

# BLACKROCK ADVANTAGE INTERNATIONAL EQUITY FUND

**BLACKROCK®**

## FUND UPDATE

30 April 2024

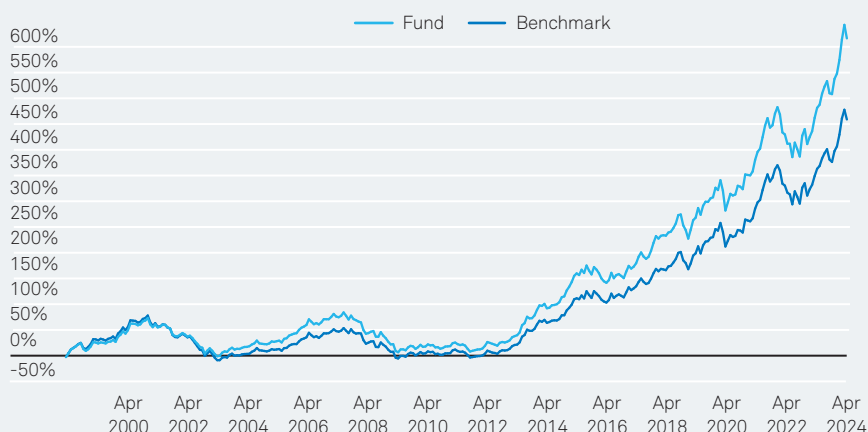
### Investment Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	Since Incep
BlackRock Advantage International Equity Fund <sup>1</sup> (Net of Fees)	-3.58	6.06	10.37	22.63	12.49	12.55	6.93
MSCI World ex Australia Index (unhedged in AUD)	-3.26	5.56	10.34	20.71	12.00	12.33	6.76
Outperformance (Net of Fees)	-0.32	0.50	0.04	1.92	0.49	0.21	0.17
BlackRock Advantage Hedged International Equity Fund <sup>2</sup> (Net of Fees)	-3.58	5.13	6.55	21.52	6.66	9.75	9.98
MSCI World ex Australia Index (hedged in AUD)	-3.26	4.66	6.51	19.03	6.01	9.54	10.26
Outperformance (Net of Fees)	-0.32	0.47	0.04	2.49	0.65	0.21	-0.29

<sup>1</sup> Fund inception: 31/12/1997. <sup>2</sup> Fund inception: 04/04/2003.

Past performance is not a reliable indicator of future performance. Performance for periods greater than one year is annualised. Performance is calculated in Australian dollars and assumes reinvestment of distributions. Gross performance is calculated gross of ongoing fees and expenses. Net performance is calculated on exit-to-exit price basis, e.g. net of ongoing fees and expenses. Gross returns are provided for products offered to wholesale clients only who may be subject to differential fees. Please refer to the Fund's product disclosure statement for more information.

### Fund Performance (Gross Unhedged) to 30 April 2024



## Performance Summary

### Market Commentary

The MSCI World Ex Australia Index declined -3.26% in unhedged AUD terms and -3.26% in fully hedged to AUD terms in April 2024.

Global markets retreated in April against the backdrop of upside inflation surprises across several developed economies and rising geopolitical tensions in the Middle East. Sovereign bond yields continued to trend higher as investors pared back the timing and magnitude of central bank rate cuts – resulting in negative returns for most fixed income asset classes. Global equities, as measured by the MSCI World Ex Australia Index (hedged), ended the month down 3.3% in Australian dollar terms, while Fixed Income markets, as represented by the Bloomberg Barclays Global Aggregate Index (hedged), declined 1.7%.

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- Market Insights & Commentary
- Fund Performance
- Unit Prices

In the US, the S&P 500 Index retreated from all-time highs and fell by 4.1% in April (in local currency terms), as robust economic data and sticky inflation prompted a repricing of future monetary policy easing. Interest-rate sensitive sectors like Real Estate and Information Technology underperformed, while Utilities delivered gains. The US Federal Reserve (Fed) held interest rates steady in its latest meeting, citing a "lack of further progress" in lowering inflation. While Fed Chair, Jerome Powell, acknowledged the hotter than expected core inflation of 3.7% for Q1, he ruled out the possibility of a rate hike in the next policy meeting. On the data front, US unemployment edged down to 3.8% in April, while the GDP report for Q1 showed robust private consumption despite a weak headline figure. Meanwhile, strong corporate earnings have acted as a backstop for markets, however investors have been quick to punish companies with weaker-than-expected forward guidance amid the highly uncertain outlook.

European equities, as represented through the Euro Stoxx 50 Index, fell 2.4% over the month (in local currency terms) alongside weaker earnings results and sticky price pressures. Core inflation printed above forecasts at 2.7% year-on-year, while the Eurozone saw economic growth of 0.5% annualised for Q1 which was ahead of market expectations. Meanwhile, the European Central Bank (ECB) reaffirmed that a first rate cut is likely in June. However, the pace of cuts remains undecided and ECB President, Christine Lagarde, reiterated that the ECB will follow a "data-dependent" approach.

In the UK, the FTSE 100 Index outperformed its developed market peers and gained 2.7% in April (in local currency terms) to reach fresh record highs. Markets have priced in upcoming rate cuts by the Bank of England (BoE), which was previously one of the first central banks to tighten monetary policy, while economic growth continues to recover after the UK experienced a technical recession in Q4. Although inflation modestly declined to 3.2% annualised in March – which was slightly above expectations – BoE Governor, Andrew Bailey, described the fall as being in line with forecasts.

Following a period of underperformance, China's CSI 300 Index rose 2.0% in April (in local currency terms). Chinese equities rallied alongside positive corporate earnings, while new sharemarket reforms announced by the Chinese regulator helped restore investor confidence. On the data front, China's Caixin PMI – which tracks both the services and manufacturing sector – provided some optimism and remained in expansionary territory at 52.7. China's Q1 GDP also surprised to the upside and grew 5.3% year-on-year driven by strong exports, however March inflation printed at 0.1% annualised which was weaker than expectations. Meanwhile, property concerns continue to weigh on the economy, with new home prices declining 2.7% in March compared to the year prior.

Japanese equities, as represented by the Nikkei 225 Index, fell 4.9% over the month (in local currency terms). The Bank of Japan (BoJ) kept policy unchanged and reiterated that its accommodative monetary stance will remain for the near-term. As a result, the Japanese yen depreciated against the US dollar to reach 34-year lows before rebounding due to suspected government intervention by the Ministry of Finance. The yen has been the worst-performing G10 currency this year, however this weakness has provided a tailwind for exports which rose 7.3% year-on-year in March. Investors continue to closely monitor for potential efforts by Japanese authorities to support the yen. Meanwhile, Japanese core consumer inflation slowed sharply to 1.6% annualised in April and undershot consensus projections.

#### Top Active Holdings

Overweight	Underweight
NOVO NORDISK CLASS B	JPMORGAN CHASE & CO
MERCK & CO INC	BROADCOM INC
QUALCOMM INC	HOME DEPOT INC
TJX INC	META PLATFORMS INC CLASS A
AMAZON COM INC	TESLA INC

#### Top Holdings

Holding	Weight %
MICROSOFT CORP	5.21
APPLE INC	4.87
NVIDIA CORP	4.02
AMAZON COM INC	3.75
NOVO NORDISK CLASS B	1.86
ALPHABET INC CLASS C	1.72
MASTERCARD INC CLASS A	1.70
MERCK & CO INC	1.69
JOHNSON & JOHNSON	1.66
ALPHABET INC CLASS A	1.55

#### Country Exposure

Country	Weight %
Austria	0.09
Belgium	0.02
Canada	1.99
Denmark	1.96
Finland	0.00
France	1.20
Germany	2.37
Greece	0.00
Hong Kong	1.05
Ireland	0.00
Israel	0.71
Italy	1.29
Japan	7.84
Netherlands	0.57
New Zealand	0.00
Norway	0.15
Portugal	0.00
Singapore	0.06
Spain	1.05
Sweden	0.37
Switzerland	2.30
United Kingdom	3.60
US	73.36

## Strategy Commentary

The strategy underperformed over April, as Macro Themes drove losses for the month.

Trending following insights with a momentum footprint struggled during the month as momentum reversed gains earlier in the year. Trend following industry selection signals within the Macro Thematic group were most adversely impacted.

Stock selection complex proved to be resilient with sentiment signals standing out as the principal driver of alpha. At the signal level gains were led by insights tracking the views of analysts, company management and discretionary hedge fund investors. Continued positive performance from smart money insights continued

In contrast, Fundamental signals delivered more muted performance. Both Value and Quality constructs generated flat returns in aggregate. Value signals focused on bond valuation and skewness of returns detracted during April. While ESG signals struggled, some measures focused on environmental transition added to performance.

## About the Fund

### Investment Objective

The Fund aims to outperform the MSCI World ex Australia Index (unhedged/hedged in Australian dollars with net dividends reinvested) before fees over rolling three-year periods, while maintaining a similar level of risk as its benchmark.

### Fund Strategy

The strategy seeks to add value from stock and industry selection, by using our scientific process that uses local and global investment insights or themes to look for mispriced stocks and industries.

The investment themes used as part of our stock-selection process are grouped under: analyst expectations which anticipate changes in investor expectations about earnings; relative value which looks at multiple measures of underlying fundamental value; earnings quality which assesses the quality and sustainability of earnings; and market information which focuses on sentiment factors and information revealed by management decisions. Our industry-selection models alter exposure to industries using insights that focus on fundamental, economic and technical conditions.

### Should be considered by investors who ...

- ▶ Seek broad exposure to international shares.
- ▶ Seek a fund that blends well with most other active managers because its risk-controlled strategy of taking small active tilts across a large number of stocks tends to produce smaller, but steadier, excess returns on a greater number of stocks.
- ▶ Have a long term investment horizon.
- ▶ For the hedged version, seek to reduce the impact on A\$ returns on those investments that result from currency exposure.

### Fund Details

BlackRock Advantage International Equity Fund	
APIR Code	BAR0817AU
Buy/Sell Spread	0.17%/0.17%
Fund Size	279 mil
Number of Stocks in Fund	311
Number of Stocks in Benchmark	1410
Tracking Error (3 Years p.a.)	1.54%
Management Fee	0.50% p.a.
BlackRock Advantage Hedged International Equity Fund	
APIR Code	BGL0109AU
Fund Size	88 mil
Buy/Sell Spread	0.18%/0.18%
Management Fee	0.53% p.a.

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