iShares
by BlackRock

ILB

NAVIGATE INFLATION

WITH INFLATION-PROTECTED BONDS

iShares Government Inflation ETF

Fund description

The iShares Government Inflation Bond ETF (ILB) is an indexed fixed-income fund that provides exposure to high-quality, inflation-linked bonds (ILBs) from Australian Government and semi-government issuers.

Target market summary

This product is likely to be appropriate for a consumer:

- who is seeking capital preservation and/or income distribution
- using the product for a core component of their portfolio or less
- with a minimum investment timeframe of 3 years
- with a medium risk/return profile

Benefits of investing in ILB

Protection
The fund aims to shield against inflation by delivering real, inflation-adjusted returns.

Diversification
Inflation-linked bonds can provide diversification benefits when combined with other asset classes.

Unique exposure
iShares offers Australia's only inflation-linked bond ETF.

High quality
The fund consists of inflation-linked bonds issued by Australian Government and semi-government.

There is no guarantee that a positive investment outcome will be achieved. Diversification and asset allocation may not fully protect you from market risk. While the investment approach described herein seeks to control risk, risk cannot be eliminated.

Fund details

Ticker	ILB
Currency	AUD
Exchange	ASX
Distribution frequency	Quarterly
Inception date	12 March 2012
Asset class	Fixed Income
Benchmark	Bloomberg AusBond Inflation Government 0+ Year Index
Management fee	0.18%
Fund data	Fact sheet and data

Fund features

1. **Transparency:** Full transparency to the securities held by ILB, publishes on the website
2. **Daily liquidity:** Tradable daily when the ASX is open with T+2 settlement
3. **Cost-effective:** An all-inclusive and transparent annual management fee of just 0.18%

What are inflation-linked bonds?

Inflation-linked bonds (ILBs) are Australian Government and semi-government bonds that contractually link the interest and principal payments to the Australian Consumer Price Index (CPI). They are designed to protect investors against higher-than-expected inflation by increasing the principal and interest payments in line with inflation.

Inflation-linked bonds 101

ILB principal component

ILBs are issued with an original face value of either $100 or $1,000. To take in to account inflation, CPI is used to adjust the principal up or down.

At maturity, an investor will receive the greater of the bond's original principal or the inflation-adjusted principal value. This protects investors if CPI decreases below the original value of the principal.

ILB income payments

As the principal amount is adjusted up or down due to changes in inflation, the amount of income paid out will also be adjusted.

Don't forget about interest rate risk

Investors looking to invest in ILB are still exposed to interest rate risk (duration). ILB holds fixed rate bonds which are exposed to varying levels of duration risk based on each securities coupon rate, yield and remaining time until maturity. Bonds with longer maturities are more sensitive to changes in interest rates, and therefore carry a higher level of duration risk. A bonds value decrease as interest rates (yields) rise and increase as interest rates (yields) decline. It is important for investors to carefully consider the duration of their fixed income investments and to regularly review and adjust their portfolio to manage duration risk.

Want to know more?

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