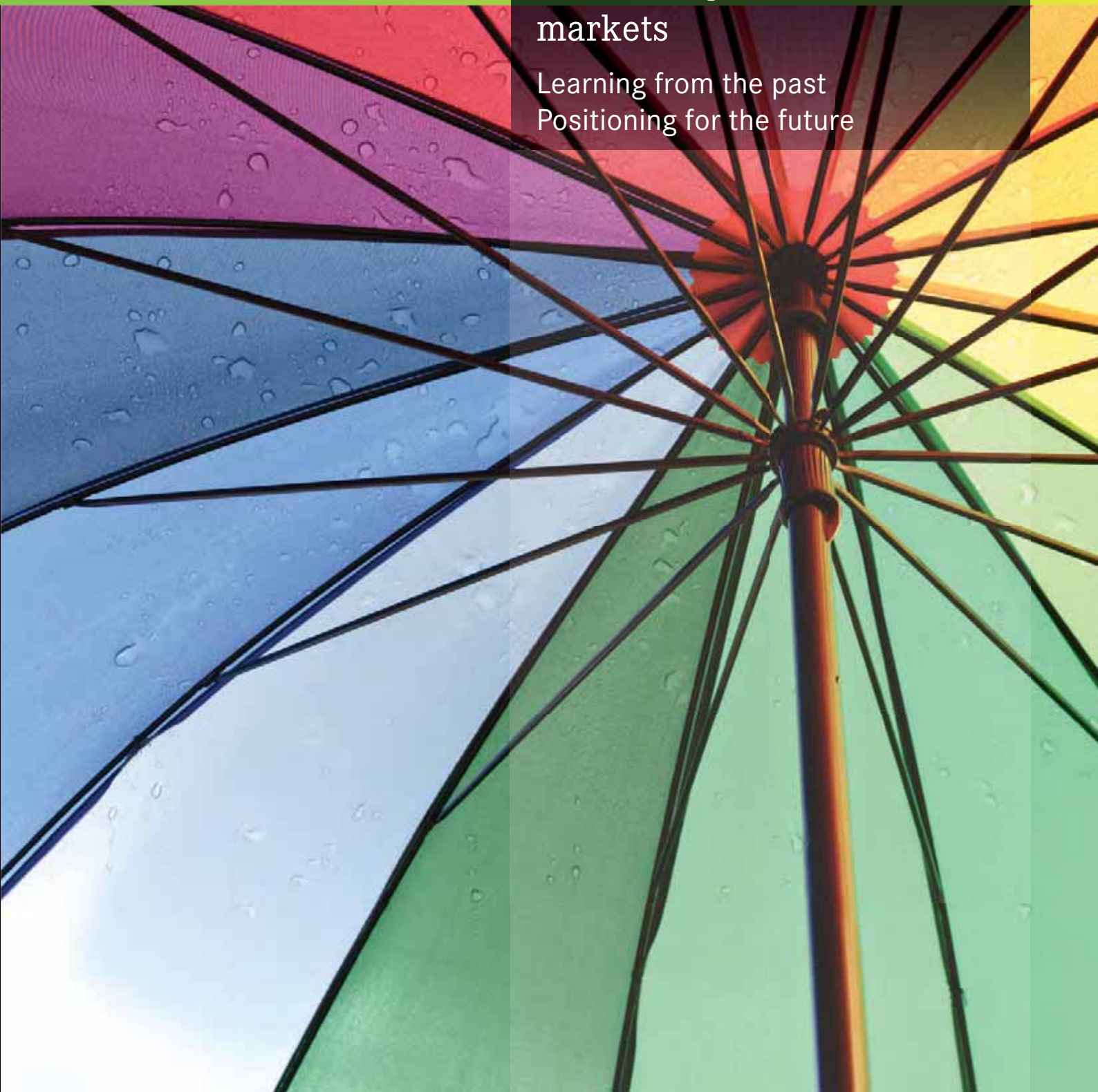


Weathering uncertain markets

Learning from the past
Positioning for the future



The background of the slide is a blue-tinted photograph of a window. Numerous small, clear raindrops are scattered across the upper portion of the glass. A dark, diagonal line, likely a window frame or pane edge, runs from the bottom left towards the middle right of the image. The overall mood is contemplative and serene.

Managing an investment portfolio has always been challenging, and the most recent market cycle has tested investors' commitment to their long-term investment plans. At BlackRock®, we believe investors should maintain their long-term view, using lessons from the past to help position their portfolios for the future.

Learning from the past

- ▶ Understand market cycles and position for growth

Although markets have typically followed long-term up-and-down patterns, upturns tend to last longer than downturns and have greater depth.

- ▶ Avoid market timing

When trying to jump in and out of the market, investors run the risk of missing some of the best days.

- ▶ Think long term

Although markets tend to be highly volatile over the short term, over time they tend to produce strong long-term results.

Positioning for the future

- ▶ Focus on diversification

Investing in a broad range of asset classes and styles can help overall portfolio returns while reducing risk.

- ▶ Pound-cost average

Employing regular investment programs like pound-cost averaging can potentially smooth out some of the market's inherent volatility.

- ▶ Rebalance your portfolio

Periodic portfolio readjustments can help make sure long-term investment goals remain on track.

You should be aware that all financial investments involve an element of risk. Therefore, the value of investments and the income from them will vary and initial investment amounts cannot be guaranteed. Past performance is not a guide to future returns and should not be the sole factor of consideration when selecting a product. We recommend you seek independent professional advice prior to investing.

Recognising opportunity amid market cycles

Learning from the past

Frequently, market sentiment is lowest when the opportunity is strongest, meaning that investors should not overreact to market downturns.

While most investors recognise that, over the long term, markets move up and down, there is also a relationship between overall market sentiment and market cycles. In rising markets, more people tend to invest as they chase returns (similar to what happened during the technology boom of the late 1990s), while in declining markets, many people tend to sell (as we saw in 2008 and early 2009).

By doing this, however, many investors are buying at market highs and selling at market lows. It is actually when market sentiment is at its worst that markets are set to rebound and, historically, extreme pessimism often coincides with market bottoms. In fact, bearishness is at its worst just before conditions begin to improve. This does not suggest investors should try to time market peaks and valleys, but rather they should understand there is often an inverse relationship between sentiment and opportunity. As such, we believe investors should avoid overreacting to market cycles or volatility.

Avoid overreacting to volatility

Growth of £100,000 in the FTSE All-Share Index over the last 20 years (1991-August 2011)



Sources: BlackRock; Thompson Reuters Datastream. FTSE All-Share Index (total return). It is not possible to invest directly in an index. Past performance is no guarantee of future results. The information provided is for illustrative purposes only and is not meant to represent the performance of any particular investment.

Upturns have been stronger than downturns

Significant market downturns can be rapid and difficult to endure, but history suggests markets will eventually recover. Over the past 45 years, we have seen a number of significant market declines. As the chart below illustrates, however, the upturns that follow have on average lasted longer and been of greater scale. This trend helps explain why stocks have historically exhibited relatively strong long-term performance.

Learning from the past

When compared to downturns, market upturns historically have lasted longer and have been stronger.

Upturns have been longer and stronger

Downturns and upturns (1966-August 2011)

Dates of downturn	Duration of downturn (mths)	Dates of upturn	Duration of upturn (mths)	Loss during downturn (cumulative % return)	Gain during upturn (cumulative % return)
Jun-66 / Aug-66	2	Aug-66 / Jan-69	29	-18	122
Jan-69 / May-70	16	May-70 / Apr-72	23	-30	103
Apr-72 / Nov-74	31	Nov-74 / Sep-77	34	-67	302
Sep-77 / Feb-78	5	Feb-78 / Apr-79	14	-12	54
Apr-79 / Dec-79	8	Dec-79 / Aug-81	20	-14	61
Aug-81 / Sep-81	1	Sep-81 / Apr-84	31	-16	120
Apr-84 / May-84	1	May-84 / Sep-87	40	-10	191
Sep-87 / Nov-87	2	Nov-87 / Aug-89	21	-34	64
Aug-89 / Oct-89	2	Oct-89 / Dec-89	2	-10	12
Dec-89 / Sep-90	9	Sep-90 / May-92	20	-17	48
May-92 / Aug-92	3	Aug-92 / Jan-94	17	-15	68
Jan-94 / Jun-94	5	Jun-94 / May-98	47	-15	123
May-98 / Sep-98	4	Sep-98 / Dec-99	15	-16	42
Dec-99 / Jan-03	37	Jan-03 / Oct-07	57	-43	135
Oct-07 / Feb-09	16	Feb-09 / Apr-11	26	-41	76
Average	9.4		26.4	-24	102

Sources: BlackRock; Thompson Reuters Datastream. FTSE All-Share Index (total return). It is not possible to invest directly in an index. Past performance is no guarantee of future results. The information provided is for illustrative purposes only and is not meant to represent the performance of any particular investment.

Bull markets are often stronger than bear markets

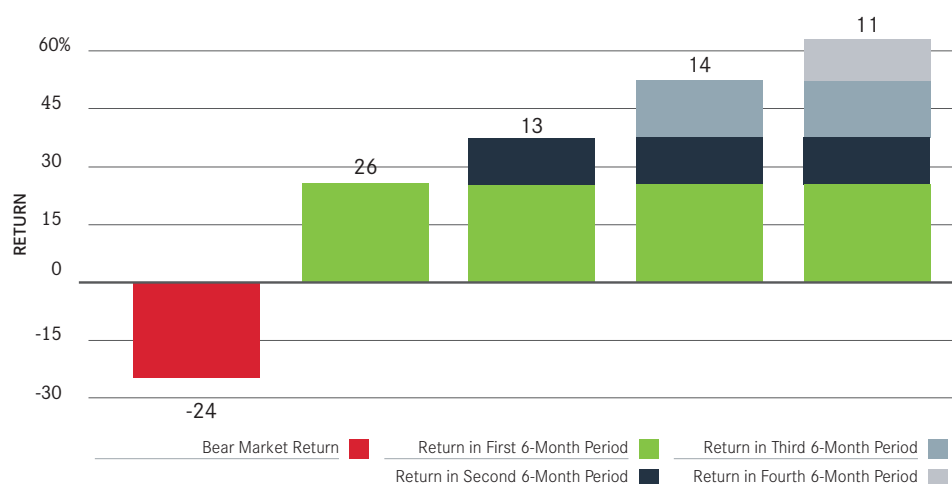
Learning from the past

It is important to stay invested through difficult times and through periods of uneven growth since knowing in advance when a long-term market upturn might start is challenging, if not impossible.

Studying these market cycles also shows that market recoveries tend to be uneven in terms of when the best returns can be found and that bull markets tend to be longer lasting. Bull markets can start quickly and then shift into periods of slower, but sustainable, growth. Over the last 45 years, in the 15 bull markets we identified, markets on average recovered strongly, and managed to post gains for at least two years.

Strength in bull markets

Average cumulative return of the FTSE Index



Dates of bear market	Peak to trough decline	6 mths later	12 mths later	18 mths later	24 mths later
	%	%	%	%	%
Jun-66 / Aug-66	-18	7	27	50	100
Jan-69 / May-70	-30	10	44	62	96
Apr-72 / Nov-74	-67	127	145	161	120
Sep-77 / Feb-78	-12	22	30	39	53
Apr-79 / Dec-79	-14	21	35	53	54
Aug-81 / Sep-81	-16	21	38	61	78
Apr-84 / May-84	-11	20	39	56	80
Sep-87 / Nov-87	-34	19	23	47	57
Aug-89 / Oct-89	-11	-1	-3	20	27
Dec-89 / Sep-90	-17	27	38	31	38
May-92 / Aug-92	-15	29	46	62	61
Jan-94 / Jun-94	-14	6	16	31	39
May-98 / Sep-98	-16	25	24	37	35
Dec-99 / Jan-03	-42	21	32	34	52
Oct-07 / Feb-09	-41	34	47	48	72
Average	-24	26	39	53	64

Sources: BlackRock; Thompson Reuters Datastream. Downturns are defined by a time period when the stock market value declined by 10% or more from its peak. Index is FTSE All Share Index (total return). It is not possible to invest directly in an index. Past performance is no guarantee of future results. The information provided is for illustrative purposes only and is not meant to represent the performance of any particular investment.

Missed opportunities can be costly

Every market cycle has both up days and down days. Often, a few very good days account for a large part of the total return. Staying the course ensures investments will be ‘in’ the market on the good days. Some people try to time market movements by selling stocks when they think the market is about to decline and buying stocks when they think the market is about to rise. Consistently predicting which days will move in which direction, however, is virtually impossible and can be very costly.

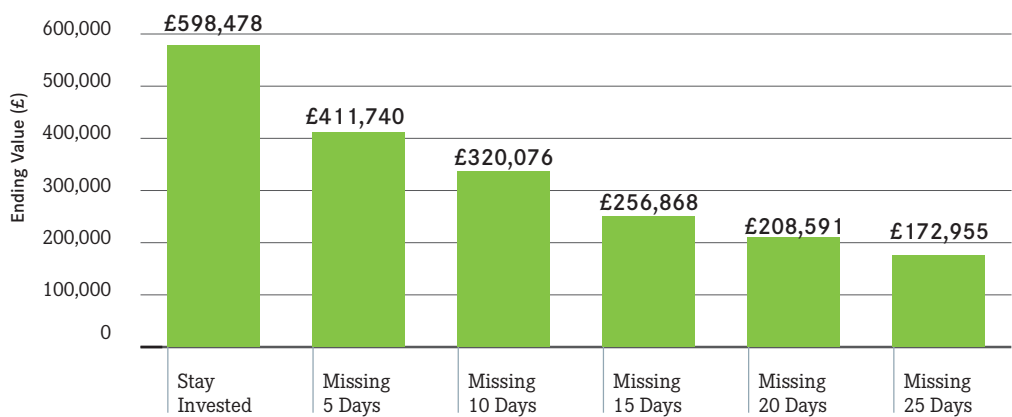
As the accompanying chart shows, missing only a few of the best days over the last 20 years would have had an adverse effect on an investor’s return. A hypothetical £100,000 investment in the FTSE All-Share Index held over the entire period of January 1,1991, through 15 August 2011, would have grown to £598,478. Missing just the five best days would have reduced the ending value by £186,738. Missing out on additional days would have affected returns even more significantly.

Learning from the past

Market timing runs the risk of missing out on some of the best-performing days.

Missing top-performing days can hurt your return

Hypothetical investment of £100,000 in the FTSE Index over the last 20 years (1991–Aug. 2011)



Sources: BlackRock; Thompson Reuters Datastream. FTSE All-Share Index (total return). It is not possible to invest directly in an index. Past performance is no guarantee of future results. The information provided is for illustrative purposes only and is not meant to represent the performance of any particular investment.

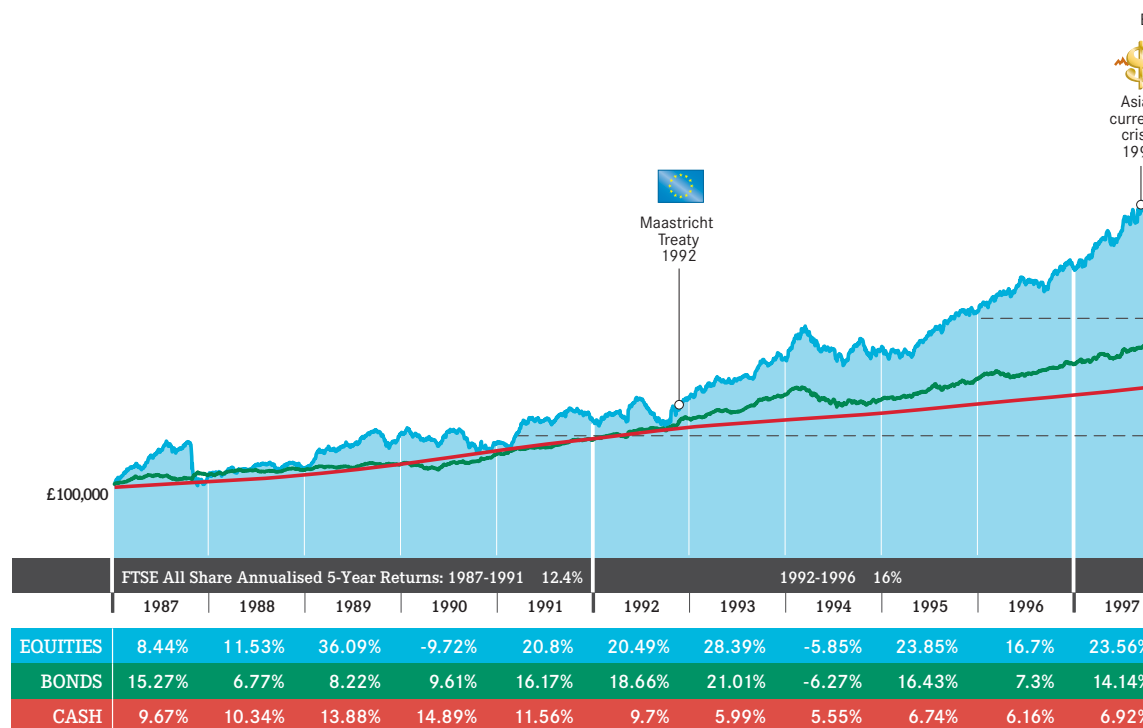
Despite volatility, markets have appreciated over the long term

Learning from the past

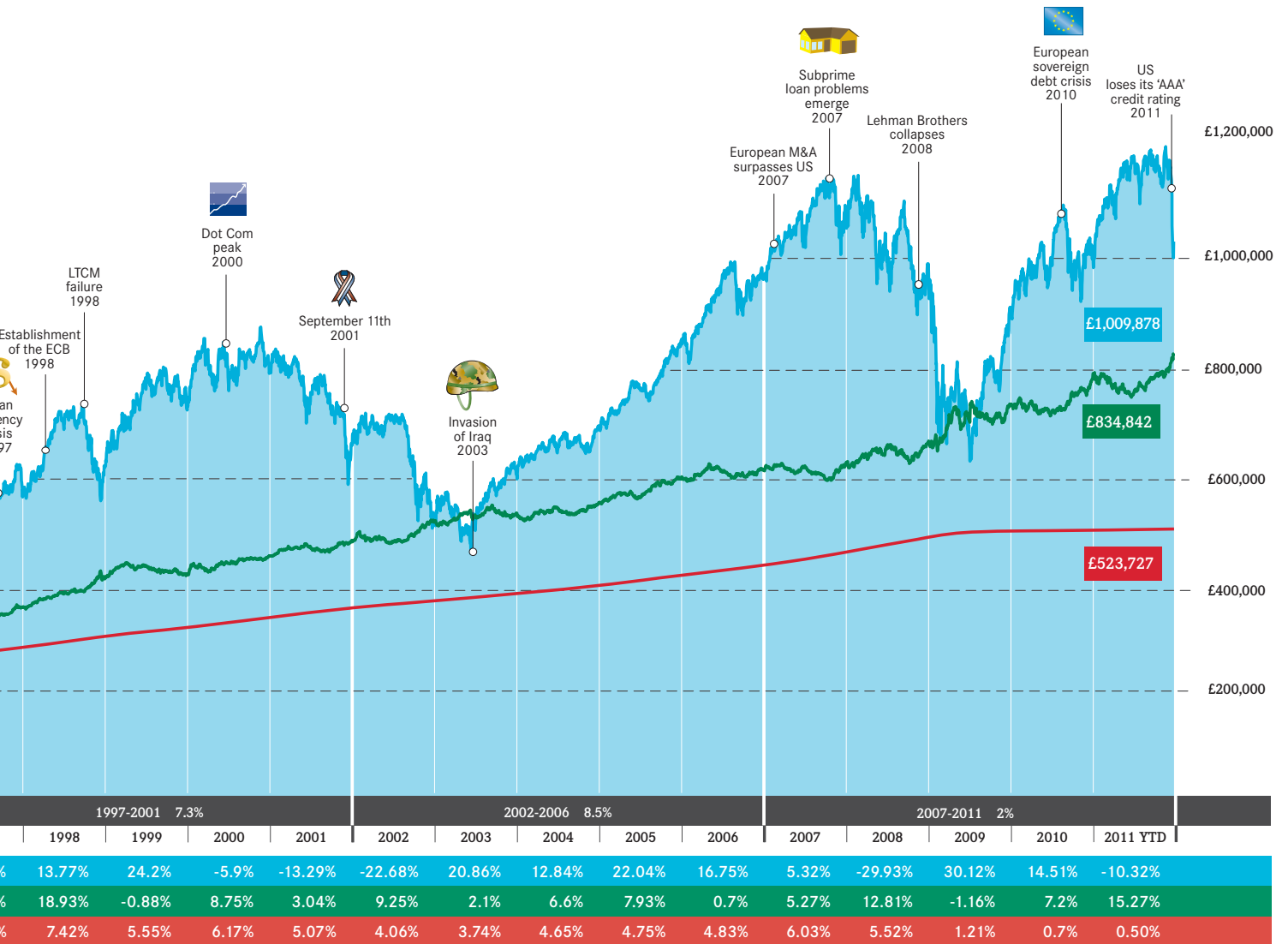
As those who have watched their stock portfolios through the past couple of years can attest, markets can move quickly in either direction, which can unnerve even the most stalwart of investors. Economic crises, recessions, geopolitical incidents or company-specific events can cause sharp market disruptions. But, over time, markets have tended to recover.

How stocks, bonds and cash have grown over time

£100,000 hypothetical investment (1987-Aug 2011)



Source: Thompson Reuters Datastream. All data to 15.08.2011. The information provided is for illustrative purposes only and is not meant to represent a recommendation or an offer of investment (and does not take into account the individual's circumstances, needs, objectives or risk return). Stock prices fluctuate with market condition and may result in loss of principal. Bonds are represented by the FTSE Actuaries UK Gilts All-Index.



represent the past or future performance of any particular investment or the indices. It is not possible to invest directly in an index. Equities are represented by the FTSE All-Share Index (total UK Stocks Index). Cash is represented by 3-month LIBOR rates. All returns are in sterling terms.

Diversification may reduce risk and enhance returns

Positioning for the future

As investors look to position their portfolios for the future, we would encourage them to stick with one of the most basic tenets of investing: Work with a financial professional to develop a sound asset allocation and diversification strategy designed to correspond with their long-term goals.

% Ten-year snapshot of FTSE All-Share sector returns

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
BEST	7.17	-0.80	65.76	29.38	46.66	40.30	51.53	9.01	110.60	34.67
	1.05	-12.38	61.63	26.00	37.17	27.54	27.20	-13.24	78.91	31.03
	-3.05	-15.45	35.15	24.91	36.98	24.36	23.43	-13.51	31.95	28.20
	-4.75	-18.29	28.07	14.98	27.54	23.60	14.06	-16.62	30.49	22.22
	-7.46	-18.30	26.05	14.67	25.88	20.58	10.81	-25.33	29.99	17.78
	-8.23	-22.80	25.82	14.64	20.51	20.44	0.01	-28.39	28.03	15.56
	-15.35	-26.34	23.31	14.09	17.18	20.31	-3.55	-30.99	20.70	14.64
	-15.58	-34.87	14.76	8.94	16.06	1.59	-5.09	-32.83	11.03	7.99
	-31.64	-34.94	13.76	4.08	15.19	1.49	-5.92	-47.90	10.08	5.04
WORST	-66.00	-66.37	6.92	-7.39	3.30	-2.02	-13.76	-54.90	5.27	3.69

Sector

 Oil and Gas	 Health Care	 Financials
 Basic Materials	 Consumer Services	 Information Technology
 Industrials	 Telecoms	
 Consumer Goods	 Utilities	

% Ten-year snapshot of asset class returns

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
BEST	7.33	37.11	40.00	45.73	63.13	50.50	55.19	42.77	90.12	44.07
	4.09	12.10	39.71	24.36	30.84	30.21	29.57	12.81	68.08	33.41
	3.04	9.25	38.86	22.88	30.23	20.59	7.36	-9.94	54.27	27.40
	-5.04	9.03	31.27	21.19	22.40	16.75	5.32	-28.33	50.64	23.68
	-6.70	-0.20	20.86	14.00	22.04	14.43	5.27	-29.93	30.12	19.52
	-9.35	-22.17	17.89	12.84	20.98	8.59	0.64	-38.15	27.33	14.51
	-13.29	-22.68	9.32	11.25	20.78	1.53	0.43	-43.91	15.10	12.62
	-14.09	-25.04	7.50	6.63	8.79	0.83	-2.46	-46.35	13.18	8.67
	-16.89	-27.57	2.10	6.60	7.93	0.70	-10.55	-46.51	13.00	7.20
WORST	-37.15	-32.14	-10.04	-2.10	4.77	-10.62	-37.48	-61.78	-1.16	4.18

Percentage returns for the different asset classes shown are represented as follows: Property is represented by the SPGI BMI UK Property total return index, Gilts are represented by the FTSE Actuaries UK Gilts All Stocks Index. Credit is represented by the FT Fixed Interest Index. UK Equities is represented by the FTSE All-Share Index. The Large Cap sector is represented by the FTSE 100 Index; the mid-cap by the FTSE 250 Index and the small-cap by the FTSE Small Cap Index. The Alternative Investment Market is an international index for smaller growing companies. Brent is represented by the London Brent Crude Oil Index in US\$/bbl. Gold is represented by the London Bullion Market Index in US\$/troy ounce. All other asset class returns are in sterling terms.

Asset Class

	Property		Large Cap		Brent
	Gilts		Mid Cap		Gold
	Corporate Bonds		Small Cap		
	FTSE All-Share		Aim		

Pound-cost averaging can improve long-term returns

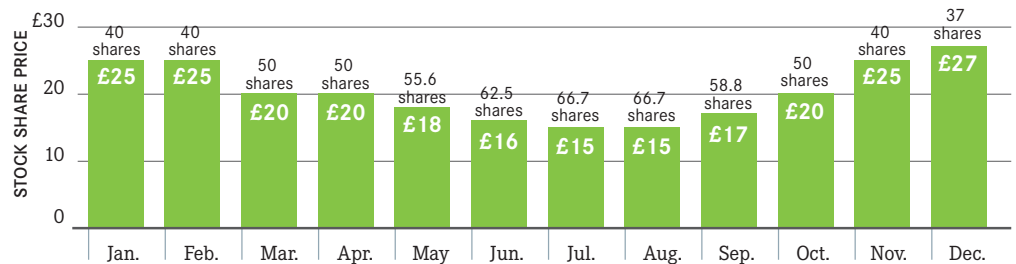
Positioning for the future

Pound-cost averaging can help smooth out long-term returns and can potentially lower the average share price of investments.

As we have seen, choosing the exact best time to invest is very difficult or even impossible. Pound-cost averaging, in which a fixed amount of money is invested at regular intervals, ensures purchasing more shares of an investment when prices are low and fewer when they are high. Ultimately, a lower average cost translates to a higher return when the market swings back up. In Strategy 1 of the hypothetical example below, an investor used a pound-cost averaging strategy, making regular investments of £1,000 per month. When the share prices were higher, the investor bought fewer shares and when the share prices were lower, the investor bought more shares. As a result, the investor's average cost per share (£19.44) was lower than the average market price over the same time period. Additionally, this same investor purchased more shares with the same amount of money than he or she would have made with a lump-sum investment at the beginning of the year (Strategy 2).

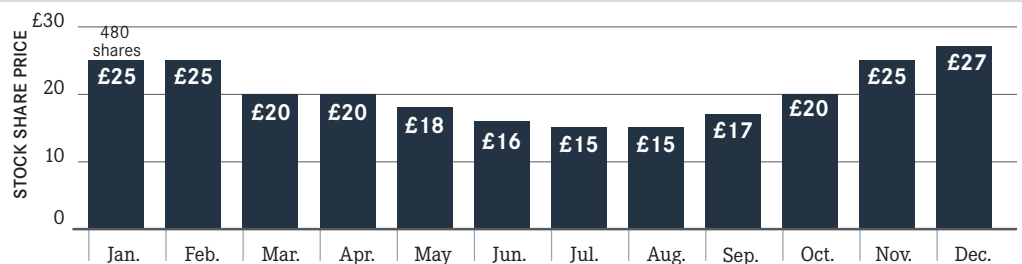
Reduce the impact of price volatility by pound-cost averaging

Strategy 1: Systematically invest £1,000 per month every month for a year regardless of share price



Total Shares Purchased: 617.3 – Average Cost/Share: £19.44

Strategy 2: Invest £12,000 as a lump sum at the beginning of the year



Total Shares Purchased: 480 – Cost/Share: £25

The information provided is for illustrative purposes only and is not meant to represent the performance of any particular investment. Regular investing does not guarantee a profit and does not protect against loss in declining markets. Regular investing involves continuous investing so investors should consider their ability to make periodic payments in all market environments. Investing involves risk including the loss of your entire principal.

Portfolio rebalancing can keep your goals on track

All of the work that goes into getting an asset allocation strategy right would be wasted if it were not maintained. Over time, some asset classes may outperform or underperform and alter a portfolio's overall allocation.

Rebalancing is a way to reset a portfolio to its original allocation to keep it consistent with the initial investment strategy. Using several hypothetical portfolios as examples, the graph below shows how annual rebalancing over the last 20 years would have changed each portfolio's risk and return characteristics.

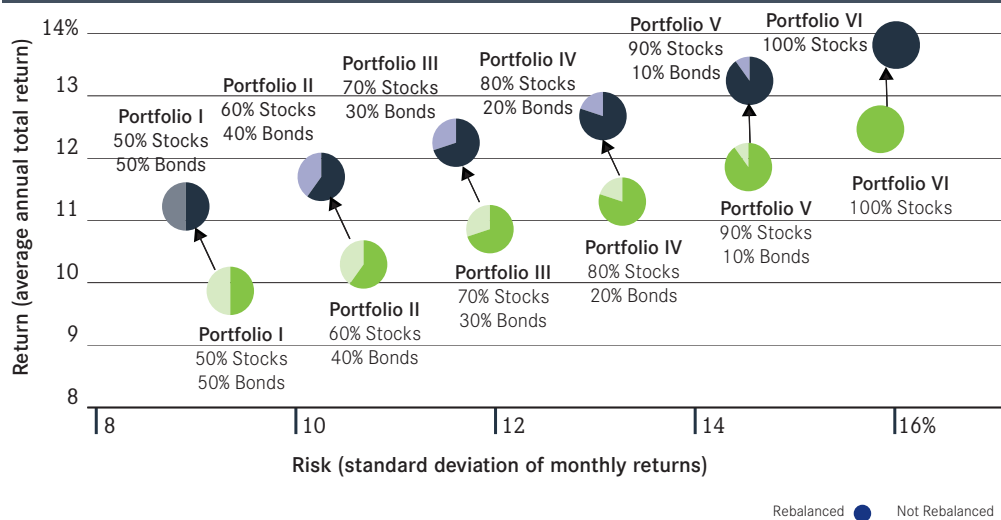
For example, annual rebalancing of Portfolio I (50% stocks, 50% bonds) improved average annual return while also reducing risk. Similar results can be seen for other portfolio allocations.

Positioning for the future

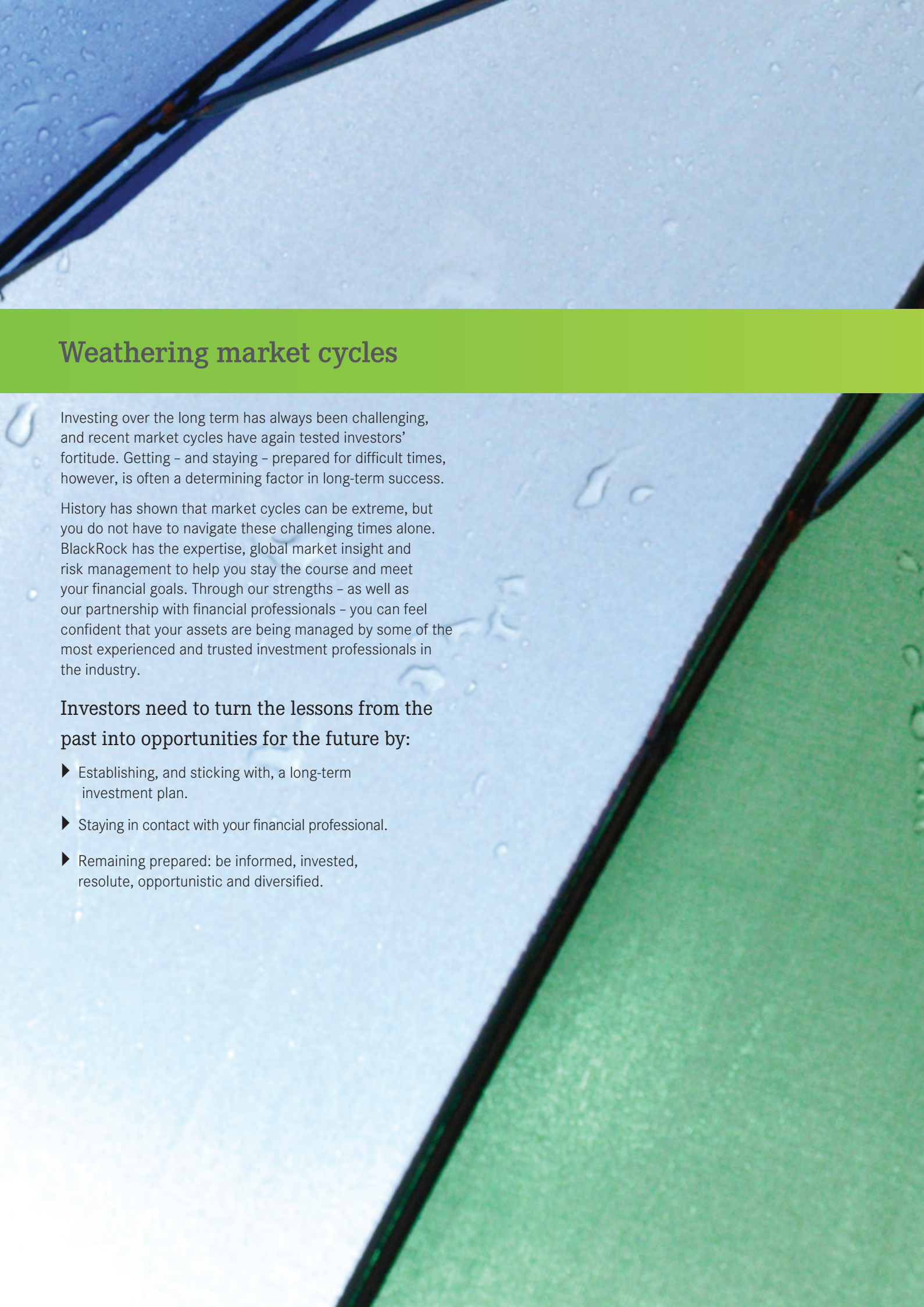
Regular portfolio rebalancing can potentially help improve long-term returns and reduce volatility.

Rebalancing can improve portfolio efficiency

The effect of annual rebalancing on diversified portfolios over the last 20 years (1991-2010)



Sources: Thompson Reuters Datastream. Past performance is no guarantee of future results. The information shown does not reflect the past performance of actual accounts, but rather the past performance of portfolios of indices. The 'rebalanced' portfolios assume rebalancing of their component indices to their established percentages on January 1 of each year. Stocks are represented by an equal allocation to the FTSE 100, FTSE 250 and FTSE Small Cap indices. Bonds are represented by the CitiGroup World Government Bond Index Europe. Assumes reinvestment of all distributions. It is not possible to invest directly in an index.

The background of the entire page is a close-up photograph of a car's windshield. It is covered in numerous raindrops of various sizes. A black wiper blade is visible, sweeping across the glass from the top left towards the bottom right. The background is split diagonally: the upper-left portion is a pale, overcast blue, while the lower-right portion is a vibrant green, suggesting a grassy area seen through the glass.

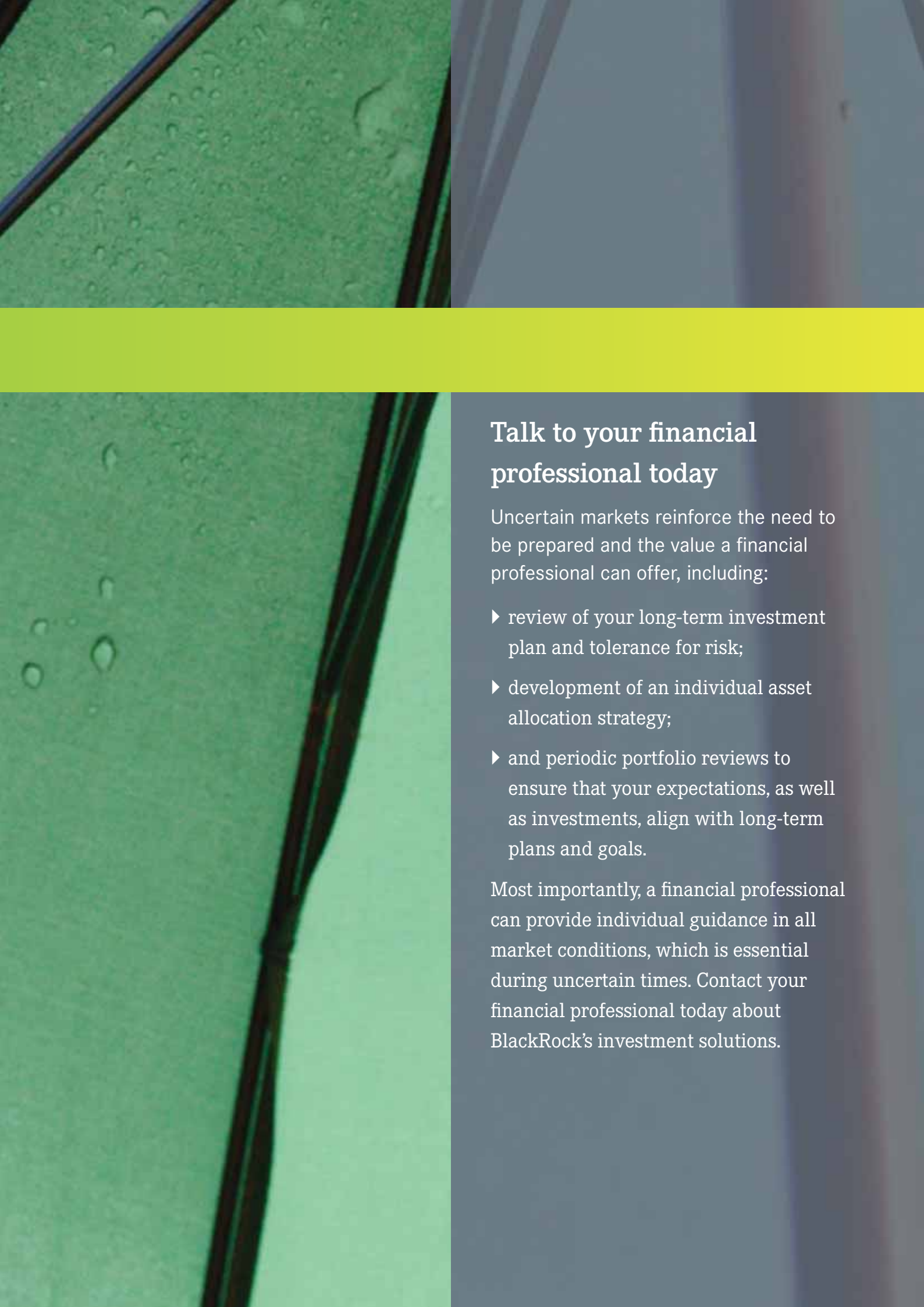
Weathering market cycles

Investing over the long term has always been challenging, and recent market cycles have again tested investors' fortitude. Getting – and staying – prepared for difficult times, however, is often a determining factor in long-term success.

History has shown that market cycles can be extreme, but you do not have to navigate these challenging times alone. BlackRock has the expertise, global market insight and risk management to help you stay the course and meet your financial goals. Through our strengths – as well as our partnership with financial professionals – you can feel confident that your assets are being managed by some of the most experienced and trusted investment professionals in the industry.

Investors need to turn the lessons from the past into opportunities for the future by:

- ▶ Establishing, and sticking with, a long-term investment plan.
- ▶ Staying in contact with your financial professional.
- ▶ Remaining prepared: be informed, invested, resolute, opportunistic and diversified.



Talk to your financial professional today

Uncertain markets reinforce the need to be prepared and the value a financial professional can offer, including:

- ▶ review of your long-term investment plan and tolerance for risk;
- ▶ development of an individual asset allocation strategy;
- ▶ and periodic portfolio reviews to ensure that your expectations, as well as investments, align with long-term plans and goals.

Most importantly, a financial professional can provide individual guidance in all market conditions, which is essential during uncertain times. Contact your financial professional today about BlackRock's investment solutions.

About us

BlackRock is one of the world's pre-eminent asset management firms and a premier provider of global investment management, risk management and advisory services to institutional, intermediary and individual investors around the world. BlackRock offers a range of solutions – from rigorous fundamental and quantitative active management approaches aimed at maximising outperformance to highly efficient indexing strategies designed to gain broad exposure to the world's capital markets. Our clients can access our investment solutions through a variety of product structures, including individual and institutional separate accounts, mutual funds, investment trusts and other pooled investment vehicles, and the industry-leading iShares® ETFs. This offering has been recognised so far in 2011 with 114 first-placed industry awards received globally†.

BlackRock is a truly global firm that combines the benefits of worldwide reach with local service and relationships. We manage assets for clients in North and South America, Europe, Asia, Australia and the Middle East. The firm employs more than 9,700 professionals and maintains offices in 26 countries around the world.

The foundation of BlackRock's business is our belief that our clients' needs are of paramount importance. Our commitment to investment excellence is anchored in a shared culture that always places a client's interests first, from individual investors to the world's largest institutions. We act always as a fiduciary for our clients, never trading as a principal on our own behalf.

As of 30 June 2011, BlackRock's assets under management total US\$3.65 trillion (£2.28 trillion)* across equity, fixed income, cash management, alternative investments, multi-asset and advisory strategies. Through BlackRock Solutions®, we offer risk management, strategic advisory and enterprise investment system services to a broad base of clients with portfolios totalling over US\$9.5 trillion.*

* Data as at 30 June 2011.

† This tally of awards is correct to 31 May 2011 and does not include iShares ETF products.

Important information

Past performance is not a guide to future performance and should not be the sole factor of consideration when selecting a product. Unless indicated the fund information displayed only provides summary information. Investment should be made on the basis of the relevant booklet together with the Prospectus and Simplified Prospectus which are available from the Manager. Research in this document has been produced and may have been acted on by BlackRock for its own purposes. The views expressed do not constitute investment advice and are subject to change. Issued by BlackRock Investment Management (UK) Limited (authorised and regulated by the Financial Services Authority). Registered office: 12 Throgmorton Avenue, London, EC2N 2DL. Registered in England No. 2020394 Tel: 020 7743 3000. For your protection, telephone calls are usually recorded. BlackRock is a trading name of BlackRock Investment Management (UK) Limited Issued in September 2011. ©2011 BlackRock, Inc.

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