

# BlackRock Global Funds China

## SNAPSHOT:

The fund is co-managed by Helen Zhu and Andrew Swan, who serve in Blackrock as the Head of China Equities and Head of Asian Equities respectively. The fund typically holds 30 to 70 stocks, and has no market cap restriction. It primarily invests into H-share, and may invest up to a combined 10% of its assets into China A Shares and China B Shares. The team adopts bottom-up stock picking approach and intend to maintain flexibility in terms of style, market cap and sector allocation. They see many structural growth opportunities in China, and are positive over the prospects of the SOE reform in long term. Therefore, the portfolio is positioned with a combination of new and old economy stocks that are believed to be beneficiaries of the current China economic development.

**WHY THIS MADE THE TOP 100:** The fund has a four crown rating from FE, and is broadly accessible in the Hong Kong market.

## KEY FACTS:

**Manager:** Andrew Swan & Helen Zhu

**Size:** \$1,065m as at 31/12/2014

**Asset Class & Sector:** Asia Pacific Equity, HKM Equity - China

**Benchmark:** MSCI China 10/40 Index

**Launch Date:** 24/06/2008

**Minimum Investment:** \$5000

**Annual Charge:** 1.50%

**Total Charge:** 1.85%

**Yield:** n/a

## PAST PERFORMANCE OVERVIEW:

### CUMULATIVE PERFORMANCE



### DISCRETE PERFORMANCE TO LAST MONTH END

Period	Fund	Benchmark
0-12 Months	25.12%	20.05%
12-24 Months	-1.59%	-0.56%
24-36 Months	3.47%	4.39%
36-48 Months	-2.42%	-1.04%
48-60 Months	12.20%	9.68%

Past performance does not indicate future performance and you may get back less than you originally invested. All figures are calculated on a bid to bid gross return basis in USD. Data from FE 2015

## PAST PERFORMANCE:

The fund consistently outperformed Chinese equities and peers over the past 3 and 5 years. In 2014, the fund delivered good performance by rotating into stocks with attractive valuation, including banks, insurers and property developers. Fund performance also picked up in the second half of the year as Helen Zhu joined BlackRock and took over the management responsibility. The fund is positioned to be better benefited from the A-share rally and was paid off especially in the last quarter of 2014.

## IS IT RIGHT FOR YOU?

### YES if you:

- Are willing to invest for at least ten years
- Can tolerate short-term losses in pursuit of long-term gains
- Want to benefit from the rapid development of emerging countries

## WHAT TO EXPECT:

Zhu and Swan are currently focusing into value stocks, and believe that the SOE reform remaining as the major theme in 2015. The strategies continued to paid off in the beginning of 2015 as these stocks remained in good runs over the period. By increasing exposure into value stocks, the strategy also provides better downside protection for the fund during possible market downturn. On the other hand, fund performance can be sensitive to the A-share movement due to the current positioning.

### NOT if you:

- Are unwilling to tolerate extreme swings in value
- Are worried China cannot maintain high growth rates
- Already have significant exposure to China

## OUR OPINION:

The BlackRock fund adopts a flexible strategy that have no particular focus in terms of style, market cap and sectors. Therefore, performance heavily relies on the fund managers' capabilities to identify the right trends and implements the right strategies accordingly. Having Helen Zhu to join in 2014 is a valuable asset for the fund as she demonstrated extensive investment knowledge over the China market. Prior joining BlackRock, she spent eight years with Goldman Sachs as Chief China Strategist. While A-share was trading at a discount relative to H-share, her moves to increase exposure in A-share both directly (via A-share futures) and indirectly (adding China insurers as they are beneficiaries of A-share market recovery), and overweighting IT sectors (particular those listed offshore) were paid off well as Hong Kong Shanghai stock connect implemented in the last quarter of 2014. Given the feature of the fund, the portfolio shall be managed actively, and it should be able to add value for investors in long term. (March 2015)\*

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\*Date Last Reviewed by Analyst

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