

13 March 2012

Market Announcements Office

ASX Limited

## QUOTATION OF iSHARES EXCHANGE TRADED FUND & PRODUCT DISCLOSURE STATEMENT

BlackRock Investment Management (Australia) Limited (“BlackRock”), on behalf of iShares®, makes this announcement regarding the following iShares exchange traded fund (the “Fund”):

ASX Code	Issuer	Fund
IGB	BlackRock	iShares UBS Treasury Index Fund

The Fund will be quoted on the AQUA Market of ASX effective 14 March 2012.

A copy of the Fund’s Product Disclosure Statement (“PDS”) is attached.

Disclaimer: Before investing in an iShares fund, you should carefully consider the appropriateness of such products to your circumstances, read the applicable Australian PDS and ASX announcements relating to the fund and consult an investment adviser.

For more information about iShares funds (including Australian PDSs) go to [iShares.com.au](http://iShares.com.au) or call 1300-iShares (1300 474 2737).

\*\*\* END \*\*\*



## iShares UBS Treasury Index Fund (ASX: IGB)

### Product Disclosure Statement

Dated 2 March 2012

iShares UBS Treasury Index Fund  
ARSN 154 626 865  
BlackRock Investment Management (Australia) Limited  
ABN 13 006 165 975  
Australian Financial Services Licence No 230523

## iShares UBS Treasury Index Fund

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**IMPORTANT INFORMATION:** Neither the performance of the Fund offered in this Product Disclosure Statement nor the repayment of capital or any income from the Fund is guaranteed by BlackRock Investment Management (Australia) Limited, or any member of the BlackRock Group of companies. Investment products are subject to investment risk, and possible delays in repayment and loss of income and principal invested. This Product Disclosure Statement can only be used by investors receiving it (electronically or otherwise) in Australia.

## 1. Before you start

### 1.1 The Issuer of this PDS

Investment in the iShares UBS Treasury Index Fund (referred to in this Product Disclosure Statement ("PDS") as the "Fund") is offered and managed by BlackRock Investment Management (Australia) Limited ABN 13 006 165 975, AFS Licence No. 230523 (referred to in this PDS as "BlackRock", the "Responsible Entity", the "Issuer", the "Manager", "we", "our" or "us").

BlackRock is the Issuer of this PDS and of Units in the Fund. Neither BlackRock nor any of our associates or related bodies corporate guarantees the success of the Fund, the achievement of the investment objective, or the repayment of capital or particular rates of return on investment or capital.

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

### 1.2 About this Product Disclosure Statement

This PDS describes the main features of the Fund and is dated 2 March 2012.

A copy of this PDS has been lodged with the Australian Securities and Investments Commission ("ASIC") and ASX Ltd ("ASX"). Neither ASIC nor the ASX take any responsibility for the contents of this PDS. An application for quotation on the ASX has been made to the ASX and as at the date of this PDS quotation has not commenced. No applications for Units will be accepted until the exposure period for the Fund, as required by the Corporations Act 2001 (Cth) (the "Corporations Act"), has expired. Once the exposure period has expired BlackRock may determine when applications for Units can be accepted.

In preparing this PDS, we did not take into account your particular investment objectives, financial situation or needs. As the needs and aspirations of investors differ, you should consider whether investing in the Fund is appropriate for you in light of your particular needs, objectives and financial circumstances. You may also wish to obtain independent advice.

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 the Corporate Directory section of this PDS for contact details).

### 1.3 Changes to this PDS and access to additional information

Certain information in this PDS is subject to change. We will notify you of any 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 performance information, fund size, current Unit prices and other general information relating to the Fund can be obtained:

- ▶ from our website at [au.iShares.com](http://au.iShares.com);
- ▶ from your financial adviser; or
- ▶ by contacting our iShares Call Centre (refer to the Corporate Directory section of this PDS for contact details).

We may update this PDS (including the terms and features of the Fund where we can according to the Fund's constitution and the law) with changes that are not materially adverse without issuing a supplementary PDS. Any such updates may be obtained by visiting our website at [au.iShares.com](http://au.iShares.com), or by contacting our iShares Call Centre (refer to the Corporate Directory section of this PDS for contact details). A paper copy of any updated information is available free of charge upon request.

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

This PDS can only be used by investors receiving it (electronically or otherwise) in Australia.

In addition, certain Fund portfolio information will only be made available to Authorised Participants in relation to their activities as Authorised Participants.

### 1.4 Need help?

If you have questions about the Fund described in this PDS speak to your financial adviser.

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

Further information on the different iShares funds listed on ASX is available at [au.iShares.com](http://au.iShares.com) or from your financial adviser.

### 1.5 Offer eligibility

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

The minimum initial investment for Units in the Fund is 10,000 Units and the minimum amount for subsequent applications for creations and redemptions is also 10,000 Units per transaction.

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 the Fund by contacting the Registrar (refer to the Corporate Directory section of this PDS for contact details).

## 2. About iShares®

iShares are exchange traded funds (“ETFs”), which are managed funds quoted on exchanges around the world (including the ASX). ETFs are designed to give investors the opportunity to buy or sell a diversified portfolio of assets in a single transaction.

The name of each iShares fund generally refers to the fund’s underlying index. The provider of that index is responsible for choosing the components of the index and their weightings within the index.

There are many types of indices, some are narrow, tracking a single market sector with minimal holdings, while others are as broad as the entire market with hundreds of holdings. This means investors can use iShares to gain the exposure and diversification they want.

iShares is the world leader in ETFs with over 470 products offering interests in ETFs and trading on exchanges worldwide. These products account for approximately 40 per cent of the global ETF market as at the date of this PDS. Over the past ten years, iShares has cemented its position as the world leader through commitment to high quality products, investor education and superior client service.

iShares ETFs were first launched in Australia in October 2007. As at the date of this PDS, there are 19 cross-listed iShares ETFs and 4 domestic iShares ETFs quoted on the ASX, across both international and domestic shares.

iShares ETFs are brought to you by BlackRock, one of the world’s leading investment managers and itself an index-investing pioneer over many decades. BlackRock’s strength and stability are just some of the reasons for choosing iShares ETFs.

iShares® is a registered trademark of BlackRock Institutional Trust Company, N.A.

## 3. About BlackRock

BlackRock, Inc.® (“BlackRock, Inc.”) is a premier provider of global investment management, risk management and advisory services to institutional and retail clients around the world. Through BlackRock Solutions® – an outgrowth of our longstanding investment in sophisticated, integrated systems – we offer risk management services and enterprise investment system outsourcing to a broad base of institutional portfolios.

BlackRock, Inc., through its subsidiaries (the “BlackRock Group”), directly manages investments on behalf of institutional and retail clients from around the globe. The BlackRock Group has asset management teams covering all major asset classes, across many investment styles and regions globally. Through cutting edge systems, capabilities and an unqualified commitment to teamwork and communication across all its investment capabilities, the BlackRock Group delivers an unparalleled breadth of perspective and insights to the management of all its client portfolios.

Headquartered in New York, the BlackRock Group operates offices in different countries, maintaining a major presence in most key markets including the United States, the United Kingdom, Asia, Australia, the Middle East and Europe.

BlackRock, Inc. is the largest provider of ETFs in the world through its iShares family, which consists of over 470 funds and approximately US\$ 620 billion of assets under management. A range of international iShares have been cross-listed on the ASX since October 2007. At June 30, 2011, BlackRock’s AUM was \$3.659 trillion.

### 3.1 Responsible Entity in Australia

BlackRock Investment Management (Australia) Limited is the responsible entity of the Fund. BlackRock Investment Management (Australia) Limited is a wholly-owned subsidiary of BlackRock, Inc. but is not guaranteed by any member of the BlackRock Group, including BlackRock Inc. When you invest with BlackRock you are gaining the expertise of an experienced team of Australian investment professionals across the full spectrum of investment styles and asset classes, including equities, fixed income, alternatives, and multi-asset class solutions, backed by the international resources and knowledge of the world’s largest asset manager.

We are a member of the Financial Services Council (FSC).

## 4. About the Fund

### 4.1 Investment objective and Fund strategy

The Fund aims to provide investors with the performance of the market, before fees and expenses, as represented by the UBS Treasury Index (the "Index").

The Fund seeks to achieve its objective by employing a full replication strategy to track the performance of the Index. If we determine that we can achieve a more efficient means of obtaining exposure to the Index, we may do so. For example, in rare circumstances where a particular Index constituent security cannot be acquired, a combination of existing or similar securities in the Index, of like quality, would be used. However, the Fund will not invest in financial derivative instruments. Where required by the ASX Operating Rules, we will not significantly change the Fund's investment objective, as described in this PDS, unless the change in objective has been approved by a resolution passed by at least 75% of votes cast by Unitholders who vote on the resolution at a meeting of Unitholders.

### 4.2 What the Fund invests in

In order to achieve its objective the Fund invests primarily in Investment Grade fixed income securities which reflect the minimum quality standard required to be included in the Index, and which are issued by the Australian Commonwealth Government.

Whilst the Constitution of the Fund 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 Fund other than temporary overdrafts which may be used as a means of managing certain cash flows.

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

### 4.3 About the Index

The UBS Treasury Index is designed to measure the performance of the Australian bond market which meets certain investment criteria and covers fixed interest bonds issued in the Australian debt market under Australian law.

The UBS Treasury Index, a sub-index of the UBS Composite Bond Index<sup>TM</sup>, is an index of valuations of the debt securities which are included in it. Below is set out a description of the manner in which the debt securities included in it are determined and also a description of the manner in which valuations are determined.

The UBS Treasury Index has been calculated since 31 March 1988.

### Which debt securities can be included in the UBS Treasury Index?

The debt securities which are included in the UBS Treasury Index are selected by UBS, from time to time, based on eligibility criteria. The key eligibility criteria for the debt securities which are included in the UBS Treasury Index are that the debt securities:

- ▶ are of a minimum quality which is determined by reference to levels published by independent service providers and bond rating firms. In addition, if any debt securities fall below that minimum quality then those debt securities are removed and the UBS Treasury Index is rebalanced (as further described below);
- ▶ are issued by the Australian Treasury (Commonwealth Government debt securities);
- ▶ are denominated in Australian dollars;
- ▶ are governed by the law of an Australian State or Territory or the Commonwealth of Australia;
- ▶ were issued in a minimum issue size of AUD 100 million; and,
- ▶ have a final maturity of less than 50 years.

In addition to the above, certain debt securities are excluded from the UBS Treasury Index, these include: convertibles notes, zero coupon notes, private placements, collateralised debt obligations, collateralised bond obligations and collateralised fund obligations, synthetic securitisations or hybrid capital securities.

The different debt securities are included in the UBS Treasury Index on the basis of their gross market value proportions, not on an equally weighted basis, and these proportions can be rebalanced on a daily basis. Such rebalancings can occur, for example, when interest or principal is received on the debt securities, the debt securities are redeemed or mature, or when there is a new issue of debt securities which are to be included in the UBS Treasury Index (which occurs at the beginning of the following month). Rebalancing is performed on the basis that interest and principal received on the debt securities are reinvested in all of the debt securities comprising the UBS Treasury Index and on the basis that it is performed in market value proportions at the day's closing prices.

As the UBS Treasury Index includes the value of reinvested interest and principal payments made on the debt instruments included in it, it is considered as a capital accumulation index - which means that it is designed to measure the total return from investing in those debt securities.



#### How are the valuations of those debt securities determined?

The UBS Treasury Index is a gross market value weighted index. This means that all debt instruments are valued using a determination of the price which an investor would pay to acquire the debt instrument. This price includes the value of future interest payments which are to be made under the debt securities.

These prices for debt instruments making up the UBS Treasury Index are taken from the firm closing prices at the end of the day from active UBS trading books. UBS employs periodic price testing to verify that its prices are consistent with market pricing.

#### Involvement of UBS AG entities in the Index

UBS AG provides the UBS Treasury Index. Conflicts of interest may exist between UBS AG in this role and UBS AG entities acting in other capacities. For example, a UBS AG entity may act as the issuer of or an obligor under a debt security and as a dealer, calculation agent or hedge provider in relation to a debt security. Various conflicts of interest may arise as a result of these different roles as well as from the overall activities of UBS AG entities. UBS AG entities shall be entitled to receive fees or other payments and exercise all rights, including rights of termination or resignation, which they may have, even though this may have a detrimental effect on the Issuer, the constituent debt instruments, an index or the Units.

#### 4.4 Performance of the Index

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

#### 4.5 Changes to the Index

BlackRock has no present intention to change the Index adopted by the Fund.

BlackRock will not substitute the Index for another index if to do so would significantly change the Fund's investment objective as described in this PDS, unless, where required by the ASX Operating Rules, the change of investment objective has been approved by a resolution passed by at least 75% of votes cast by Unitholders who vote on the resolution at a meeting of Unitholders.

#### 4.6 Rebalancing the Fund

The Fund will typically rebalance on a monthly basis in line with the Index. However, as stated above, the proportions of debt securities within the Index may be rebalanced intra-month and as often as daily by the Index provider. The Fund may rebalance intra-month in line with Index activity or to manage the overall exposure to remain within an acceptable tolerance as determined by the Manager.

#### 4.7 Benefits of iShares

Each iShares fund is a managed fund 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 benefits of investing in iShares funds include:

- ▶ **Diversification:** In contrast to a direct investment in a single company or bond, an iShares fund provides, as far as practicable or efficient, and possible, exposure to all of the securities or instruments within the index, which the particular iShares fund seeks to track. Notwithstanding, there may be a concentration of bonds issued by Australian Commonwealth or State governments in the case of fixed income iShares funds, and each fixed income iShares fund will invest only in debt securities and not in other asset classes, such as equities.
- ▶ **Liquidity and transparency:** Each iShares fund seeks investment results that correspond generally to the performance (before fees and expenses) of a particular index. As a traded security, an iShares fund enables you to enter and exit your holding on the ASX. You can easily track performance and trade during the ASX's trading hours (subject to ASX rules).
- ▶ **Managing risk:** Investing in an iShares fund can assist you in establishing a portfolio appropriate to your investment needs and suit your risk profile.
- ▶ **Lower cost:** As each iShares fund is passively managed and designed to follow a particular underlying index, the expenses of managing a fund are generally lower compared to other forms of retail managed funds. However, brokerage or adviser fees may still apply when buying or selling an ETF.
- ▶ **Receipt of income:** You will generally receive regular income from your investment in the form of distributions. Distributions will normally include interest and other income. There may be periods in which no distributions are made.
- ▶ **Accessibility:** iShares 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.

#### 4.8 Additional Information

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

- ▶ the Fund's daily Net Asset Value ("NAV") as at the close of the previous trading day for the Fund;
- ▶ where possible, and subject to availability, the Fund's estimated intra-day NAV current to a time which is no more than 15 minutes before the time the estimate is last available. It should be noted that the estimated intra-day NAV is an indicative figure only and may be subject to error;
- ▶ the Fund's daily NAV per Unit ("NAV Price") as at the close of the previous trading day for the Fund. It should be noted that the NAV Price is that which is applied to a creation or redemption application received prior to the close of trading on any Business Day, as per section 7.5;
- ▶ copies of the latest PDS;
- ▶ daily underlying holdings of the Fund, including the name and percentage composition of each asset by value relative to NAV as at the close of the previous trading day for the Fund;
- ▶ copies of Annual Financial Reports (the Fund's financial year ends 30 June);
- ▶ copies of Semi-Annual Financial Reports; and
- ▶ distributions (if declared).

Where the Fund is subject to the continuous disclosure requirements of the Corporations Act, we will satisfy our obligations by disclosing material information regarding the Fund on our website at [au.iShares.com](http://au.iShares.com). A paper copy of this material will be available from BlackRock free of charge upon request. This information will also be released to the ASX via the ASX Markets Announcements Platform ([asxonline.com.au](http://asxonline.com.au)). Certain Fund portfolio information will only be made available to Authorised Participants in relation to their activities as Authorised Participants.

Prices of the underlying securities that form the Index will not be publicly available to investors at the point of sale as there is no consolidated source that reports prices of trades. Such information is generally only available to certain wholesale clients, as defined by the Corporations Act.

#### 4.9 About the AQUA Rules

The 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 2001.</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 2001 but must disclose information about:</p> <ul style="list-style-type: none"> <li>▶ the Net Tangible Assets ("NTA") or the Net Asset Value ("NAV") of the funds;</li> <li>▶ dividends, distributions and other disbursements; and</li> </ul> <p>any other information that is required to be disclosed to ASIC under section 675 of the Corporations Act 2001 must be disclosed to ASX via the ASX Company Announcement Platform at the same time it is disclosed to ASIC.</p>



ASX Listing Rules	ASX AQUA Rules
<b>Periodic disclosure</b>	
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.	Products quoted under the AQUA Rules are not required to disclose half yearly and annual financial information or annual reports under the AQUA Rules.  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 2001. These reports will be made available on our website at au.iShares.com.
<b>Corporate control</b>	
Requirements in the Corporations Act 2001 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.  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.	Certain requirements in the Corporations Act 2001 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.  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.  The responsible entity of an unlisted scheme quoted on the AQUA market may only be replaced by a resolution of members holding a majority of votes that are eligible to be cast on the resolution.
<b>Related party transactions</b>	
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.	Chapter 10 of the ASX Listing Rules does not apply to AQUA products.  Unlisted schemes quoted on the AQUA market remain subject to the related party requirements in Part 5C.7 and Chapter 2E of the Corporations Act 2001.

ASX Listing Rules	ASX AQUA Rules
<b>Auditor rotation</b>	
There are specific requirements in relation to auditor rotation under Part 2M.4 Division 5 of the Corporations Act 2001.	Issuers of products under the AQUA Rules are not subject to the requirements under Part 2M.4 Division 5 of the Corporations Act 2001.  The responsible entity of an unlisted scheme quoted on the AQUA market 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 2001.
<b>Disclosure</b>	
Entities admitted under the ASX Listing Rules are subject to the requirements of the Corporations Act 2001 in relation to the issue of a PDS.	Products quoted under the AQUA Rules will also be subject to these requirements of the Corporations Act 2001.

Source: ASX Rules Framework

#### 4.10 Announcements to ASX

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

#### 4.11 Securities lending

The Fund does not participate in a securities lending program for lending any of the fixed income securities in the portfolio.

## 5. Risks

### What are the significant risks?

Before you make an investment decision it is important to identify your investment objectives and the level of risk that you are prepared to accept. This may be influenced by:

- ▶ the timeframe over which you are expecting a return on your investment and your need for regular income versus long-term capital growth;
- ▶ your level of comfort with volatility in returns; or
- ▶ the general and specific risks associated with investing in particular funds.

### General risks

All investments have an inherent level of risk. Generally, there is a trade off between higher expected returns for higher expected risk – represented by the variability of fund returns. The value of your investment will fluctuate with the value of the underlying investments in the 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.

### What about the specific risks of this Fund?

The significant risks for this Fund are discussed below. The performance of the Fund will reflect the volatility of the Fund's underlying investments. If these risks eventuate, your distributions may be lower than expected or there may be none, and the value of your investment could fall.

The significant risks for this Fund may include:

**Market risk.** Past performance is not indicative of future performance. The Net Asset Value of the Fund will change with changes in the market value of the securities it holds. The price of Units 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 the Fund will achieve its investment objective or that an investor will achieve profits or avoid losses, significant or otherwise. The capital return and income of the Fund is based on the capital appreciation and income on the securities it holds, less expenses incurred. The Fund's return may fluctuate in response to changes in such capital appreciation or income. Furthermore, the Fund may experience volatility and decline in a manner that broadly corresponds with the Index.

**Secondary market trading risk.** Units of the Fund may trade on the ASX when the Fund does not accept orders to create or redeem Units. On such days, Units may trade in the secondary market with more significant premiums or discounts than might be experienced on days when the Fund accepts creation and redemption orders.

**Tracking error risk.** The Net Asset Value of the Fund may not correlate exactly with the Index. Factors such as the fees and expenses of the Fund, imperfect correlation between the Fund's assets and the securities constituting the Index, inability to rebalance the Fund's holdings of securities in response to changes in the constituents of the Index, rounding of prices, changes to the Index and regulatory policies may affect the Responsible Entity's ability to achieve close correlation with the Index of the Fund. The Fund's returns may therefore deviate from the Index.

**Concentration risk.** If the Index of the Fund is concentrated in a particular bond, group of bonds, industry or group of industries, the Fund may be adversely affected by the performance of those bonds and be subject to price volatility. In addition, where the Fund is concentrated in a single bond, group of bonds, industry or group of industries, it may be more susceptible to any single economic, market, political or regulatory occurrence. There may be limited counterparty diversification for the bonds comprising the Index, as they may be concentrated to Australian government bonds, either Commonwealth or State.

**Government bonds risk.** The price of government bonds will generally be affected by changing interest rates.

In periods of low inflation, the positive growth of a government bond fund may be limited.

There is a risk to the Fund that the Australian Treasury may not continue to issue government debt securities, or may close down the Commonwealth Government securities market.

**Liquidity risk.** Certain bond markets (especially secondary markets) may be relatively illiquid. The cost of dealing may be high in such illiquid markets. A disruption in the asset allocation in the Fund is also possible if underlying securities cannot be purchased or sold.

**Reliance on investment ratings risk.** Credit rating agencies assign various credit ratings to the individual securities that form part of a fund's portfolio. These ratings vary based on the perceived quality of those securities. For example, the term 'Investment Grade' denotes a certain level of quality of a security, which has been ascribed by an independent rating agency or agencies, though no guarantee of investment performance can be derived from this term. Grades determined by such agencies may form only one view of the security and should not be relied upon in isolation. Further, ratings are provided by commercial agencies that are paid for their services and therefore potential conflicts may exist in the classification of precise ratings grades. Rating agencies attempt to pursue principles and maintain standards that deliver effectiveness and reliability, however, neither an accurate rating classification determined when a bond is issued, nor accurate review during the life of a bond, can be assured.

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

- ▶ **Interest rate risk.** The Fund may invest in fixed income securities, which are subject to interest rate risk. An increase of interest rates will cause the values of fixed income securities (in particular fixed rate securities), and thus the value of the Fund, to decline. Interest rate risk is generally lower for shorter term fixed income investments and higher for longer term fixed income investments.
- ▶ **Income risk.** Falling market interest rates can lead to a decline in income for the Fund. This can result when, in a declining interest rate environment, the Fund reinvests into securities at a lower yield than then-current Fund portfolio yield.
- ▶ **Issuer risk.** The value of the Fund is subject to issuer risk of its underlying investments. A corporate issuer may willingly or unwillingly default on its obligation to make interest and principal payments. Issuer risk also includes sovereign risk, which is the probability that the government of a country (or an agency backed by the government) refuses to comply with the obligations during economically difficult or politically volatile times.
- ▶ **Credit risk.** The value of the Fund is affected by the credit worthiness of its underlying investments. A deterioration of credit quality (e.g. an issuer credit downgrade or credit event leading to a revised premium attributable to investment due to credit worthiness downgrade) of an underlying investment will adversely impact the value of such investment.
- ▶ **Counterparty risk.** Institutions, such as brokerage firms, banks, and broker-dealers, may enter into transactions with the Responsible Entity in relation to the sale and purchase of assets or securities. Such institutions may also be issuers of the securities in which the 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 the Fund. The Responsible Entity will use 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 Fund.

**Investment grading risk.** Generally when a security is downgraded its price decreases. Selling the security under these circumstances may mean crystallising an investment loss. An investment strategy of only investing in Investment Grade securities should generally lead to lower risk than holding non-Investment Grade securities, however, such strategy will also generally lead to lower income where Investment Grade securities have a lower coupon rate.

**Settlement risk.** The Fund may be exposed to settlement risk, as the Fund is reliant on the operation of CHES, including for Unit creation and redemption. The Fund is exposed to the extent that there is a risk that the 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.

**Trading risk.** While the creation/redemption feature of the Fund is designed to make it likely that Units will trade close to their Net Asset Value, disruptions to creations and redemptions may result in trading prices that differ significantly from Net Asset Value. Also, there can be no assurance that an active trading market will exist for Units of the Fund on any securities exchange on which Units may trade.

**Dealing risk.** Following quotation on the ASX, it is likely that the Units will initially not be widely held. Accordingly, any investor buying Units in small numbers may not necessarily be able to find other buyers should that investor wish to sell. In order to address such dealing risk, one or more market makers have been appointed.

**Insufficiency of spreads.** A preset spread related to issue or redemption price calculation in a cash creation or cash redemption will be determined prior to trading of the underlying securities to cover estimated trading costs. If such spread is narrower than the actual associated trading costs, the Net Asset Value of the Fund will be adversely affected.

**Distribution yield risk.** Whether or not distributions will be made by the Fund is at the discretion of the Responsible Entity taking into account various factors and its own distribution policy. Some factors are beyond the control of the Responsible Entity, such as issuer risk where the bond issuer fails to pay interest. There can be no assurance that the distribution yield of the Fund is the same as that of the Index due to factors such as expenses incurred by the Fund.

**Trading in Units on the ASX may be suspended.**

Investors will not be able to purchase or sell 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.

**Approval to quote Units on the ASX may be revoked.**

The ASX imposes certain requirements for the continued quotation of securities, including the Units, on the ASX. Investors cannot be assured that the Fund will continue to meet the requirements necessary to maintain the quotation of Units on the ASX or that the ASX will not change the quotation requirements. The Fund may be terminated if its approval to quote Units is revoked by the ASX. Dealings of Units on the ASX may not necessarily be suspended in the event that the creation and redemption of Units is temporarily suspended by the Responsible Entity in accordance with the terms of the Constitution. If the creation and redemption of Units is temporarily suspended, the trading price of the Units may be adversely affected and differ from the Net Asset Value of the Fund.

**No trading market in the Units.** Although application has been made for the Units to be quoted on the ASX and one or more market makers have been appointed, investors should be aware that there may be no liquid trading market for the Units or such market maker(s) may cease to fulfil that role. Further, there can be no assurance that Units will experience trading or pricing patterns similar to those of exchange traded funds which are issued by investment companies in other jurisdictions or those traded on the ASX which are based upon indices other than the Index.

**Reliance on Market Makers.** Investors should note that liquidity in the market for the Units may be adversely affected if there is no market maker for the Fund. It is the Responsible Entity's intention that there will always be at least one market maker for the Units.

**Legal and regulatory risk.** The Fund must comply with regulatory constraints or changes in the laws affecting it or its investment restrictions, which might require a change in the investment policy and objectives followed by the Fund. Furthermore, such change in the laws may have an impact on the market sentiment which may in turn affect the performance of the underlying Index and as a result the performance of the Fund. It is impossible to predict whether such an impact caused by any change of law will be positive or negative for the Fund. In the worst case scenario, a Unitholder may lose all its investments in the Fund.

**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. As responsible entity of the Fund, BlackRock have 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.

**Index risk.** This is the risk that the Index ceases to be available for use as the Fund's underlying index. If this were to occur, the Responsible Entity will use its best efforts to procure a suitable replacement index that, in the opinion of the Responsible Entity, is substantially similar to the original Index. If no such index is immediately available, the Responsible Entity will use its best efforts to work with the Index provider or an alternate index provider (as determined by the Responsible Entity in its discretion) to develop an index that, in the opinion of the Responsible Entity, is substantially similar to the original Index, or, if necessary, consider whether liquidating the Fund would be in the overall best interests of the Unitholders.

**BlackRock's approach to risk management**

BlackRock defines 'risk management' as the culture, processes and structures that are directed towards realising potential opportunities whilst managing materially adverse effects and dealing with uncertainty. Risk management is integral to BlackRock's culture and has been integrated into management and investment practices wherever possible. The Board of Directors of BlackRock ("the Board") 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.

BlackRock's Risk Management Framework ("Framework") has been designed taking into consideration industry best practice, regulatory guidance and standards and is consistent with the approach adopted globally by the BlackRock Group. BlackRock defines the Framework as that part of its management system concerned specifically with managing internal and external sources of risk that could have a material impact upon the BlackRock business, portfolios and or client funds. It encompasses the systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, treating and reporting on the material risks associated with conducting the business as determined by BlackRock. The Framework also sets out the responsibilities and procedures for the ongoing monitoring, audit and reporting of risks and the risk management functions generally.

Risk management is integrated into BlackRock's philosophy, practices and business plan and a culture of compliance is promoted. The Board has ultimate responsibility for ensuring the adequacy of risk management systems and ensuring that risks are identified and addressed in a timely and adequate manner. An appropriate risk management organisational structure has been established to assist the Board in execution of its responsibilities.

We aim to keep Fund risk to a minimum by monitoring the Fund on an ongoing basis.

## 6. Fees and other costs

### 6.1 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 fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

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

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

#### TO FIND OUT MORE

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

Government regulation requires all product issuers to include the standard consumer advisory warning as set out in the box on the left. The information in the box is standardised and does not provide any specific information on the fees and charges in this Fund and therefore, may not reflect what fees investors may be charged. You should refer to the fees in the fee template below for information on the specific fees and charges that apply to this Fund. All fees are in Australian dollars and, unless otherwise indicated, are inclusive of Goods and Services Tax ("GST") and takes into account expected reduced input tax credits in respect of the GST component of the fee.

### 6.2 Fees and other costs

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the Fund assets as a whole.

Information about taxes is set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

TYPE OF FEE OR COST	AMOUNT		HOW AND WHEN PAID
	If you are not an Authorised Participant	If you are an Authorised Participant	
<b>Fees when your money moves in and out of the Fund</b>			
<b>Establishment fee.</b> The fee to open your investment.	Nil	Nil	Not applicable.
<b>Contribution fee.</b> The fee on each amount contributed to your investment.	Nil	\$300 to create Units in the Fund.	The \$300 fixed fee to create Units in the Fund is applicable only to Authorised Participants at the time of creation as only Authorised Participants are able to apply for Units in the Fund.  If you are not an Authorised Participant, you will not be charged a contribution fee for your initial or any additional investments.
<b>Withdrawal fee.</b> The fee on each amount you take out of your investment.	Nil	\$300 to redeem Units in the Fund.	The \$300 fixed fee to redeem Units in the Fund is applicable only to Authorised Participants at the time of redemption as only Authorised Participants are able to redeem Units in the Fund.  If you are not an Authorised Participant, you will not be charged a withdrawal fee for withdrawals.
<b>Termination fee.</b> The fee to close your investment.	Nil	Nil	Not applicable.
<b>Management costs</b>			
The fees and costs for managing your investment.  Until Unitholders receive notice to the contrary, this will be charged as one management fee.	Current management fee: 0.26% p.a.	Current management fee: 0.26% p.a.	The management fee is calculated on the NAV of the Fund on a daily basis and is payable monthly or as otherwise incurred by the Fund. The deduction of the management fee is reflected in the unit price of the Fund.
<b>Service fees</b>			
<b>Investment switching fee.</b> The fee for changing investment options.	Nil	Nil	No specific switching fee is applicable.



### 6.3 Additional explanation of fees and other costs

#### Management costs

The management costs incorporate:

- ▶ management fee (for managing the Fund's investments); and
- ▶ expense recovery costs (other than abnormal costs and transaction costs).

Management costs are not deducted directly from your account. Instead, they are deducted from the assets of the Fund and are generally paid to the Responsible Entity from the Fund monthly in arrears.

#### Management fee

We receive a management fee for managing your investments in the Fund. Although the Fund Constitution allows us to receive a management fee of up to 5% p.a. of the Fund's NAV, we currently receive a lower management fee. The management fee that we receive forms part of the management costs, which are currently 0.26% p.a.

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

#### Expense recovery costs

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

Where an investment is made through an underlying fund managed by us or a related body corporate the management fees of the underlying fund will be rebated to the Fund. However, in certain circumstances additional expenses may be reflected in the unit price of the underlying funds.

#### Abnormal costs

Abnormal costs are expenses not generally incurred during the day to day operations of the Fund and are not necessarily incurred in any given year.

They are due to abnormal events such as the cost of running a Unitholder meeting or legal costs incurred by changes in the Fund's Constitution or defending legal proceedings. We will continue to seek reimbursement from the Fund in relation to these types of expenses should they arise.

#### Transaction costs

The Fund may incur transaction costs, such as brokerage, settlement costs, clearing costs (including custody movement charges) and stamp duty when Authorised Participants apply to create or redeem Units in the Fund (the aim of the buy-sell spread is to offset these transaction costs and is discussed below under the heading 'Buy-sell spreads for Authorised Participants') and when transacting to meet investment objectives. The amount of transaction costs incurred when transacting to meet investment objectives is dependent on a number of different variables, including the level of trading undertaken by the Fund. As such, we are unable to provide a meaningful estimate or example of these costs. Transaction costs are an additional cost to the investor but are generally reflected in the Unit price and not charged separately to the investor.

Brokerage services may be provided by entities related to the Responsible Entity, for which fees are charged. Such brokerage services will only be used where the fees are equal to, or more favourable than, the prevailing market pricing for such services.

#### Contribution/withdrawal fee for Authorised Participants

A contribution/withdrawal fee is payable with every creation/redemption of Units. This fee represents the 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 is applied to both creations and redemptions and is a separate flat dollar fee regardless of the size of the transaction.

This fee is in addition to the buy-sell spread for Authorised Participants, which reflects transaction costs associated with a creation or redemption of Units (refer below). The contribution/withdrawal fee is payable by the Authorised Participant to the 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.

The contribution/withdrawal fee is GST inclusive.

#### Buy-sell spreads for Authorised Participants

The buy-sell spread reflects the estimated transaction costs associated with buying and selling the underlying investments of a Fund when Authorised Participants apply to create or redeem Units in the Fund. The buy spread is added to the NAV Price and the sell spread is subtracted from the NAV Price. The buy or sell spread is an additional cost to the Authorised Participant and is incorporated into the total consideration paid by or received by the Authorised Participant in relation to a creation or redemption of Units in the Fund. It is not charged separately to Authorised Participants. The buy-sell spread is paid into the Fund and not paid to BlackRock.



In determining the estimate of the transaction costs included in the buy-sell spread, we take into account what the actual costs have been in the past and any other relevant factors that may impact on those costs in the future.

Custody and administrative movement charges and other fixed costs directly attributable to creations and redemptions by Authorised Participants are reflected in the transaction fee for Authorised Participants and do not get included in the buy-sell spread.

Authorised Participants should note that there may be circumstances in which BlackRock may exercise its discretion to increase the buy and/or sell spreads above those stated in the buy/sell spread information provided to Authorised Participants, for example where the costs associated with obtaining or disposing of the underlying assets are likely to be materially above those typically encountered in normal market conditions.

Prior notice of a change to the buy-sell spread will not ordinarily be provided.

The buy/sell spread for the Fund is distributed electronically to Authorised Participants.

**Can the fees and charges change?**

All fees and charges can change. They may vary over time as a result of changes to the product, changing economic conditions and changes in regulations, and may change without investors’ consent.

We will give investors 30 days prior notice of any proposed increase to our fees and charges (Authorised Participants should also refer separately to the ‘Buy-sell spreads for Authorised Participants’ section above). We may, under special circumstances, elect to vary the frequency of our fee collection.

The current fees applicable to your investment are set out under ‘Fees & other costs’ and although we have the power to change our fee structure, we have no present intention to do so.

**Ongoing Service Commission**

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

**Stockbroker fees for all other investors**

Investors other than Authorised Participants will incur customary brokerage fees and commissions associated with buying and selling Units on the ASX. This fee 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 us if you wish to inspect this register.

**Third party arrangements**

The provider of the Index may receive fees and other amounts in return for granting us a licence to use the Index.

**Example of annual fees and costs for the Fund**

The table below gives an example of how fees and costs in the Fund can affect your investment (as a Unitholder) over a 1 year period. You should use this table to compare this product with other managed investment products.

**6.4 Fund performance and size**

As the Fund was only recently established, no fund size or fund performance is available. Updated performance information will become available from our website at au.iShares.com.

Past performance is not a reliable indicator of future performance of the Fund.

<b>EXAMPLE - the iShares UBS Treasury Index Fund</b>		
<b>BALANCE OF \$50,000 WITH CONTRIBUTIONS OF \$5,000 DURING YEAR</b>		
<b>Contribution Fees.</b>	<ul style="list-style-type: none"> <li>▶ 0% (if you are not an Authorised Participant); or</li> <li>▶ \$300 (if you are an Authorised Participant)</li> </ul>	For every \$5,000 you put in, you will be charged: <ul style="list-style-type: none"> <li>▶ \$0 if you are not an Authorised Participant; or</li> <li>▶ \$300 if you are an Authorised Participant creating Units in the Fund.</li> </ul>
<b>PLUS</b>		
<b>Management Costs.</b>	0.26% per year	For every \$50,000 you have in the Fund you will be charged \$130 each year.
<b>EQUALS</b>		
<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 the year, then for that year you would be charged fees of: <p style="text-align: center;"><b>\$300 + \$130 = \$430</b></p> <p style="text-align: center;"><b>What it costs you will depend on whether you are an Authorised Participant, the investment option you choose and the fees you negotiate with your fund or financial adviser.</b></p>	

Please note this is an example. In practice, the actual investment balance of an investor will vary and the actual fees we charge are based on the value of the Fund, which also fluctuates. The amounts assume a constant investment of \$50,000 throughout the year and do not take into account any additional contributions made during the year. Management fees will also be charged in relation to additional contributions.

## 7. Primary market matters

### 7.1 Applications for creations and redemptions

Applications for creations and redemptions from the Fund must be made by an Authorised Participant.

Authorised Participants must complete the Application Form attached to this PDS (or comply with such other ordering method that the Responsible Entity may determine from time to time) to create or redeem Units and return it by the required 'cut-off time'. Please refer to the Operating Procedures for more detailed instructions about returning the Application Form to us. The Operating Procedures contain the following information relevant to Authorised Participants only:

- ▶ Fund cut-off times in relation to applications for creations and redemptions;
- ▶ Business Days that the Fund is open for applications for creations and redemptions; and
- ▶ After your initial investment in the Fund details on how to make subsequent applications for creations and redemptions from the Fund.

Authorised Participants for the Fund will receive a copy of the Operating Procedures or may contact the iShares Australia Capital Markets Desk (refer to the Corporate Directory section of this PDS for contact details).

Authorised Participants should read this information before making an investment decision. The Operating Procedures may change at any time.

In addition, for initial applications, Authorised Participants will need to complete an AP Agreement and will be required to comply with any additional requirements as set out in the agreement.

Please note that in certain circumstances we may be entitled to suspend or postpone applications or the payment of redemptions, including where trading on the ASX is closed, suspended or restricted.

Other investors looking to acquire or dispose of Units in the Fund may buy or sell Units on the ASX.

### 7.2 Minimum creation and redemption size

Except in respect of a distribution reinvestment, the minimum number of Units required for any creation or redemption of Units is 10,000 Units.

### 7.3 Applications for creations

An Authorised Participant may apply for the creation of any number of Units, equal to or greater than the minimum creation size stated above, by transferring cash into the Fund in return for which we will issue the Authorised Participant with the corresponding number of Units. The transfer of the Units created from us to the Authorised Participant is made through CHESSE.

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

### 7.4 Applications for redemptions

An Authorised Participant can apply to redeem any number of Units equal to or greater than the minimum redemption size of 10,000 Units by transferring the Units redeemed to us in return for cash. Redemptions by the Authorised Participant take place through CHESSE.

In certain circumstances we may be required or permitted by the Fund's Constitution to deduct other amounts (e.g. withholding tax) from the redemption proceeds that would otherwise be payable to a Unitholder. For more information please see the 'Distribution on Redemption' section on page 17.

### 7.5 Processing of applications for creations and redemptions

Generally, applications for creations and redemptions are processed each Business Day. If we receive your completed Application Form or order by the required 'cut-off time' on a Business Day, we will generally process your application for creation or redemption (as the case may be) using the NAV Price calculated as at the close of trading on that Business Day. This information is contained in the Operating Procedures. Those Authorised Participants who have agreed to submit applications for creations and redemptions using the iShares Online interface may do so in accordance with the iShares Online terms and conditions. The iShares terms and conditions are made available separately to Authorised Participants.

The 'cut-off time' is 2:00pm on each Business Day.

There are other process requirements and deadlines which Authorised Participants must comply with for applications for creations and redemptions of Units. These details are set out in the Operating Procedures.

If your completed Application Form or order is received after the 'cut-off time', or on a non-Business Day, we will generally process your application for creation or redemption (as the case may be) using the NAV Price calculated at the close of trading on the next Business Day after it has been received. However, we do not have an obligation to satisfy redemption requests within this period.

Settlement in respect of applications for creations and redemptions generally occurs through CHESS on T+3, which is in line with the relevant ASX rules.

The processing of applications for creations and redemptions may be suspended in certain circumstances. This will generally occur before or after the end of a distribution period, but there may be other circumstances, such as where the 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 the Fund. Any applications received during a period of suspension will be processed on the next available Business Day after the suspension has ended.

## 7.6 Calculation of Unit prices

When you invest in the Fund you are allocated a number of Units in the 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 NAV Price). The Unit price is determined as at the close of trading for each Business Day.

The NAV Price is based on the Net Asset Value ("NAV") of the Fund divided by the number of Units on issue in the Fund.

The NAV and NAV Price are generally calculated each Business Day. The NAV is determined by deducting the liabilities of the relevant fund or class (if applicable) from the market value of the assets of the relevant fund or class (if applicable). Assets and liabilities of the Fund are generally valued at their market value in accordance with the Fund's Constitution. The Unit price we apply for an application for creation or redemption received before the cut-off time set out under the heading 'Processing of applications for creations and redemptions' above will generally be the price based on the value of the assets in the Fund as at the close of that Business Day.

We have the discretion, however, to price 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 investors. BlackRock has a formal "Unit Pricing Discretions Policy". For a free copy of this please contact BlackRock (refer to the Corporate Directory section of this PDS for contact details).

Details of the daily NAV of the Fund and the Fund's NAV Price, as at the close of the previous trading day for the Fund, are available from our website at [au.iShares.com](http://au.iShares.com).

## 7.7 Calculation of settlement value for creations and redemptions

The settlement value for a creation by an Authorised Participant will be calculated by multiplying the number of Units created by the NAV Price plus the buy spread, and then adding the Authorised Participant transaction fee.

The settlement value for a redemption by an Authorised Participant will be calculated by multiplying the number of Units to be redeemed by the NAV Price less the sell spread, and then deducting the Authorised Participant transaction fee.

The settlement value for a creation and/or a redemption by an Authorised Participant may also contain an adjustment to reflect the income or interest attributable to the Fund's investment for the period between the time that the applicable NAV Price was determined and the time that the relevant application or redemption settles (as applicable).

Further information about buy/sell spreads is provided under the heading 'Buy/sell spreads for Authorised Participants' on page 13 of this PDS.

All creations and redemptions settle through CHESS on a delivery versus payment basis.

## 7.8 Fund liquidity

The redemption procedures described above will not apply where the Fund becomes non-liquid (as defined in the Corporations Act). In those circumstances, withdrawals may only be made in accordance with the Corporations Act. We will advise investors if the Fund becomes non-liquid and the terms of any withdrawal offer.

## 8. Distributions

### 8.1 Receipt of income

Any income you receive from your investments will be in the form of distributions. Your distribution may include interest and other income components.

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

The Fund distributes quarterly for the March, June, September and December quarters or on such other day as is determined by BlackRock. 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 only be made by direct credit into a nominated Australian bank account. Investors will receive a payment advice detailing the components of any distribution paid by the Fund.

Distributions (if any) may vary over time depending on income and gains received from the Fund's assets in a particular period. There may be periods in which no distributions are made. There may be periods for which distributions are higher than expected. This reflects the interim distribution policy and tax rules, as at the date of this document, which may change.

Following the determination of a distribution, the Unit price will fall to reflect the reduced value of the Fund following the payment of the distribution to investors – in other words will be priced to exclude the distribution entitlement.

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

Information in relation to distributions by the Fund will be disclosed to the ASX via the ASX Company Announcement Platform and made available on our website at [au.iShares.com](http://au.iShares.com).

### 8.2 Distribution Reinvestment Plan

A Distribution Reinvestment Plan ("DRP") is available to eligible Unitholders so that distributions are automatically reinvested into the Fund on behalf of the Unitholders, who receive additional Units.

Partial and full reinvestment is available. If no election is made, distributions will be automatically paid in cash.

Unitholders can participate in the DRP by registering directly with the iShares Registrar. Please refer to section 10.10 of this PDS for details of the Registrar.

Participation in the DRP is subject to terms outlined in the DRP Rules, which are available on our website at [au.iShares.com](http://au.iShares.com).

### 8.3 Distribution on redemption

When an Authorised Participant redeems from the Fund, the withdrawal amount may comprise a distribution of gains and/or income in the Fund. We will notify the redeeming Authorised Participant of the estimated amount of distribution included in the withdrawal amount, once that information is available. For more information please see the 'Taxation' section on page 18.

For a non-resident Authorised Participant, the Manager may withhold an amount of tax applicable to your distribution. This will reduce the amount of redemption proceeds payable or paid to you.

### 8.4 Tax statement

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

## 9. Taxation

### 9.1 Overview

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

The commentary assumes that Unitholders will be either:

- ▶ Authorised Participants, who will acquire or dispose of Units by creation, redemption or by acquiring and disposing of Units on the ASX AQUA market; or
- ▶ other investors, who will acquire or dispose of Units by buying or selling on the ASX AQUA market.

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

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

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

### 9.2 Taxation of the Fund

We do not expect the Responsible Entity to be subject to Australian income tax in relation to the income and gains of the Fund, as it is intended that investors will be presently entitled to all of the income of the Fund in each financial year.

You will be assessed on your share of the taxable income of a Fund to which you are presently entitled, regardless of whether you receive the distribution in cash or it is reinvested. You will be assessed in the year to which your entitlement relates.

For example, an income distribution for the period ending 30 June 2012 is included in the assessable income for 2011/2012, even if the cash is received in July 2012.

It is intended that Unitholders continue to be subject to tax on all of the income of the Fund under the new attribution rules proposed for the Managed Investment Trust ("MIT") regime (legislation yet to be tabled).

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.

### 9.3 Taxable income of the Fund

The taxable income to which you are entitled may include various amounts as described below. If the 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, the Fund can derive income including but not limited to interest, gains on the disposal of investments and other income.

Generally speaking, income derived by the Fund is taxable.

### 9.4 Taxation of financial arrangements

The new Taxation of Financial Arrangements ("TOFA") rules applied from 1 July 2010. Certain securities directly held by the Fund may constitute investments under TOFA. Under the TOFA tax rules, unrealised gains in relation to investments under TOFA may be included in the assessable income of the Fund.

### 9.5 Taxation of non-resident Unitholders

If a non-resident is entitled to taxable income of the Fund, the Manager may be subject to Australian tax. If you are a non-resident, you may be entitled to a credit for Australian income tax paid by the Manager in respect of your tax liability. Distributions to you of amounts attributed to Australian franked dividends will not be subject to withholding tax. Any distribution of unfranked dividends, interest or amounts in the nature of interest will, however, be subject to withholding tax. This is irrespective of whether distributions are paid in cash or reinvested as additional Units. Further, any distribution of other Australian income or capital gains from assets that are taxable Australian real property will be subject to withholding tax. The rate of tax will depend on whether the Fund is eligible for MIT status and your country of residence or address.

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. In addition, the distributable income of the Fund may include non-assessable amounts to Unitholders. Receipt of certain non-assessable amounts may have capital gains tax ("CGT") consequences.

### 9.6 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 your highest marginal rate plus Medicare levy. Some investors that make the investments in the 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.



## 9.7 Goods and Services Tax (GST)

Issue and withdrawal of Units are not subject to Goods and Services Tax ("GST"). Fees incurred (e.g. management fees) will attract 10% GST payable. Where under the GST legislation the Fund is entitled to credits for GST paid to another person, the cost of paying GST from the Fund will be reduced proportionately. Where entitled to do so the Responsible Entity will recover GST on its fees from the assets of the Fund.

## 9.8 Taxation Reform

The Federal Government is currently reviewing some taxation laws relating, for instance, to the creation of a new tax regime for MITs. This could result in change to the taxation treatment of your investment in the applicable Funds. We strongly recommend that investors monitor reforms closely and seek their own independent professional advice on the potential application of those reforms to their specific circumstances.

## 9.9 Applications for redemptions by Authorised Participants

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

### Redemptions

An Authorised Participant who applies for redemption of Units will be entitled to receive a withdrawal amount in cash, which may include a distribution of income from the Fund.

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

For a non-resident Authorised Participant, the Manager may withhold an amount of tax applicable to your distribution. This will reduce the amount of redemption proceeds payable or paid to you.

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

## 9.10 Acquisition and disposal of Units on the ASX AQUA market

This section contains general comments for Unitholders who will acquire and dispose Units and hold these Units on capital account. As the taxation implications are specific to each investor, we strongly recommend that Unitholders see their own independent professional advice.

### Acquisitions

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

### Disposals

The sale of Units on the ASX AQUA market, 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.



## 10. Additional information

### 10.1 No Cooling Off Rights

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

### 10.2 Reporting requirements

A copy of the audited annual financial report (the “Annual Report”) of the Fund is generally available by the end of September from us. The report will include a Balance Sheet, Income Statement, Cash Flow Statement, and Statement of Change in Equity, as well as Notes to the Financial Statements.

The Fund will be a disclosing entity as defined in the Corporations Act and will be subject to the regular financial reporting and continuous disclosure requirements of the Corporations Act. Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office. You may obtain copies of the Fund’s annual report, half-yearly financial reports and any continuous disclosure notices made on behalf of the Fund from our website. A paper copy of these materials will be available free of charge from BlackRock upon request.

### 10.3 Legal

We are the Responsible Entity for the Fund and as such, we are licensed by ASIC, which is responsible for regulating the operation of managed investment schemes like the Fund.

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

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

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

- ▶ Unitholder right to share in the Fund income, and how we calculate it;
- ▶ Unitholder right to withdraw from the Fund and what Unitholders are entitled to receive when they withdraw or if the 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 provides that the liability of each Unitholder is limited to its investment in the Fund. A Unitholder is not required to indemnify us or our creditors in respect of the Fund. However, no complete assurance can be given in this regard as the ultimate liability of a Unitholder has not been finally determined by the courts.

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

Other provisions include:

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

The Constitution also deals with our liabilities in relation to the Fund and when they can be reimbursed to us out of the Fund’s assets, for example, subject to the Corporations Act 2001:

- ▶ we are not liable for acting in reliance and in good faith on professional advice;
- ▶ we are not liable to Unitholders for any loss unless we fail to comply with our duties, fail to act in good faith or if we act negligently; and
- ▶ we can be reimbursed for all liabilities we incur in connection with the proper performance of our duties in respect of the Fund.

Amendment of the Fund’s Constitution is subject to both the Corporations Act 2001 and the terms of the Constitution itself.

#### 10.4 Termination of the Fund

The Fund will terminate on the earlier of:

- ▶ the eightieth anniversary of the day before the Fund commenced;
- ▶ the date specified by the Responsible Entity as the date of termination of the Fund in a notice given to Unitholders; or
- ▶ the date on which the Fund terminates in accordance with another provision of the Constitution or by law.

#### 10.5 Compliance Plan

In accordance with the requirements of the Corporations Act and ASIC Policy, the 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 the Fund. To oversee compliance with the Compliance Plan, we have established a Compliance Committee.

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

A copy of the Fund's Compliance Plan is available free of charge by contacting BlackRock (refer to the Corporate Directory section of this PDS for contact details).

#### 10.6 Auditor

We have an obligation under the Corporations Act 2001 to appoint an auditor for the Fund and an auditor for the Compliance Plan.

#### 10.7 Market maker

Under the AQUA Rules, we have certain obligations in respect of the Fund to ensure the development of an orderly and liquid market in the Fund. We have appointed J.P. Morgan Australia Limited (ABN 52 002 888 011) to act as the designated market maker for the Fund. The designated market maker may change from time to time, subject to the terms of the market making agreements entered into with the Issuer. The 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 the Fund by acting as buyer and seller in the secondary market.

Market makers enter into agreements with the ASX and the Issuer to act as a market maker and must have the necessary skill and expertise to perform a market making function.

Each day the basket of underlying securities of the Fund is published. The market makers apply a buy and sell spread (as distinct from the buy-sell spreads for Authorised Participants) to the value and publishes these prices on the exchange, continuously updating the prices throughout the trading day, to the extent required by the market making agreements entered into with the ASX and the Issuer, and trading as orders are submitted. Market makers are well positioned to assess the likely value of the interests and to provide prices throughout the day by, including but not limited to, subscribing to data services which provide intra-day offer prices for the underlying securities in the Index, deriving price information by analysing flows, and interacting with brokers and other bond market participants.

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

#### 10.8 Conflicts of Interest and Related Party Information

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

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

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

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

## 10.9 Index provider disclaimer

UBS Treasury Index (the “Index”) is a UBS AG, Australia Branch proprietary index. Any use of this index or its name must be with the consent of UBS AG acting through its Australia Branch.

UBS AG has agreed to the use of, and reference to the UBS Treasury Index by us in connection with the iShares UBS Treasury Index Fund (the “Fund”) and this product disclosure statement, but the Fund is not in any way sponsored, endorsed or promoted by UBS AG.

UBS AG does not make any warranty or representation or guarantee whatsoever, express or implied, either as to the results to be obtained as to the use of the Index or the figures or levels at which the Index stands at any particular day or otherwise. In addition, UBS AG gives no assurance regarding any modification or change in any methodology used in calculating the Index and is under no obligation to continue to calculation, publication and dissemination of the Index.

Furthermore, UBS AG does not warrant or represent or guarantee to any persons the accuracy or completeness of the Index and its computation or any information related thereto and no warranty or representation or guarantee of any kind whatsoever relating to the Index is given or may be implied. The process and basis of computation and compilation of the Index and the related formula, constituent benchmarks and factors may at any time be changed or altered by UBS AG without notice.

No responsibility or liability is accepted by UBS AG (whether for negligence or otherwise) in respect of the use of and/or reference to the Index by us or any other person in connection with the Fund, or for any inaccuracies, omissions, mistakes or errors in the computation of the Index (and UBS AG shall not be obliged to advise any person, including us or any investors, of any error therein) or for any economic or other loss which may be directly or indirectly sustained by us or any investors to the Fund or any other persons dealing with the Fund as a result thereof and no claims, actions or legal proceedings may be brought against UBS AG (including any of its subsidiaries or affiliates) in any manner whatsoever by any investor or other person dealing with the Fund. Any investor or other person dealing with the Fund does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on UBS AG.

No UBS AG entity acts on behalf of, or accepts any duty of care or any fiduciary duty to any investors in the Units or any other person. Each relevant UBS AG entity will pursue actions and take steps that it deems necessary or appropriate to protect its interests without regard to the consequences for investors in the Units. UBS AG entities may be in possession at any time of information in relation to the Issuer, the Units or the constituent debt securities, which may not be available to investors in the Units. There is no obligation on any UBS AG entity to disclose to investors any such information.

Although UBS AG will obtain information for inclusion in or for use in the calculation of the Index from sources which UBS AG considers reliable, UBS AG will not independently verify such information and does not guarantee the accuracy and/or the completeness of the Index or any data included therein. UBS AG shall not be liable (whether in negligence or otherwise) to any person for any error in the Index and UBS AG is under no obligation to advise any person of any error therein.

No financial product relating to the Index (including the Units) is sponsored, endorsed, sold or promoted by UBS AG and UBS AG makes no express or implied representations or warranties as to (a) the advisability of purchasing or assuming any risk in connection with any financial product (b) the levels at which the Index stands at any particular time on any particular date (c) the results to be obtained by the issuer or obligor of any financial product or any investor in a financial product or any other person or entity from the use of the Index or any data included therein in connection with any licensed rights or for any other use or any other matter. UBS AG makes no express or implied representations or warranties of merchantability or fitness for a particular purpose with respect to the Index or any data included therein.

Without limiting any of the foregoing, in no event shall UBS AG have any liability (whether in negligence or otherwise) to any person for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any investor, other person and UBS AG and must not be construed to have created such relationship.

## 10.10 Registrar

We have appointed Computershare Investors Services Pty Limited (“Computershare”) to maintain Unitholder records such as quantity of securities held, tax file number and details of participation in the DRP, as the registrar for the Fund.

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 Share Registrar for the Fund. Computershare has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this PDS. Please refer to the Corporate Directory section of this PDS for Computershare’s contact details.

### 10.11 Custody

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

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

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

### 10.12 Receipt of instructions

Please be aware that fraudulent or other unauthorised instructions can be made by persons with access to the 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.

### 10.13 Privacy Policy

The information requested during the application process is used by us for the primary purpose of establishing and administering your investment(s) with us. We are unable to process your application and provide you with the requested investment without this information. BlackRock may take steps to verify information collected.

A Privacy Policy detailing our handling of personal information is available upon request. You may request access to the information held by us about you and your investment(s), and we ask that you advise us of any changes to such information you may have provided.

We may disclose your information (or parts thereof) to external parties who act on our behalf in the operation of our business from time to time or as required by law. We may also disclose your information to external parties on your behalf, such as your financial adviser, unless you have instructed otherwise.

We, BlackRock, Inc. and its related bodies corporate may use your information on occasion, to inform you about other services or products offered by us or them, but you may elect to stop receiving such information at any time.

Please note, that in accordance with the requirements of the Anti-Money Laundering and Counter Terrorism Financing Act, we may need to collect identification information and documentation from you, your estate or anyone acting on your behalf, or be requested to disclose your personal information to the Australian Transaction Reports and Analysis Centre (AUSTRAC). We may decide to delay or refuse any request or transaction, including by suspending the issue or withdrawal of Units, if we are concerned that the request or transaction may breach any obligation of, or cause us to commit or participate in an offence under any anti-money laundering or counter-terrorism law. We will not incur any liability if we decide to do so.

If you wish to update or request access to your information or if you have any queries regarding our Privacy Policy, you may contact our Privacy Officer by contacting the BlackRock Client Services Centre (refer to the Complaints section of this PDS for contact details).

### 10.14 Complaints

We have established procedures for dealing with complaints. If you are an investor in the Fund and have a complaint, you can contact BlackRock by either:

- ▶ calling 1300 366 100;
- ▶ writing to our Enquiries and Complaints Officer at BlackRock, Level 18, 120 Collins Street Melbourne, Vic. 3000;
- ▶ faxing your enquiry or complaint to 1300 366 107; or
- ▶ emailing [clientservices.aus@blackrock.com](mailto:clientservices.aus@blackrock.com).

If you make a complaint to us, we will acknowledge receipt of the complaint and take steps to address the complaint. We will also provide you with a final response within 45 days in accordance with our obligations.

If your complaint is not addressed within 45 days from the date it was received, or you are not satisfied with our response, you may refer your complaint to the Financial Ombudsman Service ("FOS") of which we are a member and which is an independent entity. The FOS may only be available if you are a retail client.

The FOS contact details:

Mail: GPO Box 3, Melbourne VIC, 3001  
 Telephone: 1300 780 808  
 Website: [fos.org.au](http://fos.org.au)  
 Email: [info@fos.org.au](mailto:info@fos.org.au)

## 10.15 ASIC Relief

### Equal Treatment Relief

ASIC has granted relief under section 601QA of the Corporations Act 2001 from the equal treatment requirement in section 601FC(1)(d), to the extent necessary to permit the redemption requirements and procedures for Units and the provision of certain Fund portfolio information to Authorised Participants as described in this PDS. For the purposes of this relief it is important to note that only Authorised Participants (i) are able to redeem Units in the Fund; and (ii) will receive certain information in relation to scheme property of the Fund, together with the market makers for the Fund.

### PDS and Issue of Securities Requirements

ASIC has granted relief under section 1020F(1)(c) of the Corporations Act 2001 from sections 1013H and 1016D, to reflect the continuous offering of Units in the Fund. For the purposes of this relief Units issued pursuant to an application will be quoted under the AQUA Rules on the ASX with effect from the settlement of the issue of the relevant Units through CHESSE and on a monthly basis we will announce to the ASX via the ASX Markets Announcements Platform the Fund's total Units on issue within 5 Business Days of the month end. As the settlement of the issue of the relevant Units will be made through CHESSE, we will not be required to hold application monies prior to the issue of Units.

### Ongoing Disclosure Relief

ASIC has granted relief under section 1020F(1)(a) of the Corporations Act 2001 from the ongoing disclosure requirements in section 1017B on condition that BlackRock complies with the continuous disclosure requirements of the Corporations Act 2001 as if the Fund were an unlisted disclosing entity.

## 10.16 ASX Waiver

### ETF Definition

ASX has provided a waiver, in principle, to provide relief from the definition of "ETF" under ASX Operating Rule 7100 to allow the Fund to be an ETF for the definition of an AQUA Product, notwithstanding that the Fund only provides for cash-only creations and redemptions. It is expected that the waiver will be granted on quotation.

## 11. Corporate directory

<p><b>iSHARES CALL CENTRE</b></p> <p>Telephone: 1300 iShares (1300 474 2737) between 9:00am and 5:00pm Monday to Friday AEST</p> <p>Email: <a href="mailto:ishares.australia@blackrock.com">ishares.australia@blackrock.com</a></p>	<p><b>iSHARES AUSTRALIA CAPITAL MARKETS DESK</b></p> <p>BlackRock Investment Management Australia Limited Level 43, Grosvenor Place 225 George Street Sydney NSW 2000</p> <p>Telephone: (02) 9272 2345 Facsimile: (02) 9278 5573 Email: <a href="mailto:isharesaustralia.capitalmarkets@blackrock.com">isharesaustralia.capitalmarkets@blackrock.com</a></p>
<p><b>BLACKROCK INVESTMENT MANAGEMENT (AUSTRALIA) LIMITED</b></p> <p>Level 18, 120 Collins Street Melbourne VIC 3000</p> <p>Telephone: (03) 9657 3000 Facsimile: (03) 9657 3400</p>	<p><b>AUSTRALIAN LEGAL ADVISERS</b></p> <p>Minter Ellison Aurora Place 88 Phillip Street Sydney NSW 2000</p> <p>Telephone: (02) 9921 8888 Facsimile: (02) 9921 8123</p>
	<p><b>FUND REGISTRAR</b></p> <p>Computershare Investor Services Pty Limited Yarra Falls</p> <p>452 Johnston Street Abbotsford VIC 3067</p> <p>Telephone: <b>1300 iShares</b> (1300 474 2737) between 8:30am and 7:00pm Monday to Friday AEST Facsimile: (02) 8235 8209</p>



## 12. Glossary

<b>'Application Form'</b>	refers to the form for applications for creations and redemptions, which is attached to this PDS.
<b>'AQUA Rules'</b>	refers to the ASX Operating Rules that apply to AQUA products and AQUA trading.
<b>'ASIC'</b>	refers to the Australian Securities and Investments Commission.
<b>'ASX'</b>	refers to ASX Ltd, trading as the Australian Securities Exchange.
<b>'Authorised Participant'</b>	refers to persons who are wholesale clients as described in section 761G of the Corporations Act 2001 and who have entered into a relevant Authorised Participant Agreement.
<b>'Authorised Participant Agreement' or 'AP Agreement'</b>	refers to an agreement between us and an Authorised Participant governing the application and redemption of Units in the Fund.
<b>'Business Day'</b>	has the same meaning as in the ASX Operating Rules.
<b>'CHESS'</b>	refers to Clearing House Electronic Sub-register System.
<b>'Constitution'</b>	means the constitution of the Fund.
<b>'DRP'</b>	means the distribution reinvestment plan for the Fund, as described on page 17.
<b>'ETF'</b>	refers to an exchange traded fund.
<b>'Fund'</b>	refers to the iShares UBS Treasury Index Fund ARSN 154 626 865.
<b>'GST'</b>	means the Goods and Services Tax.
<b>'Index'</b>	refers to the UBS Treasury Index.
<b>'Investment Grade'</b>	refers to a term given to securities that have a high probability of payment of interest and repayment of capital. Typically refers to securities rated AAA, AA, A or BBB, or equivalent.
<b>'NAV'</b>	refers to the net asset value of the Fund.
<b>'NAV Price'</b>	refers to the NAV of the Fund divided by the number of Units on issue in the Fund.
<b>'PDS'</b>	means this product disclosure statement as amended or supplemented from time to time.
<b>'Registrar'</b>	means Computershare Investor Services Pty Ltd.
<b>'Responsible Entity', 'the Issuer', 'the Manager', 'we', 'our', 'us' or 'BlackRock'</b>	means BlackRock Investment Management (Australia) Limited ABN 13 006 165 975, AFS Licence No. 230523, the Responsible Entity of the Fund.
<b>'Unit'</b>	refers to an undivided share in the beneficial interest in the assets of the Fund as described in this PDS.
<b>'Unitholder'</b>	refers to a person holding Units in the Fund.

## iShares UBS Treasury Index Fund (ARSN 154 626 865)

### Application Form

BlackRock Investment Management (Australia) Limited  
 ABN 13 006 165 975  
 AFS Licence No. 230523.

This Application/Redemption Form may only be used if attached to the Product Disclosure Statement dated 2 March 2012.

You will also need to complete any forms required by BlackRock for client identification and verification procedures, including proof of investor ID requirements.

**Applications Fax No: 02 9278 5573**

**1. Account Name(s)**

<input type="text"/>	
<input type="text"/>	
Account Name	<input type="text"/>
Contact Name 1	Telephone <input type="text"/>
Email	Fax Number <input type="text"/>
Contact Name 2	Telephone <input type="text"/>
Email	Fax Number <input type="text"/>

**2. Address Details**

Registered office address

<input type="text"/>	<input type="text"/>
Number	Building and /or Street

Mailing Address

<input type="text"/>	<input type="text"/>	<input type="text"/>
Suburb/Town	State	Postcode
<input type="text"/>	<input type="text"/>	
Number	Street	
<input type="text"/>	<input type="text"/>	<input type="text"/>
Suburb/Town	State	Postcode

**3. Number of Units applied/redeemed**

The applicant applies to BlackRock Investment Management (Australia) Limited ABN 13 006 165 975, AFS Licence No. 230523 as Responsible Entity for the iShares UBS Treasury Index Fund for the creation/redemption of the number of Units specified (minimum 10,000 Units).

Number of Units to be created.	Number of Units to be redeemed.
<input type="text"/>	<input type="text"/>

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**4. Signatures & Acknowledgements**

I/We wish to subscribe for Units in the amount and allocation detailed above and in doing so, agree to be bound by the provisions of the Constitution (as amended) constituting the Fund.

I/We acknowledge that all information provided in this form is true and correct.

I/We acknowledge that I/we have obtained independent advice.

I/We have read the Product Disclosure Statement (including any Supplementary Product Disclosure Statement) to which this Application Form relates, together with the application instructions. I/We expressly acknowledge that this is not a bank deposit and that the return of capital, the performance of the Fund(s) or any particular rate of return are not guaranteed by BlackRock Investment Management (Australia) Limited, nor any member of the BlackRock Group.

I/We acknowledge that, upon receipt of this application, the Responsible Entity may enter into transactions for the Fund(s) in anticipation of payment of for creation/redemption monies, and I/we indemnify the Responsible Entity against any losses and expenses incurred by it if the creation/redemption monies are not by the specified payment date.

I/We agree to execute an Authorised Participant Agreement (including the operating procedures referred to in the Authorised Participant Agreement) in respect of an application for creation or redemption and agree to be bound by such Authorised Participant Agreement (including the operating procedures referred to in the Authorised Participant Agreement).

I/We agree to receive the annual reports concerning the Fund disclosed in this offer document in an electronic format unless I/we have notified the Responsible Entity otherwise.

**An investment in a Fund offered under the Product Disclosure Statement and this Application Form is not a deposit or other liability of BlackRock or its subsidiaries. Investment products are subject to investment risk, including possible delays in repayment and loss of income and principal invested.**

Where this application is signed under power of attorney the donee declares that they have not received any notification or revocation whether by death or otherwise. A company is required to sign in accordance with its constitution and the Corporations Act 2001 or under power of attorney.

I/We acknowledge that the Responsible Entity will rely on the continuing directions and acknowledgements given by us, until I/we notify the Responsible Entity in writing to the contrary.

I/We acknowledge that the terms and conditions set out on this Application Form will govern all other investments I/we make in the Fund(s) offered in this **Product Disclosure Statement**.

		Common Seal (if applicable)
Authorised person (PRINT NAME) 1		
Authorised person (PRINT NAME) 2		
Authorised person Signature 1	Date	
Authorised person signature 2	Date	

**Important**

Units will only be created/redeemed on (i) receipt of the Application Form issued together with this Product Disclosure Statement; or (ii) the iShares Online facility on the terms and conditions set out in the relevant AP Agreement.

This Product Disclosure Statement contains information about investing in the Fund. Before making an application for Units you should read this Product Disclosure Statement.

If you give another person access to the Application Form you must at the same time and by the same means give the other person access to this Product Disclosure Statement and any supplementary Product Disclosure Statement. The Responsible Entity will send you a paper copy of this Product Disclosure Statement, any supplementary Product Disclosure Statement and the Application Form on request and free of charge during the life of this Product Disclosure Statement.

This Application Form is only valid if attached to or accompanying the Product Disclosure Statement (electronic or paper copy) dated 2 March 2012.



**Melbourne**

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