

BLACKROCK ADVANTAGE AUSTRALIAN EQUITY FUND

BLACKROCK AUSTRALIAN ALPHA TILTS FUND

BLACKROCK®

FUND UPDATE

30 November 2021

Investment Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	Since Incep
BlackRock Australian Alpha Tilts Fund* (Gross of Fees)	-0.65	-2.09	14.49	15.95	14.27	11.52	10.50
S&P/ASX 300 Accumulation Index	-0.53	-2.31	14.51	16.02	12.89	10.30	8.96
Outperformance (Gross of Fees)	-0.12	0.22	-0.01	-0.06	1.38	1.23	1.54
BlackRock Australian Alpha Tilts Fund – Class S ** (Gross of Fees)	-0.65	-2.09	14.50	15.96	-	-	6.50
S&P/ASX 300 Accumulation Index	-0.53	-2.31	14.51	16.02	-	-	6.23
Outperformance (Gross of Fees)	-0.12	0.22	0.00	-0.05	-	-	0.27
BlackRock Australian Alpha Tilts Fund – Class S ** (Net of Fees)	-0.67	-2.16	14.20	15.63	-	-	6.19
S&P/ASX 300 Accumulation Index	-0.53	-2.31	14.51	16.02	-	-	6.23
Outperformance (Net of Fees)	-0.14	0.15	-0.30	-0.38	-	-	-0.04
Blackrock Advantage Australian Equity Fund^ (Net of Fees)	-0.69	-2.20	14.06	15.47	13.74	10.87	9.53
S&P/ASX 300 Accumulation Index	-0.53	-2.31	14.51	16.02	12.89	10.30	8.86
Outperformance (Net of Fees)	-0.15	0.11	-0.45	-0.55	0.86	0.57	0.67

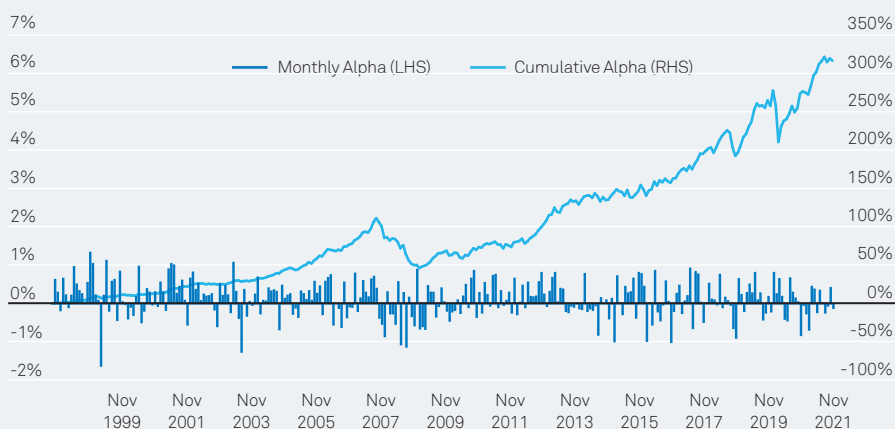
*Fund inception: 31/10/1997. **Fund inception: 31/01/2020. ^Fund inception: 31/12/1996.

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 2021



Performance Summary – November 2021

Fund v Market

The S&P/ASX300 Accumulation Index finished the month -0.5% lower. November started well as companies continued to update the market through AGM season, confirming that they are generally progressing through their recovery. However, global inflation concerns pushed markets back later in the month. Escalating covid case numbers and growing concerns of another covid wave through Europe were also headwinds. This was exacerbated with the emergence of the new Omicron covid variant, leading markets to retreat further in the last week of the month.

On the data front, the GDP fell by 1.9% for the September quarter reflecting the reduced economic activity due to the extended lockdowns across the major states, partly as household spending fell by 4.8%. Sentiment also declined suggested by the latest consumer confidence survey. The unemployment rate increased to 5.2% from 4.6% while the latest CPI footprint showed a 0.8% rise for the September quarter, taking the annual rate to 3.0%. Despite increased pressure to raise rates, the RBA left the cash rate unchanged at 10 bps and reiterated that it will remain at this level until inflation sustainably stayed within the target range. The Australian dollar weakened against the US dollar and finished the month at US0.71c.

Performance amongst sectors was mixed this month. Materials (+6.0%) was the top performing sector followed by Communications Services (+4.7%), which benefited from generally strong performance within the sector. Supermarkets had a good month lifting Consumer Staples (+4.1%) higher. Conversely, Energy (-7.8%) was the laggard as the price of oil fell sharply in the last week of the month while Financials (-6.9%) also retreated, mostly suffering from the pull back of the banks.

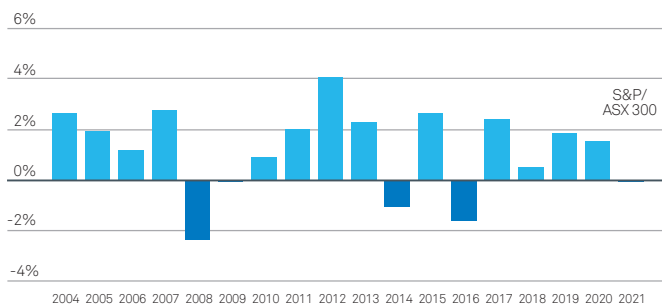
The strategy had a negative month and underperformed its benchmark over the period. Materials explained most of the negative performance due to underweights in the metals and mining industry. Utilities was another source of underperformance due to an underweight position in a gas utilities name. The consumer sectors also detracted with overweights distributors and hotel, restaurants and leisure hurting Consumer Discretionary while a large underweight in a supermarket chain impacted Consumer Staples. Amongst contributors, Health Care benefited from favourable positioning within the industry while underweights in the major banks helped Financials. Looking at signal insights, Relative Valuation, Earnings Direction and Timing contributed while Earnings Quality and Market detracted.

Investment Insights

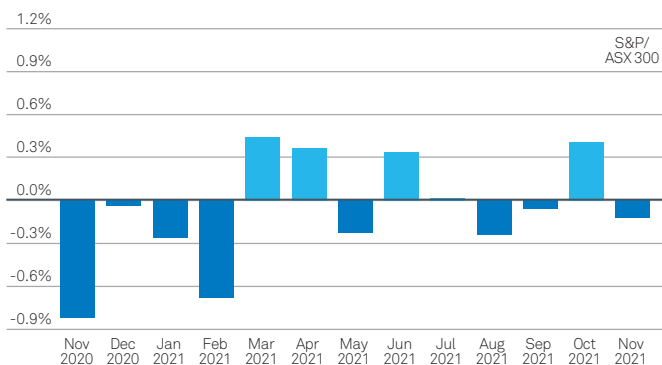
The stock positions in the portfolio are based on combinations of our signals, which exhibited the following performance characteristics over the month:

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

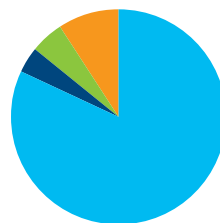
Yearly Alpha, Gross of Fees (%)



Monthly Alpha, Gross of Fees (%)

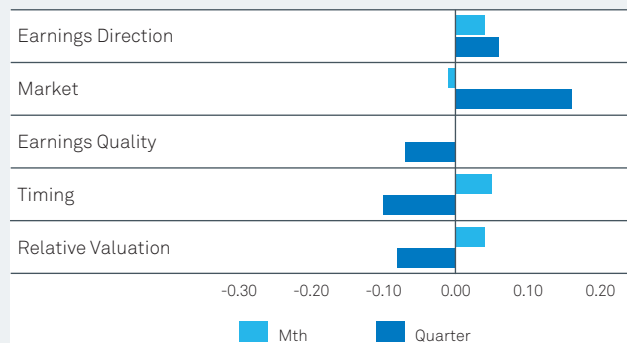


Risk Contributions (%)



Active Risk: 1.11%
Portfolio Beta: 0.99

Insight Performance (%)



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

Sector Exposure (%)

Sector	Weight
ENERGY	2.70
MATERIALS	18.13
INDUSTRIALS	7.19
CONSUMER DISCRETIONARY	8.19
CONSUMER STAPLES	4.96
HEALTHCARE	10.42
FINANCIALS EX A-REIT	27.17
A-REIT	7.41
INFORMATION TECHNOLOGY	4.78
COMMUNICATIONS SERVICES	4.16
UTILITIES	1.36

Top Contributors / Detractors

Contributors	Detractors
BHP GROUP LTD	APA GROUP UNITS
CHARTER HALL GROUP STAPLED UNITS	ARISTOCRAT LEISURE LTD
COMMONWEALTH BANK OF AUSTRALIA	ELDERS LTD
SONIC HEALTHCARE LTD	FORTESCUE METALS GROUP LTD
WESTPAC BANKING CORPORATION CORP	WOOLWORTHS GROUP LTD

Top 10 Holdings

Stock
COMMONWEALTH BANK OF AUSTRALIA
CSL LTD
BHP BILLITON (GB)
AUSTRALIA AND NEW ZEALAND BANKING
MACQUARIE GROUP LTD DEF
NATIONAL AUSTRALIA BANK LTD
WESTPAC BANKING CORPORATION CORP
ARISTOCRAT LEISURE LTD
GOODMAN GROUP UNITS
SONIC HEALTHCARE LTD

Stock Selection

On a market adjusted basis, amongst the top contributors for the month were overweight positions in Charter Hall (CHC) and BHP Group (BHP). Amongst the largest detractors were underweight positions in Woolworths Group (WOW) and Fortescue Metals Group (FMG).

Top Contributors

CHC – The overweight position in property group Charter Hall came from positive views across most insights – Earnings Directions, Market, Relative valuation and Timing. The share price continued to move higher after the company upgraded its projected guidance for FY21 thanks to strong activity and a healthy development pipeline.

BHP – The overweight position in mining giant BHP Group was a result of favourable views across Earnings Direction, Relative Valuation and Timing insights. Investors regained confidence following a series of positive announcements. At the November AGM, management confirmed the long-term strategy focusing on repositioning towards future commodity and reduction of emissions but also updated on progress for the proposed merger of its petroleum business.

Top Detractors

WOW – The underweight position in supermarket chain Woolworths Group was through unfavourable views across Earnings Direction, Market and Relative Valuation insights. While the stock initially dropped post results despite management announcing the lockdowns had been favourable, it recovered through November. The company also announced a number of green initiatives which were well received by investors.

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FMG – The underweight position in iron ore miner Fortescue Metals Group was led by negative views across most insights. Investors became more optimistic on the price of iron ore after some recent policy announcements in China and regained interest in the company which had been heavily sold off in previous months.

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

BlackRock Australian Alpha Tilts Fund	
APIR	BGL0006AU
Fund Size	729 mil
Buy/Sell Spread	0.15%/0.15%
Number of Stocks in Fund	175
Number of Stocks in Benchmark	299
Tracking Error	1.38%

BlackRock Australian Alpha Tilts Fund – Class S	
APIR	BLK6723AU
Fund Size	229 mil
Buy/Sell Spread	0.15% / 0.15%