

BlackRock Diversified ESG Stable Fund Product Disclosure Statement

ARSN 089 406 011
BlackRock Investment Management (Australia) Limited
ABN 13 006 165 975
Australian Financial Services Licence No 230523

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About this PDS

This Product Disclosure Statement (**PDS**) is a summary of significant information and contains a number of references to important information (each of which forms part of this PDS) and persons should consider that information before making a decision about the Fund.

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

This PDS can only be used by investors receiving it (electronically or otherwise) in Australia. This PDS is not an offer to any person or any place in which it is unlawful to make such an offer. Units in the Fund have not been, and will not be, registered under the U.S. Securities Act of 1933 or the securities laws of any of the states of the United States. The Fund is not and will not be registered as an investment company under the U.S. Investment Company Act of 1940. Investment in units of the Fund by or on behalf of U.S. persons is not permitted. Units in the Fund may not at any time be offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, a U.S.

person. Any issue, sale or transfer in violation of this restriction will not be binding upon the Fund and may constitute a violation of U.S. law.

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

The Responsible Entity can change any terms and conditions of the offer contained in this PDS at any time.

Incorporation by Reference

The Corporations Act 2001 (Cth) (**Corporations Act**) allows us to provide certain information to you separately to this PDS. Where you see references to “Additional information incorporated by reference” additional information concerning the topic has been incorporated by reference and forms part of the PDS. This information can be found in the BlackRock Additional Fund Information No. 3 document, available at [our website](#). You should read this important information before making a decision. This material may change between the time when you read this PDS and when you acquire the product. This information is available to you free of charge upon request in paper format by contacting Client Services.

Information subject to change

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

Updated information that is not materially adverse can be obtained from [our website](#). A paper copy of any updated information will be given, or an electronic copy made available, free of charge upon request.

Where the Fund is subject to the continuous disclosure requirements of the Corporations Act, we will satisfy our obligations by disclosing material information regarding the Fund on [our website](#). A paper copy of this material is available free of charge upon request.

Annual report

A copy of the audited annual financial report of the Fund is generally available by the end of September from us or upon request from your Investor Directed Portfolio Service (**IDPS**), superannuation fund or master trust operator. The audited

Client Services

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annual financial report will be made available on [our website](#). You may also elect to receive a hard copy of the report by contacting Client Services on the telephone number shown on page 1.

Investing through an IDPS, superannuation fund or master trust

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

Target Market Determination

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

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

The TMD for this product can be obtained by contacting Client Services and may be available on [our website](#).

1. About BlackRock Investment Management (Australia) Limited

BlackRock Investment Management (Australia) Limited, ABN 13 006 165 975 (referred to in this PDS as **BlackRock, Responsible Entity, Manager, we, our or us**) is the responsible entity and the issuer of units in the BlackRock Diversified ESG Stable Fund (**Fund**).

BlackRock is a majority owned subsidiary of BlackRock, Inc.[®] (**BlackRock Inc**) but is not guaranteed by BlackRock Inc, or any BlackRock Inc subsidiary or associated entity (**the BlackRock Group**). Neither BlackRock nor any member of the BlackRock Group guarantees the success of the Fund, the achievement of the investment objective, or the repayment of capital or particular rates of return on investment or capital. An investor in the Fund could lose all or a substantial part of their investment. In particular, the performance of the Fund will depend on the performance and market value of the assets held by the Fund. We reserve the right to outsource any or all investment, management and administration functions, including to related parties, without notice to investors.

2. How the BlackRock Diversified ESG Stable Fund works

2.1 The interests that members acquire

The Fund is structured as a unitised registered managed investment scheme. This means your money is pooled together with monies from other investors. This is used to buy investments that are managed on behalf of all investors in the Fund. When you invest in the Fund, you are allocated a number of units in the Fund, rather than directly receiving an interest in the assets of the Fund. Each of these units represents an equal share in the net assets of the Fund as a whole and are not related to any particular asset. As a result, each unit has a dollar value or "unit price". The unit price will vary as the market value of assets in the Fund rises or falls. The number of units you receive is dependent on the amount of money you invest and the applicable unit price.

2.2 Minimum investment amounts

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

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

2.3 How investors can increase or decrease their investment

Investors can increase or decrease their investment by acquiring units (refer to section 8.1 of this PDS titled "How to apply") or redeeming all or part of their investment (refer to section 2.4 of this PDS titled "How to redeem your investment").

2.4 How to redeem your investment

Redemption requests can be made in writing (either by post or facsimile). You will normally be able to redeem from the Fund on any Business Day, being a day other than a Saturday or Sunday on which banks are open for general banking business in Sydney. A list of public holidays affecting the Fund is available on [our website](#).

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

Following receipt of a redemption request, we will deposit redemption proceeds into your nominated Australian bank account, generally within five Business Days of our having received the redemption request, although we are allowed longer periods under the Fund's constitution.

In some circumstances, such as when there is a freeze on withdrawals, investors may not be able to withdraw from the Fund within the usual period upon request.

2.5 Frequency of distributions and how they are calculated

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

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

Additional information incorporated by reference

You should read the important information about the acquisition and disposal of interests before making a decision. Go to Section 2 of the document titled "BlackRock Additional Fund Information No. 3", which is available from [our website](#). This material may change between the time when you read this PDS and when you acquire the product.

3. Benefits of investing in the BlackRock Diversified ESG Stable Fund

Superior investment returns: the Fund aims to achieve superior investment performance that exceeds the returns of the composite benchmark over rolling 3-year periods, after fees.

Capital stable orientated investment portfolio: the Fund provides investors with exposure to a capital stable orientated portfolio, which is managed relative to a benchmark comprised of approximately 30% growth assets and 70% defensive assets.

Global Diversification: the Fund invests across a range of domestic and international asset classes in seeking to maximise the benefits of global diversification.

ESG focused investment process: BlackRock incorporates ESG considerations in implementing the Fund's strategic asset allocation. Excluding assets which BlackRock considers "neutral" with regards to their sustainability characteristics, at least 80% of the Fund's assets are invested in products that sit on the BlackRock Sustainable Investing Platform.

Additional information incorporated by reference

You should read the important information about the other features and benefits of the Fund before making a decision. Go to Section 3 of the document titled "BlackRock Additional Fund Information No. 3", which is available from [our website](#). This material may change between the time when you read this PDS and when you acquire the product.

4. Risks of managed investment schemes

All investments carry risk. Different strategies may carry different levels of risk, depending on the assets that make up the strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk. The value of investments will vary. The level of returns will vary, and future returns may differ from past returns. Returns are not guaranteed, and investors may lose some or all of their investment. The laws affecting registered managed investment schemes may also change in the future.

The appropriate level of risk for each investor will vary depending on a range of factors including age, investment time frames, where other parts of the investor's wealth is invested and the investor's risk tolerance.

4.1 Specific investments risks

The specific investment risks of investing in the Fund include:

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

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

Additionally, uncleared OTC derivative markets may not require payment of margin. To the extent that the Fund has unrealised gains in such instruments or has deposited collateral with its counterparty, the Fund is at risk that its counterparty will become bankrupt or otherwise fail to honour its obligations.

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

Exclusionary screens risk. The use of exclusionary screens (including at the underlying fund level) may affect the investment performance of the Fund and, as such, performance may differ compared to similar funds that do not use such screens.

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

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

Foreign investment risk. The Fund may be exposed to securities or derivative instruments issued in foreign markets and as such faces risks associated with:

differences between countries in relation to accounting, financial reporting, legal, regulatory, pricing, liquidity and settlement and clearance procedures;

currency risk, the risk that foreign currencies change in value relative to the Australian dollar, which may affect the Fund's investment returns.

the countries to which the Fund is exposed may be subject to considerable degrees of economic, political and social instability, which may reduce or preclude the ability to trade security exposures or negatively affect a security's value.

FX Hedging risk. While a level of currency management (including hedging) may be undertaken to manage any currency risk, it may not be possible to perfectly match the performance of the hedging in a Fund relative to that of the change in value of the foreign currency. In addition, the impact of currency hedging can result in capital losses.

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

Property risk. The Fund may be exposed to property securities. The risk level varies between development property (higher risk) and existing property (lower risk). Property also tends to have a unique cycle, which is different to shares and other asset classes. Particular external factors affecting property include liquidity, interest rates, diversity of direct property holdings, the quality of properties, proximity to competing properties, current and expected income and other economic conditions that may affect supply and demand. Property exposure in the Fund may be obtained via holdings in listed property securities or via derivative contracts based on these securities. In addition to the above risks, these vehicles may be subject to refinancing risk associated with any borrowings made in order to acquire properties, may have limited financial resources and may trade less frequently and in limited volume. Listed property securities are valued daily according to their last quoted market price.

Underlying fund risk. The Fund may implement some or all of its investment strategy through an investment in an underlying fund. The Fund and its underlying fund are managed as separate entities, with separate investment objectives and investment strategies. No guarantee can be given that the underlying fund will meet its investment objective, continue to be managed according to its current investment strategy or be open to investments in the future. Changes to the underlying fund may be made without unitholder approval. Should an underlying fund change its investment objective or investment strategy, we will review such changes with consideration to the investment objective and strategy of the applicable Fund. Further, if the underlying fund were to be suspended, closed or terminated for any reason, the Fund investing into it would be exposed to those changes.

4.2 General risks

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

Conflicts of interest risk. Certain conflicts of interest may arise in operating a BlackRock Group fund. Fund structures may involve members of the BlackRock Group acting in more than one capacity (including as counterparties). BlackRock Group funds may be invested in by persons associated with BlackRock Group or by other BlackRock Group funds and accounts. Certain investment strategies of the BlackRock Group may conflict with each other and may affect the price and availability of securities in which to invest. Members of the BlackRock Group may also give advice or take action with respect to any of their clients, which may differ from the advice given or the timing or nature of any action taken with respect to the investments of other BlackRock Group funds or accounts.

BlackRock has established policies and procedures to identify and manage conflicts of interest inherent to BlackRock's business.

Counterparty risk. A fund will be exposed to the credit risk of the parties with which it transacts and may also bear the risk of settlement default. Credit risk is the risk that the counterparty to a financial instrument or transaction fails to discharge an obligation or commitment that it has entered into. While the BlackRock Group uses reasonable efforts to mitigate such risks, there can be no guarantee that transactions with counterparties will always be completed in the manner contemplated by, and favourable to, the fund.

Fund risk. The price of units in a fund and the income from it may go up or down. Investors may not get back their original investment. There can be no assurance that a fund will achieve its investment objective or that an investor will achieve profits or avoid losses. Capital return and income of a fund is based on the capital appreciation and income of the securities invested in, less expenses incurred. Fund returns may fluctuate in response to changes in such capital appreciation or income. The payment of distributions is at the discretion of the fund issuer, considering various factors and its own distribution policy. Distributions are not guaranteed and there may be periods for which distributions are higher or lower than expected. There can be no assurance that the distribution yield of a fund is the same as that of its index. Past performance is not indicative of future performance.

Issuer risk. The performance of a fund depends on the performance of individual securities to which the fund has exposure. Any issuer of these securities may perform poorly, causing the value of its securities to decline. Poor performance may be caused by poor management decisions, competitive pressures, changes in technology, disruptions in supply, labour problems or shortages, corporate restructurings, fraudulent disclosures or other factors. Issuers may, in times of distress or at their own discretion, decide to reduce or eliminate dividends, which may also cause security prices to decline.

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

Market risk. Market risk is the risk that one or more markets in which a fund invests will go down in value, including the possibility that the markets will go down sharply and unpredictably. The value of a security or other asset may decline due to changes in general market conditions, economic trends or events that are not specifically related to the issuer of the security or other asset, or factors that affect a particular issuer or issuers, exchange, country, group of countries, region, market, industry, group of industries, sector or asset class. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, or other events could have a significant impact on a fund and its investments.

Operational risk. The risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Adverse impacts may arise internally through human error, technology or infrastructure changes, or through external events such as third-party failures or

crisis events. The BlackRock Group has procedures in place to manage these risks and, as much as possible, monitors the controls within these procedures to ensure operational risks are adequately managed.

Regulatory and business risk. Changes in corporate, taxation or other relevant laws, regulations or rules may adversely affect your investment (for example, by adversely affecting a fund's ability to execute its investment strategy). Such changes could have a material effect on performance. The laws affecting registered managed investment schemes may also change in the future.

5. How we invest your money

WARNING: Investors should consider the likely investment return, the risk, and their investment timeframe when choosing a fund in which to invest. This Fund only offers a single investment option.

The Fund aims to achieve superior investment performance through providing returns that exceed those of the composite benchmark after fees, over rolling 3-year periods. The composite benchmark comprises a portfolio of published indexes, approximately 30% of which represent growth assets and 70% of which represent defensive assets. The Fund will seek to meet its investment objective while taking into account the principles of environmental, social and governance (ESG) focused investing.

To produce the composite benchmark, BlackRock utilises its proprietary capital market assumptions, which produce long-term estimates of expected risk and return in each asset class. These are used to construct the Fund's strategic asset allocation (SAA) which sets the target allocations for various asset classes. BlackRock may adjust the SAA from time to time, including at periodic rebalances.

The Fund invests substantially all of its assets in the BlackRock Wholesale Diversified ESG Stable Fund (Wholesale Fund), another fund managed by us that has the same investment strategy as the Fund.

The SAA of the Fund is shown in the following table:

Asset class	Composite Benchmark Weight of the Relevant Index
Equities – Australian	6%
Equities – International Developed Markets (unhedged)	0%
Equities – International Developed Markets (hedged)	12%
Equities – Emerging Markets (unhedged)	5%
Equities – Japanese (unhedged)	3%
Listed Infrastructure – International (unhedged)	6%
Listed Real Estate (REITs) – International (unhedged)	0%
Gold (unhedged)	3%
Fixed Interest – Australian	10%
Inflation-Linked Bonds – Australian	10%
Corporate Bonds – Australian	15%

Asset class	Composite Benchmark Weight of the Relevant Index
Mortgage-Backed Securities – US	0%
Fixed Interest – International	0%
Inflation-Linked Bonds – US	10%
High Yield Fixed Interest – International	5%
Cash/ cash benchmarked assets	15%
Total	100%
Foreign Currency Exposure	17%

Implementing the Fund's SAA and seeking outperformance

BlackRock implements the SAA, and gains exposure to the targeted asset classes, through the Wholesale Fund by investing in other pooled investment vehicles (Underlying Funds) which are managed by us or other entities within the BlackRock Group. These Underlying Funds have a range of active and index investment strategies. Each active strategy aims to add value over the strategic allocation, whilst controlling risk. In addition to long-only active funds, the Fund may invest in Underlying Funds with absolute return strategies to achieve the Fund's overall performance objective.

The selection of an Underlying Fund for inclusion in the strategy is the result of a comprehensive due diligence process. In selecting Underlying Funds, BlackRock takes into account ESG considerations as set out in the section titled 'ESG approach within the Underlying Fund selection process' below.

The Fund and the Wholesale Fund may also invest in derivatives, such as futures, forwards and options, which can be used to manage risk and return. Exposure to derivatives (other than derivatives used to manage foreign exchange or interest rate risk, or held on a temporary basis) will generally not exceed 10% of the Fund's net asset value. As derivatives generally have a lower upfront cash outlay than physical exposures, the Fund may invest residual cash to further achieve its overall performance objective. This means that the Fund may have gross exposure to underlying assets in excess of 100% (but generally no more than 110%) of the Fund's net asset value.

While the constitutions of the Fund and the Wholesale Fund allow the Responsible Entity to borrow, it is our intention that no borrowing arrangements will be entered into, other than temporary overdrafts, which may be used as a means of managing certain cash flows.

In allocating to, and seeking to outperform, the cash component of the Fund's SAA, the Fund may invest in cash-benchmarked defensive alternatives which typically demonstrate a stable growth profile with low correlation to equity and bond markets. The Fund may also hold a small allocation of cash (or cash equivalents) for cash flow management purposes. BlackRock may invest this cash in index futures contracts for cash equitisation and bondisation purposes.

The Fund may be suitable for investors who are seeking capital preservation. The minimum suggested timeframe for holding investments in the Fund is 3 years. From an investor's perspective, the Fund is considered medium risk.

ESG approach within the Underlying Fund selection process

The Fund's SAA comprises a range of asset classes as set out in the table above. When selecting Underlying Funds that provide exposure to these asset classes, BlackRock considers the ESG investment approach of those Underlying Funds and classifies them as follows:

Neutral Assets

A sustainable investing approach for some asset classes is, in BlackRock's opinion, not meaningful. Certain asset classes do not raise a material risk of exposure to activities that are likely to be considered sensitive, controversial or to have an adverse ESG impact (for example, cash and Australian or US inflation-linked bonds). For Underlying Funds which provide exposure to these asset classes, BlackRock considers that a sustainable investing approach is unlikely to materially exclude or reduce assets in comparison to their reference benchmark. BlackRock classifies these Underlying Funds as **Neutral Assets**.

ESG Assets

For asset class exposures that are not invested in Neutral Assets, at least 80% of the Fund's remaining investment (that is, the Fund's total assets less Neutral Assets) is through Underlying Funds that sit on the BlackRock Sustainable Investing Platform and BlackRock classifies as **ESG Assets**. The BlackRock Sustainable Investing Platform is the suite of products managed by the BlackRock Group which use ESG data as a portfolio construction input and a subset of those products also seek to achieve long-term sustainability outcomes per each product's specific objectives. For inclusion on the BlackRock Sustainable Investing Platform, ESG Assets must meet the requirements of one of four categories as determined by BlackRock: Screened, Uplift, Thematic or Impact.

All of the Underlying Funds which are ESG Assets have exclusionary screens that limit and/or exclude direct investment in corporate issuers which have exposure to, or ties with, controversial weapons, nuclear weapons, civilian firearms, tobacco, thermal coal and United Nations compact violators. These exclusionary screens are subject to sector classifications and/or revenue thresholds. In some cases, ESG Assets apply additional screens and may seek additional long-term sustainability outcomes (in the case of Uplift, Thematic and Impact categories).

Non-ESG Assets

Up to 20% of the Fund's assets (after excluding Neutral Assets) may be invested in Underlying Funds that do not sit on the BlackRock Sustainable Investing Platform and which may be exposed to securities that would be excluded by a sustainable investing approach (**Non-ESG Assets**). BlackRock will typically only invest in a Non-ESG Asset when an ESG or Neutral Asset is not available or may adversely impact its ability to meet the Fund's investment objective.

Additional information incorporated by reference

You should read the important information about how we invest your money, including our ESG approach, before making a decision. Go to Section 5 of the document titled "BlackRock Additional Fund Information No. 3", which is available from [our website](#). This material may change between the time when you read this PDS and when you acquire the product.

6. Fees and costs

DID YOU KNOW?

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

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

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

You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

TO FIND OUT MORE

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

6.1 Fees and costs summary

The following table shows fees and other costs that you may be charged. Unless otherwise indicated, fees are inclusive of Goods and Services Tax (**GST**), any applicable stamp duty and take into account expected reduced input tax credits in respect of the GST component of the fee.

Information in the fee table can be used to compare costs between different simple managed investment schemes. Fees and costs can be paid directly from your account or deducted from investment returns.

BlackRock Diversified ESG Stable Fund

Type of fee or cost	Amount	How and when paid
Ongoing annual fees and costs		
Management fees and costs The fees and costs for managing your investment	0.70% p.a.	The Fund's management fee is 0.69% p.a. and is calculated in relation to the NAV of the Fund on a daily basis. This cost is deducted from the Fund's assets and is generally paid to us monthly in arrears. Management fees and costs include indirect costs of 0.01%. The Fund's management fee can be negotiated. Refer to section 6.5 of the "BlackRock Additional Fund Information No. 3" for further information.
Performance fees Amounts deducted from your investment in relation to the performance of the product	Nil	The Fund does not charge a performance fee.

Type of fee or cost	Amount	How and when paid
Transaction costs The costs incurred by the scheme when buying or selling assets	0.09% p.a.	Transaction costs that are not recovered from the buy-sell spread ('net transaction costs') reduce returns and are reflected in the Fund's unit price.
Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)		
Establishment fee The fee to open your investment	Nil	Not applicable
Contribution fee¹ The fee on each amount contributed to your investment	Nil	Not applicable
Buy-sell spread An amount deducted from your investment representing costs incurred in transactions by the scheme	<i>Buy</i> 0.07% <i>Sell</i> 0.07%	Estimated transaction costs are allocated when an investor buys or sells units in the Fund by applying a buy-sell spread on the Fund's entry and exit unit prices, where appropriate.
Withdrawal fee¹ The fee on each amount you take out of your investment	Nil	Not applicable
Exit fee¹ The fee to close your investment	Nil	Not applicable
Switching fee The fee for changing investment options	Nil	Not applicable

1. This fee includes an amount payable to an adviser.

6.2 Example of annual fees and costs

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

Example – BlackRock Diversified ESG Stable Fund		
Balance of \$50,000 with a contribution of \$5,000 during year		
Contribution Fees	Nil	For every additional \$5,000 you put in you will be charged \$0.
PLUS		
Management fees and costs	0.70%	And, for every \$50,000 you have in the BlackRock Diversified ESG Stable Fund you will be charged or have deducted from your investment an estimated \$350 each year.

Example – BlackRock Diversified ESG Stable Fund		
Performance fees	Nil	And, you will be charged or have deducted from your investment \$0 in performance fees each year
Transaction costs	0.09%	And, you will be charged or have deducted from your investment \$45 in transaction costs
EQUALS		
Cost of BlackRock Diversified ESG Stable Fund	If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year you would be charged fees and costs of \$395. ¹	
What it costs you will depend on the fees you negotiate.		

1. Additional fees may apply. A buy spread of 0.07%, equal to \$3.50 on a \$5,000 contribution, will also apply.

There is a calculator provided by ASIC on its MoneySmart website (www.moneysmart.gov.au) which can be used to calculate the effect of fees and costs on Fund account balances.

6.3 Additional explanation of fees and costs

Can the fees and charges change?

All fees can change. The current fees applicable to your investment are set out in this PDS and although we have the power to change our fee structure without your consent, we have no present intention to do so. Fees may vary over time due to changes to the Fund, changing economic conditions or changes in regulation. We will provide investors 30 days' notice of any proposed increase to our fees and charges if required by law.

Additional information incorporated by reference

You should read the important information about fees and costs before making a decision. Go to Section 6 of the document titled "BlackRock Additional Fund Information No. 3", which is available from [our website](#). This material may change between the time when you read this PDS and when you acquire the product.

7. How managed investment schemes are taxed

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

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

Additional information incorporated by reference

You should read the important information about taxation before making a decision. Go to Section 7 of the document titled "BlackRock Additional Fund Information No. 3", which is available from [our website](#). This material may change between the time when you read this PDS and when you acquire the product.

8. How to apply

8.1 How to apply

To make your initial investment, complete and send to us (either by post or facsimile) the Fund's Application Form that accompanies this PDS or is available from [our website](#) or by calling Client Services (refer to page 1 of this PDS for contact details). You will normally be able to invest in the Fund on any Business Day. A list of public holidays affecting the Fund is available on [our website](#). We have absolute discretion to accept, reject, or limit any application request.

If you choose to send us your completed Fund Application Form by facsimile, you will need to send us your original Fund Application Form for our records. Investor transaction requests are required to be received prior to the Transaction Cut-off Time. Transaction requests received before this time will generally be executed on the relevant Trade Date. Investor transaction requests received after this time or on a day when the Fund is unavailable for transactions will generally be treated as having been received the following Business Day.

Your investment amount can either be deposited into the application bank account as shown on the Fund's Application Form or transferred via BPAY® (registered to BPAY Pty Ltd ABN 69 079 137 518). If you choose to deposit your investment amount in the application bank account, you must provide us with verification from your financial institution that the money has been banked.

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

In order for us to be able to process your investment, you must ensure that BlackRock receives cleared money by the relevant Trade Date. You may also need to complete an Investor Identification Form (which follows the Fund Application Form) for the purpose of Anti-Money Laundering and Counter-Terrorism Financing legislation. Refer to section 2.4 of this PDS titled "How to redeem your investment" for details of the Fund's Business Day, Transaction Cut-off Time and Trade Date.

8.2 Do you have "cooling off" rights?

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

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

Refer to section 2.4 of this PDS titled "How to redeem your investment" for details of the Fund's Business Day, Transaction Cut-off Time and Trade Date.

8.3 Enquiries and complaints

If you have an enquiry or complaint, you can contact our Complaints Officer via Client Services (refer to page 1 of this PDS for contact details). We have established procedures for dealing with enquiries and complaints. If you make a complaint to us, the complaint will be acknowledged and steps will be taken to investigate your concerns. A final response will be provided within 30 calendar days in accordance with our obligations.

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

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

For the hearing and speech impaired, AFCA can be contacted via [National Relay Service](#):

- **Step 1:** Contact AFCA through your preferred NRS call channel detailed at www.accesshub.gov.au/about-the-nrs/nrs-call-numbers-and-links;
- **Step 2:** Provide the NRS with AFCA's phone number 1800 931 678.

For more information visit www.accesshub.gov.au/about-the-nrs.

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