

# BlackRock Merrill Lynch Investment Managers

Simplified Prospectus

April 2008

**BLACKROCK**  
**MERRILL LYNCH**  
INVESTMENT MANAGERS

# Simplified Prospectus – BlackRock Funds

This document constitutes the Simplified Prospectus for the BlackRock Funds ('the Funds') detailed below. Each of the Funds are authorised by the Financial Services Authority (the "FSA") in the United Kingdom as unit trust schemes under section 243 of the Financial Services and Markets Act 2000 and are qualifying UCITS schemes. They are managed by BlackRock Fund Managers Limited ('the Manager'). The Funds are currently registered for sale in the United Kingdom only.

You should read the contents of this Simplified Prospectus carefully and ask your Financial Adviser about anything you do not understand. Additional information concerning any of our Funds can be obtained by visiting our website at [blackrock.co.uk](http://blackrock.co.uk) or by calling our Investor Services Team on **0800 44 55 22** between 8.30 a.m. and 5.30 p.m. on any business day.

Please also refer to the current full Prospectus for further details. The full Prospectus and the latest interim and annual Manager's Reports and Short Reports are available free of charge, before the conclusion of the contract and afterwards, by writing to us at our registered office or calling the number above.

The majority of the Funds are available for investment through an ISA transfer. Please see the relevant section on page 12.

## What is the investment objective and policy of the Funds?

The table below includes a short description of the investment objective and policy for each of the Funds together with other relevant information. In general terms, the Funds will invest in

transferable financial securities (commonly known as 'stocks and shares') which may include, but is not limited to, equities (shares), equity-related securities, government and corporate bonds, according to the stated investment objective. The Funds may also invest in other collective investment schemes and from time to time, hold cash and other money market instruments. The Merrill Lynch Cash Fund invests only in money market instruments.

The Funds may, subject to any general restrictions, enter into derivatives transactions and forward currency contracts (including currency futures) to hedge market and/or currency risk and for the purposes of efficient portfolio management. The BlackRock UK Absolute Alpha Fund, Merrill Lynch Balanced Portfolio Fund and Merrill Lynch Growth Portfolio Fund may utilise investment strategies and instruments in order to achieve the stated investment objectives and policies. It is intended that these Funds will take full advantage of the ability to invest in derivatives, although for ML Balanced Portfolio Fund and ML Growth Portfolio Fund the manager presently intends to use this provision only for the purposes of efficient portfolio management. The Manager will give unitholders at least 60 days advance notice before it intends to commence utilising derivatives in this manner. Full details of our use of derivatives are set out in our risk management process. A copy of this is available on request from the Manager.

While the investments made on behalf of the Funds are required to comply with the broad legal and statutory rules and limits, it should be noted that concentration of risk may occur depending on the investment objective and policy of the relevant Fund(s).

Fund Name	Summary Objective	Date Established	Ex-Dividend Date (XD) Distribution Pay Date (PD)	Distribution Type	Specific Risk Factors (p.4)
<b>Merrill Lynch Balanced Portfolio Fund</b>	Merrill Lynch Balanced Portfolio Fund aims to achieve long-term total return, either through capital growth and/or income generation depending on market conditions. Investment may be made in a global portfolio of equities and fixed interest securities, as well as collective investment schemes, cash deposits 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.	15.01.1987	XD: 31/3, 30/9 PD: 31/5, 30/11	Dividend	b, e, f, g
<b>Merrill Lynch Cash Fund</b>	To achieve a high rate of interest, principally from a portfolio of cash, cash deposits and other money-market instruments. The Fund will be managed to produce a high rate of income. It is not aimed at investors seeking long-term capital growth.	08.03.1990	XD: 24/1, 24/4, 24/7, 24/10 PD: 15/2, 15/5, 15/8, 15/11	Interest	f
<b>Merrill Lynch Continental European Fund</b>	To achieve long-term capital growth for investors. The Fund invests primarily in the shares of larger companies incorporated or listed in Europe excluding the UK. The Fund may also invest in collective investment schemes.	08.11.1983	XD: 25/7 PD: 25/9	Dividend	b
<b>Merrill Lynch Emerging Markets Fund</b>	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 include countries contained in the Fund's benchmark index; the MSCI Emerging Markets Index.	04.08.1993	XD: 31/5 PD: 31/7	Dividend	b, c, d

Fund Name	Summary Objective	Date Established	Ex-Dividend Date (XD) Distribution Pay Date (PD)	Distribution Type	Specific Risk Factors (p.4)
<b>Merrill Lynch European Dynamic Fund</b>	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.	14.08.2000	XD: 28/2, 31/8 PD: 30/4	Dividend	b
<b>Merrill Lynch Global Bond Fund</b>	This Fund invests in a portfolio of international bonds to provide a combination of a good level of income and, where possible, capital growth.	18.12.1990	XD: 15/3, 15/9 PD: 15/5, 15/11	Interest	b, e, f
<b>Merrill Lynch Global Equity Fund</b>	The Merrill Lynch Global Equity Fund seeks to achieve long-term capital growth from investment primarily in a global portfolio of equity securities of successful companies domiciled in, or exercising a significant part of their economic activity in, developed markets. The Fund may also invest in collective investment schemes.	05.01.2000	XD: 30/9 PD: 30/11	Dividend	b
<b>Merrill Lynch Gold &amp; General Fund</b>	This is a specialised unit trust which aims to achieve long-term capital growth by investing in gold, mining and precious metal-related shares. It tends to be volatile and is particularly suitable for diversification in a larger portfolio.	16.03.1988	XD: 30/6 PD: 30/8	Dividend	a, b, c, d
<b>Merrill Lynch Government Securities Fund</b>	To provide a high return from a portfolio of gilts and bonds, predominantly those issued by the UK Government.	27.01.1981	XD: 30/11, 31/5 PD: 31/1, 31/7	Interest	e, f
<b>Merrill Lynch Growth Portfolio Fund</b>	Merrill Lynch Growth Portfolio Fund aims to achieve long-term capital growth through a global portfolio of equity and fixed interest securities, as well as collective investment schemes, cash deposits 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.	05.01.1998	XD: 31/3, 30/9 PD: 31/5, 30/11	Dividend	b
<b>Merrill Lynch High Income Bond Fund</b>	A high, regular income from a portfolio of mainly UK and EU corporate bonds and government securities, together with long-term preservation of capital value, although capital growth should not be expected.	29.06.1995	XD: Monthly on 28th PD: Monthly on 27th	Interest	b, e, f, g
<b>Merrill Lynch Income Portfolio Fund</b>	To provide an above-average and growing income without sacrificing the benefits of long-term capital growth by investing primarily in the UK. The Fund aims to provide a yield higher than that of the FTSE All-Share Index and employs a conservative strategy in terms of asset distribution and individual stock selection. A proportion of the Fund's assets will be invested in fixed interest securities. Exposure to overseas markets may be gained directly or indirectly (e.g. via collective investment schemes or investment trusts).	02.08.1994	XD: 31/12, 31/3, 30/6, 30/9 PD: 28/2, 31/5, 31/8, 30/11	Dividend	b, e, f, g
<b>Merrill Lynch Japan Fund</b>	To achieve long-term capital growth for investors. The Fund invests primarily in shares of companies incorporated or listed in Japan. The Fund may also invest in collective investment schemes.	04.05.1983	XD: 31/12 PD: 28/2	Dividend	b
<b>Merrill Lynch Target Return Fund</b>	To achieve over the medium term, total return in the form of capital growth and income which exceeds the Bank of England base rate, from a global portfolio of investments which may be allocated to equities, fixed interest securities, other collective investment schemes and cash, as market conditions and other factors dictate.	30.06.2006	XD: 25/5 PD: 25/7	Dividend or Interest	b, c, e, f, h
<b>Merrill Lynch UK Fund</b>	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.	11.11.1993	XD: 12/6, 12/12 PD: 12/8, 12/02	Dividend	-

Fund Name	Summary Objective	Date Established	Ex-Dividend Date (XD) Distribution Pay Date (PD)	Distribution Type	Specific Risk Factors (p.4)
<b>BlackRock UK Absolute Alpha Fund (previously known as the Merrill Lynch UK Absolute Alpha Fund)</b>	To achieve a positive absolute return for investors and, as such, the Fund will not be managed against any UK equity index. The Fund invests primarily in a portfolio of equities and equity related securities (including derivatives) of companies incorporated or listed in the UK, although from time to time cash and near cash may be held. The Fund may also invest in other transferable securities, permitted money market instruments, permitted deposits and units in collective investment schemes.	29.04.2005	XD: 30/6, 31/12 PD: 28/02, 31/08	Dividend	i
<b>Merrill Lynch UK Dynamic Fund</b>	The aim of the Merrill Lynch 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.	29.09.2000	XD: 30/4, 30/10 PD: 30/6, 31/12	Dividend	-
<b>Merrill Lynch UK Income Fund</b>	To provide an above average and growing income without sacrificing the benefits of long-term capital growth by investing primarily in the shares of companies incorporated or listed in the UK. The Fund may also invest in collective investment schemes.	15.02.1984	XD: 31/1, 30/4, 31/7, 31/10 PD: 31/3, 30/6, 30/9, 31/12	Dividend	g
<b>Merrill Lynch UK Special Situations Fund</b>	The aim of the Merrill Lynch 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.	27.01.1981	XD: 20/4, 20/10 PD: 20/6, 20/12	Dividend	d
<b>Merrill Lynch UK Smaller Companies Fund</b>	The aim of the Merrill Lynch 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.	13.03.1973	XD: 25/2, 25/8 PD: 25/4, 25/10	Dividend	d
<b>Merrill Lynch US Dynamic Fund</b>	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.	01.12.1982	XD: 10/11 PD: 10/1	Dividend	b, c
<b>Merrill Lynch US Opportunities Fund</b>	To achieve long-term capital growth for investors. The Fund invests primarily in shares of companies incorporated or listed in the United States which we consider have above-average growth prospects. Typically these will be smaller companies. The Fund may also hold shares of companies incorporated or listed in Canada. The Fund may also invest in collective investment schemes. Smaller companies are those whose market capitalisation is similar to that of companies in the Russell 2000 Growth Index.	29.09.1972	XD: 10/10 PD: 10/12	Dividend	b, c, d

The Merrill Lynch Balanced Portfolio Fund, Merrill Lynch Growth Portfolio Fund and Merrill Lynch Income Portfolio Fund are collectively known as the 'Portfolio Funds'. The Fund names for Merrill Lynch US Dynamic Fund and Merrill Lynch US Opportunities Fund were changed from Merrill Lynch American Fund and Merrill Lynch American Opportunities Fund on 1 October 2006 and Merrill Lynch Global Titans Fund was renamed Merrill Lynch Global Equity Fund on 1 August 2007.

## Who can invest?

As authorised unit trusts, the Funds are available for investment by the public. The main exception is that children under the age of 18 may not hold unit trusts in their own name, although you can invest in a designated account on their behalf. Any investment should be considered against your specific investment need and appetite for risk. If you are in any doubt

about the suitability of any of these Funds to your needs you should seek appropriate professional advice.

Please note BlackRock has not considered the suitability and appropriateness of these investments for your personal circumstances.

## What are the risks associated with my investment?

### General Risk Factors

The Funds invest directly in financial securities. This involves greater risk than putting your money in a bank or building society deposit account which traditionally offers a safe return of capital investment. You should remember that past performance is not a guide to future performance. The value of investments and the income from them may fall as well as rise and is not guaranteed. You may get back less than you originally invested.

In particular, the value of investments may fluctuate in response to underlying stockmarket and/or economic conditions. Adverse market movements may result in a fall in the value of all securities held by the Fund(s) in a particular market, region or sector. This risk will be greater where a fund is concentrated in one particular geographical region or industry sector. The use of derivatives may expose funds to a higher degree of risk as these instruments can be more volatile than investment in equities or bonds.

Derivatives 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 that all derivative strategies employed will be for investment purposes. Should however, HM Revenue & Customs successfully argue in the future that such strategies constitute a 'trade' for tax purposes or decide to impose new rules on the taxation of derivatives, this might lead to tax leakage within the Funds.

Certain funds may invest in initial public offerings or new debt issues. The price 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.

The following additional factors may also be relevant in relation to an investment in the Funds:

The possibility that capital may be eroded as an indirect result of the sale of units by investors (redemptions) particularly where timing differences exist between the point at which the price of a fund is set and the time at which any underlying securities are sold in order to finance the proceeds of such redemptions;

The erosion of capital where distributions made during any annual accounting period exceed the actual income accumulated at the end of the period.

Investors should also be aware that certain environmental factors, such as the applicable regulatory or tax regime, may be subject to change in the future, which may affect the risk profile and other characteristics of the investment.

### Specific Risk Factors

A brief assessment of the specific risk factors associated with certain of the Funds is detailed below. The overall risk profile of the investment will be dependent on the fund(s) selected and these additional factors should be taken into account where applicable. As a guide to understanding, we have used letters to highlight those funds which may be affected. A more detailed description of these risks may be found in the full Prospectus.

(a) **Market and/or Sector Specific Risk:** Funds invested in specific market sectors may be more volatile than other more diversified Funds and may be subject to rapid cyclical changes in investor activity.

(b) **Currency Risk:** Exchange rates movements may also affect your investment where a Fund invests in overseas markets or holds currencies other than sterling.

(c) **Emerging Stockmarkets:** The securities markets of emerging or developing countries are not as large as the more established markets and have substantially less trading volume, resulting in lower liquidity levels and higher price volatility. These factors may adversely affect the timing and pricing of the acquisition or disposal of securities by the Funds. Settlement practices may involve greater risks as brokers and counterparties tend to be less well capitalised. Custody and registration of assets in some countries may also be unreliable and the possibility of the loss of securities due to fraud, insolvency, negligence or other factors exists.

Some governments exercise substantial influence over the private economic sector and the political and social uncertainties which may exist can lead to various forms of punitive or confiscatory intervention, in particular investment restrictions and exchange controls, and differential taxation on foreign investors.

(d) **Smaller Companies:** Investment in smaller companies may involve a higher level of risk than larger companies as shares may, from time to time become illiquid, particularly in falling markets, resulting in short-term price volatility and a wider spread between buying and selling prices.

(e) **Interest Rate Risk:** The Funds may be affected by changes in prevailing interest rates as the prices of fixed interest securities, typically bonds, generally increase when interest rates decline and decrease when interest rates rise. Securities with shorter periods to maturity are generally subject to lower price volatility than longer-dated securities.

(f) **Credit Risk:** Investment in debt securities, such as government or corporate bonds, may give rise to the risk of default by the issuer of a security in respect of its obligations to meet payments of principal and interest. An issuer's creditworthiness is measured by reference to a rating assigned by one or more independent credit rating agencies. Non-investment grade debt, whilst typically higher yielding, may also involve high levels of borrowing by the issuer and therefore carries a greater risk of default. The Funds will not invest in securities issued by companies that are either in default or at high risk of default ('distressed securities') unless there is a reasonable expectation that the securities will be subject to an exchange or reorganisation that is likely to result in a potential capital or income return on the investment. However, there can be no guarantee that such an exchange offer or reorganisation will be made, or that the value of securities issued as a result of the event will achieve the anticipated capital or income return.

Funds that invest in fixed interest securities may purchase "To Be Announced" securities ("TBAs"). This refers to the common trading practices 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 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 contract.

**(g) Charges from Capital:** The Funds may deduct certain ongoing charges either from income or capital (see section entitled 'How will charges and expenses affect my investment'). If charges are deducted from capital, this may allow more income to be paid, however, it may also constrain capital growth.

**(h) Merrill Lynch Target Return Fund:** The Manager cannot guarantee that it will achieve a return in excess of Base Rate as set out in the investment objective of the Fund. Base Rate is subject to frequent review and therefore may be subject to change.

**(i) BlackRock UK Absolute Alpha Fund:** In order to achieve the investment objective and policy the Fund intends to invest in derivatives providing both long (bought) and synthetic short (sold) positions principally through the use of contracts for difference. Therefore the Fund can be referred to as being a 'long/short' Fund. The Fund's investments principally provide exposure to the share price movements of a range of UK companies and the value of these investments and any income from them may fall as well as rise. The Manager cannot guarantee that it will achieve the objectives set out for the Fund. When you come to sell your investment you may not get back as much as you invested.

Typically, UK authorised unit trusts invest on a 'long only' basis. This means they will rise (or fall) in value based on the market value of the assets they hold. The Fund, by employing certain derivative techniques, will establish both 'long' and 'short' positions. As a result, as well as holding assets that may rise or fall with market values, it will also hold positions that will rise as the market value falls and fall as the market value rises. The use of derivative techniques in this Fund has the overall intention of reducing the volatility of returns, although this outcome is not guaranteed. The Manager may use one or more separate counterparties to undertake derivative transactions on behalf of the Fund and may be required to pledge collateral paid from within the assets of the Fund to secure such contracts. There may be a risk that a counter party will wholly or partially fail to honour their contractual arrangements with regards to the return of collateral and any other payments due to the Fund. The Manager measures the credit worthiness of counterparties as part of the risk management process. A counterparty may be an associate of the Manager.

## How do I invest?

You can invest £500 or more as a lump sum by completing and returning the appropriate application form enclosing a cheque payable to BlackRock Fund Managers Limited. You can add to this at any time with additional payments of £100 or more. Regular monthly payments of £50 or more may also be made and if you select this option, you should complete the Direct Debit Instruction on the Application Form. Alternatively, you may invest a lump sum by telephoning our Investor Services Team or by fax, either through your financial adviser or directly, between the hours of 8:30 a.m. and 5:30 p.m. on any business day. Applications for investment in the Merrill Lynch Cash Fund must normally be made in writing but the Manager may at its discretion accept applications in electronic format or by facsimile. Please also refer to the section entitled 'Further Information on the BlackRock Funds'.

From 1 September 2007, no further investments can be made into Class A units in respect of BlackRock UK Absolute Alpha Fund. However, any unit holders registered as monthly investors before this date shall be allowed to continue to make investments into the Fund.

If you were advised to make an investment by an authorised person and they placed the investment with the Manager on your behalf, you are allowed up to 14 days to cancel the investment (unless an appropriate customer agreement exists between the authorised person and yourself). The 14 days commences on receipt of your Cancellation Notice which should be returned to the Manager's Registered Office. You should note that exercising your right to cancel does not necessarily mean that you will receive back the amount you invested. If the purchase price of the units has fallen, you will receive back an amount based on the next purchase price calculated after we receive your Cancellation Notice. If you have not yet paid for this investment you will be liable for 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 21 calendar days from the date of acquisition. No interest will be paid on client monies.

## How will any income be paid to me?

You can select Class A Income Units or Class A Accumulation Units or Class P Accumulation Units (in respect of BlackRock UK Absolute Alpha Fund). If you hold Class A Income Units on the relevant ex-dividend date, any income due will be distributed to you on the corresponding distribution dates shown in the table on pages 1 to 3. This will be paid either by cheque or directly into your bank account if you have previously provided bank details. If you hold Class A Accumulation Units or Class P Accumulation units, the income attributable to the units will be accumulated within the Fund and reflected in the increased price of the units, although the number of units held will remain the same. From 1 September 2007, no further investments can be made into Class A units in respect of BlackRock UK Absolute Alpha Fund. However, any unit holders registered as monthly investors before this date shall be allowed to continue to make investments into the Fund. If you were an existing holder of Class A Income Units prior to 1 September 2007, income will be paid either by cheque or directly into your bank account in accordance with your previous election.

## How do I make a withdrawal?

You may make a withdrawal by selling units, either by providing an instruction in writing, or by telephoning our Investor Services Team between the hours of 8:30 a.m. and 5:30 p.m. on any business day. The minimum withdrawal is £250. Instructions given over the telephone must subsequently be confirmed by completing and signing the Renunciation Form supplied with the contract note, or by letter. Renunciation instructions in electronic format or by facsimile will be accepted only in exceptional circumstances at our discretion. Please also refer to the section entitled 'Further Information' on the BlackRock Funds.

At times of excessive redemptions the Manager may decide to defer redemptions at any valuation point to the next valuation point where the requested redemptions exceed 10% of the respective fund's value. This will therefore allow the Manager to protect the interests of continuing unitholders by allowing it to match the sale of underlying investments to the level of redemptions. All unitholders who have sought to redeem units at any valuation point at which redemptions are deferred will be treated in the same way and the Manager will ensure that all deals relating to an earlier valuation point are completed before those relating to a later valuation point are considered.

## Can I switch my investment?

Yes. You can switch your investment into most other BlackRock Funds by telephoning or writing to us. A switch transaction involves selling units in your existing fund(s) and using the proceeds to buy units in the fund(s) selected. Please also refer to the section entitled 'Further information on the BlackRock Funds'. You will normally receive a discount of up to 4.0% on the manager's initial charge although this discount will be lower if an intermediary dealing on your behalf takes a commission. It should be remembered that a switch is a disposal for capital gains tax purposes.

## How will I be kept informed about my investment?

At six monthly intervals you will be sent a copy of the Short Report for the relevant fund(s). This report will include some information already set out in the Full Report and Accounts such as an investment performance review, but we will not include detailed accounting information. Should you wish to receive more detailed information, the Full Report and Accounts are available to view or download from our website [blackrock.co.uk](http://blackrock.co.uk) or on request from our Investor Services Team on 0800 44 55 22. Additionally, a valuation and transaction statement will be sent twice yearly as at 5 April and 5 October, within 25 business days of the end of the relevant period.

## What happens if I die?

Investments will be transferred either to the personal representatives of your estate or as directed by them once a sealed grant of probate has been obtained. The total value of the investment forms part of your estate for inheritance tax purposes. We can produce probate valuations on request.

## How will charges and expenses affect my investment?

When investing in the Funds there is a one-off initial charge (except for the Merrill Lynch Cash Fund) which is reflected in the

'buying' price of the units. In addition, there are also a number of ongoing management and administration expenses paid out of each Fund and therefore borne indirectly by unitholders.

**Initial charges:** The initial charge is added to the cost of the underlying securities held (including an estimate of dealing expenses) to calculate the buying price of the units in the Funds. The difference between the buying and selling price of units is known as the "Spread". Up-to-date information on the prices and current spread are available on request.

**Ongoing charges:** The ongoing management and administration expenses include the Manager's annual charge and Registrar Fee, Trustee, Audit, Safe Custody, third party expenses, tax, legal and other fees payable from the funds. The charges are, unless otherwise stated, applied to the income of the Funds in the first instance, with any shortfall applied to capital. However, in respect of the Merrill Lynch Income Portfolio Fund and Merrill Lynch UK Income Fund, some or all of the Manager's annual charge may be deducted from capital. Furthermore, for the Merrill Lynch Balanced Portfolio Fund and Merrill Lynch High Income Bond Fund, all ongoing charges may be deducted either from capital or income. Please note that other costs or taxes may exist which are not paid through the Manager or imposed by it.

**Performance Fee:** BlackRock UK Absolute Alpha Fund Class P units will also incur a performance fee which is calculated on a daily accrual basis with annual crystallisation. The performance fee is accrued at each valuation point and is charged at 20% of the amount by which the performance of the Fund exceeds the Hurdle\* and provided the current bid price of the Fund is higher than the High Water Mark\*\*.

If, at any valuation point, the current bid price falls below the High Water Mark and/or the bid price fails to exceed the Hurdle no performance fee will be accrued. This will remain the case until such a fall or "underperformance" has been made good in the course of the Fund's financial year. The cumulative performance fee accruals from the beginning of the Performance Period will be included in the ongoing calculation of the unit price. However, until the end of the relevant Performance Period any underperformance of the Fund against the HWM and/or Hurdle will be set off against any prior outperformance, thereby reducing the performance fee accrual within the Fund. In such circumstances, the reduction of any performance fee accrual may not equate exactly to the total amount of any previously accrued performance fee. Simplistically, this arises because, if the number of units in issue is less than those in issue at the time of accrual, then some of the performance fee previously accrued could have been crystallised.

\* The Hurdle represents a level of return that the Fund must achieve before any performance fee may be applied. The Hurdle will be set quarterly in advance and is based on the 3-month LIBOR (London Inter-Bank Offered Rate). At the time of publication of this document, LIBOR is around 6.0%. For example, this means that the Hurdle rate for 1 October to 31 December in any year will be the prevailing 3-month LIBOR rate at the 30 September. It will be set in the same way for the following quarter.

\*\* The High Water Mark ("HWM") is a performance measure that is used to ensure that a fee is only charged where the value of the Fund has increased over the course of the Fund's financial year (the "Performance Period"). It is based on the bid price of the Fund on the last business day of the Performance Period and where a Performance Fee is payable. If no Performance Fee is payable at the end of the Performance Period the HWM will remain unchanged as of the end of the prior Performance Period.

Crystallisation of the performance fee occurs on the last day of each Performance Period. Any performance fee due is payable out of the Fund to the Manager in arrears at 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 out at that point in subsequent Performance Periods.

If a unitholder redeems all or part of their units before the end of the Performance Period, any accrued performance fee with respect to such redeemed units will crystallise on that Dealing Day and will then become payable to the Manager. Further information and examples of how the performance fee is accrued and calculated is set out in the product brochure and in the full Prospectus which are available on request.

You should also note there is no maximum annual cap on the amount of performance fee that may be charged as this is determined by the rate of performance growth within the Fund. Examples of how the performance fee is accrued and calculated is set out in the product brochure or in the full Prospectus which is available on request.

The Principal Distributor may enter into arrangements under which it will rebate a proportion of its annual charge to certain authorised persons in respect of distribution activities relating to the Funds.

Any material increase in fees charged by the Manager or its affiliates or the introduction of a new fee or charge can only be made with the prior consent of unitholders. On giving at least 60 days written notice to unitholders, we may increase the initial or the annual management charge and any applicable performance fee.

The effect of charges and expenses are illustrated in this document using two different measures:

**Total Expense Ratio ("TER")** reflects the annual operating expenses of the Funds. It does not take into account the impact of any initial or exit charges which are shown separately or transaction-based expenditure i.e. dealing costs. TER is employed as the standard method of disclosing the effect of charges by most European collective investment funds.

**Reduction in Yield ("RIY")** which highlights the cost of purchasing and holding an investment of £1,000 for 10 years using an indicative growth rate of 6.0%. The RIY does take account of initial and/or exit charges and illustrates what you might expect to get back through the course of holding the investment. However, this indicative growth rate is not guaranteed and is used only for the purposes of demonstrating the effect of charges and expenses on an investment.

You should be aware that the annualised expenses calculated for the purposes of measuring RIY includes allowance for tax relief whereas TER does not reflect this.

In addition, as an indicator of the effect of transaction-based expenditure i.e. dealing costs, a Portfolio Turnover Rate ("PTR") is used to illustrate the total value of all dealing in the

underlying securities within the Funds, expressed as a percentage of the total value of all subscriptions and redemptions by unitholders over the same period.

In order to calculate the PTR, the value of units issued and the value of units cancelled over the period is added and the total is deducted from the sum of the value of investments purchased and the value of investments sold over the same period. The resultant figure is then expressed as a percentage of the average value of the relevant Fund over the period.

Where dealing in the underlying investment in the Funds is transacted at a lesser rate than that of subscriptions and redemptions by unitholders, a negative figure will be shown.

Details of the initial charge, spread, total annual expenses and PTR for each of the Funds are provided in the table on page 8, together with their reduced investment growth rates over 10 years, after expenses.<sup>1</sup>

## Examples – Effect of charges

The tables below illustrate the effect of expenses on an investment of £1,000 using the RIY formula. Please also see the relevant section on this document referring to ISA and PEP investments.

**Income Funds** – For those of our funds where the aim is to produce a high or rising income. The column headed "What you might get back" shows the capital value only and does not take account of the "Income to date" that you will already have received.

Merrill Lynch High Income Bond Fund				
At end of year	Investment to date	Effect of deductions to date	Income to date	What you might get back
	£	£	£	£
1	1,000	53	49	957
3	-	82	145	950
5	-	115	241	944
10	-	214	478	928

The last line in the table shows that over 10 years the effect of the total charges and expenses could amount to £214. Putting it another way, this would have the same effect as bringing investment growth down from 6.0% to 4.3% a year.

Merrill Lynch UK Income Fund				
At end of year	Investment to date	Effect of deductions to date	Income to date	What you might get back
	£	£	£	£
1	1,000	76	32	950
3	-	119	98	966
5	-	168	164	981
10	-	321	335	1,020

The last line in the table shows that over 10 years the effect of the total charges and expenses could amount to £321. Putting it another way, this would have the same effect as bringing investment growth down from 6.0% to 3.6% a year.

<sup>1</sup> TER and PTR are calculated using information contained in the last annual Manager's report. All other information is correct as at 31 December 2007.

## Summary of Charges & Expenses

Funds	Initial Charge %	Spread %	Annual Expenses (TER) %	Annual Expenses (after tax relief) %	Reduced Investment Growth %	Portfolio Turnover (PTR) %
BlackRock UK Absolute Alpha Fund - Class P <sup>1</sup>	5.00	4.88	1.70	1.36	4.00	2546
Merrill Lynch Balanced Portfolio Fund	5.00	5.58	1.71	1.71	3.50	123
Merrill Lynch Cash Fund	0.00	0.00	0.58	0.46	5.10	3947
Merrill Lynch Continental European Fund	5.00	5.13	1.74	1.50	3.90	215
Merrill Lynch Emerging Markets Fund	5.00	5.61	1.79	1.54	3.80	877
Merrill Lynch European Dynamic Fund	5.00	5.10	1.75	1.53	3.80	260
Merrill Lynch Global Bond Fund	5.00	5.00	1.15	0.92	4.40	348
Merrill Lynch Global Equity Fund <sup>2</sup>	5.00	5.27	1.73	1.61	3.70	305
Merrill Lynch Gold & General Fund	5.00	5.78	1.95	1.82	3.50	-6
Merrill Lynch Government Securities Fund <sup>3</sup>	3.00	3.00	1.13	0.90	4.70	411
Merrill Lynch Growth Portfolio Fund	5.00	5.40	1.80	1.74	3.60	163
Merrill Lynch High Income Bond Fund	3.25	4.04	1.11	1.11	4.30	223
Merrill Lynch Income Portfolio Fund	5.00	5.45	1.70	1.66	3.60	189
Merrill Lynch Japan Fund	5.00	5.39	1.76	1.64	3.70	158
Merrill Lynch Target Return Fund	3.25	3.94	1.40	1.12	4.40	2789
Merrill Lynch UK Fund	5.00	5.69	1.69	1.64	3.60	57
Merrill Lynch UK Dynamic Fund	5.00	5.72	1.70	1.66	3.60	59
Merrill Lynch UK Income Fund	5.00	5.71	1.69	1.64	3.60	156
Merrill Lynch UK Smaller Companies Fund	5.00	5.75	1.71	1.69	3.60	58
Merrill Lynch UK Special Situations Fund	5.00	5.74	1.71	1.71	3.60	154
Merrill Lynch US Dynamic Fund	5.00	5.02	1.70	1.64	3.70	120
Merrill Lynch US Opportunities Fund	5.00	5.04	1.79	1.78	3.60	178

<sup>1</sup> The ML UK Absolute Alpha Fund was renamed the BlackRock UK Absolute Alpha Fund on 1 September 2007.

<sup>2</sup> The Merrill Lynch Global Titans Fund was renamed the Merrill Lynch Global Equity Fund on 1 August 2007.

<sup>3</sup> The Fund invests in short and medium-term deposits with a fixed maturity date resulting in more frequent turnover of the investments. Typically, such investments incur no dealing costs.

**Growth Funds** – For those of our Funds where the aim is to provide capital growth and all have broadly similar charges.

### Merrill Lynch UK Dynamic Fund

At end of year	Investment to date	Effect of deductions to date	What you might get back
	£	£	£
1	1,000	77	982
3	–	122	1,060
5	–	177	1,160
10	–	361	1,420

The last line in the table shows that over 10 years the effect of the total charges and expenses could amount to £361. Putting it another way, this would have the same effect as bringing investment growth down from 6.0% to 3.6% a year.

### Merrill Lynch UK Special Situations Fund

At end of year	Investment to date	Effect of deductions to date	What you might get back
	£	£	£
1	1,000	77	982
3	–	124	1,060
5	–	180	1,150
10	–	368	1,420

The last line in the table shows that over 10 years the effect of the total charges and expenses could amount to £368. Putting it another way, this would have the same effect as bringing investment growth down from 6.0% to 3.6% a year.

## BlackRock UK Absolute Alpha Fund

At end of year	Investment to date	Class P Effect of deductions to date	Accumulation Units What you might get back
	£	£	£
1	1,000	65	994
3	–	103	1,080
5	–	148	1,180
10	–	303	1,480

The last line of the table shows that over 10 years the effect of the total charges and expenses could amount to £303. Putting it another way, this would have the same effect as bringing investment growth down from 6.0% to 4.0%.

For the purpose of the RIY calculations, a performance fee accrual based on the 6.0% indicative growth rate is used but it is reduced by the amount of the Hurdle (3-month LIBOR) which as at the date of going to print is around 5.74% (as at 29 February 2008). Based on the actual performance of the Fund to 31 December 2007, we estimate that the TER is 2.55%. Please note this is an indicative figure only and that the actual cost incurred by investors will depend on the future performance of the Fund and changes to LIBOR. In particular, if LIBOR is decreased in the future, this may lead to an increase in the performance fee earned and the overall running costs of the Fund and similarly, any future increases in LIBOR will potentially result in a decrease in the performance fee and overall charges borne by the Fund. The TER will therefore be subject to greater volatility than for funds which do not charge a performance fee, although it is intended that the figure will be updated periodically.

## What is the tax treatment applicable to my investment?

### The Funds

As authorised unit trusts, the Funds are taxed as “investment companies” which means that franked income (dividends received from a UK resident company) is not taxed within the Funds as it has been paid out of profits which have already been taxed. The Funds are liable to UK corporation tax at the lower rate of income tax, currently 20% (2008/2009), on any unfranked income after deduction of allowable expenses. The Funds are not normally liable to tax on capital gains arising from the disposal of investments.

Derivatives held by the Funds will be accounted for and taxed in accordance with the Statement of Recommended Practice for authorised unit trusts. Should, however, the Inland Revenue decide to impose specific rules on the taxation of derivatives held within the Funds, this may lead to tax leakage within the Funds by reducing the tax efficiency of the Funds.

### Unitholders

Distributions may be paid either as a dividend, or in the case of certain qualifying funds, as an interest distribution. Dividend distributions are paid net with an associated notional tax credit of 10%. The tax credit will be deemed to satisfy lower and basic rate taxpayers’ liability to income tax. Higher-rate taxpayers will be liable at the higher rate of 18% (2008/2009), of the net dividend plus the 10% tax credit. Non-taxpayers will not be able

to reclaim the tax credit. Interest distributions are paid net of 20% income tax. Lower and basic rate taxpayers will have no further tax to pay, although higher rate taxpayers are liable at the higher rate of 40%, with credit being given for the income tax already paid. Unitholders ordinarily resident outside the UK may be eligible to receive distributions without deduction of tax. The appropriate form is available upon request.

Any gains arising on the disposal of your units (including switches between Funds) are potentially liable to tax on the capital gain. For UK resident individuals, the first £9,600 (2008/2009) of chargeable gains from all sources, after allowable deductions, is exempt from tax. Thereafter, chargeable gains are aggregated with income (net of personal tax relief) from all sources to ascertain the rate at which capital gains tax will be levied.

### Equalisation

Equalisation applies to units purchased during the distribution period (“Group 2 units”). The average amount of income, calculated daily, included in the purchase price of all Group 2 units, is treated for the purposes of the distribution, as a refund of capital. Being capital, it is not liable to income tax but should be deducted from the cost of the units for capital gains tax purposes. The aim of operating equalisation is to relieve new investors in the Funds from the liability to tax on income already accrued in the units they acquire.

### Stamp Duty Reserve Tax (“SDRT”)

SDRT is levied for dealings in units in the Funds at a rate of 0.5% on the value of units repurchased in any one week period. The charge may be reduced if the number of units repurchased exceeds the number sold during a two week period or if there are exempt assets in the Fund. The Manager’s policy is not to impose an SDRT provision on either the sale or repurchase of units with the result that any SDRT payable will be paid by the relevant fund. However, the Manager reserves the right to do so whenever it considers that circumstances have arisen that make the imposition of such a charge fair to all current and prospective unitholders.

## Where can I find information concerning the price of my units?

Dealing prices will normally be available from 3.00 p.m. on the day of each valuation point and details may be obtained by calling our Investor Services Team on the 0800 44 55 22. The most recent buying and selling prices and the latest estimated yield are published on our website at [blackrock.co.uk](http://blackrock.co.uk).

## Where can I find information concerning the performance of my investment?

An overview of the performance for each of the Funds is provided on the Fund Performance Data section which can be found on page 13 of this document. Information concerning Fund performance may also be obtained by visiting our website [blackrock.co.uk](http://blackrock.co.uk) or by calling our Investor Services Team on 0800 44 55 22.

## Further information on the BlackRock Funds

### Valuations and prices

The prices at which you may buy or sell units are normally

calculated on each business day. The basis of the calculation is the value of the underlying assets of the Funds. This valuation is normally taken at 12 noon ('the valuation point'), using the most recent prices for the underlying securities which can reasonably be obtained. Having arrived at a valuation for the Funds, the buying and selling prices are then calculated in accordance with regulations which set out the maximum buying and the minimum selling prices.

All instructions received before 12 noon, will be dealt with by reference to that day's prices. Instructions received after 12 noon will be dealt with using the following business day's prices.

## Buying and selling units

### Lump Sum Investments

You may normally buy or sell units on any business day between 8.30 a.m. and 5.30 p.m. You may give your instructions by post or over the telephone, or by fax. E-mailed instructions are not accepted. Purchases into the Merrill Lynch Cash Fund may not be made by telephone or fax.

### Purchases

We will normally issue contract notes by close of business on the business day after the day on which the price is calculated. If you do not pay at the time you deal, you must send your cheque to reach us within four business days of the date of the contract. The exception is the Merrill Lynch Cash Fund where payment must be received with your application.

Should you fail to provide settlement within this period, we reserve the right to cancel your investment. You may be liable for any loss suffered by the manager as a result of any movement in the value of the units between the transaction date and the date on which the transaction is cancelled and for any associated costs incurred by the Manager.

### Sales

We will normally issue repurchase contract notes by close of business on the business day after the day on which the repurchase price is calculated. We will normally send you a cheque for the repurchase proceeds by close of business on the fourth business day (one business day for the Merrill Lynch Cash Fund) after our receipt of the completed 'form of renunciation' or written instructions, or from the valuation point next following such receipt, whichever is the later.

You may request us to pay the proceeds directly to your bank account provided that the account is one from which you have previously subscribed.

If, as a result of a sale or transfer of units, the remaining balance of your holding is less than £500, we reserve the right to redeem the units at the bid price next calculated and remit the proceeds to you in accordance with our usual dealing procedures. Small balances of £2 or less may be paid away to a UK registered charity at our discretion.

### Unpresented cheques / Unclaimed or other balances

Where the proceeds of a sale of units are transferred to you by cheque and you subsequently fail to present the cheque for payment, reasonable efforts will be made to contact you at the

address reflected in our records in order to facilitate payment of any outstanding balance due to you. However, if we are unable to contact you, after a period of 6 years, such amounts shall be paid into the Fund. No interest will be payable to you in respect of amounts relating to unrepresented cheques or other balances. 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 you in respect of any client money balances held.

## Savings plan investments

### Purchases

Your regular payments are made by direct debit on or just after the 15th day of each month according to your written instruction. You may cancel that instruction at any time. Payments may be stopped by cancelling your Direct Debit Instruction with your bank and informing us in writing. Providing units valued at more than £500 remain held in your savings plan account, your account can be kept open.

If the balance is less than this, we reserve the right to redeem your units at the bid price next calculated and remit the proceeds in accordance with our usual dealing procedures. You may also add a lump sum investment at any time (minimum £100); your cheque will be invested at the next available price following receipt.

### Sales

You may sell your investment in whole or part at any time, without penalty, by telephone or in writing. Your units will be sold as explained under Lump Sum Investments.

## Dealing through intermediaries

If an authorised intermediary has invested on your behalf, they may be entitled to initial commission of up to 3.0%. This would be the equivalent of £30 per £1,000 invested. The exceptions are the Merrill Lynch Government Securities Fund where initial commission is payable at 2.0%, which would be the equivalent of £20 per £1,000 invested, and the Merrill Lynch Cash Fund where no initial commission is payable. In addition, for the BlackRock UK Absolute Alpha Fund, Merrill Lynch European Dynamic Fund, Merrill Lynch Global Equity Fund, Merrill Lynch UK Dynamic Fund and the Merrill Lynch Portfolio Funds, the Manager may also pay renewal commission of up to 0.5% per annum. Renewal commission is based on the present market value of the investment but as an indication, would represent £5 per £1,000 invested. Renewal commission is not paid on savings plan investments. Commission is paid out of the initial and annual management charges and does not represent an additional charge to the investor. Your financial adviser should inform you where any charge will be made by them for investing or advising you about an investment.

No advice will be provided by BlackRock in respect of these investments. If you are in any doubt about the suitability of these Funds for your investment needs, please contact your financial adviser. Your adviser will provide details as to their identity, the capacity in which they act for you and their address and other details.

For ISA investments, please see the relevant information section in this document.

## Money Laundering Prevention

As a result of anti-money laundering legislation, you may be required, in certain circumstances, to provide additional documentation to confirm your identity, even if you are an existing unitholder. Any information provided by you will be used only for the purposes of compliance with these requirements and all original documentation will be duly returned to you. Please note that until we receive the requested documentation there may be a delay in processing any subsequent instructions and the Manager reserves the right to withhold redemption proceeds until such a time as the documentation is received. Alternatively, the Manager may employ a search of electronic data reference sources in order access information held electronically concerning your identity, including information held by certain government and consumer agencies. By completing the relevant application form(s), you acknowledge that the Manager may at any time initiate a search of information held electronically in order to verify your identity.

## Complaints

If you are not entirely satisfied with any aspect of the service you have received and you wish to complain, please contact: The Compliance Officer, BlackRock Investment Management (UK) Limited, 33 King William Street, London EC4R 9AS. If you would like to receive written details of how we handle complaints, please contact us. If you are not entirely satisfied with the way we handle your complaint, you may be able to complain to the Financial Ombudsman Service Ltd, South Quay Plaza, 183 Marsh Wall, London E14 9SR Tel: 0845 080 1800. Making a complaint will not prejudice your right to take legal proceedings.

We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the Scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of your claim. Most types of investment business are covered for 100% of the first £30,000 and 90% of the next £20,000 so the maximum compensation payable would be £48,000.

Information on Financial Services Compensation Scheme (FSCS) is available on request, or by contacting the FSCS Limited at 7th Floor, Lloyds Chambers, 1 Portsoken Street, London E1 8BN. Tel: 020 7892 7300.

## Other important information

**Language:** All communications will be in English (UK).

**Law:** If there is a legal dispute, the Law of England and Wales will apply.

**Unit Trust Manager:** The Manager of the Merrill Lynch Funds is BlackRock Fund Managers Limited, (Company No. 1102517) and its principal business is the management of collective investment schemes. Registered office: 33 King William Street, London EC4R 9AS. Authorised and regulated by the Financial Services Authority (FSA No. 119292).

**Trustee:** The Trustee of the Fund is The Royal Bank of Scotland plc, Trustee & Depositary Services, The Broadstone, 50 South

Gyle Crescent, Edinburgh EH12 9UZ. Authorised and regulated by the Financial Services Authority.

**Auditor:** Ernst & Young LLP, 1 More London Place, London SE1 2AF.

**Principal Distributor:** BlackRock (Channel Islands) Limited, Forum House, Grenville Street, St. Helier, Jersey JE4 8RL.

**ISA Manager:** The ISA Manager is BlackRock Investment Management (UK) Limited and its principal business is the provision of investment management services. Registered office: 33 King William Street, London EC4R 9AS. Authorised and regulated by the Financial Services Authority (FSA No. 119293).

**Supervisory Authority:** The Financial Services Authority, 25, The North Colonnade, Canary Wharf, London E14 5HS.

## Information concerning the BlackRock ISA

The BlackRock ISA offers a tax-efficient way of investing into BlackRock Funds. Investments held within an ISA are free from personal UK capital gains or additional income taxes. ISA is short for Individual Savings Account which, as the name implies, is available for personal investment only. ISAs are available as a Stocks and Shares component which may include financial securities such as shares and bonds (and funds which invest in such securities) and/or a Cash component which may include deposit accounts and other money market instruments.

Please note that the Merrill Lynch Cash Fund and Merrill Lynch Government Securities Fund are not available through the BlackRock ISA.

Under existing ISA rules, you may subscribe up to a maximum of £7,200 in each tax year. You may invest the full allowance in a Stocks and Shares ISA with a single provider or two separate ISAs each tax year; a Cash ISA and a Stocks and Shares ISA. These can be with the same or different providers. Up to £3,600 can be invested into a Cash ISA with the remainder, up to the £7,200 limit, invested in a Stocks and Shares ISA. You may only invest into one of each type of ISA in any one tax year.

You must be aged 18 or over and be ordinarily resident in the UK to invest in a Stocks and Shares ISA.

You should remember that the favourable taxation of ISAs is subject to government legislation and as such is subject to change. Furthermore, the investments held within the ISA may already have been liable for tax.

Applications to subscribe to the BlackRock ISA should be made in accordance with the current Terms and Conditions which, together with your Application Form, the Simplified Prospectus and other information contained in this document, constitute a legally binding contract between you and the ISA Manager.

## BlackRock ISA

BlackRock Investment Management (UK) Limited only offers a Stocks and Shares ISA. You may invest £500 or more as a lump sum or alternatively regular monthly savings plan investments of £50 or more may be made. You can also add to this at any time

with additional payments of a minimum of £100 (up to the Maximum ISA allowance).

Savings plan investments will be made by direct debit on or just after the 25th day of each month. You may cancel your direct debit instruction by instructing your bank and notifying us in writing. You may also amend your investment amount at any time, however, please allow at least 10 working days.

All ISA applications must be in writing using the appropriate Application Form, enclosing a cheque payable to BlackRock Investment Management (UK) Limited. Telephone, fax or e-mail applications are not accepted. For lump sum investments, a new Application Form must be completed in each tax year. Savings plan investments will continue on the basis of your initial application until we receive notice to cease collections.

## BlackRock ISA Transfers

You can transfer monies held in both Stocks and Shares ISAs and Cash ISAs into a BlackRock Stocks and Shares ISA. You can transfer some or all of the money you have invested in previous tax years without affecting your annual ISA allowance. Investors are also able to transfer money invested in the current tax year, but such transfers must be the whole amount as partial transfers are not accepted for current tax year transfers. You must not withdraw the money and reinvest it in your Stocks and Shares ISA yourself as this will count towards your annual ISA allowance. You can also transfer any monies held in a TESSA-Only ISA to a BlackRock Stocks and Shares ISA.

To transfer in to the BlackRock Stocks and Shares ISA from other managers, please complete a Transfer Application Form. The minimum transfer value is £500. Telephone, fax and email applications will not be accepted.

## BlackRock PEP

All PEP accounts will automatically become a Stocks and Shares ISA from 6 April 2008. Under this new regime, you will be able to invest in this re-labelled PEP, which is now a Stocks and Shares ISA, for current and future tax years as long as you have not subscribed to another Stocks and Shares ISA during the current tax year.

With respect to the interest received from any un-invested cash held in your PEP, BlackRock must deduct a flat rate 20% charge and pay it to HM Revenue & Customs.

## Withdrawals

You may withdraw all or part of your ISA at any time by writing to the ISA Manager. The minimum withdrawal is £250. You may also instruct us in writing to terminate your ISA, whereupon all investments within the ISA will be sold (in accordance with the Terms and Conditions). Alternatively you may arrange to withdraw a regular cash amount from your ISA. Further details are available on request.

## Switching investments

You may switch your investment to other eligible BlackRock Funds by writing to the ISA Manager. Switches are undertaken free of the Manager's initial charge.

## Transfers out

You may at any time, transfer your Stocks and Shares ISA to

another plan manager. Your new plan manager will make all the necessary arrangements and will contact us with instructions to transfer your ISA. Please note you cannot transfer monies invested in a Stocks and Shares ISA into a Cash ISA.

## Dealing through Intermediaries

Initial and renewal commission is payable to an authorised intermediary investing on your behalf on all lump sum ISA investments. Renewal commission is not payable in relation to ISA savings plan investments or any cash held within the ISA.

## Charges and expenses

The tables below illustrate the effect of expenses on an investment of £1000 using the Reduction in Yield (RIY) formula based upon a higher indicative growth rate of 7.0%. These are shown for ISA qualifying Funds paying interest distributions only. There is no tax reclaim available for Funds paying dividend distributions.

Merrill Lynch High Income Bond Fund				
At end of year	Investment to date	Effect of deductions to date	Income to date	What you might get back
	£	£	£	£
1	1,000	54	61	953
3	-	84	181	941
5	-	119	299	928
10	-	227	588	898

The last line in the table shows that over 10 years the effect of the total charges and expenses could amount to £227. Putting it another way, this would have the same effect as bringing investment growth down from 7.0% to 5.2% a year.

Merrill Lynch Global Bond Fund				
At end of year	Investment to date	Effect of deductions to date	Income to date	What you might get back
	£	£	£	£
1	1,000	65	35	968
3	-	99	108	1,000
5	-	139	184	1,040
10	-	271	388	1,150

The last line in the table shows that over 10 years the effect of the total charges and expenses could amount to £271. Putting it another way, this would have the same effect as bringing investment growth down from 7.0% to 5.1% a year.

## Taxation

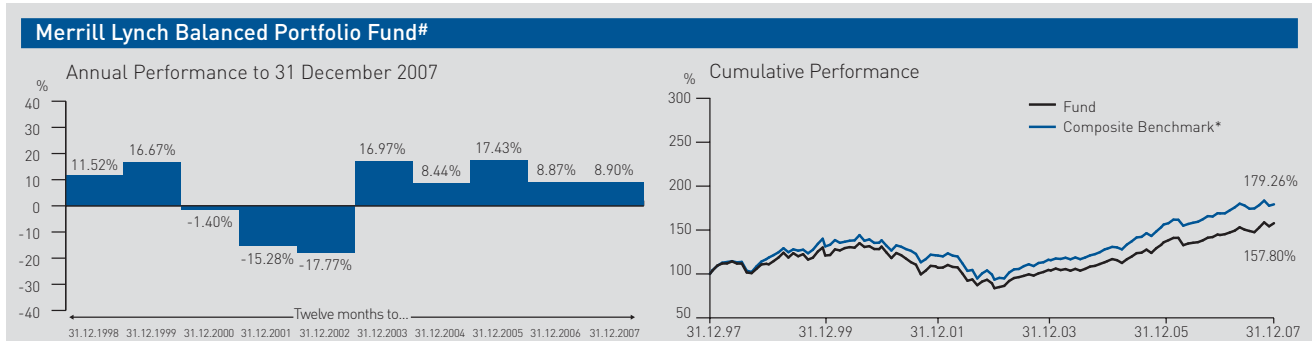
Under existing legislation, whatever your tax status, you will have no further liability to income or capital gains tax in respect of your ISA investments. For Funds paying interest distributions, income is paid gross. If you have elected to have income paid to you, the payment will include an amount equal to 20% income tax. If you hold Accumulation Units, the tax will be reclaimed by the ISA Manager on your behalf and reinvested in the same Fund on receipt. Equalisation may reduce the level of tax reclaimable.

## Complaints

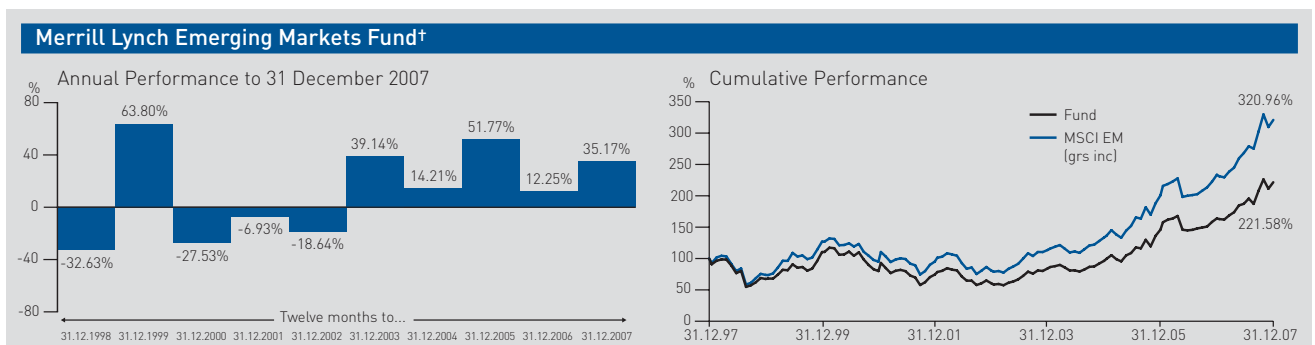
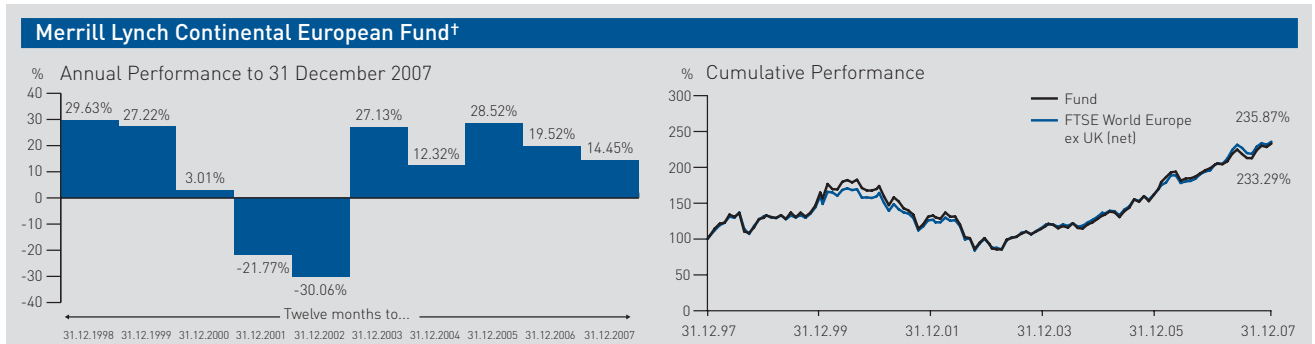
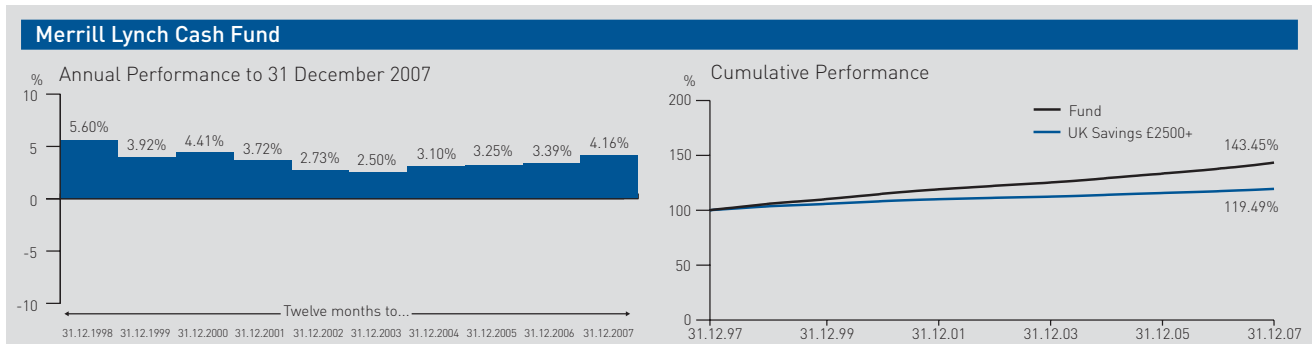
If you should have a complaint about your BlackRock ISA, please refer to the Complaints Procedure detailed in the Terms and Conditions.

# Funds Performance Data to 31 December 2007

This section shows the performance for the Funds covered in this Simplified Prospectus. Graphs on the left hand side show the annual performance for each of the Funds over the last ten consecutive years (or for as many full years as the Funds have been in existence) to the most recent quarter end prior the production of this material (31 December 2007). The graphs on the right hand side show the Funds' cumulative performance over the same period and also includes comparison to the relevant benchmark which is provided for reference purposes only. Please remember that past performance is not a guide to future performance.



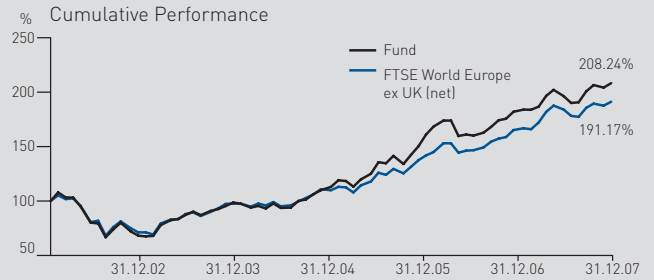
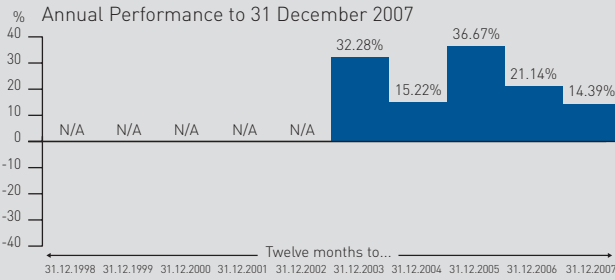
\* The Composite Benchmark is comprised of 55% FTSE All-Share Index, 25% FTSE World ex UK Index and 20% Merrill Lynch 1-15 Year UK Broad Market Index (prior to 31.10.06 the FTSE Actuaries UK Gilts All Stocks Index is used).



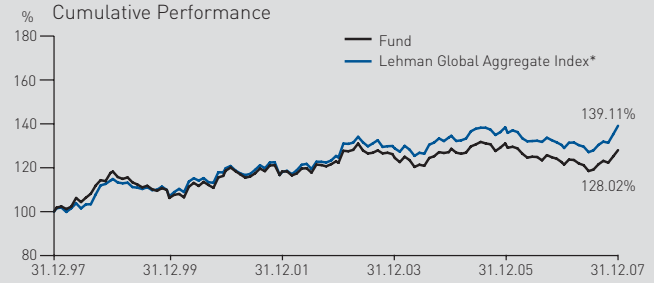
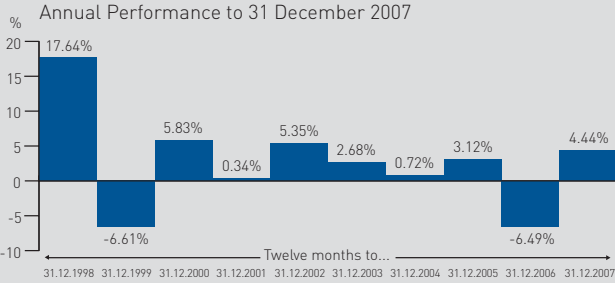
<sup>#</sup> The objective for this Fund was amended on 12 October 2007.

<sup>†</sup> The objective for these Funds were amended on 1 October 2006.

### Merrill Lynch European Dynamic Fund†

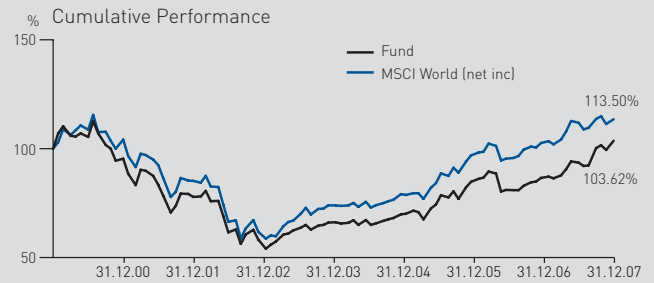
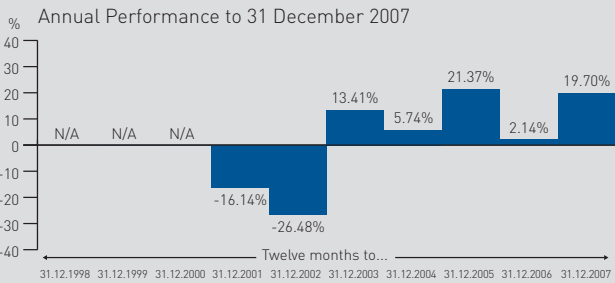


### Merrill Lynch Global Bond Fund

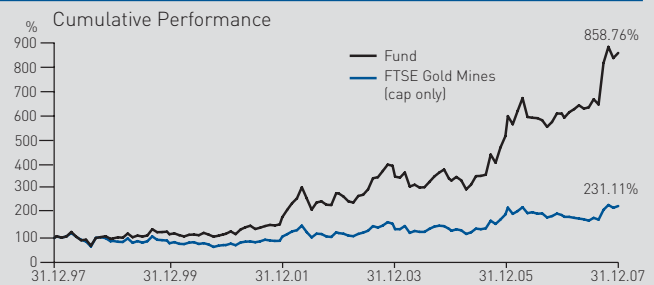
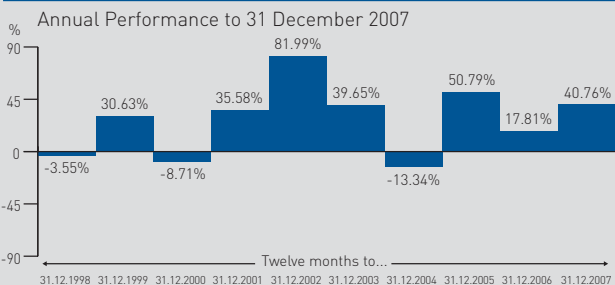


\* Prior to 31.10.06 a composite benchmark comprising 20% Lehman US Corporate Investment Grade Index (hedged to £) and 80% JP Morgan Global Traded Index (unhedged) was used.

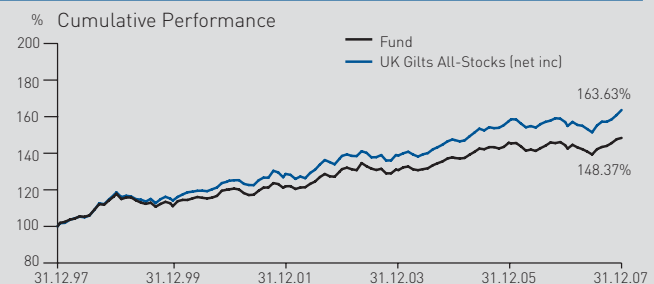
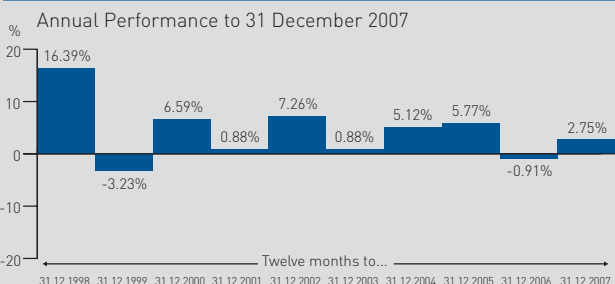
### Merrill Lynch Global Equity Fund



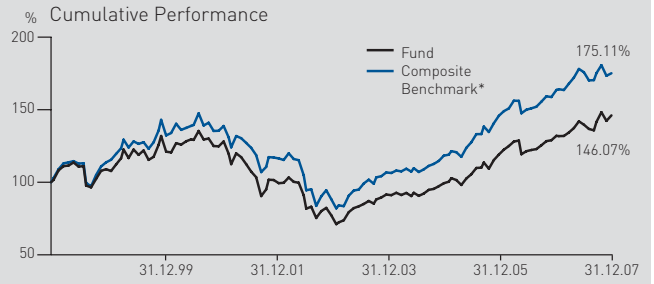
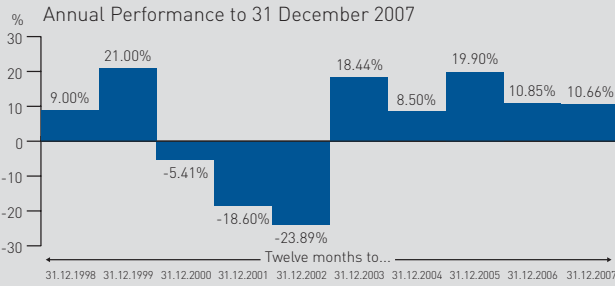
### Merrill Lynch Gold & General Fund



### Merrill Lynch Government Securities Fund

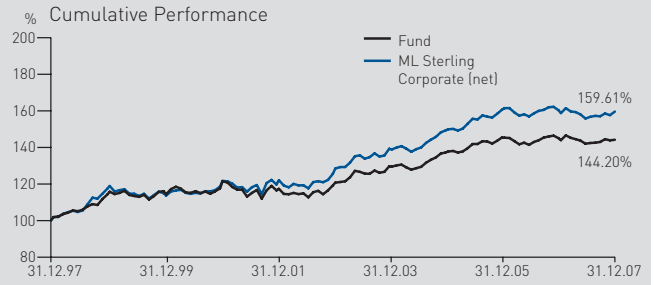
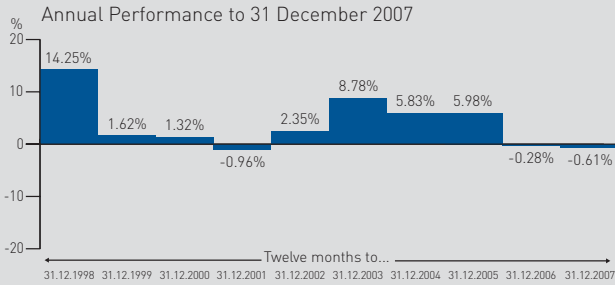


### Merrill Lynch Growth Portfolio Fund†

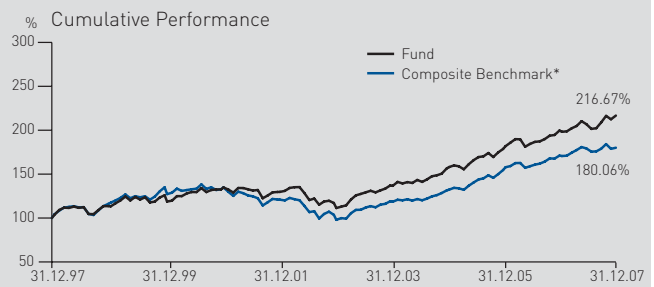
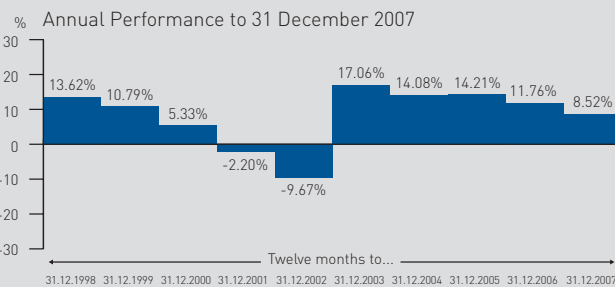


\* The Composite Benchmark is comprised of 60% FTSE All-Share Index and 40% FTSE World ex UK Index.

### Merrill Lynch High Income Bond Fund



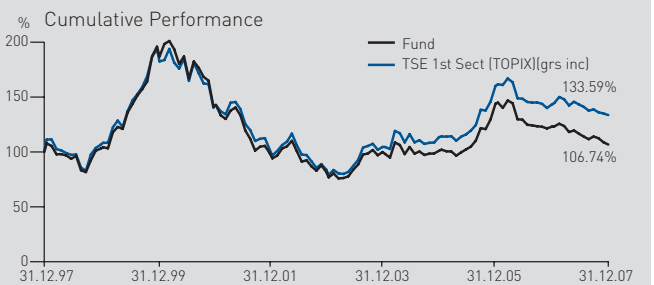
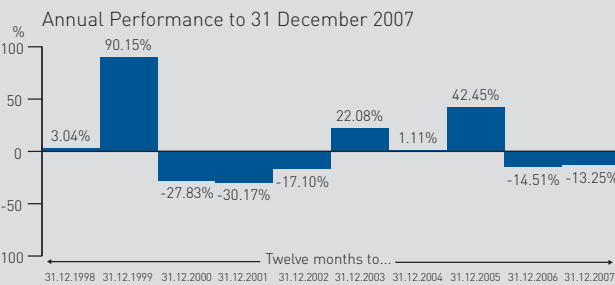
### Merrill Lynch Income Portfolio Fund†



\* The Composite Benchmark is comprised of 60% FTSE All-Shares Index and 30% Merrill Lynch 1-15 Year UK Broad Market Index (prior to 31.10.06 the FTSE Actuaries UK Gilts All-Stocks Index is used) and 10% FTSE World ex UK Index.

† The objective for these Funds was amended on 12 October 2007.

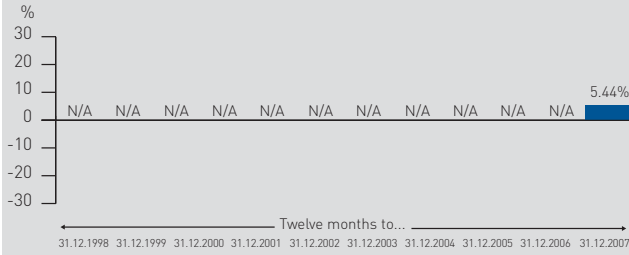
### Merrill Lynch Japan Fund\*



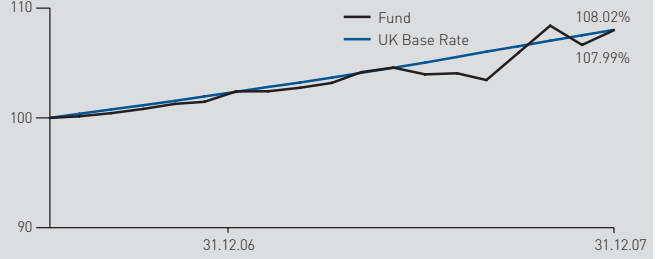
\* The objective for this Fund was amended on 1 October 2006.

### Merrill Lynch Target Return Fund

Annual Performance to 31 December 2007

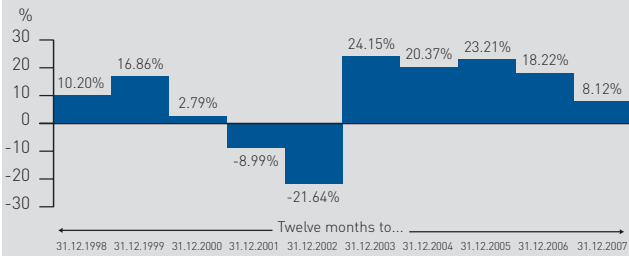


% Cumulative Performance

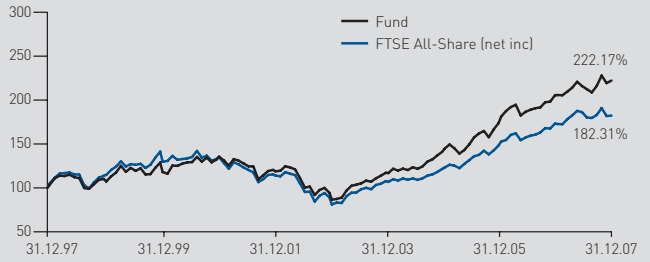


### Merrill Lynch UK Fund\*

Annual Performance to 31 December 2007

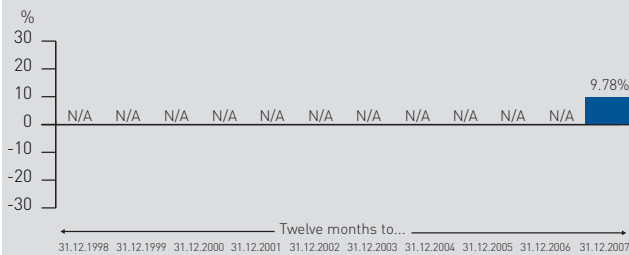


% Cumulative Performance

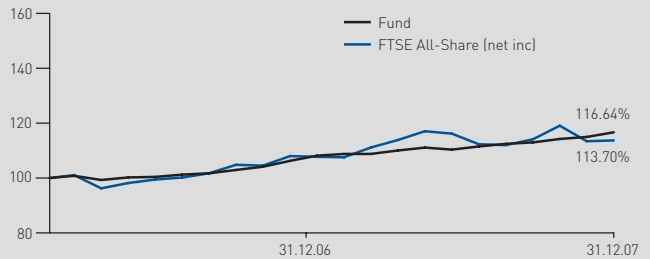


### BlackRock UK Absolute Alpha Fund P Class

Annual Performance to 31 December 2007

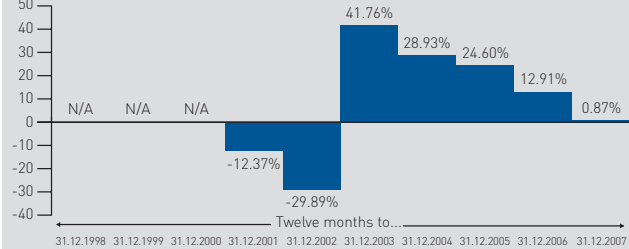


% Cumulative Performance

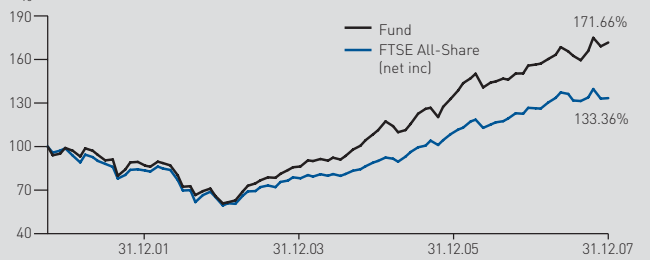


### Merrill Lynch UK Dynamic Fund\*

Annual Performance to 31 December 2007

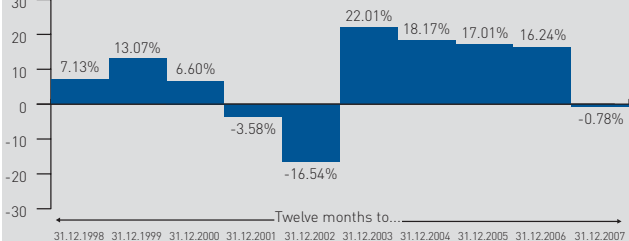


% Cumulative Performance

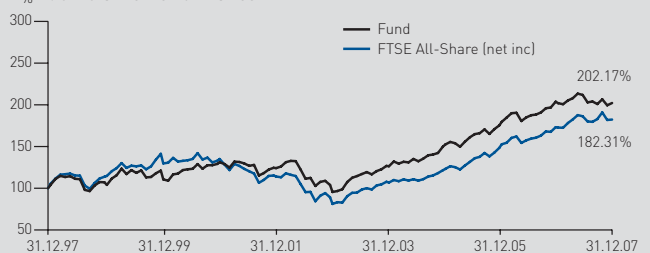


### Merrill Lynch UK Income Fund

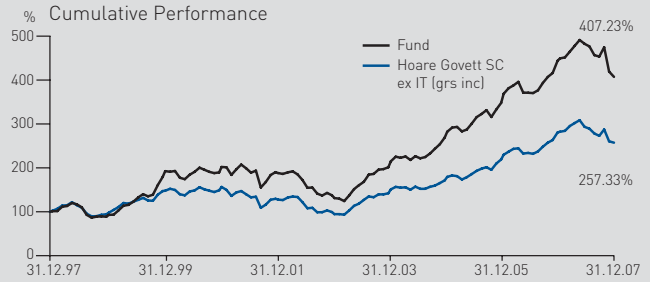
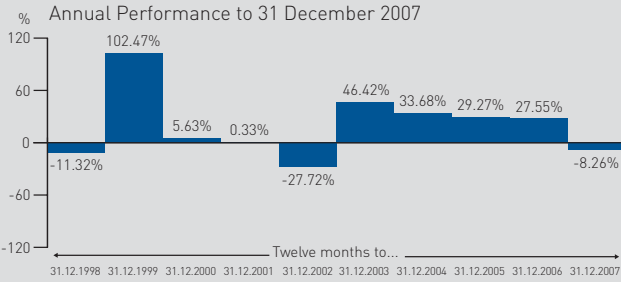
Annual Performance to 31 December 2007



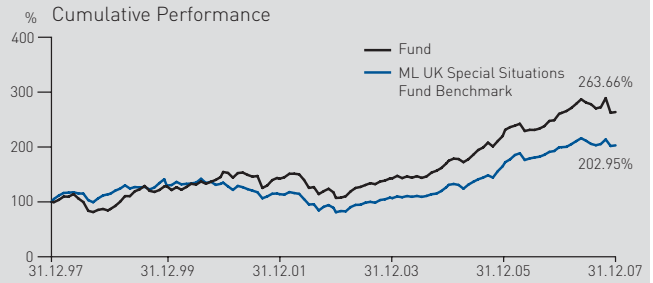
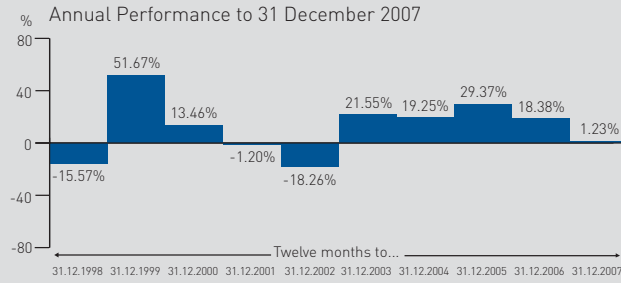
% Cumulative Performance



### Merrill Lynch UK Smaller Companies Fund



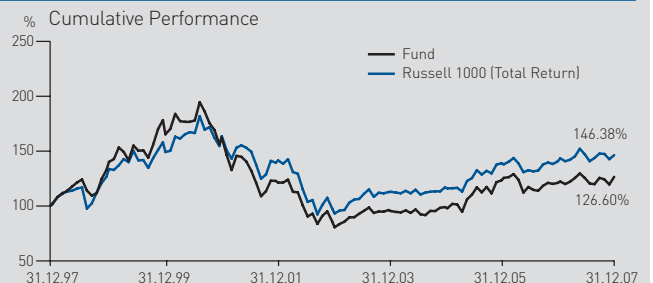
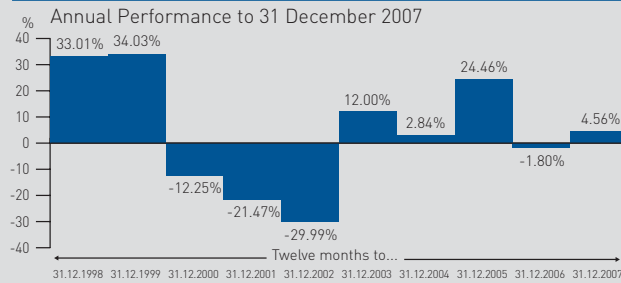
### Merrill Lynch UK Special Situations Fund†#



† The objective for this Fund was amended on 1 October 2006.

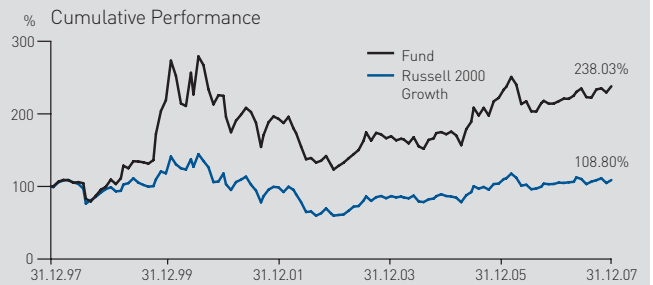
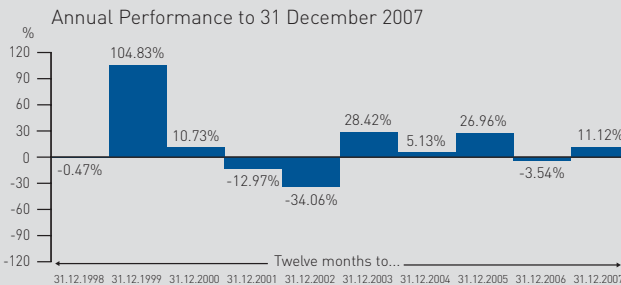
# The benchmark changed on 1 April 2006 from FTSE 250 (total return) to the IMA UK All Companies Sector Average (the new index has been spliced with history of the old benchmark).

### Merrill Lynch US Dynamic Fund\*



\* The Fund changed its name from Merrill Lynch American Fund and its investment objective on 1 October 2006.

### Merrill Lynch US Opportunities Fund~



~The Fund changed its name from Merrill Lynch American Opportunities Fund and its investment objective on 1 October 2006.

For the most recent Fund performance information visit our web site [blackrock.co.uk](http://blackrock.co.uk) or call our Investor Services Team on 0800 44 55 22.

Source: BlackRock and Datastream. Performance is shown on a bid to bid basis, net of tax and charges, and does not include the effect of initial or exit charges. Past performance is not a guide to future performance. The value of investments and the income from them can fall as well as rise and is not guaranteed. You may not get back the amount originally invested.

# Appendix

## BlackRock Unit Trusts Stocks and Shares Individual Savings Account Terms and Conditions

### 1. Definitions

'Application' means a valid application for a Plan made in accordance with Clause 2.

'Application Details' means the information contained (a) in the prescribed application form completed in writing by an applicant for a Plan or (b) in the case of an Application for an ISA in our written acknowledgement of the information provided by the applicant (as amended to reflect any corrections which the applicant notifies to us).

'Associate' means any company in the group of companies of which BlackRock Inc., Merrill Lynch & Co., Inc., and the PNC Bank N.A. is the holding company (together the 'Group').

'Bank' means The Royal Bank of Scotland plc, or another company within The Royal Bank of Scotland group, or any successor to their business from time to time. The Bank is not our Associate.

'Business Day' means any day normally treated as a bank business day in England.

'Custodian' means The Bank of New York Europe Limited, or any successor to its business from time to time. The Custodian is not our Associate.

'FSA' means the Financial Services Authority, and 'the FSA Rules' means the rules and regulations of the Financial Services Authority, as in force from time to time.

'ISA' means an Individual Savings Account to which, in the case of these Terms and Conditions (as may be amended) means a stocks and shares ISA.

'Manager', 'we' and 'us' all refer to BlackRock Investment Management (UK) Limited, the manager of your Plan (as applicable) (or our replacement under Clause 22). We are authorised and regulated by the FSA.

'Plan' means your stocks and shares ISA (including any previous year Mini ISA, Maxi ISA or Personal Equity Plan with us which has been reclassified as a stocks and shares ISAs in accordance with the Regulations).

'Regulations' means the Revenue regulations and guidance notes for ISA (as may be amended).

'Revenue' means H.M. Revenue & Customs.

'Unit Trust' means authorised unit trusts or other authorised funds held in your Plan, and which have been made available by us as the sole eligible investments for your Plan. All Unit Trusts are operated or advised by us or an Associate.

'Units' means the units of any such Unit Trust.

Words and phrases defined in the FSA Rules will bear the same meanings in these Terms and Conditions.

### 2. Application Procedure

#### Subscriptions

In order to subscribe for an ISA you must provide a valid application and cash subscription. A valid application must be made by either:

- (i) completing and sending to us the prescribed application form;
- (ii) (when this service is available), providing us with the prescribed information over the telephone (telephone calls are usually recorded) or by electronic communication.

Your application is subject to the annual subscription limits for the current tax year as set out in the application form. You may only subscribe to one stocks and shares ISA in any one tax year. You may also apply for a cash ISA within the annual limits. We do not, however, offer a cash ISA.

#### Transfers

If you wish to transfer to us a stocks and shares ISA held with another manager, you must first complete the relevant transfer application form. In order to effect the transfer, your other manager will sell the investments held in the ISA being transferred, and transfer the net cash proceeds to us. We will then invest these cash proceeds in accordance with Clause 7 below.

#### All Plans

By making an Application you accept your agreement with us that the Plan will consist of the information whether supplied by us or you (including but not limited to personal details, declarations and authorities) contained on the Application Details together with these Terms and Conditions, the Full Prospectus of each Unit Trust, and the Simplified Prospectus (the 'Agreement') as amended from time to time. You also agree to the appointment by you of the Bank and the Custodian to provide custodial and banking services required to ensure the operation of your Plan, and you authorise us to provide instructions to the Custodian on your behalf insofar as they are required to carry out our duties as manager of your Plan. We will be responsible for ensuring the Custodian properly carries out its duties in respect of your Plan.

Under the FSA Rules we classify you as a retail client.

In order to maintain the ISA status of your Plan, we reserve the right to transfer your investment into other funds within our range, for example, as a result of a scheme of arrangement or a termination affecting the Unit Trusts in which your Plan is invested. We shall write to let you know in advance of any such proposals.

In the event of any conflict in interpretation between the Application Details, the Terms and Conditions, the Full Prospectus, and the Simplified Prospectus, the Terms and Conditions will take precedence.

We reserve the right not to accept your application to us for a Plan.

### 3. Form of Subscription or Transfer

#### Subscription

Before your ISA can be opened a valid cash subscription must have been received.

For lump sum investors a valid cash subscription must be made by cheque, valid from the date we receive and accept it and provided it subsequently clears; or by debit or credit card (subject to availability) valid from the date we receive your transaction authorisation. For monthly investors a valid cash subscription must be made by direct debit, valid from the date we receive your mandate provided a subsequent cash transfer is made.

If your cheque subsequently fails to clear, or your direct debit instruction is returned unpaid, we may cancel the Application and any transactions carried out up to that date. You agree to indemnify both us and the Custodian against any losses, costs or expenses incurred directly or indirectly as a result of investment and subsequent cancellation.

#### Transfers

Before your Plan can be opened a valid cash transfer must have been received by us from your existing Plan manager. It will then be invested in the Unit Trust(s) specified in your Application Details.

### 4. Commencement of your Plan

Subject to the Regulations, the commencement date will be the date your Application and cash subscription or transfer is accepted by us.

### 5. Management of your Plan

Your Plan will be managed by us in accordance with your instructions provided in your Application Details and the Regulations.

### 6. Cash in your Plan

You may instruct us to sell Units and hold the proceeds in cash temporarily pending reinvestment within your Plan. Such instructions must clearly state proceeds are to be held in the Plan pending your reinvestment instructions.

Cash in your Plan must be held for the purpose of investment in qualifying investments. If such cash is held without any apparent intention of investment there is a risk that the Revenue will require the cash to be returned to you or for us to void your Plan. We, our Associates and the Bank may benefit from the aggregation of client balances held as stated above.

Cash held in your Plan will be held by the Bank or another appropriate institution in our name in trust for the benefit of your Plan in accordance with the FSA Rules on client assets.

#### Interest

Interest earned on such cash, including cash representing a cheque issued by us which you have not yet cashed, will not be credited to your ISA. You agree to waive the right to receive interest which you would otherwise have under the FSA Rules on client assets.

### 7. Timing of Transactions and Order Execution

Subject to Clause 4 we will invest your cash in the Unit Trusts specified in your Application Details.

We will endeavour to get the best market prices on your behalf in accordance with the applicable requirements on best execution in the FSA Rules.

#### Subscriptions

##### Lump Sums

All instructions received before 12 noon will be dealt with by reference to that day's Unit prices. Instructions received after 12 noon will be dealt with using the following day's Unit prices. Switch instructions will be treated in the same fashion.

##### Monthly Savings

For monthly investments the price for the relevant Units will normally be determined at the valuation point on the day each direct debit payment is made.

#### Transfers

The price of the relevant Units will be determined at the next valuation point for such Units following our receipt of the valid cash transfer.

#### Best Execution

We are required to seek to achieve the best possible result for you when dealing with any order to buy or sell financial instruments, such as Units, and to set out our arrangements for this purpose in an 'order execution policy'.

We are required to consider various factors when deciding how best to deal with orders from clients. These factors include price, cost, speed, likelihood of execution and settlement, size, nature and other relevant matters. As we have classified you as a retail client we will usually consider price and cost to be the most important factors for you. The price of investment in Units will be the 'open market' price (as referred to in the Revenue Guidance notes for ISA managers) that can be obtained.

Our best execution obligations are also applied in a manner that takes into account the different circumstances associated with the execution of orders related to investments held within an ISA, specifically the rules of the Revenue.

To achieve the best possible result for you we must ensure that any deal that we execute on your behalf is in accordance with the Revenue rules: specifically that an investment will be a qualifying investment for the purposes of the ISA rules, that it will not breach any of the investment limits referred to in the Application Details and that title to the ISA investments will be registered appropriately.

For orders relating to Units, we believe that to achieve the best possible result for you the only method currently available for dealing is to transmit orders directly to BlackRock Fund Managers Limited ('BFM') for execution. BFM will be deemed to be the sole 'execution venue' for these purposes. There are existing systems and controls in place between ourselves and BFM that allow us to comply with our Revenue obligations and allow us to obtain the best possible result when executing transactions for you.

We understand that there may be other venues where the prices of Units may have a lower total consideration (for example, a lower or no initial charge) from dealing only with BFM. We do not believe we will be able to obtain the best possible result for you, and comply with the Revenue rules, by executing deals through another venue at this time. Where there is only one execution venue that we can use in practice to deal with your orders, we will have to use that venue regardless of the impact of the execution factors listed above.

We are continuing to review the arrangements that we have in place with our counterparties to assess their ability to provide best execution on a consistent basis and will implement any necessary changes to our order execution policy from time to time. This will involve reviewing whether using other means to route orders would be feasible (which would allow us to comply with our obligations to you under the rules of the FSA and Revenue) and would generate a better result for you.

Please note, any specific instructions from you as to how your orders are dealt with may prevent us from taking the steps that we have designed to obtain the best possible result in the circumstances.

By agreeing to these Terms and Conditions, you will be giving:

- your prior express consent to the execution of orders (which includes execution of orders in the underlying investments of the Unit Trusts) outside a 'regulated market' or a 'multilateral trading facility' (as those terms are defined in the FSA Rules) where this is appropriate; and
- your consent to our order execution policy as summarised above.

## 8. Our charges

We do not make a charge for managing your Plan. However, we or our Associate are paid an annual management charge from the Unit Trusts and the offer price of your Units may also include an initial charge payable to us or our Associate. Annual and initial charges, registrar's fees, and other expenses payable to us or an Associate (and the frequency of such payments) are set out in the relevant Simplified Prospectus and Full Prospectus of each Unit Trust.

We may charge you for providing the unitholder information described below but currently do not do so. We will give you 30 days prior notice before a charge is introduced. We may rebate or waive some or all of our fees and charges and we may pay commissions to brokers or agents.

## 9. Your income

Income in respect of distribution Units will be credited to your Plan on the relevant distribution dates and paid out to you immediately. For Funds paying interest distributions, payments are made gross and include an amount paid by us equal to the income tax deducted. We are entitled to keep an equivalent amount once recovered from the Revenue.

Net income in respect of accumulation Units is automatically reinvested on the relevant ex-distribution dates to increase the value of the Units. Repayments of tax in respect of accumulation

Units are credited to your Plan when received from the Revenue and reinvested in the relevant Unit Trust (by the issue of additional Units). An initial charge is not levied on this reinvestment.

## 10. Valuations and Unit Trust reports

A combined valuation and transaction statement will normally be sent to you at 6-monthly intervals within 25 Business Days of 5 April and 5 October, respectively or on a date otherwise notified to you. We will also arrange for you to receive the annual and semi-annual manager's report in respect of each Unit Trust. Contract notes will be issued for each lump sum investment, transfer in or redemption, but not after monthly investments.

## 11. Voting

You are entitled to attend and vote at meetings of unitholders of each Unit Trust. You will receive notice of such meetings, and any additional information sent to unitholders (including the short reports of the Unit Trusts). Copies of the long forms report and accounts of the Unit Trusts are available on request. There is currently no charge for this service.

## 12. Complaints procedure

If you wish to complain about your Plan please contact the Compliance Officer at BlackRock Investment Management (UK) Limited, 33 King William Street, London EC4R 9AS. If you would like to receive written details of how we handle complaints, please contact us. If you are not entirely satisfied with the way we handle your complaint, you can complain to the Financial Ombudsman Service Ltd, 183 Marsh Wall, London E14 9SR.

Making a complaint will not prejudice your right to take legal proceedings. Information on the Financial Services Compensation Scheme is available on request, or by contacting FSCS Limited at 7th Floor, Lloyds Chambers, 1 Portsoken Street, London E1 8BN.

## 13. Taxation

We may make all appropriate claims, conduct appeals and agree on your behalf liabilities for and reliefs from tax in respect of your Plan, and we may account to the Revenue for any tax arising.

## 14. Withdrawals

You may at any time request in writing (or by telephone or by electronic communication when available) the withdrawal of cash from your Plan. This will normally be completed by selling an appropriate number of Units. You must inform us of the Units you wish to be sold, otherwise we will normally raise an equal value from each Unit Trust, or contact you for further instructions if this is not possible. Following receipt of your instruction(s), we will sell the relevant Units at the next valuation point, and transfer the net cash proceeds to you within four Business Days. Proceeds will be held in accordance with the FSA Rules on client assets, however no interest will be paid on such monies.

Alternatively, you may request that we transfer the Units specified in your withdrawal request into your name instead of selling them and within the timescale you stipulate subject to a minimum period of five Business Days. Any withdrawal must have a value of at least £250.

## 15. Transfers out

You may at any time request in writing, using an appropriate form of transfer that complies with the Regulations, that we

transfer your Plan to another manager who has consented to such transfer.

For the transfer of subscriptions received by us in the current tax year, we may only transfer cash or Units representing the whole value of your ISA subscriptions. However, you may transfer investments in your ISA representing previous tax year's subscriptions in whole or in part. You may not transfer your stocks and shares ISA to a cash ISA.

You must inform us of the Units you wish to be sold to effect the transfer, otherwise we will normally raise an equal value from each Unit Trust, or contact you for further instructions if this is not possible.

Any partial transfer of your ISA must have a value of at least £250.

Following receipt of your valid transfer instruction(s) we will sell the Units at the next valuation point, and transfer the net cash proceeds to your new Plan Manager within four Business Days of that date. Alternatively, you may request that we transfer the Units directly to your new Plan Manager instead of selling them and within the timescale you stipulate subject to a minimum period of five business days, and receipt of sufficient information from your new Plan Manager to complete the transfer. Either form of transfer will be carried out as soon as reasonably practicable.

## **16. Termination of your Plan**

You may request at any time that we terminate your Plan, such termination to be effective upon our receipt of your written request. We may terminate your Plan by giving you one month's written notice, effective upon the expiry of the notice period. Once termination is effective, we will normally sell all your Units at the next valuation point, and transfer the net cash proceeds to you within four business days. Proceeds will be held in accordance with the FSA Rules on client assets, however no interest will be paid on such monies.

Alternatively, you may request that we transfer the Units into your name instead of selling them. This will be carried out as soon as reasonably practicable.

If you instruct us to transfer all the investments in your ISA to another manager, your Plan with us will be terminated.

## **17. Consequences of withdrawal, transfer or termination**

Any withdrawal, transfer or termination of your Plan will be subject to the completion of outstanding transactions and any deductions we may be entitled or bound to make under the Regulations or in respect of our fees or charges.

We are also entitled to close out, terminate or reverse any transaction or enter into any other transaction if it reduces or eliminates any liability existing as a result of a commitment entered into by us for your Plan.

There may be delays in transferring the entire net cash proceeds because repayments of tax credits may not have been received before the transfer is made. Cash in respect of a withdrawal or termination will not be transferred to a third party except where

you have specifically instructed us to make such transfer to your authorised financial adviser.

Your Plan will cease to qualify for tax exemption under the Regulations from the date of your death. The investments will be transferred to your personal representatives once a sealed grant of probate (or equivalent) has been obtained. The total value of your Plan forms part of your estate for inheritance tax purposes.

Where upon the withdrawal from, or termination of your Plan, the proceeds are transferred to you by cheque and you subsequently fail to present the cheque for payment, the proceeds will be held in a Client Money account in accordance with Clause 14 or Clause 16, as applicable. Reasonable efforts will be made to contact you at the address reflected in our records in order to facilitate payment of any outstanding balance due to you. However, if we are unable to contact you, after a period of 6 years, such amount will cease to be treated as client money and transferred to an account in our name. By completing the relevant application form(s), you consent to this course of action.

If, as a result of a transfer or withdrawal from, or termination of your plan, a holding in any Unit Trust is less than £500, we may arrange to sell the holding and remit the proceeds to you.

If, as a result of a transfer or withdrawal from, or termination of your plan, a small balance, meaning an amount of £2 or less, is held or accrued within your Plan, we shall have absolute discretion to realise this balance and donate the proceeds to a UK registered charity selected by us.

## **18. Cancellation rights**

You are allowed 14 days in which to cancel your Plan if you received advice from an authorised person through whom the business is placed.

The 14 days commences upon your receipt of our written notice detailing your cancellation rights. You should note that exercising your right to cancel does not necessarily mean that you will receive back the amount you invested.

If the purchase price of the Units has fallen you will receive back an amount based on the purchase price next calculated following our receipt of your cancellation notice.

Proceeds from cancellation will be retained in a bank account subject to the FSA Rules on client assets 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.

## **19. Ownership and administration**

Units in your Plan will be registered in your name and ours jointly but they will at all times be beneficially owned by you. We will not lend your Units to anyone else or use them as security for a loan or require you to supplement subscriptions to your Plan. At present Units are in registered form only so no Unit certificates or other physical evidence of title will exist.

## **20. Potential conflicts of interest**

We have the right, without giving you prior notice, to effect transactions in which we or an Associate has a material interest or duty without accounting to you for any commission, profit, or other remuneration received by us or any Associate. A summary of our Conflicts of Interest Policy is set out in the Schedule to these Terms and Conditions. The Full Prospectus of the Unit Trust(s) contain further disclosures on potential conflicts of interest that may arise between us through management of your Plan. Such disclosures are deemed to form part of this Agreement. A free copy of the Full Prospectus is available from us on request.

## **21. Other Disclosures**

We or any Associate may act for you as either principal or as agent, including in respect of transactions in which we are also acting as agent for the account of other customers and Associates.

## **22. Delegation and Assignment**

You cannot assign or transfer this Agreement to anyone else. We may delegate any of our functions and responsibilities under this Agreement to another party (including an Associate) without your prior consent provided such delegation is in accordance with the Regulations.

We may also appoint an Associate to replace us as manager of your Plan (prior notice to be given to you if reasonably practicable) and employ other agents to perform, or advise us in relation to the performance by us of any of our functions and responsibilities.

## **23. Liability**

We, or any Associate, the Bank or the Custodian will not be liable in respect of any acts or omissions of any person, firm or company through whom transactions are effected for your account.

We, or any Associate, the Bank or the Custodian will not be liable for any loss incurred by you except to the extent that any such loss is directly caused by our respective negligence, wilful default or fraud. Nothing under this Agreement shall restrict any liability we, or any Associate, or the Bank may have under the regulatory system established under the Financial Services and Markets Act 2000. No warranty is given by us as to the performance or profitability of the Units.

## **24. Confidentiality**

We will not disclose without your written authority any confidential information relating to your Plan received from you or third parties during the course of this Agreement to any person other than an Associate or its or our agents or an intermediary appointed by you. However, we will disclose confidential information relating to your Plan if so required under any applicable law or regulation, or required by the FSA, or by the Revenue.

## **25. Data Protection**

Your personal details will be held by us in accordance with current data protection law for the purposes of carrying out our agreement with you. This may include the transfer of such data (i) to other members of the BlackRock group, the Merrill Lynch group or PNC group and (ii) to other businesses (in each case including their offices based in countries having different standards of protection for personal data 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.

If you wish to exercise your rights to receive a copy of the information that we hold about you, please write to us at 33 King William Street, London EC4R 9AS. If you invest via an agent, we may pass details of your investment to your agent from time to time.

## **26. Your instructions**

All of your instructions or authorities in connection with this Agreement must be made in writing in respect of applications, switches and withdrawals. We will not currently act upon instructions made by facsimile or e-mail. Instructions will be deemed to have been given to us only when we have received them. We may acknowledge instructions verbally or in writing.

## **27. Events outside our control**

We have no responsibility or liability to you for any loss or damage caused by us or suffered by you as a consequence of our failure to perform our obligations resulting from any breakdown, failure or malfunction of any telecommunications or computer services or systems, industrial disputes, acts or regulations of any governmental or supranational bodies or authorities, or any acts or circumstances not reasonably within our control.

## **28. Notification of Plan becoming void, or restriction on further subscriptions**

If at any time you notify us or we become aware of any information that means you are ineligible to open or hold a Plan under the Regulations we will be required to notify you in writing that your application for, or holding of, a Plan is void. If such information means that you no longer qualify with the residency requirement for an investor set out in the Regulations you may continue to hold your Plan, but we cannot accept further subscriptions made by you after the date you ceased to qualify.

## **29. Amendment and Governing Law**

Except in exceptional circumstances, any amendment proposed by us will be notified in writing to you and will take effect on the date specified (not being less than one calendar month after the issue of the notice) unless you, in the meantime, notify us to the contrary. This Agreement is governed by and construed in accordance with English Law.

### **Important Information**

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### **FOR MORE INFORMATION**

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