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 3 mths	Performance 6 mths	e (in US\$) 12 mths	Share Index
Australia	58%	Bullish	Neutral	Bearish	Bullish	+4.1%	+2.6%	+7.8%	5,925.68
Austria	62%	Neutral	Bullish	Bullish	Bearish	+9.5%	+10.3%	+42.2%	3,485.51
Belgium	65%	Bullish	Neutral	Bullish	Neutral	+3.5%	+3.5%	+22.1%	3,987.04
Canada	50%	Bullish	Bearish	Neutral	Bearish	-3.0%	-1.4%	+5.6%	15,577.81
Denmark		Bullish	Neutral	Bullish	Bearish	+3.4%	+0.7%	+26.8%	998.09
Finland	72%	Bullish	Bullish	Bullish	Bearish	+10.3%	+7.2%	+25.8%	9,916.18
France	58%	Bullish	Bullish	Bullish	Bearish	+3.0%	+5.7%	+23.6%	4,168.24
Germany	49%	Bullish	Bearish	Bullish	Bearish	-1.9%	+2.6%	+19.0%	12,346.68
Ireland	58%	Bullish	Neutral	Bullish	Bearish	-0.2%	+3.2%	+16.4%	6,744.94
Italy	65%	Bullish	Bullish	Bullish	Bearish	+4.1%	+6.5%	+33.8%	25,037.81
Japan	58%	Neutral	Neutral	Bullish	Bearish		+12.5%	+17.7%	21,469.20
Netherlands	54%	Bullish	Bullish	Bullish	Bearish		+5.9%	+21.1%	537.14
New Zealand _		Bullish	Neutral	Neutral	Bullish	+6.4%	+3.1%	+7.9%	1,667.05
Norway	66%	Bullish	Bullish	Neutral	Neutral	+11.5%	+11.3%	+31.2%	915.75
Spain	53%	Bullish	Bearish	Bullish	Bearish	-1.2%	-1.3%	+12.5%	985.23
Sweden	53%	Bullish	Neutral	Neutral	Bearish		+0.5%	+16.5%	984.70
Switzerland	57%	Bullish	Neutral	Bullish	Bearish		-0.4%	+9.5%	8,931.85
Un. Kingdom _		Bullish	Bearish	Neutral	Bullish	+1.1%	+2.8%	+12.0%	7,224.51
USA	51%	Bearish	Bullish	Neutral	Bearish	+5.1%	+13.2%	+17.4%	2,786.57
Argentina	50%	Bearish	Bullish	Bearish	Bearish	+5.5%	+17.7%	+34.3%	33,182.60
Brazil	77%	Bullish	Bullish	Bullish	Bearish	+20.0%	+12.1%	+28.7%	86,371.41
Czech Rep	70%	Bullish	Bullish	Neutral	Bearish	+11.0%	+15.4%	+41.4%	1,123.60
Chile	59%	Bearish	Bullish	Bullish	Neutral	+24.7%	+13.9%	+38.2%	28,197.82
China	41%	Bearish	Neutral	Bearish	Neutral	+5.1%	+0.6%	+12.3%	3,307.17
Greece	58%	Bearish	Bullish	Bullish	Bearish	+16.0%	+4.6%	+46.0%	821.57
Egypt	61%	Neutral	Bullish	Bearish	Neutral	+16.5%	+23.3%	+27.7%	16,472.28
Hong Kong	60%	Bullish	Bullish	Neutral	Bearish		+11.7%	+30.3%	30,996.21
Hungary	60%	Bearish	Neutral	Bullish	Bearish		+2.9%	+35.9%	38,411.50
India	33%	Bearish	Neutral	Bearish	Bearish		+3.3%	+17.7%	33,307.14
Indonesia	60%	Neutral	Bullish	Bullish	Bullish	+4.9%	+5.2%	+15.7%	6,433.32
Israel	58%	Bullish	Bullish	Neutral	Neutral	+4.4%	+8.5%	+11.8%	1,342.69
Korea	52%	Bullish	Bullish	Neutral	Bearish	+2.4%	+11.7%	+26.5%	2,459.45
Malaysia	39%	Bullish	Bullish	Neutral	Bearish	+12.0%	+11.1%	+22.2%	1,843.92
Mexico		Bullish	Bearish	Bearish	Neutral	+3.8%	-7.9%	+8.6%	48,556.45
Philippines	30%	Bearish	Bearish	Bearish		-2.1%			
Poland	40%	Bearish	Neutral	Bullish	Bearish	+3.5% +4.7%	-0.7%	+26.1%	61,688.08
Portugal		Bullish Bullish	Bullish Bullish	Bullish Bullish	Neutral		+6.1% +15.1%	+35.0% +22.0%	2,971.43 2,311.69
Russia	04% 52%	Neutral	Bullish	Neutral	Bearish Bearish	+14.6% +4.6%	+13.1%	+19.3%	3,485.57
Singapore Sth Africa		Bullish	Bullish	Bullish	Neutral	+14.0%	+10.0%	+19.3%	57,169.23
		Bullish	Bullish	Bullish	Bearish	+7.2%	+4.9%	+24.4%	10,864.82
Taiwan Thailand		Bullish	Bullish	Bullish	Bearish	+8.4%	+4.9%	+19.0%	1,775.37
Turkey		Bullish	Bullish	Bearish	Bearish	+9.0%	-3.4%		116,914.50
Venezuela	63%	Bearish	Bullish	Neutral		+296.2%+			
v CIICZUEIa	0370	Dearisii	Duillisii	ricuital	Dulliall	T470.470 +	1/31.170+	13101.270	5,140.55

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

<u>Aberdeen Asian Smaller Companies</u> 3.5% Convertible Unsecured Loan Stock 2019

The directors have "commissioned its advisers to develop a detailed proposal" with a further announcement "expected in the next two months" and - if it decides to proceed - this restructuring will occur around April/May 2018 (i.e. about a year ahead of the current expiry/conversion date).

The proposal terms are:

- 1. Investors can convert their convertible loan stock (CULS) into ordinary shares presumably under the existing conversion terms (i.e. 8.3 notes converting to one ordinary share, equal to £8.30 per ordinary share) which investors are offered every six months.
- 2. Alternatively the CULS can be converted into new CULS with a maturity in 2024 or 2025, at a lower interest rate (probably about 1.75-2.25%), a cash redemption value (in 6-7 years) equal to the intrinsic value of the current CULS on the date of the restructuring (i.e. about 126 pence, based on current values) and a conversion price set at a 20-30% premium to net asset value on the

restructuring date (i.e. about £14.35-15.55, based on current values).

Note that as the shares trade at a 12% discount to net assets, a conversion price set at a 20-30% premium to net assets would be a 37-48% premium to the ordinary share price! That is a very high premium, making the new CULS more "loan stock" than "convertible stock".

The conversion price of the current CULS was set at a much lower 15% premium to net assets at a time when the shares traded at just a 1% discount, so a 16% premium to market value. Also the existing CULS offered a higher 3.5% income yield when the ordinary shares yielded 1.3%. Over the life of the CULS this extra annual income has approximately compensated us for the slightly lower capital appreciation. That made the current CULS an attractive risk/return investment relative to owning the ordinary shares.

The ordinary shares now offer a 1.1% yield (i.e. the annual dividend has risen 23% but the share price is up 45%). The new CULS will therefore offer only an extra 0.65-1.15% of annual income initially (but with no growth in dividends for 6-7 years), capital protection from a market decline (owing to a higher cash redemption

Recommended Funds Geographic Portfolio Spread

Fund Name	Size I	_everage	Top 10	Portfolio	invest	ed in (%	b):								
	(Mil)	(%debt)	Hldgs (%)	Cash	HK	Austra	ia Malay	/ Taiwan	Korea	Sing.	Thail'd	Phil.	China	India	
Aberdeen Asian Sm Coy	£467	10	28.5	0.2	13.5	2.1	14.8	1.8	1.2	11.8	15.7	6.6	0.2	12.9	Indo 7.8
Baring Korea	£129	Nil	37.7	1.8					98.2						
India Capital Growth	£128	Nil	38.1	4.3										95.7	
Stewart Indian Sub-Cont	£263	Nil	48.9	6.9										79.9	Bangladesh 7.1%
Janus Hend China Opps	£1427	Nil	53.9	4.9	61.9								14.0		US 19.3
HSBC Asian Fund	£41	Nil	45.2	0.9	15.2		3.2	12.7	18.3	7.5	0.9	1.4	10.3		Cayman 20.5
Janus Hend Asian Pac Ca	p £237	Nil	44.6	0.9	8.6	6.4		20.3	11.1	2.0	2.1	2.5	24.3	17.9	Vietnam 1.9
Scottish Oriental Sm Coys	£357	Nil	27.6	9.7	4.5		2.7	11.4	2.9	4.9	2.3	9.8	10.3	24.9	Indo 7.1
				Cash	USA	UK	Europ	e Japan	Other						
Aberforth Small Cos Trust	£1352	Nil	25.4			100.0									
Baillie Gifford Shin Nippon	£449	11	25.1	1.2				98.8							
Fidelity European Values	£1032	13	36.0				100.0								
Fidelity Japan Values plc	£225	16	38.8					100.0							
Herald Investment Trust	£960	Nil	18.8	7.2	21.2	60.4	6.1	5.1							
JPMorgan Euro Small Coy	s £805	7	23.0	2.7			97.3								
Invesco Perp Japan Small	£87	Nil	38.6	3.9				96.1							
•				Cash	[3razil	HK	China	a Indi	ia Me	exico	Korea	Thail	d Taiwa	an Indonesia
Aberdeen E/Markets	£1700	Nil	38.7	1.2	1	2.5	6.1	18.5	14.4	4	5.1	9.4	3.7	4.8	5.1

Fidelity European Values plc now has 55% of its investments in three countries: France (26.4% of the portfolio), Switzerland (14.9%) and Germany (13.3%). It has smaller holdings in the United Kingdom (6.3%), Netherlands (6.1%), Finland (5.1%), Spain (5.0%), Belgium (4.6%), Denmark (4.5%), Norway (3.3%) and others (12.8%).

JPMorgan European Smaller Companies has its largest investments in Italy (22.6% of the portfolio), Germany (15.9%), France (15.7%), Switzerland (10.6%), Sweden (8.0%), Netherlands (7.7%), Norway (6.2%), Denmark (4.4%), Finland (3.2%) and Belgium (2.9%).

value) but at the cost of missing out on the first 37-48% of any capital appreciation over that 6-7 years (i.e. a cost of 5.4-5.7% per annum in lost capital appreciation).

We would like to reduce our stockmarket risk...but at a 37-48% "insurance" premium the opportunity cost is just too high at about half (or more) of the expected long term capital appreciation!

Therefore, *if* this restructuring proceeds with the terms as proposed above, we would elect to convert our <u>CULS</u> to ordinary shares. If the restructuring does <u>not</u> proceed then at the May 2018 and November 2018 conversion options we will retain the CULS and at the final May 2019 maturity we will elect to convert the CULS into ordinary shares. For now, take no action.

Fund Report

Herald Investment Trust plc lifted net asset value 26.9% over the year to 31 December 2017. The trust's UK technology index rose just 18.9% and its US technology index was up 7.3% (in Sterling terms). The share price rose 32.7% as the discount narrowed from 18.5% to 14.8%.

During the year the trust repurchased 3.8% of its own shares for £27.6 million.

Herald Investment Trust is a long term, patient investor in small technology companies. This has paid off well. The book value of its 20 largest investments is £63.5 million (after realising gains of £58.9 million) and their market value is £299.9 million!

Share Repurchases and Sales

Aberforth Smaller Companies Trust plc made seven on-market purchases over the last four weeks to acquire 304,800 of its own shares for £3.9 million.

Aberdeen Asian Smaller Companies plc made 12 trades, repurchasing 130,000 shares and returning £1,346,933 to investors.

Herald Investment Trust repurchased 82,776 shares for £943,240.

Baillie Gifford Shin Nippon issued and sold 425,000 shares on-market, at a premium to net asset value, in three trades. This raised £4,029,000 in new cash for investment in smaller Japanese shares.

Curron		EDIC	Initial Re			Prem/	Docont [Orioo	Gain
Currer		EPIC	Date			Disc	Recent F		or
Advice	e Investment Fund	Code		Foreign		to Net	Bid-Offer or Last Sale	NZ Conto	Loss %
	_				Cents	Assets	Lasi Sale	Cents	70
	European		/ /						
HOLD	Fidelity European Values plc	FEV	13/05/03	46.4p	129.1	-8%	225.0p	427.8	+231
BUY	JPM European Smaller Cos	JESC	15/01/02	45.3p	153.2	-8%	420.0p	798.6	+421
	United Kingdom								
BUY	Aberforth Smaller Cos Trt plc	ASL	15/07/03	375.5p	1042.0	-11%	1330.0p	2529.0	+143
	Asian Regional								
BUY	Aberdeen Asian Small Coys	AAS	09/09/03	89.2p	247.8	-12%	1050.0p	1996.6	+706
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		141.4p	268.9	+153
HOLD	Janus Hend Asia Pac Capital	*	08/08/00	342.2p	1122.6		1131.0p	2150.6	+92
BUY	Scot Oriental Smaller Coy	SST	11/11/03	121.9p	330.5	-12%	996.0p	1893.9	+473
	China			•			-		
HOLD	Janus Hend China Opportunities	*	09/07/07	548.9p	1410.4		1513.0p	2877.0	+104
	India			•			·		
BUY	India Capital Growth plc	IGC	07/11/16	80.5p	137.6	-14%	94.7p	180.1	+31
HOLD	Stewart Ivory Indian Sub-Cont	*	13/12/10	209.2p	442.0		468.09p	890.1	+101
	Japan			•			•		
HOLD	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	+8%	950.0p	1806.4	+310
BUY	Fidelity Japan Values plc	FJV	10/01/06	126.0p	322.7	-9%	152.5p	290.0	-10
HOLD	Invesco Perp Japan Small Coys	*	13/07/99	61.3p	182.3		141.93p	269.9	+48
	Korea			'			'		
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		380.2p	723.0	+245
	International			- 1					
HOLD	Aberdeen Emerging Markets	*	13/08/91	61.7p	184.0		735.61p	1398.8	+660
BUY	Herald Investment Trust	HRI	12/10/04	310.8p	820.1	-15%	1190.0p	2262.8	+176
	d Kingdom based Unit Trust		,,	2.0.06	5=0	. 3 / 0	112010		

The average Gains/Losses of all current investments from initial recommendation is +242.8%. This is equal to an average annual rate of +15.6%, 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 +13.8%.

Other Shares

An alternative investment to those recommended above includes **Aberdeen Asian Smaller Companies Trust** 2019 convertible notes at 122-127 pence.

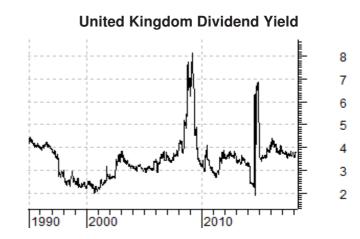
"Clean" unit prices are: HSBC Asian Fund 161.6 pence, Janus Henderson Asia Pacific Capital 1256 pence, Janus Henderson China Opportunities 216.6 pence, Stewart Investors Indian Sub-Continent 235.98 pence, Invesco Perpetual Japanese Smaller Companies 435 pence, Baring Korea 380.2 pence and Aberdeen Emerging Markets 807.85 pence.

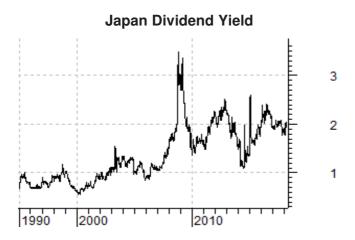
World Stockmarket Valuations

Country	Dividend Yield	Price/Earn Ratio
Australia	4.2	16.5
Austria	2.2	14.9
Belgium	3.2	24.5
Canada	2.9	19.1
Denmark	2.1	22.9
Finland	3.7	19.1
France	3.0	18.2
Germany	2.6	19.1
Ireland	1.7	17.9
Italy	3.3	31.1
Japan	1.9	15.4
Netherlands	2.4	21.0
New Zealand	4.3	18.9
Norway	4.0	28.4
Spain	4.1	15.3
Sweden	3.3	16.8
Switzerland	3.0	25.0
Un. Kingdom	3.8	20.3
USA	1.8	26.5
Argentina	0.7	20.1
Brazil	2.9	18.9
Czech Rep	6.7	13.8

Country	Dividend Yield	Price/Earn. Ratio
Chile		
China		
Greece	1.5	22.5
Egypt	2.3	12.9
Hong Kong	2.5	15.0
Hungary	1.9	12.7
India	1.2	25.3
Indonesia	2.1	18.9
Israel	2.2	14.6
Korea	1.8	11.0
Malaysia	2.9	17.9
Mexico	2.4	18.1
Philippines	1.5	20.4
Poland	1.9	12.5
Portugal	4.2	12.3
Russia	4.5	8.3
Singapore	3.4	15.8
Sth Africa	2.8	21.4
Taiwan	3.6	15.2
Thailand	2.7	18.1
Turkey	2.7	10.2

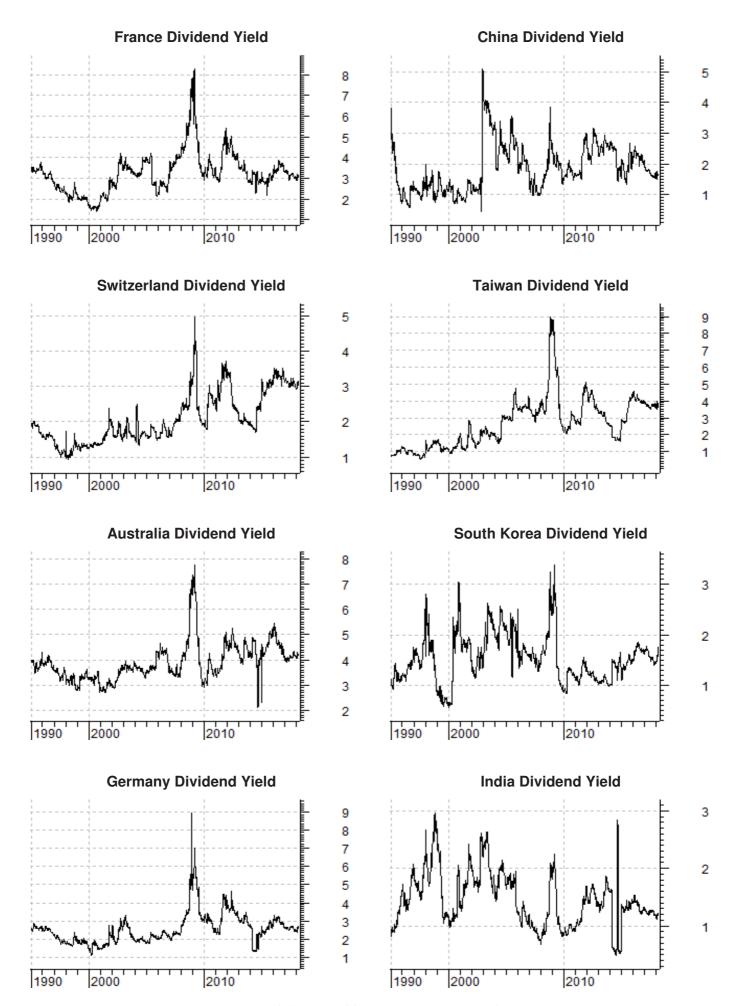








March 12, 2018.



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World Stockmarket Capitalisations

Over the last three months the world stockmarket capitalisation rose US\$6,967 billion (or 8.3%) to US\$83,806 billion.

Country	Market Pe Capitalisation (US\$ Billions)	ercentage of Total	Country	Market Percentage Capitalisation of Total (US\$ Billions)
United States	33,579	36.99	Peru	103 0.11
China	9,290	10.23	New Zealand	99 0.11
Japan	6,520	7.18	Bangladesh	85 0.09
India	4,785	5.27	Portugal	78 0.09
Hong Kong	4,756	5.24	Luxembourg	74 0.08
United Kingdom	2,574	2.84	Morocco	73 0.08
Canada	2,389	2.63	Czech Republic	0.07
Germany	2,398	2.64	Greece	58 0.06
France			Kazakhstan	0.06
Switzerland	•		Egypt	49 0.05
South Korea	•			48 0.05
Nordic Exchanges ¹	1,615	1.78	Nigeria	43 0.05
Australia			_	0.04
South Africa				26 0.03
Taiwan	,			24 0.03
Brazil	•			24 0.03
Netherlands	,		Croatia	24 0.03
Spain	,			22 0.02
Singapore				21 0.02
Italy				
Belgium				15 0.02
Russia				12 0.01
Thailand				10 0.02
Indonesia			_	10 0.01
Malaysia				10 0.01
Saudi Arabia				9 0.01
Mexico				7 0.01
Chile				5 0.01
Norway				5 0.01
Philippines				4 0.00
	252		Bardados	
Israel				3 0.00
Turkey				3 0.00
Poland				3 0.00
Austria				3 0.00
Ireland				2 0.00
Belarus			i apaa New Guillea	2 0.00
Vietnam			TOTAL	\$90,773 100.00%
Qatar			10 IAL	430,770 100.00/6
Colombia			λ 7.	net Ingres
Iran				ext Issue:
Argentina			in five weeks time on The print version	mational Investor will be emailed Monday April 16, 2018. will be delivered later that week, ing and postal delivery times.

Note 1. Mainly Denmark, Sweden and Finland.

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