

# BlackRock European Fund

As at 31 October 2018

# BLACKROCK

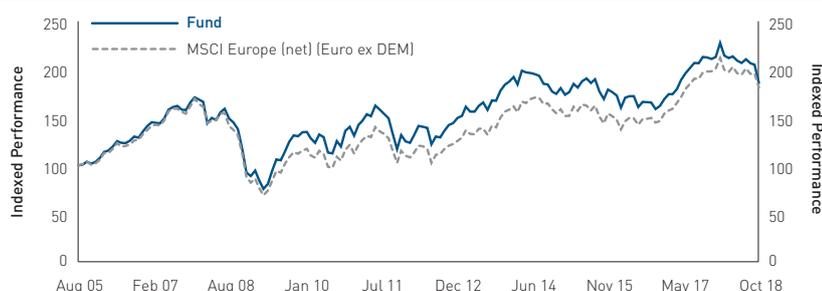
1. The investment decision is yours. You should not invest in the investment product unless the licensed investment advisor who introduces it to you has advised you that it is suitable for you and has explained why, including how buying it would be consistent with your investment objectives.
2. Investment 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
	%	%	%	%	%	%
Fund	-12.7	-12.9	-12.4	-6.5	-9.0	349.1
MSCI Europe (net)	-10.0	-10.6	-8.3	7.7	6.2	413.9

## A-Share Calendar Year Performance in USD

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
	%	%	%	%	%	%	%	%	%	%	%	%	%
Fund	+21.4	-8.5	-0.4	-9.7	+26.9	+22.7	-13.2	+5.4	+42.6	-43.0	+14.6	+34.3	+12.1
MSCI Europe (net)	+25.5	-0.4	-2.8	-6.2	+25.2	+19.1	-11.1	+3.9	+35.8	-46.4	+13.9	+33.7	+9.4



## Fund Data

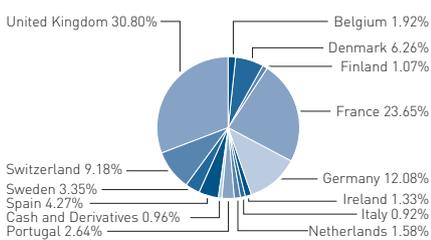
Manager	Nigel Bolton
Inception	30.11.93
Currency	US\$
Total Fund Size (m)	US \$1,750.7
Annual Management Fee	1.50%
Initial Charge	5%

## 10 Largest Holdings (%)

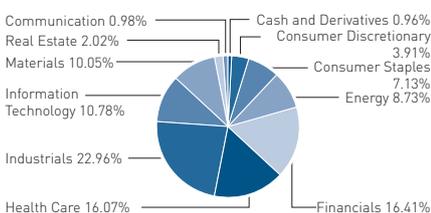
ROCHE HOLDING AG	4.1
SANOFI SA	3.6
TOTAL SA	3.5
DIAGEO PLC	3.3
NOVO NORDISK A/S	3.3
ALLIANZ SE	3.2
SAP SE	3.2
RIO TINTO PLC	2.8
LONZA GROUP AG	2.7
LONDON STOCK EXCHANGE GROUP PLC	2.7
<b>Total</b>	<b>32.4</b>

## 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

- The Fund fell by 7.2% over the month, underperforming its benchmark, which was down by 5.3%.
- European markets fell sharply in October as uncertainty around the outlook for global economic growth increased. The MSCI Europe returned -5.3% in euro terms; all sectors within the benchmark fell in absolute terms.
- Investor fears of a combination of global growth slowing from a high level and US 10-year Treasury yields moving to 3.25% at the intra-month peak put equity valuations under pressure. In European markets – financial assets, in particular – stress was further heightened by the continued political uncertainty in Italy. The government seems committed to retaining all of its original fiscal numbers, including a deficit target rising to 2.4% of GDP next year. In this context, the European Commission
- opening an early excessive deficit procedure against Italy would not come as a surprise.
- Beneath the market fall, we also witnessed a sharp rotation, driven by a technical book flattening as investors, particularly hedge funds, moved to close underweights to unloved sectors such as telecoms and utilities. Small- and mid-cap growth stocks were some of the hardest hit in the market, as money moved towards defensive sectors.
- Both sector allocation and stock selection had a negative impact on performance over the month. In particular, well-owned sectors, including technology and industrials, sold off during the month. Hence, our overweight exposure to those sectors detracted from returns.
- Being underweight the more defensive areas of the market, including consumer staples and communication services, also hurt performance, as these sectors proved more resilient during the market volatility in October. However, the underweight exposure to both consumer discretionary and financials was positive for returns.
- The financials sector was the largest detractor from relative returns, with Danske Bank being the bottom performer. Shares continued to fall on both Italian volatility and the Danish regulator blocking the bank's internal candidate to become CEO, arguing that he was not experienced enough to lead the bank. The former CEO stepped down following the moneylaundering scandal.
- Stock selection also detracted within healthcare. A position in Fresenius Medical Care was among the largest detractors, as the management cut its sales guidance to 2-3% from 5-7%, mainly driven by slower growth in North America. Given this guidance cut, we have decided to exit the name. Shares in its other company, Fresenius SE, also fell on the back of the guidance downgrade.
- Within the same sector, a position in Sanofi was the single largest contributor to returns during the month. The French biopharmaceutical company posted strong third-quarter results, with revenues growing 6%, which is 3% ahead of consensus. The beat was driven by robust sales within its Vaccines and Rare Diseases divisions and led to the company raising its 2018 profit target for the second time this year.
- Stock selection in the consumer staples sector was positive, as a number of defensive stocks performed well given market concerns over the outlook for global economic growth. In particular, Associated British Foods (ABF) was among the top performers. ABF also benefited from rising sugar prices. A holding in Diageo also contributed, while not owing Nestle detracted.
- A position in Assa Abloy was positive for performance due to strong quarterly results. The Swedish lock manufacturer increased net sales by 15%, 5% of which was organic growth. It particularly saw good sales growth in its Global Technologies and Entrance Systems divisions. It also continues to see strong demand for 'smart locks' in both the commercial and residential segments.

### Portfolio Activity

- During the month, we further reduced cyclical risk in the Fund, trimming our exposure to industrials, with particular focus on names where we felt end markets are potentially at peak. For example, we exited a position in Volvo.
- We also increased our exposure to more defensive areas, including the healthcare sector. We switched Fresenius Medical Care into Roche, which we believe has upside potential given a good pipeline coming through, which, in our view, has not been included in consensus numbers.
- At the end of the month, the Fund was overweight industrials, information technology, healthcare, materials, real estate and energy, and underweight consumer staples, consumer discretionary, communication services, utilities and financials.

### Outlook & Positioning

- The range of potential economic outcomes is widening. While stimulus has helped to push US growth ahead, pockets of slower growth are appearing across regions and industries. Overall, as with the onset of this year, we think global growth will become more moderate, but we do not yet believe we are moving towards a recessionary environment either in Europe or globally. In saying this, we are increasingly sceptical of the situation in Italy and believe there is greater downside risk emanating from this region. Increased risks of contagion may dampen our view on European fundamentals. At present, however, we continue to see a relatively robust environment for the consumer, who is enjoying wage increases but a low level of inflation, as well as strength in certain industries such as construction, where order books are improving. Following the market reset, valuation risk also appears less extended and intra-market positioning less extreme. As the economic situation unfolds in the global arena and fixed-income markets potentially stabilise, there may be opportunities to add to attractively valued companies that are exhibiting strong earnings power. In the near term, we have moved our portfolios more defensively at the margins, acknowledging potential risks on the horizon.

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 October 2018 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 2018年10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	-12.7	-12.9	-12.4	-6.5	-9.0	349.1
MSCI歐洲指數 (淨值)	-10.0	-10.6	-8.3	7.7	6.2	413.9

### A 股基金年度表現 (美元)

	2017 %	2016 %	2015 %	2014 %	2013 %	2012 %	2011 %	2010 %	2009 %	2008 %	2007 %	2006 %	2005 %
本基金	+21.4	-8.5	-0.4	-9.7	+26.9	+22.7	-13.2	+5.4	+42.6	-43.0	+14.6	+34.3	+12.1
MSCI歐洲指數 (淨值)	+25.5	-0.4	-2.8	-6.2	+25.2	+19.1	-11.1	+3.9	+35.8	-46.4	+13.9	+33.7	+9.4



### 基金資料

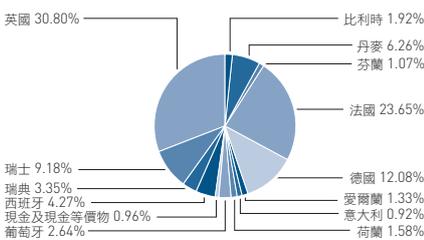
基金經理	Nigel Bolton
成立日期	30.11.93
報價貨幣	美元
基金總值 (百萬)	1,750.7 美元
每年管理費	1.50%
首次認費	5%

### 十大持股比重 (%)

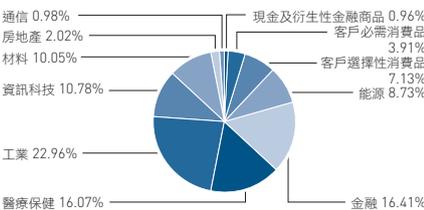
ROCHE HOLDING AG	4.1
SANOFI SA	3.6
TOTAL SA	3.5
DIAGEO PLC	3.3
NOVO NORDISK A/S	3.3
ALLIANZ SE	3.2
SAP SE	3.2
RIO TINTO PLC	2.8
LONZA GROUP AG	2.7
LONDON STOCK EXCHANGE GROUP PLC	2.7
<b>總計</b>	<b>32.4</b>

### 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 2018 年 10 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，此文件將被納入為貝萊德全球基金售發章程的一部份 (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

- 基金在月內下跌 7.2%，表現遜於下跌 5.3% 的基準指數。
- 歐洲市場在 10 月顯著下跌，因為環球經濟增長前景的不明朗因素增加。MSCI 歐洲指數跌 5.3% (以歐元計)；基準指數內所有行業的絕對回報均下跌。
- 投資者憂慮環球經濟增長由高位回落，以及美國十年期國庫券息升至 3.25% 的月內高位，均導致股市估值受壓。歐洲市場 (特別是金融資產) 的反應因意大利政局仍未明朗而加劇。意大利政府似乎堅決維持財政預算的原訂方案，包括提高明年預算赤字至佔國內生產總值 2.4%。在此情況下，歐洲委員會提早對意大利啟動超額赤字程序，並不會令市場意外。
- 在跌市之餘，我們亦察覺市場出現顯著輪轉，因為投資者 (尤其是對沖基金) 結束對電訊和公用事業等不受追捧行業的偏重，導致出現技術性減持。小型和中型增長股是市場最受受惠的股類，因為資金轉投防守性股。
- 行業配置和選股策略均利淡月內表現。具體而言，基金重倉的科技和工業等行業在月內遭拋售。因此，基金對有關行業的偏重比重將會削弱回報。
- 對市場上較具防守性的領域持偏重亦利淡表現，包括基本消費品和通訊服務業等，因為相關行業在市場波動的 10 月表現較強勁。然而，基金對非必需消費品和金融業的偏重比重配置利淡回報。
- 金融業則相對回報，Danske Bank 的表現最失色。意大利市場波動，加上丹麥監管當局禁止該行委任一名內部員工出任行政總裁，並表示該名人員的經驗不足以領導銀行，導致金融股持續下跌。Danske Bank 前任行政總裁因清洗黑錢醜聞而下台。
- 醫療保健業的選股策略亦利淡表現。費森尤斯 (Fresenius Medical Care) 是最弱表現的持倉之一，因為其管理層削減銷售指引，由 5% 至 7% 調低至 2% 至 3%，主要源於北美銷售增長放緩。鑑於銷售指引下調，我們決定沽清這倉盤。受累於費森尤斯下調銷售指引，其母公司 Fresenius SE 的股價亦下跌。
- 綜觀醫療保健業，基金的法國生物醫藥公司 Sanofi 倉盤在月內為回報帶來最大貢獻。該公司第三季的業績穩健，收益增長 6%，較市場普遍預期高 3%。增長勝預期，源於旗下疫苗和罕見疾病部門的銷售強勁，該公司亦因而作出年內第二次 2018 年盈利目標上調。
- 鑑於市場憂慮環球經濟增長前景，促使不少防守性股表現出色，帶動基本消費品業的選股策略利好基金表現。具體而言，英聯食品 (Associated British Foods) 是表現最佳的持倉之一。該公司亦受惠於砂糖價格上升。Diageo 的持倉也帶來貢獻，但基金並無持有雀巢 (Nestle) 則利淡表現。
- 瑞典鎖具製造商亞薩合萊 (Assa Abloy) 季度業績強勁，使有關持倉利好表現。該公司的淨銷售增長 15%，當中 5% 為內部增長。具體而言，旗下環球技術與入口系統分部的銷售增長理想，而商業和住宅業務的「智能鎖具」需求亦持續強勁。

#### 投資組合活動

- 月內，我們減持工業股的配置，特別是集中對我們認為終端市場或已見頂的企業，以進一步減低基金的周期性。例如，我們把富豪汽車 (Volvo) 的持倉平倉。
- 我們亦增持較具防守性的倉盤，包括醫療保健業。基金由費森尤斯轉持我們認為具上升潛力的羅氏藥廠 (Roche)，因為羅氏藥廠將陸續推出多項新藥，我們認為市場普遍預期的數據尚未反映這因素。
- 基金於月底對工業、資訊科技、醫療保健、原材料、房地產和能源業持偏重比重，並對基本消費品、非必需消費品、通訊服務、公用事業和金融業持偏重比重。

#### 前景及配置

- 經濟潛在的區間正在擴大。美國的刺激經濟措施有助推動當地經濟增長，但局部地區和行業正浮現增長放緩的情況。整體而言，正如年初所預期，我們認為環球經濟增長將趨溫和，但相信歐洲或環球經濟不會步向衰退環境。雖然如此，我們對意大利的局勢日益看淡，相信更大的經濟下行風險會源於該地區。局勢延宕的風險升溫，或會削弱我們對歐洲基本因素的觀點。然而，我們目前仍認為市場環境對消費者而言相當穩健。消費者正受惠於工資增長但通脹低企的環境，而建築業等若干行業表現強勁，而且訂單數目改善。市場調整後，估值風險看似略為舒緩，市場內部的部署亦不再像早前般極端。隨著環球市場浮現上述經濟狀況，固定收益市場亦有望回穩，或會帶來增持估值吸引及盈利能力強勁的企業的投資機會。短期而言，鑑於面對的潛在風險，投資組合稍為增加防守性股。