BLACKROCK®

FUND UPDATE

BlackRock Cash Fund

APR 2024

Investment Performance ()

	Fund Inception	1 Mth	3 Mths	CYTD	1 Yr	3 Yrs	5 Yrs	Inc
BlackRock Cash Fund (Gross of Fees)	28-Aug-97	0.39	1.10	1.50	4.42	2.32	1.68	3.93
Bloomberg AusBond Bank Bill Index[SM]		0.35	1.07	1.44	4.24	2.19	1.55	3.88
Outperformance (Gross of Fees)		0.04	0.03	0.06	0.18	0.12	0.13	0.05

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.

Market Review

The Bloomberg AusBond Composite Index (the "Index") fell 1.98 in March. Semi-Governments (-2.60) was the worst performing sub-component, followed by Treasuries (-2.03), Credit (-0.91) and Supranational-Sovereigns (-0.94).

The AusBond Composite Index added A$12.76bn of new supply (issuances and taps). The largest contributors were Non-Government at A$5.60bn, followed by Semi Government at A$3.66bn. Eight new issues were added to the Composite Index amounting to A$4.60bn, which leaves A$8.16bn in taps.

Australian 2-year bond yields trended upwards 0.34 over the month to 4.10, and 10-year yields rose 0.46 to 4.42.

After surprising strength in February's data which saw the unemployment rate fall to 3.7, employment prints from March indicated that the relatively tight labour market was still on track to loosen, albeit at a slower pace. The unemployment rate climbed slightly to 3.8, below forecasts of 3.9, while net employment dropped by 6,600 against expectations of a 10,000 gain. The participation rate decreased to 66.6. While the unemployment rate is expected to rise going forward, the labour market remains relatively robust.

Australia saw a disappointing slowdown in quarterly inflation, as rent and education costs increased, dimming hopes of a cut in interest rates this year. The annual pace of CPI for Q1 2024 slowed to 3.6 from 4.1 in the previous quarter, yet came in above forecasts for an easing to 3.5. A closely watched measure of core inflation, the trimmed mean, slowed to an annual pace of 4 against expectations of 3.8. On a quarterly basis, the inflation rate was 1, compared to 0.6 previously.

Retail sales also came in much weaker than expected. A volatile series over recent months, retail sales dipped 0.4 in March, well short of the 0.2 increase expected. From a year earlier, this figure climbed just 0.8.

In the US, 2-year treasury yields rose by 0.42 to 5.04 while the 10-year yield also moved up 0.48 to 4.68.

Labour market data early in the month saw US job growth continue to accelerate, as nonfarm payrolls increased by 303,000, well above estimates of 200,000. The unemployment rate was largely unchanged, edging lower to 3.8 as expected, marking the 26th month in a row that the figure has been below 4. US CPI accelerated at a faster-than-expected pace in March, topping forecasts for a third straight month. The figure rose 0.4 for the month, putting the YoY inflation rate at 3.5, 0.3 higher than February. Core CPI also exceeded estimates, at 0.4 MoM and 3.8 YoY.

Minutes of the Fed's meeting in March showed that policymakers were worried that progress on inflation might have stalled, and that the Fed may have to keep rates higher for longer, though PPI data that followed came in softer than expected, helping to sooth inflation concerns. Economic growth was much weaker than expected to start the year, as GDP for Q1 2024 increased at a 1.6 annualized pace, well below an expected 2.4. This was the slowest pace of growth in nearly two years, and was followed by the release of Core PCE data, the Fed's preferred gauge of inflation. Inflation showed few signs of letting up, with the Core PCE index in March increasing 2.8 YoY.

The FOMC meeting saw the Fed keeping interest rates unchanged in the 5.25 to 5.50 range. A widely expected decision, this was the sixth consecutive time rates were held steady since the last hike in July 2023, with the committee noting a "lack of further progress" in getting inflation down to its 2 target. Fed Chair Powell acknowledged the hot inflation data in Q1 2024, though notably emphasized that the next policy rate move is unlikely to be a hike

The Bloomberg AusBond Composite 0+ Yr Index returned -1.98 in April for a 12 month return of -0.98.

Portfolio Commentary

The fund was long duration relative to the benchmark over the month. Over the month 30-day bank bills increased by 0.01% over the month to 4.31%, 90-day bank bills increased by 0.07% to 4.41%, and 180-day bank bills increased by 0.20% to 4.70%. The average yield on the benchmark and the fund increased in the month of April by 0.03% to 4.35% and by 0.03% to 4.50% respectively. Australia saw a disappointing slowdown in quarterly inflation, as rent and education costs increased, dimming hopes of a cut in interest rates this year. The annual pace of CPI for Q1 2024 slowed to 3.6% from 4.1% in the previous quarter yet came in above forecasts. A closely watched measure of core inflation, the trimmed mean, slowed to an annual pace of 4% against expectations of 3.8%. Meanwhile, retail sales in March came in much weaker than expected. A volatile series over recent months, retail sales dipped 0.4% in March, well short of the 0.2% increase expected. The data release also helped to dampen recent speculation that the next move in interest rates might be up.

Market and Outlook Commentary

In Australia, we expect growth to remain below trend through 2024, although we see scope for a modest pick-up in H2-2024 on improving real household disposable income which should boost consumption. Inflation will continue to ease, however, service inflation may prove to be sticky in 2024 particularly if subsidies roll off. We see the RBA as being on hold for the time being with the bar to a further increase in interest rates as being quite high. The likelihood of persistent above target inflation this year will make easing policy challenging absent a material slowing in the labour market. In the US, hopes of rate cuts this year have been given a boost, with the market pricing back in two this year starting in September.

About the Fund

Investment Objective

The Fund aims to match the performance of the Bloomberg AusBond Bank Bill Index[SM] before fees.

Fund Strategy

The strategy uses a low-risk indexing approach to invest in a diversified pool of only the most liquid short-term Australian money-market securities. The strategy's investment universe is restricted to bank and corporate securities that have a short-term credit rating of at least A1, while most of the investments are rated A1+, the highest-possible short-term rating.

The strategy takes small off-benchmark (non-bank) sector tilts restricted to only the most liquid issuers, to reduce security-specific risk and gain some returns to offset transaction costs.

Should be considered by investors who …

- Seek low risk returns with limited volatility.

Composition

	Fund	Benchmark
Duration (w. ave. days)	63.46	48.88
Cash (%)	3.13	0.00
Bank Bills (%)	0.00	100.00
Negotiable Certificates of Deposits (%)	85.70	0.00
Commercial Papers (%)	3.69	0.00
Term Deposits (%)	7.48	0.00

Fund Details

BlackRock Cash Fund	
APIR	BGL0009AU
Inception Date	28 August 1997
Fund Size	711 mil
Unit Price (NAV)	1.022815
Buy/Sell Spread	0.00 / 0.00
Tracking Error (3 Years p.a.)	0.04

STANDARD & POOR'S

AAAm

Fund Credit Rating

Analytic services provided by Standard & Poor's Ratings Services ("Ratings Services") are the result of separate activities designed to preserve the independence and objectivity of ratings opinions. Ratings are statements of opinion and not statements of fact or recommendations to purchase, hold, or sell any securities or make any other investment decisions. Standard & Poor's has established policies and procedures to maintain the confidentiality of nonpublic information received during the ratings process. In Australia, credit ratings are assigned by Standard & Poor's (Australia) Pty Limited, which does not hold an Australian financial services license under the Corporations Act 2001.