

BlackRock European Fund

As at 31 July 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	-28.8	-17.9	-28.5	24.6	21.7	507.0
MSCI Europe (net)	-16.9	-12.9	-15.1	11.0	13.4	512.3

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

- The MSCI Europe Index ended the month up 7.6% [EUR]. The Fund returned 12.0%, outperforming the benchmark by 4.4% [EUR, primary share class, net of fees].
- A better than expected Q2 earnings season, and the market pricing in lower interest rates, led to a fairly broad based move higher in European equity markets. Though, there was a notable outperformance for quality and growth over value which benefited the portfolio through stock selection and sector positioning.

Sectors

- All but one sector was higher in July with leadership coming from areas that have been under most pressure of late - Technology, Industrials, Consumer Discretionary, and Real Estate.
- The portfolio's sector positioning contributed positively to relative returns thanks to overweights in Industrials and Technology and an underweight to Financials.

Stocks

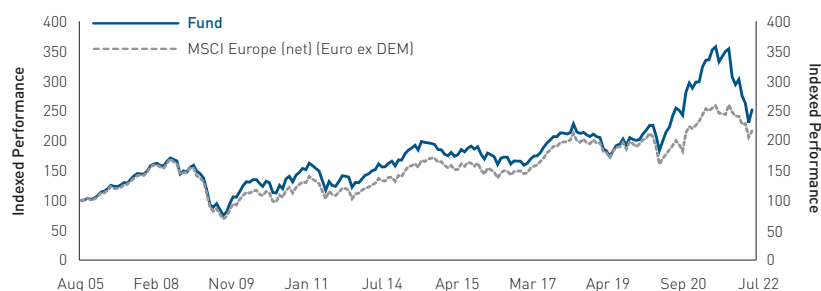
- With Q2 reporting underway, we are continuing to see robust progress in underlying business trends and strong results from most companies in the portfolio. These updates contributed to stock selection driving strong active returns in July.
- DSV put out a strong set of earnings with beats across all 3 of their divisions, the largest of which came from air and sea. In aggregate, it was an 8% beat on gross profit and a 14% beat on EBIT. The full year EBIT target was raised by 9% to 23-25 DKK - this follows an earlier raise after Q1. Cash flow was also ahead of expectations and DSV announced a new 7b DKK buy back on top of the 8.3b DKK already completed in 2022. Their outlook is more cautious, expecting freight rates to normalize and demand to soften alongside lower forecasted GDP growth. Though, productivity gains expected to be recognized into 2023 and M&A opportunity continue to be levers to offset a period of normalization.
- Lonza reported Q2 results showing top line grew 17%, broadly in line with guidance, while their EBITDA margin of 33.1% exceeded consensus expectations. The margin was helped by product mix in biologics, but was also strong across the board. Guidance has been maintained and an encouraging capex update was given supporting strategic plans to have a fill and finish site that gives Lonza the ability to offer end-to-end drug manufacturing and production from 2026.
- LVMH shares moved higher throughout the month, receiving a boost of support after releasing earnings in the final week of July. The Q2 report showed organic growth of 19%, beating consensus estimates by 6%. The result was driven by a more resilient US consumer, improvement in China as lockdowns eased, and strength in Europe from both local consumers and tourism. LVMH also provided an H1 update on EBIT that was 6% ahead of consensus driven by all but one division. Importantly, their key Fashion and Leather Goods division beat consensus margin and on the company call, management indicated 40%+ as the new normal.
- Ashtead shares continued their recent moves higher after delivering an encouraging FY22 result in June which included statements pointing to a strong start to the new FY (i.e. Q3'22 trading) clear momentum in the business. The company's shares have come under a lot of pressure this year alongside concerns of an economic slow-down disrupting construction. However, management pointed to a number of encouraging reasons as to why their business is more resilient now than in past cycles - e.g. consolidation in the industry, structural drivers in non-residential US construction, and good progress in turning around their UK business.
- Our overweight to ASML in the portfolio had a good month. The semiconductor industry has historically been an early cycle mover, and we've seen share prices sell-off this year as slowing demand was first evidenced in Memory, PCs, and Smartphones. We are seeing the divergent path in the short term with companies such as BE Semi reporting weaker results, struggling with their PC & Smartphone exposure. Meanwhile Q2 results from ASML, STMicro, and ASML are showing no signs of weakness in demand. For example, ASML saw record order intake driven by Foundry, Memory, and Logic. The company gave a strong outlook for Q3/Q4, and expect their backlog to remain strong coming out of 2022. STMicro demand benefited from auto and industrial customers making up for softness in consumer electronics. A pre-release at the end of July showed a 2% beat on Q2 sales and 12% beat on EBIT. Their guidance raise was also bigger than expected with a 5-6% upgrade to revenue and 15% to EBIT, noting strength in volume and pricing.
- With growth outperforming value in July's market rally, the portfolio's detractors were centered around exposures in banks and energy that gave back some of their H1 gains. This included CaixaBank, KBC, and TotalEnergies.
- Royal Unibrew shares gave up recent gains after some more cautious earnings previews were released ahead of their results in mid-August. Despite rapid moderation in input costs, raw materials continue to eat into strong top-line growth and are expected to put pressure on margins for the next few quarters. Although this may put pressure on shares in the short term, our long-term view is still intact where we see EBIT growth likely to exceed 10% organically for the next few years.

Changes

- We continued to bring the portfolio closer to neutral weight in energy, using a bit of weakness in TotalEnergies share price to build the fund's position. With the supply/demand dynamics for oil remaining tight, TotalEnergies remains our preferred oil major given their ability to return 20%+ on upstream projects, produce very strong cashflow, and maintain strong cost discipline that will allow them to return that cashflow to shareholders.
- We trimmed MTU where we are concerned of the risk that gas rationing dents German industrial activity.
- We also added to RELX which has been showing improving trends in organic growth rates, and has historically proven to be a more defensive share.

Positioning

- Our bottom-up convictions result in the fund holding overweight allocations to Industrials, Information Technology, and Healthcare. The biggest portfolio underweights are in Consumer Staples, Financials and Utilities.
- With uncertainty remaining high, we expect market volatility to remain a feature in the months to come. We've therefore continued to reduce exposure where we see the most cyclical risk while adding to new ideas for the changed market environment, and more defensive shares, alongside the high quality core of the portfolio where we own companies best positioned to navigate this challenging period and come out better on the other side.



Fund Data

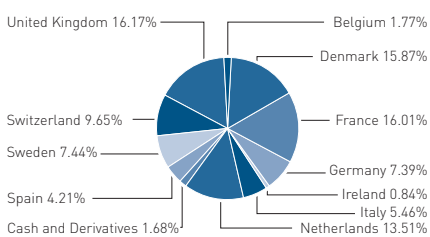
Manager	Nigel Bolton
Inception	30.11.93
Currency	US\$
Total Fund Size (m)	US \$1,316.8
Annual Management Fee	1.50%
Initial Charge	5%

10 Largest Holdings (%)

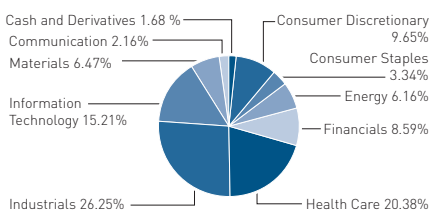
NOVO NORDISK A/S	6.7
LVMH MOET HENNESSY LOUIS VUITTON SE	5.7
ASTRAZENECA PLC	5.6
RELX PLC	5.2
ASML HOLDING NV	4.8
LOENZA GROUP AG	4.6
TOTALENERGIES SE	4.3
LINDE PLC	3.9
DSV A/S	3.9
ROYAL UNIBREW A/S	3.4
Total	48.2

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 31 July 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

Address: 16/F Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

Tel: +852 3903 2800 Fax: +852 3903 2900 Website: <http://www.blackrock.com.hk>

貝萊德歐洲基金

截至 2022年7月31日止



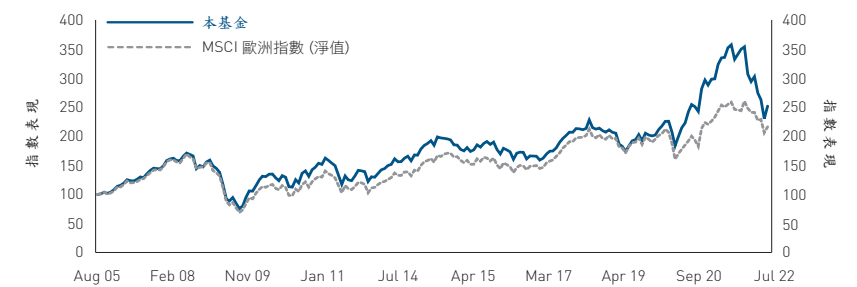
1. 投資決定在於你本人。除非將該投資產品介紹給你的持牌投資顧問已指出該產品適合你本人及已向你說明該產品為何及如何符合你的投資目標，否則您不應投資於該產品。
2. 投資基金可能涉及高風險，並可能不適合所有投資者。過往業績並不代表將來的表現，基金價格及其收益可升可跌，且可於短期內反覆，投資者並可能會損失所有投資金額。
3. 投資者應注意投資於某些較小型及新興市場、特定市場或行業的基金為風險較高的基金。投資者請注意貝萊德全球基金章程的“特殊風險考慮因素”一節有關投資於新興市場，特定市場或行業的基金的風險。

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	-28.8	-17.9	-28.5	24.6	21.7	507.0
MSCI歐洲指數 (淨值)	-16.9	-12.9	-15.1	11.0	13.4	512.3

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

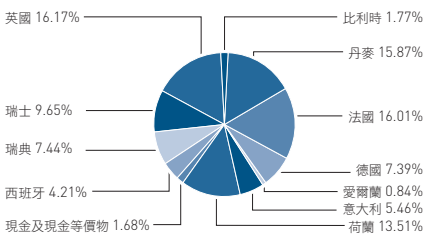
基金經理	Nigel Bolton
成立日期	30.11.93
報價貨幣	美元
基金總值 (百萬)	1,316.8
每年管理費	1.50%
首次認費	5%

十大持股比重 (%)

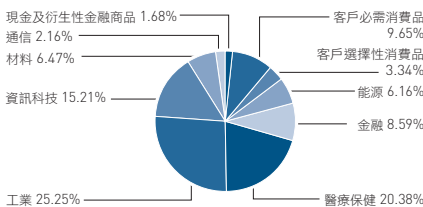
NOVO NORDISK A/S	6.7
LVMH MOET HENNESSY LOUIS VUITTON SE	5.7
ASTRAZENECA PLC	5.6
RELX PLC	5.2
ASML HOLDING NV	4.8
LONZA GROUP AG	4.6
TOTALENERGIES SE	4.3
LINDE PLC	3.9
DSV A/S	3.9
ROYAL UNIBREW A/S	3.4
Total	48.2

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

- MSCI歐洲指數在月底報升7.6% (歐元)。基金錄得12.0%升幅，表現優於基準指數4.4% (歐元，主要成份類別，已扣除費用)。
- 第二季盈利業績較預期為佳，加上市場消化利率下跌的預期，帶動歐洲股市大致走高。然而，優質和增長股表現顯著優於價值股，而投資組合亦受惠於選股和行業配置。

行業

- 所有行業在7月全線升幅，惟一個行業除外，其中表現領先的都是近期面臨最大壓力的行業，包括科技、工業，非必需消費品和房地產。
- 投資組合的行業配置利好相對回報，貢獻來自對工業及科技業持備高比重，以及對金融業持備低比重。

股票

- 在第二季業績公佈期間，投資組合內大部份公司的基本業務繼續穩健發展，同時締造強勁業績。我們因此進行選股，因而在7月錄得可觀的主動回報。
- DSV的盈利出色，三個業務部門的盈利均優於預期，其中空運和船運的盈利最大。綜合而言，毛利率和息稅前利潤分別優於預期6%和14%。全年息稅前利潤目標繼第一季披露後，再進一步調高9%至230億至250億丹麥克朗。現金流亦較預期為高，而DSV更宣佈將於2022年完成83億丹麥克朗的紅購行動後，將進行價值70億丹麥克朗的新一輪紅購行動。該公司的展業較為謹慎，並預料隨着國內生產總值增長預期下調，運費將會趨向正常化，需求亦會轉弱。儘管如此，預期生產力於2023年提高及併購機會將繼續成為抵銷正常化時期的助力。
- 從Lonza的第二季業績可見，其營業額增加17%，大致符合盈利指引，而息、稅、折舊及攤銷前利潤率更高達331%，高於普遍預期。生物製藥的產品組合有助提升利潤率，整體產品組合亦非穩健。業績仍然符合盈利指引，加上最新的資本開支支持令人鼓舞，為興建一座充滿現代化 (fill and finish) 廠房的策略性計劃帶來支持，讓Lonza有能力自2026年起實現端對端藥物製造和生產。
- LVMH在7月最後一週公佈盈利帶來支持，並帶動其股份在月內走高。第二季業績顯示其內部增長為19%，較普遍預期高6%。亮麗業績源自美國消費者需求更為強勁，中國市場在封鎖措施放鬆後轉佳，以及歐洲市場當地消費者和股東乘機而進。在所有業務 (唯一例外) 的帶動下，LVMH亦更新了上半年的息稅前利潤，較普遍預期高6%。重要的是，該公司關鍵的時裝及皮革產品業務的利潤率優於普遍預期，而管理層亦於電話會議期間暗示40%以上的利潤率將會是新常態。
- Ashtead在6月公佈令人鼓舞的2022財年業績，當中報表反映新財年之初 (即2022年第二季開始交易) 的勢頭強勁，而且業務的動力顯著，刺激股價持續攀升。市場憂慮經濟放緩對建築業造成打擊，令該公司今年亦承受壓力。然而，管理層提出了一系列令人鼓舞的原因，證明其業務較以往長期強勁，例如行業整固、美國非住宅建築業的結構性動力，以及將英國業務轉為盈利的進度良好。
- 投資組合內的半導體公司月內表現良好，半導體業歷來一直最先出現周期性轉變的行業，而隨着記憶體、個人電腦和智能電話的需求放緩，業內股價亦於今年急挫。業界短期內將個別發展。BE Semi等公司的個人電腦和智能電話業務好淡爭持，拖累業績走勢；但另一方面，ASMI、STMicro和ASML的第二季業績並無反映需求放緩的跡象。總體而言，ASMI的代工、記憶體和邏輯業務新增訂單錄得強勁增長。該公司第二季及第四季的前景樂觀，並預料2022年後的未完工訂單數量將維持強勁。STMicro的產品需求受惠於汽車和工業客戶，彌補客戶消費電子產品需求疲軟的影響。7月底公佈的初步數據及反映第二季銷售和息稅前利潤分別較預期高2%和12%。該公司調升盈利目標的幅度亦大於預期，收入及息稅前利潤目標分別放調高5-6%和15%，理由是銷量增加和定價轉強。
- 由於在7月份市場回升期間，增長股表現優於價值股，銀行和能源業是個別投資組合表現的主要持倉，兩者回吐上半年的部份升幅，例如包括凱克薩銀行 (Caixabank)、KBC和TotalEnergies。
- Royal Unibrew在8月中公佈業績前發表較為審慎的盈利預測，導致股價回吐近期升幅。即使投入成本迅速下跌，但原材料繼續增長強勁的營業額，預料未來數季將令到利潤率受壓。雖然該公司股價短期內或因受壓，但我們的長期觀點維持不變，預料其未來數年的內部息稅前利潤增長將超越10%。

變動

- 我們藉着TotalEnergies股價略為走弱，繼續將投資組合的能源業比重調整至更接近中性水平。鑑於石油的供求動態依然緊張，TotalEnergies仍然是我們偏好的大型石油股，因其上游項目可帶來超過20%的回報，而且現金流非常強勁，並維持嚴格的成本紀律，使其得以向股東回購現金流。
- 我們對天然氣配給拖累德國工業活動的風險感到憂慮，並因而減持MTU股份。
- 另外，我們增持RELX股份，其內部增長率正在改善，而且一直展現較具防守性的特質。

配置

- 根據「由下而上」的投資確信度，基金對工業、資訊科技和醫療保健業持備高比重；而基本消費品、金融和公用事業則為投資組合的最低配比重。
- 由於前景仍然非常不明朗，預料市場未來數月將持續波動。因此，我們繼續減少投資於短期風險最大的領域，同時根據市場環境改變增持一些新股份及較具防守性的股份。我們結合投資組合內的優質核心持倉。這些企業最有力駕馭目前充滿挑戰的環境，並在危機過後締造更佳業績。

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 7 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

地址：香港中環皇后大道中 2 號長江集團中心 16 樓

電話：+852 3903 2800 傳真：+852 3903 2900 網址：http://www.blackrock.com.hk