

Fundamental Equities

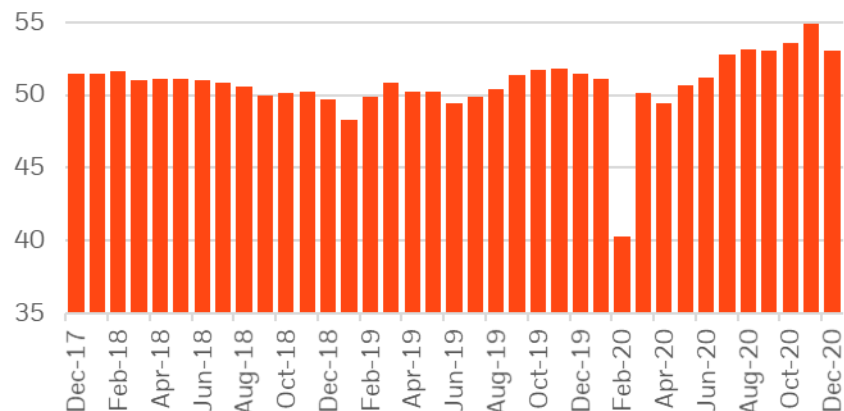
α Expert
insight

BlackRock World Mining Trust Plc

Capital at risk. The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested.

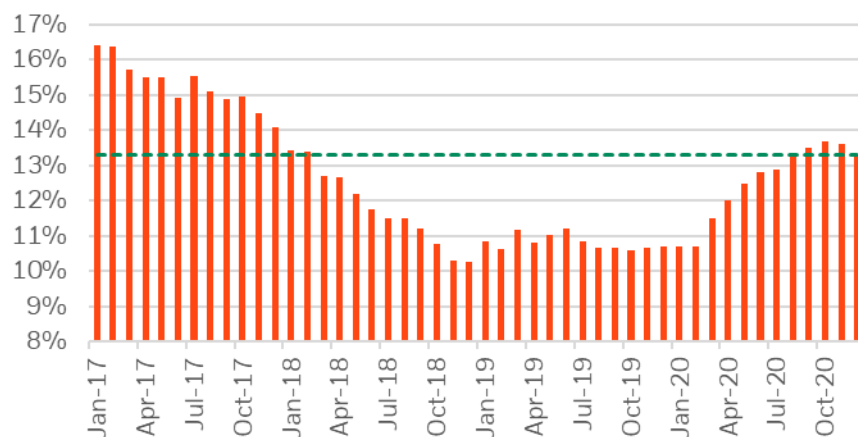
2021 set to be another strong year for metal demand

China Caixin Manufacturing Purchasing Managers' Index (PMI)



Source: Datastream, 31/12/2020.

China Aggregate Financing (yoy change)



Source: Datastream, 31/12/2020.

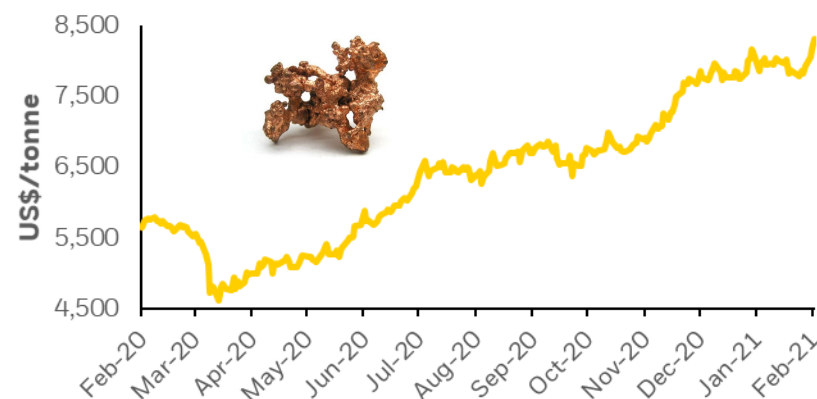
- **Manufacturing activity continues to accelerate in China with PMI back at 2011 levels**
- **Record stimulus announced in response to COVID-19. China showing no signs of slowing credit growth into year-end**
- **Given lagged nature between credit issuance & spend, infrastructure & property investment look well supported into 2021**
- **China's 14th Five Year Plan to focus on reducing carbon emissions -> positive for copper and other battery related materials**

Mined commodity performance strong, oil recovering but still down since end 2019

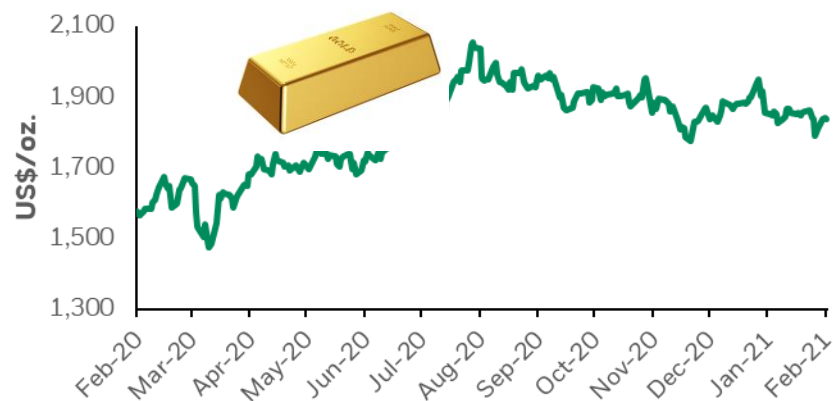
Iron ore (62% fe.)



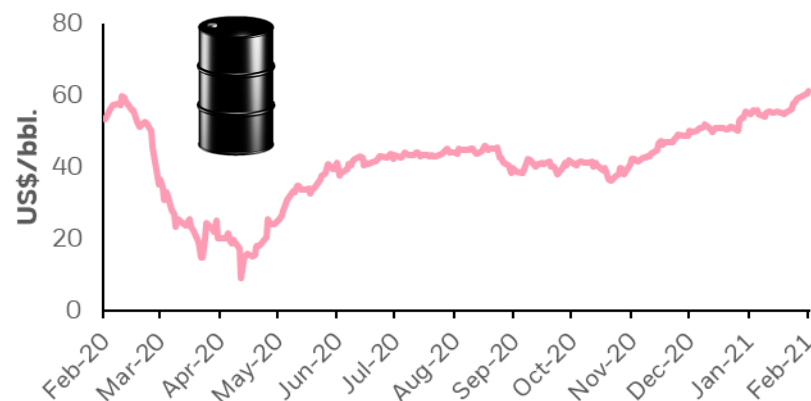
Copper



Gold



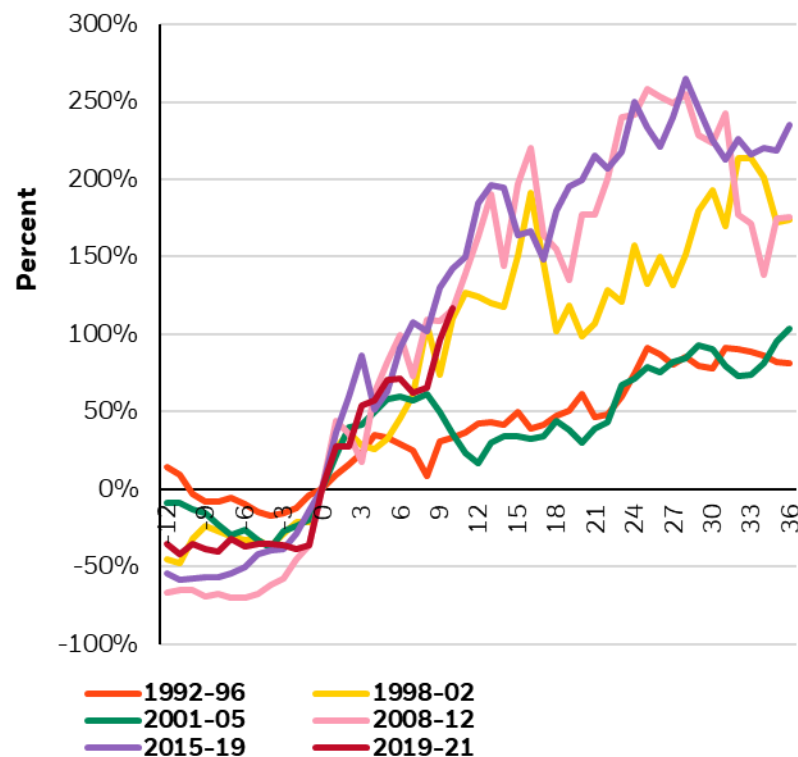
Brent oil price



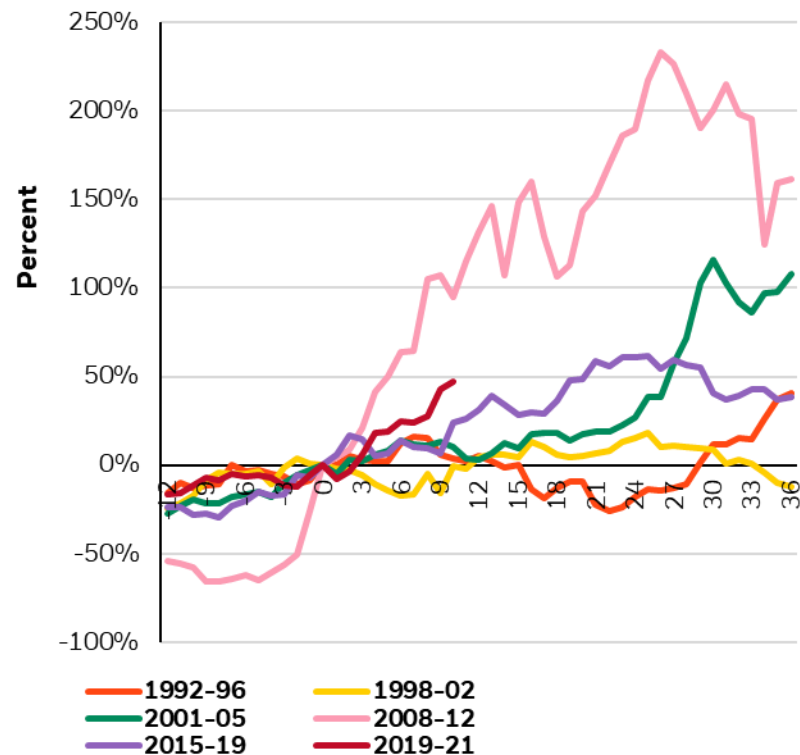
Source for all charts: Datastream, 10/02/21.

Where are we in the mining cycle?

FTSE 350 Mining Index



Copper

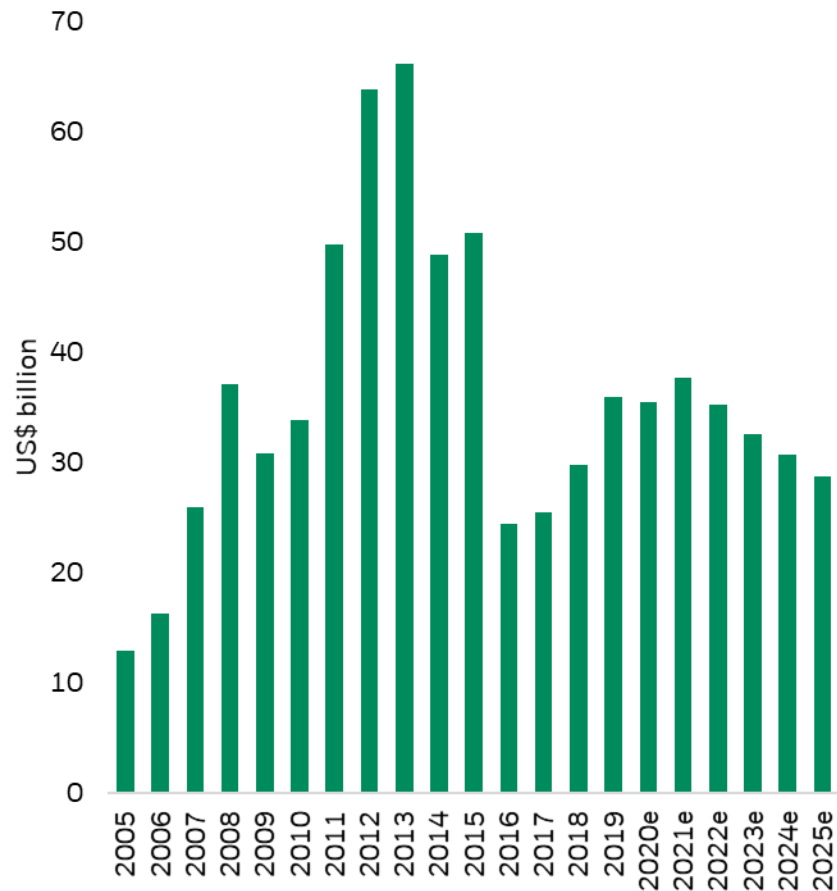


Source for all charts: Datastream, 03/12/20. The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results.

Key drivers for the sector from here

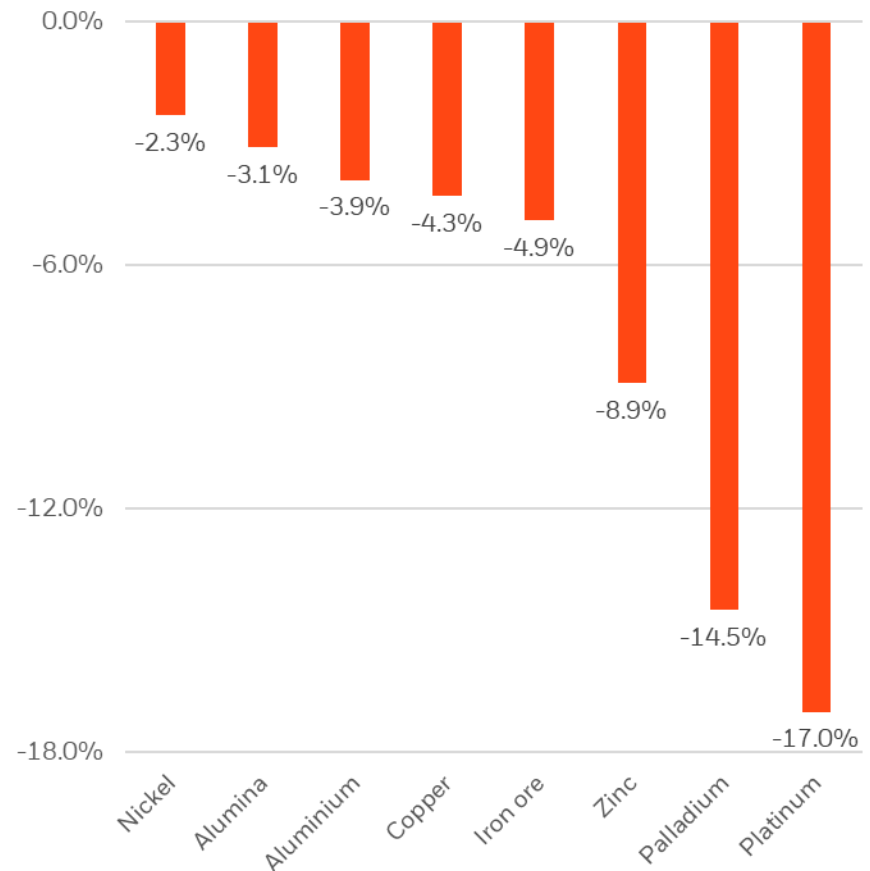
1) Underinvestment drives tightness across commodity markets

Global mining capex (US\$bn)



Source: Morgan Stanley, 31/10/20.

2020 mined production estimates - current versus start of the year

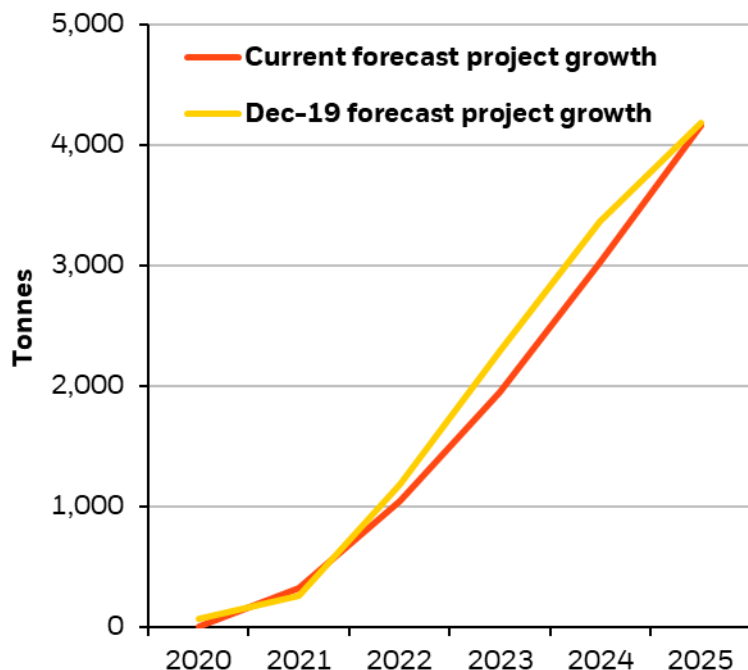


Source: Wood Mac, Norilsk, Barclays Research estimates, 30/09/20

Copper case study



Copper growth forecast - current vs Dec-19

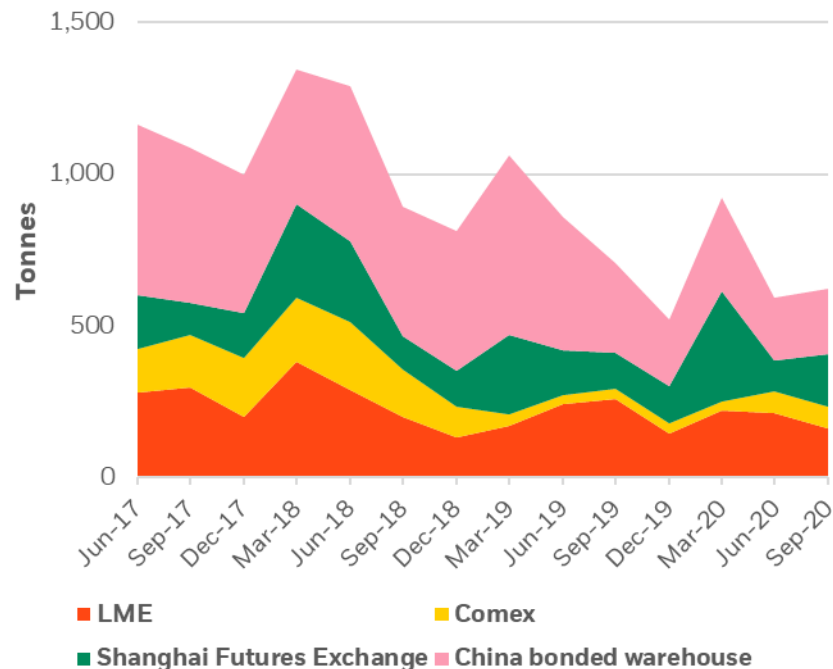


Copper production is expected to ramp up slower than had been expected, increasing the potential for deficits.

Forward-looking estimates may not come to pass.

Source: Morgan Stanley, 30/09/20

Global copper inventories



Inventories give an indication of the amount of a commodity that is above ground and ready to be used. Global inventories of copper are low versus history today, suggesting a tight market.

Source: WBMS, Bloomberg, 31/20/20

2) Synchronised global infrastructure spend



As part of China's attempts to stimulate its economy in the COVID-19 crisis, it has issued ~ US\$550 billion in special bonds to be spent on infrastructure. This will include investment in buildings, roads, airports and railways, which tends to be commodity intensive.



At the same time, US president Joe Biden is in favour of ramping infrastructure investment, having outlined a US \$2 trillion renewable energy investment plan.



The European Green Deal is a set of policy initiatives by the European Commission with the overarching aim of making Europe climate neutral in 2050

Highlights:

- **Net-zero target:** Plan to reach net zero carbon emissions by 2050 with a 50-55% reduction by 2030 (from a 1990 base).
- **Energy Efficiency:** Accelerate the pace of building renovation by 2-3x (from current 1%).
- **Power:** Significantly expand grid investment to support the roll-out of renewables. Expect to launch a 15GW 2-yr renewable energy tender.
- **Transport:** Accelerate decarbonisation through investment in electric vehicle charging infrastructure and promotion of electric vehicles (purchase incentives, VAT cuts).

Source: Bloomberg and BlackRock, February 2021

3) What could drive higher than expected inflation?

BlackRock Investment Institute recently identified 3 new forces they expect to boost inflation

1

Rising global production costs

The COVID-19 could speed up **deglobalisation** and the **remapping of supply chains** for greater resilience against a range of potential shocks. Less offshoring could give domestic workers more bargaining power on wages, especially in places where the political pendulum is swinging toward addressing inequality.

2

Central banks allowing for inflation overshoots

Major central banks are evolving their policy frameworks and explicitly **aim to let inflation overshoot their targets**. After having persistently undershot its inflation goal, the **Federal Reserve** has adopted a new policy framework to **deliberately push inflation above target** to make up for past misses.

3

Pressure to keep rates low in a high-debt environment

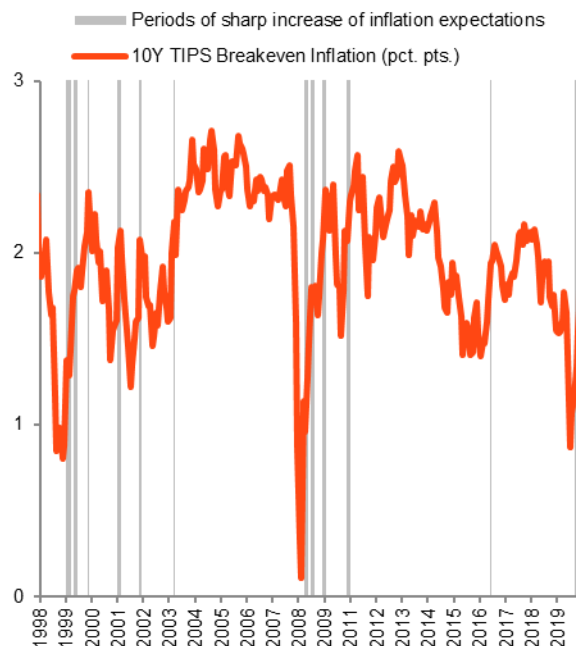
The blurring of fiscal and monetary policy in response to the COVID-19 crisis could make the decision to tighten monetary policy more politicised in BII's view. Significantly higher debt loads would mean **debt servicing costs would rise considerably when rates are eventually increased**.

Unprecedented money printing + significant stimulus in response to Covid-19 to drive higher than expected inflation over the medium term

Source: BlackRock, February 2021

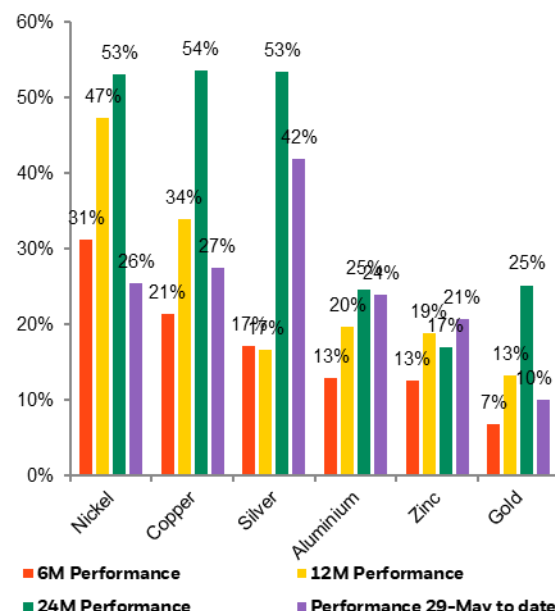
Mining sector track record during periods of rising inflation

10Y TIPS Breakeven Inflation



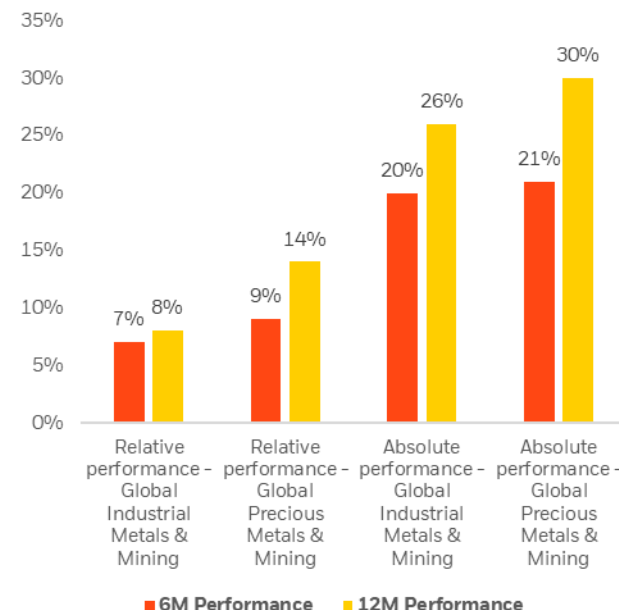
In a recent paper, Morgan Stanley identified 11 periods since 1998 in which inflation was 'sharply rising'. This was defined as periods with a >39bps Q/Q increase in 10Y TIPS breakeven inflation.

Commodity price performance



Mined commodity prices performed strongly on average during these 11 periods over 6, 12 and 24 months. Unlike equities and bonds, commodity prices tend to be positively correlated with inflation expectations.

Mining equity performance



Mining equities performed very strongly on an absolute basis and relative to broader equity markets on average in these 11 periods.

Source: Morgan Stanley and Datastream, 15/10/20. The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results.

4) Decarbonization a multi-decade driver for the sector

The mining sector will play a key role in the energy transition, supplying the materials needed to build lower carbon technologies

Governments are using COVID-19 stimulus measures to accelerate investment into decarbonisation of power (renewables & solar) as well as electric vehicles

China recently announced its ambition to be carbon-neutral by 2060. Over the next 5 years it is targeting 25% EV penetration; a 2x increase in wind power & a double of grid investment

Japan & South Korea recently announcing carbon neutral targets by 2050



Governments are putting fiscal support into green initiatives e.g. the EUR 1 trillion EU Green Deal



China recently announced an aim to achieve carbon neutrality before 2060, an ambition that will require huge investment



Copper demand for renewables is expected to increase ~2.5 times between now and 2035



Electric vehicles typically contain ~3.5x the copper content of an equivalent internal combustion engine vehicle



There is a structural growth opportunity in metals recycling in our view

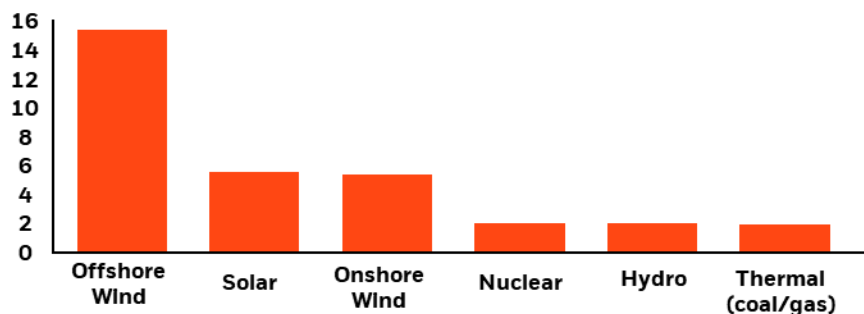


Lithium demand for use in electric vehicle batteries expected to rise by ~2.5x between now and 2030

Source: BlackRock, February 2021

Copper a key beneficiary of decarbonisation

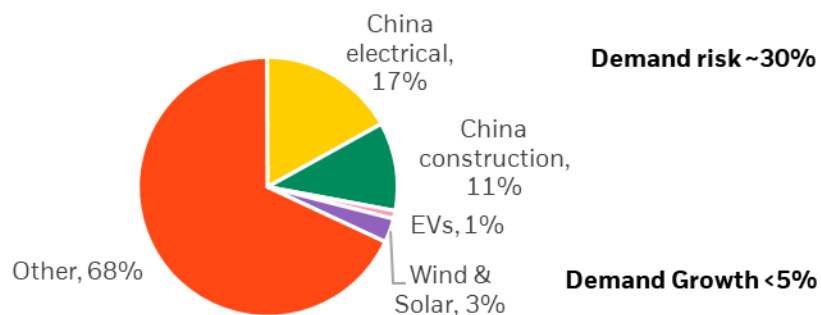
Copper intensity of different power generation methods (t Cu/ MW)



Source: Woodmac, UBS Estimates

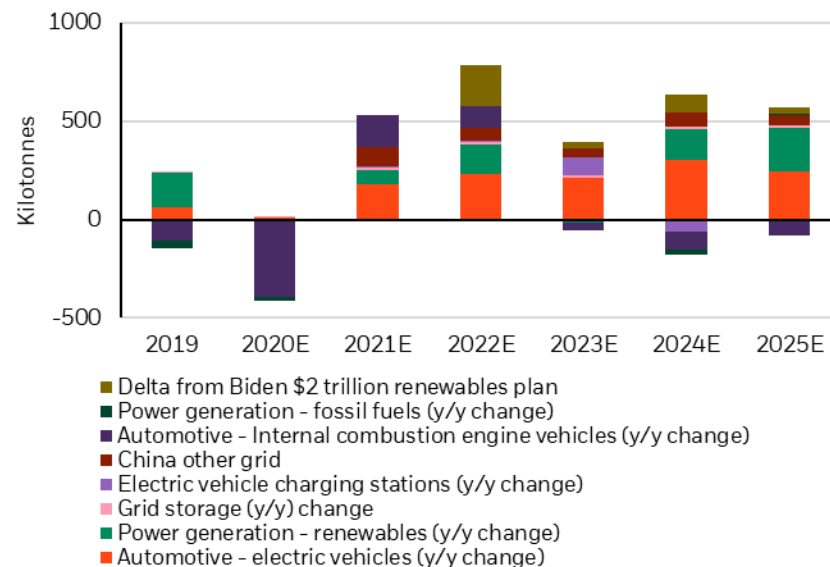
Renewables + EV's could add 2Mt of copper demand by 2025; 4.5Mt by 2030. This equates to 7% & 16% of current copper demand respectively

2019 Cu demand: “growth” vs “at risk” sectors



Source: UBS Estimates, 31/12/20.

Expected annual chg in copper consumption by usage (Citi base case)



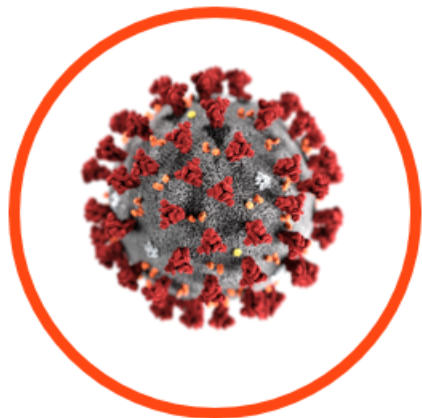
Source: Citigroup Research

Citigroup estimates that copper consumption from EV's & power infrastructure will grow by **450ktpa (base case)** over the next 5 years and **670ktpa in their bull case scenario**

- Combined with known supply side challenges gives conviction in **medium term bullish copper view**

5) Potential risks

COVID-19 second waves



Should second-waves of COVID-19 prove to be more severe than is currently expected and the negative impact on global economic growth is larger, then the mining sector is likely to come under pressure.

US-China trade tensions



US-China relations appear to have deteriorated in recent months. Given the importance of China for the mining sector, any developments which threaten China's growth would likely create a challenging environment for the miners.

Company ill-discipline



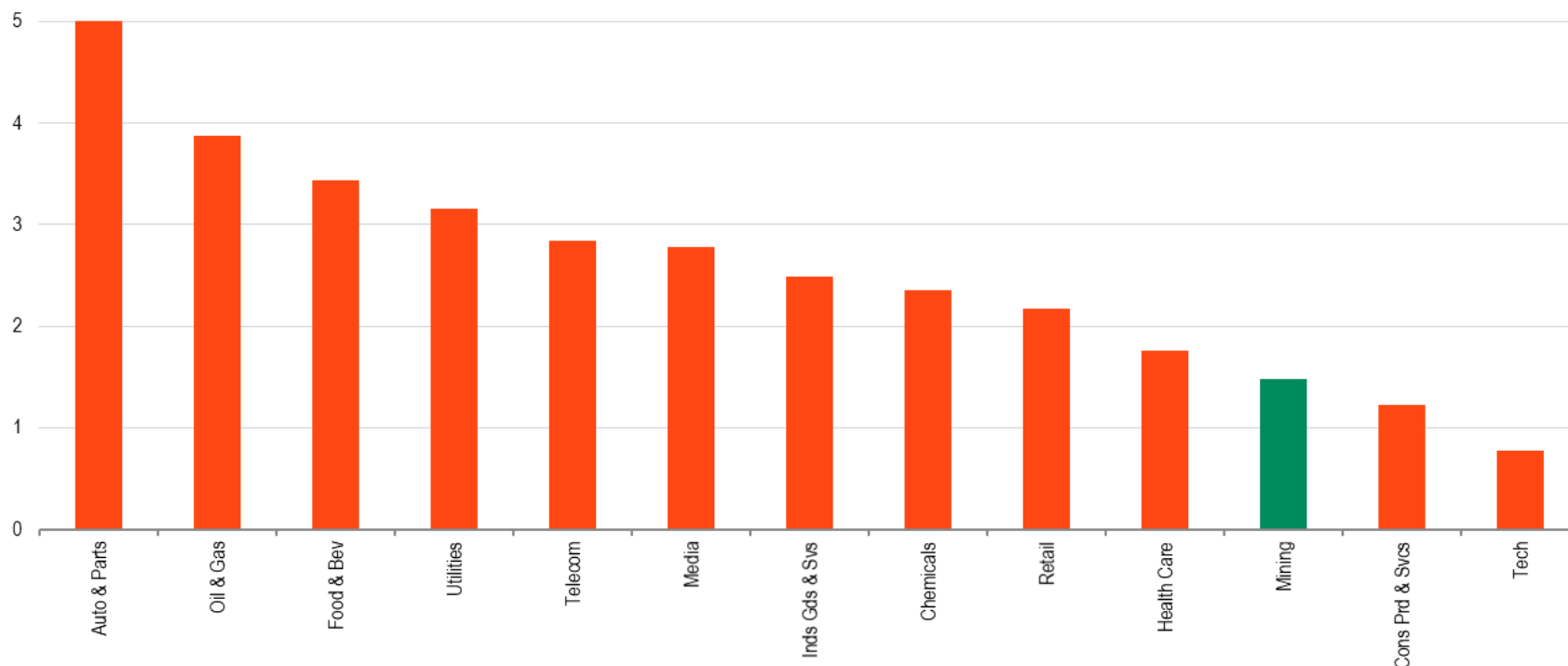
Should mining companies revert back to old ways of poor capital discipline then we would see that as a cause for concern. We believe this to be a limited risk in the near-term as rhetoric from management teams continues to be encouraging.

Source: BlackRock, February 2021. For illustrative purpose only. The opinions presented are as of the date noted and may change as subsequent conditions vary. Any opinions, forecasts presented herein represent an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results.

Valuations

Balance sheet strength makes the sector relatively well positioned to weather a downturn

Europe sector - net debt / EBITDA (trailing 12 month period)



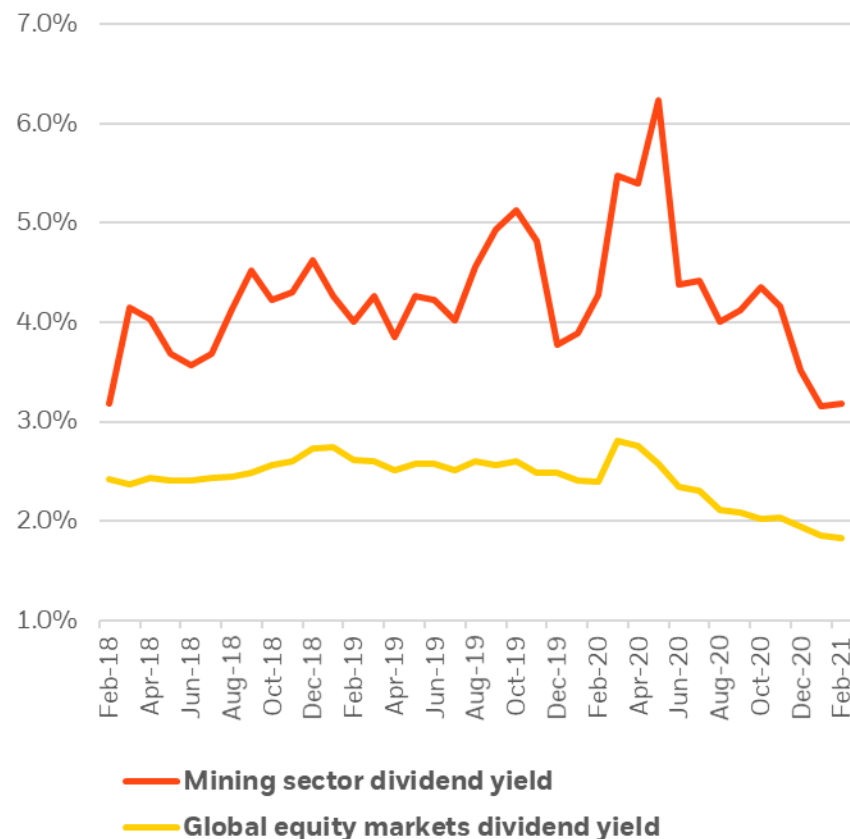
Source: Datastream, 10/02/21. For illustrative purpose only. The opinions presented are as of the date noted and may change as subsequent conditions vary. Any opinions, forecasts presented herein represent an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. EBITDA stands for Earnings Before Interest, Taxes, Depreciation, and Amortization.

Valuations

Relative price-to-book



Dividend yields



Source: DataStream, 10/02/21. Mining sector represented by the World DS General Mining Index. Global equity markets represented by the World DS Market Index. For illustrative purpose only. The opinions presented are as of the date noted and may change as subsequent conditions vary. Any opinions, forecasts presented herein represent an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results.

Dividend increases from the miners

Rio Tinto to pay out record \$9bn in dividends for 2020
The Guardian, 17th February 2021

Vale Set to Join Peers in Doling Out More of Mining Windfall
Bloomberg, 25th February 2021

Lundin Mining confirms 50% increase in Cash Dividends
Investing News Network, 19th February 2021

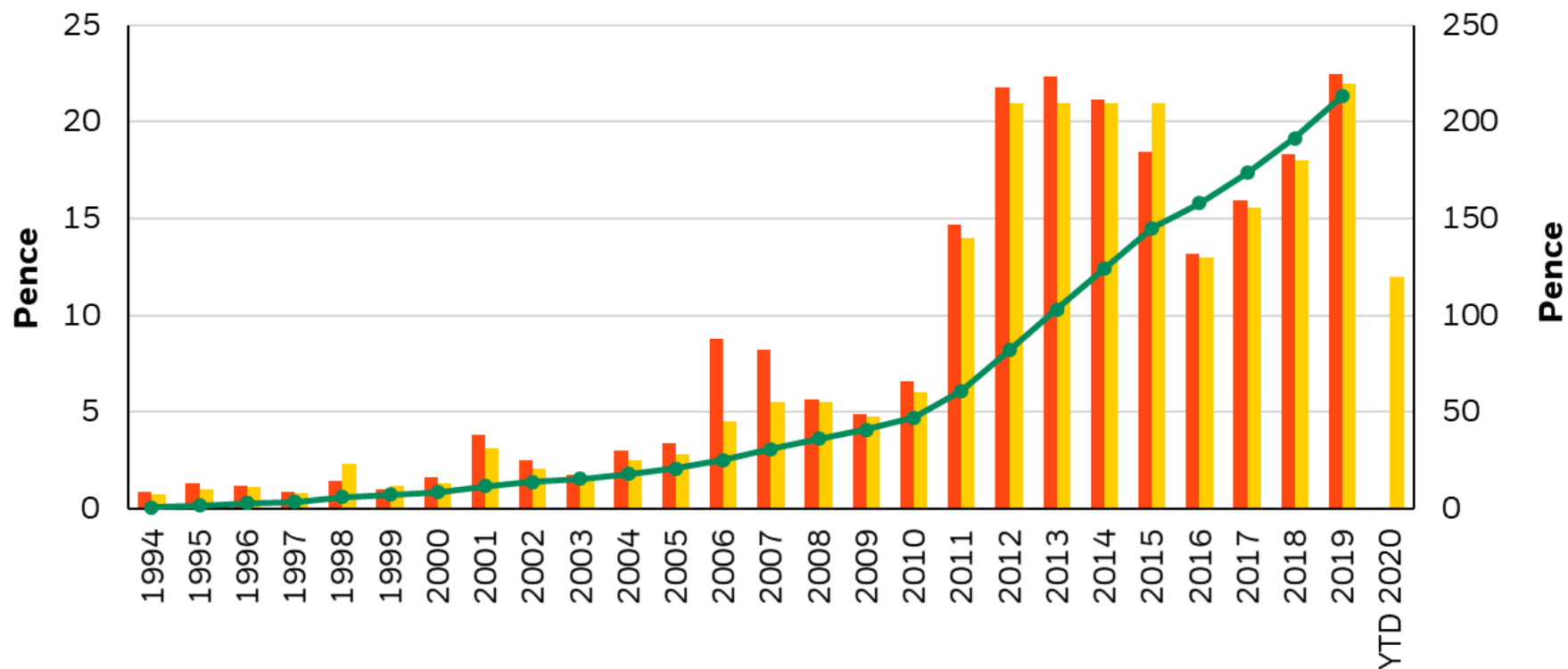
Newmont declares 38% higher quarterly dividend
Mining Journal, 18th February 2021

BHP and Glencore shareholders in line for bumper dividends payouts
This is Money, 16th February 2021

Source: Various news articles. For illustrative purposes only. The specific companies identified and described above do not represent all of the companies purchased or sold, and no assumptions should be made that the companies identified and discussed were or will be profitable.

BlackRock World Mining Investment Trust

BlackRock World Mining Trust – Revenue EPS and dividends track record

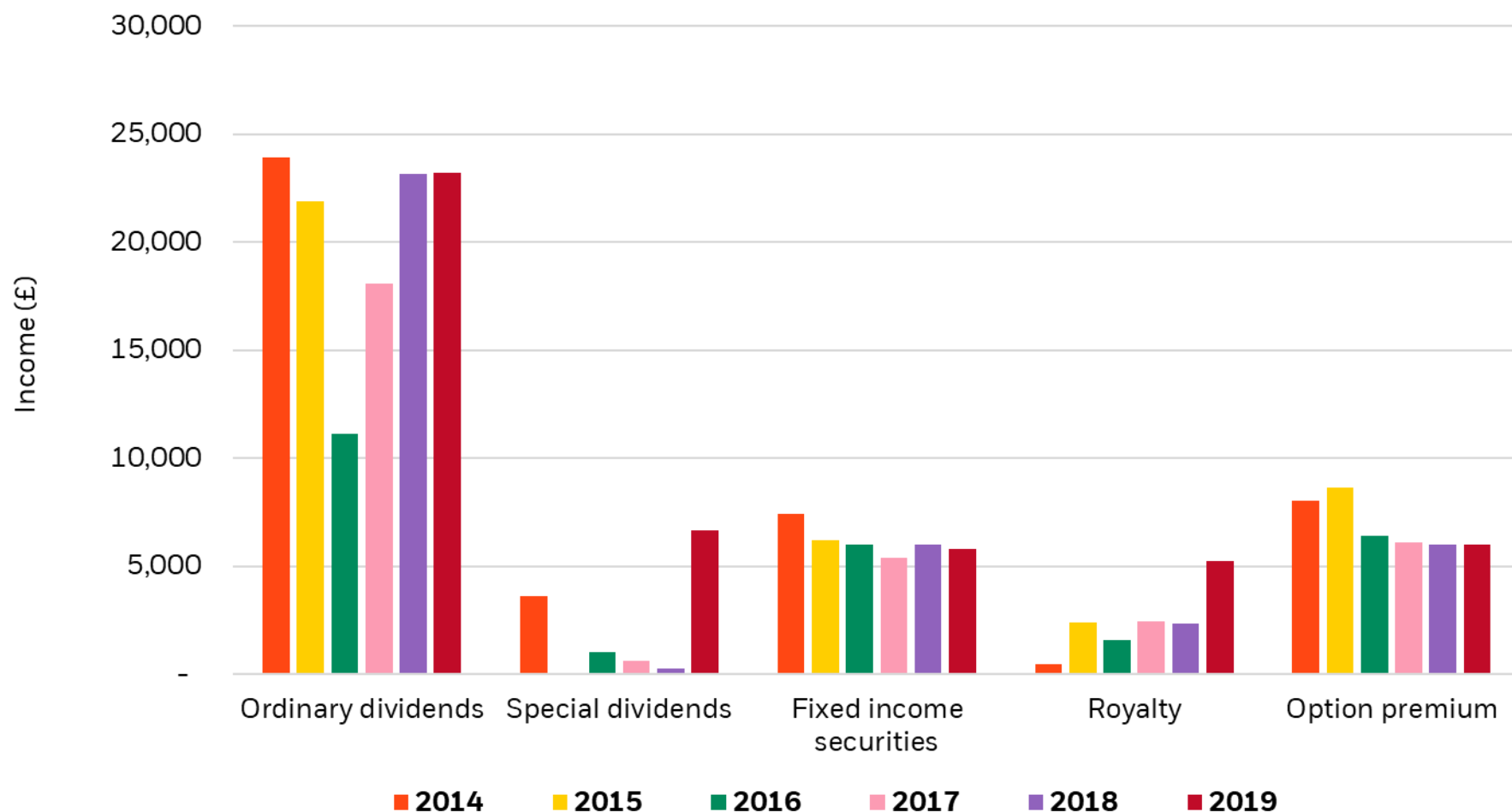


■ Revenue earnings per ordinary share
 ■ Dividends per ordinary share
 —●— Cumulative Dividends (RHS)

The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.

Source: BlackRock World Mining Trust 2020 Interim Report. **Capital at risk.** The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested. Dividends stated are net.

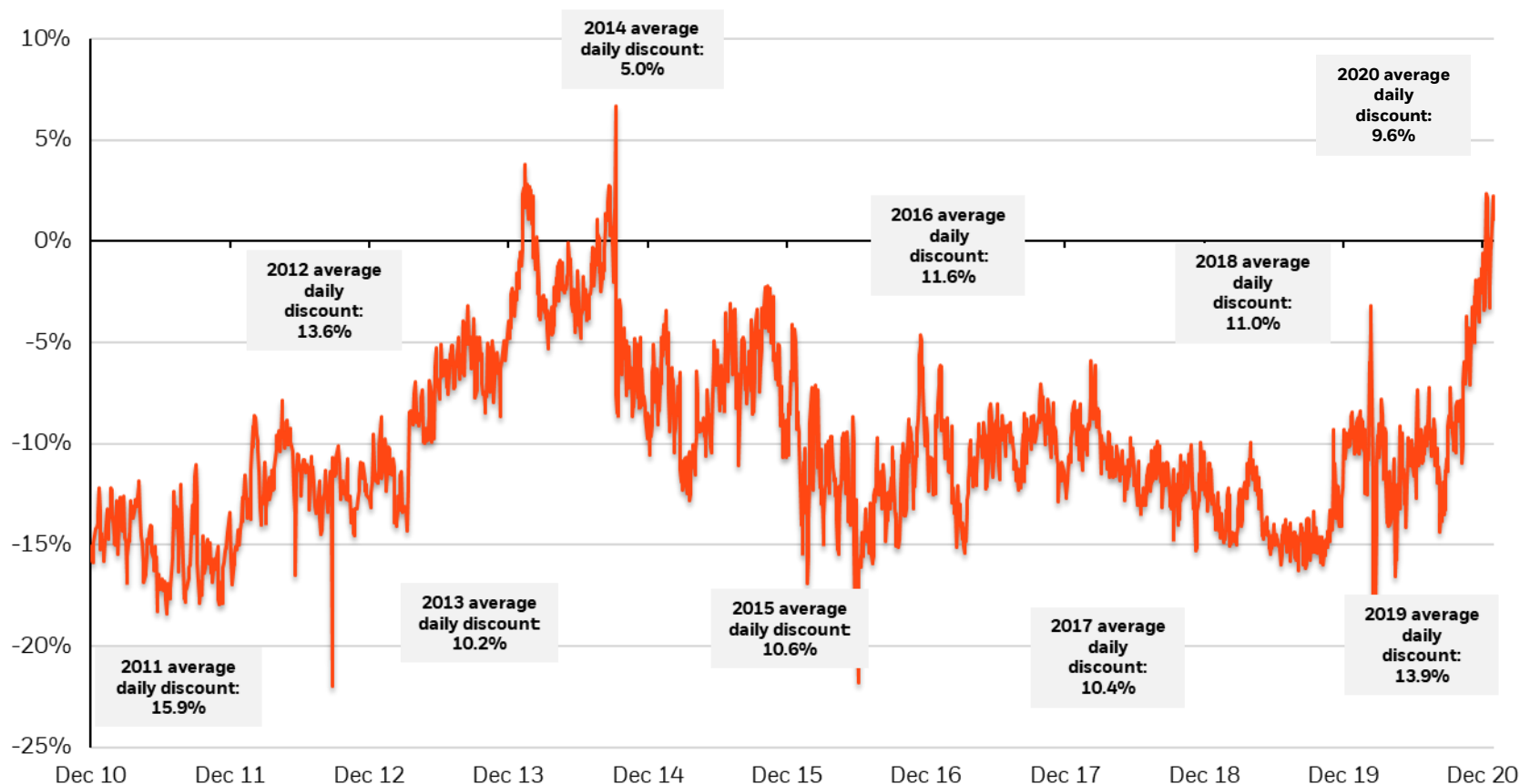
BlackRock World Mining Trust – Income generation breakdown 2014 – 2020



The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.

Source: BlackRock World Mining Trust 2014-2019 Annual Reports.

BlackRock World Mining Trust plc – Discount to NAV evolution



The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.

Source: BlackRock 12th February 2021.

BlackRock World Mining Trust plc

Net gearing as at end January 2021:

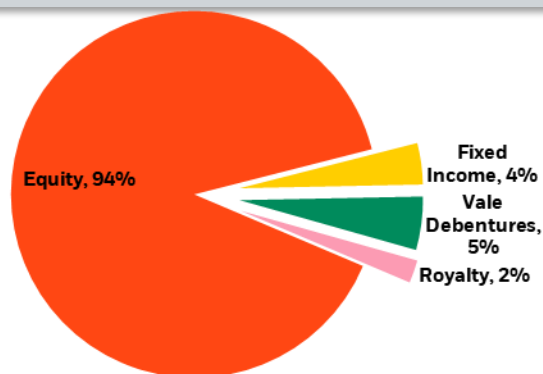
12.6%

AUM as at end January 2021:

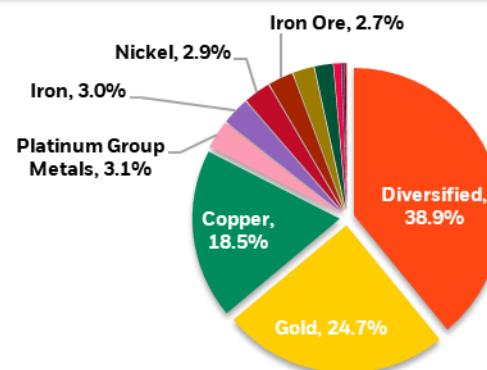
£1.05bn

Company exposure	% Holding	Geography	Commodity	Deleveraging	Growth	Quality	Resource Replenishment
Vale*	11.4%	Global	Diversified		✓	✓	✓
BHP	8.0%	Global	Diversified			✓	✓
Anglo American	7.1%	Global	Diversified		✓		
Rio Tinto	6.2%	Global	Diversified			✓	✓
Freeport McMoran	5.3%	Global	Copper		✓		
Newmont	4.4%	Global	Gold			✓	
Barrick Gold	4.0%	Global	Gold			✓	
Glencore	4.0%	Global	Diversified		✓		
Oz Minerals**	3.4%	Australia	Copper		✓		
Wheaton Precious Metals	3.2%	Global	Gold		✓		

Security Breakdown (gross exposure)



Commodity Breakdown (gross exposure)

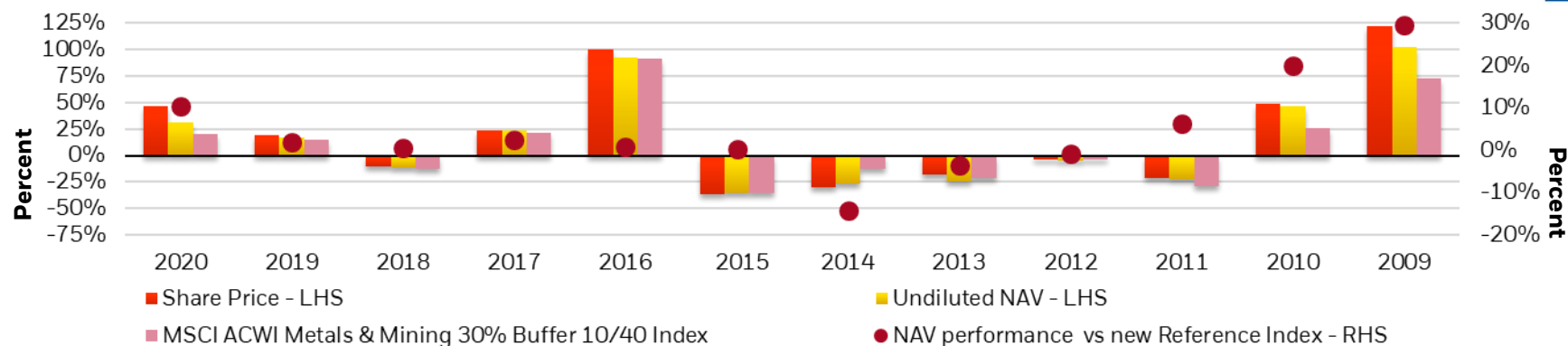


Source: BlackRock, 31 January 2021. Data shown above is for illustrative purposes only and does not necessarily represent the current or future allocation of the fund. Percentages may not sum to 100 due to gearing in the portfolio. The specific companies identified and described above do not represent all of the companies purchased or sold, and no assumptions should be made that the companies identified and discussed were or will be profitable.*Includes 4.2% debenture. **Includes 1.7% royalty. ***Includes 1.6% debt.

BlackRock World Mining Trust plc – Performance



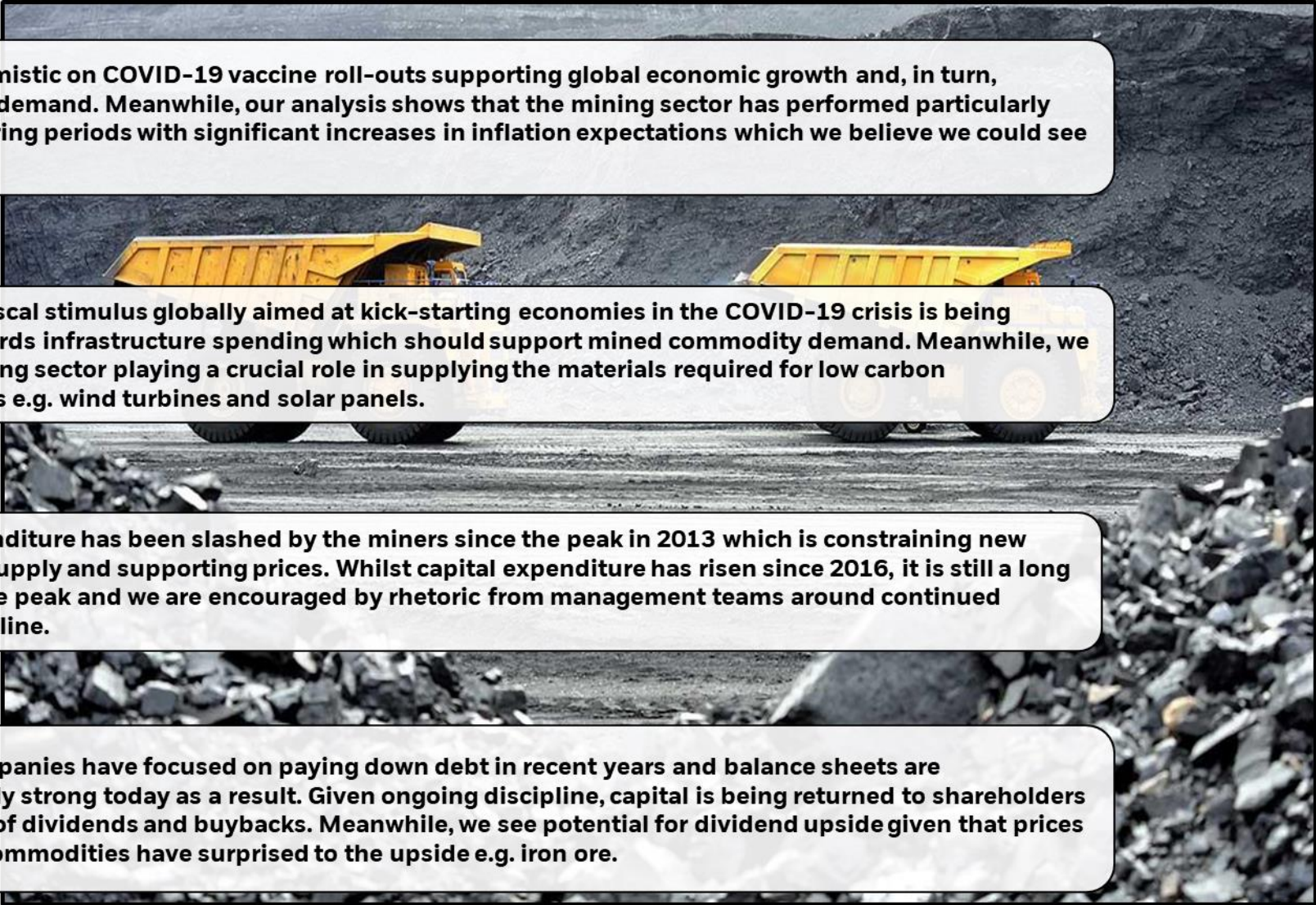
Performance of BRWM Share Price, NAV and Benchmark (TR)



GBP	January 2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Share Price (TR)	1.5%	46.7%	19.4%	-10.7%	24.2%	100.6%	-37.0%	-30.4%	-17.5%	-4.1%	-21.5%	48.6%	122.0%
Undiluted NAV (TR)	-0.1%	31.0%	17.2%	-11.5%	23.8%	92.9%*	-35.3%	-26.4%	-24.6%	-5.0%	-22.3%	46.3%	103.0%
MSCI ACWI Metals & Mining 30% Buffer 10/40 Index (Reference Index)	-2.5%	20.6%	15.4%	-12.0%	21.4%	92.1%	-35.6%	-12.2%	-21.0%	-4.2%	-28.5%	26.2%	73.3%

The latest performance data can be found on our website: www.BlackRock.com OR www.BlackRock.co.uk The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy. Source: Datastream and BlackRock as at 31 January 2021- Performance in sterling terms, net of fees with income reinvested. Performance data may not have been audited and should only be regarded as estimates. Net Asset Value (NAV) performance is not the same as share price performance, and shareholders may realise returns that are lower or higher than NAV performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. *includes impact of Avanco Royalty revaluation which happened on 31 December 2016. The Manager has discretion to select the Fund's investments. **MSCI only provided USD returns for the new benchmark therefore the returns shown are based on BlackRock's currency assumptions and are subject to change.

Summary



We are optimistic on COVID-19 vaccine roll-outs supporting global economic growth and, in turn, commodity demand. Meanwhile, our analysis shows that the mining sector has performed particularly strongly during periods with significant increases in inflation expectations which we believe we could see this year.

Increased fiscal stimulus globally aimed at kick-starting economies in the COVID-19 crisis is being geared towards infrastructure spending which should support mined commodity demand. Meanwhile, we see the mining sector playing a crucial role in supplying the materials required for low carbon technologies e.g. wind turbines and solar panels.

Capital expenditure has been slashed by the miners since the peak in 2013 which is constraining new commodity supply and supporting prices. Whilst capital expenditure has risen since 2016, it is still a long way below the peak and we are encouraged by rhetoric from management teams around continued capital discipline.

Mining companies have focused on paying down debt in recent years and balance sheets are exceptionally strong today as a result. Given ongoing discipline, capital is being returned to shareholders in the form of dividends and buybacks. Meanwhile, we see potential for dividend upside given that prices for mined commodities have surprised to the upside e.g. iron ore.

Past performance is not a reliable indicator of current or future results. Source: BlackRock, January 2021. There is no guarantee that a positive investment outcome will be achieved.

Risks Warnings

The following notes should be read in conjunction with the attached document:

- **Capital at risk.** The value of investments and the income from them can fall as well as rise and is not guaranteed. You may not get back the amount originally invested.
- Changes in the rates of exchange between currencies may cause the value of investments to diminish or increase. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Levels and basis of taxation may change from time to time. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future.
- Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.

Fund specific risks

BlackRock World Mining Investment Trust plc

- The Company can invest in economies and markets which may be less developed and this carries a greater risk of volatility and more uncertainty around how these markets operate, compared to more established economies.
- BlackRock World Mining Trust plc invests in mining shares which typically experience above average volatility when compared to other investments. Trends which occur within the general equity market may not be mirrored within mining securities.
- Overseas investments will be affected by currency exchange rate fluctuations.
- Gold / mining: Mining shares typically experience above average volatility when compared to other investments. Trends which occur within the general equity market may not be mirrored within mining securities.

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BlackRock has not considered the suitability of this investment against your individual needs and risk tolerance. To ensure you understand whether our product is suitable, please read the fund specific risks in the Key Investor Document (KID) which gives more information about the risk profile of the investment. The KID and other documentation are available on the relevant product pages at www.blackrock.co.uk/its. We recommend you seek independent professional advice prior to investing.

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