BLACKROCK GLOBAL MULTI-ASSET INCOME FUND (AUST)

BlackRock

FUND UPDATE **31 July 2024**

Investment Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	2 Yrs	3 Yrs	5 Yrs	Since Incep
Distribution (D Class)[1] (Net of Fees)	0.25	0.80	1.84	3.30	7.38	9.98	18.50	44.37
Growth (D Class)[1] (Net of Fees)	1.65	3.36	2.89	5.03	2.63	-11.03	-5.97	-6.06
BlackRock Global Multi-Asset Income Fund (Aust) (D Class)[1] (Net of Fees)	1.90	4.15	4.73	8.34	4.89	-0.35	2.39	3.77
BlackRock Global Multi-Asset Income Fund (Aust)[2] (Gross of Fees)*	1.97	4.35	5.19	9.15	5.67	0.40	3.16	4.47

[1] Fund inception: 29/10/2015. [2] Fund inception: 17/08/2015.

* Gross returns are calculated before fees and taxes and assume reinvestment of distributions. 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. Net performance is calculated on exit-to-exit price basis, e.g. net of ongoing fees, performance fees and expenses.

About the Fund

The BlackRock Global Multi Asset Income Fund (Aust) follows a flexible asset allocation approach that seeks attractive income while attempting to smooth out returns and minimise loss of capital. The fund invests globally in the best income opportunities – across geographies and asset classes, whilst balancing the trade-off between yield and risk. The Fund makes use of derivatives for the purposes of efficient portfolio management including the generation of additional income for the Fund. The Fund aims to deliver consistent income in the form of monthly distributions.

The Fund may be suitable for investors who are looking to diversify their Australian sourced income. For example equity investors looking for similar yields as Australian franked equities but wanting lower risk. The Fund can be used as a standalone diversified income solution or can be blended with other sources of income to reduce risk and help maintain investor capital.

Portfolio Managers

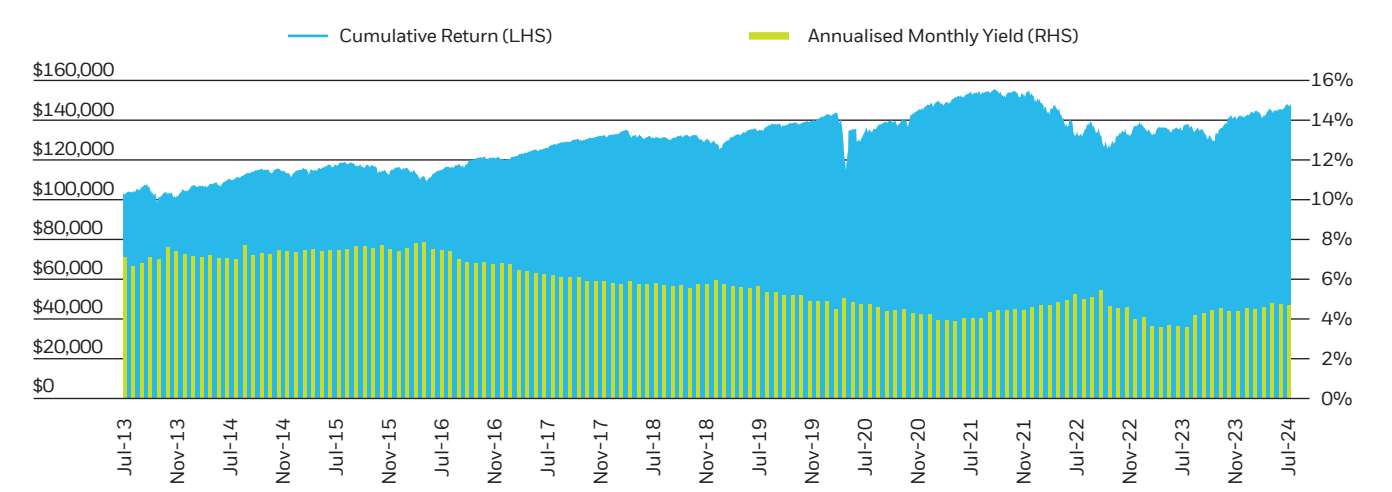
Alex Shingler
Managing Director,
Portfolio Manager

Justin Christofel
Managing Director,
Portfolio Manager

Visit **BlackRock.com.au** for further information, including:

- Market Insights & Commentary
- Fund Performance
- Unit Prices

Cumulative Return and Annualised Monthly Yield



Performance is for the BGF Global Multi-Asset Income Fund – Aggregate (Aud Hedged). Past performance is not a reliable indicator of future performance. Long-term performance returns show the potential volatility of returns over time.

Performance Summary

Key Contributions to Portfolio Outcome:

- Broad global stock and bond markets ended July in positive territory despite a sharp uptick in volatility after a softer-than-expected US CPI print and signs of slowing growth. The fund delivered positive returns.
- Key contributors to portfolio income this month were covered calls, high yield, and floating rate loans. U.S. equities, interest rate management positions, and high yield were the largest contributors to total return this month offset by currency management positions, floating rate loans, and emerging market equities which detracted from returns.

Main Portfolio Changes:

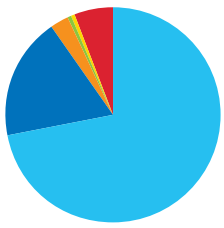
- We closed our position in EM equities given tactical and strategic headwinds for the asset class, with proceeds allocated back into developed markets. We also initiated a call spread on the Nasdaq, seeking to capture upside after a pullback.

Positioning & Outlook:

- On the surface, July was a strong month for markets with both global stocks and bonds in positive territory. Underneath the hood, there was a sharp uptick in volatility starting in the middle of the month. Initial catalysts were a softer CPI print in the US, the weakest since January 2021, and earnings disappointment out of the "Magnificent 7". This triggered a sharp rotation in stocks driving the largest monthly difference in the Nasdaq versus Russell 2000 in over 20 years as investors priced in future rates cuts. Thereafter, the Fed kept policy rates unchanged at 5.25% to 5.5% at their July meeting but opened the door for rates cuts beginning in September. Signs of slowing growth in the US throughout the month also added to the prospect of rate cuts later in the year. Consequently, US treasuries had their best month of the year as rates dropped across the curve with front-end rates falling the most. By the end of the month, markets had fully priced in a rate cut by the Fed's September meeting. Credit markets were calm amidst the equity volatility as spreads stayed relatively contained. The other notable move was across the US dollar which had its worst monthly return of the year on the back of changing rate cut expectations in the US and abroad.
- In the early parts of August, market volatility has remained elevated as a weaker than expected US jobs report triggered renewed recession fears. We've seen both interest rates and stocks falling as a result at the start of the month. Markets are now pricing in over four 25bps cuts by the end of the year. With inflation inflecting lower and growth resiliency being called into question, it is clear the Fed needs to recalibrate policy rates. Our base case is a 25bps cut at each of the remaining three meetings this year. For now, we don't believe a more meaningful cut of 50bps or an intra-meeting cut are warranted. While the US labor market has moderated, the average 3-month payroll of 170K is in line with averages during 2010-2019 and the unemployment rate is still low by historical standards. Nonetheless, we are closely watching for signs of further deterioration across jobs and the consumer, but we maintain our view that growth is moderating, not collapsing. A backdrop of slowing inflation, moderating growth, and lower policy rates should be generally supportive of risk taking in our view.
- From a positioning standpoint, we are staying focused on taking credit risk where we are being best compensated for doing so. This has led us to maintain a higher weight to floating rate areas, such as CLOs, that offer attractive income and spreads versus corporate bonds that have looked more fully valued, albeit have cheapened in recent weeks. While we have taken down high yield bond exposure in recent months, we believe there to be compelling opportunities amidst higher dispersion, specifically across the Single-B space, and could see further opportunities emerge should spreads continue to widen. Elsewhere, our overall duration position favors the middle part of the curve while we stay more cautious on long-term rates, and are inclined to fade the recent drop in rates. We are maintaining a higher-than-average allocation to cash which offers attractive yields still and can help mitigate current market volatility.
- Across equities, we maintain our constructive view overall with our current allocation remaining on the higher side versus history. Despite volatility across the largest cap names, earning results more broadly have been quite strong this quarter and valuations are now less demanding. During the month, we chose to rotate away from emerging market stocks in favor of global developed exposures. While EM may benefit from a rate cutting cycle ahead, China remains a large driver of EM growth and sentiment, and the picture there remains challenged. Coupled with an unlikely acceleration in global growth and we do not see a strong catalyst for outperformance across emerging markets at present.

Source: BlackRock

Regional Exposure (%)



Contributors to Yield*

	Asset Allocation %	Yield %	Contribution to Yield %
Fixed Income	26.8		27.2
HY Bonds	19.8	6.9	21.8
Investment Grade Bonds	6.0	4.7	4.5
Government	1.0	6.0	1.0
Equity	22.2		8.0
EM Equity	0.8	2.5	0.3
Global Ex-US Developed Equities	6.3	3.3	3.4
US Equities	15.1	1.8	4.3
Non Traditional Assets ex Hedges	45.3		64.9
EM Debt	2.1	7.1	2.4
Floating Rate Loans	15.0	7.2	17.3
Mortgage-Backed Securities	4.6	7.0	5.1
Preferred Stock	4.7	7.0	5.3
Covered Call Writing	12.6	15.5	31.2
Global Infrastructure	4.9	3.3	2.6
Global REITs	1.4	4.3	1.0
Cash	5.7	0.0	0.0

Source: BlackRock. * The table shows yield from underlying investment strategy. The fund receives additional yield, via the currency hedge, approximately equal to the interest rate differential between AUD and USD.

Fund Details

BlackRock Global Multi-Asset Income Fund (Aust)	
APIR	BLK0009AU
Fund Size (A$)	9 mil
Management Fee (Class D Units)[1]	0.75% p.a.
Buy/Sell Spread	N/A
Liquidity	Daily
Distribution Frequency	Monthly
Yield (Annualised)[2]	3.70%
Standard Deviation[3]	7.67%

Source: BlackRock

[1] The amount of this fee can be negotiated with certain "wholesale clients" or "sophisticated" or "professional" investors (as defined by the Corporations Act) in compliance with legal requirements and any applicable ASIC class orders. [2] Yield is based on the past 12 monthly distributions divided by the most recent month-end fund NAV. [3] Standard deviation of monthly returns since inception, annualized.

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