

BLACKROCK GLOBAL MULTI-ASSET INCOME FUND (AUST)

BLACKROCK®

FUND UPDATE

31 January 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)	0.35	1.11	0.35	3.48	4.00	4.20	4.95	5.12
Growth (D Class) ¹ (Net of Fees)	0.00	6.77	0.00	0.76	3.02	-0.28	1.69	0.43
BlackRock Global Multi-Asset Income Fund (Aust) (D Class) ¹ (Net of Fees)	0.35	7.89	0.35	4.24	7.03	3.93	6.64	5.55
BlackRock Global Multi-Asset Income Fund (Aust) ² (Gross of Fees)*	0.41	8.09	0.41	5.03	7.84	4.71	7.44	6.13

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

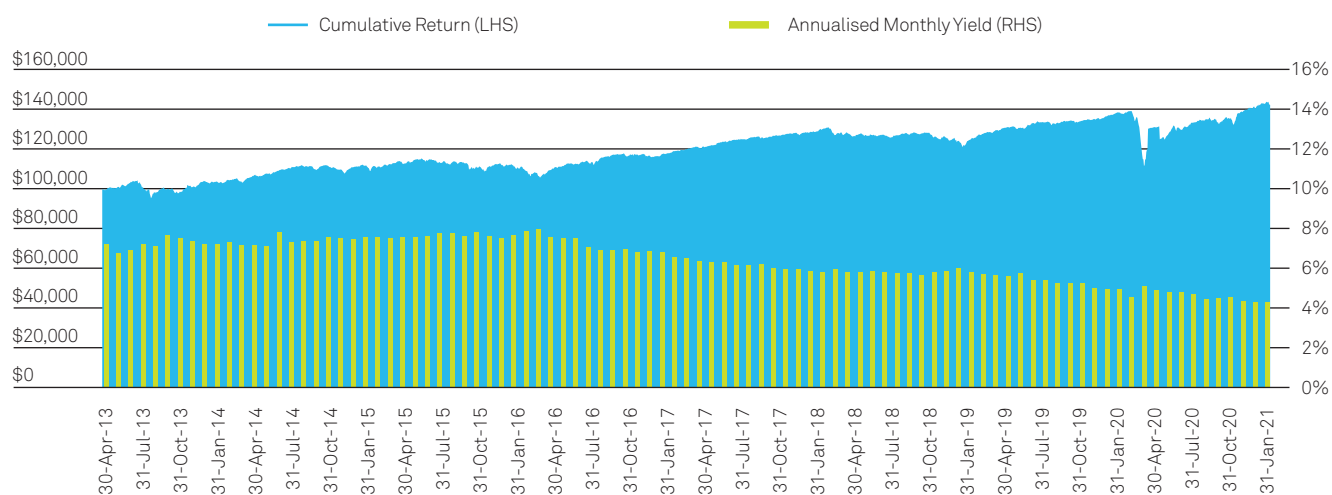
* Gross returns are calculated before fees and taxes and assume reinvestment of distributions. Gross returns are provided for products offered to wholesale clients only who may be subject to differential fees. Please refer to the Fund's product disclosure statement for more information. Net performance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



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 Summary

Key Contributions to Portfolio Outcome:

Key contributors to portfolio income this month were covered calls, high yield bonds, and EM debt.

Emerging market equities, currency management positions, and mortgages were the largest contributors to total return this month, offset by negative price returns in global ex-US developed equities, global infrastructure equities, and covered calls which detracted from performance.

Main Portfolio Changes:

We are selectively taking profits in areas with lower yields and less upside potential. We continue to see opportunities in dividend stocks, covered calls and areas of higher yielding credit fixed income and are putting cash to work. That said, the fund's positioning did not change meaningfully over the month and we maintain our moderately pro-risk stance.

Positioning:

Markets were exciting in January, as the public battle over a small set of stocks that have been popular targets of short sellers helped fuel a rise in volatility and saw the S&P 500 experience its worst decline in three months. While this makes for good headlines, we think it's a relatively isolated incident and there are more fundamental issues shaping our views.

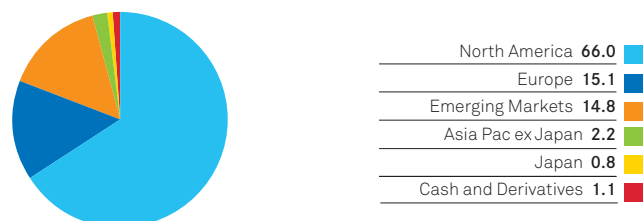
Earnings season supports the recovery narrative, with over 80% of companies reporting beating expectations. Meanwhile, the Federal Reserve used its January meeting to assure investors of their long-term plan for easy monetary policy and low rates, despite rising speculation that their bond purchase program may begin to taper and rates move off the zero bound earlier than expected. Finally, President Biden appears determined to push through a large fiscal package regardless of lackluster support from moderate Republicans.

All this is to say, our base case of lower rates for longer and a continued economic recovery aided by easy monetary and fiscal policy remains in place. The pick-up in volatility highlights the need to be measured in adding risk to portfolios, but we still feel the risk/reward of owning stocks and riskier parts of the fixed income markets is justified, albeit less so than last year given the rebound in prices.

While stock valuations certainly aren't cheap when viewed in a silo, opportunity remains for longer-term investors when comparing equities to lower yielding, conservative bonds. This "risk premium" will likely shape our positioning until a time when high quality bond yields become more attractive and/or our conviction in the recovery wanes. For now, with recent virus data improving, vaccine optimism still justified, and conviction in policy makers, we are comfortable maintaining a moderately pro-risk stance.

Source: BlackRock

Regional Exposure (%)



Fund Details

BlackRock Global Multi-Asset Income Fund (Aust)	
APIR	BLK0009AU
Fund Size (A\$)	48mil
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	7.14%

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.

Contributors to Yield*

	Asset Allocation %	Yield %	Contribution to Yield %
Fixed Income	26.3%		22.9%
HY Bonds	19.8%	4.4%	19.5%
Investment Grade Bonds	6.5%	2.3%	3.4%
Equity	19.2%	6.9%	9.9%
EM Equity	5.8%	2.6%	3.4%
Global Ex-US Equities	6.7%	3.0%	4.5%
US Equities	6.7%	1.3%	2.0%
Non Traditional Assets ex Hedges	53.5%		67.2%
EM Debt	8.6%	5.6%	10.8%
Floating Rate Loans	10.8%	1.9%	4.5%
Mortgage-Backed Securities	5.5%	3.1%	3.8%
Preferred Stock	8.2%	3.7%	6.7%
Covered Call Writing	14.3%	11.4%	36.5%
Global Infrastructure	3.1%	3.3%	2.2%
Global REITs	3.0%	4.0%	2.7%
Cash	1.1%	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.

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