

Sub-fund of Luxembourg domiciled Sicav - Part 1

Fund owner: BlackRock Investment Managers

Fund manager: BlackRock Investment Managers

**Named portfolio manager(s):**

Will Landers (since September 2002)

**Peer group:** Latin American Regional Equities

**Location:** Princeton, NJ

**Launch date:** January 1997

**Fund size (May 2010):** US\$7.1bn

**Contact group:** +352 342 0101 or

www.blackrock.co.uk

Further information on S&P's fund coverage can be found at [www.FundsInsights.com](http://www.FundsInsights.com)



Report date July 2010

### Investment style

	Value	Blend	Growth
Large-Cap			
Mid-Cap			
Small-Cap			

### Performance statistics

	3 Years
Fund	25.3%
Standard & Poor's peer median	19.6%
Index**	25.5%
Fund rank	55/205

Note: returns are cumulative

### Three-year risk characteristics

Maximum drawdown (%)	-30.9
Volatility	11.3
Correlation	1.0
Beta	1.1

### Calendar year decile ranks



Decile ranking in discrete annual periods. First decile shown as rank 10, second decile as rank nine, with tenth decile as rank one.

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### Standard & Poor's opinion (June 2010)

After a difficult 2008, the fund rebounded sharply in 2009 with strong stock selection driving outperformance of both peers and the benchmark. It is to fund manager Will Landers' credit that he kept faith with his conviction stock ideas going into 2009. As a result, the fund regained its second quartile ranking within our peer group, over three years, and maintained its top quartile position, over five.

The approach remains unchanged. The portfolio is built bottom-up with stock selection informing themes, though selection continues to be made within a clear strategic context, for which Landers draws on the wider BlackRock team. Like many competitor funds, the top 40-50% of the fund represents the largest index constituents; here five names account for 42% of assets. This limits index-relative risk and, though the 10% and the 5/40 rules give a structural underweight to the largest index stocks (eg, Petrobras and Vale), the tracking error has historically ranged between 2.5% and 6%. However, this concentration represents notable stock-specific risk. The rest of the fund comprises mid- and small-caps, where the manager looks to add the most value, and also off-benchmark positions (typically around 10% of the fund).

Landers has begun to reduce holding numbers, targeting the lower end of the 50-75 range. This reflects a wish to increase weightings in conviction ideas but may also signal increasing difficulty in finding attractively valued, liquid new ideas.

Overall, the consistent approach, experience of the manager and the fund's long-term record underpin the S&P AA rating.

### Fund manager & team

Will Landers, head of Latin American equities, is supported by analysts Flavia Montoro and Paul Trejo in Princeton, and London-based Dhiren Shah. Following restructuring on the global emerging markets (GEM) team, Landers no longer sits on the global investment strategy group, but continues to provide input to the GEM product. Landers also draws input from other BlackRock analytical teams, including the natural resources team in London.

Will Landers - BSBA finance & international management (Georgetown University), CFA, covered Latin American food and beverage stocks as an investment banker and sell-side analyst before moving to MLIM (now BlackRock) in January 2002 to focus on Latin America.

Dhiren Shah - analyst - economics (University College London), joined MLIM (now BlackRock) in 2001, joining the GEM team in September 2002, focusing on Latin America.

Flavia Montoro - MBA (New York University), joined MLIM (now BlackRock) in September 2004 after three years as a sell-side analyst covering Latin American financial stocks. She is fluent in Spanish, Portuguese and French.

Paul Trejo - BA (University of Pennsylvania), previously an intern, he joined the Latin American team as an analyst in 2007. He is fluent in Spanish and Portuguese.

### Management style

The fund is built bottom-up, with stock selection guiding themes, but within a top-down strategic context. Large-cap constituents of the MSCI EM Latin America benchmark tend to be well represented, with the rest invested in selected small- and mid-caps that can be rotated more actively. Approximately 10% of the fund may comprise off-benchmark names.

The universe of over 400 stocks is reduced via a liquidity screen (average daily trading volume of at least \$2m) to an investable universe of around 200. These are subjected to closer analysis, with the team looking for growth potential, strong management, good franchise and high return on capital. The team leverages the knowledge, insight and expertise of other investment professionals across the firm as part of the research process.

The final portfolio comprises 50-75 holdings, with 35% of the fund in mid- and small- caps. There are no formal country limits, though in practice exposure does not exceed +8% of index. Individual stock positions range from 0.3% to 10%. The tracking error is typically between 2.5% and 6%.

The fund is normally fully invested and currency exposure is typically left unhedged.

# BLACKROCK GLOBAL FUNDS LATIN AMERICAN FUND

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# STANDARD & POOR'S



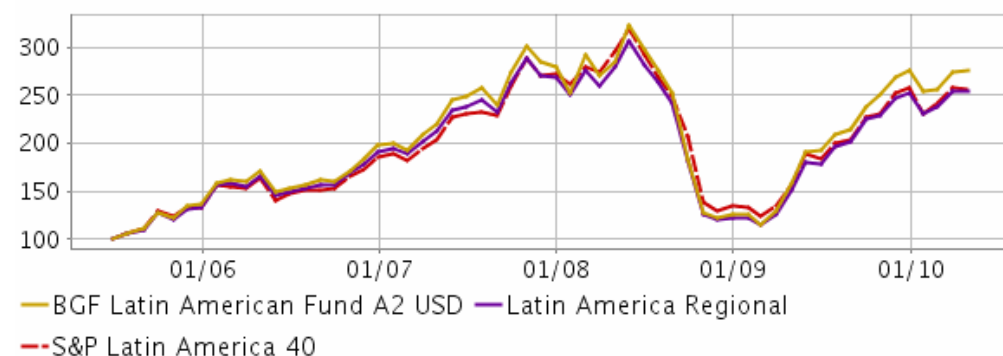
## Portfolio & performance analysis (May 2010)

Although sub-median performance in 2008 was caused by the fund's overweight position in Brazil, a bias to more cyclical names and small-cap exposure, 2009 saw a sharp recovery in returns. Cyclical and small-caps bounced particularly strongly, but fund performance was driven by a broad spread of stocks. Major positive contributors included Hypermarcas, Itau Unibanco and Lojas Renner. Towards the end of 2009, Landers moved closer to benchmark, locking in some gains. For the year as a whole, the fund returned 121% in absolute terms, well in excess (+13.9%) of the S&P peer-group median and ahead of the benchmark.

At the beginning of 2010, the manager signalled an intention to move slightly away from benchmark again, exiting steel and paper stocks in favour of areas that had underperformed over the short term, such as Brazilian banks, housebuilders (Cyrela) and retailers. While appreciating the effect of a rebound in the US economy on Mexico, finding ideas with attractive valuations was proving problematic, and at review the fund remained slightly underweight the area. Even so, the portfolio's tracking error at our snapshot still remained towards the low end of the historical range, below 4%, with sector exposures still close to benchmark.

The manager had also started to reduce the number of portfolio names with the aim of increasing weightings in high-conviction ideas. At review, the fund had more than doubled in size compared to a year ago (to \$7bn from \$3bn), yet holding numbers had fallen from 65 to 62. Over 42% of the fund was focused in the top five names, with Itau, Vale, America Movil and Petrobras all over 9% in absolute terms. This translated into active bets against the benchmark, in the case of both Itau and America Movil but, due to their index size, a continued structural underweight position in both Petrobras and Vale. Conversely, there remained a relatively long tail of smaller-cap names (26) making up the bottom 10% of the portfolio.

## Cumulative performance



## Discrete performance (calendar years)

	2006		2007		2008		2009		YTD 30/04/2010	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	45.5	57/151	41.1	90/199	-55.1	145/229	120.7	75/283	-0.2	196/307
Index**	38.9		47.0		-50.8		91.8		-0.1	
Median	44.6		40.7		-53.7		103.4		0.5	

\*\* S&P/IFCI Latin America

Fund benchmark: MSCI EM Latin America

## Share class information

	Initial charge	Exit charge	Annual charge	Expense ratio	Lump sum	Savings plan	ISIN
A	5.00%	0%	1.75%	2.00	US\$5,000	-	LU0072463663
Registered for sale	Austria, Bahrain, Belgium, Brunei, Chile, Denmark, Finland, France, Germany, Gibraltar, Greece, Guernsey, Hong Kong, Hungary, Iceland, Ireland, Italy, Japan, Jersey, Luxembourg, Macao, Mauritius, Netherlands, Norway, Peru, Poland, Portugal, Singapore, Spain, Sweden, Switzerland, Taiwan, United Kingdom						

## Portfolio characteristics (1 May 2010)

No. of holdings	62
Turnover ratio (%)	N/A
% in top 10	59

## Top 10 holdings

	%
Itau *	9.8
America Movil *	9.4
Vale	9.4
Petrobras *	9.1
Bradesco *	4.7
OGX	3.9
Bradespar *	3.4
Itausa *	3.4
Usiminas *	3.2
Cyrela	2.9

\* In top 10 holdings a year ago

## Country allocation

	%
Argentina	0.8
Brazil	73.4
Chile	3.0
Colombia	1.2
Mexico	17.2
Panama	0.8
Peru	2.8
Other	0.3
Cash	0.5

## Sector allocation

	%
Cash	0.5
Consumer discretionary	10.3
Consumer staples	5.5
Energy	14.5
Financials	21.8
Industrials	8.4
Materials	21.7
Telecommunications	10.4
Utilities	6.9

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## Symbols and definitions

### Long-only fund ratings

**AAA** The fund demonstrates the highest standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.

**AA** The fund demonstrates very high standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.

**A** The fund demonstrates high standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.

### Fund-of-hedge-funds ratings

**AAA** The fund demonstrates the highest standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

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### Absolute return fund ratings

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### Specialist fund ratings

**AAA** The fund demonstrates the highest standards of quality based on its investment process and management's consistency of performance relative to its own objectives.

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### All fund ratings

**Not Rated (NR)** Funds designated as Not Rated currently do not meet the requisite performance standards and/or the minimum qualitative criteria to achieve a fund rating.

**Under Review (UR)** Ratings are placed Under Review when significant management changes occur at the fund manager or fund management team level and Standard & Poor's Fund Services has not had the opportunity yet to evaluate their impact on the qualitative appraisal.

**(New)** Signifies where a major event has occurred for which there is no fund-specific track record available. This includes: funds recently launched, the implementation of a new investment process or mandate and may include structural changes within a fund team.

**Tenure Review (TR)** The fund manager/team involved in the management of the fund does not currently have the minimum 12 months relevant investment management experience required to be eligible to be considered for a rating.

**Long-term fund management rating** The fund has been rated in the A/AA/AAA fund rating band for five consecutive years or more, and continues to hold a rating.

### Bond fund volatility ratings

The bond fund volatility rating is our current opinion of a fund's sensitivity to changing market conditions. Volatility ratings evaluate the fund's sensitivity to interest rate movement, credit risk, investment diversification or concentration, liquidity, leverage and other factors. For V1-V4 categories, risk is considered relative to a portfolio composed of government securities and denominated in the base currency of the fund.

**V1** Bond funds that possess low sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within one to three years, and denominated in the base currency of the fund. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising the highest quality fixed income instruments with an average maturity of 12 months or less. Within this category, certain funds are designated with a plus sign (+), indicating extremely low sensitivity to changing market conditions.

**V2** Bond funds that possess low to moderate sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within three to seven years, and denominated in the base currency of the fund.

**V3** Bond funds that possess moderate sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within seven to 10 years, and denominated in the base currency of the fund.

**V4** Bond funds that possess moderate to high sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing beyond 10 years and denominated in the base currency of the fund.

**V5** Bond funds that possess high sensitivity to changing market conditions. These funds may be exposed to a variety of significant risks including high concentration risks, high leverage, and investments in complex structured and/or less liquid securities.

**V6** Bond funds that possess the highest sensitivity to changing market conditions. These funds include those with highly speculative investment strategies with multiple forms of significant risks, with little or no diversification benefits.

### Absolute return fund N ratings

The N rating is Standard & Poor's indication of a fund's potential capital stability in normal markets. It is a qualitative rating but is based on annualised weekly downside deviation. N1 is the most stable and N9 the least.