

31 July 2017

Dear Unitholder,

We're making some enhancements to the BlackRock Wholesale Balanced Fund and reducing fees

(ARSN 088 051 889, APIR PWA0822AU)

BlackRock Investment Management (Australia) Limited would like to inform you of a range of enhancements we will be making to the BlackRock Wholesale Balanced Fund (**Fund**), including a reduction in management fee.

Following a detailed periodic review of the strategy, we have decided to implement a number of enhancements that we believe will improve outcomes for investors, with changes taking place on or after 31 August 2017. These enhancements include:

- the transition to a more diversified strategic asset allocation
- greater use of tactical allocation
- increased flexibility to better manage total portfolio risk during periods of market extremes

While the Fund's Strategic Asset Allocation will be adjusted, the approximate 70:30 split between growth and defensive assets remains unchanged.

In addition to these investment enhancements **the Fund will be renamed the "BlackRock Tactical Growth Fund"** to better reflect the updated nature of the Fund's investment approach. The management fee on the fund will also be reduced to **0.85% p.a.** (from the current fee of 0.95% p.a.), which we believe is a competitive rate, providing better value for investors.

Further details of the key enhancements and other changes to the Fund are provided below.

Updated Fund Investment Objective

The Fund's investment objective will be updated, as shown below, to provide the flexibility needed to better manage total portfolio risk.

The investment objective of the Fund aims to outperform peer performance consistent with a "growth" orientated investment strategy encompassing:

- *a broadly diversified exposure to Australian and international assets*
- *active asset allocation, security selection and risk management*
- *flexibility to deviate meaningfully from the strategic asset allocation to help manage total portfolio risk*

The Fund aims to outperform its benchmark indices over a 5-year rolling period before fees.

Updated Strategic Asset Allocation

As part of the existing investment process, we review the Fund's Strategic Asset Allocation (**SAA**) periodically to assess asset classes for inclusion or exclusion and adjust allocation weights to reflect our forward-looking expectations of returns and risk.

As a result of a recent review, we will be making the following enhancements:

- increasing exposure to international growth assets, including International Real Estate Investment Trusts (**REITs**) and introducing Emerging Market Equities and Global Listed Infrastructure
- reducing the allocation to Australian Equities and removing the separate allocation to Australian REITs
- increasing the Fixed Income allocation (up weight Australia Bonds and down weight International Bonds) and the addition of Emerging Market Bonds
- reducing the allocation to Cash and increasing the foreign currency exposure

Further details of the changes to the SAA are outlined in the Appendix that follows this letter.

New Sources of Active Returns

In addition to the above SAA changes, we will also be adding several new sources of active returns to the Fund's investment strategy with the introduction of active strategies focusing on the following asset classes (which will be accessed via funds offered by the BlackRock group):

- Global Listed Infrastructure
- Emerging Markets Bonds
- Liquid Alternatives

The information in this letter is general information only and does not take into account your personal financial situation or needs.

You should consider consulting your financial adviser in relation to these changes should you have questions as to how these changes may affect you personally. Alternatively, if you have any general questions regarding the above changes, please contact the BlackRock Client Services Centre on 1300 366 100.

An updated Product Disclosure Statement for the Fund will be made once the enhancements take effect on or after 31 August 2017.

Yours sincerely



Jason Collins

Managing Director, Head of Client Business
BlackRock Australia



BLACKROCK WHOLESALE BALANCED FUND
(ARSN 088 051 889 APIR PWA0822AU)

Strategic Asset Allocation (SAA) Changes

*The approximate
70:30 split between
growth and
defensive assets
remain unchanged*

Asset Class	Current SAA Weights	New SAA Weights	Change
Australian Equities	32.0%	30.0%	-2.00%
Australian Real Estate Investment Trust (REITs)	5.50%	0.00%	-5.50%
International Equities (\$A Unhedged)	21.05%	18.0%	-3.05%
International Equities (\$A Hedged) ¹	7.70%	11.0%	3.30%
International REITs (\$A Unhedged)	0.00%	6.00%	6.00%
International REITs (\$A Hedged) ¹	2.00%	0.00%	-2.00%
Global Listed Infrastructure	0.00%	3.00%	3.00%
Emerging Market Equities	0.00%	3.00%	3.00%
Total growth assets	68.25%	71.00%	2.75%
Australian Fixed Income	14.0%	15.0%	1.00%
Global Fixed Income	8.00%	6.0%	-2.00%
Emerging Market Bonds	0.00%	3.00%	3.00%
Cash ²	9.75%	5.00%	-4.75%
Total defensive assets	31.75%	29.00%	-2.75%
Total	100%	100%	

1. 100% hedged in AUD

2. The Fund's cash allocation may include exposure to underlying funds through which active asset allocations are made