

BlackRock Hedged Global Small Cap Fund
(Class D Units)
Supplementary Product Disclosure Statement

Dated: 28 April 2008

Issued by BlackRock Investment Management (Australia) Limited

ABN 13 006 165 975

Australian Financial Services Licence No 230523

This Supplementary Product Disclosure Statement ('PDS') dated 28 April 2008 is supplementary to the Product Disclosure Statement dated 16 March 2007 and must be read in conjunction with the Product Disclosure Statement.

Supplementary Product Disclosure Statement

This Supplementary Product Disclosure Statement outlines important changes relating to information in the current Product Disclosure Statement. All changes will take effect from the date of issue of the SPDS unless otherwise indicated.

The name of the **Merrill Lynch Hedged Global Small Cap Fund** has changed to the **BlackRock Hedged Global Small Cap Fund**.

Replace all references to the **Merrill Lynch Hedged Global Small Cap Fund** in the current PDS with **BlackRock Hedged Global Small Cap Fund**.

This is a name change only. There are no changes to the investment objective or management of the Fund.

The following replaces the section "How to invest" on page 12 of the Product Disclosure Statement:

When investing through an IDPS or master trust you must complete the documents which the operator of these services requires.

When investing directly in the Fund you generally need a minimum amount of \$5,000. To make your investment, complete the application form accompanying this PDS and either:

- forward the completed application form by facsimile on 1300 366 107 (to the attention of Manager – Client Administration) **together with verification from your financial institution that the money has been banked**. You will need to confirm your application request by sending us the original. The use of facsimile instructions is subject to the terms and conditions set out on page 17.
- send us the completed application form together with your cheque for your initial contribution to BlackRock Investment Management (Australia) Limited, Reply Paid 225, GPO Box 225, Melbourne Victoria 8060.
- send us the completed application form together with the completed Direct Debit Authorisation Form, which is Part B within the application form, so we can deduct the contribution amount directly from your bank account. An application utilising the direct debit facility may be submitted via facsimile. You will need to confirm your application request by sending us the original. The use of facsimile instructions is subject to the terms and conditions set out on page 17. Further information regarding direct debit can be found below under the heading 'Payments via Direct Debit'.

The deadline for receipt of an application request is 2.00pm Eastern Standard Time (EST) on any Melbourne or Sydney business day. Requests received after this time will be treated as received on the following Melbourne or Sydney business day.

Additional investments can be made at any time in writing (including by facsimile). Additional investments are made on the basis of a current Product Disclosure Statement.

Payments via Direct Debit

As an alternative to sending us a cheque or direct credit for your initial or additional investments, you can provide us with authorisation to draw your application amounts directly from your bank account. Please note that this direct debit facility may not be available for all bank accounts and you should therefore check with your bank to determine whether this facility is available.

You will need to complete and submit the Direct Debit Authorisation Form to activate this facility. The Direct Debit Authorisation Form is available within the application form contained within this Product Disclosure Statement, or download from our website or can be sent to you by contacting our Client Services Centre.

The terms and conditions under which we offer this direct debit facility are set out in this Supplementary Product Disclosure Statement. Please ensure that you have reviewed this section before completing the Direct Debit Authorisation Form.

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

You can make additional deposits to your investment once you have provided us with a completed Direct Debit Authorisation Form by contacting our Client Services Centre and providing your Investor Number, PIN, authorised bank account details, the Fund you wish to invest in and the amount you wish to deposit. Providing your call is received prior to the times prescribed in the 'How to invest' section of the Product Disclosure Statement, your application will be treated as having been received on that business day and the funds drawn from your account that evening.

Personal Identification Number (PIN)

Shortly after you make your initial investment you will be provided with a PIN. For security reasons, this should be kept in a safe place and not disclosed to anyone. Please do not keep your PIN with your Investor Number. Your PIN in conjunction with your Investor Number will enable you to:

- make enquiries about your investment
- make additional deposits to your investment using the direct debit facility
- make a telephone withdrawal
- switch between Funds*
- advise us of a change of address

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- change how you receive your income
- advise a change to your financial institution account details into which income or withdrawals are paid, or a change in contribution details in relation to your Regular Contribution Plan within the same financial institution.
- obtain a password for internet access.

* Switching between funds can occur either between funds offered under the same PDS or between funds of the same unit class where the investor currently has a holding in both funds.

If you do not want a PIN, please notify us to request its cancellation.

A PIN will not be issued if the investment is through a margin lender unless otherwise directed to by the margin lender. Your PIN must be used in conjunction with your Investor Number. If your PIN is used by someone without your authority, we will not generally be liable for any loss incurred by you. Do not store your PIN with your Fund records. When using your PIN you release, discharge and agree to indemnify us from and against all actions, proceedings, claims and liabilities arising out of the use of your PIN, except to the extent that such liability is attributable to our own neglect.

We may continue to accept telephone withdrawal requests until we receive the written notice from you to cancel or vary your PIN.

The following replaces the section "Financial information" on page 15 of the Product Disclosure Statement.

Annual Financial Report

A copy of the audited annual financial report for the Fund is available by the end of September from us. The report will include a Balance sheet, Income Statement, Cash Flow Statement and Statement in Change of Equity, as well as notes to the Financial Statements.

The annual report will be made available on our website at www.blackrock.com/au

You may elect to receive a hard copy of the annual report by ticking the box in Section 7 'Annual Financial Report Election' of the Application form.

The following text is to be included as a new section following the section "Personal Identification Number" on page 17 of the Product Disclosure Statement.

Direct debit request service agreement

This section outlines the terms and conditions of the direct debit request arrangement between yourself and BlackRock Investment Management (Australia) Limited ("BlackRock" or "us").

BlackRock's responsibilities

BlackRock will only make direct debits from your chosen account. Your initial contribution amount will be confirmed in writing once BlackRock receives your application form.

BlackRock will not disclose your account details to any other party, unless you have agreed in writing that it can, or unless the law requires BlackRock to do this.

If a payment date is a weekend or public holiday, your account will be debited on either the business day preceding or the business day following the weekend or public holiday.

BlackRock reserves the right to cancel the direct debit arrangement without notice if any debits are returned unpaid by your nominated financial institution.

The above arrangements are subject to change.

Your responsibilities

Before making a direct debit request you should:

- Check with your financial institution that the account you want to nominate can support direct debits. Additional charges may also be applied by your financial institution for this service. We recommend that you contact them for further details.
- Confirm that the account details that you have provided are correct.
- Ensure that you have sufficient cleared funds in your account to cover payment when due. Your financial institution may charge a fee if payment cannot be met.
- Sign your direct debit request in the same way as the account signing instruction held by your financial institution.

You must tell us in writing if you close or change the account that you have previously nominated.

You may cancel your direct debit request, stop or defer an individual debit or request a change to the debit amount by writing, phoning or faxing us.

It is your responsibility to arrange with BlackRock a suitable alternative payment method if the withdrawal arrangements are cancelled, either by you or the nominated financial institution. If you believe that a debit has not been correctly processed you should immediately contact our Client Services Centre on 1300 366 100.

You agree to indemnify us against all losses, costs, damages and liability that we incur arising from you breaching these terms and conditions or providing us an invalid or non-binding direct debit request. This indemnity is a continuing obligation, separate and independent from your other obligations and survives termination of this agreement. This indemnity does not apply as a result of our fraud, negligence or breach of trust.

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The following text is to read as part of the section "Privacy" on page 18 of the Product Disclosure Statement.

Please note, that in accordance with the requirements of the Anti-Money Laundering and Counter Terrorism Financing Act, we may be requested to disclose your personal information to the Australian Transaction Reports and Analysis Centre (AUSTRAC).

The following text is to replace the "Anti-money laundering" section on page 18 of the Product Disclosure Statement..

Anti-Money Laundering and Counter-Terrorism Financing

We are required to comply with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 ('the AML legislation'). The AML legislation requires us to (amongst other requirements) verify the identity of investors making applications into Funds offered by us.

We cannot accept an application to invest in the Fund until satisfied that the identity of the investor has been verified in accordance with the AML legislation. The processing of applications may be delayed until the requested information is received in a satisfactory form and the identity of the investor is verified.

Investor identification requirements

■ Investors that apply without a financial adviser*

To comply with the requirements of the AML legislation, BlackRock requires an investor that directly applies to invest in the Fund (that is, **not** through a financial adviser) to complete the Investor Identification Form which is contained in PART C and submit it together with the application form.

The information provided will be used by BlackRock to verify the investor's identity.

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

■ Investors that apply through/with a financial adviser

We intend to rely on financial advisers to verify the identity of their clients in accordance with the AML legislation. Section 6 of the Application Form (Financial Adviser) requires a financial adviser to confirm that they have verified the identity of the investor and agree that BlackRock may access any document that has been used by the financial adviser to verify their identity.

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

■ Financial advisers not yet compliant

BlackRock recognise that some financial advisers will become compliant with the investor identification requirements of the AML legislation at different times prior to 12 March 2009 (the end of the 'assisted compliance' period). If the identity of an investor has not been verified, the financial adviser must advise BlackRock in Section 6 of the Application Form. The Investor Identification Form in Part C must be completed and provided with the completed Application Form. This will enable BlackRock to verify the identity of the investor and accept the investor's application to invest in the Fund.

BlackRock's right to request information

We may from time to time request identification/verification documentation from an investor or financial adviser to verify the investor's identity. Where documentation provided is not in English, an English translation must be provided by an accredited translator.

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 until such time as we verify the identify of that representative.

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

Margin lending

If you wish to apply using a margin lending arrangement, you must complete the Application Form that accompanies this PDS and sign Part 9 of the Application Form. You must also complete the Tax File Number Notification or Exemption Form ensuring that the Tax File Number you provide is your own and not that of the margin lender. Please forward the completed Application Form to your margin lender for their approval. In particular you will need to understand the terms of using the service in Part 8 of the Application Form. When your margin lender approves your margin lending application, the lender will then forward the completed Application Form and cheque (or any other method of payment acceptable) to us for processing.

Important information to note in completing the Application Form

You should read the Product Disclosure Statement (PDS) in full before completing the application form.

Completely fill in ALL applicable sections of the application form and sign the application form before submitting.

Where a tick box is provided in response to a question, please nominate your preference by placing a ✓ in the appropriate box.

How to complete the Application Form (PART A)

To assist us with processing your application please work through the checklist below and ensure that you have completed all relevant sections and provided all necessary attachments.

Incomplete information may delay the processing of your application.

Section 1. Applicant's Details: Provide BlackRock with all investor(s) details including full name, residential address, date of birth and contact details as well as details for any corporate/trust investors.

You are invited to provide a postal address in Section 1. The postal address will be used for all account correspondence. Investors opting to provide a postal address must also provide their full residential address in Section 1. If two different residential addresses are supplied (and no postal address), all correspondence will be sent to Address 1.

Section 2. Investment Details: Provide investment details (your initial investment amount) and selected the method of lodging your initial investment. Either cheque, direct debit or direct credit:

If you have elected Cheque, please ensure that you have attached a cheque made payable to "BlackRock Investment Management (Australia) Limited" and including the "investor(s) name(s)" to the application form.

If you have elected Direct Debit, please ensure that you have completed in all the details requested in **PART B: Direct Debit Authorisation Form**, signed the form and attached this to your application form

If you have elected Direct Credit, you will need to provide verification from your financial institution that the money has been banked into the nominated account as specified.

Section 3. Income Distribution: Nominate if you wish to have income distributions reinvested or credited to a bank account. If distributions are to be credited, please ensure you have provided the correct bank account details.

Section 4. Tax File Number or Exemption Notification: You are invited to provide the TFN/ABN details for your investment. You are not obligated to quote your TFN or claim an exemption. Only one TFN should be provided unless the account is held in joint names in which case all individuals should provide their TFN.

Your alternatives to quoting a TFN include quoting an Australian Business Number (ABN) or notifying us of a TFN exemption as per the below.

■ Pensioner – please write the names of the pension in the 'Other' Exemption reason box.

■ Non resident – please state your country of residence in the 'Non resident' Exemption reason box.

■ Trustees should provide the TFN or ABN of the Superannuation Fund or Trust. An individual or Company account type with an informal trust will apply if individual or corporate trustee TFN /ABN details are provided.

Section 5. Investor Type: Nominate whether you are investing directly (ie. not through a Financial Adviser) or investing through a Financial Adviser.

If you are investing directly (without the use of a Financial Adviser), you have completed and attached **PART C: Investor Identification Form**.

Section 6. Financial Adviser: This is only applicable for investments made through a Financial Adviser.

It is the responsibility of the Financial Adviser to complete and sign this section of the form.

Section 7. Annual Financial Report Election: If you would like to receive a copy of the Annual Financial Report, please ensure you tick the box. A copy of the Annual Financial Report will be made available on BlackRock's website.

Section 8. Conditions Applicable to Investors Using Margin Lending: If the account is mortgaged the Margin Lending institution must complete and sign this section of the application form.

Section 9. Signature: Each investor has populated and signed this section.

If you answered No to Question 5 Investor Type, please ensure that you submit PART C "Investor Identification Form" along with your application form.

Merrill Lynch Hedged Global Small Cap Fund (Class D Units)

Product Disclosure Statement

Dated: 16 March 2007

ARSN 096 140 260

BlackRock Investment Management (Australia) Limited*

ABN 13 006 165 975

Australian Financial Services Licence No 230523

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Merrill Lynch Hedged Global Small Cap Fund (Class D Units)

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The name and contact details of the responsibility entity are:

BlackRock Investment Management
(Australia) Limited
Level 18, 120 Collins Street
MELBOURNE, VIC, 3000

Telephone: 1300 366 100
Facsimile: (03) 9657 3400
Website: www.blackrock.com/au

Before you start

Investment in the Merrill Lynch Hedged Global Small Cap Fund (Class D Units) (referred to in this Product Disclosure Statement (PDS) as "the Fund") is offered and managed by BlackRock Investment Management (Australia) Limited, ABN 13 006 165 975 (referred to in this PDS as "BlackRock", "the responsible entity", "the Manager", "we", "our" or "us").

We are the issuer of this Product Disclosure Statement (PDS) and of units in the Fund.

The Fund issues more than one class of units but only Class D Units are available for investment under this PDS.

The Fund is designed to access the significant long-term growth potential of attractive emerging companies and industries on a global basis.

The Fund is designed for investors who seek access to investment opportunities that are not readily available or are under-represented in the Australian market and who are prepared to tolerate significant volatility in investment returns in the short term given the longer-term investment horizon of the Fund.

In addition, investors would also be seeking to reduce the impact on the Fund of foreign currency movements relative to the Australian dollar, thereby leaving most of the risk and return to the equity investment decisions. As the currency hedging is passive, investors need to be willing to forgo potential benefits of currency movements on these investments to gain some protection from the impact of a potential appreciation in the Australian dollar.

The Fund is not a short-term investment.

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

We recommend that you get professional advice from a licensed adviser and/or tax adviser before investing as required.

Certain information in this PDS is subject to change. We will notify you of any changes that have a materially adverse impact on you or other significant events that affect the information in this PDS. Updated information can be obtained at any time:

- from your financial adviser
- by calling our Client Services Centre on 1300 366 100
- on our website at www.blackrock.com/au
- by emailing clientservices.aus@blackrock.com

A paper copy of the updated information will be provided free of charge upon request.

If you have invested through an IDPS or master trust operator, the operator of that service should also be able to assist you with obtaining updated information.

If you have received this PDS (and any supplementary documents) electronically we will provide a paper copy free of charge upon request.

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

If you are printing an electronic copy of this PDS you must print all pages including the application forms.

If you make the PDS available to another person you must give them the entire electronic file or printout, including the application forms.

You cannot invest directly in the Fund unless you use the application form attached to, or accompanying, either a paper or electronic copy of this PDS

Need help?

If you need help about investing generally, speak to a licensed financial adviser. The Australian Securities and Investments Commission (ASIC) can help you check if they are licensed. They have a website at www.asic.gov.au as well as a help line you can call on 1300 300 630. If you don't have an adviser, contact us and we can put you in touch with someone who can help.

If you have questions about investing, speak to your investment adviser. If you have questions about the Fund described in this PDS speak to your financial adviser, call our Client Services Centre on 1300 366 100 or visit our website at www.blackrock.com/au.

Our Client Services Centre operates between 8.30am and 6.00pm EST, Monday to Friday.

About managed funds

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

There are many types of managed funds available and they usually provide a diversified approach to investing providing the opportunity to achieve an appropriate balance of investments and asset classes to suit your investment objectives and risk profile.

In summary, some of the 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 shares that may not be available to many individual investors.

Professional investment expertise: managed funds are run by a team of investment experts who research and monitor the markets on a daily basis.

Managing risk: investing in a range of managed funds can assist you in establishing a portfolio appropriate to your investment needs and to suit your risk profile.

Access to single class fund: these funds invest within one asset class, such as shares, but they are still diversified within the asset class.

When you invest in a managed fund, you are issued with a number of 'units' based on the entry unit price at the time you invest (see page 12 for further details on how unit prices are calculated). Your units represent the value of your investment, which will change over time as the market value of the assets fluctuate.

Who manages this Fund?

BlackRock Investment Management (Australia) Limited, a subsidiary of BlackRock, Inc. ("BlackRock") is the manager of the Fund and acts as the responsible entity under the Corporations Act.

BlackRock® is a premier provider of global investment management, risk management and advisory services to institutional and retail clients around the world. As of June 30, 2006, BlackRock's assets under management totalled US\$1.045 trillion across fixed income, liquidity, equity, alternative investment and real estate strategies. Through BlackRock Solutions® – an outgrowth of our longstanding investment in sophisticated, integrated systems – we offer risk management services and enterprise investment system outsourcing to a broad base of institutional portfolios that total over US\$3.5 trillion as of June 30, 2006.

BlackRock directly manages over \$US1 trillion of assets on behalf of institutional and retail clients from all over the globe. BlackRock has asset management teams covering all major asset classes, across many investment styles and regions around the globe. Through cutting edge systems capabilities and an unqualified commitment to teamwork and communication across all its investment capabilities BlackRock delivers an unparalleled breadth of perspective and insights to the management of all its clients' portfolios.

Headquartered in New York, BlackRock operates 35 offices in 18 different countries, maintaining a major presence in most key markets including the United States, the United Kingdom, Asia, Australia, the Middle East and Europe.

When you invest with BlackRock Investment Management (Australia) Limited you are gaining the expertise of an experienced team of Australian investment professionals backed by the international resources and knowledge of one of the world's largest asset managers.

Within Australia as at 31 January 2007, BlackRock managed approximately A\$16 billion for investors across a range of products and services including equities, fixed income and property.

We have appointed the Global Opportunities Team ("the Team") of BlackRock to manage the Fund. The Team is based in Philadelphia, with members also located in Boston, USA.

We are a member of the Investment and Financial Services Association Ltd (IFSA).

Neither BlackRock Inc. nor any of its associates and subsidiaries (other than BlackRock Investment Management (Australia) Limited) has prepared this Product Disclosure Statement or is responsible for its contents. None of BlackRock Inc. or any of their associates and subsidiaries guarantees the success of the Fund, or the repayment of capital or particular rate of return on income or capital.

About this Fund

What is the investment objective of the Fund?

The primary aim of the Fund is to maximise capital growth through exposure to a globally diversified portfolio of shares of quality small and mid capitalisation companies listed on international stock exchanges.

What is the investment strategy of the Fund?

The investment objective of the Fund will be achieved by investing in the Merrill Lynch Global Small Cap Fund ("the Global Small Cap Fund") which is a wholesale fund managed by us.

The investment process for the Global Small Cap Fund is driven by extensive, bottom-up industry and stock research. The research process centres firstly on industry sub-sectors, in order to assess the attractiveness of these sectors on a world-wide basis, and to provide context for company analysis. The second stage of the research process focuses on fundamental company research to identify those stocks that offer above-average investment potential.

The portfolio construction process starts with the establishment of a strategic framework for investing. This framework is comprised of the team's points of view on industry, stock, style and market risks. Portfolio strategy is dynamic and reflects the team's ongoing industry and company research, and its financial market observations. Stocks are selected on the basis of the team's bottom-up fundamental analysis.

From time to time the Fund may take active currency positions relative to the benchmark.

The currency team implements a passive currency hedging overlay for the Fund with the objective of reducing the volatility in, or impact on, the value of the Fund against the Australian dollar, thereby leaving most of the risk and returns to the equity investment decisions. Passive currency hedging means that we implement positions which replicate the effect of forward foreign exchange positions in the benchmark at the start of and during the month as closely as possible, typically by purchasing forward foreign exchange contracts in the Fund. Hedging is implemented regardless of the manager's view of the direction of movements in foreign currencies relative to the Australian dollar. Fully hedged positions are not maintained due to active equity investment decisions in the Global Small Cap Fund and intra month market movements.

Performance differences between the Fund and the Global Small Cap Fund will not equal movement in the Australian dollar relative to the foreign currency exposure of the benchmark. This is due to the forward premium paid or received in establishing hedges, which reflects interest rate differentials between the relevant countries. Relative to benchmark, performance of the Fund the Global Small Cap Fund will differ due to:

- Transaction costs associated with hedging,
- Mismatches between the currency position of the hedged portfolio and that of the benchmark introduced by intra-month cash flows, and
- Trading of forward foreign exchange contracts dealt in respect of intra- month cash flow where it is not possible to trade on terms prevailing at the start of the month.

Are labour standards or environmental, social or ethical considerations taken into account?

We do not take into account labour standards or environmental, social or ethical considerations in the context of making investment decisions relating to the Fund.

What does the Fund invest in?

The Global Small Cap Fund's investment universe is all emerging stocks that fall within the market capitalisation range of the benchmark S&P Citigroup EMI Global Index. The average market capitalisation of the portfolio is typically between US\$300 million to US\$10 billion. While investment is generally in the bottom 20% of market by capitalisation, there is flexibility in the investment approach to invest in small and mid size companies.

To achieve its objectives, the Global Small Cap Fund is given specific asset allocation ranges, which are the minimum and maximum level of investment allowed in a particular asset class. These ranges are set out in the table below under the heading "Global Small Cap Fund asset allocation ranges (%)". The actual asset allocation for the Global Small Cap Fund can move within those ranges, according to our view of the outlook for investment markets. The actual allocation to an asset class may be greater than, less than or at the benchmark weighting for the Fund.

Global Small Cap Fund asset allocation ranges (%)			
Asset Sector	Minimum	Benchmark	Maximum
Listed international shares	85	100	100
Cash and liquid assets	0	0	15

What are the significant benefits of investing in the Fund?

The benefits of investing in the Fund include:

Easy to add to your investment – generally you can add to your investment at any time – no minimums apply (see page 12 for further details).

Access to a range of investments – The pooling of your investment within the Fund allows access to investment opportunities and markets which individual investors would usually not have access to (see asset allocation ranges table on page 5).

Easy access to your investment information – in addition to the regular reporting and statements you receive from us, you can access your personal investment information 24 hours a day, 7 days a week via our website at www.blackrock.com/au or by calling our Client Services Centre on 1300 366 100 (see page 3 for further details).

Receipt of income – you will generally receive income from your investment in the form of distributions (see page 13 for further details).

Reinvestment of distributions – you have the ability to “top-up” your investment through the reinvestment of your distributions as additional units (see page 13 for further details).

Access to your investment – you can withdraw your investment at any time (subject to the terms and conditions highlighted on page 13).

What are the significant risks?

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

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

General risks

All investments have an inherent level of risk. Generally there is a trade off between higher expected returns for higher expected risk – represented by the variability of fund returns. The value of your investment will fluctuate with the value of the underlying investments in a fund. Investment risk may also result in loss of income or capital invested and possible delays in repayment. You could receive back less than you initially invested and there is no guarantee that you will receive any income.

Historically, actively managed funds that have invested primarily in shares, like this Fund, have had a higher risk profile and are more volatile when compared to funds invested primarily in other asset classes such as property, cash and fixed income.

What about the specific risks of this Fund?

The significant risks for this Fund, and the ways we aim to manage them, are discussed below. The performance of the Fund will reflect the volatility in the Fund’s underlying investments. If these risks eventuate, your distributions may be lower than expected or there may be none, and the value of your investment could fall.

The significant risks for this Fund may include:

Individual investment risk: individual investments we buy, like shares, can and do fall in value for many reasons such as changes in a company’s internal operations or management, or in its business environment.

Share prices experience volatile price movements and dividend payments from shares may also vary over time.

We aim to reduce these risks with careful analysis of research from many sources and by talking to those people who run companies and are responsible for changes which may impact on our investments.

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

We use research and analysis to form a view on these matters as best we can and then rebalance the investment mix of the Fund to reduce the impact.

International risk: investing internationally carries additional risks. These risks include:

- Differences between countries relating to accounting, auditing, financial reporting, government regulation, securities exchanges and transactional procedures.
- Foreign markets may have different levels of liquidity, pricing availability, settlement and clearance procedures.
- Actions of foreign governments, exchange controls, defaults on Government securities, political and social instability.

These risk considerations apply, to some extent, to all international investments but are likely to be of greater significance in certain small or emerging markets.

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

Currency and hedging risk: international shares are purchased and traded in the currency of their home country. When you purchase units in the Fund you are, in effect, holding overseas assets.

As a consequence, changes in foreign currency exchange rates will affect the value of securities denominated or quoted in foreign currencies and, therefore, investment returns may be affected by fluctuations in currency against the Australian dollar. These movements may either add or subtract from performance.

The Fund aims to limit the impact of currency fluctuations via the application of a passive currency hedge. There are some risks inherent in this hedging strategy including:

- While the Fund’s hedging activities may protect investors against depreciations in the currencies in which the Fund invests (relative to the Australian dollar) it may also limit investors from benefiting if there is an appreciation in the value of the currencies held within the portfolio relative to the Australian dollar.
- It may not be possible to hedge against a generally anticipated devaluation – for example, an announcements such as a change in currency regime from a pegged to a free-floating arrangement.
- The risk of adverse movements in foreign currencies for the Fund where the actual currency exposures of the Fund differ significantly from those of the passive hedge.
- Although we aim to replicate the currency position of the Fund’s benchmark as closely as possible, cashflow considerations and movements in spot currency exchange rates mean that a perfect hedge is not always achievable.
- The value of currency hedges depends, amongst other things, on the interest rate differentials between Australia and the countries whose currency we seek to hedge. In the event that these interest rate differentials change, the value of the currency hedges will generally be affected. As such, it is possible for the value of the currency hedges to change over time and, consequently, for the value of the Fund to change as interest rate differentials fluctuate. The fluctuations may result in gains or losses to the value of the Fund.

An unhedged version of this Fund is also available.

Performance differences between the Fund and the unhedged fund will not equal movement in the Australian dollar relative to the foreign currency exposure of the benchmark. This is due to the forward premium paid or received in establishing hedges, which reflects interest rate differentials between the relevant countries. Relative to benchmark, performance of the Fund and the unhedged fund will differ due to:

- transaction costs associated with hedging,
- mismatches between the currency position of the hedged portfolio and that of the benchmark introduced by intra-month cash flows, and
- trading of forward foreign exchange contracts dealt in respect of intra-month cash flow where it is not possible to trade on terms prevailing at the start of the month.

In addition to passive currency hedging, active currency management may be undertaken with the objective of adding value to the Fund by modifying the currency exposure of the Fund to take advantage of movements in currency markets. The impact of currency hedging on the Fund’s return is uncertain, cannot be guaranteed and can result in capital losses.

Fund risk: risks particular to the Fund include that it could terminate, the fees and expenses could change, we could be replaced as manager and our investment professionals could change.

There is also a risk that investing in the Fund may give different results than investing individually because of income or capital gains accrued in the Fund and the consequences of investments and withdrawals by other investors.

We aim to keep Fund risk to a minimum by monitoring the Fund and acting in your best interests.

Derivative risk

A range of financial derivatives, for example, futures, options and forward foreign exchange contracts may also be used to implement investment decisions and to manage risk in the Fund. Derivatives may be used to gain, reduce or modify exposure to a particular asset class or currency. An investment in derivatives can cause the Fund to make gains or incur losses.

It is our policy not to use derivatives to create exposures that are inconsistent with a fund's investment guidelines.

Derivative contracts are subject to particular risks as listed below:

Market risk – significant losses from derivative contracts may occur in the event of extreme market moves. The Fund's risk management disciplines are designed to control this risk.

Counterparty (credit) risk – derivative transactions may be subject to the risk that a counterparty to the transactions will wholly/partially fail to perform their contractual obligations under the arrangement. To minimise this risk, BlackRock has various procedures and processes in place.

Operations risk – the risk that deficiencies in the effectiveness and accuracy of information systems or internal controls will result in a material loss. BlackRock has various procedures and processes in place designed to minimise this risk.

Emerging market risk

The Fund may invest in securities in Emerging markets. Emerging markets include those countries defined as emerging or developing by the World Bank, the International Finance Corporation of the United Nations. Emerging markets are riskier because they develop unevenly or may never fully develop. Emerging markets are more likely to experience political instability, abrupt changes in government policies, hyperinflation and currency devaluations than developed markets which may adversely impact returns. Additionally, the securities markets in many of these countries have lower trading volume and less liquidity than developed markets and may be more likely to suffer sharp and frequent price changes.

Regulatory risk

This is the risk that a government or regulator may affect the value of securities that the Fund invests in, by introducing regulatory or tax changes.

What fees apply?

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund manager or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.fido.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

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

Taxes are set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

All fees and costs are in Australian dollars and, unless otherwise indicated, reflect the impact of Goods and Services Tax (GST), less any reduced tax input credits.

Fees and other costs

Type of fee or cost	Amount	How and when paid	Example for \$50,000 investment
Fees when your money moves in or out of the Fund			
Establishment fee. The fee to open your investment.	Nil	Not applicable	Nil
Contribution fee. The fee on each amount contributed to your investment.	Nil	Not applicable	Nil
Termination fee. The fee to close your investment.	Nil	Not applicable	Nil
Withdrawal fee. The fee on each amount you take out of your investment.	Nil	Not applicable	Nil
Management Costs			
The fees and costs for managing your investment.			
Management fee. The fee for managing your investment.	1.30% p.a.	The Management fee is calculated in relation to the NAV of Class D units of the Fund and is deducted from the assets of the Fund. The deduction of the Management fee is reflected in the daily unit price of the Fund. The fee is paid to us monthly in arrears. The amount of this fee can be negotiated. ¹ Expenses excluding abnormal expenses ² are included in the Management fee.	Assuming that \$50,000 is invested in the Fund \$50,000 x 1.30% = \$650
Service fees			
Investment switching fee. The fee for changing investment options.	Nil	While no switching fees apply when leaving the Fund, the amount of your investment withdrawn and reinvested will be impacted by transaction costs which are incorporated into the entry and exit price of the Fund. For more information on transaction costs, refer to "Additional Explanation of fees and costs" on page 10.	Nil

1. Refer to "Differential fees" on page 11.

2. Refer to "Abnormal expenses" under the heading "Additional Explanation of fees and costs" on page 10.

Additional explanation of fees and costs

Management Fee

The current Management Fee for the Fund (together with a Dollar example assuming an investment of \$50,000) follows:

Management Fee		
Name of Fund	Management Fee	Dollar Example
Hedged Global Small Cap Fund	1.30%	\$650

Expense recovery costs

We are entitled to be reimbursed for certain expenses in managing and administering the Fund. These expenses relate to the administration and operation of the Fund. Unless we advise otherwise, all Fund expenses, other than abnormal expenses (see below) will be paid for by the Manager from the Management fees and no additional expenses will be recovered.

Where an investment is made through a fund managed by us or another company in the group, the management fees of the underlying fund will be rebated. We may however, recover abnormal expenses incurred in both the investing fund and the fund in which it invests.

Abnormal expenses

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

Transaction costs

The Fund may incur transaction costs (such as brokerage, settlement costs (including custody costs), clearing costs and stamp duty) when investors invest in or withdraw from a Fund (these transaction costs are included in the buy-sell spread, see below) and when transacting to meet investment objectives.

The amount of transaction costs incurred when transacting to meet investment objectives is dependent on a number of different variables, including the level of trading undertaken by a Fund. As such we are unable to provide a meaningful estimate or example of these costs. Transaction costs are an additional cost to the investor but are generally reflected in the unit price and not charged separately to the investor.

Buy-sell spread

The buy-sell spread reflects the estimated transaction costs associated with buying and selling the assets of a Fund when investors invest or withdraw from the Fund. The buy-sell spread is reflected in the difference between application and withdrawal prices. It is an additional cost to the investor but is reflected in the unit prices. It is not charged separately to the investor. The buy-sell spread is paid into the Fund and not paid to BlackRock.

In determining the estimate of the transaction costs included in the buy-sell spread we take into account what the actual costs have been in the past and any other relevant factors that may impact on those costs in the future.

The estimated buy-sell spread applicable to the Fund is 0.525% on entry and exit. We will notify you if the transaction costs increase.

Worked example

Consider a \$50,000 contribution to the Fund. The estimated transaction cost is 0.525%.

In relation to the \$50,000 contribution, the estimated transaction cost incurred would be \$262.50.

Can the fees and charges change?

All fees and charges can change. They may vary over time as a result of changes to the product, changing economic conditions and changes in regulations. We will give you 30 days written notice of any proposed increase. We cannot charge more than the Fund's Constitution allows (to change the Constitution in this regard, we would need to obtain unitholder approval).

The current Fees applicable to your investment are set out in the table titled "Fees and other costs" on page 9 of the PDS. Although we have the power to change our fee structure, we have no present intention to do so.

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

Contribution fee – up to 5.0% of the application monies.

Withdrawal fee – up to 5.0% of the redemption proceeds.

Management fee – up to 2.0% per annum of the Net Asset Value calculated in accordance with the Constitution.

Payments to advisers and other service providers

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

We may at our discretion, enter into a variety of arrangements with service providers such as master fund and IDPS operators which may involve us making payments to, and providing services to, these operators in return for the promotion of the Fund. Such payments maybe one off payments for offering the Fund on their investment menu (referred to as a Product Access Payment) or an ongoing Fund Manager Payment based on a scaled percentage of funds under management. Currently no Product Access Payments are made and a Fund Manager Payment of up to 0.50% is paid on assets under management. These payments are paid out of our fees and are not an additional cost to the investor. The amounts of these payments may change during the life of the PDS.

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

Differential Fees

In accordance with the Corporations Act, we may individually negotiate fees with investors classed as "wholesale" or "professional" investors.

We may negotiate special arrangements concerning fees (including fee reductions or waivers) with other investors in certain circumstances determined by us, as permitted by law.

Example of annual fees and costs

The table below gives an example of how the fees and costs in the Fund can affect your investment over a one year period. You should use this table to compare the Fund with other managed investment products.

Example of annual fees and costs for the Fund		
Example		Balance of \$50,000 with contribution of \$5,000 during year
Contribution Fees	Nil	Not applicable
PLUS Management Fees	1.30%	And, for every \$50,000 you have in the Fund you will be charged \$650
EQUALS Cost of Fund		If you put in \$5,000 during a year and your balance was \$50,000, then for that year you will be charged fees of \$650* What it costs you will depend on the fees you negotiate with us or your financial adviser

*Additional fees and costs such as Transaction Costs may apply.
Please note this is an example. In practice, the actual investment balance of an investor will vary and the actual fees we charge are based on the value of the Fund, which also fluctuates. The amounts assume a constant investment of \$50,000 throughout the year. Management fees will also be charged in relation to additional contributions.

Fund size and performance

The fund size inclusive of all classes of units as at 31 December 2006 was \$185.5m. Fund size of Class D Units as at 31 December 2006 was \$160.1m.

Benchmark performance

The benchmark for the Fund provides a performance target against which the Fund's performance is measured over a set period of time. The Fund's benchmark is the S&P Citigroup Extended Market Global Index (hedged in Australian dollars). Prior to March 2007 the benchmark was the S&P Citigroup Extended Market World Index, excluding Australia (hedged in Australian dollars).

Prior to March 2007 the Fund was managed by BlackRock's Global Small Cap Team. BlackRock's Global Opportunities Team now manages the Fund. As a result of this change performance information for the Fund under its new structure is not available.

How to invest

When investing through an IDPS or master trust you must complete the documents which the operator of these services requires.

When investing directly in the Fund you generally need a minimum investment of \$500,000. To make your investment, complete the application form accompanying this PDS and either:

- send us the completed application form together with your cheque for your initial contribution; or
- forward the completed application form by facsimile (to the attention of Manager – Client Administration) **together with verification from your financial institution that the money has been banked**. You will need to confirm your application request by sending us the original. The use of facsimile instructions is subject to the terms and conditions set out on page 17.

The deadline for receipt of an application request is 2.00pm Eastern Standard Time (EST) on any Melbourne or Sydney business day. Requests received after this time will be treated as received on the following Melbourne or Sydney business day.

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

Investing via an Investor Directed Portfolio Service (IDPS)

Investors and potential investors accessing the Fund indirectly through an investor directed portfolio service (IDPS) or master trust may use this PDS for that purpose. Such indirect investors do not acquire the rights of a unitholder under a Fund. Rather, the operator of that service acquires the rights of a unitholder under a Fund. Therefore, indirect investors do not receive income or reports directly from us and do not have the right to attend meetings of unitholders. Indirect investors should not complete the Application form attached to, or accompanying, this PDS and should seek their own tax advice. The rights of indirect investors are set out in the disclosure document of the IDPS or master trust.

How are unit prices calculated?

When you invest in the Fund you are allocated a number of Class D Units in the Fund. Each of these units represents an equal part of the Net Asset Value ("NAV") of the Fund attributable to Class D. As a result, each unit has a dollar value or 'unit price'.

Both the entry and exit prices are based on the Net Asset Value ("NAV") of the Class D Units of the Fund divided by the number of units on issue in that class adjusted to take account of transaction costs. Both prices are generally calculated each Melbourne or Sydney business day.

Assets and liabilities of the Fund are generally valued at their market value in accordance with the Funds Constitution.

The unit price we apply for an application or withdrawal will be the price based on the value of the assets in the Fund next calculated following receipt of the application or withdrawal request.

The deadline for receipt of an application or withdrawal request is 2.00pm EST on any Melbourne or Sydney business day. Requests received after this time will be treated as received on the following Melbourne or Sydney business day.

We have the discretion however, to price more or less frequently when unusual circumstances prevail (for example, when there has been unusual volatility in the market) in order to protect the interests of all investors.

We are presently developing a formal written policy in relation to the guidelines and relevant factors taken into account when exercising any discretion in calculating unit prices (including determining the value of the assets and liabilities). Typically however, assets are valued at their market value.

Investors will be informed and information included on our website when the policy is finalised. Once the policy is finalised a copy will be made available to investors free of charge on request.

How do you receive income from your investment?

Any income you receive from your investments will be in the form of distributions. Your distribution may include income such as interest, dividends and realised capital gains.

If you hold D class Units in the Fund at the close of business on the last day of a distribution period, you are entitled to participate in the distributable income of the Fund attributable to that class on a pro rata basis.

Distributions (if any) may vary over time depending on the Fund's realised gains in a particular period. If investments are sold during a period, any taxable gains from the sale may be paid in that period or a subsequent period within the financial year.

Distributions are generally determined at the end of June and December but if you have invested through an IDPS or master trust the operator of such services may pay distributions at times which are different to this. Following the determination of a distribution, the unit price will fall to reflect the reduced value of the Fund following the payment of the distribution to investors – in other words it is priced to exclude the distribution entitlement.

Distributions are normally paid within 21 business days of the end of the distribution period.

Distribution of Australian sourced income to non-resident investors will be subject to withholding tax. See page 14 for further details on the taxation issues which may have an impact on you.

Distribution payment options

If you have invested directly in the Fund, you have two payment options regarding your distribution payments:

- reinvestment
- direct deposit to your nominated bank account

If you do not indicate a distribution payment option on your application form, all your income distributions will automatically be reinvested as additional Class D Units, based on the last application price for Class D Units before the end of the distribution period, adjusted for the distribution payable in relation to that period.

If you have selected the direct deposit option and the distribution payment by direct deposit is unsuccessful, your income distributions will be reinvested as additional Class D Units in the Fund.

Withdrawing your investment

If you have invested through an IDPS or master trust, you need to complete the documents which the operator of these services requires of you to withdraw from the Fund. You don't need to complete any of our forms.

If you have invested directly into the Fund, withdrawals can be made in writing (including by facsimile) or by telephone using your PIN (see page 17) in conjunction with your Investor Number. We will then send a cheque or make a deposit into your bank account.

You will normally be able to withdraw money from the Fund on any Melbourne or Sydney business day.

Withdrawal requests must be received by 2.00pm. Requests received after this time will be treated as received the following Melbourne or Sydney business day.

Withdrawals are normally processed and posted within seven business days of our having received the request (although we are allowed longer periods under the Fund's Constitution). If you have invested through an IDPS or master trust please note that the operator of such services will process your withdrawal.

In unusual circumstances outside our control we may delay the processing of requests for the period that the unusual circumstances prevail.

If a withdrawal request relates to more than 5% of units on issue, we may treat the request as being five separate requests received over five successive business days.

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

Additional information

Taxation

Investing, and dealing with investments, often has tax and social security 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.

Taxation of the Fund

Australia has been in the process of taxation reform for some years. While the final form of the taxation reforms is still not certain, it is expected that the Fund will continue to be subject to "flow through" taxation, and generally not pay any tax so long as it fully distributes its income to unit holders. We intend to monitor developments and where "flow through" taxation is available, take all reasonable steps to ensure that the Fund satisfies the relevant requirements to be taxed in this manner.

As the responsible entity of the Fund, however, we may be liable to pay tax for certain taxable income to which non-resident unit holders are entitled.

The distributable income of the Fund may include non-assessable amounts to unit holders. Receipt of certain non-assessable amounts may have capital gains tax consequences.

Taxable income of the Fund

The disposal of investments by the Fund may result in taxable income. In broad terms, under the capital gains tax provisions of the Income Tax Assessment Act, a gain arising on the disposal of an investment by the Fund will, where the sum of capital gains exceeds any capital losses, be included in the Fund's taxable income.

Depending on the types of investments made, the Fund can derive income in the form of dividends, interest, rent, gains on the disposal of investments and other types of income. Generally speaking, such income derived by the Fund is taxable, but tax credits (eg. franking credits and foreign tax credits) may be available to investors to offset part or all of any resulting tax liability. Any excess foreign tax credits may be carried forward for 5 years and offset against the tax liability of future foreign income of the same class.

Capital gains will be calculated based on the nominal gain on disposal of investments. Where the asset disposed of was held for 12 months or more, eligible investors are able to claim concessional treatment. You may be entitled to a credit for foreign tax paid on certain income or capital gains received from overseas investments. A disposal of certain investments held by the Fund may give rise to income rather than capital gains.

In either case, the Fund will distribute all realised gains (less available losses) to unit holders during the year of income.

Taxation of your income entitlement

We will calculate the taxable amount of the distribution (if any) to which you are entitled. The taxable amount distributed must be included in your assessable income for the year in which the distribution was made. The distribution of other amounts which are included in the distribution amount which are not taxable income may reduce the cost base of a unit holder's units. Where the cost base is reduced to nil, any excess amount may give rise to a capital gain.

The Foreign Investment Funds ("FIF") regime may apply to certain investments made by the Fund. Under the FIF regime, you will be assessed on gains in the value of interests in the investments held by the Fund in which you have invested, even though those gains are unrealised. The FIF regime requires you to include in your assessable income your proportion of the FIF income of the Fund in which you have invested for the year. We intend to ensure that the foreign holdings of the Fund satisfy the exemptions to the FIF regime. If the exemptions are satisfied no amount should be assessed under the FIF regime.

Acquisition and redemption of units

Under the capital gains tax provisions, when you redeem your units, whether by withdrawing, switching or transferring your units, you may be liable to tax on any gain. Where units have been held for twelve months or more, the gain may be eligible for concessional treatment.

Should a capital loss arise on redemption of a unit, the loss will not be an allowable deduction for you but may be able to be offset against capital gains arising in that year or in subsequent years. Certain investors (for example, those carrying on a business of trading in units or securities) may be liable to tax on any gains made on the redemption of units as ordinary income.

Goods and Services Tax

Where under the GST legislation the Fund is entitled to credits for GST paid to another person (generally 75% of the GST on certain acquisitions), the cost of paying GST from the Fund will be reduced proportionately.

If you have invested through an IDPS or master trust you can find out more about the impact of tax by looking at the guide or the prospectus for these services.

Keeping you informed

When you invest through an IDPS or master trust, the operator of that service will send you information relating to your investment.

When you invest directly in the Fund you will receive:

- **Confirmation Statement** specifying details relating to your investment and your Investor Number, together with an investor information brochure explaining the administration of your investment. Your PIN is sent to you separately.
- **Regular reporting** including a quarterly update on all our funds (unless otherwise advised that it is not to be received).
- **Distribution Statement** after each distribution period. At the end of each financial year, you will receive a Consolidated Distribution Statement that will help to simplify your record keeping by providing the total of your income payments over the past twelve months.
- **Tax Statement** on an annual basis.
- **Periodic Statement** on a half yearly basis.
- **Capital Gains Tax Statement** on an annual basis if you make a withdrawal during the year.

You will also receive a Confirmation Statement for most transactions conducted on your account.

Financial information

A copy of the audited financial statements of the Fund is available free of charge from us or upon request from your IDPS or master trust operator. The accounts will include a Balanced Sheet, Income Statement and Cash Flow Statement as well as notes to the accounts.

A copy of the annual audited financial accounts is available by the end of September each year.

What are our reporting requirements?

This Fund is not currently a disclosing entity as defined under the Corporations Act. However, if it were to become a disclosing entity during the currency of this PDS, the Fund would be subject to additional regular reporting and disclosure obligations. Copies of documents lodged with ASIC to comply with these requirements may be obtained from, or inspected at, an ASIC office. You have a right to request us to provide to you free of charge, the half yearly financial report and any continuous disclosure notices lodged with ASIC (in addition to the annual audited financial accounts referred to above).

Do you have any “cooling off” rights?

If you have invested directly into the Fund and are not otherwise a “wholesale” or “professional” investor (as defined in the Corporations Act) you have a 14 day cooling off period in which to decide if the investment is right for you.

The 14 day period commences from the earlier of the time your investment is confirmed by us and the fifth day after the units are issued.

The amount of your refund will be calculated on the day we receive your written request to withdraw your investment, reduced or increased for market movements in the relevant Fund as well as any applicable transaction costs and less any non-refundable tax or duty paid or payable. Accordingly, depending upon the circumstances, the amount returned to you may be greater or less than the amount initially invested.

If you have invested through a master trust or Investor Directed Portfolio Service (IDPS), your rights to cool-off will be dealt with in the disclosure document for that master trust or IDPS.

Our legal relationship with you

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

Constitution

Our responsibilities and obligations as responsible entity of the Fund are governed by a Constitution for the Fund as well as the Corporations Act and general trust law.

The Constitution contains a number of provisions relating to the rights, terms, conditions and obligations imposed on both you and us. A copy of the Fund's Constitution is available free of charge from us by calling our Client Services Centre on 1300 366 100.

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

- your right to share in the Fund income, and how we calculate it;
- your right to withdraw from the Fund and what you are entitled to receive when you withdraw or if the Fund is wound up;
- the nature of the units and classes of units;
- your rights to attend and vote at meetings – these mainly reflect the requirements of the Corporations Act which also deals with unitholders rights to requisition or call a meeting; and resolutions passed by a requisite majority at a meeting of unitholders are binding on all unitholders.

The Constitution provides that the liability of each unitholder is limited to its investment in the Fund. A unitholder is not required to indemnify us or our creditors in respect of the Fund. However, no complete assurance can be given in this regard as the ultimate liability of a unitholder has not been finally determined by the courts.

There are also provisions governing our powers and duties, some of which are discussed elsewhere in this PDS.

Others include:

- when we can terminate the Fund or class of units or reclassify units and what happens if we do. We can only terminate the Fund in accordance with the Corporations Act and only if we provide you with the required notice, and if we do, you share pro rata in the net proceeds from us selling the investments;
- when we can amend the Constitution. Generally we can only amend a Constitution where we reasonably believe that the changes will not adversely affect your rights as an investor. Otherwise the Constitution can only be amended if approved by special resolution at a meeting of investors;
- our right to refuse to accept applications for units or record any transfer of units without giving any reason;

- our right to determine minimum application, withdrawal and holding amounts and powers in support of these minimums;
- our right to deduct amounts you owe us from withdrawal proceeds; and
- our broad powers to invest, borrow and generally manage the Fund. We do not currently intend to borrow funds to acquire assets for the Fund, although this is permitted under the Fund's Constitution. We may only borrow if we consider it to be in the best interests of unit holders.

The Constitution contains a provisions that, except as provided under the Corporations Act, it alone, and no other laws (except, of course, those laws we cannot exclude), is the source of our relationship with you and other investors in the Fund.

The Constitution also deals with our liabilities in relation to the Fund and when they can be reimbursed to us out of the Fund's assets, for example, subject to the Corporations Act:

- we are not liable for acting in reliance and in good faith on professional advice;
- we are not liable to unitholders for any loss unless we fail to comply with our duties, fail to act in good faith or if we act negligently; and
- we can be reimbursed for all liabilities we incur in connection with the proper performance of our duties in respect of the Fund.

Compliance Plan

We have lodged a Compliance Plan for the Fund with ASIC. The Compliance Plan sets out the measures we will take to ensure we comply with the Corporations Act and the Constitution of the Fund. To oversee compliance with the Compliance Plan, we have established a Compliance Committee. The Compliance Committee is required to report breaches of the Constitution and the Corporations Act to the directors of BlackRock Investment Management (Australia) Limited, and in some circumstances, to ASIC.

A copy of the Fund's Constitution and Compliance Plan are available free of charge from us by calling our Client Services Centre on 1300 366 100.

Auditor

We have an obligation under the Corporations Act to appoint an auditor of the Fund and Compliance Plan. The current auditor of the Fund and Compliance Plan is PricewaterhouseCoopers ("PwC") of Freshwater Place, Level 19, 2 Southbank Boulevard, Southbank, Victoria, 3006.

Custody

A custodian (sometimes more than one) is appointed us to hold the assets of the Fund. Our current policy is to appoint an independent professional custodian. You will be informed if this policy changes. In addition, the appointment of a custodian must be in accordance with the applicable legal and regulatory requirements which include a requirement that the custodian have at least \$5 million in net tangible assets. We remain liable to unitholders for acts and omissions of the custodian.

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

A custodian has no supervisory obligation to ensure we comply with our obligations as responsible entity of the Fund.

The custodian may change from time to time but must satisfy any relevant regulatory requirements as mentioned above. If you require details of our custodian at any time, you should contact our Client Services Centre on 1300 366 100.

Faxed instructions

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

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

Margin lending

If you wish to apply using a margin lending arrangement, you must complete the Application Form that accompanies this PDS and sign Part 6 of the Application Form. You must also complete the Tax File Number Notification or Exemption Form ensuring that the Tax File Number you provide is your own and not that of the margin lender. Please forward the completed Application Form to your margin lender for their approval. In particular you will need to understand the terms of using the service in Part 8 of the Application Form. When your margin lender approves your margin lending application, the lender will then forward the completed Application Form and cheque (or any other method of payment acceptable) to us for processing.

Personal Identification Number

If you invest directly into the Fund, you will be provided with a Personal Identification Number (PIN) which will allow you to complete certain transactions on your account.

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

Your PIN must be used in conjunction with your Investor Number. If your PIN is used by someone without your authority, we will not generally be liable for any loss incurred by you. Do not store your PIN with your Fund records. When using your PIN you release, discharge and agree to indemnify us from and against all actions, proceedings, claims and liabilities arising out of the use of your PIN, except to the extent that such liability is attributable to our own neglect. We may continue to accept telephone withdrawal requests until we receive the written notice from you to cancel or vary your PIN.

Enquiries and complaints

We have established procedures for dealing with enquiries and complaints.

If you have invested through an IDPS or master trust, you should firstly contact the operator of that service.

If you have an enquiry or complaint, you can either call our Client Services Centre on 1300 366 100 or write to our Enquiries and Complaints Officer at BlackRock Investment Management (Australia) Limited, Level 18, 120 Collins Street Melbourne, Vic. 3000 or fax your enquiry or complaint to (03) 9657 3400 or by email to clientservices.aus@blackrock.com. We will acknowledge receipt of the complaint within 14 days of its receipt.

We must deal with a complaint and respond to you as soon as practicable but no longer than 45 days after receiving the complaint. If a complaint is not satisfied within this timeframe, or you are not satisfied with our response, you may refer your complaint to the Financial Industry Complaints Service ("FICS") of which we are a member and which is an independent entity. The FICS contact details are: PO Box 579, Collins Street West, Melbourne, Vic. 8007 Telephone: 1300 780 808.

Related party information

The Manager or persons associated with Manager may invest in the Fund from time to time. The Manager and its associates are also entitled to enter into or be interested on their own account in any transaction entered into on behalf of a Fund or with any company or body in which the Fund is invested or who provides services to the Fund. Any such transactions will be on arms length commercial terms.

Privacy

If you have invested through an IDPS or master trust, the Privacy Policy of the operator of that service will apply to your investment. If you have invested directly, the information requested on the attached application form is used by us for the primary purpose of establishing and administering your investment(s) with us. We are unable to process your application and provide you with the requested investment without this information.

A Privacy Policy detailing our handling of personal information is available upon request. You may request access to the information held by us about you and your investment(s), and we ask that you advise us of any changes to such information you may have provided.

We may disclose your information (or parts thereof) to external parties who act on our behalf in the operation of our business from time to time or as required by law. We may also disclose your information to external parties on your behalf, such as your financial adviser, unless you have instructed otherwise.

We, BlackRock, Inc. and its related bodies corporate may use your information on occasion, to advise you about other services or products offered by us or them, but you may elect to stop receiving such information at any time.

You may contact our Privacy Officer on (03) 9657 3000 if you wish to update or request access to your information or if you have any queries regarding our Privacy Policy.

Anti-money laundering

As new laws are proposed in relation to anti-money laundering for Australia we may, in future, require additional information to verify the identity of an investor and any underlying beneficial owner of units in a Fund and the source of any payment. Where we request such information from you, processing of applications or withdrawals may be delayed until the requested information in a satisfactory form is received.

Directors

Maurice J O'Shannassy
James T Stratford
Robert Fairbairn
Damien Frawley
Grant Boyle

The Directors have authorised the issue of this PDS.

CONTACTS

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Perth

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West Perth WA 6005

Client Services Centre: 1300 366 100

Website: www.blackrock.com/au