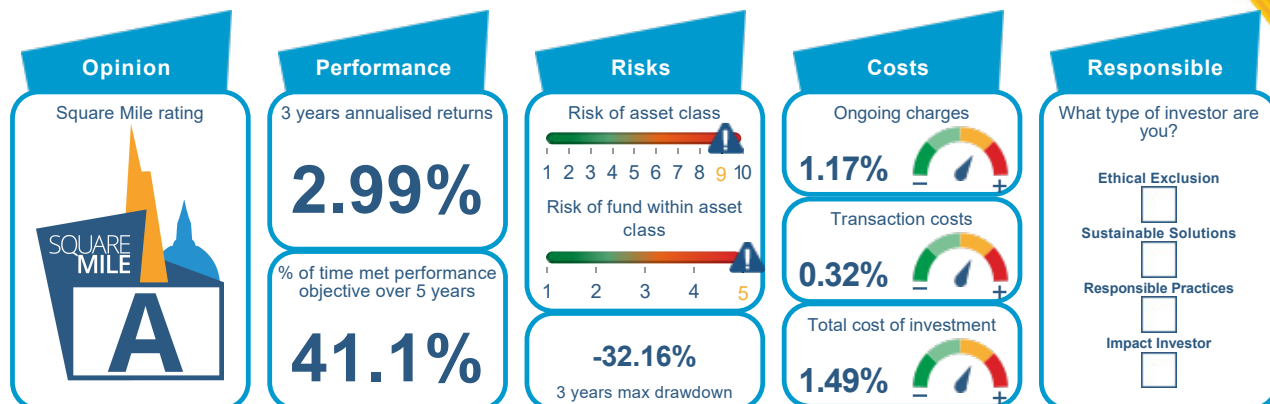


BlackRock Gold & General D Acc

September 2024



Source: Square Mile and Refinitiv, Data as at: 31st July 2024.

Overview

The managers seek to provide capital accumulation through a portfolio of predominantly gold and other mining related securities. The fund may also offer greater inflation protection qualities than other equity funds.

Investors should note, however, that gold mining shares can be very volatile and the index is more likely to have larger drawdowns than a global equities index, especially over shorter time periods. Capital growth is not guaranteed. We therefore consider this fund to be more suitable for investors with a long-term investment horizon and who are willing to weather the volatility that can come from investing in this space.

Square Mile's Expected Outcome

We believe delivering a return similar to that of the FTSE Gold Mines Index (p.a.) over rolling 5 years is a reasonable expectation for investors in this fund.

Square Mile's Opinion

The fund predominantly invests in gold mining equities, these are volatile investments in many market environments. We believe the fund should be able to meet its objectives over the long term, but there will be periods of highly variable performance both on an absolute basis and relative to the FTSE Gold Mining Index.

Given the emphasis on the quality of the asset base, management and capital allocation, there will tend to be a more defensive tilt to the portfolio, meaning the fund could lag its mining index in lower quality market rallies, but provide more support in weaker market environments. It is important to note, however, that the mining index is dominated at the top end by a few very large businesses (the top ten can account for over 80% of the index). As such, the portfolio will look very different, with the managers unwilling and unable to commit so much capital to so few names and, therefore, the fund can be prone to periods of highly variable performance versus this index.

We would stress that this is a portfolio made up of equities, the performance of the fund versus the gold price can therefore vary substantially. For example, when markets become extremely anxious, participants tend to shy away from riskier, equity-related products and instead favour perceived safe haven assets such as physical gold and cash; during these conditions the fund's returns could significantly disappoint versus physical gold.

We believe the fund benefits from one of the most highly regarded natural resources teams in the industry, led by Evy Hambro, Global Head of Thematic and Sector based investing at BlackRock. Whilst Mr Hambro's senior role means that his responsibilities stretch far beyond this fund, we take considerable comfort that the fund is run on a co-manager basis, with Tom Holl very capably working in this capacity since 2015.

Fund Manager's Formal Objective

The aim of the Fund is to provide a return on your investment (generate through an increase in the value of the asset held by the Fund) (gross of fees) over the long term (5 or more consecutive years beginning at the point of investment) through investment in shares of companies related to gold mining, commodities and precious-metals.

Outcome: Capital Accumulation	Domicile: UK
Active/Passive: Active	Benchmark: FTSE Gold Mines
Asset Class: Equity	IA Sector: IA Specialist
Yield: 0.56%	Fund size: £931 M
Fund Manager: Evy Hambro, Tom Holl	Distribution Pay Date: April

Asset Manager Overview

BlackRock is one of the largest asset managers in the world, offering a very broad and diverse range of investment solutions to clients across a wide range of asset classes. It is also one of the largest providers of index solutions, which are distributed via its iShares brand. Its BlackRock Solutions division provides financial risk management services. As at December 2022, BlackRock had \$8.6trn in assets under management.

Fund Manager/Team Overview

Evy Hambro has been managing this fund since October 2009 and he has significant experience in this specialised area of equity investment. He has been with the group for around 20 years, including time spent with Mercury Asset Management, which was acquired by Merrill Lynch Investment Managers (MLIM) in 1997 - MLIM subsequently merged with BlackRock in 2006. Mr Hambro is BlackRock's Global Head of Thematic and Sector based investing and team leader for the firm's Natural Resources team. He is primarily assisted on this fund by co-manager Tom Holl, who has been with BlackRock since 2006 and has been a member of the Natural Resources team since 2008. The team is one of the most respected in the industry and consists of three sub-teams; Energy, Agriculture and Mining. This fund falls under the remit of the third of these sub-teams, which is made up of a small but dedicated group of mining analysts.

Investment Philosophy & Process Overview

The core of the investment process has been in place for a number of years. Essentially, the team seek attractively valued companies which have tangible assets (including an assessment of the quality of those assets) and shareholder friendly management teams which are committed to keeping extraction costs low. All of this research is conducted within the context of the outlook for underlying commodity prices and the broader macroeconomic backdrop. In essence, the team will tend to avoid companies with lower quality assets, high debt levels, expensive valuations, where market liquidity is poor or if there are ESG (environmental, social and governance) concerns. Regarding ESG in particular, these factors are extremely important to the team, given it is vital that a company's operations are managed with the support of local communities and governments.

This is an unconstrained portfolio and is therefore constructed with little regard for the FTSE Gold Mining index. Positioning is conviction based, though position sizes tend to be larger for more well established firms compared to smaller companies with single assets or that are at the exploration stage. The team will aim to avoid investment in countries where it deems there is an unacceptable level of political risk. The team also works closely with BlackRock's significantly resourced risk team which provides an in depth level of reporting on the portfolio.

ESG Integration

Fund ESG Integration

The environmental or social impact of a mining operation is a key consideration for this strategy. The team make use of ethical, social and governance (ESG) reports and scores from MSCI, and also undertake their own, on-the-ground, qualitative assessment, with particular emphasis on how the company interacts with local communities. This can involve a review of what, and how many, CSR (corporate social responsibility) projects have been set up, e.g. schools/medical facilities/provisioning of local jobs, as well as careful consideration of a mine manager's control of operations and their remuneration incentives. Understandably, there is a large amount of judgement involved in this analysis.

Ultimately, the team view a corporation's ability to get and maintain social licenses as absolutely integral; these licenses are in effect an approval to operate. Mines in many countries, especially those within developing countries, rely upon the goodwill and participation of the local communities/interested parties in order to function. As such, without this support operations could be hampered/mining licences removed/mines repatriated by locals/their governments, a risk the team are very keen to avoid.

Risk Summary

The fund scores highly in terms of asset class risk as well as within its peer group. This is because investing in the shares of gold and other mining related companies can be a rewarding strategy over the long term, but it also comes with plenty of risks as this is a volatile sector. Capital volatility and drawdowns can be significant. This fund can be subject to extremely volatile price movements given the prospects for, and valuations of, gold mining companies, which are vulnerable to significant swings driven by both macroeconomic headline data and investor sentiment.>

Investors should also be aware that this fund can be highly variable in its performance versus gold bullion, on top of the significant volatility that can be expected in its unit price. For example, when markets become extremely anxious, participants tend to shy away from riskier, equity-related products into perceived 'safe haven' assets such as physical gold. During these conditions the difference between the fund's returns and those from gold bullion could be substantial. >

Additionally, given the high concentration of the fund's FTSE Gold Mining index, the managers are required to construct a portfolio that will have a large active share and can therefore perform quite differently to its gold mining index. UCITS rules around portfolio concentration in actively managed funds requires the managers of this fund to underweight the largest stocks in the index, regardless of the managers' view on their respective business prospects or share price valuations. This can lead to the fund underperforming the index even in instances of good stock selection by the managers and vice versa. We see this limitation as unavoidable within the sector and believe that the fund still constitutes a suitable investment opportunity for an informed investor who is aware of both the volatility of the asset class and the limitations around active management within such a concentrated investment universe.

Additional Information

Annualised Return: 2.99%

Annualised Volatility: 29.64%

Max Drawdown: -32.16%

Max Gain: 33.10%

Max Loss: -17.63%

Sharpe Ratio: 0.07

Sortino Ratio: 0.08

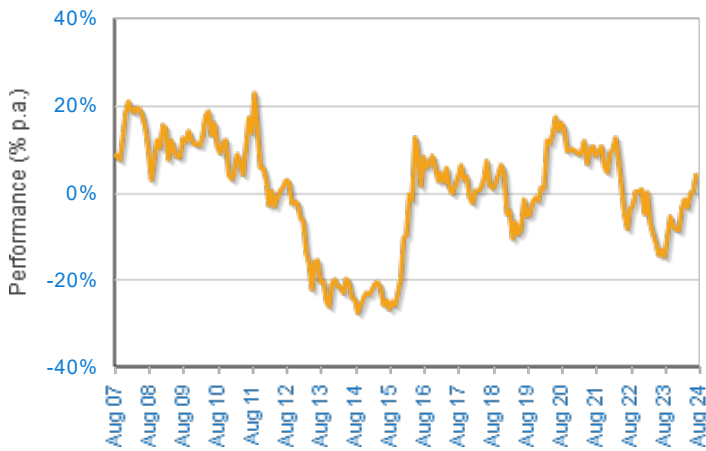
(3 years data to last month end unless otherwise stated)

Qualitative Risk Assessment

	Significant	Potentially Significant	Not Significant
Equity Risk			
Interest Rate Risk			
Credit Risk			
Exchange Rate Risk			
Liquidity Risk			
Emerging Markets Risk			
Derivative Risk			
Manager Risk			

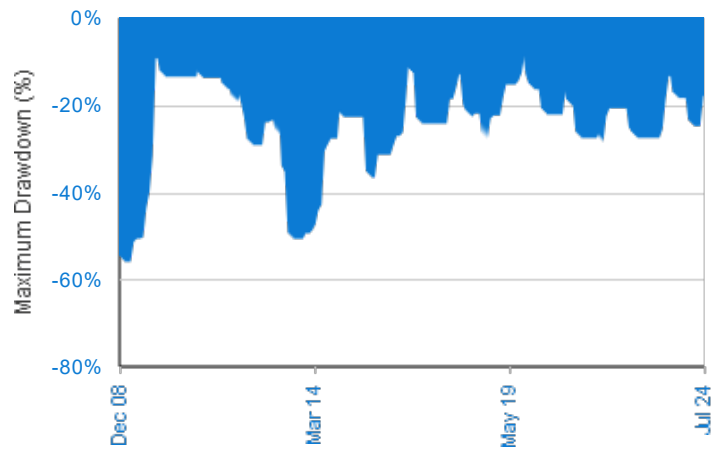
For the full summary of the risks, [click here](#)

3 Year Rolling Sector Outperformance



Source: Square Mile and Refinitiv, Data as at: 6th September 2024. Share price total return.

Maximum Drawdown (Rolling 12 Months)



Source: Square Mile and Refinitiv, Data as at: 6th September 2024

Calendar Year Performance To Quarter End

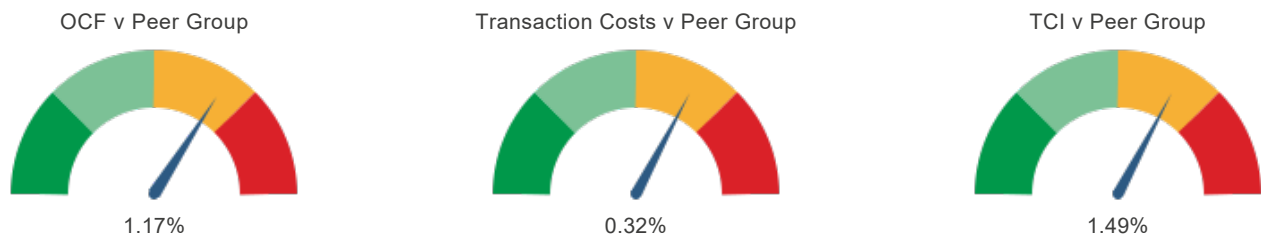
Period	Fund (%)	Sector (%)
2023	1.9	7.8
2022	-6.5	-5.3
2021	-9.7	7.5
2020	27.2	5.3
2019	32.5	13.9

Source: Square Mile and Refinitiv, Data as at: 14th September 2024

Value for Money

Whilst the fund's ongoing charge figure (OCF) is higher than funds in the peer group, we believe this is reflective of the quality of the management team and investment process. Once transaction costs are included the total cost of investment (TCI) is also above the peer group median. We believe this represents fair value for money.

Under MiFID II regulations, asset management firms are required to disclose all costs and charges related to the running and administration of funds. This can include items outside of the OCF, such as research costs. BlackRock have absorbed the costs associated with their research, which slightly reduces the overall fee paid by investors. This step is at the discretion of each fund group, but it is one that a number of firms have followed.



Source: Square Mile and Refinitiv, Data as at: 31st July 2024.

Square Mile Analysts

David Holder - Senior Investment Research Analyst

Mark Hinton - Equity Fund Research Manager

The Square Mile ratings are reviewed every 6 months. For full details on the methodologies, [click here](#).

For a full list of all Square Mile rated funds, [click here](#).

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