BLACKROCK®

Investing for a New World

Managing Through Low Yields and High Volatility

TABLE OF CONTENTS

It's not the world it was a decade ago. It's not even the world it was in 2008. Investors today are faced with more challenges than ever. Yields are low. Volatility is high. Confidence is shaken. Markets aren't behaving the way they used to. We know the problems individual investors are facing because they are the same problems all of us are facing.

All investors from all walks of life are asking the same questions: When will I be able to retire? Will I be able to pay for my children's education? Will I outlive my savings?

Ultimately, these questions are all a different way of asking the real question that is on everyone's mind: ***So what do I do with my money?™***

The good news is that there are answers. Because no matter how tumultuous change is, it also brings opportunity. In a world where many of the old ways may not deliver the returns you need, we believe it's time to throw out the old rulebook for allocating assets. The traditional mix of stocks and bonds just won't deliver what you need. Portfolios today need to be dynamic—flexible enough to adapt to rapidly changing markets and more diverse than they have ever been before.

At BlackRock, we call this Investing for a New World™—a strategy for working with your financial professional to build a new portfolio designed for today's (and tomorrow's) opportunities.

In the following pages, and in more detailed complementary pieces, we outline three key themes that investors should consider in today's market:

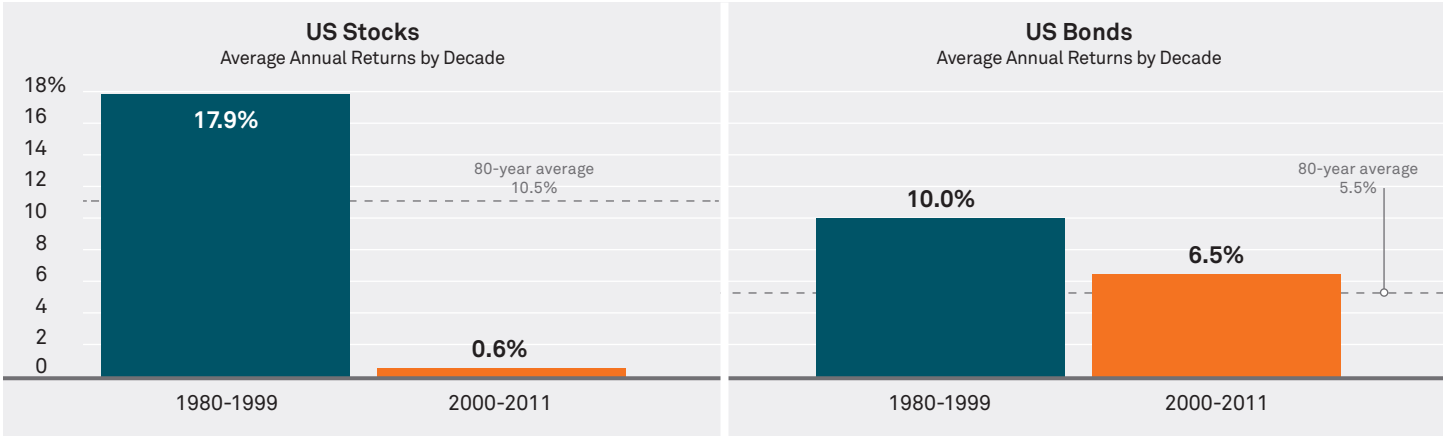
- ***Reconstruct Your Fixed Income Portfolio***
- ***Develop Equity Strategies for Today's Markets***
- ***Open Your Eyes to Alternatives***

Living in a Low Return, Low Yield, High Correlation World

It's a bit of a cliché to say that the world is changing, but it is nonetheless true and, from an investment perspective, it hasn't been changing for the better. Investors have recently experienced severe recessions, deep bear markets and unprecedented levels of market volatility.

The results have been painful, as anyone who has seen the value of their portfolio decline can attest. But the last 10 years warrant a closer look to see what has actually been happening in the markets. Compared to the "boom" conditions of the 1980s and 1990s, the last decade has seen significantly lower returns. Equity returns in particular have been noticeably lower than their long-term historical average. The truth is that there are no quick fixes for today's markets.

A Low Return Environment = No Quick Fixes



Source: Morningstar, Inc. as of 12/31/11. Equities are represented by the S&P 500 Index and bonds by the Barclays Aggregate Index. It is not possible to invest directly in an index. Past performance does not guarantee future results.

While bonds managed to hold up relatively well over the last 10 or so years, those returns have come at a cost. One of the primary reasons that bond market returns have been relatively strong since the early 1980s is that interest rates have been on a long-term secular decline (bond yields move inversely to prices).

Given today's low rates, it is unlikely that yields could move significantly lower and, more to the point, low yields make it more difficult to meet investment goals. In fact, yields on many fixed income instruments are now producing negative returns on a real (after-inflation) basis. The following table shows the real returns of a variety of fixed income categories using the current inflation rate (around 3.0% for the Consumer Price Index). As can be seen, many areas of the market are producing negative returns from this perspective, further complicating investors' asset allocation strategies.

While low returns and low yields are problematic on their own, the issue is even more complicated when we realize that diversification itself has become a challenge given that correlations have been rising over time. For years, investors have been hearing that diversification can help smooth out returns since one asset class may be rising as another is falling. And although it is true that diversification cannot ensure against loss in a declining market, diversification strategies can potentially provide some benefits to an investor's portfolio—up to a point.

Yields on many fixed income instruments are now producing negative returns on a real (after-inflation) basis.

Real Returns Are Negative for Many Fixed Income Categories

Real (Inflation-Adjusted) Yields

	12 Mo. Yld	After Inflation
Inflation (US CPI last 12 mo.)	NA	-3.00%
Taxable Money Markets	0.02%	-2.98%
3-Month CDs	0.25%	-2.75%
10-Yr US Treasury Bonds	1.87%	-1.13%
Short-Term Bond Mutual Funds	2.15%	-0.85%
Government Bond Funds	2.77%	-0.23%
30-Yr US Treasury Bonds	2.89%	-0.11%

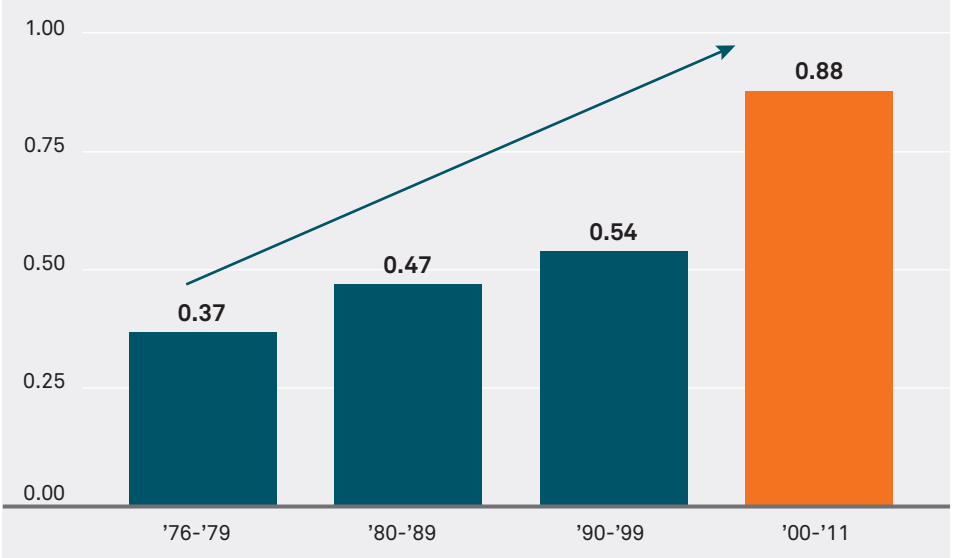
Sources: US Treasury, BLS, Morningstar, Inc. Data as of 12/31/11.

The truth is that over the past several decades, asset classes have been producing returns that look more similar than they do different. As a result, what many people think is diversification really is not.

There are many ways to measure diversification, but one of the simplest is by comparing correlations of returns. Correlations measure the degree to which one asset class behaves like another. So, if two asset classes have a correlation of 1.0, they behave exactly alike and if they have a correlation of -1.0, they behave exactly the opposite of each other.

Correlations Have Been Increasing Over Time

US and International Stock Correlations by Decade



Source: Zephyr, as of 12/31/11. Correlations are based on the S&P 500 Index and the MSCI International Index. Correlation is historical and does not guarantee future results.

As an example, consider the relationship between US and international stocks. As the world has gotten flatter and as companies have expanded their operations across borders, the sources of profits, earnings and risks have become increasingly intertwined. As a result, correlations between US and international stocks have increased dramatically in recent years, reducing some of the diversification benefits of investing across different regions. The same is true when comparing stocks and bonds.

The issue of rising correlations becomes even more problematic during periods of crisis. During the height of the financial crisis (from November 2007 through December 2009) the correlations between US and international stocks rose to 0.93. As a result, when investors needed diversification of returns the most, they had it the least.

As a result of all of these issues, many investors today have portfolio allocations that are not designed to meet their goals. Clearly, the "old" ways of investing are not working. So what should investors be doing? The following sections outline some ideas for investing in a new world.

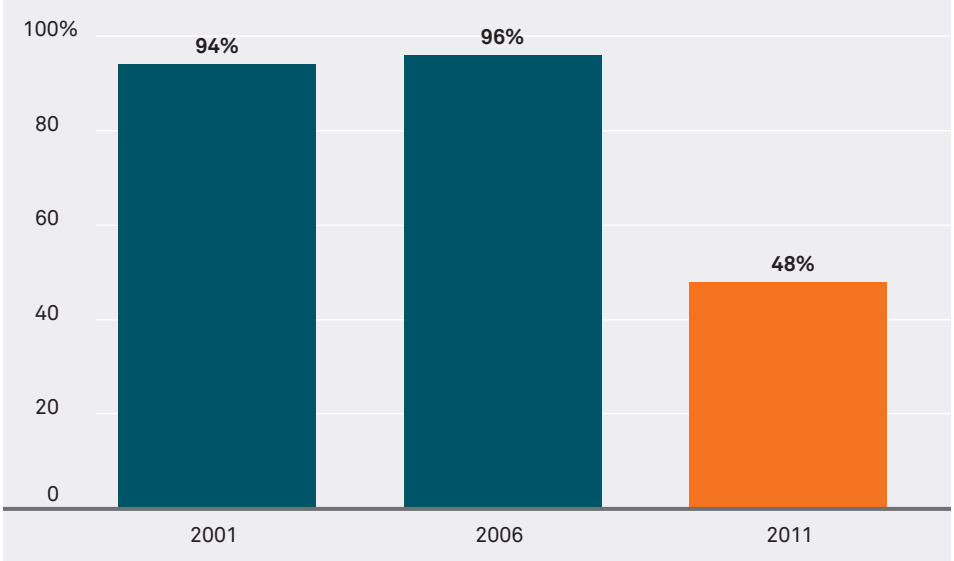
Because yields have fallen so low in most fixed income asset classes, they no longer keep pace with inflation and can no longer function as the income-generating tools that they previously were.

Reconstruct Your Fixed Income Portfolio

As we discussed, one of the main issues affecting investors today lies in their fixed income portfolios. The reality is that there is no longer enough "income" in "fixed income." Because yields have fallen so low in most fixed income asset classes, they no longer keep pace with inflation and can no longer function as the income-generating tools they previously were. Another way to look at the inflation issue we discussed earlier is by looking at the percentage of fixed income mutual funds that are delivering positive real yields (that is, yields after inflation). As recently as five years ago, almost every fixed income mutual fund outpaced inflation; today, less than half do.

Income Has Disappeared—Especially Adjusted for Inflation

Percentage of Fixed Income Funds With Positive Real Yields



Source: Strategic Insight, as of December 31, 2011. Past performance is historical and does not guarantee future results.

From an inflation-combatting perspective, it's tough to do much better than floating rate securities and high yield as investment options.

One of the main reasons that this transformation in fixed income has occurred is that, to a large extent, many fixed income funds (and many fixed income investors) are over-allocated to Treasuries and other government-related sectors of the market.

The reality is that while they represent the so-called "risk-free rate," Treasuries are anything but—given their current low yields, Treasury investments are all but certain to result in negative returns on a real (i.e., after inflation) basis.

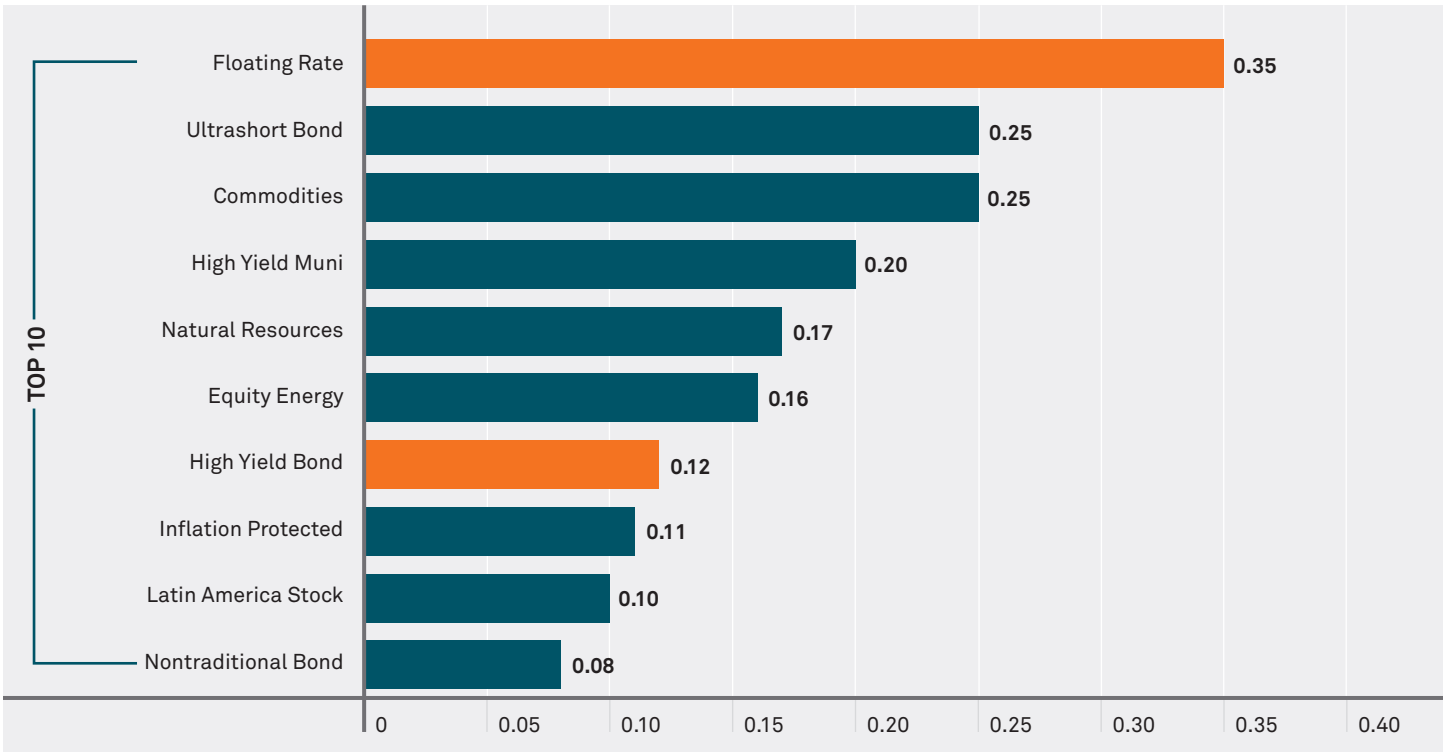
So what to do? Fortunately, there are areas of the fixed income marketplace that still offer more attractive yields and that are fundamentally compelling. In particular, we would point to high yield, floating rate securities, credit-related sectors (particularly long/short credit) and municipal bonds.

High Yield and Floating Rate Securities: A Closer Look

From an inflation-combatting perspective, it's tough to do much better than floating rate securities and high yield as investment options. From a correlation perspective, in fact, both asset classes have had historically high correlations with inflation compared to other asset classes, making them effective inflation fighters. The below chart depicts the top 10 Morningstar fund categories (out of more than 80 categories) in terms of their correlations with inflation, showing that both floating rate securities and high yield are quite effective as inflation fighters.

Bank Loans and High Yield as Inflation Fighters

15-Year Correlations With Inflation (1997-2011)



Source: Morningstar, as of December 31, 2011. Past performance is historical and does not guarantee future results. Asset class representation are that of Morningstar. Note that Morningstar categorizes floating rate securities as "bank loans." Inflation is represented by the US Bureau of Labor Statistics, CPI All Urban. Correlations over other time periods might not be as favorable.

The relative advantages of high yield and floating rate securities go well beyond their attractive inflation-related prospects, however.

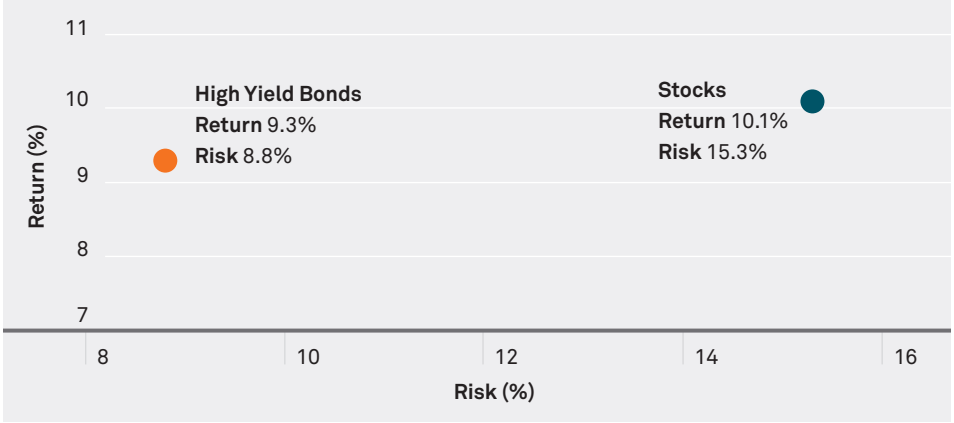
Both are currently generating high income relative to other fixed income alternatives, are much less sensitive to rising interest rates than higher-quality bonds, and have the potential to provide attractive returns.

High yield also has the potential to produce equity-like returns, but with a level of volatility that historically has been about 60% that of equities.

High yield also has the potential to produce equity-like returns, but with a level of volatility that historically has been about 60% that of equities.

High Yield Has Produced 90% of the Return of Equities with Only 60% of the Risk

Return and Volatility of High Yield and Stocks



Source: Strategic Insight, as of December 31, 2011. Data from June 1983 through September 2011. Past performance is historical and does not guarantee future results. High Yield is represented by the Barclays Capital US High Yield Credit Index; Stocks are represented by the S&P 500 Index.

Floating rate securities, also known as bank loans, are equally attractive for a few reasons. First, loans today are trading at a pretty substantial discount to par. The average loan was priced at approximately 94 cents on the dollar at January 31, 2012, leaving room for principal appreciation. On a price basis alone, the appeal of loans is pretty self-evident. Second, floating rate securities offer a compelling yield versus most other fixed income alternatives, yet they are floating rate instruments and have an effective duration of zero. In other words, loans offer a relatively high yield, but they require the investor to take no interest rate (or duration) risk. When interest rates rise, the total coupon of a loan increases. This sets floating rate securities apart from other fixed income instruments, which have duration and can experience price declines with a rise in interest rates. Of course, both high yield and floating rate securities investments have other risks, including the risk of investing in below-investment-grade securities and the possibility of greater market fluctuations, so investors should work with their financial professional to determine whether or not these sorts of investments are right for them.

In short, we think high yield and floating rate securities are two of the most attractive options available to add return potential and yield to portfolios.

Municipal bonds have a history of low volatility, high quality and competitive yields. Moreover, they are tax-exempt. This makes their yield particularly attractive because taxes play a big role in total returns.

Credit Opportunities: A Closer Look

Outside of high yield and bank loans, credit-backed bonds in general are also attractive from both a yield and fundamental perspective. And most corporate bonds are backed by strong companies: Balance sheets generally have never been stronger than they are today.

Global credit markets are one area that we believe can be best accessed through a long/short approach. With elevated volatility now the norm, a long/short strategy offers opportunities for returns in both up and down markets.

The benefits of a long/short approach are that the investor can profit from both positive and negative views on individual credit securities. However, an alternative fixed income strategy such as long/short also presents the risk for significant losses including, in some cases, losses which exceed the principal amount invested.

Municipal Bonds: A Closer Look

Finally, any discussion of yield and income would be incomplete if it did not include a mention of municipal bonds.

Municipal bonds have a history of low volatility, high quality and competitive yields. Moreover, they are tax-exempt. This makes their yield particularly attractive because taxes play a big role in total returns.

Today, yields on municipal bonds are quite high and are, in fact, outyielding Treasuries even on a pre-tax basis. This makes them especially attractive from an income-oriented perspective. Investors should be aware that municipal bond investments entail some specific risks as well, including a potential lack of information available on the financial condition of issuers of securities and the possibility of a less liquid market.

In our view, municipal bonds remain attractive on both an absolute and relative basis. Munis' ability to be one of the top-performing fixed income asset classes of 2011, while doing so with significantly less volatility than comparable Treasuries, makes a strong case for tax-exempts.

Develop Equity Strategies for Today's Markets

Today, many investors are underweight equities in their portfolios. And it's not much of a surprise, given that investors have been through two severe recessions and two of the worst bear markets since the Great Depression over the last ten years.

In response, many investors have fled to the sidelines and are awaiting better conditions before getting back into stocks, but in doing so, they are missing out on the long-term return potential that equities offer.

In fact, it is often when risk aversion is at its highest and when conditions are looking the bleakest that opportunities in equities present themselves. No one is suggesting that it's a good idea to try to time the markets, but staying out of markets when volatility is high and when returns have been negative in the past also is not a good idea.

In fact, stocks today appear to be quite attractively valued. Throughout 2011, returns were held back by fears that the United States would be entering into a new recession and that Europe was on the brink of collapse. Today, while we would hardly say that the United States is poised to enter boom conditions or that the eurozone crisis has been solved, these risks have clearly receded, which has helped stocks to regain some footing.

Stocks Are Attractive Relative to Bonds

US Equities Free Cash Flow Yield Minus Bond Yields

Source: Empirical Research Partners, as of November 30, 2011. Cash flows exclude financials and utilities due to differences in reporting.

Our base case outlook is that these improving trends will continue along an uneven path in the months ahead. We do believe that volatility levels will remain high given that we will likely see a "two steps forward, one step back" theme in both the eurozone debt crisis and in US economic growth. Nevertheless, we also expect that conditions should improve enough to provide a solid backdrop for stocks. Additionally, corporations have been engaging in high levels of share buybacks and individual investors have started the process of moving back into risk assets, helping to create some additional demand for equities. These trends could set the stage for equity market outperformance in 2012.

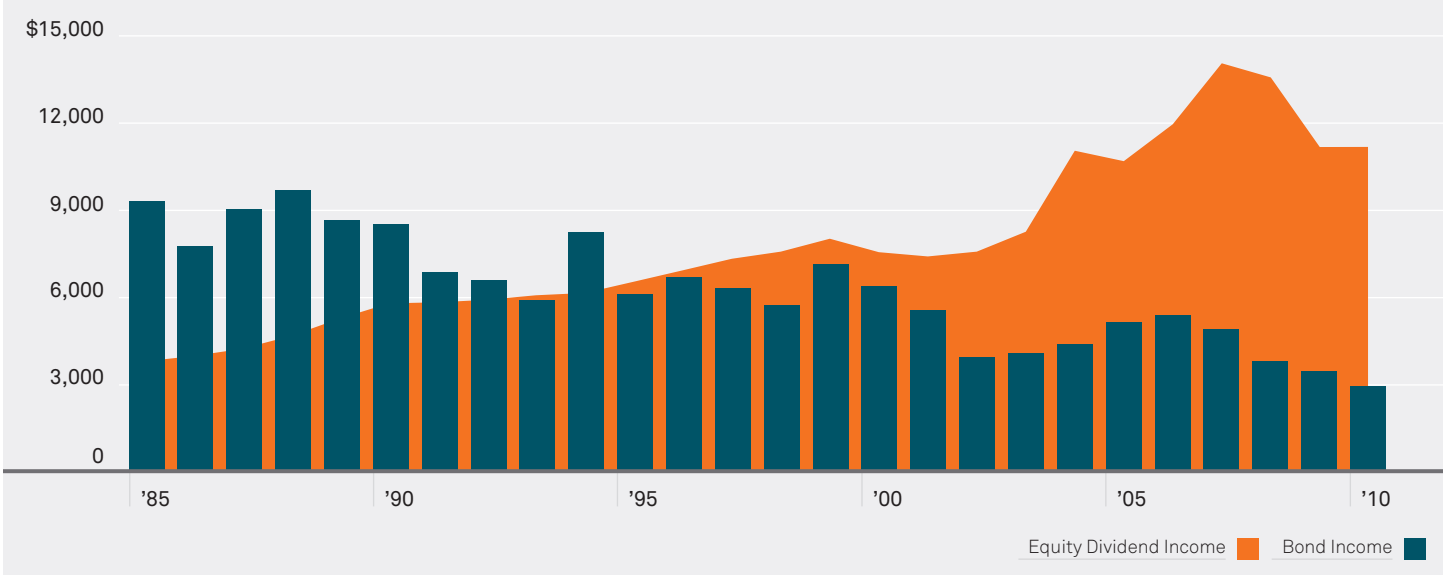
At present, we believe that stocks are attractively valued when compared to alternatives (particularly to Treasuries). There are many ways to compare equities and bonds, but one particularly useful one is a comparison of bond yields with free cash flow yield. Free cash flow (operating cash flow minus capital expenditures) is a good measurement of the amount of cash companies have on hand to engage in a range of shareholder-friendly activities, such as paying dividends and engaging in share buybacks. The chart on page 9 compares the free cash flow yield of US large cap companies with the yield on the 10-year Treasury and shows that stocks are at near-historic levels of attractiveness.

Dividends: A Proven Method With a New Twist

So where to invest in the equity markets? In particular, we believe investors should focus on dividend-paying stocks, but with an important twist—it's not all dividend-paying companies that are attractive, but rather companies that have the free cash flow available to grow their dividends.

Dividend Payers Offer Yield and Growth Potential

Income Based on a $100,000 Investment in the S&P 500 Index and the Merrill Lynch Domestic Master Bond Index



Sources: Merrill Lynch; Standard & Poor's. Past performance does not guarantee future results. Bond yield based on yield to maturity. Does not reflect reinvestment of dividends. For illustration only; results shown are not intended to represent the performance of any BlackRock fund. The indexes are unmanaged and do not take sales charges into consideration. You cannot invest directly in an index.

In addition to the fundamental reasons why we like equities, this particular focus should help investors maintain the income levels they may be missing from their fixed income allocations.

Dividends can represent a reliable and rising income stream that provides the dual benefits of regular income and compounding growth, as seen in the chart on page 10. And it is not just a case of nominal income. It is real income. Inflation erodes the purchasing power of returns on cash and most traditional bonds. By contrast, dividend growth has kept up with most inflation scenarios historically. This is because dividend payers are typically strong companies with the power to hike prices—and dividends.

It is this combination of yield and growth potential that has made dividend-paying equities a particularly attractive investment opportunity in today's markets—particularly those companies with a long track record of paying dividends, attractive valuations, strong cash flow and the potential for dividend growth, and experienced, sharp management.

With corporations generating high levels of cash and maintaining strong balance sheets, we believe that companies will continue to grow dividends as they return value to shareholders. The incredibly strong corporate fundamentals exhibited today underpin the powerful argument in favor of an equity dividend strategy. Companies that pay dividends typically have better business models, stronger balance sheets and a higher degree of confidence in their secular growth capabilities. While there is no guarantee that dividend-paying stocks will continue to pay dividends, all of those characteristics historically have helped these stocks outperform in difficult and volatile times such as we are currently experiencing.

When you look at the contribution of dividend-paying equities in a portfolio, you also see that companies with high dividend yields and high dividend growth rates historically have outperformed with less risk than non-dividend-paying companies. Companies with high and growing dividends provide a level of income not offered by non-dividend-paying companies, as growing income streams help smooth short-term volatility and provide the potential for more consistent total returns.

Ultimately, dividend-paying equities offer much more than just an income stream, as important as that is. Over the long term, stock prices tend to follow dividends, suggesting that dividend-paying stocks can offer capital appreciation and growth in income, a must-have for investors and retirees working to beat inflation and withdrawals.

Over the long term, stock prices tend to follow dividends, suggesting that dividend-paying stocks can offer capital appreciation and growth in income, a must-have for investors and retirees working to beat inflation and withdrawals.

Open Your Eyes to Alternatives

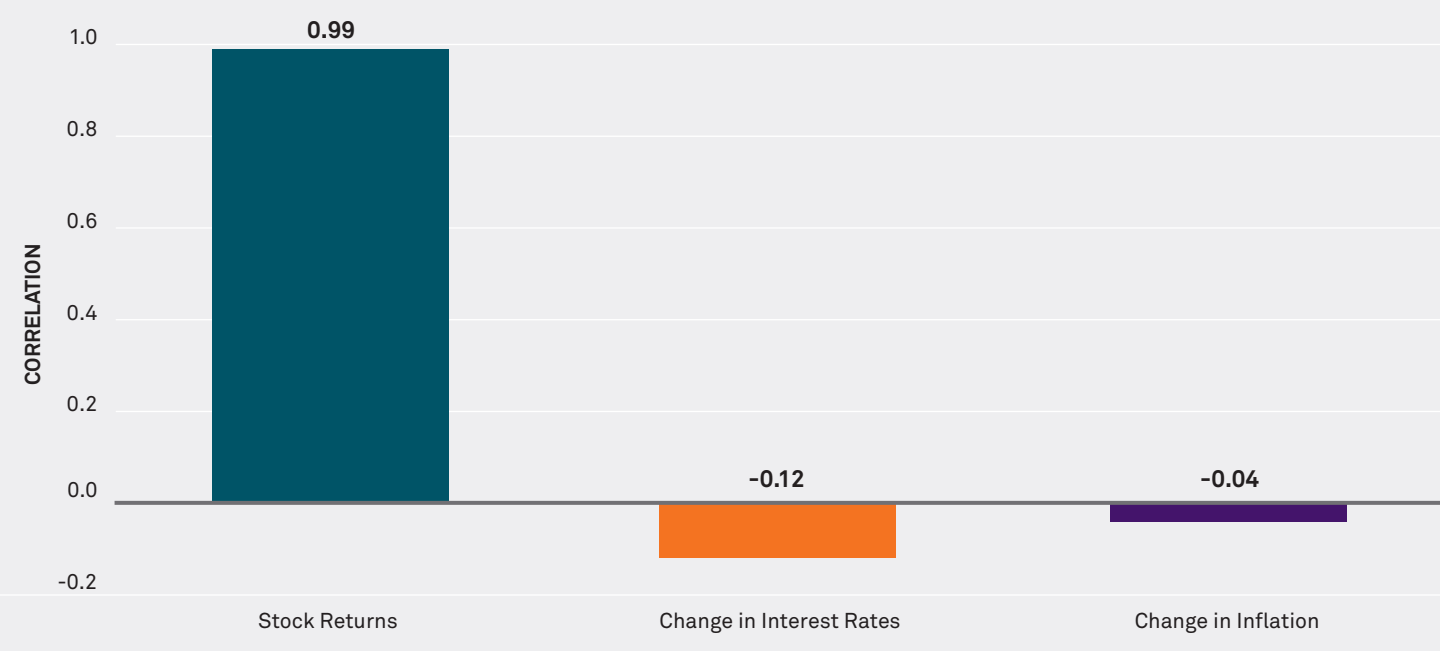
Financial professionals like to say that the only things that go up in a crisis are correlations. The maxim proved true during the 2008-2009 credit crisis and its aftermath. What were the lessons learned? A basket of developed world and emerging markets stocks or a mix of stocks and bonds are incomplete diversification at best.

Traditional stocks and bonds are no longer enough to serve as the building blocks for an investor's portfolio. The popular wisdom of having a 60%/40% allocation to stocks and bonds has been upended. This traditional "balanced" portfolio virtually has moved in lock-step with a 100% equity allocation in the past 15 years, given that the risks in a so-called balanced portfolio are primarily equity-related risks.

We believe investors would be well served by seeking out additional sources of diversification. Importantly, this focus on alternatives and alternative strategies is not about seeking out higher returns—it is about risk management and seeking uncorrelated sources of return—a critical distinction.

Even Balanced Portfolios Have Correlated Strongly to Stocks

Correlation of Traditional 60/40 Portfolio to Risk Sources Over the Last 15 Years (1997-2011)



Sources: BlackRock; Bloomberg; Informa Investment Solutions. Traditional 60/40 portfolio composed of 60% S&P 500 Index and 40% Barclays Aggregate Index, rebalanced annually. Stock returns are represented by the S&P 500 Index. Change in interest rates represented by the monthly change in the 10-Year Treasury yield. Change in inflation is represented by the Consumer Product Index. Past performance does not guarantee or indicate future results. It is not possible to invest directly in an index.

This approach includes alternative asset classes that are traditionally thought of as an option for only the most sophisticated investors, such as hedge funds and private equity. This category also includes what we would call alternative strategies in equity and fixed income markets, such as commodities-based investments and long/short portfolios.

As shown in the chart below, adding alternative strategies to equities and bonds shows lower correlations and more diversification opportunities. Adding alternative asset classes such as commodities and long/short strategies contribute more "low" and "negative" correlations.

It is with these concepts in mind that we believe investors need to evolve their asset allocation technique, including investing in a broad array of alternative asset classes as well as alternative strategies.

Enhanced Diversification Can Capitalize on Lower Correlations

Asset Class Correlations (1997-2011)

		Equity					Fixed Income			Alternative Strategies					Alternative Assets		
		LC	MC	SC	Int'l	EM	Corp.	HY	Treas.	Long-Short	Mkt Neutral	Event Driven	FI Arb.	Mgd Futures	Real Estate	Currency	Comm-odities
Equity	Large Cap	1.00															
	Mid Cap	0.90	1.00														
	Small Cap	0.80	0.93	1.00													
	Int'l	0.84	0.80	0.75	1.00												
	Emer. Mkts	0.75	0.77	0.72	0.83	1.00											
Fixed Income	Corp.	0.22	0.21	0.16	0.27	0.22	1.00										
	High Yield	0.60	0.63	0.61	0.63	0.63	0.49	1.00									
	Treas.	-0.20	-0.23	-0.25	-0.20	-0.25	0.67	-0.16	1.00								
Alt. Strategies	Long/Short	0.65	0.71	0.71	0.69	0.68	0.24	0.47	-0.12	1.00							
	Mkt Neutral	0.28	0.28	0.28	0.25	0.23	-0.07	0.36	-0.25	0.20	1.00						
	Event Driven	0.63	0.67	0.65	0.66	0.70	0.20	0.61	-0.29	0.73	0.32	1.00					
	FI Arbitrage	0.33	0.36	0.33	0.41	0.41	0.36	0.60	-0.12	0.37	0.33	0.55	1.00				
	Mgd Futures	-0.08	-0.07	-0.08	0.00	-0.01	0.20	-0.13	0.33	0.10	-0.01	-0.03	-0.05	1.00			
Alt. Assets	Real Estate	0.55	0.62	0.65	0.55	0.48	0.29	0.61	-0.08	0.31	0.37	0.39	0.39	0.00	1.00		
	Currency	0.05	0.01	0.01	0.04	0.06	0.14	-0.02	0.16	0.10	0.05	0.07	-0.02	0.52	0.07	1.00	
	Commodities	0.22	0.30	0.27	0.33	0.35	0.12	0.23	-0.07	0.36	0.26	0.35	0.39	0.18	0.18	-0.03	1.00

Low Diversification ↑ ↓ High Diversification

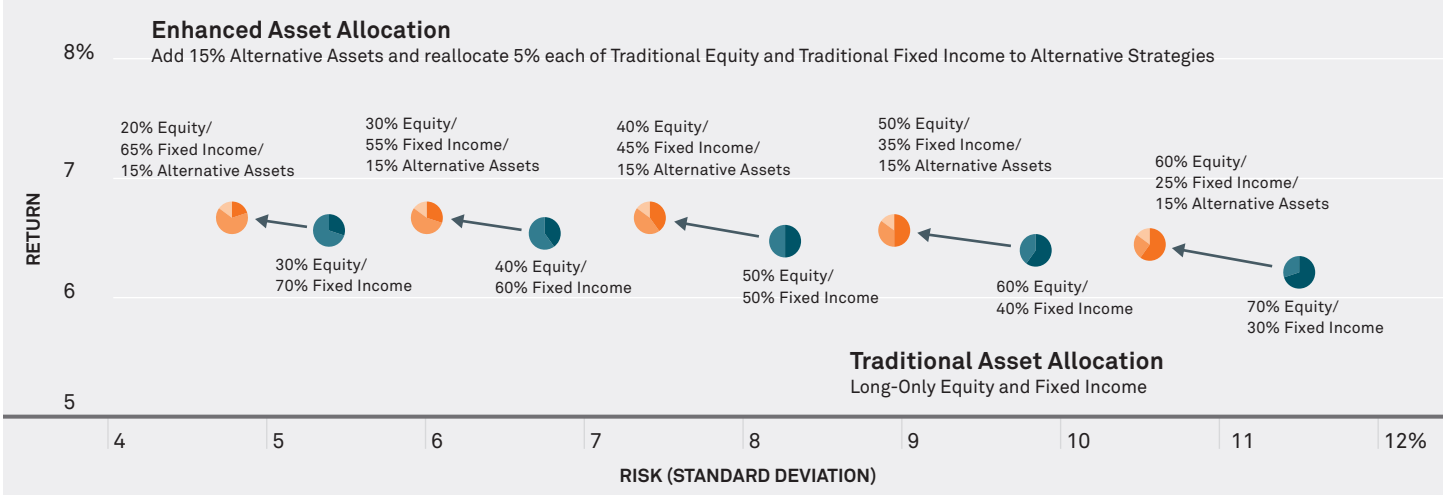
High (0.9-1.0)
Moderate High (0.7-0.9)
Moderate (0.3-0.7)
Low (0.0-0.3)
Negative (<0.0)

Sources: BlackRock; Informa Investment Solutions. Past correlations are no guarantee of future correlations. It is not possible to invest directly in an index. Large Cap Stocks are represented by the S&P 500 Index. Mid Cap Stocks are represented the S&P 400 Mid Cap Index. Small Cap Stocks are represented by the S&P 600 Small Cap Index. International Stocks are represented by the MSCI EAFE Index. Emerging Markets Stocks are represented by the MSCI Emerging Markets Index. Corporate Fixed Income is represented by the Barclays Capital Credit Index. Treasuries are represented by the Barclays Capital US Treasury Index. High Yield Fixed Income is represented by the Barclays Capital US High Yield Index. Long/Short is represented by the Dow Jones/Credit Suisse Long Short Equity Index. Market Neutral is represented by the Dow Jones/Credit Suisse Equity Market Neutral Index. Event Driven is represented by the Dow Jones/Credit Suisse Event Driven Index. Fixed Income Arbitrage is represented by the Dow Jones/Credit Suisse Fixed Income Arbitrage Index. Managed Futures is represented by the Barclays CTA Index. Real Estate is represented by the NAREIT All Equity Index. Currency is represented by the Barclays Currency Traders Index. Commodities are represented by the Goldman Sachs Commodity Index.

A look at the efficient frontier (a curve showing the optimal portfolios with the highest returns for defined levels of risk) shows the potential of alternatives. Adding a variety of alternatives to a traditional portfolio has the potential to enhance returns while reducing risk, as the chart below shows.

Alternatives Improve Risk/Reward Profiles

Expanding the Efficient Frontier Over the Last 15 Years (1997–2011)



Sources: BlackRock; Informa Investment Solutions. Past performance is no guarantee of future results. Standard deviation is a measurement of risk depicting the dispersion of returns from the average return. The higher the degree of dispersion, the higher the standard deviation. The information provided is for illustrative purposes only and is not meant to represent the performance of any particular investment. The data assumes reinvestment of all income and does not account for taxes or transaction costs. It is not possible to invest directly in an index. **Long-Only Equity** is represented by the S&P 500 Index. **Long-Only Fixed Income** is represented by the Barclays Capital Aggregate Bond Index. Enhanced portfolios include a 15% allocation to alternative assets, a 5% allocation to alternative equity strategies within the equity allocation and a 5% allocation to alternative fixed income strategies within the fixed income allocation. To fund these additional allocations, the equity allocation of each traditional portfolio is reduced by 15% and the fixed income allocation is reduced by 10%. The 15% allocation to alternative assets is represented by a 5% allocation to the S&P Goldman Sachs Commodity Index, a 5% allocation to the Barclays Currency Traders Index and a 5% allocation to the NAREIT Equity Index. The 5% allocation to equity alternative strategies is represented by the Dow Jones/Credit Suisse Long Short Equity Index. The 5% allocation to fixed income alternative strategies is represented by the Dow Jones/Credit Suisse Fixed Income Arbitrage Index.

Investing for a New World

In this era of low yields, high volatility and hyper-connected markets, it's time to rewrite the rules of portfolio construction. To balance your risks and deliver returns that aren't consumed by inflation, you need to take advantage of a broader array of investments that give you access to markets across the globe.

Of course, all of what we have been discussing is merely a starting point. Ultimately, investors need to establish an asset allocation and diversification plan that is designed to meet their specific long-term goals.

In our view, the best way to do that has not changed, despite the fact that the markets have. We strongly advise that investors use these concepts as a starting point in a conversation with their financial professional about the best way to implement the "Investing for a New World" ideas into their own portfolios.

Who Is BlackRock?

In a world that is shifting and changing faster than ever before, investors who want answers that unlock opportunity and uncover risk entrust their assets to BlackRock. As an independent, global investment manager, BlackRock has no greater responsibility than to its clients.

It's why many of the world's largest pension funds and insurance companies trust BlackRock to understand their unique objectives and why financial advisors and individual end investors partner with BlackRock to help them build the more dynamic, diverse portfolios these times require.

BlackRock has built its offering around its clients' greatest needs: providing breadth of capabilities—and depth of knowledge—across active and passive strategies. This is combined with a singular focus on delivering strong, consistent performance and an ability to look across asset classes, geographies and investment strategies to find the right solutions.

With deep roots in every region across the globe, some 100 investment teams in 27 countries share their best thinking to gain the insights that can change outcomes. And, with a passion to understand risk in all its forms, BlackRock's 1,000+ risk professionals dig deep to find the numbers behind the numbers and bring clarity to the most daunting financial challenges. That shapes and strengthens the investment decisions that BlackRock—and its clients—are making to deliver better, more consistent returns through time.

For a current prospectus or, if available, a summary prospectus of any BlackRock mutual fund, which contains more complete information, please call your financial professional or BlackRock at 800-882-0052. Before investing, consider the investment objectives, risks, charges and expenses of the fund(s) under consideration. This and other information can be found in each fund's prospectus or, if available, summary prospectus. Read each prospectus carefully before you invest.

The opinions presented are as of February 2012, and may change as subsequent conditions vary. Individual portfolio managers for BlackRock may have opinions and/or make investment decisions that, in certain respects, may not be consistent with the information contained in this report. This material is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. The information and opinions contained in this material are derived from proprietary and nonproprietary sources deemed by BlackRock to be reliable, are not necessarily all-inclusive and are not guaranteed as to accuracy. Past performance does not guarantee future results. There is no guarantee that any forecasts made will come to pass. Reliance upon information in this material is at the sole discretion of the reader.

No investment is risk free. International investing involves additional risks, including risks related to foreign currency, limited liquidity, less government regulation and the possibility of substantial volatility due to adverse political, economic or other developments. The two main risks related to fixed income investing are interest rate risk and credit risk. Typically, when interest rates rise, there is a corresponding decline in the market value of bonds. Credit risk refers to the possibility that the issuer of the bond will not be able to make principal and interest payments. Commercial banks and other financial institutions or institutional investors make corporate loans to companies that need capital to grow or restructure. Borrowers generally pay interest on corporate loans at rates that change in response to changes in market interest rates such as the London Interbank Offered Rate ("LIBOR") or the prime rates of US banks. As a result, the value of corporate loan investments is generally less exposed to the adverse effects of shifts in market interest rates than investments that pay a fixed rate of interest. The corporate loans are usually rated below investment grade. The market for corporate loans may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods. Investments in non-investment-grade debt securities (high-yield or "junk" bonds) may be subject to greater market fluctuations and risk of default or loss of income and principal than securities in higher rating categories. Investing in derivatives entails specific risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility. There may be less information available on the financial condition of issuers of municipal securities than for public corporations. The market for municipal bonds may be less liquid than for taxable bonds. A portion of the income may be taxable. Some investors may be subject to Alternative Minimum Tax (AMT). Capital gains distributions, if any, are taxable. Investments in commodities may entail significant risks and can be significantly affected by events such as variations in the commodities markets, weather, disease, embargoes, international, political and economic developments, the success of exploration projects, tax and other government regulations, as well as other factors. Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

FOR MORE INFORMATION: www.blackrock.com

Not FDIC Insured • May Lose Value • No Bank Guarantee

Lit. No. NEW-WORLD-VI-0212 AC6014-0212 / 12-093

BLACKROCK®

iShares® BLACKROCK SOLUTIONS®