

# BLACKROCK APPRECIATION STRATEGY FUND (AUST)

BLACKROCK®

## FUND UPDATE

28 February 2023

### Investment Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	Since Incep pa*
BlackRock Appreciation Strategy Fund (Aust) (Class S) <b>(Net of Fees)</b>	0.02	1.49	0.48	2.09	4.87	-	4.41
BlackRock Appreciation Strategy Fund (Aust) (Class D) <b>(Net of Fees)</b>	0.00	1.38	0.43	1.78	-	-	4.41
Bloomberg AusBond Bank Bill Index (for comparative purposes)	0.24	0.76	0.51	1.76	0.66	-	0.68

Fund inception: 2/1/2020

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.

Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index.

## Performance Summary

### Fund Review

#### Relative Value

Relative value strategies posted positive results in February. Statistical arbitrage funds saw gains across most sub-strategies with notable contributions from machine learning and multi-strategy quant programs. Rates funds also gained, driven by a wide range of relative value trades, across regions and sub-strategies, that capitalized on elevated rates volatility. Conversely, volatility programs detracted due to long skew and long volatility positioning.

#### Event Driven

Event driven managers generated negative returns over the month. Distressed managers posted modestly negative returns, due to mark-downs across idiosyncratic positions, despite a pick-up in default activity. Equity-oriented event driven strategies also detracted as merger arbitrage spreads widened across core positions, on the back of broader equity market volatility, while no major transactions were completed over the period.

#### Fundamental Long/Short

Fundamental long/short funds recorded mixed performance in February. Credit strategies contributed to returns as managers continued to benefit from higher carry, strong security selection, and defensive positioning in higher-quality names. On the other hand, equity-focused funds detracted, as gains from more diversified programs were offset by specialist managers with a narrower focus and more concentrated positioning in certain sectors.

#### Direct Sourcing

Direct sourcing strategies posted muted returns in February. Interest accruals and payments generated gains, while broader credit markets experienced slight spread tightening across high yield bonds and leveraged loans. While the activity in liquid markets had a minor impact on the less liquid markets that direct sourcing managers typically operate in, deal-specific developments translated into mixed results across portfolios.

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- Market Insights & Commentary
- Fund Performance
- Unit Prices

# About the Fund

## Investment Objective

The Fund aims to seek, over time, to achieve net returns commensurate with the long run return on public equities with half the volatility of and low beta to the public equity markets.

## Fund Strategy

The Fund accesses its investment strategy through an investment in the BlackRock Appreciation Strategy Fund, Ltd. (Underlying Fund). The Underlying Fund is a diversified, commingled investment vehicle that seeks to generate positive absolute returns by investing in alternative strategies that, as a portfolio, seek to generate returns while minimizing market risk, including risks related to the overall direction of the equity markets and interest rates.

The Underlying Fund seeks to achieve its investment objective primarily through an allocation of the Underlying Fund's capital to multiple underlying investments managed by a number of external investment advisors that pursue a variety of Absolute Return Strategies, which include non-traditional investment strategies that utilize a variety of securities and financial instruments and employ sophisticated trading and portfolio management techniques.

Fund Details	
BlackRock Appreciation Strategy Fund (Aust)	
APIR Code (S Class):	BLK7698AU
APIR Code (D Class):	BLK2342AU
Fund size:	32 mil
Management Fee (D class):	0.75%
Performance Fee:	7.5%
Liquidity:	Monthly (applications), quarterly (redemptions)

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