

BLACKROCK UK Absolute Alpha (UT)

OBSR Fund Rating
A / Bronze

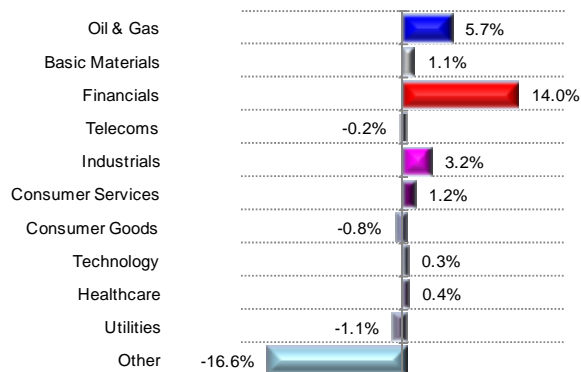
obsr FUND
RATINGS

Key Information

Launch Date	29 April 2005	
Fund Size	£1229.4m	
Type of Units Available	Accumulation	
Distribution Dates	28 February, 31 August	
Yield	Nil	
ISA	n/a	
ISA Transfer	n/a	
Standard Fund Management Charges	Initial	5.00%
	Annual	1.50%*

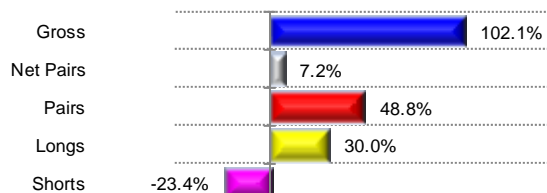
Composition of Fund

Source: BlackRock



Exposure

Source: BlackRock



Top Ten Holdings

Top Ten Holdings	%
Justice	2.9
APR Energy	2.2
BG Group	2.1
Imperial Tobacco	2.1
Compass Group	1.9
LXB Retail Properties	1.9
Wolseley	1.9
Capital & Countries Properties	1.6
Hansteen	1.6
3i Group	1.4
Concentration (Top 10)	19.6

Source: BlackRock

Classification

Sector	Absolute Return
Benchmark/Index	n/a
Management/Investment Style	
Fund Managers	Mark Lyttleton (April 2005) Nick Osborne (January 2008)

Offers investors a fund investing in UK equities which uses the UCITS III powers to construct a portfolio designed to generate a positive absolute return through all markets.

Investment Objective & Methodology

The fund aims to produce a positive return in all market conditions by investing in UK equities and by using the wider investment powers permitted under UCITS III regulations whilst reducing the volatility associated with a traditional long-only UK equity fund. As such, the fund is not managed against any UK equity index and investors should be aware that the fund will not exhibit a direct correlation to the return profile of a long-only UK equity fund or index.

The fund has been managed since launch by Mark Lyttleton. Nick Osborne has been involved on the fund since launch and was named official co-fund manager in January 2008. Mr Lyttleton joined BlackRock (formerly Merrill Lynch Investment Managers) as a graduate trainee in 1992. He also manages the UK and UK Dynamic retail funds. Mr Osborne joined BlackRock in 1999. They are able to draw upon the output of the broader UK equity team.

In seeking to produce a positive absolute return for investors regardless of market conditions, the fund aims to generate returns from four principal investment strategies. 1. Long investing – where the managers have a strong conviction that the share price will rise. 2. Synthetic short investing – where the managers have strong conviction that the share price will fall. 3. Pair trades – a combination of long and synthetic short investments to take advantage of relative share price movement, usually to minimize sector and market risk. 4. Cash – the manager can tactically choose to invest up to 100% of the portfolio in cash, however, under normal market conditions, they do not envisage holding more than 40% for tactical purposes. Each long position in the fund will correspond to a holding in at least one of Mr Lyttleton's long-only UK equity funds and as such will be subject to the same rigorous fundamental research and identification of the catalysts which the managers believe will unlock the potential value. This process also lends itself to identifying stocks which the managers believe could substantially underperform and from these, the managers are able to select the short positions.

The fund is managed within a framework of risk controls. Daily independent supervision is undertaken by the Risk and Quantitative Analysis Group, who carry out daily Value at Risk (VaR) analysis. The portfolio does not employ any leverage. It uses derivatives such as contracts for difference (CFDs). The net market exposure is typically between -10% and +20%, although it can fall within the broader range of -30% to +50% in extreme market conditions.

A "short" investment is created by selling a stock that the fund does not physically own with the intention of purchasing it subsequently at a lower price to secure a profit. UCITS regulations prohibit the short selling of physical securities but allow the creation of synthetic short positions through the use of cash-settled derivatives, i.e. CFDs. The regulations ensure that any exposure created is covered by the assets of the fund.

*There is also a performance fee payable, provided the fund exceeds target performance. See prospectus for further details.

www.obsrfundratings.co.uk

Data as at 31 December 2011
Last Updated January 2012