

Euro Bond Fund

Performance to 30 September 2007

For Professional Intermediaries Only

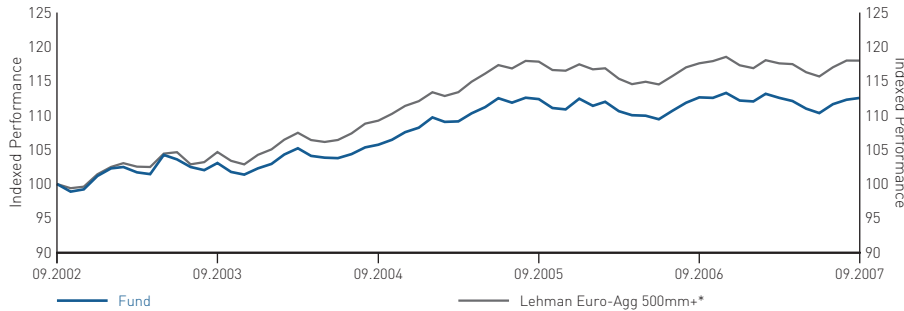
Bond Fund

Risk Grading

Low ■ ■ ■ ■ High

BLACKROCK
MERRILL LYNCH
INVESTMENT MANAGERS

A-Share Performance in €



Cumulative Performance	1 Month %	3 Months %	6 Months %	1 Year %	3 Years %	5 Years %	Year To Date %	Annualised (5 Years) %
A Class	0.2	2.0	0.0	-0.1	6.5	12.5	0.3	2.4
Lehman Euro-Agg 500mm+*	0.0	2.0	0.4	0.4	8.2	18.3	0.6	3.4
Quartile Ranking	1	1	2	2	1	3	2	3

Calendar Year Performance	2002 %	2003 %	2004 %	2005 %	2006 %
A Class	6.1	1.1	5.8	3.9	-0.2
Lehman Euro-Agg 500mm+*	8.9	2.9	7.6	4.9	-0.1

Base Currency Euro		Bond Fund	
Investment Region	Europe		
Invest. Universe	Govt/Supra national		
Invest. Grade	Corp.		
	High Yield		
Average Duration	>3 years		
Primary Currency Exposure	Euro		

Awards & Ratings

S&P Fund Management Rating	A
Forsyth Partners Fund Rating	AA

Summary of Investment Objective

The Euro Bond Fund seeks to maximise total return. The Fund invests at least 80% of its total net assets in investment grade fixed income transferable securities. At least 70% of total net assets will be invested in fixed income transferable securities denominated in euro. Currency exposure is flexibly managed.

Fund Data

Status	Sub-Fund of Luxembourg SICAV
Fund Manager	Michael Krautzberger
Launch Date	31.03.1994
Base Currency	€
Additional Dealing Currencies	US\$
Benchmark	Lehman Euro-Agg 500mm+*
Morningstar Sector	Fixed Income Euro
Total Fund Size (m)	€582.7
Average Maturity (years)	9.0
Average Duration (years)	6.0
Average Yield to Maturity (%)	4.7

Codes

ISIN	LU0050372472
Bloomberg Equity Ticker	MIGSEBI LX
Reuters Page Id	BLRKIE
Swiss Valoren Number	226677

Dealing & Prices

Dealing Information

Trading Frequency	Daily, forward pricing basis
Settlement	Trade date + 3 days
Fees	
Initial Charge (A shares)	5
Annual Management Fee (A shares)	0.75
NAV	(€)
A Class	17.31
12 Months High/Low NAV	(€)
A Class	17.45/16.83

EU Savings Directive Data

EUSD Fund Status	In scope, distributions and redemptions
Taxable Income Per Share	0.957800

10 Largest Holdings

	%
Barclays Bank London 1 Oct 2007	4.7
Hellenic Republic 4.10% 20/8/2012	4.5
Buoni Poliennali Del Tesoro 4.5 1 Aug 2010	3.0
Austria (Republic of) 4.65% 15 Jan 2018	2.7
Buoni Poliennali Del Tes 4 % 1/02/2037	2.2
CMSI_07-7 1A1 6.00% 25 August 2037	2.2
French Treasury Note BTAN 2.5% 12 Jul 2010	2.1
Kingdom of Denmark 4.000% 15 Nov 2017	2.1
Buoni Poliennali Del Tesoro 5% 1 Feb 2012	2.0
Belgium (Kingdom Of) 3% 28 March 2010	1.9
Total	27.4

Published NAV

www.blackrock.com/international
Financial Times
Börsen-Zeitung
Het Financieele Dagblad

Il Sole 24 Ore
South China Morning Post
Der Standard
VSD

Hong Kong Economic Times
Neue Zürcher Zeitung

*. ■ Sources: Fund - BlackRock Investment Management (UK) Limited (BIM(UK)IL), Indices - JP Morgan, European Bond ECU weighted index used prior to 31 December 1998. Quartiles - © 2007 Morningstar, Inc. All Rights Reserved ■ **For Professional Clients Only.** ■ BIM(UK)IL Risk Grading: Medium Risk (on a scale of Low, Medium, Medium/High and High). This grading applies to Funds with exposure to capital market risk but where any equity exposure is balanced by exposure to high-quality bonds. It should only be used for comparison with other Merrill Lynch International Investment Funds (MLIIF) and, in particular, should not be used in comparison with Funds not provided by BIM(UK)IL. The grading is indicative of the level of risk of a particular Fund and is not supposed to be a guarantee of likely returns. If you are in any doubt as to the level of risk that you should take, you should seek Independent Advice. ■ Performance is shown as at 30 September 2007 in € on a NAV price basis with income reinvested. Prior to the introduction of single pricing on 4 February 2002, bid prices were used for Funds previously within the Mercury Selected Trust range. Performance figures are calculated net of annual fees. The above Fund data is for information only. The number of shares quoted for each fund are indicative and actual numbers may fall outside of the ranges shown. Most of the protections provided by the UK regulatory system, and compensation under the UK's Financial Services Compensation Scheme, will not be available. MLIIF is an open-ended investment company established in Luxembourg. It is recognised under section 264 of the Financial Services & Markets Act 2000. Subscriptions in MLIIF are valid only if made on the basis of the current Prospectus, the most recent financial reports and the Simplified Prospectus which are available on our website. A limited range of MLIIF sub-funds have a distributor status A share class that seeks to comply with UK Distributor Status requirements. Please contact the Manager for further information. **This document is being made available for you solely in your capacity as a professional investor or intermediary and should not be relied upon by any other persons.** The European Union Savings Directive (EUSD) came into effect on 1 July 2005. For more information, please refer to our website. Fluctuation may be particularly marked in the case of a higher volatility Fund and the value of an investment may fall suddenly and substantially. Investors should read the fund specific risks in the Simplified Prospectus. Past performance is no guide to future performance. The value of investments and income from them can fluctuate and are not guaranteed. Rates of exchange may cause investments to go up or down. Investors may not get back the amount they invest. MLIIF is only available for investment by non-US citizens who are not residents of the US. It is not offered for sale or sold in the US, its territories or possessions. The Funds are not registered for sale to the public in all jurisdictions. The Merrill Lynch name and logo are trade marks of, and used under license from, Merrill Lynch & Co., Inc. The Fund Manager's report represents the views of BlackRock (Channel Islands) Limited, the Investment Manager of MLIIF. The Investment Objective stated above is a summary of the main objectives of the Fund. Please refer to the MLIIF Simplified Prospectus for further details. Issued by BlackRock Investment Management (UK) Limited (authorised and regulated by the Financial Services Authority). Registered office: 33 King William Street, London, EC4R 9AS. Registered in England No. 2020394. Issued in Switzerland by the representative office, BlackRock Investment Management (UK) Limited, Zurich Branch, Dreikönigstrasse 31a, 8002 Zurich, from where the Company's Prospectus, Simplified Prospectus, Articles of Association, Annual Report and Interim Report are available free of charge. Paying Agent in Switzerland is HSBC Private Bank (Suisse) S.A., Paradeplatz 5, CH-8001 Zurich, Switzerland. Issued in Hong Kong by BlackRock (Hong Kong) Limited. This factsheet has not been approved by the Hong Kong Securities and Futures Commission for public circulation. In Singapore, this information is issued by BlackRock (Singapore) Limited. The fund is only available to institutional investors and accredited investors as permitted under the Singapore Securities and Futures Act and not to the retail public in Singapore. This factsheet is for information only and does not constitute an offer of shares in the company in Singapore. For your protection, telephone calls are usually recorded.

Contacts: International Enquiries Investor Services Centre: Tel +44 (0)20 7743 3300 • Fax +44 (0)20 7743 1143 ■ UK: Tel +44 (0)20 7743 3000 • Fax +44 (0)20 7743 1135
■ Hong Kong: Tel +852 3763 0200 • Fax +852 3763 0255 ■ www.blackrock.com/international

Euro Bond Fund continued

Fund Manager's Report as at 30 September 2007

Performance

The Fund performed in line with its benchmark over the quarter. Euro government markets took their cue from the US during the third quarter. Euro yields moved sharply lower during July and maintained a downward trend in August. In line with the US, yields moved higher towards the end of the quarter as the Federal Reserve (Fed) ease bolstered investor sentiment. The ECB kept rates on hold over the quarter at 4.00%. The accompanying ECB statement described monetary policy as "accommodative" and made ongoing reference to inflation risks, although use of the code word "vigilance" was tempered. The Euro yield curve steepened over the quarter, as two-year yields led the rally, falling by 43 basis points, while 30-year yields were more resilient, falling by 10 basis points.

Portfolio Activity

Over the course of the quarter, we maintained a long duration bias although this was scaled back in response to the strong market rally. Opportunities afforded by weakness in the credit sector led us to selectively increase exposure to short-dated corporate bonds.

Current Positioning

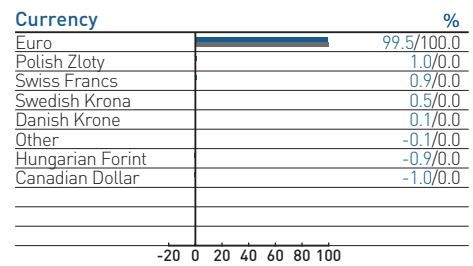
In an environment in which monetary conditions in the Eurozone remain at historical tightness since inception of the Euro, and the market appears to be pricing a relatively optimistic economic outlook, we are maintaining a long duration position of close to 0.5-year, with exposure being evenly distributed across the curve. We have been working to reduce the underweight credit positioning in Euro portfolios. Through increasing exposure to short-dated financials where these offer compelling value, we have been moving towards a more neutral stance on credit and believe that the market now offers an improved risk/return profile for investors.

Fund Risk Statistics

	3 Years	5 Years	Since launch
Volatility (%)			
- Fund	2.8	3.1	3.9
- Benchmark*	2.7	2.9	3.7
Beta	0.99	0.98	1.01

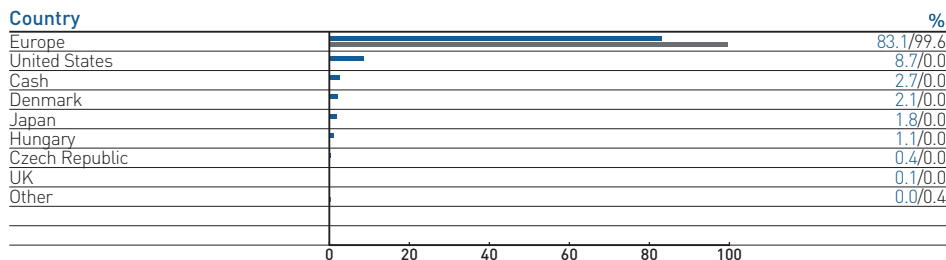
Composition of Fund

Fund/Benchmark

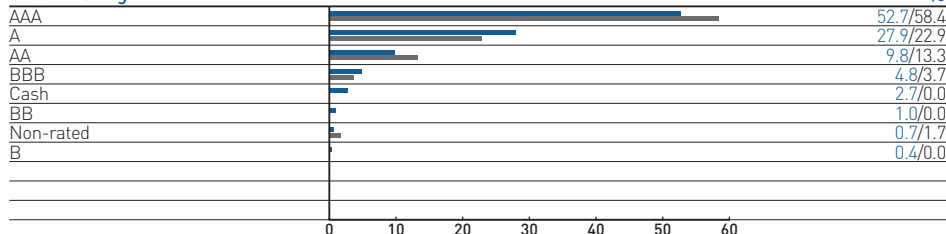


Composition of Fund

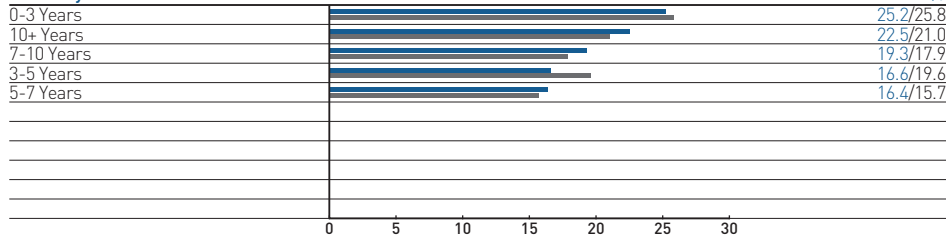
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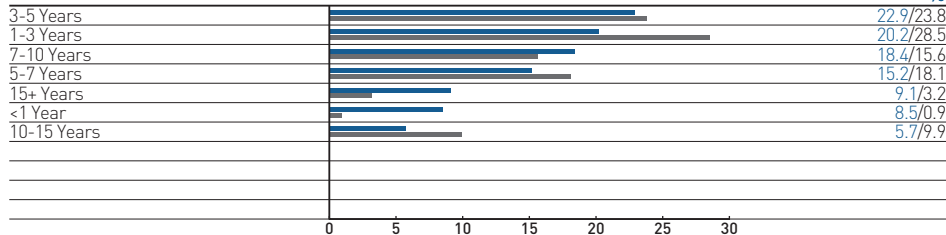
Credit Rating



Maturity

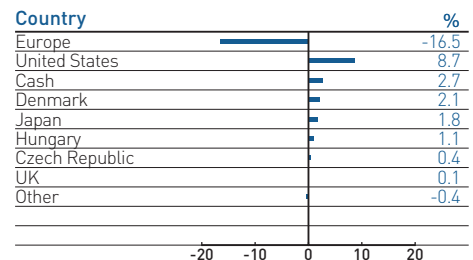


Duration

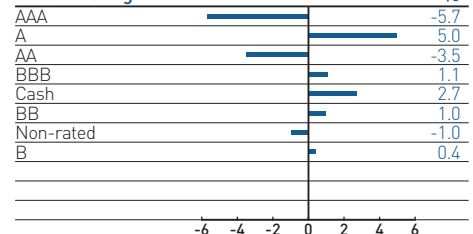


Asset Allocations Analysis - Active Position

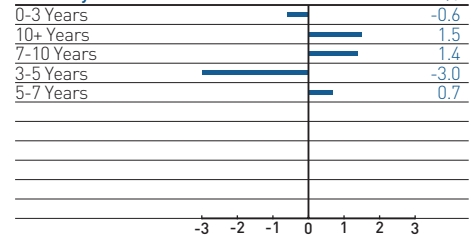
Fund-Benchmark



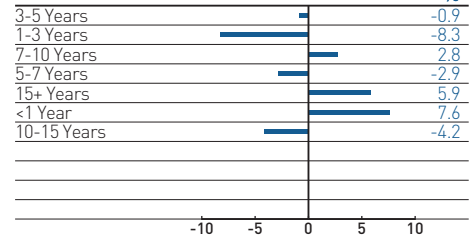
Credit Rating



Maturity



Duration



* The Benchmark under Fund risk statistics for the Euro Bond Fund is Lehman Euro-Agg 500mm+. . ■

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