

BLACKROCK GLOBAL MULTI-ASSET INCOME FUND (AUST)

BLACKROCK®

FUND UPDATE

30 June 2022

Investment Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	2 Yrs	3 Yrs	5 Yrs	Since Incep
Distribution (D Class) ¹ (Net of Fees)	0.36	0.96	1.76	3.38	3.90	3.70	4.16	4.78
Growth (D Class) ¹ (Net of Fees)	-6.05	-11.32	-15.95	-16.67	-3.77	-4.08	-2.77	-1.90
BlackRock Global Multi-Asset Income Fund (Aust) (D Class) ¹ (Net of Fees)	-5.69	-10.36	-14.19	-13.29	0.13	-0.38	1.39	2.88
BlackRock Global Multi-Asset Income Fund (Aust) ² (Gross of Fees)*	-5.64	-10.19	-13.86	-12.64	0.89	0.37	2.16	3.56

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

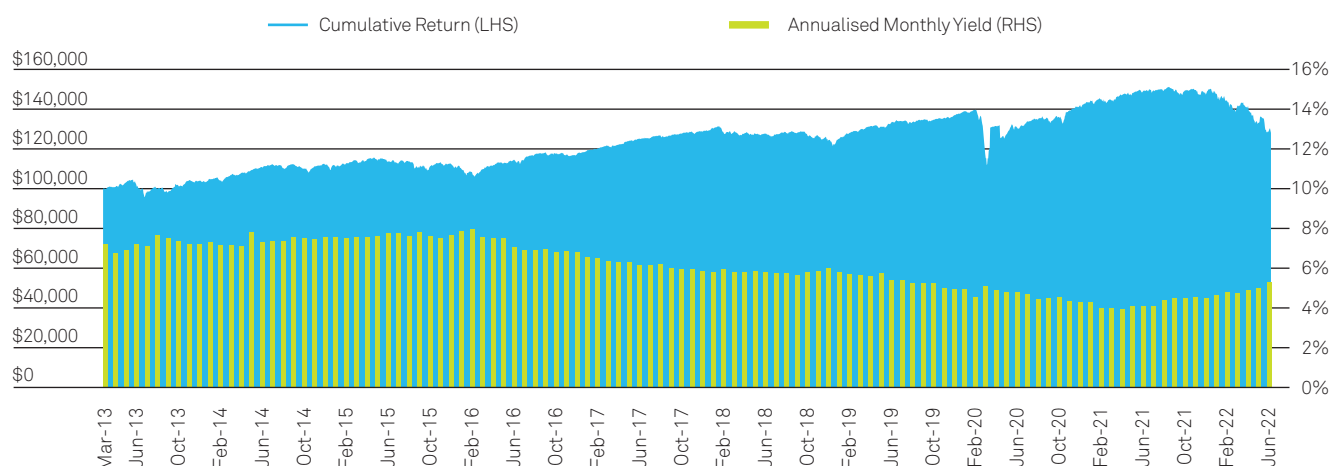
* Gross returns are calculated before fees and taxes and assume reinvestment of distributions. Gross returns are provided for products offered to wholesale clients only who may be subject to differential fees. Please refer to the Fund's product disclosure statement for more information. Net performance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

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:

Key contributors to portfolio income this quarter were high yield, covered calls, and dividend equities. High yield, covered calls, and preferred stock were the largest detractors from total return this quarter, offset by currency management positions.

Main Portfolio Changes:

We reduced risk at various points over the quarter as soaring inflation, slowing growth, and tighter central bank policy weighed on investor sentiment leading to one of the most volatile quarters on record.

Within equities this quarter, we moved away from European and EM equities in favor of the U.S given the ongoing concerns surrounding Russia/Ukraine and slowing growth in China.

Within fixed income this quarter, we reduced exposure to Asian credit as the asset class remained under pressure from the slowdown in China. We also sought to modestly reduce our overall credit exposure given heightened economic uncertainty.

Additionally, 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 have increased cash in the fund, seeking to take advantage of some of these dislocations as things develop.

Lastly, we tactically added duration (interest rate sensitivity) at different points during the quarter to capitalize on the spike in interest rates.

Positioning & Outlook:

June capped off one of the most volatile quarters in recent memory, with both stocks and bonds experiencing wide price swings over the period. The optimism that had built in May that central banks may need to be less aggressive in their tightening policies was short lived as the U.S. Federal Reserve indicated at its June meeting it would be more aggressive in its efforts to get inflation under control.

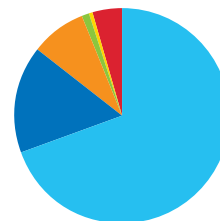
Tightening financial conditions into slowing growth and the potential for derailing the global start has become the main concern for investors, taking the place from rising rates and surging inflation. The gap for the Fed to navigate a soft landing seems to be getting smaller by the day, as inflation is likely to remain elevated in the near-term and July's U.S. jobs report – which showed the labor market is slowing but maintains strong momentum – was likely enough to keep the Fed on track.

We will be closely watching Q2 earnings season. Much is known of the weakening economic data and consumer sentiment, but earnings estimates are still too high, in our opinion. Earnings will be key for indication of a broader slowdown led by a fall in consumption and building inventories or if weakness may be limited to a smaller footprint of sectors and companies.

Longer-term opportunities are developing given the weakness to start the year which has seen equities re-rate significantly and bond yields rise to levels not seen in years. However, more downside is possible should we experience a more meaningful growth slowdown. This fat left-tail risk makes tactical opportunities more difficult to judge. For now, we'll be closely watching incoming economic data, central banks, inflation, and both corporate and consumer sentiment for signals it may be time to add back some risk, or if there may be more attractive entry points should growth concerns increase.

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	5.30%
Standard Deviation ³	7.25%

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	33.1		35.0
HY Bonds	28.0	7.8	31.4
Investment Grade Bonds	5.1	4.9	3.6
Equity	15.3		6.7
EM Equity	4.8	3.5	2.4
Global Ex-US Equities	6.1	3.3	2.9
US Equities	4.4	2.3	1.4
Non Traditional Assets ex Hedges	47.5		58.3
EM Debt	3.1	10.7	4.7
Floating Rate Loans	12.2	5.3	9.2
Mortgage-Backed Securities	4.4	5.5	3.4
Preferred Stock	7.6	7.8	8.5
Covered Call Writing	12.8	16.0	29.2
Global Infrastructure	4.2	2.6	1.6
Global REITs	3.2	3.7	1.7
Cash	4.2	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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