

BLACKROCK GLOBAL IMPACT FUND (AUST)

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FUND UPDATE

29 February 2024

Investment Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	Since Incep
BlackRock Global Impact Fund (Aust) ¹ (Net of Fees)	3.83	9.71	5.60	12.49	-	-	-4.74
MSCI All Country World Net TR Index (in AUD)	5.88	11.95	9.93	27.54	-	-	10.39
Outperformance (Net of Fees)	-2.05	-2.24	-4.33	-15.05	-	-	-15.13

¹ Fund inception: 16/06/2021.

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.

Global Impact February 2024

Performance Overview:

The BlackRock Global Impact Fund net returns underperformed the benchmark (MSCI ACWI (AUD)) in February.

Market Summary:

Global equity markets had a strong February with the MSCI ACWI. Resilient economic data and strong earnings propelled upward momentum.

In the US, the Personal Consumption Expenditures (PCE) report showed cooling inflation, supporting expectations of interest rate cuts later this year. The labour market continued to be tight as the economy added 353,000 jobs in January.

In Europe, Purchasing Managers' Index (PMI) data indicated prolonged economic contraction. Inflation in the region's two largest economies – Germany and France – fell to its lowest level since mid-2021, but services remained sticky and continued to raise concerns for the European Central Bank (ECB). In the UK, Consumer Price Index (CPI) data showed that inflation was still well above Bank of England's (BOE) 2% target.

In China, the real estate sector continued to struggle, and the equity market slumped to a 5-year low as stocks underperformed. As a result, the central bank cut its key mortgage rate by a record amount in an effort to stem the property crisis. Meanwhile, Lunar New Year celebrations bolstered consumer activity as domestic travel surged. In Japan, the market's resilience was fueled by corporate reforms, robust earnings, and expectations of continued accommodative monetary policy. A rally in chipmakers helped Japan's Nikkei set a record high for the first time since 1989.

From a sector perspective, Consumer Discretionary, Information Technology, and Industrials had the highest returns while Utilities declined. From a regional perspective, Emerging Asia, the United States and Emerging Europe had the highest returns while Emerging Africa and Emerging Latin America declined.

Stocks:

From a sector perspective, stock selection in Consumer Discretionary and Utilities hindered active returns the most. In contrast, a combination of stock selection in Industrials and Financials had the largest positive effect.

In terms of our Impact Themes, Green Energy and Affordable Housing were the top detractors, while Efficiency, Electrification, Digitization, and Financial & Digital Inclusion contributed the most in absolute terms.

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- Market Insights & Commentary
- Fund Performance
- Unit Prices

On a stock level, not holding Nvidia was the top detractor, followed by overweight positions in Crown Holdings and Brookfield Renewable.

Elsewhere, an overweight position in Quanta Services was among the top contributors, in addition to off-benchmark positions in Azek Company and Advanced Drainage Systems.

Key positioning:

Our market outlook is adapting to shifting economic conditions. Elevated market valuations have raised questions about potential overvaluation, and consumer sentiment is becoming a growing concern. We expect companies to adopt conservative approaches in hiring and spending due to uncertainties in customer behaviour and confidence.

Higher interest rates are fundamentally reshaping corporate decision-making, particularly in financing, investments, and capital allocation. This environment has led to a more cautious stance in market participation. Confidence in markets revisiting previous highs has diminished, with a recognition of retesting potential lows.

Our adjusted outlook emphasizes the importance of a forward-looking investment strategy that adapts to evolving market conditions and challenges. It aims to position portfolios effectively in response to these changes. As such, we retain an overweight to more defensive sectors including health care and utilities but have selectively reduced exposure in industrials to reflect some of our renewed caution. We continue to look for opportunities within information technology particularly among those companies that have strong secular growth tailwinds and provide defensive business models.

Despite the mixed macro dynamic, our investment strategy remains focused on businesses that address the world's significant problems as defined by the UN SDGs. However, the current economic climate may pose challenges for these businesses in the short term. Nonetheless, deep relationships with portfolio companies allow us to understand their strategic directions and actively engage with them to advance their impact outcomes.

Top Holdings

Holding	Weight %
TAIWAN SEMICONDUCTOR MANUFACTURING	3.35
BANK RAKYAT INDONESIA (PERSERO)	3.09
WISE PLC CLASS A	3.03
ASML HOLDING NV	2.83
BOSTON SCIENTIFIC CORP	2.76
ICF INTERNATIONAL INC	2.58
SCHNEIDER ELECTRIC	2.52
MERCADOLIBRE INC	2.50
CLEAN HARBORS INC	2.43
PEARSON PLC	2.40

Country Exposure

Country	Weight %
Australia	1.01
Austria	0.00
Belgium	0.00
Canada	3.59
Denmark	0.00
Finland	0.00
France	2.52
Germany	3.38
Hong Kong	0.00
Ireland	0.00
Israel	0.00
Italy	0.00
Japan	2.25
Netherlands	4.55
New Zealand	0.00
Norway	0.00
Portugal	1.17
Singapore	0.00
Spain	0.00
Sweden	0.00
Switzerland	1.82
United Kingdom	9.67
United States	50.92
Emerging Markets	0.00

About the Fund

Investment Objective

The Fund seeks total return through active investment in companies whose goods and services address the world's great social and environmental problems, in BlackRock's view. The Fund is designed to generate returns in excess of the MSCI All Countries World Index, before fees, over the long term (i.e. 5 years or more).

Fund Strategy

BlackRock will seek to invest in portfolio securities that BlackRock believes (i) can bring additional and measurable impact based on the Impact Themes (as defined below) and (ii) also have the potential to produce attractive long-term returns across economic sectors.

As part of its methodology, BlackRock identifies "Impact Themes" (including, but not limited to, affordable housing, education and skilling, financial and digital inclusion, public health, safety and security, efficiency, electrification and digitalization, green energy, pollution remediation and prevention, sustainable food and water) that seek to encapsulate companies which are helping to address the United Nations Sustainable Development Goals ("SDGs") through their products and services. The SDGs are a series of goals published by the United Nations that recognize that ending poverty and other deprivations must go hand-in-hand with improvements in health, education, and economic growth, and reduction in inequalities, while tackling climate change and working to preserve the planet's oceans and forests.

Should be considered by investors who ...

- ▶ Seek an impact equity fund with higher potential capital growth over a long-term investment horizon.
- ▶ Seek an active exposure to global equities and a differentiated source of alpha generation, through idiosyncratic risk drivers along with evidenced positive environmental and social outcomes.

Fund Details

BlackRock Global Impact Fund (Aust)	
APIR Code (Class D)	BLK2376AU
Buy/Sell Spread	0.00%/0.00%
Fund Size	17 mil
Management Fee (Class D)	0.85% p.a.

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