

BLACKROCK ADVANTAGE AUSTRALIAN EQUITY FUND

BLACKROCK AUSTRALIAN ALPHA TILTS FUND

BLACKROCK®

FUND UPDATE

31 July 2022

Investment Performance (%)

	1 Mth	3 Mths	CYTD	1 Yr	3 Yrs	5 Yrs	Since Incep
BlackRock Australian Alpha Tilts Fund* (Gross of Fees)	5.28	-6.91	-6.86	-3.72	4.30	8.85	10.02
S&P/ASX 300 Accumulation Index	5.95	-6.21	-5.05	-2.31	4.43	8.15	8.59
Outperformance (Gross of Fees)	-0.68	-0.70	-1.81	-1.41	-0.13	0.71	1.42
BlackRock Australian Alpha Tilts Fund – Class S ** (Gross of Fees)	5.28	-6.92	-6.86	-3.72	-	-	2.96
S&P/ASX 300 Accumulation Index	5.95	-6.21	-5.05	-2.31	-	-	3.39
Outperformance (Gross of Fees)	-0.68	-0.71	-1.81	-1.42	-	-	-0.43
BlackRock Australian Alpha Tilts Fund – Class S ** (Net of Fees)	5.25	-6.98	-7.02	-3.99	-	-	2.66
S&P/ASX 300 Accumulation Index	5.95	-6.21	-5.05	-2.31	-	-	3.39
Outperformance (Net of Fees)	-0.70	-0.77	-1.96	-1.69	-	-	-0.72
Blackrock Advantage Australian Equity Fund^ (Net of Fees)	5.24	-7.01	-7.09	-4.13	3.86	8.26	9.09
S&P/ASX 300 Accumulation Index	5.95	-6.21	-5.05	-2.31	4.43	8.15	8.51
Outperformance (Net of Fees)	-0.72	-0.80	-2.04	-1.83	-0.57	0.12	0.57

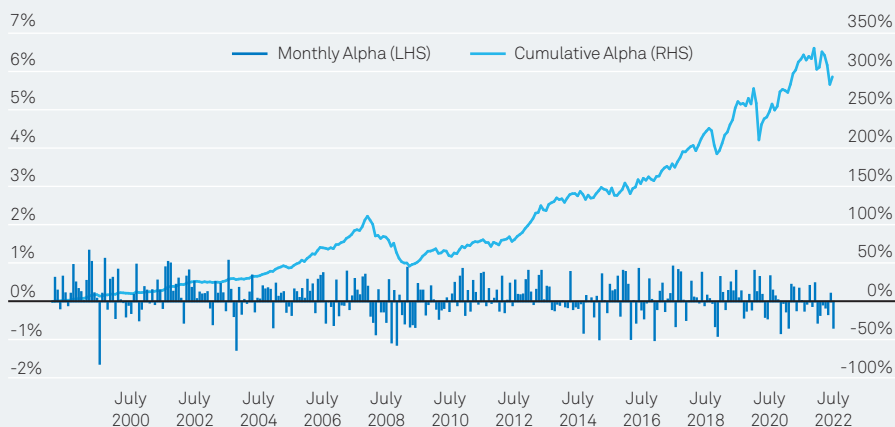
*Fund inception: 31/10/1997. **Fund inception: 31/01/2020. ^Fund inception: 31/12/1996.

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 July 2022



Performance Summary – July 2022

Fund v Market

The S&P/ASX300 Accumulation Index rebounded in July, gaining +6.0% after three consecutive months of falls, as global developed markets also finished the month higher. The market reversed with many of the beaten down sectors gaining sharply, whilst continued weakness in commodity prices hit the mining sector.

The latest inflation print saw the Consumer Price Index (CPI) rise +1.8% for the last quarter, translating to a +6.1% annual rate. New dwelling purchases by owner-occupiers (+5.6%), automotive fuel (+4.2%) and furniture (+7.0%) were the biggest contributors. The unemployment rate decreased to just 3.5%, whilst the participation rate increased to 66.8%. Though interestingly the underemployment rate actually increased to 6.1%, and monthly hours worked was slightly lower. As expected, given the higher inflation (which the RBA expects to peak at 7% this year) and the continued low unemployment, the central bank raised rates by 0.50% to 1.35%. The Australian dollar finished the month stronger at US70.1c.

Most sectors gained over the month led by a strong reversal in the Information Technology sector (+15.4%). Real Estate (+12.0%) was also higher, helped by Industrial REITs. Financials (+9.4%) also saw good performance from diversified financials and banks. The Materials sector (-0.4%) was the only sector to fall, dragged down by mining stocks, notably the big diversifieds, and packaging names. Energy (+2.2%) and Utilities (+3.1%) also lagged the broader market through July.

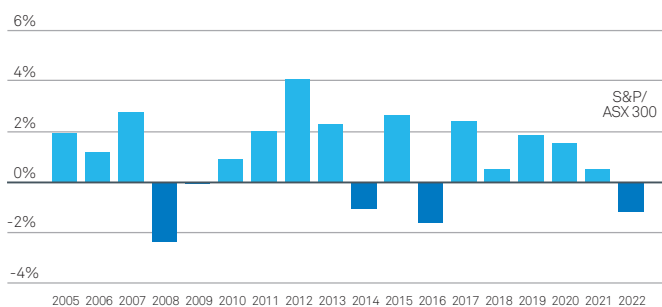
The strategy underperformed over July, though returns were positive given the gain in the benchmark. From a sector perspective overweights in Real Estate added, as did interactive media names in Communications. But this was overshadowed by detraction from poor positioning in Energy (underweight coal) and overweights in Materials (mining and packaging). Consumer Staples (overweight agriculture e.g. Graincorp, Elders), and Financials (overweight QBE) also detracted. Shorter term Sentiment insights (Earnings Direction and Market insights) drove the underperformance, as they were caught out by yet another market reversal. The other insights groups were generally flat, with a small positive from Earnings Quality insights.

Investment Insights

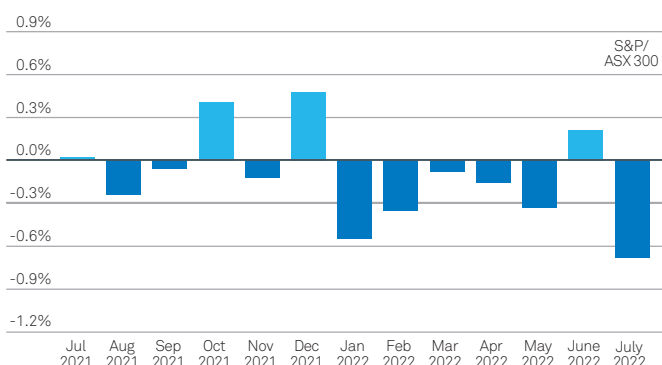
The stock positions in the portfolio are based on combinations of our signals, which exhibited the following performance characteristics over the month:

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

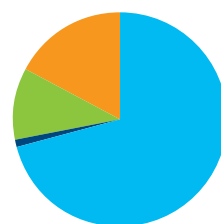
Yearly Alpha, Gross of Fees (%)



Monthly Alpha, Gross of Fees (%)

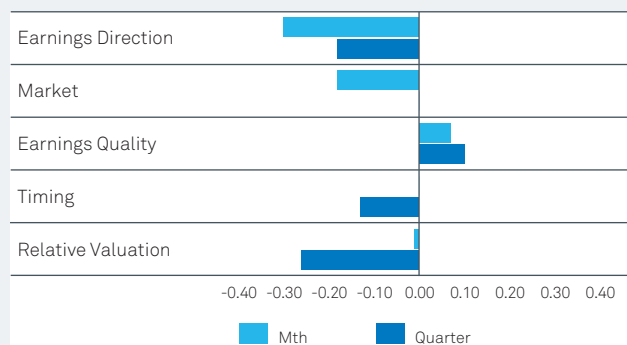


Risk Contributions (%)



Active Risk: 0.94%
Portfolio Beta: 1.00

Insight Performance (%)



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

Sector Exposure (%)

Sector	Weight
ENERGY	5.96
MATERIALS	22.74
INDUSTRIALS	5.41
CONSUMER DISCRETIONARY	5.66
CONSUMER STAPLES	4.58
HEALTHCARE	9.16
FINANCIALS EX A-REIT	28.49
A-REIT	7.53
INFORMATION TECHNOLOGY	3.04
COMMUNICATIONS SERVICES	4.38
UTILITIES	2.09

Top Contributors / Detractors

Contributors	Detractors
GOODMAN GROUP UNITS	COMMONWEALTH BANK OF AUSTRALIA
MCMILLAN SHAKESPEARE LTD	ELDERS LTD
MINERAL RESOURCES LTD	NATIONAL AUSTRALIA BANK LTD
SEEK LTD	QBE INSURANCE GROUP LTD
WESTPAC BANKING CORPORATION CORP	WHITEHAVEN COAL LTD

Top 10 Holdings

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

Stock Selection

On a market adjusted basis, amongst the top contributors for the month were overweight positions in Goodman Group (GMG) and McMillan Shakespeare (MMS). Amongst the largest detractors were overweight positions in QBE Insurance (QBE) and Elders (ELD).

Top Contributors

GMG – The overweight position in industrial property name Goodman Group was driven by favourable Market and Relative Valuation insights. The company gained steadily as the market started to rally from its mid-June low.

MMS – The modest overweight position in salary packaging and vehicle finance company McMillan Shakespeare was a result of generally positive views across all insight groups, notably Relative Valuation and Market insights. Performance was boosted as the new Federal government proposed reducing fringe benefits tax and import tariffs for electric vehicles.

Top Detractors

QBE – The overweight position in QBE Insurance came about as short-term views were very positive (Market and Earnings Direction) along with Relative Valuation. The company announced initial unfavourable results from a pricing promise review reported to the local regulator, which saw it also record a provision in 1H22 for “expected customer remediation, interest payable and costs for administering the program”.

ELD – The overweight position in agribusiness company Elders was led by Earnings Direction insights, with Market, Timing, and Earnings Quality insights also positive. After starting the year strongly, helped by commodity prices and supply chain challenges, the company was caught up in the market reversal.

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

BlackRock Australian Alpha Tilts Fund	
APIR	BGL0006AU
Fund Size	709 mil
Buy/Sell Spread	0.15%/0.15%
Number of Stocks in Fund	162
Number of Stocks in Benchmark	296
Tracking Error	1.39%

BlackRock Australian Alpha Tilts Fund – Class S	
APIR	BLK6723AU
Fund Size	224 mil
Buy/Sell Spread	0.15% / 0.15%