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Model Portfolio Update

BlackRock Equity Yield Focus Model (BR0005)

DEC 2023

Market Overview

The S&P/ASX300 Accumulation Index finished the year with a positive quarter, registering a +8.36% rise.

Towards the end of the quarter, there were signs that inflation could be starting to abate: the latest monthly CPI indicator rose +4.9% in the 12 months to October, and the strengthening Australian Dollar was also a positive. Elsewhere, the RBA raised the Official Cash Rate by 25bps in November, after a higher-than-expected quarterly CPI reading (+5.4% Y/Y). Retail Spending was up and down throughout the quarter, with the latest reading for October coming in at -0.2%, and, while still strong, the latest unemployment readings (+3.9%) seemed to soften a little, perhaps suggesting that the impact of aggressive rate rises might be starting to hit the labour market.

Index performance for the quarter was broad across the market as the year ended with global optimism around inflation and interest rate projections: Real Estate (+15.8%), Health Care (+13.3%), Materials (+13.0%), Financials (+8.2%), Communication Services (+6.7%), and Information Technology (+6.5%) all did well. The only negatively performing sectors were Energy (-9.0%), and Utilities (-2.0%), which was dragged lower by Origin Energy – the company's share price dropped after the proposed takeover offer by Brookfield / EIG fell through.

The best performing stock for the quarter was the biopharmaceutical company, Imugene (+139.1%), which was boosted by a positive update on phase 1 of the MAST trial evaluating the safety and efficacy of the novel cancer-killing virus CF33-hNIS. The worst performing stock for the quarter was Appen (-44.1%), which fell after providing a disappointing YTD trading update, which showed significant decreases in revenue and profit. The firm also announced some executive changes, with CTO Saty Bahadur leaving the company.

Performance as at 31 December 2023

	Gross %	Out-performance %^	Benchmark %*
1 Month	7.70%	-0.31%	8.01%
3 Months	8.34%	-0.03%	8.36%
6 Months	10.68%	3.09%	7.59%
1 Year	20.01%	7.55%	12.46%
3 Years (pa)	13.06%	4.63%	8.43%
5 Years (pa)	13.17%	2.93%	10.24%
10 Years (pa)	11.11%	3.14%	7.97%
Since inception (pa)*	9.34%	1.91%	7.43%

* S&P/ASX 300 Accumulation Index.
^Shows the difference between Portfolio Gross Return and Benchmark Return.
Model performance inception date: 8/11/2005.

Past performance is no indicator of future performance. Long term performance returns show the potential volatility of returns over time. The value of investments and the income from them can fall as well as rise and is not guaranteed. You may not get back the amount originally invested. Fluctuation may be particularly marked in the case of a higher volatility Model and the value of an investment may fall suddenly and substantially. Model portfolio composition and performance have been based on theoretical tracking of the model portfolio and are gross of fees and do not take tax positions into account. Please note, actual portfolios may not perform in the same manner as the model depicted in this document, depending on the nature of your personal portfolio and any customisations. Rounding used in the presentation of data may result in minor variations.

Summary

Model Portfolio Name	BlackRock Equity Yield Focus
Model Code	BR0005
Model inception date	4/11/2005
Principal investment objective	Tax effective and growing income stream
Can derivatives be used?	Yes
Indicative number of stocks	Up to 40
Minimum Model investment	No fixed minimum*
Model Provider's Fees*	
Investment Fee	0.40% p.a.
Performance Fee applicable?	No
Benchmark Index	S&P/ASX 300 Accumulation Index^

* Please refer to the Product Disclosure Statement for further details.
^ Adjusted for franking credits.

About the Model Portfolios

Investment objective

The primary aim of the BlackRock Equity Yield Focus Model Portfolio (the "Model") is to provide the investor with a tax effective and growing income stream sourced primarily from dividend payments by companies listed on the Australian Stock Exchange. Through investing in equity markets there is also the prospect of capital gains over time.

Investment strategy

The investment objective of the Model is pursued by investing in a moderately diversified portfolio of shares, whilst maintaining low portfolio turnover levels. The Model invests in stocks which are expected to pay grossed-up dividend yields (including anticipated special dividends) in excess of the market average over the medium term. A portfolio of these stocks is developed in a manner which aims to ensure that industry exposures are diverse.

Designed for investors who...

- Seek a tax-effective income stream with some capital growth
- Accept the risk that some volatility will be experienced