

BLACKROCK GLOBAL MULTI-ASSET INCOME FUND (AUST)

BLACKROCK®

FUND UPDATE

31 July 2021

Investment Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	2 Yrs	3 Yrs	5 Yrs	Since Incep
Distribution (D Class) ¹ (Net of Fees)	0.31	0.97	2.39	4.41	3.84	4.13	4.66	5.04
Growth (D Class) ¹ (Net of Fees)	0.00	0.46	3.24	8.22	2.81	2.13	1.42	0.95
BlackRock Global Multi-Asset Income Fund (Aust) (D Class) ¹ (Net of Fees)	0.32	1.43	5.63	12.63	6.65	6.26	6.08	5.99
BlackRock Global Multi-Asset Income Fund (Aust) ² (Gross of Fees)*	0.38	1.62	6.09	13.47	7.45	7.06	6.88	6.58

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

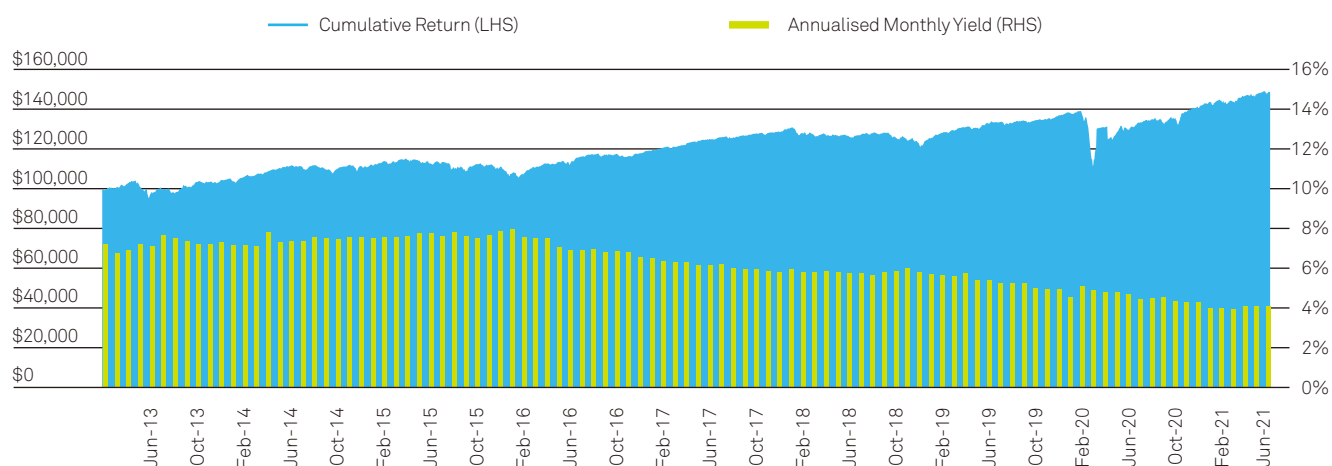
* Gross returns are calculated before fees and taxes and assume reinvestment of distributions. Gross returns are provided for products offered to wholesale clients only who may be subject to differential fees. Please refer to the Fund's product disclosure statement for more information. Net performance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



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.

Portfolio Managers



Michael Fredericks
Managing Director,
Portfolio Manager



Alex Shingler
Managing Director,
Portfolio Manager



Justin Christofel
Managing Director,
Portfolio Manager

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- Market Insights & Commentary
- Fund Performance
- Unit Prices

Performance Summary

Key Contributions to Portfolio Outcome:

Key contributors to portfolio income this month were covered calls, high yield bonds, and EM Debt. Covered calls, U.S. equity positions, and global ex-U.S. developed market equities were the largest contributors to returns this month, offset by allocations to emerging market equity and debt, and duration management positions.

Main Portfolio Changes:

We broadly maintained our positioning during the month, preferring stocks and credit over higher quality fixed income. That said, we rotated away from emerging market stocks during the month in favor of the U.S. given growing concerns around the Delta variant and a regulatory crackdown in China.

Positioning & Outlook:

Markets started the second half of 2021 on mixed footing. U.S. and European equities posted relatively strong results in July as robust earnings and reopening momentum pushed stocks up. Likewise, U.S. high yield posted its tenth consecutive month of positive returns. In contrast, emerging market assets saw much weaker returns as growing concerns over the Delta variant and a regulatory crackdown in China weighed on investor sentiment.

Treasury yields continued to confound investors by falling once again despite higher inflationary pressures. We would attribute the drop in yields to a confluence of factors including excessive liquidity in the system, fears over peak growth levels, and ongoing virus uncertainty. Our base case still calls for longer-term yields to move up in the second half of the year.

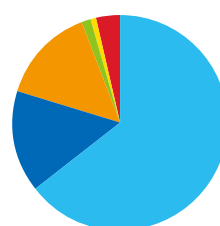
In terms of the virus, cases in the U.K. have started to decelerate after spiking in early July whereas the U.S. and parts of Europe and Asia are now seeing a rise in new cases from the Delta variant. We believe the U.K., where hospitalizations and deaths have been relatively contained, will serve as a useful case study for the rest of the world, particularly those countries with higher vaccination rates.

Thus, we do not expect this most recent wave to reverse the global recovery but will instead lead to more differentiation across regions and markets. This led us to rotate away from emerging market equities in favour of U.S. equities during the month.

Importantly, we still maintain a broadly favourable view on risk assets as we expect the policy backdrop, corporate earnings, and vaccination trends to remain supportive. Second quarter earnings in the U.S. have been stellar with estimates for future quarters still getting upgraded. Furthermore, massive excess savings across global consumers will help keep growth at healthy levels.

That said, there is building evidence that economic growth is starting to moderate after surging earlier in the year, and the Federal Reserve is inching closer to tapering. Consequently, we expect more volatility in the second half of the year as we move past peak growth and liquidity levels, warranting a bit more caution in our view. In this environment, we believe quality dividend stocks and developed high yield credit look well positioned.

Regional Exposure (%)



Fund Details

BlackRock Global Multi-Asset Income Fund (Aust)

APIR	BLK0009AU
Fund Size (A\$)	58mil
Management Fee (Class D Units) ¹	0.75% p.a.
Buy/Sell Spread	N/A
Liquidity	Daily
Distribution Frequency	Monthly
Yield (Annualised) ²	4.10%
Standard Deviation ³	6.86%

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	29.8%		27.7%
HY Bonds	25.3%	4.1%	25.5%
Investment Grade Bonds	4.5%	2.0%	2.2%
Equity	20.1%		9.8%
EM Equity	6.2%	2.4%	3.7%
Global Ex-US Equities	6.9%	2.6%	4.4%
US Equities	7.0%	1.0%	1.7%
Non Traditional Assets ex Hedges	46.7%		62.6%
EM Debt	7.6%	7.2%	13.5%
Floating Rate Loans	8.8%	1.9%	4.2%
Mortgage-Backed Securities	4.5%	2.9%	3.2%
Preferred Stock	7.3%	3.3%	5.9%
Covered Call Writing	11.8%	10.8%	31.1%
Global Infrastructure	3.4%	2.6%	2.2%
Global REITs	3.3%	3.0%	2.5%
Cash	3.5%	0.0%	0.0%

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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