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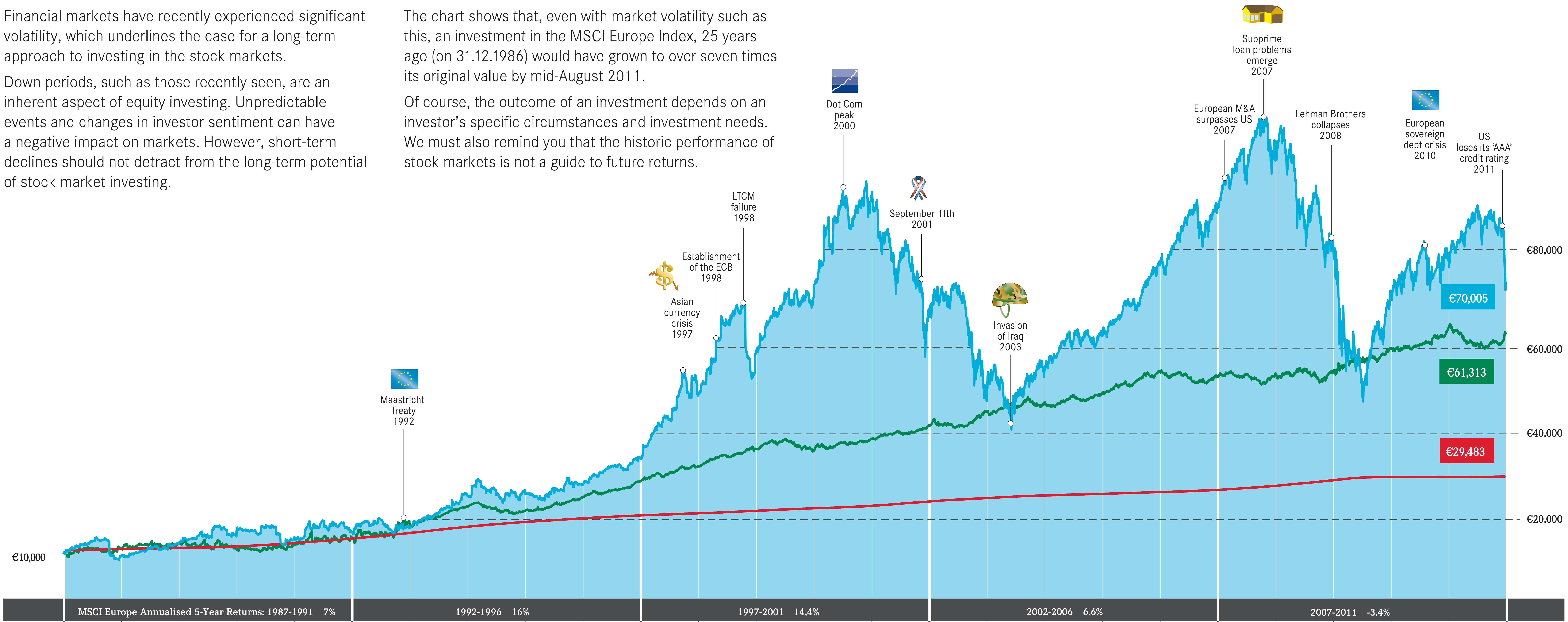
A long-term approach to equity investing

Financial markets have recently experienced significant volatility, which underlines the case for a long-term approach to investing in the stock markets.

Down periods, such as those recently seen, are an inherent aspect of equity investing. Unpredictable events and changes in investor sentiment can have a negative impact on markets. However, short-term declines should not detract from the long-term potential of stock market investing.

The chart shows that, even with market volatility such as this, an investment in the MSCI Europe Index, 25 years ago (on 31.12.1986) would have grown to over seven times its original value by mid-August 2011.

Of course, the outcome of an investment depends on an investor's specific circumstances and investment needs. We must also remind you that the historic performance of stock markets is not a guide to future returns.



	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 YTD
EQUITIES	-12.95%	29.84%	24.05%	-14.71%	17.10%	8.23%	44.02%	-6.93%	13.85%	27.33%	44.74%	19.73%	36.15%	-1.92%	-15.26%	-30.50%	15.75%	12.65%	26.67%	20.19%	3.18%	-43.29%	32.56%	11.75%	–14.37%
BONDS	13.93%	9.72%	-0.10%	7.88%	14.42%	16.65%	21.87%	-3.94%	16.27%	13.57%	11.135	11.59%	-0.29%	7.37%	5.92%	8.88%	2.74%	7.62%	6.08%	0.01%	1.08%	5.80%	4.89%	2.93%	3.20%
CASH	4.07 %	4.33%	7.08%	8.58%	9.28%	9.53%	7.27%	5.34%	4.50%	3.33%	3.33%	3.55%	2.96%	4.38%	4.28%	3.32%	2.33%	2.11%	2.18%	3.07%	4.30%	4.64%	1.20%	0.75%	0.77%

Sources: BlackRock; Thompson Reuters Datastream. Equities are represented by the MSCI Europe Index (total return). Bonds are represented by the CitiGroup World Government Bond Europe Index. Cash is represented by the Germany 3-month interbank lending rate. It is not possible to invest directly in an index. Past performance is no guarantee of future results. The information provided is for illustrative purposes only and is not meant to represent the performance of any particular investment.

Keeping a long-term outlook during turbulent markets is important

Here's why:

You can take advantage of the downturns…

By viewing market declines as good buying opportunities, it is possible to enhance your portfolio's long-term returns when the market rebounds. While nobody can predict exactly when markets will decline or rebound, a strategy of adding to holdings when they are 'on sale' may provide significant advantages over a strategy of pulling out of the market when prices are at their lowest.

You don't want to miss the market's best performing days…

Over every market cycle, there will be up days and down days. Missing even a few of the stock market's best-performing days can result in significantly lower returns than the market index. Often, a few very good days account for a large part of the market's total return. Being out of the market means you can potentially miss out on market rallies that can substantially improve your overall return and long-term wealth.

Here's how to do it wisely:

Be diversified

Rather than trying to pick a single investment type, diversifying across asset classes may decrease your investment risk and enhance the long-term return potential. Not all investment types perform in exactly the same way during similar time periods. Investing across multiple investment strategies, styles, sectors and regions reduces risk and enhances the potential for investing in the best-performing asset class, while reducing the impact of investing in the worst-performing products. See below for a ten-year snapshot of Asset Class Returns, demonstrating how this strategy can be especially important in a difficult market environment, when sector rotation and market fluctuation happen continuously.

Let professional investors do the hard work

History has shown that markets can be volatile, but you do not have to navigate these challenging times alone. BlackRock has the experience, investment insight, global resources and breadth of investment products to help you stay the course and meet your financial goals. With an unwavering focus on risk management across all our portfolios, you can feel reassured that your assets are being managed by some of the most experienced and best prepared investment professionals in the industry.

Ten-Year Snapshot of Asset Class Returns

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
BEST	Government Bonds 7.36%	Corporate Bonds 6.87%	Government Bonds 8.87%	Small Cap Europe 34.96%	Small Cap Europe 23.66%	Emerging Markets 55.04%	Small Cap Europe 30.37%	Emerging Markets 26.07%	Government Bonds 5.81%	Emerging Markets 73.44%	Small Cap Europe 30.35%
	Cash 4.32%	Government Bonds 5.93%	Cash 3.53%	Emerging Markets 30.02%	Mid Cap Europe 19.75%	Small Cap Europe 37.6%	Mid Cap Europe 29.03%	Corporate Bonds 7.21%	Cash 5.75%	High Yield 60.99%	Emerging Markets 27.48%
	Small Cap Europe 0%	Cash 4.74%	High Yield 0.84%	High Yield 28.81%	Emerging Markets 16.88%	Mid Cap Europe 31.15%	Emerging Markets 18.6%	Large Cap Europe 4.93%	Corporate Bonds 0.51%	Small Cap Europe 60.26%	International 20.14%
	Corporate Bonds 0%	High Yield 3.75%	Corporate Bonds 0.51%	Mid Cap Europe 18.71%	High Yield 11.92%	International 26.78%	Large Cap Europe 18.08%	Cash 4.42%	Diversified Portfolio -27.37%	Mid Cap Europe 41.18%	Mid Cap Europe 19.98%
	Mid Cap Europe -3.34%	Emerging Markets 2.94%	Diversified Portfolio -13.32%	Diversified Portfolio 16.50%	Diversified Portfolio 11.71%	Large Cap Europe 25.9%	Diversified Portfolio 13.20%	Diversified Portfolio 3.34%	High Yield -28.18%	Diversified Portfolio 33.63%	Diversified Portfolio 14.91%
	Diversified Portfolio -4.07%	Diversified Portfolio -2.54%	Emerging Markets -20.24%	Large Cap Europe 13.78%	Large Cap Europe 10.32%	Diversified Portfolio 21.73%	High Yield 8.26%	Government Bonds 1.08%	International -37.24%	Large Cap Europe 31.16%	High Yield 14.38%
	Large Cap Europe -4.26%	Small Cap Europe -5.04%	Small Cap Europe -25.44%	International 11.28%	Government Bonds 7.62%	Corporate Bonds 8.66%	International 7.93%	High Yield 0.7%	Large Cap Europe -42.43%	International 26.72%	Large Cap Europe 10.13%
	International -7.03%	International -11.98%	Mid Cap Europe -25.82%	Corporate Bonds 5.69%	International 6.95%	Government Bonds 6.09%	Corporate Bonds 3.51%	International -1.18%	Mid Cap Europe -48.15%	Government Bonds 4.88%	Corporate Bonds 7.66%
	High Yield -7.79%	Mid Cap Europe -13.68%	Large Cap Europe -30.39%	Government Bonds 2.75%	Corporate Bonds 6.12%	Cash 2.2%	Cash 3.02%	Mid Cap Europe -5.93%	Emerging Markets -50.76%	Cash 2.31%	Government Bonds 2.93%
WORST	Emerging Markets -25.92%	Large Cap Europe -16.4%	International -31.73%	Cash 2.54%	Cash 2.18%	High Yield 2.15%	Government Bonds 0%	Small Cap Europe -7.22%	Small Cap Europe -51.65%	Corporate Bonds 1.74%	Cash 1.12%

Source: BlackRock; Thompson Reuters Datastream. For informational purposes only. It is not possible to invest directly in an index. The information shown does not reflect any particular investment. Past performance is no guarantee of future results.

- ■ Large Cap Europe is represented by the MSCI Europe Large Cap Index, a free float-adjusted market capitalisation index, targeting approximately 70% of free float-adjusted market capitalisation in each market.
- ■ Small Cap Europe is represented by all investable small cap securities with a market capitalisation below that of the companies in the MSCI Standard Indices such as the MSCI Europe, targeting approximately 14% of each market's free-float adjusted market capitalisation.
- ■ Mid Cap Europe is represented by all investable mid cap securities in the MSCI Standard Indices such as the MSCI Europe, targeting approximately 15% of each market's free-float adjusted market capitalisation.
- ■ International is represented by the MSCI World Index, a free float-adjusted market capitalisation weighted index that is designed to measure the equity market performance of developed markets. As of 27 May 2010 the MSCI World Index consisted of 24 developed market country indices.
- ■ Emerging Markets are represented by the MSCI Emerging Markets Index, a free float-adjusted market capitalisation index that is designed to measure equity market performance of emerging Markets. As of May 27, 2010 the MSCI Emerging Markets Index consisted of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.
- ■ Government Bonds are represented by the CitiGroup World Government Bond Index Europe (CGBI WGBI), a capitalisation-weighted index composed of government bonds from European countries. Each bond must have a minimum rating of BBB-/Baa3 by S&P or Moody's, and the benchmark does not include US government bonds.
- ■ Corporate Bonds are represented by the BarCap Pan European Aggregate Corporates Index, an index that tracks fixed-rate, investment-grade securities issued in the following European currencies: euro, British pounds, Norwegian krone, Danish krone, Swedish krona, Czech koruna, Hungarian forint, Polish zloty, and Slovakian koruna.
- ■ Cash is represented by the JP Morgan 3 Month Euro Cash Index, an unmanaged index based on the value of a 3-month government bonds assumed to be purchased at the beginning of the month and rolled into another single issue at the end of the month.
- ■ High Yield is represented by the Merrill Lynch Global High Yield Euro Constrained USD Hedged index, which tracks the performance of below investment-grade foreign currency long-term debt rating, based on a composite of Moody's and S&P.
- ☐ Diversified Portfolio is composed of equal weightings of all other represented indices.

Contact us

For more information

To help you reach your investment goals, we offer you one of the most comprehensive fund offerings in the market place today.

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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. You should also remember that past performance is not a guide to future performance and should not be the sole factor of consideration when selecting a product.

Data as at 16.08.2011. Source Thompson Reuters Datastream.

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