

# BlackRock European Fund

As at 30 June 2022

# BLACKROCK

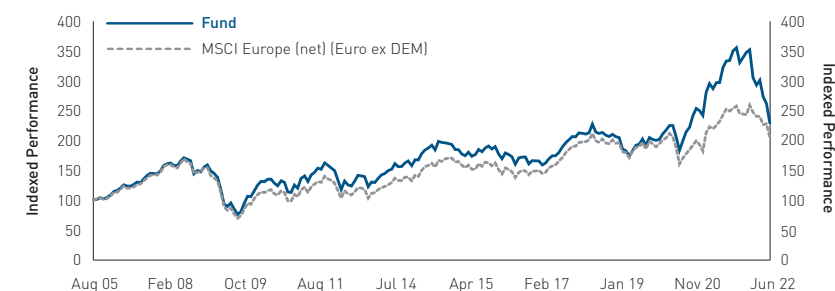
- The investment decision is yours. You should not invest in the investment product unless the licensed investment advisor who introduces it to you has advised you that it is suitable for you and has explained why, including how buying it would be consistent with your investment objectives.
- Investment 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
	%	%	%	%	%	%
<b>Fund</b>	<b>-34.9</b>	<b>-34.9</b>	<b>-31.4</b>	<b>12.2</b>	<b>14.2</b>	<b>455.1</b>
MSCI Europe (net)	-20.8	-20.8	-17.6	3.8	11.3	483.4

## A-Share Calendar Year Performance in USD

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
<b>Fund</b>	<b>19.2</b>	<b>31.5</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>
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



## Fund Data

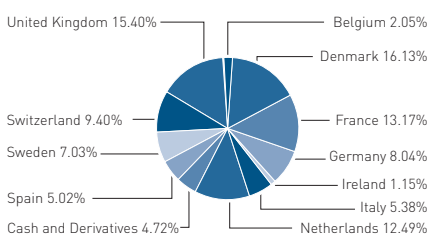
Manager	Nigel Bolton
Inception	30.11.93
Currency	US\$
Total Fund Size (m)	US \$1,276.9
Annual Management Fee	1.50%
Initial Charge	5%

## 10 Largest Holdings (%)

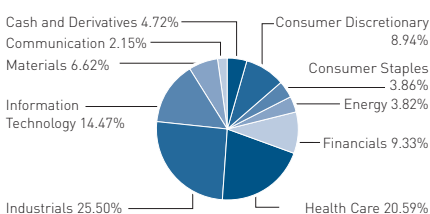
NOVO NORDISK A/S	6.8
ASTRAZENECA PLC	6.0
LVMH MOET HENNESSY LOUIS VUITTON SE	5.2
ASML HOLDING NV	4.4
LONZA GROUP AG	4.4
RELX PLC	4.3
LINDE PLC	4.0
ROYAL UNIBREW A/S	3.9
DSV A/S	3.6
TELEPERFORMANCE	3.3
<b>Total</b>	<b>45.9</b>

## 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

- The MSCI Europe Index ended the month down -7.7% (EUR). The fund underperformed the benchmark by -2.2% (EUR, primary share class, net of fees).
- Kingspan detracted off in June as the market digested incrementally negative news creating a step change towards an economic recession. The pressure came from Gazprom, the Russian state owned and largest gas supplier in the world, cutting their Nord Stream 1 pipeline supply into Europe. Germany, for example, is now receiving only 40% of their contracted quota and has been forced to implement a 3 part emergency plan that could result in gas rationing. There are other options on the table such as restarting latent coal or gas imports from countries beyond Russia, such as US LNG. Though, these would be short term measures to limit pressure, not solutions to remove it completely.
- While this latest development is not the type of financial imbalance typically needed to drive a deep and pro-longed recession, it does have the potential to dent the consumer and corporates. While there are many unknowns left, we do know this brings another raft of uncertainty where we are likely to see negative surprises developing in some end-markets.

### Sectors

- All sectors fell in June. A growing concern around recession led to a divergence between sectors thought of as more defensive vs those considered more cyclical. This drove relative outperformance within the market from Healthcare, Consumer Staples, and Communication Services.
- The portfolio's positioning caused a small detraction in June, primarily from an underweight to Consumer Staples and overweights to Industrials and Technology.

### Stocks

- Tenaris gave back some of its strong year to date gains. There were no company specific updates driving the moves. Weakness seemed to come from the oil prices beginning to roll, the market questioning peak EBITDA, and generally moving away from cyclical as recession fears grow. We believe Tenaris is well positioned for earnings upgrades, with their opportunity for expansion into higher margin business in international markets progressing well and leading indicators - such as the Pipelineq index - showing pricing remains firm.
- Kingspan detracted after issuing an earnings pre-close pointing to a weaker operating environment ahead. The company expects to post a record H1 trading profit, well ahead of the prior year and around 6% ahead of consensus. However, all attention focused on their warning that order intake patterns have slowed significantly with the mood softening across most end-markets over the past two months. While Kingspan remains well positioned for the medium to long-term, this warning is one of the first in the market showing potential cracks in the near-term construction cycle. Semiconductor positions - BE Semi, ASML, and ASMI - came under pressure with signs of end-market weakness expanding from smartphones to PCs. Some of the large sell-side brokers aggressively cut estimates for 2022-2023 as they see a consumer led slow down leading to lower chip growth as well as lower demand for memory which would cause Wafer Fab Equipment (WFE) capex to cool. While there may be some near-term pressure, leading us to be pragmatic with portfolio weights, we still see significant opportunity for higher earnings on a 2-3 year basis.
- The bottom-up view of semiconductor companies in the portfolio shows a mixed picture. BE Semi issued an analyst day that confirmed short-term weakness in order intake - with no improvement since the 35% YoY decline reported at their last earnings release - driven by low utilization in Chinese assembly companies and their customers such as smartphone makers cutting their smartphone numbers. However, they continue to be incrementally more positive on the longer-term outlook, raising guidance on revenues as well as gross and net margins, on the back of opportunity in hybrid bonding adoption. On the other hand, ASMI's CEO spoke at a TMT conference where he confirmed strength in the near term with H2'22 sales expected to be higher than H1'22, despite some supply constraints persisting. He also reassured on WFE with their customers investing on a multi-year horizon (it takes 2+ years to bring a fab online) where they remain confident in the long-term demand for semis.
- Novo Nordisk contributed positively in June with shares posting a moderate positive return. The company has been trading well - with a strong pipeline in obesity and diabetes treatments - and we see earnings upgrades likely to come through at H1'22.
- The recently added position in AstraZeneca also contributed positively in the month. The company has a leading diversified oncology franchise, best-in-class non-oncology drugs in respiratory, and a strong cardiovascular franchise. These businesses create high quality earnings, and we expect improving margins and a rich catalyst calendar.
- After initial weakness in June, driven by concerns around input costs, Royal Unibrew shares began to recover in June, ending higher on recognition of their M&A opportunity and defensive business model.

### Changes

- Cyclicality continues to be reduced across the portfolio. Many of the companies we've timed or sold are ones we continue to believe to be 3-5 business years in a 3-5 year view, but are likely to struggle in the current environment, without obvious catalysts for upgrades in the next 6-18 months. Included in this were companies sold like Dassault, Experian, and RS Group. We also sold IHG which has done well for the fund after being bought in anticipation of travel recovery. Their trading remains strong, but ultimately this is a cyclical company with 42% of their main market, the US, linked to consumers and holiday bookings.
- With the supply/demand dynamics for oil remaining tight, TotalEnergies has been added to the fund as a price-target stock. We continue to believe they face headwinds in the medium to long-term, but currently are returning 20%+ on upstream projects, have very strong cashflow, and maintain strong cost discipline that will allow them to return that cashflow to shareholders.
- We continued to add to European banks - CaixaBank and KBC. While the market will debate the top-down impacts of recession vs the bottom-up view of assets trading on depressed multiples ahead of ECB rate rises set to benefit NII, we believe the later will more than offset the former. Strong starting capital positions, and cost controls, should mean any cost of risk adjustment in banks will be minimal and thus allow the increased Net Interest Income to flow through to earnings. We also expect excess capital to be returned to shareholders.
- Finally, we added to businesses we expect to act more defensively including RELX, Novo Nordisk, and AstraZeneca.

### 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.
- While we note the typical top-down view of Consumer Staples may lead the sector to act as a safe haven at times, our bottom-up view shows a more challenging environment for many of these businesses. Input costs continue to rise significantly, while at the same time, the consumer is weakening. Many of these companies also have legacy product sets which brings into question how much further pricing can move before demand elasticity kicks in. When looking to increase defensiveness, we've found a better backdrop in healthcare where pricing power remains alongside innovation that should drive at least mid-single digit growth.

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 30 June 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6月30日止



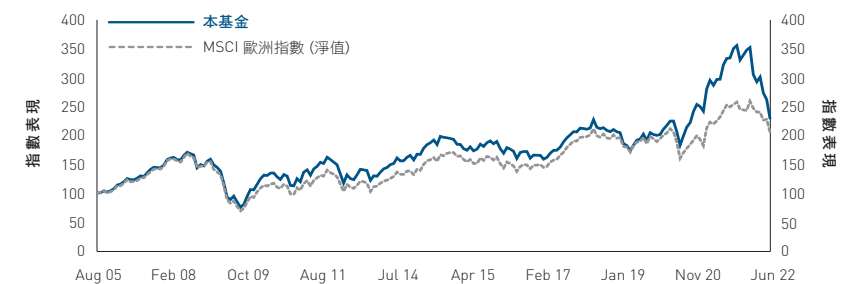
1. 投資決定在於你本人。除非將該投資產品介紹給你的持牌投資顧問已指出該產品適合你本人及已向你說明該產品為何及如何符合你的投資目標，否則您不應投資於該產品。
2. 投資基金可能涉及高風險，並可能不適合所有投資者。過往業績並不代表將來的表現，基金價格及其收益可升可跌，且可於短期內反覆，投資者並可能會損失所有投資金額。
3. 投資者應注意投資於某些較小型及新興市場、特定市場或行業的基金為風險較高的基金。投資者請注意貝萊德全球基金章程的“特殊風險考慮因素”一節有關投資於新興市場，特定市場或行業的基金的風險。

## 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	-34.9	-34.9	-31.4	12.2	14.2	455.1
MSCI歐洲指數 (淨值)	-20.8	-20.8	-17.6	3.8	11.3	483.4

## 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

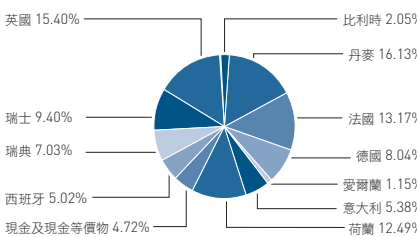
基金經理	Nigel Bolton
成立日期	30.11.93
報價貨幣	美元
基金總值 (百萬)	1,276.9 美元
每年管理費	1.50%
首次認費	5%

## 十大持股比重 (%)

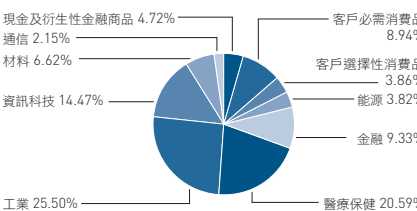
NOVO NORDISK A/S	6.8
ASTRAZENECA PLC	6.0
LVMH MOET HENNESSY LOUIS VUITTON SE	5.2
ASML HOLDING NV	4.4
LONZA GROUP AG	4.4
RELX PLC	4.3
LINDE PLC	4.0
ROYAL UNIBREW A/S	3.9
DSV A/S	3.6
TELEPERFORMANCE	3.3
<b>Total</b>	<b>45.9</b>

## 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 6 月 30 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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## 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 歐洲指數在月底報跌 7.7% (歐元)。基金表現遜於基準指數 2.2% (歐元，主要股份類別，已扣除費用)。
- 隨著市場消化越來越多與經濟衰退有關的負面消息，歐洲股市在月內遭到拋售。主要壓力來自全球最大的俄羅斯國有天然氣供應商 Gazprom。該公司暫時關閉為歐洲供氣的北溪一號天然氣管道。舉例而言，德國現時佔該公司合約配額的 60%，已被迫實行或會導致天然氣配額的三階段緊急計劃。其他可行方法包括重啟煤礦或從俄羅斯以外地區進口天然氣，例如美國液化天然氣。然而，這只是短期應付的權宜之計，並非治本方法。
- 儘管最新事態發展並非一般會導致經濟長期嚴重衰退的「金融失衡情況」，但仍可能對消費者及企業造成打擊。歐洲市場已觀察到許多未知之數，但我們明白這些因素會帶來更多不確定性，而部份終端市場很可能出現意料之外的負面消息。

### 行業

- 所有行業在 6 月報跌。市場日益憂慮經濟衰退，導致被視為較具防守性及較具週期性的行業出現分歧，醫療保健、基本消費品及通訊服務業因而相對表現優秀。
- 投資組合的配置在月內略為拖累回報，主要由於基金對基本消費品業持偏低比重，並對工業及科技業持偏高比重。

### 股票

- Tenaris 回吐部份年初至今的升幅，並無任何公司消息引發此跌幅。疲弱表現似乎源於油價開始上漲、市場質疑息、稅、折舊及廣銷前利潤見回，以及經濟衰退憂慮均觸發投資者普遍轉出油股。由於 Tenaris 在俄羅斯全國市場中擁有較高的業務方面取得良好進展，加上 Pipetoglu 指數等領先指標顯示公司的定價仍強健，我們認為 Tenaris 具備上調盈利預測的有利條件。
- Kingspan 提前公佈盈利，並指出未來經營環境將會轉趨，因而拖累股價表現。該公司預期將在上半年錄得創紀錄的交易盈利，遠高於去年水平，亦較普遍預測高約 4%。然而，市場憂慮於該公司就新增訂單者放緩所發出的警告，而大部份終端市場的投資氣氛在過去兩個月回軟。儘管 Kingspan 在中長期仍維持強勁，但上述警告是市場上首個顯示其建造週期可能在短期內出現問題的訊號。
- 有跡象顯示終端市場的疲弱表現將由智能電話擴展至個人電腦，拖累半導體股 BE Semi、ASML 及 ASML 的股價疲弱。部份大型方案商大幅調低 2022 年至 2023 年的預測，認為由消費者帶動的行業跌勢導致晶片增長下滑，以及記憶體的需求減少，均可能削弱晶圓廠設備的資本開支。雖然公司可能面對若干短期壓力，促使我們對投資組合比重採取務實的配置，但我們仍認為其在未來兩至三年內大機會取得較高盈利。
- 從「由下而上」的角度來看，投資組合內的半導體公司表現好於紛呈。BE Semi 進行分析師日，確認新增訂單的短期表現疲弱，自於一次盈利業績表示後年下跌 35% 後並無任何改善，主要由於中國組裝公司的使用率偏低及三星 (Samsung) 等客戶削減其智能電話需求。然而，受惠於混合雲技術採用所帶來的機遇，半導體公司的長期展望持續向好，並上調收入、毛利率及淨利率預測。另一方面，ASML 行政總裁在二次電訊、媒體與技術會議中，儘管仍持謹慎態度，但公司短期表現強勁，預計 2022 年的下半年銷售將強於上半年。他亦再次就晶圓廠設備作出保證，指其已投資多年 (晶圓廠需要兩年或以上才能產產) 的客戶對半導體的長遠需求依然充滿信心。
- 諾和諾德 (Novo Nordisk) 在月內錄得溫和正回報，為表現帶來正面貢獻。該公司推出多項新的肥胖症及糖尿病療法，帶動股份表現優秀，盈利預測亦可望在 2022 年上半年上調。
- 基金最近增持阿斯利康 (AstraZeneca) 亦在月內帶來正面貢獻。該公司經營領先的多元化腫瘤藥物業務，並隨著同類癌症的呼吸系統非腫瘤藥物和強勁的心血管藥物業務，可創造優質盈利。我們預期利潤將會改善，而且在本年將獲得大量刺激因素推動。
- 基於投入成本的要害，Royal Unibrew 在年初表現疲弱，但在 6 月因市場識別其併購機會及防守性業務模型而重拾動向，並在月底高收。

### 變動

- 投資組合繼續維持週期性持仓。基金轉持或出售的許多公司，都是我們認為將在未來三至五年表現出色，但很可能在當前市場下受困，且沒有明顯刺激因素可在未來 6 至 18 個月上調盈利的公司。例如我們所沽出的達維 (Dassault)、博睿 (Experian) 及 RS Group。此外，基金亦出售在基礎業復甦預期下購入且表現出色的高通 (Qualcomm)。該公司的交投依然強勁，但始終是一家主要市場一美國有 45% 與消費者及假期預訂有關的週期性公司。
- 隨著石油的供動力維持強勁，基金增持 TotalEnergies 作為價格目標股。我們仍然認為，雖然該公司在中長期面對挑戰，但其上游項目現時帶來超過 20% 的回報，而且現金流非常強勁，並維持嚴格的資本紀律，使其得以向股東回饋現金流。
- 基金繼續維持歐洲銀行凱克銀行 (CaixaBank) 和 KBC。雖然市場將就經濟衰退的「由下而上」影響，以及資產在歐洲央行加息令淨利息收入受壓前，以甚低估值買入的「由下而上」觀點來看，但我們認為從估值及銷售看，具備強勁的增長和成本控制的特點，而同時將調整風險的成本將降至最低，從而使增加的淨利息收入流向盈利。此外，我們預計溢利資本可發還予股東。
- 最後，基金增持預期較具防守性的倉盤，包括 RELX、諾和諾德和阿斯利康。

### 配置

- 根據「由下而上」分析產生的信念，基金對工業、資訊科技和醫療保健業持偏高比重；而基本消費品、金融和公用事業則為投資組合的最大偏低比重。
- 儘管我們明白基本消費品的一般「由下而上」觀點可能令行業不時成為避險天堂，但我們「由下而上」的觀點顯示不少這類企業將面對更艱難的環境；投入成本持續顯著增加，而同時消費市場趨弱。許多基本消費品公司的傳統產品令市場與潛在彈性需求回升之間，定價進一步調整空間有限。在增加投資組合的防守性時，我們更應確保確保健康的環境改善，其定價能力和創新保持強健，應可支持行業經過至少中單位數的增長。