International Investor

Issue No. 219 www.stockmarket.co.nz March 10, 2014

Inside International Investor

Founder: James R Cornell (B.Com.)

World Stockmarket Forecasts

	, , , ,							~ ~ ~	
Stockmarket	One-Year	Fundamental	Technical	Monetary	Economic		Performano		Share
	Forecast	Indicators	Indicators	Indicators	Indicators	3 mths	6 mths	12 mths	Index
Australia	74%	Bullish	Bullish	Bullish	Neutral	+4.9%	+4.7%	-5.9%	5,413.76
Austria	54%	Bearish	Neutral	Bullish	Bearish	+2.7%	+7.3%	+6.5%	2,542.37
Belgium	73%	Bullish	Bullish	Bullish	Neutral	+12.1%	+19.1%	+25.2%	3,086.63
Canada	54%	Neutral	Bullish	Neutral	Bearish	+3.3%	+4.8%	+3.4%	14,299.08
Denmark	57%	Bearish	Bullish	Bullish	Bearish	+21.8%	+35.6%	+37.4%	712.19
Finland		Neutral	Bullish	Neutral	Neutral	+6.7%	+17.9%	+26.1%	7,460.18
France	74%	Bullish	Bullish	Bullish	Bearish	+8.0%	+15.3%	+23.4%	3,348.43
Germany		Bearish	Bullish	Bullish	Bearish	+3.3%	+19.1%	+25.0%	9,350.75
Ireland		Bearish	Bullish	Bullish	Neutral	+16.7%	+26.0%	+41.0%	5,051.56
Italy		Bearish	Bullish	Bullish	Neutral	+15.3%	+28.2%	+36.5%	22,015.58
Japan	56%	Bearish	Bullish	Bullish	Bearish	-0.5%	+5.7%	+15.6%	15,274.07
Netherlands	66%	Neutral	Bullish	Bullish	Bearish	+3.8%	+12.6%	+20.1%	396.28
New Zealand _		Bearish	Bullish	Bearish	Bearish	+4.5%	+9.2%	+8.3%	1,511.88
Norway		Neutral	Bullish	Bearish	Bearish	+8.0%	+13.4%	+11.3%	613.96
Spain	67%	Neutral	Bullish	Bullish	Bearish	+10.0%	+24.9%	+27.3%	1,039.09
Sweden	71%	Bullish	Bullish	Bullish	Bearish	+9.2%	+13.2%	+16.0%	676.45
Switzerland	65%	Bearish	Bullish	Bullish	Bearish	+5.5%	+12.6%	+17.3%	8,378.58
Un. Kingdom _	56%	Bearish	Bullish	Bullish	Bearish	+4.8%	+9.7%	+15.9%	6,712.67
USA	69%	Neutral	Bullish	Bullish	Bearish	+4.0%	+13.5%	+21.1%	1,878.04
Argentina	43%	Bearish	Bullish	Bearish	Bullish	-12.7%	+1.7%	+13.8%	5,880.84
Brazil	36%	Bullish	Bearish	Bearish	Bullish	-9.8%	-15.2%	-34.2%	46,244.07
Czech Rep	59%	Bullish	Neutral	Bullish	Bearish	+4.5%	+5.0%	-4.4%	1,002.02
Chile	35%	Bearish	Bearish	Bullish	Neutral	-7.3%	-12.7%	-31.5%	18,258.48
China	40%	Bullish	Bearish	Bearish	Bullish	-8.7%	-3.9%	-8.8%	2,057.91
Greece	58%	Bearish	Bullish	Neutral	Bearish	+15.4%	+50.5%	+50.4%	1,341.24
Egypt Hong Kong	71%	Bearish	Bullish	Bullish	Bullish	+24.2%	+52.7%	+43.8%	7,949.60
Hong Kong	55%	Bullish	Neutral	Neutral	Bearish	-4.6%	+0.1%	-1.9%	22,660.49
Hungary	42%	Bullish	Bearish	Bullish	Bearish	-9.7%	-3.8%	-8.2%	17,130.56
India	48%	Bearish	Bullish	Bearish	Bullish	+4.7%	+21.2%	-1.2%	21,919.79
Indonesia	48%	Neutral	Neutral	Bearish	Neutral	+16.3%	+16.4%	-18.5%	4,685.89
Israel	69%	Bearish	Bullish	Bullish	Neutral	+5.6%	+23.6%	+23.2%	1,273.07
Korea	56%	Bullish	Neutral	Bullish	Neutral	-1.1%	+3.6%	+0.5%	1,974.68
Malaysia	51%	Bullish	Neutral	Neutral	Bearish	-0.5%	+8.6%	+5.6%	1,832.26
Mexico		Bullish	Bearish	Neutral	Bearish	-9.0%	-2.7%	-16.0%	38,913.04
Philippines	51%	Bearish	Bullish	Bullish	Neutral				6,481.83
Poland	62%	Bullish	Bullish	Bullish	Bearish	-0.6%	+19.2%	+15.8%	51,954.46
Portugal		Neutral	Bullish	Bullish	Bearish	+15.1%	+24.0%	+28.5%	3,007.17
Russia		Bullish	Bearish	Bearish	Bearish	-16.8%	-14.0%	-24.2%	1,339.36
Singapore		Bullish	Neutral	Bullish	Neutral	-0.8%	+3.3% +4.0%	-6.2%	3,136.26
Sth Africa		Neutral Bearish	Bullish Bullish	Neutral Bullish	Bearish Bullish	+3.0% +1.9%	+4.0%	-0.6% +6.6%	47,786.77
Taiwan		Bullish	Neutral	Bullish	Bullish	+1.9% -0.5%	+4.8%	-20.2%	8,713.96 1,355.08
Thailand		Neutral	Bearish	Bullish	Bullish	-0.5% -21.1%	-12.8%	-20.2% -38.5%	1,355.08 63,095.99
Turkey Venezuela	1970 510%	Bearish		Neutral					
venezuera	31%	Dearisii	Bullish	neutral	Bearish	+5.7%	+91.0%	+343.3%	2,738.96

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.

Page 2 International Investor

Recommended International Investment Funds

Fund Report

Herald Investment Trust plc lifted net assets 26.9% in the year to 31 December 2013, with the share price rising 33.5% (as the discount narrowed from 18.9% to 14.7%), but slightly under-performed its benchmark indices over this period.

There was no net income, so no dividend will be paid.

The fund reports several attractive Technology IPOs in the UK since September 2013 after this market was "virtually closed" from 2008 to 2012. There is also "a continuing stream of takeover bids both in the UK and particularly in the US at worthwhile premiums".

The Fund "helped to fend off" a takeover for Andor at 70 pence in 2009 but accepted a recent 525 pence takeover which was "more reasonable and provides proper value for our shareholders".

As "the market has aggressively re-rated dividend paying companies" the fund has taken profits and re-invested in "earlier stage companies" where others are reluctant to invest, but "values are better". The percentage of the portfolio in unprofitable, earlier stage companies has therefore increased from about 17½% over recent years to 30% at present.

Although share prices have risen, the profitable companies in the portfolio trade on a Price/Earnings ratio of 15.3 - "which in comparison to valuations in other sectors is not challenging and reasonable by historical standards".

The Fund also notes "there is better liquidity" and small Technology companies "seem to be coming back in favour".

Recommended Funds Geographic Portfolio Spread

Fund Name	Size I	_everage	Top 10	Portfolio	invest	ed in (%	(o):								
	(Mil)	(%debt)	Hldgs (%)	Cash	HK	Austra	lia Malay	Taiwar	n Korea	Sing.	Thail'd	Phil.	China	India	
Aberdeen Asian Sm Coy	£359	10	27.2	1.4	15.6	3.0	20.7		8.0	11.2	13.2	5.9	1.1	11.9	Indo 6.6
Baring Korea	£120	Nil	39.4	5.1					94.9						
First State Indian Sub-Cont	£192	Nil	51.9	1.9										92.8	Sri Lanka 4.5
Henderson China Opps	£357	Nil	43.9	1.1	84.9								6.8		US 7.2
HSBC Asian Fund	£34	Nil	38.4	4.1	18.0		2.0	11.8	24.3	6.7	7.9		11.3		Indo 4.2
Hend Asian Pacific Cap	£202	Nil	25.9	3.5	13.1	19.2	1.6	11.9	14.4	5.7	1.4		20.7	5.8	US 1.
Scottish Oriental Sm Coys	£265	Nil	24.6	7.7	9.5		3.7	15.9	3.5	14.6	3.0	1.1	16.0	19.5	Indo 1.8
				Cash	USA	UK	Europe	Japan	Other						
Aberforth Small Cos Trust	£1246	3	25.2			100.0									
Baillie Gifford Shin Nippon	£131	17	23.0	5.6				94.4							
Fidelity European Values	£790	11	40.5				100.0								
Fidelity Japan Values plc	£105	17	23.3	3.8				96.2							
Herald Investment Trust	£681	4	19.7	4.3	20.8	66.7	3.1		4.9						
JPMorgan Euro Small Coys	£521	20	22.7	5.0			95.0								
Invesco Perp Japan Small	£53	Nil	34.4	5.3				94.7							
Private Equity Investor plc	£51	Nil	-	18	82.0										
				Cash	1	Brazil H	HK/ Chin	a India	. Mex	ico Tu	rkey	Korea	S.Afri	ca Thail	'd Taiwan
Aberdeen E/Markets	£2400	Nil	31.5	1.0	1	4.5	16.6	13.8	7.	7 .	4.3	6.1	6.1	5.1	4.5

Fidelity European Values plc has 60% of its investments in three countries: France (24% of the portfolio), Switzerland (18%) and Germany (18%). It has smaller holdings in Belgium (8%), Denmark (6%), Norway (6%), Finland (5%), UK (3%), Spain (3%), Sweden (3%), Netherlands (3%), Italy (1%) and others (2%).

JPMorgan European Smaller Companies has its largest investments in Italy (19% of the portfolio), Germany (16%), Switzerland (11%), Netherlands (9%), France (8%), Sweden (7%), Spain (6%), Greece (4%), Norway (4%), Denmark (3%), Austria (3%), Ireland (1%) and others (4%).

March 10, 2014. Page 3

Curren Advice		EPIC Code	Initial Rec		Price	Prem/ Disc to Net Assets	Recent P Bid-Offer or Last Sale	rice NZ Cents	Gain or Loss %
	Europe								
BUY	Fidelity European Values plc	FEV	13/05/03	463.5p	1291.1	-11%	1503.5p	2971.3	+130
BUY	JPM European Smaller Cos	JESC	15/01/02	226.5p	765.8	-13%	1179.0p	2330.0	+204
	United Kingdom								
BUY	Aberforth Smaller Cos Trt plc	ASL	15/07/03	375.5p	1042.0	-8%	1176.0p	2324.1	+123
	Asian Regional								
BUY	Aberdeen Asian Small Coys	AAS	09/09/03	89.2p	247.8	-7%	801.25p	1583.5	+539
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		84.02p	166.0	+56
BUY	Henderson Asia Pac Capital	*	08/08/00	342.2p	1122.6		692.3p	1368.2	+22
BUY	Scot Oriental Smaller Coy	SST	11/11/03	121.9p	330.5	-5%	753.0p	1488.1	+350
	China								
BUY	Henderson China Opportunities	*	09/07/07	548.9p	1410.4		731.3p	1445.3	+2
	India								
HOLD	First State Indian Sub-Cont.	*	13/12/10	209.2p	442.0		216.16p	427.2	-3
	Japan								
BUY	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	+4%	320.75p	633.9	+44
BUY	Fidelity Japan Values plc	FJV	10/01/06	126.0p	322.7	-10%	70.25p	138.8	-57
HOLD	Invesco Perp Japan Small Coys	*	13/07/99	61.3p	182.3		69.03p	136.4	-25
	Korea								
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		249.8-264.3p	508.0	+143
	International								
HOLD	Aberdeen Emerging Markets	*	13/08/91	61.7p	184.0		492.48p	973.3	+429
BUY	Herald Investment Trust	HRI	12/10/04	310.8p	820.1	-14%	729.75p	1442.2	+76
BUY	Private Equity Investor plc	PEQ	11/12/01	117.9p	404.5	-22%	180.5p	356.7	-12
* I Inited	d Kingdom hased I Init Trust								

^{*} United Kingdom based Unit Trust

The average Gains/Losses of all current investments from initial recommendation is +126.3%. This is equal to an average annual rate of +10.1%, 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 +11.60%.

Other Shares

An alternative investment to those recommended above includes **Aberdeen Asian Smaller Companies Trust** 2019 convertible notes at 110½ pence.

"Clean" unit prices are: Henderson Asia Pacific Capital 742.5 pence, Henderson China Opportunities 101.2 pence, First State Indian Sub-Continent 105.94 pence, Invesco Perpetual Japanese Smaller Companies 315.12 pence and Aberdeen Emerging Markets 524.94 pence.

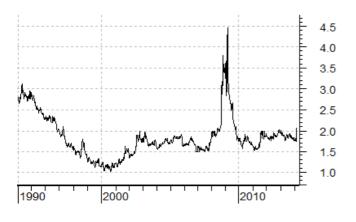
Page 4 International Investor

World Stockmarket Valuations

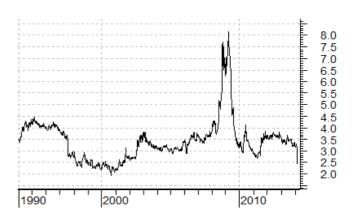
Country	Dividend Yield	Price/Earn Ratio
Australia		
Austria	1.9	20.9
Belgium	3.5	15.4
Canada	2.4	25.0
Denmark	0.8	26.2
Finland	2.5	42.9
France	3.3	15.0
Germany	1.4	18.4
Ireland	1.6	21.7
Italy	2.2	51.4
Japan	1.1	15.3
Netherlands	2.7	17.0
New Zealand	3.4	21.0
Norway	2.6	16.0
Spain	2.7	NE
Sweden	3.5	15.8
Switzerland	1.8	19.8
Un. Kingdom	2.4	17.5
USA	2.1	17.8
Argentina	0.0	22.2
Brazil	3.4	12.0
Czech Rep	5.9	10.4
	D: : :	V

Country	Dividend Yield	Price/Earn. Ratio
Chile		
China	2.5	10.4
Greece	1.1	NE
Egypt	2.1	25.5
Hong Kong	3.0	11.1
Hungary	3.4	9.8
India	0.6	15.6
Indonesia	2.0	16.2
Israel	0.8	57.3
Korea	1.5	13.5
Malaysia	3.1	16.5
Mexico	2.0	5.0
Philippines	1.1	16.7
Poland	3.4	18.2
Portugal	3.1	NE
Russia	2.8	5.4
Singapore	3.9	12.3
Sth Africa	2.6	19.0
Taiwan	1.9	15.8
Thailand	3.0	13.0
Turkey	2.4	8.3

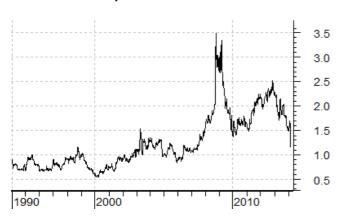
United States Dividend Yield



United Kingdom Dividend Yield



Japan Dividend Yield

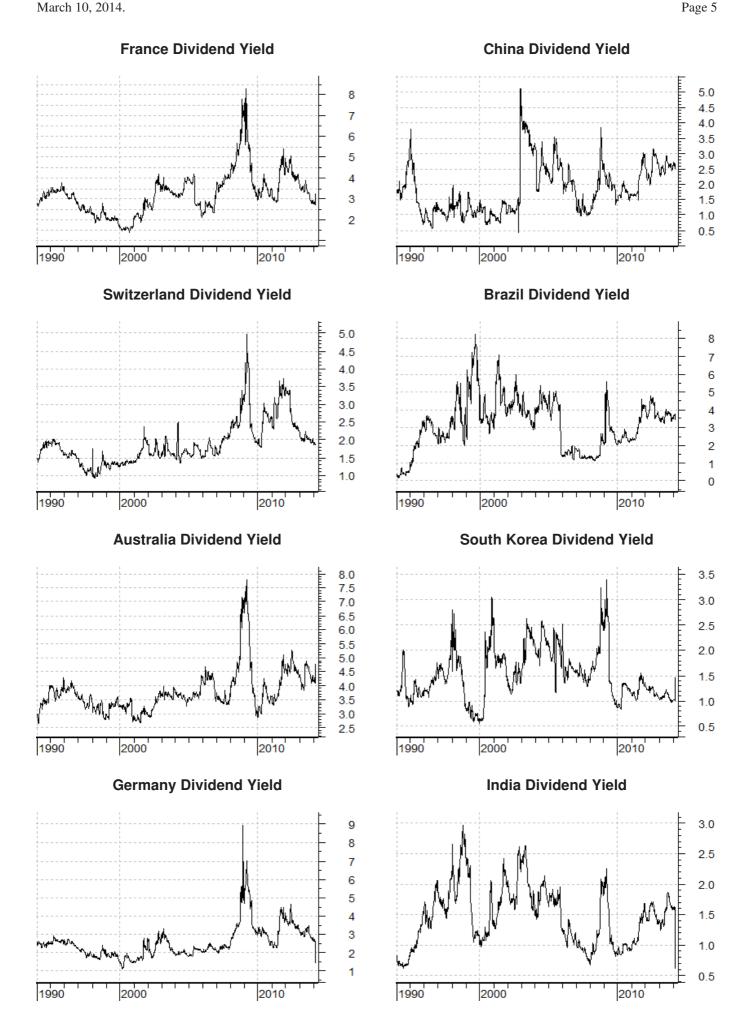


Canada Dividend Yield



Copyright © Securities Research Company Ltd

March 10, 2014.



Copyright © Securities Research Company Ltd

Page 6 International Investor

Listed Investment Trust Warrant Analysis

Review of Existing Warrants

Our **Henderson International Income** warrants (code HINS) fell 4 pence (20.8%) in value to 15.25 pence over the last three months, owing to the 3.875 pence (3.3%) decline in the shares (code HINT) to 114.375 pence.

The warrants, which still have $5\frac{1}{2}$ months until their final expiry/exercise date of 31 August 2014, offer a very high leverage of 6.8 times. The shares have historically sold at a small premium to their net assets, but currently trade at net asset value.

"Hold" for further gains, if world stockmarkets rise over the next 5½ months.

Warrant	Current Share Price	Warrant Exercise Prices	Years & Months to Expiry	Current Warrant Price	Black- Scholes Value	Warrant Over/Under Valued (%)	Share Vola- tility	Warrant Leverage	Share F		p.a.) from eciation of: 20%pa	
<u>INTERNATIONAL</u>												
Henderson International Inc	114.4p	100.0p	0-5	15.25p	15.63p	-2	0.200	6.8	+24.9	+69.8	+179.7	+2%
JPMorgan Emerging Markets	517.5p	543.0p	0-4	8.00p	41.74p	-81	0.184	9.5	-100.0	-100.0	-35.0	+21%
LATIN AMERICA Aberdeen Latin American Inco	ome 70.4p	120.0p	1-9	3.05p	0.27p	+1033	0.208	14.7	-100.0	-100.0	-100.0	+38%
UNITED KINGDOM												
Artemis Alpha	301.5p	345.0p	3-9	45.50p	25.04p	+82	0.166	5.8	-23.1	+18.5	+57.9	+7%
FAR EASTERN												
JPMorgan Asian	197.9p	203.0p	0-0	1.00p	0.00p	+999	0.196	99.9	-100.0	-100.0	-100.00	-

March 10, 2014. Page 7

World Stockmarket Capitalisations

The world's total stockmarket capitalisation fell US\$1344 billion - or 2.1% - over the three months to the end of February 2014 to US\$60,303 billion.

A report by **Henderson Global Investors** indicates that companies paid US\$1027.1 billion in dividends during 2013, up 2.8% on 2012. The ten largest dividend payers - mainly in oil, banking and telecommunications companies - paid \$97 billion (9.4% of the total).

Country	Market Percentage Capitalisation of Total (US\$ Billions)	Country	Market Percentage Capitalisation of Total (US\$ Billions)
United States	23,004 36.64	Israel	203 0.32
Japan	4,421 7.04	UAE	195 0.31
China	3,924 6.25	Ireland	186 0.30
United Kingdom ¹	3,598 5.73	Colombia	180 0.29
Hong Kong	2,958 4.71	Turkey	173 0.28
India	2,128 3.39	Austria	120 0.19
Canada	2,034 3.24	Greece	81 0.13
Germany	1,852 2.95	Peru	76 0.12
France	1,600 2.55	Luxembourg	75 0.12
Switzerland	1,514 2.41	New Zealand	75 0.12
Australia	1,298 2.07	Portugal	73 0.12
Nordic Exchanges ³	1,241 1.98	Egypt	65 0.10
South Korea	1,183 1.88	Morocco	54 0.09
Spain	1,068 1.70	Vietnam	47 0.07
Brazil	911 1.45	Argentina	45 0.07
Taiwan	1.39	Oman	38 0.06
South Africa	1.38	Czech Republic	34 0.05
Singapore	744 1.19	Jordan	28 0.04
Belgium	731 1.16	Kazahstan	27 0.04
Russia	704 1.12	Sri Lanka	20 0.03
Italy ¹	595 0.95	Hungary	19 0.03
Netherlands ²	582 0.93	Romania	18 0.03
Mexico	492 0.78	Mauritius	9 0.01
Malaysia	483 0.77	Bulgaria	8 0.01
Saudi Arabia	480 0.76	Slovenia	7 0.01
Indonesia	359 0.57	Slovakia	7 0.01
Thailand	346 0.55	Malta	4 0.01
Norway	251 0.40	Cyprus	2 0.00
Chile	237 0.38	Bermuda	2 0.00
Philippines	219 0.35		
Poland	209 0.33	TOTAL	\$62,778 100.00%

Notes

- 1. Estimated split of LSE data between United Kingdom and Italy.
- 2. Mainly Denmark, Sweden and Finland.

Next Issue:

The next issue of *International Investor* will be emailed in four weeks time on Monday April 7, 2014.

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.

Readers are advised that they should not assume that every recommendation made in the future will be profitable or equal the performance of recommendations made in the past. The entire contents are copyright. Reproduction in whole or part is strictly forbidden.