

MANAGER PROFILE

ISHARES

Manager Background

- > iShares was founded in 2000 by Barclays Global Investors. Its focus is managing and distributing Exchange Traded Funds. Over the past 10 years iShares has grown into one of the largest Exchange Traded Fund providers in the world, with more than 350 funds and approximately US\$325 billion¹ in assets under management.
- > In December 2009, BlackRock merged with Barclays Global Investors. The combined firm now operates under the BlackRock name. It manages US\$3.36 trillion² in assets for institutional and individual investors across the globe.

iShares iBoxx \$ Investment Grade Corporate Bond Fund

- > The iShares iBoxx \$ Investment Grade Corporate Bond Fund is an Exchange Traded Fund. It is designed to provide an efficient exposure to United States investment-grade corporate bonds. More specifically, the Fund seeks to replicate the returns of the iBoxx \$ Liquid Investment Grade Index.
- > The iBoxx \$ Liquid Investment Grade Index measures the performance of 600 highly liquid United States Dollar-denominated investment-grade corporate bonds. The index is designed to maximise liquidity while maintaining representation of the broader corporate bond market.

Manager Attributes

- > iShares' founder, Barclays Global Investors (now operating under the BlackRock name), has a strong pedigree in the area of passive index funds. Barclays Global Investors launched one of the first passive index funds more than 35 years ago in 1971.
- > An Exchange Traded Fund is an investment vehicle that combines key features of traditional managed funds and individual shares. Exchange Traded Funds provide diversified exposures to a number of individual securities like traditional open-ended funds. A distinct difference, however, is that Exchange Traded Funds trade like shares and can be bought and sold on an exchange.
- > Most Exchange Traded Funds are designed to track specific indices. These indices can be as broad as the Russell 3000 (an index of 3000 companies) or as narrow as the FTSE/Xinhua China 25 (an index with only 25 companies). These indices represent a variety of exposures including fixed interest, commodities and share market investments.
- > New Zealand Funds Management combines its moving average and capital protection strategies to manage both the credit and interest rate risk associated with this investment. The foreign currency risk associated with the investment is always full hedged.

¹ Source: FactSet, as at 28 February 2009. ² As at 31 March 2010 (this information is updated quarterly).