

BlackRock®

Invest in Tomorrow's Winners

Charlie Lanchester

MARCH 2021



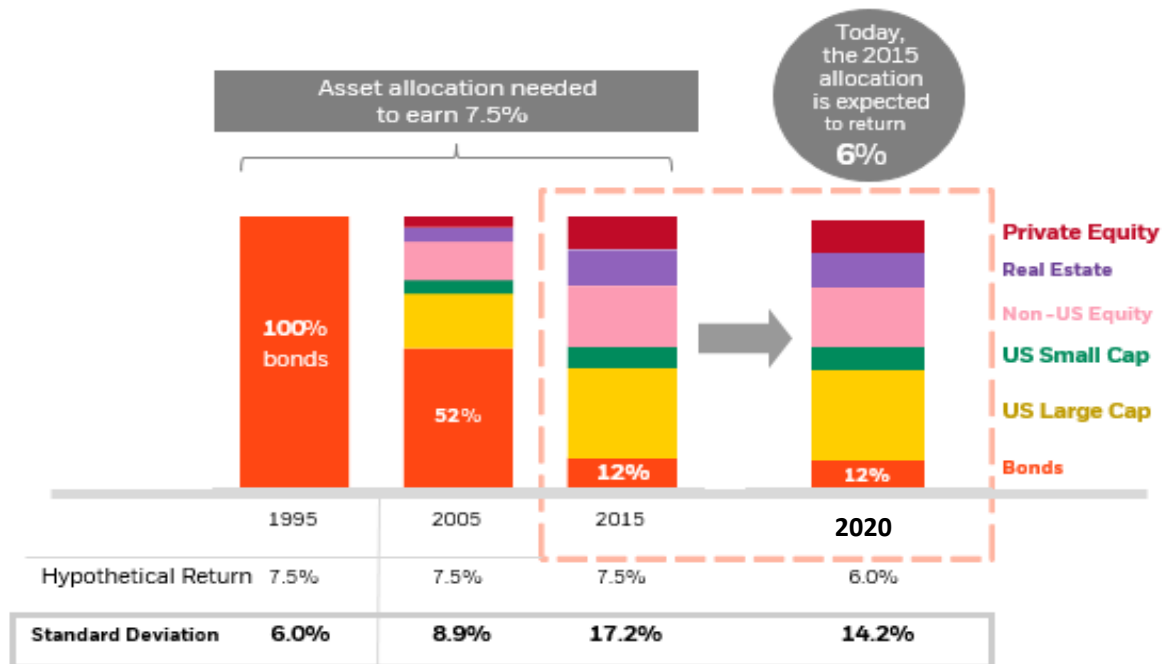
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Long term investing for long term goals



Return/Risk expectations have materially changed



Source: Callan Associates, Wall Street Journal, 5/31/2016 article titled "Pension Funds Pile On the Risk Just to Get a Reasonable Return" by Timothy W. Martin. <http://www.wsj.com/articles/pension-funds-pile-on-the-risk-just-to-get-a-reasonable-return-1464713013>

“When I look at the yields in Australian equities, especially relative to other asset classes, they certainly look highly attractive”

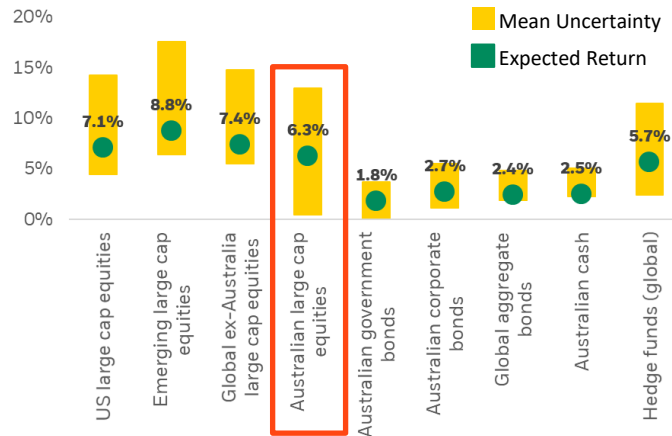
Charlie Lanchester
Head of Fundamental Equity
Australia

Past performance is not indicative of future returns

BlackRock Capital Market Assumptions (15 Years)

A typical portfolio today may produce less than half the returns than it would historically with almost 20% more risk*

Higher uncertainty in Australian equity supports the case for alpha exposures



This information is not intended as a recommendation to invest in any particular asset class or strategy or as a promise - or even estimate - of future performance.

Source: BlackRock Investment Institute, February 2020. Data as of 31 December 2019.

*A 60/40 portfolio with Global Equity represented by MSCI All Country World NR USD Index, Global Agg Bonds is represented by Bloomberg Barclays Global Aggregate Index and Cash is represented by JPM Cash US 3 Month TR. Portfolio returns calculated over the period Dec 2008 to Dec 2018. Returns for "Going Forward" use our Capital Market Assumptions.

Notes: Return assumptions are total nominal returns. Australian dollar return expectations for all asset classes are shown in unhedged terms, with the exception of global corporate bonds, hedge funds and global treasuries. Our CMAs generate market, or beta, geometric return expectations. Asset return expectations are gross of fees. For representative indices used, see the Assumptions at a glance table. For a list of indices used, visit our Capital Market Assumptions website at blackrock.com/institutions/en-zz/insights/charts/capital-market-assumptions and click on the information icon in the Asset class return and volatility expectations table. We use BlackRock proxies for selected private markets because of lack of sufficient data. These proxies represent the mix of risk factor exposures that we believe represents the economic sensitivity of the given asset class. Indices are unmanaged and used for illustrative purposes only. They are not intended to be indicative of any fund or strategy's performance. It is not possible to invest directly in an index. For illustrative purposes only. It serves as a general summary, is not exhaustive and should not be construed as investment advice. The strategy described are hypothetical and conceptual.

What does the world look like?



Looking back at 2020



Vaccine progress influenced markets significantly



Unprecedented liquidity injected into markets



Interest rates suppressed by Central Banks around the world



Management teams have addressed cost bases



GDP and earnings growth not seen in decades – due to cycling economic shutdowns



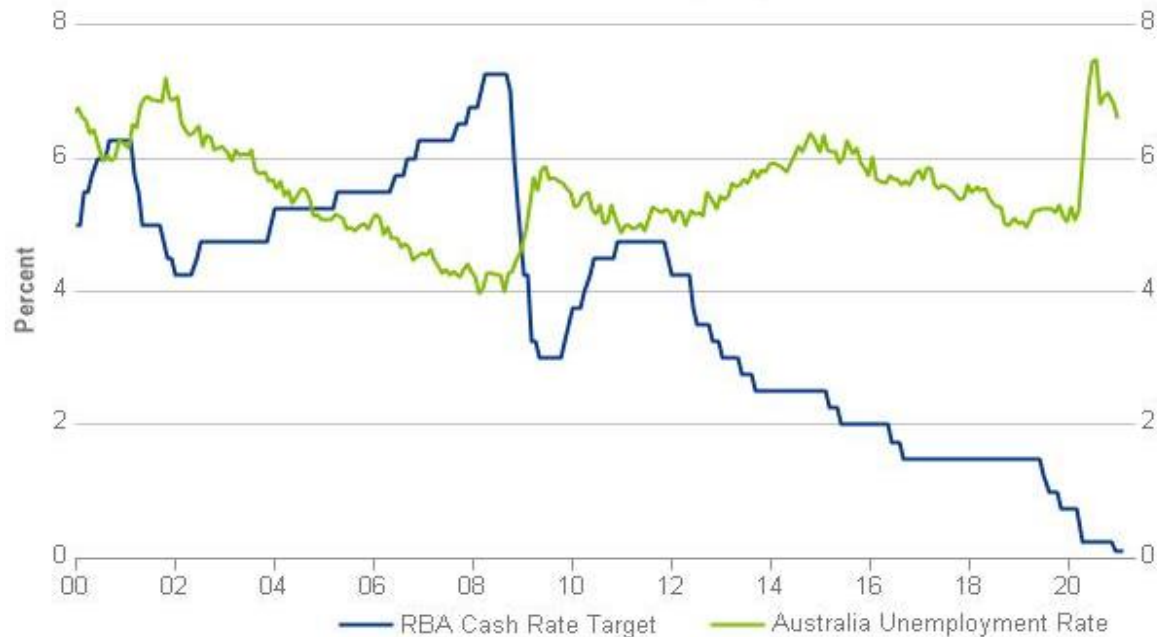
Structural trends accelerated (e-commerce, remote working, communication, travel)



Many companies have strong balance sheets post-Covid recapitalisations

Interest rates at record low

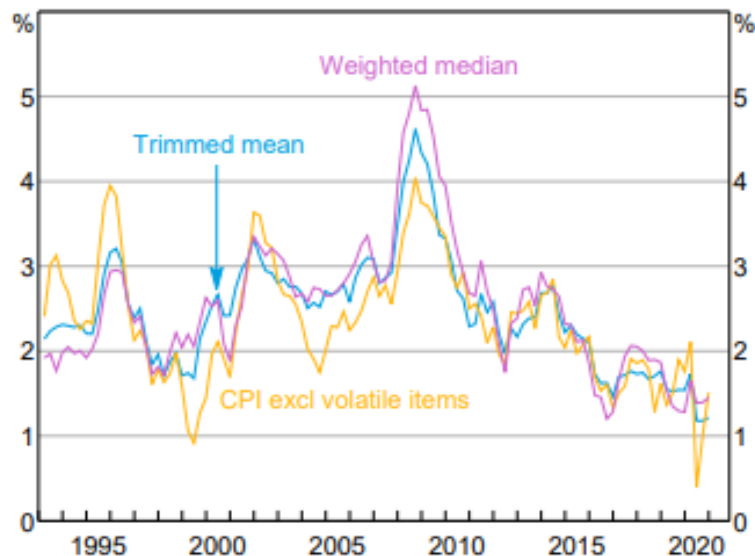
Australia Interest Rates and Unemployment



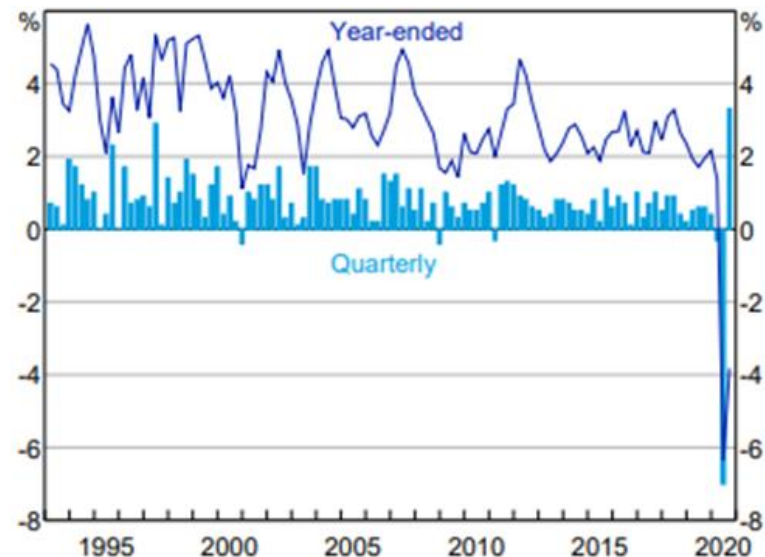
Source: Refinitiv Datastream, BlackRock Investment Institute 16 February 2021

Inflation / Reflation Environment

Measures of Underlying Inflation*



GDP Growth

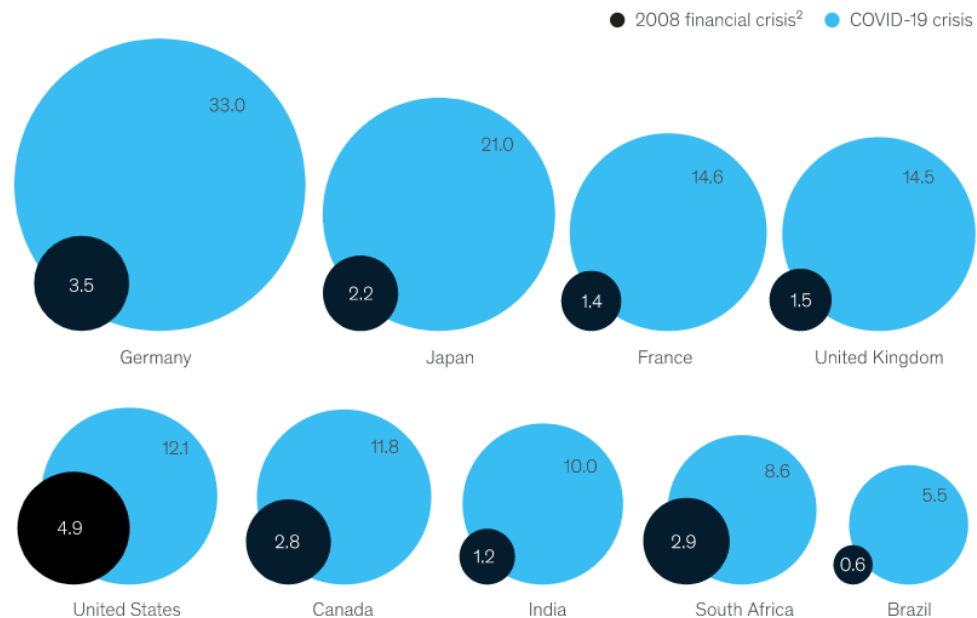


Source: ABS, RBA. *Excludes interest charges prior to September 1998 and deposit and loan facilities prior to September 2011; Adjusted for 1999-2000 tax changes

Unprecedented economic stimulus

Economic Stimulus responses to Covid-19 crisis outsize those to the 2008 financial crisis

Economic-stimulus crisis response, % of GDP¹



Source: Mc Kinsey & Company.

Some trends have accelerated



Online Retailers



**Innovative
Technology**



Mining Services



**Re-opening of the
Economy**

Source: BlackRock, illustrative purposes only. Subject to change.

“Are there risks out there? Of course.
But there is also cash on the
sidelines, pent-up demand and
a vaccine in flight — potential
for a roaring 2021”

Tony DeSpirito
Chief Investment Officer,
US Fundamental Equities

Moving Past Unprecedented



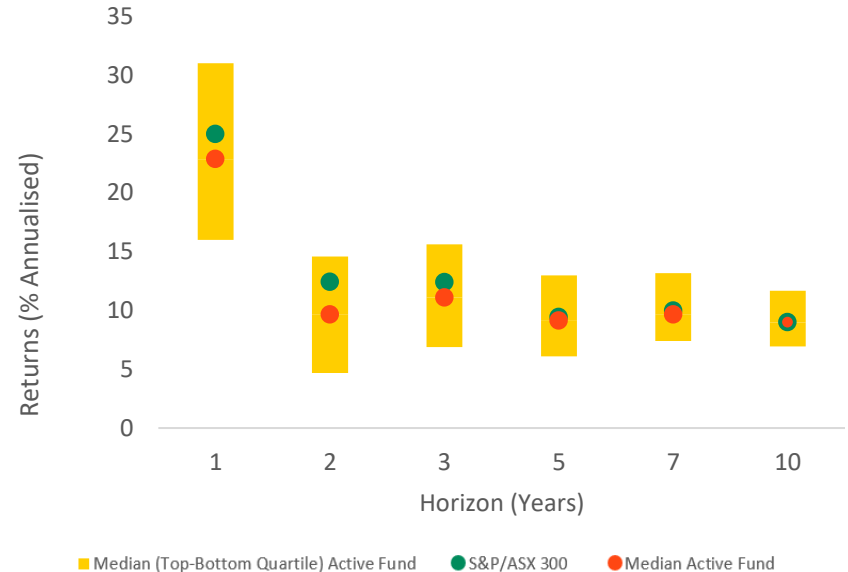
....while weighing the risks

Active management matters



Alpha is rare and valuable

Range and median of Aussie Equity Alpha fund returns

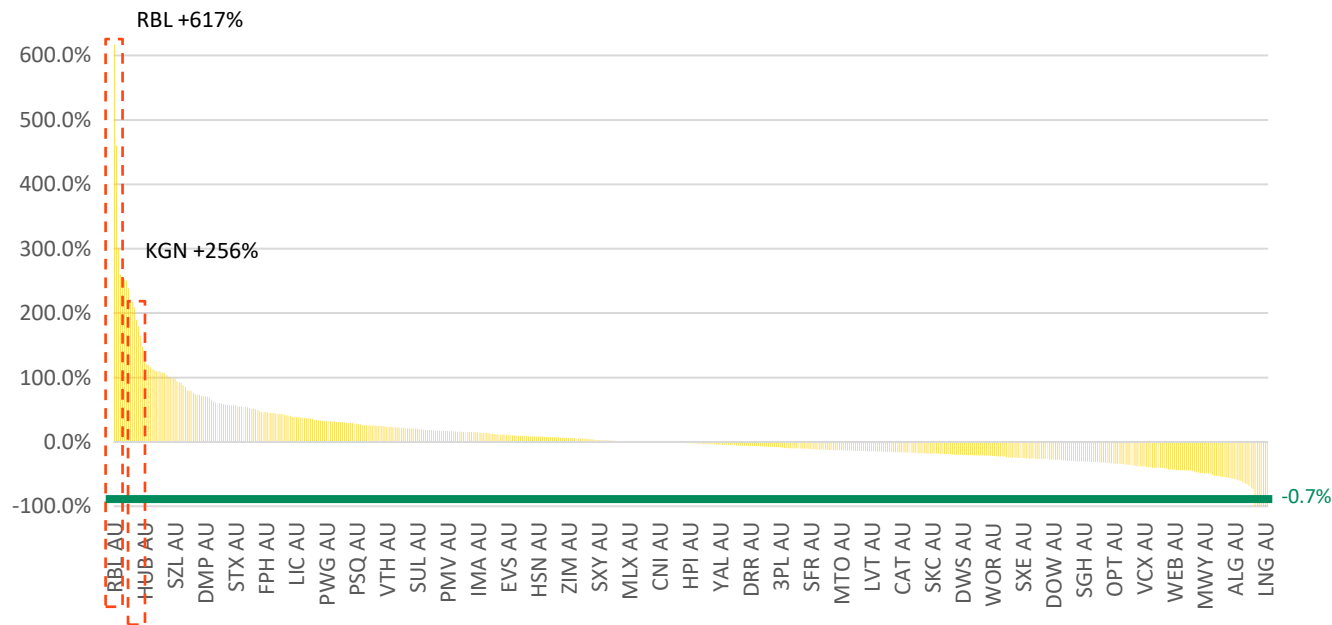


Source: Morningstar Direct. Data as at 31 December 2019. Past performance is not indicative of future results.

* Based on evaluation of 341 actively-managed Australian equity funds

Take Advantage of Dispersion

Performance of S&P All Ordinaries constituents over the past 12 months



Source: BlackRock as at 31 January 2021. This is not a recommendation to invest in any particular company or financial product. No analysis of their suitability was conducted and no statement of opinion in relation to their suitability is provided. Case studies are for illustrative purposes only; they are not meant as a guarantee of any future results or experience, and should not be interpreted as advice or a recommendation.

Quality comes First

**We invest in businesses
not just stocks**

Finding quality companies requires **expert human insights** and a **structured disciplined approach**

- 1 Quality Management
- 2 Moderate Debt Levels
- 3 Profits
- 4 Superior Business
- 5 Sustainability

Investment Examples – Online Retailers



kogan.com



Source: Opinions and forecasts subject to change. This is not a recommendation to invest in any particular company or financial product. No analysis of their suitability was conducted and no statement of opinion in relation to their suitability is provided. Case studies are for illustrative purposes only; they are not meant as a guarantee of any future results or experience, and should not be interpreted as advice or a recommendation.

Investment Examples – Innovative Technology



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Investment Examples – Mining Services



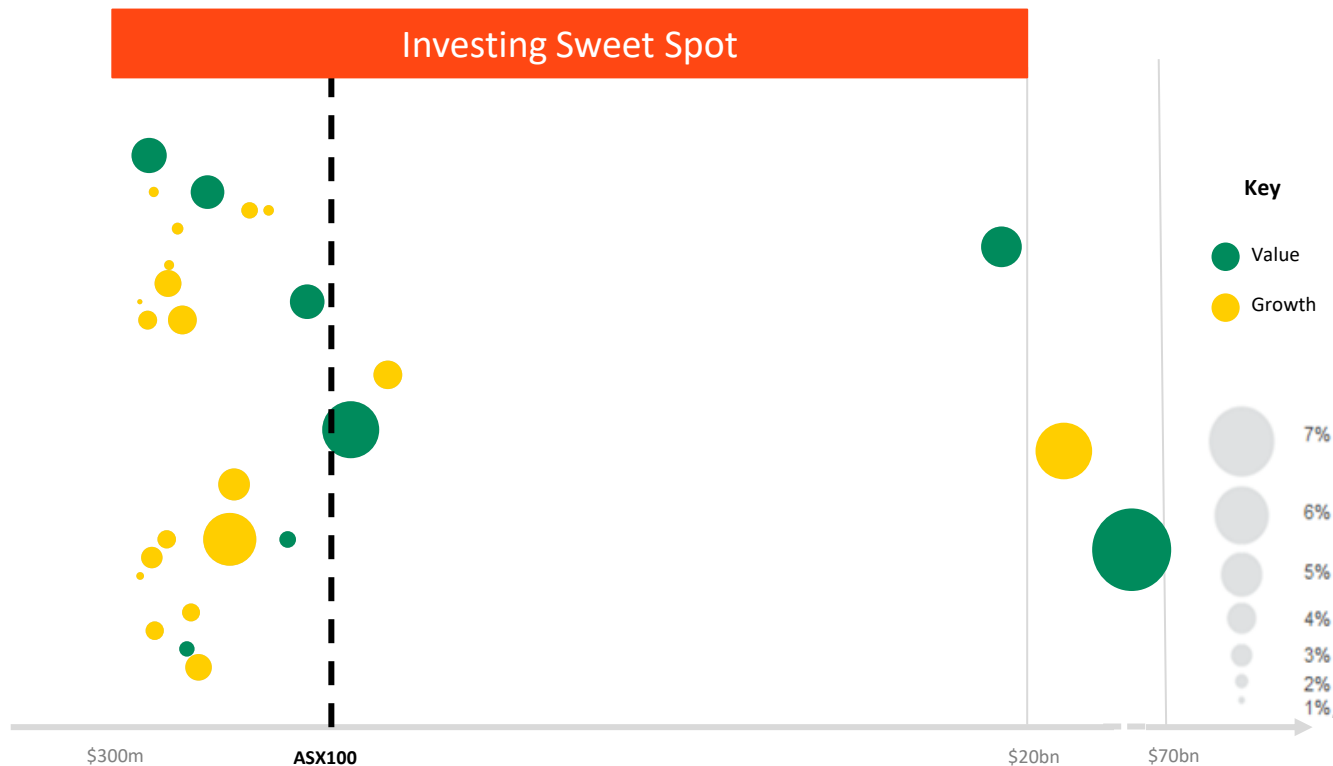
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Investment Examples – Re-opening of the Economy



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A flexible approach beyond size and style



Source: BlackRock, as at 31 January 2021, not to scale, for illustrative purposes only.

A diversified portfolio of market leaders of today and tomorrow

Top 10 Holdings

AUSTAL LTD

CENTURIA CAPITAL STAPLED UNITS

GOODMAN GROUP UNITS

KOGAN.COM LTD

MONASH IVF GROUP LTD

NINE ENTERTAINMENT CO HOLDINGS LTD

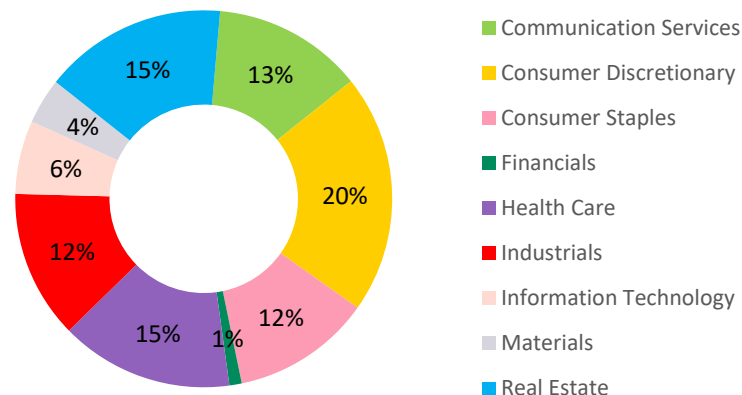
REDBUBBLE LTD

SONIC HEALTHCARE LTD

THE STAR ENTERTAINMENT GROUP LTD

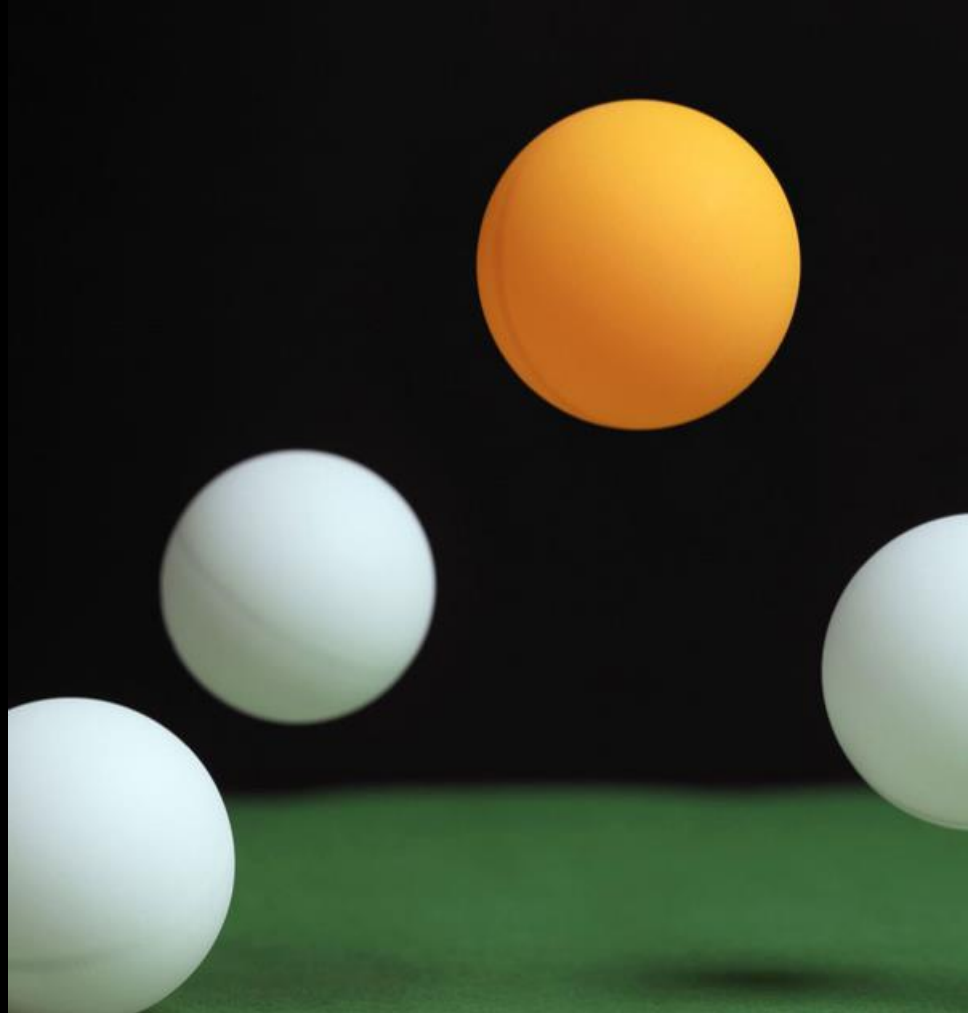
WOOLWORTHS GROUP LTD

Sector exposures



Source: ASX / BlackRock, as at 31 January 2020, illustrative purposes only. This is not a recommendation to invest in any particular financial product. No analysis of their suitability was conducted and no statement of opinion in relation to their suitability is provided. The specific companies identified and described above do not represent all of the companies purchased or sold, and no assumptions should be made that the companies identified and discussed were or will be profitable. Due to rounding, the total may not be equal to 100. Holdings are subject to change.

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Leveraging investment expertise across BlackRock...



Global research connectivity

Fundamental teams collaborating globally



Technology

More than 30 years* using the latest technologies to sharpen investment insight



Market research & insights

Global idea sharing and collaboration through the BlackRock Investment Institute



Trading and market access

Deep global trading information and capital market access



Risk management

Industry-leading risk management platform and independent risk insights



Blackrock Investment Stewardship

Company engagement through a dedicated team of experts

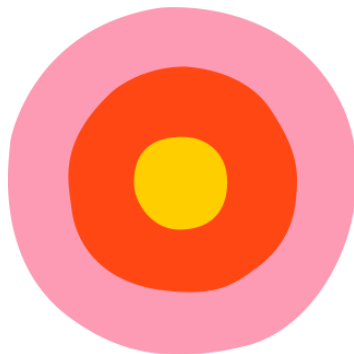
*Including time within Barclays Global Investors and Wells Fargo Nikko Investment Advisors. **Risk and Quantitative Analysis

Source: BlackRock, January 31, 2021. For illustrative purposes only. While proprietary technology platforms may help manage risk, risk cannot be eliminated.

Why invest in the BlackRock Concentrated Industrial Share Fund?



**Finding the winners of
today and tomorrow**



**Diversified
ideas**



**Proven People,
Process and
Platform**

Meet the team

Fundamental Equities

 **Expert
insight**



Charlie Lanchester
Portfolio Manager
Head of Australian
Fundamental Equities



Madeleine Beaumont
Portfolio Manager



Sam Theodore
Portfolio Manager



Nick Corkill
Research Analyst

4 Investment experts

Collective investment experience of

75+ years

Supported by the BlackRock platform

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- Market Research
- Distribution
- Capital Markets
- Risk Management
- Stewardship

Q&A

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