

BLACKROCK ADVANTAGE AUSTRALIAN EQUITY FUND

BLACKROCK AUSTRALIAN ALPHA TILTS FUND

BLACKROCK®

FUND UPDATE

31 October 2022

Investment Performance (%)

	1 Mth	3 Mths	CYTD	1 Yr	3 Yrs	5 Yrs	Since Incep
BlackRock Australian Alpha Tilts Fund* (Gross of Fees)	5.96	1.20	-5.74	-3.42	5.13	7.74	9.97
S&P/ASX 300 Accumulation Index	5.96	0.46	-4.61	-2.61	4.86	7.23	8.53
Outperformance (Gross of Fees)	0.00	0.74	-1.13	-0.82	0.26	0.51	1.44
BlackRock Australian Alpha Tilts Fund – Class S ** (Gross of Fees)	-5.88	1.20	-5.74	-3.43	-	-	3.14
S&P/ASX 300 Accumulation Index	5.96	0.46	-4.61	-2.61	-	-	3.24
Outperformance (Gross of Fees)	0.00	0.74	-1.13	-0.82	-	-	-0.11
BlackRock Australian Alpha Tilts Fund – Class S ** (Net of Fees)	5.94	1.13	-5.97	-3.70	-	-	2.84
S&P/ASX 300 Accumulation Index	5.96	0.46	-4.61	-2.61	-	-	3.24
Outperformance (Net of Fees)	-0.03	0.67	-1.35	-1.09	-	-	-0.40
Blackrock Advantage Australian Equity Fund^ (Net of Fees)	5.92	1.10	-6.07	-3.83	4.68	7.18	9.04
S&P/ASX 300 Accumulation Index	5.96	0.46	-4.61	-2.61	4.86	7.23	8.45
Outperformance (Net of Fees)	-0.04	0.63	-1.46	-1.23	-0.18	-0.05	0.59

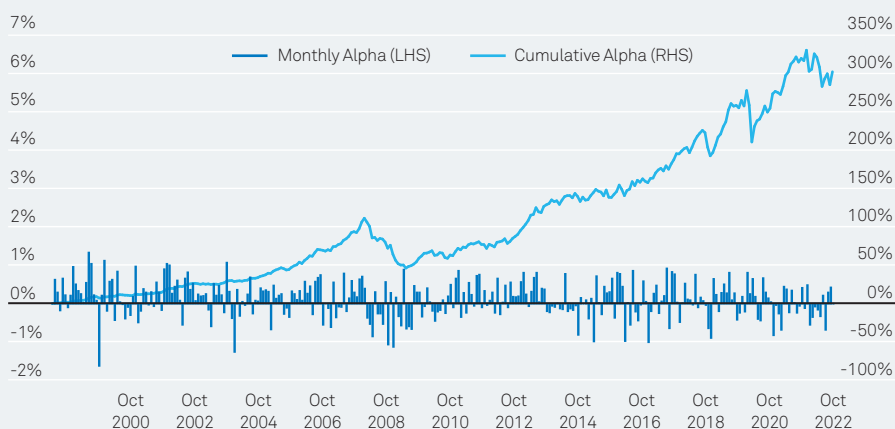
*Fund inception: 31/10/1997. **Fund inception: 31/01/2020. ^Fund inception: 31/12/1996.

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 October 2022



Performance Summary – October 2022

Fund v Market

The S&P/ASX300 Accumulation Index was higher through October, bouncing back +6.0%, as the Australian market joined a global equity market rally. Investors looking for any signs that the central banks would not cause a global recession in their fight to get inflation under control.

The RBA unexpectedly slowed the rate of increase on the cash rate to 25 basis points, taking it to 2.6%, as they wanted to assess the impact of the rapid rate rise so far on inflation and economic growth. September inflation reached its highest level since 1990, up +1.8% for the quarter, +7.3% for the prior 12 months. Over this period non-discretionary inflation has been the driver, including new dwellings, fuel and food; though automotive fuel prices actually fell -4.3% over the September quarter. Inflation also remains goods driven, as services inflation has remained relatively constant. Exports were lower, led by iron ore and coal, through lower demand from China, whilst gas and minerals contributed. The unemployment data for the month remained constant, the overall level steady at a low 3.5%. The US dollar remained strong, with the Australian dollar weakening slightly to US64.2c by month end.

The Financials sector (+12.1%) led the gains with strong performance from the banks. The Real Estate sector (+9.3%) also did well as specialised and retail related REITs outperformed. Energy (+9.1%) companies continued their positive run, with Consumer Discretionary (+8.8%) also posting solid gains. Slowing demand for iron ore saw those miners lag, dragging down the Materials sector (-0.2%), whilst supermarkets did the same to the Consumer Staples sector (-0.2%).

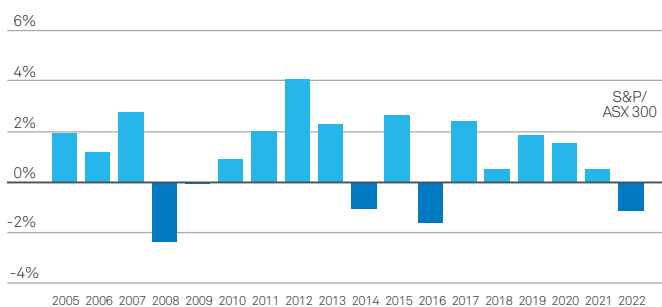
The strategy was flat over the month, with mostly positive performance dragged down by a stock specific event. Gains were made across the majority sectors, highlighted by Materials and Industrials. However, an overweight in Medibank Private led to underperformance from the Financials sector, after the health insurer reported a significant breach of their customer data. Contribution from Timing and Earnings Direction insights were offset by deduction from Earnings Quality and Market insights over the month.

Investment Insights

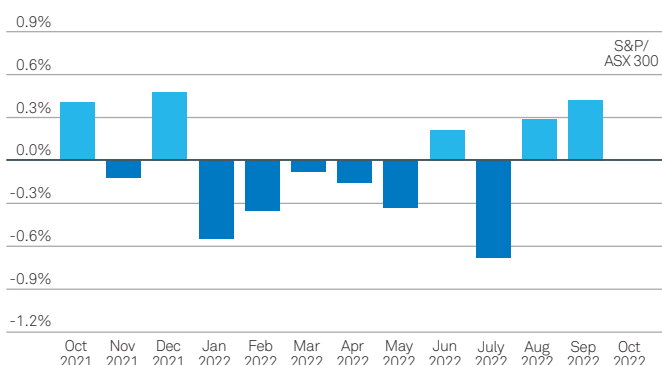
The stock positions in the portfolio are based on combinations of our signals, which exhibited the following performance characteristics over the month:

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

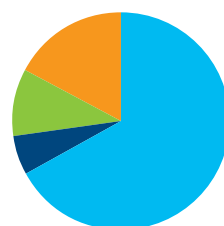
Yearly Alpha, Gross of Fees (%)



Monthly Alpha, Gross of Fees (%)

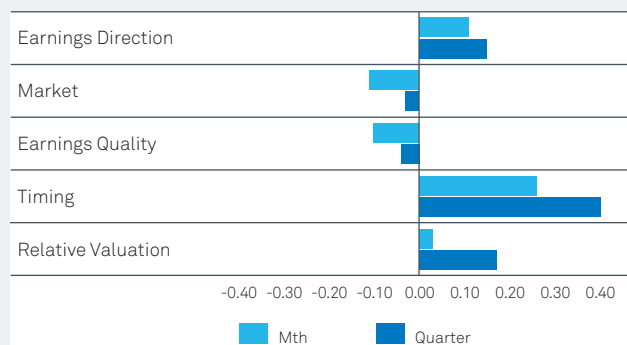


Risk Contributions (%)



Active Risk: 1.41%
Portfolio Beta: 0.98

Insight Performance (%)



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

Sector Exposure (%)

Sector	Weight
ENERGY	5.73
MATERIALS	22.26
INDUSTRIALS	6.39
CONSUMER DISCRETIONARY	7.59
CONSUMER STAPLES	4.83
HEALTHCARE	8.91
FINANCIALS EX A-REIT	29.37
A-REIT	6.14
INFORMATION TECHNOLOGY	1.37
COMMUNICATIONS SERVICES	4.41
UTILITIES	1.93

Top Contributors / Detractors

Contributors	Detractors
ARISTOCRAT LEISURE LTD	AMPOL LTD
AUSTRALIA AND NEW ZEALAND BANKING	COMMONWEALTH BANK OF AUSTRALIA
BANK OF QUEENSLAND LTD	MEDIBANK PRIVATE LTD
QANTAS AIRWAYS LTD	TRANSURBAN GROUP STAPLED UNITS
WESTPAC BANKING CORPORATION CORP	SANTOS LTD

Top 10 Holdings

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

Stock Selection

On a market adjusted basis, amongst the top contributors for the month was an overweight position in Qantas Airways (QAN) and an underweight position in BHP (BHP). Amongst the largest detractors were overweight positions in Medibank Private (MPL) and Ampol (ALD).

Top Contributors

QAN – The overweight position in Qantas Airways came about as most insight groups were positive; mainly Company Fundamentals (Relative Valuation and Earnings Quality). The company projected a return to profitability through strong travel demand, even though fuel costs were higher.

BHP – The underweight position in miner BHP was a result of negative short-term outlook in the Sentiment insights (Market and Earnings Direction). Weak demand from China generally, specifically Chinese steel mills dealing with higher energy costs, saw iron ore prices fall to a two-year low.

Top Detractors

MPL – The overweight position in health insurer Medibank Private was driven by favourable Market and Earnings Quality insights. The firm reported that it had been hacked, with millions of customers' data being accessed, forcing management to downgrade or remove outlook statements as uncertainty continued to hang over the company.

ALD – The overweight position in refiner Ampol was led by positive Market, Earnings Direction and Earnings Quality views. Though the company reported it was on track for a record annual profit, this still missed expectations, driven by a weak result in its Fuel and Infrastructure business, with reduced margins on jet fuel sales.

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

BlackRock Australian Alpha Tilts Fund	
APIR	BGL0006AU
Fund Size	720 mil
Buy/Sell Spread	0.15%/0.15%
Number of Stocks in Fund	132
Number of Stocks in Benchmark	300
Tracking Error	1.39%

BlackRock Australian Alpha Tilts Fund – Class S	
APIR	BLK6723AU
Fund Size	239 mil
Buy/Sell Spread	0.15% / 0.15%