

SHINING A LIGHT ON THE.....
Barings Global Emerging Markets Equity Fund

AT A GLANCE

Investment Objective	
<p>The fund aims to seek long-term capital growth primarily through investment in a diversified portfolio of developing country equity securities. Investments in emerging markets tend to be volatile and are usually considered to carry a greater degree of risk than investments in established markets. The fund invests into a relatively small number of assets, or into individual countries or a specific market sector. Such concentrated portfolios give rise to more risk than where investments are spread across a larger number of assets, countries or market sectors. The underlying fund invests in bonds or money market instruments (including deposits with banks or other financial institutions).</p>	

Inception Date	24/2/1992
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=FOGBR04SJB

Management	
Manager Name	Start Date
William Palmer	1 October 2011
Isabelle Irish	1 June 2013
Michael Levy	1 November 2016

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	64.06%
Large	29.02%
Medium	6.54%
Small	0.34%
Micro	0.04%

Top 10 Holdings		
Total number of holdings		
Assets in Top 10 Holdings		
Name	Sector	% of Assets
Samsung Electronics Co Ltd	Technology	6.98%
Alibaba Group Holding Ltd ADR	Consumer Cyclical	6.92%
Taiwan Semiconductor Manufacturing Co	Technology	6.04%
Tencent Holdings Ltd	Technology	5.20%
China Construction Bank Corp H	Financial Services	4.36%
Ping An Insurance (Group) Co. of Chin	Financial Services	3.69%
Anglo American PLC	Basic Materials	2.87%
Reliance Industries Ltd	Energy	2.80%
China Overseas Land & Investment Ltd	Real Estate	2.61%
LG Chem Ltd	Basic Materials	2.59%

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Volatility Measurements	
3-Yr Std Dev (volatility)	14.74%
3-Yr Mean Return (average)	18.66%

FUND PERFORMANCE

Performance from 1 January 2013 to 30 April 2019:

	2013	2014	2015	2016	2017	2018	2019
Barings Global Emerging Markets Fund	-8.37%	2.75%	-4.06%	24.67%	33.16%	-12.28%	13.45%
iShares MSCI EM ETF	-5.82%	2.62%	-11.15%	33.56%	24.43%	-9.25%	8.33%

Performance over 12 months, 3 years, 5 years and 10 years

	1 year	3 years	5 years	10 years
Barings Global Emerging Markets Fund	0.42%	61.88%	72.44%	109.20%
iShares MSCI EM ETF	-0.25%	52.02%	53.42%	-

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....

The fund is essentially a high conviction stock pickers fund looking to identify mispriced investment opportunities.

They believe the key points of difference for the strategy are:

1. The resources they have – over 30 people dedicated to emerging markets. They believe the only good data that is now available is in-house data. All analysts have at least one recommendation within the fund and therefore the resource and collaborative approach makes it stand out
2. Research is over at least five years, and this reflects the fact that they tend to be long term holders with 5 plus years
3. Capture macro risks – this is about the stocks. They know macro risks have an impact over the short to medium, but every country and company has a different risk profile, and this is factored into the work they do
4. ESG – this is fully embedded into the process. As stock pickers they want to select the best companies and understanding the environmental footprint, employee turnover, management etc is an important part of that process
5. Portfolio construction and risk management – they look at the different factors which influence a share price, like currency and price of oil

From a universe of 15,000 companies the work they do reduces this down to around 500 stocks that they can potentially invest in, with the fund selecting between 40 and 60 stocks.

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The types of companies they like are those where there is unrecognised growth, quality (strong franchise, management and balance sheet), and attractive valuations. Where they see long term growth opportunities include demographics (aging populations, growing populations and growing middle classes), productivity and sustainability (automation, renewables/clean energy, food security and big data / AI), and digital age (ecommerce, online engagement and semiconductors).

Some of the companies they like include Anglo American, TSMC, Natura and Ping An Insurance. They currently have 43 holdings. About 18% of the companies are not in the index and main country weightings are China, India, Brazil and South Africa.

In summary, this fund has outperformed the index. The way the fund is structured around demographics, productivity and sustainability and digital age makes it interesting. It is tilted towards large cap, but it seems to do what it sets out to do.

The source of information in this note has been provided by Barings and is correct as at April 2019. 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.