

BLACKROCK ADVANTAGE AUSTRALIAN EQUITY FUND

BLACKROCK AUSTRALIAN ALPHA TILTS FUND

BLACKROCK®

FUND UPDATE

30 June 2022

Investment Performance (%)

	1 Mth	3 Mths	CYTD	1 Yr	3 Yrs	5 Yrs	Since Incep
BlackRock Australian Alpha Tilts Fund* (Gross of Fees)	-8.75	-12.46	-11.53	-7.51	3.56	7.60	9.83
S&P/ASX 300 Accumulation Index	-8.97	-12.22	-10.39	-6.78	3.44	6.90	8.37
Outperformance (Gross of Fees)	0.21	-0.24	-1.14	-0.74	0.13	0.70	1.46
BlackRock Australian Alpha Tilts Fund – Class S ** (Gross of Fees)	-8.76	-12.47	-11.53	-7.52	-	-	0.83
S&P/ASX 300 Accumulation Index	-8.97	-12.22	-10.39	-6.78	-	-	0.99
Outperformance (Gross of Fees)	0.21	-0.25	-1.14	-0.74	-	-	-0.16
BlackRock Australian Alpha Tilts Fund – Class S ** (Net of Fees)	-8.78	-12.53	-11.66	-7.78	-	-	0.55
S&P/ASX 300 Accumulation Index	-8.97	-12.22	-10.39	-6.78	-	-	0.99
Outperformance (Net of Fees)	0.19	-0.31	-1.27	-1.00	-	-	-0.45
Blackrock Advantage Australian Equity Fund^ (Net of Fees)	-8.78	-12.55	-11.72	-7.91	3.12	7.02	8.90
S&P/ASX 300 Accumulation Index	-8.97	-12.22	-10.39	-6.78	3.44	6.90	8.29
Outperformance (Net of Fees)	0.19	-0.33	-1.33	-1.14	-0.31	0.11	0.60

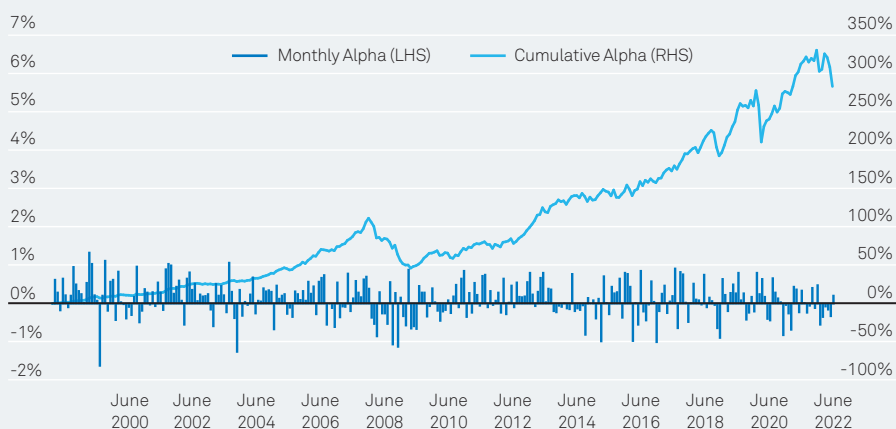
*Fund inception: 31/10/1997. **Fund inception: 31/01/2020. ^Fund inception: 31/12/1996.

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 June 2022



Performance Summary – June 2022

Fund v Market

The S&P/ASX300 Accumulation Index finished the June quarter well down (-12.2%) largely due to the month of June during which the index fell -9.0%. Macroeconomic and geopolitical concerns continued to dominate markets, as investors adapted to central banks starting to hike rates to combat inflation; among others, the Reserve Bank of Australia raised rates for the first time in over 11 years. The possibility of a global recession saw commodities pull back towards the end of quarter, including oil which had been very strong year to date.

The quarter started with inflation surprising on the high side, with a quarterly gain of +2.1%, or annually +5.1%; Housing (construction materials and labour shortages) and Transport (automotive fuel) being large components. GDP rose +0.8%, or 3.3% over the last 12 months, supported by mining and agriculture. Householding spending was also on the rise (+1.5%) over the quarter, as the household saving ratio declined. The unemployment rate remained a constant 3.9% over the last three prints. The RBA started raising rates, reaching 0.85%, the 0.50% increase in June surprising many economists. Expectations are that rates will continue to rise, as the bank committed to getting inflation back to its 2-3% target range, even as it forecasted that inflation may hit 7% by year end. The Australian dollar finished the quarter at US68.9c as the US Fed also raised rates and global uncertainty saw some strength in the US dollar.

Only two sectors finished the quarter in positive territory; Utilities (+1.7%) and Energy (+0.6%), helped by the price of oil. The biggest falls came in Information Technology (-26.1%) with nearly every company in the sector finishing the quarter lower. Real Estate (-17.6%) saw falls in residential, industrial and diversified names, Materials (-16.6%) with construction materials, miners and chemical companies falling, and Consumer Discretionary (-15.7%) led by retailers..

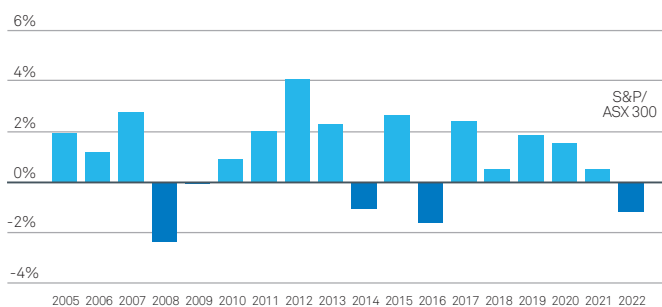
Overall returns for the strategy was dominated by the negative benchmark performance. In active space, a positive June helped the active return finish with a small negative for the quarter. Overweight positions in food companies helped the Consumer Staples sector outperform, as did modest underweights in Information Technology. Detraction came from Financials (underweight insurance), Health Care (underweights), Real Estate (overweights) and Communications (overweight media). Market insights were additive over the quarter, with Timing and Relative Valuation detracting.

Investment Insights

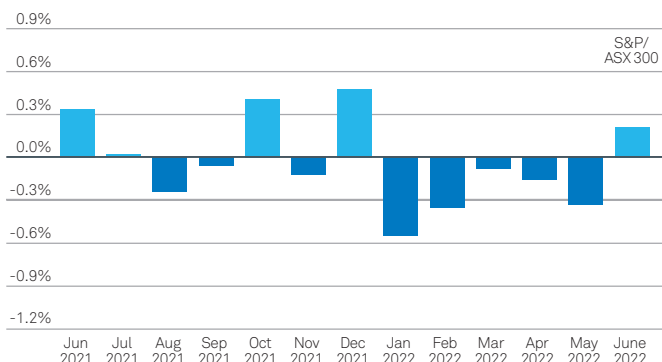
The stock positions in the portfolio are based on combinations of our signals, which exhibited the following performance characteristics over the quarter:

- ▶ Relative Valuation signals were negative,
- ▶ Market signals were positive,
- ▶ Earnings Direction signals were flat,
- ▶ Earnings Quality signals were flat,
- ▶ Timing signals were negative.

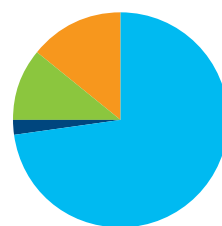
Yearly Alpha, Gross of Fees (%)



Monthly Alpha, Gross of Fees (%)

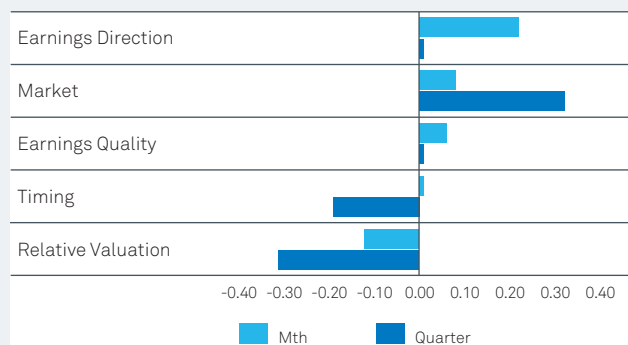


Risk Contributions (%)



Active Risk: 0.91%
Portfolio Beta: 0.99

Insight Performance (%)



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

Sector Exposure (%)

Sector	Weight
ENERGY	5.72
MATERIALS	24.06
INDUSTRIALS	5.75
CONSUMER DISCRETIONARY	5.90
CONSUMER STAPLES	5.29
HEALTHCARE	8.86
FINANCIALS EX A-REIT	26.86
A-REIT	6.79
INFORMATION TECHNOLOGY	2.76
COMMUNICATIONS SERVICES	4.36
UTILITIES	1.69

Top Contributors / Detractors

Contributors	Detractors
ATLAS ARTERIA STAPLED UNITS	CHARTER HALL GROUP STAPLED UNITS
EVOLUTION MINING LTD	FLETCHER BUILDING LTD
WESTPAC BANKING CORPORATION CORP	JB HI-FI LTD
WOODSIDE ENERGY GROUP LTD	MACQUARIE GROUP LTD DEF
WOOLWORTHS GROUP LTD	SOUTH32 LTD

Top 10 Holdings

Stock
BHP GROUP LTD
COMMONWEALTH BANK OF AUSTRALIA
CSL LTD
NATIONAL AUSTRALIA BANK LTD
WESTPAC BANKING CORPORATION CORP
MACQUARIE GROUP LTD DEF
AUSTRALIA AND NEW ZEALAND BANKING
WOODSIDE ENERGY GROUP LTD
TELSTRA CORPORATION LTD
WESFARMERS LTD

Stock Selection

On a market adjusted basis, amongst the top contributors for the quarter were overweight positions in Atlas Arteria (ALX) and Ampol (ALD). Amongst the largest detractors were underweight positions in Ramsay Health Care (RHC) and Transurban (TCL).

Top Contributors

ALX – The overweight position in toll roads operator Atlas Arteria was led by positive Earnings Direction and Market insights. The company reported strong recovery as economies started to reopen, with one investor, after building a substantial holding requested for more information to prepare for a potential takeover bid.

ALD – The overweight position petrol company Ampol came about as Market, Earnings Quality and Earnings Direction were positive. Over the quarter the company completed the acquisition of New Zealand counterpart Z Energy, reported strong (unaudited) Q1 results, and issued sustainability linked hybrids.

Top Detractors

RHC – The underweight position in global hospital group Ramsay Health Care was driven by negative views across nearly all insight groups, with Market insights the exception. Over the quarter the firm received a bid for its Malaysian joint venture, as well as a private equity bid for the entire company. Since the bid the share price has drifted lower on market moves and lower profits, as costs due to covid continued to rise.

TCL – The underweight position in toll road operator Transurban was from unfavourable views across all insight groups. In their quarterly update the firm noted a recovery in traffic numbers, from both relaxation of mobility restrictions and the end of local rain events, with the company announcing an increased dividend to close the quarter.

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About the Fund

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

BlackRock Australian Alpha Tilts Fund	
APIR	BGL0006AU
Fund Size	678 mil
Buy/Sell Spread	0.15%/0.15%
Number of Stocks in Fund	180
Number of Stocks in Benchmark	297
Tracking Error	1.34%

BlackRock Australian Alpha Tilts Fund – Class S	
APIR	BLK6723AU
Fund Size	212 mil
Buy/Sell Spread	0.15% / 0.15%