

7 May 2021

Market Announcements Office
ASX Limited

ISHARES CORE MSCI WORLD ALL CAP (AUD HEDGED) ETF SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT NO. 1

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 fund (**Fund**), which is quoted on the ASX.

ASX Code	Fund
IHWL	iShares Core MSCI World All Cap (AUD Hedged) ETF

BIMAL would like to inform investors that Supplementary Product Disclosure Statement No. 1 (**SPDS**) has been issued for the Fund. The SPDS is attached for reference and available at 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 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.

For more information about iShares ETFs go to blackrock.com/au/ishares or call 1300 474 273.

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by BlackRock

Supplementary Product Disclosure Statement No. 1

iShares Core MSCI World All Cap (AUD Hedged) ETF (ASX: IHWL)

ARSN 607 996 458

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

Date: 7 May 2021

This Supplementary Product Disclosure Statement No. 1 is dated 7 May 2021 (**SPDS No. 1**) and updates the Product Disclosure Statement dated 11 December 2020 (**PDS**) for the iShares Core MSCI World All Cap (AUD Hedged) ETF (the **Fund**). 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

As announced on 22 April 2021, effective from 8 June 2021, the following changes will be implemented for the Fund:

1. **New Benchmark:** The Fund will track the MSCI World ex Australia Custom ESG Leaders Index 100% Hedged to AUD.
2. **Fund name change:** The Fund's name will change to the iShares Core MSCI World Ex Australia ESG Leaders (AUD Hedged) ETF
3. **New fund structure:** The Fund currently gains exposure to the benchmark via an optimisation strategy holding 4 ETFs. On 8 June 2021, the Fund will transition to holding physical underlying securities.

As a result of these changes and effective from 8 June 2021, the following amendments are made to the PDS:

- i. all references to "iShares Core MSCI World All Cap (AUD Hedged) ETF" are replaced with "iShares Core MSCI World Ex Australia ESG Leaders (AUD Hedged) ETF"; and
- ii. section 6 of the PDS is deleted and replaced with section 6 as shown on the following page of this SPDS No. 1.

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

6. About the iShares Core MSCI World Ex Australia ESG Leaders (AUD Hedged) ETF

The information in section 6 of this PDS relates solely to the iShares Core MSCI World Ex Australia ESG Leaders (AUD Hedged) ETF (referred to in this section 6 of the PDS as the Fund).

6.1 Investment objective

The Fund aims to provide investors with the performance of an index, before fees and expenses (including the cost of hedging).

The index is designed to measure the AUD hedged performance of global, developed market large- and mid- capitalisation companies with better sustainability credentials relative to their sector peers.

6.2 Investment strategy

The Fund seeks to achieve its objective by tracking the performance of the MSCI World Ex Australia Custom ESG Leaders Index 100% Hedged to AUD (referred to in this section 6 of the PDS as the **Index**).

We believe that an optimisation investment strategy is the most appropriate investment strategy to track the performance of the Index as it takes into account liquidity and transaction cost impact and overall risk relative to the Index. Optimisation is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to that of the Index. The securities selected are expected to have, in aggregate, investment characteristics (based on factors such as market capitalisation and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the Index. Therefore, the securities to which the Fund is exposed may or may not include all of the securities in its Index and the weighting of such securities may differ to the weighting of securities in the Index.

6.3 What does the Fund invest in?

The Fund will generally be exposed to the international developed market stocks that form the Index and to depositary receipts representing securities of the Index.

The Fund may have limited exposure to securities that are not constituents of the Index, including derivatives, where such securities provide similar performance (with matching risk profile) to Index securities. However, from time to time the Fund may be exposed to all constituents of the Index.

Generally, the Fund and Underlying Funds may also be exposed to a small allocation of cash (or cash equivalents, that may include other BlackRock Group funds) for cash flow management purposes. The Fund will also invest in forward foreign exchange contracts for currency hedging purposes.

6.4 About the Index

The Index is a free float-adjusted market capitalisation weighted index that aims to reflect the performance characteristics of a subset of equity securities within the MSCI World Ex Australia Index (referred to in this section 6 of the PDS as the **Parent Index**) that have high Environmental, Social and Governance (“ESG”) ratings relative to their sector peers (hedged to Australian dollars). The Parent Index captures large and mid cap representation across 22 of 23 Developed Markets countries (excluding Australia). The Index tracked by IHWL aims to target sector weights that reflect the relative sector weights of the Parent Index to limit the systematic risk introduced by the ESG selection process. Overall, the Index targets coverage of 50% of the Parent Index.

Eligibility for index inclusion is determined based on the following criteria:

- **ESG Ratings:** The Index uses MSCI ESG Ratings to identify companies that have demonstrated an ability to manage their ESG risks and opportunities. Companies are required to have an MSCI ESG Rating of ‘BB’ or above to be eligible for inclusion in the Index. For further information on MSCI’s ESG rating methodology, please refer to the following: <https://www.msci.com/our-solutions/esg-investing/esg-ratings>
- **ESG Controversies Score:** The Index uses MSCI ESG Controversies Scores to identify companies that are involved in very serious controversies involving the environmental, social, or governance impact of their operations and/or products and services. Companies are required to have an MSCI ESG Controversies Score of 3 or above to be eligible for inclusion in the Index. For further information on MSCI’s ESG Controversy Score methodology, please refer to the following: <https://www.msci.com/documents/10199/acbe7c8a-a4e4-49de-9cf8-5e957245b86b>
- **Controversial Business Involvement:** In addition to meeting the ESG Rating and Controversy Score requirements, business involvement screens are applied to identify companies that are involved in controversial business activities. Companies engaged in the following activities are screened from the index:
 - Fossil Fuel Extraction and Reserves
 - Controversial Weapons
 - Civilian Firearms
 - Tobacco
 - Nuclear Weapons
 - Conventional Weapons
 - Alcohol
 - Gambling
 - Nuclear Power
 - Oil Sands
 - Thermal Coal Power
 - Adult Entertainment
 - United Nations Global Compact Violators

Once the eligible universe has been confirmed, for each sector, securities in the universe are ranked based on ESG rating, ESG trend, current index membership, industry adjusted ESG Scores and finally decreasing free-float market capitalisation. For each sector, eligible securities are then selected from the ranked universe until the target 50% coverage by cumulative free float-adjusted market capitalization is reached.

As of the date of this PDS, the Index consisted of approximately 761 constituents from the following 22 countries or regions: Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. Constituents of the Index primarily include information technology, consumer discretionary, financials & healthcare. Constituents of the Index and the degree to which they represent certain industries are likely to change over time.

The Index rebalances quarterly in February, May, August and November. 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.