

6 June 2017

Market Announcements Office
ASX Limited

QUOTATION OF ISHARES EXCHANGE TRADED FUNDS & PRODUCT DISCLOSURE STATEMENT

FOR RELEASE TO ALL FUNDS LISTED BELOW

BlackRock Investment Management (Australia) Limited (**BlackRock**) is the Responsible Entity for the below listed Australian domiciled iShares® exchange traded funds (**Funds**) which commence quotation on the ASX effective 6 June 2017.

ASX Code	Fund
BILL	iShares Core Cash ETF
ISEC	iShares Enhanced Cash ETF

In response to significant investor demand, BlackRock is today launching two iShares Cash ETFs, which will offer iShares level quality and transparency at the lowest cost available on the ASX.

The new iShares Cash ETFs are designed to provide investors with a choice for their cash allocations, by providing truly liquid exposures benchmarked to the S&P/ASX Bank Bill Index. Both ETFs seek to preserve capital and provide monthly income, by investing in a diversified portfolio of highly rated money market and short term fixed interest securities.

Each iShares Cash ETF is benchmarked against the S&P/ASX Bank Bill Index (**Index**). While BILL aims to track the performance of the Index, ISEC aims to provide returns in excess of the Index.

A copy of the product disclosure statement (**PDS**) for the Funds is attached.

Important Notice

Before investing in an iShares ETF, you should carefully consider whether such products are appropriate for you, read the applicable prospectus or product disclosure statement (PDS) available at www.blackrock.com.au and consult an investment adviser.

An iShares ETF is not sponsored, endorsed, issued, sold or promoted by the provider of the index which a particular fund seeks to track. No index provider makes any representation regarding the advisability of investing in the iShares ETFs. Further information on the index providers can be found on BlackRock's website terms and conditions at www.blackrock.com.au.

For more information about iShares ETFs go to www.blackrock.com/au/ishares or call 1300 474 273.

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** END **

iShares Cash ETFs
Product Disclosure Statement



Dated: 25 May 2017

iShares Core Cash ETF
ASX: BILL / ARSN: 6 17 355 174

iShares Enhanced Cash ETF
ASX: ISEC / ARSN: 6 17 356 117

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

iShares Cash ETFs

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1. Before you start

1.1 The issuer of this product disclosure statement

Investment in the:

- ▶ iShares Core Cash ETF; and
- ▶ iShares Enhanced Cash ETF

(referred to in this Product Disclosure Statement (**PDS**) as the **Fund** in the singular or the **Funds** collectively) is offered and managed by BlackRock Investment Management (Australia) Limited ABN 13 006 165 975, AFSL No. 230523 (referred to in this PDS as **BlackRock**, the **Responsible Entity**, the **Issuer**, the **Manager**, **we**, **our** or **us**). BlackRock is the manager of each Fund and acts as the responsible entity under the Corporations Act 2001 (Cth) (**Corporations Act**). We are the issuer of this PDS and of Units in the Funds.

BlackRock is a wholly owned subsidiary of BlackRock, Inc.[®] (**BlackRock Inc**) but is not guaranteed by BlackRock, Inc or any BlackRock, Inc subsidiary or affiliated entity (collectively the **BlackRock Group**). Neither BlackRock nor any member of the BlackRock Group guarantees the success of the Fund, the achievement of the investment objective, or the repayment of capital or particular rates of return on investment or capital.

An investor in a Fund could lose all or a substantial part of their investment in that Fund. In particular, the performance of a Fund will depend on the performance and market value of the assets held by that Fund as a result of tracking its index.

We reserve the right to outsource any or all investment, management and administration functions, including to related parties, without notice to Unitholders.

1.2 About this product disclosure statement

This PDS describes the main features of each Fund and is dated 25 May 2017.

A copy of this PDS has been lodged with the Australian Securities and Investments Commission (**ASIC**) and ASX Limited (**ASX**). Neither ASIC nor the ASX take any responsibility for the contents of this PDS. An application for quotation on the ASX has been made to the ASX in respect of each Fund and as at the date of this PDS quotation has not commenced. No Unit creation requests will be accepted until the exposure period for each Fund, as required by the Corporations Act, has expired. Once the exposure period has expired, BlackRock may determine when Unit creation requests can be accepted.

This PDS can only be used by investors receiving it (electronically or otherwise) in Australia. It is not available in any other country. Units in each Fund have not been, and will not be, registered under the U.S. Securities Act of 1933 or the securities laws of any of the states of the United States of America (**U.S.**). Each Fund is not and will not be registered as an investment company under the U.S. Investment Company Act of 1940. Investment in Units of each Fund by or on behalf of U.S. persons is not permitted. Units in a Fund may not at any time be offered, sold, transferred or delivered within the U.S. or to, or for the account or benefit of, a U.S. person. Any issue, sale or transfer in violation of this restriction will not be binding upon a Fund and may constitute a violation of U.S. law.

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

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

The offer or invitation to subscribe for Units in a Fund under this PDS is subject to the terms and conditions described in this PDS. We reserve the right to accept or decline Unit creation requests in full or in part and reserve the right to change these terms and conditions.

If you have received this PDS electronically, we can provide you with a paper copy free of charge upon request by contacting the iShares Call Centre (refer to page 3 of this PDS for contact details).

1.3 Changes to this product disclosure statement and access to additional information

Information contained in this PDS is current as at the date of this PDS. Certain information in this PDS, as well as the terms and features of each Fund, is subject to change from time to time. We will notify you of any material changes or other significant events that affect the information in this PDS (and may issue a supplementary or replacement PDS) in accordance with our obligations under the Corporations Act.

Updated information that is not materially adverse can be obtained from our website at www.blackrock.com.au. A paper copy of any updated information is available free of charge upon request.

Where a Fund is subject to the continuous disclosure requirements of the Corporations Act, we will satisfy our obligations by disclosing material information regarding the Fund on our website at www.blackrock.com.au. A paper copy of this material will be available free of charge upon request. This information will also be released to the ASX via the ASX Markets Announcements Platform (asxonline.com.au).

1.4 Need help?

If you have questions about or need help investing, we recommend you speak to a licensed financial adviser. ASIC can help you check if a financial adviser is licensed. They have a website at www.asic.gov.au as well as a help line you can call on 1300 300 630.

Should you require general assistance with respect to an iShares product, please call the iShares Call Centre (refer to page 3 of this PDS for contact details).

Further information on the different iShares ETFs quoted on the ASX is available at www.blackrock.com.au or from your financial adviser.

1.5 Offer eligibility

The offer in this PDS is only available to Authorised Participants who have, where required, entered into a relevant Authorised Participant Agreement (**AP Agreement**).

Investors who are not Authorised Participants cannot invest through this PDS but may do so through the ASX. Please consult your stockbroker or financial adviser. Refer to the section of this PDS titled “Redemption rights of non-Authorised Participant Unitholders” for further information on the redemption rights of secondary market investors when the trading in Units on the ASX has been suspended.

Investors who are not Authorised Participants may use this PDS for informational purposes only and may obtain further information in relation to each Fund by contacting the iShares Call Centre (refer to page 3 of this PDS for contact details).

2. About BlackRock and iShares

2.1 About BlackRock

The BlackRock Group is a global leader in investment management, risk management and advisory services for institutional and retail clients.

At 31 March 2017, the BlackRock Group's assets under management (**AUM**) was US\$5.4 trillion. The BlackRock Group helps clients around the world meet their goals and overcome challenges with a range of products that include separate accounts, mutual funds, iShares® (exchange-traded funds), and other pooled investment vehicles. The BlackRock Group also offers risk management, advisory and enterprise investment system services to a broad base of institutional investors through BlackRock Solutions®. As of 31 March 2017, the BlackRock Group had approximately 13,000 employees in more than 30 countries and a major presence in global markets, including North and South America, Europe, Asia, Australia and the Middle East and Africa.

For additional information, please visit our website at www.blackrock.com.au.

2.2 About iShares

iShares® is a global leader in exchange-traded funds (**ETFs**), with more than a decade of expertise and commitment to individual and institutional investors of all sizes.

With over 700 funds globally across multiple asset classes and strategies and more than US\$1.4 trillion in assets under management as of 31 March 2017, iShares helps clients around the world build the core of their portfolios, meet specific investment goals and implement market views.

iShares ETFs are powered by the expert portfolio and risk management of the BlackRock Group, trusted to manage more money than any other investment firm (based on US\$5.4 trillion in AUM as of 31 March 2017).

3. About the iShares Core Cash ETF

The information in section 3 of this PDS relates solely to the iShares Core Cash ETF (referred to in this section 3 of the PDS as the Fund).

3.1 Investment objective

The Fund aims to provide investors with the performance, before fees and expenses, of an index comprised of Australian bank bills.

3.2 Investment strategy

The Fund seeks to achieve its objective by employing a passive investment strategy to track the performance of the S&P/ASX Bank Bill Index (**Index**).

Given the synthetic nature of Index constituents (refer to section 3.4 of this PDS, titled “About the Index” for further information) it is not possible to implement a traditional (i.e. full replication or optimisation) passive investment strategy, which looks to construct a portfolio of index constituents. Instead, the Fund’s passive investment strategy will construct a portfolio of short-term money market securities, with consideration to the liquidity, credit and interest rate characteristics of the Index, which the Fund seeks to match. The weighted-average maturity of the Fund’s portfolio will also be similar to the Index.

Additionally, investments of the Fund are required to have a short-term credit rating of A-1 or higher by Standard and Poor’s Global Ratings (**S&P Ratings**) or equivalent rating from Moody’s Investor Services (**Moody’s**).

Given the Fund is unable to implement a traditional full replication or optimisation passive investment strategy, the Fund may at times incur greater tracking error than other ETFs (refer to section 7 of this PDS, titled “Fund risks” for further information on the risks associated with investing in the Fund).

3.3 What does the Fund invest in?

The Fund invests primarily in Australian dollar cash deposits and negotiable certificates of deposits (**NCDs**), with the majority of such investments being with the four main Australian banks.

The Fund may also invest in Australian dollar denominated treasury notes and commercial paper issued by the Australian Government and other semi-government entities.

The Fund will not purchase any securities or invest in any deposits that have issuer-imposed repayment restrictions, such as term deposits or notice period deposit accounts. All securities will settle within the standard T+2 settlement timeframe for ETFs.

3.4 About the Index

S&P Dow Jones Indices LLC (**S&P**) is the provider of the Index. S&P is not a related body corporate of BlackRock.

The Index offers short-term exposure to Australian dollar-denominated bank bills with maturity profiles of up to 91 days.

Unlike traditional equity and fixed income indexes, the constituents of which are shares and bonds respectively, the Index consists of synthetic “securities” that cannot be purchased and sold. The constituents of the Index are a series of 13 hypothetical weekly bills, ranging from one-week to 91 days in maturity that are interpolated using the 24 Hour Cash Rate and the 30-Day, 60-Day and 90-Day Bank Bill Swap rates (**BBSW**). The credit worthiness of the bills included in the Index is deemed that of prime banks, i.e., the major four Australian banks.

The 13 rates are derived from the four rate types described above and applied to each of the 13 hypothetical bills. As the Index progresses to the next weekly rebalancing date the term to maturity of each bill, and the Index as a whole, reduces daily until the shortest bill matures. The face value of this bill is then reinvested in a new bill with a term to maturity of 13 weeks and the term to maturity of the Index increases by approximately seven days. The total amount received on maturity, that is the face value, is reinvested in the discounted value of a new 91-day bill. The Index is maintained so that maturing bills are reinvested in the discounted value of a new 91-day bill on the day the cash is received (each Tuesday).

Further details regarding the Index is available at <https://au.spindices.com/indices/fixed-income/sp-asx-bank-bill-index>.

BlackRock has no present intention to change the Index. Notice of any such change will be provided to Unitholders in accordance with our obligations under the Fund’s Constitution and all applicable law.

4. About the iShares Enhanced Cash ETF

The information in section 4 of this PDS relates solely to the iShares Enhanced Cash ETF (referred to in this section 4 of the PDS as the Fund).

4.1 Investment objective

The Fund aims to provide investors with performance, before fees and expenses, in excess of the performance of an index comprised of Australian bank bills.

4.2 Investment strategy

The Fund seeks to achieve its objective by employing a passive investment strategy that aims to outperform the performance of the S&P/ASX Bank Bill Index (**Index**).

Given the synthetic nature of Index constituents (refer to section 3.4 of this PDS, titled “About the Index” for further information) it is not possible to implement an investment strategy that looks to construct a portfolio of Index constituents. Instead, the Fund’s conservatively managed passive investment strategy will construct a portfolio of money market and fixed income securities that typically provide higher yield without significant increase in default and interest rate risk. Securities will be selected with consideration to the security’s rating, sector, maturity, liquidity, and underlying credit fundamentals.

The Fund will be managed using a buy and hold investment philosophy, similar to other passive investment strategies, with full daily portfolio transparency. A sampling methodology has been selected as the most appropriate investment technique, as it keeps trading costs to a minimum and provides the necessary flexibility to deliver investment returns that either meet or at times may exceed Index returns. Any outperformance of the Index will not be a result of active trading nor the investment expertise of the individual fund manager(s) in selecting particular investment securities that it considers will perform better relative to other securities. Rather, returns above the Index would typically result from prudent risk mitigation and diversification measures, including:

- ▶ issuer diversification, for example, rather than having issuer concentration to the four major Australian banks, diversification can be achieved by investing in similarly rated authorised deposit taking institutions (**ADIs**) who issue securities at a margin above the benchmark BBSW rates (the rates provided by the major Australian banks) – the overarching investment consideration is prudent risk management and credit risk mitigation and not active security selection by the individual fund manager(s) based on perceived credit quality, as the credit quality is the same; and
- ▶ investment of up to 20% in Floating Rate Notes (**FRNs**) which earn a higher yield relative to very short-term “cash-like” securities – these investments will be “buy and hold” and not actively traded, the overarching investment rationale for holding these securities is to further diversify credit risk in the portfolio.

The Fund is also expected to attract additional returns from attractive interest rates on Australian dollar cash deposits. The interest rate on cash deposits will most likely exceed the 24 hour Cash Rate that is used as a price input into the Index return calculation, as BlackRock has long established commercial relationships with several Australian ADIs, which allows cash to be placed on deposit at commercial rates. Cash deposits are not actively traded; rather allocations will be based on issuer concentration limits, therefore further diversifying the portfolio.

Trading within the Fund is only expected to meet client flows or the reinvestment of maturing securities and not as a result of active security selection.

The credit quality, liquidity risk and maturity profile of the Fund will be continuously monitored and adjusted with reference to the Index.

Additionally, investments of the Fund are required to have a long-term credit rating of BBB or higher or a short-term credit rating of A2 or higher by S&P Ratings or an equivalent rating from Moody’s.

Further details of the Fund’s investment strategy, including investment parameters, is set out in the Fund’s Investment Guidelines, which is available upon request.

Given the Fund is unable to implement a traditional full replication or optimisation passive investment strategy, the Fund may at times incur greater tracking error than other ETFs (refer to section 7 of this PDS, titled “Fund risks” for further information on the risks associated with investing in the Fund).

4.3 What does the Fund invest in?

The Fund invests primarily in Australian dollar cash deposits and NCDs, with the majority of such investments being with the four main Australian banks.

The Fund may also invest in the following Australian dollar denominated securities:

- ▶ treasury notes and commercial paper issued by the Australian Government and other semi-government entities;
- ▶ corporate issued commercial paper; and
- ▶ corporate issued fixed or floating rate notes.

The Fund may invest up to a maximum of 20% in FRNs with limits placed on single security exposure, credit rating exposure and maturity (maximum FRN maturity of 5 years).

The Fund will not purchase any securities or invest in any deposits that have issuer-imposed repayment restrictions, such as term deposits or notice period deposit accounts. All securities will settle within the standard T+2 settlement timeframe for ETFs.

4.4 About the Index

Refer to section 3.4 of this PDS, titled “About the Index”, for details of the Index.

5. Additional information about the Funds

5.1 Use of derivatives

The Funds are not permitted to use derivatives.

5.2 Borrowing

While each Fund's Constitution allows the Responsible Entity to borrow on behalf of the Fund, it is our intention that no borrowing arrangements will be entered into by the Funds other than temporary overdrafts, which may be used as a means of managing certain cash flows.

5.3 Fund performance and size

As at the date of this PDS, no fund size or fund performance is available. Updated performance information will become available from our website at www.blackrock.com.au/ishares. Past performance is not a reliable indicator of future performance.

5.4 Labour standards, environmental, social or ethical considerations

As each Fund aims to track the performance of its Index, investment decisions are independent of labour standards or environmental, social or ethical considerations.

5.5 Announcements to ASX

All announcements (including continuous disclosure notices and distribution information) will be made to ASX via the ASX Market Announcements Platform (asxonline.com.au).

5.6 Securities lending

The Funds do not currently participate in a securities lending program for the lending of securities held within each Fund's portfolio. Should a Fund commence securities lending we will notify Unitholders of this change.

5.7 Additional information

The following information can be obtained from our website at www.blackrock.com.au/ishares:

- ▶ each Fund's last calculated NAV;
- ▶ each Fund's last calculated NAV per Unit (**NAV Price**). The NAV Price is that which is applied to a Unit creation or redemption request received prior to the close of trading on any Business Day. Refer to the section of this PDS titled "Processing of Unit creations and redemptions" for further information on the calculation of the NAV Price and to the Operating Procedures for details of each Fund's Business Day;
- ▶ the performance of each Fund compared to the performance of the Index;
- ▶ daily underlying holdings of each Fund, including the name and percentage composition of each asset by value relative to NAV as at the close of the previous trading day;
- ▶ a copy of the latest PDS;

- ▶ copies of each Fund's Annual and Semi Annual Financial Report (the financial year end for each Fund is 30 June); and
- ▶ details of each Fund's distributions (if declared).

5.8 Benefits of iShares

iShares ETFs are managed funds listed or quoted on exchanges (including ASX) providing you with the opportunity to gain exposure to a diversified portfolio of assets in a single transaction.

The significant benefits of investing in the Funds include:

- ▶ Access to a highly transparent portfolio of liquid institutional-quality cash exposures at a low cost.
- ▶ In the case of the iShares Core Cash ETF, the ability to achieve capital preservation and regular income with a diversified portfolio of high quality short-term money market instruments.
- ▶ In the case of the iShares Enhanced Cash ETF, the ability to achieve capital preservation and potentially enhanced regular income with a diversified portfolio of higher-yielding high quality short-term money market instruments, including floating rate notes.

Other benefits of investing in iShares ETFs generally include:

- ▶ **Diversification:** In contrast to a direct investment in a single company or bond, an iShares ETF provides, as far as possible and practicable, exposure to all of the securities or instruments within the index that the particular iShares ETF seeks to track.
- ▶ **Access global markets:** iShares ETFs let you achieve international diversification by investing in overseas equity and bond markets. With iShares ETFs you can gain exposure by asset class, market capitalisation, country and sector.
- ▶ **Liquidity and transparency:** Each iShares ETF seeks investment results that correspond generally to the performance (before fees and expenses) of a particular index. As a traded security, an iShares ETF enables you to enter and exit your holding on the ASX. You can easily track performance and trade during ASX trading hours (subject to ASX rules).
- ▶ **Managing risk:** Investing in an iShares ETF can assist you in establishing a portfolio appropriate to your investment needs and risk profile.
- ▶ **Lower cost:** As each iShares ETF is passively managed and designed to track the performance of a particular index, the expenses of managing an iShares ETF are generally lower compared to other forms of retail managed funds. However, brokerage or adviser fees may still apply when buying or selling units of an iShares ETF.
- ▶ **Receipt of income:** You will generally receive income from your investment in the form of distributions. Distributions may include dividends, coupons and other income. There may be years in which no distributions are made.
- ▶ **Accessibility:** iShares ETFs can offer a cost-effective way to gain exposure to a diversified portfolio of securities. They can be less costly than purchasing a large number of individual securities as there are less trading costs and they offer lower thresholds than an investor might otherwise be able to afford.

6. About the AQUA Rules

Each Fund is quoted on the ASX under the AQUA Rules. The AQUA Rules have been designed to offer greater flexibility and are specifically designed for managed funds, ETFs and structured products.

As most investors are more familiar with the ASX Listing Rules, it is important to note the main differences between the AQUA Rules and the ASX Listing Rules, which are set out below.

ASX Listing Rules	ASX AQUA Rules
Control	
<p>A person:</p> <ul style="list-style-type: none"> ▶ controls the value of its own securities and the business it runs, ▶ the value of those securities is directly influenced by the equity issuer's performance and conduct. <p>e.g. the management and board generally control the fate of the business and, therefore, have direct influence over the share price.</p>	<p>A person:</p> <ul style="list-style-type: none"> ▶ does not control the value of the assets underlying its products, but ▶ offers products that give investors exposure to the underlying assets – such as shares, indices, currencies or commodities. <p>The value (price) of products quoted under the AQUA Rules is dependent upon the performance of the underlying assets rather than the financial performance of the issuer itself.</p> <p>e.g. A managed fund issuer does not control the value of the shares it invests in.</p>
Continuous disclosure	
<p>Products under the ASX Listing Rules are subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and section 674 of the Corporations Act.</p>	<p>Issuers of products quoted under the AQUA Rules are not subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and section 674 of the Corporations Act.</p> <p>There is, however, still a requirement under the AQUA Rules that an issuer of a product quoted under the AQUA Rules provide ASX with information that the non-disclosure of which may lead to the establishment of a false market in its products or would materially affect the price of its products.</p> <p>In addition, issuers of products quoted under the AQUA Rules must disclose information about:</p> <ul style="list-style-type: none"> ▶ the Net Tangible Assets or the NAV of the funds; ▶ dividends, distributions and other disbursements; and ▶ any other information that is required to be disclosed to ASIC under section 675 of the Corporations Act must be disclosed to ASX via the ASX Company Announcement Platform at the same time it is disclosed to ASIC.
Periodic disclosure	
<p>Products under the ASX Listing Rules are required to disclose half-yearly and annual financial information or annual reports under Chapter 4 of the ASX Listing Rules.</p>	<p>Products quoted under the AQUA Rules are not required to disclose half-yearly and annual financial information or annual reports under the AQUA Rules.</p> <p>However, because the Fund is a registered managed investment scheme, we are still required to prepare financial reports under Chapter 2M of the Corporations Act. These reports will be made available on our website at www.blackrock.com.au.</p>

ASX Listing Rules	ASX AQUA Rules
Corporate control	
<p>Requirements in the Corporations Act and the ASX Listing Rules in relation to matters such as takeover bids, share buy-backs, change of capital, new issuers, restricted securities, disclosure of directors' interests and substantial shareholdings apply to companies and schemes.</p> <p>The responsible entity of a listed scheme may be replaced by a resolution of members holding a majority of the votes cast on the resolution.</p>	<p>Certain requirements in the Corporations Act and the ASX Listing Rules in relation to matters such as takeover bids, buy-backs, change of capital, new issuers, restricted securities, disclosure of directors' interests and substantial shareholdings that apply to companies and listed schemes do not apply to products quoted under the AQUA Rules.</p> <p>Issuers of products quoted under the AQUA Rules are subject to general requirement to provide the ASX with any information concerning itself that may lead to the establishment of a false market or materially affect the price of its products.</p> <p>The responsible entity of an unlisted scheme being admitted to Trading Status on ASX or quoted under the AQUA Rules may only be replaced by a resolution of members holding a majority of votes that are eligible to be cast on the resolution.</p>
Related party transactions	
<p>Chapter 10 of the ASX Listing Rules, which relates to transactions between an entity and persons in a position to influence the entity, specifies controls over related party transactions.</p>	<p>Chapter 10 of the ASX Listing Rules does not apply to AQUA products.</p> <p>Unlisted schemes being admitted to Trading Status on ASX or quoted under the AQUA Rules remain subject to the related party requirements in Part 5C.7 and Chapter 2E of the Corporations Act.</p>
Auditor rotation	
<p>There are specific requirements in relation to auditor rotation under Part 2M.4 Division 5 of the Corporations Act.</p>	<p>Issuers of products under the AQUA Rules are not subject to the requirements under Part 2M.4 Division 5 of the Corporations Act.</p> <p>The responsible entity of an unlisted scheme being admitted to Trading Status on ASX or quoted under the AQUA Rules will continue to be required to undertake an independent audit of its compliance with the scheme's compliance plan in accordance with section 601HG of the Corporations Act.</p>
Disclosure	
<p>Entities admitted under the ASX Listing Rules are subject to the requirements of the Corporations Act in relation to the issue of a PDS.</p>	<p>Products quoted under the AQUA Rules will also be subject to these requirements of the Corporations Act.</p>

Source: ASX Rules Framework

7. Fund risks

7.1 What are the risks of investing?

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; or
- ▶ the general and specific risks associated with investing in particular funds.

7.2 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.

7.3 Risks of investing in ETFs and managed funds

The risks of investing in ETFs and more generally managed investment schemes may include, but are not limited to:

Counterparty risk. Institutions, such as brokerage firms, banks, and broker-dealers, may enter into transactions with the manager of a fund (for example, BlackRock as responsible entity of the Funds) in relation to the sale and purchase of assets or securities. Such institutions may also be issuers of the securities in which a fund invests. Bankruptcy, fraud, regulatory sanction or a refusal to complete a transaction at one of these institutions could significantly impair the operational capabilities or the capital position of a fund. The BlackRock Group uses reasonable efforts to mitigate such risks. However, there can be no guarantee that transactions between such counterparties will always be completed in the manner contemplated by, and favourable to, the relevant BlackRock fund.

Conflicts of interest risk. Certain conflicts of interest may arise in the operation of a BlackRock or BlackRock Group fund, including but not limited to:

- ▶ fund structures may involve members of the BlackRock Group acting in more than one capacity;
- ▶ funds may be invested in by other funds and accounts managed by different members of the BlackRock Group. The investment by such other funds and accounts may be on different terms to each other, some of which may be more favourable than others. As investors, any such other funds and accounts may act in a way which is adverse to the interests of other investors in the fund;
- ▶ certain investment strategies of the BlackRock Group, used for other funds or accounts, could conflict with the transactions and strategies of other funds in the BlackRock Group, which may affect the prices and availability of the securities in which a portfolio invests;

- ▶ members of the BlackRock Group may give advice or take action with respect to any of their clients which may differ from the advice given or the timing or nature of any action taken with respect to the investments of other BlackRock Group funds; and
- ▶ entities within the BlackRock Group or persons associated with BlackRock Group may invest in BlackRock Group funds from time to time.

While conflicts of interest may arise from time to time, the BlackRock Group has established policies and procedures in place to manage any such conflict, which includes ensuring transactions between BlackRock Group entities are conducted on an arm's length commercial basis.

Dealing risk. Following quotation on the ASX, it is likely that the Units of each Fund will initially not be widely held. Accordingly, any investor buying Units in small numbers may not necessarily be able to find other buyers should that investor wish to sell. While this risk cannot be entirely removed in order to address such dealing risk, each Fund has been appointed one or more market maker.

Distribution yield risk. Whether or not distributions will be made by a fund is at the discretion of the fund issuer, taking into account various factors and its own distribution policy. Some factors are beyond the control of the fund issuer, such as the level of income received from the securities the fund is invested in. There can be no assurance that the distribution yield of a fund is the same as that of its index due to factors such as expenses incurred by the fund.

Fund risk. The price of units in a fund and the income from them may go down as well as up. Investors may not get back their original investment. There can be no assurance that a fund will achieve its investment objective or that an investor will achieve profits or avoid losses, significant or otherwise. The capital return and income of a fund is based on the capital appreciation and income of the securities it is exposed to, less expenses incurred. A fund's return may fluctuate in response to changes in such capital appreciation or income. Investing in a fund may result in a different tax outcome than investing in securities directly. The application of tax laws and certain events occurring within a fund may result in you receiving some of your investment back as income in the form of a distribution. Blackrock has broad discretions in regard to the making of fund distributions, taking into account various factors and our own distribution policy. A fund will generally not be managed with consideration of the individual circumstances, including specific tax considerations, applicable to any single unitholder in the fund. Past performance of a fund is not indicative of future performance.

Index related risk. In order to meet its investment objective, an ETF will seek to achieve a return that reflects (or is correlated to) the return of its index by constructing a portfolio based on index constituents or index characteristics. While index providers do provide a description of what each index is designed to achieve, index providers do not generally provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect of their indices, nor any guarantee that the published index will be in line with their described benchmark index methodologies. Errors in respect of the quality, accuracy and completeness of the data may occur from time to time and may not be identified and corrected for a period of time, in particular where an index is less commonly used. During a period where an index contains incorrect constituents, an ETF benchmarked to that index would have been managed within consideration to any such index errors, which may potentially result in a negative or positive performance impact to the ETF and to its unitholders.

Apart from scheduled rebalances, index providers may carry out additional ad hoc rebalances to their benchmark indices in order, for example, to correct an error in the selection of index constituents. Where the index is rebalanced and the ETF in turn rebalances its portfolio to bring it in line with the index, any transaction costs and market exposure arising from such portfolio rebalancing will be borne by the ETF and, by extension, the ETF's unitholders.

Therefore, errors and additional ad hoc rebalances carried out by an index provider may increase the costs and market exposure risk of an ETF.

Individual investment risk. Individual investments that we buy or sell, like fixed income securities, can and do fall in value for many reasons. Both prices as well as the levels of income are subject to fluctuation. The level of returns for individual investments will vary and the price can experience volatile movements.

Market risk. Economic, technological, political or legislative conditions and even market sentiment can (and do) change and this can affect the value of the investments in a fund. The net asset value of a fund will change with changes in the market value of the securities to which it is exposed. Furthermore, a fund designed to track the performance of an index or market may experience volatility and decline in a manner that broadly corresponds with that index or market.

Market trading risk. The units of ETFs (such as the Funds) may trade on securities exchanges in the secondary market, like the ASX. Risks associated with such trading activity may include the following:

- ▶ *Secondary market trading risk.* While the unit creation/redemption feature of an ETF is designed to make it likely that units of the ETF will trade close to their NAV in the secondary market, at times when the ETF does not accept orders to create or redeem units (such as when a Fund suspends trading in accordance with the terms of its Constitution) or if there are disruptions to unit creation or redemption processes, units of the ETF may trade in the secondary market with more significant premiums or discounts than might otherwise be experienced.
- ▶ *Settlement risk.* The Funds may be exposed to settlement risk, as the Funds are reliant on the operation of CHES, including for Unit creations and redemptions. The Funds are exposed to the extent that there is a risk that Authorised Participants may fail to fulfil their settlement obligations. The risk is partly mitigated as participants in CHES are subject to rules of participation, which include sanctions if there is a failure to meet their obligations. Where trading in relation to a security is suspended, there may be a delay in settlement in relation to that security.
- ▶ *Secondary market suspension.* Investors will not be able to acquire or dispose of Units on the ASX during any period that the ASX suspends trading in the Units. The ASX may suspend the trading of Units whenever the ASX determines that it is appropriate in the interests of a fair and orderly market to protect investors. The creation and redemption of Units will also be suspended in the event that the trading of Units on the ASX is suspended. Refer to the section of this PDS, titled "Redemption rights of non-Authorised Participant Unitholders" for further information on the redemption rights of secondary market investors when the trading in Units on the ASX has been suspended.
- ▶ *Revocation of ASX approval of quotation risk.* The ASX imposes certain requirements for the continued quotation of securities, including units of ETFs. There can be no assurance that the Funds will continue to meet the requirements necessary to maintain quotation of Units on the ASX or that the ASX will not change the quotation requirements. The Funds may be terminated if the ASX revokes listing approval.
- ▶ *No trading market in ETF units.* There can be no assurance that an active trading market will exist for units of an ETF on the securities exchanges the ETF is traded. Further, there can be no assurance that units of an ETF will experience trading or pricing patterns similar to those of ETFs which are issued by investment companies in other jurisdictions or those traded on the ASX that seek to track a different index. Investors should note that liquidity in the secondary market for ETF units may be adversely affected if there is no market maker or authorised participant for the ETF. Although units of an ETF may be quoted on a securities exchange and there may be one or more appointed market maker, there may be no liquid trading market for the ETF units or such appointed market maker(s) may cease to fulfil that role. It is the Responsible Entity's intention that there will always be at least one market maker for the Units of the Funds.

Operational risk. The Funds may be exposed to the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Adverse impacts may arise internally through human error, technology, or infrastructure changes, or through external events such as third party failures or crisis events. The BlackRock Group has procedures in place to manage these risks and, as much as possible, monitor the controls within these procedures to ensure operational risks are adequately managed.

Regulatory and business risk. Changes in corporate, taxation or other relevant laws, regulations or rules may adversely affect your investment. For example, such changes may adversely affect a fund's ability to execute certain investment strategies, which could have a material effect on performance. The laws affecting registered managed investment schemes may also change in the future.

Tracking error risk. The NAV of an ETF may not correlate exactly with the index it is designed to track. Factors such as the fees and expenses of an ETF, imperfect correlation between portfolio security holdings and the securities constituting the index, inability to rebalance portfolio security holdings in response to changes in the constituents of the index, rounding of prices, changes to the index and regulatory policies may affect the ability of the manager of an ETF to achieve close correlation with the index. The ETF's returns may therefore deviate from the index it is designed to match. Given the Funds do not implement a traditional passive investment strategy they may incur tracking error risk to a greater extent than an ETF that seeks to fully replicate an index.

7.4 What about the specific risks of the Funds?

Specific risks of investing in the Funds may include, but are not limited to:

Insufficiency of spreads risk. A pre-set spread relating to the issue or redemption price calculation in a cash creation or cash redemption may be determined prior to trading of the underlying securities to cover estimated trading costs. If such a spread is narrower than the actual associated trading costs, the NAV of the relevant Fund will be adversely affected.

Liquidity risk. The Funds may be exposed to securities that are in practice infrequently traded or for which typical daily volumes traded are small. It may not be possible to sell such securities when it is desirable to do so or to realise what the manager perceives to be their fair value in the event of a sale. We aim to reduce this risk by understanding the liquidity characteristics of securities each Fund is exposed to and planning our trading to minimise the adverse consequences of low liquidity.

Money market security risk. In general, cash and money market securities can provide more certainty in income flows and can offer greater capital price stability than alternative investments such as shares and property. However, there are a number of risks associated with investment in cash and money market securities that can result in significant variability in investment returns and a loss of income or capital value. These include:

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

7.5 Risk management

The Funds benefit from the BlackRock Group's global expertise and risk management practices, with investment strategies employed across the BlackRock Group being continuously monitored and assessed.

Risk management is integral to the BlackRock Group's culture and has been integrated into management and investment practices wherever possible. The BlackRock Group recognises that risk management is an integral part of sound management practice and is therefore committed to continually investing incrementally in its risk management capabilities commensurate with the increasing complexity, range and scale of its business activities.

Asset exposures are constantly monitored to ensure all BlackRock Group funds remain within permitted investment parameters. Operating and investment processes are continuously reviewed through a combination of internal and external audit, regular compliance monitoring, management self-assessment procedures and risk management oversight.

Management of key controls and performance measurement is accomplished through routine reporting on investment activities. The BlackRock Group's automated systems produce reports that enable the ongoing monitoring of trading and investment activity against assigned limits, including individual trader and counterparty limits. Transactions that may result in exceptions to the established limits must have appropriate approval in accordance with internally documented policies.

Departmental oversight

The BlackRock Group has operational functions that help in the implementation of its risk management framework, including:

- ▶ **Risk and Quantitative Analysis:** Monitors the continuing development of process controls and functional segregation in conjunction with relevant business units to ensure that these remain robust and appropriate to the needs of the business. The Risk and Quantitative Analysis Team also measures and monitors all BlackRock Group funds.
- ▶ **Legal and Compliance:** Responsible for the identification, communication and control of applicable legislation and restrictions. Compliance staff also conduct periodic compliance reviews of key processes and work closely with management to develop suitable controls.
- ▶ **Internal Audit:** Responsible for the review of internal processes and controls.
- ▶ **Counterparty & Concentration Risk Group:** Responsible for managing counterparty risk across the BlackRock Group. The Counterparty and Concentration Risk Group monitors and assesses counterparty exposures arising from a wide range of financial instruments.

8. Fees and other costs

8.1 Consumer advisory warning

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

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

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

TO FIND OUT MORE

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

8.2 Fees and other costs

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole. All fees are in Australian dollars and, unless otherwise indicated, are inclusive of Goods and Services Tax (GST) and takes into account expected reduced input tax credits in respect of the GST component of the fee.

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.

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of a Fund. Only applicable to Authorised Participants creating and redeeming units of a Fund ¹		
Establishment fee. The fee to open your investment.	Nil for both Funds	Not applicable.
Contribution fee. The fee on each amount contributed to your investment.	Nil for both Funds	Not applicable.
Withdrawal fee. The fee on each amount you take out of your investment.	Nil for both Funds	Not applicable.
Exit fee. The fee to close your investment.	Nil for both Funds	Not applicable.
Management costs. The fees and costs for managing your investment.		
Management fee.		The management fee is calculated on the NAV of a Fund on a daily basis. This cost is deducted from the assets of each Fund and is generally paid to us monthly in arrears. The deduction of the management fee is reflected in the NAV Price of each Fund. Indirect costs are a reasonable estimate of certain costs incurred within the Fund that reduce returns. Indirect costs are reflected in the NAV Price of each Fund.
▶ iShares Core Cash ETF	0.07% p.a.	
▶ iShares Enhanced Cash ETF	0.12% p.a.	
Indirect costs. ²		
▶ iShares Core Cash ETF	0.00% p.a.	
▶ iShares Enhanced Cash ETF	0.00% p.a.	
Total management costs		
▶ iShares Core Cash ETF	0.07% p.a.	
▶ iShares Enhanced Cash ETF	0.12% p.a.	
Service fees.		
Switching Fee. The fee for changing investment options.	Nil for all Funds	No specific switching fee is applicable.

1. A buy-sell spread may apply when Authorised Participants create or redeem units of a Fund. Refer to the section of this PDS titled "Additional explanation of fees and other costs" for further information.
2. Certain amounts or figures used to calculate indirect costs may include estimates in circumstances where actual figures could not be obtained.

8.3 Additional explanation of fees and other costs

Management costs

The management costs include:

- ▶ **Management fees** for managing a Fund's investments. Management fees are not deducted directly from your Fund account. Instead, they are deducted from the assets of a Fund and are generally paid to the Responsible Entity monthly in arrears.

Investment management services may be provided to the Responsible Entity by other members of the BlackRock Group, for which management fees are charged. Where such fees are paid for the provision of investment management services, they are payable by BlackRock and are not at an additional cost to you.

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

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

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

- ▶ **Indirect costs.** Indirect costs include any amount that we know, reasonably ought to know or, where this is not the case, may reasonably estimate will directly or indirectly reduce the return of a Fund and may include, but is not limited to:
 - where applicable, costs of investing in over-the-counter (OTC) derivatives (excluding such costs disclosed as transaction costs, see below for further information);
 - where applicable, fees paid to any securities lending agent in return for a fund's, participation in a securities lending program managed by the securities lending agent; and
 - where applicable, certain fees or costs incurred in any underlying fund investment.

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

Indirect costs are an additional cost to an investor but are reflected in each Fund's NAV Price. They are not charged separately to an investor.

Indirect costs are generally calculated with consideration to the previous full financial year of a fund. In the case of a new fund, like the Funds, indirect costs are disclosed as a reasonable estimate of the costs we expect to be incurred over the next twelve months.

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

The Funds are not expected to incur any indirect costs.

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

Abnormal costs reduce the returns of a fund and are an additional cost to the investor but are reflected in each Fund's NAV Price. Such costs are not charged separately to the investor.

Abnormal costs are generally calculated with consideration to the previous full financial year of a fund. In the case of a new fund, like the Funds, abnormal costs are disclosed as a reasonable estimate of the costs we expect to be incurred over the next twelve months.

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

The Funds are not expected to incur any abnormal costs.

Contribution/withdrawal fee for Authorised Participants

A contribution/withdrawal fee may be payable with every creation/redemption of Units. This fee represents the estimated custody and administration costs associated with the purchase or sale of securities following a creation or redemption of Units by an Authorised Participant. The same fee may be applied to both Unit creations and redemptions and is a separate flat dollar fee regardless of the size of the transaction.

The contribution/withdrawal fee is payable by the Authorised Participant to a Fund and is not paid to BlackRock. This fee is not payable by investors transacting in units of a Fund on an exchange. In the case of a creation of Units the contribution fee is payable in addition to the issue price and in the case of a redemption of Units the withdrawal fee will be deducted from the redemption proceeds.

Transaction costs

Transaction costs include, but are not limited to:

- ▶ explicit transaction costs, such as brokerage, settlement costs, clearing costs (including custody movement charges), stamp duty and, where applicable, buy-sell spreads applied to transactions in underlying funds;
- ▶ implicit transaction costs, the cost of a bid-ask spread applied to security transactions; and
- ▶ where applicable, OTC derivative transaction costs, the costs of investing in OTC derivatives, excluding such costs disclosed as indirect costs.

Transaction costs may be incurred when Authorised Participants create or redeem Units in a Fund and when we transact to manage a Fund's investment strategy. Transaction costs incurred when an Authorised Participant creates or redeems Units may be recovered through the contribution or withdrawal fee and/or the application of a buy-sell spread applied to the NAV Price at which Authorised Participants transact (see below for further information).

Transaction costs that are not recovered (the "net transaction costs" in the table on the right) reduce the returns of a fund and are an additional cost to the investor but are reflected in each Fund's NAV Price. Such costs are not charged separately to the investor.

Transaction costs are generally calculated with consideration to the previous full financial year of a fund. In the case of a new fund, like the Funds, transaction costs are disclosed as a reasonable estimate of the costs we expect to be incurred over the next twelve months.

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

See the table on the right for details of the estimated transaction costs the Funds are expected to incur and any associated transaction cost recovery.

Buy-sell spreads for Authorised Participants

The buy-sell spread reflects the estimated transaction costs associated with buying and selling the assets of a Fund when Authorised Participants create or redeem Units. The buy spread is the difference between the Unit creation price and the NAV Price and the sell spread is the difference between the Unit redemption price and the NAV Price. The total buy-sell spread is the difference between a Fund's Unit creation and Unit redemption prices. The buy-sell spread is an additional cost to the Authorised Participant but is reflected in a Fund's unit creation or redemption prices.

The buy-sell spread is not charged separately to the Authorised Participant. The buy-sell spread is applied with the intention of ensuring all investors are treated equally and is not paid to BlackRock.

Authorised Participants should note that there may be circumstances in which BlackRock may exercise its discretion to vary the buy-sell spread above or below those stated in the buy-sell spread information provided to Authorised Participants. Such discretion may be exercised, for example, where the costs associated with obtaining or disposing of the underlying assets of a Fund are likely to be materially different to those typically encountered in normal market conditions.

Prior notice of a change to the buy-sell spread will not ordinarily be provided. The buy-sell spread for each Fund is distributed electronically to Authorised Participants.

Estimated transaction costs (t-costs) and t-cost recovery

Fund name	(A) Total t-costs	(B) T-costs recovery	(A minus B) Net t-costs
iShares Core Cash ETF	0.01% p.a.	0.00% p.a.	0.01% p.a.
iShares Enhanced Cash ETF	0.01% p.a.	0.00% p.a.	0.01% p.a.

Can the fees change?

All fees can change. They may vary over time as a result of changes to a Fund, changing economic conditions and changes in regulations, and may change without Unitholder consent.

We will provide investors 30 days prior notice of any proposed increase to our fees. Under special circumstances, we may elect to vary the frequency of our fee collection.

The current fees applicable to your investment are set out in this PDS and although we have the power to change our fee structure, we have no present intention to do so.

Ongoing service commission

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

Stockbroker fees for non-Authorised Participant investors

Investors other than Authorised Participants will incur customary brokerage fees and commissions associated with buying and selling Units on the ASX. These fees should be discussed with your stockbroker prior to investing.

Alternative forms of remuneration

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 BlackRock and are not an additional cost to you.

We maintain a public register of alternative forms of remuneration in accordance with FSC/FPA Industry Code of Practice on Alternative Forms of Remuneration. Please contact BlackRock if you wish to inspect this register (refer to page 3 of this PDS for contact details).

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

Fee for wholesale investors

We may individually negotiate fees with investors classed as “wholesale clients”, as defined by the Corporations Act. We may also 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.

Third party arrangements

The provider of the Index may receive fees and other amounts in return for granting us a licence to use the Index. These fees will be paid for by the Responsible Entity and will not be charged to each Fund.

Arrangements with members of the BlackRock Group

The Responsible Entity may enter into transactions with members of the BlackRock Group. All transactions are conducted on arm's length terms.

Brokerage services may be provided by members of the BlackRock Group, for which fees are charged. Such brokerage services will only be used where the fees are equal to, or more favourable than, the prevailing market pricing for such services.

Investment management services may be provided to the Responsible Entity by overseas members of the BlackRock Group, for which fees are charged. The Responsible Entity pays for these fees from its resources, they are not charged to each Fund. Further, overseas members of the BlackRock Group may provide services to the Responsible Entity partially through a Sydney branch, which is permitted to conduct regulated financial services business in Australia pursuant to an exemption from the requirement to hold an AFSL issued by ASIC, subject to certain conditions of that exemption.

8.4 Example of annual fees and costs for the Funds

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

Example of annual fees and costs for the Funds

Balance of \$50,000 with a contribution of \$5,000 during year

Contribution fees (only applicable to Authorised Participants)	Nil for both Funds	For every additional \$5,000 an Authorised Participant puts in, they will be charged \$0.
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PLUS

Management costs	And, for every \$50,000 you have in a Fund you will be charged:	
▶ iShares Core Cash ETF	0.07% p.a.	\$35 each year
▶ iShares Enhanced Cash ETF	0.12% p.a.	\$60 each year

EQUALS

Cost of Fund	If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year you would be charged fees of:	
▶ iShares Core Cash ETF		\$35 each year
▶ iShares Enhanced Cash ETF		\$60 each year

What it costs you will depend on the Fund and the fees you negotiate.

* Additional expenses may apply; for instance, Authorised Participants may incur a buy-sell spread when creating or redeeming units 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 and do not take into account any additional contributions made during the year or certain other costs that may be incurred within a Fund. Management costs will also be charged in relation to additional contributions. Customary brokerage fees and commissions associated with buying and selling Units on exchange are also not taken into account.

9.1 Authorised participants

Requests for the creation or redemption of Units in each Fund may only be submitted by Authorised Participants.

Before we can process an initial Unit creation request, Authorised Participants are required to provide us with a signed AP Agreement. Authorised Participants are required to comply with any additional requirements as set out in the AP Agreement.

As part of the initial Unit creation process, Authorised Participants will be provided with a copy of the Operating Procedures. Authorised Participants should read the Operating Procedures before making an investment decision. The Operating Procedures contain the following important information, which is only relevant to Authorised Participants:

- ▶ the Cut-off Time for Unit creation and redemption requests;
- ▶ details of the Business Days each Fund is open for Unit creation and redemption requests;
- ▶ settlement timeframes for Unit creation and redemption requests;
- ▶ minimum Unit creation and redemption sizes; and
- ▶ after an Authorised Participant's initial investment in a Fund, details on how subsequent Unit creation and redemption requests can be made.

The Operating Procedures may be updated at any time. Should the Operating Procedures be updated we will notify all Authorised Participants of the update and will make available a copy of the updated document. Authorised Participants may also request a copy of the current Operating Procedures by contacting the iShares Australia Capital Markets Desk (refer to page 3 of this PDS for contact details).

9.2 Minimum Unit creation and redemption size

Except in respect of a distribution reinvestment, Units of a Fund may only be created or redeemed with consideration to a minimum Unit creation or redemption size, as specified in the Operating Procedures.

9.3 Unit creation requests

To make an initial investment in a Fund, Authorised Participants may, subject to the minimum unit creation size, request the creation of Units on any Business Day by:

- ▶ completing the Fund's Application Form accompanying this PDS and returning it to us by mail or facsimile (using the contact information as shown on the Application Form) or by complying with such other Unit creation request method that the Responsible Entity may determine from time to time;
- ▶ returning the Unit creation request to us by the required Cut-off Time; and
- ▶ transferring to the Fund in which the Authorised Participant wishes to create Units cash application money.

Refer to the Operating Procedures for details of each Fund's Business Day, minimum Unit creation size and Cut-off Time.

In return, we will issue the Authorised Participant with the required number of Units of the applicable Fund, the transfer of which will be made through CHESS.

A contribution fee may be payable by Authorised Participants in relation to Unit creation requests (refer to the section of this PDS titled "Fees and other costs" for further information).

The use of facsimile instructions is subject to the terms and conditions set out in the section of this PDS titled "Receipt of instructions".

Authorised Participants may also need to complete an Investor Identification Form for the purposes of Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (**AML Legislation**).

Additional investments can be made at any time in writing (including via facsimile), via iShares Online or by complying with such other Unit creation request method that the Responsible Entity may determine from time to time. Authorised Participants who have agreed to submit Unit creation requests using iShares Online may do so in accordance with the iShares Online Terms and Conditions. We will provide a copy of the iShares Online Terms and Conditions to Authorised Participants.

Additional investments are made on the basis of a current PDS. A copy of the current PDS for the Funds and any information updating it is available free of charge upon request by contacting the iShares Call Centre (refer to page 3 of this PDS for contact details).

Units issued pursuant to a Unit creation request will be quoted under the AQUA Rules on the ASX with effect from the settlement of the issue of the relevant Units through CHESS. On a monthly basis, we will announce to the ASX via the ASX Markets Announcements Platform each Fund's total Units on issue. As the settlement of the issue of the relevant Units will be made through CHESS, we will not be required to hold application money prior to the issue of the Units.

Other investors looking to acquire Units in each Fund may buy Units on the ASX.

9.4 Unit redemption requests

An Authorised Participant may, subject to the minimum unit redemption size, request the redemption of Units on any Business Day by:

- ▶ providing to us a Unit redemption request in writing, to be sent by mail or facsimile (using the iShares Australia Capital Markets Desk contact information as shown on page 3 of this PDS), via iShares Online or by complying with such other Unit redemption request method that the Responsible Entity may determine from time to time. Authorised Participants who have agreed to submit Unit redemption requests using iShares Online may do so in accordance with the iShares Online Terms and Conditions. We will provide a copy of the iShares Online Terms and Conditions to Authorised Participants;
- ▶ returning the Unit redemption request to us by the required Cut-off Time; and
- ▶ transferring to the Fund in which the Authorised Participant wishes to redeem Units, the relevant number of Units through CHESS.

In return, the Fund in which the Authorised Participant wishes to redeem Units will transfer to the Authorised Participant cash.

Refer to the Operating Procedures for details of each Fund's Business Day, minimum Unit redemption size and Cut-off Time.

A withdrawal fee may be payable by Authorised Participants in relation to Unit redemption requests (refer to the section of this PDS titled "Fees and other costs" for further information).

In certain circumstances we may be required or permitted by a Fund's Constitution to deduct other amounts (e.g. withholding tax) from redemption proceeds that would otherwise be payable to a Unitholder, refer to the section of this PDS titled "Distribution on redemption" for further information.

Other investors looking to dispose of Units in a Fund may sell Units on the ASX. Refer to the section of this PDS titled "Redemption rights of non-Authorised Participant Unitholders" for further information on the redemption rights of non-Authorised Participants.

The redemption procedures described above assume that each Fund remains liquid (as defined in the Corporations Act). We expect that each Fund will remain liquid. If a Fund becomes illiquid, withdrawals may only be made in accordance with the Corporations Act. We will advise Unitholders if a Fund becomes illiquid and the terms of any withdrawal offer.

9.5 Processing of Unit creations and redemptions

Generally, Unit creation or redemption requests are processed each Business Day. Unit creation or redemption requests received after the required Cut-off Time or on a non-Business Day will generally be treated as having been received the following Business Day.

Refer to the section of this PDS titled "Calculation of NAV Prices" for information regarding the calculation of NAV Prices used for Unit creations and redemptions.

In addition to the Unit creation and redemption request requirements set out in this PDS, Authorised Participants are also required to comply with other process requirements and deadlines associated with Unit creation and redemption requests, as described in the Operating Procedures.

Standard settlement timeframes of Unit creation and redemption requests are set out in the Operating Procedures.

Please note that in certain circumstances we may be entitled to suspend or postpone Unit creation and redemption requests. This will generally occur before or after the end of a Fund distribution period. There may be other circumstances where we need to suspend or postpone Unit creation and redemption requests, such as where a Fund cannot properly ascertain the value of an asset or an event occurs that results in us not being able to reasonably acquire or dispose of assets held by a Fund. Any Unit creation or redemption request received during a period of suspension will be processed on the next available Business Day after the suspension has ended.

Refer to the Operating Procedures for details of each Fund's Business Day and Cut-off Time.

9.6 Calculation of NAV Prices

When you invest in a Fund, you are allocated a number of Units in that Fund. Each of these Units represents an equal interest in the net assets of the Fund. As a result, each Unit has a value or "unit price", also referred to as the NAV Price. The NAV Price is based on the NAV of a Fund divided by the number of Units on issue in that Fund.

The NAV and NAV Price are generally calculated as at the close of trading on each Business Day, usually one Business Day in arrears. The NAV is determined by deducting the liabilities of a Fund from the assets of that Fund. Assets and liabilities of each Fund are generally valued at their market value in accordance with each Fund's Constitution.

Unit creation and redemption requests received before the required Cut-off Time on a Business Day will generally be processed at the NAV Price calculated as at the close of trading on that Business Day, plus/minus the buy/sell spread (as applicable).

We have the discretion, however, to price a Fund more or less frequently when unusual circumstances prevail (for example, where there has been unusual volatility in the market) in order to protect the interests of all Unitholders in that Fund. BlackRock has a formal "Unit Pricing Discretions Policy", which is available free of charge upon request by contacting BlackRock (refer to page 3 of this PDS for contact details).

Details of each Fund's daily NAV and NAV Price, as at the close of the previous Business Day, are available from our website at www.blackrock.com.au/ishares.

Refer to the Operating Procedures for details of each Fund's Business Day and Cut-off Time.

9.7 Indemnity

Authorised Participants acknowledge that, upon receipt of a Unit creation request, BlackRock may enter into transactions for a Fund, in anticipation of cash being received from the Authorised Participant. Authorised Participants agree to indemnify BlackRock against any losses and expenses incurred by us if cash is not received as cleared money by the applicable Fund in the normal course.

9.8 Redemption rights of non-Authorised Participant Unitholders

Generally, only Authorised Participants are eligible to transact directly with a Fund, with all other investors acquiring and disposing of Units in a Fund through their broker by buying and selling Units on the ASX.

However, in accordance with the requirements of ASIC Class Order CO [13/721], when Units of a Fund are suspended from trading on ASX for more than five consecutive trading days, non-Authorised Participant Unitholders will have a right to redeem Units directly with a Fund and receive the cash proceeds from the redemption within a reasonable period time unless:

- ▶ a Fund is being wound up;
- ▶ a Fund is not liquid for the purpose of the Corporations Act; or
- ▶ BlackRock, as responsible entity for a Fund, has suspended the redemption of Units in accordance with the provisions of the Fund's Constitution.

In the event that this direct redemption right is triggered BlackRock will post further information on its website at www.blackrock.com.au at that time. This will include a non-Authorised Participant Redemption Form for Unitholders to complete, together with instructions on how to complete and submit the form and anticipated processing and payment timeframes. Non-Authorised Participant Unitholders may request to redeem in these circumstances by completing and returning the form as per these instructions.

9.9 Anti-money laundering and counter-terrorism financing

We are required to comply with the AML Legislation. The AML Legislation requires us to (amongst other requirements) verify the identity of investors making applications into funds offered by us.

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

By completing the Fund's Application Form requested by BlackRock during the application process or by complying with such other Unit creation request method that the Responsible Entity may determine from time to time, Authorised Participants agree that:

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

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

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

Investor identification requirements

To comply with the requirements of the AML Legislation, BlackRock may require an Authorised Participant to complete an Investor Identification Form. In order to establish your identity, BlackRock may require an Authorised Participant to submit supporting identification/verification documentation. Where such identification/verification documentation is required, an originally certified copy must be provided.

Appointed representatives

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

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

10. Distributions

10.1 Receipt of income

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

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

The Funds generally distribute monthly, with distributions being determined as at the end of each calendar month. The Funds may distribute on such other day as determined by BlackRock.

Distributions (if any) may vary over time depending on a Fund's realised losses, gains (if any), income and expenses in a particular period. Distributions are not guaranteed and there may be periods for which distributions are higher or lower than expected. There may be periods in which no distributions are made.

Following the determination of a distribution, the NAV Price of a Fund will fall to reflect the reduced value of that Fund following the payment of the distribution to Unitholders. In other words, it is priced to exclude the distribution entitlement.

Distributions will be paid to the Registrar for payment to Unitholders and until the payment is made will be held by the Registrar in a bank account. Payment of distributions will generally be made by direct credit into a nominated Australian bank account. Unitholders will receive a payment advice detailing the components of any distribution paid by a Fund.

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

Information in relation to the distributions of each Fund will be disclosed to the ASX via the ASX Market Announcements Platform and made available on our website at www.blackrock.com.au/ishares.

10.2 Distribution reinvestment plan

A Distribution Reinvestment Plan (DRP) is available to eligible Unitholders so that income distributions are automatically reinvested as additional Units in the Fund that issued the distribution. Partial and full reinvestment of distributions is available.

Unless you elect to participate in the DRP, distributions will be automatically paid in cash. Unitholders can participate in the DRP by registering directly with the Registrar. Refer to the section of this PDS titled "Registrar" for further information on the Registrar.

Participation in the DRP is subject to the terms outlined in the DRP Rules, which are available on our website at www.blackrock.com.au.

10.3 Distribution on redemption

Proceeds resulting from Authorised Participant Unit redemption requests may include a distribution of gains and/or income in a Fund. Where this is the case and once the relevant information is available, we will notify redeeming Authorised Participants of the estimated amount of distribution included in the redemption proceeds. Refer to the section of this PDS titled "Authorised Participant Unit redemption requests" for further information.

For non-resident Authorised Participants, the Manager may withhold an amount of tax applicable to such Authorised Participant's distribution. This will reduce the redemption proceeds payable or paid to the Authorised Participant.

10.4 Tax statement

Unitholders entitled to income in a Fund will receive an annual tax statement outlining their entitlements and the composition of taxable income in that Fund. We will issue this as soon as practicable after the end of the income year.

11. Taxation

11.1 Overview

The Australian tax commentary below is provided for Unitholders who are resident Australian taxpayers (but not temporary residents).

The commentary assumes that Unitholders will be either:

- ▶ Authorised Participants, who will acquire and dispose of Units by creating and redeeming Units directly with a Fund or by buying and selling Units on ASX; or
- ▶ non-Authorised Participants Unitholders, who will acquire and dispose of Units by buying and selling Units on ASX.

It is assumed that Authorised Participants hold their Units in a Fund as trading stock as part of a securities trading business, and that all other investors hold their Units on capital account.

Investing and dealing with investments often has tax implications which can be complex and which are invariably particular to each Unitholder's circumstances. It is important that Unitholders seek professional advice before making an investment decision.

The taxation information contained in this document reflects the income tax legislation in force, and the interpretation of the Australian Taxation Office and the courts, as at the date of issue of this document. Taxation laws are subject to continual change and there are reviews in progress that may affect the taxation of trusts and Unitholders.

11.2 Taxation of a Fund

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

As at the date of this document, the Responsible Entity has not made an election for the Funds to enter the AMIT regime and is considering the operation of the AMIT regime and its implications for the Funds.

Based on the current tax laws, the Responsible Entity does not expect the Funds to be subject to tax on the income of the Funds, other than in relation to withholding tax or other tax payable in respect of non-resident investors as it is intended that unitholders will be presently entitled to all the income of a Fund in each financial year.

11.3 Investment portfolio taxes

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

11.4 Taxation of a resident Unitholder

You will be assessed on your share of the taxable income of the Fund in which you are invested to which you are presently 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 2016 is included in the assessable income for 2016/2017, even if the cash is received in July 2017.

If you are not an Authorised Participant who holds Units as trading stock, you may have to pay tax on all or part of your capital gain (the increase in the value of your investment) when you dispose of your Units. If you hold Units as trading stock and you redeem or otherwise dispose of Units, you may need to include any profit as part of your assessable income for tax purposes.

11.5 Taxable income of a Fund

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

Types of income

Depending on the types of investments made, a Fund can derive income in the form of dividends, interest, gains on the disposal of investments and other types of income.

Generally, such income derived by a Fund is taxable, but tax credits (e.g. franking credits and foreign income tax offsets) may be available to Unitholders to offset part or all of any resulting tax liability.

Capital gains tax

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

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

Capital/revenue (MIT) election for Managed Investment Trusts

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

Taxation of financial arrangements

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

11.6 Taxation of non-resident Unitholders

If a non-resident Unitholder is entitled to taxable income of a Fund, the Unitholder 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, however, may be subject to withholding tax. This is irrespective of whether distributions are paid in cash or reinvested as additional units.

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

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

Australian Unitholders 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 top marginal rate plus Medicare levy. Some investors that invest in a Fund in the course of carrying on an enterprise of investing may also be entitled to quote their Australian Business Number as an alternative to their TFN.

11.8 Goods and services tax (GST)

The creation and redemption of Units are not subject to GST. Fees incurred (e.g. management fees) will attract GST at the prevailing rate. Where under the GST legislation a Fund is entitled to credits for GST paid to another entity, the cost of paying GST from that Fund will be reduced proportionately.

11.9 Taxation reform

The Australian government has enacted legislation introducing a new regime for taxing managed funds, the AMIT rules. Eligible funds will be able to elect into the regime, which is available from the 2016-2017 income year, if the Responsible Entity makes an election to enter. The AMIT rules include a new attribution method that provides a formal mechanism to allocate taxable income to unitholders that is not dependent on the amount of income distributed. As at the date of this document, the Responsible Entity is considering the AMIT regime and its implications for the Funds.

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

11.10 Authorised Participant Unit redemption requests

This section contains general comments for Authorised Participants requesting the redemption of Units. As the taxation implications are specific to each investor, we strongly recommend that Authorised Participants seek their own independent professional advice.

Redemptions

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

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

For non-resident Authorised Participants, the Manager may withhold an amount of tax applicable to such Authorised Participant's distribution. This will reduce the redemption proceeds payable or paid to the Authorised Participant.

Authorised Participants redeeming Units should be assessed on any profits arising on the redemption, or may be entitled to a deduction for any loss arising from the redemption of Units.

11.11 Acquisition and disposal of Units on ASX

This section contains general comments for non-Authorised Participant Unitholders, who will buy and sell Units on ASX and who hold these Units on capital account. As the taxation implications are specific to each investor, we strongly recommend that non-Authorised Participant Unitholders seek their own independent professional advice.

Acquisitions

For Units bought on ASX, the amount paid for the shares (plus incidental acquisition costs) will be included in the tax cost base of the Units. Receipt of tax deferred amounts from a Fund may reduce the cost base of that Fund's Units for CGT purposes. If the cost base is reduced to below zero, an immediate capital gain may be realised.

Disposals

The sale of Units on ASX, will give rise to a CGT event, which may result in a capital gain or loss to the Unitholder. Capital losses can be offset against capital gains. A net capital loss can be carried forward and applied against future capital gains (if any).

Unitholders who are individuals, trustees (conditions apply) and complying superannuation entities may be eligible to claim concessional treatment based on the net capital gain made on the disposal of a Unit that was held for 12 months or more.

11.12 United States Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act (**FATCA**) is a U.S. tax law aimed at financial institutions and other financial intermediaries to prevent tax evasion by U.S. citizens and U.S. tax residents through use of non-U.S. investments or accounts. The FATCA provisions were included in the U.S. HIRE Act, which was signed into U.S. law on 18 March 2010. Australia has entered into an intergovernmental agreement (**IGA**) with the U.S. to implement FATCA in Australia, via the Australian Taxation Administration Act 1953 (Cth), which is to be administered by the Australian Taxation Office (**ATO**). Under the IGA, Reporting Australian Financial Institutions will have identification and reporting obligations with regard to FATCA. The Funds are expected to be a Reporting Australian Financial Institution under the IGA. The Funds intend to fully comply with their FATCA obligations as determined by the FATCA regulation, the IGA and any associated guidance from the ATO. These obligations include, but are not limited to, each Fund identifying and documenting the FATCA status of its investors. The Funds must also report certain information on applicable investors to the ATO, which will in turn report this information to the U.S. Internal Revenue Service.

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

12. Additional information

12.1 No cooling off rights

Authorised Participants are “wholesale clients” as defined in the Corporations Act and are therefore not entitled to cooling off rights in relations to Unit creation requests. Please contact BlackRock if you have any queries in relation to cooling off rights.

12.2 Reporting requirements

A copy of the audited annual financial report of each Fund is generally available by the end of September from us. Each Fund’s report will be issued in accordance with the Australian Accounting Standards, the Corporations Act and all other applicable professional reporting requirements.

Each Fund will be a disclosing entity and subject to the regular financial reporting and continuous disclosure requirements of the Corporations Act. We will satisfy our obligations by publishing the following material on our website at www.blackrock.com.au:

- ▶ a copy of a Fund’s annual financial report most recently lodged with ASIC;
- ▶ any half-yearly financial report lodged with ASIC in respect of a Fund after the lodgement of the annual financial report; and
- ▶ any continuous disclosure notices given in respect of a Fund.

A paper copy of this material will be available from BlackRock free of charge upon request. Copies of documents lodged with ASIC in relation to each Fund may be obtained from, or inspected at, an ASIC office.

12.3 Receipt of instructions

Please be aware that fraudulent or other unauthorised instructions can be made by persons with access to a Unitholder’s account name and a copy of their authorised signatures. Accordingly, Unitholders agree to release and indemnify us against all claims and demands arising as a result of our acting on what appeared to us to be proper instructions.

12.4 Legal

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.

Our responsibilities and obligations, as Responsible Entity of each Fund, are governed by each Fund’s Constitution as well as the Corporations Act and general trust law.

Each Fund’s Constitution contains a number of provisions relating to the rights, terms, conditions and obligations imposed on both you and us. A copy of each Fund’s Constitution is available free of charge from BlackRock (refer to page 3 of this PDS for contact details).

Some of the main provisions that relate to Unitholder rights under the Constitution include:

- ▶ Unitholder rights to share in the income of a Fund, and how we calculate it;

- ▶ Unitholder rights to withdraw from a Fund and what Unitholders are entitled to receive when they withdraw or if a Fund is wound up;
- ▶ the nature of the Units and classes of Units (if applicable);
- ▶ Unitholder rights to attend and vote at meetings – these mainly reflect the requirements of the Corporations Act which also deals with Unitholder 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 of each Fund provides that the liability of each Unitholder is limited to its investment in a Fund. A Unitholder is not required to indemnify us or our creditors in respect of a Fund. However, no complete assurance can be given in this regard, as the ultimate liability of a Unitholder has not been finally determined by the courts.

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

Other provisions include:

- ▶ when we can terminate a Fund or class of Units (if applicable) or reclassify Units (if applicable) and what happens if we do. Generally, we can only terminate a Fund in accordance with the Corporations Act and only if we provide Unitholders with the required notice, and if we do, Unitholders share pro rata in the net proceeds from us selling a Fund’s investments;
- ▶ when we can amend a Fund’s Constitution. Generally, we can only amend a Constitution where we reasonably believe that the changes will not adversely affect a Unitholder’s rights as an investor. Otherwise a Fund Constitution can only be amended if approved by special resolution at a meeting of investors;
- ▶ our right to refuse to accept Unit creation requests or record any transfer of Units without giving any reason;
- ▶ our right to determine minimum Unit creation, redemption and holding amounts and powers in support of these minimums;
- ▶ our right to deduct amounts Unitholders owe us from withdrawal proceeds; and
- ▶ our broad powers to invest, borrow and generally manage a Fund. We do not currently intend to borrow funds to acquire assets for each Fund, although this is permitted under each Fund’s Constitution. We may only borrow if we consider it to be in the best interests of Unitholders.

The Constitution also deals with our liabilities in relation to a Fund and when they can be reimbursed to us out of a 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 a Fund.

Amendment of a Fund’s Constitution is subject to both the Corporations Act and the terms of the Constitution itself.

12.5 Compliance plan

In accordance with the requirements of the Corporations Act and ASIC policy, each Fund has a Compliance Plan. The Compliance Plan sets out the measures we will take to ensure we comply with the Corporations Act and the Constitution of a Fund. To oversee compliance with the Compliance Plan, we have established a Compliance Committee.

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

A copy of each Fund's Compliance Plan is available free of charge by contacting BlackRock (refer to page 3 of this PDS for contact details).

12.6 Auditor

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

12.7 Custody

J.P. Morgan Chase Bank, N.A. Sydney Branch has been appointed as custodian for the Funds. The role of a custodian is limited to holding assets of the Funds on behalf of BlackRock and acting in accordance with express instructions from BlackRock (except in limited circumstances where the custodian is obliged to act without express instructions per the terms of the agreement).

BlackRock remains liable to Unitholders for acts and omissions of the custodian. A custodian has no supervisory obligation to ensure that BlackRock complies with its obligations as Responsible Entity of the Funds.

The custodian may change from time to time but must satisfy any relevant regulatory requirements as mentioned above. If you require details of our custodian at any time, you should contact BlackRock (refer to page 3 of this PDS for contact details).

12.8 Registrar

We have appointed Computershare Investors Services Pty Limited (**Computershare**) as the registrar for the Funds. Computershare is responsible for the maintenance of Unitholder records such as quantity of securities held, tax file number and details of participation in the DRP.

Computershare has given and, as at the date hereof, has not withdrawn its written consent to be named as the Registrar in the form and context in which it is named. Computershare has had no involvement in the preparation of any part of this PDS other than being named as the Registrar for the Funds. Computershare has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this PDS. Refer to page 3 of this PDS for Computershare's contact details.

12.9 Market maker

Under the AQUA Rules, we have certain obligations in respect of each Fund to ensure the development of an orderly and liquid market in a Fund. Designated market makers are the dealers or brokers permitted by the ASX to act as such by making a market for the Units in the secondary market on the ASX.

Various other market makers may also be active in maintaining liquidity in a Fund by acting as buyer and seller in the secondary market.

Market makers enter into agreements with the ASX and ETF issuers to act as a market maker and must have the necessary skill and expertise to perform a market making function. In advance of quotation of the Funds on ASX, BlackRock will appoint a designated market maker for the Funds who has the experience to meet the requirements of the AQUA Rules and who already acts as a market maker for ASX quoted ETFs. Generally, the appointed designated market maker will also have experience of trading ETFs on other global exchanges. BlackRock may change its appointed designated market maker from time to time.

Each day a Fund's Unit Creation/Redemption Basket is published. Market makers apply a bid and ask spread to a Fund's NAV Price and publish these prices on the exchange, and to the extent required by the market making agreements entered into with the ASX and BlackRock and as trading orders are submitted, continuously update the prices throughout the trading day. Market makers are well positioned to assess the likely value of the interests and to provide prices throughout the day by, including but not limited to, subscribing to data services that provide intra-day offer prices for the underlying securities in a Fund's Index, deriving price information by analysing flows, and interacting with brokers and other market participants.

Units may be purchased from and sold through market makers. However, there is no guarantee or assurance as to the price at which a market will be made.

12.10 Proxy voting

BlackRock's investment stewardship programme is focused on protecting and enhancing the economic value of companies in which it invests on behalf of clients. We do this through engagement with boards and management of investee companies and voting at shareholder meetings. Our overarching approach to investment stewardship is set out in our Corporate Governance and Engagement Principles. Voting is carried out in accordance with our market-specific voting guidelines. These documents are available on our website at www.blackrock.com/corporate/en-us/about-us/investment-stewardship.

12.11 Conflicts of interest and related party information

The Manager is a member of the BlackRock Group. The BlackRock Group participates in global financial markets in a number of different capacities. The Funds may invest or engage in transactions with entities for which the BlackRock Group may perform services. In addition, the Manager or persons associated with the Manager may invest in the Funds from time to time. All such transactions will be on an arm's length commercial basis.

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

From time to time, the Manager may be restricted from purchasing or selling particular securities on behalf of investors because of regulatory requirements or internal policies applicable to the BlackRock Group. This may result in circumstances where, for example, a BlackRock fund is unable to exactly replicate the weightings in a particular index.

In circumstances where ownership thresholds or limitations must be observed, BlackRock will seek to equitably allocate limited investment opportunities amongst the relevant BlackRock products, taking into consideration benchmark weight and investment strategy.

BlackRock's offices overseas may provide services to the Responsible Entity partially through a Sydney branch, which is permitted to conduct regulated financial services business in Australia pursuant to an exemption from the requirement to hold an AFSL issue by ASIC, subject to certain conditions of that exemption.

12.12 Privacy policy

We collect your personal information for the primary purpose of establishing and administering your investments with us, communicating with you and providing you with access to protected areas of our websites. We also collect some personal information to meet our obligations, under the AML Legislation and the Corporations Act.

We use and disclose personal information to administer your investment, conduct product and market research, and deal with your concerns. We collect personal information through our interactions with you, as well as in some instances from your financial adviser or other authorised representative, your organisation, public sources and information brokers. BlackRock may take steps to verify information collected.

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

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

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

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

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

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

If you wish to opt out, update or request access to your information, obtain a copy of our Privacy Policy or raise any queries or concerns regarding privacy, you may contact our Privacy Officer by contacting our Client Services Centre (refer to page 3 of this PDS for contact details).

12.13 Complaints

We have established procedures for dealing with enquiries and complaints. If you are a Unitholder and have an enquiry or complaint, you can contact our Enquiries and Complaints Officer via our Client Services Centre (refer to page 3 of this PDS for contact details). If you make a complaint to us, the complaint will be acknowledged and steps will be taken to investigate your concerns. A final response will be provided within 45 days in accordance with our obligations.

BlackRock is a member of the Financial Ombudsman Service (FOS), an independent complaint resolution body. If your complaint is not addressed within 45 days from the date it was received, or you are not satisfied with our response, you may refer your complaint to FOS.

FOS can be contacted by either:

- ▶ Telephone: 1800 367 287;
- ▶ Mail: GPO Box 3, Melbourne, Victoria, 3001;
- ▶ Email: info@fos.org.au; or
- ▶ Website: www.fos.org.au.

For the hearing and speech impaired, FOS can be contacted by either:

- ▶ National Relay Service: www.relayservice.com.au;
- ▶ TTY/Voice Calls: 133 677 (local); or
- ▶ Speak & Listen: 1300 555 727 (local).

12.14 ASIC relief

Equal treatment relief in relation to withdrawals

BlackRock relies upon the relief granted by ASIC in ASIC Class Order [CO13/721] from the equal treatment requirement in section 601FC(1)(d), to the extent necessary to permit the Responsible Entity to not treat Unitholders equally to the extent that it restricts the redemption of Units by Authorised Participants as described in this PDS. For the purposes of this relief, except in exceptional circumstances outlined below, it is important to note that only Authorised Participants are able to redeem Units in each Fund, but other Unitholders may sell their Units on ASX.

Unitholders, including non-Authorised Participant Unitholders, may withdraw from a Fund directly where units in that Fund have been suspended from trading on ASX for a period of five consecutive trading days (Please see the section of this PDS titled "Redemption rights of non-Authorised Participant Unitholders" for further information).

Ongoing disclosure relief

Under ASIC Class Order [CO13/721], ASIC has granted relief from the ongoing disclosure requirements in section 1017B on condition that BlackRock complies with the continuous disclosure requirements in section 675 of the Corporations Act as if each Fund were an unlisted disclosing entity.

PDS and Issue of securities requirements

ASIC has granted relief under section 1020F(1)(c) of the Corporations Act from sections 1013H and 1016D, to reflect the continuous offering of Units in the Funds. For the purposes of this relief Units issued pursuant to an application will be quoted under the AQUA Rules on the ASX with effect from the settlement of the issue of the relevant Units through CHESS and on a monthly basis we will announce to the ASX via the ASX Market Announcements Platform each Fund's total Units on issue within five business days of the month end. As the settlement of the issue of the relevant Units will be made through CHESS, we will not be required to hold application money prior to the issue of Units

Periodic statements

BlackRock relies upon the relief granted by ASIC in ASIC Class Order [CO13/1200]. Under this relief if BlackRock is not aware of the price at which a Unitholder bought or sold Units on the ASX, periodic statements are not required to include details of the transaction price, nor the return on investment during the reporting period, provided that BlackRock is not able to calculate the return on investment and the periodic statement explains why this information is not included and describes how it can be obtained or calculated.

12.15 Index provider disclaimers

The Funds are not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices LLC and its affiliates (**S&P**) or by ASX Limited and its affiliates (**ASX**). S&P and ASX make no representation, condition or warranty, express or implied, to the owners of the Funds or any member of the public regarding the advisability of investing in securities generally or in the Funds particularly or the ability of the Index to track the performance of certain financial markets and/or sections thereof and/or of groups of assets or asset classes. S&P's and ASX's only relationship to BlackRock Institutional Trust Company, N.A is the licensing of certain trademarks and trade names of the Index which is determined, composed and calculated by S&P without regard to BlackRock Institutional Trust Company, N.A, BlackRock Investment Management (Australia) Limited or the Funds. S&P and ASX have no obligation to take the needs of BlackRock Institutional Trust Company, N.A, BlackRock Investment Management (Australia) Limited or the owners of the Funds into consideration in determining, composing or calculating the Index. S&P and ASX are not responsible for and have not participated in the determination of the prices and amount of the Funds or the timing of the issuance or sale of the Funds or in the determination or calculation of the equation by which the Funds' units are to be converted into cash. S&P and ASX have no obligation or liability in connection with the administration, marketing, or trading of the Funds.

S&P and ASX do not guarantee the accuracy and/or the completeness of the Index or any data included therein and S&P and ASX shall have no liability for any errors, omissions, or interruptions therein. S&P and ASX make no warranty, condition or representation, express or implied, as to results to be obtained by BlackRock Institutional Trust Company, N.A, BlackRock Investment Management (Australia) Limited, owners of the Funds, or any other person or entity from the use of the Index or any data included therein. S&P and ASX make no express or implied warranties, representations or conditions, and expressly disclaim all warranties or conditions of merchantability or fitness for a particular purpose or use and any other express or implied warranty or condition with respect to the Index or any data included therein. Without limiting any of the foregoing, in no event shall S&P and ASX have any liability for any special, punitive, indirect, or consequential damages (including lost profits) resulting from the use of the Index or any data included therein, even if notified of the possibility of such damages.

15. Glossary

ABN	means Australian Business Number.
ADI	means authorised deposit taking institution.
AFSL	means Australian Financial Services Licence.
AMIT	means Attribution Managed Investment Trust.
AML Legislation	means the Anti-Money Laundering and Counter-Terrorism Financing Act 2006.
AP Agreement	means an agreement between BlackRock and an Authorised Participant governing the creation and redemption of units in iShares ETFs.
Application Form	means the form accompanying this PDS that may be used in the submission of Unit creation/redemption requests by Authorised Participants.
AQUA Rules	means the ASX Operating Rules that apply to AQUA products and AQUA trading.
ASIC	means Australian Securities and Investments Commission.
ASX	means ASX Limited and its affiliates.
ATO	means the Australian Tax Office.
AUM	means assets under management.
Authorised Participant	means a person who is a wholesale client as described in section 761G of the Corporations Act and who has entered into a relevant Authorised Participant Agreement.
BBSW	means Bank Bill Swap rate.
BlackRock Group	means BlackRock Inc and its subsidiary and affiliated entities collectively.
BlackRock Inc	means BlackRock, Inc. [®] .
BlackRock, Responsible Entity, Issuer, Manager, we, our or us	means BlackRock Investment Management (Australia) Limited ABN 13 006 165 975 (Australian financial service licence number 230523).
Business Day	means that days on which a Fund is open for Unit creation and redemption requests, as defined in the Operating Procedures.
CGT	means capital gains tax.
CHESS	means the Clearing House Electronic Subregister System operated by ASX Settlement and another ASX subsidiary.
Compliance Committee	means the BlackRock compliance committee established to oversee each Fund's compliance with the Compliance Plan.
Compliance Plan	means the compliance plan of each Fund.
Computershare	means Computershare Investors Services Pty Limited ACN 078 279 277.
Constitution	means the constitution of each Fund.
Corporations Act	means the Corporations Act 2001 (Cth).
Cut-off Time	means the deadline by which BlackRock must receive Unit creation or redemption requests, as defined in the Operating Procedures.
DRP Rules	means the terms and conditions of the DRP Plan.
DRP	means the distribution reinvestment plan for the Funds, as described in the section of this PDS titled "Distribution reinvestment plan".
ETF, ETFs	means exchange traded fund(s).
FATCA	means the Foreign Account Tax Compliance Act.
FOS	means the Financial Ombudsman Service.
FRNs	means floating rate notes.
Fund, Funds	means, as applicable, iShares Core Cash ETF and/or iShares Enhanced Cash ETF.
GST	means Goods and Services Tax.

IGA	means the intergovernmental agreement between the U.S. and Australia to implement FATCA in Australia.
Index	means S&P/ASX Bank Bill Index.
MITs	means managed investment trusts.
Moody's	means Moody's Investor Services.
NAV	means net asset value.
NAV Price	means the NAV of a Fund divided by the number of Units on issue in that Fund.
NCDs	means negotiable certificates of deposits.
Operating Procedures	means the iShares Authorised Participant Operating Procedures, as amended from time to time.
OTC	means over the counter.
PDS	means this product disclosure statement dated 25 May 2017 and any supplementary or replacement product disclosure statement in relation to this document.
Registrar	means the registrar of the Funds, as appointed by BlackRock, being Computershare.
S&P	means S&P Dow Jones Indices LLC and its affiliates.
S&P Ratings	means Standard and Poor's Global Ratings.
Tax Law	means the Income Tax Assessment Act 1936 (Cth), Income Tax Assessment Act 1997 (Cth), the Taxation Administration Act 1953 (Cth) and any relevant regulations, rulings or judicial or administrative pronouncements.
TFN	means Tax File Number.
TOFA	means Taxation of Financial Agreements.
Unit	means an undivided share in the beneficial interest in the assets of a Fund as described in this PDS.
Unitholders	means a person holding Units in a Fund.
U.S.	means United States of America.

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