

# BLACKROCK GLOBAL MULTI-ASSET INCOME FUND (AUST)

**BLACKROCK®**

FUND UPDATE

31 May 2022

## Investment Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	2 Yrs	3 Yrs	5 Yrs	Since Incep
Distribution (D Class) <sup>1</sup> (Net of Fees)	0.34	0.99	1.53	3.55	3.91	3.80	4.23	4.82
Growth (D Class) <sup>1</sup> (Net of Fees)	-1.91	-5.32	1.53	-11.14	-0.40	-1.50	-1.49	-0.99
BlackRock Global Multi-Asset Income Fund (Aust) (D Class) <sup>1</sup> (Net of Fees)	-1.56	-4.34	-9.01	-7.59	3.51	2.30	2.74	3.83
BlackRock Global Multi-Asset Income Fund (Aust) <sup>2</sup> (Gross of Fees)*	-1.50	-4.16	-8.72	-6.90	4.29	3.07	3.51	4.49

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

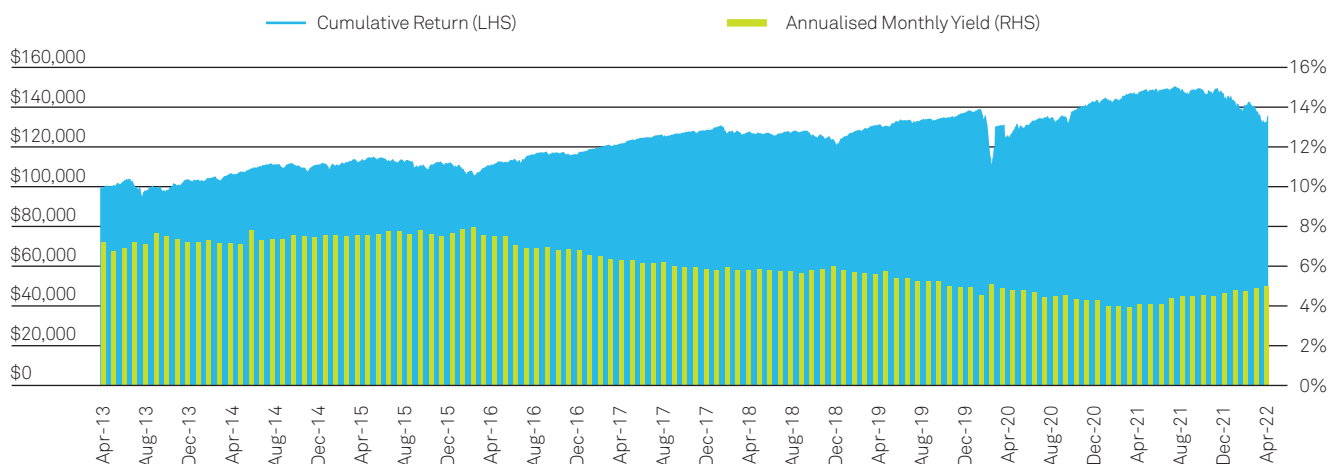
\* Gross returns are calculated before fees and taxes and assume reinvestment of distributions. Gross returns are provided for products offered to wholesale clients only who may be subject to differential fees. Please refer to the Fund's product disclosure statement for more information. Net performance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

Visit [BlackRock.com.au](https://www.blackrock.com.au) for further information, including:

- 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:

A market rally late in the month aided returns, but weakness amidst elevated volatility earlier in the month weighed on performance and the fund delivered a negative return in May.

Key contributors to portfolio income this month were high yield, covered calls, and dividend equities. Global infrastructure, high yield, and investment grade were the largest contributors to total return this month, offset by CLOs, global REITs, and covered calls.

### Main Portfolio Changes:

Recognizing today's uncertain outlook includes both upside and downside scenarios, we added some optionality into the Fund to help protect on the downside (index puts) and potentially participate on the upside (index calls).

We also sought to modestly reduce our credit exposure given heightened economic uncertainty.

### Positioning & Outlook:

The S&P 500 ended its seven-week losing streak by posting its strongest week since November 2020 during the last full week of May. The prospect of a less aggressive Federal Reserve and easing COVID restrictions in China helped sentiment. Volatility remains elevated, however, and some of these positive moves have reversed in early June. While investors remain intently focused on inflation given another record CPI print in the U.S., attention has started to shift towards a growth slowdown. Financial conditions have tightened sharply, and incoming U.S. economic data has been softer than expected. For example, the Citi Economic Surprise index, a measure of incoming data versus expectations, entered negative territory last month.

We still don't know what the Fed's pain tolerance around slower growth will be, but high inflation and strong jobs data make it unlikely they'll abandon additional interest rate hikes in the coming months. As such, tightening policy into a period of slowing economic growth makes us more cautious in our outlook. This is increasingly a global story as well, with the European Central Bank confirming intentions for multiple interest rate hikes over the coming months amidst a worsening growth outlook.

That said, we don't believe we are heading into a broad-based recession in the U.S. Rather, it seems likely certain parts of the economy may see different paths of growth. In particular, the goods part of the economy may slow given higher prices and a rotation back into services as spending habits normalize. Importantly, services represent the bulk of the economy in the U.S. and may help offset weakness elsewhere. We remain cautious about a more severe slowdown outside of the U.S. and our positioning continues to reflect that.

### Contributors to Yield\*

	Asset Allocation %	Yield %	Contribution to Yield %
<b>Fixed Income</b>	<b>33.1</b>		<b>35.0</b>
HY Bonds	28.1	6.5	31.4
Investment Grade Bonds	5.0	4.2	3.6
<b>Equity</b>	<b>17.1</b>		<b>8.6</b>
EM Equity	5.2	3.6	3.3
Global Ex-US Equities	6.7	3.2	3.6
US Equities	5.2	1.9	1.7
<b>Non Traditional Assets ex Hedges</b>	<b>45.6</b>		<b>56.4</b>
EM Debt	4.2	9.0	6.6
Floating Rate Loans	11.3	4.2	8.1
Mortgage-Backed Securities	4.1	4.9	3.4
Preferred Stock	7.5	6.4	8.3
Covered Call Writing	11.1	13.8	26.4
Global Infrastructure	4.0	2.5	1.7
Global REITs	3.4	3.3	1.9
<b>Cash</b>	<b>4.2</b>	<b>0.0</b>	<b>0.0</b>

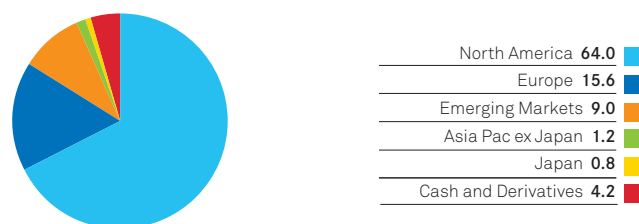
Source: BlackRock. \* The table shows yield from underlying investment strategy. The fund receives additional yield, via the currency hedge, approximately equal to the interest rate differential between AUD and USD.

These crosscurrents make the path forward highly uncertain. Equities have adjusted lower, but stocks are still historically expensive by most measures. The move lower in stocks has come almost entirely from prices re-rating as earnings have proven resilient so far. However, earnings estimates have room to fall should growth slow more than expected. This makes us marginally more cautious on our overall equity exposure, although we still see value in certain areas like higher quality dividend paying stocks. More broadly, recognizing the outlook from here includes both plausible upside and downside scenarios, we have added some optionality into the portfolio to help protect on the downside and potentially participate on the upside. We believe credit spreads appear reasonable but have modestly reduced credit exposure consistent with a more cautious outlook.

Source: BlackRock

Source: BlackRock

### Regional Exposure (%)



### Fund Details

BlackRock Global Multi-Asset Income Fund (Aust)	
APIR	BLK0009AU
Fund Size (A\$)	54mil
Management Fee (Class D Units) <sup>1</sup>	0.75% p.a.
Buy/Sell Spread	N/A
Liquidity	Daily
Distribution Frequency	Monthly
Yield (Annualised) <sup>2</sup>	5.00%
Standard Deviation <sup>3</sup>	6.91%

Source: BlackRock

<sup>1</sup> 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. <sup>2</sup> Yield is based on the past 12 monthly distributions divided by the most recent month-end fund NAV. <sup>3</sup> Standard deviation of monthly returns since inception, annualized.

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