



12 January 2023

Continuous Disclosure Notice

BlackRock High Conviction Australian Equity Fund (Class D Units)

ARSN: 608 699 341

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BlackRock Investment Management (Australia) Limited (“**BlackRock**”, “**we**” or “**our**”) writes to inform you of some developments in relation to the BlackRock High Conviction Australian Equity Fund (Class D Units) (the “**Fund**”).

After an extensive review of the Fund, including engagement with an external consultant, we have decided to make changes in the way the Fund is managed.

The review took into account many factors, including a changing investment environment; the “investment universe” or “index” against which the Fund is managed - known as the “Benchmark”; the composition of the investment team managing the Fund; and the volatility of investment returns. The key objective of the review was to improve investment outcomes, whilst minimising the impact of any change to the Fund’s management to end-investors.

While the review determined that the “high conviction” nature of the Fund should be preserved—meaning it should continue to invest in a smaller number of stocks with a higher target for return—it found that unitholders would be better served by diversifying the areas in which the fund manager could invest. To that end, the Fund will shortly move to a benchmark (ASX 300) which will enable it to invest in areas previously outside of scope, for example the resources sector.

In line with the expanded investment universe, the review looked at various investment management options for high-conviction management and concluded that the appointment of Pental Institutional Limited (**Pental**) as investment sub-advisor to the Fund was the strongest option.

Following this, we have now entered into binding agreement with Pental, which will work with our investment team to reposition the Fund in-line with Pental’s well-established “Focus” strategy. The Focus strategy has a similar high conviction approach to the current strategy for the Fund, however it is able to invest in a broader range of sectors. The team behind the Focus Fund is led by Crispin Murray, who has a deeply resourced Australian equities team and 17 year track record of strong long-term performance.

The process of transitioning investment management teams will occur over the next few weeks. In the interim, the Fund will continue to be managed in line with its stated investment objective.

With the appointment of Pental, BlackRock will reduce the ongoing management fee for Class D Units in the Fund which will be communicated in more detail shortly. In addition, BlackRock will waive investment management fees for the Fund during the period from the date of this notice until transition of the portfolio management to Pental. BlackRock will also reimburse the Fund for the estimated transaction costs

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incurred in transitioning the portfolio, being the brokerage costs associated with the disposal and acquisition of assets.

BlackRock is making the above changes after conducting a thorough process. We have confidence in Pandal's approach to managing Australian equity portfolios and look forward to working with their portfolio managers on behalf of unitholders. BlackRock considers that these changes are consistent with our fiduciary obligations as responsible entity of the Fund and are in the best interests of unitholders.

We expect to be able to provide further details on these changes within the next few weeks.

Further Information

If you would like further information regarding the changes to the Fund, please contact your BlackRock account manager or our Client Services Centre using the contact details above.

Important Information

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