

BLACKROCK GLOBAL MULTI-ASSET INCOME FUND (AUST)

BLACKROCK®

FUND UPDATE

31 August 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) | 0.35 | 0.73 | 2.14 | 3.22 | 3.75 | 3.62 | 4.07 | 4.73 |
| Growth (D Class) ¹ (Net of Fees) | -1.88 | -4.10 | -14.21 | -15.35 | -4.46 | -3.42 | -2.41 | -1.56 |
| BlackRock Global Multi-Asset Income Fund (Aust) (D Class) ¹ (Net of Fees) | -1.53 | -3.37 | -12.07 | -12.13 | -70.97 | 0.20 | 1.67 | 3.17 |
| BlackRock Global Multi-Asset Income Fund (Aust) ² (Gross of Fees)* | -1.47 | -3.19 | -11.63 | -11.47 | 0.04 | 0.95 | 2.44 | 3.85 |

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

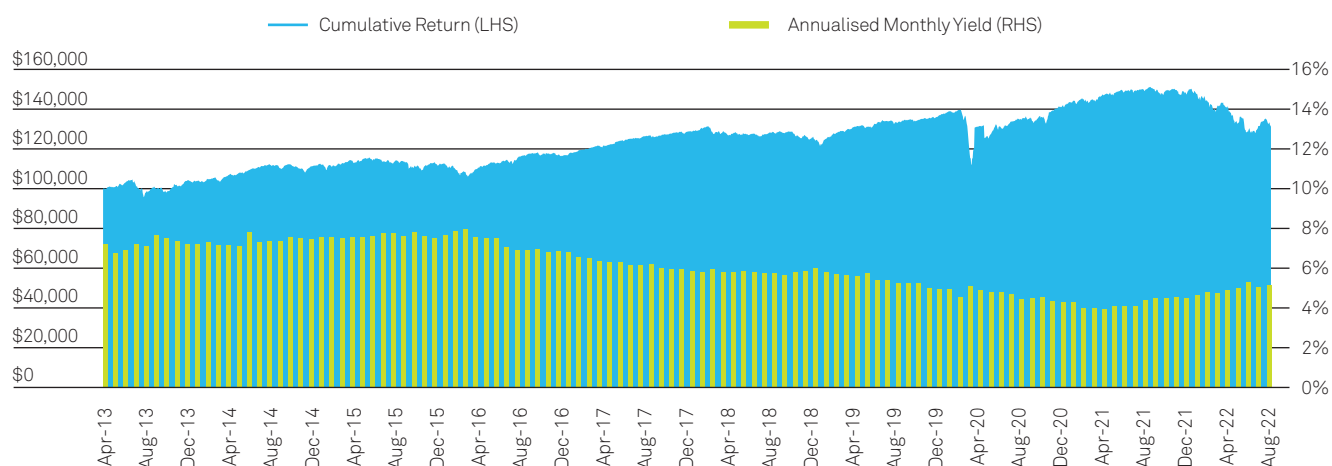
* Gross returns are calculated before fees and taxes and assume reinvestment of distributions. Gross returns are provided for products offered to wholesale clients only who may be subject to differential fees. Please refer to the Fund's product disclosure statement for more information. Net performance 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 month were covered calls, high yield, and CLOs. Currency management positions, CLOs, and emerging market equities were the largest contributors to total return this month offset by high yield bonds, global ex-US developed market equities, and covered calls.

Main Portfolio Changes:

We expect markets to remain volatile in the near-term and additional downside is possible given the uncertainty over growth and inflation. That said, we continue to believe many areas of fixed income offer investors attractive yields and longer-term opportunities, but we took advantage of the market rally to modestly reduce risk and capture profits in high yield bonds, after increasing exposure in July.

Positioning & Outlook:

After a strong run from June's lows, risk assets faltered during in August over hawkish central bank remarks alongside ongoing inflation and growth concerns in the second half of the month. Global equities had rallied nearly 15% in just two months before stumbling in the last two weeks of the month. Global bonds also suffered negative returns amidst rising rates. The main catalyst came from Fed Chair Jerome Powell at the Jackson Hole conference. He stated rather emphatically that the Fed's overarching focus is bringing down inflation to their 2% target with a willingness to accept economic pain to do so. He also cautioned against loosening policy too soon, pushing back on the idea of rate cuts starting in the back half of 2023. Previously, optimism was building for a dovish Fed pivot given peak inflation is likely behind us, but this was premature in our view. The market is now expecting a Fed Funds Rate of 3.50 – 3.75% by the end of the year, meaningfully higher than today and at levels that market participants would consider restrictive.

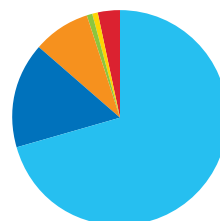
The risk of the Fed overdoing tightening and a hard landing has grown. We expect them to continue with rate hikes for the remainder of the year before pausing to take stock of the economy as monetary policy works on a lag. In the meantime, we think the uncertainty over the path of growth and inflation will keep volatility extremely elevated, and we have taken a more cautious stance in the near-term as a result. That said, we think the deep recession fears in the U.S. are overblown as many areas of the economy, like services, have remained resilient. Another strong jobs report released in early September also shows activity remains robust, albeit on a slowing trend. Outside of the U.S., European inflation continued to hit new highs from soaring energy prices leading to more aggressive rate hike expectations for the region. We now believe a recession in Europe looks increasingly unavoidable. Similarly, emerging markets look vulnerable to a China slowdown, a

stronger dollar, and softening global growth. We remain cautious on exposures here as a result and our positioning continues to reflect a bias towards the U.S.

In advance of the Fed meeting, we took down portfolio risk given the sharp rally in markets and our concern investors had become complacent on the path of monetary policy tightening. We also added to covered calls amidst an attractive volatility backdrop for covered call writing. We also cut exposure to high yield bonds mid-month to capture profits after witnessing strong performance across credit assets. While we have become more cautious in the near-term, we continue to believe the fund's wide opportunity set presents attractive opportunities for longer-term investors. Relative to the start of the year, higher income and upside potential are available in many of the markets in which the fund invests, but investors will need to look past the immediate horizon to realize such opportunities.

Source: BlackRock

Regional Exposure (%)



Fund Details

| BlackRock Global Multi-Asset Income Fund (Aust) | |
|---|------------|
| APIR | BLK0009AU |
| Fund Size (A\$) | 43mil |
| Management Fee (Class D Units) ¹ | 0.75% p.a. |
| Buy/Sell Spread | N/A |
| Liquidity | Daily |
| Distribution Frequency | Monthly |
| Yield (Annualised) ² | 4.80% |
| Standard Deviation ³ | 7.34% |

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 | 33.9 | | 34.1 |
| HY Bonds | 28.5 | 7.3 | 30.2 |
| Investment Grade Bonds | 5.4 | 5.0 | 3.9 |
| Equity | 15.4 | | 6.5 |
| EM Equity | 5.0 | 3.4 | 2.5 |
| Global Ex-US Equities | 6.1 | 3.1 | 2.8 |
| US Equities | 4.3 | 2.1 | 1.3 |
| Non Traditional Assets ex Hedges | 47.5 | | 59.4 |
| EM Debt | 3.1 | 9.8 | 4.4 |
| Floating Rate Loans | 12.3 | 5.9 | 10.6 |
| Mortgage-Backed Securities | 4.2 | 6.0 | 3.6 |
| Preferred Stock | 7.7 | 7.9 | 8.9 |
| Covered Call Writing | 12.9 | 15.2 | 28.6 |
| Global Infrastructure | 4.2 | 2.8 | 1.7 |
| Global REITs | 3.1 | 3.5 | 1.6 |
| 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.

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