



28 March 2023

Continuous Disclosure Notice

BlackRock High Conviction Australian Equity Fund

ARSN: 608 699 341

APIR Code: BLK0012AU (Class D)

BlackRock Investment Management (Australia) Limited (“**BlackRock**”, “**we**” or “**our**”) writes to update you on developments in relation to the BlackRock High Conviction Australian Equity Fund (the “**Fund**”).

As advised in January, after an extensive review of the Fund, including engagement with an external consultant, we have decided to make changes in the way the Fund is managed. This includes the appointment of Pental Group Limited (**Pental**) as investment adviser to the Fund.

We are pleased to advise that the transition of the Fund’s investment portfolio has now been completed and Pental will commence their role as investment adviser on 29 March 2023.

A number of the Fund’s parameters, including the investment objective and benchmark index, have been amended. The changes to the benchmark index mean that the Fund’s investible universe has expanded and will now include all industrial and resource stocks in the S&P/ASX 300 index, though the Fund will continue to follow a high conviction strategy with a concentrated portfolio. Please refer to the table below for further detail.

Pental’s investment process for Australian shares is based on its core investment style and aims to add value through active stock selection and fundamental company research. Pental’s core investment style is to select stocks based on its assessment of their long term worth and ability to outperform the market, without being restricted by a growth or value bias. Pental’s fundamental company research focuses on valuation, franchise, management quality and risk factors (both financial and non-financial risk).

Now that the transition of the portfolio is completed and Pental have commenced their role as investment adviser, the temporary fee holiday previously advised will be concluding. From 29 March 2023 you will be charged a reduced management fee of 0.65% p.a. We will no longer charge a performance fee for Class D units.

We have withdrawn the PDS and TMD for Class D units and will no longer be accepting new clients into Class D of the Fund, however existing unitholders can continue to transact, including both additional investments and withdrawals. The Fund will continue to be offered to new clients in the future through new unit classes with different fee structures.

Further Information

If you would like further information regarding the changes to the Fund, please contact your BlackRock account manager or our Client Services Centre using the contact details above.

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Summary of Changes to Fund Parameters

| Item | New | Previous |
|---------------------------------|--|---|
| Investment Objective | The Fund aims to provide a return (before fees, costs and taxes) that significantly exceeds the S&P/ASX 300 TR Index (Benchmark) over the medium to long term. | The Fund aims to deliver returns that are 4-6% (before fees) p.a. above those of the S&P/ASX 300 Industrials Ex Top 5 Market Cap Total Return Index (Benchmark) over rolling 3-year periods |
| Benchmark Index | S&P/ASX 300 TR Index | S&P/ASX 300 Industrials Ex Top 5 Market Cap Index |
| Estimated number of stocks held | 15 – 30 | 20 - 40 |
| Asset Allocation Ranges: | Min. Max. | Min. Max. |
| Australian Shares | 70% 100% | 90% 100% |
| Cash (or cash equivalents) | 0% 30% | 0% 10% |
| Sustainability – ESG Exclusions | The Fund does not apply any specific ESG exclusions | The Fund applied certain limited ESG exclusions. |
| Management Fee | 0.65% p.a. | 0.70% p.a. |
| Performance Fee | No performance fee | 15% on net performance above benchmark |
| Buy-Sell Spread | Buy: 0.25%, Sell: 0.25% | Buy: 0.275%, Sell: 0.275% |

Key Fund Parameters Which Have Not Changed

| Item | Parameter |
|----------------------------|--|
| Liquidity | Daily |
| Notification cut-off time: | Application and redemption requests received by 1:00pm (Sydney Time) on any business day will generally be executed on the same day. |
| Business Day | A day other than a Saturday or Sunday on which banks are open for general banking business in Sydney. |
| Distribution Frequency | Quarterly. 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. |