



iShares Enhanced Strategic International Equity Model

This report has been prepared for financial advisers only



Superior

March 2024

INTRODUCTION

Key Principles

SQM Research considers (but is not restricted to) the following key review elements within its assessment:

1. Business profile - product strategies and future direction
2. Marketing strategies and capabilities, market access
3. Executive Management / Oversight of the investment management firm
4. Corporate Governance / fund compliance / risk management
5. Investment team and investment process
6. Fund performance, investment style, market conditions, investment market outlook
7. Recent material portfolio changes
8. Investment liquidity
9. Investment risks
10. Fund/Trust fees and expenses

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<https://interprac.com.au/wp-content/uploads/2021/07/InterPrac-FSG-Part-1-v12.0.pdf>

Report Date: 18 March 2024

Star Rating*	Description	Definition	
4½ stars and above	Outstanding	Highly suitable for inclusion on APLs <i>SQM Research believes the Fund has considerable potential to outperform over the medium-to-long term. Past returns have typically been quite strong. Product disclosure statement (PDS) compliance processes are of a high-calibre. There are no corporate governance concerns. Management is extremely experienced, highly skilled and has access to significant resources.</i>	High Investment grade
4¼ stars	Superior	Suitable for inclusion on most APLs <i>SQM Research considers the Fund has substantial potential to outperform over the medium-to-long term. Past returns have tended to be strong. PDS compliance processes are high-quality. There are no material corporate governance concerns. Management is of a very high calibre.</i>	High Investment grade
4 stars	Superior	Suitable for inclusion on most APLs <i>In SQM Research's view, the Fund has an appreciable potential to outperform over the medium-to-long term. Historical performance has tended to be meaningful. PDS compliance processes are strong. There are very little to no corporate governance concerns. Management is of a high calibre.</i>	High Investment grade
3¾ stars	Favourable	Consider for APL inclusion <i>SQM Research concludes the Fund has a moderate potential to outperform over the medium-to-long term. Past performance has tended to be reasonable. Management is experienced and displays investment-grade quality. There are no corporate governance concerns, or they are of a minor nature.</i>	Approved
3½ stars	Acceptable	Consider for APL inclusion <i>In SQM Research's view, the potential for future outperformance in the medium-to-long term is somewhat uncertain. Historical performance has tended to be modest or patchy. Management is generally experienced and capable. SQM Research has identified weaknesses which need addressing in order to improve confidence in the Manager.</i>	Low Investment grade
3¼ stars	Caution Required	Not suitable for most APLs <i>In SQM Research's opinion, the potential for future outperformance in the medium-to-long term is very uncertain. Historical performance has tended to be disappointing or materially below expectations. PDS compliance processes are potential substandard. There are possible corporate governance concerns. Management quality is not of investment-grade standard.</i>	Unapproved
3 stars	Strong Caution Required	Not suitable for most APLs <i>In SQM Research's opinion, the potential for future outperformance in the medium-to-long term is unlikely. Historical performance has tended to be unacceptable. There may be some material corporate governance concerns. SQM Research has a number of concerns regarding management.</i>	Unapproved
Below 3 stars	Avoid or redeem	Not suitable for most APL inclusion	Unapproved
Event-driven Rating		Definition	
Hold		<i>Rating is suspended until SQM Research receives further information. A rating is typically put on hold for a period of two days to four weeks.</i>	
Withdrawn		<i>Rating no longer applies. Significant issues have arisen since the last report date. Investors should consider avoiding or redeeming units in the fund.</i>	

* The definitions in the table above are not all encompassing and not all individual items mentioned will necessarily be relevant to the rated Fund. Users should read the current rating report for a comprehensive assessment.

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SQM Rating ★★★★★

Superior. Suitable for inclusion on most APLs.

Fund Description	
Fund Name	iShares Enhanced Strategic International Model Portfolio
APIR code	N/A (SMA)
Asset Class	International Equities
Management and Service Providers	
Fund Manager	BlackRock Investment Management (Australia) Limited
Responsible Entity	SMA Platform Dependent
Fund Information	
Fund Inception Date	8-Sep-22
Fund Size	\$6.8 million (February 2024)
Return Objective (per PDS/IM)	To match or outperform the MSCI ACWI Index (Unhedged in AUD) over a rolling 5-year period
Internal Return Objective	N/A
Risk Level (per PDS/IM)	TMDs: Risk band - 6; Risk label – High
Internal Risk Objective	N/A
Benchmark	MSCI All Country World Index (Unhedged in AUD)
Number of stocks/positions	9 ETFs (as of 29 February 2024)
Fund Leverage	None
Portfolio Turnover	Expected 20% to 30% range
Top 10 Holdings Weight	Top 10 securities (on a look-through basis) account for 19.7% of the portfolio as of 29 February 2024
Investor Information	
Management Fee	0.26% (may vary across platforms)
TCR (Total Cost Ratio)	0.50% (subject to change as underlying holdings change)
Buy Spread	Depends on platform
Sell Spread	Depends on platform
Performance Fee Rate	Nil
Minimum Application	Depends on the platform
Redemption Policy	Daily
Distribution Frequency	As per the underlying ETFs
Investment Horizon	+ 5 years
Currency Hedging Policy	Partially hedged. The hedge ratio may change with each rebalance. Rebalances typically happen 4-6 times a year.

SUMMARY

Fund Summary

Description

The **iShares Enhanced Strategic International Equity Model** is a dynamically managed diversified global equity SMA Portfolio that seeks to match or outperform the benchmark - MSCI All Country World Index (unhedged in AUD) - over a rolling five-year period. The portfolio makes use of both a quantitative and discretionary approach to determine the long-term strategic country and sector allocations while shorter-term market-aware insights guide the dynamic tilting process, which may target countries, sectors, or particular smart beta/factor attributes.

The portfolio is managed, tracked, and monitored on the in-house Aladdin platform. This allows for efficient portfolio management, portfolio analytics, performance reporting, portfolio attribution, scenario testing, and risk management. The desired exposures across countries, regions and style factors in the Model are achieved through the use of liquid Australian-domiciled listed cost-efficient exchange-traded ETFs and index Funds.

The strategy is structured as an open-ended Separately Managed Account (SMA)

Fund Rating

The Fund has achieved the following rating:

Star Rating	Description	Definition	Investment Grading
4.25 stars	Superior	Suitable for inclusion on most APLs	High Investment Grade

Previous Rating: 4.00 stars (Issued Mar 2023)

SQM Research's Review & Key Observations

About the Manager

The Parent Company is Blackrock Inc, with the Investment Manager being BlackRock Investment Management (Australia) Limited, a subsidiary of the parent company. BlackRock is a leading publicly traded investment management firm with common stock listed on the NYSE, providing a broad range of investment management and technology services to institutional and retail clients worldwide.

BlackRock's highly diversified multi-product platform was created to meet client needs in all market environments. BlackRock is positioned to provide alpha-seeking active, index and cash management investment strategies across asset classes and geographies. In addition,

BlackRock leverages its broad risk management, analytics, and technology capabilities, including the Aladdin platform, on behalf of clients.

BlackRock serves a diverse mix of institutional and retail clients across the globe, including investors in iShares ETFs, maintaining differentiated client relationships and a fiduciary focus.

Investment Team

The model portfolio is managed by the Multi-Asset Strategies and Solutions (MASS) team in Australia. The MASS team is responsible for asset allocation and investment research, as well as day-to-day portfolio management functions and investment strategy.

The investment committee includes senior members from the MASS team: Mike McCorry (CIO BlackRock Australia), Karsten Kumpf (Head of Portfolio Management MASS APAC), Ilyas Chabane (Head of Model Portfolio Solutions APAC), Tatiana Bernard (Lead Model Manager), and Ron Montgomery (Model Manager). Katie Petering, Uwe Helmes, Beatrice Yeo and Upasana Khera are the team's Investment/Product Strategists.

Collectively, the team is responsible for reviewing the portfolio, identifying appropriate building blocks and performing due diligence on sub-strategies that meet the team's investment criteria. The Australian model portfolio team is well integrated into the broader BlackRock investment eco-system and is able to leverage BlackRock's global capabilities, insights and best practices. Dedicated research and investment teams research and manage the range of sub-strategy funds across various asset classes. All sub-funds are managed by BlackRock and sit on the same risk platform (Aladdin), which allows for efficient risk management.

1. Investment Philosophy and Process

Investable Universe

All ASX-listed ETFs and index funds that track country and sector indices across both developed and emerging markets, including those based on smart beta and factor exposures. The strategy does not invest in individual companies.

Philosophy / Process / Style

BlackRock has a global investment philosophy that underlies all investment strategies. They believe that an optimal investment outcome may best be achieved through "Total Performance Management," meaning understanding, measuring, and managing three dimensions of investment performance, namely, return,



risk and cost. The aim is to maximize returns and ensure that risk is adequately compensated, with transaction costs integrated into portfolio management.

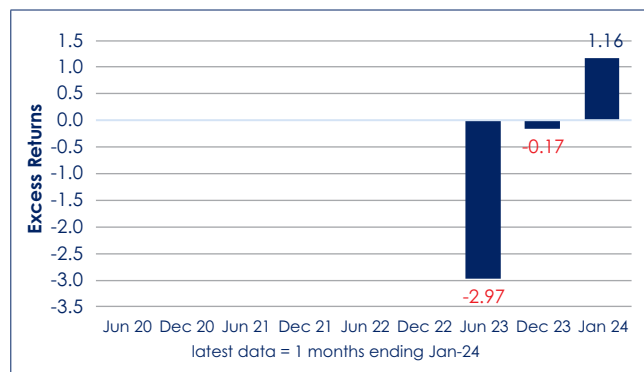
The International Equity model makes use of both a quantitative and discretionary approach to determine the long-term strategic country and sector allocations, while shorter-term market-aware insights guide the dynamic tilting process.

2. Performance & Risk

Return Objective

The return objective stated in the PDS is: "The Fund aims to match or outperform the MSCI ACWI Index (Unhedged in AUD) over a rolling 5-year period."

Fund Excess Returns %: Half-yearly (net of fees)



Length of Track Record

The iShares Enhanced Strategic International Model Portfolio has a relatively short history of 1.3 years. Observations and analysis of returns will have little statistical meaning. SQM Research notes that returns, volatility, and other risk measures can be "noisy" and less reliable when quantified using a small sample size of observations.

Risk Objective

The Fund's PDS states that the risk level of the Fund is "Target Band: 6, Risk Level: High".

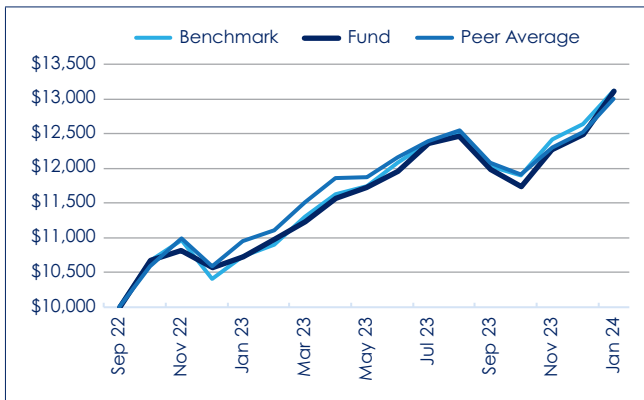
Fund Performance to 31 January 2024 (% p.a.)							
Total Return	1-Month	3-Month	6-Month	1-Year	3-Year	5-Year	Inception
Fund	4.99	11.63	6.05	22.29	.	.	22.50
Benchmark	3.83	10.29	6.09	22.26	.	.	22.61
Peer Average	3.85	9.19	5.04	19.00	.	.	20.91
Alpha	1.16	1.35	-0.04	0.03	.	.	-0.10

With dividends reinvested. Returns beyond one year are annualised. Return history starts Oct-2022, although the model portfolio was inception on 8 September 2022.

Benchmark: MSCI ACWI NR AUD

SUMMARY

Growth of \$10,000



Key Changes Since the Last Review

- No changes to the investment process since the previous review.

Strengths of the Fund

- Blackrock is one of the largest, most well-regarded global investment firms. Business, compliance, and overall operational risks are minimal.
- The Model strategy is, in essence, a mix of strategic and tactical views, giving the Portfolio Managers flexibility to navigate volatile markets. The ability to adjust and rebalance the portfolio appears more frequent than some similar strategies.
- The internal 'Aladdin' system is a comprehensive portfolio management, performance attribution, analytics, stress testing, liquidity analysis and risk management tool. That is used both internally and by external managers.
- Due to the size of resources available, the quality of personnel, and the nature of the strategy, key person risk is very minimal.

Weaknesses of the Fund

- The stated tracking error target band is 0% to 3%. If the Model is managed towards the lower bounds of this range, the potential after fee value-added, noting the TCR of 0.50%, is low.
- While iShares has a broad range of potential investment solutions internally the investment opportunity set is limited and may not allow investment in areas of the market that have the most potential.

Other Considerations

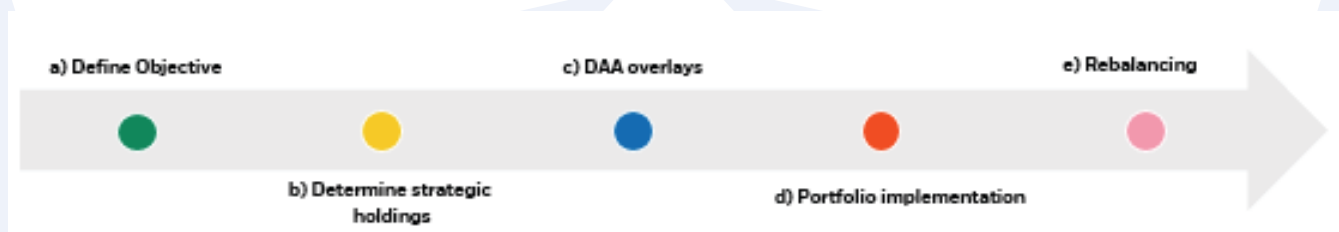
- The strategy provides exposure to Blackrock in-house ETFs only, which may limit their exposures and potential performance and risk.

Investment Process Diagram

The investment process for the International Equity model is implemented in the following steps:

- a. Define the objective
- b. Determine the strategic holdings
- c. Implement dynamic filters on top of the strategic weights
- d. Portfolio Implementation
- e. Ongoing monitoring rebalancing and feedback

Process Description



Investment Process

Research and Portfolio Construction Process

BlackRock has a global investment philosophy that underlies all investment strategies. They believe that an optimal investment outcome may best be achieved through "Total Performance Management," meaning understanding, measuring, and managing three dimensions of investment performance, namely, return, risk and cost. The aim is to maximize returns and ensure that risk is adequately compensated, with transaction costs integrated into portfolio management.

The International Equity model makes use of both a quantitative and discretionary approach to determine the long-term strategic country and sector allocations, while shorter-term market-aware insights guide the dynamic tilting process. The investment process is supported by a proprietary portfolio and risk management system named 'Aladdin', which enables the construction of a diversified international equity portfolio that is benchmark aware, with controlled levels of active risk.

The desired exposures across countries, regions and style factors in the Model are achieved through the use of ASX-listed ETFs, which allow for efficient portfolio implementation and provide transparency and diversification at low cost.

Idea Generation

The idea-generation process hinges on a mix of systematic and discretionary decisions. The construction of the strategic country and sector allocations is a key component of the overall portfolio construction. Blackrock uses a mean-variance optimisation framework to determine the strategic holdings while also controlling for tracking errors against the benchmark.

For discretionary investment decisions, they are influenced by various forums: global investment meetings, Blackrock Investment Institute, discussion with other portfolio managers with local expertise, distilled with the model manager's own views & applied on the model universe, and discussed with the Australia investment committee.

Investment Process

Research and Portfolio Construction Process

...continued

Research

Research Process:

- **Expected Returns Framework:** BlackRock has developed a robust framework for estimating expected returns. This framework guides investment decisions by assessing potential returns across various countries, regions and sectors.
- **Risk Model Forecasts:** BlackRock leverages its proprietary risk model to forecast expected variance and correlation of returns. These insights help manage risk effectively within the portfolio.
- **Dynamic Signals:** BlackRock generates dynamic signals based on factors such as regions, sectors, and other relevant market indicators. These signals inform adaptive portfolio management decisions.
- **Stress Testing:** The portfolio undergoes rigorous stress testing using the Aladdin platform. BlackRock simulates various stress scenarios, including historical market events, single-factor, and multi-factor stress tests. Continuous monitoring ensures valuable feedback for portfolio management at both sub-strategy and overall levels.

This comprehensive approach allows BlackRock to optimise the portfolio's performance while considering risk exposure and market dynamics.

Portfolio Construction

The investment process is described below;

Define the return and risk objective, time horizon, liquidity constraints, regulatory framework and other constraints, with the objective to match or outperform the MSCI ACWI Index (unhedged in AUD) over a rolling 5-year period at an acceptable level of risk (tracking error).

Construction of the strategic country, sector and factor allocations. These are guided by an optimisation framework, which is modelled on the investable universe of ETFs with the aim of creating a diversified portfolio that manages tracking error (ex-ante) relative to the benchmark while incorporating the team's strategic views.

Upon setting the strategic weights, the Manager leverages the proprietary signal set to implement dynamic tilts and overlays. These quantitative trading signals include value, momentum and fundamental signals. The signals have a shorter horizon of around 2-4 months. The tilting process allows the portfolio to adapt to changing market conditions (in essence, a TAA). The long-term active risk (tracking error) is expected to range between 0% to 3% p.a. from the benchmark.

The portfolio is constructed using a range of ASX-listed ETFs that individually aim to track country and sector indices across both developed and emerging markets, along with smart beta/factor exposures. Low-cost, transparent ETFs allow for efficient portfolio implementation and provide ample candidates for the dynamic tilting process.

Ongoing portfolio management and monitoring of the underlying sub-funds are carried out by the local Multi-Asset Strategies & Solutions (MASS) team in Australia. The portfolio is tracked and monitored on the 'Aladdin' platform. This allows for efficient portfolio management, analytics, performance reporting, attribution, and risk management. In addition, the portfolios are supported by the BlackRock Risk and Quantitative Analytics (RQA) group. RQA provide separate risk oversight and monitoring for each investment team and portfolio at BlackRock.

Investment Process

Research
and Portfolio
Construction
Process*...continued***Sell Discipline**

At any point, if the compliance coding and ongoing risk review find the exposure levels outside of the agreed ranges, this will trigger some model changes. Systematically, the model portfolio is dynamically rebalanced 4-6 times per year.

Risk Management

BlackRock uses the in-house 'Aladdin' platform to analyse and manage risks inherent in the strategy. This platform allows for efficient portfolio management, performance attribution, analytics, stress testing, liquidity analysis, currency and other risk management functionality. Aladdin is also used for daily portfolio compliance monitoring to ensure the portfolios remain consistent with the mandate.

In addition, the model portfolio benefits from oversight from BlackRock's Risk & Quantitative Analytics (RQA) Group, which collaborates closely with the various investment teams at BlackRock. RQA leads BlackRock's portfolio risk analytics efforts by providing independent top-down and bottom-up risk management oversight. RQA partners with BlackRock's portfolio management teams to ensure that risks in the portfolios are consistent across each strategy and align with any formal risk constraints.

Blackrock performs comprehensive stress tests on the Model using the Aladdin platform to monitor and simulate how current positions behave under various stress scenarios. The system includes an extensive library and real-world stress scenarios based on historical market events, as well as single-factor and multi-factor stress scenarios. This provides feedback into the portfolio management process at each of the sub-strategy levels as well as at the overall portfolio level.

Key Risks

- **Market Risk:** The portfolio's value can fluctuate due to changes in market conditions, including economic, political, and regulatory factors. International markets may experience higher volatility than domestic markets.
- **Currency Risk:** Blackrock actively manages the currency exposure using both a strategic and dynamic approach. Currency moves, therefore, pose a risk to the performance of the Portfolio should currencies move in an unexpected way.
- **Country-Specific Risks:** Investing in specific countries exposes the portfolio to geopolitical, economic, and regulatory risks unique to those regions. Political instability, changes in government policies, and currency controls can affect investments.
- **Sector Concentration Risk:** While the portfolio aims to be well-diversified across sectors, the portfolio's performance may at times be influenced by sector-specific trends. Overconcentration in a single sector can lead to higher risk if that sector underperforms.
- **Liquidity Risk:** While all the ETFs within the portfolio track daily liquid and well-defined indices, some ETFs within the portfolio may have lower liquidity, affecting the ease of buying or selling. Illiquid markets can lead to wider bid-ask spreads and potential price discrepancies.
- **Factor Risk:** Blackrock can take exposure to risk premia such as low volatility, value, growth etc. Where the factors don't perform as expected taking these positions could be detrimental to the performance.

Investment Process

Research and Portfolio Construction Process

...continued

- **Tracking Error:** The portfolio aims to manage tracking error against its benchmark index, and deviations can occur. Factors like fees, trading costs, and portfolio rebalancing affect tracking accuracy.
- **Tax Considerations:** Investors should understand tax implications, especially for international holdings. Tax laws and regulations vary across countries.

Portfolio Characteristics

Portfolio Biases/Preferences

The Model Portfolio makes use of both a quantitative and discretionary approach to determine the long-term strategic allocations, while shorter-term market-aware insights spanning momentum, valuation and fundamental signals guide the dynamic tilting process. The quantitative insights are driven by both top-down/macro-oriented and bottom-up/security-oriented data.

There is no embedded style bias in the portfolio, although the Manager monitors factor exposures closely and has the ability to tilt the Model towards desired styles or particular smart beta/factors as market conditions change.

Liquidity

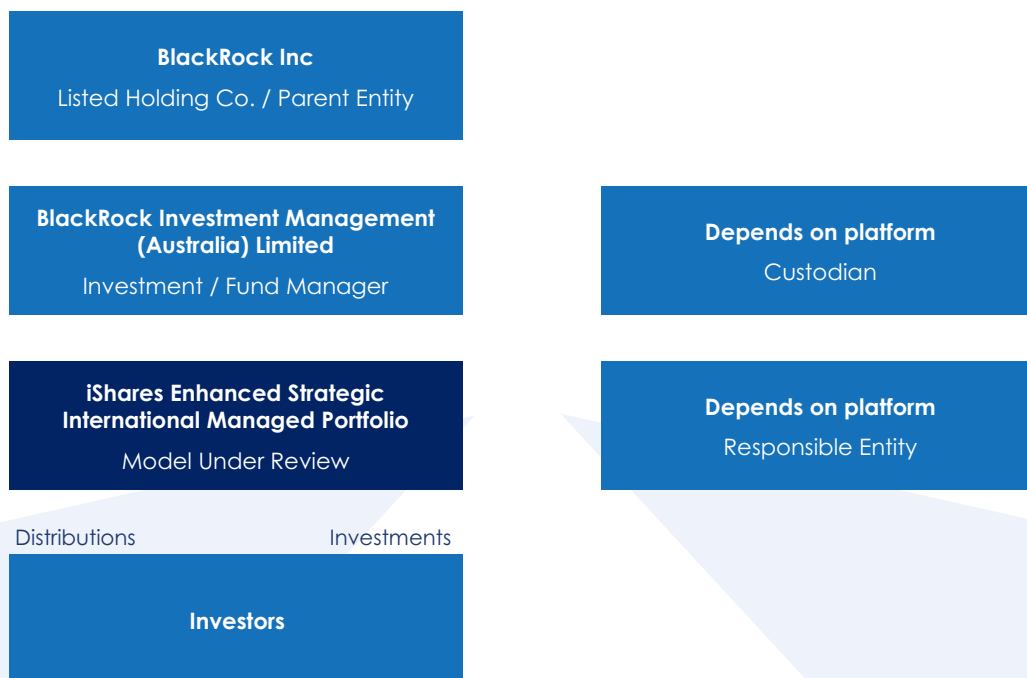
As the Model invests in ASX-listed global ETFs, the strategy has no liquidity issues. Capacity has been noted as being around \$10 billion. Liquidity risk is managed through analysis of the liquidity characteristics of the underlying ETF/index securities a fund will be exposed to.

Investor liquidity is expected to be daily – please consult with the relevant platform for further details.

Leverage

This Fund does not employ direct leverage (through borrowing by the Fund) **or** economic leverage (through the use of derivatives).

Key Counterparties



Parent Company

The Parent Company is Blackrock Inc, with the Investment Manager being BlackRock Investment Management (Australia) Limited, a subsidiary of the parent company. BlackRock is a leading publicly traded investment management firm with common stock listed on the NYSE, providing a broad range of investment management and technology services to institutional and retail clients worldwide.

BlackRock’s highly diversified multi-product platform was created to meet client needs in all market environments. BlackRock is positioned to provide alpha-seeking active, index and cash management investment strategies across asset classes and geographies. In addition, BlackRock leverages its broad risk management, analytics, and technology capabilities, including the Aladdin platform, on behalf of clients.

BlackRock serves a diverse mix of institutional and retail clients across the globe, including investors in iShares ETFs, maintaining differentiated client relationships and a fiduciary focus.

Investment Manager / Fund Manager

BlackRock Australia oversees a range of model portfolio solutions, including the Enhanced Strategic International Equity model range. These portfolios are guided by a shared investment committee and undergo an annual strategic allocation review process. The management of the model portfolio falls under the purview of the broader Multi-Asset Strategies and Solutions (MASS) team, which comprises members based in Australia and abroad. Leveraging BlackRock’s global capabilities, insights, and best practices, the MASS team is well-integrated into the broader BlackRock investment ecosystem.

At the core of BlackRock’s portfolio construction, asset allocation, and active management ecosystem lies the MASS group. Drawing upon BlackRock’s comprehensive toolkit, including index-based, factor-driven, and alpha-seeking investment capabilities, the MASS team aims to deliver precise investment outcomes and cutting-edge alpha insights. They construct asset allocation strategies and holistic portfolio solutions across various vehicles, such as commingled funds, separate accounts, model portfolios, and outsourcing solutions, catering to both wealth and institutional channels.

The MASS Australia team boasts over 30 years of experience in managing multi-asset portfolios since 1992. Currently overseeing A\$64 billion in assets (as of October 2023), their responsibilities span diversified funds, model portfolios, absolute return strategies, and custom mandates. Additionally, the local investment team taps into insights from other BlackRock investment teams worldwide, including those based in Asia, the US, Europe, and other regions. This collaborative approach enhances their ability to manage an international equity model portfolio effectively, incorporating regional, country, and sector tilts.

Governance

Responsible Entity

As an SMA Portfolio the Responsible Entity and Custodian is Platform dependant.

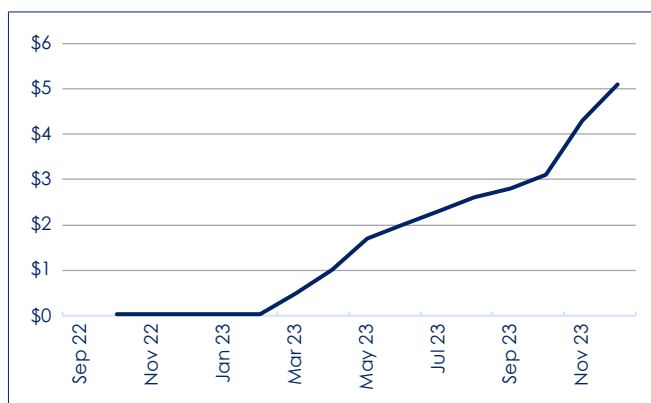
Management Risk

Funds management businesses rely on the operational capabilities of key counterparties. A critical element is the ability of the Responsible Entity to monitor operational performance and to meet the regulatory and statutory responsibilities required. For any investment fund, there is a risk that a weak financial position or management performance deterioration of key counterparties could temporarily or permanently compromise their performance and competency. This can adversely affect financial or regulatory outcomes for the Fund or associated entities.

Based on the materials reviewed, SQM Research believes that the Manager and associated key counterparties are well qualified to carry out their assigned responsibilities. Management risk is rated as low.

Funds under Management (FUM)

FUM for Fund under Review (\$mill)



Distributions

Distributions are as per the underlying ETFs held in the model portfolio. The model portfolio is managed on a pre-tax basis, while the use of ETFs aids efficient tax treatment. The portfolio is available via Separately Managed Accounts (SMA) and is set up in a way that allows the benefits of tax credits to flow through to investors.

Tax credits include both franking credits from investing in Australian stocks and tax credits from investing in foreign assets. Other tax considerations may be taken at the underlying fund level. Investors are directed to the relevant SMA platform for more detail on the distribution policy.



Name	Responsibility / Position	Location	Years at Firm	Years in Industry
Mike McCorry	Chief Investment Officer, Australia	Sydney	26.0	32.0
Karsten Kumpf	Head of Portfolio Management Multi Asset Strategies Australia	Sydney	17.0	17.0
Ilyas Chabane	Head of Model Portfolio Solutions, APAC	Hong Kong	10.0	14.0
Tatiana Bernard	Lead Model Manager	Sydney	7.0	11.0
Ron Montgomery	Model Manager	Sydney	18.0	22.0
Katie Petering	Strategist	Sydney	7.0	27.0
Uwe Helmes	Strategist	Sydney	7.0	14.0
Beatrice Yeo	Strategist	Melbourne	2.0	8.0
Upasana Khera	Strategist	Gurgaon	6.0	9.0

Investment Team

The model portfolio is managed by the Multi-Asset Strategies and Solutions (MASS) team in Australia. The MASS team is responsible for asset allocation and investment research, as well as the day-to-day portfolio management functions and investment strategy.

The investment committee includes senior members from the MASS team: Mike McCorry (CIO BlackRock Australia), Karsten Kumpf (Head of Portfolio Management MASS APAC), Ilyas Chabane (Head of Model Portfolio Solutions APAC), Tatiana Bernard (Lead Model Manager) and Ron Montgomery (Model Manager). Katie Petering, Uwe Helmes, Beatrice Yeo, and Upasana Khera are the team’s Investment/Product Strategists.

Collectively, the team is responsible for reviewing the portfolio, identifying appropriate building blocks and performing due diligence on sub-strategies that meet the team’s investment criteria. The Australian model portfolio team is well integrated into the broader BlackRock investment eco-system and is able to leverage BlackRock’s global capabilities, insights and best practices.

Dedicated research and investment teams research and manage the range of sub-strategy funds across various asset classes. All sub-funds are managed by BlackRock and sit on the same risk platform (Aladdin), which allows for efficient risk management.

Meeting Schedule

The table below shows regular meetings that form an essential part of the overall process.

Meeting	Agenda	Frequency	Participants
Meeting 1	Macro View Setting	Weekly	Broader Investment Platform
Meeting 2	Asset Allocation	Monthly	Investment Research, Strategists, Portfolio Manager Team
Meeting 3	Investment Strategy	Monthly	Investment Research, Strategists, Portfolio Manager Team and Risk and Quantitative Analysis Team
Meeting 4	Sector Research	Quarterly	Investment Research, Strategists, Portfolio Manager Team
Meeting 5	Security Research	Annual	Investment Research, Strategists, Portfolio Manager Team

SQM Research believes the practice of constant communication and the broad-based inclusion of team members in decision-making is a vital ingredient to the success of the process. Interactive peer review and collaboration across a tightly knit group of experienced investors will likely make the best use of their combined intellectual property and shared history.

Staffing Changes

Departures			
Date	Name	Responsibility	Reason for Departure
01-Jul-23	Christopher Downing	Portfolio Manager	Relocated back to BlackRock San Francisco to be with family, but still remains heavily involved in the Models Portfolio business through his research on global signals

Additions			
Date	Name	Position / Responsibility	Previous Position / Employer
17-Jan-22	Beatrice Yeo	Strategist	Strategist/Vanguard
07-Mar-23	Tatiana Bernard	Portfolio Manager	Given the growth of the models business in Australia, Tatiana has been added to the investment committee overseeing these models. Tatiana was previously a Portfolio Manager within MASS, managing our suite of diversified multi-asset funds, and has been with BlackRock since 2017.

SQM Research observes that the levels of investment experience and company tenure are strong across the investment team. The size and nature of staff turnover are not an issue of concern, in SQM's view.

Remuneration and Incentives

BlackRock's approach to compensation reflects the value senior management places on its employees and its client relationships. The compensation structure has been designed to attract and retain the best talent, reinforce stability, encourage teamwork, and align interests with those of clients.

The predominant compensation model includes a salary and a discretionary bonus reflecting firm, business area, and individual performance. For most investment professionals, compensation reflects investment performance and the success of the business/product area. As professionals become more senior, the discretionary bonus becomes a higher percentage of total compensation. At senior levels, a more significant percentage of bonus is paid in the form of restricted stock that vest over three years.

Compensation decisions for employees are made annually in January following the end of the performance year. This allows Blackrock's full-year financial results to be considered along with other non-financial goals and objectives. Although the framework is tied to the financial performance of BlackRock, significant discretion is used to determine individual compensation based on the achievement of strategic and operating results and other considerations such as management and leadership capabilities.

Discretionary incentive compensation is a function of several components: the performance of BlackRock, the performance of the portfolio manager's group within BlackRock, the investment performance, including risk-adjusted returns, in funds under management or supervision by that portfolio manager relative to benchmarks, the individual's performance and contribution to the overall performance of these portfolios. Performance is generally assessed over trailing 1,3, and 5-year periods relative to benchmarks, plus an alpha target, as well as against peer groups.

SQM Research believes remuneration in the form of firm equity and client-focused performance bonuses act as strong incentives for optimizing staff engagement, retention, and productivity. The intention (and SQM believes the effect) is to align staff performance with client and shareholder objectives. It focuses on the customers' needs and medium to long-term results.

Fees and Costs	Fund	Peer Avg
Management Fee % p.a.	0.26%	0.90%
Expense Recovery/Other Costs % p.a.	–	–
Performance Fee %	0.00%	10.00%
Total Cost Ratio TCR % p.a.	0.50%	0.95%
Buy Spread %*	0.00%	0.15%
Sell Spread %*	0.00%	0.15%

* This spread is the difference between the Fund's application price and withdrawal price and reflects transaction costs relating to the underlying assets.

Management Fee

The management fee includes GST and is net of any applicable Reduced Input Tax Credits (RITC).

Performance Fee

The Fund does not charge a performance fee

SQM Research observes that:

- *The Fund management fee is 0.26% p.a., which is 64 basis points lower than the peer group average of 0.90% p.a.*
- *The Total Cost Ratio (TCR) is 0.50% p.a., which is 45 basis points lower than the peer group average of 0.95% p.a.*

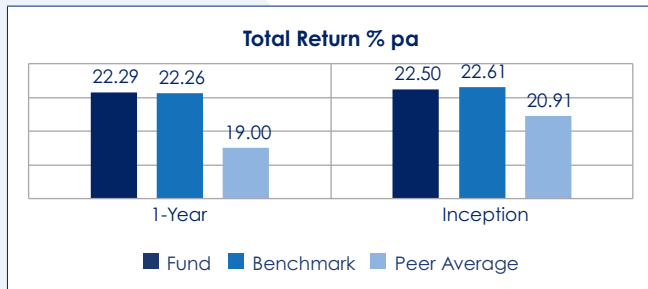
Risk/Return Data to 31 January 2024							
Total Return	1-Month	3-Month	6-Month	1-Year	3-Year	5-Year	Inception
Fund	4.99	11.63	6.05	22.29	.	.	22.50
Benchmark	3.83	10.29	6.09	22.26	.	.	22.61
Peer Average	3.85	9.19	5.04	19.00	.	.	20.91
Alpha	1.16	1.35	-0.04	0.03	.	.	-0.10
Metrics				1-Year	3-Year	5-Year	Inception
Tracking Error (% p.a.) - Fund				2.71	.	.	4.04
Tracking Error (% p.a.) - Peer Average				4.63	.	.	5.88
Information Ratio - Fund				0.01	.	.	-0.03
Information Ratio - Peer Average				-0.55	.	.	-0.15
Sharpe Ratio - Fund				2.09	.	.	1.99
Sharpe Ratio - Peer Average				1.70	.	.	1.55
Volatility - Fund (% p.a.)				8.75	.	.	9.43
Volatility - Peer Average (% p.a.)				8.92	.	.	11.20
Volatility - Benchmark (% p.a.)				7.94	.	.	10.28
Beta based on stated Benchmark				1.05	.	.	0.84

Distributions reinvested. Returns beyond one year are annualised. Return history starts Oct-2022
 Benchmark: MSCI ACWI NR AUD

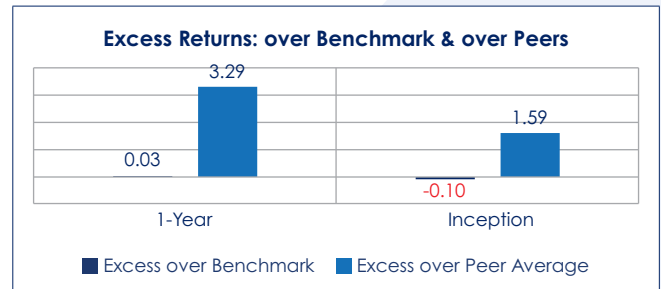
Quantitative Insight¹

Note: Unless otherwise stated, all return and risk data reported in this section are **after-fees** and for **periods ending Jan-2024**.

Returns



Excess Returns (Alpha)



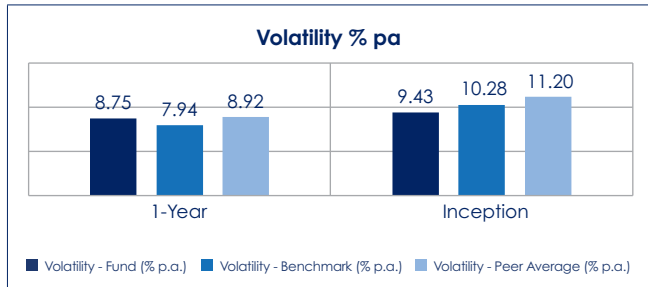
The Fund has displayed similar performance when compared with benchmark while outperforming peers.

The **return outcomes** as described above are in line with the PDS objective and are in line with SQM's expectations for the Fund relative to its fee level and volatility.

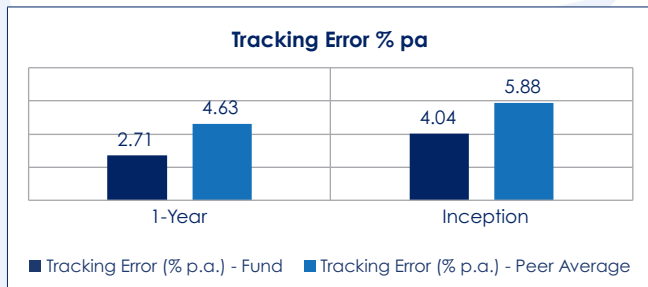
Despite the limited track record, this performance demonstrates that benchmark like performance can be achieved through this strategy.

¹ Note: Sharpe and Information Ratios are not reliable comparison tools in periods where both the Fund and its peers/benchmark record a negative result

Risk



The Fund's **volatility** (annualised standard deviation of monthly returns) has tended to be around that of benchmark and better than peers.



The Fund's **tracking error** (annualised standard deviation of monthly **excess** returns) has tended to be lower than peers.

The **risk outcomes** as described above regarding volatility and tracking error are consistent with the PDS statements about risk and are in line with SQM's expectations for this Fund.

Drawdowns

Drawdown Summary			
Drawdown Size (peak-to-trough)			
	Fund	Bench	Peers
Average	-4.03%	-5.01%	-4.35%
Number	2	2	3
Smallest	-2.26%	-4.89%	-3.64%
Largest	-5.81%	-5.13%	-5.80%
Length of Drawdown (in months)			
	Fund	Bench	Peers
Average	3.5	4.0	4.0

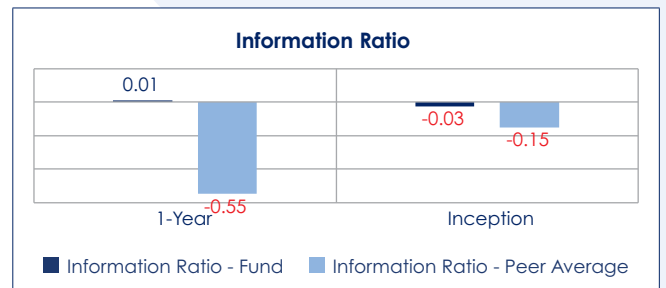
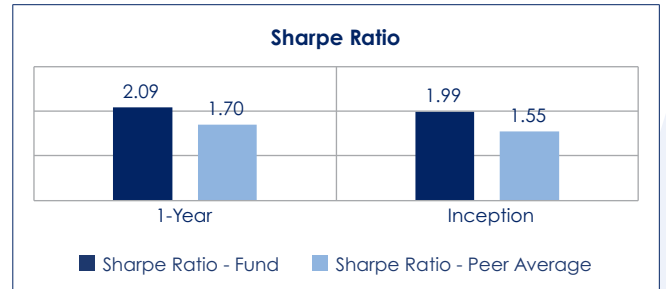
Length of Drawdown = time from peak to trough and back to the previous peak level

Average drawdowns have been similar to the benchmark and the peer average.

Upside/Downside Capture

	Downside Capture		Upside Capture	
	3 years	Inception	3 years	Inception
Fund	.	80.9%	.	94.4%
Peer Average	.	90.4%	.	92.5%

Risk-Adjusted Returns



The Fund's risk-adjusted returns (as measured by Sharpe and Information ratios) have been modestly better than the peer average.

Correlation of Fund to Asset Classes

Market	3 years	Inception	Market Indexes
Aust Bonds	.	+49.0%	Bloomberg AusBond Composite 0+Y TR
Aust Equity	.	+59.2%	S&P/ASX 300 TR
Global Bonds	.	+35.6%	Bloomberg Global Aggregate Hdg AUD
Global Equity	.	+93.3%	MSCI World Ex Australia NR AUD

Correlation Key

Low	High	Description
0%	20%	low, weak
20%	40%	modest, moderate
40%	70%	significant, material
70%	90%	strong, high
90%	100%	substantial

The table below outlines limits on the Fund's asset allocation and other risk parameters:

Fund Constraints and Risk Limits	Permitted Range or Limit
Australian equities	0% - 10%
International equities	80% - 99%
Australian fixed interest	Nil
International fixed interest	Nil
Cash	1% - 10%

Other Constraints	
Maximum exposure to single security	60.00%
Maximum exposure to single stock/company	N/A
Maximum exposure to single sector	N/A
Maximum exposure to a single country	N/A
Maximum exposure to geographic region	N/A
Limit for Holdings Not in Benchmark	N/A

Top 5 Holdings (within ETFs)				
Name	% of Fund	% of index	GICS Sector	Country
Apple Inc	3.58%	4.06%	Technology	USA
Microsoft Corp	3.07%	3.08%	Technology	USA
Amazon Com Inc	1.35%	1.51%	Consumer Discretionary	USA
Berkshire Hathaway	1.01%	0.71%	Financials	USA
Alphabet Inc	0.96%	1.03%	Communications	USA

Portfolio Holdings (as of 31 January 2024)

Code/Ticker	Exchange	Company Name	% of portfolio
IVV	ASX	iShares S&P 500 ETF	59.30%
IHVV	ASX	iShares S&P 500 AUD Hedged ETF	3.50%
IEU	ASX	iShares Europe ETF	15.40%
IJP	ASX	iShares MSCI Japan ETF	5.70%
WVOL	ASX	iShares Edge World Minimum Volatility ETF	2.50%
IOZ	ASX	iShares S&P/ASX 200 ETF	1.00%
IEM	ASX	iShares MSCI Emerging Markets ETF	9.70%
IZZ	ASX	iShares China Large-Cap ETF	1.00%
IKO	ASX	iShares MSCI Korea ETF	0.90%

Drawdown

A drawdown tracks the path of the Fund's accumulated NAV (with dividends reinvested). It is measured over the period of a peak-to-trough decline and the subsequent recovery back to that previous peak level. The total return over that entire period is, of course, zero. The metric of interest, the drawdown itself, is quoted as the percentage change between the peak and the trough over that period. Funds typically have multiple drawdowns of varying size and length over their lifetime. The table above shows how many drawdowns have occurred and their average peak-to-trough size.

Alpha

SQM defines **Alpha** as the excess return compared to the Benchmark and is calculated as

$$\text{Alpha} = \text{Fund Return} - \text{Benchmark Return}$$

A General Note on Distributions for Managed Funds

The Responsible Entity of a Managed Fund will provide for a regular schedule of distributions, such as monthly/quarterly/semi-annual or annual. This is subject to the Fund having a sufficient distributable income. The official total distributable income available to pay to investors is determined for the period of that Fund's financial year. By distributing the net taxable income of the Fund to investors each year, a Fund itself should not be liable for tax on its net earnings.

If a Fund makes distributions more frequently than once over the financial year, those distributions will be based on estimates of the distributable income for that distribution period. The final total amount of distributable income available for passing on to investors can only be calculated after the close of the financial year, based on the Fund's taxable income for that year.

If the total distributions a Fund pays out exceed total taxable income for that particular financial year, the excess amount may be treated as a return of capital rather than income. This will possibly have tax implications for the investor.

Due to the considerations outlined above, there may be periods in which no distributions are made, or a Fund may make additional distributions.

A Fund's ability to distribute income is determined by the performance of the Fund and general market conditions. Accordingly, there is no guarantee that a Fund will make a distribution in any distribution period.

Total Cost Ratio (TCR)

Managed Investment Schemes: The TCR for Managed Investment Schemes, Exchange Traded Products, and Investment Bond funds is an addition of the Investment Management Fees and Costs (including admin fees), Performance Fee Costs, and the impact of dollar-based fees.

Superannuation funds: The TCR for Superannuation and Pension funds is an addition of the Investment Management Fees and Costs (including admin fees), Performance Fee Costs, Administration Fees and Costs, the impact of dollar-based fees and a deduction of Super OTC Derivative Costs.

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<https://interprac.com.au/wp-content/uploads/2021/07/InterPrac-FSG-Part-1-v12.0.pdf>

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