

# BLACKROCK GLOBAL MULTI-ASSET INCOME FUND (AUST)

**BLACKROCK®**

FUND UPDATE

31 May 2021

## 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	1.72	4.31	3.93	4.19	4.76	5.08
Growth (D Class) <sup>1</sup> (Net of Fees)	0.27	2.54	3.04	11.63	3.71	2.21	1.67	0.94
BlackRock Global Multi-Asset Income Fund (Aust) (D Class) <sup>1</sup> (Net of Fees)	0.61	3.55	4.76	15.94	7.64	6.39	6.43	6.02
BlackRock Global Multi-Asset Income Fund (Aust) <sup>2</sup> (Gross of Fees)*	0.67	3.74	5.09	16.82	8.45	7.19	7.23	6.60

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

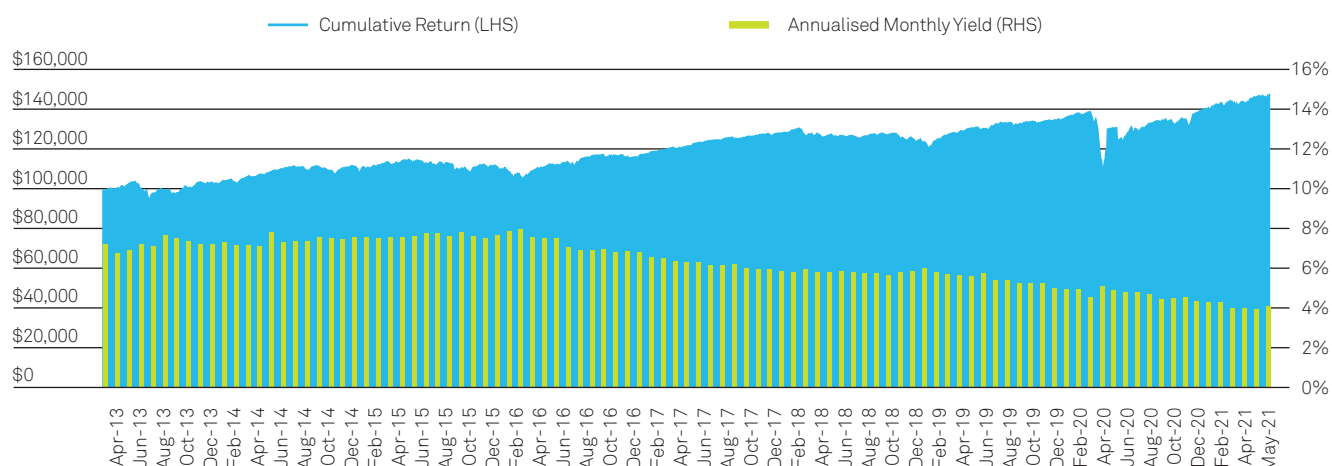
\* Gross returns are calculated before fees and taxes and assume reinvestment of distributions. Gross returns are provided for products offered to wholesale clients only who may be subject to differential fees. Please refer to the Fund's product disclosure statement for more information. Net performance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

### Main Portfolio Changes:

We maintained our positioning during the month, preferring stocks and credit over higher quality fixed income. Additionally, we modestly reduced cash in favour of high yield bonds.

### Positioning & Outlook:

On the surface, May was a relatively benign month for markets but a closer look under the hood reveals a much choppy environment. The release of April's elevated U.S. inflation print prompted fears of overheating and Fed tightening. Minutes from the most recent Fed meeting also suggested several FOMC members are now talking about tapering. Surprisingly, longer-term treasury yields were mostly unchanged. This may suggest bond markets have priced in, at least partially, higher expected inflation. Elsewhere, cyclical stocks again outperformed growth stocks while high yield bonds posted the eighth consecutive month of positive performance, underscoring our view on the space as a relatively consistent income and return driver in the current backdrop.

The strength of the reopening momentum in the U.S. coupled with supply chain bottlenecks means higher inflation may be with us for some time. Similar to April's report, the May inflation print released June 10th showed that more volatile components of inflation – like airfares and used cars – again drove the bulk of the increase. However, we also saw a second consecutive jump in more stable 'core goods' and a small bump in owner's equivalent rent, a measure of the rent homeowners would charge for their homes. Rents will likely take some time to filter through the reopening process, so we'll be watching this measure over the coming quarters to see how housing costs may impact inflation. We are also seeing signs of higher wage inflation, in part from an inability of companies to fill open jobs. We will be monitoring how this trend develops as more states pull back from additional stimulus benefits.

Longer-term, the question we're asking ourselves is not where inflation is today, but in 2+ years. Are we going to revert to pre-pandemic trend levels or are we going to enter a new regime where inflation is running higher fuelled by the tremendous amount of liquidity in the system and record debt levels? While the situation remains very fluid and the risk is to the upside, higher long-term inflation still seems unlikely. Our base case remains as growth moderates and supply chains normalize; we will likely see a world of moderate levels of inflation. Big secular forces, like ageing demographics and technology advancements, will continue to act as significant dampeners on inflation. And while we believe the Fed will continue to be patient in the face of higher near-term inflation, they have the tools to exert downward pressure longer-term if necessary.

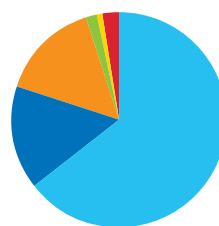
Source: BlackRock

### Contributors to Yield\*

	Asset Allocation %	Yield %	Contribution to Yield %
<b>Fixed Income</b>	<b>28.9%</b>		<b>27.4%</b>
HY Bonds	23.9%	4.4%	24.8%
Investment Grade Bonds	5.0%	2.2%	2.6%
<b>Equity</b>	<b>20.8%</b>		<b>10.5%</b>
EM Equity	6.4%	2.5%	3.8%
Global Ex-US Equities	7.3%	2.8%	4.8%
US Equities	7.1%	1.1%	1.9%
<b>Non Traditional Assets ex Hedges</b>	<b>48.2%</b>		<b>62.0%</b>
EM Debt	8.2%	5.5%	10.7%
Floating Rate Loans	8.7%	2.0%	4.1%
Mortgage-Backed Securities	4.9%	2.9%	3.3%
Preferred Stock	7.2%	3.5%	6.0%
Covered Call Writing	12.5%	11.2%	33.4%
Global Infrastructure	3.6%	2.8%	2.4%
Global REITs	3.1%	2.9%	2.1%
<b>Cash</b>	<b>2.3%</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.

### Regional Exposure (%)



### Fund Details

BlackRock Global Multi-Asset Income Fund (Aust)	
APIR	BLK0009AU
Fund Size (A\$)	52mil
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>	4.30%
Standard Deviation <sup>3</sup>	6.96%

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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