

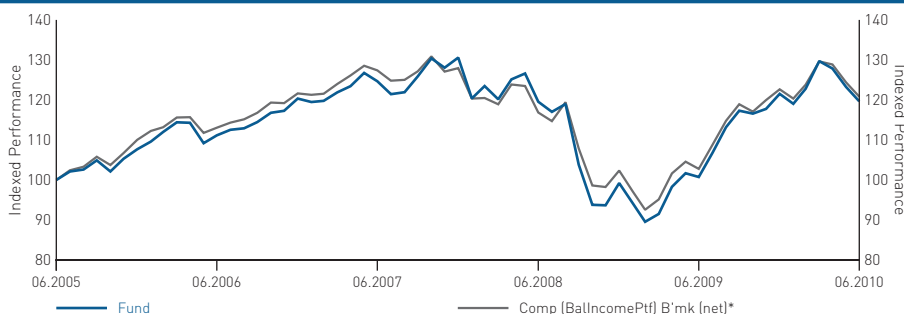
BlackRock Balanced Income Portfolio Fund Performance to 30 June 2010

ISA Fund

Unit Trusts

BLACKROCK

Accumulation Unit Performance



Cumulative Performance	1 Month %	3 Months %	6 Months %	1 Year %	3 Years %	5 Years %	Year To Date %	Annualised (5 Years) %
A Class	-2.9	-7.7	-1.5	18.8	-4.0	19.6	-1.5	3.7
Sector	-2.3	-6.7	-1.3	17.0	-6.8	21.1	-1.3	3.9
Quartile Ranking	3	3	2	2	-	-	2	-

Annual performance to the last quarter end	30-06-05 to 30-06-06 %	30-06-06 to 30-06-07 %	30-06-07 to 30-06-08 %	30-06-08 to 30-06-09 %	30-06-09 to 30-06-10 %
A Class	11.1	12.2	-4.1	-15.7	18.8

The above table will only show performance for complete 12 month performance periods.

The latest performance data is available on our website – www.blackrock.co.uk. Performance is based on bid (selling) to bid prices, with net income reinvested. Quartile is the ranking achieved in the relevant Standard & Poor's sector, 1st quartile means ranked in the top 25% of funds in the sector, 2nd quartile is the next 25% of funds in the sector and so on.

Charges for the Fund can be taken from either capital or income. If taken from capital, it may increase the yield but reduce the potential for capital growth. All financial investments involve an element of risk. Therefore, the value of your investment and the income from it will vary and your initial investment amount cannot be guaranteed. The fund invests a portion of its assets which are denominated in other currencies, hence changes in the relevant exchange rate will affect the value of the investment and past performance is not a guide to future performance and should not be the sole factor of consideration when selecting a product.

Mixed Asset Fund	
Equity (Benchmark ratio)	60% UK Equity, 10% FTSE World ex-UK Equity, 130% FTSE UK Gilts, 100% Equities
Bonds & Cash (Benchmark ratio)	
Max/min permitted exposure	
Asset Allocation Approach	Conservative allocation between equities and bonds (inherent UK equity bias)
Standard and Poor's Sector	UK Equity & Bond Income
Awards & Ratings	
S&P Fund Management Rating	A

Summary of Investment Objective

To provide an income higher than that of the FTSE All-Share Index without sacrificing the benefits of long-term capital growth. Investment may be made in a global portfolio of equities and fixed income securities, as well as collective investment schemes, cash in sterling or other currencies 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.

The Fund will invest in derivatives and indirectly in alternative asset classes such as commodities or property.

Fund Data

Fund Manager	Philip Brides/ Andrew Warwick
Launch Date of Fund	12.08.1994
Launch Date of Class A	12.08.1994
Benchmark	Comp (BalIncomePtf) B'mk (net)*
IMA Sector	Balanced Managed
Total Fund Size (m)	£119.8
Yield (%)	4.05
Distribution Date	31.08; 30.11; 28.02; 31.05
Ex-Distribution Date	30.06; 30.09; 31.12; 31.03
Minimum Investment	£500 lump sum; £50 monthly

Codes

Sedol	0580999
ISIN	GB0005809990
Bloomberg Equity Ticker	MRCINPA LN

Dealing & Prices

Dealing Information	
Trading Frequency	Daily, forward pricing basis
Settlement	Trade date + 4 days
Fees	
Initial Charge (A Units)	5
Annual Management Fee (A Units)	1.50
12 Months High/Low Offer	
Fund	340.40/255.60

10 Largest Holdings

HSBC	4.7
AstraZeneca	3.2
British American Tobacco	3.1
Rio Tinto	2.7
UK Conv Gilt 8.75% 08/25/2017	2.4
Vodafone	2.4
Barclays	2.3
Royal Dutch Shell	2.2
BP	2.1
UK Conv Gilt 8.0% 09/07/2016	2.1
Total	27.2

* The composite benchmark is comprised of 60% FTSE All Share Index, ML 1-15 Year UK Broad Market Index and 10% FTSE World ex-UK Index. Effective close of business on 31 October 2006, the fixed income element of the benchmark of the ML Income Portfolio fund changed from the FT-A-Government All Stocks Index to the ML 1-15 Year UK Broad Market Index. On 30 April 2009 the fund was renamed BlackRock Balanced Income Portfolio Fund. It was previously known as BlackRock Income Portfolio Fund. Index performance to 30th June 2007 is shown net of UK basic rate tax and for July 2007 the gross of withholding tax index series is shown. From 1 August, the benchmark history will re-stated to show the FTSE gross series as this has been determined to be a more reliable measure. Sources: Sector - Morningstar; Index - Morningstar, Lipper, Datastream & BIM(UK). Performance prior to 30th November 2003 was measured on an offer to offer basis. The change from offer prices to bid prices was made following a reduction in several of the Fund's initial charges. Bid prices now provide a better measure of performance for the Fund. The fund data displayed is designed only to provide summary information. The number of shares quoted for each fund are indicative and actual numbers may fall outside of the ranges shown. Investment should be made on the basis of the relevant product booklet, together with the Prospectus and Simplified Prospectus which are available from the Managers. Issued by BlackRock Investment Management (UK) Limited (authorised and regulated by the Financial Services Authority). Registered office: 33 King William Street, London EC4R 9AS. Registered in England No. 2020394. For your protection, telephone calls are usually recorded. BlackRock is a trading name of BlackRock Investment Management (UK) Limited. The BlackRock name and logo are trade marks of, and used under licence from, BlackRock & Co., Inc.

BlackRock Balanced Income Portfolio Fund

continued

Fund Manager's Report as at 30 June 2010

The Fund delivered a return of -7.8% over the second quarter, falling slightly behind its composite benchmark, as fear and volatility returned to markets. Global equities fell sharply, posting double-digit negative returns, while government bonds rallied as investors looked for "safe-haven" assets on concerns over the slowing global economy, sovereign debt issues and fragility in the banking system.

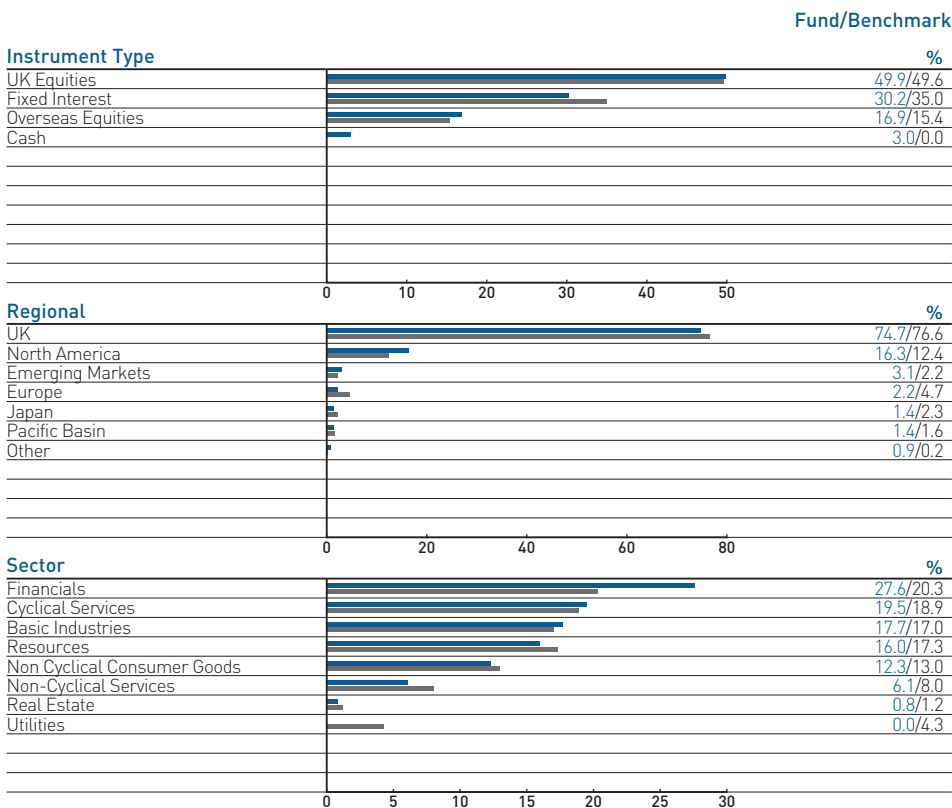
Having avoided more-significant declines through a reduction of equity exposure mid-quarter, risk levels were reinstated somewhat prematurely, as perceived buying opportunities were identified in June. Having bought back into Emerging Europe equities, disappointment was partially offset by the addition of 10-year US Treasuries, which guarded against the cyclical downturn. Amid extreme pricing anomalies, our flexible approach to derivatives usage also produced incremental positive returns.

The UK equity portfolio marginally underperformed the FTSE All-Share index, which recorded a total return of -11.8%. The market pullback affected some of the portfolio's more economically sensitive holdings, in the banks and mining sectors, but a number of the largest holdings, such as Compass Group (catering), Admiral (automotive insurance) and AstraZeneca (pharmaceuticals) performed well mitigating the negative performance. In addition, being underweight BP helped, as the stock fell significantly during the period.

The fixed income portfolio fell behind benchmark, as risk aversion grew steadily, and spreads on corporates and weaker sovereigns widened relative to other government bond markets. Our small holding in Greek government debt proved the biggest detractor, although we maintained our holdings awaiting better exit opportunities in the future. In spread sectors, we retain an overweight to corporates, in which we still see some value. Despite few new deals coming to market, we did add some names over the quarter, and sold holdings that have performed well, although, overall, credit dragged modestly on performance. Conversely, our initial long-duration positioning had a positive impact before we moved underweight as the flight-to-quality drove down yields.

Despite this mid-cycle slowdown, our main themes remain valid and, in the belief that the global economic recovery will continue, and that the upcoming second-quarter earnings will offer further support, we resist any urge to move underweight equities. However, our positions are relatively modest, reflecting the risks to our views, which are being consistently monitored. In the expectancy of ongoing volatility, we allocate risk in a diversified fashion, blending traditional asset classes, such as equities and bonds, with commodities, Exchange Traded Funds and derivatives strategies.

Composition of Fund



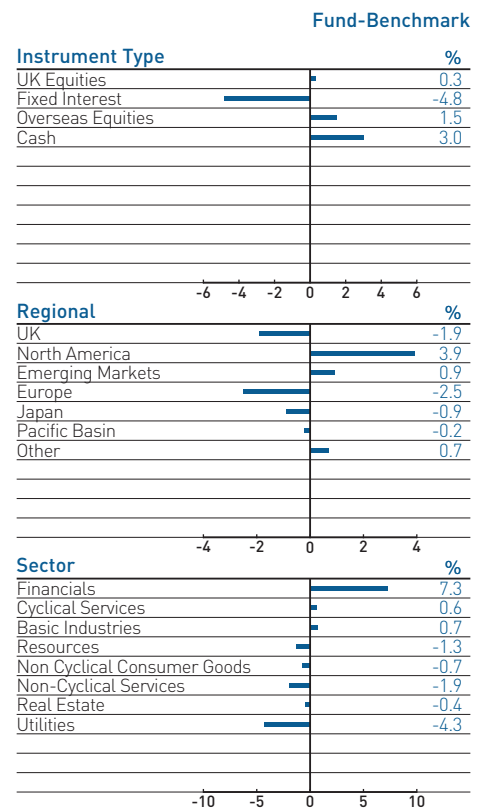
Fund Risk Statistics

	3 Years	5 Years	Since launch
Volatility (%)			
- Fund	16.0	13.1	10.5
- Benchmark*	14.0	11.5	10.2
Beta	1.11	1.11	0.98

10 Largest Equity Holdings

	%
HSBC	4.7
AstraZeneca	3.2
British American Tobacco	3.1
Rio Tinto	2.7
Vodafone	2.4
Barclays	2.3
Royal Dutch Shell	2.2
BP	2.1
GlaxoSmithKline PLC	2.0
Compass Group	1.9
Total	26.6

Asset Allocations Analysis - Active Position



* The Benchmark under Fund risk statistics for the Balanced Income Portfolio Fund is Comp (BalIncomePft) B'mk (net). The composite benchmark is comprised of 60% FTSE All Share Index, ML 1-15 Year UK Broad Market Index and 10% FTSE World ex-UK Index. Effective close of business on 31 October 2006, the fixed income element of the benchmark of the ML Income Portfolio fund changed from the FT-A-Government All Stocks Index to the ML 1-15 Year UK Broad Market Index. ■