

# BlackRock European Fund

As at 31 March 2020

# BLACKROCK

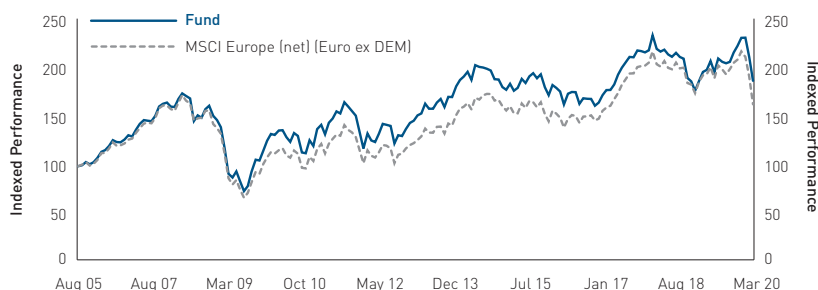
- The investment decision is yours. You should not invest in the investment product unless the licensed investment advisor who introduces it to you has advised you that it is suitable for you and has explained why, including how buying it would be consistent with your investment objectives.
- Investment 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>-18.7</b>	<b>-9.2</b>	<b>-5.5</b>	<b>-1.7</b>	<b>-8.8</b>	<b>342.4</b>
MSCI Europe (net)	-24.3	-17.6	-15.5	-6.9	-6.4	354.8

## 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

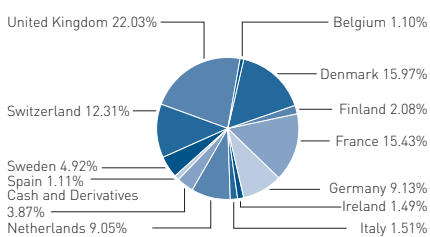
Manager	Nigel Bolton
Inception	30.11.93
Currency	US\$
Total Fund Size (m)	US \$990.7
Annual Management Fee	1.50%
Initial Charge	5%

## 10 Largest Holdings (%)

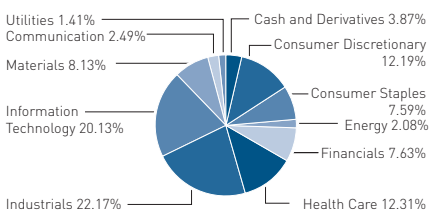
LVMH MOET HENNESSY LOUIS VUITTON SE	5.9
ASML HOLDING NV	5.1
SIKA AG	5.1
NOVO NORDISK A/S	4.9
SAP SE	4.6
RELX PLC	4.5
LONZA GROUP AG	4.3
ROYAL UNIBREW A/S	4.3
LONDON STOCK EXCHANGE GROUP PLC	3.7
SAFRAN SA	3.5
<b>Total</b>	<b>45.8</b>

## 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 market fell sharply in March as COVID-19 was declared a pandemic and investors moved to price in an extreme demand shock as the level of disruption to society and the economy resulting from lock-down measures became clear. Global central banks cut rates, and policy makers offered fiscal stimulus, which alleviated some pressure on the markets and led equity indices to recover some of their losses as the month drew to a close.
- Less cyclical areas outperformed, and investors generally rewarded companies with stronger balance sheets and resilient business models.
- The fund outperformed the benchmark over the month driven by strong stock selection.

### Sectors

- Financials and Real Estate were the worst performing sectors, as the market punished leveraged business models and weighed the potential impact corporate and consumer cash flow problems.
- The more defensive business models and generally lower leverage of companies within Consumer Staples and Healthcare meant that these sectors performed best.

### Stocks

- Lonza, a global leader in biopharma manufacturing, was the top contributor during the month. There was limited stock specific news-flow of note. However, it is likely that investors favoured its relatively defensive end markets, long term contracts with customers, and hitherto unaffected supply chain.
- Novo Nordisk was also resilient in a heavily falling market. As the global leader in diabetes care, its products are considered essential medicines and likely to be required by patients regardless of the economic environment. The company currently has minimal supply chain or manufacturing disruption and is carrying plenty of inventory.
- ASML also contributed to relative performance. There was no specific news-flow from the company but given its crucial role in the continuation of node shrinkage and the structural tailwinds benefitting its end markets, investors are likely to have preferred the stock relative to more challenged or financially leveraged companies.
- The worst hit stocks were our travel-related holdings including Airbus and Safran, where the near-term prospects look challenging given ongoing travel bans. We have been significantly stressing the balance sheets and cash flows of these businesses and remain in close contact with management teams. Even with postponement of engine deliveries and a reduction in the maintenance business we believe these companies have sufficient cash flows and levers to pull to get them through this difficult period. In the long-term, air travel remains attractive given expected passenger growth and the oligopolistic market structure. However, given lack of short-term visibility we have marginally reduced our exposure to this area.
- The other main detractors from relative performance were Roche and Nestle, which we do not own. These large defensive companies held up comparatively well during the sell-off.

### Changes

- As mentioned above we have selectively reduced our allocation to companies heavily reliant on air travel given the shorter term risk to earnings and lack of clarity over the timing of the relaxation of lock-down measures. As a result, we have reduced our position in Amadeus and sold Airbus.
- We added a position in a Swedish industrial cyclical business. This company has an excellent management team who have driven material improvements in operational efficiency and are focussed on cash generation and returns. This has driven a doubling of the operating margin over the last 5 years and resulted in a significantly more cash generative business. The company operates in highly cyclical end markets and the coming quarters are likely to be difficult for the company. The shares have come under pressure as the economic outlook has darkened, which we see as an opportunity to buy a quality cyclical asset.
- We believe several European banks have been oversold as market participants have anticipated a repeat of 2008-9 when the banking sector was far more highly leveraged and less able to access liquidity, and there were severe excesses in the underlying economy. We have therefore taken the opportunity to buy back KBC, which we see as one of the best run banks in Europe.
- We sold our position in Rentokil which has held up well so far during the downturn. We believe the market may be underestimating the negative impact that the company could endure due to small business and restaurant closures.
- With the proceeds we added a position in British American Tobacco, where we see more valuation upside and more defensive end markets. The company is well positioned with geographic diversification and strong brands in a concentrated industry with few substitutes, leading to solid pricing power. BATS is currently taking share in the US and globally, and volumes are coming through better than expected; and we believe the current price represents an attractive discount to intrinsic value.

### Positioning

- Our overall positioning remains broadly consistent. Our weights in defensive assets has increased marginally relative to cyclical assets over the course of the month reflecting market dynamics and the portfolio changes referenced above.
- At the end of the month, the fund was overweight industrials, IT, and consumer discretionary.
- 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 March 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.

## BlackRock (Hong Kong) Limited

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# 貝萊德歐洲基金

## 截至 2020年3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	-18.7	-9.2	-5.5	-1.7	-8.8	342.4
MSCI歐洲指數 (淨值)	-24.3	-17.6	-15.5	-6.9	-6.4	354.8

### 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
MSCI歐洲指數 (淨值)	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



### 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

- 市場在三月份急跌，主要由於新型冠狀病毒（新冠肺炎）疫情在全球爆發，隨著疫情對社會和經濟的嚴峻影響逐漸明朗，對需求的巨大衝擊導致投資者出現恐慌性拋售。全球央行減息，各國財長均推行財政刺激措施，稍為緩和市場的下行壓力，令主要股市在月底收復部分失地。
- 非周期性股類表現領先，投資者轉投財務狀況穩健，以及營運模式具抗跌力的公司。
- 基金在月內表現優於基準指數，避險得宜使基金表現出色。

#### 行業

- 金融和房地產表現最遜色。隨著市場評估疫情對企業和消費者可能對現金流構成影響，使高槓桿比率的公司遭到拋售。
- 基本消費品和醫療保健股類是表現最佳的持倉，主要由於這些行業的業務模式擁有較強的防守性，槓桿比率也普遍較低。

#### 股票

- 龍沙集團 (Lonza) 是全球領先的生物醫藥製造商，月內為基金表現帶來最大貢獻。基金持有的個股並無重大消息公佈。然而，預期投資者看好龍沙較具防守性的終端市場，以及與顧客簽訂的長期合約，因此供應鏈迄今未受影響。
- 諾和諾德 (Novo Nordisk) 面對市場大幅下挫的環境亦表現強勁。諾和諾德是全球糖尿病護理產品的龍頭公司，旗下的產品屬於基本藥物，無論經濟環境順逆，患者也對這些藥品存在需求。這家公司的供應和生產狀況幾乎不受疫情影響，庫存水平也非常充足。
- 半導體設備製造商ASML也利好相對表現。ASML月內並無重大消息，但基於該公司在製造小體積半導體節點的領域擁有關鍵角色，終端市場也受利好的結構性因素支持，因此預期投資者普遍看好ASML，多於面臨嚴峻困境或高槓桿的公司。
- 與旅遊相關的股類包括空中巴士 (Airbus) 和賽峰 (Safran) 表現最遜色，各國持續實施旅遊禁令令使這些公司的短期前景黯淡。我們對這些公司的財務狀況和現金流進行嚴苛的壓力測試，並與管理層保持密切聯繫。雖然飛機引擎的交付延誤，加上飛機維修業務下挫，但我們認為上述公司擁有充足的現金流及其他可利用的方法，使他們能夠順利渡過這次困境。長遠來說，我們預期飛機的載客量會持續增長，加上市場的寡頭壟斷結構，因此航空股類仍然吸引。然而，行業的短期前景並不明朗，因此我們略為減持這個領域。
- 其他主要淡倉相對表現的原因是我們並無持有羅氏藥廠 (Roche) 和雀巢 (Nestle)。這些大型防守性公司在市場遭拋售期間表現較為穩健。

#### 變化

- 如前所述，我們選擇性地削減低業務以航空為主的公司比重，主要由於疫情對短期盈利構成風險，加上難以確定社會封鎖措施於何時放寬。我們因此減持艾瑪德 (Amadeus)，並沽售空中巴士。
- 我們增持了一家瑞典周期性工業公司。這家公司擁有非常優秀的管理團隊，對公司的營運效率作出重大改善，並集中於創造現金和提升回報。這導致公司的營業溢利在過去五年攀升一倍，成為一家能夠產生強勁現金流的企業。公司業務集中在高周性的終端市場，預期在未來數年會面臨挑戰。公司股價受到經濟前景轉弱拖累而受壓，我們認為這是買入一項優質周期性資產的良機。
- 我們認為歐洲銀行業已出現超賣，由於市場人士預期銀行業再次面臨類似2008至2009年的金融危機，當時銀行業的槓桿比率大幅高於目前水平，銀行較難獲得融資，基本經濟也出現嚴重過度的情況。我們藉機再建立比利時銀行KBC的持倉，我們認為KBC是其中一家營運能力最佳的歐洲銀行。
- 我們沽出能多潔 (Rentokil)，這家公司在市場下行至今表現強勁。我們認為市場可能低估了這家公司因小型公司和餐廳結業帶來的潛在利淡影響。
- 我們以能多潔的權利買入英美煙草公司，我們認為這家公司估值存在上行空間，也擁有防守性更強的終端市場。這家公司的優勢在於覆蓋多元化的地域市場，在替代產品不多而集中的行業建立了悠久的品牌，因而擁有堅固的定價能力。英美煙草目前在美國和全球市佔率正在擴張，銷售較預期為佳；我們認為現時其股價相對於內在價值的折讓具吸引力。

#### 配置

- 我們的整體配置大致保持一致。月內，對比周期性資產，我們略為增加防守性資產的比重，反映市場動盪和上文所述的投資組合變動。
- 基金於月底對工業、資訊科技和非必需消費品業持偏高比重。
- 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

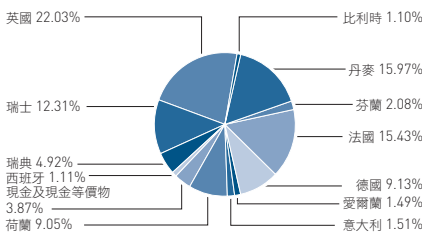
基金經理	Nigel Bolton
成立日期	30.11.93
報價貨幣	美元
基金總值 (百萬)	990.7美元
每年管理費	1.50%
首次認費	5%

### 十大持股比重 (%)

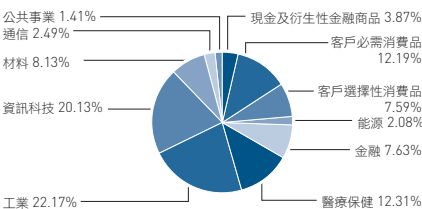
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LONZA GROUP AG	4.3
ROYAL UNIBREW A/S	4.3
LONDON STOCK EXCHANGE GROUP PLC	3.7
SAFRAN SA	3.5
<b>總計</b>	<b>45.8</b>

### 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 2020 年 3 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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