



Hong Kong Baptist University 1998 Superannuation Fund

Quarterly Report Q1 2025

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World Market Performance Summary

World Market Performance Summary

In HKD terms (%)`	Q2 2024	Q3 2024	Q4 2024	2024	Q1 2025	2025
Equity						
MSCI World	2.4%	5.8%	-0.2%	18.1%	-1.6%	-1.6%
MSCI North America	3.4%	5.5%	2.5%	23.4%	-4.2%	-4.2%
MSCI Europe	0.3%	6.0%	-9.7%	1.3%	10.7%	10.7%
MSCI Japan	-4.5%	5.2%	-3.6%	7.7%	0.5%	0.5%
MSCI Hong Kong	0.7%	23.8%	-9.8%	-0.4%	4.6%	4.6%
MSCI Pacific (ex Japan and HK)	5.4%	10.2%	-7.3%	10.2%	2.1%	2.1%
MSCI Emerging Markets	4.7%	8.2%	-8.0%	6.9%	3.1%	3.1%
Fixed Income						
WGBI* (USD Hedged)	-0.5%	3.6%	-1.1%	1.8%	1.1%	1.1%
WGBI* (USD Unhedged)	-1.8%	6.4%	-5.4%	-3.4%	2.7%	2.7%
Currency						
HKD to Euro	1.0%	-3.5%	7.8%	7.2%	-4.3%	-4.3%
HKD to Sterling	0.2%	-5.3%	7.1%	2.3%	-3.1%	-3.1%
HKD to Yen	6.5%	-10.6%	9.9%	12.1%	-5.0%	-5.0%
HKD to AUD	-2.1%	-3.2%	12.0%	10.8%	-0.8%	-0.8%

*WGBI represents FTSE World Government Bond Index, Source: Bloomberg as of 31 March 2025

Portfolio Performance Review

BGF Global Government Bond Fund

Portfolio Size Summary – BGF Global Government Bond Fund

BlackRock Global Government Bond Fund		
	USD	HKD ¹
As of 31 March 2025	6,976,578.47	54,279,873.47

1. The exchange rate is 7.78030 HKD/USD, based on JP Morgan quoted on the Fund's monthly statement as at 31 March 2025
Unregistered trade: USD Nil, cash in transit: HKD Nil

Performance Summary – BGF Global Government Bond Fund

BlackRock Global Government Bond Fund (%)		
Month	Portfolio	Benchmark
October 2024	-1.60	-1.40
November 2024	1.39	1.21
December 2024	-0.97	-0.88
January 2025	0.27	0.27
February 2025	0.74	1.15
March 2025	-0.50	-0.52
Q2 2024	-0.21	-0.27
Q3 2024	3.70	4.10
Q4 2024	-1.20	-1.09
Q1 2025	0.51	0.89
1 Yr (ended 2025.03.31)	2.76	3.60
3 Yr (ended 2025.03.31) Annualized	-0.54	0.20
Since Inception ⁽³⁾ (ended 2025.03.31)	2.55	3.31

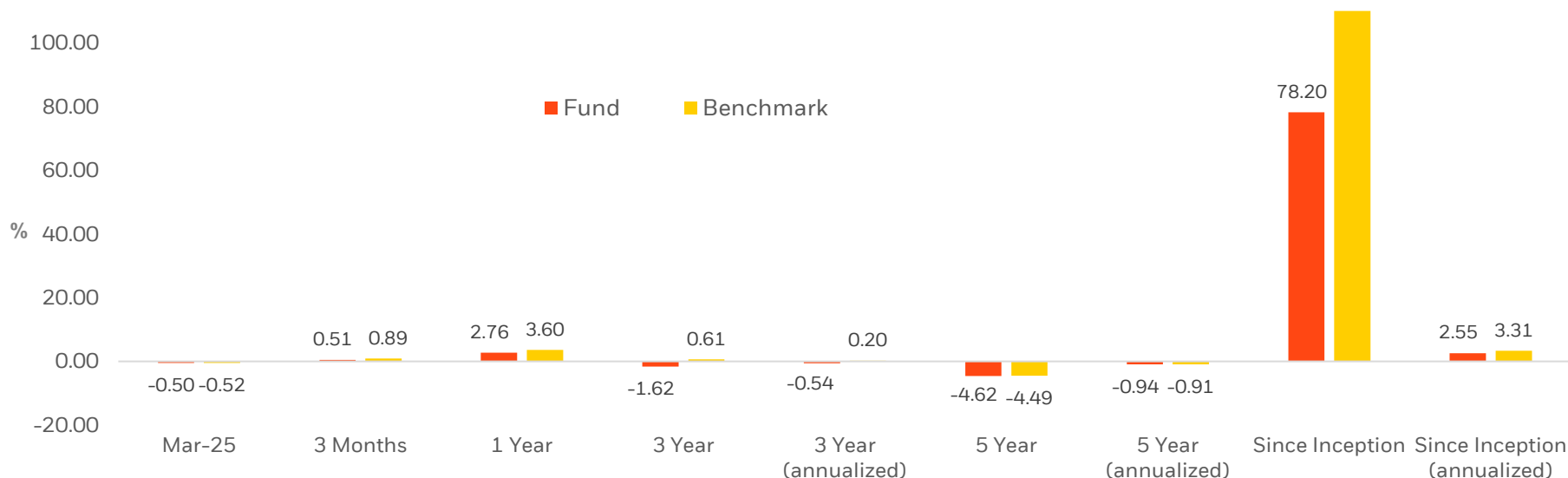
Performance figures are net of management fees for the standard, retail A2 USD share class. Please note that this may not reflect the preferential management fees offered to HKBU.

Benchmark: FTSE World Government Bond USD Hedged Index

Annualized net of fees return since HKBU Inception in May 2002

Source: BlackRock as of 31 March 2025

BGF Global Government Bond Fund (USD) Performance



	Mar-25	3 Months	1 Year	3 Year	3 Year (annualized)	5 Year	5 Year (annualized)	Since Inception	Since Inception (annualized)
Fund	-0.50	0.51	2.76	-1.62	-0.54	-4.62	-0.94	78.20	2.55
Benchmark	-0.52	0.89	3.60	0.61	0.20	-4.49	-0.91	110.90	3.31
Industry Median Return	0.77	2.97	2.62	-5.93	-2.02	-7.89	-1.63		
Ranking / Number of Funds Compared	70/70	70/70	18/70	17/69	17/69	20/66	20/66		

Performance figures are net of management fees for the standard, retail A2 USD share class. Please note that this may not reflect the preferential management fees offered to HKBU.

HKBU Inception Date: May 2002

Benchmark: FTSE World Government Bond USD Hedged Index

Source: BlackRock as of 31 March 2025

iShares Developed World Index Fund (IE)

Portfolio Size Summary – iShares Developed World Index Fund (IE)

iShares Developed World Index Fund		
	USD	HKD ¹
As of 31 March 2025	9,449,329.44	73,518,617.84

1. The exchange rate is 7.7803 HKD/USD, based on JP Morgan quoted on the Fund's monthly statement as at 31 March 2025
Cash in-transit: HKD 8,821.77 ,

Performance Summary – iShares Developed World Index Fund (IE)

iShares Developed World Index Fund (IE) (%)		
Month	Portfolio	Benchmark
October 2024	-2.00	-1.98
November 2024	4.58	4.59
December 2024	-2.62	-2.61
January 2025	3.52	3.53
February 2025	-0.73	-0.72
March 2025	-4.44	-4.45
Q2 2024	2.64	2.63
Q3 2024	6.32	6.36
Q4 2024	-0.19	-0.16
Q1 2025	-1.81	-1.79
1 Yr (ended 2025.03.31)	6.96	7.04
3 Yr (ended 2025.03.31) Annualized	7.54	7.58
Since Inception Cumulative (ended 2025.03.31)	159.05	160.03
Since Inception Annualized (ended 2025.03.31)	9.11	9.15

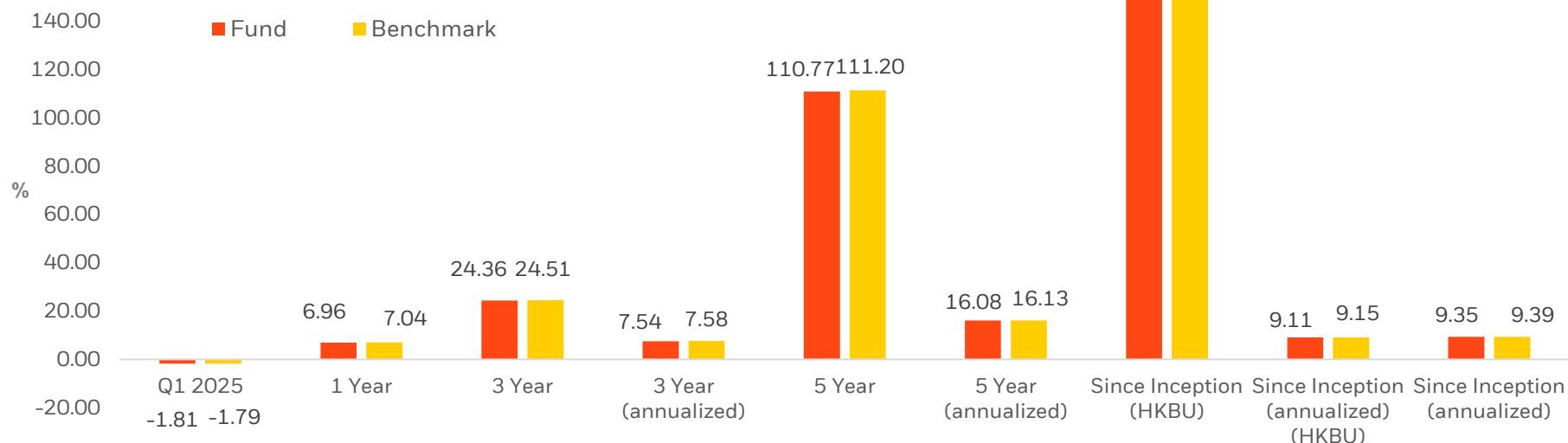
Fund performance figures are net of total expense ratio (TER), which is net of standard management fees and other fees

Benchmark: MSCI World Index (USD unhedged)

HKBU Inception Date: May 2014

Source: BlackRock as of 31 March 2025

iShares Developed World Index Fund (IE) (USD) Performance



	Q1 2025	1 Year	3 Year	3 Year (annualized)	5 Year	5 Year (Annualized)	Since Inception (HKBU)	Since Inception (annualized) (HKBU)	Since Inception (annualized)
Fund	-1.81	6.96	24.36	7.54	110.77	16.08	159.05	9.11	9.35
Benchmark	-1.79	7.04	24.51	7.58	111.20	16.13	160.03	9.15	9.39

Fund performance figures are net of total expense ratio (TER), which is net of standard management fees and other fees
 HKBU Inception Date: May 2014 . Fund Inception Date: Jan 2011
 Benchmark: MSCI World (USD unhedged)
 Source: BlackRock as of 31 March 2025

iShares Developed World Index Fund (IE)

■ Fund
■ Index

Fund Details

Index name	MSCI World
Fund AUM (\$m)	23,273
Inception date	15/Apr/2010
Fund base currency	USD
Structure	Physical
Number of stocks (fund / index)	1352/1352
Anticipated TE tolerance ^[2]	0.10%
Securities lending	Yes
12m securities lending revenue	0.02%
Bid/offer spreads (bps)	2/6
Dealing times direct (Irish time)	14:30 on DD-1

Top 10 Equity Exposures ^[1]

Security	Geography	GICS Sector	Fund Weight	Index Weight
APPLE INC	United States	Info.Tech	4.91%	4.91%
NVIDIA CORP	United States	Info.Tech	3.90%	3.90%
MICROSOFT CORP	United States	Info.Tech	3.90%	3.89%
AMAZON COM INC	United States	Cons.Disc.	2.65%	2.64%
META PLATFORMS INC CLASS A	United States	Comm.	1.85%	1.85%
ALPHABET INC CLASS A	United States	Comm.	1.33%	1.33%
ALPHABET INC CLASS C	United States	Comm.	1.14%	1.14%
TESLA INC	United States	Cons.Disc.	1.10%	1.10%
BROADCOM INC	United States	Info.Tech	1.10%	1.09%
BERKSHIRE HATHAWAY INC CLASS B	United States	Financials	1.04%	1.04%
Total:			22.90%	22.89%

Annual Performance

Period	Fund	Index	Tracking Difference
2015	-0.80%	-0.87%	0.08%
2016	7.70%	7.51%	0.19%
2017	22.66%	22.40%	0.26%
2018	-8.60%	-8.71%	0.12%
2019	27.80%	27.67%	0.13%
2020	15.99%	15.90%	0.09%
2021	21.96%	21.82%	0.15%
2022	-18.02%	-18.14%	0.12%
2023	23.93%	23.79%	0.15%
2024	18.76%	18.67%	0.09%
2025 YTD	-1.77%	-1.79%	0.02%

Fund and Index Cumulative Return



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. Fund performance is gross of annual management fees and net of admin. & custody costs in USD. Index Return is net total return in USD. Index returns are for illustrative purposes only. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. Source: Blackrock, as at 31 March 2025. Securities lending data as at 30 September 2024. [1] A look through is applied on index futures and ETF holdings. [2] See page 58 of the [Prospectus](#) for additional details.

BlackRock ICS US Dollar Liquidity Fund

Portfolio Size Summary – BlackRock ICS US Dollar Liquidity Fund

BlackRock ICS US Dollar Liquidity Fund		
	USD	HKD ¹
As of 31 March 2025	13,986,141.69	108,816,378.19

1. The exchange rate is 7.7679 HKD/USD, based on JP Morgan quoted on the Fund's monthly statement as at 31 March 2025
Cash in-transit: HKD 498,599.12

Performance Summary – BlackRock ICS US Dollar Liquidity Fund

BlackRock ICS US Dollar Liquidity Fund (%)		
Month	Portfolio	Benchmark
October 2024	5.21	4.84
November 2024	4.85	4.65
December 2024	4.88	4.52
January 2025	4.71	4.32
February 2025	4.21	4.04
March 2025	4.64	4.62
Q3 2024	5.52	5.27
Q4 2024	4.98	4.67
Q1 2025	4.52	4.33
Year to date (ended 2025.03.31)	4.52	4.33
1 Yr (ended 2025.03.31)	5.14	4.89
3 Yr (ended 2025.03.31)	4.49	4.27
5 Yr (ended 2025.03.31)	2.73	2.54
Since Inception Cumulative (ended 2025.03.31)	14.23	13.33
Since Inception (ended 2025.03.31)	2.95	2.77

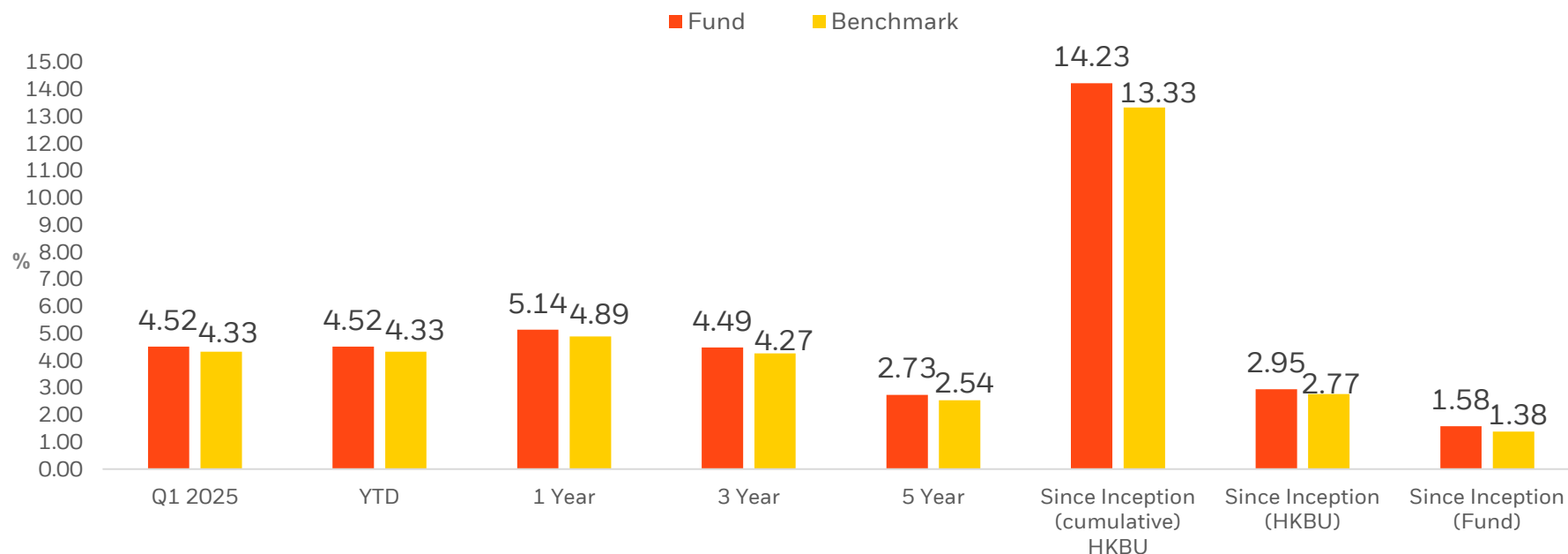
Performance figures are annualized unless otherwise noted and net of standard management fee

Benchmark: Secured Overnight Financing Rate (SOFR)

HKBU Inception Date: August 2020, Fund Since Inception: March 2012

Source: BlackRock as of 31 March 2025

BlackRock ICS US Dollar Liquidity Fund Performance



	Q1 2025	YTD	1 Year	3 Year	5 Year	Since Inception (cumulative) HKBU	Since Inception (HKBU)	Since Inception (Fund)
Fund	4.52	4.52	5.14	4.49	2.73	14.23	2.95	1.58
Benchmark	4.33	4.33	4.89	4.27	2.54	13.33	2.77	1.38

Performance figures are annualized unless otherwise noted and net of standard management fee
 Benchmark: Secured Overnight Financing Rate (SOFR)
 HKBU Inception Date : August 2020, Fund Since Inception: March 2012
 Source: BlackRock as of 31 March 2025

Investment Strategy and Asset Allocation

BGF Global Government Bond Fund

Performance

Fund	Benchmark	Excess Return
-1.20%	-1.09%	-0.11%

Portfolio Activity

- The Fund and the benchmark delivered positive returns during the quarter (0.61% and 0.89% gross of fees, respectively), with the Fund underperforming the benchmark over the quarter by 28bps, driven by our emerging market strategies and developed market active currency positioning.
- Our emerging market strategies posted negative returns via our overweight allocation to emerging market hard currency bonds and our modest short position in the renminbi.

Current Positioning and Outlook

- President Donald Trump's 'Liberation Day' announcement, and the reaction from trade partners and investors in the aftermath, has resulted in a major sell-off in risk assets and intensified uncertainty across global financial markets.
- The Federal Reserve (Fed) continues to view tariffs as a one-off price shock rather than a sustained inflation trend. As a result, while the Fed maintains an easing bias, we believe it has shifted to a more cautious stance - effectively holding interest rates steady through mid-year, unless growth slows materially. The probability of a US recession has been increasing, and this is something that we are monitoring very closely.

Source: BlackRock as of 31 March 2025

BGF Global Government Bond Fund

Performance attribution (bps)

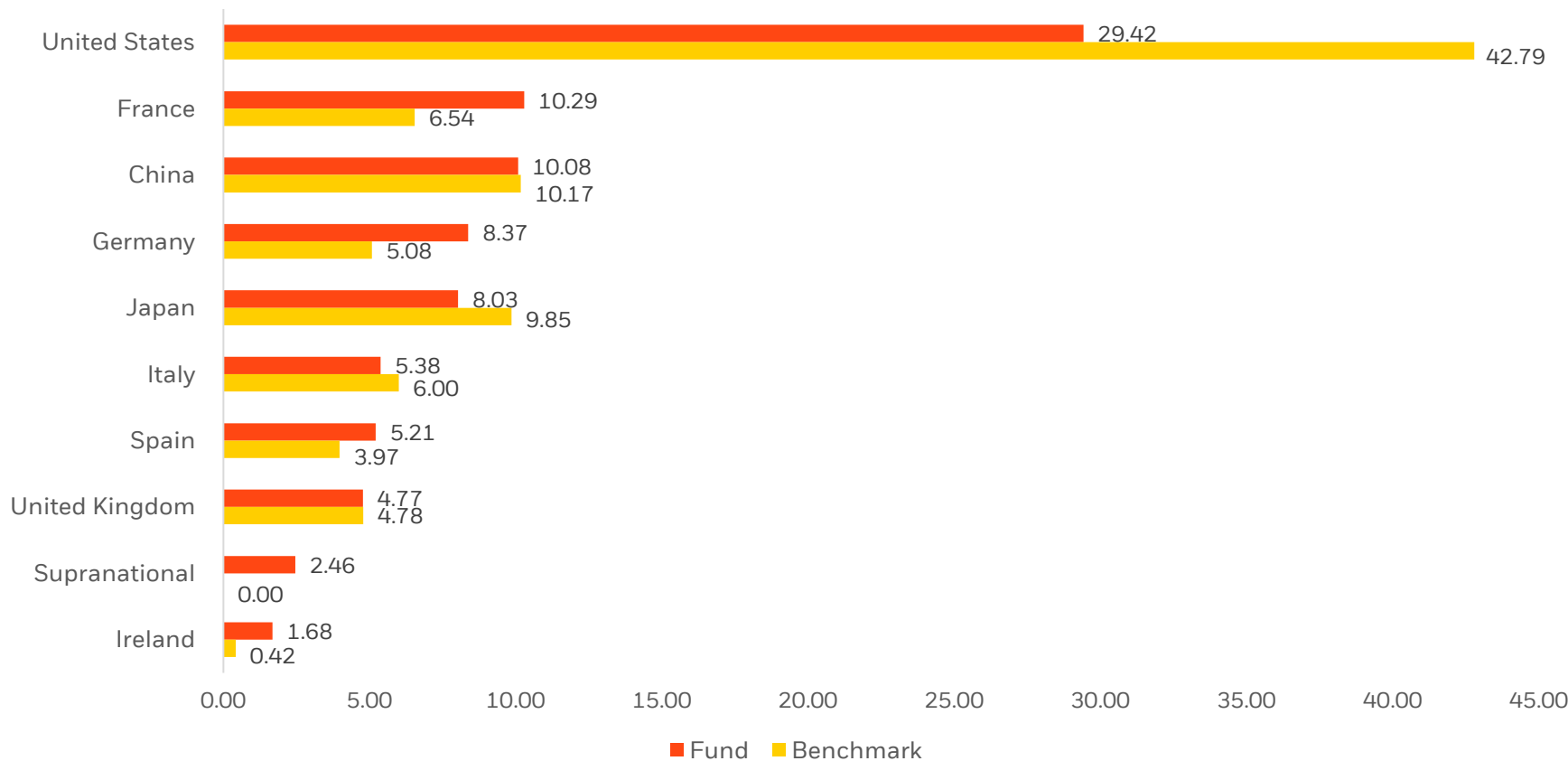
Macro Rates	2019	2020	2021	2022	2023	2024	Jan-25	Feb-25	Mar-25	YTD 2025
Rates Total	79	127	67	81	-61	-96	-4	-2	1	-5
USD	-3	25	65	13	-56	-43	-8	0	-8	-17
JPY	-5	-4	-1	21	-26	-4	0	0	-6	-6
EUR	12	64	1	42	-2	5	8	0	16	24
Germany	-16	2	17	34	16	11	0	-5	13	8
France	12	5	2	12	-2	-15	4	2	-6	1
Italy	-1	31	0	27	-10	0	-1	-2	5	3
Spain	3	12	-3	4	-9	8	0	0	1	1
Other*	14	14	-15	-35	4	0	4	4	3	11
GBP	17	0	14	16	6	-36	-3	0	1	-2
CAD	-4	4	-8	-1	-3	2	0	-1	0	-1
AUD	-10	-3	-3	-1	-1	0	0	0	-1	-1
Other DM	0	-1	-2	1	-1	1	-1	0	0	0
EM Local	64	41	1	-9	22	-21	1	-1	-1	-1
Spread Sectors										
Inflation	6	-12	-22	-16	1	1	0	0	0	1
Credit Total	36	34	20	-29	61	39	5	1	-11	-5
IG	30	20	6	0	42	25	2	0	0	2
USD IG	32	17	6	-1	32	3	0	-1	0	-1
EUR IG	-2	3	0	2	9	21	3	1	0	3
GBP IG	0	0	0	0	1	0	0	0	0	0
HY	6	14	14	-29	19	14	3	1	-10	-7
USD HY	6	15	13	-18	15	1	3	0	-5	-3
EUR HY	0	-1	1	-10	3	11	0	1	-4	-3
EM External Total	1	58	-50	-43	2	11	2	-2	-3	-3
Sovereign	-10	24	-9	-8	0	5	2	-1	-2	-1
Corporate	12	34	-41	-36	2	6	0	0	-1	-1
Securitised Total	17	4	47	-24	52	54	4	3	-2	5
Agency MBS	2	-6	-6	1	11	11	-2	3	0	1
CMBS	6	-2	16	-11	5	12	1	0	-1	0
CLO	2	10	11	-1	24	13	1	0	-1	0
ABS	5	4	8	-4	9	9	1	1	0	1
Non-Agency	2	-2	19	-9	4	9	2	0	1	2
Other Spread	-28	3	1	1	2	2	1	0	0	1
Active FX										
DM FX	-32	11	-7	-19	-8	-3	3	-6	-2	-5
EM FX	-30	-20	-15	4	5	-5	-3	-3	0	-5
Residuals	28	2	-12	11	-4	-2	-6	-5	-1	-12
Active Return	88	207	28	-35	49	1	2	-13	-17	-28

Source: BlackRock internal attribution model estimates, based on gross USD returns calculated internally and may not match official returns. 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. Data as of 31 March 2025. Figures presented above are in basis points (bps). *Other includes other eurozone countries not listed. Please note: residuals are high months of heightened volatility, due to timing differences between benchmark and fund pricing, however over the long run these residuals average down to smaller numbers.



BGF Global Government Bond Fund

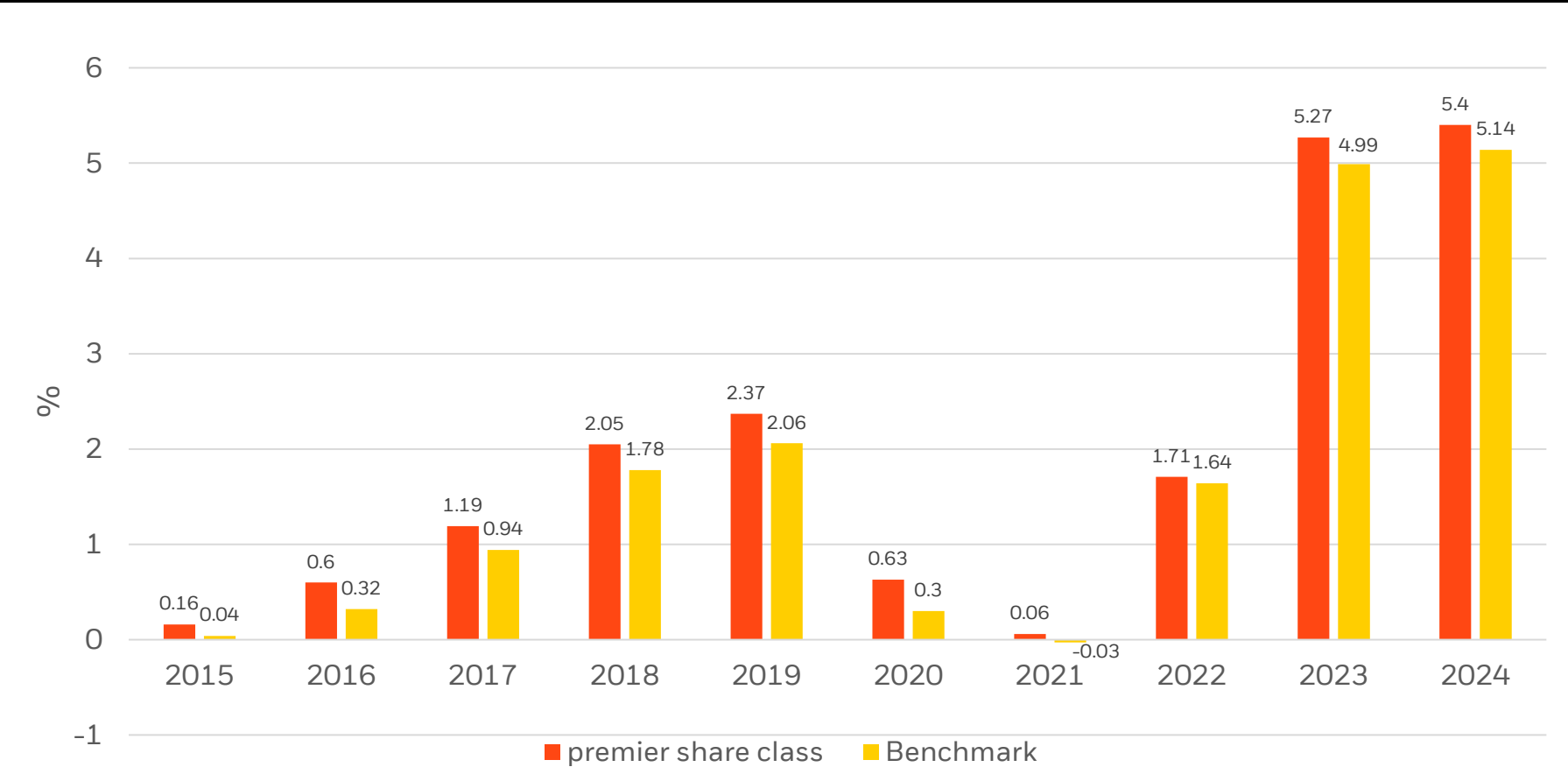
Top Countries (%)



Geographic exposure relates principally to the domicile of the issuers of the securities held in the product, added together and then expressed as a percentage of the product's total holdings. However, in some instances it can reflect the country where the issuer of the securities carries out much of their business. "Others" excluded from the chart above.
Benchmark: FTSE World Government Bond USD Hedged Index. Source: BlackRock. As of 31 March 2025

BlackRock ICS US Dollar Liquidity Fund

Net annualised Monthly Yield for the past 12 months in %

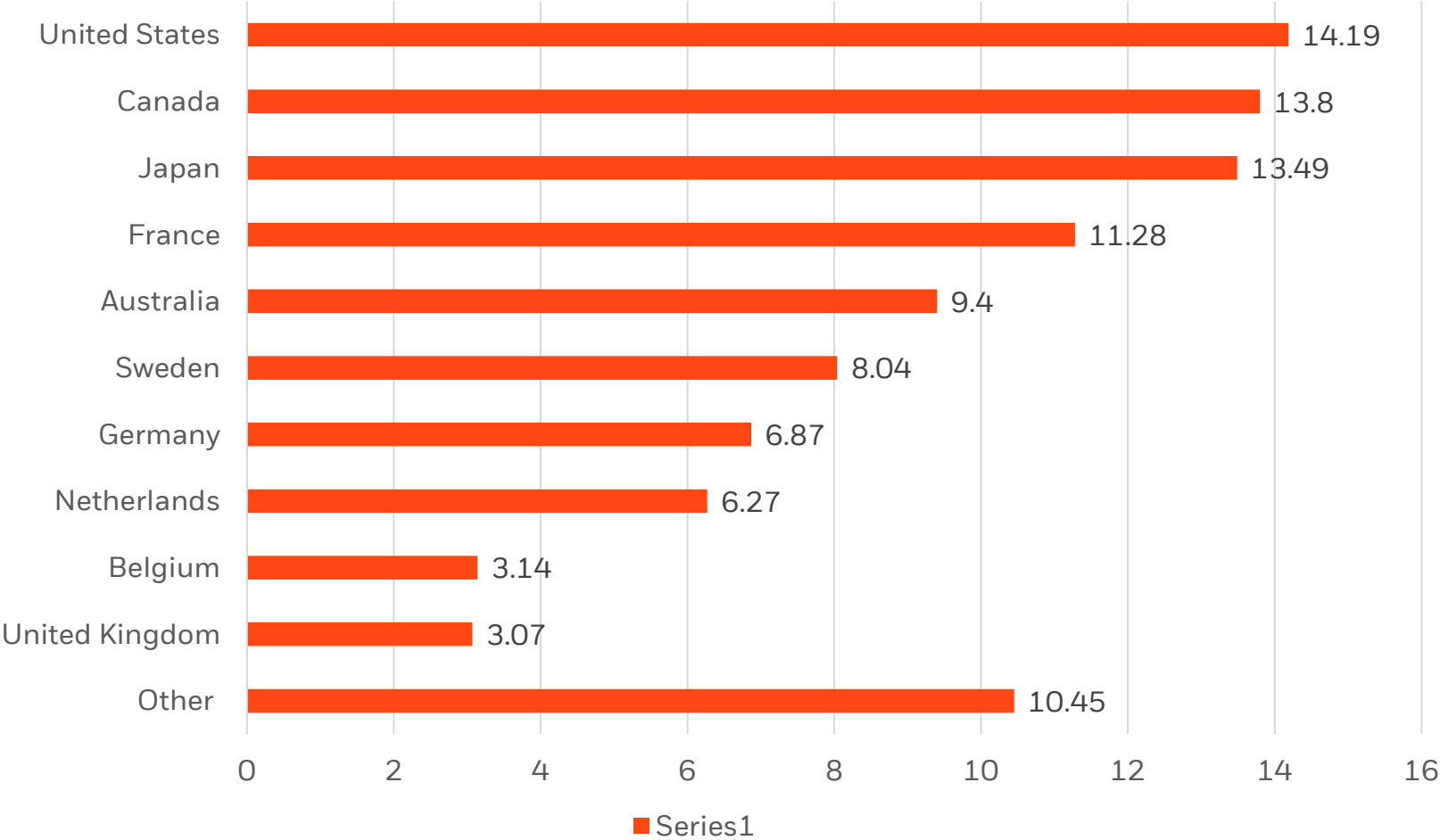


The NAV chart shows the share class level mark-to-market NAV for the period shown.
The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.
Benchmark: Secured Overnight Financing Rate (SOFR)
Source: BlackRock as at 31 March 2025



BlackRock ICS US Dollar Liquidity Fund

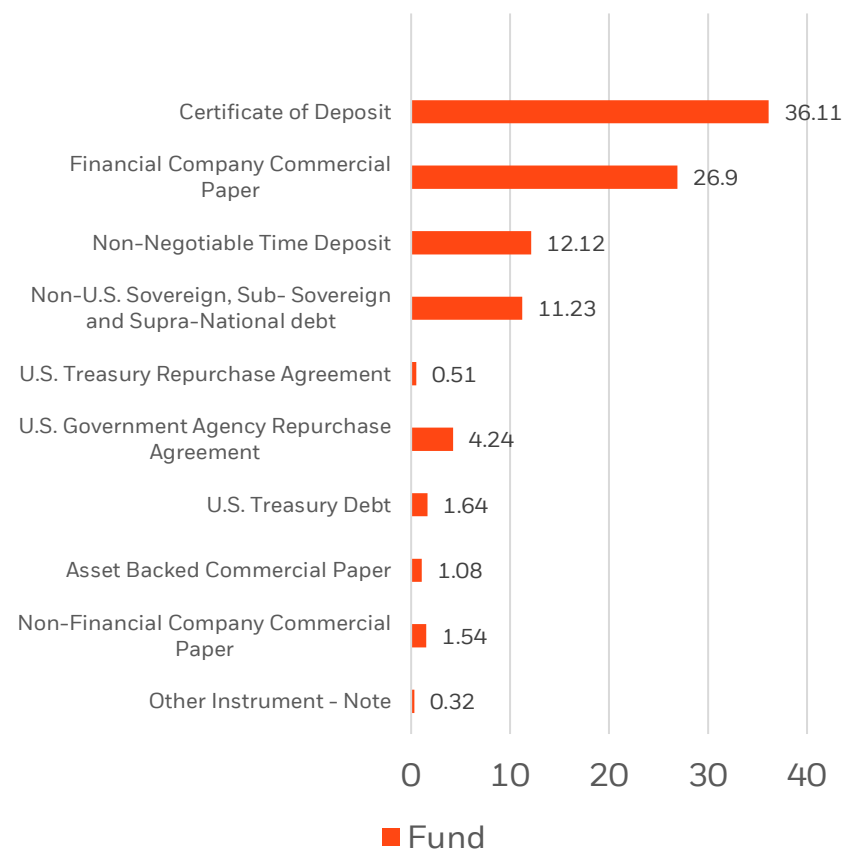
Top Countries (%)



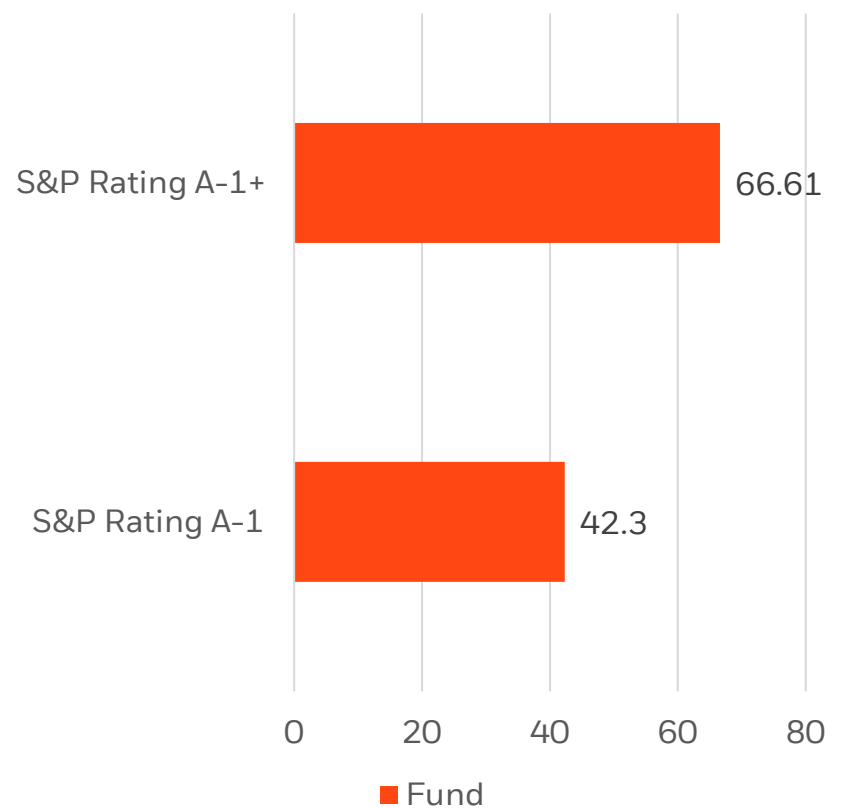
The exposure is calculated based on the fund holdings, settled and unsettled, as at 31 March 2025 and may affect % Par and the WAL. It does not include cash, accrued income and/or payables/receivables.

BlackRock ICS US Dollar Liquidity Fund

Portfolio Composition %



Credit Quality Rating



In Credit Quality Rating, the values reported include cash, accrued income, and/or payables/receivables which may result in negative weightings in specific circumstances (including timing differences between trade and settle dates of securities purchased by the funds). Allocations are subject to change.

*Fixed or floating med-term notes, issued by banks or corporates

Source: BlackRock as of 31 March 2025

Investment Outlook

2025 Global outlook themes

1. **Financing the future**

Mega forces including AI are transforming economies. We see capital markets – especially private markets – playing a vital role in building this transformation.

2. **Rethinking investing**

This transformation raises questions about how to build portfolios for an ever-changing outlook. We think investors should focus on themes and put more weight on tactical views.

3. **Staying pro-risk**

We remain pro-risk and further upgrade U.S. stocks thanks to U.S. corporate strength. But we stay nimble. Key signposts for changing our views include any surge in long-term bond yields or an escalation in trade protectionism.

The opinions expressed are as of December 2024 and are subject to change at any time due to changes in market or economic conditions. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice regarding any particular funds, strategy or security.

An accelerated transformation

We have argued the global economy is undergoing a profound transformation driven by mega forces, including geopolitical fragmentation and the future of finance. That is now being accelerated.

Geopolitical fragmentation

In a marked departure from the post-Cold War period, we see countries favoring national security and resilience over economic efficiency, accelerating the rewiring of supply chains.

Future of finance

Regulatory shifts, changes in the financial architecture, the end of zero interest rate policy and technological innovation are changing the markets for deposits and credit, disrupting traditional business models.

Digital disruption and AI

Artificial intelligence (AI) can automate laborious tasks, analyze huge sets of data and help generate fresh ideas. Digital disruption goes beyond AI.

Low-carbon transition

The transition to a low-carbon economy is set to spur a massive reallocation of capital. We see the transition's speed and shape driven by an interplay of policy, technology, and consumer and investor preferences.

Demographic divergence

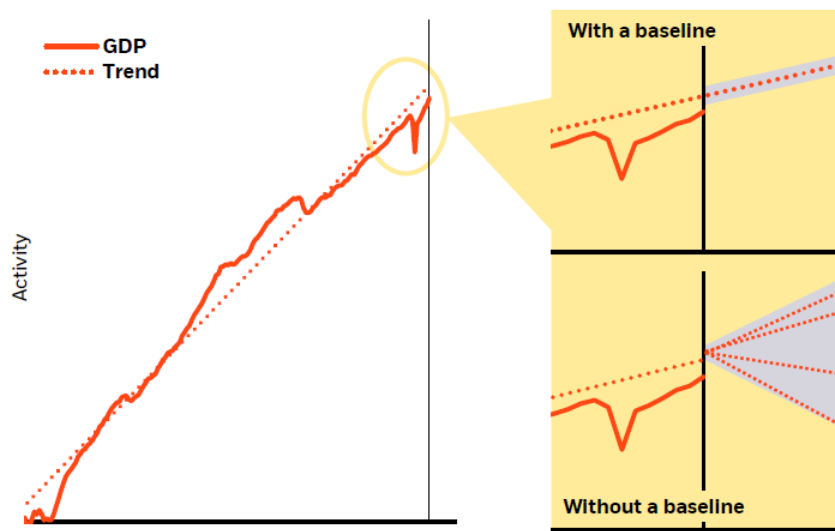
Aging populations in major economies are poised to limit how much economies can produce and grow. By contrast, some EM economies may benefit from younger populations.

For illustrative purposes only. The opinions expressed are as of April 2025 and are subject to change at any time due to changes in market or economic conditions. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. Source: BlackRock Investment Institute, April 2025. This information should not be relied upon by the reader as research or investment advice regarding any funds, strategy or security in particular.

Reflecting a wider range of potential economic outcomes

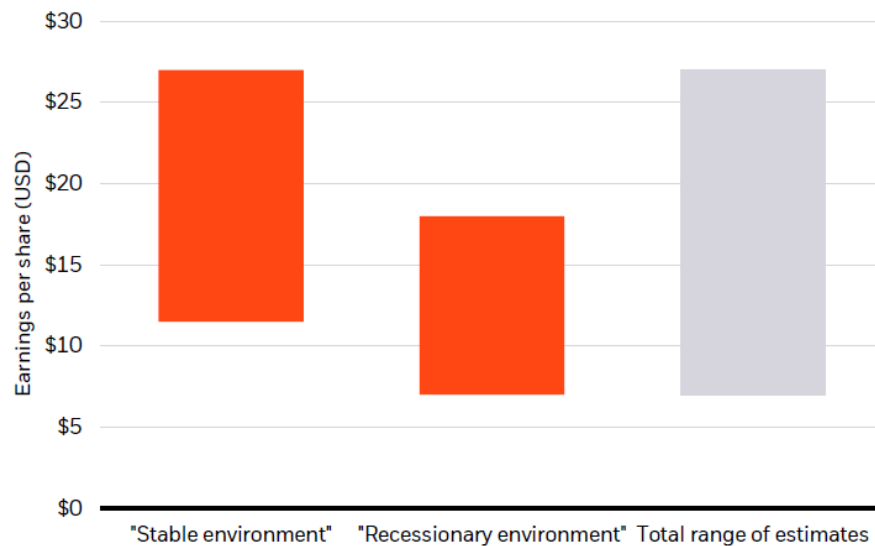
We've long said this is an unusual environment – periods of transformation can lead to many potential outcomes. Even some companies are using scenarios to provide guidance to their shareholders given elevated uncertainty.

Hypothetical evolution of U.S. GDP



For illustrative purposes only. This is a hypothetical illustration and projections of previous growth trends may not come to pass. Source: BlackRock Investment Institute, December 2024. Notes: The charts show an illustration of how economic output could evolve – the chart on the left and top right assume there is one single central trend for growth and the chart on the bottom right assumes that there is not one single central trend for growth, but many different trends possible.

Example: United Airlines earnings guidance for 2025

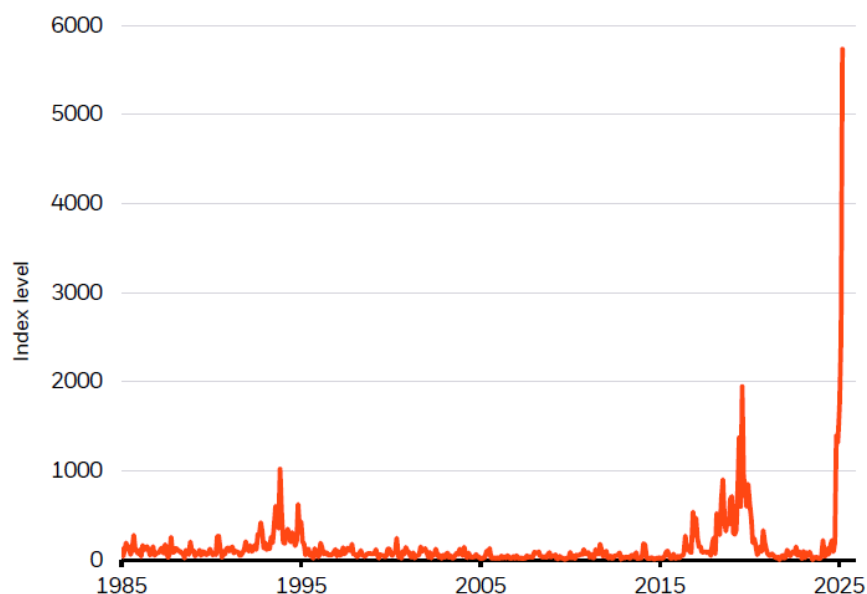


Forward looking estimates may not come to pass. This information is not intended as a recommendation to invest in any particular asset class or strategy or as a promise - or even estimate - of future performance. Reference to individual companies mentioned in this communication is for illustrative purposes only and should not be construed as investment advice or investment recommendation. Source: BlackRock Investment Institute, United Airlines, April 2025. Note: The bars show United Airlines' forward guidance for "Adjusted diluted earnings per share" for their 2025 fiscal year in two scenarios, a "Stable environment" and a "Recessionary environment". The bar on the right shows the total range of estimates.

Macro policy is now more disruptive and less of a stabilizer

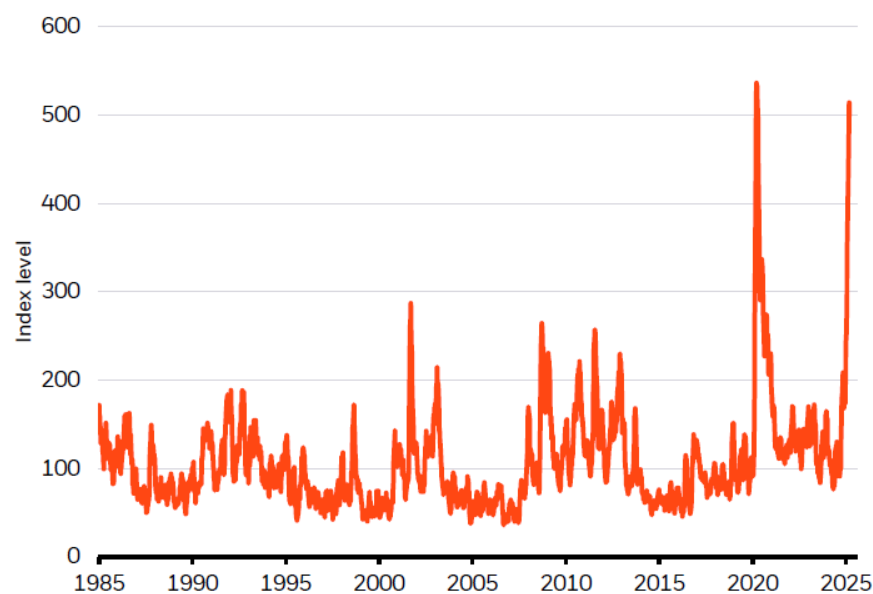
Since late 2024, we saw macro policy becoming a potential source of disruption – and we think that's come to pass. Jarring U.S. economic policy shifts – particularly in trade – has brought unprecedented uncertainty.

U.S. trade policy uncertainty index, 1985–2025



Source: BlackRock Investment Institute, with data from Matteo Iacoviello and LSEG Datastream, April 2025. Note: The Trade Policy Uncertainty (TPU) Index is based on automated text searches of the electronic archives of seven newspapers. The measure is calculated by counting the monthly frequency of articles discussing trade policy uncertainty (as a share of the total number of news articles) for each newspaper. The index is normalized to a value of 100 for a 1% article share.

U.S. economic policy uncertainty index, 1985–2025

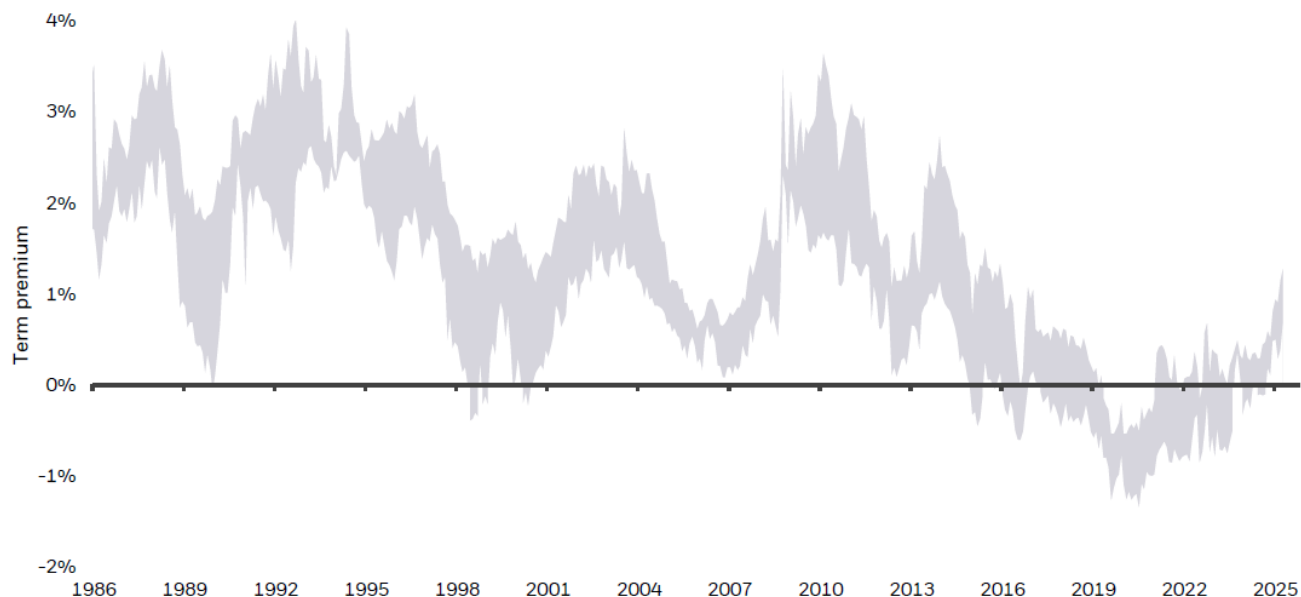


Source: BlackRock Investment Institute, Economic Policy Uncertainty, with data from LSEG Datastream, April 2025. Note: The line shows the 30-day average of the economic policy uncertainty index. The index automated text searches of newspaper archives (measuring the frequency of policy-related uncertainty articles), the number of federal tax code provisions set to expire and disagreement among professional economic forecasters. The index is normalized with higher values indicating greater uncertainty. See <https://www.policyuncertainty.com/methodology.html> for more.

Shifting economic policy warrants higher term premium

We stay underweight long-term U.S. Treasuries on a strategic horizon. Persistent inflation and fiscal deficits will see investors demand more compensation for the risk of holding long-term bonds, in our view.

Ten-year term premium across U.S., euro area and UK, 1986-2025

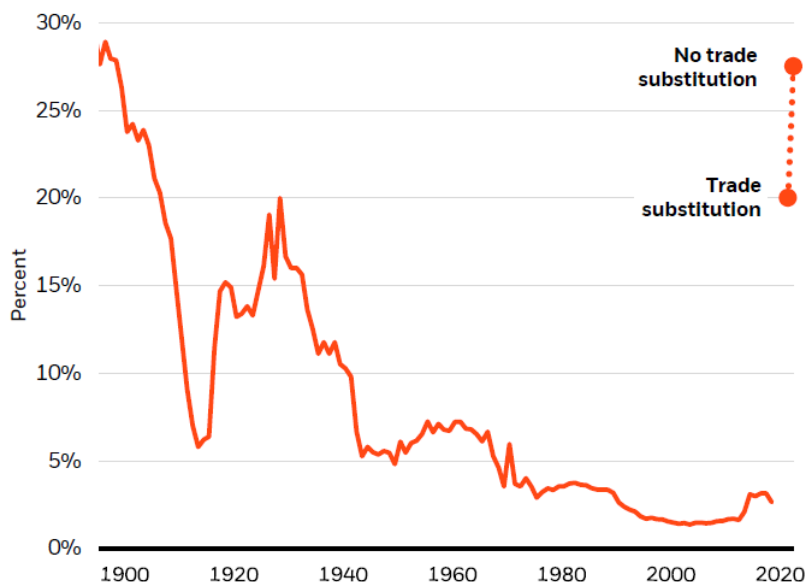


Source: BlackRock Investment Institute, April 2025. Notes: The chart shows the historic term premium range. The range captures three regions: U.S., Germany, and UK. Term premium is defined as the compensation investors demand for the risk of holding long-term bonds. Our historic estimates of term premium are based on our own implementation of the Adrian, Crump and Moench (2013) "ACM" model. The ACM model is an arbitrage-free affine term structure model that provides an approach for extracting term premia from Treasury yields, described in detail here: Pricing the Term Structure with Linear Regressions - FEDERAL RESERVE BANK of NEW YORK (newyorkfed.org)

Rapidly rewiring supply chains causes major disruptions

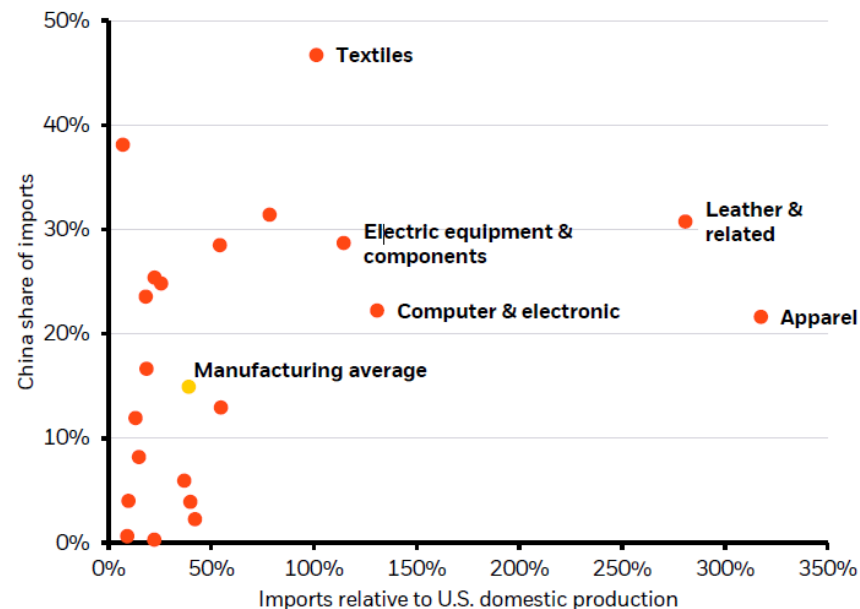
Even if U.S. trading patterns shift because of raised tariffs, the effective rate of tariffs would still be the highest since at least the 1930s. Jolts to supply chains – just like the during the Covid-19 shock – could be highly disruptive.

U.S. effective tariff rate, 1900–2025



Forward looking estimates may not come to pass. Source: BlackRock Investment Institute, U.S. Bureau of Economic Analysis, Historical Statistics of the United States, with data from Haver Analytics, April 2025. Note: The chart shows the effective rate of tariffs on U.S. imports and the dot shows our estimates of the effective tariff rate in different scenarios.

China share of U.S. imports & value of China imports

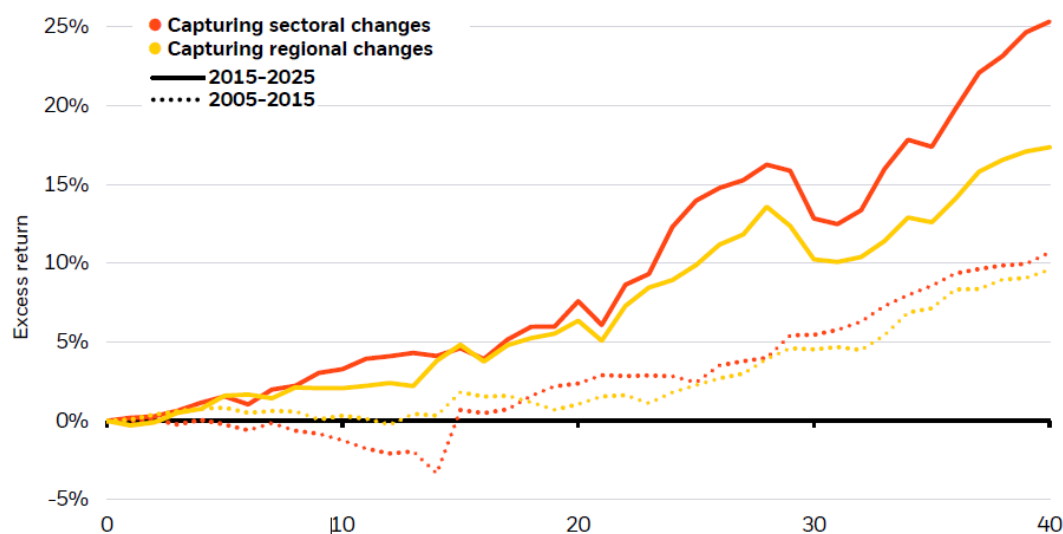


Source: BlackRock Investment Institute, U.S. Census Bureau, with data from Haver Analytics, April 2025. Note: The chart shows the value of China's imports relative to U.S. production (horizontal axis) vs. the share of China in total imports for that sector (vertical axis), as of 2024. Highlighted sectors are those with either outlying value or share of trade, or both. The dot for "Manufacturing" is the average of all U.S. manufacturing sectors.

Big questions: What's the best way to harness transformation?

Capturing market shifts during periods of transformation could deliver greater potential returns. We believe today's transformation lends itself to more granular investing, particularly across sectors.

Hypothetical impact of capturing global equity market cap shifts across regions and sectors

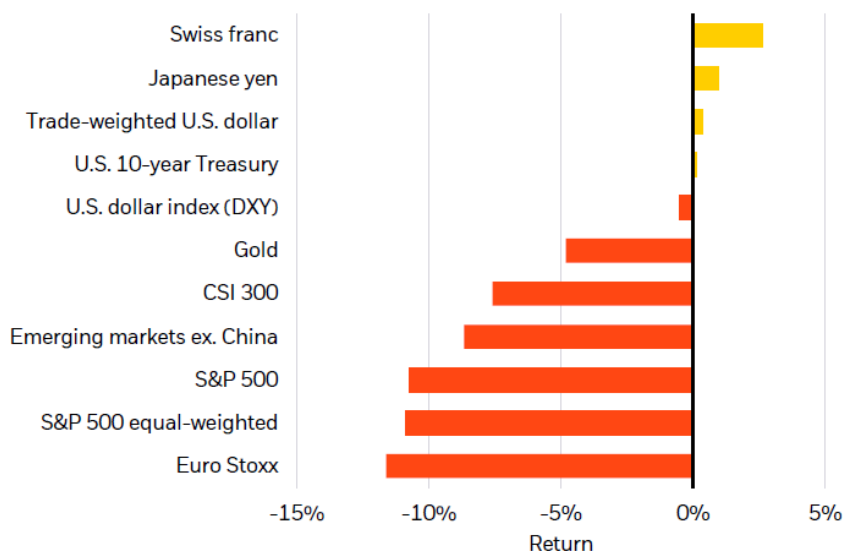


The figures shown relate to simulated past performance. Past performance is not a reliable indicator of current or future results. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. Source: BlackRock Investment Institute with data from LSEG Datastream, April 2025. Note: The chart shows the excess returns over the MSCI All-Country World Index (ACWI) for a hypothetical strategy that uses the sectoral and regional market shares in the MSCI ACWI at the end of each period as the starting allocation point. The strategy picks the sector weights at the end of each period and pairs them with the historic returns from that period to generate the hypothetical returns for this strategy. The difference between these hypothetical returns and the MSCI ACWI returns is the excess return. This strategy is replicated for regions, using the 5-6 biggest regions in the MSCI ACWI. This analysis uses historical returns and has been conducted with the benefit of hindsight. Future returns may vary and these results may not be the same for other asset classes. It does not consider potential transaction costs that may detract from returns. It also does not represent an actual portfolio and is shown for illustrative purposes only.

Seeking portfolio diversifiers

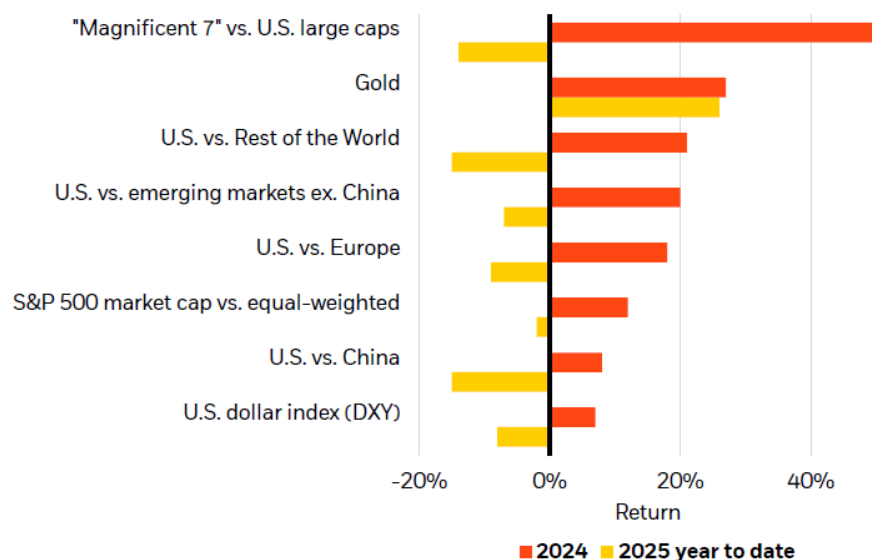
Few assets have shielded portfolios from rising trade tensions. Gold has held firm as several of 2024's winners have given back gains.

Asset performance, April 2-7, 2025



The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. Source: BlackRock Investment Institute, MSCI, with data from Bloomberg, April 2025. Note: The chart shows the price return of various assets (total return for U.S. 10-year Treasury) between April 2 (when U.S. import tariffs were announced) and April 7 (the day before they were paused for 90 days). Index proxies: U.S. Federal Reserve's Nominal Advanced Foreign Economics U.S. Dollar Index for the U.S. dollar, MSCI Emerging Markets excluding China index for Emerging markets excluding China. The performance of the Swiss franc and the Japanese yen is measured against the U.S. dollar.

Equity performance, 2024 vs. 2025, year to date



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Selectivity and granularity will be key

U.S. equity valuations have dropped and, in some cases, now sit near long-term averages. We think the uneven impact of tariffs call for a more selective, sector-driven approach.

S&P 500 12-month forward price-earnings ratio, 1985-2025



The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. Source: BlackRock Investment Institute, with data from Bloomberg and LSEG Datastream, April 2025. Note: The lines show the 12-month forward price-earnings ratio for the S&P 500. The data is normalized (subtracting the average from each data point and dividing that by the standard deviation) to get the z-score. The "sector-adjusted" lines applies S&P 500 sector weights from Q1 2025 to each data point until 1995.

Our big calls for 2025

Our highest conviction views on tactical (6–12 month) and strategic (long-term) horizons, April 2025

Tactical		Reasons
U.S. equities		<ul style="list-style-type: none">• Policy uncertainty may weigh on growth and stocks in the near term. Yet we think U.S. equities can regain their global leadership – supported by mega forces such as AI.
Japanese equities		<ul style="list-style-type: none">• Ongoing shareholder-friendly corporate reforms remain a positive. We prefer unhedged exposures given the yen's potential strength during bouts of market stress.
Selective in fixed income		<ul style="list-style-type: none">• Persistent deficits and sticky U.S. inflation make us underweight long-term U.S. Treasuries. We prefer European credit over the U.S. on more attractive spreads.
Strategic		Reasons
Infrastructure equity and private credit		<ul style="list-style-type: none">• We see opportunities in infrastructure equity due to attractive valuations and mega forces. We think private credit will earn lending share as banks retreat – and at attractive returns relative to public credit risk.
Fixed income granularity		<ul style="list-style-type: none">• We prefer developed market (DM) government bonds over investment grade credit given tight spreads. Within DM government bonds, we favor UK gilts and short- and medium-term U.S. Treasuries.
Equity granularity		<ul style="list-style-type: none">• We favor emerging market (EM) over DM stocks. We get selective in EM via mega forces. In DM, we like Japan.

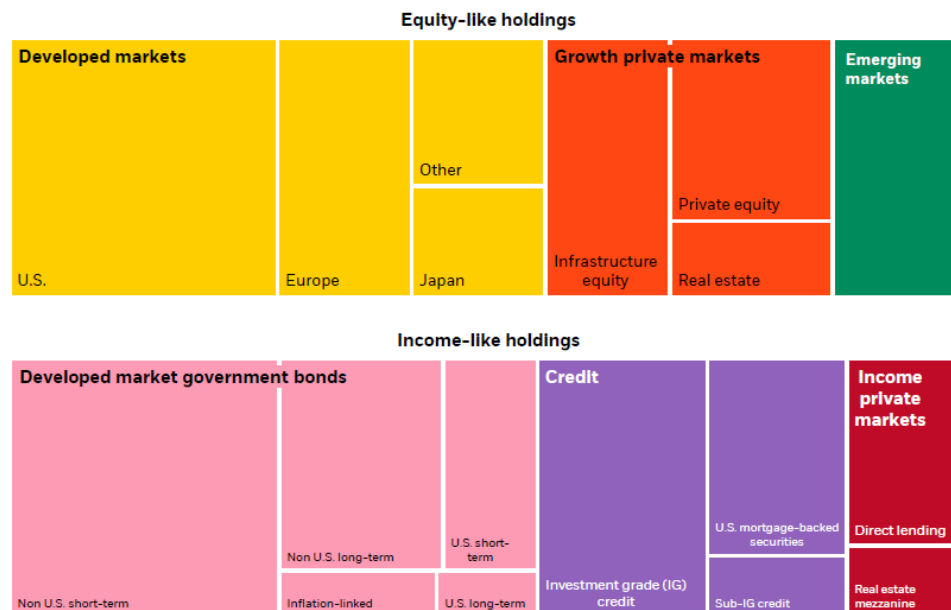
Note: Views are from a U.S. dollar perspective, April 2025. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice regarding any particular funds, strategy or security.

Strategic views

Hypothetical U.S. dollar 10-year strategic views vs equilibrium, April 2025

Asset Class	View
Developed market (DM) government bonds	+1
Emerging market (EM) equity	+1
Income private markets	Neutral
Inflation-linked bonds	Neutral
Developed market equity	Neutral
DM high yield and EM debt	Neutral
Mortgage-backed securities	Neutral
Global investment grade (IG) credit	Neutral
Growth private markets	Neutral
Chinese government bonds	-1

Underweight
Neutral
Overweight
● Previous view









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 30 September 2024. 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: a combination of Bloomberg Treasury 1-10 Year Index, Bloomberg US Long Treasury Index, Bloomberg Euro Treasury 1-15 Year index, Bloomberg Euro Aggregate Treasury 15 Year+ Index, Bloomberg Sterling Aggregate: Gilts 1-10 Year Index, Bloomberg Sterling Aggregate: Gilts 10+ Year Index and Bloomberg Asia Pacific Japan Treasury Index for DM government bonds. MSCI EM for emerging market equity, Bloomberg US Government Inflation-Linked Bond Index for inflation-linked bonds. MSCI World US\$ for developed market equity. Bloomberg US MBS Index for mortgage-backed securities. A combination of the Bloomberg US High Yield, Bloomberg Euro High Yield and JP Morgan EMBI Global Diversified indexes for DM high yield and EM debt. A combination of Bloomberg US Credit, Bloomberg Euro Corporate Credit, Bloomberg UK Corporate Credit indexes for Global IG credit, Bloomberg China Treasury + Policy Bank Total Return Index for Chinese government bonds. We use BlackRock proxies for growth and income private market assets due to lack of sufficient data. These proxies represent the mix of risk factor exposures that we believe represents the economic sensitivity of the given asset class. The hypothetical portfolio may differ from those in other jurisdictions, is intended for information purposes only and does not constitute investment advice.

Tactical granular views: equities

Six- to 12-month tactical views on selected assets vs. broad global asset classes by level of conviction, April 2025

Underweight Neutral Overweight ● Previous view

Our approach is to first determine asset allocations based on our macro outlook – and what's in the price. **The table below reflects this and, importantly, leaves aside the opportunity for alpha, or the potential to generate above-benchmark returns. The new regime is not conducive to static exposures to broad asset classes, in our view, but is creating more space for potential alpha.**

Equities	View	Commentary
Developed markets		
United States		We are overweight. Policy uncertainty may weigh on growth and stocks in the near term. Yet we think the underlying economy and corporate earnings are still solid and supported by mega forces such as AI.
Europe		We are neutral. We see room for more European Central Bank rate cuts, supporting an earnings recovery. Rising defense spending, as well as potential fiscal loosening and de-escalation in the Ukraine war are other positives.
UK		We are neutral. Political stability could improve investor sentiment. Yet an increase in the corporate tax burden could hurt profit margins near term.
Japan		We are overweight given the return of inflation and shareholder-friendly corporate reforms. We prefer unhedged exposure as the yen has tended to strengthen during bouts of market stress.
Emerging markets		
China		We are neutral. U.S. tariffs and trade tensions are likely to drag on growth in China and emerging markets more broadly, even with potential policy support.
		We are neutral. The uncertainty of trade barriers makes us more cautious, with potential policy stimulus only partly offsetting the drag. We still see structural challenges to China's growth.

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Tactical granular views: fixed income

Six- to 12-month tactical views on selected assets vs. broad global asset classes by level of conviction, April 2025

Underweight

Neutral

Overweight

● Previous view

Fixed Income	View	Commentary
Short U.S. Treasuries	A scale from -2 to +2 with a yellow bar at +1.	We are overweight. We view short-term Treasuries as akin to cash in our tactical views – but we would still lean against the market pricing of multiple Fed rate cuts this year.
Long U.S. Treasuries	A scale from -2 to +2 with a red bar at -2.	We are underweight. Persistent budget deficits and geopolitical fragmentation could drive term premium up over the near term. We prefer intermediate maturities less vulnerable to investors demanding more term premium.
Global inflation-linked bonds	A scale from -2 to +2 with a grey bar at 0.	We are neutral. We see higher medium-term inflation, but cooling inflation and growth may matter more near term.
Euro area govt bonds	A scale from -2 to +2 with a red bar at -1.	We are underweight. We see room for yields to climb more as Europe moves to ramp up defense and infrastructure spending. The European Central Bank is also nearing the end of rate cuts.
UK gilts	A scale from -2 to +2 with a grey bar at 0.	We are neutral. Gilt yields are off their highs, but the risk of higher U.S. yields having a knock-on impact and reducing the UK's fiscal space has risen. We are monitoring the UK fiscal situation.
Japanese govt bonds	A scale from -2 to +2 with a red bar at -1.	We are underweight. Yields have surged, yet stock returns still look more attractive to us.
China govt bonds	A scale from -2 to +2 with a grey bar at 0.	We are neutral. Bonds are supported by looser policy. Yet we find yields more attractive in short-term DM paper.
U.S. agency MBS	A scale from -2 to +2 with a grey bar at 0.	We are neutral. We see agency MBS as a high-quality exposure in a diversified bond allocation and prefer it to IG.
Short-term IG credit	A scale from -2 to +2 with a yellow bar at +1.	We are overweight. Short-term bonds better compensate for interest rate risk.
Long-term IG credit	A scale from -2 to +2 with a red bar at -1.	We are underweight. Spreads are tight, so we prefer taking risk in equities from a whole portfolio perspective. We prefer Europe over the U.S.
Global high yield	A scale from -2 to +2 with a grey bar at 0.	We are neutral. Spreads are tight, but the total income makes it more attractive than IG. We prefer Europe.
Asia credit	A scale from -2 to +2 with a grey bar at 0.	We are neutral. We don't find valuations compelling enough to turn more positive.
EM hard currency	A scale from -2 to +2 with a grey bar at 0.	We are neutral. The asset class has performed well due to its quality, attractive yields and EM central bank rate cuts. We think those rate cuts may soon be paused.
EM local currency	A scale from -2 to +2 with a red bar at -1.	We are underweight. We see emerging market currencies as especially sensitive to trade uncertainty and global risk sentiment.

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