

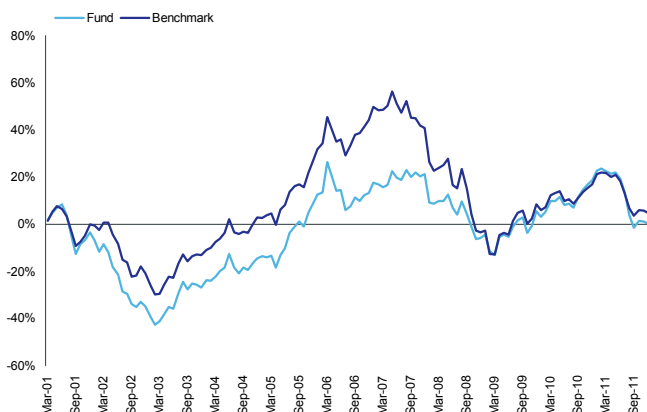
BlackRock Global Small Cap Fund

Investment Performance (%)

	Fund Inception	1 Mth	3 Mths	CYTD	1 Yr	3 Yrs	5 Yrs	Inc
BlackRock Global Small Cap Fund (D Class) (Net of Fees)	29 March 2001	-0.87	1.60	-16.11	-16.11	1.15	-3.28	-0.85
S&P Global Mid-Small Cap Index (unhedged in AUD) (Gross of Fees)		-0.87	1.10	-10.31	-10.31	2.72	-6.18	0.44
Outperformance (Net of Fees)		0.00	0.50	-5.80	-5.80	-1.57	2.90	-1.29
BlackRock Global Small Cap Fund (C Class) (Net of Fees)	6 April 2001	-0.90	1.52	-16.42	-16.42	0.85	-3.55	-0.93
S&P Global Mid-Small Cap Index (unhedged in AUD) (Gross of Fees)		-0.87	1.10	-10.31	-10.31	2.72	-6.18	0.61
Outperformance (Net of Fees)		-0.03	0.42	-6.11	-6.11	-1.87	2.63	-1.54
BlackRock Global Small Cap Fund (A Class) (Net of Fees)	24 April 2001	-0.92	1.43	-16.75	-16.75	0.35	-4.10	-2.03
S&P Global Mid-Small Cap Index (unhedged in AUD) (Gross of Fees)		-0.87	1.10	-10.31	-10.31	2.72	-6.18	0.17
Outperformance (Net of Fees)		-0.05	0.33	-6.44	-6.44	-2.37	2.08	-2.20
BlackRock Global Small Cap Fund (Gross of Fees)	29 March 2001	-0.79	1.78	-15.38	-15.38	2.10	-2.40	0.03
S&P Global Mid-Small Cap Index (unhedged in AUD) (Gross of Fees)		-0.87	1.10	-10.31	-10.31	2.72	-6.18	0.44
Outperformance (Gross of Fees)		0.08	0.68	-5.07	-5.07	-0.62	3.78	-0.41
BlackRock Hedged Global Small Cap Fund (D Class) (Net of Fees)	29 March 2001	-0.12	7.62	-13.96	-13.96	15.15	1.31	5.80
S&P Global Mid-Small Cap Index (hedged in AUD) (Gross of Fees)		-0.07	7.24	-6.92	-6.92	16.94	-1.35	7.38
Outperformance (Net of Fees)		-0.05	0.38	-7.04	-7.04	-1.79	2.66	-1.58
BlackRock Hedged Global Small Cap Fund (C Class) (Net of Fees)	4 April 2001	-0.16	7.52	-14.28	-14.28	14.63	0.81	5.93
S&P Global Mid-Small Cap Index (hedged in AUD) (Gross of Fees)		-0.07	7.24	-6.92	-6.92	16.94	-1.35	7.72
Outperformance (Net of Fees)		-0.09	0.28	-7.36	-7.36	-2.31	2.16	-1.79
BlackRock Hedged Global Small Cap Fund (A Class) (Net of Fees)	5 April 2001	-0.19	7.40	-14.67	-14.67	14.16	0.39	5.02
S&P Global Mid-Small Cap Index (hedged in AUD) (Gross of Fees)		-0.07	7.24	-6.92	-6.92	16.94	-1.35	7.40
Outperformance (Net of Fees)		-0.12	0.16	-7.75	-7.75	-2.78	1.74	-2.38
BlackRock Hedged Global Small Cap Fund (Gross of Fees)	29 March 2001	-0.03	7.90	-13.12	-13.12	16.27	2.27	6.69
S&P Global Mid-Small Cap Index (hedged in AUD) (Gross of Fees)		-0.07	7.24	-6.92	-6.92	16.94	-1.35	7.38
Outperformance (Gross of Fees)		0.04	0.66	-6.20	-6.20	-0.67	3.62	-0.69

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 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 Unhedged)



Market Review

Equity markets moved modestly higher through December. Whilst concerns over Europe remained they were balanced out by better data from the United States. The S&P Mid-Small Cap Index returned -0.87% in AUD terms over the month compared with the +0.21% performance of the larger cap MSCI World Ex Australia Index in AUD.

In the US the ISM for November was 52.7 for manufacturing and 52.0 for non-manufacturing, indicating continued expansion. US non-farm payrolls for October were +120,000. The US Conference Board reading of consumer confidence rose from 55.2 to 64.5 in December. After a strong performance in September and October retail sales rose only 0.2% in November. US housing starts jumped 9.3% to an 18 month high of 685,000 (annualised) although the S&P Case Shiller Index of 10 major cities fell -1.1% over October. The US S&P 500 fell nearly -3.5% through to mid December before recovering to be up nearly 1% for the month.

In the UK the annual rate of inflation stood at 4.8% to the end of November, down from 5.0%. UK growth for Q3 was revised up to 0.6% from 0.5% however Q2 was revised down from 0.1% to zero, leaving the annual pace of expansion unchanged at 0.5% to the end of September.

In Europe the head of the ECB, Mario Draghi, remained adamant that purchases of government bonds were "neither eternal, nor infinite" but that they would continue to facilitate the flow of credit to firms and households. Nevertheless German exports dropped 3.6% in October raising fears of a looming European recession.

Japanese GDP growth for Q3 was revised down to 5.6% from 6.0% (annualised). Industrial production fell -2.6% for the month of November raising fears of a slowdown in the post tsunami recovery.

In emerging markets China's inflation rate fell again to 4.2% in November in line with recent efforts to contain it. The services PMI for China fell to 49.7 in November, in line with the previously reported decline in manufacturing activity. In Brazil Q3 2011 GDP growth was 2.1% vs Q3 2010 however inflation showed signs of renewed life rising to 6.55%, above the 6.5% challenging the central banks desire to loosen policy.

Strategy Commentary and Outlook

The BlackRock Global Small Cap Fund (unhedged) returned -0.79% (before fees) over the month versus the benchmark return of -0.87%. Over the same period, the Hedged Global Small Cap Fund returned -0.03% (before fees) versus the hedged benchmark return of -0.07%.

During December the Fund benefited from underweight positions in Utilities, Materials, Consumer Staples, Industrials and Energy. An overweight to Telecommunications Services and Cash was positive for the Fund. Detracting from performance was an overweight to the Information Technology sector and being underweight Consumer Discretionary and Financials. In terms of individual stocks the best performers were Elan Corp (UK biotech), Imperva Inc (data security solutions) and Chinese automaker Dongfeng Motor Group.

We continue to position the Fund to have modest sector over/underweights, tracking errors at the low end of historical ranges and economic sensitivities similar to benchmark. We believe that the world economy will continue to muddle along with low growth rates and remain susceptible to macro risks.

About the Fund

Investment Objective

The BlackRock Global Small Cap Fund seeks to maximise capital growth through exposure to a globally diversified portfolio of shares of quality small and mid-capitalisation companies listed on international stock exchanges.

Fund Strategy

The investment process is driven by extensive, bottom-up industry and stock research. The research process centres firstly on industry sub-sectors, in order to assess the attractiveness of these sectors on a world-wide basis, and to provide context for company analysis. The second stage of the research process focuses on fundamental company research to identify those stocks that offer above-average investment potential.

The portfolio construction process starts with the establishment of a strategic framework for investing. This framework is comprised of the team's points of view on industry, stock, style and market risks. Portfolio strategy is dynamic and reflects the team's ongoing industry and company research, and its financial market observations. Stocks are selected on the basis of the team's bottom-up fundamental analysis.

From time to time the Fund may take active currency positions relative to the benchmark.

Should be considered by investors who ...

- ▶ Seek investment opportunities that are not readily available or are under-represented in the Australian market.
- ▶ Seek the potential for higher long-term capital growth from such international investment opportunities.
- ▶ Have a long-term investment horizon and a tolerance for significant volatility in investment returns in the short-term.
- ▶ For the hedged version, seek to reduce the impact on A\$ returns on those investments that result from currency exposure.

BlackRock Global Small Cap Fund

Fund Details

BlackRock Global Small Cap Fund	
Fund Size	234 mil
Buy/Sell Spread	0.50%/0.50%
BlackRock Global Small Cap Fund (A Class)	
APIR	MAL0125AU
Management Fee	2.00% p.a.
BlackRock Global Small Cap Fund (C Class)	
APIR	MAL0129AU
Management Fee	1.60% p.a.
BlackRock Global Small Cap Fund (D Class)	
APIR	MAL0133AU
Management Fee	1.25% p.a.
BlackRock Global Hedged Small Cap Fund	
Fund Size	143 mil
Buy/Sell Spread	0.525%/0.525%
BlackRock Global Hedged Small Cap Fund (A Class)	
APIR	MAL0127AU
Management Fee	2.10% p.a.
BlackRock Global Hedged Small Cap Fund (C Class)	
APIR	MAL0131AU
Management Fee	1.65% p.a.
BlackRock Global Hedged Small Cap Fund (D Class)	
APIR	MAL0135AU
Management Fee	1.30% p.a.

Region Exposure

Region	Weight %
Asia Pacific ex Japan	1.33
Emerging Markets	12.84
Europe ex United Kingdom	13.63
Japan	8.47
North America	47.98
United Kingdom	8.95
Cash	6.80

Top Holdings

Holding	Weight %
DOLLARAMA INC.	1.17
FORWARD AIR CORP.	1.12
EQUIFAX INC.	1.09
TOKYO ELECTRON LTD.	1.08
TEMENOS GROUP AG	1.04
RYDER SYSTEM INC.	1.01
YAMATO HOLDINGS CO. LTD.	1.01
TUPPERWARE BRANDS CORP.	1.01
AFFILIATED MANAGERS GROUP INC.	1.00
ZEON CORP.	0.98

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