BLACKROCK GLOBAL IMPACT FUND (AUST)

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FUND UPDATE **31 January 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)	1.71	11.31	1.71	9.93	-	-	-6.23
MSCI All Country World Net TR Index (in AUD)	3.83	10.29	3.83	22.26	-	-	8.36
Outperformance (Net of Fees)	-2.12	1.03	-2.12	-12.33	-	-	-14.59

[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.

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

- Market Insights & Commentary
- Fund Performance
- Unit Prices

Global Impact January 2024

Performance Overview:

The BlackRock Global Impact Fund underperformed the benchmark, net of fees during the first month of the year.

Market Summary:

Global equity markets nudged higher in December with the MSCI ACWI registering a positive performance following major central bank pauses in monetary tightening.

In the US, the S&P 500 index hit its highest level in almost two years after the Federal Reserve (Fed), in its last meeting of the year, sent a signal that it would begin cutting interest rates in 2024. But the US payrolls data in November painted a picture of a labour market gradually cooling but still strong, with the unemployment rate ticking lower and wage growth still too high to be consistent with inflation falling back to the Fed's 2% policy target. In addition, though the US Consumer Price Index (CPI) for November largely matched expectations, it showed that core services inflation was proving to be sticky.

On the other hand, both the European Central Bank (ECB) and the Bank of England (BOE) signaled that interest rate cuts remained some way off. In Europe, policymakers stuck to the script of policy being set at sufficiently restrictive levels for as long as necessary. But in the UK, as inflation plummeted to a two-year low of 3.9%, markets are now expecting five BOE interest rate cuts in 2024, almost in line with expectations for the Fed.

In Japan, the Bank of Japan kept interest rates at -0.1% and left its yield curve control settings unchanged. Governor Ueda stated that 'extremely high uncertainties' for the macro environment would keep the central bank patient in its current approach to monetary policy.

All sectors had positive returns in the month with Real Estate, Industrials and Materials increasing the most. The Energy sector along with Consumer Staples and Communication Services had the lowest returns. From a regional perspective, Asia ex-Japan, the Middle East and Emerging Latin America had the highest returns.

Stocks:

From a sector perspective, stock selection Information Technology and Financials hindered active returns the most. In contrast, a combination of stock selection in, and an overweight allocation to Health Care contributed, as did our avoidance of Energy.

In terms of our Impact Themes, Efficiency, Electrification, Digitization and Green Energy detracted the most from absolute performance, while Public Health boosted returns.

On a stock level, not holding Nvidia was the top detractor, followed by overweight positions in EDP Renovaveis and Samsung SDI.

Elsewhere, overweight positions in Mercadolibre and Boston Scientific had the largest positive effect, in addition to not holding Apple during the period.

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	3.31
BANK RAKYAT INDONESIA (PERSERO)	3.04
MERCADOLIBRE INC	2.88
WISE PLC CLASS A	2.85
BOSTON SCIENTIFIC CORP	2.83
CROWN HOLDINGS INC	2.80
ASML HOLDING NV	2.75
PEARSON PLC	2.59
ICF INTERNATIONAL INC	2.48
CLEAN HARBORS INC	2.40

Country Exposure

Country	Weight %
Australia	1.07
Austria	0.00
Belgium	0.00
Canada	4.12
Denmark	0.00
Finland	0.00
France	2.34
Germany	3.93
Hong Kong	0.00
Ireland	0.00
Israel	0.00
Italy	0.00
Japan	2.47
Netherlands	4.57
New Zealand	0.00
Norway	0.00
Portugal	1.49
Singapore	0.00
Spain	0.00
Sweden	0.00
Switzerland	2.04
United Kingdom	9.71
United States	52.29
Emerging Markets	15.98

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	16 mil
Management Fee (Class D)	0.85% p.a.

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