

# BLACKROCK HIGH GROWTH MULTI-INDEX FUND

BLACKROCK®

## FUND UPDATE

31 January 2024

### Investment Performance (%)

	1 Mth	3 Mths	CYTD	1 Yr	3 Yrs	5 Yrs	Inc^
BlackRock High Growth Multi-Index Fund (Gross of Fees)	1.57	11.03	1.57	12.16	7.55	-	8.60
Diversified Benchmark*	1.63	10.95	1.63	12.20	7.67	-	8.66
Outperformance (Gross of Fees)	-0.06	0.08	-0.06	-0.04	-0.12	-	-0.07
BlackRock High Growth Multi-Index Fund (Net of Fees)	1.55	10.98	1.55	11.96	7.35	-	8.77
Diversified Benchmark*	1.63	10.95	1.63	12.20	7.67	-	9.09
Outperformance (Net of Fees)	-0.08	0.03	-0.08	-0.25	-0.31	-	-0.32

^ Fund inception: Inception date of gross-of-fee share class: 10/06/2020. Inception date of net-of-fee share class: 20/07/2020.

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. 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 and expenses.

\* The benchmark is a diversified allocation of the S&P/ASX 300 Total Return Index, MSCI World Custom ESG Screened Open Index (Net) (hedged and unhedged in AUD), FTSE EPRA Nareit Developed Dividend+ Net Index (unhedged in AUD), MSCI EM IMI ex TOBACCO ex CW ex NW (Net) Index (unhedged in AUD), Gold Price Index in AUD, Bloomberg Barclays MSCI Australia 100mn ESG Index (hedged in AUD), Bloomberg AusBond Infl Govt 0+ Yr Index, Bloomberg Barclays US Govt Inflation-Linked Index (hedged in AUD) and the Bloomberg AusBond Bank Bill Index<sup>SM</sup>.

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- Market Insights & Commentary
- Fund Performance
- Unit Prices

## Performance Summary

### Market Review

#### Overview

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.

#### United States

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.

#### 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 share markets. 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.

#### Australia

The S&P/ASX 300 Accumulation Index gained 1.1% in January to close the month at a record high, with Financials and Healthcare among the best performing sectors. On the data front, headline inflation for Q4 slowed to 4.1% to reach a two-year low, with softer prints observed across goods and services inflation. Australian unemployment also held steady at 3.9% as the domestic jobs market remains tight, however retail sales plunged by 2.7% in December. Australian house prices, as represented by the CoreLogic Home Value index, posted a 0.4% increase in January to start the year on a positive note.

#### Fixed Income

Fixed income markets were slightly weaker in January as investors lost faith that rate cuts by central banks would occur in the first quarter of 2024. Over the month, the US 10-year yield rose by 3 basis points, while the Australian 10-year yield increased by 6 basis points to end January at 3.9% and 4.0% respectively. The rise in rates pushed bond prices lower in certain markets, such as European government debt. The Global Aggregate index (hedged) finished the month down 0.3%, while the Australian composite bond index modestly rose 0.2% over January. Riskier parts of the fixed income market saw mixed performance – while corporate credit realised modest gains, emerging market debt indices sold-off across the period.

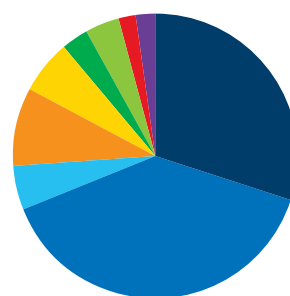
#### Commodities & FX

Commodity markets and energy prices were mixed over the month. Oil prices rose sharply by 4.7% in January as geopolitical tensions spiked in the Middle East. While Copper modestly rose 0.4%, Iron Ore fell by 5.3% having rallied strongly in late 2023 alongside Chinese economic stimulus announcements. Gold also declined 1.1% across the period. Within currencies, the US dollar appreciated 2.1% over the month against its developed market peers. The Australian dollar fell 3.6% against the US dollar over January given weakness in the Australian inflation data and changes in US policy expectations.

### Fund performance – January 2024

The BlackRock High Growth Multi-Index Fund recorded a positive return for January of +1.55% (after fees). Stock-specific and sector developments drove markets for most of the month, while economic data reaffirmed the soft-landing narrative which had fuelled the broad-based rally towards the end of 2023. Growth assets including Australian Equities and Global Equities delivered strong performance, however Emerging Market Equities detracted as Chinese markets underperformed. Global Property also declined over the month. The Fund's more defensive asset classes delivered mixed performance in January. Although Australian Fixed Income and US Inflation Bonds modestly contributed over the month, the allocation to Australian Inflation Linked Bonds detracted. The defensive allocation to Gold further added to returns across the period.

Benchmark Allocation



Asset Class	Benchmark Weight (%)	Contribution to Benchmark Return
Australian Shares	30.00	0.33
International Shares	39.00	1.31
International Property	5.00	-0.05
Emerging Market Equities	9.00	-0.10
Gold	6.00	0.15
Australia Fixed Income	3.00	0.01
Australia Inflation Linked	4.00	-0.03
Australia Investment Grade Corporate	0.00	0.00
Global Bonds	0.00	0.00
US Inflation Linked	2.00	0.00
Global High Yield Corporate	0.00	0.00
Cash	2.00	0.01

**Total Benchmark Return: 1.63%**

# About the Fund

## Investment Objective

The Fund aims to provide investors with the performance of its composite benchmark, before fees and the cost of hedging. The Fund comprises a portfolio of published indices that provide exposure to a range of domestic and global asset classes, consistent with a 'High Growth' strategic asset allocation (i.e. approximately 85% growth assets and 15% defensive assets).

## Fund Strategy

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.

## Should be considered by investors who ...

- ▶ seek a broad exposure to both domestic and global asset classes consistent with the Fund's composite benchmark.

### Fund Details

BlackRock High Growth Multi-Index Fund	
APIR	BLK1596AU
Fund Size	38 mil
Buy/Sell Spread	0.09%/0.09%
Management Fee	0.19% p.a.

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