

# Product Review

## iShares ESG Australian Bond Index Fund (Class D)

### Key information

FUND MANAGER	BLACKROCK INVESTMENT MANAGEMENT (AUSTRALIA) LIMITED
RESPONSIBLE ENTITY	BLACKROCK INVESTMENT MANAGEMENT (AUSTRALIA) LIMITED
APIR CODE	BLK2127AU
ASSET CLASS	FIXED INTEREST
SECTOR	AUSTRALIAN BONDS
SUB SECTOR	BETA - PASSIVE
INVESTMENT TYPE	MANAGED FUND
PDS OBJECTIVE	THE FUND AIMS TO PROVIDE INVESTORS WITH THE PERFORMANCE OF THE UNDERLYING INDEX, BEFORE FEES AND EXPENSES
INDEX PROVIDER	BLOOMBERG (IN COLLABORATION WITH MSCI)
UNDERLYING INDEX	BLOOMBERG MSCI AUSTRALIA 100MN ESG WEIGHTED SRI SELECT INDEX
DERIVATIVE USE	MAY BE USED TO MANAGE RISK AND RETURN (CANNOT BE USED TO LEVERAGE THE FUND)
SECURITIES LENDING	YES
FUND INCEPTION	FEBRUARY 2019
DISTRIBUTION FREQUENCY	QUARTERLY
FUND SIZE	\$62.1M (DEC 2023)

### Fees & costs (% per annum)

MANAGEMENT FEES AND COSTS	0.22
PERFORMANCE FEE COSTS	0
NET TRANSACTION COSTS	0
NET OF BUY SPREAD / SELL SPREAD	0.05 / 0.05
ANNUAL FEES AND COSTS (PDS)	0.22

WHERE MANAGEMENT FEES & COSTS IS NULL "-" NO DATA HAS BEEN PROVIDED AND THE ANNUAL FEES & COSTS (PDS) CANNOT BE CALCULATED. REFER TO THE PDS FOR THE FEE INFORMATION.

### What this Rating means

The **'Recommended Index'** rating indicates that Lonsec has strong conviction the financial product can generate risk adjusted returns in line with relevant objectives. The financial product is considered an appropriate entry point to this asset class or strategy.

### Strengths

- BlackRock is a leading global manager of passive strategies, allowing investors to enjoy the benefits of their scale, experience, and resources.
- The Fund capitalises on MSCI's well-established ESG research engine. MSCI has a demonstrable commitment to the sector with a dedicated global team and well-defined ESG research methodology.
- The Underlying Index utilises both negative and positive screens that each penalise and reward security issuers (based on restrictions to specific industries) based on their impact against relevant ESG pillars.

### Weaknesses

- The Underlying Index methodology and constituent details are the property of Bloomberg and are not readily available to non-subscribers.
- The Manager does not regularly disclose the Fund's underlying portfolio, somewhat reducing the overall transparency compared to competitive peers.
- The Fund has an inconsistent track record of meeting its distribution targets over the past 24 months.

### Fund Risk Characteristics

	LOW	MODERATE	HIGH
BUSINESS SUSTAINABILITY RISK	●		
CAPITAL VOLATILITY		●	
SECURITY CONCENTRATION RISK	●		
SECURITY LIQUIDITY RISK		●	
CREDIT RISK	●		
INTEREST RATE RISK		●	

Risk categories are based on Lonsec's qualitative opinion of the risks inherent in the financial product's asset class and the risks relative to other financial products in the relevant Lonsec sector universe.

### BIometrics

#### Aggregated risks

	1	2	3	4	5	6	7
STD RISK MEASURE			●				

A Standard Risk Measure score of 3 equates to a Risk Label of 'Low to Medium' and an estimated number of negative annual returns over any 20 year period of 1 to less than 2. This is a measure of expected frequency (not magnitude) of capital losses, calculated in accordance with ASFA/FSC guidelines.

**We strongly recommend that potential investors read the product disclosure statement** Lonsec Research Pty Ltd ABN 11 151 658 561 • AFSL No. 421 445 • This information must be read in conjunction with the warning, disclaimer, and disclosure at the end of this document. This report supersedes all prior reports.

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Fee BIOMetrics are a function of expected total fee as a percentage of expected total return.

## What is this Fund?

- iShares ESG Australian Bond Index Fund ('BLK2127AU' or 'the Fund') provides investors with exposure to a portfolio of Australian bonds screened with ethical filters. Furthermore, the Fund incorporates an additional filter removing companies with fossil fuel reserves. The Fund further applies a scaling factor that upweights corporate issuers with more substantial MSCI ESG scores. Corporate bonds, however, constitute only a small component of the Underlying Index and thus the screening and ESG weighting methodology have limited impact on the overall portfolio structure.
- The Fund is passively managed by iShares by BlackRock ('the Manager') and aims to track the customer-built, Bloomberg MSCI Australia 100mn ESG weighted SRI Select Index ('the Underlying Index'). Bloomberg ('the Index Provider') has developed the Underlying Index in collaboration with MSCI's extensive global ESG research.
- The Underlying Index utilises MSCI SRI filters to exclude non-government related securities associated with controversial weapons, nuclear weapons, civilian firearms, tobacco, alcohol, thermal coal, certain other fossil fuels, conventional weapons, nuclear power, adult entertainment, gambling, united nations compact violators, genetically modified organisms, as well as an additional controversy screening in the ESG investment methodology of the Fund.
- The Manager has adopted a sampling approach to track the Underlying Index. Under this approach, the Fund will hold a representative basket of securities to match the risk profile of the Underlying Index closely.
- Lonsec highlights that the Fund has missed a number of its quarterly distribution target objectives in the past 24 months. This was due to realised capital losses from redemption activity which created taxable income losses that offset coupon payments from the underlying holdings.
- The Fund's PDS, dated 25 October 2023, disclosed Annual Fees and Costs ('AFC') totaling 0.22% p.a. This value comprises solely the management fee and costs.

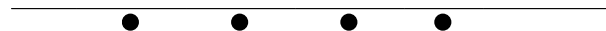
## Using this Fund

**This is General Advice only and should be read in conjunction with the Disclaimer, Disclosure and Warning on the final page.**

- Lonsec notes that the Manager has produced a Target Market Determination ('TMD') which forms part of the Responsible Entity's Design and Distribution Obligations for the Fund. Lonsec has collected the TMD that has been provided by the Manager and notes that this should be referred to for further details on the Target Market Summary, Description of the Target Market, and Review Triggers.
- The Fund is a 'long only', fixed income product and as such, will generally sit within the defensive component of a balanced portfolio.
- Fixed income funds are useful for investors seeking yields greater than cash or cash equivalents and those prepared to accept a low to moderate level of asset price volatility.
- Global and Australian fixed income funds typically perform better during periods of declining or stable interest rates and contracting or stable credit spreads.

## Suggested Lonsec risk profile suitability

SECURE DEFENSIVE CONSERVATIVE BALANCED GROWTH HIGH GROWTH



For guidance on appropriate asset allocations and risk profiles, refer to the latest Lonsec Strategic Asset Allocation Review and Risk Profile Definitions on our website.

## Changes Since Previous Lonsec Review

- Lonsec notes there have been no significant changes to the investment team, investment process, or risk management process since the last review.

## Lonsec Opinion of this Fund

### People and resources

- BlackRock is a global leader in ETFs with over 1,100 iShares ETFs listed globally. Further, BlackRock also had US\$5.95 trillion of FUM invested across its suite of ETF and Index strategies as at September 2023. These funds are managed and brought to market by BlackRock, one of the largest asset management firms globally. BlackRock has significant scale and resources for effectively managing and structuring ETFs both in Australia and abroad and has a proven track record of successfully running index strategies.
- As the Fund aims to closely match the performance of its Underlying Index, there is considerable emphasis placed on process and automation which requires less investment staff than an actively managed process. The Fund is implemented by BlackRock's Australian Fixed Income portfolio team led by Craig Vardy, Head of Australian Fixed Income. The Fund also benefits from members of BlackRock's research team who are primarily dedicated to ongoing quantitative research, which focuses on the index methodology, the projection of index changes, and value-added trading strategies. Further, Lonsec notes that the portfolio construction is reasonably formulaic with stringent rules designed to ensure high credit quality and liquidity.
- Lonsec considers the team to be suitably experienced for this somewhat specialised style of management. Lonsec considers Vardy to be highly experienced and knowledgeable. The team currently has eight members (including Vardy) and is organised into four streams: Portfolio Management, Credit Research, Investment and Product Strategy, and

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Risk Management. The Portfolio Management team consists of four additional Portfolio Managers alongside Vardy.

- The Manager utilises BlackRock's Risk and Quantitative Analysis ('RQA') team for ongoing risk monitoring and reporting for the Fund. RQA is a separate unit with its own reporting lines. Lonsec considers RQA to have access to sophisticated risk monitoring tools which aid in providing the Fund with an effective risk management framework. The team also regularly meets with members of the RQA, with this interaction playing more of a risk reporting than a compliance role. RQA members do not have the power to veto investment decisions for the Fund.
- These teams are further supported by the wider operational staff across BlackRock as well as in-house credit research analysts and traders. The team continues to collaborate globally and utilise BlackRock's global presence. Lonsec believes this adds to both efficiency and scalability.
- Bloomberg provides the Underlying Index in partnership with MSCI. Bloomberg is a globally significant and deeply experienced index provider, and MSCI is a global leader in the ESG research space. Lonsec considers MSCI to have an impressive ESG research engine globally, noting global breadth across over 8,500 companies (approximately 14,000 total issuers including subsidiaries), strong analyst support (+200 teams), and the efficacy of its methodology.

### Investment approach

- Lonsec considers the Fund as an efficient means to gain exposure to a broad set of Australian fixed income securities with an ESG overlay. The Fund capitalises on MSCI's well-established global ESG research and rating process, which demonstrates both breadth and is contemporary by covering factors such as ESG integration, values alignment (business involvement and norms/controversies screening), and impact investment. Lonsec considers that this engine provides strong rigour for the Underlying Index, and believes the screening process and methodology used to derive the Underlying Index is logical, with implementation provided by an experienced third-party index provider in Bloomberg.
- Lonsec notes that the Underlying Index methodology utilises a combination of negative screening (whereby securities issued by companies in restricted industries considered to adversely impact society and the environment are screened out), controversy screening, as well as positive screening (securities issued by companies exhibiting strong ESG Rating are up-weighted). This approach lends itself to a more encompassing and holistic process than many lighter ethical products, which Lonsec commends. Lonsec notes that the Fund does not specifically factor carbon emissions into the weighting methodology, however, these are factored into MSCI's ESG scores. Additionally, the Manager may use some discretion in considering carbon emissions by issuers within the sampling approach to portfolio construction.
- The Fund provides limited ESG coverage on government, government-related, or securitised issuers given the difficulty that MSCI has in obtaining

the necessary data to conduct a review. Specifically, Lonsec notes that the corporate sector accounts for 7.09% of the overall portfolio NAV, as at 30 November 2023. Thus, the ESG/SRI aspect of the screening only applies to a small segment of the holdings. However, utilising ESG screening solely amongst corporate issuers is common within the Fund's broader peer group as Lonsec notes the limitations in obtaining ESG data outside of corporate issuers. Overall, Lonsec believes that despite the efficacy of the screening process which results in a higher allocation to green bonds and better ESG outcomes, the Fund is somewhat limited by these constraints arising from the insufficiency of available data amongst government issuers.

- While observing the efficacy of the ESG methodology, Lonsec notes that the Fund is highly correlated (0.92 correlation) with the iShares Australian Bond Index Fund (BGL0105AU) to the period ended November 2023. This indicates that despite the extensive ESG methodology, the ESG filtering, and weighting appear to currently have a minimal effect relative to the performance of the respective benchmarks and that the composition and weighting of the funds are very similar.
- Lonsec notes that each of the key characteristics of the Fund closely matched that of the Underlying Index as at November 2023. Moreover, a 'sampling approach' is commonly adopted for similar passive fixed income funds. While Lonsec considers that the 'full replication' approach could better match the risk and return characteristics of the Underlying Index at the margins, Lonsec concedes that such an approach is not optimal from a cost-benefit perspective for most fixed income indices due to a lack of liquidity in some securities. Given this, Lonsec considers a sampling approach to be the most effective means of hedging a Fund's exposure to the risk profile of the Underlying Index while also minimising trading costs. However, Lonsec expects that the sample size will increase over time as the Fund builds its size.
- Lonsec considers BlackRock's Aladdin risk management system to be impressive and notes that it allows stress testing for funds to be conducted in addition to the daily monitoring of the standard risk metrics for the Fund.

### ESG Integration

- Lonsec's ESG integration assessment considers the rigour and structure of the ESG process for the Fund and how well it integrates into the investment process and the Manager's overall policy and reporting framework. The assessment is not intended to assess the underlying holdings of the Fund's portfolio or the Manager's adherence to any form of impact, green/sustainable, or ethical standards.
- ESG integration for index tracking portfolios is largely limited to stewardship and engagement activities unless ESG considerations are clearly incorporated within the index. As such, for non-ESG driven indices, the ESG score provided by Lonsec is primarily an assessment of the overall ESG adoption, commitment, and policy framework implemented at the Manager level. Further, Lonsec notes that simple sector exclusions do not constitute the incorporation of ESG.

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- At the corporate level Lonsec views the Manager's overall ESG policy framework and disclosure as ahead of peers. The Manager has an articulated commitment to the integration of ESG within their investment process with clear public positioning and evidence of a strong policy framework. The updated ESG policy and stewardship principles are freely available on the firm's website. The proxy voting policy and reporting on voting outcomes is stronger than peers with particular credit paid to the disclosure of voting rationale for controversial votes. The level of disclosure with respect to the Manager's engagement policies and outcomes is considered ahead of peers, particularly the firm's stewardship policies. Reporting on engagement outcomes is publicly available and the Manager is transparent about the engagement priorities, which focus on disclosure and climate change related issues.
- The Underlying Index used for this Fund applies an extensive range of traditional ethical and basic controversy filters. Additionally, the construction of the index incorporates MSCI ESG ratings and momentum to adjust the weighting of eligible issuers.

## Overall

- Lonsec has downgraded the Fund's rating to a **'Recommended Index'** rating as part of this review cycle. The catalyst for the downgrade is the inconsistency of distribution payments over the past 24 months. Additionally, Lonsec notes the transparency and level of disclosure of the Fund are lower than many competitors among the broader passive fixed income universe, noting that the Fund's underlying holdings are not publicly available.
- However, Lonsec considers the Fund to be an efficient and cost-effective means for investors to gain ESG exposure to the Australian fixed income market, albeit with some limitations with regard to its ESG methodology. Further, Lonsec believes the AFC of the Fund to be competitively priced within the broader peer group, particularly when factoring in the ESG overlay of the Fund.

## People and Resources

BlackRock Inc. is a global asset management business with products that span active, enhanced, and index strategies across markets and asset classes. As at September 2023, BlackRock Inc. managed approximately US\$9.1 trillion. Products are offered in a variety of structures including separate accounts, mutual funds, other pooled investment vehicles, and iShares ETFs. BlackRock Inc is publicly listed on the New York Stock Exchange (NYSE) and the Company has a majority of independent directors. BlackRock Investment Management (Australia) Limited ('BlackRock') is a wholly-owned subsidiary of BlackRock Inc. BlackRock is the Investment Manager and Responsible Entity of the Funds. As at September 2023, BlackRock Australia had FUM of \$207.48 billion.

## Size and experience

NAME	POSITION	EXPERIENCE
		INDUSTRY / FIRM
CRAIG VARDY	HEAD OF AUSTRALIAN FIXED INCOME	37 / 32
PAVEL POSPISIL	PORTFOLIO MANAGER	23 / 21
DMITRI LEVACHOV	PORTFOLIO MANAGER	16 / 11

As the Fund aims to closely match the performance of its Underlying Index, a considerable emphasis is placed on process and automation which requires fewer staff to maintain the portfolio than a comparable actively managed process. Notwithstanding, the portfolio management team is at a reasonable size and can leverage resources from the wider organisation in the form of credit research, risk management, and investment and product strategy.

The BlackRock Australian Fixed Income team is based in Sydney and has remained relatively stable in recent years. Craig Vardy continues to oversee the investment team for all domestic strategies. The BlackRock Australian Fixed Income team also has support in the form of a dedicated credit research analyst.

## Investment Approach

### Overview

BlackRock employs a passive investment strategy designed to closely track the performance of the Underlying Index, before fees and expenses. The Manager uses 'stratified sampling' to achieve the risk/return characteristics of the Underlying Index. Stratified sampling is an indexing strategy that involves investing in a representative sample of securities that collectively have an investment profile similar to that of the Underlying Index. The securities selected are expected to have aggregate investment characteristics such as duration, maturity, credit ratings, yield, and liquidity similar to those of the Underlying Index.

Lonsec believes that stratified sampling is the most appropriate investment strategy to track the performance of the Underlying Index as it takes into account liquidity, transaction cost impact, and overall risk. Stratified sampling involves choosing a subset of index eligible securities to create a portfolio that behaves like an index. In many cases, holding every security in an index is not cost-effective as illiquid or thinly traded securities incur higher transaction costs and wider bid / ask spreads. Investing in a subset of securities that combine to match the overall risk profile of an index, saves a fund from incurring unnecessary trading costs which can detract from total returns. A stratified sampling approach is usually accomplished by dividing the index into strata or "cells" along some of the more common fixed income security attributes such as maturity, sector, and credit quality. Securities are then chosen that have similar risk and return characteristics that replicate each of the cells and in units consistent with index exposures.

### Securities Lending

The Manager is able to lend the securities in the Fund and Lonsec believes BlackRock appears to have satisfactory security lending guidelines in place to manage counterparty risk. The counterparty risk associated with the lending of securities is fully

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indemnified by the Fund's custodian managing the securities lending program.

## Underlying index

The Bloomberg MSCI Australia 100mn ESG weighted SRI Select Index is constructed in partnership between index provider Bloomberg and MSCI's ESG research. The MSCI ESG component provides both positive and negative screening on issuers from selected industries that form a part of the investable universe, which stems from the Bloomberg Australian Aggregate 100mn Index ('the Parent Index'). The benchmark includes income-generating securities issued by governments, government-owned entities, government-guaranteed entities, and investment grade corporate issues.

The minimum requirements of the Parent Index (and thus the investable universe) include:

- Securities which are denominated in Australian dollars and have a minimum issue size of \$100 million;
- Each security must have at least one year until maturity, regardless of optionality;
- Securities must be rated BBB- (i.e., investment grade) at a minimum;
- There are a range of exclusions, such as but not limited to bonds with equity-type features (warrants, convertible notes, and preference shares), inflation-linked / floating-rate issues, and structured notes.

The Underlying Index construction begins with a 'negative' screen of issuers in the investable universe, based on fundamental research, which generates revenue (various thresholds apply across categories and the methodology can be viewed in full via MSCI) or is associated with:

- Controversial Weapons;
- Nuclear Weapons;
- Civilian Firearms;
- Tobacco;
- Alcohol;
- Thermal Coal;
- Certain other fossil fuels;
- Conventional Weapons;
- Nuclear Power;
- Adult Entertainment;
- Gambling; or
- Genetically Modified Organisms.

A further exclusion screen is applied in the form of a controversy screen, which is designed to identify issuer involvement in notable ESG controversies related to their operations and/or products, and adherence to international norms and principles (UN Global Compact Principles and ILO Core Convention). MSCI's ESG research assigns a controversy score from 0 (worst) - 10 (best), and any issuer with a controversy score of '0' is automatically excluded from the Underlying Index.

The Underlying Index also employs a 'positive' screening process, whereby issuers with higher ESG rating and ESG rating momentum are up-weighted, and those with weaker ESG fundamentals are down-weighted. An ESG rating assessment based on MSCI's research is assigned to issuers according to their exposure to industry-specific ESG risks and their ability to manage those risks relative to peers. Scores range

from the leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC), with an additional ESG momentum rating (positive, neutral, or negative) added to issuers based on any rating changes relative to their prior rating in the previous year. The various ratings are then matched to a multiplier (i.e., rewarding the best rated and penalising the worst-rated) to determine their weight within the Underlying Index.

The remaining constituents are then reweighted according to market capitalisation, resulting in the customised ESG benchmark, with rebalancing occurring monthly.

INDEX METRIC	DATA
INDEX PROVIDER	BLOOMBERG
RESPONSIBILITY FOR INDEX CALCULATION	BLOOMBERG
MINIMUM ISSUE SIZE	\$100M
MATURITY	MINIMUM ONE YEAR
MINIMUM RATINGS	INVESTMENT GRADE ONLY (=>BBB-/BAA3)

## Transparency

The rules dictating the constitution of the Underlying Index and its constituents are the property of Bloomberg and are not publicly available without a subscription. Additionally, the Manager does not disclose the holdings of the Fund, reducing the overall transparency of the Fund relative to many other passive products.

Lonsec notes that bond indices tend to be both less transparent and accessible to end-investors when compared with equity market indices, as are unlisted funds relative to their ETF counterparts.

## Liquidity

The Fund is invested in via application/redemption, which is a simple online and paper process. Relative to the same ETF class offering this is a slight disadvantage as applications and redemptions can take more time compared to buying/selling listed ETFs. Redemptions are normally processed within three business days of receipt of the redemption request, in line with peers, compared to T+2 for ASX ETFs.

As of December 2023, the Fund had \$62.1m in FUM. The Fund's holdings are predominantly invested in liquid government and semi-government securities, with a smaller allocation to investment grade corporates and supranationals. During normal market conditions, liquidity for these securities is typically not of concern, however, during periods of heightened volatility and market dislocation, liquidity has the potential to deteriorate.

## Fees and Indirect Costs

Lonsec considers the Fund's AFC to be inline relative to Lonsec's broader peer group of Australian fixed income funds. However, Lonsec notes that the Fund does not have any direct ESG peers at the present time.

Lonsec notes that the Fund's bid / ask spread over the 12 months to September 2023 was 0.05 / 0.05% which is low relative to its peers. The bid / ask spread for an ETF represents the average daily spread over a one-year period but may not reflect the actual spread incurred, while the bid / ask spread on an index fund is fixed.

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## Fee comparison

FUND NAME	AFC (% P.A.)	AVERAGE
		BID/ASK SPREAD (%) P.A.)
ISHARES ESG AUSTRALIAN BOND INDEX FUND (CLASS D) (BLK2127AU)	0.22	0.05 / 0.05
ISHARES ESG AUSTRALIAN BOND INDEX FUND (CLASS S) (BLK3501AU)	0.12	0.05 / 0.05

Source: For unlisted funds, fund manager PDS documents.

## Performance

The Fund delivered an excess return (after fees) of -0.19% p.a. and a tracking error of 0.04% p.a. for the one-year period to November 2023. Similarly, the Fund delivered an excess return of -0.20% and a tracking error of 0.03% for the three-year period to November 2023. This indicates the Fund was able to consistently minimise deviance from its Underlying Index effectively, with most of the difference in returns between the Fund and the Underlying Index due to the Fund's fee structure.

On an absolute basis, the Fund has delivered a total return (after fees) of -0.07% and -3.71% p.a. over the same one and three-year period that ended November 2023.

Lonsec notes that the Fund has not been able to meet its quarterly distribution target objective, having missed numerous distribution payments over the past 24 months. Lonsec will continue to monitor this in future reviews.

## Risks

An investment in the Fund carries a number of standard investment risks associated with domestic investment markets. These include economic, political, legal, tax, and regulatory risks. These and other risks are outlined in the relevant PDS and should be read in full and understood by investors. Lonsec considers the major risks to be:

### Tracking error risk

BlackRock seeks to minimise the tracking error against the Underlying index the Fund aims to track. There is no guarantee that this objective will be met.

### Performance risk

The value of, and returns from, an investment in the Fund will depend upon the performance of the Underlying Index. There is no guarantee the value of an investment in the Fund will increase.

### Interest rate risk

Changes in interest rates may have a direct impact (positive or negative) on the Fund's returns.

### Credit risk

Investors are exposed to the creditworthiness of the institutions the Fund invests in.

## Further information

Further information can be obtained by calling BlackRock on 1300 474 273 or visiting: [www.blackrock.com/au](http://www.blackrock.com/au).

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Quantitative Performance Analysis - annualised after-fee % returns (at 31-12-2023)

Performance metrics

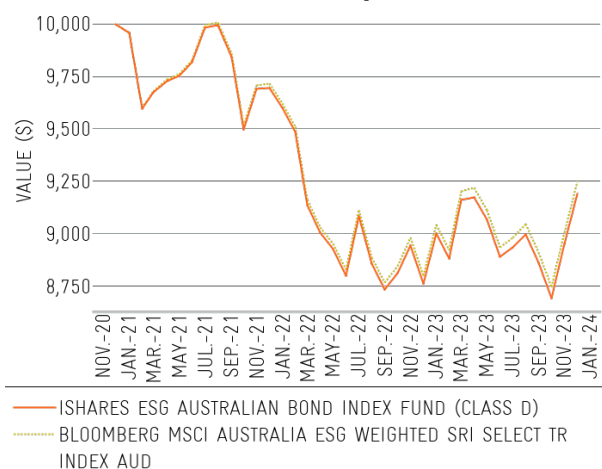
	1 YR	2 YR	3 YR	5 YR
TOTAL RETURN (% PA)	4.86	-2.64	-2.78	-
STANDARD DEVIATION (% PA)	6.95	6.90	6.60	-
EXCESS RETURN (% PA)	-0.23	-0.21	-0.21	-
WORST DRAWDOWN (%)	-5.23	-10.32	-13.05	-
TIME TO RECOVERY (MTHS)	2	NR	NR	-
TRACKING ERROR (% PA)	0.05	0.04	0.04	-

PRODUCT: ISHARES ESG AUSTRALIAN BOND INDEX FUND (CLASS D)

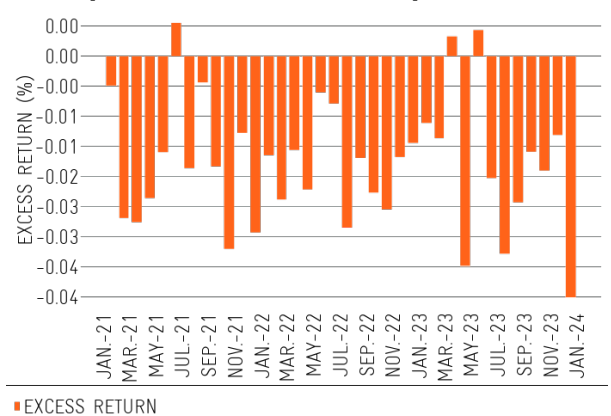
PRODUCT BENCHMARK: BLOOMBERG MSCI AUSTRALIA ESG WEIGHTED SRI SELECT TR INDEX AUD

TIME TO RECOVERY: NR - NOT RECOVERED, DASH - NO DRAWDOWN DURING PERIOD

Growth of \$10,000 over three years



Monthly excess returns over three years



# iShares ESG Australian Bond Index Fund (Class D)

## Glossary

[Click here for the glossary of terms.](#)

## About Lonsec

Lonsec Research Pty Ltd (Lonsec) is an investment research house with specialist areas of expertise, that was originally established in 1994 and the current entity was registered on 23 June 2011. From 1 July 2011, Lonsec became a fully owned subsidiary of Lonsec Fiscal Holdings Pty Ltd, a privately owned entity with a multi-brand strategy of providing leading financial services research and investment execution. Lonsec believes that professional financial advisers need informed opinions on the best investment strategies and financial products to provide real value for their clients. To meet this need, Lonsec has in place an experienced research team, which draws on a robust research process to undertake in-depth assessment of managed fund products.

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