

BLACKROCK MULTI OPPORTUNITY ABSOLUTE RETURN FUND

BLACKROCK[®]

FUND UPDATE

30 November 2022

Investment Performance (%)

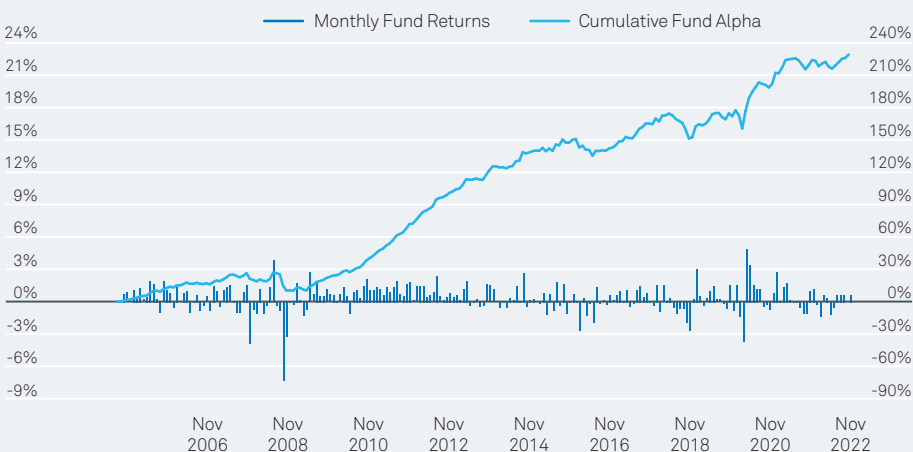
	1 Mth	3 Mths	YTD	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Incep p.a.
BlackRock Multi Opportunity Fund [^] (Gross of Fees)	0.88	2.08	1.72	2.96	5.21	3.95	7.92
RBA Cash Rate Target	0.23	0.63	1.02	1.02	0.51	0.85	3.10
Outperformance (Gross of Fees)	0.65	1.44	0.71	1.93	4.70	3.10	4.81
BlackRock Multi Opportunity Absolute Return Fund [*] (Net of Fees)	0.77	1.75	0.56	1.66	3.23	2.19	2.69
RBA Cash Rate Target	0.23	0.63	1.02	1.02	0.51	0.85	1.39
Outperformance (Net of Fees)	0.54	1.12	-0.46	0.64	2.72	1.34	1.30

^{*}Fund inception: 31/07/2013. [^]Fund inception: 30/07/2004

The BlackRock Multi Opportunity Absolute Return Fund invests in, and has the same underlying investment strategy as, the BlackRock Multi Opportunity Fund, which has an inception date of 31 July 2004. The BlackRock Multi Opportunity Fund is only available to wholesale clients.

Performance for periods greater than one year is annualised. Past performance is not a reliable indicator of future performance. Performance is calculated in Australian dollars and assumes reinvestment of distributions. Gross performance is calculated gross of ongoing fees and expenses. Net performance of the BlackRock Multi Opportunity Absolute Return Fund and the BlackRock Multi Opportunity Fund will vary due to fee differences. 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.

Fund Performance (Gross of Fees) to 30 November 2022



Performance Summary

Market Commentary

The recovery in global equity and fixed income markets continued over November. Risk assets gained amid speculation that monetary tightening by global central banks has begun to moderate, while policy developments in China and softer inflation data across key economies supported investor sentiment. Global equities, as measured by the MSCI World Index, increased by 2.0% over the month in Australian dollar terms, with Emerging Markets outperforming their Developed Market counterparts. Fixed Income markets also saw positive performance, with global bonds closing the month up 2.4% and Australian bonds rising by 1.5%.

Multi Asset Team



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- Market Insights & Commentary
- Fund Performance
- Unit Prices

PERFORMANCE STATEMENT

The Multi-Opportunity Absolute Return Fund delivered a positive return of +0.87% (gross) in November continuing the strong positive returns from the last quarter.

STRATEGY REVIEW

Positive performance was delivered by two of the five hedge fund components. The main drivers of the performance were the Systematic Equity Market Neutral component and Global Macro. Underperformance was driven by Systematic Fixed Income component implemented through Fixed Income Global Alpha Fund. Style Premia and Fundamental Equity Long/ Short components had a relatively muted contribution to the fund return over the month.

Systematic Equity Market Neutral Component

The Fund's systematic equity market-neutral component delivered a positive performance in November driven by strong positive return from the global flagship strategy, the **32 Capital Fund**. There were small detractions from the Pan Asia and Australian strategies within the component.

Within the global strategy, implemented by the 32 Capital Fund, the Small Cap sub strategy was the biggest contributor, delivering a strong performance over November, and continuing the recent run. Most regional specific implementations of Small Cap were positive with only APAC underperforming slightly. The Large Cap sub strategy had a strong positive month further underlining the defensive element of the value proposition behind the strategy. This strong result was primarily driven by stock selection with both Sentiment and Fundamental insights contributing equally. The Mid Horizon sub strategy delivered a positive contribution in November. The market environment of increased volatility induced by reaction to peak inflation news played well into the short-term contrarian nature of the model deployed within the component. At the sleeve level, most of the gains came through Cross Border implementations, albeit with contributions from US and Asia Pacific sleeves. Only the European regional sleeve of the strategy detracted. The Emerging Markets (EM) component of the delivered a positive contribution for the month. Performance at the underlying sleeve level was mixed with strong results within Large Cap and EM, Macro being tempered by underperformance within the EM Small Cap universe.

Systematic Fixed Income Component

The systematic fixed income component of the Fund, implemented by the **Fixed Income Global Alpha Fund (FIGA)**, posted a negative contribution to the Fund performance in November. Macro strategies were the sole detractor while Equity & Capital Structure, Relative Value, Credit, and Mortgage & Securitized strategies supported the fund performance.

Top detractors: Macro strategies were the sole detractors in November. Underperformance was driven by Emerging Markets (EM) strategies. Positions in Hungary detracted as the market began to anticipate the reversal of recent emergency rate hikes amid decreasing gas prices and the stabilizing Hungarian forint. Positions in Chile hurt as the lower-than-expected CPI print supported the market conviction that the Chilean central bank's easing cycle may be imminent. Optimism around an eventual post-zero Covid 're-opening' and news on additional measures to support property developers hurt the funds' Chinese exposure.

Top contributors: Equity strategies were the main contributor in November. The global equity futures strategy was especially strong, driven by long positions in Europe and Emerging Markets ("EM"). Select EM long positions benefitted from China's easing tone on Covid restrictions. The global country sector selection model benefited from defensive credit positions and long positioning in consumer staples and utilities.

Event Driven Component

The Event Driven strategy (**BlackRock Global Merger Partners**) delivered a negative return over the month.

Top detractors: An idiosyncratic outcome in DuPont de Nemours / Rogers Corp detracted from performance as DuPont de Nemours terminated its transaction with Rogers Corp. CVS Health / Signify Health detracted from performance. Optum/UnitedHealth Group / LHC Group detracted from performance on news of a slightly extended completion timeline.

Top contributors: The Fund was invested in 2 mergers that closed during the month. Rogers Communications / Shaw Communications was additive to performance as the companies continued their testimony in a Canadian Tribunal hearing this month. Intel / Tower Semiconductor contributed to performance in the period. A hard catalyst position in TD Bank / First Horizon benefited performance as the market ascribed a higher likelihood the merger would receive approval from the Federal Reserve.

Fundamental Equity Long/Short Component

The Multi Opportunity Fund invests in three fundamental long/short equity strategies. All three fundamental equity funds had a positive return over the month. The positive contribution was led by **Global Equity Absolute Return Fund**. The **Emerging Companies Hedge Fund (Cayman)** and **Emerging Companies Absolute Return Fund (UCITS)** also had positive returns over the period.

Within the Emerging Companies strategies:

Top contributors: The top contributors were all long positions with the majority listed in the UK. Watches of Switzerland was the largest contributor continuing its share price recovery, buoyed by a solid Q2 trading statement in early November, which revealed group revenues growing at 22% on a constant currency basis (or 30% reported) in the period, once again surpassing sell-side expectations. Tatton Asset Management, a leading provider of Managed Portfolio Solutions (MPS) was another contributor and delivered very strong H1 results demonstrating record levels of net inflows. 4Imprint was another strong contributor and delivered another 10% upgrade to forecasts, bringing the year-to-date upgrades to forecasts to 115%. 4imprint has seen an acceleration in market share gains after increased investment through Covid as well as remixing their marketing efforts to above-the-line advertising to drive brand awareness. This has driven record revenue levels while the promotional products industry remains well below its 2019 level.

Top detractors: The largest detractors were 7 short and 3 long positions. The largest detractor was RS Group (formerly Electrocomponents) which fell after the company announced their highly regarded CEO was taking a second leave of absence for personal reasons with immediate effect. The development sadly overshadowed a very strong set of H1 results which beat expectations. A short in a US music label business rose after quarterly results came in marginally better after a couple of weaker quarters. On closer inspection, much of the beat in the quarter was due to one large one off deal while underlying revenue growth in streaming platforms continued to decline. The team has managed the position size but remain short as the team thinks the incumbents market position is being undermined by the emergence of streaming and new entrants offering cheaper services for artists which in time will lead to slower revenue growth and weaker margins. A short in a UK listed food retailer bounced along with markets.

The other fundamental equity long/short strategy, the **Global Equity Absolute Return Fund**, also posted a strong positive return over month. At a sector level, Industrials and Information Technology contributed to performance while Consumer Staples and Communication Services detracted from returns. From a regional perspective, all regions delivered positive returns, with the fund's European positioning contributing the most. In contrast, positions domiciled in Asia contributed the least during the month.

Top contributors: The top contributor was a long holding in Infineon Technologies Ag. Shares of the German semiconductor manufacturer gained a positive impact from the improving macro environment in Europe. Shares of ASML Holding NV, a semiconductor holding company domiciled in the Netherlands, surged alongside the European technology sector. Furthermore, the company's recent buyback program also drove the share price higher. The third contributor for the month was Tencent Holdings Ltd. Shares of the Chinese multinational technology and entertainment conglomerate rallied amid signs of improving relations between US and China with the first in-person meeting between POTUS and Xi.

Top detractors: The top detractor was a short position in a South Korean consumer goods company that the fund holds for regional diversification purposes. The shares have performed better than expected on the back of improving China – US ties. The second largest detractor was a short position in a Japanese sportswear company that is meant to provide a partial hedge against Asian equities in the portfolio. The company reported resilient earnings, beating the teams' expectations. The third detractor was a short position in an American transportation company, that was volatile in the previous period, and saw a rebound in November. The team believes that this was a short-term price correction, and the company fundamentals didn't change.

Global Macro Component

The Fund's global macro/managed futures component is implemented by two strategies, the **Tactical Opportunities Fund** and the **BlackRock Absolute Macro Fund**. Both the funds delivered positive returns over the month.

The Tactical Opportunity Fund had a strong positive performance over November. The Fund's cross-country equity positioning was the main contributor to positive returns. The fund continues to deliver diversifying returns independent of stock and bond markets.

Top contributors: The main contributor were the Cross-country equities – Contrarian signals positioned short the S&P500 vs Asian and European equities which boosted returns as foreign markets outperformed. Also, Cross-country Developed Market(DM) bonds positioning added to the fund performance. Short Germany vs other DMs performed positively on inflation strength and relatively hawkish policy expectations vs peers.

Top detractors: The top detractor for the fund were Cross-country Emerging Markets interest rates. Long positioning in China vs South Korea and Poland detracted as Chinese reopening hopes caused Chinese bonds to underperform. Also, directionally short bonds underperformed over the month. In both Discretionary and Systematic books, the fund is positioned short DM bonds, which weighed on returns in a risk-on month.

The **BlackRock Absolute Macro Fund** had a strong performance over the month recovering strongly from a weak performance over last month. The fund benefitted from Global Equity Country Selection, Macro-Aware Security selection, DM Rate Country Selection, and Inflation Timing strategies. The main detractors for the fund were Monetary Policy Timing, FX and Global Rate Country Selection strategies which underperformed over the month.

Top contributors: Global Equity Country Selection outperformed materially in November. Policy/rates themes have outperformed throughout the year. Economic fundamentals such as balance of trade and reserves also made a decent recovery. Long most Asian assets gave positive exposure to the China reopening theme, which also contributed to outperformance. In Macro-Aware Security Selection, the strategy benefitted from both its US industry timing subcomponents (driven by input and labor costs insights) and from the ML-trained macro-aware security selection component. The Inflation Timing benefitted from a long position in break-evens, particularly in the UK, which the strategy has since turned to a modest short.

Top detractors: Monetary Policy Timing experienced significant losses in the month, all of them coming from the Emerging Markets arm. The main drivers of losses were, on the short side, the funds' positions in Chile, Hungary, and Poland, in what amounted to a significant momentum reversal. Chilean rates rallied on the back of a below-expectations inflation print, whereas Hungarian rates rallied in anticipation of a reversal of emergency rate hikes, which was further exacerbated by very poor liquidity conditions, and a global duration rally on the back of a weaker than expected CPI print in the US. On the long side, the main losing position was funds' long Brazil position on the back of the President-elect fiscal plans. Global Rate Country Selection underperformed over the month, with underperformance from both long and short positions across Emerging Markets and Developed Markets. Short positions in European, Swedish, Mexican, Korean and Polish rates contributed negatively, whereas China and Brazil longs detracted. Chinese rates sold off on the back of moves towards relaxation of the "zero Covid" policy, whereas Brazilian rates sold off on news of planned fiscal largesse by the newly elected Lula administration.

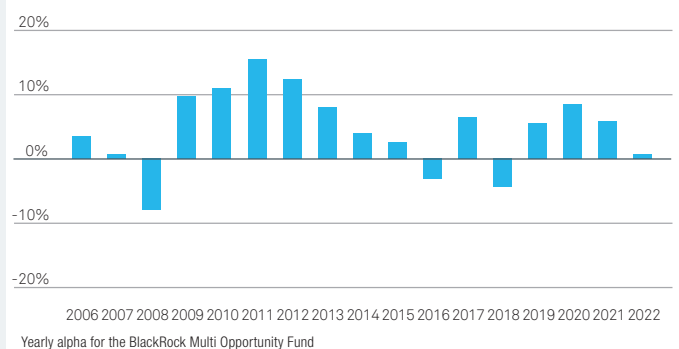
Style Premia Component

The Style Premia Strategies implemented through the **Style Advantage Fund** delivered a small negative performance over the month. Style Advantage Fund experienced a volatile November, with mid-month gains shifting modestly negative in the final days of the month. Asset class performance within the portfolio bifurcated as an accretive run for equity markets and commodities was pitted against losses in fixed income and FX, while single name equities hovered near flat. Most notably in factors, Value and Momentum saw the strongest magnitude moves as the latter outweighed the former, while Carry, Low Volatility, Quality, and Timing strategies were more subdued.

Top detractors: The Liquidity factor as the CBOE Volatility Index fell significantly, the underperformance from small cap equities relative to their large cap peers offset some of those gains. Also, the Inflation factor delivered muted returns in November as the month's move lower in bond yields was predominantly due to real yields rather than breakeven yields.

Top contributors: Economic factor was the top contributor in November as risk assets such as developed equities and listed real estate strongly rallied. Despite a tough start to the month amid continued emphasis on policy tightening, equities and listed real estate soared higher in November as investors reacted to the US and Eurozone Consumer Price Inflation ("CPI") figures, both of which surprised to the downside. Real Rates factor delivered a second consecutive month of positive returns in November. Sovereign bonds initially sold off at the start of the month, in response to hawkish sentiment and interest rate hikes from the US Federal Reserve, Bank of England, and European Central, though rallied into month-end following numerous economic data releases that built upon softer US inflation data the month prior. Following a tough October, emerging market assets strongly rallied in November and drove solid gains for the Emerging Markets factor. Emerging equities outperformed their developed market counterparts over the month, fuelled higher on news that China will begin to relax some COVID-19 restrictions, as well as the general risk-on sentiment and a weaker US Dollar. Emerging market credit spreads also significantly tightened, further boosting returns for the factor. Lastly, the Credit and Liquidity factors posted positive performance amid the risk-on tone in markets over the month. For the Credit factor, spreads tightened across both investment grade and high yield markets.

Yearly Alpha, Gross of Fees (%)



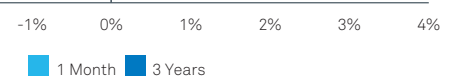
Systematic Active Equity

Fixed Income

Macro / Managed futures

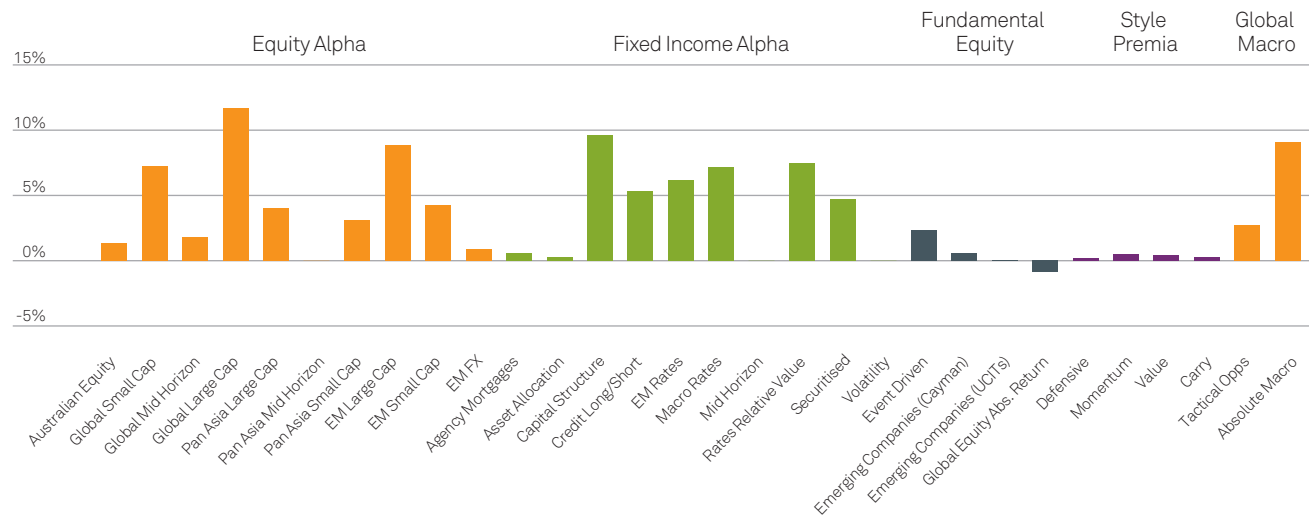
Fundamental Equity

Style Premia



Attribution for the BlackRock Multi Opportunity Fund

Sub-Strategy Risk Allocation



About the Fund

Investment Objective

The Fund aims to achieve a return of 8% p.a. before fees, above the Reserve Bank of Australia's Cash Rate Target over rolling three-year periods. The Fund will aim to achieve its investment objective by targeting a total expected risk of between 4%-6% p.a. over the same rolling three-year period.

Fund Strategy

The Fund aims to outperform the Benchmark by providing investors with a source of risk controlled absolute returns that are, over time, expected to have low correlations with the returns of major asset classes.

The Fund gains exposure to a diversified range of absolute return strategies that may include, but are not limited to:

- ▶ **Equity Market Absolute Return** strategies that seek to exploit inefficiencies in individual stock prices by gaining exposure to long and short positions in local and global equity markets.
- ▶ **Event Driven** strategies that seek to capture the structural and persistent risk premia in merger arbitrage through a robust and repeatable investment process focused on companies that are involved in publicly announced definitive mergers, takeovers, tender offers, leveraged buyouts, and other corporate combinations.
- ▶ **Fixed Income Absolute Return** strategies that seek to exploit opportunities across global fixed income markets by taking long and short positions in a broad range of fixed income securities including, but not limited to: sovereign bonds; corporate credit; mortgages; and other securities.

- ▶ **Global Macro/Managed Futures** strategies that seek to exploit inefficiencies across global markets by gaining exposure to long and short positions across a broad array of global assets including, but not limited to: equities; bonds; currencies; commodities; and other assets. These strategies may utilise both fundamental and/or trend following insights to construct portfolios.
- ▶ **Market Neutral Style Premia** strategies that seek to capture positive returns from a range of style factor strategies across global asset classes while maintaining low correlation to broad market factors.

The selection of an investment for the Fund is the result of comprehensive due diligence to ensure that it is in line with fiduciary duties and in compliance with related party policies. The Fund may be a seed, lead or only investor in a BlackRock strategy. Acting as the seed investor may create a commercial opportunity for the BlackRock Group. For example, a seed investment in a BlackRock Strategy may allow the BlackRock Group to establish a track record for a fund or product that it is then able to sell to other clients.

We continuously explore BlackRock for the addition of new investment strategies with the view of including these where they meet the Fund's strict investment criteria. The Fund's investment strategy is implemented in three stages :

1. Strategy Selection: continuous search for (and due diligence on) the latest and most innovative research and investment ideas, leveraging BlackRock's extensive pool of investment specialists.
2. Capital Allocation: capital is allocated to construct a diversified portfolio of absolute-return strategies taking into account the expected return, risk and cost of accessing each absolute return category, as well as the available capacity of each category.
3. Core Security/Market Selection: security/market selection occurs within each absolute-return category at the underlying strategy level.

The Fund should be considered by investors who ...

- ▶ Seek a fund that uses total-return strategies across major asset classes and world markets with the objective of enhancing portfolio returns while diversifying risk.
- ▶ Seek a fund that has a low correlation to equity returns, interest rate moves and other active return sources.
- ▶ Have a long term investment horizon.

Fund Details

BlackRock Multi Opportunity Absolute Return Fund	
APIR	BLK0001AU
Buy/Sell Spread	0.10%/0.10%
Management Fee	1.25% p.a.
Performance Fee	20%
Strategy AUM	1149 mil
Hurdle Rate	RBA Cash Rate
Liquidity	Monthly
Private placements (% of NAV)	1.0%
Minimum Initial Investment	\$50K
Notification	15 business days
Lock-up Period	None
Domicile	Australian Unit Trust
Custodian	J.P.Morgan Chase Bank

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