



26 May 2021

Dear Investor,

## **BlackRock Concentrated Industrial Share Fund (Class D) (BLK0012AU)**

**Please note that this is for your information only and no action is required from you.**

BlackRock Investment Management (Australia) Limited (“**BlackRock**”) as the responsible entity wishes to inform you of pending changes to BlackRock Concentrated Industrial Share Fund (the “**Fund**”). The modifications are the result of a strategic review of the Fund and are in the best interests of the investors of the Fund as a whole. The changes will be effective from 1 June 2021.

The changes include:

- **Name change**

We will rename the Fund to the ‘BlackRock High Conviction Australian Equity Fund’. The new name reflects the portfolio management team’s approach to portfolio construction, with a focus on finding quality companies and investing for the long term.

- **Fee reductions**

On 1 June 2021, the management and performance fees for the Fund will be adjusted as follows:

- **Management fee:** the Fund’s management fee will be reduced from 0.85% p.a. to 0.70% p.a.
- **Performance fee:** the Fund’s performance fee will be calculated net of management fee (that is, the performance fee will be charged on outperformance of the Fund’s benchmark after the management fee has been charged). Currently, the Fund’s performance fee is gross of management fee, which means the Fund does not recoup the management fee before the performance fee is calculated. There is no change to the rate of the performance fee, but going forward, we expect changing to calculation on a net basis will result in a lower performance fee being paid by investors.

- **Enhanced filters**

The quality filters included in the Fund’s investment process have been refined. These are:

- **Management:** engagement with key executives and board members to identify talented management teams.
- **Profitability:** rigorous evaluation of companies’ ability to generate profits.
- **Debt:** strict assessment of debt levels and the ability to service and repay debt.
- **Businesses:** superior businesses that are easy to understand.
- **Sustainability:** analysis of ESG risks and factors to identify companies well positioned to grow sustainably.

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- **Formalisation of ESG exclusions**

The Fund typically does not invest in sectors that are commonly avoided by ESG-oriented investors. From 1 June 2021 we will formally exclude these investments from the Fund. The Fund's excluded sectors are set out below.

- **Tobacco** - all producers.
- **Controversial Weapons** - zero tolerance.
- **Thermal Coal** - >5% Revenue from production and power generation.
- **Oil Sands** - >5% revenue from production.
- **Nuclear Weapons** - any tie.
- **Unconventional Oil and Gas** - >0% overall revenue.
- **Conventional Oil and Gas** - all companies deriving more than 0% revenue (either reported or estimated) from conventional oil and gas production and are deriving less than 40% revenue from products, services, or infrastructure projects supporting the development or delivery of renewable energy and alternative fuels.

There are no changes to the Fund's investment objective.

If you have any questions regarding these changes, or would like further information, including a copy of the updated Product Disclosure Statement, please contact the BlackRock Client Services Centre using the contact details shown above.

Yours sincerely

BlackRock

#### **IMPORTANT INFORMATION**

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