Adjusted Information

about the

Q-BLK Appreciation Index (USD)

(formally Quellos Alternative Specialised Index)

*The Quellos Alternative Specialised Index has been re-named and adjusted with effect as of 31 March 2015 (the "**Effective Date**") to reflect updates of the strategies represented in the Index.*

I. Background to the Index

The Index. The Q-BLK Appreciation Index (USD) (the "**Index**") is a U.S. Dollars ("**USD**") denominated index, mirroring (i) certain Absolute Return Strategy ("**ARS**") investments, (ii) the Borrowing Facility (as defined below) and (iii) the Cash Position (as defined below) (altogether the "**Index Components**").

The Index has been created by Quellos Capital Management, L.P. on 29 June 2001 with an initial Index level of 1,000 points. BlackRock, Inc. ("**BlackRock**"), through certain subsidiaries (primarily BlackRock Financial Management, Inc.), acquired Quellos' fund of funds business (the "**Transaction**") on 1 October 2007. BlackRock is a public company listed on the New York Stock Exchange (Symbol: BLK). The Quellos business was combined with BlackRock's existing absolute return and private equity fund of funds business, and the combined fund of funds platform operates under the name BlackRock Alternative Advisors ("**BAA**").

BAA manages investment funds with investment objectives and/or philosophies that may overlap with, or be complementary to, those of the Index ("**ARS Affiliated Funds**"). In pursuing the investment objective of the Index, BAA may allocate a portion of the Index to direct and indirect investments in ARS Affiliated Funds.

BAA may create one or more omnibus funds ("**Omnibus Funds**"), mirrored in the Index, through which other clients of BAA ("**Other Clients**") may invest for the primary purpose of consolidating investments by these accounts into a single investment in one or more underlying ARS Funds. Potential benefits of Omnibus Funds include preservation of high water marks, greater liquidity with respect to the underlying ARS Funds, reduced fees and efficiency associated with subscriptions and redemptions. The collective nature of Omnibus Funds also has potential costs and risks, particularly at times when the Other Clients and/or the underlying ARS Funds mirrored in the Index are experiencing sustained or high levels of redemption pressure or markets are illiquid.

The Index Sponsor may also pursue Absolute Return Strategies on behalf of the Index through investments in a wide variety of securities, financial instruments or non-traditional structures that provide exposure to Absolute Return Strategies.

The Index Sponsor. BlackRock Financial Management, Inc., a Delaware corporation, serves as the index sponsor and index calculation agent in relation to the Index (in such capacity, the "**Index Sponsor**" or, as the case may be, the "**Index Calculation Agent**") through BAA, a business unit of BlackRock. The Index Sponsor is an indirect, wholly-owned subsidiary of BlackRock. The Index Sponsor is responsible for the calculation of the Index as well as the selection, rebalancing and the management of the Index.

Cash Position. The Index will, from time to time, include a cash position (the "**Cash Position**") as an Index Component, which mirrors the holding of cash, money market instruments or cash obligations.

Borrowing Facility. The Index will, from time to time, include a credit facility or other means of borrowing (a "**Borrowing Facility**") as an Index Component, which mirrors the borrowing of money or engaging in other forms of borrowing or leverage for any purpose, including for making ARS investments.

The Index Sponsor may, in its discretion, change the composition of the Index or the weightings of existing Index Components (such change hereinafter also called a "**rebalancing**") on any Index Valuation Date (as defined below under "**Index Calculation**") subsequent to the initial composition of the Index on 29 June 2001, consistent with the objectives and goals of the Index. A rebalancing of the Index can be made as a result of one or more of the following reasons:

1) The Index Sponsor's evaluation of the Index Component's (or proposed Index Component's) ability to perform or continue to perform in accordance with such Index Component's stated investment objectives, or

2) changes in the markets in which the Index Component invest, or

3) a new Index Component has been identified by the Index Sponsor, which, in the opinion of the Index Sponsor, should improve the overall performance of the Index if included, either as an addition to the existing Index Components making up the Index or as a replacement for one or more of the Index Components, or

4) the weightings of some or all existing Index Components are changed because, in the opinion of the Index Sponsor, the new weightings should improve the performance of the Index.

II. Index Calculation

The Index Sponsor will select the Index Components and their weightings, rebalance the Index Components and calculate the value of the Index as of any given Index Valuation Date. The first "**Index Valuation Date**" is 29 June 2001. The following "**Index Valuation Dates**" will be the last Business Day of each subsequent month. On every Index Calculation Date, the Index Sponsor will calculate the closing value of the Index with respect to the applicable Index Valuation Date. The "**Index Calculation Date**" relating to an Index Valuation Date is the last Business Day of the month immediately following the month of the Index Valuation Date. "**Business Day**" means any day on which the banks in Frankfurt am Main, London, and New York are open for business. The first "**Index Calculation Date**" falls on 31 July 2001.

The value of the Index is based on the performance of the Index Components (*i.e.* of the ARS Funds (as defined in section "III. Index Objective and Philosophy" below) and the Cash Position (in their underlying currencies)) from the previous Index Valuation Date to the present Index Valuation Date less the Index Fees.

The Index was created on 29 June 2001 with an opening Index level of 1,000 points. The Index may be rebalanced in the discretion of the Index Sponsor on each Index Valuation Date thereafter.

On the Effective Date, the following formula, taking into account a number to be determined and published by the Index Calculation Agent within 1 month following the Effective Date (the "**Adjustment Factor**"), will be used by the Index Sponsor on a monthly basis in order to calculate the level of the Index.

$$\text{Index}_{(t)} = \text{Index}_{(t-1)} * [\text{USD Value}_{(t)} / \text{USD Value}_{(t-1)}] * \text{Adjustment Factor}$$

(the interval between *t and t-1 refers to the period of one month)*

Following the Effective Date, the following formula will be used by the Index Sponsor on a monthly basis in order to calculate the level of the Index.

$$\text{Index}_{(t)} = \text{Index}_{(t-1)} * [\text{USD Value}_{(t)} / \text{USD Value}_{(t-1)}]$$

(the interval between t and t-1 refers to the period of one month)

where:

Index$_{(t)}$	The USD closing value of the Index on the Index Valuation Date$_{(t)}$, as calculated by the Index Calculation Agent on the relevant Index Calculation Date.
Index$_{(t-1)}$	The USD closing value of the Index on Index Valuation Date$_{(t-1)}$, as previously calculated by the Index Calculation Agent on the relevant Index Calculation Date.
USD Value$_{(t)}$	**(i)** The sum of the Weighted Closing Valuations in USD of the Index Components (*i.e.* of the ARS Funds and the Cash Position) on the Index Valuation Date$_{(t)}$, **(ii) minus** any amounts standing to the credit of the Borrowing Facility on the Index Valuation Date$_{(t)}$ **(iii) minus** Index Fees, all as calculated by the Index Calculation Agent on the relevant Index Calculation Date.

USD Value$_{(t-1)}$	**(i)** The sum of the Weighted Closing Valuations in USD of the Index Components (*i.e.* of the ARS Funds and the Cash Position) on the Index Valuation Date$_{(t-1)}$, **(ii) minus** any amounts standing to the credit of the Borrowing Facility on the Index Valuation Date$_{(t-1)}$ **(iii) minus** Index Fees, all as calculated by the Index Calculation Agent on the relevant Index Calculation Date.
Index Fees	An amount equal to 1/12*[1.5%+25%*Min(Max(The Index Monthly Actual Return - Index Monthly Base Return,0),10%)] where: "Index Monthly Base Return" for any month shall be equal to the annualized yield for the 90-day United States Treasury bill, as of the first Business Day of such month plus 5%. "Index Monthly Actual Return" for a month shall equal the annualized yield for (i) the difference between the closing value of the Index at the end of such month and the Benchmark Index Value divided by (ii) the Benchmark Index Value. "Benchmark Index Value" shall mean, on a historical basis, the highest closing value of the Index at the end of any previous Index Valuation Date. The Index Fees are calculated and accrued monthly, but paid quarterly,
Weighted Closing Valuations	The last official valuation of each Index Component (*i.e.* of the ARS Funds and the Cash Position) as, in relation to the ARS Funds, provided by the respective ARS Fund Manager to the Index Calculation Agent on or before the relevant Index Calculation Date multiplied by their respective weights, where necessary, converted into USD using then current currency exchange rates as deemed appropriate by the Index Calculation Agent.

If information concerning the last official valuation of a Index Component per an Index Valuation Date is not received by the Index Calculation Agent prior to and including the Index Calculation Date, the Index Calculation Agent shall use reasonable best efforts to determine in its reasonable discretion the Index Component's value using the last official valuation, the net asset value estimated by the Index Calculation Agent, current market conditions or any other available information as its basis. The official valuation so determined by the Index Calculation Agent will serve as the basis for the Index Calculation Agent's further calculations.

The above procedure will also be applied when the Index Calculation Agent needs to determine in its reasonable discretion the last official valuation of an Index Component that, at some relevant point in time, cannot be redeemed against payment of cash or material assets.

III. Index Objective and Philosophy

Index Objective

The objective of the Index is to mirror the performance of a portfolio of investable (at the time of their inclusion) ARS investments selected by the Index Sponsor for inclusion in the Index. The Index seeks, over time, to achieve net returns commensurate with the long-run return on equities with half the volatility and low correlation to the equity markets. No assurances can be given that the Index, any of the ARS (as defined below) disciplines described herein or any Index Components will achieve their respective investment objectives, either individually or in combination.

The Index Sponsor seeks to achieve the objective of the Index primarily through an allocation to multiple external investment advisors ("**External Investment Advisors**") who pursue a variety of "Absolute Return Strategies." External Investment Advisors may be a single entity or group of related entities, or an identified team within a larger organization. Absolute Return Strategies ("**Absolute Return Strategies**" or "**ARS**") include non-traditional investment strategies that utilize a variety of securities and financial instruments and employ sophisticated trading and portfolio management techniques. One of the distinguishing features of Absolute Return Strategies is their focus on absolute performance objectives, as compared with more traditional investment programs that tend to measure performance on a relative basis against widely followed traditional benchmarks. As a result of this focus on absolute performance objectives, Absolute Return Strategies seek to generate returns with low correlation with traditional performance benchmarks.

The implementation of Absolute Return Strategies will be included in the Index primarily by mirroring multiple External Investment Advisors. To participate in the returns earned by these External Investment Advisors, the Index Sponsor will include in the Index primarily the following ARS investments; where these ARS investments are collectively referred to as "**ARS Funds**":

(1) notional investments in collective investment entities managed by External Investment Advisors, such as partnerships, limited liability companies, investment funds, common trusts and similar entities ("**Collective Investment Vehicles**"), which may be either a direct investment or achieved through omnibus funds;

(2) notional investments in an investment vehicle or account, for which the investors will generally be limited to the funds and/or separate accounts for which the Index Sponsor or its affiliates provide investment advisory or investment management services, and approved third party investors;

(3) notional investments in derivative instruments or participate in contractual relationships whereby any associated payments or receipts may be based on some or all of the change in value of one or more Collective Investment Vehicles; and

(4) notional allocations to separate discretionary accounts to be managed by External Investment Advisors.

In addition, and to a lesser extent, the Index may also mirror ARS investments in special purpose vehicles, participations in secondary purchases and other investments.

ARS Funds have broad flexibility to take long or short positions in accordance with the market environment, employ leverage and use derivative instruments. Except as described below, the Index Sponsor is not restricted in the type of ARS Funds in which it invests, and thus, the Index Sponsor considers allocating to ARS Funds operating in all global markets and categories of financial instruments.

Index Philosophy

Absolute Return Strategies generally seek to exploit mispricing and the existence of inefficiencies in markets The Index Sponsor anticipates, but is not limited to, allocating assets to four primary disciplines of Absolute Return Strategies: the Relative Value Discipline, the Event Driven Discipline, the Fundamental Long/Short Discipline and the Direct Sourcing Discipline, all as described below. *No assurances can be given that any of the ARS disciplines described herein or any ARS Funds or other Index Component selected by the Index Sponsor will achieve their respective investment objectives, either individually or in combination.*

Relative Value Discipline

Investment strategies within the Relative Value Discipline seek to profit from the mispricing of related financial instruments. This discipline utilizes quantitative and qualitative analysis to identify securities or spreads between securities that deviate from their theoretical fair value and/or historical norms. Relative Value strategies are engineered to seek to profit if and when a particular instrument or spread returns to its theoretical fair value and generally avoid taking a directional bias with regard to the price movement of a specific company or market. Investment strategies within the Relative Value Discipline include: capital structure strategies that focus on instruments issued by a single entity; convergence strategies such as convertible and basis arbitrage; rates strategies such as yield curve and swap spread positions; statistical strategies that exclusively utilize quantitative models to identify attractive positions; and strategies that seek to exploit investment opportunities by trading volatility.

To concentrate on capturing these mispricing, relative value strategies often attempt to eliminate exposure to general market risks so that profits may be realized if and when the securities or instruments converge toward their theoretical fair value. This strategy typically will attempt to isolate a specific mispricing by holding both long and short positions in related securities. In many cases, investment strategies within the Relative Value Discipline will seek to hedge exposure to primary directional risks such as parallel movements in interest rates, currencies and the movement of broad market indices.

Event Driven Discipline.

Investment strategies within the Event Driven Discipline concentrate on companies that are, or may be, subject to extraordinary corporate events such as restructurings, takeovers, mergers, liquidations, bankruptcies or other corporate actions. Investment strategies within the Event Driven Discipline include: mergers/acquisitions strategies, including friendly and unfriendly takeovers; distressed strategies, including debt or other obligations of distressed or bankrupt companies; and other corporate activity such as spin-offs, litigation, liquidations, and share repurchases. The prices of securities of the companies involved in these events are typically influenced more by the dynamics of the particular event or situation. For example, the result and timing of factors such as legal decisions and deal negotiations play a key element in the success of any Event Driven Discipline. Typically, these strategies rely on fundamental research that extends beyond the evaluation of the issues affecting a single company to include an assessment of the legal and structural issues surrounding the extraordinary event or transaction. In some cases, such as corporate reorganizations, the relevant External Investment Advisor may actually take an active role in determining the event's outcome.

The goal of the investment strategies within the Event Driven Discipline is to profit when the price of a security changes to reflect more accurately the likelihood and potential impact of the occurrence, or non-occurrence, of the extraordinary event.

Fundamental Long/Short Discipline.

Investment strategies within the Fundamental Long/Short Discipline involve buying and/or selling a security or financial instrument believed to be significantly under- or over-priced by the market in relation to its potential value. Investment strategies within the Fundamental Long/Short Discipline include: long and short equity- or credit- based strategies that emphasize a fundamental valuation framework; and equity active value strategies where an active role is taken to enhance corporate value.

Fundamental Long/Short managers typically employ fundamental analysis which evaluates the underlying determinants that affect the price of securities. Factors within such analysis include both microeconomic and macroeconomic variables that can influence the price of a given security or set of securities. Many investment strategies within the Fundamental Long/Short Discipline will incorporate elements of both fundamental and technical analysis. The actual research process can be based on a bottom-up approach that first examines the factors affecting a single company or marketplace, or a top-down approach that first analyzes the macroeconomic trends affecting a market or industry.

Direct Sourcing Discipline

Investment strategies within the Direct Sourcing Discipline seek to profit from the increasing disintermediation of the financial services sector by entering into direct transactions with corporations, other institutions or individuals. The goal of the discipline is to garner profits from areas of the market that are under-served by larger financial institutions. Investment strategies within the Direct Sourcing Discipline include: lending strategies including corporate and asset-backed loans; equity financing strategies such as private investment in public equity (PIPE) positions; real estate strategies; and insurance underwriting strategies.

Typically, these strategies rely on a manager's ability to source privately-structured deals, as well as fundamental research specific to each respective deal. Direct Sourcing deals may offer more attractive terms than similar investments available through financial intermediaries or through public markets, however, Direct Sourcing investments may also exhibit more limited liquidity relative to some publicly-sourced investments.

The Use of External Investment Advisors

The Index Sponsor believes that relying on multiple External Investment Advisors is a prudent way to seek to achieve the Index' objective. Moreover, the Index Sponsor believes that a single External Investment Advisor is unlikely to have the resources or expertise to efficiently exploit the investment opportunities across the range of investment strategies.

The critical steps in the investment process include Investment Sourcing, Investment Evaluation, Portfolio Construction and Risk Management.

Manager Identification

The first step in a multi-manager investment involves identifying the universe of potential investment managers. Manager identification requires a substantial proactive effort. To avoid any adverse selection bias, the Index Sponsor does not rely exclusively on published databases or other information provided by marketing personnel responsible for capital raising within financial institutions. The Index Sponsor's approach is built from an extensive information network, proprietary systems and reputation within the industry which yields a wide potential universe of potential ARS managers.

The manager identification process searches actively for External Investment Advisors who fall under the category of "Emerging Investment Advisors." This category of investment manager refers to individuals who are in the process of establishing or have recently established their own investment firms. Generally, the principals of these managers have previously excelled on a proprietary trading desk, with another investment boutique, or as part of an institutional money management firm, and have elected to pursue similar activities independently. Identifying Emerging Investment Advisors is considerably more difficult since they are often associated with organizations that do not allow direct investment of outside capital. The Index Sponsor believes that this expanded universe of potential managers will enable the Index to better pursue its investment objective.

Manager Evaluation

Investment evaluation focuses on the existence and sustainability of an External Investment Advisor's edge, which provides the Index Sponsor with the basis for its evaluation decisions.

Evaluation of an External Investment Advisor's edge is analogous to uncovering its competitive advantage. An edge might be created by the use of superior proprietary quantitative models, favourable operational cost advantages, superior market knowledge or the lack of formidable competition. Examining an External Investment Advisor's current and future edge reduces or eliminates the need to rely on historical performance as the primary criteria for selecting or terminating External Investment Advisors. The Index Sponsor's ability to analyze and assess this edge is supported by:

- Information systems that are utilized to monitor qualitative and quantitative information about External Investment Advisors;
- Experience in the evaluation of investment decision making, business organization, investment research, risk management, operational infrastructure and human resource staffing;
- Portfolio management experience in the markets and instruments utilized by the External Investment Advisors, as well as experience in managing multi-manager funds; and
- An ongoing dialogue with other market participants.

The primary emphasis of the evaluation process is to form an opinion of an External Investment Advisor's edge and the character of its team and to determine whether these can add value in the form of superior risk-adjusted returns. This evaluation is conducted by the Index Sponsor through on-site visitations, analysis of the investments and/or discussions with the investment personnel associated with an External Investment Advisor and by maintaining a dialogue with independent academic and financial industry specialists worldwide.

If the Index Sponsor believes that changes within an External Investment Advisor's organization or changes in the capital markets inhibit or eliminate exploitation of the External Investment Advisor's edge, the Index Sponsor will likely seek to liquidate the particular ARS Fund, subject to the governing documents of such ARS Fund relating to redemptions or other structural terms of the ARS Fund and to remove such ARS Fund from the Index.

There are certain business standards that are sought in each External Investment Advisor. Generally, the Index Sponsor will seek to allocate assets to External Investment Advisors who:

- Invest substantial personal assets in the Absolute Return Strategy being pursued on behalf of the ARS Fund or have significant personal career and financial risk associated with their investment management activities;
- Utilize an investment fee that is largely dependent on investment performance;
- Provide annual audited financial statements from a recognized, independent, public accountant;
- Devote their primary business activities to investment management and generate the majority of their business income from such activities; and
- Have specific and relevant experience managing assets.

Portfolio Structuring

The Index will seek to allocate its assets primarily to a diversified group of External Investment Advisors. This process is dynamic, reflecting the Index Sponsor's view on the relative attractiveness of different strategies utilized among and within the four broad disciplines of ARS n which the Index participates. The allocation process is designed to allow the Fund to allow the Index Sponsor to maintain the flexibility to redeploy assets as investment opportunities change.

Specific portfolio structuring decisions are affected by factors such as the availability or capacity constraints of potential ARS Funds, structural considerations such as the liquidity terms of potential ARS Funds alone or in the aggregate compared to the Index's structural characteristics and the level of fees of potential ARS Funds, and other considerations. Such considerations will most likely result in differences in composition and performance among other investment fund portfolios or separate accounts managed by the Index Sponsor, even when overall investment or performance objectives are similar.

The Index Sponsor maintains certain diversification guidelines with respect to allocation to the ARS Funds. These guidelines endeavour to minimize dependence on and exposure to any single investment style or method. The guidelines limit:

1) the Index must consist of at least 10 ARS Funds,

2) limit the weight of any group of three External Investment Advisors (other than Emerging Investment Advisors) to no more than 50%,

3) limit the weight of any group of ten External Investment Advisors to no more than 80%,

4) limit the weight of any one Emerging Investment Advisor to no more than 10% and

5) limit the aggregate weight of all Emerging Investment Advisors to no more than 35%.

In addition to the foregoing guidelines with respect to particular External Investment Advisors, the Index guidelines limit the allocation to any one discipline as follows:

1) no more than 50% may be invested in the Relative Value Discipline,

2) no more than 50% may be invested in the Event Driven Discipline,

3) no more than 45% may be invested in the Fundamental Long/Short Discipline, and

4) no more than 35% may be invested in the Direct Sourcing Discipline.

The foregoing guidelines will not apply to investments in cash or other cash equivalents. If, as a result of market value fluctuations or otherwise, any of the ARS Funds exceed the foregoing percentage limitations by an amount greater than 20% on any Index Valuation Date, the Index Sponsor will use its best efforts to adjust the Index such that the Index’s weightings are below the above limits. As External Investment Advisors may have a broad investment mandate, the categorization of an ARS Fund as relating to particular discipline will be made by the Index Sponsor Manager in its sole and absolute discretion, and as such, any attempt to monitor these investment guidelines is somewhat subjective.

Monitoring and Risk Management

A key element in the management of the Index’s portfolio involves the monitoring and ongoing evaluation of External Investment Advisors who have been included in the Index. The goal of this ongoing analysis is to provide the Index Sponsor with information to evaluate an External Investment Advisor's ability to implement its strategy successfully and, when necessary, to adapt its investment program to changes within the financial markets. It is this ongoing evaluation process, and not simply the External Investment Advisor's performance, that will ultimately influence the Index Sponsor's decision as to when it is appropriate to maintain, increase or terminate an External Investment Advisor's allocation.

The foregoing description of the Index's objective, strategies and philosophy is general and is not intended to be exhaustive. The Index Sponsor reserves the right to vary the Index's objective, strategies and philosophy in certain respects, although it is not presently anticipated that any of these will vary significantly from that described above.

IV. Index Reformulation

The Index Sponsor may, in its sole and absolute discretion, change the composition of the Index or the weights of existing Index Components within the Index on any Index Valuation Date subsequent to the initial Index Formulation Date. A change in the composition of the Index generally will be made as a result of one or more of the following reasons: i) the Index Sponsor's evaluation of the Index Component's (or proposed Index Component's) ability to perform or continue to perform in accordance with such Index Component's stated investment objectives, or ii) changes in the markets in which the Index Component invest, iii) a new Index Component has been identified by the Index Sponsor, which, in the opinion of the Index Sponsor, should improve the overall performance of the Index if included, either as an addition to the existing Index Components making up the Index or as a replacement for one or more of the Index Components or iv) the weightings of some or all existing Index Components are changed because, in the opinion of the Index Sponsor, the new weights should improve the performance of the Index.

On each Index Valuation Date on which a change in the composition of the Index is made, the Index will be adjusted by assigning new weights to one or more of the Index Components rather than changing the value of the Index. In other words, no change in the value of the Index occurs on the Index Reformulation Date as a result of changes to the composition of the Index.