

# BlackRock Balanced Funds

Product Disclosure Statement

Dated: 21 May 2009

BlackRock Investment Management (Australia) Limited

ABN 13 006 165 975

Australian Financial Services Licence No 230523

BlackRock Conservative Fund (Class D) ARSN 135 812 369

BlackRock Moderate Balanced Fund (Class D) ARSN 135 812 556

BlackRock Wholesale Balanced Fund ARSN 088 051 889

BlackRock High Growth Fund (Class D) ARSN 135 812 501

**BLACKROCK**

# Supplementary Product Disclosure Statement No. 1

BlackRock Conservative Fund (Class D) (ARSN 135 812 369)  
BlackRock Moderate Balanced Fund (Class D)  
(ARSN 135 812 556)  
BlackRock High Growth Fund (Class D) (ARSN 135 812 501)

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

# BLACKROCK

Date: 30 April 2010

**This Supplementary Product Disclosure Statement (SPDS) No 1 is supplementary to the Product Disclosure Statement dated 21st May 2009 and must be read in conjunction with this document. Unless otherwise indicated, all changes will take effect from the date of issue of this SPDS.**

The Product Disclosure Statement is hereby supplemented as follows:

## Purpose of this SPDS

The purpose of this SPDS is to advise that applications will no longer be accepted into the following funds:

- BlackRock Conservative Fund (Class D)  
(ARSN 135 812 369)
- BlackRock Moderate Balanced Fund (Class D)  
(ARSN 135 812 556)
- BlackRock High Growth Fund (Class D)  
(ARSN 135 812 501)

## Fund Closures

Please note that the following Funds have been closed to new and further investments effective from the date of this SPDS.

- BlackRock Conservative Fund (Class D)  
(ARSN 135 812 369)
- BlackRock Moderate Balanced Fund (Class D)  
(ARSN 135 812 556)
- BlackRock High Growth Fund (Class D)  
(ARSN 135 812 501)

As a result of these changes we reserve the right to reject any applications made through the Product Disclosure Statement to the Funds listed above; furthermore any reference to the above three funds in the Product Disclosure Statement will no longer be applicable.

# BlackRock Balanced Funds

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# Before you start

Investment in the BlackRock Balanced Funds (referred to in this Product Disclosure Statement ("PDS") as "the Funds") is offered and managed by BlackRock Investment Management (Australia) Limited, ABN 13 006 165 975 (referred to in this PDS as "BlackRock", "the responsible entity", "the Manager", "we", "our" or "us").

We are the issuer of this PDS and of units in the Funds.

Neither BlackRock, Inc. nor any of its associates and subsidiaries (other than BlackRock) have prepared this PDS or is responsible for its contents. None of BlackRock Investment Management (Australia) Limited, BlackRock, Inc. or any of their associates and subsidiaries guarantees the success of the Funds, or the repayment of capital or particular rates of return on income or capital.

The information contained in this PDS is general information only and does not take into account your individual objectives, financial situation, needs or circumstances. Because of that you should assess whether the information is appropriate for you having regard to your circumstances.

We recommend that you get professional advice from a licensed adviser and/or tax adviser before investing as required.

**Certain information in this PDS is subject to change. We will notify you of any changes that have a materially adverse impact on you or other significant events that affect the information in this PDS. Updated performance information, fund size, current unit prices and other general information relating to the Funds can be obtained at any time:**

- from our website at [www.blackrock.com/au](http://www.blackrock.com/au)
- from your financial adviser
- by calling our Client Services Centre on 1300 366 100
- by emailing [clientservices.aus@blackrock.com](mailto:clientservices.aus@blackrock.com)

**A paper copy of updated Fund performance and size information as well as information regarding the current investment mix of the Funds is available free of charge upon request.**

If you have invested through an IDPS or master trust operator, the operator of that service will also be able to assist you with obtaining updated information.

If you have received this PDS (and any supplementary documents) electronically we will provide a paper copy free of charge upon request.

This PDS can only be used by investors receiving it (electronically or otherwise) in Australia. It is not available in any other country.

If you are printing an electronic copy of this PDS you must print all pages including the application form.

If you make the PDS available to another person you must give them the entire electronic file or printout, including the application form.

You cannot invest directly in the Funds unless you use the application form attached to, or accompanying, either a paper or electronic copy of this PDS.

## Need help?

If you need help about investing generally, speak to a licensed financial adviser. The Australian Securities and Investments Commission ("ASIC") can help you check if they are licensed. They have a website at [www.asic.gov.au](http://www.asic.gov.au) as well as a help line you can call on 1300 300 630.

If you have questions about investing, speak to your investment adviser. If you have questions about the Funds described in this PDS speak to your financial adviser, call our Client Services Centre on 1300 366 100, email [clientservices.aus@blackrock.com](mailto:clientservices.aus@blackrock.com) or visit our website at [www.blackrock.com/au](http://www.blackrock.com/au)

Our Client Services Centre operates between 8.30am and 6.00pm EST, Monday to Friday.

## About managed funds

Managed funds are designed to give investors access to a range of investments by pooling money with that of other investors, giving you the opportunity to access markets that you may not be able to invest in on your own.

There are many types of managed funds available and they usually provide a diversified approach to investing giving you the opportunity to achieve an appropriate balance of investments and asset classes to suit your investment objectives and risk profile.

When you invest in a managed fund, you are issued with a number of 'units' based on the entry unit price at the time you invest (see page 15 for further details on how unit prices are calculated). Your units represent the value of your investment, which will change over time as the market value of the assets fluctuate. A unit does not confer an interest in any particular asset.

In summary, some of the benefits that can be obtained by investing in managed funds include:

**Increased buying power:** managed funds are able to access a range of domestic and international shares that may not be available to many individual investors.

**Professional investment expertise:** managed funds are run by a team of investment experts who research and monitor the markets on a daily basis.

**Managing risk:** investing in a range of managed funds can assist you in establishing a portfolio appropriate to your investment needs and suit your risk profile.

**Diversification:** managed funds may invest in a range of asset classes such as shares, property and fixed interest. By having a varied exposure to a number of asset classes, you are diversifying your assets. This can also occur within a single asset class by holding a variety of securities in that class.

## Who is BlackRock Investment Management (Australia) Limited?

BlackRock® Inc. is a premier provider of global investment management, risk management and advisory services to institutional and retail clients around the world. Through BlackRock Solutions® – an outgrowth of our longstanding investment in sophisticated, integrated systems – we offer risk management services and enterprise investment system outsourcing to a broad base of institutional portfolios that total over \$US7 trillion as of 31 December 2008.

BlackRock directly manages over \$US1.3 trillion of assets on behalf of institutional and retail clients from all over the globe. BlackRock has asset management teams covering all major asset classes, across many investment styles and regions around the globe. Through cutting edge systems capabilities and an unqualified commitment to teamwork and communication across all its investment capabilities BlackRock delivers an unparalleled breadth of perspective and insights to the management of all its clients portfolios.

Headquartered in New York, BlackRock Inc. operates 36 offices in 18 different countries, maintaining a major presence in most key markets including the United States, the United Kingdom, Asia, Australia, the Middle East and Europe.

BlackRock Investment Management (Australia) Limited is the manager of the Fund and acts as the responsible entity under the Corporations Act.

When you invest with BlackRock Investment Management (Australia) Limited you are gaining the expertise of an experienced team of Australian investment professionals backed by the international resources and knowledge of one of the world's largest investment managers.

Within Australia as at 31 December 2008, BlackRock Investment Management (Australia) Limited manages approximately A\$14 billion for investors across a range of products and services including equities, fixed income and property.

We are a member of the Investment and Financial Services Association Ltd (IFSA).

## Investment teams – the very best people

Internationally, the BlackRock group employs more than 500 investment professionals in 18 countries. With 36 offices strategically located around the globe, we are able to offer clients in-depth local knowledge and understanding while leveraging the strength of our global presence and infrastructure to deliver focused investment solutions.

We aim to provide Australian investors the opportunity to gain exposure to the best investment teams and strategies that BlackRock has globally. The Funds obtain their exposure to various asset classes either by direct investment, derivative overlay or by investing in another BlackRock fund, which ultimately invests directly within an asset class.

The Funds (and other BlackRock funds into which it may invest) are managed by BlackRock investment professionals locally or by one of our many specialist teams internationally.

## Are labour standards or environmental, social or ethical considerations taken into account?

We do not take into account labour standards or environmental, social or ethical considerations in the context of making investment decisions relating to the Funds.

## Main features at a glance

Features at a glance				
	Conservative Fund	Moderate Balanced Fund	Wholesale Balanced Fund	High Growth Fund
<b>For investors who seek funds with the following investment objectives</b> (refer to pages 6–7)	A combination of capital growth and income with a greater weighting to defensive assets	A combination of capital growth and income with an equal weighting to growth and defensive assets	A combination of capital growth and income with a greater weighting to growth assets	A combination of capital growth and income with a significant weighting to growth assets
<b>Risk</b> (refer to pages 9–10)	Some volatility may be experienced	Moderate volatility may be experienced	Significant volatility may be experienced	High volatility may be experienced
<b>Investment time horizon</b>	Indicative investment horizon is three years or more	Indicative investment horizon is three to five years or more	Indicative investment horizon is five years or more	Indicative investment horizon is five years or more
<b>Minimum initial investment</b>	\$5,000	\$5,000	\$5,000	\$5,000
<b>Minimum subsequent investment</b>	No limit	No limit	No limit	No limit
<b>Income distributions</b>	June, December	June, December	June, December	June, December
<b>Buy-sell spread on entry &amp; exit</b> (refer to page 12)	Entry – 0.075% Exit – 0.10%	Entry – 0.14% Exit – 0.14%	Entry – 0.175% Exit – 0.175%	Entry – 0.23% Exit – 0.23%
<b>Management costs</b> (refer to pages 11–12)	0.75% p.a.	0.85% p.a.	0.95% p.a.	1.10% p.a.

# How are the Funds managed

## What is the investment objective of the Funds?

The investment objective of the Funds is to provide investors with the highest possible returns consistent with a “balanced” investment strategy encompassing:

- a bias toward Australian assets; and
- active asset allocation, security selection and risk management.

The allocation to growth assets compared with defensive assets will vary depending on the Fund as shown in the table “Strategic benchmark” below.

The performance aim of the Funds is to outperform their strategic benchmark over the following timeframes:

- Conservative Fund: 3 years or more
- Moderate Balanced Fund: 3 to 5 years
- Wholesale Balanced Fund: 5 years or more
- High Growth Fund: 5 years or more

## What is the strategy of the Funds?

The investment strategy of the Funds is to provide investors with a diversified exposure to the best investment teams and strategies that BlackRock has globally within the context of an Australian based “balanced” investment portfolio.

The Funds’ strategy is built around two steps:

1. Establishing the most appropriate strategic benchmark subject to the growth/income splits and market risk exposures of the range of Australian balanced funds; and

2. Enhancing the returns of the Funds relative to the strategic benchmark to the maximum extent possible by utilising investment teams, strategies and techniques from BlackRock’s resources around the globe subject to a risk budgeting framework (refer to “risk budgeting” on page 7 for further information).

## What is the strategic benchmark of the Funds?

The Funds strategic benchmarks have exposure to a mix of growth assets such as Australian shares, international shares and property and more defensive (income) asset classes such as Australian and international fixed income and cash.

The current strategic benchmarks for the Funds are shown in the table below.

The strategic benchmarks of the Funds are reviewed periodically. Specific allocations may vary but the Funds will generally retain the split between growth and defensive assets as shown in the strategic benchmark table below.

### Benchmark performance

The benchmark for the Funds provides a performance target against which the Funds’ performance is measured over a set period of time. As the Funds are diversified funds, there is no one relevant index to provide a benchmark, so the benchmark consists of a weighted average of the returns provided by market indices for relevant asset classes. The indices used for each asset class of the Funds are show in the table “Asset class benchmark indices” on page 7.

Strategic benchmark [%]				
	Conservative			Growth
	Conservative Fund	Moderate Balanced Fund	Wholesale Balanced Fund	High Growth Fund
Australian equities	16	27	38	48
International equities	11	19	26	34
<b>Total equities</b>	<b>27</b>	<b>46</b>	<b>64</b>	<b>82</b>
Property	3	4	6	8
<b>Total growth assets</b>	<b>30</b>	<b>50</b>	<b>70</b>	<b>90</b>
Australian fixed income	35	25	15	5
International fixed income	25	17	10	0
Cash	10	8	5	5
<b>Total defensive assets</b>	<b>70</b>	<b>50</b>	<b>30</b>	<b>10</b>
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<i>Foreign currency exposure</i>	<i>10</i>	<i>15</i>	<i>20</i>	<i>25</i>

### Asset class benchmark indices

Cash	UBS Australia Bank Bill Index
Australian fixed income	UBS Australia Composite Bond (All Maturities) Index
International fixed income	Barclay Capital Global Aggregate Index (Hedged in AUD)
Australian shares	S&P/ASX 300 Accumulation Index
Direct property	Mercer Direct Property Index
Listed property	S&P/ASX Property Trust Accumulation Index
International equities	MSCI World Index ex-Australia (unhedged &/or hedged in AUD)

## What do the Funds invest in?

The Funds invest in physical instruments (including equities, listed property trusts, limited partnerships, unlisted direct property trusts, currency, fixed income, cash, commodities), derivatives (including futures, options, swaps and forward foreign exchange contracts) and structured instruments (which may include a combination of physical instruments and derivatives). The asset class exposures and the implementation of investment strategies are gained either by investing directly in the physical instruments, via derivative overlays or by investing in funds or products managed by BlackRock teams world wide.

## How are returns enhanced?

**1. Active asset allocation:** Asset allocation strategies are employed with the aim of capitalising on perceived mispricing in and between asset markets in Australia and internationally. This process may result in the Funds' exposure to the asset classes being above, below or in-line with the benchmark exposure.

The strategies employed are the result of analysis focused on a fundamental assessment of economics, liquidity and valuation. BlackRock draws on its research capabilities and fund management expertise worldwide in developing and exploiting these strategies.

The strategies adopted may encompass equity, cash, fixed interest, property, commodity and currency markets, both in Australia and internationally. Implementation of these strategies may be based on an expectation on the direction of a particular market (eg, gain exposure to US equities based on an expectation that the US sharemarket will rise) or focus on relative values between and within regions, asset classes, sectors, currencies and instruments or some combination thereof (eg, buy exposure to the Japanese equity market and sell exposure to European equity markets based on a view that the Japanese equity market offers better return potential than the European equity markets).

**2. Manager and stock selection:** The Funds both invest in products, and are also directly managed by a number of BlackRock investment teams from around the globe. These teams and products are selected on the basis of their ability to generate consistent, lowly correlated returns. Lowly correlated means that it is unlikely that the different teams and products chosen will perform in the same manner at the same time thereby enhancing diversification and/or lowering Fund volatility. The selection process is also subject to internal controls relating to cost/tax effectiveness and overall risk exposure of the Funds, which we aim to maintain in line with the Funds' strategic benchmarks.

Actual asset allocations to investment teams and products will vary over time as BlackRock expertise alters and the correlations, costs and tax effectiveness of the teams and products change. However, the allocations will remain consistent with the principles of providing highly diversified, lowly correlated and risk controlled investment management.

**3. Extensive use of derivatives:**

Derivatives are financial instruments whose value is derived from another security, commodity, currency or index. The Funds make extensive use of derivatives in their operations. The use of these instruments dramatically reduces the costs of managing exposure to investment markets and makes possible a much wider universe of value adding investment opportunities. Typically most asset allocation positions are implemented via derivatives. Derivatives are also used to ensure that the underlying asset exposures of the Funds are consistent with their strategic benchmarks.

The types of derivatives used by the Funds include, but are not limited to, futures, options, swaps and forwards, including both exchange traded and over the counter (OTC) variants of these. The Funds may also use structured investment instruments from time to time in pursuit of its investment objectives.

The risks associated with the Funds are controlled through a **risk budgeting** framework, rather than containing risk by limiting allocations to particular asset classes. This framework seeks to manage the overall risk being run in the Funds to a level consistent with that of competitor funds that have a similar strategic benchmark.

## Fund performance and size

The fund size of the Wholesale Balanced Fund as at 31 March 2009 was \$935.4 million.

The performance of the Wholesale Balanced Fund is shown in the table below. As the Conservative Fund, the Moderate Balanced Fund and the High Growth Fund are new funds no performance information is available.

## What are the significant benefits of investing in the Funds?

Key benefits of investing in the Funds are:

**Active security selection and asset allocation:** Fund returns are driven by a combination of active security selection within the asset classes as well as asset allocation.

**Diversification:** The high degree of diversification in the Funds in terms of both asset classes and investment approaches offers the potential for an attractive risk/return profile.

**Broad investment universe:** The Funds have a very broad investment universe which allows the Manager to take targeted positions in markets – matching views precisely with the investment positions.

**Disciplined but flexible risk management:** The disciplined risk management framework aims to efficiently allocate risk in the Funds. The flexibility within the framework allows the Manager to cherry pick the best investment ideas when market conditions are best matched with our investment views.

**Access to the expertise of BlackRock's global investment resources:** The Funds draw upon the expertise of BlackRock's asset allocation and investment teams globally. BlackRock is a large, well resourced and multi-disciplined asset manager with outstanding and comprehensive expertise in almost all asset classes and in asset allocation.

Other benefits of investing in the Funds include:

**Ability to switch investments with ease** – you can switch your investments between any of the BlackRock Balanced Funds offered in this PDS to ensure maximum flexibility in meeting your investment and risk objectives.

**Easy to add to your investment** – generally you can add to your investment at any time – no minimums apply (see page 14 for further details).

**Access to a range of investments** – The pooling of your investment within the Funds allow access to investment opportunities and markets which individual investors would usually not have access to (see asset allocation ranges table on page 6).

**Easy access to your investment information** – in addition to the regular reporting and statements you receive from us, you can access your personal investment information 24 hours a day, 7 days a week via our website at [www.blackrock.com/au](http://www.blackrock.com/au) (see page 3 for further details).

**Receipt of income** – you will generally receive regular income from your investment in the form of distributions. Further information regarding the frequency of distributions is contained on page 15.

**Reinvestment of distributions** – you have the ability to “top-up” your investment through the reinvestment of your distributions as additional units (see page 15 for further details).

**Access to your investment** – you can withdraw your investment at any time (subject to the terms and conditions highlighted on page 16).

### Performance of the Wholesale Balanced Fund to 31 March 2009

	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Since inception <sup>1</sup> % p.a.
Distribution return	3.96	4.81	5.11	5.08	5.28
Growth return	-22.60	-8.43	-0.23	-1.58	1.90
Total (net) return	-18.64	-3.62	4.88	3.50	7.18
Total (gross) return	-17.84	-2.79	5.71	4.23	n/a <sup>2</sup>
Benchmark	-20.59	-5.58	3.06	4.04	7.28

Past performance is not a guide to future performance. Long-term performance shows the potential volatility of returns over time.

1. 30 September 1992

2. Gross Fund returns were not calculated for this period.

Total net Fund returns shown are prepared on an exit-to-exit basis (ie. includes all ongoing fees and expenses). Total gross returns and benchmark performance figures shown are gross (ie. do not include expenses, fees or tax). Fund performance shown includes the reinvestment of distributions. Updated performance information is available from your IDPS operator, financial adviser, by contacting our Client Services Centre or from our website at [www.blackrock.com/au](http://www.blackrock.com/au). See page 3 for further details on how to access current information.

## What are the significant risks?

Before you make an investment decision it is important to identify your investment objectives and the level of risk that you are prepared to accept. This may be influenced by:

- The timeframe over which you are expecting a return on your investment and your need for regular income versus long-term capital growth.
- Your level of comfort with volatility in returns.
- The general and specific risks associated with investing in particular funds.

### General risks

All investments have an inherent level of risk. Generally there is a trade off between higher expected returns for higher expected risk – represented by the variability of Fund returns. The value of your investment will fluctuate with the value of the underlying investments in a fund. Investment risk may also result in loss of income or capital invested and possible delays in repayment. You could receive back less than you initially invested and there is no guarantee that you will receive any income.

### Specific risks

There are a number of risks related to specific asset classes which the Funds are invested in, and in some of the investment strategies which we use to manage the Funds. These are summarised below.

#### Cash

With cash there is a low risk of losing your original investment, however, there is minimal potential for capital growth.

#### Fixed income

There are a number of risks associated with investment in debt securities that can result in significant variability in investment returns and a loss of income or capital value. These include:

- **Interest rate risk** – the risk borne by debt securities when interest rates fluctuate.
- **Credit risk** – the risk that changes in the price of nongovernment debt securities will not move in line with changes in the price of government securities.
- **Specific risk** – the risk associated with the credit worthiness of the financial obligator of a security.

#### Property

Property investments are potentially higher risk than fixed income securities, but generally lower than shares. The risk level varies between development property (higher risk) and existing property (lower risk). Property also tends to have a unique cycle, which is different to shares and other asset classes.

Particular external factors impacting property include liquidity, interest rates, diversity of direct property holdings, the quality of properties, proximity to competing properties, current and expected income and other economic conditions that may affect supply and demand.

Property exposure in the Funds may be obtained via holdings in Listed Property Securities and Unlisted Property Trusts (or via derivative contracts based on these securities). In addition to the above risks these vehicles may be subject to refinancing risk associated with any borrowings made in order to acquire properties.

Listed Property Securities are valued daily according to their last quoted market price and hence tend to exhibit greater return volatility than that of unlisted property vehicles whose valuation cycles are typically longer.

#### Shares

Historically, shares have offered the highest returns over the long-term, however they are volatile and can perform poorly over the short to medium term.

#### International

Investing internationally carries additional risk. These include:

- Differences between countries relating to accounting, auditing, financial reporting, government regulation, securities exchanges and transactional procedures.
- Foreign markets may have different levels of liquidity, pricing availability, settlement and clearance procedures.
- Actions of foreign governments, exchange controls, defaults on Government securities, political and social instability.

These risk considerations apply, to some extent, to all international investments, but are likely to be of greater significance in certain small or emerging markets.

## Currency risk

International securities are purchased and traded in the currency of their home country. As a consequence, changes in foreign currency exchange rates will affect the value of securities denominated or quoted in foreign currencies and, therefore, investment returns will be affected by fluctuations in foreign currencies against the Australian dollar. These movements may either add or subtract from investment performance.

The Funds may undertake transactions to hedge the currency component of return of foreign investments back into Australian dollars. While hedging activities may protect investors against depreciations in the currencies in which the Funds invest (relative to the Australian dollar) it will also limit investors from benefiting if there is an appreciation in the value of the currencies held within a fund's portfolio relative to the Australian dollar. In addition, the impact of currency hedging on a fund's returns is uncertain, cannot be guaranteed and can result in capital losses.

The currency hedging process leads to unpredictable patterns of capital gains and losses. These gains and losses can have a significant impact on the Fund's distributions, including its ability to make any particular distribution.

## Liquidity risk

The Funds may invest in securities which are in practice infrequently traded or for which typical daily volumes traded are small. The Funds may not be able to sell such securities when it is desired to do so or to realise what the manager perceives to be their fair value in the event of a sale. In such circumstances the limited liquidity may impinge on the Manager's ability to maintain currency and interest rate hedges and/or meet redemption requests.

## Fund risk

There is a risk that the Funds could terminate, the fees and expenses could change and our investment professionals could change. There is also a risk that investing in the Funds may give different results than investing individually because of income and capital gains accrued in the Funds and the consequences of investments and withdrawals by other investors. We actively monitor the Funds with the aim of managing these risks.

## Derivatives

Financial derivatives such as futures and options are considered to be an essential part of the investment process (see pages 6 and 7).

Derivatives (including futures, options, swaps and forward foreign exchange contracts) may be used to implement investment decisions and/or used as a risk management tool (including the carrying out of currency hedging strategies).

Financial derivatives may be used to gain, reduce or modify exposure to a particular asset class or currency. An investment in derivatives can cause a fund to make gains or incur losses.

It is our policy not to use derivatives to create exposures that are inconsistent with a fund's investment guidelines.

Derivative contracts are subject to particular risks as listed below:

**Market risk** – significant losses from derivative contracts may occur in the event of extreme market moves. The fund's risk management disciplines are designed to control this risk.

**Operations risk** – the risk that deficiencies in the effectiveness and accuracy of information systems or internal controls will result in a material loss. BlackRock has various procedures and processes in place designed to minimise this risk.

**Counterparty risk** – All trading activity the Funds undertake is subject to the risk that a counterparty to the transaction will partially or wholly fail to perform their contractual obligations under the arrangement. In all cases the potential cost of any such failure is limited to the profit made on the trade. The majority of trades are covered by exchange guarantees, however for other non-exchange traded deals (e.g. "over the counter" derivatives) there are no such guarantees.

## Fees and other 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 fund 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 contribution fees and management costs where applicable. Ask the fund manager 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) website ([www.fido.asic.gov.au](http://www.fido.asic.gov.au)) has a managed investment fee calculator to help you check out different fee options.

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from returns on your investment or from the fund assets as a whole.

Taxes are set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

All fees in the fee table are, unless otherwise indicated, reflect the impact of Goods and Services Tax (GST) less any reduced input tax credits.

### Fees and other costs

Type of fee or cost	Amount	How and when paid	Example for \$50,000 investment
<b>Fees when your money moves in or out of the Funds<sup>1</sup></b>			
<b>Establishment fee.</b> The fee to open your investment.	Nil	Not applicable	Nil
<b>Contribution fee.</b> The fee on each amount contributed to your investment.	Nil	Not applicable	Nil
<b>Termination fee.</b> The fee to close your investment.	Nil	Not applicable	Nil
<b>Withdrawal fee.</b> The fee on each amount you take out of your investment.	Nil	Not applicable	Nil
<b>Management costs<sup>2</sup></b>			
The fees and costs for managing your investment.			
<b>Management fee.</b> The fee for managing your investment.	0.75% – 1.10% depending on the Fund. The management fee for each Fund is shown on page 12 of this PDS.	The Management costs are calculated in relation to the Net Asset Value (NAV) of a Fund. It is not deducted directly from your account. Instead this cost is deducted from the assets of the Fund. The fee is paid to us half-yearly in arrears. The amount of this fee can be negotiated. <sup>3</sup> Expenses excluding abnormal expenses <sup>4</sup> are paid by the Manager.	Assuming that \$50,000 is invested in a Wholesale Balanced Fund $\$50,000 \times 0.95\% = \$475$
<b>Service fees</b>			
<b>Investment switching fee.</b> The fee for changing investment options.	Nil	Not applicable	Nil

1. You may incur a buy-sell spread when your money moves in and out of a Fund. Refer to "Buy-sell spread" on page 12.

2. This may include an amount payable to advisers, refer to "Payments to advisers and other service providers" on page 13.

3. Refer to "Differential fees" under the heading "Additional explanation of fees and costs" on page 13.

4. Refer to "Abnormal expenses" under the heading "Additional explanation of fees and costs" on page 12.

## Additional explanation of fees and costs

### Management costs

The Management costs include the:

- Management fee
- Expense recovery costs (other than abnormal expenses)

### Management fee

The current Management fee (together with a dollar example assuming an investment of \$50,000) are shown in the table below.

Management Fee		
Name of Fund	Management Fee	Dollar Example
Conservative Fund	0.75%	\$375
Moderate Balanced Fund	0.85%	\$425
Wholesale Balanced Fund	0.95%	\$475
High Growth Fund	1.10%	\$550

### Expenses recovery costs

We are entitled to be reimbursed for certain expenses in managing and administering the Funds. These expenses relate to the administration and operation of the Funds. Unless we advise otherwise, all Funds expenses, other than abnormal expenses (see below) will be paid for by the Manager and no additional expenses will be recovered.

Where an investment is made through a fund managed by us or another company in the group the Management fees of the underlying fund will be rebated and therefore these fees have not been included in the Management costs for the Funds. However, in certain circumstances additional expenses may be incurred within the underlying funds.

### Abnormal expenses

Abnormal expenses are expenses not generally incurred during the day to day operations of the Funds and are not necessarily incurred in any given year.

They are due to abnormal events such as the cost of running a unitholder meeting or legal costs incurred by changes in the Funds' constitutions or defending legal proceedings. We will continue to seek reimbursement from the Funds in relation to these expenses should they arise.

### Transaction costs

The Funds may incur transaction costs (such as brokerage, settlement costs (including custody costs), clearing costs and stamp duty) when investors invest in or withdraw from a Fund (these transaction costs are included in the buy-sell spread, see below) and when transacting to meet investment objectives. The amount of transaction costs incurred when transacting to meet investment objectives is dependent on a number of different variables, including the level of trading undertaken by a Fund. As such we are unable to provide a meaningful estimate or example of these costs. Transaction costs are an additional cost to the investor but are generally reflected in the unit price and not charged separately to the investor.

### Buy-sell spread

The buy-sell spread reflects the estimated transaction costs associated with buying and selling the assets of a Fund when investors invest or withdraw from the Fund. The buy spread is the difference between the entry price and the Net Asset Value (NAV) price. The sell spread is the difference between the exit price and the NAV price. The total buy-sell spread is the difference between the entry and exit prices. It is an additional cost to the investor but is reflected in the unit prices. It is not charged separately to the investor. The buy-sell spread is paid into the Fund and not paid to BlackRock.

In determining the estimate of the transaction costs included in the buy-sell spread, we take into account what the actual costs have been in the past and any other relevant factors that may impact on those costs in the future.

The estimated buy-sell spread for each of the Funds (together with a dollar example assuming an investment of \$50,000) are shown in the table below.

The buy-sell spread may be varied at any time. Prior notice will not ordinarily be provided.

Estimated Buy-Sell Spread		
Name of Fund	Buy-Sell Spread	Dollar Example
Conservative Fund	Entry – 0.075%	\$37.50
	Exit – 0.10%	\$50.00
Moderate Balanced Fund	Entry and Exit – 0.14%	\$70.00
Wholesale Balanced Fund	Entry and Exit – 0.175%	\$87.50
High Growth Fund	Entry and Exit – 0.23%	\$115.00

### Can the fees and charges change?

All fees and charges can change. They may vary over time as a result of changes to the product, changing economic conditions and changes in regulations. We will give you 30 days written notice of any proposed increase. We cannot charge more than the Funds' Constitutions allow (to change the Constitution in this regard, we would need to obtain unitholder approval).

The current fees applicable to your investment are set out in the table on page 11 and although we have the power to change our fee structure, we have no present intention to do so.

Under the Constitution of the Funds (other than the Wholesale Balanced Fund), we are presently entitled to charge the following maximums:

Contribution fee – up to 5% of application monies.

Withdrawal fee – up to 5% of redemption proceeds.

Management fee – up to 5% per annum of the Net Asset Value calculated daily and paid monthly in arrears.

Performance fee – up to 25% of outperformance (we do not currently intend to charge a performance fee).

Under the Constitution for the Wholesale Balance Fund we are presently entitled to charge the following maximums:

Trustee fee – 0.125% per annum of the Net Asset Value at the close of business on that day.

Termination of the Funds – up to 0.5% of the amount distributable in accordance with the Constitution.

Management fee – up to 1.5% per annum of the total Application Price of all units of the Funds at the end of that day.

### Payments to advisers and other service providers

The commissions described in this section are not an additional cost to you. They are paid by us out of the Contribution fee and or Management fee income received by us in relation to the investment in the Funds.

#### Ongoing Service Commission

No commission is currently payable by us to advisers in relation to these Funds.

#### Fund Manager Payments and Product Access Payments

We may also, at our discretion, enter into a variety of arrangements with service providers such as master fund and IDPS operators which may involve us making payments to, and providing services to, these operators in return for the promotion of the Funds. Such payments may be one-off payments for offering the Funds on their investment menu (referred to as a Product Access Payment) or an ongoing Fund Manager Payment based on a scaled percentage of funds under management. Currently no Product Access Payments are made and a Fund Manager Payment of up to 0.48% is paid on funds under management. These payments are paid out of our fees and are not an additional cost to the investor.

Further details on these payments (if any) may be obtained directly from your adviser. The amounts of these payments may change during the life of the PDS.

### Alternative forms of remuneration

Additionally, we may provide alternative forms of remuneration which include professional development, sponsorship and entertainment to licensed financial advisers, dealer groups and master trust or IDPS operators. Where such benefits are provided, they are payable by BlackRock and not an additional cost to you.

We maintain a public register of alternative forms of remuneration in accordance with IFSA/FPA Industry Code of Practice on Alternative Forms of Remuneration. Please contact our Client Services Centre if you wish to inspect this register.

### Differential Fees

In accordance with the Corporations Act, we may individually negotiate fees with investors classed as "wholesale" or "professional" investors.

We may negotiate special arrangements concerning fees (including fee reductions or waivers) with other investors in certain circumstances determined by us, as permitted by law. Please contact us for further details.

### Example of annual fees and costs

The table below gives an example of how the fees and costs in the Funds can affect your investment over a one year period. You should use this table to compare the Funds with other managed investment products.

Example of annual fees and costs for the Wholesale Balanced Fund		
Example		Balance of \$50,000 with contribution of \$5,000 during year
Contribution fees	Nil	For every \$5,000 you put in, you will be charged \$0.
<b>PLUS</b> Management costs	0.95%	And, for every \$50,000 you have in a Fund you will be charged \$475 each year
<b>EQUALS</b> Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during the year you would be charged fees of \$475*
		What it costs you will depend on the fees you negotiate with us or your financial adviser
<small>* Additional expenses may apply, for instance, you may incur a buy-sell spread when you money moves in or out of a fund.  <b>Please note</b> this is an example. In practice, the actual investment balance of an investor will vary and the actual fees we charge are based on the value of the Fund, which also fluctuates. The amounts assume a constant investment of \$50,000 throughout the year. Management fees will also be charged in relation to additional contributions.</small>		

## How to invest

When investing through an IDPS or master trust you must complete the documents which the operator of these services requires.

When investing directly in the Funds you generally need a minimum investment of \$5,000. To make your investment, complete the application form accompanying this PDS and either:

- forward the completed application form by facsimile on 1300 366 107 (to the attention of Manager – Client Administration) **together with verification from your financial institution that the money has been banked.** You will need to confirm your application request by sending us the original. The use of facsimile instructions is subject to the terms and conditions set out on page 21.
- send us the completed application form together with your cheque for your initial contribution to BlackRock Investment Management (Australia) Limited, Reply Paid 225, GPO Box 225, Melbourne Victoria 8060.
- send us the completed application form together with the completed Direct Debit Authorisation Form, which is Part B within the application form, so we can deduct the contribution amount directly from your bank account. An application utilising the direct debit facility may be submitted via facsimile. You will need to confirm your application request by sending us the original. The use of facsimile instructions is subject to the terms and conditions set out on page 21. Further information regarding direct debit can be found below under the heading 'Payments via Direct Debit'.

The deadline for receipt of an application request is 2.00pm Eastern Standard Time (EST) on any Melbourne or Sydney business day. Requests received after this time will be treated as received on the following Melbourne or Sydney business day.

Additional investments can be made at any time in writing (including by facsimile). Additional investments are made on the basis of a current PDS. A copy of the current PDS for this Funds and any information updating it is available free of charge upon request from BlackRock, your financial adviser or IDPS operator.

## Payments via Direct Debit

As an alternative to sending us a cheque or direct credit for your initial or additional investments, you can provide us with authorisation to draw your application amounts directly from your bank account. Please note that this direct debit facility may not be available for all bank accounts and you should therefore check with your bank to determine whether this facility is available.

You will need to complete and submit the Direct Debit Authorisation Form to activate this facility. The Direct Debit Authorisation Form is available within the application form contained within this PDS, for download from our website or can be sent to you by contacting our Client Services Centre.

The terms and conditions under which we offer this direct debit facility are set out on page 21. Please ensure that you have reviewed this section before completing the Direct Debit Authorisation Form.

The Direct Debit Authorisation Form must be submitted with your application form if you wish to utilise this facility for your initial contribution.

Application for units will only be deemed to have been accepted by BlackRock following confirmation from your bank of a withdrawal

You can make additional deposits to your investment once you have provided us with a completed Direct Debit Authorisation Form by calling our Client Services Centre and providing your Investor Number, PIN, authorised bank account details, the Funds you wish to invest in and the amount you wish to deposit. Providing your call is received prior to the times prescribed in the 'How to invest' section of this PDS, your application will be treated as having been received on that business day and the funds drawn from your account that evening.

## Investing via an Investor Directed Portfolio Service (IDPS)

Investors and potential investors accessing the Funds indirectly through an investor directed portfolio service (IDPS) or master trust may use this PDS for that purpose. Such indirect investors do not acquire the rights of a unitholder under a Fund. Rather, the operator of that service acquires the rights of a unitholder under a Fund. Therefore, indirect investors do not receive income or reports directly from us and do not have the right to attend meetings of unitholders. Indirect investors should not complete the Application form attached to, or accompanying, this PDS and should seek their own tax advice. The rights of indirect investors are set out in the disclosure document for the IDPS or master trust.

## How are unit prices calculated?

When you invest in a Fund you are allocated a number of units in the Fund. 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'.

Both the entry and exit prices are based on the Net Asset Value ("NAV") of the Fund divided by the number of units on issue in the Fund adjusted to take account of transaction costs. Both prices are generally calculated each Melbourne or Sydney business day. The NAV is determined by deducting the liabilities of the relevant fund or class from the market value of the assets of the relevant fund or class.

Assets and liabilities of the Fund are generally valued at their market value in accordance with the Fund's Constitution.

The unit price we apply for an application or withdrawal will be the price based on the value of the assets in the Fund next calculated following receipt of the application or withdrawal request.

The deadline for receipt of an application or withdrawal request is 2.00pm EST on any Melbourne or Sydney business day. Requests received after this time will be treated as received the following Melbourne or Sydney business day.

We have the discretion, however, to price more or less frequently when unusual circumstances prevail (for example, where there has been unusual volatility in the market) in order to protect the interest of all investors. BlackRock has a formal "Unit Pricing Discretions Policy". For a copy of this contact our Client Services Centre on 1300 366 100.

## How do you receive income from your investment?

Any income you receive from your investments will be in the form of distributions. Your distribution may include income such as interest, dividends and realised capital gains.

If you hold units in a 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.

Distribution (if any) may vary over time depending on the Fund's realised losses, gains, income and expenses in a particular period. If investments are sold during a period, any taxable gains from the sale may be paid in that period or a subsequent period within the financial year.

Distributions are determined at the end of June and December each year but if you have invested through an IDPS or master trust the operator of such services may pay distributions at times which are different to this. Following the determination of a distribution, the unit price will fall to reflect the reduced value of the Fund following the payment of the distribution to investors – in other words it is priced to exclude the distribution entitlement.

Distributions are normally paid within 21 business days of the end of the distribution period.

Distribution of Australian sourced income to non-resident investors will be subject to withholding tax. See pages 17 and 18 for further details on the taxation issues which may have an impact on you.

## Distribution payment options

If you have invested directly in a Fund, you have two payment options regarding your distribution payments:

- reinvestment
- direct deposit to your nominated account

If you do not indicate a distribution payment option on your application form, all your income distributions will automatically be reinvested as additional units, based on the last application price before the end of the distribution period, adjusted for the distribution payable (if any) in relation to that period.

If you have selected the direct deposit option and the distribution payment by direct deposit is unsuccessful, your income distributions may be reinvested as additional units in the Fund.

## Withdrawing your investment

If you have invested through an IDPS or master trust, you need to complete the documents which the operator of these services requires of you to withdraw from the Fund. You don't need to complete any of our forms.

If you have invested directly into a Fund, withdrawals can be made in writing (including by facsimile) or by telephone using your PIN (see page 21) in conjunction with your Investor Number. We will then send a cheque or make a deposit into your bank account.

You will normally be able to withdraw money from a Fund on any Melbourne or Sydney business day.

Withdrawal requests must be received by 2.00pm (EST). Requests received after this time will be treated as received the following Melbourne or Sydney business day.

While there is no minimum redemption amount, we generally require a minimum balance in your account of \$5,000.

Withdrawals are normally satisfied and posted within four business days of our having received the request (although in certain circumstances we are allowed longer periods under the Fund's Constitution). If you have invested through an IDPS or master trust please note that the operator of such services will process your withdrawal.

In unusual circumstances, we may delay satisfying the request for the period that the unusual circumstances prevail.

If a withdrawal request relates to more than 1% of units on issue (5% of units on issue for the Wholesale Balanced Fund) we may treat the request as being 5 separate requests received over 5 successive business days.

Where on 5 consecutive business days, investors request the redemption of a number of units that total more than 10% of the units on issue, we may in our discretion pay the redemption proceeds in respect of these units in excess of 10% of units on issue within 30 days of the date of receipt of the respective request for these units.

The Fund's Constitution also permits us to suspend calculation of the Fund's NAV as long as we consider it impractical or inappropriate to calculate the Fund's NAV.

Although it is unlikely, if at any time a Fund is not liquid (ie, less than 80% of the Fund's assets are liquid assets), you do not have a right to withdraw from the Fund and can only withdraw when we make a withdrawal offer to investors in accordance with the Corporations Act. BlackRock is not obliged to make such offers.

For all Funds other than the Wholesale Balanced Fund, we also have the right to deny a withdrawal request if for example, to accept the request would cause the Fund to cease to be liquid or would unfairly prejudice another unit holder. Additionally for all Funds other than the Wholesale Balanced Fund, we accept the withdrawal request regardless of whether a redemption price has been calculated. At this point you will no longer be a unit holder in the Fund.

# Additional information

## Taxation

Investing, and dealing with investments, often has tax and social security implications which can be complex, and which are invariably particular to your circumstances. It is important that you seek professional advice before you make an investment decision.

### Taxation of the Funds

Australia has been in the process of taxation reform for some years. While the final form of the taxation reforms is still not certain, it is expected that the Funds will continue to be subject to "flow through" taxation, and generally not pay any tax so long as it fully distributes income to unitholders. We intend to monitor developments and where "flow through" taxation is available, take all reasonable steps to ensure that the Funds satisfy the relevant requirements to be taxed in this manner.

As the responsible entity of the Funds, however, we may be liable to pay tax for certain taxable income to which non-resident unitholders are entitled.

The distributable income of the Funds may include non-assessable amounts to unitholders. Receipt of certain non-assessable amounts may have capital gains tax consequences.

### Taxation of a resident unit holder

You will be assessed on your share of the taxable income of a Fund to which you are entitled, regardless of whether you receive the distribution in cash or it is reinvested. You will be assessed in the year to which your entitlement relates. For example, an income distribution for the period ending 30 June 2008 is included in the assessable income for 2007/2008, even if the cash is received in July 2008.

You may have to pay tax on all or part of your capital gain (the increase in the value of your investment) when your units are redeemed.

### Taxable income of Funds

The taxable income to which you are entitled may include various amounts as described below. The taxable income of a Fund which invest into other wholesale funds may include realised gains upon the redemption of units in those funds and an entitlement to the income of those other wholesale funds.

Depending on the types of investments made, the Funds can derive income in the form of dividends, interest, rent, gains on the disposal of investments and other types of income.

Generally speaking, such income derived by the Funds is taxable, but tax credits (eg. franking credits and foreign tax credits) may be available to investors to offset part or all of any resulting tax liability.

Disposal of investments by a Fund may result in taxable income of the Fund.

Capital gains will be calculated based on the nominal gain on disposal of investments. Where the asset disposed of was held for 12 months or more, eligible investors are able to claim concessional treatment. You may be entitled to a credit for foreign tax paid on certain income or capital gains received from overseas investments.

In either case, the Funds will distribute all gains (less available losses) to unitholders during the year of income.

In broad terms under the Capital Gains Tax provisions of the Income Tax Assessment Act, a gain arising on the disposal of Fund investments will, where the sum of capital gains exceeds any capital losses, be included in the Funds' taxable income.

The Funds will generally calculate taxable capital gains based on half the nominal gain made on the disposal of an asset, if that asset was held for 12 months or more. Capital gains distributed may include some gains where eligible investors are able to claim concessional treatment. Company investors are not entitled to the discount. BlackRock has assessed and proposes to continue to generally assess gains on the disposal of assets for the Funds and any other wholesale fund into which the Funds may invest under the capital gains tax regime.

However, certain gains of the Funds are not subject to the Capital Gains Tax rules, and should be assessed as ordinary income, particularly those gains made on the disposal of government bonds and fixed income securities.

You may be entitled to benefit from franking credits arising from any franked dividends received by the Funds. Franking credits distributed may be refundable to certain investors (including individuals and complying superannuation funds) if those franking credits exceed the investor's total tax liability. That is, a cash refund of excess franking credits will be available in certain circumstances.

You may be entitled to a credit for foreign tax paid on certain income or capital gains received from overseas investments.

## Taxation of acquisition and disposal of units

Under the capital gains tax provisions, when you redeem units whether by withdrawing, switching or transferring your units, you may be liable to tax on any gain. Where the units have been held for twelve months or more, the gain may be eligible for concessional treatment under the Capital Gains Tax rules. Should a capital loss arise on redemption of a unit, the loss will not be an allowable deduction for you, but may be able to be offset against capital gains arising in that year or subsequent years. Certain unit holders, for example, those carrying on a business of trading in units or securities, may be liable to tax on any gains made on redemption of units as ordinary income (in these circumstances, any losses would be allowable deductions).

## Foreign investments

The Foreign Investment Fund (FIF) regime imposes a tax on Australian investors who invest in certain foreign companies and trusts. Under FIF an increase in the value of an investment in a foreign company or trust may be assessable income even though the increase in value is 'unrealised'.

The Funds invest in foreign companies or in wholesale funds which in turn, invest in foreign companies. We intend to ensure that investments of the Funds holding foreign investments satisfy the exemptions to the FIF regime. If the exemptions are satisfied no amount should be assessed under the FIF regime.

The Federal Government has made several proposals in relation to the operation of the FIF rules for managed funds, which we will monitor going forward.

## Taxation of non-resident unitholders

If a non-resident is entitled to taxable income of the Funds the Manager may be subject to Australian tax at the rates applicable to non-residents. If you are a non-resident, you may be entitled to a credit for Australian income tax paid by the Manager in respect of your tax liability. Distributions to you of amounts attributed to Australian franked dividends will not be subject to withholding tax. Any distribution of unfranked dividends, interest or amounts in the nature of interest will, however, be subject to withholding tax. This is irrespective of whether distributions are paid in cash or reinvested as additional units.

You will receive the distributions net of anticipated Australian tax. Under the Capital Gains Tax provisions, you will not generally be subject to Australian tax on capital gains realised on the disposal of units in a Fund. However, if you and your associates held, or had an option or right to hold, 10% or more of the issued units in the Fund at any time within five years before the time of disposal of the units, you may be subject to Australian tax.

Certain non-resident unit holders may, irrespective of the level of units in the Fund, be liable to tax in respect of any profit of the disposal of a unit as ordinary income.

## Unit prices

The entry or exit price of a Fund is not adjusted to reflect any potential tax liability to unit holders on unrealised gains for investments in the Fund. Funds which have unrecouped losses do not reflect the potential tax benefits of the losses in the entry price or exit price.

The entry price and exit prices may reflect the income derived to date by the Fund in the distribution period.

## Tax File Number (TFN), Exemption and Australian Business Number (ABN)

Australian unit holders may quote their Tax File Number (TFN) to us or claim an exemption at any time. However, you are not obliged to quote your TFN or claim an exemption. Strict guidelines govern the use and storage of TFNs. If you do not quote your TFN or claim an exemption, then your income distributions will have tax withheld at your highest marginal rate plus Medicare levy. Some investors that make the investments in the Fund in the course of carrying on an enterprise of investing may also be entitled to quote their Australian Business Number as an alternative to their TFN.

## Goods and Services Tax (GST)

Where under the GST legislation the Funds are entitled to credits for GST paid to another person (generally 75% of the GST on certain acquisitions), the cost of paying GST from the Funds will be reduced proportionately. Where entitled to do so BlackRock will recover GST on its fees from the assets of the Funds.

## Keeping you informed

When you invest through an IDPS or master trust, the operator of that service will send you information relating to your investment.

When you invest directly in the Funds you will receive:

- **Confirmation Statement** specifying details relating to your investment and your Investor Number, together with any investor information brochure explaining the administration of your investment. Your PIN is sent to you separately.
- **Regular reporting** including a quarterly update on all our funds, which among other things, outlines the progress of your investment (unless requested not to be sent).
- **Distribution Statement** after each distribution period. At the end of each financial year (if a Fund has made a distribution in that financial year), you will receive a Consolidated Distribution Statement that will help to simplify your record keeping by providing the total of your income payments over the past twelve months.
- **Periodic Statement** on a half yearly basis.
- **Tax Statement** on an annual basis.
- **Capital Gains Tax Statement** on an annual basis if you make a withdrawal during the year.

You will also receive a Confirmation Statement for most transactions conducted on your account.

### Annual Financial Reports

A copy of the audited annual financial report of the Funds is available by the end of September from us or upon request from your IDPS or master trust operator. The report will include a Balance Sheet, Income Statement, Cash Flow Statement, and Statement in Change of Equity, as well as Notes to the Financial Statements.

The annual report will be made available on our website at [www.blackrock.com/au](http://www.blackrock.com/au).

You may elect to receive a hard copy of the annual report by ticking the box in Section 7, Annual Financial Report Election, of the application form.

## What are our reporting requirements?

As the Wholesale Balanced Fund is a disclosing entity, the continuous disclosure requirements of the Corporations Act apply. This means that, in addition to the above information sent to you, we have various reporting and disclosure obligations to the regulator, the Australian Securities and Investment Commission (ASIC). Copies of documents we lodge may be obtained from or inspected at an ASIC office. We will send you copies of the Funds annual financial report, any half yearly financial reports (if applicable) and any continuous disclosure notices we lodge with ASIC, free upon request. The other Funds are not currently disclosing entities.

## Do you have any “cooling off” rights?

If you have invested directly into a Fund and are not otherwise a “wholesale” or “sophisticated” 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 period commences from the earlier of the time your investment is confirmed and the fifth day after the units are issued.

If, during the cooling off period, you decide that the investment does not meet your needs, then simply advise us in writing. You must specifically state you are exercising your cooling off right. Written requests received after 2.00pm EST will be treated as received on the following Melbourne or Sydney business day.

Subject to the paragraph above, the amount of your refund will be calculated on the day we receive your written request to withdraw your investment, 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.

If you have invested through a master trust or Investor Directed Portfolio Service (IDPS), your rights to cool-off will be dealt with in the disclosure document for that master trust or IDPS.

## Our legal relationship with you

We are the responsible entity for the Funds and as such we are licensed by ASIC which is responsible for regulating the operation of managed investment schemes like the Funds.

### Constitution

Our responsibilities and obligations as responsible entity of the Funds are governed by a Constitution for each Fund as well as the Corporations Act and general trust law.

The Constitution contains a number of provisions relating to the rights, terms, conditions and obligations imposed on both you and us. A copy of each Fund's Constitution is available free of charge from us by calling our Client Services Centre on 1300 366 100.

Some of the main provisions which relate to your rights under the Constitutions include:

- your right to share in the Fund income, and how we calculate it;
- your right to withdraw from the Fund and what you are entitled to receive when you withdraw or if the Fund is wound up;
- the nature of the units and classes of units;
- your rights to attend and vote at meetings – these mainly reflect the requirements of the Corporations Act which also deals with unitholders rights to requisition or call a meeting; and resolutions passed by a requisite majority at a meeting of unitholders are binding on all unitholders.

The Constitution provides that the liability of each unitholder is limited to its investment in the Fund. A unitholder is not required to indemnify us or our creditors in respect of the Fund. However, no complete assurance can be given in this regard as the ultimate liability of a unitholder has not been finally determined by the courts.

There are also provisions governing our powers and duties, some of which are discussed elsewhere in this PDS.

Others include:

- when we can terminate the Fund or class of units or reclassify units and what happens if we do. We can only terminate the Fund in accordance with the Corporations Act and only if we provide you with the required notice, and if we do, you share pro rata in the net proceeds from us selling the investments;

- when we can amend the Constitution. Generally we can only amend a Constitution where we reasonably believe that the changes will not adversely affect your rights as an investor. Otherwise the Constitution can only be amended if approved by special resolution at a meeting of investors;
- our right to refuse to accept applications for units or record any transfer of units without giving any reason;
- our right to determine minimum application, withdrawal and holding amounts and powers in support of these minimums;
- our right to deduct amounts you owe us from withdrawal proceeds; and
- our broad powers to invest, borrow and generally manage the Fund. We do not currently intend to borrow funds to acquire assets for the Fund, although this is permitted under the Fund's Constitution. We may only borrow if we consider it to be in the best interests of unitholders.

The Constitution contains a provision that, except as provided under the Corporations Act, it alone, and no other laws (except, of course, those laws we cannot exclude), is the source of our relationship with you and other investors in the Fund.

The Constitution also deals with our liabilities in relation to the Fund and when they can be reimbursed to us out of the Fund's assets, for example, subject to the Corporations Act:

- we are not liable for acting in reliance and in good faith on professional advice;
- we are not liable to unitholders for any loss unless we fail to comply with our duties, fail to act in good faith or if we act negligently; and
- we can be reimbursed for all liabilities we incur in connection with the proper performance of our duties in respect of the Fund.

### Compliance Plan

We have lodged a Compliance Plan for the Funds with ASIC. The Compliance Plan sets out the measures we will take to ensure we comply with the Corporations Act and the Constitutions of the Funds. To oversee compliance with the Compliance Plans, we have established a Compliance Committee.

The Compliance Committee is required to report breaches of the Constitution and the Corporations Act to the directors of BlackRock Investment Management (Australia) Limited, and in some circumstances, to ASIC.

A copy of the Funds' Compliance Plan is available free of charge from us by calling our Client Services Centre on 1300 366 100.

## Auditor

We have an obligation under the Corporations Act to appoint an auditor of the Funds and Compliance Plan. The current auditor of the Funds is Deloitte Touche Tohmatsu ("Deloitte") of Queen Victoria Building, 180 Lonsdale Street, Melbourne, VIC, 3000, and a partner of the firm has been appointed as Compliance Plan auditor.

## Custody

A custodian (sometimes more than one) is appointed by BlackRock to hold the assets of the Funds.

The role of a custodian is limited to holding assets of the Funds on behalf of BlackRock and acting in accordance with instructions from BlackRock (except in limited circumstances where the custodian has a discretion to act without instructions).

BlackRock remains liable to unitholders for acts and omissions of the custodian.

A custodian has no supervisory obligation to ensure that BlackRock comply with their obligations as responsible entity of the Funds.

The custodian may change from time to time but must satisfy any relevant regulatory requirements as mentioned above. If you require details of our custodian at any time, you should contact our Client Service Centre on 1300 366 100.

## Faxed instructions

If you have invested directly in a Fund and wish to fax your instructions to us, please be aware that fraudulent or other unauthorised fax instructions can be made by persons with access to your account name and a copy of your authorised signatures. Accordingly, you agree to release and indemnify us against all claims and demands arising as a result of our acting on what appeared to us to be your faxed instructions.

## Margin lending

If you wish to apply using a margin lending arrangement, you must complete the Application Form that accompanies this PDS and sign Part 9 of the Application Form. You must also complete the Tax File Number Notification or Exemption Form ensuring that the Tax File Number you provide is your own and not that of the margin lender. Please forward the completed Application Form to your margin lender for their approval. In particular you will need to understand the terms of using the service in Part 8 of the Application Form. When your margin lender approves your margin lending application, the lender will then forward the completed Application Form and cheque (or any other method of payment acceptable) to us for processing.

## Personal Identification Number

If you invest directly into a Fund, you will be provided with a Personal Identification Number (PIN) which will allow you to complete certain transactions on your account.

Your PIN must be used in conjunction with your Investor Number. If your PIN is used by someone without your authority, we will not generally be liable for any loss incurred by you. Do not store your PIN with your Fund records. When using your PIN you release, discharge and agree to indemnify us from and against all actions, proceedings, claims and liabilities arising out of the use of your PIN, except to the extent that such liability is attributable to our own neglect. We may continue to accept telephone withdrawal requests until we receive the written notice from you to cancel or vary your PIN.

## Direct debit request service agreement

This section outlines the terms and conditions of the direct debit request arrangement between yourself and BlackRock Investment Management (Australia) Limited ("BlackRock" or "us").

### BlackRock's responsibilities

BlackRock will only make direct debits from your chosen account.

Your initial contribution amount will be confirmed in writing once BlackRock receives your application form.

BlackRock will not disclose your account details to any other party, unless you have agreed in writing that it can, or unless the law requires BlackRock to do this.

If a payment date is a weekend or public holiday, your account will be debited on either the business day preceeding or the business day following the weekend or public holiday.

BlackRock reserves the right to cancel the direct debit arrangement without notice if any debits are returned unpaid by your nominated financial institution.

The above arrangements are subject to change.

### Your responsibilities

Before making a direct debit request you should:

- Check with your financial institution that the account you want to nominate can support direct debits. Additional charges may also be applied by your financial institution for this service. We recommend that you contact them for further details.
- Confirm that the account details that you have provided are correct.

- Ensure that you have sufficient cleared funds in your account to cover payment when due. Your financial institution may charge a fee if payment cannot be met.
- Sign your direct debit request in the same way as the account signing instruction held by your financial institution.

You must tell us in writing if you close or change the account that you have previously nominated.

You may cancel your direct debit request, stop or defer an individual debit or request a change to the debit amount by writing, phoning or faxing us.

It is your responsibility to arrange with BlackRock a suitable alternative payment method if the withdrawal arrangements are cancelled, either by you or the nominated financial institution.

If you believe that a debit has not been correctly processed you should immediately contact our Client Services Centre on 1300 366 100.

You agree to indemnify us against all losses, costs, damages and liability that we incur arising from you breaching these terms and conditions or providing us an invalid or non-binding direct debit request. This indemnity is a continuing obligation, separate and independent from your other obligations and survives termination of this agreement. This indemnity does not apply as a result of our fraud, negligence or breach of trust.

## Enquiries and complaints

We have established procedures for dealing with enquiries and complaints.

If you have invested through an IDPS or master trust, you should firstly contact the operator of that service.

If you have an enquiry or complaint, you can either call our Client Services Centre on 1300 366 100 or write to our Enquiries and Complaints Officer at BlackRock Investment Management (Australia) Limited, Level 18, 120 Collins Street Melbourne, Vic. 3000 or fax your enquiry or complaint to 1300 366 107 or by email to [clientservices.aus@blackrock.com](mailto:clientservices.aus@blackrock.com). We will acknowledge receipt of the complaint within 14 days of its receipt.

We must deal with a complaint and respond to you as soon as practicable but no longer than 45 days after receiving the complaint. If a complaint is not satisfied within this timeframe, or you are not satisfied with our response, you may refer your complaint to the Financial Ombudsman Service ("FOS") of which we are a member and which is an independent entity.

The FOS contact details are:

Mail: GPO Box 3, Melbourne, Victoria, 3001  
 Telephone: 1300 780 808  
 Website: [www.fos.org.au](http://www.fos.org.au)  
 Email: [info@fos.org.au](mailto:info@fos.org.au)

## Related party information

The Manager or persons associated with Manager may invest in the Funds from time to time. The Manager and its associates are also entitled to enter into or be interested on their own account in any transaction entered into on behalf of a Fund or with any company or body in which the Fund is invested or who provides services to the Fund. Any such transactions will be on arms length commercial terms.

## Privacy

If you have invested through an IDPS or master trust, the Privacy Policy of the operator of that service will apply to your investment. If you have invested directly, the information requested on the attached application forms is used by us for the primary purpose of establishing and administering your investment(s) with us.

We are unable to process your application and provide you with the requested investment without this information.

A Privacy Policy detailing our handling of personal information is available upon request. You may request access to the information held by us about you and your investment(s), and we ask that you advise us of any changes to such information you may have provided.

We may disclose your information (or parts thereof) to external parties who act on our behalf in the operation of our business from time to time or as required by law. We may also disclose your information to external parties on your behalf, such as your financial adviser, unless you have instructed otherwise.

We, BlackRock, Inc. and its related bodies corporate may use your information on occasion, to advise you about other services or products offered by us or them, but you may elect to stop receiving such information at any time.

Please note, that in accordance with the requirements of the Anti-Money Laundering and Counter Terrorism Financing Act, we may be requested to disclose your personal information to the Australian Transaction Reports and Analysis Centre (AUSTRAC).

You may contact our Privacy Officer on (03) 9657 3000 if you wish to update or request access to your information or if you have any queries regarding our Privacy Policy.

## Anti-Money Laundering and Counter-Terrorism Financing

We are required to comply with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 ('the AML legislation'). The AML legislation requires us to (amongst other requirements) verify the identity of investors making applications into Funds offered by us.

We cannot accept an application to invest in the Funds until satisfied that the identity of the investor has been verified in accordance with the AML legislation. The processing of applications may be delayed until the requested information is received in a satisfactory form and the identity of the investor is verified.

### Investor identification requirements

#### ■ Investors that apply without a financial adviser\*

To comply with the requirements of the AML legislation, BlackRock requires an investor that directly applies to invest in a Fund (that is, **not** through a financial adviser) to complete the Investor Identification Form which is contained in PART C and submit it together with the application form.

The information provided will be used by BlackRock to verify the investor's identity.

\* Financial advisers include an Australian Financial Services (AFS) Licensee or a representative of an AFS Licensee.

#### ■ Investors that apply through/with a financial adviser

We intend to rely on financial advisers to verify the identity of their clients in accordance with the AML legislation. Section 6 of the Application Form (Financial Adviser) requires a financial adviser to confirm that they have verified the identity of the investor and agree that BlackRock may access any document that has been used by the financial adviser to verify their identity.

Unless requested, we do not require original documents or certified copies used by the financial adviser to verify the identity of the investor. Where document(s) verifying the investor's identity are provided to us by a financial adviser, BlackRock will still (as permitted under the AML legislation) be relying on the financial adviser to verify the identity of the investor.

#### ■ Financial advisers not yet compliant

BlackRock recognise that some financial advisers will have become compliant with the investor identification requirements of the AML legislation at different times prior to 12 March 2009 (the end of the 'assisted compliance' period). If the identity of an investor has not been verified, the financial adviser must advise BlackRock in Section 6 of the Application Form. The Investor Identification Form in Part C must be completed and provided with the completed Application Form. This will enable BlackRock to verify the identity of the investor and accept the investor's application to invest in a Fund.

### BlackRock's right to request information

We may from time to time request identification/verification documentation or other information from an investor or financial adviser to verify the investor's identity or comply with AML legislation. Where documentation provided is not in English, an English translation must be provided by an accredited translator.

### Appointed representatives

BlackRock is required to verify the identity of legal representatives and agents appointed to act on behalf of an investor. We cannot proceed to act on the instructions of a nominated legal representative until such time as we verify the identity of that representative.

Appointed legal representatives include, but are not limited to, executors of estates, attorneys (appointed under power of attorney) and nominated representatives.

### Directors

Maurice J O'Shannassy  
Con Tzatzakis  
Damien Frawley  
Grant Boyle  
Rich Kushel

The Directors have authorised the issue of this PDS.



## CONTACTS

### **Melbourne**

Level 18,  
120 Collins Street,  
Melbourne Vic 3000

### **Sydney**

Level 41, Governor Phillip Tower  
1 Farrer Place,  
Sydney NSW 2000

### **Brisbane**

Level 2, Waterfront Place,  
1 Eagle Street,  
Brisbane QLD 4000

### **Perth**

Level 3, Suite 4,  
1292 Hay Street,  
West Perth WA 6005

Client Services Centre: 1300 366 100

Website: [www.blackrock.com/au](http://www.blackrock.com/au)