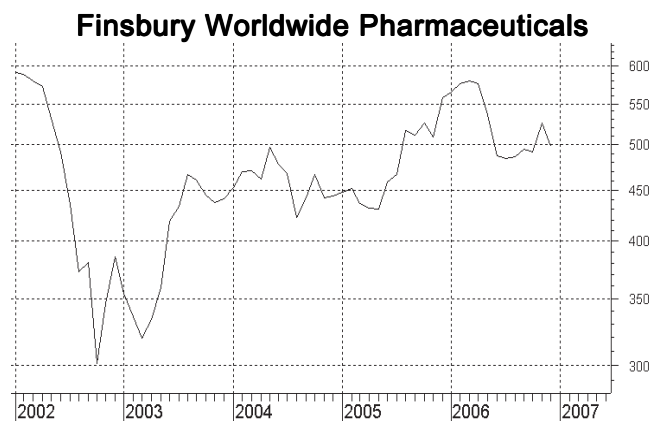
Warrant Analysis

Review of Speculative Warrants

Finsbury Worldwide Pharmaceuticals shares slipped just 1½ pence in value to 493¼ pence over the last quarter (i.e. down 0.3%), but the warrants *rose* 7½ pence to 115½ pence - up 6.9%.

At this price the warrants are fairly valued, but still offer a high 3.3 times leverage - so are an attractive investment to profit from any appreciation in Finsbury Worldwide Pharmaceuticals' share price over the next 2½ years. The *Break-Even rate* remains a low 6%.

Finsbury Worldwide Pharmaceuticals warrants remain an attractively leveraged way to profit from a recovery by technology shares over the next few years. A small exposure to these warrants could therefore be appropriate for many investors.



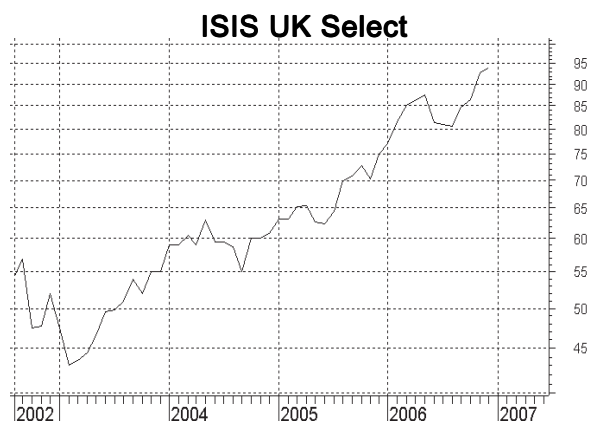
ISIS UK Select shares recovered 13.4% in value to 95¼ pence over the last quarter - while the warrants remain unchanged at 3½ pence.

This is an extremely high risk situation, with less than one year until the warrants' final exercise/expiry date of 31 October 2007. The share price needs to rise 9.2% (i.e. *above* 104 pence) or the warrants will expire worthless.

So there is a good chance that these warrants will expire worthless - although the strength of the UK stockmarket over the last quarter significantly improves our potential to recover some value or realise a profit on this position.

The extremely high 11.1 times leverage offers potential for a significant increase in the value of the warrants - *if* the share price appreciates faster than the required *Break-Even rate* of 16% per annum.

We would not purchase any further warrants at this time - the warrants are inactively traded owing to the high risk - but will hold our very small investment.



Warrant	Current Share Price	Warrant Exercise Price	Years & Months to Expiry	Current Warrant Price	Black-Scholes Value	Warrant Over/Under Valued (%)	Share Volatility	Warrant Leverage	Warrant Return (%p.a.) from Share Price appreciation of:	Break-Even Rate		
									5%pa	10%pa	20%pa	
UNITED KINGDOM												
Blue Chip Value & Inc	32.5p	75.0p	4-3	0.13p	5.09p	-97	0.419	2.6	-100.0	-100.0	-100.0	+22%
Edinburgh Smaller Coys	111.8p	100.0p	1-9	24.50p	27.99p	-12	0.295	3.2	-6.7	+16.6	+56.7	+6%
ISIS UK Select	95.3p	104.0p	0-10	3.50p	4.66p	-25	0.186	11.1	-100.0	-100.0	+125.0	+16%
Utilico	235.5p	100.0p	0-4	108.75p	137.23p	-21	0.349	1.7	+110.4	+127.8	+163.7	-30%
EUROPE												
Blue Planet Gth & Inc	2360.0p	1000.0p	3-7	1295.00p	1539.18p	-16	0.291	1.5	+9.8	+17.7	+32.4	-1%
FAR EASTERN												
Aberdeen Asian Small	298.3p	100.0p	3-11	198.00p	216.78p	-9	0.201	1.4	+7.3	+14.2	+27.3	-0%
Scottish Oriental Sm Co	263.0p	100.0p	0-1	162.50p	163.44p	-1	0.172	1.6	+12.2	+21.0	+39.1	-2%
New India	141.0p	100.0p	3-6	68.75p	62.39p	+10	0.282	2.1	-0.6	+10.3	+28.8	+5%
GOLD & MINING												
City Nat Res High Yld	137.5p	85.0p	2-10	55.75p	64.46p	-14	0.186	2.1	+9.9	+20.8	+40.3	+1%
TECHNOLOGY												
Finsbury Worldwide Pharm.	493.3p	464.0p	2-7	115.50p	119.97p	-4	0.235	3.3	-7.1	+15.3	+49.4	+6%

World Stockmarket Valuations

Country	Dividend Yield	Price/Earn. Ratio
Australia	3.6	15.5
Austria	1.4	16.0
Belgium	3.0	13.8
Canada	1.8	18.5
Denmark	1.7	17.9
Finland	3.2	18.2
France	3.1	14.6
Germany	2.2	15.3
Ireland	2.3	14.4
Italy	3.6	15.8
Japan	1.1	19.9
Netherlands	2.9	9.9
New Zealand	3.7	21.9
Norway	3.2	14.2
Spain	3.4	13.2
Sweden	2.7	13.3
Switzerland	1.8	18.3
Un. Kingdom	3.7	16.9
USA	1.5	18.2
Argentina	0.8	13.9
Brazil	1.9	11.6
Czech Republic	3.5	18.2

Country	Dividend Yield	Price/Earn. Ratio
Chile	2.3	20.1
China	1.9	14.9
Greece	2.5	20.9
Egypt	1.2	47.8
Hong Kong	2.9	11.4
Hungary	1.9	10.1
India	1.2	23.0
Indonesia	2.8	20.8
Israel	1.0	42.4
Korea	1.6	11.9
Malaysia	2.7	15.3
Mexico	1.8	14.9
Philippines	2.7	16.2
Poland	3.5	15.1
Portugal	3.3	14.0
Russia	1.4	15.3
Singapore	3.2	15.8
Sth Africa	2.7	14.2
Taiwan	4.2	19.2
Thailand	3.9	8.4
Turkey	2.4	13.1
Venezuela	9.1	11.7

United States: Dividend Yield



United States: Price/Earnings Ratio



United Kingdom: Dividend Yield



United Kingdom: Price/Earnings Ratio



Japan: Dividend Yield



Japan: Price/Earnings Ratio



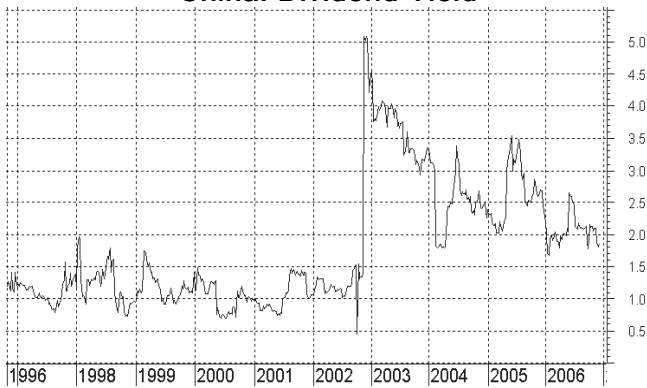
Hong Kong: Dividend Yield



Hong Kong: Price/Earnings Ratio



China: Dividend Yield



China: Price/Earnings Ratio



France: Dividend Yield



France: Price/Earnings Ratio



World Stockmarket Capitalisations

The world stockmarket capitalisation jumped 8.5% over the last three months to US\$45,356 billion. The United States share of that total continued to decline from 39.02% to 38.20%. China's capitalisation surged 43% over the quarter to US\$1,522 billion.

Country	Market Capitalisation (US\$ Billions)	Percentage of Total	Country	Market Capitalisation (US\$ Billions)	Percentage of Total
United States	17,325	38.20	Greece	179	0.39
Japan	4,622	10.19	Austria	155	0.34
United Kingdom	3,568	7.87	Ireland	145	0.32
France	2,154	4.75	Chile	130	0.29
Canada	1,530	3.37	Thailand	130	0.29
China	1,522	3.36	Turkey	127	0.28
Germany	1,396	3.08	Poland	124	0.27
Switzerland	1,213	2.67	Israel	111	0.24
Italy	1,003	2.21	Indonesia	100	0.22
Australia	964	2.12	Portugal	94	0.21
Spain	893	1.97	Egypt	54	0.12
Russia	846	1.87	Argentina	46	0.10
South Korea	745	1.64	Philippines	45	0.10
India	660	1.45	Czech Republic	44	0.10
Netherlands	634	1.40	Morocco	43	0.09
Taiwan	584	1.29	Peru	42	0.09
Hong Kong	576	1.27	Luxembourg	36	0.08
Brazil	523	1.25	Hungary	36	0.08
Sweden	520	1.15	New Zealand	35	0.08
Mexico	359	0.79	Columbia	33	0.07
South Africa	345	0.76	Pakistan	32	0.07
Belgium	308	0.68	Iceland	25	0.06
Norway	266	0.59	Jordan	23	0.05
Singapore	262	0.58	Nigeria	20	0.04
Finland	254	0.56	Slovenia	8.4	0.02
Denmark	216	0.48	Venezuela	3.5	0.01
Malaysia	180	0.40			
			TOTAL	\$45,356	100.00%

Next Issue:

The next issue of *International Investor* will be emailed in four weeks time on Monday January 8, 2007.

The print version will be delivered later that week, depending upon printing and postal delivery times.

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