

BlackRock GSS

Index Models

December 2024

BlackRock®

MODEL PERFORMANCE COMMENTARY

Total portfolio returns were positive in Q4, wrapping up a strong year of performance: The GSS Index Models delivered returns ranging from +1.3% (Conservative) to +5.5% (Total Growth) in Q4 and gained +9.5% (Conservative) to +22.4% (Total Growth) over the past year. Unhedged Developed Market equities were the largest positive contributors, as the depreciation of the Australian dollar acted as a tailwind for international equity investors, while Australian equities underperformed their global counterparts. The allocation to hedged Developed Market equities also delivered positive returns but to a lesser extent. Australian and Global Fixed Income detracted over the quarter, although bonds eked out modest positive gains for the full calendar year.



Top Contributors*
Developed equities (unhedged)



Top Detractors*
Global fixed income

MODEL PERFORMANCE SNAPSHOT

GSS Conservative Index Model	3M	6M	1 YR	3 YRS (p.a.)	5 YRS (p.a.)	Since inception (p.a.)
Portfolio (%)	1.3	5.4	9.5	2.3	3.4	4.4
Benchmark (%)	0.4	4.4	7.0	1.8	2.9	4.0

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

GSS Balanced Index Model	3M	6M	1 YR	3 YRS (p.a.)	5 YRS (p.a.)	Since inception (p.a.)
Portfolio (%)	2.6	6.9	13.2	4.4	5.7	6.5
Benchmark (%)	1.0	5.7	10.1	3.4	4.8	5.9

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

GSS Growth Index Model	3M	6M	1 YR	3 YRS (p.a.)	5 YRS (p.a.)	Since inception (p.a.)
Portfolio (%)	3.9	8.5	17.1	6.4	7.8	8.5
Benchmark (%)	1.5	6.9	12.8	5.1	6.7	7.8

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

GSS High Growth Index Model	3M	6M	1 YR	3 YRS (p.a.)	5 YRS (p.a.)	Since inception (p.a.)
Portfolio (%)	4.9	9.6	20.1	8.0	9.5	9.9
Benchmark (%)	2.4	8.3	16.3	6.9	8.8	9.5

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

GSS Total Growth Index Model	3M	6M	1 YR	3 YRS (p.a.)	5 YRS (p.a.)	Since inception (p.a.)
Portfolio (%)	5.5	10.4	22.4	9.2	10.8	10.7
Benchmark (%)	2.4	8.3	16.3	6.9	8.8	10.1

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

Source: BlackRock, Morningstar, as of 31 December 2024. 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. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Material differences may exist between portfolios and benchmarks being compared, such as, investment objectives, fees and expenses, types of investments made, countries or markets covered. * Contributors and detractors to total returns.

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MARKET OVERVIEW

Global markets rallied in the fourth quarter of 2024 as clear US election outcomes and central bank rate cuts underpinned investor sentiment while economic data remained positive. Global equities, as measured by the MSCI World Index (hedged), ended the quarter up 1.9% and gained 20.5% over the calendar year in Australian dollar terms. Unhedged global equity exposures, when measured in Australian dollar terms, meaningfully outperformed as the depreciation of the Australian dollar acted as a tailwind for international equity investors. Fixed income markets, as represented by the Bloomberg Barclays Global Aggregate Index (hedged), declined 1.2% across the period.

United States

In the US, the S&P 500 Index rose by 2.4% over the quarter despite declining 2.4% in December (in local currency terms), with Consumer Discretionary and Consumer Services sectors among the best performers. US exceptionalism was the dominant narrative over 2024 as strong corporate earnings and economic momentum saw US stocks outperform. The policy implications of the incoming Trump administration also took the spotlight in Q4, with investors attuned to potential changes in fiscal and trade policy in the year ahead. The US Federal Reserve (Fed) cut rates by 50 basis points over the quarter, however Fed Chair, Jay Powell, cautioned that “we are at or near a point at which it will be appropriate to slow the pace of further adjustments”. The Fed also highlighted that risks to inflation remain to the upside and revised their inflation forecasts for 2025 higher, while headline CPI printed at 2.7% year-on-year for November.

Europe

European equities, as represented through the Euro Stoxx 50 Index, fell 1.8% in the fourth quarter alongside political turmoil but rebounded 1.9% in December (in local currency terms). French assets experienced volatility after the government led by Prime Minister, Michel Barnier, failed to pass a federal budget and was dissolved by parliament after the first successful no-confidence vote since 1962. The European Central Bank (ECB) cut interest rates twice by 25 basis points over the quarter. ECB President, Christine Lagarde, also removed the guidance for interest rates to be “sufficiently restrictive for as long as necessary” from the policy statement with risks to growth tilted to the downside. Meanwhile, Eurozone inflation ticked higher to 2.3% annualised in November.

In the UK, the FTSE 100 Index ended the quarter down 0.2% and fell 1.3% over the month (in local currency terms). The Bank of England (BoE) cut interest rates once by 25 basis points in Q4, but held the benchmark rate steady at 4.75% in a split vote during the December meeting. The British fiscal outlook also remains in focus with the recently elected government announcing a range of tax-and-spend measures to boost economic growth coupled with a significant rise in public sector borrowing. Meanwhile, UK headline inflation printed at 2.6% year-on-year in November which was slightly higher than expected with services inflation remaining elevated.

Asia

China's CSI 300 declined 1.7% over the quarter but rose 0.6% in December. US President-elect, Donald Trump's return to the White House raises the likelihood of additional tariffs on Chinese exports. Additionally, China continues to face deeper structural challenges alongside looming tariff risks. These include weak consumer confidence, industrial overcapacity and a struggling property sector that may force policymakers to seek new growth drivers beyond housing. In November, Chinese authorities also unveiled a fiscal stimulus package to address local government debt, although it fell short of market expectations. Meanwhile, inflation ticked down to 0.2% year-on-year for November while retail sales rose by 3% year-on-year which was below consensus forecasts.

Source: BlackRock, as of 31 December 2024.

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Japanese markets, as represented by the Nikkei 225 Index, closed the quarter and month up 5.4% and 4.5% respectively (in local currency terms). The Bank of Japan (BoJ) held its policy rate unchanged at 0.25% during its December policy meeting which led to a depreciation of the Japanese yen and surprised economists who had expected a rate hike. BoJ Governor, Kazuo Ueda, stated that further data was required, particularly on wage trends, before the central bank would proceed with further policy normalisation. Tokyo core inflation, a leading indicator of nationwide prices which excludes volatile fresh food costs, rose 2.4% year-on-year in November which was below expectations, while Japan's jobless rate remained stable at 2.5%.

Australia

The S&P/ASX 300 Accumulation Index ended the quarter down 0.8% and fell 3.1% in December, with Real Estate and Materials among the worst performing sectors. The Reserve Bank of Australia (RBA) held interest rates unchanged over the quarter at 4.35%, but indicated that it had gained "some confidence" that inflation was "moving sustainably towards target". This followed October's headline inflation rate falling within the RBA's target band. However, core inflation, which is the central bank's preferred underlying measure of inflation, ticked up to 3.5% year-on-year. Meanwhile, the labour market continues to remain robust with unemployment declining to 3.9% in November. Australian house prices, as represented by the CoreLogic Home Value index, declined 0.1% in December but rose 4.9% across 2024.

Fixed Income

Global fixed income markets broadly declined across Q4 as sovereign bond yields moved sharply higher amid the repricing of expected policy settings in 2025. Over the quarter, the US 10-year yield increased by 79 basis points, while the Australian 10-year yield rose by 39 basis points to end December at 4.6% and 4.4% respectively. The rise in rates pushed global bond prices lower. The Global Aggregate index (hedged) was down 1.2%, while the Australian composite bond index fell 0.3% across the period. Riskier parts of the fixed income market, namely investment grade corporate credit and emerging market debt indices, also declined over the quarter.

Commodities & FX

Commodity markets and energy prices were mixed over the quarter. Across industrial metals, Copper and Iron Ore were down 12.0% and 7.6% respectively alongside lukewarm investor reaction to additional Chinese government stimulus measures. While Gold pulled back by 0.4% in Q4, the precious metal ended 2024 as one of the best performing assets. Oil proved an outlier and rose 4.9% over the quarter amid elevated geopolitical tensions. Within currencies, the US dollar rose 7.1% over the quarter against its developed market peers, while the Australian dollar depreciated 10.5% against the US dollar.

Source: BlackRock, as of 31 December 2024.

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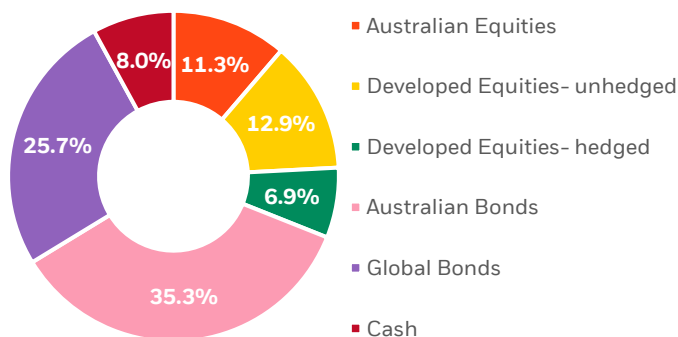
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CURRENT HOLDINGS & ASSET ALLOCATION

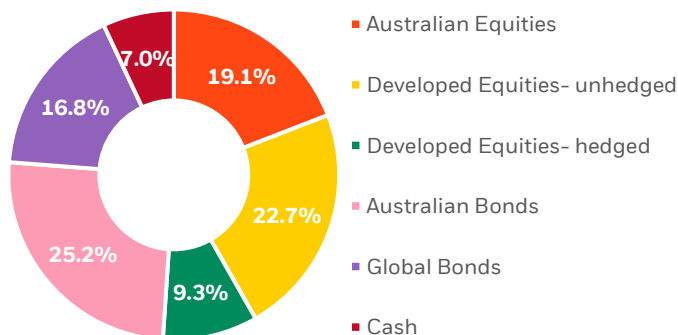
GSS Conservative Index Model

Netwealth Code	Name	Weight (%)
NET0009AU	BlackRock GSS Unhedged International Equities Index Fund	12.9
NET2119AU	BlackRock GSS Hedged International Equities Index Fund	6.9
NET0001AU	BlackRock GSS Australian Equities Index Fund	11.3
NET5702AU	BlackRock GSS Global Bond Index Fund	25.7
NET0023AU	BlackRock GSS Australian Bond Index Fund	35.3
	Cash	8.0



GSS Balanced Index Model

Netwealth Code	Name	Weight (%)
NET0009AU	BlackRock GSS Unhedged International Equities Index Fund	22.7
NET2119AU	BlackRock GSS Hedged International Equities Index Fund	9.3
NET0001AU	BlackRock GSS Australian Equities Index Fund	19.1
NET5702AU	BlackRock GSS Global Bond Index Fund	16.8
NET0023AU	BlackRock GSS Australian Bond Index Fund	25.2
	Cash	7.0



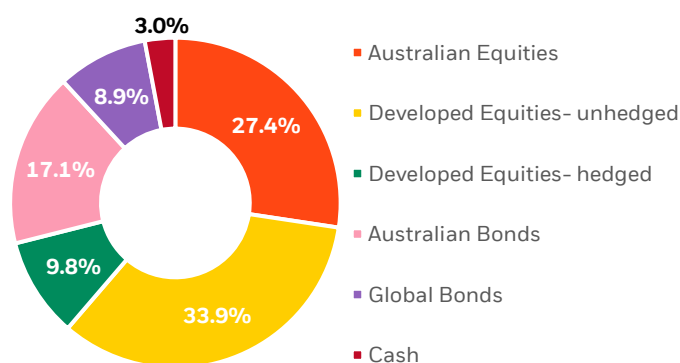
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CURRENT HOLDINGS & ASSET ALLOCATION

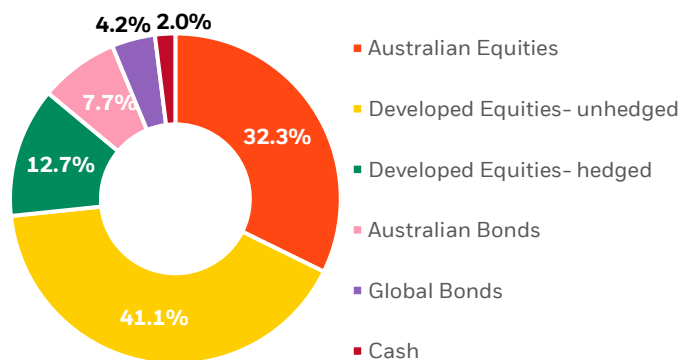
GSS Growth Index Model

Netwealth Code	Name	Weight (%)
NET0009AU	BlackRock GSS Unhedged International Equities Index Fund	33.9
NET2119AU	BlackRock GSS Hedged International Equities Index Fund	9.8
NET0001AU	BlackRock GSS Australian Equities Index Fund	27.4
NET5702AU	BlackRock GSS Global Bond Index Fund	8.9
NET0023AU	BlackRock GSS Australian Bond Index Fund	17.1
	Cash	3.0



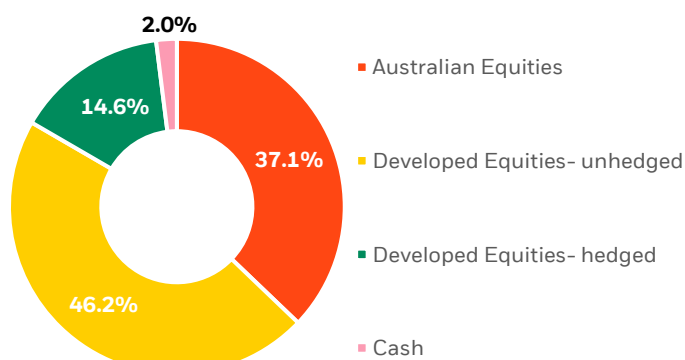
GSS High Growth Index Model

Netwealth Code	Name	Weight (%)
NET0009AU	BlackRock GSS Unhedged International Equities Index Fund	41.1
NET2119AU	BlackRock GSS Hedged International Equities Index Fund	12.7
NET0001AU	BlackRock GSS Australian Equities Index Fund	32.3
NET5702AU	BlackRock GSS Global Bond Index Fund	4.2
NET0023AU	BlackRock GSS Australian Bond Index Fund	7.7
	Cash	2.0



GSS Total Growth Index Model

Netwealth Code	Name	Weight (%)
NET0009AU	BlackRock GSS Unhedged International Equities Index Fund	46.2
NET2119AU	BlackRock GSS Hedged International Equities Index Fund	14.6
NET0001AU	BlackRock GSS Australian Equities Index Fund	37.1
	Cash	2.0



Source: BlackRock, as of 31 December 2024.

This information should not be relied upon by the reader as research, investment advice or a recommendation. Numbers may not add up to 100% due to rounding.

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PERFORMANCE COMMENTARY – UNDERLYING FUND RETURNS (QUARTERLY)

BlackRock GSS Unhedged International Equities Index Fund

- International equities were positive over the fourth quarter of 2024 with the unhedged international equity index fund rising 12.1% in Q4. Global stocks continued to rally amid bullish sentiment while equity returns diverged across geographies.
- The depreciation of the Australian dollar acted as a tailwind for international equity investors, with unhedged returns meaningfully outperforming their currency hedged equivalent.
- Japan's Nikkei 225 Index bounced back strongly over Q4 and gained 5.4% (in local currency terms) with the Bank of Japan (BoJ) keeping its policy rate unchanged. US equities also contributed over the quarter and the S&P 500 Index rose by 2.4% (in local currency terms), however European and UK stocks declined amid heightened political uncertainty.

BlackRock GSS Hedged International Equities Index Fund

- Global equities rallied in Q4 with the hedged international equity index rising over the quarter (2.0%), underpinned by clear US election outcomes along with central bank easing across several major economies.

BlackRock GSS Australian Equities Index Fund

- Australian equities underperformed global equities over the quarter, with the Australian equity index fund down 0.8% across the period. Domestic stocks sold-off late in Q4 as markets discounted the likelihood of rate cuts early in 2025, while hopes of positive flow-through effects from Chinese economic stimulus gradually faded.
- On a sector basis, Real Estate and Materials were the worst performing domestic sectors, while the Financials sector gained over the quarter.

BlackRock GSS Global Bond Index Fund

- Global fixed income markets broadly declined across Q4, as sovereign bond yields moved sharply higher amid the repricing of expected policy settings in 2025.
- Over the quarter, the US 10-year yield rose from 3.8% to 4.6%. The rise in rates pushed bond prices lower and the Global Bond Index Fund was down 1.2% across the period.

BlackRock GSS Australian Bond Index Fund

- Australian bonds were negative but outperformed their global counterparts and the Australian Bond Index Fund fell by 0.3% over the quarter.
- Domestic bond yields rose in Q4 as the local labour market demonstrated resilience with unemployment declining to 3.9% in November. Meanwhile, Australian headline inflation is tracking within the Reserve Bank of Australia's (RBA) target band of 2-3%, although core inflation ticked upwards.

BlackRock Cash Fund

- The official cash rate set by the RBA remained at 4.35% and the central bank has left interest rates on hold since November 2023, compared to their counterparts across several developed economies which have commenced their easing cycles.

Source: BlackRock, as of 31 December 2024. Past performance is not a reliable indicator of future performance.

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