

ESG Models

Model Portfolio Summary

BlackRock

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TRADE RATIONALE

As of 3/04/2024

We recently conducted our annual strategic asset allocation (SAA) review, where we re-assessed the latest capital market assumptions, investment universe and strategic holdings of the portfolio. These SAA changes were implemented on 3rd April 2024.

KEY TRADES

Modestly increase growth/defensive split: Ongoing resilience in economic fundamentals, upward revisions to forward earnings, and higher return expectations for equities over bonds lead us to increase the allocation to growth assets within the portfolio.

Increase Australian equities: Relatively more favourable capital market assumptions lead us to have an increased allocation to Australian equities.

Increase FX hedge ratio: We increase the hedge ratio within equities given the potential for the Australian dollar to strengthen following depreciation of the currency in 2023.

Reduce cash and international fixed income: Relatively more attractive capital market assumptions lead us to increase Australian fixed income over that of cash and international fixed income.

Notes: For more information on the SAA Changes, please refer to the SAA Note under “Additional Resources”.

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STRATEGIC ASSET CLASS VIEWS

Asset Class	View	Rationale
Growth/Defensive Split	Increase	Higher expected returns and ongoing resiliency in forward earnings lead us to slightly increase the allocation to growth assets. For example, the Balanced portfolio is now 51/49 compared to 50/50 last year. We also increased the growth/defensive split for the Aggressive portfolio from 85/15 to 91/9 to better align to investors' risk appetite within this category.
Growth Assets		
Australian Equities	Increase	Relatively attractive valuations and higher dividend yields leads us to increase Australian equities marginally.
Developed ex AU Equities	Neutral	We reduce unhedged equities in favour for hedged equities to increase the currency hedge ratio. A higher currency hedge ratio would better protect the value of the portfolio in the event of a stronger Australian dollar.
Defensive Assets		
Australian Fixed Income	Increase	Relatively higher expected returns for Australian fixed income sees us increasing the exposure to Australian bonds over that of international fixed income and cash.
International Fixed Income	Decrease	We reduce International fixed income in favour for Australian fixed income based on the relative attractiveness of capital market assumptions.
Cash	Decrease	Reduce cash in favour for fixed income given higher expected returns for the latter.

PERFORMANCE COMMENTARY

As of 31/03/2024

Market Commentary

Risk assets continued to rally over the quarter: Global equities, as measured by the MSCI All Country World Index (unhedged), delivered positive returns of 13.2% over the quarter amid investor hopes for a soft economic landing and bullish sentiment regarding artificial intelligence (AI). Fixed income markets, as represented by the Bloomberg Global Aggregate Index (hedged), declined 0.3% over the quarter as markets pushed out the timing and magnitude of central bank rate cuts amid sticky inflation.

Equity rally was broad-based: Both Developed market and Emerging market equities recorded strong returns in Q1, driven by resilient economic data and the AI-fuelled rally. Japanese equities, as represented by the Nikkei 225 Index, outperformed most major markets, rising by 21.5% in Q1 (in local currency terms), buoyed by robust corporate earnings and strong wages growth.

Fixed income returns were mixed: Global bonds underperformed Australian bonds in Q1 amid the re-pricing of interest rate expectations. The Global Aggregate Index (hedged) was down 0.3%, while the Australian composite bond index rose 1.0% over the period. Meanwhile, riskier parts of the fixed income market delivered positive returns, with high yield corporate credit and emerging market debt indices realising gains as credit spreads tightened.

Performance commentary

Total portfolio returns were positive in Q1, supported by robust international equity performance and ongoing strength in the US Information Technology sector. The portfolio's overweight to the technology sector relative to a standard market-capitalisation weighted portfolio, along with the meaningful allocation to Developed Market equities acted as positive tailwinds to performance in Q1. Over the past year, the strategy has largely achieved 1st quartile performance relative to its multi-asset peer group and continues to attain higher ESG scores and a lower carbon footprint relative to a non-ESG standard market-capitalisation weighted benchmark.

Notes: Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Please refer to the ESG metrics tab for more details on the ESG uplift and carbon reduction obtained from investing in the portfolio.

Performance figures represent past performance and are not indicative of future performance. Current performance may be higher or lower than that shown. Performance is estimated and net of underlying fund fees, but gross of platform fees and does not include brokerage and commissions that may be incurred in the trading of financial products within the model portfolios. Actual investment outcomes may vary. Unless otherwise stated, performance for periods greater than one year is annualised and performance calculated to the last business day of the month. The model performance shown is hypothetical and for illustrative purposes only. The performance does not represent the performance of an actual account or investment product and is not the result of any actual trading.

Latest Holdings (%)

Allocation as of 3/04/2024

As of Date		*Conservative (15/85)	*Moderate (30/70)	*Balanced (50/50)	*Growth (70/30)	*Aggressive (90/10)
3/04/2024		16/84	31/69	51/49	71/29	91/9
Latest Allocation						
Australian Equities		7.0	11.5	19.5	28.0	35.0
IESG	iShares Core MSCI Australia ESG ETF	7.0	11.5	19.5	28.0	35.0
Developed Market Equities		9.0	19.5	31.5	43.0	56.0
IHWL	iShares Core MSCI World ex Australia ESG (AUD Hedged) ETF	3.5	7.0	9.5	12.5	17.0
IWLD	iShares Core MSCI World Ex Australia ESG ETF	5.5	12.5	22.0	30.5	39.0
Australian Fixed Income		55.0	45.0	31.5	19.0	5.0
43334	iShares ESG Australian Bond Index Fund D	55.0	45.0	31.5	19.0	5.0
International Fixed Income		16.0	14.0	10.5	7.0	2.0
43753	iShares ESG Screened Global Bond Index Fund Class D	16.0	14.0	10.5	7.0	2.0
Cash		13.0	10.0	7.0	3.0	2.0
18357	BlackRock Cash Fund	3.0	3.0	3.0	3.0	2.0
BILL	iShares Core Cash ETF	10.0	7.0	4.0	-	-

Changes to Holdings (%)

Allocation as of 3/04/2024

		*Conservative (15/85)	*Moderate (30/70)	*Balanced (50/50)	*Growth (70/30)	*Aggressive (90/10)
Australian Equities		0.5	0.5	0.5	1.0	3.0
IESG	iShares Core MSCI Australia ESG ETF	+0.5	+0.5	+0.5	+1.0	+3.0
Developed Market Equities		0.5	0.5	0.5	-	3.0
IHWL	iShares Core MSCI World ex Australia ESG (AUD Hedged) ETF	+1.5	+3.0	+3.5	+4.5	+7.0
IWLD	iShares Core MSCI World Ex Australia ESG ETF	-1.0	-2.5	-3.0	-4.5	-4.0
Australian Fixed Income		4.0	2.0	-	0.5	-2.0
43334	iShares ESG Australian Bond Index Fund D	+4.0	+2.0	-	+0.5	-2.0
International Fixed Income		-2.0	-0.5	-	-	-3.0
43753	iShares ESG Screened Global Bond Index Fund Class D	-2.0	-0.5	-	-	-3.0
Cash		-3.0	-2.5	-1.0	-1.5	-1.0
18357	BlackRock Cash Fund	-	-	-	-	-1.0
BILL	iShares Core Cash ETF	-3.0	-2.5	-1.0	-1.5	-

Performance (%)

As of 31/03/2024

Model	Last Month (%)	3 Month (%)	Year to Date (%)	1 Year (%)	3 Year (%)	5 Year (%)
*Conservative (15/85)	1.34	1.83	1.83	4.47	-	-
*Moderate (30/70)	1.78	3.68	3.68	8.42	-	-
*Balanced (50/50)	2.34	5.99	5.99	13.52	-	-
*Growth (70/30)	2.86	8.27	8.27	18.75	-	-
*Aggressive (90/10)	3.22	9.99	9.99	22.92	-	-

The inception date for the model portfolios is **3/08/2021**.


Performance figures represent past performance and are not indicative of future performance. Current performance may be higher or lower than that shown. Performance is estimated and net of underlying fund fees, but gross of platform fees and does not include brokerage and commissions that may be incurred in the trading of financial products within the model portfolios. Actual investment outcomes may vary. Unless otherwise stated, performance for periods greater than one year is annualised and performance calculated to the last business day of the month. The model performance shown is hypothetical and for illustrative purposes only. The performance does not represent the performance of an actual account or investment product and is not the result of any actual trading.

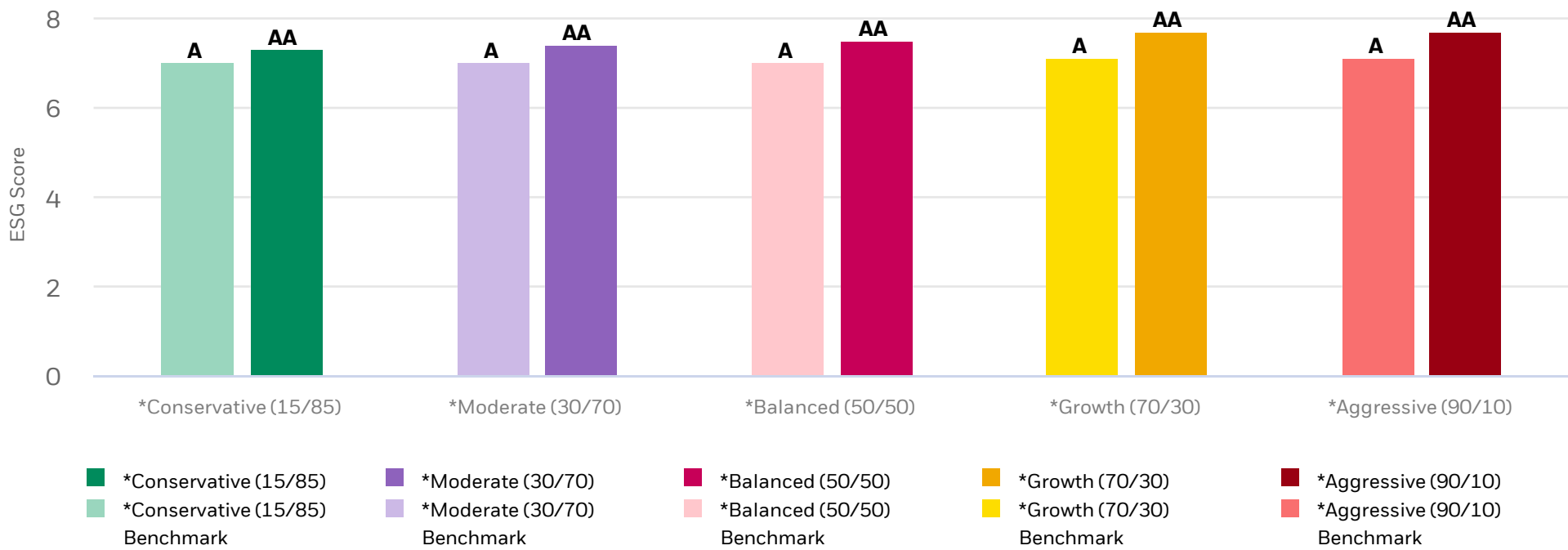
ESG METRICS

As of 31/03/2024

We quantify the ESG characteristics of the model portfolio by comparing its MSCI ESG Ratings and Carbon Emissions with a non-ESG Benchmark portfolio. The Non-ESG Benchmark portfolio refers to a portfolio that uses traditional non-ESG market indices as building blocks. The following charts show the ESG Uplift and Carbon Reduction obtained from investing in the model portfolio relative to a traditional non-ESG Benchmark.

ESG UPLIFT

 Higher ESG ratings relative to a non-ESG optimized benchmark







MSCI ESG RATING CCC(worst) to AAA(best)**ESG Category**

CCC	B	→	Laggard
BB	A	→	Average
AA	AAA	→	Leader

LOWER CARBON FOOTPRINT

The following metrics illustrates the annual carbon emission reduction** obtained by investing one million USD in the ESG models relative to a non-ESG comparative benchmark (based on MSCI ESG Research analysis of portfolio companies' carbon emissions).

CARBON EMISSIONS REDUCTION EQUIVALENTS

Impact	*Conservative (15/85)	*Moderate (30/70)	*Balanced (50/50)	*Growth (70/30)	*Aggressive (90/10)
 Carbon Emission Difference	-62.0 %	-52.0 %	-44.0 %	-40.0 %	-40.2 %
 Homes Energy Use for one year	4 homes/yr	3 homes/yr	3 homes/yr	2 homes/yr	2 homes/yr
 Distance travelled by an average passenger vehicle	118,082 km	97,609 km	84,847 km	78,185 km	78,185 km
 Petrol Consumed	12,193 litres	10,079 litres	8,761 litres	8,073 litres	8,073 litres

Notes: Issuers of securities held by an Underlying Fund may meet or fail to meet BlackRock's or its index/data providers' sustainability criteria from time to time. In these circumstances, BlackRock will use reasonable efforts to invest, divest or otherwise respond to the change within a reasonable period (for example, at the following rebalance date) considering the materiality of the change, liquidity, and transaction costs. The methodology of index and data providers may differ.

Source: BlackRock, MSCI & Greenhouse Gas Equivalencies Calculator. For illustrative purposes only. This is not a recommendation to invest in any

particular financial product. This material provides general information only. ESG scores and carbon emissions are only two factors to be considered when deciding whether to invest in a product.

*The non-ESG benchmark refers to a portfolio that uses standard (non-ESG) market-capitalisation weighted indices as building blocks. We use the following standard market-capitalisation weighted indices in the benchmark: Australian equity (S&P/ASX 300 Index), International equity (MSCI World ex Australia Index Unhedged & AUD Hedged), Australian fixed income (Bloomberg Ausbond Composite 0+ Yr Index), International fixed income (Bloomberg Global Aggregate AUD Hedged Index).

**Carbon emissions are measured in terms of scope 1 (direct) and scope 2 (indirect) emissions normalised by the most recently available enterprise value including cash (EVIC) in million USD. For more information around the definitions of scope 1+2 emissions, please refer to MSCI's website.

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