

BLACKROCK ADVANTAGE AUSTRALIAN EQUITY FUND

BLACKROCK AUSTRALIAN ALPHA TILTS FUND

BLACKROCK®

FUND UPDATE

31 August 2022

Investment Performance (%)

	1 Mth	3 Mths	CYTD	1 Yr	3 Yrs	5 Yrs	Since Incep
BlackRock Australian Alpha Tilts Fund* (Gross of Fees)	1.47	-2.53	-5.49	-4.57	5.52	8.83	10.05
S&P/ASX 300 Accumulation Index	1.18	-2.41	-3.93	-3.67	5.64	8.24	8.62
Outperformance (Gross of Fees)	0.29	-0.12	-1.55	-0.90	-0.12	0.59	1.43
BlackRock Australian Alpha Tilts Fund – Class S ** (Gross of Fees)	1.47	-2.53	-5.49	-4.57	-	-	3.46
S&P/ASX 300 Accumulation Index	1.18	-2.41	-3.94	-3.67	-	-	3.75
Outperformance (Gross of Fees)	0.29	-0.12	-1.56	-0.90	-	-	-0.30
BlackRock Australian Alpha Tilts Fund – Class S ** (Net of Fees)	1.45	-2.60	-5.67	-4.84	-	-	3.16
S&P/ASX 300 Accumulation Index	1.18	-2.41	-3.94	-3.67	-	-	3.75
Outperformance (Net of Fees)	0.27	-0.19	-1.74	-1.17	-	-	-0.59
Blackrock Advantage Australian Equity Fund^ (Net of Fees)	1.44	-2.62	-5.75	-4.97	5.07	8.25	9.12
S&P/ASX 300 Accumulation Index	1.18	-2.41	-3.93	-3.67	5.64	8.24	8.53
Outperformance (Net of Fees)	0.26	-0.21	-1.82	-1.31	-0.57	0.01	0.58

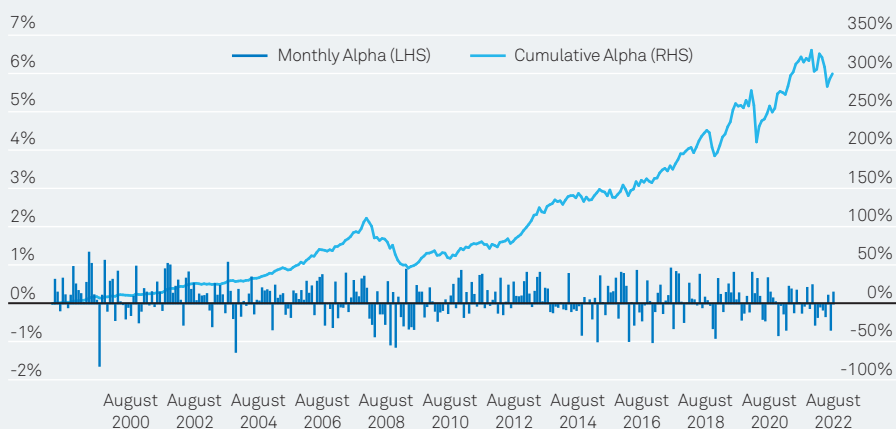
*Fund inception: 31/10/1997. **Fund inception: 31/01/2020. ^Fund inception: 31/12/1996.

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 August 2022



Performance Summary – August 2022

Fund v Market

The S&P/ASX300 Accumulation Index outperformed in August, gaining +1.2% after recording a large gain in July. Led by Resources, this was in contrast to most other markets which fell on global concerns of recession, caused by Central Banks' efforts to combat inflation, a more hawkish US Fed, and a growing energy crisis in Europe. August was also reporting season in Australia, outlook statements were keenly observed, as investors looked for evidence of a company's ability to maintain its margin, with a labour cost especially on the rise.

The RBA continued to hike rates, taking the cash rate another 50bps higher to 1.85%, the fourth raise in a row. The bank was expecting inflation to keep rising, to 7.75% over 2022 before falling through 2023-2024, and a lift in wages growth as firms compete in a tighter labour market. The unemployment rate fell to just 3.4%, though the participation rate was also lower at 66.4%, and increased sick leave taken and work missed due to the weather, including flooding, also played a part. Retail sales data surprised on the upside with increased spending over July across the majority of industries. US dollar strength saw the Australian dollar fall to US68.6c.

Resources led the market higher as Energy (+7.8%) rebounded and miners helped the Materials sector (+4.5%). Real Estate (-3.3%) gave back some of its gains from the previous month, whilst the defensive sectors Consumer Staples (-1.7%) and Utilities (-1.6%) also lagged.

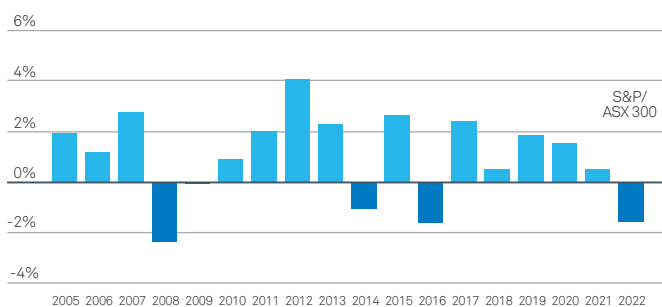
The strategy outperformed through the August reporting season, predicting earnings surprises with gains made being on the earnings announcement. Positive performance was seen across a number of sectors, notably favourable positioning in Industrials and Consumer Discretionary, as well as underweights in Information Technology. The Materials sector led the underperformance, as a miner (underweight) was bid for. Timing and Market insights led the way, with only Earnings Direction detracting.

Investment Insights

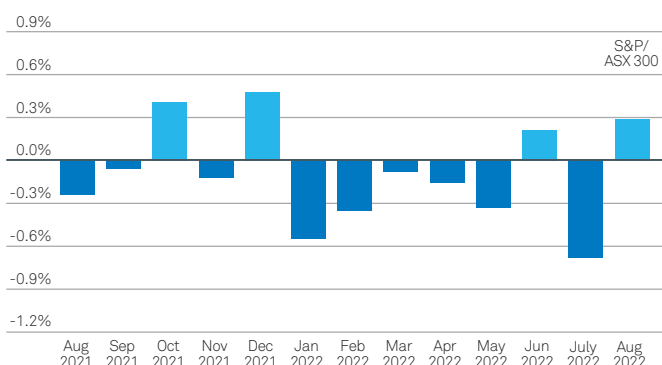
The stock positions in the portfolio are based on combinations of our signals, which exhibited the following performance characteristics over the month:

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

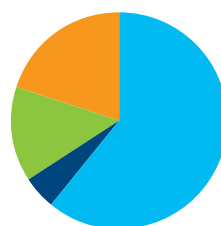
Yearly Alpha, Gross of Fees (%)



Monthly Alpha, Gross of Fees (%)



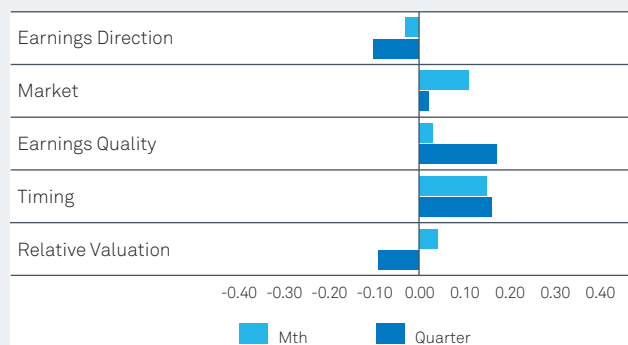
Risk Contributions (%)



Active Risk: 1.09%

Portfolio Beta: 0.99

Insight Performance (%)



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

Sector Exposure (%)

Sector	Weight
ENERGY	5.92
MATERIALS	22.23
INDUSTRIALS	5.64
CONSUMER DISCRETIONARY	6.68
CONSUMER STAPLES	4.90
HEALTHCARE	9.06
FINANCIALS EX A-REIT	27.95
A-REIT	6.60
INFORMATION TECHNOLOGY	2.53
COMMUNICATIONS SERVICES	4.51
UTILITIES	1.82

Top Contributors / Detractors

Contributors	Detractors
MINERAL RESOURCES LTD	AGL ENERGY LTD
QANTAS AIRWAYS LTD	OZ MINERALS LTD
QBE INSURANCE GROUP LTD	SANTOS LTD
SOUTH32 LTD	SEEK LTD
TRANSURBAN GROUP STAPLED UNITS	WHITEHAVEN COAL LTD

Top 10 Holdings

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

Stock Selection

On a market adjusted basis, amongst the top contributors for the month were overweight positions in Qantas Airways (QAN) and Mineral Resources (MIN). Amongst the largest detractors were underweight positions in OZ Minerals (OZL) and Santos (STO).

Top Contributors

QAN – The overweight position in Qantas Airways came about as most insights were moderately positive, led by Market and Earnings Quality. The company posted a loss but highlighted a strong recovery was underway, as well as an on-market buy-back.

MIN – The overweight position in mining services company Mineral Resources was a result of positive views from Market, and Earnings Direction insights. The company highlighted its diversified efforts across mining services, lithium, iron ore and gas.

Top Detractors

OZL – The underweight position in copper and nickel miner OZ Minerals was driven by poor Earnings Direction, Timing, Relative Valuation and Earnings Quality insights. The share price spiked after the company rejected a takeover bid by BHP, which the board considered undervalued the company.

STO – The underweight position in oil name Santos came about as most insight groups were negative, including Market and Earnings Quality. The company reported significantly higher profits on record volume and higher oil and gas prices due to increased global energy demand, while also announcing increases in their on-market buy-back program and dividend.

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

BlackRock Australian Alpha Tilts Fund	
APIR	BGL0006AU
Fund Size	723 mil
Buy/Sell Spread	0.15%/0.15%
Number of Stocks in Fund	169
Number of Stocks in Benchmark	296
Tracking Error	1.40%

BlackRock Australian Alpha Tilts Fund – Class S	
APIR	BLK6723AU
Fund Size	234 mil
Buy/Sell Spread	0.15% / 0.15%