

28 October 2022

Market Announcements Office
ASX Limited

ISHARES S&P/ASX DIVIDEND OPPORTUNITIES ETF (IHD) – UPCOMING CHANGES

We are writing to inform you about some changes being made to the iShares S&P/ASX Dividend Opportunities ETF (ASX: IHD) (**Fund**). Effective on **1 December 2022**, the **Fund Name** and **Benchmark Index** will be changed, and the **Management Fee** will be lowered.

	CURRENT	NEW
Fund Name	iShares S&P/ASX Dividend Opportunities ETF	iShares S&P/ASX Dividend Opportunities ESG Screened ETF
Benchmark Index	S&P/ASX Dividend Opportunities Index (Current Index)	S&P/ASX Sustainability Screened Dividend Opportunities Index (New Index)
Management Fee	0.30% p.a.	0.23% p.a.

Please note that no response or action is required of you as an investor as a result of this change. Material information pertaining to the Fund’s new features will be outlined in the Supplementary Product Disclosure Statement (SPDS) which will soon be announced and made available on our website.

What is changing?

The Fund will continue to aim to provide investors with a cost-effective and efficient exposure to around 50 Australian high yielding common stocks from the same initial universe of securities drawn from the S&P/ASX 300 Index.

The key changes are as follows:

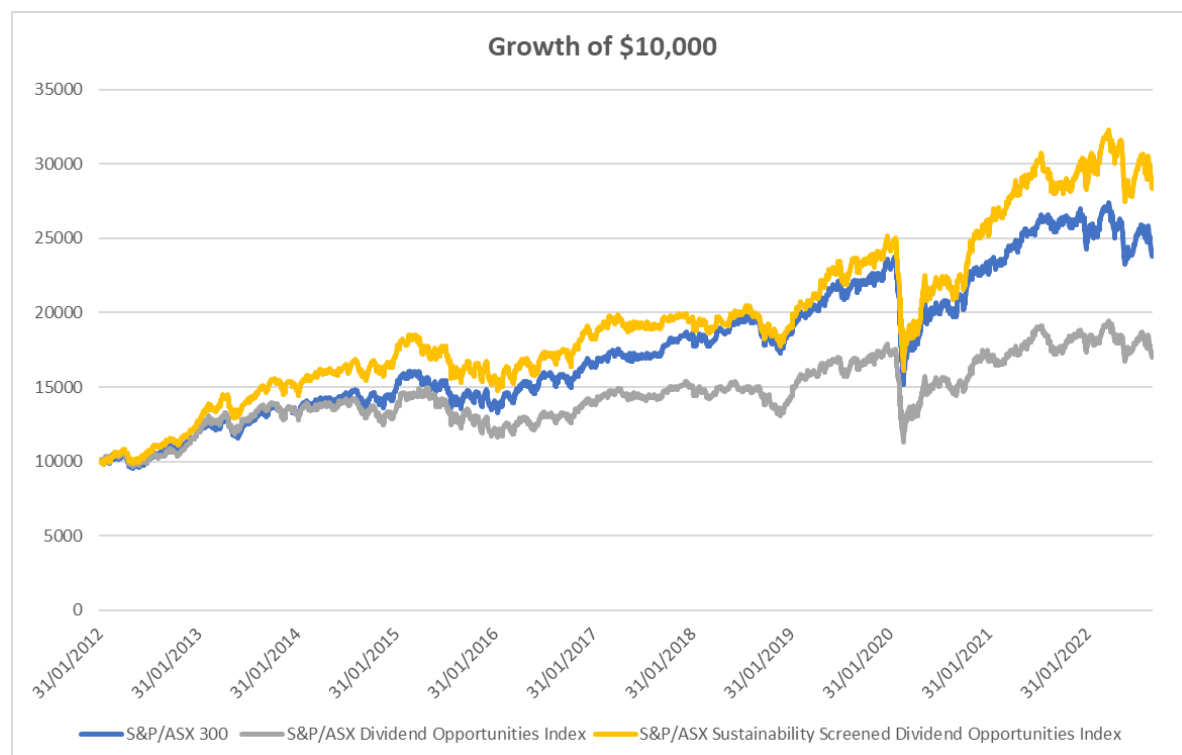
- **A more cost-effective exposure:** As part of the regular review of our pricing strategy, the management fee of the Fund will be reduced from **0.30% p.a.** to **0.23% p.a.** This lowered fee means that more of the Fund’s income is passed through to our clients and is a result of BlackRock’s ability to leverage our global scale in providing high quality, cost-effective investment solutions.
- **Index methodology:** In determining the suitability of indexes utilised by our ETF range, we are constantly evaluating the market in order to tailor strategies for changing local markets like Australia. In consultation with the index provider, we have simplified the index by removing some of the stock selection constraints that have not performed as expected in recent market conditions. The New Index incorporates a 12-month forecast (rather than historic) dividend yield and uses company profitability to select quality dividend stocks listed in Australia.
- **Sustainability:** We believe sustainability risk and climate risk are investment risks. Accordingly, the New Index will aim to exclude companies engaged in activities that are controversial or have adverse effects on climate (according to the index provider’s methodology) including: Controversial Weapons, Small Arms, Tobacco products, Oil Sands, Shale Energy, Thermal Coal, Military Contracting, Oil & Gas, Alcoholic Beverages, Gambling, Nuclear Power & Adult Entertainment.

For more information on the index methodology (including the ESG screens employed by the index) and how it compares to the current methodology, please refer to the Fund's SPDS and the index change notice on the [IHD product page](#) on the BlackRock website.

What does this mean for the investment performance?

➤ **Back-tested performance**

The below chart shows the modelled performance of a \$10,000 investment in the New Index against the Current Index and the broad market as measured by the S&P/ASX 300 Index from 31 January 2012 to 30 September 2022.



➤ **Back-tested income return**

From 31 January 2012 to 30 September 2022, back-tested modelling shows that a \$10,000 investment in the New Index at the beginning of the period would have returned \$7,970 of distribution income versus the Current Index which provided an income distribution of \$5,700. The income distribution also surpassed that of the S&P/ASX 300 which would have provided \$5,750 of income based on a modelled \$10,000 investment¹.

Performance and income return figures represent modelled past performance of the indices and are not indicative of future performance. Current performance and income return may be higher or lower than that shown. Indices are unmanaged and one cannot invest directly in an index. The objective of the fund is to track the index, and any returns of the fund will be reduced by management fees, transaction costs and any other expenses.

Are there any tax considerations?

As part of the transition, the Fund may realise an amount of net capital gains on disposal of the held stocks. Any realised capital gains will be included in the Fund's attributable income for the current year ending 30 June 2023².

Need assistance or further information?

If you require any further information, please contact us on 1300 474 273 between 8:30am and 5:00pm (AEST), Monday to Friday or at clientservices.us@blackrock.com.

We thank you for your continued support.

Yours sincerely,

iShares Australia

IMPORTANT INFORMATION

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¹Example assumes a \$10,000 investment on 31 January 2012 with no additional investments over the period and that distributions are not reinvested.

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