

# International Investor

Issue No. 276

www.stockmarket.co.nz

December 10, 2018

## Inside International Investor

Aberdeen Asian Smaller Companies becomes	World Stockmarket Valuations .....	4, 5
Aberdeen Standard Asia Focus .....	World Stockmarket Capitalisations .....	6

Founder: James R Cornell (B.Com.)

## 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	55%	Bullish	Bearish	Bullish	Neutral	-6.4%	-11.2%	-9.2%	5,635.04
Austria	45%	Bullish	Bearish	Neutral	Neutral	-11.4%	-15.1%	-14.7%	2,935.64
Belgium	47%	Bullish	Bearish	Neutral	Neutral	-9.6%	-14.1%	-19.6%	3,344.59
Canada	42%	Bullish	Bearish	Neutral	Bearish	-9.2%	-11.4%	-11.4%	14,795.13
Denmark	45%	Bullish	Bearish	Neutral	Bearish	-8.6%	-7.5%	-11.7%	923.65
Finland	46%	Bullish	Bearish	Neutral	Neutral	-12.6%	-16.4%	-8.8%	8,859.96
France	54%	Bullish	Bearish	Bullish	Neutral	-10.9%	-15.1%	-14.1%	3,759.80
Germany	56%	Bullish	Bearish	Bullish	Bullish	-11.2%	-18.2%	-20.7%	10,788.09
Ireland	43%	Bullish	Bearish	Neutral	Neutral	-17.8%	-24.6%	-24.1%	5,548.81
Italy	41%	Bullish	Bearish	Neutral	Neutral	-10.7%	-15.3%	-20.7%	20,597.68
Japan	43%	Bullish	Bearish	Neutral	Neutral	-4.3%	-7.2%	-4.4%	21,678.88
Netherlands	50%	Bullish	Bearish	Neutral	Neutral	-7.9%	-12.8%	-10.9%	503.98
New Zealand	46%	Bullish	Bearish	Neutral	Bullish	-0.1%	-6.2%	+0.0%	1,663.34
Norway	59%	Bullish	Bearish	Bullish	Neutral	-6.3%	-11.1%	+6.2%	955.61
Spain	47%	Bullish	Bearish	Neutral	Neutral	-6.1%	-13.1%	-17.8%	885.52
Sweden	54%	Bullish	Bearish	Neutral	Bullish	-10.2%	-10.3%	-10.3%	945.19
Switzerland	59%	Bullish	Bearish	Bullish	Neutral	-3.4%	+2.1%	-6.1%	8,741.03
Un. Kingdom	47%	Bullish	Bearish	Neutral	Bullish	-8.3%	-16.2%	-12.8%	6,778.11
USA	28%	Neutral	Bearish	Bearish	Bearish	-8.3%	-5.3%	-0.7%	2,633.08
Argentina	47%	Bullish	Neutral	Bearish	Bullish	+4.8%	-32.2%	-45.7%	31,550.40
Brazil	73%	Bullish	Bullish	Bullish	Neutral	+19.9%	+14.6%	+2.1%	88,115.06
Czech Rep.	47%	Bullish	Bearish	Neutral	Bearish	-4.9%	-7.0%	-6.4%	1,040.37
Chile	48%	Neutral	Bearish	Bullish	Neutral	+0.1%	-13.5%	+2.1%	25,878.97
China	44%	Bullish	Bearish	Neutral	Bullish	-4.0%	-20.8%	-23.7%	2,605.89
Greece	44%	Bullish	Bearish	Bullish	Bearish	-7.2%	-18.7%	-15.3%	648.71
Egypt	37%	Bullish	Bearish	Bearish	Bullish	-21.8%	-22.5%	-13.9%	12,387.58
Hong Kong	37%	Bullish	Bearish	Bearish	Bearish	-3.0%	-15.5%	-9.2%	26,063.76
Hungary	48%	Bearish	Neutral	Bullish	Bearish	+4.7%	+2.3%	-3.6%	39,384.56
India	47%	Bearish	Neutral	Neutral	Neutral	-6.1%	-4.8%	-3.1%	35,673.25
Indonesia	52%	Neutral	Bullish	Bearish	Bullish	+8.1%	-1.8%	-5.0%	6,126.36
Israel	65%	Neutral	Bullish	Bullish	Bullish	-5.7%	-0.6%	+3.6%	1,444.07
Korea	47%	Bullish	Bearish	Neutral	Neutral	-8.8%	-19.2%	-18.2%	2,075.60
Malaysia	54%	Bullish	Bearish	Bullish	Bullish	-6.9%	-9.5%	-4.2%	1,680.54
Mexico	34%	Bullish	Bearish	Bearish	Bearish	-18.7%	-9.0%	-18.1%	41,870.13
Philippines	62%	Neutral	Neutral	Bullish	Bullish	+0.3%	-3.4%	-14.1%	7,461.06
Poland	51%	Neutral	Neutral	Bullish	Bearish	+0.0%	-4.9%	-11.8%	58,180.45
Portugal	58%	Bullish	Bearish	Bullish	Bullish	-10.0%	-15.6%	-7.7%	2,829.67
Russia	59%	Bullish	Neutral	Bullish	Bearish	+16.2%	-4.6%	-9.3%	1,157.94
Singapore	52%	Bullish	Bearish	Neutral	Neutral	-0.1%	-11.7%	-10.2%	3,111.12
Sth Africa	43%	Bullish	Bearish	Bearish	Neutral	-3.9%	-19.2%	-15.3%	51,037.69
Taiwan	51%	Bullish	Bearish	Bullish	Bearish	-9.8%	-15.0%	-8.2%	9,760.88
Thailand	47%	Bullish	Bearish	Neutral	Bearish	-2.5%	-6.6%	-4.0%	1,649.99
Turkey	39%	Bullish	Bearish	Bearish	Neutral	+21.3%	-17.5%	-37.2%	93,699.49
Venezuela	64%	Bearish	Bullish	Neutral	Bullish	+128.7%	+1814.3%	+59948.6%	776.14

**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

Short term stockmarket fluctuations are driven by *accelerating or decelerating economic growth rates*, but long term returns (i.e. over the next 3-5 years) are driven by *current valuations*.

Our table and charts on Page 4-5 shows many stockmarkets trading close to historically high Dividend Yields - which indicates they are close to an extreme of undervaluation.

United States shares trade near historical averages, so are just “fairly valued”. The South Korea stockmarket trades at a Dividend Yield well above its historical range, indicating extreme under-valuation!

Dividend Yields in the United Kingdom, Japan, Canada, Germany and Taiwan are near the highs of their historical ranges. This indicates that all of these markets offer very good value . . . and will likely yield above average returns over the next 3-5 years!

Of course, further *decelerating* economic growth rates could depress any of these markets lower in the short to medium term, but (1) that would only mean a stronger recovery from those lows and (2) from current low valuations the downside risk is more limited.

---

## 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 Standard Asian	£508	12	28.3	1.8	11.8	2.0	12.8	2.1	1.6	12.1	16.7	5.3	0.6	14.2	Indo 6.0
Baring Korea	£87	Nil	43.4	11.5											
India Capital Growth	£106	Nil	38.5	7.5										92.5	
Stewart Indian Sub-Cont	£267	Nil	47.7	12.5										74.8	Bangladesh 8.0
HSBC Asian Fund	£33	Nil	43.8	2.0	14.2		0.9	13.6	12.9	4.7	1.3	1.0	16.7		Cayman 23.5
Janus Hnd Asian Pac Cap	£215	Nil	40.1	2.8	10.9	2.3	2.6	19.4	7.9	8.3	2.5	3.4	16.6	20.4	
Scottish Oriental Sm Coys	£310	Nil	30.9	6.7	7.6		1.2	10.6	1.0	6.0	2.9	8.9	7.8	28.6	Indo 8.5
				Cash	USA	UK	Europe	Japan	Other						
Aberforth Small Cos Trust	£1228	Nil	26.9				100.0								
Baillie Gifford Shin Nippon	£500	12	26.8	0.4					99.6						
Fidelity European Values	£1008	11	38.5				100.0								
Fidelity Japan Trust plc	£207	16	46.0						100.0						
Herald Investment Trust	£965	Nil	17.6	12.5	24.4	52.5	5.2	5.4							
iShares S&P500 Utilities	£112	Nil	59.1			100.0									
iShares US Property Yield	£542	Nil	37.6			100.0									
JPMorgan Euro Small Coys	£779	4	21.6	8.5			91.5								
Invesco Perp Japan Small	£71	Nil	39.2	6.1					93.9						

**Fidelity European Values plc** now has 54% of its investments in three countries: France (26.3% of the portfolio), Switzerland (16.1%) and Germany (11.6%). It has smaller holdings in the United Kingdom (8.6%), Finland (5.3%), Netherlands (5.3%), Norway (4.8%), Spain (4.8%), Belgium (4.3%), Denmark (3.6%) and others (13.8%).

**JPMorgan European Smaller Companies** has its largest investments in Netherlands (18.1% of the portfolio), Norway (12.2%), Switzerland (12.0%), Italy (9.7%), France (9.2%), Sweden (7.7%), Germany (6.4%), Austria (5.5%), Belgium (3.5%), Spain (2.8%) and others (4.4%).

# Recommended International Investment Funds

## Name Change

**Aberdeen Asian Smaller Companies Investment Trust plc** has changed its name to **Aberdeen Standard Asia Focus plc**.

## Fund Reports

**JPM European Values plc** lifted net assets 6.2% over the half year to 30 September, outperforming its benchmark index which rose 4.8%. The share price was up only 0.3%, owing to the discount expanding from 7.5% to 12.7%.

An interim dividend of 1.20 pence will be paid on 18 January (ex-dividend 13 December).

**Aberdeen Standard Asia Focus plc** lifted net assets 4.6% over the year to 31 July 2018, but slightly underperformed its two benchmark indices which were up 6.1% and 6.6%. The share price was up only 0.4% as the discount widened to a large 14.8%.

A final dividend of 13.0 pence and special dividend of 4.0 pence will be paid on 16 January (ex-dividend 21 December).

## Share Repurchases and Sales

**JPM European Values** made five on-market share repurchases over the last five weeks, acquiring a total of 250,000 shares for £895,700.

**Baillie Gifford Shin Nippon plc** issued new shares which were sold on-market at a premium to net asset value. In four trades it sold a total of 1,000,000 shares to raise £1,874,250 in new capital for investment.

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		
<b>Europe</b>									
HOLD	Fidelity European Values plc	FEV	13/05/03	46.4p	129.1	-10%	211.0p	391.3	+203
BUY	JPM European Smaller Cos	JESC	15/01/02	45.3p	153.2	-10%	351.0p	651.0	+325
<b>United States</b>									
BUY	iShares S&P500 Utilities	IUSU	13/08/18	422.3p	819.4		450.05p	834.7	+2
BUY	iShares US Property Yield	IUSP	13/08/18	2227.5p	4322.7		2240.0p	4154.3	-4
<b>United Kingdom</b>									
BUY	Aberforth Smaller Cos Trt plc	ASL	15/07/03	375.5p	1042.0	-12%	1154.0p	2140.2	+105
HOLD	Aberdeen Std Asia Focus	AAS	09/09/03	89.2p	247.8	-14%	1007.5p	1868.5	+654
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		122.6p	227.4	+114
HOLD	Janus Hend Asia Pac Capital	*	08/08/00	342.2p	1122.6		1038.0p	1925.1	+71
HOLD	Scot Oriental Smaller Coy	SST	11/11/03	121.9p	330.5	-14%	935.0p	1734.1	+425
<b>India</b>									
BUY	India Capital Growth plc	IGC	07/11/16	80.5p	137.6	-9%	86.6p	160.6	+17
HOLD	Stewart Ivory Indian Sub-Cont	*	13/12/10	209.2p	442.0		489.29p	907.4	+105
<b>Japan</b>									
HOLD	Baillie Gifford Shin Nippon plc	BGS	11/01/94	31.2p	88.1	+7%	191.4p	355.0	+303
HOLD	Fidelity Japan Trust plc	FJV	10/01/06	126.0p	322.7	-18%	141.75p	262.9	-19
HOLD	Invesco Perp Japan Small Coys	*	13/07/99	61.3p	182.3		128.69p	238.7	+31
<b>Korea</b>									
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		328.6p	609.4	+191
<b>International</b>									
BUY	Herald Investment Trust	HRI	12/10/04	310.8p	820.1	-18%	1105.0p	2049.3	+150

\* United Kingdom based Unit Trust

The average Gains/Losses of all current investments from initial recommendation is +167.1%. This is equal to an average annual rate of +12.0%, 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 +12.5%.

## Other Shares

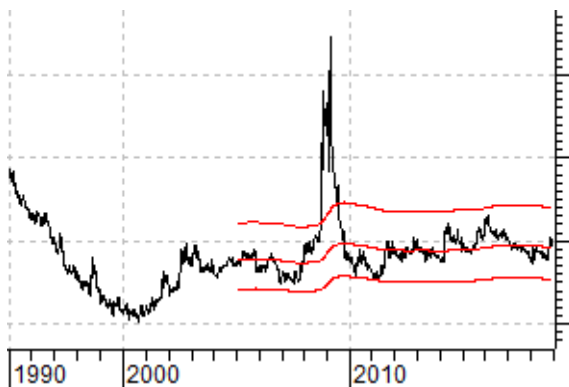
“Clean” unit prices are: HSBC Asian Fund 141.8 pence, Janus Henderson Asia Pacific Capital 1160 pence, Stewart Investors Indian Sub-Continent 248.06 pence, Invesco Perpetual Japanese Smaller Companies 396.79 pence and Baring Korea 328.6 pence.

# World Stockmarket Valuations

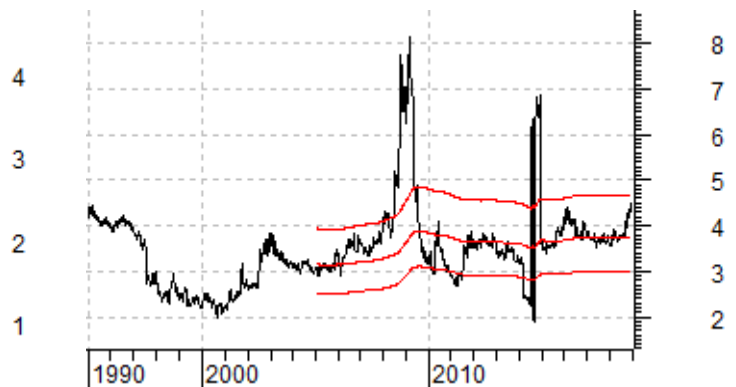
Country	Dividend Yield	Price/Earn. Ratio
Australia	4.6	14.9
Austria	3.4	10.2
Belgium	3.8	16.7
Canada	3.2	17.2
Denmark	2.4	19.4
Finland	4.4	20.2
France	3.5	14.5
Germany	3.4	13.0
Ireland	2.2	15.5
Italy	4.6	10.3
Japan	2.3	12.9
Netherlands	3.0	17.1
New Zealand	3.6	20.2
Norway	4.2	15.5
Spain	4.5	12.8
Sweden	4.2	13.1
Switzerland	3.3	20.0
Un. Kingdom	4.5	13.7
USA	2.0	20.0
Argentina	2.7	21.9
Brazil	3.5	16.7
Czech Rep.	6.7	14.1

Country	Dividend Yield	Price/Earn. Ratio
Chile	2.9	16.3
China	2.3	12.5
Greece	2.5	20.7
Egypt	3.5	10.7
Hong Kong	3.1	11.4
Hungary	2.0	10.9
India	1.3	23.7
Indonesia	2.5	16.3
Israel	2.0	15.8
Korea	2.6	7.9
Malaysia	3.1	16.4
Mexico	2.9	18.6
Philippines	1.6	17.3
Poland	2.4	11.4
Portugal	5.0	17.2
Russia	6.0	6.2
Singapore	4.5	12.8
Sth Africa	3.1	19.8
Taiwan	4.4	12.7
Thailand	3.1	15.1
Turkey	4.6	6.7

United States Dividend Yields



United Kingdom Dividend Yields



Japan Dividend Yields



Canada Dividend Yields



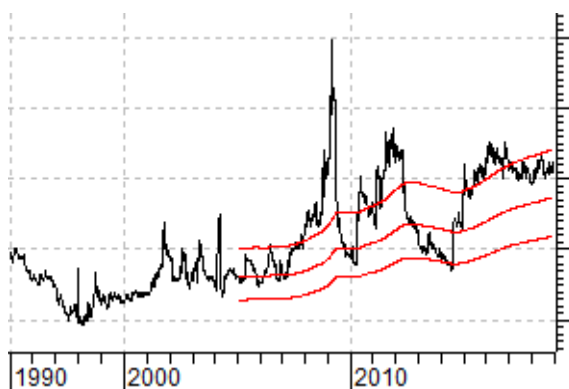
**France Dividend Yields**



**China Dividend Yields**



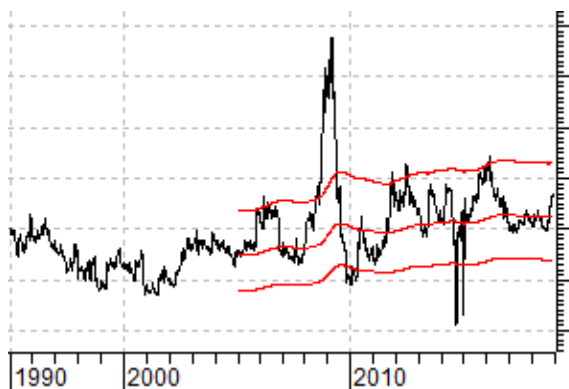
**Switzerland Dividend Yields**



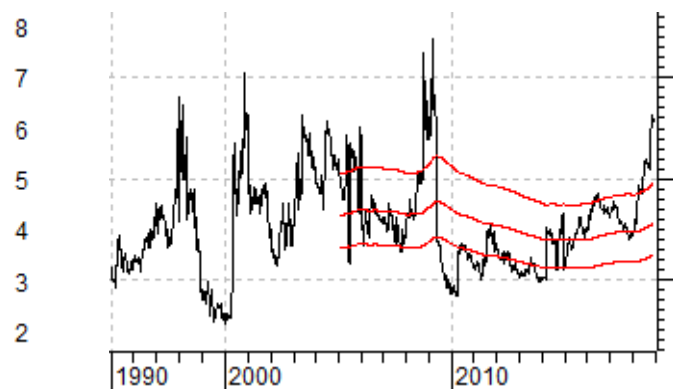
**Taiwan Dividend Yields**



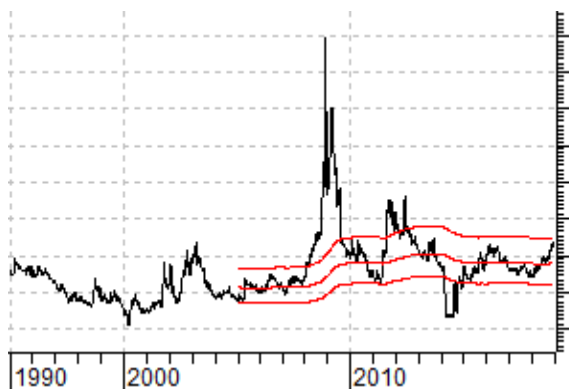
**Australia Dividend Yields**



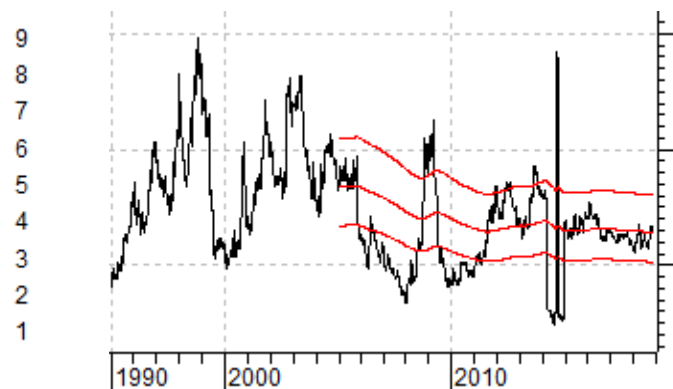
**South Korea Dividend Yields**



**Germany Dividend Yields**



**India Dividend Yields**



# World Stockmarket Capitalisations

Over the last three months the world stockmarket capitalisation fell US\$6,759 billion (or 7.7%) to US\$87,547 billion.

Country	Market Capitalisation (US\$ Billions)	Percentage of Total	Country	Market Capitalisation (US\$ Billions)	Percentage of Total
United States	33,405	41.35	Colombia	121	0.15
China	6,407	7.93	Peru	92	0.11
Japan	5,613	6.95	New Zealand	83	0.10
India	3,733	4.62	Bangladesh	77	0.10
Hong Kong	3,670	4.54	Portugal	73	0.09
France	2,306	2.85	Luxembourg	58	0.07
United Kingdom	2,297	2.84	Morocco	58	0.07
Canada	2,112	2.61	Argentina	47	0.06
Germany	1,896	2.35	Egypt	42	0.05
Switzerland	1,525	1.89	Greece	40	0.05
Nordic Exchanges <sup>1</sup>	1,392	1.72	Romania	40	0.05
South Korea	1,386	1.72	Kazakhstan	38	0.05
Australia	1,318	1.63	Nigeria	32	0.04
Taiwan	1,039	1.29	Hungary	27	0.03
Netherlands	970	1.20	Romania	24	0.03
Brazil	953	1.18	Jordan	23	0.03
Czech Republic	910	1.13	Bahrain	21	0.03
South Africa	892	1.10	Croatia	21	0.03
Spain	744	0.92	Oman	19	0.02
Belgium	696	0.86	Sri Lanka	16	0.02
Singapore	666	0.82	Panama	16	0.02
Italy	643	0.80	Jamaica	12	0.01
Russia	619	0.77	Lebanon	10	0.01
Thailand	522	0.65	Mauritius	10	0.01
Saudi Arabia	502	0.62	Tunisia	9	0.01
Indonesia	452	0.56	Slovenia	6	0.01
Malaysia	401	0.50	Malta	5	0.01
Mexico	386	0.48	Bulgaria	4	0.00
Norway	305	0.38	Ukraine	4	0.00
Chile	251	0.31	Palestine	4	0.00
Philippines	247	0.31	Bardados	4	0.00
UAE	243	0.30	Cyprus	3	0.00
Israel	212	0.26	Bermuda	3	0.00
Iran	190	0.24	Namibia	3	0.00
Qatar	160	0.20	Costa Rica	2	0.00
Poland	152	0.19	Papua New Guinea	2	0.00
Austria	136	0.17			
Vietnam	134	0.17			
Turkey	132	0.16			
Ireland	122	0.15			
			TOTAL	\$80,788	100.00%

Note 1. Mainly Denmark, Sweden and Finland.

## Next Issue:

The next issue of *International Investor* will be emailed in five weeks time on Monday January 14, 2019.

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

INTERNATIONAL INVESTOR is published 12 times per year by Securities Research Company Ltd, 3/47 Boyce Ave, Mt Roskill, Auckland. Subscribe online at [www.stockmarket.co.nz](http://www.stockmarket.co.nz) or email [james@stockmarket.co.nz](mailto:james@stockmarket.co.nz).

Readers are advised that they should not assume that every recommendation made in the future will be profitable or equal the performance of recommendations made in the past. The entire contents are copyright. Reproduction in whole or part is strictly forbidden.