

# International Investor

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## Inside International Investor

Developing Economies continue to hold the best long term growth prospects ..... 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	39%	Neutral	Bearish	Neutral	Neutral	-16.4%	-14.1%	+30.9%	4,414.50
Austria	40%	Neutral	Bearish	Bullish	Bearish	-21.0%	-20.2%	+8.0%	2,333.46
Belgium	47%	Bearish	Bearish	Bullish	Neutral	-14.7%	-15.8%	+13.7%	2,462.75
Canada	48%	Bearish	Bullish	Bullish	Bearish	-7.8%	-3.5%	+33.7%	11,570.45
Denmark	63%	Bearish	Bullish	Bullish	Bearish	-3.5%	+1.7%	+32.0%	406.58
Finland	34%	Neutral	Bearish	Neutral	Bearish	-18.7%	-15.3%	+8.5%	6,399.45
France	42%	Neutral	Bearish	Bullish	Bearish	-17.0%	-20.5%	+10.1%	2,575.88
Germany	49%	Bearish	Neutral	Bullish	Bearish	-9.1%	-11.0%	+20.2%	6,065.24
Ireland	33%	Bearish	Bearish	Neutral	Neutral	-18.9%	-17.1%	+1.7%	2,884.23
Italy	42%	Neutral	Bearish	Bullish	Bearish	-16.9%	-23.3%	+2.7%	20,984.76
Japan	29%	Bearish	Bearish	Bullish	Bearish	-10.1%	-7.3%	+7.8%	9,585.32
Netherlands	43%	Bearish	Bearish	Bullish	Neutral	-14.6%	-16.0%	+21.0%	324.42
New Zealand	37%	Bullish	Bearish	Neutral	Bearish	-7.8%	-13.3%	+11.0%	1,307.62
Norway	51%	Neutral	Bearish	Bullish	Bullish	-16.2%	-17.9%	+38.8%	318.98
Spain	61%	Bullish	Bearish	Bullish	Neutral	-16.5%	-26.6%	-2.1%	1,049.60
Sweden	55%	Bearish	Bullish	Bullish	Bearish	-7.5%	-1.3%	+42.2%	320.17
Switzerland	48%	Neutral	Bearish	Bullish	Bearish	-9.2%	-8.1%	+21.8%	6,210.49
Un. Kingdom	47%	Bearish	Bearish	Bullish	Bearish	-12.8%	-12.8%	+15.5%	5,132.94
USA	44%	Bearish	Neutral	Bullish	Bearish	-9.7%	-5.9%	+22.6%	1,077.96
Argentina	59%	Bearish	Bullish	Bullish	Neutral	-9.4%	-5.2%	+54.3%	8,197.56
Brazil	34%	Neutral	Neutral	Bearish	Bearish	-10.8%	-11.3%	+46.0%	63,476.32
Czech Rep.	51%	Bullish	Bearish	Neutral	Neutral	-13.5%	-8.7%	+20.7%	1,147.80
Chile	72%	Bearish	Bullish	Bullish	Bullish	+6.1%	+3.1%	+33.6%	19,342.85
China	35%	Bearish	Bearish	Neutral	Bearish	-15.8%	-11.4%	+13.1%	222.93
Greece	33%	Neutral	Bearish	Bearish	Bullish	-28.2%	-41.9%	-34.2%	1,527.62
Egypt	50%	Bullish	Bearish	Neutral	Bullish	-19.1%	-10.4%	+8.3%	6,027.00
Hong Kong	43%	Bearish	Neutral	Bullish	Bearish	-8.3%	-8.7%	+14.9%	20,378.66
Hungary	51%	Bearish	Neutral	Neutral	Bullish	-19.9%	-13.6%	+41.7%	22,593.71
India	49%	Bearish	Bullish	Neutral	Bearish	-5.6%	-0.1%	+38.0%	17,833.54
Indonesia	66%	Bearish	Bullish	Neutral	Bullish	+3.3%	+15.2%	+60.3%	2,943.90
Israel	40%	Bearish	Bearish	Bullish	Bullish	-15.1%	-11.2%	+32.6%	1,013.21
Korea	66%	Bearish	Bullish	Bullish	Bearish	-6.9%	-4.3%	+29.7%	1,723.01
Malaysia	46%	Bearish	Bullish	Neutral	Bearish	-1.0%	+8.4%	+38.7%	1,324.31
Mexico	41%	Bearish	Bullish	Bearish	Bearish	-9.8%	-2.9%	+45.3%	32,004.31
Philippines	80%	Neutral	Bullish	Bullish	Bullish	+0.8%	+9.0%	+42.6%	3,394.56
Poland	48%	Neutral	Bearish	Neutral	Bullish	-17.0%	-12.1%	+32.9%	40,392.05
Portugal	45%	Neutral	Bearish	Bullish	Bearish	-13.7%	-23.5%	-1.8%	2,610.72
Russia	30%	Bearish	Bearish	Neutral	Bearish	-21.9%	-10.4%	+64.6%	1,951.07
Singapore	68%	Bearish	Bullish	Bullish	Neutral	-1.3%	+1.0%	+33.8%	2,917.17
Sth Africa	46%	Bearish	Neutral	Neutral	Bearish	-11.3%	-5.5%	+32.2%	27,272.31
Taiwan	55%	Bearish	Bullish	Bullish	Bearish	-7.0%	-8.2%	+16.5%	7,647.25
Thailand	71%	Bearish	Bullish	Bullish	Bearish	+3.9%	+14.2%	+53.4%	820.60
Turkey	64%	Bearish	Bullish	Bullish	Bearish	-7.3%	-1.7%	+55.6%	57,150.90
Venezuela	65%	Neutral	Bullish	Bullish	Bullish	+9.1%	-39.7%	-26.4%	65,569.81

**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

The current *Debt Crisis* is a *Developed Countries Debt Crisis*. These countries have both high debt levels and low growth prospects.

Developing countries, on the other hand, have both low debt levels and strong economic growth - so these should be attractive stockmarkets in which to invest over the years and decades ahead.

Developed countries will experience slower growth, and larger, consumer businesses may experience little or no *domestic* growth in the future. The most attractive investments in developed countries will be companies with *global* businesses - perhaps large multinationals or smaller companies with global niche businesses.

Debt levels in developing countries have been building up since the end of the Second World War and even faster since the Oil Crises of the 1970's. Having borrowed to ease the pain of the 1970's Oil Crises, governments went on to borrow more to subsidise or bailout every problem over the last 30 years. Typically, countries have increased debt levels *every year*, not once repaying the 1970's debts (they were just re-financed) or reducing debt levels in preparation for future problems.

It is only with the cost of the last banking bailout (i.e. the Global Financial Crisis) that people are beginning to question the ability of governments to keep on borrowing and spending its way out of every crisis. Weakened government balance sheets have also led to the realisation that governments do not have the undrawn credit facilities needed to finance the pensions and healthcare of an aging population.

This is why our international portfolio has always been weighted towards emerging and developing economies. If we are already investing in the right place to capture investment growth in the *future* then we see no need to change our existing portfolio.

**China**



**South Korea**



**Brazil**



**India**



**Taiwan**



**Hong Kong**



# Recommended International Investment Funds

## Fund News

Effective from today, **JPMorgan European Fledgeling Investment Trust plc** is now called **JPMorgan European Smaller Companies Trust plc**. The company's code changes to JESC.

**Fidelity European Values plc** has repaid a Euro 40.0 million loan on 22 June. The trust now has a Euro 65.0 million loan at 4.38% maturing on 15 December 2011 and an undrawn revolving credit facility through to the same date.

## Shares Buy-Backs

**Fidelity European Values** re-purchased 169,670 shares on-market in five transaction over the last four weeks. This returned around £1.6 million to investors.

**JPMorgan European Smaller Companies Trust** repurchased a total of 480,000 shares in three on-market transactions worth £3.2 million.

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	-16%	974.0p	2062.2 +60
BUY	JPM European Smaller Cos	JESC	15/01/02	226.5p	765.8	-17%	664.0p	1405.9 +84
<b>United Kingdom</b>								
BUY	Aberforth Smaller Cos Trt plc	ASL	15/07/03	375.5p	1042.0	-14%	511.0p	1081.9 +4
HOLD	Invesco English & Int'l Trust	IEI	10/01/06	273.5p	700.6	-6%	215.0p	455.2 -35
<b>Asian Regional</b>								
BUY	Aberdeen Asian Sm Co WARRANTS AASW		09/09/03	75.3p	209.1		366.0p	774.9 +271
BUY	Gartmore China Opportunities	*	09/07/07	548.9p	1410.4		653.55p	1383.8 -2
HOLD	Gartmore Pacific Growth Fund	*	29/10/85	41.4p	105.4		393.1p	832.3 +690
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		87.65p	185.6 +75
BUY	Henderson Asia Pac Capital	*	08/08/00	342.2p	1122.6		602.5p	1275.7 +14
BUY	Scot Oriental Smaller Coy	SST	11/11/03	121.9p	330.5	-11%	460.0p	974.0 +195
<b>Japan</b>								
BUY	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	-12%	138.0p	292.2 -34
BUY	Fidelity Japan Values plc	FJV	10/01/06	126.0p	322.7	-13%	50.5p	106.9 -67
HOLD	Invesco Perp Japan Small Coys	*	13/07/99	61.3p	182.3		47.71p	101.0 -45
<b>Korea</b>								
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		215.7-228.9p	470.7 +125
<b>International</b>								
HOLD	Aberdeen Emerging Markets	*	13/08/91	61.7p	184.0		455.12p	963.6 +424
BUY	Herald Investment Trust	HRI	12/10/04	310.8p	820.1	-22%	366.0p	774.9 -6
BUY	Private Equity Investor plc	PEQ	11/12/01	122.5p	420.2	-44%	127.25p	269.4 -36

\* United Kingdom based Unit Trust

The average Gains/Losses of all current investments from initial recommendation is +100.9%. This is equal to an average annual rate of +10.0%, 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 +11.0%.

## Other Shares and Warrants

Alternative investments to those recommended above include **Aberdeen Asian Smaller Companies** shares at 482 pence (trading at a 12% discount to net asset value) and **Fidelity Japanese Values** subscription shares (i.e. warrants) at 8¾ pence.









Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
	Invesco Perp Euro Smaller Cos	Very High	+4%	0.70	-54	-2	-15
	JPM Euro Smaller Coys	High	+5%	0.84	-40	10	-12
	Jupiter Euro Spec Sits	Medium	+5%	0.82	-18	-1	-13
	Lazard Euro Smaller Coys	Medium	+4%	0.76	-36	5	-10
Buy	M & G Euro Smaller Coys	Low	+15%	0.66		1	-15
	SWIP Pan-Euro Small Companies	High	+6%	0.76	-30	3	-11
	Schroder Euro Small Coys	Medium	+4%	0.78	-34	1	-12
Buy	Threadneedle Euro Small Cos	Medium	+7%	0.78	-21	10	-4
Buy	Threadneedle Pan Euro Sm Coys	Very Low	+14%	0.70		13	-4

**UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS**

	Fidelity Euro V.	Medium	-1%	0.77	-42	-11	-14
	JPM Euro Fledgling	High	+5%	0.65	-35	3	-12
Buy	TR European	Very High	+8%	0.79	-44	-3	-15

**GERMANY**

**UNITED KINGDOM BASED UNIT TRUSTS**

	Baring German Growth	Medium	+0%	0.87	-23	7	-8
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**France**



**Switzerland**

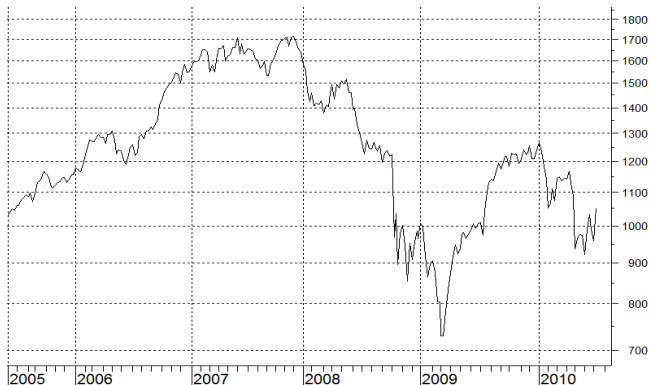


**Germany**

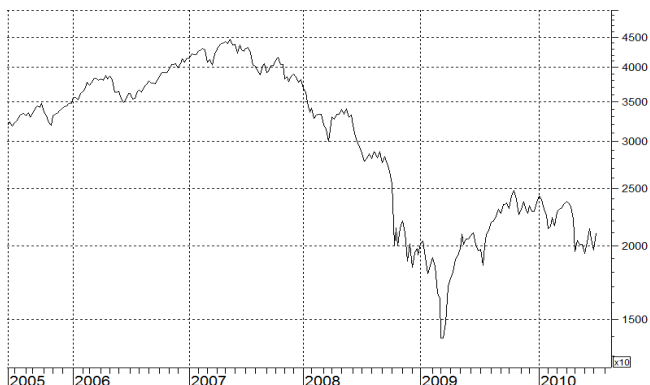


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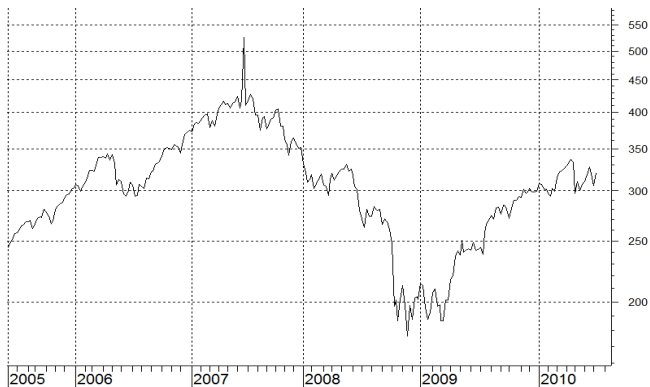
**Spain**



**Italy**



**Sweden**



**Next Issue:**

The next issue of *International Investor* will be emailed in five weeks time on **Monday August 16, 2010**.

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

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