

BLACKROCK GLOBAL MULTI-ASSET INCOME FUND (AUST)

BLACKROCK®

FUND UPDATE

31 December 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)	0.32	1.00	3.23	3.23	3.62	3.57	3.98	4.68
Growth (D Class) ¹ (Net of Fees)	-1.04	3.26	-16.92	-16.92	-7.79	-4.93	-3.20	-1.93
BlackRock Global Multi-Asset Income Fund (Aust) (D Class) ¹ (Net of Fees)	-0.72	4.26	-13.68	-13.68	-4.17	-1.36	0.78	2.76
BlackRock Global Multi-Asset Income Fund (Aust) ² (Gross of Fees)*	-0.66	4.46	-13.03	-13.03	-3.45	-0.61	1.54	3.45

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

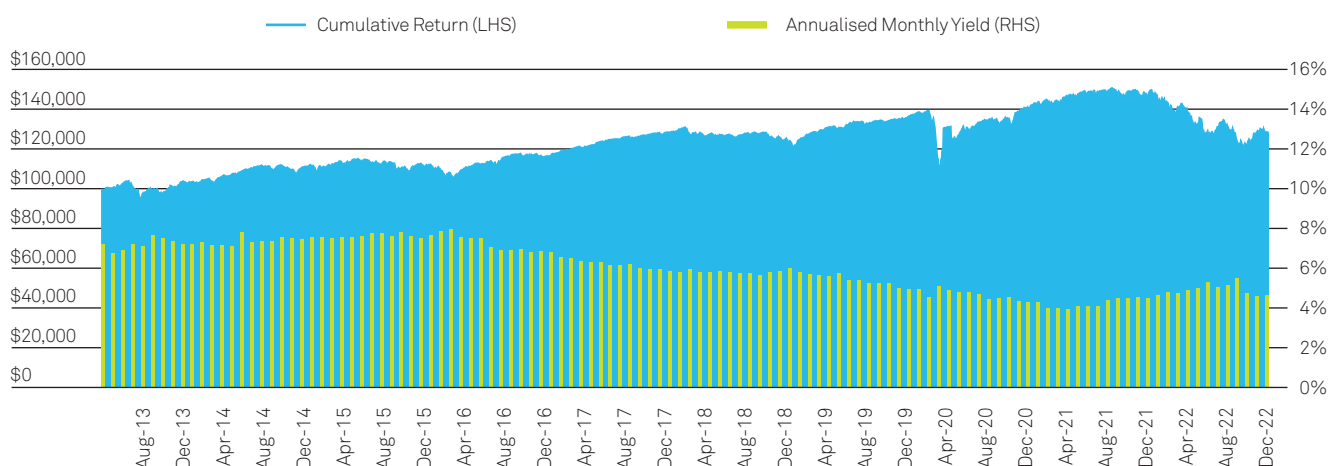
* Gross returns are calculated before fees and taxes and assume reinvestment of distributions. Gross returns are provided for products offered to wholesale clients only who may be subject to differential fees. Please refer to the Fund's product disclosure statement for more information. Net performance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

Main Portfolio Changes:

Over the quarter, we added a position in short-dated treasuries. Investors can achieve compelling income today in many bond markets by taking only modest duration and credit risk and at 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.

Earlier in the quarter, we tactically added to equities to position for a potential short-term relief rally. We also reduced real estate investment trusts (REITs) after the bounce earlier in the quarter as well as shifted some high yield bond exposure into investment grade bonds.

In December, we modestly reduced risk. The rally seen earlier in the quarter left risk positioning exposed to potential downside, in our view, and we wanted to close the year with more conservative positioning. As such, we reduced exposure to U.S. equities and covered calls.

Lastly, we tactically increased duration in December given we felt the back up in yields offered attractive diversification benefits.

Positioning & Outlook:

Strong performance in October and November was enough to offset a weaker backdrop in December and helped markets deliver broadly positive returns for the fourth quarter. However, both global stocks and bonds ended the year in negative territory for only the third time in over 30 years. Europe and the emerging markets generally fared better than the U.S. for the month, while the dollar dropped to its lowest levels since the summer.

December's weakness dampened some of the optimism that had grown earlier in the quarter as lower inflation readings had solidified the view we are past peak inflation and on the right path towards the Fed's 2% inflation target and a pause to the current aggressive hiking cycle. Indeed, the policy rate was raised by only 0.50% in December, down from the numerous 0.75% increases that have defined this cycle. However, resilient employment growth and sticky wage gains have weighed on sentiment more recently and hopes for an eventual policy rate cut in 2023 have been pushed back. And while tighter financial conditions have begun to negatively impact the economy as intended, a better-than-expected upward revision to third quarter U.S. GDP from 2.9% to 3.2% alongside resilient financial markets show we have some way to go before central bankers have met their targets, helping contribute to the weakness to close the year.

Stocks and broader risk assets have come out of the gate in positive territory to start the year. We've seen a particular bump in European and emerging markets assets. Europe is benefitting from a more moderate winter than feared amidst elevated energy prices while the relaxation

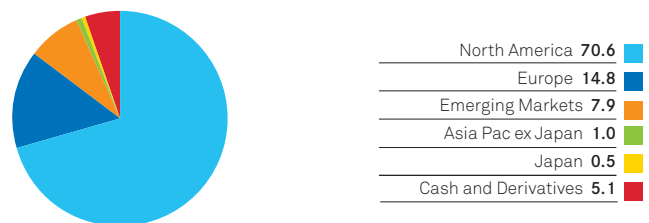
of Chinese COVID restrictions have aided the developing world. Much focus will be on corporate earnings this quarter. Expectations have been moderating lower but remain too high, in our view. Early forecasts show margins have compressed significantly as companies battle higher input costs and easing demand. We are likely to see dispersion across sectors, however, with services-oriented sectors expected to fair better than more goods-oriented sectors.

We have modestly reduced risk in the fund and maintain our relatively cautious positioning. We again added duration on the view that current levels offer more compelling diversification benefits. While the Fed is almost certain to continue raising rates, we are likely closer to the terminal point and, therefore, adding interest rate exposure may help dampen volatility should we see more meaningful pressure on stocks, which remains our base case.

The opportunity set for income remains compelling, in our view, but trying to time the best entry point will be challenging. As such, we are investing in lower risk, higher quality fixed income assets that offer attractive upside potential after last year's weakness without significantly sacrificing yield. We enter the year with a preference for longer duration investment grade bonds, the highest quality CLOs, and holding some cash to take advantage of potential tactical opportunities.

Source: BlackRock

Regional Exposure (%)



Fund Details

BlackRock Global Multi-Asset Income Fund (Aust)	
APIR	BLK0009AU
Fund Size (A\$)	37mil
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	7.63%

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	34.6		37.5
HY Bonds	23.8	8.3	28.9
Investment Grade Bonds	9.8	5.6	8.0
Government	1.0	4.2	0.6
Equity	16.5		6.6
EM Equity	4.4	3.4	2.2
Global Ex-US Equities	5.1	3.1	2.3
US Equities	6.9	2.0	2.0
Non Traditional Assets ex Hedges	44.0		55.8
EM Debt	3.2	8.9	4.1
Floating Rate Loans	13.1	7.9	15.0
Mortgage-Backed Securities	5.3	6.4	5.0
Preferred Stock	8.1	8.8	10.4
Covered Call Writing	8.2	15.3	18.2
Global Infrastructure	4.0	2.7	1.6
Global REITs	2.1	4.8	1.5
Cash	5.1	0.2	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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