

# VALUE OPPORTUNITY

## LOOK FOR BETTER VALUE IN YOUR GLOBAL INVESTMENTS

### iShares MSCI World ex Australia Value ETF

#### Fund description

The iShares MSCI World ex Australia Quality ETF (**IVLU**) provides targeted exposure to large and mid-cap developed international stocks with lower valuations based on fundamentals. IVLU aims to track the performance of the MSCI World ex Australia Enhanced Value 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 medium to high risk/return profile

#### Benefits of investing in IVLU



##### Backing the undervalued

Exposure to developed market stocks that are **undervalued compared to their peers**. An approach historically favoured by active managers to deliver outperformance<sup>1</sup> over time can now be accessed through a cost-effective index strategy.



**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

Gain exposure to a pro-cyclical factor that tends to **outperform during an economic recovery**.

<sup>1</sup> 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 value stocks and compared, such as sectors, countries or markets covered. Past performance is not a reliable indicator of future performance.

#### Fund details

|                               |  |
|-------------------------------|--|
| <b>Ticker</b>                 | IVLU   |
| <b>Currency</b>               | AUD  |
| <b>Exchange</b>               | CBOE Australia                               |
| <b>Distribution frequency</b> | Semi-Annual                                  |
| <b>Inception date</b>         | 14 February 2024                             |
| <b>Asset class</b>            | Equity                                       |
| <b>Benchmark</b>              | MSCI World ex Australia Enhanced Value Index |
| <b>Management fee</b>         | 0.25%  |
| <b>Fund data</b>              | <a href="#">Fact sheet and data</a>          |

#### Fund features

**1**

**Daily liquidity:** Just like individual shares, IVLU 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 **IVHG**

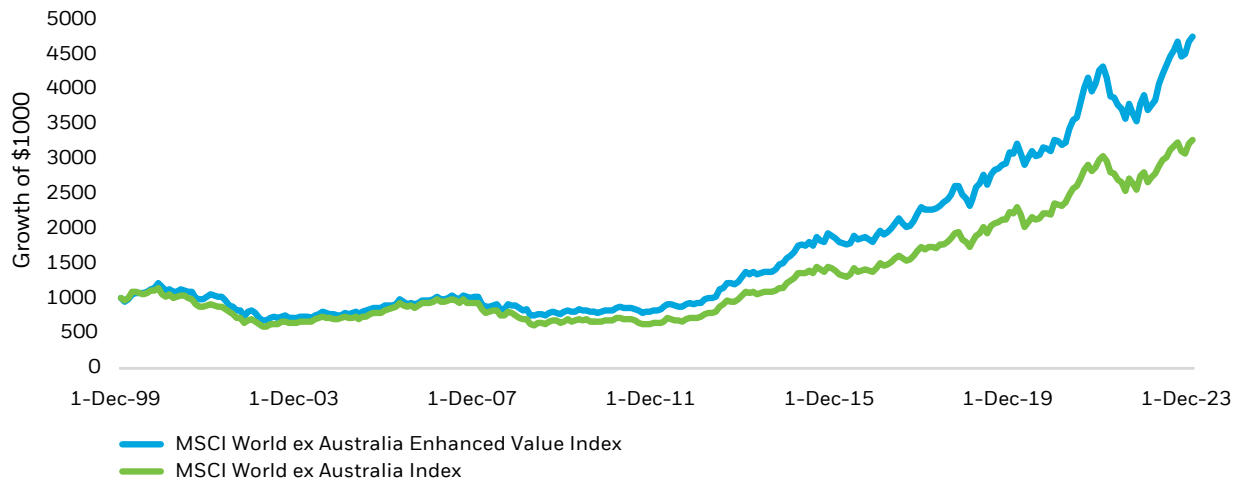
# Value investing explained

Three key metrics define the index's approach to identifying undervalued stocks: **price-to-book ratio, forward price-to-earnings and enterprise value to cash flow from operations**. While we do not have a crystal ball, we think a combination of both backward- and forward-looking metrics the index uses may make sense.

These metrics are compared on a sector level so that the comparison is "like vs like." For example, price to book ratios, are hard to compare for financials vs industrials.

The index applies sector constraints compared to the market<sup>2</sup> and targets a broad diversified portfolio. 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 value**



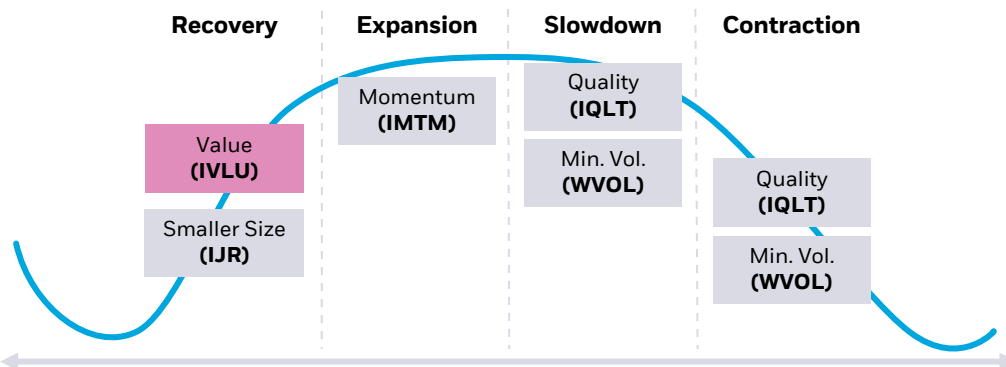
Source: MSCI as of Dec. 31, 2023.

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. 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 World ex Australia Value 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 are considered as underdogs that tend to rally during periods of economic recovery. (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.

<sup>2</sup> The market is represented by the parent index MSCI World Ex Australia Index.

## Want to know more?

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### IMPORTANT INFORMATION

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