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BlackRock®

IMAP MARCH 23 CONFERENCE

Are lower returns the unavoidable future for our investors

BlackRock Asset Return map

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Annualised
REITs 22.8%	Japan equities 9.9%	High yield 14.3%	China equities 54.3%	Cash 1.9%	U.S. equities 31.6%	China equities 29.7%	Commodities 38.5%	Commodities 22%	Europe equities 8%	U.S. equities 12.2%
U.S. equities 13.4%	U.S. equities 1.3%	Infrastructure 12.4%	EM equities 37.8%	DM gov. debt -0.4%	Infrastructure 27%	U.S. equities 21.4%	REITs 32.5%	Cash 1.3%	REITs 4.6%	Infrastructure 6.4%
Infrastructure 13%	Emerging debt 1.2%	U.S. equities 11.6%	Europe equities 26.2%	IG credit -3.5%	Europe equities 24.6%	EM equities 18.7%	U.S. equities 27%	Infrastructure -0.2%	U.S. equities 4%	Europe equities 5.7%
China equities 8.3%	REITs 0.6%	EM equities 11.6%	Japan equities 24.4%	High yield -4.1%	REITs 24.5%	Japan equities 14.9%	Europe equities 17%	High yield -12.7%	High yield 2.2%	Japan equities 5.5%
Emerging debt 5.5%	Cash 0.1%	Emerging debt 10.2%	U.S. equities 21.9%	U.S. equities -4.5%	China equities 23.7%	IG credit 10.1%	Infrastructure 11.9%	Europe equities -14.5%	Japan equities 2.1%	REITs 5%
IG credit 2.5%	Europe equities -2.3%	Commodities 9.7%	Infrastructure 20.1%	Emerging debt -4.6%	Japan equities 20.1%	DM gov. debt 9.5%	Japan equities 2%	IG credit -16.1%	Infrastructure 1.5%	High yield 3.1%
Cash 0.1%	High yield -2.7%	REITs 6.9%	High yield 10.4%	REITs -4.8%	EM equities 18.9%	High yield 7%	High yield 1%	Japan equities -16.3%	EM equities 0.9%	China equities 2.6%
High yield 0%	DM gov. debt -3.3%	IG credit 6%	Emerging debt 9.3%	Infrastructure -9.5%	Emerging debt 14.4%	Europe equities 5.9%	Cash 0%	Emerging debt -16.5%	IG credit 0.9%	EM equities 1.9%
DM gov. debt -0.8%	IG credit -3.8%	Japan equities 2.7%	IG credit 9.3%	Commodities -10.7%	High yield 12.6%	Emerging debt 5.9%	Emerging debt -1.5%	DM gov. debt -17.5%	Emerging debt 0.8%	Emerging debt 1.6%
EM equities -1.8%	China equities -7.6%	DM gov. debt 1.7%	REITs 8.6%	Japan equities -12.6%	IG credit 11.8%	Cash 0.7%	IG credit -2.1%	U.S. equities -19.5%	Cash 0.7%	IG credit 1.4%
Japan equities -3.7%	Infrastructure -11.5%	China equities 1.1%	DM gov. debt 7.3%	EM equities -14.2%	Commodities 11.8%	Infrastructure -5.8%	EM equities -2.2%	EM equities -19.7%	China equities 0.2%	Cash 0.8%
Europe equities -5.7%	EM equities -14.6%	Cash 0.4%	Commodities 1.7%	Europe equities -14.3%	DM gov. debt 5.6%	REITs -8.1%	DM gov. debt -6.6%	China equities -21.8%	DM gov. debt -0.6%	Commodities 0.1%
Commodities -17.9%	Commodities -23.4%	Europe equities 0.2%	Cash 0.8%	China equities -18.7%	Cash 2.3%	Commodities -9.3%	China equities -21.6%	REITs -23.6%	Commodities -2.1%	DM gov. debt -1%

Key: Equities Bonds Private markets, commodities

Past performance is not a reliable indicator of current or future results. It is not possible to invest directly in an index.

Sources: BlackRock Investment Institute, with data from Refinitiv Datastream, **1 March 2023**.

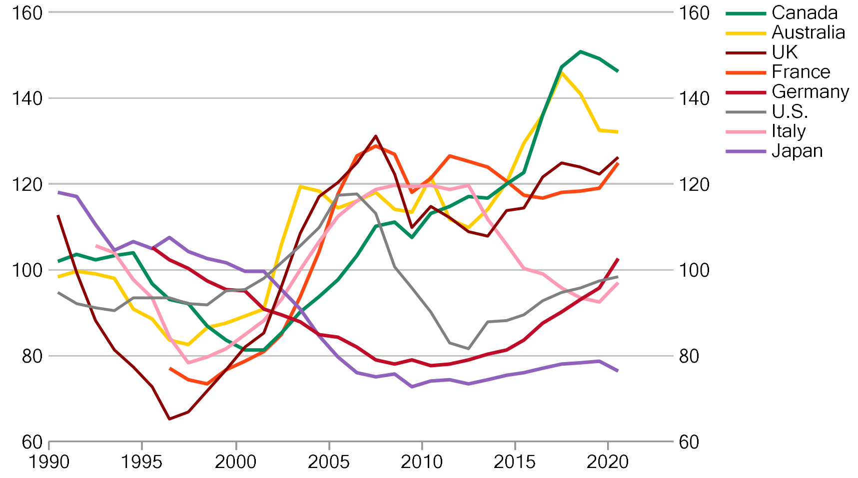
Notes: The table shows annual index total returns (income or dividends reinvested) in U.S. dollars, indices are unmanaged and therefore not subject to fees. 2022 shows year to **28 February 2023**. Indexes or prices used are: U.S. equities - MSCI USA Index, EM equities - MSCI Emerging Markets Index, Europe equities - MSCI Europe Index, Japan equities - MSCI Japan Index, China equities - MSCI China Index, DM gov. debt - Bloomberg Barclays Global Treasury Index, Emerging debt - JP Morgan Emerging Market Bond Index (EMBI) Global Composite, High yield - Bloomberg Barclays Global High Yield Index, IG credit - Barclays Global Corporate Credit Index, Commodities - Commodity Research Bureau (CRB) Index, Cash - Bloomberg Barclays U.S. Treasury Bill Index, REITs - S&P Global Real Estate Investment Trust (REIT) Index, Infrastructure - S&P Global Infrastructure Index. Annualised column shows the annualised total return over the last 10-years from **28 February 2023**.

Australian Macro Landscape

- Our exposure to China is still significant
- Australian unemployment is historically low at 3.5%
- The RBA has delivered 325bps of tightening as the central bank attempts to engineer a soft landing
- The high house price to income ratio and the effect of the hikes on borrowers is a sensitivity that the RBA is acutely aware of

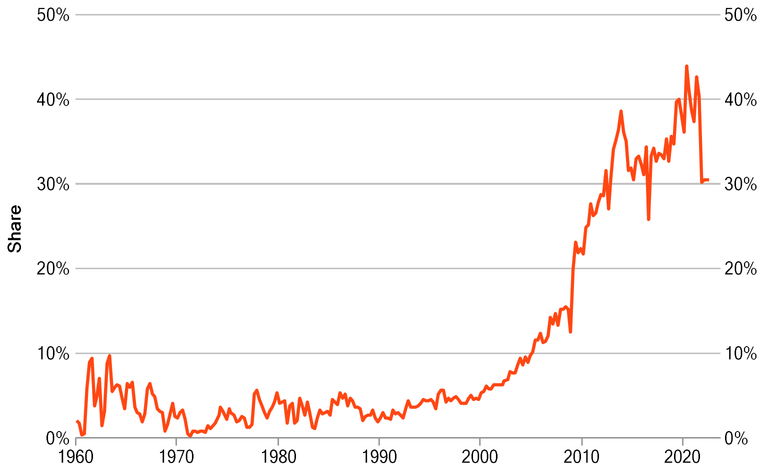
G7 and Australia house price-to-income ratios

Index, 100 = long term average



Source: Refinitiv Datastream, BlackRock Investment Institute. Feb 02, 2023.

Share of Australian exports going to China



Source: Refinitiv Datastream, BlackRock Investment Institute. Feb 02, 2023.

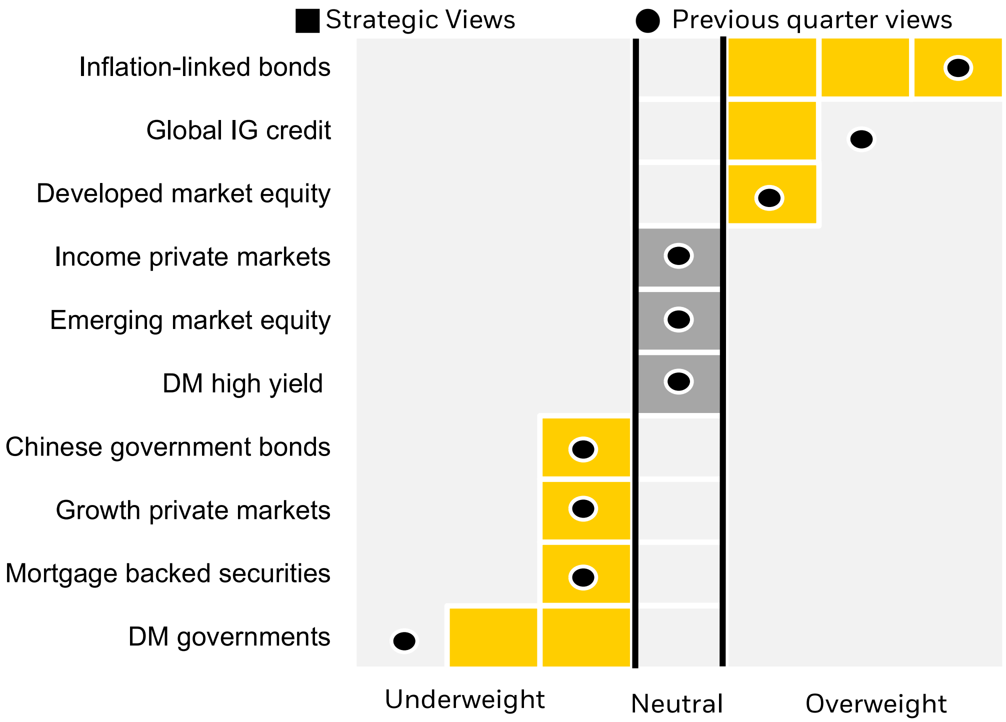
Australian Unemployment Rate

Source: Refinitiv Datastream, BlackRock Investment Institute. Feb 02, 2023.

Our latest strategic views

Narrower spreads and higher bond yields drive the latest changes to our strategic views. We trim our overweight in investment grade (IG) credit and reduce our underweight to DM government bonds.

Hypothetical U.S. dollar 10-year strategic views vs. equilibrium, February 2023

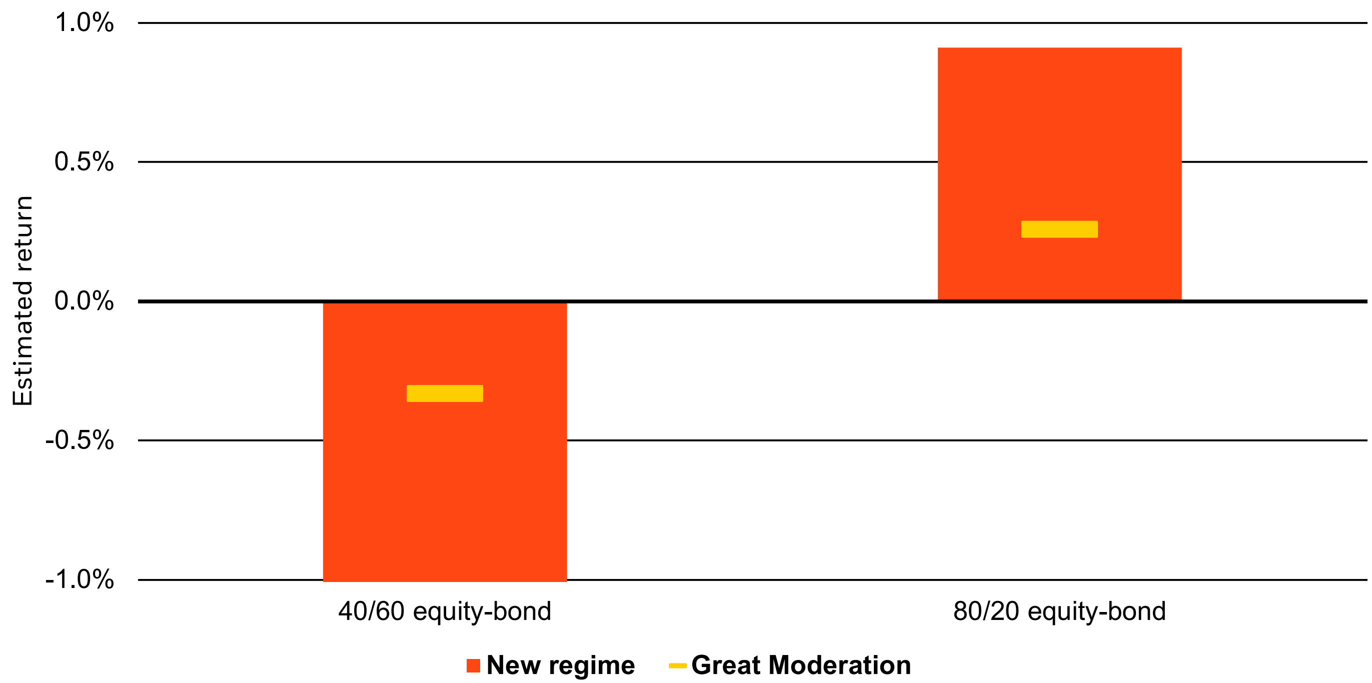


This information is not intended as a recommendation to invest in any particular asset class or strategy or as a promise - or even estimate - of future performance. Source: BlackRock Investment Institute. Data as of 23 January 2023. Notes: The chart shows our asset views on a 10-year view from an unconstrained U.S. dollar perspective against a long-term equilibrium allocation. Global government bonds and EM equity allocations comprise respective China assets. Income private markets comprise infrastructure debt, direct lending, real estate mezzanine debt and U.S. core real estate. Growth private markets comprise global private equity buyouts and infrastructure equity. The allocation shown is hypothetical and does not represent a real portfolio. It is intended for information purposes only and does not constitute investment advice. Index proxies: Bloomberg Barclays US Government Inflation-Linked Bond Index, MSCI World US$, Bloomberg Barclays U.S. High Yield Index. Bloomberg Barclays Global Credit Index, Bloomberg Barclays U.S. Credit index, JP Morgan EMBI Global Diversified Index, MSCI EM, Bloomberg Barclays China Treasury + Policy Bank Total Return Index, Bloomberg Barclays U.S. MBS Index, Bloomberg Barclays Global Aggregate Treasury index,. We use BlackRock proxies for private market assets. The hypothetical portfolio may differ from those in other jurisdictions, is intended for information purposes only and does not constitute investment advice.

Asset allocation matters more in the new regime

The cost of getting the asset mix wrong is likely to be higher in the new regime, by as much as four times, according to our estimates. We think this calls for a new approach to portfolio construction.

Estimated returns in the new regime vs. Great Moderation

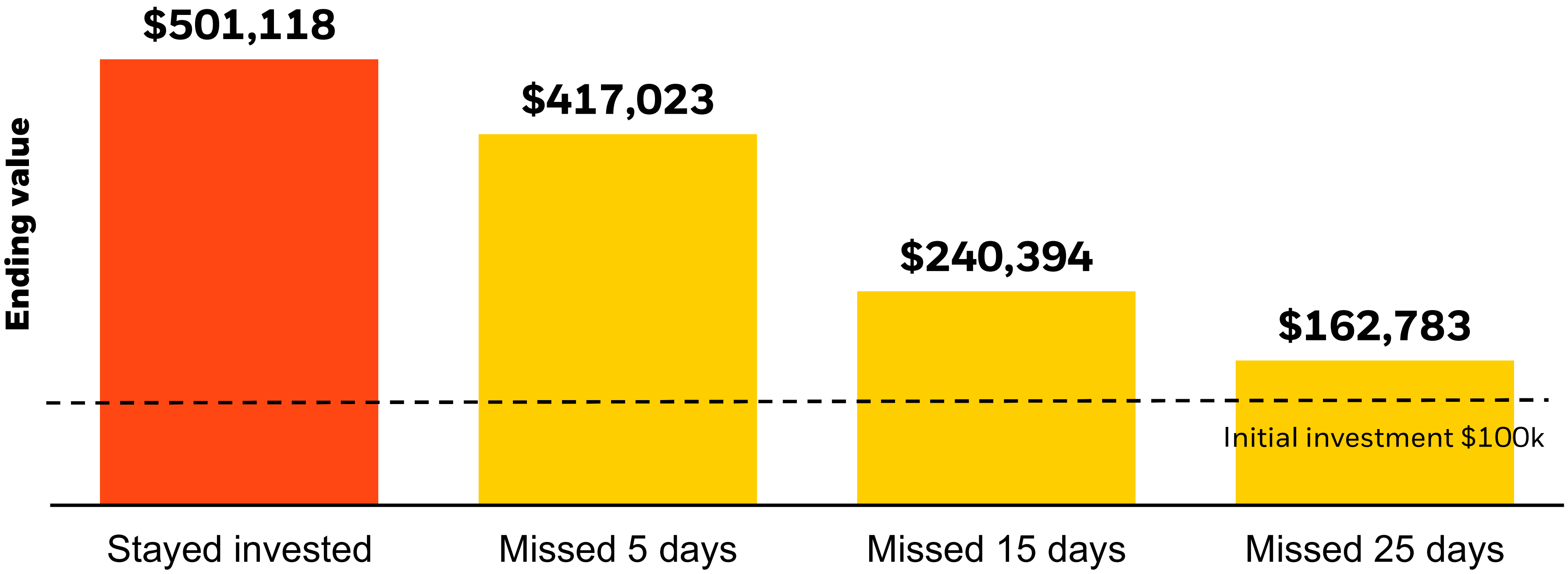


For illustrative purposes only. These do not represent actual portfolios and do not constitute investment advice.. Source: BlackRock Investment Institute with data from Refinitiv Datastream and Morningstar, November 2022. Notes: The chart illustrates the contrast between estimated average annual relative performance of two hypothetical portfolios against a 60-40 global equity-global bond portfolio over the coming decade where we see a regime of higher macro and market volatility (orange) and estimated performance over the Great Moderation era (1990-2019) of stable growth and inflation (yellow bars). We show hypothetical performance of portfolios comprising a 40%-global equity-60% global bond split and an 80% global equity-20% global bond mix. Index proxies: MSCI AC World for equities and the Bloomberg Global Aggregate Index for bonds. An inherent limitation of hypothetical results is that allocation decisions reflected in the performance record were not made under actual market conditions. They cannot completely account for the impact of financial risk in actual portfolio management. Indexes are unmanaged and do not account for fees. It is not possible to invest directly in an index. our estimated returns of portfolios with different asset allocations during the Great Moderation and the new regime.

Time in the market vs. timing the market

Missing top-performing days can hurt your return

Hypothetical investment of $100,000 in the S&P/ASX 200 Index over the last 20 years (2002-2022)



Source: Bloomberg as of 02/10/23. Past performance does not guarantee or indicate future results. Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

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