

BLACKROCK MULTI OPPORTUNITY ABSOLUTE RETURN FUND

BLACKROCK®

FUND UPDATE

30 April 2023

Investment Performance (%)

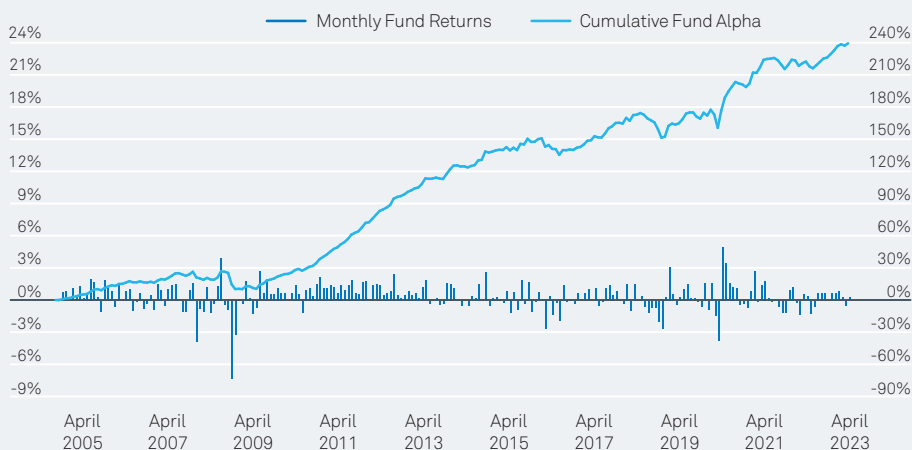
	1 Mth	3 Mths	YTD	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Incep p.a.
BlackRock Multi Opportunity Fund^ (Gross of Fees)	0.64	0.98	2.11	5.33	6.03	4.06	7.91
RBA Cash Rate Target	0.29	0.84	1.10	2.35	0.88	1.00	3.11
Outperformance (Gross of Fees)	0.35	0.15	1.02	2.97	5.15	3.06	4.80
BlackRock Multi Opportunity Absolute Return Fund* (Net of Fees)	0.53	0.62	1.46	3.65	3.90	2.30	2.81
RBA Cash Rate Target	0.29	0.84	1.10	2.35	0.88	1.00	1.47
Outperformance (Net of Fees)	0.25	-0.22	0.36	1.29	3.03	1.31	1.34

*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 April 2023



Performance Summary

MARKET COMMENTARY

Financial markets were relatively calm over April despite the uncertain macroeconomic outlook. Global equities, as measured by the MSCI World Index, increased by 3.1% over the month in Australian dollar terms as investor sentiment held steady. Developed Markets outperformed their Emerging Market counterparts. Fixed Income markets, as represented by the Bloomberg Barclays Global Aggregate Index (hedged), remained relatively volatile but also closed the month in positive territory up 0.4%.

Multi Asset Team



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- Fund Performance
- Unit Prices

PERFORMANCE STATEMENT

The Multi-Opportunity Absolute Return Fund delivered a positive return of +0.53% (net of fees) in April continuing the positive performance from last quarter.

STRATEGY REVIEW

The main drivers of performance were the Global Macro component followed by Systematic Equity Market Neutral. The Fundamental Equity component also supported the fund performance over the month. The Style Premia component was flat over the period. The Systematic Fixed Income component implemented by the Fixed Income Global Alpha strategy weighed on the fund performance over the month.

Systematic Equity Market Neutral Component

The Fund's systematic equity market-neutral component delivered positive returns over the month driven by **Emerging Markets Alpha Fund**. The global flagship strategy implemented by the **32 Capital Fund** had muted returns over the period.

Within 32 Capital, at the underlying sub strategy level, Performance was supported by Emerging Markets (EM) sub strategy which continued to deliver positive performance this month. Global Large Cap component also delivered small positive contribution to the fund return over the month. Small Cap (SC) was the largest detractor over the month. Mid Horizon sub strategy delivered a flat performance over the month.

Within Emerging Markets, performance at the underlying sleeve level was strong in Large Cap, macro-orientated strategies and positive but more tempered in Small Cap. Performance was driven by stock selection in Asia with mixed outcomes across countries. India stock specific bets outperformed, particularly the longs in Materials.

Within Large Cap sub strategy, attribution over the month highlighted strong gains to the Fundamental signal complex driven by good performance across both Value and Quality insights. This combination proved particularly effective across IT names. In contrast, Sentiment signals reversed gains from Q1, and detracted from performance overall. Natural Language Processing (NLP) based insights focused on the views of Analysts and Company Management were notably weak. Stock selection was also notably poor across healthcare names, where losses offset gains to a broader top-down preference for the sector.

Small Cap underperformed for the month, taking some of the shine off the strong year to date run. US specific sleeve implementations were the largest detractor. Attribution reviled a general performance struggle from many of the Quality insights within the model. Specifically, Cash Flow, anti-leverage positioning and the broader group of Analyst signals all being amongst the biggest detractors. Direct US implementations of Small Cap underperformed with losses driven by a mixture of Trending Sentiment and Valuation orientated insights.

The Mid Horizon sub strategy delivered a flat performance over April in stark contrast to the broad-based strength across the different signal types in March. April exhibited mixed results at the signal level with Flow-based signals showing weakness while other model themes were flat. The US sub-strategy struggled, and the fund was rewarded with another good month from APAC.

Systematic Fixed Income Component

The systematic fixed income component of the Fund, implemented by the **Fixed Income Global Alpha Fund** (FIGA) had a small detraction over the month. Macro and Equity & Capital Structure strategies weighed on the fund performance over the month while Mortgage & Securitized Credit, Credit, and Relative Value strategies supported the fund performance.

Top detractors: Equity & Capital Structure strategies were the main detractor driven by US strategies. Underperformance was driven by both pro-cyclical sector tilts and security selection, particularly during the month-end cyclical downturn. Positions in Energy and Materials hurt. Shorts in more defensive sectors like Communication Services and Healthcare also detracted.

Top contributors: Mortgage & Securitized Credit strategies were the main contributor in April. The strategy realized gains through a Fannie Mae tender offer of 2017 and 2018 B1 securities and the subsequent

reinvestment needs of the market. There has been an increased interest in 20–30-month seasoned bonds which the team has been adding strategically to the portfolio during the last couple of months.

Event Driven Component

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

Top contributors: Within the hard catalyst portfolio 5 mergers closed during the month. Positioning in UnitedHealth / EMIS Group contributed to performance as the companies announced they would proceed with the Phase 2 investigation initiated by the UK's Competition and Markets Authority "CMA". An investment in Amgen / Horizon Therapeutics benefited returns as the market ascribed a higher likelihood the merger would receive approval from the Federal Trade Commission (FTC). Intel / Tower Semiconductor also contributed to performance as Intel reiterated their commitment to the merger on the company's earnings call.

Top detractors: Positioning in Microsoft / Activision Blizzard detracted from performance following the CMA's announcement that they would block the transaction. Pfizer / Seagen detracted from returns on concerns of an extended timeline to completion for the transaction. TD Bank / First Horizon detracted from performance related to the increased downside associated with the regional banking sector.

Fundamental Equity Long/Short Component

The Multi Opportunity Fund invests in three fundamental long/short equity strategies. The positive contribution was led by **Emerging Companies Hedge Fund** (Cayman) followed by **Emerging Companies Absolute Return Fund** (UCITS) and **Global Equity Absolute Return Fund**.

Within the Emerging Companies strategies:

Top contributors: The top contributors comprised of 9 longs and 1 short positions. The biggest contributor was Dechra Pharmaceuticals which announced it had received a possible cash offer from EQT for a c.50% premium to its closing share price, albeit only a modest premium to where they raised money only a few months ago to acquire a pipeline of veterinary drugs which will accelerate growth in FY24 and beyond, which the Board would be prepared to recommend. Due to the sensitivities surrounding this, there is little the team can comment publicly now. The second biggest contributor was Gamma Communications (no news flow, just recovery from its depressed valuation), and the third biggest was veterinary services company, CVS Group (shares rose on back of the Dechra bid).

Top detractors: The top detractors comprised of 9 longs and 1 short positions. Most of the detractors were industrial cyclicals, falling on increased concerns of a recession, despite the strength of recent results or long-term secular trends. The biggest detractor was STMicroelectronics which despite a beat and raise, fell on fears of destocking impacting gross margins in H2. The team had been reducing STM in recent weeks, however, post the fall it now trades on <10x earnings for 2023 (versus 5yr trough of 9x) so arguably a downturn is already priced in and if anything, the team would look to add to this position. The second biggest detractor was Ashtead, which fell despite strong results from its 2x listed US peers, as the market continues to wrestle with increased short term demand concerns versus long term secular trends. The third biggest detractor was Breedon, which despite delivering a very strong Q1 update in April, has fallen due to a technical situation where IHT funds need to sell their shares ahead of joining the main market on 17th May (Breedon recently announced they were delisting from AIM and joining the FTSE 250). The team has used this weakness to continue to add to the fund's position.

The other fundamental equity long/short strategy, the **Global Equity Absolute Return Fund**, posted a positive return over the month.

Top contributors: The top contributor was a long holding in Beiersdorf AG. The German skincare company remained a safe haven and continued to execute on the team's thesis of multi-year growth and margin improvement. The new management team delivered a pragmatic forward-looking message that had a positive reaction from investors. A long position in DSM Koninklijke was the second largest contributor. Despite DSM reporting mixed Q1 earnings, the stock price moved up in April as the management team expects to return to the

path of growth during the second half of the year, with the company raising prices to boost profitability. The third contributor for the month was a long position in Makita, which became one of the fund's largest hedges against the volatility in the Asian market with favourable pricing. The company is geared into European and Global recovery and has a longer-term position to electrification trends with better-than-expected results. Additionally, the company announced the biggest buyback in 14 years.

Top detractors: The top detractor was Ascendis following the Food and Drug Administration (FDA) announcement noting that the pharma fell short in the regulatory update process. In light of this news, the team seeks opportunities elsewhere by liquidating the small position in the company. The second largest detractor for the month was a long position in Tencent Holding. After the positive performance both last month and on a Year-to-Date basis, the shares of the Chinese multinational technology detracted due to the macroeconomic environment in China and the liquidation of the position by the largest individual shareholder. Due to the positive outlook from the company and the positive fundamental attributes, there is no change in the team's stance. The third largest detractor was Pinterest. Although the quarterly results looked satisfactory, subscriber growth and active user volumes has slowed down

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 Opportunities Fund delivered positive returns over the month. The Fund's relative value positions in both stocks and bonds were the main contributors to performance.

Top contributors: Positioning in Long Treasuries versus short UK bonds contributed to the fund performance. UK Gilts materially underperformed Treasuries in April on the back of continued double-digit inflation in the UK. Also, positioning in long Japanese versus short European & Korean equities supported the fund performance. Japan continued to benefit from strong growth, while European and Korean equities struggled on more muted tailwinds from China re-opening.

Top detractors: Short Indian rates versus China positioning weighed on the fund performance over the month. Despite an otherwise strong economy, the Reserve Bank of India was dovish on falling food price inflation.

Within **BlackRock Absolute Macro Fund**, the main contributors were Macro-Aware Security Selection (which reversed from being among the top detractors in March), DM Rates Country Selection, and FX. The main detractors were Global Rate Country Selection, Commodity Selection, and Monetary Policy Timing.

Top contributors: Macro-Aware Security Selection, continued its rebound in April. All subcomponents contributed positively, with highlights on input costs and the diversified trained model. Tactical views also contributed. The model has been short financials via insurance and short real estate, while long staples and healthcare. DM Rates Country Selection was up in the month driven by cross-sectional rates views. The strong performance was due to the fund's short positioning in UK. This positioning in UK was driven by various technical indicators, including inflation seasonality and changes to the underlying Cheapest to Deliver (CTD) bond. FX contributed to the fund performance in April. Value was the main driver while reserves signal was sharply up in the last week of the month. Within Economy, exports did very well while money supply and Central Bank policy changes implied by Fixed income markets detracted. GDP revision was another outperforming signal which helped Sentiment that got dragged. Along the Developed Markets (DM) - Emerging Markets (EM) dimension, most returns came from EM and across Asia (e.g., long Indonesian Rupiah, short Korean Won) and EMEA (e.g., short South African Rand, long Polish Zloty etc) regions while Latin American detracted. DMs detracted slightly as EU block, the fund's largest bets in terms of risk, were flat.

Top detractors: Global Rates Country Selection was down in April. The fund was positioned long UK, which underperformed in the cross-section given an above-expected UK inflation print. Commodity selection was down in April, with the second half of the month giving back first half returns. The main detractor was the short sugar position, which suffered from supply concerns after poor weather in Brazil. Long positions in Coffee and short positions in wheat were positive for the model, and the energy complex led to the intramonth volatility. The fund's primarily long oil (via Brent) energy exposure outperformed in the first half of the month but underperformed in the second half. In insight space, value, growth and convenience yield did particularly well, while flows and positioning did more poorly. Monetary Policy Timing strategy was small down in April, with diverging performance between EM and DM arms. The DM arm of the strategy detracted on the back of outperformance from shorts in the front-end in Euro and New Zealand rates, and underperformance in long positioning in UK rates. Euro and New Zealand shorts are high conviction positions on the back of a broad range of economic and valuation signals; UK long position was caught wrong-footed by the fund's inflation signals that pointed to weakness, but the inflation print came out above expected.

Style Premia Component

The Style Premia Strategies implemented through the **Style Advantage Fund** delivered positive returns over the month, continuing on the strong performance from the last quarter.

At the portfolio level, asset class performance was relatively skewed as the currency book, already the top contributing asset class for the year, accounted for effectively the entirety of April's performance. Outside of currencies, the single name equity portion of the portfolio finished several basis points above flat, while detraction was spread across fixed income and equity markets. From a factor standpoint, contribution was distributed more evenly across buckets as Value was the leading driver, accompanied by Low Volatility and Momentum, while Quality and Timing insights were flat, and only Carry pulled back from recent highs.

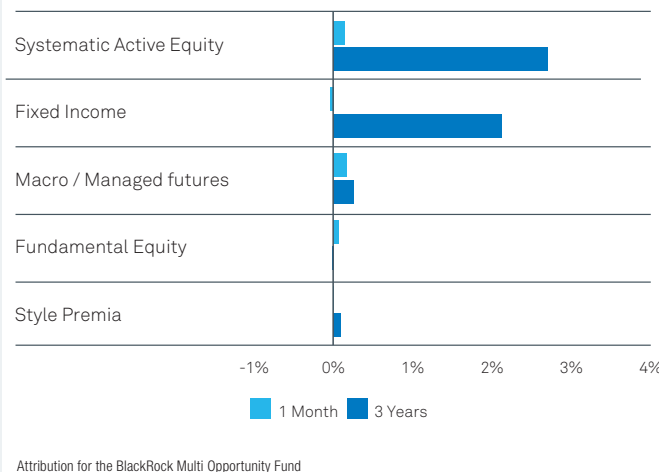
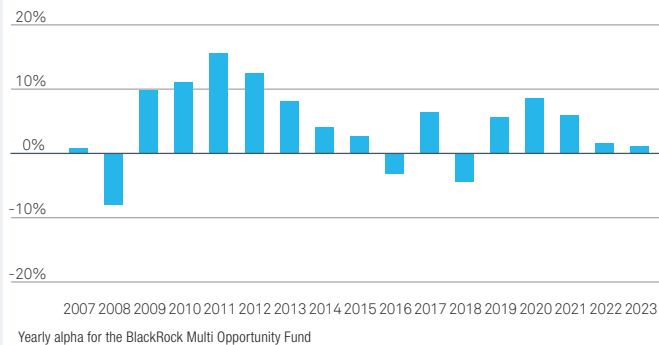
Currencies were the standout contributors throughout the month as Carry, Momentum, and Value strategies were all firmly positive, similar to much of 2023 thus far. Although both sides of the model ended the month with solidly positive contribution, the Emerging Markets (EM) FX book was responsible for over two-thirds of April's P&L. The Developed Markets (DM) FX model benefitted from persistent trends in currency markets. Longs in both the Euro and British pound continued to add to yearly gains with central banks signalling the need for continued tightening in order to clamp down on stubbornly high inflation. On the short leg within DM, conviction positions in the Australian dollar and Norwegian krone cemented a positive month for the sector as a combination of weakening Chinese macro data and a cautious central bank weighed on sentiment in the former, while the perception of continued relative dovishness on the part of the Norwegian central bank further weighed on the latter. In the cross-section, the EM model delivered a near clean sweep of positive performance from both long and short positions, many of which carried over from a strong first quarter. At the forefront, the book benefitted from shorts across Asian currencies (Korean Won, Taiwanese dollar, Chinese Yuan) as weakening fundamentals and slowing growth weighed on sentiment around the region's recovery.

Equity markets detracted marginally as Carry, one of the leading factor contributors at the portfolio level, accounted for underperformance within the asset class. Equity markets Value provided a partial, positive offset and Momentum finished slightly above flat. Across sectors, performance diverged as the DM models finished in positive territory, while their emerging market EM counterparts were wrongfooted in recent positioning. Within the DM models, the primary cross-sectional contributors were scattered across APAC and Europe. APAC positioning was bolstered by a Value-led long in Japanese equities, which continued to see strong foreign inflows and resilience in earnings. DM European positioning was predominantly supported by modest longs in both Swiss and UK equities; in Switzerland, a rebound in investor sentiment following a consolidation in major financial institutions the month prior drove gains, while UK equities were supported by strong

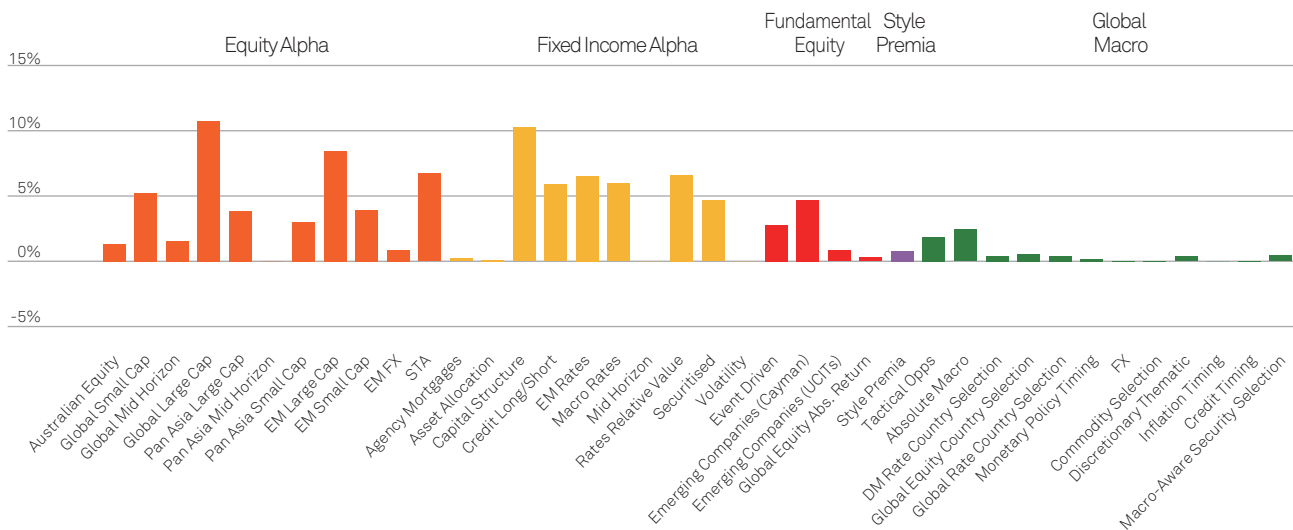
performance from cyclical sectors. The EM models stalled out over the course of the month as the majority of P&L was attributable to a Carry driven long position in Thai equities, which continued to lag due to a combination of upcoming election jitters, low growth expectations relative to Southeast Asian peers, and the central bank's focus on tightening measures. On the short side, a modest short in Polish equities weighed on the asset class as the Polish market bucked a broader emerging market sell off to finish April as the top performing major equity index.

Fixed income was the primary detractor as Carry and Momentum strategies lagged, while Value insights added at the margin. Across markets, the DM models—which have displayed resilience over the year in the face of high macro volatility—pulled back over the month, while the EM side hovered close to flat.

Yearly Alpha, Gross of Fees (%)



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	1175 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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