

**BlackRock Investment Managers**  
**Sub-fund of Luxembourg domiciled Sicav - Part 1**  
**Report Issued:** September 2009

**Peer Group:**

Environmental Technology  
**Fund Manager/Adviser:**  
 Robin Batchelor (since launch),  
 Poppy Allonby (since October 2002)

**Group Contact No:**

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**Website:**  
[www.blackrock.com](http://www.blackrock.com)  
**S&P ID Number:** OS356179  
**Share class screened:**



**Location:**

London

**Launch Date:** April 2001

**Fund Size (June 2009):**

US\$3.4bn

Further information on S&P's fund coverage can be found at

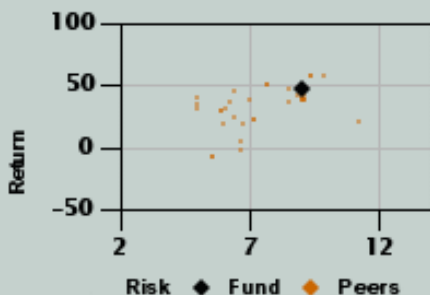
[www.FundsInsights.com](http://www.FundsInsights.com)

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**INVESTMENT STYLE**

	Value	Blend	Growth
Large-Cap			
Mid-Cap			
Small-Cap			

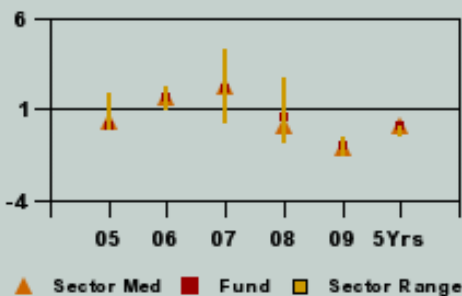
**RISK RETURN (STD DEVIATION) OVER 5 YEARS**



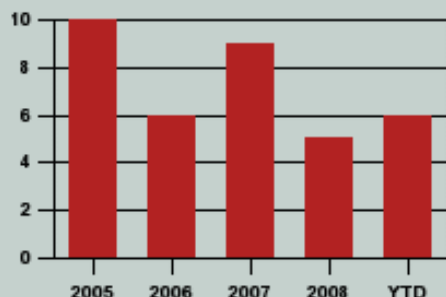
**3 YEAR RISK CHARACTERISTICS**

Maximum Drawdown (%)	Medium	-60.7
Volatility	Medium	33.7
Correlation	Low	0.9
Beta	Medium	1.4

**SHARPE RATIO VS PEER GROUP**



**CALENDAR YEAR DECILE RANKS**



Decile ranking in discrete annual periods. 1st decile shown as rank 10, 2nd decile as rank 9, etc. to 10th decile as Rank 1.

**STANDARD & POOR'S OPINION (AUGUST 2009)**

Robin Batchelor and Poppy Allonby have successfully managed this alternative energy fund together for nearly seven years now. Launched in 2001, it pioneered retail investments in companies involved in the development and commercialisation of new energy technologies globally.

As yet, there is no relevant benchmark to assess performance. However, relative to a number of similarly themed funds (most launched within the last two years), relative returns have been strong - it ranks first from the end of December 2007 to date. Prior performance is harder to assess, although absolute returns have been impressive.

Such success has brought significant cash inflows over the years, and despite market falls last year, at \$3.4bn the fund is the largest of its kind. This has not inhibited the investment approach, however. As

assets have grown, so too has the average market-cap of investible companies - currently the fund holds over 40% in stocks capitalised over \$10bn.

While Batchelor and Allonby are the ultimate decision makers, they are supported by three other portfolio managers (one senior, two relatively junior). They take a collegial approach to idea generation, which has proved an effective work ethos for a team that also manages a sizeable mainstream energy fund. It has also allowed for a smooth transitional period as Batchelor fills in as co-head of the broader natural resources team during Graham Birch's sabbatical.

Overall, the team's considerable experience, consistent investment approach and track record comfortably allow the retention of an S&P AA rating.

**FACT FILE**

**Group:** BlackRock was founded in 1988 and has become one of the world's leading asset managers, with over \$1.2 trillion of assets under management and over 5,000 employees.

**Team:** Within the natural resources team, headed by Graham Birch, the energy team numbers four portfolio managers, supported by a product specialist and a fund administrator.

**Fund Manager:** Robin Batchelor joined the natural resources desk in 1996 and has led the energy team

since 1999. Poppy Allonby joined MLIM in 2000 and the energy team in 2001.

**Style:** Portfolio construction is bottom-up, guided by top-down themes. Preferred companies have strong operational management, sound financials and product leadership.

**Performance:** Over the five years to 29/05/2009, the fund has returned 46.7%, compared with 37.9% for the sector median and 7.3% for the index, ranking 8/37.

**FUND MANAGER & TEAM**

The energy team works alongside metals and mining as part of the natural resources team, headed by Graham Birch (currently on sabbatical). There are three senior fund managers specialising in energy, Robin Batchelor, Poppy Allonby and Sandy Christie, and one junior portfolio manager, Joshua Freedman. Portfolio manager Desmond Cheung, a Mandarin and Cantonese speaker, also provides support on Chinese stocks. Malcolm Smith is the product specialist and the fund administrator is Simon McClure.

Robin Batchelor - geology (Glasgow University), MSc investment analysis (Stirling University), joined the resources desk in 1996 and has led the energy team since 1999.

Poppy Allonby - physics (Imperial College, London), joined MLIM (now BlackRock) in 2000 (on the US desk) and moved to the energy team in 2001.

Graham Birch - team head - PhD mining geology (Imperial College), was a mining analyst from 1984 until joining MLIM (now BlackRock) in 1993. He has headed the global resources team since 1999.

## PORTFOLIO CHARACTERISTICS

No. of holdings	73
Turnover ratio (%)	N/A
% in top 10	52

## TOP 10 HOLDINGS (01/06/09)

	%
FPL *	8.5
Vestas Wind Systems *	7.5
Iberdrola Renovables *	7.2
Gamesa *	5.8
Itron *	5.0
Archer Daniels Midland *	4.6
American Superconductor *	3.8
Iberdrola *	3.5
Monsanto	3.1
Johnson Matthey	2.6

\* In top 10 holdings a year ago

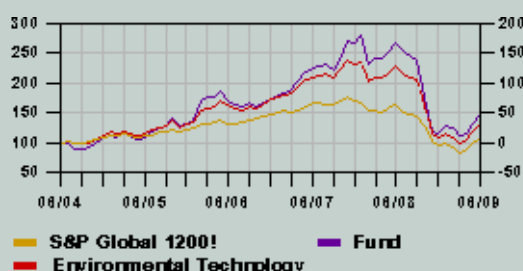
## ALLOCATION BREAKDOWN (01/06/09)

	Fund %
Alternative Fuels	16.1
Automotive Onsite Generation	0.7
Cash	6.8
Enabling Energy Tech	13.5
Energy Storage	0.0
Materials Technology	9.1
Renewable Energy	53.8

## PERFORMANCE STATISTICS

	3 Years	5 Years
Fund	-13.9%	46.7%
Standard & Poor's Peer Median	-16.2%	37.9%
Index**	-19.0%	7.3%
Fund Rank	24/55	8/37
Standard Deviation	33.7	-
Relative Standard Deviation	1.2	-
Volatility Adjusted Ranking	13/55	-

## CUMULATIVE PERFORMANCE



# BLACKROCK GLOBAL FUNDS NEW ENERGY FUND

Peer Group: Environmental Technology



## MANAGEMENT STYLE

The fund invests in companies at the global forefront of developing and commercialising new energy technologies.

In the absence of a suitable benchmark, the fund is kept diversified across six key areas - renewable energy (wind, hydro, geothermal etc); alternative fuels (biodiesel, coal-to-liquids); automotive and onsite power generation (fuel cells and electric vehicles); energy storage (hydrogen storage and flywheels); materials technology (superconductivity); and enabling energy technologies (emissions trading, metering). Intra-sector exposure is also kept diversified.

Top-down factors such as environmental pressures, government policy, security/

diversity of energy supply and economic recovery are taken into consideration, but portfolio construction is essentially the result of stock selection based on primary research.

The focus is on companies with commercial products, sound financials and strong management. Company meetings are essential in understanding management strategy and product development.

The portfolio is focused into 60-90 names, with a strong mid-cap and small company bias.

The fund is run fully invested, with its currency exposures left unhedged.

## PORTFOLIO REVIEW

There had been a fall in the number of holdings over the last year to 73 (from 83), reflecting the exit of a number of small-cap companies and an increased emphasis on high conviction stocks. Here, there has been little change - the concentration had increased, but the content of the top ten holdings was little different from last year (eight of the ten names remained).

Through the turbulence of the last 12 months the sector positioning had remained more or less the same. Renewable energy was the largest position, with the team still favouring

wind power over solar (although they had started to increase exposure here in H1 2009).

They continued to focus on areas with government support, including energy efficiency (Itron, Esco) and grid infrastructure (General Cable, ITC Holdings), and maintained the focus further up the cap-scale. At the time of review, over 40% was invested in companies capitalised above \$10bn, with only 5% in sub-\$1bn companies.

Cash was higher than normal (6.8%).

## PERFORMANCE ANALYSIS (JUNE 2009)

Given its highly specialised nature, this fund's performance is difficult to assess as there are few comparable funds in existence. Relative to our Environmental Technology sector, it ranks within the top decile over five years, but this should be taken with caution as it includes a variety of mandates (including water and SRI funds).

Over the past couple of years, a small number of similarly themed funds (Delta Lloyd New Energy, Sarasin New Power and VCH New Energy) have been launched. Since the end of December 2007 to date, this fund has

outperformed them all. Returns in 2007 were driven by long term holdings such as Vestas, and a timely cut in solar stocks in H2.

In 2008, absolute returns were hurt by the severe market sell-off in H2. Relative returns were aided by the shift up the cap-scale and the quality bias, with stocks such as Fpl Group contributing to performance.

Wind stocks Vestas and Clipper Windpower were among the top contributors in 2009 to date.

## DISCRETE PERFORMANCE (CALENDAR YEARS)

	2005		2006		2007		2008		YTD 29/05/2009	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	21.1	4/39	31.6	18/40	56.5	14/73	-54.1	69/115	13.9	61/123
Index**	10.2		21.5		10.2		-40.1		7.4	
Median	13.9		31.1		24.3		-53.0		13.6	

\*\*

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