

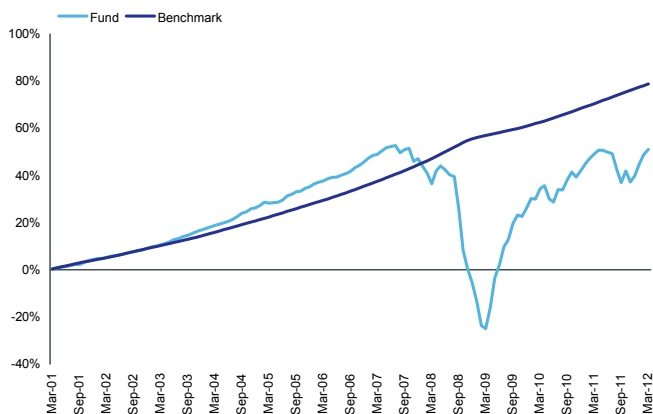
## BlackRock Monthly Income Fund

### Investment Performance (%)

	Fund Inception	1 Mth	3 Mths	CYTD	1 Yr	3 Yrs	5 Yrs	Inc
BlackRock Monthly Income Fund (D Class) (Net of Fees)	5 July 2004	1.37	7.84	7.84	0.71	25.59	-0.19	2.46
UBS Bank Bill Index (Gross of Fees)		0.39	1.12	1.12	4.89	4.43	5.39	5.56
Outperformance (Net of Fees)		0.98	6.72	6.72	-4.18	21.16	-5.58	-3.10
BlackRock Monthly Income Fund (C Class) (Net of Fees)	4 October 2004	1.36	7.78	7.78	0.51	25.34	-0.41	1.96
UBS Bank Bill Index (Gross of Fees)		0.39	1.12	1.12	4.89	4.43	5.39	5.56
Outperformance (Net of Fees)		0.97	6.66	6.66	-4.38	20.91	-5.80	-3.60
BlackRock Monthly Income Fund (R Class) (Net of Fees)	28 September 2004	1.37	7.83	7.83	0.70	25.57	-0.20	2.19
UBS Bank Bill Index (Gross of Fees)		0.39	1.12	1.12	4.89	4.43	5.39	5.56
Outperformance (Gross of Fees)		0.98	6.71	6.71	-4.19	21.14	-5.59	-3.37
BlackRock Monthly Income Fund (Gross of Fees)	7 March 2001	1.46	7.98	7.98	1.33	26.31	0.28	3.80
UBS Bank Bill Index (Gross of Fees)		0.39	1.12	1.12	4.89	4.43	5.39	5.39
Outperformance (Gross of Fees)		1.07	6.86	6.86	-3.56	21.88	-5.11	-1.59

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.

### Cumulative Performance (Gross)



### Market Review

Credit markets consolidated through the month even as concerns regarding the economic fundamentals of European sovereigns re-emerged. Despite these lingering concerns, March was the largest issuance month ever in Australia with \$18.7bn issued, of which \$9.3bn was non-government supply. These deals were mostly highly oversubscribed and offered with generous premiums to secondary market levels. Towards the end of the month, there was some deal fatigue with reduced scaling and margin pressure as investors appetites waned.

The results of the Greek PSI (private sector involvement) were released through the month. Greece got EUR152bn (85.8%) acceptance on the EUR177bn of bonds issued under Greek law and approximately EUR20bn (69%) acceptance on the EUR29bn of bonds issued under non Greek law. When accounting for the activation of the collective action clauses the sum of the face amount of those bonds that will be exchanged will total approximately EUR197bn or 95.7% of the total. An orderly restructure of the debt was achieved.

The US Fed released the results of their stress testing of banks balance sheets that had been undertaken to determine whether they would permit banks to pay dividends and repurchase shares. Banks were required to maintain a minimum capital ratio of 5% under an adverse scenario. Four out of nineteen banks failed the minimum capital requirements. Surprisingly Citibank was one of the four

banks that failed. Standard & Poors announced that the Federal Reserve's objection to Citigroup's Fed stress test failure will not affect its ratings. On the failure of the group in meeting its 5% T1 common requirement after capital distributions S&P said "In our view, management was aggressive in its capital request given the still unstable operating environment. We view this negatively in terms of the firm's overall risk tolerance. We continue to believe that Citi's capital and earnings are "adequate" (neutral to the ratings), as our criteria define it, and we project that Citi's risk-adjusted capital ratio, which was 6.7% as of September 2011, likely will rise to more than 7.0% by 2013. Our forecast assumes modest dividends and share buybacks. We currently assess Citi's risk position as "moderate" (negative to the ratings), which largely reflects the considerable amount of risky assets in its Citi Holdings portfolio." The fund has no exposure to any of the four banks that failed.

With some major key events resolved, the future direction of credit should be increasingly based upon underlying fundamentals. 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	
Fund Size	468 mil
Buy/Sell Spread	0.00%/0.20%
BlackRock Monthly Income Fund (C Class)	
APIR	MAL0014AU
Management Fee	0.75% p.a.
BlackRock Monthly Income Fund (D Class)	
APIR	MAL0012AU
Management Fee	0.55% p.a.
BlackRock Monthly Income Fund (R Class)	
APIR	MAL0015AU
Management Fee	0.55% p.a.

### Sector Exposure

Sector	Weight %
Domestic Issuers	20.15
Global Corporates	72.45
Mortgage & Asset Backed	2.69
Liquidity	4.71

### Credit Rating Breakdown

Credit Rating	Weight %
AAA	0.10
AA	4.01
A	33.43
BBB	54.18
BB	1.53
B	0.00
CCC	0.07
CC	0.00
C	0.00
Not Rated	1.96
Liquidity	4.71

### Industry Exposure

Industry	Weight %
Automobile and Components	1.23
Banks	37.23
Capital Goods	1.03
Commercial Mortgage Backed	0.00
Diversified Financials	7.91
Diversified Manufacturing	2.36
Energy	0.67
Food, Drug and Retailing	0.89
Food, Beverage and Tobacco	0.52
Hotels, Restaurants and Leisure	0.00
Insurance	27.94
Materials	1.22
Media	2.18
Real Estate	5.05
Residential Mortgage Backed	1.75
Telecommunication Services	1.83
Transportation	0.49
Utilities	2.09
Asset Backed	0.89
Liquidity	4.71

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