

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	67%	Bullish	Bearish	Bullish	Bullish	-10.2%	-50.3%	-60.0%	3,111.70
Austria	63%	Bullish	Bearish	Bullish	Bullish	-14.9%	-62.5%	-68.5%	1,419.03
Belgium	64%	Bullish	Bearish	Bullish	Bullish	-15.5%	-54.9%	-65.6%	1,527.27
Canada	66%	Bullish	Bearish	Bullish	Bullish	-7.6%	-51.1%	-55.9%	7,591.47
Denmark	59%	Bullish	Bearish	Bullish	Bullish	-13.8%	-51.9%	-58.6%	213.11
Finland	73%	Bullish	Bearish	Bullish	Bullish	-20.3%	-52.3%	-66.6%	4,110.31
France	65%	Bullish	Bearish	Bullish	Bullish	-14.9%	-46.7%	-55.2%	1,790.89
Germany	63%	Bullish	Bearish	Bullish	Bullish	-16.6%	-47.0%	-53.9%	3,666.41
Ireland	63%	Bullish	Bearish	Bullish	Bullish	-21.7%	-59.7%	-74.1%	1,949.63
Italy	64%	Bullish	Bearish	Bullish	Bullish	-24.2%	-55.2%	-64.3%	10,740.00
Japan	61%	Bullish	Bearish	Bullish	Bullish	-14.4%	-35.6%	-41.3%	7,173.10
Netherlands	67%	Bullish	Bearish	Bullish	Bullish	-13.3%	-54.6%	-62.4%	199.50
New Zealand	61%	Bullish	Bearish	Bullish	Bullish	-16.1%	-47.3%	-63.0%	1,203.24
Norway	59%	Bullish	Bearish	Bullish	Bullish	+12.5%	-56.0%	-63.2%	179.63
Spain	48%	Bearish	Bearish	Bullish	Bullish	-19.9%	-46.0%	-56.5%	730.14
Sweden	80%	Bullish	Bearish	Bullish	Bullish	-8.5%	-49.4%	-59.7%	186.64
Switzerland	64%	Bullish	Bearish	Bullish	Bullish	-17.8%	-40.3%	-46.8%	4,311.61
Un. Kingdom	63%	Bullish	Bearish	Bullish	Bullish	-15.8%	-46.3%	-56.6%	3,530.73
USA	67%	Bullish	Bearish	Bullish	Bullish	-22.0%	-45.0%	-47.2%	683.38
Argentina	61%	Bullish	Bearish	Bullish	Bullish	-12.4%	-53.8%	-62.6%	3,405.31
Brazil	49%	Bearish	Bearish	Bullish	Bearish	+15.3%	-48.5%	-57.9%	37,105.09
Czech Rep.	56%	Bullish	Bearish	Neutral	Bullish	-27.3%	-62.6%	-67.3%	643.40
Chile	67%	Neutral	Bearish	Bullish	Bullish	+13.5%	-26.1%	-35.1%	11,439.57
China	74%	Bearish	Neutral	Bullish	Bullish	+19.8%	-4.1%	-52.7%	140.91
Greece	65%	Bullish	Bearish	Bullish	Bullish	-17.8%	-58.5%	-69.2%	1,474.35
Egypt	46%	Bullish	Bearish	Neutral	Neutral	-13.5%	-59.4%	-69.5%	3,575.93
Hong Kong	64%	Bullish	Bearish	Bullish	Bullish	-13.9%	-39.8%	-46.8%	11,921.52
Hungary	41%	Neutral	Bearish	Neutral	Bullish	-33.0%	-65.7%	-69.2%	9,880.37
India	66%	Bullish	Bearish	Bullish	Bullish	-10.9%	-50.2%	-59.0%	8,325.82
Indonesia	56%	Bullish	Bearish	Bullish	Bullish	+6.9%	-50.9%	-63.8%	1,286.69
Israel	60%	Neutral	Bearish	Bullish	Bullish	-6.7%	-45.6%	-50.8%	577.91
Korea	65%	Neutral	Bearish	Bullish	Bullish	-2.8%	-46.0%	-61.0%	1,055.03
Malaysia	81%	Bullish	Bearish	Bullish	Bullish	-0.3%	-26.0%	-43.8%	858.22
Mexico	58%	Bullish	Bearish	Bullish	Bullish	-24.4%	-54.9%	-57.7%	17,043.44
Philippines	70%	Bullish	Bearish	Bullish	Bullish	+1.9%	-32.6%	-47.2%	1,920.16
Poland	61%	Bullish	Bearish	Bullish	Bullish	-15.3%	-62.7%	-68.8%	22,948.51
Portugal	55%	Neutral	Bearish	Bullish	Bullish	-1.9%	-38.1%	-53.2%	1,941.19
Russia	40%	Bearish	Bearish	Neutral	Bullish	-22.1%	-68.9%	-78.3%	938.99
Singapore	71%	Bullish	Bearish	Bullish	Bullish	-10.1%	-45.4%	-52.6%	1,513.12
Sth Africa	58%	Bullish	Bearish	Bullish	Bullish	-5.5%	-44.3%	-53.8%	18,640.81
Taiwan	79%	Bullish	Bearish	Bullish	Bullish	+6.5%	-32.4%	-51.8%	4,653.63
Thailand	72%	Bullish	Bearish	Bullish	Bullish	+6.7%	-37.6%	-55.3%	419.51
Turkey	63%	Bullish	Bearish	Bullish	Bullish	-13.6%	-58.9%	-60.9%	23,220.02
Venezuela	74%	Bullish	Bullish	Neutral	Bullish	+8.4%	-7.6%	+9.1%	37,493.83

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

World stockmarkets fell sharply over the last month - but the world's total stockmarket capitalisation is now down over two-thirds from its value in late 2007 (see Page 8).

In some sectors (e.g. international banks and investment banks) there is a real and permanent loss of shareholder value. In many other sectors there is just a significant change in *market values* as a result of the deterioration in the financial and economic environment. Most companies remain sound - but with concerns over *short term* revenues and profits and/or the availability of bank lending to roll over long term debt at maturity.

Generally share prices now offer excellent *value* (see Page 6). Interest rates are low, although banks are still restricting lending. World economies are in recession - so will eventually recover and the only question is "When?"

Most expectations are for the world economy to start its recovery in late 2009 or early 2010 (but, of course, that won't show in official statistics for another 3-9 months following the event). Stockmarkets, however, should *anticipate* the actual economic recovery by 6-9 months, so stockmarkets should be around their ultimate lows between now through to September 2009.

United States Stockmarket



Therefore we shall continue to hold on to our diversified portfolio of international investment funds . . . with some growth in capital values likely before the end of 2009.

Recommended Funds Geographic Portfolio Spread

FundName	Size (Mil)	Leverage (% debt)	Top 10 Hldgs (%)	Portfolio invested in (%):-											Other	
				Cash	HK	Australia	Malay	Taiwan	Korea	Sing.	Thail'd	Phil.	China	India		
Aberdeen Asian Sm Coys	£98	14	33.0	1.6	18.3		18.8			1.6	15.9	9.1	5.9		13.2	Indo 8.5%, Sri Lanka 3.6%
Baring Korea	£99	Nil	38.8	2.8						97.2						
Gartmore China Opps	£400	Nil	43.4	0.3										99.7		
Gartmore Pacific Opps	£64	Nil	29.2	5.7	16.0	24.1	3.9	12.2	17.8	3.9	1.8	1.7	10.5			Indonesia 2.2%
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	£91	Nil	46.1		8.9		3.2	13.8	10.9	8.0	3.9		38.0	8.7		Indonesia 2.6%
Scottish Oriental Sm Coys	£71	Nil	18.2	4.5	10.5		10.2	10.2	10.1	13.5	10.8	7.4	9.4	2.8		Indonesia 5.8%
				Cash	USA	UK	Europe	Japan								
Aberforth Small Cos Trust	£411	11	26.7			100.0										
Baillie Gifford Shin Nippon	£40	33	29.1	6.9						93.1						
Fidelity European Values	£589	27	29.7	6.0		94.0										
Fidelity Japan Values plc	£62	59	18.7	13.6						86.4						
Herald Investment Trust	£251	25	22.5	18.7	22.4	51.0	2.5	5.4								
JPM Fleming Euro Fledgling	£241	Nil	26.0	12.1			87.9									
Invesco English & Int'l	£39	4	24.5			100.0				2.0						
Invesco Perp Japan Small	£48	Nil	41.6	3.9						96.1						
Private Equity Investor plc	£83	Nil	25.9	36.8	63.2											
				Cash	Asia	Latin Amer	Africa	Europe & Middle East								
Aberdeen E/Markets	£437	Nil	34.2	2.8	48.5	26.6	5.9	16.0								

Fidelity European Values plc continues to have its largest investments in France (22.8% of the portfolio), followed by Germany (17.3%) and Switzerland (15.2%). It has smaller holdings in the Netherlands (8.6%), Ireland (8.6%), Italy (6.2%), Sweden (4.0%), Spain (3.1%) and Belgium (2.2%).

JPMorgan Fleming European Fledgling has its largest investments in France (17.1% of the portfolio), Sweden (12.4%), Italy (11.8%), Switzerland (10.3%), Spain (9.4%), Netherlands (6.5%), Belgium (5.8%), Denmark (5.0%), Finland (4.3%), Austria (2.8%) and Germany (2.5%).

Recommended International Investment Funds

Fund Reports

Fidelity European Values plc recorded a 17.5% decline in net assets over its financial year to 31 December, but significantly outperformed its benchmark index which was down 24.6%!

The company will pay a dividend of 23.26 pence (up from 13.75 cents the previous year) to distribute its investment income. It will also pay a special 13.24 pence dividend to distribute the refund of £7.5 million VAT (plus interest) charged in previous years. The total of 36.5 pence will be paid on 29 May, with the shares trading ex-dividend from 21 March.

While “the outlook for the European economy looks challenging” the Fund Manager believes “a lot of the bad news has already been absorbed by the market”. “Company valuations are looking extremely attractive” with “some good stock picking opportunities to be found where company's shares have been indiscriminately sold without considering the longer term fundamentals”.

Herald Investment Trust plc experienced a 36.1% decline in net assets over the year to 31 December 2008, outperforming its benchmark index which declined 40.6%.

A dividend of 5.0 pence will be paid, consisting of an ordinary dividend of 1.55 pence (*Continued on Page 4*)

Current Advice	Investment Fund	EPIC Code	Initial Recommendation --- Date ---	Offer Price		Prem/ Disc to Net Assets	Recent Price		Gain or Loss %
				Foreign	NZ Cents		Bid-Offer or Last Sale	NZ Cents	
Europe									
HOLD	Fidelity European Values plc	FEV	13/05/03	463.5p	1291.1	-10%	780.0p	2196.6	+70
BUY	JFM Fleming Euro Fledgeling IT plc	JFF	15/01/02	226.5p	765.8	-17%	419.0p	1179.9	+54
United Kingdom									
BUY	Aberforth Smaller Cos Trt plc	ASL	15/07/03	375.5p	1042.0	-9%	348.0p	980.0	-6
HOLD	Invesco English & Int'l Trust	IEI	10/01/06	273.5p	700.6	-14%	132.5p	373.1	-47
Asian Regional									
BUY	Aberdeen Asian Sm Co WARRANTS AASW		09/09/03	75.3p	209.1		114.5p	322.4	+54
BUY	Gartmore China Opportunities	*	09/07/07	548.9p	1410.4		382.12p	1076.1	-24
HOLD	Gartmore Pacific Growth Fund	*	29/10/85	41.4p	105.4		219.16p	617.2	+486
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		51.76p	145.8	+37
BUY	Henderson Asia Pac Capital	*	08/08/00	342.2p	1122.6		310.7p	875.0	-22
BUY	Scot Oriental Smaller Coy	SST	11/11/03	121.9p	330.5	-14%	204.5p	575.9	+74
Japan									
BUY	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	-25%	73.0p	205.6	-53
BUY	Fidelity Japan Values plc	FJV	10/01/06	126.0p	322.7	-27%	29.75p	83.8	-74
HOLD	Invesco Perp Japan Small Coys	*	13/07/99	61.3p	182.3		40.07p	112.8	-38
Korea									
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		108.0-114.1p	312.7	+49
International									
HOLD	Aberdeen Emerging Markets	*	13/08/91	61.7p	184.0		221.01p	622.4	+238
BUY	Herald Investment Trust	HRI	12/10/04	310.8p	820.1	-24%	184.75p	520.3	-37
HOLD	Private Equity Investor plc	PEQ	11/12/01	122.5p	420.2	-49%	117.0p	329.5	-22
* United Kingdom based Unit Trust									

The average Gains/Losses of all current investments from initial recommendation is +43.6%. This is equal to an average annual rate of +5.0%, 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 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 212½ pence (trading at a 17% discount to net asset value).

Recommended Funds

(Continued from Page 3)

to distribute its net investment income, plus a special dividend of 3.45 pence to distribute the VAT refund previously charged on annual management fees.

The Manager reports “disappointing trading reports from investee companies were few and far between and insignificant overall”, with share prices re-rated sharply lower in *anticipation* of a more difficult future economic environment. The portfolio of smaller growth and technology shares trade on an average Price/Earnings ratio of just 9.7. The companies in its portfolio “essentially remain sound and profits continue to grow, albeit at a slower rate”.

The company believes that “patient investors will benefit in the long run” from the fund's ability to use leverage “to buy stocks at distressed valuations”. The Manager is “fearful” of “the bleak macro environment” but “this is offset by excitement that the Trust is in a

strong position to exploit the break down in liquidity and funding in the smaller company world”.

Share Buy-Backs

Fidelity European Values plc continues to buy-back its shares at a discount to net asset values. Over the last four weeks it repurchased 373,550 shares in ten transactions, returning £3.3 million to investors.

JP Morgan European Fledgeling Investment Trust plc repurchased 220,678 shares on-market for just over £1.0 million.

Invesco English & International Trust plc repurchased 33,250 shares on-market on 6 February at 142¾ pence each.

Herald Investment Trust plc repurchased 700,000 shares on-market at around a 25% discount to net asset values. This returned £1,326,920 to investors but also *increases* the net asset value of the remaining shares by £442,300 (or about 0.5 pence per share)

Fidelity European Values



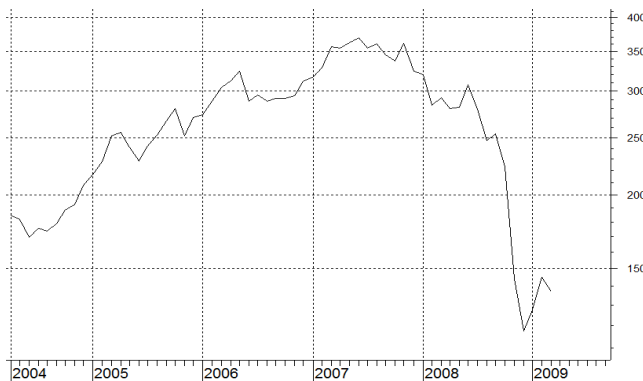
JPMorgan European Fledgeling



Aberforth Smaller Companies



Invesco English & International



Aberdeen Asian Smaller Companies



Gartmore China Opportunities



Gartmore Pacific Growth



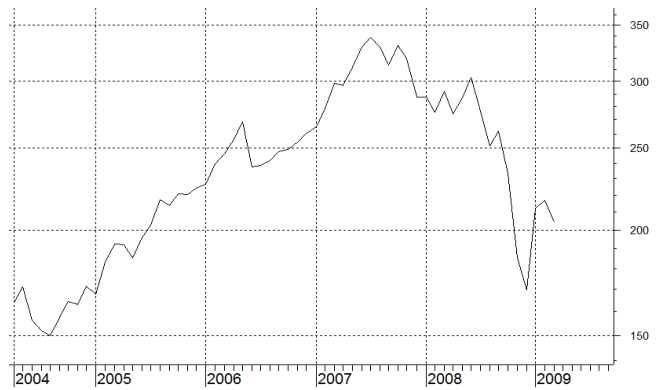
HSBC Asian



Henderson Asia Pacific Capital



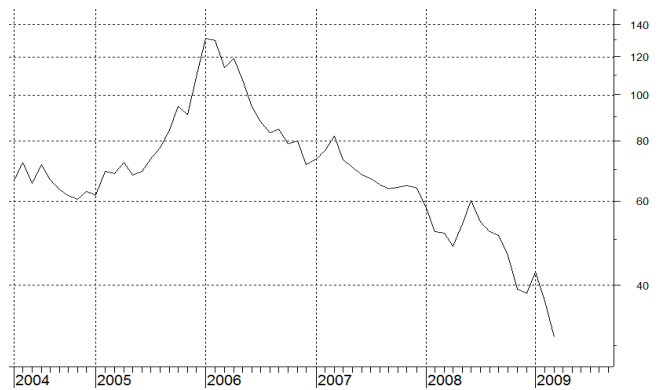
Scottish Oriental Smaller Companies



Baillie Gifford Shin Nippon



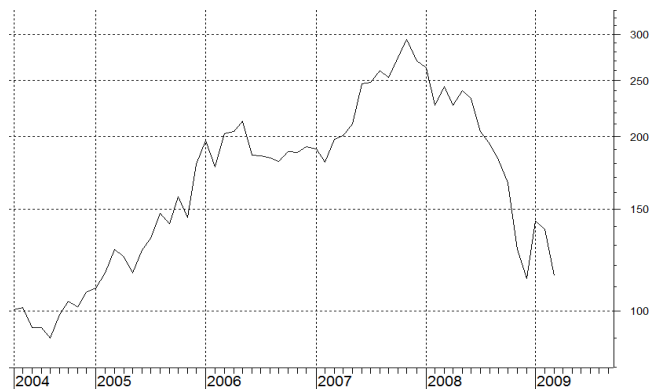
Fidelity Japan Values



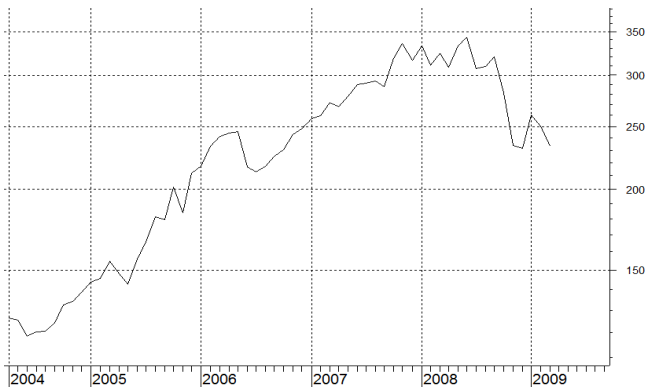
Invesco Perp Japan Smaller Coys



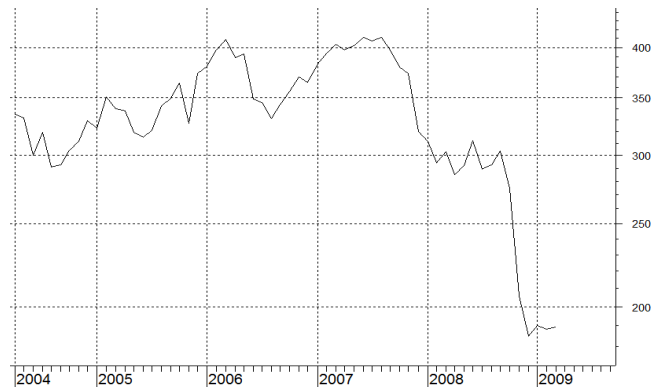
Baring Korea



Aberdeen Emerging Markets



Herald Investment Trust



Private Equity Investor



World Stockmarket Valuations

Country	Dividend Yield	Price/Earn. Ratio	Country	Dividend Yield	Price/Earn. Ratio
Australia	7.8	7.8	Chile	5.0	11.2
Austria	7.4	3.9	China	2.3	13.5
Belgium	12.1	3.1	Greece	8.7	4.7
Canada	4.3	10.3	Egypt	20.6	2.9
Denmark	3.7	6.9	Hong Kong	6.4	4.7
Finland	10.8	5.3	Hungary	6.8	3.4
France	6.9	6.0	India	2.2	7.5
Germany	7.0	5.9	Indonesia	4.4	6.8
Ireland	11.3	2.5	Israel	1.7	26.0
Italy	13.8	4.7	Korea	3.4	6.1
Japan	3.0	10.3	Malaysia	5.5	4.2
Netherlands	9.4	4.3	Mexico	3.1	5.1
New Zealand	7.9	4.4	Philippines	5.6	7.2
Norway	10.8	4.4	Poland	8.6	5.3
Spain	8.3	5.5	Portugal	6.6	7.0
Sweden	10.2	5.2	Russia	2.4	3.2
Switzerland	5.0	9.5	Singapore	7.2	5.3
Un. Kingdom	8.1	5.3	Sth Africa	5.3	6.6
USA	3.6	10.8	Taiwan	7.8	7.7
Argentina	3.9	3.1	Thailand	7.9	6.9
Brazil	5.6	5.4	Turkey	6.0	2.2
Czech Rep.	10.1	7.7	Venezuela	10.8	4.3

Listed Investment Trust

Warrant Analysis

Review of Speculative Warrants

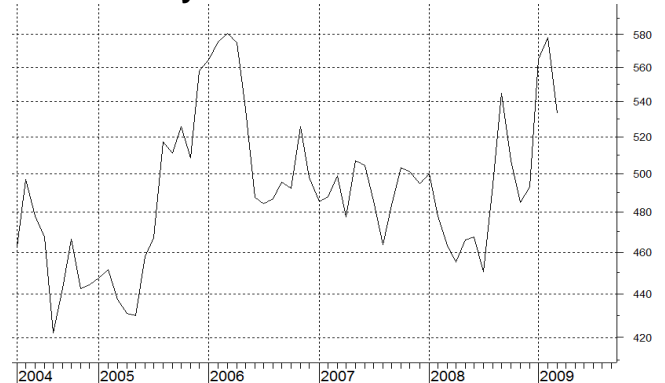
Despite all of the weakness on world stockmarkets, **Finsbury Worldwide Pharmaceuticals** shares actually rose 21½ pence or 4.4% over the last quarter to 515½ pence. The warrants fell 5¼ pence or 12.2% to 37¾ pence.

The warrants are, however, under-valued at that price. On 31 July this year the warrants reach their final exercise/expiry date when investors can buy a new share from the company for 464 pence. If the market price of Finsbury Worldwide Pharmaceuticals is still 515½ pence, then the warrant will be worth 51½ pence. This is its current *intrinsic value* (which, of course, changes as the market price of the shares fluctuates).

The *fair value* for the warrant should be slightly higher than its *intrinsic value* - which we calculate at 57.4 pence.

The warrants still remain very volatile. Just a 10% fall in the share price (to below 464 pence) and the warrants would expire worthless in 4½ months. Alternatively, a 10% rise (i.e. to 567 pence) would see the warrant value more than double to 103 pence.

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	Warrant Return (%p.a.) from Share Price appreciation of:	Break-Even Rate		
									5%pa	10%pa	20%pa	
<u>GOLD & MINING</u>												
City Natural Resources	91.5p	85.0p	0-7	13.00p	13.40p	-3	0.344	5.0	-45.3	-16.1	+54.7	+12%
<u>UNITED KINGDOM</u>												
Blue Planet Growth & Income	420.0p	1000.0p	1-4	380.00p	28.17p	+1249	0.636	3.6	-100.0	-100.0	-100.0	+144%
Henderson Opportunities	181.5p	93.0p	4-11	10.50p	108.84p	-90	0.408	1.5	+69.4	+82.2	+105.1	-11%
Midas Income & Growth	82.3p	100.0p	1-5	12.00p	3.03p	+295	0.200	9.6	-100.0	-100.0	-35.2	+24%
<u>FAR EASTERN</u>												
Aberdeen Asian Income	92.0p	120.0p	4-2	9.00p	9.08p	-1	0.204	4.6	-100.0	+16.2	+67.2	+8%
Aberdeen Asian Smaller Coys	212.5p	100.0p	1-8	114.50p	115.89p	-1	0.219	1.8	+8.2	+17.2	+34.6	+1%
<u>INDIA</u>												
Aberdeen New India	100.3p	100.0p	1-4	16.00p	14.05p	+14	0.276	4.7	-46.3	-10.3	+51.5	+12%
JP Morgan India	208.0p	227.0p	0-9	25.00p	17.51p	+43	0.330	6.2	-100.0	-100.0	-64.6	+29%
<u>INTERNATIONAL</u>												
Finsbury W/Wide Pharm	515.0p	464.0p	0-4	37.75p	57.42p	-34	0.173	8.5	+290.4	+474.8	+973.1	-8%
Impax Environmental	72.8p	96.0p	1-3	16.50p	2.19p	+654	0.250	9.1	-100.0	-100.0	-100.0	+43%
Jupiter Green	68.0p	100.0p	2-4	6.83p	1.41p	+386	0.190	9.6	-100.0	-100.0	-20.0	+21%
<u>TECHNOLOGY</u>												
RCM Technology	169.3p	267.0p	3-0	13.00p	6.40p	+103	0.222	6.4	-100.0	-100.0	+28.2	+18%

World Stockmarket Capitalisations

The world's total stockmarket capitalisation fell a further 40% - or US\$12,268 billion - over the last four months to the end of February 2009 to US\$17,446 billion.

From a peak in excess of US\$54,000 billion in late 2007, world stockmarkets have lost over two-thirds of their value! Only part of this is a permanent loss of wealth (e.g. in the financial sector), while most is just a change in current market values in response to the cyclical downturn in economic activity, tight liquidity and negative investor sentiment.

Country	Market Capitalisation (US\$ Billions)	Percentage of Total	Country	Market Capitalisation (US\$ Billions)	Percentage of Total
United States	7,583	43.47	Denmark	72	0.41
Japan	1,879	10.77	Israel	66	0.38
United Kingdom	1,447	8.30	Norway	62	0.35
France	719	4.11	Malaysia	58	0.33
Canada	664	3.80	Chile	42	0.24
Switzerland	610	3.49	Greece	37	0.21
Germany	538	3.08	Portugal	34	0.20
Australia	448	2.57	Ireland	28	0.16
China	328	1.88	Austria	28	0.16
Spain	326	1.87	Luxembourg	27	0.15
Taiwan	261	1.49	Thailand	26	0.15
Brazil	257	1.47	Turkey	26	0.15
South Korea	244	1.40	Indonesia	24	0.14
Italy	244	1.40	Poland	21	0.12
Hong Kong	192	1.10	Morocco	20	0.12
Netherlands	184	1.05	Philippines	13	0.07
Sweden	161	0.93	Egypt	13	0.07
India	137	0.79	Peru	12	0.07
South Africa	131	0.75	New Zealand	10	0.06
Russia	116	0.67	Czech Republic	9	0.05
Singapore	94	0.54	Argentina	8	0.05
Finland	90	0.51	Hungary	6	0.04
Mexico	79	0.45			
Belgium	73	0.42			
			TOTAL	\$29,714	100.00%

Next Issue:

The next issue of *International Investor* will be emailed in four weeks time on Monday April 6, 2009.

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

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