

# BLACKROCK ADVANTAGE AUSTRALIAN EQUITY FUND

## BLACKROCK AUSTRALIAN ALPHA TILTS FUND

**BLACKROCK®**

FUND UPDATE

30 November 2022

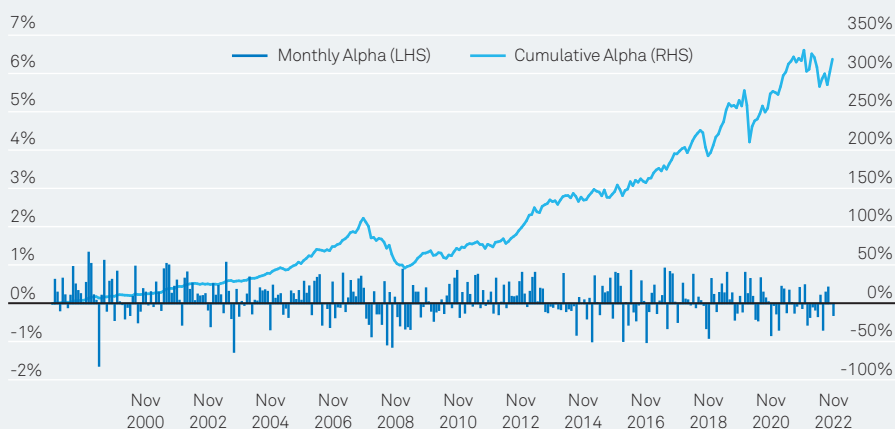
### Investment Performance (%)

	1 Mth	3 Mths	CYTD	1 Yr	3 Yrs	5 Yrs	Since Incep
BlackRock Australian Alpha Tilts Fund* (Gross of Fees)	6.19	5.91	0.10	3.23	6.08	8.78	10.20
S&P/ASX 300 Accumulation Index	6.49	5.74	1.58	4.27	5.97	8.22	8.77
Outperformance (Gross of Fees)	-0.30	0.17	-1.48	-1.04	0.11	0.56	1.43
BlackRock Australian Alpha Tilts Fund – Class S ** (Gross of Fees)	6.20	5.92	0.10	3.23	-	-	5.30
S&P/ASX 300 Accumulation Index	6.49	5.74	1.58	4.27	-	-	5.52
Outperformance (Gross of Fees)	-0.29	0.18	-1.48	-1.04	-	-	-0.21
BlackRock Australian Alpha Tilts Fund – Class S ** (Net of Fees)	6.17	5.84	-0.16	2.94	-	-	5.00
S&P/ASX 300 Accumulation Index	6.49	5.74	1.58	4.27	-	-	5.52
Outperformance (Net of Fees)	-0.32	0.10	-1.74	-1.33	-	-	-0.51
Blackrock Advantage Australian Equity Fund^ (Net of Fees)	6.16	5.80	-0.29	2.79	5.63	8.22	9.26
S&P/ASX 300 Accumulation Index	6.49	5.74	1.58	4.27	5.97	8.22	8.68
Outperformance (Net of Fees)	-0.34	0.06	-1.87	-1.48	-0.34	0.00	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.

### Fund Performance (Gross of Fees) to 30 November 2022



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

- Market Insights & Commentary
- Fund Performance
- Unit Prices

## Performance Summary – November 2022

### Fund v Market

The S&P/ASX300 Accumulation Index had another strong month through November, gaining +6.5%, driven by strong performance by miners. Most global markets were higher on more positive sentiment around central banks potentially moderating the magnitude and pace of rate rises, and signs that China were loosening restrictions around Covid. This contributed to gains in commodity prices, including iron ore, which helped the rise in the local market.

The RBA continued to raise rates, though at the slower pace of 25 basis points, taking the cash rate to 2.85%. They maintain they will observe the data to assess the impact of the recent raises before making future decisions. One of those metrics, wages, showed some increase, as the wages price index rose +1.0% for the quarter or +3.1% for the year. Unemployment, another key metric, also fell to 3.4% from 3.5% the previous month. However, retail trade was slightly lower (-0.2%) as most sectors were weaker, particularly department stores, with only food retail still higher. At the end of the month the rolling annual inflation print at 6.9% was lower than in previous month; the main contributors being new dwellings, automotive fuel, and fruit and vegetables. The Australian dollar gained consistently over the month finishing at US67.0c by month end.

Every sector in the market finished higher, led by gains in the Utilities sector (+20.8%) though that was boosted by a takeover bid for Origin Energy. The Materials sector (+16.1%) was also a very strong performer, due to mining companies rallying on better metal prices, and the growing possibility of China reopening. Communications (+2.2%) was the worst performing sector, with Financials (+2.5%) also lagging the other sectors given banks only gained +1.5%.

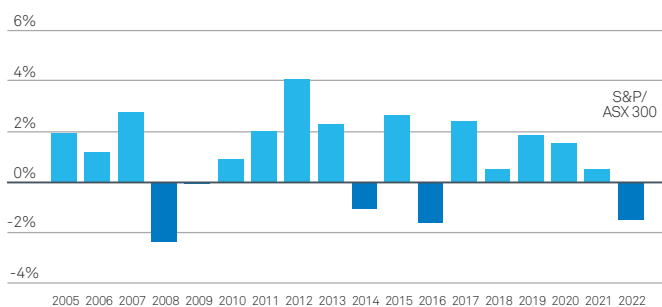
The strategy pulled back in November on the continued market rally, particularly in mining stocks. Underweight positions in miners saw the Materials sector detract the most over the month. Overweights in Financials, notably bank positions, also dragged on performance, as did overweights in the Consumer Discretionary sector. Modest gains were made in several other sectors, led by Utilities. Most of the insight groups performed poorly over the month, notably Relative Valuation, with only Timing insights additive.

### Investment Insights

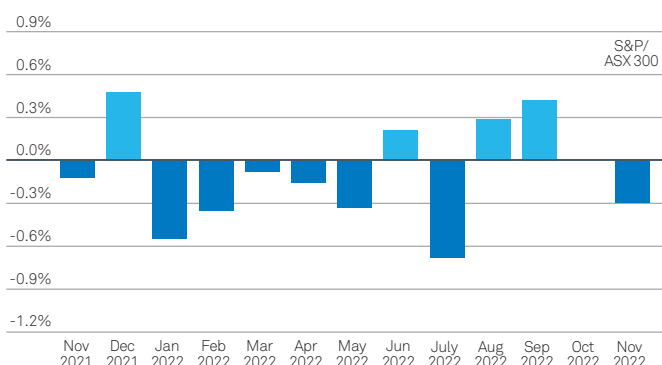
The stock positions in the portfolio are based on combinations of our signals, which exhibited the following performance characteristics over the month:

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

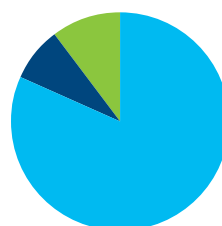
Yearly Alpha, Gross of Fees (%)



Monthly Alpha, Gross of Fees (%)



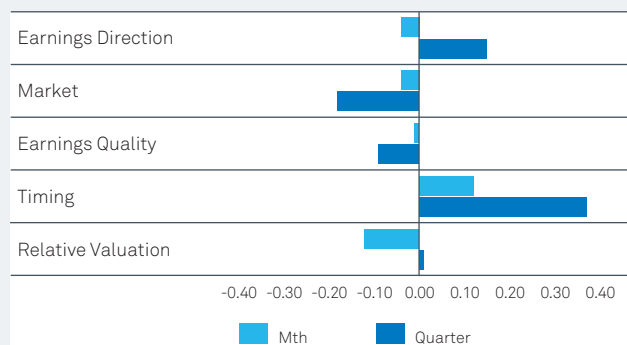
Risk Contributions (%)



Active Risk: 1.26%  
Portfolio Beta: 1.00

Specific 81%  
Industry 8%  
Style 10%

Insight Performance (%)



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

Sector Exposure (%)

Sector	Weight
ENERGY	5.68
MATERIALS	23.95
INDUSTRIALS	5.93
CONSUMER DISCRETIONARY	7.40
CONSUMER STAPLES	4.07
HEALTHCARE	8.88
FINANCIALS EX A-REIT	28.46
A-REIT	6.10
INFORMATION TECHNOLOGY	2.05
COMMUNICATIONS SERVICES	4.45
UTILITIES	2.08

## Top Contributors / Detractors

Contributors	Detractors
AGL ENERGY LTD	BHP GROUP LTD
MINERAL RESOURCES LTD	CSL LTD
QANTAS AIRWAYS LTD	FORTESCUE METALS GROUP LTD
RIO TINTO LTD	GOODMAN GROUP UNITS
SOUTH32 LTD	TRANSURBAN GROUP STAPLED UNITS

## 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
WESFARMERS LTD
AUSTRALIA AND NEW ZEALAND BANKING
RIO TINTO LTD
WOODSIDE ENERGY GROUP LTD

## Stock Selection

On a market adjusted basis, amongst the top contributors for the month was an overweight position in Rio Tinto (RIO) and an underweight position in Santos (STO). Amongst the largest detractors were overweight positions in BHP (BHP) and James Hardie Industries (JHX).

### Top Contributors

**RIO** – The overweight position in Rio Tinto came about as most insight groups were positive, led by Sentiment insights (Earnings Direction and Market). Rising iron ore prices and positive views on the potential for China reopening helped boost the stock price over the month. The company also presented a positive market outlook and guidance, as the expect increased metal demand from the energy transition.

**STO** – The underweight position in oil company Santos was a result of all insights being poor. Not helped by the falling oil price, the company guided to lower production for 2023 influenced by the end of a couple of projects and lower Western Australia domestic gas production.

### Top Detractors

**BHP** – The underweight position in miner BHP was driven by the more negative short-term outlook of Sentiment insights (Market and Earnings Direction). A reversal in iron ore prices saw the share price rise, with the company also receiving support from the OZ Minerals board after having bid for the firm.

**JHX** – The overweight position in building materials company James Hardie Industries was mostly Company Fundamentals led (Relative Valuation and Earnings Quality), with Market insights also additive. During the month the company downgraded guidance citing challenging macro-economic conditions, and housing market uncertainty.

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

BlackRock Australian Alpha Tilts Fund	
APIR	BGL0006AU
Fund Size	754 mil
Buy/Sell Spread	0.15%/0.15%
Number of Stocks in Fund	132
Number of Stocks in Benchmark	299
Tracking Error	1.40%

BlackRock Australian Alpha Tilts Fund – Class S	
APIR	BLK6723AU
Fund Size	253 mil
Buy/Sell Spread	0.15% / 0.15%