

BLACKROCK ADVANTAGE AUSTRALIAN EQUITY FUND

BLACKROCK AUSTRALIAN ALPHA TILTS FUND

BLACKROCK®

FUND UPDATE

28 February 2022

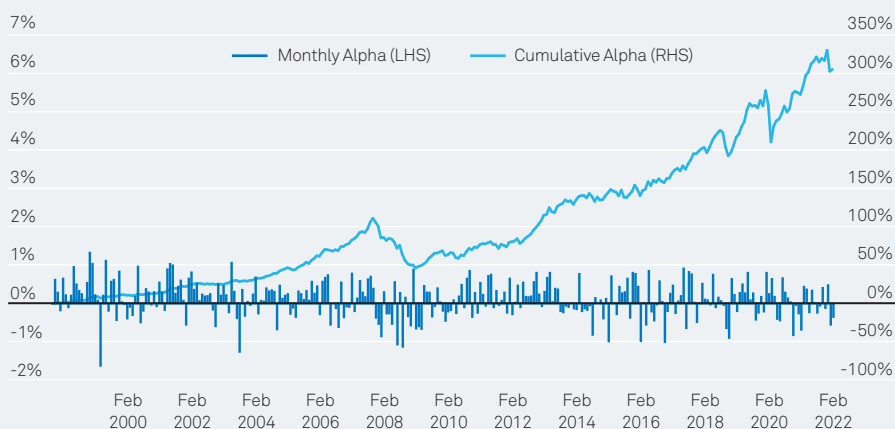
Investment Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	Since Incep
BlackRock Australian Alpha Tilts Fund* (Gross of Fees)	1.74	-2.42	-5.39	10.75	9.59	9.62	10.27
S&P/ASX 300 Accumulation Index	2.09	-1.97	-4.50	10.25	8.68	8.63	8.77
Outperformance (Gross of Fees)	-0.35	-0.45	-0.88	0.50	0.91	0.99	1.50
BlackRock Australian Alpha Tilts Fund – Class S ** (Gross of Fees)	1.74	-2.42	-5.39	10.76	-	-	4.39
S&P/ASX 300 Accumulation Index	2.09	-1.97	-4.50	10.25	-	-	4.40
Outperformance (Gross of Fees)	-0.35	-0.45	-0.88	0.51	-	-	-0.01
BlackRock Australian Alpha Tilts Fund – Class S ** (Net of Fees)	1.72	-2.49	-5.43	10.44	-	-	4.09
S&P/ASX 300 Accumulation Index	2.09	-1.97	-4.50	10.25	-	-	4.40
Outperformance (Net of Fees)	-0.37	-0.52	-0.93	0.19	-	-	-0.31
Blackrock Advantage Australian Equity Fund^ (Net of Fees)	1.70	-2.53	-5.45	10.27	9.12	8.99	9.32
S&P/ASX 300 Accumulation Index	2.09	-1.97	-4.50	10.25	8.68	8.63	8.68
Outperformance (Net of Fees)	-0.38	-0.56	-0.95	0.02	0.44	0.37	0.64

*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.

Fund Performance (Gross of Fees) to 28 February 2022



Visit [BlackRock.com.au](https://www.blackrock.com.au) for further information, including:

- Market Insights & Commentary
- Fund Performance
- Unit Prices

Performance Summary – February 2022

Fund v Market

The S&P/ASX300 Accumulation Index rose +2.1% after a volatile month, with much of gains concentrated in Resources and Banks. After rebounding from the January lows, the index was unable to sustain the good performance and from mid-February started to fall. Even though February was reporting season in Australia, the market seemed to react more strongly to a jump in US inflation, raising concerns of increased Fed activity, which was then followed by geopolitical tensions, and subsequent escalation, in Ukraine. The month ending with investors seeking safe haven from the increasing uncertainty.

Economic data showed a strong rebound in the December quarter, as retail sales were higher, though cafes and restaurants still lagged. Wages remained strong with the unemployment rate also staying low. The January print for the unemployment rate remained at 4.2% however the impact of covid was noticeable as a drop in hours worked. At the first meeting of the year for the RBA, the central bank kept the cash rate at 0.10% and announced they would end their bond-buying program. The Australian dollar rose against the US dollar, finishing the month at US71.8c.

Resources led the outperformance over the month, Energy (+8.5%) had another strong month with expectations of higher oil, gas and coal prices. Consumer Staples (+5.4%) were also higher driven by food and staples retailing, The Materials sector (+5.2%) was boosted by the miners, especially gold miners and the large diversifieds. Information Technology (-6.8%) had another poor showing, as both hardware and software names detracted, and so did the Consumer Discretionary sector (-5.0%) which also continued its downward trend this year.

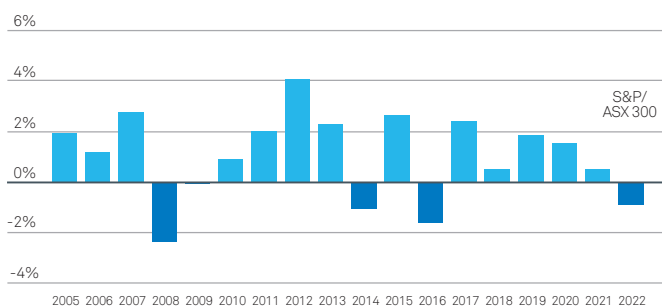
The strategy underperformed the benchmark as geopolitics added to uncertainty the market was already dealing with. The month saw many trends reverse, though there was some focus on companies with earnings certainty. The strategy made gains in Materials, with favourable metal prices helping overweights in miners, and the Information Technology sector, where underweights added. However, poor positioning in Financials (banks), Health Care (overweight service providers, underweight medical devices), and an underweight to Energy all contributed to the underperformance. Shorter horizon trending insights (Earnings Direction, Market) performed poorly as the market rotated, whilst Company Fundamentals (Relative Valuation, Earnings Quality) and Timing insights posted some gains.

Investment Insights

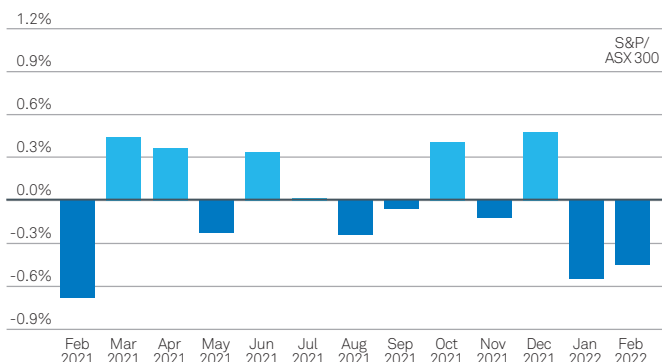
The stock positions in the portfolio are based on combinations of our signals, which exhibited the following performance characteristics over the month:

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

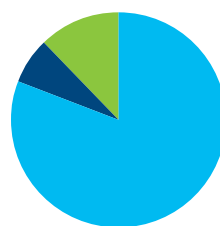
Yearly Alpha, Gross of Fees (%)



Monthly Alpha, Gross of Fees (%)

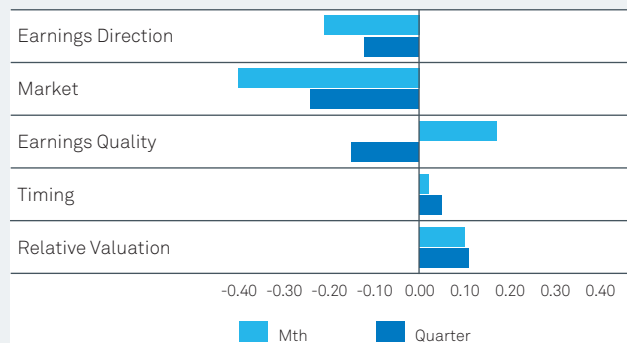


Risk Contributions (%)



Active Risk: 0.97%
Portfolio Beta: 1.00

Insight Performance (%)



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

Sector Exposure (%)

Sector	Weight
ENERGY	3.56
MATERIALS	24.34
INDUSTRIALS	6.06
CONSUMER DISCRETIONARY	6.94
CONSUMER STAPLES	4.91
HEALTHCARE	9.00
FINANCIALS EX A-REIT	27.37
A-REIT	6.61
INFORMATION TECHNOLOGY	3.20
COMMUNICATIONS SERVICES	4.14
UTILITIES	1.00

Top Contributors / Detractors

Contributors	Detractors
JB HI-FI LTD	COCHLEAR LTD
MINERAL RESOURCES LTD	REA GROUP LTD
QBE INSURANCE GROUP LTD	SONIC HEALTHCARE LTD
SOUTH32 LTD	WESTPAC BANKING CORPORATION CORP
XERO LTD	WOODSIDE PETROLEUM LTD

Top 10 Holdings

Stock
BHP GROUP LTD
COMMONWEALTH BANK OF AUSTRALIA
CSL LTD
AUSTRALIA AND NEW ZEALAND BANKING
MACQUARIE GROUP LTD DEF
NATIONAL AUSTRALIA BANK LTD
WESTPAC BANKING CORPORATION CORP
WESFARMERS LTD
GOODMAN GROUP UNITS
SONIC HEALTHCARE LTD

Stock Selection

On a market adjusted basis, amongst the top contributors for the month was an underweight position in Mineral Resources (MIN) and an overweight position in JB Hi-Fi (JBH). Amongst the largest detractors were underweight positions in Woodside Petroleum (WPL) and Cochlear (COH).

Top Contributors

MIN – The underweight position in miner Mineral Resources was largely a result of poor Earnings Direction, Timing and Relative Valuation insights. The company reported significantly lower earnings, due to falling iron ore prices, and declared no dividend for the period.

JBH – The overweight position in home consumer product retailer JB Hi-Fi came about through favourable Earnings Direction and Relative Valuation insights. The company highlighted strong 2-year performance and sustained customer demand, while returning shareholder capital in the form of a dividend and share buy-back.

Top Detractors

WPL – The underweight position in oil explorer Woodside Petroleum was from negative trending insights (Earnings Direction and Market). The company returned to profit on higher revenues as their realised oil price reached a multi-year high.

COH – The underweight position in hearing implant company Cochlear was driven by most insights being negative. Though the company reported lower profits, impacted by Covid, revenue was higher, and the firm declared a dividend.

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

BlackRock Australian Alpha Tilts Fund	
APIR	BGL0006AU
Fund Size	742 mil
Buy/Sell Spread	0.15%/0.15%
Number of Stocks in Fund	173
Number of Stocks in Benchmark	295
Tracking Error	1.42%

BlackRock Australian Alpha Tilts Fund – Class S	
APIR	BLK6723AU
Fund Size	226 mil
Buy/Sell Spread	0.15% / 0.15%