

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	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	66%	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	-0.0%	+12.5%	+17.7%	21,469.20
Netherlands	54%	Bullish	Bullish	Bullish	Bearish	+2.6%	+5.9%	+21.1%	537.14
New Zealand	61%	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	+2.7%	+0.5%	+16.5%	984.70
Switzerland	57%	Bullish	Neutral	Bullish	Bearish	+0.0%	-0.4%	+9.5%	8,931.85
Un. Kingdom	51%	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	+7.8%	+11.7%	+30.3%	30,996.21
Hungary	60%	Bearish	Neutral	Bullish	Bearish	+5.8%	+2.9%	+35.9%	38,411.50
India	33%	Bearish	Neutral	Bearish	Bearish	-0.6%	+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	59%	Bullish	Bullish	Neutral	Bearish	+12.0%	+11.1%	+22.2%	1,843.92
Mexico	44%	Bullish	Bearish	Bearish	Neutral	+3.8%	-7.9%	+8.6%	48,556.45
Philippines	36%	Bearish	Bearish	Bearish	Neutral	-2.1%	+2.2%	+13.3%	8,372.51
Poland	46%	Bearish	Neutral	Bullish	Bearish	+3.5%	-0.7%	+26.1%	61,688.08
Portugal	77%	Bullish	Bullish	Bullish	Neutral	+4.7%	+6.1%	+35.0%	2,971.43
Russia	84%	Bullish	Bullish	Bullish	Bearish	+14.6%	+15.1%	+22.0%	2,311.69
Singapore	52%	Neutral	Bullish	Neutral	Bearish	+4.6%	+10.0%	+19.3%	3,485.57
Sth Africa	64%	Bullish	Bullish	Bullish	Neutral	+14.0%	+12.5%	+24.4%	57,169.23
Taiwan	64%	Bullish	Bullish	Bullish	Bearish	+7.2%	+4.9%	+19.6%	10,864.82
Thailand	58%	Bullish	Bullish	Bullish	Bearish	+8.4%	+14.8%	+30.2%	1,775.37
Turkey	52%	Bullish	Bullish	Bearish	Bearish	+9.0%	-3.4%	+27.7%	116,914.50
Venezuela	63%	Bearish	Bullish	Neutral	Bullish	+296.2%	+1731.1%	+13181.2%	5,120.55

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.

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 CULS to ordinary shares. If the restructuring does not 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.

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		
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									
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

* United Kingdom based Unit Trust

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	2.1	23.0
China	1.6	17.2
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

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



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 Capitalisation (US\$ Billions)	Percentage of Total	Country	Market Capitalisation (US\$ Billions)	Percentage of Total
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	64	0.07
Germany	2,398	2.64	Greece	58	0.06
France	2,344	2.58	Kazakhstan	51	0.06
Switzerland	1,739	1.92	Egypt	49	0.05
South Korea	1,870	2.06	Romania	48	0.05
Nordic Exchanges ¹	1,615	1.78	Nigeria	43	0.05
Australia	1,561	1.72	Hungary	33	0.04
South Africa	1,279	1.41	Romania	26	0.03
Taiwan	1,259	1.39	Jordan	24	0.03
Brazil	1,096	1.21	Kenya	24	0.03
Netherlands	1,006	1.11	Croatia	24	0.03
Spain	955	1.05	Bahrain	22	0.02
Singapore	820	0.90	Oman	21	0.02
Italy	790	0.87	Sri Lanka	19	0.02
Belgium	781	0.86	Panama	15	0.02
Russia	696	0.77	Lebanon	12	0.01
Thailand	595	0.66	Bulgaria	10	0.02
Indonesia	549	0.60	Mauritius	10	0.01
Malaysia	489	0.54	Tunisia	10	0.01
Saudi Arabia	479	0.53	Jamaica	9	0.01
Mexico	452	0.50	Slovenia	7	0.01
Chile	314	0.35	Ukraine	5	0.01
Norway	308	0.34	Malta	5	0.01
Philippines	290	0.32	Palestine	4	0.00
UAE	252	0.28	Bardados	3	0.00
Israel	243	0.27	Cyprus	3	0.00
Turkey	242	0.27	Costa Rica	3	0.00
Poland	217	0.24	Namibia	3	0.00
Austria	164	0.18	Bermuda	3	0.00
Ireland	154	0.17	Papua New Guinea	2	0.00
Belarus	151	0.17			
Vietnam	143	0.16	TOTAL	\$90,773	100.00%
Qatar	139	0.15			
Colombia	133	0.15			
Iran	122	0.13			
Argentina	113	0.12			

Note 1. Mainly Denmark, Sweden and Finland.

Next Issue:

The next issue of *International Investor* will be emailed in five weeks time on Monday April 16, 2018.

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

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