

BLACKROCK ADVANTAGE AUSTRALIAN EQUITY FUND

BLACKROCK AUSTRALIAN ALPHA TILTS FUND

BLACKROCK®

FUND UPDATE

28 February 2023

Investment Performance (%)

	1 Mth	3 Mths	CYTD	1 Yr	3 Yrs	5 Yrs	Since Incep
BlackRock Australian Alpha Tilts Fund* (Gross of Fees)	-2.49	0.29	3.67	6.10	7.80	8.32	10.10
S&P/ASX 300 Accumulation Index	-2.55	0.17	3.58	6.54	7.94	7.87	8.69
Outperformance (Gross of Fees)	0.06	0.12	0.09	-0.44	-0.14	0.45	1.42
BlackRock Australian Alpha Tilts Fund – Class S ** (Gross of Fees)	-2.49	0.29	3.67	6.10	7.81	-	4.95
S&P/ASX 300 Accumulation Index	-2.55	0.17	3.58	6.54	7.94	-	5.11
Outperformance (Gross of Fees)	0.06	0.12	0.09	-0.44	-0.13	-	-0.15
BlackRock Australian Alpha Tilts Fund – Class S ** (Net of Fees)	-2.51	0.22	3.62	5.80	7.50	-	4.66
S&P/ASX 300 Accumulation Index	-2.55	0.17	3.58	6.54	7.94	-	5.11
Outperformance (Net of Fees)	0.04	0.05	0.04	-0.74	-0.44	-	-0.45
Blackrock Advantage Australian Equity Fund^ (Net of Fees)	-2.52	0.18	3.59	5.65	7.34	7.78	9.18
S&P/ASX 300 Accumulation Index	-2.55	0.17	3.58	6.54	7.94	7.87	8.60
Outperformance (Net of Fees)	0.03	0.02	0.02	-0.89	-0.60	-0.09	0.58

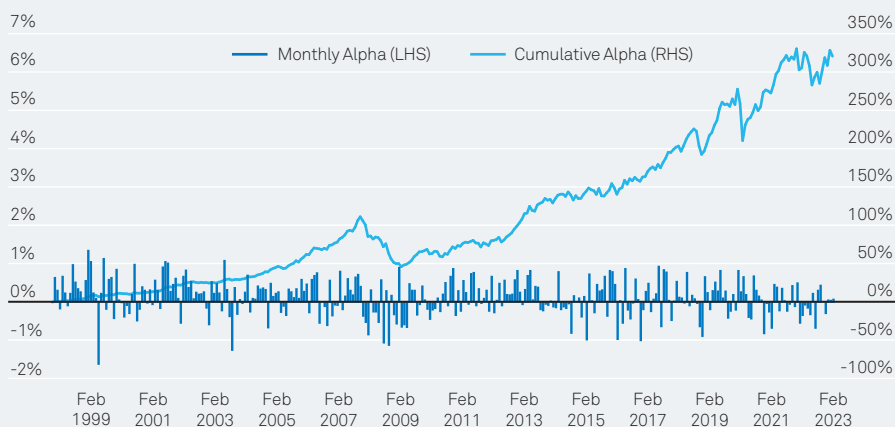
*Fund inception: 31/10/1997. **Fund inception: 31/01/2020. ^Fund inception: 31/12/1996.

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 28 February 2023



Performance Summary – February 2023

Fund v Market

The S&P/ASX300 Accumulation Index pulled back in February (-2.5%) after a strong start to 2023. Increasing concerns of a recessionary environment caused by central banks fighting inflation, and forecast earnings from local companies which highlighted slowing demand, contributed to the negative market views.

The month started with the RBA raising rates for the ninth consecutive time, the +0.25% increase taking the rate to 3.35%. The Wage Price Index gained a lower than expected +0.8% over the quarter, or +3.3% over the year, noting the significant drop in real wages when compared to the latest +7.8% inflation print. The unemployment rate was higher at 3.7%, as both the number of employed fell and the number of unemployed gained (seasonally adjusted). Strength in the US dollar, on expectations of potentially higher rates in the US, contributed to the Australian dollar falling over the month to US67.3c.

The main sector that drove the market fall was Materials (-6.7%), as miners generally underperformed – lithium names in particular. The other large part of the market Financials (-3.1%) also detracted, with the banking sector dragging. On the positive side, Utilities (+3.4%) bounced back and Information Technology (+2.3%) gained.

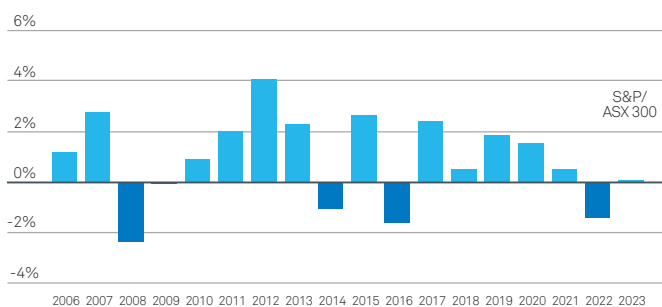
The strategy had another month of small outperformance, even though the broader market reversed over reporting season. Gains came from a number of sectors, including through overweights in Consumer Discretionary (hotels, restaurant and leisure) and Real Estate (office REITs). Overweights in Financials (capital markets, insurance, and services) were also additive. The main sector to detract was Materials, predominantly through positioning in gold miners. Sentiment (Earnings Direction and Market insights) drove the outperformance, whilst Earnings Quality detracted.

Investment Insights

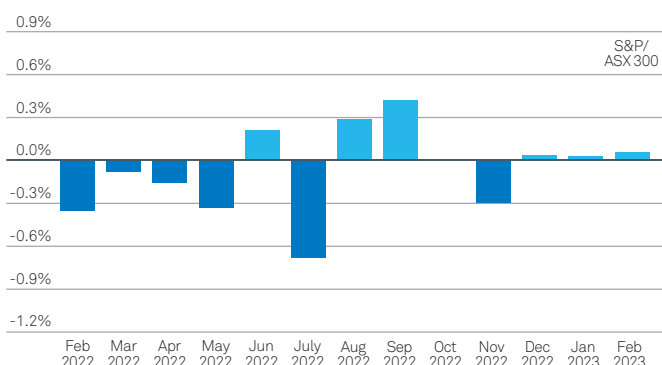
The stock positions in the portfolio are based on combinations of our signals, which exhibited the following performance characteristics over the month:

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

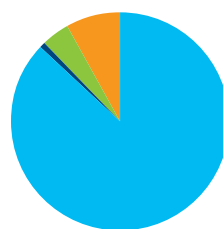
Yearly Alpha, Gross of Fees (%)



Monthly Alpha, Gross of Fees (%)



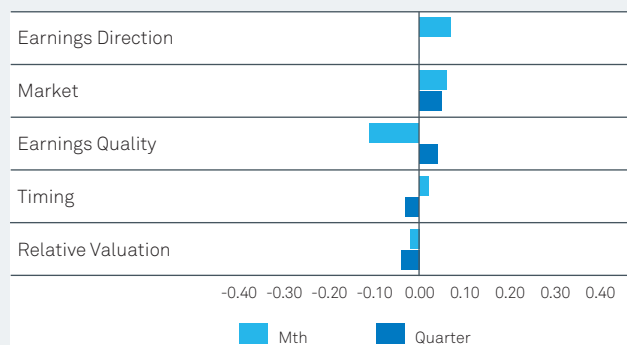
Risk Contributions (%)



Active Risk: 1.05%

Portfolio Beta: 0.99

Insight Performance (%)



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

Sector Exposure (%)

Sector	Weight
ENERGY	5.42
MATERIALS	23.90
INDUSTRIALS	5.82
CONSUMER DISCRETIONARY	6.97
CONSUMER STAPLES	4.33
HEALTHCARE	10.03
FINANCIALS EX A-REIT	28.96
A-REIT	5.39
INFORMATION TECHNOLOGY	2.37
COMMUNICATIONS SERVICES	3.68
UTILITIES	1.52

Top Contributors / Detractors

Contributors	Detractors
ARISTOCRAT LEISURE LTD	AGL ENERGY LTD
COMMONWEALTH BANK OF AUSTRALIA	NATIONAL AUSTRALIA BANK LTD
EAGERS AUTOMOTIVE LTD	NORTHERN STAR RESOURCES LTD
STEADFAST GROUP LTD	PRO MEDICUS LTD
DOMINOS PIZZA ENTERPRISES LTD	WESTPAC BANKING CORPORATION CORP

Top 10 Holdings

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

Stock Selection

On a market adjusted basis, amongst the top contributors for the month was an overweight position in Eagers Automotive (APE) and an underweight position in Dominos Pizza Enterprises (DMP). Amongst the largest detractors was an overweight position in Northern Star Resources (NST) and an underweight position in QBE Insurance (QBE).

Top Contributors

APE – The overweight position in car dealer Eagers Automotive was driven by favourable Relative Valuation and Timing insights. The company posted record underlying profits as demand for cars continues.

DMP – The underweight position in Dominos Pizza resulted from negative views across nearly all insight groups, particularly Earnings Direction and Relative Valuation. The firm reported lower sales which led to lower margins, and profits, as their strategy to combat inflation did not yield the expected outcome.

Top Detractors

NST – The overweight position in gold miner Northern Star Resources was due favourable Earnings Direction insights. Reported earnings were lower as cost challenges offset the higher gold price, though the company did pay a record dividend and completed a share buy-back.

QBE – The underweight position in QBE Insurance was mainly through poor Earnings Direction. The firm was able to pass on premium rate increases, leading to a growth in premiums and a modest increase in 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. © 2023 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	114 mil
Buy/Sell Spread	0.15%/0.15%
Management Fee	0.45%p.a.

BlackRock Australian Alpha Tilts Fund	
APIR	BGL0006AU
Fund Size	572 mil
Buy/Sell Spread	0.15%/0.15%
Number of Stocks in Fund	155
Number of Stocks in Benchmark	297
Tracking Error	1.30%

BlackRock Australian Alpha Tilts Fund – Class S	
APIR	BLK6723AU
Fund Size	228 mil
Buy/Sell Spread	0.15% / 0.15%