

SHINING A LIGHT ON THE.....
BlackRock Greater Europe Investment Trust

AT A GLANCE

Investment Objective	
To achieve capital growth through investment in a focused portfolio constructed from a combination of the securities of large, mid and small capitalisation European companies with some investment in the developing markets of Europe.	

Inception Date	20 September 2004
Fund Factsheet Link	http://tools.morningstar.co.uk/uk/cefreport/default.aspx?tab=0&vw=sum&SecurityToken=FO0000EYP 2 0 FCGBR\$\$ALL&ClientFund=0&CurrencyId=GBP

Management	
Manager Name	Start Date
Sam Vecht	20 September 2004
Vincent Devlin	31 July 2008

Top 10 Holdings		
Name		% of Assets
AXA		3.90%
Bayer AG		3.20%
RELX NV		3.20%
ASML Holding		3.10%
Anheuser-Busch InBev SA		3.10%
Pandora AS		3.10%
Schneider Electric		2.90%
KBC Group SA/NV		2.80%
Vinci		2.70%
Pernod Ricard		2.60%

Volatility Measurements	
3-Yr Std Dev (volatility)	12.80%
3-Yr Mean Return (average)	6.89%

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FUND PERFORMANCE

Performance from 1 January 2012 to 28 February 2017:

	2012	2013	2014	2015	2016	2017
BlackRock Greater Europe Investment Trust	21.51%	27.18%	-3.83%	16.41%	10.07%	1.79%
iShares MSCI Europe	14.00%	21.74%	-2.02%	1.99%	16.48%	2.69%

Performance over 1, 3, 5 years and since launch:

	1 year	3 years	5 years	Since Launch
BlackRock Greater Europe Investment Trust	16.78%	22.13%	72.31%	303.46%
iShares MSCI Europe	23.61%	17.20%	51.05%	-

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.

UPDATE....

We have met the team behind this trust previously, and their updates on Europe are as important as their style of investing. It is because of their outlook that you can often consider whether now is the time to invest. In this update, we discussed European politics; they explained that this is having an impact on investors with 36 straight weeks of outflows.

Asset electors are holding back because of their fear that Le Pen could be President of France; they have seen the results of the Dutch election but remain worried. The election will be on the 23 April and the second round on 7 May. The odds are that Le Pen won't win the second round but the concern is that if she does, then she calls a referendum and France vote to leave the EU. As the manager explained there are four stages before this can happen, and this seems to be ignored.

Firstly, Le Pen has to win the first round of voting which she is likely to do. Next, she has to win the second round to become President. This is unlikely but in a two horse race, an event like a terrorist attack could shift the vote to Le Pen. If she does become President, then to have a referendum she needs parliamentary approval. This means she needs a majority in the elections in June, her party are the 9th largest party in France so it seems very unlikely they will win that majority. If they do get a majority and a referendum, then the odds are that the people would vote to stay in the EU.

One other election is Germany and they believe that Martin Schulz could win; this wouldn't have an impact on the EU but could make it difficult for the UK. Their view is that the political risk is being overstated and this means that investors are missing some of the key fundamentals. This being that valuations are cheap relative to the US, European earnings are growing and the macro picture is positive. The advantage for the fund is that uncertainty creates volatility and therefore they can buy on the dips.

In terms of performance 2016 wasn't a good year for the trust; the last six months of the year saw a value rally and they believe much of the growth was not driven by fundamentals. The trust has a

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quality bias with exposure to sectors like infrastructure but not energy and financials. France is its highest weighting at 22% and it also has 8.5% weighted to emerging Europe. It is underweight Financials and Healthcare but overweight Industrials, Technology and Consumer Services.

In summary, BlackRock have a strong European team and their Emerging Europe team has specialists who can feed ideas to the trust. Performance long term has been strong, although in 2016 it missed the rally by simply not being in the “right place”. The fund managers have shown that although there was a rally they have not chosen to change their investment style to chase a quick return, but continue to focus on quality businesses which can deliver strong long-term returns for the trust.

The source of information in this note has been provided by BlackRock and is correct as at March 2017. 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.