

Important Dates

Open Dates	Offer periods will end annually on 30 June, 1 November and 1 March. Application moneys will be invested within 1 month following these dates.
Investment Date	The dates application moneys are invested in the Investment Strategy.
Maturity Date / Capital Protection Period	7 years

Key Information

Investment Type	Investment in a Separately Managed Account (SMA), a registered managed investment scheme (Capital Protected Top 20).
Responsible Entity	BlackRock Investment Management (Australia) Limited.
Investment Manager	BlackRock Investment Management (Australia) Limited.
Investment Strategy	BlackRock invests in securities in the S&P/ASX 20 Index – the 20 largest and most liquid stocks in the Australian stock market.
Capital Protection Provider	Deutsche Bank AG, Sydney Branch (Deutsche).
Capital Protection	BlackRock has entered into an agreement with Deutsche which requires payment of an amount at least equal to an investor's initial investment amount by Deutsche at the Maturity Date. Capital protection only applies at the Maturity Date .

Liquidity Available subject to Early Withdrawal Fees.

Distributions All dividends received from the Investment Strategy will be paid into an investor's nominated bank account. Fees will be deducted from this bank account.

Fees & Commissions

Capital Management Fee	3.50% p.a. based on the daily value of an investment in the Capital Protected Top 20 (includes any cash balance under the capital protection strategy).
Management Costs	A tiered fee ranging from 0.05% p.a. to 0.60% p.a. based on the value of an investment.
Adviser Fees	Up to 1.10% p.a. based on the daily value of an investment. This fee is rebateable. A one off 1.1% upfront fee paid out of the Capital Management Fee.
Early Withdrawal Fee	Calculated monthly by Deutsche and available at www.blackrock.com/au

What this Rating Means

The **Recommended** rating indicates that Lonsec has conviction that the fund or product can achieve its objectives and, if applicable, outperform peers over an appropriate investment timeframe. The manager or product has a number of competitive advantages in people, process and product design. The investment is a recommended entry point to access this asset class or strategy.

Product Risk Characteristics			
	Low	Moderate	High
Leverage			
Liquidity			
Counterparty			
Concentration			
Volatility			

Risk categories are based on Lonsec's qualitative opinion of the risks inherent in the product's asset class and the risks relative to other products in the relevant Lonsec sector universe.

Lonsec Opinion of this Product

- The BlackRock Capital Protected Top 20 provides investors with exposure to the Australian equities market with the benefit of capital protection at maturity. The separately managed account (SMA) structure in which an investor's underlying investment is held means investors are the beneficial owners of those underlying investments, in this case a portfolio of securities comprising the S&P/ASX 20 Index and any allocation to cash. Investors retain the benefits associated with direct ownership (except voting rights) including transparency, receipt of dividends (and any franking credits) and greater control over taxation matters.
- SMAs are a relatively new investment platform in Australia. BlackRock have been operating SMAs in the US for approximately 10 years and Lonsec considers BlackRock to be an appropriate counterparty in this capacity.
- The BlackRock Investment Management (Australia) Limited (BlackRock) quantitative investment team responsible for the Investment Strategy is known to Lonsec. The team is highly experienced and suitably qualified to undertake this role. Lonsec has high confidence in the BlackRock investment team being able to perform its requirements under the Investment Strategy.

- The capital protection strategy is managed by Deutsche Bank AG, Sydney Branch and is a combination of two popular capital protection techniques. The BlackRock Capital Protected Top 20 has been designed to overcome the limitations experienced by capital protected products in 2007–2008. Some of these products became “cash-locked” following sharp falls in equity and other markets as capital protection features acted to preserve capital and ensure investors received at least their initial investment amounts at maturity
- The BlackRock Capital Protected Top 20 incorporates a feature which means investors will always have a minimum exposure to the Investment Strategy (to be set on the Investment Date and expected to be a minimum of 40% of the investment amount).
- The total fees for this product are transparent. The Capital Management Fee is reflective of the high levels of volatility currently being experienced in global markets. The fee could be expected to be lower in periods of lower volatility. Many other structured products charge fees internally and are less transparent. Investors need to weigh up the additional fees against the benefit of the guaranteed minimum exposure provided by the capital protection strategy.

Using this Product

This is General Advice only and should be read in conjunction with the Disclaimer, Disclosure and Warning on the final page.

- Lonsec considers that an investment in the BlackRock Capital Protected Top 20 provides investors with a passively managed Australian equities exposure suitable for most risk profiles as outlined in Lonsec’s Risk Profile Review.

The BlackRock Capital Protected Top 20 may suit:

- Investors who believe the equity market sell-off in 2008 provides a good buying opportunity but are not willing to risk losing their capital.
- Investors seeking capital growth over the medium term and also requiring dividends (and any franking credits) during the investment term.

Responsible Entity

BlackRock Investment Management (Australia) Limited (“BlackRock”) is the Responsible Entity for the Capital Protected Top 20 and part of BlackRock Inc, a global investment management company. At 31 December 2008 BlackRock Inc’s asset under management totaled USD 7 trillion across all asset classes. In

September 2006, BlackRock merged with Merrill Lynch Investment Managers Limited.

BlackRock has been managing SMAs in the US for over 10 years. BlackRock manages over AUD 14.2 billion for investors across a range of products including fixed income, equities and property.

Investment Strategy

BlackRock invests application moneys in shares in the S&P/ASX 20 Index. As changes are made to the Index, the same changes will be made by BlackRock and reflected in an investor’s SMA.

Performance

The following table outlines the performance of the S&P/ASX 20 Index over the various periods ending April 2009:

S&P/ASX 20 Share Price Index				
	1 Yr	3 Yrs	5 Yrs	7 yrs
Performance (% pa)	-26.0	-7.1	3.8	2.1
Standard Deviation (% pa)	18.4	15.7	13.8	13.1
Worst Drawdown (%)	50.0	41.7	35.0	32.1

In the 5 year period to April 2009, the Index produced a gross annualised return of 3.8% with a volatility of 13.8%. Over the 1 year period to April 2009, the Index returned -26.0%.

How Does the Product Work?

The Capital Protected Top 20 is an investment in a separately managed account (SMA). Each investor’s investment amount is held in the name of BlackRock as the Responsible Entity of the SMA and held on trust for them.

The application amount is invested in accordance with the Investment Strategy, which is managed by BlackRock. The objective of the Investment Strategy is to match the return of the S&P/ASX 20 Index, before taking into account fees and expenses i.e. brokerage at the wholesale rate of 0.05%. Deutsche manages the capital protection strategy which seeks to return an amount to investors at least equal to the initial investment amount on the Maturity Date. The capital protection strategy is a combination of two popular techniques and represents a balance between

providing downside protection and the ability to participate any recovery following a sell-off.

The strategy seeks to address the main risk of allocation based capital protection strategies, which is the limited ability to participate in any recovery of the underlying market following any sharp fall.

Part of the strategy allocates investor funds between exposure to the Investment Strategy and cash depending on movements in the Investment Strategy. Broadly speaking, exposure to the Investment Strategy will fall (and exposure to cash increase) as the Investment Strategy falls. The remaining part of the strategy involves protecting an investor's downside via the purchase of put options over the Investment Strategy. Given current levels of heightened (and above long term average) volatility in global markets, the cost of purchasing put options over an investor's total exposure is considered exorbitant.

The net result is that investors always have an exposure to the Investment Strategy during the investment term and the product cannot become cash-locked. The minimum level of exposure is set on the Investment Date and expected to be at least 40%. This feature comes at a cost to investors, charged via the Capital Management Fee.

If the value of the capital protected amount is not equal to the initial investment amount on the Maturity Date, then provided BlackRock has followed the rebalancing instructions and complied with the agreement between BlackRock and Deutsche, Deutsche will pay any shortfall to investors.

Scenario Analysis

In general, if the Investment Strategy rises continuously over the investment term, exposure to the Investment Strategy will be maintained and investors could expect similar returns to a direct investment in the S&P/ASX 20 Index minus the fees and commissions associated with this product. If the Investment Strategy falls continuously over the investment term, exposure to the Investment Strategy will fall will reduce and exposure to cash increase. Investors would receive their investment amount at maturity. In a volatile market it is very difficult to provide any certainty of investor returns during the investment term and at maturity as the capital protection strategy used in this product means returns are path dependent. This means product returns are not only dependent upon the volatility of the Investment Strategy, but the timing of any growth.

What Happens at Maturity?

At maturity investors may:

- Instruct BlackRock to sell the securities in the SMA, or
- If the value of the securities in the SMA is greater than the initial investment amount, investors can remain invested in the SMA. Capital protection will no longer apply after the Maturity Date.

Liquidity

An investment in the Capital Protected Top 20 is designed to be held until maturity; however investors are able to redeem their investment prior to maturity by providing an early withdrawal notice to BlackRock. Early Withdrawal Fees are payable. These may be substantial and take into account costs associated with terminating the capital protection, volatility, interest rates and price movements of the securities in the Investment Strategy.

Risks

An investment in the BlackRock Capital Protected Top 20 carries a number of standard investment risks associated with international investment markets. These include economic, political, legal, tax and regulatory risks. These and other risks are outlined on pages 12 - 13 of the PDS and should be read in full and understood by investors. Lonsec considers the major risks to be:

Performance Risk

Investment returns are ultimately dependent on the performance of the Investment Strategy. There is no guarantee that the performance of the Investment Strategy will increase over the investment term.

Counterparty Risk

Investors are exposed to the creditworthiness of Deutsche as returns are dependent on Deutsche performing its obligations as they fall due. These obligations rank equally with other unsecured debt liabilities of Deutsche. Deutsche has long term credit ratings of A1 by Moody's Investor Services and A+ by Fitch Ratings.

Early Termination Risk

Deutsche may terminate the capital protection arrangements on the occurrence of certain events such as: if the Capital Protected Top 20 ceases to function, a change in tax laws or the termination of the agreement between Deutsche and BlackRock for any reason (including where BlackRock fails to invest the Investment Strategy in accordance with an agreed mandate). Capital protection only applies at the Maturity Date.

Taxation

Income

Dividends and any franking credits should generally be taxable as income in the year of receipt.

Capital Gain / Loss

Disposal of any investment in the Capital Protected Top 20 may result in a capital gain or loss (for disposal prior to maturity). CGT discounts may be applicable.

These comments constitute 'General Advice' only and Lonsec advises potential investors to consult a taxation specialist before making a decision to invest (or not to invest) based upon these taxation considerations. Investors should refer to page 18 of the PDS for more information regarding the taxation of shareholders.

Further information can be found at:

General number for enquiries: 1300 366 101

Email: clientservices.aus@blackrock.com

Analyst Disclosure & Certification

Analyst remuneration is not linked to the rating outcome. The Analyst(s) may hold the product(s) referred to in this document, but Lonsec considers such holdings not to be sufficiently material to compromise the rating or advice. Analyst(s) holdings may change during the life of this document. The Analyst(s) certify that the views expressed in this document accurately reflect their personal, professional opinion about the financial product(s) to which this document refers.

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