

SHINING A LIGHT ON THE.....
BlackRock Energy and Resources Income Trust

AT A GLANCE

Investment Objective
The Company aims to achieve an annual dividend yield target and, over the long term, capital growth by investing primarily in securities of companies operating in the mining and energy sectors. The portfolio is concentrated and expected to consist of approximately thirty to one hundred and fifty securities.

Inception Date	13 th December 2005
Fund Factsheet Link	http://tools.morningstar.co.uk/uk/cefreport/default.aspx?SecurityToken=F000000EYO%5D2%5D0%5DFCGBR%24%24ALL

Management	
Manager Name	Start Date
Thomas Holl	20 th January 2014
Mark Hume	17 th March 2020

FUND PERFORMANCE

Performance from 1st January 2016 to 30th September 2020:

	2016	2017	2018	2019	2020
BlackRock Energy and Resources Income Trust	71.73%	-8.20%	-2.21%	5.35%	-6.41%
iShares MSCI World ETF	8.13%	17.26%	-8.94%	24.33%	0.18%

Performance over 12 months, 3 years, 5 years and since fund manager inception:

	1 year	3 years	5 years	Since fund manager inception
BlackRock Energy and Resources Income Trust	-6.12%	3.46%	50.01%	-9.99%
iShares MSCI World ETF	6.82%	19.85%	53.59%	60.12%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

Tracking Error	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
6.48	123.99	107.60	52.78	1.14	4.78	Value/Large

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Volatility Measurements	
3-Yr Std Dev (volatility)	25.38%
3-Yr Mean Return (average)	1.14%

Investment Style Details	
Giant	32.02%
Large	41.43%
Medium	24.89%
Small	1.22%
Micro	0.44%

Top 5 Holdings – 55 equity holdings, 8 bond holdings		
BHP Group PLC	Basic Materials	6.94%
Rio Tinto PLC	Basic Materials	4.72%
Barrick Gold Corp	Basic Materials	4.64%
Newmont Corp	Basic Materials	4.34%
Vale SA ADR	Basic Materials	3.57%

Top 5 Sectors	
Basic Materials	45.10%
Energy	21.80%
Utilities	13.40%
Industrials	5.60%
Technology	5.40%

Top 5 Regions	
United States	27.40%
United Kingdom	16.70%
Canada	14.50%
France	5.70%
Brazil	5.00%

UPDATE....

These updates have been written at the time of the Coronavirus Pandemic of 2020, which has impacted the global financial markets in a way that has never been seen before.

This trust was set up to invest 50% in mining and 50% in energy. Although the fund had a standout year in 2016, it has significantly underperformed the index. It is also apparent that fund managers are keen to take a part of the growing sustainable investing market. This is no different with a change in strategy that has changed to being 40% mining, 30% energy and 30% energy transition. Mining and energy have fallen into the value part of the market, and so adding energy transition provides some growth and access to a part of the market that they believe will grow significantly.

In 2019 the fund had around 60% in mining and 40% in energy, this is now about 50% in mining, 18% in energy and 32% in new energy transition. With mining they have reduced the gold exposure as they do not see this as essential to the lower carbon world. Instead they have increased exposure to copper

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which is enabling the transition to a lower carbon economy, and with this the use of carbon lithium in EV vehicles.

ESG is now embedded and understanding the impact of investments to, for example, the community, is now a crucial part of the investment process. The ESG has improved slightly, environment score has moved up to 4.3 which still seems low and both the environmental and social scores remain unchanged.

An example of companies they like include EDP Renovaveis who have committed to moving to over 90% renewable energy within ten years, and Schneider Electric who are improving the industrial processes and a producer of electric charging stations.

The concern we have with this is that it is still trying to be something to everyone. My question is that if you want to invest in energy transition why would you want to invest in old energy and mining too? Are there better options to invest in energy transition? They talked about the regulatory and social change and it seems that they are just trying to capture that.

In summary, the performance has been poor, but it is in a part of the market that is unloved. The mixing of old with new does not feel right. It feels more that they are chasing a part of the market, not for the right reasons. If we wanted an energy transition fund, then surely, we would look for someone who has experience and a track record to support that. Having said that it may be that over time this develops and the performance comes through. Investors will therefore need to consider what they are looking to achieve and whether this can deliver on that.

The source of information in this note has been provided by BlackRock and is correct as at October 2020. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.