

16 July 2015

Market Announcements Office
ASX Limited

**ANNOUNCEMENT – SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT
("SPDS")**

BlackRock Investment Management (Australia) Limited ("BIMAL"), is the Responsible Entity for the following Australian domiciled iShares® exchange traded fund quoted on the AQUA Market of ASX ("the Funds") listed in the table below.

ASX Code	Fund
IHD	iShares S&P/ASX Dividend Opportunities ETF

BIMAL would like to inform Unitholders that an SPDS has been issued. The SPDS is attached for reference and available at au.ishares.com.

Important Notice

Before investing in an iShares fund, you should carefully consider the appropriateness of such products to your circumstances, read the applicable Product Disclosure Statement ("PDS") and ASX announcements relating to the fund and consult an investment adviser.

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Supplementary Product Disclosure Statement No. 5

iShares S&P/ASX Dividend Opportunities ETF (ASX: IHD)

ARSN 146 080 926

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

Dated 16 July 2015

This Supplementary Product Disclosure Statement No. 5 is dated 16 July 2015 ("SPDS No. 5") and updates the Product Disclosure Statement dated 26 November 2010 ("PDS"), as amended by Supplementary Product Disclosure Statement dated 22 July 2011 ("SPDS No. 1"), Supplementary Product Disclosure Statement No. 2 dated 24 December 2012 ("SPDS No. 2"), Supplementary Product Disclosure Statement No. 3 dated 4 February 2014 ("SPDS No. 3") and Supplementary Product Disclosure Statement No. 4 dated 1 July 2014 ("SPDS No. 4"), for the iShares S&P/ASX Dividend Opportunities ETF (the "Fund"). This SPDS No. 5 must be read in conjunction with the PDS, SPDS No. 1, SPDS No. 2, SPDS No. 3 and SPDS No. 4.

A copy of this SPDS No. 5 has been lodged with the Australian Securities and Investments Commission ("ASIC") and released to the Australian Securities Exchange ("ASX"). Neither ASIC nor ASX take any responsibility for the contents of this SPDS No. 5.

This SPDS No. 5 sets out the following changes to the Fund:

Purpose of this SPDS No. 5

Changes to index methodology

Effective from 1 August 2015, section 5.3 of the PDS, titled "About the Index", as amended by SPDS No. 1, is deleted in its entirety and replaced with the following:

"5.3 About the Index

S&P Dow Jones Indices is the provider of the Index of the Fund. The Index is designed to serve as a benchmark for income ("yield") seeking investors investing in the Australian equity market. It seeks to provide exposure to high yielding common stocks from Australia while meeting diversification, stability and tradability requirements. The Index comprises 50 tradable ASX-listed common stocks that offer high dividend yields.

In constructing the Index the methodology employs a yield-driven weighting scheme while providing diversification across individual stocks and sectors. S&P Indices calculates the Index on both a price and total return basis. The Index is rebalanced semi-annually after the close of the last business day of January and July respectively.

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

- ▶ **Market capitalisation:** stocks must have a free-float market capitalisation of above \$AUD500 million as of the rebalancing reference date;
- ▶ **Average daily volume:** stocks must have a minimum six-month average daily value traded \$AUD2 million as of the rebalancing reference date;
- ▶ **Exchange listing:** stocks must be listed on the ASX; and
- ▶ **REITS:** stocks that are classified in the A-REIT sector (classified as a REIT according to the Global Industry Classification Standard) are excluded from the universe.

Stability criteria are also employed. The investable universe is screened for two stability factors to form the “selection universe” from which Index constituents are ultimately selected:

- ▶ **Dividend stability:** stocks must have stable or positive dividend growth over the last three years. For existing Index constituents negative dividend growth is permitted as long as any such negative growth does not exceed 5% over the last three years; and
- ▶ **Momentum:** Stocks must have the highest Momentum Scores, ranked in the top 90% of the selection universe. The “Momentum Score” is defined as the stock’s 12-month price change, excluding the most recent month, divided by the standard deviation of the stock’s daily price returns for the same period.

With respect to constituent selection, all stocks in the selection universe are first sorted on the basis of annual dividend yield as of the rebalancing reference date. The 50 highest yielding stocks are selected to form the Index, subject to a 20 stock buffer requirement for current Index constituents. If a current Index constituent is among the top 70 in the sorting, it remains in the Index. If not, the stock is replaced in the Index by the next largest stock that is not already an Index constituent. Index constituents are weighted in proportion to stocks’ total dividend (dividend yield multiplied by market capitalisation) subject to the following criteria:

- ▶ no single sector may have more than a weight of 30% or S&P/ASX 300 sector weight less 10%, whichever is higher, in the Index at each semi-annual rebalancing; and
- ▶ no single stock can have a weight of more than 10% in the Index at each semi-annual rebalancing.

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

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

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

We expect the Index to undergo semi-annual rebalances in January and July, and it may undergo periodic unscheduled rebalances at other times.

End-of-day values for the Index are available at www.blackrock.com.au.

Further information about S&P Indices and the Index is available at spdji.com.”

Terms used in this SPDS No. 5 have the same meanings as in the PDS, SPDS No. 1, SPDS No. 2, SPDS No. 3 and SPDS No. 4. Prior to investing in the Fund, a prospective investor must take into account and accept the foregoing information, as well as the information disclosed in the PDS, SPDS No. 1, SPDS No. 2, SPDS No. 3 and SPDS No. 4.