

Fund Update

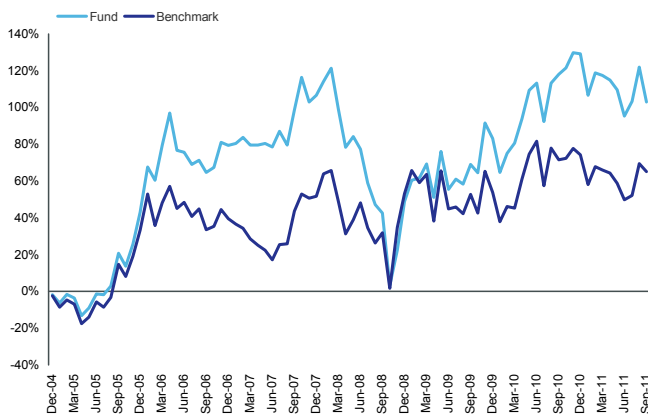
BlackRock International Gold Fund

Investment Performance (%)

	1 Mth	3 Mths	CYTD	1 Yr	3 Yrs	5 Yrs	Inc
BlackRock International Gold Fund (Gross of Fees)	-8.53	3.91	-11.45	-6.87	12.48	4.27	10.95
FTSE Gold Mining Index (Gross of Fees)	-2.65	10.18	-5.21	-3.80	7.76	4.33	7.64
Outperformance (Gross of Fees)	-5.88	-6.27	-6.24	-3.07	4.72	-0.06	3.31
BlackRock International Gold Fund (C Class) (Net of Fees)	-8.71	3.36	-12.87	-8.84	10.10	2.28	7.10
BlackRock International Gold Fund (D Class) (Net of Fees)	-8.63	3.62	-12.20	-7.90	11.17	3.30	10.30

Past performance is not a reliable indicator of future performance. Performance for periods greater than one year is annualised. Performance is calculated in Australian dollars and assumes reinvestment of distributions. Gross performance is calculated gross of ongoing fees and expenses. Net performance is calculated on exit-to-exit price basis, e.g. net of ongoing fees and expenses. Refer to Fund details section for actual inception dates.

Cumulative Performance (Gross)



Market Review

Notwithstanding the ongoing issues of Europe's debt crisis and global economic growth, gold prices fell during the month. The metal's role as the "safe haven" of choice has, at least for the time being, apparently been usurped by the US Dollar. Equity markets were also slammed following the Fed's decision to merely tweak monetary policy through "Operation Twist", which disappointed investors who were expecting stronger measures to invigorate the economy and reduced gold's near-term appeal as a hedge against further money printing.

GFMS released an update to their Gold Survey with two notable datapoints. Firstly official sector purchases (central banks) in the first half of 2011 were 216 tons – a remarkable amount when compared to net purchases for the whole of 2010 of 77 tons. This move of central banks from being net sellers of gold to net buyers is one we have highlighted for some time and has provided strong support to the gold price. Secondly scrap supply was down in H1 2011 vs. H1 2010 despite the higher prices seen in the more recent period; this was largely driven by a decline in scrap from India.

Alamos Gold released an updated resource for its projects in Turkey with a 20% increase in contained ounces; good drilling results from the Camyurt zone should support further growth in this going forward. B2Gold, another fund holding, released excellent high grade drill results at an existing asset and the first results from a new discovery in Uruguay.

At the annual Denver Gold Show one of the key themes discussed was the discount at which the shares are trading relative to bullion prices. There is a view amongst the companies that the gap could close with higher dividend payments and investor confidence in the stability of the gold price. Given the recent rise in gold prices, we believe that companies will certainly be in a position to pay higher dividends. Hopefully, we will see positive announcements on dividends when their third quarter numbers are released. In terms of stock specific news, Kinross gave a good presentation, highlighting the scale and quality of the Tasiast project in Mauritania. With the resource currently standing at 20 million ounces, the company pointed out that only 8km out of a strike length of 80km has been tested.

Strategy Commentary and Outlook

Over the month of August the Fund returned -8.53% (before fees). For the same period the Fund's reference benchmark, the FTSE Gold Mines Index, returned -2.65%.

The Fund underperformed during the month with stocks like First Quantum, Fresnillo and Keegan Resources all underperforming. Underweights to a rallying Newmont and a flat Barrick didn't help returns.

Longer-term, the fundamentals also remain supportive of higher prices. Jewellery demand growth looks to be well supported by India and China, while the drivers of investment demand – concerns about the long term value of certain reserve currencies and inflation – are likely to persist for the foreseeable future. The potential for further net purchases by central banks could also be supportive of prices. The key threat to the gold market is an increase in real interest rates. When real interest rates begin to rise, the opportunity cost of holding gold will encourage investors to sell the metal. At the moment, we believe the interest rate and exchange rate environment remain bullish for gold.

Gold equities, they are currently trading at attractive valuation relative to bullion prices. We believe that the sector's earnings for the third quarter will show decent quarter-on-quarter and year-on-year increases. This could possibly drive a re-rating of the shares back to more "normal" levels relative to bullion.

About the Fund

Investment Objective

The Fund seeks to maximise capital growth over the medium to long-term by investing primarily in gold mining shares through out the world, including Australia.

Fund Strategy

The Fund seeks investments primarily in gold companies that the Manager considers to offer the best long-term exposure to gold prices within an acceptable risk level. The Fund aims to invest in companies with strong management track records and with growth potential, both through existing operations and via the construction of new mines. Pure exploration companies would typically comprise only a small part of the portfolio.

Investment will be primarily in gold mining companies in countries including South Africa, Australia, Canada, USA and other mining companies.

Should be considered by investors who ...

- ▶ Seek a fund that invests in gold mining shares throughout the world as well as other precious metal, base metals and mining related shares.
- ▶ Have a long term investment horizon.

Fund Details

BlackRock International Gold Fund	
Inception Date	7 December 2004
Fund Size	50 mil
Buy/Sell Spread	0.35%/0.35%
BlackRock International Gold Fund (C Class)	
APIR	MAL0019AU
Inception Date	29 September 2005
Management Fee	2.25% p.a.
Unit Price (NAV)	1.165820
BlackRock International Gold Fund (D Class)	
APIR	MAL0016AU
Inception Date	8 December 2004
Management Fee	1.25% p.a.
Unit Price (NAV)	1.414950

Region Exposure

Region	Weight %
Asia Pacific ex Japan	26.63
Africa	15.98
Europe ex United Kindom	2.38
Latin America	25.17
North America	29.84

Top Holdings

Holding	Weight %
NEWCREST MINING LTD.	11.53
GOLDCORP INC.	7.64
KINROSS GOLD CORP.	7.33
YAMANA GOLD INC.	4.86
RANDGOLD RESOURCES LTD. ADS	4.71
COMPANIA DE MINAS BUENAVENTURA S.A	4.42
IAMGOLD CORP.	4.35
ELDORADO GOLD CORP.	4.09
BARRICK GOLD CORP.	3.54
NEW GOLD INC.	2.58

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