

# International Investor

Issue No. 163

www.stockmarket.co.nz

July 13, 2009

## Inside International Investor

Forecasts are favourable, a decline to  
March lows is unlikely ..... 1, 2

Investment Fund Survey: ..... 4 - 8  
International, United States, United Kingdom,  
Europe and Germany

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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 _____	59%	Neutral	Bearish	Bullish	Bullish	+13.8%	+13.9%	-40.5%	3,790.60
Austria _____	58%	Neutral	Bearish	Bullish	Bullish	+12.7%	+8.8%	-53.3%	1,960.10
Belgium _____	59%	Bearish	Bearish	Bullish	Bullish	+14.8%	-0.3%	-42.2%	1,964.24
Canada _____	55%	Neutral	Bearish	Bullish	Bullish	+12.1%	+9.3%	-39.1%	9,747.13
Denmark _____	46%	Bearish	Bearish	Neutral	Bullish	+25.2%	+7.4%	-38.7%	279.84
Finland _____	62%	Neutral	Bearish	Bullish	Bullish	+13.2%	-3.8%	-42.5%	5,351.64
France _____	61%	Bullish	Bearish	Bullish	Bullish	+6.6%	-8.9%	-37.5%	2,122.77
Germany _____	62%	Bullish	Bearish	Bullish	Bullish	+7.6%	-7.5%	-35.2%	4,576.31
Ireland _____	56%	Bearish	Bearish	Bullish	Bullish	+14.5%	+7.0%	-53.0%	2,572.98
Italy _____	57%	Neutral	Bearish	Bullish	Bullish	+8.7%	-7.3%	-42.5%	18,533.28
Japan _____	60%	Bearish	Neutral	Bullish	Bullish	+12.2%	+4.0%	-19.0%	9,287.28
Netherlands _____	64%	Neutral	Bearish	Bullish	Bullish	+10.3%	-5.3%	-46.5%	243.20
New Zealand _____	68%	Bullish	Bearish	Bullish	Bullish	+15.6%	+3.3%	-37.5%	1,324.51
Norway _____	43%	Bearish	Bearish	Neutral	Bullish	+21.5%	+17.4%	-53.2%	234.79
Spain _____	68%	Bullish	Neutral	Bullish	Bullish	+12.2%	-2.8%	-31.8%	972.74
Sweden _____	60%	Bearish	Neutral	Bullish	Bullish	+13.4%	+9.3%	-33.7%	237.72
Switzerland _____	56%	Bearish	Bearish	Bullish	Bullish	+10.0%	-5.9%	-27.1%	5,237.81
Un. Kingdom _____	68%	Neutral	Bearish	Bullish	Bullish	+14.6%	+1.0%	-37.6%	4,127.17
USA _____	56%	Neutral	Bearish	Bullish	Bullish	+2.6%	-5.7%	-30.4%	879.13
Argentina _____	54%	Neutral	Neutral	Neutral	Bullish	+20.7%	+11.6%	-45.5%	5,136.18
Brazil _____	85%	Neutral	Bullish	Bullish	Bullish	+17.9%	+42.7%	-33.0%	49,220.78
Czech Rep. _____	55%	Bullish	Bearish	Bearish	Bullish	+13.1%	+5.3%	-49.7%	888.70
Chile _____	86%	Bearish	Bullish	Bullish	Bullish	+27.8%	+49.6%	+1.6%	14,727.04
China _____	76%	Bearish	Bullish	Bullish	Bullish	+22.9%	+79.1%	-4.9%	198.85
Greece _____	44%	Bearish	Bearish	Bearish	Bullish	+18.2%	+16.9%	-43.4%	2,106.13
Egypt _____	71%	Bullish	Bearish	Bullish	Bullish	+14.5%	+17.8%	-48.2%	5,457.99
Hong Kong _____	80%	Neutral	Bullish	Bullish	Bullish	+18.9%	+17.7%	-16.8%	17,708.42
Hungary _____	39%	Neutral	Bearish	Bearish	Bullish	+24.9%	+12.1%	-46.0%	14,325.71
India _____	74%	Bearish	Bullish	Bullish	Bullish	+27.8%	+34.0%	-11.1%	13,504.22
Indonesia _____	80%	Bearish	Bullish	Bullish	Bullish	+57.3%	+66.2%	-19.1%	2,063.09
Israel _____	82%	Bearish	Bullish	Bullish	Bullish	+17.1%	+28.2%	-31.1%	784.12
Korea _____	71%	Bearish	Bullish	Bullish	Bullish	+9.4%	+27.5%	-26.2%	1,428.62
Malaysia _____	81%	Neutral	Bullish	Bullish	Bullish	+14.2%	+16.7%	-13.7%	1,067.76
Mexico _____	61%	Bearish	Neutral	Bullish	Bullish	+10.3%	+2.3%	-37.0%	23,656.26
Philippines _____	84%	Neutral	Bullish	Bullish	Bullish	+18.7%	+30.2%	-1.2%	2,487.22
Poland _____	44%	Neutral	Bearish	Bearish	Bullish	+10.5%	+4.2%	-49.7%	29,611.48
Portugal _____	62%	Bearish	Neutral	Bullish	Bullish	+15.5%	+15.3%	-25.6%	2,411.00
Russia _____	43%	Bearish	Bearish	Bullish	Bullish	-4.2%	+14.1%	-71.6%	1,256.22
Singapore _____	83%	Neutral	Bullish	Bullish	Bullish	+30.8%	+25.8%	-25.8%	2,307.98
Sth Africa _____	65%	Neutral	Bullish	Bullish	Bullish	+17.1%	+15.6%	-25.3%	22,313.41
Taiwan _____	81%	Bullish	Bullish	Bullish	Bullish	+20.4%	+46.4%	-13.9%	6,769.86
Thailand _____	78%	Neutral	Bullish	Bullish	Bullish	+29.7%	+28.2%	-25.2%	566.03
Turkey _____	72%	Bearish	Bullish	Neutral	Bullish	+28.9%	+34.8%	-14.8%	36,780.49
Venezuela _____	82%	Bullish	Bullish	Bullish	Bullish	+2.0%	+26.9%	+13.2%	44,515.24

**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

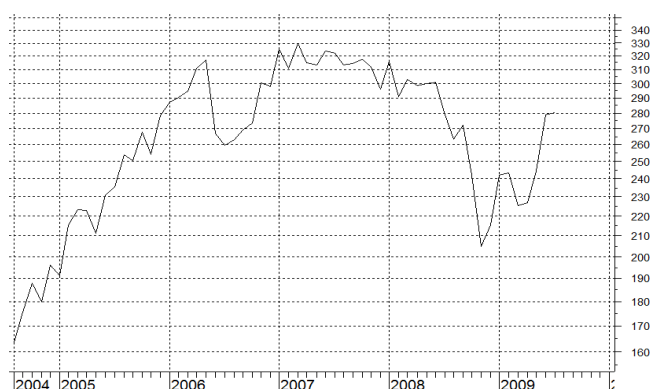
World stockmarkets rose strongly from lows around March this year, but have drifted lower over the last month or two. We view any weakness as a buying opportunity.

Economic *expectations*, while still pessimistic, have improved considerably from the extreme pessimism seen in February and March this year when share prices reflected an “end of the world” scenario!

From current low valuations shares will provide good returns . . . even over a long and deep recession and a slow economic recovery. The *danger* - as we have pointed out over previous months - is that excess liquidity being introduced into financial markets will start to flow into financial assets and lead to asset price inflation as investors seek to invest this cash.

We recommend that investors remain fully invested, with any weakness used to invest any surplus cash holdings.

**Aberdeen Asian Smaller Companies**



**HSBC Asian**



**Gartmore China**



**Henderson Asia Pacific Capital**



**Gartmore Pacific Growth**



**Baillie Gifford Shin Nippon**



# Recommended International Investment Funds

**Invesco English & International Trust plc** suffered a 43.4% decline in net asset value over the year to 31 March 2009. That was in line with the 43.7% drop in its UK smaller companies benchmark index. The share price fell 50.7% as the discount widened slightly.

The trust will pay a 1.3 pence ordinary dividend for the year, plus a special 5.7 pence dividend to distribute the revenue portion of a VAT refund (plus interest). The 7.0 pence will be paid on 27 July, with the shares trading ex-dividend from 2 July.

The trust received a £1,956,000 VAT refund plus interest of £355,000 for the years 2001 to 2007, of which 50% of the VAT and all of the interest have been credited to revenue and are being distributed in the special dividend.

A further refund (plus interest) of VAT paid in earlier years is expected, but "the amounts involved and the timing of receipts is uncertain".

The Fund Manager's outlook appears pessimistic although concludes with "I view the outlook for the portfolio as good". The Manager sees the economic outlook as "clearly poor", with the recession being both "long and deep". The government's fiscal position will lead to "tax increases and cuts in spending for many years to come" which could contribute to "weak earnings" for companies. Nevertheless, "much of the bad news is already reflected in share prices" and valuations support the expectation of good returns over the medium term from shares at current price levels.

## Share Buy-Backs

**Fidelity European Values** re-purchased 434,550 shares on-market in 12 transactions over the last month, returning over £3.9 million to investors.

**Herald Investment Trust** made four on-market buy-backs over the last five weeks, repurchasing a total of 374,840 shares for £910,328.

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	463.5p	1291.1	-8%	871.0p	2251.8	+74
BUY	JFM Fleming Euro Fledgeling IT plc	JFF	15/01/02	226.5p	765.8	-12%	523.0p	1352.1	+77
<b>United Kingdom</b>									
BUY	Aberforth Smaller Cos Trt plc	ASL	15/07/03	375.5p	1042.0	-9%	454.0p	1173.7	+13
HOLD	Invesco English & Int'l Trust	IEI	10/01/06	273.5p	700.6	-10%	172.0p	444.7	-37
<b>Asian Regional</b>									
BUY	Aberdeen Asian Sm Co WARRANTS AASW		09/09/03	75.3p	209.1		177.5p	458.9	+119
BUY	Gartmore China Opportunities	*	09/07/07	548.9p	1410.4		499.99p	1292.6	-8
HOLD	Gartmore Pacific Growth Fund	*	29/10/85	41.4p	105.4		290.86p	752.0	+614
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		67.26p	173.9	+64
BUY	Henderson Asia Pac Capital	*	08/08/00	342.2p	1122.6		454.9p	1176.1	+5
BUY	Scot Oriental Smaller Coy	SST	11/11/03	121.9p	330.5	-11%	290.5p	751.0	+127
<b>Japan</b>									
BUY	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	-12%	111.0p	287.0	-35
BUY	Fidelity Japan Values plc	FJV	10/01/06	126.0p	322.7	-15%	44.0p	113.8	-65
HOLD	Invesco Perp Japan Small Coys	*	13/07/99	61.3p	182.3		43.67p	112.9	-38
<b>Korea</b>									
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		151.9-161.1p	404.6	+93
<b>International</b>									
HOLD	Aberdeen Emerging Markets	*	13/08/91	61.7p	184.0		303.45p	784.5	+326
BUY	Herald Investment Trust	HRI	12/10/04	310.8p	820.1	-16%	271.0p	700.6	-15
HOLD	Private Equity Investor plc	PEQ	11/12/01	122.5p	420.2	-37%	117.0p	302.5	-28

\* United Kingdom based Unit Trust

The average Gains/Losses of all current investments from initial recommendation is +75.7%. This is equal to an average annual rate of +8.3%, based upon the length of time each position has been held. The average annual rate of gain of ALL recommendations (both the 17 current and 46 closed out) is +10.3%.

## Other Shares and Warrants

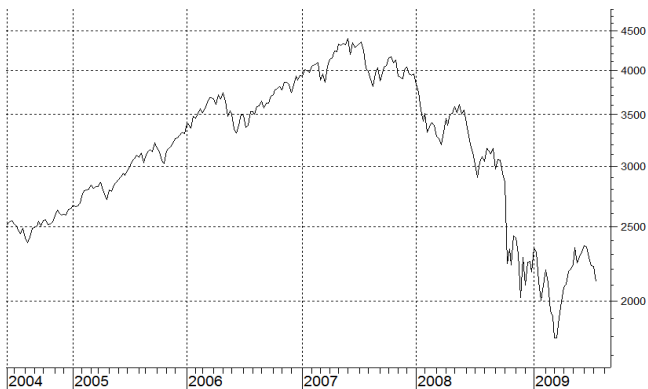
Alternative investments in the UK listed investment trust warrants recommended above include **Aberdeen Asian Smaller Companies** shares at 277 pence (trading at a 13% discount to net asset value).







**France**



**Sweden**



**Switzerland**



**Netherlands**



**Spain**



**Finland**



**Italy**



**Belgium**



Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
Buy	Royal London European Gth	High	+7%	0.83	-20	-13	12
	SVM Continental European	High	+5%	0.87	-27	-28	7
	SWIP European	Medium	+5%	0.80	-23	-26	3
	SWIP Pan Euro Equity	Medium	+3%	0.79	-29	-27	3
	SWIP Pan European SRI	Medium	+3%	0.80	-27	-25	3
	Schroder European	High	+3%	0.92	-33	-25	8
	Schroder European Alpha	Medium	+6%	0.91	-20	-19	7
	ScotWid. Euro Select Gth	Medium	+6%	0.80	-23	-27	3
Buy	ScotWid. Euro land	Medium	+7%	0.77	-21	-23	5
	ScotWid. European Growth	Medium	+6%	0.81	-22	-25	3
	Sing & Fried European Growth	Medium	+1%	0.89	-32	-27	1
	Skandia European Equity Blend	Medium	+2%	0.91	-30	-28	6
Buy	StanLife Euro Equity Gth	High	+11%	0.71	-18	-22	7
	TU European	High	+2%	0.93	-35	-24	11
	Threadneedle Euro Growth	Medium	+6%	0.94	-20	-16	8
	Threadneedle Euro Sel Growth	Low	+2%	0.87	-23	-15	4
	Threadneedle Pan Euro Gth	Low	+2%	0.77	-20	-14	6
	UBS European Equity	High	+4%	0.87	-31	-23	5

#### UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

	3i Infrastructure	VeryLow	-1%	0.17	-24	13
	Artemis Alpha	VeryLow	-6%	0.19	-27	-28
Buy	Baring Emerging Europe	VeryHigh	+16%	0.68	-32	-48
	Blackrock Greater Euro.	Medium	-0%	0.79	-34	-27
Buy	Blue Planet Euro Fin.	Very High	+7%	0.36	-62	-46
Buy	Charter Pan European	Very High	+13%	0.82	-18	-21
	Close European Accel.	Very High	+4%	0.55	-58	58
Buy	Eastern European	Very High	+16%	0.69	-49	-57
	European Assets	Very High	+1%	0.86	-52	-41
	F & C Eurotrust plc	Very High	-4%	0.93	-39	13
Buy	Gartmore European	Medium	+8%	0.87	-19	-19
	Gartmore Irish Small	Very High	+5%	0.72	-38	-25
Buy	Henderson Eurotrust	Medium	+7%	0.71	-19	-13
Avoid	Invesco Perp European	Medium	-10%	0.36	-36	-23
Buy	JPM European IT	Very High	+9%	0.89	-38	19
Buy	JPMF Russia	Very High	+22%	0.56	-38	-63
Buy	Jupiter European Opps	Very High	+12%	0.85	-31	-33
	SR Europe	Medium	-2%	0.57	-31	-26

#### EUROPE SMALLER COS

##### UNITED KINGDOM BASED UNIT TRUSTS

	Aberdeen European Small Coys	Very High	+3%	0.85	-37	-32
	BG Euro Small Coys	Medium	+3%	0.71	-23	-7
Buy	Henderson European Small Cos	Very High	+10%	0.84	-36	-35
Buy	Insight European Small Cap	Very High	+13%	0.86	-16	-18
	Invesco Perp Euro Smaller Cos	Very High	+5%	0.83	-46	-44
	JPM European Smaller Coys	Very High	+5%	0.85	-37	-36
	Jupiter Euro Spec Sits	Medium	+6%	0.73	-18	-18
	Lazard European Smaller Coys	High	+4%	0.80	-32	-26
Buy	SWIP Pan-Euro Small Companies	High	+9%	0.78	-22	-25
	Schroder Euro Small Coys	Medium	+4%	0.83	-27	-21
Buy	Threadneedle Euro Small Cos	Medium	+9%	0.83	-16	-20

##### UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

	Fidelity Euro V.	Medium	+4%	0.82	-30	-29
Buy	JPMF Euro Fledgling	High	+9%	0.71	-24	-22
Buy	TR European	Very High	+12%	0.85	-31	-28

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth



### Next Issue:

The next issue of *International Investor* will be emailed in four weeks time on Monday August 10, 2009.

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