

# BLACKROCK GLOBAL MULTI-ASSET INCOME FUND (AUST)

**BLACKROCK®**

FUND UPDATE

31 October 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)	0.33	1.01	2.65	3.19	3.74	3.57	4.01	4.69
Growth (D Class) <sup>1</sup> (Net of Fees)	1.69	-6.43	-18.18	-18.18	-5.44	-5.04	-3.50	-2.19
BlackRock Global Multi-Asset Income Fund (Aust) (D Class) <sup>1</sup> (Net of Fees)	2.02	-5.41	-15.54	-14.99	-1.71	-1.47	0.51	2.50
BlackRock Global Multi-Asset Income Fund (Aust) <sup>2</sup> (Gross of Fees)*	2.08	-5.23	-15.01	-14.35	-0.97	-0.72	1.26	3.20

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

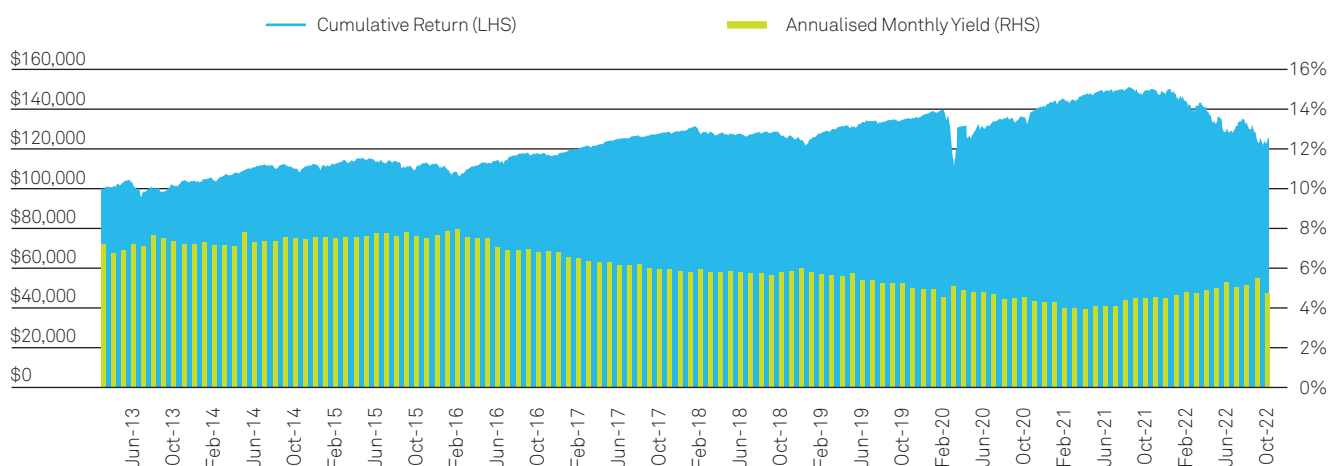
\* Gross returns are calculated before fees and taxes and assume reinvestment of distributions. Gross returns are provided for products offered to wholesale clients only who may be subject to differential fees. Please refer to the Fund's product disclosure statement for more information. Net performance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

Key contributors to portfolio income this month were high yield, covered calls, and CLOs. High yield, covered calls, and US equities were the largest contributors to total return this month offset by interest rate management positions, emerging market debt, and currency management positions.

### Main Portfolio Changes:

We expect markets to remain volatile in the near-term and maintain a more cautious stance. That said, we recognize sentiment is very poor and investor risk appetite extremely depressed. Should inflation and jobs data weaken towards the Fed's intended goals and the chances of a rate pivot increase, we could see the potential for a shorter-term relief rally.

Investors can achieve compelling income today in many bond markets by taking only modest duration and credit risk. With this in mind, we added a position in short-dated treasuries during the month. An absolute level of yield of over 4% for 2-year treasuries (vs. less than 1% at the start of the year) looks compelling in our view, especially when factoring the uncertainty still plaguing markets.

### Positioning & Outlook:

Global equities staged an impressive rebound in October after a gruelling September. Speculation that central banks are nearing a policy pivot helped spark the turnaround. All in all, developed global stocks returned over 7% on the month while interest rates continued their upward trend. An exception to the rally in stocks was technology related names which saw extreme moves from weaker earnings. Asian and broader emerging markets assets also struggled as the conclusion of China Communist Party congress resulted in more concerns around the direction of future policy in the world's second largest economy.

We are not chasing the rally in global stocks but expect to remain tactical in our positioning as short-term market swings are likely to persist. The fundamental backdrop has not materially improved over the last month, and we would chalk up much of the rebound to less aggressive investor positioning. As we've seen at different points this year, when investor positioning gets overly bearish even the slightest hint of positive news can lead to big upward moves. Until there is more evidence that inflation is slowing, growth isn't cratering, and central banks (notably the Fed) are getting closer to hitting the pause button, markets are likely to stay volatile.

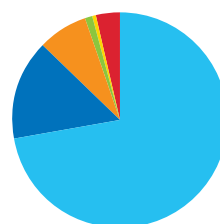
We are starting to see some evidence of inflation moderating in the U.S. as goods consumption and prices have turned lower, but this is offset by strength in services. From a growth standpoint, the resiliency of the U.S. consumer suggests if the U.S. were to enter a recession it

should be milder than seen during the financial crisis and the initial pandemic. At the start of November, the Fed hiked rates by 0.75% for a fourth consecutive time and to their highest level since 2008. While Fed Chair Powell hinted at a lower hike in the coming meeting, he countered this by emphasizing the path to a soft landing has narrowed and further tightening was still needed.

Importantly, given valuations are in a much more sustainable place, we've maintained much of our key positioning in credit, dividend stocks, and real assets. Investors should remember that valuations are an important driver of longer-term returns and getting overly defensive at this stage would be counterproductive in our view. And while we maintain our preference for fixed income over equities and believe additional downside is possible, we have modestly increased equity exposure as we could envision another equity "melt-up" like we saw in October should incrementally positive news develop.

Source: BlackRock

### Regional Exposure (%)



### Fund Details

BlackRock Global Multi-Asset Income Fund (Aust)	
APIR	BLK0009AU
Fund Size (A\$)	39mil
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>	7.65%

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.

### Contributors to Yield\*

	Asset Allocation %	Yield %	Contribution to Yield %
<b>Fixed Income</b>	<b>36.3</b>		<b>38.9</b>
HY Bonds	29.8	7.9	32.9
Investment Grade Bonds	5.6	7.0	5.5
Government	1.0	4.1	0.6
<b>Equity</b>	<b>16.3</b>		<b>6.2</b>
EM Equity	4.2	3.4	2.0
Global Ex-US Equities	5.1	3.2	2.2
US Equities	7.1	2.0	2.0
<b>Non Traditional Assets ex Hedges</b>	<b>43.8</b>		<b>55.0</b>
EM Debt	3.0	10.6	4.5
Floating Rate Loans	13.0	8.1	14.7
Mortgage-Backed Securities	4.1	7.4	4.2
Preferred Stock	8.0	9.5	10.6
Covered Call Writing	8.5	14.6	17.3
Global Infrastructure	4.1	2.9	1.7
Global REITs	3.1	4.5	2.0
<b>Cash</b>	<b>3.5</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.

**IMPORTANT INFORMATION:** Issued by BlackRock Investment Management (Australia) Limited ABN 13 006 165 975, AFSL 230 523 (**BIMAL**). This material is not a financial product recommendation or an offer or solicitation with respect to the purchase or sale of any financial product in any jurisdiction. The material provides general information only and does not take into account your individual objectives, financial situation, needs or circumstances. Before making any investment decision, you should assess whether the material is appropriate for you and obtain financial advice tailored to you having regard to your individual objectives, financial situation, needs and circumstances. BIMAL is the responsible entity and issuer of units in the Australian domiciled managed investment schemes referred to in this material. Any potential investor should consider the latest product disclosure statement, prospectus or other offer document (**Offer Documents**) before deciding whether to acquire, or continue to hold, an investment in any BlackRock fund. Offer Documents can be obtained by contacting the BIMAL Client Services Centre on 1300 366 100. In some instances Offer Documents are also available on the BIMAL website at [www.blackrock.com.au](http://www.blackrock.com.au). BIMAL, its officers, employees and agents believe that the information in this material and the sources on which it is based (which may be sourced from third parties) are correct as at the date of publication. While every care has been taken in the preparation of this material, no warranty of accuracy or reliability is given and no responsibility for the information is accepted by BIMAL, its officers, employees or agents. Any investment is subject to investment risk, including delays on the payment of withdrawal proceeds and the loss of income or the principal invested. While any forecasts, estimates and opinions in this material are made on a reasonable basis, actual future results and operations may differ materially from the forecasts, estimates and opinions set out in this material. No guarantee as to the repayment of capital or the performance of any product or rate of return referred to in this material is made by BIMAL or any entity in the BlackRock group of companies. No part of this material may be reproduced or distributed in any manner without the prior written permission of BIMAL. © 2022 BlackRock, Inc. All Rights reserved. BLACKROCK, BLACKROCK SOLUTIONS, iSHARES and the stylised i logo are registered and unregistered trademarks of BlackRock, Inc. or its subsidiaries in the United States and elsewhere. All other trademarks are those of their respective owners.

**BLACKROCK**<sup>®</sup>