

Fund Update

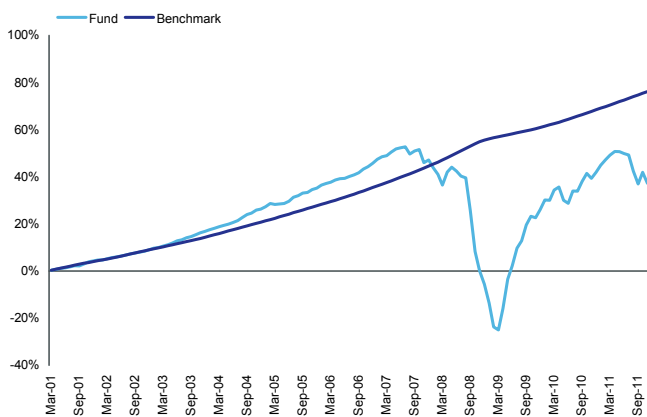
BlackRock Monthly Income Fund

Investment Performance (%)

	1 Mth	3 Mths	CYTD	1 Yr	3 Yrs	5 Yrs	Inc
BlackRock Monthly Income Fund (Gross of Fees)	-3.28	-3.61	-3.27	-1.52	11.05	-1.00	2.99
UBS Bank Bill Index (Gross of Fees)	0.39	1.20	4.58	5.02	4.39	5.51	5.42
Outperformance (Gross of Fees)	-3.67	-4.81	-7.85	-6.54	6.66	-6.51	-2.43
BlackRock Monthly Income Fund (C Class) (Net of Fees)	-3.32	-3.81	-3.87	-2.19	10.37	-1.66	0.73
BlackRock Monthly Income Fund (D Class) (Net of Fees)	-3.31	-3.76	-3.68	-1.98	10.59	-1.44	1.28
BlackRock Monthly Income Fund (R Class) (Net of Fees)	-3.31	-3.76	-3.68	-1.99	10.59	-1.45	0.96

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.

Cumulative Performance (Gross)



Market Review

The Fund underperformed its benchmark. At the end of the month, the Fund had a yield to maturity of 783 bps over bank bills translating into an absolute yield to maturity of 12.4%. The Fund's credit duration was 4.47 years.

The extreme volatility that characterised global financial markets in recent months continued in November as developments in Europe continue to drive large swings in investor sentiment. For most of the month, the markets remained mired in pessimism about the inability of European policymakers to articulate a cogent plan or roadmap out of the crisis, and from which markets might draw some comfort. There were some tentative signs toward the end of the month that the key actors in the European crisis might be getting closer to a plan that could give the markets some confidence that the requisite elements of a solution are at last being addressed. These elements involve some form of move toward fiscal union and proposals to enforce fiscal discipline on

profligate countries and some form of mechanism through which the ECB might support sovereign bond markets confronting liquidity difficulties.

Of course, this improvement in market sentiment evident at the end of November may prove to be ephemeral. While it is true that the latest European plan to deal with the crisis is potentially 'comprehensive' in scope, the roadmap toward final resolution of European sovereign debt travails is likely to be tortuous, chaotic and elongated even if at the end Europe does "muddle through" to a solution that is ultimately acceptable to financial markets.

In this context it is clear that in the immediate period ahead some headwinds to the performance of risk assets may persist. In recognition of these risks the Fund has continued to focus its financial exposures on higher quality issuers whose longer-term credit integrity is thought secure. In this sense the Fund continues to offer value to longer-term investors who are in a position to take advantage of higher yields available on such financial issuers given the extremely adverse scenario reflected in those yields.

About the Fund

Investment Objective

The objective of the Fund is to generate consistent monthly income in excess of that available from short-term money market securities and cash rates. The Fund aims to achieve a total return of 1.70% p.a. in excess of the UBS Bank Bill Index before fees over the medium term (3 years).

Fund Strategy

The Fund invests predominantly in longer-dated, high-quality debt securities sourced from around the world. All the Fund's exposures are converted to \$A floating rates and are managed by our local fixed income team supported by our credit specialists from around the world.

Should be considered by investors who ...

- ▶ Are looking to receive high, consistent monthly income from their non-transactional cash balances.
- ▶ Might be considering investing in mortgage or bond funds.

Fund Details

BlackRock Monthly Income Fund	
Inception Date	7 March 2001
Fund Size	484 mil
Buy/Sell Spread	0.00%/0.20%
BlackRock Monthly Income Fund (C Class)	
APIR	MAL0014AU
Inception Date	4 October 2004
Management Fee	0.75% p.a.
Unit Price (NAV)	0.664280
BlackRock Monthly Income Fund (D Class)	
APIR	MAL0012AU
Inception Date	5 July 2004
Management Fee	0.55% p.a.
Unit Price (NAV)	0.665530
BlackRock Monthly Income Fund (R Class)	
APIR	MAL0015AU
Inception Date	28 September 2004
Management Fee	0.55% p.a.
Unit Price (NAV)	0.648590

Sector Exposure

Sector	Weight %
Domestic Issuers	14.68
Global Corporates	76.35
Mortgage & Asset Backed	3.73
Liquidity	5.25

Credit Rating Breakdown

Credit Rating	Weight %
AAA	0.00
AA	5.18
A	36.81
BBB	49.68
BB	1.10
B	0.04
CCC	0.08
CC	0.00
C	0.00
Not Rated	1.86
Liquidity	5.25

Industry Exposure

Industry	Weight %
Asset Backed	0.77
Automobile and Components	1.24
Banks	40.75
Capital Goods	0.83
Commercial Mortgage Backed	0.00
Diversified Financials	7.27
Diversified Manufacturing	1.54
Energy	0.66
Food, Beverage and Tobacco	0.51
Food, Drug and Retailing	0.47
Hotels, Restaurants and Leisure	0.00
Insurance	26.55
Materials	0.99
Media	2.18
Real Estate	3.23
Residential Mortgage Backed	2.98
Telecommunication Services	1.86
Transportation	0.50
Utilities	2.42
Liquidity	5.25

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