

SEEKING QUALITY

CAPTURING INTERNATIONAL QUALITY WITHIN A DIVERSIFIED ETF

iShares MSCI World ex Australia Quality ETF

Fund description

The iShares MSCI World ex Australia Quality ETF (**IQLT**) provides targeted exposure to large and mid-cap developed international stocks exhibiting positive fundamentals (high return on equity, stable year-over-year earnings growth and low financial leverage). IQLT aims to track the performance of the MSCI World ex Australia Sector Capped Select Index.

Target market summary

This product is likely to be appropriate for a consumer:

- who is seeking capital growth;
- using the product for a major allocation of their portfolio or less;
- with a minimum investment timeframe of 5 years; and
- with a high to very high risk/return profile

Benefits of investing in IQLT



Quality standout

Exposure to global equities with higher profitability, lower leverage and consistent earnings growth have **historically outperformed** the comparable cap weighted index¹.



40+ years of Factor Investing BlackRock began using factors for tactical asset allocations as early as 1977 and launched single factor ETFs in 2011.



Tap into the business cycle

Tactically allocation to quality can provide a defensive factor that tends to **perform best during an economic slowdown and contraction**.

¹ Source: MSCI as of Dec. 31, 2023. See page 2.

There is no guarantee that a positive investment outcome will be achieved. While the investment approach described herein seeks to control risk, risk cannot be eliminated.

Material differences may exist between quality stocks and compared, such as sectors, countries or markets covered. Past performance is not a reliable indicator of future performance.

Fund details

Ticker	IQLT
Currency	AUD
Exchange	CBOE Australia
Distribution frequency	Semi-Annual
Inception date	14 February 2024
Asset class	Equity
Benchmark	MSCI World ex Australia Quality Sector Capped Select Index
Management fee	0.25%
Fund data	Fact sheet and data

Fund features

1

Daily liquidity: Just like individual shares, IQLT can be bought and sold on exchange

2

Transparency: Daily transparency of the portfolio holdings, performance and characteristics

3

Cost-effective: An annual management fee of just 0.25%

AUD Hedged ETF available: express your views on currency movements through **IHQL**

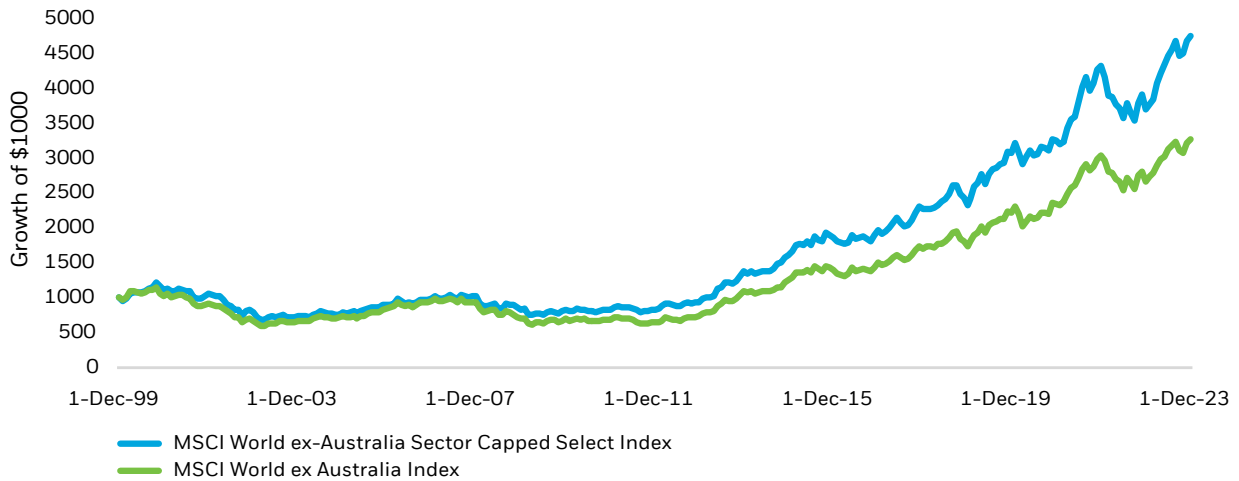
Quality investing explained

Quality is measured using a multi-metric approach looking at **Profitability, Leverage and Earnings stability**.

These metrics are compared on a sector level so that the comparison is “like vs like.” For example, earnings and book values are hard to compare for financials vs industrials.

The index applies stock limits for diversification and sector constraints compared to the market². Sector deviations are an element of risk that we can control, and unlike factors, research shows that over the long term there is no persistent reward for unintended sectors bets.

Figure 1: Long-term outperformance of global quality



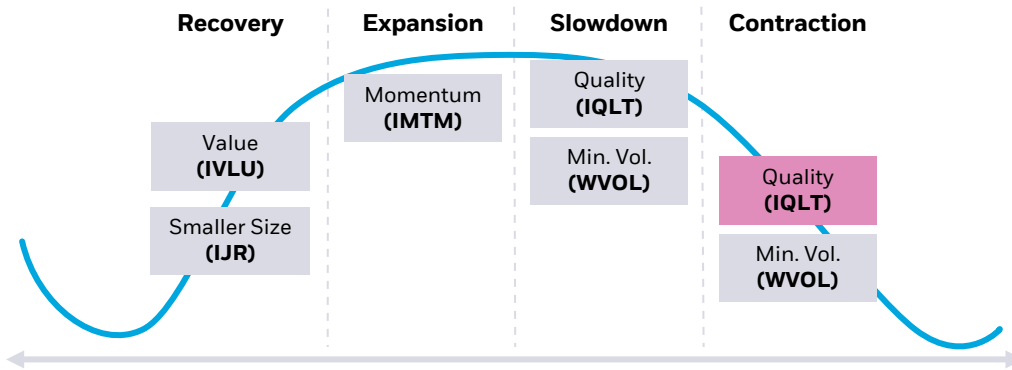
Source: MSCI as of Dec. 31, 2023.

Past performance is not a reliable indicator of future performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index.

Using factors in two ways

1. A portfolio allocation to a factor exposure to pursue greater expected returns or manage the overall level of expected risk in a portfolio. Figure 1 above shows the long-term persistent outperformance of the MSCI World ex Australia Quality Sector Capped Index compared to the market weighed index.
2. For a tactical allocation within the business cycle. Investors tend to have a preference for companies that have quality stocks with high levels of earnings during periods of economic slowdown as the factor provides portfolio ballast (figure 2).

Figure 2: When factors tend to outperform in the cycle



Australian listed iShares ETF ticker codes shown for each factor. All exposures except for Size (US equity) are Developed World ex Australia Index.

² The market is represented by the parent index MSCI World Ex Australia Index.

Want to know more?

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