

# Product Review

## iShares Core Global Corporate Bond (AUD Hedged) ETF

ISSUE DATE 21-12-2023

### Key information

FUND MANAGER	BLACKROCK INVESTMENT MANAGEMENT (AUSTRALIA) LIMITED
ASSET CLASS	FIXED INTEREST
SECTOR	GLOBAL BONDS
SUB SECTOR	CREDIT - PASSIVE
INVESTMENT TYPE	EXCHANGE TRADED FUND ('ETF') LISTED ON THE AUSTRALIAN SECURITIES EXCHANGE ('ASX')
PDS OBJECTIVE	THE FUND AIMS TO PROVIDE INVESTORS WITH THE PERFORMANCE OF THE UNDERLYING INDEX, BEFORE FEES AND EXPENSES (INCLUDING THE COST OF HEDGING)
UNDERLYING FUND	ISHARES GLOBAL CORPORATE BOND UCITS ETF
INDEX PROVIDER	BLOOMBERG
UNDERLYING INDEX	BLOOMBERG GLOBAL AGGREGATE CORPORATE BOND INDEX (AUD HEDGED)
DERIVATIVE USE	MAY BE USED TO MANAGE RISK AND RETURN (CANNOT BE USED TO LEVERAGE THE FUND)
SECURITIES LENDING	YES (AT THE UNDERLYING FUND LEVEL)
LISTING DATE	DECEMBER 2015
DISTRIBUTION FREQUENCY	TRI-ANNUAL
FUND SIZE	\$287.65M

### Fees & costs (% per annum)

MANAGEMENT FEES AND COSTS	0.26
PERFORMANCE FEE COSTS	0
NET TRANSACTION COSTS	0.03
ANNUAL FEES AND COSTS (PDS)	0.29

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.

### Daily trading information

TICKER	IHCB
52 WEEK LOW	\$85.85
52 WEEK HIGH	\$94.55
LAST PRICE	\$92.83
LAST NET ASSET VALUE (NAV)	\$92.65
PREMIUM / DISCOUNT TO NAV (DAILY)	0.002%
AVERAGE DAILY TRADED VOLUME	18,285
AVERAGE DAILY TRADED VALUE	\$1.63M

### 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's management fee is competitively priced and is an efficient means of exposure to a highly diversified global corporate bond portfolio.
- The impact on Fund returns from currency hedging gains/losses is designed to be smoothed by the Fund's TOFA election.

### Weaknesses

- The Underlying Index methodology and constituent details are not publicly available to investors. Lonsec notes however that this is common to all users of this index.
- The feeder-fund structure provides benefits of scale but has the potential to lead to higher tracking error risks over time. However, Lonsec notes the Manager has made recent changes to mitigate this risk.

### Fund Risk Characteristics

	LOW	MODERATE	HIGH
BUSINESS SUSTAINABILITY RISK	●		
CAPITAL VOLATILITY		●	
SECURITY CONCENTRATION RISK	●		
SECURITY LIQUIDITY RISK		●	
CREDIT RISK			●
INTEREST RATE RISK			●
FOREIGN CURRENCY 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 4 equates to a Risk Label of 'Medium' and an estimated number of negative annual returns over any 20 year period of 2 to less than 3. This is a measure of expected frequency (not magnitude) of capital losses, calculated in accordance with ASFA/FSC guidelines.

	LOW	MODERATE	HIGH
RISK TO INCOME		●	

**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.

NM1223U-3297114-1/7

# iShares Core Global Corporate Bond (AUD Hedged) ETF

ISSUE DATE 21-12-2023

## Features and benefits

	LOW	MODERATE	HIGH
COMPLEXITY		●	
ESG		●	

## Fee profile

	LOW	MODERATE	HIGH
FEES VS. UNIVERSE		●	
FEES VS. ASSET CLASS		●	
FEES VS. SUB-SECTOR		●	

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

## What is this Fund?

- iShares by BlackRock ('the Manager') has adopted a passive investment strategy in managing the iShares Core Global Corporate Bond (AUD Hedged) ETF ('IHCB' or 'the Fund'). The Fund provides investors with exposure to the Bloomberg Global Aggregate Corporate Bond Index (AUD Hedged) ('the Underlying Index'), a currency-hedged, market capitalisation weighted index that aims to track the performance of fixed-rate global investment grade corporate securities. The Underlying Index has been developed by Bloomberg ('the Index Provider').
- The Fund invests in global investment grade corporate fixed-rate debt and includes fixed-rate corporate bonds issued by corporations worldwide in emerging and developed markets.
- Lonsec notes that the Fund is an Australian-domiciled fund that invests in the iShares Global Corporate Bond UCITS ETF ('the Underlying Fund'), an Irish-domiciled fund listed in the UK. The Underlying Fund constituents are denominated in various local currencies, however, are priced in USD. The Fund's NAV is calculated using the NAV of the Underlying Fund.
- The Fund tracks a hedged AUD index which substantially reduces, but does not eliminate, the risk associated with movements in foreign currencies. To replicate the currency hedging component of the Underlying Index, BlackRock on behalf of the Fund will enter into foreign currency forward contracts designed to offset the Fund's currency exposure.
- The Fund has made an election under the Taxation of Financial Arrangements ('TOFA') rules. As such, the timing of gains and losses on the hedging financial arrangements are matched with the timing of gains or losses on the hedged item, thereby reducing the effects of foreign exchange rate movements on the Fund's distributions to unitholders. This will improve the ability of the Fund to pay a steady level of income distributions and help to avoid situations where foreign exchange hedge losses lead to the Fund being unable to distribute.
- The Fund's PDS, dated 25 October 2023, disclosed Annual Fees and Costs ('AFC') totaling 0.29% p.a. This value comprises (1) management fee and costs of 0.26% p.a. and; (2) net transaction cost estimate of 0.03% p.a. In line with RG97, some fees and costs have been estimated by the issuer on a reasonable basis. Lonsec believes the fee structure of the Fund represents a low-moderate investment cost when considered against the broader passively managed international fixed income ETF universe.

## 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 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

- The Manager has recently changed valuation methods for this Fund, valuing the ETF at NAV price rather than closing price in order to reduce the tracking error.
- Lonsec notes there have been no other 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, the largest asset management firm globally. BlackRock has significant scale and resources for effectively managing and structuring ETFs in Australia and abroad and has a proven track record of successfully running index strategies.
- Lonsec notes that the Fund's fund-of-fund structure, whereby it gains exposure to the Underlying Index via an underlying UK-listed iShares ETF (the 'iShares Global Corporate Bond UCITS ETF' or 'CORP'), adds some complexity to the reporting lines. As the Fund is an Australian-domiciled ETF, it is officially managed by the APAC EII Portfolio Engineering Team that is led by Derek Dei, Head of Asia Pacific ex-Japan Portfolio Engineering. However, the underlying UK-listed ETF is managed by the EMEA Fixed Income Core Portfolio Management Team. Finally, the hedging for the Fund is done by the

ANALYST: NATHAN UMAPATHY | APPROVED BY: MICHAEL ELSWORTH

Americas EII Portfolio Engineering Team based in San Francisco.

- The EMEA Fixed Income Core Portfolio Management Team is based in the UK and is led by John Hutson. Furthermore, the Fund's portfolio is managed by Hutson. These teams are further supported by the wider operational staff across BlackRock as well as in-house analysts and traders. There is also a Global Sector Specialist Team responsible for sector oversight, research, and analysis. The team continues to collaborate globally and utilise BlackRock's global presence which Lonsec believes adds to efficiency and scalability.
- Due to the quantitative approach to the construction of the index/portfolio and the breadth of resources available within BlackRock globally for managing index funds, key person risk is considered lower than for active style funds.
- The Underlying Index is provided by Bloomberg, who is a globally significant and deeply experienced index provider. Bloomberg has an extensive history of compiling data across global financial markets.

#### Investment approach

- The Fund provides an efficient means for investors to gain exposure to a broad portfolio of investment grade corporate bonds issued across global markets. The Underlying Index is a hedged variant of an established corporate bond market benchmark. Lonsec considers the Underlying Index to be a suitable means to gain access to this sector and considers Bloomberg to be a reputable, experienced, and well-resourced index provider. Furthermore, Lonsec believes the screening process and methodology used to derive the Underlying Index to be logical.
- Lonsec notes that the Fund is a feeder-fund for the UK-listed Underlying Fund. Historically, Lonsec found that the tracking error performance associated with this fund-of-fund structure has generally been exacerbated due to time time-zone differences with the underlying holdings and the listing market of the Underlying Fund. However, Lonsec notes that BlackRock will be referencing the Underlying Fund's NAV rather than the more common closing price methodology used across the industry in Australia with the aim of reducing this risk. The valuation approach is based on the NAV price of the Fund and limits the timing difference between the underlying share class valued at the closing price and the index. Lonsec takes comfort from BlackRock confirming it followed an internal governance process to evaluate the appropriateness of this novel approach in Australia. Lonsec, however, will continue to monitor this valuation structure in future reviews to assess its effectiveness in meeting expectations.
- At the Underlying Fund level, the Manager has adopted an optimisation approach to closely match the risk/return characteristics of the Underlying Index. Lonsec considers this to be an appropriate approach aided by the experience and quality of the Manager's investment team and investment systems. An optimisation approach involves choosing a subset of index-eligible securities to create a portfolio that behaves like the Underlying Index. In many cases, holding every security in the Underlying

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 the Underlying Index closely, saves investors from incurring unnecessary trading costs which may detract from total returns. Lonsec considers the optimisation investment strategy adopted to represent a pragmatic approach to tracking the performance of the Underlying Index.

- Lonsec highlights the Fund has moderate interest rate and credit risk given the holdings are mainly fixed rate investment grade corporate bonds.
- 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.
- 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 has no basic filters applied and there is no integration of ESG factors in its construction.

## Overall

- Lonsec has maintained the Fund's **'Recommended Index'** rating. Lonsec considers BlackRock to be well resourced in terms of personnel and systems and a leader in the passive investment space. The Fund represents an efficient and cost-effective vehicle for investors to gain exposure to the global corporate bond market.
- Lonsec notes, however, that the fund-of-fund structure creates some portfolio management inefficiencies, contributing to a higher tracking error over time.

## 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 various 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
JOHN HUTSON	HEAD OF INDEXED FIXED INCOME, PORTFOLIO MANAGEMENT	22 / 11
DEREK DEI	HEAD OF ASIA PACIFIC EX JAPAN PORTFOLIO ENGINEERING	17 / 16

As the Fund is an Australian-domiciled ETF, it is officially managed by the APAC EII Portfolio Engineering Team that is led by Derek Dei, Head of Asia Pacific ex Japan Portfolio Engineering.

The investment team responsible for managing the Underlying Fund (that the Australian-domiciled fund is invested in) is the London-based EMEA Fixed Income Core Portfolio Management Team with John Hutson being responsible for managing the Fund. However, portfolio management resources are structured along asset class lines rather than a more traditional active/passive demarcation, meaning several more portfolio managers are abreast of the portfolio characteristics.

Lonsec notes that the hedging component of the Fund is managed by BlackRock EII Portfolio Management Team based in San Francisco.

## Investment Approach

### Overview

For the Underlying Fund, BlackRock employs a passive investment strategy designed to track the performance of the Underlying Index, before fees and expenses.

The Manager uses 'optimisation' to achieve the risk/return characteristics of the Underlying Index. Optimisation 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. BlackRock receives price feeds, adjustments, and Index constituent information from Bloomberg daily. BlackRock will also seek to utilise an internal crossing network where possible which is derived from its large asset base and diverse client roster. This capacity may serve to reduce the level of market executed trading and avoid brokerage costs and bid/offer spreads.

## Underlying index

The Bloomberg Global Corporate Bond AUD Hedged Index is a rules-based, market capitalisation weighted index that comprises corporate bonds issued across both global emerging and developed markets.

Debt securities that are included in the Underlying Index are selected based on the following eligibility criteria:

- Have a minimum credit rating of investment grade (BBB- or above);
- Must be denominated in an eligible currency and meet the minimum issue size requirements (as defined by the Index Provider);
- Must have a minimum maturity of at least one year; and
- Debt securities that offer fixed-rate coupons (including zero coupons).

Credit quality ratings on securities are received from S&P, Moody's, and Fitch and converted to the equivalent S&P major rating category. This breakdown is provided by BlackRock and takes the median rating of the three agencies. When all three agencies rate a security, the lower two ratings are adopted whereas if only two agencies rate a security then the lowest single rating is adopted.

The securities are weighted based on their gross market capitalisation and these proportions are rebalanced monthly.

INDEX METRIC	DATA
INDEX PROVIDER / OWNER	BLOOMBERG
MATURITY	MINIMUM ONE YEAR
COUPON	FIXED-RATE
MINIMUM RATING	INVESTMENT GRADE ONLY (=>BBB-/BAA3)
CURRENCY	MULTI-CURRENCY HEDGED TO AUD

## Transparency

iShares' ETF [website](#) is both comprehensive and user-friendly. It is designed as a self-service website with information relating to performance, current holdings, and key risk characteristics for all iShares ETFs.

Bond indices tend to be both less transparent and less accessible to end-investors compared to equity market indices. Lonsec notes the constituents of the Underlying Index are the property of Bloomberg and are not publicly available without a subscription.



## Liquidity

As at September 2023, the Fund had FUM of \$264.8m which is moderate relative to other ETFs within the broader fixed income universe. Lonsec considers the liquidity of the Fund to be strong.

The Fund offers investors liquidity via the ASX which is supported by dedicated market makers that are obligated to provide continuous liquidity to the market by maintaining pre-agreed spreads and volumes.

The Fund's holdings are invested in investment grade global corporate bonds within developed and emerging markets. Investors should be aware that during normal market conditions, there should be reasonable liquidity for these securities. However, during periods of heightened volatility and market dislocation, liquidity has the potential to deteriorate significantly.

## Fees and Indirect Costs

The Fund's management cost is at the lower to moderate end when compared to Lonsec's peer group of international corporate credit ETFs.

Lonsec notes that the Fund's bid / ask spread was 0.24% over the 12 months to September 2023. Lonsec considers this figure to be broadly in line with other passive fixed-income ETFs, however, will continue to monitor the situation in future reviews.

### Fee comparison

FUND NAME	AFC (% P.A.)	AVERAGE BID/ASK SPREAD (%)
		P.A.)
ISHARES CORE GLOBAL CORPORATE BOND (AUD HEDGED) ETF (IHCB)	0.29	0.24
VANGUARD INTERNATIONAL CREDIT SECURITIES INDEX (HEDGED) ETF (VCF)	0.3	0.13

Source: ASX daily average bid / ask spread over the 12 months to September 2023.

## Performance

The Fund was inceptioned in December 2015 and has established a track record of performance. The Fund delivered an excess return (after fees) of -0.21% p.a. and a tracking error of 1.17% p.a. over the five-year period to October 2023. Similarly, the Fund delivered an excess return of -0.02% and a tracking error of 1.14% over the 12 months to October 2023.

In comparison, Lonsec notes the tracking error for the Underlying Fund was 0.21% over a one-year period to October 2023. Hence, Lonsec remains comfortable with the performance over an investment cycle.

Overall, Lonsec attributed the Fund's elevated tracking error and tracking differences to the 'wrapper structure' as this arises from the timing differences of the closing price. However, Lonsec notes the Manager has sought to address this via a change in valuation methods, and will continue to monitor future performance.

On an absolute basis, the Fund has delivered a total return (after fees) of 2.21% and -0.29% p.a. over the same one and five-year period that ended October 2023.

## Risks

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

### Tracking error risk

The Manager seeks to minimise the tracking error against the index the Fund aims to track. There is no guarantee that this objective will be met. Additionally, the use of a feeder-fund structure has the potential to result in higher observed tracking error relative to holding investments directly. BlackRock has sought to minimise the potential for higher tracking error associated with the fund-of-fund structure by referencing the Underlying Fund's NAV rather than its closing price in the Australian fund's valuation process.

### 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.

### Currency risk

The Fund invests in assets that are denominated in non-Australian dollar currencies. The Fund is fully hedged and aims to mitigate, but not eliminate, the effects of foreign exchange movements. The Fund has made a TOFA election meaning that FX gains and losses are not expected to impact fund distributions.

### Market-making risk

The Fund takes on counterparty risk with regard to its market-making activities. Counterparties may default on their contractual obligations, potentially exposing investors to some financial losses.

## Further information

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

# iShares Core Global Corporate Bond (AUD Hedged) ETF

ISSUE DATE 21-12-2023

## Quantitative Performance Analysis - annualised after-fee % returns (at 30-11-2023)

### Performance metrics

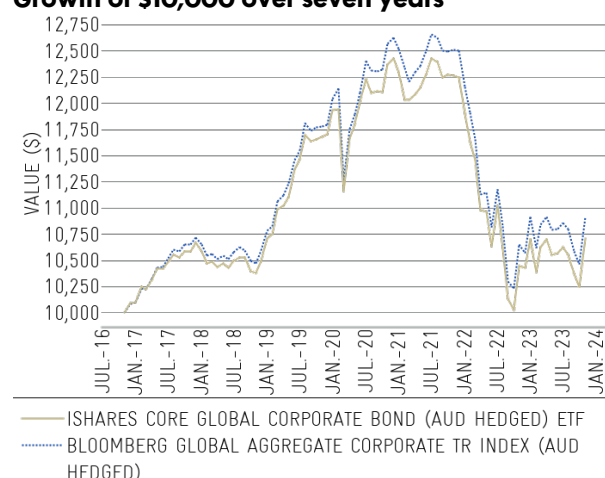
	1 YR	3 YR	5 YR	7 YR
TOTAL RETURN (% PA)	2.52	-4.71	0.63	0.98
STANDARD DEVIATION (% PA)	7.13	7.39	7.37	6.34
EXCESS RETURN (% PA)	0.03	-0.12	-0.21	-0.28
WORST DRAWDOWN (%)	-4.20	-19.31	-19.31	-19.31
TIME TO RECOVERY (MTHS)	1	NR	NR	NR
TRACKING ERROR (% PA)	1.14	1.26	1.17	1.01

PRODUCT: ISHARES CORE GLOBAL CORPORATE BOND (AUD HEDGED) ETF

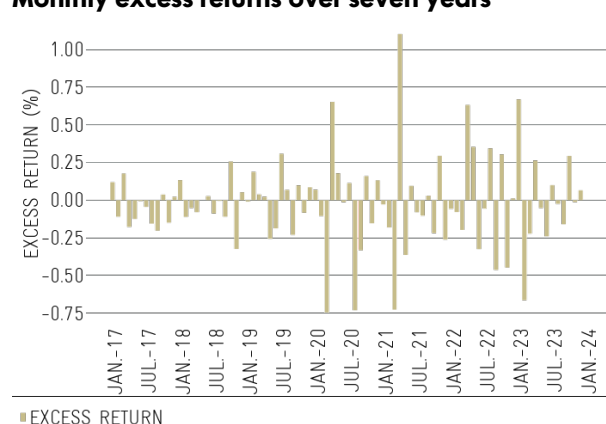
PRODUCT BENCHMARK: BLOOMBERG GLOBAL AGGREGATE CORPORATE TR INDEX (AUD HEDGED)

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

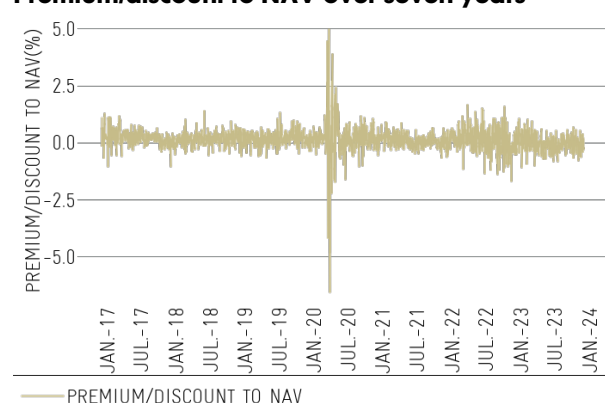
### Growth of \$10,000 over seven years



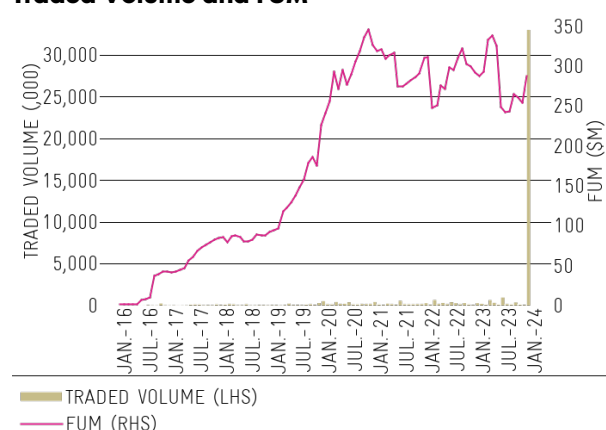
### Monthly excess returns over seven years



### Premium/discount to NAV over seven years



### Traded Volume and FUM



ANALYST: NATHAN UMAPATHY | APPROVED BY: MICHAEL ELSWORTH

## 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.

## Analyst Disclosure and Certification

Analyst remuneration is not linked to the research or rating outcome. Where financial products are mentioned, the Analyst(s) may hold the financial product(s) referred to in this document, but Lonsec considers such holdings not to be sufficiently material to compromise the rating or advice. Analyst holdings may change during the life of this document. The Analyst(s) certify that the views expressed in this document accurately reflect their personal, professional opinion about the matters and financial product(s) to which this document refers.

**LONGSEC STRONGLY RECOMMENDS THIS DOCUMENT BE READ IN CONJUNCTION WITH THE RELEVANT PRODUCT DISCLOSURE STATEMENT. IMPORTANT NOTICE:** Issued by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Lonsec receives a fee from the fund manager or financial product issuer(s) for researching the financial product(s), using objective criteria and for services including research subscriptions. Lonsec's fee is not linked to the rating(s) outcome. Lonsec Investment Solutions Pty Ltd ABN 95 608 837 583 CAR (CAR: 001236821) of Lonsec receives fees under separate arrangement for providing investment consulting advice to clients, which includes model portfolios, approved product lists and other financial advice and may receive fees from this fund manager or financial product issuer for providing investment consulting services. Refer to the Conflicts of Interest Statement at: [Lonsec.com.au/important-documents](https://lonsec.com.au/important-documents) Lonsec does not hold the financial product(s) referred to in this document. Lonsec's representatives and/or their associates may hold the financial product(s) referred to in this document, but details of these holdings are not known to the Analyst(s). **Warnings:** In line with industry practice returns may be estimated, to access verified returns please refer to the product provider. Past performance is not a reliable indicator of future performance. Any advice is General Advice based on the investment merits of the financial product(s) alone, without considering the investment objectives, financial situation and particular needs of any particular person. It is not a recommendation to purchase, redeem or sell the relevant financial product(s). Before making an investment decision the reader must consider his or her financial circumstances or seek personal financial advice on its appropriateness. Read the Product Disclosure Statement for each financial product before making any decision about whether to acquire a financial product. Lonsec's research process relies upon the participation of the fund manager or financial product issuer(s). Should the fund manager or financial product issuer(s) no longer participate in Lonsec's research process, Lonsec reserves the right to withdraw the document at any time and discontinue future coverage. The product rated in this publication may have related financial products or be associated with other financial products and platforms. The rating may only be applied to the financial product outlined in this publication at first instance, seek professional advice before you make an investment decision on related or associated financial products and platforms. You should be aware that the mandate, fees, underlying investments, the issuers of the related and associated financial products and platforms may be different from the financial product specified in this publication. **Disclaimer:** This document is for the exclusive use of the person to whom it is provided by Lonsec and must not be used or relied upon by any other person. No representation, warranty or undertaking is given or made in relation to the accuracy or completeness of the information presented in this document, which is drawn from public information not verified by Lonsec. Financial conclusions, ratings and advice are reasonably held at the time of completion but subject to change without notice. Lonsec assumes no obligation to update this document following publication. Except for any liability which cannot be excluded, Lonsec, its directors, officers, employees and agents disclaim all liability for any error or inaccuracy in, misstatement or omission from, this document or any loss or damage suffered by the reader or any other person as a consequence of relying upon it. ©2023 Lonsec. All rights reserved. This report may also contain third party material that is subject to copyright. To the extent that copyright subsists in a third party it remains with the original owner and permission may be required to reuse the material. Any unauthorised reproduction of this information is prohibited.