

BLACKROCK GLOBAL EQUITY SIGNALS FUND

BLACKROCK®

FUND UPDATE

31 March 2024

Investment Performance (%)

	MTD	3 Mths	CYTD	1 Yr	3 Yrs	5 Yrs	Since Incep
BlackRock Global Equity Signals Fund (Gross of Fees)	3.30	13.48	13.48	26.47	12.44	12.64	12.02
Composite Benchmark*	3.36	13.59	13.59	26.22	12.40	12.59	11.79
Outperformance (Gross of Fees)	-0.06	-0.12	-0.12	0.25	0.04	0.05	0.24
BlackRock Global Equity Signals Fund (Net of Fees)	3.30	13.48	13.48	26.47	12.45	12.60	11.95
Composite Benchmark*	3.36	13.59	13.59	26.22	12.40	12.59	11.79
Outperformance (Net of Fees)	-0.06	-0.12	-0.12	0.26	0.05	0.00	0.16

* Fund inception date: 05/04/2018.

* The benchmark comprises the MSCI World ex Australia Net TR Index (Hedged in AUD), MSCI World ex Australia Net TR Index (Unhedged in AUD) and STOXX Developed World Equity Factor Net Index (Unhedged in AUD).

Past performance is not a reliable indicator of future performance. Performance for periods greater than one year is annualised. Performance is calculated in Australian dollars and assumes reinvestment of distributions. Gross performance is calculated gross of ongoing fees and expenses. Net performance is calculated on exit-to-exit price basis, e.g. net of ongoing fees and expenses. 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.

Performance Summary

Market Overview – Q1 2024

Global equity markets rose strongly over the first quarter of 2024. Optimism regarding a soft economic landing and bullish sentiment regarding artificial intelligence (AI) supported risk assets. By contrast, sovereign bonds saw modestly negative returns as investors pushed out the timing and magnitude of central bank rate cuts amid sticky inflation. Global equities, as measured by the MSCI World Index (hedged), ended the quarter up 10.0% in Australian dollar terms, while Fixed Income markets, as represented by the Bloomberg Barclays Global Aggregate Index (hedged), declined 0.3%.

United States

In the US, the S&P 500 Index rose by 10.6% over the quarter and by 3.2% in March (in local currency terms), with Information Technology and Communication Services sectors among the best performers. US stocks remain close to record highs, with overall market returns largely driven by the Magnificent Seven (namely Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla). Strong corporate earnings and resilient economic data underpinned sentiment, while US core inflation moderated to 2.8% annualised in February following an upward revision to the January inflation print. Meanwhile, the US Federal Reserve (Fed) tempered its dovish tone and cautioned about the risks of easing too quickly, leading markets to price in only three rate cuts this year, in line with the Fed's projections.

Europe

European equities, as represented through the Euro Stoxx 50 Index, rose by 12.8% in the first quarter and 4.3% in March (in local currency terms). The European Central Bank (ECB) left policy rates unchanged over Q1 although revised near-term economic growth and inflation downwards – with core inflation expected to settle at 2% towards the end of 2025. Despite striking a cautious tone, ECB President, Lagarde, also appeared to endorse market pricing that the first rate cut by the central bank would occur mid-year. However inflationary pressures remain elevated in Europe, driven by continued tightness in the labor market and subdued productivity.

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- Fund Performance
- Unit Prices

In the UK, the FTSE 100 Index underperformed its developed market peers and gained 4.0% over the quarter and 4.9% in March (in local currency terms). Alongside most other central banks, the Bank of England (BoE) kept the official bank rate unchanged over the period as expected. Headline CPI dipped to 3.4% year-on-year in February, while UK unemployment rose to 3.9% in January and wages growth slowed. Meanwhile, Britain slipped into technical recession as the economy contracted 0.3% during Q4 2023, recording two consecutive quarters of negative economic growth.

Asia

China's CSI 300 gained 3.1% over the quarter and 0.6% in March (in local currency terms). At the annual National People's Congress meeting held in March, Chinese officials announced an economic growth target of "around 5%" for 2024. However, investors were left disappointed with the lack of major stimulus measures announced despite sluggish underlying activity. Chinese markets also halted their rebound towards the end of the quarter and were weighed down by weaker corporate earnings results. Meanwhile, monthly inflation rose 0.7% year-on-year in February – largely supported by Lunar New Year spending – which saw China move out of deflationary territory.

Japanese equities, as represented by the Nikkei 225 Index, extended their rally and outperformed most major markets, rising by 21.5% in Q1 and 3.8% over the month (in local currency terms). The Bank of Japan (BoJ) ended its negative interest rate stance in March and hiked rates for the first time since 2007, having judged that the "achievement of 2% inflation is in sight". This policy change comes after Japan's largest trade union federation reported that its 7 million members will receive a landmark 5.3% annual wage hike – an indication that strong wages growth may allow inflation to remain close to the BoJ's target. Meanwhile, a leading indicator of nationwide prices, Tokyo core inflation, rose 2.8% year-on-year in February.

Fund Performance – Q1 2024

The BlackRock Global Equity Signals Fund gained 13.48% in the first quarter of 2024 (gross of fees).

The BlackRock Global Equity Signals Fund is constructed with a 60% allocation to a world equity component partially hedged to AUD (as represented by the MSCI World ex Australia Index) and a 40% allocation to a diversified multi-factor component. The Fund's world equity component contributed over the quarter as the MSCI World ex Australia Index recorded 14.06% (in unhedged AUD terms) and 10.10% (in AUD hedged terms). The Australian dollar depreciated against the US dollar over the quarter, which boosted the outperformance from the unhedged exposures relative to the AUD hedged exposures.

The Fund's multi-factor component gained 14.88% over the quarter which contributed to absolute returns and outperformed global equities on a relative basis in Q1. This strategy takes a stock-level approach that aims at maximising exposure to the five target factors – Quality, Size, Value, Momentum and Low Volatility. The strategy is intended to deliver a blended factor exposure which can have diversification benefits due to low correlations across factors. The strategy employs an optimization subject to a set of constraints (including diversification, sector, country, turnover and style exposures relative to the parent index). Over the quarter, all five factors added to performance and the Momentum factor was the largest contributor, while the Size factor underperformed its peers.

Top Holdings

Holding	Weight %
MICROSOFT CORP	4.73
APPLE INC	3.87
NVIDIA CORP	3.42
AMAZON COM INC	2.43
ALPHABET INC CLASS C	1.74
META PLATFORMS INC CLASS A	1.48
BROADCOM INC	1.09
ELI LILLY	0.97
JPMORGAN CHASE & CO	0.90
ALPHABET INC CLASS A	0.84

Country Exposure

Sectors	Weight %
United States	70.23
Japan	6.98
United Kingdom	3.61
France	3.16
Canada	3.12
Germany	2.11
Switzerland	2.10
Netherlands	1.35
Italy	1.11
Denmark	1.10
Spain	0.91
Australia	0.87
Sweden	0.85
Hong Kong	0.40
Singapore	0.38
Finland	0.35
Belgium	0.33
Israel	0.31
Austria	0.23
Norway	0.21
Ireland	0.15
New Zealand	0.11
Portugal	0.04

About the Fund

Investment Objective

The Fund aims to provide investors with exposure to developed market equities utilising indexing techniques and style factors subject to constraints.

Fund Strategy

The Fund aims to provide investors with the performance of its composite benchmark, before fees and the cost of hedging.

The composite benchmark, as shown in the below table, comprises a portfolio of published indexes that provide exposure to international developed stock markets. The composite benchmark index is subject to periodic review and may change.

Index name	Composite benchmark index weight
MSCI World ex Australia Net TR Index (Hedged in AUD)	20%
MSCI World ex Australia Net TR Index (Unhedged in AUD)	40%
STOXX Developed World Equity Factor Net Index (Unhedged in AUD)	40%

To achieve its objective the Fund will gain exposure to a mixture of the following index strategies:

- ▶ full replication, which aims to purchase every security in the index, while considering transaction costs; and
- ▶ optimisation, that involves investing in a representative sample of securities that collectively has an investment profile similar to that of the index the strategy aims to track. The securities selected are expected to have, in aggregate, investment characteristics (based on factors such as market capitalisation and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the index. Therefore, the securities comprising an optimisation strategy may or may not include all of the securities in the index and the weighting of such securities may differ to the weighting of securities in the index.

The Fund will access the index strategies and gain exposure to the composite benchmark by investing in units of the following funds (Underlying Funds) each of which is managed by BlackRock:

- ▶ **iShares Hedged International Equity Index Fund**, which employs a full replication strategy that aims to track the performance of the MSCI World ex Australia Net TR Index (Hedged in AUD). A passive currency hedge is applied, which seeks to minimise the effect of currency fluctuations on returns by converting the currency exposure of the index into Australian dollars.
- ▶ **iShares Wholesale International Equity Index Fund**, which employs a full replication strategy that aims to track the performance of the MSCI World ex Australia Net TR Index (Unhedged in AUD); and
- ▶ **iShares Edge MSCI World Multifactor ETF**, which employs an optimisation strategy that aims to track the performance of the STOXX Developed World Equity Factor Net Index (Unhedged in AUD).

Should be considered by investors who...

- ▶ Seek broad exposure to the international equity market at low cost.
- ▶ Seek a fund that applies smart indexing techniques to provide additional value add.
- ▶ Seek factor-driven outperformance over the long term in a portfolio of global developed market stocks with a similar profile and risk to the broad market.
- ▶ Target four drivers of return in their international equities exposure: Quality (financially healthy firms), Value (inexpensive stocks), Size (smaller companies) and Momentum (trending stocks).
- ▶ Seek cost-efficient access to a rules-based factor investing strategy.
- ▶ Have a long term investment horizon.

Fund Details

BlackRock Global Equity Signals Fund (Class D Units)	
APIR	BLK5937AU
Fund Size (A\$)	223 mil
Buy/Sell Spread	0.10%
Management Fee	0.22%
Liquidity	Daily
Domicile	Australian Unit Trust
Minimum Initial Investment	A\$500,000
Minimum investment for subsequent applications	None
Custodian	J.P.Morgan Chase Bank

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