

iSHARES ESG SCREENED GLOBAL BOND INDEX FUND

iShares®
by BLACKROCK®

FUND UPDATE

30 November 2025

Investment Performance (%)

| | 1 Mth | 3 Mths | YTD | 1 Yr | 3 Yrs | 5 Yrs | Since Incep |
|---|-------|--------|-------|-------|-------|-------|-------------|
| iShares ESG Screened Global Bond Index Fund (Gross of Fees) (Class E) | 0.16 | 1.58 | 4.54 | 3.55 | 3.35 | -0.66 | 0.29 |
| Bloomberg Barclays MSCI Global Agg SRI Select ex-Fossil Fuels Index 100% AUD Hedged | 0.16 | 1.60 | 4.57 | 3.58 | 3.40 | -0.67 | 0.29 |
| Outperformance (Gross of Fees) | 0.00 | -0.02 | -0.03 | -0.03 | -0.05 | 0.02 | 0.00 |
| iShares ESG Screened Global Bond Index Fund (Net of Fees) (Class D) | 0.14 | 1.53 | 4.35 | 3.35 | 3.16 | -0.84 | 0.07 |
| Bloomberg Barclays MSCI Global Agg SRI Select ex-Fossil Fuels Index 100% AUD Hedged | 0.16 | 1.60 | 4.57 | 3.58 | 3.40 | -0.67 | 0.29 |
| Outperformance (Net of Fees) | -0.02 | -0.07 | -0.21 | -0.24 | -0.24 | -0.16 | -0.21 |

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. Neither the fund nor BlackRock makes any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of any ESG related data such as ESG score, or the way they are defined or implemented. ESG data is sourced from MSCI.

Performance Summary

Market Review

US:

November 2025 was a mixed month for markets, with performance shaped by the prolonged government shutdown, uncertainty surrounding the Federal Open Market Committee's (FOMC) rate path, and corporate earnings releases. The 43-day shutdown, the longest in U.S. history, finally ended on November 12, but its impact lingered as delayed and missing data releases leave the Fed navigating a "data fog." Treasury yields rallied modestly over the month despite the Fed's hawkish tone in their meeting minutes, with the 10-year ending the month 7bps lower at 4.01% and the 2s10s curve modestly steepening. Equities only slightly gained despite robust Q3 earnings by large tech companies, with the S&P 500 up 0.25%.

In the Fed's released October meeting minutes, Chair Powell reiterated that a December cut is "not assured" due to concerns about missing labor and inflation data caused by the shutdown. However, market-implied odds for a December cut swung sharply throughout the month from roughly 50% early on to nearly 80% post-release of the September jobs report on November 20th. The report showed non-farm payrolls surging past expectations with a 119k gain, but the unemployment rate ticked up to 4.4%, highlighting underlying softness despite stronger headline job growth. This mix of robust headline growth, higher unemployment, downward revisions, and non-cyclical job strength will be central to the FOMC's deliberations as the committee weighs whether to cut in December. With October employment data unavailable, November's figures, which are due mid-December, will serve as the next critical signal on the labor market.

Globally, Euro area headline CPI rose to 2.2% YoY in November, with core inflation steady at 2.4%, while services inflation accelerated to 3.5%. The European Central Bank held its deposit rate at 2% and signaled that its easing cycle may be nearing an end. In the UK, inflation remained elevated near 3.6% YoY, and the Bank of England maintained its policy stance.

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- Fund Performance
- Unit Prices

In Japan, inflation remained sticky, with October CPI reaccelerating above 3%. At the end of November, the government approved a stimulus package aimed at easing inflation pressures and supporting growth, featuring tax cuts, energy subsidies, and the removal of gasoline taxes. Meanwhile, the Bank of Japan maintained its policy rate at 0.50% but signaled a possible hike in December as the yen continues to weaken.

Eurozone:

In November, initial risk-off sentiment was driven by a combination of increasing fears of an AI bubble, and investors pricing in a hawkish Fed in December due to comments from Jerome Powell in his October press conference and hawkish data releases. However, increased Fed rate cut expectations among investors buoyed markets, following comments from Fed speakers endorsing a December cut coupled with the delayed jobs report for September showing that the unemployment rate had risen to the highest level since October 2021. News emerging that Kevin Hassett was the frontrunner for the Fed Chair also supported risk assets, as well as the end of the record-long US government shutdown. These moves saw 10-year US Treasury yields end the month down -6bps to 4.02%.

In Europe, the broader macroeconomic picture remained largely unchanged from October. In terms of data releases, the Euro Area composite PMI ticked down from 52.5 in October to 52.4, while Euro Area Country level CPI data started to emerge, and prints so far broadly look in line with consensus expectations. These data releases give little reason for the ECB to reassess its “good place” narrative and reinforces the growing signs for little change in the economic projections at the upcoming Monetary Policy meeting. The 10-year German Bund yield ended the month slightly higher at 2.69% (+6bps).

Meanwhile in the UK, the MPC decided to hold interest rates at 4.00% as widely anticipated, while reinforcing a dovish guidance. This keeps the likelihood of a cut in the December meeting high, which was also reaffirmed by a weak labour market report and an in-line October inflation print released during the month. 10-year Gilts experienced a sell off mid-month, rising +14bps, after several news outlets reported that the UK Government would not be raising income tax in their budget announcement, contrary to expectations. The budget itself was less negative than had been anticipated due to a higher-than-expected headroom, a benign DMO Gilt remit revision, and a policy mix that should keep the prospect of Bank of England rate cuts in play. This saw improved performance by Gilts, down -7bps on the day, but ending the month +3bps overall, at 4.41%.

UK:

Global bonds moves were relatively muted over the month, with European and Sterling markets underperforming their US counterpart. In Sterling markets, yields were impacted by the looming Autumn Budget on the 26th of November, which proved to be relatively uneventful. Nonetheless, yields in the longer end of the curve moved higher (ranging between 6-9bps). European yields also rose, ranging between 6-12 bps, led by the back end of the curve. Data releases and ECB guidance remained largely unchanged from the previous month. The end of the US government shutdown was supportive for treasuries, which outperformed led by the front end of the curve.

Japan:

JGB yields saw a significant rise in super-long-term zones, resulting in a bear steepening. The 10-year bond yield closed at 0.145%, up 1.800% from the end of October.

Throughout the month, the yield curve steepened further, driven by growing expectations for large-scale fiscal stimulus ahead of the supplementary budget. This followed repeated calls from key policy bodies—including the Council on Economic and Fiscal Policy, the Japan Growth Strategy Council, and the LDP’s pro-stimulus caucus—for aggressive fiscal measures. However, toward the end of the month, upward pressure on super-long bond yields moderated after the government released its stimulus package totaling ¥17.7trillion. Subsequently, growing anticipation that the BOJ would raise rates prompted a flattening of short-to-medium term bond yields in moments. Nevertheless, for most of the month, steepening remained the dominant trend. Regarding the BOJ, expectations for an early rate hike strengthened, potentially as soon as year-end. This was driven by recent remarks from BOJ members Koeda and Masu suggesting that the timing for a hike is approaching, as well as the first meeting between Governor Ueda and Prime Minister Takaichi since her inauguration, which was perceived as signaling agreement on a gradual pace of tightening.

Overall inflation excluding perishable food items was +3% year-over-year in October, and the unemployment rate for October remained unchanged from September at 2.6%.

Risk Characteristics

| | Fund | Benchmark |
|---------------------------|------|-----------|
| Average Maturity (Years) | 8.15 | 8.27 |
| Modified Duration (Years) | 6.33 | 6.38 |
| Norminal Yield (%) | 3.49 | 3.48 |
| Convexity | 0.68 | 0.68 |

Top 10 Issuers (%)

| | Weight (%) |
|--|------------|
| UNITED STATES TREASURY | 21.6 |
| JAPAN (GOVERNMENT OF) | 9.5 |
| UNIFORM MBS | 8.8 |
| CHINA PEOPLES REPUBLIC OF (GOVERNMENT) | 6.6 |
| ITALY (REPUBLIC OF) | 3.3 |
| UK CONV GILT | 3.1 |
| GOVERNMENT NATIONAL MORTGAGE ASSOCIATION 2 | 2.8 |
| FRANCE (REPUBLIC OF) | 2.7 |
| GERMANY (FEDERAL REPUBLIC OF) | 2.4 |
| BLACKROCK ICS PLC - INSTITUTIONAL US DOLLAR LIQUIDITY FUND | 2.4 |

Top 10 Issuers held by ESG score

| | ESG Score |
|--|-----------|
| 3M CO | 10.0 |
| EQUINIX EUROPE 2 FINANCING CORPORATION LLC | 10.0 |
| HARTFORD INSURANCE GROUP INC | 10.0 |
| ADOBE INC | 10.0 |
| ASSICURAZIONI GENERALI SPA | 10.0 |
| AXA SA | 10.0 |
| BANK OF NOVA SCOTIA | 10.0 |
| BANQUE DEVELOPPT CONSEIL EUROPE 9 | 10.0 |
| CUMMINS INC | 10.0 |
| DANONE SA | 10.0 |

Quality

| | Fund % | Benchmark % |
|-----|--------|-------------|
| Aaa | 12.4 | 10.4 |
| Aa | 45.1 | 45.7 |
| A | 29.9 | 30.4 |
| Baa | 13.2 | 12.4 |
| Ba | 0.2 | 0.3 |
| NR | -1.0 | 0.8 |

Maturity Exposure

| | Fund % | Benchmark % |
|--------|--------|-------------|
| < 5 | 44.74 | 44.50 |
| 5 - 10 | 33.89 | 33.77 |
| >= 10 | 21.37 | 21.73 |

Country Exposure

| | Fund % | Benchmark % |
|---------|--------|-------------|
| US | 41.73 | 43.66 |
| Japan | 9.81 | 9.86 |
| China | 6.60 | 6.70 |
| Germany | 3.93 | 4.07 |
| France | 4.86 | 5.03 |
| UK | 4.11 | 4.51 |
| Italy | 3.49 | 3.50 |
| Canada | 3.39 | 3.51 |
| Other | 22.09 | 19.16 |

ESG Sector Score

| | Fund | Benchmark |
|--------------------|------|-----------|
| Treasuries | 5.87 | 5.87 |
| Government Related | 6.71 | 6.70 |
| Corporates | 7.12 | 7.12 |
| Securitized | 8.40 | 8.28 |

ESG Score Breakdown

| | Fund | Benchmark |
|---------------|------|-----------|
| Environmental | 6.07 | 6.02 |
| Social | 6.91 | 7.00 |
| Governance | 6.33 | 6.32 |

About the Fund

Investment Objective

The Fund aims to match the return of the Bloomberg Barclays MSCI Global Aggregate SRI Select ex-Fossil Fuels index (AUD hedged) before fees less interest withholding taxes and the cost of currency hedging.

Fund Strategy

The strategy seeks to match the distribution of the risk-and-return factors of the index through a “stratified sampling” approach. This approach breaks the index into “cells” of securities that have similar factors of risk and return and then build a portfolio to match these cells. The factors we consider are interest-rate risk, credit risk and specific (security) risk.

Should be considered by investors who ...

- ▶ Seek broad exposure to global bonds.
- ▶ Seek a fund that uses a stratified-sampling approach so returns match those of the global bond market before fees and before the cost of currency hedging.
- ▶ Have a long term investment horizon.

Fund Details

| iShares ESG Screened Global Bond Index Fund (Class E) | |
|---|-------------|
| APIR | BLK2319AU |
| Fund Size | 291 mil |
| Buy/Sell Spread | 0.06%/0.06% |
| Tracking Error (3 Years p.a.) | 0.09% |

| iShares ESG Screened Global Bond Index Fund (Class D) | |
|---|-----------|
| APIR | BLK4636AU |
| Management Fee | 0.20% |

ESG Scoring and ratings

ESG Score:

The Overall ESG Scores represents either the ESG Ratings Final Ind.-Adjusted Score or Government Adjusted ESG Score of the issuer. ESG Ratings indicate how well an issuer manages its most material ESG risks relative to sector peers.

Environmental Score:

The Overall ESG Environmental Score represents either the Intangible Value Assessment (IVA) Environmental Pillar Score or Government Rating Environmental Pillar Score of the issuer. The score indicates how well an issuer manages its environmental issues. Score ranges from 0-10. Vendor: MSCI

Social Score:

The Overall ESG Social Score represents either the Intangible Value Assessment (IVA) Social Pillar Score or Government Rating Social Pillar Score of the issuer. The score indicates how well an issuer manages its social issues. Score ranges from 0-10. Vendor: MSCI

Governance Score:

The Overall ESG Governance Score represents either the Intangible Value Assessment (IVA) Governance Pillar Score or Government Rating Governance Pillar Score of the issuer. The score indicates how well an issuer manages its governance issues. Score ranges from 0-10. Vendor: MSCI

^ The actual inception of the Fund is 1 August 2019.

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