

The BlackRock logo is positioned in the top left corner of the page. It consists of the word "BlackRock" in a white, sans-serif font, with a registered trademark symbol (®) to the right of the word. The background of the entire page is a high-contrast, abstract image of water with a color palette of deep blues, teals, and oranges, suggesting a sunset or sunrise over a rocky coastline.

# Enhanced Strategic Model Portfolio Strategy Brief

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# Enhanced Strategic Model Portfolio – Conservative

## 1.0 Reasons for Managed Accounts

Managed accounts have gained popularity in Australia over the last decade given their ability to deliver a transparent, cost-effective value proposition in a diversified, defined, and streamlined manner.

Building a diversified portfolio, across and within multiple asset classes, is one of the most important components in reaching one's financial goals. Managed accounts provide easy access to a wide range of funds across asset classes in a single portfolio, which can result in better returns within a stated risk level over time.

The opportunity to tap into a third-party professional investment manager also enables advisers to leverage extensive resources and deep investment expertise consistently over time. The investment manager will conduct a comprehensive assessment of the market environment when determining the asset allocation of the portfolio and ensure that regular rebalancing is done to keep the investments in line with the desired asset allocation. By utilising a seasoned and well-integrated investment team, this will help to ensure efficient portfolio management and paves the way for advisers to focus more time on client's needs and on delivering a better value proposition to clients.

Importantly, with managed accounts, the end-investor generally maintains the advantages of being the beneficial owner of the underlying assets of the portfolio whilst having full visibility of the underlying securities at all times. Investors can also easily track the performance of each investment and stay informed about the decisions implemented in the portfolio.

## 1.1 BlackRock Managed Portfolios

BlackRock is the world's largest asset manager with over 30 years of experience building multi-asset portfolios for investors in Australia. BlackRock delivers tailored holistic investment solutions across active and index investment strategies, and uses investment technology capabilities to help clients build resilient portfolios.

BlackRock believes that superior investment outcomes are best achieved through a disciplined, objective investment process. The investment process seeks to harvest return premia, while managing risks and implementation costs through optimisation-based portfolio construction.

The Enhanced Strategic Model Portfolio – Conservative is an actively managed diversified portfolio of securities across both growth asset classes such as equities, property and infrastructure and defensive oriented asset classes, such as cash, fixed income and gold. In general, the portfolio will have a long-term average target exposure of around 15% in growth assets and 85% in defensive assets, however the allocations will be actively managed within the allowable asset class ranges depending on market conditions and the portfolio manager's outlook.

The portfolio aims to provide investors with a balance of income and capital growth over the medium term through exposure across a range of asset classes and by accessing a variety of low-cost, highly liquid listed investment vehicles.

## 1.2 Investment Approach<sup>2</sup>

The Enhanced Strategic Models make use of both a quantitative and discretionary approach to determine the long-term strategic asset allocations, while shorter-term market-aware insights guide the tactical tilting process. The investment process is supported by BlackRock's proprietary portfolio and risk management system – Aladdin© - enabling us to produce a diversified multi-asset portfolio with controlled levels of active risk. BlackRock integrates trading costs into the portfolio construction methodology to help identify the optimal trade-off between expected returns, risks, and the certainty of costs.

The desired exposures across assets, countries, regions, and style factors are primarily achieved through the use of exchange traded funds ("ETFs"). ETFs allow for efficient portfolio implementation and provide transparency and diversification at low-cost, with exposure to over 4,000 underlying issuers. ETFs also act as natural candidates for the tactical overlay process, which seeks to add value by deviating away from the long-term strategic portfolio weights. Being able to quickly respond to changing market conditions offers the opportunity to achieve enhanced risk-adjusted returns over time.

1 As of December 2023. As of December 2023, BlackRock had USD 10.0 trillion in assets under management, making it the world's largest asset manager.

2 There is no guarantee that a positive investment outcome will be achieved through the investment approach described herein.

## 1.3 Key Benefits<sup>3</sup>

- Seasoned BlackRock investment team of portfolio managers and strategists based in Australia and overseas averaging 12 years of investing experience.
- The Enhanced Strategic Model Portfolio range has a strong 9-year track record and the underlying investment team has been managing multi-asset portfolios for Australian investors for over 30 years.
- Performance of the Enhanced Strategic Model Portfolio range ranks in the top quartile over the long-term, as per Morningstar Peer Rankings<sup>3</sup>.
- The strong track record and proven investment process has seen the portfolio consistently receiving a “Recommended” rating from Lonsec and an SQM ratings upgrade from 4 Stars to 4.25 Stars / “Superior” (as of March 2024).
- The portfolio is implemented in a cost effective and efficient manner using ETFs as building blocks. The underlying fund fees for the Enhanced Strategic models range from 0.16% to 0.19%, making it amongst the lowest cost in the industry.
- The portfolio benefits from BlackRock’s sound risk management system, with ongoing portfolio management and monitoring of the underlying sub-funds carried out on

BlackRock’s proprietary risk management platform – Aladdin© – in the form of a paper portfolio. This allows for efficient portfolio management, analytics, performance reporting, attribution, and risk management.

## 1.4 Asset Allocation

The following table shows the long-term indicative target asset allocation:

Enhanced Strategic Model Portfolio – Conservative	Minimum Allocation (%)	Maximum Allocation (%)
Australian Equities	0	24
Global Equities	0	32
Property & Infrastructure	0	10
Australian Fixed Interest	34	70
Global Fixed Interest	0	38
Alternatives	0	10
Cash	2	20

## 1.5 Key Risks

- **Investment risk:** Financial markets are affected by numerous factors, including market risk, currency risk and interest rate risk. As such, all investments have an inherent level of risk. Generally, there is a trade-off between higher expected returns for higher expected risk – represented by the variability of fund returns. It is therefore important to acknowledge that your portfolio can experience negative returns, particularly in the short term, as market conditions change. BlackRock regularly monitor these investment risk factors through their multi-factor risk model that incorporates over 2,200 distinct risk factors across equity, credit, FX, and rates. However, there is a possibility that you receive back less than you initially invested.
- **Operational risk:** There are certain potential risk factors involved with the operation of your managed account, including trading, settlement, and counterparty risks. While these risks cannot be entirely removed, BlackRock works closely with the investment platform operating your managed account to manage against these risks.

<sup>3</sup> As of February 2024. Rating and/or award is only one factor to be considered when deciding whether to invest in a product.

# Enhanced Strategic Model Portfolio – Moderate

## 1.0 Reasons for Managed Accounts

Managed accounts have gained popularity in Australia over the last decade given their ability to deliver a transparent, cost-effective value proposition in a diversified, defined, and streamlined manner.

Building a diversified portfolio, across and within multiple asset classes, is one of the most important components in reaching one's financial goals. Managed accounts provide easy access to a wide range of funds across asset classes in a single portfolio, which can result in better returns within a stated risk level over time.

The opportunity to tap into a third-party professional investment manager also enables advisers to leverage extensive resources and deep investment expertise consistently over time. The investment manager will conduct a comprehensive assessment of the market environment when determining the asset allocation of the portfolio and ensure that regular rebalancing is done to keep the investments in line with the desired asset allocation. By utilising a seasoned and well-integrated investment team, this will help to ensure efficient portfolio management and paves the way for advisers to focus more time on client's needs and on delivering a better value proposition to clients.

Importantly, with managed accounts, the end-investor generally maintains the advantages of being the beneficial owner of the underlying assets of the portfolio whilst having full visibility of the underlying securities at all times. Investors can also easily track the performance of each investment and stay informed about the decisions implemented in the portfolio.

## 1.1 BlackRock Managed Portfolios

BlackRock is the world's largest asset manager<sup>1</sup> with over 30 years of experience building multi-asset portfolios for investors in Australia. BlackRock delivers tailored holistic investment solutions across active and index investment strategies, and uses investment technology capabilities to help clients build resilient portfolios.

BlackRock believes that superior investment outcomes are best achieved through a disciplined, objective investment process. The investment process seeks to harvest return premia, while managing risks and implementation costs through optimisation-based portfolio construction.

The Enhanced Strategic Model Portfolio – Moderate is an actively managed diversified portfolio of securities across both growth asset classes such as equities, property and infrastructure and defensive oriented asset classes, such as cash, fixed income and gold. In general, the portfolio will have a long-term average target exposure of around 30% in growth assets and 70% in defensive assets, however the allocations will be actively managed within the allowable asset class ranges depending on market conditions and the portfolio manager's outlook.

The portfolio aims to provide investors with a balance of income and capital growth over the medium term through exposure across a range of asset classes and by accessing a variety of low-cost, highly liquid listed investment vehicles.

## 1.2 Investment Approach<sup>2</sup>

The Enhanced Strategic Models make use of both a quantitative and discretionary approach to determine the long-term strategic asset allocations, while shorter-term market-aware insights guide the tactical tilting process. The investment process is supported by BlackRock's proprietary portfolio and risk management system – Aladdin© - enabling us to produce a diversified multi-asset portfolio with controlled levels of active risk. BlackRock integrates trading costs into the portfolio construction methodology to help identify the optimal trade-off between expected returns, risks, and the certainty of costs.

The desired exposures across assets, countries, regions, and style factors are primarily achieved through the use of exchange traded funds ("ETFs"). ETFs allow for efficient portfolio implementation and provide transparency and diversification at low-cost, with exposure to over 4,000 underlying issuers. ETFs also act as natural candidates for the tactical overlay process, which seeks to add value by deviating away from the long-term strategic portfolio weights. Being able to quickly respond to changing market conditions offers the opportunity to achieve enhanced risk-adjusted returns over time.

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## 1.3 Key Benefits<sup>3</sup>

- Seasoned BlackRock investment team of portfolio managers and strategists based in Australia and overseas averaging 12 years of investing experience.
- The Enhanced Strategic Model Portfolio range has a strong 9-year track record and the underlying investment team has been managing multi-asset portfolios for Australian investors for over 30 years.
- Performance of the Enhanced Strategic Model Portfolio range ranks in the top quartile over the long-term, as per Morningstar Peer Rankings<sup>3</sup>.
- The strong track record and proven investment process has seen the portfolio consistently receiving a “Recommended” rating from Lonsec and an SQM ratings upgrade from 4 Stars to 4.25 Stars / “Superior” (as of March 2024).
- The portfolio is implemented in a cost effective and efficient manner using ETFs as building blocks. The underlying fund fees for the Enhanced Strategic models range from 0.16% to 0.19%, making it amongst the lowest cost in the industry.
- The portfolio benefits from BlackRock’s sound risk management system, with ongoing portfolio management and monitoring of the underlying sub-funds carried out on

BlackRock’s proprietary risk management platform – Aladdin© – in the form of a paper portfolio. This allows for efficient portfolio management, analytics, performance reporting, attribution, and risk management.

## 1.4 Asset Allocation

The following table shows the long-term indicative target asset allocation:

Enhanced Strategic Model Portfolio – Moderate	Minimum Allocation (%)	Maximum Allocation (%)
Australian Equities	0	28
Global Equities	4	43
Property & Infrastructure	0	10
Australian Fixed Interest	26	65
Global Fixed Interest	0	34
Alternatives	0	10
Cash	2	19

## 1.5 Key Risks

- **Investment risk:** Financial markets are affected by numerous factors, including market risk, currency risk and interest rate risk. As such, all investments have an inherent level of risk. Generally, there is a trade-off between higher expected returns for higher expected risk – represented by the variability of fund returns. It is therefore important to acknowledge that your portfolio can experience negative returns, particularly in the short term, as market conditions change. BlackRock regularly monitor these investment risk factors through their multi-factor risk model that incorporates over 2,200 distinct risk factors across equity, credit, FX, and rates. However, there is a possibility that you receive back less than you initially invested.
- **Operational risk:** There are certain potential risk factors involved with the operation of your managed account, including trading, settlement, and counterparty risks. While these risks cannot be entirely removed, BlackRock works closely with the investment platform operating your managed account to manage against these risks.

<sup>3</sup> As of February 2024. Rating and/or award is only one factor to be considered when deciding whether to invest in a product.

# Enhanced Strategic Model Portfolio – Balanced

## 1.0 Reasons for Managed Accounts

Managed accounts have gained popularity in Australia over the last decade given their ability to deliver a transparent, cost-effective value proposition in a diversified, defined, and streamlined manner.

Building a diversified portfolio, across and within multiple asset classes, is one of the most important components in reaching one's financial goals. Managed accounts provide easy access to a wide range of funds across asset classes in a single portfolio, which can result in better returns within a stated risk level over time.

The opportunity to tap into a third-party professional investment manager also enables advisers to leverage extensive resources and deep investment expertise consistently over time. The investment manager will conduct a comprehensive assessment of the market environment when determining the asset allocation of the portfolio and ensure that regular rebalancing is done to keep the investments in line with the desired asset allocation. By utilising a seasoned and well-integrated investment team, this will help to ensure efficient portfolio management and paves the way for advisers to focus more time on client's needs and on delivering a better value proposition to clients.

Importantly, with managed accounts, the end-investor generally maintains the advantages of being the beneficial owner of the underlying assets of the portfolio whilst having full visibility of the underlying securities at all times. Investors can also easily track the performance of each investment and stay informed about the decisions implemented in the portfolio.

## 1.1 BlackRock Managed Portfolios

BlackRock is the world's largest asset manager<sup>1</sup> with over 30 years of experience building multi-asset portfolios for investors in Australia. BlackRock delivers tailored holistic investment solutions across active and index investment strategies, and uses investment technology capabilities to help clients build resilient portfolios.

BlackRock believes that superior investment outcomes are best achieved through a disciplined, objective investment process. The investment process seeks to harvest return premia, while managing risks and implementation costs through optimisation-based portfolio construction.

The Enhanced Strategic Model Portfolio – Balanced is an actively managed diversified portfolio of securities across both growth asset classes such as equities, property and infrastructure and defensive oriented asset classes, such as cash, fixed income and gold. In general, the portfolio will have a long-term average target exposure of around 50% in growth assets and 50% in defensive assets, however the allocations will be actively managed within the allowable asset class ranges depending on market conditions and the portfolio manager's outlook.

The portfolio aims to provide investors with a balance of income and capital growth over the medium term through exposure across a range of asset classes and by accessing a variety of low-cost, highly liquid listed investment vehicles.

## 1.2 Investment Approach<sup>2</sup>

The Enhanced Strategic Models make use of both a quantitative and discretionary approach to determine the long-term strategic asset allocations, while shorter-term market-aware insights guide the tactical tilting process. The investment process is supported by BlackRock's proprietary portfolio and risk management system – Aladdin© - enabling us to produce a diversified multi-asset portfolio with controlled levels of active risk. BlackRock integrates trading costs into the portfolio construction methodology to help identify the optimal trade-off between expected returns, risks, and the certainty of costs.

The desired exposures across assets, countries, regions, and style factors are primarily achieved through the use of exchange traded funds ("ETFs"). ETFs allow for efficient portfolio implementation and provide transparency and diversification at low-cost, with exposure to over 4,000 underlying issuers. ETFs also act as natural candidates for the tactical overlay process, which seeks to add value by deviating away from the long-term strategic portfolio weights. Being able to quickly respond to changing market conditions offers the opportunity to achieve enhanced risk-adjusted returns over time.

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2 There is no guarantee that a positive investment outcome will be achieved through the investment approach described herein.

## 1.3 Key Benefits<sup>3</sup>

- Seasoned BlackRock investment team of portfolio managers and strategists based in Australia and overseas averaging 12 years of investing experience.
- The Enhanced Strategic Model Portfolio range has a strong 9-year track record and the underlying investment team has been managing multi-asset portfolios for Australian investors for over 30 years.
- Performance of the Enhanced Strategic Model Portfolio range ranks in the top quartile over the long-term, as per Morningstar Peer Rankings<sup>3</sup>.
- The strong track record and proven investment process has seen the portfolio consistently receiving a “Recommended” rating from Lonsec and an SQM ratings upgrade from 4 Stars to 4.25 Stars / “Superior” (as of March 2024).
- The portfolio is implemented in a cost effective and efficient manner using ETFs as building blocks. The underlying fund fees for the Enhanced Strategic models range from 0.16% to 0.19%, making it amongst the lowest cost in the industry.
- The portfolio benefits from BlackRock’s sound risk management system, with ongoing portfolio management and monitoring of the underlying sub-funds carried out on

BlackRock’s proprietary risk management platform – Aladdin© – in the form of a paper portfolio. This allows for efficient portfolio management, analytics, performance reporting, attribution, and risk management.

## 1.4 Asset Allocation

The following table shows the long-term indicative target asset allocation:

Enhanced Strategic Model Portfolio – Balanced	Minimum Allocation (%)	Maximum Allocation (%)
Australian Equities	0	36
Global Equities	15	55
Property & Infrastructure	0	10
Australian Fixed Interest	14	50
Global Fixed Interest	0	30
Alternatives	0	10
Cash	2	15

## 1.5 Key Risks

- **Investment risk:** Financial markets are affected by numerous factors, including market risk, currency risk and interest rate risk. As such, all investments have an inherent level of risk. Generally, there is a trade-off between higher expected returns for higher expected risk – represented by the variability of fund returns. It is therefore important to acknowledge that your portfolio can experience negative returns, particularly in the short term, as market conditions change. BlackRock regularly monitor these investment risk factors through their multi-factor risk model that incorporates over 2,200 distinct risk factors across equity, credit, FX, and rates. However, there is a possibility that you receive back less than you initially invested.
- **Operational risk:** There are certain potential risk factors involved with the operation of your managed account, including trading, settlement, and counterparty risks. While these risks cannot be entirely removed, BlackRock works closely with the investment platform operating your managed account to manage against these risks.

<sup>3</sup> As of February 2024. Rating and/or award is only one factor to be considered when deciding whether to invest in a product.

# Enhanced Strategic Model Portfolio – Growth

## 1.0 Reasons for Managed Accounts

Managed accounts have gained popularity in Australia over the last decade given their ability to deliver a transparent, cost-effective value proposition in a diversified, defined, and streamlined manner.

Building a diversified portfolio, across and within multiple asset classes, is one of the most important components in reaching one's financial goals. Managed accounts provide easy access to a wide range of funds across asset classes in a single portfolio, which can result in better returns within a stated risk level over time.

The opportunity to tap into a third-party professional investment manager also enables advisers to leverage extensive resources and deep investment expertise consistently over time. The investment manager will conduct a comprehensive assessment of the market environment when determining the asset allocation of the portfolio and ensure that regular rebalancing is done to keep the investments in line with the desired asset allocation. By utilising a seasoned and well-integrated investment team, this will help to ensure efficient portfolio management and paves the way for advisers to focus more time on client's needs and on delivering a better value proposition to clients.

Importantly, with managed accounts, the end-investor generally maintains the advantages of being the beneficial owner of the underlying assets of the portfolio whilst having full visibility of the underlying securities at all times. Investors can also easily track the performance of each investment and stay informed about the decisions implemented in the portfolio.

## 1.1 BlackRock Managed Portfolios

BlackRock is the world's largest asset manager<sup>1</sup> with over 30 years of experience building multi-asset portfolios for investors in Australia. BlackRock delivers tailored holistic investment solutions across active and index investment strategies, and uses investment technology capabilities to help clients build resilient portfolios.

BlackRock believes that superior investment outcomes are best achieved through a disciplined, objective investment process. The investment process seeks to harvest return premia, while managing risks and implementation costs through optimisation-based portfolio construction.

The Enhanced Strategic Model Portfolio – Growth is an actively managed diversified portfolio of securities across both growth asset classes such as equities, property and infrastructure and defensive oriented asset classes, such as cash, fixed income and gold. In general, the portfolio will have a long-term average target exposure of around 70% in growth assets and 30% in defensive assets, however the allocations will be actively managed within the allowable asset class ranges depending on market conditions and the portfolio manager's outlook.

The portfolio aims to provide investors with a balance of income and capital growth over the medium term through exposure across a range of asset classes and by accessing a variety of low-cost, highly liquid listed investment vehicles.

## 1.2 Investment Approach<sup>2</sup>

The Enhanced Strategic Models make use of both a quantitative and discretionary approach to determine the long-term strategic asset allocations, while shorter-term market-aware insights guide the tactical tilting process. The investment process is supported by BlackRock's proprietary portfolio and risk management system – Aladdin© - enabling us to produce a diversified multi-asset portfolio with controlled levels of active risk. BlackRock integrates trading costs into the portfolio construction methodology to help identify the optimal trade-off between expected returns, risks, and the certainty of costs.

The desired exposures across assets, countries, regions, and style factors are primarily achieved through the use of exchange traded funds ("ETFs"). ETFs allow for efficient portfolio implementation and provide transparency and diversification at low-cost, with exposure to over 4,000 underlying issuers. ETFs also act as natural candidates for the tactical overlay process, which seeks to add value by deviating away from the long-term strategic portfolio weights. Being able to quickly respond to changing market conditions offers the opportunity to achieve enhanced risk-adjusted returns over time.

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2 There is no guarantee that a positive investment outcome will be achieved through the investment approach described herein.



## 1.3 Key Benefits<sup>3</sup>

- Seasoned BlackRock investment team of portfolio managers and strategists based in Australia and overseas averaging 12 years of investing experience.
- The Enhanced Strategic Model Portfolio range has a strong 9-year track record and the underlying investment team has been managing multi-asset portfolios for Australian investors for over 30 years.
- Performance of the Enhanced Strategic Model Portfolio range ranks in the top quartile over the long-term, as per Morningstar Peer Rankings<sup>3</sup>.
- The strong track record and proven investment process has seen the portfolio consistently receiving a “Recommended” rating from Lonsec and an SQM ratings upgrade from 4 Stars to 4.25 Stars / “Superior” (as of March 2024).
- The portfolio is implemented in a cost effective and efficient manner using ETFs as building blocks. The underlying fund fees for the Enhanced Strategic models range from 0.16% to 0.19%, making it amongst the lowest cost in the industry.
- The portfolio benefits from BlackRock’s sound risk management system, with ongoing portfolio management and monitoring of the underlying sub-funds carried out on.

BlackRock’s proprietary risk management platform – Aladdin© – in the form of a paper portfolio. This allows for efficient portfolio management, analytics, performance reporting, attribution, and risk management.

## 1.4 Asset Allocation

The following table shows the long-term indicative target asset allocation:

Enhanced Strategic Model Portfolio – Growth	Minimum Allocation (%)	Maximum Allocation (%)
Australian Equities	5	44
Global Equities	27	67
Property & Infrastructure	0	10
Australian Fixed Interest	0	35
Global Fixed Interest	0	26
Alternatives	0	10
Cash	2	13

## 1.5 Key Risks

- **Investment risk:** Financial markets are affected by numerous factors, including market risk, currency risk and interest rate risk. As such, all investments have an inherent level of risk. Generally, there is a trade-off between higher expected returns for higher expected risk – represented by the variability of fund returns. It is therefore important to acknowledge that your portfolio can experience negative returns, particularly in the short term, as market conditions change. BlackRock regularly monitor these investment risk factors through their multi-factor risk model that incorporates over 2,200 distinct risk factors across equity, credit, FX, and rates. However, there is a possibility that you receive back less than you initially invested.
- **Operational risk:** There are certain potential risk factors involved with the operation of your managed account, including trading, settlement, and counterparty risks. While these risks cannot be entirely removed, BlackRock works closely with the investment platform operating your managed account to manage against these risks.

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# Enhanced Strategic Model Portfolio – Aggressive

## 1.0 Reasons for Managed Accounts

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The opportunity to tap into a third-party professional investment manager also enables advisers to leverage extensive resources and deep investment expertise consistently over time. The investment manager will conduct a comprehensive assessment of the market environment when determining the asset allocation of the portfolio and ensure that regular rebalancing is done to keep the investments in line with the desired asset allocation. By utilising a seasoned and well-integrated investment team, this will help to ensure efficient portfolio management and paves the way for advisers to focus more time on client's needs and on delivering a better value proposition to clients.

Importantly, with managed accounts, the end-investor generally maintains the advantages of being the beneficial owner of the underlying assets of the portfolio whilst having full visibility of the underlying securities at all times. Investors can also easily track the performance of each investment and stay informed about the decisions implemented in the portfolio.

## 1.1 BlackRock Managed Portfolios

BlackRock is the world's largest asset manager<sup>1</sup> with over 30 years of experience building multi-asset portfolios for investors in Australia. BlackRock delivers tailored holistic investment solutions across active and index investment strategies, and uses investment technology capabilities to help clients build resilient portfolios.

BlackRock believes that superior investment outcomes are best achieved through a disciplined, objective investment process. The investment process seeks to harvest return premia, while managing risks and implementation costs through optimisation-based portfolio construction.

The Enhanced Strategic Model Portfolio – Aggressive is an actively managed diversified portfolio of securities across both growth asset classes such as equities, property and infrastructure and defensive oriented asset classes, such as cash, fixed income and gold. In general, the portfolio will have a long-term average target exposure of around 85% in growth assets and 15% in defensive assets, however the allocations will be actively managed within the allowable asset class ranges depending on market conditions and the portfolio manager's outlook.

The portfolio aims to provide investors with a balance of income and capital growth over the medium term through exposure across a range of asset classes and by accessing a variety of low-cost, highly liquid listed investment vehicles.

## 1.2 Investment Approach<sup>2</sup>

The Enhanced Strategic Models make use of both a quantitative and discretionary approach to determine the long-term strategic asset allocations, while shorter-term market-aware insights guide the tactical tilting process. The investment process is supported by BlackRock's proprietary portfolio and risk management system – Aladdin© - enabling us to produce a diversified multi-asset portfolio with controlled levels of active risk. BlackRock integrates trading costs into the portfolio construction methodology to help identify the optimal trade-off between expected returns, risks, and the certainty of costs.

The desired exposures across assets, countries, regions, and style factors are primarily achieved through the use of exchange traded funds ("ETFs"). ETFs allow for efficient portfolio implementation and provide transparency and diversification at low-cost, with exposure to over 4,000 underlying issuers. ETFs also act as natural candidates for the tactical overlay process, which seeks to add value by deviating away from the long-term strategic portfolio weights. Being able to quickly respond to changing market conditions offers the opportunity to achieve enhanced risk-adjusted returns over time.

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2 There is no guarantee that a positive investment outcome will be achieved through the investment approach described herein.

## 1.3 Key Benefits<sup>3</sup>

- Seasoned BlackRock investment team of portfolio managers and strategists based in Australia and overseas averaging 12 years of investing experience.
- The Enhanced Strategic Model Portfolio range has a strong 9-year track record and the underlying investment team has been managing multi-asset portfolios for Australian investors for over 30 years.
- Performance of the Enhanced Strategic Model Portfolio range ranks in the top quartile over the long-term, as per Morningstar Peer Rankings<sup>3</sup>.
- The strong track record and proven investment process has seen the portfolio consistently receiving a “Recommended” rating from Lonsec and an SQM ratings upgrade from 4 Stars to 4.25 Stars / “Superior” (as of March 2024).
- The portfolio is implemented in a cost effective and efficient manner using ETFs as building blocks. The underlying fund fees for the Enhanced Strategic models range from 0.16% to 0.19%, making it amongst the lowest cost in the industry.
- The portfolio benefits from BlackRock’s sound risk management system, with ongoing portfolio management and monitoring of the underlying sub-funds carried out on.

BlackRock’s proprietary risk management platform – Aladdin© – in the form of a paper portfolio. This allows for efficient portfolio management, analytics, performance reporting, attribution, and risk management.

## 1.4 Asset Allocation

The following table shows the long-term indicative target asset allocation:

Enhanced Strategic Model Portfolio – Aggressive	Minimum Allocation (%)	Maximum Allocation (%)
Australian Equities	10	49
Global Equities	36	76
Property & Infrastructure	0	15
Australian Fixed Interest	0	20
Global Fixed Interest	0	20
Alternatives	0	10
Cash	2	13

## 1.5 Key Risks

- **Investment risk:** Financial markets are affected by numerous factors, including market risk, currency risk and interest rate risk. As such, all investments have an inherent level of risk. Generally, there is a trade-off between higher expected returns for higher expected risk – represented by the variability of fund returns. It is therefore important to acknowledge that your portfolio can experience negative returns, particularly in the short term, as market conditions change. BlackRock regularly monitor these investment risk factors through their multi-factor risk model that incorporates over 2,200 distinct risk factors across equity, credit, FX, and rates. However, there is a possibility that you receive back less than you initially invested.
- **Operational risk:** There are certain potential risk factors involved with the operation of your managed account, including trading, settlement, and counterparty risks. While these risks cannot be entirely removed, BlackRock works closely with the investment platform operating your managed account to manage against these risks.

<sup>3</sup> As of February 2024. Rating and/or award is only one factor to be considered when deciding whether to invest in a product.

# Enhanced Strategic Model Portfolio – All Growth

## 1.0 Reasons for Managed Accounts

Managed accounts have gained popularity in Australia over the last decade given their ability to deliver a transparent, cost-effective value proposition in a diversified, defined, and streamlined manner.

Building a diversified portfolio, across and within multiple asset classes, is one of the most important components in reaching one's financial goals. Managed accounts provide easy access to a wide range of funds across asset classes in a single portfolio, which can result in better returns within a stated risk level over time.

The opportunity to tap into a third-party professional investment manager also enables advisers to leverage extensive resources and deep investment expertise consistently over time. The investment manager will conduct a comprehensive assessment of the market environment when determining the asset allocation of the portfolio and ensure that regular rebalancing is done to keep the investments in line with the desired asset allocation. By utilising a seasoned and well-integrated investment team, this will help to ensure efficient portfolio management and paves the way for advisers to focus more time on client's needs and on delivering a better value proposition to clients.

Importantly, with managed accounts, the end-investor generally maintains the advantages of being the beneficial owner of the underlying assets of the portfolio whilst having full visibility of the underlying securities at all times. Investors can also easily track the performance of each investment and stay informed about the decisions implemented in the portfolio.

## 1.1 BlackRock Managed Portfolios

BlackRock is the world's largest asset manager<sup>1</sup> with over 30 years of experience building multi-asset portfolios for investors in Australia. BlackRock delivers tailored holistic investment solutions across active and index investment strategies, and uses investment technology capabilities to help clients build resilient portfolios.

BlackRock believes that superior investment outcomes are best achieved through a disciplined, objective investment process. The investment process seeks to harvest return premia, while managing risks and implementation costs through optimisation-based portfolio construction.

The Enhanced Strategic Model Portfolio – All Growth is an actively managed diversified portfolio of securities across equities, property and infrastructure as well as cash. In general, the portfolio will have a long-term average target exposure of around 98% in growth assets and 2% in cash, however the allocations will be actively managed within the allowable asset class ranges depending on market conditions and the portfolio manager's outlook.

The portfolio aims to provide investors with a balance of income and capital growth over the medium term through exposure across a range of asset classes and by accessing a variety of low-cost, highly liquid listed investment vehicles.

## 1.2 Investment Approach<sup>2</sup>

The Enhanced Strategic Models make use of both a quantitative and discretionary approach to determine the long-term strategic asset allocations, while shorter-term market-aware insights guide the tactical tilting process. The investment process is supported by BlackRock's proprietary portfolio and risk management system – Aladdin© - enabling us to produce a diversified multi-asset portfolio with controlled levels of active risk. BlackRock integrates trading costs into the portfolio construction methodology to help identify the optimal trade-off between expected returns, risks, and the certainty of costs.

The desired exposures across assets, countries, regions, and style factors are primarily achieved through the use of exchange traded funds ("ETFs"). ETFs allow for efficient portfolio implementation and provide transparency and diversification at low-cost, with exposure to over 4,000 underlying issuers. ETFs also act as natural candidates for the tactical overlay process, which seeks to add value by deviating away from the long-term strategic portfolio weights. Being able to quickly respond to changing market conditions offers the opportunity to achieve enhanced risk-adjusted returns over time.

1 As of December 2023. As of December 2023, BlackRock had USD 10.0 trillion in assets under management, making it the world's largest asset manager.

2 There is no guarantee that a positive investment outcome will be achieved through the investment approach described herein.

## 1.3 Key Benefits<sup>3</sup>

- Seasoned BlackRock investment team of portfolio managers and strategists based in Australia and overseas averaging 12 years of investing experience.
- The Enhanced Strategic Model Portfolio range has a strong 9-year track record and the underlying investment team has been managing multi-asset portfolios for Australian investors for over 30 years.
- Performance of the Enhanced Strategic Model Portfolio range ranks in the top quartile over the long-term, as per Morningstar Peer Rankings .
- The strong track record and proven investment process has seen the portfolio consistently receiving a “Recommended” rating from Lonsec and an SQM ratings upgrade from 4 Stars to 4.25 Stars / “Superior” (as of March 2024).
- The portfolio is implemented in a cost effective and efficient manner using ETFs as building blocks. The underlying fund fees for the Enhanced Strategic models range from 0.16% to 0.19%, making it amongst the lowest cost in the industry.
- The portfolio benefits from BlackRock’s sound risk management system, with ongoing portfolio management and monitoring of the underlying sub-funds carried out on.

BlackRock’s proprietary risk management platform – Aladdin© – in the form of a paper portfolio. This allows for efficient portfolio management, analytics, performance reporting, attribution, and risk management.

## 1.4 Asset Allocation

The following table shows the long-term indicative target asset allocation:

Enhanced Strategic Model Portfolio – All Growth	Minimum Allocation (%)	Maximum Allocation (%)
Australian Equities	20	60
Global Equities	45	85
Property & Infrastructure	0	15
Australian Fixed Interest	0	0
Global Fixed Interest	0	0
Alternatives	0	10
Cash	1	10

## 1.5 Key Risks

- **Investment risk:** Financial markets are affected by numerous factors, including market risk, currency risk and interest rate risk. As such, all investments have an inherent level of risk. Generally, there is a trade-off between higher expected returns for higher expected risk – represented by the variability of fund returns. It is therefore important to acknowledge that your portfolio can experience negative returns, particularly in the short term, as market conditions change. BlackRock regularly monitor these investment risk factors through their multi-factor risk model that incorporates over 2,200 distinct risk factors across equity, credit, FX, and rates. However, there is a possibility that you receive back less than you initially invested.
- **Operational risk:** There are certain potential risk factors involved with the operation of your managed account, including trading, settlement, and counterparty risks. While these risks cannot be entirely removed, BlackRock works closely with the investment platform operating your managed account to manage against these risks.

<sup>3</sup> As of February 2024. Rating and/or award is only one factor to be considered when deciding whether to invest in a product.



## Want to know more?

**Web** [blackrock.com/au/intermediaries/model-portfolios](https://blackrock.com/au/intermediaries/model-portfolios)

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