Quarterly Performance Update

BlackRock GSS Index Models

June 2023

BlackRock

MODEL PERFORMANCE SNAPSHOT

GSS Conservative Index Model	3M	6M	1 YR	3 YRS (p.a.)	Since inception (p.a.)
Portfolio (%)	0.6	4.5	5.6	1.6	3.3
Benchmark (%)	0.1	3.8	4.8	1.4	3.1

The Conservative model portfolio has an inception date of 19 April 2018. The benchmark is the Morningstar Aus Moderate Target Allocation NR A$

GSS Balanced Index Model	3M	6M	1 YR	3 YRS (p.a.)	Since inception (p.a.)
Portfolio (%)	1.9	6.4	9.3	4.7	5.1
Benchmark (%)	1.1	5.4	7.6	4.0	4.7

The Balanced model portfolio has an inception date of 19 April 2018. The benchmark is the Morningstar Aus Balanced Target Allocation NR A$

GSS Growth Index Model	3M	6M	1 YR	3 YRS (p.a.)	Since inception (p.a.)
Portfolio (%)	3.1	8.3	12.9	7.8	6.9
Benchmark (%)	2.2	6.8	10.7	7.0	6.5

The Growth model portfolio has an inception date of 19 April 2018. The benchmark is the Morningstar Aus Growth Target Allocation NR A$

GSS High Growth Index Model	3M	6M	1 YR	3 YRS (p.a.)	Since inception (p.a.)
Portfolio (%)	4.1	9.9	15.8	10.1	8.2
Benchmark (%)	3.5	8.8	14.0	10.0	8.0

The High Growth model portfolio has an inception date of 19 April 2018. The benchmark is the Morningstar Aus Aggressive Target Allocation NR A$

GSS Total Growth Index Model	3M	6M	1 YR	3 YRS (p.a.)	Since inception (p.a.)
Portfolio (%)	5.0	11.1	18.2	12.1	8.5
Benchmark (%)	3.5	8.8	14.0	10.0	7.2

The Total Growth model portfolio has an inception date of 2 October 2018. The benchmark is the Morningstar Aus Aggressive Target Allocation NR A$

Source: BlackRock, Morningstar, as of 30 June 2023.Past performance is not a reliable indicator of future performance. The model performance shown is hypothetical and for illustrative purposes only. The performance may not represent the performance of an actual account or investment product and is not the result of any actual trading. Performance is estimated and net of underlying fund fees, but gross of platform fees and does not include brokerage and commissions that may be incurred in the trading of financial products within the model portfolio. Actual investment outcomes may vary.

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MARKET OVERVIEW

Risk assets performed strongly over the second quarter of 2023. While sentiment was buoyed by a resolution to US debt ceiling negotiations and focus on generative AI, investors saw meaningful regional and sector dispersion across markets. Global equities, as measured by the MSCI World Index, increased by 7.5% over Q2 in Australian dollar terms, with Developed Markets outperforming their Emerging Market counterparts. Fixed Income markets, as represented by the Bloomberg Barclays Global Aggregate Index (hedged) declined 0.3% over the quarter, as sticky inflation and renewed expectations of higher-for-longer rates proved headwinds for government bonds.

United States

In the US, the S&P 500 Index increased by 8.7% over the quarter and by 6.6% in June (in local currency terms). The Information Technology sector was the best performer with the rally highly concentrated among a handful of mega-cap tech companies, although June saw initial signs of equity gains broadening out across sectors. The US Federal Reserve (Fed) increased the Fed funds rate by 25 basis points over Q2 before pausing in June, but hawkishly signaled the likelihood of additional hikes later this year. Meanwhile, core inflation rose 5.3% year-on-year in May in line with consensus estimates and the US labour market remains tight despite the unemployment rate edging up to 3.7%. US politicians also reached an agreement towards the end of May to suspend the country's debt limit until 2025 and cap non-defense spending.

Europe

European equity markets, as represented through the Euro Stoxx 50 Index, increased by 3.7% in the second quarter and by 4.3% in June (in local currency terms). Corporate reporting season for Q1 saw European earnings beat analyst expectations but remain modestly lower compared to last year. The European Central Bank (ECB) hiked twice by 25 basis points over the quarter and raised its outlook for inflation – notably the central bank now forecasts inflation for the Eurozone to remain above its 2% target through 2025. Following the June rate decision, ECB President, Christine Lagarde, also struck a hawkish tone and implied that another increase in its policy rate in July was "very likely". Meanwhile, core inflation ticked up to 5.4% in June, while the Eurozone's largest economy, Germany, officially entered a technical recession.

In the UK, the FTSE 100 Index lost 0.3% over the quarter but gained 1.4% in June (in local currency terms). The Bank of England (BoE) surprised markets by re-accelerating the pace of interest rate increases – hiking rates by 50 basis points in June – to bring its policy rate to 5.00%. British core inflation increased over Q2, beating expectations to rise by 7.1% year-on year in May, which represents the highest level in over 30 years. There are still no clear signs that inflation has peaked in the UK. Alongside robust wage growth, investors are predicting that the BoE could hike rates multiple times by year end.

Asia

Asian equities were mixed over Q2. China's CSI 300 Index declined by 4.0% over the quarter but rose by 2.1% in June (in local currency terms), with the country's economic restart losing momentum. In contrast to their global counterparts, the People's Bank of China (PBoC) lowered key lending rates in June amid increasing growth concerns, which also led to speculation of a potential fiscal stimulus response. China's official manufacturing Purchasing Managers' Index (PMI) data continues to show evidence of the weak economic rebound, with factory activity shrinking across the period, while business confidence also hit an eight-month low. Late in June, reports of potential new restrictions by US officials on semiconductor chip exports to China further weighed on sentiment.

Source: BlackRock, as of 30 June 2023.

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BlackRock GSS Index Models

June 2023

Japanese equities, as represented by the Nikkei 225 Index, gained 18.5% over the quarter and rose by 7.6% in June (in local currency terms). The rally has seen Japanese stocks materially outperform their developed market peers over 2023, underpinned by a stronger economic outlook and optimism for corporate reform which has driven a pick-up in foreign investor inflows. The Bank of Japan (BoJ) kept policy unchanged over the quarter with its ultra-supportive stance sustaining inflation above the central bank's target after decades of disinflation. A leading indicator of nationwide prices, Tokyo core inflation, rose to 3.2% year-on-year in June. Economists also expect the impact of higher wages may eventually put further upward pressure on inflation, with Japanese workers having negotiated large pay raises earlier this year.

Australia

The S&P/ASX 300 Accumulation Index gained 1.0% over the quarter and was up 1.7% in June, with Information Technology the best performing sector and the Health Care sector recording losses. The Reserve Bank of Australia (RBA) increased the cash rate twice by 25 basis points over the quarter, having surprised investors earlier in May by restarting their hiking cycle after an initial pause in April. Australia's monthly headline inflation recorded an annual rise of 5.6% over May, while the local labour market remains historically tight with unemployment unexpectedly falling to 3.6% in June. Australian house prices, as represented by the CoreLogic Home Value index, posted a 2.8% increase nationally over Q2, after falling in previous quarters.

Fixed Income

Fixed income markets ended Q2 in negative territory. Stubborn inflation across most developed markets and hawkish signalling from global central banks weighed on returns and drove volatility across government bonds. Over the quarter, the US and Australian 10-year yields rose by 37 basis points and 73 basis points to end June at 3.8% and 4.0% respectively. The rise in rates pushed bond prices lower. As such, the Global Aggregate index (hedged) declined by 0.3% and the Australian composite bond index lost 2.9% over the period. Riskier parts of the fixed income markets, such as emerging market debt and high yield credit indices, realised gains as credit spreads tightened.

Commodities & FX

Commodity and energy prices broadly experienced losses over the quarter. Industrials metals were weaker, with Iron Ore and Copper falling 9.7% and 8.5% respectively, while Gold was also down 2.5% as demand for safe haven assets faded. Oil prices declined 4.0% alongside macroeconomic headwinds but were bolstered by the announcement of OPEC+ supply cuts late in the quarter. Within currencies, the US dollar appreciated against its developed market peers, strengthening by 0.2% in Q2. The Australian dollar modestly depreciated by 0.3% against the US dollar, although gained 2.5% in June to partially offset losses from earlier in the period.

Source: BlackRock, as of 30 June 2023.
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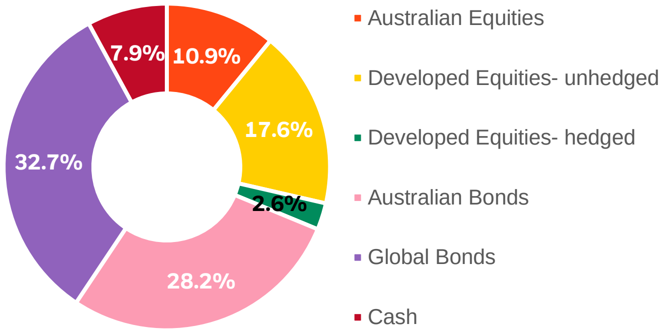
CURRENT HOLDINGS & ASSET ALLOCATION

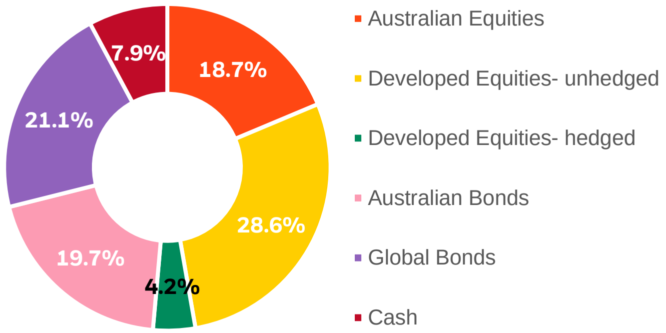
GSS Conservative Index Model

Netwealth Code	Name	Weight (%)
NET0009AU	BlackRock GSS Unhedged International Equities Index Fund	17.6
NET2119AU	BlackRock GSS Hedged International Equities Index Fund	2.6
NET0001AU	BlackRock GSS Australian Equities Index Fund	10.9
NET5702AU	BlackRock GSS Global Bond Index Fund	32.7
NET0023AU	BlackRock GSS Australian Bond Index Fund	28.2
	Cash	7.9



GSS Balanced Index Model

Netwealth Code	Name	Weight (%)
NET0009AU	BlackRock GSS Unhedged International Equities Index Fund	28.6
NET2119AU	BlackRock GSS Hedged International Equities Index Fund	4.2
NET0001AU	BlackRock GSS Australian Equities Index Fund	18.7
NET5702AU	BlackRock GSS Global Bond Index Fund	21.1
NET0023AU	BlackRock GSS Australian Bond Index Fund	19.7
	Cash	7.9



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Quarterly Performance Update

BlackRock GSS Index Models

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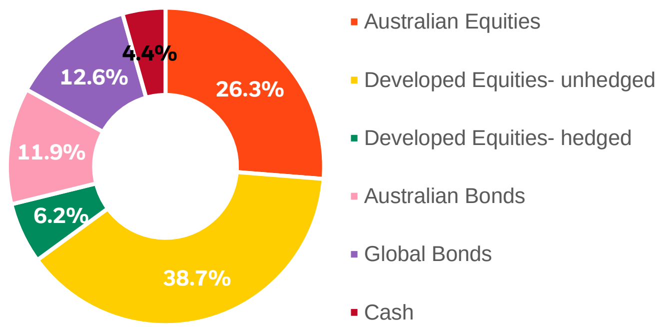
CURRENT HOLDINGS & ASSET ALLOCATION

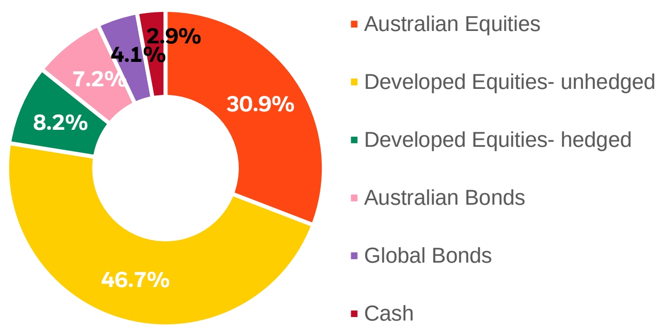
GSS Growth Index Model

Netwealth Code	Name	Weight (%)
NET0009AU	BlackRock GSS Unhedged International Equities Index Fund	38.7%
NET2119AU	BlackRock GSS Hedged International Equities Index Fund	6.2%
NET0001AU	BlackRock GSS Australian Equities Index Fund	26.3%
NET5702AU	BlackRock GSS Global Bond Index Fund	12.6%
NET0023AU	BlackRock GSS Australian Bond Index Fund	11.9%
	Cash	4.4%



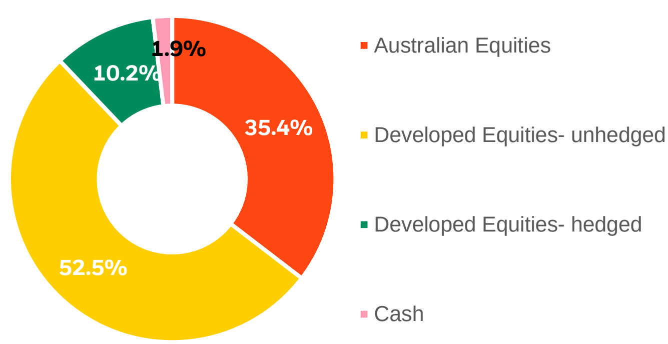
GSS High Growth Index Model

Netwealth Code	Name	Weight (%)
NET0009AU	BlackRock GSS Unhedged International Equities Index Fund	46.7%
NET2119AU	BlackRock GSS Hedged International Equities Index Fund	8.2%
NET0001AU	BlackRock GSS Australian Equities Index Fund	30.9%
NET5702AU	BlackRock GSS Global Bond Index Fund	4.1%
NET0023AU	BlackRock GSS Australian Bond Index Fund	7.2%
	Cash	2.9%



GSS Total Growth Index Model

Netwealth Code	Name	Weight (%)
NET0009AU	BlackRock GSS Unhedged International Equities Index Fund	52.5%
NET2119AU	BlackRock GSS Hedged International Equities Index Fund	10.2%
NET0001AU	BlackRock GSS Australian Equities Index Fund	35.4%
	Cash	1.9%



Source: BlackRock, as of 30 June 2023.
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Quarterly Performance Update

BlackRock GSS Index Models

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BlackRock

PERFORMANCE COMMENTARY – UNDERLYING FUND RETURNS (QUARTERLY)

BlackRock GSS Unhedged International Equities Index Fund

- International equities performed strongly over the second quarter of 2023 with the unhedged international equity index fund rising over Q2 (+7.7%). Markets were buoyed by a resolution to US debt ceiling negotiations in late May and a focus on generative AI, although returns diverged across regions and sectors.
- The depreciation of the Australian dollar acted as a tailwind for international equity investors, with unhedged returns modestly outperforming their currency hedged equivalent.
- Japanese equities were a significant positive contributor over Q2 and the Nikkei 225 Index gained +18.5% (in local currency terms), having materially outperformed their developed market peers over 2023. US equities also added to performance with the S&P 500 Index increasing by +8.7% over the quarter (in local currency terms), while China's CSI 300 Index declined by -4.0% (in local currency terms) across the period.

BlackRock GSS Hedged International Equities Index Fund

- Risk assets were relatively supported in Q2 and the hedged international equity index also rose meaningfully over the quarter (+7.1%), with global markets grinding higher despite the uncertain outlook.

BlackRock GSS Australian Equities Index Fund

- Australian equities underperformed their global counterparts over the quarter, given headwinds from lower energy prices, and the Australian equity index fund increased by +1.0% across the period.
- Domestic stocks eked out modest gains in Q2, with Information Technology the best performing domestic sector while the Health Care sector recorded losses.

BlackRock GSS Global Bond Index Fund

- Fixed income markets ended the quarter in negative territory. Stubborn inflation across most developed markets and hawkish signalling from global central banks weighed on returns.
- Government bonds continued to experience heightened volatility in Q2, alongside US debt ceiling posturing and ongoing market repricing over expectations of future monetary policy. Consequently, the US 10 year yield rose 37bps to end the quarter at 3.8%. Given the rise in yields, the Global Bond Index Fund lost -0.3% over the quarter.
- Credit spreads tightened over the quarter as investor sentiment held steady, which supported riskier fixed interest segments.

BlackRock GSS Australian Bond Index Fund

- Australian bonds underperformed their global counterparts, with the Australian Bond Index Fund declining -2.9% over the quarter.
- Bond yields broadly rose as the RBA hiked interest rates twice by 25 basis points across the period and signalled the potential for future rate hikes. The central bank surprised investors in May by restarting their hiking cycle after an initial pause in April.

BlackRock Cash Fund

- The official cash rate set by the RBA rose to 4.10% as of June and meeting minutes indicated the central bank may consider further rate rises in 2023 alongside mixed economic data.

Source: BlackRock, as of 30 June 2023.
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