

# BLACKROCK APPRECIATION STRATEGY FUND (AUST)

BLACKROCK®

FUND UPDATE

31 December 2023

## Investment Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	Since Incep pa*
BlackRock Appreciation Strategy Fund (Aust) (Class S) <b>(Net of Fees)</b>	0.45	2.02	5.71	5.71	4.45	-	4.80
BlackRock Appreciation Strategy Fund (Aust) (Class D) <b>(Net of Fees)</b>	0.42	1.96	5.46	5.46	4.18	-	4.85
Bloomberg AusBond Bank Bill Index (for comparative purposes)	0.37	1.06	3.89	3.89	1.71	-	1.37

Fund inception: 2/1/2020

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.

Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index.

## Performance Summary

### Fund Review

#### Relative Value

Relative value strategies posted negative returns in December. Statistical arbitrage funds ended lower, as pronounced short covering and factor volatility led to a challenging environment for quant models. While volatility managers posted mixed returns amid a backdrop of muted equity volatility, rates funds generated gains from US bond basis trades, as well as global bond relative value and asset swap positioning.

#### Event Driven

Event driven managers gained during the month, led by equity-oriented funds as core North American merger deals closed after receiving regulatory approval and European strategies benefitted from both soft and hard catalyst positions, while Asia exposures were partly offsetting. Distressed funds also gained, driven by a mix of positive catalysts (e.g., litigation and re-org situations), rising valuations, and idiosyncratic situations.

#### Fundamental Long/Short

Fundamental long/short funds recorded positive performance in December. Credit managers delivered solid returns, due in part to synthetic tranche trading and carry derived from cash structured products. Equity strategies also produced gains, driven by both diversified and sector specialist funds, with healthcare and TMT exposures outperforming on rate cut expectations and positive, company-specific news.

#### Direct Sourcing

Direct sourcing strategies posted positive returns during the month. Interest accruals and payments were additive, while the broader credit universe saw tighter credit spreads and increased competition in syndicated markets. While activity in liquid markets had a minor impact on the less liquid markets these managers typically operate in, deal-specific developments led to mark-ups across portfolios.

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- Market Insights & Commentary
- Fund Performance
- Unit Prices

## About the Fund

### Investment Objective

The Fund aims to seek, over time, to achieve net returns commensurate with the long run return on public equities with half the volatility of and low beta to the public equity markets.

### Fund Strategy

The Fund accesses its investment strategy through an investment in the BlackRock Appreciation Strategy Fund, Ltd. (Underlying Fund). The Underlying Fund is a diversified, commingled investment vehicle that seeks to generate positive absolute returns by investing in alternative strategies that, as a portfolio, seek to generate returns while minimizing market risk, including risks related to the overall direction of the equity markets and interest rates.

The Underlying Fund seeks to achieve its investment objective primarily through an allocation of the Underlying Fund's capital to multiple underlying investments managed by a number of external investment advisors that pursue a variety of Absolute Return Strategies, which include non-traditional investment strategies that utilize a variety of securities and financial instruments and employ sophisticated trading and portfolio management techniques.

#### Fund Details

##### BlackRock Appreciation Strategy Fund (Aust)

APIR Code (S Class):	BLK7698AU
APIR Code (D Class):	BLK2342AU
Fund size:	1 mil
Management Fee (D class):	0.750%
Performance Fee:	7.50%
Liquidity:	Monthly (applications), quarterly (redemptions)

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