

BLACKROCK GLOBAL MULTI-ASSET INCOME FUND (AUST)

BLACKROCK®

FUND UPDATE

31 January 2022

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	0.94	0.31	3.89	3.69	3.97	4.40	4.92
Growth (D Class) ¹ (Net of Fees)	-3.29	-3.29	-3.29	-1.02	-0.14	1.66	0.52	0.20
BlackRock Global Multi-Asset Income Fund (Aust) (D Class) ¹ (Net of Fees)	-2.97	-2.35	-2.97	2.87	3.55	5.62	4.93	5.11
BlackRock Global Multi-Asset Income Fund (Aust) ² (Gross of Fees)*	-2.91	-2.16	-2.91	3.64	4.33	6.42	5.72	5.74

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

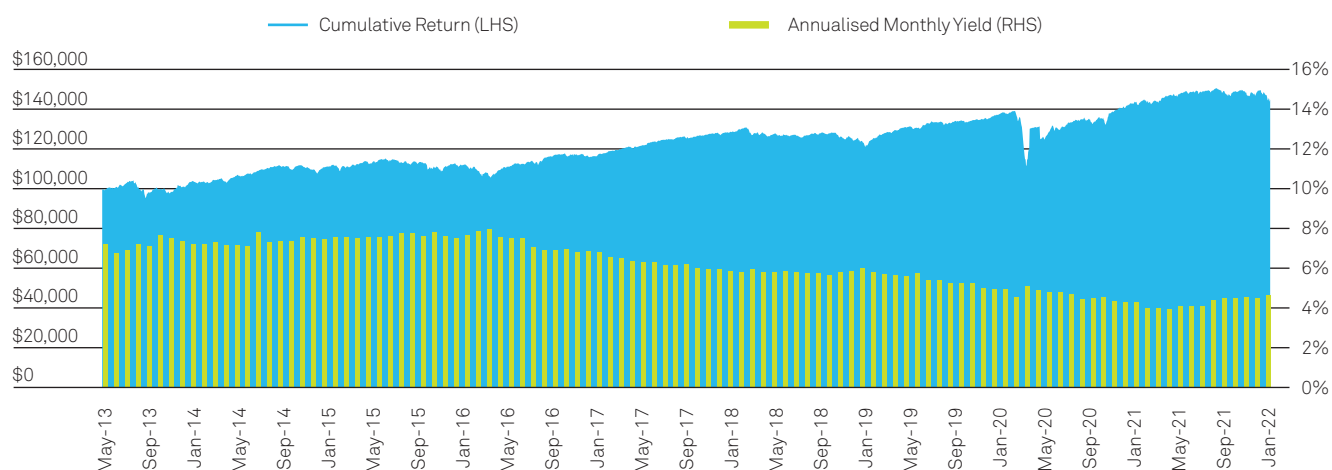
* Gross returns are calculated before fees and taxes and assume reinvestment of distributions. Gross returns are provided for products offered to wholesale clients only who may be subject to differential fees. Please refer to the Fund's product disclosure statement for more information. Net performance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

Main Portfolio Changes:

Market expectations have adjusted sharply in recent weeks to reflect upcoming rate hikes, making us more comfortable holding a little more duration which we increased during the month. We also added to U.S. equities to capitalize on the selloff as we expect the outlook to remain broadly favorable for risk assets.

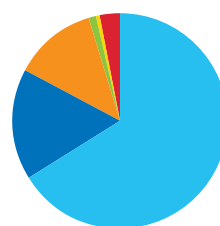
Positioning & Outlook:

Markets got off to a rocky start in 2022 with the main culprit being the Federal Reserve pointing to tightening policy more aggressively than previously anticipated. We believe the table is set for the Fed to move away from emergency conditions to a neutral stance in the year ahead which will likely keep volatility elevated. However, it's important to remember central bank policies are evolving from the easiest starting point in history so we believe risk assets can still perform reasonably well, albeit with more frequent and larger market swings along the way. Additionally, market expectations have adjusted dramatically to price in tighter monetary policy ahead. For example, expectations have moved from two rate hikes over two years at the end of the third quarter to seven hikes today. We also believe the Fed will take a practical approach by staying data dependent throughout the year.

Nonetheless, the market reaction was painful for both stocks and bonds. Despite broad weakness across equity markets, higher quality stocks weathered the volatility much better than highly priced, unprofitable growth areas – a theme that we think will persist throughout the year. Lower quality areas of credit like high yield bonds held in well during the month considering the weakness in equities, but still posted negative returns driven by higher interest rates and wider credit spreads.

As we wrote last month, we expect greater volatility and more muted returns in 2022, but the magnitude of the move downward to start the year has been a bit of a surprise. Despite the weakness, we would argue this is a healthy pause and it's reasonable to expect the areas that have benefited the most from easy central bank policies (like highly valued, non-profitable tech) to struggle as monetary policies begin to normalize. While the range of outcomes has increased and risk assets have an early hole to climb out of, we are sticking to many of the same themes from the end of last year as we believe the backdrop will remain broadly supportive: growth is likely to remain above trend, inflation is likely to moderate later in the year, earnings should remain robust, and the consumer is still in strong shape. With this view in mind, we took advantage of the volatility in markets in January to add modestly to U.S. stocks and portfolio duration. We reduced exposure to Asian credit and covered calls, although we expect to add back to covered calls as the earnings season winds down. In times like these, the data becomes even more important, and we're keeping a close eye on a range of growth, inflation, and sentiment indicators for evidence that may change our base case.

Regional Exposure (%)



Fund Details

BlackRock Global Multi-Asset Income Fund (Aust)

APIR	BLK0009AU
Fund Size (A\$)	57mil
Management Fee (Class D Units) ¹	0.75% p.a.
Buy/Sell Spread	N/A
Liquidity	Daily
Distribution Frequency	Monthly
Yield (Annualised) ²	4.60%
Standard Deviation ³	6.82%

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	34.2		34.0
HY Bonds	29.8	5.1	31.5
Investment Grade Bonds	4.4	2.7	2.5
Equity	18.0		9.4
EM Equity	6.0	2.9	3.5
Global Ex-US Equities	7.3	2.7	4.2
US Equities	4.7	1.7	1.7
Non Traditional Assets ex Hedges	45.0		56.8
EM Debt	6.0	7.5	9.4
Floating Rate Loans	10.4	2.3	5.0
Mortgage-Backed Securities	4.2	3.1	2.7
Preferred Stock	7.4	4.2	6.5
Covered Call Writing	10.2	13.5	28.8
Global Infrastructure	3.8	2.9	2.3
Global REITs	3.0	3.3	2.1
Cash	2.8	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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