

**SHINING A LIGHT ON THE.....**  
**SLI Global Emerging Markets Equity Income Fund**

**AT A GLANCE**

Investment Objective	
The objective of the Fund is to provide a high level of income with some capital appreciation over the longer term. The investment policy of the Fund is to invest mainly in high yielding equities, equity type investments and fixed interest securities of companies listed on an emerging market stock exchange or which, in the opinion of the ACD, carry on a substantial part of their operations in emerging market countries.	

<b>Inception Date</b>	13 December 2012
<b>Fund Factsheet Link</b>	<a href="http://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000P989">http://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000P989</a>

Management	
<b>Manager Name</b>	<b>Start Date</b>
Mark Vincent	13 December 2012

Investment Style Details	
<b>Equity Style</b>	
<b>Market Capitalisation</b>	<b>% of Equity</b>
Giant	45.88%
Large	18.14%
Medium	28.03%
Small	7.95%
Micro	0.00%

Top 10 Holdings		
<b>Total number of holdings</b>	93	
<b>Assets in Top 10 Holdings</b>	26.15%	
<b>Name</b>	<b>Sector</b>	<b>% of Assets</b>
Taiwan Semiconductor Manufacturing Company	Technology	4.98%
Samsung Electronics	Technology	4.78%
Naspers Ltd	Technology	2.77%
Bank Bradesco SA	Financial Services	2.23%
China Merchants Bank Co Ltd	Financial Services	2.21%
Tencent Holdings Ltd	Technology	2.12%
Inter RAO UES PJSC	Utilities	1.94%
China Mobile Ltd	Communication Services	1.89%
PT Telekomunikasi	Communication Services	1.62%
CNOOC Ltd	Energy	1.61%

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Volatility Measurements	
<b>3-Yr Std Dev (volatility)</b>	<b>3-Yr Mean Return</b>
15.75%	8.76%

## FUND PERFORMANCE

Performance 13 December 2012 to 30 September 2016

	2012	2013	2014	2015	2016
<b>SLI Global Emerging Markets Equity Income Fund</b>	2.18%	5.68%	2.89%	-11.15%	34.01%
<b>iShares MSCI Emerging Markets</b>	0.92%	-5.82%	2.62%	-9.13%	32.83%

Performance over 1 year, 3 years, and since launch:

	1 year	3 years	Since launch
<b>SLI Global Emerging Markets Equity Income Fund</b>	40.02%	25.28%	35.29%
<b>iShares MSCI Emerging Markets</b>	36.26%	21.32%	15.11%

*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.*

## UPDATE....

We have met Mark before and he is a likeable person, with a great deal of knowledge of the region and how his fund can exploit this. The fund is nearing a five-year track record and since launch has nearly doubled the return of the index. However, in the short term the performance hasn't shone! My feeling with this fund is that if you like it then it is one that you put some money in and leave it for the long term.

Mark started by explaining that emerging markets saw big outflows in 2014 and 2015. In 2016 there has been a flow of money back into the sector but most of this has been in to passive funds perhaps exploiting short term weakness. However, in recent weeks there does seem to have been a switch to active managers showing people are prepared to hold as a long-term investment.

He thinks emerging markets is close to the bottom and many companies are starting to beat earning expectations. Much of this has come from lower commodity prices, stabilisation of currency, and wage control. For companies, there is also a better discipline on how capital is used.

Mark explained that there are the usual reasons why invest in emerging markets but it is things around the edges that make it interesting. For example, many of these companies don't have the legacy problems of UK companies; they don't have pension schemes! In fact, the idea of saving is new and only now in China you are starting to see the introduction of protection policies and pensions and these make for interesting companies to invest in.

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Looking at companies, the fund invests mainly in multi cap. Although he looks for those with visible dividend growth he is also happy to invest in companies which have no dividends, but have the potential to deliver them in the future. An example would be Inter RAO which since the investment has seen a 200% growth and is paying a growing dividend of 4%.

Although this is an income fund Mark argues that income does form part of the growth story (i.e. total returns = income plus growth). Income companies tend to be better managed and therefore are quality companies which protects on the downside.

In summary, we like the fund and Mark. The difficulty is that there are other funds which have outperformed this fund however they may be more volatile so this could be used as a counterbalance. Emerging Markets can be tricky and sometimes a fund where you can invest and not disturb it is the best way to play it.

*The source of information in this note has been provided by Standard Life Investments and is correct as at October 2016. 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. We would also recommend that you receive advice before following up on any decision.*