

Annual Financial Report

30 JUNE 2009

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

Australian Financial Services Licence No 230523

BlackRock Global Funds

BlackRock Global Small Cap Fund

ARSN 096 140 304

BlackRock Hedged Global Small Cap Fund

ARSN 096 140 260

BlackRock Global High Conviction Fund – Unhedged formerly

BlackRock Global Titans Fund ARSN 096 140 288

BlackRock Global High Conviction Fund – Hedged formerly

BlackRock Hedged Global Titans Fund ARSN 096 140 242

BlackRock International Gold Fund

ARSN 112 082 676



BLACKROCK

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Directors' Report

The directors of BlackRock Investment Management (Australia) Limited, the Responsible Entity of the BlackRock Global Funds present their report together with the financial report of BlackRock Global Funds ("the Funds"), and the consolidated financial report of BlackRock Global High Conviction Fund – Hedged and BlackRock Hedged Global Small Cap Fund and their controlled schemes ("the consolidated entities") for the financial year ended 30 June 2009 and the auditor's report thereon. The BlackRock Global Funds comprise the BlackRock Global Small Cap Fund, the BlackRock Hedged Global Small Cap Fund, BlackRock Global High Conviction Fund – Unhedged (formerly BlackRock Global Titans Fund), the BlackRock Global High Conviction Fund – Hedged (formerly BlackRock Hedged Global Titans Fund) and the BlackRock International Gold Fund.

Change of Name

On 27 October 2008 the names of the Funds changed as outlined above.

Responsible Entity

The Responsible Entity of the Funds is BlackRock Investment Management (Australia) Limited (ABN 13 006 165 975) ("the Responsible Entity"). The London based Global Equity Team and Natural Resources Team of a company related to the Responsible Entity has been appointed to manage the Funds.

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

Principal Activities

The Funds invest in accordance with the provisions of their Funds' Constitutions. The Funds did not have any employees during the year. There were no significant changes in the nature of the Funds 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 Funds continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Funds and in accordance with the provisions of the Funds' Constitutions.

BlackRock Global Small Cap Fund

The Fund is designed to access the significant long-term growth potential of attractive emerging companies and industries on a global basis.

BlackRock Hedged Global Small Cap Fund

The Fund is designed to access the significant long-term growth potential of attractive emerging companies and industries on a global basis. The Fund employs a passive currency hedging overlay that seeks to reduce the volatility of, or impact on, Australian dollar returns related to currency movements.

BlackRock Hedged Global Small Cap Fund held more than 50% of the issued units of BlackRock Global Small Cap Fund at balance date.

BlackRock Global High Conviction Fund – Unhedged

The primary aim of the Fund is to maximize capital growth over the medium to long term by investing in a select portfolio of the world's most successful global companies and those where strong franchises offer the potential for growth.

BlackRock Global High Conviction Fund – Hedged

The primary aim of the Fund is to maximise capital growth over the medium to long term by investing in a select portfolio of the world's most successful global companies and those where strong franchises offer the potential for growth. The Fund employs a passive currency hedging overlay that seeks to reduce the volatility of, or impact on, Australian dollar returns related to currency movements.

BlackRock Global High Conviction Fund – Hedged held more than 50% of the issued units of BlackRock Global High Conviction Fund – Unhedged at balance date.

BlackRock International Gold Fund

The Fund seeks to maximise capital growth over the medium to long term by investing in gold mining shares throughout the world (including Australia). The investment approach is based upon bottom up, research driven, analysis to determine which gold companies offer investors the best long-term exposure to gold prices at acceptable levels of risk.

Results

The returns of the various Funds are summarised in the following table:

Fund	Return*				
	2009 % p.a.	2008 % p.a.	2007 % p.a.	2006 % p.a.	2005 % p.a.
BlackRock Global Small Cap Fund					
A Class	(13.05)	(12.17)	2.74	25.02	1.31
C Class	(12.29)	(11.54)	3.17	25.63	1.51
D Class	(12.20)	(11.37)	3.63	26.22	1.94
BlackRock Hedged Global Small Cap Fund					
A Class	(27.59)	(5.27)	17.16	22.75	14.03
C Class	(27.25)	(4.80)	17.72	23.19	14.59
D Class	(26.91)	(4.22)	18.36	23.91	14.99
BlackRock Global High Conviction Fund – Unhedged					
A Class	(16.71)	(11.63)	4.36	18.08	(0.38)
C Class	(16.16)	(11.28)	4.90	18.78	(0.15)
D Class	(15.83)	(10.91)	5.31	19.32	0.24
X Class	(14.90)	(9.91)	(0.47)**	–	–
BlackRock Global High Conviction Fund – Hedged					
A Class	(32.68)	(4.45)	19.61	15.61	12.16
C Class	(32.28)	(4.10)	20.03	16.09	12.35
D Class	(31.98)	(3.55)	20.49	16.62	12.93
BlackRock International Gold Fund					
C Class	(14.37)	(1.95)	(0.07)	44.38**	–
D Class	(13.38)	(1.17)	1.04	79.00	(1.15)**

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

** Since inception date. Returns are not representative of full year returns.

Detailed information on the Funds' distributions is provided in note 7 of the financial statements.

Directors' Report (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 Funds' Constitutions and product disclosure statements. The key differences between net assets for unit pricing and AIFRS Financial Reporting have been outlined below:

	BlackRock Global Small Cap Fund		BlackRock Hedged Global Small Cap Fund	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
	Net Assets for Unit Pricing purposes	203,736	257,330	143,100
Permanent Differences				
AIFRS adjustments for changes in valuation of Financial Instruments held at Fair Value through Profit or Loss	(1,013)	(311)	(702)	(1,028)
Other	64	84	-	-
Timing Differences				
Distribution Payable	-	(1,033)	-	(16,430)
Other	4	(34)	1	1
Net Assets Attributable to Unitholders as at 30 June	202,791	256,036	142,399	187,827
	BlackRock Global High Conviction Fund – Unhedged		BlackRock Global High Conviction Fund – Hedged	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
	Net Assets for Unit Pricing purposes	67,876	100,382	31,139
Permanent Differences				
AIFRS adjustments for changes in valuation of Financial Instruments held at Fair Value through Profit or Loss	(74)	(92)	(69)	(124)
Other	145	117	-	-
Timing Differences				
Distribution Payable	(5,515)	(753)	-	(4,831)
Other	(19)	19	(1)	24
Net Assets Attributable to Unitholders as at 30 June	62,413	99,673	31,069	44,408
	BlackRock International Gold Fund			
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
	Net Assets for Unit Pricing purposes		40,715	48,954
Permanent Differences				
AIFRS adjustments for changes in valuation of Financial Instruments held at Fair Value through Profit or Loss			(99)	(333)
Other			-	(1)
Timing Differences				
Distribution Payable			-	(3,889)
Other			(3)	1
Net Assets Attributable to Unitholders as at 30 June			40,613	44,732

Significant Changes in State of Affairs

In the opinion of the directors, there were no significant changes in the State of Affairs of the Funds that occurred during the financial year under review.

Matters Subsequent to the End of the Financial Year

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

Likely Developments and Expected Results of Operations

The Funds will continue to be managed in accordance with their investment objectives and guidelines and in accordance with the provisions of their Constitutions.

Future results will accordingly depend on the performance of the investment markets to which the Funds are 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 Funds.

Indemnification & Insurance Officers and Auditors

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

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

Environmental Regulation

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

Rounding of Amounts to the Nearest Thousand Dollars

The Funds are registered schemes of a 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 Funds have 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 3, 5 and 7 to the financial statements.

Auditors' Independence Declaration

A copy of the Auditors' Independence Declaration as required by section 307C of the Corporations Act 2001 is set out on page 7.

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

This report is made in accordance with a resolution of 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 SMALL CAP FUND, BLACKROCK HEDGED GLOBAL SMALL CAP FUND, BLACKROCK GLOBAL HIGH CONVICTION FUND – UNHEDGED (FORMERLY BLACKROCK GLOBAL TITANS FUND), BLACKROCK GLOBAL HIGH CONVICTION FUND – HEDGED (FORMERLY BLACKROCK HEDGED GLOBAL TITANS FUND) AND BLACKROCK INTERNATIONAL GOLD FUND

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 Small Cap Fund, BlackRock Hedged Global Small Cap Fund, BlackRock Global High Conviction Fund – Unhedged (formerly BlackRock Global Titans Fund), BlackRock Global High Conviction Fund – Hedged (formerly BlackRock Hedged Global Titans Fund) and BlackRock International Gold Fund.

As lead audit partner for the audit of the financial statements of BlackRock Global Small Cap Fund, BlackRock Hedged Global Small Cap Fund, BlackRock Global High Conviction Fund – Unhedged (formerly BlackRock Global Titans Fund), BlackRock Global High Conviction Fund – Hedged (formerly BlackRock Hedged Global Titans Fund) and BlackRock International Gold Fund 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 Sheets as at 30 June 2009

	Notes	BlackRock Global Small Cap Fund		BlackRock Hedged Global Small Cap Fund			
				Consolidated		Parent	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
ASSETS							
Cash and Cash Equivalents	6(a)	13,862	18,571	14,052	18,772	190	304
Receivables from Related Schemes	3	-	-	-	-	302	1,066
Other Receivables		2,007	3,842	2,012	3,911	5	69
Income Receivable		229	316	229	316	-	-
Financial Assets Designated at Fair Value through Profit or Loss							
- Equity Securities		191,263	235,785	191,263	235,785	-	-
- Units in Related Schemes		-	-	-	-	140,800	202,721
- Interest Bearing Investments		-	2	-	2	-	-
Financial Assets held for Trading							
- Options		3	-	3	-	-	-
- Forward Foreign Exchange Contracts		536	1,368	2,352	2,713	1,816	1,345
TOTAL ASSETS		207,900	259,884	209,911	261,499	143,113	205,505
LIABILITIES							
Bank Overdraft	6(a)	427	41	427	41	-	-
Distribution Payable	7	-	1,033	-	16,630	-	16,430
Accounts Payable and Accrued Expenses		4,205	1,668	4,505	2,183	602	748
Payable to Related Parties		-	-	-	-	-	103
Financial Liabilities Held for Trading							
- Forward Foreign Exchange Contracts		477	1,106	589	1,503	112	397
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		5,109	3,848	5,521	20,357	714	17,678
Net Assets Attributable to Minority Interests (Liability)		-	-	61,991	52,754	-	-
Net Assets Attributable to Unitholders of the Parent Entity (Liability)	5	202,791	256,036	142,399	188,388	142,399	187,827
NET ASSETS		-	-	-	-	-	-

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

Balance Sheets as at 30 June 2009 (continued)

	Notes	BlackRock Global High Conviction Fund – Unhedged		BlackRock Global High Conviction Fund – Hedged				BlackRock International Gold Fund	
		Consolidated		Parent					
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
ASSETS									
Cash and Cash Equivalents	6(a)	1,441	6,880	1,469	6,937	28	57	1,798	2,462
Receivables from Related Schemes	3	–	–	–	–	2,367	174	–	–
Other Receivables		1,080	11	1,080	11	–	–	7	11
Income Receivable		315	212	315	212	–	–	15	17
Financial Assets Designated at Fair Value through Profit or Loss									
– Equity Securities		67,426	93,944	67,426	93,944	–	–	38,886	46,181
– Units in Related Schemes		–	–	–	–	28,353	48,839	–	–
Financial Assets Held for Trading									
– Options		–	682	–	682	–	–	1	9
– Forward Foreign Exchange Contracts		83	–	502	379	419	379	–	–
TOTAL ASSETS		70,345	101,729	70,792	102,165	31,167	49,449	40,707	48,680
LIABILITIES									
Bank Overdraft	6(a)	–	–	–	–	–	–	–	–
Distribution Payable	7	5,515	753	3,198	5,472	–	4,831	–	3,889
Accounts Payable and Accrued Expenses		2,072	1,071	2,091	1,127	69	120	94	59
Financial Liabilities Held for Trading									
– Forward Foreign Exchange Contracts		345	232	374	322	29	90	–	–
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		7,932	2,056	5,663	6,921	98	5,041	94	3,948
Net Assets Attributable to Minority Interests (Liability)		–	–	34,060	50,684	–	–	–	–
Net Assets Attributable to Unitholders of the Parent Entity (Liability)	5	62,413	99,673	31,069	44,560	31,069	44,408	40,613	44,732
NET ASSETS		–	–	–	–	–	–	–	–

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

Income Statements for the year ended 30 June 2009

	Notes	BlackRock Global Small Cap Fund		BlackRock Hedged Global Small Cap Fund			
				Consolidated		Parent	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
INVESTMENT INCOME							
Net Gain/(Loss) on Financial Instruments designated at Fair Value through Profit or Loss		(24,816)	(35,907)	(24,816)	(35,907)	(21,775)	(26,600)
Net Gain/(Loss) on Financial Instruments held for Trading		(7,273)	1,677	(38,948)	17,201	(31,675)	15,525
Dividend Income		3,693	3,597	3,693	3,597	-	-
Distributions from Related Schemes	3	-	-	-	-	-	833
Interest Income		57	252	57	270	-	18
Fee Rebates from Related Schemes	3(c)	-	-	-	-	1,809	2,525
Other Operating Income		62	55	62	49	-	2
TOTAL INVESTMENT INCOME/(LOSS)		(28,277)	(30,326)	(59,952)	(14,790)	(51,641)	(7,697)
EXPENSES							
Responsible Entity's Fees	3(a)	2,636	3,374	2,757	3,605	1,930	2,757
Transaction Costs		380	338	380	338	-	-
Other Operating Expenses	3(b)	-	-	18	-	18	8
TOTAL OPERATING EXPENSES		3,016	3,712	3,155	3,943	1,948	2,765
NET OPERATING PROFIT/(LOSS)		(31,293)	(34,038)	(63,107)	(18,733)	(53,589)	(10,462)
FINANCING COSTS ATTRIBUTABLE TO UNITHOLDERS							
Distributions to Unitholders of the Parent Entity	7	-	1,033	-	16,417	-	16,430
Distributions to Minority Interests		-	-	-	213	-	-
Increase/(Decrease) in Net Assets Attributable to Unitholders of the Parent Entity	5	(31,293)	(35,071)	(53,589)	(28,137)	(53,589)	(26,892)
Increase/(Decrease) in Net Assets Attributable to Minority Interests		-	-	(9,518)	(7,226)	-	-
NET PROFIT/(LOSS) FOR THE YEAR		-	-	-	-	-	-

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

Income Statements for the year ended 30 June 2009 (continued)

	BlackRock Global High Conviction Fund – Unhedged			BlackRock Global High Conviction Fund – Hedged			BlackRock International Gold Fund		
	Notes	Consolidated		Parent		2009 \$'000	2008 \$'000		
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000				
INVESTMENT INCOME									
Net Gain/(Loss) on Financial Instruments designated at Fair Value through Profit or Loss		(17,283)	(12,190)	(17,283)	(15,005)	(8,501)	(5,988)	(5,223)	146
Net Gain/(Loss) on Financial Instruments held for Trading		2,369	(768)	(6,486)	3,161	(8,855)	3,891	187	(583)
Dividend Income		2,002	1,557	2,002	1,680	–	–	249	116
Distributions from Related Schemes	3	–	–	–	–	2,316	112	–	–
Interest Income		5	11	5	23	–	5	65	104
Fee Rebates from Related Schemes	3(c)	–	–	–	177	363	541	–	–
Other Operating Income		9	14	9	5	–	–	4	18
TOTAL INVESTMENT INCOME/(LOSS)		(12,898)	(11,376)	(21,753)	(9,959)	(14,677)	(1,439)	(4,718)	(199)
EXPENSES									
Responsible Entity's Fees	3(a)	395	590	441	659	409	630	502	626
Transaction Costs		142	171	142	171	–	–	19	62
Other Operating Expenses	3(b)	–	–	9	–	9	2	–	–
TOTAL OPERATING EXPENSES		537	761	592	830	418	632	521	688
NET OPERATING PROFIT/(LOSS)		(13,435)	(12,137)	(22,345)	(10,789)	(15,095)	(2,071)	5,239	(887)
FINANCING COSTS ATTRIBUTABLE TO UNITHOLDERS									
Distributions to Unitholders of the Parent Entity	7	5,515	753	–	4,831	–	4,831	–	3,889
Distributions to Minority Interests		–	–	3,198	641	–	–	–	–
Increase/(Decrease) in Net Assets Attributable to Unitholders of the Parent Entity	5	(18,950)	(12,890)	(15,095)	(7,526)	(15,095)	(6,902)	5,239	(4,776)
Increase/(Decrease) in Net Assets Attributable to Minority Interests		–	–	(10,448)	(8,735)	–	–	–	–
NET PROFIT/(LOSS)		–	–	–	–	–	–	–	–

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

Cash Flow Statements for the year ended 30 June 2009

	BlackRock Global Small Cap Fund			BlackRock Hedged Global Small Cap Fund			
	Notes			Consolidated		Parent	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Proceeds from Sale of Financial Instruments held at Fair Value through Profit or Loss		408,996	379,783	376,422	395,600	54,844	90,926
Purchase of Financial Instruments held at Fair Value through Profit or Loss		(400,668)	(381,676)	(400,771)	(382,042)	(47,376)	(121,668)
Transaction Costs on Purchase of Financial Instruments held at Fair Value through Profit or Loss		(380)	(338)	(380)	(338)	-	-
Interest Received		57	252	57	270	-	18
Distributions from Related Schemes		-	-	-	-	833	29,412
Dividends Received		3,773	3,808	3,773	3,808	-	-
Responsible Entity Fee Rebates Received		-	-	-	-	1,868	2,521
Other Income Received		71	55	71	57	-	2
Responsible Entity Fees Paid		(2,683)	(3,388)	(2,807)	(3,624)	(1,993)	(2,758)
Operating Expenses Paid		-	(18)	(18)	(27)	(18)	(9)
NET CASH INFLOWS/(OUTFLOWS) FROM OPERATING ACTIVITIES	6(b)	9,166	(1,522)	(23,653)	13,704	8,158	(1,556)
CASH FLOWS FROM FINANCING ACTIVITIES							
Proceeds from Applications by Unitholders		80,683	112,870	208,136	105,280	39,933	83,935
Payments for Redemptions by Unitholders		(103,632)	(100,245)	(185,364)	(69,881)	(34,459)	(44,744)
Distributions Paid		(124)	(6,028)	(13,038)	(43,942)	(13,747)	(37,915)
NET CASH INFLOWS/(OUTFLOWS) FROM FINANCING ACTIVITIES		(23,073)	6,597	9,734	(8,543)	(8,273)	1,276
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS							
Cash and Cash Equivalents at the Beginning of the Financial Year		18,530	15,400	18,731	15,516	304	585
Effects of Foreign Currency Exchange Rate Changes on Cash and Cash Equivalents		8,812	(1,945)	8,813	(1,946)	1	(1)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	6(a)	13,435	18,530	13,625	18,731	190	304
Non-cash Financing Activities	6(c)						

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

Cash Flow Statements for the year ended 30 June 2009 (continued)

	BlackRock Global High Conviction Fund – Unhedged			BlackRock Global High Conviction Fund – Hedged			BlackRock International Gold Fund		
	Notes	Consolidated		Parent		2009 \$'000	2008 \$'000		
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000				
CASH FLOWS FROM OPERATING ACTIVITIES									
Proceeds from Sale of Financial Instruments held at Fair Value through Profit or Loss		150,126	146,108	141,164	94,641	15,217	19,387	12,872	51,702
Purchase of Financial Instruments held at Fair Value through Profit or Loss		(138,925)	(141,667)	(138,925)	(92,332)	(12,195)	(25,794)	(10,579)	(73,669)
Transaction Costs on Purchase of Financial Instruments held at Fair Value through Profit or Loss		(142)	(171)	(142)	(171)	–	–	(19)	(61)
Interest Received		5	11	5	23	–	5	65	104
Distributions from Related Schemes		–	–	–	3,304	112	3,304	–	–
Dividends Received		1,913	2,096	1,913	1,599	–	–	250	104
Responsible Entity Fee Rebates Received		–	–	–	177	380	541	–	–
Other Income Received		11	14	12	4	1	–	5	14
Responsible Entity Fees Paid		(412)	(592)	(461)	(665)	(428)	(630)	(506)	(609)
Operating Expenses Paid		–	–	(5)	1	(5)	(3)	–	2
NET CASH INFLOWS/ (OUTFLOWS) FROM OPERATING ACTIVITIES	6(b)	12,576	5,799	3,561	6,581	3,082	(3,190)	2,088	(22,413)
CASH FLOWS FROM FINANCING ACTIVITIES									
Proceeds from Applications by Unitholders		12,609	25,942	8,407	16,430	7,993	15,621	13,323	79,460
Payments for Redemptions by Unitholders		(31,051)	(26,201)	(13,892)	(15,895)	(7,022)	(8,919)	(14,621)	(55,047)
Distributions Paid		(2)	(112)	(3,974)	(3,607)	(4,083)	(3,607)	(1,427)	(566)
NET CASH INFLOWS/ (OUTFLOWS) FROM FINANCING ACTIVITIES		(18,444)	(371)	(9,459)	(3,072)	(3,112)	3,095	(2,725)	23,847
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(5,868)	5,428	(5,898)	3,509	(30)	(95)	(637)	1,434
Cash and Cash Equivalents at the Beginning of the Financial Year		6,880	1,875	6,937	153	57	153	2,462	978
Cash and Cash Equivalents acquired as part of Business Combinations		–	–	–	3,650	–	–	–	–
Effects of Foreign Currency Exchange Rate Changes on Cash and Cash Equivalents		429	(423)	430	(375)	1	(1)	(27)	50
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	6(a)	1,441	6,880	1,469	6,937	28	57	1,798	2,462
Non-cash Financing Activities	6(c)								

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

Statements of Changes in Equity for the year ended 30 June 2009

	BlackRock Global Small Cap Fund		BlackRock Hedged Global Small Cap Fund			
			Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
TOTAL EQUITY AT THE BEGINNING OF THE FINANCIAL YEAR	-	-	-	-	-	-
Profit/(Loss) for the year	-	-	-	-	-	-
Net income/(expense) recognised directly in equity	-	-	-	-	-	-
TOTAL RECOGNISED INCOME AND EXPENSES FOR THE YEAR	-	-	-	-	-	-
Transactions with equity holders in their capacity as equity holders	-	-	-	-	-	-
TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR	-	-	-	-	-	-

	BlackRock Global High Conviction Fund – Unhedged		BlackRock Global High Conviction Fund – Hedged		BlackRock International Gold Fund	
			Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
TOTAL EQUITY AT THE BEGINNING OF THE FINANCIAL YEAR	-	-	-	-	-	-
Profit/(Loss) for the year	-	-	-	-	-	-
Net income/(expense) recognised directly in equity	-	-	-	-	-	-
TOTAL RECOGNISED INCOME AND EXPENSES FOR THE YEAR	-	-	-	-	-	-
Transactions with equity holders in their capacity as equity holders	-	-	-	-	-	-
TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR	-	-	-	-	-	-

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 Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the year ended 30 June 2009

1. Change of name

On 27 October 2008, the name of the Funds changed as set out in the table below:

New Name	Former name
BlackRock Global High Conviction Fund – Unhedged	BlackRock Global Titans Fund
BlackRock Global High Conviction Fund – Hedged	BlackRock Hedged Global Titans Fund

2. Summary of Significant Accounting Policies

(a) Statement of Compliance & Basis of Preparation

This financial report includes financial statements for BlackRock Global Small Cap Fund, BlackRock Hedged Global Small Cap Fund, BlackRock Global High Conviction Fund – Unhedged, BlackRock Global High Conviction Fund – Hedged and BlackRock International Gold Fund (“the Funds”) as individual entities. The BlackRock Global Small Cap Fund, BlackRock Hedged Global Small Cap Fund, BlackRock Global High Conviction Fund – Unhedged and BlackRock Global High Conviction Fund – Hedged were constituted on 1 March 2001 and the BlackRock International Gold Fund on 14 October 2004.

This financial report also includes the financial statements for BlackRock Hedged Global Small Cap Fund as a consolidated entity and its subsidiary, BlackRock Global Small Cap Fund, as well as BlackRock Global High Conviction Fund – Hedged as a consolidated entity and its subsidiary, BlackRock Global High Conviction Fund – Unhedged.

This 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 Funds, 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 28 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) Principles of Consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of the controlled scheme of the BlackRock Hedged Global Small Cap Fund and the assets and liabilities of the controlled scheme of the BlackRock Global High Conviction Fund – Hedged (“the parent entities”) as at 30 June 2009 and their results for the year then ended. The parent entities and their controlled schemes together are referred to in their financial report as the consolidated entities.

Controlled schemes are all those investments in schemes over which the parent entity has the power to govern the financial and operating policies, generally accompanying a unitholding of more than one-half of the units on issue. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the parent entity controls another entity.

Controlled schemes are fully consolidated from the date on which control is transferred to the parent entity. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of controlled schemes by the parent entity.

All transactions (including gains and losses) and balances between consolidated entities are eliminated. Accounting policies of controlled schemes have been changed where necessary to ensure consistency with the policies adopted by the parent entity.

2. Summary of Significant Accounting Policies (continued)

(b) Principles of Consolidation – Controlled Schemes (continued)

Minority interests in the results and net assets of controlled schemes are shown separately in the consolidated Income Statement and Balance Sheet respectively. Minority interests consist of the amount those interest at the date of the original business combination and the minority's share of changes in net assets attributable to unitholders since the date of the combination.

On consolidation of controlled schemes into a parent entity's accounts, the elimination of the 'Investment in Controlled Schemes' will not equate to the 'Net Assets of the Controlled Schemes'. The parent entity's investment in its controlled schemes is recognised in the Balance Sheet at fair value.

The fair value will be the redemption price of the subsidiary.

(c) 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 Funds do 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 Funds' 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 Funds recognise 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 Funds have transferred substantially all risks and rewards of ownership.

The Funds have designated all of their 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 Statements.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheets 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.

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.

Units in Related Managed Investment Schemes ("schemes")

The fair value of units in related schemes is determined as the redemption price of the investment schemes as established by the underlying schemes' Responsible Entity at balance date.

2. Summary of Significant Accounting Policies (continued)

(d) 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 Funds enter 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 Funds' 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 Funds 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.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Funds.

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

Forward Foreign Exchange Contracts

Forward foreign exchange contracts are primarily used by the Funds to manage against foreign currency exchange rate risks on their non-Australian dollar denominated trading securities. The Funds agree to receive or deliver 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 Funds recognise a gain or loss equal to the change in fair value at the reporting date in the Income Statements.

Warrants

Warrants are options 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 Funds recognise a gain or loss equal to the change in fair value at the reporting date.

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 Funds enter into a closing sale transaction, a gain or loss is realised on disposal and included in the Income Statements.

(e) 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 high 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 as liabilities on the Balance Sheets.

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 Funds' main income generating activity.

2. Summary of Significant Accounting Policies (continued)

(f) Foreign Currency Translations

Functional and Presentation Currency

Items included in the Funds' financial statements are measured using the currency of the primary economic environment in which they operate (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Funds compete for funds and are regulated. The Australian dollar is also the Funds' 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 the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the Income Statements.

The Funds do 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 prices of securities. Such fluctuations are included in the net gains or losses on financial instruments at fair value through Profit or Loss.

(g) Investment Income and Expenses

Interest income and expenses are recognised in the Income Statements 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 2(c) and 2(d).

The effective interest method is a method of calculating the amortised cost of a financial asset or financial 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 Funds estimate cash flows, considering all contractual terms of the financial instrument (for example, prepayment options) but do 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.

Trust distributions are recognised on an entitlements basis as the Funds are presently entitled to the distributable income of its investee trusts.

(h) Distributions

In accordance with the Funds' Constitutions and Amendments, the Funds fully distribute their distributable (taxable) income to unitholders by cash or reinvestment. Distributions in the current period are recognised in the Income Statements as finance costs attributable to unitholders.

(i) Income Tax

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

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 Funds are not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Funds 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 Funds currently incur withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the Income Statements.

2. Summary of Significant Accounting Policies (continued)

(j) Goods and Services Tax (GST)

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

The Funds qualify 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 Statements 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 Sheets.

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

(k) 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 Statements as financing costs.

(l) 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.

(m) Payables

Payables include amounts due to brokers, liabilities and accrued expenses owing by the Funds 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 Sheets as unitholders are presently entitled to the distributable income as at 30 June 2009 under the Funds' Constitutions.

(n) Applications and Redemptions

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

(o) 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 Funds 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 Funds. Changes in the value of this financial liability are recognised in the Income Statements as they arise.

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

(p) New Accounting Standards

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

2. Summary of Significant Accounting Policies (continued)

(p) New Accounting Standards (continued)

(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 Funds have 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 Funds.

The Funds have 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 Funds 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 Funds have 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 Funds make a prior period adjustment or re-classify items in the financial statements, they will need to disclose a third Balance Sheet (Statement of Financial Positions), this one being at the beginning of the comparative period.

(iii) AASB 132 Financial Instruments: Presentation and AASB 2009-2 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 Funds have not adopted this standard early. Application of this standard will not affect any of the amounts recognised in the financial statements as the Funds are obligated to distribute all of their taxable income in accordance with the Funds' 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 AASB 7 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 Funds have not early adopted the amendments. The amendments will not affect any of the amounts recognised in the financial statements but may affect certain disclosures.

(q) Rounding of Amounts

The Funds are entities of a 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) Expenses

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

(s) Use of Estimates

The Funds make 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.

(t) Investments in Subsidiaries

Investments in subsidiaries are measured in accordance with note 2(c).

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

3. Related Parties

Responsible Entity

The Responsible Entity of the Funds 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.

Parent Entities

The ultimate parent and controlling party of BlackRock Global Small Cap Fund was BlackRock Hedged Global Small Cap Fund which as at 30 June 2009 owns 69.41% of the issued units (30 June 2008: 79.4%).

The ultimate parent and controlling party of BlackRock Global High Conviction Fund – Unhedged was BlackRock Global High Conviction Fund – Hedged which as at 30 June 2009 owns 51.72% of the issued units (30 June 2008: 55.31%).

As at 30 June 2009 and 30 June 2008 no party was considered to be the ultimate and controlling party of BlackRock Hedged Global Small Cap Fund, BlackRock Global High Conviction Fund – Hedged and BlackRock International Gold Fund.

Subsidiaries

Interests in Subsidiaries are set out in Note 3 – Investing Activities.

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 Funds, 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

3. Related Parties (continued)

Key Management Personnel Unitholding

The spouses of Mr M J O'Shannassy and Mr R Memmolo held units in the Funds. Mr and Mrs M J O'Shannassy are the trustees of The Tiger Fund (Self Managed Superannuation Fund) which invests into various Global Funds. The details of the units held by Mr and Mrs M J O'Shannassy via The Tiger Fund and the spouses of Mr M J O'Shannassy and Mr R Memmolo (not a key management person for 2009) 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 Funds, either directly, indirectly, or beneficially.

Key Management Personnel Compensation

Key management personnel are paid by BlackRock Investment Management (Australia) Limited. Payments made from the Funds 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 Funds to key management personnel.

Key Management Personnel Loan Disclosures

The Funds have 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.

Other Transactions within the Funds

Apart from those details disclosed in this note, no key management personnel has entered into a material contract with the Funds 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 Constitutions and Amendments based on the asset value of the Funds. Fees charged for the year are included in the Income Statements.

From time to time the Responsible Entity may waive fees in accordance with the terms of the Constitutions and Amendments. Where Responsible Entity fees charged are less than the maximum permitted under the Constitutions 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 Funds in accordance with the provisions of the Constitutions and Amendments. Total operating expenses incurred for the year are brought to account on an accruals basis and are included in the Income Statements.

(c) Fee Rebates from Related Schemes

The Funds receive a rebate of all fees charged on monies invested in other related schemes with the same Responsible Entity. These rebates, which reflect an increase in the return from those related schemes, are included as revenue in the Income Statements.

Transactions and balances with related parties are summarised in the schedule on the following pages.

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

3. Related Parties (continued)

	BlackRock Global Small Cap Fund		BlackRock Hedged Global Small Cap Fund				BlackRock Global High Conviction Fund – Unhedged	
			Consolidated		Parent			
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
Responsible Entity's Fees and Other Transactions								
Total Responsible Entity's fees paid or due and payable by the Funds:								
Class Responsible Entity Fees:								
– A Class Units	(30,872)	(47,105)	(178,787)	(286,257)	(147,915)	(239,152)	(15,469)	(22,756)
– C Class Units	(19,065)	(31,215)	(128,226)	(210,366)	(109,161)	(179,151)	(6,099)	(13,377)
– D Class Units	(2,585,880)	(3,295,232)	(2,449,497)	(3,108,027)	(1,672,467)	(2,338,260)	(373,657)	(553,811)
Class Expense Reimbursement								
– A Class Units	-	-	-	-	-	-	-	-
– C Class Units	-	-	-	-	-	-	-	-
– D Class Units	-	-	-	-	-	-	-	-
Fund Expense Reimbursement								
– A Class Units	-	-	-	-	-	-	-	-
– C Class Units	-	-	-	-	-	-	-	-
– D Class Units	-	-	-	-	-	-	-	-
Class Responsible Entity Fees Payable								
– A Class Units	(2,399)	(3,518)	(15,139)	(23,514)	(12,740)	(19,996)	(1,203)	(1,822)
– C Class Units	(1,327)	(2,403)	(10,639)	(17,497)	(9,312)	(15,094)	(500)	(729)
– D Class Units	(225,456)	(290,353)	(376,544)	(508,763)	(151,088)	(218,410)	(30,834)	(50,737)
Class Expense Reimbursement Payable								
– A Class Units	-	-	-	-	-	-	-	-
– C Class Units	-	-	-	-	-	-	-	-
– D Class Units	-	-	-	-	-	-	-	-
Total Responsible Entity's fees received or due and receivable by the Funds								
Responsible Entity Fee Rebates	-	-	-	-	1,808,850	2,525,465	-	-
Other (Expenses)/Income	44	-	44	2,291	-	2,291	-	7,528
Balances and Transactions with Related Schemes								
Trade Receivables	-	-	-	-	143,219	-	-	-
Distributions Receivable	-	-	-	-	-	832,979	-	-
Responsible Entity Fee Rebates	-	-	-	-	158,327	233,528	-	-
	-	-	-	-	301,546	1,066,507	-	-

The amounts of distributions received and total amounts invested in Related Schemes are disclosed under the heading "Investing Activities".

3. Related Parties (continued)

	BlackRock Global High Conviction Fund – Hedged				BlackRock International Gold Fund	
	Consolidated		Parent		2009 \$	2008 \$
	2009 \$	2008 \$	2009 \$	2008 \$		
Responsible Entity's Fees and Other Transactions						
Total Responsible Entity's fees paid or due and payable by the Funds:						
Class Responsible Entity Fees:						
- A Class Units	(77,389)	(119,828)	(61,920)	(105,132)	-	-
- C Class Units	(45,943)	(77,193)	(39,844)	(70,752)	(100,374)	(169,521)
- D Class Units	(317,564)	(462,027)	(307,059)	(453,825)	(402,123)	(456,160)
Class Expense Reimbursement						
- A Class Units	-	-	-	-	-	-
- C Class Units	-	-	-	-	-	-
- D Class Units	-	-	-	-	-	-
Fund Expense Reimbursement						
-	-	-	-	-	-	-
Class Responsible Entity Fees Payable						
- A Class Units	(6,422)	(10,873)	(5,219)	(9,051)	-	-
- C Class Units	(3,644)	(7,430)	(3,144)	(6,701)	(9,132)	(13,206)
- D Class Units	(57,193)	(92,578)	(26,359)	(41,841)	(42,072)	(45,156)
Class Expense Reimbursement Payable						
- A Class Units	-	-	-	-	-	-
- C Class Units	-	-	-	-	-	-
- D Class Units	-	-	-	-	-	-
Total Responsible Entity's fees received or due and receivable by the Funds						
Responsible Entity Fee Rebates	-	176,913	363,152	541,332	-	-
Other (Expenses)/Income	199	7,528	199	-	872	14,147
Balances and Transactions with related Schemes						
Trade Receivables	-	-	20,269	13,211	-	-
Distributions Receivable	-	-	2,316,460	111,517	-	-
Responsible Entity Fee Rebates	-	-	29,949	49,705	-	-
	-	-	2,366,678	174,433	-	-

The amounts of distributions received and total amounts invested in Related Schemes are disclosed under the heading "Investing Activities".

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

3. Related Parties (continued)

Investing Activities

Investments in subsidiaries: The Funds may purchase and sell units in other approved schemes managed by the Responsible Entity or its associates in the ordinary course of business. All the Funds' investments in subsidiaries are in managed schemes incorporated in Australia.

Distributions from investments in subsidiaries to which the Funds are presently entitled, are included in the Income Statements. The portions of these amounts not received at balance date are included in the Balance Sheets. The proportion of ownership interest is equal to the proportion of voting power held.

Investments in subsidiaries are not accounted for using the equity method of accounting. Details of the Funds' investments in subsidiaries are set out below.

	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	#	#	\$	\$	\$	%	\$	\$
BlackRock Hedged Global Small Cap Fund – Parent								
BlackRock Global Small Cap Fund	248,889,909	196,868,508	140,800,357	47,273,362	87,417,823	69.41	–	–
BlackRock Global High Conviction Fund – Hedged – Parent								
BlackRock Global High Conviction Fund – Unhedged	78,105,205	58,255,066	28,352,741	12,194,686	24,179,309	51.72	–	2,316,460
	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	#	#	\$	\$	\$	%	\$	\$
BlackRock Hedged Global Small Cap Fund – Parent								
BlackRock Global Small Cap Fund	198,445,172	248,889,909	202,720,831	121,303,084	75,108,425	79.44	–	832,979
BlackRock Global High Conviction Fund – Hedged – Parent								
BlackRock Global High Conviction Fund – Unhedged	62,208,660	78,105,205	48,839,185	25,663,800	14,594,913	55.31	–	111,517

3. Related Parties (continued)

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	#	#	\$	\$	\$	%	\$	\$
Mrs R O'Shannassy								
BlackRock Hedged Global Small Cap Fund	461,793	–*	–	–	308,612	–	–	–
BlackRock Global High Conviction Fund – Hedged	639,936	–**	–	–	351,247	–	–	–
* During the year 40,594 units were created as a result of distributions reinvested. ** During the year 70,515 units were created as a result of distributions reinvested.								
The Tiger Fund								
BlackRock Hedged Global Small Cap Fund	391,048	–*	–	–	261,338	–	–	–
BlackRock Global High Conviction Fund – Hedged	248,066	–**	–	–	136,158	–	–	–
* During the year 34,375 units were created as a result of distributions reinvested. ** During the year 27,335 units were created as a result of distributions reinvested.								
	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	#	#	\$	\$	\$	%	\$	\$
Mrs R O'Shannassy								
BlackRock Hedged Global Small Cap Fund	362,787	461,793*	447,939	–	–	0.24	–	39,586
BlackRock Global High Conviction Fund – Hedged	580,766	639,936**	400,152	–	–	1.18	–	57,558
* During the year 99,006 units were created as a result of distributions reinvested. ** During the year 59,170 units were created as a result of distributions reinvested.								
The Tiger Fund								
BlackRock Hedged Global Small Cap Fund	307,210	391,048*	379,317	–	–	0.20	–	33,521
BlackRock Global High Conviction Fund – Hedged	225,129	248,066**	155,116	–	–	0.46	–	22,312
Mrs Louise Memmolo								
BlackRock Hedged Global Small Cap Fund	4,139	5,269***	5,111	–	–	–^	–	452
* During the year 83,838 units were created as a result of distributions reinvested. ** During the year 22,937 units were created as a result of distributions reinvested. *** During the year 1,130 units were created as a result of distributions reinvested.								

^ Denotes less than 0.05%.

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

3. Related Parties (continued)

Related party schemes' unitholding

Parties related to the Funds (including BlackRock Investment Management (Australia) Limited, its related parties and other schemes managed by BlackRock Investment Management (Australia) Limited), held units in the Funds as follows:

	Number of Units Held Opening	Number of Units Held Closing	Interest Held	Number of Units Acquired	Number of Units Disposed	Distributions Paid/Payable by the Fund
2009	Units	Units	%	Units	Units	\$
BlackRock Global High Conviction Fund – Unhedged						
BlackRock Global High Conviction Fund – Hedged	78,105,205	58,255,066	51.72	22,253,901	42,104,040	2,316,460
BlackRock Wholesale International Share Fund	58,867,934	50,738,338	45.05	1,271,694	9,401,290	3,068,501
BlackRock Global Small Cap Fund						
BlackRock Hedged Global Small Cap Fund	248,889,909	196,868,508	69.41	64,644,603	116,666,004	–
2008	Units	Units	%	Units	Units	\$
BlackRock Global High Conviction Fund – Unhedged						
BlackRock Global High Conviction Fund – Hedged	62,208,660	78,105,205	55.31	36,700,995	20,804,450	111,517
BlackRock Wholesale International Share Fund	61,713,684	58,867,934	41.69	8,470,003	11,315,753	638,922
BlackRock Global Small Cap Fund						
BlackRock Hedged Global Small Cap Fund	198,445,172	248,889,909	79.44	132,696,018	82,251,281	832,979

During the year, the Responsible Entity used a number of brokers to provide broking services to the Funds. All transactions were undertaken under normal commercial conditions and at an arm's length basis. The table below details brokerage costs paid to associated companies of the Responsible Entity (principally Merrill Lynch):

Fund	Transaction Costs by Related Brokers	Transaction Costs by Related Brokers
	2009 \$	2008 \$
BlackRock Global Small Cap Fund	379,616	338,571
BlackRock Global High Conviction Fund – Unhedged	141,984	149,945
BlackRock International Gold Fund	18,616	39,932

4. Auditor's Remuneration

During the year the following fees were paid or payable for services provided to the auditor of the Funds:

	Audit Services [^]		Other Services [^]			
	2009*	2008	2009*		2008	
	\$	\$	\$		\$	
			Tax Compliance Services	Compliance	Tax Compliance Services	Compliance
Amounts received, or due and receivable, by the auditors:						
BlackRock Global Small Cap Fund	13,586	21,497	3,800	1,365	4,908	2,376
BlackRock Hedged Global Small Cap Fund – Consolidated	31,349	50,201	7,600	2,730	9,564	4,752
BlackRock Hedged Global Small Cap Fund – Parent	17,763	28,704	3,800	1,365	4,656	2,376
BlackRock Global High Conviction Fund – Unhedged	14,135	21,497	4,200	1,365	5,453	2,376
BlackRock Global High Conviction Fund – Hedged – Consolidated	32,008	50,201	8,000	2,730	10,110	4,752
BlackRock Global High Conviction Fund – Hedged – Parent	17,873	28,704	3,800	1,365	4,656	2,376
BlackRock International Gold Fund	12,706	21,497	4,200	1,365	5,453	2,376

[^] 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 include non-recoverable GST.

5. Net Assets Attributable to Unitholders

As stipulated within the Funds' Constitutions, each unit represents a right to an individual share in the Funds and does not extend the right to the underlying assets of the Funds. There are separate classes of units and each class is subject to a differing fee structure. Units are issued and redeemed at the holders' option at prices based on the value of the Funds' net assets at the time of issue/redemption less transaction costs.

The Funds consider their capital to be Unitholders' Funds. The Funds manage their net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability.

The objective of the Funds is to provide unitholders with returns in accordance with the Product Disclosure Statement ("PDS"). The Funds aim 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.

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

5. Net Assets Attributable to Unitholders (continued)

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

	BlackRock Global Small Cap Fund		BlackRock Hedged Global Small Cap Fund		BlackRock Global High Conviction Fund – Unhedged		BlackRock Global High Conviction Fund – Hedged	
	2009		2009		2009		2009	
	No. of Units '000	\$'000	No. of Units '000	\$'000	No. of Units '000	\$'000	No. of Units '000	\$'000
A Class Units								
Opening Unitholders' Funds	2,565	2,255	10,322	8,618	1,762	2,725	5,552	3,833
Applications								
– Cash	199	141	434	325	77	40	417	210
– Distribution Reinvestment Plan	–	–	510	489	–	–	304	245
Redemptions	(701)	(452)	(1,418)	(1,030)	(409)	(212)	(867)	(506)
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	(228)	–	(2,631)	–	(241)	–	(1,456)
Closing Balance	2,063	1,716	9,848	5,771	1,430	2,312	5,406	2,326
C Class Units								
Opening Unitholders' Funds	2,019	2,002	8,928	9,576	856	2,554	4,908	3,888
Applications								
– Cash	37	31	247	226	–	–	175	92
– Distribution Reinvestment Plan	–	–	530	544	–	–	239	202
Redemptions	(830)	(614)	(1,200)	(852)	(172)	(98)	(1,310)	(802)
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	(135)	–	(2,272)	–	(115)	–	(1,080)
Closing Balance	1,226	1,284	8,505	7,222	684	2,341	4,012	2,300
D Class Units								
Opening Unitholders' Funds	308,710	251,779	174,103	169,633	79,716	43,388	43,997	36,687
Applications								
– Cash	107,958	80,511	53,812	39,382	22,315	12,215	13,005	7,691
– Distribution Reinvestment Plan	1,110	909	1,692	1,650	178	112	369	301
Redemptions	(137,421)	(102,478)	(47,360)	(32,573)	(42,424)	(24,349)	(10,711)	(5,677)
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	(30,930)	–	(48,686)	–	(10,058)	–	(12,559)
Closing Balance	280,357	199,791	182,247	129,406	59,785	21,308	46,660	26,443
X Class Units								
Opening Unitholders' Funds	–	–	–	–	58,868	51,006	–	–
Applications								
– Cash	–	–	–	–	490	354	–	–
– Distribution Reinvestment Plan	–	–	–	–	782	639	–	–
Redemptions	–	–	–	–	(9,401)	(7,011)	–	–
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	–	–	–	–	(8,536)	–	–
Closing Balance	–	–	–	–	50,739	36,452	–	–
Totals	283,646	202,791	200,600	142,399	112,638	62,413	56,078	31,069

5. Net Assets Attributable to Unitholders (continued)

BlackRock International Gold Fund		
2009		
	No. of Units '000	\$'000
C Class Units		
Opening Unitholders' Funds	5,392	6,497
Applications		
– Cash	130	131
– Distribution Reinvestment Plan	224	257
Redemptions	(1,374)	(1,259)
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	(650)
Closing Balance	4,372	4,976
D Class Units		
Opening Unitholders' Funds	28,527	38,235
Applications		
– Cash	11,923	13,192
– Distribution Reinvestment Plan	1,617	2,205
Redemptions	(11,217)	(13,406)
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	(4,589)
Closing Balance	30,850	35,637
Totals	35,222	40,613

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

5. Net Assets Attributable to Unitholders (continued)

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

	BlackRock Global Small Cap Fund		BlackRock Hedged Global Small Cap Fund		BlackRock Global High Conviction Fund – Unhedged		BlackRock Global High Conviction Fund – Hedged	
	2008		2008		2008		2008	
	No. of Units '000	\$'000	No. of Units '000	\$'000	No. of Units '000	\$'000	No. of Units '000	\$'000
A Class Units								
Opening Unitholders' Funds	3,099	2,965	9,715	9,343	1,756	2,873	5,640	4,584
Applications								
– Cash	165	133	1,147	1,224	209	135	822	776
– Distribution Reinvestment Plan	331	281	1,657	1,808	100	66	306	284
Redemptions	(1,030)	(837)	(2,197)	(2,321)	(303)	(188)	(1,216)	(1,107)
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	(287)	–	(1,436)	–	(161)	–	(704)
Closing Balance	2,565	2,255	10,322	8,618	1,762	2,725	5,552	3,833
C Class Units								
Opening Unitholders' Funds	2,504	2,648	8,867	10,606	1,927	3,399	4,513	4,074
Applications								
– Cash	515	472	2,156	2,508	28	19	1,390	1,377
– Distribution Reinvestment Plan	103	97	1,297	1,511	134	93	195	190
Redemptions	(1,103)	(989)	(3,392)	(3,807)	(1,233)	(879)	(1,190)	(1,131)
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	(226)	–	(1,242)	–	(78)	–	(622)
Closing Balance	2,019	2,002	8,928	9,576	856	2,554	4,908	3,888
D Class Units								
Opening Unitholders' Funds	259,634	239,915	133,254	147,667	63,833	39,604	36,604	35,238
Applications								
– Cash	123,042	112,265	72,600	80,203	32,396	22,625	14,219	13,468
– Distribution Reinvestment Plan	35,441	32,869	4,295	4,757	4,689	3,307	313	294
Redemptions	(109,407)	(98,712)	(36,046)	(38,780)	(21,202)	(14,871)	(7,139)	(6,737)
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	(34,558)	–	(24,214)	–	(7,277)	–	(5,576)
Closing Balance	308,710	251,779	174,103	169,633	79,716	43,388	43,997	36,687
X Class Units								
Opening Unitholders' Funds	–	–	–	–	61,714	58,791	–	–
Applications								
– Cash	–	–	–	–	3,362	3,163	–	–
– Distribution Reinvestment Plan	–	–	–	–	5,108	4,695	–	–
Redemptions	–	–	–	–	(11,316)	(10,269)	–	–
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	–	–	–	–	(5,374)	–	–
Closing Balance	–	–	–	–	58,868	51,006	–	–
Totals	313,294	256,036	193,353	187,827	141,202	99,673	54,457	44,408

5. Net Assets Attributable to Unitholders (continued)

BlackRock International Gold Fund		
2008		
	No. of Units '000	\$'000
C Class Units		
Opening Unitholders' Funds	5,052	6,662
Applications		
– Cash	1,396	1,975
– Distribution Reinvestment Plan	347	434
Redemptions	(1,403)	(1,927)
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	[647]
Closing Balance	5,392	6,497
D Class Units		
Opening Unitholders' Funds	11,173	16,215
Applications		
– Cash	46,681	77,485
– Distribution Reinvestment Plan	912	1,369
Redemptions	(30,239)	(52,705)
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	[4,129]
Closing Balance	28,527	38,235
Totals	33,919	44,732

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

6. Notes to the Cash Flow Statements

(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 Small Cap Fund		BlackRock Hedged Global Small Cap Fund				BlackRock Global High Conviction Fund – Unhedged	
			Consolidated		Parent			
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash	13,862	18,571	14,052	18,772	190	304	1,441	6,880
Bank Overdraft	(427)	(41)	(427)	(41)	–	–	–	–
	13,435	18,530	13,625	18,731	190	304	1,441	6,880

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

	BlackRock Global Small Cap Fund		BlackRock Hedged Global Small Cap Fund				BlackRock Global High Conviction Fund – Unhedged	
			Consolidated		Parent			
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Net Operating Profit/(Loss)	(31,293)	(34,038)	(63,107)	(18,733)	(53,589)	(10,462)	(13,435)	(12,137)
Change in Assets and Liabilities During the Year:								
(Increase)/Decrease in Financial Instruments designated at Fair Value through Profit or Loss	44,524	29,645	44,524	29,645	61,921	(19,596)	26,518	16,995
(Increase)/Decrease in Financial Instruments Held for Trading	(8,612)	2,710	(9,369)	3,004	(757)	294	283	(29)
(Increase)/Decrease in Income Receivable	87	203	87	203	–	–	(103)	549
(Increase)/Decrease in Receivables from Related Schemes	–	–	–	–	764	28,575	–	–
(Increase)/Decrease in Other Receivables	1,835	(44)	1,899	(105)	64	(62)	(1,069)	(3)
Increase/(Decrease) in Accounts Payable and Accrued Expenses	2,625	2	2,313	(310)	(245)	(305)	382	424
Net Cash Inflow/(Outflow) from Operating Activities	9,166	(1,522)	(23,653)	13,704	8,158	(1,556)	12,576	5,799

6. Notes to the Cash Flow Statements (continued)

(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 High Conviction Fund – Hedged				BlackRock International Gold Fund	
	Consolidated		Parent		2009 \$'000	2008 \$'000
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000		
Cash	1,469	6,937	28	57	1,798	2,462
Bank Overdraft	–	–	–	–	–	–
	1,469	6,937	28	57	1,798	2,462

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

	BlackRock Global High Conviction Fund – Hedged				BlackRock International Gold Fund	
	Consolidated		Parent		2009 \$'000	2008 \$'000
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000		
Net Operating Profit/(Loss)	(22,345)	(10,789)	(15,095)	(2,071)	(5,239)	(887)
Change in Assets and Liabilities During the Year:						
(Increase)/Decrease in Financial Instruments Held at Fair Value through Profit or Loss	26,518	11,864	20,486	(5,081)	7,295	(21,964)
(Increase)/Decrease in Financial Instruments Held for Trading	181	1,447	(101)	916	35	165
(Increase)/Decrease in Income Receivable	(103)	(73)	–	–	2	(13)
(Increase)/Decrease in Receivables from Related Schemes	–	3,287	(2,193)	3,176	–	–
(Increase)/Decrease in Other Receivables	(1,069)	(8)	–	–	4	354
Increase/(Decrease) in Accounts Payable and Accrued Expenses	379	853	(15)	(130)	(9)	(68)
Net Cash Inflow/(Outflow) from Operating Activities	3,561	6,581	3,082	(3,190)	2,088	(22,413)

(c) Non-cash Financing Activities

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

Fund	2009		2008	
	Units '000	\$ '000	Units '000	\$ '000
BlackRock Global Small Cap Fund				
A Class Units	–	–	331	281
C Class Units	–	–	103	97
D Class Units	1,110	909	35,441	32,869
BlackRock Hedged Global Small Cap Fund				
A Class Units	510	489	1,657	1,808
C Class Units	530	544	1,297	1,511
D Class Units	1,692	1,650	4,295	4,757
BlackRock Global High Conviction Fund – Unhedged				
A Class Units	–	–	100	66
C Class Units	–	–	134	93
D Class Units	178	112	4,689	3,307
X Class Units	782	639	5,108	4,695
BlackRock Global High Conviction Fund – Hedged				
A Class Units	303	245	306	284
C Class Units	239	202	195	190
D Class Units	369	301	313	294
BlackRock International Gold Fund				
C Class Units	224	257	347	434
D Class Units	1,617	2,205	912	1,369

As described in note 2(k), 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.

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

7. Distributions

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

	2009		2008	
	Distributions Paid Cents/Unit	Distribution Payable Cents/Unit	Distributions Paid Cents/Unit	Distribution Payable Cents/Unit
BlackRock Global Small Cap Fund				
A Class Units	-	-	-	-
C Class Units	-	-	-	-
D Class Units	-	-	-	0.33
BlackRock Hedged Global Small Cap Fund				
A Class Units	-	-	-	7.36
C Class Units	-	-	-	8.36
D Class Units	-	-	-	8.57
BlackRock Global High Conviction Fund – Unhedged				
A Class Units	-	3.11	-	-
C Class Units	-	3.56	-	-
D Class Units	-	3.98	-	0.14
X Class Units	-	6.05	-	1.09
BlackRock Global High Conviction Fund – Hedged				
A Class Units	-	-	-	7.89
C Class Units	-	-	-	8.87
D Class Units	-	-	-	8.99
BlackRock International Gold Fund				
C Class Units	-	-	-	8.36
D Class Units	-	-	-	12.06
	2009		2008	
	Distributions Paid \$'000	Distribution Payable \$'000	Distributions Paid \$'000	Distribution Payable \$'000
BlackRock Global Small Cap Fund				
A Class Units	-	-	-	-
C Class Units	-	-	-	-
D Class Units	-	-	-	1,033
BlackRock Hedged Global Small Cap Fund				
A Class Units	-	-	-	759
C Class Units	-	-	-	749
D Class Units	-	-	-	14,922
BlackRock Global High Conviction Fund – Unhedged				
A Class Units	-	45	-	-
C Class Units	-	24	-	-
D Class Units	-	2,377	-	114
X Class Units	-	3,069	-	639
BlackRock Global High Conviction Fund – Hedged				
A Class Units	-	-	-	435
C Class Units	-	-	-	439
D Class Units	-	-	-	3,957
BlackRock International Gold Fund				
C Class Units	-	-	-	451
D Class Units	-	-	-	3,439

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. Financial Risk Management

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

The Funds' overall risk management programmes focus on ensuring compliance with the Funds' Product Disclosure Statements and seek to maximise the returns derived for the level of risk to which the Funds are exposed. The Funds 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 Funds use different methods to measure different types of risks to which they are 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 Small Cap Fund

The Fund aims to maximise capital growth through exposure to a globally diversified portfolio of shares of quality and mid capitalisation companies listed on the international stock exchanges. The Fund's performance benchmark is the S&P Citigroup Extended Market Global Index (unhedged in Australian dollars).

BlackRock Hedged Global Small Cap Fund

The Fund invests in the BlackRock Global Small Cap Fund and seeks to maximise capital growth through exposure to a globally diversified portfolio of shares of quality small and mid capitalisation companies listed on international stock exchanges. In addition the Fund seeks to reduce the impact on the Fund of foreign currency movements relative to the Australian dollar by implementing a passive currency hedging overlay.

BlackRock Global High Conviction Fund – Unhedged

The Fund aims to maximise capital growth through exposure to an actively managed select portfolio of large capitalisation global shares. The Fund seeks to outperform the Morgan Stanley Capital International World Index excluding Australia (unhedged in Australian dollars).

BlackRock Global High Conviction Fund – Hedged

The Fund invests in the BlackRock Global High Conviction Fund – Unhedged, and seeks to reduce the impact on the Fund of foreign currency movements relative to the Australian dollar by implementing a passive currency hedging overlay.

The majority of BlackRock Global Small Cap Fund and BlackRock Global High Conviction Fund – Unhedged's investments are listed international equities.

BlackRock International Gold Fund

The Fund aims to maximise capital growth over the medium to long term by investing primarily in gold mining shares throughout the world. It may also hold other precious-metal, base metal and other mining-related shares.

The majority of BlackRock International Gold Fund's investments are in gold companies that offer the best exposure to gold prices within an acceptable risk level. The Fund can hold between 30–60 stocks.

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

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

9. Financial Risk Management (continued)

(a) Strategy in using financial instruments (continued)

Fund	Risk Limits
BlackRock Global Small Cap Fund	<ul style="list-style-type: none"> ■ The portfolio normally invests in securities that fall within the market capitalisation range set by the Citigroup Extended Market Global Index. ■ Stocks with a market capitalisation of less than US \$100 million must not compromise more than 5% of the total portfolio. ■ No single stock is to account for more than 5% of the portfolio. ■ Active currency exposure shall not deviate by more than 5 percentage points from the benchmark exposure of individual currencies, subject to the sum of absolute active currency exposures being more than 10 percentage points.
BlackRock Hedged Global Small Cap Fund	<ul style="list-style-type: none"> ■ Each Hedged portfolio is to be passively managed and, where practicable, fully hedged in line with their respective benchmarks. ■ Hedges are to be re-balanced and rolled monthly to match their respective benchmarks. ■ Additional hedging to be undertaken intra-month when cumulative net cash flow since implementation of the last hedge exceeds 3% of the hedging base.
BlackRock Global High Conviction Fund – Unhedged	<ul style="list-style-type: none"> ■ Active risk from any single stock will generally be less than 10%. ■ Active risk from any single factor (Industry, Region, Style) will generally be less than 20%. ■ Total exposure to Exchange Traded Funds will not exceed 5% of the portfolio.
BlackRock Global High Conviction Fund – Hedged	<ul style="list-style-type: none"> ■ Each Hedged portfolio is to be passively managed and where, practicable, fully hedged in line with their respective benchmarks. ■ Hedges are to be re-balanced and rolled monthly to match their respective benchmarks. ■ Additional hedging to be undertaken intra-month when cumulative net cash flow since implementation of the last hedge exceeds 3% of the hedging base.
BlackRock International Gold Fund	<ul style="list-style-type: none"> ■ No single stock is to account for more than 15% of the Fund or the Benchmark Index weight of that stock, plus 5%, whichever is greater. ■ The Fund may not hold physical gold or metal. ■ The Fund cannot own more than 10% of the outstanding shares of any one issuer.

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 Funds' investment portfolios will fluctuate as a result of changes in market prices. The Funds are exposed to equity securities, derivative securities and other price risk. This arises from investments held by the Funds 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.

9. Financial Risk Management (continued)

(b) Market Risk (continued)

(i) Price Risk (continued)

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 as detailed below:

	Minimum	Benchmark	Maximum
BlackRock Global Small Cap Fund			
Listed International Equities	85	100	100
Cash and liquid assets	0	0	15
BlackRock Global High Conviction Fund – Unhedged			
Listed International Equities	90	100	100
Cash and liquid assets	0	0	10
BlackRock International Gold Fund			
Listed Australian & International Equities	90	100	100
Cash and liquid assets	0	0	10

BlackRock Global Small Cap Fund, BlackRock Global High Conviction Fund – Unhedged and BlackRock International Gold Fund

The majorities of the Funds' equity investments are publicly traded and are listed on international stock exchanges.

BlackRock Hedged Global Small Cap Fund and BlackRock Global High Conviction Fund – Hedged

The majority of the Funds' investments are in the BlackRock Funds.

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

The capital structure of the Funds consists of cash and cash equivalents and the proceeds from the issue of the units of the Funds. 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 Funds' net assets attributable to unitholders.

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

9. 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 Funds' were as follows:

	2009				2008			
	Notional Principal Amount			Fair Value	Notional Principal Amount			Fair Value
	Asset \$'000	Liability \$'000	Net \$'000	\$'000	Asset \$'000	Liability \$'000	Net \$'000	\$'000
BlackRock Global Small Cap Fund								
Options – International	–	–	–	3	–	–	–	–
Forward Foreign Exchange Contracts	64,689	64,630	59	59	161,996	161,734	262	262
BlackRock Hedged Global Small Cap Fund – Parent								
Forward Foreign Exchange Contracts	132,110	130,406	1,704	1,704	586,813	585,865	948	948
BlackRock Hedged Global Small Cap Fund – Consolidated								
Options – International	–	–	–	3	–	–	–	–
Forward Foreign Exchange Contracts	196,799	195,036	1,763	1,763	748,809	747,599	1,210	1,210
BlackRock Global High Conviction Fund – Unhedged								
Forward Foreign Exchange Contracts	10,976	11,238	(262)	(262)	12,092	12,324	(232)	(232)
Options – International	–	–	–	–	681	–	681	682
BlackRock Global High Conviction Fund – Hedged – Parent								
Forward Foreign Exchange Contracts	30,505	30,115	390	390	154,257	153,968	289	289
BlackRock Global High Conviction Fund – Hedged – Consolidated								
Forward Foreign Exchange Contracts	41,481	41,353	128	128	166,349	166,292	57	57
Options – International	–	–	–	–	682	–	682	682
BlackRock International Gold Fund								
Options – International	406	–	406	1	21	–	21	9
Forward Foreign Exchange Contracts	11	11	–	–	–	–	–	–

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

(ii) Foreign exchange risk

The Funds hold 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.

Both the Hedged Global Small Cap Fund and the Global High Conviction Fund – Hedged have implemented a passive currency hedging overlay with the objective of reducing the impact on the Funds of currency movements relative to the Australian dollar, thereby leaving most of the risk and return to the equity investment decisions. The hedging is undertaken primarily by purchasing foreign exchange contracts. As the overlay is passive in nature, the benchmark currency exposures will be hedged regardless of whether the currencies in which the Funds invest depreciates or appreciates in value relative to the Australian dollar. The Global High Conviction Fund – Unhedged, Global Small Caps Fund and International Gold Fund are unhedged, although the Manager may use forward foreign exchange contracts and currency options in implementing the strategy of these Funds.

Daily monitoring is undertaken by Law and Compliance to ensure instruments used and exposures created are consistent with the investment strategies and objective of the Funds. For accounting purposes, the Funds do 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 Funds' net assets attributable to unitholders.

9. Financial Risk Management (continued)

(b) Market Risk (continued)

(ii) Foreign exchange risk

	Euro A\$'000	United States Dollar A\$'000	Japanese Yen A\$'000	British Pound A\$'000	Hong Kong Dollar A\$'000	Swiss Francs A\$'000	Canadian Dollar A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
BlackRock Global Small Cap Fund										
30 June 2009										
Assets										
Cash and Cash Equivalents	-	12,350	78	1	22	1	-	931	479	13,862
Financial Instruments designated at Fair Value through Profit or Loss*	23,302	100,893	14,894	16,531	12,267	1,972	5,084	421	15,899	191,263
Financial Instruments held for Trading at Fair Value through Profit or Loss**	3	-	-	-	-	-	-	536	-	539
Other Assets	69	1,493	460	37	140	-	6	31	-	2,236
Total Assets	23,374	114,736	15,432	16,569	12,429	1,973	5,090	1,919	16,378	207,900
Liabilities										
Bank Overdraft	-	-	-	-	-	-	-	427	-	427
Accounts Payable and Accrued Expenses	1,033	2,540	-	192	-	-	-	440	-	4,205
Financial Instruments held for trading at Fair Value through Profit or Loss**	-	-	-	-	-	-	-	477	-	477
Total Liabilities (Excluding Net Assets Attributable to unitholders of the Parent Entity)	1,033	2,540	-	192	-	-	-	1,344	-	5,109
Net Assets Attributable to Unitholders - Liability	22,341	112,196	15,432	16,377	12,429	1,973	5,090	575	16,378	202,791

* Includes equities

** 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 below:

	Euro A\$'000	United States Dollar A\$'000	Japanese Yen A\$'000	British Pound A\$'000	Hong Kong Dollar A\$'000	Swiss Francs A\$'000	Canadian Dollar A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
30 June 2009										
Increases in exposure from currency contracts	7,681	20,060	8,562	3,501	2,691	3,282	6,236	(59,435)	7,422	-
Decreases in exposure from currency contracts	(1,896)	(44,624)	(1,273)	(851)	(5,879)	-	(3,121)	64,236	(6,592)	-
Total Foreign Currencies Exposure	28,126	87,632	22,721	19,027	9,241	5,255	8,205	5,376	17,208	202,791

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

9. 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 Pound A\$'000	Hong Kong Dollar A\$'000	Swiss Francs A\$'000	Canadian Dollar A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
BlackRock Global Small Cap Fund										
30 June 2008										
Assets										
Cash and Cash Equivalents	-	11,540	-	1	-	-	-	1,686	5,344	18,571
Financial Instruments designated at Fair Value through Profit or Loss*	18,284	132,495	21,200	17,249	10,183	1,033	8,311	2,275	24,757	235,787
Financial Instruments held for Trading at Fair Value through Profit or Loss**	-	-	-	-	-	-	-	1,368	-	1,368
Other Assets	77	2,289	3	651	-	-	6	58	1,074	4,158
Total Assets	18,361	146,324	21,203	17,901	10,183	1,033	8,317	5,387	31,175	259,884
Liabilities										
Bank Overdraft	-	-	-	-	-	-	-	41	-	41
Accounts Payable and Accrued Expenses	1	218	-	-	-	-	854	1,628	-	2,701
Financial Instruments held for trading at Fair Value through Profit or Loss**	-	-	-	-	-	-	-	1,106	-	1,106
Total Liabilities (Excluding Net Assets Attributable to unitholders of the Parent Entity)	1	218	-	-	-	-	854	2,775	-	3,848
Net Assets Attributable to Unitholders – Liability	18,360	146,106	21,203	17,901	10,183	1,033	7,463	2,612	31,175	256,036

* Includes equities

** 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 below:

	Euro A\$'000	United States Dollar A\$'000	Japanese Yen A\$'000	British Pound A\$'000	Hong Kong Dollar A\$'000	Swiss Francs A\$'000	Canadian Dollar A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
30 June 2008										
Increases in exposure from currency contracts	29,630	69,676	4,868	8,140	-	9,179	7,433	(144,090)	15,164	-
Decreases in exposure from currency contracts	(1,688)	(91,923)	(5,262)	(4,319)	(9,454)	-	(2,285)	150,951	(36,020)	-
Total Foreign Currencies Exposure	46,302	123,859	20,809	21,722	729	10,212	12,611	9,473	10,319	256,036

9. 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 Pound A\$'000	Hong Kong Dollar A\$'000	Swiss Francs A\$'000	Canadian Dollar A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
BlackRock Hedged Global Small Cap Fund										
– Parent										
30 June 2009										
Assets										
Cash and Cash Equivalents	-	6	-	-	-	-	-	184	-	190
Financial Instruments designated at Fair Value through Profit or Loss*	-	-	-	-	-	-	-	140,800	-	140,800
Financial Instruments held for Trading at Fair Value through Profit or Loss**	-	-	-	-	-	-	-	1,816	-	1,816
Other Assets	-	-	-	-	-	-	-	307	-	307
Total Assets	-	6	-	-	-	-	-	143,107	-	143,113
Liabilities										
Accounts Payable and Accrued Expenses	-	-	-	-	-	-	-	602	-	602
Financial Instruments held for trading at Fair Value through Profit or Loss**	-	-	-	-	-	-	-	112	-	112
Total Liabilities(Excluding Net Assets Attributable to unitholders of the Parent Entity)	-	-	-	-	-	-	-	714	-	714
Net Assets Attributable to Unitholders – Liability	-	6	-	-	-	-	-	142,393	-	142,399

* Includes units in related schemes

** 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 below:

	Euro A\$'000	United States Dollar A\$'000	Japanese Yen A\$'000	British Pound A\$'000	Hong Kong Dollar A\$'000	Swiss Francs A\$'000	Canadian Dollar A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
30 June 2009										
Increases in exposure from currency contracts	-	-	-	-	-	-	-	-	-	-
Decreases in exposure from currency contracts	(26,538)	(77,075)	(14,646)	(12,146)	-	-	-	130,405	-	-
Total Foreign Currencies Exposure	(26,538)	(77,069)	(14,646)	(12,146)	-	-	-	272,798	-	142,399

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

9. 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 Pound A\$'000	Hong Kong Dollar A\$'000	Swiss Francs A\$'000	Swedish Krona A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
BlackRock Hedged Global Small Cap Fund										
– Parent										
30 June 2008										
Assets										
Cash and Cash Equivalents	-	5	-	-	-	-	-	299	-	304
Financial Instruments designated at Fair Value through Profit or Loss*	-	-	-	-	-	-	-	202,721	-	202,721
Financial Instruments held for Trading at Fair Value through Profit or Loss**	-	-	-	-	-	-	-	1,345	-	1,345
Other Assets	-	-	-	-	-	-	-	1,135	-	1,135
Total Assets	-	5	-	-	-	-	-	205,500	-	205,505
Liabilities										
Accounts Payable and Accrued Expenses	-	-	-	-	-	-	-	17,281	-	17,281
Financial Instruments held for trading at Fair Value through Profit or Loss**	-	-	-	-	-	-	-	397	-	397
Total Liabilities(Excluding Net Assets Attributable to unitholders of the Parent Entity)	-	-	-	-	-	-	-	17,678	-	17,678
Net Assets Attributable to Unitholders – Liability	-	5	-	-	-	-	-	187,822	-	187,827

* Includes units in related schemes

** 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 below:

	Euro A\$'000	United States Dollar A\$'000	Japanese Yen A\$'000	British Pound A\$'000	Hong Kong Dollar A\$'000	Swiss Francs A\$'000	Swedish Krona A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
30 June 2008										
Increases in exposure from currency contracts	58,380	109,428	14,444	14,755	-	-	-	(197,007)	-	-
Decreases in exposure from currency contracts	(114,498)	(216,592)	(28,691)	(29,051)	-	-	-	388,832	-	-
Total Foreign Currencies Exposure	(56,118)	(107,159)	(14,247)	(14,296)	-	-	-	379,647	-	187,827

9. Financial Risk Management (continued)

(b) Market Risk (continued)

(ii) Foreign exchange risk (continued)

	Euro A\$'000	United States Dollars A\$'000	Japanese Yen A\$'000	British Pound A\$'000	Hong Kong Dollar A\$'000	Canadian Dollar A\$'000	Swiss Francs A\$'000	Swedish Krona A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
BlackRock Global High											
Conviction Fund – Unhedged											
30 June 2009											
Assets											
Cash and Cash Equivalents	-	1,007	31	-	-	-	-	-	403	-	1,441
Financial Instruments designated at Fair Value through Profit or Loss*	10,295	29,852	3,201	13,136	5,308	1,162	1,946	456	-	2,070	67,426
Financial Instruments held for Trading at Fair Value through Profit or Loss**	-	-	-	-	-	-	-	-	83	-	83
Other Assets	145	1,113	4	128	-	-	-	-	5	-	1,395
Total Assets	10,440	31,972	3,236	13,264	5,308	1,162	1,946	456	491	2,070	70,345
Liabilities											
Distributions Payable	-	-	-	-	-	-	-	-	5,515	-	5,515
Accounts Payable and Accrued Expenses	-	1,100	286	-	-	-	-	-	686	-	2,072
Financial Instruments held for Trading at Fair Value through Profit or Loss**	-	-	-	-	-	-	-	-	345	-	345
Total Liabilities (Excluding Net Assets Attributable to Unitholders)	-	1,100	286	-	-	-	-	-	6,546	-	7,932
Net Assets Attributable to Unitholders – Liability	10,440	30,872	2,950	13,264	5,308	1,162	1,946	456	(6,055)	2,070	62,413

* Includes equities

** 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 below:

	Euro A\$'000	United States Dollars A\$'000	Japanese Yen A\$'000	British Pound A\$'000	Hong Kong Dollar A\$'000	Canadian Dollar A\$'000	Swiss Francs A\$'000	Swedish Krona A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
30 June 2009											
Increases in exposure											
from currency contracts	-	6,757	282	3,834	-	-	-	-	(10,873)	-	-
Decreases in exposure											
from currency contracts	-	(4,138)	-	(7,100)	-	-	-	-	11,238	-	-
Total Foreign Currencies Exposure	10,440	33,491	3,232	9,998	5,308	1,162	1,946	456	(5,690)	2,070	62,413

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

9. Financial Risk Management (continued)

(b) Market Risk (continued)

(ii) Foreign exchange risk (continued)

	Euro A\$'000	United States Dollars A\$'000	Japanese Yen A\$'000	British Pound A\$'000	Hong Kong Dollar A\$'000	Canadian Dollar A\$'000	Swiss Francs A\$'000	Swedish Krona A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
BlackRock Global High											
Conviction Fund – Unhedged											
30 June 2008											
Assets											
Cash and Cash Equivalents	-	6,290	43	-	-	-	-	-	547	-	6,880
Financial Instruments designated at Fair Value through Profit or Loss*	11,608	36,433	6,118	23,572	4,730	-	2,600	1,315	-	7,568	93,944
Financial Instruments held for Trading at Fair Value through Profit or Loss**	-	682	-	-	-	-	-	-	-	-	682
Other Assets	148	1	-	63	-	-	-	-	11	-	223
Total Assets	11,756	43,406	6,161	23,635	4,730	-	2,600	1,315	558	7,568	101,729
Liabilities											
Accounts Payable and Accrued Expenses	984	-	-	-	-	-	-	-	840	-	1,824
Financial Instruments held for Trading at Fair Value through Profit or Loss**	-	-	-	-	-	-	-	-	232	-	232
Total Liabilities (Excluding Net Assets Attributable to Unitholders)	984	-	-	-	-	-	-	-	1,072	-	2,056
Net Assets Attributable to Unitholders – Liability	10,772	43,406	6,161	23,635	4,730	-	2,600	1,315	(514)	7,568	99,673

* Includes equities.

** 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 below:

	Euro A\$'000	United States Dollars A\$'000	Japanese Yen A\$'000	British Pound A\$'000	Hong Kong Dollar A\$'000	Canadian Dollar A\$'000	Swiss Francs A\$'000	Swedish Krona A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
30 June 2008											
Increases in exposure from currency contracts	986	11,046	-	-	-	-	-	-	(12,032)	-	-
Decreases in exposure from currency contracts	-	(1,046)	-	(11,249)	-	-	-	-	12,295	-	-
Total Foreign Currencies Exposure	11,758	53,406	6,161	12,386	4,730	-	2,600	1,315	(251)	7,568	99,673

9. Financial Risk Management (continued)

(b) Market Risk (continued)

(ii) Foreign exchange risk (continued)

	Euro A\$'000	United States Dollars A\$'000	Japanese Yen A\$'000	British Pound A\$'000	Hong Kong Dollar A\$'000	Canadian Dollar A\$'000	Swiss Francs A\$'000	Swedish Krona A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
BlackRock Global High											
Conviction Fund – Hedged											
– Parent											
30 June 2009											
Assets											
Cash and Cash Equivalents	–	5	–	1	–	–	–	1	21	–	28
Financial Instruments designated at Fair Value through Profit or Loss*	–	–	–	–	–	–	–	–	28,353	–	28,353
Financial Instruments held for Trading at Fair Value through Profit or Loss**	–	–	–	–	–	–	–	–	419	–	419
Other Assets	–	–	–	–	–	–	–	–	2,367	–	2,367
Total Assets	–	5	–	1	–	–	–	1	31,160	–	31,167
Liabilities											
Accounts Payable and Accrued Expenses	–	–	–	–	–	–	–	–	69	–	69
Financial Instruments held for Trading at Fair Value through Profit or Loss**	–	–	–	–	–	–	–	–	29	–	29
Total Liabilities (Excluding Net Assets Attributable to Unitholders)	–	–	–	–	–	–	–	–	98	–	98
Net Assets Attributable to Unitholders – Liability	–	5	–	1	–	–	–	1	31,062	–	31,069

* Includes units in related schemes

** 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 below:

	Euro A\$'000	United States Dollars A\$'000	Japanese Yen A\$'000	British Pound A\$'000	Hong Kong Dollar A\$'000	Canadian Dollar A\$'000	Swiss Francs A\$'000	Swedish Krona A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
30 June 2009											
Increases in exposure											
from currency contracts	–	–	–	–	–	–	–	–	–	–	–
Decreases in exposure											
from currency contracts	(6,520)	(16,994)	(3,432)	(3,169)	–	–	–	–	30,115	–	–
Total Foreign Currencies Exposure	(6,520)	(16,989)	(3,432)	(3,168)	–	–	–	1	61,177	–	31,069

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

9. Financial Risk Management (continued)

(b) Market Risk (continued)

(ii) Foreign exchange risk (continued)

	Euro A\$'000	United States Dollars A\$'000	Japanese Yen A\$'000	British Pound A\$'000	Hong Kong Dollar A\$'000	Canadian Dollar A\$'000	Swiss Francs A\$'000	Swedish Krona A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
BlackRock Global High Conviction Fund – Hedged – Parent											
30 June 2008											
Assets											
Cash and Cash Equivalents	1	4	–	1	–	–	–	–	51	–	57
Financial Instruments designated at Fair Value through Profit or Loss*	–	–	–	–	–	–	–	–	48,839	–	48,839
Financial Instruments held for Trading at Fair Value through Profit or Loss**	–	–	–	–	–	–	–	–	379	–	379
Other Assets	–	–	–	–	–	–	–	–	174	–	174
Total Assets	1	4	–	1	–	–	–	–	49,443	–	49,449
Liabilities											
Accounts Payable and Accrued Expenses	–	–	–	–	–	–	–	–	4,951	–	4,951
Financial Instruments held for Trading at Fair Value through Profit or Loss**	–	–	–	–	–	–	–	–	90	–	90
Total Liabilities (Excluding Net Assets Attributable to Unitholders)	–	–	–	–	–	–	–	–	5,041	–	5,041
Net Assets Attributable to Unitholders – Liability	1	4	–	1	–	–	–	–	44,402	–	44,408

* Includes units in related schemes.

** 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 below:

	Euro A\$'000	United States Dollars A\$'000	Japanese Yen A\$'000	British Pound A\$'000	Hong Kong Dollar A\$'000	Canadian Dollar A\$'000	Swiss Francs A\$'000	Swedish Krona A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
30 June 2008											
Increases in exposure											
from currency contracts	12,453	28,603	5,434	5,650	–	–	–	–	(52,140)	–	–
Decreases in exposure											
from currency contracts	(24,157)	(55,990)	(10,674)	(11,001)	–	–	–	–	101,822	–	–
Total Foreign Currencies Exposure	(11,703)	(27,383)	(5,240)	(5,350)	–	–	–	–	94,084	–	44,408

9. Financial Risk Management (continued)

(b) Market Risk (continued)

(ii) Foreign exchange risk (continued)

	Euro A\$'000	United States Dollars A\$'000	Japanese Yen A\$'000	British Pound A\$'000	Hong Kong Dollar A\$'000	Canadian Dollar A\$'000	Swiss Francs A\$'000	Swedish Krona A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
BlackRock International											
Gold Fund											
30 June 2009											
Assets											
Cash and Cash Equivalents	-	5	-	-	-	-	-	-	1,793	-	1,798
Financial Instruments designated at Fair Value through Profit or Loss*	75	13,200	-	3,151	1,062	14,053	-	-	6,800	545	38,886
Financial Instruments held for Trading at Fair Value through Profit or Loss**	-	-	-	-	-	1	-	-	-	-	1
Other Assets	-	-	-	10	-	5	-	-	7	-	22
Total Assets	75	13,205	-	3,161	1,062	14,059	-	-	8,600	545	40,707
Liabilities											
Accounts Payable and Accrued Expenses	-	-	-	-	-	-	-	-	94	-	94
Financial Instruments held for Trading at Fair Value through Profit or Loss**	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities (Excluding Net Assets Attributable to Unitholders)	-	-	-	-	-	-	-	-	94	-	94
Net Assets Attributable to Unitholders – Liability	75	13,205	-	3,161	1,062	14,059	-	-	8,506	545	40,613

* Includes equities.

** Includes derivatives.

	Euro A\$'000	United States Dollars A\$'000	Japanese Yen A\$'000	British Pound A\$'000	Hong Kong Dollar A\$'000	Canadian Dollar A\$'000	Swiss Francs A\$'000	Swedish Krona A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
30 June 2009											
Increases in exposure											
from currency contracts	-	-	-	-	-	-	-	-	-	-	-
Decreases in exposure											
from currency contracts	-	(11)	-	-	-	-	-	-	11	-	-
Total Foreign Currencies Exposure	75	13,194	-	3,161	1,062	14,059	-	-	8,517	545	40,613

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

9. Financial Risk Management (continued)

(b) Market Risk (continued)

(ii) Foreign exchange risk (continued)

	Euro A\$'000	United States Dollars A\$'000	Japanese Yen A\$'000	British Pound A\$'000	Hong Kong Dollar A\$'000	Canadian Dollar A\$'000	Swiss Francs A\$'000	Swedish Krona A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
BlackRock International											
Gold Fund											
30 June 2008											
Assets											
Cash and Cash Equivalents	-	-	-	-	-	-	-	-	2,462	-	2,462
Financial Instruments designated at Fair Value through Profit or Loss*	144	15,127	-	5,218	814	16,608	-	-	7,712	558	46,181
Financial Instruments held for Trading at Fair Value through Profit or Loss**	-	-	-	2	-	7	-	-	-	-	9
Other Assets	10	4	-	-	-	3	-	-	11	-	28
Total Assets	154	15,131	-	5,220	814	16,618	-	-	10,185	558	48,680
Liabilities											
Accounts Payable and Accrued Expenses	-	-	-	-	-	-	-	-	3,948	-	3,948
Financial Instruments held for Trading at Fair Value through Profit or Loss**	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities (Excluding Net Assets Attributable to Unitholders)	-	-	-	-	-	-	-	-	3,948	-	3,948
Net Assets Attributable to Unitholders – Liability	154	15,131	-	5,220	814	16,618	-	-	6,237	558	44,732

* Includes equities.

** Includes derivatives.

9. Financial Risk Management (continued)

(b) Market Risk (continued)

(iii) Interest Rate Risk

The Funds' interest bearing financial assets and liabilities expose them to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on their financial position and cash flows.

The risk in these Funds' are mitigated through ensuring activities are transacted in accordance with mandates, overall investment strategies and within approved limits. This includes investing surplus cash balances in the BlackRock Money Market Fund.

The Global Small Cap Fund's and Hedged Global Small Cap Fund's exposure to interest rate risk is limited to their cash and overdrafts, which are floating rate interest bearing investments, which totalled \$13,435,000 as at 30 June 2009 (2008: \$18,530,000) and \$190,000 (2008: \$304,000) respectively.

The Global High Conviction Fund – Unhedged and Global High Conviction Fund – Hedged exposure to interest rate risk is limited to their cash and overdrafts, which are floating rate interest bearing investments, which totalled \$1,441,000 as at 30 June 2009 (2008: \$6,880,000) and \$28,000 (2008: \$153,000) respectively.

The International Gold Fund's exposure to interest rate risk is limited to its cash and overdraft balances, which are floating rate interest bearing investments, which totalled \$1,798,000 as at 30 June 2009 (2008: \$2,462,000).

This disclosure has not been made on a look through basis for investments indirectly held through underlying funds.

The disclosure of interest rate risk may not present the true interest rate risk profile of the Funds where the underlying fund has significant exposure to interest rate risk.

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

(c) Summarised VaR analysis

Value at Risk (VaR) is a risk model used to estimate the potential losses that could occur on the Funds' 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 Funds' benchmarks. 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 Funds' portfolios which replicates the composition of the benchmark over the 5 day period from 30 June.

	2009		2008	
	\$'000	%	\$'000	%
Value at Risk for BlackRock Global Small Cap Fund				
Market Risk	1,475*	0.73	2,895*	1.13
Value at Risk for BlackRock Hedged Global Small Cap Fund				
Market Risk	1,036*	0.73	2,124*	1.13
Value at Risk for BlackRock Global High Conviction Fund – Unhedged				
Market Risk	710*	1.14	1,317*	1.32
Value at Risk for BlackRock Global High Conviction Fund – Hedged				
Market Risk	353*	1.14	587*	1.32
Value at Risk for BlackRock International Gold Fund				
Market Risk	904*	2.23	1,377*	3.08

* VaR has been calculated on Net Assets Attributable to Unitholders before rounding.

9. Financial Risk Management (continued)

(c) Summarised VaR analysis (continued)

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 the 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 variables are normally distributed: The normality assumption allows BlackRock to scale the 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 Funds' 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.

The Funds' 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, both Australia members and global head 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.

9. Financial Risk Management (continued)

(d) Credit Risk

Credit risk is the risk that counterparty will fail to perform contractual obligations, either in whole or in part, under contract. Credit risk primarily arises 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 is as set out in the table below. These amounts best represents the maximum credit risk exposure at the Balance Sheet date. None of these assets are past due or impaired.

	2009 \$'000	2008 \$'000
BlackRock Global Small Cap Fund	16,637	24,099
BlackRock Hedged Global Small Cap Fund	2,313	2,784
BlackRock Global High Conviction Fund – Unhedged	2,919	7,785
BlackRock Global High Conviction Fund – Hedged	2,814	610
BlackRock International Gold Fund	1,821	2,499

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) 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 Funds only transact 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.

(ii) 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 Funds. Note (c) *Summarised VaR analysis* summarises the potential exposure of the Funds' net assets attributable to unitholders.

(e) Liquidity Risk

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

The Funds are 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 Funds to securities that are actively traded and highly liquid. The Funds also maintain continuous monitoring of forecast and actual cashflows and matching the maturity profiles of financial assets and liabilities.

The Funds are restricted by their investment guidelines and the Funds' 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 Funds' portfolios. Furthermore, any derivative contracts held by the Funds are 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 Funds, in the context of the investment objectives and liquidity requirements of the Funds. Operational procedures are in place to review margin requirements on futures contracts. RMC reviews liquidity reports to ensure the funds have sufficient liquidity to pay client redemptions and meet margin calls as required.

The table below analyses the Funds 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.

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

9. 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
BlackRock Global Small Cap Fund					
As at 30 June 2009					
Bank Overdraft	-	-	-	-	(427)
Distribution payable	-	-	-	-	-
Accounts payable & Accrued expenses	(4,205)	-	-	-	-
Derivatives*					
- Outflows	(64,630)	-	-	-	-
- Inflows	64,689	-	-	-	-
Net assets attributable to unitholders	-	-	-	-	(202,791)
Total	(4,146)	-	-	-	(203,218)
BlackRock Hedged Global Small Cap Fund					
As at 30 June 2009					
Distribution payable	-	-	-	-	-
Accounts payable & Accrued expenses	(602)	-	-	-	-
Payable to Related Parties	-	-	-	-	-
Derivatives*					
- Outflows	(130,406)	-	-	-	-
- Inflows	132,110	-	-	-	-
Net assets attributable to unitholders	-	-	-	-	(142,399)
Total	1,102	-	-	-	(142,399)
BlackRock Global High Conviction Fund – Unhedged					
As at 30 June 2009					
Distribution payable	(5,515)	-	-	-	-
Accounts payable & Accrued expenses	(2,072)	-	-	-	-
Derivatives*					
- Outflows	(11,238)	-	-	-	-
- Inflows	10,976	-	-	-	-
Net assets attributable to unitholders	-	-	-	-	(62,413)
Total	(7,849)	-	-	-	(62,413)
BlackRock Global High Conviction Fund – Hedged					
As at 30 June 2009					
Distribution payable	-	-	-	-	-
Accounts payable & Accrued expenses	(69)	-	-	-	-
Derivatives*					
- Outflows	(30,115)	-	-	-	-
- Inflows	30,505	-	-	-	-
Net assets attributable to unitholders	-	-	-	-	(31,069)
Total	321	-	-	-	(31,069)
BlackRock International Gold Fund					
As at 30 June 2009					
Distribution payable	-	-	-	-	-
Accounts payable & Accrued expenses	(94)	-	-	-	-
Derivatives					
- Outflows	(11)	-	-	-	-
- Inflows	11	-	-	-	-
Net assets attributable to unitholders	-	-	-	-	(40,613)
Total	(94)	-	-	-	(40,613)

* The analysis above includes gross cash flows from derivatives (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.

9. 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
BlackRock Global Small Cap Fund					
As at 30 June 2008					
Bank Overdraft	-	-	-	-	(41)
Distribution payable	(1,033)	-	-	-	-
Accounts payable & Accrued expenses	(1,668)	-	-	-	-
Derivatives*					
- Outflows	(161,734)	-	-	-	-
- Inflows	161,996	-	-	-	-
Net assets attributable to unitholders	-	-	-	-	(256,036)
Total	(2,439)	-	-	-	(256,077)
BlackRock Hedged Global Small Cap Fund					
As at 30 June 2008					
Distribution payable	(16,430)	-	-	-	-
Accounts payable & Accrued expenses	(748)	-	-	-	-
Payable to Related Parties	(103)	-	-	-	-
Derivatives*					
- Outflows	(585,865)	-	-	-	-
- Inflows	586,813	-	-	-	-
Net assets attributable to unitholders	-	-	-	-	(187,827)
Total	(16,333)	-	-	-	(187,827)
BlackRock Global High Conviction Fund – Unhedged					
As at 30 June 2008					
Distribution payable	(753)	-	-	-	-
Accounts payable & Accrued expenses	(1,071)	-	-	-	-
Derivatives*					
- Outflows	(12,324)	-	-	-	-
- Inflows	12,092	-	-	-	-
Net assets attributable to unitholders	-	-	-	-	(99,673)
Total	(2,056)	-	-	-	(99,673)
BlackRock Global High Conviction Fund – Hedged					
As at 30 June 2008					
Distribution payable	(4,831)	-	-	-	-
Accounts payable & Accrued expenses	(120)	-	-	-	-
Derivatives*	-	-	-	-	-
- Outflows	(153,968)	-	-	-	-
- Inflows	154,257	-	-	-	-
Net assets attributable to unitholders	-	-	-	-	(44,408)
Total	(4,662)	-	-	-	(44,408)
BlackRock International Gold Fund					
As at 30 June 2008					
Distribution payable	(3,890)	-	-	-	-
Accounts payable & Accrued expenses	(58)	-	-	-	-
Net assets attributable to unitholders	-	-	-	-	(44,732)
Total	(3,948)	-	-	-	(44,732)

* The analysis above includes gross cash flows from derivatives (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.

9. Financial Risk Management (continued)

(f) Fair Value Estimation

The financial assets and liabilities which are included in the Balance Sheets of the Funds 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 loss is measured at fair value with changes in their value recognised in the Income Statements.

Fair value in an active market

The fair value of financial assets and liabilities traded in active markets are 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 Funds 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.

(g) Consolidated Financial Risk Management Disclosures

As a consequence of their investment strategies (being to invest substantially all of their assets in BlackRock Global Small Cap Fund and BlackRock Global High Conviction Fund – Unhedged), BlackRock Hedged Global Small Cap Fund and BlackRock Global High Conviction Fund – Hedged have an interest in BlackRock Global Small Cap Fund and BlackRock Global High Conviction Fund – Unhedged respectively, which exceed 50% of the units issued of those Funds, and hence have gained control.

The parent entities and the subsidiaries are managed separately, irrespective of the fact that BlackRock Hedged Global Small Cap Fund has control of BlackRock Global Small Cap Fund and BlackRock Global High Conviction Fund – Hedged has control of BlackRock Global High Conviction Fund – Unhedged. The risks are managed, measured and monitored on a Fund by Fund basis as set out in sections (a) to (e) of this note.

The tables below present the quantitative information disclosed elsewhere in this note on a consolidated basis.

9. Financial Risk Management (continued)

(g) Consolidated Financial Risk Management Disclosures (continued)

(i) Foreign Exchange Risk

The tables below summarise the consolidated entities assets and liabilities that are denominated in as currency other than the Australian Dollar.

	Euro A\$'000	United States Dollar A\$'000	Japanese Yen A\$'000	British Pound A\$'000	Hong Kong Dollar A\$'000	Swiss Francs A\$'000	Canadian Dollar A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
BlackRock Hedged Global Small Cap Fund										
- Consolidated										
30 June 2009										
Assets										
Cash and Cash Equivalents	-	12,356	78	1	22	1	-	1,115	479	14,052
Financial Instruments designated at Fair Value through Profit or Loss*	23,302	100,893	14,894	16,531	12,267	1,972	5,084	421	15,899	191,263
Financial Instruments held for Trading at Fair Value through Profit or Loss**	3	-	-	-	-	-	-	2,352	-	2,355
Other Assets	69	1,493	460	37	140	-	6	36	-	2,241
Total Assets	23,374	114,742	15,432	16,569	12,429	1,973	5,090	3,924	16,378	209,911
Liabilities										
Bank Overdraft	-	-	-	-	-	-	-	427	-	427
Accounts Payable and Accrued Expenses	1,033	2,540	-	192	-	-	-	740	-	4,505
Financial Instruments held for trading at Fair Value through Profit or Loss**	-	-	-	-	-	-	-	589	-	589
Total Liabilities (Excluding Net Assets Attributable to unitholders of the Parent Entity)	1,033	2,540	-	192	-	-	-	1,756	-	5,521
Net Assets Attributable to Unitholders - Liability	22,341	112,202	15,432	16,377	12,429	1,973	5,090	2,168	16,378	204,390

* Includes equities

** 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 below:

	Euro A\$'000	United States Dollar A\$'000	Japanese Yen A\$'000	British Pound A\$'000	Hong Kong Dollar A\$'000	Swiss Francs A\$'000	Canadian Dollar A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
30 June 2009										
Increases in exposure										
from currency contracts	7,681	20,060	8,562	3,501	2,691	3,282	6,236	(59,435)	7,422	-
Decreases in exposure from										
currency contracts	(28,434)	(121,699)	(15,919)	(12,997)	(5,879)	-	(3,121)	194,641	(6,592)	-
Total Foreign Currencies Exposure	1,588	10,563	8,075	6,881	9,241	5,255	8,205	137,374	17,208	204,390

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

9. Financial Risk Management (continued)

(g) Consolidated Financial Risk Management Disclosures (continued)

(i) Foreign Exchange Risk

	Euro A\$'000	United States Dollar A\$'000	Japanese Yen A\$'000	British Pound A\$'000	Hong Kong Dollar A\$'000	Swiss Francs A\$'000	Canadian Dollar A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
BlackRock Hedged Global Small Cap Fund										
- Consolidated										
30 June 2008										
Assets										
Cash and Cash Equivalents	1	11,545	-	1	-	-	-	1,881	5,344	18,772
Financial Instruments designated at Fair Value through Profit or Loss*	18,284	132,495	21,200	17,249	10,183	1,033	8,311	2,275	24,757	235,787
Financial Instruments held for Trading at Fair Value through Profit or Loss**	-	-	-	-	-	-	-	2,713	-	2,713
Other Assets	77	2,289	3	651	-	-	6	127	1,074	4,227
Total Assets	18,362	146,329	21,203	17,901	10,183	1,033	8,317	6,996	31,175	261,499
Liabilities										
Bank Overdraft	-	-	-	-	-	-	-	41	-	41
Accounts Payable and Accrued Expenses	1	218	-	-	-	-	855	17,739	-	18,813
Financial Instruments held for trading at Fair Value through Profit or Loss**	-	-	-	-	-	-	-	1,503	-	1,503
Total Liabilities (Excluding Net Assets Attributable to unitholders of the Parent Entity)	1	218	-	-	-	-	855	19,283	-	20,357
Net Assets Attributable to Unitholders - Liability	18,361	146,111	21,203	17,901	10,183	1,033	7,462	(12,287)	31,175	241,142

* Includes equities

** 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 realysed below:

	Euro A\$'000	United States Dollar A\$'000	Japanese Yen A\$'000	British Pound A\$'000	Hong Kong Dollar A\$'000	Swiss Francs A\$'000	Canadian Dollar A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
30 June 2008										
Increases in exposure from currency contracts	88,010	179,104	19,312	22,895	-	-	7,433	(341,097)	24,343	-
Decreases in exposure from currency contracts	(116,186)	(308,515)	(33,953)	(33,370)	-	-	(2,285)	539,783	(45,474)	-
Total Foreign Currencies Exposure	(9,815)	16,700	6,562	7,426	10,183	1,033	12,610	186,399	10,044	241,142

9. Financial Risk Management (continued)

(g) Consolidated Financial Risk Management Disclosures (continued)

(i) Foreign Exchange Risk (continued)

	Euro A\$'000	United States Dollars A\$'000	Japanese Yen A\$'000	British Pound A\$'000	Hong Kong Dollar A\$'000	Canadian Dollar A\$'000	Swiss Francs A\$'000	Swedish Krona A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
BlackRock Global High Conviction Fund – Hedged – Consolidated 30 June 2009											
Assets											
Cash and Cash Equivalents	–	1,012	31	1	–	–	–	1	424	–	1,469
Financial Instruments designated at Fair Value through Profit or Loss*	10,295	29,852	3,201	13,136	5,308	1,162	1,946	456	–	2,070	67,426
Financial Instruments held for Trading at Fair Value through Profit or Loss**	–	–	–	–	–	–	–	–	502	–	502
Other Assets	145	1,113	4	128	–	–	–	–	5	–	1,395
Total Assets	10,440	31,977	3,236	13,265	5,308	1,162	1,946	457	931	2,070	70,792
Liabilities											
Distributions Payable	–	–	–	–	–	–	–	–	3,198	–	3,198
Accounts Payable and Accrued Expenses	–	1,100	286	–	–	–	–	–	705	–	2,091
Financial Instruments held for Trading at Fair Value through Profit or Loss**	–	–	–	–	–	–	–	–	374	–	374
Total Liabilities (Excluding Net Assets Attributable to Unitholders)	–	1,100	286	–	–	–	–	–	4,277	–	5,663
Net Assets Attributable to Unitholders – Liability	10,440	30,877	2,950	13,265	5,308	1,162	1,946	457	(3,346)	2,070	65,129

* Includes equities

** 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 realysed below:

	Euro A\$'000	United States Dollars A\$'000	Japanese Yen A\$'000	British Pound A\$'000	Hong Kong Dollar A\$'000	Canadian Dollar A\$'000	Swiss Francs A\$'000	Swedish Krona A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
30 June 2009											
Increases in exposure											
from currency contracts	–	6,757	282	3,834	–	–	–	–	(10,873)	–	–
Decreases in exposure											
from currency contracts	(6,520)	(21,132)	(3,432)	(10,269)	–	–	–	–	41,353	–	–
Total Foreign Currencies Exposure	3,920	16,502	(200)	6,830	5,308	1,162	1,946	457	27,134	2,070	65,129

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

9. Financial Risk Management (continued)

(g) Consolidated Financial Risk Management Disclosures (continued)

(i) Foreign Exchange Risk (continued)

	Euro A\$'000	United States Dollars A\$'000	Japanese Yen A\$'000	British Pound A\$'000	Hong Kong Dollar A\$'000	Canadian Dollar A\$'000	Swiss Francs A\$'000	Swedish Krona A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
BlackRock Global High Conviction Fund – Hedged – Consolidated											
30 June 2008											
Assets											
Cash and Cash Equivalents	1	6,294	43	1	–	–	–	–	598	–	6,937
Financial Instruments designated at Fair Value through Profit or Loss*	11,608	36,433	6,118	23,572	4,730	–	2,600	1,315	–	7,568	93,944
Financial Instruments held for Trading at Fair Value through Profit or Loss**	–	682	–	–	–	–	–	–	379	–	1,061
Other Assets	148	1	–	63	–	–	–	–	11	–	223
Total Assets	11,757	43,410	6,161	23,636	4,730	–	2,600	1,315	988	7,568	102,165
Liabilities											
Accounts Payable and Accrued Expenses	984	–	–	–	–	–	–	–	5,615	–	6,599
Financial Instruments held for Trading at Fair Value through Profit or Loss**	–	–	–	–	–	–	–	–	322	–	322
Total Liabilities (Excluding Net Assets Attributable to Unitholders)	984	–	–	–	–	–	–	–	5,937	–	6,921
Net Assets Attributable to Unitholders – Liability	10,773	43,410	6,161	23,636	4,730	–	2,600	1,315	(4,949)	7,568	95,244

* Includes equities

** 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 below:

	Euro A\$'000	United States Dollars A\$'000	Japanese Yen A\$'000	British Pound A\$'000	Hong Kong Dollar A\$'000	Canadian Dollar A\$'000	Swiss Francs A\$'000	Swedish Krona A\$'000	Australian Dollar A\$'000	Other Currencies A\$'000	Total A\$'000
30 June 2008											
Increases in exposure											
from currency contracts	13,439	39,649	5,434	5,650	–	–	–	–	(64,172)	–	–
Decreases in exposure											
from currency contracts	(24,157)	(57,036)	(10,674)	(22,250)	–	–	–	–	114,117	–	–
Total Foreign Currencies Exposure	55	26,023	921	7,036	4,730	–	2,600	1,315	44,996	7,568	95,244

9. Financial Risk Management (continued)

(g) Consolidated Financial Risk Management Disclosures (continued)

(ii) Interest Rate Risk

The Consolidated Hedged Global Small Cap Fund's exposure to interest rate risk is limited to their cash and overdrafts, which are floating rate interest bearing investments, which totalled \$13,625,000 for the 2009 year (2008: \$18,731,000).

The Consolidated Global High Conviction Fund Hedged's exposure to interest rate risk is limited to their cash and overdrafts, which are floating rate interest bearing investments, which totalled \$1,469,000 for the 2009 year (2008: \$6,937,000).

(iii) Liquidity Risk

The table below analyses the consolidated entities 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
BlackRock Hedged Global Small Cap Fund – Consolidated					
As at 30 June 2009					
Bank Overdraft	–	–	–	–	(427)
Distribution payable	–	–	–	–	–
Accounts payable & Accrued expenses	(4,505)	–	–	–	–
Derivatives*					
– Outflows	(195,036)	–	–	–	–
– Inflows	196,799	–	–	–	–
Net assets attributable to unitholders	–	–	–	–	(204,390)
Total	(2,742)	–	–	–	(204,817)
BlackRock Hedged Global Small Cap Fund – Consolidated					
As at 30 June 2008					
Bank Overdraft	–	–	–	–	(41)
Distribution payable	(16,630)	–	–	–	–
Accounts payable & Accrued expenses	(2,183)	–	–	–	–
Derivatives*					
– Outflows	(747,599)	–	–	–	–
– Inflows	748,809	–	–	–	–
Net assets attributable to unitholders	–	–	–	–	(241,142)
Total	(17,603)	–	–	–	(241,183)
BlackRock Global High Conviction Fund – Hedged – Consolidated					
As at 30 June 2009					
Distribution payable	(3,198)	–	–	–	–
Accounts payable & Accrued expenses	(2,091)	–	–	–	–
Derivatives*					
– Outflows	(41,353)	–	–	–	–
– Inflows	41,481	–	–	–	–
Net assets attributable to unitholders	–	–	–	–	(65,129)
Total	(5,161)	–	–	–	(65,129)
BlackRock Global High Conviction Fund – Hedged – Consolidated					
As at 30 June 2008					
Distribution payable	(5,472)	–	–	–	–
Accounts payable & Accrued expenses	(1,127)	–	–	–	–
Derivatives*					
– Outflows	(166,292)	–	–	–	–
– Inflows	166,349	–	–	–	–
Net assets attributable to unitholders	–	–	–	–	(95,244)
Total	(6,542)	–	–	–	(95,244)

* The analysis above includes gross cash flows from derivatives (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.

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

9. Financial Risk Management (continued)

(g) Consolidated Financial Risk Management Disclosures (continued)

(iv) Value at Risk

As the investment in the subsidiaries are carried at fair value (and hence, consolidated net assets closely approximate parent net assets), the Value at Risk disclosures for the group are the same as for the parent entities (BlackRock Hedged Global Small Cap Fund and BlackRock Global High Conviction Fund – Hedged).

(v) Credit Risk

At 30 June 2009 the total carrying amount of financial assets exposed to credit risk is as set out in the table below. These amounts best represent the maximum credit risk exposure at the Balance Sheet date. None of these assets are past due or impaired.

	2009 \$'000	2008 \$'000
BlackRock Hedged Global Small Cap Fund	18,648	25,712
BlackRock Global High Conviction Fund – Hedged	3,366	8,221

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

10. 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 Funds disclosed in the balance sheet as at 30 June 2009 or on the results and cash flows of the Funds for the year ended on that date.

11. Business Combination

30 June 2008

On 1 November 2007, the BlackRock Global High Conviction Fund – Hedged ('the Fund') gained control of the BlackRock Global High Conviction Fund – Unhedged ('entity') when the interest held reached 50% of the total units. The BlackRock Global High Conviction Fund – Hedged invests in the BlackRock Global High Conviction Fund – Unhedged via the holding of units in the BlackRock Global High Conviction Fund – Unhedged – D class ('D class').

On the date of acquiring the control, the Fund held 69,195,558 units at a fair value of \$50,692,666 directly in BlackRock Global High Conviction Fund – Unhedged – D class. The fair value holding represented 50% of the assets in the entity. The 50% holding in BlackRock Global High Conviction Fund – Unhedged at 1 November 2007 was obtained as a result of the cumulative effect of applications and redemptions of the Fund since its inception, and the impact of other investors' applications and redemptions, rather than the result of a single acquisition of a controlling interest in BlackRock Global High Conviction Fund – Unhedged.

All purchases by the BlackRock Global High Conviction Fund – Hedged into the class since its inception, have been made at fair value at the date of purchase, and equate to the total cash consideration paid. The total cash consideration paid by BlackRock Global High Conviction Fund – Hedged as at the date of control amounted to \$63,235,741.

The BlackRock Global High Conviction Fund – Unhedged contributed investment loss of \$15,862,920 and net operating loss of \$16,425,515 to the consolidated entity (comprising both BlackRock Global High Conviction Fund – Unhedged and BlackRock Global High Conviction Fund – Hedged) for the period of control from 1 November 2007 to 30 June 2008.

Disclosure of the total assets and liabilities arising from the acquisition of the reporting entity, BlackRock Global High Conviction Fund – Unhedged, would be impracticable as the BlackRock Global High Conviction Fund – Hedged has gained control via the gradual acquisition of units over a period of time and not in one transaction that can be directly identifiable and regarded as significant in which to determine the exact acquisition date.

The interest of minority unitholders in the controlled Scheme is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

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 Funds' and the consolidated entities' financial position as at 30 June 2009 and of their performance, as represented by their results of their operations, changes in equity and their cash flows, for the year ended on that date; and
- (b) there are reasonable grounds to believe that the Funds will be able to pay their 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 Small Cap Fund, BlackRock Hedged Global Small Cap Fund, BlackRock Global High Conviction Fund – Unhedged (formerly BlackRock Global Titans Fund), BlackRock Global High Conviction Fund – Hedged (formerly BlackRock Hedged Global Titans Fund) and BlackRock International Gold Fund

We have audited the accompanying financial report of BlackRock Global Small Cap Fund, BlackRock Hedged Global Small Cap Fund, BlackRock Global High Conviction Fund – Unhedged (formerly BlackRock Global Titans Fund), BlackRock Global High Conviction Fund – Hedged (formerly BlackRock Hedged Global Titans Fund) and BlackRock International Gold Fund ("the Funds"), which comprises the balance sheets as at 30 June 2009, and the income statements, cash flow statements and statements of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entities comprising the Funds and the entities they controlled at the year's end or from time to time during the financial year.

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 2, 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 Funds' 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 entity'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 Small Cap Fund, BlackRock Hedged Global Small Cap Fund, BlackRock Global High Conviction Fund – Unhedged (formerly BlackRock Global Titans Fund), BlackRock Global High Conviction Fund – Hedged (formerly BlackRock Hedged Global Titans Fund) and BlackRock International Gold Fund is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Funds' and consolidated entities' financial position as at 30 June 2009 and of their 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 2.

DELOITTE TOUCHE TOHMATSU

Neil Brown
Partner
Chartered Accountants
Melbourne, 28 September 2009

Liability limited by a scheme approved under Professional Standards Legislation.