

International Investor

Issue No. 178

www.stockmarket.co.nz

October 11, 2010

Inside International Investor

Invesco English & International
liquidates for about 239.2 pence 2
EXERCISE Aberdeen Asian Smaller
Companies warrants at the end of November 2

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

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 _____	60%	Neutral	Bullish	Neutral	Bullish	+20.4%	+0.7%	+8.6%	4,740.50
Austria _____	54%	Bearish	Bullish	Bullish	Bearish	+25.0%	-1.3%	-6.5%	2,645.32
Belgium _____	56%	Bearish	Bullish	Bullish	Neutral	+17.4%	+0.2%	-2.7%	2,622.78
Canada _____	54%	Bearish	Bullish	Neutral	Bearish	+10.9%	+2.2%	+13.1%	12,535.59
Denmark _____	53%	Bearish	Bullish	Bullish	Bearish	+12.8%	+8.8%	+18.2%	415.66
Finland _____	53%	Neutral	Bullish	Neutral	Bearish	+25.3%	+1.8%	+8.2%	7,269.84
France _____	53%	Neutral	Bullish	Bullish	Bearish	+17.4%	-2.6%	-4.8%	2,741.42
Germany _____	54%	Bearish	Bullish	Bullish	Bearish	+14.4%	+3.9%	+4.1%	6,291.67
Ireland _____	18%	Bearish	Bearish	Neutral	Bearish	+3.7%	-15.9%	-23.4%	2,713.71
Italy _____	47%	Neutral	Neutral	Bullish	Bearish	+12.2%	-6.7%	-16.7%	21,357.91
Japan _____	41%	Bearish	Neutral	Bullish	Bearish	+8.3%	-2.6%	+4.9%	9,588.88
Netherlands _____	50%	Bearish	Bullish	Bullish	Bearish	+14.4%	-2.4%	+0.8%	336.53
New Zealand _____	47%	Neutral	Neutral	Neutral	Bearish	+11.1%	+2.4%	-2.6%	1,368.88
Norway _____	71%	Bearish	Bullish	Bullish	Bullish	+22.4%	+2.5%	+12.9%	357.17
Spain _____	64%	Bullish	Bullish	Bullish	Neutral	+15.9%	-3.3%	-15.2%	1,103.04
Sweden _____	47%	Bearish	Bullish	Bearish	Bearish	+20.3%	+11.2%	+27.9%	342.20
Switzerland _____	59%	Neutral	Bullish	Bullish	Bearish	+12.7%	+2.3%	+8.4%	6,363.16
Un. Kingdom _____	57%	Bearish	Bullish	Bullish	Bearish	+16.8%	+1.8%	+9.5%	5,657.61
USA _____	54%	Bearish	Bullish	Bullish	Bearish	+8.1%	-2.4%	+8.7%	1,165.15
Argentina _____	78%	Bearish	Bullish	Bullish	Bullish	+14.7%	+4.0%	+22.5%	9,470.53
Brazil _____	49%	Bearish	Bullish	Bearish	Bearish	+16.4%	+3.9%	+14.4%	70,808.80
Czech Rep. _____	56%	Bullish	Bullish	Neutral	Neutral	+13.3%	-1.9%	-0.8%	1,141.60
Chile _____	45%	Bearish	Bullish	Bearish	Bullish	+26.8%	+34.5%	+55.6%	22,005.70
China _____	49%	Bearish	Bullish	Bearish	Bearish	+22.1%	+2.8%	+36.9%	268.08
Greece _____	39%	Neutral	Bearish	Bearish	Bullish	+10.3%	-20.7%	-47.5%	1,528.48
Egypt _____	80%	Bullish	Bullish	Bullish	Bullish	+14.2%	-7.6%	-0.7%	6,879.23
Hong Kong _____	70%	Bearish	Bullish	Bullish	Bearish	+12.6%	+3.3%	+6.6%	22,944.18
Hungary _____	57%	Bearish	Bullish	Neutral	Bullish	+16.3%	-6.9%	+9.1%	23,416.53
India _____	49%	Bearish	Bullish	Neutral	Bearish	+19.9%	+13.3%	+28.3%	20,250.26
Indonesia _____	65%	Bearish	Bullish	Neutral	Bullish	+22.0%	+26.0%	+51.3%	3,546.95
Israel _____	41%	Bearish	Bullish	Bearish	Bearish	+18.8%	+0.9%	+20.8%	1,118.23
Korea _____	62%	Bearish	Bullish	Bullish	Bearish	+17.7%	+9.6%	+20.1%	1,897.07
Malaysia _____	44%	Bearish	Bullish	Bearish	Bearish	+14.7%	+13.6%	+30.8%	1,481.41
Mexico _____	52%	Bearish	Bullish	Neutral	Bearish	+10.7%	-0.1%	+22.6%	34,464.82
Philippines _____	41%	Bearish	Bullish	Neutral	Bearish	+32.7%	+33.7%	+54.2%	4,236.98
Poland _____	52%	Bearish	Bullish	Bearish	Bullish	+26.7%	+5.1%	+21.1%	45,227.66
Portugal _____	54%	Neutral	Bullish	Bullish	Bearish	+16.1%	+0.2%	-12.8%	2,748.87
Russia _____	49%	Bearish	Bullish	Bearish	Bearish	+17.5%	-8.2%	+5.5%	2,216.61
Singapore _____	79%	Bearish	Bullish	Bullish	Bullish	+14.4%	+12.8%	+27.1%	3,153.34
Sth Africa _____	51%	Bearish	Bullish	Bearish	Bearish	+20.9%	+7.2%	+26.0%	29,647.99
Taiwan _____	64%	Bearish	Bullish	Bullish	Bearish	+11.6%	+3.8%	+13.7%	8,244.19
Thailand _____	61%	Bearish	Bullish	Bullish	Bearish	+25.8%	+30.7%	+43.1%	963.19
Turkey _____	61%	Bearish	Bullish	Bullish	Bearish	+29.3%	+19.9%	+39.2%	67,217.25
Venezuela _____	64%	Neutral	Neutral	Bullish	Bullish	+1.1%	+10.3%	-36.3%	66,302.19

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.

Recommended International Investment Funds

Fund Liquidation

Invesco English & International has liquidated virtually all of the shares in its cash distribution portfolio and will distribute 235.61 pence today (11 October 2010). It retains about £600,000 (about 3.6 pence per share) of investments to be sold, with this money to be distributed in the near future.

That will realise about 239.21 pence from this investment.

Success with a claim for a refund of VAT paid from 1977 to 2000 could realise a further 6.9 pence per share (plus interest), perhaps in 2011 or 2012.

Warrant Conversion

The final exercise/expiry date for our **Aberdeen Asian Smaller Companies Investment Trust plc** is 30 November 2010, when investors can pay 100 pence to buy shares with a market value of 624½ pence. That is why the warrants are valuable and trade around 525 pence.

If your warrants are held in a nominee account with your stockbroker, then the broker will seek your instructions over the next few weeks. We recommend exercising the warrants and continuing our investment in the shares.

To exercise warrants held in your broker's nominee account you need simply instruct the broker to exercise the warrants and have sufficient cash in your brokerage account to pay the 100 pence per share.

If you do not have the cash, then selling around 16% of the warrants on-market over the next couple of weeks should raise sufficient cash to exercise the remaining 84% of the warrants. If, for example, you have 1000 warrants you would need £1000 to exercise all of the warrants to buy the 1000 new shares. Or you could sell 160 warrants on-market for about £840 which would be sufficient to exercise the remaining 840 warrants.

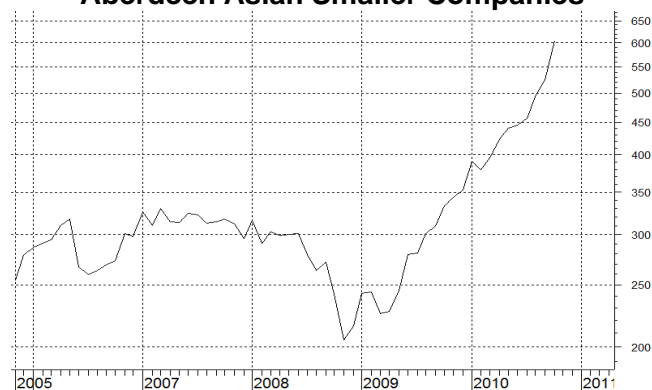
1000 warrants would have cost £753 in September 2003 (NZ\$2091 at the exchange rate at that time), and exercising those warrants for another £1000 (NZ\$2118 at the current exchange rate) will give 1000 shares worth £6245 (NZ\$13,225). This investment has grown strongly in value over the last seven years (with most of those

gains over the last two years) and if an investor is overweighted in this company then it could be appropriate to sell more than 16% of the warrants to realise some extra cash that can be re-invested elsewhere.

We are still happy with Aberdeen Asian Smaller Companies Trust as a long term investment, but the warrant exercise/expiry may be an opportunity to adjust the size of this investment in your portfolio, if this is appropriate in your personal situation.

(We are, of course, not suggesting that 1000 warrants or 1000 shares is *the* appropriate sized investment. This is just an example. The appropriate size of an investment in any individual portfolio will vary depending upon the total amount of capital available and the number of investments in that portfolio.)

Aberdeen Asian Smaller Companies



Fund Report

Aberdeen Asian Smaller Companies Investment Trust plc lifted its net assets 58.0% over the year to 31 July, compared with 19.4% and 26.8% increases by its two benchmark indices.

The company will pay a 64% higher annual dividend of 8.2 pence - plus a special dividend of 1.9 pence (being the trust's gain on CDL Hospitality, which under UK law is a taxable offshore income gain). The shares will trade ex-dividend on 22 October, with payment on 2 December.

The Fund Manager remains optimistic about Asian economies which are "still in the early stages of

development, with room for domestic consumption and intra-regional trade only to head higher". They note that "a swelling middle class and accelerating urbanisation throughout the region are also providing a strong market for Asian companies" and "the prospects for properly managed smaller companies, such as those in the portfolio, are excellent as they grow together with the region".

Share Repurchases

Fidelity European Values plc has made four on-market buy-backs over the last month, acquiring a total

of 70,000 shares for £739,922 (i.e. around £10.57 per share).

JPMorgan European Smaller Companies Trust plc repurchased 25,000 shares at £7.166 per share.

Aberforth Smaller Companies Trust plc made five on-market share repurchases, acquiring a total of 308,208 shares and returning £1.9 million to investors.

Private Equity Investor plc repurchased a further 116,000 shares on-market for 128 pence. That cost £148,480 but increases the net assets of the remaining shares by £106,720 (0.3 pence per share).

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		
Europe									
HOLD	Fidelity European Values plc	FEV	13/05/03	463.5p	1291.1	-16%	1070.0p	2266.0	+76
BUY	JPM European Smaller Cos	JESC	15/01/02	226.5p	765.8	-17%	758.5p	1606.3	+110
United Kingdom									
BUY	Aberforth Smaller Cos Trt plc	ASL	15/07/03	375.5p	1042.0	-14%	584.0p	1236.8	+19
-	Invesco English & Int'l Trust	IEI	10/01/06	273.5p	700.6		239.2p	506.6	-28
Asian Regional									
BUY	Aberdeen Asian Sm Co WARRANTS	AASW	09/09/03	75.3p	209.1		525.0p	1111.8	+432
BUY	Gartmore China Opportunities	*	09/07/07	548.9p	1410.4		722.17p	1529.4	+8
HOLD	Gartmore Pacific Growth Fund	*	29/10/85	41.4p	105.4		435.6p	922.5	+776
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		96.67p	204.7	+93
BUY	Henderson Asia Pac Capital	*	08/08/00	342.2p	1122.6		673.1p	1425.5	+27
BUY	Scot Oriental Smaller Coy	SST	11/11/03	121.9p	330.5	-6%	567.5p	1201.8	+264
Japan									
BUY	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	-17%	126.5p	267.9	-39
BUY	Fidelity Japan Values plc	FJV	10/01/06	126.0p	322.7	-17%	50.0p	105.9	-67
HOLD	Invesco Perp Japan Small Coys	*	13/07/99	61.3p	182.3		46.48p	98.4	-46
Korea									
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		241.5-256.2p	527.0	+152
International									
HOLD	Aberdeen Emerging Markets	*	13/08/91	61.7p	184.0		510.16p	1080.4	+487
BUY	Herald Investment Trust	HRI	12/10/04	310.8p	820.1	-16%	447.20p	947.1	+15
BUY	Private Equity Investor plc	PEQ	11/12/01	122.5p	420.2	-33%	143.75p	304.4	-28
* United Kingdom based Unit Trust									

The average Gains/Losses of all current investments from initial recommendation is +132.3%. This is equal to an average annual rate of +12.8%, 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 +12.3%.

Other Shares and Warrants

Alternative investments to those recommended above include **Aberdeen Asian Smaller Companies** shares at 624½ pence (trading at a 2% discount to net asset value) and **Fidelity Japanese Values** subscription shares (i.e. warrants) at 7.625 pence.

Table with columns: Current Advice, Investment Fund, Risk Rating, Superiority Rating, Market Correlation, Performance (36m, 12m, 3m). Lists various UK investment funds such as HSBC UK Smaller Companies, Halifax Smaller Companies, etc.

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Table with columns: Current Advice, Investment Fund, Risk Rating, Superiority Rating, Market Correlation, Performance (36m, 12m, 3m). Lists UK-based investment trusts such as Aberforth Smaller Coys, Active Capital Trust, etc.

United Kingdom



EUROPE

AUSTRALIAN BASED UNIT TRUSTS

Table with columns: Current Advice, Investment Fund, Risk Rating, Superiority Rating, Market Correlation, Performance (36m, 12m, 3m). Lists Australian-based unit trusts like BT Europe Growth, Platinum Europe.

UNITED KINGDOM BASED UNIT TRUSTS

Table with columns: Current Advice, Investment Fund, Risk Rating, Superiority Rating, Market Correlation, Performance (36m, 12m, 3m). Lists UK-based unit trusts such as AXA Framlington European, Aberdeen European Growth, etc.

Large table with columns: Current Advice, Investment Fund, Risk Rating, Superiority Rating, Market Correlation, Performance (36m, 12m, 3m). Lists various European investment funds and trusts such as Fidelity European Opps, Frank Temp Europe, etc.

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

Table with columns: Current Advice, Investment Fund, Risk Rating, Superiority Rating, Market Correlation, Performance (36m, 12m, 3m). Lists UK-based investment trusts like 3i Infrastructure, Artemis Alpha, etc.

EUROPE SMALLER COS

UNITED KINGDOM BASED UNIT TRUSTS

Table with columns: Current Advice, Investment Fund, Risk Rating, Superiority Rating, Market Correlation, Performance (36m, 12m, 3m). Lists UK-based unit trusts like Aberdeen European Small Coys, BG Euro Small Coys, etc.

Current Advice	Investment Fund	Risk Rating	Superiority Rating	Market Correlation	Performance		
					36 mth	12 mth	3 mth
	Invesco Perp Euro Smaller Cos	Very High	+2%	0.72	-48	3	12
	JPME European Smaller Coys	High	+5%	0.86	-32	6	12
	Jupiter Euro Spec Sits	Medium	+5%	0.87	-19	0	9
	Lazard European Smaller Coys	Medium	+5%	0.79	-26	11	14
Buy	M & G European Smaller Coys	Low	+14%	0.71		4	14
Buy	SWIPPan-Euro Small Companies	High	+7%	0.80	-20	7	13
	Schroder Euro Small Coys	Medium	+4%	0.83	-24	4	12
Buy	Threadneedle Euro Small Cos	Medium	+7%	0.79	-13	12	9
Buy	Threadneedle Pan Euro Sm Coys	Very Low	+16%	0.75		18	11

UNITED KINGDOM BASED LISTED INVESTMENT TRUSTS

	Fidelity Euro V.	Medium	-2%	0.78	-38	-8	11
	JPM Euro Fledgling	High	+6%	0.71	-24	2	13
	TR European	Very High	+4%	0.76	-41	-8	4

GERMANY

UNITED KINGDOM BASED UNIT TRUSTS

	Baring German Growth	Medium	+0%	0.88	-18	4	9
--	----------------------	--------	-----	------	-----	---	---

Germany



France



Switzerland



Spain



Italy



Sweden



Next Issue:

The next issue of *International Investor* will be emailed in four weeks time on Monday November 8, 2010.

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