

BLACKROCK TACTICAL GROWTH FUND

BLACKROCK®

FUND UPDATE

30 April 2021

Investment Performance (%)

	1 Mth	3 Mths	CYTD	1 Yr	3 Yrs	5 Yrs	Inc
BlackRock Tactical Growth Fund (Gross of Fees) ¹	2.69	5.65	5.68	21.45	10.33	10.52	-
Diversified Benchmark [*]	2.69	5.12	4.99	18.70	8.79	8.87	-
Outperformance (Gross of Fees)	0.01	0.53	0.69	2.75	1.54	1.64	-
BlackRock Tactical Growth Fund (Net of Fees) ²	2.62	5.43	5.38	20.44	9.41	9.57	8.08
Diversified Benchmark [*]	2.69	5.12	4.99	18.70	8.79	8.87	8.36
Outperformance (Net of Fees)	-0.07	0.31	0.39	1.73	0.62	0.69	-0.28
BlackRock Balanced Fund (Net of Fees) ³	2.57	5.27	5.17	19.72	8.54	8.60	6.81
Diversified Benchmark [*]	2.69	5.12	4.99	18.70	8.79	8.87	8.26
Outperformance (Net of Fees)	-0.12	0.15	0.19	1.02	-0.26	-0.27	-1.45

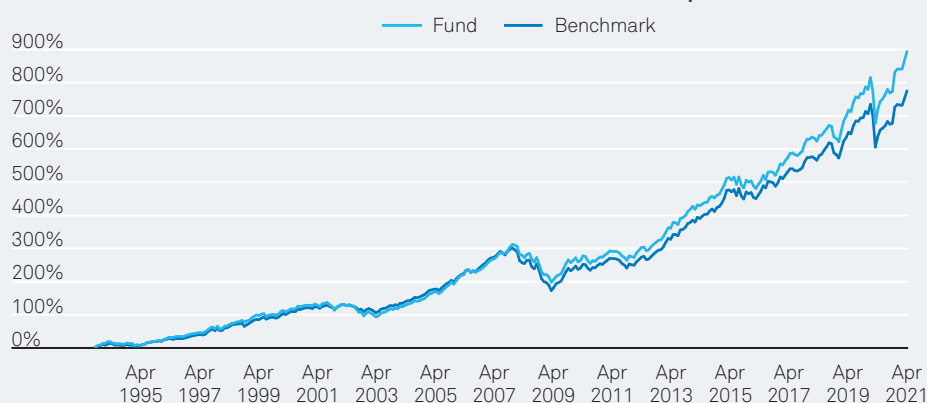
¹ Fund inception: 30/09/1992. ² Fund inception: 30/09/1992. ³ Fund inception: 30/04/1992.

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

* Please note that effective from 28 February 2019 the index representing the performance benchmark for the BlackRock Tactical Growth Fund has changed as a result of the latest strategic asset allocation review. Global credit, as measured by the Bloomberg Barclays Global Aggregate Corporate Index (hedged in AUD) was added to the index. This is reflected in the historical benchmark performance, with returns prior to 28 February 2019 reflecting those of the old benchmark while returns from 28 February reflect those of the updated benchmark.

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. The benchmark is a diversified allocation of the S&P/ASX 300 Total Return Index, MSCI World ex Australia Index (hedged and unhedged in AUD with net dividends reinvested), MSCI Emerging Markets IMI ex Tobacco ex Controversial ex Nuclear Weapons Net TR Index (Unhedged in AUD), FTSE Developed Core Infrastructure 50/50 Net Tax Index (Unhedged in AUD), FTSE EPRA/NAREIT Developed Dividend+ Net Index (Unhedged in AUD), Bloomberg AusBond Composite 0+ Yr IndexSM, Bloomberg Barclays Global Aggregate 500 Index (Hedged in AUD), Bloomberg Barclays Global Aggregate Corporate Index (hedged in AUD), J.P. Morgan EMBI Global Core Index (Hedged in AUD) and the Bloomberg AusBond Bank Bill IndexSM.

Cumulative Performance (Gross of fees) to 30 April 2021



Performance Summary

Market Review

April was a positive month for most financial markets. Risk sentiment stayed elevated on expectations of a powerful economic restart underway, an improving macro picture supported by additional fiscal spending and a broadening vaccine rollout. Key risk-on assets such as equities and commodities experienced a strong rally in April, but assets such as sovereign bonds and gold also recorded positive performance after a difficult previous quarter.

Regionally, developed market equities continued to outperform their emerging market counterparts. Developed markets are leading both a rebound in global Purchasing Managers Index's (PMIs) as

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- Market Insights & Commentary
- Fund Performance
- Unit Prices

well as the progress on COVID-19 vaccine deployment. Corporate earnings results were also broadly encouraging, with several large US and European companies reporting positive earnings surprises. The speed of the vaccine rollout has had an impact on near term growth dynamics, with the US economy showing further signs of improvement. US equity markets led the rally in April, whereas Japanese equities reversed some of their gains from previous months.

US

The S&P 500 Index gained over 5% in April. Emphasis on an upbeat US earnings season, accelerated vaccine rollout, contained geopolitical tensions, persistent fiscal expansion and a patient Federal Reserve created a favourable backdrop for financial markets. US President Joe Biden laid out roughly \$4 trillion of additional spending packages in his first address to a joint session of the congress. This spending plan is in continuation to the fiscal stimulus declared in March and includes higher taxes on capital gains and corporate earnings. US macro data was also generally positive, with most of the data supporting the notion that the US economy is undergoing a powerful restart as pent-up demand and savings get deployed. The US economy grew at an annualised pace of 6.4% in the first quarter, US retail sales grew 9.8% in March pointing to a restart in consumption. Other macro and labour market indicators have also shown improvement.

The US Federal Reserve stressed policy patience with minimal changes to its policy statement, which was well received by financial markets, diffusing concerns around inflation-led intervention. The Federal Reserve Chair Jerome Powell stressed that it would take “some time” for its objective of “substantial further progress” to be met on tapering its bond purchases.

Europe

The Euro Stoxx 600 Index gained over 1.5% in April, while the UK FTSE Index gained north of 4%. Within the European block, countries have had a slow start to vaccine rollouts, but virus cases in the region are heading in the right direction and prospects for vaccine supply have improved. Whilst the eurozone economy contracted in the first quarter, there are indications that the economy has begun to grow in April supported by a solid manufacturing sector and an improving service sector, as evidenced by purchasing manager index (PMI) data. The European Central Bank previously increased the pace of asset purchases and financing conditions remained favourable through April. Within the UK, the progress of the activity restart continues to look favourable and leading indicator readings are underpinning a rapidly rebounding economy. Both the manufacturing and services PMI surveys came in above 60 for April which is also encouraging.

Asia

Asian equities recorded mixed performance over April. There is a differentiation in performance driven by COVID-19 related dispersion on account of vaccinations and restrictions implemented by governments around the region. Certain countries such as Brazil, India and Turkey experienced higher new cases and fatalities, leading to tighter restrictions, falling levels of mobility and lower economic activity. Whereas in China, the economy continues to normalise. Chinese trade data for March confirmed that global trade activity remains robust, while a surge in imports suggests higher commodity prices are filtering through as domestic growth remains strong. Japanese equities declined in April, as a stronger currency and emergency lockdowns weighed on performance.

Australia

In Australia, the S&P/ASX300 Accumulation Index gained 3.7% in the month of April, in line with other developed markets. Across sectors, Information Technology and Materials performed best, while the Energy sector recorded negative performance. The broad rally in domestic equities is supported by improving economic activity and accommodative monetary conditions from the Reserve Bank of Australia (RBA). Macro data was mainly positive in April. Australia's QOQ GDP expanded by 3.1% and consumer confidence also improved. The inflation data printed a reading

of 0.6% for the March quarter which was lower than expected, and allayed concerns that the RBA might pre-emptively look to normalize monetary policy on account of rising inflation.

Fixed Income

Volatility in Fixed Income markets receded from the previous quarter as Sovereign government bonds – particularly Australian and US government bonds – experienced positive market moves. Global yield curves flattened, as longer-term rates decreased while short term rates stayed relatively steady. The Australian 10-year government bond yield ended the month at 1.75%. The Australian Composite Bond Index and the Global Aggregate Bond Index (hedged to AUD) gained approximately 0.6% and 0.2% respectively over the month. Investment Grade and High Yield indices generally gained somewhat over the month of April

Commodities & FX

Commodity prices saw strong price increases on the back of expectations for stronger economic growth and a backdrop of supply constraints and demand coming back to more normal levels. Iron Ore and Copper led performance within the block, partly driven by a transition to a low-carbon economy that also provided long-term support for copper along with normalizing growth in China, which is a key commodity consumer. The US dollar weakened in April following a relatively strong quarter. Similar to most other key currencies, the Australian dollar strengthened against the US dollar.

Strategy Commentary – April 2021

The BlackRock Tactical Growth Fund gained 2.62% in April (after fees), broadly in line with its diversified benchmark. This brings the Fund's year-to-date return to +5.38%, which is 0.39% ahead of its strategic benchmark (after fees). All asset classes contributed positively to Fund performance in April. Growth assets, such as Australian and international equities, and global REITs had a particularly strong month and drove the overall return in April. The portfolio's more defensive asset classes, such as fixed income and gold, also contributed positively over the period.

Looking at active returns, the Fund performed broadly in line with its diversified benchmark in April and continued to outperform year-to-date. The Fund's underlying active return sources recorded offsetting performance in April. Tactical asset allocation decisions and security selection in global infrastructure added to active returns, while security selection in international equities (especially Asian equities) detracted. Security selection in Australian and global fixed income markets recorded relatively muted active performance.

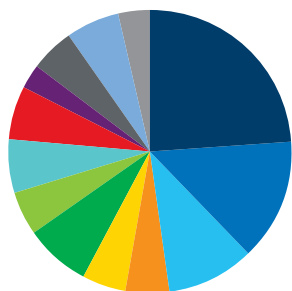
Outlook and Positioning

The rollout of Covid vaccines around the globe and signs of falling virus cases – especially in countries that are further along the vaccination journey – translates into a more optimistic outlook for the global economy. Several countries have already begun to ease mobility restrictions, and this is expected to continue through 2021. The easing of restrictions is expected to allow contact intense services activity to return to more normal operations and release some pent-up demand, which would ultimately speed up the global economic recovery that is bolstered by significant fiscal and ongoing monetary support.

Despite the widespread optimism, the team remains somewhat cautious with a significant amount of good news already priced into markets. Notwithstanding, the portfolio's growth/defensive split is tilted with an overweight to developed market equities and underweight to interest rates (relative to our strategic benchmark). We have derivative structures in place however which provide optionality that would reduce the growth/defensive split should we experience a correction in risk markets.

Looking further ahead, we expect inflation to rise, driven by increased cost pressures due to de-globalization, a change in monetary policy frameworks and higher government debt levels putting pressure on monetary policy to remain easier. The recent addition of inflation-linked bonds and gold to the portfolio's strategic allocations addresses this belief and is expected to better protect the real value of the portfolio should this scenario play out.

Benchmark Allocation



Asset Class	Benchmark Weight (%)	Market Performance	Contribution to Benchmark Return
Australian Shares	24.00	3.70	0.89
International Shares – unhedged	14.00	3.18	0.44
International Shares – hedged	10.00	4.01	0.40
International Infrastructure	5.00	2.73	0.14
International Property	5.00	5.06	0.25
Emerging Market Equity	7.50	1.46	0.11
Australian Bonds	5.00	0.56	0.03
Aust. Inflation-Linked Bonds	6.00	1.61	0.10
US Inflation-Linked Bonds	6.00	1.45	0.09
Emerging Market Debt	3.00	2.36	0.07
Global High Yield	5.00	0.97	0.05
Gold	6.00	2.01	0.12
Cash	3.50	0.00	0.00

Total Benchmark Return: 2.69

About the Fund

Investment Objective

The investment objective of the Fund aims to outperform peer performance consistent with a “growth” orientated investment strategy encompassing:

- ▶ a broadly diversified exposure to Australian and international assets
- ▶ active asset allocation, security selection and risk management
- ▶ flexibility to deviate meaningfully from the strategic asset allocation to help manage total portfolio risk

The Fund aims to outperform its benchmark indices over a 5-year rolling period before fees.

Fund Strategy

The investment strategy of the Funds is to provide investors with a diversified exposure to the best investment teams and 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 consistent with a “growth” oriented fund; and
2. Enhancing the returns of the Fund relative to the strategic benchmark to the maximum extent possible by utilising investment teams, strategies and techniques from BlackRock’s resources around the globe subject to a risk budgeting framework.

Should be considered by investors who ...

- ▶ Seek a fund which aims to provide a combination of capital growth and income.
- ▶ Seek a fund that is actively managed within a risk controlled framework to provide diversified exposure to multiple asset classes with a single layer of fees.
- ▶ Seek a fund that evolves to incorporate ‘Best of BlackRock’ investment insights.

Fund Details

BlackRock Tactical Growth Fund	
APIR	PWA0822AU
Fund Size	548 mil
Buy/Sell Spread	0.175%/0.175%
Management Fee	0.85% p.a.

BlackRock Balanced Fund	
APIR	PWA0013AU
Management Fee	1.455% p.a.

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