

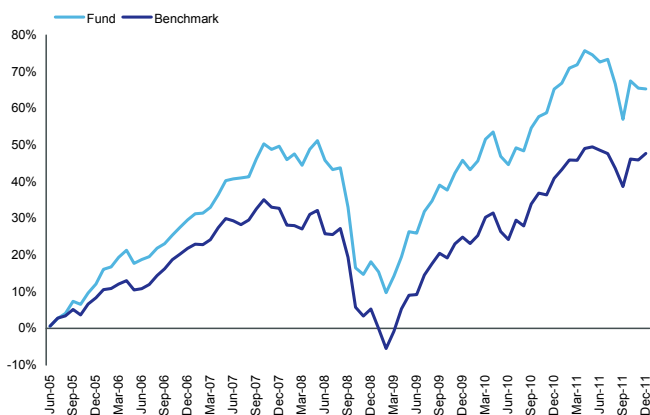
## BlackRock Global Allocation Fund (Aust)

### Investment Performance (%)

	Fund Inception	1 Mth	3 Mths	CYTD	1 Yr	3 Yrs	5 Yrs	Inc
BlackRock Global Allocation Fund (Aust) (D Class) (Net of Fees)	4 July 2005	-0.15	5.29	-0.84	-0.84	11.07	4.14	6.73
Diversified Benchmark (Gross of Fees)		1.23	6.51	4.80	4.80	11.95	3.93	6.07
Outperformance (Net of Fees)		-1.38	-1.22	-5.64	-5.64	-0.88	0.21	0.66
BlackRock Global Allocation Fund (Aust) (S Class) (Net of Fees)	3 April 2006	-0.16	5.24	-1.04	-1.04	10.84	3.85	4.52
Diversified Benchmark (Gross of Fees)		1.23	6.51	4.80	4.80	11.95	3.93	4.87
Outperformance (Net of Fees)		-1.39	-1.27	-5.84	-5.84	-1.11	-0.08	-0.35
BlackRock Global Allocation Fund (Aust) (C Class) (Net of Fees)	27 June 2005	-0.18	5.18	-1.23	-1.23	10.64	3.65	6.36
Diversified Benchmark (Gross of Fees)		1.23	6.51	4.80	4.80	11.95	3.93	6.12
Outperformance (Net of Fees)		-1.41	-1.33	-6.03	-6.03	-1.31	-0.28	0.24
BlackRock Global Allocation Fund (Aust) (Gross of Fees)	8 June 2005	-0.13	5.29	0.04	0.04	11.83	4.98	7.96
Diversified Benchmark (Gross of Fees)		1.23	6.51	4.80	4.80	11.95	3.93	6.13
Outperformance (Gross of Fees)		-1.36	-1.22	-4.76	-4.76	-0.12	1.05	1.83

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 an 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 36% S&P 500 Index (Total Return hedged in AUD), 24% FTSE World Index ex US Index (Total Return hedged in AUD), 24% Merrill Lynch US Government Index (0-5 yr Treasury hedged in AUD) and 16% Citigroup World ex US Government Bond Index (hedged in AUD).

### Cumulative Performance (Gross)



### Market Review

While the European sovereign debt crisis continues to serve as a major source of uncertainty, the European Central Bank (ECB) has recently taken several steps to try and alleviate tight credit conditions in the banking sector. These steps include a reduction in the bank's policy rate, a reduction in bank reserve requirements, and an extension of three-year loans to banks that have helped alleviate funding pressures. While the crisis is far from solved, we do believe the ECB's actions have substantially reduced the risk of witnessing the failure of a major financial institution.

The continuation of austerity measures in Europe sets the backdrop for what is likely to be another year of meagre economic growth in the Eurozone. However, the U.S. economy experienced an acceleration of economic activity towards the latter part of 2011. At this point, it is becoming clear that the U.S. economy is definitively not in a recession. In the emerging economies, which collectively represent nearly 50% of world GDP, policymakers are becoming more accommodative with monetary policy. We believe this could continue in 2012 as

policymakers seek to insulate their regions from the impact of the European debt crisis and as a result of moderating inflation levels which give central banks further room to ease.

One of the major storylines of 2011 was the deteriorating finances of sovereign balance sheets, particularly those of the developed world, and the apparent lack of "safe" asset classes this trend has created. The concept of "safety" has taken on greater prominence at a time where AAA credit ratings are becoming harder to find. Many investors traditionally associate "safety" with an asset class' level of volatility. In this regard, cash and U.S. government bonds are often perceived as "safe" due to their low levels of nominal volatility.

It is our belief that true "safety" should not be measured by looking at nominal volatility, but rather by an asset class' ability to provide a positive real rate of return over a particular time horizon. As investors, we must focus on growing our purchasing power in order to meet long-term stated investment objectives. As a result, in order for investors to experience positive real rates of return, we believe that the best opportunities continue to lie primarily in high-quality equities and certain commodity-oriented investments. Those equities that pay a competitive dividend yield, coupled with the prospect of stable growth in earnings, are where we see the best opportunities.

## Strategy Commentary and Outlook

The Fund underperformed its internal reference benchmark return over the quarter.

Within equities, an overweight in Energy contributed to performance. An underweight (relative to the benchmark) in fixed income contributed to performance, as equity markets broadly outpaced fixed income markets over the quarter.

Within equities, stock selection and an underweight in the US as well as stock selection in Canada detracted from performance. An overweight in Japan and India also weighed on returns. From a sector perspective, stock selection in Materials (led by gold-related securities) detracted from performance.

### Portfolio Changes

During the quarter, the Global Allocation Fund increased equity exposure to Europe (+0.7%), and reduced exposure to Asia (-1.3%). On a sector basis, the Fund increased exposure to financials (+0.1%) and reduced exposure to materials (-0.6%) and utilities (-0.5%). The Fund's allocation to fixed income decreased from 29% to 26% of net assets. Within fixed income, the Fund decreased exposure to USD foreign corporate bonds (-1.2%), US Treasuries (-0.3%), and USD foreign convertible bonds (-0.5%), and increased exposure to Japanese government bonds (+0.6%).

Reflecting the above changes, the Fund's cash equivalent holdings increased from 6% to 10% of net assets.

Compared to its reference benchmark, the Global Allocation Fund was overweight equities (+4%), significantly underweight fixed income (-14%), and overweight cash equivalents (+10%). Within the equity segment, the Fund was overweight Asia (+5.0%), notably Japan (+3.2%), and Brazil (+0.8%), and underweight the US (-2.1%) and Europe (-1.2%). On a sector basis, the Fund was overweight materials (+4.4%), energy (+2.6%), telecommunication services (+2.4%), information technology (+1.0%), and health care (+1.0%), and underweight consumer staples (-2.7%), financials (-2.4%), consumer discretionary (-1.9%) and industrials (-0.9%).

As for currency exposure, relative to its benchmark, the Fund was underweight the euro (-4.2%), Japanese yen (-3.4%), US dollar (-1.7%), British Pound (-0.6%) and overweight the Brazilian real (+2.4%), Singapore dollar (+1.7%), Canadian dollar (+0.8%), Russian ruble (+0.6%) and Australian dollar (+0.5%). The Fund also had overweight positions in several Asian emerging market currencies including the Malaysian ringgit and Hong Kong Dollar.

The Fund's internal reference benchmark currency weights remain fully hedged back to Australian dollars.

## Region Exposure

Region	Weight %
Australia Equities	1.21
Australia Fixed Income	1.58
Asia ex Japan Equities	1.36
Asia ex Japan Fixed Income	2.39
Emerging Markets Equities	8.14
Emerging Markets Fixed Income	3.03
Europe ex UK Equities	7.17
Europe ex UK Fixed Income	2.57
Japan Equities	6.87
Japan Fixed Income	0.08
North America Equities	36.23
North America Fixed Income	14.30
UK Equities	2.61
UK Fixed Income	1.97
Cash Equivalents	10.49

## About the Fund 31 December 2011

### Investment Objective

The Fund seeks to maximise total investment returns while managing risk by actively investing in global equities, debt and short-term securities.

### Fund Strategy

The Fund is managed by the Global Allocation Team ("G.A. Team") which is based in Princeton, New Jersey, USA. The investment strategy is to invest in global equities, fixed income and cash, with the combination varied both with respect to types of securities and markets, in response to changing market conditions and economic trends.

In selecting equity investments, the Fund mainly seeks to invest in securities which are believed to be undervalued. The Fund may buy fixed income securities of varying maturities.

The Fund can, and does, look for investments in all the markets of the world, however, it will typically invest a majority of its assets in the securities of companies and governments located in North and South America, Europe and Asia. The G.A. Team aims to identify the long-term trends and changes that could benefit particular markets and/or industries relative to other markets and industries.

Currency is actively managed in the Fund around a fully-hedged Australian dollar benchmark.

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

- ▶ Seek a single fund that offers broad global exposure and the largest universe of securities from which to choose.
- ▶ Seek a fund that maximises total investment return while having the flexibility to manage risk and move into safer instruments.
- ▶ Have a long term investment horizon.

### Fund Details

BlackRock Global Allocation Fund (Aust)	
Inception Date	8 June 2005
Fund Size	762 mil
Buy/Sell Spread	0.30%/0.30%
BlackRock Global Allocation Fund (Aust) (C Class)	
APIR	MAL0017AU
Inception Date	27 June 2005
Management Fee	0.60% p.a. plus 12.5% of outperformance
BlackRock Global Allocation Fund (Aust) (D Class)	
APIR	MAL0018AU
Inception Date	4 July 2005
Management Fee	0.20% p.a. plus 12.5% of outperformance
BlackRock Global Allocation Fund (Aust) (S Class)	
APIR	MAL0029AU
Inception Date	3 April 2006
Management Fee	0.40% p.a. plus 12.5% of outperformance

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