

# BlackRock European Fund

As at 31 January 2020

# BLACKROCK

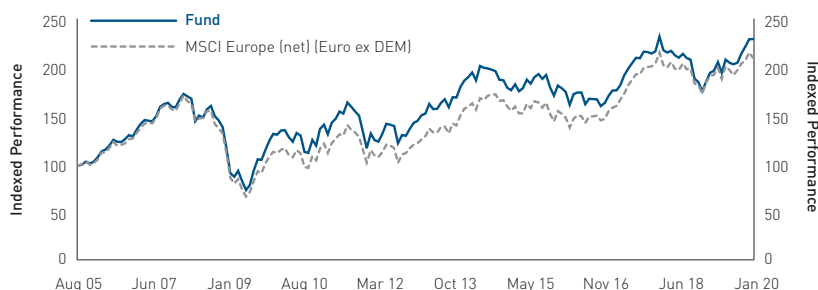
1. The investment decision is yours. You should not invest in the investment product unless the licensed investment advisor who introduces it to you has advised you that it is suitable for you and has explained why, including how buying it would be consistent with your investment objectives.
2. Investment 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.
3. 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
	%	%	%	%	%	%
<b>Fund</b>	<b>0.1</b>	<b>11.7</b>	<b>22.9</b>	<b>7.6</b>	<b>2.9</b>	<b>444.1</b>
MSCI Europe (net)	-2.5	6.3	13.2	8.1	4.5	485.9

## A-Share Calendar Year Performance in USD

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	%	%	%	%	%	%	%	%	%	%	%	%	%
<b>Fund</b>	<b>29.7</b>	<b>-18.5</b>	<b>+21.4</b>	<b>-8.5</b>	<b>-0.4</b>	<b>-9.7</b>	<b>+26.9</b>	<b>+22.7</b>	<b>-13.2</b>	<b>+5.4</b>	<b>+42.6</b>	<b>-43.0</b>	<b>+14.6</b>
MSCI Europe (net)	23.8	-14.9	+25.5	-0.4	-2.8	-6.2	+25.2	+19.1	-11.1	+3.9	+35.8	-46.4	+13.9



## Fund Data

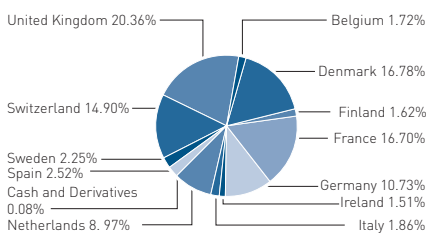
Manager	Nigel Bolton
Inception	30.11.93
Currency	US\$
Total Fund Size (m)	US \$1,250.5
Annual Management Fee	1.50%
Initial Charge	5%

## 10 Largest Holdings (%)

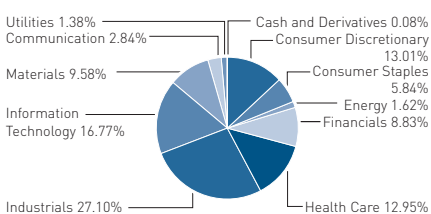
SAFRAN SA	5.6
RELX PLC	5.3
LVMH MOET HENNESSY LOUIS VUITTON SE	5.2
SIKA AG	5.2
ROYAL UNIBREW A/S	4.8
ASML HOLDING NV	4.7
SAP SE	4.7
NOVO NORDISK A/S	4.4
LONZA GROUP AG	4.3
ADIDAS AG	4.0
<b>Total</b>	<b>48.3</b>

## Composition of Fund

### Country



### Sector



## 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:

- European markets fell during January with investors being concerned about the Coronavirus outbreak in China and its potential impact on financial markets and global trade.
- More defensive sectors benefitted from the flight to safety with utilities, health care and consumer staples leading returns.
- The energy and materials sectors declined as commodity prices fell on the back of potential weakening demand due to the virus and travel bans.
- Equally, consumer discretionary stocks lagged the market on fears of weaker consumer spending if the disease continues to spread.
- The fund outperformed the falling market during the month. Outperformance was driven by strong stock selection.

### Sectors:

- During the month, the market experienced an unwind of the '04 hope trade' around perceived value compartments such as autos and banks.
- Our analysis suggests that earnings forecasts for banks remain too high going into 2020. Equally, a host of meetings with auto manufacturers and suppliers have highlighted that the auto industry faces another difficult year in 2020.
- In January, our long-standing underweight exposures to both European banks and autos contributed positively to fund performance. The fund also benefitted from an overweight allocation to IT and industrials.
- Given this flight to safety during the month, our underweight exposure to utilities, consumer staples and health care detracted.
- While our underweight to energy, which will be discussed below, was helpful, our overweight allocation to materials detracted.

### Stocks:

- The fund saw the strongest active returns from an underweight to the energy sector. Not owning any of the large cap oil majors such as Royal Dutch Shell and Total was beneficial for performance. The former reported weak quarterly results and announced a slowing down of its share buyback program, which was taken negatively by the market.
- While the oil price weakness may be temporary we believe that on a medium to long term view, these types of assets should not form part of a concentrated, high alpha strategy given the volatility in earnings and cash flow that comes with being exposed to a single macro variable such as the oil price.
- Within each and every sector we believe it is our job as stock pickers and active investors to identify the strongest investment possible. Within energy we own the global leader in renewable biofuels - Neste Oil - which performed strongly against this weak sector backdrop.
- Market fundamentals for renewable fuels are strong as they offer both the auto and aviation industry a route to meeting carbon targets. The airline industry aims to be carbon free by 2050 and more efficient engines as well as renewable fuels can play a big part in meeting those targets. We believe demand will outstrip supply for the foreseeable future which is a good environment for value creation and share price outcomes.
- Lonza Group was the single best performer during January. The Swiss company reported strong 2019 numbers with higher than expected sales and profit driven by strength in their pharma and biotech division where they are seen as one of the global leaders in contract manufacturing of high end drugs.
- Stock selection was also strong within industrials. Our position in Safran recovered after shares fell in December following the temporary suspension to production of Boeing's 737 Max program. While the Boeing situation remains unresolved for now the market seems to have realized that the earnings impact is relatively limited in 2020 and cash-flows lost this year are being recovered in 2021 and 2022. Safran's valuation had become too cheap for a company that we consider an installed based giant with over 30,000 engines in the field and a strong MRO business driving the majority of earnings and cashflows. Also within industrials, holdings in RELX and Experian performed strongly.
- Within the defensive parts of the market our holding in Royal Unibrew contributed positively while not owning large cap defensive names like Nestle and Roche had the largest negative impact.
- Furthermore, not owning Enel and Iberdrola was negative as the stocks rallied in line with the sector.
- A number of positions, including LVMH, DSV and Remy, were also caught up in fears around the Coronavirus as well as temporary weakness in global trade. Both travel retail and Chinese New Year are important sales occasions for luxury goods and spirits producers. While we realize that the travel ban related to the Coronavirus can affect short term results for these companies we are confident that it won't alter the medium to long term earnings power of these businesses.

### Changes:

- Portfolio activity was very limited over the month.

### Positioning:

- Overall, we retain our core exposure to companies offering business models with higher than average returns on capital, strong cash flow conversions and opportunities to reinvest that cash flow into future growth projects at high incremental returns.
- At the end of the month, the fund was overweight industrials, IT, consumer discretionary and materials.
- The fund was underweight financials, consumer staples, energy, utilities, communication services, real estate and health care.

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 31 January 2020 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.

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# 貝萊德歐洲基金

截至 2020年1月31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	0.1	11.7	22.9	7.6	2.9	444.1
MSCI歐洲指數 (淨值)	-2.5	6.3	13.2	8.1	4.5	485.9

## A 股基金年度表現 (美元)

	2019 %	2018 %	2017 %	2016 %	2015 %	2014 %	2013 %	2012 %	2011 %	2010 %	2009 %	2008 %	2007 %
本基金	29.7	-18.5	+21.4	-8.5	-0.4	-9.7	+26.9	+22.7	-13.2	+5.4	+42.6	-43.0	+14.6
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## 基金資料

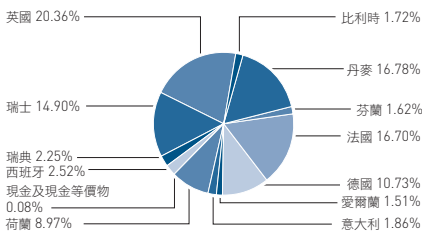
基金經理	Nigel Bolton
成立日期	30.11.93
報價貨幣	美元
基金總值 (百萬)	1,250.5美元
每年管理費	1.50%
首次認費	5%

## 十大持股比重 (%)

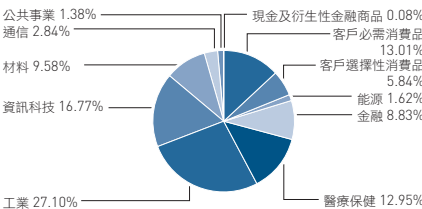
SAFRAN SA	5.6
RELX PLC	5.3
LVMH MOET HENNESSY LOUIS VUITTON SE	5.2
SIKA AG	5.2
ROYAL UNIBREW A/S	4.8
ASML HOLDING NV	4.7
SAP SE	4.7
NOVO NORDISK A/S	4.4
LONZA GROUP AG	4.3
ADIDAS AG	4.0
總計	48.3

## 基金投資分佈

### 國家



### 行業



## 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

- 歐洲市場在1月份下跌，投資者憂慮中國新型冠狀病毒（新冠肺炎）爆發及其對金融市場和環球貿易的潛在影響。
- 投資者轉投安全資產，公用事業、健康護理和基本消費品等具防守性的股類领涨。
- 能源和原材料行業報跌，因為疫情及旅遊禁令導致商品的潛在需求轉弱，拖累其價格下跌。
- 同樣地，市場憂慮一旦疫情繼續蔓延，將會削弱消費開支，因此非必需消費品股落後入市。
- 基金在月內的表現優於處於跌勢的大市，選股仍使基金表現出色。

### 行業

- 市場在去年第四季曾憧憬汽車和銀行等價值領域的前景，因此爭相追捧相關股份，但有關趨勢在月內逐步消退。
- 我們的分析認為，2020年的銀行盈利預測仍然過高。同樣地，不少汽車製造商和供應商在會議上強調，汽車業將在2020年繼續面臨困境。
- 在1月份，我們對歐洲銀行和汽車業所持的長期偏低比重配置利好基金表現。對資訊科技和工業的偏高比重配置亦使基金表現受惠。
- 鑑於投資者在月內轉投安全資產，我們對公用事業、基本消費品和健康護理業的偏低比重配置削弱回報。
- 雖然我們對能源業持偏低比重（將在下文討論）帶來貢獻，但對原材料業的偏高比重卻利淡表現。

### 股票

- 基金對能源業持偏低比重帶來最強的主動回報。此外，基金並無持有任何大型石油股，例如荷蘭皇家殼牌（Royal Dutch Shell）和道達爾（Total）公司，因而利淡表現。荷蘭皇家殼牌公佈的季度業績疲弱，並宣佈減慢股份回購計劃，市場對該項計劃反應負面。
- 雖然石油價格疲弱可能只屬暫時性，但鑑於石油股只受單一宏觀可變因素（例如石油價格）影響，以致盈利和現金流波動，我們認為從中長期來看，這類資產不宜作為集中和高主動型策略的持倉。
- 作為選股和主動型投資者，我們認為對於每個行業，我們的工作是物色當中最優秀的投資主題。從能源業方面，我們持有環球可再生生物燃料龍頭公司Neste Oil，該股在行業環境疲弱下仍然表現強勁。
- 可再生燃料市場為汽車和航空業提供實現碳排放目標的方案，因此基本因素向好。航空業已訂立目標，最遲到了2050年實現零碳排放，高效引擎和可再生燃料將對實現有關目標發揮重要作用。我們認為在可見的將來，相關需求將超越供應，為創造價值和推動股價提供良好環境。
- 龍沙集團（Lonza Group）是1月份表現最佳的持倉。這家瑞士公司公佈的2019年業績強勁，旗下製藥和生物科技公司部門在高級藥物合約製造方面具環球領先地位，有關業務表現強勁，帶動銷售和利潤超越預期。
- 工業的選股亦表現強勁。波音公司（Boeing）宣佈暫停生產旗下737 Max型號飛機，導致我們持有的賽峰（Safran）股價在去年12月下跌，但具後回升。雖然目前波音的困境仍未解決，但市場似乎意識到其對2020年盈利的影響相對有限，令其損失的現金流將會於2021年和2022年逐步收回。我們認為賽峰是家飛機安裝業巨擘，其估值跌至過於便宜，該公司有超過30,000個現時正在運作的引擎，而且保養、維修與大修業務強勁，是大部份盈利和現金流增長的動力來源。同屬工業的RELX和益百利信息服務公司（Experian）持倉表現強勁。
- 防守性市場領域方面，我們的Royal Unibrew持倉利好基金表現，並無持有雀巢（Nestle）和羅氏藥廠（Roche）等大型防守性股最弱表現。
- 此外，基金並無持有Enel和Iberdrola利淡表現，因為該股跟隨整體行業造好。
- LVMH、DSV和Remy等多項配置亦受新冠肺炎疫情影响及環球貿易短暫疲弱所影響。對高級消費品和烈酒生產商而言，旅遊零售和農曆新年均是重要的銷售場合。儘管我們意識到與疫情相關的旅遊禁令可能影響這些公司的短期業績，但相信不會改變它們的中長期盈利能力。

### 變化

- 月內投資組合的活動非常有限。

### 配置

- 整體而言，我們的核心投資仍然是具備以下業務模式的公司：資本回報率高於平均；現金轉換能力強勁；以及擁有把該現金流再投資於未來增長項目，以獲取高水準遞增回報的機會。
- 基金於月底對工業、資訊科技、非必需消費品和原材料業持偏高比重。
- 基金對金融、基本消費品、能源、公用事業、通訊服務、房地產和醫療保健業持偏低比重。

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2020年1月31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）並未被香港證監會所審閱。

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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