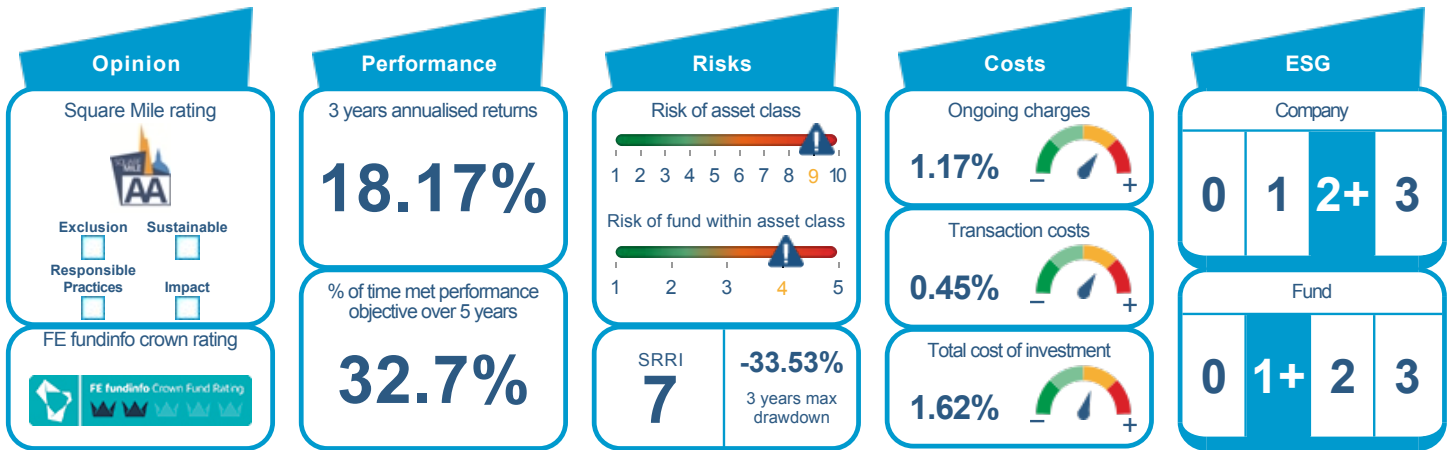


# BlackRock Gold & General D Acc

November 2021  
Investment Research



## 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.

Capital Accumulation	Capital Preservation	Income	Inflation Protection
●			

## Square Mile Expected Outcome

We believe the fund should be able to outperform the return from LBMA Gold Bullion LBMA Sterling/Troy Ounce Index over an investment cycle, which we would consider as rolling five years at least.

<b>Active/Passive:</b> Active	<b>Domicile:</b> United Kingdom
<b>Asset Class:</b> Equity	<b>IA Sector:</b> IA Specialist
<b>Launch Date:</b> 07/04/1988	<b>Fund Size (as at 29 Oct 2021):</b> £1156.4m
<b>Yield:</b> 0.44%	<b>Distribution Pay Date:</b> Feb 28 (Final)
<b>Fund Manager:</b> Evy Hambro, Tom Holl	<b>Ongoing Charge Figure:</b> 1.17%
	<b>Transaction Cost ex Ante:</b> 0.45%



## Fund 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 both gold bullion and the FTSE Gold Mining Index. Ultimately the managers are looking to outperform gold bullion over the long term, but as this is a portfolio made up of equities, the performance of the fund versus the gold price can 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 gold bullion.

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.

The fund benefits from one of the most highly regarded natural resources teams in the industry and is led by Evy Hambro, CIO of BlackRock's Natural Resources team. Whilst Mr Hambro's senior role means that he also has to participate in meetings at the group level, we do not feel this negatively impacts his ability to effectively manage this fund. Furthermore, the fund is run on a co-manager basis, with Tom Holl very capably working in this capacity since 2015.

## Fund Description

Mr 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 became co-CIO of BlackRock's Natural Resources team at the end of 2009 and was made sole CIO in mid-2012. Mr Hambro 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.

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 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.

## 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.

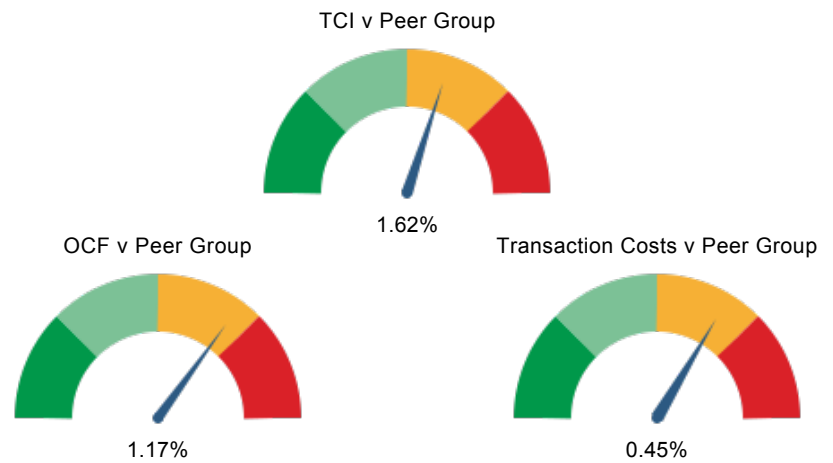
Investors should also be aware that this fund can be highly variable in its performance versus the gold bullion price, on top of the significant volatility that can be expected in its unit price. For example, when markets become extremely anxious, participants tend to shy away from riskier, equity-related 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.

## 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.



## ESG Integration

<b>Company Assessment</b>	0	1	2+	3
Demonstrable steps are being taken to fully integrate ESG factors into all of the company's investment processes.				
<b>UN PRI Strategy &amp; Governance Rating</b>	A+			
<b>Fund Assessment</b>	0	1+	2	3
ESG factors are available to the fund managers as an input to their analysis, but they are not compelled to consider them as a factor when making investment decisions				

## Responsible Investing Approach

Exclusion	Responsible Practices	Sustainability	Impact
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Additional Information

<b>Annualised Return</b>	18.17%
<b>Annualised Volatility</b>	32.43%
<b>Max Drawdown</b>	-33.53%
<b>Max Gain</b>	39.89%
<b>Max Loss</b>	-21.91%
<b>Sharpe Ratio</b>	0.53
<b>Sortino Ratio</b>	0.52

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

### Currency of Share Class

GBP

### Fund Price (as at 12 Nov 2021)

1487.0 pence

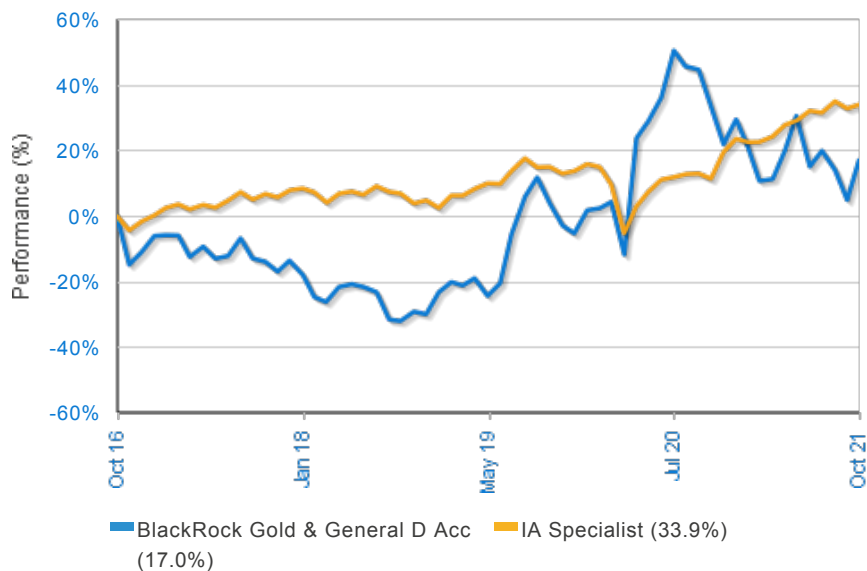
### Benchmark

FTSE Gold Mines

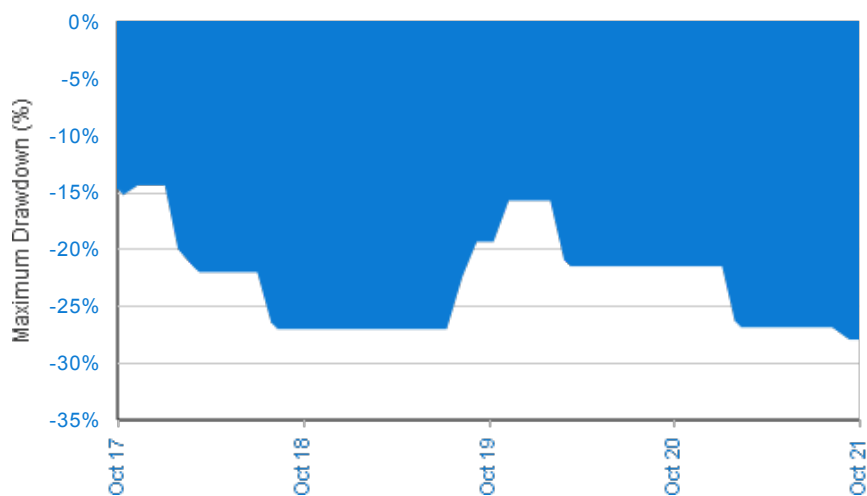
## Discrete Annual Performance to Last Quarter End

Period	Fund (%)	Sector (%)	Quartile Ranking
0-12m	-27.5	17.5	4
12-24m	39.2	-1.7	1
24-36m	52.7	7.6	1
36-48m	-21.9	1.8	4
48-60m	-15.6	9.2	4

## Capital Growth



## Maximum Drawdown (Rolling 12 Months)



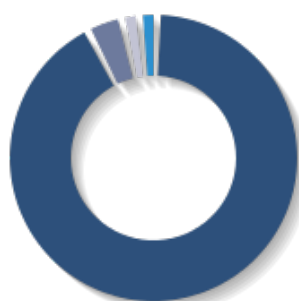
### Top Ten Holdings

(Data as at 30 Sep 2021)

Company Name	%
NEWMONT CORP	8.8
BARRICK GOLD CORP	7.6
ENDEAVOUR MINING PLC	7.3
KIRKLAND LAKE GOLD INC	5.5
NORTHERN STAR RESOURCES LTD	5.3
KINROSS GOLD CORP	5.1
WHEATON PRECIOUS METALS CORP	4.4
SSR MINING INC	4.0
FRANCO NEVADA CORP	3.8
GOLD FIELDS	3.5

### Sector Breakdown

(Data as at 30 Sep 2021)



- Gold (92%)
- Precious Metals & Stones (4%)
- Precious Metals & Stones (2%)
- Money Market (2%)

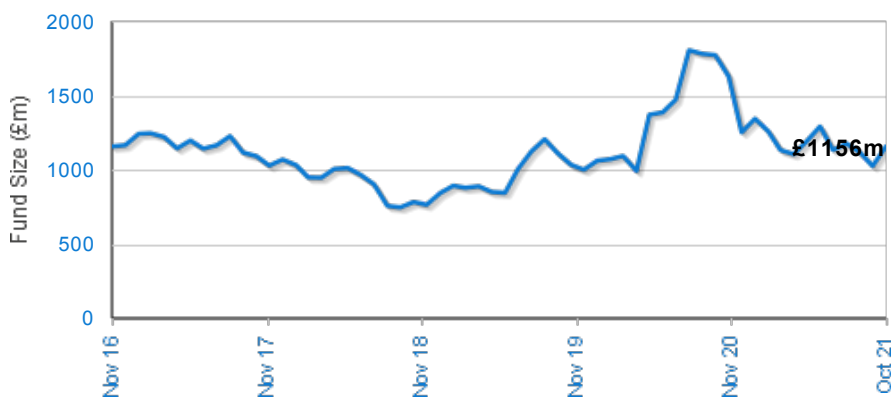
### Geographic Breakdown

(Data as at 30 Sep 2021)



- Canada (49%)
- USA (21%)
- Australia (10%)
- UK (8%)
- South Africa (7%)
- Russia (3%)
- Money Market (2%)

### Assets Under Management



## 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		●	

### Equity Risk

The fund is predominately invested in shares. Shares are volatile investments and this volatility is typically heightened at times of economic stress.

### Interest Rate Risk

The fund is an equity fund. Higher interest rates may adversely affect valuations of shares.

### Credit Risk

This fund does not have significant exposure to corporate debt.

### Exchange Rate Risk

The fund predominately invests abroad and it is exposed to foreign currencies. Currency markets may move sharply.

### Liquidity Risk

The fund invests in liquid assets and any sale should be possible at close to the prevailing market price.

### Emerging Markets Risk

A proportion of the fund is likely to be invested in emerging regions. Economic, political, legal and market events in the region may have a material adverse effect on the fund price. Valuations in emerging market assets can be volatile.

### Derivative Risk

The portfolio is predominantly invested in underlying cash securities.

### Manager Risk

The managers are seen as an important element in Square Mile's rating of the fund. Square Mile is likely to consider carefully the fund's rating if one of the managers were to leave.

FE Risk Rating: 178.00

SRRI: 7

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