

BLACKROCK WHOLESALE FUNDS

BlackRock Australian Bond Fund

ARSN 088 173 611

BlackRock Wholesale Australian Share Fund

ARSN 088 174 056

BlackRock Tactical Growth Fund

ARSN 088 051 889

BlackRock Wholesale International Bond Fund

ARSN 088 174 494

Annual Financial Report

30 June 2019

BlackRock Investment Management (Australia) Limited

13 006 165 975

Australian Financial Services Licence No 230523

BlackRock Wholesale Funds

Annual Financial Report - 30 June 2019

Contents

	Page
Directors' Report	1
Auditor's Independence Declaration	6
Statements of Profit or Loss and Other Comprehensive Income	7
Statements of Financial Position	9
Statements of Changes in Equity	10
Statements of Cash Flows	11
Notes to the Financial Statements	13
Directors' Declaration	57
Independent Auditor's Report to the Unitholders of BlackRock Wholesale Funds	58

Directors' Report

The directors of BlackRock Investment Management (Australia) Limited (ABN 13 006 165 975) (the "Responsible Entity"), the Responsible Entity of BlackRock Wholesale Funds (the "Funds"), present their annual report together with the financial statements of the Funds, for the year ended 30 June 2019 and the auditor's report thereon. The BlackRock Wholesale Funds comprise of BlackRock Australian Bond Fund, BlackRock Wholesale Australian Share Fund, BlackRock Tactical Growth Fund and BlackRock Wholesale International Bond Fund.

Fund Objectives

BlackRock Australian Bond Fund

The Fund aims to capture returns superior to those available from the Fund's benchmark (the Bloomberg AusBond Composite IndexSM) by accessing a broad array of value-enhancing strategies.

BlackRock Wholesale Australian Share Fund

The Fund has two aims: to achieve capital growth over the long-term through investment in Australian shares and other securities and to provide investors with some tax effective income through the distribution of franking credits. Overall, the Fund aims to achieve this goal by outperforming the S&P/ASX 300 Accumulation Index over rolling five year periods.

BlackRock Tactical Growth Fund

The Fund aims to outperform peer performance consistent with a "growth" oriented investment strategy encompassing a broadly diversified exposure to Australian and international assets; active asset allocation, security selection and risk management; and flexibility to deviate meaningfully from the strategic asset allocation to help manage total portfolio risk. The Fund aims to outperform its benchmark indices over a 5-year rolling period, before fees.

BlackRock Wholesale International Bond Fund

The primary aim of the Fund is to generate capital and income return for those investors seeking exposure to international fixed income markets, including Australia. The Fund aims to outperform the Bloomberg Barclays Global Aggregate 500 Index (hedged in AUD) over rolling three year periods.

Principal Activities

The Funds invested in accordance with the provisions of the Funds' Constitutions.

The Funds did not have any employees during the year ended 30 June 2019 (30 June 2018: Nil).

There were no significant changes in the nature of the Funds' activities during the year ended 30 June 2019 (30 June 2018: Nil).

Directors

The following persons held office as directors of the Responsible Entity during the year or since the end of the year and up to the date of this report:

Director	Date appointed	Date resigned
M S McCorry	Appointed 2 December 2009	
A Telfer	Appointed 12 December 2013	
S Flatman	Appointed 28 January 2015	
J Collins	Appointed 29 July 2015	
D Rohe	Appointed 27 July 2016	Resigned 6 May 2019

Directors' Report (continued)

Review and Results of Operations

During the year, the Funds continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Funds and in accordance with the provisions of the Funds' Constitutions.

Results

The performance of the Funds, as represented by the results of their operations, were as follows:

	BlackRock Australian Bond Fund		BlackRock Wholesale Australian Share Fund	
	Year ended		Year ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$'000	\$'000	\$'000	\$'000
Profit/(loss) for the year	6,021	2,529	9,743	11,236
Distributions paid and payable	2,875	2,380	6,944	10,104

	BlackRock Tactical Growth Fund		BlackRock Wholesale International Bond Fund	
	Year ended		Year ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$'000	\$'000	\$'000	\$'000
Profit/(loss) for the year	55,646	53,121	8,112	1,080
Distributions paid and payable	51,307	55,812	348	3,243

Returns

The table below demonstrates the performance of the Funds as represented by the total return.

	Returns*		
	1 Year	3 Year	5 Year
	% p.a.	% p.a.	% p.a.
BlackRock Australian Bond Fund returns	9.75	4.79	5.56
BlackRock Wholesale Australian Share Fund returns	13.07	13.00	8.09
BlackRock Tactical Growth Fund returns	10.98	10.46	8.33
BlackRock Wholesale International Bond Fund returns	7.47	3.24	4.53

* Returns (after fees) are calculated on the assumption that all distributions are reinvested in the Funds, and include the effect of compounding.

Directors' Report (continued)

Reconciliation of Net Asset Value for Unit Pricing Purposes to Financial Reporting Purposes

The key differences between net assets for unit pricing purposes and net assets attributed to unitholders as reported in the financial statements prepared under Australian Accounting Standards have been outlined below:

	BlackRock Australian Bond Fund		BlackRock Wholesale Australian Share Fund	
	As at		As at	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$'000	\$'000	\$'000	\$'000
Net assets for Unit Pricing Purposes	62,297	66,984	84,523	96,594
<i>Timing differences</i>				
Distribution Payable	(1,570)	(875)	(6,128)	(9,295)
Other	-	-	-	-
Net assets attributable to unitholders as at 30 June	<u>60,727</u>	<u>66,109</u>	<u>78,395</u>	<u>87,299</u>

	BlackRock Tactical Growth Fund		BlackRock Wholesale International Bond Fund	
	As at		As at	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$'000	\$'000	\$'000	\$'000
Net assets for Unit Pricing Purposes	543,212	592,158	112,384	103,418
<i>Timing differences</i>				
Distribution Payable	(46,669)	(55,812)	(348)	(2,706)
Other	77	(17)	-	-
Net assets attributable to unitholders as at 30 June	<u>496,620</u>	<u>536,329</u>	<u>112,036</u>	<u>100,712</u>

Significant Changes in State of Affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Funds that occurred during the financial year under review.

Matters Subsequent to the End of the Financial Year

Except as disclosed in the financial statements, no matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect:

- (i) the operations of the Funds in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Funds in future financial years.

Likely Developments and Expected Results of Operations

The Funds will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Funds and in accordance with the provisions of the Funds' Constitutions.

The results of the Funds' operations will be affected by a number of factors, including the performance of investment markets in which the Funds invest. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Directors' Report (continued)

Likely Developments and Expected Results of Operations (continued)

Further information on likely developments in the operations of the Funds and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Funds.

Indemnification and Insurance of Officers and Auditor

No insurance premiums are paid for out of the assets of the Funds in regards to insurance cover provided to either the officers of the Responsible Entity or the auditor of the Funds. So long as the officers of the Responsible Entity act in accordance with the Funds' Constitutions and the Law, officers remain indemnified out of the assets of the Funds against losses incurred while acting on behalf of the Funds. The auditor of the Funds is in no way indemnified out of the assets of the Funds.

Fees Paid and Interests Held in the Funds by the Responsible Entity or its Associates

Fees paid to the Responsible Entity and its associates out of Funds' property during the year are disclosed in Note 11 of the financial statements.

No fees were paid out of Funds' property to the directors of the Responsible Entity during the year (2018: Nil). Pursuant to ASIC Corporations (Registered Schemes - Differential Fees) Instrument 2017/40, the Responsible Entity may individually negotiate fees with certain sophisticated or professional investors.

The number of interests in the Funds held by the Responsible Entity or its associates as at the end of the financial year are also disclosed in Note 11 of the financial statements.

Interests in the Funds

The movement in units on issue in the Funds during the year is disclosed in Note 6 of the financial statements.

Value of Assets

The value of the Funds' assets and liabilities is disclosed on the Statements of Financial Position and derived using the basis set out in Note 2 of the financial statements.

Environmental Regulation

The operations of the Funds are not subject to any particular or significant environmental regulations under either Commonwealth, State or Territory law.

Rounding of Amounts

The Funds are registered schemes of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report and financial statements. Amounts in the directors' report and the financial statements have been rounded to the nearest thousand in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, unless otherwise indicated.

Additional Disclosure

The Funds have applied the relief available in ASIC Corporations (Disclosing Entities) Instrument 2015/839 issued by the Australian Securities and Investments Commission in the preparation of this report. This class order allows registered Schemes with a common responsible entity to include multiple financial statements in adjacent columns in a financial report.

The Funds have applied the relief available in ASIC Corporations (Directors' Report Relief) Instrument 2016/188 issued by the Australian Securities and Investments Commission in the preparation of this report. Accordingly, the additional information otherwise required to be included in the directors' report has been disclosed in Notes 5, 6 and 11 of the financial statements.

Directors' Report (continued)

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 6.

The financial statements were authorised for issue by the directors on 18 September 2019.

This report is made in accordance with a resolution of the directors.



Director
S Flatman

Sydney
18 September 2019

18 September 2019

The Board of Directors
BlackRock Investment Management (Australia) Limited
Level 26, 101 Collins Street
Melbourne, VIC 3000

Dear Directors

BlackRock Australian Bond Fund, BlackRock Wholesale Australian Share Fund, BlackRock Tactical Growth Fund, and BlackRock Wholesale International Bond Fund (collectively "BlackRock Wholesale Funds")

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of BlackRock Investment Management (Australia) Limited as Responsible Entity of BlackRock Wholesale Funds.

As lead audit partner for the audit of the financial reports of BlackRock Wholesale Funds for the financial year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Neil Brown
Partner
Chartered Accountants

Statements of Profit or Loss and Other Comprehensive Income

	Notes	BlackRock Australian Bond Fund		BlackRock Wholesale Australian Share Fund	
		Year ended		Year ended	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018
		\$'000	\$'000	\$'000	\$'000
Investment income					
Interest income		-	-	3	3
Distributions from related schemes	11	1,685	1,737	7,854	10,046
Net gains/(losses) on financial instruments held at fair value through profit or loss (including FX gains/(losses))	4	4,331	778	2,659	2,100
Fee rebates from related schemes	11	22	30	19	22
Other income		1	-	-	1
Total net investment income/(loss)		6,039	2,545	10,535	12,172
Expenses					
Management fees	11	-	-	789	930
Custody movement fees		15	15	3	6
Other expenses		3	1	-	-
Total operating expenses		18	16	792	936
Profit/(loss) for the year		6,021	2,529	9,743	11,236
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		6,021	2,529	9,743	11,236

The above Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statements of Profit or Loss and Other Comprehensive Income (continued)

	Notes	BlackRock Tactical Growth Fund		BlackRock Wholesale International Bond Fund	
		Year ended		Year ended	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018
		\$'000	\$'000	\$'000	\$'000
Investment income					
Interest income		13	-	3	2
Distributions from related schemes	11	31,595	26,328	941	3,845
Net gains/(losses) on financial instruments held at fair value through profit or loss (including FX gains/(losses))	4	28,500	31,609	7,764	(2,163)
Fee rebates from related schemes	11	181	163	-	-
Other income		10	288	-	-
Total net investment income/(loss)		60,299	58,388	8,708	1,684
Expenses					
Management fees	11	4,617	5,235	594	600
Custody movement fees		27	29	2	4
Other expenses		9	3	-	-
Total operating expenses		4,653	5,267	596	604
Profit/(loss) for the year		55,646	53,121	8,112	1,080
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		55,646	53,121	8,112	1,080

The above Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statements of Financial Position

	Notes	BlackRock Australian Bond Fund		BlackRock Wholesale Australian Share Fund	
		As at		As at	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018
		\$'000	\$'000	\$'000	\$'000
Assets					
Cash and cash equivalents	13(b)	30	24	177	287
Financial assets held at fair value through profit or loss	7	62,168	67,196	72,722	80,538
Cash held on collateral		98	133	-	-
Receivables	8	<u>4,162</u>	<u>3,998</u>	<u>11,887</u>	<u>16,077</u>
Total assets		<u>66,458</u>	<u>71,351</u>	<u>84,786</u>	<u>96,902</u>
Liabilities					
Financial liabilities held at fair value through profit or loss	9	160	162	-	-
Distribution payable	5	1,570	875	6,128	9,295
Payables	10	<u>4,001</u>	<u>4,205</u>	<u>263</u>	<u>308</u>
Total liabilities		<u>5,731</u>	<u>5,242</u>	<u>6,391</u>	<u>9,603</u>
Net assets attributable to unitholders - equity	6	<u>60,727</u>	<u>66,109</u>	<u>78,395</u>	<u>87,299</u>
BlackRock Tactical Growth Fund					
	Notes	As at		BlackRock Wholesale International Bond Fund	
		As at		As at	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018
		\$'000	\$'000	\$'000	\$'000
Assets					
Cash and cash equivalents	13(b)	508	6,232	107	107
Financial assets held at fair value through profit or loss	7	505,726	534,916	111,433	100,473
Cash held on collateral		9,157	3,457	-	-
Receivables	8	<u>36,404</u>	<u>52,526</u>	<u>956</u>	<u>3,478</u>
Total assets		<u>551,795</u>	<u>597,131</u>	<u>112,496</u>	<u>104,058</u>
Liabilities					
Financial liabilities held at fair value through profit or loss	9	6,960	3,606	-	-
Distribution payable	5	46,669	55,812	348	2,706
Payables	10	<u>1,546</u>	<u>1,384</u>	<u>112</u>	<u>640</u>
Total liabilities		<u>55,175</u>	<u>60,802</u>	<u>460</u>	<u>3,346</u>
Net assets attributable to unitholders - equity	6	<u>496,620</u>	<u>536,329</u>	<u>112,036</u>	<u>100,712</u>

The above Statements of Financial Position should be read in conjunction with the accompanying notes.

Statements of Changes in Equity

	Notes	BlackRock Australian Bond Fund		BlackRock Wholesale Australian Share Fund	
		Year ended		Year ended	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018
		\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the financial year		66,109	-	87,299	-
Reclassification due to AMIT tax regime implementation*		-	64,370	-	95,216
Comprehensive income for the year					
Profit/(loss) for the year		6,021	2,529	9,743	11,236
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		6,021	2,529	9,743	11,236
Transactions with unitholders					
Applications	6	2,595	7,377	6,138	7,802
Redemptions	6	(13,304)	(9,085)	(18,869)	(17,989)
Units issued upon reinvestment of distributions	6	2,181	3,298	1,028	1,138
Distributions paid and payable	5	(2,875)	(2,380)	(6,944)	(10,104)
Total transactions with unitholders		(11,403)	(790)	(18,647)	(19,153)
Total equity at the end of the financial year		60,727	66,109	78,395	87,299

	Notes	BlackRock Tactical Growth Fund		BlackRock Wholesale International Bond Fund	
		Year ended		Year ended	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018
		\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the financial year		536,329	-	100,712	-
Reclassification due to AMIT tax regime implementation*		-	575,846	-	101,631
Comprehensive income for the year					
Profit/(loss) for the year		55,646	53,121	8,112	1,080
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		55,646	53,121	8,112	1,080
Transactions with unitholders					
Applications	6	44,123	47,911	19,031	5,700
Redemptions	6	(109,428)	(105,050)	(17,868)	(14,708)
Units issued upon reinvestment of distributions	6	21,257	20,313	2,397	10,252
Distributions paid and payable	5	(51,307)	(55,812)	(348)	(3,243)
Total transactions with unitholders		(95,355)	(92,638)	3,212	(1,999)
Total equity at the end of the financial year		496,620	536,329	112,036	100,712

* Effective from 1 July 2017, the Funds' units have been reclassified from financial liability to equity. Refer to note 2 for further details.

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Statements of Cash Flows

	Notes	BlackRock Australian Bond Fund		BlackRock Wholesale Australian Share Fund	
		Year ended		Year ended	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018
		\$'000	\$'000	\$'000	\$'000
<i>Cash flows from operating activities</i>					
Proceeds from sale of financial instruments held at fair value through profit or loss		16,798	22,427	26,123	27,154
Purchase of financial instruments held at fair value through profit or loss		(6,477)	(22,018)	(3,681)	(4,633)
Interest received		489	589	3	3
Distributions received from related schemes		107	26	-	-
Fee rebates from related schemes received		23	31	18	23
Other income received		1	-	-	1
Management fees paid		-	-	(808)	(947)
Operating expenses paid		(18)	(17)	(3)	(6)
<i>Net cash inflow/(outflow) from operating activities</i>	13(a)	<u>10,923</u>	<u>1,038</u>	<u>21,652</u>	<u>21,595</u>
<i>Cash flows from financing activities</i>					
Proceeds from applications by unitholders		2,595	7,377	6,158	7,779
Payments for redemptions by unitholders		(13,508)	(8,445)	(18,837)	(17,960)
Distributions paid		1	-	(9,083)	(11,372)
<i>Net cash inflow/(outflow) from financing activities</i>		<u>(10,912)</u>	<u>(1,068)</u>	<u>(21,762)</u>	<u>(21,553)</u>
<i>Net increase/(decrease) in cash and cash equivalents</i>					
		11	(30)	(110)	42
Cash and cash equivalents at the beginning of the year		24	27	287	245
Effects of foreign currency exchange rate changes on cash and cash equivalents		(5)	27	-	-
<i>Cash and cash equivalents at the end of the year</i>	13(b)	<u>30</u>	<u>24</u>	<u>177</u>	<u>287</u>
Non cash operating activities	13(a)	<u>1,476</u>	<u>2,242</u>	<u>9,944</u>	<u>11,501</u>
Non cash financing activities	13(c)	<u>2,181</u>	<u>3,298</u>	<u>1,028</u>	<u>1,138</u>

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

Statements of Cash Flows (continued)

	Notes	BlackRock Tactical Growth Fund		BlackRock Wholesale International Bond Fund	
		Year ended		Year ended	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018
		\$'000	\$'000	\$'000	\$'000
<i>Cash flows from operating activities</i>					
Proceeds from sale of financial instruments held at fair value through profit or loss		190,778	260,725	16,780	13,966
Purchase of financial instruments held at fair value through profit or loss		(101,266)	(153,632)	(16,796)	(15,612)
Interest received		13	-	4	1
Distributions received from related schemes		13,874	-	287	11,915
Fee rebates from related schemes received		173	151	-	-
Other income received		10	288	-	-
Management fees paid		(4,718)	(5,416)	(589)	(608)
Operating expenses paid		(35)	(32)	(2)	(4)
<i>Net cash inflow/(outflow) from operating activities</i>	13(a)	98,829	102,084	(316)	9,658
<i>Cash flows from financing activities</i>					
Proceeds from applications by unitholders		43,860	47,938	19,027	5,703
Payments for redemptions by unitholders		(109,188)	(105,362)	(18,402)	(14,165)
Distributions paid		(39,193)	(38,981)	(309)	(1,195)
<i>Net cash inflow/(outflow) from financing activities</i>		(104,521)	(96,405)	316	(9,657)
<i>Net increase/(decrease) in cash and cash equivalents</i>		(5,692)	5,679	-	1
Cash and cash equivalents at the beginning of the year		6,232	763	107	106
Effects of foreign currency exchange rate changes on cash and cash equivalents		(32)	(210)	-	-
<i>Cash and cash equivalents at the end of the year</i>	13(b)	508	6,232	107	107
Non cash operating activities	13(a)	26,495	41,774	2,642	69
Non cash financing activities	13(c)	21,257	20,313	2,397	10,252

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

1 General Information

These financial statements cover BlackRock Australian Bond Fund, BlackRock Wholesale Australian Share Fund, BlackRock Tactical Growth Fund and BlackRock Wholesale International Bond Fund (the “Funds”) as individual entities. The Funds were constituted on 30 June 1992. The Funds will terminate on the eightieth anniversary of the day the Funds commenced, unless terminated in accordance with the provisions of the Funds’ Constitutions.

The Responsible Entity of the Funds is BlackRock Investment Management (Australia) Limited (the “Responsible Entity”). The Responsible Entity’s registered office is Level 26, 101 Collins Street, Melbourne, VIC 3000.

The financial statements were authorised for issue by the directors on 18 September 2019. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

The financial statements are presented in the Australian currency.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

(a) Statement of Compliance and Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements issued by the Accounting Standards Board and the *Corporations Act 2001* in Australia. The Funds are for-profit unit trusts for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of historical costs, except for financial assets and financial liabilities held at fair value through profit or loss, that are measured at fair value.

The Statements of Financial Position are presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets at fair value through profit or loss and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months after the end of each reporting period cannot be reliably determined.

On 5 May 2016, a new tax regime applying to Managed Investment Trusts (“MITs”) was established under the Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016. The Attribution Managed Investment Trust (“AMIT”) regime allows MITs that meet certain requirements to make an irrevocable choice to be an AMIT. In order to allow the Fund to elect into the AMIT tax regime, the Fund’s Constitution has been amended and the other conditions to adopt the AMIT tax regime have been met effective 1 July 2017. The Responsible Entity is therefore no longer contractually obligated to pay distributions.

(i) Compliance with International Financial Reporting Standards

The financial statements of the Funds also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(ii) New and amended standards adopted by the Funds

The Funds have adopted the following new accounting standards and interpretations, which became effective for the financial year beginning 1 July 2018. The adoption did not have material impact on the current period and is not likely to affect future periods.

(a) AASB 9 Financial Instruments (and applicable amendments), (effective from 1 January 2018)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting. The Responsible Entity has assessed the impact of AASB 9 on the Funds’ financial statements and determined:

- Fair value remains the most relevant information in asset performance evaluation for debt securities. The classification of debt instruments at fair value through profit or loss continues and will not result in reclassification to amortised cost or fair value through other comprehensive income.
- All other financial assets and liabilities continue to be held at fair value through profit or loss.

2 Summary of Significant Accounting Policies (continued)

(a) Statement of Compliance and Basis of Preparation (continued)

(ii) New and amended standards adopted by the Funds (continued)

(a) AASB 9 Financial Instruments (and applicable amendments), (effective from 1 January 2018) (continued)

The derecognition rules have not changed from the previous requirements, and the Funds do not apply hedge accounting. The adoption of AASB 9 does not have a significant impact on the recognition and measurement of the Funds' financial instruments.

There are no expected credit losses included in receivables as at 30 June 2019 (30 June 2018: Nil).

(b) AASB 15 Revenue from Contracts with Customers (effective from 1 January 2018)

The AASB has issued a new standard for the recognition of revenue. This replaces AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

The Funds' main sources of income are interest, dividends and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard.

There are no other new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2018 that would be expected to have a material impact on the Funds.

(b) Financial Instruments

(i) Classification

The Funds' investments are classified as at fair value through profit or loss. They comprise:

- Derivative financial instruments such as futures, forward foreign exchange contracts, options and swaps. The Funds do not designate any derivatives as hedges in a hedging relationship.
- Investments in listed equities, listed unit trusts, unlisted unit trusts, interest bearing securities and money market securities.

Financial assets and financial liabilities held at fair value through profit or loss are those that are managed and their performance evaluated on a fair value basis in accordance with the Funds' documented investment strategy. The Funds' policy is for the Responsible Entity to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

Short sales are classified as financial liabilities at fair value through profit or loss. Short sales are where borrowed securities are sold in anticipation of a decline in the market value of those securities and are made or may be used for various arbitrage transactions.

(ii) Recognition/derecognition

The Funds recognise financial assets and financial liabilities on the date they become party to the contractual agreement (trade date) and recognise changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments has expired or the Funds have transferred substantially all risks and rewards of ownership.

(iii) Measurement

Financial assets and liabilities held at fair value through profit or loss

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statements of Profit or Loss and Other Comprehensive Income.

- Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting date without any deduction for estimated future selling costs. The quoted market price used for financial assets and financial liabilities held by the Funds are the last traded market price.

2 Summary of Significant Accounting Policies (continued)

(b) Financial Instruments (continued)

(iii) Measurement (continued)

- Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Accordingly, there may be a difference between the fair value at initial recognition and amounts determined using a valuation technique. If such a difference exists, the Funds recognise the difference in the Statements of Profit or Loss and Other Comprehensive Income to reflect a change in factors, including time, that market participants would consider in setting a price.

Investments in other unlisted unit trusts are recorded at the net asset value per unit as reported by the Responsible Entity of such funds.

(c) Offsetting Financial Instruments

Financial assets and liabilities are reported on a gross basis in the Statements of Financial Position. Where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously on default or in the ordinary course of business, the financial assets and liabilities will be offset and reported on a net basis in notes to the financial statements.

(d) Net Assets Attributable to Unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders.

The units can be put back to the Funds at any time for cash based on the redemption price, which is equal to a proportionate share of the Funds' net asset value attributable to the unitholders.

The units are carried at the redemption amount that is payable at balance sheet date if the holder exercises the right to put the unit back to the Funds. This amount represents the expected cash flows on redemption of these units.

Units are classified as equity when they satisfy the following criteria under AASB 132 *Financial instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Funds' liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavorable conditions to the Funds, and it is not a contract settled in the Funds' own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

The Funds' units have been classified as equity as they satisfied all the above criteria.

(e) Cash and Cash Equivalents

Cash and cash equivalents may include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts and cash will be netted off on the Statements of Financial Position if both are present.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities as movements in the fair value of these securities represent the Funds' main income generating activity.

2 Summary of Significant Accounting Policies (continued)

(f) Margin Accounts

Margin accounts comprise of cash held for derivative transactions and short sales. The cash is held by the broker and is only available to meet margin calls. Unrestricted margin account balances and restricted margin accounts balances, where the derivative transactions' original maturities are within three months, are classified as cash and cash equivalents. Restricted margin accounts where the derivative transactions' original maturities are not within three months are classified as cash held on collateral.

(g) Investment Income and Expenses

Interest income and expenses are recognised in the Statements of Profit or Loss and Other Comprehensive Income for all interest bearing securities using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the net gains/(losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(b).

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Funds estimate cash flows, considering all contractual terms of the financial instrument (for example, prepayment options), but do not consider future credit losses.

The calculation includes all fees and points paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Dividend income is recognised on the ex-dividend date. The Funds may incur withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in the Statements of Profit or Loss and Other Comprehensive Income. If a portion of the foreign withholding taxes is reclaimable, it is recorded as an asset.

Trust distributions are recognised on an entitlements basis.

Dividends declared on securities sold short are recorded as a dividend expense on the ex-dividend date.

(h) Expenses

All expenses, including management fees and performance fees, are recognised in the Statements of Profit or Loss and Other Comprehensive Income on an accruals basis.

(i) Income Tax

Under current legislation, the Funds are not subject to income tax provided the taxable income of the Funds are attributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Funds).

The benefit of imputation credits and foreign tax paid are passed on to unitholders.

(j) Distributions to Unitholders

In accordance with the Funds' Constitutions, the Funds attribute their taxable income, and any other amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. Distributions are recognised in the Statements of Changes in Equity as distributions paid and payable.

(k) Increase/Decrease in Net Assets Attributable to Unitholders

Movements in net assets attributable to unitholders are recognised in the Statements of Changes in Equity for the current year ended 30 June 2019.

2 Summary of Significant Accounting Policies (continued)

(l) Foreign Currency Translation

(i) *Functional and presentation currency*

Items included in the Funds' financial statements are measured using the currency of the primary economic environment in which they operate (the "functional currency"). This is the Australian Dollar, which reflects the currency of the economy in which the Funds compete for funds and are regulated. The Australian Dollar is also the Funds' presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statements of Profit or Loss and Other Comprehensive Income.

The Funds do not isolate that portion of gains or losses on securities and derivative financial instruments which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(m) Receivables

Receivables may include amounts for dividends, interest, trust distributions, amounts due from brokers and applications receivable. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of the reporting date from the time of the last payment using the effective interest rate method. Amounts due from brokers represent receivables for securities that have been contracted for but not yet delivered by the end of the reporting date. Applications receivable are recorded when the applications are made for units in the Funds with the consideration yet to be received as at the end of the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Funds will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the Statements of Profit or Loss and Other Comprehensive Income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Statements of Profit or Loss and Other Comprehensive Income.

(n) Payables

Payables include liabilities and accrued expenses owing by the Funds and redemptions payable which are unpaid as at the end of the reporting period.

Trades are recorded on trade date, and normally settled within three business days. Purchases of financial instruments that are unsettled at reporting date are included in payables. Redemptions payable are recognised when the unitholder returns their holdings back into the Funds foregoing all rights associated with the units, with the payment yet to be released.

The distribution amount payable to unitholders as at reporting date is recognised separately on the Statements of Financial Position when unitholders are presently entitled to the distributable income under the Funds' Constitutions.

2 Summary of Significant Accounting Policies (continued)

(o) Applications and Redemptions

Applications received for units in the Funds are recorded net of any entry fees payable prior to the issue of units in the Funds. Redemptions from the Funds are recorded gross of any exit fees payable after the cancellation of units redeemed.

Unit redemption prices are determined by reference to the net assets for unit pricing purposes of the Funds, divided by the number of units on issue at or immediately prior to close of business each day. Applications and redemptions of units are processed simultaneously.

(p) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Funds by third parties such as custodial services and investment management fees have been passed onto the Funds. The Funds qualify for Reduced Input Tax Credits (RITC) hence, investment management fees, custodial fees and other expenses have been recognised in the Statements of Profit or Loss and Other Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable and accrued expenses are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statements of Financial Position. Cash flows relating to GST are included in the Statements of Cash Flows on a gross basis.

(q) New Accounting Standards and Interpretations

There are no standards that are not yet effective and that are expected to have a material impact on the Funds in the current or future reporting periods and on foreseeable future transactions.

(r) Use of Estimates and Critical Accounting Judgments

The Funds make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Funds' financial instruments, quoted market prices are readily available. However, certain financial instruments, for example, over the counter derivatives or unquoted securities are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them. Models are calibrated by back-testing to actual transactions to ensure that outputs are reliable.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the immediate or short term nature of these financial instruments.

(s) Rounding of Amounts

The Funds are registered schemes of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report and financial statements. Amounts in the directors' report and financial statements have been rounded to the nearest thousand in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, unless otherwise indicated.

(t) Cash Held on Collateral

Cash held on collateral includes restricted margin accounts where the derivative transactions' original maturities are not within three months as well as restricted cash for short sales. Short positions are taken on securities which have relatively poor return expectations. To facilitate settlement, securities are borrowed with collateral requirements. These requirements are satisfied with cash and/or other securities. Cash used to satisfy collateral requirements is disclosed as cash held on collateral on the Statements of Financial Position.

3 Financial Risk Management

The Funds' activities expose them to a variety of financial risks: credit risk, liquidity risk, and market risk (including price risk, currency risk and interest rate risk). The Funds' overall risk management program focuses on ensuring compliance with the Funds' Product Disclosure Statements and seeks to maximise the returns derived for the level of risk to which the Funds are exposed. The Funds may use derivative financial instruments to moderate and create certain risk exposures. Financial risk management is carried out by the Investment Risk Management Working Group (IRMWG) under policies approved by the Board of Directors of the Responsible Entity (the "Board").

The Funds use different methods to measure different types of risk to which they are exposed. These methods include Value at Risk ("VaR") analysis in the case of interest rate, foreign exchange and other price risks and ratings analysis for credit risk. VaR analysis is explained in Note 3(b).

(a) Market Risk

(i) Price Risk

The Funds are exposed to price risk. This arises from investments held by the Funds for which prices in the future are uncertain. They are classified in the Statements of Financial Position as fair value through profit or loss. Where non-monetary financial instruments are denominated in currencies other than the Australian Dollar, the price in the future will also fluctuate because of changes in foreign exchange rates. Note 3(a)(ii) below sets out how this component of price risk is managed and measured. All securities investments present a risk of loss of capital. Except for equities sold short and derivative instruments, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from equities sold short can be unlimited.

Market risk is managed and monitored by the Responsible Entity on a portfolio basis, with risks managed through ensuring that investment activities are undertaken in accordance with the Funds' investment model which is reviewed and updated regularly.

The Responsible Entity continuously monitors the Funds' holdings relative to the recommended portfolio, and the exposure of the Funds are monitored to ensure that it remains within designated ranges or asset allocation constraints, taking into account any derivative position being used to manage risks.

In addition, the IRMWG regularly reviews the Funds to ensure the Funds are following the appropriate investment model, their portfolio is in accordance with their stated guidelines and restrictions, and the performance of the Funds remains in expected bounds.

The summarised VaR analysis in Note 3(b) explains how the risk is measured and summarises the potential exposure of the Funds' net assets attributable to unitholders.

At the reporting date, the notional principal amounts of derivative financial instruments held by the Funds were as follows:

	BlackRock Australian Bond Fund							
	30 June 2019				30 June 2018			
	\$'000			Fair Value	\$'000			Fair Value
Notional	Principal Amount		Notional		Principal Amount			
	Asset	Liability	Net		Asset	Liability	Net	
Futures - Domestic	44,098	(40,619)	3,479	42	38,628	(67,620)	(28,992)	94
Futures - International	9,803	(10,881)	(1,078)	(17)	15,823	(16,963)	(1,140)	(2)
Forward foreign exchange contracts	4,810	(4,800)	10	9	3,138	(3,142)	(4)	(3)
Options - Domestic	448	(416)	32	9	-	-	-	-
Options - International	770,219	(2)	770,217	23	818	-	818	5
Swaps - Domestic	1,330	(1,330)	-	22	2,100	(2,100)	-	50
Swaps - International	9,506	(9,506)	-	(16)	14,085	(14,085)	-	1

3 Financial Risk Management (continued)

(a) Market Risk (continued)

(i) Price Risk (continued)

	BlackRock Tactical Growth Fund							
	30 June 2019				30 June 2018			
	\$'000				\$'000			
	Notional Principal Amount		Fair Value	Notional Principal Amount		Fair Value		
	Asset	Liability	Net	Asset	Liability	Net	Fair Value	
Futures - Domestic	88,082	(21,215)	66,867	(138)	24,021	-	24,021	219
Futures - International	84,374	(96,078)	(11,704)	69	154,054	(83,477)	70,577	(739)
Forward foreign exchange contracts	88,342	(87,861)	481	481	89,337	(89,279)	58	58
Options - International	271	(552)	(281)	(58)	-	-	-	-
Swaps - Domestic	144,639	(144,639)	-	(2,135)	144,062	(144,062)	-	717
Swaps - International	77,663	(77,663)	-	(1,705)	43,987	(43,987)	-	(800)

(ii) Foreign Exchange Risk

BlackRock Wholesale Australian Share Fund and BlackRock Wholesale International Bond Fund

The direct investments held by the Funds do not have any direct exposure to foreign exchange risk. This disclosure has not been made on a look through basis for investments held indirectly through underlying investments. The disclosure of foreign exchange risk may not present the true foreign exchange risk profile of the Funds where the underlying investments have significant exposure to foreign exchange risk.

The summarised VaR analysis in Note 3(b) explains how the risk is measured and summarises the potential exposure of the Funds' net assets attributable to unitholders.

BlackRock Australian Bond Fund and BlackRock Tactical Growth Fund

The Funds hold monetary and non monetary assets denominated in currencies other than the Australian Dollar. The foreign exchange risk relating to non monetary assets and liabilities is a component of price risk. Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates.

The summarised VaR analysis in Note 3(b) explains how the risk is measured and summarises the potential exposure of the Funds net assets attributable to unitholders.

Foreign exchange risk is managed using forward foreign exchange contracts and other derivatives in accordance with Funds guidelines and restrictions. Daily monitoring is undertaken to ensure instruments used and exposures created are consistent with the investment strategy and objectives of the Funds. For accounting purposes, the Funds does not designate any derivatives as hedges in a hedging relationship, and hence these derivative financial instruments are classified as at fair value through profit or loss.

This disclosure for the Funds have not been made on a look through basis for investments held indirectly through underlying funds. The disclosure of foreign exchange risk may not present the true foreign exchange risk profile of the Funds where the underlying fund has a significant exposure to foreign exchange risk.

3 Financial Risk Management (continued)

(a) Market Risk (continued)

(ii) Foreign Exchange Risk (continued)

The following tables summarise the Funds' assets and liabilities, monetary and non-monetary, which are denominated in different currencies:

30 June 2019	BlackRock Australian Bond Fund						Total A\$'000
	United States Dollar A\$'000	European Euro A\$'000	British Pound A\$'000	Japanese Yen A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	
Assets							
Cash and cash equivalents	1	-	2	-	24	3	30
Financial assets held at fair value through profit or loss*	397	1,312	9	1	60,445	4	62,168
Cash held on collateral**	-	18	-	-	97	1	116
Receivables	-	-	-	-	4,162	-	4,162
Total assets	398	1,330	11	1	64,728	8	66,476
Liabilities							
Financial liabilities held at fair value through profit or loss*	130	18	-	-	9	3	160
Cash held on collateral**	10	-	8	-	-	-	18
Distribution payable	-	-	-	-	1,570	-	1,570
Payables	-	-	-	-	4,001	-	4,001
Total liabilities	140	18	8	-	5,580	3	5,749
Net assets attributable to unitholders	258	1,312	3	1	59,148	5	60,727
Increase/(decrease) in exposure from currency derivatives	(1,340)	(1,288)	-	304	1,873	451	-
Total foreign currency exposure	(1,082)	24	3	305	61,021	456	60,727

* Includes unit trust holdings and interest bearing securities.

* Includes derivatives, forward foreign exchange contracts which have been classified as Australian Dollar exposure in the above analysis.

** Where margin calls on margin accounts and cash held on collateral can only be made to counterparties in Australian Dollars, the balances are disclosed separately in the currency exposure tables and are aggregated in the Statements of Financial Position.

3 Financial Risk Management (continued)

(a) Market Risk (continued)

(ii) Foreign Exchange Risk (continued)

30 June 2018	BlackRock Australian Bond Fund						
	United States Dollar A\$'000	European Euro A\$'000	British Pound A\$'000	Japanese Yen A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
Assets							
Cash and cash equivalents	-	2	1	1	19	1	24
Financial assets at fair value through profit or loss*	114	30	2	-	66,536	514	67,196
Cash held on collateral**	2	-	-	6	131	-	139
Receivables	-	-	-	-	3,998	-	3,998
Total assets	116	32	3	7	70,684	515	71,357
Liabilities							
Financial liabilities at fair value through profit or loss*	111	28	-	6	14	3	162
Cash held on collateral**	-	2	4	-	-	-	6
Distribution payable	-	-	-	-	875	-	875
Payables	-	-	-	-	4,205	-	4,205
Total liabilities	111	30	4	6	5,094	3	5,248
Net assets attributable to unitholders	5	2	(1)	1	65,590	512	66,109
Increase/(decrease) in exposure from currency derivatives	(238)	39	(72)	381	522	(632)	-
Total foreign currency exposure	(233)	41	(73)	382	66,112	(120)	66,109

* Includes unit trust holdings and interest bearing securities.

* Includes derivatives, forward foreign exchange contracts which have been classified as Australian Dollar exposure in the above analysis.

** Where margin calls on margin accounts and cash held on collateral can only be made to counterparties in Australian Dollars, the balances are disclosed separately in the currency exposure tables and are aggregated in the Statements of Financial Position.

3 Financial Risk Management (continued)

(a) Market Risk (continued)

(ii) Foreign Exchange Risk (continued)

30 June 2019	BlackRock Tactical Growth Fund						
	United States Dollar A\$'000	European Euro A\$'000	British Pound A\$'000	Japanese Yen A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
Assets							
Cash and cash equivalents	83	-	40	27	349	9	508
Financial assets at fair value through profit or loss*	141,933	174	4	5	363,610	-	505,726
Cash held on collateral**	428	640	-	13	8,075	3	9,159
Receivables	<u>3,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,362</u>	<u>-</u>	<u>36,404</u>
Total assets	<u>145,486</u>	<u>814</u>	<u>44</u>	<u>45</u>	<u>405,396</u>	<u>12</u>	<u>551,797</u>
Liabilities							
Financial liabilities at fair value through profit or loss*	3,141	588	-	11	3,142	78	6,960
Cash held on collateral**	-	-	2	-	-	-	2
Distribution payable	-	-	-	-	46,669	-	46,669
Payables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,546</u>	<u>-</u>	<u>1,546</u>
Total liabilities	<u>3,141</u>	<u>588</u>	<u>2</u>	<u>11</u>	<u>51,357</u>	<u>78</u>	<u>55,177</u>
Net assets attributable to unitholders	<u>142,345</u>	<u>226</u>	<u>42</u>	<u>34</u>	<u>354,039</u>	<u>(66)</u>	<u>496,620</u>
Increase/(decrease) in exposure from currency derivatives	<u>(72,089)</u>	<u>17,016</u>	<u>(389)</u>	<u>(3,523)</u>	<u>63,051</u>	<u>(4,066)</u>	<u>-</u>
Total foreign currency exposure	<u>70,256</u>	<u>17,242</u>	<u>(347)</u>	<u>(3,489)</u>	<u>417,090</u>	<u>(4,132)</u>	<u>496,620</u>

* Includes unit trust holdings.

* Includes derivatives, forward foreign exchange contracts which have been classified as Australian Dollar exposure in the above analysis.

** Where margin calls on margin accounts and cash held on collateral can only be made to counterparties in Australian Dollars, the balances are disclosed separately in the currency exposure tables and are aggregated in the Statements of Financial Position.

3 Financial Risk Management (continued)

(a) Market Risk (continued)

(ii) Foreign Exchange Risk (continued)

30 June 2018	BlackRock Tactical Growth Fund						
	United States Dollar A\$'000	European Euro A\$'000	British Pound A\$'000	Japanese Yen A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
Assets							
Cash and cash equivalents	6,166	1	6	10	49	-	6,232
Financial assets at fair value through profit or loss*	125,835	-	1	-	408,089	991	534,916
Cash held on collateral**	943	14	497	45	4,574	-	6,073
Receivables	<u>4,082</u>	-	-	-	<u>48,444</u>	-	<u>52,526</u>
Total assets	<u>137,026</u>	<u>15</u>	<u>504</u>	<u>55</u>	<u>461,156</u>	<u>991</u>	<u>599,747</u>
Liabilities							
Financial liabilities at fair value through profit or loss*	2,085	12	546	56	905	2	3,606
Cash held on collateral**	-	-	-	-	1,415	1,201	2,616
Distribution payable	-	-	-	-	55,812	-	55,812
Payables	-	-	-	-	<u>1,384</u>	-	<u>1,384</u>
Total liabilities	<u>2,085</u>	<u>12</u>	<u>546</u>	<u>56</u>	<u>59,516</u>	<u>1,203</u>	<u>63,418</u>
Net assets attributable to unitholders	<u>134,941</u>	<u>3</u>	<u>(42)</u>	<u>(1)</u>	<u>401,640</u>	<u>(212)</u>	<u>536,329</u>
Increase/(decrease) in exposure from currency derivatives	<u>(74,120)</u>	<u>(1,282)</u>	<u>(398)</u>	<u>(700)</u>	<u>76,985</u>	<u>(485)</u>	<u>-</u>
Total foreign currency exposure	<u>60,821</u>	<u>(1,279)</u>	<u>(440)</u>	<u>(701)</u>	<u>478,625</u>	<u>(697)</u>	<u>536,329</u>

* Includes unit trust holdings.

* Includes derivatives, forward foreign exchange contracts which have been classified as Australian Dollar exposure in the above analysis.

** Where margin calls on margin accounts and cash held on collateral can only be made to counterparties in Australian Dollars, the balances are disclosed separately in the currency exposure tables and are aggregated in the Statements of Financial Position.

3 Financial Risk Management (continued)

(a) Market Risk (continued)

(iii) Interest Rate Risk

BlackRock Wholesale Australian Share Fund, BlackRock Tactical Growth Fund and BlackRock Wholesale International Bond Fund.

The majority of the Funds' financial assets and liabilities are non-interest bearing. As a result, the Funds are not subject to significant amounts of risk due to fluctuations in the prevailing levels of markets interest rates.

The Funds' exposure to cash flow interest rate risk is limited to their cash and cash equivalents and cash held on collateral accounts, which are floating rate interest bearing investments. As at 30 June 2019 the total investment in cash accounts of the Funds is set out in the following table:

	30 June 2019	30 June 2018
	\$	\$
BlackRock Wholesale Australian Share Fund	177,309	286,789
BlackRock Tactical Growth Fund	507,634	6,232,156
BlackRock Wholesale International Bond Fund	107,485	106,827

Interest rate risk is mitigated through ensuring activities are transacted in accordance with mandates, overall investment strategy and within approved limits.

The summarised VaR analysis in Note 3(b) explains how the risk is measured and summarises the potential exposure of the Funds' net assets attributable to unitholders.

The disclosure for the Funds have not been made on a look through basis for investments held indirectly through the underlying fund. The disclosure of interest rate risk may not present the true interest rate risk profile of the Funds where the underlying fund has significant exposure to interest rate risk.

BlackRock Australian Bond Fund

The Fund's interest bearing financial assets and financial liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk.

Interest rate risk is mitigated through ensuring activities are transacted in accordance with mandates, overall investment strategy and within approved limits.

The summarised VaR analysis in Note 3(b) explains how the risk is measured and summarises the potential exposure of the Fund's net assets attributable to unitholders.

The disclosure for the Fund has not been made on a look through basis for investments held indirectly through the underlying fund. The disclosure of interest rate risk may not present the true interest rate risk profile of the Fund where the underlying fund has significant exposure to interest rate risk.

3 Financial Risk Management (continued)

(a) Market Risk (continued)

(iii) Interest Rate Risk (continued)

The following tables summarise the Funds' exposure to interest rate risks. It includes the Funds' assets and liabilities at fair values.

30 June 2019	BlackRock Australian Bond Fund			Total \$'000
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	
Financial assets				
Cash and cash equivalents	30	-	-	30
Financial assets held at fair value through profit or loss				
Futures	13	45	-	58
Forward foreign exchange contracts	-	-	13	13
Options	12	5	17	34
Swaps	-	22	105	127
Units in related schemes	-	-	48,966	48,966
Interest bearing securities	-	12,970	-	12,970
Cash held on collateral	98	-	-	98
Receivables	-	-	4,162	4,162
Total assets	153	13,042	53,263	66,458
Financial liabilities				
Financial liabilities held at fair value through profit or loss				
Futures	17	16	-	33
Forward foreign exchange contracts	-	-	4	4
Options	1	1	-	2
Swaps	-	2	119	121
Distribution payable	-	-	1,570	1,570
Payables	-	-	4,001	4,001
Total liabilities	18	19	5,694	5,731
Buy/(sell) notional exposure to interest rate swaps	(527)	527	-	-
Net assets attributable to unitholders	-	-	60,727	60,727

3 Financial Risk Management (continued)

(a) Market Risk (continued)

(iii) Interest Rate Risk (continued)

30 June 2018	BlackRock Australian Bond Fund			Total \$'000
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	
Financial assets				
Cash and cash equivalents	24	-	-	24
Financial assets held at fair value through profit or loss				
Futures	44	76	-	120
Forward foreign exchange contracts	-	-	7	7
Options	5	-	-	5
Swaps	-	61	114	175
Units in related schemes	-	-	53,737	53,737
Interest bearing securities	-	13,152	-	13,152
Cash held on collateral	133	-	-	133
Receivables	-	-	3,998	3,998
Total assets	206	13,289	57,856	71,351
Financial liabilities				
Financial liabilities held at fair value through profit or loss				
Futures	18	10	-	28
Forward foreign exchange contracts	-	-	10	10
Swaps	-	18	106	124
Distribution payable	-	-	875	875
Payables	-	-	4,205	4,205
Total liabilities	18	28	5,196	5,242
Buy/(sell) notional exposure to interest rate swaps	(340)	340	-	-
Net assets attributable to unitholders	-	-	66,109	66,109

The Responsible Entity uses interest rate swaps as part of the overall investment strategy and to manage the Fund within its limits. The gross notional value of these swaps at 30 June 2019 was \$2,133,286 (30 June 2018: \$2,319,945) resulting in an asset at fair value on the Statement of Financial Position of \$19,988 (30 June 2018: an asset of \$43,875). The Fund can hold a variety of swaps including interest rate swaps. The exposure figures above do not reflect the impact of these swaps.

(b) Summarised VaR Analysis

Value at Risk (VaR) is a risk model used to estimate the potential losses that could occur on the Funds' net asset value position due to movements in interest rates, currency and market prices over a given period and for a specified degree of confidence.

The Responsible Entity uses VaR analysis and/or tracking error estimates to measure and manage risk as these are commonly used and understood models, are easily interpreted and are consistent across different types, asset classes and types of funds. For the purpose of these accounts VaR analysis has been presented. The objective in all cases is to estimate potential losses and manage the downside risk.

3 Financial Risk Management (continued)

(b) Summarised VaR Analysis (continued)

The following tables summarise the outputs of the VaR model in relation to interest rate, currency and price risk exposures. The total VaR figures are not the sum of individual risk components as this does not include correlations between different risk factors.

The Responsible Entity calculates the VaR relative to the Funds' total value. The analysis implies that the Manager can be 95% confident that the value of the portfolio will not decrease by any more than the figures in the table below over the 5 day period from 30 June.

BlackRock Australian Bond Fund				
2019				
2018				
	\$'000 [^]	%	\$'000 [^]	%
Total Portfolio Risk	431	0.71	397	0.60

BlackRock Wholesale Australian Share Fund				
2019				
2018				
	\$'000 [^]	%	\$'000 [^]	%
Total Portfolio Risk	1,968	2.51	1,973	2.26

BlackRock Tactical Growth Fund				
2019				
2018				
	\$'000 [^]	%	\$'000 [^]	%
Total Portfolio Risk	6,704	1.35	7,348	1.37

BlackRock Wholesale International Bond Fund				
2019				
2018				
	\$'000 [^]	%	\$'000 [^]	%
Total Portfolio Risk	706	0.63	453	0.45

[^]VaR has been calculated on Net Assets Attributable to Unitholders before rounding.

Detailed information about the models

There are a number of different VaR models used within the Funds Management industry. The Responsible Entity uses one or more of ex-ante and ex-post estimates of portfolio risk and the Monte Carlo simulation model depending on the fund type. Models are calculated using historical data and a covariance matrix where applicable.

The models used by the Responsible Entity have the following features:

- VaR is calculated to a 95 per cent confidence level. VaR at a confidence level identifies the maximum expected loss under that confidence level;
- VaR is calculated for a 5 day holding period. The time horizon of five days is selected to coincide with the period used to analyse the portfolio positions. The risk data is examined in various daily, weekly and monthly forums; and
- The portfolio VaR is not the simple sum of individual asset stand alone VaRs; the correlations among assets in the portfolio are considered.

3 Financial Risk Management (continued)

(b) Summarised VaR Analysis (continued)

Detailed information about the models (continued)

Although VaR is a valuable risk management tool it should be interpreted, as with all predictive models, with consideration to its assumptions and limitations. The main assumptions and limitations are listed below:

- Some models assumes certain financial variables are normally distributed: The normality assumption allows the Responsible Entity to scale portfolio risk estimates to the appropriate confidence levels. The normality assumption is derived from statistical analysis for examining sample populations of observations and the implications of not assuming normality would preclude the use of most statistical tools including mainstream commercial models for risk measurement.
- The use of historical returns and correlations between assets would not take into account future potential events: It is a commonly stated and well recognised limitation that past performance is not a reliable indicator of future performance.
- Model risk, in general terms, is a known limitation that includes: the quality or accuracy of the underlying data, where significant events occur within the data, the changing sensitivity of the Funds' assets to external market factors over time, and appreciating that using only one model may be limiting in itself to obtaining the best understanding the Funds' risk position.

The Responsible Entity acknowledges these limitations and thus compares ex-ante and ex-post risk estimates to review expectations versus actual outcomes. Should ex-post values differ significantly from ex-ante returns, an assessment of the reasons for this will be made.

The Funds' risk is managed with constant review of both performance and risk numbers by the investment professionals within the business. These reviews consist of:

- Weekly meetings between the global members of Risk & Quantitative Analysis (RQA). These meetings include RQA Australia.
- Monthly meetings between RQA and the Fund Managers.
- Monthly meetings between RQA and the Chief Investment Officer.
- Ad hoc presentations to the Investment Risk Management Working Group (IRMWG) to keep IRMWG abreast of RQA processes and latest updates.
- Daily report of performance figures along with a comparison of ex-ante versus ex-post returns sent to RQA London.
- RQA professionals sitting and working closely with the Fund Managers every day.

(c) Credit Risk Exposure

Credit risk is the risk that the counterparty will fail to perform contractual obligations, either in whole or in part, when they fall due.

Credit risk primarily arises from the Funds' investment in debt instruments and from trading derivative products. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions, amounts due from brokers and other receivables. None of these assets are impaired nor past due but not impaired.

Market prices generally incorporate credit risk assessments into valuations and risk of loss is implicitly provided for in the carrying value of financial assets and liabilities as they are marked to market.

(i) Interest Bearing Securities

BlackRock Wholesale Australian Share Fund, BlackRock Tactical Growth Fund and BlackRock Wholesale International Bond Fund

The Funds do not have any direct holding in interest bearing securities. As a result, the Funds may be exposed to other credit risk from cash and cash equivalents, deposits with banks and other financial institutions, amounts due from brokers and other receivables.

3 Financial Risk Management (continued)

(c) Credit Risk Exposure (continued)

(i) Interest Bearing Securities (continued)

BlackRock Australian Bond Fund

The Fund invests in interest bearing securities which have credit ratings as rated by well-known rating agencies. For unrated interest bearing securities a rating is assigned by the Responsible Entity using an approach that is consistent with the approach used by rating agencies.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. None of the financial assets are impaired nor past due but not impaired. An analysis of the directly held interest bearing securities by rating is set out in the table below:

Rating	BlackRock Australian Bond Fund	
	30 June 2019	30 June 2018
	% Portfolio	% Portfolio
AAA	38.95	45.25
AA+	23.98	25.95
AA	7.07	-
A+	12.74	12.11
A-	9.07	12.83
BBB	8.19	3.86
Total	100.00	100.00

(ii) Derivatives

All exchange traded derivatives are executed through brokers, and cleared through a clearing broker and approved by the IRMWG. Over the counter derivative transactions are conducted only with approved counterparties, who meet the applicable specific Funds requirements and where trading documentation is in place.

To minimise credit risk, the Funds only transact with counterparties of investment grade quality (BBB- or above as rated by Standard & Poor's). The Responsible Entity has a process in place to assess the creditworthiness of counterparties and assess that the risk is evenly distributed. Matters arising in relation to counterparties are reviewed regularly by the RQA.

(iii) Settlement of Securities Transactions

All transactions are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

(iv) Other Credit Risk

The exposure to credit risk for cash and cash equivalents, deposits with banks and other financial institutions is considered to be minimal due to the high credit rating of the relevant financial institution. VaR analysis is also used to manage and measure the credit risk of the Funds.

The Funds are not materially exposed to credit risk on other financial assets.

The maximum exposure to credit risk at the reporting date is the carrying amount of cash and cash equivalents, other financial assets and collateral held and pledged. As at 30 June 2019, the BlackRock Australian Bond Fund held collateral of \$97,614 (30 June 2018: \$156,966) and the BlackRock Tactical Growth Fund held collateral of \$9,156,551 (30 June 2018: \$3,456,684). None of these assets are impaired nor past due but not impaired.

The maximum exposure to credit risk at the reporting date is the carrying amount of cash and cash equivalents and other financial assets. None of these assets are impaired nor past due but not impaired.

3 Financial Risk Management (continued)

(c) Credit Risk Exposure (continued)

(iv) Other Credit Risk (continued)

The clearing and depository operations for the Funds' security transactions are mainly concentrated with one counterparty, namely JP Morgan Chase Bank NA ("J.P. Morgan"). J.P. Morgan is a member of a major securities exchange, and at 30 June 2019 had a credit rating of A-1 (30 June 2018: A-1). At 30 June 2019, substantially all cash and cash equivalents, balances due from brokers and investments are held in custody by J.P. Morgan.

(d) Liquidity and Cash Flow Risk

Liquidity risk is the risk that the Funds may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Statements of Financial Position are presented on a liquidity basis and discussed in Note 2(a).

The Funds are exposed to daily cash redemptions of redeemable units and daily margin calls on derivatives. The liquidity risks associated with the need to satisfy unitholders' requests for redemptions are mitigated by maintaining adequate liquidity to satisfy usual redemption volumes and restricting the investment activities of the Funds to securities that are actively traded and highly liquid. The Funds also maintain continuous monitoring of forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Responsible Entity considers and maintains the liquidity of the Funds, in the context of the investment objectives and liquidity requirements of the Funds. Operational procedures are in place to review margin requirements on futures contracts. IRMWG reviews liquidity reports to ensure the Funds have sufficient liquidity to pay client redemptions and meet margin calls as required.

The following tables analyse the Funds' financial liabilities and derivative financial instruments (as appropriate) into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the tables are contractual undiscounted cash flows.

BlackRock Australian Bond Fund

At 30 June 2019	Less than 1 month \$'000	1 - 3 months \$'000	3 - 6 months \$'000	6 - 12 months \$'000	1-3 years \$'000	3+ years \$'000	Total \$'000
Liabilities							
Financial liabilities held at fair value through profit or loss							
Inflows	4	1,474	-	-	-	4,853	6,331
Outflows	(5)	(1,494)	(1)	-	(17)	(4,974)	(6,491)
Distribution payable	(1,570)	-	-	-	-	-	(1,570)
Payables	<u>(4,001)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,001)</u>
Total liabilities	<u>(5,572)</u>	<u>(20)</u>	<u>(1)</u>	<u>-</u>	<u>(17)</u>	<u>(121)</u>	<u>(5,731)</u>

3 Financial Risk Management (continued)

(d) Liquidity and Cash Flow Risk (continued)

BlackRock Australian Bond Fund							
At 30 June 2018	Less than 1 month \$'000	1 - 3 months \$'000	3 - 6 months \$'000	6 - 12 months \$'000	1-3 years \$'000	3+ years \$'000	Total \$'000
Liabilities							
Financial liabilities held at fair value through profit or loss							
Inflows	-	1,658	-	-	-	8,048	9,706
Outflows	-	(1,678)	-	-	(18)	(8,172)	(9,868)
Distribution payable	(875)	-	-	-	-	-	(875)
Payables	(4,205)	-	-	-	-	-	(4,205)
Total liabilities	(5,080)	(20)	-	-	(18)	(124)	(5,242)

The Responsible Entity uses credit default index swaps as part of the overall investment strategy and to manage the Fund within its limits. The gross notional value of these swaps at 30 June 2019 was \$1,567,510 (30 June 2018: \$3,004,669) resulting in a liability at fair value on the Statement of Financial Position of \$33,768 (30 June 2018: a liability of \$27,221).

The Responsible Entity uses credit default swaps as part of the overall investment strategy and to manage the Fund within its limits. The gross notional value of these swaps at 30 June 2019 was \$6,555,041 (30 June 2018: \$9,609,528) resulting in an asset at fair value on the Statement of Financial Position of \$11,120 (30 June 2018: an asset of \$33,622).

The Responsible Entity uses index swaps as part of the overall investment strategy and to manage the Fund within its limits. The gross notional value of these swaps at 30 June 2019 was \$580,355 (30 June 2018: \$1,250,829) resulting in an asset at fair value on the Statement of Financial Position of \$8,639 (30 June 2018: an asset of \$1,242).

BlackRock Wholesale Australian Share Fund

At 30 June 2019	Less than 1 month \$'000	1 - 3 months \$'000	3 - 6 months \$'000	6 - 12 months \$'000	1-3 years \$'000	3+ years \$'000	Total \$'000
Liabilities							
Distribution payable	(6,128)	-	-	-	-	-	(6,128)
Payables	(198)	(65)	-	-	-	-	(263)
Total liabilities	(6,326)	(65)	-	-	-	-	(6,391)

BlackRock Wholesale Australian Share Fund

At 30 June 2018	Less than 1 month \$'000	1 - 3 months \$'000	3 - 6 months \$'000	6 - 12 months \$'000	1-3 years \$'000	3+ years \$'000	Total \$'000
Liabilities							
Distribution payable	(9,295)	-	-	-	-	-	(9,295)
Payables	(233)	(75)	-	-	-	-	(308)
Total liabilities	(9,429)	(75)	-	-	-	-	(9,603)

3 Financial Risk Management (continued)

(d) Liquidity and Cash Flow Risk (continued)

BlackRock Tactical Growth Fund							
At 30 June 2019	Less than 1 month \$'000	1 - 3 months \$'000	3 - 6 months \$'000	6 - 12 months \$'000	1-3 years \$'000	3+ years \$'000	Total \$'000
Liabilities							
Financial liabilities held at fair value through profit or loss							
Inflows	297	7,141	-	-	46,313	31,350	85,101
Outflows	(297)	(11,640)	(756)	-	(47,333)	(32,035)	(92,061)
Distribution payable	(46,669)	-	-	-	-	-	(46,669)
Payables	<u>(1,168)</u>	<u>(378)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,546)</u>
Total liabilities	<u>(47,837)</u>	<u>(4,877)</u>	<u>(756)</u>	<u>-</u>	<u>(1,020)</u>	<u>(685)</u>	<u>(55,175)</u>

BlackRock Tactical Growth Fund							
At 30 June 2018	Less than 1 month \$'000	1 - 3 months \$'000	3 - 6 months \$'000	6 - 12 months \$'000	1-3 years \$'000	3+ years \$'000	Total \$'000
Liabilities							
Financial liabilities held at fair value through profit or loss							
Inflows	23	14,492	-	-	-	43,987	58,502
Outflows	(23)	(17,297)	-	-	-	(44,788)	(62,108)
Distribution payable	(55,812)	-	-	-	-	-	(55,812)
Payables	<u>(970)</u>	<u>(414)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,384)</u>
Total liabilities	<u>(56,782)</u>	<u>(3,219)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(801)</u>	<u>(60,802)</u>

The Responsible Entity uses credit default index swaps as part of the overall investment strategy and to manage the Fund within its limits. The gross notional value of these swaps at 30 June 2019 was \$31,350,196 (30 June 2018: \$43,987,278) resulting in a liability at fair value on the Statement of Financial Position of \$684,908 (30 June 2018: a liability of \$800,348).

The Responsible Entity uses credit default swaps as part of the overall investment strategy and to manage the Fund within its limits. The gross notional value of these swaps at 30 June 2019 was \$46,312,789 (30 June 2018: Nil) resulting in a liability at fair value on the Statement of Financial Position of \$1,020,176 (30 June 2018: Nil).

The Responsible Entity uses total return swaps as part of the overall investment strategy and to manage the Fund within its limits. The gross notional value of these swaps at 30 June 2019 was \$144,638,897 (30 June 2018: \$144,061,232) resulting in a liability at fair value on the Statement of Financial Position of \$2,134,577 (30 June 2018: an asset of \$716,553).

3 Financial Risk Management (continued)

(d) Liquidity and Cash Flow Risk (continued)

BlackRock Wholesale International Bond Fund

At 30 June 2019	Less than 1 month \$'000	1 - 3 months \$'000	3 - 6 months \$'000	6 - 12 months \$'000	1-3 years \$'000	3+ years \$'000	Total \$'000
Liabilities							
Distribution payable	(348)	-	-	-	-	-	(348)
Payables	<u>(62)</u>	<u>(50)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(112)</u>
Total liabilities	<u>(410)</u>	<u>(50)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(460)</u>

BlackRock Wholesale International Bond Fund

At 30 June 2018	Less than 1 month \$'000	1 - 3 months \$'000	3 - 6 months \$'000	6 - 12 months \$'000	1-3 years \$'000	3+ years \$'000	Total \$'000
Liabilities							
Distribution payable	(2,706)	-	-	-	-	-	(2,706)
Payables	<u>(592)</u>	<u>(47)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(639)</u>
Total liabilities	<u>(3,298)</u>	<u>(47)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,345)</u>

(e) Fair Values of Financial Assets and Liabilities

The carrying amounts of the Funds' assets and liabilities at the end of each reporting period approximate their fair values.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statements of Profit or Loss and Other Comprehensive Income.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Funds for similar financial instruments.

(i) *Fair value in an active market*

The fair value of financial assets and liabilities traded in active markets is based on their last traded prices at the end of the reporting period without any deduction for estimated future selling costs.

The Funds value their investments in accordance with the accounting policies set out in Note 2(b). For the majority of their investments, the Funds rely on information provided by independent pricing services for the valuation of their investments.

The quoted market price used for financial assets and financial liabilities held by the Funds is the last traded market price. Where the last traded price does not fall within the bid-ask spread, an assessment is performed by the Responsible Entity to determine the appropriate valuation price to use that is most representative of fair value.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual regularly occurring market transactions on an arm's length basis.

(ii) *Fair value in an inactive or unquoted market*

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

3 Financial Risk Management (continued)

(e) Fair Values of Financial Assets and Liabilities (continued)

(ii) Fair value in an inactive or unquoted market (continued)

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Funds would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward foreign exchange contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

Investments in other unlisted unit trusts are recorded at the net asset value per unit as reported by the Responsible Entity of such funds.

(f) Fair Value Hierarchy

The Funds classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

3 Financial Risk Management (continued)

(f) Fair Value Hierarchy (continued)

The following tables present the Funds' financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2019 and 30 June 2018.

	BlackRock Australian Bond Fund			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 30 June 2019				
Financial assets				
Futures	58	-	-	58
Forward foreign exchange contracts	-	13	-	13
Options	-	34	-	34
Swaps	-	127	-	127
Units in related schemes	-	48,966	-	48,966
Interest bearing securities	-	<u>12,970</u>	-	<u>12,970</u>
Total	<u><u>58</u></u>	<u><u>62,110</u></u>	<u><u>-</u></u>	<u><u>62,168</u></u>
Financial liabilities				
Futures	33	-	-	33
Forward foreign exchange contracts	-	4	-	4
Options	-	2	-	2
Swaps	-	<u>121</u>	-	<u>121</u>
Total	<u><u>33</u></u>	<u><u>127</u></u>	<u><u>-</u></u>	<u><u>160</u></u>
	BlackRock Australian Bond Fund			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 30 June 2018				
Financial assets				
Futures	120	-	-	120
Forward foreign exchange contracts	-	7	-	7
Options	-	5	-	5
Swaps	-	175	-	175
Units in related schemes	-	53,737	-	53,737
Interest bearing securities	-	<u>13,152</u>	-	<u>13,152</u>
Total	<u><u>120</u></u>	<u><u>67,076</u></u>	<u><u>-</u></u>	<u><u>67,196</u></u>
Financial liabilities				
Futures	28	-	-	28
Forward foreign exchange contracts	-	10	-	10
Swaps	-	<u>124</u>	-	<u>124</u>
Total	<u><u>28</u></u>	<u><u>134</u></u>	<u><u>-</u></u>	<u><u>162</u></u>

3 Financial Risk Management (continued)

(f) Fair Value Hierarchy (continued)

BlackRock Wholesale Australian Share Fund				
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
As at 30 June 2019				
Financial assets				
Units in related schemes	-	<u>72,722</u>	-	<u>72,722</u>
Total	<u>-</u>	<u>72,722</u>	<u>-</u>	<u>72,722</u>

BlackRock Wholesale Australian Share Fund				
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
As at 30 June 2018				
Financial assets				
Units in related schemes	-	<u>80,538</u>	-	<u>80,538</u>
Total	<u>-</u>	<u>80,538</u>	<u>-</u>	<u>80,538</u>

BlackRock Tactical Growth Fund				
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
As at 30 June 2019				
Financial assets				
Futures	1,424	-	-	1,424
Forward foreign exchange contracts	-	568	-	568
Options	-	698	-	698
Swaps	-	784	-	784
Units in related schemes	<u>15,646</u>	<u>445,113</u>	<u>41,493</u>	<u>502,252</u>
Total	<u>17,070</u>	<u>447,163</u>	<u>41,493</u>	<u>505,726</u>
Financial liabilities				
Futures	1,493	-	-	1,493
Forward foreign exchange contracts	-	87	-	87
Options	-	756	-	756
Swaps	-	<u>4,624</u>	-	<u>4,624</u>
Total	<u>1,493</u>	<u>5,467</u>	<u>-</u>	<u>6,960</u>

3 Financial Risk Management (continued)

(f) Fair Value Hierarchy (continued)

	BlackRock Tactical Growth Fund			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 30 June 2018				
Financial assets				
Futures	1,372	-	-	1,372
Forward foreign exchange contracts	-	68	-	68
Swaps	-	1,621	-	1,621
Units in related schemes	-	481,735	50,120	531,855
Total	<u>1,372</u>	<u>483,424</u>	<u>50,120</u>	<u>534,916</u>
Financial liabilities				
Futures	1,892	-	-	1,892
Forward foreign exchange contracts	-	10	-	10
Swaps	-	1,704	-	1,704
Total	<u>1,892</u>	<u>1,714</u>	<u>-</u>	<u>3,606</u>

	BlackRock Wholesale International Bond Fund			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 30 June 2019				
Financial assets				
Units in related schemes	-	111,433	-	111,433
Total	<u>-</u>	<u>111,433</u>	<u>-</u>	<u>111,433</u>

	BlackRock Wholesale International Bond Fund			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 30 June 2018				
Financial assets				
Units in related schemes	-	100,473	-	100,473
Total	<u>-</u>	<u>100,473</u>	<u>-</u>	<u>100,473</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities, trusts, exchange traded derivatives and money market securities.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include investment grade corporate bonds, certain listed equities, certain unlisted unit trusts, and over-the-counter derivatives. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified as level 2 are money market securities, debt and derivative instruments and units in related schemes. The fair value of debt and derivative instruments is derived from industry standard valuation models with published or observable market data. The fair value of the units held in related schemes is determined by the unit price released as at the reporting date by the Responsible Entity for the related schemes.

Investments classified within level 3 have significant unobservable inputs, as they are infrequently traded. As observable prices are not available for these securities, the Responsible Entity has used valuation techniques to derive fair value.

3 Financial Risk Management (continued)

(f) Fair Value Hierarchy (continued)

The Funds' assets and liabilities not measured at fair value on a recurring basis (but fair value disclosures are required) at 30 June 2019 and 30 June 2018 have been classified as level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the end of the reporting date.

Investments classified as level 3 include equities, debt and derivative instruments priced using an external pricing source that are infrequently traded and hence there is a degree of subjectivity associated with the accuracy of the price.

BlackRock Australian Bond Fund, BlackRock Wholesale Australian Share Fund and BlackRock Wholesale International Bond Fund did not hold any level 3 instruments during the year ended 30 June 2019 (30 June 2018: Nil).

There were no transfers between levels for recurring fair value measurements during the year ended 30 June 2019 (30 June 2018: Nil).

The following tables present the movement in level 3 instruments for the year ended 30 June 2019 and 30 June 2018 by class of financial instrument.

BlackRock Tactical Growth Fund

	Equity securities \$'000
30 June 2019	
Opening balance	50,120
Purchases	1,224
Sales	(16,861)
Gains/(losses) recognised in the Statement of Profit or Loss and Other Comprehensive Income	<u>7,010</u>
Closing balance	<u><u>41,493</u></u>
Total unrealised gains/(losses) for the year included in the Statement of Profit or Loss and Other Comprehensive Income for financial assets and liabilities held at the end of the year	<u>4,358</u>

BlackRock Tactical Growth Fund

	Equity securities \$'000
30 June 2018	
Opening balance	-
Purchases	54,743
Sales	(9,721)
Gains/(losses) recognised in the Statement of Profit or Loss and Other Comprehensive Income	<u>5,098</u>
Closing balance	<u><u>50,120</u></u>
Total unrealised gains/(losses) for the year included in the Statement of Profit or Loss and Other Comprehensive Income for financial assets and liabilities held at the end of the year	<u>4,359</u>

3 Financial Risk Management (continued)

(f) Fair Value Hierarchy (continued)

The following tables summarise the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

BlackRock Tactical Growth Fund

	Fair value at 30 June 2019 \$'000	Valuation technique	Unobservable inputs	Weighted average input	Reasonable possible shift +/- (absolute value)	Change in valuation \$'000
Unlisted equity security	41,493	Valued by third party pricing firm	Options Pricing Model (OPM), Revenue Multiples, PWERM	N/A	N/A	N/A

BlackRock Tactical Growth Fund

	Fair value at 30 June 2018 \$'000	Valuation technique	Unobservable inputs	Weighted average input	Reasonable possible shift +/- (absolute value)	Change in valuation \$'000
Unlisted equity security	50,120	Valued by third party pricing firm	Options Pricing Model (OPM), Revenue Multiples, PWERM	N/A	N/A	N/A

3 Financial Risk Management (continued)

(g) Offsetting Financial Assets and Financial Liabilities

Financial assets and liabilities are reported on a gross basis in the Statements of Financial Position. BlackRock Wholesale International Fund and BlackRock Wholesale Australian Share Fund did not hold any derivative instruments during the year ended 30 June 2019 (30 June 2018: Nil).

BlackRock Australian Bond Fund and BlackRock Tactical Growth Fund do not intend to make payments with each counterparty on a net basis therefore the gross amounts below are shown in their Statements of Financial Position. The gross and net positions of financial assets and liabilities are disclosed in the following tables:

BlackRock Australian Bond Fund

Gross amounts not offset on the Statement of Financial Position

30 June 2019	Gross amount of financial instruments presented in the Statement of Financial Position \$'000	Amounts subject to master netting arrangements \$'000	Net amount excluding collateral \$'000	Cash collateral received/posted \$'000	Net amount \$'000
Financial assets					
Derivatives	232	28	204	(84)	120
Total	232	28	204	(84)	120
Financial liabilities					
Derivatives	160	28	131	131	-
Total	160	28	131	131	-

BlackRock Australian Bond Fund

Gross amounts not offset on the Statement of Financial Position

30 June 2018	Gross amount of financial instruments presented in the Statement of Financial Position \$'000	Amounts subject to master netting arrangements \$'000	Net amount excluding collateral \$'000	Cash collateral received/posted \$'000	Net amount \$'000
Financial assets					
Derivatives	307	56	251	133	118
Total	307	56	251	133	118
Financial liabilities					
Derivatives	162	56	106	-	106
Total	162	56	106	-	106

3 Financial Risk Management (continued)

(g) Offsetting Financial Assets and Financial Liabilities (continued)

BlackRock Tactical Growth Fund

30 June 2019	Gross amounts not offset on the Statement of Financial Position				
	Gross amount of financial instruments presented in the Statement of Financial Position \$'000	Amounts subject to master netting arrangements \$'000	Net amount excluding collateral \$'000	Cash collateral received/posted \$'000	Net amount \$'000
Financial assets					
Derivatives	<u>3,474</u>	<u>784</u>	<u>2,689</u>	<u>(531)</u>	<u>2,158</u>
Total	<u>3,474</u>	<u>784</u>	<u>2,689</u>	<u>(531)</u>	<u>2,158</u>
Financial liabilities					
Derivatives	<u>6,960</u>	<u>784</u>	<u>6,176</u>	<u>6,176</u>	<u>-</u>
Total	<u>6,960</u>	<u>784</u>	<u>6,176</u>	<u>6,176</u>	<u>-</u>

BlackRock Tactical Growth Fund

30 June 2018	Gross amounts not offset on the Statement of Financial Position				
	Gross amount of financial instruments presented in the Statement of Financial Position \$'000	Amounts subject to master netting arrangements \$'000	Net amount excluding collateral \$'000	Cash collateral received/posted \$'000	Net amount \$'000
Financial assets					
Derivatives	<u>3,061</u>	<u>462</u>	<u>2,599</u>	<u>2,599</u>	<u>-</u>
Total	<u>3,061</u>	<u>462</u>	<u>2,599</u>	<u>2,599</u>	<u>-</u>
Financial liabilities					
Derivatives	<u>3,606</u>	<u>462</u>	<u>3,144</u>	<u>3,144</u>	<u>-</u>
Total	<u>3,606</u>	<u>462</u>	<u>3,144</u>	<u>3,144</u>	<u>-</u>

Agreements with the derivative counterparties are based on the ISDA Master Agreement. Under the terms of these arrangements, if on any date amounts would otherwise be payable in the same currency and in respect to the same transaction with the counterparty, the obligation may be automatically satisfied and discharged if the party with the larger aggregate amount pays to the other party the excess of the larger aggregate amount over the smaller aggregate amount. In the event of default, the aggregation into a net position owing/receivable to a single counterparty is subject to the terms of the arrangements and the insolvency laws of the relevant jurisdiction of the party in default.

4 Net Gains/(Losses) on Financial Instruments Held at Fair Value Through Profit or Loss

The net gains/(losses) recognised in relation to financial assets and financial liabilities held at fair value through profit or loss:

	BlackRock Australian Bond Fund		BlackRock Wholesale Australian Share Fund	
	Year ended		Year ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$'000	\$'000	\$'000	\$'000
Net gain/(loss) on financial assets and liabilities held at fair value through profit or loss (including FX gains/(losses))	<u>4,331</u>	<u>778</u>	<u>2,659</u>	<u>2,100</u>
	<u><u>4,331</u></u>	<u><u>778</u></u>	<u><u>2,659</u></u>	<u><u>2,100</u></u>
	BlackRock Tactical Growth Fund		BlackRock Wholesale International Bond Fund	
	Year ended		Year ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$'000	\$'000	\$'000	\$'000
Net gain/(loss) on financial assets and liabilities held at fair value through profit or loss (including FX gains/(losses))	<u>28,500</u>	<u>31,609</u>	<u>7,764</u>	<u>(2,163)</u>
	<u><u>28,500</u></u>	<u><u>31,609</u></u>	<u><u>7,764</u></u>	<u><u>(2,163)</u></u>

5 Distributions to Unitholders

The distributions during the year were as follows:

	BlackRock Australian Bond Fund			
	Year ended			
	30 June 2019		30 June 2018	
	\$'000	CPU	\$'000	CPU
Distributions paid - 30 September	392	0.52	417	0.52
Distributions paid - 31 December	370	0.56	678	0.83
Distributions paid - 31 March	543	0.79	410	0.53
Distributions payable - 30 June	<u>1,570</u>	<u>2.46</u>	<u>875</u>	<u>1.20</u>
	<u><u>2,875</u></u>		<u><u>2,380</u></u>	
	BlackRock Wholesale Australian Share Fund			
	Year ended			
	30 June 2019		30 June 2018	
	\$'000	CPU	\$'000	CPU
Distributions paid - 30 September	139	0.18	158	0.19
Distributions paid - 31 December	415	0.59	544	0.68
Distributions paid - 31 March	262	0.39	107	0.14
Distributions payable - 30 June	<u>6,128</u>	<u>9.52</u>	<u>9,295</u>	<u>12.50</u>
	<u><u>6,944</u></u>		<u><u>10,104</u></u>	

5 Distributions to Unitholders (continued)

	BlackRock Tactical Growth Fund			
	Year ended			
	30 June 2019		30 June 2018	
	\$'000	CPU	\$'000	CPU
Distributions paid - 31 December	4,638	1.45	-	-
Distributions payable - 30 June	<u>46,669</u>	15.80	<u>55,812</u>	17.40
	<u><u>51,307</u></u>		<u><u>55,812</u></u>	

	BlackRock Wholesale International Bond Fund			
	Year ended			
	30 June 2019		30 June 2018	
	\$'000	CPU	\$'000	CPU
Distributions paid - 30 September	-	-	296	0.27
Distributions paid - 31 December	-	-	241	0.23
Distributions payable - 30 June	<u>348</u>	0.34	<u>2,706</u>	2.72
	<u><u>348</u></u>		<u><u>3,243</u></u>	

6 Net Assets Attributable to Unitholders

Under AASB 132 *Financial instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Funds shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions.

The Funds meet the criteria set out under AASB 132 and net assets attributable to unitholders is classified as equity.

As stipulated within the Funds' Constitutions, each unit represents a right to an individual share in the Funds and does not extend to a right to the underlying assets of the Funds. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Funds.

Movement in number of units and net assets attributable to unitholders during the year were as follows:

	BlackRock Australian Bond Fund			
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	No.'000	No.'000	\$'000	\$'000
Opening balance	72,950	71,121	66,109	64,370
Profit/(loss) for the year	-	-	6,021	2,529
Applications	2,826	8,128	2,595	7,377
Redemptions	(14,242)	(9,944)	(13,304)	(9,085)
Units issued upon reinvestment of distributions	2,375	3,645	2,181	3,298
Distributions paid and payable	<u>-</u>	<u>-</u>	<u>(2,875)</u>	<u>(2,380)</u>
Closing balance	<u><u>63,909</u></u>	<u><u>72,950</u></u>	<u><u>60,727</u></u>	<u><u>66,109</u></u>

6 Net Assets Attributable to Unitholders (continued)

	BlackRock Wholesale Australian Share Fund			
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	No.'000	No.'000	\$'000	\$'000
Opening balance	74,356	81,593	87,299	95,216
Profit/(loss) for the year	-	-	9,743	11,236
Applications	5,210	6,540	6,138	7,802
Redemptions	(16,106)	(14,749)	(18,869)	(17,989)
Units issued upon reinvestment of distributions	878	972	1,028	1,138
Distributions paid and payable	-	-	(6,944)	(10,104)
Closing balance	<u>64,338</u>	<u>74,356</u>	<u>78,395</u>	<u>87,299</u>

	BlackRock Tactical Growth Fund			
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	No.'000	No.'000	\$'000	\$'000
Opening balance	320,691	340,603	536,329	575,846
Profit/(loss) for the year	-	-	55,646	53,121
Applications	26,045	27,586	44,123	47,911
Redemptions	(64,133)	(59,505)	(109,428)	(105,050)
Units issued upon reinvestment of distributions	12,765	12,007	21,257	20,313
Distributions paid and payable	-	-	(51,307)	(55,812)
Closing balance	<u>295,368</u>	<u>320,691</u>	<u>496,620</u>	<u>536,329</u>

	BlackRock Wholesale International Bond Fund			
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	No.'000	No.'000	\$'000	\$'000
Opening balance	99,447	98,220	100,712	101,631
Profit/(loss) for the year	-	-	8,112	1,080
Applications	18,817	5,473	19,031	5,700
Redemptions	(17,367)	(14,149)	(17,868)	(14,708)
Units issued upon reinvestment of distributions	2,367	9,903	2,397	10,252
Distributions paid and payable	-	-	(348)	(3,243)
Closing balance	<u>103,264</u>	<u>99,447</u>	<u>112,036</u>	<u>100,712</u>

Capital Risk Management

The Funds manage their net assets attributable to unitholders as capital. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Funds are subject to daily applications and redemptions at the discretion of unitholders.

The Funds monitor the level of daily applications and redemptions relative to the liquid assets in the Funds. As of 30 June 2019 the capital of the Funds are represented in the net assets attributable to unitholders table.

In the event of a significant redemption, the Funds' Constitutions allow the delay of payment beyond the usual redemption timeframe but no later than the maximum number of days specified in the Constitution for satisfying redemption requests. Further, in certain circumstances such as disrupted markets, the Constitution allows payment to be delayed beyond the maximum number of days.

7 Financial Assets Held at Fair Value Through Profit or Loss

	BlackRock Australian Bond Fund		BlackRock Wholesale Australian Share Fund	
	As at		As at	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$'000	\$'000	\$'000	\$'000
Futures	58	120	-	-
Forward foreign exchange contracts	13	7	-	-
Options	34	5	-	-
Swaps	127	175	-	-
Units in related schemes	48,966	53,737	72,722	80,538
Interest bearing securities	12,970	13,152	-	-
Total financial assets held at fair value through profit or loss	62,168	67,196	72,722	80,538

	BlackRock Tactical Growth Fund		BlackRock Wholesale International Bond Fund	
	As at		As at	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$'000	\$'000	\$'000	\$'000
Futures	1,424	1,372	-	-
Forward foreign exchange contracts	568	68	-	-
Options	698	-	-	-
Swaps	784	1,621	-	-
Units in related schemes	502,252	531,855	111,433	100,473
Interest bearing securities	-	-	-	-
Total financial assets held at fair value through profit or loss	505,726	534,916	111,433	100,473

An overview of the risk exposures relating to financial assets held at fair value through profit or loss is included in Note 3.

8 Receivables

	BlackRock Australian Bond Fund		BlackRock Wholesale Australian Share Fund	
	As at		As at	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$'000	\$'000	\$'000	\$'000
Settlements receivable	3,547	3,473	5,398	7,477
Applications receivable	-	-	15	35
Interest receivable	-	11	-	-
Distributions from related schemes receivable	612	510	6,457	8,547
Fee rebates from related schemes receivable	3	4	4	3
Other receivables	-	-	13	15
Total	4,162	3,998	11,887	16,077

8 Receivables (continued)

	BlackRock Tactical Growth Fund		BlackRock Wholesale International Bond Fund	
	As at		As at	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$'000	\$'000	\$'000	\$'000
Settlements receivable	24,060	31,701	-	538
Applications receivable	439	176	4	-
Interest receivable	-	-	-	-
Distributions from related schemes receivable	11,818	20,592	941	2,929
Fee rebates from related schemes receivable	36	28	-	-
Other receivables	51	29	11	11
Total	<u>36,404</u>	<u>52,526</u>	<u>956</u>	<u>3,478</u>

There are no past due (not impaired) or allowance for doubtful debts included in the above receivables as at 30 June 2019 (30 June 2018: Nil).

9 Financial Liabilities Held at Fair Value Through Profit or Loss

	BlackRock Australian Bond Fund		BlackRock Tactical Growth Fund	
	As at		As at	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$'000	\$'000	\$'000	\$'000
Futures	33	28	1,493	1,892
Forward foreign exchange contracts	4	10	87	10
Options	2	-	756	-
Swaps	121	124	4,624	1,704
Total financial liabilities held at fair value through profit or loss	<u>160</u>	<u>162</u>	<u>6,960</u>	<u>3,606</u>

An overview of the risk exposures relating to financial liabilities held at fair value through profit or loss is included in Note 3.

10 Payables

	BlackRock Australian Bond Fund		BlackRock Wholesale Australian Share Fund	
	As at		As at	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$'000	\$'000	\$'000	\$'000
Settlements payable	-	-	-	56
Redemptions payable	4,001	4,205	131	99
Management fees payable	-	-	132	153
Other payables	-	-	-	-
Total	<u>4,001</u>	<u>4,205</u>	<u>263</u>	<u>308</u>

10 Payables (continued)

	BlackRock Tactical Growth Fund		BlackRock Wholesale International Bond Fund	
	As at		As at	
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
Settlements payable	-	-	-	-
Redemptions payable	780	540	10	544
Management fees payable	765	844	102	96
Other payables	1	-	-	-
Total	<u>1,546</u>	<u>1,384</u>	<u>112</u>	<u>640</u>

11 Related Party Transactions

Responsible Entity

The Responsible Entity of the BlackRock Wholesale Funds is BlackRock Investment Management (Australia) Limited (ABN 13 006 165 975, AFSL 230523) whose ultimate holding company is BlackRock, Inc.

BlackRock Investment Management (Australia) Limited is incorporated in Australia and BlackRock, Inc. is incorporated in the United States of America.

Key management personnel

Directors

Key management personnel include persons who were directors of the Responsible Entity at any time during the financial year as follows:

Director	Date appointed	Date resigned
M S McCorry	Appointed 2 December 2009	
A Telfer	Appointed 12 December 2013	
S Flatman	Appointed 28 January 2015	
J Collins	Appointed 29 July 2015	
D Rohe	Appointed 27 July 2016	Resigned 6 May 2019

Other key management personnel

No other person had authority and responsibility for planning, directing and controlling the activities of the Funds, directly or indirectly during the financial year (30 June 2018: Nil).

Key management personnel unitholdings

At 30 June 2019 no key management personnel held units in the Funds (30 June 2018: Nil).

Key management personnel compensation

Key management personnel are paid by the Responsible Entity. Payments made from the Funds to the Responsible Entity do not include any amounts attributable to the compensation of key management personnel.

11 Related Party Transactions (continued)

Key management personnel loan disclosures

The Funds have not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

Responsible Entity's fees and other transactions

In accordance with the Funds' Constitutions, the Responsible Entity was entitled to receive fees for the provision of services to the Funds.

	Management fees	Fee rebates from related schemes
	\$	\$
At 30 June 2019		
BlackRock Australian Bond Fund	-	22,296
BlackRock Wholesale Australian Share Fund	789,042	18,721
BlackRock Tactical Growth Fund	4,617,412	180,585
BlackRock Wholesale International Bond Fund	593,768	-
	Management fees	Fee rebates from related schemes
	\$	\$
At 30 June 2018		
BlackRock Australian Bond Fund	-	29,978
BlackRock Wholesale Australian Share Fund	929,962	22,074
BlackRock Tactical Growth Fund	5,234,642	162,735
BlackRock Wholesale International Bond Fund	600,150	-

11 Related Party Transactions (continued)

Investments

The Funds held investments in the following schemes which were also managed by the Responsible Entity or its related parties:

BlackRock Australian Bond Fund

30 June 2019	Number of units held at year end Units	Fair value of units held at year end \$	Value of units purchased during the year \$	Value of units sold during the year \$	Interest held at year end %	Distributions received/ receivable during the year \$
BlackRock Enhanced Australian Bond Fund	38,797,259	42,961,331	2,912,039	8,892,000	8.35	1,545,167
BlackRock Enhanced Cash Fund	1,707,316	1,698,817	37,504	-	1.31	38,026
BlackRock Money Market Fund	4,305,754	4,305,754	6,328,872	7,800,645	0.14	101,527

BlackRock Australian Bond Fund

30 June 2018	Number of units held at year end Units	Fair value of units held at year end \$	Value of units purchased during the year \$	Value of units sold during the year \$	Interest held at year end %	Distributions received/ receivable during the year \$
BlackRock Enhanced Australian Bond Fund	44,304,699	46,297,037	7,321,012	6,330,300	10.89	1,617,471
BlackRock Enhanced Cash Fund	1,669,630	1,662,143	6,679,252	7,703,826	0.74	84,367
BlackRock Money Market Fund	5,777,527	5,777,527	11,902,785	6,125,259	0.20	34,910

BlackRock Wholesale Australian Share Fund

30 June 2019	Number of units held at year end Units	Fair value of units held at year end \$	Value of units purchased during the year \$	Value of units sold during the year \$	Interest held at year end %	Distributions received/ receivable during the year \$
BlackRock Equitised Long Short Fund	45,989,396	30,192,636	7,384,195	11,865,796	40.83	5,403,375
iShares Wholesale Australian Equity Index Fund	24,992,535	42,529,046	6,184,739	12,178,287	1.78	2,450,794

11 Related Party Transactions (continued)

Investments (continued)

BlackRock Wholesale Australian Share Fund

30 June 2018	Number of units held at year end Units	Fair value of units held at year end \$	Value of units purchased during the year \$	Value of units sold during the year \$	Interest held at year end %	Distributions received/ receivable during the year \$
BlackRock Equitised Long Short Fund	52,067,284	34,307,134	10,127,251	10,894,132	25.98	5,776,775
iShares Wholesale Australian Equity Index Fund	28,594,621	46,230,838	6,062,763	13,617,335	2.13	4,269,676

BlackRock Tactical Growth Fund

30 June 2019	Number of units held at year end Units	Fair value of units held at year end \$	Value of units purchased during the year \$	Value of units sold during the year \$	Interest held at year end %	Distributions received/ receivable during the year \$
BlackRock Global Allocation Fund (Aust)	19,756,694	24,963,571	7,499,425	47,291,655	100.00	14,642,201
BlackRock Australian Bond Fund	63,908,874	60,727,107	4,775,148	13,115,531	100.00	3,063,392
BlackRock Enhanced Cash Fund	54,337	54,067	88,877	8,300,000	0.04	75,609
BlackRock Equitised Long Short Fund	39,836,344	26,153,078	5,726,314	8,845,026	35.36	4,680,442
iShares Wholesale Australian Equity Index Fund	70,872,879	120,602,253	19,311,604	26,439,195	5.05	7,028,811
BlackRock Fixed Income Global Opportunities Fund (Aust)	22,782,136	25,791,360	333,912	2,447,805	100.00	932,249
BlackRock Global Listed Infrastructure fund	19,195,640	25,490,600	10,980,888	5,705,776	47.38	633,607
BlackRock Fixed Income Global Alpha Fund (Dublin)	8,793	39,064,292	-	5,240,527	1.73	-
iShares Emerging Markets IMI Equity Index Fund	-	-	11,378,598	27,810,860	-	-
BlackRock Asian Dragon Fund	463,575	33,340,427	879,919	4,366,992	0.86	-
BlackRock Money Market Fund	21,480,796	21,480,796	169,475,738	153,504,684	0.70	303,110
BlackRock Style Advantage Fund (Aust)	35,076,905	36,239,985	21,903	3,377,725	43.03	7,137
BGF Emerging Market Bond Fund	494,759	15,546,043	-	3,753,845	0.45	-
BGF World Real Estate Fund	1,407,128	25,946,899	1,224,492	13,108,002	10.34	-
Global Bond Index Fund	5,230,950	5,187,935	5,400,000	441,374	0.27	193
iShares Core Global Corporate Bond (AUD Hedge) ETF	143,406	15,645,595	16,293,938	1,348,918	10.53	228,619
BGF Emerging Market Fund X2	1,240,384	26,018,462	27,217,603	1,914,388	2.17	-

11 Related Party Transactions (continued)

Investments (continued)

BlackRock Tactical Growth Fund

30 June 2018	Number of units held at year end Units	Fair value of units held at year end \$	Value of units purchased during the year \$	Value of units sold during the year \$	Interest held at year end %	Distributions received/ receivable during the year \$
BlackRock Global Allocation Fund (Aust)	61,766,247	77,656,109	16,017,544	42,184,247	8.62	6,244,299
BlackRock Australian Bond Fund	72,949,714	66,109,074	10,675,777	9,085,572	100.00	2,380,424
BlackRock Enhanced Cash Fund	8,305,395	8,268,153	224,970	3,999,992	3.66	212,948
BlackRock Equitised Long Short Fund	43,357,507	28,568,262	13,178,043	43,716,674	21.63	4,810,440
iShares Wholesale Australian Equity Index Fund	74,673,106	120,729,014	14,952,101	15,679,743	5.56	10,932,214
BlackRock Fixed Income Global Opportunities Fund (Aust)	24,672,987	27,580,600	9,491,307	21,084,084	19.84	333,912
iShares Wholesale Australian Listed Property Index Fund	-	-	538,641	32,195,109	-	-
BlackRock Global Listed Infrastructure fund	14,813,179	16,485,424	18,359,364	3,443,028	50.93	465,994
BlackRock Fixed Income Global Alpha Fund (Dublin)	10,100	41,241,012	-	31,817,243	1.31	-
iShares Emerging Markets IMI Equity Index Fund	13,374,811	15,995,939	18,138,075	2,680,165	1.60	718,598
BlackRock Asian Dragon Fund	513,187	34,311,998	-	7,112,192	0.60	-
BlackRock Money Market Fund	5,509,742	5,509,742	208,704,370	211,724,073	0.20	231,578
BlackRock Style Advantage Fund (Aust)	38,410,140	39,279,246	42,042,770	1,694,388	2.78	21,903
BGF Emerging Market Bond Fund	624,026	16,689,117	18,247,839	2,078,564	0.35	-
BGF World Real Estate Fund	2,096,835	33,431,300	36,495,685	7,642,200	10.65	-
BlackRock World Real Estate Securities Hedged Fund	-	-	-	12,264,942	-	-

11 Related Party Transactions (continued)

Investments (continued)

BlackRock Wholesale International Bond Fund

30 June 2019	Number of units held at year end Units	Fair value of units held at year end \$	Value of units purchased during the year \$	Value of units sold during the year \$	Interest held at year end %	Distributions received/ receivable during the year \$
BlackRock Global Diversified Bond Fund	132,945,971	111,432,521	19,438,441	16,242,939	100.00	941,261

BlackRock Wholesale International Bond Fund

30 June 2018	Number of units held at year end Units	Fair value of units held at year end \$	Value of units purchased during the year \$	Value of units sold during the year \$	Interest held at year end %	Distributions received/ receivable during the year \$
BlackRock Global Diversified Bond Fund	128,441,752	100,472,533	15,680,617	14,504,225	99.81	3,845,432

Related party schemes' unit holdings

Parties related to the Funds including the Responsible Entity, its related parties or other schemes managed by the Responsible Entity held units in the Funds as follows:

BlackRock Australian Bond Fund

30 June 2019	Number of units held opening Units	Number of units held closing Units	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the fund \$
Unitholder BlackRock Tactical Growth Fund	72,949,714	63,908,874	100.00	5,201,050	14,241,890	3,063,392

BlackRock Australian Bond Fund

30 June 2018	Number of units held opening Units	Number of units held closing Units	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the fund \$
Unitholder BlackRock Tactical Growth Fund	71,121,172	72,949,714	100.00	11,772,547	9,944,005	2,380,424

BlackRock Wholesale Australian Share Fund

30 June 2019	Number of units held opening Units	Number of units held closing Units	Interest held at year end %	Number of units acquired Units	Number of units disposed Units	Distributions paid/payable by the fund \$
Unitholder BlackRock Professional Investor Australian Share Fund	2,800,798	-	-	207,218	(3,008,016)	4,602

11 Related Party Transactions (continued)

Related party schemes' unit holdings (continued)

BlackRock Wholesale Australian Share Fund

30 June 2018	Number of units held opening	Number of units held closing	Interest held at year end	Number of units acquired	Number of units disposed	Distributions paid/payable by the fund
Unitholder	Units	Units	%	Units	Units	\$
BlackRock Professional Investor Australian Share Fund	3,037,273	2,800,798	3.77	242,322	478,797	379,477

BlackRock Tactical Growth Fund

30 June 2019	Number of units held opening	Number of units held closing	Interest held at year end	Number of units acquired	Number of units disposed	Distributions paid/payable by the fund
Unitholder	Units	Units	%	Units	Units	\$
BlackRock Balanced Fund	12,051,111	11,483,746	3.89	1,016,013	1,583,378	1,990,276

BlackRock Tactical Growth Fund

30 June 2018	Number of units held opening	Number of units held closing	Interest held at year end	Number of units acquired	Number of units disposed	Distributions paid/payable by the fund
Unitholder	Units	Units	%	Units	Units	\$
BlackRock Balanced Fund	12,567,646	12,051,111	3.76	900,195	1,416,730	2,097,334

Other transactions with the Funds

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Funds since the end of the previous financial year and there were no material contracts involving key management personnel's interests subsisting at year end.

12 Remuneration of Auditor

During the year the following fees were paid or payable for services provided by the auditor of the Funds:

	BlackRock Australian Bond Fund		BlackRock Wholesale Australian Share Fund	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$	\$	\$	\$
Deloitte Touche Tohmatsu				
Audit and review of the financial statements	10,504	10,504	6,616	6,616
Other services	<u>1,264</u>	<u>1,264</u>	<u>1,264</u>	<u>1,264</u>
Total	<u>11,768</u>	<u>11,768</u>	<u>7,880</u>	<u>7,880</u>

Other services relate to the audit of the Funds' compliance plans. The audit fees paid or payable are discharged by the Responsible Entity from the fees earned from the Funds.

12 Remuneration of Auditor (continued)

	BlackRock Tactical Growth Fund		BlackRock Wholesale International Bond Fund	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$	\$	\$	\$
Deloitte Touche Tohmatsu				
Audit and review of the financial statements	13,116	13,116	6,616	6,616
Other services	<u>1,264</u>	<u>1,264</u>	<u>1,264</u>	<u>1,264</u>
Total	<u>14,380</u>	<u>14,380</u>	<u>7,880</u>	<u>7,880</u>

Other services relate to the audit of the Funds' compliance plans. The audit fees paid or payable are discharged by the Responsible Entity from the fees earned from the Funds.

13 Reconciliation of Profit/(Loss) to Net Cash Inflow/(Outflow) from Operating Activities

	BlackRock Australian Bond Fund		BlackRock Wholesale Australian Share Fund	
	Year ended		Year ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$'000	\$'000	\$'000	\$'000
(a) Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities				
Operating profit/(loss) for the year	6,021	2,529	9,743	11,236
Net (gains)/losses on financial assets and liabilities held at fair value through profit or loss (including FX (gains)/losses)	(4,331)	(778)	(2,659)	(2,100)
Proceeds from sale of financial instruments held at fair value through profit or loss	16,798	22,427	26,123	27,154
Purchases of financial instruments held at fair value through profit or loss	(6,477)	(22,018)	(3,681)	(4,633)
Dividends/distributions reinvested	(1,476)	(2,242)	(9,944)	(11,501)
Net change in receivables and other assets	(90)	521	2,091	1,460
Net change in accounts payables and accrued liabilities	-	(1)	(21)	(21)
Interest received from debt securities	<u>478</u>	<u>600</u>	<u>-</u>	<u>-</u>
Net cash inflow/(outflow) from operating activities	<u>10,923</u>	<u>1,038</u>	<u>21,652</u>	<u>21,595</u>
(b) Components of cash and cash equivalents				
Cash as at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the Statements of Financial Position as follows:				
Cash	<u>30</u>	<u>24</u>	<u>177</u>	<u>287</u>
Total cash and cash equivalents	<u>30</u>	<u>24</u>	<u>177</u>	<u>287</u>
(c) Non cash financing activities				
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan				
	2,181	3,298	1,028	1,138

The changes in this amount each year (as reported in (c) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes attributable (i.e. taxable).

13 Reconciliation of Profit/(Loss) to Net Cash Inflow/(Outflow) from Operating Activities (continued)

	BlackRock Tactical Growth Fund		BlackRock Wholesale International Bond Fund	
	Year ended		Year ended	
	30 June 2019 \$'000	30 June 2018 \$'000	30 June 2019 \$'000	30 June 2018 \$'000
(a) Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities				
Operating profit/(loss) for the year	55,646	53,121	8,112	1,080
Net (gains)/losses on financial assets and liabilities held at fair value through profit or loss (including FX (gains)/losses)	(28,500)	(31,609)	(7,764)	2,163
Proceeds from sale of financial instruments held at fair value through profit or loss	190,778	260,725	16,780	13,966
Purchases of financial instruments held at fair value through profit or loss	(101,266)	(153,632)	(16,796)	(15,612)
Dividends/distributions reinvested	(26,495)	(41,774)	(2,642)	(69)
Net change in receivables and other assets	8,744	15,479	1,988	8,139
Net change in accounts payables and accrued liabilities	(78)	(226)	6	(9)
Interest received from debt securities	-	-	-	-
Net cash inflow/(outflow) from operating activities	<u>98,829</u>	<u>102,084</u>	<u>(316)</u>	<u>9,658</u>

(b) Components of cash and cash equivalents

Cash as at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the Statements of Financial Position as follows:

Cash	<u>508</u>	<u>6,232</u>	<u>107</u>	<u>107</u>
Total cash and cash equivalents	<u>508</u>	<u>6,232</u>	<u>107</u>	<u>107</u>

(c) Non cash financing activities

During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan

21,257	20,313	2,397	10,252
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The changes in this amount each year (as reported in (c) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes attributable (i.e. taxable).

14 Events Occurring After the Reporting Period

No significant events have occurred since the end of the reporting period up to the date of signing the Annual Financial Report which would impact on the financial position of the Funds disclosed in the Statements of Financial Position as at 30 June 2019 or on the results and cash flows of the Funds for the year ended on that date.

15 Contingent Assets, Contingent Liabilities and Commitments

There are no outstanding contingent assets, contingent liabilities or commitments as at 30 June 2019 (30 June 2018: Nil).

Directors' Declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 7 to 56 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Funds' financial position as at 30 June 2019 and of their performance, as represented by the results of their operations; changes in equity and its cash flows, for the financial year ended on that date;
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2(a); and
- (c) there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable.

Signed in accordance with a resolution of the Responsible Entity made pursuant to s.295(5) of the *Corporations Act 2001*.



Director
S Flatman

Sydney
18 September 2019

Independent Auditor's Report to the Unitholders of BlackRock Wholesale Funds

Opinion

We have audited the financial reports of BlackRock Australian Bond Fund, BlackRock Wholesale Australian Share Fund, BlackRock Tactical Growth Fund, and BlackRock Wholesale International Bond Fund (collectively "BlackRock Wholesale Funds" or the "Funds"), which comprises the statements of financial position as at 30 June 2019, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial reports of the Funds is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Funds' financial position as at 30 June 2019 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Funds in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of BlackRock Investment Management (Australia) Limited (the "Responsible Entity"), would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors of the Responsible Entity (the "Directors") are responsible for the other information. The other information comprises the Directors' Report included in the financial reports for the year ended 30 June 2019, but does not include the annual financial reports and our auditor's report thereon.

Our opinion on the financial reports does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial reports, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial reports or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If,

based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Reports

The directors are responsible for the preparation of the financial reports that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial reports that are free from material misstatement, whether due to fraud or error.

In preparing the financial reports, the directors are responsible for assessing the ability of the Funds' to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Reports

Our objectives are to obtain reasonable assurance about whether the financial reports as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial reports.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial reports, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial reports or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial reports, including the disclosures, and whether the financial reports represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



DELOITTE TOUCHE TOHMATSU



Neil Brown
Partner
Chartered Accountants