

**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>Top 10 Holdings</b>		
<b>Name</b>		<b>% of Assets</b>
MCB Bank Ltd		5.2%
Mobile Telecommunications Co		4.5%
Grupo Financiero Galicia		4.1%
Maroc Telecom		3.8%
Banco Macro SA ADR		3.7%
Square Pharmaceuticals		3.5%
BRD-Group Societe Generale		3.3%
Halyk Savings Bank		3.2%
Pampa Energia SA ADR		3.2%
Luxoft		3.0%

<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 2012 to 28 February 2017:

	2012	2013	2014	2015	2016	2017
<b>BlackRock Frontier Investment Trust</b>	11.80%	45.86%	-1.87%	-3.38%	31.36%	14.24%
<b>iShares MSCI Frontier 100</b>	-	21.39%	9.66%	-12.41%	21.26%	7.97%

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

	1 year	3 years	5 years	Since Launch
<b>BlackRock Frontier Investment Trust</b>	43.07%	33.00%	118.21%	66.13%
<b>iShares MSCI Frontier 100</b>	29.31%	23.33%	-	-

*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 investment trust provides investors with the opportunity to invest in parts of the world which are often ignored. The team explained that although the trust is at a premium, the reason for investing hasn't changed. They are investing in companies which display consistent earnings growth, and although this shouldn't be seen as a dividend producing trust its yield is 3.5%. This demonstrates the types of companies they like which are cash generative. That cash is often then returned to investors via dividends.

In terms of valuations they remain attractive even with the recent rally. In terms of volatility we can see that this isn't extreme and the team put this down to diversification between countries and sectors. In terms of Trump they argue that what he does has little impact on the companies they invest in but local factors do, so they are acutely aware of what is happening. Although this trust focuses on Frontier Markets they can continue to hold stocks when they move up to Emerging Markets; Pakistan is an example of this. They have done this in the past with the likes of Egypt, Peru and Colombia.

Companies do tend to be small to mid-cap and this is the sweet spot for the investment trust. We talked about liquidity and they explained that 38% of the holdings could be liquidated within 1 to 3 days and 84% within 20 to 40 days. Financials is the highest weighting at nearly 40%, and some of this includes Argentinian Banks which make up about 8%.

Argentina is a good example where at the point of change, investment should be made. Only 100 years ago Argentina was a global superpower. They are slowly putting the right things in place with international sovereign bonds, removal of protectionism and falling inflation. For this reason, it is their highest country weighting at nearly 14%.

After financials, consumer staples is the second highest weighting which reflects the domestic exposure to take advantage of local growth. They don't tend to buy local subsidiaries of global companies as these can be expensive (but of course if there are opportunities they may add them). In

terms of risks if there was a significant market sell-off then this would impact the fund; for example, competitors were liquidating assets, political uncertainty and the doubling of oil price.

In summary, this is an opportunity for investors to invest in an area often missed by analysts. It is volatile but not extreme, although this is likely to appeal to the more adventurous investor. It has shown a strong track record in performance and there are limited options to invest in these regions. BlackRock have an experienced team who focus on quality businesses, and this is demonstrated through the yield paid on the trust.

*The source of information in this note has been provided by BlackRock and is correct as at March 2017. 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.*