

BLACKROCK GLOBAL MULTI-ASSET INCOME FUND (AUST)

BLACKROCK®

FUND UPDATE

31 October 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)	0.32	0.94	3.36	4.37	3.78	4.08	4.54	4.99
Growth (D Class) ¹ (Net of Fees)	0.29	-0.86	2.35	9.28	2.31	2.88	1.36	0.76
BlackRock Global Multi-Asset Income Fund (Aust) (D Class) ¹ (Net of Fees)	0.61	0.08	5.71	13.65	6.09	6.96	5.91	5.75
BlackRock Global Multi-Asset Income Fund (Aust) ² (Gross of Fees)*	0.67	0.27	6.37	14.51	6.89	7.77	6.70	6.35

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

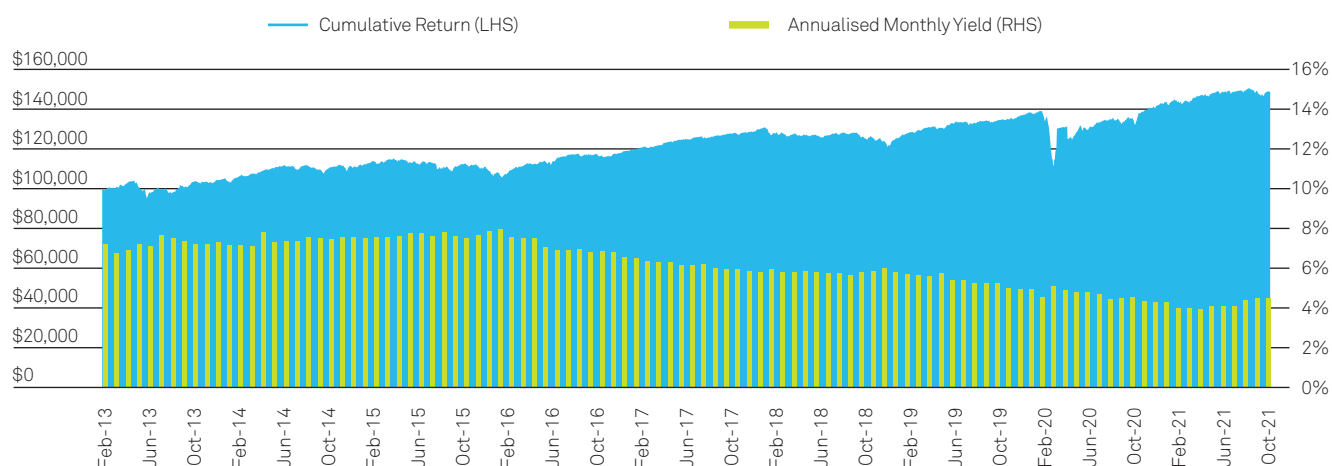
* Gross returns are calculated before fees and taxes and assume reinvestment of distributions. Gross returns are provided for products offered to wholesale clients only who may be subject to differential fees. Please refer to the Fund's product disclosure statement for more information. Net performance 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 month were covered calls, high yield bonds, and preferred stock. Covered calls, global ex-U.S. developed market equities, and U.S. equity positions (including hedges) were the largest contributors to total return this month, offset by exposure to emerging market debt, high yield bonds, and currency management positions.

Main Portfolio Changes:

We added further to U.S. high yield and collateralized loan obligations (CLOs) while reducing exposure to Asian USD credit as we remain cautious on the China property sector. We also increased the Fund's duration as we believe interest rates now offer better value after pricing in significant inflation expectations.

Positioning & Outlook:

Equities rallied to new highs in October even as volatility remain elevated. The S&P 500 posted its best month of the year as stock investors shrugged off inflation concerns with earnings once again exceeding expectations. Of note, however, was a sharp increase in the number of companies mentioning supply chain issues on earnings calls. This helped push inflation expectations to their highest level in over two decades. As an example, U.S. 10Y breakeven yields rose to 2.67% (near the widest level since 1997), and UK 10Y breakeven yield reached 4.2% (highest since 1996). Likewise, central bank rate hike expectations continued to get pulled forward.

A confluence of concerns surrounding softer economic momentum, higher inflation, and potential rate hikes likely means volatility will stay higher over the near-term. We are closely monitoring the China growth slowdown which remains a key market risk in our view. Encouragingly, we've seen policy actions move to be more accommodative recently. Ultimately, we believe uncertainty surrounding China will persist for the foreseeable future, particularly across the property sector. This led us to reduce an allocation to Asian USD credit during the month. Outside of China, we believe the fear of stagflation across the developed world is overblown. While inflation has proved to be stickier than previously anticipated, our view is this will start to normalize in 2022, even though its likely settle somewhere above the Fed's target range and last cycle's trend. Additionally, growth levels are moderating but look likely to remain above trend into 2022.

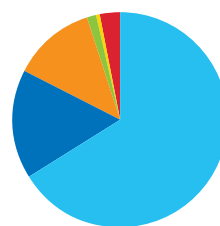
Other notable changes to the portfolio included a further increase to U.S. high yield bonds and collateralized loan obligations (CLOs) as these remain our preferred credit exposures. Defaults across U.S. credit markets remain incredibly benign, and the trend of upgrades substantially outpacing downgrades has persisted. While valuations are tighter, both high yield and floating rate loans continue to offer decent income with relatively lower duration risk. The uptick in interest rates also provided us an opportunity to add some duration back into the Fund. The Fund's current duration remains below its longer-term average, yet we believe some value has been restored in interest rates. This supports owning a little more in duration today, especially as a diversifier in a multi-asset portfolio.

Contributors to Yield*

	Asset Allocation %	Yield %	Contribution to Yield %
Fixed Income	32.5		27.3
HY Bonds	28.1	3.7	25.0
Investment Grade Bonds	4.4	2.2	2.3
Equity	18.4		9.7
EM Equity	5.9	2.6	3.6
Global Ex-US Equities	6.9	2.6	4.2
US Equities	5.6	1.4	1.9
Non Traditional Assets ex Hedges	46.5		62.8
EM Debt	5.9	8.1	11.6
Floating Rate Loans	9.5	2.0	4.5
Mortgage-Backed Securities	4.2	2.9	2.9
Preferred Stock	7.1	3.5	5.9
Covered Call Writing	13.1	10.5	33.3
Global Infrastructure	3.5	2.7	2.3
Global REITs	3.2	3.0	2.3
Cash	2.7	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.

Regional Exposure (%)



Fund Details

BlackRock Global Multi-Asset Income Fund (Aust)	
APIR	BLK0009AU
Fund Size (A\$)	58 mil
Management Fee (Class D Units) ¹	0.75% p.a.
Buy/Sell Spread	N/A
Liquidity	Daily
Distribution Frequency	Monthly
Yield (Annualised) ²	4.50%
Standard Deviation ³	6.75%

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.

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