BLACKROCK DIVERSIFIED ESG GROWTH FUND

BLACKROCK®

FUND UPDATE **30 November 2022**

Investment Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	Inc
BlackRock Wholesale Diversified ESG Growth Fund (Gross of Fees)[1]	3.36	2.64	-6.94	-5.22	2.82	5.55	7.84
Benchmark*	4.27	2.85	-5.94	-4.06	3.25	5.78	6.88
Outperformance (Gross of Fees)	-0.92	-0.21	-1.00	-1.17	-0.43	-0.23	0.96
BlackRock Diversified ESG Growth Fund (Net of Fees)[2]	3.29	2.44	-7.58	-5.95	2.04	4.76	7.17
Benchmark*	4.27	2.85	-5.94	-4.06	3.25	5.78	7.12
Outperformance (Net of Fees)	-0.99	-0.41	-1.64	-1.89	-1.22	-1.01	0.04

[1] Fund inception: 31/10/1997. [2] Fund inception: 31/12/1996.

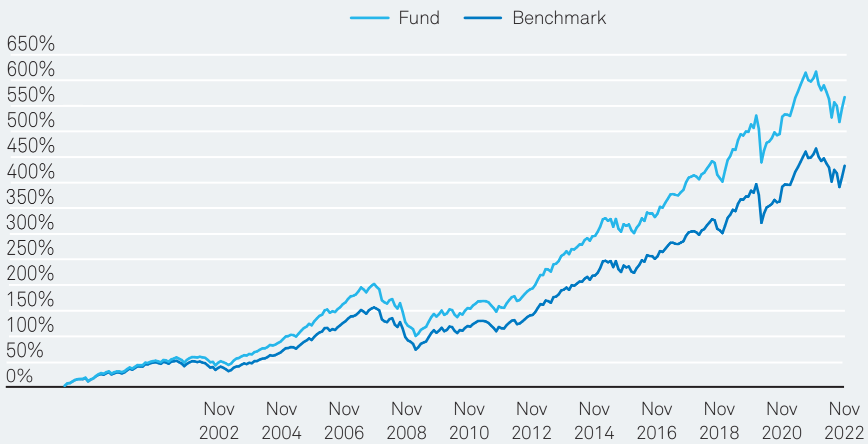
Past performance is not a reliable indicator of future performance. Performance for periods greater than one year is annualised.

* The benchmark is a diversified allocation of the S&P/ASX 300 Accum. Index, MSCI World Index ex-Aus Net TR (hedged and unhedged in AUD), MSCI EM IMI ex Tobacco ex Controv. & Nuclear Weapons Net TR Index (unhedged in AUD), FTSE Developed Core Infrastructure Net TR Index (unhedged in AUD), FTSE EPRA/NAREIT Developed Dividend+ Net TR Index (unhedged in AUD), Gold Price Index (unhedged in AUD), Bloomberg Barclays MSCI Australia 100mn ESG Index, BBG AusBond Infl Govt 0+ Yr Index℠, BBG Barclays US Govt Inflation-Linked Index (hedged in AUD), JPMorgan EMBIG Div Core Index (hedged in AUD), BBG Barclays Global High Yield Corporate Index (hedged in AUD) and Bloomberg AusBond Bank Bill Index℠.

Please note that effective from 30 November 2020 the index weights representing the performance benchmark for the BlackRock Diversified ESG Growth Fund have changed slightly to reflect the latest changes to the Fund's strategic asset allocation (i.e. the composite benchmark). This is reflected in the historical benchmark performance, with returns prior to 30 November 2020 reflecting those of the old benchmark weights while returns after this date reflect those of the updated benchmark weights.

Performance is calculated in Australian dollars and assumes reinvestment of distributions. Gross performance is calculated gross of ongoing fees and expenses. 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 and expenses.

Cumulative Performance (Gross of fees) to 30 November 2022



Performance Summary

Market Overview

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%.

Visit **BlackRock.com.au** for further information, including:

- Market Insights & Commentary
- Fund Performance
- Unit Prices

United States

In the US, the S&P 500 Index increased by 5.6% in November (in local currency terms), with Materials and Industrials sectors outperforming. US equities rallied when inflation data came in below consensus forecasts, with inflation rising 7.7% in October on an annual basis, compared to the 7.9% print predicted. Expectations that the US Federal Reserve (Fed) will moderate future rate increases on the back of softening inflation also helped markets trend higher. However, various Fed speakers continued to emphasise that policy tightening still has further to go and the overall level of interest rates is more important than the pace of hikes. Meanwhile, the US midterm elections saw Republicans take control of the House of Representatives, while the US unemployment rate also rose to 3.7% with the labour market seeing early signs of cooling.

Europe

European equity markets, as represented through the Euro Stoxx 50 Index, increased by 9.7% in November (in local currency terms), despite lackluster economic data and weak consumer sentiment. The initial negative market reaction to a missile landing in Poland was quickly unwound when it became apparent this was an unintended accident by Ukraine's air defense systems. Purchasing Managers' Index (PMI) data showed that activity in the European services sector shrank in October – an indication of the growing economic damage from central bank tightening. This tradeoff was also acknowledged in previous European Central Bank (ECB) meeting minutes.

The UK equity market gained 7.1% in November (in local currency terms). As expected, the Bank of England (BoE) raised rates by 75bps, representing its biggest single hike since 1989. Investors also digested the UK government's anticipated budget statement, which cut spending and raised taxes. This stabilizes the British budget on a new lower level of economic activity, however most of the austerity measures will come beyond the next scheduled election in early 2025. Headline UK inflation hit a new four-decade high and pushed above 11% per annum on the back of higher energy and food prices.

Asia

Asian equities were also positive over the month. China's CSI 300 Index rose by 9.8% in November (in local currency terms) after falling sharply in previous months. Market sentiment was buoyed by the incremental relaxation of China's zero-COVID policy. The easing of pandemic controls came amidst widespread anti-lockdown protests across multiple Chinese cities following a recent flare up in COVID-19 cases and accompanying social restrictions. These demonstrations mark one of the largest acts of civil unrest in over a decade and led to a reassessment of pandemic controls to placate public demands. Earlier in the month, Chinese authorities rolled out several measures to support the property market and ease the liquidity crunch faced by developers.

Japanese equities, as represented by the TOPIX Index, rose by 1.4% in November (in local currency terms). Japan's core inflation data beat expectations over the month, jumping to a 3.6% annual rate. This marked the fastest increase in inflation over three decades and was driven by higher import prices given the Japanese Yen's weakness against major trading partners. Higher inflation is expected to put more pressure on the Bank of Japan's (BoJ) current policy stance, especially its yield curve control policy which caps Japanese government 10-year bond yields.

Australia

The S&P/ASX 300 Accumulation Index rose by 6.5% in November, with Utilities and Materials sectors among the best performing sectors over the period. The Australian labour market remains tight and the unemployment rate fell to 3.4% in October, while the wage price index beat forecasts by increasing 1.0% over the third quarter. Earlier in the month, the Reserve Bank of Australia (RBA) hiked interest rates by 25bps, bringing the official cash rate to 2.85%. Meanwhile, monthly inflation data showed an unexpected dip to 6.9% year-on-year.

Fixed Income

Fixed Income markets were supported by lower bond yields in November due to expectations that the pace of interest rate hikes by central banks will slow going forward. US and Australian 10-year yields fell by 44bps and 23bps in November (after rising sharply earlier in the year) to end the month at 3.6% and 3.5% respectively. The decline in rates saw bond prices rise. As such, the Australian composite bond index increased by 1.5% and the Global Aggregate index by 2.5% over the month. Riskier parts of the fixed income markets, such as emerging market debt and corporate credit indices, also realised gains as credit spreads tightened amid improved risk sentiment.

Commodities & FX

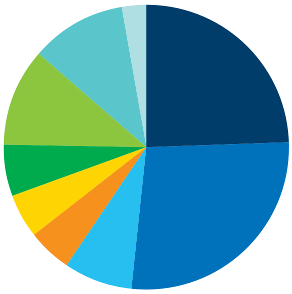
Commodity and energy prices were mixed over November. Oil prices retraced gains to fall by 4.4% as recessionary concerns loom across global economies, while Gold rose over the period. Iron Ore prices rebounded to their highest levels in two months after China unveiled a support package for its property sector. Within currencies, the US dollar depreciated against its developed market peers, weakening by 4.8% over the month. The Australian dollar appreciated against the US dollar by 6.1% over the month alongside stronger commodity prices and improvement in risk sentiment. The appreciation of the Australian dollar saw hedged international equities outperform that of unhedged equities, as it meant that the rise in global share prices was protected against currency moves.

Strategy Commentary – November 2022

The BlackRock Diversified ESG Growth Fund recorded a positive return for November of 3.29% (after fees). Global markets rallied over the month with broad-based gains across asset classes amid speculation that monetary tightening by central banks has begun to moderate. Investor sentiment was further supported by policy developments in China regarding their zero-COVID stance and softer inflation data across key economies. Performance was led by growth assets over the period, driven by Australian Equities, International Equities and Emerging Market Equities. Global Infrastructure realised modest gains in November. The Fund's more defensive asset classes, namely Australian Inflation Linked Bonds, US Inflation Linked Bonds, Global High Yield and Australian Fixed Income, also outperformed over the month. The defensive allocation to Gold modestly contributed to the Fund's performance.

On the active front, the Fund underperformed its diversified benchmark over the month by -0.99% (after fees). Stock selection within Global Equities, Emerging Market equities and Australian equities detracted from active returns over November. Global Property also underperformed its underlying benchmark, while Global Infrastructure and Global High Yield were relatively flat across the period. The Fund also invests in a global macro strategy that takes overweight and underweight positions across asset classes and regions (i.e. tactical asset allocation). This sub-strategy recorded positive active returns over the month.

Fund Allocation



	Fund	Benchmark
Australian Shares	24.50	24.00
International Shares	27.31	27.50
Emerging Markets Shares	7.71	7.50
Global REITs (unhedged)	4.94	5.00
Global Listed Infrastructure (unhedged)	5.05	5.00
Gold	5.98	6.00
Australian Bonds	10.95	11.00
International Bonds	10.87	11.00
Cash	2.68	3.00

These benchmark weights reflect both direct and indirect investments and the effect of derivatives. While the fund is managed to this benchmark as at the date of this document, the benchmark weights may vary after the issue date of this document.

About the Fund

Investment Objective

The Fund aims to outperform its neutral portfolio benchmark before fees over rolling three-year periods. The neutral portfolio benchmark is 30% defensive and 70% growth assets.

The Fund will seek to meet its investment objective while taking into account the principles of environmental, social and governance (ESG) focused investing. This will be achieved via both ESG integration and the application of negative screens that excludes controversial sectors from the portfolio.

Fund Strategy

The investment strategy of the Fund is to provide investors with a diversified exposure to the best investment teams and ESG strategies that BlackRock has globally within the context of an Australian based globally diversified investment portfolio.

The strategy is built around two steps:

1. Establishing the most appropriate strategic benchmark subject to the growth/income splits and market risk exposures; and
2. Implement the strategic asset allocation using BlackRock's active and indexed building blocks that meet the Fund's strict ESG criteria subject to a risk budgeting framework.

Should be considered by investors who ...

- Seek a fund with an emphasis on growth assets that aims to add value through active security selection and diversified alpha strategies.
- Seek a fund that incorporates ESG factors into its investment process and screens out certain ESG sensitive sectors.

Fund Details

BlackRock Wholesale Diversified ESG Growth Fund	
APIR	BGL0003AU
Fund Size	390 mil
Buy/Sell Spread	0.16%/0.16%

BlackRock Diversified ESG Growth Fund	
APIR	BAR0813AU
Management Fee	0.79% p.a.

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