SHINING A LIGHT ON THE……
BlackRock Global Unconstrained Equity Fund

AT A GLANCE

Investment Objective
The Fund aims to provide a return on your investment (generated through an increase in the value of the assets held by the Fund) over the long-term (5 years or more) by investing in a global portfolio of equity securities (e.g. shares). In seeking to achieve its investment objective, the Fund will invest at least 80% of its total assets in equity securities and equity-related securities (i.e. other investments whose value is related to equities) of companies domiciled in, or exercising a significant part of their economic activity in, global developed markets (i.e. markets with advanced financial and economic structures).

Inception Date	21st January 2020
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F000014UZO

Management	
Manager Name	**Start Date**
Alister Hibbert	21st January 2020

FUND PERFORMANCE

Performance from 21st January 2020 to 31st May 2022:

	2020	2021	2022
BlackRock Global Unconstrained Equity Fund	19.58%	34.70%	-18.06%
MSCI World NR	7.57%	22.94%	-6.47%

Performance over 12 months, and since launch:

	1 year	Since launch
BlackRock Global Unconstrained Equity Fund	26.72%	42.58%
MSCI World NR	23.51%	23.28%

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
-	-	-	-	-	-	Growth/Large

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

Investment Style Details	
Giant	-
Large	-
Medium	-
Small	-
Micro	-

Top 5 Holdings – 24 Holdings, 59.00% in top 10 holdings		
ASML Holding NV	Technology	9.88%
LVMH Moet Hennessy Louis Vuitton SE	Consumer Cyclical	7.95%
Mastercard Inc Class A	Financial Services	7.39%
Microsoft Corp	Technology	6.32%
Alphabet Inc Class C	Communication Services	6.10%

Top 5 Sectors	
Technology	32.89%
Healthcare	17.51%
Consumer Cyclical	15.60%
Financial Services	14.41%
Communication Services	8.00%

Top 5 Regions	
-	-
-	-
-	-
-	-
-	-

UPDATE….

The reporting of data to Morningstar is weak and therefore we would need to do further work around the holdings, sectors, and regions. The strategy looks to invest in the very best global companies from across the world. What we would want to know is the profitability of these companies and levels of debt. By the very nature of where they are looking to invest it implies these should all be profitable companies and have minimal debts. This should be explored.

If this is the case, then they are investing in quality growth companies and the next question is whether they are overpaying for these assets. The way they look at this is how great can a company be in 5- or 10-years' time.

They used the example of Novo Nordisk and Ford in 1999. Ford was trading at 10x earnings and Novo 30x. With the benefit of hindsight Novo should have been trading at 415x and Ford 3x based on what happened over the next 20 years. It is those types of opportunities that this fund looks to exploit because they feel that the market often undervalues companies that can succeed over the long term.

This would therefore seem to indicate they are paying higher multiples for the companies they invest in but on the basis that they believe they are cheap. The other area which we would want to explore is the profitability and levels of debt. They indicated in the meeting they like companies with resilient earnings, pricing power, are capital light and have low levels of debt. If this is all correct, then in this environment investors tend to rotate towards quality and this strategy could benefit from this.

In the current market environment exceptional businesses like LVMH are on depressed valuations and yet it has excellent pricing power and the ability to compound growth over the long term. They have therefore been adding to this position. ASML is another company with dominant market share and yet depressed valuations. This fund is all about holding stocks for 5 to 10 years and allowing returns to compound over this time.

They will only sale if they feel something may disrupt the future long-term growth of a business.

In terms of protecting capital, at least 50% of the fund will be in defensive assets. This is currently at 63%. The balance is in cyclical and industrial cyclical companies.

In summary, the strategy is about identifying the few rare companies which can sustain high levels of return over the next decade. They are not looking to take outside bets and will always hold several defensive companies to provide protection on the downside. We would want to do more work around profitability and debt, but if what they have said is correct then when investors turn to quality, this strategy should benefit.

The source of information in this note has been provided by BlackRock and is correct as of June 2022. 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.