BLACKROCK

Fact Sheet
30 September 2010

BlackRock UK Corporate Bond Index Fund

Fund objective

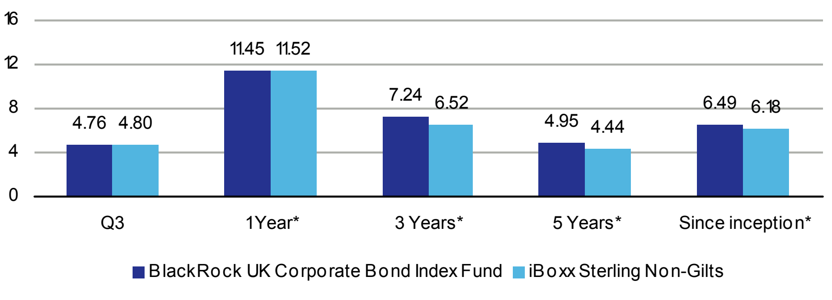
To generate a total return, taking into account both capital and income returns, which reflects the total return of the sterling denominated bond market, excluding UK gilts.

Key benefits

- Diversified portfolio of securities tracking the credit, sector, duration and yield curve exposure of the benchmark index
- Minimises transaction costs by leveraging our trading expertise and experience
- Reduces tracking error to benchmark index through rigorous risk control
- Three share classes:
  - Flexible Accumulating share class where the investment management fees are charged outside the fund
  - Institutional Accumulating and Institutional Distributing share classes where the investment management fees are charged inside the fund. Institutional share classes are Clearstream eligible

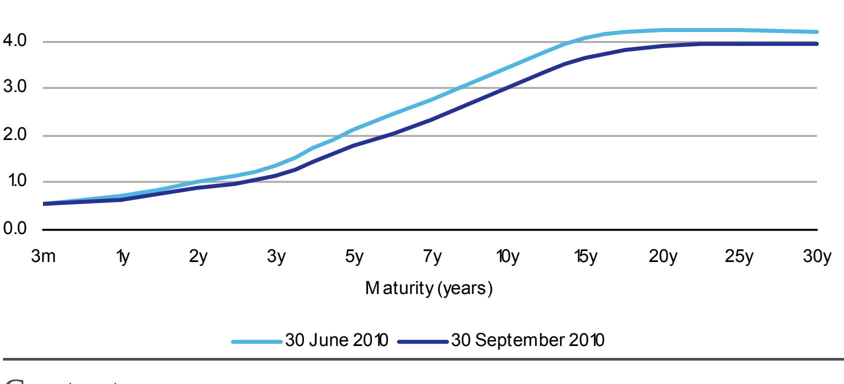
Performance

% returns



Source: BlackRock. Returns in sterling.
Prior to 1 July 2004 the benchmark was the Merrill Lynch Sterling Non-Gilt Index.
* Annualised.
Performance shown gross of investment management fees.
Past performance is not a reliable indicator of future results.

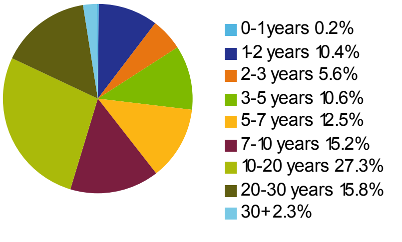
UK Government yield curve %



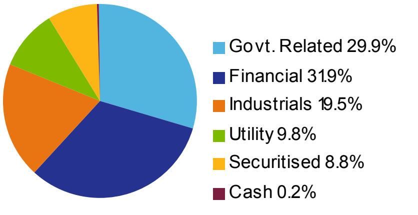
Fund Details

Domicile	Dublin
Structure	UCITS
Benchmark	iBoxx £ Non-Gilts Index
Inception date	September 2000
Total fund size	£459.6
Number of holdings – fund	974
Number of holdings – index	1,029
Target tracking error[1]	0.3%
Fund currency	Sterling
Fees	Available on request
Income	Accumulation or distribution
Minimum investment	£250,000
Pricing[2]	Daily
Tax status	Tax transparent for Germany and Austria

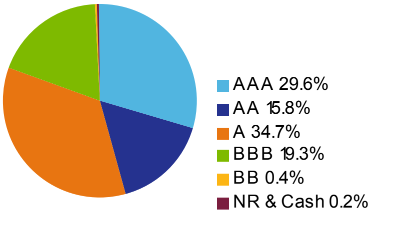
Fund maturity allocation



Fund sector allocation



Fund credit allocation



Source: BlackRock.

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Market commentary

Sterling credit outperformed gilts over the quarter, as the Merrill Lynch Sterling Non-Gilts Index returned 4.84%. August saw the best performance, with a one month return of 4.17%. Financials were the best performing sector, returning 5.99% as spreads narrowed 34 basis points across the board. This was driven by lower quality names, as the BBB Financials index closed the quarter 84 basis points narrower compared to a 4 basis point increase for the AAA Financials index over the same period.

Outperformance over the quarter saw Financials recover the underperformance experienced earlier in the year as the sovereign debt crises and concerns over the level of exposure on bank balance sheets had a detrimental impact.

The European bank stress tests in July were a major focus of the markets and were well received, despite the failure of seven banks out of the 91 banks tested. Five Spanish banks, one Greek and one German bank failed, requiring extra capital in the region of €3.5bn. These results reassured investors that the banking system within Europe was not in such dire shape as many had previously thought.

August saw the best returns across the major sectors with little move in spreads. Credit rallied alongside sovereigns over the month as record low yields on some government bonds saw increased demand in the credit sectors.

The new Basel III capitalisation rules for banks were released in September, outlining requirements for banks to hold a total core Tier-one capital ratio of at least 7%, an increase from only 2% previously required. However these new stringent rules do not require banks to be fully compliant until 2019. September also saw the culmination of the oil spill in the Gulf of Mexico. The yield on BP's 4% bond due Dec 2014 fell 263.5 basis points over the quarter from 5.9% to 3.27%.

All data in this fact sheet as at 30 September 2010, unless otherwise stated.

[1] The current target is under normal circumstances to achieve tracking error relative to benchmark as the figure indicated. For this purpose tracking error is defined as the annualised standard deviation of monthly returns as against the benchmark, measured over three year periods. Please note that this is a target only and BlackRock does not provide a guarantee that it will be met.
[2] Quoted daily in Bloomberg and Reuters.

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