

## BlackRock Additional Fund Information No. 2

The BlackRock logo is displayed in a bold, black, sans-serif font. The word "BLACKROCK" is in all caps, with a registered trademark symbol (®) to the upper right of the "K".

**Dated: 4 December 2020**

BlackRock Appreciation Strategy Fund (Aust) (Class D & Class S Units) (ARSN 636 479 082)  
BlackRock Concentrated Industrial Long Short Fund (Class D Units) (ARSN 624 188 067)  
BlackRock Global Allocation Fund (Aust) (Class D & Class S Units) (ARSN 114 214 701)  
BlackRock Multi Opportunity Absolute Return Fund (ARSN 153 183 665)  
BlackRock Tactical Growth Fund (ARSN 088 051 889)

**Product Disclosure Statement Dated**

4 December 2020  
4 December 2020  
4 December 2020  
4 December 2020  
30 November 2020

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

## BlackRock Additional Fund Information No. 2

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### Important information

The offer of units in a Fund is only available to persons receiving a Fund PDS (electronically or otherwise) in Australia. The PDS is not an offer to any person or in any place in which it is unlawful to make such an offer. Neither BlackRock nor any of our associates guarantees the success of a Fund, the achievement of a Fund's investment objective, or the repayment of capital or particular rates of return on investment or capital.

You should read this information together with the applicable Fund's PDS before making a decision to invest in a Fund. Unless otherwise stated, the information in this document forms part of the Product Disclosure Statement (PDS) for each of the BlackRock Funds listed on the front page of this document, which are issued by BlackRock Investment Management (Australia) Limited. Terms used in this document have the same meaning as set out in the PDS of each Fund. You can find a copy of the PDS for each Fund on our website at <https://www.blackrock.com/au/individual/funds-information/offer-documents>.

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

### Responsible Entity contact details

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

## 1. Benefits of investing in the Funds

### 1.1 Fund features

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

There are many types of managed funds available that give you the opportunity to diversify your portfolio with a view to achieving an appropriate balance of investments and asset classes to suit your investment objectives and risk profile.

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

- ▶ **Increased buying power:** managed funds are able to access a range of domestic and international assets that may not be available to many individual investors.
- ▶ **Diversification:** managed funds may invest in a range of asset classes such as shares, property and fixed interest. By having a varied exposure to a number of asset classes, you are diversifying your assets. This also occurs within a single asset class by holding a variety of securities in that class.
- ▶ **Confidence in a robust operational platform:** the BlackRock Group has the scale and international reach that underpins market-leading risk management in global operational systems.
- ▶ **Receipt of income and reinvestment of distributions:** you will generally receive income from your investment in the form of distributions. You will have the ability to “top-up” your investment through the reinvestment of distributions as additional units.
- ▶ **Professional investment expertise:** each Fund is managed by a team of investment experts who research and monitor the markets on a daily basis.
- ▶ **Managing risk:** investing in managed funds can assist you in establishing a portfolio appropriate to your investment needs and your risk profile.
- ▶ **Access to your investment:** generally investors can submit transaction requests on any Business Day.
- ▶ **Easy access to your investment information:** in addition to receiving regular reporting and statements, you can access your personal information 24 hours a day, 7 days a week via our website at [www.blackrock.com/au](http://www.blackrock.com/au).

### Investing with BlackRock

BlackRock’s purpose is to help more and more people experience financial well-being. As a fiduciary to investors and a leading provider of financial technology, our clients turn to us for the solutions they need when planning for their most important goals. As of 30 September 2020, the firm managed approximately US\$7.81 trillion in assets on behalf of investors worldwide. For additional information on BlackRock, please visit [www.blackrock.com/au](http://www.blackrock.com/au).

### 1.2 Labour standards, environmental, social or ethical considerations

BlackRock may take labour standards, environmental, social and ethical considerations into account in our investment decision making process; to the extent such considerations may have a financial effect on investments.

### Investment Stewardship

The BlackRock Group’s Investment Stewardship Team, a centralised resource for all portfolio managers, lead a programme focused on protecting and enhancing the economic value of companies in which the BlackRock Group invests on behalf of clients. The program includes providing specialist insight on social, environmental and governance considerations to all investment strategies, whether indexed or actively managed.

The Investment Stewardship Team does this through engagement with boards and management of investee companies and through voting at shareholder meetings.

The BlackRock Group’s overarching approach to investment stewardship is set out in the BlackRock Group’s Investment Stewardship Corporate Governance and Engagement Principles. Voting is carried out in accordance with our market-specific voting guidelines. These documents are available on our website at [www.blackrock.com/corporate/en-us/about-us/investment-stewardship](http://www.blackrock.com/corporate/en-us/about-us/investment-stewardship).

### 1.3 Information you will receive

When you invest directly in a Fund, you will receive the following:

- ▶ **Confirmation Statement** specifying details relating to your investment and your Investor Number.
- ▶ **Monthly Fund Update** via our website.
- ▶ **Distribution Statement** after each distribution period.
- ▶ **Tax Statement** on an annual basis (if the Fund has made a distribution in that financial year).
- ▶ **Periodic Statement** on an annual basis.

### 1.4 Reporting requirements

A copy of the audited annual financial report of each Fund is generally available by the end of September from us or upon request from your IDPS, superannuation fund, or master trust operator. The report will be issued in accordance with the Australian Accounting Standards, the Corporations Act and all other applicable professional reporting requirements.

The audited annual financial report will be made available on our website at [www.blackrock.com/au](http://www.blackrock.com/au). You may also elect to receive a hard copy of the report by contacting our Client Services Team (refer to page 2 of this document for contact details).

Where a Fund is a disclosing entity and subject to the regular financial reporting and continuous disclosure requirements of the Corporations Act, we will satisfy our obligations by publishing all relevant material on our website at [www.blackrock.com/au](http://www.blackrock.com/au). A paper copy of this material will be available from BlackRock free of charge upon request. Copies of documents lodged with ASIC may be obtained from, or inspected at, an ASIC office.

### 1.5 Fund size and performance

Fund performance information is available from your IDPS, superannuation fund, or master trust operator, from our Client Services Centre (refer to page 2 of this PDS for contact details) or from our website: [www.blackrock.com/au](http://www.blackrock.com/au). Past performance is not a reliable indicator of future performance of the Fund.

### 1.6 Legal

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

Our responsibilities and obligations as responsible entity of a Fund are governed by that Fund's constitution as well as the Corporations Act and general trust law.

The constitution of each Fund contains a number of provisions relating to the rights, terms, conditions and obligations imposed on both you and us, including the circumstances by which a Fund can be terminated. A copy of each Fund's constitution is available free of charge from us by contacting our Client Services Centre (refer to page 2 of this document for contact details).

### 1.7 Compliance Plan

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

The Compliance Plan sets out the measures we will take to ensure we comply with the Corporations Act and the constitution of a Fund. To oversee compliance with the Compliance Plan, we have established a Compliance Committee.

The Compliance Committee is required to report breaches of a constitution and the Corporations Act to the directors of BlackRock and in some circumstances to ASIC.

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

### 1.8 Key Service Providers

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

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

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

#### **Auditor**

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

#### **Custodian**

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

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

BlackRock remains liable to unitholders for acts and omissions of the custodian. A custodian has no supervisory obligation to ensure that BlackRock complies with our obligations as responsible entity of a Fund.

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

#### **Administrator**

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

#### **Registrar and transfer agent**

Registry services include maintaining a register of unit holders and preparing unit holder statements.

If you require details of our Key Service Providers at any time, you should contact our Client Services Centre (refer to page 2 of this document for contact details).

## 2. Fees and other costs

The fees and costs information included in this document is disclosed with consideration to ASIC Regulatory Guide 97 “Disclosing fees and costs in PDSs and periodic statements” issued in September 2020 (RG 97). Until 30 September 2022, product issuers may choose to rely on a transitional version of RG 97 (released March 2017). As a result, the fees and costs information included in this document may not be comparable to fees and costs disclosures of other funds offered by other product issuers.

### Additional explanation of fees and costs

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

#### 2.1 Ongoing annual fees and costs

The ongoing annual fees and costs comprise:

##### ► Management fees and costs

Management fees and costs include:

- amounts payable to us for administering the Fund (‘management fees’);
- amounts paid for investing in the assets of the Fund; and
- other expenses and reimbursements in relation to the Fund (see section 2.2).

Management fees and costs also include indirect costs.

Management fees and costs are not deducted directly from your Fund account. Instead, they are accrued daily within the Fund or unit class (if applicable) unit price and are deducted from the assets of a Fund. Management fees are generally paid to the Responsible Entity monthly in arrears.

Investment management services may be provided to the Responsible Entity by other members of the BlackRock Group, for which management fees and costs are charged. Where such fees and costs are paid for the provision of investment management services, they are payable by BlackRock and are not at an additional cost to you. Additionally, where an investment is made through a fund managed by us or another company in the BlackRock Group the management fees and costs of the underlying fund will generally either be rebated or not charged.

Refer to the PDS of each Fund for details of the management fees and costs charged. You can find a copy of the PDS for each Fund on our website at [www.blackrock.com/au/individual/funds-information/offer-documents](http://www.blackrock.com/au/individual/funds-information/offer-documents).

##### ► Performance fees (where applicable)

The following Funds charge a performance fee:

- BlackRock Appreciation Strategy Fund (Aust) (Class D & Class S Units)
- BlackRock Concentrated Industrial Long Short Fund (Class D Units)
- BlackRock Global Allocation Fund (Aust) (Class D Units)
- BlackRock Global Allocation Fund (Aust) (Class S Units)
- BlackRock Multi Opportunity Absolute Return Fund

Refer to the PDS of each Fund for details of the performance fees charged and how performance fees are calculated. You can find a copy of the PDS for each Fund on our website at <https://www.blackrock.com/au/individual/funds-information/offer-documents>.

##### ► Transaction costs

Transaction costs are incurred when assets are bought and sold. Transaction costs include, but are not limited to:

- explicit transaction costs, such as brokerage, buy-sell spread, settlement costs, clearing costs (including custody costs) and stamp duty; and
- where applicable, OTC derivative transaction costs, the costs of investing in OTC derivatives, excluding such costs disclosed as indirect costs.

Transaction costs exclude borrowing costs, property operating costs and certain implicit or market impact costs.

Transaction costs may be incurred directly by a Fund or, where applicable, indirectly through an underlying fund. Transaction costs may be incurred when investors invest or redeem from a Fund or when transacting to manage a Fund’s investment strategy.

Transaction costs incurred when an investor invests in or redeems from a Fund are generally recovered through the application of a buy-sell spread applied to the unit price at which the investor transacts (see below for further information).

Transaction costs that are not recovered reduce the investment return of a Fund (or where applicable underlying fund). Net transaction costs are reflected in each Fund’s unit price and are not charged separately to the investor.

Transaction costs are generally calculated with consideration to the financial year ending 30 June 2020 of a Fund. In the case of a new fund, transaction costs are disclosed as a reasonable estimate of the costs we expect to be incurred over the next twelve months. Certain amounts or figures used to calculate transaction costs may include estimates in circumstances where actual figures could not be obtained.

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

**Transaction costs are dependent upon a number of factors and therefore may change from year to year. Transaction costs for future periods may be higher or lower than the transaction costs currently disclosed.**

#### 2.2 Expense recovery and abnormal costs

##### ► Expense recovery costs

We are entitled to be reimbursed for certain expenses in managing and administering the Funds. These expenses cover most of the out-of-pocket expenses the Responsible Entity is entitled to recover from each Fund including custody safekeeping fees, index licence fees and other investment related expenses. Unless we indicate otherwise, all Fund expenses, other than indirect costs and transaction costs (see below for further information) will be paid for by the Responsible Entity and no additional expenses will be recovered from a Fund.

Expense recovery costs are generally calculated with consideration to the actual costs incurred during the financial year ending 30 June 2020 of a Fund. In the case of a new fund, expense recovery costs are disclosed as a reasonable estimate of any such costs we expect to be incurred over the next twelve months.

The Funds are not expected to incur any expense recovery costs.

**Expense recovery costs are dependent upon a number of factors and therefore may change from year to year. Expense recovery**



costs for future periods may be higher or lower than the expense recovery costs currently disclosed.

► **Abnormal costs:**

Abnormal costs are expenses not generally incurred during the day-to-day operations of a Fund and are not necessarily incurred in any given year. They are due to abnormal events such as the cost of running a Unitholder meeting or legal costs incurred by changes to a Fund's Constitution or defending legal proceedings. We will continue to seek reimbursement from each Fund in relation to these types of expenses should they arise.

Abnormal costs are generally calculated with consideration to the actual costs incurred during the financial year ending 30 June 2020 of a Fund. In the case of a new fund, abnormal costs are disclosed as a reasonable estimate of any such costs we expect to be incurred over the next twelve months.

The Funds are not expected to incur any abnormal costs.

**Abnormal costs are dependent upon a number of factors and therefore may change from year to year. Abnormal costs for future periods may be higher or lower than the abnormal costs currently disclosed.**

### 2.3 Indirect costs

Indirect costs include any amount that we know, reasonably ought to know or, where this is not the case, may reasonably estimate, will reduce the return of a Fund. Indirect costs may be incurred directly by a Fund or, where applicable, indirectly through an underlying fund.

Indirect costs may include, but is not limited to:

- **Over the counter (OTC) derivative costs:** Where applicable, costs of investing in OTC derivatives, excluding such costs disclosed as transaction costs, see below for further information).
- **Securities lending agent fees:** Some Funds either directly or indirectly (through an underlying fund) may participate in a securities lending programme, where securities held within the fund participating in the program are lent to approved borrowers for a fee. The collected fee represents securities lending income, which generates additional investment returns for the fund. In return for the fund's participation in a securities lending program, a portion of any securities lending income may be retained by a securities lending agent.

While participation in the securities lending program requires the payment of securities lending agent fees, all fees are paid for out of any generated securities lending income. If no securities lending income is generated, no securities lending agent fees will be payable.

Where a Fund directly or indirectly (through an underlying fund) participates in a securities lending program we are required to disclose any retained securities lending income by the securities lending agent(s) as an indirect cost.

In some instances, the securities lending agent may be BlackRock or a member of the BlackRock Group. Any such arrangement will be on an arm's length commercial basis.

- **Underlying fund costs:** Where an investment is made by a Fund through a fund managed by us or another company in the BlackRock Group certain costs may be incurred within the underlying fund. Such costs may include, but is not limited to, custodian and administrator fees, auditor fees, director fees, and other professional expenses incurred by the underlying fund.

Indirect costs exclude certain transaction costs (see above for further information).

Indirect costs reduce the investment return of a Fund (or where applicable underlying fund). Indirect costs are reflected in each Fund's unit price and are not charged separately to an investor.

Indirect costs are generally calculated with consideration to the financial year ending 30 June 2020 of a Fund. In the case of a new fund, indirect costs are disclosed as a reasonable estimate of the costs we expect to be incurred over the next twelve months. Certain amounts or figures used to calculate indirect costs may include estimates in circumstances where actual figures could not be obtained.

Refer to the PDS of each Fund for details of the indirect costs incurred. You can find a copy of the PDS for each Fund on our website at <https://www.blackrock.com/au/individual/funds-information/offer-documents>.

**Indirect costs are dependent upon a number of factors and therefore may change from year to year. Indirect costs for future periods may be higher or lower than the indirect costs currently disclosed.**

### 2.4 Buy-sell spread

The buy-sell spread reflects the estimated transaction costs associated with buying and selling the assets of a Fund when investors invest or redeem from that Fund. The buy-sell spread is applied with the intention of ensuring all investors are treated equally and looks to ensure that investors within a Fund are not negatively impacted as a result of the investment activity of other investors in the Fund. The buy-sell spread is not paid to BlackRock.

The buy spread is the difference between the application price and the NAV price. The sell spread is the difference between the redemption price and the NAV price. The total buy-sell spread is the difference between a Fund's application and redemption price.

Please note that there may be circumstances in which BlackRock may exercise its discretion to vary the buy-sell spread above or below those stated in this document, for example, where the costs associated with obtaining or disposing of the underlying assets are likely to be materially above those typically encountered in normal market conditions. Prior notice of a change to the buy-sell spread will not ordinarily be provided.

The buy-sell spread is an additional cost to the investor but is reflected in a Fund's application and redemption price. Such costs are not charged separately to an investor.

#### Worked example

Consider a \$50,000 application into a fund that applies a buy spread of 0.175%. In relation to a \$50,000 application, an investor would pay \$87.50, which represents the estimated transaction costs that would be incurred by the fund to meet the investor's application request.

#### **BlackRock Appreciation Strategy Fund (Aust) (Class D & Class S Units)**

The above named Fund does not apply a buy-sell spread as the underlying fund into which the Fund invests substantially all of its assets (**Underlying Fund**) does not charge a buy-sell spread. Instead, on redemption, transaction costs (if any) incurred in selling the assets and financial instruments of the Underlying Fund may be reflected in a reduced redemption price at the Underlying Fund level. In these circumstances, the redemption price at the Fund level may also be reduced. Typically, there are no transaction costs incurred by the Fund upon application and redemption.

## 2.5 Payments to advisers and other service providers

BlackRock will only make these payments to the extent that they are permitted by law.

### Ongoing Service Commission

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

### Distribution Payments

We may at our discretion, enter into a variety of arrangements with service providers such as master fund and IDPS operators which may involve us making payments to these operators for the costs associated with offering a fund on their investment menu. Such payments may be fixed annual payments for offering a fund on their investment menu or an ongoing payment based on a scaled percentage of funds under management.

Any such payments are paid out of our fees and are not an additional cost to the investor.

## 2.6 Alternative forms of remuneration

We may provide alternative forms of remuneration, which include professional development, sponsorship and entertainment for licensed financial advisers, dealer groups and master trust or IDPS operators. Where such benefits are provided, they are payable by BlackRock and are not an additional cost to you. BlackRock will only make these payments to the extent that they are permitted by law.

## 3. Investing in and redeeming from the Fund

### 3.1 How to make additional investments

Additional investments can be made at any time in writing (including via facsimile). Additional investments are made on the basis of a current PDS. A copy of the current PDS (and information incorporated by reference) for each Fund is available free of charge from our website at <https://www.blackrock.com/au/individual/funds-information/offer-documents> or upon request from our Client Services Centre (refer to page 2 of this document for contact details), your financial adviser or your IDPS, superannuation fund or master trust operator.

### 3.2 Switching

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

Investors wishing to switch between BlackRock Funds will need to submit a redemption request in respect of the Fund they wish to switch out of and will also need to submit an investment request in respect of the Fund they wish to switch into.

All redemption and investment requests will be processed in accordance with the processes as set out in the relevant Fund's PDS.

### 3.3 Margin lending

If you wish to invest using a margin lending arrangement, you must complete and sign the Fund's Application Form. You must also complete the section of the Fund's Application Form titled "Tax File Number or Exemption Notification" ensuring that the Tax File Number you provide is your own and not that of the margin lender. Please forward the completed Fund Application Form to your margin lender for their approval. In particular, you will need to understand the terms of using the service, as set out in the section of the Fund Application Form titled "Conditions Applicable to Investors Using Margin Lending". When your margin lender has approved your margin lending application and has signed the

section of the Fund Application Form titled "Conditions Applicable to Investors Using Margin Lending", the lender will then forward the completed Fund Application Form and investment amount to us for processing.

### 3.4 Indemnity

You acknowledge that, upon receipt of your investment request, BlackRock may enter into transactions for the Fund in which you are investing, in anticipation of receipt of your investment money. You agree to indemnify BlackRock against any losses and expenses incurred by us if your investment money is not received as cleared money by the relevant Fund in the normal course.

### 3.5 Payments via BPAY® \*

As an alternative to sending us a direct credit for your initial or additional investments, you can use BPAY, for selected BlackRock funds.

For new investors, you must select BPAY in Section 2 of the Fund's Application Form titled "Investment Details". Once we receive your application form, and your investment account has been established, we will send you details on how to use the BPAY facility (including providing you with your BlackRock Biller Code and Customer Reference Number). You can then use BPAY, via your financial institutions telephone or internet banking service, to make your initial investment. There is no requirement to complete any additional BlackRock Forms.

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

For existing investors, you may make additional investments at any time using BPAY, there is no requirement to complete any additional BlackRock forms. In order to make an additional investment via your financial institutions telephone or internet banking service, simply remit your additional investment amount, quoting your Customer Reference Number and the Funds' BPAY biller code. Additional investments will be issued in accordance with the terms and conditions of the Funds most current PDS and Constitution.

For investments made using BPAY, we will issue units on the day, and at the price applicable to the day the payment is received from your nominated financial institution. This often means there will be a delay between the day your BPAY transaction is processed and the day your units are issued.

Provided your BPAY request is made before your financial institution's cut-off time, usually 5.00 pm (Sydney time), BlackRock would typically receive your funds before 2.00 pm (Sydney time) on the following business day.

Funds received by BlackRock via BPAY after the Transaction Cut-off Time will generally be treated as having been received the following Business Day.

BPAY transactions cannot generally be reversed. Payments using credit card accounts cannot be made via BPAY. Any query on your BPAY transfer should be directed to your bank.

### 3.6 Investing through an IDPS, superannuation fund or master trust

Investors and potential investors accessing a Fund indirectly through an IDPS, superannuation fund, or master trust may use a Fund's PDS for information purpose. Such indirect investors do not acquire the rights of a unitholder in a Fund and will not receive income or reports directly from us. Indirect investors will not have any direct voting rights nor will they generally receive notice of, or be able to attend, meetings of unitholders. Rather, the operator of that service acquires the rights of a unitholder in a Fund. Indirect

investors should not complete the Fund Application Form and should seek their own tax advice. The rights of indirect investors are set out in the disclosure document of the IDPS, superannuation fund, or master trust (available from the operator of those services).

### 3.7 How unit prices are calculated

Fund investment (application) and redemption prices are based on the Net Asset Value (**NAV**) of a Fund or unit class (if applicable) divided by the number of units on issue in that Fund or unit class (if applicable), adjusted to take account of any buy-sell spread (if applicable) that is applied when units are issued or redeemed.

The buy-sell spread is an estimate of the costs incurred in buying and selling the assets and financial instruments of a Fund when units are issued or redeemed. These are an additional cost to investors and are generally reflected in a Fund's application and redemption prices. The buy-sell spread is not paid to BlackRock. Refer to section 2.4 of this document titled "Buy-sell spread" for further information.

The NAV of a Fund or unit class (if applicable) is determined by deducting the liabilities of that Fund or unit class (if applicable) from the assets of that Fund or unit class (if applicable). Assets and liabilities are generally valued at their market value in accordance with each Fund's constitution. Application and redemption prices may reflect the income earned to date by a Fund or unit class (if applicable) in the distribution period.

Application and redemption prices for each Fund or unit class (if applicable) are generally calculated each Business Day, usually one Business Day in arrears. With regard to the BlackRock Multi Opportunity Absolute Return Fund and BlackRock Appreciation Strategy Fund, application and redemption prices are generally calculated for each Trade Date, usually 20 Business Day in arrears.

Investor transaction requests received prior to a Fund's Transaction Cut-off Time will generally be executed at the application or redemption price of the Fund or unit class (if applicable) calculated as at the close of the relevant Trade Date.

Refer to the relevant PDS for details of each Fund's Business Day, Transaction Cut-off Time and Trade Date.

We have the discretion to price a Fund or unit class (if applicable) more or less frequently when unusual circumstances prevail (for example, where there has been unusual volatility in the market) in order to protect the interests of all investors in that Fund. BlackRock has a formal "Unit Pricing Discretions Policy", a copy of which can be obtained by contacting our Client Services Centre (refer to page 2 of this document for contact details).

### 3.8 How you receive income from your investment

Distributions (if any) may vary over time depending on a Fund's realised losses, gains (if any), income and expenses in a particular period. Following the determination of a distribution, the unit price of a Fund will fall to reflect the reduced value of that Fund following the payment of the distribution to investors. In other words, it is priced to exclude the distribution entitlement.

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

### 3.9 Distribution payment options

You have two payment options regarding your distribution payments:

- ▶ reinvestment; or
- ▶ direct deposit into your nominated Australian bank account.

If you do not indicate a distribution payment option on your Fund Application Form, all your income distributions will automatically be reinvested as additional units in the Fund in which you are invested, based on the NAV per unit applicable at the end of the distribution period, adjusted for the distribution payable in relation to that period.

If you have selected direct deposit and payment of any distribution to your nominated Australian bank account is unsuccessful and we are not able to contact you to confirm your nominated Australian bank account details, your unsuccessful distribution payment (and any future distribution payments) will be reinvested as additional units in the Fund in which you are invested, until such time as when you provide us with written instruction of your preferred distribution option and updated nominated Australian bank account details.

### 3.10 Redeeming your investment

You may withdraw some or all of your investment in that Fund at any time, whilst that Fund is liquid, by providing us with a redemption notice in writing (including by facsimile) in a form approved by BlackRock.

Redemption payments will be paid into your nominated Australian bank account. If you wish to change your nominated Australian bank account details with us, please provide your new nominated Australian bank account details on the redemption notice. The details supplied must be for an account with an Australian domiciled financial institution. Please note that we will generally not make payments from a Fund by cheque. Additionally, for security reasons we will not pay proceeds from your Fund account to third parties.

In unusual circumstances outside our control, including the suspension or deferral of redemptions in any underlying managed investment scheme (or other similar pooled investment vehicle) in which a Fund invests, we may delay satisfying redemption requests for the period that the unusual circumstances prevail. In certain circumstances, we can also suspend redemptions in accordance with a Fund's constitution.

In addition, if at any time a Fund is not liquid (i.e. less than 80% of the Fund's assets are liquid assets) you do not have a right to withdraw from that Fund and can only withdraw when we make a withdrawal offer to investors in accordance with the Corporations Act 2001 (Cth) (**Corporations Act**). BlackRock is not obliged to make such offers.

### 3.11 Updating your Fund account information

Should you wish to make any changes to your Fund account, please provide us with your instruction in writing (including via facsimile), which must include your Investor Number, details of the changes you wish to make and the signature(s) of authorised Fund account signatories.

### 3.12 Anti-Money Laundering and Counter-Terrorism Financing

We are required to comply with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (**AML Legislation**). The AML Legislation requires us to (amongst other requirements) verify the identity of investors transacting with the Funds.

We cannot accept an investor transaction request until satisfied that the identity of the investor has been verified in accordance with the AML Legislation. The processing of investor transaction requests may be delayed until the requested information is received in a satisfactory form and the identity of the investor is verified.

By completing the Fund Application Form you agree that:



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

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

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

#### **Investor identification requirements**

To comply with the requirements of the AML Legislation, BlackRock requires all investors to complete an Investor Identification Form, which follows the Fund Application Form, and submit it together with the Fund Application Form. In order to establish your identity, BlackRock may require you to submit supporting identification/verification documentation. Where such identification/verification documentation is required, an originally certified copy must be provided.

#### **Appointed representatives**

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

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

### **3.13 Privacy**

We collect your personal information for the primary purpose of establishing and administering your investments with us, communicating with you and providing you with access to protected areas of our websites. We also collect some personal information to meet our obligations, under the Anti-Money Laundering and Counter-Terrorism Financing Act and the Corporations Act. We use and disclose personal information to administer your investment, conduct product and market research, and deal with your concerns. We collect personal information through our interactions with you, as well as in some instances from your financial adviser or other authorised representative, your organisation, public sources and information brokers. BlackRock may take steps to verify information collected.

We are unable to process your investment request and provide you with the requested investment without your personal information. We ask that you advise us of any changes to the personal information you have provided. If you provide us with personal information about any other individuals (e.g. directors) you must ensure that they are aware of this privacy section.

A Privacy Policy setting out further details of our handling of personal information is available upon request or from our website at [www.blackrock.com/au](http://www.blackrock.com/au). The Privacy Policy contains information about how you can access and seek correction of your personal information, about how you can complain or enquire about breaches of your privacy and about how we will deal with your complaint or enquiry.

We may disclose your information to our related bodies corporate and to our service providers who assist us with, among other things, data storage and archiving, auditing, accounting, customer contact, legal, business consulting, banking, payment, data processing, data analysis, information broking, research, website and technology services. Your personal information may be disclosed to Australian and overseas regulatory authorities on reasonable request by those authorities. We may also disclose your information to external parties on your behalf, such as your financial adviser, unless you have instructed otherwise.

BlackRock operates as a global organisation and to this end functions generally operate from dedicated centres which also provide shared services around the globe. Typically, personal information collected in relation to an investment in our funds may be disclosed to our related body corporate located offshore currently in Singapore. Personal information (generally other than personal information held in relation to individual investors) may be held within applications on our portfolio management system or client relationship management system which are potentially accessible by our related body corporates in any country in which the BlackRock Group has an office. A list of those countries is available through a link found in our Privacy Policy. Key data is held at locations in Australia, the United States and the United Kingdom; either at a BlackRock related party site or third party site.

We take reasonable steps to ensure that any recipients of your personal information do not breach the privacy obligations relating to your personal information.

We, BlackRock, Inc. and its related bodies corporate may use your information on occasion, to inform you by telephone, electronic messages (like email), online and other means, about other services or products offered by us or them. We may do this on an ongoing basis, but you may opt out at any time.

If you wish to opt out, update or request access to your information, obtain a copy of our Privacy Policy or raise any queries or concerns regarding privacy, you may contact our Privacy Officer

by contacting our Client Services Centre (refer to page 2 of this document for contact details).

### 3.14 Conflicts of Interest and Related Party Information

The Responsible Entity is a member of the BlackRock Group. The BlackRock Group participates in global financial markets in a number of different capacities. The Fund may invest or engage in transactions with entities for which the BlackRock Group may perform services and may act as the seed, lead or only investor in an underlying strategy or fund, which may create a commercial opportunity for the BlackRock Group. For example, a seed investment in an underlying fund may allow the BlackRock Group to establish a track record for that fund that it is then able to sell to other clients. In addition, the Manager or persons associated with the Manager may invest in the Fund from time to time. All such transactions will be on an arm's length commercial basis.

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

The investment choices of a BlackRock Group entity for its fund or client accounts may, at times, be restricted as a result of aggregation limits. For example, with respect to certain industries and markets, corporate and/or regulatory requirements may limit the aggregate amount of investment in certain issuers by affiliated investors. Exceeding these limits without reporting or the grant of a license, exemption or other corporate or regulatory consent may result in fines or other adverse consequences to the relevant BlackRock Group entity its funds and/or its clients. As a consequence of these limits, the ability of a fund or a client to achieve its investment objective may be affected. A BlackRock Group entity, in order to avoid exceeding these limits may, among other actions, limit purchases, sell existing investments and/or transfer, outsource or limit voting rights.

In circumstances where ownership thresholds or limitations must be observed, the BlackRock Group has established policies and procedures which seek to equitably allocate limited investment opportunities amongst the relevant BlackRock Group accounts.

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

### 3.15 Faxed instructions

If you wish to fax your instructions to us, please be aware that fraudulent or other unauthorised fax instructions can be made by persons with access to your Fund account name and a copy of your authorised signatures. Accordingly, you agree to release and

indemnify us against all claims and demands arising as a result of our acting on what appeared to us to be your faxed instructions.

### 3.16 Interest

BlackRock (or a member of the BlackRock Group) is entitled to retain any interest earned on money paid into an application bank account or client money bank account.

### 3.17 Straight through processing

BlackRock may at its sole discretion transact with custodians, nominees, transfer agents, platforms, IDPS operators or master trust operators and other third parties using straight through processing networks or other similar electronic messaging networks where BlackRock has provided prior written notification of the availability of such transactions (and such notification has not been withdrawn). BlackRock will not be liable for any loss suffered in connection with instructions associated with such transactions which are either not received by BlackRock or not received by required deadlines.

## 4. How managed investment schemes are taxed

### 4.1 Taxation

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

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

### 4.2 Taxation of the Funds

The Responsible Entity intends to manage the Funds such that the Funds are not subject to Australian tax. Recent changes in the tax law (refer to the section of this document titled "Taxation reform" for further information) have introduced a new elective taxation regime that is available to certain eligible management investment trusts, known as 'Attribution Managed Investment Trusts' (**AMITs**). The AMIT regime is generally available from 1 July 2016, with the existing tax rules for managed funds applying unless an election to enter the regime is made.

The Responsible Entity has made an irrevocable election for all eligible funds to enter the AMIT regime from the 1 July 2017 to 30 June 2018 year (or will make the AMIT election from the commencement year for eligible funds launched after these dates) on the basis that entry into the AMIT regime is in the best interest of unitholders.

The Responsible Entity does not expect the Funds to be subject to tax on the income of the Funds (other than in relation to withholding tax or other tax payable in respect of non-resident investors) as it is intended that:

- ▶ for eligible funds that enter the AMIT regime: all taxable income will be 'attributed' to the unitholders in each financial year; and
- ▶ for funds that do not enter the AMIT regime: unitholders will continue to be presently entitled to all the income of a Fund in each financial year, with the existing tax rules for managed funds continuing to apply.

Under the AMIT regime the Responsible Entity intends to continue to allocate income to unitholders in the same overall manner as previously under the tax rules for managed funds.

### 4.3 Taxation of a resident unitholder

You will be assessed on your share of the taxable income of a Fund which has been attributed to you or which you are presently entitled to, regardless of whether you receive the distribution in cash or it is reinvested. You will be assessed in the year to which your entitlement or attribution relates.

For example, an income distribution for the period ending 30 June 2018 is included in the assessable income for 2017-2018, even if the cash is received in July 2018.

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

### 4.4 Taxable income of a Fund

The taxable income to which you are entitled may include various amounts, as described below. If a Fund incurs a net loss for a year, the loss cannot be distributed but may be carried forward and utilised in subsequent years subject to satisfaction of various tests.

#### Types of income

Depending on the types of investments made, a Fund can derive income in the form of dividends, interest, rent, gains on the disposal of investments and other types of income. Generally, such income derived by a Fund is taxable, but tax credits (e.g. franking credits and foreign income tax offsets) may be available to unitholders to offset part or all of any resulting tax liability.

#### Capital gains tax (CGT)

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

A Fund will generally calculate taxable capital gains based on half the nominal gain made on the disposal of an asset, if that asset was held for 12 months or more. Capital gains distributed may include some gains where eligible unitholders are able to claim concessional treatment.

#### Capital/revenue (MIT) election for Managed Investment Trusts

Trusts which are managed investment trusts (**MITs**) (which include Australian managed investment schemes that are widely held or that are taken to be widely held and that satisfy certain closely held restrictions) may be eligible to make the MIT election to apply the CGT provisions of the Income Tax Assessment Acts to tax gains and losses from certain eligible assets (shares, units and real property interests). Where a MIT is eligible to make an election and it does not do so, any gains and losses on the disposal of those eligible assets (excluding land or interests in land) will be taxed on the revenue account. When a Fund qualifies to make a MIT election, certain investors may obtain the benefit of the CGT discount and other tax concessions on distributions of capital gains.

Non-resident and temporary resident investors will generally not be subject to tax on capital gains made by managed investment funds which are 'fixed trusts' for tax purposes, unless those gains relate to certain direct or indirect interests in Australian real property.

#### Taxation of financial arrangements (TOFA)

Financial arrangements directly held by a Fund (for example debt securities) may be subject to the Taxation of Financial Arrangements rules in the Tax Law (**TOFA**). Under the TOFA rules, gains and losses on financial arrangements are generally assessed for tax purposes on an accruals basis (where the gains/losses are sufficiently certain) or realisation basis, unless a specific TOFA elective methodology is adopted.

#### Controlled foreign company (CFC) regime

A Fund may invest in foreign entities which could mean that the Fund becomes subject to Australia's CFC regime. If the CFC regime applies, the Fund will determine any income attributable under the CFC rules. CFC attributable income will be included in the taxable income of the Fund (even if unrealised) and, generally, will be taxable to investors. Apart from Funds where there is specific disclosure in a Fund PDS regarding the application of the CFC regime, it is not expected that the Fund's interests in foreign entities will result in income attributed under the CFC Rules as generally the relevant control requirements should not be reached.

### 4.5 Taxation of non-resident unitholders

If a non-resident is presently entitled to or has been attributed taxable income of a Fund, the unitholder may be subject to Australian withholding tax. Distributions to you of amounts attributed to Australian franked dividends will not be subject to withholding tax. Any distribution of unfranked dividends, interest, or amounts in the nature of interest may, however, be subject to

withholding tax. This is irrespective of whether distributions are paid in cash or reinvested as additional units.

You may have to pay tax on all or part of your capital gain (reflecting the increase in the value of your investment) when your units are disposed of. Non-resident and temporary resident individual unitholders may also not be eligible to utilise the CGT discount on capital gains. We recommend that you seek professional advice and also visit the Australian Taxation Office website ([www.ato.gov.au](http://www.ato.gov.au)) for further information. In addition, the distributable income of a Fund may include non-assessable amounts to unitholders. Receipt of certain non-assessable amounts may have capital gains tax consequences.

#### 4.6 Redemptions

Investors who request the redemption of Units will be entitled to receive a withdrawal amount, which may include a distribution of income from the Fund from which the investor is redeeming.

The distribution of income from a Fund may include an entitlement to gains and/or income realised by the disposal of securities as a result of the redemption. The distribution may also include income earned and gains realised by a Fund to the date of redemption.

For non-resident investors, the Manager may withhold an amount of Australian withholding tax applicable to the non-resident investor's distribution. This will reduce the redemption proceeds payable or paid to a non-resident investor.

#### 4.7 Tax file number (TFN), exemption and Australian business number (ABN)

Australian unitholders may quote their TFN to us or claim an exemption at any time. However, you are not obliged to quote your TFN or claim an exemption. Strict guidelines govern the use and storage of TFNs. If you do not quote your TFN or claim an exemption, then your income distributions will have tax withheld at the top marginal rate plus Medicare levy. Some investors that invest in a Fund in the course of carrying on an enterprise of investing may also be entitled to quote their ABN as an alternative to their TFN.

#### 4.8 Goods and services tax (GST)

Where under the GST legislation a Fund is entitled to credits for GST paid to another entity, the cost of paying GST from a Fund will be reduced proportionately.

#### 4.9 Taxation reform

The Australian government has enacted legislation introducing a new regime for taxing managed funds, the AMIT rules. Eligible funds will be able to elect into the regime, which is available from the 2016-2017 income year. The AMIT rules include a new attribution method that provides a formal mechanism to allocate taxable income to unitholders that is not dependent on the amount of income distributed. As at the date of this document, for all eligible funds, the Responsible Entity will elect to enter into the AMIT regime from the 1 July 2017 – 30 June 2018 year, or from the commencement year for funds launched after these dates

Reforms to the taxation of funds are generally ongoing and investors should seek their own advice and monitor the progress of such legislative changes.

#### 4.10 United States Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act (**FATCA**) is a US tax law aimed at financial institutions and other financial intermediaries to prevent tax evasion by US citizens and US tax residents through use of non-US investments or accounts. The FATCA provisions were included in the US HIRE Act, which was signed into US law on 18

March 2010. Australia has entered into an intergovernmental agreement (**IGA**) with the US to implement FATCA in Australia, via the Australian Taxation Administration Act 1953 (Cth), which is to be administered by the Australian Taxation Office (**ATO**). Under the IGA, Reporting Australian Financial Institutions will have identification and reporting obligations with regard to FATCA. The Funds are Reporting Australian Financial Institutions (via their sponsoring entity, BlackRock Investment Management (Australia) Limited) under the IGA. The Funds intend to fully comply with their FATCA obligations as determined by the FATCA regulation, the IGA and any associated guidance from the ATO. These obligations include, but are not limited to, each Fund identifying and documenting the FATCA status of its investors. The Funds must also report certain information on applicable investors to the ATO, which will in turn report this information to the US Internal Revenue Service.

In order for the Funds to comply with their FATCA obligations, the Funds will be required to request certain information from their investors. Please consult your tax advisor should you wish to understand the implications of FATCA on your particular circumstances. We are not liable for any loss an investor may suffer as a result of the Funds' compliance with FATCA.

#### 4.11 The Common Reporting Standard (CRS)

The Common Reporting Standard (**CRS**) is a new, single global standard on Automatic Exchange Of Information (**AEOI**). It was approved by the Organisation for Economic Co-operation and Development (**OECD**) in February 2014 and draws on earlier work of the OECD and the EU, global anti-money laundering standards and, in particular, the Model FATCA Intergovernmental Agreement. Under the CRS, participating jurisdictions will be required to exchange certain information held by financial institutions regarding their non-resident investors. The CRS was effective in Australia from 1 July 2017. The Funds will be required to provide certain information to the Australian Tax Office about non-Australian tax resident holders of units (which information will in turn be provided to the relevant tax authorities). In light of the above, holders of units in the Funds will be required to provide certain information to the Funds to comply with the terms of the reporting systems.

#### 4.12 Investment portfolio taxes

A Fund may be subject to withholding or other taxes (including foreign capital gains tax) on income and/or gains arising from its investment portfolio. A Fund may not be able to recover such taxes and any unrecovered taxes could have an adverse effect on the NAV of that Fund. Where a Fund invests in securities that are not subject to withholding or other taxes at the time of acquisition, there can be no assurance that tax may not be imposed in the future, as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof.