

International Investor

Issue No. 210

www.stockmarket.co.nz

June 10, 2013

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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	60%	Bullish	Bearish	Bullish	Neutral	-14.4%	-5.9%	+10.3%	4,698.66
Austria	63%	Bearish	Bullish	Bullish	Neutral	-3.9%	+5.9%	+33.8%	2,409.06
Belgium	68%	Neutral	Bullish	Bullish	Neutral	+1.3%	+10.6%	+31.9%	2,623.07
Canada	51%	Bullish	Neutral	Bullish	Bearish	-2.8%	-1.1%	+8.4%	12,373.30
Denmark	58%	Bearish	Neutral	Bullish	Neutral	-3.2%	+8.0%	+29.9%	526.31
Finland	68%	Bullish	Neutral	Bullish	Neutral	-2.5%	+6.2%	+27.4%	6,059.54
France	76%	Bullish	Bullish	Bullish	Neutral	+2.4%	+10.2%	+34.0%	2,916.81
Germany	74%	Neutral	Bullish	Bullish	Neutral	+5.1%	+12.3%	+42.2%	8,254.68
Ireland	69%	Bearish	Bullish	Bullish	Neutral	+5.8%	+21.6%	+38.0%	3,981.84
Italy	72%	Neutral	Bullish	Bullish	Neutral	+4.5%	+9.2%	+29.8%	17,696.37
Japan	55%	Neutral	Bullish	Bullish	Neutral	+3.2%	+14.3%	+24.1%	12,877.53
Netherlands	61%	Bearish	Bullish	Bullish	Bullish	+1.7%	+5.3%	+27.7%	352.69
New Zealand	52%	Bullish	Bullish	Neutral	Bearish	-3.3%	-0.6%	+20.8%	1,447.65
Norway	63%	Bullish	Bullish	Bearish	Bullish	-1.3%	+5.3%	+29.2%	524.73
Spain	60%	Bearish	Neutral	Bullish	Bullish	-3.0%	+7.4%	+32.0%	832.23
Sweden	64%	Bullish	Bullish	Bullish	Neutral	-1.7%	+13.9%	+35.7%	589.02
Switzerland	57%	Bearish	Bullish	Bullish	Bearish	+2.2%	+12.2%	+36.0%	7,784.84
Un. Kingdom	68%	Neutral	Bullish	Bullish	Bearish	+3.0%	+5.2%	+18.6%	6,411.99
USA	64%	Bearish	Bullish	Bullish	Bearish	+5.9%	+15.9%	+24.0%	1,643.38
Argentina	66%	Bearish	Bullish	Bullish	Bullish	-0.7%	+31.1%	+28.4%	3,449.68
Brazil	32%	Bullish	Bearish	Bearish	Neutral	-19.3%	-14.1%	-10.1%	51,618.63
Czech Rep.	61%	Bullish	Bearish	Bullish	Neutral	-6.9%	-2.9%	+13.7%	957.45
Chile	39%	Neutral	Bearish	Bullish	Neutral	-13.5%	-4.7%	-1.7%	20,388.50
China	58%	Neutral	Bullish	Bearish	Bullish	-2.3%	+19.5%	+19.3%	2,210.90
Greece	60%	Bearish	Bullish	Bullish	Bullish	+5.3%	+19.9%	+111.4%	986.05
Egypt	28%	Neutral	Bearish	Bearish	Neutral	-8.8%	-8.3%	-2.7%	5,061.02
Hong Kong	34%	Neutral	Bearish	Neutral	Bearish	-6.6%	-2.9%	+16.5%	21,575.26
Hungary	65%	Bullish	Bullish	Bullish	Bearish	+5.7%	+7.9%	+21.5%	19,632.63
India	57%	Neutral	Bearish	Bullish	Bullish	-6.0%	-4.6%	+12.9%	19,429.23
Indonesia	44%	Neutral	Bearish	Bullish	Bearish	-1.5%	+11.2%	+21.6%	4,865.32
Israel	69%	Bearish	Bullish	Bullish	Bullish	+1.9%	+7.4%	+17.5%	1,101.46
Korea	41%	Bearish	Bearish	Bullish	Neutral	-6.6%	-4.9%	+10.1%	1,923.85
Malaysia	60%	Neutral	Bullish	Neutral	Bearish	+7.8%	+8.4%	+16.4%	1,775.59
Mexico	30%	Bearish	Bearish	Neutral	Bearish	-10.3%	-5.5%	+17.5%	40,232.68
Philippines	64%	Bearish	Bullish	Bullish	Bullish	-5.6%	+11.9%	+37.3%	6,701.95
Poland	79%	Bullish	Bullish	Bullish	Bullish	+1.4%	+5.1%	+33.8%	48,209.65
Portugal	73%	Bullish	Bullish	Bullish	Bullish	+2.9%	+14.7%	+40.4%	2,529.25
Russia	31%	Bullish	Bearish	Bearish	Bearish	-13.7%	-11.9%	+4.8%	1,345.48
Singapore	58%	Bullish	Neutral	Bullish	Neutral	-3.3%	+0.2%	+19.5%	3,184.72
Sth Africa	55%	Bullish	Neutral	Bullish	Bearish	-8.6%	-7.2%	+2.1%	40,813.33
Taiwan	63%	Neutral	Bullish	Bullish	Bullish	+1.0%	+3.7%	+16.6%	8,095.20
Thailand	67%	Neutral	Bullish	Bullish	Neutral	-5.8%	+13.9%	+39.5%	1,516.24
Turkey	47%	Neutral	Bearish	Bullish	Neutral	-10.2%	-1.9%	+33.6%	78,332.63
Venezuela	53%	Bearish	Bullish	Bearish	Neutral	+31.3%	+30.7%	+130.9%	811,521.80

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

“Clean” Funds

Unit trusts and OEICs held with *Charles Stanley Direct* (formerly *Fastrade*) have been changed from old retail units into new “clean” units. Here are the details:

1. Every 100 units of Henderson Asia Pacific Capital has become 93.9346 “clean” units.
2. Every 100 units of Henderson China Opportunities has become 728.420 “clean” units.
3. Every 100 units of Invesco Perpetual Japan Smaller Companies has become 39.75818 “clean” units.
4. Every 100 units of Aberdeen Emerging Markets has become 94.4071 “clean” units.

Tender Offers

Private Equity Investor has completed its £8,650,000 tender offer at 230.1596 pence per share. The company repurchased 16.74% of investors' shares under the “basic entitlement” plus 0.67% under the shortfall. So investors who tendered all of their shares will have had about 17.41% repurchased.

The cash was credited to our account last week, so we haven't yet purchased further Private Equity Investor

shares at a lower price on-market. An investor with 1000 shares will have had 174 shares repurchased for a total of £400.48. The shares are quoted on-market at 184-188 pence, so the cash would purchase 231 shares at 188 pence.

Participation in this tender offer, and re-investing the proceeds on-market, could therefore lift an investors shareholding 5.7% from 1000 shares to 1057 shares at no net cash outlay.

JPMorgan European Smaller Companies Trust plc is planning a small tender offer. There is only limited value in this tender offer, so smaller investors *may* choose to ignore it.

The company will repurchase 5% of its shares at a 3% discount to net assets (and less the expenses of this tender). The offer will be made to shareholders registered on 14 May. Tender instructions must reach the company by 16 July, when it will also hold the AGM and seek shareholder approval for the share repurchase. The tender price will be determined on 18 July, with payment on 26 July.

As the tender will be priced at a 3% discount to net

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 Coy	£418	Nil	29.4	3.9	14.6	2.3	19.5		0.6	11.3	16.0	6.1		9.4	Indo 7.2
Baring Korea	£171	Nil	44.2	2.6					97.4						
First State Indian Sub-Cont	£222	Nil	49.6	3.3										94.5	Sri Lanka 2.0
HSBC Asian Fund	£36	Nil	30.6	3.9	18.5		2.7	10.5	26.1	5.9	5.8		16.1		Indo 4.8
Hend Asian Pacific Cap	£215	Nil	31.5	2.4	7.5	18.9		6.4	13.6	5.4	7.6	4.3	20.3	9.4	Indo 4.1
Scottish Oriental Sm Coys	£265	Nil	18.3	1.9	11.1		7.5	11.5	13.6	16.3	9.6	3.8	20.4		Indo 5.2
				Cash	USA	UK	Europe	Japan	Other						
Aberforth Small Cos Trust	£955	8	23.9				100.0								
Baillie Gifford Shin Nippon	£93	9	25.5	0.8					99.2						
Fidelity European Values	£756	12	40.3				100.0								
Fidelity Japan Values plc	£99	18	23.5	4.3					95.7						
Herald Investment Trust	£584	9	23.5	7.6	20.6	63.4	3.2		5.2						
JPMorgan Euro Small Coys	£419	18	24.3	6.3			93.7								
Invesco Perp Japan Small	£42	Nil	37.0	6.7					93.3						
Private Equity Investor plc	£51	Nil	-	18	82.0										
				Cash	Brazil	HK/	China	India	Mexico	Turkey	Korea	S.Africa	Thail'd	Taiwan	
Aberdeen E/Markets	£3900	Nil	32.0	3.3	16.1	16.2	13.6		7.5	5.5	5.4	5.9	5.6	4.7	

Fidelity European Values plc has over 58% of its investments in three countries: France (23% of the portfolio), Switzerland (19%) and Germany (16%). It has smaller holdings in Belgium (6%), Denmark (6%), Netherlands (5%), Norway (5%), Sweden (4%), Finland (4%), UK (4%), Spain (3%), Italy (2%), Turkey (1%) and Portugal (1%).

JPMorgan European Smaller Companies has its largest investments in France (15% of the portfolio), Netherlands (15%), Italy (13%), Germany (12%), Switzerland (12%), Denmark (7%), Sweden (7%), Greece (4%), Ireland (3%), Finland (2%) and Norway (2%), with smaller holdings in Belgium, Spain and Austria.

assets and as the shares often trade at a 15% discount, the tender offer will be at about a 13% premium to market value. But the company is seeking to repurchase only 5% of its shares. So the net value to shareholders (i.e. 13% on 5% of shares) is about 0.6% - far lower than the 5.7% value realised on the Private Equity Investor tender.

Based upon current values, an investor with 1000 shares would have a basic entitlement to tender 50 shares (plus additional shares to cover any shortfall) to realise about £484. Re-invested on-market that would buy about 56 shares, increasing the shareholding just 0.6% from 1000 to 1006 shares.

For investors who wish to remained fully invested in JPMorgan European Smaller Companies there is little value in this tender offer and they need take no action.

Investors wishing to realise a small part of this investment (at a 13% premium to market value and with no brokerage) should participate in the tender. The company will repurchase a minimum of 5% of an

investor's shares, with that perhaps increasing (to 6-8%?) owing to any shortfall from investors who do not participate.

Fund Results

JPMorgan European Smaller Companies Trust plc lifted net assets 16.7% over the last year to 31 March 2013, outperforming its benchmark index which was up 14.7%.

The company will pay a final 10.0 pence dividend on 30 August (ex-dividend 31 July), making 16.0 pence for the year.

Share Repurchases and Sales

Aberdeen Asian Smaller Companies Investment Trust plc issued a further 15,000 shares at a premium to net assets (at £11.03).

Herald Investment Trust plc made a large on-market repurchase of 1,000,000 shares for £5,482,500. As the shares trade at a 20% discount to net assets, this will have *increased* the net assets of the remaining shares by £1,383,500 (1.8 pence per share).

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	-10%	1438.0p	2834.6	+120
BUY	JPM European Smaller Cos	JESC	15/01/02	226.5p	765.8	-15%	854.0p	1683.4	+120
United Kingdom									
BUY	Aberforth Smaller Cos Trt plc	ASL	15/07/03	375.5p	1042.0	-11%	821.5p	1619.4	+55
Asian Regional									
BUY	Aberdeen Asian Small Coys	AAS	09/09/03	89.2p	247.8	-3%	995.5p	1962.3	+692
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		89.7p	176.8	+66
BUY	Henderson Asia Pac Capital	*	08/08/00	342.2p	1122.6		674.8p	1330.2	+18
BUY	Scot Oriental Smaller Coy	SST	11/11/03	121.9p	330.5	-4%	815.25p	1607.0	+386
China									
BUY	Henderson China Opportunities	*	09/07/07	548.9p	1410.4		654.7p	1290.6	-8
India									
HOLD	First State Indian Sub-Cont.	*	13/12/10	209.2p	442.0		219.56p	432.8	-2
Japan									
BUY	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	+3%	255.5p	503.6	+14
BUY	Fidelity Japan Values plc	FJV	10/01/06	126.0p	322.7	-12%	64.5p	127.1	-61
HOLD	Invesco Perp Japan Small Coys	*	13/07/99	61.3p	182.3		58.05p	114.4	-37
Korea									
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		247.3-262.0p	502.0	+140
International									
HOLD	Aberdeen Emerging Markets	*	13/08/91	61.7p	184.0		561.6p	1107.0	+502
BUY	Herald Investment Trust	HRI	12/10/04	310.8p	820.1	-20%	547.5p	1079.2	+32
BUY	Private Equity Investor plc	PEQ	11/12/01	122.5p	420.2	-17%	186.5p	367.6	-13
* United Kingdom based Unit Trust									

The average Gains/Losses of all current investments from initial recommendation is +126.5%. This is equal to an average annual rate of +10.3%, based upon the length of time each position has been held. The average annual rate of gain of ALL recommendations (both the 16 current and 48 closed out) is +11.9%.

Other Shares

An alternative investment to those recommended above includes **Aberdeen Asian Smaller Companies Trust 2019** convertible notes at 124 pence.

“Clean” unit prices are: Henderson Asia Pacific Capital 719.1 pence, Henderson China Opportunities 89.97 pence, Invesco Perpetual Japanese Smaller Companies 146.08 pence and Aberdeen Emerging Markets 595.31 pence.

World Stockmarket Valuations

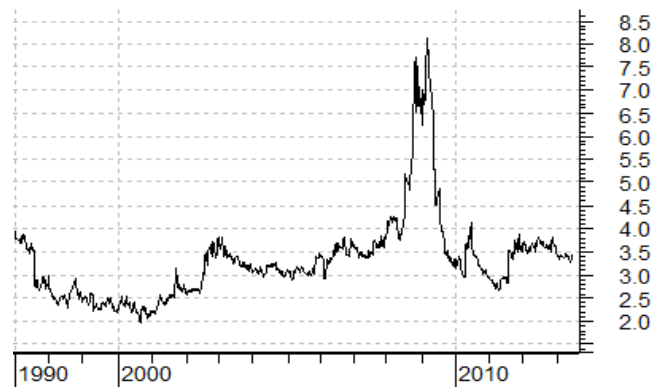
Country	Dividend Yield	Price/Earn. Ratio
Australia	4.8	17.8
Austria	2.3	15.9
Belgium	3.1	21.7
Canada	3.0	20.0
Denmark	1.8	23.5
Finland	4.0	97.5
France	3.7	19.3
Germany	3.2	14.8
Ireland	1.8	NE
Italy	3.7	56.9
Japan	2.1	23.3
Netherlands	2.5	24.4
New Zealand	4.9	20.3
Norway	3.9	13.4
Spain	1.5	NE
Sweden	3.7	15.4
Switzerland	2.1	21.1
Un. Kingdom	3.5	17.0
USA	1.8	20.4
Brazil	3.5	16.8
Czech Rep.	7.0	10.0

Country	Dividend Yield	Price/Earn. Ratio
Chile	2.4	21.8
China	2.3	10.5
Greece	1.7	NE
Egypt	3.3	16.3
Hong Kong	2.7	11.8
Hungary	3.8	11.5
India	1.5	16.4
Indonesia	2.6	19.0
Israel	0.9	49.6
Korea	1.2	14.0
Malaysia	3.0	17.3
Mexico	1.4	20.1
Philippines	1.6	19.9
Poland	5.0	12.3
Portugal	4.1	27.8
Russia	4.2	5.1
Singapore	3.5	12.8
Sth Africa	3.6	15.3
Taiwan	3.2	22.7
Thailand	2.9	17.9
Turkey	2.4	12.1
Venezuela	0.5	0.0

United States Dividend Yield



United Kingdom Dividend Yield



Japan Dividend Yield



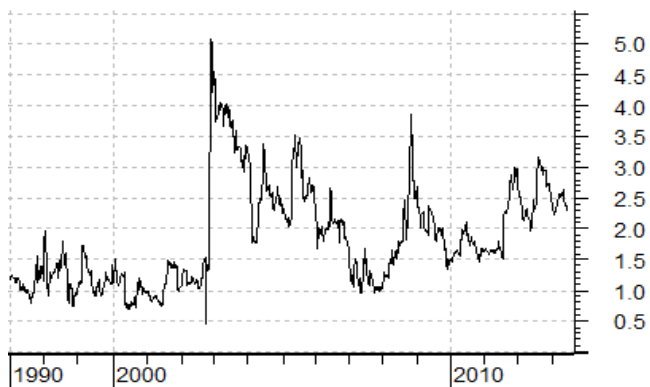
Canada Dividend Yield



France Dividend Yield



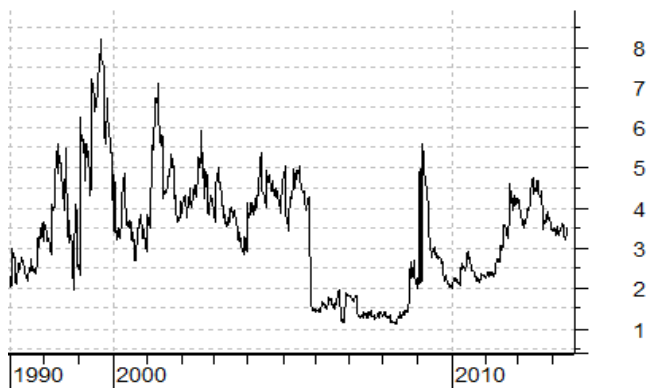
China Dividend Yield



Switzerland Dividend Yield



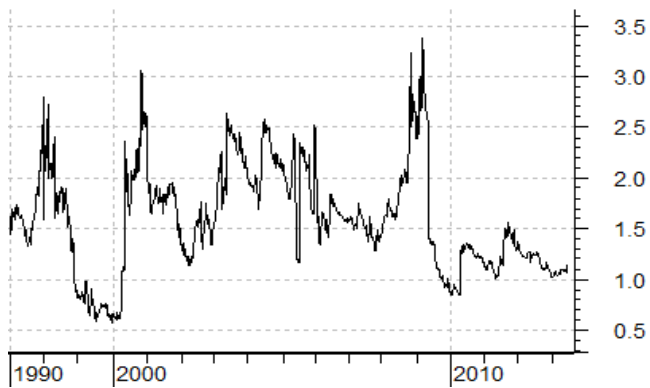
Brazil Dividend Yield



Australia Dividend Yield



South Korea Dividend Yield



Germany Dividend Yield



India Dividend Yield



Listed Investment Trust Warrant Analysis

Review of Existing Warrants

Henderson International Income shares (code HINT) were virtually unchanged over the last three months at 114½ pence (i.e. down 0.2%), but the warrants slipped 18.1% to 17 pence.

The warrants still offer a very high leverage of 5.1 times and have a low *Break-Even Rate* of just 2%.

If world stockmarkets continue to climb in value (by 2% per annum or more) then these warrants will continue to soar in value. Hold for further gains.

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:	5%pa	10%pa	20%pa	Break-Even Rate
<u>GOLD & MINING</u>													
BlackRock New Energy	38.8p	59.0p	1-1	0.28p	0.10p	+193	0.204	21.8	-100.0	-100.0	-100.0	+48%	
<u>INTERNATIONAL</u>													
Henderson International Inc	114.5p	100.0p	1-2	17.00p	18.62p	-9	0.200	5.1	+20.9	+53.2	+115.5	+2%	
JPMorgan Emerging Markets	590.0p	543.0p	1-1	91.00p	86.63p	+5	0.250	5.1	-12.2	+20.3	+83.7	+7%	
<u>LATIN AMERICA</u>													
Aberdeen Latin American Income	105.0p	120.0p	2-6	11.75p	6.25p	+88	0.168	7.5	-100.0	+4.9	+72.1	+10%	
JPMorgan Brazil	85.0p	100.0p	0-0	0.50p	0.00p	+999	0.199	99.9	-100.0	-100.0	-100.0	+999%	
<u>UNITED KINGDOM</u>													
Artemis Alpha	252.5p	345.0p	4-6	48.50p	16.05p	+202	0.190	5.4	-100.0	-2.8	+41.1	+10%	
Henderson Opportunities	609.5p	936.0p	0-8	1.01p	4.90p	-79	0.341	12.9	-100.0	-100.0	-100.0	+99%	
Perpetual Income & Growth	334.9p	218.9p	0-2	106.50p	116.14p	-8	0.121	2.9	+91.7	+118.6	+178.1	-16%	
<u>FAR EASTERN</u>													
JPMorgan Asian	212.0p	203.0p	0-9	25.25p	24.99p	+1	0.277	5.9	-41.4	-2.8	+85.1	+10%	
<u>INDIA</u>													
JPMorgan Indian	363.6p	291.0p	0-6	74.00p	77.23p	-4	0.276	4.4	+21.5	+49.1	+110.3	+1%	

World Stockmarket Capitalisations

The world's total stockmarket capitalisation was unchanged over three months to the end of April 2013 at US\$60,303 billion.

Japan was up 17% to US\$4,492 billion.

Country	Market Capitalisation (US\$ Billions)	Percentage of Total	Country	Market Capitalisation (US\$ Billions)	Percentage of Total
United States	20,677	34.29	Norway	251	0.42
Japan	4,492	7.45	Colombia	227	0.38
China	3,709	6.15	Poland	177	0.29
United Kingdom ¹	3,374	5.59	Israel	174	0.29
Hong Kong	2,883	4.78	Ireland	129	0.21
India	2,438	4.04	Austria	106	0.18
Canada	2,032	3.37	Peru	92	0.15
France ²	1,921	3.19	UAE	85	0.14
Germany	1,566	2.60	Portugal ²	75	0.12
Australia	1,513	2.51	Luxembourg	62	0.10
Switzerland	1,397	2.32	New Zealand	58	0.10
Brazil	1,242	2.06	Morocco	52	0.09
South Korea	1,147	1.90	Egypt	51	0.08
Nordic Exchanges ³	1,085	1.80	Greece	48	0.08
Spain	1,014	1.68	Argentina	43	0.07
South Africa	864	1.43	Oman	33	0.05
Taiwan	833	1.38	Czech Republic	32	0.05
Singapore	810	1.34	Jordan	27	0.04
Russia	740	1.23	Hungary	20	0.03
Netherlands ²	736	1.22	Sri Lanka	18	0.03
Mexico	556	0.92	Romania	17	0.03
Indonesia	504	0.84	Mauritius	8	0.01
Malaysia	481	0.80	Bulgaria	7	0.01
Thailand	470	0.78	Slovenia	6	0.01
Italy ¹	448	0.74	Slovakia	5	0.01
Saudi Arabia	385	0.64	Malta	4	0.01
Chile	329	0.55	Cyprus	2	0.00
Turkey	288	0.48	Bermuda	2	0.00
Belgium ²	284	0.47			
Philippines	278	0.46			
			TOTAL	\$60,307	100.00%

Notes:

1. Estimated split of LSE data between United Kingdom and Italy.
2. Estimated split of EuroNext data between France, Netherlands, Belgium and Portugal.
3. Mainly Denmark, Sweden and Finland.

Next Issue:

The next issue of *International Investor* will be emailed in four weeks time on **Monday July 8, 2013**.

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

INTERNATIONAL INVESTOR is published 12 times per year by Securities Research Company Limited, P.O. Box 34-162, Auckland. Subscribe online at www.stockmarket.co.nz or email james@stockmarket.co.nz.

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