

**SHINING A LIGHT ON THE.....
BlackRock Asian Growth Leaders Fund**

AT A GLANCE

Investment Objective	
The Asian Growth Leaders Fund seeks to maximise total return. The Fund invests at least 70% of its total assets in the equity securities of companies domiciled in, or exercising the predominant part of their activity in Asia, excluding Japan. The Fund places particular emphasis on sectors and companies that, in the opinion of the Investment Adviser, exhibit growth investment characteristics, such as above average growth rates in earnings or sales and high or improving returns on capital.	

Inception Date	31 st October 2012
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=0P00013N9L

Management	
Manager Name	Start Date
Andrew Swan	31 st October 2012
Emily Dong	31 st October 2012

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	60.84%
Large	30.15%
Medium	8.53%
Small	0.47%
Micro	0.00%

Top 10 Holdings		
Total number of holdings	46	
Assets in Top 10 Holdings	44.20%	
Name	Sector	% of Assets
Tencent Holdings Ltd	Technology	9.39%
China Construction Bank Corp H	Financial Services	6.66%
POSCO	Basic Materials	5.22%
NetEase Inc ADR	Financial Services	3.87%
PetroChina Co Ltd H	Energy	3.50%
Samsung Electronics Co Ltd	Technology	3.28%
MediaTek Inc	Technology	3.23%
PT Bank Mandiri (Persero) Tbk	Financial Services	3.16%
China Resources Land Ltd	Real Estate	3.05%
IndusInd Bank Ltd	Financial Services	2.85%

Volatility Measurements	
3-Yr Std Dev (volatility)	15.20%
3-Yr Mean Return (average)	14.03%

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FUND PERFORMANCE

Performance from 1st January 2013 to 30th April 2018:

	2013	2014	2015	2016	2017	2018
BGF Asian Growth Leaders Fund	21.51%	16.27%	6.83%	26.92%	26.11%	-2.06%
iShares MSCI AC Far East exJapan ETF	0.54%	8.54%	-5.92%	27.34%	28.84%	-0.68%

Performance over 12 months, 3 years, 5 years and since launch:

	1 year	3 years	5 years	Since launch
BGF Asian Growth Leaders Fund	10.46%	40.30%	100.90%	146.22%
iShares MSCI AC Far East exJapan ETF	16.74%	33.79%	60.25%	77.26%

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....

This was our first meeting with the manager and much of the discussion was around macro issues although Andrew did touch briefly on the fund itself.

We started by discussing trade tariffs and Andrew explained that the steel and aluminium tariffs in isolation will have little impact on China. The challenge is where the trade war goes from this point. He added that it is important to understand that a trade war ultimately ends up as a tax on the US consumer and for this reason Andrew feels there will be a deal between China and the US.

In the short term the impact is harder to gauge, and it will increase volatility in the region. This of course opens opportunities but if this escalates then it will not be good for global growth and especially Asia. The only winner is the dollar. If this starts to happen then Andrew will move the portfolio to a more defensive positioning.

In terms of Asia, the inflows into the region are not extreme so euphoria is not driving the market. The market is on its long-term average and there are areas which remain cheap especially industrials and energy.

In terms of economies China is seeing a strong reform programme. Banks have seen non-performing loans fall from over 16% to just under 5%. However, valuations don't reflect the change and they remain very cheap. Andrew has started to add this into the portfolio.

In India, as the reform process gathers pace, they have started to see growth start to slow, and global investors pull away. However, with elections 2 years away and Modi starting to slide in the ratings it is likely reforms will be put on hold to improve the economy and allow him to win the next term. This means that now is a good time to invest and they are seeing opportunities arise.

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He touched briefly on North Korea. He sees it as a sideshow with a very low probability of anything happening. They have some concern with South Korea semi-conductor businesses so have a low weighting to the region now.

In summary, Andrew feels that although there are risks there is still more to come out of the region. The fundamentals are good for the upside but the uncertainty on trade is creating volatility and pushing returns down. Rather than being concerned he is seeing this as an opportunity to buy. If the trade war continues and he starts to worry about the region then he will move to a defensive positioning, but he doesn't see that happening any time soon.

In terms of performance the fund has slipped over the last couple of years and this is because the fund doesn't have all the tech stocks which drove the markets in 2017. The longer term performance is strong and certainly Andrew feels the portfolio is positioned in the areas of value rather than in quality growth stocks which are expensive and over owned.

The source of information in this note has been provided by BlackRock and is correct as at April 2018. 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.