

**SHINING A LIGHT ON THE.....
BlackRock Emerging Europe Investment Trust**

AT A GLANCE

Investment Objective	
To achieve long-term capital growth, principally by investing in companies that do business primarily in Eastern Europe, Russia, Central Asia and Turkey.	

Inception Date	29 November 1994
Fund Factsheet Link	http://tools.morningstar.co.uk/uk/cefreport/default.aspx?SecurityToken=E0GBR00Y04 2 0 FCGBR\$ALL

Management	
Manager Name	Start Date
Sam Vecht	1 May 2009
Christopher Colunga	30 March 2016

Top 10 Holdings		
Name		% of Assets
Sberbank RF		10.4%
Gazprom ADR		9.0%
Novatek		6.4%
Lukoil		6.0%
Garanti Bank		5.0%
Moneta Money Bk		4.8%
Globaltrans Investment PLC GDR		4.2%
PKO Bank Polski SA		3.8%
PZU Group SA		3.8%
Ferrexpo PLC		3.8%

Volatility Measurements	
3-Yr Std Dev (volatility)	20.23%
3-Yr Mean Return (average)	8.54%

FUND PERFORMANCE

Performance from 1 January 2012 to 28 February 2017:

	2012	2013	2014	2015	2016	2017
BlackRock Emerging Europe Investment Trust	11.80%	4.34%	-25.45%	1.83%	47.55%	4.83%
iShares MSCI Eastern Europe	13.08%	-4.42%	-32.68%	-6.40%	56.54%	-1.45%

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

	1 year	3 years	5 years	Since Launch
BlackRock Emerging Europe Investment Trust	53.63%	27.88%	14.82%	405.07%
iShares MSCI Eastern Europe	47.18%	7.60%	-12.72%	-

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 is a concentrated portfolio with its largest holding in Russia and then Turkey, Poland and Greece. The manager explained that Eastern Europe is a cyclical market where the best time to invest is when the market is 'beaten up'. Although the fund had a strong rally in 2016, there is still an 11% discount on the trust and the valuations remain low; they believe that a re-rating is still due and that there is a long way to go to claw back performance.

They explained that they invest in energy companies but are interested in those companies that can generate free cash flow, and more importantly how that cash is used. This thesis applies across all the investments they make. Although the region is volatile, that volatility can deliver opportunities. In Turkey, the recent uprising gave opportunities to buy. They explained that it doesn't have to be risky to invest in Turkey. The types of businesses they are looking for are those which don't have political connections, those that are well managed (especially exporters) and those that are generating cash (no different to any other company they invest in).

Although corruption can be a problem, it can stick in people's minds even when significant changes have been made. Russia is an example of this where cameras in cars and loans online are starting to see corruption disappear from within banks and the police. Ukraine is another area they like and uncertainty opens up opportunities. They currently have three holdings; an IT outsourcing company for global international companies, a chicken farm and iron ore producer.

The Czech Republic and Hungary are less attractive to the fund as they have greater dependency on one economy, Germany, and therefore this carries greater risk. Poland is an area of interest particularly with the UK leaving the EU. Skilled staff are moving back to Poland which opens up opportunities especially in back office support services.

In summary, this is a well-managed fund but it is volatile and cyclical. These areas can fall out of favour and therefore can give big negatives as well as positives. Russia is about 50% of the holdings but this is reflective of it being the largest Eastern European economy. The active nature of the managers means there is an element of risk control, which focuses on well run businesses rather than just business within the index.

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.