

# Annual Financial Report

30 JUNE 2009

BlackRock Investment Management (Australia) Limited ABN 13 006 165 975

Australian Financial Services Licence No 230523

## BlackRock Global Allocation Fund (Aust)

ARSN 114 214 701



**BLACKROCK**

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# Directors' Report

The directors of BlackRock Investment Management (Australia) Limited the Responsible Entity of the BlackRock Global Allocation Fund (Aust), present their report together with the financial report of BlackRock Global Allocation Fund (Aust) ("the Fund") for the financial year ended 30 June 2009 and the auditor's report thereon.

## Responsible Entity

The Responsible Entity of the Fund is BlackRock Investment Management (Australia) Limited (ABN 13 006 165 975) ("the Responsible Entity").

The registered office and principal place of business of the Responsible Entity and the Fund is 120 Collins Street, Melbourne, Australia.

## Principal Activities

The Fund invests in accordance with the provisions of the Fund's Constitution. The Fund did not have any employees during the year. There were no significant changes in the nature of the Fund's activities during the year.

## Directors

The following persons held office as directors of BlackRock Investment Management (Australia) Limited during the year or since the end of the year and up to the date of this report:

Director	Date appointed/resigned
M J O'Shannassy	Appointed 23 July 1997
R Fairbairn	Appointed 29 November 2004, resigned 2 March 2009
D Frawley	Appointed 18 March 2005
G A Boyle	Appointed 7 March 2007
C Tzatzakis	Appointed 11 September 2007
J R Kushel	Appointed 2 March 2009

## Review and Results of Operations

During the year, the Fund continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The Fund's current investment strategy is to invest in global equities, fixed income and cash. The Fund aims to maximise total investment returns while managing risk and is generally diversified across markets, industries and issuers. The Fund aims to identify the long-term trends and changes that could benefit particular markets and/or industries relative to other markets and industries and adopts a global flexible approach which provides the largest universe of securities from which to choose. Currency is actively managed in the Fund around a fully-hedged Australian dollar benchmark.

The Fund offers more than one class of units. Each class has a different fee structure that is the entry fee, management fee and other expenses may be different in each unit class.

## Results

The returns of the Fund are summarised in the following table below:

Fund	Return*	
	2009 %	2008 %
BlackRock Global Allocation Fund (Aust)		
- C Class Units	-14.39	2.39
- D Class Units	-13.63	2.82
- X Class Units	-13.65	3.84
- S Class Units	-14.13	2.57

\* Returns (after-fees) are calculated on the assumption that all distributions are reinvested in the Fund, and include the effect of compounding.

Detailed information on the Fund's distributions is provided in note 6 of the financial statements.

## Review and Results of Operations (continued)

### Reconciliation of Net Asset Value for Unit Pricing Purposes to Net Assets Attributable to Unitholders

It is the opinion of the directors that the application of AIFRS does not have unit pricing consequences, as the basis of determining the unit price is as outlined in the Fund's Constitution and product disclosure statement. The key differences between net assets for unit pricing and AIFRS Financial Reporting have been outlined below:

<b>BlackRock</b>		
<b>Global Allocation Fund (Aust)</b>		
	<b>30 June 2009</b>	<b>30 June 2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Net Assets for Unit Pricing Purposes	591,290	781,473
Permanent Differences		
AIFRS adjustments for changes in valuation of Financial Instruments held at Fair Value through Profit or Loss	(1,065)	(1,192)
Other	-	-
Timing Differences		
Distribution Payable	-	(92,488)
Other	472	400
Net Assets Attributable to Unitholders as at 30 June	590,697	688,193

### Significant Changes in State of Affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Fund that occurred during the financial year under review.

### Matters Subsequent to the End of the Financial Period

Except as disclosed in the Financial Statements, no matters or circumstances have arisen since 30 June 2009 that have significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) the state of affairs of the Fund in future financial years.

## Likely Developments and Expected Results of Operations

The Fund will continue to be managed in accordance with its investment objectives and guidelines and in accordance with the provisions of its Constitution.

Future results will accordingly depend on the performance of the investment markets to which the Fund is exposed. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns. Therefore future results have not been included in this report because it would be likely to result in unreasonable prejudice to the Fund.

## Indemnification and Insurance of Officers and Auditors

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of BlackRock Investment Management (Australia) Limited or the auditors of the Fund. So long as the officers of BlackRock Investment Management (Australia) Limited act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund. The auditors of the Fund are in no way indemnified out of the assets of the Fund.

No fees were paid out of Fund property to the directors of the Responsible Entity during the year.

## Environmental Regulations

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

# Directors' Report (continued)

## Rounding of Amounts to the Nearest Thousand Dollars

The Fund is a registered scheme of the kind referred to in Class Order 98/0100 (as amended) issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise stated.

## Additional Disclosures

The Fund has applied the relief available in Class Order 06/441 issued by the Australian Securities and Investments Commission in the preparation of this report. Accordingly, the additional information otherwise required to be included in the directors' report has been disclosed in notes 2, 4 and 6 to the financial statements.

## Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required by section 307C of the Corporations Act 2001 is set out on page 6.

The financial statements were authorised for issue by the directors on 28th September 2009.

This report is made in accordance with a resolution of the directors.

M J O'Shannassy  
Director

G A Boyle  
Director

Melbourne, 28 September 2009

# Auditor's Independence Declaration

The Board of Directors  
BlackRock Investment Management (Australia) Limited  
120 Collins Street  
Melbourne VIC 3000

## INDEPENDENCE DECLARATION – BLACKROCK GLOBAL ALLOCATION FUND (AUST)

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of BlackRock Investment Management (Australia) Limited, the Responsible Entity of the BlackRock Global Allocation Fund (Aust).

As lead audit partner for the audit of the financial statements of BlackRock Global Allocation Fund (Aust) for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

- (i) the audit independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any application code of professional conduct in relation to the audit.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

Neil A. Brown  
Partner  
Chartered Accountants  
Melbourne, 28 September 2009

Liability limited by a scheme approved under  
Professional Standards Legislation

# Balance Sheet as at 30 June 2009

		BlackRock Global Allocation Fund (Aust)	
		30 June 2009	30 June 2008
		\$'000	\$'000
	Notes		
<b>ASSETS</b>			
Cash and Cash Equivalents	5(a)	2,579	45,000
Income Receivable		1,364	1,331
Other Receivables		480	344
Financial Assets Designated at Fair Value through Profit or Loss			
– Equity Securities		334,449	470,396
– Interest Bearing Investments		259,246	273,802
Financial Assets held for Trading			
– Options		72	16
– Swaps		611	690
– Forward Foreign Exchange Contracts		2,235	2,474
<b>TOTAL ASSETS</b>		<b>601,036</b>	<b>794,053</b>
<b>LIABILITIES</b>			
Bank Overdraft	5(a)	1,657	927
Margin Accounts		–	114
Distribution Payable	6	–	92,488
Accounts Payable and Accrued Expenses		5,909	6,348
Financial Liabilities held for Trading			
– Options		2,160	3,144
– Swaps		182	1,161
– Forward Foreign Exchange Contracts		431	1,678
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)</b>		<b>10,339</b>	<b>105,860</b>
<b>Net Assets Attributable to Unitholders (Liability)</b>	4	<b>590,697</b>	<b>688,193</b>
<b>NET ASSETS</b>		<b>–</b>	<b>–</b>

The above Balance Sheet should be read in conjunction with the accompanying notes.

# Income Statement for the year ended 30 June 2009

		<b>BlackRock</b>	
		<b>Global Allocation Fund (Aust)</b>	
	<b>Notes</b>	<b>30 June 2009</b>	<b>30 June 2008</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>INVESTMENT INCOME</b>			
Net Gain/(Loss) on Financial Assets designated as at Fair Value through Profit or Loss		6,554	(61,949)
Net Gain/(Loss) on Financial Assets held for Trading		(112,475)	76,682
Dividend Income		8,593	7,174
Interest Income		187	118
Other Operating Income		37	120
<b>TOTAL INVESTMENT INCOME/(LOSS)</b>		<b>(97,104)</b>	<b>22,145</b>
<b>EXPENSES</b>			
Responsible Entity's Fees and Performance Fees	2(a)	943	4,314
Transaction Costs		152	384
Other Operating Expenses		31	49
<b>TOTAL OPERATING EXPENSES</b>		<b>1,126</b>	<b>4,747</b>
<b>NET OPERATING PROFIT/(LOSS)</b>		<b>(98,230)</b>	<b>17,398</b>
<b>FINANCING COSTS ATTRIBUTABLE TO UNITHOLDERS</b>			
Distributions to Unitholders		-	92,488
Increase/(Decrease) in Net Assets Attributable to Unitholders	4	(98,230)	(75,090)
<b>NET PROFIT/(LOSS) FOR THE YEAR</b>		<b>-</b>	<b>-</b>

The above Income Statement should be read in conjunction with the accompanying notes.

# Cash Flow Statement for the year ended 30 June 2009

<b>BlackRock</b>			
<b>Global Allocation Fund (Aust)</b>			
	<b>Notes</b>	<b>30 June 2009</b>	<b>30 June 2008</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from Sale of Financial Instruments held at Fair Value through Profit or Loss		962,414	2,681,307
Purchase of Financial Instruments held at Fair Value through Profit or Loss		(925,457)	(2,817,134)
Transaction Costs on Purchase of Financial Instruments held at Fair Value through Profit or Loss		(152)	(384)
Interest Received		158	106
Dividends Received		8,621	6,970
Other Income Received		16	1
Responsible Entity Fees Paid		(954)	(3,990)
Operating Expenses Paid		-	(307)
<b>NET CASH INFLOWS/(OUTFLOWS) FROM OPERATING ACTIVITIES</b>	5(b)	44,646	(133,431)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Applications by Unitholders		166,260	281,711
Payments for Redemptions by Unitholders		(217,053)	(87,146)
Distributions Paid		(41,413)	(25,489)
<b>NET CASH INFLOWS/(OUTFLOWS) FROM FINANCING ACTIVITIES</b>		(92,206)	169,076
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and Cash Equivalents at the Beginning of the financial year		(47,560)	35,645
Effects of Foreign Currency Exchange Rate Changes on Cash & Cash Equivalents		44,073	7,834
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	5(a)	922	44,073
Non-cash Financing Activities	5(c)		

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

# Statement of Changes in Equity for the year ended 30 June 2009

	BlackRock Global Allocation Fund (Aust)	
	30 June 2009 \$'000	30 June 2008 \$'000
<b>TOTAL EQUITY AT THE BEGINNING OF THE FINANCIAL YEAR</b>	-	-
Profit/(Loss) for the financial year	-	-
Net income/(expense) recognised directly in equity	-	-
<b>TOTAL RECOGNISED INCOME AND EXPENSES FOR THE FINANCIAL YEAR</b>	-	-
Transactions with equity holders in their capacity as equity holders	-	-
<b>TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR</b>	-	-

Under Australian equivalents to International Financial Reporting Standards, net assets attributable to unitholders is classified as a liability rather than equity. As a result there was no equity at the start or end of the financial year.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## 1. Summary of Significant Accounting Policies

### (a) Statement of Compliance & Basis of Preparation

This financial report includes financial statements for BlackRock Global Allocation Fund (Aust) ("the Fund") as an individual entity. The Fund was constituted on 23 May 2005.

The general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and the Corporations Act 2001 in Australia.

The financial report is prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of the Fund, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the directors on 28th September 2009. The directors of the Responsible Entity have the power to amend and reissue the financial report.

The principal accounting policies applied in the preparation of these financial statements are set out below.

### (b) Financial Instruments

This category has two sub-categories: financial instruments held for trading, and those designated at fair value through profit or loss at inception.

#### ■ Financial instruments held for trading.

Financial assets or liabilities held for trading are acquired or incurred principally for the purpose of selling or repurchasing in the short term. These include derivative financial instruments including futures, forward contracts, options and interest rate swaps. The Fund does not designate any derivatives as hedges in a hedging relationship.

#### ■ Financial instruments designated at fair value through profit or loss at inception.

These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded debt and equity instruments, unlisted trusts and commercial paper.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Funds' policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

The Fund recognises financial assets and liabilities on the date they become party to the contractual agreement (trade date).

Investments are derecognised when the rights to receive cashflows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

The Fund has designated all of its financial instruments (except derivatives) as at fair value through profit or loss. These financial instruments are initially recognised at fair value, typically represented by cost excluding transaction costs, which are expensed as incurred. Subsequent to initial recognition all instruments are measured at fair value. Changes in fair value are taken to the Income Statement.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

## 1. Summary of Significant Accounting Policies (continued)

### (b) Financial Instruments (continued)

The basis used to value particular classes of investments is as follows:

#### *Equity Securities*

- i) Securities that are listed or traded on an exchange are fair valued based on quoted "bid" prices on long securities and quoted "ask" prices on securities sold short.
- ii) Securities which are not listed on a securities exchange or are thinly traded are valued using independent quotes obtained from brokers.
- iii) In the absence of quoted values or brokers' representative prices, securities are valued using appropriate valuation techniques as reasonably determined by the Responsible Entity.

#### *Fixed Interest Securities*

Investments in fixed interest securities are carried at values based on current market yields, or where such yields are not available, at yields for securities of comparable maturity, quality and type.

#### *Discount Securities*

Discount securities are recorded at fair value based on effective yields. Gains or losses arising from discount securities on sale or maturity of securities are recognised in the Income Statement, and represent the difference between the consideration on sale or maturity and the cost of the securities.

### (c) Derivative Financial Instruments

Derivative financial instruments are classified as held for trading. Derivatives are recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

In the normal course of business the Fund enters into transactions in various derivative financial instruments with certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include a wide assortment of instruments, such as forwards, futures and options. Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of the Fund's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Fund against a fluctuation in market values or to reduce volatility.
- a substitution for trading of physical securities
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or weighted average maturity of cash portfolios.

The following assumptions and methodologies have been applied in reporting the derivative financial instruments utilised by the Fund:

#### *Forward Foreign Exchange Contracts*

Forward foreign exchange contracts are primarily used by the Fund to manage against foreign currency exchange rate risks on its non-Australian dollar denominated trading securities. The Fund agrees to receive or delivers a fixed quantity of foreign currency for an agreed-upon price on an agreed future date. The fair value for a forward foreign exchange contract fluctuates with changes in currency exchange rates. All forward foreign exchange transactions are initially recorded at the forward rate at the date of the transaction. Forward contract positions are valued at the prevailing forward price at the reporting date. The Fund recognises a gain or loss equal to the change in fair value at the reporting date in the Income Statement.

## 1. Summary of Significant Accounting Policies (continued)

### (c) Derivative Financial Instruments (continued)

#### *Bond Futures, Share Price Index (SPI) Futures and Bank Bill Futures*

Futures contracts are contractual obligations to buy or sell financial instruments on a future date at a specified price established on an organised market. The futures contracts are collateralised by cash and cash equivalents or by other assets ("initial margin"). Subsequent payments, known as "variation margin", are made or received by the Fund each day, depending on the daily fluctuations in the fair value of the underlying security. The Fund recognises a gain or loss equal to the daily variation margin.

#### *Exchange Traded Options*

Exchange traded options are recorded at fair value based on quoted "bid" prices on purchased options and quoted "ask" prices on sold options. If an option expires on its stipulated expiration date, or if the Fund enters into a closing sale transaction, a gain or loss is realised on disposal and included in the Income Statement.

#### *Over-the-Counter Contracts*

When the Fund writes or purchases put or call options, an amount equal to the premium received or paid is recorded as a liability or an asset and is subsequently fair valued in the Balance Sheet. Premiums received or paid from writing or purchasing put or call options which expire or were unexercised are recognised on the expiration date as realised gains or losses in the Income Statement. If an option is exercised, the premium received or paid is included with the proceeds or the cost of the transaction to determine whether the Fund has realised a gain or loss on the related investment transaction in the Income Statement. When the Fund enters into a closing transaction, the Fund will realise a gain or loss in the Income Statement depending upon whether the amount from the closing transaction is greater or less than the premium received or paid.

#### *Equity Index Swap*

An equity swap is a contractual agreement between two parties to exchange periodic cash flows where one of the cash flows is linked to the equity index and the other cash flow an interest rate variable. The equity index is valued at current prices incorporating the fair value available on the exchange of the underlying equity. The interest is based on capital values and accrued interest on a straight line basis. Any gains or losses are recorded in the relevant period as a change in the fair value of investments in the Income Statement.

#### *Interest Rate Swaps*

The differential expected to be paid or received on the maturity of interest rate agreements has been consistently fair valued throughout the financial year with any gains or losses being recorded in the relevant period as a change in the fair value of investments in the Income Statement.

#### *Credit Default Swaps*

A credit default swap is an agreement between two parties whereby one party pays the other a fixed periodic coupon for the specified term of the agreement. The other party makes no payments unless a specified credit event occurs. These are valued at current prices incorporating the fair value available of the underlying reference asset and accrued interest to date. Any gains or losses are recorded in the relevant period as a change in the fair value of investments in the Income Statements.

#### *Warrants*

Warrants are an option to purchase additional securities from the issuer at a specified price during a specified period. Warrants are valued at the prevailing market price at the reporting date. The Fund recognises a gain or loss equal to the change in fair value at the reporting date.

### (d) Cash and Cash Equivalents

For Cash Flow Statement presentation, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown in liabilities on the Balance Sheet.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activity.

## 1. Summary of Significant Accounting Policies (continued)

### (e) Foreign Currency Translations

#### *Functional and Presentation Currency*

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

#### *Transactions and Balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

The Fund does not isolate that portion of gains or losses on financial instruments which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included in the net gains or losses on financial instruments at fair value through profit or loss.

### (f) Investment Income and Expenses

Interest income and expenses are recognised in the Income Statement for all debt instruments using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the net gains/ (losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 1(b) and 1(c).

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability.

When calculating the effective interest rate, the Fund estimates cash flows, considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses.

The calculation includes all fees and points paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Dividend income is recognised on the ex-dividend date with any related foreign withholding taxes recorded as an expense. If a portion of the foreign withholding taxes is reclaimable, it is recorded as an asset.

### (g) Distributions

In accordance with the Fund's Constitution and Amendments, the Fund fully distributes its distributable (taxable) income to unitholders by cash or reinvestment. Distributions are recognised in the Income Statement as finance costs attributable to unitholders.

### (h) Income Tax

Under current taxation legislation, the Fund is not subject to income tax provided the taxable income of the Fund is distributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Fund).

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Fund to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

The benefits of imputation credits and foreign tax paid are passed on to unitholders.

The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the Income Statement.

# Notes to the Financial Statements for the year ended 30 June 2009 (continued)

## 1. Summary of Significant Accounting Policies (continued)

### (i) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund such as Responsible Entity fees, audit fees, custody fees and other expenses, have been passed on to the Fund.

The Fund qualifies for Reduced Input Tax Credits (RITC's) at a rate of 75% hence Responsible Entity fees, audit fees, custody fees and other expenses have been recognised in the Income Statement net of the amount of GST recoverable from the Australian Tax Office ("ATO").

Accounts Payable and Accrued Expenses are stated inclusive of GST.

The net amount of GST recoverable from the ATO is included in Other Receivables in the Balance Sheet.

Cash flows relating to GST are included in the Cash Flow Statement on a gross basis.

### (j) Increase/Decrease in Net Assets Attributable to Unitholders

Non-distributable income is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the Income Statement as financing costs.

### (k) Receivables

Receivables may include amounts for dividends, interest, trust distributions and amounts due from brokers. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment using the effective interest rate method. Amounts due from brokers represent receivables for securities sold that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date, and normally settled within three business days.

### (l) Payables

Payables include amounts due to brokers, liabilities and accrued expenses owing by the Fund which are unpaid as at balance date. Trades are recorded on trade date, and normally settled within three business days. Purchases of securities and investments that are unsettled at reporting date are included in payables.

The distribution amount payable to unitholders as at the reporting date is recognised separately on the Balance Sheet as unitholders are presently entitled to the distributable income as at 30 June 2009 under the Fund's Constitution.

### (m) Applications and Redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded at redemption price. There are no exit fees charged on redemption.

### (n) Net Assets Attributable to Unitholders

Units are redeemable at the unitholders' option and are therefore classified as financial liabilities. The units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the Balance Sheet date if unitholders exercised their right to put the units back to the Fund. Changes in the value of this financial liability are recognised in the Income Statement as they arise.

Because the Fund's redemption unit price is based on different valuation principles to those applied in financial reporting, a valuation difference exists, which forms part of the movement in unitholders' funds.

### (o) Expenses

All expenses, including responsible entity's fees and custodian fees, are recognised in the Income Statement on an accruals basis.

## 1. Summary of Significant Accounting Policies (continued)

### (p) New Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The directors' assessment of the impact of these new standards (to the extent relevant to the Fund) and interpretations is set below:

#### *(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8.*

AASB 8 and AASB 2007-3 are effective for annual reporting periods beginning on or after 1 January 2009. In the current year, the Fund has elected to early adopt these standards. The early adoption of these standards has not impacted the reported financial position, financial performance and cash flows of the Fund.

The Fund has adopted AASB 8 'Operating Segments', with effect from 1 July 2008, in advance of its effective date of 1 January 2009. AASB 8 'Operating Segments' is not applicable to the Fund as it applies only to entities which have on issue debt or equity securities that are traded in a public market (or which are in the process of issuing any class of instruments in a public market). Accordingly no disclosures have been made for operating segments.

#### *(ii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101.*

AASB 101 (Revised) is applicable to annual reporting periods beginning on or after 1 January 2009. The Fund has not adopted this standard early. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity but will not affect any of the amounts recognised in the financial statements. If the Fund makes a prior period adjustment or re-classifies items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being at the beginning of the comparative period.

#### *(iii) AASB 132 Financial Instruments: Presentation and AASB 2008-2 Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation (Revised AASB 132).*

Revised AASB 132 is applicable for reporting periods beginning on or after 1 January 2009. The Fund has not adopted this standard early. Application of this standard will not affect any of the amounts recognised in the financial statements as the Fund is obligated to distribute all of its taxable income in accordance with the Fund's Constitution. Accordingly, there will be no change to classification of unitholders' funds as a liability and therefore no impact on profit or loss and equity.

#### *(iv) AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments (effective for annual periods beginning on or after 1 January 2009).*

In April 2009, the Australian Accounting Standards Board published amendments to AASB7 Financial Instruments: Disclosure to improve the information that entities report about their liquidity risk and the fair value of their financial instruments. The amendments require fair value measurement disclosures to be classified into a new three-level hierarchy and additional disclosures for items whose fair value is determined by valuation techniques rather than observable market values. The Australian Accounting Standards Board also clarified and enhanced the existing requirements for the disclosure of liquidity risk of derivatives. The Fund has not early adopted the amendments. The amendments will not affect any of the amounts recognized in the financial statements but may affect certain disclosures.

### (q) Rounding of Amounts

The Fund is an entity of the kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order, unless otherwise indicated.

### (r) Use of Estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For certain other financial instruments, including amounts due from/to brokers and payables and the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

### (s) Margin Accounts

Margin accounts comprise cash held as collateral for derivative transactions and short sales. The cash is held by the broker and is only available to meet margin calls.

# Notes to the Financial Statements for the year ended 30 June 2009 (continued)

## 2. Related Parties

### Responsible Entity

The Responsible Entity of the Fund is BlackRock Investment Management (Australia) Limited (ABN 13 006 165 975) whose ultimate holding company is BlackRock, Inc.

BlackRock Investment Management (Australia) Limited is incorporated in Australia and BlackRock, Inc. is incorporated in the United States of America.

### Key Management Personnel

#### Directors

Key management personnel include persons who were directors of BlackRock Investment Management (Australia) Limited during the financial period and up to the date of this report:

Director	Date appointed/resigned
M J O'Shannassy	Appointed 23 July 1997
R Fairbairn	Appointed 29 November 2004, resigned 2 March 2009
D Frawley	Appointed 18 March 2005
G A Boyle	Appointed 7 March 2007
C Tzatzakis	Appointed 11 September 2007
J R Kushel	Appointed 2 March 2009

#### Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly, during the financial year:

Name	Position	Employer
R J Maddox	Managing Director and Co/Chief Investment Officer	BlackRock Investment Management (Australia) Limited
K Liow	Head of Quantitative Investors/Co-Chief Investment Officer	BlackRock Investment Management (Australia) Limited

### Key Management Personnel Unitholding

The Maddox Super Trusts of which Mr Maddox is a Trustee invest into the Fund. The spouse of Mr G A Boyle, & Mr R J Maddox also held units in the Fund. The details of the units held are summarised on the following pages under Investing Activities – Key Management Personnel and Key Management Personnel Related Entities.

During or since the end of the financial year, none of the other key management personnel including directors or their personally related entities held units in the Fund, either directly, indirectly, or beneficially.

### Key Management Personnel Compensation

Key management personnel are paid by BlackRock Investment Management (Australia) Limited. Payments made from the Fund to BlackRock Investment Management (Australia) Limited do not include any amounts attributable to the compensation of key management personnel.

No amounts were paid by the Fund to Key Management Personnel.

### Key Management Personnel Loan Disclosures

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

## 2. Related Parties (continued)

### Other Transactions within the Fund

Apart from those details disclosed in this note, no key management personnel has entered into a material contract with the Fund since the end of the previous financial year and there were no material contracts involving key management personnel's interests subsisting at year end.

### Related Party Transactions and Balances

All related party transactions are conducted on normal commercial terms and conditions. Transactions with related parties include.

#### (a) Responsible Entity's Fees and Other Transactions

Responsible Entity fees are accrued daily at the rate specified by the Constitution and Amendments based on the asset value of the Fund. Fees charged for the period are included in the Income Statement.

Performance fees are calculated at a unit class level and are paid out of the assets relating to that class of units at the end of each month where the manager meets certain performance objectives.

From time to time the Responsible Entity may waive fees in accordance with the terms of the Constitution and Amendments. Where Responsible Entity fees charged are less than the maximum permitted under the Constitution and Amendments, any amount forgone cannot be claimed in future years.

#### (b) Expense Reimbursement

Operating expenses include administration expenses incurred by the Responsible Entity and reimbursed by the Fund in accordance with the provisions of the Constitution and Amendments. Total operating expenses incurred for the period are brought to account on an accruals basis and are included in the Income Statement.

Transactions and balances with related parties are summarised in the schedule below.

	BlackRock Global Allocation Fund (Aust)	
	30 June 2009	30 June 2008
	\$	\$
<b>Responsible Entity's Fees and Other Transactions</b>		
<b>Total Responsible Entity's Fees paid or due and payable by the Fund:</b>		
Class Management Fees:		
– C Class Units	(130,218)	(155,668)
– D Class Units	(722,417)	(735,541)
– S Class Units	(90,861)	(78,008)
Class Performance Fees:		
– C Class Units	–	(195,806)
– D Class Units	–	(3,018,693)
– S Class Units	–	(130,243)
Class Responsible Entity Fees and Expense Reimbursement Payable		
– C Class	(11,173)	(15,442)
– D Class	(65,389)	(77,944)
– S Class	(7,946)	(9,055)
<b>Total Responsible Entity's fees received or due and receivable by the Fund:</b>		
Other		
– C Class	–	–
– D Class	2	488
– X Class	–	999

# Notes to the Financial Statements for the year ended 30 June 2009 (continued)

## 2. Related Parties (continued)

### Investing Activities

The Fund does not have any investments in other schemes managed by the Responsible Entity.

During the year, the Responsible Entity used a number of brokers to provide broking services to the Funds, including associated companies of the Responsible Entity. All transactions were undertaken under normal commercial conditions and at an arm's length basis. The brokerage costs paid to the associated companies of the responsible entity amounted to \$138,986 (2008 \$350,805).

### Investing Activities – Key Management Personnel and Key Management Personnel Related Entities

	Number of Units Held Opening	Number of Units Held at Year End	Fair Value of Units Held at Year End	Value of Units Purchased During the Year	Value of Units Sold During the Year	Interest Held in Related Schemes at Year End	Distribution Received from the Related Schemes During the Year	Distribution Receivable from the Related Schemes at Year End
2009	#	#	\$	\$	\$	%	\$	\$
<b>BlackRock Global Allocation Fund (Aust) – D Class</b>								
The Maddox Super Fund	1,681,397	1,900,908	1,692,759	227,050	–	0.46	–	–
Mr Russell John Maddox	256,354	289,822	258,086	34,617	–	0.07	–	–
Helen Mary Boyle	37,598	42,507	37,852	5,077	–	0.01	–	–
	Number of Units Held Opening	Number of Units Held at Year End	Fair Value of Units Held at Year End	Value of Units Purchased During the Year	Value of Units Sold During the Year	Interest Held in Related Schemes at Year End	Distribution Received from the Related Schemes During the Year	Distribution Receivable from the Related Schemes at Year End
2008	#	#	\$	\$	\$	%	\$	\$
<b>BlackRock Global Allocation Fund (Aust) – D Class</b>								
The Maddox Super Fund	1,470,353	1,681,397	1,733,856	240,004	–	0.45	–	227,050
Mr Russell John Maddox	224,177	256,354	264,352	36,592	–	0.07	–	34,617
Ms Louise Memmolo	4,475	5,117	5,276	730	–	–*	–	691
Marcus Memmolo	801	1,601	1,651	931	–	–*	–	216
Brigitte Memmolo	801	1,770	1,826	1,131	–	–*	–	239
Helen Mary Boyle	32,879	37,598	38,771	5,367	–	0.01	–	5,077

\* Denotes less than 0.01%

## 2. Related Parties (continued)

### Related Party Schemes' Unitholding

Parties related to the Fund held units in the Fund as follows:

	Number of Units Held Opening	Number of Units Held Closing	Interest Held	Number Units Acquired	Number Units Disposed	Distributions Paid/Payable by the Fund
2009	Units	Units	%	Units	Units	\$
<b>BlackRock Global Allocation Fund (Aust)</b>						
Wholesale Balanced Fund	151,771,235	175,112,875	26.42	36,745,351	(13,403,711)	22,637,342
BlackRock Pooled Super Trust	85,691,824	19,881,973	3.00	13,294,089	(79,103,940)	12,781,310
2008	Units	Units	%	Units	Units	\$
<b>BlackRock Global Allocation Fund (Aust)</b>						
Wholesale Balanced Fund	139,515,861	151,771,235	22.82	22,613,666	(10,358,292)	22,637,342
BlackRock Pooled Super Trust	88,950,105	85,691,824	12.88	14,417,629	(17,675,910)	12,781,310

## 3. Auditor's Remuneration

During the year the following fees were paid or payable for services provided by the auditor of the Fund.

	Audit Services <sup>^</sup>		Other Services <sup>^</sup>			
	30 June 2009*	30 June 2008	30 June 2009*		30 June 2008	
	\$	\$	Tax Compliance Services	Compliance	Tax Compliance Services	Compliance
Amounts received, or due and receivable, by the auditors	14,465	21,497	4,200	1,365	5,453	2,376

<sup>^</sup> The fees for the above services were paid to PricewaterhouseCoopers Australia for the year ended 30 June 2008 and for the year ended 30 June 2009 fees were paid to Deloitte Touche Tohmatsu.

\* These amounts have been paid by the Responsible Entity.

Amounts disclosed for Auditor's Remuneration includes non-recoverable GST.

# Notes to the Financial Statements for the year ended 30 June 2009 (continued)

## 4. Net Assets Attributable to Unitholders

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. Units are issued and redeemed at the holders' option at prices based on the value of the Fund's net assets at the time of issue/redemption less transaction costs.

The Fund considers its capital to be Unitholders' Funds. The Fund manages its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability.

The objective of the Fund is to provide unitholders with returns in accordance with the Product Disclosure Statement ("PDS"). The Fund aims to deliver this objective mainly through investing in a portfolio in accordance with the limitations set by the PDS, while maintaining sufficient liquidity to meet unitholders' redemptions.

Movements in number of units and net assets attributable to unitholders during the year ended 30 June 2009 were as follows:

<b>BlackRock</b>		
<b>Global Allocation Fund (Aust)</b>		
<b>30 June 2009</b>		
	<b>No. of Units</b>	<b>\$'000</b>
	<b>'000</b>	<b>'000</b>
<b>C Class Units</b>		
Opening Unitholders Funds	24,689	26,187
Applications		
– Cash	2,239	2,056
– Distribution Reinvestment Plan	1,694	1,757
Redemptions	(4,978)	(4,460)
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	(3,487)
Closing Balance	23,644	22,053
<b>D Class Units</b>		
Opening Unitholders Funds	376,477	406,254
Applications		
– Cash	156,509	141,017
– Distribution Reinvestment Plan	13,438	13,899
Redemptions	(132,210)	(112,138)
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	(61,471)
Closing Balance	414,214	387,561
<b>X Class Units</b>		
Opening Unitholders Funds	237,463	231,722
Applications		
– Cash	16,535	13,750
– Distribution Reinvestment Plan	33,505	35,419
Redemptions	(92,508)	(93,885)
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	(29,557)
Closing Balance	194,995	157,449
<b>S Class Units</b>		
Opening Unitholders Funds	26,478	24,030
Applications		
– Cash	11,940	9,437
– Distribution Reinvestment Plan	–	–
Redemptions	(8,482)	(6,118)
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	(3,715)
Closing Balance	29,936	23,634
<b>Total</b>	<b>662,789</b>	<b>590,697</b>

#### 4. Net Assets Attributable to Unitholders (continued)

Movements in number of units and net assets attributable to unitholders during the year ended to 30 June 2008 were as follows:

<b>BlackRock</b>		
<b>Global Allocation Fund (Aust)</b>		
<b>30 June 2008</b>		
	<b>No. of Units</b>	<b>\$'000</b>
	<b>'000</b>	<b>'000</b>
<b>C Class Units</b>		
Opening Unitholders Funds	15,851	18,531
Applications		
– Cash	10,734	12,712
– Distribution Reinvestment Plan	1,135	1,292
Redemptions	(3,031)	(3,545)
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	(2,803)
Closing Balance	24,689	26,187
<b>D Class Units</b>		
Opening Unitholders Funds	198,590	240,003
Applications		
– Cash	210,053	246,588
– Distribution Reinvestment Plan	8,042	9,147
Redemptions	(40,208)	(47,041)
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	(42,443)
Closing Balance	376,477	406,254
<b>X Class Units</b>		
Opening Unitholders Funds	228,465	249,440
Applications		
– Cash	–	–
– Distribution Reinvestment Plan	37,031	43,020
Redemptions	(28,033)	(33,426)
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	(27,312)
Closing Balance	237,463	231,722
<b>S Class Units</b>		
Opening Unitholders Funds	7,871	8,173
Applications		
– Cash	22,660	22,411
– Distribution Reinvestment Plan	–	–
Redemptions	(4,053)	(4,022)
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	(2,532)
Closing Balance	26,478	24,030
<b>Total</b>	<b>665,107</b>	<b>688,193</b>

# Notes to the Financial Statements for the year ended 30 June 2009 (continued)

## 5. Notes to the Cash Flow Statement

### (a) Reconciliation of Cash

Cash and cash equivalents at the end of the financial year is reconciled to the Balance Sheet as follows:

	BlackRock Global Allocation Fund (Aust)	
	30 June 2009 \$'000	30 June 2008 \$'000
Cash	1,981	45,274
Margin accounts < 90 day	598	(274)
Bank Overdraft	(1,657)	(927)
	922	44,073

### (b) Reconciliation of Net Operating Profit/(Loss) to Net Cash from Operating Activities

	BlackRock Global Allocation Fund (Aust)	
	30 June 2009 \$'000	30 June 2008 \$'000
Net Operating Profit/(Loss) for the Year	(98,230)	17,398
Change in Assets and Liabilities During the Year:		
(Increase)/Decrease in Margin Accounts	(114)	(3,362)
(Increase)/Decrease in Financial Instruments held at Fair Value through Profit or Loss	143,145	(150,343)
(Increase)/Decrease in Income Receivable	(33)	(171)
(Increase)/Decrease in Other Receivables	(136)	(246)
Increase/(Decrease) in Accounts Payable and Accrued Expenses	14	3,293
Net Cash Inflow/(Outflow) from Operating Activities	44,646	(133,431)

### (c) Non-cash Financing Activities

During the financial year, the following units were created as a result of distributions reinvested in the Fund under the distribution reinvestment plan:

	30 June 2009		30 June 2008	
	Units '000	\$'000	Units '000	\$'000
<b>BlackRock Global Allocation Fund (Aust)</b>				
C Class Units	1,694	1,757	1,135	1,292
D Class Units	13,438	13,899	8,042	9,147
X Class Units	33,505	35,419	37,031	43,020

As described in note 1(j), non-distributable income is included in net assets attributable to unitholders. The change in this amount each year represents non-cash financing cost as it is not settled in cash until such time as it becomes distributable.

## 6. Distributions

During the year, the following amounts of distributions were paid and payable for each class of units:

	30 June 2009		30 June 2008	
	Distributions Paid Cents/Unit	Distributions Payable Cents/Unit	Distributions Paid Cents/Unit	Distributions Payable Cents/Unit
<b>BlackRock Global Allocation Fund (Aust)</b>				
C Class Units	-	-	-	13.01
D Class Units	-	-	-	13.50
S Class Units	-	-	-	11.40
X Class Units	-	-	-	14.92
	30 June 2009		30 June 2008	
	Distributions Paid \$	Distributions Payable \$	Distributions Paid \$	Distributions Payable \$
<b>BlackRock Global Allocation Fund (Aust)</b>				
C Class Units	-	-	-	3,211,441
D Class Units	-	-	-	50,838,100
S Class Units	-	-	-	3,019,762
X Class Units	-	-	-	35,418,652

## 7. Financial Risk Management

The Fund's activities expose it to a variety of financial risks: including market risk (comprising currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Product Disclosure Statement and seeks to maximise the returns derived for the level of risk to which the Fund is exposed. The Fund may use derivative financial instruments to alter certain risk exposures subject to the policies and procedures set out in BlackRock's Derivative Risk Statement. Financial risk management is carried out by the Investment Management teams and the Risk and Quantitative Analysis team under policies approved by the Responsible Entity.

The Board of the Responsible Entity ("the Board") has established a Risk Management Committee ("RMC") which is chaired by the Manager of the Risk and Quantitative Analysis team and is comprised of senior management, investment and compliance staff. The RMC meets at least quarterly, and as otherwise required, to review aspects of portfolio performance, independent monitoring reports, risk management compliance and derivative usage. The RMC reports to the Board and is subject at all times to the direction and supervision of the Board.

The Fund uses different methods to measure different types of risks to which it is exposed. These methods include Value at Risk ("VaR") analysis in the case of interest rate, foreign exchange and other price risks and ratings analysis for credit risk. VaR Analysis is explained in section (c).

### (a) Strategy in using financial instruments

#### *BlackRock Global Allocation Fund*

The Fund aims to maximise total investment return through an actively managed investment portfolio of equities, fixed income and cash securities worldwide. The allocation to equities, fixed income and cash securities will be varied over time both in respect to types of securities and markets in response to changing market and economic conditions.

The base currency of the Fund is AUD. The underlying Fund's currency exposure is actively managed around the benchmark, which is a composite comprising:

- 36% S&P 500 Composite (total return)
- 24% Financial Times/S&P Actuaries World Index ex-US (total return)
- 24% Merrill Lynch Government Index GA05 (5 year Treasury Bond)
- 16% Citigroup Non-USD World Government Debt Index

## 7. Financial Risk Management (continued)

### (a) Strategy in using financial instruments (continued)

As part of the risk management programme BlackRock have established risk limits (Fund guidelines) within which the Fund is managed. The Fund's guidelines detail the following risk limits:

- The Fund may not invest greater than 5% of its net assets in any single U.S. registered investment company.
- The Fund may not invest greater than 10% of its net assets in non Australian registered managed investment schemes (including U.S. registered open-end investment companies or registered unit investment trusts), except where the investment represents a minority interest (calculated both by value and by number of holders of interests) in funds registered in the following jurisdictions: Hong Kong, United Kingdom, US (must be registered under the US Investment Company Act and is either an open ended investment company as defined in the Investment Company Act or a unit trust as defined in the Investment Company Act), New Zealand, Guernsey and Jersey.
- The Fund may not invest greater than 35% of its net assets in non investment grade bonds, corporate loans and distressed securities.
- With respect to 75% of the Fund's net assets:
  - No more than 5% may be invested in securities of any one issuer (excluding government securities); and
  - No more than 10% of voting securities of any one issuer can be acquired.
- The Fund may not invest more than 25% of the Fund's net assets (taken at market value at any time of each investment) in securities of issuers in any particular industry (excluding government and its agencies and instrumentalities).
- The Fund may not make investments for the purposes of exercising control or management.
- The Fund cannot purchase illiquid securities if, at time of purchase, more than 15% of the Fund's net assets would be invested in such securities.
- The Fund may not undertake repurchase transactions without prior approval of the RMC.
- The Fund may not lend its securities without the prior approval of the RMC.
- The Fund may not borrow without the prior approval of the RMC.
- The Fund may not short sell without prior approval of the RMC.

Risk exposure calculations are prepared and reviewed by the Risk and Quantitative Analysis team.

### b) Market risk

#### (i) Price risk

Price risk is the risk that the value of the Fund's investment portfolio will fluctuate as a result of changes in market prices. The Fund is exposed to equity securities, derivative securities and other price risk. This arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates. Section (ii) below sets out how this component of price and risk is managed and measured. They are classified on the balance sheet as fair value through profit or loss. All securities investments present a risk of loss of capital.

The Investment Manager mitigates price risk through a careful selection of securities and other financial instruments and manages it through ensuring all activities are transacted in accordance with mandates, overall investment strategy and within approved limits.

Market price analysis is conducted regularly on a total portfolio basis which includes the effects of derivatives.

The capital structure of the Fund consists of cash and cash equivalents and the proceeds from the issue of the units of the Fund. The investment manager aims to ensure that there is sufficient liquidity for possible redemptions by unitholders.

Section (c) *Summarised VaR analysis* explains how the risk is measured and summarises the potential exposure of the Fund's net assets attributable to unitholders.

## 7. Financial Risk Management (continued)

### (b) Market risk (continued)

#### (i) Price risk (continued)

At the reporting date, the notional principal amounts of derivative financial instruments held by the Fund were as follows:

	2009			Fair Value \$'000
	Notional Principal Amount			
	Asset \$'000	Liability \$'000	Net \$'000	
<b>BlackRock Global Allocation Fund (Aust)</b>				
Options – International	7,346	(12,001)	(4,655)	(2,088)
Futures – Domestic	488	–	488	–
Futures – International	24,297	(307)	23,990	–
Swaps	10,159	(9,730)	429	429
Forward Foreign Exchange Contracts	652,488	(650,684)	1,804	1,804
	2008			Fair Value \$'000
	Notional Principal Amount			
	Asset \$'000	Liability \$'000	Net \$'000	
<b>BlackRock Global Allocation Fund (Aust)</b>				
Options – International	1,706	(20,856)	(19,150)	(3,128)
Futures – Domestic	–	–	–	–
Futures – International	45,854	(54,980)	(9,126)	–
Swaps	48,782	(49,253)	(471)	(471)
Forward Foreign Exchange Contracts	1,013,058	(1,012,262)	796	796

#### (ii) Foreign exchange risk

The Fund holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk. Foreign exchange risk arises as the value of monetary securities denominated in other countries will fluctuate due to changes in exchange rates. This risk is measured using VaR analysis.

Foreign exchange risk is managed using forward foreign exchange contracts and other derivatives in accordance with Fund guidelines and restrictions. Daily monitoring is undertaken by Law and Compliance to ensure instruments used and exposures created are consistent with the investment strategy and objective of the Fund. For accounting purposes, the Fund does not designate any derivatives as hedges in a hedging relationship, and hence these derivative financial instruments are classified as at fair value through profit or loss.

Section (c) *Summarised VaR analysis* explains how the risk is measured and summarises the potential exposure of the Fund's net assets attributable to unitholders.

# Notes to the Financial Statements for the year ended 30 June 2009 (continued)

## 7. Financial Risk Management (continued)

### (b) Market risk (continued)

#### (iii) Foreign Exchange Risk (continued)

The table below summarises the Fund's assets and liabilities that are denominated in a currency other than the Australian dollar.

	Euro A\$'000	United States Dollar A\$'000	Japanese Yen A\$'000	British Pounds A\$'000	Australian Dollar A\$'000	Canadian Dollars A\$'000	Other Currencies A\$'000	Total A\$'000
<b>30 June 2009</b>								
<b>Assets</b>								
Cash and Cash Equivalents	366	370	150	-	1,021	106	566	2,579
Financial Instruments designated at Fair Value through Profit or Loss*	37,570	427,878	55,332	8,456	2,411	9,045	53,003	593,695
Financial Instruments held for Trading at Fair Value through Profit or Loss**	-	-	-	-	2,846	72	-	2,918
Other Assets	63	1,049	150	53	431	12	86	1,844
<b>Total Assets</b>	<b>37,999</b>	<b>429,297</b>	<b>55,632</b>	<b>8,509</b>	<b>6,709</b>	<b>9,235</b>	<b>53,655</b>	<b>601,036</b>
<b>Liabilities</b>								
Bank Overdraft	-	1,063	428	166	-	-	-	1,657
Margin Accounts	-	-	-	-	-	-	-	-
Distributions Payable	-	-	-	-	-	-	-	-
Accounts Payable and Accrued Expenses	-	4,323	-	-	545	-	1,041	5,909
Financial Instruments held for Trading at Fair Value through Profit or Loss**	-	2,160	-	-	613	-	-	2,773
<b>Total Liabilities (Excluding Net Assets Attributable to Unitholders)</b>	<b>-</b>	<b>7,546</b>	<b>428</b>	<b>166</b>	<b>1,158</b>	<b>-</b>	<b>1,041</b>	<b>10,339</b>
<b>Net Assets Attributable to Unitholders - Liability</b>	<b>37,999</b>	<b>421,751</b>	<b>55,204</b>	<b>8,343</b>	<b>5,551</b>	<b>9,235</b>	<b>52,614</b>	<b>590,697</b>
Increase in exposure from currency contracts	15,378	17,065	22,173	-	(68,610)	-	13,994	-
Decrease in exposure from currency contracts	(115,406)	(421,339)	(65,322)	(31,649)	650,503	-	(16,787)	-
<b>Total Foreign Currencies Exposure</b>	<b>(62,029)</b>	<b>17,477</b>	<b>12,055</b>	<b>(23,306)</b>	<b>587,444</b>	<b>9,235</b>	<b>49,821</b>	<b>590,697</b>

\* Includes equities, fixed interests, discount securities, unit trust holdings.

\*\* Includes derivatives, Forward Foreign Exchange Contracts have been classified as Australian dollar exposure in the above analysis. The exposure of the Fund to foreign exchange movements in relation to forward foreign exchange contracts is reanalysed above.

## 7. Financial Risk Management (continued)

### (b) Market risk (continued)

#### (ii) Foreign Exchange Risk (continued)

	Euro A\$'000	United States Dollar A\$'000	Japanese Yen A\$'000	British Pounds A\$'000	Australian Dollar A\$'000	Canadian Dollars A\$'000	Other Currencies A\$'000	Total A\$'000
<b>30 June 2008</b>								
<b>Assets</b>								
Cash and Cash Equivalents	261	430	–	36	42,926	299	1,048	45,000
Financial Instruments designated at Fair Value through Profit or Loss*	58,228	475,535	59,347	39,471	10,211	11,823	89,583	744,198
Financial Instruments held for Trading at Fair Value through Profit or Loss**	–	–	–	–	3,174	6	–	3,180
Other Assets	639	499	228	109	8	20	172	1,675
<b>Total Assets</b>	<b>59,128</b>	<b>476,464</b>	<b>59,575</b>	<b>39,616</b>	<b>56,319</b>	<b>12,148</b>	<b>90,803</b>	<b>794,053</b>
<b>Liabilities</b>								
Bank Overdraft	–	10	653	184	80	–	–	927
Margin Accounts	–	114	–	–	–	–	–	114
Distributions Payable	–	–	–	–	92,488	–	–	92,488
Accounts Payable and Accrued Expenses	328	4,473	188	65	1,015	–	279	6,348
Financial Instruments held for Trading at Fair Value through Profit or Loss**	–	3,144	–	–	2,839	–	–	5,983
<b>Total Liabilities (Excluding Net Assets Attributable to Unitholders)</b>	<b>328</b>	<b>7,741</b>	<b>841</b>	<b>249</b>	<b>96,422</b>	<b>–</b>	<b>279</b>	<b>105,860</b>
<b>Net Assets Attributable to Unitholders – Liability</b>	<b>58,800</b>	<b>468,723</b>	<b>58,734</b>	<b>39,367</b>	<b>(40,103)</b>	<b>12,148</b>	<b>90,524</b>	<b>688,193</b>
Increase in exposure from currency contracts	14,620	81,995	40,916	24,042	(235,288)	–	73,715	–
Decrease in exposure from currency contracts	(151,451)	(625,413)	(80,630)	(115,209)	1,005,047	(2,535)	(29,809)	–
<b>Total Foreign Currencies Exposure</b>	<b>(78,031)</b>	<b>(74,695)</b>	<b>19,020</b>	<b>(51,800)</b>	<b>729,656</b>	<b>9,613</b>	<b>134,430</b>	<b>688,193</b>

\* Includes equities, fixed interests, discount securities, unit trust holdings.

\*\* Includes derivatives, Forward Foreign Exchange Contracts have been classified as Australian dollar exposure in the above analysis. The exposure of the Fund to foreign exchange movements in relation to forward foreign exchange contracts is reanalysed above.

#### (iii) Interest rate risk

The Fund's interest bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using VaR analysis.

This risk is mitigated through ensuring activities are transacted in accordance with mandates, overall investment strategy and within approved limits.

Section (c) *Summarised VaR analysis* explains how the risk is measured and summarises the potential exposure of the Fund's net assets attributable to unitholders.

# Notes to the Financial Statements for the year ended 30 June 2009 (continued)

## 7. Financial Risk Management (continued)

### (b) Market risk (continued)

#### (iii) Interest rate risk (continued)

The table below summarises the Fund's exposure to interest rate risks. It includes the Fund's assets and liabilities at fair value.

	Floating Interest Rate \$'000	Fixed Interest Rate \$'000	Non Interest Bearing \$'000	Total \$'000
<b>30 June 2009</b>				
<b>Financial Assets</b>				
Cash and Cash Equivalents	2,579	-	-	2,579
Income Receivable	-	-	1,364	1,364
Other Receivables	-	-	480	480
Financial Instruments held at Fair Value through Profit or Loss				
- Equity Securities	-	-	334,449	334,449
- Interest Bearing Investments	2,215	257,031	-	259,246
Financial Instruments held for Trading				
- Options	-	-	72	72
- Swaps	-	-	611	611
- Forward Foreign Exchange Contracts	-	-	2,235	2,235
<b>Total Assets</b>	<b>4,794</b>	<b>257,031</b>	<b>339,211</b>	<b>601,036</b>
<b>Financial Liabilities</b>				
Bank Overdraft	1,657	-	-	1,657
Margin Accounts	-	-	-	-
Distribution Payable	-	-	-	-
Accounts Payable and Accrued Expenses	-	-	5,909	5,909
Financial Instruments held for Trading				
- Options	-	-	2,160	2,160
- Swaps	-	-	182	182
- Forward Foreign Exchange Contracts	-	-	431	431
<b>Total Liabilities (Excluding Net Assets Attributable to Unitholders)</b>	<b>1,657</b>	<b>-</b>	<b>8,682</b>	<b>10,339</b>
<b>Net Assets Attributable to Unitholders - Liability</b>	<b>3,137</b>	<b>257,031</b>	<b>330,529</b>	<b>590,697</b>

## 7. Financial Risk Management (continued)

### (b) Market risk (continued)

#### (iii) Interest rate risk (continued)

	Floating Interest Rate \$'000	Fixed Interest Rate \$'000	Non Interest Bearing \$'000	Total \$'000
<b>30 June 2008</b>				
<b>Financial Assets</b>				
Cash and Cash Equivalents	45,000	–	–	45,000
Income Receivable	–	–	1,331	1,331
Other Receivables	–	–	344	344
Financial Instruments held at Fair Value through Profit or Loss				
– Equity Securities	–	–	470,396	470,396
– Interest Bearing Investments	–	273,802	–	273,802
Financial Instruments held for Trading				
– Options	–	–	16	16
– Swaps	–	–	690	690
– Forward Foreign Exchange Contracts	–	–	2,474	2,474
<b>Total Assets</b>	<b>45,000</b>	<b>273,802</b>	<b>475,251</b>	<b>794,053</b>
<b>Financial Liabilities</b>				
Bank Overdraft	927	–	–	927
Margin Accounts	–	–	114	114
Distribution Payable	–	–	92,488	92,488
Accounts Payable and Accrued Expenses	–	–	6,348	6,348
Financial Instruments held for Trading				
– Options	–	–	3,144	3,144
– Swaps	–	–	1,161	1,161
– Forward Foreign Exchange Contracts	–	–	1,678	1,678
<b>Total Liabilities (Excluding Net Assets Attributable to Unitholders)</b>	<b>927</b>	<b>–</b>	<b>104,933</b>	<b>105,860</b>
<b>Net Assets Attributable to Unitholders – Liability</b>	<b>44,073</b>	<b>273,802</b>	<b>370,318</b>	<b>688,193</b>

The Fund holds a variety of swaps. The Manager uses interest rate swaps as part of the overall investment strategy and to manage the Fund within its limits. The gross notional value of these swaps at 30 June 2009 was nil resulting in a liability at fair value on the balance sheet of nil (30 June 2008 \$46,964,353, fair value liability \$493,743). The exposure figures above do not reflect the impact of these.

An analysis of financial liabilities by maturities is provided in paragraph (e) below.

### (c) Summarised VaR analysis

Value at Risk (VaR) is a risk model used to estimate the potential losses that could occur on the Fund's net asset value position due to movements in interest rates, currency and market prices over a given period and for a specified degree of confidence.

BlackRock uses VaR analysis and/or tracking error estimates to measure and manage risk as these are commonly used and understood models, are easily interpreted and are consistent across different risk types, asset classes and types of Funds. For the purpose of these accounts VaR analysis has been presented, in some cases derived from tracking error estimates. The objective in all cases is to estimate potential losses and manage the downside risk.

The table below summarises the outputs of the VaR model in relation to market risk exposures, incorporating price risk, foreign exchange risk and interest rate risk. This market risk exposure is reflective of the interdependencies between the price risk, foreign exchange risk and interest rate risk variables.

BlackRock calculate VaR relative to the Fund's benchmark. The analysis implies that the Manager can be 95% confident that the value of the portfolio will not decrease by any more than the figures in the table below relative to a portfolio of the same value as the Fund's portfolio which replicates the composition of the benchmark over the 5 day period from 30 June.

# Notes to the Financial Statements for the year ended 30 June 2009 (continued)

## 7. Financial Risk Management (continued)

### (c) Summarised VaR analysis (continued)

	2009		2008	
	\$'000	%	\$'000	%
<b>Value at Risk for BlackRock Global Allocation Fund (Aust)</b>				
Market Risk	5,789	0.98	4,737	0.69

#### (i) Detailed information about the models

There are a number of different VaR models used within the Funds Management industry. BlackRock uses one or more of ex-ante and ex-post estimates of portfolio risk relative to benchmark and the Monte Carlo simulation model depending on the fund type. Models are calculated using historical data and a covariance matrix where applicable.

The VaR numbers shown in these accounts have following features:

- VaR is calculated to a 95 per cent confidence level. VaR at a confidence level identifies the maximum expected loss under that confidence level.
- VaR is calculated for a 5 day holding. The time horizon of five days is selected to coincide with the period used to analyse the portfolio positions. The risk data is examined in various daily, weekly and monthly forums.
- The portfolio VaR is not the simple sum of the individual asset stand alone VaRs; the correlations among assets in the portfolio are considered.

Although VaR is a valuable risk management tool it should be interpreted, as with all predictive models, with consideration to its assumptions and limitations. The main assumptions and limitations are listed below:

- Models assume certain financial variable are normally distributed: The normality assumption allows BlackRock to scale portfolio risk estimates to the appropriate confidence levels. The normality assumption is derived from statistical analysis for examining sample populations of observations and the implications of not assuming normality would preclude the use of most statistical tools, including mainstream commercial models for risk measurement.
- The use of historical returns and correlations between assets would not take into account future potential events: It is a commonly stated and well-recognised limitation that past performance is not a reliable indicator of future performance.
- Model risk, in general terms, is a known limitation that includes: the quality or accuracy of the underlying data, where significant events occur within the data, the changing sensitivity of the Fund's assets to external market factors over time, and appreciating that using only one model may be limiting in itself to obtaining the best understanding of a Fund's risk position.

BlackRock acknowledges these limitations and thus compares ex-ante to ex-post risk estimates to review expectations versus actual outcomes. Should ex-post values differ significantly from ex-ante returns, an assessment of the reasons for this will be made.

## 7. Financial Risk Management (continued)

### (c) Summarised VaR analysis (continued)

The Fund's risk is managed with constant review of both performance and risk numbers by the investment professionals within the business. These reviews consist of:

- Weekly meetings between the global members of Risk & Quantitative Analysis (RQA). These meetings include RQA Australia.
- Monthly meetings between RQA and the Fund Managers.
- Monthly meetings between RQA and the Chief Investment Officer.
- Ad hoc presentations to the Risk Management Committee (RMC) to keep RMC abreast of RQA processes and latest updates.
- Daily report of performance figures along with a comparison of ex-ante versus ex-post returns sent to RQA London.
- RQA professionals sitting and working closely with the Fund Managers every day.

### (d) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under contract. Credit risk primarily arises from investments in debt instruments and from trading derivative products. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. At 30 June 2009 the total carrying amount of financial assets exposed to credit risk amounted to \$274,863,000 (2008: \$323,657,000), which best represents the maximum credit risk exposure at the balance sheet date. None of these assets are impaired nor past due and impaired.

Market prices generally incorporate credit risk assessments into valuations and risk of loss is implicitly provided for in the carrying value of financial assets and liabilities as they are marked to market.

#### (i) Fixed Interest Securities

The Fund can invest in all types of debt securities. Debt securities include, but are not limited to: US and foreign government bonds, corporate bonds and convertible bonds, mortgage and asset backed securities and securities issued or guaranteed by certain international organisations such as World Bank.

The Fund may invest in high yield (non investment grade) debt, distressed debt and bank loans.

An analysis of debt securities by rating is set out in the table below. The benchmark column represents the performance benchmark of the Fund and the percentages are categorisation of the constituent credit ratings. Thus where the portfolio holdings of AAA rated securities is less than the benchmark it means the Fund has less exposure to AAA securities than the benchmark holdings. The Active column, derived by subtracting the benchmark % from the Portfolio %, represents the active management views on the credit risk BlackRock desires for the Fund.

Rating	30 June 2009			30 June 2008		
	Portfolio %	Benchmark %	Active %	Portfolio %	Benchmark %	Active %
GOV	29.35	60.02	-30.67	44.93	60.00	-15.07
AAA	17.88	17.03	0.85	29.78	18.13	11.65
AA	6.40	21.20	-14.80	4.63	19.33	-14.70
A	4.97	1.74	3.23	3.22	2.51	0.71
BBB	8.26	0	8.26	3.93	0	3.93
BB	4.60	0	4.60	2.58	0	2.58
B	3.90	0	3.90	0.03	0	0.03
CCC & below	1.83	0	1.83	0.05	0	0.05
NR	22.81	0.01	22.80	10.85	0.03	10.82
Total	100.00	100.00	0.00	100.00	100.00	0

# Notes to the Financial Statements for the year ended 30 June 2009 (continued)

## 7. Financial Risk Management (continued)

### (d) Credit risk (continued)

#### (iii) Derivatives

All exchange traded derivatives are executed through brokers, and cleared through a clearing broker and approved by the RMC. Over the counter derivative transactions are conducted only with approved counterparties, who meet the applicable specific fund requirements and where trading documentation is in place.

To minimise credit risk, the Fund only transacts with counterparties of investment grade quality (BBB- or above as rated by Standard & Poor's). BlackRock has a process in place to assess the creditworthiness of counterparties and assess that the risk is evenly distributed. Matters arising in relation to counterparties are reviewed regularly by the RMC.

#### (iii) Other credit risk

Exposure to credit risk on cash and cash equivalents, margin accounts and amounts due from brokers (receivables) is considered to be minimal due to the high credit rating of the relevant financial institutions and the short time to settlement, in the case of brokers.

VaR analysis is also used to manage and measure the credit risk of the Fund. Note (c) Summarised VaR analysis summarises the potential exposure of the Fund's net assets attributable to unitholders.

### (e) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due.

The Fund is exposed to daily cash redemptions of redeemable units. The liquidity risks associated with the need to satisfy unitholders' requests for redemptions are mitigated by maintaining adequate liquidity to satisfy usual redemption volumes and restricting the investment activities of the Fund to securities that are actively traded and highly liquid. The Fund also maintains continuous monitoring of forecast and actual cashflows and matching the maturity profiles of financial assets and liabilities.

The Fund is restricted by its investment guidelines and the Fund's investment philosophy from entering into derivative contractual arrangements that create a market exposure which exceeds the total fair value of the relevant asset class within the Fund's portfolios. Furthermore, any derivative contract held by the Fund is required to be backed by cash or securities which in the reasonable opinion of the Manager represent a reasonable proxy for cash.

BlackRock investment management staff considers and maintain the liquidity of the Fund, in the context of the investment objectives and liquidity requirements of the Fund. Operational procedures are in place to review margin requirements on futures contracts. RMC reviews liquidity reports to ensure the Fund has sufficient liquidity to pay client redemptions and meet margin calls as required.

The table below analyses the Fund's financial liabilities and derivative asset balances into relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the year end date. The amounts in the table are the contractual undiscounted cash flows. Balances that are due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 12 month	1-3 years	3-5 years	> 5 years	On Call
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 30 June 2009</b>					
Bank Overdraft	-	-	-	-	(1,657)
Margin Accounts	-	-	-	-	-
Distribution payable	-	-	-	-	-
Accounts payable & Accrued expenses	(5,909)	-	-	-	-
Derivatives*					
- Outflows	(655,457)	(239)	(239)	(425)	-
- Inflows	657,599	57	57	-	-
Net assets attributable to unitholders	-	-	-	-	(590,697)
<b>Total</b>	<b>(3,767)</b>	<b>(182)</b>	<b>(182)</b>	<b>(425)</b>	<b>(592,354)</b>

## 7. Financial Risk Management (continued)

### (e) Liquidity risk (continued)

	Less than 12 month	1–3 years	3–5 years	> 5 years	On Call
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 30 June 2008</b>					
Bank Overdraft	-	-	-	-	(927)
Margin Accounts	-	-	-	-	(114)
Distribution payable	(92,488)	-	-	-	-
Accounts payable & Accrued expenses	(6,348)	-	-	-	-
Derivatives*					
- Outflows	(1,014,544)	(39,885)	(813)	(10,735)	-
- Inflows	1,014,934	39,471	949	10,949	-
Net assets attributable to unitholders	-	-	-	-	(688,193)
<b>Total</b>	<b>(98,446)</b>	<b>(414)</b>	<b>136</b>	<b>214</b>	<b>(689,234)</b>

\* The analysis above includes gross cash flows from forward foreign exchange contracts and interest rate swaps (irrespective of whether they are gross or net settled) in both an asset or liability position at the Balance Sheet date. As cash inflows are generally realised simultaneously to cash outflows, this information has been included for clarity.

As at 30 June 2009, BlackRock Global Allocation Fund's financial liabilities included credit default swaps with a notional value of \$20,317,000 (fair value liability \$429,000). As at 30 June 2008, financial liabilities included credit default swaps with a notional value of \$1,558,000 (fair value liability \$138,000). Cash Flows in relation to these swaps are dependent on future events and therefore the amount and timing cannot be reliably estimated at the year end. Cash flows in relation to these swaps have not been included in the above analysis.

### (f) Fair value estimation

The financial assets and liabilities which are included in the Balance Sheets of the Fund are carried at fair value.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or losses are measured at fair value with changes in their value recognised in the income statement.

#### ■ Fair value in an active market

The fair value of a financial assets and liabilities traded in active markets is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

#### ■ Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Fund may from time to time hold financial instruments that are not quoted in active markets, such as over-the-counter (OTC) derivatives. Fair values of such instruments are determined by using internal valuation models. Where valuation models are used to determine fair values, they are periodically reviewed and validated by experienced personnel of the Responsible Entity, independent of the area that created them. Models are calibrated by back-testing to actual transactions to ensure that outputs are reliable.

Models use observable data, to the extent practical. However, areas such as credit risk (both the Funds and counterparty), volatilities and correlations require management to make reasonable estimates. Changes in assumptions about these factors will affect the reported fair value of financial instruments.

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the managers of such Funds.

## 8. Contingent Assets and Liabilities and Commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2009 (30 June 2008: Nil).

## 9. Events Occurring After the Balance Sheet Date

With the exception of the current market volatility, which is reflected in the daily unit prices, there have been no other significant events which have occurred since balance date which would impact on the financial position of the Fund disclosed in the balance sheet as at 30 June 2009 or on the results and cash flows of the Fund for the year ended on that date.

# Directors' Declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes attached are in accordance with the Corporations Act 2001, including:
  - (i) complying with Accounting Standards; the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2009 and of its performance, as represented by the results of its operations, changes in equity and its cash flow, for the year ended on that date; and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

M J O'Shannassy  
Director

G A Boyle  
Director

Melbourne, 28 September 2009

# Independent Auditor's Report

Independent Auditor's Report to the Unitholders of BlackRock Global Allocation Fund (Aust)

We have audited the accompanying financial report of BlackRock Global Allocation Fund (Aust) ("the Fund"), which comprises the balance sheet as at 30 June 2009, the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

## Directors' Responsibility for the Financial Report

The directors of the Responsible Entity, BlackRock Investment Management (Australia) Limited, are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors of the Responsible Entity also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

## Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Responsible Entity, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

## Auditor's Opinion

In our opinion:

- (a) the financial report of BlackRock Global Allocation Fund (Aust) is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position of BlackRock Global Allocation Fund (Aust) as at 30 June 2009 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

DELOITTE TOUCHE TOHMATSU

Neil A. Brown  
Partner  
Chartered Accountants  
Melbourne, 28 September 2009

Liability limited by a scheme approved under Professional Standards Legislation.