

International Investor

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Private Equity Investor to receive
£1.5 million of Twitter Inc shares
from a Venture Capital fund 2

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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	61%	Bullish	Bearish	Bullish	Bullish	-0.2%	+4.8%	-1.3%	5,138.98
Austria	49%	Bearish	Bullish	Neutral	Neutral	+4.5%	+8.0%	+14.4%	2,509.56
Belgium	70%	Neutral	Bullish	Bullish	Neutral	+6.3%	+10.3%	+22.0%	2,790.24
Canada	57%	Bullish	Bullish	Bullish	Bearish	+1.4%	+2.9%	+1.8%	13,280.72
Denmark	54%	Bearish	Bullish	Neutral	Bearish	+11.3%	+16.5%	+25.8%	591.87
Finland	61%	Bullish	Bullish	Neutral	Neutral	+10.5%	+21.2%	+28.7%	7,082.82
France	64%	Neutral	Bullish	Bullish	Bearish	+6.7%	+11.7%	+23.0%	3,141.47
Germany	62%	Neutral	Bullish	Neutral	Bearish	+15.3%	+15.2%	+29.3%	9,172.41
Ireland	59%	Bearish	Bullish	Bullish	Neutral	+8.0%	+14.3%	+38.9%	4,388.37
Italy	68%	Neutral	Bullish	Bullish	Neutral	+11.2%	+13.4%	+23.8%	19,349.38
Japan	55%	Bearish	Bullish	Bullish	Bearish	+6.3%	+12.6%	+28.6%	15,299.86
Netherlands	63%	Bearish	Bullish	Bullish	Neutral	+8.5%	+13.8%	+19.7%	387.01
New Zealand	44%	Bullish	Bullish	Bearish	Bearish	+4.5%	+7.3%	+6.6%	1,479.58
Norway	58%	Bullish	Bullish	Bearish	Bearish	+4.9%	+4.4%	+9.9%	584.57
Spain	56%	Bearish	Bullish	Bullish	Bearish	+13.5%	+19.2%	+28.0%	957.09
Sweden	58%	Bullish	Bullish	Neutral	Bearish	+3.7%	+8.1%	+23.2%	631.47
Switzerland	57%	Bearish	Bullish	Bullish	Bearish	+6.7%	+8.7%	+22.0%	8,066.07
Un. Kingdom	65%	Neutral	Bullish	Bullish	Bearish	+4.7%	+7.4%	+12.9%	6,551.99
USA	58%	Bearish	Bullish	Bullish	Bearish	+9.1%	+9.8%	+27.3%	1,805.09
Argentina	49%	Bearish	Bullish	Bearish	Neutral	+16.4%	+31.2%	+72.0%	5,331.28
Brazil	39%	Bullish	Bearish	Bearish	Neutral	-6.0%	-9.6%	-22.3%	50,944.27
Czech Rep.	62%	Bullish	Neutral	Bullish	Bearish	+0.5%	-1.7%	-4.6%	975.32
Chile	35%	Neutral	Bearish	Neutral	Neutral	-5.8%	-14.6%	-18.6%	18,235.75
China	56%	Bullish	Bullish	Bearish	Neutral	+5.3%	+2.1%	+22.0%	2,237.11
Greece	65%	Bearish	Bullish	Bullish	Neutral	+30.4%	+23.8%	+48.4%	1,177.34
Egypt	66%	Bearish	Bullish	Neutral	Bullish	+22.9%	+27.0%	+16.4%	6,332.13
Hong Kong	62%	Neutral	Bullish	Bullish	Bearish	+5.0%	+10.2%	+6.9%	23,743.10
Hungary	44%	Neutral	Neutral	Neutral	Bearish	+6.5%	-3.8%	+3.8%	18,464.46
India	60%	Neutral	Bullish	Bearish	Bullish	+15.8%	+0.4%	-4.2%	20,996.53
Indonesia	29%	Bullish	Bearish	Bearish	Neutral	+0.0%	-28.9%	-21.0%	4,180.79
Israel	71%	Bearish	Bullish	Bullish	Bullish	+17.0%	+14.5%	+23.0%	1,221.21
Korea	49%	Bearish	Neutral	Bullish	Bearish	+4.7%	+8.9%	+3.5%	1,980.41
Malaysia	54%	Neutral	Bullish	Neutral	Bearish	+9.1%	-1.6%	+6.7%	1,826.95
Mexico	46%	Bearish	Neutral	Bullish	Bearish	+7.0%	+2.9%	-2.7%	41,925.54
Philippines	43%	Bearish	Bearish	Bullish	Bearish	+1.4%	-13.8%	-3.5%	6,014.94
Poland	65%	Bullish	Bullish	Neutral	Neutral	+20.0%	+14.9%	+20.7%	52,727.52
Portugal	74%	Bullish	Bullish	Bullish	Bearish	+7.7%	+8.5%	+24.4%	2,646.70
Russia	58%	Bullish	Bearish	Bullish	Bearish	+3.5%	+5.6%	-6.9%	1,448.67
Singapore	38%	Bullish	Bearish	Neutral	Neutral	+4.2%	-2.2%	-2.1%	3,114.17
Sth Africa	58%	Bullish	Bullish	Neutral	Neutral	+1.0%	+5.5%	-2.1%	44,616.21
Taiwan	57%	Bearish	Bullish	Neutral	Bullish	+2.8%	+3.5%	+7.3%	8,367.72
Thailand	38%	Neutral	Bearish	Neutral	Neutral	+1.9%	-14.9%	-3.1%	1,361.57
Turkey	19%	Neutral	Bearish	Bearish	Neutral	+10.6%	-13.3%	-14.9%	73,378.44
Venezuela	44%	Bearish	Bullish	Bearish	Bearish	+81.3%	+219.3%	+317.4%	2,597,592

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

Fund Reports

Private Equity Investor plc has disclosed a significant investment in **Twitter Inc** shares, held through its investment in **Institutional Venture Partners XII LP**, although it cannot exactly calculate its “underlying interest in Twitter and an accurate valuation”. The Venture Capital fund will have valued its Twitter shares at cost, which could be significantly lower than the US\$26 IPO price. Twitter shares have since risen to US\$44.95.

The Twitter shareholding is probably worth around £1.5 million (8 pence per share), adding around 3.5% to net assets.

The VC funds are usually required to hold shares for a period of time after an IPO, after which the shares are usually distributed to their investors or sold and the cash proceeds distributed. Private Equity Investors' policy is to sell shares soon after they are received.

At 30 September, Private Equity Investor held

US\$13.3 million in cash and realisable assets, with future commitments to VC funds of US\$5.7 million, leaving “free” cash of US\$7.6 million (£4.7 million or 25 pence per share).

JPMorgan European Smaller Companies Trust plc performed well over the six months to 30 September. Net assets rose 17.4%, “significantly outperforming the benchmark index” which was up just 4.3%. The discount declined from 13.0% to 10.5%, so the share price rose 21.0%.

The trust will pay a steady 6.0 pence interim dividend on 15 January, ex-dividend 18 December. The trust's main objective is capital growth, so the income yield is only around 1.5%.

The Fund Manager is optimistic, expecting “earnings recovery to be rapid next year” as “the first year after a recession is usually the best year for earnings growth”. The trust has taken profits on some strong performers, re-invested in “Greek companies as the economy is

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	Indo	
Aberdeen Asian Sm Coy	£396	Nil	28.2	3.3	15.4	3.1	21.8			0.8	10.9	12.7	6.0	1.0	11.2	Indo 6.4
Baring Korea	£160	Nil	41.0	3.2						96.4						
First State Indian Sub-Cont	£208	Nil	50.1	6.1											90.0	Sri Lanka 3.4
Henderson China Opps	£382	Nil	43.2	1.4	86.7								6.0			US 5.9
HSBC Asian Fund	£38	Nil	30.6	3.5	18.5		2.7	10.5	26.1	5.9	5.8		16.1			Indo 4.8
Hend Asian Pacific Cap	£206	Nil	29.7	1.1	12.2	21.4		8.6	14.2	4.1	3.2		20.5	7.2		Indo 3.4, US 1.9
Scottish Oriental Sm Coys	£280	7	20.5	11.8	10.1		5.1	15.4	6.8	11.8	4.6	2.7	16.8	16.5		Indo 3.7
				Cash	USA	UK	Europe	Japan	Other							
Aberforth Small Cos Trust	£1138	7	24.9				100.0									
Baillie Gifford Shin Nippon	£114	6	28.1	0.7					99.3							
Fidelity European Values	£761	12	39.9				100.0									
Fidelity Japan Values plc	£108	21	24.2	3.90					96.1							
Herald Investment Trust	£641	4	21.0	4.0	21.6	65.3	3.5		5.6							
JPMorgan Euro Small Coys	£445	13	23.9	1.0			99.0									
Invesco Perp Japan Small	£49	Nil	32.4	5.6					94.4							
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	£3221	Nil	31.8	0.7	15.8	16.7	13.4	7.0	5.0	6.6	5.2	5.1	4.6			

Fidelity European Values plc has 59% of its investments in three countries: France (24% of the portfolio), Germany (18%) and Switzerland (17%). It has smaller holdings in Belgium (8%), Denmark (6%), Norway (5%), UK (4%), Netherlands (4%), Sweden (4%), Spain (3%), Turkey (1%) and Italy (1%).

JPMorgan European Smaller Companies has its largest investments in Netherlands (17% of the portfolio), Germany (13%), Italy (11%), France (11%), Sweden (11%), Switzerland (11%), Greece (7%), Denmark (6%), Spain (5%), Norway (3%), Ireland (2%) and Austria (2%)

stabilising” and industries which have suffered “a prolonged downturn due to the financial crisis on evidence that fundamentals are finally improving”.

The Manager also believes that “investor interest in Europe has picked up dramatically and recent increased flows in European equities will be sustained into the next year”.

Fund Repurchases and Sales

Aberforth Smaller Companies Trust plc repurchased 50,000 of its own shares on-market, returning £502,500 to investors, while increasing net assets of the remaining shares by around £50,000.

Aberdeen Asian Smaller Companies Investment

Trust plc sold 100,000 shares in three on-market transactions, raising £948,500 in cash for investment. The trust has authority to re-sell “treasury” shares, or to create new shares up to 10% of the company's capital, at a premium of 2% or greater above net asset value.

These three sales were made at a premium of about 3%, but the share price has dipped to currently trade at a 3% discount to net assets.

Baillie Gifford Shin Nippon plc has made three on-market sales over the last four weeks. In total it issued 700,000 new shares, raising slightly under £2¼ million in new cash for investment. These shares were issued at a 5% premium to net asset value.

Current Advice	Investment Fund	EPIC Code	Initial Recommendation --- Date ---	Offer Price		Prem/ Disc to Net Assets	Recent Price Bid-Offer or Last Sale	Price NZ Cents	Gain or Loss %
				Foreign	NZ Cents				
Europe									
BUY	Fidelity European Values plc	FEV	13/05/03	463.5p	1291.1	-7%	1499.0p	2958.4	+129
BUY	JPM European Smaller Cos	JESC	15/01/02	226.5p	765.8	-8%	1088.5p	2148.2	+181
United Kingdom									
BUY	Aberforth Smaller Cos Trt plc	ASL	15/07/03	375.5p	1042.0	-8%	1022.0p	2017.0	+94
Asian Regional									
BUY	Aberdeen Asian Small Coys	AAS	09/09/03	89.2p	247.8	-3%	877.25p	1731.3	+599
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		87.47p	172.6	+62
BUY	Henderson Asia Pac Capital	*	08/08/00	342.2p	1122.6		695.5p	1372.6	+22
BUY	Scot Oriental Smaller Coy	SST	11/11/03	121.9p	330.5	+1%	817.5p	1613.4	+388
BUY	Henderson China Opportunities	*	09/07/07	548.9p	1410.4		742.9p	1466.2	+4
India									
HOLD	First State Indian Sub-Cont.	*	13/12/10	209.2p	442.0		214.88p	424.1	-4
Japan									
BUY	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	+5%	313.0p	617.7	+40
BUY	Fidelity Japan Values plc	FJV	10/01/06	126.0p	322.7	-7%	72.63p	143.3	-56
HOLD	Invesco Perp Japan Small Coys	*	13/07/99	61.3p	182.3		68.13p	134.5	-26
Korea									
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		252.8-267.6p	513.5	+145
International									
HOLD	Aberdeen Emerging Markets	*	13/08/91	61.7p	184.0		519.75p	1025.8	+458
BUY	Herald Investment Trust	HRI	12/10/04	310.8p	820.1	-14%	683.0p	1347.9	+64
BUY	Private Equity Investor plc	PEQ	11/12/01	117.9p	404.5	-23%	173.5p	342.4	-15

* United Kingdom based Unit Trust

The average Gains/Losses of all current investments from initial recommendation is +130.3%. This is equal to an average annual rate of +10.6%, 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 121 pence.

“Clean” unit prices are: Henderson Asia Pacific Capital 744.3 pence, Henderson China Opportunities 102.5 pence, Invesco Perpetual Japanese Smaller Companies 310.44 pence and Aberdeen Emerging Markets 553 pence.

World Stockmarket Valuations

Country	Dividend Yield	Price/Earn. Ratio
Australia	4.3	21.8
Austria	2.5	17.2
Belgium	2.8	21.5
Canada	2.9	21.9
Denmark	1.5	25.2
Finland	3.3	NE
France	2.9	20.7
Germany	2.8	16.0
Ireland	1.2	NE
Italy	3.0	NE
Japan	1.6	26.1
Netherlands	2.2	28.1
New Zealand	4.7	19.2
Norway	3.9	14.5
Spain	1.2	84.4
Sweden	3.4	16.0
Switzerland	2.0	22.2
Un. Kingdom	3.3	19.1
USA	1.8	22.0
Argentina	0.0	20.1
Brazil	3.5	17.4
Czech Rep.	6.0	10.2

Country	Dividend Yield	Price/Earn. Ratio
Chile	2.6	20.1
China	2.4	12.5
Greece	1.2	NE
Egypt	2.6	20.3
Hong Kong	2.6	12.7
Hungary	3.2	10.6
India	1.6	16.7
Indonesia	2.8	17.5
Israel	0.8	55.0
Korea	1.0	14.9
Malaysia	2.9	17.9
Mexico	1.3	23.4
Philippines	1.9	19.4
Poland	3.7	12.6
Portugal	3.8	55.2
Russia	4.0	5.6
Singapore	3.6	12.7
Sth Africa	3.0	17.0
Taiwan	2.6	24.2
Thailand	3.2	17.3
Turkey	2.5	11.1

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

Henderson International Income shares (code HINT) rose 3.4% to 118¼ pence over the last three months, lifting the highly leveraged warrants (code HINS) 18.5% to 19¼ pence.

The warrants have a final exercise/expiry date of 31 August 2014 - and trade at a slight *discount* to their fair value and a slight premium to their intrinsic value - so remain an 8½ month “call option” over a portfolio of large international companies.

Henderson International Income shares continue to trade at a small 4% premium to net asset value. “Hold”.

Warrant	Current Share Price	Warrant Exercise Prices	Years & Months to Expiry	Current Warrant Price	Black-Scholes Value	Warrant Over/Under Valued (%)	Share Volatility	Warrant Leverage	Warrant Share Price 5%pa	Return(%p.a.) from 10%pa	Break-Even Rate	from appreciation of: 20%pa
<u>GOLD & MINING</u>												
BlackRock New Energy	43.1p	59.0p	0-7	0.25p	0.06p	+335	0.199	39.3	-100.0	-100.0	-100.0	+72%
<u>INTERNATIONAL</u>												
Henderson International Inc	118.3p	100.0p	0-8	19.25p	19.94p	-3	0.200	5.5	+23.5	+57.0	+129.9	+1%
JPMorgan Emerging Markets	556.0p	543.0p	0-7	51.50p	41.74p	+23	0.203	9.5	-62.5	-21.3	+92.2	+12%
<u>LATIN AMERICA</u>												
Aberdeen Latin American Income	79.9p	120.0p	2-0	5.75p	1.06p	+443	0.203	10.8	-100.0	-100.0	-100.0	+25%
<u>UNITED KINGDOM</u>												
Artemis Alpha	297.3p	345.0p	4-0	43.25p	24.78p	+75	0.167	5.7	-21.6	+20.2	+58.3	+7%
Henderson Opportunities	804.0p	936.0p	0-2	1.26p	1.19p	+5	0.244	92.1	-100.0	-100.0	-100.0	+241%
<u>FAR EASTERN</u>												
JPMorgan Asian	206.8p	203.0p	0-3	13.00p	10.69p	+22	0.209	14.5	-94.5	-79.6	+12.6	+19%

World Stockmarket Capitalisations

Over the three months to the end of October, the world's total stockmarket capitalisation jumped 6.7%. That is an increase of US\$4,043 billion to US\$64,122 billion.

The United States was up 4.2%, slipping slightly to 35.69% of the global total. European markets were strong: Spain up 19.6%, Germany 11.7%, France 9.7% and Switzerland up 8.6%.

Country	Market Capitalisation (US\$ Billions)	Percentage of Total	Country	Market Capitalisation (US\$ Billions)	Percentage of Total
United States	22,887	35.69	Turkey	237	0.37
Japan	4,466	6.96	Colombia	229	0.36
China	3,875	6.04	Poland	209	0.33
United Kingdom ¹	3,621	5.65	Israel	189	0.29
Hong Kong	3,022	4.71	Ireland	160	0.25
France ²	2,220	3.46	Austria	114	0.18
India	2,202	3.43	UAE	99	0.15
Canada	2,106	3.28	Portugal ²	87	0.14
Germany	1,815	2.83	Greece	85	0.13
Switzerland	1,511	2.36	Peru	82	0.13
Australia	1,454	2.27	Luxembourg	70	0.11
South Korea	1,241	1.94	New Zealand	66	0.10
Nordic Exchanges ³	1,208	1.88	Egypt	56	0.09
Brazil	1,134	1.77	Morocco	55	0.09
Spain	1,131	1.76	Argentina	53	0.08
South Africa	900	1.40	Oman	36	0.06
Taiwan	886	1.38	Czech Republic	34	0.05
Netherlands ²	850	1.33	Jordan	24	0.04
Russia	826	1.29	Hungary	21	0.03
Singapore	771	1.20	Sri Lanka	19	0.03
Italy ¹	644	1.00	Romania	18	0.03
Mexico	513	0.80	Mauritius	9	0.01
Malaysia	512	0.80	Bulgaria	8	0.01
Saudi Arabia	432	0.67	Slovenia	7	0.01
Thailand	410	0.64	Slovakia	7	0.01
Indonesia	393	0.60	Malta	4	0.01
Belgium ²	328	0.51	Cyprus	2	0.00
Chile	284	0.44	Bermuda	2	0.00
Norway	258	0.40			
Philippines	240	0.37			
			TOTAL	\$64,122	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 five weeks time on Monday January 13, 2014.

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