

BlackRock Global Fixed Interest Plus Fund (Class D Units) Incorporation By Reference

Dated 9 December 2011

BlackRock Global Fixed Interest Plus Fund
ARSN 154 378 668
BlackRock Investment Management (Australia) Limited
ABN 13 006 165 975
Australian Financial Services Licence No 230523

BlackRock Global Fixed Interest Plus Fund (Class D Units)

Contents

1.	About BlackRock Investment Management (Australia) Limited	3	5.	How we invest your money	10
			5.1	What is the investment approach of the Fund?	10
			5.2	What does the Fund invest in?	11
2.	How the BlackRock Global Fixed Interest Plus Fund (Class D Units) works	3	5.3	Extent to which labour standards, environmental, social or ethical considerations are taken into account in the selection, retention or realisation of investments	11
2.1	How to make an investment	3	5.4	Switching	11
2.2	How to make additional investments	3	6.	Fees and costs	12
2.3	Indemnity	3	6.1	Management Fee	12
2.4	Payments via Direct Debit	3	6.2	Performance Fee	12
2.5	Direct Debit Request Service Agreement	4	6.3	Expense Recovery Costs	13
2.6	How applications are processed	4	6.4	Abnormal Expenses	13
2.7	Investing through an IDPS, superannuation fund or master trust	4	6.5	Transaction Costs	13
2.8	How unit prices are calculated	5	6.6	Buy-Sell Spread	13
2.9	How you receive income from your investment	5	6.7	Maximum fees payable under constitution	13
2.10	Distribution payment options	5	6.8	Fee for wholesale investors	14
2.11	Redeeming your investment	5	6.9	Payments to advisers and other service providers	14
2.12	Personal Identification Number (PIN)	6	6.10	Alternative forms of remuneration	14
2.13	Anti-Money Laundering and Counter-Terrorism Financing	6	7.	How managed investment schemes are taxed	14
2.14	Privacy	7	7.1	Taxation	14
2.15	Faxed instructions	7	7.2	Taxation of the Fund	14
3.	Benefits of investing in the BlackRock Global Fixed Interest Plus Fund (Class D Units)	8	7.3	Taxation of a resident unitholder	14
3.1	Information you will receive	8	7.4	Taxable income of the Fund	14
3.2	Reporting requirements	8	7.5	Taxation of non-resident unitholders	15
3.3	Legal	9	7.6	Tax File Number (TFN), exemption and Australian Business Number (ABN)	15
3.4	Termination of Fund	9	7.7	Goods and Services Tax (GST)	15
3.5	Compliance Plan	9	7.8	Taxation reform	15
3.6	Auditor	9	8.	How to apply	15
3.7	Custodian	9			
4.	Risks of managed investment schemes	10			

The information in this document forms part of the BlackRock Global Fixed Interest Plus Fund (Class D Units) Product Disclosure Statement (PDS) dated 9 December 2011.

Important information

The offer of units in the Fund is only available to persons receiving the PDS (electronically or otherwise) in Australia. The PDS is not an offer to any person or any place in which it is unlawful to make such an offer.

Neither BlackRock nor any of our associates 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.

Terms used in this document have the same meaning as set out in the PDS for the Fund.

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
Website: www.blackrock.com.au

1. About BlackRock Investment Management (Australia) Limited

No additional information has been incorporated by reference.

2. How the BlackRock Global Fixed Interest Plus Fund (Class D Units) works

2.1 How to make an investment

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 Form for our records.** The use of facsimile instructions is subject to the terms and conditions set out in section 2.15 of this document titled 'Faxed Instructions'.
- ▶ 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 section 2.15 of this document titled 'Faxed Instructions'. Further information regarding direct debit can be found under section 2.4 of this document titled 'Payments via Direct Debit'.

Please refer to section 2.3 of this document titled 'Indemnity' 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 purpose of Anti-Money Laundering and Counter-Terrorism Financing legislation. Please refer to section 5 of the Application Form titled 'Investor Type' for further information.

2.2 How to make additional investments

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

2.3 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.

2.4 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 (refer to page 2 of this document for contact details). The terms and conditions under which we offer this direct debit facility are set out under section 2.5 of this document titled 'Direct Debit Request Service Agreement'. 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.

Application for units will only be deemed to have been accepted by BlackRock following confirmation we have received the funds to pay for your application.

You can make additional investments once you have provided us with a completed Direct Debit Request Form by calling our Client Services Centre and providing your Investor Number, PIN, 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 section 2.6 of this document titled 'How applications are processed' for further information), your application will be treated as having been received on that Business Day.

2.5 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 (refer to page 2 of this document for contact details).

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 (refer to page 2 of this document for contact details).

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.

2.6 How applications are processed

Application requests are required to be received prior to 12.00pm (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.

Please refer to section 2.8 of this document titled 'How unit prices are calculated' for information regarding how application prices are calculated.

2.7 Investing through an IDPS, superannuation fund or master trust

Investors and potential investors accessing the Fund indirectly through an IDPS, superannuation fund or master trust may use the PDS for that purpose. Such indirect investors do not acquire the rights of a unitholder in the Fund. Indirect investors will not have any direct voting rights nor will they generally receive notice of, or be able to attend, meetings of unitholders. Rather, the operator of that service acquires the rights of a unitholder under the 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 Fund's Application Form and should seek their own tax advice. The rights of indirect investors are set out in the disclosure document of the IDPS, superannuation fund or master trust (available from the operator of these services).

2.8 How unit prices are calculated

Both the application and redemption prices are based on the Net Asset Value (“NAV”) of the Fund or class (if applicable), adjusted to take account of transaction costs (when units are issued or redeemed), divided by the number of units on issue in the Fund or class (if applicable). The application and redemption prices may reflect the income derived to date by the Fund in the distribution period.

Transaction costs are an estimate of the costs incurred in buying and selling the assets of the Fund. These are an additional cost to investors and are generally reflected in the unit price. Transaction costs are not paid to BlackRock. Refer to section 6.5 of this document titled ‘Transaction Costs’ for further information on transaction costs.

Application and redemption prices are generally calculated each Business Day, usually two days in arrears. The NAV is determined by deducting the liabilities of the relevant fund or class (if applicable) from the market value of the assets of the relevant fund or class (if applicable). 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 redemption received before 12.00pm (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 (refer to page 2 of this document for contact details).

2.9 How you receive income from your investment

If you hold units in the Fund at the close of business on the last day of a distribution period, you are entitled to participate in the distributable income of the Fund.

Distributions (if any) may vary over time depending on the Fund’s realised losses, gains, income and expenses in a particular period. There may be periods in which no distributions are made. There may be periods for which distributions are higher than expected. This reflects the interim distribution policy and tax rules, as at the date of this document, which may change. If you have invested through an IDPS, superannuation fund 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.

If applicable, distribution of Australian sourced income to non-resident investors may be subject to withholding tax.

2.10 Distribution payment options

If you have invested directly in the Fund, 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 in the Fund, 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.

2.11 Redeeming your investment

If you have invested through an IDPS, superannuation fund 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 withdrawal forms.

Payment of your redemption proceeds will be dependant on your IDPS, superannuation or master trust operator and may take longer than the usual payment periods for direct investors in the Fund.

If you are a direct investor in the Fund you may withdraw some or all of your investment in the Fund at any time, whilst the Fund is liquid by:

- ▶ providing a redemption notice in writing (including by facsimile) to BlackRock in a form approved by BlackRock; or
- ▶ telephone using your Personal Identification Number (PIN) in conjunction with your Investor Number.

You will normally be able to withdraw money from the Fund on any Business Day.

Redemption requests must be received by 12.00pm (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 received the following Business Day.

Redemptions are normally satisfied and posted within seven Business Days of our having received the request (although we are allowed longer periods under the Fund’s Constitution). If you have invested through an IDPS, superannuation fund or master trust you need to remember, however, that the operator of such services will process your withdrawal.

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 is not liquid (i.e. 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.

2.12 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:

- ▶ make enquiries about your investment;
- ▶ make additional deposits to your investment using the direct debit facility;
- ▶ make a telephone redemption;
- ▶ advise us of a change of address;
- ▶ change how you receive your income;
- ▶ advise us of a change to your financial institution account details into which income or redemptions are paid; and
- ▶ obtain a password for internet access.

If you do not want a PIN and one has been issued to you, please notify us to request its cancellation.

A PIN will not be issued if the investment is through a margin lender unless we are otherwise directed to by the margin lender. 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.

2.13 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 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.

By completing the Investor Identification Form, 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 from an investor additional identification or verification documentation 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 a 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 a 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 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 titled '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.

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.

2.14 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. 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 financial adviser, unless you have instructed otherwise.

We, BlackRock, Inc. and its related bodies corporate 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 our Client Services Centre (refer to page 2 of this document for contact details).

2.15 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.

3. Benefits of investing in the BlackRock Global Fixed Interest Plus Fund (Class D Units)

Managed funds are designed to give investors access to a range of investments by pooling your 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 enabling you the opportunity to diversify your portfolio with a view to achieving an appropriate balance of investments and asset classes to suit your investment objectives and risk profile.

In summary, some of the additional 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 assets that may not be available to many individual investors.
- ▶ **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 also occurs within a single asset class by holding a variety of securities in that class.
- ▶ **Confidence in a robust operational platform:** BlackRock has the scale and international reach that underpins market-leading risk management in global operational systems.
- ▶ **Receipt of income and reinvestment of distributions:** you will generally receive income from your investment in the form of distributions. You will have the ability to “top-up” your investment through the reinvestment of distributions as additional units.
- ▶ **Professional investment expertise:** the Fund is managed by a team of investment experts who research and monitor the markets on a daily basis.
- ▶ **Managing risk:** investing in managed funds can assist you in establishing a portfolio appropriate to your investment needs and your risk profile.
- ▶ **Access to your investment:** generally you can make applications to or redemptions from the Fund on any Business Day.
- ▶ **Easy access to your investment information:** in addition to the regular reporting and statements you receive from us, you can access your personal information 24 hours a day, 7 days a week via our website www.blackrock.com.au.

Features of the Fund

3.1 Information you will receive

When you invest directly in the Fund you will receive:

- ▶ **Confirmation Statement** specifying details relating to your investment and your Investor Number, together with an investor information brochure explaining the administration of your investment. Your PIN is sent to you separately.
- ▶ **Regular monthly update** on the Fund (via our website).
- ▶ **Distribution Statement** after each distribution period. At the end of each financial year, you will receive a Consolidated Distribution Statement, if the Fund has made a distribution in that financial year, that will help to simplify your record keeping by providing the total of your income payments over the past twelve months.
- ▶ **Tax Statement** on an annual basis (if the Fund has made a distribution in that financial year).
- ▶ **Periodic Statement** on a half yearly basis.

3.2 Reporting requirements

A copy of the audited annual financial report of the Fund is generally available by the end of September from us or upon request from your IDPS, superannuation fund or master trust operator. The report will include a Balance Sheet, Income Statement, Cash Flow Statement, and Statement of Change in 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 appropriate box in section 7 of the Application Form titled ‘Annual Financial Report Election’.

Where the Fund is a disclosing entity and subject to the regular financial reporting and continuous disclosure requirements of the Corporations Act, we will satisfy our obligations by publishing all relevant material on our website at www.blackrock.com.au. A paper copy of this material will be available from BlackRock free of charge upon request.

3.3 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. A copy of the Fund's Constitution is available free of charge from us by contacting our Client Services Centre (refer to page 2 of this document for contact details).

Some of the main provisions which relate to your rights under the Constitution 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 (if applicable);
- ▶ 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.

Others provisions include:

- ▶ when we can terminate the Fund or reclassify units (if applicable) 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 deduct amounts you owe us from withdrawal proceeds; and
- ▶ our broad powers to invest, borrow and generally manage the Fund. We may only borrow if we consider it to be in the best interests of unitholders.

3.4 Termination of 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 in a notice given to unitholders; or
- ▶ the date on which the Fund terminates in accordance with the law.

3.5 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 (refer to page 2 of this document for contact details).

3.6 Auditor

We have an obligation under the Corporations Act to appoint an auditor of the Fund and Compliance Plan.

3.7 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 (refer to page 2 of this document for contact details).

4. Risks of managed investment schemes

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.

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.

The risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events can and do occur. 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.

5. How we invest your money

5.1 What is the investment approach of the Fund?

A single, global investment philosophy unites all BlackRock scientific (quantitative) investment strategies. Knowledgeable investment people leveraging their skills through the extensive use of technology is a hallmark of our scientific investment approach.

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.

Our investment approach aims to systematically exploit market inefficiencies validated by research. Investments are made when the risks taken are judged likely to be compensated by the prospect of adequate returns. Finally, the portfolio-construction process integrates the relationship between forecast returns, risks and transaction costs.

The Fund aims to generate outperformance by employing a combination of fundamentally and quantitatively driven fixed income strategies. A number of proprietary methods for analysing and assessing the relative value of fixed income securities across debt markets may be utilised.

Long/short investing

The Fund may directly or indirectly, through its underlying investments, employ a “long/ short” investment strategy. Unlike “long only” investments, which have just one source of return; that is buying securities that are expected to rise in value, long/short strategies have two sources of prospective return. A fund that employs a long/short investment strategy can generate returns by owning securities that the manager expects will rise in value (long). At the same time the fund can sell (short) securities that are expected to decrease in value. This latter process is known as “short selling”. To implement short selling, a fund will borrow securities from a counterparty that is a securities lender, with the promise to return equivalent securities at a specified time in the future to that counterparty. The borrowed securities will then be sold by the fund on the open market. If the security falls in value, the fund will purchase the security and return those securities to the lender, thus generating a profit. However, if the security increases in value, this will generate a loss for the fund.

The technology, information systems and relationships with institutional market participants such as investment banks required to implement a long/short strategy are considerable and generally not accessible to retail investors. The Fund makes available to retail investors a competitively priced long/short strategy. Please refer to section 4 of the PDS for this Fund titled ‘Risks of managed investment schemes’ for further information about the risks associated with short-selling.

5.2 What does the Fund invest in?

To achieve its investment objective the Fund may invest in, as well as short, domestic and international debt securities and foreign currency exposures including:

- ▶ Any fixed or floating income securities, negotiable instruments, notes, mortgage or asset backed securities.
- ▶ Cash, receivables and other money market securities.
- ▶ Repurchase (and reverse repurchase) agreements or stock lending.
- ▶ Foreign exchange contracts and deposits.
- ▶ Any instrument whose value is derived from eligible physical instruments, cash or currency exposures. Such instruments include, but are not restricted to futures, options, interest rate swaps, cross currency swaps, index swaps, credit swaps, credit default swaps, inflation swaps, structure securities and forward currency exposures.
- ▶ Repacked vehicles – with counterparties rated a minimum of A (ratings are defined by Standard & Poor's terminology or an equivalent rating from an accredited rating agency, such as Moody's or Fitch).
- ▶ Structured products, including but not limited to collateralised mortgage obligations and distressed securities.
- ▶ Units or interests in managed or pooled investment vehicles, including those managed by us, our associates or other entities within the BlackRock Group.

Derivative securities, such as futures, forwards, swaps, and options, can be used to manage risk and return. Whilst the Fund may utilise leverage it is also important to note that the Fund's underlying investments may expose the Fund to investments that are significantly geared with a market exposure that are many times their net asset value.

5.3 Extent to which labour standards, environmental, social or ethical considerations are taken into account in the selection, retention or realisation of investments

BlackRock does not have a predetermined view about what it regards as labour standards or environmental, social and ethical considerations and how these standards and considerations are to be taken into account in relation to our investment making process other than taking into account such standards and considerations that it becomes aware of, to the extent that they may have a detrimental financial effect on investments.

5.4 Switching

A switch is a redemption of interests in a registered scheme and reinvestment of the proceeds in another registered scheme where both schemes are operated by the same responsible entity.

Investors wishing to switch between BlackRock funds will need to notify the Manager of the redemption in accordance with the process identified under section 2.11 of this document titled 'Redeeming your investment' and at the same time apply for units in the new fund in accordance with the process set out in the PDS for that particular fund.

6. Fees and costs

Additional explanation of fees and costs

This section provides important information about fees and other costs that you may be charged. All fees are, unless otherwise indicated inclusive of Goods and Services Tax less any reduced input tax credits.

6.1 Management Fee

The Management Costs include the:

- ▶ Management Fee (for managing the Fund's investments);
- ▶ Performance Fees; and
- ▶ Expense Recovery Costs (other than Abnormal Expenses and Transaction Costs).

Management Costs are not deducted directly from your account. Instead they are deducted from the assets of the Fund and are generally paid to the Responsible Entity from the Fund monthly in arrears.

6.2 Performance Fee

The total Management Costs of the Fund will include a Performance Fee if the Fund outperforms the Benchmark. The Performance Fee (including GST less reduced income tax credit) is calculated as 25% of the Fund's outperformance when compared to the performance of the Benchmark. Performance fees accrue daily and will generally be paid monthly.

Performance fees are only paid when the accumulated performance of the Fund exceeds the performance of the Benchmark since the last time performance fees were paid to the Manager. If the accumulated performance of the Fund falls below the performance of the Benchmark since the last time performance fees were paid to the Manager, the performance fees already paid to the Manager will not be refunded. In these circumstances, no performance fees are charged to the Fund until the accumulated Fund performance is again above the Benchmark.

The accrual of the Performance Fee in the unit price can result in different implied levels of Performance Fees for individual investors depending on the timing of their investment and the relative performance of the Fund over time. This reflects the commingled nature of the Fund and the fact that Performance Fees are charged against the performance of the Fund rather than against each individual investor.

Dollar fee example

Example 1

Assume average net asset value for the Fund, since the last time performance was paid, was \$50,000 and the Fund's accumulated performance at month end was 3% above benchmark. The Performance Fee payable for the month would be \$375 ($\$50,000 \times 3\% \times 25\%$).

Example 2

On the other hand if the performance of the Fund was 3.5% above the benchmark during the past month, however the Fund had previously underperformed the benchmark by 3% since the last time Performance Fees were paid, the Fund's accumulated performance would only be 0.5% above the benchmark. Accordingly, with an average net asset value of \$50,000 over this period the Performance Fee payable for the month would be \$62.50 ($\$50,000 \times (3.5\% - 3\%) \times 25\%$).

Example 3

Due to negative returns if the accumulated performance of the Fund does not exceed the benchmark since the last time Performance Fees were paid, no Performance Fees are payable.

These examples are provided for illustrative purposes only and do not represent any actual or prospective performance of the Fund.

Performance Fee estimate

As the performance fee payable is dependent on the performance of Fund it is not possible to predict the amount of the fee with any certainty. However on the assumption that the Fund meets its performance objective of exceeding the return of the Barclays Capital Global Aggregate Index by 2% p.a. the Performance Fee payable over one year on an average net asset value of \$50,000 would be approximately \$250.

As the fee is calculated daily and paid monthly the exact amount would be dependent on a number of factors, particularly the timing and relative value of periods of out-performance. The estimate is not an indication or guarantee of future performance. The actual performance fee and therefore the Fund's Management Costs will vary, depending on the Fund's return.

6.3 Expense 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 generally be rebated. However, in certain circumstances additional expenses may be incurred within the underlying funds.

6.4 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.

6.5 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 section 6.6. of this document titled 'Buy-Sell Spread' for further information) and when 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.

6.6 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 paid into the Fund with a view to 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 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 0.40% on application and redemption.

Worked example

Consider a \$50,000 application to the Fund. The estimated transaction cost is 0.40%. In relation to a \$50,000 application, the estimated transaction cost incurred would be \$200.

6.7 Maximum fees payable under constitution

Under the Constitution of the Fund, we are presently entitled to charge the following maximums:

- ▶ Contribution (Application) fee – up to 5% of the application amount.
- ▶ Redemption fee – up to 5% of the redemption amount.
- ▶ Management fee – up to 5% per annum of the Net Asset Value.
- ▶ Performance fee – the maximum performance fee that may be charged is 50% of any out-performance of the Net Asset Value of a class of units (adjusted to take account of any applications, redemptions and distributions relating to that class and excluding any payment of, or provision for, the performance fees) over the benchmark (refer to section 6.2 of this document titled 'Performance Fee').

6.8 Fee for wholesale investors

In accordance with the Corporations Act, we may individually negotiate fees with investors classed as “wholesale”, “sophisticated” 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.

6.9 Payments to advisers and other service providers

Any commissions described in this section are not an additional cost to you. They are paid by us out of the Contribution Fee (if applicable) and/or Management Fee income received by us in relation to the investment in the Fund.

Ongoing Service Commission

No commission is currently payable by us to advisers in relation to this Fund.

Fund Manager Payments and Product Access Payments

We may 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 Fund. Such payments may be one off payments for offering the Fund 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 or Fund Manager Payments are paid. Should any such payments be made they will be 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.

6.10 Alternative forms of remuneration

Additionally, we may provide alternative forms of remuneration which include professional development, sponsorship and entertainment for licensed financial advisers, dealer groups and master trust or IDPS operators. Where such benefits are provided, they are payable by BlackRock and are not an additional cost to you. We maintain a public register of alternative forms of remuneration in accordance with FSC/FPA Industry Code of Practice on Alternative Forms of Remuneration. Please contact our Client Services Centre (refer to page 2 of this document for contact details) if you wish to inspect this register.

7. How managed investment schemes are taxed

7.1 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.

7.2 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.

7.3 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.

7.4 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 dividends, 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. franking credits and 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 tax rules, unrealised gains in relation to investments in TOFA may be included in the assessable income of the Fund.

7.5 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.

7.6 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.

7.7 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.

7.8 Taxation reform

The Federal Government is currently reviewing some taxation laws relating to managed investment trusts and foreign anti-deferral income rules. This could result in a change to the taxation treatment of your investment in the Fund.

8. How to apply

No additional information has been incorporated by reference.

Melbourne

Level 18,
120 Collins Street,
Melbourne Vic 3000

Sydney

Level 43, Grosvenor Place,
225 George Street,
Sydney NSW 2000

Brisbane

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

Client Services Centre: 1300 366 100
www.blackrock.com.au