

BlackRock Global Small Cap Fund – Unit holder letter:

Wednesday 1 April, 2015

BlackRock Global Small Cap Fund – Team and Benchmark Changes

I write to inform you of some impending changes to the BlackRock Global Small Cap Fund ARSN 096 140 304 (the “Fund”).

Effective 30 April 2015, the investment management responsibility for the Fund will move from BlackRock’s Philadelphia-based Global Opportunities team to our Princeton-based Global Small Cap team. At the same date, the performance benchmark for the Fund will change from the S&P Global MidSmall Cap Index (unhedged in AUD) (the “Current Benchmark”) to the MSCI AC World Small Cap Index (unhedged in AUD) (the “New Benchmark”).

As responsible entity for the Fund, BlackRock Investment Management (Australia) Limited (“BlackRock”) considers that the changes to the investment management team and to the benchmark index are in the best interests of all members of the Fund.

This letter is to keep you informed on these changes. ***You do not need to take any action.*** The Fund will remain fully invested through the transition and there are no changes to the management or other fees as a result of the change in investment management team or benchmark index.

Please refer to the Q&A section on the following page for further information.

If you have any questions please contact either your financial advisor, or our Client Services Team on 1300 366 100 or at clientservices.aus@blackrock.com.

Yours sincerely

James Langlands

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Questions and Answers

1. Why is the investment management team change happening?

BlackRock has recently reviewed our global fundamental equity business to better align specialist investment teams and the funds they manage. As part of this review we have decided to transition management of the Fund to the small cap specialist Princeton-based team.

The current Philadelphia based investment management team for the Fund will continue to operate but will no longer manage the Fund and will focus on mid and larger cap stocks and global sector portfolios. By transitioning the Fund to the dedicated and well-resourced small cap team in Princeton, we are able to offer clients a strategy that focuses exclusively on global small-cap stocks.

The Princeton team has an established track record of strong returns relative to the New Benchmark.

2. Why is the benchmark index changing?

The change in benchmark index is linked to the change in investment management team. That said, we believe the New Benchmark is the best fit for a "pure" small cap index, noting that the Current Benchmark also includes mid-cap stocks. This focus on a pure small cap index better reflects the focus of the Fund and the Princeton investment management team.

3. What are the differences between the two indices?

The New Benchmark only includes small capitalisation stocks i.e. those with market caps below USD10 billion. In contrast the Current Benchmark has a maximum limit of USD33.4 billion. Regional exposures are similar. This means the average market cap of securities in the New Benchmark is lower and the number of securities included in the New Benchmark is smaller. A comparison is set out in the table below:

Characteristics	S&P Global MidSmall Cap Index (Current Benchmark)	MSCI AC World Small Cap Index (New Benchmark)
Average (Mean) Mkt Cap USDm	1,802	916
Median Market Cap USDm	766	479
Minimum Market Cap USDm	16	11
Maximum Market Cap USDm	33,482	10,000
# of Securities in universe	10,052	6,124

Regional Exposures (%)	S&P Global MidSmall Cap Index (Current Benchmark)	MSCI AC World Small Cap Index (New Benchmark)
Developed Americas	53.13	56.98
Developed Europe	22.59	18.65
Japan	8.44	9.55
Emerging Asia	6.81	7.24
Asia ex-Japan	5.59	4.95
Emerging Americas	1.52	0.88
Emerging Europe	0.89	0.71
Other	1.03	1.05

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4. Will there be any cost impact for unit holders as a result of the investment management and benchmark index change?

The change in benchmark index from small/mid cap to small cap will require some changes in the securities currently held by the Fund. This will involve costs to the Fund that will impact the value of the Fund. However, in order to minimise the impact of the transition in holdings on investors in the Fund and any costs to the Fund, the investment management team intends to gradually reposition the Fund over an extended period. The Princeton investment team will be fully responsible for the performance of the Fund from 30 April 2015.

5. Is the investment style and strategy the same?

Both the existing and the new investment teams for the Fund are led by experienced portfolio managers with significant investment expertise. The teams share a similar investment approach and emphasise bottom-up fundamental research as the backbone of their respective processes to identify companies the team believes can contribute strongly toward the objective of long term total return.

The Princeton team's investment philosophy is that superior investment performance can be achieved by investing in well-managed small companies with attractive valuation and growth characteristics while monitoring country and industry risk.

The Princeton team is backed by sector-focused research analysts and utilise shared resources across BlackRock's Global Fundamental Active Equity Platform and wider cross-asset forums. Given the future focus of the Fund solely on small caps, it is anticipated that the weighted average market cap of Fund holdings will decrease and the number of holdings will increase from its current level over time.

6. Will the Fund's management fees change?

No, there will be no changes to management fees for any unit class of the Fund.

7. Will there be any changes to the buy-sell spread?

We do not anticipate any change to the current buy-sell spread either during or after the transition. Investors should note however that we regularly review transaction costs and buy-sell spreads are subject to change to protect the interests of all investors in the Fund.

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BlackRock Hedged Global Small Cap Fund – Unit holder letter

Wednesday 1 April, 2015

BlackRock Hedged Global Small Cap Fund – Team and Benchmark Changes

I write to inform you of some impending changes to the BlackRock Hedged Global Small Cap Fund ARSN 096 140 260 (the “Fund”).

Effective 30 April 2015 the investment management responsibility for the BlackRock Global Small Cap Fund ARSN 096 140 304 (the “Underlying Fund”) into which the Fund substantially invests, will move from BlackRock’s Philadelphia-based Global Opportunities team to our Princeton-based Global Small Cap team. At the same date the performance benchmark for the Underlying Fund will change from the S&P Global MidSmall Cap Index (hedged in AUD) (the “Current Benchmark”) to the MSCI AC World Small Cap Index (hedged in AUD) (the “New Benchmark”). As such, the changes to the investment management team and benchmark index that apply to the Underlying Fund will also apply to the Fund. Investment management responsibility for the Fund’s passive currency hedge will not change and will remain with the same Sydney-based team.

As responsible entity for the Fund, BlackRock Investment Management (Australia) Limited (“BlackRock”) considers that the changes to the investment management team and to the benchmark index are in the best interests of all members of the Fund.

This letter is to keep you informed on these changes. ***You do not need to take any action.*** The Fund (and Underlying Fund) will remain fully invested through the transition and there are no changes to the management or other fees as a result of the change in investment management team or benchmark index.

Please refer to the Q&A section on the following page for further information.

If you have any questions please contact either your financial advisor, or our Client Services Team on 1300 366 100 or at clientservices.aus@blackrock.com.

Yours sincerely

James Langlands

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Questions and Answers

1. Why is the investment management team change happening?

BlackRock has recently reviewed our global fundamental equity business to better align specialist investment teams and the funds they manage. As part of this review we have decided to transition management of the Underlying Fund to the small cap specialist Princeton-based team.

The current Philadelphia based investment management team for the Underlying Fund will continue to operate but will no longer manage the Underlying Fund and will focus on mid and larger cap stocks and global sector portfolios. By transitioning the Underlying Fund to the dedicated and well-resourced small cap team in Princeton, we are able to offer clients a strategy that focuses exclusively on global small-cap stocks.

The Princeton team has an established track record of strong returns relative to the New Benchmark.

2. Why is the benchmark index changing?

The change in benchmark index is linked to the change in investment management team. That said, we believe the New Benchmark is the best fit for a "pure" small cap index, noting that the Current Benchmark also includes mid-cap stocks. This focus on a pure small cap index better reflects the focus of the Underlying Fund (and the Fund) and the Princeton investment management team.

3. What are the differences between the two indices?

The New Benchmark only includes small capitalisation stocks i.e. those with market caps below USD10 billion. In contrast the Current Benchmark has a maximum limit of USD33.4 billion. Regional exposures are similar. This means the average market cap of securities in the New Benchmark is lower and the number of securities included in the New Benchmark is smaller. A comparison is set out in the table below:

Characteristics	S&P Global MidSmall Cap Index (Current Benchmark)	MSCI AC World Small Cap Index (New Benchmark)
Average (Mean) Mkt Cap USDm	1,802	916
Median Market Cap USDm	766	479
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# of Securities in universe	10,052	6,124

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Japan	8.44	9.55
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Asia ex-Japan	5.59	4.95
Emerging Americas	1.52	0.88
Emerging Europe	0.89	0.71
Other	1.03	1.05

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4. Will there be any cost impact for unit holders as a result of the investment management and benchmark index change?

The change in benchmark index from small/mid cap to small cap will require some changes in the securities currently held by the Underlying Fund. This will involve costs to the Underlying Fund that will impact on the value of the Underlying Fund and therefore the value of the Fund, as a result of its investment in the Underlying Fund. In order to minimise the impact of the transition in holdings on investors in the Fund and Underlying Fund, the investment management team intends to gradually reposition the Underlying Fund over an extended period.

5. Is the investment style and strategy the same?

Both the existing and the new investment teams for the Underlying Fund are led by experienced portfolio managers with significant investment expertise. The teams share a similar investment approach and emphasise bottom-up fundamental research as the backbone of their respective processes to identify companies the team believes can contribute strongly toward the objective of long term total return.

The Princeton team's investment philosophy is that superior investment performance can be achieved by investing in well-managed small companies with attractive valuation and growth characteristics while monitoring country and industry risk.

The Princeton team is backed by sector-focused research analysts and utilise shared resources across BlackRock's Global Fundamental Active Equity Platform and wider cross-asset forums. Given the future focus of the Underlying Fund (and the Fund) solely on small caps, it is anticipated that the weighted average market cap of the Underlying Fund's holdings will decrease and the number of holdings will increase from its current level over time.

6. Will the Fund's management fees change?

No, there will be no changes to management fees for any unit class of the Fund.

7. Will there be any changes to the buy-sell spread?

We do not anticipate any change to the current buy-sell spread either during or after the transition. Investors should note however that we regularly review transaction costs and buy-sell spreads are subject to change to protect the interests of all investors in the Fund.

8. How will the change in benchmark impact on the passive currency hedging strategy of the Fund?

The Fund holds units in the Underlying Fund, plus a passive currency hedge. The currency hedge is managed by the Sydney-based BlackRock Multi Asset team.

The same Sydney-based team will continue to manage the passive currency hedge in the same manner, however the relative currency weightings will change to reflect the New Benchmark applicable from 30 April 2015.