

iShares Core Cash ETF

Rating issued on 13 Jun 2024 | Exchange Code: BILL

Investment objective

To provide investors with the index performance of the S&P/ASX Bank Bill Index, before fees, while minimising Tracking Error.

Manager	BlackRock Investment Management (Australia) Limited
Distributor	BlackRock Investment Management (Australia) Limited
Sector	Cash \ CMT
Investment Style	Index - Traditional
RI Classification	Traditional
Absolute Risk	Very Low
Relative Risk	Index
Investment Timeframe	1-2 Years
Benchmark	Bloomberg AusBond Bank Bill Index
Min Investment Amount	-
Redemption Frequency	Daily
Income Distribution	Monthly
Fund Size (31 Mar 2024)	\$776.20M
Management Cost	0.07% p.a. Incl. GST
Performance Fee	N/A
Buy / Sell Spread	N/A
Inception Date	31 Jul 2017

Fund facts

- Seeks to produce a gross return consistent with that of its benchmark
- Implements a stratified sampling approach, with a focus on cost-efficient execution
- Highly cost effective at 0.07% p.a.

Viewpoint

The Fund, managed by BlackRock Investment Management Australia Limited (BlackRock), is a passive Exchange Traded Fund (ETF) that provides exposure to a diversified portfolio of high-quality short-term Money Market instruments. Through a stratified sampling approach to portfolio construction, the Fund is designed to produce investment outcomes consistent with that of the S&P/ASX Bank Bill Index before fees and expenses. Zenith believes that BlackRock is a specialist manager of index-orientated strategies, and through its systematic process and use of technology, is well positioned to meet its targeted return objectives.

A publicly-listed company, BlackRock employs approximately 19,300 staff located in 38 countries around the world, with approximately \$US 10.47 trillion in funds under management (FUM) as at 31 March 2024.

Responsibility for the Fund rests with BlackRock's Sydney-based Fixed Income team, which comprises seven members, each of whom are split according to investment function (i.e. Portfolio Management, Credit Research and Risk Management). Leading the team is Craig Vardy, Head of Australian Fixed Income, and a member of BlackRock's APAC Fixed Income Group. In this role, Vardy oversees BlackRock's Indexed, Enhanced and ETF Australian Bond portfolios.

Zenith has high conviction in Vardy's investment and leadership qualities, believing his skill set is well aligned to the management of the Fund.

Furthermore, we believe he is strongly supported by the local Fixed Income team, and in particular Portfolio Manager, Michael Prljaca who maintains responsibility for day-to-day management of the Fund.

In targeting an index return, BlackRock does not hold all securities within the benchmark. Rather, BlackRock seeks to achieve a commensurate total return by implementing a systematic process that focuses on key factor exposures (i.e. duration, spread) as a means of index replication. Referred to as 'stratified sampling', this approach is focused on identifying common risk factors and grouping these into like buckets such as maturity, sector, credit quality and industry.

Portfolio construction is largely systematic and relies heavily on BlackRock's proprietary systems to develop an understanding of the underlying risk and return drivers of each bucket. The team will then select a sample of eligible securities that when combined, reflect the overall characteristics of the index. BlackRock also uses a number of tools to minimise transaction costs. Included amongst these are electronic trading platforms, internal crossing networks and exchange-traded interest rate derivatives.

Zenith views the cost structure of the Fund to be competitively priced relative to peers. Combined with attractive Tracking Error and tight historical bid/ask spreads, Zenith considers the Fund to be a compelling proposition for investors seeking to gain Cash exposure via a listed vehicle.

NOTE: Zenith ratings applied to ETFs do not take into account price volatility or direction and do not represent a buy/sell recommendation based on an ETF's valuation. Potential investors should make their own determination of the appropriateness of prevailing trading prices when utilising ETFs.



Fund analysis

Fund characteristics

Constraint	Value
Tracking Error (% p.a.)	N/A

Investment objective and philosophy

The Fund aims to provide investors with the index performance of the S&P/ASX Bank Bill Index, before fees, while minimising Tracking Error.

BlackRock's passive investment process is guided by its philosophy which is focused on Total Performance Management. This states that in order to achieve the Fund's return objective, risk must be understood and adequately compensated while concurrently taking transaction costs into consideration. Furthermore, it is essential that portfolio managers have a detailed understanding of the benchmark, its core characteristics, potential index changes and the issuance of new securities. This in turn necessitates detailed portfolio analysis, benchmark research in support of portfolio construction, and established trade execution processes.

In targeting an index return, BlackRock does not seek to hold all securities within the benchmark. Whilst a full replication approach can produce optimal Tracking Error results, it will also lead to a rise in transaction costs relative to alternative methods. Accordingly, BlackRock adopts a 'stratified sampling' approach to portfolio construction, with the aim of producing a commensurate total return through the replication of factors and characteristics of the benchmark. In addition, as the Cash index is synthetic, not all securities in the benchmark can be invested in and held.

Zenith believes that BlackRock applies a comprehensive approach to passive investment, effectively leveraging key business units and sophisticated risk management infrastructure. Furthermore, Zenith views this approach as systematic and well considered, with a strong focus on the balance between risk and transaction costs.

Portfolio applications

The Fund provides investors with an exposure to Cash returns in a liquid and transparent environment. Cash investments generally provide a stable return, with low potential for capital loss.

The Fund is a conservatively managed, traditional Cash fund and therefore investors should not expect high levels of volatility or loss of capital. From a portfolio perspective, the Fund may be suitable as a core Cash holding, and may be used by investors with shorter-term (e.g. daily) liquidity needs.

Fund responsible investment attributes

Key Information	Description
Zenith RI classification*	Traditional
Has Responsible Investment Policy	Yes
PRI Status	
PRI Signatory	Yes

*Zenith RI Classification scale:

- Traditional
- Aware
- Integrated
- Thematic
- Impact



Absolute performance

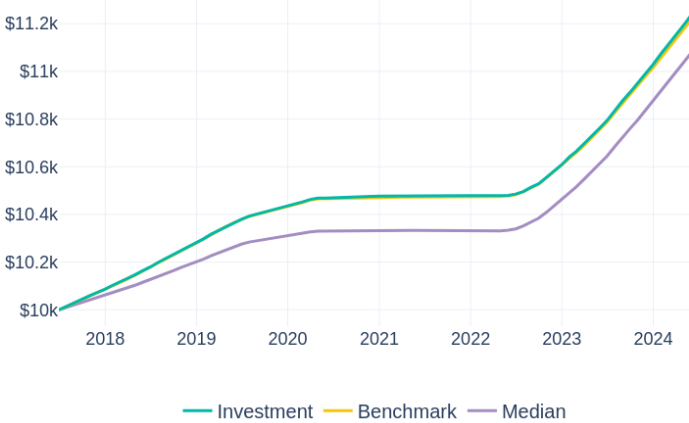
Performance as at 31 May 2024

Monthly performance history (% , net of fees)

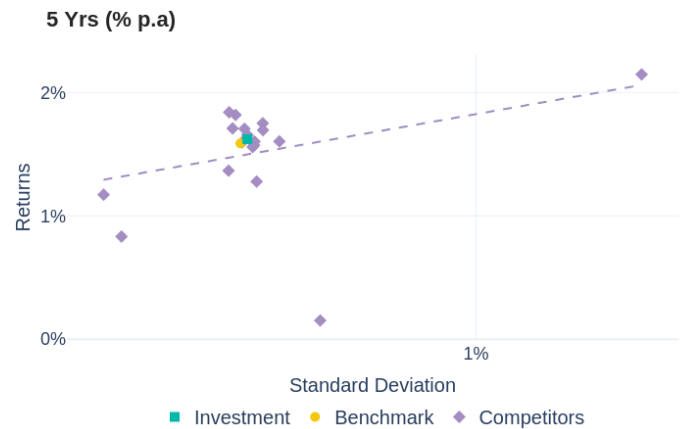
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	BM YTD*
2024	0.40%	0.34%	0.34%	0.39%	0.39%								1.87%	1.82%
2023	0.31%	0.23%	0.30%	0.28%	0.31%	0.30%	0.39%	0.37%	0.33%	0.35%	0.37%	0.35%	3.96%	3.85%
2022	0.00%	0.00%	0.00%	-0.01%	0.03%	0.05%	0.10%	0.17%	0.14%	0.26%	0.25%	0.25%	1.25%	1.25%
2021	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.03%
2020	0.09%	0.07%	0.10%	0.05%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.39%	0.37%

*Bloomberg AusBond Bank Bill Index

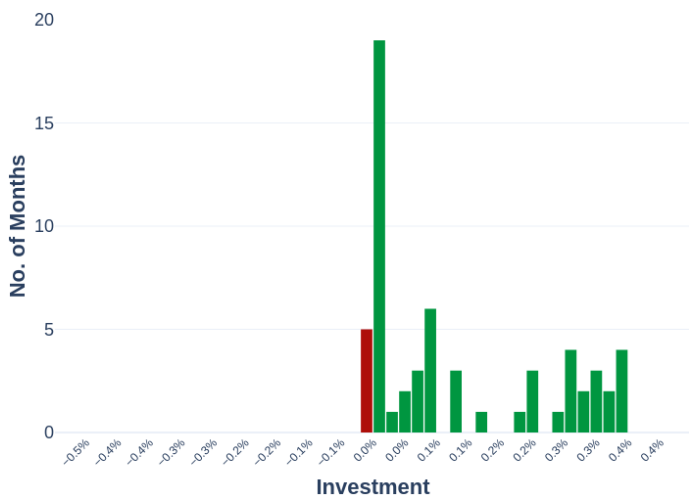
Growth of \$10,000



Risk / return



Monthly histogram



Minimum and maximum returns (% p.a.)





Absolute performance analysis

Instrument	1 Yr	2 Yrs	3 Yrs	5 Yrs	Inception
Investment	4.40%	3.54%	2.36%	1.62%	1.70%
Benchmark	4.28%	3.46%	2.31%	1.59%	1.67%
Median	4.38%	3.53%	2.34%	1.53%	1.49%
Cash	4.28%	3.46%	2.31%	1.59%	1.67%

Ranking within sector (p.a.)

Ranking within Sector	1 Yr	3 Yrs	5 Yrs	Inception
Fund Ranking	9 / 16	9 / 16	8 / 16	9 / 17
Quartile	3rd	3rd	2nd	2nd

Absolute risk

Instrument	1 Yr	2 Yrs	3 Yrs	5 Yrs	Inception
Standard Deviation (% p.a.)					
Investment	0.10%	0.32%	0.54%	0.50%	0.43%
Benchmark	0.07%	0.30%	0.52%	0.48%	0.41%
Median	0.08%	0.31%	0.54%	0.51%	0.43%
Downside Deviation (% p.a.)					
Investment	0.00%	0.00%	0.01%	0.00%	0.00%
Benchmark	0.00%	0.00%	0.01%	0.01%	0.01%
Median	0.00%	0.00%	0.02%	0.01%	0.01%

Absolute risk/return ratios

Instrument	1 Yr	2 Yrs	3 Yrs	5 Yrs	Inception
Sharpe Ratio (p.a.)					
Investment	1.16	0.25	0.09	0.07	0.06
Benchmark	0.00	0.00	0.00	0.00	0.00
Median	1.17	0.24	0.06	-0.11	-0.42
Sortino Ratio (p.a.)					
Investment	infinity	infinity	8.64	7.91	7.17
Benchmark	NaN	NaN	0.00	0.00	0.00
Median	infinity	infinity	2.27	-4.66	-18.40

NOTE ON PERFORMANCE - Performance data contained in this report is based on an ETF's end of day Net Asset Value (NAV) as opposed to the last market price. Zenith has elected to use NAV over last price as this eliminates extraneous trading noise which typically occurs at the end of the trading day. While we see this as a cleaner approach to assessing ETF performance, readers should be aware that actual performance of an ETF may differ depending on the timing of investment and divestment of holdings.

The following commentary is current as at 30 April 2024.

The investment objective for the Fund is to provide returns that closely track the returns of the S&P/ASX Bank Bill Index (before fees and expenses).

Since inception, the Fund has produced a net of fee performance outcome that has closely approximated that of its benchmark.



Relative performance

Excess returns

Statistic	1 Yr	2 Yrs	3 Yrs	5 Yrs	Inception
Excess Return	0.12%	0.08%	0.05%	0.03%	0.03%
Monthly Excess (All Mkts)	75.00%	70.83%	50.00%	51.67%	53.01%
Monthly Excess (Up Mkts)	75.00%	70.83%	50.00%	52.63%	53.75%
Monthly Excess (Down Mkts)	0.00%	0.00%	50.00%	33.33%	33.33%

Capture ratios (% p.a.)

Statistic	1 Yr	2 Yrs	3 Yrs	5 Yrs	Inception
Downside Capture	0.00%	0.00%	69.83%	74.77%	74.77%
Upside Capture	102.66%	102.33%	101.94%	102.05%	101.50%

Tracking error (% p.a.)

Instrument	1 Yr	2 Yrs	3 Yrs	5 Yrs	Inception
Investment	0.06%	0.06%	0.05%	0.04%	0.04%
Median	0.05%	0.04%	0.04%	0.05%	0.08%

Information ratio

Instrument	1 Yr	2 Yrs	3 Yrs	5 Yrs	Inception
Investment	1.89	1.27	0.86	0.78	0.67
Median	2.05	1.85	0.93	-1.02	-2.42

Beta statistics

Statistic	1 Yr	2 Yrs	3 Yrs	5 Yrs	Inception
Beta	1.11	1.05	1.03	1.03	1.03
R-Squared	0.63	0.96	0.99	0.99	0.99
Correlation	0.80	0.98	1.00	1.00	1.00

The following commentary is current as at 30 April 2024.

The Fund's Tracking Error has been low when assessed over a number of observation windows, illustrating BlackRock's ability to replicate the performance outcomes of the underlying index.

Drawdown analysis (since inception)

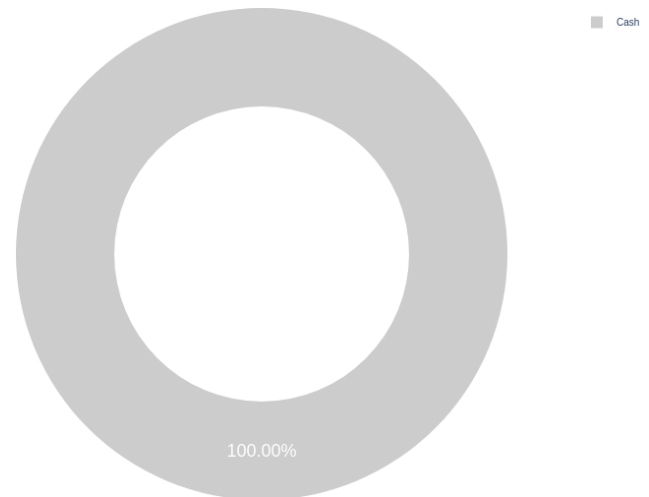
Drawdown analysis assesses the relative riskiness of a Fund versus the benchmark, in reference to capital preservation. The maximum Drawdown is recorded as the percentage decline in the value of a portfolio from peak to trough (before a new peak is achieved). All Drawdown analysis is calculated commencing from the inception date of the Fund in question, and Drawdown analysis for the Fund and benchmark(s) are calculated independently. That is, the largest drawdown for the Fund and benchmark(s) will not always refer to the same time period.



The following commentary is current as at 30 April 2024.

Zenith highlights that the drawdown profile of the Fund has generally been constrained.

Fixed interest sector holdings





Fund commentary

Fund risks

Zenith has identified the following key risks of the Fund. Although Zenith believes the risks noted are all significant, we have listed them in order of importance. In addition, we have not intended to highlight all possible risks.

Tracking Error risk: As an index strategy, a key risk facing the Fund is incurring excessive Tracking Error, the existence of which may see Fund performance deviate from that of its targeted benchmark.

An ETF may lag its underlying tracked index as a result of the ETF price not matching the movements in the index. This may be caused by large institutional trades which can move the ETF price away from its Net Asset Value (NAV). This risk should be broadly mitigated by the Authorised Participants, who in their capacity as market makers, will aim to remove these mismatches in prices. In addition, ETFs have a unique feature that allows large institutional orders to access the NAV of the underlying fund by an in-specie transfer, which removes the market impact for large flows.

Benchmark replication risk: Notwithstanding the Fund's investment approach, investors should be aware that the Fund does not guarantee gross returns that fully replicate those of its stated performance benchmark. By consequence, there is a risk that the Fund may underperform.

Security/asset selection

The Fund's investment universe consists of all securities eligible for inclusion in the S&P/ASX Bank Bill Index. Security selection is primarily driven by the index and BlackRock's quantitatively based stratified sampling process, which seeks to replicate the factor exposures of the underlying index. This is achieved by dividing the benchmark according to specific characteristics including maturity, sector, credit quality and industry.

By bucketing the benchmark in this manner, the team is then able to use proprietary software to gain a greater appreciation of each bucket's key statistics (or drivers of risk and return). BlackRock will then select a sample of individual securities that when combined, reflect the overall characteristics of each bucket. This approach seeks to consistently create the optimal balance between the portfolio's variance from the benchmark (Tracking Error) with transactional costs.

While it is feasible that BlackRock's stratified approach leads to a slight increase in Tracking Error, its use also permits the team to add value through relative value trades. While BlackRock has the capacity to add value through security selection, this is in a limited framework and if employed, is not permitted to materially change the portfolio's overall risk/return profile.

Zenith believes the combination of technology and investment team experience places BlackRock in a strong position to track the benchmark and add incrementally to portfolio outcomes.

Responsible investment approach

BlackRock has an established Responsible Investment Policy (RIP) that was last updated in March 2023. Compliance with the RIP is monitored by BlackRock's Sustainable Investment Team alongside the Risk and Quantitative Analysis (RQA) team. In addition, BlackRock has been a signatory to the United Nations Principles of Responsible Investment (PRI) since 2008.

At a firmwide level, BlackRock has in place a mandate requiring all divisions and teams to incorporate Environmental, Social and Governance (ESG) matters within investment and portfolio construction processes. To facilitate this, BlackRock has established a number of formal committees tasked with the development and monitoring of group wide ESG policies. Furthermore, BlackRock has added resourcing in the area of technology, with the goal of improving ESG related reporting. An example of this is the addition of issuer-level ESG data into their internal risk management system, Aladdin.

For client reporting purposes, BlackRock also produces ESG metrics with respect to active risk contribution by ESG rating and emission intensity. Zenith views favourably the disclosure of measures that seek to quantify the value add from ESG active management. Notwithstanding this, BlackRock's ESG-related processes bear less relevance when considered in relation to its suite of passive, index-tracking products.

Portfolio construction

Index construction

The S&P/ASX Australian Fixed Interest Series is a broad benchmark index designed to measure the performance of the Australian Bond market subject to investability criteria.

These indices use a systematic process to represent the Fixed Income markets by geography, sector and maturity. Index construction seeks to strike a balance between investability and completeness when determining index membership, particularly when considering liquidity issues. Sub-indices are broken out based on maturity bands, credit ratings and sectors.

The S&P/ASX Bank Bill Index seeks to measure the performance of the Bank Bill market with maturities of up to 91 days, based on benchmark rates published by the ASX. The index is constructed by referencing 13 theoretical weekly Bills, ranging in maturity from one week to 91 days, and referenced using the following rates:

- BBSW for 30, 60 and 90 days
- Overnight Cash Rate

The 13 rates are derived from the four rate types listed above and applied to each of the 13 theoretical Bills. As the index progresses to the next weekly rebalancing date, the term to maturity of each Bill reduces daily until the shortest Bill matures. The face value of this Bill is then reinvested in a new Bill with a term to maturity of 13 weeks and the term to maturity of the index increases by approximately seven days.



Risk management

BlackRock utilises risk management tools and software that allow extensive monitoring and control of risk in the underlying portfolios. Of the tools available, BlackRock's internally-developed 'Aladdin' system is most notable. Aladdin is designed to provide a flexible reporting capability to portfolio managers, allowing them to closely monitor positions while also aligning funds with the majority of BlackRock's operations across all regions.

As the Fund is managed with a passive investment style, Tracking Error is a major consideration in portfolio construction. As such, BlackRock utilises Aladdin to assess key risks of the benchmark, and subsequently the portfolio, with the ultimate goal of minimising the volatility of portfolio returns relative to the benchmark.

BlackRock places significant importance on identifying key risk factors within the target benchmark so that these may be replicated in the portfolio. Given the complexity of this approach, BlackRock employ multi-factor risk models that are capable of conducting risk analysis at the level of granularity demanded by the strategy. Spanning a range of factors such as duration and convexity, these models allow BlackRock to control specific factors while also helping to assess and remove inadvertent biases from the portfolio.

Zenith believes that BlackRock's risk management capability is underpinned by one of the more advanced technology platforms in the market, and further, is complemented by the team's sound understanding of risks associated with managing a passive investment strategy.

Investment fees

	Fund	Sector Average
Total Fees and Costs (RG 97)	0.07% p.a.	0.21% p.a.
Management Fees and Costs	0.07% p.a.	0.21% p.a.
Transaction Costs	0.00% p.a.	0.00% p.a.
Performance fees as at 30 Jun 2023	0.00%	0.00%
Performance fees description	N/A	
Management Cost	0.07% p.a.	0.23% p.a.
Buy / Sell spread	N/A	0.00% / 0.00%

All fees and costs are inclusive of GST unless indicated otherwise. The Performance Fee shown is the performance fee disclosed in the PDS. It is calculated by taking the average performance fees charged over the last five financial years (or less if the investment or performance fee mechanism has not been in place for five financial years).

ETFs contain a variety of explicit and implicit costs to the investor. Investors should be aware that poor ETF selection and/or trade execution can diminish any advantage gained by the lower management cost exhibited by ETFs in comparison to managed funds.

Management cost

Zenith considers the cost structure of the Fund to be highly attractive, noting it is competitively priced relative to peers.

Bid/ask spread

As listed products, investors are exposed to bid/ask spreads as an intangible cost of investment and divestment. The bid/ask spread is primarily a function of market liquidity in fund units as well as the presence of the maximum bid/ask spreads which are maintained by authorised participants and market makers.

It should be noted that, as a safeguard in the absence of a natural market in which two investors are transacting in the Fund, market makers ensure the maximum spread is limited to a pre-agreed spread limit. However, it is important to note that bid/ask spreads tend to be at their highest and most volatile at the start and end of the trading day.

(The fees mentioned above are reflective of the flagship version only, fees may differ when the product is accessed through an alternate investment vehicle such as a platform).

About the fund manager

Organisation

BlackRock was established in 1988 as the investment management group within the private equity firm Blackstone Group. Following a number of ownership changes, BlackRock merged with Merrill Lynch Investment Management (MLIM) while retaining the BlackRock name. In 2009, BlackRock acquired Barclays Global Investments (BGI) and merged the two businesses. In January 2024, BlackRock also announced that it had entered into an agreement to acquire Global Infrastructure Partners (GIP), the world's largest independent Infrastructure manager. It is anticipated that the transaction will be completed in the second half of 2024.

BlackRock employs approximately 19,800 staff located in 38 countries, with approximately \$US 10 trillion in funds under management, as at 31 December 2023.

In a global context, BlackRock dedicates significant resources to the management of its range of index-orientated Fixed Income strategies, with passive operations remaining a core business and contributor to overall group earnings. An industry leader within the indexing space, BlackRock enjoys considerable economies of scale, most notably in terms of improved trade execution and cost minimisation. Zenith continues to retain a high regard for BlackRock's capability in this market segment, noting the organisation's well-established record in managing passive style investment strategies.

Within Australia, BlackRock manages a range of active and passive products across Equities, Fixed Income, Cash, Multi-Asset strategies and Property. As at 31 March 2024, there was \$A 27.21 billion in FUM in the BlackRock Australian Fixed Income and Cash strategy, and \$A 776.2 million in the Fund.

Investment personnel

Name	Title	Industry Experience (yrs)	Tenure (yrs)	Location
Craig Vardy	Head of Australian Fixed Income	31	31	Sydney, Australia



Name	Title	Industry Experience (yrs)	Tenure (yrs)	Location
Michael Prljaca	Portfolio Manager	19	17	Sydney, Australia
Pavel Pospisil	Portfolio Manager	20	20	Sydney, Australia
Cameron Garlick	Portfolio Manager	33	23	Sydney, Australia
Dmitri Levachov	Portfolio Manager	15	10	Sydney, Australia

BlackRock's suite of passive Fixed Income products are managed by its Sydney-based Australian Fixed Income team. Led by Head of Australian Fixed Income, Craig Vardy, the team is responsible for a range of strategies including Cash, Index & Inflation, Enhanced Index, Core, Absolute Return and Alternative strategies. The domestic team comprises seven members, with responsibilities divided between portfolio management, credit research and risk management.

Vardy joined BlackRock in 1992 (via its predecessor firm Barclays Global Investors) and has been responsible for a range of Cash and Fixed Income portfolios. In his current position, Vardy is a member of the Asia Pacific Fixed Income Group and retains responsibility for the management of BlackRock's Indexed, Enhanced and ETF Australian Bond portfolios. Zenith has high regard for Vardy's experience and leadership qualities, believing he is strongly positioned to manage a set of passive Fixed Income strategies.

Supporting Vardy in the management of all Cash and Fixed Income portfolios are Portfolio Managers Pavel Pospisil, Michael Prljaca, Cameron Garlick and Dmitri Levachov. Under Vardy's oversight, each manager is responsible for the modelling and execution of portfolio trades as well as monitoring portfolios for rebalancing purposes. Zenith considers the portfolio managers to be highly experienced, with Prljaca having portfolio management responsibility for the Fund. Vardy retains oversight on a day-to-day basis.

BlackRock's remuneration structure comprises a mix of base salary and discretionary bonus. The incentive component is determined by taking into consideration a mix of individual and group performance measures. Individual success is gauged through a series of qualitative measures together with an overall assessment of team contribution. Group wide components are largely determined by business measures including profitability and segment performance.

An individual's discretionary component will include both short and longer-term components. Short-term components are paid in cash and on a yearly basis. Longer-term components are paid in the form of restricted stock which vests over a three-year period. An individual's longer-term component is likely to be a greater contributor to overall remuneration as they become more senior.

Zenith believes that members of BlackRock's Australian Fixed Income team possess the requisite experience and skills necessary to effectively manage the Fund. Furthermore, given BlackRock's considerable global resourcing and systematic process, we consider key person risk to be negligible.

About the sector

Sector characteristics

The Zenith 'Cash - CMT' sector consist of funds that invest in short-term (12 months or less) Money Market securities. Funds within the sector are likely to exhibit high average credit ratings, high levels of liquidity and low levels of capital volatility. Securities available within the Cash universe may have a fixed or floating rate, are issued by a diverse range of issuers, and may assume a number of different formats, including Overnight Cash Deposits, Bank Bills, Floating Rate Notes, Short-Term Call Deposits, Term Deposits, Annuities and Cash Management Trusts. In managing a Cash fund, managers will seek to generate returns through strategies including rates, yield curve and credit selection.

Zenith benchmarks all funds within this space against the Bloomberg AusBond Bank Bill Index. This index represents the performance of a passive investment in a short-term Money Market portfolio. The index comprises 13 Bank Bills of equal face value, each with a maturity of seven days apart.

The Bloomberg AusBond Bank Bill Index is the only index that Zenith uses as a performance benchmark for funds in this space. Although many managers in this category also use the same benchmark, some managers may also use composite or specific custom benchmarks. Noting that Zenith uses this benchmark as a common reference point for comparison purposes, the assigned benchmark is not intended to be representative of the risks inherent in these funds.

Sector risks

Funds within the 'Cash - CMT' sector are exposed to the following broad risks:

Market risk: Changes in economic, technological, environmental or political conditions and market sentiment may lead to a decline in general security prices and overall market volatility. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously.

Interest rate risk: Fixed Interest securities are generally sensitive to changes in interest rates. An increase in interest rates may result in a fall in the value of these securities, while a decrease in interest rates can result in an increase in value.

Credit spread risk: In addition to being sensitive to general interest rate changes, non-government securities are also sensitive to changes in credit spreads (commonly the difference in yield between a Government Bond and a Corporate security). A widening of spreads results in a fall in the value of these securities.

Credit risk: Given Fixed Interest securities represent loans to borrowers (including governments, banks and companies), there is a risk that these borrowers may default on interest or principal repayments. Credit risk is often reflected in credit ratings assigned by various credit agencies, which are subject to change.

Liquidity risk: Fixed Interest markets can experience periods of illiquidity which can result in difficulties in buying or selling securities without adversely impacting the price.

Derivative risk: Derivatives are commonly employed by Fixed Interest managers to hedge currency and other risks, and/or as an alternative to direct purchases or sales of underlying assets.



There are multiple risks associated with the use of derivatives. For example, the value of the derivative may not move in line with the underlying asset, counterparties to the derivative may not be able to meet payment obligations or a particular derivative may be difficult or costly to trade.

Inflation risk: Given the conservative risk/return characteristics of the Cash asset class, there remains a risk that the purchasing power of assets invested may be diminished in an inflationary environment.

this change in methodology, with the relevant Traditional Index ratings being Index Approved, Index Recommended and Index Highly Recommended. Ratings issued for Traditional Index products prior to March 2021 are retained for historical purposes in line with our regulatory requirements and were issued in line with Zenith's Fund Research Methodology. Further information in relation to Zenith's Traditional Index Research Methodology and Traditional Index Ratings can be found on the Zenith website.

Administration and operations

Responsible Entity	BlackRock Investment Management (Australia) Limited
---------------------------	---

Zenith rating

Report certification

Date of issue: 13 Jun 2024

Role	Analyst	Title
Analyst	Darryl Ding	Investment Analyst
Sector Lead	Andrew Yap	Head of Multi Asset & Austrn. Fixed Income
Authoriser	Bronwen Moncrieff	Head of Research

Association & relationship

ASIC Regulatory Guide RG79.164 requires Research Houses to disclose certain associations or relationships that they may have with a product issuer. We may receive remuneration from an issuer or investment manager for subscription to our other research/ data services or the research/ data services of our related entities. Conflict management arrangements are in place where we or our related entities provide research services to the product issuer or financial advisory businesses who provide financial planning services to investors and are also associated entities of product issuers. This is in accordance with the Zenith Group's Conflict of Interests Policy. Further details in relation to our relationships and associations are available on request.

Rating history

As At	Rating
13 Jun 2024	Index Recommended
06 Jun 2023	Index Recommended
31 May 2022	Index Recommended
27 Oct 2020	Recommended
17 Oct 2019	Recommended

Last 5 years only displayed. Longer histories available on request.

In March 2021, Zenith implemented a new ratings methodology for products classified as Traditional Index. Any rating issued from this date forward for Traditional Index products only reflect

Please refer to terms relating to the provision of research at the end of the document.



Disclaimer and disclosure

Zenith Investment Partners (ABN 27 103 132 672) is the holder of Australian Financial Services Licence 226872 and is authorised to provide general financial product advice. This Product Assessment Report (report) has been prepared by Zenith exclusively for Zenith clients and should not be relied on by any other person. Any advice or rating contained in this report is limited to General Advice for Wholesale clients only, based solely on the assessment of the investment merits of the financial product. This report is current as at the date of issue until it is updated, replaced or withdrawn and is subject to change at any time without notice in line with Zenith's regulatory guidelines. Zenith clients are advised to check the currency of reports and ratings via Zenith's website for updates and should also verify information in relation to the fund with the relevant Fund Manager. Any advice contained in this report has been prepared without taking into account the objectives, financial situation or needs of any specific person who may read it, including target markets of financial products, where applicable. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek their own independent financial or tax advice, obtain a copy of, and consider any relevant PDS or offer document and consider the appropriateness of this advice in light of their own objectives prior to making any investment decision. Zenith charges an upfront flat fee to the Product Issuer, Fund Manager or other related party to produce research on funds that conform to Zenith's Research Methodology. Zenith's fee and Analyst remuneration are not linked to the rating outcome in any way. Views expressed in Zenith reports accurately reflect the personal, professional, reasonable opinion of the Analyst who has prepared the report. Zenith may also receive a fee for other non-research related services such as subscription fees for Zenith's research services and/or for the provision of investment consultancy services. Conflicts management arrangements are in place where Zenith provides research services to financial advisory businesses who provide financial planning services to investors and are also associated entities of the product issuers, with any such conflicts of interest disclosed within reports as appropriate. Full details regarding such arrangements are outlined in [Zenith's Conflicts of Interest Policy](#).

Zenith's research process seeks to identify investment managers considered to be the 'best of breed' through a comprehensive, multi-dimensional selection process. Zenith utilises both quantitative and qualitative factors in its ratings models. Models maximise commonality across different asset classes while retaining flexibility for specialist asset classes and strategies. The selection process is rigorous in both its qualitative and quantitative analysis and each component is equally weighted. Zenith does not manage any proprietary assets and as such Zenith is able to choose investment managers with absolute independence and objectivity. More detailed information regarding Zenith's fund research methodology and Zenith's traditional index research methodology, coverage and ratings is available on Zenith's website at [Fund Research Methodology](#) and [Traditional Index Research Methodology](#).

This report is subject to copyright and may not be reproduced, modified or distributed without the consent of the copyright owner. The information contained in this report has been prepared in good faith and is believed to be reliable at the time it was prepared, however, no representation, warranty or undertaking is given or made in relation to the accuracy or completeness of the information presented in this report. Except for any liability which cannot be excluded, Zenith does not accept any liability, whether direct or indirect arising from the use of information contained in this report. Past performance is not an indication of future performance.

Third Party data may be sourced from Financial Express, Refinitiv, Bloomberg and/or MSCI. Third party data and content used in this document has not been independently verified by Zenith and Zenith provides no warranty, representation or responsibility to update this document. Third Party data is the intellectual property of that third party and must not be reproduced, stored or transmitted without their consent.

Full details regarding the methodology, ratings definitions and regulatory compliance are available at [Fund Research Regulatory Guidelines](#).

Zenith is not required to be licensed under New Zealand law or be registered on the FSPR. Zenith has not engaged or authorised any party to provide financial advice on its behalf to New Zealand investors.

Zenith ratings and research are prepared by Zenith and are not connected in any way to research and ratings prepared by any of our related entities.

This report refers to the Australian unit trust for the fund, and the fund and benchmark returns are all in AUD.

© 2024 Zenith Investment Partners. All rights reserved.

Zenith has charged BlackRock Investment Management (Australia) Limited a fee to produce this report.