

**SHINING A LIGHT ON THE.....  
BlackRock Frontier Investment Trust**

**AT A GLANCE**

<b>Investment Objective</b>	
To achieve long term capital growth from investment in companies operating in Frontier Markets or whose stocks are listed on the stock markets of such countries.	

<b>Inception Date</b>	17 December 2010
<b>Fund Factsheet Link</b>	<a href="http://tools.morningstar.co.uk/uk/cefreport/default.aspx?SecurityToken=F00000LN8Y]2]0]FCGBR\$\$ALL">http://tools.morningstar.co.uk/uk/cefreport/default.aspx?SecurityToken=F00000LN8Y]2]0]FCGBR\$\$ALL</a>

<b>Management</b>	
<b>Manager Name</b>	<b>Start Date</b>
Sam Vecht	17 December 2010
Emily Fletcher	17 May 2013

<b>Investment Style Details</b>	
<b>Equity Style</b>	
<b>Market Capitalisation</b>	<b>% of Equity</b>
Giant	2.00%
Large	24.60%
Medium	45.34%
Small	27.01%
Micro	1.05%

<b>Top 10 Holdings</b>		
<b>Total number of holdings</b>	59	
<b>Assets in Top 10 Holdings</b>	48.05%	
<b>Name</b>	<b>Sector</b>	<b>% of Assets</b>
BlackRock ICS USD Liquidity Agency Inc	-	15.29%
Grupo Financiero Galicia SA ADR	Financial Services	5.02%
National Bank of Kuwait SAK	Financial Services	4.49%
Short Cfd Positions	-	3.82%
JSC Halyk Savings Bank of Kazakhstan GDR	Financial Services	3.69%
Pampa Energia SA ADR	Utilities	3.46%
Zenith Bank PLC	Financial Services	3.35%
MHP SE GDR	Consumer Defensive	3.29%
Equity Group Holdings Ltd	Financial Services	3.21%
IRSA Inversiones y Representaciones SA ADR	Real Estate	3.18%

<b>Volatility Measurements</b>	
<b>3-Yr Std Dev (volatility)</b>	16.01%
<b>3-Yr Mean Return (average)</b>	9.97%

## FUND PERFORMANCE

Performance from 1 January 2013 to 28 February 2018:

	2013	2014	2015	2016	2017	2018
<b>BlackRock Frontier Investment Trust</b>	45.86%	-1.87%	-3.38%	31.36%	28.82%	2.78%
<b>iShares MSCI Frontier 100</b>	21.39%	9.66%	-12.41%	21.26%	24.40%	2.15%

Performance over 1, 3, 5 years and since launch:

	1 year	3 years	5 years	Since Launch
<b>BlackRock Frontier Investment Trust</b>	15.89%	60.68%	96.76%	92.54%
<b>iShares MSCI Frontier 100</b>	17.70%	35.07%	60.08%	-

*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....

Although the 12-month performance has slipped, over the long term this trust continues to outperform the index. This is an area of the market that is often overlooked and therefore has very few analysts focusing on the opportunities. It therefore has the potential to offer strong returns but at the same time carries considerable risk.

The trust is proposing changes to the investment policy to expand the universe of countries and stocks it can invest in. It is not a big shift and certainly they don't want to change the winning formula they have. The aim is that countries can easily move from Frontier Markets to Emerging Markets but because they are so small they are missed by Emerging Market Funds and therefore good investment opportunities are missed. Currently when this has happened then they have to sell out. The aim of the change is that they can continue to take advantage of these opportunities but there will not be more than an 11% weighting to these areas.

In terms of opportunities Frontier Markets are currently trading at discounts to emerging and developing markets and are cheap. Because these markets tend to be smaller they tend to be under researched and in turn offer opportunities to investors. Also, unlike Emerging Markets the countries tend to be uncorrelated so what happens in Nigeria doesn't impact Kazakhstan and so forth.

In terms of companies, good companies tend to grow their earnings faster and reward investors with higher dividends. Investment tends to be in banks and financials but not exclusive. They like countries that are at the early stage of economic and political development. A good example would be Kazakhstan which is starting from a very low base. They have done well in Argentina where a market friendly President has helped drive performance on the markets, but they have started to take profits.

Kuwait is offering opportunities with positive reform programmes and Vietnam is another area offering good stories with cheap labour costs, strong banks and consumer names. They have exited

Pakistan as this has become expensive with falling foreign exchange reserves and an increasingly expensive currency. In turn they have increased exposure to the Middle East and Africa.

There are risks with Frontier Markets; interest rate risk is less so as the markets tend to be more local and less reliant on foreign currency. The real risk is if there is a significant market sell off as nothing can stop the same happening in Frontier Markets and they tend to be more vulnerable to a big pull back. Political changes can create problems so for example if in Argentina there is a significant political shift this would be negative for the fund and there are liquidity issues.

In summary, Frontier Markets are not without risk but there is also the potential to invest in an area of the market which tends to be missed by many. This therefore provides the opportunity for strong returns but is an investment which should be left to enable that to happen over the long term. This certainly isn't an area of the market for all investors and BlackRock as managers have built up a strong reputation in this area.

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