Quarterly Performance Update

BlackRock GSS Index Models

March 2024

BlackRock

MODEL PERFORMANCE SNAPSHOT

GSS Conservative Index Model	3M	6M	1 YR	3 YRS (p.a.)	5 YRS (p.a.)	Since inception (p.a.)
Portfolio (%)	4.0	8.4	8.0	2.6	3.7	4.1
Benchmark (%)	2.9	8.0	7.2	2.2	3.2	3.9

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.)	5 YRS (p.a.)	Since inception (p.a.)
Portfolio (%)	6.1	11.0	12.1	5.3	6.0	6.1
Benchmark (%)	4.5	10.6	10.8	4.2	5.2	5.7

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.)	5 YRS (p.a.)	Since inception (p.a.)
Portfolio (%)	8.1	13.6	16.1	7.9	8.1	8.2
Benchmark (%)	6.0	13.0	14.3	6.6	7.3	7.6

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.)	5 YRS (p.a.)	Since inception (p.a.)
Portfolio (%)	9.6	15.7	19.4	9.9	9.8	9.6
Benchmark (%)	7.8	15.6	18.4	8.9	9.4	9.4

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.)	5 YRS (p.a.)	Since inception (p.a.)
Portfolio (%)	10.9	17.4	22.1	11.6	11.2	10.5
Benchmark (%)	7.8	15.6	18.4	8.9	9.4	9.1

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 31 March 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.

Quarterly Performance Update

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March 2024

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MARKET OVERVIEW

Global equity markets rose strongly over the first quarter of 2024. Optimism regarding a soft economic landing and bullish sentiment regarding artificial intelligence (AI) supported risk assets. By contrast, sovereign bonds saw modestly negative returns as investors pushed out the timing and magnitude of central bank rate cuts amid sticky inflation. Global equities, as measured by the MSCI World Index (hedged), ended the quarter up 10.0% in Australian dollar terms, while Fixed Income markets, as represented by the Bloomberg Barclays Global Aggregate Index (hedged), declined 0.3%.

United States

In the US, the S&P 500 Index rose by 10.6% over the quarter and by 3.2% in March (in local currency terms), with Information Technology and Communication Services sectors among the best performers. US stocks remain close to record highs, with overall market returns largely driven by the Magnificent Seven (namely Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla). Strong corporate earnings and resilient economic data underpinned sentiment, while US core inflation moderated to 2.8% annualised in February following an upward revision to the January inflation print. Meanwhile, the US Federal Reserve (Fed) tempered its dovish tone and cautioned about the risks of easing too quickly, leading markets to price in only three rate cuts this year, in line with the Fed's projections.

Europe

European equities, as represented through the Euro Stoxx 50 Index, rose by 12.8% in the first quarter and 4.3% in March (in local currency terms). The European Central Bank (ECB) left policy rates unchanged over Q1 although revised near-term economic growth and inflation downwards – with core inflation expected to settle at 2% towards the end of 2025. Despite striking a cautious tone, ECB President, Lagarde, also appeared to endorse market pricing that the first rate cut by the central bank would occur mid-year. However inflationary pressures remain elevated in Europe, driven by continued tightness in the labor market and subdued productivity.

In the UK, the FTSE 100 Index underperformed its developed market peers and gained 4.0% over the quarter and 4.9% in March (in local currency terms). Alongside most other central banks, the Bank of England (BoE) kept the official bank rate unchanged over the period as expected. Headline CPI dipped to 3.4% year-on-year in February, while UK unemployment rose to 3.9% in January and wages growth slowed. Meanwhile, Britain slipped into technical recession as the economy contracted 0.3% during Q4 2023, recording two consecutive quarters of negative economic growth.

Asia

China's CSI 300 gained 3.1% over the quarter and 0.6% in March (in local currency terms). At the annual National People's Congress meeting held in March, Chinese officials announced an economic growth target of "around 5%" for 2024. However, investors were left disappointed with the lack of major stimulus measures announced despite sluggish underlying activity. Chinese markets also halted their rebound towards the end of the quarter and were weighed down by weaker corporate earnings results. Meanwhile, monthly inflation rose 0.7% year-on-year in February – largely supported by Lunar New Year spending – which saw China move out of deflationary territory.

Source: BlackRock, as of 31 March 2024.
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Quarterly Performance Update

BlackRock GSS Index Models

March 2024

BlackRock

Japanese equities, as represented by the Nikkei 225 Index, extended their rally and outperformed most major markets, rising by 21.5% in Q1 and 3.8% over the month (in local currency terms). The Bank of Japan (BoJ) ended its negative interest rate stance in March and hiked rates for the first time since 2007, having judged that the "achievement of 2% inflation is in sight". This policy change comes after Japan's largest trade union federation reported that its 7 million members will receive a landmark 5.3% annual wage hike – an indication that strong wages growth may allow inflation to remain close to the BoJ's target. Meanwhile, a leading indicator of nationwide prices, Tokyo core inflation, rose 2.8% year-on-year in February.

Australia

The S&P/ASX 300 Accumulation Index increased by 5.4% in Q1 and by 3.3% in March, with Information Technology and Real Estate among the best performing sectors. While the Reserve Bank of Australia (RBA) left interest rates on hold over the quarter at 4.35%, the central bank remains data dependent with Governor Bullock stating that risks to their outlook are "finely balanced". On the data front, GDP grew by 1.5% year-on-year in Q4 2023 with the domestic economy showing signs of slowing amid weak consumer spending. Australian inflation held steady across the period with headline CPI rising 3.4% annualised over February, although the labour market remains tight with unemployment falling to 3.7%. Australian house prices, as represented by the CoreLogic Home Value index, continued to rise and posted a 1.6% increase over the quarter.

Fixed Income

Global fixed income markets declined across Q1 and underperformed Australian bonds amid the re-pricing of interest rate expectations. Over the quarter, the US 10-year yield rose by 32 basis points, while the Australian 10-year yield was roughly flat to end March at 4.2% and 4.0% respectively. The rise in rates pushed global bond prices lower. The Global Aggregate index (hedged) was down 0.3%, while the Australian composite bond index rose 1.0% over the period. Riskier parts of the fixed income markets saw mixed performance, with high yield corporate credit and emerging market debt indices realising gains as credit spreads tightened.

Commodities & FX

Commodity markets and energy prices broadly rose over the quarter. Oil prices advanced sharply over Q1 and gained 13.5% on the back of geopolitical uncertainty and OPEC+ supply cuts. While Copper increased 2.5% and Gold gained 8.1% over the quarter, Iron Ore was a clear outlier and fell 25.8% alongside ongoing property woes in China. Within currencies, the US dollar appreciated 2.7% over Q1 against its developed market peers, while the Australian dollar depreciated 4.3% against the US dollar.

Source: BlackRock, as of 31 March 2024.
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Quarterly Performance Update

BlackRock GSS Index Models

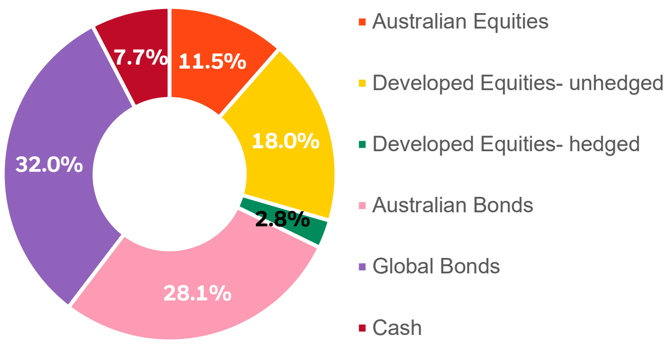
March 2024

BlackRock

CURRENT HOLDINGS & ASSET ALLOCATION

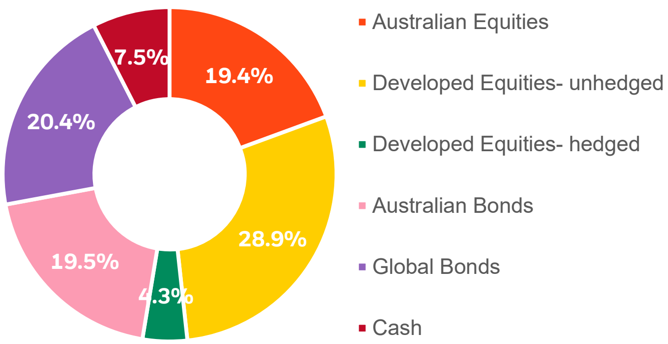
GSS Conservative Index Model

Netwealth Code	Name	Weight (%)
NET0009AU	BlackRock GSS Unhedged International Equities Index Fund	18.0
NET2119AU	BlackRock GSS Hedged International Equities Index Fund	2.8
NET0001AU	BlackRock GSS Australian Equities Index Fund	11.5
NET5702AU	BlackRock GSS Global Bond Index Fund	32.0
NET0023AU	BlackRock GSS Australian Bond Index Fund	28.1
	Cash	7.7



GSS Balanced Index Model

Netwealth Code	Name	Weight (%)
NET0009AU	BlackRock GSS Unhedged International Equities Index Fund	28.9
NET2119AU	BlackRock GSS Hedged International Equities Index Fund	4.3
NET0001AU	BlackRock GSS Australian Equities Index Fund	19.4
NET5702AU	BlackRock GSS Global Bond Index Fund	20.4
NET0023AU	BlackRock GSS Australian Bond Index Fund	19.5
	Cash	7.5



Source: BlackRock, as of 31 March 2024.
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Quarterly Performance Update

BlackRock GSS Index Models

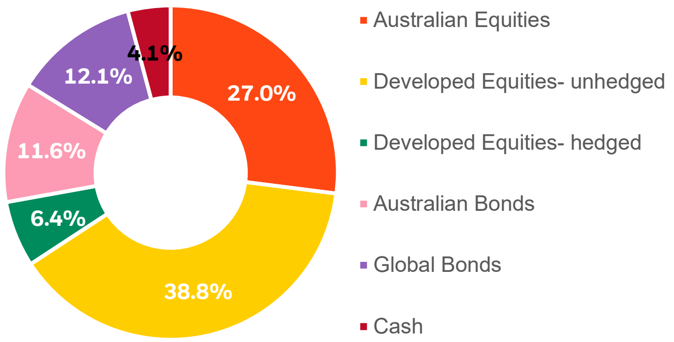
March 2024

BlackRock.

CURRENT HOLDINGS & ASSET ALLOCATION

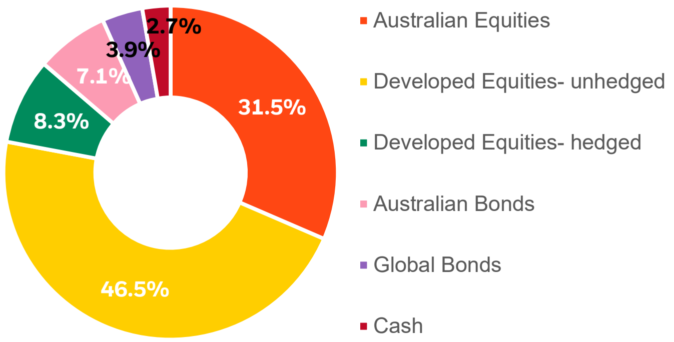
GSS Growth Index Model

Netwealth Code	Name	Weight (%)
NET0009AU	BlackRock GSS Unhedged International Equities Index Fund	38.8
NET2119AU	BlackRock GSS Hedged International Equities Index Fund	6.4
NET0001AU	BlackRock GSS Australian Equities Index Fund	27.0
NET5702AU	BlackRock GSS Global Bond Index Fund	12.1
NET0023AU	BlackRock GSS Australian Bond Index Fund	11.6
	Cash	4.1



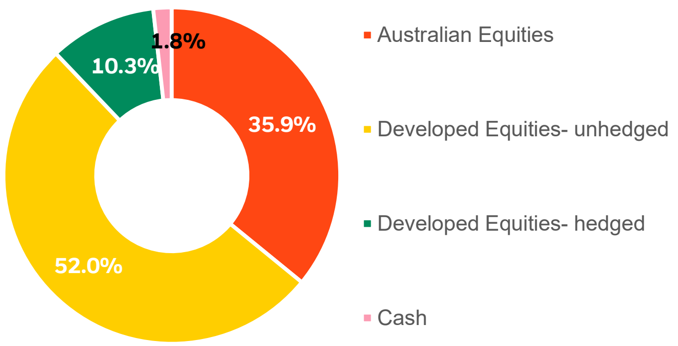
GSS High Growth Index Model

Netwealth Code	Name	Weight (%)
NET0009AU	BlackRock GSS Unhedged International Equities Index Fund	46.5
NET2119AU	BlackRock GSS Hedged International Equities Index Fund	8.3
NET0001AU	BlackRock GSS Australian Equities Index Fund	31.5
NET5702AU	BlackRock GSS Global Bond Index Fund	3.9
NET0023AU	BlackRock GSS Australian Bond Index Fund	7.1
	Cash	2.7



GSS Total Growth Index Model

Netwealth Code	Name	Weight (%)
NET0009AU	BlackRock GSS Unhedged International Equities Index Fund	52.0
NET2119AU	BlackRock GSS Hedged International Equities Index Fund	10.3
NET0001AU	BlackRock GSS Australian Equities Index Fund	35.9
	Cash	1.8



Source: BlackRock, as of 31 March 2024.
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Quarterly Performance Update

BlackRock GSS Index Models

March 2024

BlackRock

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 portfolios. These SAA changes were implemented during the latest portfolio rebalance on 3rd April 2024.

KEY SAA CHANGES

- **Slightly higher growth/defensive split** amid ongoing economic resiliency and higher return expectations for equities over bonds
- **Increase Australian equities** given more favourable capital market assumptions relative to global equities
- **Increase equity FX hedge ratio** given the potential for the Australian dollar to strengthen
- **Reduce cash and international fixed income** to fund an increase in Australian fixed income

ASSSET CLASS VIEWS

Asset Class	View	Rationale
Growth/Defensive Split	Increase	Higher expected returns for equities and ongoing resiliency in forward earnings leads us to slightly increase the allocation to growth assets. For example, the Balanced portfolio is now 51/49 compared to 50/50 last year.
Growth Assets		
Australian Equities	Increase	Relatively attractive valuations and higher dividend yields lead us to increase Australian equities marginally.
Developed ex AU Equities	Neutral	We reduce unhedged equities in favour for hedged equities to increase the currency hedge ratio. A higher currency hedge ratio would better protect the value of the portfolio in the event of a stronger Australian dollar.
Defensive Assets		
Australian Fixed Income	Increase	Relatively higher expected returns for Australian fixed income sees us increasing the exposure to Australian bonds over that of international fixed income and cash.
International Fixed Income	Decrease	We reduce International fixed income in favour for Australian fixed income based on the relative attractiveness of capital market assumptions.
Cash	Decrease	Reduce cash in favour for fixed income given higher expected returns for the latter.

Source: BlackRock, , as of latest SAA review on 3rd April 2024.
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Quarterly Performance Update

BlackRock GSS Index Models

March 2024

BlackRock

PERFORMANCE COMMENTARY – UNDERLYING FUND RETURNS (QUARTERLY)

BlackRock GSS Unhedged International Equities Index Fund

- International equities were positive over the first quarter of 2024 with the unhedged international equity index fund rising strongly in Q1 (14.1%). Global stocks continued to rally early in the year, buoyed by resilient economic data and robust corporate earnings.
- The depreciation of the Australian dollar acted as a tailwind for international equity investors, with unhedged returns outperforming their currency hedged equivalent.
- Japanese equities were a significant contributor over the quarter and the Nikkei 225 Index rose by 21.5% (in local currency terms), as accelerating corporate reforms and supportive policy continue to underpin confidence in the Japanese markets. US and European equities also contributed positively, while China's CSI 300 Index lagged its peers and rose 3.1% (in local currency terms) as economic weakness and investor uncertainty persisted.

BlackRock GSS Hedged International Equities Index Fund

- Positive investor sentiment saw equities reach new highs across several developed markets in Q1, with the hedged international equity index rising over the quarter (10.2%) amid increased confidence of a soft economic landing.

BlackRock GSS Australian Equities Index Fund

- Australian equities underperformed unhedged global equities over the quarter, with the Australian equity index fund rising by 5.4% across the period.
- On a sector basis, Information Technology and Real Estate were the best performing domestic sectors, while the Materials sector declined over the quarter.

BlackRock GSS Global Bond Index Fund

- Global fixed income markets faced headwinds in Q1, as markets pushed out the timing and magnitude of central bank rate cuts amid sticky inflation.
- Over the quarter, the US 10-year yield rose from 3.9% to 4.2%. The rise in rates pushed bond prices lower and the Global Bond Index Fund was down -0.4% across the period.

BlackRock GSS Australian Bond Index Fund

- Australian bonds outperformed their global counterparts and the Australian Bond Index Fund gained 1.0% over the quarter.
- Bond yields were roughly flat locally. Australian inflation held steady across the period, although continues to print above the Reserve Bank of Australia's (RBA) target, and there are early signs that the domestic economy is slowing.

BlackRock Cash Fund

- The official cash rate set by the RBA remained at 4.35%. The central bank has left interest rates on hold since November 2023 and has adopted a data dependent view.

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PERFORMANCE DATA

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