

BLACKROCK ADVANTAGE AUSTRALIAN EQUITY FUND

BLACKROCK AUSTRALIAN ALPHA TILTS FUND

BLACKROCK®

FUND UPDATE

31 March 2022

Investment Performance (%)

	1 Mth	3 Mths	CYTD	1 Yr	3 Yrs	5 Yrs	Since Incep
BlackRock Australian Alpha Tilts Fund* (Gross of Fees)	6.82	1.07	1.07	15.15	11.65	10.41	10.53
S&P/ASX 300 Accumulation Index	6.90	2.08	2.08	15.21	10.85	9.38	9.04
Outperformance (Gross of Fees)	-0.08	-1.02	-1.02	-0.06	0.80	1.03	1.49
BlackRock Australian Alpha Tilts Fund – Class S ** (Gross of Fees)	6.82	1.07	1.07	15.16	-	-	7.54
S&P/ASX 300 Accumulation Index	6.90	2.08	2.08	15.21	-	-	7.58
Outperformance (Gross of Fees)	-0.08	-1.02	-1.02	-0.05	-	-	-0.04
BlackRock Australian Alpha Tilts Fund – Class S ** (Net of Fees)	6.80	1.00	1.00	14.83	-	-	7.23
S&P/ASX 300 Accumulation Index	6.90	2.08	2.08	15.21	-	-	7.58
Outperformance (Net of Fees)	-0.10	-1.09	-1.09	-0.38	-	-	-0.35
Blackrock Advantage Australian Equity Fund^ (Net of Fees)	6.78	0.96	0.96	14.65	11.18	9.79	9.57
S&P/ASX 300 Accumulation Index	6.90	2.08	2.08	15.21	10.85	9.38	8.94
Outperformance (Net of Fees)	-0.12	-1.13	-1.13	-0.56	0.33	0.41	0.63

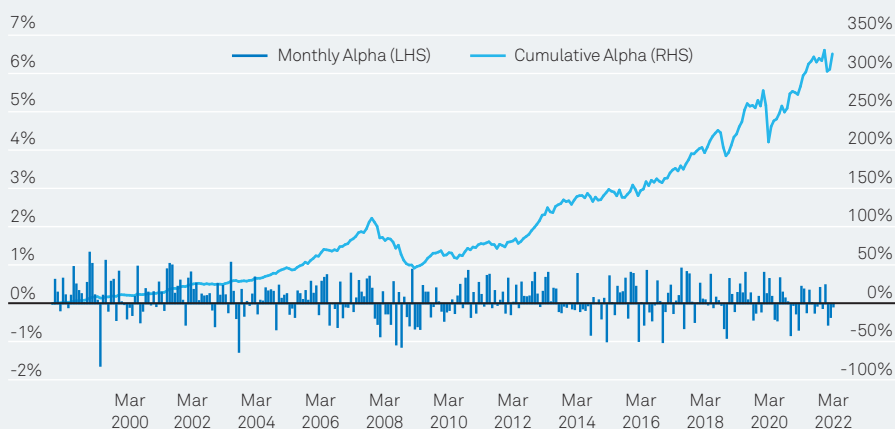
*Fund inception: 31/10/1997. **Fund inception: 31/01/2020. ^Fund inception: 31/12/1996.

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 31 March 2022



Performance Summary – March 2022

Fund v Market

The S&P/ASX300 Accumulation Index gained +2.1% over the quarter, recovering from the underperformance in January with very strong returns in March. Notably the gains have been relatively narrowly spread, focussed in larger commodity related names (Energy and Miners) and Banks. Market uncertainty continued, with considerations ranging from the February domestic reporting season, Federal Budget, floods and a looming election, to covid (omicron), inflation, central banks raising rates, supply chains, geopolitics, and the Russian invasion of Ukraine.

Economic data releases were generally positive. GDP for the December quarter was +3.4%, rebounding from the negative September quarter, as domestic demand increased with the end of lockdowns, with no significant impact from the rise of the omicron variant. Inflation figures of +1.3% for the December quarter (+3.5% over 2021) was driven by transportation, mainly fuel, and new dwellings, impacted by material and labour shortages. Unemployment was very strong with the rate falling to just 4.0%, even as the participation rate rose to 66.4% and hours worked also climbed. The RBA maintained the cash rate at 0.10%, though announced they would end their bond-buying program, as expectations of future rate rises grew. Along with stronger commodity prices, this might have helped the Australian dollar gain against the US dollar, finishing the quarter at US74.8c.

Energy (+28.4%) led all sectors over the quarter, as concerns over supply pushed prices higher. Some of the larger Utilities were also helped; that sector up +14.1%. Materials (+15.4%) also did well with miners particularly strong as metal prices gained. Higher growth sectors, Information Technology (-13.6%) and Health Care (-10.1%) were among the worst performers, with Consumer Discretionary (-10.4%) also struggling.

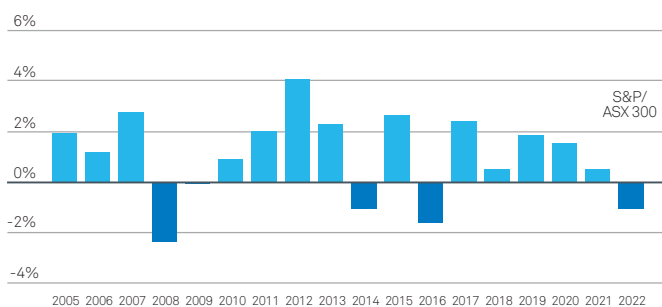
Over the last three months the strategy underperformed, as markets were driven by numerous macro concerns and uncertainty, rather than by the fundamentals of Australian stocks. Underweights in miners saw the Materials sector detract the most, similarly underweights in Energy detracted there. Mixed positioning in banks and insurers hurt Financials, as did underweights in Real Estate. Modest gains were made in a few sectors, underweights in Information Technology leading the way. Most insight groups detracted as investors reacted to the changing environment, hurting more trending insights within Market and Earnings Direction, and largely ignored the Earnings Quality of companies. Relative Valuation insights were the only additive group over the quarter.

Investment Insights

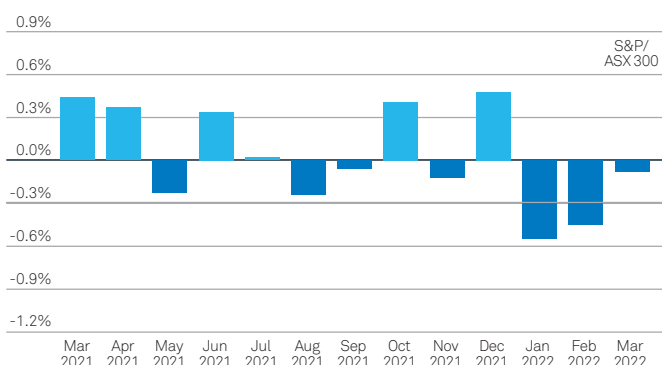
The stock positions in the portfolio are based on combinations of our signals, which exhibited the following performance characteristics over the quarter:

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

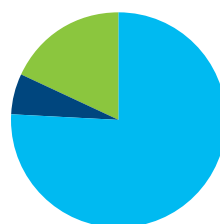
Yearly Alpha, Gross of Fees (%)



Monthly Alpha, Gross of Fees (%)

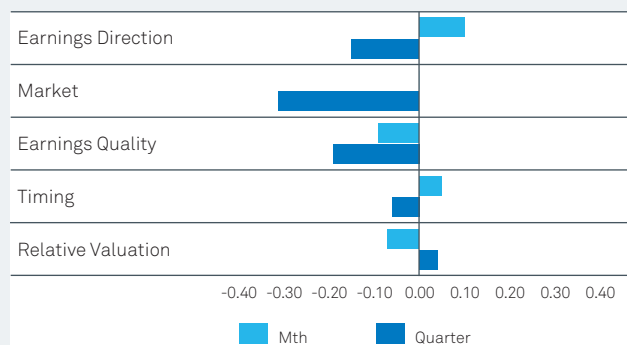


Risk Contributions (%)



Active Risk: 1.03%
Portfolio Beta: 1.00

Insight Performance (%)



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

Sector Exposure (%)

Sector	Weight
ENERGY	3.65
MATERIALS	25.89
INDUSTRIALS	5.74
CONSUMER DISCRETIONARY	6.69
CONSUMER STAPLES	4.92
HEALTHCARE	8.20
FINANCIALS EX A-REIT	27.72
A-REIT	6.81
INFORMATION TECHNOLOGY	3.47
COMMUNICATIONS SERVICES	4.28
UTILITIES	1.68

Top Contributors / Detractors

Contributors	Detractors
AUSTRALIA AND NEW ZEALAND BANKING	TRANSURBAN GROUP STAPLED UNITS
ELDERS LTD	UNITI GROUP LTD
INCITEC PIVOT LTD	WESTPAC BANKING CORPORATION CORP
JB HI-FI LTD	WOODSIDE PETROLEUM LTD
MACQUARIE GROUP LTD DEF	WOOLWORTHS GROUP LTD

Top 10 Holdings

Stock
BHP BILLITON PLC (GB)
COMMONWEALTH BANK OF AUSTRALIA
CSL LTD
AUSTRALIA AND NEW ZEALAND BANKING
NATIONAL AUSTRALIA BANK LTD
MACQUARIE GROUP LTD
WESTPAC BANKING CORPORATION CORP
WESFARMERS LTD
GOODMAN GROUP UNITS
TELSTRA CORPORATION LTD

Stock Selection

On a market adjusted basis, amongst the top contributors for the quarter were overweight positions in Santos (STO) and JB Hi-Fi (JBH). Amongst the largest detractors was an overweight position in Sonic Healthcare (SHL) and an underweight position in Woodside Petroleum (WPL).

Top Contributors

STO – The overweight position in oil explorer Santos was driven by positive Timing and Relative Valuation insights. A stronger oil price allowed the company to report significantly more profits, the company also announcing a positive oil discovery, as it entered the ASX20 benchmark.

JBH – The overweight position in home consumer product retailer JB Hi-Fi came about through favourable Earnings Direction and Relative Valuation insights. The company continued to report positive sales growth and demand, as well as announcing a dividend and share buy-back.

Top Detractors

SHL – The overweight position in medical diagnostics firm Sonic Healthcare was a result of generally positive insights, led by Market and Timing insights. Investors have been concerned that the reduction of covid-related testing would decrease as economies opened up, even though reported revenues were higher, with the company also buying back shares on-market.

WPL – The underweight position in oil explorer Woodside Petroleum was from negative trending insights (Earnings Direction and Market) despite stronger fundamentals. Global supply pressures caused the oil price to reach multi-year highs, allowing the company to return higher revenues and higher profits.

IMPORTANT INFORMATION: Issued by BlackRock Investment Management (Australia) Limited ABN 13 006 165 975, AFSL 230 523 (**BIMAL**). This material is not a financial product recommendation or an offer or solicitation with respect to the purchase or sale of any financial product in any jurisdiction. The material provides general information only and does not take into account your individual objectives, financial situation, needs or circumstances. Before making any investment decision, you should assess whether the material is appropriate for you and obtain financial advice tailored to you having regard to your individual objectives, financial situation, needs and circumstances. BIMAL is the responsible entity and issuer of units in the Australian domiciled managed investment schemes referred to in this material. Any potential investor should consider the latest product disclosure statement, prospectus or other offer document (**Offer Documents**) before deciding whether to acquire, or continue to hold, an investment in any BlackRock fund. Offer Documents can be obtained by contacting the BIMAL Client Services Centre on 1300 366 100. In some instances Offer Documents are also available on the BIMAL website at www.blackrock.com.au. BIMAL, its officers, employees and agents believe that the information in this material and the sources on which it is based (which may be sourced from third parties) are correct as at the date of publication. While every care has been taken in the preparation of this material, no warranty of accuracy or reliability is given and no responsibility for the information is accepted by BIMAL, its officers, employees or agents. Any investment is subject to investment risk, including delays on the payment of withdrawal proceeds and the loss of income or the principal invested. While any forecasts, estimates and opinions in this material are made on a reasonable basis, actual future results and operations may differ materially from the forecasts, estimates and opinions set out in this material. No guarantee as to the repayment of capital or the performance of any product or rate of return referred to in this material is made by BIMAL or any entity in the BlackRock group of companies. No part of this material may be reproduced or distributed in any manner without the prior written permission of BIMAL. © 2022 BlackRock, Inc. All Rights reserved. BLACKROCK, BLACKROCK SOLUTIONS, iSHARES and the stylised i logo are registered and unregistered trademarks of BlackRock, Inc. or its subsidiaries in the United States and elsewhere. All other trademarks are those of their respective owners.

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

BlackRock Australian Alpha Tilts Fund	
APIR	BGL0006AU
Fund Size	785 mil
Buy/Sell Spread	0.15%/0.15%
Number of Stocks in Fund	168
Number of Stocks in Benchmark	299
Tracking Error	1.42%

BlackRock Australian Alpha Tilts Fund – Class S	
APIR	BLK6723AU
Fund Size	240 mil
Buy/Sell Spread	0.15% / 0.15%