

International Investor

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Inside International Investor

ACCEPT Takeover Offer for Private Equity Investor	2	Warrant Analysis	6
World Stockmarket Valuations	4, 5	World Stockmarket Capitalisations	7

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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	70%	Bullish	Bullish	Bullish	Neutral	+4.0%	+7.6%	+17.3%	5,339.32
Austria	71%	Bullish	Bullish	Bullish	Neutral	+4.9%	+7.7%	+5.3%	2,369.03
Belgium	70%	Bullish	Bullish	Bullish	Bearish	+2.1%	+7.7%	+6.9%	3,632.40
Canada	81%	Bullish	Bullish	Bullish	Neutral	+3.6%	+14.8%	+12.2%	14,795.70
Denmark	62%	Bullish	Neutral	Bullish	Neutral	-7.2%	-2.8%	+0.4%	937.88
Finland	83%	Bullish	Bullish	Bullish	Neutral	+5.3%	+7.8%	+9.4%	8,562.75
France	68%	Bullish	Bullish	Bullish	Bearish	+1.0%	+4.1%	+1.6%	3,542.29
Germany	76%	Bullish	Bullish	Bullish	Neutral	+3.8%	+10.2%	+6.5%	10,683.82
Ireland	63%	Bearish	Bullish	Bullish	Bullish	-3.4%	+0.3%	-0.2%	6,299.31
Italy	53%	Bullish	Bearish	Bullish	Bearish	-4.0%	-4.2%	-18.3%	18,830.86
Japan	72%	Bullish	Bullish	Bullish	Bullish	+4.3%	+8.8%	+8.8%	16,925.68
Netherlands	69%	Bullish	Bullish	Bullish	Bearish	+2.2%	+7.3%	+7.1%	463.60
New Zealand	66%	Bullish	Bullish	Neutral	Neutral	+5.3%	+16.0%	+31.5%	1,693.70
Norway	68%	Bullish	Bullish	Neutral	Neutral	+1.0%	+9.3%	+9.2%	681.32
Spain	64%	Bullish	Neutral	Bullish	Bearish	-0.6%	+2.0%	-9.8%	897.31
Sweden	82%	Bullish	Bullish	Bullish	Neutral	+1.2%	+6.6%	+4.1%	840.59
Switzerland	71%	Bullish	Neutral	Bullish	Bullish	+1.3%	+5.1%	-5.0%	8,294.30
Un. Kingdom	70%	Bullish	Bullish	Bullish	Neutral	+1.7%	+3.9%	+0.0%	6,894.60
USA	76%	Neutral	Bullish	Bullish	Bullish	+3.9%	+9.0%	+13.5%	2,179.98
Argentina	78%	Neutral	Bullish	Bullish	Bullish	+15.7%	+23.1%	-9.0%	15,965.65
Brazil	77%	Bullish	Bullish	Neutral	Bullish	+27.6%	+39.1%	+51.2%	59,616.40
Czech Rep.	50%	Bullish	Bearish	Neutral	Bearish	-2.3%	-0.1%	-12.4%	875.71
Chile	56%	Neutral	Neutral	Bullish	Bullish	+5.9%	+9.3%	+14.6%	20,543.60
China	55%	Neutral	Bearish	Neutral	Bullish	+2.6%	+4.0%	-11.1%	3,067.35
Greece	34%	Bearish	Bearish	Neutral	Bearish	-11.9%	+6.7%	-9.9%	582.13
Egypt	48%	Neutral	Bullish	Bearish	Neutral	+6.8%	+17.7%	-1.8%	8,136.44
Hong Kong	75%	Bullish	Bullish	Neutral	Neutral	+11.3%	+15.4%	+11.6%	23,266.70
Hungary	68%	Bearish	Bullish	Bullish	Bearish	+2.6%	+14.8%	+33.4%	28,189.60
India	59%	Bearish	Bullish	Neutral	Bearish	+6.6%	+16.5%	+13.4%	28,532.11
Indonesia	65%	Neutral	Bullish	Neutral	Neutral	+12.3%	+9.8%	+29.9%	5,353.46
Israel	62%	Bullish	Neutral	Bullish	Neutral	+3.1%	+5.6%	-5.7%	1,267.03
Korea	67%	Bullish	Bullish	Bullish	Bearish	+7.0%	+11.9%	+16.4%	2,038.31
Malaysia	60%	Bullish	Neutral	Bullish	Neutral	+2.2%	-1.9%	+10.9%	1,671.79
Mexico	47%	Bearish	Bullish	Neutral	Neutral	+4.1%	+1.9%	+1.9%	47,787.99
Philippines	63%	Neutral	Bullish	Bullish	Bearish	+3.0%	+13.4%	+11.4%	7,807.42
Poland	56%	Bullish	Neutral	Neutral	Neutral	+2.7%	+2.5%	-9.8%	47,405.71
Portugal	74%	Bullish	Bullish	Bullish	Neutral	+0.8%	+7.6%	+9.2%	2,534.84
Russia	75%	Bullish	Bullish	Neutral	Neutral	+7.2%	+17.7%	+24.0%	2,003.77
Singapore	53%	Bullish	Neutral	Neutral	Neutral	-0.5%	-0.1%	+2.3%	2,803.92
Sth Africa	61%	Bullish	Bullish	Bearish	Bullish	+2.8%	+8.6%	+4.3%	53,500.07
Taiwan	87%	Bullish	Bullish	Bullish	Bullish	+7.3%	+6.8%	+16.0%	8,987.55
Thailand	75%	Bullish	Bullish	Bullish	Neutral	+8.5%	+12.6%	+15.3%	1,521.48
Turkey	53%	Bullish	Bearish	Neutral	Neutral	-3.2%	-1.9%	+7.4%	76,884.32
Venezuela	26%	Bearish	Bearish	Bearish	Bullish	-24.0%	-54.0%	-48.7%	11,843.12

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

ACCEPT the 167 pence Takeover Offer for Private Equity Investor plc

Two months ago the company announced its intention to accept an offer to purchase 87% of its investment portfolio, but that would leave two investments that could take up to two years to sell.

That announcement resulted in the company receiving other offers to buy its assets - although not at significantly better prices.

Private Equity Investor's directors have now agreed to recommend a full takeover offer for the company at 167 pence per share. The offer closes (if not extended) on 26 September and shareholders will be paid in 14 days.

The takeover is conditional on 75% acceptances, but the bidder has "irrevocable undertakings" from the major shareholders owning 76.6% of the shares. So this takeover will proceed and Private Equity Investor will delist from the stock exchange and become a private

company.

If the bidder obtains 90% acceptances then they will apply for compulsory acquisition of the remaining shares.

This is not a great outcome, but this takeover will proceed so investors should accept the offer and receive the 167 pence per share in cash.

Private Equity Investor plc



(Continued on Page 3)

Recommended Funds Geographic Portfolio Spread

Fund Name	Size (Mil)	Leverage (%debt)	Top 10 Hldgs (%)	Portfolio invested in (%):												
				Cash	HK	Australia	Malay	Taiwan	Korea	Sing.	Thail'd	Phil.	China	India	Sri Lanka	
Aberdeen Asian Sm Coy	£428	8	27.4	3.3	15.3	3.4	17.6			0.5	11.9	13.4	7.4	0.8	10.9	Sri Lanka 3.4
Baring Korea	£151	Nil	49.0							100.0						
Stewart Indian Sub-Cont	£306	Nil	47.1	4.0											83.2	Sri Lanka 7.0
Henderson China Opps	£398	Nil	56.0	2.3	69.2									8.7		US 19.9
HSBC Asian Fund	£54	Nil	44.7	7.2	18.5			2.7	10.5	26.1	5.9	5.8		16.1		Indo 4.8
Hend Asian Pacific Cap	£178	Nil	46.5	1.0	9.5	8.3			14.7	11.1	3.8	4.3	6.1	15.3	24.7	
Scottish Oriental Sm Coys	£313	6	25.8	13.7	6.4			2.5	12.6	3.4	13.3	4.6	2.5	15.8	23.8	Indo 4.9
				Cash USA UK Europe Japan Other												
Aberforth Small Cos Trust	£998	1	24.8					100.0								
Baillie Gifford Shin Nippon	£206	11	26.3	3.4											96.6	
Fidelity European Values	£842	4	37.8												100.0	
Fidelity Japan Values plc	£164	24	47.7												100.0	
Herald Investment Trust	£606	3	20.4	9.5	23.6	57.7	4.0	5.2								
JPMorgan Euro Small Coys	£589	15	19.4	6.6				93.4								
Invesco Perp Japan Small	£67	Nil	32.1	2.9											97.1	
Private Equity Investor plc	£25	Nil	-	20.4	79.6											
				Cash Brazil HK/ China India Mexico Turkey Korea S.Africa Thail'd Taiwan Russia												
Aberdeen E/Markets	£1554	Nil	33.7	1.8	10.8	8.13	16.5	7.7	4.8				5.4	5.0	4.7	

Fidelity European Values plc now has over 62% of its investments in three countries: France (29% of the portfolio), Switzerland (20%) and Germany (13%). It has smaller holdings in the UK (7%), Spain (6%), Belgium (7%), Denmark (6%), Finland (5%), Norway (3%), Netherlands (3%) and others (5%).

JPMorgan European Smaller Companies has its largest investments in France (20% of the portfolio), Sweden (14%), Italy (14%), Netherlands (10%), Finland (9%), Switzerland (8%), Germany (5%), Spain (4%), Norway (4%), Belgium (3%) and Denmark (3%).

Recommended Funds*(Continued from Page 2)***Herald Investment Trust plc**

The trust reports that “small-cap technology stocks have become cheap relative to both the broader market and large-cap technology stocks” and that “Relative valuations are close to five-year lows”.

Despite the trust's increase in buy-back activity the discount to net asset value “has widened in recent months to levels that the manager feels represents an attractive entry point for long term investors”. The

portfolio manager has “just invested personally around £300,000 in Herald” shares.

Share Repurchases

Fidelity European Values plc repurchased 50,854 shares on-market over the last month for £90,418.

Aberforth Smaller Companies Trust plc made three on-market buy-backs, acquiring a total of 97,000 shares for £996,424.

Aberdeen Asian Smaller Companies made four trades, repurchasing 92,500 shares for £861,653.

Current Advice	Investment Fund	EPIC Code	Initial Recommendation --- Date ---	Offer Price		Prem/ Disc to Net Assets	Recent Price Bid-Offer or Last Sale	NZ Cents	Gain or Loss %
				Foreign	NZ Cents				
Europe									
BUY	Fidelity European Values plc	FEV	13/05/03	46.4p	129.1	-13%	175.7p	320.2	+148
BUY	JPM European Smaller Cos	JESC	15/01/02	45.3p	153.2	-16%	292.25p	532.6	+248
United Kingdom									
BUY	Aberforth Smaller Cos Trt plc	ASL	15/07/03	375.5p	1042.0	-14%	1057.0p	1926.4	+85
BUY	Aberdeen Asian Small Coys	AAS	09/09/03	89.2p	247.8	-13%	934.5p	1703.1	+587
HOLD	HSBC Asian Fund	*	10/11/98	34.4p	106.3		108.1p	197.0	+85
HOLD	Henderson Asia Pac Capital	*	08/08/00	342.2p	1122.6		886.8p	1616.2	+44
BUY	Scot Oriental Smaller Coy	SST	11/11/03	121.9p	330.5	-13%	895.5p	1632.0	+394
China									
BUY	Henderson China Opportunities	*	09/07/07	548.9p	1410.4		1039.0p	1893.6	+34
India									
HOLD	First State Indian Sub-Cont.	*	13/12/10	209.2p	442.0		414.08p	754.7	+71
Japan									
BUY	Baillie Gifford Shin Nippon plc	BGS	11/01/94	156.0p	440.3	+4%	526.5p	959.5	+118
BUY	Fidelity Japan Values plc	FJV	10/01/06	126.0p	322.7	-12%	96.0p	175.0	-46
HOLD	Invesco Perp Japan Small Coys	*	13/07/99	61.3p	182.3		91.4p	166.6	-9
Korea									
HOLD	Baring Korea Trust	*	12/04/94	81.1p	209.4		311.0-313.7p	569.3	+172
International									
HOLD	Aberdeen Emerging Markets	*	13/08/91	61.7p	184.0		631.05p	1150.1	+525
BUY	Herald Investment Trust	HRI	12/10/04	310.8p	820.1	-20%	798.0p	1454.3	+77
SELL	Private Equity Investor plc	PEQ	11/12/01	109.4p	375.4		167.0p	304.4	-19

* United Kingdom based Unit Trust

The average Gains/Losses of all current investments from initial recommendation is +157.2%. This is equal to an average annual rate of +10.5%, 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 48 closed out) is +11.7%.

Other Shares

An alternative investment to those recommended above includes **Aberdeen Asian Smaller Companies Trust** 2019 convertible notes at 117 pence.

“Clean” unit prices are: HSBC Asian Fund 121.7 pence, Henderson Asia Pacific Capital 971.6 pence, Henderson China Opportunities 146.9 pence, Stewart Investors Indian Sub-Continent 206.5 pence, Invesco Perpetual Japanese Smaller Companies 276.76 pence, Baring Korea 311.8-314.6 pence and Aberdeen Emerging Markets 685.15 pence.

World Stockmarket Valuations

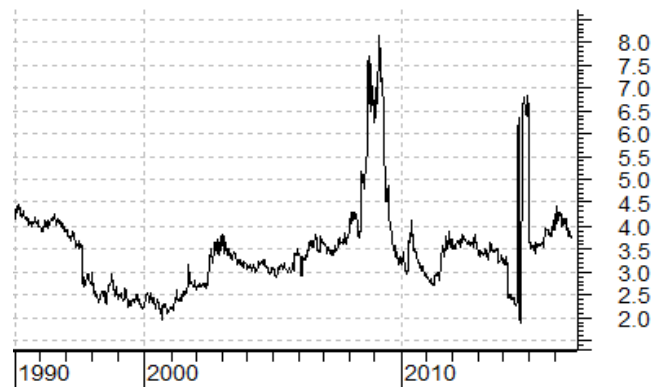
Country	Dividend Yield	Price/Earn. Ratio
Australia	4.6	18.2
Austria	2.6	15.3
Belgium	2.8	22.1
Canada	2.8	28.1
Denmark	2.0	29.1
Finland	3.8	16.3
France	3.5	20.3
Germany	2.8	17.8
Ireland	1.5	19.8
Italy	4.3	63.2
Japan	2.2	15.4
Netherlands	2.7	20.2
New Zealand	3.8	20.7
Norway	4.4	20.1
Spain	4.8	17.6
Sweden	4.0	22.8
Switzerland	3.2	22.7
Un. Kingdom	3.8	22.1
USA	2.1	22.9
Argentina	1.0	14.5
Brazil	3.2	21.8
Czech Rep.	7.6	12.4

Country	Dividend Yield	Price/Earn. Ratio
Chile	2.5	20.6
China	2.2	14.0
Greece	1.1	NE
Egypt	2.4	17.3
Hong Kong	3.1	12.4
Hungary	2.3	10.3
India	1.2	23.1
Indonesia	1.9	21.1
Israel	2.1	17.4
Korea	1.7	10.7
Malaysia	3.0	18.5
Mexico	1.6	24.9
Philippines	1.5	21.8
Poland	3.5	13.9
Portugal	4.0	13.8
Russia	4.6	7.8
Singapore	4.5	13.4
Sth Africa	2.8	21.4
Taiwan	4.0	15.0
Thailand	2.9	18.2
Turkey	3.0	10.1

United States Dividend Yields



United Kingdom Dividend Yields



Japan Dividend Yields



Canada Dividend Yields



France Dividend Yields



China Dividend Yields



Switzerland Dividend Yields



Brazil Dividend Yields



Australia Dividend Yields



South Korea Dividend Yields



Germany Dividend Yields



India Dividend Yields



Listed Investment Trust

Warrant Analysis

Warrant	Current Share Price	Warrant Exercise Prices	Years & Months to Expiry	Current Warrant Price	Black-Scholes Value	Warrant Over/Under Valued (%)	Share Volatility	Warrant Leverage	Warrant Share Price 5%pa	Return(%p.a.) from 10%pa	Return(%p.a.) from 20%pa	Break-Even Rate
<u>UNITED KINGDOM</u>												
Artemis Alpha Trust	231.0p	345.0p	1-3	2.13p	1.96p	+9	0.231	13.4	-100.0	-100.0	-100.0	+39%
JPMorgan Smaller Coys	787.5p	915.0p	0-9	11.00p	8.21p	+34	0.157	25.0	-100.0	-100.0	-100.0	+24%
Standard Life Equity Income	409.3p	320.0p	0-3	76.00p	89.62p	-15	0.128	4.6	+136.7	+189.3	+312.9	-12%
<u>JAPAN</u>												
JPMorgan Japan Sm Coys	290.3p	243.0p	0-2	53.75p	47.48p	+13	0.177	6.1	-38.1	-19.0	+30.7	+14%

