

# BlackRock European Fund

As at 31 May 2023

# BLACKROCK

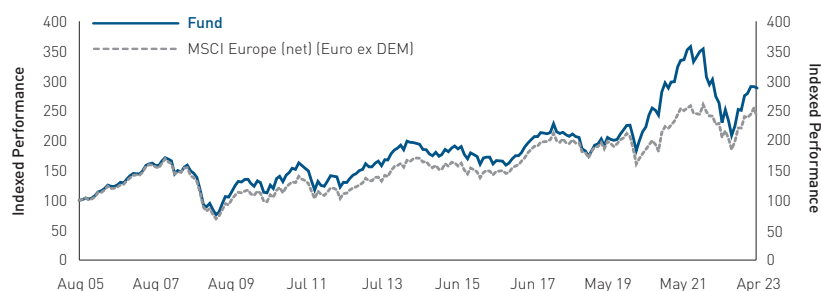
1. The investment decision is yours. You should not invest in the investment product unless the licensed investment advisor who introduces it to you has advised you that it is suitable for you and has explained why, including how buying it would be consistent with your investment objectives.
2. Investment 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>14.7</b>	<b>14.1</b>	<b>9.5</b>	<b>34.1</b>	<b>37.5</b>	<b>594.0</b>
MSCI Europe (net)	8.4	8.4	4.7	34.6	22.1	578.2

## A-Share Calendar Year Performance in USD

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
<b>Fund</b>	<b>-29.1</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>
MSCI Europe (net)	-15.1	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



## Fund Data

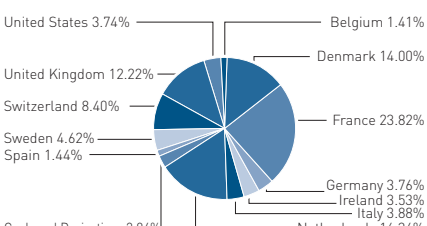
Manager	Nigel Bolton
Inception	30.11.93
Currency	US\$
Total Fund Size (m)	US \$1,409.7
Annual Management Fee	1.50%
Initial Charge	5%

## 10 Largest Holdings (%)

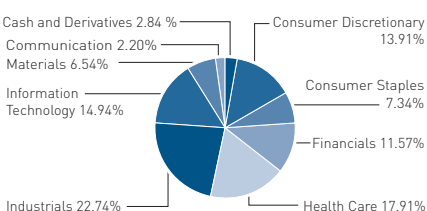
LVMH MOET HENNESSY LOUIS VUITTON SE	6.9
NOVO NORDISK A/S	6.5
ASML HOLDING NV	5.2
LONZA GROUP AG	4.5
LINDE PLC	3.7
STMICROELECTRONICS NV	3.7
DSV A/S	3.6
ASTRAZENECA PLC	3.4
RELX PLC	3.4
BE SEMICONDUCTOR IND.	3.0
<b>Total</b>	<b>44.0</b>

## 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 Fund returned +2.0% (EUR, primary share class, net of fees) outperforming to the MSCI Europe Index return of -2.5% (EUR).
- The market pulled back while awaiting a resolution to the US debt ceiling negotiations and digesting signs of a slowing global economy. A refreshed estimate of Q1'23 German GDP confirmed the country has entered recession, hampered by high inflation denting consumer spending. While inflation is coming down across Europe and the US, it's still elevated, and interest rates have gone into restrictive territory. We're seeing employment starting to roll and manufacturing is looking poor across measures such as new orders, PMI, and ISM surveys.
- Unlike synchronized slowdowns the market is accustomed to through history, what we've been experiencing is a rolling recession in different sectors. As some end-markets slow more than others, we could see a period where growth in companies once again becomes valued at a premium. We continue to reassess the opportunities in the market and feel good about the areas we are taking cyclical risk. The portfolio is positioned towards those companies we expect to realize a growth premium and see the real test coming after the summer period when we are updated as to whether company operations remain supported.

### Sectors

- The fund's overweight positioning to Technology aided returns in the month. The sector was the sole index gainer after US based Nvidia said the company is seeing 'surging demand' for its data center products used in generative artificial intelligence (AI) and upgraded their current quarter revenue forecast to 50% above consensus estimates. This sent a wave of capital seeking exposure to AI. Underweight positioning to Consumer Staples and Energy were also additive for relative returns.

### Stocks

- The portfolio's semiconductor holdings saw strong share price gains on the back of the Nvidia update. To meet the demands of emerging AI technologies, semiconductor chips will have to become smarter and more powerful. Europe's WFE companies have a key role to play here, and we own the two companies most directly exposed to generative AI, BE Semi with its Hybrid Bonding technology and ASML with its Atomic Layer Deposition technology are essential to creating leading edge semiconductors with many layers of content on chips.
- Lonza also added to relative returns after giving a positive qualitative update. We were pleased to see the company provide this first update, coming between the usual half annual reporting, to increase investor communication throughout the year. Key to the update, the company said the biologics division saw sustained customer demand for commercial supply. They also confirmed growth projects are progressing in line with plans and reiterated their FY23 outlook for high single digit sales growth and core EBITDA margin between 30-31%.
- DSV was a positive contributor with shares continuing higher on the back of their Q1 '23 earnings update at the end of April that showed yields are staying stronger for longer.
- The portfolio's position in LMVH detracted in the month. Spots of weaker China data - which are unrelated to luxury - seem to have driven some selling pressure. We saw brokers pushing a more general view on China weakness and highlighting that luxury was the place that had benefited the most up to now. There were also some jitters on a new COVID variant in the country. While consumption of luxury within China may be losing a bit of steam from the initial restart, companies such as LVMH are seeing the strength come through in 'offshore' spending in places such as Hong Kong and Macau.
- MTU also detracted, coming under pressure from spare part and engine competent supply constraints. While this could impact growth, we believe the company has already guided well for the current conditions that have seen new model GTF engines coming into their workshops faster than anticipated.
- Nordea shares were also down along with most European banks reacting negatively to headlines around the ECB signaling peak interest rates which could put a ceiling on NII upgrades.

### Changes

- We topped up DSV after a deep dive showed us that better-than-expected yields reported in Q1'23 had minimal one-off effects included - giving us added confidence that while the company expects normalization over time, yields will stay higher for longer. Volumes are still running very low, but we see scope for them to pick up from here which would give upside vs consensus.
- We continued building the portfolio's position in Ashtead after their last results showed OEM equipment remains tight and US construction is going from strength to strength. We think they are well set exposure to infrastructure projects and capex from programs like the US IRA. In a recent announcement of a new buy-back plan, management said they would flex buybacks with what they see as significant opportunities to deploy capital for growth.
- We took profits in European banks - trimming BNP, CaixaBank, and Nordea - taking some risk in the portfolio's overweight to the industry off the table as we get closer to peak interest rates.
- With portfolio sales of late mostly coming from our defensive bucket, we opted to keep a higher cash balance for now while we look for interesting defensive ideas which at the moment are hard to come by relative to the potential for earnings in the portfolio already.

### Positioning

- At the end of the month, our bottom-up convictions resulted in the fund's largest overweight positioning to Information Technology, Industrials, and Consumer Discretionary. The biggest underweight positioning was in Energy, Financials, and Consumer Staples.

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 May 2023 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 2023年5月31日止

BLACKROCK

1.

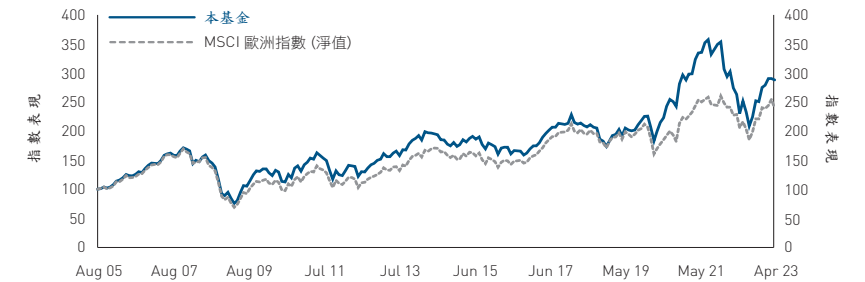
投資決定在於你本人。除非將該投資產品介紹給你的持牌投資顧問已指出該產品適合你本人及已向你說明該產品為何及如何符合你的投資目標，否則您不應投資於該產品。
2.

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	14.7	14.1	9.5	34.1	37.5	594.0
MSCI歐洲指數（淨值）	8.4	8.4	4.7	34.6	22.1	578.2

A 股基金年度表現（美元）														
	2022 %	2021 %	2020 %	2019 %	2018 %	2017 %	2016 %	2015 %	2014 %	2013 %	2012 %	2011 %	2010 %	2009 %
本基金	-29.1	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
MSCI歐洲指數（淨值）	-15.1	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



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）	1,409.7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	6.9
NOVO NORDISK A/S	6.5
ASML HOLDING NV	5.2
LONZA GROUP AG	4.5
LINDE PLC	3.7
STMICROELECTRONICS NV	3.7
DSV A/S	3.6
ASTRAZENECA PLC	3.4
RELX PLC	3.4
BE SEMICONDUCTOR IND.	3.0
Total	44.0

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 2023 年 5 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，此文件將被納入為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動的公司之股權證券。

基金經理報告

表現概述

- 基金錄得 2.0% 的升幅（歐元，主要股份類別，已扣除費用），表現優於下跌 2.5%（歐元）的 MSCI 歐洲指數。
- 投資者等待美國債務上限談判達成協議，並消化全球經濟放緩的跡象，市場在這段期間表現回落。德國 2023 年第一季國內生產總值的重估反映在高通脹削弱消費開支的情況下，當地經濟確實已步入衰退。雖然歐美通脹持續下降，但仍居高企，利率進入緊縮區間。就業情況開始逆轉，而新訂單、採購經理人指數和供應管理協會調查等指標反映製造業表現欠佳。
- 有別於市場過往常見的同步放緩，目前不同行業面對「滾動式衰退（rolling recession）」，由於部份終端市場的跌幅較其他市場顯著，一段期間內企業增長機會再度從衰退中脫離出來。我們持續重新評估市場機會，並對我們承受周期性風險的領域感到安心。投資組合投資於我們預期能實現增長溫度的公司。夏季過後將會面臨真正的考驗，屆時我們會確認相關公司的營運是否仍然向好。

行業

- 月內，基金對科技業持偏高比重有助提升回報，源於科技業是指數中唯一錄得升幅的行業。較早前，美國公司 Nvidia 指其用於生成式人工智能的數據中心產出「需求」，並調整夏季收入預測至高於市場普遍預測 50%。這個消息推動大量資金流入人工智能領域。此外，對基本消費品和能源業持偏低比重亦為相對回報增值。

股票

- Nvidia 的最新公佈刺激投資組合的半導體持倉股價大幅揚升。為滿足新興人工智能科技的需求，半導體晶片需要變得更具智慧及更強大。歐洲的國際證券交易所聯會成員公司在此發揮關鍵作用，我們在當中持有兩家業務與生成式人工智能最密切相關的公司。BE Semis 的混合組合（Hybrid Bonding）技術和 ASMI 的原子層沉積（Atomic Layer Deposition）技術對製造擁有更多層晶片的先進半導體不可或缺。
- Lonza 公佈的最新質量報告反映公司取得正面的表現，亦利好相對回報。我們樂見該公司於慣常的半年度報告期間提供首次的更新，以加強在年內與投資者的溝通。相關更新主要指出，Lonza 表示客戶對其生物製劑部門商業供應的需求持續。該公司亦確定增長項目正按照計劃發展，並重申其 2023 財年展望：數碼銷售有望錄得高單位數增長，以及核心息、稅、折舊及攤銷前利潤率達到 30% 至 31% 的區間。
- DSV 在 4 月底公佈的 2023 年第一季盈利報告顯示，收益率在一段較長時間內維持強勁，帶動其股價持續上升，因此為基金表現帶來正面貢獻。
- 投資組合持有 LVMH 利派表現。中國部份數據轉弱，雖然與奢侈品業無關，但也似乎帶來若干沽沽壓力。券商認為中國市場在整體上走弱，但強調奢侈品業為目前最受惠的行業。當地的新冠病毒新變種亦引起部份人的不安。中國重啟經濟最初為奢侈品消費帶來的動力可能略為轉弱，但 LVMH 等公司受香港和澳門等地區的「離岸」消費支持。
- 零件和引擎的供應限制令 MTU 受壓，相關持倉亦削弱回報。雖然這對增長構成影響，但我們認為該公司已就目前狀況作出良好指引，並較預期更迅速將新型號的 GTF 引擎引入製造廠。
- 此外，由於歐洲央行暗示利率見頂的消息可能遏抑淨利息收入增長，歐洲銀行對此反應負面，導致 Nordea 的股價下跌。

變動

- 經深入研究後，我們發現 DSV 的 2023 年第一季收益率高於預期受一次性利好因素的影響輕微，使我們更確信該公司預期隨著業務逐步復甦，收益率將在一段較長時間內持續上升，因此令其持倉持續持倉。儘管其資產量仍然偏低，但正展現上行空間，有望令公司表現高於市場普遍預測。
- Ashtead 的最新業績顯示原件生產設備的供應仍然緊絀，美國建造業亦不斷增強，因此我們繼續建立相關持倉。我們認為，該公司隨著受惠於美國《降通脹法案》等政策所帶動的基建項目和資本開支。在最近公佈的一項新回購計劃中，其管理層表示將基於重大的增長機遇來調配資本，從而靈活調整回購股份計劃。
- 鑑於利率即將見頂，我們沽出歐洲銀行業的持倉以鎖定利潤，包括法蘭巴黎銀行（BNP）、凱克薩銀行（Caixabank）和 Nordea，消除對該行業持倉偏高比重而承擔的若干風險。
- 最近出售的持倉主要來自防守領域，因此我們選擇於目前維持較高的現金結餘，並尋找具吸引力的防守性投資意念——相對投資組合中現有的盈利潛力，現時難以物色這些防守性投資機會。

配置

- 根據「由下而上」分析產生的信念，基金於月底對資訊科技、工業和非必需消費品業持最大偏高比重；對能源、金融和基本消費品業持最大偏低比重。