

Peer Group:

Gold & Mining Equities

Fund Manager/Adviser:

Graham Birch (since November 2001), Evy Hambro (since January 2002)

Location:

London

Launch Date:

September 1998

Fund Size (June 2009):

US\$6.4bn

Group Contact No:

+352 342 0101

Website:

www.blackrock.com

S&P ID Number:

OS355805

Share class screened:

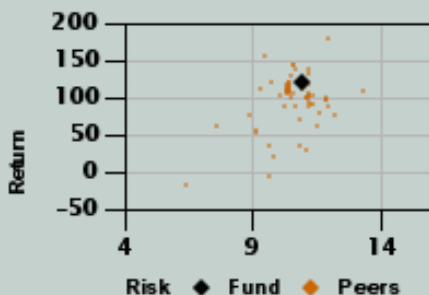
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INVESTMENT STYLE

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

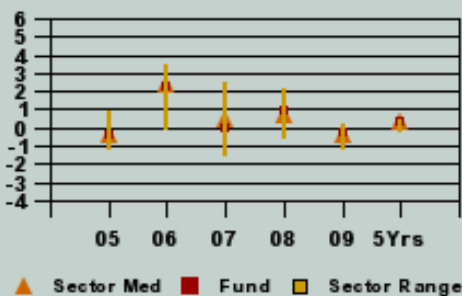
RISK RETURN (STD DEVIATION) OVER 5 YEARS



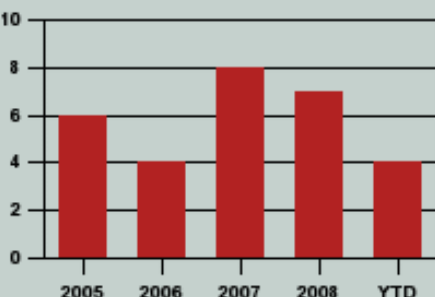
3 YEAR RISK CHARACTERISTICS

Maximum Drawdown (%)	Medium	-62.2
Volatility	Medium	42.2
Correlation	High	0.8
Beta	High	0.9

SHARPE RATIO VS PEER GROUP



CALENDAR YEAR DECILE RANKS



Decile ranking in discrete annual periods. 1st decile shown as rank 10, 2nd decile as rank 9, etc. to 10th decile as Rank 1.

Please see page 2 for required research analyst certification disclosure.

STANDARD & POOR'S OPINION (AUGUST 2009)

BlackRock's natural resources team head and CIO, Graham Birch, is on a sabbatical (expected to return in January 2010). In his absence, Evy Hambro has taken the lead role on this fund, and is acting co-head of the broader team alongside Robin Batchelor from the energy desk. Birch's research responsibilities are being spread across the experienced team (recently bolstered by analyst Tom Holl), while Hambro is well-practiced to take the lead management role, having worked with Birch for over 15 years, seven on this fund.

The approach has not changed over the years. The team takes a relatively pragmatic approach to idea generation, combining initial screens with company meetings, and leveraging their extensive base of industry contacts developed over time. Focusing on valuations, but not ignoring growth potential, they

then construct the portfolio in line with a macro overlay.

Gold-related stocks remain the mainstay of the portfolio, accounting for a minimum of 70% (typically more), which is generally higher than many peers in the sector. As a result, peer-relative returns can be volatile over the short term. It is to the team's credit that the fund has lagged the sector median only once in the past seven calendar years. Despite underperformance in 2008 due to the structural underweight to the largest constituents (Barrick Gold), long-term returns are also very strong relative to the FT Gold Mines index.

We are reassured by Hambro's experience and, on the assumption that the team will be back to full strength at the beginning of next year, the fund retains an S&P AAA rating.

FACT FILE

Group: BlackRock was founded in 1988 and has become one of the world's leading asset managers, with over \$1.2 trillion of assets under management and over 5,000 employees.

Team: BlackRock has one of the strongest and most experienced natural resources teams in the UK. It emphasises understanding companies and visiting them onsite. Five of the team are geologists.

Fund Manager: Graham Birch, team head, has been a mining analyst for over 25 years. He has been with the company since 1993. Evy Hambro has

worked with the team in London, Sydney and Toronto since joining in 1994.

Style: The fund invests in gold mining and closely related stocks worldwide. The portfolio is stock-specific within top-down themes. Selection is driven by fundamental research and extensive company contact.

Performance: Over the five years to 29/05/2009, the fund has returned 120.5%, compared with 107.3% for the sector median and 28.5% for the index, ranking 14/71.

FUND MANAGER & TEAM

BlackRock's natural resources team in London comprises team head and CIO Graham Birch (currently on a sabbatical), Evy Hambro, Richard Davis and Catherine Raw on mining stocks; Robin Batchelor, Poppy Allonby, Sandy Christie and Joshua Freedman on energy and analyst Thomas Holl (joined September 2008). Portfolio manager Desmond Cheung also provides support on agriculture and Chinese stocks. Assets under management for the broad team stand at \$27.2bn, of which gold funds account for \$8.8bn.

Graham Birch - team head - PhD mining geology (Imperial College), was a mining analyst from 1984 until joining MLIM (now BlackRock) in 1993. He has headed the global resources team since 1999.

Evy Hambro - marketing (Newcastle University), joined the team in 1994, working in Sydney and Toronto, before returning to London in 2000.

Richard Davis - mineral exploration (Imperial College, London), MSc geology (Trinity College, Dublin), worked as a geologist for four years, before moving to MLIM (now BlackRock) in 1994.

Catherine Raw - MSc mineral project appraisal (Imperial College), CFA, worked at Anglo American prior to joining MLIM (now BlackRock) in 2003. She is responsible for covering gold and mining.

Further information on S&P's fund coverage can be found at

www.FundsInsights.com

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PORTFOLIO CHARACTERISTICS

No. of holdings	42
Turnover ratio (%)	N/A
% in top 10	57

TOP 10 HOLDINGS (01/06/09)

	%
Newcrest Mining *	8.4
Kinross Gold *	7.3
Goldcorp *	6.2
Newmont Mining	6.0
Minas Buenaventura *	5.5
Fresnillo *	5.2
Randgold Resources	4.9
Lihir Gold *	4.7
Barrick Gold	4.6
Impala Platinum *	4.6

* In top 10 holdings a year ago

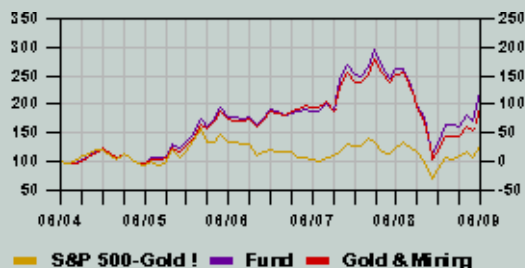
ALLOCATION BREAKDOWN (01/06/09)

	Fund %
Cash	2.1
Diamonds	0.3
Diversified	1.6
Gold	79.2
Gold Bullion	2.3
Platinum	4.6
Silver/Gold	9.9

PERFORMANCE STATISTICS

	3 Years	5 Years
Fund	23.0%	120.5%
Standard & Poor's Peer Median	13.9%	107.3%
Index**	-3.7%	28.5%
Fund Rank	31/96	14/71
Standard Deviation	42.2	-
Relative Standard Deviation	1.0	-
Volatility Adjusted Ranking	33/96	-

CUMULATIVE PERFORMANCE



BLACKROCK GLOBAL BOND FUNDS WORLD GOLD FUND

Peer Group: Gold & Mining Equities



MANAGEMENT STYLE

- The fund principally invests in gold mining shares, researching all areas of production. Up to 30% may be held in other precious metals and diamonds, but is typically a lot less.
- Portfolio construction is primarily bottom-up, with stock selection incorporating the team's top-down view of world commodity markets.
- The process is team-driven and led by Graham Birch. Team members do not have specific country or sector responsibilities but put forward "best ideas" for team approval. Currency risk is factored into their recommendations.

- Research centres on the extent of reserves and the cost of production. Stocks are ranked on their expected performance at various gold price levels, with preference given to those where performance is geared to movements in the gold price. This allows the fund to outperform when gold is rising, but when the price is weak, consideration is given to the effect of other metals the companies may also mine.
- The fund invests across the market capitalisation range.
- Positions in small-caps are normally 2%. Large-cap positions are limited only by Ucits diversification rules. Gold bullion securities are often used as a cash substitute to enhance beta.

PORTFOLIO REVIEW

Thanks to consistent and sizeable cash inflows in H1 2009, the fall in fund size was limited over the last 12 months, standing at \$6.4bn (from \$7.7bn) despite the severe market falls in H2 2008. The number of holdings had fallen to 42 from 54 over the year, reflecting an increased focus on gold and a cut in the number of non-gold holdings, in a basket of particular platinum-related names.

Mexican gold/silver mining company Fresnillo. Gold exposure stood at 79.2% at the time of review (up from 72%), invested mainly through gold mining names, with gold bullion accounting for just 2.3%.

The fund remained underweight mega-caps, including Barrick Gold (4.6% vs the benchmark's 20%) and Goldcorp (6.2% vs 17%), finding better value among mid-caps, which accounted for 52% of the portfolio (vs the benchmark's 23.7%).

Exposure to platinum had fallen to 4.6% (from 12% last year), while silver was also cut, although exposure remained through

Cash stood at 2% at the time of review.

PERFORMANCE ANALYSIS (JUNE 2009)

Birch and Hambro have developed an incredibly strong track record on this fund since taking it over in 2001. It has outperformed our Gold & Mining sector median in all but one calendar year under their management. It should be noted however, that pure gold plays will typically account for 80% of the portfolio with non-gold holdings limited to 30%, and this can influence returns relative to more diversified peers.

returned 113% over five years (to end June 2009) against 78% for the index.

Performance has been driven by superior stock selection, aided by successful identification of themes.

The fund lagged its benchmark in 2008, primarily due to its structural underweight to the largest constituent holdings, in particular, Barrick Gold. This effect was reversed in H1 2009, with the fund also benefiting from a lower weighting in non-gold holding Johnson Matthey relative to the Gold & General sister fund.

It has also outperformed the FTSE Gold Mines in all but one calendar year, and

DISCRETE PERFORMANCE (CALENDAR YEARS)

	2005		2006		2007		2008		YTD 29/05/2009	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	30.4	33/76	26.9	59/83	33.0	26/108	-34.8	41/126	35.1	100/152
Index**	21.4		-14.8		9.1		-15.8		20.4	
Median	29.6		31.6		26.3		-38.8		38.8	

** S&P 500-Gold

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