BLACKROCK CONSERVATIVE MULTI-INDEX FUND

BlackRock®

FUND UPDATE **31 August 2024**

Investment Performance (%)

	1 Mth	3 Mths	CYTD	1 Yr	3 Yrs	5 Yrs	Inc^
BlackRock Conservative Multi-Index Fund (Gross of Fees)	0.62	3.21	4.90	7.72	1.64	-	2.48
Diversified Benchmark*	0.63	3.24	4.87	7.66	1.56	-	2.42
Outperformance (Gross of Fees)	-0.01	-0.02	0.03	0.06	0.08	-	0.06
BlackRock Conservative Multi-Index Fund (Net of Fees)	0.65	3.17	4.69	7.42	-	-	2.32
Diversified Benchmark*	0.63	3.24	4.87	7.66	-	-	2.54
Outperformance (Net of Fees)	0.02	-0.07	-0.17	-0.24	-	-	-0.23

^ Fund inception: Inception date of gross-of-fee share class: 10/06/2020.

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. 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 and expenses.

* The benchmark is a diversified allocation of the S&P/ASX 300 Total Return Index, MSCI World Custom ESG Screened Open Index (Net) (hedged and unhedged in AUD), MSCI EM IMI ex TOBACCO ex CW ex NW (Net) Index (unhedged in AUD), Gold Price Index in AUD, FTSE Developed Core Infrastructure 50/50 100% Hedged to AUD Net Tax Index, Bloomberg Barclays MSCI Australia 100mn ESG Index (hedged in AUD), Bloomberg AusBond Infl Govt 0+ Yr Index, Bloomberg AusBond Credit 0+ Yr Index, Bloomberg Barclays MSCI Global Aggregate SRI Select ex-Fossil Fuels Index (hedged in AUD), Bloomberg Barclays US Govt Inflation- Linked Index (hedged in AUD), ICE BofA Developed Markets HY Constrained 100% AUD Hedged Index and the Bloomberg AusBond Bank Bill Index℠.

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- Market Insights & Commentary
- Fund Performance
- Unit Prices

Performance Summary

Market Overview

Global markets experienced a tumultuous August. Risk assets sold off early in the month amid economic growth concerns and a surprise policy hike by the Bank of Japan, before recovering most of their losses by the end of the month. Global equities, as measured by the MSCI World Index (hedged), finished the month up 1.7% in Australian dollar terms, while fixed income markets, as represented by the Bloomberg Barclays Global Aggregate Index (hedged), gained 1.0% amid rising expectations of upcoming rate cuts.

United States
In the US, the S&P 500 Index rose by 2.4% in August (in local currency terms) despite intra-month volatility, with Consumer Staples and Real Estate sectors among the best performers. The US labour market took the spotlight as unemployment jumped to nearly a three-year high and printed at 4.3% over July. This weaker data triggered US recession fears and contributed to the market turmoil early in August. However, equities were buoyed by US Federal Reserve (Fed) Chair, Jerome Powell's, comments at the Jackson Hole symposium where he signalled a high likelihood of a rate cut in September alongside improving US inflation data. Meanwhile, the market rally in the 'Magnificent Seven' stocks took a breather with Nvidia's corporate earnings for Q2 beating expectations by a narrower margin.

Europe
European equities, as represented through the Euro Stoxx 50 Index, gained 1.8% in August (in local currency terms) amid investor optimism of further rate cuts by the European Central Bank (ECB). On the inflation front, Eurozone core inflation moderated to 2.8% annualised over August. However, services inflation continues to prove sticky and ECB Executive Board Member, Isabel Schnabel, noted that "policy should proceed gradually and cautiously". European corporate earnings season for Q2 also concluded over the month. Although more companies upgraded than downgraded their earnings guidance, those firms with downgrades were punished significantly while upgrades were only modestly rewarded.

In the UK, the FTSE 100 Index ended the month up 0.9% (in local currency terms). The Bank of England (BoE) implemented a first rate cut in over four years to reduce the official key rate to 5.0% in August. British headline inflation surprised to the downside over July with CPI rising by only 2.2% year-on-year – which was below both economist expectations and BoE forecasts – and driven by a decline in services and core goods prices. As a result, investors are expecting additional rate cuts this year, however BoE Governor, Andrew Bailey, has cautioned against easing monetary policy settings "too quickly or by too much".

Asia
China's CSI 300 fell by 3.3% in August (in local currency terms). Chinese equities have underperformed most major markets over 2024, as property sector concerns and weak investor confidence remain headwinds. Despite authorities' stimulus efforts, economic data continued to disappoint with official Purchasing Managers' Index (PMI) results – which measures business activity and sentiment – reaffirming the sluggish performance of the Chinese economy. This follows relatively weak GDP growth for Q2 which printed below forecasts at 4.7% year-on-year. In particular, declining property and equity values appear to be impacting consumer consumption and has led to disinflationary pressures across the Chinese retail sector.

Japanese markets, as represented by the Nikkei 225 Index, finished August down 1.1% (in local currency terms) following its strong performance earlier in the year. The Bank of Japan's (BoJ) perceived shift in its policy framework in late July saw a sharp unwind in the yen carry trade – where investors borrow in the lower-yielding yen and invest in higher-yielding assets – and a historic three-day sell-off in equities. In particular, the central bank noted the possibility of additional rate hikes and discussed the Japanese yen as a factor in setting policy. However, BoJ Deputy Governor, Shinichi Uchida, later softened this stance and stated that the central bank won't raise rates "when financial and capital markets are unstable" – allowing stocks to partially recover losses. Meanwhile, Tokyo core inflation, a leading indicator of nationwide prices which excludes volatile fresh food costs, rose 2.4% year-on-year in August.

Australia
The S&P/ASX 300 Accumulation Index rose 0.4% in August, with Financials and Industrials among the best performing sectors. The Reserve Bank of Australia (RBA) held interest rates steady over the period but surprised markets by highlighting that the board "seriously" considered a rate hike. Meanwhile, Australia's headline inflation printed at 3.5% year-on-year for July and continues to track above the RBA's target band of 2-3% – prompting investors to pare back expectations for domestic rate cuts in the near future. The unemployment rate edged higher to 4.2% across the period, but this was driven more so by an increase in labour supply than a decrease in labour demand. New job creation stood at 58,200 in July, above the consensus estimate of 20,000. Australian house prices, as represented by CoreLogic Home Value Index rose 0.5% in August which marked the 19th consecutive monthly increase.

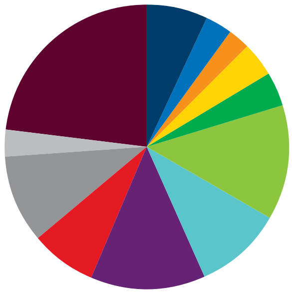
Fixed Income
Fixed income markets saw volatility but rallied alongside a decline in government bond yields amid the prospect of upcoming central bank cuts. Over the month, the US 10-year yield fell 13 basis points, while the Australian 10-year yield declined 15 basis point to end August at 3.9% and 4.0% respectively. The fall in rates pushed bond prices higher. The Global Aggregate index (hedged) finished the month up 1.0%, while the Australian composite bond index gained 1.2% over August. Riskier parts of the fixed income market, namely corporate credit and emerging market debt indices also realised gains across the period.

Commodities & FX
Commodity markets and energy prices were mixed over the month. Across industrial metals, Copper declined 0.1% while Iron Ore held onto slight gains and rose 0.4% despite China economic growth concerns. Oil fell by 4.1% as ample supply and sluggish Chinese demand weighed on sentiment. Meanwhile, Gold continued to trend higher and was up 2.3% amid elevated geopolitical tensions. Within currencies, the US dollar declined 1.6% over the month against its developed market peers, while the Australian dollar appreciated 3.4% against the US dollar.

Fund performance – August 2024

The BlackRock Conservative Multi-Index Fund recorded a slightly positive return of 0.65% (after fees) for August. Despite the volatility in early August driven by US employment data and Japan's interest rate hike, the belief in a soft landing for the US economy remained strong, with markets recovering on supportive economic data and positive developments later in the month. In terms of absolute performance, growth assets delivered mixed performance. Australian Equities contributed while Global Equities and Emerging Markets Equities weighed on the fund performance. The allocation to Global Infrastructure also added to the performance over the month. The Fund's more defensive asset classes, including Australian Fixed Income, Australian Investment Grade Corporate Bonds, Australian Inflation Linked Bonds, Global Fixed Income, US Inflation Linked Bonds and Global High Yield Corporate Bonds recorded positive returns. The defensive allocation to Gold slightly weighed on the performance across the period.

Benchmark Allocation



Asset Class	Benchmark Weight (%)	Contribution to Benchmark Return
Australian Shares	7.00	0.03
International Shares	3.00	-0.03
International Property	0.00	0.00
Emerging Market Equities	2.50	-0.05
Gold	4.00	-0.04
Global Infrastructure	4.00	0.12
Australia Fixed Income	13.00	0.16
Australia Inflation Linked	10.00	0.06
Australia Investment Grade Corporate	13.00	0.12
Global Bonds	7.50	0.08
US Inflation Linked	10.00	0.07
Global High Yield Corporate	3.00	0.04
Cash	23.00	0.09

Total Benchmark Return: 0.63%

About the Fund

Investment Objective

The Fund aims to provide investors with the performance of its composite benchmark, before fees and the cost of hedging. The Fund comprises a portfolio of published indices that provide exposure to a range of domestic and global asset classes, consistent with a 'Conservative' strategic asset allocation (i.e. approximately 15% growth assets and 85% defensive assets).

Fund Strategy

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.

Should be considered by investors who ...

- seek a broad exposure to both domestic and global asset classes consistent with the Fund's composite benchmark.

Fund Details

BlackRock Conservative Multi-Index Fund	
APIR	BLK6264AU
Fund Size	65 mil
Buy/Sell Spread	0.06%/0.06%
Management Fee	0.19% p.a.

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