

2 November 2022

Market Announcements Office  
ASX Limited

## ISHARES S&P/ASX DIVIDEND OPPORTUNITIES ETF SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT

FOR RELEASE TO ALL FUNDS LISTED BELOW

BlackRock Investment Management (Australia) Limited (**BIMAL**) is the Responsible Entity for the below listed Australian-domiciled iShares® exchange traded funds (**Funds**), which are quoted on the ASX.

ASX Code	Fund
IOZ	iShares Core S&P/ASX 200 ETF
MVOL	iShares Edge MSCI Australia Minimum Volatility ETF
AUMF	iShares Edge MSCI Australia Multifactor ETF
ILC	iShares S&P/ASX 20 ETF
IHD	iShares S&P/ASX Dividend Opportunities ETF
ISO	iShares S&P/ASX Small Ordinaries ETF
IESG	iShares Core MSCI Australia ESG Leaders ETF

BIMAL would like to inform investors that a Supplementary Product Disclosure Statement (**SPDS**) has been issued for the Funds. The SPDS is attached for reference and available at [www.blackrock.com/au](http://www.blackrock.com/au).

### Important Notice

**Before investing in an iShares ETF, you should carefully consider whether such products are appropriate for you, read the applicable product disclosure statement (PDS) available at [blackrock.com/au](http://blackrock.com/au) and consult an investment adviser.**

An iShares ETF is not sponsored, endorsed, issued, sold or promoted by the provider of the index which a particular fund seeks to track. No index provider makes any representation regarding the advisability of investing in the iShares ETFs. Further information on the index providers can be found on BIMAL's website terms and conditions at [blackrock.com/au](http://blackrock.com/au).

For more information about iShares ETFs go to [blackrock.com/au/ishares](http://blackrock.com/au/ishares) or call 1300 474 273.

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by BlackRock

## Supplementary Product Disclosure Statement No. 1

### iShares Australian Equity ETFs PDS

iShares S&P/ASX Dividend Opportunities ETF (ASX: IHD)  
ARSN 146 080 926

BlackRock Investment Management (Australia) Limited  
ABN 13 006 165 975  
Australian Financial Services Licence No 230523

Date: 2 November 2022

This Supplementary Product Disclosure Statement No. 1 is dated 2 November 2022 (**SPDS No. 1**) and updates the Product Disclosure Statement dated 17 March 2022 for the iShares Australian Equity ETFs PDS (**PDS**).

The changes below relate only to the **iShares S&P/ASX Dividend Opportunities ETF (ASX: IHD)**. This SPDS No. 1 must be read in conjunction with the PDS.

A copy of this SPDS No. 1 has been lodged with the Australian Securities and Investments Commission (**ASIC**) and released to the Australian Securities Exchange (**ASX**). Neither ASIC nor ASX take any responsibility for the contents of this SPDS No. 1.

#### Purpose of this SPDS No. 1

Effective from 1 December 2022, the following changes will be implemented for the Fund:

1. **New Benchmark:** IHD will track the S&P/ASX Sustainability Screened Dividend Opportunities Index.
2. **Fund name change:** IHD's name will change to the S&P/ASX Dividend Opportunities ESG Screened ETF.
3. **Management Fee:** IHD's management fee will be reduced from 0.30% to 0.23%.

As a result of these changes and effective from 1 December 2022, the following amendments are made to the PDS:

- i. all references to "iShares S&P/ASX Dividend Opportunities ETF" are replaced with "iShares S&P/ASX Dividend Opportunities ESG Screened ETF"; and
- ii. section 7 of the PDS is deleted and replaced with section 7 as shown on the following page of this SPDS No. 1.

#### No other changes

The disclosures for the following iShares ETFs which are offered under the iShares Australian Equity ETFs PDS remain unchanged:

- ▶ iShares Core S&P/ASX 200 ETF (ASX: IOZ)
- ▶ iShares Edge MSCI Australia Minimum Volatility ETF (ASX: MVOL)
- ▶ iShares Edge MSCI Australia Multifactor ETF (ASX: AUMF)
- ▶ iShares S&P/ASX 20 ETF (ASX: ILC)
- ▶ iShares S&P/ASX Small Ordinaries ETF (ASX: ISO)
- ▶ iShares Core MSCI Australia ESG Leaders ETF (ASX: IESG)

**Terms used in this SPDS No. 1 have the same meaning as in the PDS. Prior to investing in IHD, a prospective investor must take into account and accept the foregoing information, as well as the information disclosed in the PDS.**

## 7. About the iShares S&P/ASX Dividend Opportunities ESG Screened ETF

The information in section 7 of this PDS relates solely to the iShares S&P/ASX Dividend Opportunities ESG Screened ETF (referred to in this section 7 of the PDS as the Fund).

### Target market summary

This product is **likely** to be appropriate for a consumer seeking capital growth and/or income distribution with a high to very high risk/return profile.

This product is **unlikely** to be appropriate for a consumer with a short investment timeframe or as a whole portfolio solution.

### 7.1 Investment objective

The Fund aims to provide investors with the performance of an index, before fees and expenses.

The index is designed to measure the performance of 50 ASX listed stocks that offer high dividend yields while meeting diversification, profitability and tradability requirements as well as being screened for sustainability considerations.

### 7.2 Investment strategy

The Fund seeks to achieve its objective by tracking the performance of the S&P/ASX Sustainability Screened Dividend Opportunities Index (referred to in this section 7 of the PDS as the Index).

We believe that a full replication investment strategy is the most appropriate investment strategy to track the performance of the Index as risk relative to the Index is minimised. Our full-replication approach normally aims to purchase every security in the Index, while considering transaction costs.

### 7.3 What does the Fund invest in?

The Fund generally invests in the Australian equity securities that form the Index.

Generally, the Fund may also hold a small allocation of cash (or cash equivalents, that may include other BlackRock Group funds) for cash flow management purposes.

### 7.4 About the Index

The Index offers exposure to 50 high yielding common stocks from the Australian equity market. The Index is designed to serve as a benchmark for income (yield) seeking investors investing in the Australian equity market. The Index seeks to provide exposure to high yielding common stocks from Australia while meeting diversification, profitability and tradability requirements as well as having improved sustainability credentials.

The Index construction methodology employs a yield driven weighting scheme while providing diversification across individual stocks and sectors. S&P calculates the Index on both a price and total return basis.

The initial universe of securities is drawn from the S&P/ASX 300 Index. The initial universe is then narrowed down to an “investible universe” of securities based on the following criteria:

- ▶ Market capitalisation: stocks must have a free-float market capitalisation of above \$AUD500 million as of the rebalancing reference date;
- ▶ Average daily volume: stocks must have a minimum six-month average daily value traded of \$AUD2 million as of the rebalancing reference date;

- ▶ Exchange listing: stocks must be listed on the ASX; and
- ▶ REITs: stocks that are classified as part of the GICS Equity Real Estate Investment Trusts (REITs) Industry and Mortgage REITs Sub-Industry are excluded from the universe.

This investable universe is then screened for ‘profitability’. Stocks must have been profitable, as measured by positive Earnings Per Share (EPS), over the 12-month period prior to the rebalancing reference date.

Once the profitability criteria has been factored in, companies are screened/excluded based on the following criteria:

- ▶ Global Standards Screening (GSS) Non-Compliance: Companies that are non-compliant with the Sustainalytics’ Global Standards Screening (GSS) are excluded.
- ▶ Business Involvement: Additional exclusion filters are incorporated, screening companies for involvement (based on revenue thresholds) in controversial weapons, small arms, tobacco products, oil sands, shale energy, thermal coal, military contracting, oil & gas, alcoholic beverages, gambling, nuclear power and adult entertainment. The level of business involvement is determined by Sustainalytics.
- ▶ Controversies: S&P Global uses RepRisk, a leading provider of business intelligence on environmental, social, and governance risks, for daily filtering, screening and analysis of controversies related to companies within the index. In cases where risks are presented, S&P Global releases a Media and Stakeholder Analysis (MSA) which includes a range of issues such as economic crime and corruption, fraud, illegal commercial practices, human rights issues, labor disputes, workplace safety, catastrophic accidents, and environmental disasters. The Index Committee will review constituents that have been flagged by S&P Global’s MSA to evaluate the potential impact of controversial company activities on the composition of the indices. If the Index Committee decides to remove a company in question, that company would not be eligible for reentry into the indices for one full calendar year beginning with the subsequent rebalancing.

Further information on the sustainability criteria employed by the index can be found in the index methodology book.

Upon accounting for the profitability and sustainability criteria, the “selection universe” is formed from which index constituents are ultimately selected. With respect to constituent selection, all stocks in the selection universe are first ranked on the basis of 12 month forecast dividend yield as of the rebalancing reference date with the highest yielding stocks selected to form the Index. The 12 month forecast dividend is provided by S&P Capital IQ, which aggregates individual estimates provided by analysts that are covering a public company. The 12 month forecast dividend yield is calculated by using the 12 month forecast dividend divided by the stock price as of the reference date. While forecasts are made on a reasonable basis, actual yields may differ materially from the forecasts. If a current constituent is among the top 70 in the sorting, it remains in the Index. If the target constituent count is not met, the index selects the remaining stocks in rank order until the target constituent count of 50 is satisfied. If at this point there are fewer than 50 stocks selected, the index contains fewer than the target constituent count of 50.

Index constituents are weighted in proportion to the stocks’ total dividend (12-month forecast dividend yield multiplied by free-float market capitalisation) subject to the following criteria:

- ▶ sector weights are capped at the lower of 2x the S&P/ASX 300 Index sector weight and S&P/ASX 300 Index sector weight plus 10%, as of each semi-annual rebalancing;
- ▶ no single stock can have a weight of more than 10% of the Index as of each semi-annual rebalancing.

The Index rebalances semi - annually in January and July. The Index may undergo periodic unscheduled rebalances at other times.

Refer to the section of this PDS titled “Additional information about the Index” for further information.