International Investor

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Inside International Investor

Lower commodity and energy prices favourable for China, UK and Europe 2

World Stockmarket Forecasts

Stockmarket	One-Year Forecast	Fundamental Indicators	Technical Indicators	Monetary Indicators	Economic Indicators	Historica 3 mths	l Performano 6 mths	e (in US\$) 12 mths	Share Index
Australia	58%	Bullish	Bearish	Bullish	Neutral	-7.7%	-5.5%	-17.7%	5,442.43
Austria	69%	Neutral	Bullish	Bullish	Bullish	+2.2%	+0.7%	-19.3%	2,544.67
Belgium	70%	Bullish	Bullish	Bullish	Neutral	+0.0%	-1.1%	-6.3%	3,646.69
Canada	64%	Bullish	Bearish	Bullish	Neutral	+1.4%	-5.0%	-11.4%	14,957.16
Denmark	72%	Neutral	Bullish	Bullish	Bearish	+12.8%	+14.0%	+8.6%	977.94
Finland	58%	Bullish	Bearish	Bullish	Bullish	-3.4%	-4.2%	-11.1%	8,479.16
France	71%	Neutral	Bullish	Bullish	Neutral	+1.7%	+1.4%	-11.9%	3,798.54
Germany		Neutral	Neutral	Bullish	Bullish	-0.7%	+0.4%	-8.7%	11,197.15
Ireland		Bearish	Bullish	Bullish	Bearish	+3.8%	+3.6%	-0.8%	6,102.48
Italy	74%	Bullish	Bullish	Bullish	Bearish	+4.5%	+4.2%	-16.0%	24,417.05
Japan	65%	Neutral	Bullish	Bullish	Bullish	+3.7%	+10.4%	+10.8%	20,460.90
Netherlands		Bearish	Bullish	Bullish	Bearish	+0.2%	+0.6%	-5.5%	479.38
New Zealand _		Bullish	Bearish	Neutral	Bearish	-5.5%	-9.5%	-13.3%	1,579.22
Norway	54%	Bullish	Neutral	Neutral	Bearish	+4.0%	+2.8%	-24.5%	697.58
Spain	58%	Bullish	Bearish	Bullish	Bearish	+2.1%	-8.1%	-19.3%	1,122.34
Sweden	77%	Bullish	Bullish	Bullish	Neutral	+1.4%	+2.5%	-5.1%	864.58
Switzerland	80%	Bullish	Bullish	Bullish	Bullish	+5.1%	+2.9%	-0.0%	9,105.02
Un. Kingdom _		Bullish	Bearish	Neutral	Neutral	+0.0%	-1.1%	-9.8%	6,804.60
USA	63%	Neutral	Bullish	Neutral	Neutral	+1.0%	+0.8%	+7.4%	2,092.83
Argentina	80%	Bullish	Bullish	Bullish	Bullish	+6.8%	+10.7%	+27.8%	11,215.76
Brazil	48%	Bullish	Bearish	Bearish	Bullish	+3.0%	-16.0%	-28.6%	52,973.38
Czech Rep	50%	Bullish	Bearish	Bullish	Bearish	-1.0%	-9.0%	-20.9%	1,004.89
Chile	56%	Neutral	Bearish	Bullish	Bullish	-0.8%	-4.0%	-13.1%	19,328.08
China	68%	Bearish	Bullish	Bullish	Bullish	+56.5%		+149.4%	5,023.10
Greece	18%	Bearish	Bearish	Bearish	Bearish	-5.3%	-31.2%	-50.9%	786.11
Egypt Hong Kong	29%	Bearish	Bearish	Bearish	Neutral	-8.3%	-13.0%	-3.1%	8,780.76
Hong Kong	77%	Bullish	Bullish	Bullish	Bullish	+12.9%	+13.6%	+18.8%	27,260.16
Hungary	62%	Neutral	Bullish	Neutral	Bearish	+22.6%	+11.5%	-7.4%	22,326.95
India	41%	Bearish	Bearish	Neutral	Bullish	-11.0%	-9.1%	-2.9%	26,768.49
Indonesia	45%	Neutral	Bearish	Neutral	Bullish	-9.1%	-8.5%	-8.6%	5,100.57
Israel	84%	Bullish	Bullish	Bullish	Neutral	+12.5%	+14.8%	+4.4%	1,468.09
Korea	66%	Neutral	Bullish	Bullish	Neutral	+1.6%	+3.8%	-6.2%	2,068.10
Malaysia	34%	Bullish	Bearish	Bearish	Neutral	-6.1%	-7.3%	-20.0%	1,745.33
Mexico	44%	Bearish	Bearish	Bullish	Neutral	+1.6%		-14.3%	44,561.94
Philippines	57%	Neutral	Neutral			-6.0%			
Poland	43%	Bullish	Bearish	Neutral	Bearish	+3.5%	-8.4%	-18.1%	54,278.69
Portugal		Bullish	Neutral	Bullish	Bearish	+7.2%	+3.0%	-31.0%	2,647.84
Russia	59%	Bullish	Bearish	Bearish	Bullish	+2.5%	+1.7%	-32.0%	1,652.07
Singapore		Bullish	Bearish	Neutral	Bullish	-0.8%	-2.3%	-6.9%	3,333.67
Sth Africa		Bullish	Bearish	Bearish	Bullish	-7.2%	-5.6%	-12.9%	51,694.25
Taiwan		Bullish	Neutral	Neutral	Bullish	-1.4%	+1.9%	-1.2%	9,340.13
Thailand		Bullish	Bearish	Bullish	Neutral	-7.6%	-8.2%	-1.0%	1,507.37
Turkey		Bullish	Bearish	Bearish	Bullish	+0.7%	-18.4%	-20.3%	81,943.44
Venezuela	38%	Bearish	Bullish	Neutral	Bullish	+193.9%	+307.4%	+4/2.1%	12,615.85

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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World Stockmarket Outlook

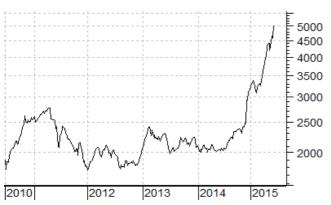
As we wrote in December 2014 "Most Asian and European economies should *benefit* significantly from low commodity and oil prices" (although this is unfavourable for commodity exporters such as OPEC, Russia, Australia and Canada).

As the largest importer of commodities, this situation provides a windfall for China. The savings on its oil import costs is estimated at US\$600 million *per day!*

Manufactured export prices have remained relatively steady so Chinese manufacturers *could* be experiencing a significant boost in profit margins and net profits!

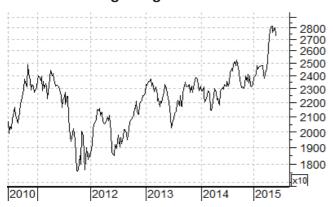
Perhaps the boom in Chinese share prices - up around 150% over the last year - may <u>not</u> be solely another speculative bubble as often portrayed by the Western media? Perhaps - at least in part - Chinese share prices are booming to reflect a significant improvement in the terms of trade for the Chinese economy and the benefit of those lower import commodity costs?





Of course there are *other* significant risks investing in Chinese shares. Most foreign investments in "China" are through Hong Kong listed shares, which are up, but not as much.

Hong Kong Share Prices

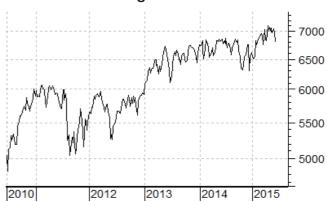


Like China, Europe and the United Kingdom are also major commodity and oil importers (i.e. The UK imports 40% of its energy, most European countries import 45-80%, compared with 70% for China) and exporters of manufactured goods or value added services. Companies will also benefit from the fall in the value of the Euro and Pound (and other European currencies) which makes exports more competitive and/or profitable.

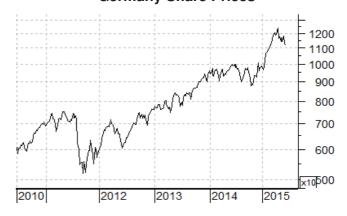
Behind the media headlines of what is happening (or not happening) in Greece, many European and UK companies should be able to grow exports *and* improve profitability.

Lower commodity and energy prices and the lower exchange rates are favourable for UK and European companies and share prices should move higher over the next year or more.

United Kingdom Share Prices



Germany Share Prices



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Recommended International Investment Funds

Fund Report

JPMorgan European Smaller Companies Trust plc lifted net assets just 0.3% over the year to 31 March 2015, but slightly ahead of its benchmark index which was up 0.1%.

The main objective of the fund is capital appreciation, but a 1.2 pence interim dividend was paid in January and a final dividend of 2.0 pence will be paid on 15 July (exdividend 4 June).

The Fund Manager is sounding optimistic about future prospects for smaller European company shares, noting their "strong balance sheets" and that "Eurozone companies have benefited from a lower oil price and a more competitive currency", which is down 20% against the US dollar. It reports that "for the first time in four years European companies are receiving upgrades to analyst earnings forecasts" with "earnings upgrade momentum being driven by cyclical sectors". This

"provides support for the portfolio" which "retained a bias towards cyclically sensitive sectors".

The Manager also notes forecasts that "Euroland GDP is forecast to accelerate to 1.5% this year and next, led by Germany, Spain and Ireland, with growth in non-Euroland Sweden forecast at closer to 3.0%".

Reduced Management Fee

Aberforth Smaller Companies Trust plc has negotiated a simplified management fee. From 1 July 2015 it will pay its Manager 0.75% per annum on the first £1000 million in assets and 0.65% of assets above £1000 million.

At present the fee is 0.8% on the first £800 million, 0.7% on the next £200 million and 0.6% on amounts over £1000 million.

Share Repurchase

Herald Investment Trust plc has repurchased 53,000 shares on-market for £368,350.

Curren Advice		EPIC Code	Initial Rec		Price	Prem/ Disc to Net Assets	Recent Bid-Offer or Last Sale	Price NZ Cents	Gain or Loss %
	Europe				Conto	7100010	Laot Gaio	Conto	70
BUY	Fidelity European Values plc	FEV	13/05/03	46.4p	129.1	-6%	184.0p	398.7	+209
BUY	JPM European Smaller Cos	JESC	15/01/02	45.3p	153.2	-10%	249.0p	539.5	+252
	United Kingdom								
BUY	Aberforth Smaller Cos Trt plc	ASL	15/07/03	375.5p	1042.0	-9%	1200.0p	2600.2	+150
	Asian Regional								
BUY	Aberdeen Asian Small Coys	AAS	09/09/03	89.2p	247.8	-11%	860.0p	1863.5	+652
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		99.75p	216.1	+103
HOLD	Henderson Asia Pac Capital	*	08/08/00	342.2p	1122.6		763.6p	1654.6	+47
BUY	Scot Oriental Smaller Coy	SST	11/11/03	121.9p	330.5	-9%	852.0p	1846.2	+459
	China								
HOLD	Henderson China Opportunities India	*	09/07/07	548.9p	1410.4		961.4p	2083.2	+48
HOLD	First State Indian Sub-Cont.	*	13/12/10	209.2p	442.0		339.1p	734.8	+66
DLIV	Japana	DCC	11/01/04	1EC 0:	440.0	. 00/	200.0-	000.4	. 07
BUY	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	+0%	380.0p	823.4	+87
BUY	Fidelity Japan Values plc	FJV *	10/01/06	126.0p	322.7	-8%	87.75p	190.1	-41
HOLD	Invesco Perp Japan Small Coys		13/07/99	61.3p	182.3		66.73p	144.6	-21
LIOLD	Korea	*	10/04/04	01.15	000.4		000 0 005 0	C444	. 000
HOLD	Baring Korea Trust International		12/04/94	81.1p	209.4		288.6-305.9p	644.1	+208
HOLD		*	12/02/01	C1 7p	1040		E40 E00	1100 7	. E46
HOLD BUY	Aberdeen Emerging Markets		13/08/91	61.7p	184.0	170/	548.59p	1188.7	+546
BUY	Herald Investment Trust	HRI PEQ	12/10/04 11/12/01	310.8p	820.1 375.4	-17% -17%	735.0p	1592.6 409.5	+94 +9
	Private Equity Investor plc Kingdom based Unit Trust	reQ	11/12/01	109.4p	3/3.4	-1/70	189.0p	409.5	+3

The average Gains/Losses of all current investments from initial recommendation is +179.3%. This is equal to an average annual rate of +13.0%, 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 +12.9%.

Other Shares

An alternative investment to those recommended above includes **Aberdeen Asian Smaller Companies Trust** 2019 convertible notes at 114.0 pence. **Fidelity Japanese Values** subscription shares are 5.78 pence.

"Clean" unit prices are: Henderson Asia Pacific Capital 827.8 pence, Henderson China Opportunities 134.4 pence, First State Indian Sub-Continent 167.6 pence, Invesco Perpetual Japanese Smaller Companies 200.06 pence and Aberdeen Emerging Markets 590.13 pence.

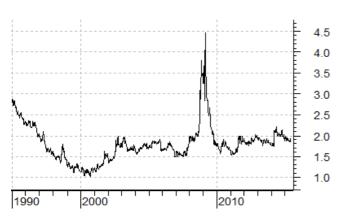
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World Stockmarket Valuations

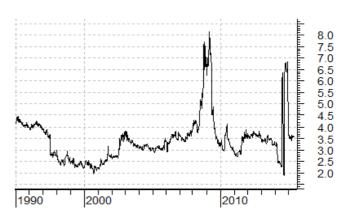
Country	Dividend Yield	Price/Earn. Ratio
Australia	4.6	16.2
Austria		
Belgium	2.8	22.6
Canada	2.9	21.9
Denmark	1.7	27.0
Finland	3.6	22.5
France	2.9	23.8
Germany	2.6	18.5
Ireland	1.5	23.6
Italy	2.9	25.2
Japan	1.7	19.1
Netherlands	2.1	22.8
New Zealand	4.1	19.3
Norway	4.4	10.1
Spain	5.0	18.6
Sweden	3.4	16.2
Switzerland	3.0	20.1
Un. Kingdom	3.6	16.7
USA	1.9	21.5
Argentina	1.6	7.2
Brazil		
Czech Rep	6.2	14.9

	Price/Earn. Ratio
2.6	20.6
1.4	21.1
1.5	NE
2.0	23.9
2.6	13.3
2.3	23.4
1.4	19.9
2.2	19.9
2.5	16.9
1.4	12.0
3.1	16.1
1.4	29.0
1.7	19.9
3.5	15.9
3.6	51.6
4.3	9.2
3.8	14.0
2.9	18.2
2.8	14.1
2.9	18.2
3.0	11.9
	Dividend Yield 2.6

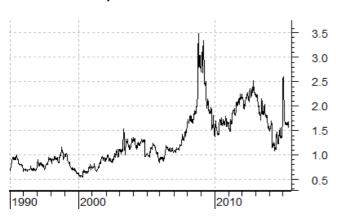
United States Dividend Yields



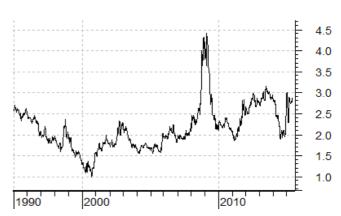
United Kingdom Dividend Yields



Japan Dividend Yields

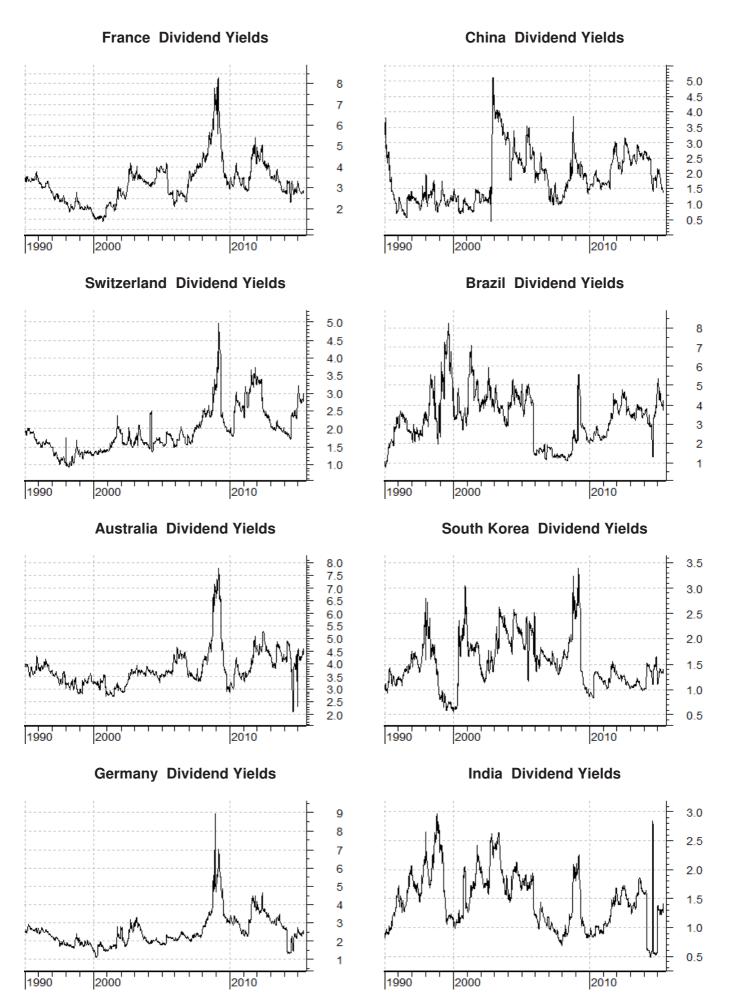


Canada Dividend Yields



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Listed Investment Trust Warrant Analysis

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 I	t Return(% Price appro 10%pa		
LATIN AMERICA Aberdeen Latin American	63.4p	120.0p	0-6	0.33p	0.00p	+999	0.200	191.0	-100.0	-100.0	-100.0	+260%
UNITED KINGDOM Artemis Alpha	271.5p	345.0p	2-6	20.75p	5.18p	+300	0.138	12.7	-100.0	-100.0	+74.3	+13%
EUROPE Blackrock Greater Europe	253.0p	248.0p	0-10	19.38p	17.70p	+9	0.159	10.2	-23.5	+41.7	+185.9	+7%
JAPAN Fidelity Japan Values	87.8p	86.5p	0-6	5.78p	5.84p	-1	0.206	10.5	-65.1	-8.4	+177.3	+11%

Recommended Funds Geographic Portfolio Spread

Fund Name	Size I	_everage	Top 10	Portfolio	investe	ed in (%	6):									
	(Mil)	(%debt)	Hldgs (%)	Cash	HK	Austra	lia Malay	Taiwan	Korea	Sing.	Thail'd	Phil.	China	India		
Aberdeen Asian Sm Coy	£328	9	24.1		16.3	2.9	18.6			12.1	13.2	6.2		12.7	Indo 5.8	
Baring Korea	£112	Nil	41.7	1.7					98.3							
First State Indian Sub-Cont	£283	Nil	50.3	8.9										84.5	Sri Lanka	a 5.2
Henderson China Opps	£709	Nil	51.1	2.1	80.2								16.9		US 0.8	
HSBC Asian Fund	£53	Nil	37.5	5.3	18.5		2.7	10.5	26.1	5.9	5.8		16.1		Indo 4.8	
Hend Asian Pacific Cap	£195	Nil	35.8	1.2	9.0	10.7		9.4	13.9	8.7	4.1	3.0	20.8	15.6	Indo 3.4	
Scottish Oriental Sm Coys	£299	Nil	26.8	7.2	8.3		2.5	13.1	4.9	16.9	3.9	0.9	15.9	21.5	Indo 2.4	
				Cash	USA	UK	Europe	Japan	Other							
Aberforth Small Cos Trust	£1143	3	26.9			100.0										
Baillie Gifford Shin Nippon	£141	12	22.4	2.3				97.7								
Fidelity European Values	£766	7	37.1				100.0									
Fidelity Japan Values plc	£100	20	29.4				1	0.00								
Herald Investment Trust	£568	4	19.8	4.5	22.0	64.0			9.5							
JPMorgan Euro Small Coys	£399	14	19.1	4.7			95.3									
Invesco Perp Japan Small	£37	Nil	34.7	3.6				96.4								
Private Equity Investor plc	£51	Nil	-	18	82.0											
				Cash	E	Brazil H	HK/ China	a India	Mex	ico Tu	rkey	Korea	S.Afric	a Thail'	d Taiwan	Russia
Aberdeen E/Markets	£2000	Nil	31.3	0.9	1	1.3	17.9	14.1	7.8	В	4.9	5.9	7.3	4.7	4.5	4.7
/ IDOI GOOTI E/ Markoto	~=000	. •	01.0	5.0					, .,			0.0	7.0	7.7	1.0	

Fidelity European Values plc now has over 60% of its investments in three countries: France (25% of the portfolio), Switzerland (22%) and Germany (14%). It has smaller holdings in Belgium (7%), Denmark (6%), UK (5%), Norway (5%) and others (11%).

JPMorgan European Smaller Companies has its largest investments in France (19% of the portfolio), Germany (16%), Italy (14%), Sweden (13%), Switzerland (11%), Netherlands (7%), Denmark (4%), Belgium (3%) and others (8%).

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World Stockmarket Capitalisations

The world's total stockmarket capitalisation jumped US\$6,183 billion over the three months to the end of April 2015, up 9.0% to US\$68,912 billion. Much of that was a boom in China and Hong Kong. China's capitalisation rose US\$2,802 billion (45%), lifting its share of the total to 12.08% from 9.10%. Hong Kong was up US\$674 billion (25%).

Country	Market Percentage Capitalisation of Total (US\$ Billions)	Country	Market Percentage Capitalisation of Total (US\$ Billions)
United States	26,872 35.78	Ireland	156 0.21
China	9,073 12.08	Colombia	139 0.19
Japan	4,946 6.59	Austria	104 0.14
Hong Kong	5.33	Portugal ¹	86 0.11
United Kingdom	2,710 3.61	New Zealand	76 0.10
India	3,094 4.12	Argentina	75 0.10
Canada	2,100 2.80	Peru	72 0.10
France ¹	1,922 2.56	Egypt	66 0.09
Germany	1,868 2.49	Luxembourg	63 0.08
Switzerland	1,613 2.15	Nigeria	59 0.08
South Korea	1,410 1.88	Morocco	52 0.07
Australia	1,336 1.78	Vietnam	48 0.06
Nordic Exchanges ²	1,299 1.73	Czech Republic	46 0.06
Spain	1,029 1.37	Greece	44 0.06
Taiwan	1,024 1.36	Oman	39 0.05
South Africa	987 1.31	Romania	37 0.05
Belgium ¹	879 1.17	Jordan	24 0.03
Brazil	817 1.09	Sri Lanka	23 0.03
Singapore	792 1.05	Kazakhstan	21 0.03
Netherlands ¹	699 0.93	Bahrain	21 0.03
Italy	666 0.89	Hungary	18 0.02
Saudi Arabia	576 0.77	Mauritius	8 0.01
Russia	546 0.73	Slovenia	7 0.01
Malaysia	475 0.63	Slovakia	5 0.01
Mexico	470 0.63	Bulgaria	4 0.01
Thailand	445 0.59	Malta	4 0.01
Indonesia	397 0.53	Palestine	3 0.0
Philippines	278 0.37		3 0.00
Norway	246 0.33	Bermuda	2 0.00
Chile	240 0.32		
UAE	218 0.29	TOTAL	\$75,095 100.00%
Israel	224 0.30		
Turkey	194 0.26	7. 7	Tarana
Qatar	180 0.24		ext Issue:
Poland	166 0.22	The next issue of <i>Inte</i>	rnational Investor will be email

Notes

- 1. Estimated split of EuroNext data between France, Netherlands, Belgium and Portugal.
- 2. Mainly Denmark, Sweden and Finland.

The next issue of *International Investor* will be emailed in five weeks time on Monday July 13, 2015.

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

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