

BlackRock Funds

Protecting fund assets

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BLACKROCK

We have recently had a number of enquiries from investors who want to understand how secure their underlying investments are in BlackRock Funds. This note sets out to explain that all investments in BlackRock Global Funds (BGF) and BlackRock Strategic Funds (BSF) are in effect held within a 'ring fence' on behalf of investors by either an independent Trustee or Custodian. This is a very effective regulatory requirement, put in place to protect the assets of fund investors.

What are these regulations?

The regulations which apply to the BlackRock Global Funds (BGF) and BlackRock Strategic Funds (BSF) require that all the assets of these funds should be held by a third party Trustee or Custodian which is not part of the BlackRock, Inc. Group.

Therefore in the event of insolvency or default by the BlackRock, Inc. Group or by any one of its affiliated companies, the assets of the fund will be protected from creditors of the BlackRock, Inc. Group.

The Trustee or Custodian holds all securities on behalf of the Funds in designated nominee accounts. Therefore if the Trustee or Custodian were to become insolvent, the securities remain in these designated nominee accounts and are ring-fenced and consequently protected from creditors as neither the trustee nor the custodian have a beneficial interest in the securities. However, any cash that the Trustee or Custodian holds on the funds' behalf (for instance, which it may receive through dividend payments, proceeds of sale, etc.) will not be afforded this protection and therefore will be included in the pool of the Custodian's assets to be distributed amongst all its creditors. Please also note that the Custodian is entitled to appoint Sub-Custodians to hold assets in specific jurisdictions. Custody arrangements in certain jurisdictions may carry more risk than those established in more mature legal systems. These risks are disclosed in the prospectus of the relevant fund.

In the case of BGF and BSF, legal ownership of the assets in the funds is in the name of the Custodian, which is The Bank of New York Mellon (International) Limited Luxembourg Branch

in respect of BGF and State Street Bank Luxembourg S.A. in respect of BSF.

About BlackRock

BlackRock is a premier provider of asset management, risk management, and advisory services to institutional, intermediary, and individual clients worldwide. We have broad capability across fixed income, equity, and liquidity sectors; a clearly defined and disciplined investment philosophy and process; a risk management culture that assures 'no surprises' for clients and a proven track record of added value in good and bad markets.

As of 31 December 2009, the firm manages £2.10 trillion across asset classes in separate accounts, mutual funds, other pooled investment vehicles, and the industry-leading iShares® exchange-traded funds.

Through BlackRock Solutions®, the firm offers risk management and advisory services that combine capital markets expertise with proprietary-developed analytics, systems, and technology. BlackRock Solutions currently provides risk management and enterprise investment services for £5.65 trillion in assets.

BlackRock serves clients in North and South America, Europe, Asia, Australia, Africa, and the Middle East. Headquartered in New York, the firm maintains offices in 24 countries around the world.

Should you have any questions, please contact your BlackRock Relationship Manager, or the Investor Services Team at investor.services@blackrock.com, or call +4420 7743 3300.

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