

## BlackRock Equity Yield Focus

Model (BR0005)

JUN 2024

**Market Overview**

The S&P/ASX300 Accumulation Index edged higher in June registering a +0.92% return, which was not enough to turn around the negative performance over the second quarter (-1.20%).

The quarter to June saw increasing concern around rising inflation, with the most recent monthly indicator registering +4.0% y/y (vs +3.6% the month before). Elsewhere, GDP growth slowed with the latest reading at the start of June showing growth of +0.1% (SA q/q), slowing from the previous reading of +0.3% (SA q/q). Unemployment remains relatively low, currently at 4% (as of May 24), and recent retail sales have seen a slight bounce (+0.6% for May 24). In June, the RBA decided to hold the Official Cash Rate at 4.35%, however, with concerns around inflation rising, some commentators are suggesting an increasing probability of another rate hike at the next meeting in August.

The best performing sector for the quarter was Utilities (+13.3%), boosted by AGL and Origin. Financials (+4.0%), Information Technology (+2.4%), Health Care (+1.9%), and Consumer Staples (+0.1%) all performed better than the market in Q2. Energy (-6.6%) was the worst performing sector, impacted by declining oil prices. Real Estate (-6.0%) was also a poor performer with concerns around higher inflation and the prospect of higher rates for longer likely having an effect. Materials (-5.9%), Communication Services (-5.0%), Industrials (-4.3%), and Consumer Discretionary (-3.6%) all had underwhelming quarters too.

The best performing stock of the quarter was Mesoblast (+78.4%) who reported positive developments around support for the company's Biologics License Application for remestemcel-L in March, from which momentum continued into the second quarter. The worst performing stock of the quarter was Cettire (-71.1%) who posted an FY24 trading update in June, reporting adjusted EBITDA of A\$32-35m, which was seen as a material miss. They also cited a softening demand environment and increased promotional activity leading to a difficult margin environment.

**Performance as at 30 June 2024**

	Gross %	Out-performance % <sup>^</sup>	Benchmark % <sup>*</sup>
1 Month	-1.22%	-1.29%	0.07%
3 Months	-0.94%	0.26%	-1.2%
6 Months	2.72%	-1.12%	3.84%
1 Year	14.09%	1.86%	12.23%
3 Years (pa)	10.4%	4.23%	6.16%
5 Years (pa)	9.8%	2.59%	7.21%
10 Years (pa)	10.9%	2.96%	7.94%
Since inception (pa) <sup>*</sup>	9.26%	1.80%	7.46%

<sup>\*</sup> S&P/ASX 300 Accumulation Index.

<sup>^</sup> Shows the difference between Portfolio Gross Return and Benchmark Return.

<sup>#</sup> Model performance inception date: 8/11/2005.

**Past performance is no indicator of future performance.** Long term performance returns show the potential volatility of returns over time. The value of investments and the income from them can fall as well as rise and is not guaranteed. You may not get back the amount originally invested. Fluctuation may be particularly marked in the case of a higher volatility Model and the value of an investment may fall suddenly and substantially. Model portfolio composition and performance have been based on theoretical tracking of the model portfolio and are gross of fees and do not take tax positions into account. Please note, actual portfolios may not perform in the same manner as the model depicted in this document, depending on the nature of your personal portfolio and any customisations.

Rounding used in the presentation of data may result in minor variations.

## Summary

<b>Model Portfolio Name</b>	BlackRock Equity Yield Focus
<b>Model Code</b>	BR0005
<b>Model inception date</b>	4/11/2005
<b>Principal investment objective</b>	Tax effective and growing income stream
<b>Can derivatives be used?</b>	Yes
<b>Indicative number of stocks</b>	Up to 40
<b>Minimum Model investment</b>	No fixed minimum*
<b>Model Provider's Fees*</b>	
<b>Investment Fee</b>	0.40% p.a.
<b>Performance Fee applicable?</b>	No
<b>Benchmark Index</b>	S&P/ASX 300 Accumulation Index^

\* Please refer to the Product Disclosure Statement for further details.

^ Adjusted for franking credits.

## About the Model Portfolios

### Investment objective

The primary aim of the BlackRock Equity Yield Focus Model Portfolio (the "Model") is to provide the investor with a tax effective and growing income stream sourced primarily from dividend payments by companies listed on the Australian Stock Exchange. Through investing in equity markets there is also the prospect of capital gains over time.

### Investment strategy

The investment objective of the Model is pursued by investing in a moderately diversified portfolio of shares, whilst maintaining low portfolio turnover levels. The Model invests in stocks which are expected to pay grossed-up dividend yields (including anticipated special dividends) in excess of the market average over the medium term. A portfolio of these stocks is developed in a manner which aims to ensure that industry exposures are diverse.

### Designed for investors who...

- Seek a tax-effective income stream with some capital growth
- Accept the risk that some volatility will be experienced