

Fund in Focus

BLACKROCK GLOBAL FUNDS (BGF)

BGF World Gold Fund



Fund Manager

Evy Hambro
Fund manager of BGF World Gold Fund since January 2002.

Years at BlackRock 17

“It is worth pointing out that, in real terms, gold is some way below its previous high. The 1980 peak of US\$850/oz, when adjusted for inflation, is over US\$2,000/oz.”

Fund objective

The Fund seeks to maximise total return expressed in US dollars by investing in the equity securities of companies worldwide whose predominant economic activity is gold mining. It may also invest in the equity securities of companies whose predominant economic activity is other precious metal or mineral and base metal mining. The Fund does not hold physical gold or metal.

		Global Sector Funds
Stockmarket Capitalisation	Large	
	Mid	50-80*
	Small	

*number of stocks

The number of shares quoted for the Fund is indicative and actual numbers may fall outside of the ranges show

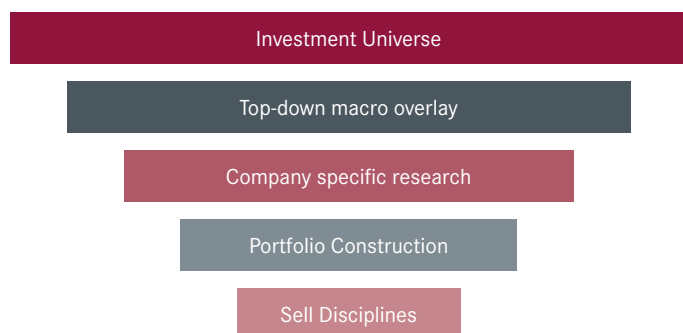
Management style

Typically between 50-80 stocks are held in the portfolio. The team follows approximately 500 stocks and follows approximately 150 companies closely. The portfolio is focused on companies with growth opportunities and those with long life reserves, avoiding companies which will require large amounts of capex or have a highly leveraged balance sheet. Overall, the portfolio has limited

exposure to companies that are not in production, are smaller cap and do not pay a dividend. In terms of individual security weightings, the maximum holding in one stock is 10% (as per fund regulations). Country and sector weightings are predominantly the product of stock selection.

Investment process

- ▶ The different steps of our investment process are best summarised in the diagram below:



- ▶ The team believes that company specific research is of paramount importance in this process. Mines are wasting assets, and so the starting point in any company valuation is an assessment of the quality of their ore reserves. This takes up a

major part of the team’s research effort and, together with an array of metal price assumptions, it allows them to construct a cashflow model for each mine.

- ▶ Company research is co-ordinated through a database system which utilises information collected from site visits, company meetings, and portfolio managers’ research. Companies that meet the team’s requirements on quality of ore reserves are then subjected to a further screening process which involves company level issues.
- ▶ Discounted Cash Flow (DCF) analysis can be done at different gold prices to assess the company’s sensitivity to the price of bullion. Finally, the team compares its valuation with the prevailing stockmarket price to evaluate the suitability of each company for inclusion in the portfolio.

Buy / sell process

Buy / add

Companies with long-life assets, good operational performance and a strong management team.

Sell / reduce

Companies with identifiable catalysts.
Undervalued companies given growth prospects.

If the analysis indicates a negative shift in the company's prospects. This can be either for company specific reasons (i.e. change in management strategy, balance sheet events or valuation change)

or operating environment ones (i.e. change in industry outlook / legislation). If the share is overvalued in relation to our assessment of its prospects.

Portfolio characteristics

▶ The Fund is measured against, but not restricted by, a benchmark. It is managed on a 'best ideas' basis, where the team compares companies across the whole sector. So, in terms of style, it is truly flexible and the managers can buy larger or smaller companies depending on where they believe the best opportunities are globally. This gives them vast scope to add value through research and stock selection. The team focus on growth producers (mid cap bias) with high quality assets that can perform in any gold price environment.

They aim to produce gold share portfolios with the following characteristics:

- ▶ Gold price sensitivity
- ▶ Robustness
- ▶ Liquidity
- ▶ Global exposure

Investment outlook

Investment demand has been the most important driver of the bull market to date and the key factors that have been driving that demand – concerns about financial markets, Eurozone debt and inflation – are likely to persist for the foreseeable future. The potential for further net purchases by central banks could also be supportive of prices. Gold equity valuations are still in historically low ranges but earnings expansion on the back of elevated gold prices and

growth in dividends could well catalyse a rerating. The key threat to the gold market is an increase in real (adjusted for inflation) interest rates. When real interest rates begin to rise, so does the opportunity cost of holding gold. At the moment, we believe the interest rate and exchange rate environments remain bullish for gold.

Awards and ratings

▶ The Fund has been awarded maximum AAA ratings from both Standard & Poor's and OBSR.

▶ The Fund was also awarded an 'ELITE' Morningstar Rating. In their February 2011 report Morningstar's opinion was that BGF World Gold Fund is 'one of the best offerings available for those seeking mainstream gold and precious metals equity exposure'.

▶ Received three Lipper and Euro Fund Awards during 2010 its performance over one, three, five and 10 years.



Fund manager profile

▶ Evy Hambro, Managing Director and portfolio manager is the co-head of BlackRock's Natural Resources Equity team. He is responsible for the management of BGF World Mining Fund, BGF World Gold Fund, BlackRock Gold and General Fund and BlackRock World Mining Trust. He is also co-manager of BlackRock's Natural Resources Hedge Fund.

▶ Evy's service with the firm dates back to 1994, including his years with Merrill Lynch Investment Managers (MLIM).

▶ Evy earned a BSc degree, with honours, in marketing from Newcastle University in 1994.

Investment team

▶ The team is based in our London office. It is arguably one of the strongest natural resources teams in the industry, managing approximately US\$47.2bn in assets* and has won over 100 industry awards for investment performance.

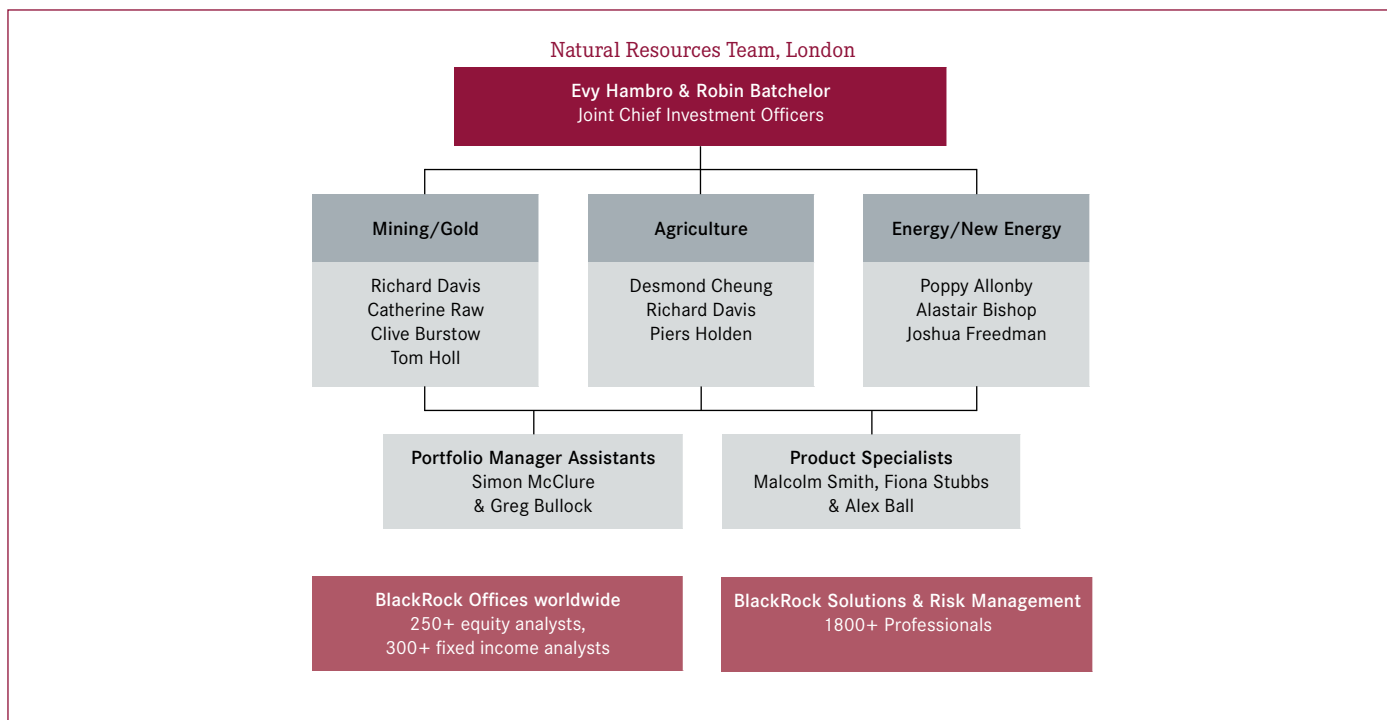
▶ The core of the team has been working together for over ten years on average. There are 16 people on the team with a total of 130 years of investment experience.

▶ The team consists of ten portfolio managers. Four portfolio managers are dedicated to the gold and mining sectors; two portfolio managers are dedicated to the agriculture sector and

four portfolio managers are dedicated to the energy and new energy sectors. Six of the team's ten portfolio managers are geologists/geophysicists/engineers.

▶ The team also has three dedicated product specialists, who deal with everyday client queries and investment communications, allowing portfolio managers to focus on running the Fund with a minimum of distraction.

*As at 30 April 2011.



Key facts

Fund managers	Evy Hambro	Benchmark	FTSE Gold Mines (cap)
Appointed to Fund	January 2002	Base currency	US\$
Years at BlackRock	Seventeen	Other currencies	€/£/SGD
Fund launch date	30.12.1994	Swiss valoren (A shares)	333541
ISIN code (A shares)	LU0055631609	Reuters code (A shares)	BLRKIK
Bloomberg code (A shares)	MIGGMFI LX		

Where this Fund features in our range

		World Resources Equity Income	New Energy	World Agriculture	World Energy	World Financials	World Gold	World Health Science	World Technology	World Mining
Stockmarket Capitalisation	Large									
	Mid	60-90*	60-90*	40-70*	50-80*	50-75*	50-80*	40-70*	35-55*	50-80*
	Small									

*number of stocks

The number of shares quoted for each Fund is indicative and actual numbers may fall outside of the ranges shown.

May 2011

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Compared to more established economies, the value of investments may be subject to greater volatility due to increased uncertainty as to how these markets operate. The Fund can invest in mining shares which typically experience above average volatility when compared to other investments. Trends which occur within the general equity market may not be mirrored within mining securities. Past performance is not a guide to future performance and should not be the sole factor of consideration when selecting a product. All financial investments involve an element of risk. Therefore, the value of your investment and the income from it will vary and your initial investment amount cannot be guaranteed. Unless indicated the Fund information displayed only provides summary information. Investment should be made on the basis of the relevant booklet together with the Prospectus, the Simplified Prospectus and relevant application forms which are available on request from the Manager. 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