

# BLACKROCK ADVANTAGE AUSTRALIAN EQUITY FUND

## BLACKROCK AUSTRALIAN ALPHA TILTS FUND

**BLACKROCK®**

FUND UPDATE

30 April 2021

### Investment Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	Since Incep
BlackRock Australian Alpha Tilts Fund* (Gross of Fees)	4.07	7.77	7.85	30.76	10.71	11.55	10.49
S&P/ASX 300 Accumulation Index	3.70	7.64	8.00	31.58	9.70	10.40	8.92
Outperformance (Gross of Fees)	0.37	0.12	-0.15	-0.82	1.01	1.15	1.57
BlackRock Australian Alpha Tilts Fund – Class S ** (Gross of Fees)	4.07	7.78	7.86	30.79	-	-	4.44
S&P/ASX 300 Accumulation Index	3.70	7.64	8.00	31.58	-	-	4.16
Outperformance (Gross of Fees)	0.37	0.13	-0.14	-0.79	-	-	0.28
BlackRock Australian Alpha Tilts Fund – Class S ** (Net of Fees)	4.05	7.70	7.75	30.41	-	-	4.14
S&P/ASX 300 Accumulation Index	3.70	7.64	8.00	31.58	-	-	4.16
Outperformance (Net of Fees)	0.35	0.05	-0.25	-1.17	-	-	-0.02
Blackrock Advantage Australian Equity Fund^ (Net of Fees)	4.03	7.66	7.71	30.22	10.13	10.86	9.51
S&P/ASX 300 Accumulation Index	3.70	7.64	8.00	31.58	9.70	10.40	8.82
Outperformance (Net of Fees)	0.33	0.01	-0.29	-1.36	0.43	0.47	0.69

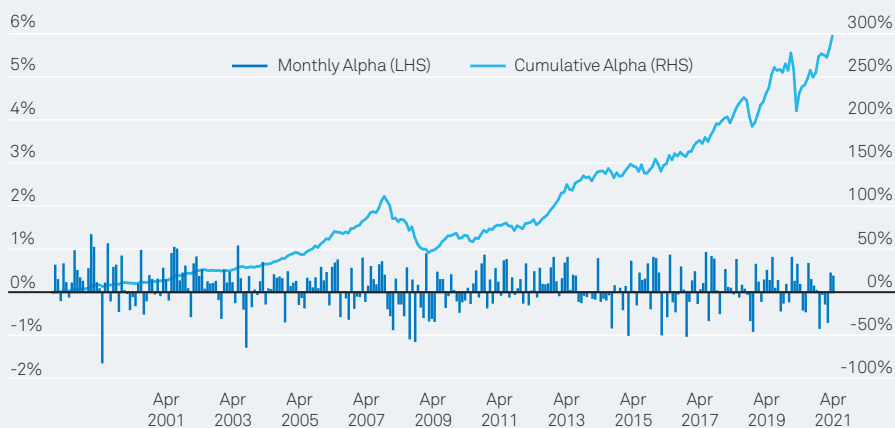
\*Fund inception: 31/10/1997. \*\*Fund inception: 31/01/2020. ^Fund inception: 31/12/1996.

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 30 April 2021



## Performance Summary – April 2021

### Fund v Market

The S&P/ASX300 Accumulation Index gained +3.7% during the month. Positive investor sentiment generally continued to dominate markets. This was further evidenced by the opening of the trans-Tasman travel bubble which boosted the local index early in the month. The Australian market did not seem to react to the vaccination roll out news, now significantly behind on the original October target schedule. However, this trend reversed towards the end of the month in line with global equity markets with the surge in covid cases around the world.

The latest job data showed the creation of 70,000 new jobs helping the unemployment rate to fall further in March to 5.6% from 5.8% in February. The participation rate increased to 66.3%. Economic data saw strong retail sales growth +1.4% ahead of consensus for the previous quarter. Despite the strong economic recovery, the RBA reinforced its stance that rates will remain low for some time. The Australian dollar strengthened against the US dollar to finish at US0.78c.

Over the period, Information Technology (+9.8%) led the index as the sector bounced back following the selloff it experienced in previous months with the bond yield surge. Materials (+7.5%) gained helped by the merger of 2 large lithium producers which saw their share price soar but also the strong performance of the gold miners. Industrials (+4.1%) also outperformed the broader market. Amongst the laggards, Energy (-4.7%), Consumer Staples (-2.4%) struggled the most during the month.

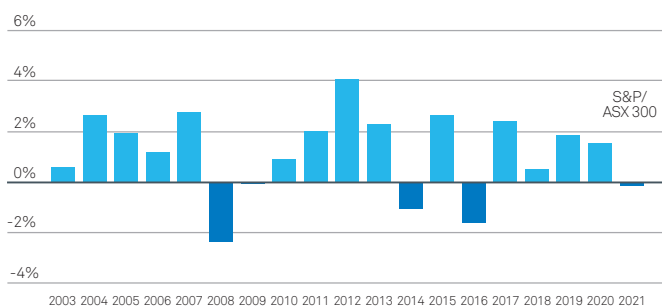
Overall, the strategy had a positive month despite losing some of the gains in the last few days of the month through a market rotation. Most sectors contributed positively during the month of April. After weak performance year to date, Energy was the best performing sector due to underweights in oil, gas and consumable fuel companies. Communications Services was another contributor thanks to overweights in interactive media and services and underweights in diversified telecommunications services. Industrials benefitted from favourable positioning within the sector while Information Technology was helped by favourable positioning in IT Services. Consumer Discretionary, Utilities and Materials were the laggards and detracted during the period. Amongst signals, Market contributed the most, followed by Earnings Quality and Earnings Direction while Relative Valuation detracted.

### Investment Insights

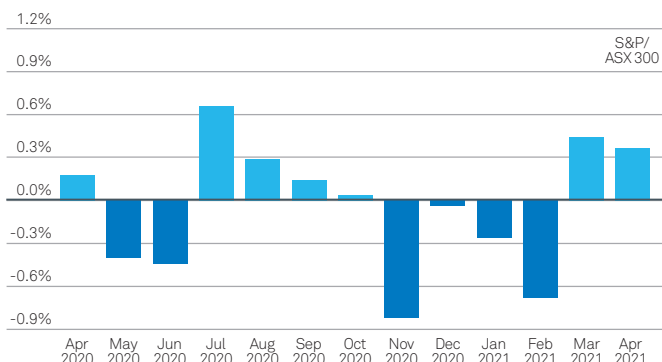
The stock positions in the portfolio are based on combinations of our signals, which exhibited the following performance characteristics over the month:

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

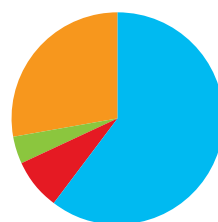
Yearly Alpha, Gross of Fees (%)



Monthly Alpha, Gross of Fees (%)

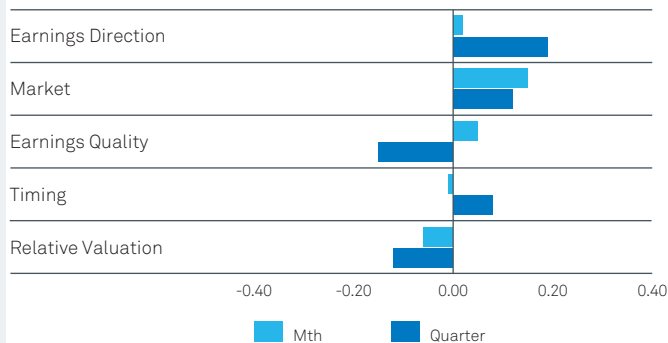


Risk Contributions (%)



Active Risk: 1.51%  
Portfolio Beta: 0.98

Insight Performance (%)



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

Sector Exposure (%)

Sector	Weight
ENERGY	2.69
MATERIALS	22.06
INDUSTRIALS	5.83
CONSUMER DISCRETIONARY	9.02
CONSUMER STAPLES	4.35
HEALTHCARE	10.31
FINANCIALS EX A-REIT	28.74
A-REIT	6.03
INFORMATION TECHNOLOGY	5.95
COMMUNICATIONS SERVICES	3.98
UTILITIES	0.81

## Top Contributors / Detractors

Contributors	Detractors
Aristocrat Leisure Ltd	Beach Energy Ltd
Cleanaway Waste Management Ltd	Fortescue Metals Group Ltd
Mineral Resources Ltd	Jb Hi-Fi Ltd
Rea Group Ltd	Seek Ltd
Rio Tinto Ltd	Reece Ltd

## Top 10 Holdings

Stock
BHP Billiton Plc (Gb)
Commonwealth Bank Of Australia
CSL Ltd
Westpac Banking Corporation Corp
Australia And New Zealand Banking
National Australia Bank Ltd
Rio Tinto Plc
Wesfarmers Ltd
Macquarie Group Ltd Def
Woolworths Group Ltd

## Stock Selection

On a market adjusted basis, amongst the top contributors for the month were overweight positions in Mineral Resources (MIN) and Cleanaway Waste Management (CWY). Amongst the largest detractors were an overweight position in JB Hi-Fi (JBH) and an underweight position in Fortescue Metals Group (FMG).

### Top Contributors

**MIN** – The overweight position in lithium and iron ore miner Mineral Resources came from positive views in Market insights. While benefitting from the surge in the price of iron ore, investors were also optimistic on the company's medium-term outlook as it will begin producing lithium hydroxide in FY22.

**CWY** – The overweight position in waste management company Cleanaway Waste Management was a result of favourable views in Earnings Direction, Market and Earnings Quality insights. The share price soared after French waste management company Suez confirmed to be in advanced discussion with Cleanaway over the sale of strategic assets of its Australian business.

### Top Detractors

**JBH** – The overweight position in technology and entertainment retailer JB Hi-Fi was led by positive views across all insights. The share price suffered as investors became more cautious about the difficult post-covid comparables in the near term for the beneficiaries of the pandemic.

**FMG** – The underweight position in iron ore mining company Fortescue Metals Group was led by generally negative views across all insights. Despite a relatively flat trading update for Q3, the share price was boosted by the increase in the iron ore price.

## 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	140mil
Buy/Sell Spread	0.15%/0.15%
Management Fee	0.45%p.a.

BlackRock Australian Alpha Tilts Fund	
APIR	BGL0006AU
Fund Size	630 mil
Buy/Sell Spread	0.15%/0.15%
Number of Stocks in Fund	161
Number of Stocks in Benchmark	300
Tracking Error	1.56%

BlackRock Australian Alpha Tilts Fund – Class S	
APIR	BLK6723AU
Fund Size	204mil
Buy/Sell Spread	0.15% / 0.15%

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