

Thursday, 14 March

Re: Change to the wind up date for the BlackRock Asset Allocation Alpha Fund

I refer to our letter dated Monday 25 February 2013 in which we advised you of our decision to wind up the BlackRock Asset Allocation Alpha Fund (the Fund) on 2 April 2013. This followed the decision of David Hudson, the Fund's lead portfolio manager, to retire from the firm.

We want to ensure that the process is as smooth as possible for you and have been speaking with a number of financial planners, industry partners and investors as part of this effort. We have received considerable feedback that having more time to make alternative arrangements for managing the cash proceeds would be greatly appreciated.

In response to this feedback we are **now extending the closure date of the Fund to 30 April 2013** (previously 28 March 2013) **with wind up commencing on 1 May 2013** (previously 2 April 2013).

Once again, we apologise for the inconvenience this Fund closure has caused you but do hope this extension will assist you.

I trust the FAQ below will address the key questions you may have about the changes to the Fund, including the extension of the wind up date.

Sincerely,



Justin Arter

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Frequently Asked Questions

What is happening to the Asset Allocation Alpha Fund and why?

Recent market conditions have not been conducive to David Hudson's thematic, tactical asset allocation style of investing. With this in mind, and with Mr Hudson's decision to retire, BlackRock undertook a review of the options for the Fund and, after careful consideration of the options, BlackRock has decided to wind up the Fund.

What is the time line?

The Fund has been invested solely in cash since 25 February 2013. We have discontinued charging fees and the Fund will no longer accept application requests from new investors.

Investors may submit redemption requests up to the cut-off time of 2:00pm on 30 April. Redemption requests received before that time will be administered in accordance with normal processes, as set out in the Product Disclosure Statement for the Fund.

From 1 May, redemptions will not be permitted as the Fund will be in wind up. Monies still remaining in the Fund on 1 May will be returned to investors as soon as possible after this date.

How is the money in the Fund being invested?

All money in the Fund is invested in BlackRock's Institutional Liquidity Fund, which in turn invests in a diversified portfolio of quality Australian short-term money market securities.

What do I need to do?

Investments may be redeemed up to the cut-off time of 2:00pm on 30 April by following the Fund's standard redemption process. If you would like to reinvest in another BlackRock fund, please contact your financial adviser who will discuss the options available to you, or our Client Services Centre (1300 366 100 or clientservices.aus@blackrock.com).

If you do not request a redemption prior to the wind up of the Fund on 1 May, your funds will be returned to you as soon as possible after this date.

If you are making ongoing contributions to the Fund, these contributions will continue to be processed prior to the wind up of the Fund. If you no longer wish to make contributions to the Fund during this period, please contact your financial adviser.

Can I be paid via cheque?

Yes, if that is what you have nominated previously. Please also refer to the next question.

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My bank account details are incorrect, what do I need to do?

All of the proceeds will be deposited into your nominated bank account. If you wish to have your proceeds deposited into a bank account, which is different to the one that we have in our records, or wish to confirm the details that we have, please contact our Client Services Centre (1300 366 100 or clientservices.aus@blackrock.com).

If we do not have a bank account recorded, please complete the 'Confirmation of Payment Instructions' form included in this letter. If we are not able to deposit to your nominated account, we will send a cheque to your registered mailing address. This may result in a delay in receiving your proceeds due to the required reprocessing and mailing times involved.

Will I be charged for exiting the Fund?

The sell spread went to zero for units redeemed after 25 February, reflecting the reduced cost of realising a cash investment.

What are BlackRock's other investment options in the Alternatives asset class?

Two high quality investment opportunities in the Alternatives asset class that you may wish to consider are the BlackRock Australian Equity Absolute Return Fund and the BlackRock Scientific Global Markets Fund. These two strategies provide an opportunity to access the ongoing research and systematic application of BlackRock's investment insights – insights that are relied on by many of the world's largest pension funds and insurance companies to build the more dynamic, diverse portfolios these times require.

You should take care to read the relevant PDS and speak to your financial adviser before making any investment decisions. Please be aware that there are minimum investments for the funds, as set out in the offer documents.

Can you tell me more about the BlackRock Australian Equity Absolute Return Fund?

The [BlackRock Australian Equity Absolute Return Fund](#) offers the potential for superior returns irrespective of the direction of equity markets, striving for positive returns in rising and falling markets.

This fund is managed by an experienced local investment team that leverages research from the Scientific Active Equities team of 100 investment professionals across BlackRock. The underlying core fund¹ has delivered positive returns in 11 out of the past 12 calendar years, averaging a 15.5% per annum return (gross of fees) since inception in August 2001.²

¹ The BlackRock Australian Equity Absolute Return Fund invests in, and has the same underlying strategy as the BlackRock Australian Equity Market Neutral Fund (BEMAN). BEMAN has an inception date of 31 August 2001 and is only available to wholesale clients.

² **Past performance is not a reliable indicator of future performance.** Past performance for the BlackRock Australian Equity Absolute Return Fund and BEMAN may differ due to fee differences.

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The BlackRock Australian Equity Absolute Return Fund aims to deliver returns (before fees) of 8% per annum above the benchmark (RBA Cash Rate Target) over rolling three-year periods by gaining exposure to long and short positions across the Australian equity market.

Can you tell me more about the BlackRock Scientific Global Markets Fund?

The **BlackRock Scientific Global Markets Fund** provides access to the superior investment performance of our Global Macro Strategies Group. The team of more than 30 investment professionals globally has produced strong results in their flagship fund, accessible in Australia through the Scientific Global Markets Fund. It is a fund that takes a relative value approach to global macro investing, which we believe is well suited to today's complex and fast-changing markets.

In the Scientific Global Markets Fund, investors have access to an investment that uses total-return strategies across major asset classes and world markets that seek to enhance portfolio returns while diversifying risk. It should be considered by investors who are looking for a fund that has a low correlation to equity returns, interest rate moves and other active return sources.

Who can I speak to for more information?

Please contact your financial adviser, BlackRock Client Services (on 1300 366 100 or clientservices.aus@blackrock.com), or visit <http://www.blackrockinvestments.com.au>.