BLACKROCK®

Retail Authorised Unit Trusts

BlackRock Fund Managers Limited

Prospectus

1 November 2012

BLACKROCK FUND MANAGERS LIMITED

RETAIL AUTHORISED UNIT TRUSTS

PROSPECTUS

BlackRock Active Managed Portfolio Fund
BlackRock Balanced Growth Portfolio Fund
BlackRock Balanced Income Portfolio Fund
BlackRock Cash Fund
BlackRock Cautious Portfolio Fund
BlackRock Continental European Fund
BlackRock Continental European Income Fund
BlackRock Corporate Bond Fund
BlackRock Emerging Markets Fund
BlackRock European Dynamic Fund
BlackRock Global Bond Fund
BlackRock Global Equity Fund
BlackRock Global Income Fund
BlackRock Gold and General Fund
BlackRock UK Dynamic Fund
BlackRock UK Focus Fund
BlackRock UK Fund
BlackRock UK Income Fund
BlackRock UK Smaller Companies Fund
BlackRock UK Special Situations Fund
BlackRock US Dynamic Fund
BlackRock US Opportunities Fund
BlackRock World Resources Income Fund

Valid as at
1 November 2012

12 THROGMORTON AVENUE
LONDON EC2N 2DL

TELEPHONE: 020 7743 3000
FACSIMILE: 020 7743 1000

Contents **Page**

THE BLACKROCK UNIT TRUSTS

This document is the Prospectus of the authorised unit trust schemes detailed in this Prospectus (referred to herein as the "Funds"), valid as at the date specified on the cover of this document. Full details of the Funds are set out in Appendix 1. The Funds are subject to the rules of the FSA as set out in the COLL Sourcebook. This Prospectus complies with the requirements of COLL 4.2 of the COLL Sourcebook. Key investor information documents for each unit class in each of the Funds referred to in this Prospectus, including historic performance data, are available from the Manager.

Distribution

No person has been authorised by the Manager to give any information or to make any representations in connection with the offering of units other than those contained in the Prospectus and, if given or made, such information or representations must not be relied on as having been made by the Manager. The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of units shall not, under any circumstances, create any implication that the affairs of any Fund have not changed since the date hereof.

This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which an offer or solicitation is not lawful or in which the person making such an offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such a solicitation. It is the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for units in the Funds to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdiction. Prospective investors should inform themselves as to the legal requirements of applying for units and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence, domicile or incorporation.

US Persons are not permitted to subscribe for units in the Funds. The units in the Funds have not and will not be registered under the United States Securities Act 1933, the United States Investment Company Act 1940, or the securities laws of any of any of the States of the United States of America and may not be directly or indirectly offered or sold in the United States of America or for the account or benefit of any US Person, except pursuant to an exemption from or in a transaction not subject to the registration requirements of the United States Securities Act 1933, United States Investment Company Act 1940 and similar requirements of such state securities law.

Glossary

Associated Fund	A UCITS and/or other collective investment scheme that is managed by the Manager or by an associate (as defined by the FSA).
Auditor	Ernst & Young LLP, the auditors of the Funds.
BlackRock Group	The BlackRock group of companies, the ultimate holding company of which is BlackRock, Inc.
BNYM SA/NV	The Bank of New York Mellon SA/NV, the custodian of the Funds.
Business Day	A day which is not a Saturday or Sunday or any other day recognised in England and Wales as a public holiday or any other day on which banks or the London Stock Exchange are not open for business in the UK. In addition, where a Fund invests outside the United Kingdom, the Manager may also take into account whether relevant local exchanges are open, and may elect to treat such closures as non-business days. Where possible, unitholders will be notified in advance of such cases.
COLL Sourcebook	The Collective Investment Schemes Sourcebook published by the FSA as amended from time to time. References to rules or guidance in the COLL Sourcebook are prefaced by "COLL".
Custodian	BNYM SA/NV.
FSA	The Financial Services Authority.
Fund or Funds	The authorised unit trust schemes managed by the Manager which are set out in Appendix 1 to this Prospectus.
Investment Adviser(s)	The company or companies appointed by the Investment Manager as set out in section 3 below.
Investment Manager	BlackRock (Luxembourg) S.A.
Manager	BlackRock Fund Managers Limited.
NAV	The net asset value of a Fund determined in accordance with the Trust Deed and Appendix 4.
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.
Register	The register of unitholders for each of the Funds.
Registrar	BlackRock Fund Managers Limited.
SDRT	Stamp duty reserve tax.
Trust Deed	The instrument constituting each of the Funds.
Trustee	BNY Mellon Trust & Depositary (UK) Limited
UCITS	An undertaking for collective investment in transferable securities as defined in Directive EEC 85/611 as amended.

1. The Manager

BlackRock Fund Managers Limited acts as Manager of the Funds and also of other authorised unit trust schemes listed in Appendix 2 "Other Authorised Unit Trust Schemes" for which separate prospectuses, key investor information documents (in the case of UCITS schemes) and simplified prospectuses are available.

The Manager (Registered Company No. 1102517) is a limited company incorporated in England on 20 March 1973 under the Companies Acts 1948 to 1967 for an unlimited duration. It is a subsidiary of BlackRock, Inc. and forms part of the BlackRock Group. The Manager is authorised and regulated by the FSA to carry on investment business in the United Kingdom. The Manager may delegate discretionary investment management services and administrative and registrar services to third parties. Further details of the services currently delegated are set out in paragraphs 3 and 4. In addition, BlackRock Group Limited has appointed Bank of New York Mellon (International) Limited to provide fund accounting services and fund administration to the BlackRock Group, including the Manager for the benefit of the Funds.

Registered office: 12 Throgmorton Avenue, London EC2N 2DL.

Issued and paid-up share capital: £13,100,000 divided into ordinary shares of £1 each.

Directors of BlackRock Fund Managers Limited:

G D Bamping

G M P M van Berkel

N C D Hall

A Higgins

A Lawrence

A J Stenning

E E Tracey

G M P M van Berkel and N C D Hall are non-executive directors. G D Bamping, G M P M van Berkel, N C D Hall, and A Lawrence are Directors on the Boards of other companies within the BlackRock Group. None of the Directors' main business activities (which are not connected with the business of the Manager or any of its associates) is of significance to the Funds' business.

2. The Trustee and Custodian

The Trustee of the Funds is BNY Mellon Trust & Depositary (UK) Limited ("BNY"), a private company limited by shares incorporated in England and Wales on 25 June 1998. Its ultimate holding company is The Bank of New York Mellon Corporation, a public company incorporated in the United States.

The head office and the registered office of the Trustee is 160 Queen Victoria Street London EC4V 4LA.

The Trustee is authorised and regulated by the FSA and the principal business of the Trustee is acting as a trustee and depositary of collective investment schemes.

The Trustee has delegated the function of custodian of the property of the Funds to BNYM SA/NV. The Funds will pay fees to BNY as Trustee of the Funds and a custody fee to BNYM SA/NV, details of which are disclosed in paragraph 22 of this Prospectus.

3. The Investment Manager

BlackRock (Luxembourg) S.A. acts as Investment Manager of the Funds. The registered office of the Investment Manager is at 6D route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg. It is authorised and registered with the Commission de Surveillance du Secteur Financier ("CSSF"). The directors of the Investment Manager are: G D Bamping, G M P M van Berkel, D Critchley, A Lawrence, B O'Dwyer and G Radcliffe. The Investment Manager's principal activity is providing collective portfolio management services.

The Investment Manager has been granted the authority to manage and make purchases and sales of investments for the appropriate Funds on the Manager's behalf and as the Manager's agent, within the investment policies of the Funds. The Investment Manager has discretion to buy, sell, retain, exchange or otherwise deal in investments, subscribe for new issues, and accept placings, underwritings or sub-underwritings for the relevant Funds. The Investment Manager may delegate any of its functions to associates and shall give the Manager written notice of any such delegation to investment advisers which involves the exercise of its discretionary investment management powers. The Investment Manager (or an associate to which a function has been delegated) reports to the board of the Manager on the performance of and future policy for each Fund.

Currently the Investment Manager delegates investment management in respect of the Funds to the following entities (the "Investment Advisers"):

- In the case of all Funds except as described below, BlackRock Investment Management (UK) Limited, a company incorporated in England and Wales, a member of the same group of companies as the Manager and the Investment Manager, has been appointed as Investment Adviser. BlackRock Investment Management (UK) Limited is authorised and regulated by the FSA.
- In the case of the BlackRock US Dynamic Fund, investment management is delegated by the Investment Manager to BlackRock Investment Management, LLC, a Delaware limited liability company regulated by the Securities and Exchange Commission in the United States.
- In the case of the BlackRock US Opportunities Fund investment management is delegated by the Investment Manager to BlackRock Capital Management, Inc., a Delaware company regulated by the Securities and Exchange Commission in the United States.
- In the case of BlackRock Global Bond Fund, investment management is delegated to BlackRock Financial Management, Inc. a Delaware corporation regulated by the Securities and Exchange Commission in the United States. BlackRock Financial Management, Inc. has in turn delegated some of these functions to BlackRock Investment Management (Australia) Limited, BlackRock Investment Management (UK) Limited and BlackRock Japan Co., Ltd.

Each of the Investment Advisers (and their respective delegates) has discretion under their respective agreements with the Investment Manager to buy, sell, retain, exchange or otherwise deal in investments, subscribe for new issues, and accept placings underwritings or sub-underwritings for the relevant Funds.

The Manager, the Investment Manager, the Principal Distributor and the Investment Advisers are members of the BlackRock Group and are associates. Their ultimate holding company is BlackRock, Inc., a US public company.

The Manager may terminate its investment management agreement with the Investment Manager upon notice with immediate effect. The Investment Manager may terminate its agreement on giving three months' notice to the Manager.

The Investment Manager's fees (and those of the Investment Advisers) for acting as Investment Manager of the Funds are paid by the Manager.

4. The Principal Distributor

BlackRock (Channel Islands) Limited is the Principal Distributor and is regulated by the Jersey Financial Services Commission.

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: G D Bamping, E A Bellew, D Hellen, F P Le Feuvre, D McSporran, R E R Rumboll and I A Webster.

The registered office of the Principal Distributor is at One Waverley Place, 4th Floor, St. Helier, Jersey JE1 0BR, Channel Islands.

The Principal Distributor has authority to distribute the Funds directly, and also to appoint other distributors of the Funds, provided any such distribution is carried out in accordance with applicable law in the jurisdiction where such distribution is undertaken. The Principal Distributor may enter into retrocession arrangements with third party distributors.

The Principal Distributor is authorised by the Manager and entitled at its sole discretion, subject to FSA rules, and without recourse or cost to the Funds to rebate all of or part of the Manager's charges by way of initial or renewal commission or rebate of the annual management charge, to authorised intermediaries or to third party distributors or agents in respect of any subscriptions for, or holdings of, units for any investors, as further described in paragraph 13 of this Prospectus. Payment of rebates are subject to the Manager receiving its fees and charges from the Funds. The Manager may also discount preliminary charges to directors and employees of the Principal Distributor and its affiliates.

5. The Stock Lending Agent

BlackRock Advisors (UK) Limited, having its registered office at 12 Throgmorton Avenue, London, EC2N 2DL will act as stock lending agent. BlackRock Advisors (UK) Limited may sub-delegate performance of its stock lending agency services to other BlackRock Group companies or third parties including the PNC Group.

BlackRock Advisors (UK) Limited has the discretion to arrange stock loans with counterparties which may include associates within the BlackRock Group and third party companies within the PNC Group.

Any income generated from stock lending shall be allocated between the relevant Fund and the stock lending agent. The current split of income is set out in paragraph 22 (d). Any costs and expenses associated with stock lending will be met by the stock lending agent out of its fee.

6. The Registrar

The Manager is the person responsible for maintaining the Register under the terms of the Trust Deed of each of the Funds. The Register for each of the Funds may be inspected at the registered office of the Manager by or on behalf of the holders, on any Business Day during normal business hours. The Manager has delegated its registrar functions and certain administration services to International Financial Data Services Limited and International Financial Data Services (UK) Limited (together and/or individually "IFDS").

The Register is conclusive evidence of the title to units except in the case of any default in payment or transfer to a Fund of cash or other property due and the Trustee and the Manager are not obliged to take notice of any trust or equity or other interest affecting the title to any of the units.

7. The Auditor

The auditor of the Funds is Ernst & Young LLP whose address is 1 More London Place, London, SE1 2AF.

8. Purchase and Redemption of Units

(a) Purchase of Units

Subject to the policy on pricing (see paragraph 11), units in any Fund may normally be purchased between 8.30 a.m. and 5.30 p.m. ("normal business hours") on any Business Day either by writing to the Manager, by telephoning its Investor Services Team on Freephone 0800 445522 or (when available) by such forms of electronic communication as may be approved by the Manager. It is currently not possible to purchase units over the telephone using a debit card or to set up direct debit mandates by telephone, however, this may be made available to investors in the future. To confirm whether this is available at the time of purchase please contact the Investor Services Team on Freephone 0800 445522. When units are purchased over the telephone, calls may be recorded by the Manager. When placing an order for the purchase of units, the Manager will request that an application form be completed and returned to the Manager.

The Manager reserves the right to reject, on reasonable grounds, any application for units in whole or in part. Failure to return a fully completed application form may result in a delay in the Manager processing any subsequent redemption request or may result in the Manager withholding redemption proceeds. Any such redemption monies will be held by the Manager in accordance with FSA rules on client money with a third party bank. No interest will be paid to investors during the period the monies are treated as client money.

All requests for purchase of units must be received by the dealing cut off time for the Funds as set out in Appendix 1, otherwise they will be held over to the next following valuation point. Purchase orders made by telephone or (when available) by electronic communication and received outside of normal business hours will be effected as soon as possible on the next Business Day. Please note that monies received on a Business Day when there is not a valuation point will not be invested in the relevant Fund until the next valuation point. Any such monies will be held by the Manager in accordance with the FSA rules on client money with a third party bank. No interest will be paid to investors during the period the monies are treated as client money.

Applications for investment in the BlackRock Cash Fund must normally be made in writing, but the Manager may at its discretion accept applications in electronic format or by facsimile.

A contract note will be sent on the next Business Day after the valuation point applicable to the deal. The contract note will show the price of the units and the total cost, rounded up or down to the nearest penny. If an investor has not already paid, it must ensure that the Manager receives payment by close of business on the fourth Business Day after the contract date. The exception to these rules is the BlackRock Cash Fund, where payment must be received by close of business on the second Business Day after the contract date. The Manager may however, subject to notifying an investor prior to accepting a purchase request, require earlier payment. If timely settlement is not made, the Manager may, at its sole discretion, cancel the relevant subscription of units and/or an applicant may be required to pay an administration charge to the Manager to cover any costs and resultant losses incurred by the Manager and/or the Funds. Payment for the subscription of units can be by cheque or by electronic payment by prior arrangement with the Manager. The exception to these rules is BlackRock Cash Fund, where payment must be received with an application. Units in the BlackRock Cash Fund will be sold at the offer price calculated at the next valuation point, following receipt of payment and application.

The Manager will not send contract notes for purchases under the BlackRock Savings Plan. Instead, it will send unitholders an initial acknowledgement, followed by half-yearly statements. These statements are designed according to the FSA rules.

No certificates are issued for units in the Funds.

Unitholders must meet the investment criteria for any unit class in which they intend to invest (such as minimum initial investment and, for Class X units, having an agreement with the Manager, the Principal Distributor or one of their affiliates in relation to the holding of Class X units). If a purchase request is processed for units in a class in which a unitholder does not meet the investment criteria then the Manager reserves the right to switch the investor into a more appropriate class in the Fund (where available) or redeem the unitholder's units. In such a scenario the Manager is not obliged to give the unitholder prior notice of its actions and the investor bears any consequent risk including that of market movement.

(b) Limited issue

A Fund may, in accordance with the COLL Sourcebook, limit the issue of units in the Fund, or the issue of any particular class of unit in the Fund, to a prescribed value or number of units.

Where a Fund limits the issue of its units, the Manager may not provide for the further issue of units unless, at the time of the issue, it is satisfied on reasonable grounds that the proceeds of the subsequent issue can be invested without compromising the Fund's investment objective, or materially prejudicing existing unitholders.

Please note that the issue of units in the BlackRock UK Focus Fund is limited. (Currently the issue of units is not limited in any other Fund).

The issue of units is limited in respect of the NAV of the BlackRock UK Focus Fund (the "Limit"). Please refer to Appendix I for the applicable Limit. Once the Limit has been reached, the issue of units will cease.

The Manager may increase or decrease the Limit in accordance with the rules in the COLL Sourcebook where it considers that this is appropriate and can take place without causing material prejudice to existing Shareholders.

The Manager may, at its discretion, following the Limit being reached, allow the further issue of units in certain circumstances (for example where the value of the Fund has fallen below the Limit). Where the Fund has a further issue of units the Limit will be deemed to be open again and a new Limit declared and this fact will be published on the BlackRock website at www.blackrock.co.uk . Unitholders may also enquire as to whether the Limit has been reached by calling the Investor Services Team on 0800 445522, lines are normally open 8:30 am to 6:00 pm and for investor protection calls are normally recorded.

Where relevant, the issue of units will cease from the Dealing Day on which the Limit has been reached (or any higher Limit then set by the Manager has been reached) for the first time. As the number of units issued approaches the Limit, the Manager may at its discretion increase or restrict the allocation of units.

Unitholders should note that due to varying sizes of subscription orders the Fund will not necessarily receive the amount of subscription monies to reach the Limit exactly. The Manager may accept subscription of units in excess of the Limit where it deems appropriate at its absolute discretion. It also allows for the issue of units to cease when the subscriptions reach an acceptable level below the Limit as deemed appropriate by the Manager in its discretion. This flexibility is required to enable the Manager to process large subscriptions which due to their size and timing of request will cause the Fund to exceed its Limit. Accordingly, the Manager may use the flexibility to decline or reject subscriptions applications at its absolute discretion.

(c) Cancellation rights

Unitholders have 14 days in which to cancel the relevant purchase if advised to purchase units by an authorised person through whom the business is placed with the Manager unless an appropriate customer agreement exists between such authorised person and the unitholder. The 14 days commences upon unitholder receipt of the contract note and the Manager must be notified in writing by the unitholder that it wishes to exercise a right to cancel. Unitholders should note that exercising a right to cancel does not necessarily mean that the full amount invested will be returned. Unitholders will receive back an amount based on the purchase price next calculated following the Manager's receipt of a valid cancellation in writing. If a unitholder has not yet paid for the investment it will be liable to make up any shortfall. Proceeds from cancellation will be retained in a client money account until the purchase payment has cleared. This may be for a period of up to 21 calendar days from the date of acquisition. No interest will be paid on cancellation monies.

For regular savings, unitholders are only entitled to exercise a right to cancel in respect of the initial payment, although will not be liable to make up any shortfall and will therefore receive the full amount of the initial payment.

(d) Redemption of Units

Subject to the policy on pricing, units in any Fund may normally be sold back to the Manager during normal business hours on any Business Day either by application in writing to it, by telephone or by fax. When unitholders redeem units over the telephone, calls may be recorded by the Manager. Redeeming unitholders must complete and sign a renunciation form, or write a letter confirming the redemption. This form is available from the Manager on request. In limited circumstances the Manager may at its discretion accept renunciation instructions by facsimile (followed by an original signature). The Manager does not normally accept renunciation or transfer instructions in electronic format. The Manager will send unitholders a repurchase contract note by close of business on the Business Day after the valuation point applicable to the deal. The proceeds will be sent to unitholders by the close of business on the fourth Business Day (or, the second Business Day, for the BlackRock Cash Fund) after the later of the following times:

(i) the valuation point at which the repurchase instruction was processed; and

(ii) receipt of written instructions or document of renunciation.

All requests for redemption must be received by the dealing cut off time for the relevant Fund as set out in Appendix 1, otherwise they will be held over to the next following valuation point.

(e) Deferred redemption

At times of excessive redemptions the Manager may decide to defer redemptions at any valuation point to the next valuation point where the requested aggregate redemptions exceed 10 per cent of a Fund's value. This will therefore allow the Manager to protect the interests of continuing unitholders by allowing the Manager to match the sale of scheme property to the level of redemptions. This should reduce the impact of dilution on the Fund. All unitholders who have sought to redeem units at any valuation point at which redemptions are deferred will be treated consistently and any redemption requests received in the meantime will not be processed until the redemption requests that have been deferred to the subsequent valuation points have been processed.

(f) In specie subscriptions and redemptions

The Manager may, at its discretion, arrange for the Trustee to issue units in exchange for assets other than cash. The Trustee may, on the instruction of the Manager, pay out of a Fund assets other than cash as payment for the sale of units. An in specie subscription or in specie redemption will only take place where the Trustee has taken reasonable care to determine that it is not likely to result in any material prejudice to the interests of unitholders in the relevant Fund.

Where the Manager considers a cash subscription to be substantial in relation to the total size of a Fund it may require the investor to contribute in specie. The Manager may consider a deal in this context to be substantial if the relevant units constitute 5 per cent (or a lesser or higher percentage if considered appropriate) of those in issue in the relevant Fund.

The Manager will ensure that the beneficial interest in the assets is transferred to the Fund with effect from the issue of the units.

The Manager will not issue units in any Fund in exchange for assets the holding of which would be inconsistent with the investment objective or policy of that Fund.

If a unitholder wishes to sell units in any Fund representing 0.5 per cent or more of the value of that Fund, the Manager may elect to make an in specie redemption. Unitholders may refuse the Manager's election to make an in specie redemption if the value of the redemption proceeds is 0.5 per cent or more but less than 5 per cent of the scheme property of the Fund.

If a unitholder wishes to sell units in any Fund representing 5 per cent or more of the value of that Fund the Manager may, in its sole discretion, elect not to give the unitholder the proceeds of the sale of units but instead transfer property (i.e. underlying securities) of the relevant Fund to the unitholder by way of an in specie redemption.

Where the Manager elects to carry out an in specie redemption, it must notify the unitholder of this in writing no later than the close of business on the second Business Day after the day on which it received selling instructions from the unitholder.

Where there is an in specie redemption, the Trustee will, in accordance with the rules of the COLL Sourcebook, cancel the units and transfer a proportionate share of the assets of the relevant Fund or such selection from the property of the Fund as the Trustee, after consultation with the Manager, decides is reasonable to the unitholder, in either case having regard to the need to be fair both to the unitholder making the in specie redemption and to continuing unitholders.

Irrespective of the value of the units, where a unitholder wishes to redeem and the Manager has elected to provide an in specie transfer, the unitholder is entitled to instruct the Manager not to transfer assets, but to sell those assets (other than those in cash in the relevant currency) and pay to the unitholder the net proceeds of sale (and cash). However instruction must be given by the unitholder in writing to the Manager by the close of business on the fourth Business Day after receipt of the Manager's notice of election to provide an in specie redemption. The value raised will not necessarily correspond with the applicable published bid price.

The Manager may, in its sole discretion, agree to a request from a unitholder for an in specie redemption where it receives such request in advance of the redemption request. Where the Manager does agree, the Trustee will transfer assets to the unitholder of the relevant Fund in the manner set out above.

(g) Suspension

The Manager may, with the prior agreement of the Trustee, and must without delay, if the Trustee so requires, temporarily suspend the sale and redemption of units for a period of time where due to exceptional circumstances it is in the interest of all unitholders in the relevant Fund.

The Manager and Trustee must ensure that the period of suspension is only allowed to continue for as long as it is justified having regard to the interest of unitholders and that dealing resumes as soon as practicable after the circumstances triggering a suspension have ceased. Upon suspension the Manager or the Trustee will immediately inform the FSA giving reasons for the suspension and notify any home state regulator in jurisdictions where units in the relevant Fund are available for sale.

The Manager will notify unitholders of the suspension as soon as practicable after the suspension commences and formally review the suspension with the Trustee at least every 28 days, keeping the FSA informed. The Manager will resume issue and redemption in units after giving the requisite notice in accordance with the COLL Sourcebook. The Manager will publish sufficient details on its website to keep unitholders appropriately informed about the suspension including, if known, its likely duration.

(h) Conversion and Switching rights

Where more than one class of unit is in issue in a Fund, the Manager may permit a unitholder to:

i. Convert all or some of the units held from one class in a Fund (the "Original Units") for units of another class in the same Fund ("New Units") subject to minimum investment and eligibility requirements. When units are converted, the number of New Units to be issued will be determined by applying a 'conversion factor' to the value of the Original Units held to determine the number of New Units to be issued. The conversion factor applicable to such unit conversion is available on request from the Manager in writing or by telephoning the Investor Services Team on 0800 445522, lines are normally open 8:30 am to 6:00 pm and for investor protection calls are normally recorded; or

ii. Switch all or some of the units held from one class in that Fund (the "Original Units") into units of another BlackRock fund (the "New Units"). On a switch of units, the number of New Units issued will be determined by reference to the respective prices of New Units and Original Units at the valuation point applicable when the Original Units are redeemed and the New Units are issued. Any such exchange is treated as a redemption and sale.

Unitholders must provide written instructions to convert or switch holdings to the Manager which, in the case of joint unitholders, must be signed by all joint unitholders before a conversion or switch is effected. Conversions and switches are subject to the minimum investment requirements. No conversion or switch will be made during any period when the right of unitholders to require a redemption of units is suspended.

The Manager, at its discretion, may make a charge on the conversion of units between classes within the relevant Fund and on a switch between units of the relevant Fund and other BlackRock funds. Any such charge does not constitute a separate charge payable by a unitholder but is only the application of any redemption charge on the Original Units and any preliminary charge of the New Units. Currently the Manager charges a fee on switches only. This charge is equivalent to the preliminary charge for the Fund and unit class into which the unitholder is switching. The Manager at its discretion may discount this switching fee and pay all or part of such a discount to an intermediary.

A conversion or switch of units will only be accepted by the Manager if the conditions for holding the New Units are met, such as meeting the minimum holding. A switch between the relevant Fund and another Fund or other BlackRock funds will only be effected on a Business Day when both funds have valuation points. A conversion or switch of units into Class FF units or Class PF units in the BlackRock UK Focus Fund is prohibited, subject to the approval of the Manager, at its absolute discretion.

Unitholders subject to UK tax should note that a switch of units between Funds (but not between unit classes in the same Fund) is treated as a disposal for the purposes of Capital Gains Tax. Conversions between different unit classes in the same Fund should not give rise to a disposal for UK Capital Gains Tax purposes. Unitholders should seek their own professional tax advice in this regard.

Class X units are only available to unitholders who have entered into a separate agreement with the Manager, the Principal Distributor or one of their affiliates in relation to the holding of X units.

(i) Mandatory redemption, cancellation, switching, conversion or transfer of units

The Manager may from time to time take such action and impose such restrictions as it thinks necessary for the purpose of ensuring that no units in any Fund are acquired or held by any person in circumstances ("relevant circumstances") which constitute a breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or which would (or would if other units were acquired or held in like circumstances) result in any Fund incurring any liability to taxation or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); and, in this connection, the Manager may reject at its discretion any subscription for, sale, switch, conversion or transfer of units.

In particular, the Manager has determined that US Persons are not permitted to own units. The term "US Person" means any US resident or other person specified in Regulation S under the United States Securities Act 1933, as amended from time to time and as may be further supplemented by the Manager.

All US residents and citizens should note the requirements of the Foreign Account Tax Compliance Act ('FATCA'), please see paragraph 20 below.

If it comes to the notice of the Manager that any units ("affected units") have been acquired or are being held in each case whether beneficially or otherwise in any of the relevant circumstances referred to above or if it reasonably believes this to be the case the Manager may give notice to the holder of the affected units requiring the unitholder to transfer such units to a person who is qualified or entitled to own the units in question or to give a request in writing for the redemption or cancellation of such units. If any person upon whom such a notice is served does not within thirty days after the date of such notice transfer his units to a person qualified to hold the same, or establish to the satisfaction of the Manager (whose judgement shall be final and binding) that he and any person on whose behalf he holds the affected units are qualified and entitled to hold the units, he shall be deemed upon the expiration of that thirty day period to have given a request in writing for the redemption or cancellation (at the discretion of the Manager) of the affected units.

(j) Unpresented cheques / Unclaimed or other balances

Where, upon the redemption of units, the proceeds are transferred to a unitholder by cheque and that unitholder subsequently fails to present the cheque for payment, the proceeds will be transferred to a client money account after a period of 6 months. Reasonable efforts will be made to contact unitholders at the address reflected in the Manager's records in order to facilitate payment of any outstanding balance due. However, if the Manager is unable to contact a unitholder, after a period of 6 years, such amounts shall be added to the capital property of the relevant Fund(s). No interest will be payable in respect of amounts relating to unpresented cheques or other balances held or transferred as described above. By entering into a contract with the Manager unitholders consent to this course of action.

Any other amounts received by the Manager during the course of any normal business transaction will, where applicable, be held in accordance with the FSA rules in respect of client money. No interest will be payable to unitholders in respect of any client money balances held.

BlackRock will benefit from interest earned on any balances held in client money accounts. No interest is paid to unitholders in respect of amounts relating to individual transactions.

(k) 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 unitholders. 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.

Unitholders 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 Manager, too frequent or appears to follow a timing pattern.

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

- in-specie redemptions – Section 8 paragraph (f); and
- conversion and switching rights – Section 8 paragraph (h).

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

- combine units 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 Manager reserves the right to reject any application for switches, conversions, transfers and/or subscription of units from investors whom they consider to be excessive traders; and
- levy a redemption charge of 2% of the redemption proceeds to unitholders whom the Manager, in its reasonable opinion, suspects of excessive trading. This charge will be made for the benefit of the relevant Fund, and affected unitholders will be notified in their contract notes if such a fee has been charged.

(l) Compliance with applicable laws and regulations

As a result of any applicable laws and regulations, including but not limited to, relevant anti-money laundering legislation, tax laws and regulatory requirements, unitholders may be required, in certain circumstances, to provide additional documentation to confirm their identity or provide other relevant information pursuant to such laws and regulations, as may be required from time to time, even if an existing unitholder. Any information provided by unitholders will be used only for the purposes of compliance with these requirements and all documentation will be duly returned to the relevant unitholder. Until the Manager receives the requested documentation or additional information, there may be a delay in processing any subsequent redemption request and the Manager reserves the right in all cases to withhold redemption proceeds until such a time as the required documentation or additional information is received. Any such redemption monies will be held by the Manager in accordance with FSA rules on client money with a third party bank. No interest will be paid during the period such monies are treated as client money.

Alternatively, the Manager may employ a search of electronic data reference sources in order to access information held electronically concerning the identity of a unitholder, including information held by certain government and consumer agencies. By completing the relevant application forms or entering into a contract with the Manager, unitholders acknowledge that the Manager may at any time initiate a search of information held electronically in order to verify unitholder identity.

9. Valuation

The Manager calculates prices at which unitholders buy and sell units in accordance with 'Appendix 4 – Valuation and Pricing', as permitted by the COLL Sourcebook. The basis of the calculation is the value of the underlying assets of the Fund. The Funds are valued both on an issue basis and on a cancellation basis, from which the 'buying' price (offer) and 'selling' price (bid) are determined, as detailed within Appendix 4. The difference between these two prices is known as the spread. The maximum permitted spread may be wider than the spread the Manager normally quotes for dealing, but the Manager may deal at any prices calculated in accordance with Appendix 4 and notified to the Trustee. The maximum offer price may not exceed the total of the issue price and the preliminary charge. The minimum bid price may not be less than the cancellation price. All the Funds are valued on each Business Day.

The Manager may at its discretion implement fair value pricing policies in respect of any of the Funds. Fair value pricing will only apply where the Manager has reasonable grounds to believe that no reliable price exists for one or more underlying securities at a valuation point or the most recent price available does not reflect the Manager's best estimate of the value of a security at the valuation point. In these circumstances the Manager will value an investment at a price which, in its opinion, reflects a fair and reasonable price for that investment. Circumstances which may give rise to a fair value price being used include instances where there is no recent trade in the security concerned; or the occurrence of a significant event since the most recent closure of the market where the price of the security is taken. A significant event is one that means, in the Manager's judgement, the most recent price of a security or a basket of securities is materially different to the price that it is reasonably believed would exist at the valuation point had the relevant market been open. For this purpose, the Manager may utilise pre-determined trigger levels which take into account the materiality of any variance. The Manager's decision to use fair value pricing will also depend on the type of authorised Fund concerned, the securities involved and the basis and reliability of the alternative price used.

The Manager may suspend dealing in any Fund if it cannot obtain prices on which to base a valuation (see section 8(f)). The Manager may, with the Trustee's prior agreement or if the Trustee requires it, suspend the repurchase of units in accordance with the COLL Sourcebook, as described above under the heading “Suspension”.

The Manager's annual management charge (which is taken into account in valuations) is based upon values midway between the issue and cancellation basis.

Valuations are normally taken at a valuation point of 12.00 noon. The Manager may declare additional valuation points for any Fund at its discretion and with the Trustee’s agreement. At a valuation point the Manager calculates unit prices, using the most recent prices of the underlying securities that it can reasonably obtain. The objective is to give an accurate value of the Fund as at the valuation point. The base currency of each Fund is sterling.

10. Prices of Units and Historic Performance Data

The Manager will, on the completion of each valuation, advise the Trustee of the issue and cancellation prices. These are the prices which the Manager has to pay to the Trustee for the issue of units or which the Manager will receive from the Trustee upon the cancellation of units. The cancellation price last notified to the Trustee is available from us on request. The Manager deals in units as principal and accordingly the offer and bid prices that it publishes from time to time are the prices that are relevant to unitholders or to potential unitholders. These prices must not be greater than the applicable issue price on that day plus the preliminary charge, nor less than the cancellation price. The Manager will notify the Trustee of the maximum issue price and minimum cancellation price at which it will deal.

Historic performance data (where available) is contained in the key investor information document for the relevant unit class of the relevant Fund, which is available on request from the Manager. For up to date information visit the Manager’s website www.blackrock.co.uk or speak to its Investor Services Team on 0800 445522, lines are open between 8.30am to 6.00pm. Telephone calls may be recorded by the Manager.

11. Policy on Pricing

When units are purchased through the post, by telephone, by fax or (when available) by electronic communication, they will be sold on a forward pricing basis at the offer price calculated at the next valuation point (12.00 noon) after receipt of purchase instructions so long as these were received prior to the Fund’s dealing cut off time (where applicable).

When units are sold back to the Manager, units will be redeemed on a forward pricing basis at the bid price calculated at the next valuation point (12.00 noon) following receipt of a redemption instruction so long as these were received prior to the Fund’s dealing cut off time (where applicable).

If a purchase or sale order is for a total amount of £15,000 or more, this is a "large deal" and the Manager reserves the right to execute an order at a price higher than the published offer price or lower than the published bid price (as applicable). Should this prove to be the case, the price paid when buying units will not be higher than the maximum offer price, or when redeeming units, less than the cancellation price.

12. Minimum Investment/Holdings

In the case of Class A Income and Class A Accumulation units (together the “Class A units”) (as available), the minimum initial investment and minimum value of a holding in a Fund is £500. Unitholders may make subsequent investments for Class A units in a Fund in amounts of £100 or more.

In the case of Class PF Accumulation units, the minimum initial investment and minimum value of a holding of each unit class in a Fund is £1,000,000. This applies to registered unitholders and beneficial unitholders in respect of nominee arrangements. Unitholders may make subsequent investments for Class PF Accumulation units in a Fund in amounts of £100 or more.

In the case of Class FF Accumulation units, the minimum initial investment and minimum value of a holding in a Fund is £10,000,000. This applies to registered unitholders and beneficial unitholders in respect of nominee arrangements. Unitholders may make subsequent investments for Class FF Accumulation units in amounts of £100 or more.

In the case of Class D Income units and Class D Accumulation units, the minimum initial investment and minimum value of a holding in a Fund is £100,000. Unitholders may make subsequent investments for Class D Income units and Class D Accumulation units in amounts of £100 or more.

In the case of Class DI Income units and Class DI Accumulation units, the minimum initial investment and minimum value of a holding in a Fund is £50,000,000. Unitholders may make subsequent investments for Class DI Income units and Class DI Accumulation units in amounts of £100 or more.

In the case of Class X units (as available), the minimum initial investment and minimum value of a holding in a Fund is £10,000,000 (which may be waived on a case by case basis at the Manager’s discretion). Unitholders may make subsequent investments for Class X units in a Fund in amounts of £100 or more.

For the avoidance of doubt, Class A units are intended for investment by retail investors and Class D units are intended for investment by investors who are able to meet the minimum investment and holding criteria for that class. Class X units are intended for investment by institutional style investors who are able to meet the minimum investment and holding criteria for that class. It should be noted that pursuant to Section 8(a), the Manager reserves the right to switch the entire holding to a more appropriate class of units (where available) or redeem the entire holding. In such circumstances, the Manager is not obliged to provide prior notice and the unitholder bears the consequent risk including that of market movement.

In respect of all Classes of units, unitholders may make withdrawals of £250 or more as set out in Appendix 1. When unitholders make a withdrawal, conversion, switch or transfer, the remaining balance of the holding must be at least equal to the minimum investment otherwise the Manager may at its discretion arrange to sell the holding and remit the proceeds to that unitholder. If, as a result of a withdrawal, conversion, switch or transfer a small balance of units meaning an amount of £2 or less is held, the Manager shall have absolute discretion to realise this small balance and donate the proceeds to a UK registered charity selected by the Manager.

The BlackRock Savings Plan is also available for all Funds (Class A units only), except the BlackRock UK Focus Fund. Unitholders must invest at least £50 per Fund per month.

Unitholders may stop monthly payments at any time by cancelling the direct debit instruction with their bank and informing the Manager in writing. Provided a balance of more than £500 remains a unitholder account can be kept open. If the balance is less than these levels, the units will be redeemed at the bid price next calculated after the Manager has received unitholder instructions and the Manager will send the proceeds within four Business Days. If, as a result of a withdrawal, conversion, switch or transfer, the balance of a unitholder account is less than £500, the Manager will also sell the unitholder holding , unless the unitholder notifies the Manager of its intention to continue making regular monthly payments.

Minimum investment and holding amounts may be waived at the Manager's discretion.

13. Commission and Rebates

If Class A units are purchased through an authorised intermediary, the Principal Distributor (as authorised by the Manager) may, at its discretion, pay initial or renewal commissions to authorised intermediaries.

The amount of initial or renewal commission paid on a purchase will be shown on the relevant contract note sent to a unitholder. The Manager will also advise unitholders of any initial or renewal commission to be paid in respect of a purchase, upon request. If unitholders switch an investment from one Fund to another Fund or from one Fund into another BlackRock fund, the Manager normally allows a discount on the price at which unitholders purchase units and/or pay a reduced commission to any intermediary concerned.

No initial or renewal commissions or other rebates are normally paid in respect of Class D Accumulation units or Class X units.

Class X units are only available to unitholders who have entered into a separate agreement with the Manager, the Principal Distributor or one of their affiliates in relation to the holding of X units. The Principal Distributor (as authorised by the Manager) may also, at its discretion, waive any preliminary charge, in whole or in part, in respect of an application for Class A units, Class FF units or Class PF units, or, subject to FSA rules, determine to pay a rebate in respect of the payment of annual management charges in respect of any holding of Class A units, Class FF units or Class PF units in certain funds to certain authorised intermediaries. The Principal Distributor currently pays rebates in respect of holdings in certain funds by certain investors and authorised intermediaries including various associated companies in the BlackRock Group.

Rebates of annual management charges may be agreed on certain Funds at the Manager's discretion and subject to the nature of the business provided by third party intermediaries to end investors. Rebates will not exceed the published amount of annual management charge payable in respect of those Funds.

The terms of any rebate will be agreed between the Principal Distributor and the authorised intermediary from time to time. If so required by applicable FSA rules, the authorised intermediary shall disclose to any of its underlying clients the amount of any rebate of annual management charge it receives from the Principal Distributor and the Manager shall also disclose to unitholders, upon request, details of any rebate paid by the Principal Distributor to an authorised intermediary in connection with a holding of units, where the authorised intermediary has acted on behalf of that unitholder.

The Manager may, at its discretion, discount any switching fee and pay some or all of the discount to an intermediary.

Payment of any rebate of annual management charge or of the preliminary charge ("commission") shall cease on the entry into force of any legislation and/or regulation prohibiting the payment of commission from product providers to counterparties, to the extent that such legislation and/or regulation affects the counterparties activities in any particular jurisdiction or and/or sale of particular Funds.

As a result of the FSA's Retail Distribution Review, neither the Manager nor the Principal Distributor will be permitted to pay initial or renewal commission or rebate of the annual management charge, to authorised intermediaries or to third party distributors or agents in respect of any subscriptions for, or holdings of, units for any UK retail investors in respect of investments made as a result of the investor having received a personal recommendation on or after 31 December 2012.

14. Manager's Box

The Manager will run a box (i.e. hold units in the Funds in its own accounts). The Manager is not obliged to account to the Trustee or to unitholders for any profit it may make on the issue of units, or on the re-issue or cancellation of any units redeemed. The current policy of the Manager is to hold only sufficient numbers of units to facilitate the efficient operation of the issue and cancellation of units. The Manager is not obliged to provide any notice to unitholders of a change in such policy.

15. Publication of Prices and Yields

The previous dealing day's bid and offer prices of units and the current estimated annual yields of the Funds, as well as the preliminary charge applicable for each Fund, will be made publicly available in a variety of sources but primarily through our website, www.blackrock.co.uk, or by calling our Investor Services Team on 0800 445522, lines are open between 8.30am and 6.00pm. Telephone calls may be recorded by the Manager. Please note that the published prices are for information only and these prices may not be the prices obtained when units are dealt. The Manager is not responsible for errors in publication or for non-publication. The cancellation price in the relevant Fund or Funds will be available, from the Manager, on request.

The units in the Funds are not listed or dealt in or on any investment exchange.

16. Classes of Units

Class A Income and Class A Accumulation units are available in all Funds (except the BlackRock UK Focus Fund), unless unitholders invest via a BlackRock Savings Plan where only Accumulation units may be held. Class D Income units, Class D Accumulation units, Class DI Income units, Class DI Accumulation units, Class X Income units and Class X Accumulation units will be made available in certain Funds as set out in Appendix 1. The complete list of Funds offering Class D units, Class DI units and class X units at any given point can be obtained by telephoning the Investor Services Team on Freephone 0800 445522.

Class FF Accumulation units and Class PF Accumulation units are available only in the BlackRock UK Focus Fund.

Both income and accumulation units represent a beneficial interest in undivided shares in the property of the Fund as detailed below. Each unit, Accumulation or Income, represents one undivided share in the property of a Fund. Each undivided unit ranks pari passu with other undivided units in a Fund. The nature of the rights represented by units is that of a beneficial interest under a Trust. Unitholders are not liable for the debts of a Fund.

If unitholders hold Income units they will receive a net distribution payable monthly, quarterly, half-yearly or annually according to the distribution policy of the relevant Fund, details of which are set out in Appendix 1. This distribution will be paid either by cheque or directly into the unitholder's bank account. This net distribution is calculated by multiplying the number of Income units held on the last day of the relevant accounting period, by the net rate of distribution declared by the Manager. After a period of six years from the date of payment, any unclaimed distribution will be added to the capital property of the Fund and may be forfeited. No interest will be paid on unclaimed distribution monies. If a unitholder holds Accumulation units there will be no actual payment of income. The income attributable to the units will remain as property of the relevant Fund and the number of undivided shares represented by each Accumulation unit will be increased accordingly. The number of Accumulation units held remains the same.

The Manager may adopt a policy of smoothing interim distributions for a Fund if it considers that this is in the interest of unitholders of the Fund and consistent with the objective and policy of the Fund.

The Trust Deeds of the Funds also permit further classes of units to be made available other than Class A Income units, Class A Accumulation units, Class D Income units, Class D Accumulation units, Class DI Income units, Class DI Accumulation units Class FF Accumulation units, Class PF Accumulation units, Class X Income units and Class X Accumulation units. Any such class of unit may vary according to whether it accumulates or distributes income or attracts different fees and expenses, and as a result of this, monies may be deducted from classes in unequal proportions. In these circumstances, the proportionate interests of the classes of units within a Fund will be adjusted in accordance with the provisions of the Trust Deed of each of the Funds relating to proportion accounts. The Trustee may create one or more classes of units as instructed from time to time by the Manager. The creation of additional unit classes will not result in any material prejudice to the interests of holders of units in existing unit classes.

17. Evidence of Title

No certificates are issued for the Funds. Should any unitholder, for any reason, require evidence of his title to units, the Manager shall, upon unitholder proof of identity as it shall reasonably require, supply the relevant unitholder with a certified copy of the relevant entry in the Register relating to their holding of units.

Holdings in respect of investments via the BlackRock Savings Plan will be registered in the name of the unitholder. The Manager will send an initial acknowledgement, followed by half-yearly statements.

18. Investment Objective and Policy – Investment Restrictions

Details of the investment objective and policy of each of the Funds is set out in Appendix 1.

Details of the investment restrictions applicable to a particular Fund are set out in Appendix 3.

19. Risk Considerations

General

The Funds are subject to the risk that all equity and fixed interest funds are subject to i.e. fluctuations in capital value. While over a long period it might be expected that a Fund will produce positive total returns, in any particular period losses may be suffered. The Manager cannot guarantee that it will achieve the objectives set out for any Fund.

Unitholders should always bear in mind that the price of units in any Fund and the income from them can go down as well as up and are not guaranteed. Accordingly, unitholders may not receive back the amount invested.

The Funds may invest in currencies other than sterling. As a result, changes in the rates of exchange between currencies may cause the value of units in the relevant Funds to go up or down. Accordingly, unitholders may not receive back the amount invested.

Where cancellation rights apply to a contract any investor exercising such cancellation rights will not obtain a full refund of the money paid (except regular savers who will obtain a full refund) on the making of the contract if the value of the investment falls before the cancellation notice is received by the Manager as an amount equal to that fall will be deducted from any refund made to the investor.

New Issues

Funds may invest 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.

Derivatives

In accordance with the investment limits and restrictions set out in Appendix 1, each of the Funds may use derivatives for the purposes of efficient portfolio management in order to reduce risk and/or costs and/or generate additional income or capital for each of the Funds (as further described in Appendix 3). The Manager may also use derivatives to hedge and manage risk.

The use of derivatives in this way is not intended to increase the risk profile of the Funds. The Manager uses a risk management process, to monitor and measure as frequently as appropriate the risk of a Fund's portfolio and contribution of the underlying investments to the overall risk profile of the Fund.

However, the use of derivatives may expose the Fund 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 are geared. A relatively small market movement may have a potentially larger impact on derivatives than on standard bonds or equities.

In relation to the BlackRock Active Managed Portfolio, BlackRock Balanced Income Portfolio Fund and BlackRock Balanced Growth Portfolio Fund, the Manager may also employ the use of derivatives in pursuit of the investment objective and policies of the Funds. **Unitholders should note that the use of derivatives in this way may alter the risk profile of a Fund and lead to higher volatility in the unit price of that Fund.**

The Manager uses a risk management process, to monitor and measure as frequently as appropriate the risk of a Fund's portfolio and contribution of the underlying investments to the overall risk profile of the Fund.

Money-Market Instruments

The BlackRock Cash Fund invests a significant amount of its NAV in approved money-market instruments and in this regard investors might compare the funds to regular deposit accounts. Investors should however note that a holding in this Fund is subject to the risks associated with investing in a collective investment scheme, in particular the fact that the principal sum invested is capable of fluctuation as the NAV of the Fund fluctuates.

Money-market instruments are subject to both actual and perceived measures of creditworthiness. The "downgrading" of a rated money-market instrument or adverse publicity and investor perception, which may not be based on fundamental analysis, could decrease the value and liquidity of these instruments, particularly in an illiquid market.

Counterparty Risk

Funds may be exposed to finance sector companies which act as a service provider or as a counterparty for financial contracts, including derivatives. In times of extreme market volatility, such companies may be adversely affected, with a consequent adverse affect on the activities of the Funds. There is a risk that due to events beyond the control of the funds or the Investment Manager, a counterparty may not meet its contractual obligations to return property or money belonging to the funds or that any such return is subject to severe delay.

The Manager is free to use one or more separate counterparties for derivative investments. Some or all of these counterparties may be associates of the BlackRock Group or the PNC Group.

Liquidity Risk

Investments made by the Funds may be subject to liquidity constraints, which means that underlying shares may trade less frequently and in small volumes, for instance smaller companies. Securities of certain types, such as bonds or structured credit products, may also be subject to periods of lower liquidity in difficult market conditions. As a result, changes in the value of investments may be more unpredictable. In certain cases it may not be possible to sell an underlying security at the last market price or at a value considered to be fairest.

Global Financial Market Crisis and Governmental Intervention

As at the date of the Prospectus, global financial markets are undergoing pervasive and fundamental disruptions and significant instability which has led to extensive governmental intervention. Regulators in many jurisdictions have implemented or proposed a number of emergency regulatory measures. Government and regulatory interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been detrimental to the efficient functioning of financial markets. It is impossible to predict with certainty what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on the Investment Manager's ability to implement the Funds' investment objectives.

Whether current undertakings by governing bodies of various jurisdictions or any future undertakings will help stabilise the financial markets is unknown. The Investment Manager cannot predict how long the financial markets will continue to be affected by these events and cannot predict the effects of these – or similar events in the future – on the Funds', the European or global economy and the global securities markets.

Taxation

The tax information provided in the "Taxation" section is based, to the best knowledge of the Manager, upon tax law and practice as at the date of this Prospectus. Tax legislation, the tax status of the Manager and the Funds, the taxation of Unitholders 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 UK or in any jurisdiction where a Fund is registered, marketed or invested could affect the tax status of the Funds, affect the value of the relevant Fund's Investments in the affected jurisdiction, affect the relevant Fund's ability to achieve its investment objective, and/or alter the post tax returns to unitholders. Where the 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 unitholders depend on the individual circumstances of unitholders. 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 Funds.

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, the Custodian and the Administrator shall not be liable to account to any unitholder for any payment made or suffered by the relevant Fund in good faith to a fiscal authority for taxes or other charges of the 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 that 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.

The above risks should be considered for all Funds. There are other risks that unitholders should also bear in mind when considering investment into specific Funds. The table below indicates those that should be considered:

Fund Name	Emerging Markets including sovereign debt and restrictions on foreign investments	Fixed Income Transferable Securities	Distressed Securities	Small Cap Companies	Specific Sectors	Delayed Delivery Transactions	Charges From Capital	Risks to Capital Growth
BlackRock Active Managed Portfolio Fund	×							
BlackRock Balanced Growth Portfolio Fund	×	×				×	×	
BlackRock Balanced Income Portfolio Fund		×				×	×	
BlackRock Cash Fund								×
BlackRock Cautious Portfolio Fund		×		×	×	×		
BlackRock Continental European Fund								
BlackRock Continental European Income Fund	x						×	×
BlackRock Corporate Bond Fund		×	×			×	×	
BlackRock Emerging Markets Fund	×			×				
BlackRock European Dynamic Fund	×			×				
BlackRock Global Bond Fund		×				×		
BlackRock Global Equity Fund								
BlackRock Global Income Fund	x						×	×
BlackRock Gold and General Fund	×			×	×			
BlackRock UK Focus Fund					×			
BlackRock UK Fund								
BlackRock				×				

UK Dynamic Fund								
BlackRock UK Income Fund				x			×	x
BlackRock UK Smaller Companies Fund				×				
BlackRock UK Special Situations Fund				×				
BlackRock US Dynamic Fund	×							
BlackRock US Opportunities Fund	×			×				
BlackRock World Resources Income Fund	x				x		x	×

Emerging Markets

The following considerations, which apply to some extent to all international investments, are of particular significance in certain smaller and emerging markets. Funds investing in equities (see "Appendix 1" below) may include investments in certain smaller and emerging markets, which 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. The prospects for economic growth in a number of these markets are considerable and equity returns have the potential to exceed those in mature markets as growth is achieved. However, share price and currency volatility are generally higher in emerging markets.

Some 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. Certain economies also depend to a significant degree upon exports of primary commodities and, therefore, are vulnerable to changes in commodity prices which, in turn, may be affected by a variety of factors.

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 different 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 a Fund 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 and sub-custodians in all relevant markets in accordance with UK law and regulation.

In certain emerging markets, registrars are not subject to effective government supervision nor are they always independent from issuers. The possibility of fraud, negligence, undue influence being exerted by the issuer or refusal to recognise ownership exists, which, along with other factors, could result in the registration of a shareholding being completely lost. Investors should therefore be aware that the Funds concerned could suffer loss arising from these registration problems, and as a result of archaic legal systems a Fund may be unable to make a successful claim for compensation.

While the factors described above may result in a generally higher level of risk with respect to the individual smaller and emerging markets, these may be reduced when there is a low correlation between the activities of those markets and/or by the diversification of investments within the relevant Funds.

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 depositary system. As a result of this system and the lack of state regulation and enforcement, a Fund could lose its registration and ownership of Russian securities through fraud, negligence or even mere oversight.

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.

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, unitholders would bear both their proportionate share of expenses in the Fund (including management fees) and, indirectly, the expenses of such closed end investment companies.

Fixed Income Transferable Securities

Debt securities are subject to both actual and perceived measures of creditworthiness. The amount of credit risk is measured by the issuer's credit rating which is assigned by one or more independent rating agencies. This does not amount to a guarantee of the issuer's creditworthiness but provides a strong indicator of the likelihood of default. Securities which have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated securities. Companies often issue securities which are ranked in order of seniority which in the event of default would be reflected in the priority in which investors might be paid back. 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.

Non-investment grade debt may be highly leveraged and carry a greater risk of default.

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. 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.

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 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 or not 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. In addition, as a result of participation in negotiations with respect to any exchange offer or plan of reorganisation with respect to an issuer of Distressed Securities, the investing Fund may be precluded from disposing of such securities. 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.

Smaller Capitalisation Companies

Securities of smaller capitalisation companies may, from time to time, and especially in falling markets, become illiquid and experience short-term price volatility and wide spreads between bid and offer prices. Investment in smaller capitalisation companies may involve higher risk than investment in larger 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 price of a Fund's units.

Funds investing in specific sectors

Investment is made in a limited number of market sectors and therefore these Funds may be more volatile than other more diversified Funds and may be subject to rapid cyclical changes in investor activity. In particular, certain Funds may have exposure to technology stocks. Investments in securities of technology related companies present certain risks that may not exist to the same degree as in other types of investments and tend to be relatively more volatile. Technology-related investments may include smaller and less seasoned companies. Such companies may have limited product lines, markets, or financial resources, or may depend on a limited management group. The companies in which the Funds concerned may invest are also strongly affected by worldwide scientific or technological developments, and their products may rapidly fall into obsolescence.

The share price gains of many companies involved in the alternative energy and energy technology sectors in the recent past have been significantly greater than those experienced by equity markets as a whole. Consequently, the shares of many alternative energy and energy technology focused companies are now valued, using certain valuation criteria, at a substantial premium to the average for equity markets in general. There can be no assurance or guarantee that current valuations of alternative energy and energy technology focused companies are sustainable.

Competition between technology companies is intense, and profit margins can be small or non-existent. In fact, many technology companies operate at substantial losses with no prospect for profit in the foreseeable future. For these reasons, investment in such companies by a Fund may be considered speculative.

With regard to Funds that invest in asset-based securities, while the market price for an asset-based security and the related natural resource asset generally are expected to move in the same direction, there may not be perfect correlation in the two price movements. Asset-based securities may not be secured by a security interest in or claim on the underlying natural resource asset. The asset-based securities in which a 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 asset-based securities 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 would endeavour to sell the asset-based security 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.

A Fund investing in financial services companies is more vulnerable to price fluctuations of financial services companies and other factors that particularly affect financial services industries than a more broadly diversified mutual fund. In particular, the prices of stock issued by many financial services companies have historically been more closely correlated with changes in interest rates than other stocks. Generally, when interest rates go up, stock prices of these companies go down. This relationship may not continue in the future.

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 (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. 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.

Although the Funds will generally enter into TBA purchase commitments with the intention of acquiring securities, the Funds may also 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.

Charges from Capital

Most of the Funds deduct their charges from the income produced from their investments however some may deduct some or all of their charges from capital. Whilst this might allow more income to be distributed, it may also have the effect of reducing the potential for long term capital growth.

Risk to Capital Growth

Certain Funds may pursue derivative strategies in order to generate income. Whilst this might allow more income to be distributed, it may affect the potential for long term capital growth.

20. Taxation

The following summary is intended to offer some guidance to persons (other than dealers in securities) on the current United Kingdom ("UK") taxation of authorised unit trusts and their unitholders. It should be noted that the existing legislation may change in future. This summary should not be regarded as definitive, nor as removing the desirability of taking separate professional advice. If unitholders are in any doubt as to their taxation position, they should consult their professional advisers.

The Funds

In respect only of income, authorised unit trusts are taxed as "investment companies" which means that franked income (dividends received from a UK resident company) is not taxed in the unit trust as it has been paid out of profits which have already been taxed. The majority of overseas dividends received by authorised unit trusts after 1 July 2009 from non-UK companies should also be exempt from UK tax. They are liable to pay corporation tax on their other income after deduction of allowable expenses. Authorised unit trusts are not normally liable to corporation tax on their capital gains arising from the disposal of investments.

If the Fund invests more than 60 per cent of its market value in cash, gilts, corporate bonds and similar assets, rather than equities, at all times during a distribution period, it may pay interest distributions. The gross interest distribution can be relieved as expense against the income of the Fund.

Where the Fund holds an investment in any other UK or offshore fund that during the Fund's accounting period is invested primarily in cash, gilts, corporate bonds and similar assets, any movements in that holding will be taxed as income of the Fund for the period concerned. In addition, any dividends paid by such fund will be taxed as interest income. Where the offshore fund is not certified by HM Revenue & Customs ("HMRC") as a reporting fund, the Fund may not be exempt from tax on gains realised on disposal of the interest in the offshore fund. Units in the Funds shall be widely available to the investors that meet the investment criteria. Units in the Funds shall be marketed and made available sufficiently widely to reach investors and in an appropriate manner to attract them.

Authorised unit trusts are subject to corporation tax at the basic rate at which income tax is charged, which is currently 20 per cent (2012/13). For investments overseas, credit may be available (by offset against any UK tax liability or by reducing the overseas dividend by the underlying foreign tax suffered) for some or all of the overseas tax suffered, to minimise any double tax charge suffered by the trust.

Investments held by the Funds will be accounted for and taxed in accordance with the Statement of Recommended Practice for authorised unit trusts. It is the intention of the Manager that all assets held by the Funds will be held for investment purposes and not for the purposes of trading. Furthermore, it is considered that the majority of investments held by the Funds should meet the definition of an "investment transaction" as defined by the Authorised Investment Funds (Tax) (Amendment) Regulations 2009 ("the regulations") which came into force on 1 September 2009. Therefore, it is considered that the likelihood of HMRC successfully arguing that the Funds are trading is minimal. This assumption is on the basis that the Funds meet the "genuine diversity of ownership" condition as outlined in the regulations. For this purpose, units in each of the Funds shall be widely available. The intended categories of the investors are those set out in paragraph 27(a). Units in the Fund shall be widely available to the investors that meet the investment criteria. Units in the Fund shall be marketed and made available sufficiently widely to reach the investors, and in a manner appropriate to attract them.

In the unlikely event that HMRC successfully argues that the Funds were trading in relation to the investments held, this may lead to tax payable within the Funds that investors may not be able to offset or recover.

The Unitholder

Distributions can be paid either as a dividend or as an interest distribution, depending on whether the Fund is classified as a bond or an equity fund. A Fund will be regarded as a bond fund if throughout the period between distribution dates more than 60 per cent of the market value of the Fund's holdings, are in debt instruments. If this test is not passed the Fund will be an equity fund. A distribution from an equity fund can only be paid as a dividend. Income paid as a dividend distribution in relation to distribution units or accumulated for accumulation units will be paid or accumulated net with an associated notional tax credit of 10 per cent.

Basic rate taxpayers will have no further liability on either of the above types of income. Higher-rate taxpayers, i.e., those whose income, after personal reliefs, total between £34,371 and £150,000 (2012/13) will be liable to tax on dividend distributions at the higher rate of 32.5 per cent (2012/13), of the net dividend plus the 10 per cent tax credit. This results in a marginal rate of taxation of 25 per cent. Additional rate taxpayers, i.e. those whose income, after personal reliefs, exceeds £150,000 (2012/2013) will be liable to tax on dividend distributions at the additional rate of 42.5 per cent (2012/13) of the net dividend plus the 10 per cent tax credit. Non tax payers will not be able to reclaim the tax credit. This results in a marginal rate of 36.1 per cent. UK resident corporate unitholders must split their dividend distributions into franked and unfranked income portions according to the percentage split given on the voucher. The unfranked portion is generally treated as an annual payment received after deduction of income tax at the basic rate, whereas the balance is treated as franked income i.e. a dividend.

Unitholders will be sent distribution statements and tax vouchers. Accumulation unitholders will be liable to tax on their income as if they had actually received cash on the pay date. Accordingly, accumulation unitholders who may suffer tax at the higher or additional rates will have further tax to pay. Unitholders resident outside the UK may be able to reclaim a proportion of the tax credit in respect of distributions on their units if there is a double taxation agreement between the UK and their country of residence. Local law may also provide for a credit in respect of the tax suffered.

Interest distributions may be paid without deduction of income tax at source to certain unitholders, including UK resident companies, tax exempt pension schemes and tax exempt charities. Interest distributions to unitholders that do not qualify for gross payment are paid net of 20 per cent income tax deducted at source. Basic rate taxpayers pay no further tax on income distributed or reinvested within the Fund. Higher rate taxpayers are liable at the higher rate of 40 per cent, with credit being given for the income tax (2012/13 – 20 per cent) already paid. Additional rate taxpayers are liable at the additional rate of 50 per cent, with credit being given for the income tax already paid. Unitholders resident outside the UK may be able to avoid all or part of the tax deducted by completing the appropriate form available from the Manager.

Persons within the charge to UK corporation tax should note that the regime for the taxation of most corporate debt contained in Chapter 3 Part 6 Corporation Tax Act 2009 provides that, if at any time in an accounting period such a person holds a unitholding in a fund and there is a time in that period when that fund fails to satisfy the "qualifying investments" test, the unitholding held by such a person will be treated for that accounting period as if it were rights under a creditor relationship for the purposes of the loan relationships regime.

A Fund fails to satisfy the "qualifying investments" test at any time when more than 60 per cent of its assets by market value comprise government and corporate debt securities or cash on deposit or certain derivative contracts or holdings in other collective investment schemes which at any time in the relevant accounting period do not themselves satisfy the “qualifying investments” test, or other interest bearing securities. On the basis of the investment policies of the Funds, the Funds could invest more than 60 per cent of their assets in government and corporate debt securities or as cash on deposit or in certain derivative contracts or in other non-qualifying collective investment schemes and hence could fail to satisfy the “qualifying investments” test. In that eventuality, the units will be treated for corporation tax purposes as within the loan relationships regime with the result that all returns on the units in respect of such a person’s accounting period (including gains, profits and losses) will be taxed or relieved as an income receipt or expense on a “fair value accounting” basis. Accordingly, such a person who acquires units in the Funds may, depending on its own circumstances, incur a charge to corporation tax on an unrealised increase in the value of its holding of units (and, likewise, obtain relief against corporation tax for an unrealised reduction in the value of its holding of units).

Any gains arising on disposal of units including a switch of units between unit trusts, are potentially subject to tax on the capital gain (although conversions between classes of units in the same unit trust may not give rise to a disposal for UK Capital Gains Tax purposes). For UK resident individuals the first £10,600 (2012/13) of chargeable gains from all sources is exempt from tax.

As the Fund operates equalisation, it is likely that the first distribution made after the acquisition of units will include an amount of equalisation. This amount corresponds to the income in the price at which the units were acquired and represents a capital repayment for UK tax purposes which should be deducted from the cost of units in arriving at any capital gain realised on their subsequent disposal. Therefore, this amount of the first distribution is not income for tax purposes.

Investors who are insurance companies subject to UK taxation may be deemed to dispose of and immediately reacquire their holding at the end of each accounting period.

European Union Taxation of Savings Income Directive

On June 3 2003 the European Commission published a new directive (EC Directive 2003/48/EC) regarding the taxation of savings income. Depending on the location of the paying agent, it is proposed that Member States are required to provide to the tax authorities of another Member State details of payments of interest (which may include distributions or redemption payments by collective investment funds) or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State, or to operate a withholding system in relation to such payments. The United Kingdom amongst others have opted for exchange of information rather than a withholding tax system. The directive has been enacted into legislation by Member States and applies to interest payments made on or after 1 July 2005.

Accordingly, the Custodian, Administrator, Registrar, transfer agent or such other entity considered a “paying agent” for the purposes of the Taxation of Savings Income Directive may be required to disclose details of dividends or redemption payments to investors in the Funds who are individuals or residual entities to HMRC who will pass such details to the Member State where the investor resides. To the extent that the paying agent is located in the jurisdictions that operate a withholding tax system under the terms of the Directive, rather than an exchange of information system, tax may be deducted from interest payments to investors.

For the purposes of the Directive, interest payments include income distributions made by certain collective investment funds, to the extent that the fund has invested more than 15 per cent of its assets directly or indirectly in interest bearing securities and income realised upon the sale, refund or redemption of fund units to the extent that the fund has invested 25 per cent of its assets directly or indirectly in interest bearing securities.

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 US Internal Revenue Service, this is 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 per cent on gross sales proceeds as well as income. This regime will become effective in phases between 1 July 2014 and 1 January 2017. The basic terms of the Hire Act currently appear to include a Fund as a 'Financial Institution', such that in order to comply, a Fund may require all investors 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 finalised, and accordingly the Manager cannot, at this time, accurately assess the extent of the requirements that FATCA may place upon the Funds. Please note that the Manager has determined that US Persons are not permitted to own units in the Funds, see paragraph 8(i) above.

21. Equalisation

Included in the issue price of units (on an offer basis) and in the cancellation price of units (on a bid basis) and so reflected as a capital sum in the offer and bid prices will be an income equalisation amount representing the value of income attributable to the unit accrued since the record date for the last income allocation. Being capital, the income equalisation amount included in the issue price of the units, is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

The Trust Deed of each Fund permits grouping of units for equalisation, which arises in respect of those units purchased during an income allocation period. Such units carry an entitlement to equalisation which is the amount arrived at on an average basis of the accrued net income per unit included in the issue price of units purchased during the income allocation period.

22. Charges

The current charges made for each Fund are shown below and are set out in Appendix 1. On giving unitholders at least 60 days written notice to unitholders, the Manager may, where relevant, increase the preliminary charge or the annual management charge on the Funds provided any such increase does not constitute a fundamental change to the Fund. Any fundamental change to charges set out below will require prior unitholder consent. For details of the categorisation of fundamental, significant and notifiable changes, please see paragraph 24 below.

These charges consist of:

(a) Manager's Charges

(i) The **Preliminary Charge** will be included in the offer price of Class A units, Class PF units and Class FF units. This charge is not currently made in respect of Class D units, Class DI units or Class X units. The charge on Class A units, Class PF units and Class FF units is normally 5 per cent of the issue price of the units. (In the case of BlackRock Corporate Bond Fund and BlackRock Cautious Portfolio Fund a preliminary charge of 3.25 per cent is levied on the issue price of units. In the case of BlackRock Cash Fund no preliminary charge will be levied.)

(ii) The **Annual Management Charge** is payable to the Manager and charged to the relevant Fund. The applicable charge is calculated as a percentage of the average of the issue and cancellation valuation of the Fund in respect of each Class of units as set out in Appendix 1. The annual management charge accrues daily and is paid monthly in arrears on the last Business Day of each month and is normally charged against the income, although, subject to the COLL Sourcebook, and with the agreement of the Trustee, we may alternatively charge some or all of this against the capital of a Fund. In the case of BlackRock Balanced Growth Portfolio Fund, BlackRock Corporate Bond Fund, BlackRock Continental European Income Fund, BlackRock Global Income Fund, BlackRock World Resources Income Fund, BlackRock Balanced Income Portfolio Fund and BlackRock UK Income Fund some or all of the annual charge is payable from the capital of each Fund. In addition, for BlackRock Balanced Growth Portfolio Fund, BlackRock Balanced Income Portfolio Fund, BlackRock Continental European Income Fund, BlackRock Global Income Fund, BlackRock World Resources Income Fund and BlackRock Corporate Bond Fund some or all of the Trustee's charges and 'Other Expenses' (as described below) are payable either from the capital or income of the Fund. Any payments out of the capital of a Fund may constrain future capital growth.

For the BlackRock Corporate Bond Fund the Manager may, subject to the requirements of the COLL sourcebook, introduce a charge on redemption to apply to units issued after the charge is introduced provided any such increase does not constitute a fundamental change to the Fund.

(iii) A **performance fee** is payable to the Manager with regard to any outperformance, as described below. The performance fee is charged in respect of Class PF units in the BlackRock UK Focus Fund only.

Technical terms

AMC	Annual Management Charge
Crystallise Crystallisation	The point at which any performance fee becomes payable to the Manager, 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 an investor redeems or converts all or part of his unit holding.
Financial Year	The annual accounting period of the BlackRock UK Focus Fund, which ends on the date specified in Appendix 1.
Gross NAV	The bid Net Asset Value of the Class PF units after all regularly accruing charges and expenses have been accrued to the scheme property of the BlackRock UK Focus Fund which is attributable to the Class PF units, but before any performance fee has been accrued on the relevant dealing day.
Hurdle	This is the benchmark against which the total return performance of the Class PF units of the BlackRock UK Focus Fund is measured for the purpose of calculating the performance fee payable on those Class PF units. For the avoidance of doubt, the benchmark referred to is the FTSE All Share Index and is solely used for performance fee calculation purposes in accordance with Appendix 1, and should therefore under no circumstances be considered as indicative of a specific investment style. The Hurdle is reset at the end of each Financial Year. To reflect changes in market conditions the Manager may reset the Hurdle on a more frequent basis. Any such change would be notified to unitholders inaccordance with the COLL Sourcebook.
Net NAV	The bid Net Asset Value of the Class PF units in the BlackRock UK Focus Fund after the performance fee and all other regularly accruing charges and expenses have been accrued to the scheme property of the BlackRock UK Focus Fund which is attributable to the Class PF units on the previous dealing day.
Performance Period	Performance periods run from the end of one Financial Year to the end of the next Financial Year, as set out in Appendix 1. (The first period will run from the launch date of Class PF units to the end of the Financial Year).

How does the performance fee work?

Summary

A performance fee is payable to the Manager in respect of Class PF units (available in relation to the BlackRock UK Focus Fund only) in addition to other fees and expenses mentioned in this Prospectus.

Calculation Method

The performance fee is calculated and paid after consideration of all other payments attributable to the Class PF units. The performance fee will be deducted from income (although the Manager reserves the right to deduct from capital).

A performance fee accrual is calculated where the Gross NAV per unit outperforms the Hurdle.

Where the Gross NAV per unit underperforms the Hurdle, 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 notional value of any underperformance against the Hurdle will be quantified but will not be recognised in the NAV.

No high water mark is applied as part of the calculation methodology and consequently a performance fee may accrue during a period of negative performance.

There is no maximum performance fee that might be charged in any one Financial Year.

Accrual basis

On each dealing day, the Gross NAV per Unit Class is compared to the relevant Hurdle ("Outperformance" or "Underperformance").

Any performance fee accrual is calculated as 20 per cent of the Outperformance per unit of the day's Gross NAV per Class PF unit multiplied by the outstanding number of Class PF units on the dealing day.

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

Crystallisation

Crystallisation of the performance fee occurs on the last day of each Performance Period. Any performance fee due is payable out of the scheme property attributable to the Class PF units of the BlackRock UK Focus Fund to the Manager 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 in subsequent Performance Periods.

If a unitholder redeems or converts all or part of his Class PF units before the end of the Performance Period, and those units are subsequently cancelled, any accrued performance fee with respect to such redeemed Class PF units will crystallise on that dealing day and will then become payable to the Manager.

If an investor redeems or converts all or part of his Class PF units before the end of a Performance Period, and those units are subsequently cancelled, at a time when the NAV is underperforming, the notional value of underperformance will be adjusted in proportion to the continuing number of units in issue.

The Auditors will audit the calculations of the performance fees paid out on an annual basis. The Manager shall ensure that the accrual represents fairly and accurately the performance fee liability that may eventually be payable by the Class PF units.

Examples 1 to 3 show how the new performance fee is calculated

For simplicity these examples refer to a single unit bid price of Class PF units using the following data and on the basis of the proposed 20 per cent performance fee on any outperformance against the Hurdle.

Valuation point	1	2	3	4
Gross NAV of Class PF units	100.00p	101.00p	99.00p	101.95p
Hurdle	100.00p	100.50p	101.00p	101.50p
Net NAV of Class PF units	100.00p	100.90p	99.00p	101.86p

Example 1

Investor A acquires Class PF units at the valuation point 1 at 100p. At valuation point 2 the Gross NAV has risen to 101.00p i.e. the Class PF units have increased in value by 1.0p in the period. This is in excess of the Hurdle (100.50p) so the performance fee is 0.10p (20% of 0.50p). This fee is then accrued in the Class PF units resulting in a net NAV of 100.90p. The performance fee will not be crystallised (paid to the Manager) until the end of the Performance Period. An accrual will be made for the AMC in the normal way.

Example 2

At valuation point 3 the Gross NAV of Class PF units has fallen to 99.00p. Since this is below the Hurdle rate of 101.00p, the Class PF units have accrued no performance fee. As the Class PF units have underperformed the Hurdle since valuation point 1 no performance fee will be accrued. This means the Net NAV will now be equal to the Gross NAV at 99.00p. The Class PF units acquired by Investor A at 100p have no longer incurred a performance fee as the value is below the hurdle. Consequently if Investor A redeems at valuation point 3 they will receive less than they initially invested but neither will they have suffered any performance fee. An accrual will be made for the AMC in the normal way.

Example 3

Investor B acquires Class PF units at the valuation point 3 at 99.00p. At valuation point 4 the Gross NAV has risen to 101.95p, an increase of 2.85p. The new Hurdle rate is 101.50p, so performance fees are only charged on the 0.45p increase from 101.50p to 101.95p. This equates to a charge of 0.09p (20% of 0.45p) resulting in a Net NAV of 101.86p. Investor A and investor B's Class PF units will only incur a performance fee on that proportion of the NAV which is in excess of 101.50p and not on increase in NAV since each investor purchased units. The performance fee incurred by both Investor A and investor B will, therefore, be equal. An accrual will be made for the AMC in the normal way.

Example 4

In each scenario below, an investor makes an initial investment of £10,000 in Class PF units and invests for three years. At the end of each year, the performance fee calculated will crystallise and become payable without change to its value.

Scenario 1 illustrates the effect of Gross NAV performance being 8% per annum and the Hurdle return being 4% per annum in three consecutive years.

Scenario 2 illustrates the effect of Gross NAV growth at 8%, -6% and 8% and the Hurdle return being 4%, -3% and 4% in three consecutive years.

Scenario 3 illustrates the effect of Gross NAV growth at 8%, nil% and -1% and the Hurdle return being 4%, 0% and -5% in three consecutive years.

Scenario 1

	Year One 8% growth	Year Two 8% growth	Year Three 8% growth
Value of Class PF units at year end	£10,800	£11,529	£12,307
AMC payable 0.35%	£38	£40	£43
Other expenses 0.17%	£18	£20	£21
Gross NAV of Class PF units	£10,744	£11,469	£12,243
Hurdle rate	£10,400	£11,102	£11,852
Performance fee (over Hurdle at 20%)	£69	£73	£78
Net NAV of Class PF units	£10,675	£11,396	£12,165
Total Fees paid	£125	£133	£142

Total AMC, other expenses and performance fee paid over 3 years: £400

Scenario 2

	Year One 8% growth	Year Two -6% growth	Year Three 8% growth
Value of Class PF units at year end	£10,800	£10,035	£10,781
AMC payable 0.35%	£38	£35	£38
Other expenses 0.17%	£18	£17	£18
Gross NAV of Class PF units	£10,744	£9,982	£10,725
Hurdle rate	£10,400	£10,355	£10,382
Performance fee (over Hurdle at 20%)	£69	£0	£0
Net NAV of Class PF units	£10,675	£9,982	£10,725
Total Fees paid	£125	£52	£56

Total AMC, other expenses and performance fee paid over 3 years: £233. In year three a performance fee is not payable despite the NAV increasing as the fund has not made good underperformance carried forward.

Scenario 3

	Year One 8% growth	Year Two 0% growth	Year Three -1% growth
Value of Class PF units at year end	£10,800	£10,675	£10,513
AMC payable	£38	£37	£37

0.35%			
Other expenses 0.17%	£18	£18	£18
Gross NAV of Class PF units	£10,744	£10,620	£10,459
Hurdle rate	£10,400	£10,675	£10,089
Performance fee (over Hurdle at 20%)	£69	£0	£63
Net NAV of Class PF units	£10,675	£10,620	£10,396
Total Fees paid	£125	£55	£118

Total AMC, other expenses and performance fee paid over 3 years: £298. In year three a performance fee is payable despite the NAV reducing as the fund has overperformed relative to the Hurdle and made good underperformance carried forward.

(b) Trustee's Charges

The Trustee receives for its own account a periodic fee of 0.0095% per annum which is payable out of the property of the relevant Fund and will accrue and is due monthly in advance and is payable within seven days of accrual. The fee is calculated by reference to the arithmetic average of the valuations of the relevant Fund carried out on a bid and offer basis.

The current Trustee charge may be varied upon notice from time to time in accordance with the Trust Deeds and the COLL Sourcebook.

The Trust Deed for each Fund also authorises payment out of the property of the Fund of fees for custody services. Current fees are as follows:

Item	Range
Transaction Charges	£6 to £100.
Custody Charges	0.003% to 0.6%.

These charges vary from country to country depending on the markets and the type of transaction involved. Transaction charges accrue at the time the transactions are effected and are payable as soon as is reasonably practicable, and in any event not later than the last Business Day of the month when such charges arose or as otherwise agreed between the Trustee and the Manager. Custody charges accrue and are payable as agreed from time to time by the Manager and the Trustee.

Where relevant, the Trustee may make a charge for its services in relation to: distributions, the provision of banking services, holding money on deposit, lending money, or engaging in stock lending or derivative transactions, in relation to the relevant Fund and may purchase or sell or deal in the purchase or sale of scheme property, provided always that the services concerned and any such dealing are in accordance with the provisions of the COLL Sourcebook.

The Trustee will also be entitled to payment and reimbursement of all costs, liabilities and expenses properly incurred in the performance of, or arranging the performance of, functions conferred on it by the Trust Deed, the COLL Sourcebook or by the general law.

On a winding up of the relevant Fund the Trustee will be entitled to its *pro rata* fees, charges and expenses to the date of winding up, the termination, or the redemption (as appropriate) and any additional expenses necessarily realised in settling or receiving any outstanding obligations.

Any value added tax on any fees, charges or expenses payable to the Trustee will be added to such fees, charges or expenses.

In each such case such payments, expenses and disbursements may be payable to any person (including the Manager or any associate or nominee of the Trustee or of the Manager) who has had the relevant duty delegated to it pursuant to the COLL Sourcebook by the Trustee.

(c) Registrar's Charges

The Registrar is currently entitled to an annual fee of up to 0.15 per cent (plus VAT, if any) based on the value of the applicable NAV payable from the property of the relevant Fund. The fee accrues monthly in advance and is paid not earlier than the last Business Day of the accrual period and not later than five Business Days thereafter and charged normally against the income account of the Funds. In respect of the BlackRock Cash Fund, BlackRock Global Bond Fund, BlackRock Corporate Bond Fund, BlackRock Cautious Portfolio Fund and Class PF units and Class FF units in the BlackRock UK Focus Fund the Manager will rebate any fees above 0.05 per cent of the NAV back to the relevant Fund until further notice. The Manager may cease to rebate the registrar fee at any time at its discretion but will provide unitholders with 30 days' notice before doing so.

In respect of Class Class X units (where available) and Class DI units in the BlackRock Gold and General Fund the Registrar is currently entitled to an annual fee of £12.00 (plus VAT, if any) per unitholder payable from the property of the relevant Fund.

(d) Stock Lending Agent's Fee

The stock lending agent's fee is currently 40 per cent of the total income generated from stock lending. The remaining income, at least 60 per cent, will be reinvested into the relevant Funds.

(e) Stamp Duty Reserve Tax

SDRT is levied for dealing in units in unit trust schemes. The Trustee is liable for an SDRT charge of 0.5 per cent on the value of any units surrendered in a one week period. This charge may be reduced if the number of units surrendered exceeds the number of units issued during a two week period or if there are exempt assets in the relevant Fund. Certain underlying assets are exempt from SDRT.

The Manager can make a separate charge to unitholders on the issues or sale of units, or on the cancellation or redemption of units as a provision against SDRT (the "SDRT provision"). The SDRT provision is a charge of such amount or at such rate as is determined by the Manager from time to time (up to a maximum of 0.5 per cent of the value of the units involved in the transaction) to be made as a provision for SDRT for which the Trustee will become liable.

The Manager's policy is not to impose an SDRT provision on either the issue or sale of units or on the cancellation or redemption of units, with the result that any SDRT payable in respect of the surrender of units will be paid by the Trustee out of the property of the relevant unit trust. However, the Manager reserves the right to require the payment of an SDRT provision (up to a maximum of 0.5 per cent of the value of the units involved in the transaction) as an addition to the price of units on their issue or sale, and/or as a deduction on their cancellation or redemption (other than a pro rata in-specie cancellation) of whatever size whenever it considers that circumstances have arisen which make such imposition fair to all unitholders and potential unitholders. It is the Manager's intention to charge an SDRT provision in respect of non pro-rata in specie redemptions (for which no reduction will be available if the number of units surrendered exceeds the number of units issued in that week and the following week). The Manager may impose an SDRT provision on large deals when no SDRT provision is imposed on smaller deals or which is larger than that imposed on smaller deals. A "large deal" is a transaction (or series of transactions in one dealing period) by any person to buy, sell or exchange units with a total value of £15,000 or more in any one Fund.

If the Manager receives an SDRT provision in respect of any unit issued or to be issued by it (or sold or to be sold for the Trustee), it shall forthwith upon receipt of that SDRT provision pay it to the Trustee to become part of the property of the scheme. If the Manager deducts an SDRT provision from the proceeds of the redemption of a unit redeemed by it (or bought for the Trustee), it shall forthwith pay it to the Trustee to become part of the property of the relevant Fund.

The Manager does not knowingly accept 'net deal' instructions where there is no exemption available under Schedule 19 of the Finance Act 1999 (or any statutory modification or re-enactment thereof). Any net deal instruction is a deal order which represents a cumulative but net redemption and issue position.

The Trustee shall not be bound to register a transfer unless the transfer is excluded by Schedule 19 of the Finance Act 1999 (or any statutory modification or re-enactment thereof) from a charge to SDRT or there has been paid to the Trustee, for the account of the Fund, an amount agreed between the Trustee and the Manager not exceeding the amount that would be derived by applying the rate of SDRT to the market value of the units being transferred

(f) Other Expenses

The following other expenses will be reimbursed out of the property of a Fund:

(i) costs of dealing in the property of a Fund;

(ii) interest on borrowings permitted by a Fund and related charges;

(iii) taxation and duties payable in respect of the property of a Fund, the Trust Deeds, the issue, surrender or transfer of units;

(iv) any costs incurred in modifying the Trust Deeds, including costs incurred in respect of meetings of unitholders convened for purposes which include the purpose of modifying the Trust Deeds, where the modification is necessary or expedient by reason of changes in the law or to remove obsolete provisions;

(v) any costs incurred in respect of meetings of unitholders convened on a requisition by unitholders not including the Manager or an associate of the Manager;

(vi) unanticipated liabilities on unitisation, scheme of arrangement or reconstruction where the property of a body corporate or of another collective investment scheme is transferred to the Trustee in consideration of the issue of units in a Fund to shareholders in that body or to participants in that other scheme;

(vii) the costs of preparation and distribution of reports, accounts, any prospectuses, key investor information documents (in the case of the key investor information documents only preparation and not distribution may be charged), the Trust Deeds and any costs incurred as a result of changes to any prospectus or Trust Deeds, periodic updates of any other administrative documents, as well as the cost of maintaining other documentation required to be maintained in respect of the Fund;

(viii) the audit fee of the Auditor and value added tax thereon and any expenses of the Auditor as well as the fees of and expenses of third party tax, legal and other professional advisers. In the case of BlackRock Cash Fund the Manager will pay the audit fees and any expenses of the Auditor and such professional advisers until further notice;

(ix) the fees of the FSA under Schedule 1 Part III of the Financial Services and Markets Act 2000 Act and the corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which units of a Fund are or may be marketed. In the case of BlackRock Cash Fund the fees of the FSA will be paid by the Manager until further notice;

(x) fees incurred in respect of entering into stock lending arrangements with stock lending agents;

(g) In the case of the BlackRock Corporate Bond Fund, to the extent that the total fees and expenses (including VAT where applicable) set out under paragraphs (b) and (c) amount to 0.07 per cent or less of the value of the Fund, these will be borne by the Fund. The Manager will pay any excess over 0.07 per cent.

23. Relationships within the BlackRock Group and with the PNC Group

(a) The ultimate holding company of the Manager, the Investment Manager and the Investment Advisers is BlackRock, Inc., a company incorporated in Delaware, USA. The PNC Financial Services Group, Inc. is a substantial shareholder in BlackRock, Inc.

(b) Subject to any policies adopted by the Manager, any powers or restrictions in relevant regulations or set forth in the relevant Trust Deed, when arranging investment transactions for a Fund, the Manager, the Investment Manager and the Investment Advisers will seek to obtain the best net results for that Fund, 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 Manager, the Investment Manager and the Investment Advisers generally seek reasonably competitive commission rates, a Fund 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.

(c) When arranging transactions in securities for a Fund, companies within 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. The benefit of any bulk or other commission discounts or cash commissions rebates provided by brokers or agents will be passed on to that Fund. The services of companies in the PNC Group will be used by the Manager, the Investment Manager and 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. Accordingly, it is anticipated that a proportion of a Fund's investment transactions will be executed through the 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.

The Manager may select brokers (including, without limitation, brokers who are affiliated with the BlackRock Group) that furnish the Manager, directly or through third-party or correspondent relationships, with research or execution services which provide, in the Manager's view, lawful and appropriate assistance to the Manager in the investment decision-making or trade execution processes. 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 where used to pay for the services, but also other BlackRock Group client accounts. To the extent that the BlackRock Group uses its clients' commissions to obtain research or execution services, the BlackRock Group will not have to pay for those products and services themselves. The BlackRock Group 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 the BlackRock Group 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 the BlackRock Group.

The BlackRock Group 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 the BlackRock Group believes are useful in their investment decision-making or trade execution process. The BlackRock Group 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 the BlackRock Group determines in good faith that the commission paid is reasonable in relation to the value of the research or execution services provided. The BlackRock Group believes that using commissions to obtain the research or execution services enhances its investment research and trading processes, thereby increasing the prospect for higher investment returns.

The 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 clients, to the extent permitted by applicable law.

(d) Subject to the foregoing, and to any restrictions adopted by the Manager, any powers or restrictions in relevant regulations or set forth in the relevant Trust Deed, the Manager, the Investment Manager, the Investment Advisers and any other company in the BlackRock Group or the PNC Group and any directors of the foregoing, may (a) have an interest in a Fund 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 a Fund, and (b) deal with or otherwise use the services of companies in the BlackRock Group or the PNC Group 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 or PNC Group company :

(i) undertakes business for other clients;

(ii) 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 a Fund;

(iii) may benefit from a commission, fee, mark-up or mark-down payable otherwise than by a Fund;

(iv) may act as agent for a Fund in relation to transactions in which it is also acting as agent for the account of other clients of itself;

(v) may deal in investments and/or currencies as principal with a Fund or any of its unitholders;

(vi) transacts in units or shares of another collective investment scheme or any company of which any BlackRock Group company or PNC Group company is the manager, operator, banker, adviser or trustee;

(vii) may effect transactions for a Fund involving placings and/or new issues with another of its group companies which may be acting as principal or receiving agent's commission.

(e) As described above, securities may be held by, or be an appropriate investment for, a Fund as well as by or for the Manager's other clients, clients of the Investment Manager, the Investment Advisers or other companies in the BlackRock Group or PNC Group. 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 a Fund 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 clients of other companies in the BlackRock Group or PNC Group have an adverse effect on other BlackRock Group or PNC Group clients.

(f) Establishing, holding or unwinding opposite positions (i.e. long and short) in the same security at the same time for different 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 utilised 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 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.

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 neutralise 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.

The investment activities of the BlackRock Group for its own account and for other accounts managed by it or by a 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 license 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.

(g) BlackRock Advisors (UK) Limited, having its registered office at 12 Throgmorton Avenue, London, EC2N 2DL will act as stock lending agent.

BlackRock Advisors (UK) Limited may sub-delegate performance of its stock lending agency services to other BlackRock Group companies or third parties including PNC Group companies.

BlackRock Advisors (UK) Limited has the discretion to arrange stock loans with counterparties which may include associates within the BlackRock Group and third party companies within the PNC Group.

24. Changes to the Funds and Meetings of Unitholders

Changes to any Fund may be made in accordance with the following method of classification:

(a) fundamental change is a change or event which:

(i) changes the purpose or nature of the Fund; or

(ii) may materially prejudice a unitholder; or

(iii) alters the risk profile of the Fund; or

(iv) introduces any new type of payment out of scheme property. The Manager will obtain prior approval from unitholders to any fundamental change by way of an extraordinary resolution of the unitholders of the relevant Fund. See below for details of calling a meeting of unitholders.

(b) A significant change is a change or event which the Manager and Trustee have determined is not a fundamental change but is a change which:

(i) affects a unitholder's ability to exercise his rights in relation to his investment; or

(ii) would reasonably be expected to cause a unitholder to reconsider his participation in the relevant Fund;

(iii) results in any increased payments out of the scheme property the Manager or any of its associate companies; or

(iv) materially increases other types of payment out of scheme property.

The Manager will give unitholders at least 60 days' notice in advance before implementing any significant change.

(c) A notifiable change is a change or event, other than a fundamental change or a significant change, which is reasonably likely to affect or have affected the operation of a Fund.

(d) The Manager will write to unitholders at their registered postal or e-mail address to give notice of any fundamental change or significant change. Unitholders who have requested notices to be given electronically will receive notice by e-mail to the e-mail address notified to us; depending on the nature of the change we will inform unitholders of notifiable events either by:

- sending of an immediate notification to unitholders;
- publishing information about the change on BlackRock's website; or
- including it in the next report for the Fund.

Rules for the calling and conduct of meetings of unitholders and the voting rights of unitholders at such meetings are governed by the COLL Sourcebook and the Trust Deed. At a meeting of unitholders a resolution put to the vote shall be decided on a show of hands unless a poll is demanded by the Chairman, by the Trustee or by at least two unitholders present in person or by proxy. On a show of hands every unitholder who (being an individual) is present in person or, (being a corporation) is present by its representative properly authorised in that regard, has one vote. On a poll the voting right for each unit must be the proportion of the voting rights attached to all of the units in issue that the value of the unit bears to the aggregate value of all the units in issue. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

A corporation being a unitholder may authorise such a person as it thinks fit to act as its representative at any meeting of unitholders and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual unitholder.

In the case of joint unitholders any joint unitholder may vote provided that if more than one votes the most senior unitholder in the Register who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint unitholders.

On a poll votes may be given either personally or by proxy.

The Manager and its associates may hold units in the Funds. The Manager is entitled to receive notice of and attend any meeting but it is not entitled to vote or be counted in the quorum and its units are not regarded as being in issue in relation to such meetings. An associate of the Manager may be counted in the quorum and if in receipt of voting instructions may vote in respect of units held on behalf of a person who, if himself the registered unitholder, would be entitled to vote, and from whom the associate has received voting instructions.

25. Winding Up

A Fund may be wound up upon the happening of any of the following:

(a) the order declaring it to be an authorised unit trust scheme is revoked; or

(b) in response to a request to the FSA by the Manager or the Trustee for the revocation of the order declaring it to be an authorised unit trust scheme the FSA has agreed, albeit subject to there being no material change in any relevant factor, that, on the conclusion of the winding up of a Fund, the FSA will accede to that request; or

(c) the effective date of a duly approved scheme of arrangement, which is to result in the Fund being left with no property.

On a winding up (otherwise than in accordance with an approved scheme of arrangement) the Trustee is required as soon as practicable after a Fund falls to be wound up, to realise the property of a Fund and, after paying out of the Fund or retaining adequate provision for all liabilities properly so payable and retaining provision for the costs of the winding up, to distribute the proceeds of that realisation to the unitholders and the Manager (upon production by them of such evidence as the Trustee may reasonably require as to their entitlement) proportionately to their respective interests in a Fund as at the date of the relevant event. The Trustee may, in certain circumstances, (and with the agreement of the affected unitholders) distribute property of a Fund (rather than the proceeds on the realisation of that property) to unitholders on a winding-up.

Any unclaimed net proceeds or other cash held by the Trustee after the expiration of twelve months from the date on which the same became payable is to be paid by the Trustee into court subject to the Trustee having a right to retain from those net proceeds or other cash any expenses incurred in making the payment into court.

If a Fund is to be wound up in accordance with an approved scheme of arrangement, the Trustee is required to wind up a Fund in accordance with the resolution of unitholders approving such scheme. Distributions will only be made to unitholders entered on the register. Any net proceeds or cash (including unclaimed distribution payments) held by the Trustee which have not been claimed after 12 months will be paid into court, after the deduction by the Trustee of any expenses it may incur.

26. Allocation of Income

The income available for allocation is determined in accordance with the COLL Sourcebook and the Investment Management Association's Statement of Recommended Practice for Accounting Standards for Investment Funds (SORP).

Distributable income comprises all income received or receivable for the account of any Fund in respect of the accounting period concerned, after deducting net charges and expenses paid or payable out of such income and after making such adjustments as the Manager considers appropriate, in accordance with the COLL Sourcebook, in relation to taxation and other matters.

Income on debt securities, such as bonds and other fixed interest securities is calculated using the “Effective Interest Rate” method, in accordance with the methodology laid down in the SORP.

The Effective Interest Rate method for calculating income generated from debt securities, treats any premiums and discounts arising on the purchase of a debt security (when compared to its maturity or par value) as income and this, together with any future expected income streams on the debt security, is amortised (written off) over the life of that security (to its maturity) and discounted back to its present value and included in calculation of distributable income.

For the purposes of allocating income, the Manager will determine on an annual basis, with reference to the objectives of a Fund, whether such income should exclude premiums and discounts arising on purchase of bonds attributed through the Effective Interest Rate method.

Each Fund will distribute any available income following the end of each of its accounting periods in relation to which it has an income allocation date. Each accounting period ends on an accounting date (either interim or final). Details of the accounting periods and income allocation dates for each Fund are set out in Appendix 1.

In relation to Accumulation units, any available income will become part of the capital property of a Fund as at the end of the relevant accounting period. In relation to Income units, any income distribution will be made on or before the relevant income allocation date for a Fund to those unitholders who are entitled to the allocation by evidence of their holding on the register at the previous accounting date for that Fund. If an income allocation date is not a Business Day, the allocation will be made on the next Business Day.

27. Additional Information

(a) Units in the Funds are and will continue to be made widely available to the general public. Each Fund is available for investment by both retail and professional investors but all clients will be treated as retail investors. The Manager will not consider the suitability or appropriateness of an investment in the Funds for an investor's individual circumstances. Investors should be willing to accept capital and income risk, which may vary greatly from Fund to Fund. The Funds are not suitable for short term investment and should therefore generally be regarded as long-term investments. The price of units in a Fund, and any income from them, can go down as well as up and are not guaranteed.

(b) A purchase or sale of units in writing, and/or by telephone is a legally binding contract.

(c) Any person relying on the information contained in this Prospectus, which was current at the date shown, should check with the Manager that this document is the most recent version and that no revisions have been made nor corrections published to the information contained in this Prospectus since the date shown.

(d) This document is important and unitholders should read all the information contained in it carefully. If unitholders are in any doubt as to the meaning of any information contained in this document, unitholders should consult either the Manager or their financial adviser. The Manager has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no material facts, the omission of which would make misleading any statement herein whether of fact or opinion.

(e) Short reports on the progress of the Funds are sent to unitholders every six months. These short reports must be sent out within four months of the end of the annual accounting period and two months of the end of the half yearly accounting period. Long reports on each of the Funds are available free of charge on request to the Manager. These reports include a list of the Fund's holdings of securities and are forwarded together with a cheque for the income distributed, if Income units are held, and a tax voucher where appropriate. For information on the publication dates for the reports of each of the Funds, please refer to Appendix 1.

(f) Complaints may be made about the operation of any of the Funds or any aspect of the service unitholders receive to the Compliance Officer of the Manager at its registered address. If unitholders are not satisfied with the way the Manager handles a complaint, unitholders may complain to the Financial Ombudsman Service Limited, 183 Marsh Wall, London E14 9SR Tel: 0845 080 1800. Making a complaint will not prejudice a unitholder’s right to take legal proceedings. Written details of the Manager’s complaints procedure are available from the Manager.

The Manager is covered by the Financial Services Compensation Scheme. Unitholders may be entitled to compensation from the scheme if the Manager cannot meet its obligations. This depends on the type of business and the circumstances of the claim. Most types of investment business are covered for 100 per cent of the first £50,000, so the maximum compensation is £50,000. Further information about the Financial Services Compensation Scheme is available on request, or by contacting the FSCS Limited at 7th Floor, Lloyds Chambers, 1 Portsoken Street, London E1 8BN Tel: 0207 892 7300.

(g) Each Fund qualifies as a UCITS scheme and therefore may subject to the satisfaction of further requirements, be marketed in any member State of the EU which has implemented the EU UCITS Directive. At present the only EU member State in which the Funds are marketed to the public is the UK.

(h) Copies of the Trust Deeds (including supplemental Trust Deeds), the key investor information documents and the most recent annual and half-yearly Manager’s Reports and the COLL Sourcebook may be inspected at the Manager’s registered office during normal business hours. Copies of the Prospectus may be obtained from the Manager at its registered office free of charge and copies of the Trust Deeds are available free of charge to unitholders and at a charge of up to £5 per copy for each Trust Deed for non-unitholders.

A unitholder may also obtain from the Manager’s registered office information supplementary to this Prospectus relating to:

(i) the quantative limits applying to risk management of each of the Funds;
(ii) the methods used in relation to (i); and

(iii) any recent development of the risk and yields of the main categories of investment.

(i) Unitholders' personal details will be held by the Manager in accordance with current data protection law for the purposes of carrying out its agreement with unitholders . This may include the transfer of such data (i) to other members of the BlackRock Group or to IFDS and its affiliates and (ii) to other businesses (including their offices outside the European Union) where the transfer is necessary for the provision of services in relation to any of the BlackRock Group's investment products or services. Unitholders have the right to access their personal data processed by BlackRock together with the right to object to the processing of such data for legitimate reasons. Information regarding BlackRock's Data Protection policies is available upon request.

(j) By buying units in any of the Funds each unitholder agrees that it may be sent information about the BlackRock Group's other investment products and services. The Manager will not sell or pass on unitholder details to any other third party. If unitholders do not wish to give this consent or if they wish to exercise their right to receive a copy of the information that the Manager holds about them, please write to the Manager.

28. Risk Management Process

Risk Management

The Manager is required by the COLL Sourcebook 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 Manager 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 Manager 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 COLL Sourcebook specifies that the VaR of a 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 which do not have a benchmark or other funds where a benchmark or reference portfolio is not appropriate for risk measurement purposes. The COLL Sourcebook specifies that the monthly VaR measure for such a fund must not exceed 20% of that fund's net asset value.

The Manager 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.

APPENDIX 1
Details of each of the Funds

BlackRock Active Managed Portfolio Fund

BlackRock Active Managed Portfolio Fund is a UCITS scheme under the COLL Sourcebook. The Fund was established on 5 January 1998. The Fund was previously known as Mercury Growth Portfolio Fund. On 30 September 2000 the Fund changed its name to Merrill Lynch Growth Portfolio Fund. The Fund changed its name to BlackRock Growth Portfolio Fund on 28 April 2008 and adopted its present name with effect from 1st May 2009.

Investment Objective and Policy

BlackRock Active Managed Portfolio Fund aims to achieve long-term capital growth. Investment may be made in a global portfolio of equities, as well as fixed income securities, collective investment schemes, cash in sterling or other currencies (in the form of deposits and / or forward contracts) and money market instruments. Investment may be made in any and all economic sectors, although under normal market conditions there will be an emphasis on the UK.

In order to achieve the investment objective and policy the Fund will invest in a variety of investment strategies and instruments. For this purpose, it intends to take full advantage of the ability to invest in derivatives. It may also hold indirect exposure to alternative asset classes such as commodities or property through eligible index derivatives, eligible collective investment schemes or structured securities.

Classes of units	**A**	**D**	**X**
Type of units	Income and Accumulation	Income and Accumulation	Income and Accumulation
Current availability	Yes	At the Manager's discretion	At the Manager's discretion
Minimum initial investment and holding for lump sum investments	£500	£100,000	£10,000,000
Subsequent minimum	£100	£100	£100
Minimum withdrawal +	£250	£250	£250
Minimum investment for regular savers	£50	Not available	Not available
Preliminary charge	5.00%	Nil	Nil
Annual management charge	1.50%	0.75%	Nil

Dealing day	Normally daily between 8.30 am and 5.30 pm.
Dealing cut off point	12 noon
Valuation point	12 noon
Income Allocation Dates:	31 May, and 30 November
Annual Accounting date:	31 March
Interim Accounting date(s)	30 September
Risk management measure used:	Relative VaR using 55% FTSE All Share / 35% FTSE World ex-UK / 10% 3 Month Sterling LIBOR as the appropriate benchmark.

The annual Manager's Short Report will be published on or shortly after 31 May each year and half-yearly Manager's Short Reports on 30th November.

\+ Further details are given in the paragraph titled "Minimum Investment/Holdings" in this Prospectus.

BlackRock Balanced Growth Portfolio Fund

BlackRock Balanced Growth Portfolio Fund is a UCITS scheme under the COLL Sourcebook. The Fund was established on 15 January 1982.

The Fund was first known as Rowan Fixed Interest Fund. It was renamed Mercury Global Fund and the investment objective changed on 5 May 1987. On 1 February 1989 the Fund's name was changed to The Mercury Portfolio Fund and the investment strategy changed to that described below. On 5 January 1998 the Fund’s name was changed to the Mercury Balanced Portfolio Fund. On 30 September 2000 the Fund’s name was changed to Merrill Lynch Balanced Portfolio Fund. The Fund changed its name to BlackRock Balanced Portfolio Fund on 28 April 2008 and adopted its present name with effect from 1st May 2009.

Investment Objective and Policy

BlackRock Balanced Growth Portfolio Fund aims to achieve capital growth with the opportunity for additional income generation depending on market conditions. Investment may be made in a global portfolio of equities and fixed income securities, as well as collective investment schemes, cash in sterling or other currencies (in the form of deposits and / or forward contracts) and money market instruments. Investment may be made in any and all economic sectors, although under normal market conditions there will be an emphasis on the UK.

In order to achieve the investment objective and policy the Fund will invest in a variety of investment strategies and instruments. For this purpose, it intends to take full advantage of the ability to invest in derivatives. It may also hold indirect exposure to alternative asset classes such as commodities or property through eligible index derivatives, eligible collective investment schemes or structured securities.

Classes of units	**A**	**D**	**X**
Type of units	Income and Accumulation	Income and Accumulation	Income and Accumulation
Current availability	Yes	At the Manager’s discretion	At the Manager’s discretion
Minimum initial investment and holding for lump sum investments	£500	£100,000	£10,000,000
Subsequent minimum	£100	£100	£100
Minimum withdrawal +	£250	£250	£250
Minimum investment for regular savers	£50	Not available	Not available
Preliminary charge	5.00%	Nil	Nil
Annual management charge All or some of the charge may be made from capital	1.50%	0.75%	Nil
Dealing day	Normally daily between 8.30 am and 5.30 pm.		
Dealing cut off point	12 noon		
Valuation point	12 noon		
Income Allocation dates:	31 May and 30 November		
Annual Accounting date:	31 March		
Interim Accounting date(s)	30 September		
Risk management measure used:	Relative VaR using 55% FTSE All Share / 25% FTSE World ex-UK / 20% BofA ML 1-15 Yr Sterling Broad Market as the appropriate benchmark		

The annual Manager’s Short Reports will be published on or shortly after 31 May each year and half-yearly Manager’s Short Reports on 30 November.

\+ Further details are given in the paragraph titled “Minimum Investment/Holdings” in this Prospectus.

BlackRock Balanced Income Portfolio Fund

BlackRock Balanced Income Portfolio Fund is a UCITS scheme under the COLL Sourcebook. The Fund was established on 2 August 1994. The Fund was previously known as Mercury Income Portfolio Fund. On 30 September 2000 the Fund changed its name to Merrill Lynch Income Portfolio Fund. The Fund changed its investment objective on 1 October 2006. The Fund changed its name to BlackRock Income Portfolio Fund on 28 April 2008 and adopted its present name with effect from 1st May 2009

Investment Objective and Policy

BlackRock Balanced Income Portfolio Fund aims to provide an income higher than that of the FTSE All-Share Index without sacrificing the benefits of long-term capital growth. Investment may be made in a global portfolio of equities and fixed income securities, as well as collective investment schemes, cash in sterling or other currencies (in the form of deposits and / or forward contracts) and money market instruments. Investment may be made in any and all economic sectors, although under normal market conditions there will be an emphasis on the UK.

In order to achieve the investment objective and policy the Fund will invest in a variety of investment strategies and instruments. For this purpose, it intends to take full advantage of the ability to invest in derivatives. It may also hold indirect exposure to alternative asset classes such as commodities or property through eligible index derivatives, eligible collective investment schemes or structured securities

Classes of units	**A**	**D**	**X**
Type of units	Income and Accumulation	Income and Accumulation	Income and Accumulation
Current availability	Yes	At the Manager's discretion	At the Manager's discretion
Minimum initial investment and holding for lump sum investments	£500	£100,000	£10,000,000
Subsequent minimum	£100	£100	£100
Minimum withdrawal +	£250	£250	£250
Minimum investment for regular savers	£50	Not available	Not available
Preliminary charge	5.00%	Nil%	Nil
Annual management charge All or some of the charge may be made from capital	1.50%	0.75%	Nil
Dealing day	Normally daily between 8.30 am and 5.30 pm.		
Dealing cut off point	12 noon		
Valuation point	12 noon		
Income Allocation dates:	28 February, 31 May, 31 August and 30 November		
Annual Accounting date:	31 December		
Interim Accounting date(s)	31 March, 30 June, 30 September		
Risk management measure used:	Relative VaR using 50% FTSE All Share/35% BofA ML 1-15 Yr Sterling Broad Market /15% FTSE World ex-UK as the appropriate benchmark		

The annual Manager's Short Reports will be published on or shortly after 28 February each year and half-yearly Manager's Short Reports on 31 August.

+ Further details are given in the paragraph titled "Minimum Investment/Holdings" in this Prospectus.

BlackRock Cash Fund

BlackRock Cash Fund is a UCITS scheme under the COLL Sourcebook. The Fund was established on 8 March 1990. The Fund was previously known as Mercury Cash Trust. On 30 September 2000 the Fund's name was changed to Merrill Lynch Cash Fund. The Fund adopted its present name with effect from 28 April 2008.

Investment Objective and Policy

The aim of the BlackRock Cash Fund is to achieve a competitive rate of interest for unitholders, consistent with preservation of principal (capital) and liquidity, principally from a portfolio of cash, deposits, and money-market instruments. These types of investments may be issued by both UK and non-UK issuers, but shall be denominated in Sterling. The Fund will be actively managed. The Fund is not recommended for investors seeking long-term capital growth.

The BlackRock Cash Fund is a "Short Term Money-Market Fund" in accordance with the COLL Sourcebook and the European Securities and Markets Authority's ("ESMA") "Guidelines on a common definition of European money market funds". The investment objective of the BlackRock Cash Fund is intended to comply with this classification.

Classes of units	**A**	**D**	**X**
Type of units	Income and Accumulation	Income and Accumulation	Income and Accumulation
Current availability	Yes	Yes	At the Manager's discretion
Minimum initial investment and holding for lump sum investments	£500	£1,000,000	£10,000,000
Subsequent minimum	£100	£100	£100
Minimum withdrawal +	£250	£250	£250
Minimum investment for regular savers	£50	Not available	Not available
Preliminary charge	Nil	Nil%	Nil
Annual management charge++	0.50%	0.25%	Nil

Dealing day	Normally daily between 8.30 am and 5.30 pm.
Dealing cut off point	12 noon
Valuation point	12 noon
Income Allocation dates:	15 February, 15 May, 15 August and 15 November
Annual Accounting date:	15 March
Interim Accounting date(s)	15 December, 15 June, and 15 September
Risk management measure used:	Absolute VaR (benchmark not applicable)

The annual Manager's Short Reports will be published on 15 May each year and half-yearly Manager's Short Reports on 15 November.

\+ Further details are given in the paragraph titled "Minimum Investment/Holdings" in this Prospectus.

++ To assist in achieving the investment objective of the Fund, where market conditions cause decreasing yields on the Fund's underlying investments, the Manager may determine not to take the full amount of the annual management charge. The Manager may exercise its discretion to do this without prejudice to its entitlement to take the full amount of the annual management charge.

BlackRock Cautious Portfolio Fund

BlackRock Cautious Portfolio Fund is a UCITS scheme under the COLL Sourcebook. The Fund was established on 30 June 2006. The Fund was previously known as Merrill Lynch Target Return Fund. The Fund changed its name to BlackRock Target Return Fund on 28 April 2008 and adopted its present name with effect from 1st May 2009.

Investment Objective and Policy

The Fund aims to deliver over the medium term a total return, in the form of capital growth and income, which exceeds the Bank of England's Base Interest Rate as set by the Monetary Policy Committee or successor bodies.

It will invest principally in fixed interest stocks (corporate and Government), UK and overseas equities, units in collective investment schemes and cash and near cash assets. The Fund will be allocated to any or all of these investments according to market conditions and other factors. The Manager also retains the flexibility to invest in approved money market instruments and deposits.

In order to achieve the investment objective and policy the Fund will utilise a variety of investment strategies and instruments. For this purpose, it intends to utilise derivatives although the strategies employed will be equivalent to those permitted for efficient portfolio management techniques and are not intended to increase the risk profile of the Fund. It may also hold indirect exposure to alternative asset classes such as commodities or property through eligible index derivatives, eligible collective investment schemes or structured securities.

Classes of units	**A**	**D**	**X**
Type of units	Income and Accumulation	Income and Accumulation	Income and Accumulation
Current availability	Yes	At the Manager's discretion	At the Manager's discretion
Minimum initial investment and holding for lump sum investments	£500	£100,000	£10,000,000
Subsequent minimum	£100	£100	£100
Minimum withdrawal +	£250	£250	£250
Minimum investment for regular savers	£50	Not available	Not available
Preliminary charge	3.25%	Nil	Nil
Annual management charge	1.25%	0.65%	Nil

Dealing day	Normally daily between 8.30 am and 5.30 pm.
Dealing cut off point	12 noon
Valuation point	12 noon
Income Allocation dates:	25 July
Annual Accounting date:	25 May
Interim Accounting date(s)	30 November
Risk management measure used:	Absolute VaR (benchmark not applicable)

The annual Manager's Short Report will be published on or shortly after 25 July each year and half-yearly Manager's Short Report on 25 January.

\+ Further details are given in the paragraph titled "Minimum Investment/Holdings" in this Prospectus.

BlackRock Continental European Fund

BlackRock Continental European Fund is a UCITS scheme under the COLL Sourcebook. The Fund was established on 8 November 1983. The Fund has previously been known as Mercury European Growth Fund then, with effect from 30 September 2000, Merrill Lynch European Growth Fund. On 1 October 2001 the Fund changed its name to Merrill Lynch Continental European Fund. The Fund changed its investment objective on 1 October 2006. The Fund adopted its present name with effect from 28 April 2008.

Investment Objective and Policy

The aim of the BlackRock Continental European Fund is to achieve long-term capital growth for investors. The Fund invests primarily in the shares of companies incorporated or listed in Europe excluding the UK. Typically these will be larger companies. The Fund may also invest in collective investment schemes.

Classes of units	**A**	**D**	**X**
Type of units	Income and Accumulation	Income and Accumulation	Income and Accumulation
Current availability	Yes	Accumulation – Yes Income – At the Manager's discretion	At the Manager's discretion
Minimum initial investment and holding for lump sum investments	£500	£100,000	£10,000,000
Subsequent minimum	£100	£100	£100
Minimum withdrawal +	£250	£250	£250
Minimum investment for regular savers	£50	Not available	Not available
Preliminary charge	5.00%	Nil	Nil
Annual management charge	1.50%	0.75%	Nil

Dealing day	Normally daily between 8.30 am and 5.30 pm.
Dealing cut off point	12 noon
Valuation point	12 noon
Income Allocation dates:	25 September
Annual Accounting date:	25 July
Interim Accounting date(s)	25 January
Risk management measure used:	Relative VaR using FTSE All-World Europe Ex-UK Index as the appropriate benchmark

The annual Manager's Short Reports will be published on or shortly after 25 September each year and half-yearly Manager's Short Reports on 25 March.

\+ Further details are given in the paragraph titled "Minimum Investment/Holdings" in this Prospectus.

BlackRock Continental European Income Fund

BlackRock Continental European Income Fund is a UCITS scheme under the COLL Sourcebook. The Fund was established on 6 May 2011.

Investment Objective and Policy

The aim of the BlackRock Continental European Income Fund is to achieve an above average income from its equity investments, compared to the income yield of European equity markets (excluding the UK), without sacrificing long term capital growth. The Fund will invest primarily in the equity securities of companies domiciled in, or exercising the predominant part of their economic activity in Europe excluding the UK. The Fund may also invest in other transferable securities, permitted money market instruments, permitted deposits, cash and near cash and units in collective investment schemes. Derivatives may be used for the purposes of efficient portfolio management.

Additional Information

The FTSE World Europe Ex UK is currently used as the measure of the yield of European equity markets (excluding the UK).

The Manager reserves the right to change the benchmark index referenced above following consultation with the Trustee and in accordance with the rules in the COLL Sourcebook. By way of example, a change in benchmark index could occur where an alternative may, in the Manager's opinion, be more appropriate. Unitholders will be notified of such a change.

Classes of units	**A**	**D**	**X**
Type of units	Income and Accumulation	Income and Accumulation	Income and Accumulation
Current availability	Yes	Yes	At the Manager's discretion
Minimum initial investment and holding for lump sum investments +	£500	£100,000	£10,000,000
Subsequent minimum	£100	£100	£100
Minimum withdrawal +	£250	£250	£250
Minimum investment for regular savers	£50	Not available	Not available
Preliminary charge	5.00%	Nil	Nil
Annual management charge	1.50%	0.75%	Nil

Dealing day	Normally daily between 8.30 am and 5.30 pm.
Dealing cut off point	12 noon
Valuation point	12 noon
Income Allocation dates:	28 February, 31 May, 31 August, 30 November
Annual Accounting date:	30 June
Interim Accounting date(s)	31 March, 30 September, 31 December
Risk management measure used:	Relative VaR using FTSE All-World Europe Ex-UK Index as the appropriate benchmark

The first Annual Accounting Date will be 30 June 2012 and the first annual Manager's Reports will be published on or shortly after 31 August 2012. Prior to the publication of the first annual Manager's Report, summary information about the investment activities of the Fund will be available to unitholders from the Manager on request.

The annual Manager's Short Reports will be published on or shortly after 31 August each year and half yearly Manager's Short Reports on 28 February.

\+ Further details are given in the paragraph titled "Minimum Investment/Holdings" in this Prospectus.

BlackRock Corporate Bond Fund

BlackRock Corporate Bond Fund is a UCITS scheme under the COLL Sourcebook. The Fund was established on 29 June 1995. The Fund was previously known as Mercury High Income Bond Fund, then, with effect from 30 September 2000, Merrill Lynch High Income Bond Fund. On 28 April 2008 the Fund changed its name to BlackRock High Income Bond Fund. The Fund changed its investment objective and policy and adopted its present name with effect from close of business on 17 September 2010.

Investment Objective and Policy

The objective of the BlackRock Corporate Bond Fund is to maximise total return by investing principally in corporate bonds and other interest-bearing securities. Exposure to non sterling denominated assets will typically be hedged back to sterling. Separately, the Fund may also invest in preference shares, convertibles, other transferable securities and collective investment schemes.

Classes of units	**A**	**D**	**X**
Type of units	Income and Accumulation	Income and Accumulation	Income and Accumulation
Current availability	Yes	Yes	At the Manager's discretion
Minimum initial investment and holding for lump sum investments	£500	£100,000	£10,000,000
Subsequent minimum	£100	£100	£100
Minimum withdrawal +	£250	£250	£250
Minimum investment for regular savers	£50	Not available	Not available
Preliminary charge	3.25%	Nil	Nil
Annual management charge All or some of the charge may be made from capital	1.00%	0.50%	Nil
Dealing day	Normally daily between 8.30 am and 5.30 pm.		
Dealing cut off point	12 noon		
Valuation point	12 noon		
Income Allocation dates:	31 January, 30 April, 31 July, 31 October		
Annual Accounting date:	28 February		
Interim Accounting date(s)	31 May, 31 August, 30 November		
Risk management measure used:	Relative VaR using BofA ML Sterling Corporate Index as the appropriate benchmark		

The annual Manager's Short Reports will be published on or shortly after 30 April each year and half-yearly Manager's Short Reports on 31 October.

\+ Further details are given in the paragraph titled "Minimum Investment/Holdings" in this Prospectus.

BlackRock Emerging Markets Fund

BlackRock Emerging Markets Fund is a UCITS scheme under the COLL Sourcebook. The Fund was established on 4 August 1993. The Fund was previously known as Mercury Emerging Markets Fund. On 30 September 2000 the Fund changed its name to Merrill Lynch Emerging Markets Fund. The Fund changed its investment objective on 1 October 2006. The Fund adopted its present name with effect from 28 April 2008.

Investment Objective and Policy

The aim of the BlackRock Emerging Markets Fund is to achieve long-term capital growth for investors. The Fund invests primarily in the shares of companies incorporated or listed in emerging markets. The Fund may also invest in collective investment schemes.

Emerging markets are those countries contained in the Fund's benchmark index, the MSCI Emerging Markets Index, at the time of the Fund's investment.

Classes of units	**A**	**D**	**X**
Type of units	Income and Accumulation	Income and Accumulation	Income and Accumulation
Current availability	Yes	Accumulation – Yes Income – At the Manager's discretion	At the Manager's discretion
Minimum initial investment and holding for lump sum investments	£500	£100,000	£10,000,000
Subsequent minimum	£100	£100	£100
Minimum withdrawal +	£250	£250	£250
Minimum investment for regular savers	£50	Not available	Not available
Preliminary charge	5.00%	Nil	Nil
Annual management charge	1.50%	0.75%	Nil

Dealing day	Normally daily between 8.30 am and 5.30 pm.
Dealing cut off point	12 noon
Valuation point	12 noon
Income Allocation dates:	31 July
Annual Accounting date:	31 May
Interim Accounting date(s)	30 November
Risk management measure used:	Relative VaR using MSCI Emerging Markets as the appropriate benchmark.

The annual Manager's Short Reports will be published on or shortly after 31 July each year and half-yearly Manager's Short Reports on 31 January.

+ Further details are given in the paragraph titled "Minimum Investment/Holdings" in this Prospectus.

BlackRock European Dynamic Fund

BlackRock European Dynamic Fund is a UCITS scheme under the COLL Sourcebook. The Fund was established on 14 August 2000 as Merrill Lynch European Dynamic Fund. The Fund changed its investment objective on 1 October 2006. The Fund adopted its present name with effect from 28 April 2008.

Investment Objective and Policy

The aim of the BlackRock European Dynamic Fund is to achieve long-term capital growth for investors. The Fund invests primarily in the shares of companies incorporated or listed in Europe excluding the UK which we consider exhibit either growth or value investment characteristics, placing an emphasis as the market outlook warrants. The Fund may also invest in collective investment schemes.

Classes of units	**A**	**D**	**X**
Type of units	Income and Accumulation	Income and Accumulation	Income and Accumulation
Current availability	Yes	Accumulation – Yes Income – At the Manager's discretion	At the Manager's discretion
Minimum initial investment and holding for lump sum investments	£500	£100,000	£10,000,000
Subsequent minimum	£100	£100	£100
Minimum withdrawal +	£250	£250	£250
Minimum investment for regular savers	£50	Not available	Not available
Preliminary charge	5.00%	Nil	Nil
Annual management charge	1.50%	0.75%	Nil

Dealing day	Normally daily between 8.30 am and 5.30 pm.
Dealing cut off point	12 noon
Valuation point	12 noon
Income Allocation dates:	30 April
Annual Accounting date:	28 February
Interim Accounting date(s)	31 August
Risk management measure used:	Relative VaR using FTSE World Europe ex UK Index as the appropriate benchmark.

The annual Manager's Short Reports will be published on or shortly after 30 April each year and half yearly Manager's Short Reports on 31 October.

\+ Further details are given in the paragraph titled "Minimum Investment/Holdings" in this Prospectus.

BlackRock Global Bond Fund

BlackRock Global Bond Fund is a UCITS scheme under the COLL Sourcebook. The Fund was established on 18th December, 1990. The Fund was previously known as Mercury Global Bond Fund. On 30 September 2000 the Fund changed its name to Merrill Lynch Global Bond Fund. The Fund adopted its present name with effect from 28 April 2008.

Investment Objective and Policy

The aim of the BlackRock Global Bond Fund is to produce a high level of income, consistent with capital appreciation. The Fund invests primarily in government, corporate and supranational bonds anywhere in the world and in any and all economic sectors. The Fund may also invest in collective investment schemes, money-market instruments, cash, near cash and deposits. Derivatives may be used for the purposes of efficient portfolio management.

Classes of units	**A**	**D**	**X**
Type of units	Income and Accumulation	Income and Accumulation	Income and Accumulation
Current availability	Yes	At the Manager's discretion	At the Manager's discretion
Minimum initial investment and holding for lump sum investments	£500	£100,000	£10,000,000
Subsequent minimum	£100	£100	£100
Minimum withdrawal +	£250	£250	£250
Minimum investment for regular savers	£50	Not available	Not available
Preliminary charge	5.00%	Nil	Nil
Annual management charge	1.00%	0.50%	Nil

Dealing day	Normally daily between 8.30 am and 5.30 pm.
Dealing cut off point	12 noon
Valuation point	12 noon
Income Allocation dates:	15 May and 15 November
Annual Accounting date:	15 September
Interim Accounting date(s)	15 March
Risk management measure used:	Relative VaR using BarCap Global Aggregate Index-Unhedged as the appropriate benchmark.

The annual Manager's Short Reports will be published on or shortly after 15 November each year and half-yearly Manager's Short Reports on 15 May.

\+ Further details are given in the paragraph titled "Minimum Investment/Holdings" in this Prospectus.

BlackRock Global Equity Fund

BlackRock Global Equity Fund is a UCITS scheme under the COLL Sourcebook. The Fund was established on 5 January 2000. The Fund was previously known as Mercury Global Titans Fund then, with effect from 30 September 2000, Merrill Lynch Global Titans Fund. On 1 August 2007 the Fund changed its name to Merrill Lynch Global Equity Fund. The Fund changed its investment objective on 1 August 2007. The Fund adopted its present name with effect from 28 April 2008.

Investment Objective and Policy

The BlackRock Global Equity Fund seeks to achieve long-term capital growth from investment primarily in a global portfolio of equity securities. The Fund's assets will generally be invested in equity securities of companies domiciled in, or exercising a significant part of their economic activity in, developed markets. The Fund may also invest in collective investment schemes.

Classes of units	**A**	**D**	**X**
Type of units	Income and Accumulation	Income and Accumulation	Income and Accumulation
Current availability	Yes	Accumulation – Yes Income – At the Manager's discretion	At the Manager's discretion
Minimum initial investment and holding for lump sum investments	£500	£100,000	£10,000,000
Subsequent minimum	£100	£100	£100
Minimum withdrawal +	£250	£250	£250
Minimum investment for regular savers	£50	Not available	Not available
Preliminary charge	5.00%	Nil	Nil
Annual management charge	1.50%	0.75%	Nil

Dealing day	Normally daily between 8.30 am and 5.30 pm.
Dealing cut off point	12 noon
Valuation point	12 noon
Income Allocation dates:	30 November
Annual Accounting date:	30 September
Interim Accounting date(s)	31 March
Risk management measure used:	Relative VaR using MSCI All Country World Index as the appropriate benchmark

The annual Manager's Short Reports will be published on or shortly after 30 November each year and half-yearly Manager's Short Reports on 31 May.

\+ Further details are given in the paragraph titled "Minimum Investment/Holdings" in this Prospectus.

BlackRock Global Income Fund

BlackRock Global Income Fund is a UCITS scheme under the COLL Sourcebook. The Fund was established on 6 May 2011.

Investment Objective and Policy

The aim of the BlackRock Global Income Fund is to achieve an above average income from its equity investments, compared to the income yield of global equity markets, without sacrificing long term capital growth. The Fund will invest primarily in the equity securities of companies domiciled in, or exercising the predominant part of their economic activity in, developed markets. The Fund may also invest in other transferable securities, permitted money market instruments, permitted deposits, cash and near cash and units in collective investment schemes. Derivatives may be used for the purposes of efficient portfolio management.

Additional Information

The MSCI All Countries World Index is currently used as the measure of the yield of global equity markets.

The Manager reserves the right to change the benchmark index referenced above following consultation with the Trustee and in accordance with the rules in the COLL Sourcebook. By way of example, a change in benchmark index could occur where an alternative may, in the Manager's opinion, be more appropriate. Unitholders will be notified of such a change.

Classes of units	**A**	**D**	**X**
Type of units	Income and Accumulation	Income and Accumulation	Income and Accumulation
Current availability	Yes	Yes	At the Manager's discretion
Minimum initial investment and holding for lump sum investments +	£500	£100,000	£10,000,000
Subsequent minimum	£100	£100	£100
Minimum withdrawal +	£250	£250	£250
Minimum investment for regular savers	£50	Not available	Not available
Preliminary charge	5.00%	Nil	Nil
Annual management charge	1.50%	0.75%	Nil

Dealing day	Normally daily between 8.30 am and 5.30 pm.
Dealing cut off point	12 noon
Valuation point	12 noon
Income Allocation dates:	28 February, 31 May, 31 August, 30 November
Annual Accounting date:	30 June
Interim Accounting date(s)	31 March, 30 September, 31 December
Risk management measure used:	Relative VaR using MSCI All Country World Index as the appropriate benchmark.

The first Annual Accounting Date will be 30 June 2012 and the first annual Manager's Reports will be published on or shortly after 31 August 2012. Prior to the publication of the first annual Manager's Report, summary information about the investment activities of the Fund will be available to unitholders from the Manager on request.

The annual Manager's Short Reports will be published on or shortly after 31 August each year and half yearly Manager's Short Reports on 28 February.

\+ Further details are given in the paragraph titled "Minimum Investment/Holdings" in this Prospectus.

BlackRock Gold and General Fund

BlackRock Gold and General Fund is a UCITS scheme under the COLL Sourcebook. The Fund was established on 16 March 1988.

The Fund was previously known as James Capel Gold and General Fund. On 17 December 1991 the Manager took over management of the Fund and its name was changed to Mercury Gold and General Fund. On 30 September 2000 the Fund changed its name to Merrill Lynch Gold and General Fund. The Fund adopted its present name with effect from 28 April 2008.

Investment Objective and Policy

BlackRock Gold and General Fund seeks to achieve long-term capital growth primarily through an actively managed portfolio of gold mining, commodity and precious-metal related shares.

The Fund may also invest in other transferable securities and units in collective investment schemes. Derivatives may also be used for the purposes of efficient portfolio management.

Classes of units	**A**	**D**	**DI**	**X**
Type of units	Income and Accumulation	Income and Accumulation	Income and Accumulation	Income and Accumulation
Current availability	Yes	Yes	At the Manager's discretion	At the Manager's discretion
Minimum initial investment and holding for lump sum investments	£500	£100,000	£50,000,000	£10,000,000
Subsequent minimum	£100	£100	£100	£100
Minimum withdrawal +	£250	£250	£250	£250
Minimum investment for regular savers	£50	Not available	Not available	Not available
Preliminary charge	5.00%	Nil	Nil	Nil
Annual management charge	1.75%	1.00%	0.875	Nil

Dealing day	Normally daily between 8.30 am and 5.30 pm.
Dealing cut off point	12 noon
Valuation point	12 noon
Income Allocation dates:	30 August
Annual Accounting date:	30 June
Interim Accounting date(s)	31 December
Risk management measure used:	Relative VaR using FTSE Gold Mines Index as the appropriate benchmark.

The annual Manager's Short Reports will be published on or shortly after 30 August each year and half-yearly Manager's Short Reports on the last day in February.

\+ Further details are given in the paragraph titled "Minimum Investment/Holdings" in this Prospectus.

BlackRock UK Dynamic Fund

BlackRock UK Dynamic Fund is a UCITS scheme under the COLL Sourcebook. The Fund was established on 29 September 2000. The Fund changed its investment objective on 1 October 2006. The Fund was previously known as Merrill Lynch UK Dynamic Fund. The Fund adopted its present name with effect from 28 April 2008.

Investment Objective and Policy

The aim of the BlackRock UK Dynamic Fund is to achieve long-term capital growth for investors. The Fund invests primarily in the shares of companies incorporated or listed in the UK which we consider exhibit either growth or value investment characteristics, placing an emphasis as the market outlook warrants. The Fund may also invest in collective investment schemes.

Classes of units	**A**	**D**	**X**
Type of units	Income and Accumulation	Income and Accumulation	Income and Accumulation
Current availability	Yes	Yes	At the Manager's discretion
Minimum initial investment and holding for lump sum investments	£500	£100,000	£10,000,000
Subsequent minimum	£100	£100	£100
Minimum withdrawal +	£250	£250	£250
Minimum investment for regular savers	£50	Not available	Not available
Preliminary charge	5.00%	Nil	Nil
Annual management charge	1.50%	0.75%	Nil

Dealing day	Normally daily between 8.30 am and 5.30 pm.
Dealing cut off point	12 noon
Valuation point	12 noon
Income Allocation dates:	30 June and 31 December
Annual Accounting date:	30 April
Interim Accounting date(s)	31 October
Risk management measure used:	Relative VaR usingFTSE All Share Index as the appropriate benchmark.

The annual Manager's Short Report will be published on or shortly after 30 June each year and half-yearly Manager's Short Report on 31 December.

\+ Further details are given in the paragraph titled "Minimum Investment/Holdings" in this Prospectus.

BlackRock UK Focus Fund

BlackRock UK Focus Fund is a UCITS scheme under the COLL Sourcebook. The Fund was established on 31 October 2011.

Investment Objective and Policy

The aim of the BlackRock UK Focus Fund is to achieve long-term capital growth for investors.

The Fund invests primarily in a concentrated portfolio of shares of companies incorporated or listed in the UK. The Fund may also invest in collective investment schemes. Derivatives may be used for efficient portfolio management purposes only.

Classes of units	**PF**	**FF**	**D**	**X**
Type of units	Accumulation	Accumulation	Accumulation	Accumulation
Current availability	Yes	Yes	Yes	At the Manager's discretion
Limited issue of units	When the NAV of the Fund reaches £1,000,000,000 no further units will be issued unless in accordance with the COLL Sourcebook (see paragraph 8(b) for further details)	When the NAV of the Fund reaches £1,000,000,000 no further units will be issued unless in accordance with the COLL Sourcebook (see paragraph 8(b) for further details)	When the NAV of the Fund reaches £1,000,000,000 no further units will be issued unless in accordance with the COLL Sourcebook (see paragraph 8(b) for further details)	When the NAV of the Fund reaches £1,000,000,000 no further units will be issued unless in accordance with the COLL Sourcebook (see paragraph 8(b) for further details)
Minimum initial investment and holding for lump sum investments	£1,000,000	£10,000,000	£100,000	£10,000,000
Subsequent minimum	£100	£100	£100	£100
Minimum withdrawal +	£250	£250	£250	£250
Minimum investment for regular savers	Not available	Not available	Not available	Not available
Preliminary charge	5%	5%	Nil	Nil
Annual management charge	0.35%	0.75*%	0.75%	Nil
Performance fee	20% of the outperformance of the Hurdle (see paragraph 22(a)(iii) for further details)	Nil	Nil	Nil
Dealing day	Normally daily between 8.30 am and 5.30 pm.			
Dealing cut off point	12 noon			
Valuation point	12 noon			
Income Allocation dates:	31 January and 30 July			
Annual Accounting date:	30 November			
Interim Accounting date(s)	31 May			
Risk management measure used:	Relative VaR using FTSE All Share Index as the appropriate benchmark index.			

The first annual accounting date will be 30 November 2012 and the first annual Manager's report will be published on or shortly after 31 January 2013. Prior to the publication of the first annual Manager's report, summary information about the investment activities of the Fund will be available to unitholders from the Manager on request.

The annual Manager's Short Report will be published on or shortly after 31 January each year and half-yearly Manager's Short Report on 30 July.

* With effect from the 1 December 2012 the annual management charge for Class FF units will be reduced to 0.70%.

BlackRock UK Fund

BlackRock UK Fund is a UCITS scheme under the COLL Sourcebook. The Fund was established on 11 November 1993. On 1 May 2003 the Fund changed its name to Merrill Lynch UK Fund. The Fund changed its investment objective on 1 October 2006. The Fund adopted its present name with effect from 28 April 2008.

Investment Objective and Policy

The aim of the BlackRock UK Fund is to achieve long-term capital growth for investors. The Fund invests primarily in the shares of larger companies incorporated or listed in the UK. The Fund may also invest in collective investment schemes.

Classes of units	**A**	**D**	**X**
Type of units	Income and Accumulation	Income and Accumulation	Income and Accumulation
Current availability	Yes	Yes	At the Manager's discretion
Minimum initial investment and holding for lump sum investments	£500	£100,000	£10,000,000
Subsequent minimum	£100	£100	£100
Minimum withdrawal +	£250	£250	£250
Minimum investment for regular savers	£50	Not available	Not available
Preliminary charge	5.00%	Nil	Nil
Annual management charge	1.50%	0.75%	Nil

Dealing day	Normally daily between 8.30 am and 5.30 pm.
Dealing cut off point	12 noon
Valuation point	12 noon
Income Allocation dates:	12 August and 12 February
Annual Accounting date:	12 December
Interim Accounting date(s)	12 June
Risk management measure used:	Relative VaR using FTSE All Share Index as the appropriate benchmark.

The annual Manager's Short Reports will be published on or shortly after 12 February each year and half-yearly Manager's Short Reports on 12 August.

\+ Further details are given in the paragraph titled "Minimum Investment/Holdings" in this Prospectus.

BlackRock UK Income Fund

BlackRock UK Income Fund is a UCITS scheme under the COLL Sourcebook. The Fund was established on 15 February 1984. The Fund was previously known as Mercury Income Fund then, with effect from 30 September 2001, Merrill Lynch Income Fund. On 1 October 2001 the Fund changed its name to Merrill Lynch UK Income Fund. The Fund changed its investment objective on 1 October 2006. The Fund adopted its present name with effect from 28 April 2008.

Investment Objective and Policy

The aim of the BlackRock UK Income Fund is to offer investors an above-average and growing income without sacrificing the benefits of long-term capital growth. The Fund invests primarily in the shares of companies incorporated or listed in the UK. The Fund may also invest in collective investment schemes.

Classes of units	**A**	**D**	**X**
Type of units	Income and Accumulation	Income and Accumulation	Income and Accumulation
Current availability	Yes	Yes	At the Manager's discretion
Minimum initial investment and holding for lump sum investments	£500	£100,000	£10,000,000
Subsequent minimum	£100	£100	£100
Minimum withdrawal +	£250	£250	£250
Minimum investment for regular savers	£50	Not available	Not available
Preliminary charge	5.00%	Nil	Nil
Annual management charge All or some of the charge may be made from capital	1.50%	0.75%	Nil
Dealing day	Normally daily between 8.30 am and 5.30 pm.		
Dealing cut off point	12 noon		
Valuation point	12 noon		
Income Allocation dates:	31 March, 30 June, 30 September, 31 December		
Annual Accounting date:	31 January		
Interim Accounting date(s)	30 April, 31 July, 31 October		
Risk management measure used:	Relative VaR using FTSE All Share Index as the appropriate benchmark.		

The annual Manager's Short Reports will be published on or shortly after 31 March each year and half-yearly Manager's Short Reports on 30 September.

\+ Further details are given in the paragraph titled "Minimum Investment/Holdings" in this Prospectus.

BlackRock UK Smaller Companies Fund

BlackRock UK Smaller Companies Fund is a UCITS scheme under the COLL Sourcebook. The Fund was established on 13 March 1973. The Fund was previously known as Rowan Securities Fund until 5 May 1987, when the investment objective was changed and the name was changed to Mercury UK Smaller Companies Fund. On 30 September 2000 the Fund changed its name to Merrill Lynch UK Smaller Companies Fund. The Fund changed its investment objective on 1 October 2006. The Fund adopted its present name with effect from 28 April 2008.

<u>Investment Objective and Policy</u>

The aim of the BlackRock UK Smaller Companies Fund is to achieve long-term capital growth for investors. The Fund invests primarily in the shares of smaller companies incorporated or listed in the UK which we consider to have above-average growth prospects. The Fund may also invest in collective investment schemes.

Smaller companies are those whose market capitalisations are similar to that of companies in the Hoare Govett Smaller Companies plus AiM ex-Investment Trusts Index at the time of the Fund's investment.

Classes of units	**A**	**D**	**X**
Type of units	Income and Accumulation	Income and Accumulation	Income and Accumulation
Current availability	Yes	Accumulation – Yes Income – At the Manager's discretion	At the Manager's discretion
Minimum initial investment and holding for lump sum investments	£500	£100,000	£10,000,000
Subsequent minimum	£100	£100	£100
Minimum withdrawal +	£250	£250	£250
Minimum investment for regular savers	£50	Not available	Not available
Preliminary charge	5.00%	Nil	Nil
Annual management charge	1.50%	0.75%	Nil

Dealing day	Normally daily between 8.30 am and 5.30 pm.
Dealing cut off point	12 noon
Valuation point	12 noon
Income Allocation dates:	25 April and 25 October
Annual Accounting date:	25 August
Interim Accounting date(s)	25 February
Risk management measure used:	Relative VaR using RBS Hoare Govett Smaller Companies, plus AIM, Ex IT as the appropriate benchmark.

The annual Manager's Short Reports will be published on or shortly after 25 October each year and half-yearly Manager's Short Reports on 25 April.

+ Further details are given in the paragraph titled "Minimum Investment/Holdings" in this Prospectus.

BlackRock UK Special Situations Fund

BlackRock UK Special Situations Fund is a UCITS scheme under the COLL Sourcebook. The Fund was established on 27 January 1981. The name of the Fund was changed to Mercury Recovery Fund (from Mercury Income and Recovery Fund) in February 1984, to Merrill Lynch Recovery Fund on 30 September 2000, to Merrill Lynch UK Value Fund on 10 September 2001 and to Merrill Lynch UK Special Situations Fund on 1 September 2004. The Fund changed its investment objective on 1 October 2006. The Fund adopted its present name with effect from 28 April 2008.

Investment Objective and Policy

The aim of the BlackRock UK Special Situations Fund is to achieve long-term capital growth for investors. The Fund invests primarily in the shares of companies incorporated or listed in the UK and will normally have an emphasis on small or medium sized companies. The Fund may also invest in collective investment schemes.

Small and medium sized companies are those whose market capitalisation is lower than that of companies in the FTSE 100 Index at the time of the Fund's investment.

Classes of units	**A**	**D**	**X**
Type of units	Income and Accumulation	Income and Accumulation	Income and Accumulation
Current availability	Yes	Yes	At the Manager's discretion
Minimum initial investment and holding for lump sum investments	£500	£100,000	£10,000,000
Subsequent minimum	£100	£100	£100
Minimum withdrawal +	£250	£250	£250
Minimum investment for regular savers	£50	Not available	Not available
Preliminary charge	5.00%	Nil	Nil
Annual management charge	1.50%	0.75%	Nil

Dealing day	Normally daily between 8.30 am and 5.30 pm.
Dealing cut off point	12 noon
Valuation point	12 noon
Income Allocation dates:	20 June and 20 December
Annual Accounting date:	20 April
Interim Accounting date(s)	20 October
Risk management measure used:	Relative VaR using FTSE All Share Index as the appropriate benchmark.

The annual Manager's Short Reports will be published on or shortly after 20 June each year and half-yearly Manager's Short Reports on 20 December.

\+ Further details are given in the paragraph titled "Minimum Investment/Holdings" in this Prospectus.

BlackRock US Dynamic Fund

BlackRock US Dynamic Fund is a UCITS scheme under the COLL Sourcebook. The Fund was established on 1 December 1982. The Fund was previously known as Mercury American Growth Fund. It was renamed Mercury American Fund and the investment objective changed on 26 March 1992. With effect from 30 September 2000, the Fund was renamed Merrill Lynch American Fund. It was renamed Merrill Lynch US Dynamic Fund and the investment objective changed on 1 October 2006. The Fund adopted its present name with effect from 28 April 2008.

Investment Objective and Policy

The aim of the BlackRock US Dynamic Fund is to achieve long-term capital growth for investors. The Fund invests primarily in the shares of companies incorporated or listed in the United States which we consider exhibit either growth or value investment characteristics, placing an emphasis as the market outlook warrants. The Fund may also invest in collective investment schemes.

Classes of units	**A**	**D**	**X**
Type of units	Income and Accumulation	Income and Accumulation	Income and Accumulation
Current availability	Yes	At the Manager's discretion	At the Manager's discretion
Minimum initial investment and holding for lump sum investments	£500	£100,000	£10,000,000
Subsequent minimum	£100	£100	£100
Minimum withdrawal +	£250	£250	£250
Minimum investment for regular savers	£50 per month	Not available	Not available
Preliminary charge	5.00%	Nil	Nil
Annual management charge	1.50%	0.75%	Nil

Dealing day	Normally daily between 8.30 am and 5.30 pm.
Dealing cut off point	12 noon
Valuation point	12 noon
Income Allocation dates:	10 January
Annual Accounting date:	10 November
Interim Accounting date(s)	10 May
Risk management measure used:	Relative VaR using Russell 1000 Index as the appropriate benchmark.

The annual Manager's Short Reports will be published on or shortly after 10 January each year and half-yearly Manager's Short Reports on 10 July.

+ Further details are given in the paragraph titled "Minimum Investment/Holdings" in this Prospectus.

BlackRock US Opportunities Fund

BlackRock US Opportunities Fund is a UCITS scheme under the COLL Sourcebook. The Fund was established on 29 September 1972.

The Fund was first known as Rowan American Fund. It was renamed Mercury American Smaller Companies Fund and the investment objective changed on 5 May 1987. On 26 March 1992 the Fund's name was changed to Mercury American Opportunities Fund and the investment objective changed. With effect from 30 September 2000, the Fund was renamed Merrill Lynch American Opportunities Fund. It was renamed Merrill Lynch US Opportunities Fund and the investment objective changed on 1 October 2006. The Fund adopted its present name with effect from 28 April 2008.

Investment Objective and Policy

The aim of the BlackRock US Opportunities Fund is to achieve long-term capital growth for investors. The Fund invests primarily in shares of medium and smaller companies incorporated or listed in the United States. The Fund may also invest in collective investment schemes.

Classes of units	**A**	**D**	**X**
Type of units	Income and Accumulation	Income and Accumulation	Income and Accumulation
Current availability	Yes	At the Manager's discretion	At the Manager's discretion
Minimum initial investment and holding for lump sum investments	£500	£100,000	£10,000,000
Subsequent minimum	£100	£100	£100
Minimum withdrawal +	£250	£250	£250
Minimum investment for regular savers	£50 per month	Not available	Not available
Preliminary charge	5.00%	Nil	Nil
Annual management charge	1.50%	0.75%	Nil

Dealing day	Normally daily between 8.30 am and 5.30 pm.
Dealing cut off point	12 noon
Valuation point	12 noon
Income Allocation dates:	10 December
Annual Accounting date:	10 October
Interim Accounting date(s)	10 April
Risk management measure used:	Relative VaR using S&P US Mid Small Cap Index as the appropriate benchmark.

The annual Manager's Short Reports will be published on or shortly after 10 December each year and half-yearly Manager's Short Reports on 10 June.

+ Further details are given in the paragraph titled "Minimum Investment/Holdings" in this Prospectus.

BlackRock World Resources Income Fund

BlackRock World Resources Income Fund is a UCITS scheme under the COLL Sourcebook. The Fund was established on 6 May 2011.

Investment Objective and Policy

The aim of the BlackRock World Resources Income Fund is to achieve an above average income from its equity investments, compared to the income yield of the natural resources sector. The Fund will invest primarily in the equity securities of companies whose predominant economic activity is in the natural resources sector which includes, but is not limited to, mining, agriculture and energy. The Fund may also invest in other transferable securities, permitted money market instruments, permitted deposits, cash and near cash and units in collective investment schemes.

The Fund makes significant use of derivatives in order to generate additional income. The strategies employed will be those permitted for efficient portfolio management and are not intended to increase the risk profile of the Fund.

Additional Information

The S&P Global Natural Resources Index is currently used as the measure of the yield of the natural resources sector.

The Manager reserves the right to change the benchmark index referenced above following consultation with the Trustee and in accordance with the rules in the COLL Sourcebook. By way of example, a change in benchmark index could occur where an alternative may, in the Manager's opinion, be more appropriate. Unitholders will be notified of such a change.

Classes of units	**A**	**D**	**X**
Type of units	Income and Accumulation	Income and Accumulation	Income and Accumulation
Current availability	Yes	Yes	At the Manager's discretion
Minimum initial investment and holding for lump sum investments +	£500	£100,000	£10,000,000
Subsequent minimum	£100	£100	£100
Minimum withdrawal +	£250	£250	£250
Minimum investment for regular savers	£50	Not available	Not available
Preliminary charge	5.00%	Nil	Nil
Annual management charge	1.75%	1.00%	Nil

Dealing day	Normally daily between 8.30 am and 5.30 pm.
Dealing cut off point	12 noon
Valuation point	12 noon
Income Allocation dates:	28 February, 31 May, 31 August, 30 November
Annual Accounting date:	30 June
Interim Accounting date(s)	31 March, 30 September, 31 December
Risk management measure used:	Relative VaR using S&P Global Natural Resources Index as the appropriate benchmark

The first Annual Accounting Date will be 30 June 2012 and the first annual Manager's report will be published on or shortly after 31 August 2012. Prior to the publication of the first annual Manager's Report, summary information about the investment activities of the Fund will be available to unitholders from the Manager on request.

The annual Manager's Short Reports will be published on or shortly after 31 August each year and half yearly Manager's Short Reports on 28 February.

\+ Further details are given in the paragraph titled "Minimum Investment/Holdings" in this Prospectus.

APPENDIX 2
BlackRock Fund Managers Limited - Other Authorised Unit Trust Schemes

Name	Regulatory Status
BlackRock Absolute Return Bond Fund	UCITS Scheme
BlackRock Collective Investment Funds	UCITS Scheme
BlackRock European Absolute Alpha Fund	UCITS Scheme
BlackRock Growth and Recovery Fund	UCITS Scheme
BlackRock International Equity Fund	UCITS Scheme
BlackRock LBG DC 'A' Fund	UCITS Scheme
BlackRock Overseas Fund	UCITS Scheme
BlackRock UK Absolute Alpha Fund	UCITS Scheme
BlackRock UK Equity Fund	UCITS Scheme
BlackRock UK Specialist Fund	UCITS Scheme
BlackRock Non-UCITS Retail Funds	Non-UCITS Retail Scheme
BlackRock Non-UCITS Retail Funds (2)	Non-UCITS Retail Scheme

APPENDIX 3
Investment Restrictions applicable to the Funds

1. Investment and Borrowing Powers

The property of each Fund will be invested with the aim of achieving the investment objective of each Fund set out in Appendix 1 but subject to the limits set out in Chapter 5 of the COLL Sourcebook. The Manager will ensure that, taking into account of the investment objectives and policies of the Funds, it aims to provide a prudent spread of risk.

Eligible assets

The following restrictions under the COLL Sourcebook and (where relevant) determined by the Manager currently apply to each of the Funds:

2. Transferable Securities and Approved Money-Market Instruments

2.1. The investments of each Fund shall consist of one or more of the following:

a. Transferable securities and approved money-market instruments admitted to or dealt in a regulated market (as defined by the FSA).

b. Transferable securities and approved money-market instruments dealt in on other markets in Member States of the EEA, that are operating regularly, are recognised and are open to the public.

c. Transferable securities and approved money-market instruments admitted to official listings on or dealt in on other eligible markets.

d. Recently issued Transferable Securities provided that the terms of issue include an undertaking that application will be made to be admitted to an eligible market and such admission is secured within a year of issue.

2.2. A Transferable Security is eligible for investment if it meets the following criteria:

- The potential loss that a Fund may incur by holding the security is limited to the amount paid for it;
- Its liquidity does not compromise the Manager's ability to redeem units;
- Reliable and regular valuation is available to the market and the Manager;
- Appropriate information about the transferable security is available to the market and the Manager;
- The transferable security is a negotiable instrument; and
- Its risks are adequately captured by the risk management process of the Manager.

2.3. Approved Money-Market instruments are those normally dealt in on the money market, are liquid and have a value which can be accurately determined at any time, and with the exception of those dealt in on an eligible market, appropriate information is available to the market and the Manager.

2.4. Approved money-market instruments other than those listed on or normally dealt on an eligible market are eligible if the issue or issuer of such approved money-market instruments is itself regulated for the purpose of protecting investors and savings, and provided they are issued or guaranteed by a central, regional or local authority, a central bank of an EEA State, the European Central Bank, the European Union or the European Investment Bank, a non-EEA 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 EEA States belong; or issued by a body, any securities of which are dealt in on an eligible market; 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 FSA to be at least as stringent as those laid down by Community law.

2.5. A Fund may invest no more than 10 per cent of its scheme property in transferable securities and approved money-market instruments other than those referred to in paragraphs 2.1 to 2.4.

3. Eligible Markets

A market is eligible for the purposes of the rules if it is a regulated market, or a market in an EEA State which is regulated, operates regularly and is open to the public.

A market not falling within the above definition is eligible if the Manager, after consultation and notification with the Trustee, decides that market is appropriate for the investment of, or dealing in, the property, the market is included in a list in the prospectus, and the Trustee has taken reasonable care to determine that adequate custody arrangements can be provided for the investment dealt in on that market, and all reasonable steps have been taken by the Manager in deciding whether that market is eligible.

A market must not be considered appropriate unless it is regulated, operates regularly, is recognised, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors. Unless information is available to the Manager that would lead to a different determination, a transferable security which is admitted or dealt on an eligible market shall be presumed not to compromise the ability of the Manager to be able to redeem units and to be considered a negotiable instrument. The list of eligible securities and derivatives markets for the Funds is set out in Schedules 1 and 2 to this Prospectus.

4. Collective Investment Schemes

4.1. A Fund may invest in units in collective investment schemes ("CIS") which;-

(i) comply with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or

(ii) are recognised under the provisions of section 270 of the Financial Services and Markets Act 2000 (Schemes authorised in designated countries or territories); or

(iii) are authorised as a non-UCITS retail scheme) and meeting the requirements of Article 50(1)(e) of the UCITS Directive;

(iv) are authorised in another EEA State and meeting the requirements Article 50(1)(e) of the UCITS Directive; or

(v) are authorised by the competent authority of an OECD member country (other than another EEA State) which has:

a. signed the IOSCO Multilateral Memorandum of Understanding; and

b. approved the management company of the CIS, its rules and depositary/custody arrangements;

c. providing the requirements of article 50(1)(e) of the UCITS Directive are met;

and provided that:

- No more than 30% of the value of a Fund may be invested in other CIS which are not UCITS schemes but satisfy the conditions in 4.1 (ii) to (v) above, although it is the Manager's current policy to apply a more restrictive limit as described in sub-paragraph 4.4 below.

- the level of protection for unitholders in the other CIS 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 85/611/EEC, as amended.

- the business of the other CIS 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.

4.2. In addition, in the case of all underlying CIS no more than 10 per cent of the assets of the CIS, whose acquisition is contemplated, can, according to their constitutional documents, be invested in aggregate in units of other UCITS or other CISs. For this purpose each sub-fund of an umbrella scheme is to be treated as if it were a separate scheme.

4.3. Each Fund (except BlackRock Cash Fund) may acquire the units of UCITS and/or other CIS referred to above, provided that the aggregate investment in UCITS or other CIS does not exceed 10 per cent of the scheme property of each Fund, unless otherwise provided for in the relevant Fund's investment policy. In addition up to 100 per cent of BlackRock Active Managed Portfolio Fund, BlackRock Balanced Growth Portfolio Fund, BlackRock Balanced Income Portfolio Fund and BlackRock Cautious Portfolio Fund may be invested in units of CIS.

4.4. Each Fund may invest in the units of other UCITS and/or other CIS that are managed by the Manager or by an associate (as defined by the FSA) in which case no subscription or redemption fees may be charged to the Funds on their investment in the units of such other UCITS and/or CIS in accordance with the rules in the COLL Sourcebook. In addition, the Manager shall normally invest in the units of other UCITS and/or CIS that are managed by the Manager or by an associate on the basis that either no annual management charge will be charged to the Funds or a full retrocession of the annual management charge shall be returned to the Funds, otherwise the maximum level of annual management charge that may be charged to Funds for investing in underlying funds is 3.5% of the Fund's NAV.

5. Deposits, Cash and Near Cash

5.1. Each Fund may invest in deposits with an approved bank (as defined by the FSA) and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months. Deposits may be held for strategic purposes as cover for derivative positions or tactically, as described in paragraph below.

5.2. The investment objective and policy of each Fund may mean that at times it is appropriate not to be fully invested but to hold cash or near cash for reasons other than for the purpose of meeting a Fund's investment objective (where applicable). Cash and near cash must not be retained in the property except to the extent that, where this may reasonably be regarded as necessary in order to enable:

- redemption of units; or
- efficient management of the Fund in accordance with its investment objectives; or
- other purposes which may reasonably be regarded as ancillary to the investment objectives of the Fund; or
- in the case of the BlackRock Active Managed Portfolio Fund, BlackRock Balanced Growth Portfolio Fund, BlackRock Balanced Income Portfolio Fund, BlackRock Cautious Portfolio Fund, BlackRock Cash Fund, BlackRock Continental European Income Fund, BlackRock Global Income Fund and BlackRock World Resources Income Fund, in pursuit of the Fund's investment objectives.

6. Warrants

Where a Fund invests in warrants, the Manager must ensure that upon exercising the right conferred by the warrant the exposure created does not exceed the general limits on spread of investments set out below. No more than 5 per cent of any Fund will be invested in warrants.

- **Nil and Partly Paid**

In respect of nil and partly paid securities a transferable security or approved money-market instrument on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Funds, at the time when payment is required, without contravening the rules in COLL 5.

- **General - Derivatives and Forward Transactions**

8.1 The Funds may use derivatives in pursuit of its investment objectives and policies and/or to hedge market and currency risk for the purposes of efficient portfolio management, (as described in 8.2 below "Efficient Portfolio Management").

The use of derivatives for the purpose of hedging and managing risk and for efficient portfolio management is not intended to increase the risk profile of the Funds. The Manager uses a risk management process, to monitor and measure as frequently as appropriate the risk of a Fund's portfolio and contribution of the underlying investments to the overall risk profile of the Fund.

The use of derivatives may expose the 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 contact, so that transactions are geared. A relatively small market movement may have a potentially larger impact on derivatives than in standard bonds or equities.

In relation to the BlackRock Active Managed Portfolio, BlackRock Balanced Income Portfolio Fund and BlackRock Balanced Growth Portfolio Fund, the Manager may also employ the use of derivatives in pursuit of the investment objective and policies of the Funds. **Unitholders should note that the use of derivatives in this way may alter the risk profile of a Fund and lead to higher volatility in the unit price of that Fund.**

8.2 Where derivatives are used for the purpose of efficient portfolio management, they will only be used in accordance with the following criteria:

(a) They are economically appropriate in that they are realised in a cost effective way.

(b) They are entered into for one or more of the following specific aims:

- reduction of risk;
- reduction of costs; or
- generation of additional capital or income for the Fund with a level of risk which is consistent with the risk profile of the Fund and prevailing risk diversification requirements of Directive 85/611/EEC, as amended.

(c) Their risks are adequately captured by the Manager's risk management process.

8.3. The Manager uses a risk management process, as reviewed by the Trustee, enabling it to monitor and measure as frequently as appropriate the risk of a Fund's positions and their contribution to the overall risk profile of that Fund. The details of the risk management process include the following information:

- the types of derivatives and forwards to be used within the Fund together with their underlying risks and any relevant quantitative limits; and
- the methods for estimating risks in derivative and forward transactions.

The Manager must notify the FSA in advance of any material alteration to the details above.

9. Permitted Transactions in Derivatives and Forwards

9.1 A transaction in a derivative must be in an approved derivative (as defined by the FSA); or be one which complies with the requirements for entering into OTC transactions in derivatives.

A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.

A transaction in a derivative must not cause a Fund to diverge from its investment objectives as stated in its Trust Deed and the most recently published version of this Prospectus.

A transaction in a derivative must have the underlying consisting of any or all of the following to which the Fund is dedicated, i.e. transferable securities and approved money-market instruments, approved money-market instruments permitted under sub-paragraph 2.4, permitted deposits, permitted derivatives, permitted CIS units, permitted financial indices, interest rates, foreign exchange rates, and currencies, and may not result in the delivery, including in the form of cash, of assets other than those referred to in paragraphs 2 to 8.

A Fund may not undertake transactions in derivatives on commodities.

Any forward transaction must be with an approved counterparty.

All derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house is backed by an appropriate performance guarantee; and it is characterised by a daily mark-to-market valuation of the derivative positions and at least daily margining.

9.2 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, approved money-market instruments, units in CIS, or derivatives.

No agreement by or on behalf of a Fund to dispose of property or rights may be made unless:

(a) the obligation to make the disposal and any other similar obligation could immediately be honoured by the Fund by delivery of property or the assignment of rights; and

(b) the property and rights at (a) are owned by that Fund at the time of the agreement.

Where a Fund holds an index-based derivative, the financial index must satisfy the following criteria:

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

A financial index is sufficiently diversified if:

- it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
- where it is composed of assets in which a Fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this section; and
- where it is composed of assets in which a Fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this section.

A financial index represents an adequate benchmark for the market to which it refers if:

- it measures the performance of a representative group of underlyings in a relevant and appropriate way;
- it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and
- the underlyings are sufficiently liquid, allowing users to replicate it if necessary.

A financial index is published in an appropriate manner if:

- its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and
- material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.

Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to this paragraph 9, be regarded as a combination of those underlyings.

9.3 Where derivative instruments are used, the overall risk profile of a Fund may be increased.

9.4 Accordingly, where derivative instruments are used, the Manager will employ a risk-management process which enables the Manager to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the relevant Fund. The Manager applies a Value at Risk (VAR) approach to calculate each Fund's global exposure as further explained in section 28 and to ensure it complies with the investment objectives and policies set out in Appendix 1.

(a) Where the "commitment approach" to risk management is being used the Manager of the Fund must ensure that its global exposure relating to derivatives and forward transactions held in the Fund does not exceed the net value of the scheme property.

(b) The Manager of the Fund must calculate its global exposure on at least a daily basis.

(c) For the purposes of this section, exposure must be 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

9.5 The Manager must calculate the global exposure of a Fund it manages either as:

(i) the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in paragraph 9.7 below), which may not exceed 100% of the net value of the scheme property; or

(ii) the market risk of the scheme property

9.6 The Manager must calculate the global exposure of a Fund by using:

(a) the commitment approach; or

(b) the value at risk approach.

9.7 The Manager must ensure that the method selected in 9.6 is appropriate, taking into account:

(a) the investment strategy pursued by the UCITS scheme;

(b) the types and complexities of the derivatives and forward transactions used; and

(c) the proportion of the scheme property comprising derivatives and forward transactions.

9.7.1 Where a Fund employs techniques and instruments including repo contracts or stock lending transactions in accordance with paragraph 15 below (Stock lending) in order to generate additional leverage or exposure to market risk, the Manager must take those transactions into consideration when calculating global exposure.

9.7.2 For the purposes of 9.6(b), value at risk means a measure of the maximum expected loss at a given confidence level over the specific time period.

9.7.3 With regard to a Fund's underlying assets, the Manager will ensure that when a transferable security or approved money-market instrument embeds a derivative, the derivative must be taken into account when complying with the requirements under the risk management process and paragraph 9.4 above and contains a component that:

- by virtue of that component, some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which embeds the derivative can be modified according to specified interest rates, financial instrument price, foreign exchange rate, index of prices and rates, credit rating or credit index or other variable and therefore vary in any way similar to a stand-alone derivative;
- its economic characteristics and risks are not closely related to economic characteristics of the derivative;
- it has significant impact on the risk profile and pricing of the transferable security.

A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.

Where a Fund holds an index-based derivative, provided the index falls within the rules of eligibility of an index set out in the sub-paragraph 10.1 (d) below, the underlying constituents do not have to be taken into account when calculating the spread requirements in sub-paragraphs 10.1 (a) – (d) below.

10. Spread Limits

10.1. A Fund may not invest in any one issuer in excess of the limits set out below in sub-paragraphs (a) – (d) below. These limits do not apply to investment in government and public securities which are considered separately in paragraph 11 below:

(a) Not more than 5 per cent in value of the property of a Fund is to consist of transferable securities or approved money-market instruments issued by any single body, except that the limit of 5 per cent is raised to 10 per cent in respect of up to 40 per cent in value of its scheme property. For these purposes certificates representing certain securities are treated as equivalent to the underlying security.

(b) Not more than 20 per cent of the value of a Fund's scheme property may be invested in deposits made with the same entity.

(c) The exposure to any one counterparty in an OTC derivative transaction must not exceed 5 per cent in value of the property. This limit is raised to 10 per cent where the counterparty is an approved bank. Exposure to a counterparty in an OTC derivative transaction may be reduced by using collateral in accordance with the techniques set out in sub-paragraph 18 below. When calculating the exposure of a Fund to an OTC counterparty, in accordance with the limits set out in this paragraph, the Manager must use the positive mark-to-market value of the OTC derivative contract with that counterparty.

(d) Notwithstanding the individual limits laid down in sub-paragraphs 10 (a) to (c) above, a Fund may not combine

- investments in transferable securities or money-market instruments issued by a single body, and/or
- deposits (where permitted) made with a single body, and/or
- exposures arising from OTC derivative transactions undertaken with a single body,

in excess of 20 per cent of its scheme property.

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

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 10.1 (a) to (c) above.

Not more than 20 per cent in value of the property of a Fund is to consist of transferable securities and approved money-market instruments issued by the same group, subject to restrictions in 10 (a) and (d) above.

Without prejudice to the limits laid down in paragraph 13 below, the limits laid down in sub-paragraph 10.1 (a) above is raised to a maximum of 20 per cent 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 on the following basis:

- the composition of the index is sufficiently diversified;
- the index is an adequate benchmark for the market to which it refers;
- it is published in an appropriate manner which relies on sound pricing procedure;

An index represents an adequate benchmark for the market to which it refers if its provider uses a recognised methodology which generally does not result in the exclusion of a major issuer of the market to which it refers. An index is published in an appropriate manner if it is accessible to the public and the index provider is independent from the index replicating Fund (this does not prevent the index provider and the Fund being part of the same group provided effective arrangements are in place for the management of conflicts of interests).

The limit of 20 per cent can be raised to 35 per cent for a particular Fund where that proves to be justified by exceptional market conditions in particular in eligible markets where certain transferable securities or approved money-market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

11. Government and Public Securities

Where no more than 35 per cent in value of a Fund is invested in government and public securities ("such securities") issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue. The Manager will consult the Trustee where more than 35 per cent of the scheme property is invested in such securities in order to ensure that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the Fund. Currently this applies to the following Funds:

- BlackRock Balanced Income Portfolio Fund may invest more than 35 per cent and up to 49 per cent of its scheme property in Government and Public Securities issued or guaranteed by any body specified below. BlackRock Global Bond Fund and BlackRock Cautious Portfolio Fund may invest more than 35 per cent and up to 100 per cent of the scheme property in government and public securities issued or guaranteed by any body specified below.

- Where, however, more than 35 per cent of the property of BlackRock Global Bond Fund, BlackRock Balanced Income Portfolio Fund or BlackRock Cautious Portfolio Fund comprises Government and Public securities issued by any one issuer, then up to 30 per cent of the property of the relevant Fund may consist of such securities of any one issue and the Fund's total holding of Government and Public Securities must include such securities issued by that or another issuer of at least six different issues.

- The issuer or guarantors for the purpose of the above limits are as follows:

  (i) the Government of the United Kingdom (including the Scottish Administration, the Executive Committee of the Northern Ireland Assembly and the National Assembly of Wales);

  (ii) the Government of any EEA State including the Governments of Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden;

  (iii) the Governments of Australia, Canada, Japan, New Zealand, and the United States of America;

  (iv) The World Bank, The Inter-American Development Bank, The European Investment Bank and The European Bank for Reconstruction and Development.

12. Significant influence

The Manager must not acquire or cause to be acquired for the authorised unit trusts for which it acts as manager, transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if immediately before the acquisition, the aggregate of any such securities held for that Fund together with any other securities held for authorised unit trusts managed by the Manager gives the Manager power significantly to influence the conduct of business of that body corporate, or the acquisition gives the Manager that power.

The Manager is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held for all the authorised unit trusts of which it is the manager, exercise or control the exercise of 20 per cent or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

13. Concentration

A Fund may not:

(a) Acquire transferable securities (other than debt securities) which do not carry a right to vote on any matter at a general meeting of the body corporate that issued them, and represent more than 10 per cent of those securities issued by that body corporate.

(b) Acquire more than 10 per cent of the debt securities issued by any single body.

(c) Acquire more than 25 per cent of the units in a single CIS. In the case of an umbrella CIS this limit is taken at the level of the umbrella.

(d) Acquire more than 10 per cent of approved money-market instruments of any single body.

A Fund need not comply with the limits above if, at the time of acquisition, the net amount in issue of the relevant investment cannot be calculated.

14. Borrowing

14.1. The Trustee (on the instructions of the Manager) may, in accordance with this paragraph, borrow money for the use of the Funds on terms that the borrowing is to be repayable out of the property. This power to borrow is subject to the obligation of the Funds to comply with any restriction in its Trust Deed. The Trustee may borrow only from an eligible institution or an approved bank. The Manager must ensure that any borrowing is on a temporary basis and that borrowings are not persistent, and for this purpose the Manager must have regard in particular to the duration of any period of borrowing, and the number of occasions on which resort is had to borrowing in any period. In addition, the Manager must ensure that no period of borrowing exceeds three months, whether in respect of any specific sum or at all, without the prior consent of the Trustee, the Trustee's consent may be given only on such conditions as appear to the Trustee appropriate to ensure that the borrowing does not cease to be on a temporary basis only.

The Manager must ensure a Fund's borrowing does not, on any Business Day, exceed 10 per cent of the value of the property of the Fund. "Borrowing" includes, as well as borrowing in a conventional manner, any other arrangement (including a combination of derivatives) designed to achieve a temporary injection of money into the property in the expectation that the sum will be repaid.

None of the money in the property of the Fund may be lent and, for the purposes of this prohibition, money is lent by the Fund if it is paid to a person ("the payee") on the basis that it should be repaid, whether or not by the payee. Acquiring a debenture is not lending; nor is the placing of money on deposit or in a current account.

The property of the Funds other than money must not be lent by way of deposit or otherwise except for the purposes of stock lending as described above.

Transactions permitted for the purposes of stock lending are not lending for these purposes.

The property of the Funds must not be mortgaged. Nothing in these restrictions prevent the Trustee at the request of the Manager, from lending, depositing, pledging or charging property for margin requirements where transactions in derivatives or forward transactions are used for the account of the Fund in accordance with any other of the rules in COLL 5.

14.2. A Fund 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, approved money-market instruments or other financial investments referred to in sub-paragraphs 2.4, 4, 8 and 9 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.

15. Stock lending

15.1. Stock lending transactions or repo contracts may be entered into when it reasonably appears to the Manager to be appropriate to do so with a view to generating additional income for the Funds with an acceptable degree of risk.

The Trustee at the request of the Manager may enter into a stock lending arrangement or repo contract of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if all the terms of the agreement under which securities are to be reacquired by the Trustee for the account of the Funds, are in a form which is acceptable to the Trustee and are in accordance with good market practice, the counterparty meets the criteria set out in COLL 5.4.4 and collateral is obtained to secure the obligation of the counterparty. Collateral must be acceptable to the Trustee, adequate and sufficiently immediate.

The Trustee must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Trustee. This duty may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Trustee takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.

Where a Fund enters into arrangements through which collateral is reinvested, this should be taken into account for the purposes of measuring a Fund's global exposure under sub-paragraph 9.3.

15.2. Collateral is adequate for the purposes of stock lending only if it is:

a. transferred to the Trustee or its agent;

b. at least equal in value, at the time of the transfer to the Trustee, to the value of the securities transferred by the Trustee; and

c. in the form of one or more of:
   i. cash; or
   ii. a certificate of deposit; or
   iii. a letter of credit; or
   iv. a readily realisable security; or
   v. commercial paper with no embedded derivative content; or
   vi. a qualifying money-market fund.

Where the collateral is invested in units or shares of a qualifying money-market fund managed or operated by the Manager or an associate of the Manager, the conditions of paragraph 4.4 must be complied with. Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) may be regarded, for the purposes of valuation, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of the Funds.

Each day, the collateral held in respect of each repo contract or stock lending transaction is marked to market and revalued.

Where due to market movements the value of collateral is less than the value of the securities subject to the repo contract or stock lending transaction, the Trustee is entitled to call for additional collateral from the counterparty such that the value of the collateral and margin requirements is maintained.

In the event there is a decline in the value of the collateral which exceeds the value of the margin held by the Trustee, a counterparty credit risk will arise pending delivery of the additional collateral. In the normal course of events, additional collateral is delivered the following Business Day.

There is no limit on the value of the property which may be the subject of repo contracts or stock lending transactions. Collateral transferred to the Trustee is part of a Fund's property for the purpose of the COLL Rules except in the following respects:

- it does not fall to be included in any valuation for the purposes of COLL 6.3 or this Appendix 3, because it is offset by an obligation to transfer at a future date (as set out above); and

- it does not comprise the Fund's property for the purpose of any investment and borrowing powers set out in this Appendix 3 except for the purpose of this paragraph 15.

16. General power to accept or underwrite placings

Any power in the COLL Sourcebook to invest in transferable securities may be used for the purpose of entering into any agreement or understanding: which is an underwriting or sub-underwriting agreement, or which contemplates that securities will or may be issued or subscribed for or acquired for the account of a Fund.

This ability does not apply to an option, or a purchase of a transferable security which confers a right to subscribe for or acquire a transferable security, or to convert one transferable security into another.

The exposure of the Fund to agreements and understandings as set out above, on any business day be covered and be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any of the investment limits set out elsewhere in this section.

17. Guarantees and indemnities

The Trustee for the account of the Fund must not provide any guarantee or indemnity in respect of the obligation of any person.

None of the property of the Fund may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

These requirements do not apply to any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with the requirements set out in this section.

18. Over-the-Counter ("OTC") transactions in derivatives

The Manager'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.

Any transaction in an OTC derivative must be:

- with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is an eligible institution or an approved bank; or a person whose permission (including any requirements or limitations), as published in the FSA Register or whose home state authorisation, permits it to enter into the transaction as principal off-exchange;

- on approved terms; the terms of the transaction in derivatives are approved only if, the Manager carries out at least daily a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely on market quotations by the counterparty, and the Manager can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value;

- capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the Manager having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy: on the basis of an up-to-date market value which the Manager and the Trustee have agreed is reliable, or, if the value referred to above is not available, on the basis of a pricing model which the Manager and Trustee have agreed uses an adequate recognised methodology; and

- subject to verifiable valuation; a transaction in derivatives is subject to verifiable valuation only if throughout the life of the derivative verification of valuation is carried out by an independent third party distinct from the counterparty on a regular basis and in such a way that the Manager is able to check or by an independent division of the Manager separate from the division managing the particular Fund's assets.

Collateral required under OTC derivative transactions must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation.

OTC derivative positions with the same counterparty may be netted provided that the Manager is able legally to enforce netting agreements in place with the counterparty on behalf of the Fund and these netting agreements do not apply to any other exposures the Fund may have with that counterparty.

19. Commodities and Real Estate

19.1. The Funds' assets may not include precious metals or certificates representing them, commodities, commodities contracts, or certificates representing commodities.

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

20. Short Term Money-Market Funds

20.1 A Fund which is categorised in this Prospectus as a "Short Term Money-Market Fund" in accordance with the COLL Sourcebook and the ESMA's "Guidelines on a common definition of European money market funds" will satisfy the following conditions:

- the Fund's primary investment objective is to maintain the principal and aim to provide a return in line with money-market rates;
- the Fund will invest only in approved money-market instruments (in accordance with Section 2 of this Appendix) and deposits with credit institutions;
- the Fund will, on an ongoing basis, ensure the approved money-market instruments it invests in are of "high quality" as determined by the Investment Manager in accordance with the range of factors to determine "high quality" set out in the COLL Sourcebook;
- the Fund will provide daily net asset value and price calculation and allow for daily subscription and redemption of units;
- the Fund will invest only in securities with a residual maturity until the legal redemption date of less than or equal to 397 days and the Fund will maintain a weighted average maturity of no more than 60 days and a weighted average life of no more than 120 days;
- the Fund will not take direct or indirect exposure to equities or commodities, including via derivatives and will only use derivatives in line with its money-market investment strategy. If using derivatives that give exposure to foreign exchange the Fund will do so only for the purposes of hedging;
- the Fund will only invest in non-base currency securities where its exposure is fully hedged;
- the Fund will limit its investment in other collective investment schemes to those permitted under Section 4 of this Appendix and which meet the definition of a "Short-Term Money-Market Fund" in accordance with ESMA's "guidelines on a common definition of European money market funds"; and
- the Fund will maintain a fluctuating net asset value.

APPENDIX 4
Valuation and Pricing

A. Determination of Net Asset Value

The value of the scheme property of the Fund shall be determined in accordance with the following provisions.

1. All the scheme capital and income property (including receivables) is to be included, subject to the following provisions.

2. The valuation shall be prepared on an *issue* basis and on a *cancellation basis* in accordance with paragraph 9 of this Prospectus.

3. The valuation of the scheme property of the Fund which is not cash or a contingent liability transaction shall be valued using the most recent prices which it is practicable to obtain:

   i. units or shares in a collective investment scheme

      a. if separate buying and selling prices are quoted, at the most recent maximum sale price reduced by any expected discount plus any dealing costs (*issue* basis)[1] or the most recent minimum redemption price less any dealing costs (*cancellation basis)*.[2]

      b. if a single price for buying and selling units or shares is quoted, at that price (plus any dealing costs when valuing on an *issue basis*[1] or less any dealing costs when valuing on a *cancellation basis* [2]; or

      c. if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a buyer's price which, in the opinion of the Manager, is fair and reasonable (plus any dealing costs when valuing on an *issue basis*[1] or less any dealing costs when valuing on a *cancellation basis* [2]).

   ii. any other investment:

      a. the best available market dealing offer price (*issue* basis) or the most current dealing bid price (*cancellation* basis) on the most appropriate market in a standard size plus dealing costs[3]; or

      b. the last traded price of the market[1] or

      c. at the price which would be paid by a buyer (issue basis) or received by a seller (cancellation basis) for an immediate transfer or assignment (or, in Scotland, assignation) to him at arm's length; together with the Manager's reasonable estimate in respect dealing costs[3], which may be accounted for separately within the valuation

   iii. property valued other than as described in 3(i) or 3(ii) above:

      a. if no recent price(s) exist or in the opinion of the Manager the price obtained is unreliable, then by some other reliable means, which may be based on the Manager's reasonable estimate or calculated by some other means deemed by the Manager and Trustee to be appropriate (together with the Manager's reasonable estimate in respect of dealing costs [3] which may be accounted for separately within the valuation.

      In accordance with paragraph 9 of this Prospectus the Manager may at its discretion implement fair value pricing policies in respect of the Fund;

4. Cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.

5. Property which is a derivative constituting a contingent liability transaction shall be treated as follows:

   i. if a written option (and the premium for writing the option has become part of the scheme property) include an amount equivalent to the value net of premium on closing out the contract (whether as a positive or negative value). On expiry, where the contract remains unexercised and is "out-of-the-money", no value will be attributable to the contract, other by way of the premium received or receivable.

   ii. if a purchased option (and the premium for purchasing the option has been paid from the scheme property) an amount equivalent to the value net of premium on closing out the contract (estimated on the basis of writing an option of the same series on the best terms then available on the most appropriate market on which such options are traded.) On expiry, where the contract remains unexercised and is "out-of the money", no value will be attributable to the contract, other than by way of the premium paid or payable.

   iii. if another exchange-traded derivative contract:

      (a) if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or

---

[1] Dealing costs" include any SDRT provision which may be added in the event of a purchase by the scheme of the units or shares in question, and where a single price is quoted, any dilution levy. If the Manager is also the manager or an associate of the manager of the relevant underlying collective investment scheme, in the case of valuing on an issue basis, dealing costs do not include payment of a preliminary charge on purchase of units in the underlying collective investment scheme.

[2] "Dealing costs" include any SDRT provision which may be added in the event of a purchase by the scheme of the units or shares in question, and where a single price is quoted, any dilution levy. If the Manager is also the manager or an associate of the manager of the relevant underlying collective investment scheme, in the case of valuing on a cancellation basis, dealing costs do not include payment of a redemption charge on sales of units in the underlying collective investment scheme.

[3] "Dealing costs" include any fiscal charges, commission or other charges payable in the event of the scheme carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the scheme are the least that could be reasonably expected to be paid in order to carry out the transaction.

(b) if separate buying and selling prices are quoted, at the average of the two prices.

iv. if an off-exchange future or contract for differences ("OTC derivatives") or forward foreign exchange contract, include at the net value of closing out the contract (estimated on the basis of the amount of profit or loss receivable or payable by the Fund on closing out the contract in accordance with the valuation methods in COLL 5.2.23R.)

6. In determining the value of the scheme property, all instructions given to the Trustee to issue or cancel units or any outstanding consequential action required in respect of an issue or cancellation of units shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.

7. Subject to paragraphs 8 and 9 of this Appendix 4, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the Manager, their omission shall not materially affect the final net asset amount.

8. Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 7 of this Appendix 4.

9. All agreements are to be included under paragraph 7 of this Appendix 4, which are, or could reasonably be expected to have been, known to the person valuing the property assuming that all other persons in the Manager's employment take all reasonable steps to inform it immediately of the making of any agreement.

10. Deductions will be made for any liabilities payable out of the scheme property and any tax thereon, as follows:

    i. liabilities accrued on unrealised capital gains which is payable out of the scheme property
    ii. liabilities accrued on realised capital gains in respect of previously completed and current accounting periods which is payable out of the scheme property
    iii. liabilities accrued in respect of income received or receivable
    iv. liabilities accrued in respect of stamp duty reserve tax or any other fiscal charge not covered under this deduction.
    v. the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.

11. The following items will be added:

    i. any amount in respect of accrued claims for tax of whatever nature which may be recoverable; and
    ii. any other credits or amounts due to be paid into the scheme property;
    iii. any stamp duty reserve tax provision anticipated to be received; and
    iv. sums representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received.

12. Currencies or values in currencies other than base currency shall be converted at the relevant valuation point at the prevailing rate of exchange on the market on which the Manager would normally deal if it wished to make such a conversion.

B. DETERMINATION OF UNIT PRICE

Prices at which units may be issued or cancelled will be calculated by valuing the Fund's underlying property attributable to the class of units in question (in accordance with section A above) and then dividing the value of the Fund's underlying property by the number of units in issue. It is this computation which determines the maximum issue price and the minimum cancellation price for the units in the Fund.

The Manager will determine the unit price in accordance with the following calculations:

1. In order to calculate the maximum issue price, the following shall apply:

    i. take the proportion, attributable to the units in the class in question, of the value of the issue basis of the scheme property by reference to the most recent valuation of the scheme property on an issue basis;
    ii. compute the number of units of the relevant class in issue immediately prior to the valuation in (i);
    iii. divide the total at (i) by the number of units in (ii); and
    iv. express the price in a form that is accurate to at least four significant figures.

    This process determines the full cost of creating a unit and results in the maximum price at which unitholders can buy a unit in the Fund (excluding any preliminary charge due to the Manager), in accordance with paragraph 8 of this Prospectus.

2. In order to calculate the minimum cancellation price, the following shall apply:

    i. take the proportion, attributable to the units in the class in question, of the value of the cancellation basis of the scheme property by reference to the most recent valuation of the scheme property on a cancellation basis;
    ii. compute the number of units of the relevant class in issue immediately prior to the valuation in (i);
    iii. divide the total at (i) by the number of units in (ii); and
    iv. express the price in a form that is accurate to at least four significant figures.

    This process determines the full cost of cancelling a unit and determines the level at which the minimum 'bid price' can be fixed. This is the minimum price at which unitholders can sell back their units in the Fund. The actual 'bid price' at which unitholders can sell their units will either be the same or higher than the cancellation price.

Schedule 1
Eligible Securities Markets

1. The following markets shall be eligible securities markets for BlackRock Balanced Income Portfolio Fund, BlackRock Cautious Portfolio Fund, BlackRock Global Bond Fund, BlackRock Corporate Bond Fund, BlackRock UK Special Situations Fund, BlackRock Emerging Markets Fund, BlackRock Global Equity Fund, BlackRock Global Income Fund and BlackRock World Resources Income Fund.

A: Europe

Austria	Vienna Stock Exchange (Wiener Boerse)
Belgium	Euronext, Brussels
Bulgaria	Bulgaria Stock Exchange – Sofia (BSE – Sofia)
Croatia	Zagreb Stock Exchange
Czech Republic	Prague Stock Exchange
Denmark	Copenhagen Stock Exchange (Kobenhavns Fondsbors)
	OMX Nordic Exchange Copenhagen
Estonia	Tallinn Stock Exchange
	Estonian CSD
Finland	Helsinki Stock Exchange
	OMX Nordic Exchange OY
France	Euronext, Paris
Germany	Berlin-Bremen Stock Exchange (Borse Berlin-Bremen)
	Hamburg and Hannover Exchanges (Börsen Hamburg und Hannover)
	Munich Exchange (Börsen München)
	Stuttgart Exchange (Boerse Stuttgart)
	Deutsche Borse, Frankfurt
Greece	Athens Stock Exchange
Holland	Euronext, Amsterdam
Hungary	Budapest Stock Exchange
Ireland	Irish Stock Exchange
Italy	Italian Stock Exchange (Borsa Italiana)
Luxembourg	Luxembourg Stock Exchange (Bourse de Luxembourg)
Norway	Oslo Bors
Poland	Warsaw Stock Exchange
Portugal	Euronext, Lisbon
Spain	Barcelona Stock Exchange (BME Spanish Exchange)
	Bilbao Stock Exchange (BME Spanish Exchange)
	Madrid Stock Exchange (BME Spanish Exchange)
	Valencia Stock Exchange (BME Spanish Exchange)
Sweden	OMX Nordic Exchange Stockholm AB
Switzerland	SWX Swiss Exchange
Turkey	Istanbul Stock Exchange
UK	London Stock Exchange
	AIM
	SWX Europe Limited

B: Americas

Brazil	BM & F BOVESPA S.A.
Canada	Toronto Stock Exchange
Chile	Santiago Stock Exchange (SSE)
Colombia	Bolsa de Valores de Colombia (BVC)
Mexico	The Mexican Stock Exchange (Bolsa Mexicana de Valores)
Peru	Lima Stock Exchange (Bolsa de Valores de Lima)
USA	The American Stock Exchange
	The New York Stock Exchange
	NYSE AXCA
	The Philadelphia Stock Exchange
	National Stock Exchange
	The Boston Stock Exchange
	The Chicago Stock Exchange
	NASDAQ and the Over-the-Counter Markets
	regulated by the National Association of Securities Dealers Inc.

C: Africa

South Africa	The JSE Securities Exchange

D: Far East and Australasia

Australia	Australia Securities Exchange (ASX Limited)
China	Shanghai Stock Exchange (SSE)
	Shenzhen Stock Exchange (SZSE)
Hong Kong	The Hong Kong Exchanges (HKEx)
India	The Bombay Stock Exchange (BSE)
	National Stock Exchange (NSE)
Indonesia	Indonesia Stock Exchange (Bursa Efek Indonesia)
Japan	The Tokyo Stock Exchange
	The Osaka Securities Exchange
	The Nagoya Stock Exchange
	The Sapparo Stock Exchange
	JASDAQ Securities Exchange
The Republic of Korea	Korea Exchange Inc.
Malaysia	Bursa Malaysia BHD
New Zealand	New Zealand Stock Market (NZSX)
Singapore	Singapore Exchange
Taiwan	The Taiwan Stock Exchange
Thailand	The Stock Exchange of Thailand
Philippines	Philippines Stock Exchange

2. All the above markets with the exception of the Taiwan Stock Exchange shall be eligible markets for the BlackRock Gold and General Fund.

3. The markets listed under 1.B. above shall be eligible markets for the BlackRock US Dynamic Fund and the BlackRock US Opportunities Fund.

4. The London Stock Exchange in the UK under 1.A. above shall be an eligible market for: BlackRock Cash Fund, BlackRock UK Income Fund, BlackRock UK Smaller Companies Fund, BlackRock UK Dynamic Fund, BlackRock UK Focus Fund, BlackRock UK Special Situations Fund and BlackRock UK Fund.

5. The markets listed under 1.A above shall be eligible markets for the BlackRock Continental European Fund, BlackRock Continental European Income Fund and BlackRock European Dynamic Fund.

6. The following markets will be eligible markets for BlackRock Balanced Growth Portfolio Fund and BlackRock Active Managed Portfolio Fund:

   a. Those listed in 1.A above.
   b. Those listed in 1.B above within Canada, Mexico and the USA.
   c. The JSE Securities Exchange in South Africa.
   d. Those listed in 1.D above with the exception of those in the Philippines.

7. The Moscow Interbank Currency Exchange in Russia will be an eligible market for the BlackRock Global Income Fund and BlackRock World Resources Income Fund

8. The Tel Aviv Stock Exchange in Israel will be an eligible market for the BlackRock European Dynamic Fund.

9. AIM will be an eligible securities market for the BlackRock UK Fund, BlackRock UK Income Fund, BlackRock UK Smaller Companies Fund, BlackRock UK Special Situations Fund, BlackRock Balanced Growth Portfolio Fund, BlackRock Active Managed Portfolio Fund, BlackRock UK Dynamic Fund and BlackRock UK Focus Fund.

Schedule 2
Eligible Derivative Markets

The following markets shall be eligible derivative markets for those unit trusts which use efficient portfolio management or derivatives for investment purposes:

Australia Securities Exchange (ASX Limited)

Chicago Board of Trade

Chicago Board Options Exchange

CME Group Inc

EDX London

EUREX

Euronext Brussels

Euronext Amsterdam

Euronext LIFFE

Euronext Paris

Hong Kong Exchanges (HKEx)

ICE Futures Europe

ICE Futures US

Italian Stock Exchange (Borsa Italiana)

Japan Securities Dealers Association (JSDA - Japan OTC Market)

MEFF Renta Fija

MEFF Renta Variable (BME Spanish Exchanges) Montreal Stock Exchange

NASDAQ OMX

New York Mercantile Exchange (NYMEX)

Osaka Securities Exchange

Singapore Exchange

Sydney Futures Exchange

Tokyo International Financial Futures Exchange (TIFFE)

Tokyo Stock Exchange

TurkDex (Turkish Derivatives Exchange)

Wiener Börse - Austrian Exchange for derivatives

In addition to the eligible derivatives markets listed above:

(1) the following markets shall be eligible derivatives markets for the BlackRock Active Managed Portfolio Fund, BlackRock Balanced Growth Portfolio Fund and BlackRock Balanced Income Portfolio Fund:

Bolsa De Mercadorias & Futuros :BMF
CBOE Futures Exchange :CBF

Athens Derivative Exchange :ADEX
Malaysia Derivatives Exchange MDEX- subsidiary of Bursa Malaysia
South African Futures Exchange :SAF
OMX Nordic Exchange Stockholm :SSE
Korea Exchange :KRX
Bolsa de Comercio de Buenos Aires
Mexican Derivatives Exchange MEXDER
NYSE LIFFE U.S. :NYL
National Stock Exchange :NSE
Bombay Stock Exchange :BSE
Thailand Futures Exchange :TFEX
Taiwan Futures Exchange :TAIFEX
Warsaw Stock Exchange :WSE

and

(2) the following market shall be eligible for the BlackRock Active Managed Portfolio Fund, BlackRock Balanced Growth Portfolio Fund, BlackRock Balanced Income Portfolio Fund and BlackRock Cautious Portfolio Fund:

MDX - Mercado Mexicano de Deriva

BlackRock®