

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 _____	62%	Bullish	Bearish	Bullish	Bullish	-44.7%	-59.4%	-62.5%	3,427.20
Austria _____	52%	Bullish	Bearish	Bullish	Bullish	-55.9%	-68.6%	-68.2%	1,662.34
Belgium _____	51%	Bullish	Bearish	Bullish	Neutral	-46.7%	-60.5%	-62.7%	1,800.87
Canada _____	60%	Bullish	Bearish	Bullish	Bullish	-47.1%	-56.5%	-53.7%	8,117.03
Denmark _____	48%	Bullish	Bearish	Bearish	Bullish	-44.3%	-55.2%	-55.3%	246.18
Finland _____	67%	Bullish	Bearish	Bullish	Bullish	-40.1%	-55.5%	-62.5%	5,136.62
France _____	58%	Bullish	Bearish	Bullish	Bullish	-37.3%	-50.5%	-55.1%	2,096.45
Germany _____	55%	Bullish	Bearish	Bullish	Bullish	-36.5%	-48.1%	-52.6%	4,381.47
Ireland _____	59%	Bullish	Bearish	Bullish	Bullish	-48.5%	-65.6%	-70.4%	2,481.06
Italy _____	60%	Bullish	Bearish	Bullish	Bullish	-40.9%	-53.8%	-59.4%	14,123.00
Japan _____	56%	Neutral	Bearish	Bullish	Bullish	-24.8%	-37.6%	-40.3%	7,917.51
Netherlands _____	51%	Bullish	Bearish	Bullish	Bullish	-47.6%	-60.8%	-61.4%	229.44
New Zealand _____	50%	Bullish	Bearish	Neutral	Bullish	-37.2%	-51.6%	-60.7%	1,376.14
Norway _____	56%	Bullish	Bearish	Bullish	Bullish	-60.9%	-73.8%	-70.3%	164.90
Spain _____	57%	Bullish	Bearish	Bullish	Bullish	-32.6%	-47.4%	-54.2%	908.44
Sweden _____	68%	Bullish	Bearish	Bullish	Bullish	-44.8%	-58.8%	-61.1%	187.78
Switzerland _____	53%	Bullish	Bearish	Bullish	Bearish	-27.4%	-37.5%	-41.8%	5,530.84
Un. Kingdom _____	62%	Bullish	Bearish	Bullish	Bullish	-36.2%	-49.2%	-55.5%	4,049.37
USA _____	67%	Bullish	Bearish	Bullish	Bullish	-29.5%	-35.6%	-41.8%	876.07
Argentina _____	51%	Neutral	Bearish	Bullish	Bullish	-47.3%	-60.2%	-59.3%	3,697.81
Brazil _____	29%	Bearish	Bearish	Neutral	Neutral	-55.4%	-68.5%	-63.7%	35,347.39
Czech Rep. _____	44%	Bullish	Bearish	Bearish	Bullish	-48.6%	-61.0%	-60.9%	823.80
Chile _____	38%	Bullish	Bearish	Bearish	Bullish	-34.9%	-44.1%	-44.4%	11,102.20
China _____	65%	Neutral	Bearish	Bullish	Bullish	-20.0%	-51.4%	-64.5%	118.30
Greece _____	60%	Bullish	Bearish	Bullish	Bullish	-49.4%	-64.8%	-69.9%	1,788.46
Egypt _____	42%	Bullish	Bearish	Neutral	Neutral	-53.1%	-64.4%	-54.3%	4,059.08
Hong Kong _____	50%	Bullish	Bearish	Neutral	Bullish	-30.0%	-42.8%	-51.7%	13,846.09
Hungary _____	39%	Neutral	Bearish	Bearish	Bullish	-48.8%	-57.7%	-61.6%	12,443.86
India _____	54%	Neutral	Bearish	Bullish	Bullish	-44.0%	-50.1%	-64.2%	8,965.20
Indonesia _____	44%	Bullish	Bearish	Bearish	Bullish	-54.1%	-61.9%	-66.8%	1,202.34
Israel _____	54%	Neutral	Bearish	Bullish	Neutral	-41.7%	-52.8%	-51.3%	581.36
Korea _____	57%	Neutral	Bearish	Bullish	Bullish	-44.4%	-60.7%	-66.9%	1,028.13
Malaysia _____	65%	Bullish	Bearish	Bullish	Bullish	-25.7%	-39.7%	-46.5%	838.28
Mexico _____	43%	Neutral	Bearish	Bearish	Bullish	-40.3%	-50.9%	-48.9%	20,081.83
Philippines _____	64%	Bullish	Bearish	Bullish	Bullish	-33.9%	-37.3%	-57.1%	1,888.96
Poland _____	44%	Bullish	Bearish	Neutral	Bullish	-56.0%	-65.8%	-69.8%	26,980.54
Portugal _____	41%	Neutral	Bearish	Bullish	Bullish	-36.8%	-53.3%	-59.0%	1,972.91
Russia _____	40%	Bearish	Bearish	Bullish	Neutral	-60.1%	-77.2%	-73.1%	950.84
Singapore _____	67%	Bullish	Bearish	Bullish	Bullish	-39.2%	-52.7%	-56.0%	1,659.17
Sth Africa _____	34%	Bullish	Bearish	Bearish	Bullish	-41.1%	-53.6%	-58.7%	19,279.79
Taiwan _____	63%	Bullish	Bearish	Bullish	Bullish	-36.6%	-56.4%	-53.3%	4,225.07
Thailand _____	43%	Bullish	Bearish	Bearish	Bullish	-41.6%	-55.7%	-60.5%	392.87
Turkey _____	47%	Bullish	Bearish	Bearish	Bullish	-52.4%	-52.8%	-68.8%	24,034.70
Venezuela _____	53%	Bullish	Bearish	Neutral	Bullish	-14.8%	-6.6%	-11.8%	34,539.76

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.

Recommended International Investment Funds

ACCEPT Private Equity Investor plc's 25% Tender Offer

Private Equity Investor plc plans to distribute £17.5 million to shareholders through a tender offer, repurchasing shares at net asset value (less costs). As the shares trade on market at around a 39% discount to net asset value, investors should participate in this share buy-back (i.e. receiving a value around 225 pence), perhaps using the cash received to later purchase more Private Equity Investor shares on-market (i.e. at prices around 142 pence).

If all shareholders fully participate in this tender offer the company will re-purchase 25% of each investor's shares. This is the "basic entitlement" and the company will repurchase all of the shares an investor tenders up to 25% of his holding. An investor may tender a higher number of shares (i.e. up to 100% of shareholdings) in which case the company will repurchase the first 25% and a pro-rata number of shares from the remaining tendered shares to make up any shortfall from investors who tender no shares or less than their basic entitlement.

We recommend tendering 100% of shareholdings, which will probably result in some amount slightly over 25% being repurchased. As the shares trade on-market

at a significant discount, investors should participate in this tender to receive net asset value (i.e. about 225 pence compared with a market value of 142 pence). Investors will need to contact their broker immediately to participate in this tender offer.

Fund Reports

JPMorgan European Fledgling Investment Trust plc's net asset value declined 20.8% over the six months to 30 September, while its benchmark index fell 23.7%.

The fund remains cautious, holding 18% of its portfolio in cash at the end of September, although half of that has since been invested in shares. The fund does not intend to borrow to finance share purchases at this time.

Invesco English & International Trust plc suffered a 22.9% drop in net assets for the six months to 30 September, compared with a 25.7% decline by its benchmark index. The share price fell 26.7% as the discount widened.

The Fund Manager believes many shares have been depressed by "forced sellers" - investors needing to repay loans or funds needing to sell to meet redemptions. While volatility is expected in the short term, "the medium term prospects" are good from today's low valuations.

The company expects to be able to reclaim £1.2

Recommended Funds Geographic Portfolio Spread

FundName	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	£97	12	32.2	2.2	18.9		18.2		2.3	13.8	8.8	7.1		13.7	Indo 9.2%, Sri Lanka 3.8%
Baring Korea	£140	Nil	38.9	3.6					96.4						
Gartmore China Opps	£365	Nil	43.4	6.8										93.2	
Gartmore Pacific Opps	£71	Nil	29.8		15.0	27.4	3.4	13.3	18.2	3.7	1.3		10.0		Indonesia 1.7%
HSBC Asian Fund	£30	Nil	32.0	2.4	28.3		2.6	20.0	18.6	7.9	2.1	0.3	16.2		Indonesia 1.5%
Hend Asia Pacific Cap	£108	Nil	40.6	2.5	7.1		5.1	14.4	11.2	9.0			33.4	5.2	UK 4.5%
Scottish Oriental Sm Coys	£65	Nil	17.4	3.1	10.4		11.4	12.4	9.0	12.6	9.9	7.9	8.3		Indonesia 6.9%
				Cash	USA	UK	Europe	Japan	Other						
Aberforth Small Cos Trust	£423	14	26.8			100.0									
Baillie Gifford Shin Nippon	£43	22	29.4	5.7					94.3						
Fidelity European Values	£860	19	33.7	7.1		92.9									
Fidelity Japan Values plc	£70	34	20.3	12.6					87.4						
Herald Investment Trust	£243	21	20.5	20.3	21.7	50.0	2.5	5.5							
JPM Fleming Euro Fledgling	£261	Nil	34.5	9.4					90.6						
Invesco English & Int'l	£42	4	20.3			100.0				2.0					
Invesco Perp Japan Small	£38	Nil	39.3	3.3					96.7						
Private Equity Investor plc	£83	Nil	25.9	36.8	63.2										
				Cash	Asia	Latin Amer	Africa	Europe & Middle East							
Aberdeen E/Markets	£397	Nil	34.1	1.9	48.2	27.6	6.2	14.9							

Fidelity European Values plc continues to have its largest investments in France (23.9% of the portfolio), followed by Switzerland (21.1%). It has smaller holdings in Germany (13.9%), the UK (8.1%), Italy (7.1%), Netherlands (7.0%), Spain (3.3%) and Sweden (2.1%).

JPMorgan Fleming European Fledgling has its largest investments in France (19.2% of the portfolio), Italy (15.1%), Spain (9.2%), Switzerland (8.7%), Belgium (7.1%), Sweden (6.4%), Netherlands (5.9%), Finland (5.7%) and Denmark (4.1%).

million of VAT paid after January 2001 during the next six months. This would add about 3¼% to net asset values. A further refund of £2.1 million paid from 1990 to 2000 is "more uncertain".

Scottish Oriental Smaller Companies Trust plc suffered a 9.3% drop in net assets over the year to 31 August 2008. Its benchmark index fell 8.8%. The share price, however, fell 16.6% as the discount increased.

The annual dividend will be increased 8.7% to 5.0 pence.

The fund has been cautious over the last couple of years but now sounds more optimistic. Its "intention is not only to seek opportunities to invest our cash, but also to reintroduce some longer term borrowing, provided this can be achieved on sensible terms".

Private Equity Investor plc's net assets rose 7.0% over the six months to 30 September, mainly as a result of the appreciation of the US dollar against Sterling.

The fund held US\$93.0 million in venture capital funds and US\$51.7 million in cash. There are future commitments to contribute US\$19.9 million to venture capital funds, leaving US\$31.8 million of surplus cash.

Herald Investment Trust plc is required to hold a vote at its next AGM in April 2009 to consider a proposal

by **Carrousel Capital** that Herald Investment restructure so that shareholders could request quarterly redemptions of their shares at 98% of net asset value. Carrousel had made similar proposals to a number of other listed investment trusts. The directors of Herald Investment believe such quarterly redemptions would "render the company unviable" and will recommend shareholders vote against the resolution.

Fund News

Fidelity European Values plc repaid a Euro 35.0 million loan on 24 November. The company now has a Euro 40.0 million loan maturing in June 2010, a Euro 65.0 million loan due in December 2011 and a Euro 25.0 million revolving credit facility through to December 2011.

Buy-Backs

Fidelity European Values plc bought back 36,200 shares on-market over the last month for £329,927.

JPMorgan European Fledgeling Investment Trust plc repurchased 56,000 shares at an average price of 432.4 pence on 5 December.

Aberdeen Asian Smaller Companies Investment Trust plc repurchased 112,585 shares in four on-market transactions for a total cost of £240,973.

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									
HOLD	Fidelity European Values plc	FEV	13/05/03	463.5p	1291.1	-16%	820.0p	2255.8	+75
BUY	JFM Fleming Euro Fledgeling IT plc	JFF	15/01/02	226.5p	765.8	-23%	442.0p	1216.0	+59
United Kingdom									
BUY	Aberforth Smaller Cos Trt plc	ASL	15/07/03	375.5p	1042.0	-15%	321.0p	883.1	-15
HOLD	Invesco English & Int'l Trust	IEI	10/01/06	273.5p	700.6	-28%	114.25p	314.3	-55
Asian Regional									
BUY	Aberdeen Asian Sm Co WARRANTS AASW		09/09/03	75.3p	209.1		106.5p	293.0	+40
BUY	Gartmore China Opportunities	*	09/07/07	548.9p	1410.4		391.98p	1078.3	-24
HOLD	Gartmore Pacific Growth Fund	*	29/10/85	41.4p	105.4		221.84p	610.3	+479
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		52.38p	144.1	+36
BUY	Henderson Asia Pac Capital	*	08/08/00	342.2p	1122.6		316.2p	869.9	-23
BUY	Scot Oriental Smaller Coy	SST	11/11/03	121.9p	330.5	-21%	170.25p	468.4	+42
Japan									
BUY	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	-21%	90.75p	249.7	-43
BUY	Fidelity Japan Values plc	FJV	10/01/06	126.0p	322.7	-22%	37.75p	103.9	-68
HOLD	Invesco Perp Japan Small Coys	*	13/07/99	61.3p	182.3		45.99p	126.5	-31
Korea									
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		107.9-114.2p	305.5	+46
International									
HOLD	Aberdeen Emerging Markets	*	13/08/91	61.7p	184.0		227.44p	625.7	+240
BUY	Herald Investment Trust	HRI	12/10/04	310.8p	820.1	-27%	168.0p	462.2	-44
TENDER	Private Equity Investor plc	PEQ	11/12/01	122.5p	420.2	-39%	142.0p	390.6	-7

* United Kingdom based Unit Trust

The average Gains/Losses of all current investments from initial recommendation is +41.6%. This is equal to an average annual rate of +4.9%, 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 46 closed out) is +9.0%.

Other Shares and Warrants

Alternative investments in the UK listed investment trust warrants recommended above include **Aberdeen Asian Smaller Companies** shares at 210 pence (trading at an 18% discount to net asset value).

World Stockmarket Valuations

Country	Dividend Yield	Price/Earn. Ratio
Australia	7.1	11.3
Austria	6.3	5.1
Belgium	15.6	5.5
Canada	4.3	10.8
Denmark	3.1	8.8
Finland	7.4	7.9
France	7.5	7.2
Germany	5.3	8.9
Ireland	12.3	3.4
Italy	9.6	6.1
Japan	3.0	10.4
Netherlands	7.4	5.6
New Zealand	7.1	4.7
Norway	6.1	5.4
Spain	5.9	7.5
Sweden	6.7	11.4
Switzerland	3.2	12.6
Un. Kingdom	7.0	8.8
USA	3.5	18.3
Argentina	1.9	6.5
Brazil	2.4	8.3
Czech Rep.	6.6	9.6

Country	Dividend Yield	Price/Earn. Ratio
Chile	3.7	13.6
China	2.5	11.6
Greece	6.6	6.6
Egypt	18.1	3.3
Hong Kong	5.2	6.8
Hungary	3.1	3.9
India	2.0	9.3
Indonesia	5.6	8.0
Israel	1.7	26.2
Korea	2.8	7.8
Malaysia	5.8	8.5
Mexico	2.2	9.6
Philippines	4.4	9.2
Poland	5.6	6.1
Portugal	6.5	9.3
Russia	3.5	30.6
Singapore	6.4	6.1
Sth Africa	5.1	7.8
Taiwan	8.9	7.3
Thailand	8.2	5.6
Turkey	5.9	4.6
Venezuela	11.7	3.9

United States: Dividend Yield



United States: Price/Earnings Ratio



Japan: Dividend Yield



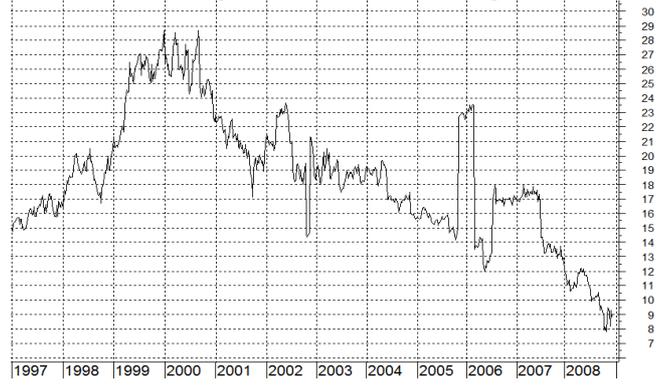
Japan: Price/Earnings Ratio



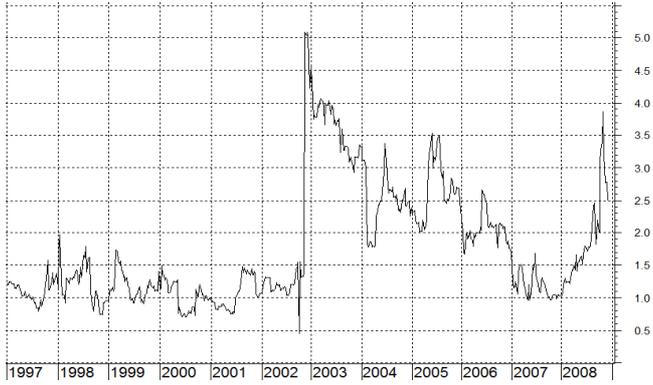
United Kingdom: Dividend Yield



United Kingdom: Price/Earnings Ratio



China: Dividend Yield



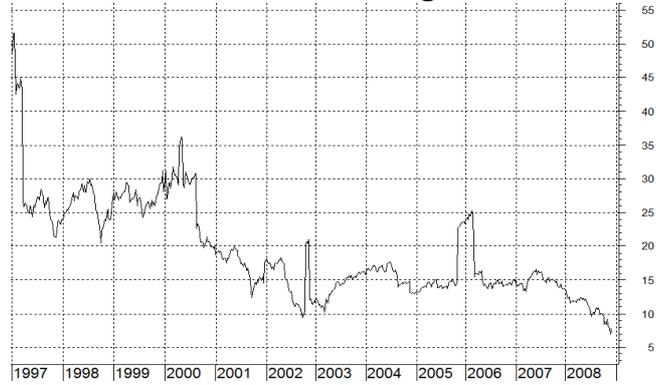
China: Price/Earnings Ratio



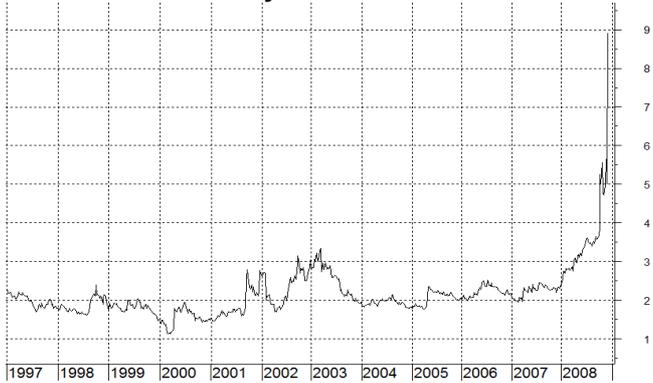
France: Dividend Yield



France: Price/Earnings Ratio



Germany: Dividend Yield



Germany: Price/Earnings Ratio



Listed Investment Trust

Warrant Analysis

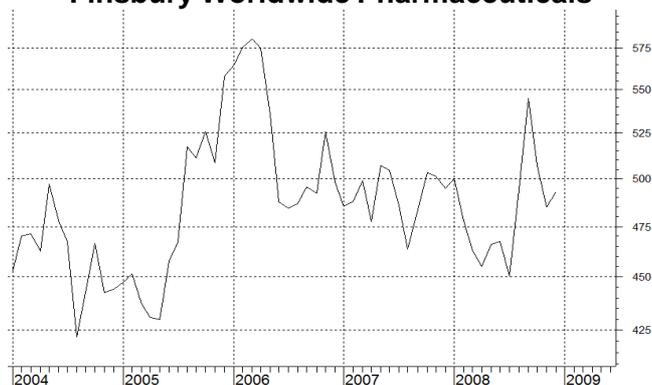
Review of Speculative Warrants

Finsbury Worldwide Pharmaceuticals shares fell 8.0% to 494 pence over the last quarter, with the warrants dropping 46.9% to 43 pence.

The warrants now have just 7½ months until their final exercise/expiry date of 31 July 2009. The exercise price is 464 pence, so they currently have an intrinsic value of 30 pence, but a theoretical value of 47 pence which takes into account the leverage potential.

The warrants offer an extremely high 9.3 times leverage - so every 1% fluctuation in the share price will result in around a 9% gain or loss in the value of the warrants! So the warrants *could* become worthless, or *could* increase significantly in value by July 2009.

Finsbury Worldwide Pharmaceuticals



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	Share Price 5%pa	Warrant Return (%p.a.) from Break-Even Rate	Share Price appreciation of: 10%pa	20%pa	Rate
<u>GOLD & MINING</u>													
City Natural Resources	76.8p	85.0p	0-10	12.00p	4.06p	+195	0.224	9.4	-100.0	-100.0	-70.5	+32%	
Merrill Lynch World Mining	178.5p	565.0p	0-2	3.50p	0.00p	+999	0.233	99.9	-100.0	-100.0	-100.0	+999%	
<u>UNITED KINGDOM</u>													
Blue Planet Growth & Income	680.0p	1000.0p	1-7	512.50p	40.98p	+1150	0.331	5.4	-100.0	-100.0	-100.0	+66%	
Midas Income & Growth	87.5p	100.0p	1-8	14.00p	4.31p	+225	0.150	10.1	-100.0	-63.9	+18.5	+17%	
Perpetual Income & Growth	170.5p	218.9p	4-8	25.50p	12.93p	+97	0.121	6.9	-100.0	+14.0	+52.1	+8%	
<u>FAR EASTERN</u>													
Aberdeen Asian Income	89.3p	120.0p	4-5	11.75p	7.85p	+50	0.163	5.5	-100.0	+7.2	+54.2	+9%	
Aberdeen Asian Smaller	210.0p	100.0p	1-11	106.50p	117.18p	-9	0.192	1.8	+11.2	+20.4	+38.1	-1%	
<u>INDIA</u>													
Aberdeen New India	104.0p	100.0p	1-7	25.75p	15.67p	+64	0.200	5.1	-37.1	-12.2	+29.6	+13%	
<u>INTERNATIONAL</u>													
Finsbury W/Wide Pharm	494.0p	464.0p	0-7	43.00p	47.05p	-9	0.145	9.3	+5.1	+68.2	+224.4	+5%	
Impax Environmental	77.5p	96.0p	1-6	23.50p	3.12p	+652	0.200	9.2	-100.0	-100.0	-64.9	+35%	
Jupiter Green	70.0p	100.0p	2-7	6.25p	1.12p	+459	0.140	13.1	-100.0	-100.0	+29.2	+18%	

World Stockmarket Capitalisations

The world's total stockmarket capitalisation fell 30.1% to US\$29,714 billion over the two months to the end of October 2008.

The United States percentage rose to 38.2% from 35.7%.

Country	Market Capitalisation (US\$ Billions)	Percentage of Total	Country	Market Capitalisation (US\$ Billions)	Percentage of Total
United States	11,359	38.23	Denmark	138	0.46
Japan	2,912	9.80	Israel	102	0.34
United Kingdom	1,963	6.60	Turkey	100	0.34
China	1,645	5.54	Chile	98	0.33
France	1,363	4.59	Greece	87	0.29
Germany	1,038	3.49	Poland	83	0.28
Canada	1,016	3.42	Thailand	79	0.26
Switzerland	898	3.02	Austria	79	0.26
Australia	620	2.09	Portugal	65	0.22
Brazil	540	1.82	Indonesia	64	0.22
Spain	539	1.81	Luxembourg	62	0.21
Italy	518	1.74	Morocco	60	0.20
India	495	1.67	Columbia	59	0.20
South Korea	440	1.48	Ireland	49	0.16
Russia	403	1.36	Nigeria	48	0.16
Hong Kong	395	1.33	Czech Republic	43	0.15
Taiwan	380	1.28	Philippines	42	0.14
Sweden	257	0.86	Egypt	39	0.13
Netherlands	253	0.85	Peru	36	0.12
Mexico	237	0.80	Jordan	23	0.08
South Africa	211	0.71	Argentina	23	0.08
Singapore	180	0.60	New Zealand	21	0.07
Finland	159	0.54	Pakistan	19	0.07
Belgium	150	0.50	Hungary	18	0.06
Norway	149	0.50	Slovenia	9	0.03
Malaysia	145	0.49	Iceland	6	0.02
			TOTAL	\$29,714	100.00%

Next Issue:

The next issue of *International Investor* will be emailed in five weeks time on Monday January 12, 2009.

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

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