

# Merrill Lynch Investment Funds

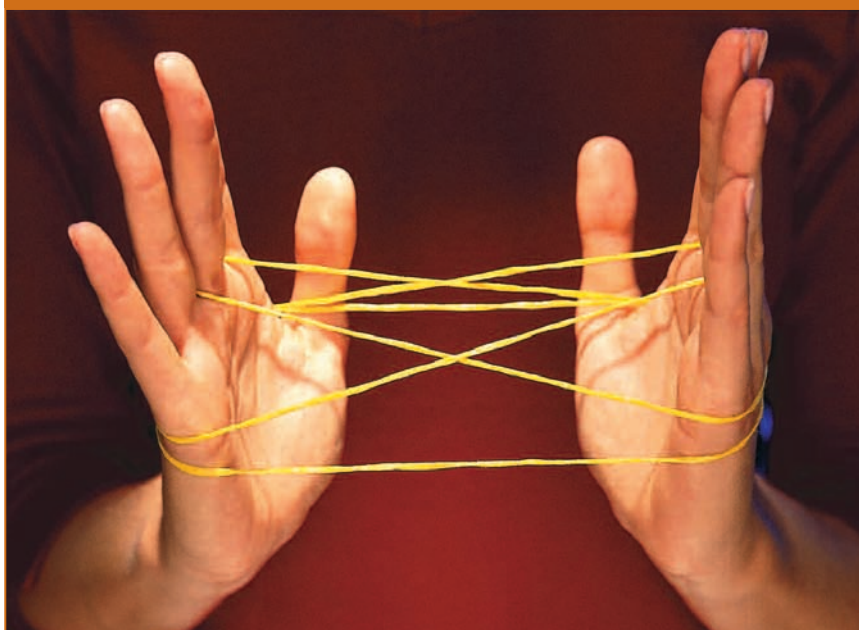
Product Disclosure Statement

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BlackRock Investment Management (Australia) Limited\*

ABN 13 006 165 975

Australian Financial Services Licence No 230523



Merrill Lynch Managed Income Fund  
ARSN 088 047 821

Merrill Lynch Balanced Fund  
ARSN 088 177 897

Merrill Lynch Australian Share Fund  
ARSN 088 044 222 (formerly Imputation Fund)

Merrill Lynch Growth Fund  
ARSN 088 048 588

Merrill Lynch International Share Fund  
ARSN 088 050 908

Merrill Lynch Global Small Cap Fund  
ARSN 096 140 304

Merrill Lynch Hedged Global Small Cap Fund  
ARSN 096 140 260

Merrill Lynch Global Titans Fund  
ARSN 096 140 288

Merrill Lynch Hedged Global Titans Fund  
ARSN 096 140 242

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INVESTMENT MANAGERS

# Merrill Lynch Investment Funds

## CONTENTS

|   | Page number |
|---|-------------|
| Before you start  | 3           |
| The Merrill Lynch Investment Funds  | 4           |
| What are the significant benefits of investing in the Funds?                            | 5           |
| Main features at a glance   | 6           |
| Principles of investing   | 8           |
| Who is BlackRock and how do we manage the Funds?  | 10          |
| What are the significant risks?   | 12          |
| Managed Income Fund   | 14          |
| Balanced Fund   | 15          |
| Australian Share Fund   | 17          |
| Growth Fund   | 18          |
| International Share Fund  | 19          |
| Global Small Cap Fund   | 20          |
| Hedged Global Small Cap Fund  | 21          |
| Global Titans Fund  | 22          |
| Hedged Global Titans Fund   | 23          |
| What fees apply?  | 24          |
| Investing, switching, withdrawing and receiving income from the Funds                   | 29          |
| How do you receive information on your investment and obtain other updated information? | 32          |
| What else do you need to know?  | 33          |
| Declarations, conditions and acknowledgements   | 38          |
| Investing by completing the Application Form  | 40          |
| Application Forms   |             |

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# Before you start

Investment in the Merrill Lynch Investment Funds (referred to in this Product Disclosure Statement ("PDS") as "the Investment Funds" or "the Funds") 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").

BlackRock is the issuer of this PDS and of units in the Funds. BlackRock also act as the the responsible entity of the Funds under the Corporations Act.

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

The information contained in this PDS is general information only and does not take into account your individual objectives, tax and financial situation or particular needs or circumstances. Because of that, you should assess whether the advice is appropriate for you having regard to your circumstances. We recommend that you get professional advice from (as necessary), a licensed financial adviser and/or tax adviser before investing.

BlackRock is a member of the Investment & Financial Services Association Ltd.

**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 performance information, fund size, current unit prices and other general information relating to a Fund can be obtained at any time:**

- from our website at [www.blackrock.com/au](http://www.blackrock.com/au)
- from your financial adviser;
- by calling our Client Services Centre on 1300 366 100;
- by emailing [clientservices.aus@blackrock.com](mailto:clientservices.aus@blackrock.com).

A paper copy of updated Fund information is available free of charge upon request.

If you have received this PDS electronically we will provide a paper copy free 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 a 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 the financial adviser is licensed. They have a website at [www.asic.gov.au](http://www.asic.gov.au) as well as a help line you can call on 1300 300 630.

If you have questions about a Fund described in this PDS speak to your financial adviser, call our Client Services Centre on 1300 366 100, email [clientservices.aus@blackrock.com](mailto:clientservices.aus@blackrock.com) or visit our website at [www.blackrock.com/au](http://www.blackrock.com/au)

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

# The Merrill Lynch Investment Funds

## About managed funds

Managed funds are designed to give investors access to a range of investments by pooling 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, giving you 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 assets 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 suit your risk profile.
- **Access to multi-asset class funds:** these funds invest in a range of asset classes such as shares (Australian and international), property, fixed interest and cash – with varied exposure to each asset class.
- **Access to single asset class funds:** 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. Your units represent the value of your investment, which will change over time as the market value of the assets fluctuates.

## The Funds offered in this PDS

The Merrill Lynch Investment Funds consist of a range of funds designed to meet a range of investor needs and investment objectives.

The Funds available vary in risk, investment strategy and the type of assets they invest in.

A summary of the main features of the Funds in this PDS are contained in the "Main features at a glance" table on pages 6 and 7.

The Global Funds (Global Small Cap Fund, Hedged Global Small Cap Fund, Global Titans Fund and Hedged Global Titans Fund) have different classes of units – each of which have a different fee structure. That is, the contribution fee, management fee and other expenses may be different in each class of units. Only Class A units of the Global Funds are offered in this PDS (references in this PDS to the 'Global Funds' is to Class A units unless stated otherwise).

# What are the significant benefits of investing in the Funds?

Some of the significant benefits of investing in the Funds from the Merrill Lynch Investment Funds range include:

**A low minimum investment** – you generally need a minimum amount of only \$1,000 to start investing in the Funds (see page 29 for further details).

**Easy to add to your investment** – you can add any amount to your investment at any time – no minimums apply (see page 29 for further details).

**Ability to switch investments with ease** – you can switch your investments between any of the Merrill Lynch Investment Funds offered in this PDS to ensure maximum flexibility in meeting your investment objectives (see page 29 for further details).

**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](http://www.blackrock.com/au). (see page 32 for further details).

**Receipt of income** – you will generally receive income from your investment in the form of distributions. Further information regarding the frequency of distributions is set out in the “Main features at a glance” section on pages 6 to 7. See also page 31 for further details on how distributions are made.

**Reinvestment of distributions** – you have the option of “topping up” your investment by reinvesting your distributions as additional units (see page 31 for further details).

**Access to your investment** – you can withdraw your investment at any time (subject to the terms and conditions highlighted on page 30).

**Regular Contribution Plan** – you can make regular contributions to your investment either fortnightly or monthly (see page 29 for further details).

There are also a range of general and specific risks associated with investing in the Funds. Information about the significant risks associated with investing in the Funds is set out on page 12.

# Main features at a glance

The main features of the Funds are contained below. Further information on:

- the Funds are contained in each of the Fund profiles on pages 14 to 23.
- the general and specific risks associated with investing in the Funds is set out on pages 12 and 13.
- fees, charges, expenses and commissions paid in relation to the Funds is available on pages 24 to 28.

| Features at a glance   |  |   |   |   |
|--|--|---|---|---|
|  | Diversified  |   | Australian Shares                                   |   |
|  | Managed Income Fund                                  | Balanced Fund                                       | Australian Share Fund                               | Growth Fund   |
| <b>Inception date</b>  | December 1985  | April 1992  | May 1988  | October 1983  |
| <b>For investors who seek funds with the following investment objectives</b><br>(see pages 15 to 23 for further details) | A regular monthly income and some capital growth     | A combination of capital growth and income          | Capital growth and some tax effective income        | Predominantly capital growth through exposure to a combination of larger and some smaller capitalisation stocks and some income via dividends |
| <b>Risk</b> (see pages 12 to 14 for further details)   | Some volatility may be experienced                   | Moderate volatility may be experienced              | Capable of significant price fluctuations           | Capable of significant price fluctuations   |
| <b>Investment time horizon</b>   | Indicative investment horizon is three years or more | Indicative investment horizon is five years or more | Indicative investment horizon is five years or more | Indicative investment horizon is five years or more   |
| <b>Fund size as at 30 September 2006</b>   | \$34.0m  | \$76.2m   | \$560.2m  | \$112.7m  |
| <b>Minimum initial investment</b>  | \$1,000  | \$1,000   | \$1,000   | \$1,000   |
| <b>Minimum subsequent investment</b>   | No limit   | No limit  | No limit  | No limit  |
| <b>Income distributions</b>  | Monthly  | June, December                                      | March, June, September, December                    | March, June, September, December  |
| <b>Contribution fee<sup>1</sup></b>  | 2%   | 4%  | 4%  | 4%  |
| <b>Withdrawal fee</b>  | Nil  | Nil   | Nil   | Nil   |
| <b>Buy-sell spread on entry &amp; exit</b>   | 0.055%   | 0.175%  | 0.275%  | 0.275%  |
| <b>Management costs<sup>2</sup></b>  | 1.840%   | 1.955%  | 1.920%  | 1.458%  |
| <b>Ongoing Service Commission<sup>3</sup></b>  | Max 0.44%  | Max 0.44%   | Max 0.44%   | Max 0.275%  |
| <b>Switching permitted<sup>4</sup></b>   | Yes  | Yes   | Yes   | Yes   |
| <b>Regular contribution plan</b>   | Minimum \$100 monthly (or \$50 fortnightly)          | Minimum \$100 monthly (or \$50 fortnightly)         | Minimum \$100 monthly (or \$50 fortnightly)         | Minimum \$100 monthly (or \$50 fortnightly)   |

1. If a licensed financial adviser is assisting you, this contribution fee will be paid to your financial adviser as an Upfront Adviser Commission. However, you can negotiate this commission with your adviser. Any agreed reduction may be rebated to you as additional units. Refer section, What fees apply?, on page 24 for further information.

2. Management costs include the management fee and where applicable, estimated expense recovery costs (other than abnormal expenses). See page 24 for further details. They reflect GST and reduced input tax credits payable.

3. If a licensed financial adviser has assisted you, this commission will be paid to your financial adviser on an ongoing basis. You can negotiate this commission with your adviser. Any agreed reduction is rebated to you as additional units which do not include GST (see page 27 for further details).

4. You can switch all or part of your investment between the Funds in this PDS. See page 29 for further details.

## International Shares

| International Share Fund  | Global Small Cap Fund (Class A units)  | Hedged Global Small Cap Fund (Class A units)  | Global Titans Fund (Class A units)  | Hedged Global Titans Fund (Class A units)  |
|---|--|---|---|--|
| November 1985   | April 2001   | April 2001  | April 2001  | April 2001   |
| Capital growth through exposure to an international share portfolio | Capital growth through exposure to international investments not readily available or under-represented in Australia | Capital growth through exposure to international investments not readily available or under-represented in Australia, while limiting the impact of foreign currency movements relative to the Australian dollar | Capital growth through exposure to a select holding of international shares | Capital growth through exposure to a select holding of international shares, while limiting the impact of foreign currency movements relative to the Australian dollar |
| Capable of significant price fluctuations                           | Capable of significant price fluctuations  | Capable of significant price fluctuations   | Capable of significant price fluctuations                                   | Capable of significant price fluctuations  |
| Indicative investment horizon is five years or more                 | Indicative investment horizon is five years or more  | Indicative investment horizon is five years or more   | Indicative investment horizon is five years or more                         | Indicative investment horizon is five years or more  |
| \$21.7m   | \$3.5m (\$237.2m <sup>5</sup> )  | \$13.2m (\$167.7m <sup>5</sup> )  | \$1.5m (\$48.2m <sup>5</sup> )  | \$6.5m (\$42.2m <sup>5</sup> )   |
| \$1,000   | \$1,000  | \$1,000   | \$1,000   | \$1,000  |
| No Limit  | No limit   | No limit  | No limit  | No limit   |
| June, December  | June, December   | June, December  | June, December  | June, December   |
| 4%  | 4%   | 4%  | 4%  | 4%   |
| Nil   | Nil  | Nil   | Nil   | Nil  |
| 0.250%  | 0.50%  | 0.525%  | 0.250%  | 0.275%   |
| 2.00%   | 2.00%  | 2.10%   | 1.95%   | 2.00%  |
| Max 0.44%   | Max 0.44%  | Max 0.44%   | Max 0.44%   | Max 0.44%  |
| Yes   | Yes  | Yes   | Yes   | Yes  |
| Minimum \$100 monthly (or \$50 fortnightly)                         | Minimum \$100 monthly (or \$50 fortnightly)  | Minimum \$100 monthly (or \$50 fortnightly)   | Minimum \$100 monthly (or \$50 fortnightly)                                 | Minimum \$100 monthly (or \$50 fortnightly)  |

5. Total Fund size including units not offered in this PDS.

Certain information in this PDS is subject to change. See page 32 on how you can access updated investment information and for further details on when updated information will be sent to you.

# Principles of investing

## Setting your investment objectives

Before you make your investment decision, it is important to identify your investment objectives.

Do you want to increase the value of your investment (known as capital growth)? Would you like a regular income? Perhaps you seek a combination of income and capital growth. What is your investment time frame?

## Capital growth versus Income

### Capital growth

Capital growth is any increase in the value of your investment over time, such as higher property values or share prices.

### Income

This consists of regular payments generated from an investment.

Examples include:

- interest from bonds
- rent from property
- dividends from shares.

Your investment objectives should help to guide your decision on what may be the right investment for you.

## Diversify your investments

One of the most basic investment principles is diversification. This means spreading your investments across a range of asset classes (eg. bonds, shares, property, cash) rather than "putting all your eggs in one basket". Diversification reduces dependence on the performance of a single asset class. It also reduces the risk to your investment portfolio as positive performance in some asset classes can offset periods of weakness in others. In addition to spreading your investments across different asset classes, you should also consider diversifying within asset classes. Diversification can also be obtained by accessing different management styles.

## Time horizon

Your investment time horizon may play a large role in the type of assets you choose. Where your investment time horizon is short (1 to 3 years), protecting capital may be of primary importance, so you may invest in lower risk investments. If you have a longer time horizon cash may be a higher risk option, as it may not provide the returns you need.

## Riding the investment 'rollercoaster'

If you have a long-term investment horizon, it is important to be willing to ride out the "ups and downs" in growth asset returns, which may experience significant price fluctuations in the short-term. Selling during a period of poor share returns may mean missing out on the gains to be earned over the long term.

## Investment principles explained

### What are the different asset classes?

There are four major types or classes of assets that form part of a typical investment portfolio:

- cash (short-term money market securities)
- fixed income securities or bonds (long-term interest bearing securities)
- property
- shares (equities).

### Cash

Cash refers not only to notes or coins but also to investments in short-term money market instruments (ie. fixed income of less than 365 days). Typically these investments include bank accepted or endorsed obligations, highly rated corporate securities and Commonwealth or semi-government debt. Cash assets generally offer a secure, but variable, income stream with low capital volatility. Returns fluctuate with movements in short-term interest rates.

### **Fixed income securities**

Traditionally fixed income securities have a maturity, a stream of coupon payments and a yield. Coupon payments are periodic interest payments on a bond while a yield is a return on an investment expressed as a percentage. Fixed income securities represent an obligation by an issuer to repay a loan in the future, plus interest. The life of a fixed income security (ie. its maturity) is typically in excess of one year and can be as long as 30 years or more. Fixed income securities are issued by governments, semi-government authorities, statutory bodies and corporations or may be backed by pools of assets such as mortgages. In return for investing (or lending the money) interest in the form of regular coupon payments, plus repayment of capital on maturity is received.

The capital value of fixed income securities will change over time due to fluctuations in market interest rates. A rise in market interest rates generally reduces the capital value of fixed income securities and a fall in market interest rates generally increases the capital value of fixed income securities.

### **Property**

Common types of investment properties include:

- office blocks
- retail (shopping centres)
- industrial (factories, warehouses)
- residential (apartments and housing developments)
- tourism (hotels)
- rural.

The objective of property ownership is to produce income in the form of rent and have the potential for capital growth.

### **Shares (equities)**

Shares (equities) represent a unit of part ownership in a company. This entitles an investor to a portion of that company's profits in the form of dividends. Shares also have the potential for capital growth.

Developments over recent years such as globalisation, the popularity of share buybacks, and the reduction in the corporate tax rates have had an impact on the mix of dividends and capital growth generated by the shares of Australian companies.

# Who is BlackRock and how do we manage the Funds?

BlackRock® Inc is a premier provider of global investment management, risk management and advisory services to institutional and retail clients around the world. 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 \$US 1 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 a unqualified commitment to teamwork and communication across all its investment capabilities BlackRock delivers an unparalleled breadth of perspective and insight to the management of all its clients portfolios.

Headquartered in New York, BlackRock Inc 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.

BlackRock Inc is independent in ownership and governance, with no single majority stockholder and a majority of independent directors. In terms of ownership, Merrill Lynch's stake is just under 50%, while PNC Financial Services Group retains an interest of about 34%; the remainder is held by BlackRock Inc employees and the public. All of BlackRock Inc's founding partners remain affiliated with the firm.

BlackRock Investment Management (Australia) Limited is the manager of the Funds and acts as the responsible entity under the Corporations Act.

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 investment managers.

Within Australia as at 31 August 2006, BlackRock Investment Management (Australia) Limited managed approximately A\$8.8 billion for investors across a range of products and services including equities, fixed income and property.

## How we manage the Funds?

We are committed to adding value to your investments through active management of our range of managed funds. This means we continually monitor and, where necessary, adjust portfolios to suit changing economic and market conditions. We place great importance on our own research and a team based approach to making investment decisions.

## Investment teams – the very best people

Internationally, the BlackRock group employs more than 500 investment professionals in 18 countries. With 35 offices strategically located around the globe, we are able to offer clients in-depth local knowledge and understanding while leveraging the strength of our global presence and infrastructure to deliver focused investment solutions.

We aim to provide Australian investors the opportunity to gain exposure to the best investment teams and strategies that BlackRock has globally. The Funds obtain their exposure to various asset classes either by direct investment or by investing in another Merrill Lynch fund, which ultimately invests directly.

The Funds in this PDS (and other Merrill Lynch funds into which they may invest) may be managed by BlackRock investment professionals locally or investment management may be delegated to one of our many specialist teams internationally.

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

The Manager does not take into account labour standards or environmental, social or ethical considerations in the context of making investment decisions relating to any of the Funds.

## Performance benchmarks

In managing the Funds, we set a performance target (ie. a benchmark) against which we measure the Fund's performance over a set period of time.

For instance, the benchmark for an Australian equities fund would normally be the S&P/ASX 200 Accumulation Index.

For a diversified fund there is no one relevant index to provide a benchmark, so a composite benchmark is created consisting of a weighted average of the returns provided by market indices for the asset classes reflected in the relevant Fund (see pages 14 to 23 for the weightings for the relevant Fund). The benchmark indices for each asset class of the Funds offered in this PDS are detailed in the table below. Performance of each Fund to 30 September 2006 against its benchmark is set out on pages 14 to 23.

| Asset class benchmark indices |   |
|-------------------------------|---|
| Cash                          | UBS Australia Bank Bill Index   |
| Floating rate notes (FRNs)    | UBS Australia Bank Bill Index   |
| Convertible notes             | UBS Australia Bank Bill Index   |
| Australian fixed income       | UBS Australia Composite Bond Index<br>UBS 0-5 Year Composite Bond Index   |
| International fixed income    | Lehman Global Aggregate 500 Index (hedged in AUD)   |
| Australian equities           | S&P/ASX 200 Accumulation Index<br>S&P/ASX 300 Accumulation Index  |
| Direct property               | Mercer Direct Property Index  |
| Listed property               | S&P/ASX Property Trust Accumulation Index   |
| Infrastructure equities       | S&P/ASX 200 Accumulation Index  |
| International equities        | MSCI World Index ex-Australia (unhedged and/or hedged in AUD)<br>S&P/Citigroup Global Equity Indices Extended Market Index ex-Australia (unhedged and/or hedged in AUD) |

## Currency Hedging for Hedged Global Titans and Hedged Global Small Cap Fund

A passive currency overlay is implemented for the Hedged Global Titans and Hedged Global Small Cap Funds with the objective of reducing the impact on the Funds of foreign currency movements relative to the Australian dollar, thereby leaving most of the risk and return to the equity investment decisions.

Passive currency hedging means that, in the absence of any active investment decisions, the foreign currency exposure will closely match the underlying benchmark (ie. the foreign currency exposure will be within a range close to zero).

Variations between currency exposures of the Funds' portfolios and benchmark are generally reflective of the active investment decisions of the investment management team. The hedging is undertaken primarily by purchasing forward foreign exchange contracts.

As the overlay will be passive in nature, the benchmark currency exposures will be hedged regardless of whether we expect the currencies in which the Funds invest to depreciate or appreciate in value relative to the Australian dollar.

Performance differences between the hedged and unhedged portfolios will not equal the movement in the Australian dollar relative to the foreign currency exposure of the benchmark. This is primarily due to the forward premium paid or received in establishing hedges, which reflect interest rate differentials between the relevant countries.

# 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 have had a higher risk profile and are more volatile compared to other asset classes such as property, cash and fixed income.

## Specific risks

There are a number of risks related to specific asset classes which the Funds are invested in, and in some of the investment strategies which we use to manage these Funds. These are summarised below.

### Cash

With cash there is a low risk of losing your original investment, however, there is minimal potential for capital growth.

### Fixed income

Fixed income investments generally represent a higher risk than cash. The price of a fixed interest security will vary with movements in market interest rates and time to maturity. Fixed income securities are also exposed to credit risk of the issuer.

The Managed Income Fund and Balanced Fund may have exposure to fixed income.

### Property

Property investments are potentially higher risk than fixed income securities, but generally lower than shares. 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 impacting 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. The Managed Income Fund and the Balanced Fund may have exposure to property.

### Shares

Historically, shares have offered the highest returns over the long-term, however they are volatile and can perform poorly over the short to medium term. All Funds in this PDS have exposure to shares.

### 'Small Cap'

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, management changes or if there are other adverse developments.

These risks are of particular relevance to those investing in the Global Small Cap Fund, the Hedged Global Small Cap Fund and the Growth Fund.

### International

Investing internationally carries additional risk.

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.

All Funds in this PDS (except the Australian Share Fund and Growth Fund) have differing levels of exposure to international shares.

### **Currency risk**

International securities are purchased and traded in the currency of their home country. 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 will be affected by fluctuations in foreign currencies against the Australian dollar. These movements may either add or subtract from investment performance.

While hedging activities may protect investors against depreciations in the currencies in which the Funds invest (relative to the Australian dollar) it will also limit investors from benefiting if there is an appreciation in the value of the currencies held within a fund's portfolio relative to the Australian dollar.

In addition, the impact of currency hedging on a fund's returns is uncertain, cannot be guaranteed and can result in capital losses.

These risks are of particular relevance to all Funds (except the Australian Share Fund and Growth Fund).

### **Fund risk**

There are risks particular to all the Funds, including that they could terminate, the fees and expenses could change and our investment professionals could change. There is also a risk that investing in the Funds may give different results than investing individually because of income and capital gains accrued in the Fund and the consequences of investments and withdrawals by other investors. We actively monitor the Funds with the aim of managing these risks.

### **Derivatives**

All Funds in this PDS may use derivatives (including futures, options, swaps and forward foreign exchange contracts) to varying degrees and are exposed to the risks set out below. Derivatives may be used to implement investment decisions and/or used as a risk management tool (including the carrying out of currency hedging strategies).

Derivatives may be used to gain, reduce or modify exposure to a particular asset class or currency. An investment in derivatives can cause a 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.

# Managed Income Fund

## Fund profile

**Investment objective:** The primary aim of the Fund is to provide investors with a regular monthly income and some capital growth. The Fund aims to outperform the benchmark asset allocation returns over rolling three-year periods.

### Designed for investors who...

- seek a fund which aims to provide a regular monthly income and some capital growth; and
- accept the risk that some volatility will be experienced.

### Fund strategy

The Fund is currently fully invested in the Merrill Lynch Wholesale Managed Income Fund which is managed by BlackRock locally and may draw upon BlackRock products and teams from around the globe. The investment goal of the Wholesale Managed Income Fund is pursued by investing a minimum of 65% of the portfolio in cash and fixed income securities as well as up to 35% in growth assets.

The cash and fixed income portfolios are managed with the aim of providing an income stream through the year while aiming to maintain the portfolio's capital value. This is achieved by investing in a variety of Australian and internationally sourced, interest bearing instruments – for example, government, corporate fixed income securities and convertible notes. A substantial portion of the Fund's total investment in cash and fixed income is invested in floating rate notes ("FRNs"). These are debt securities whose interest rates are adjusted in line with the bank bill rate. This also includes domestic and foreign fixed income debt securities swapped to Australian dollar floating rate. The aim of these investments is to generate a regular monthly income stream. The Fund may have some exposure to below investment grade securities.

The growth component is predominantly a portfolio of Australian shares and property (direct and listed), but may also include a selection of international shares and Australian infrastructure shares. Infrastructure shares includes investments in infrastructure such as facilities and services required by the community and for production, eg. transport, power, roads, telecommunications and water supply. The aim of these investments is to generate a regular monthly income stream, as well as some capital growth.

#### Asset allocation ranges (%)

|                                      | Minimum   | Benchmark | Maximum   |
|--------------------------------------|-----------|-----------|-----------|
| Australian shares <sup>1</sup>       | 10        | 15        | 25        |
| Infrastructure shares                | 0         | 0         | 10        |
| International shares                 | 0         | 0         | 5         |
| <b>Total equities</b>                | <b>10</b> | <b>15</b> | <b>30</b> |
| Direct property                      | 0         | 5         | 15        |
| Listed property                      | 0         | 5         | 10        |
| <b>Total growth assets</b>           | <b>10</b> | <b>25</b> | <b>35</b> |
| Australian fixed income <sup>2</sup> | 20        | 30        | 40        |
| Floating rate notes (FRNs)           | 25        | 35        | 45        |
| Cash <sup>2</sup>                    | 0         | 10        | 20        |
| <b>Total cash and fixed income</b>   | <b>65</b> | <b>75</b> | <b>90</b> |
| Convertible notes <sup>3</sup>       | 0         | 0         | 10        |

1. May include an additional exposure to listed property securities and infrastructure shares.
2. May include an additional exposure to FRNs.
3. Will be classified as growth or cash and fixed income depending on the characteristics of the individual asset.

#### Performance to 30 September 2006

|                                   | 1 year<br>% | 3 years<br>% p.a. | 5 years<br>% p.a. | 10 years<br>% p.a. | Since inception <sup>1</sup><br>% p.a. |
|-----------------------------------|-------------|-------------------|-------------------|--------------------|--|
| Distribution return               | 5.27        | 4.80              | 4.49              | 4.73               | 7.86                                   |
| Growth return                     | 0.97        | 3.47              | 1.35              | 1.29               | 1.34                                   |
| Total (net) return                | 6.24        | 8.28              | 5.83              | 6.03               | 9.19                                   |
| Total (gross) return <sup>2</sup> | 8.14        | 10.23             | 7.76              | n/a <sup>4</sup>   | n/a <sup>4</sup>                       |
| Benchmark <sup>3</sup>            | 8.68        | 9.32              | 7.70              | n/a <sup>4</sup>   | n/a <sup>4</sup>                       |

1. 31 December 1985.

2. Gross returns shown are those of the Wholesale Managed Income Fund into which the Managed Income Fund invests.

3. The Fund is a diversified fund so the benchmark consists of a weighted average of the returns provided by market indices for the relevant asset classes. See page 11 for further details.

4. Gross Fund and Benchmark returns were not calculated for this time period.

Past performance is not a guide to future performance. Long-term performance shows the potential volatility of returns over time. Total net Fund returns shown are prepared on an exit-to-exit basis (ie. include all ongoing fees and expenses and exclude tax). Total gross returns and benchmark performance figures shown are gross (ie. do not include expenses, fees or tax).

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# Balanced Fund

## Fund profile

**Investment objective:** The investment objective of the Fund is to provide investors with the highest possible returns consistent with a “balanced” investment strategy encompassing:

- an orientation towards growth assets;
- an orientation towards Australian assets; and
- active asset allocation, security selection and risk management.

The performance aim of the Fund is:

- to outperform its strategic benchmark over medium to longer term timeframes (ie. 3 to 5 years).

### Designed for investors who...

- seek a fund which aims to provide a combination of capital growth and income; and
- accept the risk that volatility may be experienced.

### What is the Fund strategy?

The investment strategy of the Fund is to provide investors with diversified exposure to the best investment teams and strategies that BlackRock has globally within the context of an Australian based “balanced” investment portfolio.

The Fund is currently invested in the Merrill Lynch Wholesale Balanced Fund (“Wholesale Fund”).

The Wholesale Fund’s strategy is built around two steps:

1. Establishing the most appropriate strategic benchmark relative to the growth/income splits and market risk exposures of the range of Australian balanced funds; and
2. Enhancing the returns of the Fund relative to the strategic benchmark to the maximum extent possible by utilising investment teams, strategies and techniques from BlackRock resources around the globe subject to a risk budgeting framework (refer to “risk budgeting” on page 16 for further information).

### What is the Fund’s strategic benchmark?

The Fund’s strategic benchmark has exposure to predominantly growth assets such as Australian shares, international shares and property. It also has exposure to more defensive (income) asset classes such as Australian and international fixed income and cash.

The current strategic benchmark for the Fund is shown in the table below.

| Strategic benchmark (%)       |            |
|-------------------------------|------------|
|                               | Benchmark  |
| Australian shares             | 38         |
| International shares          | 26         |
| <b>Total equities</b>         | <b>64</b>  |
| Property*                     | 6          |
| <b>Total growth assets</b>    | <b>70</b>  |
| Australian fixed income       | 15         |
| International fixed income    | 10         |
| Cash                          | 5          |
| <b>Total defensive assets</b> | <b>30</b>  |
| <b>Total</b>                  | <b>100</b> |
| (Foreign currency)            | (20)       |

\* Listed property investments but may include investment in direct property.

The Fund’s strategic benchmark is reviewed periodically. Specific allocations may vary but the Fund will retain a broad 70/30 split between growth and income assets and a bias toward Australian assets, particularly within the growth asset category.

### What does the Fund invest in?

The Wholesale Fund invests in physical instruments (which may include equities, listed property trusts, limited partnerships, direct property, currency, fixed income, cash, commodities), derivatives (including futures, options, swaps and forward foreign exchange contracts) and structured instruments (which may include a combination of physical instruments and derivatives). The asset class exposures are gained either by investing directly in the physical instruments, via derivative overlays or by investing in funds or products managed by BlackRock teams world wide.

## How are returns enhanced?

- 1. Active asset allocation:** Asset allocation strategies are employed with the aim of capitalising on perceived mis-pricing in and between asset markets in Australia and internationally. This process may result in the Fund's exposure to the asset classes being above, below or in-line with the benchmark exposure.

The strategies employed are the result of analysis focussed on a fundamental assessment of economics, liquidity and valuations. BlackRock draws on its research capabilities and fund management expertise worldwide in developing and exploiting these strategies.

The strategies adopted may encompass equity, cash, fixed interest, property, commodity and currency markets, both in Australia and internationally. Implementation of these strategies may be based on an expectation on the direction of a particular market (eg, gain exposure to US equities based on an expectation that the US sharemarket will rise) or focus on relative values between and within regions, asset classes, sectors, currencies and instruments or some combination thereof (eg, buy exposure to the Japanese equity market and sell exposure to European equity markets based on a view that the Japanese equity market offers better return potential than the European equity markets).

- 2. Manager and stock selection:** The Wholesale Fund both invests in BlackRock products and is also directly managed by a number of BlackRock investment teams from around the globe. These teams and products are selected on the basis of their ability to generate consistent, lowly correlated returns. Lowly correlated means that it is unlikely that the different teams and products chosen will perform in the same manner at the same time thereby enhancing diversification and/or lowering fund volatility. The selection process is also subject to internal controls relating to cost/tax effectiveness and overall risk exposure of the Fund, which we aim to maintain in line with the Fund's strategic benchmark.

Actual asset allocations to investment teams and products will vary over time as BlackRock expertise alters and the correlations, costs and tax effectiveness of the teams and products change. However, the allocations will remain consistent with the principles of providing highly diversified, lowly correlated and risk controlled investment management.

- 3. Extensive use of derivatives:** Derivatives are financial instruments whose value is derived from another security, commodity, currency or index. The Wholesale Fund makes extensive use of derivatives in its operations. The use of these instruments dramatically reduces the costs of managing exposure to investment markets and makes possible a much wider universe of value adding investment opportunities. Typically most asset allocation positions are implemented via derivatives. Derivatives are also used to ensure that the underlying asset exposures of the Fund are consistent with its strategic benchmark.

The types of derivatives used include, but are not limited to, futures, options, swaps and forwards, including both exchange traded and over the counter (OTC) variants of these. The Fund may also use structured instruments from time to time in pursuit of its investment objectives.

The risks associated with the Fund are controlled through a **risk budgeting** framework, rather than containing risk by limiting allocations to particular asset classes. This framework seeks to manage the overall risk being run in the Fund to a level consistent with the universe of Australian 'balanced' funds, while leaving the Fund manager discretion in the precise allocation of this risk between investment teams and strategies.

### Performance to 30 September 2006

|                                   | 1 year<br>% | 3 years<br>% p.a. | 5 years<br>% p.a. | 10 years<br>% p.a. | Since inception <sup>1</sup><br>% p.a. |
|-----------------------------------|-------------|-------------------|-------------------|--------------------|--|
| Distribution return               | 2.54        | 4.06              | 3.60              | 4.24               | 4.33                                   |
| Growth return                     | 8.07        | 9.90              | 4.13              | 3.12               | 3.57                                   |
| Total (net) return                | 10.61       | 13.96             | 7.73              | 7.36               | 7.90                                   |
| Total (gross) return <sup>2</sup> | 12.54       | 15.97             | 9.52              | n/a <sup>4</sup>   | n/a <sup>4</sup>                       |
| Benchmark <sup>3</sup>            | 13.38       | 15.04             | 9.79              | n/a <sup>4</sup>   | n/a <sup>4</sup>                       |

1. 30 April 1992.

2. Gross returns shown are those of the Wholesale Balanced Fund into which the Balanced Fund invests.

3. The Fund is a diversified fund so the benchmark consists of a weighted average of the returns provided by market indices for the relevant asset classes. See page 11 for further details.

4. Gross Fund and Benchmark returns were not calculated for this time period.

Past performance is not a guide to future performance. Long-term performance shows the potential volatility of returns over time. Total net Fund returns shown are prepared on an exit-to-exit basis (ie. include all ongoing fees and expenses and exclude tax). Total gross returns and benchmark performance figures shown are gross (ie. do not include expenses, fees or tax).

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# Australian Share Fund

## Fund profile

**Investment objective:** The Fund has two aims: to achieve capital growth through investment in Australian shares and other securities and to provide investors with some tax-effective income through the distribution of franked dividends. Overall, the Fund aims to outperform the S&P/ASX 200 Accumulation Index over rolling five-year periods.

### Designed for investors who...

- seek a fund which aims to provide capital growth and some tax effective income; and
- accept the risk of significant price fluctuations.

### Fund strategy

The investment objective of the Fund is currently pursued by investing in a concentrated portfolio of Australian shares (typically between 25 and 40 stocks).

The portion of the Fund not invested in securities will be invested in the money market ('cash') through a Merrill Lynch wholesale fund.

We use a 'bottom up' approach to stock selection meaning that investments are based on research of individual companies to determine their investment merits. The investment philosophy is based on the belief that a change to the perceived earnings profile of a company is ultimately the main driver of share price performance. Therefore, out-performance is determined by a constant focus on the future earnings profile of a company and the ability to identify growth opportunities.

The Fund is managed by an Australian equity team based in Australia. The team conducts its own research which, combined with the global resources of the BlackRock group, leads to well informed investment decisions.

#### Asset allocation ranges (%)

|                   | Minimum | Benchmark | Maximum |
|-------------------|---------|-----------|---------|
| Australian shares | 80      | 100       | 100     |
| Cash              | 0       | 0         | 20      |

#### Performance to 30 September 2006

|                        | 1 year<br>% | 3 years<br>% p.a. | 5 years<br>% p.a. | 10 years<br>% p.a. | Since inception <sup>1</sup><br>% p.a. |
|------------------------|-------------|-------------------|-------------------|--------------------|--|
| Distribution return    | 23.01       | 16.14             | 10.11             | 9.33               | 7.81                                   |
| Growth return          | -9.03       | 5.82              | 2.48              | 3.81               | 5.77                                   |
| Total (net) return     | 13.98       | 21.96             | 12.59             | 13.14              | 13.59                                  |
| Total (gross) return   | 16.17       | 24.19             | 14.65             | n/a <sup>3</sup>   | n/a <sup>3</sup>                       |
| Benchmark <sup>2</sup> | 15.96       | 22.75             | 15.80             | n/a <sup>3</sup>   | n/a <sup>3</sup>                       |

1. 31 May 1988.

2. S&P/ASX 200 Accumulation Index from 3/4/2000. The previous index was the ASX All Ordinaries Accumulation Index.

3. Gross Fund and Benchmark returns were not calculated for this time period.

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# Growth Fund

## Fund profile

**Investment objective:** The primary aim of the Fund is to achieve capital growth over the long-term through investment in Australian securities. The Fund aims to outperform the S&P/ASX 300 Accumulation Index over rolling five-year periods.

### Designed for investors who...

- seek an Australian share portfolio that provides exposure to a combination of large and some smaller capitalisation stocks;
- seek a fund with a predominant focus on capital growth; and
- accept the risks of significant price fluctuations.

### Fund strategy

The investment strategy of the Fund is to enhance returns through our stock selection process. The Fund may hold up to 80 stocks including both large and some smaller capitalisation stocks.

Any portion of the Fund not invested in securities will be invested in the money market ('cash') through a Merrill Lynch wholesale fund.

We use a 'bottom up' approach to stock selection meaning that investments are based on research of individual companies to determine their investment merits. The investment philosophy is based on the belief that a change to the perceived earnings profile of a company is ultimately the main driver of share price performance. Therefore, out-performance is determined by a constant focus on the future earnings profile of a company and the ability to identify growth opportunities.

The Fund is managed by an Australian equity team based in Australia. The team conducts its own research which, combined with the global resources of the BlackRock group, leads to well informed investment decisions.

#### Asset allocation ranges (%)

|                   | Minimum | Benchmark | Maximum |
|-------------------|---------|-----------|---------|
| Australian shares | 80      | 100       | 100     |
| Cash              | 0       | 0         | 20      |

#### Performance to 30 September 2006

|                        | 1 year<br>% | 3 years<br>% p.a. | 5 years<br>% p.a. | 10 years<br>% p.a. | Since inception <sup>1</sup><br>% p.a. |
|------------------------|-------------|-------------------|-------------------|--------------------|--|
| Distribution return    | 18.66       | 17.44             | 11.12             | 11.05              | 9.00                                   |
| Growth return          | -2.67       | 8.73              | 4.17              | 2.51               | 4.32                                   |
| Total (net) return     | 15.99       | 26.17             | 15.29             | 13.56              | 13.32                                  |
| Total (gross) return   | 17.60       | 27.88             | 16.88             | 15.02              | n/a <sup>3</sup>                       |
| Benchmark <sup>2</sup> | 16.01       | 22.63             | 15.81             | 12.79              | n/a <sup>3</sup>                       |

1. 31 October 1983.

2. S&P/ASX 300 Accumulation Index from 1/8/2002. Previous index was the S&P/ASX 200 Accumulation Index which applied from 3/4/2000 and prior to that the ASX All Ordinaries Accumulation Index.

3. Gross Fund and Benchmark returns were not calculated for this time period.

Past performance is not a guide to future performance. Long-term performance shows the potential volatility of returns over time. Total net Fund returns shown are prepared on an exit-to-exit basis (ie. include all ongoing fees and expenses and exclude tax). Total gross returns and benchmark performance figures shown are gross (ie. do not include expenses, fees or tax).

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# International Share Fund

## Fund profile

**Investment objective:** The primary aim of the Fund is to provide capital growth over the medium to long-term by investing in a portfolio of global shares. The Fund aims to outperform the Morgan Stanley Capital International World Index ex-Australia (AUD) over the medium to long term.

### Designed for investors who...

- seek an international share portfolio;
- accept the risk of significant fluctuations in global sharemarkets and currencies; and
- have a longer-term investment horizon.

### Fund strategy

The Fund is currently invested in the Merrill Lynch Wholesale International Share Fund. Investment Management of the Wholesale International Share Fund is delegated to an international BlackRock investment team.

The investment process is driven by bottom-up stock research which is conducted along global sector lines to identify undervalued companies. This stock research is combined with other broad and pragmatic insights into market drivers from BlackRock's wider resources to identify the best investment opportunities. The strategy focuses on mid to large capitalisation equities. The Fund is managed against an unhedged benchmark but some currency hedging may be undertaken.

#### Asset allocation ranges (%)

|                        | Minimum | Benchmark | Maximum |
|------------------------|---------|-----------|---------|
| International shares   | 90      | 100       | 100     |
| Cash and liquid assets | 0       | 0         | 10      |

#### Performance to 30 September 2006

|                                   | 1 year<br>% | 3 years<br>% p.a. | 5 years<br>% p.a. | 10 years<br>% p.a. | Since inception <sup>1</sup><br>% p.a. |
|-----------------------------------|-------------|-------------------|-------------------|--------------------|--|
| Distribution return               | 0.00        | 0.01              | 0.01              | 5.85               | 4.57                                   |
| Growth return                     | 12.61       | 10.53             | 0.55              | -0.88              | 2.32                                   |
| Total (net) return                | 12.61       | 10.55             | 0.55              | 4.96               | 6.89                                   |
| Total (gross) return <sup>2</sup> | 14.56       | 12.48             | 2.10              | 7.10               | n/a <sup>4</sup>                       |
| Benchmark <sup>3</sup>            | 16.91       | 12.79             | 1.04              | 7.80               | n/a <sup>4</sup>                       |

1. 30 November 1985.

2. Gross returns shown are those of the Wholesale International Share Fund into which the International Share Fund invests.

3. Morgan Stanley Capital International World Index ex-Australia (unhedged in Australian dollars).

4. Gross Fund and Benchmark returns were not calculated for this time period.

Past performance is not a guide to future performance. Long-term performance shows the potential volatility of returns over time. Total net Fund returns shown are prepared on an exit-to-exit basis (ie. include all ongoing fees and expenses and exclude tax). Total gross returns and benchmark performance figures shown are gross (ie. do not include expenses, fees or tax).

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# Global Small Cap Fund

## Fund profile

**Investment objective:** The primary aim of the Fund is to seek to maximise capital growth through exposure to a globally diversified portfolio of shares of quality smaller capitalisation companies listed on international stock exchanges.

### Designed for investors who...

- seek an international share portfolio that provides access to investment opportunities that are not readily available or are under-represented in the Australian market;
- have a longer-term investment horizon; and
- accept the risk of fluctuations in global markets and currencies.

### Fund strategy

The investment process is driven by extensive research-based, bottom-up stock selection. The focus is on market inefficiency and structural change with the aim of identifying small companies that will be able to deliver superior long-term earnings growth.

The stock selection process is benchmark unaware with the companies' long-term growth potential and valuation determining its inclusion in the Fund, rather than its inclusion or weighting within the Fund's performance benchmark – the S&P/Citigroup Global Equity Indices Extended Market Index ex-Australia (unhedged in Australian dollars).

Investment management of the Fund is delegated to BlackRock internationally.

#### Asset allocation ranges (%)

|                             | Minimum | Benchmark | Maximum |
|-----------------------------|---------|-----------|---------|
| Listed international shares | 95      | 100       | 100     |
| Cash and liquid assets      | 0       | 0         | 5       |

#### Performance (Class A units) to 30 September 2006

|                                   | 1 year<br>% | 2 years<br>% p.a. | 3 years<br>% p.a. | Since inception <sup>1</sup><br>% p.a. |
|-----------------------------------|-------------|-------------------|-------------------|--|
| Distribution return               | 6.00        | 3.23              | 2.14              | 1.06                                   |
| Growth return                     | 2.16        | 11.63             | 11.23             | -1.46                                  |
| Total (net) return                | 8.16        | 14.86             | 13.36             | -0.39                                  |
| Total (gross) return <sup>2</sup> | 10.06       | 16.75             | 15.45             | n/a <sup>4</sup>                       |
| Benchmark <sup>3</sup>            | 18.09       | 19.34             | 17.81             | 5.53                                   |

1. 24 April 2001.

2. Gross returns shown are those of the Global Small Cap Fund (inclusive of all classes of units).

3. S&P/Citigroup Extended Market Index ex-Australia (unhedged in Australian dollars).

4. Gross Fund returns were not calculated for this time period.

Past performance is not a guide to future performance. Long-term performance shows the potential volatility of returns over time. Total net Fund returns shown are prepared on an exit-to-exit basis (ie. include all ongoing fees and expenses and exclude tax). Total gross returns and benchmark performance figures shown are gross (ie. do not include expenses, fees or tax).

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# Hedged Global Small Cap Fund

## Fund profile

**Investment objective:** The primary aim of the Fund is to seek to maximise capital growth through exposure to a globally diversified portfolio of shares of quality smaller capitalisation companies listed on international stock exchanges.

The Fund also seeks to reduce the impact on the Fund of foreign currency movements relative to the Australian dollar by implementing a passive currency hedging overlay.

The Fund's performance benchmark is the S&P/Citigroup Global Equity Indices Extended Market Index ex-Australia (hedged in Australian dollars).

### Designed for investors who...

- seek an international share portfolio that provides access to investment opportunities that are not readily available or are under represented in the Australian market;
- have a longer-term investment horizon;
- accept the risk of significant fluctuations in global markets and currencies; and
- seek to reduce the impact on Australian dollar returns on these investments that result from foreign currency exposure.

### Fund strategy

The Fund invests in the Merrill Lynch Global Small Cap Fund. The investment strategy of the Merrill Lynch Global Small Cap Fund is set out on page 20 of this PDS.

In addition, the Fund employs a passive currency hedging overlay with regard to the Fund's foreign currency exposures, using predominantly forward foreign exchange contracts. Refer to page 11 for further information.

#### Performance (Class A units) to 30 September 2006

|                                   | 1 year<br>% | 2 years<br>% p.a. | 3 years<br>% p.a. | Since inception <sup>1</sup><br>% p.a. |
|-----------------------------------|-------------|-------------------|-------------------|--|
| Distribution return               | 0.00        | 3.30              | 4.33              | 5.78                                   |
| Growth return                     | 6.44        | 15.70             | 14.84             | 2.73                                   |
| Total (net) return                | 6.44        | 19.00             | 19.17             | 8.51                                   |
| Total (gross) return <sup>2</sup> | 8.07        | 20.77             | 21.12             | 10.48                                  |
| Benchmark <sup>3</sup>            | 16.14       | 23.68             | 23.83             | 14.54                                  |

1. 5 April 2001.

2. Gross returns shown are those of the Hedged Global Small Cap Fund (inclusive of all classes of units).

3. S&P/Citigroup Global Equity Index System Extended Market Index ex-Australia (hedged in Australian dollars).

Past performance is not a guide to future performance. Long-term performance shows the potential volatility of returns over time. Total net Fund returns shown are prepared on an exit-to-exit basis (ie. include all ongoing fees and expenses and exclude tax). Total gross returns and benchmark performance figures shown are gross (ie. do not include expenses, fees or tax).

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# Global Titans Fund

## Fund profile

**Investment objective:** The primary aim of the Fund is to maximise capital growth over the medium to long-term by investing in a select portfolio of international shares. The Fund aims to outperform the Morgan Stanley Capital International World Index excluding Australia (unhedged in Australian dollars).

### Designed for investors who...

- seek an international share portfolio;
- accept the risk of significant fluctuations in global sharemarkets and currencies; and
- have a longer-term investment horizon.

### Fund strategy

The investment process is driven by bottom-up stock research which is conducted along global sector lines to identify undervalued companies. This stock research is combined with other broad and pragmatic insights into market drivers from BlackRock's wider resources to identify the best investment opportunities. The strategy focuses on mid to large capitalisation equities.

The Fund is typically more concentrated (ie. holds fewer stocks) than the International Share Fund.

Investment management of the Fund is delegated to BlackRock internationally.

#### Asset allocation ranges (%)

|                             | Minimum | Benchmark | Maximum |
|-----------------------------|---------|-----------|---------|
| Listed international shares | 90      | 100       | 100     |
| Cash and liquid assets      | 0       | 0         | 10      |

#### Performance (Class A units) to 30 September 2006

|                                   | 1 year<br>% | 2 years<br>% p.a. | 3 years<br>% p.a. | Since inception <sup>1</sup><br>% p.a. |
|-----------------------------------|-------------|-------------------|-------------------|--|
| Distribution return               | 16.68       | 9.05              | 6.57              | 3.76                                   |
| Growth return                     | -2.79       | 3.42              | 4.23              | -6.54                                  |
| Total (net) return                | 13.90       | 12.47             | 10.79             | -2.77                                  |
| Total (gross) return <sup>2</sup> | 14.33       | 13.55             | 12.27             | n/a <sup>4</sup>                       |
| Benchmark <sup>3</sup>            | 16.91       | 14.62             | 12.79             | -1.57                                  |

1. 10 April 2001.

2. Gross returns shown are those of the Global Titans Fund (inclusive of all classes of units).

3. Morgan Stanley Capital International World Index excluding Australia (unhedged in Australian dollars).

4. Gross Fund returns were not calculated for this time period.

Past performance is not a guide to future performance. Long-term performance shows the potential volatility of returns over time. Total net Fund returns shown are prepared on an exit-to-exit basis (ie. include all ongoing fees and expenses and exclude tax). Total gross returns and benchmark performance figures shown are gross (ie. do not include expenses, fees or tax).

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# Hedged Global Titans Fund

## Fund profile

**Investment objective:** The primary aim of the Fund is to seek to maximise capital growth over the medium to long-term by investing in a select portfolio of international shares.

The Fund also seeks to reduce the impact on the Fund of foreign currency movements relative to the Australian dollar by implementing a passive currency hedging overlay.

The Fund aims to outperform the Morgan Stanley Capital International World Index excluding Australia (hedged in Australian dollars).

### Designed for investors who...

- seek an international share portfolio;
- accept the risk of significant fluctuations in global sharemarkets and currencies;
- have a longer-term investment horizon; and
- seek to reduce the impact on Australian dollar returns on these investments that result from foreign currency exposure.

### Fund strategy

The Fund invests in the Merrill Lynch Global Titans Fund. The investment strategy of the Merrill Lynch Global Titans Fund is set out on page 22 of this PDS.

In addition, the Fund employs a passive currency hedging overlay with regard to the Fund's foreign currency exposures, using predominantly forward foreign exchange contracts. Refer to page 11 for further information.

#### Performance (Class A units) to 30 September 2006

|                                   | 1 year<br>% | 2 years<br>% p.a. | 3 years<br>% p.a. | Since inception <sup>1</sup><br>% p.a. |
|-----------------------------------|-------------|-------------------|-------------------|--|
| Distribution return               | 3.81        | 6.26              | 8.36              | 7.81                                   |
| Growth return                     | 10.02       | 11.09             | 8.81              | -2.52                                  |
| Total (net) return                | 13.83       | 17.35             | 17.17             | 5.29                                   |
| Total (gross) return <sup>2</sup> | 11.83       | 17.26             | 17.82             | 6.55                                   |
| Benchmark <sup>3</sup>            | 15.03       | 18.92             | 18.66             | 6.46                                   |

1. 5 April 2001.

2. Gross returns shown are those of the Hedged Global Titans Fund (inclusive of all classes of units).

3. Morgan Stanley Capital International World Index excluding Australia (hedged in Australian dollars).

Past performance is not a guide to future performance. Long-term performance shows the potential volatility of returns over time. Total net Fund returns shown are prepared on an exit-to-exit basis (ie. include all ongoing fees and expenses and exclude tax). Total gross returns and benchmark performance figures shown are gross (ie. do not include expenses, fees or tax).

Updated performance information is available from your financial adviser, by contacting our Client Services Centre or from our website at [www.blackrock.com/au](http://www.blackrock.com/au).

# What fees apply?

## Fees and other 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 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](http://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 input tax credits.

### Fees and other costs

| Type of fee or cost   | Amount   | How and when paid   | Example for \$50,000 investment               |
|---|--|---|---|
| <b>Fees when your money moves in or out of the Fund<sup>1</sup></b>                         |  |   |   |
| <b>Establishment fee.</b> The fee to open your investment.                                  | Nil  | Not applicable  | Nil   |
| <b>Contribution fee.<sup>2</sup></b> The fee on each amount contributed to your investment. | 4% except Managed Income Fund 2%   | The fee is calculated in relation to the amount of your investment and is charged each time you make an investment into a Fund. This fee is paid to us, and is deducted directly from your investment amount. The Contribution fee may be negotiated with your financial adviser. If you do not use a financial adviser, the Contribution fee will still be payable.  | Balanced Fund<br>\$50,000 x 4% = \$2,000      |
| <b>Termination fee.</b> The fee to close your investment.                                   | Nil  | Not applicable  | Nil   |
| <b>Withdrawal fee.</b> The fee on each amount you take out of your investment.              | Nil  | Not applicable  | Nil   |
| <b>Management Costs. The fees and costs for managing your investment.</b>                   |  |   |   |
| <b>Management fee.<sup>3</sup></b> The fee for managing your investment.                    | 1.095% – 2.10% p.a. depending on the Fund. The Management fee for each Fund is shown on page 25 of this PDS                          | The Management fee is calculated in relation to the NAV <sup>3</sup> of the Fund. It is not deducted directly from your account. Instead this fee is deducted from the assets of the relevant Fund. The deduction of the Management fee is reflected in the daily unit price of the relevant Fund. The fee is paid to us monthly in arrears (usually at the end of a month). The amount of this fee can be negotiated. <sup>4</sup>   | Balanced Fund<br>\$50,000 x 1.845% = \$922.50 |
| <b>Estimated Expense Recovery Costs.</b>  | 0% – 0.363% p.a. depending on the Fund. The Estimated Expense Recovery Costs for the relevant Funds are shown on page 25 of this PDS | The estimated Expense Recovery Costs for the Managed Income Fund, Balanced Fund, Australian Share Fund, Growth Fund and International Share Fund are calculated in relation to the NAV of the Fund. They are not deducted directly from your account. Instead this charge is deducted from the assets of the relevant Funds. The deduction of the Expense Recovery Costs is reflected in the daily unit price. The costs are recovered by us quarterly in arrears (usually at the end of the quarter). Expenses excluding abnormal expenses <sup>5</sup> are included in the Management fees for Global Small Cap Fund, Hedged Global Small Cap Fund, Global Titans Fund and Hedged Global Titans Fund. | Balanced Fund<br>\$50,000 x 0.064% = \$32     |
| <b>Service fees</b>   |  |   |   |
| <b>Investment switching fee.<sup>1</sup></b> The fee for changing investment options.       | Nil  | Not applicable  | Nil   |

1. You may incur buy-sell spread when your money moves in and out of the relevant Fund (including when you switch between Funds). Refer to "Buy-sell spread" on page 26.

2. This fee may include an amount payable to an adviser refer to "Payments to advisers and other service providers" on page 27.

3. In relation to the Global funds, reference to the NAV of the fund is a reference to the NAV of the Class A units.

4. Refer to "Differential fees" under the heading "Additional Explanation of fees and costs" on page 28.

5. Refer to "Abnormal expenses" under the heading "Additional Explanation of fees and costs" on page 25.

## Additional explanation of fees and costs

### Management costs

The Management Costs include the:

- Management fee
- Expense recovery costs (other than abnormal expenses)

For the Global Small Cap, Hedged Global Small Cap, Global Titans and Hedged Global Titans Funds, the expenses (other than abnormal expenses) will be paid out of the Management fee and not recovered as additional expenses out of the relevant Fund. Refer to the "Expense recovery costs" section below.

### Management fees

The current Management fees for each of the Funds (together with a Dollar example assuming an investment of \$50,000) are shown in the table below.

| Management Fees                               |                 |                |
|---|-----------------|----------------|
| Name of Fund                                  | Management Fees | Dollar Example |
| Managed Income Fund                           | 1.595%*         | \$797.50       |
| Balanced Fund                                 | 1.845%*         | \$922.50       |
| Australian Share Fund                         | 1.595%*         | \$797.50       |
| Growth Fund                                   | 1.095%*         | \$547.50       |
| International Share Fund                      | 1.595%*         | \$797.50       |
| Global Small Cap Fund (Class A units)         | 2.00%           | \$1000.00      |
| Hedged Global Small Cap units (Class A units) | 2.10%           | \$1050.00      |
| Global Titans Fund (Class A units)            | 1.95%           | \$975.00       |
| Hedged Global Titans Fund (Class A units)     | 2.00%           | \$1000.00      |

\* GST exclusive. The Manager recovers the GST on its fees as an expense of the relevant Fund. The amount of GST less any RITCs is reflected in the Estimated Expenses Recoveries for those Funds. For the total management fees and any estimated Expense Recoveries for each Fund see Managements costs on page 6.

### Expense recovery costs

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

Expenses in relation to the administration and operation of the Managed Income Fund, Balanced Fund, Australian Share Fund, Growth Fund and International Share Fund will continue to be reimbursed from the assets of the respective Fund and will not be paid out of our Management fee.

Estimated Expense Recoveries for these Funds (excluding any Abnormal expenses (see below) together with a Dollar example assuming a constant investment amount of \$50,000) are shown in the table below.

| Estimated Expense Recovery Costs |                   |                |
|----------------------------------|-------------------|----------------|
| Name of Fund                     | Expense* Recovery | Dollar Example |
| Managed Income Fund              | 0.245%            | \$122.50       |
| Balanced Fund                    | 0.110%            | \$55.00        |
| Australian Share Fund            | 0.325%            | \$162.50       |
| Growth Fund                      | 0.363%            | \$181.50       |
| International Share Fund         | 0.405%            | \$202.50       |

\* This is an estimate of the out of pocket expenses that we are entitled to recover from the relevant Fund as responsible entity. The estimated expense recoveries shown in the tables are based on the latest available figures as at the date of this PDS. The actual expenses recovered may increase or decrease over time.

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 expenses incurred in both the investing fund and the fund in which it invests.

### Abnormal expenses

Abnormal expenses are expenses we are entitled to deduct from the Funds but they are not generally incurred during the day to day operations of the relevant 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 relevant Fund in relation to these expenses should they arise.

### Transaction costs

The Funds 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 for each of the Funds (together with a Dollar example assuming an investment of \$50,000) are shown in the table below.

We will notify you if the buy-sell spreads increase.

| Estimated Buy-Sell Spread                    |                 |                |
|--|-----------------|----------------|
| Name of Fund                                 | Buy-sell Spread | Dollar Example |
| Managed Income Fund                          | 0.055%          | \$27.50        |
| Balanced Fund                                | 0.175%          | \$87.50        |
| Australian Share Fund                        | 0.275%          | \$137.50       |
| Growth Fund                                  | 0.275%          | \$137.50       |
| International Share Fund                     | 0.250%          | \$125.00       |
| Global Small Cap Fund (Class A units)        | 0.500%          | \$250.00       |
| Hedged Global Small Cap Fund (Class A units) | 0.525%          | \$262.50       |
| Global Titans Fund (Class A units)           | 0.250%          | \$125.00       |
| Hedged Global Titans Fund (Class A units)    | 0.275%          | \$137.50       |

## 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 relevant 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 24 and on the tables on page 25. Although we have the power to change our fee structure, we have no present intention to do so.

Under the Constitutions of the Funds, we are presently entitled to charge the following maximums:

**For Managed Income Fund, Balanced Fund and International Share Fund:**

- 1/6th of 1% of Net Asset Value (NAV) of the Fund payable monthly in arrears calculated in accordance with the relevant Constitution

- Contribution Fee of 8% of the Application Price of each unit being issued
- Monthly fee based on following scale of the value of the Fund calculated in accordance with the relevant Constitution:
  - 1/10th of 1% per annum in respect of first \$20 million
  - 1/12th of 1% per annum in respect of amounts in excess of \$20 million but less than \$50 million
  - 1/15th of 1% per annum in respect of amounts in excess of \$50 million
- an amount calculated at the rate of 0.75% per annum of the value of the Fund determined as at the end of each month on account of costs and charges including (but not limited to) expenses incurred in connection with:
  - costs of postage of notices, statements and other documents posted to unitholders;
  - costs of preparing and printing accounts, distribution statements, cheques and other documents required by law;
  - expenses in connection with the establishment and maintenance of accounting and registry systems; and
  - costs, charges and expenses incurred in relation to the preparation, registration and distribution of offer documents and any report or document required by law to be produced.

To the extent that such costs, charges and expenses exceed the above amount we shall bear the excess.

**For Australian Share Fund:**

- Contribution fee of 5% of the Application Price for units
- Termination of the Fund, fee of 0.05% of the amount distributable under the Constitution of the Fund
- Management fee of 1.6% per annum of NAV calculated in accordance with the Constitution

**For Growth Fund:**

- Contribution fee of 5% of the Application Price for units
- Termination of the Fund, fee of 0.05% of the amount distributable under the Constitution of the Fund
- Management fee of 1.1% per annum of NAV calculated in accordance with the Constitution
- an amount calculated at the rate of 0.5% per annum of the Net Asset Value of the Fund determined as at the end of each day on account of costs, charges and expenses incurred by us (including but not limited to the following):

- costs of convening and holding any meeting of unitholders
- costs of postage in respect of all cheques, accounts, distribution statements and other notices ;
- fees and expenses of any solicitor, computer expert or other expert engaged by the Manager
- costs of preparing and printing accounts, distribution statements cheques and other documents required by law;
- expenses in connection with the establishment and maintenance of accounting and registry systems; and
- costs, charges and expenses incurred in relation to the preparation, registration and distribution of offer documents and any report or document required by law to be produced.

To the extent that such costs, charges and expenses exceed the above amount, we shall bear the excess:

For Global Small Cap Fund, Hedged Global Small Cap Fund, Global Titans Fund and Hedged Global Titans Fund:

- Contribution fee of 5% of Application money
- Withdrawal fee of 5% of redemption proceeds
- Management fee of 2.0% per annum of NAV calculated in accordance with the Constitution

### Payments to advisers and other service providers

The commissions described in this section are not an additional cost to you. They are paid by us out of the Contribution fee and/or Management fee income received by us in relation to the investment in the relevant Fund.

### Contribution Fee Commission

This is the remuneration paid to your financial adviser by us for introducing you to the relevant Fund. It enables your adviser to cover their costs and receive an income for the service they provide. The initial commission is paid out of the Contribution fee and is not an additional charge to you.

Some financial advisers have a practice of waiving (or rebating) part or all of their Contribution Fee Commission, but they are under no obligation to do so. A reduction (or rebate) of initial commission would result in a reduced Contribution fee for the investor.

If you do not use an adviser the Contribution Fee is still payable.

### Ongoing Service Commission

This represents the ongoing remuneration paid by us to your financial adviser for providing ongoing service and investment advice to investors in relation to the relevant Fund. The Ongoing Service Commission is paid out of our Management fee and is at no additional charge to you. The Ongoing Service Commission for the Funds are shown in the table below.

| Ongoing Service Commission                    |                             |
|---|-----------------------------|
| Name of Fund                                  | Ongoing Service Commission* |
| Managed Income Fund                           | Up to 0.44%                 |
| Balanced Fund                                 | Up to 0.44%                 |
| Australian Share Fund                         | Up to 0.44%                 |
| Growth Fund                                   | Up to 0.275%                |
| International Share Fund                      | Up to 0.44%                 |
| Global Small Cap Fund (Class A units)         | Up to 0.44%                 |
| Hedged Global Small Cap units (Class A units) | Up to 0.44%                 |
| Global Titans Fund (Class A units)            | Up to 0.44%                 |
| Hedged Global Titans Fund (Class A units)     | Up to 0.44%                 |

\* Based on a \$50,000 investment in the Balanced Fund this would equal an amount of up to \$220 per annum (including GST).

Some financial advisers have a practice of waiving (or rebating) part or all of their Ongoing Service Commission, but they are under no obligation to do so. A reduction (or rebate) of ongoing commission may result in a reduced Management fee, in the form of an additional investment in the Fund being purchased on your behalf. If you do not use an adviser the Ongoing Service Commission will still be payable to us as part of the Management fee.

### Fund Manager payments and product access payments

We may at our discretion, enter into a variety of arrangements with service providers such as master fund and Investor Directed Portfolio Service (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 0.75% is paid on funds invested. 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.

### Alternative forms of remuneration

Additionally, we may provide alternative forms of remuneration which include professional development, sponsorship and entertainment to 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 the IFSA/FPA Industry Code of Practice on Alternative Forms of Remuneration. Please contact our Client Service 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. Please contact us for further details.

### Example of annual fees and costs

The table on this page gives an example of how the fees and costs in the Balanced 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  |
|------------------------------|----------|---|
| <b>Contribution Fees</b>     | 0% to 4% | For every \$5,000 you put in, you will be charged between \$0 and \$200   |
| <b>PLUS Management Costs</b> | 1.955%   | And, for every \$50,000 you have in the Fund you will be charged \$977.50   |
| <b>EQUALS Cost of Fund</b>   |          | If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during the year you would be charged fees from \$977.50 to \$1,177.50* |
|                              |          | What it costs you will depend on the investment option you choose and the fees you negotiate with your fund or your financial adviser.  |

\* Additional expenses may apply, for instance, you may incur a buy-sell spread when you money moves in or out of a fund.

**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.

# Investing, switching, withdrawing and receiving income from the Funds

## Investing in the Funds

### Minimum investment

You generally need a minimum amount of \$1,000 per Fund to start investing in the Funds.

Only Class A units of the Global Funds (Global Small Cap Fund, Hedged Global Small Cap Fund, Global Titans Fund and Hedged Global Titans Fund) are available for investment through this PDS.

### How to invest

To invest complete a current application form and forward it to us together with your cheque for your initial contribution. Application requests received before 2.00pm Eastern Standard Time (EST) on any Melbourne or Sydney business day will be treated as having been received on that day and, if accepted, will generally be processed at the unit price applicable as at that day. Requests received after this time will be treated as received on the following Melbourne or Sydney business day. Please see page 30 for how we determine unit prices.

### Adding to your investment

You can add to your investment at any time by sending us your additional investment amount together with your Investor Number and details of the Fund you want to invest in – no minimums apply.

By investing in the Funds you will automatically be part of our Top-up and Switches facility, which means you can make additional applications or switch between Funds without the need to complete another application form.

If you do not want to automatically participate in our Top-up and Switches facility please notify us in writing. If you do this, a new application form will have to be completed each time you make an investment.

### Regular Contribution Plan

Under the Regular Contribution Plan we withdraw a regular amount from your nominated bank, either fortnightly or monthly. Note that this direct debit facility is not available on all accounts. You can reduce, change or stop contributions at any time free of charge. Two business days notice however, is required prior to a change being effected. The minimum Regular Contribution Plan investment is \$100 per month or \$50 per fortnight. If you are not a current investor in a Fund to which you wish to contribute, your minimum initial application is \$1,000.

If you switch and you have an existing Regular Contribution Plan, you will need to complete a new "Regular Contribution Plan" form for the new Fund.

As a participant in the Top-up and Switches facility and Regular Contribution Plan you will receive a PDS or Supplementary PDS each time one is issued. For both the Top-up and Switches facility and the Regular Contribution Plan you should keep the PDS together with any updated information for future reference. You are able to request another copy of the current PDS for the Funds at any time through our Client Services Centre on 1300 366 101 or from [www.blackrock.com/au](http://www.blackrock.com/au), free of charge.

### Changing your payment details

You may cancel, suspend or change direct debit deductions at any time by supplying written instructions to BlackRock or by contacting our Client Service Centre and quoting your Investor Number and PIN. If you change your Financial Institution a new Regular Contribution Plan form is required.

### Switching between Funds

You can change your investment simply by calling our Client Service Centre on 1300 366 100 and quoting your PIN (see page 30) and your Investor Number. Switches can also be made by posting or faxing us written instructions including your Investor Number and details of the Fund you wish to transfer from and to, as well as the amount to be switched. Written instructions must include the signature of all investor(s).

If you have advised us that you do not wish to participate in the Top-up and Switches facility, you will have to complete an application form for the Fund in which you wish to invest.

A taxation liability may be incurred when you switch because a capital gain may have been realised by the sale of the units. Please refer to page 33 for further details.

### Investing via an Investor Directed Portfolio Service (IDPS)

Investors and potential investors accessing the Funds 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 for the IDPS or master trust.

## 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 a telephone withdrawal
- Switch between Funds
- Advise us of a change of address
- 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.

If you do not want a PIN, please notify us to request its cancellation. Terms and conditions relating to the use of a PIN are set out on page 38.

## Password

A password is issued on request for website access allowing you to access your investment information. To obtain a password over the phone you need to call our Client Service Centre on 1300 366 100 and quote your investor number and PIN.

## Withdrawing your money

You may withdraw your money from a Fund by making a withdrawal request. Withdrawal requests are generally processed at the unit price applicable on that day the withdrawal request is received. Withdrawal requests must be received by 2.00 pm EST on a Melbourne or Sydney business day to be treated as received on that day. Requests received after this time or on a day that is not a business day will be treated as received on the following Melbourne or Sydney business day. Please see page 30 for how we determine unit prices.

To withdraw money from the Funds under this PDS, all you need do is contact us (quoting both your PIN and Investor Number) or put your request in writing. Written instructions must include the signature of all investor(s). You can fax us these details. If you fax instructions to us, the terms and conditions as set out on page 38 will apply. We will then send a cheque or make a deposit into your bank account.

Withdrawals are normally processed and posted within seven business days of receiving your request, although longer periods are allowed under the Constitutions for each of the Funds. In unusual circumstances we may delay the processing of requests for the period that the unusual circumstances prevail. Each Constitution permits us to suspend withdrawals for as long as we consider it impractical or inappropriate to calculate the Net Asset Value ("NAV") of the Fund or Class, which is generally determined by deducting the liabilities from the sum of the market value of all assets of a Fund. We may also stagger payments over five days if withdrawal requests received total more than 5% of the units on issue.

In addition, if any Fund becomes 'illiquid' as defined under the Corporations Act (ie less than 80% of the Fund's assets are liquid assets), investors will only be able to withdraw from the Fund if we make an offer of withdrawal in accordance with each Fund's Constitution and the Corporations Act. Given the investment policy of the Funds it is unlikely that the Funds will become illiquid.

## Regular Payments Facility

Except for the Managed Income Fund, you can arrange to withdraw a nominated dollar amount from your investment on a monthly basis. You may select the date for the redemption to occur (1st – 28th of each month). Withdrawals are normally processed and posted within seven business days. When you select this option all future income distributions will be automatically reinvested in your relevant Fund(s). Terms and conditions and further information on the use of this facility are set out on page 39.

## How are unit prices calculated?

When you invest in a Fund you are allocated a number of units in the Fund. Each of these units represents an equal undivided share in the Net Assets of the Fund or the relevant class (ie class A units in the case of each of the Global Funds which have more than one class of units on issue). As a result, each unit has a dollar value or 'unit price'.

Both entry and exit prices for units in a Fund are based on the Net Asset Value (NAV) of the Fund or class of units divided by the number of units on issue in the relevant Fund or class of units adjusted to take account of transaction costs. Both prices are generally calculated each Melbourne or Sydney business day. The NAV is determined by deducting the liabilities of the relevant Fund or class from the market value of the assets of the Fund or relevant class.

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

We have the discretion, however, to price more or less frequently when unusual circumstances prevail (for example, where there have been unusual fluctuations 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 discretions in calculating unit prices (including determining the value of assets and liabilities). Typically however assets are valued at their market value. Investors will be informed and information included on our website when this 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 investment will be in the form of distributions. Your distribution may include income such as interest, dividends and realised capital gains.

### Timing of distributions

If you hold units in a Fund at the close of business on the last day of a distribution period, you are entitled to participate in the Fund's distribution.

Distributions (if any) may vary, depending on the realised losses, gains, income and expenses of the Fund or class of units in the Fund in a particular period. If investments are sold during a period, any taxable gains from the sale may be included as part of the distribution for that period or a subsequent period within the financial year.

Following the determination of a distribution, the unit price may fall to reflect the reduced value of the relevant Fund or class 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.

Distributions of Australian-sourced income to non-resident investors will be subject to withholding tax. See pages 33 and 34 for further details on the taxation issues which may have an impact on you.

The frequency of distribution payments for the Funds is set out in the table titled "Main features at a glance" on pages 6 and 7.

### Distribution payment options

You have several options regarding your distribution payments:

- reinvestment
- direct deposit to your nominated account
- cheque (not an option for the Managed Income Fund).

If you do not indicate a distribution payment option on your application form, all your income distributions will automatically be reinvested as additional units, based on the NAV per unit applicable at the end of the distribution period, adjusted for the distribution payable (if any) in relation to that period.

If you have selected the Regular Payments Facility (see page 38), income distributions will automatically be reinvested in your selected Fund.

If you have selected the direct deposit or cheque payment option and the distribution payment by direct deposit is unsuccessful, or the cheque remains unrepresented for a period of 13 months, your income distributions will be reinvested as additional units in your selected Fund.

### Fixed Distribution Option

If you have an investment of \$10,000 or more in the Managed Income Fund you can receive a monthly fixed payment of an amount you nominate. The payment will be made from the monthly income distribution. However, if your requested payment is higher than your distribution entitlement, units will be redeemed to make up the difference (ie. a capital withdrawal). If your requested payment is lower than your distribution entitlement, the excess will be reinvested for you. Terms and conditions and further information on the use of this facility are set out on page 38.

# How do you receive information on your investment and obtain other updated information?

## What information will you receive?

When you invest in the Funds you will receive:

- **Confirmation Statement** specifying details relating to your investment and your Investor Number, together with any investor information brochure explaining the administration of your investment. Your PIN is sent to you separately.
- **Distribution Statement** after each distribution period – unless you invest in the Managed Income Fund, in which case you will be sent statements quarterly. 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.
- **Regular reporting** including a quarterly update on all our funds (unless you request this not to be sent to you).
- **Periodic Statement** on a half yearly basis.
- **Tax Statement** on an annual basis (if the fund has paid a distribution).
- **Capital Gains Tax Statement** on an annual basis only if you make a withdrawal during the year.

You will also receive a Transaction Statement confirming most transactions conducted on your account.

## Financial information

A copy of the audited financial statements of each 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?

Each Fund (except for the Global Small Cap Fund) is a disclosing entity. This means that we have various reporting and disclosure obligations to the regulator, the Australian Securities and Investment Commission (ASIC). Copies of documents we lodge with ASIC may be obtained from or inspected at an ASIC office. We will send you copies of the Fund's annual audited financial accounts and any half yearly accounts (if applicable) and any continuous disclosure notices we lodge, free, upon request.

# What else do you need to know?

## 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 Funds

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 Funds will continue to be subject to "flow through" taxation, and generally not pay any tax so long as they fully distribute income to unitholders. We intend to monitor developments and where "flow through" taxation is available, take all reasonable steps to ensure that the Funds satisfy the relevant requirements to be taxed in this manner.

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

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

### Taxation of a resident unit holder

You will be assessed on your share of the taxable income of a Fund to which you are entitled, regardless of whether you receive the distribution in cash or it is reinvested. You will be assessed in the year to which your entitlement relates. For example, an income distribution for the period ending 30 June 2007 is included in the assessable income for 2006/2007, even if the cash is received in July 2007.

You may have to pay tax on all or part of your capital gain (the increase in the value of your investment) when your units are redeemed. This includes redemptions when you switch to a new fund and when units are redeemed in the Fixed Distribution Option and Regular Payment Facility.

### Taxable income of Funds

The taxable income to which you are entitled may, depending upon the Fund in which you invest, include various amounts as described below. The taxable income of Funds which invest into other wholesale funds may include realised gains upon the redemption of units in those funds and an entitlement to the income of those other wholesale funds.

Depending on the types of investments made, the Funds 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 Funds is taxable, but tax credits (eg. franking credits and foreign tax credits) may be available to unitholders to offset part or all of any resulting tax liability.

Disposal of investments by a Fund may result in taxable income for that Fund.

In broad terms under the Capital Gains Tax provisions of the Income Tax Assessment Act, a gain arising on the disposal of Fund investments will, where the sum of capital gains exceeds any capital losses, be included in the Fund's taxable income.

The Funds will generally calculate taxable capital gains based on half the nominal gain made on the disposal of an asset, if that asset was held for 12 months or more. Capital gains distributed may include some gains where eligible investors are able to claim concessional treatment. Company investors are not entitled to the discount. BlackRock has assessed and proposes to continue to generally assess gains on the disposal of assets for Funds covered by this PDS and any other wholesale fund into which the Funds may invest under the capital gains tax regime.

However, certain gains of Funds are not subject to the Capital Gains Tax rules, and should be assessed as ordinary income, particularly those gains made on the disposal of government bonds and fixed income securities.

If you invest in the Funds (other than the International Share Fund or the Global Funds), you may be entitled to benefit from franking credits arising from any franked dividends received by the Fund. Franking credits distributed may be refundable to certain investors (including individuals and complying superannuation funds) if those franking credits exceed the investor's total tax liability. That is, a cash refund of excess franking credits will be available in certain circumstances.

You may be entitled to a credit for foreign tax paid on certain income or capital gains received from overseas investments.

### Taxation of acquisition and disposal of units

Under the capital gains tax provisions, when you redeem units whether by withdrawing, switching or transferring your units, you may be liable to tax on any gain. Where the units have been held for twelve months or more, the gain may be eligible for concessional treatment under the Capital Gains Tax rules. 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 subsequent years. Certain unit holders, for example, those carrying on a business of trading in units or securities, may be liable to tax on any gains made on redemption of units as ordinary income (in these circumstances, any losses would be allowable deductions).

### Foreign investments

The Foreign Investment Fund (FIF) regime imposes a tax on Australian investors who invest in certain foreign companies and trusts. Under FIF an increase in the value of an investment in a foreign company or trust may be assessable income even though the increase in value is 'unrealised'.

The Balanced Fund, the Managed Income Fund, the International Share Fund and the Global Funds, invest in foreign companies or in wholesale funds which in turn, invest in foreign companies. We intend to ensure that investments of Funds holding foreign investments satisfy the exemptions to the FIF regime. If the exemptions are satisfied no amount should be assessed under the FIF regime.

The Federal Government has made several proposals in relation to the operation of the FIF rules for managed funds, which we will monitor going forward.

### **Taxation of non-resident unitholders**

If a non-resident is entitled to taxable income of a Fund the Manager may be subject to Australian tax at the rates applicable to non-residents. If you are a non-resident, you may be entitled to a credit for Australian income tax paid by the Manager in respect of your tax liability. Distributions to you of amounts attributed to Australian franked dividends will not be subject to withholding tax. Any distribution of unfranked dividends, interest or amounts in the nature of interest will, however, be subject to withholding tax. This is irrespective of whether distributions are paid in cash or reinvested as additional units.

You will receive the distributions net of anticipated Australian tax. Under the Capital Gains Tax provisions, you will not generally be subject to Australian tax on capital gains realised on the disposal of units in a Fund. However, if you and your associates held, or had an option or right to hold, 10% or more of the issued units in the relevant Fund at any time within five years before the time of disposal of the units, you may be subject to Australian tax.

Certain non-resident unit holders may, irrespective of the level of units in the Fund, be liable to tax in respect of any profit of the disposal of a unit as ordinary income.

The Federal Government has also raised several proposals which may affect the CGT position of non-resident unit holders. We will monitor developments in this regard once legislation has been released.

### **Unit prices**

The entry or exit price of a Fund is not adjusted to reflect any potential tax liability to unit holders on unrealised gains for investments in the Fund. Funds which have unrecouped losses do not reflect the potential tax benefits of the losses in the entry price or exit price.

The entry price and exit prices may reflect the income derived to date by the Fund in the distribution period.

### **Tax File Number (TFN), Exemption and Australian Business Number (ABN)**

Australian unit holders may quote their Tax File Number (TFN) to us or claim an exemption at any time. However, you are not obliged to quote your TFN or claim an exemption. Strict guidelines govern the use and storage of TFNs. If you do not quote your TFN or claim an exemption, then your income distributions will have tax withheld at the highest marginal rate –45.0% (plus Medicare levy) for 2006/07. Some investors that make the investments in the Funds in the course of carrying on an enterprise of investing may also be entitled to quote their Australian Business Number as an alternative to their TFN.

### **Goods and Services Tax (GST)**

Where under the GST legislation the Funds are entitled to credits for GST paid to another person (generally 75% of the GST on certain acquisitions), the cost of paying GST from the Funds will be reduced proportionately. Where entitled to do so BlackRock will recover GST on its fees from the assets of each Fund.

### **Do you have any “cooling off” rights?**

If you have invested directly into the Fund and are not otherwise a “wholesale” or “sophisticated” 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 business 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 your rights to cool-off (if any) will be dealt with in the disclosure document for that master trust or IDPS.

### **What is our legal relationship with you?**

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

## Constitution

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

Each Constitution contains a number of provisions relating to the rights, terms, conditions and obligations imposed on both you and us. A copy of each of the Fund's Constitutions 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 in each of the Constitutions of the Funds 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 unitholders.

Each of the Constitutions also deal with our liabilities in relation to that 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 each of the Funds with ASIC. The Compliance Plan sets out the measures we will take to ensure we comply with the Corporations Act and the Constitution of that Fund. To oversee compliance with the Compliance Plans, 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, and in some circumstances, to ASIC.

A copy of each of the Fund's Compliance Plan is 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 each Fund and Compliance Plan. The current auditor of each 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 by us to hold the assets of each 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 each Fund on behalf of BlackRock and acting in accordance with instructions from BlackRock (except in limited circumstances where the custodian has a discretion to act without instructions).

A custodian has no supervisory obligation to ensure that BlackRock comply with their obligations as responsible entity of a Fund.

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

## What if you have an enquiry or complaint?

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, 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](mailto: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.

## How is your personal information dealt with

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 forms 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.

## Use of the name “Global Titans”

The Merrill Lynch Global Titans Fund and the Merrill Lynch Hedged Global Titans Fund (the Global Titans Funds) are not sponsored, endorsed, sold or promoted by Dow Jones. Dow Jones makes no representation or warranty, express or implied, to investors or any member of the public regarding the advisability of investing in securities generally or in the Global Titans Funds particularly. Dow Jones’ only relationship to BlackRock is the licensing of certain trademarks, trade names and service marks of Dow Jones and of the Dow Jones Global Titans Selection List (the List), which is compiled without regard to needs of BlackRock or the Global Titans Fund. Dow Jones is not responsible for and does not participate in the determination of the timing or prices at which units of the Fund are issued or redeemed.

Dow Jones has no obligation or liability in connection with the administration, marketing or trading of the Global Titans Funds. Dow Jones does not guarantee the accuracy and/or the completeness of the list or any data included therein and Dow Jones shall have no liability for any errors or omissions therein. Dow Jones makes no warranty, express or implied, as to results to be obtained by BlackRock, investors or any other person or entity from the use of the List or any data included therein.

Without limiting any of the foregoing, in no event shall Dow Jones have any liability for any lost profits or indirect, punitive, special or consequential damages or losses, even if notified of the possibility thereof. There are no third party beneficiaries of any agreements or arrangements between Dow Jones and BlackRock.

## S&P/Citigroup Extended Market Index

The S&P/Citigroup Extended Market Index is a service mark of S&P/Citigroup Global Markets (previously known as Salomon Smith Barney Inc.).

## Mortgagee facility

A mortgagee facility is available for all Funds for investors wishing to borrow to invest in a Fund. This involves recording the lender’s interest in the investor register. Investors should be aware of the possible consequences of borrowing money to invest in these Funds and should seek advice from their financial adviser. The terms and conditions that apply to the use of this facility are set out on page 38.

## Related party information

The Manager or persons associated with the Manager may invest in the Funds from time to time. The Manager and its associates are also entitled to enter into or be interested on their own account in any transactions 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.

## Directors

Maurice J O’Shannassy  
Kerrie A Howard  
James T Stratford  
Robert Fairbairn  
Damien Frawley

The Directors have authorised the issue of this PDS.

# Declarations, conditions and acknowledgements

**By completing the application form, you agree to be bound by all the provisions in the PDS including the following:**

## Personal Identification Number (PIN)

Your PIN must be used in conjunction with your Investor number.

If your PIN is used by someone without your authority, BlackRock 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 BlackRock 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 BlackRock's own neglect. BlackRock may continue to accept telephone withdrawal requests until it receives written notice from you to cancel or vary the service.

## Facsimile instruction service

Please be aware that fraudulent or other unauthorised facsimile instructions or requests can be made by persons who have access to your investor name and number and a copy of your signature. Accordingly, you agree:

- to accept full responsibility for any loss arising as a result of BlackRock acting upon any fax received by BlackRock which contains your investor name, Investor number and a signature that appears to be your signature(s).
- that you have no claim against any of BlackRock or the Fund(s) in which you have invested in relation to any payment made or action taken by BlackRock as a result of the receipt of what appeared to be your faxed instructions.
- to release and indemnify each of BlackRock and the Fund(s) in which you have invested against all claims and demands arising as a result of BlackRock acting upon what appear to be your faxed instructions.

## Mortgagee facility

A mortgage will only be entered in the register upon the receipt by BlackRock of a written request from the lender and the unit holder. The entry of a lender on the register will only be removed upon receipt by BlackRock of a written request from the lender. BlackRock will only accept a withdrawal request from the lender. Withdrawal payments will be made to the lender or, at the lender's direction, to the investor. Income distributions will be paid to the lender unless a written direction is received by the lender that the income is to be paid to the investor.

The entry of a lender on the register will not put BlackRock on notice of the terms of the relevant mortgage. BlackRock is not under any obligation to inquire into the terms of the particular loan arrangements.

Any notices required to be given under the Constitution will generally be given to the lender.

Under the Constitution for the Merrill Lynch Growth Fund and the Merrill Lynch Australian Share Fund you are liable to indemnify BlackRock in respect of any liability which arises out of the mortgagee facility.

Any payment made to a lender by BlackRock is a full and final discharge of the obligations of BlackRock to you. Whenever used in terms and conditions a "request" refers to a written, signed and dated request given by you to BlackRock to perform a particular action or do some other thing as stated in the request, and includes any amendment made to any request.

## Fixed Distribution Option and Regular Payment Facility – additional information

Both the Fixed Distribution Option and Regular Payment Facility option can be terminated or have the amount of payment changed by advising BlackRock in writing or by telephone using your PIN.

Notification of any change must be given to us at least two business days before the end of the month for the Fixed Distribution Option and at least two business days before the payment date for the Regular Payment Facility, for the change to take effect for that distribution or payment.

If your payment reduces the value of your unit holding to less than \$1,000 the option will automatically cease and you will be advised accordingly. Payments will only be made to your nominated account. You cannot choose to receive a cheque.

## Direct debit request service agreement – Regular Contribution Plan

### **BlackRock's responsibilities**

BlackRock will only make direct debits from your chosen account. Your contribution amount and the frequency with which BlackRock has agreed to deduct it will be confirmed in writing once BlackRock receives your application form. BlackRock will not change this arrangement unless it gives you 14 days notice.

BlackRock reserves the right to cancel the BlackRock drawing arrangements.

BlackRock assures you that it will not disclose your bank details to anyone else, unless you have agreed in writing that it can, or unless the law requires or allows BlackRock to do this.

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

### **Your responsibilities**

Before sending BlackRock your account details, please check with your bank or financial institution that direct debit deductions are allowed on the account you have chosen.

Please make sure you have enough money in your account to cover payment of your contributions when due. Your bank or financial institution may charge a fee if the payment cannot be met.

It is your responsibility to ensure the authorisation given to draw on the nominated account is identical to the account signing instruction held by the financial institution where the account is based.

It is your responsibility to advise BlackRock if the account nominated by you to receive the BlackRock withdrawal is transferred or closed.

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.

# Investing by completing the Application Form

**Please note for the Global Small Cap Fund, Hedged Global Small Cap Fund, Global Titans Fund and Hedged Global Titans Fund only Class A units are available for investment through this PDS.**

To invest, please complete the relevant application form accompanying this PDS and send it with your cheque to:

BlackRock Investment Management (Australia) Limited  
Reply Paid 225  
GPO Box 225E  
Melbourne, Victoria, 8060

Cheques should be made payable to:

“BlackRock Investment Management (Australia) Limited –  
[Investor name]”

**Please check all your details carefully. If your application form is incomplete/incorrect or made on an out-of-date PDS, the effective date of your application will be delayed.**

## Investing on behalf of a child

Investors must be aged 18 and over. However, a parent or guardian may invest as trustee for a child. The application form must be completed in the adult's name followed by 'for and on behalf of [name of child]'. Where the child has no Tax File Number the Tax File Number of the adult must be provided and clearly stated on the Tax File Number form.

## Corporate investors

Please record your ACN or ABN (if you have one) in the space provided on the application form. The application form must be signed either:

- under seal; or
- by two directors or a director and company secretary; or
- by the sole director (if applicable).

**Please state your title: eg. Director or Company Secretary or Sole Director and Company Secretary.**

**If signing under a Power of Attorney, please enclose an originally certified copy of the Power of Attorney when you send the application form.**

## Joint investors

All investors must sign the application form. All subsequent instructions, including withdrawal requests, made in relation to the account must be signed by all signatories to the account.

# Merrill Lynch Investment Funds

## Application Form

Dated: 28 November 2006

AFS Licence No. 230523

You should read the Product Disclosure Statement (PDS) before completing the Application Form.

Where the PDS is provided electronically, the Corporations Act prohibits any person from passing on to another person the application form unless it is attached to, or accompanied by the complete and unaltered electronic PDS and any relevant Supplementary PDS.

Please use **BLOCK CAPITALS**

### 1. Applicant's Details



Investor number (leave blank if this is your first application)

If investing for someone under 18, record your own name as Investor, then write "for and on behalf of (child's name)" in Surname section.

#### 1st Investor

Mr/Mrs/Miss/Ms/Other

#### 2nd Investor

Mr/Mrs/Miss/Ms/Other

Given names

Given names

Surname

Surname

Date of birth

Date of birth

OR

Company/Trustee/Partnership name

Contact name

Superannuation Fund/Trust name (if applicable)

ABN/ACN/ARBN

### 2. Address Details

Street address (mandatory)

  
  
 Suburb   
 State  Postcode   
 Country (if not Australia) 

Postal address (if different)

  
  
 Suburb   
 State  Postcode   
 Country (if not Australia) 

Telephone (home)

Email

Telephone (business)

Facsimile

Telephone (mobile)

### 3. Investment Details

#### Initial investment amount (minimum \$1,000)

Merrill Lynch Growth Fund

Contribution Fee %\*  
(0% – 4%)

Merrill Lynch Australian Share Fund<sup>†</sup>

(0% – 4%)

Merrill Lynch Managed Income Fund

(0% – 2%)

Merrill Lynch Balanced Fund

(0% – 4%)

Merrill Lynch International Share Fund

(0% – 4%)

Merrill Lynch Global Small Cap Fund (Class A)

(0% – 4%)

Merrill Lynch **Hedged** Global Small Cap Fund (Class A) (0% – 4%)

Merrill Lynch Global Titans Fund (Class A) (0% – 4%)

Merrill Lynch **Hedged** Global Titans Fund (Class A) (0% – 4%)

Total<sup>^</sup>

<sup>^</sup> Cheques should be crossed "Not Negotiable" and be made payable to "BlackRock Investment (Australia) Limited – [Investor Name]" for all Funds.

\* The CONTRIBUTION FEE section in Part 7 will be completed by your adviser, who will nominate the TOTAL amount of the Contribution Fee to be paid. Your adviser will receive the Contribution Fee nominated as commission. Your adviser may reduce the Contribution Fee payable. This fee may be negotiated with your adviser. If no Contribution Fee is specified, a full Contribution Fee will apply (see page 26 of the PDS for further details).

<sup>†</sup> (formerly Imputation Fund)

## 4. Income Distribution

### Fixed Distribution Option (available for Managed Income Fund only)

If you wish to select this option, please indicate the amount to be credited to the account indicated below. If your requested payment is lower than your distribution entitlement the excess will be reinvested as additional units in the Managed Income Fund. Refer to the PDS for further details.

Amount

\$   .     .

This amount will be credited monthly to the Distribution Credit Account indicated right.

### All other Distribution Payment Options

Please nominate your preferred method of income distribution by ticking the appropriate box. If you fail to make a nomination it will be taken that you have requested that the income be reinvested in additional units in the same Fund. Note: if selecting the Fixed Distribution Option (Managed Income Fund only) or the Regular Payments Facility, there is no need to complete this section.

**Reinvest** in additional units in the **same** Fund

**Credit** to account specified below

**Distribution credit account – Financial institution**

**BSB number**

   -   

**Account number**

Account name

**By cheque**, paid to the Postal Address as in Part 2  
**(not available for Managed Income Fund)**

## 5. Tax File Number (TFN) or exemption notification

Note: Collection of Tax File Number information is authorised and its use and disclosure are strictly regulated by the tax laws and Privacy Act. It is not an offence if you choose not to quote your TFN, however, if you do not, tax at the highest marginal rate plus the Medicare levy will be deducted from your income distribution, unless you carry on an enterprise of investing and are entitled to quote your ABN as an alternative.

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 or notifying us of a TFN exemption as per 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.

Organisation – please state why the organisation is not required to lodge a tax return in the 'Other' Exemption reason box.

Trustees should provide the TFN or ABN of the Super 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.

### 1st investor

TFN

Or Exemption reason

**Non resident - country of residence**

**Other – please specify**

### 2nd investor

TFN

Or Exemption reason

**Non resident - country of residence**

**Other – please specify**

### Company/Corporate Trustee

TFN/ABN

Or Exemption reason

**Non resident - country of residence**

**Other – please specify**

### Super Fund/Trust/Partnership (not applicable for child under 18)

TFN/ABN

Or Exemption reason

**Non resident - country of residence**

**Other – please specify**

## 6. Signature

I/We agree to be bound by the provisions of this PDS and the Constitutions (as amended from time to time) which govern the operation of each Fund. I/We understand that in selecting the Regular Payments facility, I am/we are instructing the Manager to reinvest all income distributions in the Fund from which the distribution arises.

I/We understand that in selecting the Fixed Distribution Option (Managed Income Fund only), I am/we are instructing the Manager, where my/our requested distribution payment is lower than my/our distribution entitlement, to reinvest the excess as additional units in the Managed Income Fund, or where higher than my/our distribution entitlement, to redeem units in the Managed Income Fund.

I/We consent to telephone conversations being recorded.

I/We acknowledge that we agree to the disclosure and use of information as contemplated in the section of the PDS titled "Privacy".

I/We acknowledge that none of BlackRock Investment Management (Australia) Limited, BlackRock Inc., or any of its associates and subsidiaries guarantee the repayment of capital or the performance of the Funds.

I/We have detached this application form from a current PDS which I/We have read.

Where this application form was provided electronically I/We declare that it was accompanied by a current electronic PDS or a print out of it, which I/We personally received and read.

BlackRock or the person providing your access to this document electronically will send you a paper PDS free of charge if you request it while the PDS is current.

Please note: If signed under Power of Attorney, the attorney certifies that he/she has not received notice of revocation of that power.

### Signature – Investor 1

Title (Director/Sole Director/Secretary/Trustee\*)

Date

### Signature – Investor 2

Title (Director/Sole Director/Secretary/Trustee\*)

Date

**\*Mandatory for Company**

Company seal

**Note for corporate investors:** This form must be signed either (a) under seal; or (b) by two directors or a director and company secretary; or (c) by the sole director (where applicable).

**It is mandatory to state your title eg. Director, Company Secretary or Sole Director and Company Secretary. Your Australian Company Number (ACN) or Australian Business Number (ABN) (if applicable) must be included in PART 1 where indicated.**

Note for joint applications: All applicants must sign here. All subsequent instructions, including withdrawal requests, must include all signatories.

Note for Power of Attorney: If your application is signed under a Power of Attorney, please enclose **an originally certified** copy of the Power of Attorney with your Application Form.

## 7. Adviser

All fields in this section, including Contribution Fee and Adviser Service Commission, **must** be completed and signed by the Adviser.

Contribution Fee

.   %

(0.00% to 4% (plus GST) for all Funds except the Managed Income Fund which is 0.00% to 2% (plus GST).) Note: the GST component is not rebatable to investors.

Note: If no Contribution Fee is specified, a full Contribution Fee will apply.

Adviser name

Adviser code

Signed (by adviser)

Date

 /  /20

Adviser's stamp

Adviser Service Commission

.   %

(Adviser Service Commission 0.00% to 0.4% (plus GST) is payable to advisers for all Funds except the Growth Fund which is 0.00% to 0.275% (incl. GST)). Note: the GST component is not rebatable to investors.

Note: If no Adviser Service Commission is specified a full Adviser Service Commission will be paid to the Adviser.

# Merrill Lynch Investment Funds

## Regular Contribution Plan

Dated: 28 November 2006

**BLACKROCK**  
**MERRILL LYNCH**  
INVESTMENT MANAGERS

Please use BLOCK CAPITALS

### 1. Applicant's Details

Investor number (if existing unit holder)

Investor name

### 2. Select the Fund

Please select either monthly or fortnightly deductions and write the amount you wish to contribute each month or fortnight against each Fund. The minimum contribution is \$100 per month per Fund, or \$50 per fortnight per Fund.

Fund/Amount

Contribution Fee %\*

Merrill Lynch Growth Fund

(0% - 4%)

\$  ,  ,  .

Merrill Lynch Australian Share Fund†

(0% - 4%)

\$  ,  ,  .

Merrill Lynch Managed Income Fund

(0% - 2%)

\$  ,  ,  .

Merrill Lynch Balanced Fund

(0% - 4%)

\$  ,  ,  .

Merrill Lynch International Share Fund

(0% - 4%)

\$  ,  ,  .

Merrill Lynch Global Small Cap Fund (Class A)

(0% - 4%)

\$  ,  ,  .

Merrill Lynch **Hedged** Global Small Cap Fund (Class A)

(0% - 4%)

\$  ,  ,  .

Merrill Lynch Global Titans Fund (Class A)

(0% - 4%)

\$  ,  ,  .

Merrill Lynch **Hedged** Global Titans Fund (Class A)

(0% - 4%)

\$  ,  ,  .

\* The CONTRIBUTION FEE section in Part 6 will be completed by your adviser, who will nominate the TOTAL amount of Contribution Fee to be paid in respect of each Fund. Your adviser will receive the Contribution Fee nominated as commission. Your adviser may reduce the Contribution Fee payable. If no Contribution Fee is specified, a full Contribution Fee will apply. † (formerly Imputation Fund).

### 3. Select the Frequency

Indicate how often you would like your contributions to be debited. Please allow one month authorisation time.

Monthly

On the 1st of the month OR  On the 15th of the month

**OR**

Fortnightly

From (nominate a date which falls on a Thursday for your debits to begin)

/  /20

Accounts are debited on the 1st or 15th of each month for monthly contributions plans (as per your selection) and on every second Thursday for fortnightly contribution plans. Your Regular Contribution Plan facility will commence once BlackRock has accepted your direct debit payment instruction. This can take up to one month.

### 4. Financial Institution

Financial institution

BSB number

 - 

Account number

Account name\*

Note: Direct debiting is not available on a full range of bank accounts. If in doubt, please refer to your financial institution.

\* If this is a joint account and joint signatures are required by the Financial Institution please sign on the following page accordingly.

## 5. Declaration and Signature

I/We acknowledge that I/We have read and understood direct debit request service terms and conditions contained in this PDS.

I/We request and authorise BlackRock to periodically (as indicated in Part 3) debit the amount (shown in Part 2) from the account (named in Part 4) to purchase additional units in the Fund (specified in Part 2) through a Regular Contributions Plan.

I/We agree to be bound by the conditions set out in the PDS under which BlackRock will use the direct debit facility as authorised above.

I/We understand and acknowledge that

- The user may by prior arrangement and advice to me/us, vary the amount or frequency of future debits,
- BlackRock may in its absolute discretion discontinue or suspend direct debits under the direct debit service and may withdraw the Regular Contributions Plan facility.

|   |   |
|---|---|
| <b>Signature</b><br><input type="text"/><br><b>Title</b> (Director/Sole Director/Secretary/Trustee)<br><input type="text"/> | <b>Company seal</b><br><input type="text"/> |
| <b>Signature</b><br><input type="text"/><br><b>Title</b> (Director/Sole Director/Secretary/Trustee)<br><input type="text"/> |   |

**Note for corporate investors:** This form must be signed either (a) under seal; or (b) by two directors or a director and company secretary; or (c) by the sole director (where applicable).  
**It is mandatory to state your title eg. Director, Company Secretary or Sole Director and Company Secretary.**  
**Note for joint applications:** All applicants must sign here. All subsequent instructions, including cancellation requests, must include all signatories.  
**Note for Power of Attorney:** If your application is signed under a Power of Attorney, please enclose **an originally certified** copy of the Power of Attorney with your Application Form.

## 6. Adviser

If contribution fee rebate applies, adviser must complete the amount of the fee below.

|  |  |
|--|--|
| <b>Contribution Fee</b> <input type="text"/> . <input type="text"/> <input type="text"/> %<br><b>(0% to 4% (plus GST) is payable to advisers for all Funds except Managed Income Fund which is 0% to 2% (plus GST))</b><br><b>Note: If no Contribution Fee is specified, a full Contribution Fee will apply.</b> | <b>Adviser's stamp</b><br><input type="text"/> |
| <b>Adviser name</b><br><input type="text"/>  |  |
| <b>Adviser code</b><br><input type="text"/>  |  |
| <b>Signed</b> (by adviser)<br><input type="text"/>   |  |
| <b>Date</b><br><input type="text"/> / <input type="text"/> /20   |  |

### Need help?

If you have any queries about your direct debit agreement, please contact your financial adviser or phone our Client Services Centre on 1300 366 100. BlackRock undertakes to respond to queries concerning disputed transactions within seven working days of notification.

**BlackRock Investment Management (Australia) Limited**

GPO Box 225E

Melbourne, Victoria, 3001

Telephone: 1300 366 100

Facsimile: (03) 9657 3400

# Merrill Lynch Investment Funds

## Regular Payments



Please use BLOCK CAPITALS

### 1. Applicant's Details

|   |                               |
|---|-------------------------------|
| <b>Investor number (if existing unit holder)</b><br>□ □ □ □ □ □ □ □ | <b>Investor name</b><br>_____ |
|---|-------------------------------|

### 2. Regular Payments (e.g. to your nominated bank)

All current investors must complete.

|   |   |
|---|---|
| <b>Commencement date</b><br>Day or date payment to be made 1st – 28th<br>□ / □ / 20 |   |
| <b>Monthly</b><br>Merrill Lynch Growth Fund<br>\$ □ . □ □ □ □ , □ □ □ □ . □ □       | Merrill Lynch Global Small Cap Fund (Class A)<br>\$ □ . □ □ □ □ , □ □ □ □ . □ □               |
| Merrill Lynch Australian Share Fund <sup>†</sup><br>\$ □ . □ □ □ □ , □ □ □ □ . □ □  | Merrill Lynch <b>Hedged</b> Global Small Cap Fund (Class A)<br>\$ □ . □ □ □ □ , □ □ □ □ . □ □ |
| Merrill Lynch Managed Income Fund<br>\$ □ . □ □ □ □ , □ □ □ □ . □ □                 | Merrill Lynch Global Titans Fund (Class A)<br>\$ □ . □ □ □ □ , □ □ □ □ . □ □                  |
| Merrill Lynch Balanced Fund<br>\$ □ . □ □ □ □ , □ □ □ □ . □ □                       | Merrill Lynch <b>Hedged</b> Global Titans Fund (Class A)<br>\$ □ . □ □ □ □ , □ □ □ □ . □ □    |
| Merrill Lynch International Share Fund<br>\$ □ . □ □ □ □ , □ □ □ □ . □ □            |   |

† (formerly Imputation Fund).

### 3. Account to be paid into

|  |  |
|--|--|
| <b>Financial institution</b><br>_____                  |  |
| <b>BSB number</b><br>□ □ □ - □ □ □                     | <b>Account number</b><br>□ □ □ □ □ □ □ □ □ □ |
| <b>Account name (no third party payments)</b><br>_____ |  |

Please complete Part 4 over page.

#### 4. Account Signatories (All applicants must sign here)

Signature – Investor 1

Title (Director/Sole Director/Secretary/Trustee)

Date

Signature – Investor 2

Title (Director/Sole Director/Secretary/Trustee)

Date

Company seal

**Note for corporate investors:** This form must be signed either (a) under seal; or (b) by two directors or a director and company secretary; or (c) by the sole director (where applicable).

**It is mandatory to state your title eg. Director, Company Secretary or Sole Director and Company Secretary.**

**Note for joint applications:** All applicants must sign here. All subsequent instructions, including cancellation requests, must include all signatories.

**Note for Power of Attorney:** If your application is signed under a Power of Attorney, please enclose **an originally certified** copy of the Power of Attorney with your Application Form.



## CONTACTS

### **Melbourne**

Level 18,  
120 Collins Street,  
Melbourne Vic 3000

### **Sydney**

Level 41, Governor Phillip Tower  
1 Farrer Place,  
Sydney NSW 2000

### **Brisbane**

Level 2, Waterfront Place,  
1 Eagle Street,  
Brisbane QLD 4000

### **Perth**

Level 3, Suite 4,  
1292 Hay Street,  
West Perth WA 6005

Client Services Centre: 1300 366 100

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