

BlackRock European Fund

As at 31 October 2023

BLACKROCK

1.

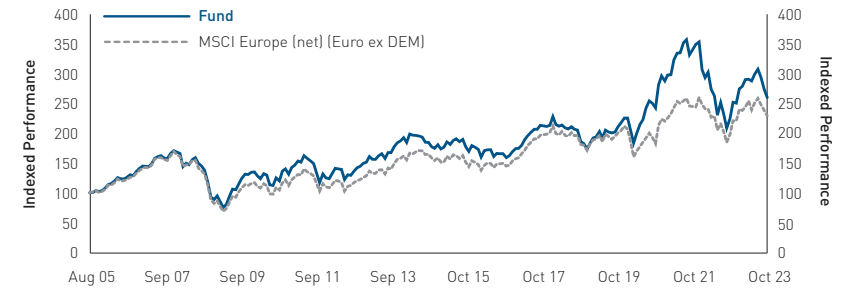
The investment decision is yours. You should not invest in the investment product unless the licensed investment advisor who introduces it to you has advised you that it is suitable for you and has explained why, including how buying it would be consistent with your investment objectives.
2.

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.

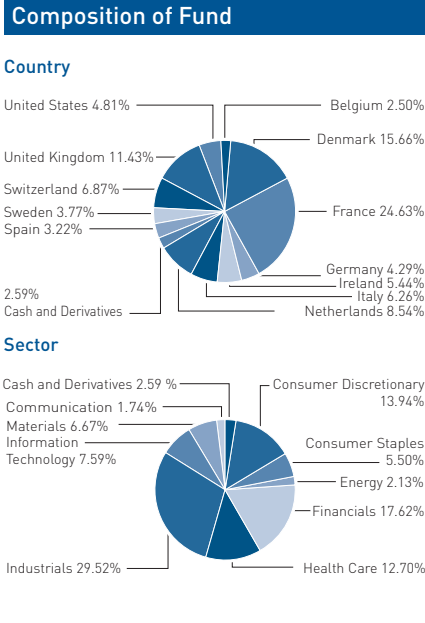
A-Share Cumulative Performance in USD						
	YTD	6 Months	1 Year	3 Years	5 Years	Since Launch
	%	%	%	%	%	%
Fund	3.6	-10.6	15.7	7.1	39.5	526.6
MSCI Europe (net)	3.9	-9.8	15.7	25.8	26.5	550.2

A-Share Calendar Year Performance in USD														
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Fund	-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 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 \$1,257.4
Annual Management Fee	1.50%
Initial Charge	5%

10 Largest Holdings (%)	
NOVO NORDISK A/S	9.9
LVMH MOET HENNESSY LOUIS VUITTON SE	5.6
LINDE PLC	4.8
RELX PLC	4.5
MTU AERO ENGINES AG	4.3
SCHNEIDER ELECTRIC SE	3.6
FERRARI NV	3.5
AIB GROUP PLC	3.3
CAIXABANK SA	3.2
DSV A/S	2.9
Total	45.5



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 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.

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 -5.3% (EUR, primary share class, net of fees) trailing the MSCI Europe Index return of -3.6% (EUR).
- The market drawdown that began in September continued through October. Pressure on risk assets came from a combination of rising interest rates, a skew towards punishing any sign of weakness in Q3 23 updates and outlooks, and incremental pressure from geopolitical risks stemming from the Middle East.
- The latest earnings season has been mixed, with evidence the activity recovery we wanted to see in H2 23 has been pushed into 2024. However, our view remains largely unchanged in that we expect the business cycle to stabilize and pick up as we go through the start of next year. For now, markets are looking for signs of this as well as signs that central banks are done with rate hikes.
- The key for investors is what the market is telling us about companies 12-months from now and beyond. While equity markets are likely to remain volatile until bond markets steady, our focus is on the next 6-18 months looking more interesting. As fundamental investors, we are searching for signs of incremental change in businesses that gives us opportunity to own shares where, in time, consensus estimates can be proven as too bearish. As more and more of these signs emerge, the broader market risk appetite should return which will be supportive for the portfolio.
- As always, it will be important to look sector-by-sector and stock-by-stock to find opportunities. We believe companies in the portfolio can continue to deliver on earnings upgrades versus underdemanding consensus expectations. We also maintain ample long-term opportunity from the portfolio's exposure to end-markets supported by structural spending streams such as funding digitalisation, capex renaissance, and low-carbon transition.

Sectors

- Sector allocation effect was negative in the month primarily driven by the portfolio's underweight positioning to Energy and Utilities sectors. Overweight industrials and underweight Consumer Staples also detracted while positive effect from a higher intra-month cash balance partially offset.

Stocks

- The Q3 23 earnings season delivered a broad set of favourable updates within the portfolio, driving positive attribution from companies across sectors including Health Care, Materials, Technology, Consumer Discretionary, and Financials. However, two negative stock specific surprises in the month went a long way to offset these gains, accounting for slightly over 100bps headwind on relative performance.
- The portfolio's position in Lanza was the top detractor in October after a disappointing update delivered at the company's capital markets day. Most notably, management cut revenue growth and margin expectations for 2024 leading to mid-teen percentage downgrades vs consensus expectations. As a company that has accelerated capex in recent years, positioning itself within structurally attractive end-markets, it should be able to deliver mid-teens growth. The updated 2024 guidance of high single digit underlying growth (with actual growth expected to be flat given one-off) shows 2024 is a transition year. While remaining interesting on a medium to long-term view, we need to rebuild trust in the Lanza's ability to execute on their strategy.
- DSV was the second negative stock specific surprise in the month. The company announced a change in leadership which in our view breaks apart one of the strongest management teams in Europe. The current CEO will leave after a transition period concluding in 2024 and the current COO, whom we saw as an excellent partner to the current CEO, will take over. In an unrelated update, the company also announced an unexpected joint venture in Saudi Arabia which was communicated to the market with minimal detail, sending shares tumbling. On the surface, it appears as a change in strategy with high levels of execution risk. However, in follow up calls the company offered additional details that showed the project offers good return on capital employed, with risk mitigation features built into the contract. While this project - providing construction logistics to build a new city in Saudi Arabia for which DSV will be able to provide their core logistics capability in the future - is different than their core business, there are a lot of similarities and the deal is earnings accretive.
- A position in JD Sports detracted as shares derated with the market sell off. The company had reported a strong update in September showing trading better than feared with strong growth across the board continuing into H2. This is a great example of where we see a disconnect between a company delivering solid results while the market is pricing in a worst case consumer scenario, putting the stock on 8x P/E.
- Genmab sold off after an update that showed a deterioration in operational performance. Key to this, the company is seeing slower than anticipated ramp up in sales for two of its antibodies while costs are set to rise from Opex to invest in commercial infrastructure and full time employees. The result is EBIT outlook falling 11%-24% below consensus.
- A holding in STMicro also detracted from relative returns. The company's Q3 23 results showed a small beat on sales and margins compared to consensus, but shares sold-off on a lower Q4 23 guide. There may also be room for 2024 consensus to come down, though, we note shares already trading on c. 8x earnings likely reflects the upside anticipation of a down.
- The portfolio's position in Novo Nordisk was the top positive contributor to active returns in October as the company delivered a strong update in the month. The Phase III efficacy results in their phase 3 FLOW trial led to an early completion, with full results now expected in H1 24 as compared to an original timeline for completion in Q3 24. This trial is looking at injectable semaglutides as an adjunct to standard of care for kidney disease. Following the successful SELECT trial earlier this year, looking at material adverse cardiovascular events, the FLOW trial is another example highlighting the breadth this class of drug touches beyond the headline use in weight loss. The company also released a positive announcement that saw their full year 2023 sales outlook raised to +22%-28% (previously +27%-33%) and operating profit growth guidance raised to +40%-46% (previously +31%-37%).
- A holding in Linde was supportive for relative returns with the company's shares higher on the back of solid Q3 23 results and a small increase in their full year 2023 guidance. Underlying sales in Q3 23 were up +3% with adjusted operating profit of \$2.3b representing +15% year-on-year growth. The adjusted operating margin of 28.3% was up 500bps year-on-year and is encouragingly moving closer to 30%. Full year EPS guidance was raised to \$14.0-\$14.10 which represents +14%-15% year-on-year growth.
- Data solutions provider RELX was also amongst the top contributors to relative returns, showing its place as a defensive asset in the portfolio. The company delivered robust Q3 results and reiterated guidance.
- Hermes posted a strong Q3 23 result with sales growth beats in most divisions, and in every region, leading to +15.6% group level growth vs consensus at +13.6%. Meanwhile, Ferrari shares were higher on anticipation of a positive update when the company reports in early November.

Changes

- On the disappointing update from Lanza, we cut the portfolio's position from a +3% active weight down to an active weight just over 1%. DSV was also trimmed following the break in investment thesis stemming from their management change.
- Following a strong period of performance over the last 12 months, we took some profits from our semiconductor positions in recognition of some uncertainty around near term order intake, and an outsized contribution to overall portfolio risk. Capital was redeployed into attractive bottom up opportunities, topping up holdings such as European banks (AIB, CaixaBank, KBC, Unicredit), MTU, and RELX. We also bought back a position in TotalEnergies where earnings are once again benefitting from higher oil prices.
- The portfolio's large position in LVMH was trimmed slightly, yet remains a conviction overweight, noting a period of normalisation with evidence of weaker trends in Europe, Americas yet to recover, and lower visibility into China which for now has been resilient.
- We also exited small weights in Sartorius Stedim and Adyen where the near-term business environment remains difficult and the capital can better serve the portfolio in higher conviction positions.

Positioning

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

貝萊德歐洲基金

截至 2023年10月31日止

BLACKROCK

- 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。
- 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。
- 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	3.6	-10.6	15.7	7.1	39.5	526.6
MSCI歐洲指數（淨值）	3.9	-9.8	15.7	25.8	26.5	550.2

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

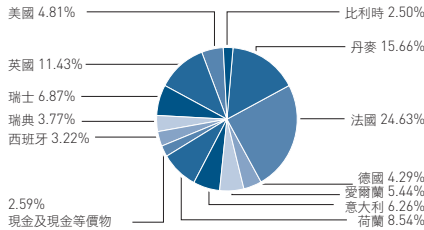
基金經理	Nigel Bolton
成立日期	30.11.93
報價貨幣	美元
基金總值（百萬）	1,257.4
每年管理費	1.50%
首次認費	5%

十大持股比重（%）

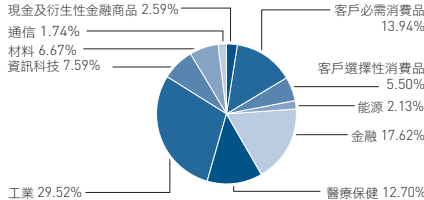
NOVO NORDISK A/S	9.9
LVMH MOET HENNESSY LOUIS VUITTON SE	5.6
LINDE PLC	4.8
RELX PLC	4.5
MTU AERO ENGINES AG	4.3
SCHNEIDER ELECTRIC SE	3.6
FERRARI NV	3.5
AIB GROUP PLC	3.3
CAIXABANK SA	3.2
DSV A/S	2.9
Total	45.5

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 2023 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 5.3% 的跌幅（歐元，主要股份類別，已扣除費用），表現遜於下跌 3.4%（歐元）的 MSCI 歐洲指數。
- 大市於 9 月開始下跌，弱勢延續至 10 月。風險資產的壓力來源包括：加息環境、投資者傾向迴避 2023 年第三季業績和前景呈望前勢的公司，以及源自中東地緣政治風險的壓力漸增。
- 最新業績的表現參差，證據顯示我們期望在 2023 年下半年出現的經濟活動動能已延遲至 2024 年。不過，我們的觀點大致維持不變：隨著明年將至，預計商業週期將會穩定及逐步回升。市場目前正尋找相關的蛛絲馬跡，以及央行已加息的跡象。
- 投資者應注意能夠顯示企業未來 12 個月及往後表現的市場訊號。儘管在債券市場回穩前，股市或會持續波動，但我們聚焦於未來 6 至 18 個月更具吸引力的後市。作為基本因素投資者，我們正留意企業有否出現業務顯明的轉變，從短期業績轉入那些似以明日證明市場處於健康的股票。儘管短期波動增加，處于市場的承險意欲可望回升，繼而利好投資組合表現。
- 一如既往，重要的是追蹤一則個別行業和股份，從中物色投資機會。我們認為投資組合內公司盈利預測可繼續上調，而非符合低價的普遍預測。投資組合配置於穩健度化融資、資本開支回升及低敏轉型等結構性因素來源支持的終端市場，有關投資日後將提供大量長遠機會。

行業

- 月內的行業配置不利表現，主要由於投資組合對能源和公用事業持偏低比重。對工業持偏高比重及對基本消費品持偏低比重亦使表現受累，而月內現金結餘較高帶來的正面作用，有助局部抵銷跌幅。

股票

- 2023 年第三季業績期為投資組合的時股帶來連串利好消息，令醫療保健、原材料、科技、非必需消費品和金融業等公司帶來正面貢獻。然而，月內兩隻股票造成出乎意料的負面影響，拖累了大部份升幅，減弱略高於 100 基點的相對表現。
- 投資組合對 Lonza 的配置最不利 10 月份的回報，因為該公司在資本市場日發表的最新經營情況令市場大失所望。值得注意的是，該公司管理層將從 2024 年的收入增長及利潤率預測，相比市場普遍預期，業績的下調幅度達到 20% 以下的中位數。由於該公司近年增加資本開支，並以其結構性吸引力的終端市場作業穩定性，因此應能實現 20% 以下的中位數增長。最新的 2024 年業績指引預測，該公司將錄得高單位數的基本增長（首次為事件影響，實際增長預計為事件），反映 2024 年將是過度疲軟。雖然我們仍看好其 Lonza 的中長期前景，但仍需時重建對其執行策略能力的信心。
- DSV 是月內第二隻遭不利消息打擊的股票。該公司的領導層出現人事變動，我們認為這項消息瓦解了歐洲實力最強的營運團隊之一。新任行政總裁將在 2024 年底的過渡期結束後離職，並由現任營運總監（我們認為他將接任行政總裁一職作無間）接任。該公司亦在另一份最新公告中突然宣佈在沙特阿拉伯成立一家合資企業，但向市場提供的詳情有限，導致股價急跌。表面看來，此舉似乎只是一項執行策略變化的商業策略變化。然而，在後續電話會議中，該公司進一步提供詳情，表示該項目能夠帶來可觀的已用資本回報率，而合資的也對市場和風險敞口。雖然該項目（為沙特阿拉伯一個興建新城市的工程提供建築物流服務，而 DSV 將與中東企業為其提供核心物流服務）與該公司的核心業務性質不同，但兩者仍有不少相似之處，而且這宗交易也有助提升業績。
- 基金持有 JD Sports 剛開張，因其估值在市場拋售下下調。該公司在 9 月發表最新業務消息，顯示營運情況優於預期，下半年業績繼續全方位強勁增長。這個例子正好說明，當市場正在消化消費市場的最壞情況，即使一家公司將獲得業績，其股價亦會與市場表現脫節，使其市盈率達到 8 倍。
- Genmab 發表最新消息指營運表現轉弱，股份因而遭拋售。值得注意的是，該公司兩款抗體藥物的銷售增長遠低於預期，而投資於商業基礎和聘請全職員工的營運開支將會上升，結果導致息稅前利潤預測低於市場預期 11% 至 24%。
- 基金持有 STMicro 亦開張相對回報。該公司公告 2023 年第三季業績，銷售及利潤率均優於市場預期，但 2023 年第四季業績指引下行拖累股份遭拋售。不過，該股市盈率現仍為 8 倍，反映買方預期業績可能破下調，故 2024 年的市場普遍預期尚有回升的空間。
- 投資組合持有 Novo Nordisk 最利好 10 月份的主動回報，因為該公司在月內發表多項令人鼓舞的最新消息。第二項 LON 測試結果顯示可以確保其計劃的 2024 年第二季完成完成，並計劃在 2024 年上半年取得全部結果。該試驗旨在研究可以注射的司美格魯肽（semaglutide）作為治療糖尿病的標準輔助方法。繼今年早前成功進行 SELECT 測試（與主要不良心血管事件有關）之後，FLOW 測試亦印證該藥物能夠廣泛地改善。該公司亦發出消息，把 2023 年全年銷售增長預期上調至 32% 至 38%（早前為增長 27% 至 33%），營運溢利增長指引則上調至 40% 至 46%（早前為增長 31% 至 37%）。
- 持有 Linde 股票為相對回報帶來支持，因為該公司的 2023 年第三季業績穩健，並輕微上調 2023 年全年盈利指引，帶動股價上揚。2023 年第三季的基本銷售增長 3%，調整後營運利潤為 23 億美元，按年增長 15%。調整後營運利潤率為 28.3%，按年增長 550 基點，並將進一步升至接近 30%，成績令人鼓舞。全年每股盈利指引上調至 14.05 至 14.10 美元，按年增長 14% 至 15%。
- 數碼方案供應商 RELX 亦為相對回報帶來最大貢獻，反映其配置在投資組合發揮防守作用。該公司第三季業績強勁，並重申盈利指引。
- Hermes 在 2023 年第二季錄得強勁業績，大部份業務和全部地區的銷售增長均優於預期，帶動業績連續增長 15.6%，高於市場普遍預期的 13.6%。與此同時，由於價值 Ferrari 在 11 月初公佈業績時將發利好消息，帶動其股價上升。

變動

- 鑑於 Lonza 的最新消息令人失望，我們將投資組合的主動比重由不足 3% 下調至略高於 1%。由於公司管理層人事變動破壞了投資主題，我們亦減持 DSV。
- 在過去 12 個月錄得強勁表現後，我們基於短期訂單前存在不確定性，加上對整體投資組合帶來過高的風險，因此決定部份平準持有倉位。然後，我們將基金重新配置到更具吸引力的「由下而上」機會，增持歐洲銀行股（AIB、Caixabank、KBC、Unicredit）、MTU 和 RELX。我們也重新買入 Totalenergy，該公司的業績再次受惠於油價上升。
- 雖然我們認為減持投資組合的大型持倉 LVMH，但仍有信心對其持偏高比重，因為有證據顯示歐美弱勢尚未恢復，而現時表現穩健的中國市場前景未明朗，預料將步入正常化時期。
- 我們也沽清 Sartorius Stedim 和 Adyen 的小量持倉，因為兩者的短期經營環境仍然欠佳，投資組合把資金投放到估值度較高的配置，以取得更佳回報。

配置

- 根據「由下而上」分析產生的信念，基金於月底對工業和非必需消費品業持最大偏高比重；對基本消費品、能源和公用事業持最大偏低比重。