

Weathering Uncertain Markets
Learning From the Past; Positioning for the Future



BLACKROCK

In recent years, many investors have found it increasingly difficult to stick to their investment strategies. A widespread global economic recession, extreme market swings and a general sense of uncertainty have caused some to abandon their long-term investment plans. At BlackRock®, however, we believe investors should stick with a long-term view, using lessons from the past to help position their portfolios for the future.

Learning From the Past

- **Understand Market Cycles and Position for Recovery:** Although markets have typically followed long-term up-and-down patterns, market upturns tend to last longer than downturns and have greater depth.
- **Avoid Market Timing:** When trying to jump in and out of the market, investors run the risk of missing some of the best trading days.
- **Think Long Term:** Although markets tend to be highly volatile over the short term, over time they tend to produce strong long-term results.

Positioning for the Future

- **Focus on Diversification:** Investing in a broad range of asset classes and styles can help overall portfolio returns while reducing risk.
- **Dollar-Cost Average:** Employing systematic investment programs like dollar-cost averaging can potentially smooth out some of the market's inherent volatility.
- **Rebalance Your Portfolio:** Periodic portfolio readjustments can help make sure long-term investment goals remain on track.



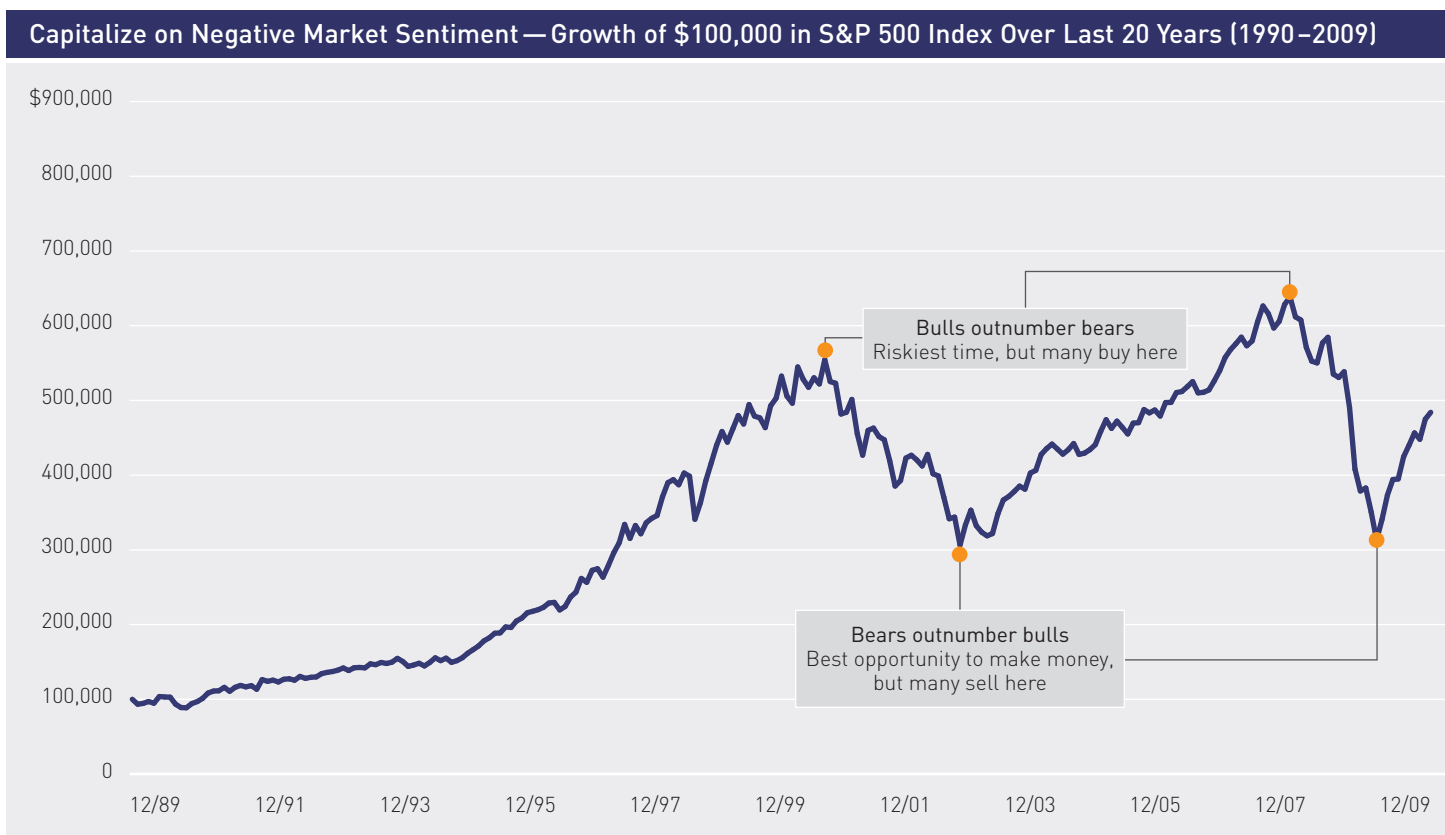
Recognizing Opportunity Amid Market Cycles

Learning From the Past

There is often an inverse relationship between market sentiment and opportunity, meaning that investors should not overreact to market downturns.

While most investors recognize that, over the long term, markets move up and down, there is also a relationship between overall market sentiment and market cycles. In rising markets, more and more people tend to invest as they chase returns (similar to what happened during the technology boom of the late 1990s), while in declining markets, many people tend to sell (as we saw in 2008 and early 2009).

By doing this, however, many investors are buying at the riskiest times and selling at times of reduced risk. It is actually when market sentiment is at its worst that markets are set to recover and, historically, extreme pessimism often coincides with market bottoms. In fact, bullishness tends to peak at the same time the market does, and bearishness is at its worst just before conditions begin to improve. This does not suggest investors should try to time market peaks and valleys, but rather they should understand there is often an inverse relationship between sentiment and opportunity. As such, we believe investors should avoid overreacting to either market optimism or pessimism.



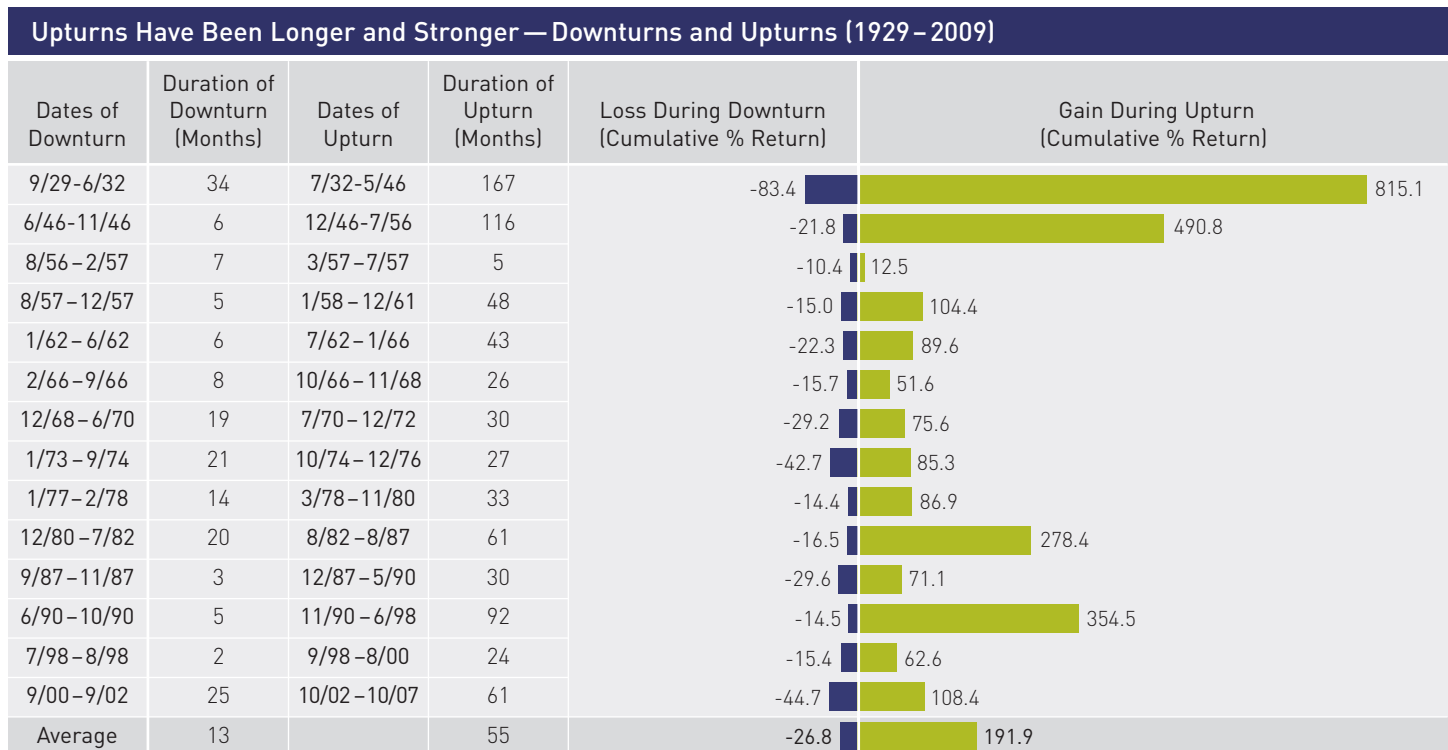
Sources: BlackRock; PSN Enterprise. The S&P 500 Index is an unmanaged index that consists of the common stock of 500 large-capitalization companies, within various industrial sectors, most of which are listed on the New York Stock Exchange. Returns assume reinvestment of dividends. It is not possible to invest directly in an index. Past performance is not a guarantee of future performance. The information provided is for illustrative purposes only and is not meant to represent the performance of any particular investment.

Upturns Have Been Stronger Than Downturns

Significant market downturns can be sharp, rapid and difficult to endure, but history suggests markets will eventually recover. Over the past 80 years, we have seen a number of significant market declines. As the chart below illustrates, however, the upturns that follow these declines on average have lasted longer and been of greater scale. This trend helps explain why stocks have historically exhibited relatively strong long-term performance.

Learning From the Past

When compared to downturns, market upturns historically have lasted longer and have been stronger.



Sources: BlackRock; PSN Enterprise; SBBI 2006 Yearbook. Downturns are defined by a time period when the stock market value declined by 10% or more from its peak, while upturns are the time period from the trough of downturn to the market's subsequent peak. Performance is represented by the SBBI's Large Company Stocks (1929 to 1956) and the S&P 500 Index (1957 to 2009). Past performance is not a guarantee of future results. It is not possible to directly invest in an index. The data assumes reinvestment of all income and does not account for taxes or transaction costs.

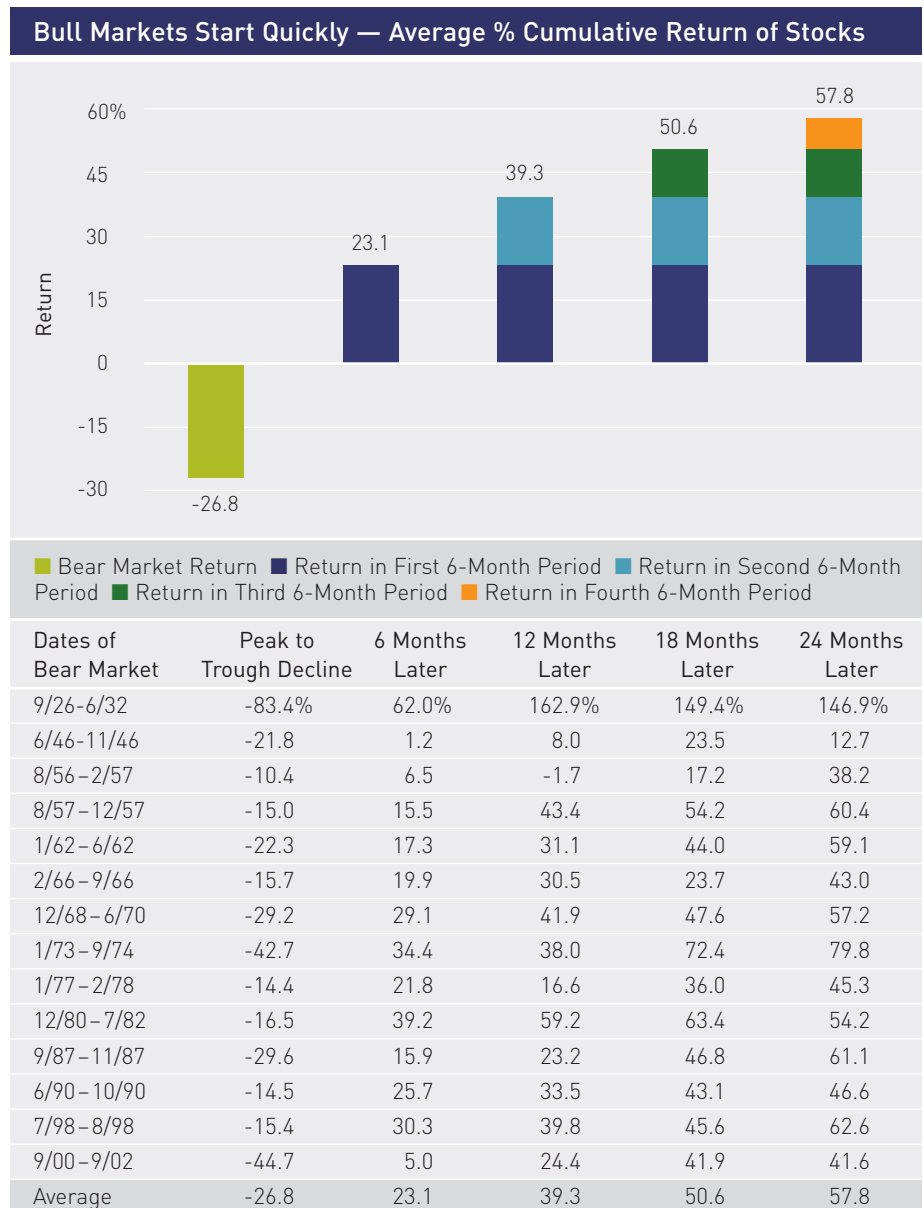
Bull Markets Are Often Stronger Than Bear Markets



Learning From the Past

It is important to stay invested through difficult times and through periods of uneven growth since knowing in advance when a long-term market upturn might start is challenging, if not impossible.

Studying these market cycles also shows that market recoveries tend to be uneven in terms of when the best returns can be found and that bull markets tend to be longer lasting. Bull markets typically start with a bang, and then shift into periods of slower growth. Over the last 80 years, in the 14 bull markets we identified, markets on average shot up strongly in the early months, and managed to post gains for at least two years.



Sources: BlackRock; PSN Enterprise; SBBi 2006 Yearbook. Downturns are defined by a time period when the stock market value declined by 10% or more from its peak. Performance is represented by the SBBi's Large Company Stocks (1929 to 1956) and the S&P 500 Index (1957 to 2009). Past performance is not a guarantee of future results. It is not possible to directly invest in an index. The data assumes reinvestment of all income and does not account for taxes or transaction costs.

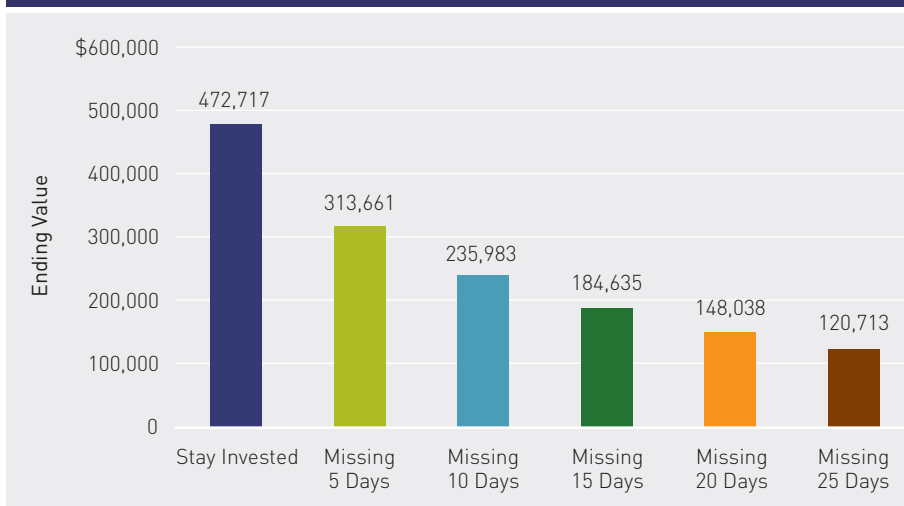
Missed Opportunities Can Be Costly

Every market cycle has both up days and down days. Often, a few very good days account for a large part of the total return. Staying the course ensures investments will be “in” the market on the good days. Some people try to time market movements by selling stocks when they think the market is about to decline and buying stocks when they think the market is about to rise. Consistently predicting which days will move in which direction, however, is virtually impossible and can be very costly.

As the accompanying chart shows, missing only a few of the best days over the last 20 years would have had an adverse effect on an investor’s return. A hypothetical \$100,000 initial investment in the S&P 500 Index held over the entire period of January 1, 1990, through December 31, 2009, would have grown to \$472,717. Missing just the five best days would have reduced the ending value to \$313,661. Missing out on other key trading dates would have affected returns even more significantly.



Missing Top-Performing Days Can Hurt Your Return — Hypothetical Investment of \$100,000 in S&P 500 Index Over Last 20 Years (1990 – 2009)



Sources: BlackRock; Bloomberg. Stocks are represented by the S&P 500 Index. Past performance is not a guarantee of future performance. It is not possible to directly invest in an index.

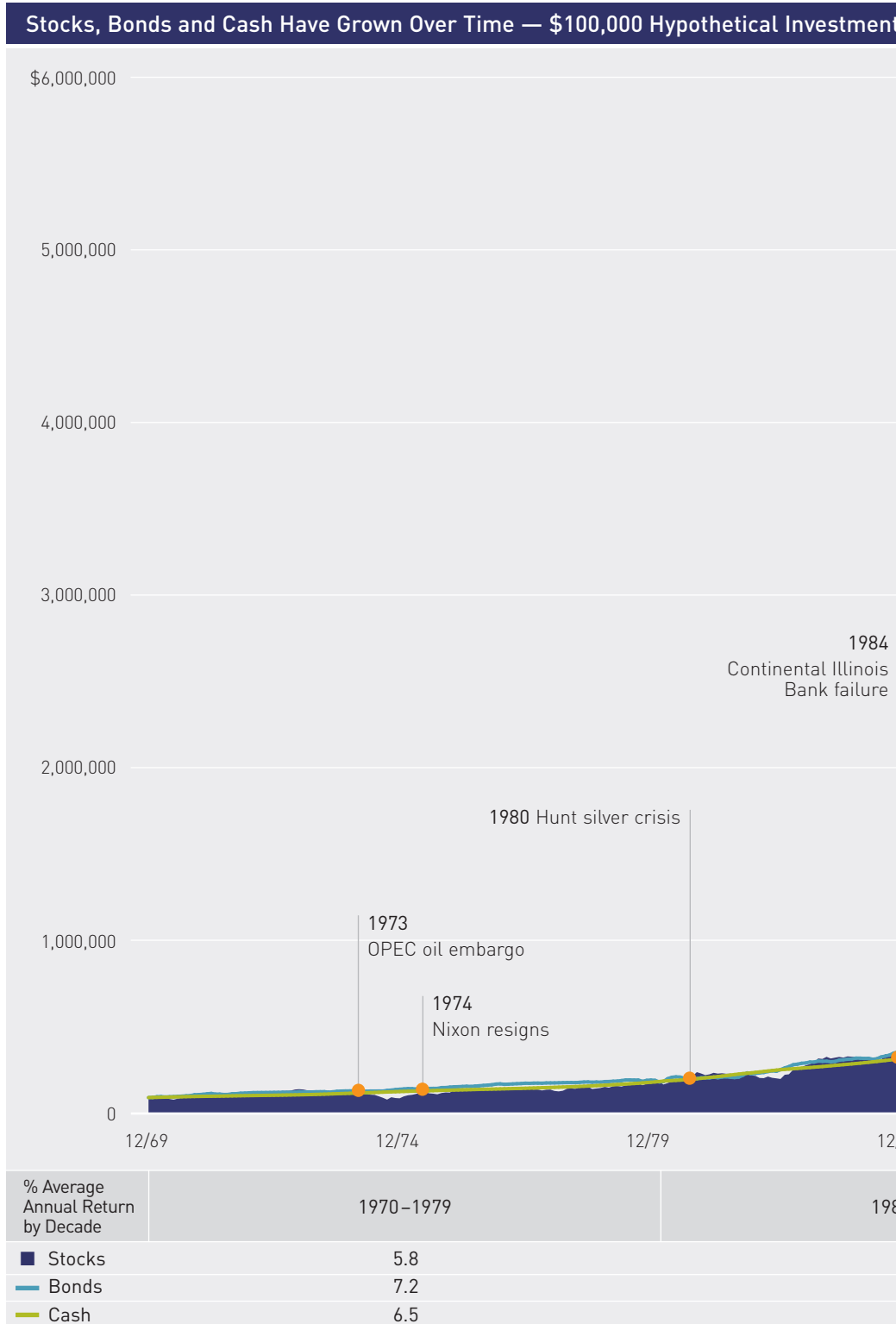
Learning From the Past

Market timing runs the risk of missing out on some of the best-performing days.

Despite Volatility, Markets Appreciate Over the Long Term

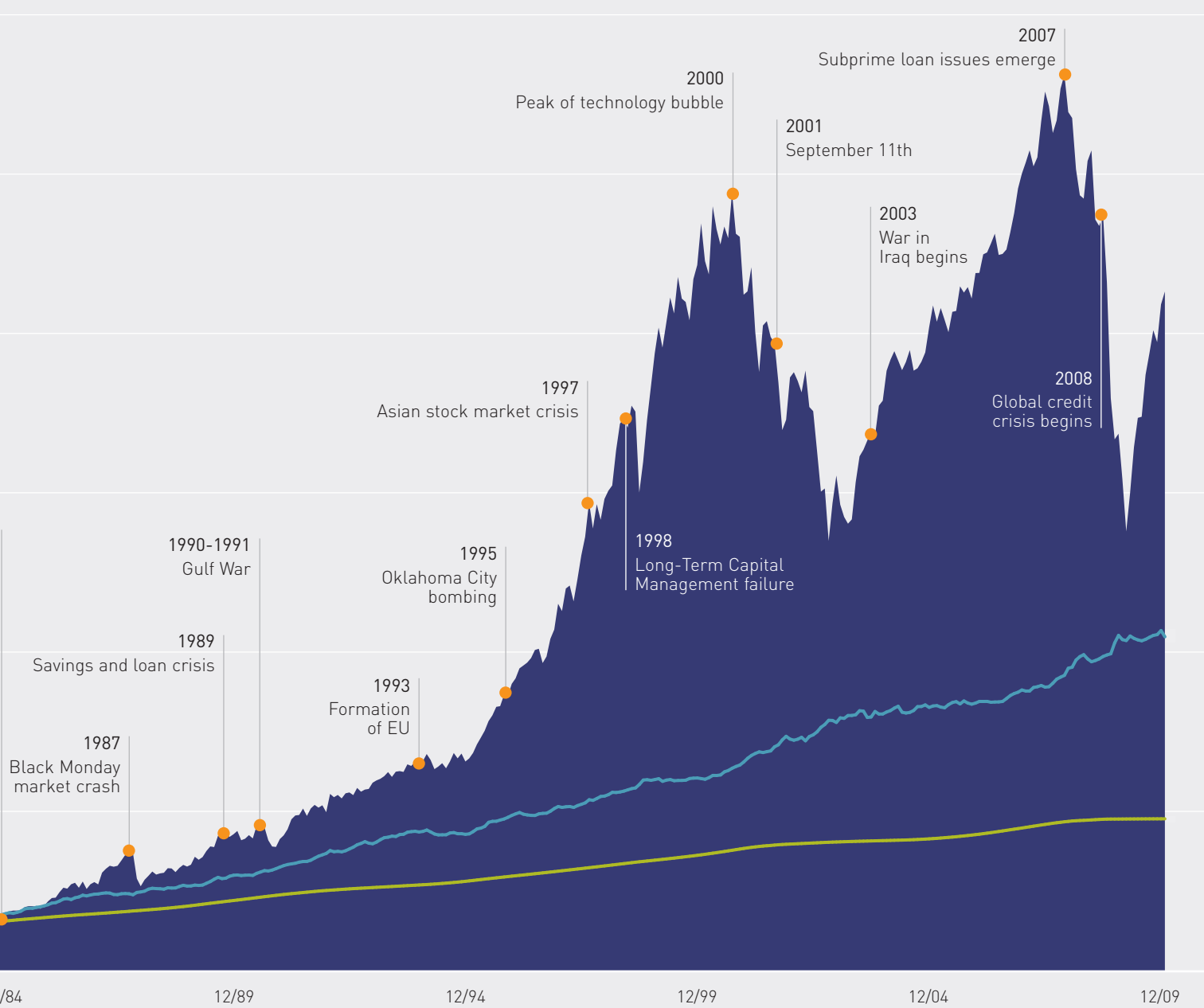
Learning From the Past

As those who have watched their stock portfolios through the past couple of years can attest, markets can move quickly in either direction, which can unnerve even the most stalwart investors. Economic crises, recessions, geopolitical incidents or company-specific events can cause sharp market disruptions. But over time, markets have tended to recover.



Sources: PSN Enterprise; SSBI 2006 Yearbook. Past performance is not a guarantee of future performance. It is not possible to invest directly in an index. Stock index is the S&P 500 Index (all public obligations of the US Treasury, excluding flower bonds and foreign traded issues) and the Agency Bond Index (all public obligations of the US Treasury, excluding flower bonds and foreign traded issues).

Return (1970-2009)



1980-1989	1990-1999	2000-2009
17.5	18.2	-1.0
11.8	7.1	5.6
9.2	5.0	2.7

Stocks are represented by the S&P 500 Index. Bonds are represented by S&P's Intermediate-Term Government Bonds (1970 to 1972) and the Barclays Capital Intermediate Government Bond Index (1973 to 2009), an unmanaged index of all publicly issued debt of the US government agencies and quasi-federal corporations, and corporate debt guaranteed by the US government. Cash is represented by the 90-day Treasury bill.

Diversification May Reduce Risk and Enhance Returns

Positioning for the Future

As investors look to position their portfolios for the future, we would encourage them to stick with one of the most basic tenets of investing: Work with a financial professional to develop a sound asset allocation and diversification strategy designed to correspond with their long-term goals.

Building a Diversified Portfolio Can "Smooth" the Ride								
	1990	1991	1992	1993	1994	1995	1996	1997
BEST	Treasuries	High-Yield Bonds	Small Cap	Int'l Equities	Int'l Equities	Large Cap	Large Cap	Large Cap
	8.6%	46.2%	18.4%	32.6%	7.8%	37.8%	22.5%	32.9%
	Cash	Small Cap	Mid Cap	Small Cap	Cash	Mid Cap	Mid Cap	Mid Cap
	8.4%	46.1%	16.3%	18.9%	4.2%	34.5%	19.0%	29.0%
	Corporate Bonds	Mid Cap	High-Yield Bonds	High-Yield Bonds	Large Cap	Small Cap	Small Cap	Small Cap
	7.1%	41.5%	15.8%	17.1%	0.4%	28.4%	16.5%	22.4%
	Large Cap	Large Cap	Large Cap	Div Portfolio	Div Portfolio	Corporate Bonds	High-Yield Bonds	Div Portfolio
	-4.2%	33.0%	9.0%	14.9%	0.0%	22.2%	11.4%	15.5%
	Div Portfolio	Div Portfolio	Corporate Bonds	Mid Cap	High-Yield Bonds	Div Portfolio	Div Portfolio	High-Yield Bonds
	-5.5%	27.6%	8.7%	14.3%	-1.0%	22.2%	10.8%	12.8%
WORST	High-Yield Bonds	Corporate Bonds	Div Portfolio	Corporate Bonds	Small Cap	High-Yield Bonds	Int'l Equities	Corporate Bonds
	-9.6%	18.5%	8.4%	12.2%	-1.8%	19.2%	6.1%	10.2%
	Mid Cap	Treasuries	Treasuries	Treasuries	Mid Cap	Treasuries	Cash	Treasuries
	-11.5%	16.8%	7.2%	10.7%	-2.1%	18.4%	5.3%	9.6%
	Small Cap	Int'l Equities	Cash	Large Cap	Treasuries	Int'l Equities	Corporate Bonds	Cash
	-19.5%	12.1%	3.9%	10.2%	-3.4%	11.2%	3.3%	5.3%
	Int'l Equities	Cash	Int'l Equities	Cash	Corporate Bonds	Cash	Treasuries	Int'l Equities
	-23.4%	6.4%	-12.2%	3.2%	-3.9%	6.0%	2.7%	1.8%

Source: PSN Enterprise. 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 not a guarantee of future performance.

Index Descriptions

- **Large Cap** is represented by the Russell 1000 Index, an unmanaged index that measures the performance of the 1,000 largest companies in the Russell 3000 Index.
- **Mid Cap** is represented by the Russell Midcap Index, an unmanaged index that measures the performance of the 800 smallest companies in the Russell 1000 Index.
- **Small Cap** is represented by the Russell 2000 Index, an unmanaged index that measures the performance of the 2,000 smallest companies in the Russell 3000 Index.
- **International Equities** are represented by the MSCI EAFE Index, an unmanaged index that measures the total returns of developed foreign stock markets in Europe, Asia and the Far East.
- **Treasuries** are represented by the Barclays Capital Treasury Bond Index, an unmanaged index that covers the US Treasury market with an average maturity of approximately nine years and a duration between five and six years.

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Large Cap 27.0%	Int'l Equities 27.0%	Treasuries 13.5%	Corporate Bonds 10.4%	Treasuries 11.8%	Small Cap 47.3%	Int'l Equities 20.2%	Int'l Equities 13.5%	Int'l Equities 26.3%	Int'l Equities 11.2%	Treasuries 13.7%	High-Yield Bonds 58.2%
Int'l Equities 20.0%	Small Cap 21.3%	Corporate Bonds 9.4%	Treasuries 6.8%	Corporate Bonds 10.5%	Mid Cap 40.1%	Mid Cap 20.2%	Mid Cap 12.6%	Small Cap 18.4%	Treasuries 9.0%	Cash 2.1%	Mid Cap 40.5%
Mid Cap 10.1%	Large Cap 20.9%	Mid Cap 8.3%	High-Yield Bonds 5.3%	Cash 1.8%	Int'l Equities 38.6%	Small Cap 18.3%	Large Cap 6.3%	Large Cap 15.5%	Large Cap 5.8%	Corporate Bonds -3.1%	Int'l Equities 31.8%
Treasuries 10.0%	Mid Cap 18.2%	Cash 6.2%	Cash 4.4%	High-Yield Bonds -1.4%	Large Cap 29.9%	Div Portfolio 11.4%	Div Portfolio 5.9%	Mid Cap 15.3%	Mid Cap 5.6%	Div Portfolio -21.2%	Large Cap 28.4%
Div Portfolio 10.0%	Div Portfolio 11.3%	Div Portfolio 0.8%	Small Cap 2.5%	Div Portfolio -6.4%	High-Yield Bonds 29.0%	Large Cap 11.4%	Small Cap 4.6%	Div Portfolio 12.4%	Div Portfolio 5.2%	High-Yield Bonds -26.2%	Small Cap 27.2%
Corporate Bonds 8.6%	Cash 4.9%	Small Cap -3.0%	Div Portfolio -1.3%	Int'l Equities -15.9%	Div Portfolio 24.5%	High-Yield Bonds 11.1%	Cash 3.1%	High-Yield Bonds 11.9%	Corporate Bonds 5.1%	Small Cap -33.8%	Div Portfolio 24.8%
Cash 5.2%	High-Yield Bonds 2.4%	High-Yield Bonds -5.9%	Mid Cap -5.6%	Mid Cap -16.2%	Corporate Bonds 7.7%	Corporate Bonds 5.2%	Treasuries 2.8%	Cash 4.9%	Cash 5.0%	Large Cap -37.6%	Corporate Bonds 16.1%
High-Yield Bonds 1.9%	Corporate Bonds -1.9%	Large Cap -7.8%	Large Cap -12.5%	Small Cap -20.5%	Treasuries 2.3%	Treasuries 3.5%	High-Yield Bonds 2.7%	Corporate Bonds 4.3%	High-Yield Bonds 1.9%	Mid Cap -41.5%	Cash 0.2%
Small Cap -2.6%	Treasuries -2.5%	Int'l Equities -14.2%	Int'l Equities -21.4%	Large Cap -21.7%	Cash 1.2%	Cash 1.3%	Corporate Bonds 2.0%	Treasuries 3.1%	Small Cap -1.6%	Int'l Equities -43.4%	Treasuries -3.6%

- Corporate Bonds are represented by the Barclays Capital Credit Bond Index, an unmanaged index that covers all public, fixed rate, nonconvertible investment-grade domestic corporate debt. Issues included in this index are rated at least Baa by Moody's Investors Service.
- High-Yield Bonds are represented by the Barclays Capital High Yield US Corporate Index, an unmanaged index that covers the universe of fixed rate, non-investment-grade debt.
- Cash is represented by the ML US Treasury Bill 3 Month Index, an unmanaged index based on the value of the 3-month Treasury bill assumed to be purchased at the beginning of the month and rolled into another single issue at the end of the month.
- Diversified Portfolio is represented by an equal allocation to the eight asset classes described here.

Dollar-Cost Averaging Can Improve Long-Term Returns

Positioning for the Future

Dollar-cost averaging can help smooth out long-term returns and can potentially lower the average share price of investments.

As we have seen, choosing the exact best time to invest is very difficult or even impossible. Dollar-cost averaging, in which a fixed amount of money is invested at regular intervals, ensures purchasing more shares of an investment when prices are low and less when they are high. Ultimately, a lower average cost translates to a higher return when the market swings back up.

In Strategy 1 of the hypothetical example below, an investor used a dollar-cost averaging strategy, making regular investments of \$100 per month. When the share prices were higher, the investor bought fewer shares and when the share prices were lower, the investor bought more shares. As a result, the investor's average cost per share (\$19.39) was lower than the average market price of \$20.25 (\$243/12) over the same time period. Additionally, this same investor purchased more shares with the same amount of money than he or she would have made with a lump-sum investment at either the beginning or the end of the period (Strategies 2 and 3).

Reduce the Impact of Price Volatility by Dollar-Cost Averaging														
	Month Purchased													Average Cost Per Share
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
Strategy 1: Dollar-Cost Averaging														
Share Price	\$25	\$25	\$20	\$20	\$18	\$16	\$15	\$15	\$17	\$20	\$25	\$27	\$243	
Cost	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200	\$19.39
Shares	4	4	5	5	5.6	6.3	6.7	6.7	5.9	5	4	3.7	61.9	
Strategy 2: Lump-Sum Beginning Purchase														
Share Price	\$25	\$25	\$20	\$20	\$18	\$16	\$15	\$15	\$17	\$20	\$25	\$27	\$243	
Cost	\$1,200												\$1,200	\$25.00
Shares	48												48	
Strategy 3: Lump-Sum Ending Purchase														
Share Price	\$25	\$25	\$20	\$20	\$18	\$16	\$15	\$15	\$17	\$20	\$25	\$27	\$243	
Cost												\$1,200	\$1,200	\$27.00
Shares												44.4	44.4	

Hypothetical example. Does not represent any particular investment. No investment is risk free, and a systematic investment plan does not ensure profits or protect against losses in declining markets. Because dollar-cost averaging involves continuous investment in securities regardless of fluctuating price levels, you should carefully consider your ability to continue to purchase during periods of price declines.

Portfolio Rebalancing Can Keep Your Goals on Track

All of the work that goes into getting an asset allocation strategy right would be wasted if it were not maintained. Over time, some asset classes may outperform or underperform and alter a portfolio's overall allocation.

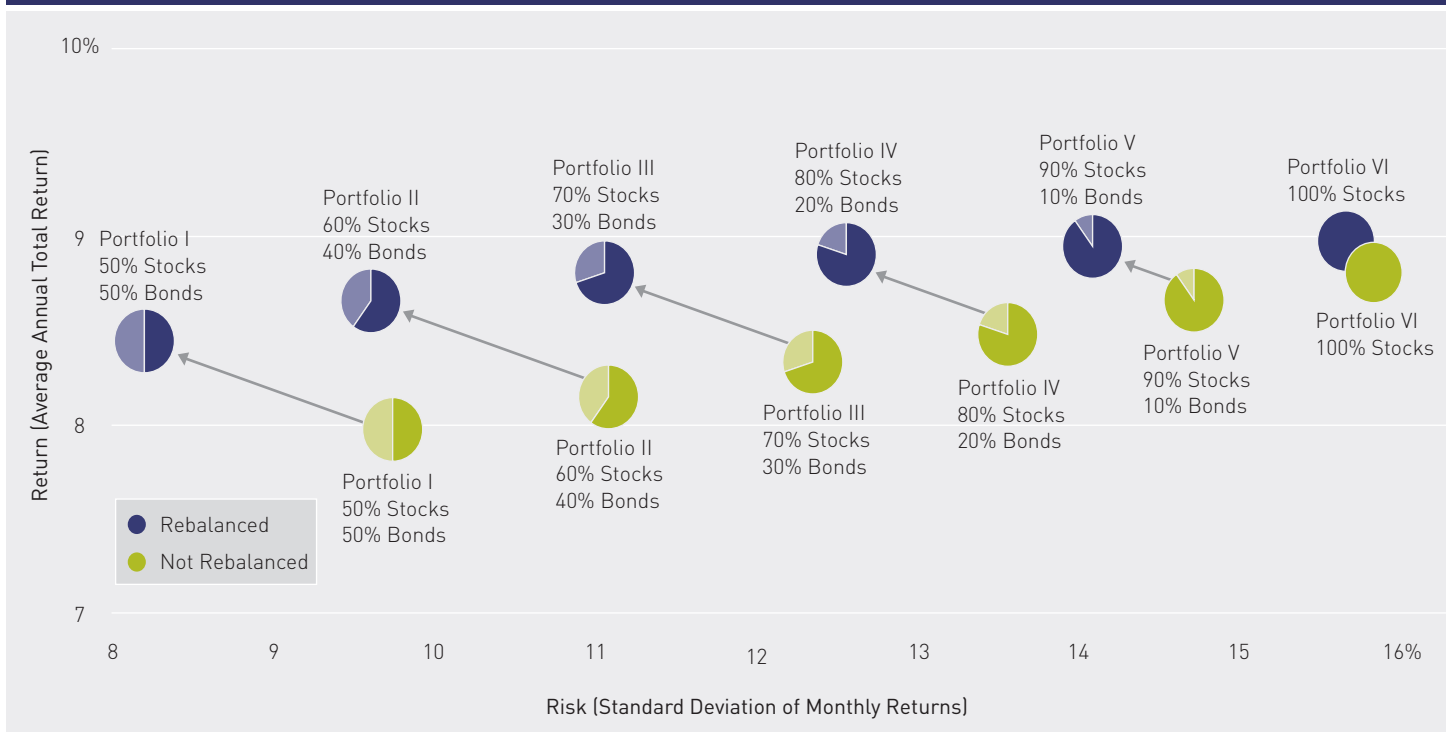
Rebalancing is a way to reset a portfolio to its original allocation to keep it consistent with the initial investment strategy. Using several hypothetical portfolios as examples, the graph below shows how annual rebalancing over the last 20 years would have changed each portfolio's risk and return characteristics.

For example, annual rebalancing of Portfolio I (50% stocks, 50% bonds) improved annual returns by 0.5% while substantially reducing risk. Similar results can be seen for other portfolio allocations. Rebalancing can even improve risk and return characteristics of equity allocations when they are diversified among styles such as Portfolio VI below.

Positioning for the Future

Regular portfolio rebalancing can potentially help improve long-term returns and reduce volatility.

Rebalancing Can Improve Portfolio Efficiency — The Effect of Annual Rebalancing on Diversified Portfolios Over Last 20 Years (1990–2009)



Sources: BlackRock; PSN Enterprise. Past performance is not a guarantee of future performance. The information shown does not reflect the past performance of actual accounts, but rather the past performance of portfolios of indices. The "rebalanced" portfolios assume rebalancing of their component indices to their established percentages on January 1 of each year. Stocks are represented by an equal allocation to the Russell 1000 Value Index, the Russell 1000 Growth Index and the Russell 2500 Index. Bonds are represented by the Barclays Capital US Aggregate Bond Index. Assumes reinvestment of all distributions. It is not possible to invest directly in an index.

Weathering the Uncertainty

Investors have seen a number of shocks and disruptions to global financial markets over the past several years, and markets may react dramatically in response to specific events. Getting — and staying — prepared for difficult times, however, is often a determining factor in long-term success.

History has shown that markets can be volatile, but you do not have to navigate these challenging times alone. BlackRock has the experience, insight, global resources and investments to help you stay the course and meet your financial goals. Through our strengths in the areas of investment excellence, global reach, risk management, intellectual leadership and service — as well as our partnership with your financial professional — you can feel confident that your assets are being managed by some of the most experienced and trusted investment professionals in the industry.

Turn the lessons from the past into opportunities for the future:

- Establish, and stick with, a long-term investment plan.
- Stay in contact with your financial professional.
- Remain prepared: Be informed, invested, resolute, opportunistic and diversified.



Talk to Your Financial Professional Today

Uncertain markets reinforce the need to be prepared and the value a financial professional can offer, including:

- review of your long-term investment plan and tolerance for risk;
- development of an individual asset allocation strategy;
- and periodic portfolio reviews to ensure that your expectations, as well as investments, align with long-term plans and goals.

Most importantly, a financial professional can provide individual guidance in all market conditions, which is essential during uncertain times. Contact your financial professional today about BlackRock's investment solutions.

About BlackRock

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Through BlackRock Solutions®, we offer risk management, strategic advisory and enterprise investment system services to a broad base of investors. The firm employs more than 8,500 talented professionals in 24 countries around the world.

You should consider the investment objectives, risks, charges and expenses of any BlackRock mutual fund carefully before investing. Each mutual fund's prospectus contains this and other information about the fund and is available by calling 800-882-0052 or by contacting your financial professional. The prospectus should be read carefully before investing. Unless otherwise noted, all information contained herein is as of the date of the publication of this brochure.

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