

SHINING A LIGHT ON THE.....
Legg Mason IF Martin Currie Emerging Markets Fund

AT A GLANCE

Investment Objective
To achieve long-term capital growth through investment in emerging markets. The Fund seeks to achieve its objective by investing directly, principally in securities of companies domiciled or having their principal activities in emerging market countries. The Fund will invest principally in equity securities but may also invest in other transferable securities, money market instruments, derivatives and forward transactions (for investment purposes as well as EPM purposes), deposits and collective investment schemes.

Inception Date	26 June 2015 (when moved to Legg Mason)
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000VZBH

Management	
Manager Name	Start Date
Divya Mathur, Kim Catechis and Alastair Reynolds	26 June 2015

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	62.54%
Large	24.44%
Medium	12.55%
Small	0.47%
Micro	0.00%

Top 10 Holdings		
Total number of holdings	49	
Assets in Top 10 Holdings	48.57%	
Name	Sector	% of Assets
Samsung Electronics Co Ltd	Technology	8.40%
Taiwan Semiconductor Manufacturing Co	Technology	7.82%
Tencent Holdings Ltd	Technology	6.66%
Alibaba Group Holding Ltd ADR	Consumer Cyclical	6.57%
Naspers Ltd Class N	Technology	4.45%
Industrial And Commercial Bank Of China	Financial Services	4.14%
LG Chem Ltd	Industrials	2.74%
Maruti Suzuki India Ltd	Consumer Cyclical	2.69%
Credicorp Ltd	Financial Services	2.62%
EPAM Systems Inc	Technology	2.49%

Volatility Measurements	
3-Yr Std Dev (volatility)	14.81%
3-Yr Mean Return (average)	23.77%

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FUND PERFORMANCE

Performance from 1st January 2013 to 31st August 2018:

	2013	2014	2015	2016	2017	2018
Legg Mason IF MC Emerging Markets Fund	-7.27%	-2.70%	-10.17%	34.16%	36.59%	-4.18%
iShares MSCI EM ETF	-5.82%	2.62%	-11.15%	33.56%	24.43%	-4.85%

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

	1 year	3 years	5 years	10 years
Legg Mason IF MC Emerging Markets Fund	0.35%	83.89%	58.22%	76.31%
iShares MSCI EM ETF	-2.98%	59.37%	48.57%	-

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 has been running under the Legg Mason brand since 2015 but it has a track record going back over 20 years with the team working together for several years. Divya explained that this is a collaborative approach with the entire team being involved in the investment process. Each team member has a sector specialism and remuneration rewards are based on the success of the strategy.

Where they believe the fund differs from others is their focus on ESG which has been something that they have engaged with since 2001. They are industry leaders and have worked with many companies. More recently they have worked with Credicorp in Peru on developing lending policies. They are active in voting against things they don't believe are right.

Another example is Samsung who they have engaged with since 2010. This has resulted in better labour policies but they admit there is still more to do.

They have a bank of about 100 companies that they focus on, and then the fund is made up of around 40 to 60 companies. Divya explained that emerging markets are volatile and although there is an upward trend since 1998 and investors would have seen 8 times return on their initial investment, there have been big dips. They aim to think longer than the market likes to think, and when investing in companies they are looking at what might happen over a 3 to 5-year period.

Meeting companies is a key component to investing and although macro and political issues play a part this tends to be short term and good companies will always shine through. Examples of holdings include Asian Painters. They have followed this company since 1997 and its market share has gone from 34% to 51%. The company has been visited seven times in the last six years. The investment thesis remains i.e. increasing paint consumption, increasing number of houses and rising incomes. The only change is the potential impact of digital disruption which they believe is a low risk. The company sales are growing by 13% p.a. and profit 16% p.a.

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EPAM is a software services provider which helps companies adapt to changing trends. The types of clients they work with are UBS, Coca Cola and Expedia.

The fund has shifted more toward technology and consumer sectors and away from energy and materials.

In summary, one of the concerns we have is performance which is average, the outperformance in 2017 helped drive the 3- and 5-year figures but investors may wish to compare to other funds. The ESG element should identify better run companies but fundamentally investors will want to see consistent returns.

The source of information in this note has been provided by Legg Mason and is correct as at September 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.