

BlackRock Global Unconstrained Equity Fund (AUST)

BlackRock

FUND UPDATE

30 November 2024

Investment Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	Since Incep
BlackRock Global Unconstrained Equity Fund (Aust) (Class D) (Net of Fees)	4.59	3.58	15.50	18.64	-	-	20.70
MSCI All Country World Index NET (in AUD)	5.16	8.73	27.63	30.10	-	-	27.94
Outperformance (Class D) (Net of Fees)	-0.57	-5.15	-12.12	-11.47	-	-	-7.25
BlackRock Global Unconstrained Equity Fund (Aust) (Class S) (Net of Fees)	4.64	3.74	15.44	18.46	-	-	20.15
MSCI All Country World Index NET (in AUD)	5.16	8.73	27.63	30.10	-	-	27.94
Outperformance (Class S) (Net of Fees)	-0.52	-4.99	-12.18	-11.65	-	-	-7.80

¹ Fund inception: 09/28/2023.

Past performance is not a reliable indicator of future performance. Performance for periods greater than one year is annualised. Performance is calculated in Australian dollars and assumes reinvestment of distributions. Gross performance is calculated gross of ongoing fees and expenses. Net performance is calculated on exit-to-exit price basis, e.g. net of ongoing fees and expenses. Gross returns are provided for products offered to wholesale clients only who may be subject to differential fees. Please refer to the Fund's product disclosure statement for more information.

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- Market Insights & Commentary
- Fund Performance
- Unit Prices

Global Impact November 2024

Market Overview

Global equity markets, as represented by the MSCI World, hit a new all-time in November with the index rising in USD terms.

In the United States, the main event was the US Election, where former President Trump reclaimed the White House along with the Republican Party sweeping both the House and Senate. Following the result, there was a broad repricing of risk assets on the expectation of pro-growth policies such as deregulation and lower taxes offsetting the prospects of trade tariffs and stricter immigration policies. Further, the macro dataflow in November remained on solid footing in the US. Elsewhere, the European macro picture worsened, particularly PMIs, which dropped materially, while incoming data in Japan continued to point to a year-end policy rate hike.

Fund Performance and Stock Contributors

As a reminder, GLUE owns high quality businesses that we believe can sustain high returns over the long-term. Short-term performance is not an objective of the Fund; the purpose of the following remarks is to share company-specific developments only.

Net of fees, the fund marginally underperformed the benchmark, MSCI World (AUD), in November.

Novo Nordisk, the Danish pharmaceuticals business specialising in diabetes and weight loss treatment, was the major detractor during November. The company's underperformance the past few months has been confounding in many respects but especially as we are expecting phase III trial data for Cagrisema, which is expected to be the market leading GLP-1 drug, in December. We have relatively high conviction in this product: it utilizes molecules that are already proven and management and expert optimism appears high. Despite some of the recent market concerns and the subsequent derating of the stock, we continue to believe that Novo is well-positioned: it should continue to capitalise on the nascent weight-loss opportunity given its first

mover-advantage; it has an extensive pipeline of new drugs in development, and should continue to capture market share in the diabetes market, where GLP-1 remains only 6% of the global market.

Other detractors in the portfolio included **Ferrari**, which has been one of the top contributors year-to-date, and **LVMH**. Weakness in shares of Ferrari appears to be related to profit taking as the order book remains strong. The company reported a slight operating profit miss and reiterated its full year guide. Recall, we reduced our position size in Ferrari (and Intuitive Surgical) in Q3, as the valuation of these stocks became more extreme. In the case of LVMH, the company has been going through an earnings downgrade cycle since H2 2023 (the worst since 2008/09). This is not an issue limited to LVMH, but rather over this period all luxury brands have struggled (to different extents). However, and encouragingly, LVMH has continued to take market share relative to other competitors during this challenging backdrop.

Elsewhere, **Masimo** was the strongest contributor toward active performance. As highlighted last month, the share price of the company has been boosted recently with developments around its corporate strategy and clarity emerging around plans to re-focus the business on Masimo's core competency – medical devices. **Cadence**, **S&P Global**, and recent addition **Trance Technologies** also all performed well in November.

As for activity, we exited a position in **Spirax Group**, which has been in the crosshairs of weakness in both industrial production (especially the production linked to semiconductors) and the normally resilient life sciences sector, which has seen a protracted destocking cycle post the pandemic. While these cyclical issues will recover (and therefore these would not represent a reason for trading the portfolio), having attended the recent capital markets day and conducted a thorough review of the position, we decided to sell the stock as its digital and decarbonisation opportunities appear to be significantly further out in time than we previously anticipated.

As we have mentioned previously, while markets have been volatile year-to-date, we have continued to stick with our stock-led investment process and avoid a common pitfall in markets: whipsaw risk. After all, it is fundamentals that drive share prices over time, and while market narratives and dislocations can create short-term volatility, staying focused on underlying businesses and their fundamentals can deliver compelling alpha in the long run.

Top Holdings

Holding	Weight %
MICROSOFT CORP	9.89
NOVO NORDISK CLASS B	8.13
ASML HOLDING NV	7.00
S&P GLOBAL INC	6.01
META PLATFORMS INC CLASS A	5.63
MASTERCARD INC CLASS A	4.97
VISA INC CLASS A	4.92
CADENCE DESIGN SYSTEMS INC	4.84
MASIMO CORP	4.79
ALPHABET INC CLASS C	4.67

Country Exposure

Country	Weight %
United States	74.91
Denmark	8.14
Netherlands	7.01
France	7.03
Italy	3.16
United Kingdom	0.06

About the Fund

Investment Objective

The investment objective of the Fund is to achieve long-term capital growth by investing in a global portfolio of equity securities.

Investment Strategy

The Fund aims to achieve its investment objective through investing in the BlackRock Global Unconstrained Equity Fund (Underlying Fund). The Underlying Fund is domiciled in Ireland and is a sub-fund of BlackRock Funds I ICAV, an Irish Collective Asset-management Vehicle. The Underlying Fund is managed by BlackRock Asset Management Ireland Limited and BlackRock Investment Management (UK) Limited has been appointed as Investment Manager (Investment Manager).

The Underlying Fund seeks to achieve its objective by investing in at least 80% of its total assets in equity securities and equity-related securities (namely American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs)) of companies domiciled in or exercising a significant part of their economic activity in global developed markets.

Investment decisions will be based on fundamental, company-specific research to identify and select the equity and equity-related securities that, in the opinion of the Investment Manager, have the potential to produce attractive long-term capital growth. The Investment Manager's research looks at a range of factors when selecting companies in which to invest including, but not limited to, an analysis of their competitive advantages, the impact of structural (such as economic, demographic or technological) changes, the quality of management teams and their financial discipline. The Fund's portfolio is expected to be concentrated.

The Fund and the Underlying Fund have an unconstrained investment style (that is, it will not take a benchmark index into account when selecting investments) and is not subject to any restrictions on the proportion of its assets that must be invested in any particular country, region or industry sector.

The Underlying Fund applies exclusionary screens to the companies within its investment universe. The Investment Manager then applies its proprietary Fundamental Insights Methodology to identify companies that would otherwise have been excluded by the exclusionary screens but that it considers to be appropriate for investment on the basis that they are "in transition" and focused on meeting sustainability criteria over time.

Where a company is identified as meeting the criteria in the Fundamental Insights Methodology for investment and is approved in accordance with the Methodology, it is eligible to be held by the Underlying Fund. Such companies are regularly reviewed.

In the event that the Investment Manager determines that a company fails the criteria in the Fundamental Insights Methodology (in whole or in part and at any time) or it is not engaging with the Investment Adviser on a satisfactory basis, it will be considered for divestment by the Underlying Fund in accordance with the Fundamental Insights Methodology.

Should be considered by investors who ...

- ▶ Seek to invest in a Fund which provides investors with access to a professionally managed portfolio of global equity securities.
- ▶ Have a long-term investment horizon. The securities held in the Underlying Fund's portfolio have been selected based on BlackRock's view that they have a sustained competitive advantage, and so will typically be held over a long-term horizon.
- ▶ Want to invest into an actively managed fund without benchmark constraints. In selecting securities for the Underlying Fund's portfolio, the investment adviser is unconstrained by country, region or capitalisation limits.

Fund Details

BlackRock Global Unconstrained Equity Fund (Aust) (Class D)	
APIR Code	BLK9425AU
Management Fee	0.95%
Fund Size	\$161,316.01

BlackRock Global Unconstrained Equity Fund (Aust) (Class S)	
APIR Code	BLK2713AU
Management Fee	0.30%
Fund Size	\$59,292.18

* Fund size of the Australian Fund – excludes the AUM of the Underlying Fund into which the Fund invests.

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