

BlackRock

Annual RG240 Disclosure

BlackRock Style Advantage Fund (Aust) (Class D Units)

ARSN 610 077 408

2022

The BlackRock Style Advantage Fund (Aust) (Class D Units) (**Fund**) Annual RG240 Disclosure provides an overview of market and fund performance from 1 July 2021.

Class D of the Fund closed in August 2021.

Market Commentary

Class D of the Fund was closed in August 2021. Notwithstanding, market commentary is provided for the period for the period of 1 July 2021 – 30 June 2022.

Performance over the 12-months to 30 June 2022 was characterised by heightened volatility, a new inflationary regime, and a broad drawdown across asset classes. Of note, there were significant differences between the second half of 2021 and the first half of 2022.

Late 2021 saw a pause in the re-opening theme, as COVID-19 lockdown restrictions were reintroduced across many economies following the spread of several new coronavirus variants. While central banks also began to adopt more neutral stances and signal future rate hikes, equity markets rallied into year-end as ultra-accommodative policy settings and strong corporate earnings continued to drive share markets higher – although a sector rotation from fast-growing stocks to more profitable, mature business became apparent.

The first six months of 2022 marked the worst first half across markets in over 50 years. Investor sentiment deteriorated and geopolitical tensions ratcheted higher following the Russian invasion of Ukraine in February, with Western sanctions resulting in an energy and food shock across Europe. Inflation spiked as global supply shortages were further worsened by the Chinese lockdown of several major port cities due to rising COVID-19 cases, alongside a backdrop of strong economic activity and tight labour markets across developed countries. As a result, central banks moved to tighten financial conditions and implemented consecutive rate hikes to rapidly increase policy rates from historically low levels.

Consequently, both growth and defensive assets sold off in tandem. International equities were amongst the worst performing asset classes over the 12-month period and declined by 10% (in local currency terms). Australian equities also fell but outperformed their global counterparts in the first half of 2022, given a bias towards energy and commodity sectors. Investors were unable to find shelter in fixed income, with Australian and global government bonds realising losses as the rise in interest rates saw bond prices fall. Real estate, global

credit and high yield securities also saw negative returns. Commodities and the US dollar, considered traditional diversifiers, rallied and were amongst the few bright spots over the year.

Performance Commentary

Given the closure of Class D of the Fund in August 2021, performance commentary for the Fund is provided for the period of Q3 2021 only.

Q3 2021: Style factors remained resilient in the face of supply shocks, persistent inflation, and hawkish sentiment, delivering another strong quarter of returns across factors and asset classes. From an asset class perspective, currencies were consistently rewarded over the quarter and finished at the top of the list of contributors. Currencies were followed by gains in fixed income and single name equities, while equity markets were the lone asset class with negative returns. From a factor perspective, all factors added with the exception of Carry; Momentum and Value were the strongest performers over Q3 2021.

Within equities, an extension of investors' focus on durability from the first half of 2021 produced strong gains for Momentum in Q3 2021 amid a record-breaking earnings season; Quality & Low Volatility names also benefitted from similar tailwinds. Ongoing debates over lockdowns versus reopening and transitory versus persistent inflation drove divergent policy responses across the globe, with factors well positioned to capture gains within currencies and fixed income. Chinese market intervention drove weakness in equity markets, as regulatory crackdowns within education and gaming and concerns over slowing growth weighed on China-exposed markets.

ASIC Benchmark – Annual Reporting

Given the closure of Class D of the Fund in August 2021, the following information to 30 June 2022 is not available:

- Investment performance (net of fees)
- Fund liquidity and liability maturity profile
- Annualised investment returns
- Leverage ratio

The Fund does not enter into borrowing arrangements for investment purposes, other than temporary overdrafts which may be used as a means of managing certain cash flows. The Fund will, however, gain leveraged exposure through its investment in the Underlying Fund (as defined in the PDS), which may utilise leverage as part of its investment strategy. For further information on the use of leverage, please refer to the Fund's PDS.

wishing to be provided with the list of current derivative counterparties for a fund can submit a request to BlackRock by calling or emailing our Client Services Centre. For further information on BlackRock's counterparty oversight please refer to the Fund's PDS.

Key Service Providers

The Fund has appointed a number of key service providers who are involved in their ongoing operation and administration. There were no changes to key service providers to the Fund or the Wholesale Fund in the period of 1 July 2021 to August 2021.

Derivative Counterparties

All derivative counterparties are formally approved by the BlackRock Group's RQA Counterparty and Concentration Risk Team, prior to a fund engaging in any transaction with a particular counterparty. No transaction may be entered into with a counterparty that has not previously been approved by the RQA Counterparty and Concentration Risk Team.

Due to the proprietary and confidential nature of derivative counterparty relationships, investors

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PERFORMANCE DATA

Performance figures represent past performance and are not indicative of future performance. Current performance may be higher or lower than that shown. Net performance figures are calculated after fund management fees and expenses, and assume reinvestment of distributions. Gross performance figures are calculated gross of ongoing fees and expenses. Unless otherwise stated, performance for periods greater than one year is annualised and performance calculated to the last business day of the month. Net performance is calculated on an exit-to-exit price basis.

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