

BLACKROCK ADVANTAGE AUSTRALIAN EQUITY FUND

BLACKROCK AUSTRALIAN ALPHA TILTS FUND

BLACKROCK®

FUND UPDATE

30 April 2023

Investment Performance (%)

	1 Mth	3 Mths	CYTD	1 Yr	3 Yrs	5 Yrs	Since Incep
BlackRock Australian Alpha Tilts Fund* (Gross of Fees)	1.62	-0.88	5.37	1.98	13.47	8.68	10.10
S&P/ASX 300 Accumulation Index	1.85	-0.98	5.24	2.13	13.97	8.23	8.69
Outperformance (Gross of Fees)	-0.22	0.10	0.13	-0.14	-0.51	0.44	1.41
BlackRock Australian Alpha Tilts Fund – Class S ** (Gross of Fees)	1.62	-0.88	5.38	1.98	13.47	-	5.23
S&P/ASX 300 Accumulation Index	1.85	-0.98	5.24	2.13	13.97	-	5.36
Outperformance (Gross of Fees)	-0.22	0.10	0.13	-0.14	-0.50	-	-0.13
BlackRock Australian Alpha Tilts Fund – Class S ** (Net of Fees)	1.60	-0.95	5.28	1.70	13.15	-	4.93
S&P/ASX 300 Accumulation Index	1.85	-0.98	5.24	2.13	13.97	-	5.36
Outperformance (Net of Fees)	-0.25	0.03	0.03	-0.43	-0.82	-	-0.43
Blackrock Advantage Australian Equity Fund^ (Net of Fees)	1.58	-0.99	5.22	1.55	12.98	8.15	9.18
S&P/ASX 300 Accumulation Index	1.85	-0.98	5.24	2.13	13.97	8.23	8.61
Outperformance (Net of Fees)	-0.26	-0.01	-0.02	-0.58	-0.99	-0.09	0.57

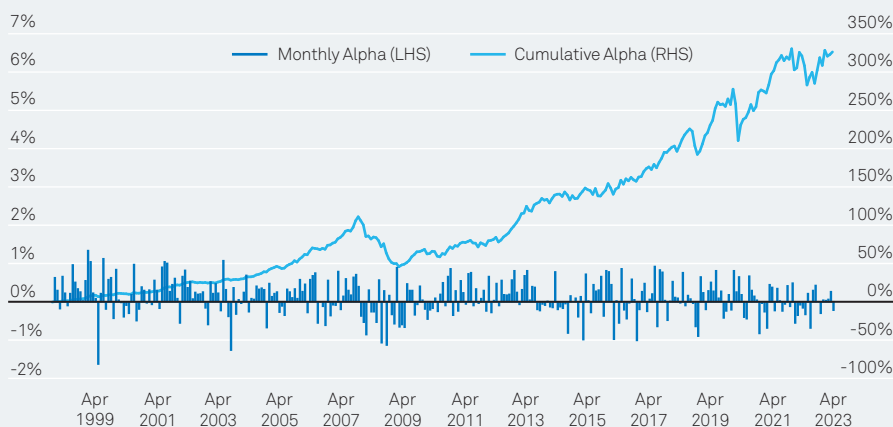
*Fund inception: 31/10/1997. **Fund inception: 31/01/2020. ^Fund inception: 31/12/1996.

Past performance is not a reliable indicator of future performance. Gross returns are calculated before fees and taxes and assume reinvestment of distributions. 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. Net performance is calculated on exit-to-exit price basis, e.g. net of ongoing fees, performance fees and expenses.

Visit [BlackRock.com.au](https://www.blackrock.com.au) for further information, including:

- Market Insights & Commentary
- Fund Performance
- Unit Prices

Fund Performance (Gross of Fees) to 30 April 2023



Performance Summary – March 2023

Fund v Market

The S&P/ASX300 Accumulation Index returned to positive ways (+1.85%) after negative returns in February and March. Encouraging inflation data coupled with the RBA rate hike pause contributed to a more sanguine environment, albeit with caution still in the air.

April began with a pause in the rate hike cycle following a softer inflation print at the end of March and cooling retail spending for February (+0.2% m/m). While there was growth in food-related consumption, the results of discretionary spending in non-food sectors were mixed, with some suggesting higher rates and cost of living pressures are beginning to have a more noticeable effect. Elsewhere 53,000 people found work in March, exceeding expectations, and holding the unemployment rate at a near five-decade low (3.5%). The end of April saw softer inflation data with quarterly CPI to the March quarter coming in at 7% y/y (down from a 30-year high of 7.8% y/y in December) with commentators wondering whether this would be enough for the RBA to hold the Cash Rate in May.

Real Estate (+5.0%) was the biggest performer of the month driven by diversified, and retail REITs. Positive performance was broad across the market with Information Technology (+4.5%), Industrials (+4.3%), Communication Services (+3.6%), and Health Care (+3.6%) also gaining well. The only detractor was Materials (-2.6%) driven by poor Metals & Mining performance with weakness in steel, copper, and diversified metals.

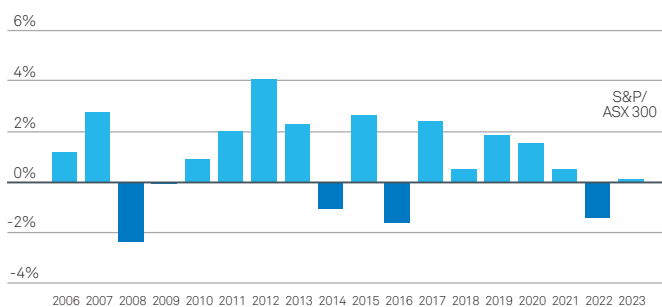
The strategy underperformed over the month of April. Underweights in the strong Real Estate sector detracted, along with poor positioning in Industrials (overweight airlines, underweight transportation infrastructure). Most other sectors also detracted, with only Consumer Discretionary contributing significantly (overweight specialty retail). After adding over the first quarter, Earnings Quality was the worst performing insight group, followed by the other Fundamental insight; Relative Valuation. Machine Learned Timing insights and Linkages signals within the Market insights group added a small amount over the month.

Investment Insights

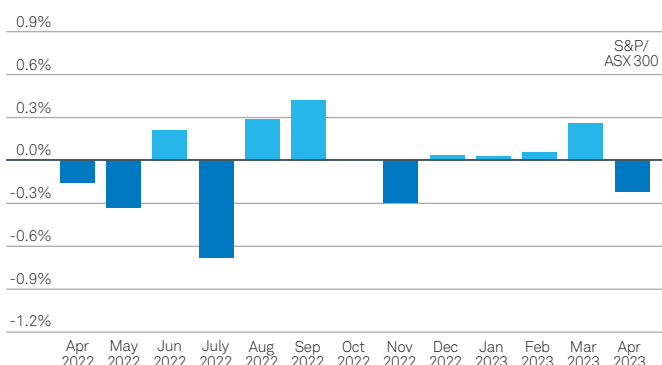
The stock positions in the portfolio are based on combinations of our signals, which exhibited the following performance characteristics over the month:

- ▶ Relative Valuation signals were negative,
- ▶ Market signals were positive,
- ▶ Earnings Direction signals were negative,
- ▶ Earnings Quality signals were negative,
- ▶ Timing signals were positive.

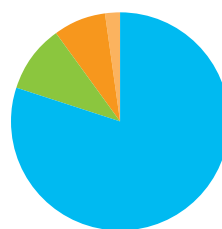
Yearly Alpha, Gross of Fees (%)



Monthly Alpha, Gross of Fees (%)



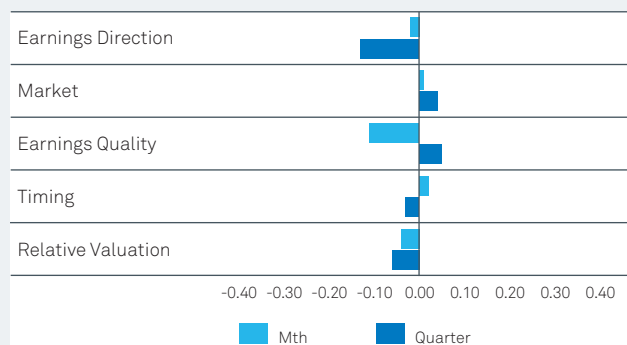
Risk Contributions (%)



Active Risk: 1.09%

Portfolio Beta: 0.99

Insight Performance (%)



Past performance is not an indicator of future performance
Source: BlackRock.

Sector Exposure (%)

Sector	Weight
ENERGY	5.08
MATERIALS	23.59
INDUSTRIALS	6.36
CONSUMER DISCRETIONARY	6.66
CONSUMER STAPLES	5.47
HEALTHCARE	11.14
FINANCIALS EX A-REIT	26.72
A-REIT	6.40
INFORMATION TECHNOLOGY	2.09
COMMUNICATIONS SERVICES	3.26
UTILITIES	1.79

Top Contributors / Detractors

Contributors	Detractors
LOVISA HOLDINGS LTD	PRO MEDICUS LTD
EVOLUTION MINING LTD	BHP GROUP LTD
NORTHERN STAR RESOURCES LTD	NEWCREST MINING LTD
CSR LTD	MAGELLAN FINANCIAL GROUP LTD
BANK OF QUEENSLAND LTD	MIRVAC GROUP

Top 10 Holdings

Stock
BHP GROUP LTD
COMMONWEALTH BANK OF AUSTRALIA
CSL LTD
WESTPAC BANKING CORPORATION CORP
NATIONAL AUSTRALIA BANK LTD
MACQUARIE GROUP LTD DEF
TELSTRA GROUP LTD
ANZ GROUP HOLDINGS LTD
WOODSIDE ENERGY GROUP LTD
ARISTOCRAT LEISURE LTD

Stock Selection

On a market adjusted basis, amongst the top contributors for the month were overweight positions in Lovisa Holdings (LOV) and Brambles (BXB). Amongst the largest detractors was an overweight position in BHP (BHP) and an underweight in Mirvac Group (MGR).

Top Contributors

LOV – The overweight position in fast fashion jewellery retailer Lovisa was led by favourable Earnings Quality insights. The share price gained after having initially fallen post a positive earnings result which highlighted strong revenue growth, stability of margins after having pushed through price increases, and a global store rollout that was accelerating.

BXB – The overweight position in logistics firm Brambles was driven by positive Earnings Quality and Market insights. The company upgraded FY23 guidance for both sales and profits, as sales revenue momentum continued for the third quarter.

Top Detractors

BHP – The overweight position in miner BHP was due to strong company fundamentals (Earnings Quality and Relative Valuation), though shorter term Sentiment drivers were negative. Management maintained guidance for the full year, even as the latest quarterly production numbers were soft. The company also finalised the acquisition of OZ Minerals.

MGR – The underweight position in real estate name Mirvac was a result of negative views across most insight groups led by Timing and Earnings Direction insights. The company gained, even though it downgraded FY23 guidance due to adverse weather, though management were upbeat about the medium-term opportunities.

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About the Fund

Investment Objective

The Fund aims to outperform the S&P/ASX 300 Accumulation Index before fees over rolling three-year periods, while maintaining a similar level of risk as its benchmark.

Fund Strategy

The highly risk-controlled strategy employs a scientific process to identify mis-priced stocks using a range of fundamental investment insights. These insights are the result of ongoing research by BlackRock's global team of investment professionals. The insights are broadly categorised as:

- ▶ Earnings Direction – anticipate changes in future earnings direction, which affects stock prices;
- ▶ Relative Valuation – analyse multiple measures of underlying fundamental value;
- ▶ Earnings Quality – assess the quality and sustainability of earnings;
- ▶ Market – focus on market and management behaviour that can influence stock prices; and
- ▶ Timing – consider theme and sector timing.

Should be considered by investors who ...

- ▶ Seek broad exposure to the Australian equity market.
- ▶ Seek a fund that uses a proven, risk-controlled scientific process, to maximise its potential to deliver competitive returns to investors.
- ▶ Have a long term investment horizon.

Fund Details

Blackrock Advantage Australian Equity Fund	
APIR Code	BAR0814AU
Fund Size	114 mil
Buy/Sell Spread	0.15%/0.15%
Management Fee	0.45%p.a.

BlackRock Australian Alpha Tilts Fund	
APIR	BGL0006AU
Fund Size	631 mil
Buy/Sell Spread	0.15%/0.15%
Number of Stocks in Fund	144
Number of Stocks in Benchmark	299
Tracking Error	1.25%

BlackRock Australian Alpha Tilts Fund – Class S	
APIR	BLK6723AU
Fund Size	227 mil
Buy/Sell Spread	0.15% / 0.15%