

BLACKROCK GLOBAL MULTI-ASSET INCOME FUND (AUST)

BLACKROCK®

FUND UPDATE

31 March 2021

Investment Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	2 Yrs	3 Yrs	5 Yrs	Since Incep
Distribution (D Class) ¹ (Net of Fees)	0.33	1.02	1.02	4.29	3.93	4.21	4.84	5.09
Growth (D Class) ¹ (Net of Fees)	0.49	0.98	0.98	16.99	2.51	1.25	1.52	0.60
BlackRock Global Multi-Asset Income Fund (Aust) (D Class) ¹ (Net of Fees)	0.82	2.00	2.00	21.28	6.45	5.45	6.36	5.69
BlackRock Global Multi-Asset Income Fund (Aust) ² (Gross of Fees)*	0.88	2.19	2.19	22.20	7.25	6.25	7.16	6.27

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

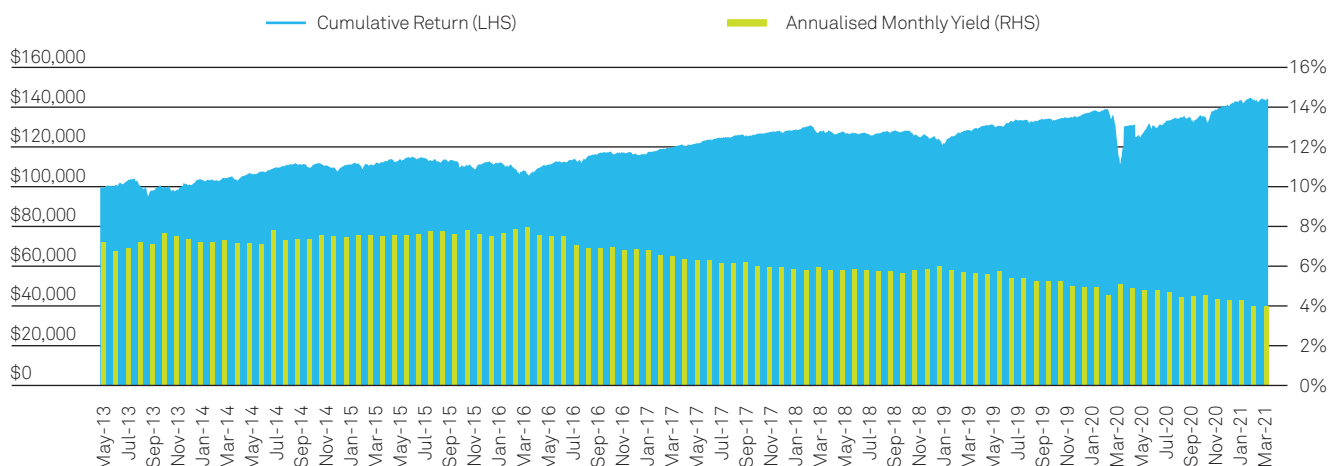
* Gross returns are calculated before fees and taxes and assume reinvestment of distributions. Gross returns are provided for products offered to wholesale clients only who may be subject to differential fees. Please refer to the Fund's product disclosure statement for more information. Net performance 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



Portfolio Managers



Michael Fredericks
Managing Director,
Portfolio Manager



Alex Shingler
Managing Director,
Portfolio Manager



Justin Christofel
Managing Director,
Portfolio Manager

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- Market Insights & Commentary
- Fund Performance
- Unit Prices

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.

Performance Summary

Key Contributions to Portfolio Outcome:

Key contributors to portfolio income this quarter included covered calls, high yield bonds, and EM debt. U.S. equity positions, covered calls, and duration management positions were the largest contributors to total return this quarter, offset by negative returns in investment grade bonds and EM debt.

Main Portfolio Changes:

Within fixed income, we continued to take profits over the quarter across lower yielding bond markets with limited upside potential, such as CLOs and preferred stocks, preferring high yield bond exposure instead.

Within equities, we maintained a higher allocation to global dividend-paying equities. These stocks offer appealing relative value and the potential for yield growth over time. Within the covered call sleeve, we increased exposure to areas that may benefit from the reopening narrative. Examples include consumer-oriented names in the restaurant, travel, and leisure sectors. In an environment where many bond sectors offer low yields and limited upside, covered calls remain an attractive way to generate income with price appreciation potential.

Lastly, we came into the most recent period of interest rate volatility with close to the lowest level of duration in the fund's history. For now, we are maintaining this position, but we continue to look for opportunities to add back duration at more attractive levels.

Positioning & Outlook:

Fiscal support, improving growth forecasts, and ongoing vaccine rollouts helped propel equities to new highs in March, capping off a strong quarter for risk assets. Notably, the equity rotation continued with value again outperforming growth. Interest rates also continued to move up, albeit at a more modest pace than in February, putting further pressure on bond prices. Regionally, emerging market stocks have taken a breather as slower vaccine rollouts, a stronger U.S. dollar, and higher yields have weighed on sentiment, while Europe has surprised to the upside.

The conversation around inflation and rates has taken the place of the virus as the primary topic on investor's minds. The unveiling of President Biden's \$2.3 trillion infrastructure package and how to pay for it has further tilted the scales. Thus, investors have been intently focused on how the Fed will react to an accelerating growth backdrop. Markets are now pricing rate hikes beginning in 2022 versus an expectation of 2023 from the Fed. Ultimately, the Fed is likely to maintain a highly accommodative stance for the foreseeable future, especially considering their new inflation framework. However, as the economy strengthens and more people are vaccinated, we expect them to broach the idea of tapering, potentially as soon as June.

Contributors to Yield*

	Asset Allocation %	Yield %	Contribution to Yield %
Fixed Income	26.0%		22.2%
HY Bonds	20.5%	4.4%	19.4%
Investment Grade Bonds	5.5%	2.4%	2.8%
Equity	20.2%	6.6%	9.6%
EM Equity	6.0%	2.5%	3.3%
Global Ex-US Equities	7.0%	3.0%	4.6%
US Equities	7.2%	1.1%	1.7%
Non Traditional Assets ex Hedges	50.6%		68.2%
EM Debt	8.7%	5.8%	11.1%
Floating Rate Loans	9.1%	2.0%	3.9%
Mortgage-Backed Securities	5.3%	3.0%	3.5%
Preferred Stock	7.3%	3.7%	5.9%
Covered Call Writing	13.6%	13.0%	38.6%
Global Infrastructure	3.4%	3.8%	2.8%
Global REITs	3.2%	3.4%	2.4%
Cash	3.3%	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.

From a growth standpoint, recent macro data has confirmed a rapid recovery is unfolding, led largely by the U.S., with expectations this gains momentum in the coming months. Inflation is also likely to firm, although we are not anticipating runaway inflation. Overall, this backdrop should remain supportive of equities and credit over government bonds and cash, and this is reflected in our positioning. That said, higher valuations, uncertainty over Fed policy, and fears of overheating are likely to lead to a more volatile environment, suggesting some caution in the near-term.

Source: BlackRock

Regional Exposure (%)



Fund Details

BlackRock Global Multi-Asset Income Fund (Aust)	
APIR	BLK0009AU
Fund Size (A\$)	50mil
Management Fee (Class D Units) ¹	0.75% p.a.
Buy/Sell Spread	N/A
Liquidity	Daily
Distribution Frequency	Monthly
Yield (Annualised) ²	4.20%
Standard Deviation ³	7.03%

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.

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