

BLACKROCK ADVANTAGE AUSTRALIAN EQUITY FUND

BLACKROCK AUSTRALIAN ALPHA TILTS FUND

BLACKROCK®

FUND UPDATE

31 March 2023

Investment Performance (%)

	1 Mth	3 Mths	CYTD	1 Yr	3 Yrs	5 Yrs	Since Incep
BlackRock Australian Alpha Tilts Fund* (Gross of Fees)	0.02	3.69	3.69	-0.65	16.22	9.13	10.07
S&P/ASX 300 Accumulation Index	-0.24	3.33	3.33	-0.57	16.59	8.64	8.65
Outperformance (Gross of Fees)	0.26	0.36	0.36	-0.08	-0.37	0.49	1.42
BlackRock Australian Alpha Tilts Fund – Class S ** (Gross of Fees)	0.02	3.69	3.69	-0.65	16.23	-	4.83
S&P/ASX 300 Accumulation Index	-0.24	3.33	3.33	-0.57	16.59	-	4.88
Outperformance (Gross of Fees)	0.26	0.36	0.36	-0.09	-0.36	-	-0.06
BlackRock Australian Alpha Tilts Fund – Class S ** (Net of Fees)	0.00	3.62	3.62	-0.93	15.90	-	4.53
S&P/ASX 300 Accumulation Index	-0.24	3.33	3.33	-0.57	16.59	-	4.88
Outperformance (Net of Fees)	0.23	0.28	0.28	-0.37	-0.69	-	-0.36
Blackrock Advantage Australian Equity Fund^ (Net of Fees)	-0.02	3.58	3.58	-1.07	15.73	8.59	9.15
S&P/ASX 300 Accumulation Index	-0.24	3.33	3.33	-0.57	16.59	8.64	8.56
Outperformance (Net of Fees)	0.22	0.24	0.24	-0.50	-0.86	-0.05	0.58

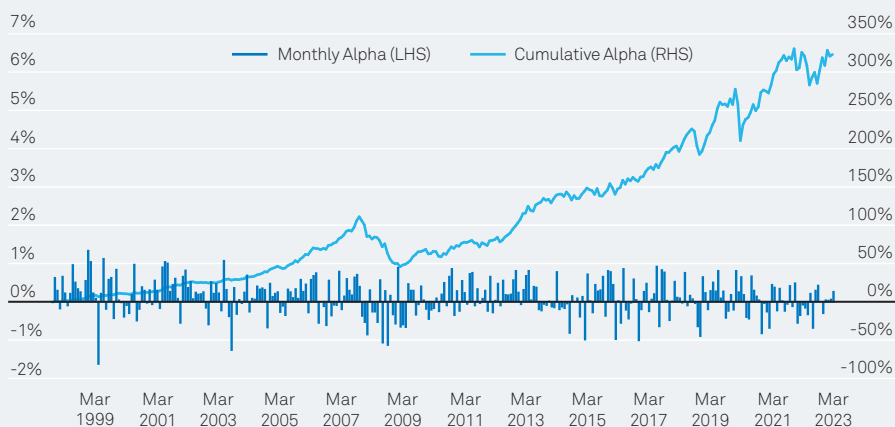
*Fund inception: 31/10/1997. **Fund inception: 31/01/2020. ^Fund inception: 31/12/1996.

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 March 2023



Performance Summary – March 2023

Fund v Market

The S&P/ASX300 Accumulation Index registered another positive quarter to start 2022 (+3.3%). A strong start to the year gave way to a weaker earnings season in February, with concerns of a potential recession, followed by a flat March where global banking concerns resulted in Australian banks finishing lower for the month.

Inflation ended 2022 peaking at +7.8% for the year, travel (domestic and international) and electricity contributing, though the February monthly indicator showed the rate of inflation had slowed. The wage price index rose over the year (+3.3%), which was the highest gain in over 10 years but was also significantly below inflation. GDP over 2022 was positive at +2.7%, with some slowing in the rate over the last three quarters. Services exports and consumption contributed, though household spending moderated. The latest unemployment data showed the rate had fallen to 3.5%, while the participation rate and hours worked both increased. The Australian dollar rose at the start of the year, then gave it all back as the US dollar strengthened, finishing the quarter at US\$67.1c.

The Consumer Discretionary sector (+10.7%) led all sectors, helped by retailers and services. Communications (+9.5%) and Consumer Staples (+7.5%) also performed well. Gains in the Materials sector (+7.3%) were driven by the mining sector where gold and steel companies did best. Weakness in the banks, particularly during March, resulted in negative performance from Financials (-2.7%), with Energy (-1.0%) also detracting.

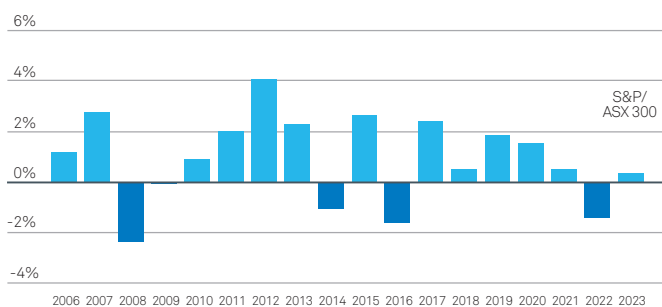
The strategy started 2023 well, posting positive alpha each of the three months in the first quarter. Consumer Discretionary overweights led the sector performance, followed by favourable positioning in the Energy sector. Overweights in Health Care (equipment, technology) and Industrials (airlines, logistics) also added. Detraction came through underweights in a couple of takeover targets in the Materials (mining) sector, as well as underweights across a number of Information Technology names. Earnings Quality insights added the most, with some contribution from Market insights. The other three insight groups detracted modestly.

Investment Insights

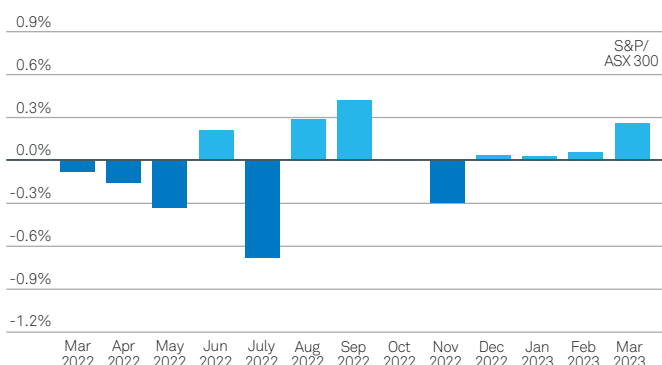
The stock positions in the portfolio are based on combinations of our signals, which exhibited the following performance characteristics over the quarter:

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

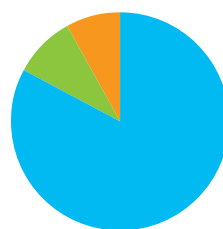
Yearly Alpha, Gross of Fees (%)



Monthly Alpha, Gross of Fees (%)



Risk Contributions (%)



Active Risk: 1.03%

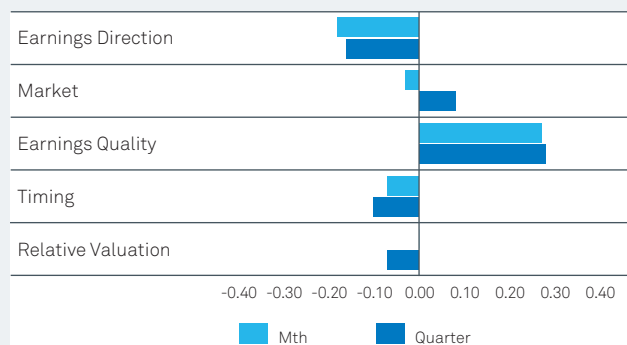
Portfolio Beta: 1.00

Specific **83%**

Style **9%**

Industry **8%**

Insight Performance (%)



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

Sector Exposure (%)

Sector	Weight
ENERGY	4.91
MATERIALS	25.06
INDUSTRIALS	6.15
CONSUMER DISCRETIONARY	7.27
CONSUMER STAPLES	4.65
HEALTHCARE	10.91
FINANCIALS EX A-REIT	27.19
A-REIT	5.73
INFORMATION TECHNOLOGY	1.90
COMMUNICATIONS SERVICES	3.10
UTILITIES	1.70

Top Contributors / Detractors

Contributors	Detractors
BHP GROUP LTD	NEWCREST MINING LTD
COMMONWEALTH BANK OF AUSTRALIA	NATIONAL AUSTRALIA BANK LTD
ARISTOCRAT LEISURE LTD	LIONTOWN RESOURCES LTD
WOODSIDE ENERGY GROUP LTD	TRANSURBAN GROUP
COCHLEAR LTD	WESTPAC BANKING 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
ANZ GROUP HOLDINGS LTD
TELSTRA GROUP LTD
WOODSIDE ENERGY GROUP LTD
RIO TINTO LTD

Stock Selection

On a market adjusted basis, amongst the top contributors for the quarter were overweight positions in Cochlear (COH) and Eagers Automotive (APE). Amongst the largest detractors were underweight positions in Newcrest Mining (NCM) and Liontown Resources (LTR).

Top Contributors

COH – The overweight position in medical device company Cochlear was a result of favourable views across all insights groups, apart from Relative Valuation. The company delivered strong top line growth, though profits were impacted by increases in R&D investment, market growth activities, and new product launch costs. Management reaffirmed guidance as trading conditions improve and commenced an on-market share buy-back program.

APE – The overweight position in car dealer Eagers Automotive was driven by favourable Relative Valuation and Timing insights. The company posted record underlying profits, and correspondingly paid a record dividend, as demand for cars continued to be strong.

Top Detractors

NCM – The underweight position in gold miner Newcrest Mining was due unfavourable Earnings Direction, Earnings Quality, and Timing insights. The company announced solid results (increased production, reduced costs), paid a special dividend, and remained on-track to deliver FY23 guidance. They also rejected a takeover offer from a large competitor, though provided them some access for on-going diligence.

LTR – The underweight position in lithium miner Liontown Resources came about through poor views from Market and Earnings Quality insights. The firm rejected a takeover bid from another lithium miner noting the bid was opportunistic given some softness in the lithium sector, and the pre-production status of a key lithium asset.

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

BlackRock Australian Alpha Tilts Fund	
APIR	BGL0006AU
Fund Size	568 mil
Buy/Sell Spread	0.15%/0.15%
Number of Stocks in Fund	149
Number of Stocks in Benchmark	300
Tracking Error	1.25%

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