

BLACKROCK FIXED INCOME GLOBAL OPPORTUNITIES FUND (AUST)

BLACKROCK®

FUND UPDATE

31 January 2024

Investment Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	Since Incep
BlackRock Fixed Income Global Opportunities Fund (Aust) (Gross of Fees) (E Class)*	0.08	5.89	0.08	4.38	0.16	2.40	2.92
BlackRock Fixed Income Global Opportunities Fund (Aust) (Net of Fees) (D Class)^	0.02	5.71	0.02	3.66	-0.54	1.69	2.21
Bloomberg AusBond Bank Bill Index SM	0.37	1.09	0.37	4.00	1.83	1.44	1.74
Outperformance (Gross of Fees)	-0.29	4.80	-0.29	0.39	-1.68	0.97	1.19

*Fund inception: 30/08/2014. ^Fund inception: 31/10/2014. The D share class is closed to new investors. 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.

Portfolio Performance

BGF FIGO generated a positive return in January.

Our exposure to investment grade and high yield credit assets in both the US and Europe generated a positive performance as credit spreads tightened over the month given a more supportive growth backdrop. Similarly, the allocation to securitized assets in the US contributed positively.

The positive performance was partially offset by our long exposure to US government bonds, which detracted from the performance as interest rates slightly increased amid persisting inflation figures and strong employment data. Additionally, our allocation to US Agency MBS and government bonds in Europe also contributed negatively due to higher interest rates.

Finally, our exposure to emerging markets debt – both in hard and local currency – resulted in a negative return. This was influenced by the weakness in the rates market across developed countries which had a negative impact on the asset class.

Market Review

Sentiment in global bond markets was slightly negative in January. Despite a challenging start to the year for risk assets, economic data released in developed markets and communication from central bankers broadly did not challenge 2024 rate cut expectations. In the US, core Consumer Price Index (CPI) inflation picked up modestly to 0.31% month-on-month (MoM) in December, from 0.28% in November. This caused year-on-year (YoY) core CPI to edge down to 3.9% from 4.0%. In the Euro Area, the final December CPI figures were published; in annual terms, headline inflation was revised up from 2.92% to 2.93% YoY and core inflation from 3.42% to 3.43% YoY vs. the flash report. Inflation data was also published during the month in the UK. YoY headline CPI marginally surprised to the upside (4.0% vs. 3.8% expected). Meanwhile in Japan, national CPI came in slightly higher than expected for headline (2.6% YoY) but exactly in line with consensus for core ex-fresh foods (2.3% YoY) and ex-fresh foods & energy (core-core, 3.7%).

Portfolio Management Team



Rick Rieder,
Managing Director and
Portfolio Manager
34 Years Investment
Experience



Russell Brownback,
Managing Director and
Portfolio Manager
32 Years Investment
Experience



Aidan Doyle,
Managing Director and
Portfolio Manager
11 years of investment
experience

At A Glance

Investment objective: The Fixed Income Global Opportunities Fund seeks to maximise total return. The Fund invests at least 70% of its total assets in fixed income transferable securities denominated in various currencies issued by governments, agencies and companies worldwide. The full spectrum of available securities, including non-investment grade, may be utilised. Currency exposure is flexibly managed.

Management Fee: 0.70% p.a. (Class D Units)

Buy/Sell Spread: N/A

Fund Inception: August 2014

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

- Market Insights & Commentary
- Fund Performance
- Unit Prices

In the US, the Federal Reserve's Open Market Committee (FOMC) held the Fed Funds target policy rate range unchanged at 5.25-5.50%, and also, as widely expected, there was no change in balance sheet policy either. The policy statement saw language changes which removed the tightening bias and adopted a more neutral stance toward policy. The employment report for December was released, and total nonfarm payrolls rose 216K in December against expectations of a rise of 175K. The 3-month average slowed from 334K in January to 165K to end the year. Claims remained within their recent historically low range in the latest reading. The unemployment rate stayed at 3.7% in December, above where it was in January 2023 (3.4%) but still a low level historically.

In Europe, the European Central Bank (ECB) met during the month. As expected, the ECB kept the deposit, refinancing operations and marginal lending facility rates at 4.0%, 4.5% and 4.75% respectively. The accompanying press statement noted a declining trend in inflation, which President Lagarde also highlighted during the press conference. She reiterated that changes to the central bank's monetary policy stance will be data dependent, based on the inflation outlook, underlying inflation and the strength of policy transmission, while risks to growth remain tilted to the downside. Meanwhile, in Japan, the Bank of Japan (BoJ) also met during the month and maintained its ultra-loose policy rate of -0.1%. In the outlook reports and the press conference, the BoJ expressed heightened confidence in achieving durable 2% inflation.

The performance of global bond markets was mixed during the month. In the US, the 2-year treasury yield fell by 4 basis points (bps) to 4.21%, while the 10-year yield rose by a modest 3bps to 3.91%. German bund yields rose by 2bps and 14bps at the 2-year and 10-year point of the curve, respectively, to end the month at 2.42% and 2.17%. UK gilt yields rose notably higher thanks to stronger than expected inflation data, with the 2-year and 10-year gilt yields rising by 27bps and 26bps, respectively, to end the month at 4.26% and 3.79%. Despite no policy changes at the BoJ meeting, 10-year Japanese government bond yields rose 12bps higher to 0.73%. Turning to spread assets, the US investment grade corporate bond index returned -0.17%, while the European index generated 0.10% of return. US and European high yield indices generated 0.04% and 0.84% respectively in local currency terms. Emerging market bonds generated negative returns during the month, with the local currency and hard currency indices falling by -1.52% and -1.02%, respectively. All G10 currencies weakened against the US dollar, with the only exception being the sterling.

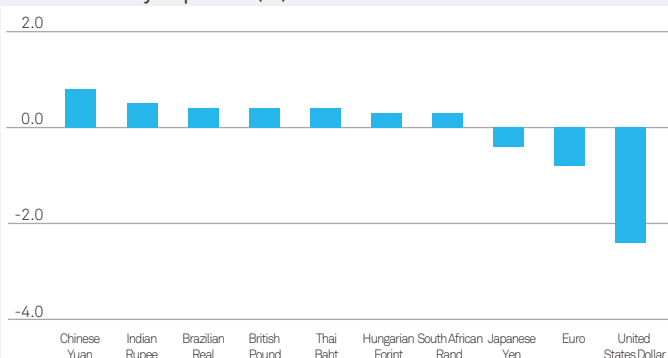
Portfolio Positioning

In the portfolio, we continue to maintain a focus on quality assets while being selective on allocations to riskier parts of the markets for high-carry opportunities.

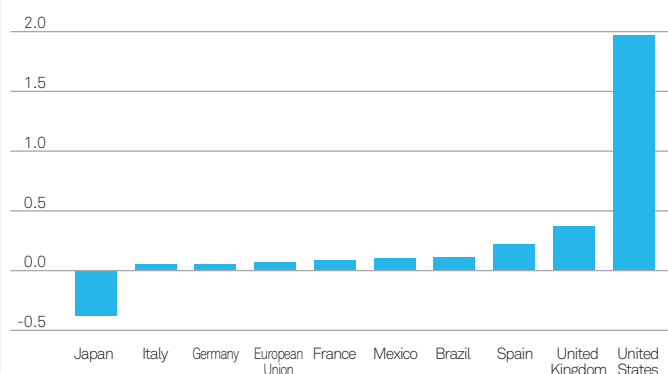
Therefore, in the context of a more supportive market backdrop and still attractive valuations, we increased the Fund's exposure to investment grade credit assets – in both Europe and the US - and to US agency MBS over the month.

As a result of these portfolio changes, the Fund's spread duration increased to 4.8 years, approximately 35 basis points higher compared to December levels. Conversely, the overall Fund's duration remained stable and ended the month at 3.32 years.

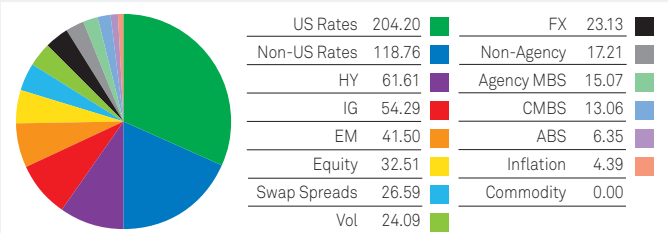
Active Currency Exposure (%)



Duration Contribution by Country (Years)

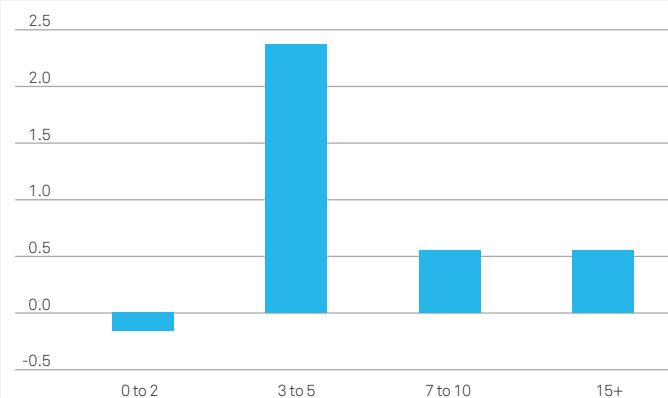


Strategy Risk Decomposition (bps)



Source: BlackRock Solutions ('BRS') & Bloomberg
Ex-ante risk based on the BRS Portfolio Risk model; Pie charts show relative standalone risks of exposures at month end.

Key Rate Yield Curve Positioning (Years)



About the Fund

The BlackRock Fixed Income Global Opportunities Fund (Aust) is a flexible, core bond alternative. It could appeal to investors looking to:

- enhance return potential from their fixed income allocation without taking on too much risk;
- diversify their bond portfolios away from traditional fixed income assets; and
- counter the risk to performance that a rising interest rate environment presents over the medium term.

The BlackRock Fixed Income Global Opportunities Fund (Aust) does not focus on just one area of global bond markets. It is a result of collaboration between portfolio managers within the BlackRock group and over 150 investment specialists globally who cover corporate, sovereign, municipal and structured bonds.

Fund Details

Blackrock Fixed Income Global Opportunities Fund (Aust)	
APIR	BLK0003AU
Buy/Sell Spread	0.00%-0.00%
Management Fee (Class D Units)*	0.70% p.a.
Strategy AUM	\$69,510m
Fund AUM	\$14 mil
Liquidity	Daily
Minimum Initial Investment (Class D Units)^	\$50,000

* The current default management fee for Class E units in the BlackRock Fixed Income Global Opportunities Fund (Aust) is 0.50% p.a. Pursuant to ASIC Class Order relief, BlackRock will individually negotiate fees with "wholesale clients" or "sophisticated" or "professional" investors (as defined in the Corporations Act).

^ The minimum initial investment for Class E Units in the BlackRock Fixed Income Global Opportunities Fund (Aust) is \$500,000.

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