

BlackRock High Conviction Australian Equity Fund  
(Class S Units) Product Disclosure Statement

**BLACKROCK®**

**Dated: 22 October 2021**

BlackRock High Conviction Australian Equity Fund  
ARSN 608 699 341

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

This product is **likely** to be appropriate for a consumer seeking capital growth 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.

## BlackRock High Conviction Australian Equity Fund (Class S Units)

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### Important information

This Product Disclosure Statement (PDS) is a summary of significant information and contains a number of references to important information (each of which forms part of this PDS) and persons should consider that information before making a decision about the Fund.

The information provided in this PDS is general information only and does not take into account your individual objectives, financial situation, needs or circumstances. You should therefore assess whether the information is appropriate for you and obtain financial advice tailored to you having regard to your individual objectives, financial situation, needs and circumstances.

This PDS can only be used by investors receiving it (electronically or otherwise) in Australia. This PDS is not an offer to any person or any place in which it is unlawful to make such an offer. Units in the Fund have not been, and will not be, registered under the U.S. Securities Act of 1933 or the securities laws of any of the states of the United States. The Fund is not and will not be registered as an investment company under the U.S. Investment Company Act of 1940. Investment in units of the Fund by or on behalf of U.S. persons is not permitted. Units in the Fund may not at any time be offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, a U.S. person. Any issue, sale or transfer in violation of this restriction will not be binding upon the Fund and may constitute a violation of U.S. law.

If any part of this PDS is established to be invalid or unenforceable under the law, it is excluded so that it does not in any way affect the validity or enforceability of the remaining parts.

The Responsible Entity can change any terms and conditions of the offer contained in this PDS at any time. We reserve the right to outsource any or all investment, management and administration functions, including to related parties, without notice to investors.

### Responsible Entity contact details

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### Incorporation by Reference

The Corporations Act 2001 (Cth) (**Corporations Act**) allows us to provide certain information to you separately to this PDS. Where you see references to "Additional information incorporated by reference" additional information concerning the topic has been incorporated by reference and forms part of the PDS. This information can be found in the BlackRock Additional Fund Information No. 1 document, available at <https://www.blackrock.com/au/individual/funds-information/offer-documents> You should read this important information before making a decision. This material may change between the time when you read this PDS and when you acquire the product. This information is available to you free of charge upon request in paper format by contacting the BlackRock Client Services Centre.

### Information subject to change

Information in this PDS, as well as the terms and features of the Fund, is subject to change from time to time. We will notify you of any material changes or other significant events that affect the information in this PDS in accordance with our obligations under the Corporations Act.

Updated information that is not materially adverse can be obtained from our website at [www.blackrock.com/au](http://www.blackrock.com/au). A paper copy of any updated information will be given, or an electronic copy made available, free of charge upon request.

Where the Fund is subject to the continuous disclosure requirements of the Corporations Act, we will satisfy our obligations by disclosing material information regarding the Fund on our website at [www.blackrock.com/au](http://www.blackrock.com/au). A paper copy of this material is available free of charge upon request.

### Annual report

A copy of the audited annual financial report of the Fund is generally available by the end of September from us or upon request from your Investor Directed Portfolio Service (IDPS), superannuation fund or master trust operator. You may also elect to receive a hard copy of the report by contacting our Client Services Team on the telephone number shown on the right of this page.

### Investing through an IDPS, superannuation fund or master trust

If you have invested through an IDPS, superannuation fund or master trust, you can use this PDS for information purposes; however, if you wish to make any change to your investment you should contact the operator of such service and complete their required documentation. The operator of such service may process unitholder transactions and requests in accordance with processes that are different to those set out in this document.

### Target Market Determination

BlackRock has issued a target market determination (TMD) which, among other things, describes the class of consumers for whom this product is likely to be consistent with their likely objectives, financial situation and needs. A summary of the TMD for this product is on the cover page of this PDS.

BlackRock and its distributors must take reasonable steps to distribute this product to consumers described in the TMD.

The TMD for this product can be obtained by contacting the BlackRock Client Services Centre and may be available on the BlackRock website at [www.blackrock.com/au](http://www.blackrock.com/au).

## 1. About BlackRock Investment Management (Australia) Limited

BlackRock Investment Management (Australia) Limited, ABN 13 006 165 975 (referred to in this PDS as **BlackRock, Responsible Entity, Manager, we, our or us**) is the responsible entity and the issuer of units in the BlackRock High Conviction Australian Equity Fund (**Fund**).

BlackRock is a wholly owned subsidiary of BlackRock, Inc.® (**BlackRock Inc**) but is not guaranteed by BlackRock Inc, or any BlackRock Inc subsidiary or associated entity (the **BlackRock Group**). Neither BlackRock nor any member of the BlackRock Group guarantees the success of the Fund, the achievement of the investment objective, or the repayment of capital or particular rates of return on investment or capital. An investor in the Fund could lose all or a substantial part of their investment. In particular, the performance of the Fund will depend on the performance and market value of the assets held by the Fund.

We reserve the right to outsource any or all investment, management and administration functions, including to related parties, without notice to investors.

## 2. How the BlackRock High Conviction Australian Equity Fund (Class S Units) works

### 2.1 The interests that members acquire

The Fund is structured as a unitised registered managed investment scheme. When you invest in the Fund, you are allocated a number of units. Each of these units represents an equal share in the net assets of the Fund. As a result, each unit has a dollar value or “unit price”. The unit price will vary as the market value of assets in the Fund rises or falls.

### 2.2 Minimum investment amounts

When investing in the Fund you generally need a minimum amount of \$50,000 or such other amount as we may determine from time to time. There is no minimum investment for subsequent applications. While there is no minimum redemption amount, we generally require a minimum balance in your Fund account of \$50,000.

### 2.3 How investors can increase or decrease their investment

Investors can increase or decrease their investment by acquiring units (refer to section 8.1 of this PDS titled “How to invest”) or redeeming all or part of their investment (refer to section 2.4 of this PDS titled “How to redeem your investment”).

### 2.4 How to redeem your investment

Redemption requests can be made in writing (including by facsimile). You will normally be able to redeem from the Fund on any **Business Day**, being a day other than a Saturday or Sunday on which banks are open for general banking business in Sydney. A list of public holidays affecting the Fund is available on our website at [www.blackrock.com/au](http://www.blackrock.com/au).

Investor transaction requests are required to be received by 1.00 pm (Sydney time) on any Business Day (**Transaction Cut-off Time**). Transaction requests received before this time will generally be executed on the same day (**Trade Date**). Investor transaction requests received after this time or on a day when the Fund is unavailable for transactions will generally be treated as having been received the following Business Day.

Following receipt of a redemption request, we will deposit redemption proceeds into your nominated Australian bank account, generally within four Business Days of our having received

the redemption request, although we are allowed longer periods under the Fund’s constitution.

In some circumstances, such as when there is a freeze on withdrawals, investors may not be able to withdraw from the Fund within the usual period upon request.

## 2.5 Frequency of distributions and how they are calculated

If you hold units in the Fund at the close of business on the last day of a distribution period, you are entitled to participate in the distributable income of the Fund. Any income you receive from your investments will be in the form of distributions. Your distribution may include interest, dividends, other income and realised gains. Distributions are not guaranteed and there may be periods for which distributions are higher or lower than expected.

Distributions (if any) are generally determined at the end of March, June, September and December each year. Distributions (if any) are usually paid within 21 Business Days of the end of the distribution period.

### Additional information incorporated by reference

You should read the important information about the acquisition and disposal of interests before making a decision. This material may change between the time when you read this PDS and when you acquire the product. Go to section 2 of the document titled “BlackRock Additional Fund Information No. 1”, which is available from our website at <https://www.blackrock.com/au/individual/funds-information/offer-documents>

## 3. Benefits of investing in the BlackRock High Conviction Australian Equity Fund (Class S Units)

**Access to extensive investment expertise.** The existing investment team of four senior investors has more than 70 years of investment experience (and stock picking) between them.

**Fundamental investment process.** Access to a fundamental investment process with a strict adherence to the five quality filters (please refer to section 5 of this PDS, titled “How we invest your money”, for further information) and a skilled and pragmatic approach to valuation. The flexible investment process focuses on well-managed industrial companies that can deliver superior returns.

**Backed by BlackRock.** The investment team has access to the broader BlackRock Group including its market-leading risk management platform. This support enables the investment team to focus on identifying the best investment opportunities.

### Additional information incorporated by reference

You should read the important information about the other features and benefits of the Fund before making a decision. This material may change between the time when you read this PDS and when you acquire the product. Go to section 3 of the document titled “BlackRock Additional Fund Information No. 1”, which is available from our website at <https://www.blackrock.com/au/individual/funds-information/offer-documents>

#### 4. Risks of managed investment schemes

**All investments carry risk. Different strategies may carry different levels of risk, depending on the assets that make up the strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk.**

**Returns are not guaranteed. Future returns may differ from past returns and investors may lose some or all of their investment.**

**The appropriate level of risk for each investor will vary depending on a range of factors including age, investment time frames, where other parts of the investor's wealth is invested and the investor's risk tolerance.**

The specific investment risks of investing in the Fund include:

**Concentration risk.** Under normal circumstances, the Fund focuses its investments in the securities of a limited number of issuers. This may subject the Fund to greater issuer-specific risk and potential losses than a fund that invests in the securities of a greater number of issuers.

**Derivative risk.** The Fund may be exposed to derivative securities. The use of derivatives expose a fund to different risks as opposed to investing directly in a security. For example, derivatives can cause a fund to make greater gains or incur greater losses than the gains and losses of the underlying security in relation to which the derivative derives its value.

**Equity security risk.** Equity securities are subject to changes in value, and their values may be more volatile than those of other asset classes. Dividend payments from shares may also vary over time.

**Liquidity risk.** The Fund may be exposed to securities with limited liquidity, which are in practice infrequently traded or for which typical daily volumes traded are small. It may not be possible to sell such securities when it is desirable to do so or to realise what the manager perceives to be their fair value in the event of a sale. The general level of market liquidity also varies and may deteriorate. Such a deterioration may negatively impact the ability to trade fund securities and may negatively affect the price at which a trade is executed. These circumstances could impair a fund's ability to make distributions to a redeeming unit holder in a timely manner and a fund may need to consider suspending redemptions. The BlackRock Group aims to reduce these risks by understanding the liquidity characteristics of securities a fund is exposed to and plans trading so as to minimise the adverse consequences of low liquidity.

**Small and Mid-Capitalization Company Risk.** Companies with small or mid-size market capitalizations will normally have more limited product lines, markets and financial resources and will be dependent upon a more limited management group than larger capitalized companies. In addition, it is more difficult to get information on smaller companies, which tend to be less well known, have shorter operating histories, do not have significant ownership by large investors and are followed by relatively few securities analysts.

Other risks more generally associated with investing in a fund include:

**Fund risk.** The price of units in a fund and the income from them may go down as well as up. Investors may not get back their original investment. There can be no assurance that a fund will achieve its investment objective or that an investor will achieve profits or avoid losses, significant or otherwise. Capital return and income of a fund is based on the capital appreciation and income of the securities invested in, less expenses incurred. Fund returns may fluctuate in response to changes in such capital appreciation or

income. The payment of distributions is at the discretion of the fund issuer, taking into account various factors and its own distribution policy. Distributions are not guaranteed and there may be periods for which distributions are higher or lower than expected. Investing in a fund may result in a different tax outcome than investing in securities directly. The application of tax laws and certain events occurring within a fund may result in you receiving some of your investment back as income in the form of a distribution. A fund will generally not be managed with consideration of the individual circumstances, including specific tax considerations, applicable to any single unitholder in the fund. Past performance is not indicative of future performance.

**Counterparty risk.** Institutions, such as brokerage firms, banks, and broker-dealers, may enter into transactions with the manager of a fund in relation to the sale and purchase of assets or securities. Such institutions may also be issuers of the securities in which a fund invests. Bankruptcy, fraud, regulatory sanction or a refusal to complete a transaction at one of these institutions could significantly impair the operational capabilities or the capital position of a fund. While the BlackRock Group uses reasonable efforts to mitigate such risks, there can be no guarantee that transactions between such counterparties will always be completed in the manner contemplated by, and favourable to, the relevant fund.

**Conflicts of interest risk.** Certain conflicts of interest may arise in the operation of a BlackRock Group fund. Fund structures may involve members of the BlackRock Group acting in more than one capacity, while BlackRock Group funds may hold over-the counter derivative agreements where a member of the BlackRock Group is acting (in different capacities) on both sides of the agreement. BlackRock Group funds may be invested in by persons associated with BlackRock Group or by other funds and accounts managed by different members of the BlackRock Group. Investors in a fund may, in some instances, invest on different terms to each other, some of which may be more favourable than others. Each investor in a fund may act in a way which is adverse to the interests of other investors in that fund. Additionally, funds and accounts managed by different members of the BlackRock Group may act as a seed investor in a BlackRock Group fund, which may create a commercial opportunity for the BlackRock Group. For example, a seed investment may allow the BlackRock Group to establish a track record for a fund that can then be sold to other clients. Certain investment strategies of the BlackRock Group may conflict with each other and may affect the price and availability of securities in which to invest. Members of the BlackRock Group may also give advice or take action with respect to any of their clients, which may differ from the advice given or the timing or nature of any action taken with respect to the investments of other BlackRock Group funds or accounts.

While conflicts of interest may arise from time to time, the BlackRock Group has established policies and procedures in place to manage any such conflict, which includes ensuring transactions between BlackRock Group entities are conducted on an arm's length commercial basis.

**Individual investment risk.** Individual securities held by a fund can and do fall in value for many reasons. Both price and levels of income are subject to fluctuation. Returns from individual securities will vary and price movements can be volatile.

**Market risk.** The Fund could lose money over short periods due to short-term market movements and over longer periods during more prolonged market downturns. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issue, recessions, or other events could have a significant impact on the Fund and its investments.

**Operational risk:** The risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Adverse impacts may arise internally through human error, technology or infrastructure changes, or through external events such as third-party failures or crisis events. The BlackRock Group has procedures in place to manage these risks and, as much as possible, monitor the controls within these procedures to ensure operational risks are adequately managed.

**Regulatory and business risk:** Changes in corporate, taxation or other relevant laws, regulations or rules may adversely affect your investment. For example, such changes may adversely affect a fund's ability to execute certain investment strategies, which could have a material effect on performance. The laws affecting registered managed investment schemes may also change in the future.

## 5. How we invest your money

**Investors should consider the likely investment return, the risk, and their investment timeframe when choosing a fund in which to invest. This Fund only offers a single investment option.**

The Fund aims to deliver returns that are 4-6% (before fees) p.a. above those of the S&P/ASX 300 Industrials Ex Top 5 Market Cap Total Return Index (Benchmark) over rolling 3-year periods.

The Fund applies a fundamental approach that is focused on bottom up analysis, where detailed research is conducted prior to any investment decision. There is a strict focus on quality first and only those companies that meet the following quality filters will be considered for inclusion in the Fund:

- ▶ **Management:** engagement with key executives and board members to identify talented management teams.
- ▶ **Profitability:** rigorous evaluation of companies' ability to generate profits
- ▶ **Debt:** strict assessment of debt levels and the ability to service and repay debt.
- ▶ **Businesses.** superior businesses that are easy to understand.
- ▶ **Sustainability:** analysis of ESG risks and factors to identify companies well positioned to grow sustainably.

We believe that the focus on quality first adds significant outperformance, particularly in times of market dislocation, where successful investing is as much about avoiding the losses as picking the winners.

Once we are satisfied that a company has successfully passed the above five filters, we use a number of valuation techniques to identify value. Our flexible "blend" investment style focuses on stocks with attractive growth and value characteristics. A concentrated portfolio of 20 to 40 stocks is then constructed from an investible universe of approximately 200, which will have a balance of risk across all sectors.

The Fund will invest in industrial stocks excluding the top five stocks by market capitalisation. The Fund will also not invest in resource stocks. We believe this approach has less concentration risk than the broader benchmark enabling the team to uncover opportunities across all market cap sizes.

The Fund will not hold securities in the following sectors:

- ▶ Tobacco – all producers;
- ▶ Controversial Weapons – zero tolerance;
- ▶ Thermal Coal - >5% Revenue from production and power generation;
- ▶ Oil Sands - > 5% revenue from production;

- ▶ Nuclear Weapons – any tie;
- ▶ Unconventional Oil and Gas - >0% overall revenue; and
- ▶ Conventional Oil and Gas - companies deriving more than 0% revenue from conventional oil and gas production, and less than 40% revenue from products, services, or infrastructure projects supporting the development or delivery of renewable energy and alternative fuels.

The Fund generally invests in those Australian stocks that form the Benchmark. The Fund's portfolio may also include stocks outside of the Benchmark, but still listed on ASX, and pre-IPO investments, as long as there is a firm plan to list the stock on the ASX within a year. The Fund may also hold a small allocation of cash (or cash equivalents that may include units in other BlackRock funds) for cash flow management purposes.

### Asset allocation ranges (%)

Asset sector	Min.	Bench.	Max.
Australian stocks	90	100	100
Cash (or cash equivalents)	0	0	10

Exchange traded derivatives may be used to manage risk and return, including the equitisation of any cash exposure. When derivative positions are established, they will always be backed by cash holdings and/or underlying assets. Derivative securities will not be used to gear the Fund.

While the constitution of the Fund allows the Responsible Entity to borrow, it is our intention that no borrowing arrangements will be entered into, other than temporary overdrafts, which may be used as a means of managing certain cash flows.

The Fund may be suitable for investors who seek an actively managed, concentrated strategy that contains high conviction ideas targeting long-term capital growth and income through investing in Australian industrial shares.

The minimum suggested timeframe for holding investments in the Fund is five years.

From an investor's perspective, the Fund is considered high risk. Generally, the risk level associated with the Fund is greater if the Fund is held for a period less than the minimum suggested timeframe described above.



## 6. Fees and costs

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC) Moneysmart website** ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

### 6.1 Fees and costs

The following table shows fees and other costs that you may be charged. Unless otherwise indicated, fees are inclusive of Goods and Services Tax (GST), any applicable stamp duty and take into account expected reduced input tax credits in respect of the GST component of the fee.

Type of fee or cost	Amount	How and when paid
<b>Ongoing annual fees and costs</b>		
<b>Management fees and costs</b> The fees and costs for managing your investment <sup>1</sup>	0.45% p.a.	The Fund's management fee is <b>0.45% p.a.</b> and is calculated in relation to the NAV of the Fund on a daily basis. This cost is deducted from the Fund's assets and is generally paid to us monthly in arrears.  Management fees and costs include indirect costs of <b>0.00%.</b>
<b>Performance fees</b> Amounts deducted from your investment in relation to the performance of the product	0.46% p.a. based on the average of the previous five financial years	The Fund charges a performance fee of 15% of any outperformance, net of management fee and subject to any previous high-water mark. If payable, the performance fee is accrued in the Fund's unit price and is generally paid to us monthly in arrears from the assets of the Fund. The deduction of the performance fee is reflected in the Fund's unit price.
<b>Transaction costs</b> The costs incurred by the Fund when buying or selling assets	Nil	Transaction costs that are not recovered from the buy-sell spread ('net transaction costs') reduce returns and are reflected in the Fund's unit price.

### Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)

<b>Establishment fee</b> The fee to open your investment	Nil	Not applicable
<b>Contribution fee<sup>1</sup></b> The fee on each amount contributed to your investment	Nil	
<b>Buy-sell spread</b> An amount deducted from your investment representing costs incurred in transactions by the Fund	Buy 0.275%    Sell 0.275%	Estimated transaction costs are allocated when an investor buys or sells units in the Fund by applying a buy-sell spread on the Fund's entry and exit unit prices, where appropriate.
<b>Withdrawal fee<sup>1</sup></b> The fee on each amount you take out of your investment	Nil	Not applicable
<b>Exit fee<sup>1</sup></b> The fee to close your investment	Nil	
<b>Switching fee</b> The fee for changing investment options	Nil	

<sup>1</sup> This fee includes an amount payable to an adviser

**Information in the fee table can be used to compare costs between different managed investment schemes. Fees and costs can be paid directly from your Fund account or deducted from investment returns.**

### 6.2 Example of annual fees and costs

The table below gives an example of how ongoing annual fees and costs in the Fund can affect your investment over a 1-year period. You should use this table to compare this product with other products offered by managed investment schemes.

<b>Example</b>		
<b>Balance of \$50,000 with a contribution of \$5,000 during year</b>		
<b>Contribution Fees</b>	Nil	For every additional \$5,000 you put in you will be charged \$0.
<b>PLUS</b>		
<b>Management fees and costs</b>	0.45%	And, for every \$50,000 you have in the Fund you will be charged or have deducted from your investment an estimated <b>\$225</b> each year.
<b>Performance fees</b>	0.46%	<b>And</b> , you will be charged or have deducted from your investment <b>\$230</b> in performance fees each year
<b>Transaction costs</b>	Nil	<b>And</b> , you will be charged or have deducted from your investment <b>\$0</b> in transaction costs
<b>EQUALS</b>		
<b>Cost of Fund</b>	If you had an investment of \$50,000 at the beginning of the year and you put in an	

	<p>additional \$5,000 during that year you would be charged fees and costs of \$455.<sup>1</sup></p> <p><b>What it costs you will depend on the fees you negotiate.</b></p>
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1. Additional fees may apply. A buy spread of 0.275%, equal to \$13.75 on a \$5,000 contribution, will also apply.

There is a calculator provided by ASIC on its MoneySmart website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) which can be used to calculate the effect of fees and costs on Fund account balances.

### 6.3 Additional explanation of fees and costs

#### Performance fee

The Fund charges a performance fee of 15% of any outperformance, net of management fee and subject to any previous high-water mark. The average of the Fund's actual performance fee paid for the last five financial years (to 30 June 2021) is 0.46% p.a. Performance fees are calculated as a percentage of the dollar value added by the Fund over its Benchmark. Performance fees accrue daily in the Fund's unit price and will generally be paid to us monthly. Performance fees are calculated net of (after allowing for) management fees for the relevant period.

Performance fees are only paid when the cumulative dollar value added by the Fund over the Benchmark and management fee since the last time performance fees were paid to us is a positive amount. If the cumulative dollar value added over the Benchmark and management fee since the last time performance fees were paid to us is a negative amount, the performance fees already paid to us will not be refunded. In these circumstances, no performance fees are charged to the Fund until the cumulative dollar value added by the Fund over the Benchmark and management fee is again a positive amount.

The calculation of performance fees is dollar-weighted, which means that performance relative to the Benchmark is accrued on a cumulative dollar value basis and if the cumulative dollar value added is positive, an amount representing the performance fee payable is accrued daily in the Fund (the size of which can change due to applications and withdrawals), rather than against the amount invested by each unitholder (which may not change during the same period). This can result in different implied levels of performance fees for individual investors depending on the timing of their investment and the relative performance of the Fund over time.

#### Performance fee examples

The examples provided below show how the performance fee is calculated. These simplified examples are provided for illustrative purposes only and do not take into account the timing of cash flows, cumulative fund returns or the individual circumstances of an investor. The examples are provided for illustrative purposes only and do not represent any actual or prospective performance.

##### Scenario 1

Assume that the NAV for a fund was \$50,000, the fund charges performance fees of 15% of the dollar value added by the fund over its benchmark (net of management fee), and the fund's performance for the period was 1% above the benchmark. The accrued performance fee payable for the period would be \$75 ( $\$50,000 \times 1\% \times 15\%$ ).

##### Scenario 2

On the other hand, assume that the NAV for a fund was \$50,000, the fund charges performance fees of 15% of the dollar value added

by the fund over its benchmark (net of management fee), and the fund's performance for the period was 1% below the benchmark. The performance fee calculated for that period would be -\$75 ( $\$50,000 \times -1\% \times 15\%$ ). As this is a negative amount no performance fee would be payable.

A performance fee would not be charged in subsequent periods until this cumulative negative value of -\$75 had first been recovered by the fund. This is explained further in Scenario 3 below.

##### Scenario 3

In a period where a fund outperforms its benchmark after an earlier period of underperformance, the cumulative performance fee impact of the underperformance (in dollars) must be recovered by the fund before a performance fee can be charged again.

For example, as outlined in Scenario 2, if the fund had a NAV of \$50,000, the fund charges performance fees of 15% of the dollar value added by the fund over its benchmark and the fund had underperformed the benchmark by 1% since the last time a performance fee was charged, the cumulative performance fee impact is -\$75. In the next performance fee period (assuming that the NAV of the fund remains unchanged at \$50,000), if the fund outperforms the benchmark by 3%, the performance fee attributable to the dollar value added by the fund relative to the benchmark for that period would be \$225 ( $\$50,000 \times 3\% \times 15\%$ ) and the performance fee payable would be \$150 ( $\$225 - \$75$ ).

Alternatively, if inflows at the start of the same period caused the NAV of the fund to increase to \$100,000 in the same period and the fund outperformed the benchmark by 3%, the performance fee attributable to the dollar value added relative to the benchmark for that same period would be \$450 ( $\$100,000 \times 3\% \times 15\%$ ) and the performance fee payable would be \$375 ( $\$450 - \$75$ ).

This example demonstrates that the calculation of the performance fee is based on the dollar weighted performance of the fund relative to its benchmark and not just the performance of the fund relative to its benchmark.

**The exact amount of performance fees charged by the Fund is dependent on a number of factors, particularly the timing and relative value of periods of out-performance. Actual performance fees charged will vary, depending on the returns of a Fund and may be higher or lower than the estimated performance fees currently disclosed.**

**Generally, the greater the investment performance of the Fund, the greater the performance fee and therefore the greater the overall management fees and costs for the Fund.**

#### Can fees change?

All fees can change. The current fees applicable to your investment are set out in this PDS and although we have the power to change our fee structure without your consent, we have no present intention to do so. Fees may vary over time due to changes to the Fund, changing economic conditions or changes in regulation. We will provide investors 30 days' notice of any proposed increase to our fees and charges.

#### Additional information incorporated by reference

You should read the important information about fees and costs before making a decision. This material may change between the time when you read this PDS and when you acquire the product. Go to section 6 of the document titled "BlackRock Additional Fund Information No. 1", which is available from our website at <https://www.blackrock.com/au/individual/funds-information/offer-documents>

## 7. How managed investment schemes are taxed

Investing in a registered managed investment scheme is likely to have tax consequences and you are strongly advised to seek professional tax advice. Registered managed investment schemes generally do not pay tax on behalf of investors. However, BlackRock may be required to withhold tax from each distribution at the relevant withholding tax rates under certain circumstances. You are assessed for tax on any income and capital gains generated by the registered investment scheme to which you are entitled.

### Additional information incorporated by reference

You should read the important information about taxation before making a decision. This material may change between the time when you read this PDS and when you acquire the product. Go to section 7 of the document titled "BlackRock Additional Fund Information No. 1", which is available from our website at <https://www.blackrock.com/au/individual/funds-information/offer-documents>

## 8. How to invest

### 8.1 How to invest

To make your initial investment complete and send to us (including by facsimile) the Fund's Application Form that accompanies this PDS or by calling our Client Services Centre (refer to page 2 of this PDS for contact details). You will normally be able to invest in the Fund on any Business Day. We have absolute discretion to accept, reject, or limit any application request.

**If you choose to send us your completed Fund Application Form by facsimile, you will need to send us your original Fund Application Form for our records.**

Investor transaction requests are required to be received prior to the Transaction Cut-off Time. Transaction requests received before this time will generally be executed on the relevant Trade Date. Investor transaction requests received after this time or on a day when the Fund is unavailable for transactions will generally be treated as having been received the following Business Day.

Your investment amount can either be:

deposited into the application bank account. **If you choose to deposit your investment amount in the application bank account, you must provide us with verification from your financial institution that the money has been banked;** or

transferred via BPAY®\*.

Investment details are outlined in the Fund's Application Form. Refer to the section of this document titled "How to redeem your investment" for further information on Business Day, Transaction Cut-off Time and Trade Date.

**In order for us to be able to process your investment, you must ensure that BlackRock receives cleared money in relation to the relevant Trade Date. You may also need to complete an Investor Identification Form (which follows the Fund Application Form) for the purpose of Anti-Money Laundering and Counter-Terrorism Financing legislation.**

**Refer to section 2.4 of this PDS titled "How to redeem your investment" for details of the Fund's Business Day, Transaction Cut-off Time and Trade Date.**

\* © Registered to BPAY Pty Ltd ABN 69 079 137 518.

### 8.2 Do you have "cooling off" rights?

If you are not otherwise a "wholesale client" or "professional investor" (as defined in the Corporations Act) you have a 14-day cooling off period in which to decide if the investment is right for you. The 14-day cooling off period starts when your initial investment in the Fund is confirmed or the end of the fifth business day after the day on which units in the Fund are first issued, whichever is earlier.

If you would like to exercise your cooling off right, you must submit your request to us in writing (including by facsimile) and specifically state that you are exercising your cooling off right. If we receive your request by the Transaction Cut-off Time, your refund will generally be executed on the relevant Trade Date. Cooling off requests received after this time or on a day when the Fund is unavailable for transactions will generally be treated as having been received on the following Business Day. The amount of your refund will be reduced or increased for market movements in the Fund as well as any applicable transaction costs and less any non-refundable tax or duty paid or payable. Accordingly, depending upon the circumstances, the amount returned to you may be greater or less than the amount initially invested.

**Refer to section 2.4 of this PDS titled "How to redeem your investment" for details of the Fund's Business Day, Transaction Cut-off Time and Trade Date**

### 8.3 Enquiries and complaints

If you have an enquiry or complaint, you can contact our Enquiries and Complaints Officer via our Client Services Centre. We have established procedures for dealing with enquiries and complaints. If you make a complaint to us, the complaint will be acknowledged and steps will be taken to investigate your concerns. A final response will be provided within 30 calendar days in accordance with our obligations.

BlackRock is a member of the Australian Financial Complaints Authority (AFCA), an independent complaint resolution body. If your complaint is not addressed within 30 calendar days from the date it was received, or you are not satisfied with our response, you may refer your complaint to AFCA. AFCA provides fair and independent financial services complaint resolution that is free to consumers. AFCA can be contacted by:

- ▶ Telephone: 1800 931 678 (free call)
- ▶ Mail: Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001
- ▶ Email: [info@afca.org.au](mailto:info@afca.org.au)
- ▶ Website: [www.afca.org.au](http://www.afca.org.au).

For the hearing and speech impaired, AFCA can be contacted by either:

- ▶ National Relay Service: [www.relayservice.com.au](http://www.relayservice.com.au)
- ▶ TTY/Voice Calls: 133 677 (local), or
- ▶ Speak & Listen: 1300 555 727 (local).