

BlackRock GSS ESG**Screened Model Portfolios**

March 2025

ANNUAL STRATEGIC ASSET ALLOCATION (SAA) REVIEW

We recently conducted our annual review of the portfolios' strategic asset allocation (SAA), where we re-assessed the latest capital market assumptions, investment universe and strategic holdings of the portfolio. These SAA changes were implemented during the latest portfolio rebalance on 6th March.

KEY SAA CHANGES

Re-align growth/defensive split back towards long-term target amid greater dispersion of potential market outcomes

Reduce Australian equities against the backdrop of elevated valuations and relatively weak domestic earnings outlook

Further diversify defensive allocations by increasing the exposure to global bonds and cash, funded from Australian bonds

ASSET CLASS VIEWS

Asset Class	View	Rationale
Growth/Defensive Split	Trim	Following a risk-on stance in 2024, we're moving the growth/defensive split back to the long-term target given greater dispersion of potential market outcomes. For example, the Balanced portfolio is now 50/50 compared to 51/49 last year.
Growth Assets		
Australian Equities	Decrease	Less favourable capital market assumptions driven by a mediocre domestic earnings outlook and elevated valuations lead us to reduce Australian equities in favour for Developed market equities.
Developed ex AU Equities	Increase	We increase our allocation to international equities given a more favourable outlook relative to Australian equities. Notably, expected returns for international equities are relatively higher than those domestically, driven by ongoing earnings strength in the US.
Defensive Assets		
Australian Fixed Income	Decrease	Ongoing resiliency in Australia's labor market may limit the extent of the RBA's easing cycle and cap the upside for domestic bonds. We reduce Australian bonds in favour of international fixed income and cash.
International Fixed Income	Increase	More favourable capital market assumptions lead us increase our allocations to global bonds, funded from a reduction in Australian bonds.
Cash	Increase	We increase cash exposure given attractive yields for short-end rates.

Source: BlackRock, as of latest SAA review on 6th March 2025.

SAA CHANGES

	Asset class	Fund	Conservative	Moderate	Balanced	Growth	Aggressive	Conservative - Change	Moderate - Change	Balanced - Change	Growth - Change	Aggressive - Change
Growth Assets	Australian Equities	iShares Core MSCI Australia ESG ETF	5.0%	9.0%	16.0%	24.0%	30.0%	-2.0%	-2.5%	-3.5%	-4.0%	-5.0%
	International Equities	iShares Core MSCI World ex Australia ESG ETF	8.0%	15.0%	23.0%	32.0%	41.0%	2.5%	2.5%	1.0%	1.5%	2.0%
	International Equities	iShares Core MSCI World ex Australia ESG (AUD Hedged) ETF	3.0%	6.0%	11.0%	14.0%	19.0%	-0.5%	-1.0%	1.5%	1.5%	2.0%
Defensive Assets	Australian Fixed Income	iShares ESG Australian Bond Index Fund - Class S	48.5%	40.0%	26.0%	13.5%	2.5%	-6.5%	-5.0%	-5.5%	-5.5%	-2.5%
	International Fixed Income	iShares ESG Screened Global Bond Index Fund - Class S	18.5%	17.0%	14.0%	10.0%	3.5%	2.5%	3.0%	3.5%	3.0%	1.5%
	Cash	iShares Core Cash AUD ETF	15.0%	11.0%	8.0%	4.5%	2.0%	5.0%	4.0%	4.0%	4.5%	2.0%
	Cash	Platform Cash	2.0%	2.0%	2.0%	2.0%	2.0%	-1.0%	-1.0%	-1.0%	-1.0%	0.0%
Growth assets			16.0%	30.0%	50.0%	70.0%	90.0%					
Defensive assets			84.0%	70.0%	50.0%	30.0%	10.0%					

Source: BlackRock, as of latest SAA review on 6th March 2025.

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