

BLACKROCK GLOBAL REAL ESTATE SECURITIES FUND (AUST)



FUND UPDATE

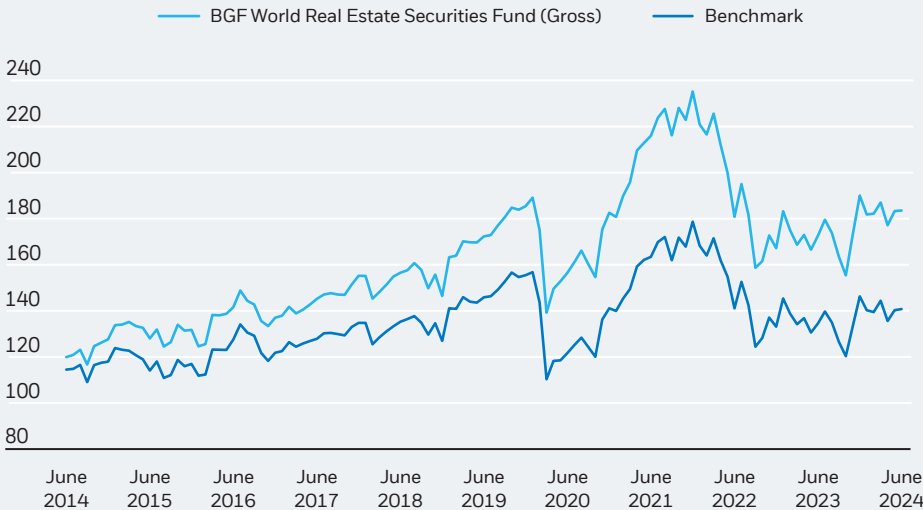
30 June 2024

Investment Performance (%)

	1 Mth	3 Mths	CYTD	1 Yr	3 Yrs	5 Yrs	Since Incep
BlackRock Global Real Estate Securities Fund (Aust) (Class D) (Gross of Fees)	0.16	-4.62	-2.29	-	-	-	1.81
FTSE EPRA Nareit Developed Index Net TRI (AUD)	-0.08	-4.69	-1.61	-	-	-	0.63
Outperformance (Gross of Fees)	0.23	0.07	-0.68	-	-	-	1.19
BlackRock Global Real Estate Securities Fund (Aust) (Class S) (Gross of Fees)	0.15	-4.62	-2.30	-	-	-	1.79
FTSE EPRA Nareit Developed Index Net TRI (AUD)	-0.08	-4.69	-1.61	-	-	-	0.63
Outperformance (Gross of Fees)	0.23	0.07	-0.69	-	-	-	1.16

Fund Inception: 24 July 2023. 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.

Cumulative Return (Gross of fees) to 30 June 2024



The cumulative performance data refers to the track record of the Underlying Fund, BGF World Real Estate Securities Fund. Inception of the Underlying Fund: 25 February 2013.

Portfolio Managers



James Wilkinson
Managing Director,
Global Head of Global Real
Asset Securities



Raj Rehan
Managing Director,
Head of Real Estate
Securities



Benjamin Tai
Director,
Senior Analyst

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- Market Insights & Commentary
- Fund Performance
- Unit Prices

Performance Summary

Performance Overview

In June, the World Real Estate Securities Strategy gross of fees returns underperformed the FTSE EPRA Nareit Developed Net Index, finishing the month +0.1% versus +0.3% for the benchmark.

Markets

Global equity markets continued to perform robustly in June. The momentum was supported by ongoing strong corporate earnings and the anticipation of further interest rate cuts.

June U.S. CPI data indicated a slowdown in inflation, with core inflation reaching its lowest since April 2021. This contributed to a positive sentiment among investors, propelling U.S. stocks to maintain their high performance.

Eurozone inflation figures for June showed a slight decrease to 2.5%, down from 2.6% in May. The ECB's decision to cut rates by 25 basis points in early June was aligned with market expectations. This move is seen as a moderation of monetary policy restriction after a period of steady rates.

The Japanese yen hit a new low against the dollar, reaching its lowest value on June 27, 2024. This significant depreciation raised suspicions of potential currency intervention to stabilize the yen's value.

While inflation rates showed signs of easing, political events such as the European parliamentary election and the upcoming UK general election are likely to play a crucial role in shaping investor sentiment in the coming months.

Regions

US REITs gained momentum as the month was ending with +2.0% return for the month. Self-Storage and Apartments outperformed as both sectors reported continued demand despite the economic backdrop and supply pressures for Apartments heading into Nareit. Cold Storage and Life Sciences lagged following weaker demand. Cold Storage REIT, Americold, has lagged as investors await a highly anticipated IPO in the space, Lineage.

European real estate stocks were down in the month of June. Weak performance was seen in yield sensitive sectors such as German Residential and the Nordics. Volatility remains high in these sectors given rising bond yields and stubborn inflation numbers across Europe. Alongside this, weak performance was also seen in stocks with French exposure due to the surprise snap election called by Emmanuel Macron and the popularity of the right-wing party National Rally. Increased political risk in France caused the widening of spreads between German and French bonds which in turn led to a sell off across the French market.

APAC property stocks were down in June. Australian REITs remained relatively unchanged, despite an unexpected rise in the CPI prompting renewed discussions of a rate hike. Japanese property stocks fell around 3% in USD and 1% in JPY, as Tokyo's CPI slightly exceeded expectations and bond yields peaked, pressuring the Yen. Hong Kong's stocks dropped 7%, amidst concerns over a less aggressive US rate cut and its impact on the residential market's recovery. Nonetheless, policy support included eased LTV restrictions and increased duty-free limits for Chinese visitors, which may aid retail.

Stocks

Top Contributors

AvalonBay Communities, a US apartment owner, was the largest contributor over the month. The stock rallied in June along with the rest of the sector as we saw updates for rental growth that exceeded low expectations.

Extra Space Storage (EXR), the largest storage operator in the US, was also a significant contributor. The stock started to gain momentum as the industry entered peak leasing which lasts through Labor Day in the US. Pricing has improved but remains below last year's street rates. We continue to believe EXR has the best operating platform and organic growth in 2024 as it works to integrate the recently acquired LSI portfolio.

Top Detractors

Our underweight to **Public Storage (PSA)**, a high-quality US storage REIT, was one of the top detractors during the month. The sector overall had a strong run following stable demand during the peak leasing mentioned above. Given the large underweight to the sector, PSA's performance offset EXR's gains.

Cellnex, a Spanish wireless telecommunication infrastructure operator, was also a detractor over the month. The stock has been negatively impacted by the widening of sovereign risk-premia.

Changes

We initiated a position in **EastGroup Properties**, funded by a trim to **Rexford Industrial** and **Corporacion Inmobiliaria Vesta**, given strong indicative value upside. EastGroup is an infill-oriented, shallow bay industrial REIT focused on the thriving Sunbelt markets (34% Texas, 25% Florida) exposed to positive migration patterns, a stronger consumer/employment outlook, and tailwinds from supply chain reorientation/onshoring/clean energy spillover demand.

We re-initiated a position in **Omega Healthcare Investors (OHI)**, funded by an exit of **American Healthcare REIT** and **Ensign Group (ENSG)**, as we believe the main catalysts for ENSG have played out while OHI has lagged the sector since we sold out of it in October 2023 due to various tenant issues and fear of a dividend cut/elevated payout ratio. We had a very positive Nareit meeting, and we believe a few catalysts remain for the stock.

We added to **AvalonBay Communities** and **Mid America Apartment**, funded by an exit of **UDR**, to slightly overweight Sunbelt residential markets. The Sunbelt names have been slammed due to high levels of supply, as such the subsector remains under-owned. We have seen most of these markets return to normal seasonality meaning positive occupancy build and an improvement in blended rent growth.

Key Positioning

The Strategy maintains its largest sector overweight positioning in Hong Kong Developers and Hong Kong REITs versus the benchmark.

The largest sector underweights are to Australian REITs and Singapore REITs.

Over the month we decreased the cash position from 1.4% to 1.0% at the end of June.

Top Active Holdings

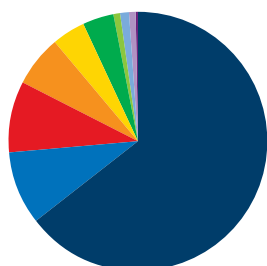
Holding

REALTY INCOME REIT CORP
PUBLIC STORAGE REIT
AGREE REALTY REIT CORP
LINK REAL ESTATE INVESTMENT TRUST
REGENCY CENTERS REIT CORP
REXFORD INDUSTRIAL REALTY REIT INC
EQUINIX REIT INC
MITSUI FUDOSAN LTD
EQUITY RESIDENTIAL REIT
TRITAX BIG BOX REIT PLC

Top Holdings

Holding	Weight %
EQUINIX REIT INC	6.14
PROLOGIS REIT INC	5.08
WELLTOWER INC	4.79
AVALONBAY COMMUNITIES REIT INC	4.02
EXTRA SPACE STORAGE REIT INC	3.54
MID AMERICA APARTMENT COMMUNITIES	3.13
AGREE REALTY REIT CORP	2.73
VICI PPTYS INC	2.61
MITSUBISHI ESTATE CO LTD	2.53
REGENCY CENTERS REIT CORP	2.52

Country Exposure (%)



United States	64.66
Europe Ex UK	9.12
Japan	8.89
Hong Kong	6.24
Australia	4.31
United Kingdom	3.73
Canada	1.10
None	1.04
Singapore	0.83
Mexico	0.08

About the Fund

Investment Objective

The Fund seeks to maximise total return by investing in a portfolio of global real estate securities.

Investment Strategy

The Fund aims to achieve its investment objective through investing in the BGF World Real Estate Securities Fund (Underlying Fund).

The Underlying Fund invests globally at least 70% of its total assets in the equity securities of companies whose predominant economic activity is in the real estate sector. This may include residential and/or commercial real estate focused companies as well as real estate operating companies and real estate holding companies (for example, real estate investment trusts).

The Underlying Fund is actively managed by BlackRock Investment Management, LLC, along with other co-adviser entities that are part of the BlackRock group (Investment Adviser), a member of the BlackRock group. The Investment Adviser has discretion to select the Underlying Fund's investments. In doing so, the Investment Adviser will refer to the FTSE EPRA/Nareit Developed Index (the Index) when constructing the Underlying Fund's portfolio, and also for risk management purposes to ensure that the active risk (i.e., degree of deviation from the Index) taken by the Underlying Fund remains appropriate given the Underlying Fund's investment objective and policy. The Investment Adviser is not bound by the components or weighting of the Index when selecting investments. The Investment Adviser may also use its discretion to invest in securities not included in the Index in order to take advantage of specific investment opportunities. However, the industry sector requirements of the investment objective and policy may have the effect of limiting the extent to which the portfolio holdings will deviate from the Index.

Should be considered by investors who...

- ▶ Seek to invest in a Fund which provides investors with access to a professionally managed portfolio of listed global real estate securities.
- ▶ Seek potential growth and income. The Fund aims to maximise return through a combination of capital growth and income.
- ▶ Want an investment which provides global exposure. The Fund provides broad exposure to a portfolio of global real estate securities that may include residential and/or commercial real estate focused companies as well as real estate operating companies and real estate holding companies.

Fund Details

BlackRock Global Real Estate Securities Fund (Aust) (Class D)

APIR Code (Class D)	BLK0677AU
Buy/Sell Spread	0.00%/0.00%
Fund Size	\$4,982
Management Fee (Class D)	0.75%

BlackRock Global Real Estate Securities Fund (Aust) (Class S)

APIR Code (Class S)	BLK4727AU
Buy/Sell Spread	0.00%/0.00%
Fund Size	\$44,891
Management Fee (Class S)	0.55%

* Fund size of the Australian Fund – excludes the AUM of the Underlying Fund into which the Fund invests.

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