

BLACKROCK MULTI OPPORTUNITY ABSOLUTE RETURN FUND

BLACKROCK®

FUND UPDATE

30 April 2022

Investment Performance (%)

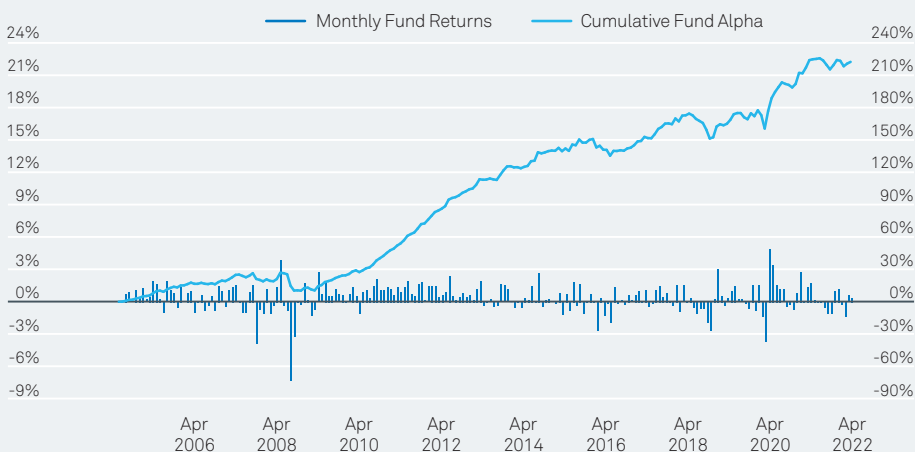
	1 Mth	3 Mths	YTD	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Incep p.a.
BlackRock Multi Opportunity Fund^ (Gross of Fees)	0.41	-0.23	-0.42	-0.36	5.57	4.40	8.06
RBA Cash Rate Target	0.01	0.02	0.03	0.10	0.38	0.83	3.15
Outperformance (Gross of Fees)	0.40	-0.26	-0.45	-0.46	5.19	3.57	4.91
BlackRock Multi Opportunity Absolute Return Fund* (Net of Fees)	0.30	-0.55	-0.84	-1.40	3.59	2.58	2.71
RBA Cash Rate Target	0.01	0.02	0.03	0.10	0.38	0.83	1.37
Outperformance (Net of Fees)	0.30	-0.57	-0.87	-1.50	3.21	1.75	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 2022



Performance Summary

Market Commentary

Tightening financial conditions saw equity and bond markets selling off concurrently in April, with multi-decade high inflation rates, hawkish central bank rhetoric and slowing global growth only serving to weigh on investor sentiment. Global equities finished the month in the red, declining by 8.0% in local currency terms, with Developed markets underperforming their Emerging market counterparts. Fixed income markets similarly sold off as yields climbed throughout the month amidst more hawkish expectations around the pace and magnitude of monetary policy tightening.

Multi Asset Team



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- Market Insights & Commentary
- Fund Performance
- Unit Prices

Performance Statement

The BlackRock Multi Opportunity Absolute Return Fund had a positive return of +0.4% over the month of April (gross of fees).

Strategy Review

Performance drivers were broad-based with four of the five hedge fund components posting a positive contribution for the month. The Systematic Fixed Income Alpha component led the performance, delivering a strong positive return. Style Premia strategies followed with a solid positive contribution. The other two contributing components, Systematic Equity Market Neutral and Global Macro both delivered modest positive returns for the month. The only hedge fund component that posted a negative contribution for the month was the Fundamental Equity component.

Systematic Equity Market-Neutral Strategies

The Fund's systematic equity market-neutral strategies, led by 32 Capital Fund, delivered a mixed contribution to performance at the underlying component level with a detraction from the Large Cap strategy offsetting the positive contributions from the other three strategies within the overall component.

Top detractors: The only detractor was the Large Cap component which did continue to exhibit strong diversification benefits. However meaningful progress on contributions to returns was distinctly lacking. Despite this, daily returns exhibited beta of close to zero against the sharp moves lower in equity market. A reversal in the strong year-to-date (YTD) performance of top-down macro models added to losses but regrettably the improvement in performance from stock selection across both Fundamental and Sentiment composites failed to bring the component into positive territory.

Top contributors: The largest contributor was Small Cap which strongly outperformed over the month with all sleeves putting in a positive showing over the period. From a regional perspective, the largest contributing region was the US, both in the specific Small Cap sleeve implementation and through its contributions to Global Small Cap; while the Emerging Markets component of the fund delivered a small positive contribution for the month. The Mid Horizon component of the fund delivered a small positive contribution to fund performance over April with all of the underlying sleeves outside of Cross-Border delivering positive contributions, driven being APAC and the US.

Systematic Fixed Income Strategies

The Systematic Fixed Income Alpha component (implemented by the Fixed Income Global Alpha Fund, "FIGA") posted a strong positive contribution to the Fund performance in April. Equity & Capital Structure, Mortgage & Securitized Credit, Rates Relative Value, and Macro strategies contributed while Credit strategies were the sole detractor.

Top contributors: Equity & Capital Structure strategies were the main contributor in April. Performance was led by US strategies. Across subsectors, strategies benefitted from both the winners and losers of the stagflationary environment. Credit-informed strategies benefitted from longs in Oil and select Exploration & Production names as demand for energy remained strong. In US convertibles strategy, positive performance was driven by shorts in high growth names which underperformed as rates rose. The global country sector model

also benefitted from a modestly defensive stance. Fundamental-driven sector selection within Japan added, with all sector baskets contributing positively. Globally, shorts across Information Technology were also additive. Mortgage & Securitized Credit also contributed in April driven by Securitized strategies. New issues led the market tighter in April. 2017 and 2018 vintage bonds outperformed and have also deleveraged significantly due to rapid prepayments during the prior re-financing wave. Relative Value strategies contributed as well. Central Bank Timing strategies were the most additive, driven by hawkish messaging from the Federal Reserve and other central banks globally. Inflation strategies performed strongly as well, benefitting from the ongoing commodity rally. Macro strategies also contributed during April, primarily driven by emerging market strategies.

Top detractors: Credit strategies were the sole detractor in April driven by European strategies. Credit markets were under pressure over the Russia/Ukraine war, new lockdowns in China, high inflation, persistently high rates volatility and economic growth fears. Long positions in high yield versus investment grade hurt performance in this risk-off environment. Short positions in Autos detracted over prevailing supply chain concerns, while long positions in Miners hurt over lockdown news in China. Longs in Consumer Non-Cyclicals and Travel also detracted. US positions contributed modestly despite low dispersion and subdued liquidity.

Event Driven

The Event Driven sub-strategy within the Fundamental Equity component (implemented by the BlackRock Global Merger Partners Fund) recorded a negative return in April as investors questioned regulatory reviews and the impact on completion timeframes, and merger spreads widened.

Top detractors: An investment in the TD Bank/First Horizon merger detracted from performance, as investors weighed the possibility of a lengthier regulatory review process and delayed timeline to completion. Positioning in the NortonLifeLock/Avast merger also hindered returns, as investors continued to weigh the impact of the United Kingdom's Phase 2 review on the transaction's timeline to completion. An investment in Microsoft/Activision Blizzard detracted modestly from returns, as the merger spread drifted wider during the period.

Top contributors: Five mergers the Fund was invested in closed during the month. An investment in the Parker Hannifin/Meggitt merger contributed to performance as the transaction received EU regulatory approval, conditional on compliance with proposed divestitures. An investment in II-VI/Coherent was also additive returns as the merger spread tightened over the period. Positioning in the Take-Two Interactive/Zynga merger further contributed to performance, driven by the transaction's continued progress towards completion and merger spread tightening.

Fundamental Equity Long/Short

The Fund invests in three Fundamental Equity Long/Short sub-strategies: the Emerging Companies Hedge Fund (Cayman), the Emerging Companies Hedge Fund (UCITS) and the Global Equity Absolute Return Fund – each of which recorded a negative return in April.

Within the Emerging Companies strategies (implemented by the Emerging Companies Hedge Fund and the Emerging Companies Absolute Return Fund):

Top detractors: The top 10 detractors were all long positions. The largest detractors were some of the fund's larger holdings, and so the cost, measured in basis points, is as much a reflection of the large weightings as the percentage falls in the shares. The top detractor was Alphabet, which fell back after results showed a slowdown in YouTube revenue growth which was in contrast to recent quarters. This seems to be a function of current slower marketing spend especially in Europe. The second largest detractor was Microsoft which posted good results but were not able to beat earnings substantially unlike recent times. The outlook remains for solid double-digit growth as there is no evidence that Enterprise digital spending is waning. The third largest detractor was Amazon, which did see a profit shortfall in its retail business mainly due to supply chain and inflationary pressures, at a time when the company has been investing significantly in incremental capacity to reduce delivery times in order to drive orders and order frequency.

Top contributors: The top contributors were 8x short and 2x long positions, which is unusual but reflects the unusual pattern of April stock markets. The largest contributor was the short in a US listed used car sales platform. The team believed that the business model for this company would not deliver planned profits and was over leveraged. Both factors were verified in April including profit misses and the need to raise more capital at disadvantageous terms. The short position in a US online gaming company targeted at the youth market performed well as the company was not able to match forecasts given 're-opening' dynamics. The largest contributor was a long in UK mid cap Oxford Instruments- the shares have now moved back following the aborted bid from Spectris trading at higher levels prior to the bid approach in February.

Within the Global Equity Absolute Return Fund, After the moderate rebound in March, the sharp decline of global equity markets continued in April and the fund posted negative returns in April. From a sector perspective Consumer Staples outperformed while Communication Services, Information Technology and Consumer Discretionary significantly underperformed.

The top detractor was a long position in Amazon, which delivered weaker than expected results, growing top line by 7% when compared with Inflation up 8%. While the company saw strength, advertising revenue growth showed signs of decelerating. The company also saw increased costs over the period, including inflation-driven wage and fuel costs. Sony Group was the second largest detractor with the share price falling on no stock specific news flow, however tough comps in gaming, music and content combined with negative read across from competitors raised concerns around content saturation. The third detractor was Comcast, which reported Q1 earnings. While the company beat on revenues and profits as well as reporting net additions in high-speed broadband internet customers, subscriber growth was not as high as anticipated.

The top contributor was a short position in an audio streaming provider. The share price fell after the company announced lacklustre Q1 results and expected gross profit margin to remain flat through Q2 given an increased competitor landscape and content saturation. A short position in Nvidia was the second contributor which derated alongside the broader tech sell-off rather than due to any stock specific news flow. The third contributor for the month was a short position in a private security company specialising in cash collection. While there was no company news flow, the company faces long term structural headwinds given the transition of personal spending from cash to card.

Global Macro

The Global Macro/Managed Futures component is implemented by two sub-strategies: the Tactical Opportunities Fund and the Absolute Macro Fund.)

The Tactical Opportunities Fund recorded a positive return in April. Discretionary process was the largest contributor while Systematic strategies were relatively flat. Within Systematic, relative value ("RV", aka "long/short") exposures boosted returns, but directional positions detracted, offsetting RV gains.

The funds' Discretionary process positioned for inflation strength pushing back end yields higher and contributed to the performance for the month. A short position in 5-year US bonds supported the performance as market priced in a hawkish Fed. The fund was further supported by a short position in US equities owing to the rising real yields and a long position in European equities which was helped by a weak Euro. A short position in Polish bonds also supported returns as Poland faces high inflation due to supply challenges faced from Russia.

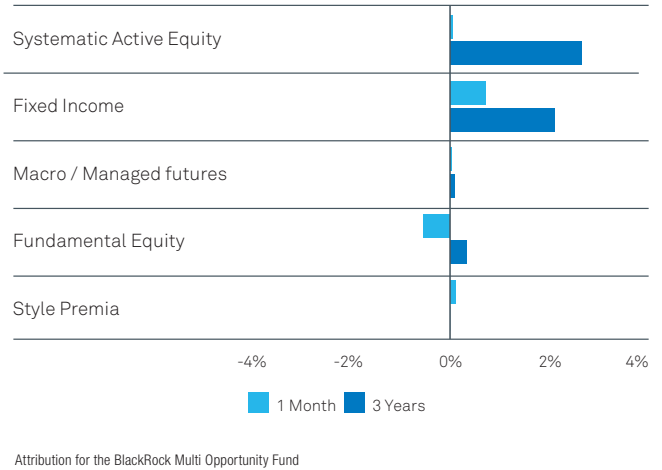
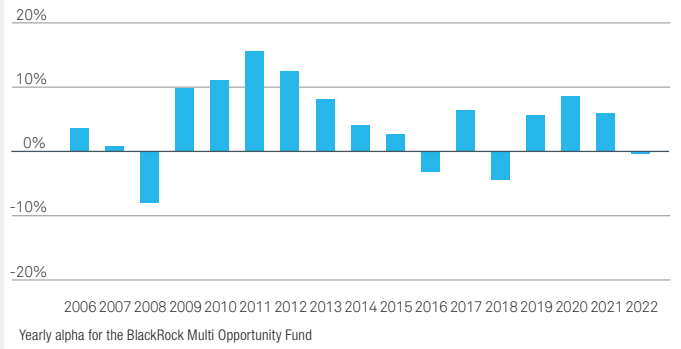
In terms of top detractors, a long position in global developed market (DM) stocks (particularly Japan) detracted due to lockdowns in China, high inflation and hiking central banks which are hurting global stocks with Japan not immune even in a rising yield environment. Systematic insights picking up on the growth slowdown are positioned long in DM 10-year bonds for safety but have admittedly called this switch too early which has slowed down the performance.

The other sub-strategy within the Global Macro component, implemented via the BlackRock Absolute Macro Fund, delivered a strong positive performance over the month. The Discretionary Thematic strategy continues to be a source of strength though performance for the month was broad based, with contributions from Global Rates, Monetary Policy Timing, FX, and Discretionary Thematic. Macro-Aware Security Selection and DM Rates detracted, while Inflation Timing and Global Equity Country Selection was flat.

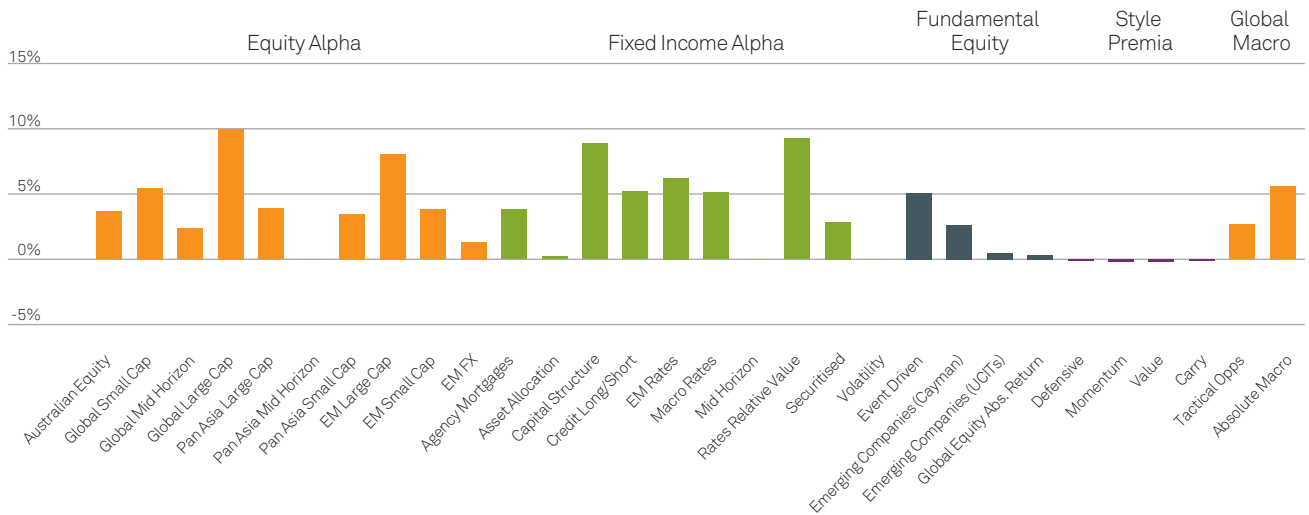
Top Contributors: Discretionary Thematic performance was additive through its short rate positions on the back of both the U.S. and German curves based on the themes of 'Global Reflation' and 'European Resilience'. Performance benefitted from cross-sectional Emerging market rates positions (shorts in Poland, Mexico, Brazil against Taiwan and Thailand) on curve pricing and inflation insights. The monetary policy timing bucket had positive contributions from both developed markets and emerging markets sleeves. A large driver of performance was the directional call in both sleeves, where we have been short front ends in both developed and emerging markets. The cross-sectional call also performed positively, especially in DM, where we were short NZD, Canada, US and UK rates, and long Swiss, Swedish, Australian rates. The FX sleeve was a strong contributor to performance in April: the key bets in the portfolio remained short EUR and JPY with positive performance coming from a continuation of the terms-of-trade shock to both countries, but equally continued push back from the Bank of Japan on any policy normalization given their view of the lack of inflationary pressures. This has been a theme that has been captured well by signals focused on monetary policy sentiment.

Top Detractors: Underperformance was driven majorly by a combination of US Industry timing (e.g. Inventories), Tactical insights (exposures to rising inflation and lower growth) and Trained exposures. The second detractor was Developed markets Rates Country Selection sleeve- The strategy suffered from its long position in global duration on the back of falling global growth, partly informed by the spillovers from weaker Chinese data because of more stringent lockdowns associated with their zero-Covid policy.

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	\$1160 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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