

BLACKROCK ADVANTAGE AUSTRALIAN EQUITY FUND

BLACKROCK AUSTRALIAN ALPHA TILTS FUND

BLACKROCK®

FUND UPDATE

30 November 2020

Investment Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	Since Incep
BlackRock Australian Alpha Tilts Fund* (Gross of Fees)	9.40	7.66	2.00	-0.28	8.37	10.26	10.26
S&P/ASX 300 Accumulation Index	10.23	8.27	0.41	-1.62	7.06	9.14	8.66
Outperformance (Gross of Fees)	-0.82	-0.61	1.59	1.34	1.31	1.12	1.60
BlackRock Australian Alpha Tilts Fund – Class S ** (Gross of Fees)	9.41	7.67	-	-	-	-	-3.62
S&P/ASX 300 Accumulation Index	10.23	8.27	-	-	-	-	-4.10
Outperformance (Gross of Fees)	-0.82	-0.60	-	-	-	-	0.47
BlackRock Australian Alpha Tilts Fund – Class S ** (Net of Fees)	9.38	7.59	-	-	-	-	-3.84
S&P/ASX 300 Accumulation Index	10.23	8.27	-	-	-	-	-4.10
Outperformance (Net of Fees)	-0.85	-0.68	-	-	-	-	0.26
Blackrock Advantage Australian Equity Fund^ (Net of Fees)	9.36	7.55	1.60	-0.71	7.74	9.55	9.29
S&P/ASX 300 Accumulation Index	10.23	8.27	0.41	-1.62	7.06	9.14	8.57
Outperformance (Net of Fees)	-0.86	-0.73	1.19	0.92	0.68	0.40	0.72

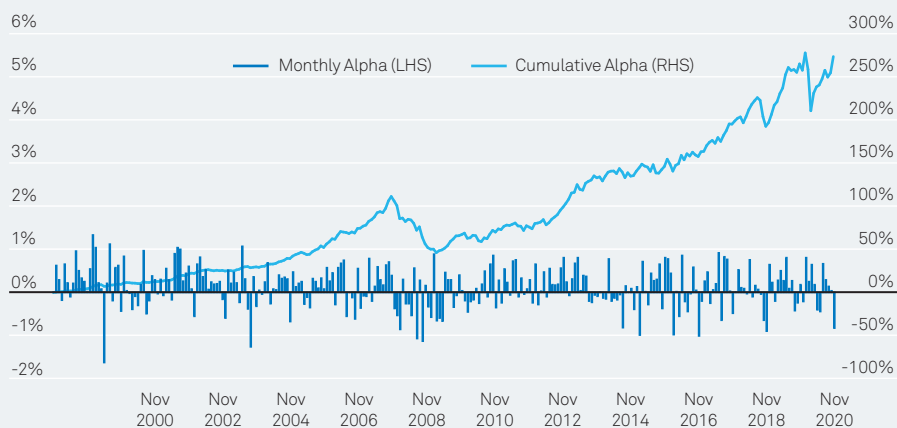
*Fund inception: 31/10/1997. **Fund inception: 31/01/2020. ^Fund inception: 31/12/1996.

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 November 2020



Performance Summary – November 2020

Fund v Market

The S&P/ASX300 Accumulation Index gained +10.2% in November. While the successful containment of the virus with no local transmission across the country helped the rally, the local index – like its global peers – experienced a market rotation after the announcement of a potentially successful Covid vaccine by Pfizer. This resulted in some large moves as investors shifted from growth names into value stocks and cyclical, fuelling markets across the globe. Despite the increased volatility, headwinds from the US presidential election results, escalating trade tensions between China and Australia and even a technical issue forcing the local market into closure for a day, Aussie equities had a stellar month, their best month in 30 years.

During the month, the RBA cut the cash rate to a historic low of 10 basis point and revealed that it will be buying \$100 billion of government bonds over the next six months. This is part of the latest package to support job creation and help the economy recover from the pandemic. Encouraging economic data suggests that the near-term outlook for the Australian economy might be better than expected, however, the country still faces a prolonged period of high unemployment. The unemployment rate slightly increased to 7.0% in October (from 6.9% in September) with a higher increase amongst the youths, increasing to 15.6% over the month, while the participation rate increased to 65.8%. The Australian dollar strengthened against the US dollar and finished the month at US0.74c.

Looking at sectors, Energy (+28.2%) was the best performing sector for the month benefiting from the market rotation. Financials (+16.1%) were another beneficiary of the shift in investors' sentiment while Real Estate (+13.2%) also performed strongly after the RBA cut interest rates. Communications Services (+14.3%) also had a strong month with most names outperforming the broader index. Consumer Staples (-0.7%) was the only sector to finish in the red as a number of names were heavily sold off during the market rotation. Other defensive sectors, including Utilities (+1.5%), Health Care (+2.9%) and Information Technology (+4.1%) also suffered from investors' shift to value and lagged the broader market.

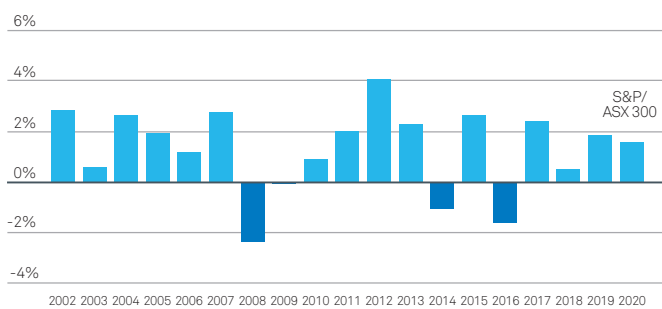
The strategy gained over the month; however it underperformed its benchmark. It continued to outperform over the past 12 months and year to date. Health Care was the biggest detractor due to unfavourable positioning after investors moved away from the more defensive sectors. The market rotation also hurt the consumer sectors. Overweights specialty retailers and underweights gaming were a drag on Consumer Discretionary while Consumer Staples suffered from the poor performance of the supermarkets (overweights). As the vaccine news weighed on the price of gold, overweight positions in gold mining companies dragged on Materials while overweights electric utilities hurt Utilities. The Financials sector was the biggest contributor, led by overweight positions in banks as well as favourable positioning in capital markets. Energy also added thanks to a large overweight in an energy equipment and services name. All insights detracted this month, especially Timing and Market, followed by Earnings Quality, Earnings Direction and Relative Valuation.

Investment Insights

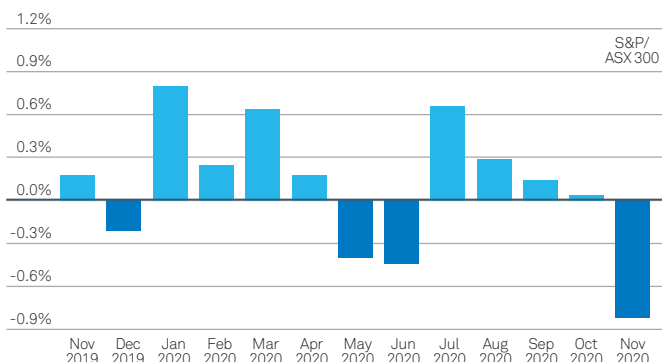
The stock positions in the portfolio are based on combinations of our signals, which exhibited the following performance characteristics over the month:

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

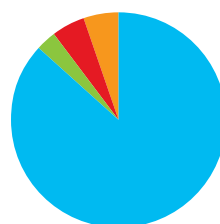
Yearly Alpha, Gross of Fees (%)



Monthly Alpha, Gross of Fees (%)

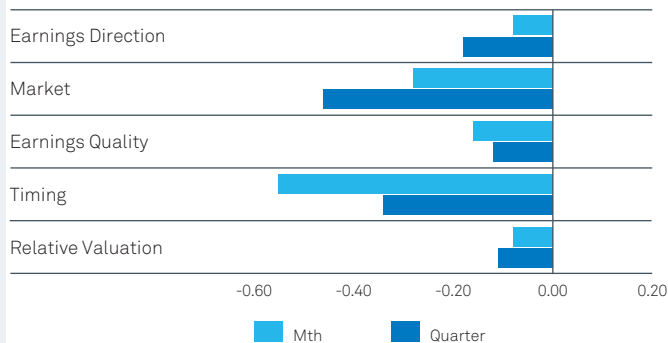


Risk Contributions (%)



Active Risk: 1.25%
Portfolio Beta: 0.99

Insight Performance (%)



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

Sector Exposure (%)

Sector	Weight
ENERGY	3.26
MATERIALS	17.72
INDUSTRIALS	6.50
CONSUMER DISCRETIONARY	8.47
CONSUMER STAPLES	6.70
HEALTHCARE	11.61
FINANCIALS EX A-REIT	27.11
A-REIT	7.00
INFORMATION TECHNOLOGY	4.27
COMMUNICATIONS SERVICES	3.81
UTILITIES	1.55

Top Contributors / Detractors

Contributors	Detractors
Australia and New Zealand Banking	Commonwealth Bank of Australia
Brambles Ltd	National Australia Bank Ltd
James Hardie Industries CDI Plc	Santos Ltd
Unibail-Rodamco-Westfield CDI	Sydney Airport Stapled Units Ltd
Worley Ltd	Woodside Petroleum Ltd

Top 10 Holdings

Stock
CSL Ltd
Commonwealth Bank of Australia
Bhp Billiton Plc (Gb)
Westpac Banking Corporation Corp
Australia and New Zealand Banking
Woolworths Group Ltd
Goodman Group Units
National Australia Bank Ltd
Rio Tinto Plc
Wesfarmers Ltd

Stock Selection

On a market adjusted basis, amongst the top contributors for the month were overweight positions in Worley (WOR) and Unibail-Rodamco-Westfield (URW). Amongst the largest detractors were a overweight position in AusNet Services (AST) and a underweight position in National Australia Bank (NAB).

Top Contributors

WOR – The overweight position in global engineering company Worley was a result of generally favourable views across most insights, led by Market, Earnings Quality and Earnings Direction insights. As the energy industry transitions away from fossil fuel, shareholders have favourable view on the company's growth prospects given their exposure to a number of renewable energy projects.

URW – The overweight position in commercial real estate company Unibail-Rodamco-Westfield came from positive views in Relative Valuation, Timing and Market insights. The company saw its share price surge after shareholders rejected a proposed capital raise as part of the company's reset plan. Major changes in management as well as a new plan to aggressively sell underperforming assets also reassured investors.

Top Detractors

AST – The overweight position in energy provider AusNet Services was led by positive Earnings Direction, Market and Timing insights. Despite reporting a profit, the share price fell after the company announced that it will cut its interim dividend due to the challenging environment and deteriorating economic climate.

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NAB – The underweight position in banking giant National Australia Bank was through generally unfavourable insights, especially Market, Earnings Direction and Earnings Quality insights. The bank, like its financials peers, benefitted from the shift in investors' sentiment after the vaccine announcement, as well as increased speculation that APRA might relax its dividend cap.

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	135 mil
Buy/Sell Spread	0.15%/0.15%
Management Fee	0.45%p.a.

BlackRock Australian Alpha Tilts Fund	
APIR	BGL0006AU
Fund Size	738 mil
Buy/Sell Spread	0.15%/0.15%
Number of Stocks in Fund	171
Number of Stocks in Benchmark	302
Tracking Error	1.48%

BlackRock Australian Alpha Tilts Fund – Class S	
APIR	BLK6723AU
Fund Size	192 mil
Buy/Sell Spread	0.15% / 0.15%