

BLACKROCK ADVANTAGE INTERNATIONAL EQUITY FUND

BLACKROCK®

FUND UPDATE

31 January 2021

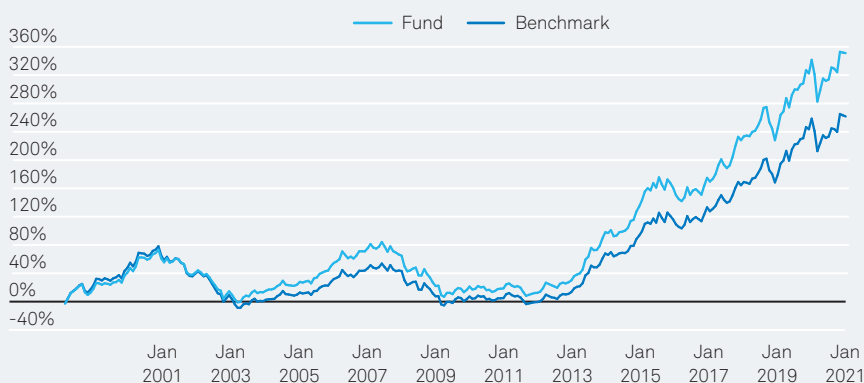
Investment Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	Since Incep
BlackRock Scientific International Alpha Tilts Fund ¹ (Gross of Fees)	-0.17	6.33	-0.17	2.15	10.54	12.45	8.10
MSCI World ex Australia Index (unhedged in AUD)	-0.45	6.41	-0.45	0.87	10.35	11.57	7.52
Outperformance (Gross of Fees)	0.28	-0.08	0.28	1.28	0.19	0.88	0.58
BlackRock Advantage International Equity Fund ² (Net of Fees)	-0.21	6.21	-0.21	1.64	9.84	11.63	5.86
MSCI World ex Australia Index (unhedged in AUD)	-0.45	6.41	-0.45	0.87	10.35	11.57	5.73
Outperformance (Net of Fees)	0.24	-0.20	0.24	0.77	-0.51	0.06	0.14
BlackRock Scientific Hedged International Alpha Tilts Fund ³ (Gross of Fees)	-0.55	14.36	-0.55	11.14	7.37	13.19	9.45
MSCI World ex Australia Index (hedged in AUD)	-0.82	14.46	-0.82	10.10	7.36	12.45	9.14
Outperformance (Gross of Fees)	0.27	-0.09	0.27	1.04	0.01	0.73	0.31
BlackRock Advantage Hedged International Equity Fund ⁴ (Net of Fees)	-0.60	14.23	-0.60	10.55	6.64	12.31	10.05
MSCI World ex Australia Index (hedged in AUD)	-0.82	14.46	-0.82	10.10	7.36	12.45	10.48
Outperformance (Net of Fees)	0.22	-0.23	0.22	0.46	-0.73	-0.14	-0.44

¹ Fund inception: 15/04/2004. ² Fund inception: 31/12/1997. ³ Fund inception: 15/04/2004. ⁴ 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 31 January 2021



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- Market Insights & Commentary
- Fund Performance
- Unit Prices

Performance Summary

Market Review

The MSCI World Ex Australia Index declined 0.45% in unhedged AUD terms and 0.82% in fully hedged to AUD terms in January 2021.

Following the strong rally in global equities towards the end of 2020, share markets continued to advance in January before falling sharply at month-end. The positive investor sentiment heading into the new year was tested by persistently high global virus cases, issues around the vaccine roll-out, worries about stretched equity valuations, violence in the US Capitol Building and a trading frenzy in the US (e.g. GameStop). Share market volatility increased and several indices finished the month in red territory.

In the US, the S&P 500 Index declined 1.0% in January. US shares traded in a choppy fashion over the month but initially trended higher following the ratification of the election victory of Joe Biden and the announcement by the new administration of another US\$1.9 trillion fiscal support package (which still needs to work its way through the Democrats' thin control of Congress). However, US shares declined sharply towards the end of the month as news of a 'short squeeze' in the US market dominated headlines. In particular, news around hedge funds suffering large losses from their short positions in games retailer, GameStop, was overshadowing. Macro-economic data was mixed over the month. Growth in the US economy moderated somewhat in the fourth quarter following record growth figures in the previous quarter, as consumer spending softened slightly. On the other hand, other parts of the US economy, such as housing and business investment, performed well. The Federal Reserve Bank ("Fed") reaffirmed its commitment to keep interest rates low and monetary stimulus in place until the economic rebound has traction. The US quarterly earnings season kicked off in January, with results generally fairly encouraging. Approximately one third of the companies in the S&P 500 Index have reported their quarterly earnings results (as of 31 January), with the majority beating earnings and revenue forecasts.

European equity markets declined somewhat in January. COVID-19 cases remained high in Europe and the recently introduced lockdown restrictions have caused several economic indicators to weaken. For example, mobility indicators and restaurants bookings remained at recent lows and the German Bundesbank's broad growth tracker signalled a decline in activity (quarter-on-quarter). That said, mobility measures show greater resilience than in the spring last year. There appears to be a divergence in the vaccine rollout in developed countries, with Europe lagging behind the UK and US, which has already resulted in some political implications. For example, tensions escalated between the European Union (EU) and UK over vaccine supplies in late-January, with the EU at one point threatening to close the Irish border. The EU quickly changed its stance, but the incident has highlighted the complexities of a post-Brexit Europe.

Asian equity markets generally outperformed their global peers in January. A strong and resilient Chinese economy supported share markets in the region. China was the only large economy globally with positive GDP growth in 2020, thanks to an effective management of virus outbreaks and meaningful government financial support. Nonetheless, after China's swift economic recovery in 2020, there are signs that the positive momentum has faded somewhat. Chinese manufacturing and non-manufacturing PMIs fell more than expected in January. Tighter COVID-related restrictions are a likely reason for some of this softening, alongside colder weather and a less supportive policy stance.

Strategy Commentary

The international stock selection strategy outperformed its benchmark this month. Momentum and Relative Valuation added while Cross Border Thematics, Quality and Sentiment insights detracted. Geographically, the main source of outperformance came from Europe where all insights added. Japan contributed (Sentiment and Momentum) and so did the US where weak Sentiment insights were offset by positive Momentum and Relative Valuation. Sector wise, Industrials was the top contributing sector thanks to underweights in the US and overweights in Europe. Overweights chemicals in Europe added to the Materials sector while overweights in North America generally helped the Healthcare sector. Textiles, apparel & luxury goods overweights in the US and Germany hurt Customer Discretionary, the worst performing sector this month.

Positive contributors to performance included overweight positions in Nokia and Teladoc Health.

Nokia – The Finnish multinational communication company Nokia share price soared on no specific company news forcing the company to issue a statement to the exchange noting that it was unaware of any material news that had not been publicly disclosed. The overweight position was a result of favourable Relative Valuation and Cross Border Thematics insights.

Teladoc Health – The US virtual healthcare company saw its share price gain supported by positive views after presenting at a key healthcare conference. The overweight position was driven by positive Quality, Sentiment and Cross Border Thematics insights.

Detractors from performance included overweight positions in Lilly Eli & Co and Coco Cola.

Lilly Eli & Co – The American drugmaker Lilly Eli & Co surprised investors with better than expected earnings for the fourth quarter thanks to strong sales of its top selling diabetes drugs. The underweight position was a result of generally negative views across most insights.

Coco Cola – The American beverage company Coca Cola saw its share price fall as investors started to worry that the effect of Covid could last longer than initially anticipated. The overweight position was driven by generally positive insights, especially Sentiment, Cross-Border Thematics and Relative Valuation insights.

Top Active Holdings

Overweight	Underweight
BEIERSDORF AG	JPMORGAN CHASE & CO
BRISTOL MYERS SQUIBB	VERIZON COMMUNICATIONS INC
EQUINIX REIT INC	NOVARTIS AG
FAST RETAILING LTD	COMCAST CORP CLASS A
NIKE INC CLASS B	EXXON MOBIL CORP

Top Holdings

Holding	Weight %
APPLE INC	4.50
MICROSOFT CORP	3.41
AMAZON COM INC	2.72
ALPHABET INC CLASS A	1.40
ALPHABET INC CLASS C	1.37
FACEBOOK CLASS A INC	1.27
TESLA INC	1.13
NIKE INC CLASS B	1.09
VISA INC CLASS A	1.08
BRISTOL MYERS SQUIBB	1.05

Country Exposure

Country	Weight %
Austria	0.10
Belgium	0.47
Canada	2.11
Denmark	1.44
Finland	0.46
France	3.82
Germany	3.40
Greece	0.00
Hong Kong	1.55
Ireland	0.18
Israel	0.55
Italy	0.61
Japan	8.06
Netherlands	1.24
New Zealand	0.02
Norway	0.15
Portugal	0.15
Singapore	0.76
Spain	0.58
Sweden	1.17
Switzerland	2.04
United Kingdom	4.00
United States	67.13

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 Scientific International Alpha Tilts Fund	
APIR	BGL0047AU
Fund Size	122 mil
Buy/Sell Spread	0.17%/0.17%
Number of Stocks in Fund	652
Number of Stocks in Benchmark	1521
Tracking Error (3 Years p.a.)	1.73%

BlackRock Scientific Hedged International Alpha Tilts Fund	
APIR	BGL0046AU
Buy/Sell Spread	0.18%/0.18%
Fund Size	257 mil

BlackRock Advantage International Equity Fund	
APIR Code	BAR0817AU
Buy/Sell Spread	0.17%/0.17%
Fund Size	663 mil
Management Fee	0.50% p.a.

BlackRock Advantage Hedged International Equity Fund	
APIR Code	BGL0109AU
Fund Size	351 mil
Buy/Sell Spread	0.18%/0.18%
Management Fee	0.53% p.a.

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