

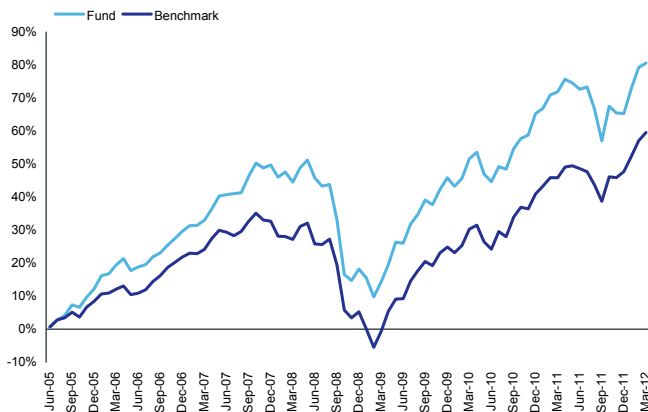
BlackRock Global Allocation Fund (Aust)

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	0.64	8.83	8.83	4.32	15.55	5.49	7.81
Diversified Benchmark (Gross of Fees)		1.62	8.01	8.01	9.38	17.14	5.14	7.05
Outperformance (Net of Fees)		-0.98	0.82	0.82	-5.06	-1.59	0.35	0.76
BlackRock Global Allocation Fund (Aust) (S Class) (Net of Fees)	3 April 2006	0.63	8.80	8.80	4.14	15.33	5.20	5.81
Diversified Benchmark (Gross of Fees)		1.62	8.01	8.01	9.38	17.14	5.14	6.02
Outperformance (Net of Fees)		-0.99	0.79	0.79	-5.24	-1.81	0.06	-0.21
BlackRock Global Allocation Fund (Aust) (C Class) (Net of Fees)	27 June 2005	0.60	8.78	8.78	3.97	15.15	4.99	7.45
Diversified Benchmark (Gross of Fees)		1.62	8.01	8.01	9.38	17.14	5.14	7.10
Outperformance (Net of Fees)		-1.02	0.77	0.77	-5.41	-1.99	-0.15	0.35
BlackRock Global Allocation Fund (Aust) (Gross of Fees)	8 June 2005	0.74	9.26	9.26	5.07	16.49	6.31	9.07
Diversified Benchmark (Gross of Fees)		1.62	8.01	8.01	9.38	17.14	5.14	7.10
Outperformance (Gross of Fees)		-0.88	1.25	1.25	-4.31	-0.65	1.17	1.97

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)



While each of these events is important in its own right, monetary policies in the developed world remain very loose with interest rates at historically low levels and central banks debating the potential for more quantitative easing. In the emerging economies, while outright quantitative easing is not being pursued, interest rates and bank reserve requirements are being steadily reduced. The combined goals of these monetary policies is to either stimulate growth and/or reduce the real interest rate earned in cash and government bonds. As a result, investors are having to rethink the cost of cash and find other investments that may introduce more portfolio volatility, but offer a better chance of growing purchasing power over a long-term time horizon.

We believe investors have a far better ability to observe price than to predict the future. In that respect, while equity prices are no longer at the bargain levels that were witnessed in September and October of last year, we still believe price remains much more in favour of the equity investor than the fixed income investor. Accordingly, we have chosen to maintain an overweight to global equities in the portfolio. Our positioning in fixed income and cash, while not the areas of the portfolio where we forecast the most attractive long-term returns, will nevertheless remain an integral part of the portfolio as we seek to mitigate volatility over the market cycle.

Market Review

Global equity markets began the year on a strong note with the MSCI World Index(ex Aust hedged in AUD) returning +12.25%, outpacing the +2.22% return of the Barclays Global Aggregate Bond Index (hedged in AUD). While investors' remain sceptical about the recent rally in equities, as evidenced by the continuation of flows into fixed income funds at the expense of equity funds, the quarter actually witnessed a subsiding of the market volatility that characterised much of 2011. Broadly speaking, the asset classes, sectors, and regions that outperformed in the quarter were those that underperformed in 2011.

The global economy faces many near-term challenges. In addition to concerns about the financial state of the peripheral nations in Europe, the US economic recovery remains fragile with only 2% - 3% GDP growth, and concerns linger that China is in the midst of a soft patch in economic performance that could adversely affect overall global growth. In addition, elections in France, Greece, and the US, coupled with a once in a decade leadership change in China, all have the potential to deliver periodic bouts of instability into the markets.

Strategy Commentary and Outlook

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

The Fund's equity weighting remained unchanged at 64% of the portfolio. This consistency in the Fund's equity weighting actually masks some modest trimming of select equity positions during the first quarter equity rally. The Fund's fixed income allocation decreased from 26% to 24% of the portfolio. The cash weighting increased from 11% to 12% of the portfolio. This increase in cash is a reflection of profit taking and the team's desire to modestly reduce overall portfolio risk given the run up in equity prices since the October 2011 lows.

An overweight (relative to the benchmark) within equities contributed to performance as equity markets broadly advanced over the quarter. Within equities, stock selection in Brazil, an overweight in Russia and an underweight in the European Union contributed to performance. From a sector perspective, stock selection and an underweight in Consumer Staples, as well as stock selection in Healthcare, contributed to performance. Stock selection in Financials also contributed, although this was partially offset by an underweight in the sector.

An underweight (relative to the benchmark) in fixed income contributed to performance. Within fixed income, security selection in the United States aided returns.

Stock selection in the US and Canada detracted from performance. From a sector perspective, stock selection and an overweight in Materials (led by gold-related securities) detracted from performance. An overweight in Telecom and stock selection in Information Technology also weighed on returns.

Portfolio Changes

During the quarter, the Global Allocation Fund's overall equity allocation remained at 64% of net assets. The Fund increased exposure to the US (+1.5%), which was offset by a decrease in Europe (-0.5%) and Asia (-0.3%). On a sector basis, the Fund increased its weightings in Information Technology (+0.9%), Financials (+0.8%), and Consumer Discretionary (+0.5%) and decreased exposure to Energy (-1.0%), Telecom Services (-0.7%), Materials (-0.1%), and Utilities (-0.4%). The Fund's allocation to fixed income decreased from 26% to 24% of net assets. Within fixed income, the Fund increased exposure to USD foreign corporate bonds (+1.1%), and reduced exposure to US Treasuries (-1.1%), convertible bonds (-0.8%), Japanese government bonds (-0.4%) and UK government bonds (-0.4%)

Reflecting the above changes, the Fund's cash equivalent holdings increased from 11% to 12% of net assets.

Compared to its reference benchmark, the Global Allocation Fund was overweight equities (+4.5%), significantly underweight fixed income (-16.0%), and overweight cash equivalents (+11.6%). Within the equity segment, the Fund was overweight Asia (+4.5%), notably Japan (+3.2%), and Brazil (+1.1%), and underweight Europe (-1.5%) and the US (-0.6%). On a sector basis, the Fund was overweight Materials (+4.4%), Energy (+2.1%), Telecommunication Services (+2.0%), Information Technology (+1.3), and Health Care (+1.4%), and underweight Financials (-2.4%), Consumer Staples (-2.3%), Consumer Discretionary (-1.6%) and Industrials (-0.8%).

As for currency exposure, relative to its benchmark, the Fund was underweight the Euro (-6.1%), Japanese yen (-4.0%) and British Pound (-1.5%). The Fund was overweight the U.S. dollar (+3.2%), Brazilian real (+2.7%), Singapore dollar (+1.5%), Russian ruble (+0.8%), and Canadian dollar (+0.8%), along with smaller overweights in several Asian currencies.

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

Region Exposure

Region	Weight %
Australia Equities	1.11
Australia Fixed Income	1.41
Asia ex Japan Equities	1.43
Asia ex Japan Fixed Income	1.50
Emerging Markets Equities	8.48
Emerging Markets Fixed Income	2.58
Europe ex UK Equities	6.75
Europe ex UK Fixed Income	2.38
Japan Equities	6.78
Japan Fixed Income	0.19
North America Equities	37.54
North America Fixed Income	14.31
UK Equities	2.39
UK Fixed Income	1.58
Cash Equivalents	11.57

About the Fund 31 March 2012

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)	
Fund Size	845 mil
Buy/Sell Spread	0.30%/0.30%
BlackRock Global Allocation Fund (Aust) (C Class)	
APIR	MAL0017AU
Management Fee	0.60% p.a. plus 12.5% of outperformance
BlackRock Global Allocation Fund (Aust) (D Class)	
APIR	MAL0018AU
Management Fee	0.20% p.a. plus 12.5% of outperformance
BlackRock Global Allocation Fund (Aust) (S Class)	
APIR	MAL0029AU
Management Fee	0.40% p.a. plus 12.5% of outperformance

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