

**SHINING A LIGHT ON.....  
BARING ASEAN FRONTIERS FUND**

**Update....**

We reviewed this fund in 2014 and continue to monitor it. It is a Dublin Based Fund which means it is not as readily available to everyone.

At the time we had two concerns, firstly the narrow investment remit and secondly the number of holdings. In our discussion with Soo Hai these points were covered.

Firstly the holdings, at the time we reviewed the fund there were over ninety holdings (although this hadn't had any negative impact on performance) and we were concerned this became a closet tracker. This has now reduced down to 70 holdings with the top five stocks continuing to represent 20% of the portfolio, and performance remains strong.

Covering the investment remit the concern centred on doubling up on holdings when using Asian, Emerging and Frontier Funds. Soo Hai explained that ASEAN markets tend to be underrepresented in these markets being 14% of the MSCI Asian Index and 10% of the Emerging Market Index. Which means although there might be some crossover it is likely to be minimal.

The ASEAN market, like any market, is complex and Soo Hai explained that the key to successful investing is about the stocks and the regions. For example Malaysia as a country has challenges but within the economy it has some excellent IT stocks which Soo Hai has exposure to. One area he likes is Indonesia where many investors compare the new president to Modi in India, but in a negative way and there is a belief that he cannot deliver the reforms needed.

However, Soo Hai disputes this pointing to the cut in fuel subsidises which he has delivered within three months of office. He believes there are many other positives which the market is missing and for him this creates opportunities. This is currently his highest weighting alongside Singapore.

Thailand is another region he believes will benefit from a fall in oil prices and the market has not priced this in. He believes this is in part due to the strength of the dollar and rising of interest rates which many feel will have a negative impact on the region. However, Soo Hai believes this is not necessarily the case for all countries and it comes down to being selective on where you invest.

In addition to Thailand, Singapore and Indonesia, Soo Hai favours the Philippines. Looking at sectors the fund is skewed towards financials (real estate and banks) and industrials.

In conclusion the fund continues to deliver strong growth and it may act as a good blend with other Asian or Emerging Market Funds. However, this is likely to be volatile and it could suffer if the region falls out of favour.

# LWM Consultants Ltd

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## Fund performance

Performance over the last five years is shown below:

	2010	2011	2012	2013	2014	2015*	Since Launch
<b>Baring ASEAN Frontiers Fund</b>	43.29%	-11.20%	16.82%	-8.07%	15.58%	5.32%	123.02%
<b>iShares MSCI AC Far East Ex-Japan</b>	34.93%	-16.58%	14.03%	-1.21%	6.63%	4.28%	60.19%

### **\*1 January to 31 January 2015**

*You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.*

*The source of information in this note has been provided by Baring and is correct as at February 2015. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well rise.*