

**SHINING A LIGHT ON THE.....  
Barings Global Emerging Markets 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 underlying 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>	

<b>Inception Date</b>	24 February 1992
<b>Fund Factsheet Link</b>	<a href="https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=FOGBR04SJB">https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=FOGBR04SJB</a>

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	71.62%
Large	20.77%
Medium	6.59%
Small	1.02%
Micro	0.00%

Top 10 Holdings		
Total number of holdings	45	
Assets in Top 10 Holdings	48.34%	
Name	Sector	% of Assets
Tencent Holdings Ltd	Technology	8.29%
Alibaba Group Holding Ltd ADR	Consumer Cyclical	7.82%
Samsung Electronics Co Ltd	Technology	7.55%
Taiwan Semiconductor Manufacturing Co Ltd	Technology	7.15%
China Construction Bank Corp Class H	Financial Services	3.68%
Ping An Insurance (Group) Co. of Chin...	Financial Services	3.24%
China Overseas Land & Investment Ltd	Real Estate	2.85%
Reliance Industries Ltd	Energy	2.71%
HDFC Bank Ltd	Financial Services	2.70%
LG Chem Ltd	Basic Materials	2.36%

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Volatility Measurements	
3-Yr Std Dev (volatility)	16.81%
3-Yr Mean Return (average)	2.14%

## FUND PERFORMANCE

Performance from 1 January 2014 to 31 May 2020:

	2014	2015	2016	2017	2018	2019	2020
<b>Barings Global Emerging Markets Fund</b>	3.07%	-3.61%	23.41%	33.59%	-11.93%	18.91%	-11.87%
<b>iShares MSCI EM ETF</b>	2.62%	-11.15%	33.56%	24.43%	-9.25%	12.62%	-11.27%

Performance over 12 months, 3 years, 5 years and since fund manager inception (1 October 2011).

	1 year	3 years	5 years	Since fund manager inception
<b>Barings Global Emerging Markets Fund</b>	-2.87%	6.56%	35.76%	55.13%
<b>iShares MSCI EM ETF</b>	-3.95%	1.21%	24.76%	54.51%

*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....

**These updates have been written at the time of the Coronavirus Pandemic of 2020, which has impacted the global financial markets in a way that has never been seen before.**

The Barings franchise has been running since 1992. The current management team have been running since 2011. Since this time the fund has matched the index but over shorter periods it has outperformed. The managers believe that there are inefficiencies within emerging markets which can only be exploited through active management. Their aim is to identify unrecognised growth potential with a 5-year time horizon.

The process is a mix of research, top down macro considerations, ESG engagement and then the construction of the portfolio is about identifying the best ideas. The fund holds between 40 and 60 holdings and has a high active share of 70% (i.e. 70% of the holdings are different to the benchmark). The team is based in Hong Kong and London and they have 18 different nationalities.

They believe that company engagement is central to success and they have over 2000 company interactions a year. They feel meeting face to face is important in understanding body language and in Asia they are starting to do company meetings again.

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In terms of recent events it has increased certain trends like internet shopping, payment platforms etc. There will be some clear winners, and these are those companies with strong sheets and a competitive advantage. These companies will just grow stronger.

We discussed value and valuation is part of the process, but it is about finding cheap stocks which have good business models rather than buying something because it is cheap. As managers they are paid to take risk, but it is important that they understand the risk they are taking. They also look to minimise factor risk (country, currency, style etc). 70% of the fund is stock specific risk, other risks include the fact that the fund is skewed to large cap and its largest overweight is China.

The fund has a very low turnover and they only adjust if something has changed. They recently sold out of an Indian Bank where they felt the management was losing the advantages they had on consumer credit and growing.

During the recent market correction they interacted with companies, stuck to their process and very little change was made.

In summary, the fund has performed well over the last five years and since 2011 it has tracked the index. The change in performance might reflect the change in team and new members. Certainly it is a fund to consider against others in the emerging markets space.

*The source of information in this note has been provided by Barings and is correct as at June 2020. 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.*