International Investor

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Inside International Investor

World Stockmarket Forecasts

Stockmarket	One-Year Forecast	Fundamental Indicators	Technical Indicators	Monetary Indicators	Economic Indicators	Historical 3 mths	Performance 6 mths	e (in US\$)_ 12 mths	Share Index
Australia	67%	Bullish	Neutral	Bullish	Neutral	-1.5%	+3.7%	+3.4%	5,476.44
Austria	48%	Bullish	Bearish	Bullish	Neutral	-13.7%	-10.0%	-9.6%	2,304.39
Belgium	69%	Bullish	Bullish	Bullish	Bearish	-3.6%	-1.5%	+10.7%	3,172.76
Canada	57%	Bearish	Bullish	Bullish	Bearish	+1.3%	+9.2%	+13.8%	15,531.58
Denmark	71%	Bearish	Bullish	Bullish	Neutral	-1.8%	+4.0%	+31.5%	759.04
Finland	70%	Bullish	Bullish	Bullish	Neutral	-5.7%	-1.1%	+7.4%	7,630.18
France	60%	Neutral	Neutral	Bullish	Neutral	-6.7%	-2.4%	+6.3%	3,390.98
Germany		Neutral	Neutral	Bullish	Bearish	-6.8%	-0.7%	+10.6%	9,651.13
Ireland		Neutral	Neutral	Bullish	Bearish	-4.2%	-6.3%	+13.5%	4,901.74
Italy	58%	Neutral	Neutral	Bullish	Bearish	-9.1%	-4.3%	+16.9%	22,305.91
Japan	59%	Bearish	Bullish	Bullish	Neutral	+0.4%	+5.1%	+2.4%	15,948.29
Netherlands		Neutral	Bullish	Bullish	Bearish	-3.4%	+1.8%	+8.1%	417.80
New Zealand _		Neutral	Bullish	Neutral	Bearish	-4.3%	-2.2%	+4.8%	1,539.71
Norway	58%	Bullish	Bullish	Neutral	Neutral	-7.9%	+6.3%	+14.3%	680.70
Spain	64%	Neutral	Bullish	Bullish	Bearish	-6.4%	+3.0%	+19.5%	1,110.31
Sweden	60%	Bullish	Neutral	Bullish	Neutral	-7.3%	-3.0%	+4.7%	716.59
Switzerland	14%	Neutral	Bullish	Bullish	Neutral	-2.0%	+1.3%	+8.9%	8,795.93
Un. Kingdom _		Bullish	Neutral	Neutral	Bearish	-3.8%	+1.8%	+5.9%	6,806.96
USA	08%	Bullish	Bullish	Bullish	Bearish	+2.6%	+7.8%	+17.6%	1,985.54
Argentina	08%	Bearish Bullish	Bullish	Bullish	Bullish	+32.9%	+80.7%	+66.9%	11,054.09
Brazil	/ /% 5 1 %	Bullish	Bullish Bearish	Bullish Bullish	Bullish Bearish	-1.0% -8.0%	+27.0% -2.9%	+3.2%	56,927.81 997.46
Czech Rep	3170 170%	Bearish	Neutral	Neutral	Bullish	-3.7%	-2.9% +4.4%	-11.3%	19,391.95
Chile	47% 60%	Neutral	Bullish	Bearish	Bullish	+13.9%	+16.5%	+3.9%	2,331.95
Greece	00 %	Bullish	Bearish	Neutral	Bearish	-12.5%	-17.9%	+14.2%	1,161.28
Fornt	57%	Bearish	Bullish	Neutral	Bearish	+8.4%	+13.1%	+66.5%	9,475.68
Egypt Hong Kong	77%	Bullish	Bullish	Bullish	Neutral	+5.5%	+14.4%	+7.4%	24,595.32
Hungary	52%	Bullish	Neutral	Neutral	Bearish	-7.3%	+6.8%	-5.8%	18,691.80
India	58%	Bearish	Bullish	Bearish	Bullish	+5.3%	+25.0%	+42.7%	27,061.04
Indonesia	45%	Bearish	Neutral	Neutral	Bullish	+3.5%	+0.4%	+12.0%	5,143.71
Israel	65%	Bearish	Bullish	Bullish	Bullish	-3.0%	-3.4%	+12.8%	1,284.56
Korea	71%	Bullish	Bullish	Bullish	Neutral	+1.0%	+10.1%	+7.5%	2,041.86
Malaysia	56%	Bullish	Neutral	Neutral	Bearish	-0.5%	+5.4%	+7.8%	1,855.64
Mexico	60%	Neutral	Bullish	Neutral	Bearish	+5.8%	+20.2%	+9.5%	45,799.70
Philippines	55%	Bearish	Bullish	Neutral	Neutral	+6.0%	+14.5%	+17.2%	7,201.88
Poland	64%	Bullish	Bullish	Bullish	Bearish	-3.9%	+2.3%	+6.5%	54,021.81
Portugal		Neutral	Bearish	Bullish	Bearish	-19.2%	-17.1%	-1.2%	2,622.58
Russia	27%	Bearish	Neutral	Bearish	Bearish	-11.5%	+14.1%	-13.0%	1,458.52
Singapore		Bullish	Bullish	Bullish	Bullish	+0.6%	+9.0%	+7.8%	3,345.55
Sth Africa		Bearish	Bullish	Neutral	Neutral	-2.1%	+7.1%	+6.0%	51,247.71
Taiwan		Bearish	Bullish	Bullish	Bullish	+0.1%	+7.3%	+11.9%	9,223.18
Thailand		Bearish	Bullish	Bullish	Bullish	+9.0%	+15.2%	+11.4%	1,581.36
Turkey	52%	Bearish	Neutral	Bullish	Neutral	-5.4%	+23.1%	-0.4%	77,820.83
Venezuela	56%	Bearish	Bullish	Bullish	Neutral	+25.2%	+2.6%	+77.6%	2,705.55

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.

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Recommended International Investment Funds

Scottish Independence

On 18 September, residents of Scotland will vote on independence from the United Kingdom. A simple majority could allow independence - with polls currently predicting a 51-52% "No" vote and 48-49% "Yes" vote. That is certainly no clear mandate, but a "divided" Scotland could become a separate country on 24 March 2016 - hopefully having successfully negotiated the details of its "divorce" from the rest of the UK, including how to split up North Sea oil and the national debt.

In the event of a "Yes" vote, all of the major Scottish domiciled banks have indicated they will move their head offices to London, transfer their businesses to new parent companies domiciled in England and/or transfer their non-Scottish operations to new English registered companies.

Many of our investment trusts, currently registered in Scotland, are also likely to re-incorporate in England, as 90% of their *shareholders* are <u>not</u> resident in Scotland. This is just a legal change.

The main financial impact for foreign (i.e. non-UK)

investors is likely to be weakness in the Pound, owing to currency uncertainty. That won't have much impact on most of our investment funds which, although priced in Pounds, own shares valued in Euros, Yen or other foreign currencies. Our currency exposure is to these underlying investments (i.e. in Euros, Yen), not the currency in which the trusts are priced (i.e. Pounds).

A weak Sterling would increase the quoted price of these funds (in pence per unit), but that would translate to a relatively unchanged amount in NZ dollars or US dollars (other than fluctuations in NZ or US dollars against the underlying investments in Euros, Yen, etc.).

Overall we believe the costs and problems of becoming a separate country would be greater than the benefits, but Scotland is free to choose its own path and should remain a successful, wealthy country either way.

On a "Yes" vote, any Scottish registered trusts we own are likely to re-incorporate in England and remain priced in Pounds - so there is unlikely to be any real impact on our investment in these funds.

Recommended Funds Geographic Portfolio Spread

Fund Name	Size I	_everage	Top 10	Portfolio	investe	d in (%	6):								
	(Mil)	(%debt)	Hldgs (%)	Cash	HK	Austra	lia Malay	Taiwar	n Korea	Sing.	Thail'd	Phil.	China	India	
Aberdeen Asian Sm Coy	£444	10	27.9	0.8	13.4	3.1	20.9		0.7	10.1	12.9	5.2	3.6	13.6	Indo 7.0
Baring Korea	£125	Nil	44.0	3.1					96.9						
First State Indian Sub-Cont	£257	Nil	49.5	6.4										89.5	Sri Lanka 3.3
Henderson China Opps	£427	Nil	43.3	9.0	81.5								8.8		US 3.7
HSBC Asian Fund	£36	Nil	37.5	6.4	18.0		2.0	11.8	24.3	6.7	7.9		11.3		Indo 4.2
Hend Asian Pacific Cap	£213	Nil	26.8	1.6	9.2	14.9		7.5	14.8	8.4	4.1	2.1	22.0	11.2	Indo 3.1
Scottish Oriental Sm Coys	£301	7	25.4	5.6	8.0		4.2	12.8	4.9	16.6	2.3	1.1	15.2	24.2	Indo 2.6
				Cash	USA	UK	Europe	Japan	Other						
Aberforth Small Cos Trust	£1149	3	25.0		-	100.0									
Baillie Gifford Shin Nippon	£135	16	24.1	5.5				94.5							
Fidelity European Values	£753	6	37.7				100.0								
Fidelity Japan Values plc	£113	18	31.3				•	100.0							
Herald Investment Trust	£654	4	19.4	4.0	19.9	67.1	3.5		5.5						
JPMorgan Euro Small Coys	£426	15	20.6	2.5			97.5								
Invesco Perp Japan Small	£45	Nil	38.6	2.6				97.4							
Private Equity Investor plc	£44	Nil	-	8.9	91.1										
				Cash	В	razil l	HK/ China	a India	. Mex	ico Tu	rkey	Korea	S.Afri	ca Thail	'd Taiwan
Aberdeen E/Markets	£2400	Nil	30.7	1.2	14	4.8	17.3	13.8	7.	3	5.0	5.6	6.1	5.0	4.3

Fidelity European Values plc has 58% of its investments in three countries: France (25% of the portfolio), Switzerland (18%) and Germany (15%). It has smaller holdings in Belgium (8%), Norway (6%), Finland (6%), Denmark (5%), UK (5%), Spain (3%), Sweden (3%) and others (5%).

JPMorgan European Smaller Companies has its largest investments in Sweden (19% of the portfolio), France (19%), Italy (13%), Germany (12%), Switzerland (7%), Spain (7%), Netherlands (4%), Denmark (4%), Greece (3%), Belgium (3%), Norway (4%), Finland (3%) and others (2%).

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Bonus Subscription Shares

Fidelity Japanese Values plc shareholders have approved the 1 for 5 bonus issue of "subscription shares" (i.e. effectively "options" to buy ordinary shares) at an EGM.

The exercise price of the subscription shares has been set at 86.5 pence, with a final exercise/expiry date of 30 April 2016.

The subscription shares have recently traded around 5 pence, quoted at 3.6 - 6.5 pence.

Debt Refinancing

Scottish Oriental Smaller Companies Trust plc has repaid a US\$32.5 million, three year fixed rate term loan at maturity and replaced it with a £20.0 million five year fixed rate term loan.

Share Repurchases

Herald Investment Trust plc was the only one of our trusts to repurchase (or issue) shares over the last five weeks. The trust repurchased 75,000 shares on-market in one transaction of £504.750.

Currer Advice		EPIC Code	Initial Rec		Price NZ Cents	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	46.4p	129.1	-9%	154.45p	308.2	+139
BUY	JPM European Smaller Cos	JESC	15/01/02	45.3p	153.2	-12%	203.25p	405.6	+165
	United Kingdom								
BUY	Aberforth Smaller Cos Trt plc	ASL	15/07/03	375.5p	1042.0	-12%	1030.0p	2055.5	+97
BUY	Aberdeen Asian Small Coys	AAS	09/09/03	89.2p	247.8	-1%	1008.0p	2011.6	+712
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		93.31p	186.2	+75
BUY	Henderson Asia Pac Capital	*	08/08/00	342.2p	1122.6		754.3p	1505.3	+34
BUY	Scot Oriental Smaller Coy	SST	11/11/03	121.9p	330.5	-2%	891.75p	1779.6	+438
	China								
BUY	Henderson China Opportunities	*	09/07/07	548.9p	1410.4		789.3p	1575.1	+12
	India								
HOLD	First State Indian Sub-Cont.	*	13/12/10	209.2p	442.0		312.41p	623.4	+41
	Japan								
BUY	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	+7%	330.38p	659.3	+50
BUY	Fidelity Japan Values plc	FJV	10/01/06	126.0p	322.7	-12%	74.5p	148.7	-54
HOLD	Invesco Perp Japan Small Coys	*	13/07/99	61.3p	182.3		66.33p	132.4	-27
	Korea								
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		275.9-292.0p	566.7	+171
	International								
HOLD	Aberdeen Emerging Markets	*	13/08/91	61.7p	184.0		575.17p	1147.8	+524
BUY	Herald Investment Trust	HRI	12/10/04	310.8p	820.1	-17%	673.25p	1343.5	+64
BUY	Private Equity Investor plc	PEQ	11/12/01	117.9p	404.5	-17%	187.5p	374.2	-7
* United	d Kingdom based Unit Trust								

The average Gains/Losses of all current investments from initial recommendation is +152.0%. This is equal to an average annual rate of +11.7%, 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 +12.3%.

Other Shares

An alternative investment to those recommended above includes **Aberdeen Asian Smaller Companies Trust** 2019 convertible notes at 121.62 pence. **Fidelity Japanese Values** subscription shares are 5 pence.

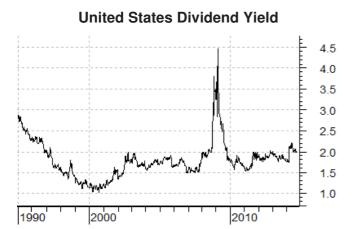
"Clean" unit prices are: Henderson Asia Pacifc Capital 812.6 pence, Henderson China Opportunities 109.7 pence, First State Indian Sub-Continent 153.74 pence, Invesco Perpetual Japanese Smaller Companies 197.69 pence and Aberdeen Emerging Markets 615.42 pence.

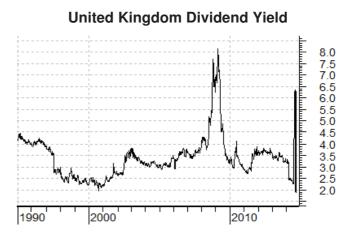
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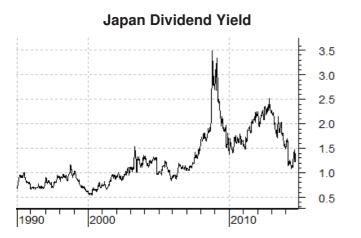
World Stockmarket Valuations

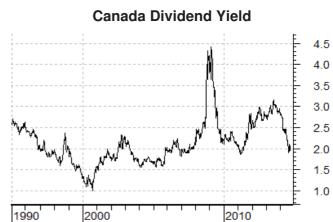
Country	Dividend Yield	Price/Earn Ratio
Australia	3.8	18.2
Austria	3.9	47.1
Belgium	3.7	31.7
Canada	1.9	28.4
Denmark	0.8	21.8
Finland	3.4	17.4
France	2.7	24.5
Germany	2.2	15.9
Ireland	1.9	38.6
Italy	2.1	98.5
Japan	1.4	15.4
Netherlands	2.3	23.8
New Zealand	3.5	21.1
Norway	3.3	12.3
Spain	2.9	19.1
Sweden	3.7	13.3
Switzerland	2.4	19.6
Un. Kingdom	6.3	17.4
USA	2.0	18.4
Argentina	0.0	41.8
Brazil	3.3	16.4
Czech Rep	5.9	10.4

Country	Dividend Yield	Price/Earn. Ratio
Chile	1.6	17.0
China	1.9	10.0
Greece	3.2	99.3
Egypt	1.8	30.4
Hong Kong	3.4	10.9
Hungary	3.2	10.7
India	0.5	18.9
Indonesia	1.3	18.7
Israel	0.8	57.8
Korea	1.4	12.7
Malaysia	3.3	16.8
Mexico	1.5	22.1
Philippines	0.8	19.8
Poland	3.4	21.4
Portugal	3.1	39.1
Russia	0.7	4.9
Singapore	3.3	13.8
Sth Africa	2.0	22.2
Taiwan	1.6	16.6
Thailand	2.2	16.3
Turkey	1.7	10.6

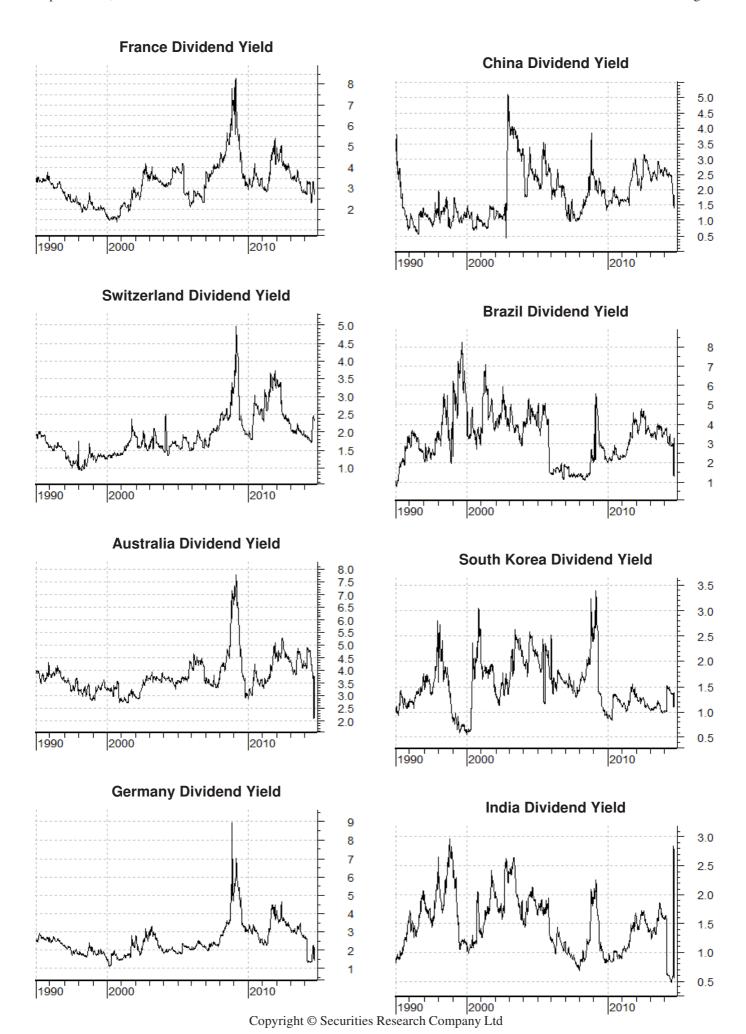








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Listed Investment Trust Warrant Analysis

With little investor interest in Investment Trusts over recent years, few have issued new warrants or "subscription" shares, while existing warrants have reached their final exercise/expiry dates.

Warrant	Current Share Price	Warrant Exercise Prices	Years & Months to Expiry	Current Warrant Price	Black- Scholes Value	Warrant Over/Under Valued (%)	Share Vola- tility		Share F	Return(% Price appre 10%pa	'	
LATIN AMERICA Aberdeen Latin American	81.4p	120.0p	1-3	2.85p	0.37p	+664	0.198	18.2	-100.0	-100.0	-100.0	+39%
UNITED KINGDOM Artemis Alpha	301.6p	345.0p	3-3	44.00p	18.38p	+139	0.147	7.4	-39.8	+13.4	+59.5	+8%

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World Stockmarket Capitalisations

The world's total stockmarket capitalisation rose a further US\$2265 billion (3.4%) over the three months to the end of July 2014 to US\$68,585 billion.

The United States share of the total slipped from 37.2% to 36.5%. Major Asian markets all grew: Japan was up from 6.4% to 6.8%, while China rose from 5.7% to 6.2%, Hong Kong was up from 4.5% to 4.8% and India from 3.7% to 4.3%

Country	Market Percentage Capitalisation of Total (US\$ Billions)	Country	Market Percentage Capitalisation of Total (US\$ Billions)
United States	25,012 36.47	UAE	220 0.32
Japan	4,658 6.79	Israel	218 0.32
China	4,243 6.19	Colombia	210 0.31
Hong Kong	3,290 4.80	Poland	196 0.29
India	2,948 4.30	Qatar	190 0.28
United Kingdom	2,808 4.09	Ireland	156 0.23
Canada	2,424 3.53	Austria	113 0.16
France ¹	1,942 2.83	Greece	89 0.13
Germany	1,810 2.64	Portugal	88 0.13
Switzerland	1,545 2.25	Peru	84 0.12
Australia	1,513 2.21	New Zealand	74 0.11
South Korea	1,334 1.95	Luxembourg	73 0.11
Nordic Exchanges ²	1,293 1.89	Egypt	70 0.10
Spain	1,213 1.77	Argentina	58 0.08
Brazil	1,103 1.61	Morocco	55 0.08
South Africa	1,036 1.51	Czech Republic	51 0.07
Taiwan	979 1.43	Vietnam	50 0.07
Belgium ¹	1.29	Romania	39 0.06
Singapore	820 1.20	Oman	39 0.06
Netherland ¹	707 1.03	Jordan	27 0.04
Italy	663 0.97	Kazakhstan	26 0.04
Russia	661 0.96	Sri Lanka	22 0.03
Saudi Arabia	560 0.82	Hungary	17 0.02
Mexico	536 0.78	Mauritius	9 0.01
Malaysia	530 0.77	Slovenia	8 0.01
Indonesia	436 0.64	Bulgaria	5 0.01
Thailand	427 0.62	Malta	4 0.01
Norway	278 0.41	Cyprus	2 0.00
Philippines	256 0.37	Bermuda	2 0.00
Chile	249 0.36		
Turkey	229 0.33	TOTAL	\$68,585 100.00%

Notes

Next Issue:

The next issue of *International Investor* will be emailed in four weeks time on Monday October 13, 2014.

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

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^{1.} Estimated split of EuroNext data between France, Netherlands, Belgium and Portugal.

^{2.} Mainly Denmark, Sweden and Finland.