BLACKROCK FIXED INCOME GLOBAL OPPORTUNITIES FUND (AUST)

BLACKROCK®

FUND UPDATE **30 April 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)*	-1.36	-0.99	-0.92	3.92	-0.35	1.78	2.74
BlackRock Fixed Income Global Opportunities Fund (Aust) (Net of Fees) (D Class)^	-1.42	-1.16	-1.15	3.20	-1.05	1.07	2.02
Bloomberg AusBond Bank Bill Index℠	0.35	1.07	1.44	4.24	2.19	1.55	1.80
Outperformance (Gross of Fees)	-1.72	-2.06	-2.36	-0.32	-2.55	0.23	0.94

*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 negative return in April.

Our long exposure to US government bonds detracted from the performance as interest rates increased in April in response to higher-than-expected inflation prints and a resilient economic backdrop supported by solid labour market data.

Similarly, our allocation to government bonds in Europe and to US Agency MBS contributed negatively due to higher interest rates.

In addition, our exposure to riskier segments of the market such as to high yield credit and emerging market assets – especially in local currency – detracted from performance as the higher rate environment negatively affected market sentiment.

The negative performance was partially offset by our exposure to securitized assets in the US which contributed positively. Finally, allocation to and investment grade credit assets – both in the US and Europe – generated a positive return as credit spreads tightened over the month amid strong technical factors.

Market Review

Global bond market sentiment was negative in April, as investors reassessed their views on the future path of interest rates following the stronger-than-expected March inflation print in the US and other regions. Year-on-year (YoY) Consumer Price Index (CPI) inflation in the US accelerated by 3.5% YoY, ahead of the 3.4% expected, while month-on-month (MoM) CPI accelerated by 0.4% instead of the 0.3% expected. In Europe, April provisional CPI inflation data showed prices accelerating by 2.4% YoY as expected, while core CPI accelerated marginally ahead of expectations (2.7% vs. 2.6% YoY expected). In the UK, CPI inflation surprised to the upside, with MoM inflation accelerating by 0.6% vs. the 0.4% expected, while YoY inflation accelerated by 3.2% ahead of the 3.1% expected. Lastly in Japan, CPI headlines came in a tenth below expectations across all key metrics of core ex-fresh foods (2.6% YoY), ex-fresh foods & energy (core-core, 2.9% YoY) and ex-food & energy (Western core, 2.2% YoY) in March.

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, several macroeconomic data releases surprised to the upside. The March nonfarm payrolls data release was expected to come in at 214k, far below the actual number of 303k, and the ISM manufacturing PMI expanded after 16 months of contraction, coming in at 50.3 versus the market expectation of 48.3. Chair Powell argued, that "The recent data do not, however, materially change the overall picture, which continues to be one of solid growth, a strong but rebalancing labor market, and inflation moving down toward 2 percent on a sometimes-bumpy path". While the Federal Open Market Committee did not meet in April, the minutes of the March meeting were released during the month. The minutes discussed considerations for slowing the pace of balance sheet runoff. This discussion confirmed "the vast majority of participants thus judged it would be prudent to begin slowing the pace of runoff fairly soon" given the decline in usage of the Overnight Reverse Repo Facility and uncertainty around "ample" levels of reserves.

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. However, the ECB noted ongoing price pressure in the services sector. In terms of timing for any change in the ECB's monetary policy, Lagarde emphasised that it would be data dependent, based on the inflation outlook, underlying inflation and the strength of policy transmission. She reiterated that in June, the ECB would have a lot more data to go on as well as updated economic projections. Meanwhile in Japan, the Bank of Japan (BoJ) met at the end of the month. At the monetary policy meeting, the BoJ voted unanimously to maintain the uncollateralized call rate at a range of 0.0%-0.1%.

Developed market government bond yields rose during the month off the back of stronger-than-expected US inflation. The 2year and 10-year treasury yields rose by 42 basis points (bps) and 48bps to end the month at 5.04% and 4.68%, respectively. In Europe, German bund yields rose by 18bps and 29bps at the 2-year and 10-year point of the curve, respectively, to end the month at 3.03% and 2.58%. The UK 2-year gilt yield rose by 33bps to 4.51%, while the 10-year gilt yield rose by 41bps to 4.35%. Meanwhile, the 10-year Japanese government bond yield rose by 15bps to 0.87%. Spread assets also endured negative returns – the US investment grade and European investment grade corporate bond indices returned -2.54% and -0.82% respectively in local currency terms. The US high yield index generated -0.96% of return while its European counterpart posted flat returns, both in local currency terms. Bearish sentiment in the US market weighed down on emerging market debt, with the local currency index and hard currency index generating -2.14% and -2.08% respectively. The US dollar strengthened against all of the G10 currencies in April.

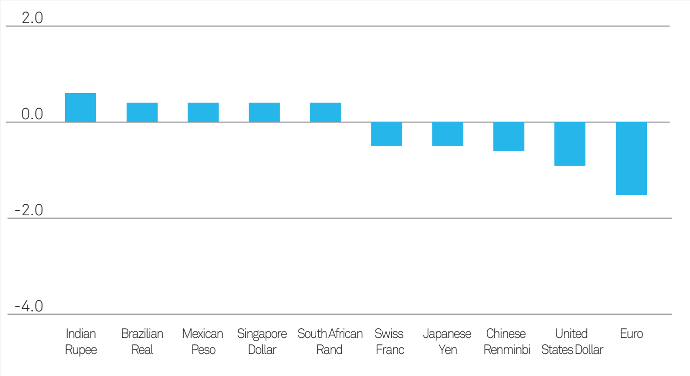
Portfolio Positioning

Over the month, we increased the exposure to US Agency MBS and securitized assets due to more interesting valuations resulting from current spread levels and attractive income levels.

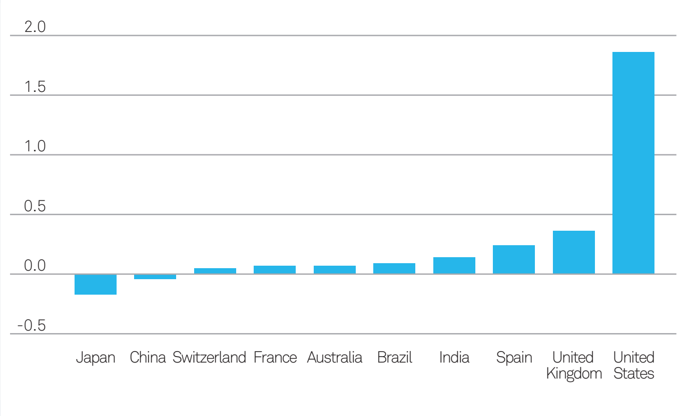
In addition, we tactically reduced our allocation to US high yield credit and emerging market assets in response to the revised timing and extent of this year's Fed rate cuts, alongside heightened geopolitical uncertainty, which can adversely impact these asset classes.

As a result of these portfolio changes, the Fund's spread duration increased to 4.9 years, approximately 35 basis points higher compared to March levels while the overall Fund's duration has remained stable at 3.4 years.

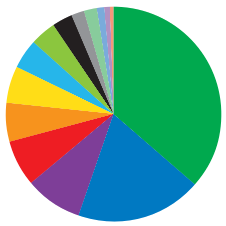
Active Currency Exposure (%)



Duration Contribution by Country (Years)



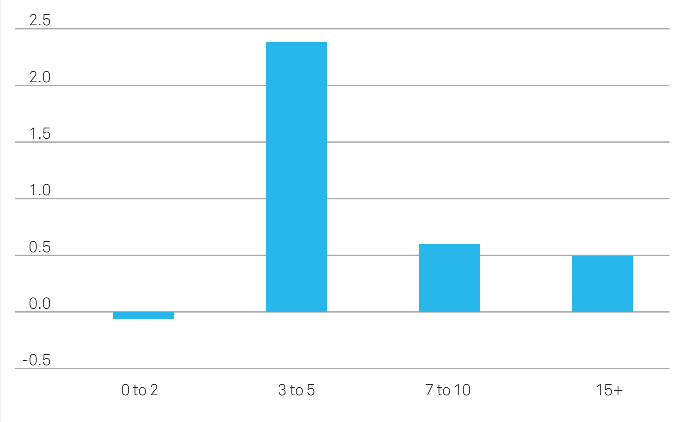
Strategy Risk Decomposition (bps)



US Rates	215.31	Non-Agency	17.72
Non-US Rates	111.03	CMBS	12.21
HY	51.22	Vol	11.90
IG	39.90	Agency MBS	6.29
EM	34.79	ABS	5.32
Swap Spreads	32.51	Inflation	1.87
Equity	26.70	Commodity	0.00
FX	22.39		

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	$67,180m
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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