

BLACKROCK GLOBAL REAL ESTATE SECURITIES FUND (AUST)



FUND UPDATE

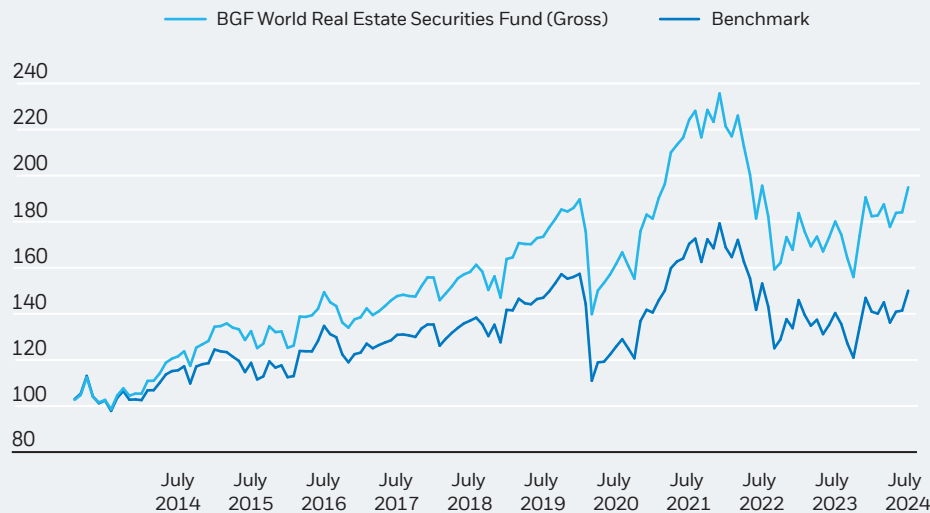
31 July 2024

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)	8.81	8.25	6.32	11.47	-	-	10.60
FTSE EPRA Nareit Developed Index Net TRI (AUD)	8.45	9.41	6.70	10.24	-	-	8.97
Outperformance (Gross of Fees)	0.36	-1.16	-0.38	1.24	-	-	1.63
BlackRock Global Real Estate Securities Fund (Aust) (Class S) (Gross of Fees)	8.81	8.24	6.31	11.46	-	-	10.57
FTSE EPRA Nareit Developed Index Net TRI (AUD)	8.45	9.41	6.70	10.24	-	-	8.97
Outperformance (Gross of Fees)	0.36	-1.17	-0.39	1.22	-	-	1.60

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 31 July 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 July, the World Real Estate Securities Strategy gross of fees returns underperformed the FTSE EPRA Nareit Developed Net Index, finishing the month +5.8% versus +6.0% for the benchmark.

Markets

The MSCI World ended July +1.8%, masking considerable volatility in the market driven by central bank policy expectations, equity factor rotations and currency moves.

Despite the pricing of Fed rate cuts, the S&P 500 suffered its worst daily session towards the end of the month since 2022. Stocks pulling back as the markets price in more Fed rate cuts (seven cuts through the end of 2025, starting in September) is a sign momentum trades had run too far and were poised for short-term reversal.

Tech shares retreated in recent weeks on concerns over further U.S. restrictions on chip exports to China and questions about the future returns major tech companies will achieve on their heavy AI investment. The rotation into smaller companies lead the small-cap Russell 2000 index to surge 10.2% over the month.

More broadly, Q2 corporate earnings have topped expectations so far, with S&P 500 earnings growth projected at about 13%, above the 9% expected at the start of the season, LSEG Datastream data show.

The spurt of near-term volatility demonstrates markets are extrapolating heavily from near-term macro news rather than keying in on earnings and the real economy.

Regions

US REITs continued the momentum in July, ending the month up 9%. Specialty names like Iron Mountain and Americold outperformed during the month following strong investor interest in the services sector and a highly anticipated IPO in the cold storage space, aiding the performance of Americold. Office REITs had a strong month following positive 2Q results as leasing momentum appears to pick up. Lodging saw weaker (but still positive) returns as slower leisure travel led to downward guidance revisions in the sector. Residential underperformed as a return to normal seasonality saw rental trends moderate on the margin.

EMEA listed real estate stocks performed strongly in July. Company reports largely pointed towards a bottoming of markets across the region. Alongside this, management teams' commentary was clearly growing in optimism. Returns were particularly strong in the UK Student, UK Self Storage, Nordics and Eurozone Residential sectors. Performance was notably weaker in the Eurozone Retail sector. July was an active month for capital raising with a £1 billion raise from Merlin Properties to fund its pipeline of datacenter developments, alongside a £450 million raise from Unite to fund its investment program.

APAC property stocks reversed their June weakness, returning mid-single digits in July. Macro factors continue to move Australian REITs around, with a weaker than expected 2Q CPI print reducing the odds of an upcoming rate hike. This was a mirror opposite of concerns raised a month prior and saw the larger cap and more value REITs, such as GPT and Mirvac, rally 15%. Lendlease also had strong month (+16%) as it made good progress on the divestment plans of its overseas businesses. Easing rate expectations also saw the Singapore REITs perform well, though earnings has been mixed with dividend growth still facing challenges from rising interest costs, while some non-Singapore investments are underperforming. Japanese property stocks also had a strong month, both from the developers and REITs. One of the hotel REITs, Invincible, did an equity offering to acquire additional hotels that was well received by investors. Amongst the Hong Kong Stocks, Link REIT had a strong month as its retail sales look to be stabilising after recent declines. However, the broader Hong Kong property stocks lagged regional peers with a relatively flat month.

Stocks

Top Contributors

Agree Realty, we consider to be one of the highest quality triple net REITs in the U.S. (70% IG, biggest tenants include Walmart, Tractor Supply and Dollar General). Our investment thesis is based on the quality of Agree Realty's portfolio/ tenant base and management's successful history of capital allocation. Agree Realty outperformed its peers after reporting earnings in July and increasing its earnings guidance due to an increase in acquisition guidance.

We participated in the initial public offering of **Lineage**, a cold storage enterprise, marking the largest IPO in REIT history and the most significant globally in 2024, amassing approximately \$5 billion in proceeds. The deal was oversubscribed and had an accelerated index inclusion leading to a successful first trading day.

Top Detractors

Iron Mountain, a US information management company that we do not hold in the portfolio, was one of the top detractors during the month. The stock continues to outperform as the company delivers high-single digit enterprise-level growth through stability in core Records Storage and ~30% growth in its nascent datacenter business. We continue to view the stock as overvalued given our view that Records Storage is an ex-growth industry and is trading similar to a pure datacenter business.

Mid America Apartments is a US apartment REIT focused on the Sunbelt markets. The multifamily sector as a whole underperformed the broader REIT market, in part due to a value rotation during the month of July. As such, our position in MAA detracted from performance.

Changes

We initiated a position in **Lineage**, a cold storage business, following our participation in their IPO.

We trimmed **Welltower** ahead of 2Q earnings as expectations for Welltower are high again, and added back to **Ventas**, as the spread between the two companies has widened significantly and we expect to see some compression as more people take their profits from Welltower, likely benefiting Ventas as they rotate.

We exited **SL Green** following outperformance. The stock was trading at a 5.9% implied cap rate compared to quality peers above 7% for an office sector with structural challenges.

We continued adding to **EastGroup Properties**, given strong indicative value upside.

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 Singapore REITs and Australian REITs.

Over the month we decreased the cash position from 1.0% to 0.4% at the end of July.

Top Active Holdings

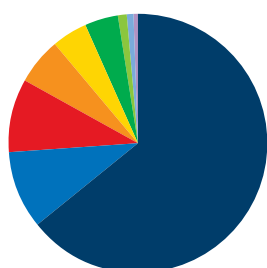
Holding

REALTY INCOME REIT CORP
PUBLIC STORAGE REIT
AGREE REALTY REIT CORP
AVALONBAY COMMUNITIES REIT INC
MID AMERICA APARTMENT COMMUNITIES
LINK REAL ESTATE INVESTMENT TRUST
REGENCY CENTERS REIT CORP
IRON MOUNTAIN INC
PROLOGIS REIT INC
EXTRA SPACE STORAGE REIT INC

Top Holdings

Holding	Weight %
EQUINIX REIT INC	5.83
PROLOGIS REIT INC	5.08
AVALONBAY COMMUNITIES REIT INC	3.76
EXTRA SPACE STORAGE REIT INC	3.55
WELLTOWER INC	3.06
VICI PPTYS INC	2.78
MID AMERICA APARTMENT COMMUNITIES	2.77
AGREE REALTY REIT CORP	2.67
MITSUBISHI ESTATE CO LTD	2.66
INVITATION HOMES INC	2.56

Country Exposure (%)



United States	64.27
Japan	9.68
Europe Ex UK	9.25
Hong Kong	5.75
Australia	4.58
United Kingdom	4.10
Canada	1.14
Singapore	0.81
Cash	0.42

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	\$5,494
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	\$49,543
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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