

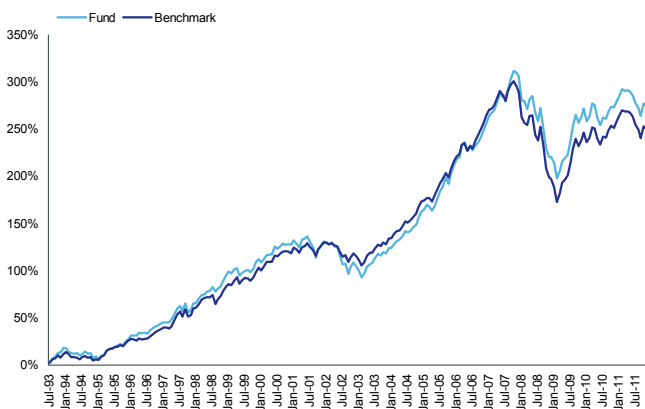
## BlackRock Balanced Fund

### Investment Performance (%)

	Fund Inception	1 Mth	3 Mths	CYTD	1 Yr	3 Yrs	5 Yrs	Inc
BlackRock Balanced Fund (Net of Fees)	30 April 1992	-0.65	1.98	-3.67	-3.67	3.17	-1.02	5.75
Diversified Benchmark (Gross of Fees)		-0.28	2.56	-2.54	-2.54	5.59	-0.85	
Outperformance (Net of Fees)		-0.37	-0.58	-1.13	-1.13	-2.42	-0.17	5.75
BlackRock Professional Investor Balanced Fund (Net of Fees)	9 September 1999	-0.60	2.12	-3.11	-3.11	3.77	-0.44	3.80
Diversified Benchmark (Gross of Fees)		-0.28	2.56	-2.54	-2.54	5.59	-0.85	4.91
Outperformance (Net of Fees)		-0.32	-0.44	-0.57	-0.57	-1.82	0.41	-1.11
BlackRock Wholesale Balanced Fund (Net of Fees)	30 September 1992	-0.57	2.23	-2.67	-2.67	4.23	0.00	7.10
Diversified Benchmark (Gross of Fees)		-0.28	2.56	-2.54	-2.54	5.59	-0.85	7.41
Outperformance (Gross of Fees)		-0.29	-0.33	-0.13	-0.13	-1.36	0.85	-0.31
BlackRock Income Fund (Net of Fees)	30 November 1983	-0.63	2.08	-3.34	-3.34	3.55	-0.69	8.69
Diversified Benchmark (Gross of Fees)		-0.28	2.56	-2.54	-2.54	5.59	-0.85	-
Outperformance (Net of Fees)		-0.35	-0.48	-0.80	-0.80	-2.04	0.16	-
BlackRock Non Tax Paying Balanced Fund (Net of Fees)	31 December 1997	-0.58	2.21	-2.21	-2.21	4.74	0.58	5.65
Diversified Benchmark (Gross of Fees)		-0.28	2.56	-2.54	-2.54	5.59	-0.85	5.73
Outperformance (Gross of Fees)		-0.30	-0.35	0.33	0.33	-0.85	1.43	-0.08
BlackRock Wholesale Balanced Fund (Gross of Fees)		-0.49	2.46	-1.80	-1.80	5.17	0.91	-
Diversified Benchmark (Gross of Fees)		-0.28	2.56	-2.54	-2.54	5.59	-0.85	-
Outperformance (Gross of Fees)		-0.21	-0.10	0.74	0.74	-0.42	1.76	-

Past performance is not a reliable indicator of future performance. Performance for periods greater than one year is annualised. Performance is calculated in Australian dollars and assumes reinvestment of distributions. Gross performance is calculated gross of ongoing fees and expenses. Net performance is calculated on exit-to-exit price basis, e.g. net of ongoing fees and expenses. Refer to Fund details section for actual inception dates. The benchmark is a diversified allocation of the S&P/ASX 300 Accumulation Index, S&P/ASX 200 A-REIT Accumulation Index, MSCI World ex Australia Index (hedged and unhedged in AUD with net dividends reinvested), UBS Composite Bond All Maturities Index, Barclays Capital Global Aggregate 500 Index (hedged in AUD) and the UBS Bank Bill Index.

### Cumulative Performance (Gross)



### Market Review

The outlook for 2012 revolves around:

the European outlook and the transmission mechanism for European growth outcomes impacting on the rest of the world;

the Chinese economic outlook — a soft landing still appears to be central case particularly as inflation is falling and the Authorities have lots of fire power to respond if the slowdown in economic growth becomes overdone; and

the US economic outlook – a Presidential election year is likely to see headwinds from tighter fiscal policy and the fall-out from the European crisis. On the positive side the housing sector appears to be basing and there are grounds for optimism on a two to three year view.

Of course, the potential for an X-factor (or factors) derailing the outlook appears unusually high again in 2012 given the fragile state of the global economic recovery and the extremely limited firepower of the major Western economies to respond to a material downturn in economic growth.

The European outlook remains the most troubling aspect of the outlook and the 'test' will come early in year as sovereign issuance ramps up in February. It is unclear how much damage has been done to the appetite of traditional owners of European sovereign debt to keep buying. The European Central Bank has taken undertaken dramatic liquidity support measures to European banks but is not, at this stage, providing the ultimate backstop for European sovereign debt. Given the ongoing contagion to the core bond markets in Europe (with Italian yields just under 7%) this does not appear enough and yet another market riot seems quite likely in the New Year.

In the meantime the ongoing stringent fiscal austerity will continue to create political tensions which may boil over at any moment. Already we have had changes of government in all the troubled economies and more political turmoil appears quite likely in the months and years ahead. The key European leaders say this crisis will take years to fix. Over that period, the risk of a miss step which leads to a severe European recession/depression are unfortunately quite elevated.

The most recent experience of a 'global' financial crisis in 2008 has conditioned investors to think that any European mishap will also 'go global' but that is not necessarily the case. The resilience of the US economy in the second half of 2011 is a reminder that the transmission mechanism between European growth and US growth is potentially quite weak. Certainly the direct trade linkages between the US and Europe are very low. Also the Asian crisis in the late 1990s .

turned out to be much worse for Asia than the consensus predicted, at the same time as growth in the rest of the world was much better than expected.

## Strategy Commentary and Outlook

The Funds outperformed their benchmarks over the quarter with positive contributions global fixed income and quantitative Australian equities and detracted from global allocation and asset allocation.

In terms of the outlook for markets, our central case for next year is one of 'divergence' between the developed world and the developing world. Weak growth in the developed world overall (with a shallow recession expected in continental Europe) as these economies are weighed down by fiscal austerity. At the same time, the performance of the emerging economies improves as falling inflation allows a true decoupling to emerge on the back of easier policy settings.

Unfortunately, the risks appear to be largely to the downside. Under one scenario, we have labelled 'stagnation' is characterised by sluggish economic growth and high unemployment with emerging economies hit by the European recession. Much more troubling is the 'Nemesis' scenario characterised by global recession, credit crunch, social upheaval and steep losses across risk assets around the world.

Asset allocation risk levels in the Fund are low, although we continue to believe there will be some attractive risk reward opportunities in the months ahead as the current extreme uncertainty dissipates one way or another.

## About the Fund

### Investment Objective

The investment objective of the Funds is to provide investors with the highest possible returns consistent with a "balanced" investment strategy encompassing:

- ▶ an orientation towards growth assets;
- ▶ a bias toward Australian assets; and
- ▶ active asset allocation, security selection and risk management.

### Fund Strategy

The investment strategy of the Funds is to provide investors with a diversified exposure to the best investment teams and strategies that BlackRock has globally within the context of an Australian based "balanced" investment portfolio.

The strategy is built around two steps:

1. Establishing the most appropriate strategic benchmark subject to the growth/income splits and market risk exposures of the range of Australian balanced funds; and
2. Enhancing the returns of the Funds relative to the strategic benchmark to the maximum extent possible by utilising investment teams, strategies and techniques from BlackRock's resources around the globe subject to a risk budgeting framework.

### Should be considered by investors who ...

- ▶ Seek a fund which aims to provide a combination of capital growth and income.
- ▶ Accept the risk that moderate volatility may be experienced.

Issued by BlackRock Investment Management (Australia) Limited (AFS License No. 230523, ABN 13 006 165 975) ("BlackRock"). BlackRock is the responsible entity of the Fund(s) referred to in this document. An Offer Document for the Fund(s) is available from BlackRock. Potential investors should consider the Offer Document in deciding whether to acquire, or to continue to hold, units in the Fund(s). BlackRock, its officers, employees and agents believe that the information in this document is correct at the time of compilation, but no warranty of accuracy or reliability is given and no responsibility arising in any other way for errors or omissions (including responsibility to any person by reason of negligence) is accepted by BlackRock, its officers, employees or agents. This document contains general information only and is not intended to represent general or specific investment or professional advice. The information does not take into account an individual's financial circumstances. An assessment should be made as to whether the information is appropriate in individual circumstances and consideration should be given to talking to a financial or other professional adviser before making an investment decision. No guarantee as to the capital value of investments in the Fund(s) nor future returns is made by BlackRock.

If you have any queries relating to any of this information or to obtain a copy of the Offer Document for the Fund(s), please contact your relationship manager. Alternatively, if you have a query relating to the wholesale funds, please contact Institutional Client Services on ICS-Australia@blackrock.com, or please call Adviser Services on 1300 366 101 if you have a query relating to our retail fund range.

## Fund Details

BlackRock Wholesale Balanced Fund	
APIR	PWA0822AU
Fund Size	914 mil
Buy/Sell Spread	0.175%/0.175%
Management Fee	0.95% p.a.
BlackRock Balanced Fund	
APIR	PWA0013AU
Management Fee	1.95% p.a.
BlackRock Income Fund	
APIR	PWA0004AU
Management Fee	1.60% p.a.
BlackRock Non Tax Paying Balanced Fund	
APIR	MAL0100AU
Management Fee	0.95% p.a.
Unit Price (NAV)	2.216640
BlackRock Professional Investor Balanced Fund	
APIR	MAL0103AU
Management Fee	1.40% p.a.

## Fund Allocation

Asset Class	Weight %
Australian Shares	38.00
Australian Bonds	15.00
International Shares	26.00
Global Bonds	10.00
Listed Property	6.00
Direct Property	0.50
Cash	4.50