

BlackRock Multi Opportunity Fund

JAN 2024

Investment Performance (%)

	Fund Inception	1 Mth	3 Mths	CYTD	1 Yr	3 Yrs (p.a)	5 Yrs (p.a)	Inc (p.a)
BlackRock Multi Opportunity Fund (Gross of Fees)	30 July 2004	5.46%	7.41%	5.46%	14.70%	7.11%	7.28%	8.30%
RBA Cash Rate Target (Gross of Fees)		0.36%	1.07%	0.36%	3.98%	1.86%	1.39%	3.15%
Outperformance (Gross of Fees)		5.10%	6.34%	5.10%	10.72%	5.25%	5.89%	5.15%

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. 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.

Market Commentary

Robust economic data continued to support risk assets in January. However, performance diverged across sectors and geographies amid changes in policy expectations and a resurgence in geopolitical concerns. Global equities, as measured by the MSCI World Index (hedged), ended the month up 1.8% in Australian dollar terms and Developed Market equities outperformed their Emerging Market counterparts. Fixed Income markets, as represented by the Bloomberg Barclays Global Aggregate Index (hedged), finished down 0.3% over the month.

PERFORMANCE STATEMENT

The BlackRock Multi Opportunity Fund (the "Fund") delivered a positive return of +5.46% (gross of fees) in January 2024, continuing the positive returns from last month. On a 1-year basis, the fund has delivered +14.70% (gross of fees).

Performance Attribution (%)*

Hedge Fund Component	1 Mth	3 Mths	1 Yr	Inc.
Systematic Active Equity	2.07	2.85	6.01	2.09
Fixed Income	0.49	0.65	0.74	2.28
Systematic Multi-Strategy	1.19	1.50	2.08	0.11
Macro	0.81	0.58	0.95	0.48
Fundamental Equity	0.39	0.76	0.64	0.15
Style Premia	0.16	0.00	0.30	0.04
Total	5.10	6.34	10.72	5.15

*Attribution of out-performance broken down by hedge fund component

Strategy Review

The main driver of performance was Systematic Equity component followed by Systematic Multi Strategy and Global Macro components. The Systematic Fixed Income, Fundamental Equity and Style Premia components also supported the fund's performance over the month.

Systematic Equity Market Neutral Component

Fund's systematic equity market-neutral component delivered strong positive returns over the month driven by the **Emerging Markets Alpha Fund** which had a strong performance over the period. Positive performance within the component was also supported by strong performance from **Pan Asia Opportunities Fund** and **32 Capital Fund** over January.

Top contributors: Within Emerging Markets Alpha Fund, the Large Cap sub-strategy was supported by the mid-horizon signals that the team blends with relatively longer-horizon signals to net costs, particularly the flow-based liquidity provisioning insights added to the performance. Another notable contributor was a Machine Learning model that dynamically combines signals.

Within our global flagship 32 Capital Fund, performance was broad based and Large Cap sub-strategy was the leading contributor for the period, underpinned by stock selection across both Fundamental and Sentiment composites. Emerging Market sub-strategy was supported particularly by the flow-based liquidity provisioning insights.

Top detractors: All sub-strategies contributed over the period.

Systematic Fixed Income Component

The systematic fixed income component of the Fund, implemented by the **Fixed Income Global Alpha Fund (FIGA)**, delivered positive performance in January. Equity & Capital Structure, Mortgage & Securitized Credit, Credit, Relative Value sub strategies contributed while the Macro sub strategy detracted over the month.

Top contributors: Equity & Capital Structure sub-strategy was the main contributor, with US and European security selection driving gains over the month. Performance was broad-based across sectors and on both sides of the book, with all signal categories contributing, especially fundamental, relative valuation, and cross-asset sentiment insights. The fund also gained from some larger idiosyncratic moves. Long positions in a US media name and shorts in a pharmaceutical position were particularly additive to the performance.

Top detractors: Macro sub-strategy was the sole detractor in January, driven by developed market strategies. Long Canadian versus short US positions weighed on performance as Canada kept pace with the strong US economic data.

Systematic Multi-Strategy Component

The Systematic Multi-Strategy Component (implemented by **Systematic Total Alpha fund**) delivered a strong positive return in January. Performance was driven primarily by Capital Structure and Emerging Markets sub strategies. Rates Relative Value sub strategy was the largest detractor over the period.

Top contributors: Capital structure sub-strategy was the top performer, driven by US and European security selection driving gains over the month. Performance was broad-based across sectors and on both sides of the book, with all signal categories contributing, especially fundamental, relative valuation, and cross-asset sentiment insights. Emerging Markets sub-strategy was supported particularly by the flow-based liquidity provisioning insights.

Top detractors: Rates Relative Value sub-strategy detracted as yields rebounded after the rally in December. The belly of the curve underperformed hurting long positions at the middle of the curve. The long Canada and UK rates versus short US and Australia positions also detracted.

Fundamental Equity Long/Short Component

The Multi Opportunity Fund invests in three fundamental long/short equity strategies. In January, all three sub strategies i.e., **Emerging Companies Hedge Fund (Cayman)**, **Emerging Companies Absolute Return** and **Global Equity Absolute Return Fund (UCITS)** contributed to the performance.

Within the **Emerging Companies**:

Top contributors: From a regional perspective, the top 10 contributors came from 9 long and 1 short positions, spread across the US, Europe, and UK. The largest contributor was ASML, as the company gave a very strong update, with a very large beat on Q4 bookings. The second biggest contributor was Microsoft, which delivered another set of impressive quarterly results with their Azure business maintaining impressive growth of 28% y/y as Artificial Intelligence's contribution doubled quarter on quarter. The third biggest contributor was Novo Nordisk which also announced a clean beat and raise. Other significant contributors included 4Imprint, Boku, Gamma Communications and SigmaRoc.

Top detractors: From a regional perspective, the top 10 detractors came from 9 long and 1 short positions, spread across the UK & US. The top detractor was Watches of Switzerland, as the company issued a profit warning in the month which showed a big deceleration in sales in lower/mid-tier watches and jewellery in the UK, and a slowdown in the US caused by a change in product mix supply from Rolex. Positioning in WH Smith also detracted in the month despite issuing a trading statement which the team thought was re-assuring.

The other fundamental equity long/short strategy, the **Global Equity Absolute Return Fund**, posted modest positive returns over the month.

Top contributor: The top contributor for the month was a long in ASML Holding NV, the Dutch lithography system leader reported strong numbers in Q4 beating expectations for revenues and earnings per share, while most notably seeing record order growth from both Logic and Memory customers. The second main contributor was a long position in Novo Nordisk as the Danish pharmaceutical company reported strong Q4 2023 results with sales and operating profit ahead of market consensus. Lastly, META Platforms, was the third largest contributor, as strong momentum continued from 2023 driven by growing confidence on the positive impact Artificial Intelligence ought to have on their earnings power over the longer term.

Top detractor: The top detractor was a long position in Samsung Electronics, as results fell short of expectations, owing to profitability in the foundry business. The second largest detractor for January was Wuxi Biologics Cayman INC, a Chinese contract research, development and manufacturing organization where the shares fell further on the back of geopolitical developments. The third detractor was a long position in Remy Cointreau as the French Cognac market found itself in the middle of an anti-dumping investigation by China into liquor products imported from the European Union.

Global Macro Component

The Fund's global macro component is implemented by three strategies, the **Tactical Opportunities Fund**, the **Global Market Strategies Fund**, and the **Absolute Macro Fund**. All three strategies contributed over the month.

The **Tactical Opportunities Fund** and **Global Market Strategies Fund** delivered positive returns over the month. The Funds' relative value equity positions and directional short duration positions were the main contributors to performance.

Top contributors: The funds' relative value equity positioning was the largest contributor, driven by an overweight to Japan and an underweight to Spain, France and Australia in developed markets. Directional short duration positions in the US and Europe contributed given a pullback in rate cut expectations early in the year. Directional equity long position was also additive given continued strength in activity data to start the year.

Top detractors: Currency positions detracted over the month. The funds positioned short USD versus a basket of developed market currencies, which was negative for performance given a strengthening USD through January.

The other part of Global macro component implemented by **Absolute Macro Fund** delivered strong positive returns over the month.

Top contributor: Macro-Aware Security Selection sub-strategy delivered strong performance in January, as industry timing insights drove the majority of the outperformance, across fundamentally driven signals (ex. job postings, working hours, input costs), sentiment signals (contrarian and analyst expectations), and flows/quality signals. In particular, long positions in technology and financials against shorts in real estate and energy added to performance. Style timing benefitted from short positions in the growth factor early in the year.

Top detractor: DM Rates Country Selection sub-strategy was the main detractor in January. One of the biggest drivers of the losses was the long Canada and short Australia position. In a context of global rates sell off, Australian rates rallied on the back of weaker inflation numbers, thus significantly outperforming in the cross-section. The Bank of Canada's Governor acknowledged the slowing economic growth but noted that the Bank needs to keep higher rates for longer to give them time to have an impact. The team's relative short US position also detracted over the period.

Style Premia Component

The Style Premia component implemented through the **Systematic Style Factor Fund** delivered strong positive returns over the month. All factors contributed to the Strategy's returns over the month, with Momentum as the top performer led by gains in single name equities, equity markets, and currencies. Value, Quality, and Low Volatility insights added within equities, Carry gained in FX, and Timing insights contributed at the margin. Across asset classes, the equity complex led gains with strong contribution from both single name equities and equity markets (country futures). Security selection within currencies was additive, while the fixed income and commodities allocations were marginal detractors.

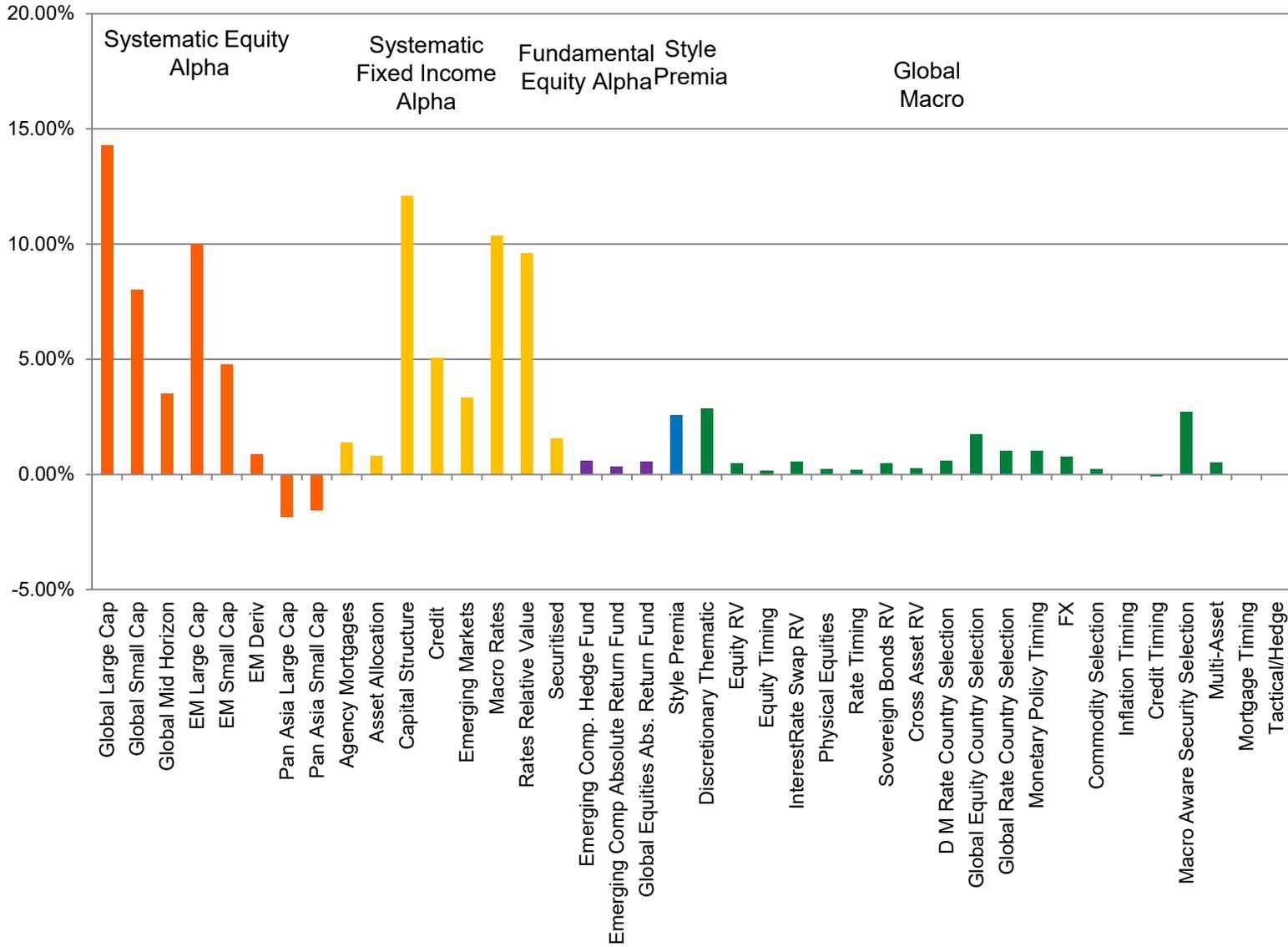
Single name equities were the top contributor to performance in January, reversing challenges from the tail end of Q4'23 as all factors contributed to performance. Equity Momentum was the top contributor, followed by meaningful support from Quality and Value. Low Volatility was also a modest contributor, and Timing insights delivered strong contribution to support overall returns. The Momentum factor was the top performer across factors. In contrast to the usual seasonality effects, Momentum outperformed driven by strong growth numbers and a benign rates backdrop. Value and Low Volatility factors also contributed positively, and Timing insights navigated the start to the new year to positive effect. From a sector perspective, positioning within information technology and materials were the month's top contributors, while positioning in communication services was a relatively isolated detractor and the allocation saw muted performance within energy. Stock selection within all regions contributed, with strong performance within North America and Europe supported by modest gains in Japan and Asia ex-Japan.

Equity markets positioning (country futures) contributed in January, as gains in Momentum and Value more than offset marginal losses in Carry. Developed markets (“DM”) positioning was the significant contributor while emerging markets (“EM”) positioning was flat, building upon last year’s trends in relative outperformance for DM factors. Within DM, a long in Japanese equities that extended from last year was the top contributor as the local market continued to soar. A long in the U.S. also contributed, and positioning within Europe netted to gains; a short in Dutch equities detracted, while long Swedish, U.K., and Italian equities contributed. A net short in India pushed the asset class into positive territory, benefitting from a partial reversal of December’s dynamics following state election results favouring Prime Minister Modi’s Bhartiya Janata party.

The Strategy’s currency allocation contributed in January, gaining by way of Carry and Momentum insights with modest deduction from Value as Q4’s risk-on trends continued. Within sectors, EM positioning contributed the entirety of returns. Within EM, shorts in Asian currencies – Singapore dollar, Korean won, Taiwan dollar, and Chinese yuan - resumed contributing positively after a modest pullback into 2023 year-end. These dynamics weighed on a long Thai baht position, as the Thai market saw outflows and the government weighs efforts to improve stability. Within DM Europe, a short in the Norwegian krone contributed following the central bank’s rate hike in December, and a short in the Swiss franc added as investors began to reposition for a potential dovish pivot and softer inflation data. In DM Asia, a short in the Japanese yen added as the yen continued to weaken; the persistent interest rate dispersion between Japan and the U.S. drove JPY weakness as the Fed advised markets on a slower pace of rate cuts. Elsewhere in DM, longs in the New Zealand dollar and Canadian dollar were modest detractors.

The Strategy’s fixed income allocation detracted in January, driven by a pullback in cross sectional Momentum and Value insights, while Carry and trend-following insights were flat. Developed and emerging markets positioning were both net detractors. Within DM, a long duration position in the U.S. detracted as market hopes for imminent rate cuts were pushed away by comments from Federal Reserve Chair Powell, who suggested policy easing will be data driven and likely slower than previously anticipated. Contribution was muted elsewhere in the DM complex, with a short in EU duration and longs in Australia and Canada netted to muted returns. Within EM, a Value- and Carry-driven long position in Korean rates was a net detractor after positive performance in late Q4.

Sub-Strategy Risk Allocation



About the Fund

Investment Objective

The Fund aims to achieve a return of 8% p.a. before fees, above the Reserve Bank of Australia's Cash Rate Target over rolling three-year periods. In order to achieve its expected return objective, the Fund will target a total expected risk of between 4% to 6% p.a. over the same rolling three-year period.

Fund Strategy

The Fund gains exposure to a diversified range of absolute return strategies offered by BlackRock that may include, but are not limited to equity long/short, event driven, fixed income alpha, global macro/managed futures and market neutral style premia strategies. These strategies are typically accessed by investing in underlying BlackRock total-return funds. Each of the underlying strategies uses a range of investment insights to exploit identified security/market pricing inefficiencies and is designed to consistently add value above the RBA Cash Rate Target.

The selection of an investment for the Fund is the result of comprehensive due diligence to ensure that it is in line with fiduciary duties and in compliance with related party policies. The Fund may be a seed, lead or only investor in a BlackRock strategy. Acting as the seed investor may create a commercial opportunity for the BlackRock Group. For example, a seed investment in a BlackRock Strategy may allow the BlackRock Group to establish a track record for a fund or product that it is then able to sell to other clients.

We continuously explore BlackRock for the addition of new investment strategies with the view of including these where they meet the Fund's strict investment criteria. The Fund's investment strategy is implemented in three stages:

1. **Strategy Selection:** continuous search for (and due diligence on) the latest and most innovative research and investment ideas, leveraging BlackRock's extensive pool of investment specialists.
2. **Capital Allocation:** capital is allocated to construct a diversified portfolio of absolute-return strategies taking into account the expected return, risk and cost of accessing each absolute return category, as well as the available capacity of each category.
3. **Core Security/Market Selection:** security/market selection occurs within each absolute-return category at the underlying strategy level.

Fund Strategy (cont.)

Should be considered by investors who ...

- Seek a fund that uses total-return strategies across major asset classes and world markets to enhance portfolio returns while diversifying risk.
- Seek a fund that has a low correlation to equity returns, interest rate moves and other active return sources.
- Have a long term investment horizon.

Fund Details

BlackRock Multi Opportunity Fund	
APIR	BGL0065AU
Fund Size A\$	1023 mil
Buy/Sell Spread	0.05%/0.05%
Volatility of (Gross) Returns (3 Yrs p.a.)	4.14%
Sharpe Ratio (3 Yrs)	1.24
Hurdle Rate	RBA Cash Rate
Liquidity	Monthly
Private placements (% of NAV)	1.0%
Minimum Initial Investment	\$500,000
Notification	15 business days
Lock-up Period	None
Domicile	Australian Unit Trust
Custodian	J.P. Morgan Chase Bank

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