

BLACKROCK GLOBAL EQUITY SIGNALS FUND

BLACKROCK®

FUND UPDATE

31 January 2024

Investment Performance (%)

	MTD	3 Mths	CYTD	1 Yr	3 Yrs	5 Yrs	Since Incep
BlackRock Global Equity Signals Fund (Gross of Fees)	4.40	11.77	4.40	21.08	11.91	11.99	10.79
Composite Benchmark*	4.08	11.09	4.08	20.26	11.89	11.87	10.47
Outperformance (Gross of Fees)	0.32	0.68	0.32	0.81	0.02	0.12	0.32
BlackRock Global Equity Signals Fund (Net of Fees)	4.40	11.77	4.40	21.09	11.92	11.94	10.71
Composite Benchmark*	4.08	11.09	4.08	20.26	11.89	11.87	10.47
Outperformance (Net of Fees)	0.32	0.68	0.32	0.82	0.03	0.06	0.24

* 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 MSCI World Diversified Multiple-Factor Net TR 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 – January 2024

Robust economic data continued to support risk assets in January. However, performance diverged across sectors and geographies amid changes in policy expectations and a resurgence in geopolitical concerns. Global equities, as measured by the MSCI World Index (hedged), ended the month up 1.8% in Australian dollar terms and Developed Market equities outperformed their Emerging Market counterparts. Fixed Income markets, as represented by the Bloomberg Barclays Global Aggregate Index (hedged), finished down 0.3% over the month.

US

In the US, the S&P 500 Index rose by 1.7% in January (in local currency terms), with the Information Technology sector outperforming. Three major developments have helped spur stocks higher since late 2023, including that of the US Treasury announcing it would borrow less than it previously estimated, strong economic growth coupled with resilient corporate earnings raising hopes for a soft economic landing, and a growing disinflationary narrative supporting sentiment. However, hopes for imminent rate cuts were dashed towards month end when Fed Chairman, Jerome Powell, suggested policy easing may not be as forthcoming as initially expected. On the data front, core inflation of 2.9% year-on-year for December was the slowest increase since March 2021. Meanwhile, US stocks are now reporting year-over-year growth in earnings for Q4 – with more companies beating estimates and by a wider margin – compared to earlier in the reporting cycle.

Europe

European equities, as represented through the Euro Stoxx 50 Index, gained 2.9% across the month (in local currency terms). The Eurozone narrowly avoided a shallow recession in the final quarter of 2023, with GDP expanding by 0.1% year-on-year to beat expectations. The European Central Bank (ECB) left interest rates unchanged over the month and continues to remain data dependent. Market expectations for an early interest rate cut began to fade after inflation posted a year-over-year increase of 2.9% in December, up from 2.4% in November.

In the UK, the FTSE 100 Index underperformed its developed market peers and fell by 1.3% over the month (in local currency terms). The Bank of England (BoE) continued to hold its policy rate steady at 5.25% in January and, similar to the US Fed, wants to see more evidence of cooling wage pressures. That may make the BOE relatively slower to cutting rates with Chief Economist, Huw Pill, noting that any cuts are "still some way off". Meanwhile, headline inflation unexpectedly reaccelerated over December and printed at 4.0% year-over-year.

Visit [BlackRock.com.au](https://www.blackrock.com.au) for further information, including:

- Market Insights & Commentary
- Fund Performance
- Unit Prices

Asia

China's CSI 300 Index declined by 6.3% across January (in local currency terms), underperforming most other major markets. Although the country recorded 5.3% annualised economic growth for Q4 to beat expectations, China's economy has faltered amid an underwhelming post-Covid restart and ongoing structural economic challenges. Policy support, including that of the larger-than-expected reduction in the reserve requirement ratio, failed to lift sentiment against the backdrop of a protracted property crisis which saw the indebted property giant Evergrande liquidated.

Japanese equities, as represented by the Nikkei 225 Index, rose by 8.4% (in local currency terms) over the month, outperforming most other sharemarkets. The Bank of Japan (BoJ) left policy unchanged in January, although many market participants expect it could end its yield curve control measures and begin rate hikes in 2024. Although services inflation is accelerating, the BoJ will need to be convinced that wages growth – which was just 0.2% annualized in November – is consistent with its 2% inflation target. Moreover, Tokyo core CPI rose only 1.6% year-on-year over the month which was below economist forecasts.

Fund Performance – January 2024

The BlackRock Global Equity Signals Fund recorded a positive return of 4.40% in January (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 contributed over the month as the MSCI World ex Australia Index recorded returns of 4.52% (in unhedged AUD terms) and 1.77% (in AUD hedged terms). The Australian dollar depreciated against the US dollar over the month, which boosted the outperformance from the unhedged exposures relative to the AUD hedged exposures.

The Fund's multi-factor component was up 4.80% over the month which contributed to absolute returns and outperformed global equities on a relative basis in January. The strategy takes a stock-level approach that aims at maximising exposure to the four target factors – Quality, Size, Value and Momentum. 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, the Momentum factor was the largest contributor to performance while the Size factor underperformed its peers.

Top Holdings

Holding	Weight %
APPLE INC	4.06
MICROSOFT CORP	3.86
META PLATFORMS INC CLASS A	2.31
ALPHABET INC CLASS C	2.00
BROADCOM INC	1.82
NVIDIA CORP	1.60
AMAZON COM INC	1.59
NOVO NORDISK CLASS B	1.45
UNITEDHEALTH GROUP INC	1.23
ADOBE INC	1.23

Country Exposure

Sectors	Weight %
United States	70.13
United Kingdom	3.46
Switzerland	1.95
Sweden	0.70
Spain	0.88
Singapore	0.26
Portugal	0.04
Norway	0.16
New Zealand	0.03
Netherlands	1.70
Japan	7.33
Italy	0.59
Israel	0.11
Ireland	0.11
Hong Kong	0.71
Germany	2.37
France	2.92
Finland	0.18
Denmark	1.71
Canada	3.91
Belgium	0.17
Austria	0.04
Australia	0.54

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%
MSCI World Diversified Multiple-Factor Net TR 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 Edge MSCI World Multifactor ETF**, which employs an optimisation strategy that aims to track the performance of the MSCI World Diversified Multiple-Factor Net TR Index (Unhedged in AUD) (Factor Index).

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 four drivers of return in their international equities exposure: Quality (financially healthy firms), Value (inexpensive stocks), Size (smaller companies) and Momentum (trending 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\$)	212 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

IMPORTANT INFORMATION: Issued by BlackRock Investment Management (Australia) Limited ABN 13 006 165 975, AFSL 230 523 (**BIMAL**). This material is not a financial product recommendation or an offer or solicitation with respect to the purchase or sale of any financial product in any jurisdiction. The material provides general information only and does not take into account your individual objectives, financial situation, needs or circumstances. Before making any investment decision, you should assess whether the material is appropriate for you and obtain financial advice tailored to you having regard to your individual objectives, financial situation, needs and circumstances. BIMAL is the responsible entity and issuer of units in the Australian domiciled managed investment schemes referred to in this material. Any potential investor should consider the latest product disclosure statement, prospectus or other offer document (**Offer Documents**) before deciding whether to acquire, or continue to hold, an investment in any BlackRock fund. Offer Documents can be obtained by contacting the BIMAL Client Services Centre on 1300 366 100. In some instances Offer Documents are also available on the BIMAL website at www.blackrock.com.au. BIMAL, its officers, employees and agents believe that the information in this material and the sources on which it is based (which may be sourced from third parties) are correct as at the date of publication. While every care has been taken in the preparation of this material, no warranty of accuracy or reliability is given and no responsibility for the information is accepted by BIMAL, its officers, employees or agents. Any investment is subject to investment risk, including delays on the payment of withdrawal proceeds and the loss of income or the principal invested. While any forecasts, estimates and opinions in this material are made on a reasonable basis, actual future results and operations may differ materially from the forecasts, estimates and opinions set out in this material. No guarantee as to the repayment of capital or the performance of any product or rate of return referred to in this material is made by BIMAL or any entity in the BlackRock group of companies. No part of this material may be reproduced or distributed in any manner without the prior written permission of BIMAL. © 2024 BlackRock, Inc. All Rights reserved. BLACKROCK, BLACKROCK SOLUTIONS, iSHARES and the stylised i logo are registered and unregistered trademarks of BlackRock, Inc. or its subsidiaries in the United States and elsewhere. All other trademarks are those of their respective owners.