

# International Investor

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## Inside International Investor

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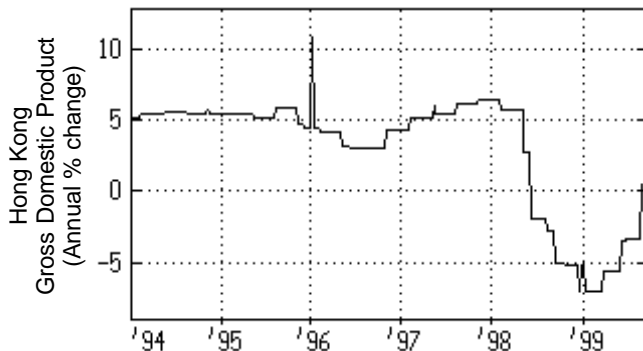
## World Stockmarket Forecasts

Stockmarket	One-Year Forecast	Fundamental Indicators	Technical Indicators	Monetary Indicators	Economic Indicators	Historical Performance (in US\$)			Share Index
						3 mths	6 mths	12 mths	
Australia	51%	Neutral	Neutral	Neutral	Neutral	-0.7%	+5.1%	+30.5%	2,962.40
Austria	63%	Bullish	Bearish	Bullish	Bullish	+0.8%	-0.9%	-2.0%	1,184.87
Belgium	54%	Bearish	Neutral	Bullish	Bullish	+3.7%	-6.8%	-9.2%	3,178.78
Canada	41%	Bearish	Bullish	Bearish	Neutral	-0.4%	+11.3%	+24.5%	7,006.14
Denmark	63%	Neutral	Bullish	Neutral	Bullish	+9.4%	+12.1%	-2.2%	678.44
Finland	53%	Bearish	Bullish	Neutral	Bullish	+10.9%	+23.4%	+66.1%	7,498.58
France	55%	Bearish	Bullish	Neutral	Neutral	+10.3%	+12.1%	+19.8%	3,010.96
Germany	56%	Bearish	Bullish	Neutral	Bullish	+6.8%	+8.1%	+4.2%	5,336.22
Ireland	43%	Bearish	Bearish	Neutral	Neutral	+3.7%	-9.2%	+18.2%	4,988.22
Italy	48%	Neutral	Neutral	Neutral	Neutral	-0.5%	-3.1%	+9.9%	23,751.00
Japan	59%	Bearish	Bullish	Bullish	Neutral	+20.1%	+32.0%	+52.6%	17,629.99
Netherlands	55%	Bearish	Bullish	Bullish	Neutral	+4.8%	+8.4%	+8.2%	799.50
New Zealand	63%	Bullish	Bullish	Neutral	Neutral	+4.8%	+12.0%	+40.7%	2,279.10
Norway	58%	Bearish	Bullish	Neutral	Bullish	+8.6%	+17.4%	+23.9%	633.52
Spain	48%	Bearish	Neutral	Bullish	Neutral	+0.6%	-1.8%	+12.8%	891.18
Sweden	57%	Bearish	Bullish	Neutral	Neutral	+11.2%	+15.8%	+27.1%	3,984.84
Switzerland	50%	Bearish	Neutral	Neutral	Neutral	+1.4%	-3.4%	+0.9%	7,137.60
Un. Kingdom	60%	Bearish	Bullish	Bullish	Bullish	-1.0%	+1.8%	+17.4%	6,332.10
USA	35%	Bearish	Bullish	Bearish	Bearish	+2.2%	+6.4%	+39.4%	1,357.24
Argentina	84%	Bullish	Bullish	Bullish	Bullish	-6.6%	+17.8%	+39.2%	19,578.32
Brazil	66%	Bullish	Neutral	Neutral	Bullish	-9.6%	+19.1%	+18.2%	11,156.23
Czech Rep.	66%	Bearish	Bullish	Bullish	Bullish	+8.4%	+42.4%	+18.7%	1,600.00
Chile	71%	Neutral	Bullish	Neutral	Bullish	-0.4%	+17.4%	+37.5%	4,752.38
China	69%	Bearish	Bullish	Bullish	Bullish	+20.1%	+67.4%	+78.3%	729.35
Greece	60%	Bearish	Bullish	Bullish	Neutral	+35.1%	+60.4%	+150.7%	5,407.85
Hong Kong	54%	Bearish	Bullish	Neutral	Bullish	+6.0%	+28.4%	+75.4%	13,178.31
Hungary	53%	Bearish	Bullish	Neutral	Neutral	+16.5%	+35.6%	+41.4%	7,465.16
India	63%	Bearish	Bullish	Bullish	Bullish	+15.1%	+26.2%	+55.0%	4,709.93
Indonesia	47%	Bearish	Bullish	Neutral	Neutral	-1.2%	+69.1%	+151.1%	565.20
Israel	55%	Bearish	Neutral	Bearish	Bullish	+0.7%	+19.6%	+26.0%	345.55
Korea	47%	Bearish	Bullish	Bullish	Bearish	+11.7%	+76.5%	+220.4%	910.62
Malaysia	46%	Bearish	Bullish	Neutral	Bearish	+0.7%	+44.2%	+116.2%	745.32
Mexico	58%	Neutral	Neutral	Bullish	Neutral	-4.1%	+22.9%	+80.6%	5,026.57
Philippines	46%	Bearish	Bearish	Bullish	Bearish	-12.5%	+5.3%	+104.0%	2,155.09
Poland	60%	Bearish	Bullish	Neutral	Bullish	+6.3%	+24.3%	+31.0%	16,972.00
Portugal	50%	Neutral	Bearish	Bullish	Neutral	-0.5%	-9.5%	-14.5%	2,217.30
Russia	60%	Bearish	Neutral	Bullish	Neutral	-2.1%	+51.9%	+150.0%	910.71
Singapore	45%	Bearish	Bullish	Neutral	Bearish	+11.1%	+47.8%	+169.2%	2,093.18
Sth Africa	71%	Neutral	Bullish	Bullish	Bullish	+4.2%	+14.5%	+48.0%	6,902.90
Taiwan	49%	Bearish	Bullish	Neutral	Bearish	+8.1%	+32.2%	+36.3%	8,098.56
Thailand	38%	Bearish	Bearish	Neutral	Neutral	-13.2%	+24.0%	+119.5%	431.12
Turkey	54%	Bullish	Bullish	Bearish	Bullish	-5.9%	+11.7%	+26.2%	5,359.00
Venezuela	60%	Bearish	Bearish	Bullish	Bullish	-21.6%	+12.0%	+53.8%	4,484.45

**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.

# Stockmarket Outlook

**Hong Kong** is performing better than expected, with the economy showing signs of recovery . . .



. . . but *deflationary* (i.e. negative inflation) forces remain owing to falling property costs and supermarket prices wars . . .



In the immediate future, this will prevent the strong economic *growth* which would draw liquidity out of the stockmarket. So the liquidity *bubble* that has pushed share prices higher over the last year (see chart page 6) will remain.

## Recommended Funds Geographic Portfolio Spread

The following table shows in which countries our recommended international funds have invested their portfolio. It also shows the *size* of each fund, its use of debt (or zero dividend preference shares) to give *leverage*, the amount of the portfolio invested in the ten largest holdings (a low figure shows very good diversification) and the amount of uninvested cash.

**Jupiter International Green** is the most leveraged fund, with 58% of its portfolio funded by zero dividend preference shares, while **TR European** and **Martin Currie Pacific** both have bank loans to partially leverage their portfolio.

The *least* diversified funds are **HSBC Hong Kong Growth** (with 57.4% of its portfolio in just ten holdings)

and **Old Mutual Thailand** (56.5%), followed by **AIB Govett Greater China** (43.7%) and **Invesco Japan Discovery** (48.3%). However, all those funds are far better diversified than NZSE 40 Index funds which have 64.1% in their top ten holdings (and a huge 29.7% in the largest holding).

**TR European Trust** is very well diversified across European countries, while the most widely diversified Asian funds are **Schroder Asia Pacific**, **Gartmore Pacific Growth** and **Fidelity Asian Values** which have a good spread of investments across the many countries in the region. An investor wanting to buy just one to three Asian funds should first buy at least one of these funds.

Fund Name	Size (Mil)	Leverage (% debt)	Top 10 Hldgs (%)	Portfolio invested in (%):-												
				Cash	Germ	France	Switz.	Nethld	Italy	Spain	Sweden	Norway	Finland	Ireland	Greece	Denmark
TR European Growth plc	£504	24	30.1	1.0	13.0	11.0	25.0	10.0	2.0	4.0	5.0	10.0	5.0	3.0	4.0	3.0
				Cash	HK	Australia	Malay	Japan	Taiwan	Korea	Sing.	Thail'd	Phil.	China		
AIB Govett Greater China	£5	Nil	43.7	0.0	56.0		2.0		7.0	20.0				15.0		
Fidelity Asian Values plc	£96	Nil	34.9	20.2	31.3		9.6		15.8	5.8	12.8				India 6.1%	
Gartmore Pacific Growth Fund	£84	Nil	38.8	4.3	31.2	12.2	2.4		9.9	12.9	19.3	4.5	3.0		NZ 0.3%	
HSBC Asian Fund	£16	Nil	38.2	0.3	44.1	4.8	5.9		12.1		14.3	3.5	4.5		Other 10.5%	
HSBC Hong Kong Gth Fund	£20	Nil	57.4	3.5	96.5											
Martin Currie Pacific plc	£82	15	31.1	1.7	12.4	13.2		44.0	3.4	10.6	8.5	2.0		3.6	India 4.8%	Indo. 3.7%
Schroder Asia Pacific plc	£120	Nil	34.9	2.6	36.4		5.2		13.4	16.7	17.8	3.5	2.4	0.3	Indonesia 1.7%	
Baring Korea	£65	Nil	41.3	4.8						95.2						
Old Mutual Thailand	£9	Nil	56.5	3.7								96.3				
				Cash	USA	UK	Europe	Japan								
Baillie Gifford Shin Nippon plc	£75	6	32.0	1.3				98.7								
Hill Samuel UK Emerging Co	£113	Nil	20.7	0.0		100.0										
I & S UK Smaller Coys IT plc	£52	2	38.9	2.0		98.0										
Invesco Japan Discovery plc	£42	6	48.3	0.5				99.5								
Jupiter In'tl Green plc	£49	58	31.8	3.0	14.0	76.0	6.0	1.0								
				Cash	Asia	Latin Amer	Africa	Europe & Middle East								
Aberdeen Prolific Emerging	£12	Nil	21.2	0.7	44.4		25.6		9.0		20.4					
Templeton E/Markets plc	£697	Nil	24.3	0.2	44.9		33.4		13.0		8.5					

(South Africa 13.0%, Mexico 11.3%, Brazil 11.2%, Singapore 9.8%, Korea 8.8%, Thailand 7.8%, HK 7.0%)

# Recommended International Investment Funds

We have slightly modified our *Recommended Portfolio* layout to include the premium/discount at which listed investment trusts are trading to their net asset values. A positive figure indicates shares are trading above net asset value, while a negative figure shows the shares are trading at a discount. We have also listed other securities (i.e. shares or warrants) that are available beneath the main table.

## Recent Recommendations

*Smaller* Japanese shares continue to appreciate rapidly in value - with our recently recommended UK listed investment trust **Invesco Japan Discovery Trust plc** up 26% (in NZ dollar terms) over just the last two months. Our other smaller Japanese company investment, **Baillie Gifford Ship Nippon plc**, is also booming - up 35% over the last two months and up no less than 325% on its October 1998 low!

Our other two recent recommendations - **Schroder**

**Asia Pacific plc** warrants and **Templeton Emerging Markets plc** warrants - are down slightly on our initial recommendation price. In fact, we prefer *this* situation to the rapid rise by Invesco Japan Discovery - as we are still in the process of building up our investments in these three funds!

## Fund Performance

Asian stockmarkets remain the focus of our portfolio, but Asian stockmarkets have suffered slight *corrections* over the last two months. However, our Japanese funds (as previously mentioned) have appreciated strongly, and our two UK funds plus Jupiter International (which is 76% invested in UK shares) also show steady gains.

**Jupiter International Green** shares are also trading ex-entitlement (since August 27) to a 2.125 pence (less 20% Tax Credit) dividend. The net dividend of 1.7 pence will be paid on September 30.

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	
<b>Europe</b>									
HOLD	TR European Growth Trust plc	TRG	11/02/97	157.5p	374.7	-5%	236.75p	735.8	+96
<b>Asia</b>									
BUY	AIB Govett Greater China Fund	*	13/08/96	212.9p	480.4		220.2-235.51p	708.2	+47
BUY	Fidelity Asian Values WARRANTS	FASW	10/03/98	17.5p	49.7		27.8p	86.3	+74
HOLD	Gartmore Pacific Growth Fund	*	29/10/85	41.4p	105.4		181.82-194.46p	584.7	+455
BUY	HSBC Asian Fund	*	10/11/98	34.4p	106.3		50.72-54.13p	162.9	+53
BUY	HSBC Hong Kong Growth Fund	*	07/04/98	159.4p	481.6		179.4-191.20p	575.9	+20
HOLD	Martin Currie Pacific WARRANTS	MCPW	10/02/98	21.0p	59.3		23.5p	73.0	+23
BUY	Schroder Asia Pacific WARRANTS	SDPW	13/07/99	25.5p	75.8		24.0p	74.6	-2
<b>Japan</b>									
HOLD	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	-17%	188.5p	585.9	+33
BUY	Invesco Japan Discovery Trust plc	IJD	13/07/99	95.5p	284.0	-17%	115.0p	357.4	+26
<b>Korea</b>									
BUY	Baring Korea Trust	*	12/04/94	81.1p	209.4		73.2-78.51p	235.8	+13
<b>Thailand</b>									
BUY	Old Mutual Thailand Trust	*	08/12/98	49.0p	155.9		59.87-65.12p	194.2	+25
<b>International</b>									
HOLD	Aberdeen Prolific Emerging Markets	*	13/08/91	39.0p	116.1		54.87-58.05p	175.5	+51
HOLD	Jupiter International Green IT plc	JUP	08/10/96	36.0p	80.7	-24%	53.0p	164.7	+104
BUY	Templeton E/Markets WARRANTS	TEMA	13/07/99	40.3p	119.7		32.75p	101.8	-15
<b>United Kingdom</b>									
HOLD	Hill Samuel UK Emerging Coys	*	13/04/93	56.2p	159.1		144.7-151.52p	460.3	+189
HOLD	I & S UK Smaller Coys IT plc	ISU	11/02/97	160.0p	380.6	-23%	182.5p	567.2	+49

\* United Kingdom based Unit Trust

## *Other Shares and Warrants*

Alternative investments in the UK listed investment trust shares and warrants recommended above include **Fidelity Asian Values** shares at 82¾ pence (-12%, i.e. trading at a 12% discount to net assets), **Martin Currie Pacific** shares at 131¼ pence (-12%), **Schroder Asia Pacific** shares at 76¼ pence (-11%), **Templeton Emerging Markets** shares at 122¾ pence (-15%), **Baillie Gifford Shin Nippon** warrants at 66 pence, **I & S UK Smaller Companies** warrants at 98½ pence and **TR European Growth** warrants at 84½ pence.

# Stockmarkets: Technical Trends & Fundamental Valuations

**Denmark** Index: 678.4 P/E 24.7 Yld 1.8%



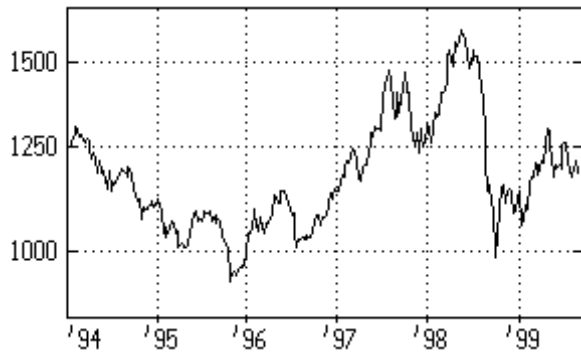
**Australia** Index: 2,962.4 P/E 23.7 Yld 3.3%



**Finland** Index: 7,498.6 P/E 28.0 Yld 1.3%



**Austria** Index: 1,184.9 P/E 13.5 Yld 2.2%



**France** Index: 3,011.0 P/E 26.6 Yld 2.0%



**Belgium** Index: 3,178.8 P/E 18.8 Yld 2.3%



**Germany** Index: 5,336.2 P/E 25.1 Yld 1.9%



**Canada** Index: 7,006.1 P/E 24.3 Yld 1.6%



**Ireland** Index: 4,988.2 P/E 17.3 Yld 1.6%



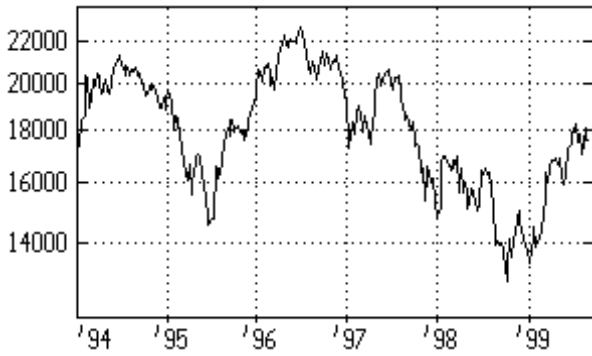
**Italy** Index: 23,751.0 P/E 24.6 Yld 1.8%



**Sweden** Index: 3,984.8 P/E 25.3 Yld 1.7%



**Japan** Index: 17,630.0 P/E 72.3 Yld 0.7%



**Switzerland** Index: 7,137.6 P/E 24.9 Yld 1.3%



**Netherlands** Index: 799.5 P/E 29.7 Yld 1.9%



**Un. Kingdom** Index: 6,332.1 P/E 26.9 Yld 2.3%



**Norway** Index: 633.5 P/E 18.4 Yld 1.7%



**USA** Index: 1,357.2 P/E 30.6 Yld 1.2%



**Spain** Index: 891.2 P/E 20.9 Yld 1.7%



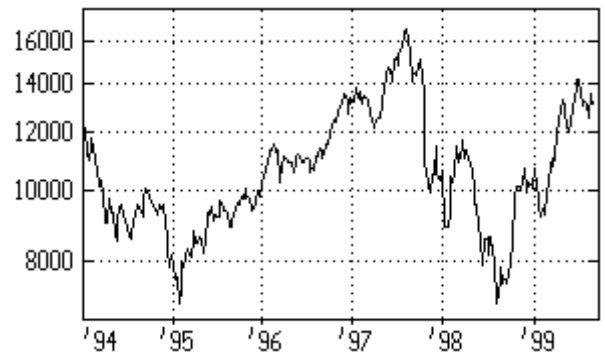
**Argentina** Index: 19,578.3 P/E 17.0 Yld 3.8%



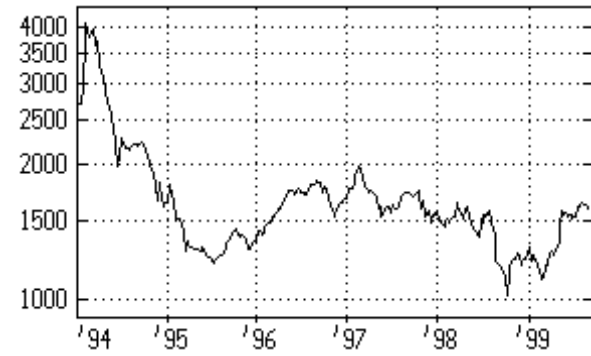
**Brazil** Index: 11,156.2 P/E 11.8 Yld 6.8%



**Hong Kong** Index: 13,178.3 P/E 21.9 Yld 2.9%



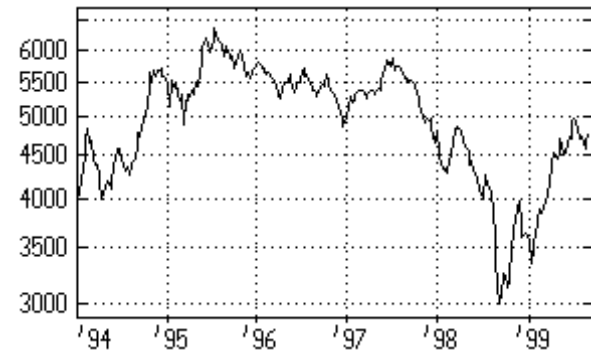
**Czech Rep.** Index: 1,600.0 P/E 64.6 Yld 0.1%



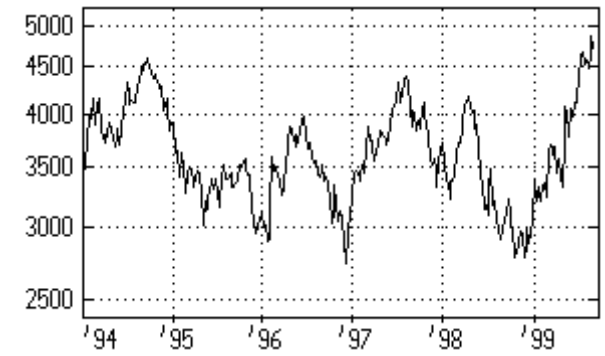
**Hungary** Index: 7,465.2 P/E 20.9 Yld 0.9%



**Chile** Index: 4,752.4 P/E 16.9 Yld 3.1%



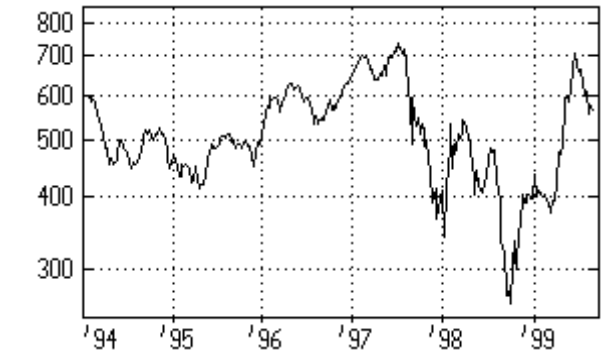
**India** Index: 4,709.9 P/E 19.1 Yld 1.1%



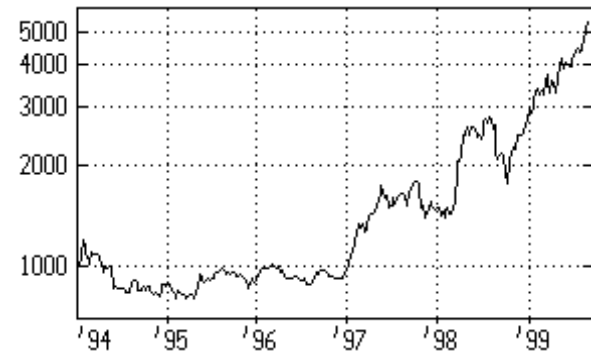
**China** Index: 729.4 P/E 18.2 Yld 1.7%



**Indonesia** Index: 565.2 P/E 19.8 Yld 1.1%



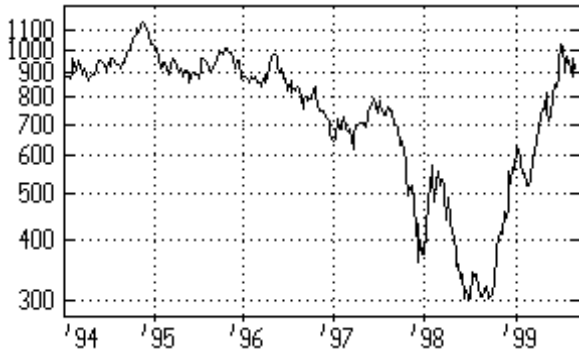
**Greece** Index: 5,407.9 P/E 32.6 Yld 1.0%



**Israel** Index: 345.6 P/E 17.1 Yld 2.6%



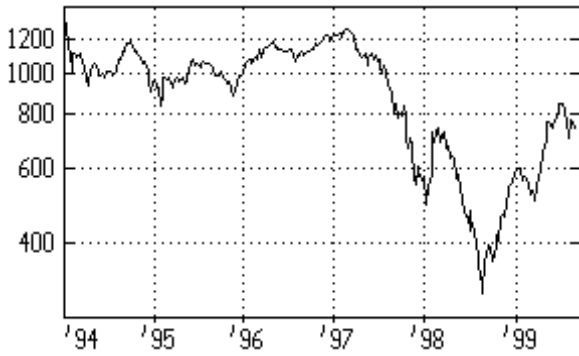
**Korea** Index: 910.6 P/E 32.5 Yld 0.7%



**Portugal** Index: 2,217.3 P/E 19.9 Yld 2.5%



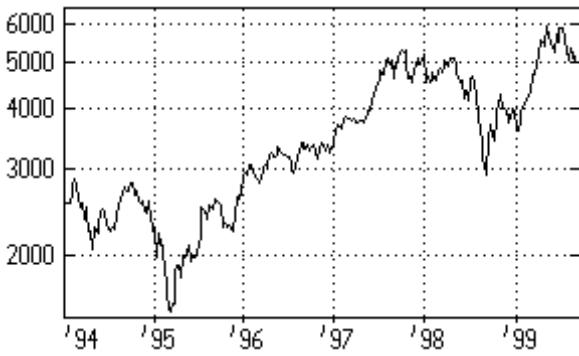
**Malaysia** Index: 745.3 P/E 24.7 Yld 1.7%



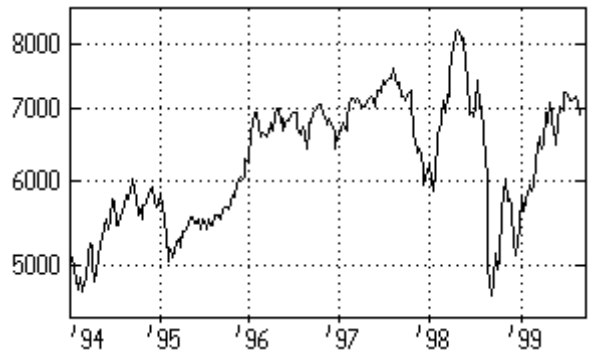
**Singapore** Index: 2,093.2 P/E 33.7 Yld 1.1%



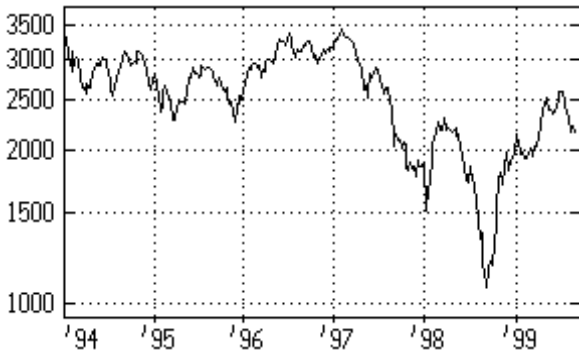
**Mexico** Index: 5,026.6 P/E 11.4 Yld 1.9%



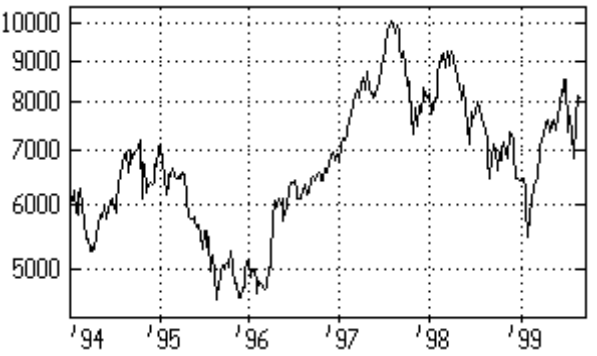
**Sth Africa** Index: 6,902.9 P/E 14.2 Yld 2.5%



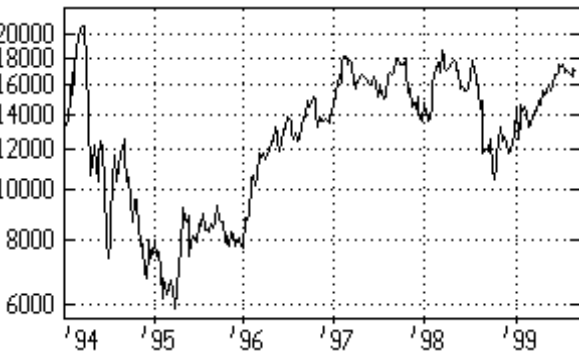
**Philippines** Index: 2,155.1 P/E 20.6 Yld 0.8%



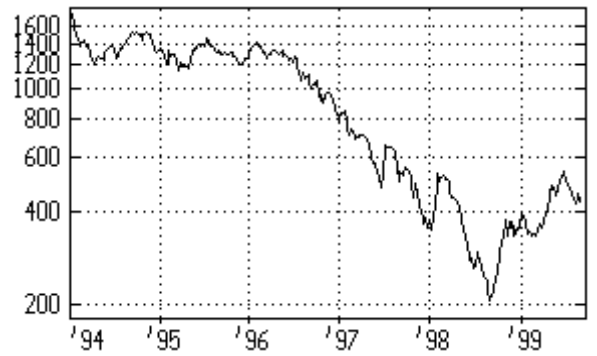
**Taiwan** Index: 8,098.6 P/E 26.1 Yld 1.1%



**Poland** Index: 16,972.0 P/E 24.2 Yld 0.6%



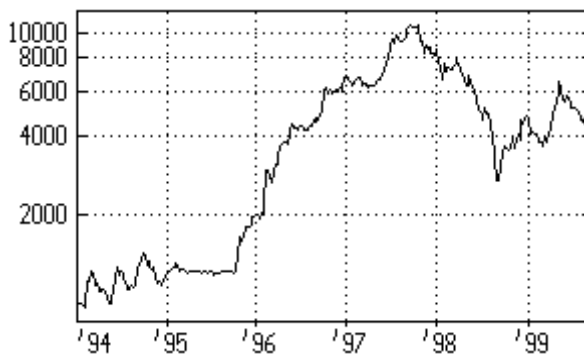
**Thailand** Index: 431.1 P/E 19.6 Yld 0.6%



Index: 5,359.0 P/E 7.8 Yld 3.0%



Venezuela Index: 4,484.5 P/E 14.8 Yld 2.0%

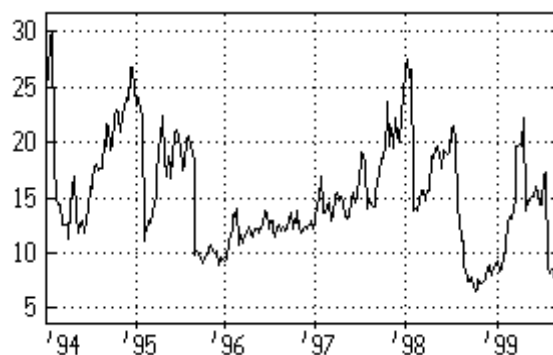


## *Most Under-Valued Stockmarkets: Historical Dividend Yield or P/E Ratios*

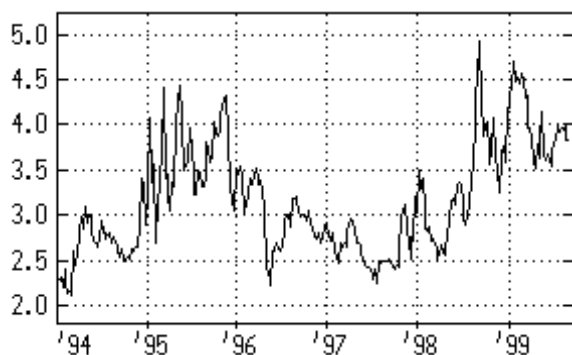
**Austria: Dividend Yield (%)**



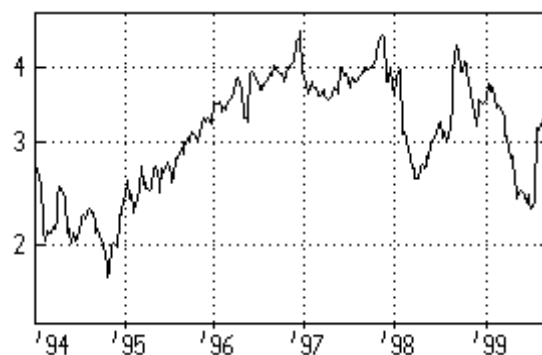
**Turkey: Price/Earnings Ratio**



**Argentina: Dividend Yield (%)**



**Chile: Dividend Yield (%)**



**Brazil: Dividend Yield (%)**



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