

# BLACKROCK GLOBAL MULTI-ASSET INCOME FUND (AUST)

**BLACKROCK®**

FUND UPDATE

30 September 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)	0.31	0.93	3.02	4.33	3.88	4.07	4.57	5.00
Growth (D Class) <sup>1</sup> (Net of Fees)	-1.62	-1.15	2.05	7.39	2.12	1.83	1.20	0.73
BlackRock Global Multi-Asset Income Fund (Aust) (D Class) <sup>1</sup> (Net of Fees)	-1.31	-0.21	5.07	11.71	6.00	5.90	5.78	5.72
BlackRock Global Multi-Asset Income Fund (Aust) <sup>2</sup> (Gross of Fees)*	-1.25	-0.03	5.66	12.55	6.80	6.70	6.57	6.32

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

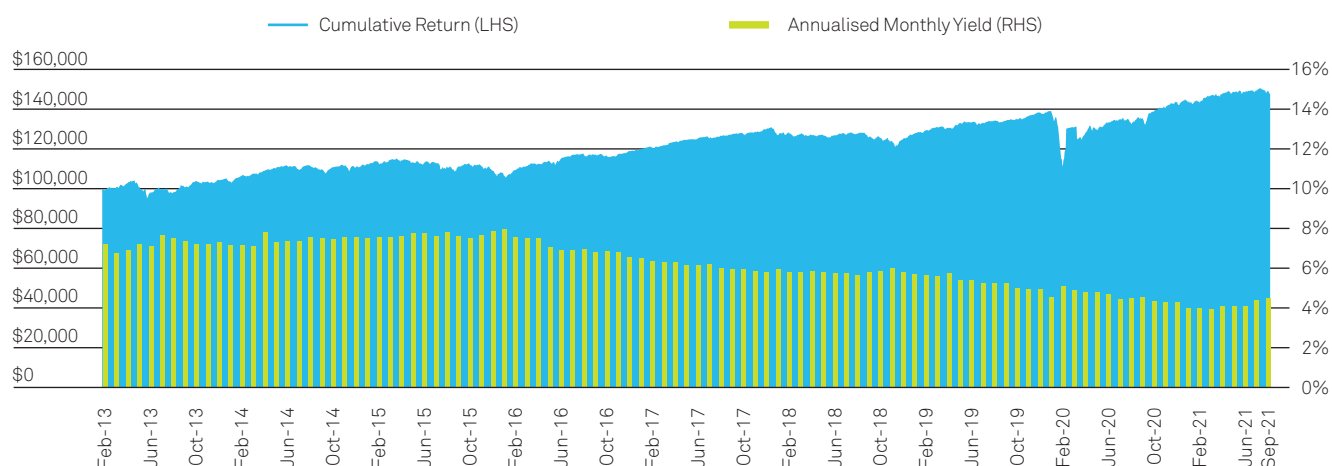
\* Gross returns are calculated before fees and taxes and assume reinvestment of distributions. Gross returns are provided for products offered to wholesale clients only who may be subject to differential fees. Please refer to the Fund's product disclosure statement for more information. Net performance 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 quarter included covered calls, high yield bonds, and emerging market debt. Covered calls, high yield bonds, and mortgages were the largest contributors to total return this quarter, offset by exposure to emerging market debt and equity, and global ex-US developed market equities.

### Main Portfolio Changes:

We broadly maintained our positioning during the quarter preferring stocks and credit over high quality fixed income.

Within equities, we rotated away from emerging market stocks due to concerns around the Delta variant and a regulatory crackdown in China. We also chose to modestly reduce exposure to U.S. equities given strong market returns and our expectation for higher volatility ahead.

Within fixed income, we increased exposure to high yield and collateralized loan obligations (CLOs) as we continue to view both markets as consistent return drivers in the current environment. Lastly, our portfolio duration sits near a historic low as we expect longer-term rates to trend up.

### Positioning & Outlook:

Global equities sold off in September, ending an impressive streak of positive returns. The initial catalyst was an escalating liquidity crisis at one of the largest property developers in China and the largest issuer of Asian high yield debt. Fears of contagion triggered a global selloff, but markets eventually stabilized in anticipation of Chinese authorities stepping in to prevent it from becoming a systemic issue. Unsurprisingly, Asian credit and equity markets felt the brunt of the selloff while developed markets fared better. This development comes on the heels of tightening regulatory policy and slowing growth in China, further clouding the outlook for the world's second largest economy and leading us to maintain our more cautious view on emerging markets.

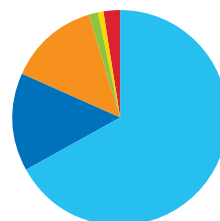
The other notable event investors had to contend with was a more hawkish Federal Reserve meeting. The Fed all but confirmed that tapering will begin before year-end and likely conclude by middle of next year. Furthermore, we saw new rate projections which showed a 50% chance of a rate hike in 2022 (up from zero previously) and three subsequent hikes in 2023 and 2024. This implies the Fed believes inflation will be stickier than initially predicted. We continue to believe crisis-level policy measures are no longer needed given the strength of the U.S. economy. As the Fed inches closer to normalizing policy, investors should pay attention to the areas of markets most sensitive to higher rates. Treasury yields shot up at the end of the month causing a selloff in longer-duration bonds and growth stocks.

Looking ahead, the main tailwinds for markets seem set to persist, yet the bar for additional gains is higher today given elevated valuations. On the positive side, massive liquidity, vaccination rollouts, and healthy corporates and consumers all seem likely to further support risky assets. In fact, U.S. households now hold \$2.5 trillion more in

cash than they did before the pandemic. On the other hand, there are an increasing number of macro risks dotting the horizon such as policy event risk in the U.S., slowing growth in China, and ongoing virus uncertainty.

From a positioning standpoint, we continue to advocate for higher quality exposures within equities over deep value and expensive growth stocks with negligible current earnings. This quality bias can be seen across our dividend paying stock and covered call exposures. Within fixed income, developed credit markets, like U.S. high yield, have performed strongly this year, and remain relatively attractive in our view, especially when factoring in strong underlying fundamentals. As noted, we are more cautious on emerging market assets, but are staying flexible as valuations now better reflect risks.

### Regional Exposure (%)



### Fund Details

BlackRock Global Multi-Asset Income Fund (Aust)	
APIR	BLK0009AU
Fund Size (A\$)	57mil
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>	6.80%

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.

### Contributors to Yield\*

	Asset Allocation %	Yield %	Contribution to Yield %
<b>Fixed Income</b>	<b>31.1</b>		<b>27.9</b>
HY Bonds	26.7	4.2	25.8
Investment Grade Bonds	4.4	2.0	2.1
<b>Equity</b>	<b>19.1</b>		<b>9.4</b>
EM Equity	5.9	2.5	3.5
Global Ex-US Equities	6.5	2.6	4.0
US Equities	6.7	1.2	1.9
<b>Non Traditional Assets ex Hedges</b>	<b>47.4</b>		<b>62.8</b>
EM Debt	7.1	7.9	13.0
Floating Rate Loans	9.8	1.8	4.2
Mortgage-Backed Securities	4.3	2.8	2.8
Preferred Stock	7.1	3.4	5.6
Covered Call Writing	12.7	11.1	32.8
Global Infrastructure	3.3	2.8	2.1
Global REITs	3.1	3.2	2.3
<b>Cash</b>	<b>2.4</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.

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