

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 _____	50%	Bullish	Neutral	Bearish	Neutral	-5.0%	-6.8%	-4.4%	6,097.62
Austria _____	48%	Bullish	Bearish	Bullish	Bearish	-4.1%	-12.0%	-2.9%	3,262.92
Belgium _____	53%	Bullish	Bearish	Bullish	Neutral	-5.0%	-14.2%	-11.2%	3,640.78
Canada _____	53%	Bullish	Neutral	Neutral	Neutral	-2.4%	+0.6%	-0.8%	16,090.27
Denmark _____	53%	Bullish	Bearish	Bullish	Neutral	+1.2%	-6.6%	-5.9%	994.48
Finland _____	70%	Bullish	Neutral	Bullish	Neutral	-4.3%	-5.4%	+1.4%	9,981.33
France _____	55%	Bullish	Bearish	Bullish	Bearish	-4.7%	-6.4%	-1.0%	4,152.69
Germany _____	53%	Bullish	Bearish	Bullish	Neutral	-7.8%	-9.0%	-6.6%	11,959.63
Ireland _____	45%	Bullish	Bearish	Bullish	Neutral	-8.3%	-7.4%	-4.4%	6,646.34
Italy _____	48%	Bullish	Bearish	Bullish	Neutral	-5.2%	-14.8%	-9.3%	22,694.19
Japan _____	61%	Bullish	Neutral	Bullish	Neutral	-3.0%	-0.0%	+12.4%	22,307.06
Netherlands _____	51%	Bullish	Bearish	Bullish	Bearish	-5.4%	-5.8%	-0.2%	538.51
New Zealand _____	60%	Neutral	Neutral	Bullish	Bullish	-6.1%	-5.9%	-3.0%	1,748.41
Norway _____	63%	Bullish	Bullish	Neutral	Bearish	-5.1%	+1.7%	+13.1%	1,011.64
Spain _____	53%	Bullish	Bearish	Bullish	Neutral	-7.5%	-11.4%	-12.6%	928.39
Sweden _____	65%	Bullish	Bullish	Neutral	Neutral	-0.1%	-2.7%	-2.2%	1,053.21
Switzerland _____	59%	Bullish	Neutral	Bullish	Bearish	+5.7%	-2.8%	-3.2%	8,843.11
Un. Kingdom _____	54%	Bullish	Bearish	Neutral	Bullish	-8.6%	-6.0%	-3.4%	7,277.70
USA _____	46%	Bearish	Bullish	Bearish	Bearish	+3.3%	+3.1%	+16.7%	2,871.68
Argentina _____	44%	Bullish	Bearish	Bearish	Neutral	-35.3%	-50.9%	-42.2%	29,811.22
Brazil _____	46%	Bullish	Bearish	Neutral	Bearish	-4.4%	-29.0%	-20.5%	76,416.01
Czech Rep. _____	48%	Bullish	Bearish	Neutral	Bearish	-2.2%	-11.3%	+2.3%	1,070.20
Chile _____	43%	Neutral	Bearish	Bullish	Bearish	-13.6%	-18.2%	-6.8%	26,452.09
China _____	45%	Bullish	Bearish	Bullish	Bullish	-17.5%	-24.4%	-24.0%	2,702.30
Greece _____	31%	Bearish	Bearish	Neutral	Bearish	-12.5%	-21.3%	-17.7%	687.79
Egypt _____	47%	Bullish	Neutral	Bearish	Bullish	-0.9%	-5.4%	+16.6%	15,803.17
Hong Kong _____	34%	Bullish	Bearish	Neutral	Bearish	-12.9%	-13.1%	-3.0%	26,973.47
Hungary _____	38%	Bearish	Bearish	Bullish	Bearish	-2.3%	-12.9%	-10.4%	37,189.98
India _____	49%	Bearish	Bullish	Neutral	Bearish	+1.4%	+3.9%	+7.3%	38,389.82
Indonesia _____	34%	Bullish	Bearish	Bearish	Neutral	-9.2%	-16.2%	-11.8%	5,851.47
Israel _____	62%	Bullish	Bullish	Neutral	Bearish	+5.5%	+5.2%	+14.2%	1,470.60
Korea _____	43%	Bullish	Bearish	Neutral	Neutral	-11.4%	-12.4%	-2.2%	2,281.58
Malaysia _____	54%	Bullish	Neutral	Neutral	Bullish	-2.8%	-8.0%	+2.2%	1,799.17
Mexico _____	44%	Bullish	Neutral	Bearish	Bearish	+11.9%	-2.9%	-10.6%	48,971.14
Philippines _____	37%	Neutral	Bearish	Neutral	Neutral	-3.6%	-12.4%	-10.5%	7,598.64
Poland _____	31%	Neutral	Bearish	Neutral	Bearish	-5.0%	-14.8%	-15.4%	57,580.05
Portugal _____	71%	Bullish	Neutral	Bullish	Bullish	-6.3%	-2.1%	+3.8%	3,093.35
Russia _____	45%	Bullish	Bearish	Bullish	Bearish	-17.9%	-31.9%	-21.6%	1,050.51
Singapore _____	35%	Bullish	Bearish	Neutral	Neutral	-11.7%	-14.1%	-5.5%	3,134.39
Sth Africa _____	49%	Bullish	Bearish	Neutral	Bullish	-15.9%	-22.7%	-13.0%	57,068.45
Taiwan _____	64%	Bullish	Neutral	Bullish	Bearish	-5.8%	-5.1%	-0.5%	10,846.99
Thailand _____	41%	Bullish	Neutral	Neutral	Bearish	-4.2%	-9.1%	+4.3%	1,689.49
Turkey _____	32%	Bullish	Bearish	Bearish	Neutral	-32.0%	-52.5%	-54.1%	93,274.15
Venezuela _____	62%	Bearish	Bullish	Neutral	Bullish	+737.2%	+6528.8%	+121281.7%	339,429.10

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

Korea

The market responded poorly to President Trump's "fake-deal" with the North Korean leader in Singapore last June. The South Korean stockmarket fell 7% and the South Korean Won also fell 7% in June. Prices have since remained stable at these new levels.

While that is "bad" news, lower South Korean share prices creates better *value*. The lower exchange rate helps exporters and improves export profitability.

Dividends had been rising earlier this year - and boosted by lower share prices - South Korea's Dividend Yield has lifted to extreme highs. That implies extreme under-valuation for the South Korean stockmarket (see the chart on Page 5).

This tells us nothing about where the South Korean stockmarket will go in the *immediate* future, but under-valued stockmarkets tend to produce above average future returns over the next 3-5 years!

This situation makes South Korean shares an attractive asset class for long term investment.

Fund Reports

Aberforth Smaller Companies Trust plc lifted net assets 2.6% over the half year to 30 June 2018, slightly

ahead of its benchmark index which *fell* 1.2%. The share price rose 8.3%, helped by the discount narrowing from 14.1% to 9.6%.

An interim dividend of 9.5 pence (up 5%) was paid on 31 August (ex-dividend 9 August).

The Fund Manager notes that as "the UK's relations with the EU after March 2019 are yet to be decided", that UK equities are the "least popular" asset class "among fund managers around the globe", and that many smaller UK companies "are being written-off as *Brexit victims*", but "for those with a contrarian inclination, value among businesses reliant on the domestic economy continues to emerge".

Exporters and companies earning profits outside of the UK have outperformed sectors exposed to the domestic economy since the Sterling devaluation following the Brexit vote by around 36%. That initially benefited the fund which had a larger exposure to the overseas earnings companies but recently there has been a "drift of capital" as the trust slowly moves from overseas sector companies to domestic sector companies.

In aggregate, capital investment by small UK companies exceeded depreciation by 40% "which

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	£486	10	27.7	2.1	13.2	1.7	13.8	2.4	1.1	11.3	14.9	5.9	0.1	13.8	Indo 7.7
Baring Korea	£108	Nil	42.4	7.4						92.6					
India Capital Growth	£126	Nil	37.0	7.8										92.2	
Stewart Indian Sub-Cont	£293	Nil	49.5	11.5										76.2	Bangladesh 6.3%
HSBC Asian Fund	£39	Nil	42.7	2.1	13.5		2.7	13.6	15.3	5.9	0.7	1.0	14.4		Cayman 20.4
Janus Hend Asian Pac Cap	£229	Nil	42.4	3.4	10.8	4.6		20.7	10.8	3.4	1.9	2.1	21.9	17.4	Vietnam 1.9
Scottish Oriental Sm Coys	£355	Nil	29.3	v5.7	6.2		2.1	12.1	1.7	5.6	2.5	9.9	8.2	28.5	Indo 8.1
				Cash	USA	UK	Europe	Japan	Other						
Aberforth Small Cos Trust	£1417	1	25.7			100.0									
Baillie Gifford Shin Nippon	£542	10	28.6	0.7				99.3							
Fidelity European Values	£1085	12	36.9				100.0								
Fidelity Japan Trust plc	£239	14	34.2					100.0							
Herald Investment Trust	£1037	Nil	17.1	9.7	22.8	56.2	5.8	5.5							
iShares S&P500 Utilities	£341	Nil	59.7			100.0									
iShares US Property Yield	£515	Nil	36.2			100.0									
JPMorgan Euro Small Coys	£749	3	24.0	4.5				95.5							
Invesco Perp Japan Small	£83	Nil	37.7	4.0				96.0							

Fidelity European Values plc now has 56% of its investments in three countries: France (26.8% of the portfolio), Switzerland (14.9%) and Germany (14.8%). It has smaller holdings in the United Kingdom (5.8%), Netherlands (5.8%), Finland (5.4%), Norway (4.7%), Belgium (4.5%), Denmark (4.1%), Spain (4.0%) and others (9.2%).

JPMorgan European Smaller Companies has its largest investments in Netherlands (17.3% of the portfolio), Italy (13.4%), France (12.5%), Switzerland (12.5%), Sweden (10.7%), Germany (7.3%), Norway (7.0%), Denmark (5.4%), Austria (4.3%), Belgium (3.1%) and Finland (2.0%).

suggests that small and medium sized companies have been investing for future growth” which is “a different picture from that of the overall UK economy”.

The trust's portfolio shares trade on an average Price/Earnings ratio of 12.2 and a Dividend Yield of 3.1%.

Fidelity European Values plc lifted net assets 2.3% over the half year to 30 June, while its benchmark index fell 1.4%. The share price rose just 0.7%.

The trust focuses on “attractively-valued cash-generative companies, with strong balance sheets, which have the potential to grow their dividends consistently over a three to five year period”.

Fidelity Japan Trust plc lifted net assets 8.3% over the six months to 30 June 2018, “significantly outperforming” the 0.5% gain in its benchmark index. The share price rose 6.8%.

“Defensive domestic and small/mid cap stocks” performed best.

India Capital Growth Fund Ltd's net assets fell 14.9% over the half year to 30 June 2018 but this was better than its midcap benchmark index which declined

16.8%. The share price fell 24.0% as the discount increased to 18%.

Share Repurchases and Sales

Fidelity European Values made three on-market share repurchases over the last four weeks to acquire a total of 300,000 shares for £698,000.

Aberforth Smaller Companies repurchased 217,440 shares in three transactions, returning £2,950,464 to investors.

Aberdeen Asian Smaller Companies Trust made 15 on-market trades to repurchase 317,500 shares for £3,342,866.

Fidelity Japan Trust repurchased 50,000 of its own shares, in two trades, for £77,500.

Herald Investment Trust bought back 90,500 shares for £1,219,450 in one trade.

Baillie Gifford Shin Nippon continued to create new shares which it sold on-market at a premium to net asset value. Over the last four weeks it issued 1,300,000 new shares, in five on-market sales, raising a further £2,568,630 for investment.

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	
European									
HOLD	Fidelity European Values plc	FEV	13/05/03	46.4p	129.1	-11%	226.5p	447.9	+247
BUY	JPM European Smaller Cos	JESC	15/01/02	45.3p	153.2	-12%	404.0p	798.9	+422
United States									
BUY	iShares S&P500 Utilities	IUSU	13/08/18	422.3p	819.4		423.5p	837.5	+2
BUY	iShares US Property Yield	IUSP	13/08/18	2227.5p	4322.7		2213.0p	4376.1	+1
United Kingdom									
BUY	Aberforth Smaller Cos Trt plc	ASL	15/07/03	375.5p	1042.0	-13%	1344.0p	2657.7	+155
Asian Regional									
HOLD	Aberdeen Asian Small Coys	AAS	09/09/03	89.2p	247.8	-14%	1040.0p	2056.6	+730
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		129.9p	256.9	+142
HOLD	Janus Hend Asia Pac Capital	*	08/08/00	342.2p	1122.6		1106.0p	2187.1	+95
HOLD	Scot Oriental Smaller Coy	SST	11/11/03	121.9p	330.5	-12%	1010.0p	1997.2	+504
India									
BUY	India Capital Growth plc	IGC	07/11/16	80.5p	137.6	-15%	92.3p	182.5	+33
HOLD	Stewart Ivory Indian Sub-Cont	*	13/12/10	209.2p	442.0		512.82p	1014.1	+129
Japan									
HOLD	Baillie Gifford Shin Nippon plc	BGS	11/01/94	31.2p	88.1	+8%	199.0p	393.5	+347
BUY	Fidelity Japan Trust plc	FJV	10/01/06	126.0p	322.7	-11%	154.5p	305.5	-5
HOLD	Invesco Perp Japan Small Coys	*	13/07/99	61.3p	182.3		134.99p	266.9	+46
Korea									
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		357.1p	706.1	+237
International									
BUY	Herald Investment Trust	HRI	12/10/04	310.8p	820.1	-13%	1355.0p	2679.5	+227

* United Kingdom based Unit Trust

The average Gains/Losses of all current investments from initial recommendation is +207.0%. This is equal to an average annual rate of +15.1%, 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 51 closed out) is +13.9%.

Other Shares

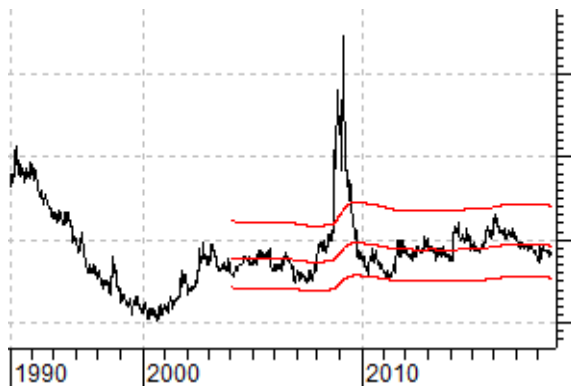
“Clean” unit prices are: HSBC Asian Fund 149 pence, Janus Henderson Asia Pacific Capital 1233 pence, Stewart Investors Indian Sub-Continent 259.49 pence, Invesco Perpetual Japanese Smaller Companies 415.38 pence and Baring Korea 361.1 pence.

World Stockmarket Valuations

Country	Dividend Yield	Price/Earn. Ratio
Australia	4.2	16.0
Austria	3.1	11.3
Belgium	3.7	18.9
Canada	3.0	18.9
Denmark	2.3	20.5
Finland	3.9	24.0
France	3.2	15.5
Germany	3.0	14.9
Ireland	1.9	17.6
Italy	4.1	12.4
Japan	2.2	13.7
Netherlands	2.8	18.2
New Zealand	3.6	23.3
Norway	4.0	17.3
Spain	4.4	13.2
Sweden	3.7	16.9
Switzerland	3.1	22.2
Un. Kingdom	4.1	16.3
USA	1.8	23.6
Argentina	2.8	28.5
Brazil	3.8	15.9
Czech Rep.	6.4	16.0

Country	Dividend Yield	Price/Earn. Ratio
Chile	2.8	17.6
China	2.2	13.7
Greece	1.8	30.5
Egypt	3.1	13.7
Hong Kong	2.9	12.2
Hungary	2.2	10.0
India	1.2	26.3
Indonesia	2.6	15.5
Israel	2.0	14.9
Korea	2.2	9.0
Malaysia	3.0	17.2
Mexico	2.4	19.6
Philippines	1.6	18.0
Poland	2.2	11.0
Portugal	4.5	18.4
Russia	6.0	7.1
Singapore	4.5	12.9
Sth Africa	2.9	19.8
Taiwan	4.0	14.2
Thailand	3.0	16.0
Turkey	4.6	7.4
Venezuela	0.0	0.0

United States Dividend Yields



United Kingdom Dividend Yields



Japan Dividend Yields



Canada Dividend Yields



France Dividend Yields



China Dividend Yields



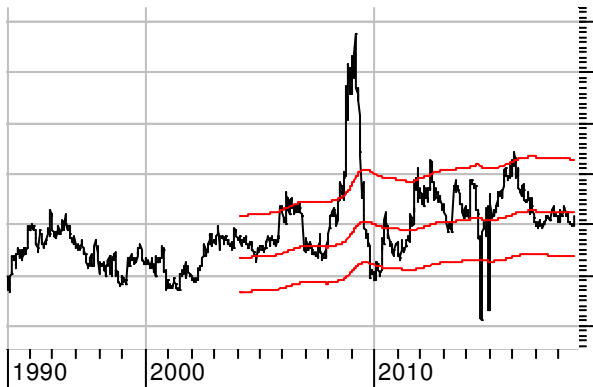
Switzerland Dividend Yields



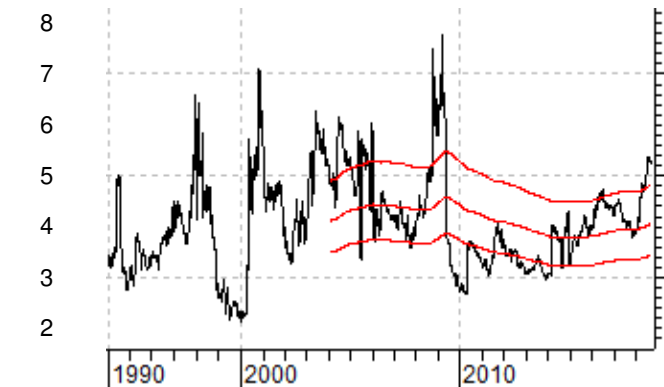
Taiwan Dividend Yields



Australia Dividend Yields



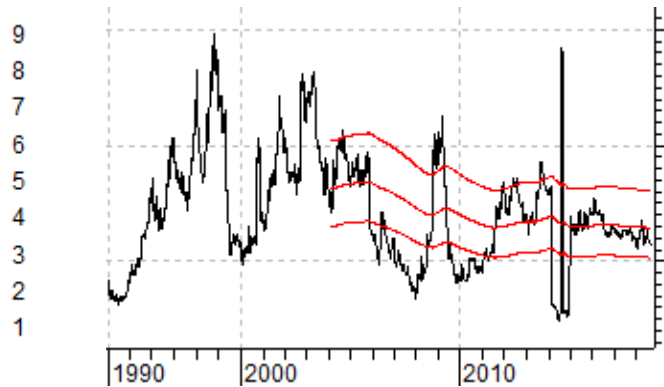
South Korea Dividend Yields



Germany Dividend Yields



India Dividend Yields



World Stockmarket Capitalisations

Over the last three months the world stockmarket capitalisation fell US\$557 billion (or 0.6%) to US\$87,547 billion.

Country	Market Capitalisation (US\$ Billions)	Percentage of Total	Country	Market Capitalisation (US\$ Billions)	Percentage of Total
United States	35,239	40.25	Iran	120	0.14
China	7,425	8.48	Peru	94	0.11
Japan	6,076	6.94	New Zealand	92	0.11
India	4,448	5.08	Bangladesh	76	0.09
Hong Kong	4,199	4.80	Portugal	74	0.08
United Kingdom	2,484	2.84	Luxembourg	68	0.08
Canada	2,315	2.64	Morocco	63	0.07
Germany	2,202	2.52	Argentina	59	0.07
France	2,202	2.52	Egypt	49	0.06
South Korea	1,609	1.84	Greece	47	0.05
Switzerland	1,600	1.83	Kazakhstan	45	0.05
Nordic Exchanges ¹	1,523	1.74	Romania	41	0.05
Australia	1,477	1.69	Nigeria	36	0.04
Taiwan	1,195	1.36	Hungary	26	0.03
South Africa	1,098	1.25	Jordan	24	0.03
Czech Republic	1,088	1.24	Romania	23	0.03
Netherlands	914	1.04	Bahrain	22	0.03
Brazil	877	1.00	Croatia	22	0.03
Spain	870	0.99	Oman	19	0.02
Singapore	733	0.84	Sri Lanka	18	0.02
Belgium	721	0.82	Panama	17	0.02
Italy	701	0.80	Lebanon	10	0.01
Russia	636	0.73	Mauritius	10	0.01
Thailand	526	0.60	Tunisia	10	0.01
Saudi Arabia	526	0.60	Jamaica	10	0.01
Indonesia	464	0.53	Slovenia	7	0.01
Mexico	462	0.53	Bulgaria	5	0.01
Malaysia	446	0.51	Malta	5	0.01
Norway	321	0.37	Ukraine	4	0.00
Chile	286	0.33	Palestine	4	0.00
Philippines	262	0.30	Cyprus	4	0.00
UAE	248	0.28	Bermuda	4	0.00
Israel	205	0.23	Bardados	3	0.00
Poland	174	0.20	Costa Rica	3	0.00
Turkey	160	0.18	Namibia	3	0.00
Austria	154	0.18	Papua New Guinea	2	0.00
Qatar	150	0.17			
Ireland	140	0.16			
Vietnam	140	0.16			
Colombia	132	0.15			
			TOTAL	\$87,547	100.00%

Note 1. Mainly Denmark, Sweden and Finland.

Next Issue:

The next issue of *International Investor* will be emailed in four weeks time on Monday October 8, 2018.

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

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