

Blackrock World Mining Trust

Commodities and Natural Resources

Introduction

The trust seeks to invest in a diversified portfolio of mining and metal assets globally. The managers are experienced in managing the commodity cycle, and their wide remit allows them to invest across differing market environments applying their macro view to the underlying portfolio.



[Click here to read the BlackRock approach to ESG.](#)

Manager - Evy Hambro & Olivia Markham

Manager Since - 01/09/2000 & 30/04/2015

Evy Hambro, Managing Director, is the Global Head of Thematic and Sector Based Investing for BlackRock Fundamental Equities and head of the London-based Natural Resources equity team. He co-manages the BGF World Gold, BlackRock Gold & General and BGF World Mining funds. He is also co-manager of the BlackRock World Mining Trust, BGF Circular Economy Fund and manager of a number of segregated portfolios.

Evy's service with the firm dates back to 1994 including his years with Mercury Asset Management and Merrill Lynch Investment Managers (MLIM) which merged with BlackRock in 2006. He has worked for the firm in London, Sydney and Toronto.

Evy earned a BSc degree, with honours, in Agricultural Food Marketing, from Newcastle University in 1994.

Olivia Markham, CFA, Managing Director and portfolio manager, is a member of the thematic, sectors and impact team within the Fundamental Equity division of BlackRock's Alpha Strategies Group. She is responsible for coverage of the gold and mining sectors and co-manages the BlackRock World Mining Trust, the BGF World Mining Fund, the BGF Circular Economy Fund and a number of the team's segregated portfolios.

Olivia joined BlackRock in 2011. Previously, she was head of the European Mining team at UBS with lead coverage of the UK diversified miners. Before moving to London in 2009, she worked for Merrill Lynch in Sydney covering the Australian miners and also spent four years working within the Mergers and Acquisition team at BHP Billiton.

Olivia earned a BComm degree, with honours, in finance from the University of Western Australia in 2003.

Trust Objective

The Company aims to provide a diversified investment in mining and metal assets worldwide, actively managed with the objective of maximising total returns. While the policy is to invest principally in quoted securities, the Company's investment policy includes investing in royalties derived from the production of metals and minerals as well as physical metals. Up to 10% of gross assets may be held in physical metals and up to 20% may be invested in unquoted investments.

Investment Process

The team combine a top-down analysis of the macroeconomic environment of the commodity industry and a bottom-up research process to determine the composition of the underlying portfolio within the trust. The macro and industry research comprises a supply and demand assessment based on the economic cycle and understanding where the demand for certain commodities occurs in differing stages of the cycle. A supply and demand assessment is made to determine which commodities could benefit from an upturn in demand and where supply is constrained. During weekly meetings the subsectors within the natural resources universe are discussed to identify trends that may be present or emerging. The team will then look to identify companies in the subsector that may benefit from these and assess the potential of these companies. The bottom-up evaluation is an intensive process whereby the team seek to understand the underlying supply and demand drivers for commodities. The team evaluate the source of demand and how this will be fulfilled, as well as the availability of supply and any bottlenecks or pinch points.

From a company perspective the team seek to understand the exposure to a single mine, metal or commodity, or the multi-commodity exposure for a diversified miner, as well as the cost of production for mines and commodities against current market prices and the amount of leverage the company has to particular commodity markets/prices.

There is regular interaction with senior management and site visits to key assets of a business are conducted. Industry conferences play a key part of understanding the mining complex and the fund managers can interact with many companies in a short space of time due to the large size of the team.

Gearing

The trust can make use of gearing up to a maximum of 25%.

Performance Fees

There are no performance fees.

Discount Mechanism

The board will seek to buy back shares in normal market conditions if it is deemed in the best interest of shareholders. There is no formal discount control.

Our View

The management of the trust is conducted with a strong team culture and in-depth knowledge across the team. The team’s focus is to understand where the best returns will come from based on macroeconomic fundamentals, the dynamics in the respective metals markets and a company’s exposure to a single commodity, or group of commodities in the case of the diversified companies.

Sentiment towards the trust will be driven by the wider views on commodities. The trust will perform strongly in inflationary environments as commodities provide some hedge to inflation. The trust may underperform when sentiment is poor towards commodities, however it does have the scope to invest within precious metals which could mitigate some of the impact of poorer performing commodities. The trust also has the ability to invest in fixed income and royalties, which has been a strong contributor to income over the years.

How to Use This Trust: This would be a satellite holding in portfolios as commodities are cyclically sensitive. There are some structural changes occurring with the green transition and this is reflected in the trust. This holding can offer some diversification for income seekers due to the improved income generation of resource companies, but investors must be mindful that the underlying exposure is to economically sensitive companies.

Key Strengths

Business

The team has the backing of one of the largest asset managers in the world with open lines across all product categories to allow for communication across teams.

Team

The team operate a collaborative structure and all team members undertake research and portfolio duties. The trust operates in a specialised field and as such there are individuals from outside the financial industry who contribute technical expertise to the team.

Process

The team have an intensive bottom-up approach to trends identified from the macro input. The team will undertake visits to key sites and understand the reliance upon a single mine or commodity to a business.

Product

The trust will be impacted by wider sentiment to the commodities universe, however the remit is across all metals, which allows the team to adjust its exposure under different market regimes.



Important Notice

This document is aimed at Investment Professionals only and should not be relied upon by Private Investors. Our comments and opinion are intended as general information only and do not constitute advice or recommendation. Information is sourced directly from fund managers and websites. Therefore, this information is as current as is available at the time of production.

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