

BLACKROCK GLOBAL EQUITY SIGNALS FUND

BLACKROCK®

FUND UPDATE

30 April 2024

Investment Performance (%)

	MTD	3 Mths	CYTD	1 Yr	3 Yrs	5 Yrs	Since Incep
BlackRock Global Equity Signals Fund (Gross of Fees)	-2.78	5.67	10.33	19.82	10.23	11.15	11.33
Composite Benchmark*	-3.25	5.60	9.90	19.06	10.10	11.01	11.01
Outperformance (Gross of Fees)	0.47	0.08	0.42	0.76	0.13	0.14	0.32
BlackRock Global Equity Signals Fund (Net of Fees)	-2.78	5.67	10.33	19.83	10.24	11.11	11.26
Composite Benchmark*	-3.25	5.60	9.90	19.06	10.10	11.01	11.01
Outperformance (Net of Fees)	0.47	0.08	0.42	0.77	0.15	0.10	0.25

* Fund inception date: 05/04/2018.

* The benchmark comprises the MSCI World ex Australia Net TR Index (Hedged in AUD), MSCI World ex Australia Net TR Index (Unhedged in AUD) and STOXX Developed World Equity Factor Net Index (Unhedged in AUD).

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.

Performance Summary

Market Overview – April 2024

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%.

United States

In the US, the S&P 500 Index retreated from all-time highs and fell by 4.1% in April (in local currency terms), as robust economic data and sticky inflation prompted a repricing of future monetary policy easing. Interest-rate sensitive sectors like Real Estate and Information Technology underperformed, while Utilities delivered gains. The US Federal Reserve (Fed) held interest rates steady in its latest meeting, citing a “lack of further progress” in lowering inflation. While Fed Chair, Jerome Powell, acknowledged the hotter than expected core inflation of 3.7% for Q1, he ruled out the possibility of a rate hike in the next policy meeting. On the data front, US unemployment edged down to 3.8% in April, while the GDP report for Q1 showed robust private consumption despite a weak headline figure. Meanwhile, strong corporate earnings have acted as a backstop for markets, however investors have been quick to punish companies with weaker-than-expected forward guidance amid the highly uncertain outlook.

Europe

European equities, as represented through the Euro Stoxx 50 Index, fell 2.4% over the month (in local currency terms) alongside weaker earnings results and sticky price pressures. Core inflation printed above forecasts at 2.7% year-on-year, while the Eurozone saw economic growth of 0.5% annualised for Q1 which was ahead of market expectations. Meanwhile, the European Central Bank (ECB) reaffirmed that a first rate cut is likely in June. However, the pace of cuts remains undecided and ECB President, Christine Lagarde, reiterated that the ECB will follow a “data-dependent” approach.

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- Fund Performance
- Unit Prices

In the UK, the FTSE 100 Index outperformed its developed market peers and gained 2.7% in April (in local currency terms) to reach fresh record highs. Markets have priced in upcoming rate cuts by the Bank of England (BoE), which was previously one of the first central banks to tighten monetary policy, while economic growth continues to recover after the UK experienced a technical recession in Q4. Although inflation modestly declined to 3.2% annualised in March – which was slightly above expectations – BoE Governor, Andrew Bailey, described the fall as being in line with forecasts.

Asia

Following a period of underperformance, China's CSI 300 Index rose 2.0% in April (in local currency terms). Chinese equities rallied alongside positive corporate earnings, while new sharemarket reforms announced by the Chinese regulator helped restore investor confidence. On the data front, China's Caixin PMI – which tracks both the services and manufacturing sector – provided some optimism and remained in expansionary territory at 52.7. China's Q1 GDP also surprised to the upside and grew 5.3% year-on-year driven by strong exports, however March inflation printed at 0.1% annualised which was weaker than expectations. Meanwhile, property concerns continue to weigh on the economy, with new home prices declining 2.7% in March compared to the year prior.

Japanese equities, as represented by the Nikkei 225 Index, fell 4.9% over the month (in local currency terms). The Bank of Japan (BoJ) kept policy unchanged and reiterated that its accommodative monetary stance will remain for the near-term. As a result, the Japanese yen depreciated against the US dollar to reach 34-year lows before rebounding due to suspected government intervention by the Ministry of Finance. The yen has been the worst-performing G10 currency this year, however this weakness has provided a tailwind for exports which rose 7.3% year-on-year in March. Investors continue to closely monitor for potential efforts by Japanese authorities to support the yen. Meanwhile, Japanese core consumer inflation slowed sharply to 1.6% annualised in April and undershot consensus projections.

Fund Performance – April 2024

The BlackRock Global Equity Signals Fund recorded a negative return of -2.78% in April (gross of fees).

The BlackRock Global Equity Signals Fund is constructed with a 60% allocation to a world equity component partially hedged to AUD (as represented by the MSCI World ex Australia Index) and a 40% allocation to a diversified multi-factor component. The Fund's world equity component detracted over the month as the MSCI World ex Australia Index recorded returns of -3.26% (in unhedged AUD terms) and -3.26% (in AUD hedged terms). Although the Australian dollar depreciated against the US dollar over the month, this was offset by movements in other global currencies and the unhedged exposures performed in line with the AUD hedged exposures.

The Fund's multi-factor component was down -3.22% over the month which detracted from absolute returns but modestly outperformed global equities (unhedged) on a relative basis in April. This strategy takes a stock-level approach that aims at maximising exposure to the five target factors – Quality, Size, Value, Momentum and Low Volatility. The strategy is intended to deliver a blended factor exposure which can have diversification benefits due to low correlations across factors. The strategy employs an optimization subject to a set of constraints (including diversification, sector, country, turnover and style exposures relative to the parent index). Over the month all factors broadly declined, with the Low Volatility factor outperforming its peers while the Momentum factor underperformed.

Top Holdings

Holding	Weight %
MICROSOFT CORP	4.49
APPLE INC	3.95
NVIDIA CORP	3.36
AMAZON COM INC	2.42
ALPHABET INC CLASS C	1.93
META PLATFORMS INC CLASS A	1.34
BROADCOM INC	1.09
ELI LILLY	1.00
ALPHABET INC CLASS A	0.93
JPMORGAN CHASE & CO	0.88

Country Exposure

Sectors	Weight %
United States	69.99
Japan	6.89
United Kingdom	3.76
France	3.23
Canada	3.15
Germany	2.11
Switzerland	2.04
Netherlands	1.33
Denmark	1.13
Italy	1.10
Australia	0.90
Spain	0.90
Sweden	0.86
Hong Kong	0.44
Singapore	0.39
Finland	0.37
Belgium	0.34
Israel	0.30
Austria	0.24
Norway	0.22
Ireland	0.16
New Zealand	0.12
Portugal	0.04

About the Fund

Investment Objective

The Fund aims to provide investors with exposure to developed market equities utilising indexing techniques and style factors subject to constraints.

Fund Strategy

The Fund aims to provide investors with the performance of its composite benchmark, before fees and the cost of hedging.

The composite benchmark, as shown in the below table, comprises a portfolio of published indexes that provide exposure to international developed stock markets. The composite benchmark index is subject to periodic review and may change.

Index name	Composite benchmark index weight
MSCI World ex Australia Net TR Index (Hedged in AUD)	20%
MSCI World ex Australia Net TR Index (Unhedged in AUD)	40%
STOXX Developed World Equity Factor Net Index (Unhedged in AUD)	40%

To achieve its objective the Fund will gain exposure to a mixture of the following index strategies:

- ▶ full replication, which aims to purchase every security in the index, while considering transaction costs; and
- ▶ optimisation, that involves investing in a representative sample of securities that collectively has an investment profile similar to that of the index the strategy aims to track. The securities selected are expected to have, in aggregate, investment characteristics (based on factors such as market capitalisation and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the index. Therefore, the securities comprising an optimisation strategy may or may not include all of the securities in the index and the weighting of such securities may differ to the weighting of securities in the index.

The Fund will access the index strategies and gain exposure to the composite benchmark by investing in units of the following funds (Underlying Funds) each of which is managed by BlackRock:

- ▶ **iShares Hedged International Equity Index Fund**, which employs a full replication strategy that aims to track the performance of the MSCI World ex Australia Net TR Index (Hedged in AUD). A passive currency hedge is applied, which seeks to minimise the effect of currency fluctuations on returns by converting the currency exposure of the index into Australian dollars.
- ▶ **iShares Wholesale International Equity Index Fund**, which employs a full replication strategy that aims to track the performance of the MSCI World ex Australia Net TR Index (Unhedged in AUD); and
- ▶ **iShares World Equity Factor ETF**, which employs an optimisation strategy that aims to track the performance of the STOXX Developed World Equity Factor Net Index (Unhedged in AUD).

Should be considered by investors who...

- ▶ Seek broad exposure to the international equity market at low cost.
- ▶ Seek a fund that applies smart indexing techniques to provide additional value add.
- ▶ Seek factor-driven outperformance over the long term in a portfolio of global developed market stocks with a similar profile and risk to the broad market.
- ▶ Target five drivers of return in their international equities exposure: Quality (financially healthy firms), Value (inexpensive stocks), Size (smaller companies), Momentum (trending stocks) and Low Volatility (less volatile stocks).
- ▶ Seek cost-efficient access to a rules-based factor investing strategy.
- ▶ Have a long term investment horizon.

Fund Details

BlackRock Global Equity Signals Fund (Class D Units)	
APIR	BLK5937AU
Fund Size (A\$)	213 mil
Buy/Sell Spread	0.10%
Management Fee	0.22%
Liquidity	Daily
Domicile	Australian Unit Trust
Minimum Initial Investment	A\$500,000
Minimum investment for subsequent applications	None
Custodian	J.P.Morgan Chase Bank

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