

# BLACKROCK GLOBAL MULTI-ASSET INCOME FUND (AUST)

**BLACKROCK®**

FUND UPDATE

31 May 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)	0.29	0.91	1.55	3.47	6.52	11.13	19.17	36.58
Growth (D Class) <sup>1</sup> (Net of Fees)	-2.03	-1.13	0.37	-6.78	-17.17	-7.54	-11.57	-12.70
BlackRock Global Multi-Asset Income Fund (Aust) (D Class) <sup>1</sup> (Net of Fees)	-1.74	-0.22	1.93	-3.31	-5.48	1.18	1.48	2.86
BlackRock Global Multi-Asset Income Fund (Aust) <sup>2</sup> (Gross of Fees)*	-1.68	-0.03	2.25	-2.58	-4.76	1.95	2.24	3.56

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

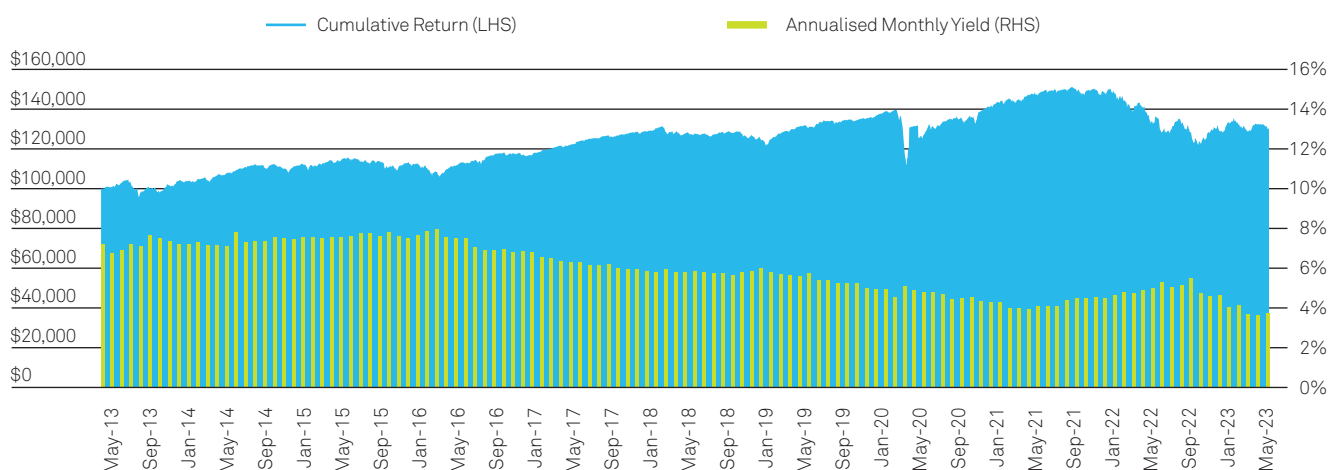
\* Gross returns are calculated before fees and taxes and assume reinvestment of distributions. Gross returns are provided for products offered to wholesale clients only who may be subject to differential fees. Please refer to the Fund's product disclosure statement for more information. Net performance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

Mega-cap tech stocks helped drive the S&P 500 moderately higher for the month. However, slowing global growth and a less dovish rate outlook weighed on markets more broadly. The fund delivered a negative return.

Key contributors to portfolio income this month were high yield, covered calls, and floating rate loans. Currency management positions, floating rate loans, and emerging market equities were the largest contributors to total return this month offset by global ex-US equities, US equity positions (including hedges), and interest rate management positions which detracted from returns.

### Main Portfolio Changes:

We maintained a relatively cautious positioning given elevated uncertainty around the push and pull of mixed growth data, sticky inflation, and tighter financial conditions. We reduced Asian fixed income as we feel the risk-adjusted opportunity set is less attractive today vs other higher yielding credit markets globally.

### Positioning & Outlook:

U.S. stocks managed to squeeze out a positive return in May driven by mega-cap tech stocks. The S&P 500's market cap weighted index was positive while an equally weighted metric saw the index in negative territory, highlighting the lack of breadth in market returns. European stocks delivered negative returns amidst recessionary data in Germany and expectations for a more aggressive ECB amidst stubbornly high inflation. Global fixed income didn't fare much better, as growth concerns weighed on riskier sectors and higher rate expectations weighed on longer duration sectors. In the U.S., markets are back to pricing in potential hikes later in the summer versus expectations for multiple cuts by year-end a few weeks ago.

Recent economic data has been mixed – with weaker activity data in the U.S. being offset by a robust job market. Manufacturing surveys have been markedly weaker in recent weeks alongside anecdotes from big-box retail stores around changing spending habits due to increasing strain on consumers from higher inflation. Meanwhile, April's U.S. employment report showed job quits declined again with unit labor costs continuing to moderate, yet job openings were up in April, ending a 3-month stretch of declines.

Elsewhere, markets passed a major hurdle with the resolution of the U.S. debt ceiling. However, we maintain a preference for more modest risk levels amidst elevated uncertainty. Recent strong jobs data may push back the timing of a potential U.S. recession, but tighter financial conditions from bank failures and higher interest rates will likely continue to weigh on corporate profits and the consumer. During the month, we reduced Asian fixed income on less attractive opportunities, relative to U.S. high yield bonds when adjusting for risk. We used the reduction to hold modestly higher levels of cash.

### Contributors to Yield\*

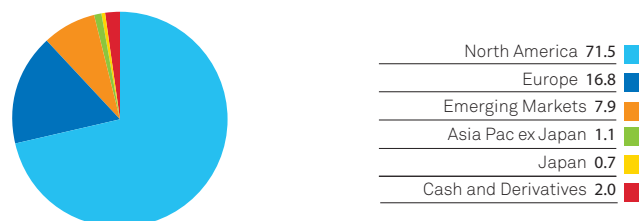
	Asset Allocation %	Yield %	Contribution to Yield %
<b>Fixed Income</b>	<b>32.8</b>		<b>34.6</b>
HY Bonds	22.5	8.4	27.2
Investment Grade Bonds	10.4	4.9	7.4
Government	0.0	0.0	0.0
<b>Equity</b>	<b>18.5</b>		<b>7.8</b>
EM Equity	5.1	3.3	2.5
Global Ex-US Equities	6.2	3.2	2.9
US Equities	7.2	2.4	2.5
<b>Non Traditional Assets ex Hedges</b>	<b>46.8</b>		<b>57.6</b>
EM Debt	2.6	7.3	2.7
Floating Rate Loans	14.4	8.4	17.5
Mortgage-Backed Securities	6.8	5.5	5.4
Preferred Stock	6.0	9.0	7.8
Covered Call Writing	10.7	13.2	20.4
Global Infrastructure	4.0	3.2	1.9
Global REITs	2.3	5.7	1.9
<b>Cash</b>	<b>1.9</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.

Regarding the narrowness of U.S. market returns, we are not chasing performance and are comfortable with our equity positioning. The excitement around AI could continue to drive certain stocks higher, yet optimism has largely been built into the prices. Should market leadership broaden out, we believe the dividend-oriented stocks could play catch up, as they've lagged significantly in 2023. On the other hand, should volatility pick-up, we believe higher quality, dividend-oriented stocks can still provide downside resilience.

Source: BlackRock

### Regional Exposure (%)



### Fund Details

BlackRock Global Multi-Asset Income Fund (Aust)	
APIR	BLK0009AU
Fund Size (A\$)	27mil
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>	4.40%
Standard Deviation <sup>3</sup>	7.66%

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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