# BGF Global Multi-Asset Income Fund

BlackRock

September 2024

**Performance:** Global stock and bond markets ended September in positive territory despite continued volatility. The fund delivered a positive return.

**Positioning:** We added to quality dividend stocks during the month while reducing exposure to global real assets and collateralized loan obligations (CLOs).

▲ **Contributors:** Covered calls, high yield bonds, US equities

▼ **Detractors:** Currency management, global ex-US equities

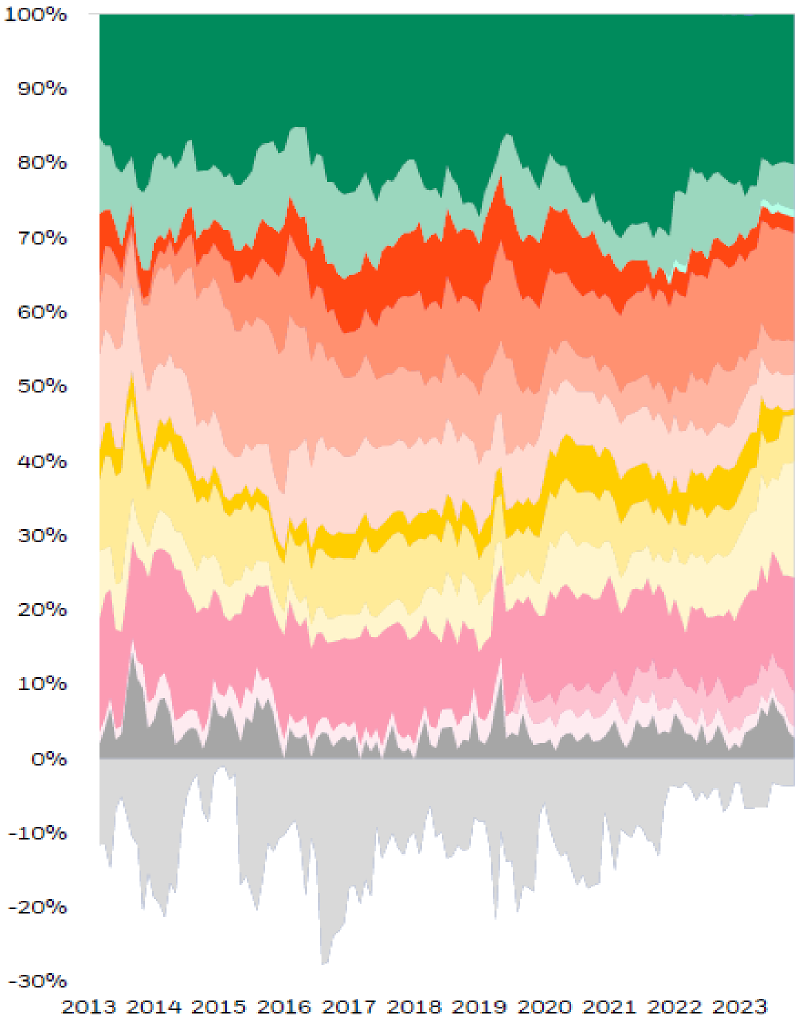
▲ **Increased:** Dividend stocks

▼ **Decreased:** Global real assets, floating rate loans

## Diversifying Income for a Better Outcome

The fund has a diversified tactical asset allocation across stocks, bonds, and complementary sources of income in search for better yields.

### Tactical Asset Allocation




| Asset Class | Current | High | Low |
|---|---|---|---|
| High Yield Bonds | 20% | 30% | 15% |
| Inv Grade Bonds | 6% | 12% | 3% |
| EM Debt | 2% | 10% | 2% |
| Floating Rate Loans | 15% | 15% | 1% |
| Mortgage-Backed | 4% | 20% | 4% |
| Preferred Stock | 5% | 14% | 5% |
| EM Equity | 1% | 6% | 1% |
| Global Ex-US Equity | 6% | 16% | 5% |
| US Equity | 16% | 16% | 3% |
| Covered Calls | 16% | 20% | 7% |
| Global Infrastructure | 5% | 5% | 0% |
| Global REITs | 1% | 4% | 1% |
| Cash | 3% | 15% | 0% |
| Hedges | -4% | -1% | -28% |

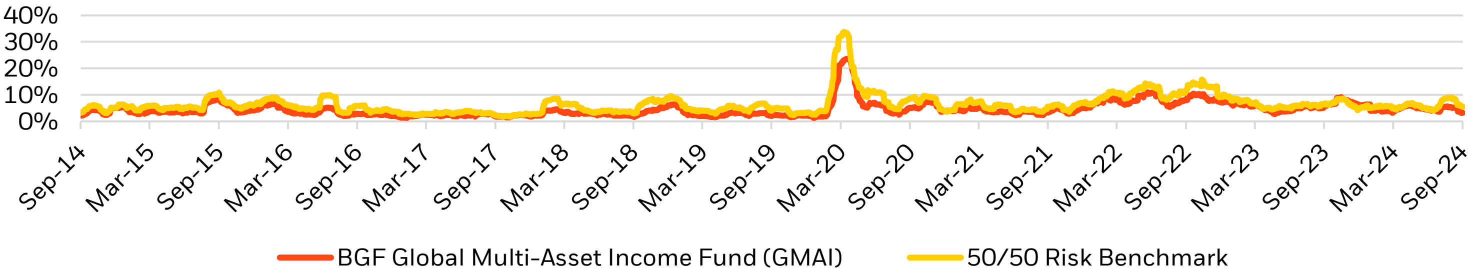
Source: BlackRock as of 30/09/2024. Subject to change. For illustrative purposes only.

# Outlook and Positioning

The Federal Reserve delivered its much-anticipated first rate cut in September. While hotly debated, the Fed chose to start its rate-cutting cycle at a faster pace of 50bps, citing continued progress on inflation and a balance of risks given signs of softening labor data. Policy rates are expected to continue to move lower, but the future path remains uncertain. Elsewhere, the European Central Bank (ECB) and the Peoples Republic of China also adjusted policy rates lower in response to weaker economic data. Equity and bond markets closed September in positive territory, finishing out a strong quarter. However, positive headline numbers masked the massive volatility driven by recessionary fears, concerns over higher equity valuations and signs of slowing labor market data. Periods of market weakness were short-lived, though, as stronger US data and a dovish pivot by central banks buoyed market sentiment. From a positioning standpoint, we are maintaining a relatively pro-risk stance given our confidence in the continued economic expansion, lower global inflation, and a shift by central banks to cut interest rates. More recently, we've added to overall equity exposure by increasing our allocation to dividend stocks. This was partially funded by cutting exposure to real assets. REITs and infrastructure equities have strongly outperformed in recent months along with the drop in interest rates. We believe the rate rally is less likely to be a tailwind for these sectors moving ahead so we have trimmed exposure. We remain favorable on dividend stocks which trade at a discount to growth equities and offer high quality characteristics. Elsewhere, we believe higher yielding fixed income sectors look compelling from a fundamental perspective and continue to offer attractive all-in yields. We believe a backdrop of slowing inflation and central bank rate cuts sets up a favorable environment for fixed income investors. However, credit spreads have continued to tighten, and we are taking a more selective approach now as a result. For some time, we have been keeping a modest exposure to US high yield bond in favor of equities and floating rate loans due to more attractive relative value in these areas. US high yield spreads sit near historic tights leading us to maintain a lower weight relative to our history. The spread premium of CLOs versus comparable assets has also shrunk. Thus, we've decided to modestly reduce our CLO allocation in favor of dividend stocks but stay broadly favorable on the asset class for its ability to generate attractive risk-adjusted yield. Overall, we maintain the view that ample income and growth opportunities exist for investors today and, importantly, the diversification benefits of multi-asset portfolios will be intact in a backdrop of Fed rate cuts and lower inflation. Looking ahead, we expect continued bouts of volatility as uncertainty remains high, particularly over geopolitical risks like US elections. We are also paying close attention to data releases, especially in unemployment as the focus moves away from inflation being the main driver of volatility.

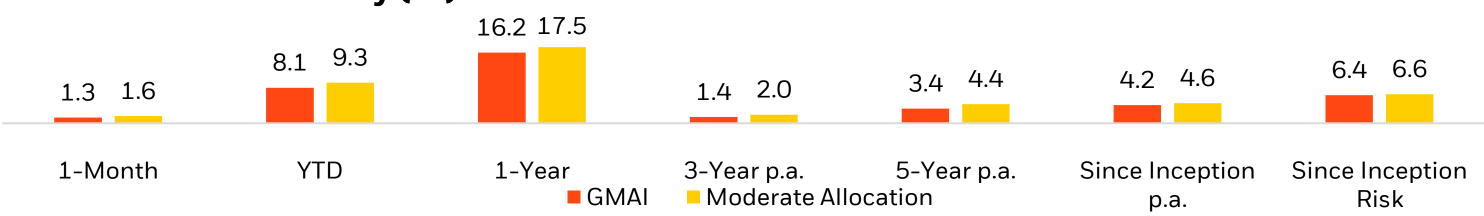
## Actively managing the balance between return and risk

**30 Day Volatility (p.a.)**




Source: Bloomberg, Morningstar, 01/06/2014 to 30/9/24. Based on 30 day volatility calculations of accumulating share classes net of fees (BGF GMAI: A2 USD). Risk Reference Benchmark: 50% Equities (MSCI World)/50% Global Bonds (Barclays Capital Global Aggregate Bond Index USD Hedged).

## Performance Summary (%)




The fund's performance with maximum 5% sales charge applied: **-3.78% (1 month) , 2.71% (year-to-date), 10.37% (1-year), -0.29% (3-year), 2.30% (5-year), 3.75% (since inception)** Performance A2 share class, net in USD on a NAV pricing with income reinvested as at 30 September 2024 and assumed a 5% Front End Load where indicated. Inception date is 29/06/2012.

**The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.**

## YTD Performance Summary

**Contributors:**

- US Equities
- High Yield Bonds
- Covered Call Writing

**Detractors:**

- Interest Rate Exposures

## Total Portfolio Statistics

| | September 2024 |
|---|---|
| Number of Holdings | 2927 |
| Fund Size USD | $4.6B |
| Average Credit Quality | BB+ |
| Duration | 2.6 Years |
| Inception | 28-Jun-12 |
| Annual Management Fee | 1.50% |

**Important information**

Source: BlackRock, Morningstar, Bloomberg. Date: 30 September 2024. Fund details and characteristics are as of the date noted and subject to change. Since inception return and volatility comparison based on annualized daily returns of accumulating share class net of fees. (BGF GMAI: A2 USD). Inception date: 28/06/2012. Reference risk benchmark: 50% Global Equities (MSCI World)/50% Global Bonds (Barclays Capital Global Aggregate Bond Index USD Hedged). Global equities: MSCI World Index USD. Global Bonds: Barclays Capital Global Aggregate Bond Index USD Hedged. Moderate Allocation represents the average across the Morningstar Moderate Allocation category. Indexes are unmanaged and one cannot invest directly in an index. Total returns are shown in percentage for the A2 Share class in USD currency terms. Share class performance is calculated on a NAV price basis, with income reinvested, net of fees. Performance shown over one year is annualised. For up to date performance information, please see www.blackrock.com/sg

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