

BLACKROCK MULTI OPPORTUNITY ABSOLUTE RETURN FUND

BLACKROCK[®]

FUND UPDATE

30 April 2024

Investment Performance (%)

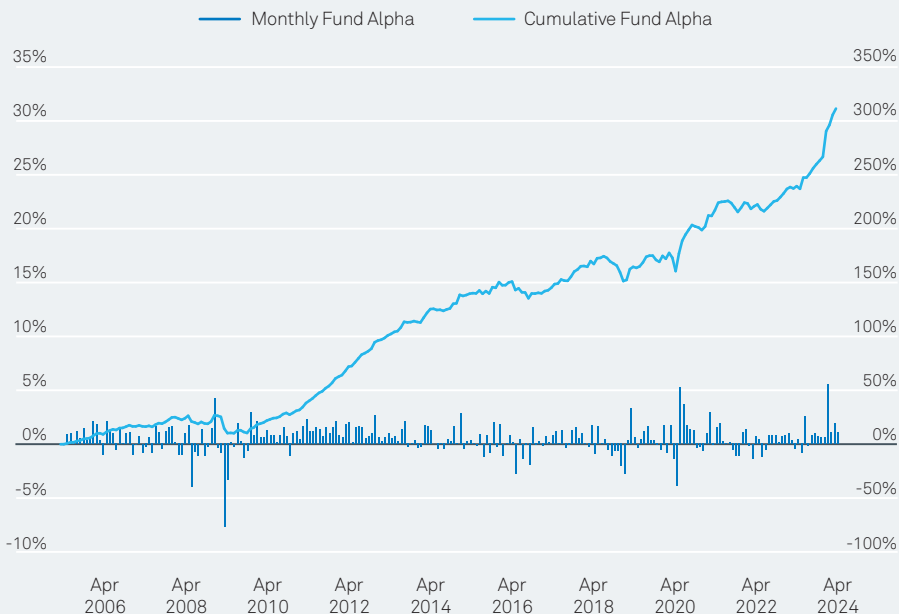
	1 Mth	3 Mths	YTD	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Incep p.a.
BlackRock Multi Opportunity Fund^ (Gross of Fees)	1.31	4.82	10.55	19.05	7.70	8.09	8.45
RBA Cash Rate Target	0.35	1.06	1.42	4.20	2.21	1.53	3.16
Outperformance (Gross of Fees)	0.96	3.77	9.13	14.85	5.50	6.56	5.29
BlackRock Multi Opportunity Absolute Return Fund* (Net of Fees)	1.01	3.73	8.18	14.49	5.37	5.69	3.84
RBA Cash Rate Target	0.35	1.06	1.42	4.20	2.21	1.53	1.72
Outperformance (Net of Fees)	0.66	2.67	6.76	10.29	3.17	4.16	2.12

*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 2024



Multi Asset Team



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- Fund Performance
- Unit Prices

Performance Summary

MARKET COMMENTARY

Global markets retreated in April against the backdrop of upside inflation surprises across several developed economies and rising geopolitical tensions in the Middle East. Sovereign bond yields continued to trend higher as investors pared back the timing and magnitude of central bank rate cuts – resulting in negative returns for most fixed income asset classes. Global equities, as measured by the MSCI World Index (hedged), ended the month down 3.3% in Australian dollar terms, while Fixed Income markets, as represented by the Bloomberg Barclays Global Aggregate Index (hedged), declined 1.7%.

PERFORMANCE STATEMENT

The BlackRock Multi Opportunity Absolute Return Fund (the “Fund”) delivered a positive return of +1.0% (net of fees) in April 2024, continuing the strong performance from last quarter. From a 1-year perspective, the fund has delivered +14.5% (net of fees).

STRATEGY REVIEW

The contribution was broad based, as most Alpha components added to the fund’s performance with Fundamental Equity Alpha component being the only detractor. The main drivers of performance were Systematic Multi-Strategy component followed by Systematic Equity component. Positive performance was also delivered by Systematic Fixed Income and Global Macro components. The Style Premia component was relatively flat while Fundamental Equity component detracted over the month.

Systematic Equity Market-Neutral Component

The fund’s systematic equity market-neutral component delivered strong positive returns over the month driven by the **Emerging Markets Alpha Fund** which had a strong performance over the period. Positive performance within the component was also supported by contributions from **Pan Asia Opportunities Fund** and **32 Capital Fund** over the month.

Top contributors: Within the global flagship 32 Capital Fund, Small Cap sub-strategy was the leading contributor for the period. Performance gains were strongest in Japan, USA and the UK, with some weakness in Denmark, where a short in Royal Unibrew hurt following stronger-than-expected earnings. In industry space, positive contributions came from banks and real estate while positions in healthcare weighed on the performance. Emerging Market sub-strategy was supported by its large cap model as it captured shifting market sentiment with long positioning in offshore China and short positioning in Taiwanese tech firms being the main contributors. Mid-Horizon sub-strategy also contributed over the month, with its APAC model’s short positioning in Taiwanese tech stocks and long positioning in Hong Kong listed firms, which were among the top contributors as there was a pullback in AI related stocks globally while investors sentiment towards China continues to recover.

Top detractors: Large Cap sub-strategy was the sole detractor over the month. Under the backdrop of increasing probability of a hard landing scenario in global equity markets priced in by investors, a variety of Large cap’s industry timing and style insights, positioned broadly risk-on and long duration, under-performed. The sub-strategy’s positioning driven by trend following industry selection signals ran against the grain of the reversal in market.

Systematic Fixed Income Component

The systematic fixed income component of the fund, implemented by the **Fixed Income Global Alpha Fund (FIGA)**, delivered positive returns over the month. Macro, Relative Value, Mortgage & Securitized Credit, and Credit strategies contributed while Equity & Capital Structure strategies weighed on the performance.

Top contributors: Macro strategies were the main contributor in April. Gains were mainly driven by short rates exposure in the directional emerging markets models. These strategies benefitted from the global rates sell-off driven by continued strength in US economic data.

Top detractors: Equity & Capital Structure strategies were the sole detractor in April. US equity strategies underperformed in April driven

by net long positioning in Consumer Discretionary and Energy. This slight procyclical tilt, informed by improving credit quality, helped earlier in the year but detracted during this month’s market reversal. The team continues to observe low correlations across the strategies as convertible bond, European equity, and Global equity strategies all contributed positively.

Systematic Multi-Strategy Component

The Systematic Multi-Strategy Component (implemented by **Systematic Total Alpha Fund**) delivered positive performance in April. Performance was driven primarily by Rates Relative Value, Emerging Markets and Global Small Cap sub-strategies. Global Large Cap and Equity and Capital Structure sub-strategies were the largest detractors over the period.

Top contributors: Rates Relative Value sub-strategy was the top contributor in April, with inflation strategies adding most to the performance. These benefitted from long inflation exposure as markets priced a more malignant ongoing inflation backdrop following the higher-than-expected US CPI print. Emerging Market sub-strategy added to the performance, driven by its large cap model as it captured shifting market sentiment with longs in offshore China and shorts in Taiwanese tech firms being key winning bets. Developed Market Small Cap sub strategy benefited from stock selection in Japan that accounted for the bulk of the gains in April. Large Language Model-driven analysis of earnings call transcripts and broker notes were among the top performing insights.

Top detractors: Large Cap sub-strategy detracted as industry and style timing insights, which were positioned broadly risk-on and long duration, under-performed, as the weakening growth environment was compounded by more evidence of stickier than expected inflation dynamics. The Equity and Capital Structure sub-strategy also detracted as US strategies underperformed due to net longs in Consumer Discretionary and Energy, stemming from fundamental, valuation, and wealth transfer insights. The team’s event driven model detracted amid the broader market downturn and elevated antitrust concerns.

Fundamental Equity Long/Short Component

The Multi Opportunity Fund invests in three fundamental long/short equity strategies. In April, all three sub strategies i.e., **Emerging Companies Hedge Fund (Cayman)**, **Emerging Companies Absolute Return** and **Global Equity Absolute Return Fund (UCITS)** detracted from the performance.

Within the **Emerging Companies**,

Top detractors: From a regional perspective, the top 10 detractors were a mix of 9-long and 1-short positions, spread across the US, UK & Europe. The top detractor was a long position in WH Smith, the global travel retailer, which fell on results which were in line with expectations but showed a slowdown in revenue growth in the key US market. The second largest detractor was Microsoft, which fell during the month on changes to interest rate cut expectations. The third largest detractor was Bruker, a scientific instrumentation manufacturer, which fell on the news that they were acquiring Nanostring. The deal raised eyebrows as Nanostring was loss making, in chapter 11 bankruptcy and faces a legal challenge around one of its products.

Top contributors: From a regional perspective, the top 10 contributors were a mix of 7-long and 3-short positions, spread across the UK & US. The largest contributor was Luceco, a UK small cap Industrial company, as the shares continued to strengthen following results at the end of March which highlighted a resilient trading performance in the UK, the end of destocking from its customers and a sensible looking acquisition. The second largest contributor was Funding Circle, as management have made the sensible strategic choice to focus on the core market in the UK, where it is profitable, and on the development of its “flexipay” product which is highly complementary to the core lending product. Exiting the US means the drag on group profitability will be eliminated and a path to the groups stated 15% Profit Before Tax (PBT) margin target now looks more credible. The third largest contributor was a short in a US listed Car retailer which profit warned on the back of ongoing market share loss and margin pressure.

Another fundamental equity long/short strategy implemented by Global Equity Absolute Return Fund, posted negative returns over the month. At a sector level, Information Technology and Financials detracted from absolute performance while Communication Services and Index Derivatives supported the performance.

Top detractors: The top detractor was Canadian National Rail, which retraced some year-to-date gains as the market focused on the possibility of a worker's strike in May, bringing potential disruption to service. The second largest detractor for April was Brazilian Investment company XP which was weak in April as the expected pace of rate cuts was re-priced lower driven by the macro/inflation backdrop. The third detractor was Comcast despite delivering a report that surpassed earnings and revenue expectations, the telecommunications giant has been facing a persistent decline in broadband subscribers, which poses some future growth challenges.

Top contributors: The top contributor for the month was Tencent as it heralded the launch of its eagerly awaited mobile game "Dungeon and Fighter," marking the culmination of a long-term development journey and suggested a thawing of regulatory concerns that had led to length delays. Separately, the market began to recognise Tencent's strong advertising growth potential, with a strong read across from Meta in the US. The second main contributor was a short position in an American clothing and accessories retailer, where weakness followed evidence of weakening alternative data on in-store spend, and the sector faced headwinds from higher rates. The third key contributor was a short position in the American multinational technology firm. The company's stock experienced a downturn following the disclosure of results that fell short of growth expectations.

Global Macro Component

The Fund's Global Macro component is implemented by three strategies, the **Tactical Opportunities Fund**, the **Global Market Strategies Fund**, and the **Absolute Macro Fund**. While the Absolute Macro Fund and Global Market Strategies contributed, Tactical Opportunities Fund was negative over the month.

The **Tactical Opportunities Fund** delivered slightly negative returns over the month.

Top detractors: The strategy's directional US equity long positions detracted from performance in April, with markets recording the first monthly decline for the year, following particularly strong performance in the first quarter. A short in USD vs longs in EUR, Canadian Dollar (CAD), and AUD also detracted over April, as higher yields in the US drove dollar appreciation over the month. The strategy's relative value interest rate positioning detracted, driven by longs in Mexican and Brazilian rates versus shorts in Thailand, South Africa, and Korea.

Top contributors: The strategy's directional short duration positions in long-dated US bonds, German Bunds, and Japanese Government Bonds were the primary contributors in April, following the recent inflation surprises and resulting rates sell-off.

The other part of Global macro component implemented by **Global Market Strategies** delivered positive returns over the month.

Top contributors: The strategy's directional short duration positions in long-dated US bonds, German Bunds, and Japanese Government Bonds were the primary contributors in April, following the recent inflation surprises and resulting rates sell-off.

Top detractors: The strategy's directional US equity long positions detracted from performance in April, with markets recording the first monthly decline for the year, following particularly strong performance in the first quarter. A short in USD vs longs in EUR, Canadian Dollar (CAD), and AUD also detracted over April, as higher yields in the US drove dollar appreciation over the month.

The third part of Global Macro component implemented by **Absolute Macro Fund** delivered positive returns over the month.

Top contributors: Monetary Policy Timing sub-strategy delivered strong performance in April, as almost all the performance came from directional arms across Emerging Markets (EM) and Developed Markets (DM), with the cross-sectional arms being flat to slightly positive. The short positioning in front-end rates was driven by all signal types: growth, inflation, and sentiment. The Thematic sub-

strategy generated positive returns in April, stemming from short positions across the back end of interest rate curves across alternate regions (US, Germany, Japan). The Inflation Timing sub-strategy was an important contributor to performance in April as the model continued being long inflation in US and UK driven by broad-based across signal insights, namely valuation, cash-flows, risk appetite and commodity momentum.

Top detractors: Global Rates Country Selection sub-strategy was the main detractor in April. The sub-strategy continued to struggle, especially in the cross-sectional dimension. The directional arm was up as it was positioned short driven by growth, inflation, and sentiment, in a month when yields kept moving higher on the back of strong US data and evidence of sticky inflation. The cross-sectional arm suffered from extremely high beta of longs (Mexico, Brazil, Poland, and Czechia) to the US rates sell-off while short exposures in Asia, namely Hong Kong and Thailand, failed to provide sufficient hedges. The short positioning in Norway also detracted after another downside surprise in inflation. Macro-Aware Security Selection sub-strategy gave back some performance in April on the back of underperformance in the industry selection components. Signal underperformance was balanced across themes, including contrarian sentiment, labour, analyst expectations and regimes.

Style Premia Component

The Style Premia component implemented through the **Systematic Style Factor Fund** delivered negative performance over the month. Momentum was the primary detractor for the strategy, with the factor declining within all asset classes as the higher-than-expected inflation print drove a reversal in recent positioning. The Low Volatility and Quality factors also underperformed as investors eschewed defensive positioning within single name equities. The Carry factor contributed positively, particularly benefitting from a strong month in FX with shorts across Asian currencies, as investors flocked to a safe yield in the US dollar. The Value factor also contributed positively, with single name equity Value as the top performer for the second month in a row.

Currencies were the top performing asset class for the month, continuing strong year-to-date performance. Strong gains from Carry insights and flat returns from Value were able to offset deduction from Momentum. Across both developed markets ("DM") and emerging markets ("EM"), selection in Asian currencies supported the portfolio performance. A short in the Japanese yen was the top contributor, as the yen continued its slide to multi-decade lows. The highest conviction position within currencies was a short in the Singaporean dollar, with all factors viewing the currency negatively. Within EM, positioning within Asia contributed positively as Value-driven shorts in the Taiwan dollar and Korean won more than offset losses from a high conviction long in the Thai baht.

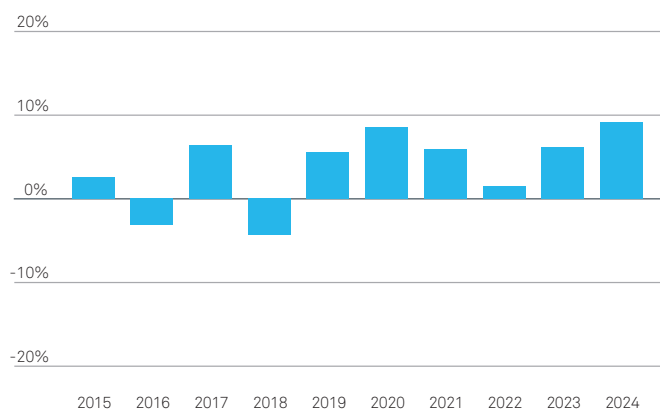
The fixed income allocation had a marginally accretive month. Yields rose nearly across the board in developed and emerging markets as stickier inflation persisted from the first quarter of the year, furthering expectations of a higher-for-longer rate regime. Positioning within developed markets was flat, as high conviction shorts in US and Eurozone duration was offset by deduction from longs in Australia, Japan, and the UK. Positioning within EM contributed at the margin. Momentum-driven shorts in Mexico, Thailand, and Singapore accounted for nearly all positive contribution.

The equity markets allocation (country futures) detracted in April, a partial reversal of Q1's strong performance as a pullback in Momentum and Value offset gains in Carry. DM positioning was the primary detractor while EM positioning delivered muted performance. Within DM, longs in Switzerland and the US were the primary detractors, as the markets struggled as sentiment around the inflation and policy narrative soured. Gains from short positioning in Canada, France and Australia were insufficient to offset losses stemmed from longs and detracting short positioning in the UK and Hong Kong. Within EM, returns were relatively muted with lower dispersion in the cross section. Gains from modest long positioning in China, South Africa, and Poland netted with losses from short positioning in Korea and India and a long in Brazil.

Single name equities modestly detracted in April, a partial retracement after a period of strong additivity in Q1 2024. Extending support from

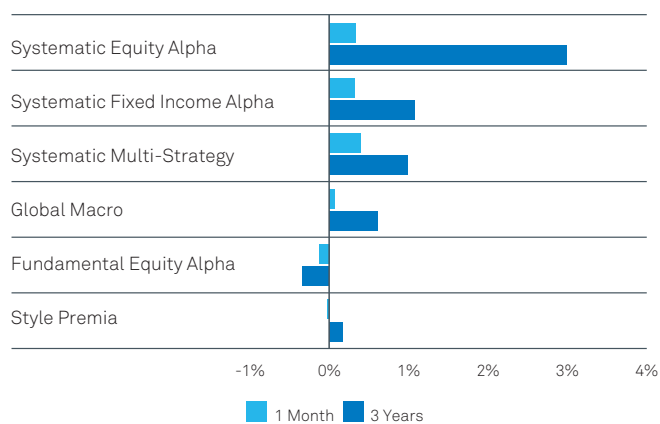
March, Value remained the primary contributor while the remainder of the factors detracted. Momentum and Low Volatility drove losses alongside marginal weakness in Quality and Timing insights. Momentum struggled with detraction in proprietary signals focused on company linkages and regime dynamics, while generic indicators pulled back to a lesser extent. The Low Volatility continued to decline as investors shied away from defensive positioning despite the market pullback, with traditional insights detracting to the greatest extent; the Quality factor was also impacted by April's intra-equity market dynamics. Across regions, detraction was concentrated within North American equities, where selection was weaker within the industrials, information technology, and health care sectors. Stock selection contributed within Japan and Europe while Asia ex-Japan positioning was mixed.

Yearly Alpha, Gross of Fees (%)



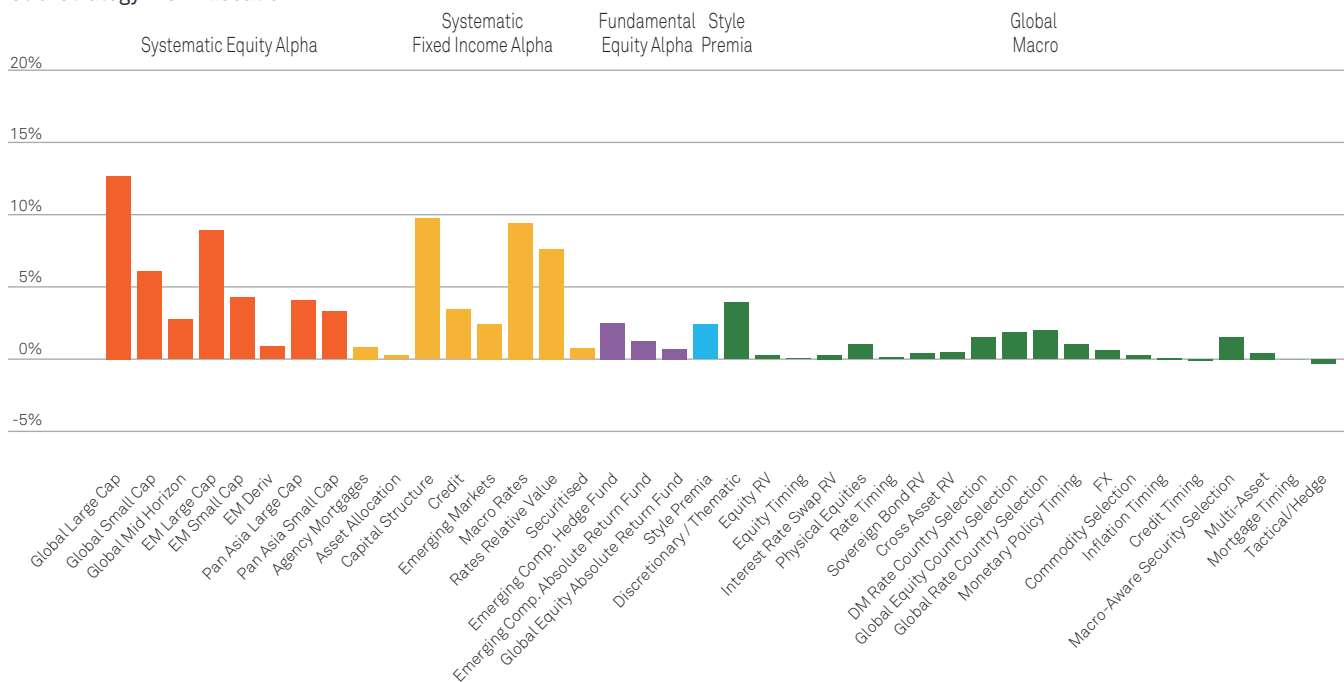
Yearly alpha for the BlackRock Multi Opportunity Fund

Alpha Attribution by Component



Attribution for the BlackRock Multi Opportunity Fund

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:

- ▶ **Systematic Equity Market Neutral strategies:** Quantitatively-driven hedge fund strategies that aim to exploit inefficiencies in individual stock prices by gaining exposure to long and short positions in local and global equity markets. The market-neutral construct targets a zero net-market exposure (i.e., a market beta of zero). Most of the risk comes from idiosyncratic, stock specifics.
- ▶ **Fundamental Equity Long-Short strategies:** These are high conviction, concentrated equity portfolios that are built using a fundamental, bottom-up approach. The hedge fund teams take long and short positions in global equity markets with the aim to exploit security mispricing.
- ▶ **Event Driven strategies:** 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:** 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 strategies:** 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, derivatives; and other assets. These strategies may utilize both fundamental and/or trend following insights to construct portfolios.
- ▶ **Market Neutral Style Premia strategies:** 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	0.05%/0.05%
Management Fee	1.25% p.a.
Performance Fee	20%
Strategy AUM	1090 mil
Hurdle Rate	RBA Cash Rate
Liquidity	Monthly
Private placements (% of NAV)	1.0%
Minimum Initial Investment	\$50K
Notification	15 business days
Lock-up Period	None
Domicile	Australian Unit Trust
Custodian	J.P.Morgan Chase Bank

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