

BlackRock European Fund

As at 28 February 2022

BLACKROCK

- The investment decision is yours. You should not invest in the investment product unless the licensed investment advisor who introduces it to you has advised you that it is suitable for you and has explained why, including how buying it would be consistent with your investment objectives.
- Investment in a Fund may involve a high degree of risk and may not be suitable for all investors. Past performance is not indicative of future results. The value of a Fund can be volatile and could go down substantially within a short period of time. It is possible that the entire amount of your investment could be lost.
- Funds which invest in emerging markets, specific markets or sectors should be regarded as higher risk than funds following a more diversified policy. Please pay attention to the "Special Risk Considerations" section in the Prospectus for risks associated with investing in emerging markets, specific markets or sectors.

A-Share Cumulative Performance in USD

	YTD	6 Months	1 Year	3 Years	5 Years	Since Launch
	%	%	%	%	%	%
Fund	-16.9	-17.7	-1.4	52.9	62.2	608.3
MSCI Europe (net)	-7.3	-6.7	6.8	27.7	45.5	583.0

A-Share Calendar Year Performance in USD

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Fund	19.2	31.5	29.7	-18.5	+21.4	-8.5	-0.4	-9.7	+26.9	+22.7	-13.2	+5.4	+42.6	-43.0
MSCI Europe (net)	16.3	5.4	23.8	-14.9	+25.5	-0.4	-2.8	-6.2	+25.2	+19.1	-11.1	+3.9	+35.8	-46.4

Investment Objective

The European Fund seeks to maximise total return. The Fund invests at least 70% of its total assets in the equity securities of companies domiciled in, or exercising the predominant part of their economic activity in, Europe.

Fund Manager's Report

Performance Overview

- Macroeconomic and geopolitical events remained in focus in February as market attention was fixed on central bank policy during the first part of the month, before switching to the widely unexpected invasion of Ukraine by President Putin.
- Equity markets sold-off, while commodity prices including Brent crude oil, natural gas, and wheat moved higher as the market was quick to price potential supply disruptions as a result of the conflict. The portfolio does not own any Russian, Belarusian, or Ukrainian companies, and we estimate c. 1% of aggregate portfolio revenues are derived from the region.
- Q4 earnings season continued. The fundamental prospects for our companies look attractive, with many exceeding expectations and upgrading guidance for 2022 (details below).
- Despite this, the fund underperformed the market during the month driven by selection effect.

Sectors

- The financials and consumer discretionary sectors delivered the lowest returns in the index. Our underweight to financials benefitted, while our overweight to consumer discretionary detracted.
- The highest returns were in the utilities, healthcare, and materials sectors. Our underweights detracted in utilities and materials.

Stocks

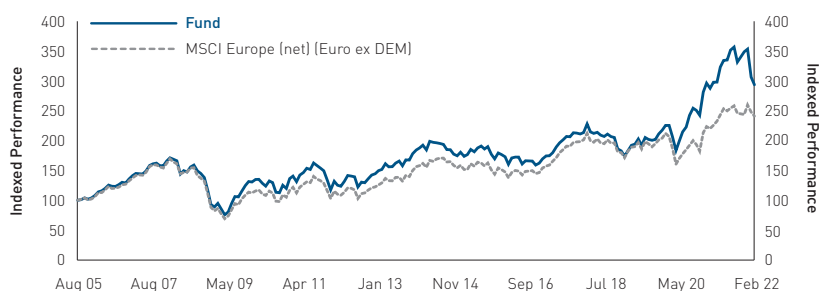
- JD Sports detracted as the market worried about a squeeze in consumer spending in the US, as well as a warning from US rival Foot Locker who expect to be negatively affected by Nike incrementally moving towards a D2C model. We do not expect a similar dynamic at JD Sports given they have a strong partnership with brands including Nike, as well as a more diversified mix.
- LVMH sold-off with no stock specific news. The company recently reported very strong results with 4Q21 revenues 11% ahead of estimates and accelerating sequentially. The key Fashion & Leather Goods business grew 51% vs 2019 and expanded operating margins to 42%.
- DSV shares fell likely driven by the market anticipating a weaker outlook for global trade. The company reported positive results with Q4 profits up 90% y/y alongside strengthening air and sea freight yields. DSV is also strengthening its competitive position and taking market share in sea freight. Full year guidance was very strong: 9% ahead of estimates at the top end of the guided range.
- The portfolio faced relative headwinds through not owning two groups of large cap index constituents. The first of these were companies with defensive income streams including Nestle and AstraZeneca which were bid up as the market reacted to the onset of war in Ukraine. The second group included large cap energy and materials players such as Shell, Rio Tinto, and Anglo American which rose driven by higher commodity prices.
- Our position in Novo Nordisk aided returns following some weakness in the shares at the end of 2021. The company reported good results with a 2% sales beat and guidance of 4-8% operating profit growth for FY22 which was ahead of market expectations. Previous concerns about delays to its Wegovy obesity drug resulting from a supplier backlog were relieved as the company indicated that they expect capacity to recover during the first half of the year.
- One of our recent additions, Hotel operator IHG, contributed to returns with the company reporting sales and profits ahead of estimates. We see the potential for mid-high single digit revenue growth and strong cash conversion driving attractive returns and rapid de-gearing of the balance sheet giving opportunities for buybacks and special dividends.
- BESI contributed to performance. The operating performance of the company is progressing well, with demand for its products increasing and order backlogs lengthening even as the company brings more capacity on line. Meanwhile investment in new product areas is increasing the resilience of the business model.

Changes

- We took the opportunity to top up existing positions in many of our highest conviction names including ASML, LVMH, and Lonza where share prices, in our view, do not reflect the long-term earnings power of the businesses.
- We added a new position in Tenaris, a leading supplier of steel tubing into the oil and gas industry. The company should benefit from higher capex spend along with higher profitability given higher steel prices and a more favourable competitive dynamic in the US.
- We also bought a position in aircraft engine maker MTU which has strong potential to expand its market share over the next decade.
- We exited Neste, AJ Bell, and Allegro to fund the changes above. In all three cases, our conviction was reduced based on the potential for changes in their competitive positions in their industries.

Positioning

- Whilst we are aware of macro-economic and geopolitical developments, our role as stewards of our clients' capital requires that our focus remains firmly on company fundamentals – including how current events may affect the earnings profile of our businesses. As described above, the majority of our companies are progressing very strongly from an operational standpoint, with many seeing significant earnings upgrades. In many instances, share prices YTD have not followed the fundamentals, resulting in a very material de-rating of several of our favourite companies, presenting an attractive entry point to add to positions.
- At the end of the month the portfolio was overweight industrials, IT, and consumer discretionary.
- We remain underweight financials, consumer staples, utilities, and energy.



Fund Data

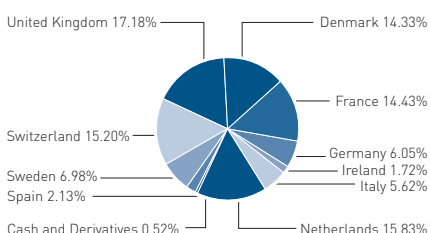
Manager	Nigel Bolton
Inception	30.11.93
Currency	US\$
Total Fund Size (m)	US \$1,765.9
Annual Management Fee	1.50%
Initial Charge	5%

10 Largest Holdings (%)

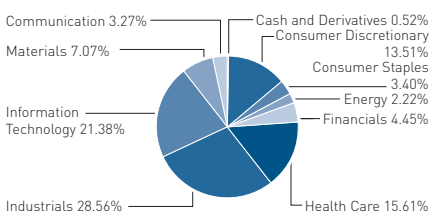
LVMH MOET HENNESSY LOUIS VUITTON SE	7.6
ASML HOLDING NV	5.8
LONZA GROUP AG	5.3
NOVO NORDISK A/S	5.3
SIKA AG	4.3
DSV A/S	3.9
ROYAL UNIBREW A/S	3.4
RELX PLC	3.4
BE SEMICONDUCTOR IND.	3.3
LINDE PLC	2.8
Total	45.0

Composition of Fund

Country



Sector



The Fund investment objective was changed on 20 June 2008.

Effective 28 April 2008, Merrill Lynch International Investment Funds (MLIIF) changed its name to BlackRock Global Funds (BGF). Prior to such date the Fund was known as MLIIF European Fund.

BlackRock European Fund is the abbreviated name of BlackRock Global Funds – European Fund.

Effective 1 July 2002, Mercury Selected Trust (MST) changed its name to Merrill Lynch International Investment Funds (MLIIF). Prior to such date the Fund was known as MST European Fund.

Sources: BlackRock Investment Management (UK) Limited and Datastream. Performance is shown as at 28 February 2022 in US\$ on a NAV to NAV price basis with income reinvested. Fund performance figures are calculated net of fees. The above Fund data is for information only.

Investment involves risk. Past performance is not necessarily a guide to future performance. The value of investments and the income from them can fluctuate and is not guaranteed. The investment returns are denominated in Euro. US/HK dollar-based investors are therefore exposed to fluctuations in the US/HK dollar/Euro exchange rate. Investors may not get back the amount they invest. Individual stock price/figure does not represent the return of the Fund. For Hong Kong investors, please refer to the BGF Prospectus for details, including risk factors. Issued in Hong Kong by BlackRock (Hong Kong) Limited.

This advertisement (or sales material) has not been reviewed by the Securities and Futures Commission of Hong Kong.

In Singapore, this information is issued by BlackRock Investment Management (Singapore) Limited. For the purposes of distribution in Singapore, this document forms part of the prospectus for BGF (which is an information memorandum as defined in the Securities and Futures Act). In Singapore, the fund referred to in this document may be offered to institutional investors under section 304 and accredited investors under section 305 of the Securities and Futures Act only.

BlackRock (Hong Kong) Limited

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貝萊德歐洲基金

截至 2022年2月28日止



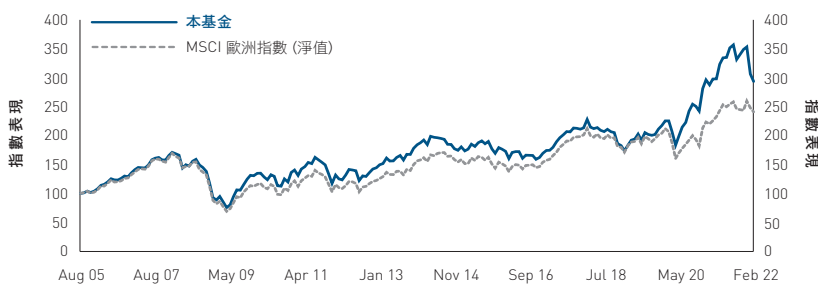
1. 投資決定在於你本人。除非將該投資產品介紹給你的持牌投資顧問已指出該產品適合你本人及已向你說明該產品為何及如何符合你的投資目標，否則您不應投資於該產品。
2. 投資基金可能涉及高風險，並可能不適合所有投資者。過往業績並不代表將來的表現，基金價格及其收益可升可跌，且可於短期內反覆，投資者並可能會損失所有投資金額。
3. 投資者應注意投資於某些較小型及新興市場、特定市場或行業的基金為風險較高的基金。投資者請注意貝萊德全球基金章程的“特殊風險考慮因素”一節有關投資於新興市場，特定市場或行業的基金的風險。

A 股基金累積表現 (美元)

	年初至今 %	六個月 %	一年 %	三年 %	五年 %	成立至今 %
本基金	-16.9	-17.7	-1.4	52.9	62.2	608.3
MSCI歐洲指數 (淨值)	-7.3	-6.7	6.8	27.7	45.5	583.0

A 股基金年度表現 (美元)

	2021 %	2020 %	2019 %	2018 %	2017 %	2016 %	2015 %	2014 %	2013 %	2012 %	2011 %	2010 %	2009 %	2008 %
本基金	19.2	31.5	29.7	-18.5	+21.4	-8.5	-0.4	-9.7	+26.9	+22.7	-13.2	+5.4	+42.6	-43.0
MSCI歐洲指數 (淨值)	16.3	5.4	23.8	-14.9	+25.5	-0.4	-2.8	-6.2	+25.2	+19.1	-11.1	+3.9	+35.8	-46.4



基金資料

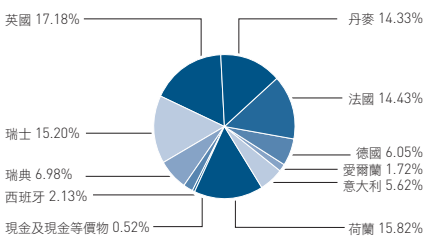
基金經理	Nigel Bolton
成立日期	30.11.93
報價貨幣	美元
基金總值 (百萬)	1,765.9 美元
每年管理費	1.50%
首次認費	5%

十大持股比重 (%)

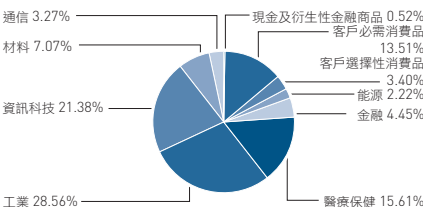
LVMH MOET HENNESSY LOUIS VUITTON SE	7.6
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DSV A/S	3.9
ROYAL UNIBREW A/S	3.4
RELX PLC	3.4
BE SEMICONDUCTOR IND.	3.3
LINDE PLC	2.8
Total	45.0

基金投資分佈

國家



行業



基金的投資目標於 2008 年 6 月 20 日已被更改。

於 2008 年 4 月 28 日，美林國際投資基金已更名為貝萊德全球基金。在上述日期前，此基金名為美林歐洲基金。

貝萊德歐洲基金乃貝萊德全球基金 - 歐洲基金之簡稱。

於 2002 年 7 月 1 日，水星 MST 基金已更名為美林國際投資基金。在上述日期前，此基金名為水星 MST 歐洲基金。

資料來源：BlackRock Investment Management (UK) Limited 及 Datastream。基金表現截至 2022 年 2 月 28 日為止，以美元按資產淨值比資產淨值基礎計算，將收入再作投資。基金表現數據的計算已扣除費用。上述基金表現僅作參考之用。

投資涉及風險。過往業績並不代表將來的表現，基金價格及其收益可升可跌，並不能保證。投資收益以歐元計算。因此，以美元 / 港元作出投資的投資者，需承受美元 / 港元 / 歐元兌換率的波動的風險。投資者可能無法取回原本投資金額。個別股票價格並不代表本基金的回報。香港投資者欲知有關詳情，請參考貝萊德全球基金章程，包括風險成份。資料由貝萊德 (香港) 有限公司所發佈。

此廣告 (或銷售資料) 並未獲香港證監會所審閱。

在新加坡，資料由 BlackRock Investment Management (Singapore) Limited 所發佈。在新加坡分銷本基金，此文件將被納入貝萊德全球基金售股章程的一部份 (即證券及期貨條例所定義的資料備忘錄)。

在新加坡，此文件所提及的基金只可售予證券及期貨條例第 304 條定義的機構投資者及第 305 條定義的認可投資者。

貝萊德 (香港) 有限公司

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投資目標

貝萊德歐洲基金以盡量提高總回報為目標。基金將總資產至少 70% 投入於在歐洲註冊或從事大部分經濟活的公司之股權證券。

基金經理報告

表現概述

- 在 2 月份，宏觀經濟及地緣政治事件依然成為焦點。市場在上半月聚焦於央行政策，其後轉向俄羅斯總統普京作出入侵烏克蘭的決定，令市場大感意外。
- 股市遭到拋售；市場對俄烏衝突可能導致供應中斷迅速作出反應，刺激商品價格走高，包括布蘭特原油、天然氣及小麥。投資組合並無持有任何俄羅斯、白俄羅斯或烏克蘭公司，估計投資組合總收入約有 1% 來自以上地區。
- 第四季業績尚未結束。我們所投資公司的基本前景顯得吸引，當中許多公司的業績超過預期，並上調 2022 年盈利指引 (詳見下文)。
- 儘管如此，受選股失利影響，基金在月內表現遜於大市。

行業

- 金融及非必需消費品業對指數回報貢獻最少。我們對金融業持偏低比重利好表現，但對非必需消費品業持偏高比重削弱回報。
- 公用事業、醫療保健及原材料業帶來最高回報；對公用事業及原材料業持偏低比重則利淡表現。

股票

- JD Sports 削弱投資組合回報，因為市場憂慮美國消費開支收縮，加上美國競爭對手 Foot Locker 發出警告，指 Nike 逐漸轉向直接面對消費者的企業模式，預料會對業務構成負面影響。我們認為 JD Sports 不會面對類似情況，源於 JD Sports 與 Nike 等品牌的夥伴合作關係緊密，而且業務組合更多元化。
- LVMH 並無任何拋售消息，但卻遭到拋售。該公司最近公佈的業績非常強勁，2021 年第四季收入較預期高出 11%，而且繼續加速增長。LVMH 的主要時裝與皮貨業務較 2019 年增長 51%，營運利潤率擴大至 42%。
- DSV 股價下跌，可能受累於市場預測環球貿易前景轉弱。該公司的業績優秀，2021 年第四季利潤按年增加 90%，空運和海運收益均上升。此外，DSV 正逐漸加強競爭地位，並在海運業務爭取更高市場份額。該公司的全年盈利指引十分強勁：處於指引的高端，較預期超出 9%。
- 投資組合並無持有兩組大型指數成份股，因而承受相對阻力。第一組是擁有防守性收益來源的公司，包括雀巢 (Nestle) 及阿斯利康 (AstraZeneca)，由於市場對烏克蘭戰爭爆發作出反應，刺激其股價上升。第二組包括 Shell、力拓 (Rio Tinto) 及 Anglo American 等大型能源及原材料公司，這些公司的股價受惠於商品價格上漲而走高。
- 諾和諾德 (Novo Nordisk) 的股價在 2021 年底表現略為疲弱，持有其後利好回報。該公司的業績良好，銷售較預期高 2%，2022 財年的營運盈利增長指引 4% 至 8%，優於市場預期。諾和諾德表示公司產能預料將於上半年回升，舒緩早前市場對旗下治療癌症藥物 Wegovy 因供應高積壓問題而延遲交付的憂慮。
- 基金最近新增酒店營運商 IHG 的持有。該公司公佈的銷售及利潤均優於預期，為回報帶來貢獻。我們認為該公司或會取得中高單位數收入增長，而且現金轉換能力強勁，可望帶來具吸引力的回報，以及推動資產負債表迅速降低槓桿水平，締造股份回購或派發特別股息的機會。
- BESIX 利好表現。該公司的營運表現取得良好進展，旗下產品需求不斷上升，即使公司擴大生產產能，但未完工訂單仍不增加。此外，新產品領域的投資令公司業務模式更穩健。

變動

- 我們把握機遇增持多項確信度最高的現有倉盤，包括 ASML、LVMH 及 Lonza，我們認為這些公司的股價尚未反映其業務的長期盈利能力。
- 基金新增 Tenaris 倉盤，該公司是油氣業的領先鋼管供應商。隨著鋼鐵價格走高，加上美國競爭動力較有，Tenaris 應能受惠於資本開支上升及盈利能力提高。
- 我們亦買入飛機引擎製造商 MTU 的倉盤，該公司擁有強大潛力，可望在未來十年擴大市場份額。
- 我們沽清 Neste、AJ Bell 及 Allegro，為上述變動提供資金。由於這三家公司在其行業的競爭地位可能有變，因此我們對其確信度下降。

配置

- 我們正留意宏觀經濟及地緣政治發展，但亦肩負盡責管理客戶資本的使命，因此必須繼續密切關注公司的基本因素，包括了解目前事件對業務盈利水平的潛在影響。如上所述，從營運角度來看，基金內大部份公司的進展十分強勁，當中多家公司的盈利顯著上升。在許多情況下，我們看好的個別公司年初至今股價未能反映基本因素，導致其評級遭大幅調下，這為基金提供吸引的增持良機。
- 投資組合於月底對工業、資訊科技和非必需消費品業持偏高比重。
- 我們繼續對金融、基本消費品、公用事業和能源業持偏低比重。