

**SHINING A LIGHT ON THE.....
Barings Eastern Trust**

AT A GLANCE

Investment Objective
The investment objective of the Trust is to achieve capital growth by investing in the Asia Pacific region excluding Japan. The Trust will seek to achieve its investment objective by investing at least 70% of its total assets directly and indirectly in equities and equity-related securities of companies incorporated in, or exercising the predominant part of their economic activity in the Asia Pacific region excluding Japan, or quoted or traded on the stock exchanges in those countries, including developed and emerging markets.

Inception Date	22 April 1985
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F0GBR04RV6

Management	
Manager Name	Start Date
Soo-Hai Lim	8 January 2010
Eunice Hong	8 June 2018

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	73.82%
Large	21.03%
Medium	4.64%
Small	0.52%
Micro	0.00%

Top 10 Holdings		
Total number of holdings	49	
Assets in Top 10 Holdings	54.59%	
Name	Sector	% of Assets
Tencent Holdings Ltd	Technology	9.78%
Alibaba Group Holding Ltd ADR	Consumer Cyclical	9.44%
Taiwan Semiconductor Manufacturing Co Ltd	Technology	8.71%
Samsung Electronics Co Ltd	Technology	8.31%
AIA Group Ltd	Financial Services	4.19%
China Construction Bank Corp Class H	Financial Services	3.49%
Ping An Insurance (Group) Co. of Chin...	Financial Services	3.26%
Kweichow Moutai Co Ltd	Consumer Defensive	2.93%
Reliance Industries Ltd	Energy	2.52%
HDFC Bank Ltd	Financial Services	1.96%

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Volatility Measurements	
3-Yr Std Dev (volatility)	16.81%
3-Yr Mean Return (average)	10.08%

FUND PERFORMANCE

Performance from 1 January 2014 to 30 June 2020:

	2014	2015	2016	2017	2018	2019	2020
Barings Eastern Trust	16.30%	3.67%	18.45%	41.13%	-16.67%	18.39%	11.50%
iShares MSCI AC Far East Ex Japan ETF	8.54%	-5.92%	27.34%	28.84%	-10.18%	13.60%	2.67%

Performance over 12 months, 3 years, 5 years and since fund manager inception:

	1 year	3 years	5 years	Since fund manager inception
Barings Eastern Trust	15.05%	30.24%	76.56%	136.44%
iShares MSCI AC Far East Ex Japan ETF	5.67%	16.34%	56.61%	108.64%

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.

We recently spoke to the emerging markets team and the first thing we noted was that the top ten holdings across both strategies are almost identical and therefore at least 50% of the funds crossover. In terms of the strategies both follow the same process and that would explain the common holdings. The team are based in Hong Kong and Shanghai as well as Taiwan. They believe having people on the ground is important. They have been able to meet management via zoon calls. The only downside is the loss of body language and really seeing how a business is operating.

In terms of what has happened there has been a sharp correction, followed by a sharp recession and then rally. North Asia has done better both in terms of containment and fiscal support. Countries like Korea, Taiwan, Singapore and China will come out of this stronger due to the lower levels of debt and younger demographics, whereas countries like India and Indonesia are much more vulnerable.

In terms of the recovery some sectors have seen a v shape recovery whereas other sectors are taking longer to recover. In terms of areas which have struggled, these are sectors like tourism and business travel where they have had little exposure. Areas where they have done well include Hartalega who manufacture nitrile and latex gloves, and SEA Ltd who are ASEAN's Alibaba and Tencent in one. SEA have the number one market share and a very profitable gaming business.

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In terms of companies they look to long term structural trends and themes and then for companies that can grow alongside these trends. The typical company will have high margins and high barriers to entry. They are also looking for companies which are less impacted by the sensitivity of the trade tensions.

In summary, the fund has performed well under the management team and invests in the structural growth trends within the Asia region. A concern would be large cross over in holdings with the emerging markets strategy so any investor may decide to choose one over the other.

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