SQM RESEARCH

iShares Enhanced Strategic Portfolio

This report has been prepared for financial advisers only

★★★★★

Superior

March 2024

INTRODUCTION

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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: 6 March 2024

Star Rating*	Description	Definition	
4½ stars and above	Outstanding	**Highly suitable for inclusion on APLs**	High Investment grade
		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.	
4¼ stars	Superior	**Suitable for inclusion on most APLs**	High Investment grade
		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.	
4 stars	Superior	**Suitable for inclusion on most APLs**	High Investment grade
		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.	
3¾ stars	Favourable	**Consider for APL inclusion**	Approved
		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.	
3½ stars	Acceptable	**Consider for APL inclusion**	Low Investment grade
		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.	
3¼ stars	Caution Required	**Not suitable for most APLs**	Unapproved
		In SQM Research's opinion, the potential for future outperformance in the medium-to-long term is very uncertain. Historical returns have 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.	
3 stars	Strong Caution Required	**Not suitable for most APLs**	Unapproved
		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.	
Below 3 stars	Avoid or redeem	**Not suitable for most APL inclusion**	Unapproved
Event-driven Rating		**Definition**	
Hold		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.	
Withdrawn		Rating no longer applies. Significant issues have arisen since the last report date. Investors should consider avoiding or redeeming units in the fund.	

* 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.*

Model Description	
SMA / Product Suite Name	iShares Enhanced Strategic Portfolios
APIR code	**Platform Dependent (see Product Suite Summary below for Portfolio/ Investment Profile details)**
Asset Class	Multi-Asset
Management and Service Providers	
Model Manager	BlackRock Investment Management (Australia) Limited
Responsible Entity	Platform Dependent
Model Information	
Model Inception Date	Conservative, Moderate, Balanced, Growth, Aggressive: 30-Jan-15 All growth: 8-Sep-22
Model Size	$3,199 million as of Jan 2024 (all risk profiles)
Return Objective (as per PDS)	see the Product Summary below
Internal Return Objective	see the Product Summary below
Risk Level (per PDS)	see the Product Summary below
Internal Risk Objective	see the Product Summary below
Benchmark	see the Product Summary below
Number of stocks/positions	17-20 underlying ETFs
Model Leverage	None
Turnover	50 - 80.00% - 8 yr. average ending Dec-23
Top 10 Holdings Weight	Balanced: 10.0% of the portfolio as of 31 January 2024 on a look-through basis
Investor Information	
Management Fee	The Balanced option is 0.05%. Refer to the relevant Platform/PDS for details on other investment options
TCR (Total Cost Ratio)	The Balanced option is 0.24%. Refer to the relevant Platform/PDS for details on other investment options
Buy Spread*	0.10%
Sell Spread*	0.10%
Performance Fee Rate	0.00%
Minimum Application	Platform Dependent
Redemption Policy	Platform Dependent
Distribution Frequency	As per the underlying ETFs
Investment Horizon (per PDS)	3 – 5 years
Currency Hedging Policy	Fully hedged for fixed income, while the global equity hedge ratio may vary based on market conditions

Note: Performance-related details in this report, including the Quantitative Analysis section, refer to the 'Balanced' (50/50) option unless otherwise indicated. Other risk options of the Models/ SMAs will have different asset allocations and other features that result in different returns.

*Refers to the transaction costs relating to the turnover of the portfolio.

Model Summary

Description

The **iShares Enhanced Strategic Portfolio** (the "Portfolio or Model") is a total return strategy that seeks to maximise returns through a diversified global multi-asset exposure across a range of 6 risk profiles – Conservative, Moderate, Balanced, Growth, Aggressive and All-Growth.

The investment process encompasses the following:

- A long-run, strategic asset allocation (SAA) process leveraging a well-researched global framework built by BlackRock

- Tactical tilts that seek to add value above and beyond the SAA over the long-term

- Efficient and cost-effective implementation via iShares Exchange Traded Funds (ETFs)

- Ongoing monitoring, rebalancing, and feedback. The portfolio is tracked and monitored on the Aladdin platform in the form of a paper portfolio. This allows for efficient portfolio management, analytics, performance reporting, attribution, and risk management

The Enhanced Strategic Models use both quantitative and discretionary approaches to determine the long-term strategic asset allocations, while shorter-term market-aware insights spanning momentum, valuation and fundamental signals guide the tactical tilting process.

A series of portfolio/risk profile options are offered across several platform administration systems. See the Product Summary Table below.

Product Rating

Each investment option in the suite of Model Portfolios listed in the table below 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 March 2023)

Product Suite Summary

Code	-	-	-	-	-	-
Investment Option	Conservative	Moderate	Balanced	Growth	Aggressive	All Growth
Return Objective	Match or outperform long-run SAA	Match or outperform long-run SAA	Match or outperform long-run SAA	Match or outperform long-run SAA	Match or outperform long-run SAA	Match or outperform long-run SAA
Benchmark	Long-run SAA which is a Multi Asset Diversified Benchmark	Long-run SAA which is a Multi Asset Diversified Benchmark	Long-run SAA which is a Multi Asset Diversified Benchmark	Long-run SAA which is a Multi Asset Diversified Benchmark	Long-run SAA which is a Multi Asset Diversified Benchmark	Long-run SAA which is a Multi Asset Diversified Benchmark
Reference Index	Morningstar Aus Conservative Target Allocation NR AUD Index	Morningstar Aus Moderate Target Allocation NR AUD Index	Morningstar Aus Balanced Target Allocation NR AUD Index	Morningstar Aus Growth Target Allocation NR AUD Index	Morningstar Aus Aggressive Target Allocation NR AUD Index	Morningstar Aus Aggressive Target Allocation NR AUD Index
Risk Objective	Low to medium	Medium	Medium	Medium to high	High	High
FUM ($m) – 31 January 2024	75.2	259.7	925.2	1070.9	813.2	54.5
SAA Growth Assets	15.0%	30.0%	50.0%	70.0%	85.0%	98.0%
SAA Defensive Assets	85.0%	70.0%	50.0%	30.0%	15.0%	2.0%

Product Suite Returns

Performance (% p.a.)					as at 31-Jan-24
Conservative	**6-Month**	**1-Year**	**3-Year**	**5-Year**	**Inception**
Model	3.0%	3.6%	0.0%	2.3%	2.7%
Reference Index	3.3%	3.4%	-0.2%	1.6%	2.3%

Performance (% p.a.)					as at 31-Jan-24
Moderate	**6-Month**	**1-Year**	**3-Year**	**5-Year**	**Inception**
Model	3.1%	4.9%	1.5%	3.6%	3.7%
Reference Index	3.6%	5.5%	1.5%	3.4%	3.7%

Performance (% p.a.)					as at 31-Jan-24
Balanced	**6-Month**	**1-Year**	**3-Year**	**5-Year**	**Inception**
Model	3.6%	7.4%	3.9%	5.6%	5.1%
Reference Index	4.2%	7.5%	3.6%	5.4%	5.3%

Performance (% p.a.)					as at 31-Jan-24
Growth	**6-Month**	**1-Year**	**3-Year**	**5-Year**	**Inception**
Model	4.1%	9.7%	6.2%	7.4%	6.5%
Reference Index	4.7%	9.4%	6.0%	7.4%	6.8%

Performance (% p.a.)					as at 31-Jan-24
Aggressive	**6-Month**	**1-Year**	**3-Year**	**5-Year**	**Inception**
Model	4.1%	11.2%	7.8%	8.7%	7.5%
Reference Index	5.3%	12.0%	8.4%	9.4%	8.3%

Performance (% p.a.)					as at 31-Jan-24
All Growth	**6-Month**	**1-Year**	**3-Year**	**5-Year**	**Inception**
Model	4.1%	12.2%	–	–	18.8%
Reference Index	5.3%	12.0%	–	–	18.1%

The model portfolios have an inception date of 30 January 2015, with the exception of the All Growth model, which has an inception date of 8 September 2022.

If a Model is launched mid-month, the history of the returns is taken from the 2nd month (from inception) onwards.

SQM Research's Review & Key Observations

About the Manager

The Investment Manager of the Portfolios is **BlackRock Investment Management (Australia)** Limited (the "Investment Manager" or "BlackRock").

It is a subsidiary of BlackRock Inc., which is listed on the New York Stock Exchange and provides a broad range of investment management and technology services to institutional and retail clients worldwide.

BlackRock Inc. has a range of specialist investment teams that manage portfolios in each asset class as well as multi-asset class portfolios.

Investment Team

The Enhanced Strategic Models are 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 BlackRock MASS team is based in Sydney and Hong Kong.

This team of investment strategists and portfolio managers is led by **Michael McCorry,** the Australia Chief Investment Officer (CIO). The investment committee includes senior members from the MASS team: Michael McCorry (CIO), 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.

The **key-person risk of the Portfolio** is low.

1. Investment Philosophy and Process

Investable Universe

Authorised investments include all iShares Australian-domiciled ETFs spanning Australian and International asset classes.

These funds are passively managed and designed to mimic the performance of the underlying indices (e.g. S&P/ASX 200, S&P 500 etc.). As of 31 January 2024, there are 49 iShares Australian-domiciled ETFs, with this number subject to change.

Philosophy / Process / Style

BlackRock believes that an optimal investment outcome can best be achieved through Total Performance Management – understanding, measuring and managing the three dimensions of investment performance; return, risk and cost.

They aim to maximise returns, ensure that risks relative to benchmark are adequately compensated, and integrate forecasts on transaction costs into the portfolio-construction process.

The Enhanced Strategic Model range is a **total return strategy** that seeks to maximise returns through a diversified global multi-asset exposure across a range of 6 risk profiles – Conservative, Moderate, Balanced, Growth, Aggressive and All-Growth.

The investment process encompasses the following:

- A long-run, **strategic asset allocation (SAA)** process leveraging a well-researched global framework built by BlackRock

- Tactical tilts that seek to add value above and beyond the SAA over the long-term

- Efficient and cost-effective implementation via iShares Exchange Traded Funds (ETFs)

- Ongoing monitoring, rebalancing and feedback. The Portfolio is tracked and monitored on the Aladdin platform in the form of a paper portfolio. This allows for efficient portfolio management, analytics, performance reporting, attribution, and risk management.

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 proprietary portfolio and risk management systems in Aladdin, enabling the production of 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 a low cost. 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 respond quickly to changing market conditions offers the opportunity to achieve enhanced risk-adjusted returns over time.

2. Performance & Risk

Return Objective

The return objective stated in the PDS is: "The Portfolio aims to match or outperform the Portfolio's customised composite multi-asset class benchmark, before fees, over a rolling five-year period.

The Portfolio's benchmark, as stated in the PDS, is "although the portfolio is aiming to match or outperform its customised composite multi-asset class benchmark, comparison of its returns against the Morningstar Aus Balanced Target Allocation NR AUD Index before fees, are considered adequate for the purpose of assessing the portfolio's relative performance."

SQM Research has used the Balanced Portfolio's reference index Morningstar Aus Balanced Target Allocation NR AUD Index for analysis purposes in this report.

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

latest data = 1 months ending Jan-24
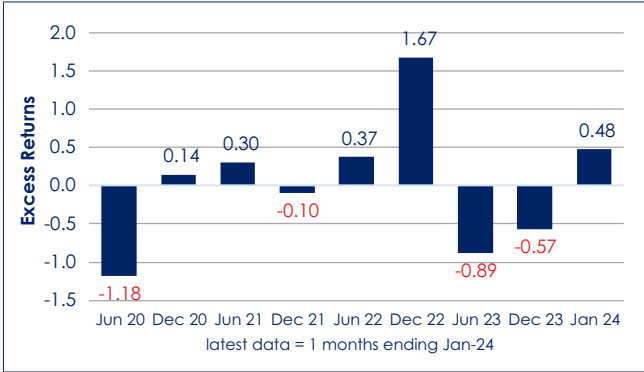
Length of Track Record

The Portfolio has a history of **9.0 years** (or 108 months).

Observations and analysis of returns will have material statistical meaning as a result of the sample size of observations.

Risk Objective

The Portfolio's PDS states that the risk level is:

Conservative: Low to medium; **Moderate:** Medium; **Balanced**: Medium; **Growth**: Medium to high; **Aggressive**: High; **All growth**: High

Model Performance to 31 January 2024 (% p.a.)							
Total Return	**1-Month**	**3-Month**	**6-Month**	**1-Year**	**3-Year**	**5-Year**	**Inception**
Model	1.45	8.40	3.64	7.37	3.87	5.56	5.10
Reference Index	0.97	8.99	4.19	7.53	3.57	5.36	5.29
Peer Average	0.69	8.17	3.72	6.93	3.75	5.02	4.74
Alpha	0.48	-0.59	-0.55	-0.16	0.30	0.19	-0.19

With dividends reinvested. Returns beyond one year are annualised. Return history starts Feb-2015

Reference Index: Morningstar AUS Balance Tgt Alloc NR AUD

Return data used in quantitative analysis is for the Balanced (50/50) Model, and tracked on Blackrock's internal platform - Aladdin

Growth of $10,000 - Balanced
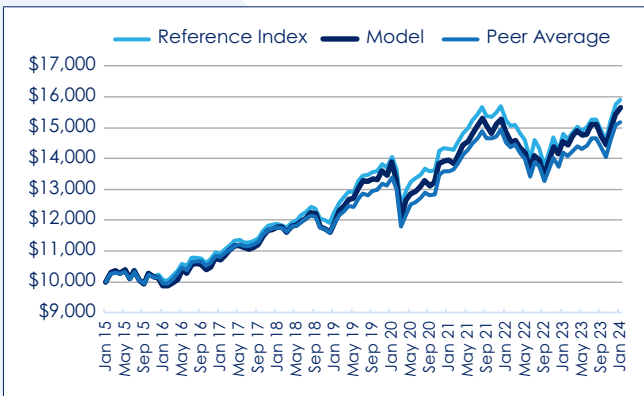
- The Balanced Portfolio has outperformed the peers in all periods and the reference index over 3 and 5-year periods.

- The FUM of the overall Portfolio has grown materially since its inception

- The low cost of the Portfolios, compared with competitor products

- The process for setting and reviewing the Strategic Asset Allocation (SAA), the main driver of returns and controller of risks, is strong

- The remuneration and incentives for the investment staff are aligned with the objectives of the Portfolios

Strengths of the Portfolio

- BlackRock is a well-known and reputable fund manager with funds under management of US$10.01 trillion as of Dec 2023

- The investment team is well-resourced and benefits from access to support services as part of the broader BlackRock Group

- A highly qualified and experienced investment team with senior PMs who have direct investing experience. The key person risk is low

Weaknesses of the Portfolio

- The full allocation of the Portfolios goes into passive/index strategies, which somewhat limits the ability of the Portfolios to generate outperformance (vs. the relevant asset class index) via the active selection of stocks/bonds.

- The Balanced Portfolio has underperformed against the reference index over a 1-year period and since inception.
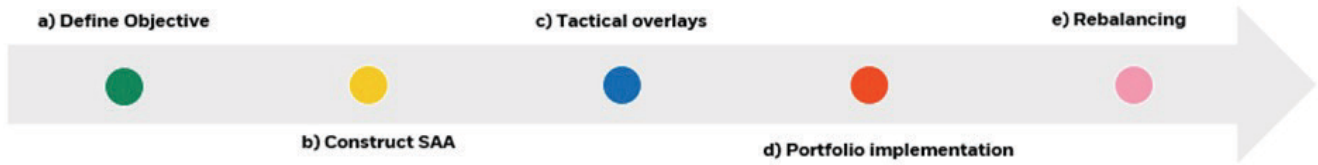
iShares Enhanced Strategic Portfolio - 2024

Other Considerations

- The Enhanced Strategic models are currently offered via the following platforms: AMP North, HUB24, Macquarie, BT Panorama, Praemium, Netwealth, CFS Edge, CFS First Wrap, Mason Stevens, Insignia Rhythm and OpenInvest.

Key Changes since the Last Review

- Former Head of Model Portfolio Solutions APAC, Chris Downing relocated to BlackRock U.S. for personal reasons. Mr. Downing continues to work closely with the APAC model portfolio team but no longer directly oversees the Enhanced Strategic models. Ilyas Chabane, who was previously the Lead Model Manager for the Enhanced Strategic model portfolios, has taken over the role of Head of Model Portfolio Solutions APAC while still providing oversight on these Enhanced Strategic model portfolios. To facilitate a smooth transition, Mr Chabane acted in the capacity of Mr Downing's position twelve months before Mr Downing's relocation and new role within Blackrock.

Investment Process Diagram

a) Define Objective   c) Tactical overlays   e) Rebalancing

b) Construct SAA   d) Portfolio implementation

Process Description

Investment Process	
Research and Portfolio Construction Process	**Idea Generation**
	The idea-generation process hinges on a mix of systematic and discretionary decisions. The construction of the **strategic asset allocation (SAA)** is a key component of the overall portfolio construction.
	The Investment Team use a mean-variance optimisation framework to determine the SAA. BlackRock's long-term capital market assumptions covering return expectations, risk, and correlation assumptions across asset classes are utilised in this process. Tactical signals across value, momentum and fundamental buckets are also developed and reviewed over time to inform the team's market-aware views and guide positioning relative to the SAA.
	Discretionary investment decisions are influenced by various forums: global investment meetings, BlackRock Investment Institute, and discussions with other portfolio managers who possess local expertise. The resulting output is distilled with the model manager's own views and applied to the model universe. It is then discussed with the Australian-based investment committee.
	Research
	The Investment Team use several proprietary in-house models during the portfolio construction process:
	• BlackRock-developed framework for estimating expected returns for the asset classes
	• BlackRock-developed risk model forecasts for expected variance and correlation of returns by asset class
	• Comprehensive stress tests on the portfolios using the Aladdin platform to monitor and simulate how current positions behave under various stress scenarios. BlackRock has built an extensive library and real-world stress scenarios based on historical market events, as well as single-factor and multi-factor stress scenarios, and continuously monitors how the Portfolio would be expected to perform under such scenario conditions.
	There are multiple **investment committee reviews** that the research process goes through. Research is discussed at an Australian-based investment committee and also presented and discussed at the global investment committee.

Investment Process	
Research and Portfolio Construction Process *…continued*	A research approval board is in place which oversees: • Reviewing the proposed research (often with the help of a referee for each project) after the research has been presented to various colleagues with the aim of seeking feedback • Replying to the researcher(s) with a report of elements to investigate, change and further analyse • After the response to the report is presented to the committee, the committee then votes for the approval or rejection **Portfolio Construction** The investment process for the Enhanced models is implemented in the following steps: 1) Define the objective 2) Determine the strategic asset allocation (SAA) 3) Implement tactical tilts on top of the SAA 4) Portfolio Implementation 5) Ongoing monitoring, rebalancing, and feedback *Define the objective* Determine the return and risk objectives, time horizon, liquidity constraints, regulatory framework, and other constraints. *Determine the Strategic Asset Allocation (SAA)* The construction of the **strategic asset allocation** is a key component of the overall portfolio construction process, as it determines the desired long-term exposures. These strategic allocations are guided by BlackRock's long-term return expectations, risk, and correlation assumptions across asset classes. BlackRock uses a mean-variance optimisation framework to determine the optimal risk-adjusted strategic weights. This process is repeated annually to evolve the Portfolio and incorporate updates to the expected return and risk assumptions. *Implement tactical tilts on top of the SAA* Upon setting the target SAA benchmark, BlackRock leverages the proprietary signal set to implement **tactical tilts** and overlays in the Portfolio. The proprietary signal set includes value, momentum, economic surprise and leading indicators. These signals help inform the market-aware thematic views and allow the Manager to take the risk by deviating from the SAA benchmark in areas where there is the potential to garner an additional return above the benchmark. The quantitative signals are complemented by the investment committee's qualitative assessment on areas including market outlook, economic trends and insights from policy experts. The resulting target allocations can vary +/-5% from the SAA.

Investment Process

Research and Portfolio Construction Process

...continued

Tactical approach to asset allocation

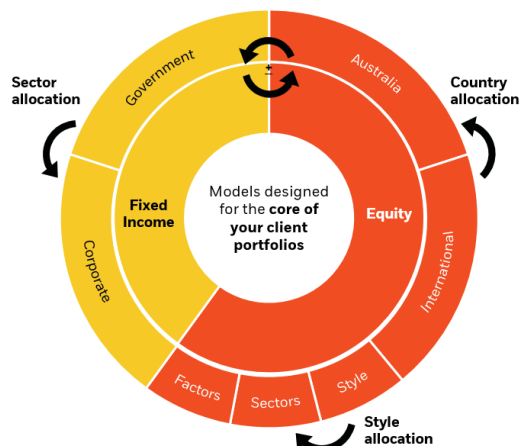Changing market conditions require a flexible approach. Allow BlackRock's deep knowledge to help.

Source: BlackRock. For illustrative purposes only. Subject to change.

Portfolio Implementation

Upon determining the tactical tilts, the Manager uses ETF building blocks for the implementation of the model portfolios.

This process considers the parameters of the underlying ETFs and their benchmarks, e.g. expected tracking error, expected t-cost, implementation efficiency and turnover.

Ongoing monitoring, rebalancing, and feedback

The ongoing portfolio management and monitoring of the underlying sub-funds is carried out by the **Multi-Asset Strategies & Solutions (MASS)** team in Australia.

The Portfolio is tracked and monitored on the Aladdin platform in the form of a theoretical paper portfolio, enabling 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.

Asset Allocation process

The growth/defensive split is kept consistent over time and is expected to stay within +/-10% of the below allocations.

- Conservative Portfolio: 15% growth assets and 85% defensive assets
- Moderate Portfolio: 30% growth assets and 70% defensive assets
- Balanced Portfolio: 50% growth assets and 50% defensive assets
- Growth Portfolio: 70% growth assets and 30% defensive assets
- Aggressive Portfolio: 85% growth assets and 15% defensive assets
- All Growth Portfolio: 98% growth assets and 2% defensive assets

Investment Process			

Research and Portfolio Construction Process

...continued

While the overall growth/defensive splits are kept relatively stable over time, the underlying asset class allocations can vary depending on the outcome of the SAA & TAA review. Please refer to the tables below for asset allocation ranges.

Balanced Portfolio:

	Minimum	Maximum	Expected long-term average position
Australian Shares	0%	36%	19%
Global Shares	15%	55%	31%
Other Growth Assets	0%	10%	0%
Growth Assets	**40%**	**60%**	**50%**
Australian Fixed Interest	16%	54%	30%
Global Fixed Interest	0%	30%	12%
Defensive Alternatives	0%	15%	0.0%
Cash	2%	16%	8%
Defensive Assets	**40%**	**60%**	**50%**

Sell Discipline

The Manager tactically rebalances the portfolios 4-6 times a year as market conditions change.

As a rule of thumb, BlackRock rebalances the portfolio every quarter. The Investment Team has the option to rebalance outside of the scheduled quarterly rebalances in the event of significant market events (e.g. COVID shock in 2020 or Russian-Ukraine oil shock) in order to mitigate downside risk.

The decision to conduct an off-cycle rebalance is considered part of the Total Performance Management framework, where risks, returns and transaction costs are all considered.

Risk Management

All building blocks are liquid ETFs, which are tracked on BlackRock's Aladdin platform. As such, risk management and control procedures can be implemented efficiently.

Strategy guidelines are explicitly built into BlackRock's platform and are monitored daily. The portfolio managers monitor positions, risk, liquidity, trading limits and tracking error via BlackRock's portfolio management and compliance applications.

The portfolios also benefit from oversight by BlackRock's Risk & Quantitative Analytics (RQA) Group which collaborates closely with the various investment teams at BlackRock.

RQA leads BlackRock's portfolio risk analytics duties by providing independent top-down and bottom-up 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.

The investment team, in collaboration with RQA, conduct stress tests and scenario analysis and identify potential risk exposures in the portfolio.

The portfolios are also tracked and monitored on the Aladdin platform in the form of a paper portfolio, enabling portfolio management, performance attribution, analytics, stress testing, liquidity analysis and other risk management functionality.

Investment Process

Research and Portfolio Construction Process

...continued

Aladdin is used for stress testing and scenario analysis (both on a monthly and ad-hoc basis) to monitor downside risks as well as for daily portfolio compliance monitoring to ensure the portfolios remain consistent with the mandate agreed upon.

Any potential breaches are escalated in the manner as laid out in the legal agreements.

Multi-Factor Risk Model

BlackRock uses a multi-factor risk model that incorporates over 2,200 distinct risk factors across equity, credit, FX and rates.

The Model uses historical factor returns derived using statistical regression analysis to measure the volatility of the factors. The Portfolio's exposure to each factor is measured through observable characteristics of the underlying securities, including fundamental characteristics such as financial ratios and/or specific attributes of a given security such as yield, geographic domicile and currency exposure.

The level of exposure to a factor of a given security corresponds to where the security ranks relative to the distribution of all securities in the universe for the characteristic in question. For example, whether the price-to-book ratio for a company is very high or very low relative to other companies. Historical covariance across the factors is taken into account to measure the total estimated volatility of the overall portfolio.

Aladdin® for Risk Decomposition

Risk analytics of the broad risk factors underlying the portfolio

Legend: ■ Rate Risk ■ Credit Risk ■ FX Risk ■ Inflation Risk ■ Equity Risk ● Total Standard Deviation
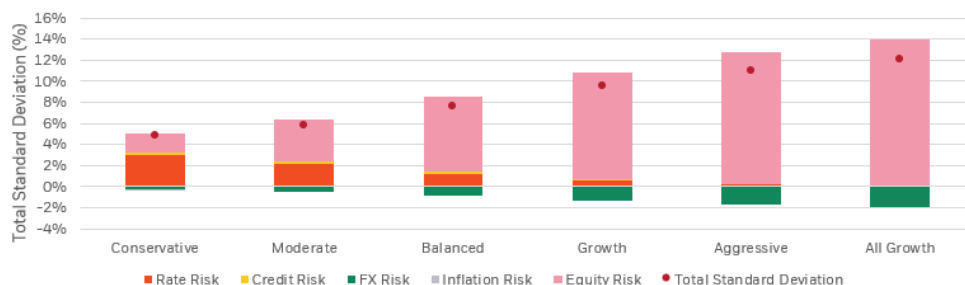
Risk Factor	Conservative	Moderate	Balanced	Growth	Aggressive	All Growth
Rate Risk	3.0%	2.1%	1.2%	0.6%	0.2%	0.0%
Credit Risk	0.3%	0.3%	0.2%	0.2%	0.1%	0.0%
Inflation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FX Risk	-0.2%	-0.5%	-0.9%	-1.3%	-1.7%	-1.9%
Equity Risk	1.8%	4.0%	7.0%	10.1%	12.4%	13.9%
Total Standard Deviation	**4.9%**	**5.9%**	**7.6%**	**9.6%**	**11.1%**	**12.1%**

Source: BlackRock, as of 30 November 2023. Risk management cannot fully eliminate the risk of investment loss. The estimate uses the risk factor exposures and volatilities of the underlying funds, based on BlackRock's risk models and takes into account the correlations of the factors across the portfolio. It is not meant to be a prediction of fund or model volatility and actual volatility of any portfolio based in whole or in part on the models shown will vary and may be higher. Risk model used is BFRE World Equity, 120 months with 36-month half life.

Hedging Policy

BlackRock seeks to remove currency risks for fixed income (i.e. fully hedged) while managing currency risks for equities through changes to the hedge ratio in different market cycles.

Investment Process

Research and Portfolio Construction Process

...continued

Portfolio Characteristics

Portfolio Biases/Preferences

Portfolio Turnover and Active Share

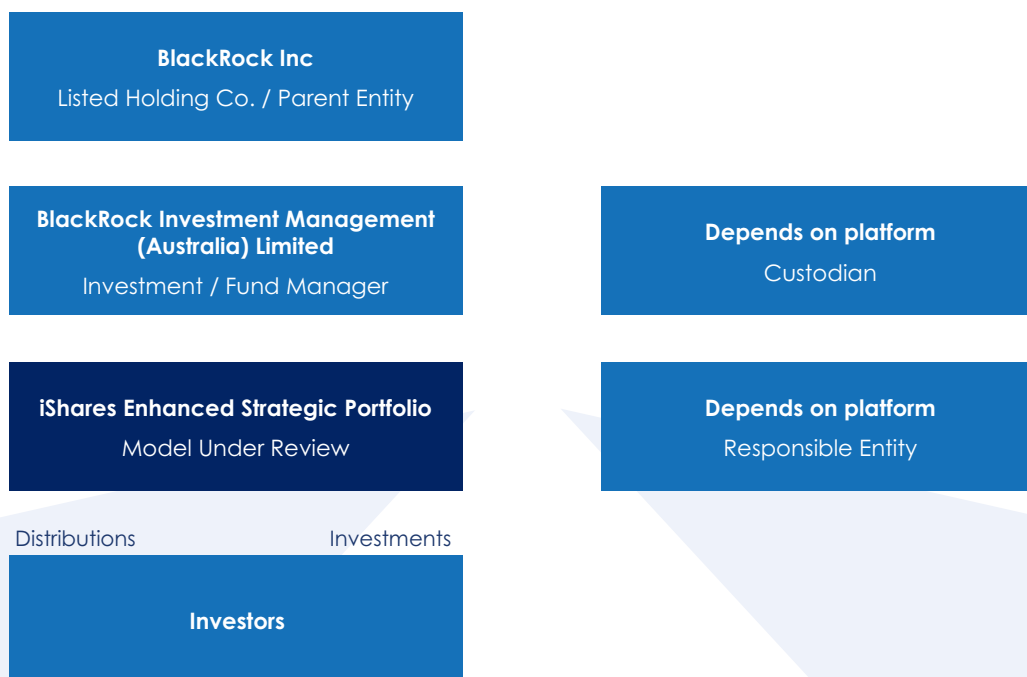Since inception, portfolio turnover has been low (circa 50 - 80%) and is expected to remain low.

Liquidity

All underlying building blocks are listed ETFs that track highly liquid and well-defined market indices, and liquidity risk is managed prudently through a thorough analysis of the liquidity characteristics of the underlying securities to which a fund is exposed. Trading is also planned ahead to minimise the adverse consequences of low liquidity.

Leverage

This Portfolio does <u>not</u> employ direct leverage (through borrowing by the Portfolio) or economic leverage (through the use of derivatives).

Key Counterparties

BlackRock Inc
Listed Holding Co. / Parent Entity

BlackRock Investment Management (Australia) Limited
Investment / Fund Manager

Depends on platform
Custodian

iShares Enhanced Strategic Portfolio
Model Under Review

Depends on platform
Responsible Entity

Distributions   Investments

Investors

Parent Company

The parent company is **BlackRock Inc** which is listed on the New York Stock Exchange and provides a broad range of investment management and technology services to institutional and retail clients worldwide.

As of Dec 2023, BlackRock managed US $10.01 trillion across equity, fixed income, alternatives, multi-asset, and cash management strategies for its clients. The firm's diversified investment platform and technology offerings have provided stable financial results allowing BlackRock to be profitable over the past ten years while expanding its operating margins over this time.

BlackRock's liquidity position is strong, and its businesses are largely fee-based, thereby generating strong recurring cash flow from operations. Over the years, it has invested a great deal in technology and tools to assist with investment management. This includes its proprietary Aladdin system, which is used extensively for risk management, not only by BlackRock but by other investment managers.

Investment Manager / Model Manager

The Investment Manager of the Portfolios is **BlackRock Investment Management (Australia) Limited**.

Governance

Responsible Entity

The Responsible entity depends on the platforms.

Management Risk

Investment management businesses rely on the operational capabilities of key counterparties. For any investment portfolio, 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 Model or associated entities.

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

Funds under Management (FUM)

FUM for Portfolio under Review ($mill) – Total (All risk portfolios)
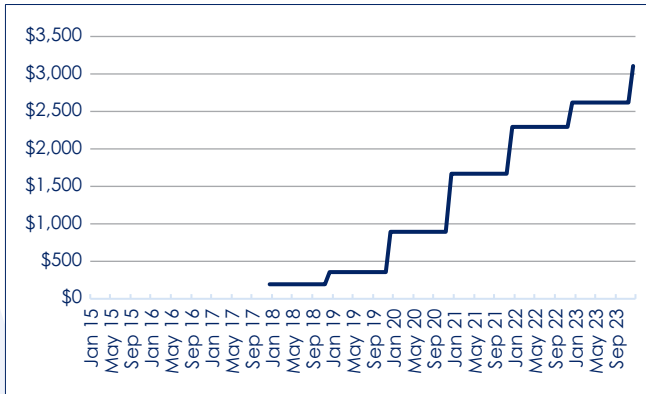
<u>**Distributions**</u>

Distributions will occur according to the practices and policies of the various platform providers. They will be subject to the availability and timing of distributable income flowing from the component funds within the models.

Payments of distribution are subject to the underlying Portfolio provider's distribution policy and the platform in which the Portfolio is available for investment.

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 Enhanced Strategic models are 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 MASS group is central to BlackRock's portfolio construction, asset allocation, and active management process. The team draws on the full range of BlackRock's investment capabilities to deliver investment outcomes.

The investment committee for the models includes senior members MASS teams: **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).**

In the last twelve months, former Head of Model Portfolio Solutions APAC, Chris Downing, relocated to BlackRock U.S. for personal reasons. Mr. Downing continues to work closely with the APAC model portfolio team but no longer directly oversees the Enhanced Strategic models. Given his new role focusing specifically on global signal research for model portfolios, he remains part of BlackRock's global signal research process. Ilyas Chabane, previously the Lead Model Manager for the Enhanced Strategic model portfolios, has taken over the Head of Model Portfolio Solutions APAC role while still providing oversight on these Enhanced Strategic model portfolios. To facilitate a smooth transition, Mr Chabane acted in the capacity of Mr Downing's position twelve months before Mr Downing's relocation and new role within the company.

In March 2023, the MASS team appointed a new model manager, Tatiana Bernard, as an additional member to the investment committee overseeing the models. Ms Bernard was previously a Portfolio Manager within MASS, managing the suite of diversified multi-asset funds and has been with BlackRock since 2017.

Katie Petering, Uwe Helmes, Beatrice Yeo, and Upasana Khera are the Team's Investment/Product Strategists.

Collectively, the team is responsible for reviewing the portfolios, identifying appropriate building blocks, and performing due diligence on sub-strategies that meet the team's strict investment and sustainability criteria.

To help ensure continuity of leadership and management, BlackRock applies a team approach to investment strategy, portfolio management, trading, client services and operations for all of its investment teams. The approach is used to safeguard clients from personnel changes and avoids depending on the expertise of one or two people.

In the event of future departures, BlackRock would rely on the remaining team members and the broader platform of the MASS team to ensure continuity. This was the case with Chris Downing's departure in 2023.

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. 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	BlackRock Portfolio Manager within MASS, managing a suite of diversified multi-asset funds.

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

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 or 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 the annual bonus is paid in the form of restricted stock awards that vest pro rata over three years from the date of the award.

Compensation decisions for employees are made once per annum in January following the end of the performance year. This timing allows full-year financial results and other non-financial goals and objectives to be considered.

Although the framework for compensation decision-making 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.

Following the end of the performance year, BlackRock's Management Development and Compensation Committee approves the final bonus pool amount for the firm.

Discretionary Bonus for Investment Staff

Discretionary incentive compensation is a function of several components:

- The performance of BlackRock, Inc.

- The performance of the portfolio manager's group within BlackRock.

- The investment performance, including risk-adjusted returns, of the firm's assets under management or supervision by that portfolio manager relative to predetermined benchmarks.

- The individual's performance and contribution to the overall performance of these portfolios and BlackRock.

In most cases, these benchmarks are the same as the benchmark or benchmarks against which the performance of the accounts managed by the portfolio managers is measured.

Among other things, BlackRock's Chief Investment Officers make a subjective determination with respect to each portfolio manager's compensation based on the performance of the accounts managed by each portfolio manager relative to the various benchmarks.

Performance is generally assessed over trailing 1-,3-, and 5-year periods relative to benchmarks plus a target for excess returns versus the benchmark 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 optimising 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	Model	Peer Avg
Management Fee % p.a.	0.05%	0.69%
Expense Recovery/Other Costs % p.a.	–	–
Performance Fee %	–	–
Total Cost Ratio TCR % p.a.	0.24%	0.74%
Buy Spread %*	0.10%	0.13%
Sell Spread %*	0.10%	0.13%

* This spread reflects transaction costs relating to the turnover of the portfolio.

Management Fee

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

Performance Fee

The Model does not charge a performance fee.

SQM Research observes that:

- *The Model management fee is 0.05% p.a., which is 64 basis points lower than the peer group average of 0.69% p.a.*

- *The Total Cost Ratio (TCR) is 0.24% p.a. for the Balanced Portfolio, which is 50 basis points lower than the peer group average of 0.74% p.a.*

Risk/Return Data to 31 January 2024							
Total Return	**1-Month**	**3-Month**	**6-Month**	**1-Year**	**3-Year**	**5-Year**	**Inception**
Model	1.45	8.40	3.64	7.37	3.87	5.56	5.10
Reference Index	0.97	8.99	4.19	7.53	3.57	5.36	5.29
Peer Average	0.69	8.17	3.72	6.93	3.75	5.02	4.74
Alpha	0.48	-0.59	-0.55	-0.16	0.30	0.19	-0.19
Metrics				**1-Year**	**3-Year**	**5-Year**	**Inception**
Tracking Error (% p.a.) - Model				1.28	2.01	1.87	1.69
Tracking Error (% p.a.) - Peer Average				1.39	1.87	2.03	1.82
Information Ratio - Model				-0.13	0.15	0.10	-0.11
Information Ratio - Peer Average				-0.83	0.03	-0.20	-0.04
Sharpe Ratio - Model				0.50	0.27	0.48	0.46
Sharpe Ratio - Peer Average				0.46	0.28	0.45	0.45
Volatility - Model (% p.a.)				6.78	7.56	8.50	7.37
Volatility - Peer Average (% p.a.)				6.54	7.21	8.02	6.77
Volatility - Reference Index (% p.a.)				7.09	8.00	8.27	6.96
Beta based on stated Reference Index				0.94	0.91	1.00	1.03

Distributions reinvested. Returns beyond one year are annualised. Return history starts Feb-2015

Reference Index: Morningstar AUS Balance Tgt Alloc NR AUD

Return data used in quantitative analysis is for the Balanced (50/50) Model, and tracked on Blackrock's internal platform - Aladdin

Quantitative Insight[1]

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

Returns
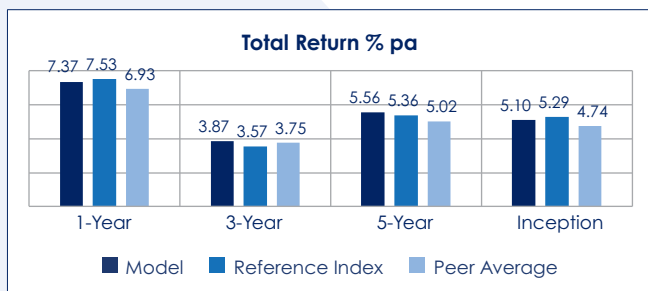
Excess Returns (Alpha)
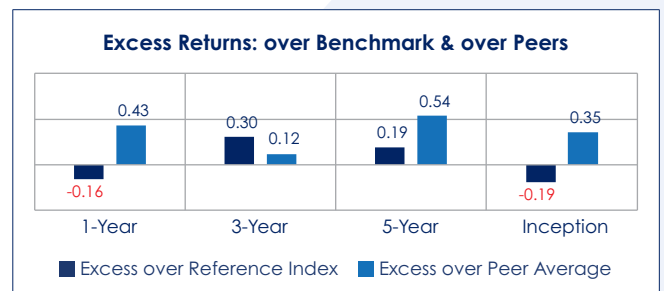
The Portfolio has displayed strong performance across most periods when compared with the reference index and peers.

The Portfolio has outperformed the reference index in all periods except for the 1-Year period and since inception. The Portfolio has outperformed its peers in all periods.

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

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

Risk

Volatility % pa

	1-Year	3-Year	5-Year	Inception
Volatility - Model (% p.a.)	6.78	7.56	8.50	7.37
Volatility - Reference Index (% p.a.)	7.09	8.00	8.27	6.96
Volatility - Peer Average (% p.a.)	6.54	7.21	8.02	6.77
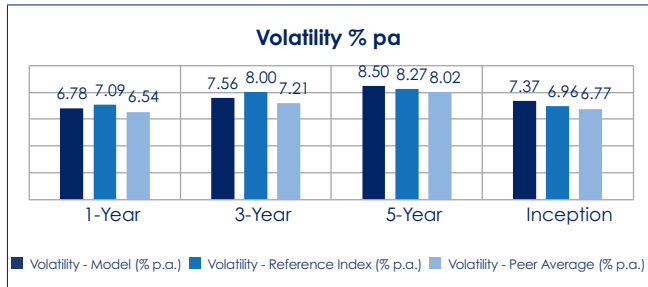
The Model's **volatility** (annualised standard deviation of monthly returns) has tended to be around that of the reference index and peers.

Tracking Error % pa

	1-Year	3-Year	5-Year	Inception
Tracking Error (% p.a.) - Model	1.28	2.01	1.87	1.69
Tracking Error (% p.a.) - Peer Average	1.39	1.87	2.03	1.82
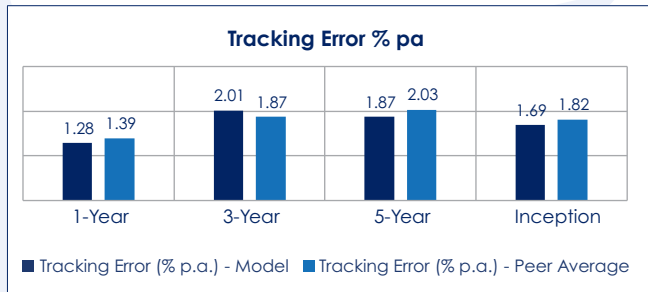
The Model's **tracking error** (annualised standard deviation of monthly **excess** returns) has tended to be around that of the reference index and peers.

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 Model.

Drawdowns

Drawdown Summary			
Drawdown Size (peak-to-trough)			
	Model	**Ref Index**	**Peers**
Average	-3.38%	-2.99%	-2.92%
Number	13	14	14
Smallest	-0.30%	-0.03%	-0.27%
Largest	-12.96%	-12.45%	-12.54%
Length of Drawdown (in months)			
	Model	**Ref Index**	**Peers**
Average	6.3	5.7	5.7

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

Average drawdowns have been worse than the peer average and reference index.

Upside/Downside Capture

	Downside Capture		Upside Capture	
	3 years	**Inception**	**3 years**	**Inception**
Model	97.5%	108.5%	100.1%	103.5%
Peer Average	83.5%	91.8%	89.0%	91.1%

Risk-Adjusted Returns

Sharpe Ratio

	1-Year	3-Year	5-Year	Inception
Sharpe Ratio - Model	0.50	0.27	0.48	0.46
Sharpe Ratio - Peer Average	0.46	0.28	0.45	0.45

Information Ratio

	1-Year	3-Year	5-Year	Inception
Information Ratio - Model	-0.13	0.15	0.10	-0.11
Information Ratio - Peer Average	-0.83	0.03	-0.20	-0.04
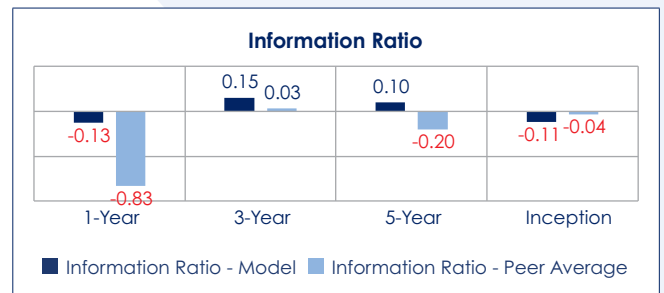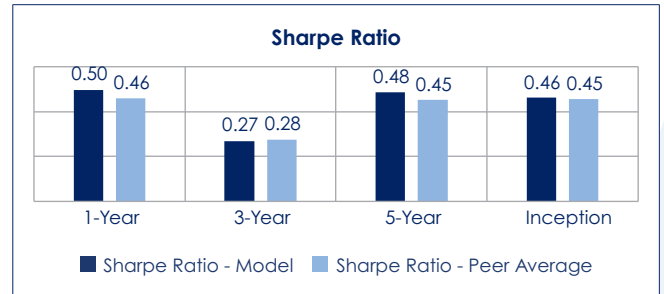
The Portfolio's risk-adjusted returns (as measured by Sharpe and Information ratios) have been modestly better than the peer average.

Correlation of Model to Asset Classes

Market	3 years	Inception	Market Indexes
Aust Bonds	+77.1%	+46.3%	Bloomberg AusBond Composite 0+Y TR
Aust Equity	+83.6%	+91.3%	S&P/ASX 300 TR
Global Bonds	+80.1%	+50.8%	Bloomberg Global Aggregate Hdg AUD
Global Equity	+84.5%	+85.4%	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

Tail Risk

*(The analysis in the table below looks at the **tail risk performance relationship of the Portfolio to the ASX300**, a practice that SQM has set as common across asset classes in Fund and Model reviews. This approach recognises that for the large bulk of financial planner clients, their key traditional asset class **risk** regarding **size** and **volatility** is to Australian equities. Exploring that relationship is useful regardless of the asset class of the Model itself, as it is helpful to understand how a Model has acted in times of Australian equity market stress in terms of softening or exaggerating the negative performance experienced at such times.)*

The table below details the **largest negative monthly returns** for the ASX 300 <u>since the inception of the Model</u>. This is compared to the Model's performance over the same months.

Extreme Market Returns vs Model Return Same Month

Index: S&P/ASX 300 TR   **From Feb-15 to Jan-24**

Rank	Date	Market	Model	Difference
1	Mar-20	-20.83%	-9.46%	+11.37%
2	Jun-22	-8.97%	-3.79%	+5.18%
3	Feb-20	-7.76%	-3.87%	+3.89%
4	Aug-15	-7.70%	-3.13%	+4.57%
5	Jan-22	-6.45%	-2.57%	+3.88%
6	Sep-22	-6.29%	-3.76%	+2.53%
7	Oct-18	-6.16%	-3.58%	+2.57%
8	Jan-16	-5.45%	-2.40%	+3.05%
9	Jun-15	-5.32%	-2.78%	+2.54%
10	Oct-23	-3.80%	-2.09%	+1.71%
Totals		**-78.74%**	**-37.44%**	**+41.29%**

			No. of Months
Correlation	+97.7%	Positive Return	0
Capture	+47.6%	Outperform	10

Tail Risk Observations:

The data in the table above indicate that the Portfolio displays material **defensive characteristics** in the face of extreme Australian equity tail risk (in the context of it being a **Balanced** type Portfolio, not a defensive Fixed Interest Portfolio).

Snail Trail

The snail trail chart and tables below show the combination of the Portfolio's rolling 3-year excess returns and rolling 3-year excess volatility.

There are 73 observations in total.

The two tables below display the distribution of these observations and their overall frequency across the risk/return quadrants.

Snail Trail Distribution			
Frequency	**Lo-Vol**	**Hi-Vol**	**Total**
Hi-Return	**11**	13	24
Lo-Return	0	49	49
Total	**11**	**62**	**73**
73 rolling 3-year observations			
% of Total	**Lo-Vol**	**Hi-Vol**	**Total**
Hi-Return	15.1%	17.8%	32.9%
Lo-Return	0.0%	67.1%	67.1%
Total	**15.1%**	**84.9%**	**100.0%**
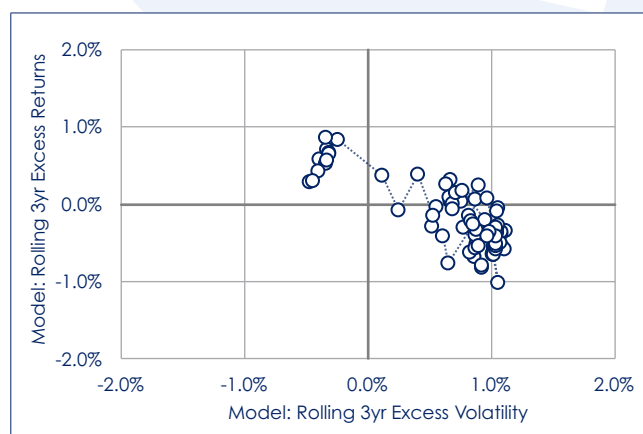
In assessing a snail trail it is important to note the following:

Q1 upper left-hand quadrant - higher return than the Model's market index with lower volatility (less risk). This is the optimal position.

Q2 upper right-hand quadrant - higher return than the Model's market index with higher volatility (more risk). This can often be a desirable position depending on the attractiveness of the Sharpe ratios produced in this zone. It is important to note that in the case of inflation or cash-style benchmarks, the Q1 top left-hand quadrant is unachievable as it is not possible to deliver lower volatility than what is virtually zero for the benchmark. In such cases, the Q2 zone is the optimal position.

Q3 lower left-hand quadrant - lower return than the Model's market index with lower volatility (less risk). Less than ideal, and Sharpe ratios can assist in assessing the risk/return trade-off in this zone.

Q4 lower right-hand quadrant - lower return than the Model's market index with higher volatility (more risk). The least desirable outcome.

Consistency

The more "bunched together" the cluster of dots, the more consistent is the performance. A second indicator of consistency is the trail's nomadic nature. Trails that roam across multiple quadrants over time are indicating **low consistency** in the Model's risk-return profile. The quadrant that **contains the bulk** of the Model's snail trail is likely to be more representative of the Model's risk/return characteristics and identity.

Annual Returns

Year	Model	Reference Index	Peer Avg	vs. Ref Index	vs. Peers
2016	+6.35	+7.11	+6.71	-0.76	-0.36
2017	+8.69	+8.21	+8.27	+0.48	+0.43
2018	-0.68	+0.57	-1.15	-1.26	+0.46
2019	+15.74	+14.99	+13.26	+0.75	+2.48
2020	+3.50	+4.63	+3.44	-1.13	+0.06
2021	+9.76	+9.55	+10.10	+0.21	-0.35
2022	-7.35	-9.22	-8.13	+1.88	+0.79
2023	+8.93	+10.46	+9.85	-1.53	-0.92
Jan-24	+1.45	+0.97	+0.69	+0.48	+0.76

2024 data = 1 months ending Jan-24

Return and Risk

Rolling Returns
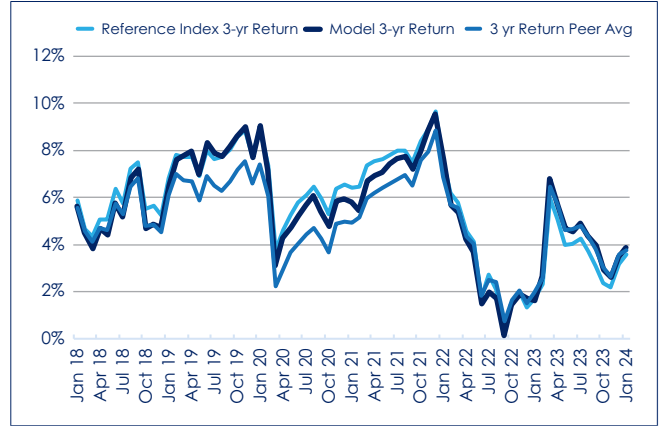
Rolling Excess Returns
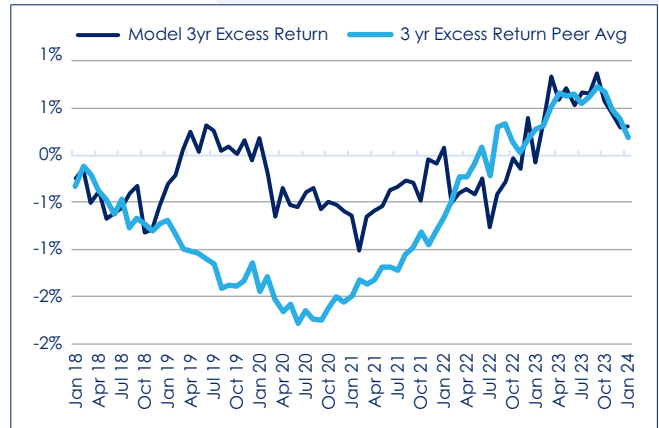
Rolling Correlation
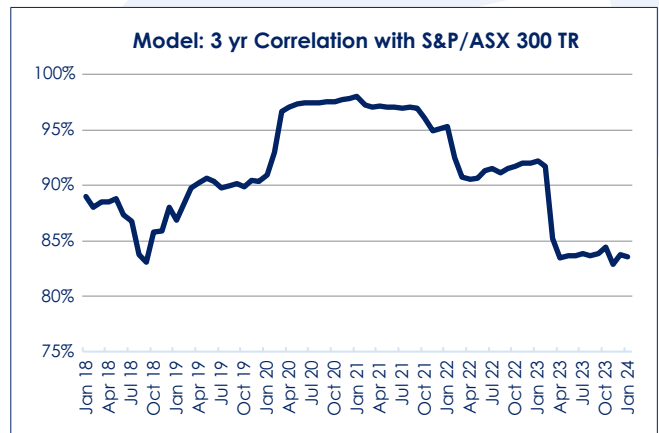
Return and Risk

Cumulative Excess Returns
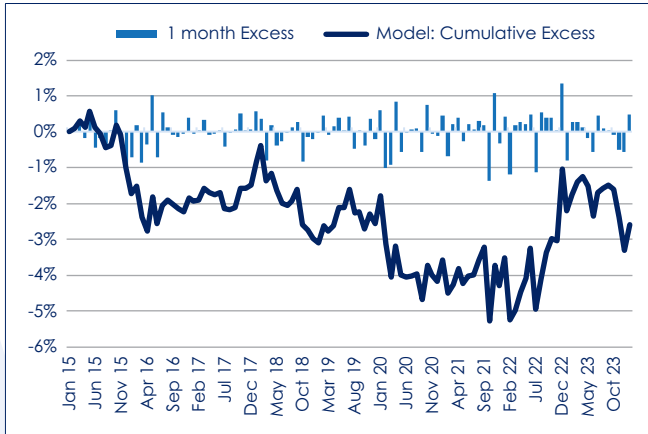
Drawdowns
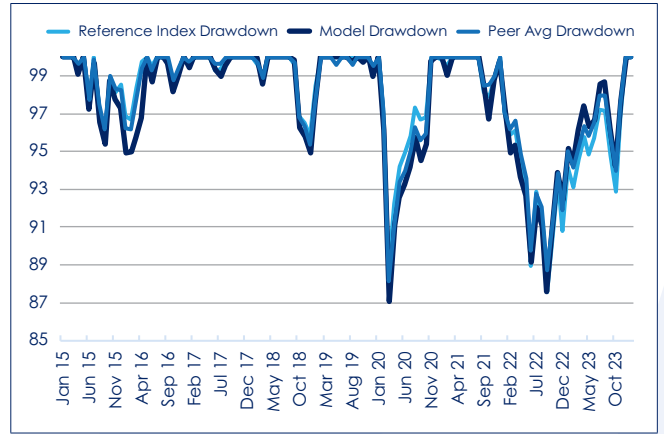
Rolling Volatility
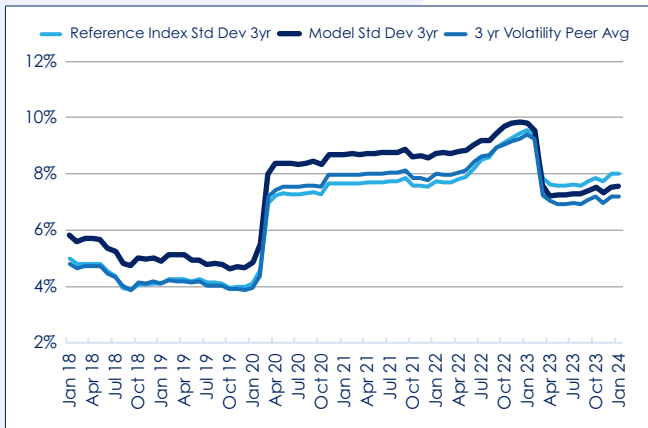
Rolling Sharpe Ratio
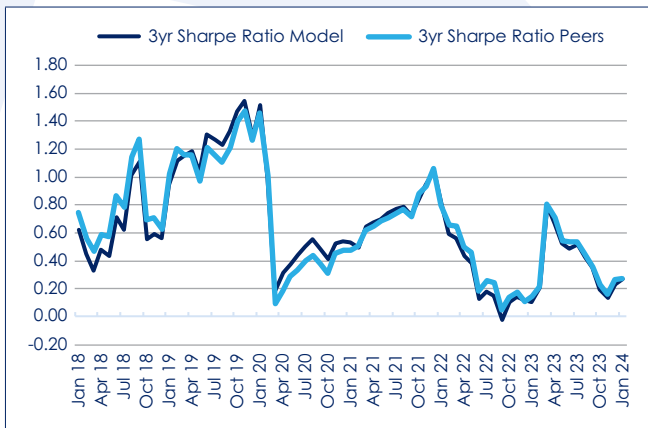
The table below outlines limits on the Model's asset allocation and other risk parameters:

Model Constraints and Risk Limits	Permitted Range or Limit
Australia Fixed Income	14% - 54%
International Fixed Income	0%-30%
Australian Equity	0%-36%
International Equity	15%-55%
Cash	2%-15%
Other Constraints	
Maximum weight: single security	55.0%

Top 5 Holdings*

Top 5 Positions by Weight (% of Model)				
Name	Weight	Currency	Asset Class	Country/Region
ISHARES CORE COMPOSITE BOND ETF	23.2%	AUD	Australian Fixed Income	Australia
ISHARES CORE S&P/ASX 200 ETF	17.9%	AUD	Australian Equities	Australia
ISHARES S&P 500 ETF	11.2%	USD	International Equities	International
ISHARES TREASURY ETF	5.9%	AUD	Australian Fixed Income	Australia
ISHARES S&P 500 (AUD HEDGED) ETF	5.3%	AUD	International Equities	International

* As reported to SQM at the report date – holdings will change over time.

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 Reference Index and is calculated as

Alpha = Fund Return – Reference Index 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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