

BlackRock Merrill Lynch Investment Managers
Sub-fund of Luxembourg domiciled Sicav - Part 1

Report Issued: August 2007

Peer Group:
Global Emerging Markets Equities
Fund Manager/Adviser:
Team

Group Contact No:

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Website:

www.blackrock.com

S&P ID Number: EM357059

Share class screened:

A EUR

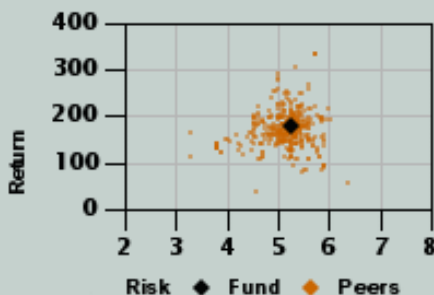


Location:
London, Princeton
Launch Date: June 2001
Fund Size (April 2007):
US\$570m

INVESTMENT STYLE

	Value	Blend	Growth
Large-Cap			
Mid-Cap			
Small-Cap			

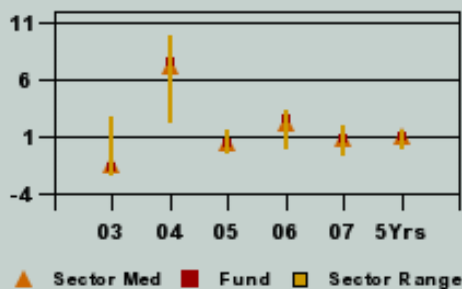
RISK RETURN (STD DEVIATION) OVER 5 YEARS



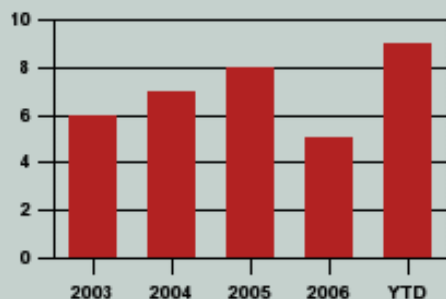
3 YEAR RISK CHARACTERISTICS

Maximum Drawdown (%)	Medium	-13.6
Volatility	Medium	18.1
Correlation	High	1.0
Beta	High	1.0

SHARPE RATIO VS PEER GROUP



CALENDAR YEAR DECILE RANKS



Decile ranking in discrete annual periods. 1st decile shown as rank 10, 2nd decile as rank 9, etc. to 10th decile as Rank 1.

Please see page 2 for required research analyst certification disclosure.

Further information on S&P's fund coverage can be found at

www.funds.standardandpoors.com

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STANDARD & POOR'S OPINION (JUNE 2007)

This fund has changed significantly over the last few years. Originally launched as a composite of three regional portfolios, it has slowly evolved to become a truly best ideas GEM fund.

It is jointly run by three experienced managers, Alain Bourrier and Plamen Monovski who manage an S&P AAA rated Emerging Europe fund, and Will Landers who is in charge of a strongly performing A rated Latin America portfolio.

Asia has historically been the weak element. To address this issue, the managers have recruited Daniel Tubbs from West LB. He has six years' experience in the region and achieved a short yet strong track record managing the West LB Emerging Asia Fund, which, under Tubbs, consistently outperformed its benchmark.

Furthermore, Nick Scott was recruited from M&G to take over the MLIIF Asian Dragon Fund, recently rated A. Scott is based in Hong Kong and together with his team of five - recently relocated from London - covers Asia. Importantly, part of the remuneration of the Hong Kong-based team is also linked to the success of this GEM fund. Tubbs and Scott's team work closely, although Tubbs is ultimately accountable for Asian stock selection.

Together with the input from the three managers of this fund, Tubbs' recommendations translate into a large-/mid-caps portfolio built bottom-up within some top-down considerations and with very broad country/sector constraints.

Despite the considerable amount of change, our regard for the three managers and the short but strong record produced by Tubbs justify the retention of the S&P A rating.

FACT FILE

Group: BlackRock and Merrill Lynch Investment Managers (MLIM) have combined to create one of the world's largest asset management firms with over \$1.1 trillion in assets under management and over 4,500 employees.

Team: The team of three portfolio managers is supported by seven analysts. Additional support is provided by the Hong Kong-based team of five led by Nick Scott.

Fund Manager: The fund is managed in a collegial fashion by the group's three experienced regional

emerging markets portfolio managers. Bourrier and Landers have 15 years' experience while Monovski has 13.

Style: Portfolio construction combines top-down and bottom-up research, resulting in a well diversified portfolio of 70-100 best ideas stocks.

Performance: Over the five years to 30/03/2007, the fund has returned 179.2%, compared with 171.9% for the sector median and 221.4% for the index, ranking 157/392.

FUND MANAGER & TEAM

The team comprises three managers (organised across regions) and seven analysts based in London and Princeton. The London-based Asian team includes new joiner Daniel Tubbs, Gordon Fraser on SEA and Dhiren Shah who splits his time between Latin America and India. They work closely with the Hong Kong-based team of five led by Nick Scott.

Alain Bourrier - MA business (ESCP-EAP, France), joined MLIM in 1998 with responsibility for the EMEA region, with prior experience at SocGen (Frankfurt & London) and investment banking in Berlin.

Will Landers - graduate (Georgetown University), CFA, was an investment banker and then a sell-side analyst on Latin American food and beverage stocks, before moving to MLIM in January 2002 to focus on Latin America.

Plamen Monovski - economics (Thomas Aquinas College, USA), applied economics (LSE, London), CFA, began his career in 1994 with a Bulgarian management company before moving to Coopers & Lybrand and then MLIM in London in 1997 to specialise in EMEA.

Daniel Tubbs - accounting (Exeter University), CFA, started his career as an accountant at Arthur Andersen before moving to West LB as an analyst and then fund manager covering Asia. Joined Black Rock in 2007.

PORTFOLIO CHARACTERISTICS

No. of holdings	87
Turnover ratio (%)	N/A
% in top 10	27

TOP 10 HOLDINGS (01/04/07)

	%
Gazprom *	5.0
America Movil *	3.9
China Mobile	2.6
Banco Bradesco *	2.4
Samsung Electronics	2.4
Compal Electronic	2.2
Powszechna Kasa Os	2.2
Sasol	2.2
Sberbank	2.2
Petrobras *	2.1

* In top 10 holdings a year ago

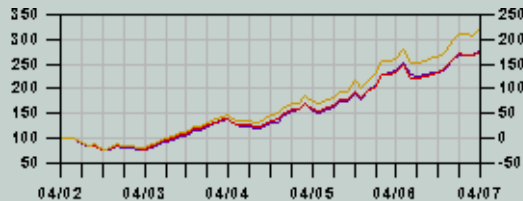
ALLOCATION BREAKDOWN (01/04/07)

	Index %**	Fund %
Asia	-	40
EMEA	-	34
Latin America	-	26
Cash	-	-

PERFORMANCE STATISTICS

	3 Years	5 Years
Fund	101.3%	179.2%
Standard & Poor's Peer Median	95.0%	171.9%
Index**	117.7%	221.4%
Fund Rank	173/480	157/392
Standard Deviation	18.1	-
Relative Standard Deviation	1.0	-
Volatility Adjusted Ranking	192/480	-

CUMULATIVE PERFORMANCE



Ucits III permits net fund exposure to be less or greater than 100%.

MERRILL LYNCH INTERNATIONAL INVESTMENT FUNDS EMERGING MARKETS FUND

Peer Group: Global Emerging Markets Equities



MANAGEMENT STYLE

- The fund is managed in a collegial manner by the group's three regional emerging market specialists.

- Formal bi-weekly meetings between the managers ensure an effective sharing of ideas and that this portfolio reflects their truly best ideas on a global basis. The team also incorporates the views of the Hong Kong-based team as well as of the global resources team.

- Portfolio construction combines top-down and bottom-up analysis. Country allocation is dynamic and team-driven. More emphasis is placed on top-down for those countries where the economic environment is deemed less stable.

- Fundamental research by the country specialists focuses on stocks with sufficient liquidity. Key stock selection criteria include growth potential, strong management, and valuations. Company visits are considered a key part of the investment process. Core holdings are generally visited four times a year.

- The portfolio is diversified across 70-100 holdings, with an annual turnover generally close to 100%. There are no formal limits against the MSCI Emerging Markets index. Cash is not actively used, and normally 1-2%.

PORTFOLIO REVIEW

This review covers the activity in the portfolio up to the end of March and therefore prior to Daniel Tubbs joining the group's Asian team.

Over the review period, the portfolio was revamped, cutting the number of holdings from 106 down to 87 and reducing some larger names, such as Petrobras, Samsung Electronics and Kookmin Bank to refocus the fund on the team's high conviction stocks.

Exposure to Asia was reduced, as were the Russia and South Africa weights. Nonetheless, Russia and South Africa

remained overweight largely through domestic plays. In contrast, Brazil continued to be the favourite country and was held at 6% overweight.

Financials were the largest overweight, largely a result of the team's positive view on selected names, such as Sberbank, PKO and Banco Bradesco. In contrast, material and information technology (Taiwan) were the main underweights.

Exposure to India was largely gained through certificate vehicles.

PERFORMANCE ANALYSIS (APRIL 2007)

Since the current team took over this fund in May 2005, the fund has built a competitive performance record. However, recent returns have been weaker, though far from disastrous. The team attributes about two thirds of returns to stock selection, the balance to country allocation.

In 2005, the sizeable exposure to commodities stocks, particularly in Russia and Brazil, have enhanced performance. Stock selection has been successful in Turkey and India too.

2006 was a more difficult year. The strong returns gained in the first quarter were lost in the second half of the year. The fund was hit by holding domestic plays in South Africa in a period of depreciating currency. Also stock selection within China and India was challenging. In contrast, the underweight in Korea and Taiwan coupled with stock selection in Russia, Brazil and Mexico proved right. The early move into Malaysia coupled with stock selection in China explain the good year to-date figures.

DISCRETE PERFORMANCE (CALENDAR YEARS)

	2003		2004		2005		2006		YTD 30/03/2007	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	54.2	198/442	23.4	173/474	35.2	116/494	28.9	264/497	3.4	79/501
Index**	57.2		28.1		35.2		35.1		2.7	
Median	53.4		21.7		30.7		29.4		2.1	

** S&P/IFCI Composite USD

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