BLACKROCK ADVANTAGE INTERNATIONAL EQUITY FUND

BLACKROCK®

FUND UPDATE **30 November 2022**

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

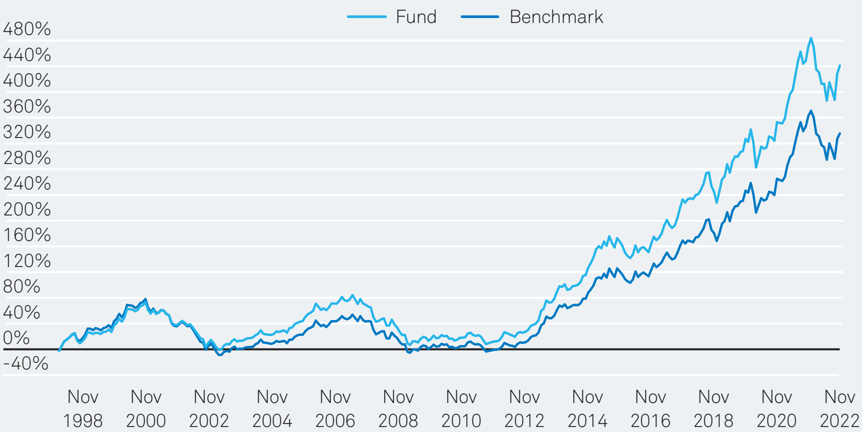
- Market Insights & Commentary
- Fund Performance
- Unit Prices

Investment Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	Since Incep
BlackRock Advantage International Equity Fund[1] (Net of Fees)	2.38	7.63	-7.73	-5.75	7.68	9.52	6.15
MSCI World ex Australia Index (unhedged in AUD)	2.02	6.43	-7.44	-5.89	7.93	10.12	6.09
Outperformance (Net of Fees)	0.36	1.21	-0.29	0.14	-0.25	-0.60	0.07
BlackRock Advantage Hedged International Equity Fund[2] (Net of Fees)	5.78	4.23	-13.79	-9.98	6.21	6.29	9.42
MSCI World ex Australia Index (hedged in AUD)	5.43	2.97	-13.57	-10.14	6.59	7.01	9.89
Outperformance (Net of Fees)	0.35	1.26	-0.22	0.16	-0.39	-0.72	-0.47

[1] Fund inception: 31/12/1997. [2] Fund inception: 04/04/2003.
Past performance is not a reliable indicator of future performance. Performance for periods greater than one year is annualised. Performance is calculated in Australian dollars and assumes reinvestment of distributions. Gross performance is calculated gross of ongoing fees and expenses. Net performance is calculated on exit-to-exit price basis, e.g. net 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.

Fund Performance (Gross Unhedged) to 30 November 2022



Performance Summary

Market Commentary

The MSCI World Ex Australia Index gained 2.02% in unhedged AUD terms and 5.43% in fully hedged to AUD terms in November 2022.

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%.

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.

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.

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.

Top Active Holdings

Overweight	Underweight
COCA-COLA	NVIDIA CORP
PEPSICO INC	NESTLE SA
CHEVRON CORP	MERCK & CO INC
CANADIAN NATURAL RESOURCES LTD	BANK OF AMERICA CORP
BANK OF NOVA SCOTIA	WALMART INC

Top Holdings

Holding	Weight %
APPLE INC	5.29
MICROSOFT CORP	4.16
JOHNSON & JOHNSON	1.68
CHEVRON CORP	1.68
COCA-COLA	1.56
PEPSICO INC	1.53
VISA INC CLASS A	1.34
AMAZON COM INC	1.29
BRISTOL MYERS SQUIBB	1.23
CANADIAN NATURAL RESOURCES LTD	1.09

Country Exposure

Country	Weight %
Austria	0.23
Belgium	0.18
Canada	5.69
Denmark	0.91
Finland	0.23
France	2.56
Germany	4.38
Greece	0.00
Hong Kong	0.94
Ireland	0.08
Israel	0.27
Italy	0.29
Japan	5.99
Netherlands	1.33
New Zealand	0.00
Norway	0.98
Portugal	0.00
Singapore	0.20
Spain	0.32
Sweden	0.21
Switzerland	0.62
United Kingdom	2.85
US	71.75

Strategy Commentary

The strategy outperformed over November. Signal performance was strong across the stock selection suite of insights with Earnings Quality taking the lead, though gains were somewhat tempered by losses around Macro Thematic insights.

Within Quality, traditional Earnings Quality signals performed better than ESG signals which were muted over the month. An insight that prefers firms with lower levels of equity dilution, as measured by issuance versus retirement of equity, was a strong contributor. A similar insight that prefers firms with lower levels of external financing also contributed meaningfully over the period. Value signals added some value as well – with the deterioration momentum trades over the month, an allocation to long term reversal signals proved additive as well.

Sentiment signals were also strong contributors. Despite the underperformance of generic momentum trades, the proprietary non-obvious momentum insights successfully navigated the environment. Machine-learning insights that seek to find optimal signal combinations also added value.

On the negative end, Macro Thematic insights struggled. Positioned for a period of continued high rates and inflation, the resulting underweights in Financials and Consumer Discretionary names went against the grain as CPI misses drove renewed hope in markets, and reopening hopes in China bolstered Consumer Discretionary names.

About the Fund

Investment Objective

The Fund aims to outperform the MSCI World ex Australia Index (unhedged/hedged in Australian dollars with net dividends reinvested) before fees over rolling three-year periods, while maintaining a similar level of risk as its benchmark.

Fund Strategy

The strategy seeks to add value from stock and industry selection, by using our scientific process that uses local and global investment insights or themes to look for mispriced stocks and industries.

The investment themes used as part of our stock-selection process are grouped under: analyst expectations which anticipate changes in investor expectations about earnings; relative value which looks at multiple measures of underlying fundamental value; earnings quality which assesses the quality and sustainability of earnings; and market information which focuses on sentiment factors and information revealed by management decisions. Our industry-selection models alter exposure to industries using insights that focus on fundamental, economic and technical conditions.

Should be considered by investors who ...

- Seek broad exposure to international shares.
- Seek a fund that blends well with most other active managers because its risk-controlled strategy of taking small active tilts across a large number of stocks tends to produce smaller, but steadier, excess returns on a greater number of stocks.
- Have a long term investment horizon.
- For the hedged version, seek to reduce the impact on A$ returns on those investments that result from currency exposure.

Fund Details

BlackRock Advantage International Equity Fund	
APIR Code	BAR0817AU
Buy/Sell Spread	0.17%/0.17%
Fund Size	268 mil
Number of Stocks in Fund	533
Number of Stocks in Benchmark	1456
Tracking Error (3 Years p.a.)	1.49%
Management Fee	0.50% p.a.

BlackRock Advantage Hedged International Equity Fund	
APIR Code	BGL0109AU
Fund Size	89 mil
Buy/Sell Spread	0.18%/0.18%
Management Fee	0.53% p.a.

BLACKROCK®