

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	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	62%	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	54%	Bearish	Bullish	Bullish	Bearish	+3.3%	+19.1%	+25.0%	9,350.75
Ireland	68%	Bearish	Bullish	Bullish	Neutral	+16.7%	+26.0%	+41.0%	5,051.56
Italy	65%	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	40%	Bearish	Bullish	Bearish	Bearish	+4.5%	+9.2%	+8.3%	1,511.88
Norway	58%	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	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	42%	Bullish	Bearish	Neutral	Bearish	-9.0%	-2.7%	-16.0%	38,913.04
Philippines	51%	Bearish	Bullish	Bullish	Neutral	+7.1%	+8.6%	-12.9%	6,481.83
Poland	62%	Bullish	Bullish	Bullish	Bearish	-0.6%	+19.2%	+15.8%	51,954.46
Portugal	64%	Neutral	Bullish	Bullish	Bearish	+15.1%	+24.0%	+28.5%	3,007.17
Russia	27%	Bullish	Bearish	Bearish	Bearish	-16.8%	-14.0%	-24.2%	1,339.36
Singapore	61%	Bullish	Neutral	Bullish	Neutral	-0.8%	+3.3%	-6.2%	3,136.26
Sth Africa	58%	Neutral	Bullish	Neutral	Bearish	+3.0%	+4.0%	-0.6%	47,786.77
Taiwan	65%	Bearish	Bullish	Bullish	Bullish	+1.9%	+4.8%	+6.6%	8,713.96
Thailand	61%	Bullish	Neutral	Bullish	Bullish	-0.5%	+1.4%	-20.2%	1,355.08
Turkey	19%	Neutral	Bearish	Bearish	Bearish	-21.1%	-12.8%	-38.5%	63,095.99
Venezuela	51%	Bearish	Bullish	Neutral	Bearish	+5.7%	+91.6%	+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.

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 (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	£359	10	27.2	1.4	15.6	3.0	20.7		0.8	11.2	13.2	5.9	1.1	11.9	Indo 6.6
Baring Korea	£120	Nil	39.4	5.1											
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												
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 Brazil HK/ China India Mexico Turkey Korea S.Africa Thail'd Taiwan											
Aberdeen E/Markets	£2400	Nil	31.5	1.0	14.5	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%).

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	-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

* 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.

World Stockmarket Valuations

Country	Dividend Yield	Price/Earn. Ratio
Australia	4.8	18.7
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

Country	Dividend Yield	Price/Earn. Ratio
Chile	1.5	17.0
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



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

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 5½ 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 Volatility	Warrant Leverage	Warrant Share Price 5%pa	Warrant Share Price 10%pa	Warrant Share Price 20%pa	Return(%p.a.) from appreciation of:	Break-Even Rate
<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%	
<u>LATIN AMERICA</u>													
Aberdeen Latin American Income	70.4p	120.0p	1-9	3.05p	0.27p	+1033	0.208	14.7	-100.0	-100.0	-100.0	+38%	
<u>UNITED KINGDOM</u>													
Artemis Alpha	301.5p	345.0p	3-9	45.50p	25.04p	+82	0.166	5.8	-23.1	+18.5	+57.9	+7%	
<u>FAR EASTERN</u>													
JPMorgan Asian	197.9p	203.0p	0-0	1.00p	0.00p	+999	0.196	99.9	-100.0	-100.0	-100.00	-	

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 Capitalisation (US\$ Billions)	Percentage of Total	Country	Market Capitalisation (US\$ Billions)	Percentage of Total
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	875	1.39	Oman	38	0.06
South Africa	866	1.38	Czech Republic	34	0.05
Singapore	744	1.19	Jordan	28	0.04
Belgium	731	1.16	Kazakhstan	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:

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

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