

# International Investor

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## Inside 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 _____	73%	Bullish	Neutral	Bullish	Bullish	+7.0%	+5.1%	+13.3%	5,628.14
Austria _____	67%	Bullish	Bullish	Bullish	Bearish	+8.2%	+28.9%	+44.6%	3,230.33
Belgium _____	74%	Bullish	Bullish	Bullish	Bearish	+7.3%	+18.0%	+17.8%	3,938.24
Canada _____	42%	Bullish	Neutral	Neutral	Bearish	+7.3%	+7.1%	+10.6%	14,985.32
Denmark _____	66%	Bullish	Bullish	Bullish	Bearish	+8.4%	+25.9%	+18.4%	1,013.13
Finland _____	78%	Bullish	Bullish	Bullish	Neutral	+2.9%	+17.4%	+19.4%	9,456.08
France _____	71%	Bullish	Bullish	Bullish	Bearish	+4.1%	+16.9%	+23.1%	4,030.59
Germany _____	67%	Bullish	Bullish	Bullish	Bearish	+3.2%	+16.0%	+24.7%	12,303.98
Ireland _____	72%	Bullish	Bullish	Bullish	Neutral	+2.6%	+12.8%	+15.8%	6,681.82
Italy _____	72%	Bullish	Bullish	Bullish	Bearish	+10.6%	+25.7%	+36.9%	24,048.22
Japan _____	60%	Bullish	Neutral	Bullish	Bearish	-1.4%	+4.7%	+8.2%	19,274.82
Netherlands _____	70%	Bullish	Bullish	Bullish	Bearish	+5.8%	+14.4%	+22.8%	518.82
New Zealand _____	67%	Bullish	Neutral	Bullish	Neutral	+2.6%	+4.7%	-5.3%	1,621.36
Norway _____	72%	Bullish	Bullish	Neutral	Bearish	+15.6%	+17.9%	+41.0%	819.17
Spain _____	70%	Bullish	Neutral	Bullish	Bearish	-0.7%	+13.9%	+20.2%	1,020.54
Sweden _____	54%	Bullish	Bullish	Neutral	Bearish	+2.9%	+15.9%	+20.9%	942.74
Switzerland _____	73%	Bullish	Bullish	Bullish	Neutral	+3.3%	+10.0%	+11.3%	8,912.05
Un. Kingdom _____	73%	Bullish	Neutral	Bullish	Bullish	+1.5%	+9.0%	+8.3%	7,377.60
USA _____	61%	Neutral	Bullish	Bullish	Neutral	+1.2%	+3.7%	+15.7%	2,461.43
Argentina _____	72%	Bearish	Bullish	Bullish	Bullish	+2.8%	+14.1%	+31.7%	24,018.13
Brazil _____	80%	Bullish	Bullish	Bullish	Neutral	+25.4%	+14.8%	+33.5%	73,078.85
Czech Rep. _____	70%	Bullish	Bullish	Neutral	Bearish	+9.1%	+22.5%	+28.7%	1,021.07
Chile _____	60%	Bearish	Bullish	Neutral	Bullish	+12.2%	+21.3%	+34.5%	25,475.58
China _____	52%	Bearish	Bullish	Bearish	Neutral	+11.8%	+11.7%	+12.8%	3,365.24
Greece _____	62%	Bearish	Bullish	Bullish	Bearish	+10.4%	+39.5%	+51.8%	802.72
Egypt _____	53%	Neutral	Bullish	Neutral	Neutral	+0.7%	+3.6%	-17.8%	13,432.69
Hong Kong _____	76%	Bullish	Bullish	Bullish	Bearish	+6.1%	+16.7%	+14.0%	27,668.47
Hungary _____	70%	Bearish	Bullish	Bullish	Bearish	+14.5%	+32.1%	+42.8%	37,596.75
India _____	62%	Bearish	Bullish	Bullish	Neutral	+2.0%	+14.0%	+15.3%	31,687.52
Indonesia _____	74%	Neutral	Bullish	Bullish	Bullish	+3.9%	+9.9%	+10.6%	5,857.12
Israel _____	64%	Bullish	Neutral	Bullish	Bearish	-1.7%	+3.0%	+5.6%	1,260.41
Korea _____	64%	Neutral	Bullish	Bullish	Bearish	-2.2%	+13.3%	+12.2%	2,343.72
Malaysia _____	62%	Bullish	Bullish	Bullish	Bearish	+1.2%	+10.0%	+3.1%	1,779.90
Mexico _____	54%	Bullish	Bullish	Bearish	Neutral	+4.8%	+17.9%	+15.2%	50,083.80
Philippines _____	60%	Bearish	Bullish	Bullish	Neutral	-2.3%	+10.8%	-1.5%	8,022.75
Poland _____	70%	Neutral	Bullish	Bullish	Bearish	+11.4%	+27.0%	+48.9%	64,306.53
Portugal _____	82%	Bullish	Bullish	Bullish	Bearish	+4.9%	+27.3%	+23.0%	2,862.77
Russia _____	54%	Bullish	Bullish	Bearish	Bearish	+7.5%	+6.0%	+13.2%	2,032.75
Singapore _____	61%	Bullish	Bullish	Bullish	Bearish	+2.4%	+8.4%	+13.8%	3,228.56
Sth Africa _____	79%	Bullish	Bullish	Bullish	Bullish	+6.8%	+10.6%	+16.3%	55,724.67
Taiwan _____	89%	Bullish	Bullish	Bullish	Bullish	+4.4%	+14.0%	+23.2%	10,609.95
Thailand _____	82%	Bullish	Bullish	Bullish	Bullish	+7.4%	+13.4%	+19.1%	1,635.61
Turkey _____	66%	Bullish	Bullish	Bearish	Bullish	+13.6%	+32.3%	+22.4%	108,451.70
Venezuela _____	60%	Bearish	Bullish	Neutral	Bullish	+202.8%	+625.3%	+2229.1%	279,357.90

**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

**India Capital Growth Fund** lifted net assets 23.8% for the six months to 30 June 2017. The share price rose 27.7%, but still traded at a fairly large 15.7% discount to net asset value.

The company is seeking to have its shares moved from AIM to the Main Market of the London Stock Exchange. That should allow a wider range of institutional investors to invest in the shares as many have restrictions on investing in AIM listed shares.

A Main Market listing requires at least 25% of the shares in a public float, a market capitalisation of £700,000 (well, that is what the rules say, in practice it needs to be over £100 million) and three years of trading history. An AIM listing has none of these restrictions and attracts start-ups, small companies with little history but also some more dubious companies!

The independent Funds Management company has agreed to be taken over by **Avendus Capital**, an Indian based Funds Management company. The investment management team will remain unchanged, but “expected to benefit from the extensive network of Avendus Capital in India”.

**Scottish Oriental Smaller companies Trust plc** has published a rather long “general update on some of our current thoughts and views”.

The trust plans to repay its £20 million five year 3.135% loan maturing in August 2019. There is an early repayment fee, equal to about one year's interest or £627,000 but the trust will save that cost on the second remaining year. The loan was only briefly drawn down in 2012 and since then the trust has held net cash.

The Fund Manager is also concerned about country debt levels and consumer debt levels. “Several countries have

## 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	£472	8	27.7	0.8	15.7	2.4	14.9		0.9	12.5	13.1	6.5	0.2	12.6	Indo 7.7	
Baring Korea	£114	Nil	46.9	3.2					96.8							
India Capital Growth	£130	Nil	40.9	3.1										96.7		
Stewart Indian Sub-Cont	£279	Nil	46.9	5.5										78.7	Sri Lanka 8.4	
Henderson China Opps	£748	Nil	52.7	3.5	67.3								11.2		US 18.0	
HSBC Asian Fund	£44	Nil	42.2	2.4	18.5		2.7	10.5	26.1	5.9	5.8		16.1		Indo 4.8	
Hend Asian Pacific Cap	£196	Nil	47.7	0.4	8.9	5.5		22.2	13.3	2.0		4.5	19.2	16.6	Vietnam 2.0	
Scottish Oriental Sm Coys	£360	Nil	25.4	7.5	7.2		3.1	11.6	3.2	5.7	2.6	8.0	9.6	24.5	Indo 8.7	
				Cash	USA	UK	Europe	Japan	Other							
Aberforth Small Cos Trust	£1392	Nil	25.5				100.0									
Baillie Gifford Shin Nippon	£321	13	25.6	0.8					99.2							
Fidelity European Values	£986	3	37.8				100.0									
Fidelity Japan Values plc	£187	24	47.7					100.0								
Herald Investment Trust	£905	Nil	19.9	10.0	21.4	58.2	5.6	4.8								
JPMorgan Euro Small Coys	£681	3	25.8	4.5			95.5									
Invesco Perp Japan Small	£55	Nil	34.6	2.1				97.9								
				Cash	Brazil	HK/China	India	Mexico	Korea	S.Africa	Thail'd	Taiwan	Indonesia			
Aberdeen E/Markets	£1800	Nil	35.0	1.3	12.0	17.2	16.3	7.3	7.8	4.0	4.2	4.9	4.9			

**Fidelity European Values plc** now has 62% of its investments in three countries: France (30% of the portfolio), Switzerland (17%) and Germany (15%). It has smaller holdings in Spain (7%), the United Kingdom (6%), Belgium (5%), Netherlands (5%), Finland (5%), Denmark (5%), Norway (4%) and others (2%).

**JPMorgan European Smaller Companies** has its largest investments in France (19% of the portfolio), Italy (17%), Germany (13%), Switzerland (10%), Sweden (10%), Netherlands (8%), Norway (6%), Denmark (6%) and Finland (6%).

total debt to GDP of more than 200% (China, Hong Kong, South Korea, Malaysia, Singapore and Taiwan), whereas India and Sri Lanka are less than 150% and the Philippines and Indonesia are less than 100%”.

As it favours domestically focused businesses, it also looks at household debt to GDP. “These levels are low in India, Indonesia, the Philippines and Sri Lanka (ranging from 8-16%) but are much higher in the other major economies.”

“More than 40% of Scottish Oriental's assets are invested in India, Indonesia and the Philippines” which have “relatively stable” and “reasonable levels of overall debt”. “Modest levels of household debt to GDP leaves plenty of scope for the consumer to grow rather than be constrained by servicing the finance on yesterday's purchases”.

The Fund Manager also notes that “most Asian countries have seen falling exports for the last two years, whereas export growth has now resumed” however “this improved outlook appears to be priced into stock market valuations, particularly for the quality companies we favour”. The trust is holding “relatively high cash levels” which it would invest “at more reasonable valuations”.

### **Share Repurchases and Issues**

**Aberforth Smaller Companies Trust plc** made five on-market purchases of its own shares over the last five weeks, acquiring a total of 227,664 shares and returning over £2.9 million to investors.

**Aberdeen Asian Smaller Companies Trust plc** made 12 on-market share repurchases, buying back 183,000 of its own shares for £1.9 million.

**Baillie Gifford Shin Nippon plc** issued 650,000 new shares which it sold in six on-market transactions at a premium to net asset value. This raised just over £4.8 million in new money for investment in smaller Japanese company shares.

**Herald Investment Trust plc** made one large share repurchase on-market. It acquired 500,000 shares for £5.36 million.

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	NZ Cents		
				Foreign	NZ				
				Cents	Cents				
<b>European</b>									
HOLD	Fidelity European Values plc	FEV	13/05/03	46.4p	129.1	-9%	222.5p	404.3	+213
BUY	JPM European Smaller Cos	JESC	15/01/02	45.3p	153.2	-12%	387.75p	704.5	+360
<b>United Kingdom</b>									
BUY	Aberforth Smaller Cos Trt plc	ASL	15/07/03	375.5p	1042.0	-14%	1284.0p	2332.8	+124
<b>Asian Regional</b>									
BUY	Aberdeen Asian Small Coys	AAS	09/09/03	89.2p	247.8	-13%	1055.0p	1916.8	+674
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		134.9p	245.1	+131
HOLD	Henderson Asia Pac Capital	*	08/08/00	342.2p	1122.6		1098.0p	1994.9	+78
BUY	Scot Oriental Smaller Coy	SST	11/11/03	121.9p	330.5	-10%	1058.5p	1923.1	+482
<b>China</b>									
BUY	Henderson China Opportunities	*	09/07/07	548.9p	1410.4		1357.0p	2465.5	+75
<b>India</b>									
BUY	India Capital Growth plc	IGC	07/11/16	80.5p	137.6	-16%	98.13p	178.3	+30
HOLD	Stewart Ivory Indian Sub-Cont	*	13/12/10	209.2p	442.0		459.84p	835.5	+89
<b>Japan</b>									
BUY	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	+5%	739.0p	1342.7	+205
BUY	Fidelity Japan Values plc	FJV	10/01/06	126.0p	322.7	-13%	126.0p	228.9	-29
HOLD	Invesco Perp Japan Small Coys	*	13/07/99	61.3p	182.3		120.48p	218.9	+20
<b>Korea</b>									
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		339.2p	616.3	+194
<b>International</b>									
HOLD	Aberdeen Emerging Markets	*	13/08/91	61.7p	184.0		744.86p	1353.3	+636
BUY	Herald Investment Trust	HRI	12/10/04	310.8p	820.1	-15%	1119.0p	2033.1	+148

\* United Kingdom based Unit Trust

The average Gains/Losses of all current investments from initial recommendation is +214.2%. This is equal to an average annual rate of +14.1%, 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 49 closed out) is +13.1%.

### *Other Shares*

An alternative investment to those recommended above includes **Aberdeen Asian Smaller Companies Trust** 2019 convertible notes at 128-129 pence.

“Clean” unit prices are: HSBC Asian Fund 152.9 pence, Henderson Asia Pacific Capital 1203 pence, Henderson China Opportunities 193.5 pence, Stewart Investors Indian Sub-Continent 230.95 pence, Invesco Perpetual Japanese Smaller Companies 367.78 pence, Baring Korea 339.2 pence and Aberdeen Emerging Markets 814.95 pence.

# World Stockmarket Valuations

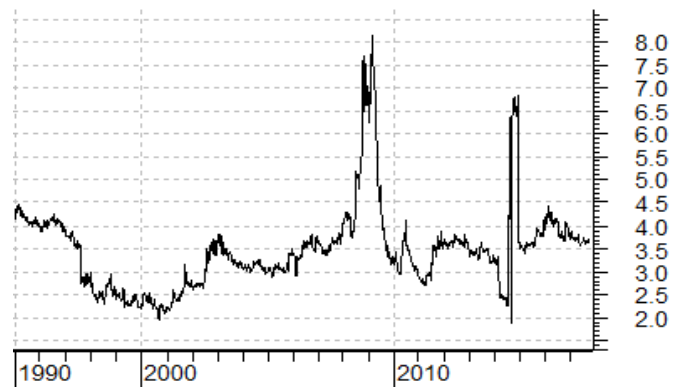
Country	Dividend Yield	Price/Earn. Ratio
Australia	4.3	17.8
Austria	2.5	14.6
Belgium	3.3	23.8
Canada	2.9	19.8
Denmark	2.0	21.8
Finland	3.8	19.5
France	3.2	17.9
Germany	2.7	17.0
Ireland	1.7	18.2
Italy	3.8	34.1
Japan	2.1	14.8
Netherlands	2.5	19.6
New Zealand	4.0	17.7
Norway	4.1	36.0
Spain	4.1	15.7
Sweden	3.5	15.1
Switzerland	3.2	24.3
Un. Kingdom	3.7	23.3
USA	1.9	24.1
Argentina	0.6	25.4
Brazil	2.9	18.6
Czech Rep.	7.3	12.2

Country	Dividend Yield	Price/Earn. Ratio
Chile	2.2	22.3
China	1.6	18.5
Greece	1.6	20.1
Egypt	2.3	14.2
Hong Kong	2.7	14.6
Hungary	2.0	12.2
India	1.3	24.0
Indonesia	2.2	17.6
Israel	2.5	15.8
Korea	1.5	12.1
Malaysia	2.8	18.0
Mexico	2.3	18.7
Philippines	1.5	20.1
Poland	2.3	14.3
Portugal	4.4	16.4
Russia	5.4	7.3
Singapore	3.7	15.2
Sth Africa	2.8	20.5
Taiwan	3.7	15.3
Thailand	2.9	16.5
Turkey	3.1	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**



