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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	Neutral	Bullish	Bullish	-1.8%	+3.2%	+8.9%	5,624.14
Austria	74%	Bullish	Bullish	Bullish	Bearish	+19.1%	+30.9%	+45.8%	3,209.27
Belgium	76%	Bullish	Bullish	Bullish	Bearish	+9.9%	+17.6%	+14.1%	3,946.42
Canada	58%	Bullish	Neutral	Bullish	Bearish	-0.2%	-1.1%	+4.6%	15,473.21
Denmark	45%	Bullish	Bearish	Bullish	Bearish	-4.8%	+1.6%	-15.1%	823.58
Finland	81%	Bullish	Bullish	Bullish	Neutral	+14.1%	+20.5%	+23.9%	9,884.76
France	76%	Bullish	Bullish	Bullish	Bearish	+12.3%	+19.7%	+23.6%	4,164.25
Germany	79%	Bullish	Bullish	Bullish	Neutral	+12.3%	+21.2%	+29.6%	12,815.72
Ireland	68%	Bearish	Bullish	Bullish	Neutral	+10.0%	+15.3%	+11.9%	7,003.23
Italy	76%	Bullish	Bullish	Bullish	Bearish	+13.6%	+24.3%	+23.3%	23,368.39
Japan	69%	Bullish	Bullish	Bullish	Bearish	+6.2%	+10.1%	+16.8%	20,013.26
Netherlands	65%	Bullish	Bullish	Bullish	Bearish	+8.2%	+19.0%	+20.4%	527.30
New Zealand	61%	Bullish	Bearish	Bullish	Neutral	+2.0%	+2.1%	-2.5%	1,591.66
Norway	69%	Bullish	Bullish	Bullish	Bearish	+2.0%	+2.8%	+14.2%	777.81
Spain	85%	Bullish	Bullish	Bullish	Neutral	+14.7%	+26.8%	+28.5%	1,104.92
Sweden	77%	Bullish	Bullish	Bullish	Bearish	+12.6%	+20.3%	+24.5%	1,007.29
Switzerland	74%	Bullish	Bullish	Bullish	Bullish	+6.4%	+14.6%	+11.1%	8,845.85
Un. Kingdom	79%	Bullish	Bullish	Bullish	Neutral	+7.4%	+9.7%	+10.0%	7,527.33
USA	67%	Neutral	Bullish	Bullish	Neutral	+2.5%	+7.6%	+16.0%	2,431.77
Argentina	83%	Bearish	Bullish	Bullish	Bullish	+11.0%	+26.1%	+40.6%	21,614.25
Brazil	63%	Bullish	Bearish	Bullish	Bullish	-8.4%	+5.4%	+30.6%	62,210.56
Czech Rep.	70%	Bullish	Bullish	Neutral	Bearish	+12.3%	+22.5%	+23.3%	1,008.16
Chile	65%	Neutral	Neutral	Bullish	Bullish	+8.1%	+11.9%	+26.4%	24,287.06
China	35%	Bearish	Bearish	Bearish	Neutral	-0.1%	-0.8%	+4.2%	3,158.40
Greece	63%	Bearish	Bullish	Bullish	Bearish	+26.5%	+29.5%	+25.8%	782.10
Egypt	50%	Bearish	Bullish	Bearish	Neutral	+2.9%	+28.0%	-13.7%	13,683.66
Hong Kong	76%	Bullish	Bullish	Bullish	Bearish	+10.0%	+13.8%	+23.2%	26,030.29
Hungary	70%	Bearish	Bullish	Bullish	Bearish	+15.3%	+25.5%	+34.7%	35,411.01
India	69%	Bearish	Bullish	Bullish	Neutral	+11.7%	+22.7%	+22.3%	31,262.06
Indonesia	66%	Neutral	Bullish	Bullish	Bullish	+5.8%	+7.2%	+17.5%	5,675.52
Israel	72%	Bullish	Bullish	Bullish	Neutral	+4.8%	+10.8%	+13.4%	1,290.99
Korea	70%	Neutral	Bullish	Bullish	Bearish	+15.9%	+22.6%	+22.9%	2,381.69
Malaysia	64%	Bullish	Bullish	Bullish	Bearish	+8.7%	+12.9%	+4.3%	1,788.89
Mexico	48%	Bullish	Bullish	Bearish	Bearish	+12.5%	+17.5%	+11.4%	49,081.73
Philippines	66%	Neutral	Bullish	Bullish	Neutral	+13.4%	+14.0%	-1.2%	7,990.24
Poland	72%	Neutral	Bullish	Bullish	Bearish	+14.0%	+36.0%	+40.3%	61,181.57
Portugal	81%	Bullish	Bullish	Bullish	Neutral	+21.3%	+24.5%	+19.5%	2,934.40
Russia	39%	Bullish	Bearish	Bearish	Bearish	-1.3%	-6.6%	+13.2%	1,883.34
Singapore	72%	Bullish	Bullish	Bullish	Neutral	+5.9%	+13.8%	+13.3%	3,254.19
Sth Africa	66%	Bullish	Bullish	Neutral	Bullish	+3.5%	+9.2%	+15.3%	52,216.93
Taiwan	86%	Bullish	Bullish	Bullish	Bullish	+9.2%	+14.6%	+25.6%	10,199.65
Thailand	74%	Bullish	Bullish	Bullish	Bullish	+5.6%	+7.5%	+13.4%	1,566.65
Turkey	63%	Bullish	Bullish	Bearish	Bullish	+16.4%	+28.4%	+6.5%	98,942.87
Venezuela	60%	Bearish	Bullish	Neutral	Bullish	+139.5%	+154.1%	+510.6%	92,261.61

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.

World Stockmarket Outlook

Share valuations - as measured by average Dividend Yields - are one of the best forecasters of medium to long term *future* stockmarket returns. As we have previously noted, many Dividend Yields remain at or near 20 year highs . . . showing that many stockmarkets still offer the best value in over two decades!

That very simply means that *now* is a good time to buy and own shares.

Stockmarkets will continue to fluctuate over the short to medium term, but the low valuations suggest that investors will earn attractive returns over the next 2-5 years.

Stockmarkets that offer good value (see Pages 4 and 5) include the United States, United Kingdom, Japan, Canada, Switzerland, Taiwan and Russia.

Summary and Recommendation

Remain fully invested in the recommended international investment funds.

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	Indo	
Aberdeen Asian Sm Coy	£462	8	28.2	1.1	16.3	2.5	15.7			1.0	12.1	13.2	6.7	0.3	12.8	Indo 7.7
Baring Korea	£111	Nil	45.3	1.6						98.4						
India Capital Growth	£126	Nil	40.4	3.4											96.6	
Stewart Indian Sub-Cont	£279	Nil	46.3	6.7											78.0	Sri Lanka 8.0
Henderson China Opps	£546	Nil	54.1	2.4	67.0								10.4			US 20.2
HSBC Asian Fund	£41	Nil	40.4	5.9	18.5		2.7	10.5	26.1	5.9	5.8		16.1			Indo 4.8
Hend Asian Pacific Cap	£196	Nil	46.6	3.1	7.7	6.7		17.5	13.3	2.9		5.5	16.6	19.8		Vietnam 2.1
Scottish Oriental Sm Coys	£374	5	25.4	15.1	6.3		1.4	10.8	3.3	6.5	4.6	6.7	10.5	25.4		Indo 7.9
				Cash USA UK Europe Japan Other												
Aberforth Small Cos Trust	£1416	1	26.2													100.0
Baillie Gifford Shin Nippon	£288	13	25.7	0.9											99.1	
Fidelity European Values	£926	3	38.4													100.0
Fidelity Japan Values plc	£169	23	42.8													100.0
Herald Investment Trust	£844	Nil	20.3	10.5	21.9	57.9	5.1	4.7								
JPMorgan Euro Small Coys	£703	8	19.4	9.8												90.2
Invesco Perp Japan Small	£49	Nil	33.1	7.3												92.7
				Cash Brazil HK/ China India Mexico Korea S.Africa Thail'd Taiwan Indonesia												
Aberdeen E/Markets	£1800	Nil	33.8	1.1	12.3	15.7	16.9		6.8	7.9	4.0	4.7	5.0	4.8		

Fidelity European Values plc now has 64% of its investments in three countries: France (31% of the portfolio), Switzerland (18%) and Germany (15%). It has smaller holdings in Spain (7%), the United Kingdom (6%), Belgium (5%), Denmark (5%), Finland (4%), Netherlands (4%), Norway (3%) and others (5%).

JPMorgan European Smaller Companies has its largest investments in France (18% of the portfolio), Italy (17%), Switzerland (11%), Germany (10%), Sweden (9%), Norway (9%), Netherlands (6%), Denmark (5%) and Finland (5%).

Recommended International Investment Funds

Fund Reports

JPMorgan European Smaller Companies Trust plc lifted net assets 26.7% in the year to 31 March 2017, slightly less than its benchmark index which rose +29.0%. The share price rose only 22.4% as the discount to net assets increased.

A final dividend of 3.5 pence will be paid on 18 July (ex-dividend 15 June), lifting the annual dividend rate 17.5% to 4.7 pence. That gives a 1.2% income yield, with the fund's objective being "maximising capital growth".

The Fund Manager is reasonably optimistic noting "the synchronised global economic recovery gaining traction", "earnings growth in Europe accelerating for the first time in a number of years" and the success of centralist parties in elections in France and the Netherlands and in the polls in Germany and Italy.

Aberforth Smaller Companies Trust plc has renewed its £125 million revolving debt facility for a further three years until June 2020. Interest on borrowings is 0.8% over LIBOR.

Aberdeen Asian Smaller Companies Investment

Trust plc has negotiated a three year multi-currency revolving loan facility and a term loan totalling US\$25 million. US\$12.5 million has been borrowed for three years at a fixed interest rate of 2.506% of which US\$9 million will repay a maturing loan.

Scottish Oriental Smaller Companies Trust plc has repaid in full a £20 million, five year loan at maturity. The trust current holds a further £53 million in uninvested cash.

Share Repurchases and Issues

Aberforth Smaller Companies Trust plc made one on-market share repurchase over the last four weeks, acquiring 40,000 shares for £515,600.

Aberdeen Asian Smaller Companies IT plc made three on-market purchases, totalling 15,000 shares and returning £154,691 to investors.

Baillie Gifford Shin Nippon plc has continued to issue new shares and sell them on-market at a premium to net asset value. In four trades it sold 325,000 new shares, raising an additional £2,265,250 for investment in smaller Japanese shares.

Current Advice	Investment Fund	EPIC Code	Initial Recommendation --- Date ---	Offer Price		Prem/ Disc to Net Assets	Recent Price		Gain or Loss %	
				Foreign	NZ Cents		Bid-Offer or Last Sale	NZ Cents		
Europe										
BUY	Fidelity European Values plc	FEV	13/05/03	46.4p	129.1	-6%	224.7p	397.1	+208	
BUY	JPM European Smaller Cos	JESC	15/01/02	45.3p	153.2	-8%	383.75p	678.2	+343	
United Kingdom										
BUY	Aberforth Smaller Cos Trt plc	ASL	15/07/03	375.5p	1042.0	-13%	1290.0p	2280.0	+119	
Asian Regional										
BUY	Aberdeen Asian Small Coys	AAS	09/09/03	89.2p	247.8	-12%	1065.0p	1882.3	+660	
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		131.50p	232.4	+119	
HOLD	Henderson Asia Pac Capital	*	08/08/00	342.2p	1122.6		1073.0p	1896.4	+69	
BUY	Scot Oriental Smaller Coy	SST	11/11/03	121.9p	330.5	-9%	1067.0p	1885.8	+471	
China										
BUY	Henderson China Opportunities	*	09/07/07	548.9p	1410.4		1287.0p	2274.7	+61	
India										
BUY	India Capital Growth plc	IGC	07/11/16	80.5p	137.6	-16%	94.38p	166.8	+21	
HOLD	Stewart Ivory Indian Sub-Cont	*	13/12/10	209.2p	442.0		466.53p	824.5	+87	
Japan										
BUY	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	+7%	710.5p	1255.7	+185	
BUY	Fidelity Japan Values plc	FJV	10/01/06	126.0p	322.7	-13%	120.5p	213.0	-34	
HOLD	Invesco Perp Japan Small Coys	*	13/07/99	61.3p	182.3		114.35p	202.1	+11	
Korea										
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		349.1p	617.0	+195	
International										
HOLD	Aberdeen Emerging Markets	*	13/08/91	61.7p	184.0		731.35p	1292.6	+603	
BUY	Herald Investment Trust	HRI	12/10/04	310.8p	820.1	-21%	990.0p	1749.7	+113	

* United Kingdom based Unit Trust

The average Gains/Losses of all current investments from initial recommendation is +201.8%. This is equal to an average annual rate of +13.6%, 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 49 closed out) is +12.5%.

Other Shares

An alternative investment to those recommended above includes **Aberdeen Asian Smaller Companies Trust 2019** convertible notes at 124 pence.

"Clean" unit prices are: HSBC Asian Fund 149 pence, Henderson Asia Pacific Capital 1184 pence, Henderson China Opportunities 183.2 pence, Stewart Investors Indian Sub-Continent 233.87 pence, Invesco Perpetual Japanese Smaller Companies 348.38 pence, Baring Korea 360.5 pence and Aberdeen Emerging Markets 798.67 pence.

World Stockmarket Valuations

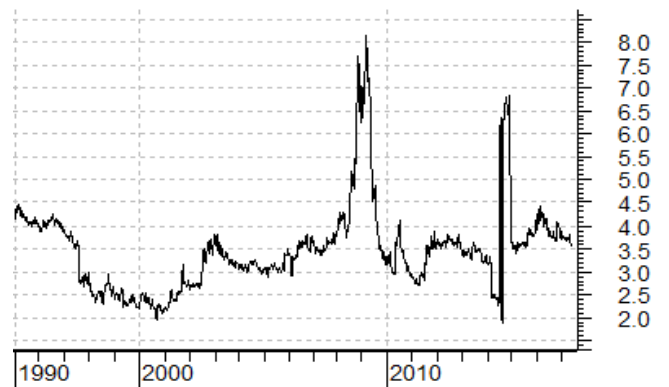
Country	Dividend Yield	Price/Earn. Ratio
Australia	4.2	17.8
Austria	2.6	15.8
Belgium	3.1	30.8
Canada	2.8	23.2
Denmark	2.6	18.5
Finland	3.6	20.6
France	3.1	19.1
Germany	2.6	19.5
Ireland	1.6	18.9
Italy	3.9	90.4
Japan	2.1	15.7
Netherlands	2.4	21.8
New Zealand	4.2	16.8
Norway	4.4	33.6
Spain	3.9	17.7
Sweden	3.3	18.8
Switzerland	3.1	25.5
Un. Kingdom	3.6	24.2
USA	1.9	24.6
Argentina	0.7	28.6
Brazil	3.3	15.1
Czech Rep.	7.1	14.0

Country	Dividend Yield	Price/Earn. Ratio
Chile	2.4	20.3
China	1.7	17.5
Greece	1.5	21.1
Egypt	1.9	17.0
Hong Kong	2.7	14.6
Hungary	2.2	11.7
India	1.3	23.7
Indonesia	2.2	19.3
Israel	2.1	18.8
Korea	1.6	12.7
Malaysia	2.8	18.5
Mexico	2.1	21.4
Philippines	1.5	20.7
Poland	2.4	13.6
Portugal	4.3	17.6
Russia	5.5	6.7
Singapore	3.8	15.3
Sth Africa	2.8	21.6
Taiwan	3.6	15.0
Thailand	3.0	15.5
Turkey	2.8	10.9

United States Dividend Yield



United Kingdom Dividend Yield



Japan Dividend Yield



Canada Dividend Yield



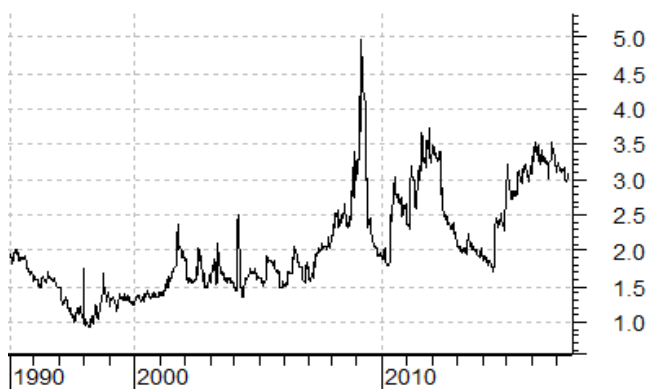
France Dividend Yield



China Dividend Yield



Switzerland Dividend Yield



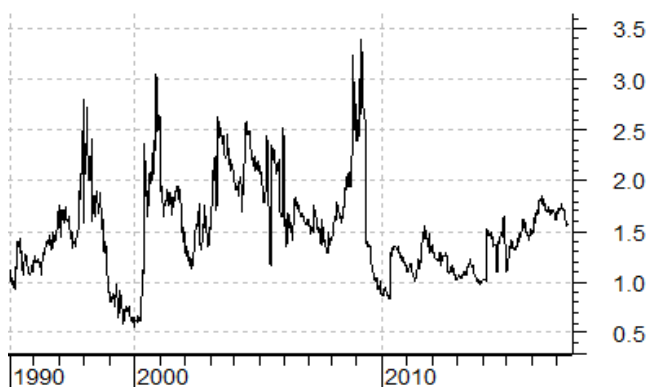
Taiwan Dividend Yield



Australia Dividend Yield



South Korea Dividend Yield



Germany Dividend Yield



India Dividend Yield



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	Warrant Share Price 10%pa	Warrant Share Price 20%pa	Return(%p.a.) from Break-Even Rate
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UNITED KINGDOM

Artemis Alpha Trust	286.0p	345.0p	0-6	2.25p	3.23p	-30	0.230	20.0	-100.0	-100.0	-100.0	+47%
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