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Baring Frontier Markets Fund

November 2015

Michael Levy

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Agenda

- Why invest in Frontier Markets?
- Investment Philosophy & Process
- Themes & Positioning
- Performance
- Appendix
 - Biographies

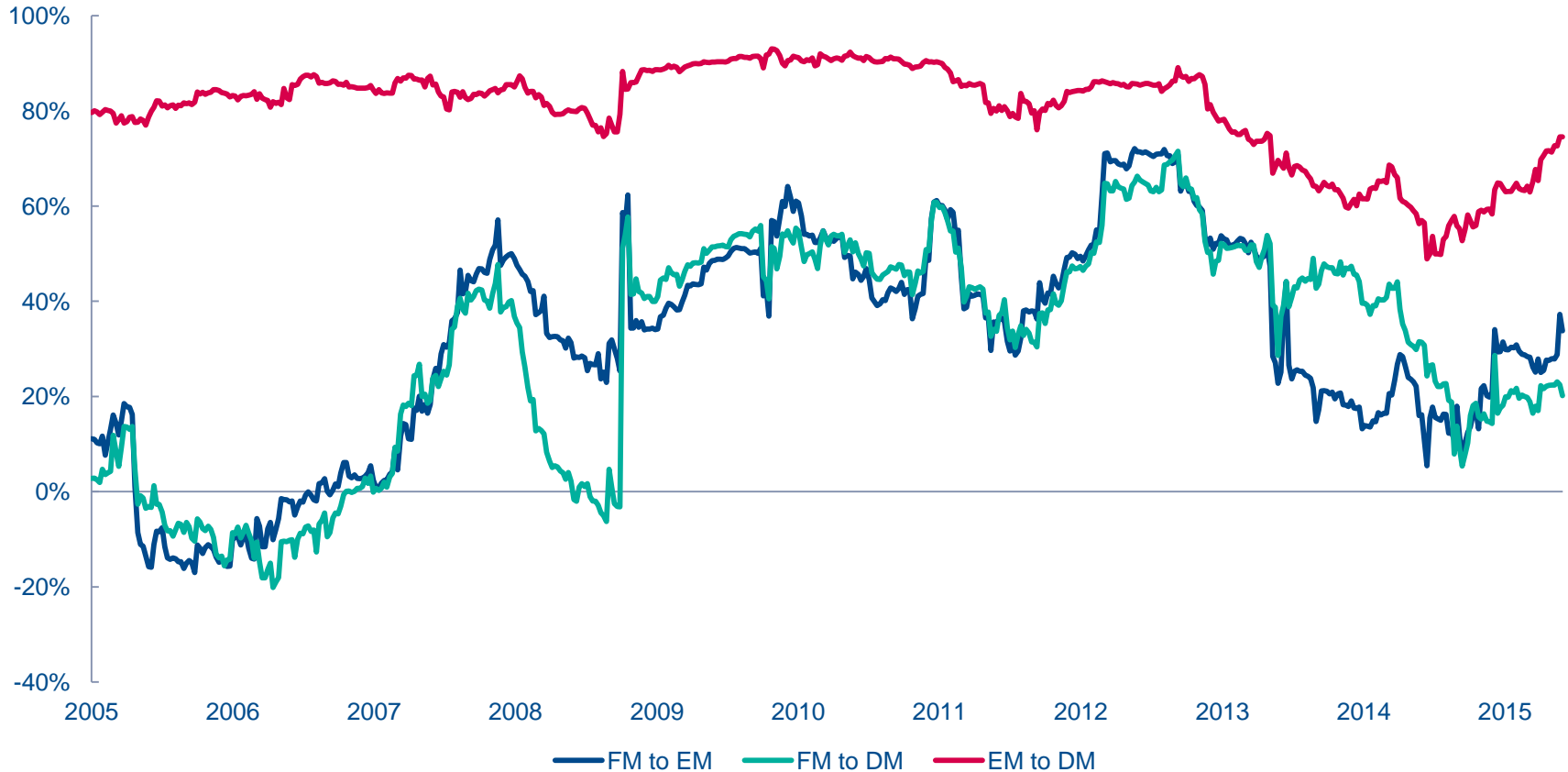


Why invest in Frontier Markets?



Diversification benefits are clear

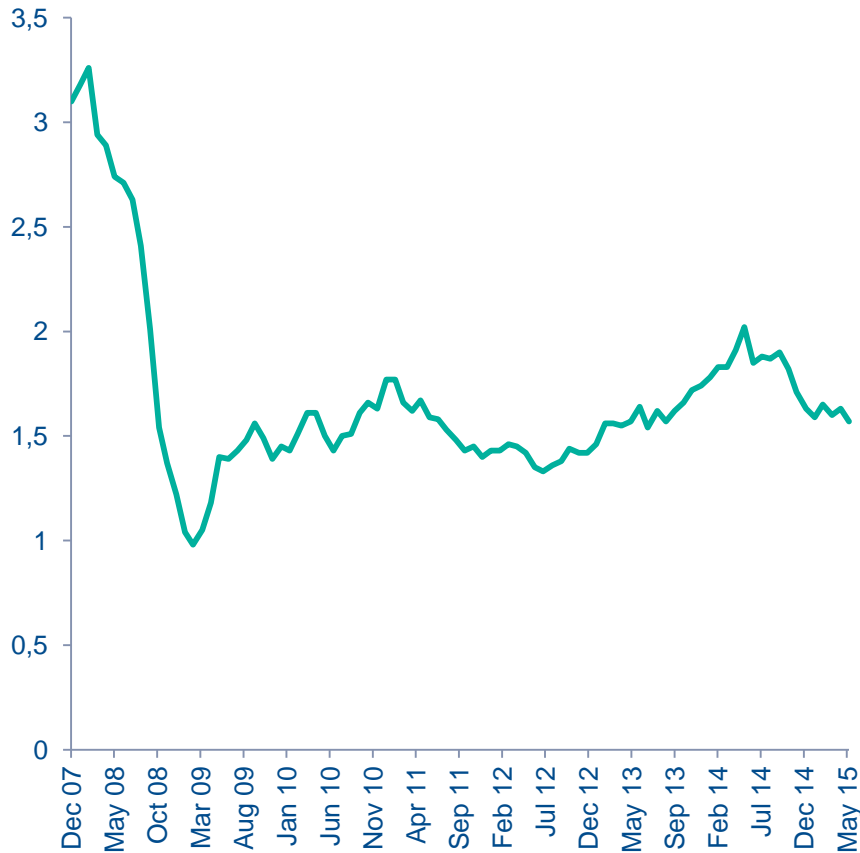
Low correlations with Developed and Emerging equity markets and low intra-market correlations



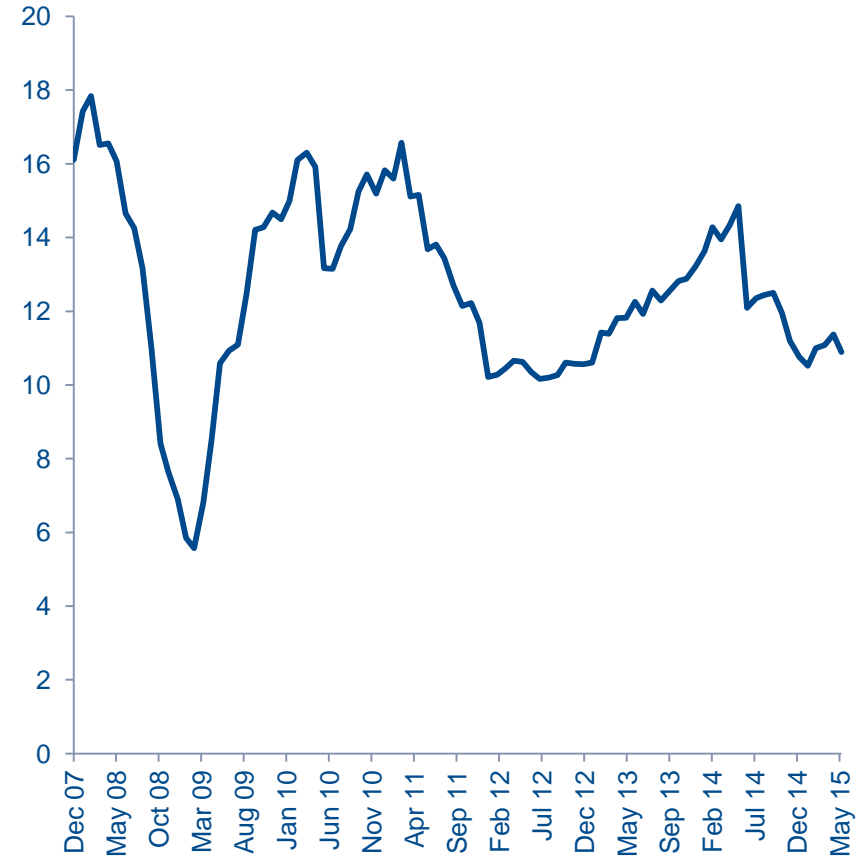


Valuation: equity valuations are reasonable

MSCI Frontier - Trailing 12m P/B



MSCI Frontier - Trailing 12m P/E





Valuation: equity valuations are reasonable

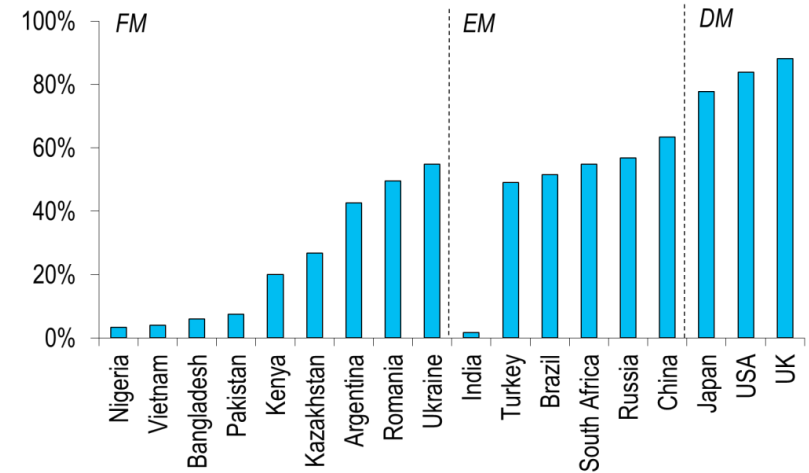
Aggregate consensus forward valuation Frontier versus Emerging, 2015 estimate

	PE (x)	PB (x)	Dividend yield (%)	ROE (%)
Frontier markets	9.1	1.9	4.4	15.7
Emerging markets	11.0	1.3	3.1	9.6
Developed markets	15.7	1.8	2.7	10.7

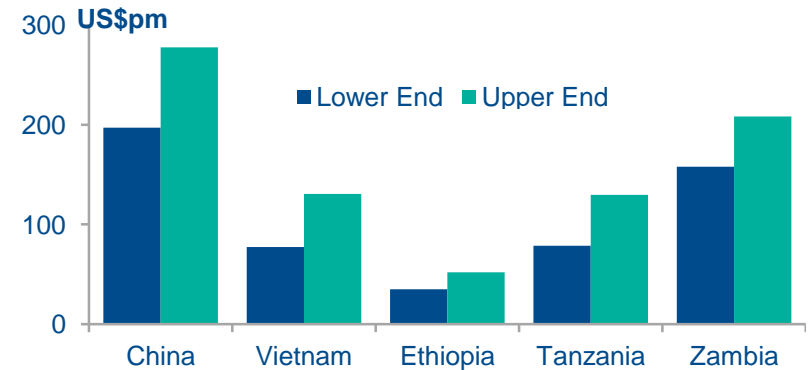
A compelling multi-year structural growth opportunity

- Demographics and population growth
- Under-penetration of goods and service
- Resources
- Reform

Modern retail sales as % of total



Range of wages for average unskilled labour in various countries



Source: Citi Investment Research & Analysis, Euromonitor, 29 Aug 2013 (LH)

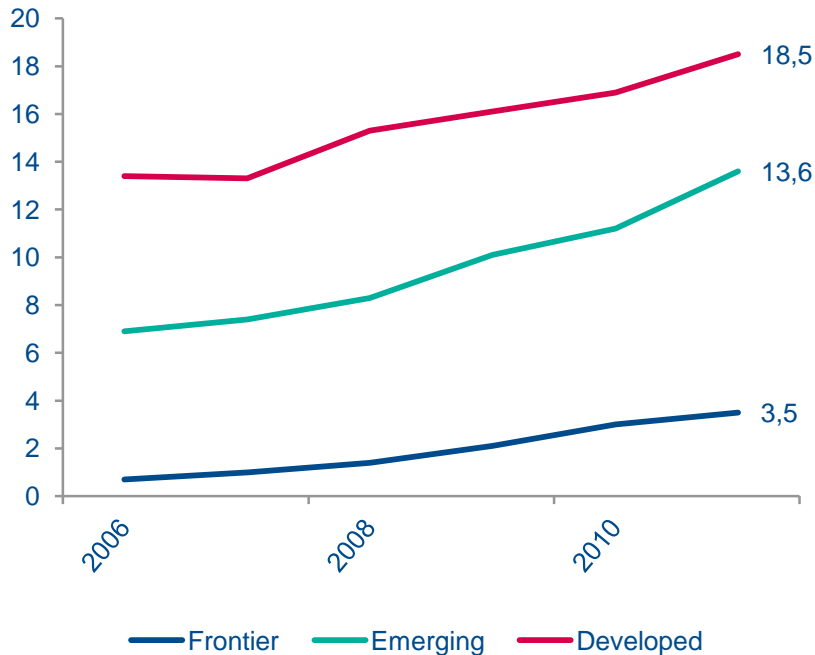
Source: Citi Investment Research & Analysis, World Bank and Global Development Solutions 2011, 6 Sept 2012 (RH)



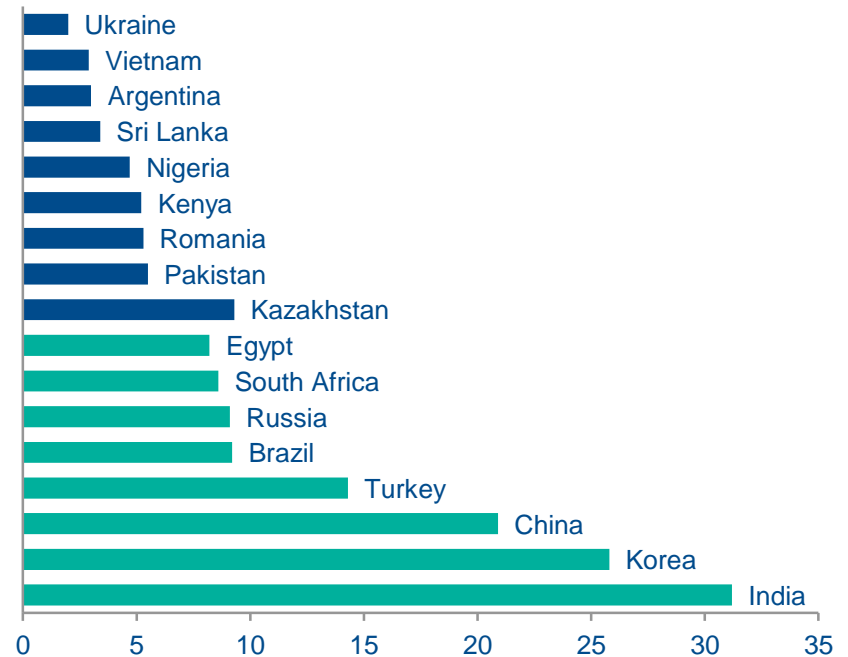
Why stock selection?

Frontier markets are under-researched

Average number of analysts covering stocks in MSCI indices



Current average number of analysts per stock, by FM country



Offering bottom up stock picking strategies abundant mispriced investment opportunities



Investment Philosophy & Process



Barings Equity Investment Philosophy & Approach

Growth

Growth relative to benchmark index, typically identified on a 3 to 5-year horizon

Reasonable price

Can also pay a justified premium to current markets as time horizon is longer

Quality

Needed for risk control, it provides a level of certainty as our time horizon for the recognition of market inefficiency is 3 to 5 years

Conviction

Concentrated portfolio ensures best ideas make an impact on performance

We believe GARP can outperform over the long term



Frontier Markets Team



Michael Levy
Lead Manager



Ghadir Abu Leil-Cooper
Head of EMEA & Global Frontier
Markets Equity Team (Backup)



Quant Team
5 members, average
10 years investment
experience



LATAM Team

3 investment
professionals, 11
years investment
experience

EMEA Team

7 investment professionals*, average 10 years investment experience

Ghadir Abu Leil-Cooper	Head of EMEA & Frontier Markets	(19)
Matthias Siller, CFA	Investment Manager	(18)
Michael Levy	Investment Manager	(20)
Maria Szczesna, CFA	Investment Analyst	(9)
Adnan El-Araby, CFA	Investment Analyst	(7)
Alay Patel	Investment Analyst	(4)
Tim Eklund, CFA	Investment Analyst	(4)

EM Asia Team

8 investment
professionals, 11
years investment
experience

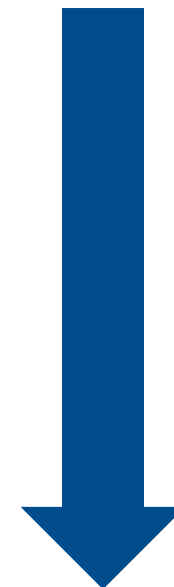


Investment Process

Stock universe for Frontier Markets

Comprehensive coverage of MSCI Frontiers Universe

Frontier Market listed universe	5,700 stocks
Market Cap screen – US\$ 300m	500
Liquidity screen – US\$ 100k/day	400
Qualitative Overlay e.g. shareholder relations, volatility	
Research coverage	150 stocks
Stocks held in portfolio	ca. 45 – 55 stocks





Finding un-recognised growth

Researching companies

Quality

Helps to drive sustainable, predictable results

- Franchise
 - Competitive advantage
 - Efficiency
 - Stability
- Management
 - Competence
 - Commitment
 - Alignment with shareholder interest
- Balance sheet

Quality Score (1 to 5)

Growth

Provides a long term platform for outperformance

- Historic three years earnings growth
- 12 month earnings growth
- Next five years earnings growth

Growth Score (1 to 5)

Upside

Measured using a disciplined, discounted earnings approach

- Discounted earnings over five years
- Next 12 month P/E
 - Compared to history
 - Compared to sector
 - Compared to peer
- P/B relative to ROE and cost of capital

Upside Score (1 to 5)

Consistent stock scoring methodology



How we score companies

Example – Safaricom

Quality

- Dominant market share in mobile services and mobile payments.
- High quality management team and benefit from Vodafone corporate governance standards.
- Mobile payment business is a unique asset globally.
- Payment business creates a barrier to entry that other telecom operators globally do not have.

Score: 1.0

Growth

- Best in class Telco in terms of structural growth opportunity, market structure and regulation.
- Kenya demographics supportive, mobile penetration story and data penetration growth story.
- Unique Payment platform; M-PESA, is most successful mobile payment company in the world and provides extra growth angle.

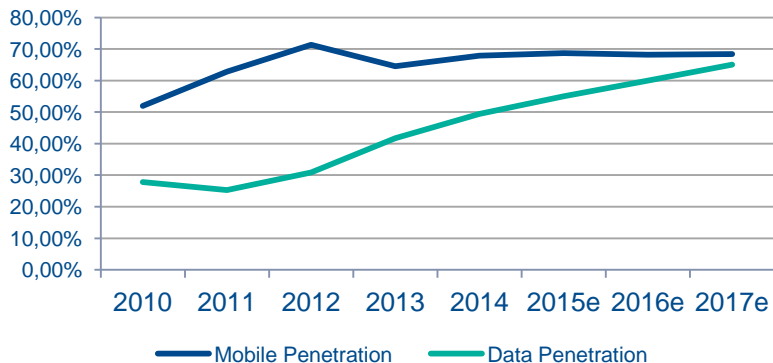
Score: 1.7

Upside

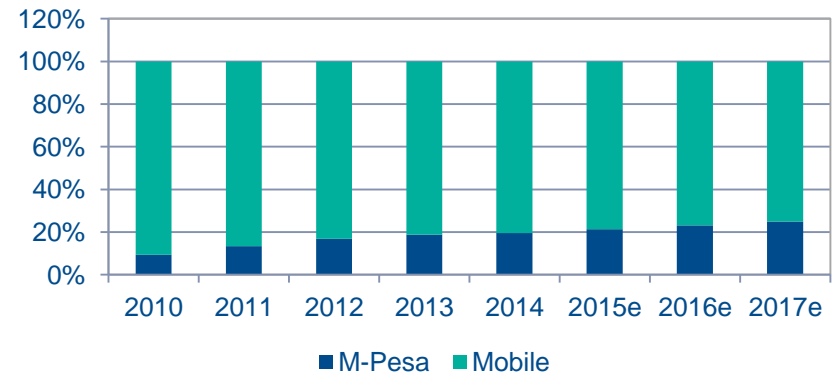
- On a five year discounted earnings basis the stock has modest upside.
- Static multiple there is little implied downside since growth is high.
- Vs. other EM/FM Telcos the stock is relatively expensive and looks fairly valued.

Score: 4.3

Kenya Mobile Phone and Mobile Data Penetration



M-Pesa Share of Revenues



Overall score: 2.3



How we score companies

Example – Al Khaleej Training & Education

Quality

- Training programs and is best positioned to capture structural growth within KSA.
- Strong balance sheet with positive FCF generation. School expansion will be carried out through long term build and lease agreements.
- Competent management team with a clear and precise investor communication policy.

Score: 1.0

Growth

- Strong government support as education is the government second largest spend after healthcare in the Saudi budget.
- The next growth phase will be the expansion of schools from Kindergarten to university prep courses that will capture a greater portion of the education wallet.
- Franchise and demand to underpin higher enrollment and pricing power.

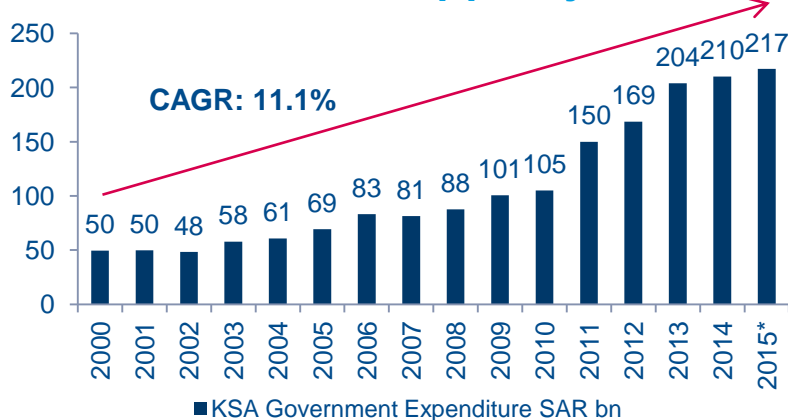
Score: 1.7

Upside

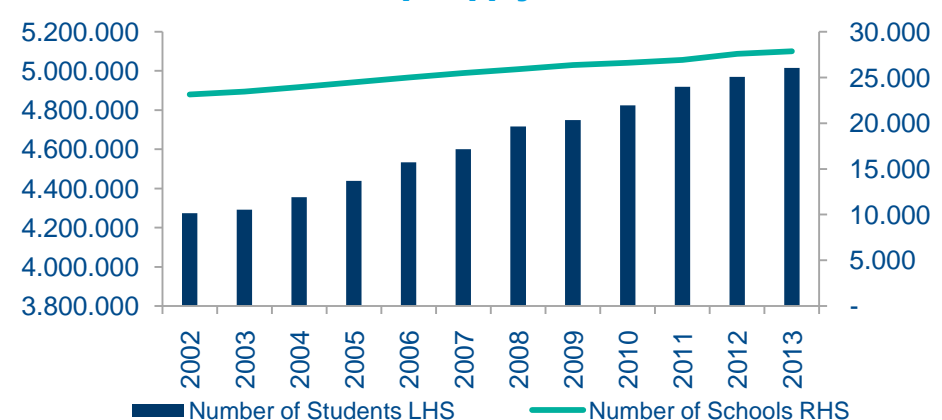
- The pent up demand for a developed market standard of education will drive Al Khaleej EPS growth for the next 3-5 years.
- Undemanding valuations as the shares trade at a discount to historical multiples and offer attractive upside at current market prices.

Score: 1.0

Education is one of KSA top priority



Demand is set to outstrip supply



Overall score: 1.2



How we score companies

Example – Al Tayyar Travel Group

Quality

- Largest market share in corporate and government travel with high barriers to entry.
- Balance sheet is in a net cash position and will remain so despite the capex program in hotels and religious tourism.
- Minority shareholders have an aligned interest with the largest shareholder, Nasser Al Tayyar, who approximately controls 42%.

Score: 1.3

Growth

- Expansion of air travel infrastructure through out the kingdom .
- Infrastructure of call centers and travel agencies strengthen existing relationships.
- Religious tourism will drive EPS growth in the medium term as the Saudi government increases the annual quota of religious visas.
- Religious tourism will not only benefit ATG through air travel but also through hotel JV.

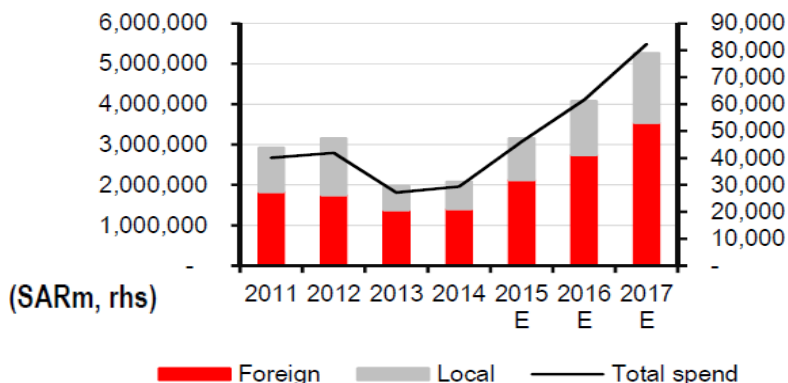
Score: 2.0

Upside

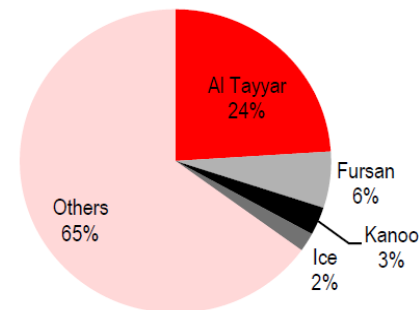
- ATG continues to capture market share as it registers above market growth rates.
- ATG shares offer significant upside over the medium term as ATG further strengthens it's corporate & government business.

Score: 1.7

Number of pilgrims & religious spend



Consolidation is a growth driver



Market share of various travel agencies in Saudi

Overall score: 1.7



How we score companies

Example – Brac Bank

Quality

- Consistently highest provisioned bank – prudent provisioning supports future growth
- Bkash unit first mover advantage in mobile money.
- Major shareholders include the IFC. Bill and Melinda Gates Foundation Co-investor in Bkash unit.
- Branch network strong (97 branches, 526 SME centres), CASA ratio at over 50% allows for competitive cost of deposits

Score: 2.0

Growth

- 50% ownership in the market leading mobile banking platform (Bkash). Monetization of mobile banking at an early stage. 17.5 million users, 110k agents, 70% market share.
- Leading SME focused bank in Bangladesh, penetration in SME segment is low and amongst the fastest growing.

Score: 1.3

Upside

- 1.1x BV for core banking business in line with peers, no premium given for higher quality book.
- No value ascribed to Bkash unit, upside potential is significant.

Score: 2.3

Potential of mobile money

	2012	2013	2014	2015E	2016E
Bkash Rev \$ mn	5	41	74	118	170
Mobile banking industry transaction \$ Billion	0.85	7	13.2	21.3	30.7
% of GDP	0.7	5.4	6.8	9.7	12.3

Overall score: 1.9

Portfolio construction

Building quality GARP portfolios

Bottom up focus

- Upside
- Quality GARP profile
- Risk Management
- **Portfolio approach**
 - High conviction: 45-55 stocks
 - Focus on active share
- **Review & Sell discipline**
 - Exhaustion of upside potential
 - The perceived catalyst for the mispricing is called into question – deterioration in fundamentals
 - We have a more attractive idea
 - A stock is downgraded to 4 or 5



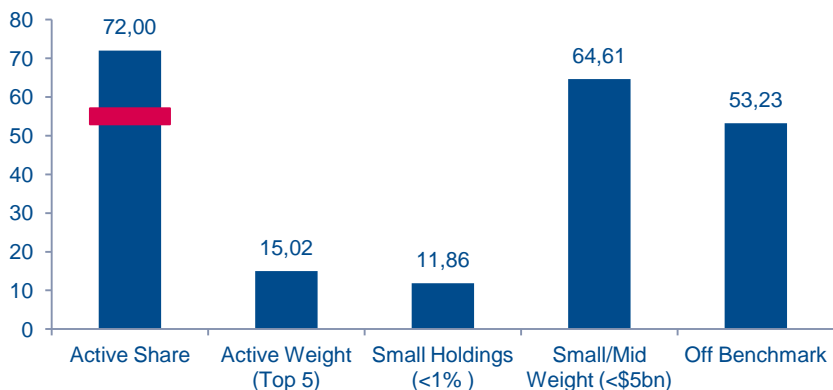
High conviction quality GARP portfolios



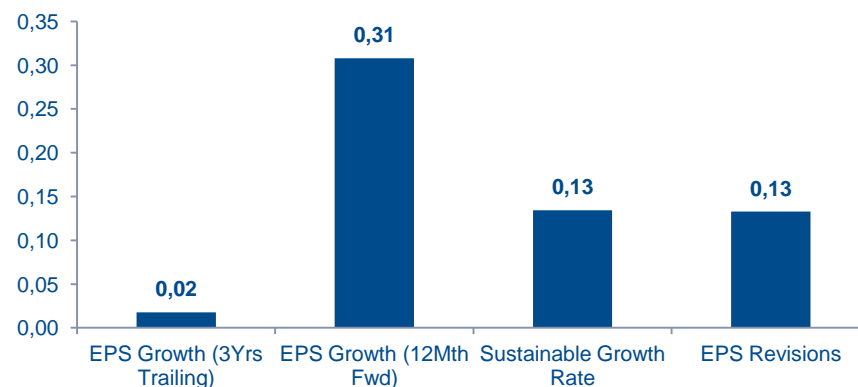
Systematic analysis of the portfolio

Frontier Markets Fund Scorecard

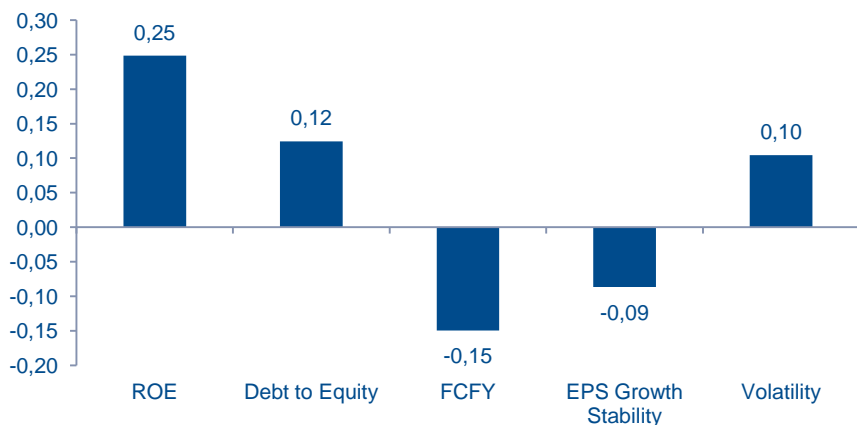
Conviction



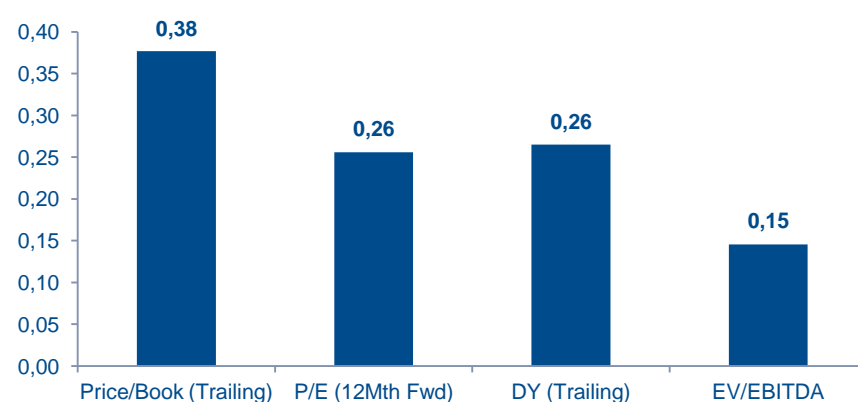
Growth



Quality



Upside/Valuation

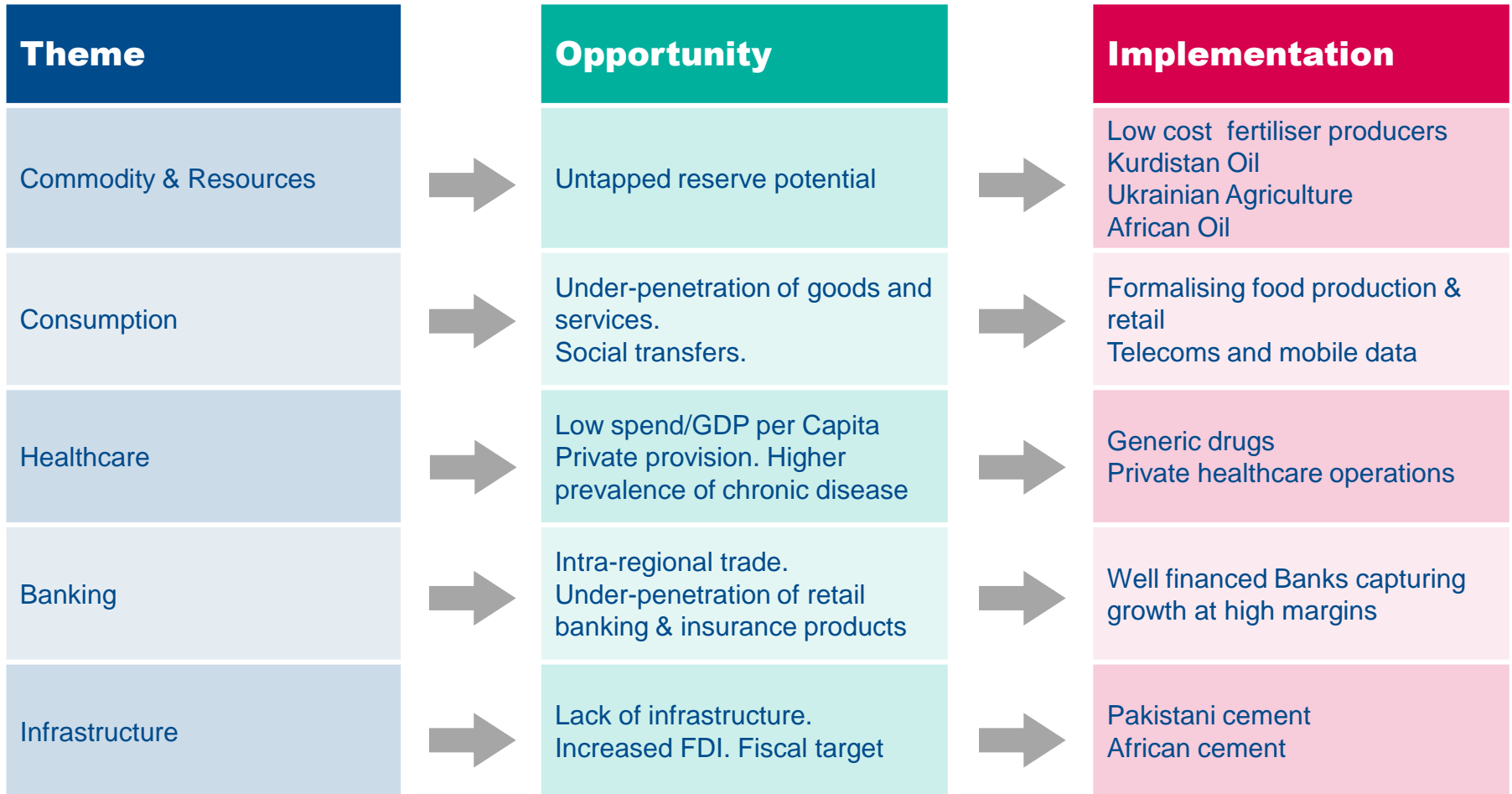


Systematic quantitative tools support the portfolio managers in building portfolios in line with their objectives



Themes & Positioning

Investment themes, medium to long term

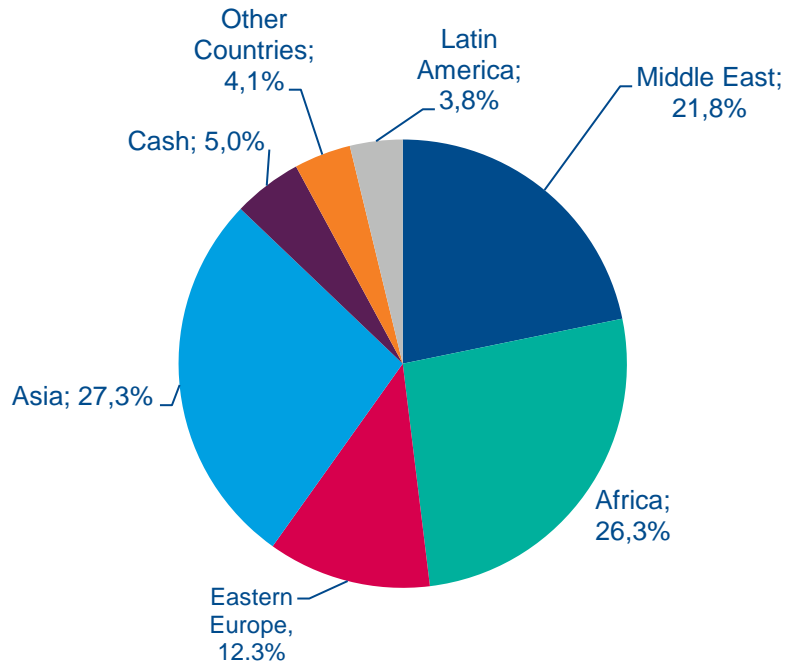




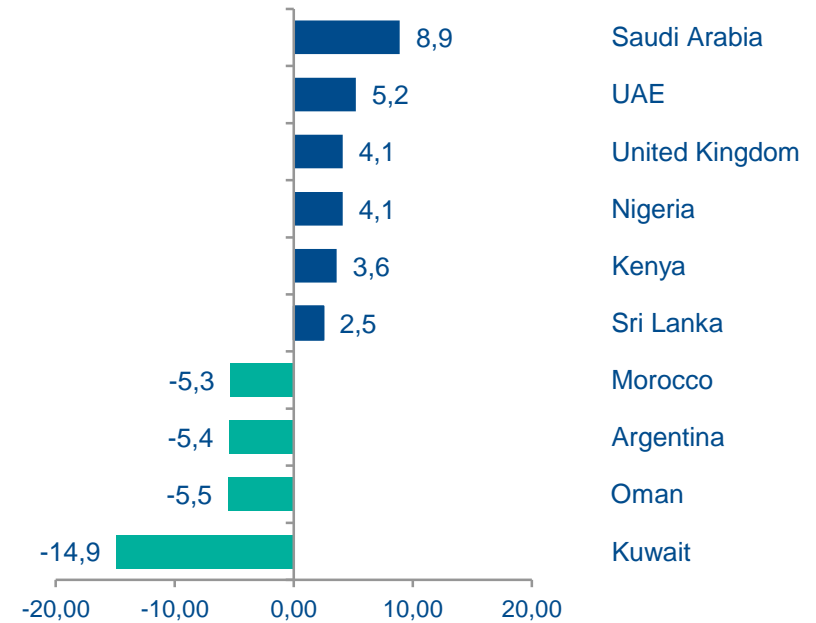
Baring Frontier Markets Fund

Regional allocations

Regional weights (%)



Active country weights* (%)



Source: Barings, Factset. As at 30 September 2015.

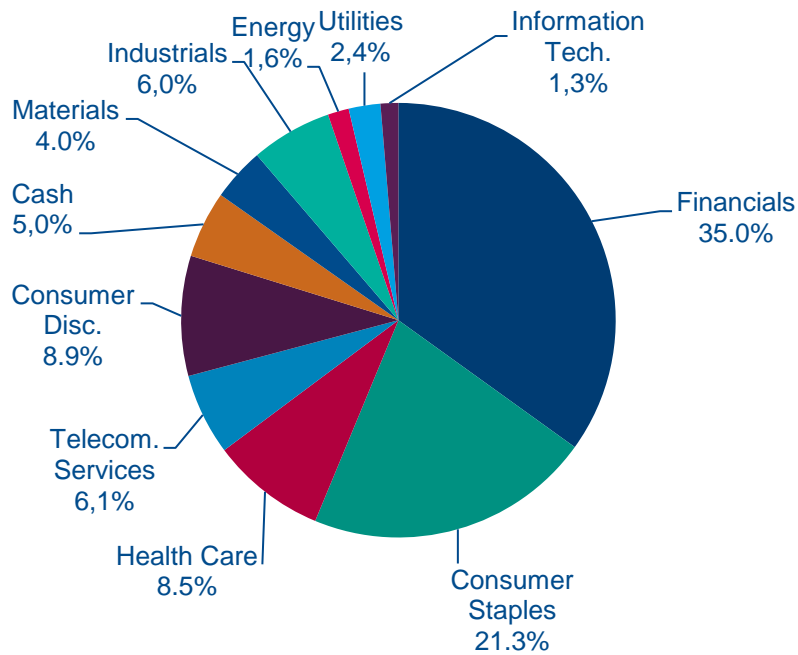
*Active country weights are relative to the MSCI Frontier Markets Index. Allocations are subject to change.



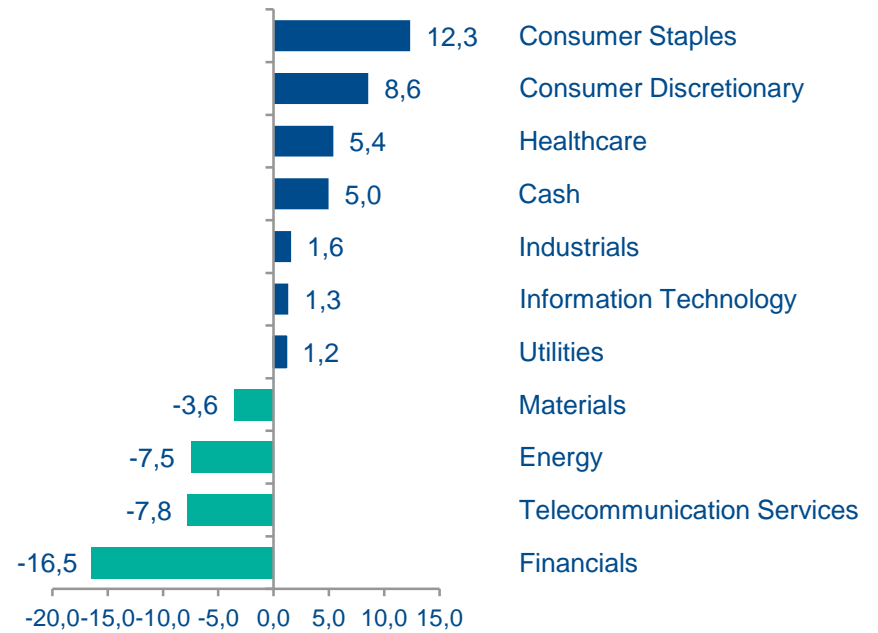
Baring Frontier Markets Fund

Sector allocation

Sector weights (%)



Relative sector weights* (%)



Source: Barings, Factset. As at 30 September 2015.
 * Active sector weights are relative to the MSCI Frontier Markets Index.
 Allocations are subject to change.



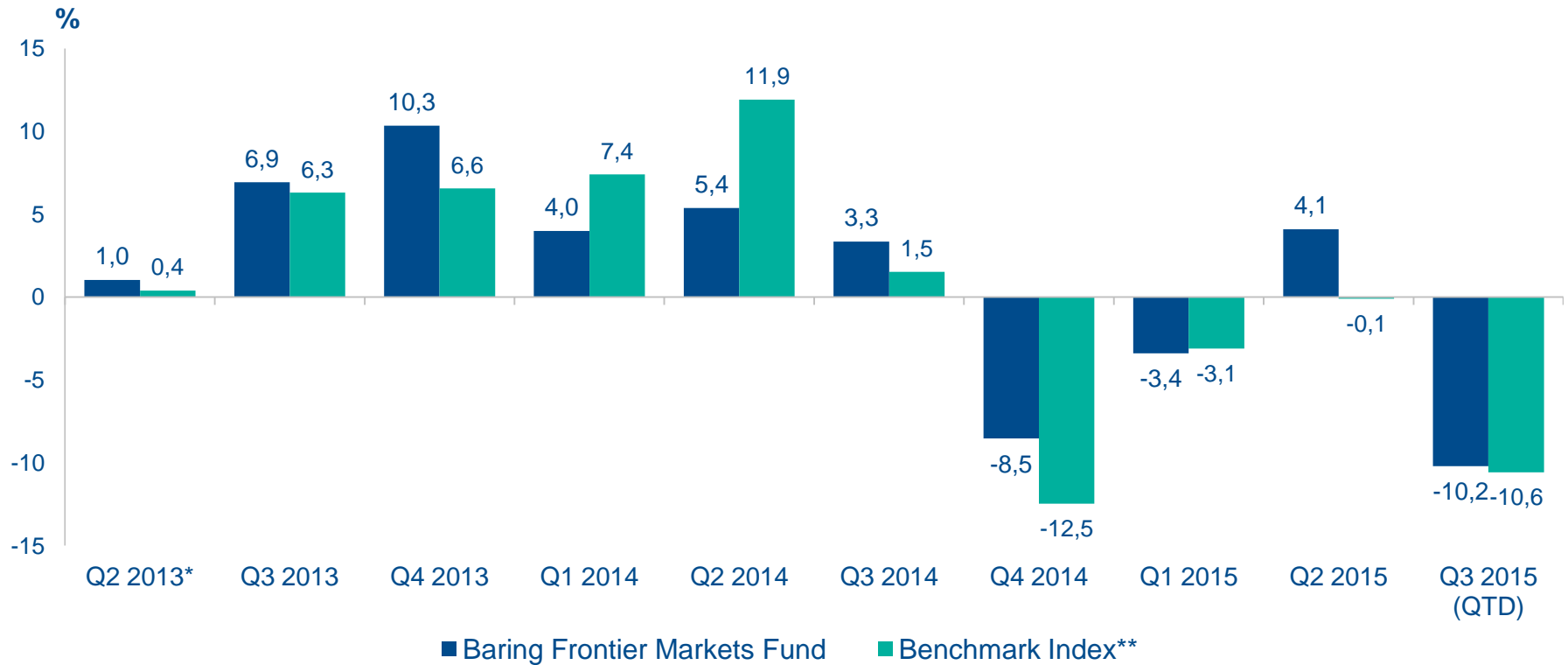
Performance





Baring Frontier Markets Fund

Performance as at 30th September 2015



Past performance is not a guide to future performance

Source: Barings, Morningstar and MSCI. Data as at 30.09.15

Performance figures are shown gross of fees for the Class A USD accumulation share and are shown in US Dollars on a NAV per share basis, with gross income reinvested.

*Inception date 24 April 2013.

**MSCI Frontier Markets Total Return With Net Dividends. Benchmark Index for comparative purposes only.



Appendix



Baring Frontier Markets Fund

Share Classes

Share Class	ISIN Code	WKN Code	Share Class Launch Date	Share Class Currency	Distributions: Acc/Inc	Annual Management Charge
Class A GBP Inc	IE00B3SS8W43	A1KCK3	24.04.2013	GBP	INC	2,00%
Class A USD Acc	IE00B8BVS817	A1KCK1	24.04.2013	USD	ACC	2,00%
Class I EUR Acc	IE00B832J890	A1KCK6	30.01.2014	EUR	ACC	1,25%
Class I GBP Inc	IE00B8TS4Q42	A1KCK7	06.03.2014	GBP	INC	1,25%



Investment Professionals

Dr Ghadir Abu Leil-Cooper

Head, EMEA & Global Frontier Markets Equity Team



Location: London

Investment Experience: 19 Years

Ghadir is Head of the EMEA & Global Frontier Markets Equity Team. She is the lead manager on the Baring Eastern Europe Fund and Baring MENA Fund and is the back-up manager for the Baring Frontier Markets Fund. Ghadir is also a member of the Best Ideas Panel for Global Emerging Markets. Having joined Barings as part of the Global Emerging Equity Team in 1997, Ghadir was appointed a Director in 2001. Prior to joining our Emerging Equity Team, Ghadir worked at BZW Asset Management, where she was an investment analyst focusing on the Middle East, North Africa and Latin America regions. Ghadir has a BSc and a Ph.D in Theoretical Physics from Durham University and is fluent in Arabic.

Matthias Siller, CFA

**Investment Manager,
EMEA & Global Frontier Markets Equity Team**



Location: London

Investment Experience: 18 Years

Matthias joined Barings in 2006 as a senior fund manager. He is the lead manager for Baring Emerging Europe Plc. He began his career in fund management at Raiffeisen Zentralbank Austria in 1997 as a Market Maker/Proprietary Trader in Central & Eastern European Equities and Derivatives. He joined Bawag – PSK Invest as an EMEA Equity Portfolio Manager in 2001 and moved to Raiffeisen Capital Management in 2003, where he was a Portfolio Manager for Central & Eastern European Equities. Matthias has a degree from Vienna University in Economics & Business Administration. Matthias was awarded the CFA designation in 2006 and speaks fluent German.



Investment Professionals

Michael Levy



**Investment Manager,
EMEA & Global Frontier Markets Equity Team**

Location: London

Investment Experience: 20 Years

Michael is an Investment Manager in the EMEA & Global Frontier Markets Equity Team and is the lead manager for the Baring Russia Fund and Baring Frontier Markets Fund. He joined Barings in July 2012 after 17 years at AllianceBernstein where he held a number of equity portfolio management and research roles. His most recent responsibility before joining Barings was Portfolio Manager for Emerging and International equity portfolios. Michael began his career in 1992 at Grant Thornton Chartered Accountants as a Partner Trainee. He has a BA (Hons) in Economics and Social Studies from the University of Manchester.



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