

# Model Portfolio Update

MARCH QUARTER 2010

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# BLACKROCK

## BlackRock Financials (BR0008)

### Market Overview

- March saw the Australian equity market have its biggest monthly gain in six months and recorded its highest monthly close since August 2008. In contrast the performance for the quarter as a whole was much more subdued with the S&P ASX/200 Accumulation Index ending the quarter up just 1.4%. Investor focus was centred on 'reporting season' as most ASX 200 companies reported earnings for the first half of the 2010 financial year. Overall earnings reports saw positive surprises outweighing negative ones, but guidance and outlook statements were frequently guarded.
- We see further evidence of earnings leverage to an improving economy in a generally better than expected reporting season, and we remain focused on the shape of the recovery. Continued strength in expectations for GDP growth, housing data and strengthening employment growth is encouraging, although we believe that the outlook for retail sales growth could be weaker than expected, with the roll off of fiscal stimulus more material than implied by the market. Strength in Asian economies, led by China, remains significant.
- Financials outperformed for the quarter. The banking sector posted strong gains after reporting large earnings upgrades. ANZ Banking Group Limited surged during the month of March after receiving regulatory approval for the purchase of the RBS Asian assets whilst takeover target AXA Asia Pacific was flat as investors waited for the ACCC decision outcome.

### Performance as at 31/3/2010

	Gross	S&P/ASX 200 Financials (Sector)	Out-performance*
1 Month	4.53%	4.69%	-0.16%
3 Months	2.52%	2.52%	0.00%
6 Months	1.10%	1.21%	-0.11%
1 Year	49.18%	52.04%	-2.86%
2 Years (pa)	3.93%	2.46%	1.47%
3 Years (pa)	-4.54%	-6.21%	1.67%
Since Inception (pa)^	-5.33%	-6.85%	1.52%

\* Shows the difference between Portfolio Gross Return and Benchmark Return.

^ Model performance inception date: 22/2/2007

Past performance is no indicator of future performance. Long term performance returns show the potential volatility of returns over time. The value of investments and the income from them can fall as well as rise and is not guaranteed. You may not get back the amount originally invested. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Model portfolio composition and performance have been based on theoretical tracking of the model portfolio and are gross of fees and do not take tax positions into account. Please note, actual portfolios may not perform in the same manner as the model depicted in this document, depending on the nature of your personal Portfolio and any customisations. Rounding used in the presentation of data may result in minor variations.

### About the Model Portfolio

#### Investment objective

The BlackRock Financials Model Portfolio (the "Model") aims to track the performance of the top 25 stocks by market capitalisation in the Financials sector of the ASX before taking into account Model fees and expenses.

#### Investment strategy

The investment objective of the Model is pursued by investing in a basket of securities that reflect the Financials sector of the Australian equity market.

These securities are listed on the ASX and are involved in activities such as banking, mortgage finance, consumer finance, specialised finance, investment banking and brokerage, asset management and custody, corporate lending, insurance, financial investment, and real estate.

#### Designed for investors who...

- Seek income
- Are happy to receive market returns
- Accept the risk of significant price fluctuations

### Top 10 Stocks as at 31/3/2010

AMP Ltd  
ANZ Banking Group Ltd  
Commonwealth Bank of Australia  
Macquarie Group Ltd  
National Australia Bank Ltd  
QBE Insurance Group Ltd  
Suncorp-Metway Ltd  
Stockland Corporation Ltd  
Westfield Group  
Westpac Banking Corporation

### Summary

Model Portfolio name	BlackRock Financials
Model Code	BR0008
Model inception date	22/02/2007
Principal investment objective	To track the performance of the top 25 stocks in the Financials sector of the ASX
Can derivatives be used?	No
Indicative number of stocks	20 - 30
Minimum Model investment	No fixed minimum*
Model Provider's Fees*	
Investment Fee	0.40% p.a.
Performance Fee applicable?	No
Benchmark Index	S&P/ASX 200 Financials (Sector)

\* Please refer to the Product Disclosure Statement for further details.

If you have any queries relating to any of this information or to obtain a copy of the BlackRock Customised Portfolio Service Product Disclosure Statement (PDS), please contact your Account Manager or Adviser Services on 1300 366 101.

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