

International Investor

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Inside International Investor

Baillie Gifford Shin Nippon
performs strongly 2, 3

World Stockmarket Valuations 4, 5
Warrant Analysis 6
World Stockmarket Capitalisations 7

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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	49%	Bullish	Bearish	Bullish	Neutral	-16.1%	-18.9%	-28.1%	5,020.73
Austria	51%	Neutral	Bearish	Bullish	Bullish	-8.6%	-2.8%	-14.0%	2,266.04
Belgium	60%	Bullish	Bearish	Bullish	Neutral	-4.8%	-0.5%	-5.4%	3,434.17
Canada	60%	Bullish	Bearish	Bullish	Bullish	-15.2%	-11.9%	-27.5%	13,461.47
Denmark	67%	Neutral	Bullish	Bullish	Neutral	-1.3%	+13.5%	+9.5%	952.16
Finland	58%	Bullish	Bearish	Bullish	Neutral	-4.0%	-4.7%	-8.3%	8,002.04
France	51%	Bullish	Bearish	Bullish	Neutral	-6.8%	-2.0%	-9.6%	3,504.36
Germany	62%	Bullish	Bearish	Bullish	Neutral	-9.0%	-8.2%	-8.3%	10,123.56
Ireland	63%	Bearish	Bullish	Bullish	Bearish	+4.5%	+12.1%	+15.0%	6,447.56
Italy	68%	Bullish	Neutral	Bullish	Bearish	-3.6%	+4.2%	-8.3%	23,389.55
Japan	61%	Neutral	Bearish	Bullish	Neutral	-8.4%	-4.6%	+1.9%	18,264.22
Netherlands	51%	Neutral	Bearish	Bullish	Bearish	-9.4%	-5.7%	-10.0%	430.23
New Zealand	40%	Bullish	Bearish	Neutral	Bearish	-13.5%	-19.5%	-24.5%	1,500.53
Norway	48%	Bullish	Bearish	Neutral	Bearish	-13.9%	-4.9%	-29.0%	618.79
Spain	54%	Bullish	Bearish	Bullish	Bearish	-11.3%	-4.9%	-22.3%	986.36
Sweden	65%	Bullish	Bearish	Bullish	Neutral	-6.6%	-1.3%	-2.6%	806.50
Switzerland	59%	Bullish	Bearish	Bullish	Bullish	-6.9%	-0.6%	-3.9%	8,772.44
Un. Kingdom	37%	Bullish	Bearish	Bearish	Neutral	-10.6%	-5.0%	-14.7%	6,117.00
USA	41%	Bullish	Bearish	Neutral	Neutral	-6.4%	-4.5%	-1.2%	1,961.05
Argentina	66%	Bullish	Bullish	Neutral	Bullish	+2.2%	-0.2%	-11.5%	10,887.94
Brazil	46%	Bullish	Bearish	Bearish	Bullish	-30.0%	-20.0%	-50.8%	46,400.50
Czech Rep.	55%	Bullish	Neutral	Neutral	Bearish	+2.4%	+5.2%	-10.7%	1,001.18
Chile	43%	Neutral	Bearish	Neutral	Bullish	-12.7%	-9.0%	-18.5%	18,315.16
China	54%	Bullish	Bearish	Neutral	Bullish	-39.7%	-6.8%	+32.2%	3,200.23
Greece	34%	Neutral	Bearish	Neutral	Bearish	-12.4%	-5.5%	-49.3%	673.84
Egypt	28%	Neutral	Bearish	Bearish	Neutral	-20.5%	-28.9%	-32.2%	7,039.33
Hong Kong	52%	Bullish	Bearish	Neutral	Bullish	-21.1%	-9.5%	-12.6%	21,504.37
Hungary	50%	Neutral	Neutral	Neutral	Bearish	-3.3%	+19.0%	-0.8%	21,083.05
India	42%	Bearish	Bearish	Bullish	Neutral	-6.2%	-14.4%	-13.1%	25,610.21
Indonesia	37%	Bullish	Bearish	Bearish	Bullish	-17.3%	-25.4%	-29.3%	4,360.47
Israel	65%	Bullish	Neutral	Bullish	Bullish	-4.7%	+6.0%	+2.2%	1,395.13
Korea	54%	Bullish	Bearish	Bullish	Neutral	-11.0%	-6.0%	-16.8%	1,941.37
Malaysia	36%	Bullish	Bearish	Bearish	Neutral	-19.5%	-22.4%	-35.8%	1,603.60
Mexico	35%	Bearish	Bearish	Neutral	Neutral	-12.4%	-10.6%	-26.5%	42,780.73
Philippines	39%	Neutral	Bearish	Neutral	Neutral	-10.7%	-16.0%	-9.8%	6,911.38
Poland	39%	Bullish	Bearish	Neutral	Bearish	-5.4%	+4.0%	-16.7%	51,519.45
Portugal	47%	Bullish	Bearish	Bullish	Bearish	-11.7%	-2.1%	-23.0%	2,308.78
Russia	67%	Bullish	Neutral	Neutral	Bullish	-15.2%	-3.0%	-34.3%	1,718.06
Singapore	44%	Bullish	Bearish	Bearish	Bullish	-18.1%	-15.3%	-22.8%	2,888.03
Sth Africa	36%	Bullish	Bearish	Bearish	Bullish	-13.9%	-13.1%	-22.5%	48,930.64
Taiwan	50%	Bullish	Bearish	Neutral	Bullish	-15.0%	-15.3%	-16.6%	8,305.82
Thailand	35%	Bullish	Bearish	Bearish	Neutral	-14.4%	-18.1%	-21.8%	1,381.72
Turkey	32%	Bullish	Bearish	Bearish	Bullish	-21.0%	-19.3%	-33.5%	71,350.87
Venezuela	65%	Bearish	Bullish	Bullish	Bullish	+3.4%	+211.7%	+418.8%	14,181.14

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

Share Issues and Repurchases

Aberdeen Asian Smaller Companies plc has been very actively repurchasing its own shares on market over the last month - at discounts of around 13% to net asset value. In 14 transactions it bought back 423,623 shares, returning almost £3.1 million to investors. That would also *add* about £460,000 to the net asset value of the remaining shares.

The trust has also drawn down US\$9 million from its multi-currency loan facility, so in addition to repurchasing its own shares it has probably been actively buying shares for its portfolio.

Baillie Gifford Shin Nippon plc issued shares three times over the last five weeks - at premiums to net asset value. In total it issued 275,000 shares, raising £1,067,708 in cash.

Scottish Oriental Smaller Companies Trust plc made three on-market buy-backs over the last month, acquiring a total of 140,987 shares for £995,158. These shares have also been trading at around a 13% discount to net asset value.

Fund Report

Baillie Gifford Shin Nippon plc had a very successful half year to 31 July. Net assets increased 17.0% (and the share price rose 29.8%) compared with a 6.1% rise in its Japanese smaller company benchmark index.

Several long term portfolio holdings have internet related businesses - a leading online apparel retailer, a popular recipe sharing website, a property information website, an online supplier of items to small businesses and an online restaurant supplies ordering system - and these niche businesses are continuing to expand rapidly, "displacing existing, less efficient ways of doing business". The Fund Manager believes several "are reaching the point where they become sufficiently dominant in their niche that it is possible to start increasing charges" which "should increase the profitability of the businesses".

(Continued on Page 4)

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	£381	9	25.5		16.0	2.8	17.9		0.6	11.9	11.8	6.4	1.0	15.0	Indo 5.2	
Baring Korea	£104	Nil	39.4	4.3					95.7							
First State Indian Sub-Cont	£293	Nil	50.4	9.5										82.9	Sri Lanka 5.6	
Henderson China Opps	£407	Nil	47.4	0.1	78.1								9.6		US 12.1	
HSBC Asian Fund	£42	Nil	41.3	3.8	18.5		2.7	10.5	26.1	5.9	5.8		16.1		Indo 4.8	
Hend Asian Pacific Cap	£172	Nil	37.6	3.5	11.0	9.9		9.5	10.1	7.5	4.1	3.6	21.3	16.8	Indo 2.6	
Scottish Oriental Sm Coys	£292	7	26.8	11.6	8.2		2.2	12.4	5.2	16.9	3.9	1.2	16.1	22.4	Sri Lanka 3.4	
				Cash	USA	UK	Europe	Japan	Other							
Aberforth Small Cos Trust	£1133	3	26.7				100.0									
Baillie Gifford Shin Nippon	£138	13	27.2	5.5				94.5								
Fidelity European Values	£707	7	38.1				100.0									
Fidelity Japan Values plc	£88	24	29.0					100.0								
Herald Investment Trust	£541	4	19.4	7.3	19.9	64.7			8.1							
JPMorgan Euro Small Coys	£400	16	22.7	4.7			95.3									
Invesco Perp Japan Small	£35	Nil	34.7	6.7				93.3								
Private Equity Investor plc	£51	Nil	-	18	82.0											
				Cash	Brazil	HK/	China	India	Mexico	Turkey	Korea	S.Africa	Thail'd	Taiwan	Russia	
Aberdeen E/Markets	£1700	Nil	32.0	0.4	10.1	17.5	16.5	8.0	4.8	5.4	6.8	4.5	4.7	-		

Fidelity European Values plc now has over 60% of its investments in three countries: France (24% of the portfolio), Switzerland (23%) and Germany (15%). It has smaller holdings in Belgium (7%), Denmark (6%), UK (5%), Finland (5%), Norway (4%), Italy (4%) and others (5%).

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%).

Recommended International Investment Funds

(Continued from Page 3)

A new company in the portfolio is using the internet to sell kitchens and bathrooms direct to customers “cutting out the costly layers of middlemen that currently dominate this fairly old fashioned industry”.

Baillie Gifford Shin Nippon is a long term investor, with a very low portfolio turnover. The fund focuses on “the most dynamic, innovative smaller businesses that are emerging in Japan” and the Fund Manager states “We continue to find attractively valued, exciting investment opportunities with the potential to deliver high earnings growth”

Baillie Gifford Shin Nippon plc



Current Advice	Investment Fund	EPIC Code	Initial Recommendation		Prem/ Disc to Net Assets	Recent Price		Gain or Loss %	
			--- Date ---	Offer Price		Bid-Offer or Last Sale	Price NZ Cents		
Europe									
BUY	Fidelity European Values plc	FEV	13/05/03	46.4p	129.1	-4%	168.6p	411.7	+219
BUY	JPM European Smaller Cos	JESC	15/01/02	45.3p	153.2	-8%	248.5p	606.8	+296
United Kingdom									
BUY	Aberforth Smaller Cos Trt plc	ASL	15/07/03	375.5p	1042.0	-7%	1199.0p	2928.0	+181
Asian Regional									
BUY	Aberdeen Asian Small Coys	AAS	09/09/03	89.2p	247.8	-13%	706.0p	1724.1	+596
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		80.98p	197.8	+86
HOLD	Henderson Asia Pac Capital	*	08/08/00	342.2p	1122.6		654.1p	1597.3	+42
BUY	Scot Oriental Smaller Coy	SST	11/11/03	121.9p	330.5	-12%	705.0p	1721.6	+421
China									
BUY	Henderson China Opportunities	*	09/07/07	548.9p	1410.4		748.6p	1828.1	+30
India									
HOLD	First State Indian Sub-Cont.	*	13/12/10	209.2p	442.0		327.26p	799.2	+81
Japan									
BUY	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	+3%	370.0p	903.5	+105
BUY	Fidelity Japan Values plc	FJV	10/01/06	126.0p	322.7	-10%	78.13p	190.8	-41
HOLD	Invesco Perp Japan Small Coys	*	13/07/99	61.3p	182.3		62.51p	152.6	-16
Korea									
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		259.4-274.8p	652.3	+212
International									
HOLD	Aberdeen Emerging Markets	*	13/08/91	61.7p	184.0		465.15p	1135.9	+517
BUY	Herald Investment Trust	HRI	12/10/04	310.8p	820.1	-18%	699.0p	1707.0	+108
HOLD	Private Equity Investor plc	PEQ	11/12/01	109.4p	375.4	-14%	185.0p	451.8	+20

* United Kingdom based Unit Trust

The average Gains/Losses of all current investments from initial recommendation is +178.6%. This is equal to an average annual rate of +12.7%, 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 +12.8%.

Other Shares

An alternative investment to those recommended above includes **Aberdeen Asian Smaller Companies Trust** 2019 convertible notes at 109.25 pence. **Fidelity Japanese Values** subscription shares are 3 pence.

“Clean” unit prices are: Henderson Asia Pacific Capital 710.8 pence, Henderson China Opportunities 104.9 pence, First State Indian Sub-Continent 162.18 pence, Invesco Perpetual Japanese Smaller Companies 187.81 pence and Aberdeen Emerging Markets 501.36 pence.

World Stockmarket Valuations

Country	Dividend Yield	Price/Earn. Ratio
Australia	5.1	14.5
Austria	2.2	27.4
Belgium	3.0	19.1
Canada	3.2	20.5
Denmark	1.7	23.1
Finland	3.8	20.6
France	3.2	21.7
Germany	2.9	16.1
Ireland	1.4	23.8
Italy	3.1	23.5
Japan	1.9	15.6
Netherlands	2.5	21.0
New Zealand	4.5	18.0
Norway	4.6	10.2
Spain	5.0	14.7
Sweden	3.7	13.6
Switzerland	3.1	19.9
Un. Kingdom	3.9	15.6
USA	2.1	20.1
Argentina	1.6	6.7
Brazil	4.3	15.4
Czech Rep.	6.8	14.8

Country	Dividend Yield	Price/Earn. Ratio
Chile	2.9	19.5
China	2.5	12.0
Greece	2.4	NE
Egypt	3.1	23.9
Hong Kong	3.3	10.4
Hungary	2.4	22.5
India	1.4	22.9
Indonesia	2.6	17.8
Israel	2.4	17.6
Korea	1.6	11.0
Malaysia	3.4	15.2
Mexico	1.5	27.1
Philippines	1.8	18.0
Poland	3.2	13.6
Portugal	4.2	38.1
Russia	4.6	8.5
Singapore	4.5	11.9
Sth Africa	3.0	17.3
Taiwan	4.0	12.1
Thailand	3.1	16.7
Turkey	3.5	9.9

United States Dividend Yields



United Kingdom Dividend Yields



Japan Dividend Yields



Canada Dividend Yields



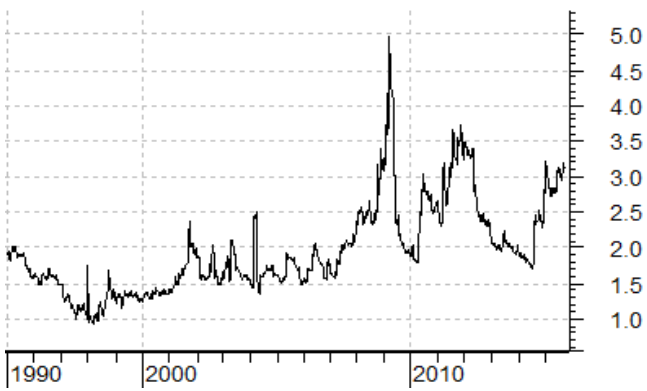
France Dividend Yields



China Dividend Yields



Switzerland Dividend Yields



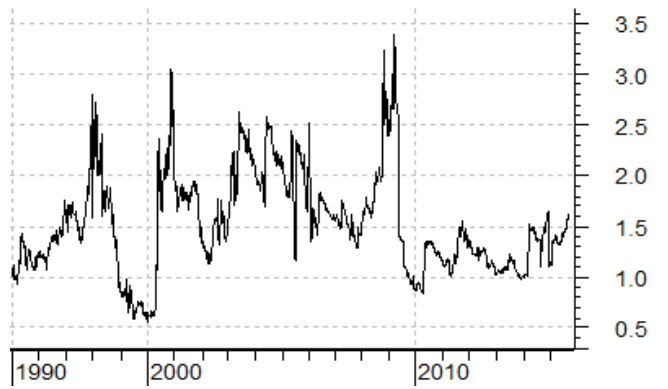
Brazil Dividend Yields



Australia Dividend Yields



South Korea Dividend Yields



Germany Dividend Yields



India Dividend Yields



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 Volatility	Warrant Leverage	Warrant Share Price 5%pa	Return(%p.a.) from 10%pa	Break-Even Rate	
<u>LATIN AMERICA</u>												
Aberdeen Latin American	48.0p	120.0p	0-3	0.20p	0.00p	+999	0.202	999.0	-100.0	-100.0	-100.0	+3832%
<u>UNITED KINGDOM</u>												
Artemis Alpha	264.4p	345.0p	2-3	19.00p	4.47p	+325	0.140	13.8	-100.0	-100.0	+58.4	+15%
<u>EUROPE</u>												
Blackrock Greater Europe	239.5p	248.0p	0-7	13.50p	8.27p	+63	0.148	17.5	-100.0	-80.6	+69.7	+16%
<u>JAPAN</u>												
Fidelity Japan Values	78.1p	86.5p	0-3	3.00p	0.77p	+289	0.205	34.6	-100.0	-100.0	-100.0	+72%

