

# BLACKROCK GLOBAL MULTI-ASSET INCOME FUND (AUST)

**BLACKROCK®**

FUND UPDATE

28 February 2023

## 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)	0.31	0.95	0.64	3.44	3.61	3.63	3.96	4.67
Growth (D Class) <sup>1</sup> (Net of Fees)	-2.36	0.47	1.52	-10.74	-7.32	-3.61	-2.66	-1.68
BlackRock Global Multi-Asset Income Fund (Aust) (D Class) <sup>1</sup> (Net of Fees)	-2.05	1.42	2.15	-7.30	-3.71	0.01	1.30	2.99
BlackRock Global Multi-Asset Income Fund (Aust) <sup>2</sup> (Gross of Fees)*	-1.99	1.61	2.28	-6.60	-2.98	0.77	2.06	3.68

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

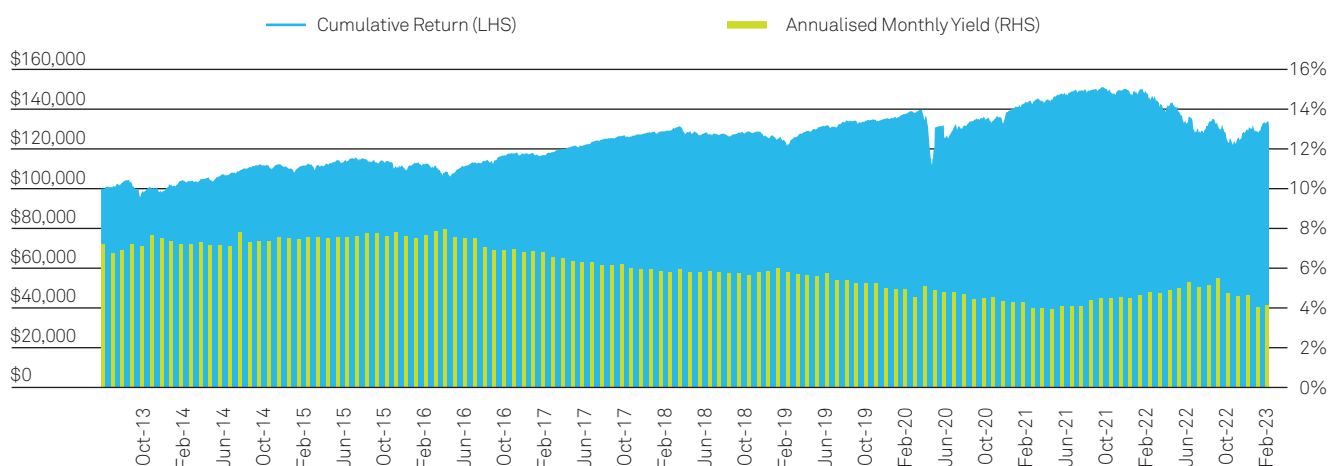
\* Gross returns are calculated before fees and taxes and assume reinvestment of distributions. Gross returns are provided for products offered to wholesale clients only who may be subject to differential fees. Please refer to the Fund's product disclosure statement for more information. Net performance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

Stocks fell and interest rates rose as higher than expected inflation and strong employment triggered concerns over further central bank tightening ahead. The fund delivered a negative return this month.

Key contributors to portfolio income this month were high yield, covered calls, and CLOs. High yield, interest rate management positions, and investment grade were the largest detractors from total return this month offset by currency management positions and CLOs which contributed to returns.

### Main Portfolio Changes:

We tactically added back duration after cutting it in January to capitalize on the spike in yields last month. We also reduced exposure to preferred stocks and high yield given less compelling valuations, choosing instead to own modestly more in covered calls, quality dividend stocks, investment grade bonds, and agency mortgages.

### Positioning & Outlook:

Markets gave back some year-to-date gains as stocks experienced their worst week of the year in February. Weakness was relatively widespread with both stocks and bonds moving lower. The Core PCE price index – the Federal Reserve’s preferred measure of inflation – came in higher than expected in January, surging 0.6% in January from 0.4% in December. Meanwhile, the U.S. Labor Department said the number of Americans filing new claims for unemployment benefits unexpectedly fell, signalling tighter labor market conditions. In Europe, inflation was also higher driving Eurozone short- and long-rates to new cycle highs and raising European Central Bank terminal rate expectations.

Volatility has continued into March. Markets looked poised to claw back some of February’s losses, until Fed Chairman Powell’s comments during his semi-annual monetary policy testimony to Congress. He remarked the Fed may need to be more aggressive in its efforts to bring down stubbornly high inflation. Rate markets reacted quickly as additional interest rate hikes were priced-in and the terminal rate moved closer to 6%.

However, the recent focus on inflation and the job market has since been overtaken by stress in banks across the U.S. with the collapse of two regional banks. While the situation remains very fluid, banking regulators have acted aggressively to contain the situation. These actions should significantly reduce and hopefully eliminate potential spill over risks to the broader economy. It is also worth noting that larger diversified banks are generally much better capitalized by law post the GFC. Interest rates have rallied significantly on the back of the banking development and the market is now pricing a much lower probability of interest rate hikes.

## Contributors to Yield\*

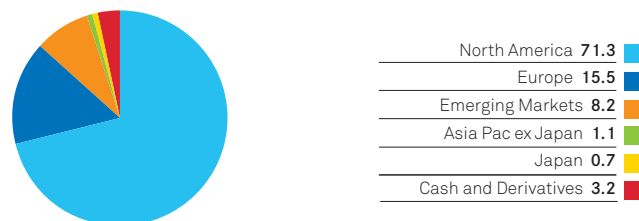
	Asset Allocation %	Yield %	Contribution to Yield %
<b>Fixed Income</b>	<b>31.2</b>		<b>33.5</b>
HY Bonds	20.4	8.3	25.5
Investment Grade Bonds	10.8	4.9	8.0
Government			
<b>Equity</b>	<b>18.5</b>		<b>7.9</b>
EM Equity	4.6	3.2	2.3
Global Ex-US Equities	6.6	3.0	3.0
US Equities	7.2	2.4	2.6
<b>Non Traditional Assets ex Hedges</b>	<b>47.1</b>		<b>58.6</b>
EM Debt	3.2	8.8	4.2
Floating Rate Loans	13.4	7.7	15.5
Mortgage-Backed Securities	6.5	5.2	5.1
Preferred Stock	6.6	8.4	8.4
Covered Call Writing	11.0	13.1	21.7
Global Infrastructure	4.2	3.1	2.0
Global REITs	2.2	4.9	1.7
<b>Cash</b>	<b>3.2</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.

As we’ve highlighted in recent months, we’ve maintained a more cautious stance of late given uncertainty over the market impact of Fed tightening and elevated inflation. While many factors can play into a situation like this, the recent stress in regional banks illustrates the impact the most aggressive central bank tightening since the 1980’s can have on pockets of the economy. Given this more cautious stance, we felt the back up in rates in February justified leaning back into rate exposure for potential downside protection. Elsewhere, we cut exposure to preferred stocks and high yield bonds as both areas look relatively less attractive, preferring to shift into covered calls, quality dividend stocks, investment grade, and agency mortgages.

Source: BlackRock

### Regional Exposure (%)



### Fund Details

BlackRock Global Multi-Asset Income Fund (Aust)	
APIR	BLK0009AU
Fund Size (A\$)	38mil
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>	4.60%
Standard Deviation <sup>3</sup>	7.74%

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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