EDISON

# BlackRock Latin American IT

## Brighter outlook for LatAm's largest economy

Investment trusts

**BlackRock Latin American Investment Trust (BRLA) is a long-established, actively managed fund investing in Latin American equities. Manager William Landers runs a 50-75 stock portfolio that is diversified by country, sector and market capitalisation. BRLA aims to generate an attractive capital and total return, outperforming its benchmark, the MSCI Emerging Markets Latin American Index. Brazil represents more than half of the benchmark weighting and the manager has moved to an overweight exposure to the country following recent political developments. In anticipation of political and market reforms, his outlook for the region is more favourable than it has been for some time.**

| 12 months ending | Total share price return (%) | Total NAV return (%) | MSCI EM LatAm (%) | MSCI World (%) | FTSE All-Share (%) |
|---|---|---|---|---|---|
| 30/04/12 | (17.3) | (15.0) | (9.6) | (2.0) | (1.5) |
| 30/04/13 | 1.6 | 7.4 | 3.6 | 17.8 | 22.5 |
| 30/04/14 | (15.4) | (18.0) | (18.0) | 10.5 | 8.1 |
| 30/04/15 | (10.0) | (6.8) | (6.4) | 7.5 | 18.7 |
| 30/04/16 | (9.2) | (7.8) | (8.2) | (5.7) | 1.1 |

Note: Twelve-month rolling discrete £-adjusted total return performance.

### Investment strategy: Diversified LatAm exposure

The manager considers both top-down and bottom-up factors to construct a well-diversified portfolio of stocks. Potential investments undergo a thorough fundamental analysis, which includes an assessment of growth potential, cash flow generation and balance sheet strength; individual company valuation is a key consideration. The manager and his team are able to draw on the wider resources of BlackRock Investment Management and have an extensive network within the region, which provides valuable input into the stock-selection process.

### Market outlook: Potential for reform in Brazil

Latin America has underperformed world markets in recent years; however, following recent political developments in Brazil (the largest economy and stock market in the region), there is the potential for economic and market-friendly reforms under the leadership of Michel Temer, acting president. In addition, in terms of a relative forward P/E multiple versus the rest of the world, the valuation of the Latin American market appears attractive compared with its historical average.

### Valuation: Discount wider, dividend policy changed

The current share price discount to cum-income net asset value of 11.0% compares to the average of 11.9% over the last 12 months. This is modestly wider than the averages of the last three, five and 10 years, which are 11.0%, 9.5% and 6.9% respectively. Following a decline in the revenue return in FY15, the board has prudently reduced the dividend to be more aligned with income. If the latest dividend payment is maintained, the shares are offering a prospective 2.6% yield, which is still the second highest in the peer group highlighted in Exhibit 9.

**27 May 2016**

| | |
|---|---|
| **Price** | **310.8p** |
| **Market cap** | **£122m** |
| **AUM** | **£135m** |

| | |
|---|---|
| NAV* | 343.7p |
| Discount to NAV | 9.6% |
| NAV** | 349.3p |
| Discount to NAV | 11.0% |

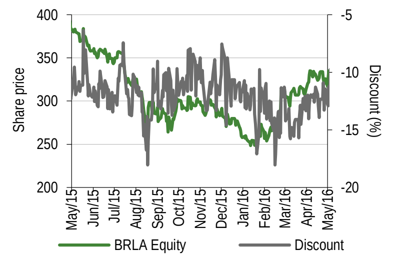
*Excluding income. **Including income. As at 25 May 2016.

| | |
|---|---|
| Yield | 4.5%* |

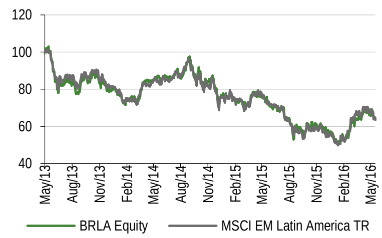
*Trailing yield, prospective yield is 2.6%.

| | |
|---|---|
| Ordinary shares in issue | 39.4m |
| Code | BRLA |
| Primary exchange | LSE |
| AIC sector | Latin America |

**Share price/discount performance**




**Three-year cumulative perf. graph**




| | | |
|---|---|---|
| 52-week high/low | 384.0p | 248.0p |
| NAV* high/low | 413.7p | 284.5p |

*Including income.

**Gearing**

| | |
|---|---|
| Net* | 1.2% |

*As at 30 April 2016.

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***BlackRock Latin America Investment Trust is a research client of Edison Investment Research Limited***

## Exhibit 1: Trust at a glance

### Investment objective and fund background

The BlackRock Latin American Investment Trust seeks long-term capital growth and an attractive total return, primarily through investing in quoted Latin American securities. The trust was launched in 1990 and management was transferred to BlackRock on 31 March 2006 following a tender process. The manager follows a mainly bottom-up approach (with top-down views taken into account) that is flexible, but seeks growth at a reasonable price. The trust has an indefinite life subject to a two-yearly continuation vote. The benchmark is the MSCI Emerging Markets Latin America Index.

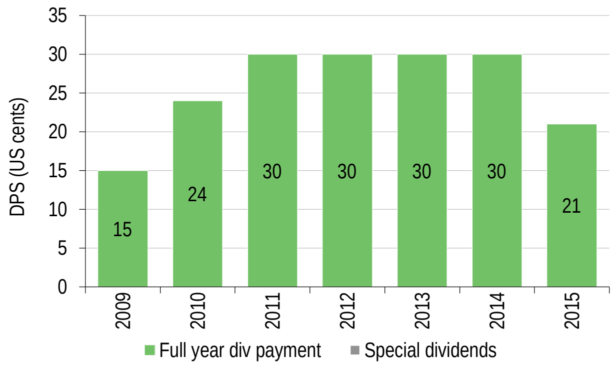
### Recent developments

- 8 March 2016: Annual results for the year ended 31 December 2015. NAV TR -30.9% in US$ (-27.0% in £) vs benchmark -30.8% in US$ (-26.8% in £). Share price -30.6% in US$ (-26.6% in £). Final dividend of 6c declared.
- 27 November 2015: Appointment of Carolan Dobson as a non-executive director with effect from 1 January 2016.
- 18 August 2015: Interim results for the six months ended 30 June 2015. NAV TR -8.8% in US$ (-9.6% in £) vs benchmark -6.2% in US$ (-7.0% in £). Share price -10.7% in US$ (-11.5% in £). Interim dividend of 15c declared.

| Forthcoming | | Capital structure | | Fund details | |
|---|---|---|---|---|---|
| AGM | April 2017 | Ongoing charges | 1.1% | Group | BlackRock Fund Managers |
| Interim results | August 2016 | Net gearing | 1.2% | Managers | William Landers |
| Year end | 31 December | Annual mgmt fee | 0.85% of NAV | Address | 12 Throgmorton Avenue, London, EC2N 2DL |
| Dividend paid | September, April | Performance fee | Yes (see page 7) | | |
| Launch date | July 1990 | Trust life | Indefinite | Phone | +44 (0) 20 7743 3000 |
| Continuation vote | Two-yearly – next 2018 AGM | Loan facilities | Up to $40m | Website | www.blackrock.co.uk/brla |

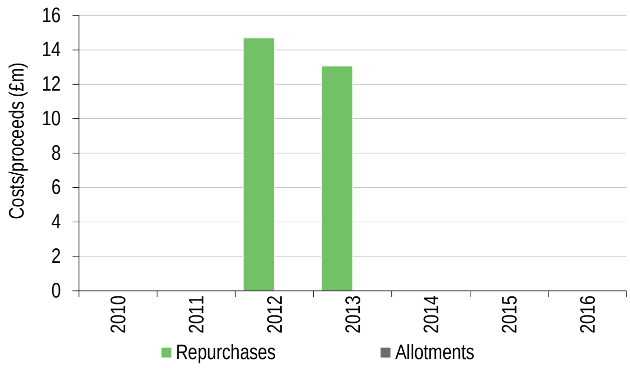
### Dividend policy and history

The board now intends to pay dividends that are in line with revenues.

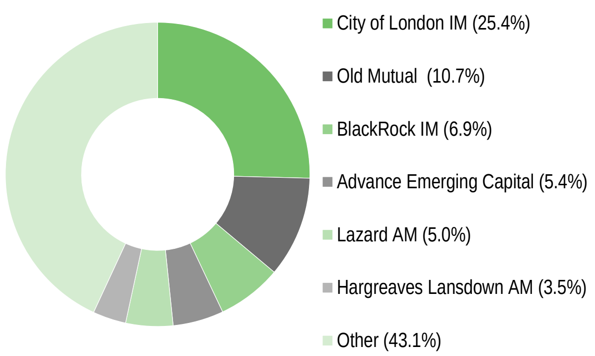



### Share buyback policy and history

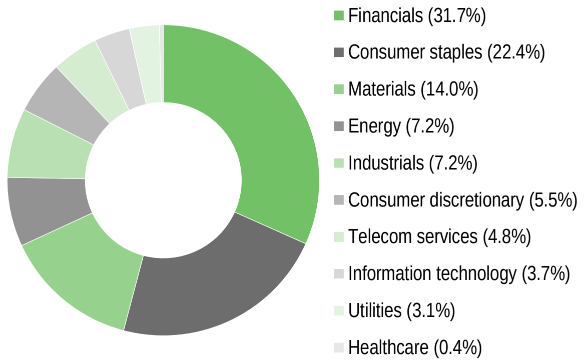
BRLA is authorised both to repurchase up 14.99% of its ordinary shares and to allot shares up to 5% of the issued share capital.




### Shareholder base (as at 10 May 2016)




### Equity exposure by sector (as at 30 April 2016)




### Top 10 holdings (as at 30 April 2016)

| | | | Portfolio weight % | |
|---|---|---|---|---|
| Company | Country of listing | Industry | 30 April 2016 | 30 April 2015* |
| Itaú Unibanco | Brazil | Banks | 7.7 | 8.8 |
| AmBev | Brazil | Food, beverages & tobacco | 6.7 | 5.6 |
| Banco Bradesco | Brazil | Banks | 5.9 | 6.8 |
| FEMSA | Mexico | Food, beverages & tobacco | 4.8 | 4.5 |
| Petrobras | Brazil | Energy | 4.4 | N/A |
| Cemex | Mexico | Materials | 4.3 | 4.8 |
| Grupo Financiero Banorte | Mexico | Banks | 3.8 | N/A |
| Cielo | Brazil | Diversified financials | 3.7 | N/A |
| Walmart de Mexico | Mexico | Food & staples retailing | 3.4 | N/A |
| Grupo Mexico | Mexico | Materials | 3.1 | N/A |
| Top 10 holdings | | | 47.8 | 50.0 |

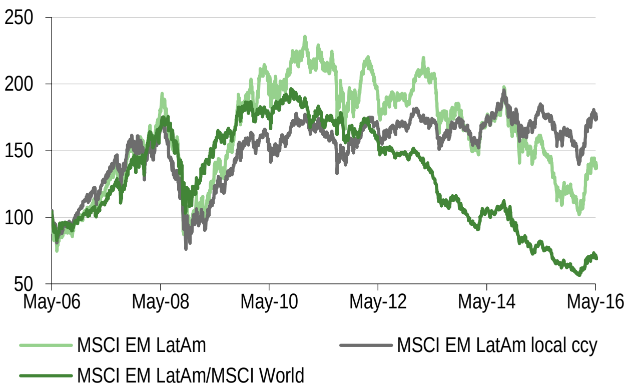
Source: BlackRock Latin America Investment Trust, Edison Investment Research, Bloomberg, Morningstar, Thomson. Note: *N/A where not in April 2015 top 10.

## Market outlook: Improving direction in Brazil

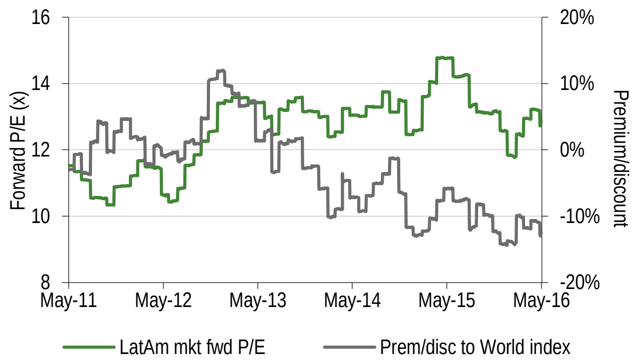
For reference, the MSCI EM Latin American Index is heavily weighted to Brazil (>50% at the end of April 2016). Looking at Exhibit 2 (left-hand side) in sterling terms, Latin America has underperformed world stock markets since 2010. This is partly due to the strength of the US market, which represents c 60% of the MSCI World Index. Also, there have been political issues in Latin America such as the Petrobras corruption scandal in Brazil; in addition, weak commodity prices have had a significant impact on growth in the region. In its latest economic outlook in January, the International Monetary Fund reduced its estimate for 2016 economic growth in Brazil by another 0.3pp; for the year it expects output to contract by 3.8%, in line with the provisional figure for 2015. However, political developments in the country since then provide a potentially more optimistic outlook. The impeachment of President Dilma Rousseff and the replacement by Vice-President Michel Temer potentially paves the way for an improvement in the economy and market-friendly reforms; the country already has a normal monetary policy with positive real interest rates. As shown below, there has been a noticeable outperformance of Latin America versus world markets over the short term.

**Exhibit 2: Market performance and valuation**

Latin America index performance (in £ unless stated otherwise)




Latin America forward P/E and relative P/E (last five years)




Source: Thomson Datastream, Edison Investment Research

With regards to valuation (Exhibit 2, right-hand side), in terms of forward P/E multiples, Latin America is currently trading at 12.9x, a modest premium to the five-year average of 12.6x. On a relative basis, it is trading at a 13% discount to world markets, which is meaningfully below the five-year average of 3%. For investors looking for equity exposure to a region with a relatively attractive valuation and recent positive newsflow, an actively managed specialist fund may appeal.

## Fund profile: Diversified Latin American portfolio

BRLA was launched in 1990 as F&C Latin American Trust; BlackRock took over management in March 2006. The fund manager is William Landers, who is based in New York; he has been investing in Latin American assets at BlackRock since 2002 and has 25 years' investment experience. The manager is assisted by four other investment professionals who have individual country and sector expertise. They are based in New York and Sao Paulo, Brazil. BRLA is an actively managed fund with 50-75 holdings in Latin American companies aiming to deliver capital growth and an attractive total return. The portfolio is diversified by sector, geography and market cap and does not take extreme bets versus the benchmark MSCI Emerging Markets Latin America Index. BRLA is listed in London and its shares are quoted in sterling. However, its financial statements are reported in US dollars and its NAV is quoted in both sterling and dollars.

# The fund manager: William Landers

## The manager's view: Positive outlook led by Brazil

The manager is as positive in his outlook as he has been for quite some time. Following the suspension of Brazilian President Dilma Rousseff for allegedly hiding the scale of the budget deficit, he believes that for the first time in two years, the country has a clear path to return to growth. With a new president, cabinet and central bank governor, there is the potential for fiscal discipline and lower inflation. The expectation is for rising confidence and a return to infrastructure investment. The political reset button has been pressed; the manager believes the president will have a good dialogue with Congress and will be able to pass reforms. Current valuations of Brazilian companies are not seen as compelling due to a trough in economic activity, which has depressed earnings. However, the manager expects positive earnings revisions over the next 12-18 months, which should make company valuations look more attractive.

In Mexico, the manager sees a continuation of a gradual improvement in the domestic side of the economy. The US is its biggest trading partner and imports had slowed in recent months. However, Mexico has been gaining market share and exports to the US are now on an improving trend. A stabilising or a rising oil price would also be beneficial to the economy, as crude oil is the largest export. See 'current portfolio positioning' below for comments on smaller countries in the region.

# Asset allocation

## Investment process: Top-down and bottom-up considerations

The manager aims for long-term outperformance versus the benchmark with below-average volatility, using a combination of top-down and bottom-up analysis. From a top-down perspective the manager assesses factors such as politics, inflation and currency and suggests their importance varies. From a bottom-up perspective, the first stage of the process is a liquidity screen. There are more than 400 listed companies in the region that the manager narrows down to c 175, having taken country and sector views into account. When assessing a potential investment he focuses on the quality of management, company fundamentals and valuation. A high-quality management team has the ability to deliver value to shareholders over the long term and has regard for minority shareholders. Fundamental analysis involves an assessment about future growth potential, the strength of the balance sheet and cash flow generation. The manager seeks undervalued stocks where consensus earnings expectations appear realistic. The team has an extensive network within the region, which assists in the formation of their fundamental insights.

Portfolio holdings are constantly monitored and may be sold if there is a significant change in fundamentals or valuation. Informal risk controls limit large-cap stocks to 500bp above or below the index weighting; the limit for mid-cap stocks is 200bp, while small-cap stocks usually have at least a 50bp position in the portfolio; in practice, these controls rarely restrict stock selection. The BRLA team has the ability to draw on the insight of other BlackRock managers such as those in Asia-Pacific, a key trading partner of Latin America, as well as deep resources in other departments such as product strategy, sales, trading and risk management.

## Current portfolio positioning

At the end of April 2016, the top 10 holdings accounted for 47.8% of the portfolio; a modest decrease from 50% a year before. The manager invests across the capitalisation spectrum; at the last month end, 69% of the portfolio was in large caps (>$10bn), 21% in mid caps ($2-10bn) and 10% in small caps (<$2bn). The smallest company in the portfolio is c $400m; several countries in the region have a shortage of large-cap companies in which the manager can invest. As BRLA is a closed-ended fund with stable share capital, the manager is able to maintain a higher exposure to mid- and small-cap securities than in his comparable open-ended SICAV.

**Exhibit 3: Portfolio sector exposure as at 30 April 2016**

| % | Trust weight end-April 2016 | Trust weight end-April 2015 | Change | Benchmark weight | Trust vs benchmark | Trust/ benchmark |
|---|---|---|---|---|---|---|
| Financials | 31.7 | 35.0 | -3.3 | 30.5 | 1.2 | 1.0 |
| Consumer staples | 22.4 | 22.2 | 0.2 | 20.8 | 1.6 | 1.1 |
| Materials | 14.0 | 13.3 | 0.7 | 13.5 | 0.5 | 1.0 |
| Energy | 7.2 | 3.9 | 3.3 | 7.6 | -0.4 | 0.9 |
| Industrials | 7.2 | 6.1 | 1.1 | 6.6 | 0.6 | 1.1 |
| Consumer discretionary | 5.5 | 7.7 | -2.2 | 6.7 | -1.2 | 0.8 |
| Telecom services | 4.8 | 5.4 | -0.6 | 5.9 | -1.1 | 0.8 |
| Information technology | 3.7 | 1.9 | 1.8 | 2.3 | 1.4 | 1.6 |
| Utilities | 3.1 | 2.8 | 0.3 | 5.8 | -2.7 | 0.5 |
| Healthcare | 0.4 | 1.5 | -1.1 | 0.3 | 0.1 | 1.3 |
| | 100.0 | 100.0 | | 100.0 | | |

Source: BlackRock Latin America Investment Trust, Edison Investment Research. Note: The trust weightings exclude net current assets/liabilities and fixed interest.

The manager is comfortable with his country weightings, modestly overweight Brazil and Mexico, which together dominate the benchmark with a combined 84%. There had been an underweight exposure to Brazil; however, in mid-March when it looked like impeachment of the president was likely, the manager moved 600bp in a day into large-cap companies, predicated on the fact that conditions in the country could improve now rather than having to wait for an election in 2018. The investment has led to strong absolute returns but the stock market moved very quickly, which led to BRLA underperforming the benchmark in the short term although it is outperforming its peers who may have made the switch more slowly. The increased exposure to Brazil included additions to Itaú and Banco Bradesco and buying back into Petrobras, where the prosecutor expects the investigation into the corruption scandal to be concluded by the end of the year. The manager is confident that there will be a longer-term benefit as foreign investors return to Brazil. Financial stocks are seen as particularly attractive as they tend to benefit when a country's risk premium reduces. During the recent economic crisis, banks have been conservative in their lending practices and should prosper in an improving economy.

BRLA retains an overweight position in Peru. There are elections in June; both candidates are viewed as market friendly. As reflected by their underweight positions, the manager is less positive on the outlooks for stocks in Chile and Colombia. Argentina is not represented in the benchmark, but the manager has added portfolio exposure to the country as he believes that the new president, Mauricio Macri, has moved quickly on reforms including debt agreements, currency controls and export taxes. The big obstacle now is to bring inflation down, which is key to the economy improving. In early 2000, before the country was reclassified as a frontier market, it was 8-9% of the benchmark and could be included again in the future. The manager comments that Argentina is a large economy with good companies that can provide investment opportunities.

**Exhibit 4: Geographic allocations as at 30 April 2016**

| | Trust weight end-April 2016 | Trust weight end-April 2015 | Change | Benchmark weight | Trust vs benchmark | Trust/ benchmark |
|---|---|---|---|---|---|---|
| Brazil | 52.8 | 51.5 | 1.3 | 51.8 | 1.0 | 1.0 |
| Mexico | 35.0 | 38.3 | -3.3 | 32.1 | 2.9 | 1.1 |
| Peru | 5.7 | 5.6 | 0.1 | 3.2 | 2.5 | 1.8 |
| Chile | 2.7 | 3.0 | -0.3 | 9.3 | -6.6 | 0.3 |
| Argentina | 2.3 | 0.0 | 2.3 | 0.0 | 2.3 | N/A |
| Colombia | 1.5 | 1.6 | -0.1 | 3.6 | -2.1 | 0.4 |
| | 100.0 | 100.0 | | 100.0 | | |

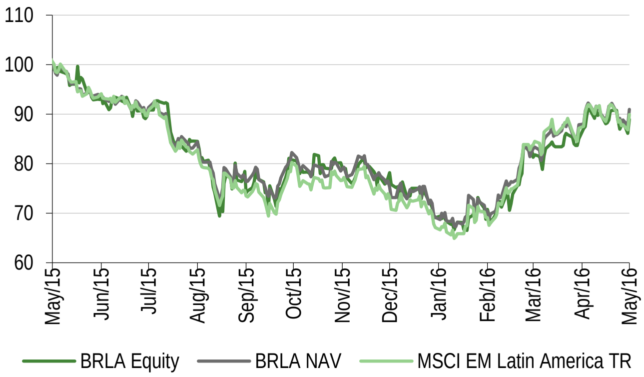
Source: BlackRock Latin America Investment Trust, Edison Investment Research. Note: The trust weightings exclude net current assets/liabilities and fixed interest.

## Performance: Medium term in line with benchmark

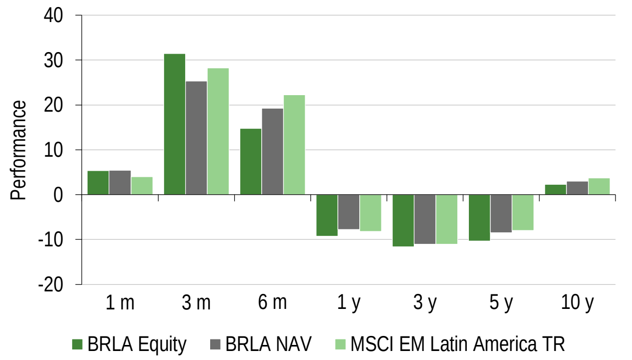
The manager explains that near-term underperformance versus the benchmark is due to the Brazilian stock market rallying strongly in mid-March, when it became apparent that the president was likely to be impeached. He was already increasing his exposure to the country and has since moved to a modest overweight in Brazil versus the benchmark.

**Exhibit 5: Investment trust performance to 30 April 2016**

Price, NAV and benchmark total return performance, one-year rebased




Price, NAV and benchmark total return performance (%)




Source: Thomson Datastream, Edison Investment Research. Note: Three, five and 10-year performance figures annualised.

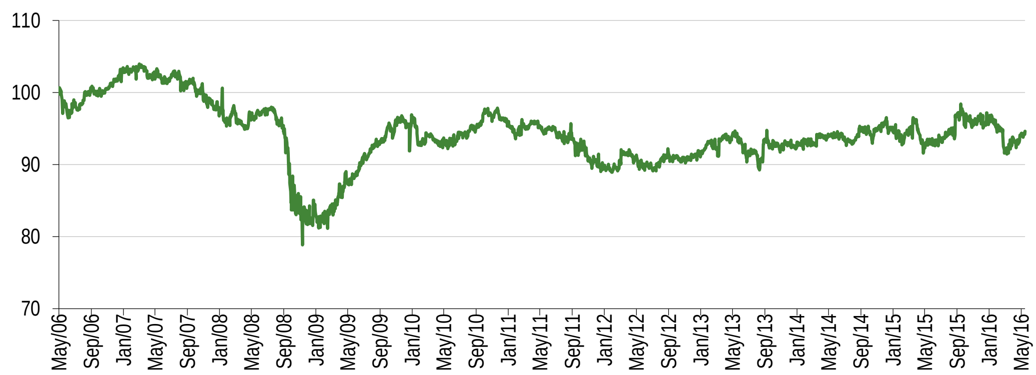
BRLA's NAV total return has outperformed the benchmark over one year and is in line over three years. Latin American markets have lagged world stock markets in recent years, partly due to the strength of the US market as well as political issues within the region, coupled with the impact of weak commodity prices.

**Exhibit 6: Share price and NAV total return performance, relative to index (%)**

| | One month | Three months | Six months | One year | Three years | Five years | 10 years |
|---|---|---|---|---|---|---|---|
| Price relative to MSCI EM Latin America | 1.4 | 3.2 | (7.5) | (1.1) | (1.3) | (8.0) | (18.9) |
| NAV relative to MSCI EM Latin America | 1.4 | (2.9) | (3.1) | 0.4 | (0.0) | (1.7) | (9.4) |
| Price relative to FTSE All-Share | 4.2 | 27.6 | 14.8 | (3.5) | (42.9) | (71.3) | (32.9) |
| NAV relative to FTSE All-Share | 4.3 | 21.4 | 19.2 | (2.1) | (41.6) | (65.1) | (23.5) |
| Price relative to MSCI World | 5.6 | 27.0 | 10.1 | (10.3) | (60.5) | (98.4) | (71.1) |
| NAV relative to MSCI World | 5.7 | 20.8 | 14.6 | (8.9) | (59.2) | (92.2) | (61.7) |

Source: Thomson Datastream, Edison Investment Research. Note: Data to end-April 2016. Geometric calculation.

**Exhibit 7: NAV performance relative to MSCI EM Latin America Index for past 10 years (%)**



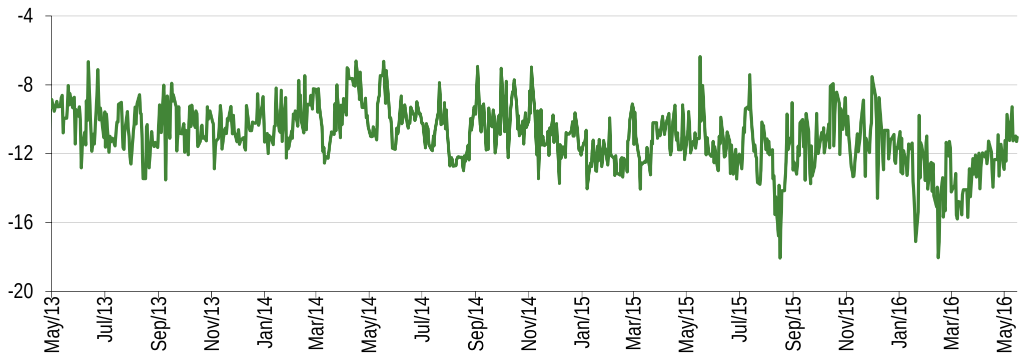

Source: Thomson Datastream, Edison Investment Research

## Discount: Modestly widening trend

The current 11.0% share price discount to cum-income NAV compares to the average of 11.9% over the last 12 months (range of 6.4% to 18.1%). This is a modest increase from the averages of the last three, five and 10 years (11.0%, 9.5% and 6.9% respectively). The widening has occurred during a period when Latin American stocks have been out of favour with investors (see Exhibit 2).

The BRLA board is able to repurchase up 14.99% of its ordinary shares and to allot shares up to 5% of the issued share capital to manage the discount or premium. However, there have been no ad-hoc buybacks since 2012. Before mid-2013, there was a policy of twice-yearly 5% tender offers. A new discount policy was adopted in August 2013, which the board views as in the better interests of long-term shareholders. From the 2016 continuation vote onwards, a 24.99% tender offer will be launched if BRLA has underperformed the benchmark in terms of US dollar total returns by more than 1% per year over the previous two financial years and the share price discount to cum-income NAV has averaged more than 5% over the same two-year period.

**Exhibit 8: Share price discount to NAV (including income) last three years (%)**




Source: Thomson Datastream, Edison Investment Research

## Capital structure and fees

BRLA is a conventional investment trust with one class of share in issue; there are currently 39.4m shares outstanding. The trust is subject to a continuation vote every two years; the next one is due at the AGM in 2018. Gearing of up to 25% of net assets is permitted and BRLA has a $40m overdraft facility with Bank of New York Mellon at an annual rate of Libor plus 1%. At the end of April 2016, net gearing was 1.2%. The annual management fee payable to BlackRock Investment Management is 0.85% of NAV and is charged 75% to capital and 25% to income. A performance fee of 10% of NAV outperformance versus the benchmark is payable, subject to a 1% hurdle. This fee will only be paid if the cumulative NAV performance since 1 July 2007 is ahead of the benchmark. No performance fee has been paid since FY10.

## Dividend policy and record

Dividends are paid twice a year in September and April. Between 2011 and 2014, a 30c annual dividend was paid. For 2011 and 2012, the interim dividend was 5c and the final dividend was 25c. In 2013 and 2014, both the interim and final dividends were 15c. In 2015, an interim dividend of 15c was again paid but the declared final dividend was reduced to 6c. The revenue return in 2015 declined to 24.10c versus 31.46c in the prior year; weakness in Latin American currencies and dividend cuts by a number of companies had a negative impact on income. In addition, income from writing options was lower during the year (28% of total income). The board considers it prudent to recognise the changed environment, so rather than maintaining the historic level of dividends out of capital, going forward, dividends paid will be in line with earnings. The total 21c dividend for 2015 equates to a yield of 4.5%. If a 6c interim and final dividend is maintained for 2016, this would equate to a dividend yield of 2.6%.

## Peer group comparison

BRLA is one of only two companies in the AIC Latin America sector, so we have also compared it to two closed-end funds listed in the US. Its NAV total return has outperformed the group over one, three and 10 years and is only modestly below the weighted average over five years; over three and 10 years it is ranked first. In terms of risk-adjusted returns as measured by the Sharpe ratio, BRLA is in line over both one year and three years. It has the narrowest discount in the peer group, the lowest ongoing charge and the second highest dividend yield.

Comparing BRLA to a selection of open-ended funds invested in Latin America, its NAV total return has outperformed the weighted average over three, five and 10 years and it has a higher Sharpe ratio over both one and three years.

**Exhibit 9: Latin American funds as at 23 May 2016**

| % unless stated | Market cap £m | NAV TR 1 year | NAV TR 3 year | NAV TR 5 year | NAV TR 10 year | Sharp 1y (NAV) | Sharpe 3y (NAV) | Discount (ex-par) | Ongoing charge | Perf. fee | Net gearing | Dividend yield (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| BlackRock LatAm (LSE) | 122.8 | (11.6) | (36.4) | (37.8) | 50.3 | (0.3) | (0.6) | (9.5) | 1.1 | Yes | 102 | 4.4 |
| Aber. LatAm Inc. (LSE) | 32.9 | (9.1) | (39.5) | (28.3) | | (0.4) | (0.9) | (11.8) | 1.9 | No | 117 | 7.7 |
| Aber. LatAm Eq. (NYSE) | 134.6 | (12.4) | (40.0) | (34.0) | 45.6 | (0.1) | (0.6) | (12.5) | 1.3 | No | 100 | 1.7 |
| LatAm Discovery (NYSE) | 58.3 | (17.6) | (40.7) | (42.8) | 6.3 | (0.4) | (0.6) | (11.7) | 1.5 | No | 100 | 0.4 |
| Weighted average | | (12.7) | (38.8) | (36.3) | 40.2 | (0.3) | (0.6) | (11.2) | 1.3 | | 102 | 3.0 |
| Rank | 2 | 2 | 1 | 3 | 1 | 2 | 1 | 1 | 4 | | 2 | 2 |
| Open-ended funds | | | | | | | | | | | | |
| Aberdeen LatAm Eq | 148.1 | (6.3) | (37.4) | (30.3) | | (0.2) | (0.6) | | | No | | |
| Fidelity LatAm | 424.9 | (11.6) | (36.2) | (35.6) | | (0.4) | (0.6) | | | No | | |
| Schroder ISF LatAm | 164.7 | (15.3) | (42.4) | (42.1) | 22.6 | (0.7) | (0.8) | | | No | | |
| Templeton LatAm | 790.4 | (8.4) | (38.4) | (41.3) | 43.0 | (0.3) | (0.7) | | | No | | |
| Threadneedle LatAm | 370.8 | (15.2) | (41.6) | (42.0) | 33.1 | (0.6) | (0.8) | | | No | | |
| Weighted average | | (10.9) | (38.8) | (39.4) | 37.7 | (0.4) | (0.7) | | | | | |

Source: Morningstar, Edison Investment Research. Note: TR=total return. Sharpe ratio is a measure of risk-adjusted return. The ratios shown are calculated by Morningstar for the past 12- and 36-month periods by dividing a fund's annualised excess returns over the risk-free rate by its annualised standard deviation. Net gearing is total assets less cash and equivalents as a percentage of net assets.

## The board

There are six non-executive directors on the BRLA board. Chairman Peter Burnell joined in 1990 and was appointed chairman in 1997. The Earl St Aldwyn was appointed in 1996, Laurence Whitehead in 2003, Antonio Monteiro de Castro in 2007 and Mahrukh Doctor in 2009. The newest member of the board is Carolan Dobson, appointed in 2016; she is the former head of UK equities at Abbey Asset Managers and former head of investment trusts at Murray Johnstone.



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