

20 February 2023

Market Announcements Office  
ASX Limited

## ISHARES AUSTRALIAN EQUITY ETFS PRODUCT DISCLOSURE STATEMENT (PDS)

FOR RELEASE TO ALL FUNDS LISTED BELOW

BlackRock Investment Management (Australia) Limited (**BIMAL**) is the Responsible Entity for the below listed Australian-domiciled iShares® exchange traded funds (**Funds**), which are quoted on the ASX.

ASX Code	Fund
IOZ	iShares Core S&P/ASX 200 ETF
MVOL	iShares Edge MSCI Australia Minimum Volatility ETF
AUMF	iShares Edge MSCI Australia Multifactor ETF
ILC	iShares S&P/ASX 20 ETF
IHD	iShares S&P/ASX Dividend Opportunities ETF
ISO	iShares S&P/ASX Small Ordinaries ETF
IESG	iShares Core MSCI Australia ESG Leaders ETF

**Effective 20 February 2023, the management fee for the iShares Core S&P/ASX 200 ETF (IOZ) is reduced from 0.09% to 0.05% per annum.**

Attached is a copy of a new product disclosure statement reflecting the fee reduction for the Fund.

### Important Notice

**Before investing in an iShares ETF, you should carefully consider whether such products are appropriate for you, read the applicable product disclosure statement (PDS) available at [blackrock.com/au](https://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 BIMAL's website terms and conditions at [blackrock.com/au](https://blackrock.com/au). For more information about iShares ETFs go to [blackrock.com/au/ishares](https://blackrock.com/au/ishares) or call 1300 474 273.

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## iShares Australian Equity ETFs Product Disclosure Statement



**Dated: 20 February 2023**

iShares Core S&P/ASX 200 ETF  
ASX: IOZ / ARSN: 146 083 141

iShares Edge MSCI Australia Minimum Volatility ETF  
ASX: MVOL / ARSN: 614 057 662

iShares Edge MSCI Australia Multifactor ETF  
ASX: AUMF / ARSN: 614 058 141

iShares S&P/ASX 20 ETF  
ASX: ILC / ARSN: 146 083 641

iShares S&P/ASX Dividend Opportunities ESG Screened ETF  
ASX: IHD / ARSN: 146 080 926

iShares S&P/ASX Small Ordinaries ETF  
ASX: ISO / ARSN: 146 080 739

iShares Core MSCI Australia ESG Leaders ETF  
ASX: IESG / ARSN: 650 026 387

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

## iShares Australian Equity ETFs

iShares Australian Equity ETFs	2	10. Additional information about the Funds	15
1. Before you start	4	10.1 Use of derivatives	15
1.1 The issuer of this product disclosure statement	4	10.2 Borrowing	15
1.2 About this product disclosure statement	4	10.3 Additional information about the Index	15
1.3 Changes to this product disclosure statement and access to additional information	4	10.4 Rebalancing the Funds	15
1.4 Need help?	4	10.5 Fund performance and size	15
1.5 Target market determinations	4	10.6 Labour standards, environmental, social or ethical considerations	15
2. About BlackRock and iShares	5	10.7 Date of first quotation	15
2.1 About BlackRock	5	10.8 Announcements to ASX	15
2.2 About iShares	5	10.9 Securities lending	16
3. About the iShares Core S&P/ASX 200 ETF	6	10.10 Additional information	16
3.1 Investment objective	6	10.11 Benefits of iShares	16
3.2 Investment strategy	6	11. About the AQUA Rules	17
3.3 What does the Fund invest in?	6	12. Fund risks	19
3.4 About the Index	6	12.1 What are the risks of investing?	19
4. About the iShares Edge MSCI Australia Minimum Volatility ETF	7	12.2 General risks	19
4.1 Investment objective	7	12.3 What about the specific risks of the Funds?	19
4.2 Investment strategy	7	12.4 Risks of investing in ETFs and managed funds	20
4.3 What does the Fund invest in?	7	12.5 Risk management	21
4.4 About the Index	7	13. Fees and other costs	22
5. About the iShares Edge MSCI Australia Multifactor ETF	8	13.1 Consumer advisory warning	22
5.1 Investment objective	8	13.2 Fees and costs summary	22
5.2 Investment strategy	8	13.3 Example of annual fees and costs	23
5.3 What does the Fund invest in?	8	13.4 Cost of product information	24
5.4 About the Index	8	13.5 Additional explanation of fees and other costs	25
6. About the iShares S&P/ASX 20 ETF	9	14. Primary market matters	28
6.1 Investment objective	9	14.1 Authorised participants	28
6.2 Investment strategy	9	14.2 Minimum Unit creation and redemption size	28
6.3 What does the Fund invest in?	9	14.3 Unit creation requests	28
6.4 About the Index	9	14.4 Unit redemption requests	29
7. About the iShares S&P/ASX Dividend Opportunities ESG Screened ETF	10	14.5 Processing of Unit creations and redemptions	29
7.1 Investment objective	10	14.6 Calculation of NAV Prices	29
7.2 Investment strategy	10	14.7 Non-Standard Transaction requests	30
7.3 What does the Fund invest in?	10	14.8 Indemnity	30
7.4 About the Index	10	14.9 Redemption rights of non-Authorised Participant Unitholders	30
8. About the iShares S&P/ASX Small Ordinaries ETF	12	14.10 Anti-money laundering and counter-terrorism financing	30
8.1 Investment objective	12	15. Distributions	32
8.2 Investment strategy	12	15.1 Receipt of income	32
8.3 What does the Fund invest in?	12	15.2 Distribution reinvestment plan	32
8.4 About the Index	12	15.3 Distribution on redemption	32
9. About the iShares Core MSCI Australia ESG Leaders ETF	13	15.4 Tax statement	32
9.1 Investment objective	13	16. Taxation	33
9.2 Investment strategy	13	16.1 Overview	33
9.3 What does the Fund invest in?	13	16.2 Taxation of a Fund	33
9.4 About the Index	13	16.3 Investment portfolio taxes	33
		16.4 Taxation of a resident Unitholder	33
		16.5 Taxable income of a Fund	33

16.6	Taxation of non-resident Unitholders	34
16.7	Tax file number (TFN), exemption and Australian business number (ABN)	34
16.8	Goods and services tax (GST)	34
16.9	Taxation reform	34
16.10	Authorised Participant Unit redemption requests	34
16.11	Acquisition and disposal of Units on ASX	34
16.12	United States Foreign Account Tax Compliance Act	34
16.13	Common Reporting Standards (CRS)	35
17.	Additional information	36
17.1	No cooling off rights	36
17.2	Reporting requirements	36
17.3	Receipt of instructions	36
17.4	Legal	36
17.5	Compliance plan	36
17.6	Auditor	37
17.7	Custody	37
17.8	Registrar	37
17.9	Market maker	37
17.10	Conflicts of interest and related party information	38
17.11	Privacy policy	38
17.12	Complaints	38
17.13	ASIC relief	39
17.14	Index provider disclaimers	39
18.	Glossary	41

#### iSHARES CALL CENTRE

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## 1. Before you start

### 1.1 The issuer of this product disclosure statement

Investment in the:

- ▶ iShares Core S&P/ASX 200 ETF;
- ▶ iShares Edge MSCI Australia Minimum Volatility ETF;
- ▶ iShares Edge MSCI Australia Multifactor ETF;
- ▶ iShares S&P/ASX 20 ETF;
- ▶ iShares S&P/ASX Dividend Opportunities ESG Screened ETF;
- ▶ iShares S&P/ASX Small Ordinaries ETF; and
- ▶ iShares Core MSCI Australia ESG Leaders 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.<sup>®</sup> (BlackRock Inc) but is not guaranteed by BlackRock, Inc or any BlackRock, Inc subsidiary or associated 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.

### 1.2 About this product disclosure statement

This PDS describes the main features of each Fund and is dated 20 February 2023. 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.

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 US Securities Act of 1933 or the securities laws of any of the states of the United States of America (US). Each Fund is not and will not be registered as an investment company under the US Investment Company Act of 1940. Investment in Units of each Fund by or on behalf of US persons is not permitted. Units in a Fund may not at any time be offered, sold, transferred or delivered within the US or to, or for the account or benefit of, a US person. Any issue, sale or transfer in violation of this restriction will not be binding upon a Fund and may constitute a violation of US 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.

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. 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).

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 outsource any or all investment, management and administration functions, including to related parties, without notice to Unitholders. 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](http://www.blackrock.com/au). A paper copy of any updated information will be given, or an electronic copy made 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](http://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 ([asx.com.au](http://asx.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](http://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 ETF, please call the iShares Call Centre (refer to page 3 of this PDS for contact details). Alternatively, information on the different iShares ETFs quoted on ASX is available at [www.blackrock.com/au](http://www.blackrock.com/au) or from your financial adviser.

### 1.5 Target market determinations

BlackRock has issued a target market determination (TMD) which, among other things, describes the class of consumers for whom each iShares ETF is likely to be consistent with their likely objectives, financial situation and needs. A summary of the TMD for each iShares ETF is set out in the relevant product section.

The TMD for each iShares ETF can be obtained by contacting Client Services and may be available on the BlackRock website at [www.blackrock.com/au](http://www.blackrock.com/au).

## 2. About BlackRock and iShares

### 2.1 About BlackRock

BlackRock's purpose is to help more and more people experience financial well-being. As a fiduciary to investors and a leading provider of financial technology, we help millions of people build savings that serve them throughout their lives by making investing easier and more affordable.

For additional information on BlackRock, please visit [www.blackrock.com](http://www.blackrock.com).

### 2.2 About iShares

iShares unlocks opportunity across markets to meet the evolving needs of investors. With more than twenty years of experience, a global line-up of 1300+ exchange traded funds (ETFs) and US\$2.91 trillion in assets under management as of December 31, 2022, iShares continues to drive progress for the financial industry. iShares funds are powered by the expert portfolio and risk management of BlackRock.

### 3. About the iShares Core S&P/ASX 200 ETF

The information in section 3 of this PDS relates solely to the iShares Core S&P/ASX 200 ETF (referred to in this section 3 of the PDS as the Fund).

#### Target market summary

This product is **likely** to be appropriate for a consumer seeking capital growth with a medium to high risk/return profile.

This product is **unlikely** to be appropriate for a consumer with a short investment timeframe.

#### 3.1 Investment objective

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

The index is designed to measure the performance of the 200 largest Australian securities listed on the ASX.

#### 3.2 Investment strategy

The Fund seeks to achieve its objective by tracking the performance of the S&P/ASX 200 Total Return Index (referred to in this section 3 of the PDS as the Index).

We believe that a full replication investment strategy is the most appropriate investment strategy to track the performance of the Index as risk relative to the Index is minimised. Our full-replication approach normally aims to purchase every security in the Index, while considering transaction costs.

#### 3.3 What does the Fund invest in?

The Fund generally invests in the Australian equity securities that form the Index.

Generally, the Fund may also hold a small allocation of cash (or cash equivalents, that may include other BlackRock Group funds) for cash flow management purposes.

#### 3.4 About the Index

The Index is recognised as the institutional investable benchmark in Australia. Index constituents are drawn from eligible companies listed on the Australian Securities Exchange. The Index is designed to measure the performance of the 200 largest index-eligible stocks listed on the ASX by float-adjusted market capitalisation. Representative, liquid, and tradable, it is widely considered Australia's preeminent benchmark index.

The S&P/ASX Index series is calculated using a base-weighted aggregate methodology. This means that the level of an index reflects the total market value of all the component stocks relative to a particular base period.

All issues in the Index are assigned a "float factor" called an Investable Weight Factor (IWF). The IWF ranges between 0 and 1 and is an adjustment factor that accounts for the publicly available shares of a company. The total market value of a company is determined by multiplying the price of its stock by the number of shares available after IWF adjustment. An indexed number is used to represent the result of this calculation in order to make the value easier to work with and track over time. It is much easier to graph a chart based on indexed values than one based on actual market values.

On any given day, the value of the Index is the quotient of the total available market capitalisation of index constituents and its divisor. Continuity in index values is maintained by adjusting the divisor for

all changes in the constituents' share capital after the base date. This includes additions and deletions to the Index, rights issues, share buybacks and issuances, spin-offs, and adjustments in availability. The divisor's time series is, in effect, a chronological summary of all changes affecting the base capital of the Index. The divisor is adjusted such that the value of the Index at an instant just prior to a change in base capital equals the index value at an instant immediately following that change.

The Index rebalances quarterly in March, June, September and December. The Index may undergo periodic unscheduled rebalances at other times.

## 4. About the iShares Edge MSCI Australia Minimum Volatility ETF

The information in section 4 of this PDS relates solely to the iShares Edge MSCI Australia Minimum Volatility ETF (referred to in this section 4 of the PDS as the Fund).

### Target market summary

This product is **likely** to be appropriate for a consumer seeking capital growth with a medium to high risk/return profile.

This product is **unlikely** to be appropriate for a consumer with a short investment timeframe.

### 4.1 Investment objective

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

The index is designed to measure the performance of Australian equities that, in aggregate, have lower volatility characteristics relative to the broader Australian equity market.

### 4.2 Investment strategy

The Fund seeks to achieve its objective by tracking the performance of the MSCI Australia IMI Select Minimum Volatility Index (referred to in this section 4 of the PDS as the Index).

We believe that an optimisation investment strategy is the most appropriate investment strategy to track the performance of the Index as it takes into account liquidity and transaction cost impact and overall risk relative to the Index.

Optimisation is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to that of the Index. The securities selected are expected to have, in aggregate, investment characteristics (based on factors such as market capitalisation and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the Index. Therefore, the securities to which the Fund is exposed may or may not include all of the securities in its Index and the weighting of such securities may differ to the weighting of securities in the Index.

### 4.3 What does the Fund invest in?

The Fund generally invests in the Australian equity securities that form the Index.

The Fund may have limited exposure to securities that are not constituents of the Index, including index futures contracts, where such securities provide similar performance (with matching risk profile) to Index securities. However, from time to time the Fund may hold all constituents of the Index.

Generally, the Fund may also hold a small allocation of cash (or cash equivalents) for cash flow management purposes and may also invest in index futures contracts for cash equitisation purposes.

### 4.4 About the Index

The Index aims to reflect the performance characteristics of a subset of securities within the MSCI Australia IMI Index (referred to in this section 4 of the PDS as the Parent Index).

The constituents of the Index are selected using a minimum volatility strategy that optimises the Parent Index using the Barra multi-factor equity model (referred to in this section 4 of the PDS as the Model).

The Model estimates the risk profile and expected volatility of each constituent and the correlation between all constituents in the Parent Index. Using the Model, the minimum volatility strategy aims to select a subset of constituents from the Parent Index with the lowest absolute volatility of returns, subject to certain risk diversification constraints, for example, minimum and maximum constituent and sector weights relative to the Parent Index. Volatility of returns measures the movements in the daily price of the Parent Index constituents over a period of time.

Due to the Model being applied to the Parent Index, the Index will comprise a smaller number of securities with different weightings compared to the Parent Index and will, therefore, have a different performance and risk profile to the Parent Index. The diversification constraints of the Index relative to its Parent Index will limit to some extent the divergence of the Index from the Parent Index.

The Parent Index is designed to measure the performance of the large-, mid- and small-capitalisation segments of the Australian market. The Parent Index includes approximately 220 constituents and covers approximately 99% of the free float-adjusted market capitalisation in Australia.

The Index rebalances semi-annually in May and November, when the Model is applied to the Parent Index. The Index may also be updated in February and August, to take into account changes to the Parent Index. The Index may undergo periodic unscheduled rebalances at other times.



## 5. About the iShares Edge MSCI Australia Multifactor ETF

The information in section 5 of this PDS relates solely to the iShares Edge MSCI Australia Multifactor ETF (referred to in this section 5 of the PDS as the Fund).

### Target market summary

This product is **likely** to be appropriate for a consumer seeking capital growth with a medium to high risk/return profile.

This product is **unlikely** to be appropriate for a consumer with a short investment timeframe or as a whole portfolio solution.

### 5.1 Investment objective

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

The index is designed to measure the performance of Australian equities that have favourable exposure to four target style factors subject to constraints.

### 5.2 Investment strategy

The Fund seeks to achieve its objective by tracking the performance of the MSCI Australia IMI Diversified Multiple-Factor Index (referred to in this section 5 of the PDS as the Index).

We believe that an optimisation investment strategy is the most appropriate investment strategy to track the performance of the Index as it takes into account liquidity and transaction cost impact and overall risk relative to the Index.

Optimisation is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to that of the Index. The securities selected are expected to have, in aggregate, investment characteristics (based on factors such as market capitalisation and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the Index. Therefore, the securities to which the Fund is exposed may or may not include all of the securities in its Index and the weighting of such securities may differ to the weighting of securities in the Index.

### 5.3 What does the Fund invest in?

The Fund generally invests in the Australian equity securities that form the Index.

The Fund may have limited exposure to securities that are not constituents of the Index, including derivatives, where such securities provide similar performance (with matching risk profile) to Index securities. However, from time to time the Fund may be exposed to all constituents of the Index.

Generally, the Fund may also hold a small allocation of cash (or cash equivalents, that may include other BlackRock Group funds) for cash flow management purposes.

### 5.4 About the Index

The Index aims to reflect the performance characteristics of a subset of equity securities within the MSCI Australia IMI Index (referred to in this section 5 of the PDS as the Parent Index). The Parent Index is designed to measure the performance of the large-, mid- and small-capitalisation segments of the Australian market and covers approximately 99% of the free float-adjusted market capitalisation in Australia. Securities are selected and weighted on

account of their higher aggregate exposure to four “style” factors compared to other securities within the Australian Parent Index:

- ▶ Value: Companies are scored based on earnings-based, asset-based and whole firm based valuation metrics - captured by the following two factors, Book to-Price and Earnings Yield
- ▶ Momentum: The momentum factor differentiates stocks based on their performance over the trailing 12 to 24 months and companies are given a higher score if they have outperformed over the period (using data from one month prior to each application of the momentum factor to the Australian Parent Index).
- ▶ Size: Companies have a higher size score if they have lower market capitalisation than other companies.
- ▶ Quality: Companies are scored on the basis of five main equally weighted indicators of whether a company is demonstrating high quality characteristics which are profitability, investment quality, earnings quality, leverage and earnings variability.

The constituents of the Index are selected from the Parent Index using the Barra multi-factor equity model (Model) to maximise the exposure to the four targeted style factors while maintaining market risk similar to the Parent Index. The Model is subject to certain risk diversification constraints, for example, minimum and maximum constituent and sector weights relative to the Parent Index and the anticipated volatility of the Index may not exceed the anticipated volatility of the Parent Index. In addition, the Model ensures that the exposure to style factors other than the chosen four factors that are present in the Parent Index (e.g. volatility) is restricted in the Index. Turnover in the Index is also limited to 20% at each application of the Model to the Parent Index.

Due to the Model being applied to the Parent Index, the Index will comprise a smaller number of securities with different weightings compared to the Parent Index and will, therefore, have a different performance and risk profile to the Parent Index. The diversification constraints of the Index relative to its Parent Index will limit to some extent the divergence of the Index from the Parent Index.

The Index rebalances semi-annually in May and November, when the Model is applied to the Parent Index. The Index may also be updated in February and August, to take into account changes to the Parent Index. The Index may undergo periodic unscheduled rebalances at other times.

## 6. About the iShares S&P/ASX 20 ETF

The information in section 6 of this PDS relates solely to the iShares S&P/ASX 20 ETF (referred to in this section 6 of the PDS as the Fund).

### Target market summary

This product is **likely** to be appropriate for a consumer seeking capital growth with a high to very high risk/return profile.

This product is **unlikely** to be appropriate for a consumer with a short investment timeframe or as a whole portfolio solution.

### 6.1 Investment objective

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

The index is designed to measure the performance of the 20 largest Australian securities listed on the ASX.

### 6.2 Investment strategy

The Fund seeks to achieve its objective by tracking the performance of the S&P/ASX 20 Total Return Index (referred to in this section 6 of the PDS as the Index).

We believe that a full replication investment strategy is the most appropriate investment strategy to track the performance of the Index as risk relative to the Index is minimised. Our full-replication approach normally aims to purchase every security in the Index, while considering transaction costs.

### 6.3 What does the Fund invest in?

The Fund generally invests in the Australian equity securities that form the Index.

Generally, the Fund may also hold a small allocation of cash (or cash equivalents, that may include other BlackRock Group funds) for cash flow management purposes.

### 6.4 About the Index

The Index is designed to measure actively traded and highly liquid securities that are among the 20 largest securities listed on the ASX. The Index is the narrowest market capitalisation-based index in the S&P/ASX Index series.

The Index is designed as a highly liquid and tradable index whose total market capitalisation is large enough to approximate the market segment it is capturing, while keeping the number of stocks at a minimum. This creates a cost-effective, easily replicable trading instrument that provides an appropriate barometer of the market's performance.

The fixed number of securities also ensures minimum turnover as changes are made due to corporate activity or a reduction in a security's size or liquidity that makes it ineligible for inclusion in the Index.

The S&P/ASX Index series is calculated using a base-weighted aggregate methodology. This means that the level of an index reflects the total market value of all the component stocks relative to a particular base period.

All issues in the Index are assigned a "float factor" called an Investable Weight Factor (IWF). The IWF ranges between 0 and 1 and is an adjustment factor that accounts for the publicly available shares of a company. The total market value of a company is determined by multiplying the price of its stock by the number of shares available after IWF adjustment. An indexed number is used to represent the result of this calculation in order to make the value

easier to work with and track over time. It is much easier to graph a chart based on indexed values than one based on actual market values.

On any given day, the value of the Index is the quotient of the total available market capitalisation of index constituents and its divisor. Continuity in index values is maintained by adjusting the divisor for all changes in the constituents' share capital after the base date. This includes additions and deletions to the Index, rights issues, share buybacks and issuances, spin-offs, and adjustments in availability. The divisor's time series is, in effect, a chronological summary of all changes affecting the base capital of the Index. The divisor is adjusted such that the value of the Index at an instant just prior to a change in base capital equals the index value at an instant immediately following that change.

The Index rebalances quarterly in March, June, September and December. The Index may undergo periodic unscheduled rebalances at other times.

## 7. About the iShares S&P/ASX Dividend Opportunities ESG Screened ETF

The information in section 7 of this PDS relates solely to the iShares S&P/ASX Dividend Opportunities ESG Screened ETF (referred to in this section 7 of the PDS as the Fund).

### Target market summary

This product is **likely** to be appropriate for a consumer seeking capital growth and/or income distribution with a high to very high risk/return profile.

This product is **unlikely** to be appropriate for a consumer with a short investment timeframe or as a whole portfolio solution.

### 7.1 Investment objective

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

The index is designed to measure the performance of 50 ASX listed stocks that offer high dividend yields while meeting diversification, profitability and tradability requirements as well as being screened for sustainability considerations.

### 7.2 Investment strategy

The Fund seeks to achieve its objective by tracking the performance of the S&P/ASX Sustainability Screened Dividend Opportunities Index (referred to in this section 7 of the PDS as the Index).

We believe that a full replication investment strategy is the most appropriate investment strategy to track the performance of the Index as risk relative to the Index is minimised. Our full-replication approach normally aims to purchase every security in the Index, while considering transaction costs.

### 7.3 What does the Fund invest in?

The Fund generally invests in the Australian equity securities that form the Index.

Generally, the Fund may also hold a small allocation of cash (or cash equivalents, that may include other BlackRock Group funds) for cash flow management purposes.

### 7.4 About the Index

The Index offers exposure to 50 high yielding common stocks from the Australian equity market. The Index is designed to serve as a benchmark for income (yield) seeking investors investing in the Australian equity market. The Index seeks to provide exposure to high yielding common stocks from Australia while meeting diversification, profitability and tradability requirements as well as having improved sustainability credentials.

The Index construction methodology employs a yield driven weighting scheme while providing diversification across individual stocks and sectors. S&P calculates the Index on both a price and total return basis.

The initial universe of securities is drawn from the S&P/ASX 300 Index. The universe is then narrowed down to an “investible universe” based on the following criteria:

- ▶ Market capitalisation: stocks must have a free-float market capitalisation of above \$AUD500 million as of the rebalancing reference date;

- ▶ Average daily volume: stocks must have a minimum six-month average daily value traded of \$AUD2 million as of the rebalancing reference date;
- ▶ Exchange listing: stocks must be listed on the ASX; and
- ▶ REITs: stocks that are classified as part of the GICS Equity Real Estate Investment Trusts (REITs) Industry and Mortgage REITs Sub-Industry are excluded from the universe.

This investable universe is then screened for ‘profitability’. Stocks must have been profitable, as measured by positive Earnings Per Share (EPS), over the 12-month period prior to the rebalancing reference date.

Once the profitability criteria has been factored in, companies are screened/excluded based on the following criteria:

- ▶ Sustainalytics’ Global Standards Screening (**GSS**) Non-Compliance: GSS provides an assessment of a company’s impact on stakeholders and the extent to which a company causes, contributed, or is linked to violations of international norms and standards. The basis of the GSS assessment is the United Nations Global Compact (**UNG**C) Principles. Companies that are non-compliant with GSS are excluded.
- ▶ Business Involvement: Additional exclusion filters are incorporated, screening companies for involvement (based on revenue thresholds from direct activities or ownership of subsidiaries) in controversial weapons, small arms, tobacco products, oil sands, shale energy, thermal coal, military contracting, oil & gas, alcoholic beverages, gambling, nuclear power and adult entertainment. The level of business involvement is determined by Sustainalytics.
- ▶ Controversies: S&P Global uses RepRisk, a leading provider of business intelligence on environmental, social, and governance risks, for daily filtering, screening and analysis of controversies related to companies within the index. In cases where risks are presented, S&P Global releases a Media and Stakeholder Analysis (MSA) which includes a range of issues such as economic crime and corruption, fraud, illegal commercial practices, human rights issues, labor disputes, workplace safety, catastrophic accidents, and environmental disasters. The Index Committee will review constituents that have been flagged by S&P Global’s MSA to evaluate the potential impact of controversial company activities on the composition of the indices. If the Index Committee decides to remove a company in question, that company would not be eligible for re-entry into the indices for one full calendar year beginning with the subsequent rebalancing.

Further information on the sustainability criteria employed by the index including the above screens can be found in the index methodology document (<https://www.spglobal.com/spdij/en/documents/methodologies/methodology-sp-asx-sus-screened-div-opps-index.pdf>).

Upon accounting for the profitability and sustainability criteria, the “selection universe” is formed from which index constituents are ultimately selected. With respect to constituent selection, all stocks in the selection universe are first ranked on the basis of 12 month forecast dividend yield as of the rebalancing reference date with the highest yielding stocks selected to form the Index. The 12 month forecast dividend is provided by S&P Capital IQ, which aggregates individual estimates provided by analysts that are covering a public company. The 12 month forecast dividend yield is calculated by using the 12 month forecast dividend divided by the stock price as of the reference date. While forecasts are made on a reasonable basis, actual yields may differ materially from the forecasts. If a current constituent is among the top 70 in the sorting,

it remains in the Index. If the target constituent count is not met, the index selects the remaining stocks in rank order until the target constituent count of 50 is satisfied. If at this point there are fewer than 50 stocks selected, the index contains fewer than the target constituent count of 50.

Index constituents are weighted in proportion to the stocks' total dividend (12-month forecast dividend yield multiplied by free-float market capitalisation) subject to the following criteria:

- ▶ sector weights are capped at the lower of 2x the S&P/ASX 300 Index sector weight and S&P/ASX 300 Index sector weight plus 10%, as of each semi-annual rebalancing;
- ▶ no single stock can have a weight of more than 10% of the Index as of each semi-annual rebalancing.

The Index rebalances semi-annually in January and July. The Index may undergo periodic unscheduled rebalances at other times.

Refer to the section of this PDS titled "Additional information about the Index" for further information.

## 8. About the iShares S&P/ASX Small Ordinaries ETF

The information in section 8 of this PDS relates solely to the iShares S&P/ASX Small Ordinaries ETF (referred to in this section 8 of the PDS as the Fund).

### Target market summary

This product is **likely** to be appropriate for a consumer seeking capital growth with a high to very high risk/return profile.

This product is **unlikely** to be appropriate for a consumer with a short investment timeframe or as a whole portfolio solution.

### 8.1 Investment objective

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

The index is designed to measure the performance of small-capitalisation Australian equities included in the S&P/ASX 300 index, but not in the S&P/ASX 100 index.

### 8.2 Investment strategy

The Fund seeks to achieve its objective by tracking the performance of the S&P/ASX Small Ordinaries Total Return Index (referred to in this section 8 of the PDS as the Index).

We will generally implement a full replication investment strategy to track the performance of the Index as risk relative to the Index is minimised. Our full-replication approach normally aims to purchase every security in the Index, while considering transaction costs.

However, where full replication is not possible, due to liquidity and transaction cost considerations, an optimisation investment strategy may be used.

Optimisation is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to the Index. The securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market capitalisation and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures, similar to those of the Index. Therefore, the Fund may or may not hold all of the securities in the Index and the weighting of the securities held by the Fund may differ to the weighting of securities in the Index.

### 8.3 What does the Fund invest in?

The Fund generally invests in the Australian equity securities that form the Index.

The Fund may have limited exposure to securities that are not constituents of the Index, including derivatives, where such securities provide similar performance (with matching risk profile) to Index securities. However, from time to time the Fund may be exposed to all constituents of the Index.

Generally, the Fund may also hold a small allocation of cash (or cash equivalents, that may include other BlackRock Group funds) for cash flow management purposes.

### 8.4 About the Index

The Index is used as an institutional benchmark for small capitalisation Australian equity portfolios. The Index is comprised of companies included in the S&P/ASX 300 Index, but not in the S&P/ASX 100 Index.

The S&P/ASX Index series is calculated using a base-weighted aggregate methodology. This means that the level of an index reflects the total market value of all the component stocks relative to a particular base period.

All issues in the Index are assigned a “float factor” called an Investable Weight Factor (IWF). The IWF ranges between 0 and 1 and is an adjustment factor that accounts for the publicly available shares of a company. The total market value of a company is determined by multiplying the price of its stock by the number of shares available after IWF adjustment. An indexed number is used to represent the result of this calculation in order to make the value easier to work with and track over time. It is much easier to graph a chart based on indexed values than one based on actual market values.

On any given day, the value of the Index is the quotient of the total available market capitalisation of index constituents and its divisor. Continuity in index values is maintained by adjusting the divisor for all changes in the constituents’ share capital after the base date. This includes additions and deletions to the Index, rights issues, share buybacks and issuances, spin-offs, and adjustments in availability. The divisor’s time series is, in effect, a chronological summary of all changes affecting the base capital of the Index. The divisor is adjusted such that the value of the Index at an instant just prior to a change in base capital equals the index value at an instant immediately following that change.

The Index rebalances quarterly in March, June, September and December. As the components of the Index are derived from the components of the S&P/ASX 300 Index and S&P/ASX 100 Index, the Index is also subject to the rebalancing behaviour of these two indices. The Index may undergo periodic unscheduled rebalances at other times.

## 9. About the iShares Core MSCI Australia ESG Leaders ETF

The information in section 9 of this PDS relates solely to the iShares Core MSCI Australia ESG Leaders ETF (referred to in this section 9 of the PDS as the Fund).

### Target market summary

This product is **likely** to be appropriate for a consumer seeking capital growth with a medium to high risk/return profile.

This product is **unlikely** to be appropriate for a consumer with a short investment timeframe.

### 9.1 Investment objective

The Fund aims to provide investors with the performance of an index, before fees and expenses. The objective of the Fund is to provide exposure to large, mid and small cap segments of the Australian market with better sustainability credentials relative to their sector peers.

### 9.2 Investment strategy

The Fund seeks to achieve its objective by tracking the performance of the MSCI Australia IMI Custom ESG Leaders Index (referred to in this section 9 of the PDS as the **Index**).

We will generally implement a full replication investment strategy to track the performance of the Index as risk relative to the Index is minimised. Our full-replication approach normally aims to purchase every security in the Index, while considering transaction costs.

However, where full replication is not possible, due to liquidity and transaction cost considerations, an optimisation investment strategy may be used.

Optimisation is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to the Index. The securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market capitalisation and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures, similar to those of the Index. Therefore, the Fund may or may not hold all of the securities in the Index and the weighting of the securities held by the Fund may differ to the weighting of securities in the Index.

### 9.3 What does the Fund invest in?

The Fund generally invests in the Australian equity securities that form the Index.

The Fund may have limited exposure to securities that are not constituents of the Index, including derivatives, where such securities provide similar performance (with matching risk profile) to Index securities. However, from time to time the Fund may be exposed to all constituents of the Index.

Generally, the Fund may also hold a small allocation of cash (or cash equivalents, that may include other BlackRock Group funds) for cash flow management purposes.

### 9.4 About the Index

The Index is a free float-adjusted market capitalisation weighted index that aims to represent the performance of companies in the MSCI Australia IMI Index (referred to in this section 9 of the PDS as the **Parent Index**) with the exception of securities under select Global Industry Classification (**GICS**) sub-industries that have high

Environmental, Social and Governance (**ESG**) ratings relative to their sector peers.

The Parent Index is designed measure the performance of the large, mid and small cap segments of the Australia market. The Index aims to target sector weights that reflect the relative sector weights of the Parent Index to limit the systematic risk introduced by the ESG selection process. Overall, the Index targets coverage of 50% of the Parent index.

Eligibility for index inclusion is determined based on the following criteria:

- ▶ **ESG Ratings:** The Index uses MSCI ESG Ratings to identify companies that have demonstrated an ability to manage their ESG risks and opportunities. Companies are required to have an MSCI ESG Rating of 'BB' or above to be eligible for inclusion in the Index. For further information on MSCI's ESG rating methodology, please refer to the following: <https://www.msci.com/documents/1296102/34424357/MSCI+ESG+Ratings+Methodology+%28002%29.pdf>
- ▶ **ESG Controversies Score:** The Index uses MSCI ESG Controversies Scores to identify companies that are involved in very serious controversies involving the environmental, social, or governance impact of their operations and/or products and services. Companies are required to have an MSCI ESG Controversies Score of 3 or above to be eligible for inclusion in the Index. For further information on MSCI's ESG Controversy Score methodology, please refer to the following: <https://www.msci.com/documents/1296102/34424357/ESG-Research-Controversies-Methodology.pdf/18ac41fc-734c-f85b-3590-3691bb4a0373?t=1666194457933>
- ▶ **Controversial Business Involvement:** In addition to meeting the ESG Rating and Controversy Score requirements, business involvement screens are applied to identify companies that are involved in controversial business activities. Certain companies engaged in the following activities are screened from the index depending on their type of involvement in the industry (e.g. producer or distributor) and whether they meet applicable revenue thresholds:
  - Fossil Fuel Extraction & Reserves
  - Controversial Weapons
  - Civilian Firearms
  - Tobacco
  - Nuclear Weapons
  - Conventional Weapons
  - Alcohol
  - Gambling
  - Nuclear Power
  - Oil Sands
  - Thermal Coal Power
  - Adult Entertainment
  - United Nations Global Compact Violators

These screens are explained in more detail in the index methodology document ([https://www.msci.com/eqb/methodology/meth\\_docs/MSCI\\_Australia\\_IMI\\_Custom\\_ESG\\_Leaders\\_Index\\_Feb2022.pdf](https://www.msci.com/eqb/methodology/meth_docs/MSCI_Australia_IMI_Custom_ESG_Leaders_Index_Feb2022.pdf)).

The treatment of subsidiaries is based on a 50% ownership, unless otherwise stated in the methodology.

Once the eligible universe has been confirmed, for each sector, securities in the universe are ranked based on ESG rating, ESG trend, current index membership, industry adjusted ESG Scores and finally decreasing free-float market capitalisation. For each sector, eligible securities are then selected from the ranked universe until the target 50% coverage by cumulative free float-adjusted market capitalization is reached. In order to avoid over concentration in any one security, constituents in the Index are also capped at the maximum of 10% or 2.5% + the Parent Index weight. For further information, please refer to the index methodology link above.

The Index rebalances quarterly in February, May, August and November. The Index may undergo periodic unscheduled rebalances at other times.

Refer to the section of this PDS titled "Additional information about the Index" for further information.

## 10. Additional information about the Funds

### 10.1 Use of derivatives

The Funds may use derivatives, such as futures, forwards, options and swap contracts, to manage risk and return. When derivative positions are established they will always be backed by cash holdings and/or underlying assets. Derivative securities will not be used to gear the Funds.

Each Fund's exposure to over the counter (OTC) derivatives (excluding any collateral held in respect of any such OTC derivative) is not expected, in aggregate, to exceed 5% of the net asset value (NAV) of the Fund.

### 10.2 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.

### 10.3 Additional information about the Index

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

Information relating to the past performance of each Index can be found on our website at [www.blackrock.com/au](http://www.blackrock.com/au). It is important to note that past performance is not a reliable indicator of future performance.

S&P Dow Jones Indices LLC (S&P) is the provider of the index for the iShares Core S&P/ASX 200 ETF, iShares S&P/ASX 20 ETF, iShares S&P/ASX Dividend Opportunities ESG Screened ETF and iShares S&P/ASX Small Ordinaries ETF. S&P is not a related body corporate of BlackRock.

Further details regarding the Index of the aforementioned Funds is available on the index provider's website at [spj.com](http://spj.com).

MSCI Inc. (MSCI) is the provider of the index for the iShares Edge MSCI Australia Minimum Volatility ETF, iShares Edge MSCI Australia Multifactor ETF and iShares Core MSCI Australia ESG Leaders ETF. MSCI is not a related body corporate of BlackRock.

The Parent Index for the iShares Edge MSCI Australia Minimum Volatility ETF, iShares Edge MSCI Australia Multifactor ETF and iShares Core MSCI Australia ESG Leaders ETF is based on the MSCI Global Investable Market Indexes (GIMI) Methodology, a comprehensive and consistent approach to index construction that allows for meaningful global views and cross regional comparisons across all market capitalisation size, sector and style segments and combinations. This methodology aims to provide exhaustive coverage of the relevant investment opportunity set with a strong emphasis on index liquidity, investability and replicability. The Parent Index is generally reviewed quarterly, in February, May, August and November, with the objective of reflecting changes in the underlying equity market in a timely manner, while limiting undue index turnover. During the May and November semi-annual index reviews, the Parent Index is rebalanced and the large, mid and small capitalisation cut-off points are recalculated.

Further details regarding the Index of the aforementioned Funds is (including information on the Model) and the Parent Index is available on the index provider's website at [www.msci.com](http://www.msci.com).

### 10.4 Rebalancing the Funds

Each Fund will typically rebalance its portfolio in line with the scheduled rebalance of its Index. The Funds may, however, undergo periodic unscheduled rebalances.

### 10.5 Fund performance and size

Updated performance information is available from our website at [www.blackrock.com/au](http://www.blackrock.com/au).

Past performance is not a reliable indicator of future performance.

### 10.6 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.

#### iShares S&P/ASX Dividend Opportunities ESG Screened ETF

#### iShares Core MSCI Australia ESG Leaders ETF

For the above Funds, the Index methodology screens for certain labour standards or environmental, social or ethical considerations. Please refer to the section about the Fund for further information.

#### Investment Stewardship

The BlackRock Group's Investment Stewardship Team, a centralised resource for all portfolio managers, lead a programme focused on protecting and enhancing the economic value of companies in which the BlackRock Group invests on behalf of clients. The program includes providing specialist insight on social, environmental and governance considerations to all investment strategies, whether indexed or actively managed.

The Investment Stewardship Team does this through engagement with boards and management of investee companies and through voting at shareholder meetings.

The BlackRock Group's overarching approach to investment stewardship is set out in the BlackRock Group's Investment Stewardship 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](http://www.blackrock.com/corporate/en-us/about-us/investment-stewardship).

### 10.7 Date of first quotation

Units of the Funds commenced quotation on ASX on:

	Commencement of quotation
iShares Core S&P/ASX 200 ETF	9 December 2010
iShares Edge MSCI Australia Minimum Volatility ETF	14 October 2016
iShares Edge MSCI Australia Multifactor ETF	14 October 2016
iShares S&P/ASX 20 ETF	9 December 2010
iShares S&P/ASX Dividend Opportunities ESG Screened ETF	9 December 2010
iShares S&P/ASX Small Ordinaries ETF	9 December 2010
iShares Core MSCI Australia ESG Leaders ETF	4 June 2021

### 10.8 Announcements to ASX

All announcements (including continuous disclosure notices and distribution information) will be made to ASX via the ASX Market Announcements Platform ([asx.com.au](http://asx.com.au)).



## 10.9 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.

## 10.10 Additional information

The following information can be obtained from our website at [www.blackrock.com/au/ishares](http://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 its 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).

## 10.11 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:

- ▶ low cost access to diversified portfolios of Australian shares;
- ▶ access to market capitalisation weighted, high dividend, minimum volatility and multiple-factor exposures; and
- ▶ benchmarked to institutional-quality indices provided by leading index providers.

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.

## 11. 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
<b>Control</b>	
<p>A person:</p> <ul style="list-style-type: none"> <li>▶ controls the value of its own securities and the business it runs,</li> <li>▶ the value of those securities is directly influenced by the equity issuer's performance and conduct.</li> </ul> <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"> <li>▶ does not control the value of the assets underlying its products, but</li> <li>▶ offers products that give investors exposure to the underlying assets – such as shares, indices, currencies or commodities.</li> </ul> <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>
<b>Continuous disclosure</b>	
<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"> <li>▶ the Net Tangible Assets or the NAV of the funds;</li> <li>▶ redemptions;</li> <li>▶ dividends, distributions and other disbursements; and</li> <li>▶ 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.</li> </ul>
<b>Periodic disclosure</b>	
<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 <a href="http://www.blackrock.com/au">www.blackrock.com/au</a>.</p>

ASX Listing Rules	ASX AQUA Rules
<b>Corporate control</b>	
<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>
<b>Related party transactions</b>	
<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>
<b>Auditor rotation</b>	
<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>
<b>Disclosure</b>	
<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

## 12. Fund risks

### 12.1 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.

### 12.2 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.

### 12.3 What about the specific risks of the Funds?

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

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

Derivative transactions may be subject to the risk that a counterparty to the transaction will wholly or partially fail to perform their contractual obligations under the arrangement (including failing to meet collateral requirements under the arrangement). Additionally, OTC markets are not guaranteed by an exchange or clearing corporation and generally do not require payment of margin. To the extent that a fund has unrealised gains in such instruments or has deposited collateral with its counterparty that fund is at risk that its counterparty will become bankrupt or otherwise fail to honour its obligations. Derivative transactions may also expose a fund to a risk of potential illiquidity if the derivative instrument is difficult to purchase or sell.

The BlackRock Group attempts to minimise these risks by engaging in derivative transactions only with financial institutions that have substantial capital or that have provided a third-party guarantee or other credit enhancement.

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

**Factor investing risk.** Regular index tracking ETFs generally represent a passively managed, diversified portfolio that delivers the general performance trend of the relevant market by tracking standard market indices. The iShares Edge MSCI Australia Minimum Volatility ETF and iShares Edge MSCI Australia Multifactor ETF, while still passively managed, are structured to track an index which seeks to deliver a specific investment outcome. There is no guarantee that the intended investment outcome of each index will be achieved.

While the index of the iShares Edge MSCI Australia Minimum Volatility ETF and iShares Edge MSCI Australia Multifactor ETF selects securities that are components of its parent index, each index will look and behave differently to its parent index. Each index is likely to have fewer constituents, country exposures and sector exposures and in different weightings from its parent index. Each index is likely to perform differently and have a different risk and return profile from that of its parent index. The iShares Edge MSCI Australia Minimum Volatility ETF and iShares Edge MSCI Australia Multifactor ETF may therefore, in different market conditions, provide different returns than a fund tracking the parent index. Such returns may include both positive and negative returns.

Additionally, the iShares Edge MSCI Australia Multifactor ETF may be more exposed to factor related market movements, both positive and negative as a result of tracking its index.

**Index methodology risk.** The Index of the iShares Edge MSCI Australia Minimum Volatility ETF and iShares Edge MSCI Australia Multifactor ETF implements a Model, which seeks to create an index consisting of securities with certain characteristics. There is no guarantee that the Model used by each Index will be successful in achieving its intended outcome. For example, there is no guarantee that the Model used by the MSCI Australia IMI Select Minimum Volatility Index will be fully successful in estimating the expected volatility of the constituents of the Parent Index or that the constituents of the MSCI Australia IMI Select Minimum Volatility Index will have lower volatility than that of the Parent Index.

Each Index is constructed with the use of a Model, which may rely on various sources of information to assess the criteria of issuers to be included in the Index (or its parent index), including information that may be based on assumptions and estimates. There can no assurance that the Model used in each Index's calculation methodology or the sources of information will provide an accurate assessment of included issuers.

**Liquidity risk.** The Funds may be exposed to securities with limited liquidity, which 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. The general level of market liquidity also varies and may deteriorate. Such a deterioration may negatively impact the ability to trade fund securities and may negatively affect the price at which a trade is executed. These circumstances could impair a fund's ability to make distributions to a redeeming unit holder in a timely manner and a fund may need to consider suspending redemptions. The BlackRock Group aims to reduce these risks by understanding the liquidity characteristics of securities a fund is exposed to and plans trading so as to minimise the adverse consequences of low liquidity.

**Small cap securities risk.** The iShares Edge MSCI Australia Minimum Volatility ETF, iShares Edge MSCI Australia Multifactor ETF, iShares S&P/ASX Small Ordinaries ETF and iShares Core MSCI Australia ESG Leaders ETF may be exposed to securities of smaller capitalisation companies. Smaller capitalisation companies may, from time to time, and especially in falling markets, become less liquid and experience short-term price volatility. They may also be less financially secure than larger, more established companies and depend on a small number of key personnel, which increases the risk of the company's failure if a product fails, management changes or if there are other adverse developments.

## 12.4 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:

**Conflicts of interest risk.** Certain conflicts of interest may arise in the operation of a BlackRock Group fund. Fund structures may involve members of the BlackRock Group acting in more than one capacity, while BlackRock Group funds may hold over-the-counter derivative agreements where a member of the BlackRock Group is acting (in different capacities) on both sides of the agreement. BlackRock Group funds may be invested in by persons associated with BlackRock Group or by other funds and accounts managed by different members of the BlackRock Group. Investors in a fund may, in some instances, invest on different terms to each other, some of which may be more favourable than others. Each investor in a fund may act in a way which is adverse to the interests of other investors in that fund. Additionally, funds and accounts managed by different members of the BlackRock Group may act as a seed investor in a BlackRock Group fund, which may create a commercial opportunity for the BlackRock Group. For example, a seed investment may allow the BlackRock Group to establish a track record for a fund that can then be sold to other clients. Certain investment strategies of the BlackRock Group may conflict with each other and may affect the price and availability of securities in which to invest. Members of the BlackRock Group may also give advice or take action with respect to any of their clients, which may differ from the advice given or the timing or nature of any action taken with respect to the investments of other BlackRock Group funds or accounts.

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.

**ESG investment risk.** In relation to the iShares S&P/ASX Dividend Opportunities ESG Screened ETF and the iShares Core MSCI Australia ESG Leaders ETF, the use of ESG criteria and exclusionary screens may affect the Fund's investment performance and, as such, the Fund may perform differently compared to similar funds that do not use such criteria.

**Dealing risk.** There may be instances where the Units of each Fund will 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.

**Counterparty risk.** Institutions, such as brokerage firms, banks, and broker-dealers, may enter into transactions with the manager of a fund 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. While the BlackRock Group uses reasonable efforts to mitigate such risks, there can be no guarantee that transactions between such counterparties will always be completed in the manner contemplated by, and favourable to, the relevant 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. Capital return and income of a fund is based on the capital appreciation and income of the

securities invested in, less expenses incurred. Fund returns may fluctuate in response to changes in such capital appreciation or income. The payment of distributions is at the discretion of the fund issuer, taking into account various factors and its own distribution policy. Distributions are not guaranteed and there may be periods for which distributions are higher or lower than expected. There can be no assurance that the distribution yield of a fund is the same as that of its index due to factors such as expenses incurred by the fund. 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. 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 is not indicative of future performance.

**Index related risk.** In order to meet their investment objective, the Funds will seek to achieve a return that reflects the return of its index, as published by the index provider. 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, a fund benchmarked to that index would have market exposure to such constituents. As such, errors may potentially result in a negative or positive performance impact (and other adverse outcomes, for example in the case of errors in ESG screening methodologies) to the fund 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 a fund 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 fund and, by extension, the fund's unitholders. Therefore, errors and additional ad hoc rebalances carried out by an index provider may increase the costs and market exposure risk of a fund.

**Individual investment risk.** Individual securities held by a fund can and do fall in value for many reasons. Both price and levels of income are subject to fluctuation. Returns from individual securities will vary and price movements can be volatile.

**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 value of a fund will change with changes in the market value of the securities to which it is exposed.

**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 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 each Fund may not correlate exactly with the index it is designed to match. Factors such as fund fees and

expenses, imperfect correlation between fund security holdings and index constituents, inability to rebalance portfolio holdings in response to changes to index constituents, rounding of prices, index changes and regulatory policies may affect the ability of a fund to achieve close correlation with the index. A fund's returns may therefore deviate from the index it is designed to match. Funds that employ an optimisation strategy may incur tracking error risk to a greater extent than a fund that seeks to fully replicate an index.

## 12.5 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.

## 13. Fees and other costs

### 13.1 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 fees. Ask the fund or your financial adviser.

#### TO FIND OUT MORE

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

### 13.2 Fees and costs summary

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your Fund account, from the returns on your investment or from the assets of the managed investment scheme as a whole. Taxes are set out in another part of this document. You should read all the information about fees and costs because it is important to understand their impact on your investment.

iShares Australian Equity ETFs			
Type of fee or cost	Amount		How and when paid
<b>Ongoing annual fees and costs</b>			
<b>Management fees and costs</b> The fees and costs for managing your investment <sup>1</sup>	iShares Core S&P/ASX 200 ETF	0.05% p.a.	The management fee for each Fund is calculated in relation to the NAV of the Fund on a daily basis. This cost is deducted from the assets of the Fund and is generally paid to us monthly in arrears.  Management fees and costs include indirect costs. Indirect costs are a reasonable estimate of certain costs incurred within the Fund (or any underlying fund) that reduce returns.  The deduction of managements fees and costs is reflected in the Fund's unit price.
	iShares Edge MSCI Australia Minimum Volatility ETF	0.30% p.a.	
	iShares Edge MSCI Australia Multifactor ETF	0.30% p.a.	
	iShares S&P/ASX 20 ETF	0.24% p.a.	
	iShares S&P/ASX Dividend Opportunities ESG Screened ETF	0.23% p.a.	
	iShares S&P/ASX Small Ordinaries ETF	0.55% p.a.	
	iShares Core MSCI Australia ESG Leaders ETF	0.09% p.a.	
<b>Performance fees</b> Amounts deducted from your investment in relation to the performance of the product	Nil for all Funds		The Funds do not charge a performance fee.
<b>Transaction costs</b> The costs incurred by the Fund when buying or selling assets	iShares Core S&P/ASX 200 ETF	0.01% p.a.	Transaction costs which are incurred when a member invests or redeems from the Fund will generally be recovered through the buy-sell spread applied to the unit price. Transaction costs that are not recovered ('net transaction costs') reduce returns and are reflected in the Fund's unit price.
	iShares Edge MSCI Australia Minimum Volatility ETF	0.07% p.a.	
	iShares Edge MSCI Australia Multifactor ETF	0.05% p.a.	
	iShares S&P/ASX 20 ETF	0.01% p.a.	
	iShares S&P/ASX Dividend Opportunities ESG Screened ETF	0.02% p.a.	
	iShares S&P/ASX Small Ordinaries ETF	0.03% p.a.	
	iShares Core MSCI Australia ESG Leaders ETF	0.00% p.a.	

**Member activity related fees and costs (fees for services or when your money moves in or out of the Fund)**

<i>Establishment fee</i> The fee to open your investment	Nil for all Funds		Not applicable.
<i>Contribution fee</i> The fee on each amount contributed to your investment	If you are <b>BUYING ON EXCHANGE</b>  Nil	If you are an Authorised Participant creating Units (depending on the Fund) \$205 to \$2,050	<a href="#">These fees are only applicable to Authorised Participants, as only Authorised Participants are able to create Units.</a>  These fixed fees are payable at the time of creating Units. Refer to the section of this PDS titled "Additional explanation of fees and costs" for details of the contribution fee charged by each Fund.
<i>Buy-sell spread</i> An amount deducted from your investment representing costs incurred in transactions by the Fund	Nil for all Funds		Buy-sell spreads do not apply when buying/selling units on exchange.
<i>Withdrawal fee</i> The fee on each amount you take out of your investment	If you are <b>SELLING ON EXCHANGE</b>  Nil	If you are an Authorised Participant redeeming Units (depending on the Fund) \$205 to \$2,050	<a href="#">These fees are only applicable to Authorised Participants, as only Authorised Participants are able to redeem Units.</a>  These fixed fees are payable at the time of redeeming Units. Refer to the section of this PDS titled "Additional explanation of fees and costs" for details of the withdrawal fee charged by each Fund.
<i>Exit fee</i> The fee to close your investment	Nil for all Funds		Not applicable.
<i>Switching fee</i> The fee for changing investment options	Nil for all Funds		Not applicable.

<sup>1</sup> Fees can be negotiated with certain "wholesale clients" investors (as defined by the Corporations Act) in compliance with legal requirements and any applicable ASIC class orders. See "Differential fees" within the "Additional explanation of fees and costs" section for further information.

### 13.3 Example of annual fees and costs

The table below gives an example of how ongoing annual fees and costs in the iShares Core S&P/ASX 200 ETF can affect your investment over a 1-year period. You should use this table to compare this product with other products offered by managed investment schemes.

**EXAMPLE - iShares Core S&P/ASX 200 ETF**

**BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING THE YEAR**

<b>Contribution fees</b>	Nil	For every additional \$5,000 you put in, you will be charged \$0.
<b>PLUS</b>		
<b>Management fees and costs</b>	0.05%	<b>And</b> , for every \$50,000 you have in the Fund you will be charged or have deducted from your investment <b>\$25</b> each year
<b>Performance fees</b>	Nil	<b>And</b> , you will be charged or have deducted from your investment <b>\$0</b> in performance fees each year
<b>Transaction costs</b>	0.01%	<b>And</b> , you will be charged or have deducted from your investment <b>\$5</b> in transaction costs

**EQUALS**

<b>Cost of Fund</b>	If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year you would be charged fees and costs of <b>\$30</b> . <sup>1</sup>  <b>What it costs you will depend on the fees you negotiate.</b>	
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1. Additional fees may apply. Authorised Participants may incur a fixed contribution fee to create Units in a Fund. Additionally, Authorised Participants may also incur transaction costs when creating units in a Fund by way of a Non-Standard Transaction. These



fees/costs are not applicable to investors buying on exchange. Refer to the section of this PDS titled “Additional explanation of fees and costs” for further information.

#### **COST OF PRODUCT FOR 1 YEAR**

The cost of product gives a summary calculation about how ongoing annual fees and costs can affect your investment over a 1-year period for all investment options. It is calculated in the manner shown in the *Example of annual fees and costs*.

The cost of product assumes a balance of \$50,000 at the beginning of the year with a contribution of \$5,000 during the year. (Additional fees such as an establishment fee or an exit fee may apply: refer to the Fees and costs summary for the relevant option.)

You should use this figure to help compare this product with other products offered by managed investment schemes.

### 13.4 Cost of product information

Fund	Cost of Product
iShares Core S&P/ASX 200 ETF	\$30
iShares Edge MSCI Australia Minimum Volatility ETF	\$185
iShares Edge MSCI Australia Multifactor ETF	\$175
iShares S&P/ASX 20 ETF	\$125
iShares S&P/ASX Dividend Opportunities ESG Screened ETF	\$125
iShares S&P/ASX Small Ordinaries ETF	\$290
iShares Core MSCI Australia ESG Leaders ETF	\$45

## 13.5 Additional explanation of fees and other costs

### Ongoing annual fees and costs

The ongoing annual fees and costs comprise:

#### ► Management fees and costs

Management fees and costs calculated for the financial year ending 30 June 2022 are set out in the table below and include:

- amounts payable to us for administering the Funds ('management fees');
- amounts paid for investing in the assets of the Funds; and
- other expenses and reimbursements in relation to the Funds.

Management fees and costs also include indirect costs.

#### Management fees and costs

Fund name	Management fee	Indirect costs	Total
iShares Core S&P/ASX 200 ETF	0.05%	0.00%	0.05%
iShares Edge MSCI Australia Minimum Volatility ETF	0.30%	0.00%	0.30%
iShares Edge MSCI Australia Multifactor ETF	0.30%	0.00%	0.30%
iShares S&P/ASX 20 ETF	0.24%	0.00%	0.24%
iShares S&P/ASX Dividend Opportunities ESG Screened ETF	0.23%	0.00%	0.23%
iShares S&P/ASX Small Ordinaries ETF	0.55%	0.00%	0.55%
iShares Core MSCI Australia ESG Leaders ETF	0.09%	0.00%	0.09%

Management fees and costs are not deducted directly from your Fund account. Instead, they are accrued daily within a Fund's NAV price and are deducted from the assets of a Fund. Management fees 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 and costs are charged. Where such fees and costs are paid for the provision of investment management services, they are payable by BlackRock and are not at an additional cost to you.

Where an investment is made through a fund managed by us or another company in the BlackRock Group the management fees and costs of the underlying fund will generally either be rebated or not charged.

#### ► Performance fees

The Funds do not charge a performance fee.

#### ► Transaction costs

Transaction costs are incurred when assets are bought and sold. Transaction costs include, but are not limited to:

- explicit transaction costs, such as brokerage, buy-sell spread, settlement costs, clearing costs (including custody costs) and stamp duty; and

- where applicable, OTC derivative transaction costs, the costs of investing in OTC derivatives, excluding such costs disclosed as indirect costs.

Transaction costs exclude borrowing costs, property operating costs and certain implicit or market impact costs.

Transaction costs may be incurred when Authorised Participants create or redeem Units in a Fund or when transacting 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. Additionally, where an Authorised Participant creates/redeems Units by way of a Non-Standard Creation/Redemption Basket or cash only creation/redemption (Non-Standard Transactions), actual brokerage incurred (and GST payable, after taking into account expected reduced input tax credits) in acquiring or realising securities (as applicable) may be charged to the transacting Authorised Participant.

Transaction costs that are not recovered (the "net transaction costs" in the below table) reduce the investment return of a Fund. Net transaction costs are reflected in each Fund's NAV Price and are not charged separately to the investor.

Transaction costs are generally calculated with consideration to the financial year of a fund ending 30 June 2022. In the case of a new fund, transaction costs are disclosed as a reasonable estimate of the costs we expect to be incurred over the next twelve months. Certain amounts or figures used to calculate transaction costs may include estimates in circumstances where actual figures could not be obtained.

The below table provides details of the transaction costs and any applicable transaction cost recovery attributable to each Fund as a percentage of each Fund's average AUM for the last financial year.

#### Estimated transaction costs and transaction cost recovery<sup>1</sup>

Fund name	Gross	Recovery	Net
iShares Core S&P/ASX 200 ETF	0.01%	0.00%	0.01%
iShares Edge MSCI Australia Minimum Volatility ETF	0.08%	0.01%	0.07%
iShares Edge MSCI Australia Multifactor ETF	0.06%	0.01%	0.05%
iShares S&P/ASX 20 ETF	0.01%	0.00%	0.01%
iShares S&P/ASX Dividend Opportunities ESG Screened ETF	0.02%	0.00%	0.02%
iShares S&P/ASX Small Ordinaries ETF	0.06%	0.03%	0.03%
iShares Core MSCI Australia ESG Leaders ETF	0.04%	0.05%	0.00%

1. Costs shown with consideration to the financial year of the Fund ending 30 June 2022 and as a percentage of the Fund's average AUM. Net transaction costs equal total transaction costs minus transaction cost recovery.

**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.**

## Expense recovery and abnormal costs

### ► 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 and transaction costs (see below for further information) will be paid for by the Responsible Entity and no additional expenses will be recovered from a Fund.

Expense recovery costs are generally calculated with consideration to the actual costs incurred during the financial year of a Fund ending 30 June 2022. In the case of a new fund, 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.

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

### ► 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 are generally calculated with consideration to the actual costs incurred during the financial year of a Fund ending 30 June 2022. In the case of a new fund, abnormal 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 abnormal costs.

**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.**

### ► 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 reduce the return of a Fund. Indirect costs may be incurred directly by a Fund or, where applicable, indirectly through an underlying fund.

Indirect costs may include, but is not limited to:

- Over the counter (OTC) derivative costs: Where applicable, costs of investing in OTC derivatives, excluding such costs disclosed as transaction costs, see below for further information).

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

Indirect costs reduce the investment return of a Fund (or where applicable underlying fund). Indirect costs are reflected in each Fund's NAV Price and are not charged separately to an investor.

Indirect costs are generally calculated with consideration to the financial year of a Fund ending 30 June 2022. In the case of a new fund, indirect costs are disclosed as a reasonable estimate of the

costs we expect to be incurred over the next twelve months. Certain amounts or figures used to calculate indirect costs may include estimates in circumstances where actual figures could not be obtained.

The Funds are not expected to incur any indirect costs.

**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.**

## Contribution/withdrawal fee for Authorised Participants

These fees are only applicable only to Authorised Participants, as only Authorised Participants are able to create/redeem Units.

A contribution/withdrawal fee may be payable by an Authorised Participant with every creation/redemption of Units. The contribution/withdrawal fee applicable to each Fund is detailed in the following table.

	Contribution/ Withdrawal fee
iShares Core S&P/ASX 200 ETF	\$2,050
iShares Edge MSCI Australia Minimum Volatility ETF	\$985
iShares Edge MSCI Australia Multifactor ETF	\$1,025
iShares S&P/ASX 20 ETF	\$205
iShares S&P/ASX Dividend Opportunities ESG Screened ETF	\$510
iShares S&P/ASX Small Ordinaries ETF	\$2,020
iShares Core MSCI Australia ESG Leaders ETF	\$1,130

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. 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.

### 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 without your consent, we have no present intention to do so.

## Payments to advisers and other service providers

### Ongoing service commission

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

### Stockbroker fees for ASX investors

Investors buying and selling Units on the ASX will incur customary brokerage fees and commissions. These fees and charges 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 Client Services 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.

## 14. Primary market matters

### 14.1 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).

### 14.2 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. Additionally, Authorised Participants will only be permitted to create or redeem Units that have been aggregated into blocks of one Creation Unit or one Redemption Unit or multiples thereof.

Other investors looking to acquire or dispose of Units in a Fund may do so on exchange, through their stockbroker. We do not currently set any restrictions on secondary market transactions, such transactions, however, may be subject to minimum transaction amounts, as required by the exchange and/or your stockbroker.

In accordance with each Fund's constitution, we may set a minimum holding amount in respect of each Fund. Currently no minimum holding amount has been set, meaning unitholders can hold as little as one Unit in a Fund. Should we choose to set a minimum holding amount in respect of a Fund, in accordance with the provisions of each Fund's constitution, we may choose to redeem a unitholder's holding where the holding is below the stated minimum holding amount, without the need for a unitholder redemption request.

We may choose to alter the minimum unit creation and redemption sizes and minimum unit holding amounts in respect of a Fund from time to time. Unitholders will be notified of any such changes in accordance with the requirements of the Corporations Act and the relevant Fund's constitution.

### 14.3 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:
  - a Creation Basket with, if applicable, a cash amount representing any residual cash amount;
  - if approved by us, a Non-Standard Creation Basket, with cash in lieu of omitted securities and, if applicable, a cash amount representing any residual cash; or
  - if approved by us, cash, for a cash only Unit creation.

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).

Refer to the section of this PDS titled "Non-Standard Transaction requests" for further information on Non-Standard Creation Basket and cash only Unit creation requests.

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.

## 14.4 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:

- ▶ a Redemption Basket with, if applicable, a cash amount representing any residual cash amount;
- ▶ if approved by us, a Non-Standard Redemption Basket, with cash in lieu of omitted securities and, if applicable, a cash amount representing any residual cash; or
- ▶ if approved by us, cash, for a cash only Unit redemption.

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).

Refer to the section of the PDS titled "Non-Standard Transaction requests" for further information on Non-Standard Redemption Basket and cash only Unit redemption requests.

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.

## 14.5 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, but may also occur if trading or settlement on the ASX is closed, suspended or restricted. 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.

## 14.6 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. 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](http://www.blackrock.com/au/ishares). Refer to the Operating Procedures for details of each Fund's Business Day and Cut-off Time.

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).

## 14.7 Non-Standard Transaction requests

Authorised Participants may request the creation or redemption of Units on any Business Day by way of Non-Standard Creation Basket, Non-Standard Redemption Basket or cash only creation/redemption (Non-Standard Transactions).

Authorised Participants are responsible for notifying us of any Non-Standard Transaction request before the required Cut-off Time. Authorised Participants are, however, advised to notify us of any such requests as soon as possible.

We must approve any Non-Standard Transaction request before you take any action to transfer to us the securities forming a Non-Standard Creation Basket, cash or Units of a Fund (as applicable).

Non-Standard Creation Basket and Non-Standard Redemption Basket requests will require the Authorised Participant or the Fund (as applicable) to deliver additional cash in lieu of the omitted securities. Cash only Unit creation/redemption requests will require the Authorised Participant or the Fund (as applicable) to deliver cash in lieu of a Creation/Redemption Basket (as applicable).

Where an Authorised Participant submits a Non-Standard Transaction Unit creation request and the actual cost to the applicable Fund of acquiring the securities required to complete a Creation Basket differs from the value of those securities as at the relevant valuation time, the Authorised Participant will:

- ▶ where the actual cost to the applicable Fund of acquiring the securities is less than the value of those securities at the relevant valuation time, receive an amount from the applicable Fund equal to the difference; and
- ▶ where the actual cost to the applicable Fund of acquiring the securities is more than the value of those securities at the relevant valuation time, be required to pay an amount to the applicable Fund equal to the difference.

Where an Authorised Participant submits a Non-Standard Transaction Unit redemption request and the actual proceeds received by the applicable Fund for disposing of the relevant securities of a Redemption Basket to meet the Non-Standard Transaction Unit redemption request differ from the value of those securities as at the relevant valuation time, the Authorised Participant will:

- ▶ where the actual proceeds received by the applicable Fund for disposing of the securities is more than the value of those securities at the relevant valuation time, receive an amount from the applicable Fund equal to the difference; and
- ▶ where the actual proceeds received by the applicable Fund for disposing of the securities is less than the value of those securities at the relevant valuation time, be required to pay an amount to the applicable Fund equal to the difference.

In determining the actual cost and actual proceeds of acquiring and disposing of securities (as applicable), the actual brokerage incurred (and GST payable, after taking into account expected reduced input tax credits) is also taken into account.

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

## 14.8 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.

## 14.9 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](http://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.

## 14.10 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.



## 15. Distributions

### 15.1 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 based on the number of units in the Fund you hold.

The iShares Core S&P/ASX 200 ETF, iShares S&P/ASX 20 ETF, iShares S&P/ASX Dividend Opportunities ESG Screened ETF and iShares Core MSCI Australia ESG Leaders ETF generally distribute quarterly, with distributions being determined as at the end of March, June, September and December each year.

The iShares Edge MSCI Australia Minimum Volatility ETF, iShares Edge MSCI Australia Multifactor ETF and iShares S&P/ASX Small Ordinaries ETF generally distribute semi-annually, with distributions being determined as at the end of June and December each year.

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](http://www.blackrock.com/au/ishares).

### 15.2 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](http://www.blackrock.com/au).

### 15.3 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.

### 15.4 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.

## 16. Taxation

### 16.1 Overview

The Australian tax commentary below is provided for Unitholders and 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. This commentary does not address Unitholders who are temporary residents for tax purposes.

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.

### 16.2 Taxation of a Fund

The Responsible Entity intends to manage the Funds such that the Funds are not subject to Australian tax. An elective taxation regime is available to certain eligible management investment trusts, known as "Attribution Managed Investment Trusts" (AMITs). The existing tax rules for managed funds apply unless an election to enter the regime is made.

The Responsible Entity has made an irrevocable election for all eligible funds to enter the AMIT regime from 1 July 2017 (or from the commencement year for eligible funds launched after 30 June 2018) on the basis that entry into the AMIT regime is in the best interest of unitholders.

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 Unitholders) as it is intended that:

- ▶ for eligible funds that enter the AMIT regime: all taxable income will be 'attributed' to the unitholders in each financial year; and
- ▶ for funds that do not enter the AMIT regime: unitholders will continue to be presently entitled to all the income of a Fund in each financial year, with the existing tax rules for managed funds continuing to apply.

Under the AMIT regime, the Responsible Entity intends to allocate income to unitholders in the same overall manner as previously under the tax rules for managed funds.

### 16.3 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.

### 16.4 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 have been attributed or 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 2021 is included in the assessable income for 2020/2021, even if the cash is received in July 2021.

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.

### 16.5 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 (CGT)

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 CGT treatment.

#### Capital/revenue (MIT) election for Managed Investment Trusts

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 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.

Non-resident Unitholders will generally not be subject to withholding tax on capital gains made by managed investment funds which are 'fixed trusts' for tax purposes, unless those gains relate to certain direct or indirect interests in Australian real property.

#### Controlled foreign company (CFC) regime

A Fund may invest in foreign entities which could mean that the Fund becomes subject to Australia's CFC regime. If the CFC regime

applies, the Fund will determine any income attributable under the CFC rules. CFC attributable income will be included in the taxable income of the Fund (even if unrealised) and, generally, will be taxable to investors. Apart from Funds where there is specific disclosure in a Fund PDS regarding the application of the CFC regime, it is not expected that the Fund's interests in foreign entities will result in income attributed under the CFC Rules as generally the relevant control requirements should not be reached.

#### 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 (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.

### 16.6 Taxation of non-resident Unitholders

If a non-resident Unitholder is entitled to or attributed taxable income of a Fund, the Unitholder may be subject to Australian withholding tax. 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 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](http://www.ato.gov.au)) for further information. In addition, the distributable income of a Fund may include non-assessable amounts. Receipt of certain non-assessable amounts may have capital gains tax consequences.

### 16.7 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.

### 16.8 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.

### 16.9 Taxation reform

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

### 16.10 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 taxation 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 to 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.

### 16.11 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 or attribution of AMIT cost base adjustments or 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. Under the AMIT regime, AMIT cost base adjustments may increase or decrease the cost base of that Fund's Units for CGT purposes.

#### 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.

### 16.12 United States Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act (FATCA) is a US tax law aimed at financial institutions and other financial intermediaries to prevent tax evasion by US citizens and US tax residents through use of non-US investments or accounts. The FATCA provisions were included in the US HIRE Act, which was signed into US law on 18 March 2010. Australia has entered into an intergovernmental agreement (IGA) with the US 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 US 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.

### 16.13 Common Reporting Standards (CRS)

The Common Reporting Standard (CRS) is a new, single global standard on Automatic Exchange Of Information (AEOI). It was approved by the Organisation for Economic Co-operation and Development (OECD) in February 2014 and draws on earlier work of the OECD and the EU, global anti-money laundering standards and, in particular, the Model FATCA Intergovernmental Agreement. Under the CRS, participating jurisdictions will be required to exchange certain information held by financial institutions regarding their non-resident investors. The CRS was effective in Australia from 1 July 2017. The Funds will be required to provide certain information to the ATO about non-Australian tax resident holders of Shares (which information will in turn be provided to the relevant tax authorities. In light of the above, holders of Shares in the Funds will be required to provide certain information to the Funds to comply with the terms of the reporting systems.

## 17. Additional information

### 17.1 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 Client Services if you have any queries in relation to cooling off rights.

### 17.2 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](http://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.

### 17.3 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.

### 17.4 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 Client Services (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.

### 17.5 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 Client Services (refer to page 3 of this PDS for contact details).

### 17.6 Auditor

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

### 17.7 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 Client Services (refer to page 3 of this PDS for contact details).

### 17.8 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.

### 17.9 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. The designated market maker appointed by BlackRock in respect of each Fund has the experience to meet the requirements of the AQUA Rules and 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 portfolio composition file is published, which provides details of the securities that make up a Unit Creation/Redemption Basket.

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 each Fund 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.

### 17.10 Conflicts of interest and related party information

The Responsible Entity is a member of the BlackRock Group. BlackRock uses a global service delivery model across the BlackRock Group to deliver superior outcomes to its clients. In the delivery of functions, powers and duties to clients, we use multiple entities of the BlackRock Group (in addition to the Responsible Entity). For example, global order routing entails the use of multiple trading desks located in various regions and the use of global centres of excellence allows certain related parties to specialise in functions such as investment operations and portfolio management. Even though we use offshore related parties, the Responsible Entity has systems and procedures in place as the holder of an Australian financial service licence to monitor and supervise the services provided by our related parties. The Responsible Entity remains responsible and liable for the acts and omissions of any related party.

The BlackRock Group participates in global financial markets in a number of different capacities. The Fund may invest or engage in transactions with entities for which the BlackRock Group may perform services and may act as the seed, lead or only investor in an underlying strategy or fund, which may create a commercial opportunity for the BlackRock Group. For example, a seed investment in an underlying fund may allow the BlackRock Group to establish a track record for that fund that it is then able to sell to other clients. In addition, the Manager or persons associated with the Manager may invest in the Fund from time to time. All such transactions will be on an arm's length commercial basis.

In addition, 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.

The investment choices of a BlackRock Group entity for its fund or client accounts may, at times, be restricted as a result of aggregation limits. For example, with respect to certain industries and markets, corporate and/or regulatory requirements may limit the aggregate amount of investment in certain issuers by affiliated investors. Exceeding these limits without reporting or the grant of a license, exemption or other corporate or regulatory consent may result in fines or other adverse consequences to the relevant BlackRock Group entity its funds and/or its clients. As a consequence of these limits, the ability of a fund or a client to achieve its investment objective may be affected. A BlackRock Group entity, in order to avoid exceeding these limits may, among other actions, limit purchases, sell existing investments and/or transfer, outsource or limit voting rights.

In circumstances where ownership thresholds or limitations must be observed, the BlackRock Group has established policies and procedures which seek to equitably allocate limited investment opportunities amongst the relevant BlackRock Group accounts.

### 17.11 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](http://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 US 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 Client Services (refer to page 3 of this PDS for contact details).

### 17.12 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

Client Services (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 30 calendar days in accordance with our obligations.

If you have invested through an IDPS, superannuation fund or master trust and you have a complaint, you can contact the operator of such service, using the contact details they have provided. The operator of such service may respond to your complaint in accordance with processes that are different to those set out in this document. Alternatively, you can contact our Enquiries and Complaints Officer via Client Services.

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

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

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

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

### 17.13 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 (refer to 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.

#### Declaration – Relevant Interest

The below relates to the iShares Core S&P/ASX 200 ETF, iShares Edge MSCI Australia Minimum Volatility ETF, iShares Edge MSCI Australia Multifactor ETF and iShares S&P/ASX Small Ordinaries ETF.

ASIC Class Order [CO13/721] modifies section 609 of the Corporations Act, to ensure that the ability to lodge a Unit redemption request by an Authorised Participant does not by itself give rise to that Authorised Participant holding a relevant interest in the securities held by a Fund for the purposes of the takeovers provisions of Chapter 6 and the substantial holding provision of Chapter 6C of the Corporations Act.

This ASIC relief only applies while a Fund's Units are able to be traded on the ASX and will not apply once an Authorised Participant has made a Unit redemption request in respect of any Fund Units it holds.

This ASIC relief applies to the aforementioned Funds, which, at the date of this PDS employ an investment strategy the implementation of which would not be likely to lead to the scheme property of the Fund including securities in a class of securities that:

- ▶ would represent more than 10% by value of scheme property; and
- ▶ were, or would result in the Responsible Entity having a relevant interest in, securities in a listed company; an unlisted company with more than 50 members; a listed body that is formed or incorporated in Australia; or a listed scheme.

For the purposes of this ASIC relief, we confirm that the investment strategy for each Fund is to make investments that are expected to result in the value of a Fund Unit changing in proportion to the value of the Fund's Index, ignoring the effect of fees and expenses in relation to the Fund.

#### 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.

Periodic statements include the date on which the Unitholder bought or sold the Units, the number of Units transacted and an explanation why the price per Unit and total dollar value is not included.

### 17.14 Index provider disclaimers

#### S&P Dow Jones Indices LLC S&P

The "S&P/ASX Sustainability Screened Dividend Opportunities Index" is a product of S&P Dow Jones Indices LLC or its affiliates ("SPDJI") and has been licensed for use by BlackRock. S&P®, S&P 500®, US 500, The 500, iBoxx®, iTraxx® and CDX® are trademarks of S&P Global, Inc. or its affiliates ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); ASX® is a registered trademark of ASX Operations Pty Ltd ("ASX") and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by BlackRock. It is not possible to invest directly in an index. S&P/ASX Dividend Opportunities ESG Screened ETF are not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, any of their respective affiliates (collectively, "S&P Dow Jones Indices") or ASX. Neither S&P Dow Jones Indices nor ASX make any representation or warranty, express or implied, to the owners of the S&P/ASX Dividend Opportunities ESG Screened ETF or any member of the public regarding the advisability of investing in securities generally or in S&P/ASX Dividend Opportunities ESG Screened ETF particularly or



the ability of the S&P/ASX Sustainability Screened Dividend Opportunities Index to track general market performance. Past performance of an index is not an indication or guarantee of future results. S&P Dow Jones Indices' and ASX only relationship to BlackRock with respect to the S&P/ASX Sustainability Screened Dividend Opportunities Index is the licensing of the Index and certain trademarks, service marks and/or trade names of S&P Dow Jones Indices and/or its licensors. The S&P/ASX Sustainability Screened Dividend Opportunities Index is determined, composed and calculated by S&P Dow Jones Indices without regard to BlackRock or the S&P/ASX Dividend Opportunities ESG Screened ETF. S&P Dow Jones Indices and ASX have no obligation to take the needs of BlackRock or the owners of S&P/ASX Dividend Opportunities ESG Screened ETF into consideration in determining, composing or calculating the S&P/ASX Sustainability Screened Dividend Opportunities Index. S&P Dow Jones Indices and ASX have no obligation or liability in connection with the administration, marketing or trading of S&P/ASX Dividend Opportunities ESG Screened ETF. There is no assurance that investment products based on the S&P/ASX Sustainability Screened Dividend Opportunities Index will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment adviser, commodity trading advisory, commodity pool operator, broker dealer, fiduciary, promoter" (as defined in the Investment Company Act of 1940, as amended), "expert" as enumerated within 15 U.S.C. § 77k(a) or tax advisor. Inclusion of a security, commodity, crypto currency or other asset within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, commodity, crypto currency or other asset, nor is it considered to be investment advice or commodity trading advice.

NEITHER S&P DOW JONES INDICES NOR THIRD PARTY LICENSOR GUARANTEES THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE S&P/ASX SUSTAINABILITY SCREENED DIVIDEND OPPORTUNITIES INDEX OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES AND ASX SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P DOW JONES INDICES AND ASX MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY BLACKROCK, OWNERS OF THE S&P/ASX DIVIDEND OPPORTUNITIES ESG SCREENED ETF, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE S&P/ASX SUSTAINABILITY SCREENED DIVIDEND OPPORTUNITIES INDEX OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES OR [THIRD PARTY LICENSOR] BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE. S&P DOW JONES INDICES HAS NOT REVIEWED, PREPARED AND/OR CERTIFIED ANY PORTION OF, NOR DOES S&P DOW JONES INDICES HAVE ANY CONTROL OVER, THE LICENSEE PRODUCT REGISTRATION STATEMENT, PROSPECTUS OR OTHER OFFERING MATERIALS. THERE ARE NO THIRD-PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND BLACKROCK, OTHER THAN THE LICENSORS OF S&P DOW JONES INDICES.

## MSCI

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## 18. Glossary

ABN	means Australian Business Number.
AEOI	means the Automatic Exchange Of Information.
AFCA	means the Australian Financial Complaints Authority.
AFSL	means Australian Financial Services Licence.
AMIT, AMITs	means Attribution Managed Investment Trust(s).
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.
BlackRock Group	means BlackRock Inc and its subsidiary and affiliated entities collectively.
BlackRock Inc	means BlackRock, Inc. <sup>®</sup> .
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.
Corporations Act	means the Corporations Act 2001 (Cth).
CRS	means the Common Reporting Standards, a single global standard on the AEOI.
Cut-off Time	means the deadline by which BlackRock must receive Unit creation or redemption requests, as defined in the Operating Procedures.
DRP	means the distribution reinvestment plan for the Funds, as described in the section of this PDS titled "Distribution reinvestment plan".
DRP Rules	means the terms and conditions of the DRP Plan.
ETF, ETFs	means exchange traded fund(s).
FATCA	means the Foreign Account Tax Compliance Act.
Fund, Funds	means, as applicable, iShares Core S&P/ASX 200 ETF, iShares Edge MSCI Australia Minimum Volatility ETF, iShares Edge MSCI Australia Multifactor ETF, iShares S&P/ASX 20 ETF, iShares S&P/ASX Dividend Opportunities ESG Screened ETF, and/or iShares S&P/ASX Small Ordinaries ETF and/or iShares Core MSCI Australia ESG Leaders ETF.
GIMI	means the MSCI Global Investable Market Indexes.
GST	means Goods and Services Tax.

IGA	means the intergovernmental agreement between the US and Australia to implement FATCA in Australia.
Index, Indexes	means, as applicable, MSCI Australia IMI Select Minimum Volatility Index, MSCI Australia IMI Diversified Multiple-Factor Index, S&P/ASX 20 Total Return Index, S&P/ASX 200 Total Return Index, S&P/ASX Sustainability Screened Dividend Opportunities Index, S&P/ASX Small Ordinaries Total Return Index and/or MSCI Australia IMI Custom ESG Leaders Index.
IWF	means Investable Weight Factor, the “float factor” assigned to issues in the indexes issued by S&P.
MIT, MITs	means managed investment trust(s).
Model	means either the minimum volatility model or multi-factor model applied to the Parent Index to create the MSCI Australia IMI Select Minimum Volatility Index and MSCI Australia IMI Diversified Multiple-Factor Index.
MSCI	means MSCI Inc. and its affiliates.
NAV	means net asset value.
NAV Price	means the NAV of a Fund divided by the number of Units on issue in that Fund.
Non-Standard Creation Basket	means any Unit creation basket of securities that includes cash in lieu of omitted securities and, if applicable, a cash amount representing any residual cash.
Non-Standard Redemption Basket	means any Unit redemption basket of securities that includes cash in lieu of omitted securities and, if applicable, a cash amount representing any residual cash.
Non-Standard Transaction	means any Unit create/redeem request by way of Non-Standard Creation Basket, Non-Standard Redemption Basket or cash only.
OECD	means the Organisation for Economic Co-operation and Development.
Operating Procedures	means the iShares Authorised Participant Operating Procedures, as amended from time to time.
OTC	means over the counter.
Parent Index	means the MSCI Australia IMI Index.
PDS	means this product disclosure statement dated 20 February 2023 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.
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.
Unitholder	means a person holding Units in a Fund.
US	means United States of America.