

BlackRock Strategic Funds

Prospectus

15 September 2011

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Funds marked with an asterisk (*) are not available for subscription at the date of this Prospectus. Such Funds may be launched at the Directors' discretion. Confirmation of the launch date of these Funds will then be made available from the local Investor Servicing team. Any provisions in this Prospectus relating to any one of these Funds shall only take effect from the launch date of the relevant Fund.

The name of the Fund marked with “#” will change with effect from 17 October 2011 when the term “Strategies” will be removed.

Introduction to BlackRock Strategic Funds

Structure

BlackRock Strategic Funds (the “Company”) is incorporated in Luxembourg as an open-ended investment company and qualifies as a UCITS (Undertaking for Collective Investment in Transferable Securities). It has an “umbrella” structure comprising a number of different Funds, each having a separate portfolio of investments. The Company has appointed BlackRock (Luxembourg) S.A. as its management company.

General

If you are in any doubt about the contents of this Prospectus or whether an investment in the Company is suitable for you, you should consult your stockbroker, solicitor, accountant, relationship manager or other professional adviser.

The Directors of the Company, whose names appear in the section “Board of Directors”, and the directors of the Management Company are the persons responsible for the information contained in this document. To the best of the knowledge and belief of the Directors and the directors of the Management Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors and the directors of the Management Company accept responsibility accordingly.

No person has been authorised to give any information or to make any representations other than those contained in this Prospectus, the documents mentioned herein and any brochures that are issued by the Company as substitute offering documents.

It should be remembered that the price of the Shares of each of the Funds can go down as well as up. Changes in the rates of exchange between currencies may cause the value of Shares, expressed in their Dealing Currenc(ies), to go up or down. Accordingly, an investor may not receive back the amount he or she invested.

All decisions to subscribe for Shares should be made on the basis of the information contained in this Prospectus which is issued by the Company and in the most recent annual and (if later) interim report and accounts of the Company which are available from the registered office of the Company. Information updating this Prospectus may, if appropriate, appear in the report and accounts.

This Prospectus may be translated into other languages provided that any such translation shall be a direct translation of the English text. In the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in any translation, the English text shall prevail, except to the extent (and only to the extent) that the laws of a jurisdiction require that the legal relationship between the Company and investors in such jurisdiction shall be governed by the local language version of the Prospectus.

Statements made in this Prospectus are based on the law and practice currently in force in the Grand-Duchy of Luxembourg and are subject to changes in such law.

Distribution

This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. Details of countries in which the Company is currently authorised to offer Shares are contained in Appendix C. Prospective subscribers for Shares should inform themselves as to the legal requirements of applying for Shares and of applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile. US Persons are not permitted to subscribe for Shares. In some countries investors may be able to subscribe for Shares through Regular Savings Plans. Under these Regular Savings Plans it may also be possible to periodically/regularly redeem and/or convert the Shares. Under Luxembourg law, the fees and commissions relating to Regular Savings Plans during the first year must not exceed one third of the amount contributed by the investor. These fees and commissions do not include premiums to be paid by the investor where the Regular Savings Plan is offered as part of a life insurance or whole life insurance product. Please contact the local Investor Servicing team for more details.

15 September 2011

Management and Administration

Management Company

BlackRock (Luxembourg) S.A.
6D, route de Trèves
L-2633 Senningerberg
Grand Duchy of Luxembourg

Investment Advisers

BlackRock Financial Management, Inc.
Park Avenue Plaza
55 East 52nd Street
New York
NY 10055
USA

BlackRock Institutional Trust Company N.A.
400 Howard Street
San Francisco CA 94105
United States

BlackRock Investment Management, LLC
800 Scudders Mill Road
Plainsboro
NJ 08536
USA

BlackRock Investment Management (UK) Limited
12 Throgmorton Avenue
London EC2N 2DL
UK

BlackRock (Singapore) Limited
#18-01 Twenty Anson
20 Anson Road
Singapore, 079912

Principal Distributor

BlackRock (Channel Islands) Limited
Forum House, Grenville Street
St. Helier
Jersey JE1 0BR
Channel Islands

Custodian and Fund Accountant

State Street Bank Luxembourg S.A.
49, avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

Transfer Agent and Registrar

J.P. Morgan Bank Luxembourg S.A.
6C, route de Trèves
L-2633 Senningerberg
Grand Duchy of Luxembourg

Auditor

Deloitte S.A.
560 rue de Neudorf
L-2220 Luxembourg
Grand Duchy of Luxembourg

Legal Advisers

Linklaters LLP
35, avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

Paying Agents

A list of Paying Agents is to be found in paragraph 15 of Appendix B.

Registered Office

49, avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

Enquiries

In the absence of other arrangements, enquiries regarding the Company should be addressed as follows:

Written enquiries:

BlackRock Investment Management (UK) Limited
c/o BlackRock (Luxembourg) S.A.

P.O. Box 1058

L-1010 Luxembourg

Grand Duchy of Luxembourg

All other enquiries:

Telephone: +44 (0)20 7743 3300

Fax: +44 (0)20 7743 1143

Email: investor.services@blackrock.com

Board of Directors

Chairman

Nicholas C. D. Hall (Non Executive Director)
85 Briarwood Road
London SW4 9PJ
UK

Directors

Frank P. Le Feuvre (Non Executive Director)
Managing Director
BlackRock (Channel Islands) Limited
Forum House, Grenville Street
St. Helier
Jersey JE1 0BR
Channel Islands

Francine Keiser (Non Executive Director)
35, avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

Geoffrey D. Radcliffe (Non Executive Director)
Managing Director
BlackRock (Luxembourg) S.A.
6D, route de Trèves
L-2633 Senningerberg
Grand Duchy of Luxembourg

Douglas Shaw (Non Executive Director)
Managing Director, Chief Operating Officer of EMEA
Fundamental Equity
BlackRock Investment Management (UK) Limited
12 Throgmorton Avenue
London EC2N 2DL
UK

Maarten F. Slendebroek (Non Executive Director)
Managing Director, Head of International Retail Business
BlackRock Investment Management (UK) Limited
12 Throgmorton Avenue
London EC2N 2DL
UK

Glossary

2010 Law

The Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended from time to time.

ABS

An asset-backed security is a generic term for a debt security issued by corporations or other entities (including public or local authorities) backed or collateralised by the income stream from an underlying pool of assets. The underlying assets typically include loans, leases or receivables (such as credit card debt, automobile loans and student loans). An asset-backed security is usually issued in a number of different classes with varying characteristics depending on the riskiness of the underlying assets assessed by reference to their credit quality and term and can be issued at a fixed or a floating rate. The higher the risk contained in the class, the more the asset-backed security pays by way of income.

Barclays Group

The Barclays group of companies, the ultimate holding company of which is Barclays PLC.

Base Currency

In relation to Shares of any Fund, the currency indicated in Appendix F.

BlackRock Group

The BlackRock group of companies, the ultimate holding company of which is BlackRock, Inc.

Business Day

In relation to Shares of any Fund, any day normally treated as a business day in Luxembourg for banks and the Luxembourg stock exchange except for Christmas Eve and such other days as the Directors may decide. For Funds that invest a substantial amount of assets outside the European Union, the Management Company may also take into account whether relevant local exchanges are open, and may elect to treat such closures as non-business days. Shareholders will be notified of such cases and, where possible, in advance.

CDSC

Contingent deferred sales charge.

Cut-Off Point

As indicated in Appendix F for each Fund, 12 noon Luxembourg time on the relevant Dealing Day, with the exception of BlackRock European Credit Strategies Fund and BlackRock European Constrained Credit Strategies Fund which have a Cut- Off Point of two Business days prior to their Dealing Days. More details on each Fund can be found in Appendix F.

Dealing Currency

The currency or currencies in which applicants may currently subscribe for the Shares of any Fund as indicated in Appendix F. Other additional Dealing Currencies may be introduced at the Directors' discretion. Confirmation of the further additional Dealing Currencies and the date of their availability can then be obtained from the registered office of the Company and from the local Investor Servicing team.

Dealing Day

In relation to Shares of any Fund, any Business Day (other than one falling within a period of suspension) determined by the Directors to be a day when a Fund is open for dealing and as further specified for each Fund in Appendix F.

Directors

The Directors of the Company.

Distributing Funds and Distributing Shares

Dividends may be declared on Distributing Shares of Funds at the Directors' discretion. Distributing Shares may also be treated as UK Reporting Fund status Shares. Confirmation of the Funds, Share Classes and Currencies on which dividends may be declared and Share Classes which are UK Reporting Fund status Shares (please see below for more details) is available from the registered office of the Company and from the local Investor Servicing team.

Europe or European

Where the term "Europe" or "European" is used, it refers to all European countries including the UK, Eastern Europe and former Soviet Union countries.

Financial Year

1 June to 31 May.

Funds

The sub-funds of the Company described in this Prospectus.

Hedged Share Classes

Those Share Classes to which a currency hedging strategy is applied. Additional Hedged Share Classes may be made available in other Funds and in other currencies at the Directors' discretion. Confirmation of the Funds and currencies in which the Hedged Share Classes are available can be obtained from the registered office of the Company and from the local Investor Servicing team.

Investment Adviser(s)

The investment adviser(s) appointed by the Management Company in respect of the day-to-day management of the Funds as described under "Investment Management of the Funds".

Investment Grade

Where the term "investment grade" is used, it refers to debt securities which are rated, at the time of purchase, BBB- (Standard and Poor's or equivalent rating) or better by at least one recognised rating agency, or, in the opinion of the Management Company, are of comparable quality.

Investor Servicing

The provision of dealing and other investor servicing functions by local BlackRock Group companies or branches.

LIBID/ LIBOR

London Interbank Bid Rate/London Interbank Offered Rate.

Management Company

BlackRock (Luxembourg) S.A., a Luxembourg société anonyme authorised as a management company under the 2010 Law.

MBS

A mortgage-backed security is a generic term for a debt security backed or collateralised by the income stream from an underlying pool of commercial and/or residential mortgages. This type of security is commonly used to redirect the interest and principal payments from the pool of mortgages to investors. A mortgage-backed security is normally issued in a number of different classes with varying characteristics depending on the riskiness of the underlying mortgages assessed by reference to their credit quality and term and can be issued at a fixed or a floating rate of securities. The higher the risk contained in the class, the more the mortgage-backed security pays by way of income.

Merrill Lynch

Merrill Lynch International & Co., Inc. or one of its subsidiary companies (other than the companies within the BlackRock Group).

Net Asset Value

In relation to a Fund or a Share (of any Class), the amount determined in accordance with the provisions described in paragraphs 11 to 16 of Appendix A. The Net Asset Value of a Fund may be adjusted in accordance with paragraph 16(c) of Appendix A.

Non-Investment Grade or High Yield

Where the terms “non-investment grade” or “high yield” are used, they refer to define debt securities which are unrated or rated, at the time of purchase, BB+ (Standard and Poor’s or equivalent rating) or lower by at least one recognised rating agency or, in the opinion of the Management Company, are of comparable quality.

PNC Group

The PNC group of companies, of which The PNC Financial Services Group, Inc. is the ultimate holding company.

Principal Distributor

BlackRock (Channel Islands) Limited acting in its capacity as Principal Distributor. References to distributors may include BlackRock (Channel Islands) in its capacity as Principal Distributor.

Prospectus

This document.

SICAV

A limited liability investment company with variable capital (société d’investissement à capital variable).

Share

A share in the capital of the Company, as described in this Prospectus.

Share Class

The class of share in each case of no par value representing the capital of the Company and linked to a particular Fund, as described in the Section “Classes and Form of Shares”.

UCITS

An undertaking for collective investment in transferable securities.

UK Reporting Funds

In November 2009, the UK Government enacted Statutory Instrument 2009 / 3001 (The Offshore Funds (Tax) Regulations 2009) which provides for a new framework for the taxation of

investments in offshore funds which operates by reference to whether a fund opts into a reporting regime (“UK Reporting Funds”) or not (“Non-UK reporting Funds”). Under the new regime, investors in UK Reporting Funds are subject to tax on the share of the Reporting Fund’s income attributable to their holding in the Fund, whether or not distributed, but any gains on disposal of their holding are subject to capital gains tax. The new regime has effect for accounting periods beginning on or after 1 December 2009.

The new UK Reporting Funds regime applies to the Company with effect from 1 June 2010.

The Directors have made a successful application for UK Reporting Fund status to apply to those share classes which previously had UK Distributor Status. The Directors may also choose to apply for UK Reporting Fund status in respect of Funds which did not have UK Distributor Status. However, no guarantee can be given that Reporting Fund status will be obtained.

A list of the Funds which currently have Reporting Fund status is available on www.blackrock.co.uk/reportingfundstatus.

Valuation Day

Any Business Day on which the Net Asset Value of a Fund is determined. Valuation Days for each Fund are the Dealing Days set out in Appendix F and such other days as the Directors may decide.

Investment Management of the Funds

Management

The Directors are responsible for the overall investment policy of the Company.

BlackRock (Luxembourg) S.A. has been appointed by the Company to act as its management company. The Management Company is authorised to act as a fund management company in accordance with Chapter 15 of the 2010 Law.

The Company has signed a management company agreement (the "Management Company Agreement") with the Management Company. Under this agreement, the Management Company is entrusted with the day-to-day management of the Company, with responsibility for performing directly or by way of delegation all operational functions relating to the Company's investment management, administration, and the marketing of the Funds.

In agreement with the Company, the Management Company has decided to delegate several of its functions as is further described in this Prospectus.

The directors of the Management Company are:

Graham Bamping
Managing Director
BlackRock Investment Management (UK) Limited
12 Throgmorton Avenue
London EC2N 2DL
UK

Frank P. Le Feuvre
Managing Director
BlackRock (Channel Islands) Limited
Forum House, Grenville Street
St. Helier
Jersey JE1 0BR
Channel Islands

Geoffrey D. Radcliffe
Managing Director
BlackRock (Luxembourg) S.A.
6D, route de Trèves, L-2633 Senningerberg
Grand Duchy of Luxembourg

BlackRock (Luxembourg) S.A. is a wholly owned subsidiary within the BlackRock Group. It is regulated by the Commission de Surveillance du Secteur Financier.

The Management Company has delegated its investment management functions to the Investment Advisers. The Investment Advisers provide advice and management in the areas of stock and sector selection and strategic allocation. BlackRock Investment Management (UK) Limited has sub-delegated some of these functions to BlackRock Japan Co., Ltd. and to BlackRock (Hong Kong) Limited. Notwithstanding the appointment of the Investment Advisers, the Management Company accepts full responsibility to the Company for all investment transactions.

Investment Advisers

BlackRock Investment Management (UK) Limited is a principal operating subsidiary of the BlackRock Group outside the US. It is an indirect subsidiary of BlackRock, Inc.

It is regulated by the Financial Services Authority ("FSA") but the Company will not be a customer of BlackRock Investment Management (UK) Limited for the purposes of the FSA Rules and will accordingly not directly benefit from the protection of those Rules.

BlackRock Financial Management, Inc. and BlackRock Investment Management, LLC are regulated by the Securities and Exchange Commission in the United States.

BlackRock Institutional Trust Company N.A., is regulated by the Office of the Comptroller of the Currency (the "OCC") in the United States.

BlackRock Japan Co., Ltd which acts as investment sub-advisor to BlackRock Investment Management (UK) Limited is regulated by the Financial Services Authority in Japan.

BlackRock (Singapore) Limited is regulated by the Monetary Authority of Singapore.

The investment advisers are all indirect operating subsidiaries of BlackRock, Inc., the principal shareholders of which are the PNC Financial Services Group, Inc., which is a US public company, and Barclays PLC, a public company incorporated in England.

The BlackRock Group currently employs approximately 9,700 staff who provide investment management services internationally for institutional, retail and private clients. As of 30 June 2011 BlackRock, Inc. and its subsidiaries managed US\$3.659 trillion in client assets and is represented in 26 countries.

Special Risk Considerations

Investors must read these Special Risk Considerations before investing in any of the Company's Funds.

This section contains explanations of key risks that apply to the Funds. Not all risks apply to all Funds. The risks that, in the opinion of the Directors and the Management Company, could have significant impact to the overall risk of the portfolio are detailed in Appendix F. Investors should be aware that other risks may also be relevant to the Funds from time to time.

General

This section explains key risks that apply to all the Funds. Other risks may also be relevant from time to time, and in particular, the Company's performance may be affected by changes in market and/or economic and political conditions, and in legal, regulatory and tax requirements.

No guarantee or representation is made that the investment program will be successful and there can be no assurance that the investment objective of the Company or a Fund will be achieved. Also, past performance is no guide to future performance, and the value of investments may go down as well as up. Changes in rates of exchange between currencies may cause the value of a Fund's investments to diminish or increase.

The Funds may be exposed to risks that are outside of their control – for example legal risks from investments in countries with unclear and changing laws or the lack of established or effective avenues for legal redress; the risk of terrorist actions; the risk that economic and diplomatic sanctions may be in place or imposed on certain states and military action may be commenced. The impact of such events is unclear, but could have a material effect on general economic conditions and market liquidity.

Financial Markets, Counterparties and Service Providers

The Funds may be exposed to finance sector companies which act as a service provider or as a counterparty for financial contracts. In times of extreme market volatility, such companies may be adversely affected, with a consequent adverse affect on the activities of the Funds.

Regulators and self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The effect of any future regulatory action on the Company could be substantial and adverse.

On establishment, a Fund will normally have no operating history upon which prospective investors may base an evaluation of performance.

Tax Considerations

The Company may be subject to withholding or other taxes on income and/or gains arising from its investment portfolio. Where the Company invests in securities that are not subject to withholding or other taxes at the time of acquisition, there can be no assurance that tax may not be imposed in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. The Company may not be able to recover such tax and so any such change could have an adverse effect on the Net Asset Value of the Shares. Where the Company sells securities short that are subject to withholding tax at the time of sale, the price obtained will reflect the withholding tax liability of

the purchaser. In the event that in the future such securities cease to be subject to withholding tax, the benefit thereof will accrue to the purchaser and not to the Company.

The tax information provided in the "Taxation" section is based, to the best knowledge of the Directors, upon tax law and practice as at the date of this Prospectus. Tax legislation, the tax status of the Company, the taxation of shareholders and any tax reliefs, and the consequences of such tax status and tax reliefs, may change from time to time. Any change in the taxation legislation in any jurisdiction where a Fund is registered, marketed or invested could affect the tax status of the Fund, affect the value of the Fund's investments in the affected jurisdiction and affect the Fund's ability to achieve its investment objective and/or alter the post-tax returns to shareholders. Where a Fund invests in derivatives, the preceding sentence may also extend to the jurisdiction of the governing law of the derivative contract and/or the derivative counterparty and/or to the market(s) comprising the underlying exposure(s) of the derivative.

The availability and value of any tax reliefs available to shareholders depend on the individual circumstances of shareholders. The information in the "Taxation" section is not exhaustive and does not constitute legal or tax advice. Prospective investors are urged to consult their tax advisors with respect to their particular tax situations and the tax effects of an investment in the Company.

Where a Fund invests in a jurisdiction where the tax regime is not fully developed or is not sufficiently certain, for example jurisdictions in the Middle East, the relevant Fund, the Manager, the Investment Manager and the Custodian shall not be liable to account to any Shareholder for any payment made or suffered by the Company in good faith to a fiscal authority for taxes or other charges of the Company or the relevant Fund notwithstanding that it is later found that such payments need not or ought not have been made or suffered. Conversely, where through fundamental uncertainty as to the tax liability, adherence to best or common market practice is subsequently challenged or the lack of a developed mechanism for practical and timely payment of taxes, the relevant Fund pays taxes relating to previous years, any related interest or late filing penalties will likewise be chargeable to the Fund. Such late paid taxes will normally be debited to the fund at the point the decision to accrue the liability in the Fund accounts is made.

Shareholders should note that certain Share Classes may pay dividends gross of expenses. This may result in Shareholders receiving a higher dividend than they would have otherwise received and therefore Shareholders may suffer a higher income tax liability as a result. In addition, in some circumstances, paying dividends gross of expenses may mean that the Fund pays dividends from capital property as opposed to income property. Such dividends may still be considered income distributions in the hands of shareholders, depending on the local tax legislation in place, and therefore investors may be subject to tax on the dividend at their marginal income tax rate. Shareholders should seek their own professional tax advice in this regard.

Derivatives

In accordance with the investment limits and restrictions set out in Appendix D, each of the Funds may use derivatives to hedge market and currency risk and for the purposes of efficient portfolio management. Certain funds may use more complex derivative strategies for investment purposes as described in Appendix F.

The use of derivatives may expose Funds to a higher degree of risk. In particular, derivative contracts can be highly volatile, and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard bonds or equities. Leveraged derivative positions can therefore increase Fund volatility. Whilst the Funds will not borrow money to leverage they may for example take synthetic short positions through derivatives to adjust their exposure, always within the restrictions provided for in Appendix D of this Prospectus. Certain Funds may enter into long positions executed using derivatives (synthetic long positions) such as futures positions including currency forwards.

Funds may use derivatives to facilitate complex management techniques. In particular, this may involve:

- ▶ using swap contracts to adjust interest rate risk;
- ▶ using currency derivatives to buy or sell currency risk;
- ▶ buying and selling options for investment purposes;
- ▶ using credit default swaps to buy or sell credit risk;
- ▶ using volatility derivatives to adjust volatility risk;
- ▶ using contracts for difference to gain market exposure;
- ▶ using synthetic short positions to take advantage of any negative investment views; and
- ▶ using synthetic long positions to gain market exposure.

Where derivative instruments are used in this manner the overall risk profile of the Fund may be increased. Accordingly the Company will employ a risk-management process which enables the Management Company to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the Fund. The Management Company applies a Value at Risk (VaR) approach to calculate each Fund's global exposure and to ensure it complies with the investment restrictions set out in Appendix D.

For more detail regarding the derivative strategies applied by individual Funds please refer to the individual Fund investment objectives in Appendix F and the latest risk management programme which is available on request from the local Investor Servicing team.

Specific Investment Strategies and Risks

This section explains some of the strategies and risks that apply to specific Funds as indicated in Appendix F.

Asset class risks

1. Equity Risks

Prices of equities fluctuate daily and can be influenced by many micro and macro factors such as political and economic news, corporate earnings reports, demographic trends and catastrophic events. The value of equities will go up and down and the value of a Fund investing in equities could incur significant losses.

2. Fixed Income Transferable Securities

Debt securities are subject to both actual and perceived measures of creditworthiness. The "downgrading" of a rated debt security or adverse publicity and investor perception, which may not be based on fundamental analysis, could decrease the value and liquidity of the security, particularly in a thinly traded market. In certain market environments this may lead to investments in such securities becoming less liquid, making it difficult to dispose of them.

A Fund may be affected by changes in prevailing interest rates and by credit quality considerations. Changes in market rates of interest will generally affect a Fund's asset values as the prices of fixed rate securities generally increase when interest rates decline and decrease when interest rates rise. Prices of shorter-term securities generally fluctuate less in response to interest rate changes than do longer-term securities.

An economic recession may adversely affect an issuer's financial condition and the market value of high yield debt securities issued by such entity. The issuer's ability to service its debt obligations may be adversely affected by specific issuer developments, or the issuer's inability to meet specific projected business forecasts, or the unavailability of additional financing. In the event of bankruptcy of an issuer, a Fund may experience losses and incur costs.

Non-investment grade debt may be highly leveraged and carry a greater risk of default. In addition, non-investment grade securities tend to be more volatile than higher rated fixed-income securities, so that adverse economic events may have a greater impact on the prices of non-investment grade debt securities than on higher rated fixed-income securities.

3. Distressed Securities

Investment in a security issued by a company that is either in default or in high risk of default ("Distressed Securities") involves significant risk. Such investments will only be made when the Investment Adviser believes either that the security trades at a materially different level from the Investment Adviser's perception of fair value or that it is reasonably likely that the issuer of the securities will make an exchange offer or will be the subject of a plan of reorganisation; however, there can be no assurance that such an exchange offer will be made or that such a plan of reorganisation will be adopted or that any securities or other assets received in connection with such an exchange offer or plan of reorganisation will not have a lower value or income potential than anticipated when the investment was made. In addition, a significant period of time may pass between the time at which the investment in Distressed Securities is made and the time that any such exchange offer or plan of reorganisation is completed. During this period, it is unlikely that any interest payments on the Distressed Securities will be received, there will be significant uncertainty as to whether fair value will be achieved or not and the exchange offer or plan of reorganisation will be completed, and there may be a requirement to bear certain expenses to protect the investing Fund's interest in the course of negotiations surrounding any potential exchange or plan of reorganisation. Furthermore, constraints on investment decisions and actions with respect to Distressed Securities due to tax considerations may affect the return realised on the Distressed Securities.

Some Funds may invest in securities of issuers that are encountering a variety of financial or earnings problems and

represent distinct types of risks. A Fund's investments in equity or fixed income transferable securities of companies or institutions in weak financial condition may include issuers with substantial capital needs or negative net worth or issuers that are, have been or may become, involved in bankruptcy or reorganisation proceedings.

4. Delayed Delivery Transactions

Funds that invest in fixed income transferable securities may purchase "To Be Announced" securities ("TBAs"). This refers to the common trading practice in the mortgage-backed securities market in which a security is to be bought from a mortgage pool (including but not limited to Ginnie Mae, Fannie Mae or Freddie Mac) for a fixed price at a future date. At the time of purchase the exact security is not known, but the main characteristics of it are specified. Although the price has been established at the time of purchase, the principal value has not been finalised. As a TBA is not settled at the time of purchase, this may lead to leveraged positions within the Fund. Purchasing a TBA involves a risk of loss if the value of the security to be purchased declines prior to the settlement date. Risks may also arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts.

The Funds may dispose of a commitment prior to settlement if it is deemed appropriate to do so. Proceeds of TBA sales are not received until the contractual settlement date. During the time a TBA sale commitment is outstanding, equivalent deliverable securities, or an offsetting TBA purchase commitment (deliverable on or before the sale commitment date), are held as cover for the transaction.

If the TBA sale commitment is closed through the acquisition of an offsetting purchase commitment, the Fund realises a gain or loss on the commitment without regard to any unrealised gain or loss on the underlying security. If the Fund delivers securities under the commitment, the Fund realises a gain or loss from the sale of the securities upon the unit price established at the date the commitment was entered into.

5. Smaller Capitalisation Companies

The securities of smaller companies may be subject to more abrupt or erratic market movements than larger, more established companies or the market average in general. These companies may have limited product lines, markets or financial resources, or they may be dependent on a limited management group. Full development of those companies takes time. In addition, many small company stocks trade less frequently and in smaller volume, and may be subject to more abrupt or erratic price movements than stocks of large companies. The securities of small companies may also be more sensitive to market changes than the securities of large companies. These factors may result in above-average fluctuations in the Net Asset Value of a Fund's Shares.

6. Asset-backed Securities (ABS)

An asset-backed security is a generic term for a debt security issued by corporations or other entities (including public or local authorities) backed or collateralised by the income stream from an underlying pool of assets. The underlying assets typically include loans, leases or receivables (such as credit card debt, automobile loans and student loans). An asset-backed security is usually issued in a number of different classes with varying characteristics

depending on the riskiness of the underlying assets assessed by reference to their credit quality and term and can be issued at a fixed or a floating rate. The higher the risk contained in the class, the more the asset-backed security pays by way of income. Specific types of ABS in which the Fund may invest are set out in 6.2 below:

6.1 Generic risks related to ABS

With regard to Funds that invest in ABS, while the value of ABS typically increases when interest rates fall and decreases when interest rates rise, and are expected to move in the same direction of the underlying related asset, there may not be a perfect correlation between these events.

The ABS in which the Fund may invest may bear interest or pay preferred dividends at below market rates and, in some instances, may not bear interest or pay preferred dividends at all.

Certain ABS may be payable at maturity in cash at the stated principal amount or, at the option of the holder, directly in a stated amount of the asset to which it is related. In such instance, a Fund may sell the ABS in the secondary market prior to maturity if the value of the stated amount of the asset exceeds the stated principal amount and thereby realise the appreciation in the underlying asset.

ABS may also be subject to extension risk, which is, the risk that, in a period of rising interest rates, prepayments may occur at a slower rate than expected. As a result, the average duration of the Fund's portfolio may increase. The value of longer-term securities generally changes more in response to changes in interest rates than that of shorter-term securities.

As with other debt securities, ABS are subject to both actual and perceived measures of creditworthiness. Liquidity in ABS may be affected by the performance or perceived performance of the underlying assets. In some circumstances investments in ABS may become less liquid, making it difficult to dispose of them. Accordingly the Fund's ability to respond to market events may be impaired and the Fund may experience adverse price movements upon liquidation of such investments. In addition, the market price for an ABS may be volatile and may not be readily ascertainable. As a result, the Fund may not be able to sell them when it desires to do so, or to realise what it perceives to be their fair value in the event of a sale. The sale of less liquid securities often requires more time and can result in higher brokerage charges or dealer discounts and other selling expenses.

ABS may be leveraged which may contribute to volatility in the value of the security.

6.2 Considerations relating to specific types of ABS in which the Fund may invest

6.2.1 Asset-Backed Commercial Paper – ("ABCP")

An ABCP is a short-term investment vehicle with a maturity that is typically between 90 and 180 days. The security itself is typically issued by a bank or other financial institution. The notes are backed by physical assets such as trade receivables, and are generally used for short-term financing needs.

A company or group of companies looking to enhance liquidity may sell receivables to a bank or other conduit, which, in turn, will issue them to the Fund as commercial paper. The commercial paper is backed by the expected cash inflows from the receivables. As the receivables are collected, the originators are expected to pass on the funds.

6.2.2 Collateralised Debt Obligation (“CDO”)

A CDO is generally an investment grade security backed by a pool of non-mortgage bonds, loans and other assets. CDOs do not usually specialise in one type of debt but are often loans or bonds. CDOs are packaged in different classes representing different types of debt and credit risk. Each class has a different maturity and risk associated with it.

6.2.3 Credit Linked Note – (“CLN”)

A CLN is a security with an embedded credit default swap allowing the issuer to transfer a specific credit risk to the Fund.

CLNs are created through a special purpose company or trust, which is collateralised with securities rated in the top tier as determined by an accredited credit rating agency. The Fund buys securities from a trust that pays a fixed or floating coupon during the life of the note. At maturity, the Fund will receive the par value unless the referenced credit defaults or declares bankruptcy, in which case it receives an amount equal to the recovery rate. The trust enters into a default swap with a deal arranger. In case of default, the trust pays the dealer par minus the recovery rate in exchange for an annual fee which is passed on to the Fund in the form of a higher yield on the notes.

Under this structure, the coupon or price of the note is linked to the performance of a reference asset. It offers borrowers a hedge against credit risk, and offers the Fund a higher yield on the note for accepting exposure to a specified credit event.

6.2.4 Synthetic Collateralised Debt Obligation

A synthetic CDO is a form of collateralised debt obligation (CDO) that invests in credit default swaps (CDSs – see below) or other non-cash assets to gain exposure to a portfolio of fixed income assets. Synthetic CDOs are typically divided into credit classes based on the level of credit risk assumed. Initial investments into the CDO are made by the lower classes, while the senior classes may not have to make an initial investment.

All classes will receive periodic payments based on the cash flows from the credit default swaps. If a credit event occurs in the fixed income portfolio, the synthetic CDO and its investors including the Fund become responsible for the losses, starting from the lowest rated classes and working its way up.

While synthetic CDOs can offer extremely higher yields to investors such as the Fund, there is potential for a loss equal to that of the initial investments if several credit events occur in the reference portfolio.

A CDS is a swap designed to transfer the credit exposure of fixed income products between parties. The buyer of a CDS receives credit protection (buys protection), whereas the seller of the swap guarantees the credit worthiness of the product. By doing this, the

risk of default is transferred from the holder of the fixed income security to the seller of the CDS. CDS are treated as a form of OTC derivative.

6.2.5 Whole Business Securitisation (“WBS”):

Whole-business securitisation is defined as a form of asset-backed financing in which operating assets (which are long-term assets acquired for use in the business rather than for resale and includes property, plant, and equipment and intangible assets) are financed through the issues of notes via a special purpose vehicle (a structure whose operations are limited to the acquisition and financing of specific assets, usually a subsidiary company with an asset/liability structure and legal status that makes its obligations secure even if the parent company goes bankrupt) in the bond market and in which the operating company keeps complete control over the assets securitised. In case of default, control is handed over to the security trustee for the benefit of the note holders for the remaining term of financing.

7. Mortgage-backed Securities (MBS)

A mortgage-backed security is a generic term for a debt security backed or collateralised by the income stream from an underlying pool of commercial and/or residential mortgages. This type of security is commonly used to redirect the interest and principal payments from the pool of mortgages to investors. A mortgage-backed security is normally issued in a number of different classes with varying characteristics depending on the riskiness of the underlying mortgages assessed by reference to their credit quality and term and can be issued at a fixed or a floating rate of securities. The higher the risk contained in the class, the more the mortgage-backed security pays by way of income.

Specific types of MBS in which the Fund may invest are set out in 7.2 below:

7.1 Generic risks related to MBS

MBS may be subject to prepayment risk which is the risk that, in a period of falling interest rates, borrowers may refinance or otherwise repay principal on their mortgages earlier than scheduled. When this happens, certain types of MBS will be paid off more quickly than originally anticipated and the Fund will have to invest the proceeds in securities with lower yields. MBS may also be subject to extension risk, which is, the risk that, in a period of rising interest rates, certain types of MBS will be paid off more slowly than originally anticipated and the value of these securities will fall. As a result, the average duration of the Fund’s portfolio may increase. The value of longer-term securities generally changes more in response to changes in interest rates than that of shorter-term securities.

Because of prepayment risk and extension risk, MBS react differently to changes in interest rates than other fixed income securities. Small movements in interest rates (both increases and decreases) may quickly and significantly reduce the value of certain MBS. Certain MBS in which the Fund may invest may also provide a degree of investment leverage, which could cause the Fund to lose all or a substantial amount of its investment.

In some circumstances investments in MBS may become less liquid, making it difficult to dispose of them. Accordingly, the Fund’s ability to respond to market events may be impaired and the

Fund may experience adverse price movements upon liquidation of such investments. In addition, the market price for MBS may be volatile and may not be readily ascertainable. As a result, the Fund may not be able to sell them when it desires to do so, or to realise what it perceives to be their fair value in the event of a sale. The sale of less liquid securities often requires more time and can result in higher brokerage charges or dealer discounts and other selling expenses.

7.2 Considerations relating to specific types of MBS in which a Fund may invest

7.2.1 Commercial Mortgage Backed Security ("CMBS")

A CMBS is a type of mortgage backed security that is secured by the loan on a commercial property; CMBS can provide liquidity to real estate investors and to commercial lenders. Typically a CMBS provides a lower degree of prepayment risk because commercial mortgages are most often set for a fixed term and not for a floating term as is generally the case with a residential mortgage. CMBS are not always in a standard form so can present increased valuation risk.

7.2.2 Collateralised Mortgage Obligation ("CMO")

A CMO is a security backed by the revenue from mortgage loans, pools of mortgages, or even existing CMOs, separated into different maturity classes. In structuring a CMO, an issuer distributes cash flow from the underlying collateral over a series of classes, which constitute a multiclass securities issue. The total revenue from a given pool of mortgages is shared between a collection of CMOs with differing cashflow and other characteristics. In most CMOs, coupon payments are not made on the final class until the other classes have been redeemed. Interest is added to increase the principal value.

CMOs aim to eliminate the risks associated with prepayment because each security is divided into maturity classes that are paid off in order. As a result, they yield less than other mortgage-backed securities. Any given class may receive interest, principal, or a combination of the two, and may include more complex stipulations. CMOs generally receive lower interest rates that compensate for the reduction in prepayment risk and increased predictability of payments. In addition, CMOs can exhibit relatively low liquidity, which can increase the cost of buying and selling them.

7.2.3 Real Estate Mortgage Investment Conduits ("REMIC")

A REMIC is an investment-grade mortgage bond that separates mortgage pools into different maturity and risk classes to the bank or conduit, which then passes the proceeds on to the note holders including the Fund. The REMIC is structured as a synthetic investment vehicle consisting of a fixed pool of mortgages broken apart and marketed to investors as individual securities and created for the purpose of acquiring collateral. This base is then divided into varying classes of securities backed by mortgages with different maturities and coupons.

7.2.4 Residential mortgage-backed security ("RMBS")

An RMBS is a type of security whose cash flows come from residential debt such as mortgages, home-equity loans and

subprime mortgages. This is a type of MBS which focuses on residential instead of commercial debt.

Holders of an RMBS receive interest and principal payments that come from the holders of the residential debt. The RMBS comprises a large amount of pooled residential mortgages.

8. Exposure to Property and Property Securities within Exchange Traded Funds

The performance of property securities are not indicative of the performance of the property market as a whole. Property investments are subject to many factors including adverse changes in economic conditions, adverse local market conditions and risks associated with the acquisition, financing and ownership and operation and disposal of real property. The value of real property will generally be a matter of a Valuer's opinion rather than fact and the value of a property may be significantly diminished in the event of a downturn in the property market.

9. Exposure to Commodities within Exchange Traded Funds

An Exchange Traded Fund investing in commodities may do so by replicating the performance of a commodities index. The underlying index may concentrate investment on selected commodity futures of multinational markets. This makes the underlying Fund extremely dependent on the performance of the commodity markets concerned.

10. Hedged Share Classes

While the Fund or its authorised agent may attempt to hedge currency risks, there can be no guarantee that it will be successful in doing so and it may result in mismatches between the currency position of the Fund and the Hedged Share Class.

The hedging strategies may be entered into whether the Base Currency is declining or increasing in value relative to the relevant currency of the Hedged Share Class and so, where such hedging is undertaken it may substantially protect investors in the relevant Class against a decrease in the value of the Base Currency relative to the Hedged Share Class currency, but it may also preclude investors from benefiting from an increase in the value of the Base Currency.

Hedged Share Classes in non-major currencies may be affected by the fact that capacity of the relevant currency market may be limited, which could further affect the volatility of the Hedged Share Class.

All gains/losses or expenses arising from hedging transactions are borne separately by the shareholders of the respective Hedged Share Classes. Given that there is no segregation of liabilities between Share Classes, there is a remote risk that, under certain circumstances, currency hedging transactions in relation to one Share Class could result in liabilities which might affect the Net Asset Value of the other Share Classes of the same Fund.

11. Risk to Capital Growth

Certain Funds may make distributions from capital as well as from income and net realised and net unrealised capital gains or pursue certain investment strategies in order to generate income. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital and the potential for long-term capital growth.

12. Investments in Exchange Traded Funds and Undertakings for Collective Investment

A Fund may invest in Exchange Traded Funds and/or Undertakings for Collective Investment (“UCIs”). In addition to the fees, costs and expenses payable by a Shareholder in the Fund, each Shareholder may also indirectly bear a portion of the costs, fees and expenses of the underlying Exchange Traded Fund and/or UCI, including management, investment management and administration and other such expenses.

Where a Fund invests a substantial proportion of its net assets in other UCITS and other UCIs, the Manager will ensure that the total management fee (excluding any performance fee, if any) charged to such Fund (including management fees from other UCITS and UCIs in which it invests) shall not exceed 3.75% of the net asset value of the Fund.

Market Risks

13. Emerging Markets

Emerging markets are typically those of poorer or less developed countries which exhibit lower levels of economic and/or capital market development, and higher levels of share price and currency volatility.

Some emerging markets governments exercise substantial influence over the private economic sector and the political and social uncertainties that exist for many developing countries are particularly significant. Another risk common to most such countries is that the economy is heavily export oriented and, accordingly, is dependent upon international trade. The existence of overburdened infrastructures and obsolete financial systems also presents risks in certain countries, as do environmental problems.

In adverse social and political circumstances, governments have been involved in policies of expropriation, confiscatory taxation, nationalisation, intervention in the securities market and trade settlement, and imposition of foreign investment restrictions and exchange controls, and these could be repeated in the future. In addition to withholding taxes on investment income, some emerging markets may impose capital gains taxes on foreign investors.

Generally accepted accounting, auditing and financial reporting practices in emerging markets may be significantly different from those in developed markets. Compared to mature markets, some emerging markets may have a low level of regulation, enforcement of regulations and monitoring of investors’ activities. Those activities may include practices such as trading on material non-public information by certain categories of investor.

The securities markets of developing countries are not as large as the more established securities markets and have substantially less trading volume, resulting in a lack of liquidity and high price volatility. There may be a high concentration of market capitalisation and trading volume in a small number of issuers representing a limited number of industries as well as a high concentration of investors and financial intermediaries. These factors may adversely affect the timing and pricing of a Fund’s acquisition or disposal of securities.

Practices in relation to settlement of securities transactions in emerging markets involve higher risks than those in developed

markets, in part because the Company will need to use brokers and counterparties which are less well capitalised, and custody and registration of assets in some countries may be unreliable. Delays in settlement could result in investment opportunities being missed if a Fund is unable to acquire or dispose of a security. The Custodian is responsible for the proper selection and supervision of its correspondent banks in all relevant markets in accordance with Luxembourg law and regulation.

In certain emerging markets, registrars are not subject to effective government supervision nor are they always independent from issuers. Investors should therefore be aware that the Funds concerned could suffer loss arising from these registration problems.

Investments in Russia are currently subject to certain heightened risks with regard to the ownership and custody of securities. In Russia, this is evidenced by entries in the books of a company or its registrar (which is neither an agent nor responsible to the Custodian). No certificates representing ownership of Russian companies will be held by the Custodian or any correspondent or in an effective central depository system. As a result of this system and the lack of state regulation and enforcement, the Company could lose its registration and ownership of Russian securities through fraud, negligence or even mere oversight.

Any Fund investing directly in local Russian stock will limit its exposure to no more than 10% of its Net Asset Value, except for investment in securities listed on either the Russian Trading Stock Exchange or the Moscow Interbank Currency Exchange, which have been recognised as being regulated markets.

14. Emerging Market Sovereign Debt

Certain developing countries are especially large debtors to commercial banks and foreign governments. Investment in debt obligations (“Sovereign Debt”) issued or guaranteed by developing governments or their agencies and instrumentalities (“governmental entities”) involves a high degree of risk. The governmental entity that controls the repayment of Sovereign Debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A governmental entity’s willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity’s policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject. Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearage on their debt. The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on a governmental entity’s implementation of economic reforms and/or economic performance and the timely service of such debtor’s obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties’ commitments to lend funds to the governmental entity, which may further impair such debtor’s ability or willingness to service its debt on a timely basis. Consequently, governmental entities may default on their Sovereign Debt. Holders of Sovereign Debt, including a Fund, may be requested to participate in

the rescheduling of such debt and to extend further loans to governmental entities. There is no bankruptcy proceeding by which Sovereign Debt on which a governmental entity has defaulted may be collected in whole or in part.

15. Restrictions on Foreign Investment

Some countries prohibit or impose substantial restrictions on investments by foreign entities such as a Fund. As illustrations, certain countries require governmental approval prior to investments by foreign persons, or limit the amount of investment by foreign persons in a particular company, or limit the investment by foreign persons in a company to only a specific class of securities which may have less advantageous terms than securities of the company available for purchase by nationals. Certain countries may restrict investment opportunities in issuers or industries deemed important to national interests. The manner in which foreign investors may invest in companies in certain countries, as well as limitations on such investments, may have an adverse impact on the operations of a Fund. For example, a Fund may be required in certain of such countries to invest initially through a local broker or other entity and then have the share purchases re-registered in the name of the Fund. Re-registration may in some instances not be able to occur on a timely basis, resulting in a delay during which a Fund may be denied certain of its rights as an investor, including rights as to dividends or to be made aware of certain corporate actions. There also may be instances where a Fund places a purchase order but is subsequently informed, at the time of re-registration, that the permissible allocation to foreign investors has been filled, depriving the Fund of the ability to make its desired investment at the time. Substantial limitations may exist in certain countries with respect to a Fund's ability to repatriate investment income, capital or the proceeds of sales of securities by foreign investors. A Fund could be adversely affected by delays in, or a refusal to grant any required governmental approval for repatriation of capital, as well as by the application to the Fund of any restriction on investments. A number of countries have authorised the formation of closed-end investment companies to facilitate indirect foreign investment in their capital markets. Shares of certain closed-end investment companies may at times be acquired only at market prices representing premiums to their net asset values. If a Fund acquires shares in closed-end investment companies, shareholders would bear both their proportionate share of expenses in the Fund (including management fees) and, indirectly, the expenses of such closed end investment companies. A Fund also may seek, at its own cost, to create its own investment entities under the laws of certain countries.

Derivative and other Complex Instrument Techniques and Associated Risks

16. Volatility Derivatives

The volatility of a security (or basket of securities) is a statistical measure of the speed and magnitude of changes in the price of a security (securities) over defined periods of time. Volatility derivatives are based on an underlying basket of shares, and Funds may use volatility derivatives to increase or reduce volatility risk, in order to express an investment view on the change in volatility, based on an assessment of expected developments in underlying securities markets. For example, if a significant change in the market background is expected, it is likely that the volatility of securities prices will increase as prices adapt to the new circumstances.

The Funds may only buy or sell volatility derivatives which are based on an index where:

- ▶ the composition of the index is sufficiently diversified;
- ▶ the index represents an adequate benchmark for the market to which it refers; and
- ▶ it is published in an appropriate manner.

The price of volatility derivatives may be highly volatile, and may move in a different way to the other assets of the Fund, which could have a significant effect on the Net Asset Value of a Fund's Shares.

17. Contracts for Difference (CFDs)

A contract for difference is a contract between two parties, buyer and seller, stipulating that the seller will pay to the buyer the difference between the current value of an asset (a security, instrument, basket or index) and its value at contract time. If the difference is negative, then the buyer pays instead to the seller.

Contracts for differences allow investors to take synthetic long or synthetic short positions with a variable margin, which, unlike futures contracts, have no fixed expiry date or contract size. Unlike shares, with CFDs the buyer is potentially liable for far more than the amount they paid on margin.

The Fund will therefore employ risk management techniques to ensure it can dispose of the necessary assets at any time in order to pay redemption proceeds resulting from redemption requests and to meet its obligations resulting from contracts for difference and other techniques and instruments.

18. Particular Risks of OTC derivative transactions

In general there is less governmental regulation and supervision of transactions in the OTC markets than organised stock exchanges. Many of the protections afforded to transactions on organised exchanges such as the performance guarantee of an exchange clearing house may not exist for OTC transactions. The risk of counterparty default therefore exists. To mitigate this risk the Company will only use preferred counterparties which it believes to be creditworthy and may reduce the exposure incurred in connection with such transactions through the use of letter of credit or collateral. However there can be no guarantee that counterparty will not default or that a fund will not sustain losses as a result.

The Company's delegates will continuously assess the credit or counterparty risk as well as the potential risk, which is for trading activities, the risk resulting from adverse movements in the level of volatility of market prices and will assess the hedging effectiveness on an ongoing basis. They will define specific internal limits applicable to these kinds of operations and monitor the counterparties accepted for these transactions.

In addition to the above the OTC market may be illiquid and it may not always be possible to execute a transaction quickly at an attractive price. From time to time the counterparties with which the Fund effects the transactions might cease making markets or quoting prices in certain of the instruments. In such instances a Fund might be unable to enter into a desired transaction in

currencies, credit default swaps or total return swaps or enter into an offsetting transaction with respect to an open position which might adversely affect its performance. Further in contrast to exchange traded instruments, forward, spot and option contracts on currencies do not provide the Management Company and the Investment Advisers with the possibility to offset the Funds obligations through an equal and opposite transaction. For this reason entering into forward, spot or options contracts, the Fund may be required, and must be able to, perform its obligations under the contracts.

19. Options

An option is the right (but not the obligation) to buy or sell a particular asset at a stated price at some date in the future within a particular period. The Funds may enter into option transactions as either the buyer or seller of this right. Options may be used for either hedging or cross hedging purposes, or for investment purposes to seek to increase total return or income. The writing and purchase of options is a specialised activity which involves specialist investment risks. If the Investment Adviser is incorrect in its expectation of changes in the market prices or determination of the correlation between the instruments or indices on which the options are written or purchased and the instruments in a Fund's investment portfolio, the Fund may incur losses that it would not otherwise incur.

20. Credit Default Swaps, Interest rate, Currency, Total Return Swaps and Swaptions

The use of credit default swaps may carry a higher risk than investing in bonds directly. A credit default swap allows the transfer of default risk. This allows investors to effectively buy insurance on a bond they hold (hedging the investment) or buy protection on a bond they do not physically own where the investment view is that the stream of coupon payments required will be less than the payments received due to the decline in credit quality. Conversely, where the investment view is that the payments due to decline in credit quality will be less than the coupon payments, protection will be sold by means of entering into a credit default swap. Accordingly, one party, the protection buyer, makes a stream of payments to the seller of protection, and a payment is due to the buyer in the event that there is a "credit event" (a decline in credit quality, which will be pre-defined in the agreement). If the credit event does not occur the buyer pays all the required premiums and the swap terminates on maturity with no further payments. The risk of the buyer is therefore limited to the value of the premiums paid.

The market for credit default swaps may sometimes be more illiquid than bond markets. A Fund entering into credit default swaps must at all times be able to meet the redemption requests. Credit default swaps are valued on a regular basis according to verifiable and transparent valuation methods reviewed by the Company's auditor.

Interest rate swaps involve an exchange with another party of respective commitments to pay or receive interest, such as an exchange of fixed rate payments for floating rate payments. Currency swaps may involve the exchange of rights to make or receive payments in specified currencies. Total return swaps involve the exchange of the right to receive the total return, coupons plus capital gains or losses, of a specified reference asset, index or basket of assets against the right to make fixed or floating payments. The Funds may enter into swaps as either the payer or receiver of payments.

Where a Fund enters into interest rate or total return swaps on a net basis, the two payment streams are netted out, with each party receiving or paying, as the case may be, only the net amount of the two payments. Interest rate or total return swaps entered into on a net basis do not involve the physical delivery of investments, other underlying assets or principal. Accordingly, it is intended that the risk of loss with respect to interest rate swaps is limited to the net amount of interest payments that a Fund is contractually obliged to make (or in the case of total return swaps, the net amount of the difference between the total rate of return of a reference investment, index or basket of investments and the fixed or floating payments). If the other party to an interest rate or total return swap defaults, in normal circumstances each Fund's risk of loss consists of the net amount of interest or total return payments that each party is contractually entitled to receive. In contrast, currency swaps usually involve the delivery of the entire principal value of one designated currency in exchange for the other designated currency. Therefore, the entire principal value of a currency swap is subject to the risk that the other party to the swap will default on its contractual delivery obligations.

Certain Funds may also buy or sell interest rate swaption contracts. These give the purchaser the right, but not the obligation to enter into an interest rate swap at a preset interest rate within a specified period of time. The interest rate swaption buyer pays a premium to the seller for this right. A receiver interest rate swaption gives the purchaser the right to receive fixed payments in return for paying a floating rate of interest. A payer interest rate swaption would give the purchaser the right to pay a fixed rate of interest in return for receiving a floating rate payment stream.

The use of credit default swap, interest rate, currency, total return swaps, and interest rate swaptions is a specialised activity which involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. If the Investment Adviser is incorrect in its forecasts of market values, interest rates and currency exchange rates, the investment performance of the Fund would be less favourable than it would have been if these investment techniques were not used.

21. Repurchase and Reverse Repurchase Agreements

Under a repurchase agreement a Fund sells a security to a counterparty and simultaneously agrees to repurchase the security back from the counterparty at an agreed price and date. The difference between the sale price and the repurchase price establishes the cost of the transaction. The resale price generally exceeds the purchase price by an amount which reflects an agreed-upon market interest rate for the term of the agreement. In a reverse repurchase agreement a Fund purchases an investment from a counterparty which undertakes to repurchase the security at an agreed resale price on a agreed future date. The Fund therefore bears the risk that if the seller defaults the Fund might suffer a loss to the extent that proceeds from the sale of the underlying securities together with any other collateral held by the Fund in connection with the relevant agreement may be less than the repurchase price because of market movements. A Fund cannot sell the securities which are the subject of a reverse repurchase agreement until the term of the agreement has expired or the counterparty has exercised their right to repurchase the securities.

22. Market leverage

The Funds will not use borrowing to purchase additional investments but may be expected, via derivative positions, to

obtain market leverage (gross market exposure, aggregating both long and synthetic short positions, in excess of net asset value). The Investment Adviser will seek to make absolute returns from relative value decisions between markets (“this market will do better than that market”), as well as from directional views on the absolute return of markets (“this market is going to go up or down”). The extent of market leverage is likely to depend on the degree of correlation between positions. The higher the degree of correlation, the greater is the likelihood and probable extent of market leverage.

23. Currency Risk

The Funds may invest in assets denominated in a currency other than the Base Currency of the Funds. Changes in exchange rates between the Base Currency and the currency in which the assets are denominated will cause the value of the asset expressed in the Base Currency to fall or rise. The Funds may utilise techniques and instruments including derivatives for hedging purposes to control currency risk. However it may not be possible or practical to completely mitigate currency risk in respect of a Fund’s portfolio or specific assets within the portfolio. Furthermore, unless otherwise stated in the investment policies of the relevant fund, the Investment Adviser is not obliged to seek to reduce currency risk within the Funds.

24. Currency Overlay Strategies

In addition to the use of techniques and instruments to control currency risk (see ‘Currency Risk’), certain Funds may invest in currencies or utilise techniques and instruments in relation to currencies other than the Base Currency with the aim of generating returns. The Investment Adviser utilises specialist Currency Overlay strategies which involves the creation of long positions and synthetic pair trades in currencies to implement tactical views through the use of Currency Derivatives, including forward foreign exchange contracts, currency futures, options, swaps and other instruments providing exposure to changes in exchange rates. The movement in currency exchange rates can be volatile and where funds engage substantially in such strategies, there will be a significant impact on the overall performance of the funds. In particular, in respect of the BlackRock Global Currency Fund, the Investment Adviser will invest substantially in currencies and utilise Currency Overlay strategies in seeking to meet the investment objectives of the Fund. The Fund has the flexibility to invest in any currency in the world including emerging market currencies which may be less liquid and currencies that may be affected by the actions of governments and central banks including intervention, capital controls, currency peg mechanisms or other measures. In addition, the Fund is expected to utilise derivatives to obtain market leverage, as described above (‘Market Leverage’). These factors in combination may serve to significantly increase the risks to which the Fund is exposed.

25. Transfer of Collateral

In order to use derivatives the Funds will enter into arrangements with counterparties which may require the payment of collateral or margin out of a Fund’s assets to act as cover to any exposure by the counterparty to the Fund. If the title of any such collateral or margin is transferred to the counterparty, it becomes an asset of such counterparty and may be used by the counterparty as part of its business. Collateral so transferred will not be held by the Custodian for safekeeping, but collateral positions will be overseen and reconciled by the Custodian. Counterparties appointed by the Fund are not entitled to rehypothecate the assets of the Fund.

Excessive Trading Policy

The Funds do not knowingly allow investments that are associated with excessive trading practices, as such practices may adversely affect the interests of all shareholders. Excessive trading includes individuals or groups of individuals whose securities transactions seem to follow a timing pattern or are characterised by excessively frequent or large trades.

Investors should, however, be aware that the Funds may be utilised by certain investors for asset allocation purposes or by structured product providers, which may require the periodic re-allocation of assets between Funds. This activity will not normally be classed as excessive trading unless the activity becomes, in the opinion of the Directors, too frequent or appears to follow a timing pattern.

As well as the general power of Directors to refuse subscriptions or conversions at their discretion, powers exist in other sections of this Prospectus to ensure that shareholder interests are protected against excessive trading. These include:

- ▶ fair value pricing – Appendix A paragraph 15;
- ▶ price swinging – Appendix A paragraph 16(c);
- ▶ in specie redemptions – Appendix A paragraph 22; and
- ▶ conversion charges – Appendix A paragraphs 17-19.

In addition, where excessive trading is suspected, the Funds may:

- ▶ combine Shares that are under common ownership or control for the purposes of ascertaining whether an individual or a group of individuals can be deemed to be involved in excessive trading practices. Accordingly, the Directors reserve the right to reject any application for switching and/or subscription of Shares from investors whom they consider to be excessive traders;
- ▶ adjust the Net Asset Value per Share to reflect more accurately the fair value of the Funds’ investments at the point of valuation. This will only take place if the Directors believe that movements in the market price of underlying securities mean that in their opinion, the interests of all shareholders will be met by a fair price valuation; and
- ▶ levy a redemption charge of 2% of the redemption proceeds to shareholders whom the Directors, in their reasonable opinion, suspect of excessive trading. This charge will be made for the benefit of the Funds, and affected shareholders will be notified in their contract notes if such a fee has been charged.

Classes and Form of Shares

Shares in the Funds are divided into Class A, Class C, Class D, Class E, Class H, Class I, Class J, Class K, Class L, Class M and Class X Shares, representing eleven different charging structures. Shares are further divided into Distributing and Non-Distributing Share classes. Non-Distributing Shares do not pay dividends, whereas Distributing Shares may pay dividends. See Section ‘Dividends’ for further information.

Non-Distributing Shares of any class are also referred to using the number 2 e.g. Class A2.

Distributing Shares which pay dividends monthly are further divided into Shares as follows:

- ▶ Distributing Shares for which dividends are calculated daily and are known as Distributing (D) Shares, which in any class are also referred to using the number 1, e.g. Class A daily distributing Shares are described as Class A1.
- ▶ Those Shares for which dividends are calculated monthly are known as Distributing (M) Shares, which in any class are also referred to using the number 3, e.g. Class A3.

Distributing Shares with an annual dividend payment are known as Distributing (A) Shares, which in any class are also referred to using the number 4, e.g. Class A4.

Classes of Shares which have obtained the UK Reporting Fund Status will also be referred to using the abbreviation RF, e.g. Class A5 (RF).

Class A Shares

Class A Shares are available to all investors as Distributing and Non-Distributing Shares and are issued in registered form ("Registered Shares") and global certificate form ("Global Certificates"). Unless otherwise requested, all Class A Shares will be issued as Registered Shares.

Class C Shares

Class C Shares are available as Distributing and Non-Distributing Shares to clients of certain distributors (which provide nominee facilities to investors) and to other investors at the discretion of the Management Company. Class C Shares are available as Registered Shares only.

Class D Shares

Class D Shares are available as Distributing and Non-Distributing Shares and are issued as Registered Shares and Global Certificates. Unless otherwise requested, all Class D Shares will be issued as Registered Shares. They are only available at the Management Company's discretion to certain distributors who, for example, have separate fee arrangements with their clients.

Class E Shares

Class E Shares are available in certain countries, subject to the relevant regulatory approval, through specific distributors selected by the Management Company and the Principal Distributor (details of which may be obtained from the Transfer Agent or the local Investor Servicing team). They are available as Distributing and Non-Distributing Shares and are issued as Registered Shares and Global Certificates for all Funds. Unless otherwise requested, all Class E Shares will be issued as Registered Shares.

Class H Shares

Class H Shares are available to all investors as Distributing and Non-Distributing Shares and are issued as Registered Shares and Global Certificates. Unless otherwise requested, all Class H Shares will be issued as Registered Shares.

Class I Shares

Class I Shares are available as Distributing and Non-Distributing Shares to Institutional Investors. They are issued as Registered

Shares and Global Certificates. Unless otherwise requested, all Class I Shares will be issued as Registered Shares. They are only available at the Management Company's discretion.

Class I Shares are only available to institutional investors within the meaning of Article 174 of the 2010 Law. Investors must demonstrate that they qualify as institutional investors by providing the Company and its Transfer Agent or the local Investor Servicing team with sufficient evidence of their status.

On application for Class I Shares, institutional investors indemnify the Company and its functionaries against any losses, costs or expenses that the Company or its functionaries may incur by acting in good faith upon any declarations made or purporting to be made upon application.

Class J Shares

Class J Shares are available to funds whose objective is to invest in other funds. They are available as Distributing and Non-Distributing Shares. No fees are payable in respect of Class J Shares (instead a fee will be paid to the Management Company or affiliates under an agreement). Unless otherwise requested, all Class J Shares will be issued as Registered Shares.

Class J Shares are only available to institutional investors within the meaning of Article 174 of the 2010 Law. Investors must demonstrate that they qualify as institutional investors by providing the Company and its Transfer Agent or the local Investor Servicing team with sufficient evidence of their status.

On application for Class J Shares, institutional investors indemnify the Company and its functionaries against any losses, costs or expenses that the Company or its functionaries may incur by acting in good faith upon any declarations made or purporting to be made upon application.

Class K Shares

Class K Shares are available to all investors as Distributing and Non-Distributing Shares and are issued as Registered Shares and Global Certificates. Unless otherwise requested, all Class K Shares will be issued as Registered Shares.

Class L Shares

Class L Shares are available in certain countries, subject to the relevant regulatory approval, through specific distributors selected by the Management Company and the Principal Distributor (details of which may be obtained from the Transfer Agent or the local Investor Servicing team). They are available as Distributing and Non-Distributing Shares and are issued as Registered Shares and Global Certificates for all Funds. Unless otherwise requested, all Class L Shares will be issued as Registered Shares.

Class M Shares

Class M Shares are available in certain countries, subject to the relevant regulatory approval, through specific distributors selected by the Management Company and the Principal Distributor (details of which may be obtained from the Transfer Agent or the local Investor Servicing team). They are available as Distributing and Non-Distributing Shares and are issued as Registered Shares and Global Certificates for all Funds. Unless otherwise requested, all Class M Shares will be issued as Registered Shares.

Class X Shares

Class X Shares are available as Non-Distributing Shares and Distributing Shares, and are issued as Registered Shares only at the discretion of the Investment Adviser and its affiliates. No fees are payable in respect of Class X Shares (instead a fee will be paid to the Investment Adviser or affiliates under an agreement).

Class X Shares are only available to institutional investors within the meaning of Article 174 of the 2010 Law. Investors must demonstrate that they qualify as institutional investors by providing the Company and its Transfer Agent or the local Investor Servicing team with sufficient evidence of their status.

On application for Class X Shares, institutional investors indemnify the Company and its functionaries against any losses, costs or expenses that the Company or its functionaries may incur by acting in good faith upon any declarations made or purporting to be made upon application.

Hedged Share Classes

The hedging strategies applied to Hedged Share Classes will vary on a fund by fund basis. Funds will apply a hedging strategy which aims to mitigate currency risk between the Net Asset Value of the Fund and the currency of the Hedged Share Class, while taking account of practical considerations including transaction costs.

General

Investors purchasing any Class of Shares through a distributor will be subject to the distributor's normal account opening requirements. Title to Registered Shares is evidenced by entries in the Company's Share register. Shareholders will receive confirmation notes of their transactions. Registered Share certificates are not issued.

Global Certificates are available under a registered common global certificate arrangement operated with Clearstream International and Euroclear. Global Certificates are registered in the Company's share register in the name of Clearstream International and Euroclear's common depository. Physical share certificates are not issued in respect of Global Certificates. Global Certificates may be exchanged for Registered Shares under arrangements between Clearstream International, Euroclear and the Central Paying Agent.

Information on Global Certificates and their dealing procedures is available on request from the Transfer Agent or the local Investor Servicing team.

New Funds or Share Classes

The Directors may create new Funds or issue further Classes of Shares. This Prospectus will be supplemented to refer to these new Funds or Classes.

Dealing in Fund Shares

Dealing

Dealing in shares in each Fund can normally be effected on any day that is a Dealing Day for the relevant Fund (see Appendix F for specific fund details and the definitions of "Dealing Day" and "Business Day" in the Glossary). Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on the relevant Dealing Day (the "Cut-Off Point"),

with the exception of BlackRock European Credit Strategies Fund and BlackRock European Constrained Credit Strategies Fund which have a Cut- Off Point of 12 noon Luxembourg time two Business Days prior to their Dealing Days. The prices applied will be those calculated in the afternoon of the Dealing Day for daily and weekly dealing funds, and those calculated in the morning of the Business Day following the Dealing Day and normally published on the second Business Day, for fortnightly dealing funds. The prices applied to the BlackRock Euro Dynamic Diversified Growth Fund will be those calculated in the morning of the Business Day following the Dealing Day and normally published on the second Business Day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. At the discretion of the Company, dealing orders transmitted by a paying agent or correspondent bank before the Cut-Off Point but only received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point may be treated as if they had been received before the Cut-Off Point.

At the discretion of the Company, prices applied to orders backed by uncleared funds may be those calculated in the afternoon of the Dealing Day following receipt of cleared funds for daily and weekly dealing funds or those calculated in the morning of the Business Day following to the Dealing Day after receipt of the cleared funds for the fortnightly dealing funds. The prices applied to the Euro Dynamic Diversified Growth Fund will be those calculated in the morning of the Business Day following the Dealing Day and normally published on the second Business Day. Further details and exceptions are described under the sections entitled "Application for Shares", "Redemption of Shares" and "Conversion of Shares" below. Once given, applications to subscribe and instructions to redeem or convert are irrevocable except in the case of suspension or deferral (see paragraphs 27 to 30 of Appendix A) and cancellation requests received before 12 noon Luxembourg time at the relevant Fund's Cut-Off Point. Dealing orders, other than on an initial subscription, may be placed by telephone by calling the local Investor Servicing team; such calls will be recorded. Orders placed through distributors rather than directly with the Transfer Agent or the local Investor Servicing team may be subject to different procedures which may delay receipt by the Transfer Agent or the local Investor Servicing team. Investors should consult their distributor before placing orders in any Fund.

Where shareholders subscribe for or redeem Shares having a specific value, the number of Shares dealt in as a result of dividing the specific value by the applicable Net Asset Value per Share is rounded to two decimal places. Such rounding may result in a benefit to the Fund or the shareholder.

Shareholders should note that the Directors may determine to restrict the purchase of Shares when it is in the interests of the Fund and/or its shareholders to do so, including (by way of example) when any Fund or investment strategy reaches a size that in the opinion of the Management Company could impact its ability to find suitable investments for the Fund (capacity constraint). When a Fund has reached its capacity constraint the Directors are authorised from time to time to resolve to close the Fund or any class of Shares to new subscriptions either for a specified period or until they otherwise determine in respect of all investors. Should a Fund then fall beneath its capacity constraint as result of redemptions or market movements the Directors are

permitted to re-open the Fund or any class of Shares. Information on whether the purchase of Shares in a Fund at a specific point in time is restricted in this way is available from the local Investor Servicing team.

General

Confirmation notes and other documents sent by post will be at the risk of the investor.

Prices of Shares

Prices are determined in the afternoon of the Dealing Day for daily and weekly dealing funds and in the morning of the following Business Day for fortnightly dealing funds. The prices are determined in the morning of the Business Day following the Dealing Day and normally published on the second Business Day for the Euro Dynamic Diversified Growth Fund. Prices are quoted in the Dealing Currency(ies) of the relevant Fund. In the case of those Funds for which two or more Dealing Currencies are available, if an investor does not specify his choice of Dealing Currency at the time of dealing then the Base Currency of the relevant Fund will be used.

The most recent available prices for Shares may be obtained during business hours from the local Investor Servicing team and are also available from the BlackRock website. They will also be published in such countries as required under applicable law and at the discretion of the Directors in a number of newspapers or electronic platforms worldwide. The Company cannot accept any responsibility for error or delay in the publication or non-publication of prices. Historic dealing prices for all Shares are available from the Fund Accountant or the local Investor Servicing team.

Class A, Class D, Class E, Class H, Class I, Class J, Class K, Class L, Class M and Class X Shares

Class A, Class D, Class E, Class H, Class I, Class J, Class K, Class L, Class M and Class X Shares may normally be acquired or redeemed at their Net Asset Value. Prices may include or have added to them, as appropriate: (i) an initial charge; (ii) a distribution fee; and (iii) in limited circumstances, adjustments to reflect fiscal charges and dealing costs (see paragraph 16(c) of Appendix A). In certain Funds a CDSC, where applicable, will be deducted from the proceeds of redemption as described under "Fees, Charges and Expenses" and in Appendix F.

Class C Shares

Class C Shares may normally be acquired or redeemed at their respective Net Asset Values. No charge is added to or included in the price payable on acquisition or redemption but a CDSC, where applicable, will be deducted from the proceeds of redemption as described under the Section "Fees, Charges and Expenses". Prices may include or have added to them, as appropriate, (i) a distribution fee; and (ii), in limited circumstances, adjustments to reflect fiscal charges and dealing costs (see paragraph 16(c) of Appendix A).

The specific levels of fees and charges that apply to each Class of Share are explained in more detail under the Section "Fees, Charges and Expenses" and in Appendix F.

Application for Shares

Applications

Initial applications for Shares must be made to the Transfer Agent or the local Investor Servicing team on the appropriate application form. Certain distributors may allow underlying investors to submit applications through them for onward transmission to the Transfer

Agent or the local Investor Servicing team. All initial applications for Shares must be made by completing the application form and returning it to the Transfer Agent or the local Investor Servicing team. Failure to provide the original application form will delay the completion of the transaction and consequently the ability to effect subsequent dealings in the Shares concerned. An initial application may not be made by fax or telephone. Subsequent applications for Shares may, however, be made in writing or by fax or telephone. Investors who do not specify a Share Class in the application will be deemed to have requested Class A Non-Distributing Shares.

Applications for Registered Shares should be made for Shares having a specified value and fractions of Shares will be issued where appropriate. Global Certificates will usually be issued in whole shares only unless the relevant depository is able to accept fractional holdings.

The right is reserved to reject any application for Shares or to accept any application in part only. In addition, issues of Shares of any or all Funds may be suspended, where the aggregate value of orders for all Classes of Shares of that Fund exceeds a particular value (currently fixed by the Directors at 5% by approximate value of the Fund concerned) and the Directors consider that to give effect to such orders on the relevant Dealing Day would adversely affect the interests of existing shareholders.

The investor acknowledges that personal information and information relating to its investments supplied to a member of the BlackRock Group may be processed by or transferred to or disclosed to any company in the BlackRock Group or any of its appointed agents (or their respective agents or delegates) including the Transfer Agent (as appropriate) world-wide in order to administer the services for which the investor has applied or may apply in the future.

This may involve the transfer of data by electronic media including the internet. The investor's information will be held in confidence and not shared other than as described without the investor's permission or as required by applicable law. The investor may at any time request information about the companies in the BlackRock Group and the countries in which they operate. The investor consents to its information being processed, transferred or disclosed within the BlackRock Group. The investor may at any time request a copy of the information held about it and request any errors to be corrected.

Settlement

For all Shares, settlement in cleared funds net of bank charges must be made within three Business Days of the relevant Dealing Day unless otherwise specified in the contract note in cases where the standard settlement date is a public holiday for the currency of settlement. If timely settlement is not made (or a completed application form is not received for an initial subscription) the relevant allotment of Shares may be cancelled and an applicant may be required to compensate the relevant distributor and/or the Company (see paragraph 24 of Appendix A).

Payment instructions are summarised at the back of this Prospectus. Payment must be made by telegraphic transfer although the Directors retain the right to accept payment as settlement through other means on a case by case basis. Payment by cash or cheque will not be accepted.

Settlement should normally be made in the Dealing Currency for the relevant Fund or, if there are two or more Dealing Currencies for the relevant Fund, in the one specified by the investor. An investor may, by prior arrangement with the Transfer Agent or the local Investor Servicing team, provide the Transfer Agent with any major freely convertible currency and the Transfer Agent will arrange the necessary currency exchange transaction. Any such currency exchange will be effected at the investor's cost.

Minimum Subscription and Minimum Additional Subscription

The minimum initial subscription in respect of Class A, Class C, Class E, Class K, Class L and Class M Shares of a Fund is currently US\$5,000. The minimum subscription for Class H Shares is US\$50,000. The minimum subscription for Class D Shares is US\$500,000. The minimum initial subscription in respect of Class I, J and X Shares is currently US\$10 million (except in the case of Class I Shares for BlackRock Euro Dynamic Diversified Growth Fund where the minimum subscription amount is US\$1 million). In all cases, the minimum initial subscription will also be accepted in the approximate equivalent amount in the relevant Dealing Currency.

The minimum for additions to Class A, Class C, Class D, Class E, Class K, Class L and Class M Shares of a Fund is US\$1,000. The minimum for additions to Class H Shares is US\$5,000. The minimum for additions to Class I, Class J and Class X Shares of a Fund is US\$10,000. These minima may be varied for any particular case or distributor or generally and it will also be accepted in the approximate equivalent amount in the relevant Dealing Currency. Details of the current minima are available from the Transfer Agent or the local Investor Servicing team.

Money Laundering Prevention

In order to comply with anti-money laundering regulation, additional documentation may be required for subscriptions for Shares. The circumstances under which it is required and the precise requirements are available upon request. This information will be used to verify the identity of investors or, in some cases, the status of financial advisers; it will be used only for compliance with these requirements. Please note that the Transfer Agent or the local Investor Servicing team reserve the right in all cases to request further documentation or information. Failure to provide documentation may result in the withholding of redemption proceeds. If you have any questions regarding the identification documentation required, you should contact the local Investor Servicing team or the Transfer Agent.

Redemption of Shares

Applications to Redeem

Instructions for the redemption of Registered Shares should normally be given by instructing the Transfer Agent or the local Investor Servicing team in writing, or by fax (in a format acceptable to the Company) or by telephone. Instructions given by fax or by telephone must be followed in each case by confirmation in writing sent by mail to the Transfer Agent or the local Investor Servicing team, unless a cover-all renunciation and fax indemnity including instructions to pay the redemption proceeds to a specified bank account has been agreed. Failure to provide adequate written confirmation may delay settlement of the transaction (see also paragraph 20 of Appendix A). Certain distributors may allow underlying investors to submit instructions for redemptions through them for onward transmission to the Transfer Agent or the local Investor Servicing team. Written redemption requests (or written confirmations of such requests) must include the full name(s) and

address of the holders, the name of the Fund, the Class (including whether it is the Distributing or Non-Distributing Share class), the value or number of Shares to be redeemed and full settlement instructions and must be signed by all holders. If a redemption order is made for a cash amount or for a number of Shares to a higher value than that of the applicant's account then this order will be automatically treated as an order to redeem all of the Shares on the applicant's account.

Redemptions may be suspended or deferred as described in paragraphs 27 to 30 of Appendix A.

Settlement

Subject to paragraph 20 of Appendix A, redemption payments will normally be despatched in the relevant Dealing Currency on the third Business Day following the relevant Dealing Day, provided that the relevant documents (as described above and any applicable money laundering prevention information) have been received. On written request to the Transfer Agent or the local Investor Servicing team, payment may be made in such other currency as may be freely purchased by the Transfer Agent with the relevant Dealing Currency and such currency exchange will be effected at the shareholder's cost.

Redemption payments for Shares are made by telegraphic transfer to the shareholder's bank account at the shareholder's cost. Investors with bank accounts in the European Union must provide the IBAN (International Bank Account Number) and BIC (Bank Identifier Code) of their account. Details of redemptions in specie are set out in paragraph 22 of Appendix A.

Conversion of Shares

Switching Between Funds and Share Classes

Investors may make conversions of their shareholdings between the same Class of Shares of the various Funds and thereby alter the balance of their portfolios to reflect changing market conditions (e.g. from Class A of one Fund into Class A of another Fund). The Company does not, however, offer the ability to make conversion of investors' shareholdings from Funds that can be dealt in on a daily basis to Funds that can be dealt in on weekly or fortnightly basis. See Appendix F for the dealing frequency of each Fund.

Conversions are also permitted from one Class of Share of a Fund to Shares of another Class of either the same Fund or a different Fund. Such conversions are permitted provided that the shareholder satisfies the conditions applicable to investment in the Share Class being converted into (see "Classes and Form of Shares" above) including but not limited to, satisfying any minimum investment requirement, by demonstrating that they qualify as an eligible investor for the purposes of investing in a particular Class of Share, the suitability of the charging structure of the Share Class being converted into and by satisfying any applicable conversion charges that may apply. Conversion from a Class of Share carrying a CDSC will be treated as a redemption thereby causing any CDSC due at the time of conversion to become payable. Conversion and investment into and out of certain Share Classes is at the discretion of the Management Company.

The Directors may, at their discretion, refuse conversions in order to ensure that the Shares are not held by or on behalf of any person who does not meet the conditions applicable to investment in that Share Class, or who would then hold the Shares in circumstances which could give rise to a breach of law, or requirements of

any country, government or regulatory authority on the part of that person or the Company or give rise to adverse tax or other pecuniary consequences for the Company, including a requirement to register under any securities or investment or similar laws or requirements of any country or authority.

Shareholders may also convert between Distributing and Non-Distributing Shares of the same Class or between hedged and un-hedged Shares of the same Class (where available). At the Management Company's discretion and provided always that the investor is an institutional investor, conversion from any Class of Shares into Class I, Class X or Class J Shares is permitted.

In addition, shareholders may convert between any Class of UK Reporting Fund status Shares, in the relevant currency and the equivalent class of Distributing Shares in non-UK Reporting Fund status currencies. Shareholders should note that a conversion between a Share class which has UK Reporting Fund status and a Share class which does not have UK Reporting Fund status may cause the shareholder to be subject to an "offshore income gain" on the eventual disposal of their interest in the Fund. If this is the case, any capital gain realised by shareholders on disposal of their investment (including any capital gain accruing in relation to the period where they held the UK Reporting Fund status Share class) may be subject to tax as income at their appropriate income tax rate. Shareholders should seek their own professional tax advice in this regard.

In addition, a conversion between Shares held in different funds may give rise to an immediate UK taxable event.

As tax laws differ widely from country to country, shareholders should consult their tax advisers as to the tax implications of such a conversion in their individual circumstances as such conversions may be a taxable event in the hands of investors.

For holders of all Classes of Shares, there is normally no conversion charge by the Management Company. However, conversion charges may apply in some circumstances – see paragraphs 17 to 19 of Appendix A.

Instructions to Convert

Instructions for the conversion of Registered Shares should normally be given by completing the appropriate form which is available from the Transfer Agent or the local Investor Servicing team. Certain distributors may allow underlying investors to submit instructions for conversions through them for onward transmission to the Transfer Agent or the local Investor Servicing team. Instructions may also be given by fax or telephone or in writing to the Transfer Agent or the local Investor Servicing team. Conversion instructions must include the full name(s) and address of the holder(s), the name of the Fund, the Class (including whether it is the Distributing or Non-Distributing Share class), the value or number of Shares to be converted and the Fund to be converted into (and the choice of Dealing Currency of the Fund where more than one is available) and whether or not they are UK Reporting Fund status Shares.

Where the Funds to which a conversion relates have different Dealing Currencies, the currency will be converted at the relevant rate of exchange on the Dealing Day on which the conversion is effected.

Conversions may be suspended or deferred and an order for conversion into a Fund constituting over 5% of a Fund's value

may not be accepted, as described in paragraphs 29 and 31 of Appendix A, respectively.

Exchange Privilege through Merrill Lynch

Merrill Lynch may allow investors who have acquired Shares through it to exchange their Shares for shares with a similar charging structure of certain other funds, provided that such exchange is permitted by the Fund in question and provided that Merrill Lynch believes that an exchange is permitted under applicable law and regulations. Details of this exchange privilege can be obtained from Merrill Lynch financial advisors or any local Investor Servicing team.

Minimum Dealing & Holding Sizes

The Company may refuse to comply with redemption, conversion or transfer instructions if they are given in respect of part of a holding in the relevant Class of Shares which has a value of less than US\$1,000 or the approximate equivalent in the relevant Dealing Currency or if to do so would result in such a holding of less than US\$5,000 or the approximate equivalent (except for Class H Shares where the minimum is US\$50,000 or the approximate equivalent in value and for Class D Shares, Class I Shares, Class J Shares, Class L Shares, Class M Shares and Class X Shares where there is no required minimum once the initial subscription amount has been made). These minima may be varied for any particular case or distributor or generally. Details of any variations to the current minima shown above are available from the Transfer Agent or the local Investor Servicing team.

If as a result of a withdrawal, switch or transfer, a small balance of Shares, meaning an amount of or equivalent to US\$5 or less, is held by a shareholder, the Management Company shall have absolute discretion to realise this small balance and donate the proceeds to a UK registered charity selected by the Management Company.

Dividends

Dividend Policy

The Directors' current policy is to retain and reinvest all net income except for income attributable to the Distributing Share Classes. The Directors may determine if and to what extent dividends may include distributions from both net realised and net unrealised capital gains. Where dividends from certain share classes are paid from capital, Shareholders should note that such dividends may be taxable as income, depending on the local tax legislation, and should seek their own professional tax advice in this regard.

Where a fund has UK Reporting Fund status and reported income exceeds distributions made then the surplus shall be treated as a deemed dividend and will be taxed as income, subject to the tax status of the investor.

The frequency at which dividend payments are generally made is determined by the Fund type as described in the Section "Classes and Form of Shares".

Distributing Shares with alternative payment frequencies may be introduced at the Directors' discretion. Confirmation of additional distribution frequencies and the date of their availability can be obtained from the Company's registered office and the local Investor Servicing team. An updated list including such additional

Distributing Shares will be included in the next version of the Prospectus.

The Company may operate income equalisation with a view to ensuring that the level of net income accrued within a Fund and attributable to each Share is not affected by the issue, conversion or redemption of Shares during an accounting period.

Where an Investor buys Shares during an accounting period, the price at which those Shares were bought may be deemed to include an amount of net income accrued since the last distribution. The result is that, in relation to Distributing (M) Shares or Distributing (A) Shares, the first distribution which an Investor receives following purchase may include a repayment of capital. Accumulating Shares do not distribute income and so should not be impacted in the same way.

Where an Investor sells Shares during an accounting period the redemption price in relation to Distributing (M) Shares or Distributing (A) Shares may be deemed to include an amount of net income accrued since the date of the last distribution. Accumulating Shares do not distribute income and so should not be impacted in the same way.

Calculation of Dividends

The calculation method for each type is described below:

	Calculation Method
Distributing (D)	<p>The dividend is calculated daily based upon daily-accrued income less expenses, for the number of Shares outstanding on that day.</p> <p>At the discretion of the Directors, the dividend may also include distributions from both net realised and net unrealised capital gains.</p> <p>A cumulative monthly dividend is then distributed to shareholders based upon the number of Shares held and the number of days for which they were held during the period. Holders of Distributing (D) Shares shall be entitled to dividends from the date of subscription to the date of redemption.</p>
Distributing (M)	<p>The dividend is calculated monthly based upon income accrued during the dividend period less expenses.</p> <p>At the discretion of the Directors, the dividend may also include distributions from both net realised and net unrealised capital gains.</p> <p>The dividend is distributed to shareholders based upon the number of Shares held at the month end.</p>
Distributing (A)	<p>The dividend is calculated annually based upon income accrued during the dividend period less expenses.</p> <p>At the discretion of the Directors, the dividend may also include distributions from both net realised and net unrealised capital gains.</p> <p>The dividend is distributed to shareholders based upon the number of Shares held at the end of the annual period.</p>

Declaration, Payment of Reinvestment of Dividend

The chart below describes the declaration and payment of dividends and the reinvestment options available to shareholders.

Dividend Classification*	Declaration	Payment	Payment Method	Automatic Dividend Reinvestment
Distributing Shares (D)	Last Business Day of each calendar month in the Dealing Currency(ies) of the relevant Fund.	Within 1 calendar month of declaration to shareholders registered in the share register on the Business Day prior to the declaration date.	Dividends (where a shareholder has notified the local Investor Servicing team or on the application form) are paid directly into the shareholder's bank account by telegraphic transfer in the shareholder's chosen currency at the shareholder's cost (except as otherwise agreed by an underlying investor with his/her distributor).	Dividends will be automatically reinvested in further Shares of the same form of the same class of the same Fund, unless the shareholder requests otherwise either in writing to the local Investor Servicing team or on the application form.
Distributing Shares (M)		Within 1 calendar month of declaration to shareholders registered in the share register on the Business Day prior to the declaration date.		
Distributing Shares (A)	Last Business Day of each fiscal year in the Dealing Currency(ies) of the relevant Fund.	Within 1 calendar month of declaration to shareholders registered in the share register on the Business Day prior to the declaration date.		

* The options described in this chart will also apply to the respective class(es) of UK Reporting Fund status Shares.

Declarations and payment of dividends are announced in the d'Wort in Luxembourg.

No initial charge or CDSC is made on Class A or Class C Distributing Shares, respectively, issued by way of dividend reinvestment.

It should be borne in mind that re-invested dividends may be treated for tax purposes in some jurisdictions as income received by the shareholder. Investors should seek their own professional tax advice in this regard.

Fees, Charges and Expenses

Please also see Appendix F for a summary of fees and expenses applicable to each Fund.

Management Fees

The Company pays the management fees at an annual rate as shown in Appendix F. The level of management fee varies according to which Fund and share class the investor buys. These fees accrue daily, are based on the Net Asset Value of the relevant Fund and are paid monthly. Certain costs and fees are paid out of the management fee, including the fees of the Investment Advisers.

Performance Fees

In addition, a performance fee may be payable out of each Share Class of each Fund, in addition to other fees and expenses mentioned in this Prospectus. The performance fee accrues on each Valuation Day and is equal to 20 percent of the amount by which the net asset value per share return exceeds the appropriate benchmark return described in further detail in Appendix E.

Distribution Fees

The Company pays annual distribution fees as shown in Appendix F. These fees accrue daily, are based on the Net Asset Value of the relevant Fund (reflecting, when applicable, any adjustment to the Net Asset Value of the relevant Fund, as described in paragraph 16(c) of Appendix A) and are paid monthly.

Administration Fees

The Company pays an Administration Fee to the Management Company.

The level of Administration Fee may vary at the Directors' discretion, as agreed with the Management Company, and will apply at different rates across the various Funds and Share Classes issued by the Company. However, it has been agreed between the Directors and the Management Company that the Administration Fee currently paid shall not exceed 0.30% per annum. It is accrued daily, based on the Net Asset Value of the relevant Share Class and paid monthly.

The Directors and the Management Company set the level of the Administration Fee at a rate which aims to ensure that the total expense ratio of each Fund remains competitive when compared across a broad market of similar investment products available to investors in the Funds, taking into account a number of criteria such as the market sector of each Fund and the Fund's performance relative to its peer group.

The Administration Fee is used by the Management Company to meet all fixed and variable operating and administrative costs and expenses incurred by the Company, with the exception of the Custodian fees, Distribution fees and Securities Lending fees, plus any taxes thereon and any taxes at an investment or Company level.

These operating and administrative expenses include all third party expenses and other recoverable costs incurred by or on behalf of the Company from time to time, including but not limited to, fund accounting fees, transfer agency fees (including sub-transfer agency and associated platform dealing charges), all professional costs, such as consultancy, legal, tax advisory and audit fees, Directors' fees (for those Directors who are not employees of the BlackRock Group), travel expenses, reasonable out-of-pocket

expenses, printing, publication, translation and all other costs relating to shareholder reporting, regulatory filing and licence fees, correspondent and other banking charges, software support and maintenance, operational costs and expenses attributed to the Investor Servicing teams and other global administration services provided by various BlackRock Group companies.

The Management Company bears the risk of ensuring that the Fund's total expense ratio remains competitive. Accordingly the Management Company is entitled to retain any amount of the Administration Fee paid to it which is in excess of the actual expenses incurred by the Company during any period whereas any costs and expenses incurred by the Company in any period which exceed the amount of Administration Fee that is paid to the Management Company, shall be borne by the Management Company or another BlackRock Group company.

Initial Charge

On application for Shares an initial charge, payable to the Principal Distributor, of up to 5% in the case of Class A Shares and Class D Shares or 3% in the case of Class E Shares may be added to the price of such Shares.

Contingent Deferred Sales Charge

CDSC of 1% will be deducted from redemption proceeds and paid on redemption of all Class C Shares of all Funds and in respect of other Funds where stated in Appendix F unless the Shares are held for more than a year.

The Directors are entitled to levy a discretionary redemption charge on shareholders of all Classes of Shares where they believe that excessive trading is being practised.

On redemption of Class C Shares (and other Classes of Shares where applicable and where stated in Appendix F), the relevant CDSC rate is charged on the lower of (i) the price of the redeemed shares on the Dealing Day for redemption or (ii) the price paid by the shareholder for the original purchase of the redeemed shares or for the shares from which they were converted or exchanged, in either case calculated in the relevant Dealing Currency of the redeemed shares.

No CDSC will be levied on the redemption of Class C Shares (and other Classes of Shares where applicable and where stated in Appendix F) derived from reinvestment of dividends.

The CDSC is levied by reference to the "Relevant Holding Period", which is an aggregate of the periods during which (a) the redeemed shares, and (b) the shares from which they were derived (if any) as a result of conversion or exchange, were held in any Fund.

When the Relevant Holding Period exceeds one year no CDSC is payable in respect of the redeemed shares.

In cases where redeemed shares are only part of a larger holding of Class C Shares (and other Classes of Shares where applicable and where stated in Appendix F), any Shares acquired by dividend reinvestment will be redeemed first; and where the holding consists of Class C Shares (and other Classes of Shares where applicable and where stated in Appendix F) acquired at different times, it will be assumed that those acquired first are redeemed first (thus resulting in the lowest CDSC rate possible).

Where the redeemed shares have a different dealing currency to the Shares (or similar shares from which they were converted or exchanged originally purchased), for purposes of determining the CDSC the price paid for the latter will be converted at the spot exchange rate on the Dealing Day for redemption.

The CDSC may be waived or reduced by the relevant distributor at its discretion or for shareholders who, after purchasing Class C Shares (and other Classes of Shares where applicable and where stated in Appendix F), become US Persons and are required to redeem their Shares as a result (see paragraph 4 of Appendix A).

Conversion Charges

Conversion charges may be applied by selected distributors or on excessively frequent conversions. See paragraphs 17 to 19 of Appendix A for further details.

Redemption Charges

A redemption charge of 2% of the redemption proceeds can be charged to a shareholder at the discretion of the Directors where the Directors, in their reasonable opinion, suspect that shareholder of excessive trading as described in the Section "Excessive Trading Policy" of this Prospectus. This charge will be made for the benefit of the Funds, and shareholders will be notified in their contract notes if such a fee has been charged. This charge will be in addition to any applicable conversion charge or deferred sales charge.

Custodian Fee

The Custodian receives a fee in respect of each Fund. These fees are to remunerate the Custodian for safekeeping and transaction costs applicable to each Fund. These fees will vary in respect of each Fund depending on the value of assets under management and the volume of trading in that Fund.

For Funds which have low volume trading (less than 500 trades per month), the safekeeping fee which accrues daily, will range from 0.005% to 0.20% per annum and the transaction fees will range from US\$7 to US\$50 per transaction.

For Funds which engage in higher trading volumes, the Custodian will not charge separate safekeeping and transaction fees. The Custodian will receive a fee which will be charged on a sliding scale, based on the value of assets under management and the volume of trading within each Fund. These fees will range from 1 basis point to 15 basis points of assets under management of each Fund, depending on whether a particular Fund is considered to be a 'medium volume trading Fund' (between 501 and 1,500 trades per month) or 'high volume trading Fund' (greater than 1,500 trades per month).

Each of the Funds will also be subject to a minimum annual fee which will be set at either, US\$30,000 for a low volume trading Fund, US\$100,000 for medium volume trading Fund or US\$150,000 for high volume trading Fund.

Trading volumes for each Fund will vary according to the investment strategy of each Fund. The combined custody cost to each Fund will depend on its asset allocation and trading activity at any time.

The actual fees payable to the Custodian per Fund for each 12 month period will be set out in the Annual Report & Accounts.

Rebates

The Principal Distributor is entitled, at its sole discretion and without recourse or cost to the Company, to waive any initial charge, in whole or in part, or determine to make a rebate payment in respect of the payment of any fees charged in respect of any holding of Shares to any investor (including discounts on charges to directors and employees of the Principal Distributor and its affiliates in the BlackRock Group) or its distributors, authorised intermediaries or other agents in respect of any subscriptions for, redemption or holdings of, Shares.

Rebates of any annual management fee or distribution fee will not exceed the amount of the annual management fee or distribution fee for each Fund as set out in Appendix F and on average, will not be expected to exceed 50% of these fees.

The terms of any rebate will be agreed between the Principal Distributor and the relevant investor from time to time. If so required by applicable rules, the investor shall disclose to any underlying clients the amount of any rebate on the annual management fee it receives from the Principal Distributor. The Management Company shall also disclose to shareholders, upon request, details of any rebate paid by the Principal Distributor to an authorised intermediary in connection with a holding of Shares where the authorised intermediary has acted on behalf of that Shareholder. Payment of such rebates is subject to the Management Company and the Principal Distributor receiving their fees and charges from the Company.

Closures

If a Fund is closed at a time when any expenses previously allocated to that Fund have not been amortised in full, the Directors shall determine how the outstanding expenses should be treated, and may, where appropriate, decide that the outstanding expenses should be met by the Fund as a liquidation expense.

General

Over time, the different charging structures summarised above may result in Shares of different Classes of the same Fund, which were bought at the same time, producing different investment returns. In this context investors may also wish to consider the services provided by their distributor in relation to their Shares.

The Principal Distributor, is entitled to receive:

- ▶ the initial charge of up to 5% of the price of the Class A Shares issued, where levied;
- ▶ the initial charge of up to 5% of the price of the Class D Shares issued, where levied;
- ▶ the initial charge of up to 5% of the price of the Class H Shares issued, where levied;
- ▶ the initial charge of up to 5% of the price of the Class K Shares issued, where levied;
- ▶ the initial charge of up to 3% of the Net Asset Value of the Class E Shares issued, where levied;
- ▶ the initial charge of up to 3% of the Net Asset Value of the Class L Shares issued, where levied;

- ▶ the initial charge of up to 2% of the price of the Class M Shares issued, where levied;
- ▶ the CDSC on redemptions;
- ▶ the Management Company's charge on excessively frequent conversions of any Class of Shares (see paragraph 19 of Appendix A); and
- ▶ any distribution fees.

Taxation

The following summary is based on current law and practice, which is subject to change. The information given is not exhaustive and does not constitute legal or tax advice. Certain shareholders, such as dealers in securities, insurance companies and collective investment vehicles, may be taxed differently and are not considered below.

Investors should inform themselves of, and when appropriate consult their professional advisers on, the possible tax consequences of subscribing for, buying, holding, redeeming, converting or selling shares under the laws of their country of citizenship, residence or domicile.

Luxembourg

Under present Luxembourg law and practice, the Company is not liable to any Luxembourg income tax, net wealth tax or capital gains tax, nor are dividends paid by the Company subject to any Luxembourg withholding tax. However, Class A Shares, Class C Shares, Class D Shares, Class E Shares, Class H Shares, Class K Shares, Class L Shares and Class M Shares of the Company are liable to a tax in Luxembourg at a rate of 0.05% per annum and Class I Shares, Class J Shares and Class X Shares at a rate of 0.01% per annum of their Net Asset Value, payable quarterly on the basis of the value of the net assets of the respective Classes at the end of the relevant calendar quarter. No stamp duty or other tax is payable in Luxembourg on the issue of Shares.

The benefit of the 0.01% tax rate is available to Class I, Class J and Class X Shares on the basis of Luxembourg legal, regulatory and tax provisions as known to the Company at the date of this Prospectus and at the time of admission of subsequent investors. However, such assessment is subject to interpretations on the status of an institutional investor by any competent authorities as will exist from time to time. Any reclassification made by an authority as to the status of an investor may submit all Class I, Class J and Class X Shares to a tax of 0.05%. The benefit of the 0.01% tax rate may also be extended to money market funds or short duration bond funds, though currently the Company does not offer any Funds which meet these requirements.

Under Luxembourg tax law in force at the time of this prospectus, Shareholders are not subject to any capital gains, income, withholding, estate, inheritance or other taxes in Luxembourg (except for those domiciled, resident or having a permanent establishment in Luxembourg). Non-resident shareholders are not subject to tax in Luxembourg on any capital gain realized from January 1, 2011, upon disposal of shares held in the Company.

United Kingdom

The Company is not resident in the UK for tax purposes and it is the intention of the Directors to continue to conduct the affairs

of the Company so that it does not become resident in the UK. Accordingly it should not be subject to UK taxation (except in respect of income for which every investor is inherently subject to UK tax). Any gain realised by a UK resident shareholder on a disposal of Shares in the Company that have not obtained UK Reporting Fund status would be expected to be an 'offshore income gain' subject to tax at the rates applicable to income. UK residents are likely to be subject to income tax on any dividends declared in respect of such shares in the Company, even if they elect for such dividends to be reinvested.

Dividends from offshore funds received by investors subject to UK income tax will generally qualify for a non repayable dividend tax credit of 10% provided that the fund does not at any time during the distribution period hold more than 60% of its assets in interest-bearing (or economically similar) form. Basic rate taxpayers will have no further tax liability. Higher-rate and additional higher rate taxpayers will be charged an effective rate of tax of 25% and 36.1% respectively.

If the fund holds more than 60% of its assets in interest-bearing (or economically similar) form, any distribution received by UK investors who are subject to income tax will be treated as a payment of yearly interest and will not qualify for a dividend tax credit. The tax rates applying will be those applying to interest (section 378A ITTOIA 2005).

The attention of individuals ordinarily resident in the UK is drawn to sections 714 and 751 of the Income Tax Act 2007 which contains provisions for preventing avoidance of income tax by transactions resulting in the transfer of income to persons (including companies) abroad and may render them liable to taxation in respect of undistributed income and profits of the Company.

The provisions of section 13 TCGA 1992 may apply to a holding in the Company. Where at least 50% of the Shares are held by five or fewer participators, then any UK person who (together with connected parties) holds more than 10% of the Shares may be taxed upon his proportion of the chargeable gain realised by the Company as calculated for UK tax purposes.

Unless the shares held have UK Reporting Fund status, on the death of a UK resident and domiciled individual shareholder, the shareholder's estate may be liable to pay income tax on any accrued gain. Inheritance tax may be due on the value of the holding after deduction of income tax and subject to any available inheritance tax exemptions.

A UK corporate shareholder may be subject to UK taxation in relation to its holdings in the Company. It may be required to apply fair value accounting in respect of its shareholding in accordance with the provisions of Chapter 3 Part 6 Corporation Tax Act 2009 and any increases or decreases in the value of the Shares may be taken into account as receipts or deductions for corporation tax purposes.

Corporate investors should note the "controlled foreign companies" provisions in Chapter IV of Part XVII of the Income and Corporation Taxes Act 1988 (the "1988 Act"). These provisions could be material to any UK resident companies which, alone or together with certain associated persons, has at least a 25% interest in a non-resident company which is controlled by residents of the UK. The legislation is not directed towards the taxation of capital gains.

It is the intention of the Company that assets held by the Funds will generally be held for investment purposes and not for the purposes of trading. Even if Her Majesty's Revenue & Customs ("HMRC") successfully argued that a Fund is trading for UK tax purposes, it is expected that the conditions of the Investment Management Exemption ("IME") should be met, although no guarantee is given in this respect. Assuming that the requirements of the IME are satisfied, the Fund should not be subject to UK tax in respect of the profits / gains earned on its investments (except in respect of income for which every investor is inherently subject to UK tax). This is on the basis that the investments held by the Funds meet the definition of a "specified transaction" as defined in The Investment Manager (Specified Transactions) Regulations 2009. It is expected that the assets held by the Company should meet the definition of a "specified transaction", although no guarantee is given in this respect.

If the Company failed to satisfy the conditions of the IME or if any investments held are not considered to be a "specified transaction", this may lead to tax leakage within the Funds.

In addition to the above, if HMRC successfully argue that a Fund is trading for UK tax purposes, the returns earned by the Fund from its interest in the underlying assets may need to be included in the Fund's calculation of "income" for the purposes of computing the relevant amount to report to investors in order to meet the requirements for UK Reporting Fund status. However, it is considered that the investments held by the Funds should meet the definition of an "investment transaction" as defined by The Offshore Funds (Tax) Regulations 2009 ("the regulations") which came into force on 1 December 2009. Therefore, it is considered that these investments should be considered as "non-trading transactions" as outlined in the regulations. This assumption is on the basis that the Company meets both the "equivalence condition" and the "genuine diversity of ownership" condition as outlined in the regulations. On the basis that the Company is a UCITS fund, the first condition should be met. Shares in each of the Funds shall be widely available. The intended categories of investors for the Funds are retail and institutional investors. Shares in the Funds shall be marketed and made available sufficiently widely to reach the intended categories of investors, and in a manner appropriate to attract those categories of investors. On this basis the second condition should also be met.

UK Reporting Funds

In November 2009, the UK Government enacted Statutory Instrument 2009 / 3001 (The Offshore Funds (Tax) Regulations 2009) which provides for a new framework for the taxation of investments in offshore funds which operates by reference to whether a fund opts into a reporting regime ("UK Reporting Funds") or not ("Non-UK Reporting Funds"). Under the new regime, investors in UK Reporting Funds are subject to income tax on the share of the UK Reporting Fund's income attributable to their holding in the Fund, whether or not distributed, but any gains on disposal of their holding are subject to capital gains tax. The new regime has effect for accounting periods beginning on or after 1 December 2009.

The new UK Reporting Funds regime applies to the Company with effect from the accounting period commencing 1 June 2010.

The Directors have made a successful application for UK Reporting Fund status to apply to those share classes which previously had UK Distributor Status. The Directors may also choose to apply for

UK Reporting Fund status in respect of Funds which did not have UK Distributor Status.

A list of the Funds which currently have UK Reporting Fund status is available at www.blackrock.co.uk/reportingfundstatus

Provided reporting fund status is obtained, shareholders who are UK taxpayers (i.e. resident or ordinarily resident in the UK for tax purposes) will (unless regarded as trading in securities) have any gain realised upon disposal or conversion of the Company's Share treated as a capital gain which will be subject to UK capital gains tax. Otherwise any such gain would be treated as an offshore income gain subject to income tax. In the case of individuals domiciled for UK tax purposes outside the UK, the tax implications in relation to any gain on disposal will depend on whether or not the individual is subject to the remittance basis of taxation. Please note that the changes made in Finance Bill 2008 relating to the UK taxation of non-domiciled UK resident individuals are complex and therefore investors subject to the remittance basis of taxation should seek their own professional advice.

In accordance with Regulation 90 of the Offshore Funds (Tax) Regulations 2009, shareholder reports are made available within six months of the end of the reporting period at www.blackrock.co.uk/reportingfundstatus. The intention of the Offshore Fund Reporting regulations is that reportable income data shall principally be made available on a website accessible to UK investors. Alternatively, the shareholder may if they so require, request a hard copy of the reporting fund data for any given year. Such requests must be made in writing to the following address:

Head of Product Tax, BlackRock Investment Management (UK) Limited, 12 Throgmorton Avenue, London, EC2N 2DL.

Each such request must be received within three months of the end of the reporting period. Unless the fund manager is notified to the contrary in the manner described above, it is understood that investors do not require their report to be made available other than by accessing the appropriate website.

Foreign Account Tax Compliance Act ('FATCA')

The Hiring Incentives to Restore Employment Act (the "Hire Act") was signed into US law in March 2010. It includes provisions generally known as FATCA. The intention of these is that details of US investors holding assets outside the US will be reported by financial institutions to the IRS, as a safeguard against US tax evasion. As a result of the Hire Act, and to discourage non-US financial institutions from staying outside this regime, all US securities held by a financial institution that does not enter and comply with the regime will be subject to a US tax withholding of 30% on gross sales proceeds as well as income. This regime will be effective in phases between 1 July 2013 and 1 January 2015. The basic terms of the Hire Act currently appear to include the Company as a 'Financial Institution', such that in order to comply, the Company may require all shareholders to provide mandatory documentary evidence of their tax residence. However, the Hire Act grants the US Treasury Secretary extensive powers to relax or waive the requirements where an institution is deemed to pose a low risk of being used for the purposes of US tax evasion. The detailed regulations that are expected to define how widely those powers will in fact be exercised have not yet been published, and accordingly the Company cannot at this time accurately assess the extent of the requirements that FATCA may place upon it.

Shareholders, and intermediaries acting for prospective shareholders, should therefore take particular note that – as further outlined in Appendix A, Section “Company Practice” – that it is the existing policy of the Company that US Persons may not invest in the Funds, and that investors who become US Persons are liable to compulsory redemption of their holdings. Further, under the FATCA legislation, the definition of a US reportable account will include a wider range of investors than the current US Person definition. The Directors may therefore resolve, once further clarity about the implementation and impact of FATCA becomes available, that it is the interests of the Company to widen the class of investors prohibited from further investing in the Funds and to make proposals regarding existing investor holdings that fall within the wider FATCA definition.

Generally

Dividends and interest received by the Company on its investments may be subject to withholding taxes in the countries of origin which are generally irrecoverable as the Company itself is exempt from income tax. Recent European Union case law may, however, reduce the amount of such irrecoverable tax.

Investors should inform themselves of, and when appropriate consult their professional advisers on, the possible tax consequences of subscribing for, buying, holding, redeeming, converting or selling Shares under the laws of their country of citizenship, residence or domicile. Investors should note that the levels and bases of, and reliefs from, taxation can change.

Under current Luxembourg tax law and subject to the application of the laws dated 21 June 2005 (the “Laws”) implementing Council Directive 2003/48/EC on the taxation of savings income (the “EUSD”), there is no withholding tax on payments made by the Company or its paying agent to the shareholders.

Under the Laws, a Luxembourg-based paying agent (within the meaning of the EUSD) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State of the European Union (“EU”) or an entity in the sense of Article 4.2. of the EUSD (“Residual Entities”), established in another Member State of the EU, unless the beneficiary of the interest payments elects for an exchange of information or for the tax certificate procedure. The same regime applies to payments to individuals or Residual Entities resident in any of the following EU dependent or associated territories: Netherlands Antilles, Aruba, Guernsey, Jersey, the Isle of Man, Montserrat and the British Virgin Islands.

The withholding tax rate is 35% as from 1 July 2011. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

Interest as defined by the Laws and the EUSD encompasses income realised upon the sale, refund, redemption of shares or units held in certain funds of the Company if, under its investment policy or, in the absence of a clear investment policy, under the real composition of the funds’ investment portfolio, said funds invest, directly or indirectly, more than 25% of their assets in debt claims, as well as any income distributed by said funds where the investment in debt claims of such funds exceeds 15% of their assets. Subject to the 15% and/or 25% thresholds being

reached, a withholding tax could thus apply when a Luxembourg-based paying agent makes payments available on account of a dividend distribution (a reinvested dividend is considered dividend distribution) and/or a redemption or refund of Shares (including redemption in kind) to the immediate benefit of a Shareholder who is an individual or a Residual Entity residing in another EU Member State or in certain EU dependent or associated territories.

Investors should note that the European Commission made proposals to amend the EUSD. If implemented, the proposed amendments would, inter alia, extend the scope of the EUSD to (i) payments made through certain intermediate structures (whether or not established in a Member State) for the ultimate benefit of an EU resident individual, and (ii) a wider range of income similar to interest.

Meetings and Reports

Meetings

The annual general meeting of shareholders of the Company is held in Luxembourg at 11 a.m. (Luxembourg time) on 20 November each year (or if such day is not a Business Day in Luxembourg, on the next following Business Day in Luxembourg). Other general meetings of shareholders will be held at such times and places as are indicated in the notices of such meetings. Notices are sent to registered shareholders and (when legally required) published in such newspapers as decided by the Board of Directors and in the *Recueil des Sociétés et Associations du Mémorial* in Luxembourg.

Reports

Financial periods of the Company end on 31 May each year. The annual report containing the audited financial accounts of the Company and of each of the Funds in respect of the preceding financial period is available within four months of the relevant year-end. An unaudited interim report is available within two months of the end of the relevant half-year. Copies of all reports are available upon request at the registered office of the Company and from the local Investor Servicing teams. Registered shareholders will be sent a personal statement of account twice-yearly.

Appendix A – Summary of Certain Provisions of the Articles and of Company Practice

Articles of Association

1. Terms used in this summary that are defined in the Articles have the same meaning below.
 - (a) **Corporate Existence**
The Company is a company existing in the form of a société anonyme qualifying as a société d'investissement à capital variable (SICAV) under the name of BlackRock Strategic Funds with the status of a Part I Undertaking for Collective Investment in Transferable Securities (UCITS).
 - (b) **Sole Object**
The sole object of the Company is to place the funds available to it in one or more portfolios of transferable securities or other assets referred to in Article 41(1) of the 2010 Law, referred to as "Funds", with the purpose of spreading investment risks and affording to its shareholders the results of the management of the Company's Funds.
 - (c) **Capital**
The capital is represented by fully paid Shares of no par value and will at any time be equal to the aggregate value of the net assets of the Funds of the Company. Any variation of the Company's capital has immediate effect.
 - (d) **Fractions**
Fractions of Shares may be issued only as Registered Shares.
 - (e) **Voting**
In addition to the right to one vote for each whole Share of which he is the holder at general meetings, a holder of Shares of any particular Class will be entitled at any separate meeting of the holders of Shares of that Class to one vote for each whole Share of that Class of which he is the holder.
 - (f) **Joint Holders**
The Company will register Registered Shares jointly in the names of not more than four holders should they so require. In such case the rights attaching to such a Share must be exercised jointly by all those parties in whose names it is registered except that verbal instructions will be accepted by the Company from any one joint holder in cases where verbal instructions are permitted pursuant to provisions of this Prospectus. Written instructions will be accepted by the Company from any one joint holder where all the holders have previously given written authority to the Transfer Agent or the local Investor Servicing team to accept those instructions. Instructions accepted on either of such bases will be binding on all the joint holders concerned.
 - (g) **Allotment of Shares**
The Directors are authorised without limitation to allot and issue Shares at any time at the current price per Share without reserving preferential subscription rights to existing shareholders.
 - (h) **Directors**
The Articles provide for the Company to be managed by a board of Directors composed of at least three persons. Directors are elected by the shareholders. The Directors are vested with all powers to perform all acts of administration and disposition in the Company's interest. In particular the Directors have power to appoint any person to act as a functionary to the Fund.

No contract or other transaction between the Company and any other company or firm shall be affected or invalidated by the fact

that any one or more of the Directors or officers of the Company is interested in, or is a director, associate, officer or employee of, that other company or firm.

- (i) **Indemnity**
The Company may indemnify any Director or officer against expenses reasonably incurred by him in connection with any proceedings to which he may be made a party by reason of such position in the Company or in any other company of which the Company is a shareholder or creditor and from which he is not entitled to be indemnified, except where due to gross negligence or wilful misconduct on his part.
- (j) **Winding up and Liquidation**
The Company may be wound up at any time by a resolution adopted by a general meeting of shareholders in accordance with the provisions of the Articles. The Directors must submit the question of the winding up of the Company to a general meeting of shareholders if the corporate capital falls below two-thirds of the minimum capital prescribed by law (the minimum capital is currently the equivalent of €1,250,000).

On a winding up, assets available for distribution amongst the shareholders will be applied in the following priority:
 - (i) first, in the payment of any balance then remaining in the relevant Fund to the holders of Shares of each Class linked to the Fund, such payment being made in accordance with any applicable rights attaching to those Shares, and otherwise in proportion to the total number of Shares of all the relevant Classes held; and
 - (ii) secondly, in the payment to the holders of Shares of any balance then remaining and not comprised in any of the Funds, such balance being apportioned as between the Funds pro rata to the Net Asset Value of each Fund immediately prior to any distribution to shareholders on a winding up, and payment being made of the amounts so apportioned to the holders of Shares of each Class linked to that Fund in such proportions as the liquidators in their absolute discretion think equitable, subject to the Articles and Luxembourg law.

Liquidation proceeds not claimed by shareholders at close of liquidation of a Fund will be deposited at the Caisse de Consignation in Luxembourg and shall be forfeited after thirty years.
- (k) **Unclaimed Dividends**
If a dividend has been declared but not paid, and no claim has been made for such dividend within a period of five years, the Company is entitled under Luxembourg law to declare the dividend forfeited for the benefit of the Fund concerned. The Directors have, however, resolved as a matter of policy not to exercise this right for at least twelve years after the relevant dividend is declared. This policy will not be altered without the sanction of the shareholders at a general meeting.

Company Practice

Restrictions on Holding of Shares

2. Shares will be divided into Classes each linked to a Fund. More than one Class of Shares may be linked to a Fund, although, not all Share Classes are linked to each Fund. There are twenty-two Classes of Shares altogether. Those Share Classes are: (Class A Distributing, Class A Non-Distributing, Class C Distributing, Class C Non-Distributing, Class D Distributing, Class D Non-Distributing, Class E Distributing, Class E Non-Distributing, Class H Distributing, Class H Non-Distributing, Class I Distributing, Class I

Non-Distributing, Class J Distributing, Class J Non-Distributing, Class K Distributing, Class K Non-Distributing, Class L Distributing, Class L Non-Distributing, Class M Distributing, Class M Non-Distributing and Class X Non-Distributing, Class X Distributing Shares). They have no preferential or pre-emption rights and are freely transferable, save as referred to below. Non-Distributing Shares are referred to using the number 2. Distributing Shares are referred to using the numbers 1 (distributing daily), 3 (distributing monthly) and 4 (distributing annually). See the section entitled “Classes and Form of Shares” for further details.

3. The Directors may impose or relax restrictions (including restrictions on transfer and/or the requirement that Shares be issued only in registered form) on any Shares or Class of Shares (but not necessarily on all Shares within the same Class) as they may think necessary to ensure that Shares are neither acquired nor held by or on behalf of any person in circumstances giving rise to a breach of the laws or requirements of any country or governmental or regulatory authority on the part of that person or the Company, or which might have adverse taxation or other pecuniary consequences for the Company, including a requirement to register under any securities or investment or similar laws or requirements of any country or authority. The Directors may in this connection require a shareholder to provide such information as they may consider necessary to establish whether he is the beneficial owner of the Shares that he holds. In addition to the foregoing, the Directors may determine to restrict the issue of shares when it is in the interests of the Fund and/or its shareholders to do so, including when the Company or any Fund reaches a size that could impact the ability to find suitable investments for the Company or Fund. The Directors may remove such restriction at their discretion.

If the Company becomes aware that any Shares are owned directly or beneficially by any person in breach of any law or requirement of a country or governmental or regulatory authority, or otherwise in the circumstances referred to in this paragraph, the Directors may require the redemption of such Shares, decline to issue any Share and register any transfer of any Share or decline to accept the vote of any person who is precluded from holding Shares at any meeting of the shareholders of the Company.

4. The Directors have resolved that no US Persons will be permitted to own Shares. The Directors have resolved that “US Person” means any US resident or other person specified in Regulation S under the US Securities Act of 1933 as amended from time to time and as may be further supplemented by resolution of the Directors.

If a shareholder currently resident outside the US becomes resident in the US (and consequently comes within the definition of a US Person), that shareholder will be required to redeem its Shares. All US residents and citizens should note the requirements of the Foreign Account Tax Compliance Act (“FATCA”), please see “Taxation” section above.

Funds and Classes of Shares

5. The Company operates separate investment “Funds” and within each Fund separate Classes of Shares are linked to that Fund. Pursuant to Article 181 of the 2010 Law, each Fund is only liable for the liabilities attributable to it.
6. Shares may be issued with or have attached thereto such preferred, deferred or other special rights, or such restrictions whether in regard to dividend, return of capital, conversion, transfer, the price payable on allotment or otherwise as the Directors may from time to time determine and such rights or restrictions need not be attached to all Shares of the same Class.
7. The Directors are permitted to create more than one Class of Share linked to a single Fund. This allows, for example, the creation of accumulation and distribution Shares, Shares with different dealing currencies or Classes of Shares with different features as regards

participation in capital and/or income linked to the same Fund; and also permits different charging structures. The Directors are also permitted, at any time, to close a particular Class of Shares, or, subject to at least 30 days’ prior notice to the shareholders of the relevant Class, to decide to merge such Class with another Class of Shares of the same Fund. The Articles provide that certain variations of the rights attached to a Class of Shares may only be made with the sanction of a Class meeting of holders of Shares of that Class.

8. The Directors may require redemption of all the Shares linked to a particular Fund if the Net Asset Value of the relevant Fund falls below US\$50 million (or the equivalent in any relevant Dealing Currency). The Articles also permit the Directors to notify shareholders of the closure of any particular Fund where they deem it in the interests of the shareholders or appropriate because of changes in the economic or political situation affecting the Fund but in such circumstances the Directors intend as a matter of policy to offer holders of any Class of Shares a free transfer into the same Class of Shares of other Funds. As an alternative, subject to at least 30 days’ prior notice to holders of Shares of all Classes of the relevant Fund, the Directors may arrange for a Fund to be merged with another Fund of the Company or with another Luxembourg UCITS. Any such merger will be binding on the holders of the Shares of the Classes of that Fund.

A Fund may be terminated or merged in circumstances other than those mentioned above with the consent of a majority of the Shares present or represented at a meeting of all shareholders of the Classes of Shares of that Fund (at which no quorum requirement will apply). Where a Fund is terminated the redemption price payable on termination will be calculated on a basis reflecting the realisation and liquidation costs on terminating the Fund. Where a Fund is merged the redemption price payable on a merger will only reflect disinvestment costs.

The Directors have power to suspend dealings in the Shares linked to any Fund where it is to be terminated or merged in accordance with the above provisions. Such suspension may take effect at any time after the notice has been given by the Directors as mentioned above or, where the termination or merger requires the approval of a meeting of holders, after the passing of the relevant resolution. Where dealings in the Shares of the Fund are not suspended, the prices of Shares may be adjusted to reflect the anticipated realisation and liquidation costs or disinvestment costs mentioned above.

Valuation Arrangements

9. Under the Articles, for the purpose of determining the issue and redemption price per Share, the net asset value of Shares shall be determined as to the Shares of each Class of Share by the Company from time to time, but in no instance less than twice monthly, as the Directors may direct.
10. The Directors’ policy is normally to deal with requests received before 12 noon Luxembourg time on a Dealing Day on that day; other requests are normally dealt with on the next Dealing Day.

Net Asset Value and Price Determination

11. All prices for transactions in Shares on a Dealing Day are based on the Net Asset Value per Share of the Class of Shares concerned, as shown by a valuation made at a time or times determined by the Directors. The Directors currently operate “forward pricing” for all Funds and Classes of Share, i.e., prices are calculated after the closing time for acceptance of orders (see Section “Dealing in Fund Shares”). Prices in respect of a Dealing Day are normally published on the next Business Day for daily dealing funds and on the second Business Day for weekly and fortnightly dealing funds. Neither the Company nor the Custodian nor the Fund Accountant can accept any responsibility for any error in publication, or for non-publication of prices or for any inaccuracy of prices so published or quoted. Notwithstanding any price quoted by the Company, by the Custodian,

- by the Fund Accountant or by any distributor, all transactions are effected strictly on the basis of the prices calculated as described above. If for any reason such prices are required to be recalculated or amended, the terms of any transaction effected on the basis of them will be subject to correction and, where appropriate, the investor may be required to make good any underpayment or reimburse any overpayment as appropriate. Periodic valuations of holdings in any Fund or Class of Shares may be supplied by arrangement with the Transfer Agent or the local Investor Servicing teams.
12. The Net Asset Value of each Fund, calculated in its Base Currency, is determined by aggregating the value of securities and other assets of the Company allocated to the relevant Fund and deducting the liabilities of the Company allocated to that Fund. The Net Asset Value per Share of the Classes of Shares of a particular Fund will reflect any adjustment to the Net Asset Value of the relevant Fund described in paragraph 16(c) below and will differ as a result of the allocation of different liabilities to those Classes (see Section "Fees, Charges and Expenses") and as a result of dividends paid.
 13. The value of all securities and other assets forming any particular Fund's portfolio is determined by last known prices upon close of the exchange on which those securities or assets are traded or admitted for trading. For securities traded on markets closing after the time of the valuation, last known prices as of this time or such other time may be used. If net transactions in Shares of the Fund on any Dealing Day exceed the threshold referred to in paragraph 16(c) below, then additional procedures apply. The value of any securities or assets traded on any other regulated market is determined in the same way. Where such securities or other assets are quoted or dealt in on or by more than one stock exchange or regulated market the Directors may in their discretion select one of such stock exchanges or regulated markets for such purposes.
 14. If a security is not traded on or admitted to any official stock exchange or any regulated market, or in the case of securities so traded or admitted the last known price is not considered to reflect their true value, the Directors will value the securities concerned with prudence and in good faith on the basis of their expected disposal or acquisition price. Cash, bills payable on demand and other debts and prepaid expenses are valued at their nominal amount, unless it appears unlikely that such nominal amount is obtainable.
 15. If in any case a particular value is not ascertainable by the methods outlined above, or if the Directors consider that some other method of valuation more accurately reflects the fair value of the relevant security or other asset for the purpose concerned, the method of valuation of the security or asset will be such as the Directors in their absolute discretion decide. Discrepancies in value of securities may result where the underlying markets are closed for business at the time of calculating the net asset value of certain Funds. The Directors may set specific thresholds, that where exceeded, result in adjustment to the value of these securities to their fair value by applying a specific index adjustment.
 16. (a) Under current procedures adopted by the Directors the price for all Classes of Shares of any Fund is the Net Asset Value per relevant Class of that Fund calculated to the nearest currency unit of the relevant Dealing Currency.
 - (b) For those funds with more than one Dealing Currency, the additional Dealing Currency prices are calculated by converting the price at the relevant spot exchange rate at the time of valuation.
 - (c) The Directors may adjust the Net Asset Value per Share for a Fund in order to reduce the effect of "dilution" on that Fund. Dilution occurs when the actual cost of purchasing or selling the underlying assets of a Fund, deviates from the carrying value
- of these assets in the Fund's valuation due to dealing charges, taxes and any spread between the buying and selling prices of the underlying assets. Dilution may have an adverse effect on the value of a Fund and therefore impact Shareholders. By adjusting the Net Asset Value per Share this effect can be reduced or prevented and Shareholders can be protected from the impact of dilution. The Directors may adjust the Net Asset Value of a Fund if on any Dealing Day the aggregate transactions in Shares of all Classes of that Fund result in a net increase or decrease of Shares which exceeds a threshold set by the Directors from time to time for that Fund (relating to the cost of market dealing for that Fund). In such circumstances the Net Asset Value of the relevant Fund may be adjusted by an amount (not exceeding 1.50%, or 3% in the case of bond Funds, of that Net Asset Value) which reflects the dealing costs that may be incurred by the Fund and the estimated bid/offer spread of the assets in which the Fund invests. In addition, the Directors may agree to include anticipated fiscal charges in the amount of the adjustment. These fiscal charges vary from market to market and are currently expected not to exceed 2.5% of that Net Asset Value. The adjustment will be an addition when the net movement results in an increase of all Shares of the Fund and a deduction when it results in a decrease. As certain stock markets and jurisdictions may have different charging structures on the buy and sell sides, the resulting adjustment may be different for net inflows than for net outflows. Where a Fund invests substantially in government bonds or money market securities, the Directors may decide that it is not appropriate to make such an adjustment. Shareholders should note that due to adjustments being made to the Net Asset Value per Share, the volatility of a Fund's Net Asset Value per Share may not fully reflect the true performance of the Fund's underlying assets.
- Conversion**
17. The Articles allow the Directors on issuing new Classes of Shares to impose such rights of conversion as they determine, as described in paragraph 6 above. The basis of all conversions is related to the respective Net Asset Values per Share of the relevant Class of the two Funds concerned.
 18. The Directors have determined that the number of Shares of the Class into which a shareholder wishes to convert his existing Shares will be calculated by dividing (a) the value of the number of Shares to be converted, calculated by reference to the Net Asset Value per Share by (b) the Net Asset Value per Share of the new Class. This calculation will be adjusted where appropriate by the inclusion of a conversion charge (see Section "Fees Charges and Expenses") or a delayed initial charge on Class A, Class D or Class E Shares (see Section "Fees Charges and Expenses"). No conversion charge will be made when a delayed initial charge is payable. If applicable, the relevant exchange rate between the relevant Dealing Currencies of the Shares of the two Funds will be applied to the calculation.

The Net Asset Value(s) per Share used in this calculation may reflect any adjustment(s) to the Net Asset Value(s) of the relevant Fund(s) described in paragraph 16(c) above.
 19. Conversions are permitted between different Classes of Shares of the same Fund or of different Funds, subject to the limitations set out under the Section "Switching Between Funds and Share Classes" and provided investors and/or the holding (as appropriate) meet the specific eligibility criteria for each Share Class set out above (see "Classes and Form of Shares").

Selected distributors may impose a charge on each conversion of those Shares acquired through it, which will be deducted at the time of conversion and paid to the relevant distributor. While other conversions between the same Class of Shares of two Funds are normally free of charge, the Management Company may, at its

discretion (and without prior notice), make an additional conversion charge which would increase the amount paid to up to 2% if excessively frequent conversions are made. Any such charges will be deducted at the time of conversion and paid to the relevant distributor or the Principal Distributor (as applicable).

The Directors reserve the right to waive or vary these requirements and also to amend their policy if they consider it appropriate to do so, either generally or in particular circumstances.

Settlement on Redemptions

20. The Company reserves the right to extend the period of payment of redemption proceeds to such period, not exceeding eight Business Days, as shall be necessary to repatriate proceeds of the sale of investments in the event of impediments due to exchange control requirements or similar constraints in the markets in which a substantial part of the assets of the Company are invested or in exceptional circumstances where the liquidity of the Company is not sufficient to meet the redemption requests.

In addition, the redemption price may be payable in specie as explained in paragraph 22 below.

Failure to meet money laundering prevention requirements may result in the withholding of redemption proceeds.

In Specie Applications and Redemptions

21. Shares of the Company may be allotted as consideration for the vesting in the Company of securities acceptable to it and having a value (after deducting any relevant charges and expenses) equal to the price payable for the Shares. Such securities will be independently valued in accordance with Luxembourg law by a special report of an independent auditor, such report being deposited with the Register of Commerce and Companies of Luxembourg.
22. The obligation to pay redemption proceeds may also be satisfied by payment in specie by allocating to the holder (subject to their prior consent) investments from the portfolio of the relevant Fund equal in value (calculated in the manner referred to in paragraphs 13 and 14 above) to the price of the relevant Shares to be redeemed (net of any applicable CDSC in the case of Class C Shares and other Classes of Shares where applicable and where stated in Appendix F). The nature and type of asset to be transferred in such case will be determined on an equitable basis and without prejudicing the interests of the other holders of Shares of the same Class, and the valuations used will be confirmed by a special report of an independent auditor, deposited with the Register of Commerce and Companies of Luxembourg. In specie applications and redemptions may attract transaction taxes depending on the assets in question. In the case of an in specie redemption these taxes will be at the charge of the investor. Investors should inform themselves of, and when appropriate consult their professional advisers on, the possible tax consequences of redeeming their Share holding in this way, under the laws of their country of citizenship, residence or domicile. Investors should note that the levels and bases of, and relief from, taxation can change.

Dealings in Shares by the Principal Distributor

23. The Principal Distributor, may as principal acquire and hold Shares and may at its sole discretion satisfy, in whole or in part, an application or request for the issue, redemption or conversion of such Shares by selling Shares to and/or buying them from the applicant, as appropriate, provided that the applicant consents to such transaction. Shareholders will be deemed to have consented to deal with the Principal Distributor unless they have expressly informed the Transfer Agent or the local Investor Servicing teams to the contrary. Any such transaction will be effected on the same terms as to price and settlement as would have applied in the case of a corresponding issue, redemption or conversion of Shares (as relevant) by the

Company. The Principal Distributor is entitled to retain any benefit arising from these transactions.

Default in Settlement

24. Where an applicant for Shares fails to pay settlement monies on subscription or to provide a completed application form for an initial application by the due date, the Directors may, in accordance with the Company's Articles, cancel the allotment or, if applicable, redeem the Shares. Redemption or conversion instructions may be refused or treated as though they have been withdrawn if payment for the Shares has not been made or a completed initial application form has not been received by the Company. In addition, no dealings will be effected following a conversion instruction and no proceeds will be paid on a redemption until all documents required in relation to the transaction have been provided to the Company. **An applicant may be required to indemnify the Company or, as described below, the Principal Distributor against any losses, costs or expenses incurred directly or indirectly as a result of the applicant's failure to pay for Shares applied for or to lodge the required documents by the due date.**

In computing any losses covered under this paragraph 24, account shall be taken, where appropriate, of any movement in the price of the Shares concerned between the transaction date and cancellation of the transaction or redemption of the Shares, and of the costs incurred by the Company or, if applicable, the Principal Distributor in taking proceedings against the applicant.

The Principal Distributor has agreed to exercise its discretion to take steps to avoid the Company suffering losses as a result of late settlement by any applicant. In cases where payment for Shares is not made on a timely basis, the Principal Distributor may assume ownership of the Shares and it shall also have the right to give instructions to the Company to make any consequent alterations in its register of shareholders, delay the completion of the relevant transaction, redeem the Shares in question, claim indemnification from the applicant and/or take proceedings to enforce any applicable indemnity, all to the same extent that the Company itself may do so.

The Company has instructed the Custodian that any interest benefit that may arise as a result of the early settlement of Share subscriptions and late clearance of redemption proceeds may be set off against any interest obligation that the Principal Distributor may incur as a result of its arrangements to protect the Company from losses from the late settlement of Share subscriptions. The Principal Distributor will benefit from interest earned on any balances held in client money accounts. No interest is paid to shareholders by the Principal Distributor in respect of amounts relating to individual transactions.

Compulsory Redemption

25. If at any time the Net Asset Value of the Company is less than US\$100 million (or equivalent), all Shares not previously redeemed may be redeemed by notice to all shareholders. There is a similar power to redeem Shares of any Class if the Net Asset Value of the Fund to which that Class is linked falls below US\$50 million (or equivalent), or in the circumstances described in paragraphs 3, 4 and 8 above.

Limits on Redemption and Conversion

26. The Company will not be bound to redeem or convert on any one Dealing Day more than 10% of the value of Shares of all Classes of a Fund then in issue or deemed to be in issue, as described in paragraph 29 below.

Suspension and Deferrals

27. Valuations (and consequently issues, redemptions and conversions) of any Class of Shares of a Fund may be suspended in certain circumstances including:

- ▶ the closure (otherwise than for ordinary holidays) of or suspension or restriction of trading on any stock exchange or market on which are quoted a substantial proportion of the investments held in that Fund;
 - ▶ the existence of any state of affairs which constitutes an emergency as a result of which disposals or valuation of assets owned by the Company attributable to such Class of Shares would be impracticable;
 - ▶ any breakdown in the means of communication normally employed in determining the price or value of any of the investments of such Class of Shares or the current price or values on any stock exchange or other market;
 - ▶ any period when the Company is unable to repatriate funds for the purpose of making payments on the redemption of such Shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of shares cannot in the opinion of the directors be effected at normal rates of exchange;
 - ▶ any period when the net asset value per share of any subsidiary of the Company may not be accurately determined;
 - ▶ where notice has been given or a resolution passed for the closure or merger of a Fund as explained in paragraph 8;
 - ▶ in respect of a suspension of the issuing of Shares only, any period when notice of winding up of the Company as a whole has been given;
 - ▶ in addition, in respect of Funds that invest a substantial amount of assets outside the European Union, the Management Company may also take into account whether local relevant exchanges are open and may elect to treat such closures (including ordinary holidays) as non Business Days for those Funds. Please see definition of Business Day in the Glossary.
28. Each period of suspension shall be published, if appropriate, by the Company. Notice will also be given to any shareholder lodging a request for redemption or conversion of Shares.
29. The Company will also not be bound to accept instructions to subscribe for, and will be entitled to defer instructions to redeem or convert any Shares of a Fund on any one Dealing Day if there are redemption or outgoing conversion orders that day for all Classes of Shares of that Fund with an aggregate value exceeding a particular level (currently fixed at 10%) of the approximate value of that Fund. In addition, the Company may defer redemptions and conversions in exceptional circumstances that may, in the opinion of the Directors, adversely affect the interests of holders of any Class or Classes of Shares of that Fund. In either case, the Directors may declare at their discretion that redemptions and conversions will be deferred until the Company has executed, as soon as possible, the necessary realisation of assets out of the Fund concerned or until the exceptional circumstances cease to apply. Redemptions and conversions so deferred will be done on a pro rata basis and will be dealt with in priority to later requests.
30. During a period of suspension or deferral a shareholder may withdraw his request, in respect of any transaction which is deferred or suspended, by notice in writing to the Company. Such notice will only be effective if received before the transaction is effected.

Shareholders may not redeem a holding of the Company's Shares unless and until cleared funds have been received by the Company in respect of that holding.

Transfers

31. The transfer of Registered Shares may normally be effected by delivery to the Transfer Agent of an instrument of transfer in appropriate form. If a transfer or transmission of Shares results in a holding on the part of the transferor or the transferee having a value of less than a prescribed minimum the Directors may require the holding to be redeemed. The current minimum is US\$5,000 or equivalent except for Class D Shares where the minimum is US\$500,000, Class H Shares where the minimum is US\$50,000 and Class I Shares and Class X Shares where the minimum is US\$10 million or the approximate equivalent in value.

Probate

32. Upon the death of a shareholder, the Directors reserve the right to require the provision of appropriate legal documentation to evidence the rights of the shareholder's legal successor.

Dividends

33. The Articles impose no restriction on dividends other than the requirement to maintain the statutory minimum level of capital (currently the equivalent of €1,250,000). The Directors have the power to pay interim dividends in respect of any Fund. The current dividend policy of the Directors is explained in the Section "Dividends".

Changes of Policy or Practice

34. Except as otherwise provided in the Articles, and subject to any legal or regulatory requirements, the Directors reserve the right to amend any practice or policy stated in this Prospectus. The Management Company may, in the interests of shareholders and subject to the discretion of the Directors, vary or waive the operational procedures of the Company.

Intermediary Arrangements

35. Where Shares are issued by the Company to financial institutions (or their nominees) which act as intermediaries, the benefits and obligations described in the Prospectus may be applied by the Company to each of the intermediary's clients as if such client were a direct shareholder.

Appendix B – Additional Information

History of the Company

1. The Company is registered under Number B. 127481 at the Register of Commerce and Companies of Luxembourg where its Articles of Association are available for inspection and where copies thereof may be obtained upon request (and see also paragraph 24 below).
2. The Company's constitution is defined in the Articles. The original Articles were published in the Recueil des Sociétés et Associations du Mémorial (the "Mémorial") of the Grand-Duchy of Luxembourg on 25 May 2007.
3. The Company was incorporated on 2 May 2007 under Part I of the law of 20 December 2002 that implemented Directives 2001/107/EC and 2001/108/EC.
4. On 4 May 2007 the Company has appointed BlackRock (Luxembourg) S.A. as its management company.
5. Shares are offered solely on the basis of this Prospectus.

Directors' Remuneration and Other Benefits

6. There are existing or proposed service contracts in place between some of the Directors and the Company. The Articles contain no express provision governing the remuneration (including pension or other benefits) of the Directors. The Directors receive fees and out-of-pocket expenses from the Company. For Directors who are not employees of the BlackRock Group the annual fees received by them are disclosed in the annual report of the Company.

Auditor

7. The Company's auditor is Deloitte S.A. of 560, rue de Neudorf, L-2220 Luxembourg.

Administrative Organisation

8. The Investment Advisers

The Management Company is entitled to delegate its investment management functions to any of its subsidiaries or associates and, any other person. The Management Company has delegated some functions to the Investment Advisers, BlackRock Financial Management, Inc., BlackRock Institutional Trust Company N.A., BlackRock Investment Management, LLC, BlackRock Investment Management (UK) Limited and BlackRock (Singapore) Limited as described in the Section "Investment Management of Funds". In the case of certain Funds, BlackRock Investment Management (UK) Limited has in turn sub-delegated some functions to BlackRock Japan Co., Ltd. whose registered office is at Nihonbashi 1-chome Building, 1-4-1, Nihonbashi, Chuo-ku, Tokyo 103-0027, Japan and to BlackRock (Hong Kong) Limited, whose registered office is at 16/F Cheung Kong Center, 2 Queen's Road, Central, Hong Kong.

9. The Principal Distributor

The Principal Distributor, incorporated with limited liability in Jersey on 10th August 1972 for an unlimited period, has an issued and fully paid-up share capital of £530,000. The directors of the Principal Distributor are: Mr. D. McSporran, Mr. G.D. Bamping, Mr. F.P. Le Feuvre, Mr. R.E.R. Rumboll and Mr. I A.Webster.

The registered office of the Principal Distributor is at Forum House, Grenville Street, St. Helier, Jersey JE1 0BR, Channel Islands. The Principal Distributor is regulated by the Jersey Financial Services Commission.

10. Investor Servicing

The Management Company has entered into an Agreement with various BlackRock Group companies for the provision of dealing facilities and related investor support functions.

11. The Custodian

The Company has entered into a Custodian Agreement with the Custodian whereby the Custodian has agreed to act as custodian of the assets of the Company and to assume the functions and responsibilities of a custodian under the 2010 Law.

The Custodian and Fund Accountant (see paragraph 11 below) is State Street Bank Luxembourg S.A.. Its office is at 49, avenue J.F. Kennedy, L-1855 Luxembourg. State Street Bank Luxembourg S.A. was incorporated with limited liability in 1990 and has an issued and fully paid up share capital of EUR 65 million. Its registered office is 49, avenue J.F. Kennedy, L-1855 Luxembourg and its ultimate holding company is State Street Corporation which is incorporated in Boston, Massachusetts, United States of America. The Custodian's and the Fund Accountant's principal business activity is the provision of custodial and investment administration services.

12. The Fund Accountant

The Management Company has entered into an agreement with the Fund Accountant whereby the Fund Accountant has agreed to provide fund accounting, Net Asset Value determination and services related to these functions. Subject to Luxembourg law and regulation the Fund Accountant is entitled to delegate specific functions to any other person, firm or company (with the approval of the Management Company and the regulatory authority).

13. The Transfer Agent

The Management Company has entered into a Transfer Agency Agreement with the Transfer Agent whereby the Transfer Agent has agreed to provide all necessary transfer agency functions including application and transaction processing, maintaining the share register, and services related to these functions.

14. Relationship of Custodian and Fund Accountant with BlackRock Group

The Custodian's and Fund Accountant's associates provide custody and fund accounting services to BlackRock Investment Management (UK) Limited and some of its associates in respect of their investment management business generally.

15. The Paying Agents

The Company has appointed the following Paying Agents:

Austria

Raiffeisen Bank International AG
Am Stadtpark 9
1030 Vienna

Belgium

J.P. Morgan Chase Bank, Brussels Branch
1 Boulevard du Roi Albert II
Brussels
B-1210 Belgium

Luxembourg

(Central Paying Agent)
J.P. Morgan Bank Luxembourg S.A.
6C, route de Trèves
L-2633, Senningerberg

Italy

BNP Paribas Securities Services
Succursale di Milano – Via Ansperto 5
20121 Milan

Appendix B

Société Générale Securities Services S.p.A.
Registered Office
Via Benigno Crespi 19/A - MAC II
20159 Milan

Banca Monte dei Paschi di Siena S.p.A.
Registered Office
Piazza Salimbeni 3
53100 Siena
Italy

State Street Bank S.p.A.
Registered Office
Via Ferrante Aporti 10 - 20125 Milan,
Italy

Switzerland
JPMorgan Chase Bank, National Association,
Columbus, Zurich Branch
Dreikönigstrasse 21
CH-8002 Zurich

United Kingdom
J.P. Morgan Trustee and Depository Company Limited
Hampshire Building, 1st Floor
Chaseside
Bournemouth
BH7 7DA

Conflicts of Interest and Relationships within the BlackRock Group and with the Barclays Group and the PNC Group

16. The ultimate holding company of the Management Company, the Principal Distributor and the Investment Advisers is BlackRock, Inc., a company incorporated in Delaware, USA. Barclays PLC and PNC Financial Services Group Inc., are substantial shareholders in BlackRock, Inc.
17. Subject to any policies established by the Directors, when arranging investment transactions for the Company, the Investment Advisers will seek to obtain the best net results for the Company, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution and operational facilities of the firm involved and the firm's risk in positioning a block of securities. Therefore, whilst the Investment Advisers generally seek reasonably competitive commission rates, the Company does not necessarily pay the lowest commission or spread available. In a number of developing markets, commissions are fixed pursuant to local law or regulation and, therefore, are not subject to negotiation.
18. When arranging transactions in securities for the Company, companies in the Barclays Group or the PNC Group may provide securities brokerage, foreign exchange, banking and other services, or may act as principal, on their usual terms and may benefit therefrom. Commissions will be paid to brokers and agents in accordance with the relevant market practice and the benefit of any bulk or other commission discounts or cash commissions rebates provided by brokers or agents will be passed on to the Company. The services of the Barclays Group or PNC Group companies may be used by the Investment Advisers where it is considered appropriate to do so provided that (a) their commissions and other terms of business are generally comparable with those available from unassociated brokers and agents in the markets concerned, and (b) this is consistent with the above policy of obtaining best net results. Consistent with the above policies, it is anticipated that a proportion of the Company's investment transactions will be executed through the Barclays Group or PNC Group broker dealers and that they will be amongst a relatively small group of global firms which may each be assigned a larger proportion of transactions than the proportion assigned to any other firm.

19. Subject to the foregoing, and to any restrictions adopted by the Directors or set forth in the Articles, the Investment Advisers and any other BlackRock Group company, Barclays Group or PNC Group company, and any directors of the foregoing, may (a) have an interest in the Company or in any transaction effected with or for it, or a relationship of any description with any other person, which may involve a potential conflict with their respective duties to the Company, and (b) deal with or otherwise use the services of Barclays Group or PNC Group companies in connection with the performance of such duties; and none of them will be liable to account for any profit or remuneration derived from so doing.

For example, such potential conflicts may arise because the relevant BlackRock Group company, Barclays Group company or PNC Group company:

- (a) undertakes business for other clients;
- (b) has directors or employees who are directors of, hold or deal in securities of, or are otherwise interested in, any company the securities of which are held by or dealt in on behalf of the Company;
- (c) may benefit from a commission, fee, mark-up or mark-down payable otherwise than by the Company in relation to a transaction in investment;
- (d) may act as agent for the Company in relation to transactions in which it is also acting as agent for the account of other clients of itself;
- (e) may deal in investments and/or currencies as principal with the Company or any of the Company's shareholders;
- (f) transacts in units or shares of a collective investment scheme or any company of which any Barclays Group company, BlackRock Group company or PNC Group company is the manager, operator, banker, adviser or trustee;
- (g) may effect transactions for the Company involving placings and/or new issues with another of its group companies which may be acting as principal or receiving agent's commission.

20. As described above, securities may be held by, or be an appropriate investment for, the Company as well as by or for other clients of the Investment Advisers or other BlackRock Group companies. Because of different objectives or other factors, a particular security may be bought for one or more such clients, when other clients are selling the same security. If purchases or sales of securities for the Company or such clients arise for consideration at or about the same time, such transactions will be made, insofar as feasible, for the relevant clients in a manner deemed equitable to all. There may be circumstances when purchases or sales of securities for one or more BlackRock Group clients have an adverse effect on other BlackRock Group clients.

21. Establishing, holding or unwinding opposite positions (i.e., long and short) in the same security at the same time for different BlackRock group clients may prejudice the interests of clients on one side or the other and may pose a conflict of interest for BlackRock as well, particularly if BlackRock or the portfolio managers involved may earn higher compensation from one activity than from the other. This activity may occur as a result of different portfolio management teams taking different views of a particular security or in the course of implementing risk management strategies, and special policies and procedures are not generally utilized in these situations.

This activity may also occur within the same portfolio management team as a result of the team having both long only mandates and

long-short or short only mandates or in the course of implementing risk management strategies. Where the same portfolio management team has such mandates, shorting a security in some portfolios that is held long in other portfolios or establishing a long position in a security in some portfolios that is held short in other portfolios may be done only in accordance with established policies and procedures designed to ensure the presence of an appropriate fiduciary rationale and to achieve execution of opposing transactions in a manner that does not systematically advantage or disadvantage any particular set of clients. BlackRock's compliance group monitors compliance with these policies and procedures and may require their modification or termination of certain activities to minimise conflicts. Exceptions to these policies and procedures must be approved by the compliance group.

Among the fiduciary rationales that may justify taking opposite positions in the same security at the same time would be differing views as to the short-term and long-term performance of a security, as a result of which it may be inappropriate for long only accounts to sell the security but may be appropriate for short-term oriented accounts that have a shorting mandate to short the security over the near term. Another rationale may be to seek to neutralize the effect of the performance of a particular segment of one company's business by taking the opposite position in another company whose business is substantially similar to that of the segment in question.

In certain cases BlackRock's efforts to effectively manage these conflicts may result in a loss of investment opportunity for its clients or may cause it to trade in a manner that is different from how it would trade if these conflicts were not present, which may negatively impact investment performance.

22. With respect to the Funds (or portion of a Fund) for which they provide investment management and advice, companies within the BlackRock Group may select brokers (including, without limitation, brokers who are affiliated with BlackRock) that furnish the BlackRock Group, directly or through third-party or correspondent relationships, with research or execution services which provide, in BlackRock Group's view, lawful and appropriate assistance to each applicable BlackRock Group company in the investment decision-making or trade execution processes and the nature of which is such that their provision can reasonably be expected to benefit the Company as a whole and may contribute to an improvement in the Company's performance. Such research or execution services may include, without limitation and to the extent permitted by applicable law: research reports on companies, industries and securities; economic and financial information and analysis; and quantitative analytical software. Research or execution services obtained in this manner may be used in servicing not only the account from which commissions were used to pay for the services, but also other BlackRock Group client accounts. For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment, computer hardware or premises, membership fees, employee salaries or direct money payments. To the extent that BlackRock uses its clients' commission dollars to obtain research or execution services, BlackRock Group companies will not have to pay for those products and services themselves. BlackRock Group companies may receive research or execution services that are bundled with the trade execution, clearing and/or settlement services provided by a particular broker-dealer. To the extent that each BlackRock Group company receives research or execution services on this basis, many of the same potential conflicts related to receipt of these services through third party arrangements exist. For example, the research effectively will be paid by client commissions that also will be used to pay for the execution, clearing and settlement services provided by the broker-dealer and will not be paid by that BlackRock Group company.

Each BlackRock Group company may endeavour, subject to best execution, to execute trades through brokers who, pursuant to such arrangements, provide research or execution services in order to ensure

the continued receipt of research or execution services that BlackRock Group company believes are useful in their investment decision-making or trade execution process. Each BlackRock Group company may pay, or be deemed to have paid, commission rates higher than it could have otherwise paid in order to obtain research or execution services if that BlackRock Group Company determines in good faith that the commission paid is reasonable in relation to the value of the research or execution services provided. BlackRock Group believes that using commission dollars to obtain the research or execution services enhances its investment research and trading processes, thereby increasing the prospect for higher investment returns.

BlackRock Group may from time to time choose to alter or choose not to engage in the above described arrangements to varying degrees, without notice to BlackRock Group clients, to the extent permitted by applicable law.

The investment activities of the BlackRock Group for its own account and for other accounts managed by it or by a Barclays Group or PNC Group company may limit the investment strategies that can be conducted on behalf of the Funds by the Investment Advisers as a result of aggregation limits. For example, the definition of corporate and regulatory ownership of regulated industries in certain markets may impose limits on the aggregate amount of investment by affiliated investors that may not be exceeded. Exceeding these limits without the grant of a licence or other regulatory or corporate consent may cause the BlackRock Group and the Funds to suffer disadvantages or business restrictions. If such aggregate ownership limits are reached, the ability of the Funds to purchase or dispose of investments or exercise rights may be restricted by regulation or otherwise impaired. As a result the Investment Advisers on behalf of the Funds may limit purchases, sell existing investments or otherwise restrict or limit the exercise of rights (including voting rights) in light of potential regulatory restrictions on ownership or other restriction resulting from reaching investment thresholds.

23. For investments in the units of other UCITS and/or other UCIs (as defined in paragraph 2.1 (f) of appendix D) that are managed, directly or by delegation, by the Management Company itself or by any other company with which the Management Company is linked by common management or control, or by a substantial direct or indirect holding of more than 10% of the capital or voting rights, no management, subscription or redemption fees may be charged to the Company on its investment in the units of such other UCITS and/or other UCIs.
24. With reference to Paragraph 3.5. of Appendix D, the Company is entitled to appoint companies within the BlackRock Group as securities lending agent. Any such securities lending agent will have the discretion to arrange stock loans with highly rated specialist financial institutions (the "counterparties"). Such counterparties can include associates of BlackRock, Inc. Collateral is marked to market on a daily basis and stock loans are repayable upon demand. At the cost of the Company, the securities lending agent shall be entitled to receive remuneration in relation to its activities above. Such remuneration shall not exceed 40% of the net revenue from the activities, with all the operational costs borne out of BlackRock's share.

Statutory and Other Information

25. Copies of the following documents (together with a certified translation thereof where relevant) are available for inspection during usual business hours on any weekday (Saturdays and Public Holidays excepted) at the registered office of the Company and at the offices of BlackRock (Luxembourg) S.A., 6D route de Trèves, L-2633 Senningerberg, Luxembourg:
- the Articles of Association of the Company; and
 - the material contracts entered into between the Company and its functionaries (as varied or substituted from time to time).

Appendix B

A copy of the Articles of Association of the Company may be obtained free of charge at the above addresses.

26. Shares in the Company are and will continue to be made widely available. The intended categories of investors include both the general public as well as institutional investors. Shares in the Company will be marketed and made available sufficiently widely to reach the intended categories of investors and in a manner appropriate to attract these investors.

Appendix C – Authorised Status

Australia

Prospective investors must read the Prospectus or any other disclosure document before making a decision to acquire Shares in the Company. The Company, which is the issuer of the Prospectus, is not licensed to provide financial product advice within the meaning of the Corporations Act 2001 (Cth) in Australia.

The Company is not available for investment by retail clients within the meaning of the Corporations Act 2001 (Cth) and accordingly there is no product disclosure statement or cooling off regime for the Company.

Please note:

- ▶ investment in the Company can be subject to investment risk, including possible delays in repayment and loss of income and principal invested; and
- ▶ unless otherwise specified in the Prospectus, no guarantee is provided by the Company in relation to the success of the Company or the achievement of a particular rate or return on income or capital.

By investing in the Company, you acknowledge that you have read and understood the above disclosures.

Austria

The Company has notified the Financial Market Authority of its intention to distribute its Shares in Austria pursuant to Article 36 of the Investment Fund Act 1993. This Prospectus is available in a German language version, which includes additional information for Austrian investors. A simplified prospectus is also available in German.

Belgium

The Company has been registered with the Banking and Finance Commission in accordance with Article 130 of the Act of 20 July 2004 relating to financial transactions and the financial markets. The French language version of this Prospectus distributed in Belgium includes additional information for Belgian investors.

Finland

The Company has notified the Financial Supervision Authority in accordance with Section 127 of the Act on Common Funds (29.1.1999/48) and by virtue of confirmation from the Financial Supervision Authority the Company may publicly distribute its Shares in Finland. This Prospectus and all other information and documents that the Company must publish in Luxembourg pursuant to applicable Luxembourg Law are translated into Finnish and are available for Finnish investors at the offices of the appointed distributors in Finland.

Ireland

The requirements of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended) having been met, the Central Bank of Ireland has confirmed that the Company may market its Shares in Ireland. J.P. Morgan Administration Services (Ireland) Limited will perform the services of facility agent in Ireland. Documentation relating to the Company can be inspected at J.P. Morgan Administration Services (Ireland) Limited's offices at J.P. Morgan House, International Financial Services Centre, Dublin 1, Ireland during normal business hours and copies of the documentation can be obtained from them if required. J.P. Morgan Administration Services (Ireland) Limited will also forward any redemption or dividend payment requests or any complaints relating to the Company to the Transfer Agent.

Hungary

The Hungarian Financial Supervisory Authority authorized on 11 August 2010 the Hungarian distribution of the Company's Shares pursuant to

Section 288 (1) of the Hungarian Act CXX of 2001 on the Capital Market. This Full Prospectus and the simplified prospectuses are available to investors also in a Hungarian language version.

Italy

The Company has obtained the registration in Italy of certain Funds from the Commissione Nazionale per le Società e la Borsa (CONSOB) and from the Banca d'Italia pursuant to article 42 of Legislative Decree no. 58 of 24 February 1998 and implementing regulations. The offering of the Funds can only be carried out by the appointed distributors indicated in the Italian wrapper (New Subscription Form) in accordance with the procedures indicated therein. The Italian translation of this Prospectus is available for Italian investors together with the Italian wrapper and the other documents indicated in the Italian wrapper at the offices of the appointed correspondent bank of the Company. A shareholder who makes a subscription or a redemption of Shares through the local Paying Agent or other entities responsible for processing Share transactions in Italy may be charged with the expenses linked to the activity carried out by such entities. In Italy, additional expenses incurred by the Italian Paying Agent(s) or other entities responsible for processing Share transactions for and on behalf of Italian shareholders (for example for the cost of foreign exchange dealing and for intermediation in payments) may be charged to those shareholders directly. Investors in Italy may confer on the Italian Paying Agent a specific mandate empowering the latter to act in its own name and on behalf of the same investors. Under this mandate, the Italian Paying Agent in its own name and on behalf of the investors in Italy shall (i) transmit in aggregated form to the Company subscription /redemption/conversion orders; (ii) hold the Shares in the register of shareholders of the Company and (iii) carry out any other administrative activity under the investment contract. Further details of such mandate will be provided in the subscription form for Italy.

In Italy investors may be able to subscribe for Shares through Regular Savings Plans. Under Regular Savings Plans it may be also possible to periodically/regularly redeem and/or convert the Shares. Details of the Regular Savings Plans facilities offered will be provided in the subscription form for Italy.

Jersey

The consent of the Jersey Financial Services Commission (the "Commission") has been obtained pursuant to the Control of Borrowing (Jersey) Order 1958, as amended, to raise money in the Island by the issue of Shares of the Company and for the distribution of this Prospectus. The Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that law.

Netherlands

The Company has notified the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten) in accordance with section 2:72 of the Netherlands Financial Markets Supervision Act (Wet op het financieel toezicht) and may offer its Shares to the public in the Netherlands. This Prospectus, a Dutch translation of the simplified prospectus and all information and documents that the Company must publish in Luxembourg pursuant to applicable Luxembourg laws are available from BlackRock Investment Management (UK) Limited, Amsterdam Branch.

Poland

The Company has notified the Polish Securities and Exchange Commission (Komisja Nadzoru Finansowego) of its intention to distribute its Shares in Poland under article 253 of the Act on investment funds (Dz. U. 04.146.1546). The Company has established its representative, BlackRock Investment Management (UK) Limited, Polish Branch and payment agent, Bank Handlowy w Warszawie S.A, in Poland. The Company is obliged to publish in the Polish language this Prospectus, simplified version of Prospectus, annual and semi-annual financial reports and other documents and information required by the provisions of laws of the state where it maintains its head office. The Company will distribute its Shares in Poland by authorised distributors only.

Appendix C

Singapore

The offer or invitation of the shares (the “Shares”) of:

- ▶ BlackRock Fixed Income Strategies Fund
- ▶ BlackRock European Opportunities Extension Strategies Fund
- ▶ BlackRock Global Currency Absolute Return Fund
- ▶ BlackRock Latin American Opportunities Fund
- ▶ BlackRock US Extension Fund

(the “Restricted Sub-Funds”),

which is the subject of this Prospectus, does not relate to a collective investment scheme which is authorised under Section 286 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”) or recognised under Section 287 of the SFA. The Restricted Sub-Funds are not authorised or recognised by the Monetary Authority of Singapore (the “MAS”) and the Shares are not allowed to be offered to the retail public in Singapore. This Prospectus and any other document or material issued in connection with the offer or sale is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. You should consider carefully whether the investment is suitable for you.

This Prospectus has not been registered as a prospectus with the MAS. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions, specified in Section 305 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Shares are subscribed or purchased under Section 305 by a person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 305 except:

- (1) to an institutional investor or to a relevant person defined in Section 305(5) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 305A (3)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 305A(5) of the SFA.

Spain

The Company is duly registered with the Comisión Nacional de Mercado de Valores in Spain under number 626.

The Company has obtained registration of some Classes of Shares of certain Funds with the Comisión Nacional de Mercado de Valores. These Classes of Shares and Funds which may be consulted at the CNMV website www.cnmv.es may be distributed to the public in Spain through distributors appointed by the Principal Distributor.

Sweden

The Company has notified the Financial Supervisory Authority in accordance with Section 7 b of the Securities Fund Act (1990:1114) and by virtue of a confirmation from the Financial Supervisory Authority the Company may publicly distribute its Shares in Sweden. BlackRock Investment Management (UK) Limited, Filial Stockholm, of Master Samuelsgatan 1, 11411, Stockholm, Sweden has been appointed as the Swedish facilities agent.

Switzerland

The Swiss Financial Market Supervisory Authority FINMA has authorised BlackRock Asset Management Schweiz, AG as the Company’s Swiss representative, to publicly distribute the Shares of each of the Company’s Funds in or from Switzerland in accordance with Article 123 of the Collective Investment Schemes Act of 23 June 2006. A German language version of this Prospectus is available which also includes the additional information for Swiss investors.

USA

The Shares will not be registered under the US Securities Act of 1933, as amended (the “Securities Act”) and may not be directly or indirectly offered or sold in the USA or any of its territories or possessions or areas subject to its jurisdiction or to or for the benefit of a US Person. The Company will not be registered under the US Investment Company Act of 1940. US Persons are not permitted to own Shares. Attention is drawn to paragraphs 3 and 4 of Appendix A which specify certain compulsory redemption powers and define “US Person”.

United Kingdom

The contents of this Prospectus have been approved solely for the purposes of section 21 of the UK Financial Services and Markets Act 2000 (the “Act”) by the Company’s UK Distributor, BlackRock Investment Management (UK) Limited, 12 Throgmorton Avenue, London EC2N 2DL (which is regulated by the Financial Services Authority in the conduct of investment business in the UK). The Company has obtained the status of “recognised scheme” for the purposes of the Act. Some or all of the protections provided by the UK regulatory system will not apply to investments in the Company. Compensation under the UK Investors Compensation Scheme will generally not be available. The Company provides the facilities required by the regulations governing such schemes at the offices of BlackRock Investment Management (UK) Limited. UK bearer shareholders should contact the UK Distributor for the arrangements that will apply to them. An applicant for Shares will not have the right to cancel his application under the UK Financial Services Authority Conduct of Business Rules. Further details on BlackRock Global Funds can be obtained from the UK Distributor’s Broker Support Desk in London, telephone: 08457 405 405.

Generally

The distribution of this Prospectus and the offering of the Shares may be authorised or restricted in certain other jurisdictions. The above information is for general guidance only and it is the responsibility of any persons in possession of this Prospectus and of any persons wishing to make application for Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdictions.

Appendix D – Investment and Borrowing Powers and Restrictions

Investment and Borrowing Powers

1. The Company's Articles of Association permit it to invest in transferable securities and other liquid financial assets, to the full extent permitted by Luxembourg law. The Articles have the effect that, subject to the law, it is at the Directors' discretion to determine any restrictions on investment or on borrowing or on the pledging of the Company's assets.

Investment and Borrowing Restrictions

2. The following restrictions of Luxembourg law and (where relevant) of the Directors currently apply to the Company:

- 2.1. The investments of each Fund shall consist of:

- (a) Transferable securities and money market instruments admitted to official listings on stock exchanges in Member States of the European Union (the "EU"),
- (b) Transferable securities and money market instruments dealt in on other regulated markets in Member States of the EU, that are operating regularly, are recognised and are open to the public,
- (c) Transferable securities and money market instruments admitted to official listings on stock exchanges in any other country in Europe, Asia, Oceania, the American continents and Africa,
- (d) Transferable securities and money market instruments dealt in on other regulated markets that are operating regularly, are recognised and open to the public of any other country in Europe, Asia, Oceania, the American continents and Africa,
- (e) Recently issued transferable securities and money market instruments provided that the terms of the issue include an undertaking that application will be made for admission to the official listing on one of the stock exchanges as specified in a) and c) or regulated markets that are operating regularly, are recognised and open to the public as specified in b) and d) and that such admission is secured within a year of issue,
- (f) Units of UCITS and/or other undertakings for collective investment ("UCIs") within the meaning of Article 1(2), points a) and b) of Directive 2009/65/EC, as amended, whether they are situated in a Member State or not, provided that:
 - ▶ such other UCIs are authorised under laws which provide that they are subject to supervision considered by the Commission de Surveillance du Secteur Financier ("CSSF") to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured;
 - ▶ the level of protection for unitholders in the other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC, as amended;
 - ▶ the business of the other UCIs is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period;
 - ▶ no more than 10% of the UCITS' or the other UCIs' assets (or of the assets of any sub-fund thereof, provided that

the principle of segregation of liabilities of the different compartments is ensured in relation to third parties), whose acquisition is contemplated, can, according to their constitutional documents, be invested in aggregate in units of other UCITS or other UCIs;

- (g) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in an EU Member State or, if the registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law;
- (h) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market; and/or any financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:
 - ▶ the underlying consists of instruments described in subparagraphs (a) to (g) above, financial indices, interest rates, foreign exchange rates or currencies, in which the Company may invest according to its investment objectives;
 - ▶ the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF; and
 - ▶ the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative;
- (i) money market instruments other than those dealt in on a regulated market, which fall under Article 41(1)(a) of the 2010 Law, if the issue or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that they are:
 - ▶ issued or guaranteed by a central, regional or local authority or central bank of an EU Member State, the European Central Bank, the EU or the European Investment Bank, a non-Member State or, in the case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong; or
 - ▶ issued by an undertaking any securities of which are dealt in on regulated markets referred to in subparagraphs (a), (b) or (c) above; or
 - ▶ issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by Community law; or
 - ▶ issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least EUR 10 million and which presents and publishes its annual accounts in accordance with Directive 78/660/EEC (1), is an entity which, within a group of companies which includes one or

several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

- 2.2. Furthermore, each Fund may invest no more than 10% of its net assets in securities and money market instruments other than those referred to in sub-paragraph 2.1. (a) to (i).
- 2.3. Each Fund may acquire the units of UCITS and/or other UCIs referred to in paragraph 2.1. (f), provided that the aggregate investment in UCITS or other UCIs does not exceed 10% of the net assets of each Fund, unless otherwise provided for in the relevant Fund's investment policy.

When each Fund has acquired shares of UCITS and/or other UCIs, the assets of the respective UCITS or other UCIs do not have to be combined for the purposes of the limits laid down in paragraph 2.5.

When a Fund invests in the units of other UCITS and/or other UCIs that are managed, directly or by delegation, by the same investment manager or by any other company with which the investment manager is linked by common management or control, or by a substantial direct or indirect holding, that no subscription or redemption fees may be charged to the Company on its investment in the units of such other UCITS and/or UCIs.

- 2.4. A Fund may hold ancillary liquid assets.
- 2.5. A Fund may not invest in any one issuer in excess of the limits set out below:
- (a) Not more than 10% of a Fund's net assets may be invested in transferable securities or money market instruments issued by the same entity.
 - (b) Not more than 20% of a Fund's net assets may be invested in deposits made with the same entity.
 - (c) By way of exception, the 10% limit stated in the first paragraph of this section may be increased to:
 - ▶ a maximum of 35% if the transferable securities or money market instruments are issued or guaranteed by an EU Member State, by its local authorities, by a non-Member State or by public international bodies to which one or more Member States belong;
 - ▶ a maximum of 25% in the case of certain bonds when these are issued by a credit institution which has its registered office in an EU Member State and is subject by law to special public supervision designed to protect bond holders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest. When a Fund invests more than 5% of its net assets in the bonds referred to in this paragraph and issued by one issuer, the total value of these investments may not exceed 80% of the value of the net assets of such Fund.
 - (d) The total value of the transferable securities or money market instruments held by a Fund in the issuing bodies in each of which it invests more than 5% of its net assets must not exceed 40% of the value of its net assets. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision. The

transferable securities and money market instruments referred to in the two indents of paragraph 2.5. (c) above shall not be taken into account for the purpose of applying the limit of 40% referred to in this paragraph.

Notwithstanding the individual limits laid down in sub-paragraphs 2.5. (a) to (d) above, a Fund may not combine

- investments in transferable securities or money market instruments issued by a single entity, and/or
 - deposits made with a single entity, and/or
 - exposures arising from OTC derivative transactions undertaken with a single entity,
- in excess of 20% of its net assets.

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of the above mentioned restrictions.

The limits provided for in sub-paragraphs 2.5. (a) to (d) above may not be combined, and thus investments in transferable securities or money market instruments issued by the same entity or in deposits or derivative instruments made with this entity carried out in accordance with paragraphs 2.5. (a) to (d) shall under no circumstances exceed in total 35% of the net assets of the Fund.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single entity for the purpose of calculating the investment limits mentioned in sub-paragraphs 2.5. (a) to (d) above.

The Fund may not invest cumulatively more than 20% of its net assets in transferable securities or money market instruments of the same group subject to restrictions 2.5. (a) and the three indents under 2.5. (d) above.

Without prejudice to the limits laid down in paragraph 2.7. below, the limit of 10% laid down in sub-paragraph 2.5. (a) above is raised to a maximum of 20% for investment in equity and/or debt securities issued by the same body when the aim of the investment policy of a Fund is to replicate the composition of a certain equity or debt securities index which is recognised by the CSSF, on the following basis:

- ▶ the composition of the index is sufficiently diversified,
- ▶ the index represents an adequate benchmark for the market to which it refers,
- ▶ it is published in an appropriate manner.

This limit is 35% where that proves to be justified by exceptional market conditions in particular in regulated markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

By way of derogation, each Fund is authorised to invest up to 100% of its net assets in different transferable securities and money market instruments issued or guaranteed by an EU Member State, its local authorities, by another member state of the OECD or public international bodies of which one or more EU Member States are members, provided that (i) such securities are part of at least six different issues and (ii) securities from any one issue do not account for more than 30% of the net assets of such Fund.

2.6. The Company may not invest in shares with voting rights enabling it to exercise significant influence over the management of the issuing body.

2.7. The Company may not:

- (a) Acquire more than 10% of the shares with non-voting rights of one and the same issuer.
- (b) Acquire more than 10% of the debt securities of one and the same issuer.
- (c) Acquire more than 25% of the units of one and the same undertaking for collective investment.
- (d) Acquire more than 10% of the money market instruments of any single issuer.

The limits stipulated in sub-paragraphs 2.7. (b), (c) and (d) above may be disregarded at the time of acquisition if, at that time, the gross amount of debt securities or of the money market instruments, or the net amount of securities in issue cannot be calculated.

2.8. The limits stipulated in paragraphs 2.6. and 2.7. above do not apply to:

- (a) Transferable securities and money market instruments issued or guaranteed by an EU Member State or its local authorities;
- (b) Transferable securities and money market instruments issued or guaranteed by a non-EU Member State;
- (c) Transferable securities and money market instruments issued by public international institutions to which one or more EU Member States are members;
- (d) Transferable securities held by a Fund in the capital of a company incorporated in a non-Member State investing its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which such Fund can invest in the securities of issuing bodies of that State. This derogation, however, shall apply only if in its investment policy the company from the non-Member State complies with the limits laid down in Articles 43, 46 and 48 (1) and (2) of the 2010 Law. Where the limits set in Articles 43 and 46 of the 2010 Law are exceeded, Article 49 shall apply mutatis mutandis;
- (e) Transferable securities held by the Company in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unitholders' request exclusively on its or their behalf.

2.9. The Company may always, in the interest of the shareholders, exercise the subscription rights attached to securities, which forms part of its assets.

When the maximum percentages stated in paragraphs 2.2. through 2.7. above are exceeded for reasons beyond the control of the Company, or as a result of the exercise of subscription rights, the Company must adopt, as a priority objective, sales transactions to remedy the situation, taking due account of the interests of its shareholders.

2.10. A Fund may borrow to the extent of 10% of its total net assets (valued at market value) provided these borrowings are made on a temporary basis. However, the Company may acquire for the account of a Fund foreign currency by way of back-to-back loan.

2.11. The Company may not grant credit facilities nor act as guarantor on behalf of third parties, provided that for the purpose of this restriction (i) the acquisition of transferable securities, money market instruments or other financial investments referred to in sub-paragraphs 2.1. (f), (h) and (i) above, in fully or partly paid form and (ii) the permitted lending of portfolio securities shall be deemed not to constitute the making of a loan.

2.12. The Company undertakes not to carry out uncovered sales transactions of transferable securities, money market instruments or other financial instruments referred to in sub-paragraphs 2.1. (f), (h) and (i) above; provided that this restriction shall not prevent the Company from making deposits or carrying out accounts in connection with financial derivatives instruments, permitted within the limits referred to above.

2.13. The Company's assets may not include precious metals or certificates representing them, commodities, commodities contracts, or certificates representing commodities.

2.14. The Company may not purchase or sell real estate or any option, right or interest therein, provided that the Company may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.

2.15. The Company will in addition comply with such further restrictions as may be required by the regulatory authorities in any country in which the Shares are marketed.

The Company shall take the risks that it deems reasonable to reach the assigned objective set for each Fund; however, it cannot guarantee that it shall reach its goals given stock exchange fluctuations and other risks inherent in investments in transferable securities.

3. Financial Techniques and Instruments.

3.1. The Company must employ a risk-management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the portfolio; it must employ a process for accurate and independent assessment of the value of OTC derivative instruments. It must communicate to the CSSF regularly and in accordance with the detailed rules defined by the latter, the types of derivative instruments, the underlying risks, the quantitative limits and the methods which are chosen in order to estimate the risks associated with transactions in derivative instruments.

3.2. In addition, the Company is authorised to employ techniques and instruments relating to transferable securities and to money market instruments under the conditions and within the limits laid down by the CSSF provided that such techniques and instruments are used for the purpose of efficient portfolio management or for hedging purposes.

3.3. When these operations concern the use of derivative instruments, these conditions and limits shall conform to the provisions laid down in the 2010 Law.

Under no circumstances shall these operations cause the Company to diverge from its investment policies and investment restrictions.

3.4. The Company will ensure that the global exposure of the underlying assets shall not exceed the total net value of a Fund.

Each Fund may invest in financial derivative instruments within the limits laid down in paragraph 2.5. (d), provided that the exposure to the underlying assets does not exceed in aggregate the investment

limits laid down in paragraphs 2.5. (a) to (d) above. The underlying assets of index based derivative instruments are not combined to the investment limits laid down under sub-paragraphs 2.5. (a) to (d) above.

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of the above-mentioned restrictions.

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

The counterparty risk on any transaction involving an OTC derivative instrument may not exceed 10% of the assets of a Fund when the counterparty is a credit institution domiciled in the EU or in a country where the CSSF considers that supervisory regulations are equivalent to those prevailing on the EU. This limit is set at 5% in any other case.

3.5. Securities Lending and Repo Transactions

The rules applicable to securities lending and repo transactions are set out in the CSSF Circular 08/356, as amended from time to time. The investment restrictions set out under this section 3.5 and section 3.6 describe the main rules applicable to securities lending and repo transactions but are not exhaustive.

Any securities lending and/or repo transactions shall be entered into for one or more of the following specific aims:

- (i) reduction of risk,
- (ii) reduction of cost; and
- (iii) the generation of additional capital or income for the Company with a level of risk which is consistent with the risk profile of the Company and its relevant Fund and the risk diversification rules applicable to them.

Moreover those transactions may be carried out for 100% of the assets held by the relevant Fund provided (i) that their volume is kept at an appropriate level or that the Company is entitled to request the return of the securities lent in a manner that enables it, at all times, to meet its redemption obligations; and (ii) that these transactions do not jeopardise the management of the Company' assets in accordance with the investment policy of the relevant Fund. Risks shall be monitored in accordance with the risk management process of the Company.

Any net income (net of any remuneration to which the Company's securities lending agent is entitled) generated from securities lending to which the Company is entitled will be reinvested in the Company.

3.5.1 Securities lending transactions

The Company may enter into securities lending transactions provided that it complies with the following rules:

- (i) the Company may lend securities either directly or through a standardised system organised by a recognised clearing institution or a lending program organised by a financial institution subject to prudential supervision rules which are recognised by the CSSF as equivalent to those laid down in Community law and specialised in this type of transactions;
- (ii) the borrower must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by Community law;
- (iii) the counterparty risk of the Company vis-à-vis a single counterparty arising from one or more securities lending

transaction(s) may not exceed 10% of the assets of the relevant Fund when the counterparty is a credit institution domiciled in the EU or a country where the CSSF considers that supervisory regulations are equivalent to those prevailing in the EU, or 5% of its assets in all other cases.

- (iv) as part of its lending transactions, the Company must receive collateral, the value of which, during the duration of the lending agreement, must be equal to at least 90% of the global valuation of the securities lent (interests, dividends and other eventual rights included);
- (v) such collateral must be received prior to or simultaneously with the transfer of the securities lent. When the securities are lent through an intermediary referred to under 3.5.1 (i) above, the transfer of the securities lent may be effected prior to receipt of the collateral, if the relevant intermediary ensures proper completion of the transaction. The intermediary may, instead of the borrower, provide to the UCITS collateral in lieu of the borrower;
- (vi) the collateral must be given in the form of:
 - (a) liquid assets such as cash, short term bank deposits, money market instruments as defined in Directive 2007/16/EC of 19 March 2007, letters of credit and guarantees at first demand issued by a first class credit institution not affiliated to the counterparty;
 - (b) bonds issued or guaranteed by a Member State of the OECD or by their local authorities or supranational institutions and bodies of a community, regional or world-wide scope;
 - (c) shares or units issued by money market-type UCIs calculating a daily net asset value and having a rating of AAA or its equivalent;
 - (d) shares or units issued by UCITS investing mainly in bonds/shares mentioned under (e) and (f) hereunder;
 - (e) bonds issued or guaranteed by first class issuers offering an adequate liquidity; or
 - (f) shares admitted to or dealt in on a regulated market of a Member State of the European Union or on a stock exchange of a Member State of the OECD, provided that these shares are included in a main index.
- (vii) the collateral given under any form other than cash or shares/units of a UCI/UCITS shall be issued by an entity not affiliated to the counterparty;
- (viii) when the collateral given in the form of cash exposes the Company to a credit risk vis-à-vis the trustee of this collateral, such exposure shall be subject to the 20% limitation as laid down in section 2.5 above.
- (ix) the collateral given in a form other than cash shall not be held in custody by the counterparty, except if it is adequately segregated from the counterparty's own assets and legally protected from consequences of counterparty default;
- (x) the Company shall proceed on a daily basis to the valuation of the collateral received. In case the value of the collateral already granted appears to be insufficient in comparison with the amount to be covered, the counterparty shall provide additional collateral on a very short term basis. If appropriate, safety margins shall

apply in order to take into consideration exchange risks or market risks inherent to the assets accepted as collateral;

- (xi) the Company shall ensure that it is able to claim its rights on the collateral in case of the occurrence of an event requiring the execution thereof, meaning that the collateral shall be available at all times, either directly or through the intermediary of a first class financial institution or a wholly-owned subsidiary of this institution, in such a manner that the Company is able to appropriate or realise the assets given as collateral, without delay, if the counterparty does not comply with its obligation to return the securities lent;
- (xii) during the duration of the agreement, the collateral cannot be sold or given as a security or pledged, except if the Company has other means of coverage; and
- (xiii) the Company shall disclose the global valuation of the securities lent in the annual and semi-annual reports.

3.6. Repo transactions

The Company may enter into:

- (i) repurchase transactions which consist in the purchase or sale of securities with provisions reserving the seller the right or the obligation to repurchase from the buyer securities sold at a price and term specified by the two parties in their contractual arrangement; and
- (ii) reverse repurchase agreement transactions, which consist of a forward transaction at the maturity of which the seller (counterparty) has the obligation to repurchase the securities sold and the Company the obligation to return the securities received under the transaction (collectively, the "repo transactions").

3.6.1 The Company can act either as buyer or seller in repo transactions. Its involvement in such transactions is however subject to the following rules:

- (a) the fulfilment of the conditions 3.5.1(ii) and 3.5.1(iii);
- (b) during the life of a repo transaction with the Company acting as purchaser, the Company shall not sell the securities which are the object of the contract, before the counterparty has exercised its option or until the deadline for the repurchase has expired, unless the Company has other means of coverage;
- (c) the securities acquired by the Company under a repo transaction must conform to the Fund's investment policy and investment restrictions and must be limited to:
 - (i) short-term bank certificates or money market instruments as defined in Directive 2007/16/EC of 19 March 2007;
 - (ii) bonds issued by non-governmental issuers offering an adequate liquidity; and
 - (iii) assets referred to under 3.5.1(vi) (b), (c) and (d) above.
- (d) The Company shall disclose the total amount of the open repo transactions on the date of reference of its annual and interim reports.

3.6.2 Reinvestment of the cash collateral

The Company may reinvest the collateral received in the form of cash under securities lending and/or repo transactions in:

- (i) shares or units of UCIs of the money market-type, calculating a daily net asset value and which have a rating of AAA or its equivalent;
- (ii) short-term bank eligible deposits;
- (iii) eligible money market instruments as defined in Directive 2007/16/EC of 19 March 2007, in accordance with this Appendix A;
- (iv) eligible short-term bonds issued or guaranteed by a Member State of the European Union, Switzerland, Canada, Japan or the United States or by their local authorities or by supranational institutions and bodies of a community, regional or world-wide scope, in accordance with this Appendix A;
- (v) bonds issued or guaranteed by first class issuers offering an adequate liquidity; and
- (vi) reverse repurchase agreements.

In addition, the conditions under 3.5.1 (vii), (viii), (ix) and (xii) above, shall apply on the same terms to the assets into which the cash collateral is reinvested. The reinvestment of the cash collateral is not subject to the diversification rules generally applicable to the Company, provided however, that the Company must avoid an excessive concentration of its reinvestments, both at issuer level and at instrument level (reinvestments in assets referred to under 3.6.2 (i) and (ii) above are exempt from this requirement). The reinvestment of the cash collateral in financial assets providing a return in excess of the risk free rate shall be taken into account for the calculation of the Company's global exposure in accordance with section 3.4 above. The annual and semi-annual reports of the Company shall disclose the assets into which the cash collateral is reinvested.

Appendix E

Appendix E – Calculation of Performance Fees

A number of technical terms are used to describe how the performance fee is calculated. These are explained in the glossary below:

Benchmark	The index or the interest rate against which the performance of each Fund is measured for the purpose of calculating the performance fee (see Appendix F for details in respect of each Fund). For the avoidance of doubt, the index or interest rate referred to in each case is solely used for performance fee calculation purposes, and should therefore under no circumstances be considered as indicative of a specific investment style. Where the selected Benchmark is not available at the calculation point selected by the Directors, an appropriate proxy, which the Management Company has deemed best represents the performance of such Benchmark may be used in calculating the performance of the Benchmark.
Benchmark Return	In the case where the Benchmark is an index, the change in performance return of the Benchmark, calculated on each Valuation Day as the percentage difference between the value of the Benchmark on that day and that of the previous Valuation Day. In the case of an interest rate-based Benchmark, the arithmetic mean on each Valuation Day of the offered quotations on this interest rate. If the value of the Benchmark is not published on a particular Valuation Day, determination of whether to accrue a performance fee shall be delayed until such Valuation Day as the value of the Benchmark has been published. The Benchmark Return is determined on the basis of independently obtained quotations and calculated in accordance with prevailing market practice.
Current Day NAV	The Net Asset Value of each Share in a particular Share Class in the Fund after all regularly accruing charges and expenses have been accrued to the Fund but before any performance fee has been accrued on the Current Valuation Day.
Crystallise Crystallisation	The point at which any performance fee becomes payable to the Management Company, even if it is paid out at a later date. Crystallisation will occur either at the end of a Financial Year or on the Dealing Day when a Shareholder redeems or converts all or part of his shareholding.
Financial Year	The Financial Year of the Company. The Financial Year starts on 1 June each year.
Net Asset Value per Share Return	This is calculated on each Valuation Day as the difference between the Current Day NAV per Share and that of the Prior Day NAV per Share on the previous Valuation Day for that Share Class. Dividend distributions paid out shall not be deemed to impact the performance of that Share Class.
Performance Period	The initial performance period for each Share Class is set on the launch of that Share Class and runs to the end of the current Financial Year. Subsequent performance periods then run from the end of one Financial Year to the end of the following Financial Year.
Prior Day NAV	The Net Asset Value of each Share in a particular Share Class in the Fund after the performance fee and all other regularly accruing charges and expenses have been accrued to the Fund on the previous Valuation Day.
Reference NAV	With respect to Type A Funds, either for the first Performance Period of a Share Class the initial Net Asset Value per Share, or in subsequent Performance Periods the Reference NAV will be the higher of: <ul style="list-style-type: none"> (a) the NAV per Share of the Share Class at the end of the previous Performance Period where a performance fee has been paid out, adjusted by accumulated hurdle since the last performance fee was paid out; or (b) the NAV per Share at the end of the previous Performance Period

How does the performance fee work?

Summary

A performance fee is payable to the Management Company in respect of those Share Classes set out in Appendix F, in addition to other fees and expenses mentioned in this Prospectus. Two methods of calculation are used and are referred to as Type A and Type B – the method applicable to each Fund is described below and indicated in Appendix F.

Calculation Methods

For Type A Funds, a performance fee accrual is calculated where the Net Asset Value per Share Return of the relevant Share Class outperforms the relevant Benchmark Return and the Current Day NAV per Share is higher than the Reference NAV. Where the Current Day NAV per Share decreases below the Reference NAV and/or the NAV per Share Return underperforms the relevant Benchmark Return no performance fee will be accrued until such a decrease or underperformance has been made good in the course of any one Performance Period. The Benchmark applied will be based on the base currency of the Fund for base and unhedged non-base currency classes. In the case of a Hedged Share Class, however, the Benchmark applied will be based upon the corresponding currency of that class.

For Type B Funds a performance fee accrual is calculated where the Net Asset Value per Share Return of the relevant Share Class outperforms the relevant Benchmark Return. When the Net Asset Value per Share Return underperforms the relevant Benchmark Return no performance fee will be accrued until such underperformance has been made good. The underperformance that the Management Company is required to make good, prior to any payment of a performance fee, is carried forward in proportion to the shareholders remaining, in case of redemption, within the Fund at each valuation point. It is not required that the NAV has exceeded the Reference NAV. In the case of a hedged share class, an appropriate currency equivalent benchmark will be selected by the Management Company on the launch of the relevant class.

Accrual basis

On each Valuation Day, the Net Asset Value per Share Return of the relevant Share Class, before any adjustment for net inflows and net outflows that may be made in accordance with paragraph 16(c) of Appendix A, is compared to the relevant Benchmark Return (“Outperformance” or “Underperformance”). A separate performance fee calculation is carried out in respect of each Share Class.

Any performance fee accrual is calculated as up to 20 percent of the Outperformance per Share of the Current Day NAV of the Share Class multiplied by the outstanding number of Shares on the Valuation Day for that Share Class.

The cumulative performance fee accruals from the beginning of the Performance Period will be included in the ongoing calculation of the Net Asset Value per Share.

In the case of Type A Funds, at the end of a Performance Period the Reference NAV for the following Performance Period shall be calculated before any adjustment for net inflows and net outflows that may be made in accordance with paragraph 16(c) of Appendix A.

Crystallisation

Crystallisation of the performance fee occurs on the last day of each Performance Period. Any performance fee due is payable out of the Fund to the Management Company in arrears after the end of the Performance Period. Accordingly, once the performance fee has crystallised no refund will be made in respect of any performance fee paid out at that point in subsequent Performance Periods.

If a Shareholder redeems or converts all or part of his Shares before the end of the Performance Period, any accrued performance fee with respect to such redeemed Shares will crystallise on that Dealing Day and will then

become payable to the Management Company. In the case of Type A Funds the reference NAV is not reset on those Dealing Days at which performance fees crystallise following a redemption of Shares.

The Auditors of the Company will audit the calculations of the performance fees paid out on an annual basis. The Directors shall ensure that the accrual represents fairly and accurately the performance fee liability that may eventually be payable by the Fund or Share Class to the Management Company.

Appendix F – Portfolios including Investment Objectives & Policies

Choice of Funds

As of the date of this Prospectus, investors are able to choose from the following Funds of BlackRock Strategic Funds set out in this Appendix. Those Funds which are indicated as “not launched” are not available for subscription at the date of this Prospectus. Such Funds may be launched at the Directors’ discretion. Confirmation of the launch date of these Funds will then be made available from the local Investor Servicing team. Any provisions in this Prospectus relating to any one of these Funds shall only take effect from the launch date of the relevant Fund. An updated list of those Funds offering Additional Dealing Currencies, Hedged Share Classes, Distributing and Non-Distributing Share Classes and UK Reporting Fund status Share Classes is available from the Company’s registered office and the local Investor Servicing team.

Some of the Funds may become “capacity constrained products” this means that the Directors may determine to restrict the purchase of Shares when it is in the interests of the Fund and/or its shareholders to do so, including (by way of example) when any Fund or investment strategy reaches a size that in the opinion of the Management Company could impact its ability to find suitable investments for the Fund. When a Fund reaches its capacity limit Shareholders will be notified accordingly and no further subscriptions will be permitted in the Fund. The Prospectus will be amended to reflect this in due course at its next planned update. Shareholders will not be prevented from redeeming from the relevant Fund. Should a Fund fall beneath its capacity constraint as a result of redemptions or market developments the Directors are permitted to re-open the Fund or any class of shares. Where it is stated below that a particular Fund is a “capacity constrained product”, subscriptions are no longer permitted in that Fund as at the date of this Prospectus. Following the date of this Prospectus, information as to whether the purchase of Shares in a Fund are restricted in this way is available from the local Investor Servicing team.

Investments of the Funds

The primary focus of each Fund will be on making investments that are intended to meet each Funds respective investment objective. However, there can be no assurance that the objectives of each Fund will be achieved. Investors must read the Special Risk Considerations section above before investing in any of the following Funds.

Each Fund is managed separately and in accordance with the investment and borrowing restrictions specified in Appendix D. Funds may employ investment management techniques, including the use of financial derivative instruments and certain currency strategies not only for the purpose of hedging or risk management but also in order to increase total return. Each of the Fund’s derivative investments may include futures, options, contracts for differences, forward contracts on financial instruments and options on such contracts, mortgage TBAs and swap contracts (including credit default swaps and total return swaps) by private agreement and other fixed interest, equity and credit derivatives. The Funds may also invest in units in collective investment undertakings and in other transferable securities. For the purpose of these investment objectives and policies all references to “transferable securities” shall include “money market instruments and both fixed and floating rate instruments”.

Unless defined otherwise in the individual investment policies of the Funds, the following definitions, investment rules and restrictions apply to all Funds of the Company:

- ▶ Where an individual investment policy of a Fund refers to 70% of its total assets being invested in a specific type or range of investments, the remaining 30% of the total assets may be invested in financial instruments of companies or issuers of any size in any sector of the economy globally, unless the individual investment policy of such Fund contains further restrictions. Where an individual investment policy of a Bond Fund refers to 70% of its total assets being invested in a specific type of investments, such Bond Fund may, within the
- ▶ Where the term “Europe” is used, it refers to all European countries including the UK, Eastern Europe and former Soviet Union countries.
- ▶ Funds investing globally or in Europe may contain investments in Russia, subject always to the 10% limit referred to in the “Emerging Markets” section above except for investment in securities listed on either the Russian Trading Stock Exchange or the Moscow Interbank Currency Exchange, which have been recognised as being regulated markets.

remaining 30% of its total assets invest in the following assets provided that, when combined, such investment does not exceed the remaining 30% in total:

up to 30% of its total assets in money market instruments,

up to 25% of its total assets in convertible bonds and bonds with warrants attached, and

up to 10% of its total assets in equities.

- ▶ The term “total assets” does not include ancillary liquid assets.
- ▶ Ancillary liquid assets are cash and near cash instruments which are not held by a Fund for the purpose of providing cover to facilitate its use of derivatives or held as an asset class within its portfolio to achieve its investment objective.
- ▶ Where an investment policy requires a particular percentage to be invested in a specific type or range of investments, such a requirement will not apply under extraordinary market conditions and is subject to liquidity and/or market risk hedging considerations arising from the issuance, switching or redemption of Shares. In particular, in aiming to achieve a Fund’s investment objective, investment may be made into other transferable securities than those in which the Fund is normally invested in order to mitigate the Fund’s exposure to market risk.
- ▶ Funds may hold cash and near-cash instruments on an incidental basis.
- ▶ Funds which include “Absolute Return” in their title or investment objective and policy seek to achieve positive returns and capital growth regardless of market conditions. Each Fund aims to generate returns from adopting a combination of long positions, synthetic long positions, synthetic short positions, pair trades, market leverage (obtaining additional long exposure through the use of derivatives) and when determined appropriate from time to time, by holding cash and near-cash instruments. These Funds may invest both on a traditional ‘long’ investment basis coupled with ‘synthetic long’ and/or with ‘synthetic short’ positions, replicating short-investing techniques. By adopting these investment strategies, the Funds aim to improve the efficiency of the alpha that can be generated, creating excess returns, which are not dependent on the direction of movement of the underlying market. This should not, however, be interpreted to mean or imply that an absolute return is guaranteed, as there can be circumstances where negative returns are generated.
- ▶ Funds which include “Extension or “Extension Strategies” in their title or investment objective seek to achieve long-term capital growth by using strategies to seek excess return relative to a benchmark index. Each Fund aims to generate returns from adopting a combination of long positions, synthetic long positions and synthetic short positions and market leverage (obtaining additional long exposure through the use of derivatives). Where a Fund’s investment objective includes a reference to ‘investment’ in a particular asset type, this should be understood as including both direct investment in the underlying plus the exposure gained to the underlying through the use of derivative instruments. By adopting these strategies, the Funds aim to improve the efficiency of the alpha that can be generated, creating excess returns. This should not be interpreted, however, to mean or imply that the Funds will be successful in generating excess returns.

- ▶ If a Fund's investment objective states that "currency exposure is flexibly managed", this means that the Investment Adviser may be expected to regularly employ currency management and hedging techniques in the Fund. Techniques used may include hedging the currency exposure on a Fund's portfolio or/and using more active currency management techniques such as currency overlays, but does not mean that a Fund's portfolio will always be hedged in whole or in part.
- ▶ The term "non-investment grade" defines debt securities which are unrated or rated, at the time of purchase, BB+ (Standard and Poor's or equivalent rating) or lower by at least one recognised rating agency or, in the opinion of the Management company, are of comparable quality.
- ▶ Where the term "Latin American" is used; it refers to Mexico, Central America, South America and the islands of the Caribbean, including Puerto Rico.
- ▶ Funds which include "Total Return" in their investment objective seek to achieve long term capital growth as well as generate income.
- ▶ Where a Fund invests in derivatives in order to achieve its investment objectives, cover for such derivative positions may be held in cash or other liquid assets.
- ▶ Where a Fund invests in initial public offerings or new debt issues, the prices of securities involved in initial public offerings or new debt issues are often subject to greater and more unpredictable price changes than more established securities.
- ▶ For the avoidance of doubt, the index referred to in respect of each Fund is solely used for performance fee calculation purposes, and should therefore under no circumstances be considered as indicative of a specific investment style.
- ▶ Funds marked with an asterisk (*) are not available for subscription at the date of this Prospectus. Such Funds may be launched at the Directors' discretion. Confirmation of the launch date of these Funds will then be made available from the local Investor Servicing team. Any provisions in this Prospectus relating to any one of these Funds shall only take effect from the launch date of the relevant Fund.
- ▶ Where an individual investment policy of a Fund refers to investment in "developed markets" or "developed countries" the Fund may invest in markets or countries contained in the MSCI World Index for Equity Funds or the JP Morgan Government Bond Index Broad for Bond Funds. Accordingly any reference to "developing" or "emerging" markets or countries is to markets or countries not contained in the applicable index.
- ▶ The UN Convention on Cluster Munitions became binding international law on 1 August 2010 and prohibits the use, production, acquisition or transfer of cluster munitions. The Investment Advisers on behalf of the Company accordingly arrange for the screening of companies globally for their corporate involvement in anti-personnel mines, cluster munitions and depleted uranium ammunition and armour. Where such corporate involvement has been verified, the Directors policy is not to permit investment in securities issued by such companies by the Company and its Funds.

Risk Management

The Management Company is required by regulation to employ a risk management process in respect of the Funds which enables it to accurately monitor and manage the global exposure from financial derivative instruments ("global exposure") which each Fund gains.

The Management Company uses a methodology known as "Value at Risk" ("VaR") in order to measure the global exposure of the Funds and manage the potential loss to them due to market risk. The VaR methodology measures the potential loss to a fund at a particular confidence (probability)

level over a specific time period and under normal market conditions. The Management Company uses the 99% confidence interval and one month measurement period for the purposes of carrying out this calculation.

There are two types of VaR measure which can be used to monitor and manage the global exposure of a fund: "Relative VaR" and "Absolute VaR". Relative VaR is where the VaR of a fund is divided by the VaR of an appropriate benchmark or reference portfolio, allowing the global exposure of a fund to be compared to, and limited by reference to, the global exposure of the appropriate benchmark or reference portfolio. The regulations specify that the VaR of the Fund must not exceed twice the VaR of its benchmark. Absolute VaR is commonly used as the relevant VaR measure for absolute return style funds where a benchmark or reference portfolio is not appropriate for risk measurement purposes. The regulations specify that the VaR measure for such a fund must not exceed 20% of that fund's net asset value.

The Management Company uses Relative VaR to monitor and manage the global exposure of some of the Funds and Absolute VaR for others. The type of VaR measure used for each Fund is set out below and where this is Relative VaR the appropriate benchmark or reference portfolio used in the calculation is also disclosed.

Leverage

A fund's level of investment exposure (for an equity fund, when combined with its instruments and cash) can in aggregate exceed its net asset value due to the use of financial derivative instruments or borrowing (borrowing is only permitted in limited circumstances and not for investment purposes). Where a fund's investment exposure exceeds its net asset value this is known as leverage. The regulations require that the Prospectus includes information relating to the expected levels of leverage in a fund where VaR is being used to measure global exposure. The expected level of leverage of each of the Funds is set out below and expressed as a percentage of its Net Asset Value. The Funds may have higher levels of leverage in atypical or volatile market conditions for example when there are sudden movements in investment prices due to difficult economic conditions in a sector or region. In such circumstances the relevant Investment Adviser may increase its use of derivatives in a Fund in order to reduce the market risk which that Fund is exposed to, this in turn would have the effect of increasing its levels of leverage. For the purposes of this disclosure, leverage is the investment exposure gained through the use of financial derivative instruments. It is calculated using the sum of the notional values of all of the financial derivative instruments held by the relevant Fund, without netting. The expected level of leverage is not a limit and may vary over time.

BOND FUNDS

BlackRock Strategic Funds – BlackRock European Constrained Credit Strategies Fund*

Investment Objective

The BlackRock European Constrained Credit Strategies Fund seeks to achieve a positive absolute return for investors regardless of market movements. The Fund will seek to achieve this investment objective by taking long, synthetic long and synthetic short investment exposures.

The Fund will seek to gain at least 70% of its investment exposure through fixed income transferable securities and fixed-income related securities (including derivatives) issued by, or giving exposure to, companies, governments and agencies either denominated in European currencies or of issuers domiciled in, or exercising the predominant part of their economic activity in Europe. The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in fixed income transferable securities and fixed-income related securities and, when determined appropriate, cash and near-cash instruments. Returns are sought through a diverse portfolio of relative value and directional positions in markets based on fundamental, credit-focussed, research and analysis. The Fund will not gain exposure to fixed-income transferable securities rated CCC or below by accredited credit rating agencies, such as Moody's, Standard and Poor's and Fitch, at the time the exposure is gained. Currency exposures and interest rate risks are normally hedged.

In order to achieve the investment objective and policy, the Fund will invest in a variety of investment strategies and instruments. It intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns.

Base Currency

Euro (EUR)

Type of Fund

Bond, Absolute Return

Valuation and Dealing

Dealings in shares of BlackRock European Constrained Credit Strategies Fund can normally be effected weekly on each Wednesday which is a Business Day ("Dealing Day"). In cases of such Wednesday not being Business Day, Shares may be purchased on the preceding Business Day. In addition, dealings may also be effected on the last Business Day in each month. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time, two Business Days prior to the Dealing Day (the "Cut-Off Point"). The prices applied will be those calculated in the afternoon of the relevant Dealing Day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section "Dealing in Fund Shares".

Fees and Expenses

BlackRock European Constrained Credit Strategies Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class I	0.00%	1.00%	0.00%	0.00%	20%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Performance fee type and Benchmark	Type A – 3 month LIBOR (in Euro) or an appropriate LIBOR rate for other currency hedged share classes.				

Risk management measure used: Absolute VaR

Expected level of leverage of the Fund: 186% of Net Asset Value

Specific Risk Considerations – (See Section "Special Risk Considerations"): 1 2 3 4 5 6 7 10 12 13 14 15 16 17 18 19 20 21 22 23 24 25.

BlackRock Strategic Funds – BlackRock European Credit Strategies Fund

Investment Objective

The BlackRock European Credit Strategies Fund seeks to achieve a positive absolute return for investors regardless of market movements.

The Fund will seek to achieve this investment objective by taking long and short risk positions in fixed income transferable securities and fixed-income related securities (including derivatives) issued by companies, governments and agencies. At least 70% of total assets will be in fixed income transferable securities and fixed-income related securities (including derivatives) either denominated in European currencies or of issuers domiciled in, or exercising the predominant part of their economic activity in Europe and, when determined appropriate, cash and near-cash instruments. Returns are sought through a diverse portfolio of relative value and directional positions in markets based on fundamental, credit-focussed, research and analysis. Currency exposures and interest rate risks are normally hedged.

In order to achieve the investment objective and policy the Fund will invest in a variety of investment strategies and instruments. It intends to take full advantage of the ability to invest in derivatives providing both long, synthetic long and/or synthetic short positions with the aim of maximising positive returns.

With effect from 17 October 2011, the Fund's investment objective and policy will change to the following:

The BlackRock European Credit Strategies Fund seeks to achieve a positive absolute return for investors regardless of market movements. The Fund will seek to achieve this investment objective by taking long, synthetic long and synthetic short investment exposures.

The Fund will seek to gain at least 70% of its investment exposure through fixed income transferable securities and fixed-income related securities (including derivatives) issued by, or giving exposure to, companies, governments and agencies and denominated in European currencies or of issuers domiciled in, or exercising the predominant part of their economic activity in Europe. The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in fixed income transferable securities and fixed-income related securities and, when determined appropriate, cash and near-cash instruments. Returns are sought through a diverse portfolio of relative value and directional positions in markets based on fundamental, credit-focussed, research and analysis. Currency exposures and interest rate risks are normally hedged.

In order to achieve the investment objective and policy the Fund will invest in a variety of investment strategies and instruments. It intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns.

Base Currency

Euro (EUR)

Type of Fund

Bond, Absolute Return

Valuation and Dealing

Dealings in shares of BlackRock European Credit Strategies Fund can normally be effected weekly on each Wednesday which is a Business Day ("Dealing Day"). In cases of such Wednesday not being Business Day, Shares may be purchased on the preceding Business Day. In addition, dealings may also be effected on the last Business Day in each month. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time, two Business Days prior to the Dealing Day (the "Cut-Off Point"). The prices applied will be those calculated in the afternoon of the relevant Dealing Day. Any dealing orders received by the Transfer Agent or

the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section “Dealing in Fund Shares”.

Fees and Expenses

BlackRock European Credit Strategies Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class H	5.00%	1.50%	0.00%	0.00%	20%
Class I	0.00%	1.00%	0.00%	0.00%	20%
Class J	0.00%	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Performance fee type and Benchmark	Type A – 3 month LIBOR (in Euro) or an appropriate LIBOR rate for other currency hedged share classes				

Risk management measure used: Absolute VaR.

Expected level of leverage of the Fund: 186% of Net Asset Value

Specific Risk Considerations – (See Section “Special Risk Considerations”):
1 2 3 4 5 6 7 10 12 13 14 15 16 17 18 19 20 21 22 23 24 25.

BlackRock Strategic Funds – BlackRock Fixed Income Strategies Fund

Investment Objective

The BlackRock Fixed Income Strategies Fund seeks to achieve positive total returns in Euro over a rolling three year cycle.

The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in fixed income transferable securities and fixed-income related securities (including derivatives) of governments, agencies or corporate issuers worldwide, currency forwards and, when determined appropriate, cash and near-cash instruments. The asset allocation of the Fund is intended to be flexible and the Fund will maintain the ability to switch exposure as market conditions and other factors dictate.

In order to achieve the investment objective and policy the Fund will invest in a variety of investment strategies and instruments. It intends to take full advantage of the ability to invest in derivatives providing long, synthetic long and/or synthetic short positions with the aim of maximising positive returns.

No more than 50% of the Fund’s total assets may be invested in ABS and MBS whether investment grade or not. Within this limit, no more than 40% of the Fund’s total assets may be invested in non-investment-grade fixed income securities including corporate bonds, ABS and MBS. These may include asset-backed commercial paper, collateralised debt obligations, collateralised mortgage obligations, commercial mortgage-backed securities, credit-linked notes, real estate mortgage investment conduits, residential mortgage-backed securities and synthetic collateralised debt obligations. The underlying assets of the ABS and MBS may include loans, leases or receivables (such as credit card debt, automobile loans and student loans in the case of ABS and commercial and residential mortgages originating from a regulated and authorised financial institution in the case of MBS). The ABS and MBS in which the Fund invests may use leverage to increase return to investors. Certain ABS may be structured by using a derivative such as a credit default swap or a basket of such derivatives to gain exposure to the performance of securities of various issuers without having to invest in the securities directly.

With effect from 17 October 2011, the Fund’s investment objective and policy will change to the following:

The BlackRock Fixed Income Strategies Fund seeks to achieve positive total returns in Euro over a rolling three year cycle. The Fund will seek to achieve this investment objective by taking long, synthetic long and synthetic short investment exposures.

The Fund will seek to gain at least 70% of its investment exposure through fixed income transferable securities and fixed-income related securities (including derivatives) issued by, or giving exposure to, governments, agencies and /or companies worldwide. The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in fixed income transferable securities and fixed-income related securities, currency forwards and, when determined appropriate, cash and near-cash instruments. The asset allocation of the Fund is intended to be flexible and the Fund will maintain the ability to switch exposure as market conditions and other factors dictate.

In order to achieve the investment objective and policy the Fund will invest in a variety of investment strategies and instruments. It intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns.

No more than 50% of the Fund’s total assets may be invested in ABS and MBS whether investment grade or not. Within this limit, no more than 40% of the Fund’s total assets may be invested in non-investment-grade fixed income securities including corporate bonds, ABS and MBS. These may include asset-backed commercial paper, collateralised debt obligations, collateralised mortgage obligations, commercial mortgage-backed securities, credit-linked notes, real estate mortgage investment conduits,

Appendix F

residential mortgage-backed securities and synthetic collateralised debt obligations. The underlying assets of the ABS and MBS may include loans, leases or receivables (such as credit card debt, automobile loans and student loans in the case of ABS and commercial and residential mortgages originating from a regulated and authorised financial institution in the case of MBS). The ABS and MBS in which the Fund invests may use leverage to increase return to investors. Certain ABS may be structured by using a derivative such as a credit default swap or a basket of such derivatives to gain exposure to the performance of securities of various issuers without having to invest in the securities directly.

This Fund may have significant exposure to ABS, MBS and non-investment grade debt, and investors are encouraged to read the relevant risk disclosures contained in paragraphs 2, 6 and 7 of the Section “Special Risk Considerations”.

Other applicable risks are set out in paragraphs: 1 2 3 4 5 10 12 13 14 15 16 17 18 19 20 21 22 23 24 25.

Base Currency

Euro (EUR)

Type of Fund

Bond, Total Return

Valuation and Dealing

Dealings in shares of the BlackRock Fixed Income Strategies Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the “Cut-Off Point”) and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section “Dealing in Fund Shares”.

Fees and Expenses

BlackRock Fixed Income Strategies Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.00%	0.00%	0.00%	0.00%
Class C	0.00%	1.00%	1.00%	1.00% to 0.00%	0.00%
Class D	5.00%	0.60%	0.00%	0.00%	0.00%
Class E	3.00%	1.00%	0.50%	0.00%	0.00%
Class I	0.00%	0.60%	0.00%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%

Risk management measure used: Absolute VaR

Expected level of leverage of the Fund: 114% of Net Asset Value

CURRENCY FUNDS

BlackRock Strategic Funds – BlackRock Global Currency Absolute Return Fund

Investment Objective

The BlackRock Global Currency Absolute Return Fund looks to generate absolute returns regardless of market conditions through investing in global currency markets.

The Fund seeks to achieve this objective through investment of at least 70% of its total assets in cash, near-cash instruments and currency derivatives. Investments may include but are not limited to fixed income securities, money market instruments, cash deposits, collective investment schemes and other instruments providing exposure to global currency markets.

In order to achieve the investment objective and policy, the Fund may invest in a variety of investment strategies and instruments. It intends to take full advantage of the ability to invest in derivatives providing long, synthetic long and/or synthetic short positions with the aim of maximising absolute returns.

With effect from 17 October 2011, the Fund’s investment objective and policy will change to the following:

The BlackRock Global Currency Absolute Return Fund looks to generate absolute returns regardless of market conditions through investing in global currency markets. The Fund will seek to achieve this investment objective by taking long, synthetic long and synthetic short investment exposures.

The Fund seeks to achieve this objective through investment of at least 70% of its total assets in cash, near-cash instruments and currency derivatives (including currency forwards). Investments may include but are not limited to fixed income securities, money market instruments, cash deposits, collective investment schemes and other instruments providing exposure to global currency markets.

In order to achieve the investment objective and policy, the Fund may invest in a variety of investment strategies and instruments. It intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising absolute returns.

Base Currency

US Dollar (USD)

Type of Fund

Currency, Absolute Return

Valuation and Dealing

Dealings in shares of BlackRock Global Currency Absolute Return Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the “Cut-Off Point”) and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section “Dealing in Fund Shares”.

Fees and Expenses

BlackRock Global Currency Absolute Return Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.00%	0.00%	0.00%	20%
Class C	0.00%	1.00%	1.00%	1.00% to 0.00%	20%
Class D	5.00%	0.50%	0.00%	0.00%	20%
Class E	3.00%	1.00%	0.50%	0.00%	20%
Class I	0.00%	0.50%	0.00%	0.00%	20%
Class J	0.00%	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Performance fee type and Benchmark	Type A - Federal Funds Rate (USD) or an appropriate overnight rate for other currency hedged share classes (currently EONIA for EUR hedged and SONIA for GBP hedged share classes)				

Risk management measure used: Absolute VaR

Expected level of leverage of the Fund: 35% of Net Asset Value

Specific Risk Considerations – (See Section “Special Risk Considerations”):
2 10 12 18 19 20 21 22 23 24 25

EQUITY FUNDS

BlackRock Strategic Funds – BlackRock Americas Diversified Equity Absolute Return Fund*

Investment Objective

The BlackRock Americas Diversified Equity Absolute Return Fund seeks to achieve a positive absolute return for investors regardless of market movements. The Fund will seek to achieve this investment objective by taking long, synthetic long and synthetic short investment exposures.

The Fund will seek to gain at least 70% of its investment exposure through equities and equity-related securities (including derivatives) of, or giving exposure to, companies incorporated or listed in the United States, Canada and Latin America (the “Americas”). The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in equities and equity-related securities and, when determined appropriate, cash and near-cash instruments. The Fund will be highly diversified across the universe of equities in the Americas, whilst seeking to minimise net exposure to underlying equity markets within the region.

In order to achieve the investment objective and policy, the Fund will invest in a variety of investment strategies and instruments. The main strategy which the Investment Adviser intends to pursue in order to assist it in achieving an absolute return is a market neutral strategy. This means it uses derivatives (synthetic short or synthetic long positions) to reduce or mitigate the directional market risk (i.e. the risk associated with the market moving in one direction, up or down) relating to the instruments it has exposure to (via long positions or synthetic positions). As the Fund seeks to be highly diversified it will make extensive use of derivatives; using them to gain investment exposure to instruments and at same time to mitigate the directional market risk of those instruments. It intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns. The main type of derivatives which the Fund will use is contracts for differences.

Base Currency

US Dollar (USD)

Type of Fund

Equity, Absolute Return

Valuation and Dealing

Dealings in shares of BlackRock Americas Diversified Equity Absolute Return Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the “Cut-Off Point”) and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section “Dealing in Fund Shares”.

Fees and Expenses

BlackRock Americas Diversified Equity Absolute Return Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.50%	0.00%	0.00%	20%
Class C	0.00%	1.50%	1.00%	1.00% to 0.00%	20%
Class D	5.00%	1.00%	0.00%	0.00%	20%
Class E	3.00%	1.50%	0.50%	0.00%	20%
Class I	0.00%	1.00%	0.00%	0.00%	20%
Class J	0.00%	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Performance fee type and Benchmark	Type A - 3 month LIBOR (in USD) or an appropriate LIBOR rate for other currency hedged share classes				

Risk management measure used: Absolute VaR

Expected level of leverage of the Fund: 557% of Net Asset Value

This Fund has a higher gross leverage figure than many of the other Funds due to the way in which it uses financial derivative instruments. As a result of its derivative usage this Fund may be more highly leveraged than other Funds which do not combine a diversified investment strategy with the aim of staying market neutral. Leverage, in this context is calculated as the sum of gross notional exposure created by the derivatives used.

Specific Risk Considerations – (See Section “Special Risk Considerations”):
1 2 5 8 10 12 13 15 17 18 19 20 21 22 23 25

BlackRock Strategic Funds – BlackRock Asia Extension Fund*

Investment Objective

The BlackRock Asia Extension Fund seeks to maximise long term returns through the use of an extension strategy.

Use of an extension strategy means that in addition to having up to 100% of the Fund’s assets exposed to equity securities via long and/or synthetic long positions, the intention is that it will enter into synthetic short positions in order to achieve additional investment exposure. The proceeds from those synthetic short positions will be used to buy additional synthetic long positions (broadly in the same proportion as the short positions it holds).

The Fund will seek to gain at least 70% of its investment exposure to companies domiciled in, or exercising the predominant part of their economic activity in Asia (ex Japan). The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in equities and equity-related securities (including derivatives) and, when determined appropriate, cash and near-cash instruments.

In order to achieve the investment objective and policy the Fund will invest in a variety of investment strategies and instruments. It intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns.

Base Currency

US Dollar (USD)

Type of Fund

Equity, Extension Strategies

Valuation and Dealing

Dealings in shares of BlackRock Asia Extension Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the “Cut-Off Point”) and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section “Dealing in Fund Shares”.

Fees and Expenses

BlackRock Asia Extension Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.50%	0.00%	0.00%	20%
Class C	0.00%	1.50%	1.00%	1.00% to 0.00%	20%
Class D	5.00%	1.00%	0.00%	0.00%	20%
Class E	3.00%	1.50%	0.50%	0.00%	20%
Class I	0.00%	1.00%	0.00%	0.00%	20%
Class J	0.00%	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Performance fee type and Benchmark	Type B - MSCI All Country Asia ex Japan Index SM				

Risk management measure used: Relative VaR using - MSCI All Country Asia ex Japan Index SM as the appropriate benchmark

Expected level of leverage of the Fund: 200% of Net Asset Value

Specific Risk Considerations – (See Section “Special Risk Considerations”):
1 2 5 8 10 12 13 15 17 18 19 20 21 22 23 25

BlackRock Strategic Funds – BlackRock Emerging Markets Extension Fund*

Investment Objective

The BlackRock Emerging Markets Extension Fund seeks to maximise total returns through the use of an extension strategy.

Use of an extension strategy means that in addition to having up to 100% of the Fund's assets exposed to equity securities via long and/or synthetic long positions, the intention is that it will enter into synthetic short positions in order to achieve additional investment exposure. The proceeds from those synthetic short positions will be used to buy additional synthetic long positions (broadly in the same proportion as the short positions it holds).

The Fund will seek to gain at least 70% of its investment exposure to companies domiciled in, or exercising the predominant part of their economic activity in emerging markets. The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in equities and equity-related securities (including derivatives) and, when determined appropriate, cash and near-cash instruments.

In order to achieve the investment objective and policy the Fund will invest in a variety of investment strategies and instruments. It intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns.

Base Currency

US Dollar (USD)

Type of Fund

Equity, Extension Strategies

Valuation and Dealing

Dealings in shares of BlackRock Emerging Markets Extension Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the "Cut-Off Point") and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section "Dealing in Fund Shares".

Fees and Expenses

BlackRock Emerging Markets Extension Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.50%	0.00%	0.00%	20%
Class C	0.00%	1.50%	1.00%	1.00% to 0.00%	20%
Class D	5.00%	1.00%	0.00%	0.00%	20%
Class E	3.00%	1.50%	0.50%	0.00%	20%
Class I	0.00%	1.00%	0.00%	0.00%	20%
Class J	0.00%	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%

Performance fee type and Benchmark: Type B - MSCI Emerging Markets Index

Risk management measure used: Relative VaR using MSCI Emerging Markets Index as the appropriate benchmark

Expected level of leverage of the Fund: 200% of Net Asset Value

Specific Risk Considerations – (See Section "Special Risk Considerations"): 1 2 5 8 10 12 13 15 17 18 19 20 21 22 23 25

BlackRock Strategic Funds – BlackRock European Absolute Return Fund

Investment Objective

The BlackRock European Absolute Return Fund seeks to achieve a positive absolute return for investors regardless of market movements.

The Fund will seek to achieve this investment objective through an investment of at least 70% of its total assets in equities and equity-related securities (including derivatives) of companies domiciled in, or exercising the predominant part of their economic activity in Europe and, when determined appropriate, cash and near-cash instruments.

In order to achieve the investment objective and policy the Fund will invest in a variety of investment strategies and instruments. It intends to take full advantage of the ability to invest in derivatives providing long, synthetic long and/or synthetic short positions with the aim of maximising positive returns.

With effect from 17 October 2011, the Fund's investment objective and policy will change to the following:

The BlackRock European Absolute Return Fund seeks to achieve a positive absolute return for investors regardless of market movements. The Fund will seek to achieve this investment objective by taking long, synthetic long and synthetic short investment exposures.

The Fund will seek to gain at least 70% of its investment exposure through equities and equity-related securities (including derivatives) of, or giving exposure to, companies domiciled in, or exercising the predominant part of their economic activity in Europe. The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in equities and equity-related securities and, when determined appropriate, cash and near-cash instruments.

In order to achieve the investment objective and policy the Fund will invest in a variety of investment strategies and instruments. It intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns.

Base Currency

Euro (EUR)

Type of Fund

Equity, Absolute Return

Valuation and Dealing

Dealings in shares of BlackRock European Absolute Return Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the "Cut-Off Point") and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section "Dealing in Fund Shares".

Fees and Expenses

BlackRock European Absolute Return Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.50%	0.00%	0.00%	20%
Class C	0.00%	1.50%	1.00%	1.00% to 0.00%	20%
Class D	5.00%	1.00%	0.00%	0.00%	20%
Class E	3.00%	1.50%	0.50%	0.00%	20%
Class I	0.00%	1.00%	0.00%	0.00%	20%
Class J	0.00%	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Performance fee type and Benchmark	Type A - 3 month LIBOR (in Euro) or an appropriate LIBOR rate for other currency hedged share classes				

Risk management measure used: Absolute VaR

Expected level of leverage of the Fund: 67% of Net Asset Value

Specific Risk Considerations – (See Section “Special Risk Considerations”):
1 2 5 8 10 12 13 17 18 19 20 21 22 23 25

BlackRock Strategic Funds – BlackRock European Diversified Equity Absolute Return Fund

Investment Objective

The BlackRock European Diversified Equity Absolute Return Fund seeks to achieve a positive absolute return for investors regardless of market movements.

The Fund will seek to achieve this investment objective through an investment of at least 70% of its total assets in equities and equity-related securities (including derivatives) of companies domiciled in, or exercising the predominant part of their economic activity in Europe and, when determined appropriate, cash and near-cash instruments. The Fund will be highly diversified across the universe of European equities, whilst seeking to minimise net exposure to underlying European equity markets.

In order to achieve the investment objective and policy the Fund will invest in a variety of investment strategies and instruments. It intends to take full advantage of the ability to invest in derivatives providing long, synthetic long and/or synthetic short positions with the aim of maximising positive returns.

With effect from 17 October 2011, the Fund’s investment objective and policy will change to the following:

The BlackRock European Diversified Equity Absolute Return Fund seeks to achieve a positive absolute return for investors regardless of market movements. The Fund will seek to achieve this investment objective by taking long, synthetic long and synthetic short investment exposures.

The Fund will seek to gain at least 70% of its investment exposure through equities and equity-related securities (including derivatives) of, or giving exposure to, companies domiciled in, or exercising the predominant part of their economic activity in Europe. The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in equities and equity-related securities and, when determined appropriate, cash and near-cash instruments. The Fund will be highly diversified across the universe of European equities, whilst seeking to minimise net exposure to underlying European equity markets.

In order to achieve the investment objective and policy the Fund will invest in a variety of investment strategies and instruments. The main strategy which the Investment Adviser intends to pursue in order to assist it in achieving an absolute return is a market neutral strategy. This means it uses derivatives (synthetic short or synthetic long positions) to reduce or mitigate the directional market risk (i.e. the risk associated with the market moving in one direction, up or down) relating to the instruments it has exposure to (via long positions or synthetic positions). As the Fund seeks to be highly diversified it will make extensive use of derivatives; using them to gain investment exposure to instruments and at same time to mitigate the directional market risk of those instruments. It intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns. The main type of derivatives which the Fund will use is contracts for differences.

This is a capacity constrained product.

Base Currency

Euro (EUR)

Type of Fund

Equity, Absolute Return

Valuation and Dealing

Dealings in shares of BlackRock European Diversified Equity Absolute Return Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the “Cut-Off Point”) and the prices applied will be those

calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section “Dealing in Fund Shares”.

Fees and Expenses

BlackRock European Diversified Equity Absolute Return Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.50%	0.00%	0.00%	20%
Class C	0.00%	1.50%	1.00%	1.00% to 0.00%	20%
Class D	5.00%	1.00%	0.00%	0.00%	20%
Class E	3.00%	1.50%	0.50%	0.00%	20%
Class I	0.00%	1.00%	0.00%	0.00%	20%
Class J	0.00%	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Performance fee type and Benchmark	Type A - 3 month LIBOR (in Euro) or an appropriate LIBOR rate for other currency hedged share classes				

Risk management measure used: Absolute VaR

Expected level of leverage of the Fund: 557% of Net Asset Value

This Fund has a higher gross leverage figure than many of the other Funds due to the way in which it uses financial derivative instruments. As a result of its derivative usage this Fund may be more highly leveraged than other Funds which do not combine a diversified investment strategy with the aim of staying market neutral. Leverage, in this context is calculated as the sum of gross notional exposure created by the derivatives used.

Specific Risk Considerations – (See Section “Special Risk Considerations”):
1 2 5 8 10 12 13 15 17 18 19 20 21 22 23 25

BlackRock Strategic Funds – BlackRock European Extension Fund*

Investment Objective

The BlackRock European Extension Fund seeks to maximise total returns through the use of an extension strategy.

Use of an extension strategy means that in addition to having up to 100% of the Fund’s assets exposed to equity securities via long and/or synthetic long positions, the intention is that it will enter into synthetic short positions in order to achieve additional investment exposure. The proceeds from those synthetic short positions will be used to buy additional synthetic long positions (broadly in the same proportion as the short positions it holds).

The Fund will seek to gain at least 70% of its investment exposure to companies domiciled in, or exercising the predominant part of their economic activity in Europe. The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in equities and equity-related securities (including derivatives) and, when determined appropriate, cash and near-cash instruments.

In order to achieve the investment objective and policy, the Fund will invest in a variety of investment strategies and instruments. It intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns.

Base Currency

Euro (EUR)

Type of Fund

Equity, Extension Strategies

Valuation and Dealing

Dealings in shares of BlackRock European Extension Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the “Cut-Off Point”) and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section “Dealing in Fund Shares”.

Fees and Expenses

BlackRock European Extension Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.50%	0.00%	0.00%	20%
Class C	0.00%	1.50%	1.00%	1.00% to 0.00%	20%
Class D	5.00%	1.00%	0.00%	0.00%	20%
Class E	3.00%	1.50%	0.50%	0.00%	20%
Class I	0.00%	1.00%	0.00%	0.00%	20%
Class J	0.00%	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Performance fee type and Benchmark	Type B - MSCI Europe Index				

Risk management measure used: Relative VaR using MSCI Europe Index as the appropriate benchmark

Expected level of leverage of the Fund: 160% of Net Asset Value

Specific Risk Considerations – (See Section “Special Risk Considerations”):
1 2 5 8 10 12 13 17 18 19 20 21 22 23 25

BlackRock Strategic Funds – BlackRock European Opportunities Absolute Return Fund

Investment Objective

The BlackRock European Opportunities Absolute Return Fund seeks to achieve a positive absolute return for investors regardless of market movements.

The Fund will seek to achieve this investment objective through an investment of at least 70% of its total assets in equities and equity-related securities (including derivatives) of companies domiciled in, or exercising the predominant part of their economic activity in Europe and, when determined appropriate, cash and near-cash instruments. At least 50% of the total assets of the Fund will be invested in small and mid capitalisation companies. Small and mid capitalisation companies are considered companies which, at the time of purchase, form the bottom 30% by market capitalisation of European exchanges.

In order to achieve the investment objective and policy the Fund will invest in a variety of investment strategies and instruments. It intends to take full advantage of the ability to invest in derivatives providing long, synthetic long and/or synthetic short positions with the aim of maximising positive returns.

With effect from 17 October 2011, the Fund's investment objective and policy will change to the following:

The BlackRock European Opportunities Absolute Return Fund seeks to achieve a positive absolute return for investors regardless of market movements. The Fund will seek to achieve this investment objective by taking long, synthetic long and synthetic short investment exposures.

The Fund will seek to gain at least 70% of its investment exposure through equities and equity-related securities of, or giving exposure to, companies domiciled in, or exercising the predominant part of their economic activity in Europe. The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in equities and equity-related securities and, when determined appropriate, cash and near-cash instruments. At least 50% of the Fund's investment exposure will be to small and mid capitalisation companies. Small and mid capitalisation companies are considered companies which, at the time of purchase, form the bottom 30% by market capitalisation of European exchanges.

In order to achieve the investment objective and policy the Fund will invest in a variety of investment strategies and instruments. It intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns.

Base Currency

Euro (EUR)

Type of Fund

Equity, Absolute Return

Valuation and Dealing

Dealings in shares of BlackRock European Opportunities Absolute Return Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the "Cut-Off Point") and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section "Dealing in Fund Shares".

Fees and Expenses

BlackRock European Opportunities Absolute Return Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.50%	0.00%	0.00%	20%
Class C	0.00%	1.50%	1.00%	1.00% to 0.00%	20%
Class D	5.00%	1.00%	0.00%	0.00%	20%
Class E	3.00%	1.50%	0.50%	0.00%	20%
Class I	0.00%	1.00%	0.00%	0.00%	20%
Class J	0.00%	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Performance fee type and Benchmark	Type A - 3 month LIBOR (in Euro) or an appropriate LIBOR rate for other currency hedged share classes				

Risk management measure used: Absolute VaR

Expected level of leverage of the Fund: 97% of Net Asset Value

Specific Risk Considerations – (See Section "Special Risk Considerations"):
1 2 5 8 10 12 13 17 18 19 20 21 22 23 25

BlackRock Strategic Funds – BlackRock European Opportunities Extension Strategies Fund

Investment Objective

The BlackRock European Opportunities Extension Strategies Fund seeks to provide long term growth from a portfolio of predominantly long and synthetic long equity positions but with the flexibility to establish synthetic short positions.

The Fund will seek to achieve this investment objective through an investment of at least 70% of its total assets in equities and equity-related securities (including derivatives) of companies domiciled in, or exercising the predominant part of their economic activity in Europe. At least 50% of the total assets of the Fund will be invested in small and mid capitalisation companies. Small and mid capitalisation companies are considered companies which, at the time of purchase, form the bottom 30% by market capitalisation of European exchanges.

In order to achieve the investment objective and policy, the Fund will invest in a variety of investment strategies and instruments. It intends to take full advantage of the ability to invest in derivatives providing long, synthetic long and/or synthetic short positions with the aim of maximising positive returns.

With effect from 17 October 2011, the name of the Fund will change from BlackRock European Opportunities Extension Strategies Fund to BlackRock European Opportunities Extension Fund, and all references in this prospectus to the “BlackRock European Opportunities Extension Strategies Fund” shall be replaced by references to the “BlackRock European Opportunities Extension Fund”. On this date, the Fund’s investment objective and policy will also change to the following:

The BlackRock European Opportunities Extension Fund seeks to maximise total returns through the use of an extension strategy.

Use of an extension strategy means that in addition to having up to 100% of the Fund’s assets exposed to equity securities via long and/or synthetic long positions, the intention is that it will enter into synthetic short positions in order to achieve additional investment exposure. The proceeds from those synthetic short positions will be used to buy additional synthetic long positions (broadly in the same proportion as the short positions it holds).

The Fund will seek to gain at least 70% of its investment exposure to companies domiciled in, or exercising the predominant part of their economic activity in Europe. The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in equities and equity-related securities (including derivatives) and, when determined appropriate, cash and near-cash instruments. At least 50% of the Fund’s investment exposure will be to small and mid capitalisation companies. Small and mid capitalisation companies are considered companies which, at the time of purchase, form the bottom 30% by market capitalisation of European exchanges.

In order to achieve the investment objective and policy, the Fund will invest in a variety of investment strategies and instruments. It intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns.

Base Currency

Euro (EUR)

Type of Fund

Equity, Extension Strategies

Valuation and Dealing

Dealings in shares of BlackRock European Opportunities Extension Strategies Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time

on any Dealing Day (the “Cut-Off Point”) and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section “Dealing in Fund Shares”.

Fees and Expenses

BlackRock European Opportunities Extension Strategies Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.50%	0.00%	0.00%	20%
Class C	0.00%	1.50%	1.00%	1.00% to 0.00%	20%
Class D	5.00%	1.00%	0.00%	0.00%	20%
Class E	3.00%	1.50%	0.50%	0.00%	20%
Class I	0.00%	1.00%	0.00%	0.00%	20%
Class J	0.00%	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%

Performance fee type and Benchmark Type B – S&P Europe BMI Index

Risk management measure used: Relative VaR using S&P Europe BMI Index as the appropriate benchmark

Expected level of leverage of the Fund: 68% of Net Asset Value

Specific Risk Considerations – (See Section “Special Risk Considerations”):
1 2 5 8 10 12 13 17 18 19 20 21 22 23 25

BlackRock Strategic Funds – BlackRock Global Extension Fund*

Investment Objective

The BlackRock Global Extension Fund seeks to maximise total returns through the use of an extension strategy.

Use of an extension strategy means that in addition to having up to 100% of the Fund’s assets exposed to equity securities via long and/or synthetic long positions, the intention is that it will enter into synthetic short positions in order to achieve additional investment exposure. The proceeds from those synthetic short positions will be used to buy additional synthetic long positions (broadly in the same proportion as the short positions it holds).

The Fund will seek to gain at least 70% of its investment exposure to companies domiciled in, or exercising the predominant part of their economic activity in developed markets. The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in equities and equity-related securities (including derivatives) and, when determined appropriate, cash and near-cash instruments.

In order to achieve the investment objective and policy, the Fund will invest in a variety of investment strategies and instruments. It intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns.

Base Currency

US Dollar (USD)

Type of Fund

Equity, Extension Strategies

Valuation and Dealing

Dealings in shares of BlackRock Global Extension Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the “Cut-Off Point”) and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section “Dealing in Fund Shares”.

Fees and Expenses

BlackRock Global Extension Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.50%	0.00%	0.00%	20%
Class C	0.00%	1.50%	1.00%	1.00% to 0.00%	20%
Class D	5.00%	1.00%	0.00%	0.00%	20%
Class E	3.00%	1.50%	0.50%	0.00%	20%
Class I	0.00%	1.00%	0.00%	0.00%	20%
Class J	0.00%	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%

Performance fee type and Benchmark

Type B – MSCI World Index

Risk management measure used: Relative VaR using MSCI World Index as the appropriate benchmark

Expected level of leverage of the Fund: 160% of Net Asset Value

Specific Risk Considerations – (See Section “Special Risk Considerations”):
1 2 5 8 10 12 13 15 17 18 19 20 21 22 23 25

BlackRock Strategic Funds – BlackRock Japan Extension Fund*

Investment Objective

The BlackRock Japan Extension Fund seeks to maximise total returns through the use of an extension strategy.

Use of an extension strategy means that in addition to having up to 100% of the Fund’s assets exposed to equity securities via long and/or synthetic long positions, the intention is that it will enter into synthetic short positions in order to achieve additional investment exposure. The proceeds from those synthetic short positions will be used to buy additional synthetic long positions (broadly in the same proportion as the short positions it holds).

The Fund will seek to gain at least 70% of its investment exposure to companies domiciled in, or exercising the predominant part of their economic activity in Japan. The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in equities and equity-related securities (including derivatives) and, when determined appropriate, cash and near-cash instruments.

In order to achieve the investment objective and policy, the Fund will invest in a variety of investment strategies and instruments. It intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns.

Base Currency

Japanese Yen (Yen)

Type of Fund

Equity, Extension Strategies

Valuation and Dealing

Dealings in shares of BlackRock Japan Extension Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the “Cut-Off Point”) and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section “Dealing in Fund Shares”.

Fees and Expenses

BlackRock Japan Extension Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.50%	0.00%	0.00%	20%
Class C	0.00%	1.50%	1.00%	1.00% to 0.00%	20%
Class D	5.00%	1.00%	0.00%	0.00%	20%
Class E	3.00%	1.50%	0.50%	0.00%	20%
Class I	0.00%	1.00%	0.00%	0.00%	20%
Class J	0.00%	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%

Performance fee type and Benchmark

Type B – Topix

Risk management measure used: Relative VaR using Topix as the appropriate benchmark

Expected level of leverage of the Fund: 160% of Net Asset Value

Specific Risk Considerations – (See Section “Special Risk Considerations”):
1 2 5 8 10 12 13 17 18 19 20 21 22 23 25

BlackRock Strategic Funds – BlackRock Latin American Opportunities Fund

Investment Objective

The BlackRock Latin American Opportunities Fund seeks to maximise total return.

The Fund will seek to achieve this investment objective through an investment of at least 70% of its total assets in equity and equity-related securities (including derivatives) of small and mid capitalisation companies domiciled in, or exercising the predominant part of their economic activity in Latin America. Small and mid capitalisation companies are considered companies which, at the time of purchase, form the bottom 30% by market capitalisation of Latin American exchanges.

Base Currency

US Dollar (USD)

Type of Fund

Equity, Total Return

Valuation and Dealing

Dealings in shares of BlackRock Latin American Opportunities Fund can normally be effected on the 15th day and the last Business Day in any month. In the event the 15th day of the month is not a Business Day, the preceding Business Day shall be a Dealing Day. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the “Cut-Off Point”) and the prices applied will be those calculated in the morning of the Business Day following the Dealing Day and normally published on the second Business Day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section “Dealing in Fund Shares”.

This is a capacity constrained product.

Fees and Expenses

BlackRock Latin American Opportunities Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	2.00%	0.00%	0.00%	20%
Class C	0.00%	2.00%	1.00%	1.00% to 0.00%	20%
Class D	5.00%	1.25%	0.00%	0.00%	20%
Class E	3.00%	2.00%	0.50%	0.00%	20%
Class I	0.00%	1.25%	0.00%	0.00%	20%
Class J	0.00%	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Performance fee type and Benchmark	Type B - MSCI Emerging Market Latin America				

Risk management measure used: Relative VaR using MSCI Emerging Market Latin America Index as the appropriate benchmark

Expected level of leverage of the Fund: 0% of Net Asset Value

Specific Risk Considerations – (See Section “Special Risk Considerations”):
1 5 8 10 12 13 15 17 18 19 20 21 23 25

BlackRock Strategic Funds – BlackRock UK Absolute Return Fund*

Investment Objective

The BlackRock UK Absolute Return Fund seeks to achieve a positive absolute return for investors regardless of market movements. The Fund will seek to achieve this investment objective by taking long, synthetic long and synthetic short investment exposures.

The Fund will seek to gain at least 70% of its investment exposure through equities and equity-related securities of, or giving exposure to, companies incorporated or listed in the UK. The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in equities and equity-related securities and, when determined appropriate, cash and near-cash instruments.

In order to achieve the investment objective and policy the Fund will invest in a variety of investment strategies and instruments. It intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns.

Base Currency

Great British Pound (GBP)

Type of Fund

Equity, Absolute Return

Valuation and Dealing

Dealings in shares of BlackRock UK Absolute Return Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the “Cut-Off Point”) and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section “Dealing in Fund Shares”.

Fees and Expenses

BlackRock UK Absolute Return Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.50%	0.00%	0.00%	20%
Class C	0.00%	1.50%	1.00%	1.00% to 0.00%	20%
Class D	5.00%	1.00%	0.00%	0.00%	20%
Class E	3.00%	1.50%	0.50%	0.00%	20%
Class I	0.00%	1.00%	0.00%	0.00%	20%
Class J	0.00%	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Performance fee type and Benchmark	Type A - 3 month LIBOR (in GBP) or a appropriate LIBOR rate for other currency hedged share classes				

Risk management measure used: Absolute VaR

Expected level of leverage of the Fund: 75% of Net Asset Value

Specific Risk Considerations – (See Section “Special Risk Considerations”):
1 2 5 8 10 12 13 17 18 19 20 21 22 23 25

BlackRock Strategic Funds – BlackRock UK Extension Fund*

Investment Objective

The BlackRock UK Extension Fund seeks to maximise total returns through the use of an extension strategy.

Use of an extension strategy means that in addition to having up to 100% of the Fund’s assets exposed to equity securities via long and/or synthetic long positions, the intention is that it will enter into synthetic short positions in order to achieve additional investment exposure. The proceeds from those synthetic short positions will be used to buy additional synthetic long positions (broadly in the same proportion as the short positions it holds).

The Fund will seek to gain at least 70% of its investment exposure to companies incorporated or listed in the UK. The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in equities and equity-related securities (including derivatives) and, when determined appropriate, cash and near-cash instruments.

In order to achieve the investment objective and policy, the Fund will invest in a variety of investment strategies and instruments. It intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns.

Base Currency

Great British Pound (GBP)

Type of Fund

Equity, Extension Strategies

Valuation and Dealing

Dealings in shares of BlackRock UK Extension Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the “Cut-Off Point”) and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section “Dealing in Fund Shares”.

Fees and Expenses

BlackRock UK Extension Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.50%	0.00%	0.00%	20%
Class C	0.00%	1.50%	1.00%	1.00% to 0.00%	20%
Class D	5.00%	1.00%	0.00%	0.00%	20%
Class E	3.00%	1.50%	0.50%	0.00%	20%
Class I	0.00%	1.00%	0.00%	0.00%	20%
Class J	0.00%	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Performance fee type and Benchmark	Type B – FTSE All Share				

Risk management measure used: Relative VaR using FTSE All Share Index as the appropriate benchmark

Expected level of leverage of the Fund: 160% of Net Asset Value

Specific Risk Considerations – (See Section “Special Risk Considerations”):
1 2 5 8 10 12 13 17 18 19 20 21 22 23 25

BlackRock Strategic Funds – BlackRock US Extension Fund*

Investment Objective

The BlackRock US Extension Fund seeks to maximise total returns through the use of an extension strategy.

Use of an extension strategy means that in addition to having up to 100% of the Fund’s assets exposed to equity securities via long and/or synthetic long positions, the intention is that it will enter into synthetic short positions in order to achieve additional investment exposure. The proceeds from those synthetic short positions will be used to buy additional synthetic long positions (broadly in the same proportion as the short positions it holds).

The Fund will seek to gain at least 70% of its investment exposure to companies domiciled in, or exercising the predominant part of their economic activity in the US. The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in equities and equity-related securities (including derivatives) and, when determined appropriate, cash and near-cash instruments.

In order to achieve the investment objective and policy, the Fund will invest in a variety of investment strategies and instruments. It intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns.

Base Currency

US Dollar (USD)

Type of Fund

Equity, Extension Strategies

Valuation and Dealing

Dealings in shares of BlackRock US Extension Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the “Cut-Off Point”) and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section “Dealing in Fund Shares”.

Fees and Expenses

BlackRock US Extension Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.50%	0.00%	0.00%	20%
Class C	0.00%	1.50%	1.00%	1.00% to 0.00%	20%
Class D	5.00%	1.00%	0.00%	0.00%	20%
Class E	3.00%	1.50%	0.50%	0.00%	20%
Class I	0.00%	1.00%	0.00%	0.00%	20%
Class J	0.00%	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Performance fee type and Benchmark	Type B – Russell 1000				

Risk management measure used: Relative VaR using Russell 1000 Index as the appropriate benchmark

Expected level of leverage of the Fund: 160% of Net Asset Value

Specific Risk Considerations – (See Section “Special Risk Considerations”):
1 2 5 8 10 12 13 17 18 19 20 21 22 23 25

MIXED FUNDS

BlackRock Strategic Funds – BlackRock Euro Dynamic Diversified Growth Fund**Investment Objective**

The BlackRock Euro Dynamic Diversified Growth Fund seeks to deliver long term capital growth with a low tolerance for capital loss.

The Fund invests globally in the full spectrum of permitted investments including equities, fixed income transferable securities (which may include some high yield fixed income transferable securities), units of undertakings for collective investment, derivatives, cash, deposits and money market instruments. The Fund has a flexible approach to asset allocation (which includes taking indirect exposure to commodities through investments in undertakings for collective investment, medium term notes, exchange traded funds and derivatives on commodity indices). The Fund may invest without limitation in securities denominated in currencies other than the reference currency (euro). The currency exposure of the Fund is flexibly managed.

The Fund will aim to achieve the policy described above mainly through investments in the units of UCITS and/or other UCIs.

Base Currency

Euro (EUR)

Type of Fund

Multi Asset

Valuation and Dealing

Dealings in shares of BlackRock Euro Dynamic Diversified Growth Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the “Cut-Off Point”) and the prices applied will be those calculated in the morning of the Business Day following the Dealing Day and normally published on the second Business Day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section “Dealing in Fund Shares”.

Fees and Expenses

BlackRock Euro Dynamic Diversified Growth Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.25%	0.00%	0.00%	0.00%
Class C	0.00%	1.25%	1.00%	1.00% to 0.00%	0.00%
Class D	5.00%	0.65%	0.00%	0.00%	0.00%
Class E	3.00%	1.25%	0.50%	0.00%	0.00%
Class I	0.00%	0.65%	0.00%	0.00%	0.00%
Class J	0.00%	0.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%

Risk management measure used: Absolute VaR

Expected level of leverage of the Fund: 26% of Net Asset Value

Specific Risk Considerations – (See Section “Special Risk Considerations”):
1 2 8 9 10 12 13 14 15 16 17 18 19 20 21 23 25

The BlackRock Funds of iShares

The BlackRock Funds of iShares aim to achieve their investment objectives to the extent consistent with maintaining a certain level of risk. To maintain that level of risk, the allocations in iShares offering exposure to equity, equity-related securities, property, commodities and other alternative assets are expected to vary from time to time. Please note that allocations may fall outside the stated range for extended periods but, generally, the equities weightings within the different risk profiles are the following:

Fund of iShares	Equity weightings
Conservative	15%-35%
Moderate	25%-55%
Growth	35%-75%
Dynamic	45%-95%

BlackRock Strategic Funds – BlackRock Fund of iShares – Conservative**Investment Objective**

The BlackRock Fund of iShares – Conservative aims to be invested to a conservative risk profile and to deliver a total return, which is a combination of capital growth and income, commensurate with that level of risk. This will be achieved by taking exposure predominantly to a broad range of asset classes via its investment in iShares Exchange Traded Funds (which will be UCITS or other UCIs) and, when considered necessary to control risk, cash and near cash instruments.

Within this risk profile, the Fund typically expects to invest between 15% and 35% of its total assets in instruments (predominantly iShares Exchange Traded Funds) offering exposure to equity, equity-related securities, property, commodities and other alternative assets. The remainder of the Fund will gain exposure to fixed income, fixed income-related securities and cash. The Fund will not be subject to any geographic restrictions.

To maintain a conservative level of risk, these allocations are expected to vary over time, and may fall outside the stated range for extended periods. Similarly there can be no guarantee that the Fund will attain a conservative level of risk, especially during periods of unusually high or low volatility in equity and fixed income markets.

Base Currency

Euro (EUR)

Type of Fund

Multi Asset

Valuation and Dealing

Dealings in shares of Fund of iShares – Conservative can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the “Cut-Off Point”) and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section “Dealing in Fund Shares”.

Fees and Expenses

BlackRock Fund of iShares – Conservative	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class K	5.00%	0.60%	0.00%	0.00%	0.00%
Class L	3.00%	0.60%	0.50%	0.00%	0.00%
Class M	2.00%	0.60%	0.75%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%

Risk management measure used: Relative VaR. The Fund uses a customised benchmark as its appropriate benchmark for the purposes of measuring its relative VaR. The customised benchmark consists of a diversified allocation to indices providing exposure to equities globally and fixed income securities issued by corporates, governments, government agencies and supranationals, in addition to alternative assets such as commodities and property. The allocation to these indices within the customised benchmark will reflect the Fund's investment objective and will vary over time.

Expected level of leverage of the Fund: 0% of Net Asset Value

Specific Risk Considerations – (See Section “Special Risk Considerations”):
1 2 5 8 9 10 13 14 15

BlackRock Strategic Funds – BlackRock Fund of iShares – Moderate

Investment Objective

The BlackRock Fund of iShares – Moderate aims to be invested to a moderate risk profile and to deliver a total return, which is a combination of capital growth and income, commensurate with that level of risk. This will be achieved by taking exposure predominantly to a broad range of asset classes via its investment in iShares Exchange Traded Funds (which will be UCITS or other UCIs) and, when considered necessary to control risk, cash and near cash instruments.

Within this risk profile, the Fund typically expects to invest between 25% and 55% of its total assets in instruments (predominantly iShares Exchange Traded Funds) offering exposure to equity, equity-related securities, property, commodities and other alternative assets. The remainder of the Fund will gain exposure to fixed income, fixed income-related securities and cash. The Fund will not be subject to any geographic restrictions.

To maintain a moderate level of risk, these allocations are expected to vary over time, and may fall outside the stated range for extended periods. Similarly there can be no guarantee that the Fund will attain a moderate level of risk, especially during periods of unusually high or low volatility in equity and fixed income markets.

Base Currency

Euro (EUR)

Type of Fund

Multi Asset

Valuation and Dealing

Dealings in shares of Fund of iShares – Moderate can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the “Cut-Off Point”) and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section “Dealing in Fund Shares”.

Fees and Expenses

BlackRock Fund of iShares - Moderate	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class K	5.00%	0.60%	0.00%	0.00%	0.00%
Class L	3.00%	0.60%	0.50%	0.00%	0.00%
Class M	2.00%	0.60%	0.75%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%

Risk management measure used: Relative VaR. The Fund uses a customised benchmark as its appropriate benchmark for the purposes of measuring its relative VaR. The customised benchmark consists of a diversified allocation to indices providing exposure to equities globally and fixed income securities issued by corporates, governments, government agencies and supranationals, in addition to alternative assets such as commodities and property. The allocation to these indices within the customised benchmark will reflect the Fund's investment objective and will vary over time.

Expected level of leverage of the Fund: 0% of Net Asset Value

Specific Risk Considerations – (See Section “Special Risk Considerations”):
1 2 5 8 9 10 13 14 15

BlackRock Strategic Funds – BlackRock Fund of iShares – Growth

Investment Objective

The BlackRock Fund of iShares – Growth aims to be invested to a moderately high risk profile and to deliver a total return, which is a combination of capital growth and income, commensurate with that level of risk. This will be achieved by taking exposure predominantly to a broad range of asset classes via its investment in iShares Exchange Traded Funds (which will be UCITS or other UCIs) and, when considered necessary to control risk, cash and near cash instruments.

Within this risk profile, the Fund typically expects to invest between 35% and 75% of its total assets in instruments (predominantly iShares Exchange Traded Funds) offering exposure to equity, equity-related securities, property, commodities and other alternative assets. The remainder of the Fund will gain exposure to fixed income, fixed income-related securities and cash. The Fund will not be subject to any geographic restrictions.

To maintain a moderately high level of risk, these allocations are expected to vary over time, and may fall outside the stated range for extended periods. Similarly there can be no guarantee that the Fund will attain a moderately high level of risk, especially during periods of unusually high or low volatility in equity and fixed income markets.

Base Currency

Euro (EUR)

Type of Fund

Multi Asset

Valuation and Dealing

Dealings in shares of Fund of iShares – Growth can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the “Cut-Off Point”) and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section “Dealing in Fund Shares”.

Fees and Expenses

BlackRock Fund of iShares - Growth	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class K	5.00%	0.60%	0.00%	0.00%	0.00%
Class L	3.00%	0.60%	0.50%	0.00%	0.00%
Class M	2.00%	0.60%	0.75%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%

Risk management measure used: Relative VaR. The Fund uses a customised benchmark as its appropriate benchmark for the purposes of measuring its relative VaR. The customised benchmark consists of a diversified allocation to indices providing exposure to equities globally and fixed income securities issued by corporates, governments, government agencies and supranationals, in addition to alternative assets such as commodities and property. The allocation to these indices within the customised benchmark will reflect the Fund’s investment objective and will vary over time.

Expected level of leverage of the Fund: 0% of Net Asset Value

Specific Risk Considerations – (See Section “Special Risk Considerations”):
1 2 5 8 9 10 13 14 15

BlackRock Strategic Funds – BlackRock Fund of iShares – Dynamic

Investment Objective

The BlackRock Fund of iShares – Dynamic aims to be invested to a higher risk profile and to deliver a total return, which is a combination of capital growth and income, commensurate with that level of risk. This will be achieved by taking exposure predominantly to a broad range of asset classes via its investment in iShares Exchange Traded Funds (which will be UCITS or other UCIs) and, when considered necessary to control risk, cash and near cash instruments.

Within this risk profile, the Fund typically expects to invest between 45% and 95% of its total assets in instruments (predominantly iShares Exchange Traded Funds) offering exposure to equity, equity-related securities, property, commodities and other alternative instruments. The remainder of the Fund will gain exposure to fixed income, fixed income-related securities and cash. The Fund will not be subject to any geographic restrictions.

To maintain a higher level of risk, these allocations are expected to vary over time, and may fall outside the stated range for extended periods. Similarly there can be no guarantee that the Fund will attain a higher level of risk, especially during periods of unusually high or low volatility in equity and fixed income markets.

Base Currency

Euro (EUR)

Type of Fund

Multi Asset

Valuation and Dealing

Dealings in shares of Fund of iShares – Dynamic can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the “Cut-Off Point”) and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section “Dealing in Fund Shares”.

Fees and Expenses

BlackRock Fund of iShares - Dynamic	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class K	5.00%	0.60%	0.00%	0.00%	0.00%
Class L	3.00%	0.60%	0.50%	0.00%	0.00%
Class M	2.00%	0.60%	0.75%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%

Risk management measure used: Relative VaR. The Fund uses a customised benchmark as its appropriate benchmark for the purposes of measuring its relative VaR. The customised benchmark consists of a diversified allocation to indices providing exposure to equities globally and fixed income securities issued by corporates, governments, government agencies and supranationals, in addition to alternative assets such as commodities and property. The allocation to these indices within the customised benchmark will reflect the Fund’s investment objective and will vary over time.

Expected level of leverage of the Fund: 0% of Net Asset Value

Specific Risk Considerations – (See Section “Special Risk Considerations”):
1 2 5 8 9 10 13 14 15

Summary of Subscription Procedure and Payment Instructions

1. Application Form

For initial subscriptions for Shares you must complete the application form which may be obtained from the Transfer Agent or the local Investor Servicing teams and the form must be signed by all joint applicants. Subsequent subscriptions may be made in writing or by fax or telephone, stating your registration details and the amount to be invested. If your application is being submitted by your professional adviser, section 6 of the application form should be completed. Completed application forms must be sent to the Transfer Agent or the local Investor Servicing teams.

2. Money Laundering Prevention

Please read the notes on the application form regarding the identification documents required and ensure that you provide these to the Transfer Agent or the local Investor Servicing teams together with your application form.

3. Payment

A copy of your telegraphic transfer instructions should be supplied with your application (see sections 4 and 5 below).

4. Payment by Telegraphic Transfer

Payment by SWIFT/bank transfer in the relevant currency should be made to one of the accounts opposite. The SWIFT/bank transfer instruction should contain the following information:

- (i) Bank Name
- (ii) SWIFT Code or Bank Identifier
- (iii) Account (IBAN)
- (iv) Account Number
- (v) Account Reference – “BSF – Fund name subscribed into”
- (vi) By order of [Shareholder name/agent name & Shareholder number/agent number]

5. Foreign Exchange

If you wish to make payment in a currency other than that in the Dealing Currency (or one of the Dealing Currencies) of your chosen Fund, this must be made clear at the time of application.

A

US Dollars:

JP Morgan Chase New York
SWIFT code CHASUS33
For the account of: BlackRock (Channel Islands) Limited
Account Number 001-1-460185, CHIPS UID 359991
ABA Number 021000021
Quoting Reference “Name of Fund – Name of Applicant”

B

Euros:

JP Morgan Frankfurt
SWIFT code CHASDEFX, BLZ 501 108 00
For the account of: BlackRock (Channel Islands) Limited
Account Number (IBAN) DE40501108006161600066
(formerly 616-16-00066)
Quoting Reference “Name of Fund – Name of Applicant”
An applicant’s obligation to pay for Shares is fulfilled once the amount due has been paid in cleared funds into this account.

C

Sterling:

JP Morgan London
SWIFT code CHASGB2L, Sort Code 60-92-42
For the account of: BlackRock (Channel Islands) Limited
Account Number (IBAN) GB07CHAS60924211118940
(formerly 11118940)
Quoting Reference “Name of Fund – Name of Applicant”

Others:

Australian Dollars:

Pay ANZ National Bank Limited Sydney
SWIFT code ANZBAU3M
In Favour of JP Morgan Bank London
SWIFT CODE CHASGB2L
For the account of BlackRock (Channel Islands) Ltd
Account Number (IBAN) GB56CHAS60924224466325
Ref: “Name of Fund – Name of Applicant”

Hong Kong Dollars:

Pay JP Morgan Hong Kong
SWIFT code CHASHKHH
In Favour of JP Morgan Bank London
SWIFT CODE CHASGB2L
For the account of BlackRock (Channel Islands) Ltd
Account Number (IBAN) GB24CHAS60924224466319
(formerly 24466319)
Ref: “Name of Fund – Name of Applicant”

Japanese Yen:

Pay JP Morgan Tokyo
SWIFT code CHASJPJT
In Favour of JP Morgan Bank London
SWIFT CODE CHASGB2L
For the account of BlackRock (Channel Islands) Ltd
Account Number (IBAN) GB69CHAS60924222813405
(formerly 22813405)
Ref: “Name of Fund – Name of Applicant”

New Zealand Dollars:

Pay Westpac Banking Corporation Wellington
SWIFT code WPACNZ2W
In Favour of JP Morgan Bank London
SWIFT CODE CHASGB2L
For the account of BlackRock (Channel Islands) Ltd
Account Number (IBAN) GB83CHAS60924224466324
Ref: “Name of Fund – Name of Applicant”

Singapore Dollars:

Pay Overseas Chinese Banking Corp Ltd
SWIFT code OCBCSGSG
In Favour of JP Morgan Bank London
SWIFT CODE CHASGB2L
For the account of BlackRock (Channel Islands) Ltd
Account Number (IBAN) GB13CHAS60924224466323
Ref: “Name of Fund – Name of Applicant”

Swedish Kroner:

Pay Svenska Handelsbanken Stockholm
SWIFT code HANDSESS
In Favour of JP Morgan Bank London
SWIFT CODE CHASGB2L
For the account of BlackRock (Channel Islands) Ltd
Account Number (IBAN) GB80CHAS60924222813401
(formerly 22813401)
Ref: “Name of Fund – Name of Applicant”

Swiss Francs:

Pay UBS Zürich
SWIFT code UBSWCHZH80A
In Favour of JP Morgan Bank London
SWIFT CODE CHASGB2L
For the account of BlackRock (Channel Islands) Ltd
Account Number (IBAN) GB56CHAS60924217354770
(formerly 17354770)
Ref: “Name of Fund – Name of Applicant”

FOR MORE INFORMATION
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