

BLACKROCK GLOBAL MULTI-ASSET INCOME FUND (AUST)

BLACKROCK®

FUND UPDATE

30 September 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)	0.37	0.75	2.33	3.14	3.69	3.61	4.01	4.69
Growth (D Class) ¹ (Net of Fees)	-6.22	-4.27	-19.54	-19.31	-6.91	-5.59	-3.71	-2.45
BlackRock Global Multi-Asset Income Fund (Aust) (D Class) ¹ (Net of Fees)	-5.85	-3.52	-17.21	-16.17	-3.23	-1.98	0.31	2.24
BlackRock Global Multi-Asset Income Fund (Aust) ² (Gross of Fees)*	-5.79	-3.34	-16.74	-15.54	-2.50	-1.24	1.06	2.94

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

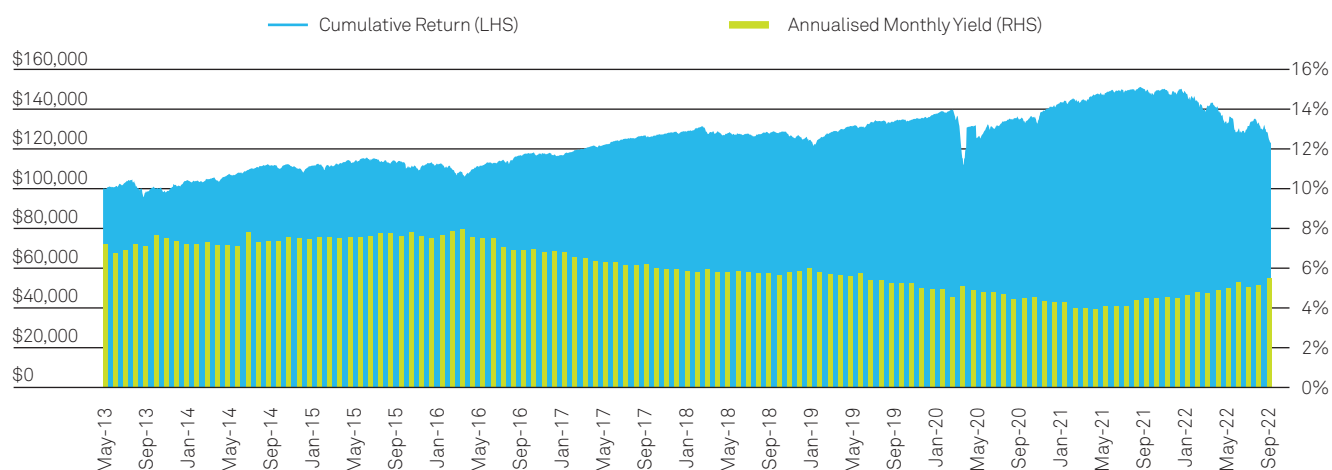
* Gross returns are calculated before fees and taxes and assume reinvestment of distributions. Gross returns are provided for products offered to wholesale clients only who may be subject to differential fees. Please refer to the Fund's product disclosure statement for more information. Net performance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

Main Portfolio Changes:

Over the quarter, we continued to take down portfolio risk. We increased the Fund's duration to add more ballast in the portfolio. We believe current treasury yields offer more portfolio protection than what was available at the start of the year. We also further reduced exposure to equities.

Within equities, we prefer holding more in the U.S. given the relatively weaker outlook for European and EM economies.

Elsewhere, we remain comfortable with our positioning in credit, although we took profits on high yield in August after a sharp rally. U.S. high yield bonds now yield nearly 10% and, while expectations have moved up modestly, defaults are expected to remain below longer-term averages.

Overall, we are choosing a more defensive positioning today. Our preference is to lean more into bonds today, but stocks have also cheapened significantly from the start of the year. This should set up a more compelling return environment over the medium-term.

Positioning & Outlook:

Increasing worries about a recession, surging yields, and higher than expected inflation weighed heavily on both risky and safe-haven assets in September, marking the end to an extremely volatile quarter for markets. Global equities have now posted three consecutive quarters of negative returns for the first time since the global financial crisis. As challenging as it's been for equities, U.S. core bonds were even more volatile with the worst September on record (going back to 1976) and the third worst month ever. The U.S. saw another high inflation print that showed strength across both goods and services. Consequently, the Federal Reserve has taken a more aggressive stance in recent months to fight inflation, hiking interest rates 75bps last month with expectations of further tightening ahead. The Fed terminal rate is now priced at well over 4% vs. 3.25% just a few months ago. This shift in peak interest rates has been a global trend. The Eurozone's headline CPI also climbed to a record 10.0% which likely means another aggressive hike by the European Central Bank. The UK's fiscal announcement was another source of volatility as it led to a spike in yields that reverberated across global markets.

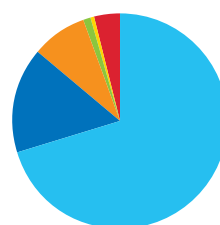
The path for a soft landing in the U.S. has narrowed. We have become more concerned about the Fed overdoing tightening and must acknowledge that the risk of a recession has grown. That said, there is still evidence of resiliency across the U.S. economy. Notably, services consumption has continued to rebound as consumers normalize their spending patterns in a post-Covid world. Relatedly, the labor market remains in healthy shape as evidenced by record low unemployment, job openings, and stronger wage gains. By comparison, we are more

concerned about the outlook for Europe and emerging markets. The Bank of England announced its willingness to purchase longer-dated gilts to address the deterioration of market functioning in the longer-end of the curve. While the statement has helped stabilize the UK market temporarily, the UK, like Europe and much of the world, faces the growing challenge of taming soaring inflation without destroying growth. The Ukraine war and destruction of the Nordstream pipelines makes the outlook for Europe particularly worrisome as energy costs soar as winter approaches.

Despite a more defensive portfolio posture today given elevated macro uncertainty, we remain more optimistic over the medium-term. Valuations have improved across the board and the aggregate opportunity set across income markets today has become increasingly attractive for investors able to look beyond the immediate horizon. Investors can now generate meaningful levels of income without necessarily stretching for it. Furthermore, sentiment across investors is very depressed. The AAI Investor Sentiment Survey, which measures individual investors' views on equity markets over the next 6-months, is at its lowest level in over 10 years. Similarly, a recent BofA fund manager survey showed allocations to stocks at record lows and cash exposure at all-time highs (from over 200 managers). All this implies that investors are not aggressively positioned, so any surprises to the upside could boost markets.

Source: BlackRock

Regional Exposure (%)



Fund Details

BlackRock Global Multi-Asset Income Fund (Aust)

APIR	BLK0009AU
Fund Size (A\$)	38mil
Management Fee (Class D Units) ¹	0.75% p.a.
Buy/Sell Spread	N/A
Liquidity	Daily
Distribution Frequency	Monthly
Yield (Annualised) ²	5.10%
Standard Deviation ³	7.66%

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	34.3		36.8
HY Bonds	29.0	8.4	32.5
Investment Grade Bonds	5.4	6.0	4.3
Equity	15.2		6.6
EM Equity	4.9	3.7	2.4
Global Ex-US Equities	6.0	3.5	2.8
US Equities	4.3	2.3	1.3
Non Traditional Assets ex Hedges	46.8		56.6
EM Debt	3.1	10.3	4.3
Floating Rate Loans	13.1	7.2	12.7
Mortgage-Backed Securities	4.3	6.6	3.7
Preferred Stock	7.8	9.5	9.9
Covered Call Writing	11.3	14.8	22.5
Global Infrastructure	4.1	2.9	1.6
Global REITs	3.1	4.5	1.9
Cash	3.7	0.3	0.1

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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