BlackRock Global Allocation Fund (Aust) (Class D Units) Product Disclosure Statement

Dated: 25 October 2023

BlackRock Global Allocation Fund (Aust)
ARSN 114 214 701

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

This product is **likely** to be appropriate for a consumer seeking capital growth with a medium to high risk/return profile.

This product is **unlikely** to be appropriate for a consumer with a short investment timeframe.
This product is for advised consumers only.

BlackRock Global Allocation Fund (Aust) (Class D Units)

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1. Before you start

1.1 Important information

Investment in the BlackRock Global Allocation Fund (Aust) (Class D Units) (referred to in this Product Disclosure Statement (**PDS**) as the **Fund**) is offered and managed by BlackRock Investment Management (Australia) Limited, ABN 13 006 165 975 (referred to in this PDS as **BlackRock**, the **Responsible Entity**, the **Manager**, **we**, **our** or **us**). BlackRock is the manager of the Fund and acts as the responsible entity under the Corporations Act 2001 (Cth) (the **Corporations Act**). We are the issuer of this PDS and of units in the Fund.

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

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

1.2 About this product disclosure statement

This PDS describes the main features of the Fund.

This PDS 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 of America (U.S.). 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 U.S. 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.

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

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

The offer or invitation to subscribe for Units in the Fund under this PDS is subject to the terms and conditions described in this PDS. We reserve the right to accept or decline Unit application requests in full or in part and reserve the right to change these terms and conditions.

If you have received this PDS electronically, we can provide you with a paper copy free of charge upon request by contacting Client Services (refer to page 2 of this PDS for contact details).

1.3 Changes to this product disclosure statement and access to additional information

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

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

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

1.4 Need help?

If you have questions about or need help investing, we recommend you speak to a licensed financial adviser. The Australian Securities and Investments Commission (**ASIC**) can help you check if a financial adviser is licensed. They have a website at www.asic.gov.au as well as a help line you can call on 1300 300 630.

If you have questions about the Fund and have invested indirectly through an IDPS, superannuation fund or master trust you should contact the operator of that service.

If you are an investor in the Fund you can contact Client Services (refer to page 2 of this PDS for contact details) or visit our website at www.blackrock.com/au.

1.5 About managed funds

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.

When you invest in a managed fund you are issued with a number of "units", rather than directly receiving an interest in the assets of the managed fund. Each of these units represents an equal share in the net assets of the managed fund as a whole and are not related to any particular asset. As a result, each unit has a dollar value or 'unit price'. The number of units you receive is dependent on the amount of money you invest and based on the application unit price at the time you invest. Your units represent the value of your investment, which will change over time as the market value of the assets fluctuates.

1.6 Investing through an IDPS, superannuation fund or master trust

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

1.7 Incorporation by reference

The Corporations Act allows us to provide certain information to you separately to this PDS.

Where you see references to "Additional information has been incorporated by reference" this means that additional information concerning the topic has been incorporated by reference and forms part of the PDS.

Additional information is incorporated by reference into the BlackRock Additional Fund Information No. 2 document.

You should read this important information before making a decision. This material may change between the time when you read this PDS and when you acquire the product. A paper copy of this document is available free of charge upon request by contacting Client Services (refer to page 2 of this PDS for contact details). Alternatively this document can be found on our website at www.blackrock.com/au.

1.8 Target Market Determination

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

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

The TMD for this product can be obtained by contacting Client Services and may be available on the BlackRock website at www.blackrock.com/au.

1.9 Disclosure principles

This PDS addresses the ASIC disclosure principles. Each disclosure principle identifies a key area that ASIC considers investors should understand before making a decision to invest in the Fund. Section 2 of this PDS, titled "Fund features at a glance", includes a table summarising the information provided in relation to the disclosure principles and provides a cross reference to where further information can be found in this PDS.

1.10 Benchmark 1: Valuation of assets

The Fund meets the ASIC benchmark, except in certain (generally infrequent) circumstances, as set out below.

The BlackRock Group generally implements valuation policies that require fund assets that are not exchange traded to be valued by an independent administrator or an independent valuation service provider.

In certain (generally infrequent) circumstances where a valuation cannot be obtained from an independent administrator or an independent valuation service provider, the asset may be valued on another basis in accordance with the applicable valuation policy. The valuation process may have regard to the nature of the asset and to any relevant factors, to address any risks of lack of independence in valuations and related party conflicts of interest, which may include referring the matter to an internal committee and/or board of trustees/directors. Prices are generally required to be estimated in good faith and are to be representative of the probable realisation value of the security.

1.11 Benchmark 2: Periodic reporting

BlackRock meets the ASIC benchmark and implements a policy to report on the following Fund information on an annual basis.:

- the actual allocation to each asset type held by the fund;
- the liquidity profile of the fund's assets;
- the maturity profile of the fund's liabilities;
- the leverage ratio of the fund;
- derivative counterparties engaged;
- annual investment returns; and
- changes to key service providers and their related party status.

A copy of the annual report is available free of charge from our website at www.blackrock.com/au or upon request from Client Services (refer to page 2 of this PDS for contact details), your financial adviser or your IDPS, superannuation fund or master trust operator.

On a monthly basis the following Fund information will also be made available free of charge from our website at www.blackrock.com/au:

- the current total net asset value (**NAV**) of the fund and the redemption value of a unit of the fund as at the date on which the total NAV was calculated;
- changes to key service providers and their related party status;
- the net return on the fund's assets after fees, costs and taxes;
- any material change in the fund's risk profile;
- any material change in the fund's strategy; and
- any change in the individuals playing a key role in investment decisions for the fund.

2. Fund features at a glance

The main features of the Fund are contained below. Further information can be found within the referenced sections of this PDS.

Fund feature	Summary	For additional information refer to:
Investment objective	The Fund aims to provide high total investment returns through a fully managed investment policy utilising international equity securities, debt and money market securities, the combination of which will be varied from time to time both with respect to types of securities and markets in response to changing market and economic trends. Currency is actively managed in the Fund around a fully hedged Australian dollar benchmark.	Section 3.1
Investment strategy	The Fund seeks to achieve its investment objective by investing in both equity and debt securities, including money market securities and other short-term securities or instruments, of issuers located around the world. There is no limit on the percentage of assets that can be invested in a particular type of security. Generally, the investment strategy seeks diversification across markets, industries and issuers as one of its strategies to reduce volatility. The flexibility of the investment strategy allows investments in markets around the world that are believed to provide the best relative asset allocation to produce investment returns.	Section 3.2 to 3.4
Short selling	The Fund may engage in short selling. 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 potential 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".	Section 3.2
Fund structure and location of assets	Given its broad investment remit, the Fund is permitted to invest in the full spectrum of asset classes on a global basis (including both developed and emerging markets) including equities, debt securities (including junk securities), derivatives, cash and cash equivalents, money market securities and other assets (including REITS, commodities and precious metals). Assets of the Fund may be denominated in any global currency and may be located in any country around the world. While active currency positions may be taken, overall currency exposure is hedged to Australian dollars.	Section 3.5
Use of derivatives	Derivatives are financial instruments whose value is derived from another security, commodity, currency, or index. The use of these instruments can reduce the costs of managing exposure to investment markets and makes possible a wider universe of investment opportunities. The Fund may use derivatives.	Section 3.6
Use of leverage	The Fund does not enter into borrowing arrangements for investment purposes, other than temporary overdrafts which may be used as a means of managing certain cash flows. The Fund may, however, obtain leveraged exposure through its use of derivatives and as a result of any short selling it undertakes. While there is no explicit maximum level of gross leverage that the Fund may be exposed to, as at the date of this PDS, the gross leverage of the Fund is expected to range between approximately 1 to 1.35 times NAV.	Section 3.7
Liquidity	As at the date of this PDS, under normal market conditions BlackRock reasonably expects, should the need arise, to be able to realise at least 80% of the Fund's assets at the value ascribed to those assets in calculating the Fund's NAV within 10 days.	Section 3.8
Fund risks	Before you make an investment decision it is important to identify your investment objectives and the level of risk that you are prepared to accept. The Fund's investment strategy (including its exposure to short selling, derivatives, liquidity and leverage) and investment structure all have specific risks which you should consider before making an important decision.	Section 4

Fund feature	Summary	For additional information refer to:
Management of the Fund	**Investment manager:** BlackRock is the responsible entity of the Fund. BlackRock is licensed by ASIC, which is responsible for regulating the operation of managed investment schemes like the Fund. BlackRock has appointed BlackRock Investment Management, LLC as investment manager for the Fund. Both the responsible entity and the investment manager are a member of the BlackRock Group.	Section 5.1
	Key service providers: The Fund has appointed a number of key service providers who are involved in the Fund's ongoing operation and administration.	Section 5.2
	Valuation of assets: Where assets of the Fund are not listed on a securities exchange, they are generally valued by an independent administrator or an independent valuation service provider.	Section 1.9
	Custody of assets: The Fund has engaged an independent custodian.	Section 5.2
Fund fees	► Establishment fee – Nil ► Contribution fee – Nil ► Withdrawal fee – Nil ► Exit fee – Nil ► Management fees and costs – 0.20% of assets under management o Management fee of 0.20% p.a. of assets under management o Estimated indirect costs of 0.00% of assets under management ► Performance fee – 12.5% of any out-performance from previous High Water Mark ► Switching fee – Nil	Section 6 [1]
Minimum initial investment	When investing in the Fund you generally need a minimum amount of $50,000 or such other amount as we may determine from time to time. There is no minimum investment for subsequent applications.	Section 7.1 [1]
Applying and redeeming from the Fund	The Fund is generally open for unit holder applications and redemptions on each Business Day (refer to section 7.1 of this PDS titled "How to invest" for a definition of Business Day).	Section 7 [1]
Distributions	Distributions are generally determined semi-annually at the end of June and December each year.	Section 7.2 [1]

1 Refer to the BlackRock Additional Fund Information No. 2 document, which contains additional information on this subject which has been incorporated by reference.

3. About the Fund

3.1 What is the investment objective of the Fund?

The Fund aims to provide high total investment return through a fully managed investment policy utilising international equity securities, debt and money market securities, the combination of which will be varied from time to time both with respect to types of securities and markets in response to changing market and economic trends. Total return means the combination of capital growth and investment income.

Currency is actively managed in the Fund around a fully hedged Australian dollar benchmark.

3.2 What is the Fund's investment strategy?

The Fund seeks to achieve its investment objective by investing in both equity and debt securities, including money market securities and other short-term securities or instruments, of issuers located around the world. There is no limit on the percentage of assets that can be invested in a particular type of security. Generally, the investment manager seeks diversification across markets, industries and issuers as one of its strategies to reduce volatility. The flexibility of the investment strategy allows investments in markets around the world that are believed to provide the best relative asset allocation to meet the Fund's investment objective.

The Fund's investment flexibility allows the Fund's investment manager to create a portfolio of assets that, over time, tends to be relatively balanced between equity and debt securities and that is widely diversified among many individual investments. The Fund may invest in both developed and emerging markets.

In making investment decisions, the investment manager tries to identify the long term trends and changes that could benefit particular markets and/or industries relative to other markets and industries. A variety of factors are considered when selecting the markets, such as the rate of economic growth, natural resources, capital reinvestment and the social and political environment.

In deciding between equity and debt investments, the investment manager looks at a number of factors, such as the relative opportunity for capital appreciation, capital recovery risk, dividend yields and the level of interest rates paid on debt securities of different maturities. The Fund may invest in individual securities, baskets of securities or particular measurements of value or rate, and may consider a variety of factors and systematic inputs. Fund management may employ derivatives for a variety of reasons, including but not limited to, adjusting its exposures to markets, sectors, asset classes and securities. As a result, the economic exposure of the Fund to any particular market, sector, or asset class may vary relative to the market value of any particular exposure.

The Fund will invest in "junk" bonds, corporate loans and distressed securities only when the investment manager believes that they will provide an attractive total return, relative to their risk, as compared to higher quality debt securities. Similarly, the Fund will invest in distressed securities when the investment manager believes they offer significant potential for higher returns or can be exchanged for other securities that offer this potential. However, there can be no assurance that the Fund will generally achieve these returns or that the issuer will make an exchange offer or adopt a plan of reorganisation.

The fully managed investment approach of the Fund provides it with the opportunity to benefit from anticipated shifts in the relative performance of different types of securities and different capital markets. For example, at times the Fund may emphasise investments in equity securities in anticipation of significant advances in the stock markets and at times may emphasise debt securities in anticipation of significant declines in interest rates. Similarly, the Fund may reduce its exposure to U.S. markets in favour of other international markets when such markets are expected to outperform the U.S. markets. The Fund will seek to identify longer-term structural or cyclical changes in the various economies and markets of the world that are expected to benefit certain capital markets and certain securities in those markets to a greater extent than other investment opportunities.

In determining the allocation of assets among capital markets, the investment manager will consider, among other factors, the relative valuation, condition and growth potential of the various economies, including current and anticipated changes in the rates of economic growth, rates of inflation, corporate profits, capital reinvestment, resources, self-sufficiency, balance of payments, governmental deficits or surpluses and other pertinent financial, social and political factors which may affect such markets. In allocating among equity, debt and money market securities within each market, the investment manager will also consider the relative opportunity for capital appreciation of equity and debt securities, dividend yields and the level of interest rates paid on debt securities of various maturities.

In selecting securities not denominated in U.S. dollars, the investment manager will consider, among other factors, the effect of movement in currency exchange rates on the U.S. dollar value of such securities. From time to time, the Fund may own non U.S. dollar cash equivalents or non U.S. dollar bank deposits as part of its investment strategy. The Fund will also invest in non-U.S. dollar currencies, however, the Fund may underweight or overweight a currency based on the investment manager's outlook. The Fund actively manages its exposure to non U.S. dollar currencies and may seek to hedge all or a portion of its currency exposure through the use of forward foreign currency contracts and other currency derivatives. While active currency positions may be taken, overall currency exposure is hedged to Australian dollars.

Equity selection

Within the portion of the Fund's portfolio allocated to equity securities, the investment manager will seek to identify the securities of companies and industry sectors that are expected to provide high total return relative to alternative equity investments. The Fund generally will seek to invest in securities that are believed to be undervalued.

The Fund may seek to invest in the stock of smaller or emerging growth companies that are expected to provide a higher total return than other equity investments. Investing in smaller or emerging growth companies involves greater risk than investing in more established companies. Such companies are characterised by rapid historical growth rates, above-average returns on equity or special investment value in terms of their products or services, research capabilities or other unique attributes. The Fund's investment manager will seek to identify small and emerging growth companies that possess superior management, marketing ability, research and product development skills and sound balance sheets.

Fixed income selection

The Fund can invest in all types of debt securities. The Fund may also invest up to 35% of its total assets in "junk" bonds, corporate loans and distressed securities. These securities offer the possibility of relatively higher returns but are significantly riskier than higher rated debt securities. The investment manager considers the ratings assigned by Standard & Poor's and Moody's Investor Service, Inc. as one of several factors in its independent credit analysis of issuers.

Reference benchmark

The reference benchmark for the Fund provides a performance target against which the Fund's performance is measured over a set period of time. As the Fund is a diversified fund, there is no one relevant index to provide a benchmark, so the benchmark consists of a weighted average of the Australian dollar hedged returns provided by market indices for relevant asset classes.

Market indices for the relevant asset classes	
Equities	
S&P 500 Index	36%
FTSE World (ex US) Index	24%
Total Equities	**60%**
Fixed Income	
BofA Merrill Lynch Current 5-year US Treasury Index	24%
Citigroup Non-US Dollar World Government Bond Index	16%
Total Fixed Income	**40%**

The Fund's reference benchmark acts as a reference guide for performance and as a "neutral" asset mix for allocation decisions.

Long/short investing

The Fund may engage in short selling, either as a hedge against potential declines in value of a portfolio security or to realise appreciation when a security that the Fund does not own declines in value. The Fund will not make a short sale if, after giving effect to such sale, the market value of all securities sold short exceeds 20% of the value of its total assets. This restriction does not apply where the short sale is "against the box". In this situation the Fund either owns or has the immediate and unconditional right to acquire the identical securities at no additional cost.

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 potential 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". The Fund may engage in short selling either directly through borrowing and selling physical securities or synthetically through derivatives.

To implement short selling using direct securities, 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.

To implement short selling using derivatives a fund may utilise futures, options or other instruments, which derive their value from another reference rate or asset. For example, a fund may sell exchange traded equity futures. If the futures decline in value this has a positive performance impact on the fund. However if the futures increase in value, this has a negative performance impact on the fund.

Hypothetical short selling example

A fund manager may have been tracking a mining company, Company A and believes that due to slowing global demand, raw materials prices will soften. The fund manager therefore believes that Company A's share price is also likely to fall.

To act on this belief the fund manager decides that they want to short sell Company A's shares in September that year, when they are valued at $20.00 per share. However, the fund does not hold any of Company A's shares. The fund therefore borrows 10,000 Company A shares from a stock lender (such as an investment bank or a broker), who lends the fund the Company A shares for a fee (in the same way banks charge borrowers). The fund then sells the Company A shares and deposits the sale proceeds, $200,000, into an interest earning bank account. The fund buys back the 10,000 shares of Company A in December that year, when they are valued at $15.00 per share, at a cost of $150,000. The Company A shares are returned to the stock lender.

The fund profits from the difference between the price at which they sold and brought back the Company A shares, being $50,000 ($200,000 minus $150,000). The fund also benefits from any interest earned on the $200,000 while it was on deposit in the bank account. The fund will, however, have to pay the stock lender's fee, as well as any dividends paid on Company A's shares during the period in which the fund was short the Company A shares. There may be other costs of maintaining a short position, for example franking benefits payable.

If on the other hand the outlook for Company A improves the share price of Company A may continue to increase, resulting in a loss for the fund. In December that year the share price of Company A rises to $25.00 and the fund manager believes this will continue. The fund therefore buys back the 10,000 shares at a cost of $250,000. This results in a loss of $50,000 ($200,000 minus $250,000) for the fund.

Refer to section 4 of this PDS titled "Fund risks" for further information on the risks associated with the Fund's investment strategy (including short selling risks).

3.3 Key dependencies underlying the Fund's investment strategy

The success of the Fund is dependent upon a number of factors which may include, but is not limited to:

Ability of the investment manager. The Fund is highly diversified, with a flexible investment strategy, which means that its success is not dependent on any particular asset class, geography or sector. The success of the Fund is, however, dependent on the ability of the Fund's investment manager to implement an investment strategy that allocates Fund assets to securities, geographies and sectors that will outperform the markets, the relevant benchmark indices or the securities selected by other funds with similar investment objectives and investment strategies. Should the Fund's investment manager allocate assets to underperforming securities, geographies or sectors, the Fund may not meet its investment objective.

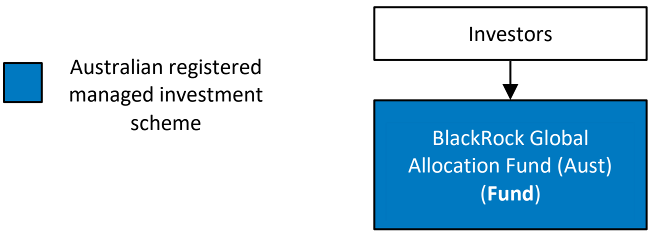
Limits of risk mitigation. While the Fund benefits from the BlackRock Group's global expertise and risk management practices, it is not always possible to eliminate all applicable risks. An exposure to certain risks could cause underperformance.

Refer to section 4 of this PDS titled "Fund risks" for further information on the risks associated with the Fund's investment strategy (including short selling risks).

3.4 Changes to the Fund's investment strategy

The Fund's investment manager undertakes continuous research and development of the Fund's investment strategy, which may result in changes to the way the Fund is run. Investors will be notified of any such changes in accordance with our obligations under the Corporations Act.

3.5 What does the Fund invest in?



Provided above is a diagram showing the key entities involved in the Fund's investment structure as at the date of this PDS and the flow of investment money through the structure. Further information in respect of the direct assets held by the Fund is provided below.

Given its broad investment remit, the Fund is permitted to invest in the full spectrum of asset classes on a global basis (including both developed and emerging markets) including equities, debt securities (including junk bonds), derivatives, cash and cash equivalents, money market securities and other assets (including REITS, commodities and precious metals).

Equity securities

The Fund can invest in all types of equity securities, including but not limited to, common stock, preferred stock, warrants, convertible securities and stock purchase rights of companies of any market capitalisation. The Fund may also invest in other collective investment vehicles, such as exchange traded funds, unit investment trust and open and closed ended funds (including those managed by or affiliated with a member of the BlackRock Group).

Debt securities

The Fund can invest in all types of debt securities, including but not limited to, government bonds, corporate bonds and convertible bonds, mortgage and asset backed securities and securities issued or guaranteed by certain international organisations such as the World Bank. Cash and money market securities: The Fund can invest in cash deposits denominated in any currency, short-term fixed income securities, or other instruments including government securities, commercial paper and money market securities issued by commercial banks or depository institutions.

Other assets

The Fund may invest a portion of its assets in securities related to real assets (like real estate or precious metals-related securities) such as stock, bonds or convertible bonds issued by real estate investment trusts or companies that mine precious metals. The Fund may seek to provide exposure to the investment returns of real assets that trade in the commodity markets through investment in commodity-linked derivative instruments and investment vehicles that exclusively invest in commodities, which are designed to provide this exposure without direct investment in physical commodities.

Diversification guidelines and asset allocation

Asset allocation ranges (%) for the Fund

Asset sector	Min.	Bench.	Max.
Equities	0	60	100
Fixed Income	0	40	100
Cash	0	0	100

The Fund is not bound by specific asset allocation ranges or diversification targets and has full flexibility to invest at any spectrum of its asset allocation range (as shown in the above table). Consideration and monitoring of asset diversification does, however, form an integral part of the management of the investment strategy. The flexible investment strategy allows for a portfolio to be created that consists of assets that, over time, tend to be relatively balanced between equity and debt securities and that is widely diversified among many individual investments.

Location and currency denomination of Fund assets

Assets of the Fund may be denominated in any global currency and may be located in any country around the world. Except as described in this PDS, the Fund has no geographic limits on where its investments may be located. While active currency positions may be taken, overall currency exposure is hedged to Australian dollars.

Throughout its history, the Fund has maintained a weighting in non U.S. securities, often exceeding the 40% Benchmark weighting and rarely falling below this allocation. Under normal circumstances, the Fund will continue to allocate a substantial amount (approximately 40% or more; unless market conditions are not deemed favourable, in which case the Fund would invest at least 30%) of its total assets in securities of (i) non U.S. government issuers, (ii) issuers organised or located outside the U.S., (iii) issuers which primarily trade in a market located outside the U.S., or (iv) issuers doing a substantial amount of business outside the U.S., which the Fund considers to be companies that derive at least 50% of their revenue or profits from business outside the U.S. or have at least 50% of their sales or assets outside the U.S.

The Fund will allocate its assets among various regions and countries, including the United States (but in no less than three different countries). For temporary defensive purposes the Fund may deviate very substantially from the allocations detailed in this PDS.

Refer to section 4 of this PDS titled "Fund risks" for further information on the risks associated with the Fund's investment structure (including risks associated with holding assets overseas).

3.6 Use of derivatives

Derivatives are financial instruments whose value is derived from another security, commodity, currency, or index. The use of these instruments can reduce the costs of managing exposure to investment markets and makes possible a wider universe of investment opportunities.

Principally the Fund may use derivatives to efficiently implement asset allocation views and/or to protect or enhance the value of specific portfolio assets. The derivatives used by the Fund may be exchange traded or over the counter (**OTC**) and may include, but are not limited to, options, futures, indexed securities, inverse securities, swaps, swaptions, forward contracts, repurchase agreements, purchase and sale contracts, contracts for difference and standby commitment agreements.

In addition to the aforementioned uses, the Fund may also use derivatives for, but not limited to, the following reasons:

- hedge an asset of the fund against, or minimise liability from, a fluctuation in market values;
- reduce volatility;
- achieve a targeted exposure to a particular underlying asset and adjusting asset exposures such as swapping one asset exposure with another;
- reduce the transaction cost of achieving a targeted exposure;
- obtain prices that may not be available in the physical market;
- achieve transactional efficiency; for example by assisting in the achievement of the best execution of security transactions;
- control the impact on portfolio valuations of market movements caused by significant transactions; and
- achieve a desired level of leverage.

Derivative counterparty oversight

In accordance with standard industry practice when purchasing derivative instruments a fund may be required to secure its obligations to a counterparty. This may involve the placing of margin deposits or equivalent with the counterparty which may or may not be segregated from the counterparty's own assets. A fund may have a right to the return of equivalent assets. These deposits or equivalent may exceed the value of the fund's obligations to the counterparty as the counterparty may require excess margin or collateral.

All counterparties of the BlackRock Group are formally approved by the BlackRock Group's Counterparty and Concentration Risk Group, prior to a fund engaging in any transaction with a particular counterparty. No transaction may be entered into with a counterparty that has not previously been approved.

The BlackRock Group prefers to have multiple counterparties, including principal protection providers, for liquidity, risk management and best execution purposes. The counterparties with which the BlackRock Group trade must have broad market coverage. Positions are marked-to-market on a regular basis and exposure to each counterparty is monitored. Transaction documentation is implemented where appropriate to minimise exposure to individual counterparties. To monitor post-trade counterparty risk, the BlackRock Group has implemented strong technological infrastructure and proprietary internal review processes. The BlackRock Group also has a number of reporting tools that allow it to manage counterparty exposure, balancing net exposures to its different counterparties. Where necessary, credit risk exposure to counterparties can be adjusted, both at the individual portfolio level and at the aggregate firm-wide level.

Further details of how the BlackRock Group approves derivative counterparties and manages counterparty risk is available upon request to Client Services (refer to page 2 of this PDS for contact details).

Refer to section 4 of this PDS titled "Fund risks" for further information on risks associated with derivative use and counterparty risks.

3.7 Use of leverage

The Fund does not enter into borrowing arrangements for investment purposes, other than temporary overdrafts which may be used as a means of managing certain cash flows. The Fund may, however, gain leveraged exposure through its use of derivatives and short selling.

Leverage may be used by the Fund to increase buying power or as part of the implementation of risk mitigation strategies.

While there is no explicit maximum level of gross leverage that the Fund may be exposed, as at the date of this PDS, the gross leverage of the Fund is expected to range between approximately 1 to 1.35 times NAV. Approximately 35% of the Fund's leveraged gross exposure is expected to be attributable to certain risk mitigation investment strategies. The anticipated gross leverage of the Fund also excludes leverage resulting from currency and interest rate hedging strategies used within the Fund.

In certain circumstances, the actual gross leverage of the Fund may be more or less than the expected gross leverage amount stated above. The leverage of the Fund may fluctuate from time to time depending on the Fund's asset allocation, the types of securities held and the investment activity undertaken. For example, the increased use of derivative securities, which may be used to reduce the Fund's exposure to certain investment risks, like market risk, may cause the Fund's gross leverage to increase.

The Fund may obtain leverage from brokers and other counterparties. Counterparties are generally selected from a list of global systemically important financial institutions and other creditworthy entities. Leverage may be achieved through, among other methods, purchasing financial instruments on margin and investing in derivative instruments that are inherently leveraged, such as options, futures, forward contracts, repurchase and reverse repurchase agreements and swaps.

When the Fund enters into a leverage arrangement (for example where the Fund enters into an OTC derivative transaction), Fund assets may be used as collateral or as a security interest, which may be otherwise encumbered or subject to set-off rights in the event of insolvency (or other events of default). In such circumstances, amounts owing may be set off between the parties and the non-insolvent/non-defaulting party may rank as an unsecured creditor in respect of amounts owing by the insolvent/defaulting party.

Refer to section 3.6 of this PDS titled "Use of derivatives" for further information on how the BlackRock Group manages counterparty risk and to section 4 of this PDS titled "Fund risks" for further information on risks associated with the use of leverage.

Leverage example

Provided below are simplified examples to show how leveraging the Fund can affect performance. The examples do not include transaction and other costs associated with trading the derivative securities the Fund would generally use to implement any leveraged exposure.

Example 1: No leverage

	Equity exposure appreciates 5%	Equity exposure depreciates 5%
Value of equity exposure before appreciation/depreciation		
Equity exposure	$1,000	$1,000
Value of equity exposure after appreciation/depreciation		
Equity exposure	$1,050	$950
Gain /Loss	**$50**	**-$50**

The above example illustrates the gains/losses that an unleveraged portfolio may experience. Positive returns will be experienced where the exposure increases in value. Negative returns will be experienced where the exposure decreases in value.

Example 2: Gross, long only, leverage of 1.35 times through the use of derivatives

	Equity exposure appreciates 5%	Equity exposure depreciates 5%
Value of equity exposure before appreciation/depreciation		
Equity exposure	$1,350	$1,350
Value of equity exposure after appreciation/depreciation		
Equity exposure	$1,417.50	$1,282.50
Gain/(loss)	**$67.50**	**-$67.50**

The above example illustrates that a portfolio utilising leverage may experience greater positive returns and greater negative returns than compared to an unleveraged portfolio where the value of the exposure increases or decreases in value.

Example 3: Gross leverage of 1.35 times NAV, with 35% of the gross leverage being attributable to an equity risk mitigation strategy being implemented through the use of equity futures

	Equity exposure appreciates 5%	Equity exposure depreciates 5%
Value of equity exposure before appreciation/depreciation		
Equity exposure	$1,230	$1,230
Equity futures (short)	-$120	-$120
Net position	$1,110	$1,110
Value of equity exposure after appreciation/depreciation		
Equity exposure	$1,291.50	$1,168.50
Equity futures (short)	-$126	-$114
Net position	$1,165.50	$1,054.50
Gain/(loss)	**$55.50**	**-$55.50**

The above example illustrates that a portfolio utilising leverage may experience greater positive returns and greater negative returns than compared to an unleveraged portfolio where the value of the exposure increases or decreases in value. The addition of the equity risk mitigation strategy means that while greater positive returns are reduced in an upward market, greater negative returns are reduced in a downward market.

3.8 Liquidity

As at the date of this PDS, under normal market conditions BlackRock reasonably expects, should the need arise, to be able to realise at least 80% of the Fund's assets at the value ascribed to those assets in calculating the Fund's NAV within 10 days.

The BlackRock Group's risk management practices include the regular monitoring of the liquidity characteristics of BlackRock Group funds and the assets in which they invest, to seek to ensure funds remain within permitted investment parameters.

Refer to section 4 of this PDS titled "Fund risks" for further information on liquidity risk and how this risk will be managed.

3.9 What are the significant benefits of investing in the Fund?

The benefits of investing in the Fund include:

- **Broad universe:** the Fund's global flexible investment approach offers an extensive universe of securities from which to choose. The breadth of coverage provides the Fund with flexibility to move between asset classes, markets and securities in order to take advantage of a wide range of investment opportunities worldwide.
- **Diversification:** the high degree of diversification within the Fund has the potential to provide attractive risk/return opportunities.
- **Flexibility:** the global flexible approach offers investors direct exposure to global markets, while retaining the flexibility to move into safer instruments when conditions demand.
- **Access to the expertise of the Fund's investment team and BlackRock's global investment resources:** the Fund draws on the expertise of BlackRock Investment Management, LLC, which has a significant long standing track record of following the Fund's flexible investment approach. Additionally, the Fund benefits from the BlackRock Group's genuinely global research capabilities.

Additional information has been incorporated by reference

Further information on the general benefits of managed investment schemes has been incorporated by reference, including but not limited to, details of information and reports you will receive from us, labour standards, environmental, social or ethical considerations and proxy voting and our legal and compliance requirements. Refer to section 1 of the **BlackRock Additional Fund Information No. 2** document for further details, which is available on our website at https://www.blackrock.com/au/individual/funds-information/offer-documents. You should read this important information before making a decision.

4. Fund risks

4.1 What are the risks of investing?

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

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

4.2 General risks

All investments have an inherent level of risk. Generally there is a trade-off between higher expected returns for higher expected risk – represented by the variability of fund returns.

The value of your investment will fluctuate with the value of the underlying investments in 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.

4.3 Specific risks of this Fund?

The specific risks for the Fund may include:

Asset-backed and mortgage backed securities risk. The Fund may be exposed to asset-backs and mortgage backed securities. The obligations associated with these securities may be subject to greater credit, liquidity and interest rate risk compared to other fixed income securities such as government issued bonds. ABS and MBS are often exposed to extension risk (where obligations on the underlying assets are not paid on time) and prepayment risks (where obligations on the underlying assets are paid earlier than expected), these risks may have a substantial impact on the timing and size of the cash flows paid by the securities and may negatively impact the returns of the securities. The average life of each individual security may be affected by a large number of factors such as the existence and frequency of exercise of any optional redemption and mandatory prepayment, the prevailing level of interest rates, the actual default rate of the underlying assets, the timing of recoveries and the level of rotation in the underlying assets.

Commodities related investments risk. The Fund may be exposed to the commodities markets, which may cause greater volatility to investment returns than more traditional securities. The value of commodity-linked securities may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or sectors affecting a particular industry or commodity, such as drought, floods, weather, embargoes, tariffs and international economic, political and regulatory developments.

Convertible securities risk. The market value of a convertible security performs like that of a regular debt security; that is, if market interest rates rise, the value of a convertible security usually falls. In addition, convertible securities are subject to the risk that the issuer will not be able to pay interest or dividends when due, and their market value may change based on changes in the issuer's credit rating or the market's perception of the issuer's creditworthiness. Since it derives a portion of its value from the common stock into which it may be converted, a convertible security is also subject to the same types of market and issuer risks that apply to the underlying common stock.

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

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 (including failing to meet collateral requirements under the arrangement). Additionally, OTC markets are not guaranteed by an exchange or clearing corporation and generally do not require payment of margin. To the extent that a fund has unrealised gains in such instruments or has deposited collateral with its counterparty that fund is at risk that its counterparty will become bankrupt or otherwise fail to honour its obligations. Derivative transactions may also expose a fund to a risk of potential illiquidity if the derivative instrument is difficult to purchase or sell.

The BlackRock Group attempts to minimise these risks by engaging in derivative transactions only with financial institutions that have substantial capital or that have provided a third-party guarantee or other credit enhancement.

Distressed securities risk. The Fund may be exposed to distressed securities which are generally considered speculative and involve substantial risks in addition to the risks of investing in junk bonds. Investors in such securities will generally not receive interest payments on the distressed securities and may incur costs to protect their investment. In addition, distressed securities involve the substantial risk that the principal will not be repaid. These securities may present a substantial risk of default or may be in default at the time of investment. An investor in distressed securities may incur additional expenses to the extent it is required to seek recovery upon a default in the payment of principal of or interest on its portfolio holdings. In any reorganisation or liquidation proceeding relating to a portfolio company, the investor of distressed securities may lose their entire investment or may be required to accept cash or securities with a value less than its original investment. Distressed securities and any securities received in an exchange for such securities may be subject to restrictions on resale.

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

Fixed income securities risk. The Fund may be exposed to fixed income securities. There are a number of risks associated with an investment in fixed income securities, which can result in significant variability in investment returns and a loss of income or capital value. These include:

- Credit risk. The value of a fund investing in fixed income securities is affected by the perceived or actual credit worthiness of those securities. A perceived or actual deterioration of credit quality (e.g. an issuer credit downgrade or credit event leading to a revised premium attributable to investment due to credit worthiness downgrade) of a fixed income security will adversely impact the value of such investment.
- Interest rate risk. An increase in interest rates will cause the values of fixed income securities, in particular fixed rate securities, to decline, which will in turn impact the returns of a fund investing in such securities. Interest rate risk is generally lower for shorter term fixed income investments and higher for longer term fixed income investments.

- Income risk. A fund investing in fixed income securities may experience a decline in income where market interest rates are falling. This can result when a fund reinvests in securities at a lower yield than the current fund portfolio yield.
- Issuer risk. Corporate issuers of fixed income securities may willingly or unwillingly default on their obligation to make interest or principal payments. Similarly, sovereign issuers (i.e. governments of a country or an agency backed by a government) may refuse to comply with their obligations during economically difficult or politically volatile times. Such events may cause a downgrade in the credit rating of an issuer and/or its fixed income security, which in turn may cause the value of the fixed income security to fall. There is also no assurance that an issuer of fixed income securities will continue to issue the fixed income securities or keep that particular fixed income securities market open.
- Spread risk. The prevailing rates of compensation for creditworthiness of issuers of instruments (spread) is affected by market factors including sentiment, supply and demand and general economic conditions. A change in these factors, which impact spread, can negatively impact the yield earned by a fund investing in credit instruments.

Foreign investment risk. Exposure to securities or derivative instruments issued in foreign markets may include certain risks associated with:

- differences in trading, settlement and clearing procedures that may restrict trading (as a result of suspensions or daily quotas), increase default or market operational risks or require securities to be held on a beneficial basis via a depositary nominee;
- currency risk, the risk that foreign currencies change in value relative to the Australian dollar, which may affect a fund's investment returns. These movements may either add to or subtract from performance. Passive currency management may be undertaken, however, it may not be possible to perfectly match performance of the hedging relative to that of its benchmark. Additionally, active currency management may be undertaken from to time, with a view to manage risk and return. Currency management can result in capital losses and investment returns are not guaranteed;
- countries may be subject to considerable degrees of market volatility, economic, political and social instability, which may reduce or preclude the ability to trade security exposures or negatively affect a security's value; and
- differences in accounting, financial reporting, taxation, legal, regulatory, liquidity and pricing practices that are subject to change and if so may adversely affect a fund.

Junk bonds risk: Although junk bonds generally pay higher rates of interest than investment grade bonds, junk bonds are high risk investments that may cause income and principal losses.

Leverage risk. The Fund may be exposed to investment strategies that use leverage. The exposure of a leveraged portfolio to movements in the instruments and markets in which it invests can be greater than the value of the assets within the portfolio. Therefore, if a leveraged portfolio generates a positive return, the returns will be greater than the returns generated by an equivalent unleveraged portfolio. Similarly, if the investments generate a negative return, the losses will be greater than the losses generated by an equivalent unleveraged portfolio.

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

Mid cap securities risk. The securities of mid cap companies generally trade in lower volumes and are generally subject to greater and less predictable price changes than the securities of larger capitalization companies.

Precious metal related securities risk. Prices of precious metals and of precious metal related securities historically have been very volatile. The high volatility of precious metal prices may adversely affect the financial condition of companies involved with precious metals. The production and sale of precious metals by governments or central banks or other larger holders can be affected by various economic, financial, social and political factors, which may be unpredictable and may have a significant impact on the prices of precious metals. Other factors that may affect the prices of precious metals and securities related to them include changes in inflation, the outlook for inflation and changes in industrial and commercial demand for precious metals.

Property risk. The Fund may be exposed to property securities. The risk level varies between development property (higher risk) and existing property (lower risk). Property also tends to have a unique cycle, which is different to shares and other asset classes.

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

Property exposure in the Fund may be obtained via holdings in listed property securities or via derivative contracts based on these securities. In addition to the above risks, these vehicles may be subject to refinancing risk associated with any borrowings made in order to acquire properties, may have limited financial resources and may trade less frequently and in limited volume. Listed property securities are valued daily according to their last quoted market price.

Short-selling risk. The Fund may be exposed to investment strategies that engage in short selling. Short selling allows the holder of a short position to profit from declines in market prices to the extent such declines exceed the transaction costs and the costs of borrowing the securities. A short sale creates the risk of an unlimited loss, as the price of the underlying security could theoretically increase without limit, thus increasing the cost of covering the short position. Furthermore covering a short position may include activities which increase the price of the security (or the reference security if in a derivative contract) thereby exacerbating any loss.

As part of a short sale transaction, the investor establishing the short position (**Borrower**) will borrow securities from a securities lender (**Lender**). The Borrower is required to transfer collateral, usually in the form of cash or securities (Collateral) to the Lender. The Collateral transferred to the Lender is not required to be segregated from the Lender's other assets and may be dealt with, lent, disposed of, pledged or otherwise used by the Lender for its own purposes. In the event of the insolvency of the Lender, the Borrower will rank as an unsecured creditor of the Lender in relation to any Collateral transferred to the Lender and the Borrower may not be able to recover amounts due to it in respect of such Collateral in full. This means that the Borrower has exposure to counterparty risk with the Lender of any short sale transaction to which it is exposed.

The BlackRock Group seeks to manage the risks associated with short selling through its portfolio construction processes. Short positions are periodically rebalanced, so as to reduce the risk of substantial changes in the price of the short security and exposure limits may be imposed with regard to single stock positions, in order to mitigate potential losses.

When a short position is established through a derivative contract, the position may give rise to the risks detailed under “Derivative risk”.

Small cap and emerging growth securities risk. The Fund may be exposed to securities of small cap and emerging growth companies. Smaller capitalisation companies may, from time to time, and especially in falling markets, become less liquid and experience short-term price volatility. They may also be less financially secure than larger, more established companies and depend on a small number of key personnel, which increases the risk of the company’s failure if a product fails, management changes or if there are other adverse developments.

Warrants risk: If the price of the underlying stock does not rise above the exercise price before the warrant expires, the warrant generally expires without any value and the holder to the warrant loses any amount it paid for the warrant. Thus, investments in warrants may involve substantially more risk than investments in common stock. Warrants may trade in the same markets as their underlying stock; however, the price of the warrant does not necessarily move with the price of the underlying stock.

4.4 General risks of investing in the Fund

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

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

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

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

Fund risk. The price of units in a fund and the income from them may go down as well as up. Investors may not get back their original investment. There can be no assurance that a fund will achieve its investment objective or that an investor will achieve profits or avoid losses, significant or otherwise. Capital return and income of a fund is based on the capital appreciation and income of the securities invested in, less expenses incurred. Fund returns may fluctuate in response to changes in such capital appreciation or income. The payment of distributions is at the discretion of the fund issuer, taking into account various factors and its own distribution policy. Distributions are not guaranteed and there may be periods for which distributions are higher or lower than expected. Investing in a fund may result in a different tax outcome than investing in securities directly. The application of tax laws and certain events occurring within a fund may result in you receiving some of your investment back as income in the form of a distribution. A fund will generally not be managed with consideration of the individual circumstances, including specific tax considerations, applicable to any single unitholder in the fund. Past performance is not indicative of future performance.

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

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

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

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

4.5 Risk management

The Fund benefits from the BlackRock Group's global expertise and risk management practices, with investment strategies employed across the BlackRock Group being continuously monitored and assessed.

Asset exposures are constantly monitored to ensure all BlackRock Group funds remain within permitted investment parameters. Operating and investment processes are continuously reviewed through a combination of internal and external audit, regular compliance monitoring, management self-assessment procedures and risk management oversight.

Management of key controls and performance measurement is accomplished through routine reporting on investment activities. The BlackRock Group's automated systems produce reports which enable the ongoing monitoring of trading and investment activity against assigned limits, including individual trader and counterparty limits. Transactions that may result in exceptions to the established limits must have appropriate approval in accordance with internally documented policies.

Departmental oversight

The BlackRock Group has operational functions which help in the implementation of its risk management framework, including:

- **Risk and Quantitative Analysis:** Monitors the continuing development of process controls and functional segregation in conjunction with relevant business units to ensure that these remain robust and appropriate to the needs of the business. The Risk and Quantitative Analysis Team also measure and monitor all BlackRock Group funds.
- **Legal and Compliance:** Responsible for the identification, communication and control of applicable legislation and restrictions. Compliance staff also conduct periodic compliance reviews of key processes and work closely with management to develop suitable controls.
- **Internal Audit:** Responsible for the review of internal processes and controls.
- **Counterparty & Concentration Risk Group:** Responsible for managing counterparty risk across the BlackRock Group. The Counterparty and Concentration Risk Group monitors and assesses counterparty exposures arising from a wide range of financial instruments.

5. Management of the Fund

5.1 About the investment manager

BlackRock is the responsible entity of the Fund. BlackRock is licensed by ASIC, which is responsible for regulating the operation of managed investment schemes like the Fund.

The implementation of the investment strategy detailed in this PDS is considered an institutional BlackRock Group capability, meaning they do not rely on the involvement of any particular individual.

The responsibilities and obligations of an investment manager are generally governed by a fund's constitution, articles of association, trust deed, or other equivalent governing document, terms of the investment management arrangement to which the investment manager and fund may be party to and any applicable laws or regulations.

The Fund's 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 Client Services (refer to page 2 of this PDS for contact details).

Some of the main provisions which relate to your rights under the constitution of the Fund 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 your rights to attend and vote at a meeting of unit holders – these mainly reflect the requirements of the Corporations Act, which also deals with unit holders rights to requisition or call a meeting;
- resolutions passed by a requisite majority at a meeting of unit holders are binding on all unit holders;
- when we can and what happens if we terminate the Fund;
- when we can amend the Fund's 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 unit holders;
- our right to refuse to accept applications for units or record any transfer of units without giving any reason;
- our right to cancel units issued to a unit holder if cleared funds are not received by the Fund; and
- our broad powers to invest, borrow and generally manage the Fund. We do not currently intend to borrow funds to acquire assets for the Fund, although this is permitted under the Fund's constitution. We may only borrow if we consider it to be in the best interests of unit holders.

The constitution of the Fund provides that the liability of each unit holder is generally limited to its investment in the Fund. A unit holder 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 unit holder has not been finally determined by the courts.

BlackRock uses a global service delivery model across the BlackRock Group to deliver superior outcomes to its clients. In the delivery of functions, powers and duties to clients, we use multiple entities of the BlackRock Group (in addition to the Responsible Entity). For example, global order routing entails the use of multiple trading desks located in various regions and the use of global centres of excellence allows certain related parties to specialise in functions such as investment operations and portfolio management. Even though we use offshore related parties, the Responsible Entity has systems and procedures in place as the holder of an Australian financial service licence to monitor and supervise the services provided by our related parties. The Responsible Entity remains responsible and liable for the acts and omissions of any related party.

The Responsible Entity of the Fund has appointed BlackRock Investment Management, LLC, a member of the BlackRock Group, pursuant to an investment management arrangement, to provide investment management services to the Fund. Provisions within the investment management agreement, which may affect you as a unit holder of the Fund, may include:

- the terms and scope of appointment of the investment manager (for example, in some instances, an investment manager will be appointed for an initial term and then for subsequent annual terms, subject to their appointment being terminated). While the investment management arrangement includes termination provisions (which are generally on normal commercial terms), as the appointed investment manager is a BlackRock Group entity, it is not expected that any such termination provision will be materially relied upon by either the Fund or its investment manager;
- the powers of the investment manager and limitations placed on the investment manager in terms of carrying out its functions and duties under the investment management agreement;
- the indemnity provided by the Responsible Entity to the investment manager;
- the investment manager's entitlement to receive a management fee;
- the liability of the Responsible Entity under the investment management agreement; and
- provisions governing the termination the investment management agreement. The Responsible Entity is entitled to terminate the investment management agreement at any time by written instruction to the investment manager (or upon default of the investment manager in the circumstances set out in the investment management agreement), and such termination will not impact any claim by the investment manager for accrued management fees up to the date of termination.

5.2 Other key service providers

A number of key service providers have been engaged to assist with the ongoing operation and administration of the Fund. A summary of key service providers of the Fund is provided below.

The Fund has entered into separate arrangements with each of their key service providers, which generally set out the terms and conditions of the service provider's appointment, where applicable, specified benchmarks and service levels, as well as the consequences of any breaches to the terms of the appointment.

Before any key service provider is engaged by the BlackRock Group a due diligence exercise or assessment of the prospective key service provider is generally undertaken. Consideration and continuous monitoring of key service providers is also undertaken through day-to-day dealings with these entities.

Custodian: Brown Brothers Harriman & Co.

A custodian provides custodial services to a fund and is responsible for the safekeeping of fund assets.

A custodian's role is generally limited to holding the assets of a fund and acting on behalf of the responsible entity or the fund's board of directors (as applicable) and acting in accordance with instructions from the responsible entity or the fund's board of directors (as applicable), except in limited circumstances where the custodian has a discretion to act without instructions.

A custodian has no supervisory obligation to ensure that the responsible entity or the fund's board of directors (as applicable) complies with its obligations as responsible entity or board (as applicable) of a fund. The responsible entity or fund board of directors (as applicable) will also remain liable to unit holders for acts and omissions of the appointed custodian.

The BlackRock Group generally considers and undertakes monitoring of custodial service providers as part of its ongoing daily interaction with such service providers.

The custodian may change from time to time but must satisfy any relevant regulatory requirements.

Administrator: JP Morgan Chase Bank, N.A.

An administrator provides administration services to a fund including valuation and unit pricing, registrar and transfer agent, fund accounting, distribution preparation and preparation of financial statements.

Auditor: Deloitte Touche Tohmatsu

A fund must have an appointed independent auditor of the financial statements.

Prime broker: UBS A.G.

The prime broker of a fund generally provides clearing, settlement, financing, stock borrowing, foreign exchange facilities and reporting services.

Changes to key service providers

The key service providers detailed in this PDS may change from time to time. Investors will be notified of any such changes in accordance with our obligations under the Corporations Act.

6. Fees and other costs

Consumer Advisory Warning
DID YOU KNOW?
Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.
For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from $100,000 to $80,000).
You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.
You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.
TO FIND OUT MORE
If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) Moneysmart website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

6.1 Fees and costs summary

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

Taxes is set out in another part of this document. You should read all the information about fees and costs because it is important to understand their impact on your investment.

BlackRock Global Allocation Fund (Class D Units)		
Type of fee or cost	**Amount**	**How and when paid**
Ongoing annual fees and costs		
Management fees and costs The fees and costs for managing your investment[1]	0.20% p.a.	The management fee for the Fund is **0.20% p.a.** and is calculated in relation to the NAV of the Fund on a daily basis. This cost is deducted from the assets of the Fund and is generally paid to us monthly in arrears. Management fees and costs include indirect costs of **0.00%**. Indirect costs are a reasonable estimate of certain costs incurred within the Fund (or any underlying fund) that reduce returns. The deduction of managements fees and costs is reflected in the Fund's unit price.
Performance fees Amounts deducted from your investment in relation to the performance of the product	0.85% p.a. based on the average of the previous five financial years	The Fund charges a performance fee of 12.5% of any outperformance. If payable, the performance fee is accrued in the Fund's unit price and is generally paid to us monthly in arrears from the assets of the Fund. The deduction of the performance fee is reflected in the Fund's unit price.
Transaction costs The costs incurred by the Fund when buying or selling assets	0.14% p.a.	Transaction costs which are incurred when a member invests or redeems from the Fund will generally be recovered through the buy-sell spread applied to the unit price. Transaction costs that are not recovered ('net transaction costs') reduce returns and are reflected in the Fund's unit price.
Member activity related fees and costs (fees for services or when your money moves in or out of the Fund)		
Establishment fee The fee to open your investment	Nil	Not applicable.
Contribution fee The fee on each amount contributed to your investment	Nil	
Buy-sell spread An amount deducted from your investment representing costs incurred in transactions by the Fund	*Buy* 0.30% *Sell* 0.30%	Estimated transaction costs are allocated when an investor buys or sells units in the Fund by applying a buy/sell spread on the Fund's entry and exit unit prices, where appropriate.

Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable.
Exit fee The fee to close your investment	Nil	
Switching fee The fee for changing investment options	Nil	

[1] Fees can be negotiated with certain "wholesale clients" investors (as defined by the Corporations Act) in compliance with legal requirements and any applicable ASIC class orders. See 'Differential fees" within the "Additional explanation of fees and costs" section for further information.

6.2 Example of annual fees and costs of the Fund

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

Example		
BALANCE OF $50,000 WITH A CONTRIBUTION OF $5,000 DURING THE YEAR		
Contribution fees	Nil	For every additional $5,000 you put in, you will be charged $0.
PLUS		
Management fees and costs	0.20%	**And**, for every $50,000 you have in the Fund you will be charged or have deducted from your investment **$100** each year
Performance fees	0.85%	**And**, you will be charged or have deducted from your investment **$424** in performance fees each year
Transaction costs	0.14%	**And**, you will be charged or have deducted from your investment **$70** in transaction costs
EQUALS		
Cost of Fund	If you had an investment of $50,000 at the beginning of the year and you put in an additional $5,000 during that year you would be charged fees and costs of **$594**.[1] **What it costs you will depend on the fees you negotiate.**	

1. Additional fees may apply. A buy spread of 0.30%, equal to $15.00 on a $5,000 contribution, will also apply.

6.3 Additional explanation of fees and costs

Performance fee

The Fund charges a performance fee of 12.5% of outperformance. The average of the Fund's actual performance fee paid for the last five financial years (to 30 June 2023) is 0.85% p.a. Performance fees are calculated at a unit class level and are paid out of the assets relating to the relevant unit class where the Manager meets certain performance objectives.

In order to meet the performance objectives, the performance in respect of a unit class must exceed the unit class' High Water Mark.

The High Water Mark for each unit class equals to the greater of:

- zero; and
- the performance return of the unit class when a performance fee was last payable in respect of those units.

The performance return refers to the change in NAV of a unit class over the period and is calculated on a time-weighted basis and is adjusted to take account of any applications, redemptions and distributions relating to the unit class and excluding any payment of, or provision for, the performance fee.

When the performance of a unit class exceeds its High Water Mark, a performance fee is payable. The performance fee for a period will be calculated using the following formula:

$$\frac{R \times A \times (B-C)}{(1+C)}$$

Where

R	=	Performance fee rate
A	=	Average NAV for the period
B	=	Aggregate of compounded daily performance return for the period
C	=	High Water Mark for previous period where a performance fee was last payable

Each of the aforementioned variables is calculated exclusively in relation to each unit class.

If the performance of a unit class for a period is lower than the High Water Mark for that class no performance fee is payable for that period or any subsequent period until performance ultimately exceeds the High Water Mark.

The performance fee is accrued daily and is taken into account in published application and redemption prices, but is only payable at the end of a month (unless otherwise notified).

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

Performance fee examples

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

Scenario 1

Assuming average NAV for the class for the month was $50,000 and performance return for the month was +5.00% (all in excess of the High Water Mark) the performance fee payable in respect of the Class D Units, which has a performance rate of 12.5%, would be $312.50 ($50,000 x 5% x 12.5%).

Scenario 2

The performance return for the month is +5.00%, however due to an intervening period of negative returns this is only +1.40% above the High Water Mark. With an average NAV of $50,000 the performance fee payable in respect of the Class D Units, which has a performance rate of 12.5%, would be $84.50 ($50,000 x 1.40% x 12.5%).

Scenario 3

The performance return for the month is +5.00%, however due to an intervening period of negative returns this does not exceed the High Water Mark set when the performance fee was last paid. No performance fee would be payable for the month irrespective of the average NAV of the unit class for the month.

The exact amount of performance fees charged by the Fund is dependent on a number of factors, particularly the timing and relative value of periods of out-performance. Actual performance

fees charged will vary, depending on the returns of a Fund and may be higher or lower than the estimated performance fees currently disclosed.

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

Transaction costs

In managing the investments of the Fund, transaction costs such as brokerage, settlement costs, clearing costs and government charges may be incurred. Where these costs are incurred due to investor-initiated transactions, they may be recovered through the applicable buy-sell spread. The transaction costs shown in the Fees and Costs Summary are shown net of any amount recovered by the buy-sell spread charged BlackRock. Transaction costs are an additional cost to the investor where it has not already been recovered by the buy-sell spread.

Transaction costs should not be considered in isolation of investment returns. It is important to understand that actively managed investments are likely to have higher transaction costs than passively managed investments, such as index funds, because of the higher expected volume of trading of the Fund's assets in generating investment returns.

Differential fees

Management fees may be negotiated with persons who qualify as wholesale investors within the meaning of section 761G of the Corporations Act, such as sophisticated and professional investors. For further information about differential fees, please contact Client Services (refer to page 2 of this PDS for contact details).

Can fees change?

All fees 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, except for changes in the Fund's buy-sell spread.

The current fees applicable to your investment are set out previously under section 6.1 of this PDS, titled "Fund fees overview" and although we have the power to change our fee structure without your consent, we have no present intention to do so.

Tax

Tax information is set out in section 8 of this document. All fees are in Australian dollars and are inclusive of Goods and Services Tax (**GST**), any applicable stamp duty and takes into account expected reduced input tax credits in respect of the GST component of the fee.

Additional information has been incorporated by reference

Further information about the fees and costs applicable to the Fund has been incorporated by reference. Refer to section 2 of the **BlackRock Additional Fund Information No. 2** document for further details, which is available on our website at https://www.blackrock.com/au/individual/funds-information/offer-documents. You should read this important information before making a decision. This material may change between the time when you read this PDS and when you acquire the product.

7. Investing in and redeeming from the Fund

7.1 How to invest

To make your initial investment, complete and send to us (either by post or facsimile) the Fund's Application Form that accompanies this PDS or is available from our website at www.blackrock.com/au or by calling Client Services (refer to page 2 of this PDS for contact details). You will normally be able to invest in the Fund on any **Business Day**, being a day other than a Saturday or Sunday on which bank are open for general business in Sydney. A list of public holidays affecting the Fund is available on our website at www.blackrock.com/au. We have absolute discretion to accept, reject, or limit any application request.

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

When investing in the Fund you generally need a minimum amount of $50,000 or such other amount as we may determine from time to time. There is no minimum amount for subsequent investments.

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

Your investment amount can either be:

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

Investment details are outlined in the Fund's Application Form.

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

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

Additional information has been incorporated by reference
Further information about how the Fund works has been incorporated by reference. Refer to section 3 of the **BlackRock Additional Fund Information No. 2** document for further details, which is available on our website https://www.blackrock.com/au/individual/funds-information/offer-documents. You should read this important information before making a decision. This material may change between the time when you read this PDS and when you acquire the product.

7.2 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. Your entitlement to distributable income (if any) is based on how many units you held at the end of the distribution period as a proportion of the total number of units on issue in the Fund at that time. Any income you receive from your investments will be in the form of distributions. Your distribution may include interest, dividends, other income and realised gains. Distributions are not guaranteed and there may be periods for which distributions are higher or lower than expected.

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

7.3 Redeeming your investment

Redemption requests can be made in writing (either by post or facsimile). You will normally be able to redeem from the Fund, while the Fund is liquid, on any Business Day. A list of public holidays affecting the Fund is available on our website at www.blackrock.com/au.

While there is no minimum redemption amount, we generally require a minimum balance in your Fund account of $50,000.

Investor transaction requests are required to be received prior to the Transaction Cut-off Time. Transaction requests received before this time will generally be executed on the relevant Trade Date. Investor transaction requests received after this time or on a day when the Fund is unavailable for transactions will generally be treated as having been received the following Business Day. Following receipt of a redemption request, we will deposit redemption proceeds into your nominated Australian bank account, generally within four Business Days of our having received the redemption request, although we are allowed longer periods under the Fund's constitution. In certain circumstances, we can also stagger the acceptance of large redemption requests in accordance with the Fund's constitution, for example, if a redemption request represents more than 5% of the units on issue.

In some circumstances, such as when there is a freeze on withdrawals, investors may not be able to withdraw from the Fund within the usual period upon request. Investors will be notified of any changes to their redemption rights in accordance with our obligations under the Corporations Act.

Refer to section 7.1 of this PDS titled "How to invest" for details of the Fund's Business Day, Transaction Cut-off Time and Trade Date.

7.4 Do you have "cooling off" rights

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

If you would like to exercise your cooling off right, you must submit your request to us in writing (including by facsimile) and specifically state that you are exercising your cooling off right. If we receive your request by the Transaction Cut-off Time, your refund will generally be calculated on the relevant Trade Date. Cooling off requests received after this time or on a day when the Fund is unavailable for transactions will generally be treated as having been received on the following Business Day. The amount of your refund will be reduced or increased for market movements in the Fund as well as any applicable transaction costs and less any non-refundable tax or duty paid or payable. Accordingly, depending upon the circumstances, the amount returned to you may be greater or less than the amount initially invested. **Refer to section 7.1 of this PDS titled "How to invest" for details of the Fund's Business Day, Transaction Cut-off Time and Trade Date.**

8. Additional information

8.1 How managed investment schemes are taxed

Investing in a registered managed investment scheme is likely to have tax consequences and you are strongly advised to seek professional tax advice.

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

Additional information has been incorporated by reference

Further information about taxation has been incorporated by reference. For further details go to section 4 of the **BlackRock Additional Fund Information No. 2** document, which is available on our website at https://www.blackrock.com/au/individual/funds-information/offer-documents. You should read this important information before making a decision. This material may change between the time when you read this PDS and when you acquire the product.

8.2 Enquiries and complaints

If you have an enquiry or complaint, you can contact our Complaints Officer via Client Services (refer to page 2 of this PDS for contact details). We have established procedures for dealing with enquiries and complaints. If you make a complaint to us, the complaint will be acknowledged and steps will be taken to investigate your concerns. A final response will be provided within 30 calendar days in accordance with our obligations.

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

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

For the hearing and speech impaired, AFCA can be contacted via National Relay Service (www.accesshub.gov.au/about-the-nrs):

- Voice Relay: 1300 555 727;
- TTY: 133 677; or
- SMS Relay: 0423 677 767.