

BlackRock Global Screened Government Bond Fund (Class E Units)

Disclosure Document
Dated 24 November 2011

BlackRock Global Screened Government Bond Fund
ARSN 153 183 834
BlackRock Investment Management (Australia) Limited
ABN 13 006 165 975
Australian Financial Services Licence No 230523

Supplementary Disclosure Document No. 1

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Date: 26 April 2012

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This Supplementary Disclosure Document No. 1 (“Supplementary DD No. 1”) updates the Disclosure Document dated 24 November 2011 (the “Disclosure Document”) for the BlackRock Global Screened Government Bond Fund (Class E Units). This Supplementary DD No. 1 must be read in conjunction with the Disclosure Document. All changes disclosed below will take effect from the date of issue of this Supplementary DD No. 1.

This Supplementary DD No. 1 sets out the following important changes:

Purpose of this Supplementary DD No. 1

Change of Spreads

Please note that from 26 April 2012, the Sell Spread for the BlackRock Global Screened Government Bond Fund (Class E Units), as outlined on page 6 of the Disclosure Document, under the heading ‘Fees and Other Costs’, changed from 0.50% to 0.25% on redemption.

Page 6 of the Disclosure Document is amended by:

▶ Deleting the sentence:

“At the date of this document, the estimated transaction cost when investors invest or withdraw from the Fund is 0.05% on application and 0.50% on redemption.”

and replacing it with:

“The estimated transaction cost when investors invest or withdraw from the Fund is 0.05% on application and 0.25% on redemption.”

▶ Deleting the paragraph:

“Consider a \$50,000 redemption from the Fund. The estimated transaction cost is 0.50%. In relation to a \$50,000 redemption, the estimated transaction cost incurred would be \$250.00.”

and replacing it with:

“Consider a \$50,000 redemption from the Fund. The estimated transaction cost is 0.25%. In relation to a \$50,000 redemption, the estimated transaction cost incurred would be \$125.00.”

Terms used in this Supplementary DD No. 1 have the same meanings as in the Disclosure Document. Prior to investing in the BlackRock Global Screened Government Bond Fund (Class E Units), a prospective investor must take into account and accept the foregoing information, as well as the information disclosed in the Disclosure Document.

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The name and contact details of the Responsible Entity are:

BlackRock Investment Management (Australia) Limited
Level 18, 120 Collins Street,
Melbourne Victoria 3000

Telephone: 1300 366 100
Facsimile: 1300 366 107
Website: www.blackrock.com.au

Important information

If you have received this document electronically we will provide a paper copy free upon request. If you are printing an electronic copy of this document you should print all pages.

You cannot invest directly in the Fund unless you use the Fund's Application Form accompanying either a paper or electronic copy of this document.

U.S. Persons

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

About BlackRock Investment Management (Australia) Limited

BlackRock Investment Management (Australia) Limited, ABN 13 006 165 975 (referred to in this Disclosure Document as "BlackRock", "the Responsible Entity", "the Manager", "we", "our" or "us") is the responsible entity and the issuer of units in the BlackRock Global Screened Government Bond Fund ("Fund").

We are a subsidiary of BlackRock, Inc.[®] (BlackRock, Inc.). BlackRock, Inc. through its subsidiaries (collectively the "BlackRock Group") directly manages investments on behalf of institutional and retail clients from around the globe. The BlackRock Group has asset management teams covering all major asset classes, across many investment styles and regions globally.

When you invest with BlackRock you are gaining the expertise of an experienced team of investment professionals across the full spectrum of investment styles and asset classes, including equities, fixed income, alternatives, and multi-asset class solutions, backed by the international resources and knowledge of the world's largest asset manager.

We are a member of the Financial Services Council (FSC).

We have appointed the Model Based Fixed Income Team (the "FI Team") to manage the Fund. The FI Team is based in London, United Kingdom. Neither we nor any company in 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.

We have absolute discretion to accept, reject or limit any application for investment into the Fund and reserve the right to change these terms and conditions.

About the Fund and its investment objectives

The Fund aims to broadly provide investors with the investment performance of the global sovereign bond market, before fees less interest withholding taxes and the cost of currency hedging, as measured by the Benchmark (as defined below) over the investment cycle.

The Fund's benchmark is a customised index, based on the Barclays Capital Global Treasury Index (hedged to AUD) (the "Benchmark"). The Benchmark applies a 10% cap to individual issuers and a 30% total cap to Eurozone issuers (being the collective countries of the European Monetary Union). The Benchmark is designed to reduce the influence of any one country or the Eurozone on the Fund, as compared with more traditional unconstrained market-cap-weighted indexes, and therefore seeks to ensure geographic diversification of the Fund.

The Fund is a managed investment scheme that is registered with the Australian Securities and Investments Commission (ASIC).

How do we manage your money?

Our investment style is based on our belief that people, leveraged by technology, are central to the consistent achievement of our clients' investment goals.

We believe that a focus on total performance management is the best way to achieve superior investment results. Through total performance management, we aim to understand; measure; forecast; and manage the three dimensions of investment performance – return, risk and cost.

What is the Fund's investment strategy?

The investment strategy of the Fund seeks to broadly match the risk characteristics of the Benchmark, with active positioning focused on lowering exposure to downside risks arising from deteriorations in sovereign credit quality. Through the application of an active screen the Fund attempts to avoid those bonds with the highest perceived risk of issuer default. Quantitative screening techniques, based on the BlackRock Sovereign Risk Index, together with the expertise of fixed income analysts are used to monitor the risks of sovereign downgrade.

The Fund may underperform the Benchmark in stable or increasing markets due to the defensive nature of the strategy. However, this defensive approach seeks to deliver performance benefits relative to the Benchmark in sharply deteriorating markets.

The design of the BlackRock Sovereign Risk Index ("BSRI") is a transparent and disciplined approach to assessing credit risk for sovereign debt issuers. The BSRI provides a relative ranking of countries issuing sovereign debt using a comprehensive list of relevant fiscal, financial and institutional metrics. These include the level of public sector indebtedness, a country's vulnerability to externally induced shocks, financial sector health, and political and institutional factors related to willingness to pay.

Practical application of the BlackRock Sovereign Risk Index to the portfolio involves underweighting (relative to the Benchmark weights) sovereign issuers with deteriorating credit quality, while redistributing the overweights selectively amongst issuers considered to be of stronger relative credit quality.

What does the Fund invest in?

The Fund will generally invest primarily into direct fixed income instruments, being primarily government bonds, and FX forwards. Other derivatives may also be used in particular during more volatile markets.

Derivatives, such as futures, forwards, swaps and options can be used to manage risk and return. It is not intended that derivative securities will be used to gear the Fund. FX forwards will primarily be used to manage currency exposure in seeking to meet the fund's investment objectives. Other derivatives will primarily be used where they are considered a more efficient and effective means of executing the Fund's investment strategy as compared with trading physical bonds. This situation is more likely to arise during volatile markets in which market liquidity of physical bonds may be lower than usual.

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

What are the investment 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 the 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.

The significant risks for this Fund are discussed below. The performance of the Fund will reflect the volatility of the Fund's underlying investments. If these risks eventuate, your distributions may be lower than expected or there may be none, and the value of your investment could fall. The significant risks for this Fund may include:

Risks of investing in fixed income securities: In general, cash and fixed income securities can provide more certainty in income flows and can offer greater capital price stability than alternative investments such as shares and property. However, there are a number of risks associated with investment in fixed income 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 – a deterioration of credit quality (e.g. an issuer credit downgrade or credit event leading to widening of credit spread) of an underlying investment will adversely impact the value of such investment; and
- ▶ Counterparty risk – a credit risk associated with the counterparty to a transaction, who may be unable to fulfill its obligations to the Fund.

Investing in foreign markets: The Fund invests in securities or derivative instruments issued in foreign markets and as such faces risks associated with:

- ▶ differences between countries in relation to accounting, financial reporting, legal, regulatory, pricing, liquidity, and settlement and clearance procedures;
- ▶ currency risk, the risk that foreign currencies change in value relative to the Australian dollar. Whilst active currency management is undertaken it may not be possible to perfectly match performance of the hedging in the Fund relative to that of the Benchmark. In addition the impact of currency hedging on the Fund's return is uncertain, cannot be guaranteed and can result in capital losses;
- ▶ investing in emerging markets, such markets may have lower trading volumes, less liquidity, greater political instability and more likely to experience hyperinflation and currency devaluations than more developed markets.

Derivative risk: In accordance with its investment guidelines and objective the Fund is permitted to use financial derivatives including but not limited to futures, options, indexed securities, swaps and forward contracts. Derivatives may not be used to gear the Fund. Exposure to investments in derivatives can cause the Fund to make gains or incur losses. Derivative transactions may be subject to the risk that a counterparty to the transaction will wholly or partially fail to perform their contractual obligations under the arrangement.

Other additional risks that are more generally associated with investing in managed funds include:

Market risk: Economic, technological, political or legislative conditions, and even market sentiment, can (and do) change, and this can mean that changes in the value of investment markets can affect the value of the investments in the Fund.

Individual investment risk: Individual investments we buy, like shares and fixed income securities, can and do fall in value for many reasons such as changes in a company's internal operations or management or in its business environment. The value of investments and the level of returns will vary.

The prices of both shares and fixed income securities can experience volatile movements. Coupon payments from fixed income securities and dividend payments from shares may also vary over time.

Regulatory risk: The laws affecting registered managed investment schemes may change in the future.

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. As responsible entity of the Fund, BlackRock 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.

We aim to keep Fund risk to a minimum by monitoring the Fund on an ongoing basis.

Fund size and performance

As the Fund was only recently established, no fund size or fund performance is available. Updated performance information will become available from our Client Services Centre (refer to the 'Enquiries and Complaints' section of this Disclosure Document for contact details) or from: www.blackrock.com.au.

Past performance is not a reliable indicator of future performance of the Fund.

Fees and other costs

Entry and Exit Fees

There are no entry or exit fees for the Fund.

Management Fee

The Manager will be paid a management fee of 0.25% p.a. inclusive of GST. This is the estimated cost to the Fund of the GST-inclusive management fee taking into account reduced input tax credits in respect of the GST component of the fee.

The management fee will be calculated daily and will be payable monthly in arrears.

Expenses Recovery Costs

We are entitled to be reimbursed for certain expenses in managing and administering the Fund. These expenses cover most of the out-of-pocket expenses the Responsible Entity is entitled to recover from the Fund including custody safe keeping fees and other investment related expenses. Unless we indicate otherwise, all Fund expenses, other than abnormal expenses (refer below) will be paid for by the Responsible Entity and no additional expenses will be recovered.

Where an investment is made through a fund managed by us or another company in the BlackRock Group the management fees of the underlying fund will be rebated. 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 Fund 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 Fund's Constitution or defending legal proceedings. We will continue to seek reimbursement from the Fund in relation to these expenses should they arise.

Transaction Costs

The Fund may incur transaction costs (such as brokerage, settlement costs, clearing costs (including custody movement charges) and stamp duty) when investors invest in or withdraw from the Fund (these transaction costs are included in the buy-sell spread, refer to the 'Buy-sell spread' section in this Disclosure Document for further information) and we transact to manage investment objectives.

The amount of transaction costs incurred when transacting to manage investment objectives is dependent on a number of different variables, including the level of trading undertaken by the Fund. As such we are unable to provide a meaningful estimate or example of these costs. Transaction costs incurred to manage investment objectives 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 transaction costs associated with buying and selling the assets of the Fund when investors invest or withdraw from the Fund. The buy spread is the difference between the application price and the NAV price. The sell spread is the difference between the redemption price and the NAV price. The total buy-sell spread is the difference between the application and redemption price. It is an additional cost to the investor but is reflected in the unit prices. It is not charged separately to the investor and will not appear on any statement sent to an investor. The buy-sell spread is applied with the intention of ensuring all investors are treated equally and is not paid to BlackRock.

Please note that there may be circumstances in which BlackRock may exercise its discretion to vary buy-sell spreads above or below those stated in this document, for example, where the costs associated with obtaining or disposing of the underlying assets are likely to be materially above those typically encountered in normal market conditions.

Prior notice of a change to the buy-sell spread will not ordinarily be provided. At the date of this document, the estimated transaction cost when investors invest or withdraw from the Fund is 0.05% on application and 0.50% on redemption.

Worked example

Consider a \$50,000 application to the Fund. The estimated transaction cost is 0.05%. In relation to a \$50,000 application, the estimated transaction cost incurred would be \$25.00.

Consider a \$50,000 redemption from the Fund. The estimated transaction cost is 0.50%. In relation to a \$50,000 redemption, the estimated transaction cost incurred would be \$250.00.

Differential fees

In accordance with the Corporations Act 2001, 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.

Can fees 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 provide investors 30 days notice of any proposed increase to our fees and charges.

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

How to invest

The minimum amount you can invest is \$500,000 or such other amount as we may determine from time to time. Applications can only be accepted from investors who meet the definition “wholesale” or “professional” as set out in the Corporations Act; which is automatically satisfied by a minimum initial investment of \$500,000.

The Fund is generally available for transactions on any Business Day (being a day other than a Saturday or Sunday or public holiday on which banks are open for general banking business in Sydney or Melbourne (Australia), New York (United States of America) and London (United Kingdom)). Any application requests received on a day when the Fund is unavailable for transactions will be held over to the next available Business Day.

To make your investment, complete the Fund’s Application Form and either:

- ▶ Forward the completed Application Form by facsimile to us using the fax number included on the Application Form, marked for the attention of Manager – Client Account Services, and deposit monies into the application account as shown on the Application Form. **You must ensure that BlackRock receives cleared funds by the next Business Day following receipt of your application and provide us with verification from your financial institution that the money has been banked. You will need to send us your original application request for our records.** The use of facsimile instructions is subject to the terms and conditions set out in the ‘Faxed instructions’ section of this Disclosure Document;
- ▶ Send us the completed Application Form together with your cheque for your initial contribution to the address included on the Application Form; or
- ▶ Send us the completed Application Form together with the completed Direct Debit Request 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 send us your original application request for our records.** The use of facsimile instructions is subject to the terms and conditions set out in the ‘Faxed instructions’ section of this Disclosure Document. Further information regarding direct debit can be found below under ‘Payments via Direct Debit’

Please refer to the ‘Indemnity’ section of this Disclosure Document which outlines our rights in the event that we do not receive cleared funds in respect of a particular application.

Investors may also need to complete an Investor Identification Form for the purposes of Anti-Money Laundering and Counter-Terrorism Financing legislation. Please refer to section 5 of the Application Form titled ‘Investor Type’ for further information.

Application requests are required to be received prior to 2.00pm (Melbourne or Sydney time) on the Business Day prior to execution. Application requests received before this time on a Business Day will generally be executed on the next Business Day. Application requests received after this time will be treated as being received the following Business Day.

Additional investments can be made at any time in writing (including via facsimile). Additional investments are made on the basis of a current Disclosure Document. A copy of the current Disclosure Document for this Fund and any information updating it is available free of charge upon request from BlackRock.

Indemnity

You acknowledge that, upon receipt of your application, BlackRock may enter into transactions for the Fund in anticipation of payment of application monies, and you agree to indemnify BlackRock against any losses and expenses incurred by us if the application monies are not received in cleared funds by the Fund in the normal course.

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 Request Form to activate this facility. The Direct Debit Request Form is available within the Application Form which can be downloaded 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 under the ‘Direct Debit Request Service Agreement’ section of this Disclosure Document. Please ensure that you have reviewed this section before completing the Direct Debit Request Form.

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

You can make additional deposits to your investment once you have provided us with a completed Direct Debit Request Form by calling our Client Services Centre and providing your Investor Number, PIN (refer to the ‘Personal Identification Number (PIN)’ section of this Disclosure Document for further information), authorised bank account details, the Fund you wish to invest in and the amount you wish to deposit. Provided your call is received prior to the prescribed cut off times (refer to the ‘How to Invest’ section of this Disclosure Document for further information), your application will be treated as having been received on that Business Day.

Direct Debit Request Service Agreement

This section outlines the terms and conditions of the direct debit request arrangement between you and BlackRock.

BlackRock's responsibilities

BlackRock will only make direct debits from your chosen account.

Your initial contribution amount will generally be confirmed in writing shortly after BlackRock receives your Application Form and valid Direct Debit Request Form.

BlackRock will not disclose your account details to any other party, unless:

- ▶ such disclosure is for the purposes of this agreement (including disclosing information in connection with any query or claim);
- ▶ you have agreed in writing that it can; or
- ▶ 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 preceding or the Business Day following the weekend or public holiday. If you are unsure about which day your account has been debited, you should ask your financial institution.

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; and
- ▶ Sign your Direct Debit Request Form 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 contacting our Client Services Centre.

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.

You should check your account statement from your financial institution to verify that the amounts debited from your account are correct.

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

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.

How unit prices are calculated

Both the application and redemption prices are based on the Net Asset Value ("NAV") of the Fund, adjusted to take account of transaction costs, divided by the number of units on issue in the Fund. Both prices are generally calculated each Business Day, usually two days in arrears. The application and redemption prices may reflect the income derived to date by the Fund in the distribution period.

The unit price we apply for an application or redemption received before 2.00pm (Melbourne or Sydney time) on any Business Day will generally be the price based on the market value of the assets in the Fund as at the close of the next Business Day following receipt of the application or redemption request.

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.

Redeeming your investment

Redemptions may be made in writing (including via facsimile) and must include the authorised signatories. You will normally be able to withdraw money from the Fund on any Business Day. Redemption requests are required to be received prior to 2.00pm (Melbourne or Sydney time) on the Business Day prior to execution. Redemption requests received before this time on a Business Day will generally be executed on the next Business Day. Redemption requests received after this time will be treated as being received the following Business Day.

While there is no minimum redemption amount, we generally require a minimum balance in your account of \$500,000.

Redemptions are normally satisfied within four Business Days of the trade date (although we are allowed longer periods under the Fund's constitution).

In unusual circumstances outside our control, we may delay satisfying redemption requests for the period that the unusual circumstances prevail.

In addition, if at any time the Fund becomes 'non-liquid' (as defined in the Corporations Act 2001) 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.

Distributions

Distributions (if any) may vary over time depending on the Fund's realised losses, gains, income and expenses in a particular period.

Distributions are usually paid within 21 Business Days of the end of the distribution period. Distributions are generally determined at the end of June and December each year.

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.

Distribution payment options

You have two payment options regarding your distribution payments:

- ▶ reinvestment; or
- ▶ direct deposit to your nominated bank 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 NAV per unit applicable at 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 and the distribution payment by direct deposit is unsuccessful, your income distributions will be reinvested as additional units in the Fund.

No cooling off rights

Investors in the Fund are required to be "wholesale" or "professional" investors as defined by the Corporations Act and are therefore not entitled to cooling off rights.

Reporting

We will provide you with the following information:

- ▶ Confirmation Statement specifying details relating to your investment;
- ▶ Distribution Statement after each distribution period. At the end of each financial year (if the Fund has paid a distribution during the 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; and
- ▶ Tax Statement (if you make a withdrawal during the year) on an annual basis.

Annual Financial Report

A copy of the audited annual financial report for the Fund is generally available from us by the end of September. 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 financial report will be made available on our website at www.blackrock.com.au. You may elect to receive a hard copy of the annual financial report by ticking the box in section 7 of the Application Form titled 'Annual Financial Report Election'.

Dedicated website

In addition to our general website, we have an online service for institutional clients at www.blackrockinsight.com.au. Institutional Insight gives you access to your latest portfolio information as well as market commentaries, member education and much more. This is a secure site with password access. To register, please contact our Client Services Centre.

Taxation

Investing, and dealing with investments, often has tax 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.

The taxation information contained in this document reflects the income tax legislation in force, and the interpretation of the Australian Taxation Office and the Courts, as at the date of issue of this document.

Taxation of the Fund

We do not expect the Fund to be subject to Australian income tax, as it is intended that investors will be presently entitled to all of the income of the Fund in each financial year.

Taxation of a resident unitholder

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 2012 is included in the assessable income for 2011/2012, even if the cash is received in July 2012.

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 the Fund

The taxable income to which you are entitled may include various amounts as described below.

Types of income

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

Generally speaking, such income derived by the Fund is taxable, but tax credits (e.g. foreign income tax offsets) may be available to unitholders to offset part or all of any resulting tax liability.

Capital gains tax

In broad terms under the capital gains tax ("CGT") provisions of the Income Tax Assessment Acts, net gains arising on the disposal of Fund investments will be included in the Fund's taxable income.

The Fund 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.

Taxation of Financial Arrangements

The new Taxation of Financial Arrangements ("TOFA") rules applied from 1 July 2010. The securities directly held by the Fund may be subject to the TOFA Rules. Under the TOFA rules, unrealised gains in relation to investments in TOFA may be included in the assessable income of the Fund.

Taxation of non-resident unitholders

If a non-resident is entitled to taxable income of the Fund, the investor 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 may have to pay tax on all or part of your capital gain (reflecting the increase in the value of your investment) when your units are redeemed. In addition, the distributable income of the Fund may include non-assessable amounts to unit holders. Receipt of certain non-assessable amounts may have capital gains tax consequences.

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 invest 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 Fund is entitled to credits for GST paid to another person, the cost of paying GST from the Fund will be reduced proportionately. Where entitled to do so BlackRock will recover GST on its fees from the assets of the Fund.

Taxation reform

The Federal Government is currently reviewing some taxation laws relating to managed investment trusts. This could result in a change to the taxation treatment of your investment in the Fund.

Legal

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

Our responsibilities and obligations as responsible entity of the Fund are governed by a Constitution for the 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.

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

- ▶ unit pricing;
- ▶ unit holder meetings;
- ▶ our ability to delay access to your money (such as if the Fund becomes 'non-liquid' or pricing of the Fund impracticable);
- ▶ termination of the Fund; and
- ▶ our powers, such as our investment powers and the powers of the Fund to borrow.

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 fully determined by the courts.

The Constitution also contains provision that 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.

Termination of the Fund

Pursuant to the constitution of the Fund, the Fund terminates on the earliest of:

- ▶ the 80th anniversary of the day before the Fund commenced;
- ▶ the date specified by BlackRock as the date of termination of the Fund and notified to unitholders; or
- ▶ the date on which the Fund terminates in accordance with the law.

Compliance Plan

In accordance with the requirements of the Corporations Act and ASIC Policy, the Fund has a Compliance Plan.

The Compliance Plan sets out the measures we will take to ensure we comply with the Corporations Act and the Constitution of the Fund. To oversee compliance with the Compliance Plan, 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, and in some circumstances, to ASIC.

A copy of the Fund's Compliance Plan is available free of charge from us by contacting our Client Services Centre.

Auditor

We have appointed an auditor of the Fund and Compliance Plan as required by the Corporations Act.

Custodian

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

The role of a custodian is limited to holding assets of the Fund on behalf of BlackRock and acting in accordance with instructions from BlackRock (except in limited circumstances where the custodian has 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 complies with our obligations as responsible entity of the Fund.

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 Services Centre.

Faxed instructions

If you have invested directly in the 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.

Enquiries and complaints

We have established procedures for dealing with enquiries and complaints.

If you have invested directly and you have an enquiry or complaint, you can contact our Client Services Centre by either:

- ▶ calling 1300 366 100;
- ▶ writing to our Enquiries and Complaints Officer at BlackRock, Level 18, 120 Collins Street Melbourne, Vic. 3000;
- ▶ faxing your enquiry or complaint to 1300 366 107; or
- ▶ emailing clientservices.aus@blackrock.com.

If you make a complaint to us, we will acknowledge receipt of the complaint and take steps to address the complaint. We will also provide you with a final response within 45 days in accordance with our obligations.

Personal Identification Number (PIN)

Shortly after you make your initial investment you will generally be provided with a PIN. For security reasons, this should be kept in a safe place and not disclosed to anyone. Please do not keep your PIN with your Investor Number. Your PIN in conjunction with your Investor Number will enable you to complete certain transactions on your account. If you do not want a PIN and one has been issued to you, please notify us to request its cancellation.

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.

Privacy

The information requested during the application process 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. BlackRock may take steps to verify information collected.

A Privacy Policy detailing our handling of personal information is available upon request from our Client Services Centre or from our website www.blackrock.com.au. 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 (e.g. under a Court Order or a Statutory Notice issued pursuant to taxation or social security laws, or laws prohibiting money laundering or terrorism financing, or under laws relating to economic or trade sanctions). We may also disclose your information to external parties on your behalf, such as your asset consultant/financial adviser, unless you have instructed otherwise.

We or any BlackRock Group entity may use your information on occasion, to inform you about other services or products offered by us or them, but you may elect to stop receiving such information at any time.

If you wish to update or request access to your information or if you have any queries regarding our Privacy Policy, you may contact our Privacy Officer by contacting the BlackRock Client Services Centre.

Conflicts of Interest and Related Party Information

The Manager is a member of the BlackRock Group. The BlackRock Group participates in global financial markets in a number of different capacities. The Fund may invest or engage in transactions with entities for which the BlackRock Group may perform services. In addition the Manager or persons associated with the Manager may invest in the Fund from time to time. All such transactions will be on an arms length commercial basis.

In addition certain members of the BlackRock Group may have actual and potential conflicts of interest regarding the allocation of investment opportunities amongst funds and products they manage. The BlackRock Group will seek to manage these conflicts in a fair and equitable manner having regard to the interests of their clients generally. As a responsible entity and the holder of an Australian Financial Services Licence, the Manager has policies and procedures in place to manage such conflicts of interest.

From time to time, the Manager may be restricted from purchasing or selling particular securities on behalf of investors because of regulatory requirements or internal policies applicable to the BlackRock Group. This may result in circumstances where, for example, a BlackRock fund is unable to exactly replicate the weightings in a particular index.

In circumstances where ownership thresholds or limitations must be observed, BlackRock will seek to equitably allocate limited investment opportunities amongst the relevant BlackRock products, taking into consideration benchmark weight and investment strategy.

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 Fund until satisfied that the identity of the investors 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.

By completing the AML forms as requested by BlackRock during the application process, you agree that:

- ▶ you do not make an application for investment in the Fund under an assumed name;
- ▶ any money used by you to invest in the Fund is not derived from or related to any criminal activities;
- ▶ any proceeds of your investment will not be used in relation to any criminal activities;
- ▶ upon request, you will provide us with additional information we reasonably require for the purpose of AML Legislation; and
- ▶ we may obtain information about you or any beneficial owner of an investment from third parties if we believe this is necessary to comply with AML Legislation

In order to comply with AML Legislation, BlackRock may be required to take action, including:

- ▶ delaying or refusing the processing of any application or redemption; or
- ▶ disclosing information that we hold about you or any beneficial owner of investments to our related bodies corporate or relevant regulators of AML Legislation; or
- ▶ request additional identification or verification documentation or other information from an investor to verify the investor’s identity or comply with the AML legislation. Where documentation provided is not in English, an English translation must be provided by an accredited translator (who is accredited by the National Accreditation Authority for Translators and Interpreters Ltd at the level of Professional Translator or above).

Investor identification requirements

- ▶ Investors that apply without an asset consultant/financial adviser*

To comply with the requirements of the AML Legislation, BlackRock requires an investor that directly applies to invest in the Fund (that is, not through an asset consultant/financial adviser) to complete an Investor Identification Form and submit it together with the Application Form.

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

- ▶ Investors that apply through/with an asset consultant/financial adviser

We intend to rely on asset consultants/financial advisers to verify the identity of their clients in accordance with the AML Legislation. Section 6 of the Application Form titled ‘Asset Consultant/Financial Financial Adviser’ requires an asset consultant/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 asset consultant/financial adviser to verify their identity.

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

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 or agent until such time as we verify the identity of that representative or agent.

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

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