

BlackRock Global Unconstrained Equity Fund (AUST)

BlackRock

FUND UPDATE

31 July 2024

Investment Performance (%)

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	Since Incep
BlackRock Global Unconstrained Equity Fund (Aust) (Class D) (Net of Fees)	-2.41	0.15	11.80	-	-	-	20.68
MSCI All Country World Index NET (in AUD)	4.08	7.86	18.83	-	-	-	24.29
Outperformance (Class D) (Net of Fees)	-6.48	-7.71	-7.02	-	-	-	-3.61
BlackRock Global Unconstrained Equity Fund (Aust) (Class S) (Net of Fees)	-2.35	0.32	11.51	-	-	-	19.78
MSCI All Country World Index NET (in AUD)	4.08	7.86	18.83	-	-	-	24.29
Outperformance (Class S) (Net of Fees)	-6.43	-7.55	-7.32	-	-	-	-4.51

¹ Fund inception: 09/28/2023.

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.

Visit [BlackRock.com.au](https://www.blackrock.com.au) for further information, including:

- Market Insights & Commentary
- Fund Performance
- Unit Prices

Global Impact July 2024

Market Overview

Global equity markets nudged higher in July, with the MSCI ACWI adding value amidst significant volatility as markets absorbed various economic and political events.

In the US, the Consumer Price Index (CPI) reading came in lower-than-expected at 3%, which along with weaker labour market data, gave investors confidence the Federal Reserve would soon start to reduce interest rates. In Europe, headline inflation fell to 2.5% in the 12 months to June 2024 and the European Central Bank opted to hold interest rates steady.

In July, following a period of narrow market leadership, investors started to take profit from winners and question the sustainability of AI investment, driving a rotation within the market, which affected some of our companies including **ASML**, and **Cadence Design Systems**. This contributed to the Fund's underperformance during the month, with a number of our strongest performers in H1 giving back some gains.

Performance review

Net of fees, the Fund underperformed the MSCI World Net (AUD) Index in July. As we have mentioned previously, GLUE owns high quality businesses that we believe can sustain high returns over the long-term. Short-term performance is not an objective of the Fund; the purpose of the following remarks is to share company-specific developments only.

ASML, in addition to the market rotation mentioned above, was also impacted by reports that the US would impose new restrictions on shipments to China. During the month, the firm reported Q2 earnings with orders above consensus. We continue to remain confident that the company can meet 2025 guidance, and while the company's share price has been affected by news flow, we must remember that this is highly speculative, and that the stock trades on a relatively low multiple for what is effectively a monopoly at the heart of the world's most important industry. **Cadence**, another company impacted by news of AI investment, also provided a Q2 update, beating revenue estimates and reiterating

FY24 guidance. Recurring revenue also remained high at 88%, demonstrating the resilient nature of earnings.

Another portfolio company, **Novo Nordisk**, was affected by the news of competitor weight-loss drug trials. While we will continue to watch data from competitor trials, these are still far from being commercial and the determination of whether these products will have sufficient efficacy or tolerability to disrupt Novo Nordisk's first mover advantage is unclear at this stage.

Elsewhere in the portfolio, our positions in **Thermo Fisher** and **S&P Global** both added value. During the month, both companies provided an update on Q2 earnings. **Thermo Fisher** reported earnings in-line with estimates and strong organic growth while also raising FY24 guidance slightly. S&P Global posted revenue above consensus, and highlighted robust growth trends, raising FY24 guidance.

While markets have been volatile year-to-date, we have continued to stick with our stock-led process and avoid whipsaw risk. Fundamentals drive share prices over time, and while market narratives and dislocations can create short-term volatility, remaining focussed on underlying businesses and their fundamentals can deliver compelling long-term alpha.

Top Holdings	
Holding	Weight %
NOVO NORDISK CLASS B	9.58
MICROSOFT CORP	9.56
ASML HOLDING NV	8.84
THERMO FISHER SCIENTIFIC INC	5.49
S&P GLOBAL INC	5.33
CADENCE DESIGN SYSTEMS INC	4.92
FERRARI NV	4.90
INTUITIVE SURGICAL INC	4.87
MASTERCARD INC CLASS A	4.86
ALPHABET INC CLASS C	4.72

Country Exposure	
Country	Weight %
United States	66.08
Denmark	9.58
Netherlands	8.84
France	7.22
Italy	4.90
United Kingdom	3.08

About the Fund

Investment Objective

The investment objective of the Fund is to achieve long-term capital growth by investing in a global portfolio of equity securities.

Investment Strategy

The Fund aims to achieve its investment objective through investing in the BlackRock Global Unconstrained Equity Fund (Underlying Fund). The Underlying Fund is domiciled in Ireland and is a sub-fund of BlackRock Funds I ICAV, an Irish Collective Asset-management Vehicle. The Underlying Fund is managed by BlackRock Asset Management Ireland Limited and BlackRock Investment Management (UK) Limited has been appointed as Investment Manager (Investment Manager).

The Underlying Fund seeks to achieve its objective by investing at least 80% of its total assets in equity securities and equity-related securities (namely American Depositary Receipts (ADRs)

and Global Depositary Receipts (GDRs)) of companies domiciled in or exercising a significant part of their economic activity in global developed markets.

Investment decisions will be based on fundamental, company-specific research to identify and select the equity and equity-related securities that, in the opinion of the Investment Manager, have the potential to produce attractive long-term capital growth. The Investment Manager's research looks at a range of factors when selecting companies in which to invest including, but not limited to, an analysis of their competitive advantages, the impact of structural (such as economic, demographic or technological) changes, the quality of management teams and their financial discipline. The Fund's portfolio is expected to be concentrated.

The Fund and the Underlying Fund have an unconstrained investment style (that is, it will not take a benchmark index into account when selecting investments) and is not subject to any restrictions on the proportion of its assets that must be invested in any particular country, region or industry sector.

The Underlying Fund applies exclusionary screens to the companies within its investment universe. The Investment Manager then applies its proprietary Fundamental Insights Methodology to identify companies that would otherwise have been excluded by the exclusionary screens but that it considers to be appropriate for investment on the basis that they are "in transition" and focused on meeting sustainability criteria over time.

Where a company is identified as meeting the criteria in the Fundamental Insights Methodology for investment and is approved in accordance with the Methodology, it is eligible to be held by the Underlying Fund. Such companies are regularly reviewed.

In the event that the Investment Manager determines that a company fails the criteria in the Fundamental Insights Methodology (in whole or in part and at any time) or it is not engaging with the Investment Adviser on a satisfactory basis, it will be considered for divestment by the Underlying Fund in accordance with the Fundamental Insights Methodology.

Should be considered by investors who ...

- ▶ Seek to invest in a Fund which provides investors with access to a professionally managed portfolio of global equity securities.
- ▶ Have a long-term investment horizon. The securities held in the Underlying Fund's portfolio have been selected based on BlackRock's view that they have a sustained competitive advantage, and so will typically be held over a long-term horizon.
- ▶ Want to invest into an actively managed fund without benchmark constraints. In selecting securities for the Underlying Fund's portfolio, the investment adviser is unconstrained by country, region or capitalisation limits.

Fund Details

BlackRock Global Unconstrained Equity Fund (Aust) (Class D)	
APIR Code	BLK9425AU
Management Fee	0.95%
Fund Size	\$156,150.62
BlackRock Global Unconstrained Equity Fund (Aust) (Class S)	
APIR Code	BLK2713AU
Management Fee	0.30%
Fund Size	\$29,944.70

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

IMPORTANT INFORMATION: Issued by BlackRock Investment Management (Australia) Limited ABN 13 006 165 975, AFSL 230 523 (**BIMAL**). This material is not a financial product recommendation or an offer or solicitation with respect to the purchase or sale of any financial product in any jurisdiction. The material provides general information only and does not take into account your individual objectives, financial situation, needs or circumstances. Before making any investment decision, you should assess whether the material is appropriate for you and obtain financial advice tailored to you having regard to your individual objectives, financial situation, needs and circumstances. BIMAL is the responsible entity and issuer of units in the Australian domiciled managed investment schemes referred to in this material. Any potential investor should consider the latest product disclosure statement, prospectus or other offer document (**Offer Documents**) before deciding whether to acquire, or continue to hold, an investment in any BlackRock fund. Offer Documents can be obtained by contacting the BIMAL Client Services Centre on 1300 366 100. In some instances Offer Documents are also available on the BIMAL website at www.blackrock.com.au. BIMAL, its officers, employees and agents believe that the information in this material and the sources on which it is based (which may be sourced from third parties) are correct as at the date of publication. While every care has been taken in the preparation of this material, no warranty of accuracy or reliability is given and no responsibility for the information is accepted by BIMAL, its officers, employees or agents. Any investment is subject to investment risk, including delays on the payment of withdrawal proceeds and the loss of income or the principal invested. While any forecasts, estimates and opinions in this material are made on a reasonable basis, actual future results and operations may differ materially from the forecasts, estimates and opinions set out in this material. No guarantee as to the repayment of capital or the performance of any product or rate of return referred to in this material is made by BIMAL or any entity in the BlackRock group of companies. No part of this material may be reproduced or distributed in any manner without the prior written permission of BIMAL. © 2023 BlackRock, Inc. All Rights reserved. BLACKROCK, BLACKROCK SOLUTIONS, iSHARES and the stylised i logo are registered and unregistered trademarks of BlackRock, Inc. or its subsidiaries in the United States and elsewhere. All other trademarks are those of their respective owners.

BlackRock