

# 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	77%	Bullish	Bullish	Bullish	Neutral	+6.8%	-0.1%	-6.9%	6,150.04
Austria	45%	Bullish	Bearish	Bullish	Neutral	-1.3%	-12.6%	-23.0%	2,937.57
Belgium	57%	Bullish	Bearish	Bullish	Neutral	+4.3%	-5.6%	-19.0%	3,536.61
Canada	63%	Bullish	Bullish	Neutral	Neutral	+7.4%	-2.5%	-1.9%	15,996.21
Denmark	51%	Bullish	Bullish	Neutral	Bearish	+5.6%	-3.5%	-9.8%	987.62
Finland	57%	Bullish	Neutral	Neutral	Neutral	+6.9%	-6.6%	-11.6%	9,595.62
France	64%	Bullish	Neutral	Bullish	Neutral	+6.7%	-4.9%	-11.0%	4,065.07
Germany	62%	Bullish	Bearish	Bullish	Neutral	+4.8%	-6.9%	-15.3%	11,457.84
Ireland	54%	Bullish	Bearish	Bullish	Neutral	+8.2%	-11.1%	-17.7%	6,082.54
Italy	62%	Bullish	Neutral	Bullish	Neutral	+8.0%	-3.5%	-17.8%	22,539.25
Japan	56%	Bullish	Bearish	Neutral	Bullish	-1.7%	-5.9%	-5.9%	21,025.56
Netherlands	56%	Bullish	Neutral	Bullish	Neutral	+3.9%	-4.3%	-9.8%	530.55
New Zealand	67%	Neutral	Neutral	Bullish	Bullish	+0.8%	+0.7%	-5.3%	1,691.09
Norway	55%	Bullish	Bearish	Bullish	Neutral	-0.6%	-6.9%	-5.3%	974.54
Spain	56%	Bullish	Bearish	Bullish	Neutral	+2.5%	-3.8%	-14.8%	919.87
Sweden	56%	Bullish	Bearish	Bullish	Neutral	+4.2%	-6.4%	-8.9%	1,026.01
Switzerland	61%	Bullish	Bullish	Neutral	Neutral	+4.3%	+0.8%	-2.1%	9,268.36
Un. Kingdom	64%	Bullish	Neutral	Bullish	Neutral	+7.2%	-1.7%	-7.6%	7,104.31
USA	48%	Neutral	Neutral	Neutral	Bearish	+4.2%	-4.5%	-1.6%	2,743.07
Argentina	53%	Bullish	Bearish	Neutral	Bullish	-5.0%	-0.4%	-51.1%	33,020.07
Brazil	77%	Bullish	Bullish	Bullish	Neutral	+9.3%	+31.1%	-7.0%	95,364.88
Czech Rep.	55%	Bullish	Neutral	Bearish	Bullish	+1.5%	-3.4%	-14.4%	1,061.45
Chile	63%	Neutral	Neutral	Bullish	Neutral	+3.8%	+3.9%	-15.0%	26,704.92
China	72%	Neutral	Bullish	Bullish	Bullish	+16.6%	+11.9%	-15.4%	2,969.86
Greece	67%	Bullish	Bullish	Bullish	Bearish	+6.0%	-1.6%	-22.6%	696.56
Egypt	71%	Bullish	Bullish	Neutral	Bullish	+23.7%	-3.3%	-8.6%	14,904.03
Hong Kong	73%	Bullish	Bullish	Bullish	Neutral	+7.9%	+4.6%	-9.1%	28,228.42
Hungary	45%	Bearish	Neutral	Bullish	Bearish	+3.8%	+8.7%	-5.4%	40,288.44
India	58%	Bearish	Bullish	Bullish	Neutral	+4.8%	-1.6%	+2.3%	36,671.43
Indonesia	61%	Neutral	Bullish	Neutral	Bullish	+7.3%	+16.0%	-2.8%	6,383.07
Israel	58%	Neutral	Neutral	Bullish	Neutral	+0.4%	-5.4%	-0.4%	1,408.20
Korea	51%	Bullish	Bearish	Neutral	Neutral	+2.1%	-6.9%	-18.4%	2,137.44
Malaysia	53%	Bullish	Bearish	Bullish	Bearish	+1.9%	-5.2%	-12.8%	1,679.90
Mexico	42%	Bullish	Bearish	Bearish	Bullish	+3.6%	-15.8%	-18.2%	41,586.70
Philippines	68%	Neutral	Bullish	Bullish	Neutral	+5.5%	+5.8%	-7.4%	7,797.11
Poland	59%	Neutral	Bullish	Bullish	Bearish	+0.6%	+0.6%	-14.2%	59,436.39
Portugal	74%	Bullish	Neutral	Bullish	Bullish	+6.3%	-4.3%	-6.4%	3,047.49
Russia	53%	Bullish	Bullish	Bearish	Bearish	+1.9%	+18.4%	-19.3%	1,179.58
Singapore	66%	Bullish	Neutral	Bullish	Bullish	+3.5%	+3.5%	-11.1%	3,195.87
Sth Africa	63%	Bullish	Neutral	Neutral	Neutral	+6.8%	+2.7%	-20.6%	55,488.79
Taiwan	69%	Bullish	Neutral	Bullish	Neutral	+4.4%	-5.9%	-10.7%	10,241.75
Thailand	47%	Bullish	Neutral	Neutral	Bearish	+2.2%	-0.3%	-9.4%	1,630.12
Turkey	62%	Bullish	Neutral	Bearish	Bullish	+5.7%	+28.2%	-39.1%	101,538.30
Venezuela	55%	Bearish	Bullish	Bearish	Bullish	+1167.5%	+2798.3%	+192020.8%	9,837.64

**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.

# Fund Recommendation: Redeem HSBC Asian Growth Fund

## REDEEM HSBC Asian Growth Fund units.

We recommend redeeming units in this Open Ended Investment Company (OEIC) for cash before 14 March when the Fund Manager will effectively discontinue this fund and payout investors with units in **HSBC Pacific Index Fund**.

Funds management is an economy of scale business, so Managers like *large* and *growing* funds. HSBC Asian Growth Fund is a *small* fund and getting smaller as “the value of withdrawals has become greater than the value of new investment into the fund”.

**HSBC Global Asset Management** has therefore decided to discontinue the HSBC Asian Growth Fund, but rather than liquidate the fund and pay out cash to investors, they will pay out units in HSBC Pacific Index Fund. This will be achieved via a “scheme of arrangement” to “merge” the funds.

What we don't like about HSBC Pacific Index fund is that (1) it is a Pacific fund with 29.1% of its assets in Australian shares and 1.2% in NZ and (2) being an index fund it owns only the largest companies. Its top ten holdings include **Commonwealth Bank of Australia** (2.7% of the portfolio), **BHP** (2.4%), **CSL** (1.9%), **Westpac Banking** (1.8%), **Australia & NZ Banking Group** (1.8%) and **National Australia Bank** (1.4%). In 48 years of investing your Editor has never owned Australian bank shares . . . and does not want to start now. If we did ever want to own Australian bank shares then we are quite capable of buying those shares directly on the ASX.

What we also don't like about the “merger” is that most of the costs of realigning the Asian Growth Fund

to the Pacific Index Fund (i.e. selling the Chinese shares to re-invest in Australian shares, selling medium to small shares to re-invest in large company shares) will be borne by the Asian Growth Fund. This is estimated at about 0.63% of net assets.

### Summary and Recommendation

Our recommendation is to redeem HSBC Asian Growth Fund units now for cash and hold Pounds for re-investment in the near future.

If you own the units after 14 March they will convert to an equivalent value of units in HSBC Pacific Index fund. The exact number of new units will be determined by net asset values and the HSBC Pacific Index units should be issued on 18 March (and could be held or redeemed).

There is nothing wrong with the HSBC Pacific Index, except that it invests in an asset class (i.e. large Australian company shares) that are of little interest (and which we could invest directly, if we so wished).

### HSBC Asian Growth Fund



## Recommended International Investment Funds

### Share Repurchases and Sales

**Aberdeen Standard Asia Focus** made five on-market share purchases over the last month, acquiring 42,500 shares for £442,891.

**Fidelity Japan Values** made two trades, purchasing 34,668 shares for £47,225 - a 12% discount to net asset value.

**Baillie Gifford Shin Nippon** continues to issue and sell new shares on-market at a premium to net asset value. Over the last month it sold 1,350,000 new shares, in seven transactions, to raise £2,368,670 in cash for investment in Japanese smaller company shares.

### Sustainable, Ethical, Responsible Investment?

If you are interested in sustainable/ethical/responsible investment (and aren't we all?) then you may be interested

to note that **Stewart Investors Indian Subcontinent Fund** has changed its name to **Stewart Investors Indian Subcontinent Sustainability Fund**. In fact, Stewart Investors have added the word “sustainability” to many of their funds.

Is this a change in investment policy . . . or just a clever *marketing* strategy? We could not possibly comment . . . except to note that unsustainable businesses seldom last long enough to list on the stockmarket and have probably never been good long term investments.

**MSCI** publishes some “ESG” (environmental, social and governance) and “SRI” (socially responsible investment) indices which *exclude* companies involved in “Nuclear Power, Tobacco, Alcohol, Gambling, Military Weapons, Civilian Firearms, GMOs and Adult

Entertainment". Some of the indices also exclude Coal and other Fossil Fuels.

Other SRI indices positively select for companies with "Catholic values" or companies applying "Islamic values".

Clearly we each need to define what is "socially responsible". Your Editor feels that Energy companies (i.e. *including* nuclear, coal and fossil fuels) are ethical as they help to prevent millions of people freezing and dying each winter. And surely wine companies should be exempt from the other (unethical) alcohol businesses?

Your Editor also likes GMOs. If you are rich enough to afford natural or organic foods, that is great. But it would be unethical to ban GMOs and leave other people to starve!

Catholics and Muslims can, of course, choose to invest in the ethical companies that follow their personal religious values while avoiding the other *unethical* values of other religions!

We can also point out that companies like **Alphabet**,

**Amazon, Apple, McDonalds, Pepsico, Intel, Microsoft** and **Nestle** feature as the largest holdings in the ESG and SRI indices. Apparently these are our most responsible companies on the planet!

Presumably all the "anti-nuclear" investors have forgotten that Intel made chips for ICBMs before finding a larger market in PCs. Some groups blacklist Nestle for "aggressively pushing their breastfeeding formula in less economically developed countries, specifically targeting the poor". Need we say anything about Microsoft's business ethics during its rise to dominate PC software? Some people don't like the type of food offered by McDonalds's or the sugary drinks sold by Pepsico. Some people even question the tax issues/subsidies/privacy issues/employment conditions/etc at Alphabet/Amazon/Apple!

Of course, "sustainable/ethical/responsible investment" is a great *marketing tool* for Fund Managers - especially if the client doesn't look too closely at what it really means.

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>United States</b>									
BUY	iShares S&P500 Utilities	IUSU	13/08/18	422.3p	819.4		448.95p	859.1	+5
BUY	iShares US Property Yield	IUSP	13/08/18	2227.5p	4322.7		2193.5p	4197.3	-3
<b>United Kingdom</b>									
BUY	Aberforth Smaller Cos Trt plc	ASL	15/07/03	375.5p	1042.0	-8%	1260.0p	2411.0	+131
<b>Gold Mining</b>									
BUY	VanEck V. Gold Miners	GDGB	14/01/19	1731.0p	3253.8		1790.0p	3425.2	+5
BUY	VanEck V. Junior Gold Miners	GJGB	14/01/19	2011.0p	3780.1		2012.0p	3850.0	+2
<b>Asian Regional</b>									
BUY	Aberdeen Std Asia Focus	AAS	09/09/03	89.2p	247.8	-14%	1030.0p	1970.9	+695
REDEEM	HSBC Asian Fund	*	10/11/98	34.4p	106.3		131.1p	250.9	+136
HOLD	Janus Hend Asia Pac Capital	*	08/08/00	342.2p	1122.6		1078.0p	2062.8	+84
HOLD	Scot Oriental Smaller Coy	SST	11/11/03	121.9p	330.5	-14%	964.0p	1844.6	+458
<b>India</b>									
BUY	India Capital Growth plc	IGC	07/11/16	80.5p	137.6	-14%	84.6p	161.9	+18
HOLD	Stewart Ivory Indian Sub-Cont	*	13/12/10	209.2p	442.0		487.26p	932.4	+111
<b>Japan</b>									
HOLD	Baillie Gifford Shin Nippon plc	BGS	11/01/94	31.2p	88.1	+4%	175.76p	336.3	+282
HOLD	Fidelity Japan Trust plc	FJV	10/01/06	126.0p	322.7	-12%	136.25p	260.7	-19
HOLD	Invesco Perp Japan Small Coys	*	13/07/99	61.3p	182.3		119.14p	228.0	+25
<b>Korea</b>									
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		320.6p	613.5	+193
<b>International</b>									
HOLD	Herald Investment Trust	HRI	12/10/04	310.8p	820.1	-13%	1250.0p	2391.9	+192
* United Kingdom based Unit Trust									

The average Gains/Losses of all current investments from initial recommendation is +144.7%. This is equal to an average annual rate of +11.9%, 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 +12.8%.

## Other Shares

"Clean" unit prices are: HSBC Asian Fund 152.5 pence, Janus Henderson Asia Pacific Capital 1207 pence, Stewart Investors Indian Sub-Continent 247.47 pence, Invesco Perpetual Japanese Smaller Companies 368.06 pence and Baring Korea 320.6 pence.

# World Stockmarket Valuations

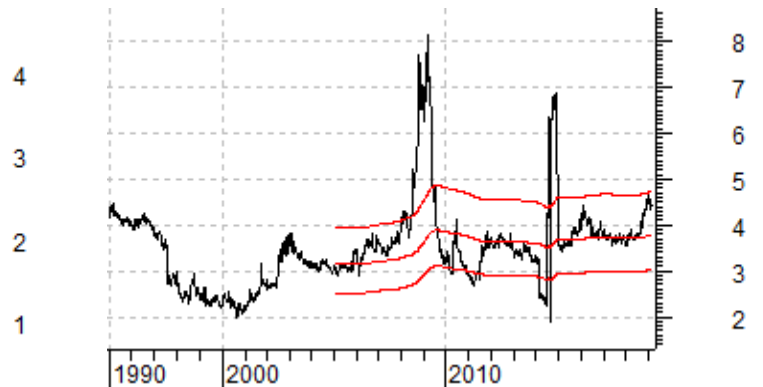
Country	Dividend Yield	Price/Earn. Ratio
Australia .....	4.3 .....	16.0
Austria .....	3.4 .....	10.4
Belgium .....	3.7 .....	16.5
Canada .....	3.1 .....	18.0
Denmark .....	2.3 .....	19.7
Finland .....	4.3 .....	21.8
France .....	3.3 .....	15.0
Germany .....	3.3 .....	13.3
Ireland .....	2.1 .....	16.5
Italy .....	4.2 .....	12.0
Japan .....	2.4 .....	13.2
Netherlands .....	2.9 .....	16.4
New Zealand .....	3.3 .....	21.9
Norway .....	4.2 .....	15.1
Spain .....	4.5 .....	12.5
Sweden .....	3.9 .....	17.5
Switzerland .....	3.1 .....	20.5
Un. Kingdom .....	4.4 .....	14.5
USA .....	2.0 .....	20.2
Argentina .....	2.7 .....	26.3
Brazil .....	3.5 .....	17.6
Czech Rep. ....	6.5 .....	14.3

Country	Dividend Yield	Price/Earn. Ratio
Chile .....	2.9 .....	17.8
China .....	2.1 .....	13.5
Greece .....	3.0 .....	19.4
Egypt .....	3.0 .....	12.9
Hong Kong .....	2.9 .....	12.0
Hungary .....	2.0 .....	10.9
India .....	1.2 .....	23.6
Indonesia .....	2.3 .....	16.4
Israel .....	1.6 .....	14.1
Korea .....	2.5 .....	8.2
Malaysia .....	3.0 .....	17.2
Mexico .....	3.0 .....	15.3
Philippines .....	1.6 .....	18.5
Poland .....	2.3 .....	11.9
Portugal .....	4.7 .....	17.2
Russia .....	5.9 .....	5.9
Singapore .....	4.5 .....	13.0
Sth Africa .....	3.0 .....	18.5
Taiwan .....	4.2 .....	13.1
Thailand .....	3.0 .....	15.2
Turkey .....	4.5 .....	7.4

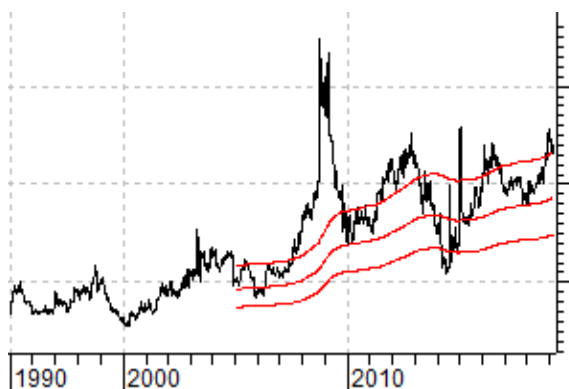
United States Dividend Yields



United Kingdom Dividend Yields



Japan Dividend Yields



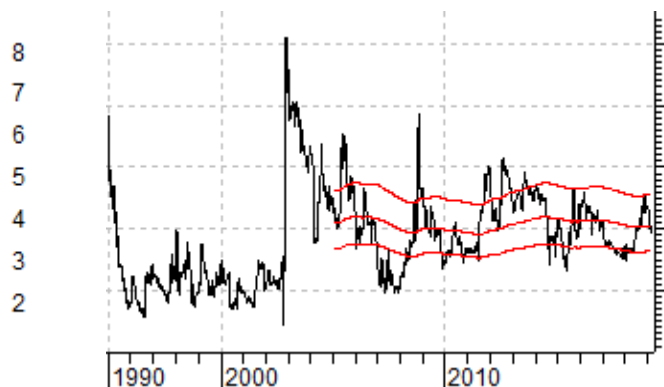
Canada Dividend Yields



**France Dividend Yields**



**China Dividend Yields**



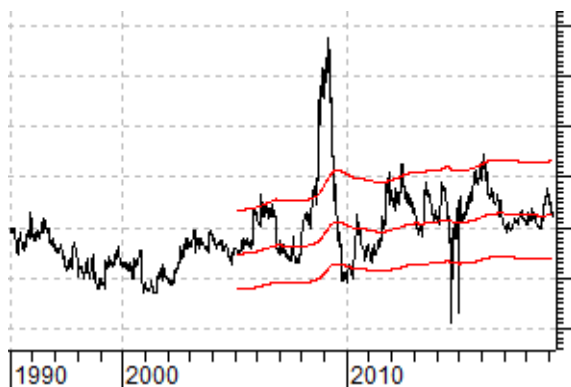
**Switzerland Dividend Yields**



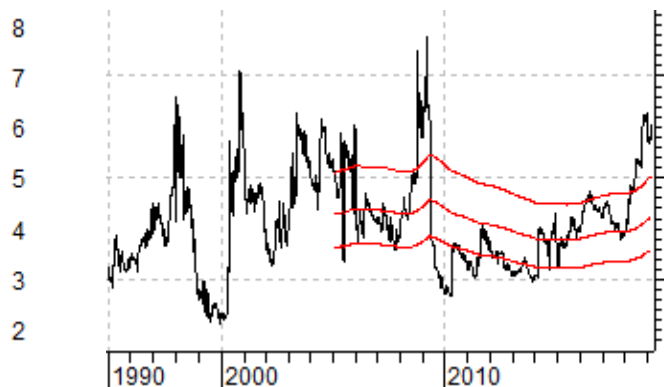
**Taiwan Dividend Yields**



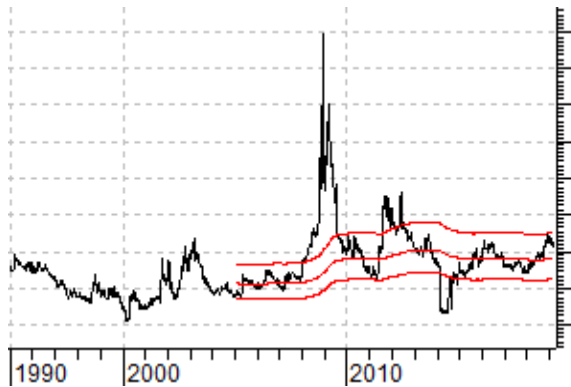
**Australia Dividend Yields**



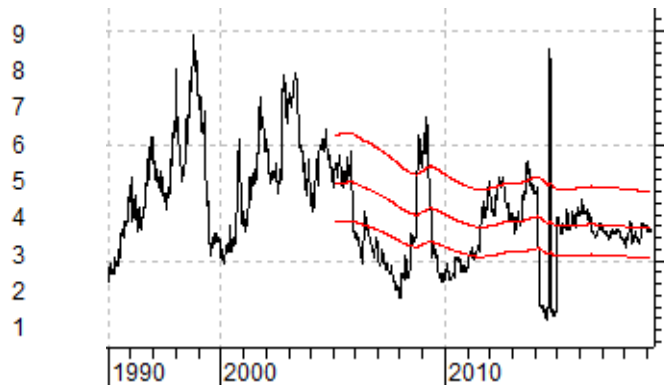
**South Korea Dividend Yields**



**Germany Dividend Yields**



**India Dividend Yields**



# World Stockmarket Capitalisations

Over the last three months the world stockmarket capitalisation fell US\$5,757 billion (or 6.6%) to US\$81,790 billion.

Country	Market Capitalisation (US\$ Billions)	Percentage of Total	Country	Market Capitalisation (US\$ Billions)	Percentage of Total
United States	33,126	40.50	Ireland	110	0.13
China	6,699	8.19	Peru	97	0.12
Japan	5,628	6.88	New Zealand	90	0.11
Hong Kong	4,084	4.99	Bangladesh	84	0.10
India	3,956	4.84	Morocco	62	0.08
United Kingdom	2,321	2.84	Portugal	61	0.07
Canada	2,176	2.66	Luxembourg	54	0.07
France	1,969	2.41	Argentina	51	0.06
Germany	1,867	2.28	Egypt	45	0.06
South Korea	1,529	1.87	Nigeria	43	0.05
Switzerland	1,527	1.87	Greece	40	0.05
Nordic Exchanges <sup>1</sup>	1,410	1.72	Kazakhstan	37	0.05
Australia	1,351	1.65	Romania	37	0.05
Taiwan	1,072	1.31	Hungary	30	0.04
Brazil	1,068	1.31	Jordan	23	0.03
South Africa	958	1.17	Bahrain	23	0.03
Czech Republic	911	1.11	Croatia	21	0.03
Netherlands	840	1.03	Romania	20	0.02
Spain	770	0.94	Oman	18	0.02
Singapore	716	0.88	Sri Lanka	16	0.02
Italy	675	0.83	Panama	15	0.02
Russia	642	0.78	Jamaica	11	0.01
Belgium	585	0.72	Mauritius	10	0.01
Thailand	546	0.67	Lebanon	9	0.01
Saudi Arabia	541	0.66	Tunisia	8	0.01
Indonesia	487	0.60	Slovenia	7	0.01
Mexico	412	0.50	Bulgaria	5	0.01
Malaysia	409	0.50	Malta	5	0.01
Norway	289	0.35	Ukraine	4	0.00
Philippines	278	0.34	Palestine	4	0.00
Chile	275	0.34	Bardados	4	0.00
UAE	243	0.30	Cyprus	3	0.00
Israel	207	0.25	Namibia	3	0.00
Qatar	171	0.21	Bermuda	2	0.00
Poland	169	0.21	Costa Rica	2	0.00
Iran	169	0.21	Papua New Guinea	2	0.00
Turkey	168	0.21			
Vietnam	136	0.17			
Austria	127	0.16			
Colombia	117	0.14			
Ireland	110	0.13			
			TOTAL	\$81,790	100.00%

## Next Issue:

The next issue of *International Investor* will be emailed in four weeks time on Monday April 8, 2019.

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

Note 1. Mainly Denmark, Sweden and Finland.

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