

BLACKROCK GLOBAL MULTI-ASSET INCOME FUND (AUST)

BLACKROCK®

FUND UPDATE

31 January 2024

Investment Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	2 Yrs	3 Yrs	5 Yrs	Since Incep
Distribution (D Class) ¹ (Net of Fees)	0.25	0.84	0.25	3.49	6.74	10.44	19.46	41.10
Growth (D Class) ¹ (Net of Fees)	0.00	9.12	0.00	0.97	-9.82	-10.74	-5.25	-8.70
BlackRock Global Multi-Asset Income Fund (Aust) (D Class) ¹ (Net of Fees)	0.25	9.95	0.25	4.46	-1.55	-0.10	2.69	3.46
BlackRock Global Multi-Asset Income Fund (Aust) ² (Gross of Fees)*	0.32	10.16	0.32	5.25	-0.81	0.65	3.47	4.15

¹ Fund inception: 29/10/2015. ² Fund inception: 17/08/2015.

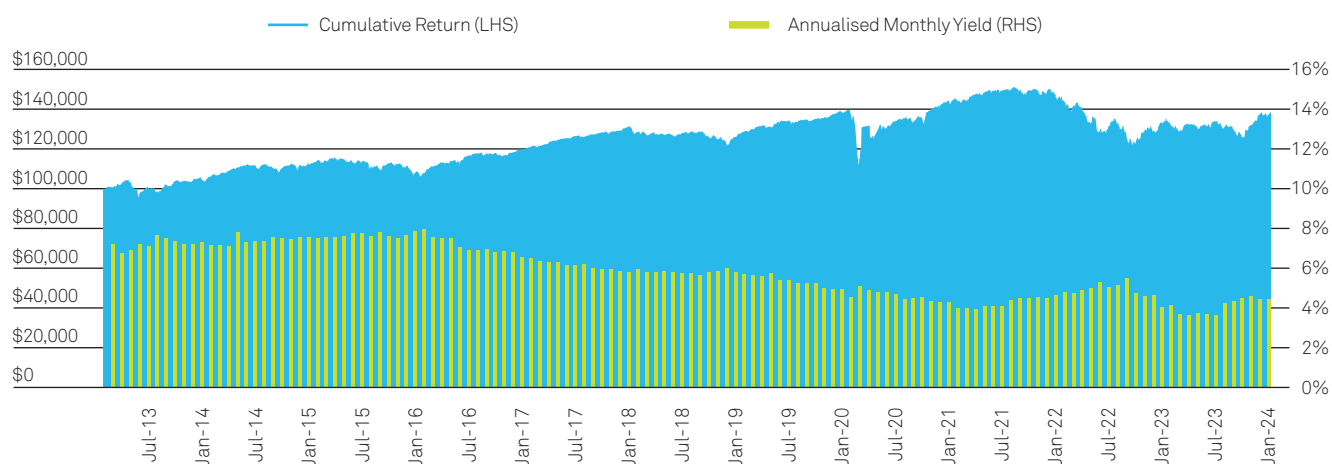
* Gross returns are calculated before fees and taxes and assume reinvestment of distributions. Gross returns are provided for products offered to wholesale clients only who may be subject to differential fees. Please refer to the Fund's product disclosure statement for more information. Net performance is calculated on exit-to-exit price basis, e.g. net of ongoing fees, performance fees and expenses.

About the Fund

The BlackRock Global Multi Asset Income Fund (Aust) follows a flexible asset allocation approach that seeks attractive income while attempting to smooth out returns and minimise loss of capital. The fund invests globally in the best income opportunities – across geographies and asset classes, whilst balancing the trade-off between yield and risk. The Fund makes use of derivatives for the purposes of efficient portfolio management including the generation of additional income for the Fund. The Fund aims to deliver consistent income in the form of monthly distributions.

The Fund may be suitable for investors who are looking to diversify their Australian sourced income. For example equity investors looking for similar yields as Australian franked equities but wanting lower risk. The Fund can be used as a standalone diversified income solution or can be blended with other sources of income to reduce risk and help maintain investor capital.

Cumulative Return and Annualised Monthly Yield



Performance is for the BGF Global Multi-Asset Income Fund – Aggregate (Aud Hedged). Past performance is not a reliable indicator of future performance. Long-term performance returns show the potential volatility of returns over time.

Portfolio Managers



Alex Shingler
Managing Director,
Portfolio Manager



Justin Christofel
Managing Director,
Portfolio Manager

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

- Market Insights & Commentary
- Fund Performance
- Unit Prices

Performance Summary

Key Contributions to Portfolio Outcome:

The year started on uneven footing, with wide divergence in performance across stocks, bonds and regions. The fund delivered a positive return.

Key contributors to portfolio income this month were covered calls, high yield, and floating rate loans. Covered calls, currency management positions, and floating rate loans were the largest contributors to total return this month offset by emerging market equities, global infrastructure, and global REITs positions which detracted from returns.

Main Portfolio Changes:

While we have not turned bearish, we took advantage of low volatility levels to modestly reduce equity risk via a put spread on the S&P 500 Index. We also capitalized on recent strong performance across U.S. credit to modestly reduce risk and opportunistically add cash to the fund.

Positioning & Outlook:

2024 began with choppy trading that saw large performance divergences across asset classes and regions in January. Investors seem to be digesting the strong finish to 2023 while analysing a pick-up in U.S. economic data and what that means for the path of interest rates. Relatively strong U.S. corporate earnings and guidance have also helped buoy stock prices, particularly in the U.S., with the S&P 500 and tech heavy NASDAQ indices reaching new all-time highs, although that optimism has not translated to areas like small-cap and emerging market stocks.

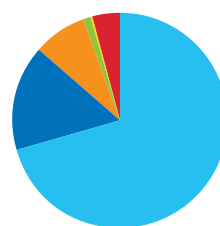
While January had its own narrative, February has also brought a slew of potentially market moving data, most notably the January CPI report. Both the headline and core (excluding more volatility food and energy prices) inflation numbers jumped more than expected. While the overall core CPI remained steady at 3.9% YoY, it was the data underneath the hood that is more important. Core services remained sticky at 0.66% MoM, led by large increases in lodging away from home, transportation services, and hospital services. Rental prices remain stubborn, with owners' equivalent rent (a measure gauging how much money a property owner would have to pay in rent to be equal to their cost of ownership) accelerating by 0.56% MoM. Elsewhere, the January payroll numbers as well as the services reading from the Institute for Supply Management (ISM) both handily beat expectations indicating we are far from the growth slowdown that would support the argument for easier interest rate policy. Ultimately, it's unlikely we see a consistent decline in overall inflation until we see rent growth come down meaningfully, in our opinion, and it's hard to imagine the Fed cutting rates with employment and economic output at these levels.

Markets seemed to have the same opinion, as U.S. interest rates rose back to recent highs. Not only did the inflation data have an impact on the timing of potential rate cuts – with the odds of a March cut virtually now at 0% – it also impacted the pace and ultimate expected terminal point. The market is now pricing in approximately 3.5 cuts in 2024 (vs expectations for 6.5 only weeks ago) while the longer-term forecast also has rates remaining higher than previously thought. While these estimates can certainly change with additional incoming data, it is clear to us the Fed still has work to do and our base case now calls for the first rate cut in June, at the earliest. While we think rates could grind higher given elevated inflation and robust economic growth, we believe we may be getting to levels where it may be attractive adding duration (interest rate exposure) in the fund after having reduced meaningfully late last year after the rally to close the year.

Our base case remains favourable for the intermediate-term outlook and we have certainly not turned bearish, we tactically reduced risk during January. We took advantage of low levels of equity volatility and attractive pricing to reduce U.S. stock exposure via a put spread (buying protection at a certain level by selling protection at a level below that). While equities can certainly grind higher from here supported by resilient growth and employment numbers, we could envision a period of digestion after the rally over the last ~three months and until we have greater clarity on whether this inflation print was a one-off or if it's the start of a more stable trend upward. Similarly, we also reduced exposure to lower quality fixed income given tighter valuations. We feel it makes sense to hold a bit more dry powder given the potential for a pick-up in volatility and potential buying opportunities that may develop.

Source: BlackRock

Regional Exposure (%)



North America	70.8
Europe	15.8
Emerging Markets	8.1
Asia Pac ex Japan	1.0
Japan	0.4
Cash and Derivatives	4.0

Contributors to Yield*

	Asset Allocation %	Yield %	Contribution to Yield %
Fixed Income	28.6		29.8
HY Bonds	22.8	7.1	25.0
Investment Grade Bonds	5.8	5.3	4.8
Government	0.0	0.0	0.0
Equity	21.1		9.0
EM Equity	4.9	3.5	2.6
Global Ex-US Developed Equities	5.9	3.2	2.9
US Equities	10.3	2.1	3.4
Non Traditional Assets ex Hedges	46.2		61.0
EM Debt	3.0	7.7	3.6
Floating Rate Loans	13.3	7.6	15.6
Mortgage-Backed Securities	4.8	7.5	5.6
Preferred Stock	6.3	7.9	7.7
Covered Call Writing	12.8	12.7	25.0
Global Infrastructure	4.0	3.3	2.0
Global REITs	2.0	5.0	1.5
Cash	3.9	0.0	0.0

Source: BlackRock. * The table shows yield from underlying investment strategy. The fund receives additional yield, via the currency hedge, approximately equal to the interest rate differential between AUD and USD.

Fund Details

BlackRock Global Multi-Asset Income Fund (Aust)	
APIR	BLK0009AU
Fund Size (A\$)	10 mil
Management Fee (Class D Units) ¹	0.75% p.a.
Buy/Sell Spread	N/A
Liquidity	Daily
Distribution Frequency	Monthly
Yield (Annualised) ²	4.00%
Standard Deviation ³	7.83%

Source: BlackRock

¹ The amount of this fee can be negotiated with certain "wholesale clients" or "sophisticated" or "professional" investors (as defined by the Corporations Act) in compliance with legal requirements and any applicable ASIC class orders. ² Yield is based on the past 12 monthly distributions divided by the most recent month-end fund NAV. ³ Standard deviation of monthly returns since inception, annualized.

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.

