

BLACKROCK MULTI OPPORTUNITY ABSOLUTE RETURN FUND

BLACKROCK®

FUND UPDATE

30 June 2021

Investment Performance (%)

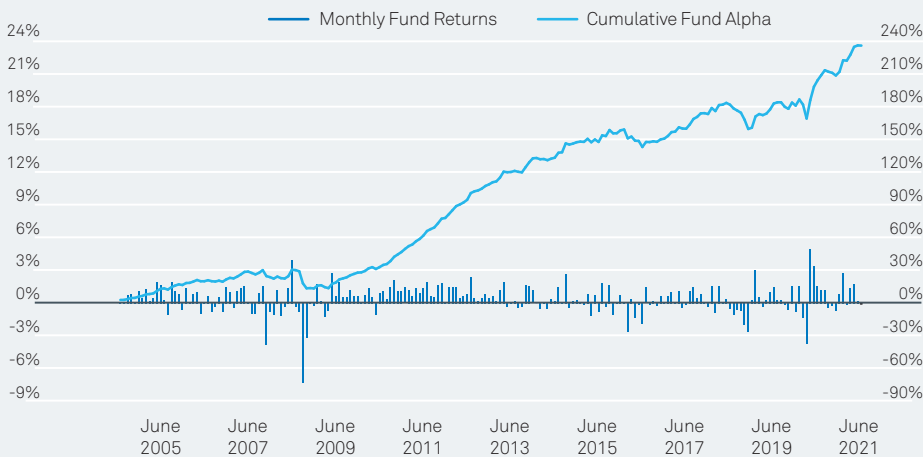
	1 Mth	3 Mths	YTD	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Incep p.a.
BlackRock Multi Opportunity Fund^ (Gross of Fees)	-0.04	2.07	6.21	8.43	5.20	5.86	8.52
RBA Cash Rate Target	0.01	0.02	0.05	0.16	0.77	1.07	3.30
Outperformance (Gross of Fees)	-0.04	2.04	6.16	8.27	4.43	4.79	5.21
BlackRock Multi Opportunity Absolute Return Fund* (Net of Fees)	-0.12	1.35	4.39	5.50	3.16	3.98	3.19
RBA Cash Rate Target	0.01	0.02	0.05	0.16	0.77	1.07	1.51
Outperformance (Net of Fees)	-0.13	1.32	4.34	5.33	2.39	2.91	1.68

*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 June 2021



Performance Summary

Market Commentary

Most financial markets gained over the quarter, as reopening optimism and the accelerated vaccine rollout continued to drive positive performance across markets. This dynamic was supported by ongoing government support from a monetary and fiscal perspective. Within equities, developed economies had a particularly positive quarter. Governments in most developed markets have eased COVID-related mobility restrictions and activity levels have picked up alongside strong consumption growth, particularly in the US.

Multi Asset Team



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- Fund Performance
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However, upbeat market sentiment saw pockets of concern due to the spread of the highly transmissible Delta variant, inflation spikes and central bank narratives. The increased spread of the Delta variant has caused renewed virus flare-ups in parts of the world, along with new mobility restrictions in certain countries. Emerging economies continued to lag on the vaccination front, and EM equities underperformed their developed counterparts over the quarter.

The US dollar depreciated early in the quarter, but bounced back strongly in June, following the surprisingly hawkish shift in the US Fed's rate outlook. Fixed income markets broadly recorded positive performance over the quarter, as longer-term bond yields declined.

Strategy Review

The BlackRock Multi Opportunity Absolute Return Fund gained +1.35% over the quarter (after fees), bringing the Fund's year-to-date return to +4.39%, including +4.34% of alpha (after fees). All sub-components recorded a positive return for the quarter, led by the Fund's fundamental long/short equity strategies, followed by the systematic equity market-neutral and fixed income strategies.

Fundamental long/short equity was the strongest component, led by the Emerging Companies Hedge Fund which recorded a strong quarter driven by the long book. Top contributors were longs in Technology and Industrials: Gamma Communications added after an upgrade to forecasts due to customers embracing the cloud; Alphabet benefitted from accelerated growth in corporate and consumer spending; and Microsoft added as the fund took advantage of recent share price weakness. The top detractor was a short position in a food retailer which was on the receiving end of an indicative bid.

Staying within fundamental long/short equity, the BlackRock Global Merger Partners Fund (GMP) also had a strong quarter, driven by the impact of catalysts in certain high conviction investments, as well as the successful completion of several key transactions. The largest contributor was the AstraZeneca/Alexion Pharmaceuticals position which received United States regulatory approval. The newly added Global Equity Absolute Return (GEAR) fund was also positive over the quarter thanks to successful positioning in Health Care and Consumer Staples..

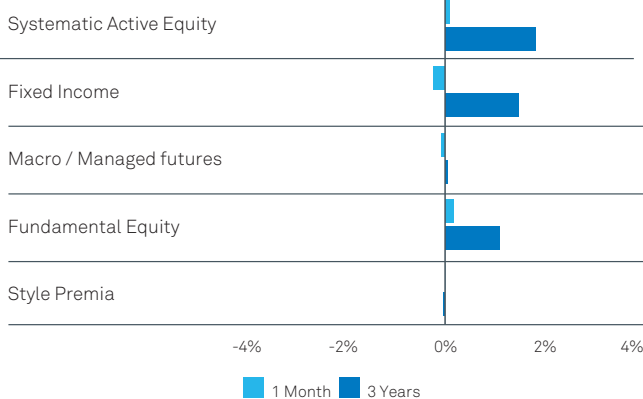
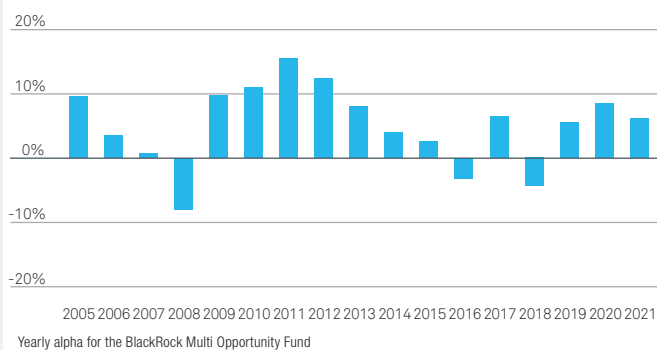
The Fund's **systematic equity market-neutral strategies** also delivered a solid contribution for the period, however, performance within the sub-strategies was a mixed bag. The Pan Asia strategy led performance in this part of the model, driven by the machine-learned and ESG insights. Emerging Markets delivered strong performance in the high cap sleeves, on timing and revisions signals; and Global Small Caps benefitted from a pro reopening stance early in the period. Mid-Horizon and Australia were relatively muted, and Large Cap detracted due to a change in

stance of policy makers late in the quarter followed by a return of growth stocks and 2020 winners.

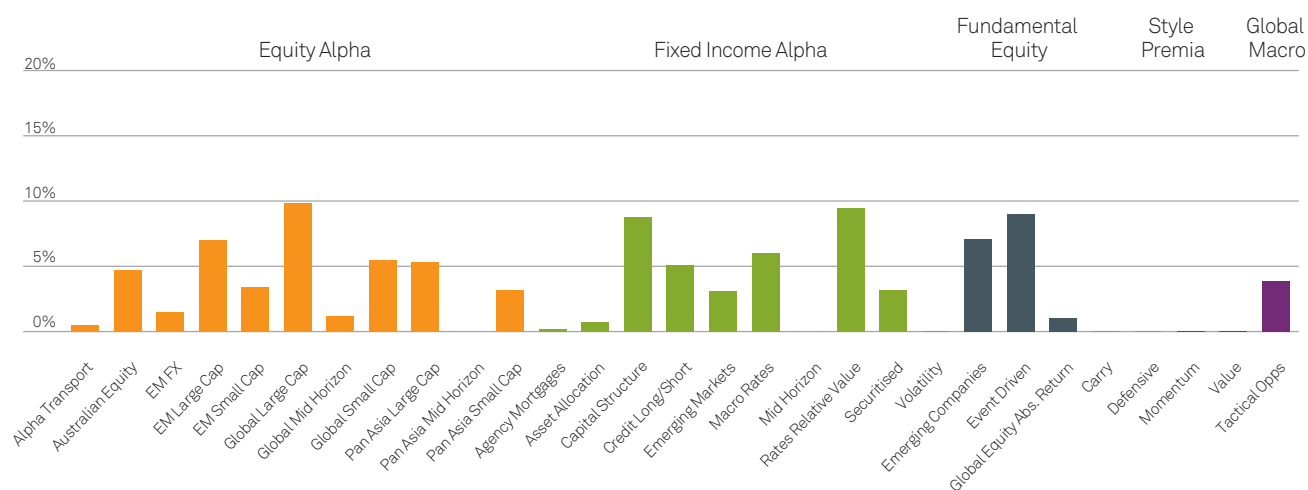
The Fund's **systematic fixed income strategy** (implemented through the Fixed Income Global Alpha Fund, FIGA) contributed positively over the quarter. The main contributors were concentrated in April and May, driven by Capital structure strategies with a notable contribution from Relative Value strategies. However, the Fund gave back some of that return during June primary due to unexpected flattening of the front-end curves in several emerging and developed market positions.

The **global macro/managed futures strategy** (implemented through the Tactical Opportunities Fund) delivered a mildly positive contribution for the period, with most of the positive performance coming early in the quarter across both Discretionary and Systematic. The main contributors to performance were cross-sectional views.

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	0.45%/0.45%
Management Fee	1.25% p.a.
Performance Fee	20%
Strategy AUM	\$887 mil
Hurdle Rate	RBA Cash Rate
Liquidity	Monthly
Private placements (% of NAV)	1.0%
Minimum Initial Investment	\$50K
Notification	12 business days
Lock-up Period	None
Domicile	Australian Unit Trust
Custodian	J.P.Morgan Chase Bank

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