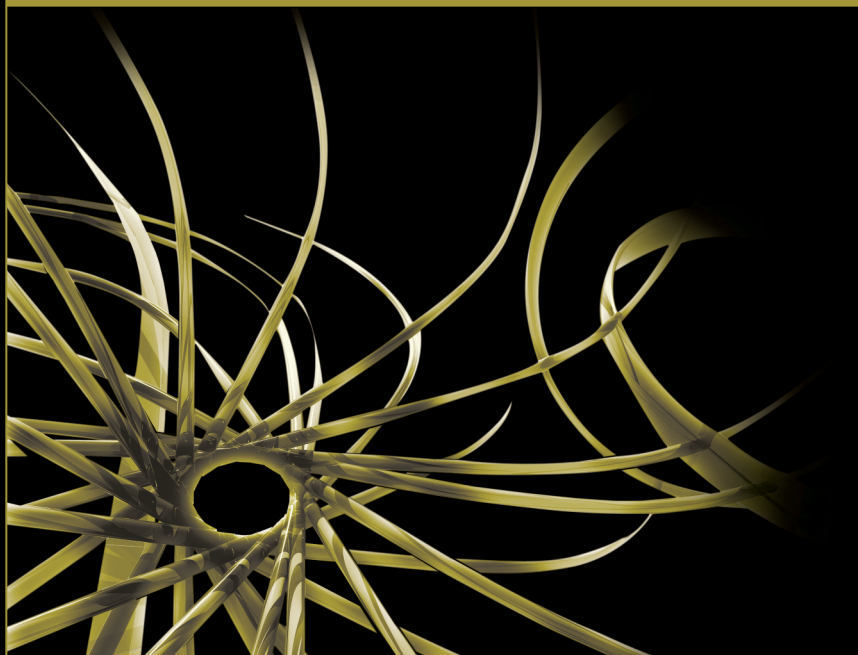


# BlackRock Hedge Selector Ltd

## Summary Note



Prospectus consisting of a Summary Note, Registration Document and Securities Note relating to an Offer of UK Emerging Companies Shares and Cash Fund Shares (at £1 per UK Emerging Companies Share and £1 per Cash Fund Share) and admission of such Shares to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market.

## SUMMARY NOTE

This Summary Note, the Registration Document and the Securities Note together comprise a prospectus (the “Prospectus”) relating to BlackRock Hedge Selector Ltd (the “Company”) prepared in accordance with the Prospectus Rules of the Financial Services Authority (the “FSA”) made under section 73A of the Financial Services and Markets Act 2000 (“FSMA”) and approved by the FSA under section 87A of FSMA. The Prospectus has been filed with the FSA and made available to the public in accordance with rule 3.2 of the Prospectus Rules.

The Prospectus relates to the placing and/or offer for subscription (“Offer”) of a number of classes of shares in the Company (“Shares”) and the admission of such Shares to the official list of the UK Listing Authority (the “Official List”) and to trading on the London Stock Exchange’s main market for listed securities.

The Prospectus does not constitute, and may not be used for the purposes of, an offer or an invitation to apply for any Shares by any person: (i) in any jurisdiction in which such offer or invitation is not authorised; or (ii) in any jurisdiction in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted and accordingly persons into whose possession this Prospectus comes are required to inform themselves about and observe such restrictions.

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## BLACKROCK HEDGE SELECTOR LTD

(a registered closed-ended investment company incorporated with limited liability  
under the laws of Jersey with registered number 103835)

Placing and offer for subscription of UK Emerging Companies Shares and Cash Fund Shares (at £1 per Share) and  
admission to the Official List and to trading on the London Stock Exchange’s main market

### Manager

BlackRock (Channel Islands) Limited

### Investment Manager

BlackRock Investment Management (UK) Limited

### Placing Agent and Sponsor

Cenkos Securities plc

Dated 16 September 2009

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This Summary Note should be read as an introduction to the Prospectus and any decision to invest in the Shares should be based on consideration of the Prospectus as a whole. Following the implementation of the relevant provisions of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”) in each member state of the European Economic Area (“EEA”), civil liability attaches to those persons responsible for the summary including any translation of the summary, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus, namely the Registration Document and the Securities Note. Where a claim relating to the information contained in the Prospectus is brought before a court, a claimant investor may, under the national legislation of an EEA state, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. The full Prospectus may be obtained free of charge from the Company and the Investment Manager as set out in Part 3 of the Registration Document under the heading “Additional Information about the Company — Documents Available for Inspection”.

This Summary Note includes particulars given in compliance with the Listing Rules and the Prospectus Rules for the purposes of giving information with regard to the Company. The information contained in this Summary Note should be read in the context of, and together with, the information contained in the Registration Document and the Securities Note and distribution of this Summary Note is not authorised unless accompanied by, or supplied in conjunction with, copies of the Registration Document and the Securities Note.

The Directors of the Company, whose names appear in the “Directors, Managers and Advisers” section of the Securities Note, and the Company itself, accept responsibility for the information contained in the Prospectus, which comprises this Summary Note, the Registration Document and the Securities Note. The Directors and the Company have taken all reasonable care to ensure that the information contained in the Prospectus is, to the best of their knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

The Company is a limited liability registered closed-ended investment company incorporated in Jersey. The Company is not an Authorised Person under FSMA and, accordingly, is not registered with the FSA. The Company has been established in Jersey as a listed fund under a fast-track authorisation process. It is suitable therefore only for professional or experienced investors, or those who have taken appropriate professional advice. Regulatory requirements which may be deemed necessary for the protection of retail or inexperienced investors, do not apply to listed funds. By investing in the Company

you will be deemed to be acknowledging that you are a professional or experienced investor, or have taken appropriate professional advice, and accept the reduced requirements accordingly.

The Company has received a certificate under the Collective Investment Funds (Jersey) Law 1988 (as amended) (the “**CIF Law**”) to carry out its functions but is not authorised or regulated in any other jurisdiction. The JFSC is protected by the CIF Law, against liability arising from its functions under that law. The Manager and the Registrar are licensed to conduct fund services business in respect of the Company under the Financial Services (Jersey) Law, 1998 (as amended) (the “**FSL**”). The JFSC is protected by the FSL against any liability arising from the discharge of its functions under the FSL.

A copy of this document has been delivered to the Jersey registrar of companies in accordance with article 5 of the Companies (General Provisions) (Jersey) Order 2002, as amended and the registrar has given, and has not withdrawn, his consent to its circulation. It must be distinctly understood that neither the Jersey registrar of companies nor the JFSC takes responsibility for the financial soundness of the Company or for the correctness of any statements made, or opinions expressed, with regard to it. Any change to the Company or amendment to the Prospectus which would not be in full compliance with the provisions set out in the Listed Fund Guide published by the JFSC from time to time requires the prior approval of the JFSC.

The Shares are only suitable for investors (i) who understand the potential risk of capital loss and that there may be limited liquidity in the Shares, (ii) for whom an investment in the Shares is part of a diversified investment programme and (iii) who fully understand and are willing to assume the risks involved in such an investment programme. **The attention of potential investors is drawn to the Risk Factors set out in the Securities Note and in the Registration Document.**

You are wholly responsible for ensuring that all aspects of this Company are acceptable to you. Investment in listed funds may involve special risks that could lead to a loss of all or a substantial portion of such investment. Unless you fully understand and accept the nature of this Company and the potential risks inherent in this Company you should not invest in this Company. Further information in relation to the regulatory treatment of listed funds domiciled in Jersey may be found on the website of the JFSC at [www.jerseyfsc.org](http://www.jerseyfsc.org).

**If you are in any doubt about the contents of the Prospectus, you should seek advice from someone who is licensed under the Financial Services (Jersey) Law 1998 (as amended) to provide investment advice, or from your stockbroker, bank manager, solicitor, accountant or other financial adviser.**

The Shares have not been and will not be registered under the US Securities Act of 1933, as amended (“**US Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States. The Shares are being offered and sold only outside the United States to investors that are not US persons (as defined in Regulation S under the US Securities Act, “**US Persons**”) in “offshore transactions” in accordance with and in reliance on the exemption from registration provided by Regulation S under the US Securities Act. The Shares may not be offered or sold within the United States or to, or for the account or benefit of, US Persons. The Company will not be registered under the US Investment Company Act of 1940, as amended and investors will not be entitled to the benefits of such Act.

Prospective investors should note that the Shares may not be acquired by investors using assets of (i) an employee benefit plan as defined in section 3(3) of the US Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”) (whether or not subject to the provisions of Title I of ERISA, but excluding plans maintained outside the US that are described in Section 4(b)(4) of ERISA), (ii) a plan, individual retirement account or other arrangement that is described in Section 4975 of the US Internal Revenue Code of 1986, as amended (the “**US Internal Revenue Code**”) (whether or not such plan, account or arrangement is subject to Section 4975 of the US Internal Revenue Code), (iii) an insurance company using general account assets, if such general account assets are deemed to include assets of any of the foregoing types of plans, accounts or arrangements for purposes of Title I of ERISA or Section 4975 of the US Internal Revenue Code, or (iv) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the US Internal Revenue Code.

For a description of offering and selling restrictions, see the sections headed “The Initial Offer” and “Selling and Transfer Restrictions” in the Securities Note.

Cenkos Securities plc is acting for the Company and no one else in connection with the Offer and will not be responsible to anyone other than the Company in providing the protections afforded to its clients nor for providing advice in connection with the Offer, the contents in the Prospectus or any matters referred to herein.

Each of BlackRock (Channel Islands) Limited and BlackRock Investment Management (UK) Limited is acting for the Company and no one else in connection with the Offer and will not be responsible to anyone other than the Company in providing the protections afforded to its clients nor for providing advice in connection with the Offer, the contents of the Prospectus or any matters referred to herein.

**This Summary Note, the Registration Document and the Securities Note, which together comprise the Prospectus, should be read in their entirety before making any application for Shares.**

## THE COMPANY

The Company is a newly-formed Jersey incorporated and registered closed-ended investment company. The Company has been established with an unlimited life and a majority of its Board of Directors is independent of the Investment Manager.

The Company has been designed to enable it to issue a range of classes of Feeder Fund Shares, each of which will provide investors with exposure to the performance of an investment fund managed by BlackRock. In addition, the Company will issue a class of Cash Fund Shares which will provide, via investment in a BlackRock managed money-market fund, exposure to a portfolio of short-term money market instruments.

Initially, the Company will issue one class of Feeder Fund Shares, the UK Emerging Companies Shares, which will provide investors with exposure to the performance of BlackRock UK Emerging Companies Hedge Fund Limited, a Cayman Islands domiciled hedge fund managed by BlackRock.

### INVESTMENT POLICY OF THE COMPANY

The investment policy of the Company is to provide investors with a choice of investment mandates represented by different share classes, each intended to provide a specific investment exposure to an Underlying Fund. Further, the Company's investment policy in respect of each share class is to invest in each Underlying Fund, including the Underlying Cash Fund, on the basis that the Underlying Fund will be managed to spread investment risk.

The Company may borrow money to finance its short-term liquidity requirements, share buy-backs or redemptions and payment of fees and expenses of the Company provided that such borrowings shall be limited to no more than 20 per cent. of the Net Asset Value in respect of each class of Share at the time such borrowings are incurred.

### THE UK EMERGING COMPANIES SHARES

#### Investment policy of these shares

The UK Emerging Companies Shares will provide holders with exposure to the UK Emerging Companies Hedge Fund.

#### Investment objective

The investment objective of the UK Emerging Companies Hedge Fund is to seek to maximise total returns by investing primarily in mid and small cap UK equities, whilst limiting correlation with the UK equity market.

#### Investment approach and asset allocation

The UK Emerging Companies Hedge Fund seeks to achieve its investment objective by investing primarily in mid and small cap UK equities and equity-related securities. It also has the flexibility to invest in a wide range of instruments, including unlisted equities, debt securities, exchange-traded funds, warrants and other derivative instruments including, but not limited to, equity swaps, other contracts for differences, futures and options contracts and other derivative investments which may be exchange-traded or over-the-counter. The UK Emerging Companies Hedge Fund takes both long and short positions and also retains cash or cash equivalents for use as collateral or pending reinvestment.

The UK Emerging Companies Hedge Fund may invest up to 100 per cent. of its gross assets in equities issued by, and equity-related securities relating to, UK issuers falling outside the FTSE 100 Index and, in normal circumstances, no more than 20 per cent. of its gross assets will be invested in equities issued by, and equity-related securities relating to, UK issuers within the FTSE 100 Index.

A minimum of 80 per cent. of the UK Emerging Companies Hedge Fund's gross long investment exposure, and of 80 per cent. of its gross short investment exposure (excluding cash and cash equivalents), is normally to UK equities and equity-related securities. Investment exposure to equities and equity-related securities is generally confined to companies whose shares are listed or traded on a Recognised Exchange.

Although individual position sizes are determined through the assessment of relative risk and reward, the UK Emerging Companies Hedge Fund targets a maximum gross long investment exposure to a single issuer of approximately two per cent. and a maximum gross short investment exposure of approximately one per cent.

#### Gearing

The UK Emerging Companies Hedge Fund is leveraged including, without limitation, through borrowing cash, securities and other instruments and entering into derivative transactions that have the effect of leveraging the portfolio. Leverage is limited to 300 per cent. of the net asset value of the UK Emerging Companies Hedge Fund although no assurance can be given that this limit may not be exceeded on a short-term basis.

#### Investment restrictions and maximum exposures

The UK Emerging Companies Hedge Fund will not:

- invest more than 20 per cent. of the value of its gross assets (at the time of investment) in the securities of any one issuer; or
- take or seek to take legal or management control of any issuer in which it invests.

## **CASH FUND SHARES**

### **General**

The investment policy of the Underlying Cash Fund is set out below.

### **Investment objective**

The investment objective of the Underlying Cash Fund is to maximise current income consistent with preservation of principal and liquidity by the maintenance of a portfolio of high quality short-term “money market” instruments.

### **Investment approach and asset allocation**

The Underlying Cash Fund may invest in a broad range of transferable securities (which will generally be traded or listed on eligible stock exchanges or regulated markets) such as securities, instruments and obligations that may be available in the relevant markets (both within and outside the UK) for instruments denominated in Sterling including securities, instruments and obligations issued or guaranteed by the UK Government or other sovereign governments or their agencies and securities, instruments and obligations issued or guaranteed by supranational or public international bodies, banks, corporate or other commercial issuers.

These types of securities, instruments and obligations may be issued by both UK and non-UK issuers, but shall be denominated in Sterling.

### **CLASS SWITCHING**

The Articles of Association incorporate provisions enabling: (i) holders of any class of Feeder Fund Shares to convert all or part of their holding into Cash Fund Shares; and (ii) holders of Cash Fund Shares to convert all or part of their holding into any class of Feeder Fund Shares.

### **SHARE PURCHASES AND DISCOUNT CONTROL**

The Directors will have general shareholder authority to purchase in the market up to 14.99 per cent. of each class of Shares in issue.

The Articles of Association incorporate a discount management provision which is triggered if, in any period of 6 months the Shares of any class have traded, on average, at a discount in excess of 5 per cent. of the average Net Asset Value per Share of that class taken over the 6 Month-End NAV Calculation Dates in that 6 month period. An ordinary resolution of such class will determine whether such class is to continue or whether affected Shareholders are offered a cash exit.

## **MANAGEMENT OF THE COMPANY**

### **DIRECTORS OF THE COMPANY**

The Directors have overall responsibility for the Company’s activities. The Board is composed of three directors, a majority of whom are independent of the Investment Manager.

The Directors of the Company are Howard Myles, Angus Spencer-Nairn and Frank Le Feuvre.

### **THE MANAGER AND INVESTMENT MANAGER**

BlackRock (Channel Islands) Limited, the manager of the Company, was incorporated in Jersey on 10 August 1972 and is licensed by the JFSC under the FSL to conduct fund services business including the provision of investment management services to closed-ended investment funds and collective investment schemes.

BlackRock Investment Management (UK) Limited, the investment manager of the Company, is authorised and regulated by the FSA in the United Kingdom, and is an indirect operating subsidiary of BlackRock, Inc., the principal shareholders of which are PNC Financial Services Group, Inc and Bank of America Corporation both of which are US public companies. The Investment Manager is a signatory to the Best Practice Standards of the Hedge Fund Standards Board.

### **MANAGEMENT AND PERFORMANCE FEES**

No investment management or performance fees will be payable directly by the Company to the Manager or the Investment Manager. Holders of each class of Shares will indirectly bear the Company’s pro rata share of the fees charged and expenses borne at the level of the relevant Underlying Fund.

The Underlying Investment Manager will receive from the UK Emerging Companies Hedge Fund (a) an investment management fee equal to 1/12 of 1.75 per cent per month of the aggregate net asset value of the class of shares in the UK Emerging Companies Hedge Fund held by the Company payable monthly in arrears and (b) subject to a “high watermark”, a performance fee equal to 20 per cent. of the appreciation in the net asset value per share of each share held by the Company in the UK Emerging Companies Hedge Fund during each calendar year.

Annual expenses associated with the Underlying Cash Fund, which includes the fees and expenses of the Underlying Cash Fund Manager and Underlying Investment Manager, are limited to 1 per cent. per annum of the aggregate net asset value of the shares of the Underlying Cash Fund or to such lesser amount as the Underlying Cash Fund Manager may agree. Currently, the Underlying Cash Fund Manager has agreed that such annual expenses will be capped at 0.20 per cent. per annum of the aggregate net asset value of the shares of the Underlying Cash Fund.

## **DIVIDEND POLICY**

The Directors do not expect to declare any dividends in respect of the UK Emerging Companies Shares. The Company will distribute all net income received by it in respect of the assets attributable to the Cash Fund Shares during the relevant period around 31 March, 30 June, 30 September and 31 December in each year.

## **THE OFFER**

The Company is targeting a raising of £50 million (subject to increase) through the Initial Offer. Admission of the Shares to be issued pursuant to the Initial Offer is expected to take place on 28 September 2009. The quantum of the amount to be raised is indicative and will not exceed £65 million. The actual number of Shares of each class issued pursuant to the Initial Offer will only be determined by the Company, the Investment Manager and the Placing Agent after taking into account the demand for the Shares and the prevailing economic market conditions.

## **RISK FACTORS**

### **RISKS RELATING TO THE COMPANY**

An investment in the Company involves a broad range of risks. A summary of some of these risks is set out below:

The Company is a recently established investment company and has no operating history. The Company does not have any historical financial statements or other meaningful operating or financial data on which potential investors may evaluate the Company and its performance.

Past performance of the UK Emerging Companies Hedge Fund should not be taken to be a guide to the future performance of the UK Emerging Companies Hedge Fund or, by extension, the UK Emerging Companies Shares.

Changes in laws or regulations, or a failure to comply with any laws and regulations, may adversely affect the Company's business, investments and results of operations.

Failure by the Investment Manager, Underlying Investment Managers or other third-party service providers to the Company to carry out its or their obligations could materially disrupt the business of the Company.

The Company may bear additional organisational costs in certain circumstances.

The Company's organisational, ownership and investment structure may create significant conflicts of interest that may be resolved in a manner that is not always in the best interests of the Company or the holders of the Shares.

### **RISKS RELATING TO THE SHARES**

The value of a Share can go down as well as up and Shareholders may receive back less than the value of their initial investment and could lose all of their investment.

Shareholders will have no right to have their Shares redeemed or repurchased by the Company at any time.

The Shares have never been publicly traded on the London Stock Exchange. Even if the Company is successful in listing the Shares, an active and liquid trading market for the Shares may not develop.

The price of the Shares may fluctuate significantly and potential investors could lose all or part of their investment.

The Shares may trade at a discount to NAV.

Switching from one class of Shares into another may be subject to potentially lengthy delay.

Local laws or regulations may mean that the status of the Company or the Shares is uncertain or subject to change, which could adversely affect investors' ability to hold the Shares.

### **RISKS RELATING TO THE COMPANY'S INVESTMENT STRATEGY**

There is no guarantee that an Underlying Fund will achieve its investment objective, which will adversely affect the investment performance of the class of Shares referable to such Underlying Fund.

The Company is exposed to market risk and strategy risk.

The Company will not be able to participate in the investment decisions of any Underlying Funds, in which it will invest substantially all of its assets.

The Company is exposed to the risks relating to investment in the Underlying Funds.

### **RISKS RELATING TO TAXATION**

Changes to the tax laws of, or practice in, Jersey or any other tax jurisdiction affecting the Company or in which it may invest could adversely affect the value of the investments held by the Company and decrease the post-tax returns to Shareholders.

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