

## SHINING A LIGHT ON THE..... BlackRock Energy and Resources Trust

### AT A GLANCE

Investment Objective	
The Company aims to achieve an annual dividend yield target and, over the long term, capital growth by investing primarily in securities of companies operating in the mining and energy sectors. The portfolio is concentrated and expected to consist of approximately thirty to one hundred and fifty securities.	

<b>Inception Date</b>	13 <sup>th</sup> December 2005
<b>Fund Factsheet Link</b>	<a href="https://tools.morningstar.co.uk/uk/cefreport/default.aspx?SecurityToken=F000000EYO%5D2%5D0%5DFCGBR%24%24ALL">https://tools.morningstar.co.uk/uk/cefreport/default.aspx?SecurityToken=F000000EYO%5D2%5D0%5DFCGBR%24%24ALL</a>

Management	
<b>Manager Name</b>	<b>Start Date</b>
Olivia Markham	20 <sup>th</sup> January 2014
Thomas Holl	20 <sup>th</sup> January 2014

Investment Style Details	
<b>Equity Style</b>	
<b>Market Capitalisation</b>	<b>% of Equity</b>
Giant	51.42%
Large	25.77%
Medium	21.46%
Small	1.34%
Micro	0.00%

Top 10 Holdings		
<b>Total number of holdings</b>	47	
<b>Assets in Top 10 Holdings</b>	46.63%	
<b>Name</b>	<b>Sector</b>	<b>% of Assets</b>
BHP Group Ltd	Basic Materials	7.12%
Royal Dutch Shell PLC	Energy	6.65%
BP PLC	Energy	5.36%
Rio Tinto PLC	Basic Materials	4.60%
Chevron Corp	Energy	4.58%
Exxon Mobil Corp	Energy	4.42%
Barrick Gold Inc.	Basic Materials	3.77%
First Quantum Minerals Ltd. 7.25% 2022-05-15	-	3.62%
Newmont Mining Corporation of Canada Ltd.	Basic Materials	3.52%
Vale SA	Basic Materials	2.97%

Volatility Measurements	
<b>3-Yr Std Dev (volatility)</b>	17.47%
<b>3-Yr Mean Return (average)</b>	3.31%

**FUND PERFORMANCE**

Performance from 1<sup>st</sup> January 2013 to 30<sup>th</sup> September 2019:

	2013	2014	2015	2016	2017	2018	2019
<b>BlackRock Energy and Resources Income Trust</b>	-0.81%	-14.50%	-32.93%	71.73%	-8.20%	-2.21%	5.02%
<b>FTSE World TR</b>	22.36%	11.29%	4.34%	29.59%	13.34%	-3.10%	21.13%

Performance over 12 months, 3 years, 5 years and since launch:

	1 year	3 years	5 years	Since launch
<b>Morgan Stanley Global Brands Fund</b>	-5.74%	10.27%	-6.39%	46.22%
<b>FTSE World TR</b>	7.93%	42.22%	88.10%	253.66%

*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....**

This Investment Trust is a pure play on the mining and energy sector. It has a focus of delivering an income in the region of 5.7% per annum, any growth being secondary to the aims of the strategy. Income is delivered via dividends, fixed income, gearing and options.

The fund has lagged the broader market, but they feel there is a discount between these stocks and the broader global market. This means they believe valuations are very attractive.

In terms of oil prices, they expect these to be around \$60. For energy stocks this is important because they are attractively valued against their own history and the broader equity markets. Added to this, many of the businesses have better capital discipline. A stable oil price, attractive valuations and capital discipline, they believe, will help to improve the sector.

Examples of where change is happening includes share buybacks from Pioneer Natural, Shell, Suncor Energy and Concho Resources. In addition, Total, ConocoPhillips and Suncor Energy all have announced increased dividends. It is also worth adding that many of the energy companies are investing in the move to a lower carbon world.

In terms of the Mining Sector it is already in an up cycle with better capital discipline, growth and dividends and share buybacks. Many of the companies have paid down debts and have some of the strongest balance sheets across all sectors.

The fund has a larger weighting to the Mining Sector with all Fixed Income assets being from the Mining Sector. It has around 6% invested in renewable energy.

In summary, this has to be tactical play where investors believe that in the short-term significant gains can be made from the sector. The timing of this will always be complicated because no-one can successfully second guess the market. One concern I would have is that this is about providing an income and capital growth is secondary. If you are getting an income from this but your capital is decreasing, then surely there must be better ways of getting income and “protecting” or growing capital. If you want to play, the energy and mining sector are there actually better options.

*The source of information in this note has been provided by BlackRock and is correct as at October 2019. 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.*