

BLACKROCK FIXED INCOME GLOBAL OPPORTUNITIES FUND (AUST)

BLACKROCK®

FUND UPDATE

31 March 2024

Investment Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	Since Incep
BlackRock Fixed Income Global Opportunities Fund (Aust) (Gross of Fees) (E Class)*	0.92	0.46	0.46	5.78	0.28	2.20	2.91
BlackRock Fixed Income Global Opportunities Fund (Aust) (Net of Fees) (D Class)^	0.86	0.28	0.28	5.05	-0.42	1.49	2.20
Bloomberg AusBond Bank Bill Index SM	0.37	1.09	1.09	4.19	2.08	1.51	1.78
Outperformance (Gross of Fees)	0.55	-0.63	-0.63	1.59	-1.79	0.69	1.13

*Fund inception: 30/08/2014. ^Fund inception: 31/10/2014. The D share class is closed to new investors. 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.

Portfolio Performance

BGF FIGO generated a positive return in March.

Our long exposure to US government bonds contributed to the performance as interest rates slightly decreased in March in response to the Fed's expressed intention to cut rates this year, despite inflation levels still being above target.

Similarly, our allocation to government bonds in Europe and to US Agency MBS contributed positively due to lower interest rates.

In addition, our exposure to high yield and investment grade credit assets – both in the US and Europe – generated a positive return as credit spreads tightened over the month, driven by central banks indicating a more dovish stance in their policy actions.

For this reason, also our allocation to equity – taken primarily via derivatives – and to securitized assets contributed positively.

Market Review

March was generally a positive month for fixed income asset classes, with spreads tightening modestly and yields marginally declining. In the US, core Consumer Price Index (CPI) edged down to 0.36% month-on-month (MoM) in February, from 0.39% in January. Meanwhile, year-on-year (YoY) core CPI edged down to 3.8% from 3.9%. In Europe, annual headline and core inflation were confirmed at the flash estimates of 2.6% and 3.1% year-on-year, respectively, while in the UK, CPI inflation rose by 3.4% YoY to February 2024, which was lower than the 4.0% YoY inflation witnessed in January. Lastly in Japan, headlines for Japan CPI in February were at or slightly below expectations for core-ex fresh foods and ex-fresh foods energy (core-core) measures at 2.8% and 3.2% YoY, respectively.

In the US, the Federal Open Market Committee (FOMC) voted to maintain rates at 5.25-5.50% and left the statement little changed. The updated median dot projections showed three rate cuts in each of 2024, 2025, and 2026. The longer-run dot edged up to 2.6%. The future projections show a committee that is willing to tolerate higher inflation and still cut rates. On the balance sheet, there was no definitive guidance, but the committee noted that a decision would be made "fairly soon" which could mean a May announcement and June implementation.

Portfolio Management Team



Rick Rieder,
Managing Director and
Portfolio Manager
34 Years Investment
Experience



Russell Brownback,
Managing Director and
Portfolio Manager
32 Years Investment
Experience



Aidan Doyle,
Managing Director and
Portfolio Manager
11 years of investment
experience

At A Glance

Investment objective: The Fixed Income Global Opportunities Fund seeks to maximise total return. The Fund invests at least 70% of its total assets in fixed income transferable securities denominated in various currencies issued by governments, agencies and companies worldwide. The full spectrum of available securities, including non-investment grade, may be utilised. Currency exposure is flexibly managed.

Management Fee: 0.70% p.a. (Class D Units)

Buy/Sell Spread: N/A

Fund Inception: August 2014

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- Market Insights & Commentary
- Fund Performance
- Unit Prices

Total nonfarm payrolls showed that 275K were added in February, supported by yet another strong showing in government hiring of 52K. Even with downward revisions to prior months, the 3m and 6m averages ended at 265K and 231K respectively, well above the trend rate.

As expected, the European Central Bank (ECB) kept the deposit, refinancing operations and marginal lending facility rates at 4.0%, 4.5% and 4.75% respectively, for the fourth time in a row. Its updated inflation forecasts predict lower than previously expected headline and core inflation this year and next, with headline inflation reaching 2.0% in 2025 and core inflation reaching 2.0% in 2026. GDP growth this year is now forecast at 0.6%. The accompanying press statement noted a declining trend in inflation, which President Lagarde also highlighted during the press conference. The Bank of England also met during the month, and as expected, decided to keep the Bank Rate at 5.25%. Eight out of the nine members voted to maintain the current rate, while one member voted for a rate reduction. Lastly, after a 17 year wait the Bank of Japan decided to end its negative interest rate policy (NIRP) at the 19 March meeting, hiking to a range of 0.0 to 0.1% on its uncollateralized policy rate.

Developed market government bond yields fell modestly in March. In the US, the 2-year and 10-year treasury yields fell by 2 bps to 4.62% and 7 bps to 4.17% respectively. Meanwhile in Europe, the 2 and year German bund yields fell by 11 bps to end the month at 2.75% and 2.29% respectively. UK gilt yields fell by 18 bps and 19 bps at the 2-year and 10-year point of the curve respectively, to end the month at 4.21% and 3.91%. Both the 2-year and 10-year Japanese government bond yields were broadly unchanged despite the exit from the BoJ's NIRP.

The US investment grade corporate bond index generated 1.29% of return, while its European counterpart generated similar returns of 1.22%, both in local currency terms. The US high yield index returned 1.18%, while its European counterpart returned 0.41%. The local currency emerging market debt index delivered returns of -0.23%, in USD unhedged terms although in USD hedged terms, this was +0.28%. The hard currency emerging markets index returned 2.33%.

Portfolio Positioning

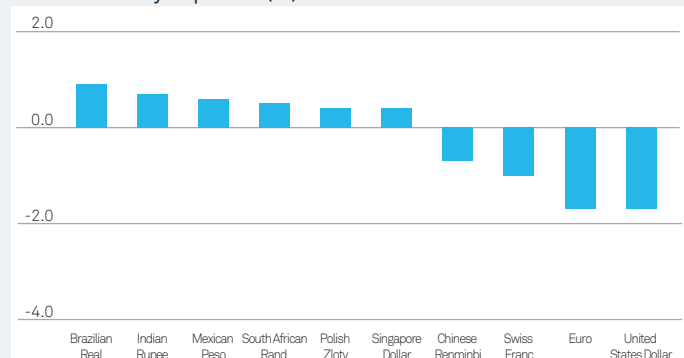
Over the month, we tactically reduced the exposure to investment grade credit assets in the US due to less attractive valuations resulting from current spread levels. Similarly, we reduced the allocation to US Agency MBS,

In addition, we cut some of the duration in the portfolio – particularly in Europe – due to persistent services inflation data observed during the month, alongside robust wage growth.

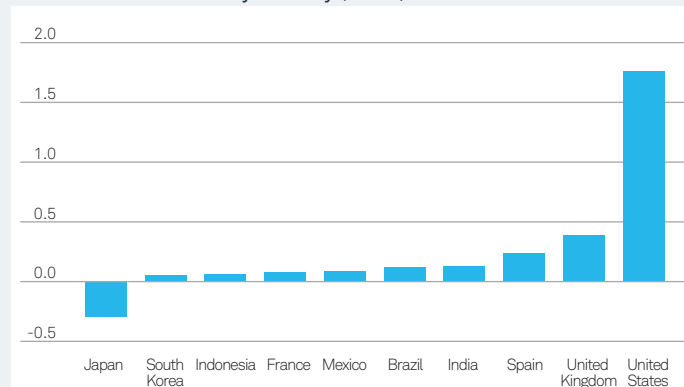
We see the macro backdrop still supportive for emerging markets assets and hence we have added exposure to a diversified set of EM countries – both in hard and local currency. Particularly, we increased exposure to Indian government bonds in local currency as we see inflation moderating in the region.

As a result of these portfolio changes, the Fund's spread duration decreased to 4.5 years, approximately 40 basis points lower compared to February levels. Similarly, the overall Fund's duration decreased by almost 25bps.

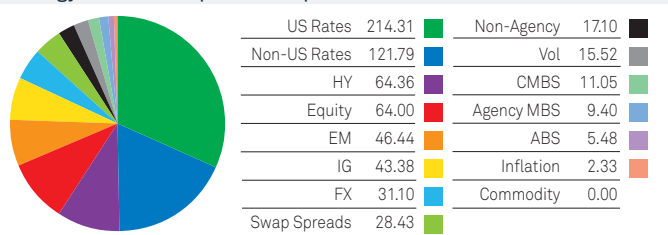
Active Currency Exposure (%)



Duration Contribution by Country (Years)

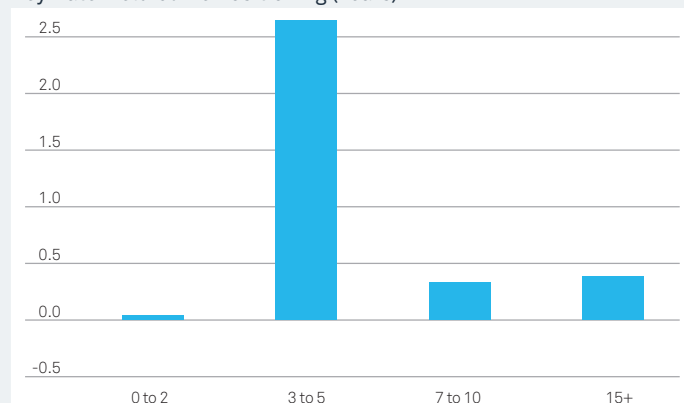


Strategy Risk Decomposition (bps)



Source: BlackRock Solutions ('BRS') & Bloomberg
Ex-ante risk based on the BRS Portfolio Risk model; Pie charts show relative standalone risks of exposures at month end.

Key Rate Yield Curve Positioning (Years)



About the Fund

The BlackRock Fixed Income Global Opportunities Fund (Aust) is a flexible, core bond alternative. It could appeal to investors looking to:

- enhance return potential from their fixed income allocation without taking on too much risk;
- diversify their bond portfolios away from traditional fixed income assets; and
- counter the risk to performance that a rising interest rate environment presents over the medium term.

The BlackRock Fixed Income Global Opportunities Fund (Aust) does not focus on just one area of global bond markets. It is a result of collaboration between portfolio managers within the BlackRock group and over 150 investment specialists globally who cover corporate, sovereign, municipal and structured bonds.

Fund Details

Blackrock Fixed Income Global Opportunities Fund (Aust)	
APIR	BLK0003AU
Buy/Sell Spread	0.00%-0.00%
Management Fee (Class D Units)*	0.70% p.a.
Strategy AUM	\$67,976m
Fund AUM	\$14 mil
Liquidity	Daily
Minimum Initial Investment (Class D Units)^	\$50,000

* The current default management fee for Class E units in the BlackRock Fixed Income Global Opportunities Fund (Aust) is 0.50% p.a. Pursuant to ASIC Class Order relief, BlackRock will individually negotiate fees with "wholesale clients" or "sophisticated" or "professional" investors (as defined in the Corporations Act).

^ The minimum initial investment for Class E Units in the BlackRock Fixed Income Global Opportunities Fund (Aust) is \$500,000.

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