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L'apposition du visa ne peut en aucun cas servir  
d'argument de publicité

Luxembourg, le 2019-06-28

Commission de Surveillance du Secteur Financier

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The BlackRock logo, consisting of the word "BLACKROCK" in a white, sans-serif, uppercase font, followed by a registered trademark symbol (®). The logo is centered within a dark gray rectangular background.

# Prospectus

## BlackRock Strategic Funds

20 June 2019

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Introduction to BlackRock Strategic Funds	3
Structure	3
Important Notice	4
Distribution	5
Management and Administration	6
Enquiries	6
Board of Directors	7
Glossary	8
Investment Management of the Funds	12
Risk Considerations	13
Specific Risk Considerations	19
Derivatives and Other Complex Instrument Techniques	27
Excessive Trading Policy	40
Share Classes and Form of Shares	41
New Funds or Share Classes	44
Dealing in Fund Shares	44
Prices of Shares	45
Application for Shares	45
Redemption of Shares	47
Conversion of Shares	47
Dividends	49
Calculation of Dividends	51
Fees, Charges and Expenses	52
Taxation	54
Meetings and Reports	58
Appendix A – Summary of Certain Provisions of the Articles and of Company Practice	59
Articles of Association	59
Restrictions on Holding of Shares	60
Funds and Share Classes	60
Valuation Arrangements	61
Net Asset Value and Price Determination	61
Conversion	62
Settlement on Redemptions	63
In Specie Applications and Redemptions	63
Dealings in Shares by the Principal Distributor	63
Default in Settlement	63
Compulsory Redemption	64
Limits on Redemption and Conversion	64
Suspension and Deferrals	64
Transfers	64

Probate	64
Dividends	64
Changes of Policy or Practice	64
Intermediary Arrangements	65
Appendix B – Additional Information	66
History of the Company	66
Directors' Remuneration and Other Benefits	66
Auditor	66
Administrative Organisation	66
Conflicts of Interest from relationships within the BlackRock Group and with the PNC Group	69
Conflicts of interest of the Management Company	69
Conflicts of interest of the Investment Manager	69
Statutory and Other Information	70
Appendix C - Authorised Status	72
Appendix D - Investment and Borrowing Powers and Restrictions	77
Investment and Borrowing Powers	77
Investment and Borrowing Restrictions	77
Appendix E - Calculation of Performance Fees	85
Appendix F - Portfolios including Investment Objectives & Policies	88
Choice of Funds	88
Investments of the Funds	88
Leverage	90
Appendix G - Securities Financing Transaction Disclosures	131
Summary of Subscription Procedure and Payment Instructions	136

## Introduction to BlackRock Strategic Funds Structure

BlackRock Strategic Funds (the “**Company**”) is a public limited company (société anonyme) established under the laws of the Grand Duchy of Luxembourg as an open ended variable capital investment company (*société d’investissement à capital variable*). The Company was established on 2 May 2007 and its registration number in the Register of Commerce and Companies is B 127481. The Company has been authorised by the Commission de Surveillance du Secteur Financier (the “**CSSF**”) as an undertaking for collective investment in transferable securities pursuant to the provisions of Part I of the law of 17 December 2010, as amended from time to time and is regulated pursuant to such law. Authorisation by the CSSF is not an endorsement or guarantee of the Company by the CSSF nor is the CSSF responsible for the contents of this Prospectus. The authorisation of the Company shall not constitute a warranty as to performance of the Company and the CSSF shall not be liable for the performance or default of the Company.

The articles of association governing the Company (the “**Articles**”) have been deposited with the Luxembourg Register of Commerce and Companies. The Articles were amended and restated on 20 December 2017 and published in the Recueil Electronique des Sociétés et Associations (“RESA”) on 30 January 2018.

The Company is an umbrella structure comprising separate compartments with segregated liability. Each compartment shall have segregated liability from the other compartments and the Company shall not be liable as a whole to third parties for the liabilities of each compartment. Each compartment shall be made up of a separate portfolio of investments maintained and invested in accordance with the investment objectives applicable to such compartment, as specified herein. The Directors are offering separate classes of Shares, each representing interests in a compartment, on the basis of the information contained in this Prospectus and in the documents referred to herein which are deemed to be an integral part of this Prospectus.

## Management

The Company is managed by BlackRock (Luxembourg) S.A., a public limited company (*société anonyme*) established in 1988 under registration number B 27689. The Management Company has been authorised by the CSSF to manage the business and affairs of the Company pursuant to chapter 15 of the 2010 Law.

## Choice of Funds

As of the date of this Prospectus, investors are able to choose from the following Funds of BlackRock Strategic Funds:

Fund	Base Currency	Type of Fund
1. BlackRock Emerging Markets Flexi Dynamic Bond Fund	USD	B
2. BlackRock Fixed Income Strategies Fund	EUR	B
3. BlackRock Fixed Income Credit Strategies Fund	EUR	B
4. BlackRock Global Absolute Return Bond Fund	EUR	B
5. BlackRock European Select Strategies Fund	EUR	B
6. BlackRock Sustainable Euro Bond Fund	EUR	B
7. BlackRock ESG Euro Corporate Bond Fund	EUR	B
8. BlackRock Emerging Markets Short Duration Bond Fund	USD	B
9. BlackRock Americas Diversified Equity Absolute Return Fund	USD	E
10. BlackRock Asia Extension Fund	USD	E
11. BlackRock UK Equity Absolute Return Fund	GBP	E
12. BlackRock European Absolute Return Fund	EUR	E
13. BlackRock European Diversified Equity Absolute Return Fund	EUR	E
14. BlackRock European Opportunities Extension Fund	EUR	E
15. BlackRock Emerging Markets Absolute Return Fund	USD	E
16. BlackRock Emerging Markets Equity Strategies Fund	USD	E
17. BlackRock European Unconstrained Equity Fund	EUR	E
18. BlackRock Global Event Driven Fund	USD	E

Fund	Base Currency	Type of Fund
19. BlackRock Global Long/Short Equity Fund	USD	E
20. BlackRock Global Equity Absolute Return Fund	USD	E
21. BlackRock Global Real Asset Securities Fund	USD	E
22. BlackRock Asia Pacific Absolute Return Fund	USD	E
23. BlackRock Asia Pacific Diversified Equity Absolute Return Fund	USD	E
24. BlackRock Systematic Global Equity Fund	USD	E
25. BlackRock Impact World Equity Fund	USD	E
26. BlackRock UK Emerging Companies Absolute Return Fund	GBP	E
27. BlackRock Dynamic Diversified Growth Fund	EUR	M
28. BlackRock Macro Opportunities Fund	USD	M
29. BlackRock Style Advantage Fund	USD	M
30. BlackRock Style Advantage Screened Fund	USD	M
31. BlackRock Total Advantage Fund	EUR	M
32. BlackRock Managed Index Portfolios – Defensive	EUR	F
33. BlackRock Managed Index Portfolios – Moderate	EUR	F
34. BlackRock Managed Index Portfolios – Growth	EUR	F
35. BlackRock Managed Index Portfolios – Conservative	EUR	F

B Bond Fund

E Equity Fund

M Mixed Fund

F Fund of Funds

**A list of Dealing Currencies, Hedged Share Classes, Distributing and Non-Distributing Share Classes and UK Reporting Fund status Classes is available from the Company's registered office and the local Investor Servicing team.**

## IMPORTANT NOTICE

**If you are in any doubt about the contents of this Prospectus or whether an investment in the Company is suitable for you, you should consult your stockbroker, solicitor, accountant, relationship manager or other professional adviser.**

The Directors of the Company, whose names appear in the section "Board of Directors", and the directors of the Management Company are the persons responsible for the information contained in this document. To the best of knowledge and belief of the Directors and the directors of the Management Company (who have taken all reasonable care to ensure that such is the case), the information contained herein is accurate in all material respects and does not omit anything likely to affect the accuracy of such information. The Directors and the directors of the Management Company accept responsibility accordingly.

This Prospectus has been prepared solely for, and is being furnished to investors for the purpose of evaluating an investment in Shares in the Funds. Investment in the Funds is only suitable for investors seeking long-term capital appreciation who understand the risks involved in investing in the Company, including the risk of loss of all capital invested.

In considering an investment in the Company, investors should also take account of the following:

- ▶ certain information contained in this Prospectus, the documents referred to herein and any brochures issued by the Company as substitute offering documents constitutes forward-looking statements, which can be identified by the use of forward-looking terminology such as "seek", "may", "should", "expect", "anticipate", "estimate", "intend", "continue", "target" or "believe" or the negatives thereof or other variations thereof or comparable terminology and includes projected or targeted returns on investments to be made by the Company. Such forward-looking statements are inherently subject to significant economic, market and other risks and uncertainties and accordingly actual events or results or the actual performance of the Company may differ materially from those reflected or contemplated in such forward-looking statements; and
- ▶ nothing in this Prospectus should be taken as legal, tax, regulatory, financial, accounting or investment advice.

**An application/decision to subscribe for Shares should be made on the basis of the information contained in this Prospectus which is issued by the Company and in the most recent annual and (if later) interim report and accounts of the Company which are available at the registered office**

**of the Company. Information updating this Prospectus may, if appropriate, appear in the report and accounts.**

This Prospectus, and the KIID for the relevant Share Class, should each be read in their entirety before making an application for Shares. KIIDs for each available Share Class can be found at: <http://kiid.blackrock.com>.

Statements made in this Prospectus are based on laws and practices in force at the date hereof and are subject to changes therein. Neither the delivery of this Prospectus nor the issue of Shares will, in any circumstances, imply that there has been no change in the circumstances affecting any of the matters contained in this Prospectus since the date hereof.

This Prospectus may be translated into other languages provided that any such translation shall be a direct translation of the English text. In the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in any translation, the English text shall prevail, except to the extent (and only to the extent) that the laws of a jurisdiction require that the legal relationship between the Company and investors in such jurisdiction shall be governed by the local language version of this Prospectus.

**Any shareholder in the Company will only be able to fully exercise its shareholder rights directly against the Company, and in particular the right to participate in general meetings of shareholders, where such shareholder is registered in its own name in the register of shareholders**

**for the Company. In cases where a shareholder invests into the Company through an intermediary investing in its own name but on behalf of the shareholder, it may not always be possible for such shareholder to exercise certain of its shareholder rights in the Company. Investors are therefore advised to take legal advice in respect of the exercise of their shareholder rights in the Company.**

## **Distribution**

This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. Details of certain countries in which the Company is currently authorised to offer Shares are contained in Appendix C. Prospective subscribers for Shares should inform themselves as to the legal requirements of applying for Shares and of applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile. US Persons are not permitted to subscribe for Shares. The Funds are not registered for distribution in India. In some countries investors may be able to subscribe for Shares through regular savings plans. Under Luxembourg law, the fees and commissions relating to regular savings plans during the first year must not exceed one third of the amount contributed by the investor. These fees and commissions do not include premiums to be paid by the investor where the regular savings plan is offered as part of a life insurance or whole life insurance product. Please contact the local Investor Servicing team for more details.

## DIRECTORY

### Management and Administration

#### Management Company

BlackRock (Luxembourg) S.A.  
35 A, avenue J.F. Kennedy,  
L-1855 Luxembourg,  
Grand Duchy of Luxembourg

#### Investment Advisers

BlackRock Financial Management, Inc.  
Park Avenue Plaza  
55 East 52<sup>nd</sup> Street  
New York  
NY 10055  
USA

BlackRock Institutional Trust Company N.A.  
400 Howard Street  
San Francisco CA 94105  
United States

BlackRock Investment Management, LLC  
100 Bellevue Parkway  
Wilmington  
Delaware 19809  
USA

BlackRock Investment Management (UK) Limited  
12 Throgmorton Avenue  
London EC2N 2DL  
UK

BlackRock (Singapore) Limited  
#18-01 Twenty Anson  
20 Anson Road  
Singapore 079912

#### Principal Distributor

BlackRock Investment Management (UK) Limited  
12 Throgmorton Avenue  
London EC2N 2DL  
UK

#### Depository and Fund Accountant

State Street Bank Luxembourg S.C.A.  
49, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

#### Transfer Agent and Registrar

J.P. Morgan Bank Luxembourg S.A.  
6C, route de Trèves  
L-2633 Senningerberg  
Grand Duchy of Luxembourg

#### Auditor

Deloitte Audit S.à.r.l  
560 rue de Neudorf  
L-2220 Luxembourg  
Grand Duchy of Luxembourg

### Legal Advisers

Linklaters LLP  
35 avenue John F. Kennedy,  
L-1855 Luxembourg,  
Grand Duchy of Luxembourg

### Paying Agents

A list of Paying Agents is to be found in paragraph 15 of Appendix B.

### Registered Office

49, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

### Enquiries

In the absence of other arrangements, enquiries regarding the Company should be addressed as follows:

Written enquiries:

BlackRock Investment Management (UK) Limited  
c/o BlackRock (Luxembourg) S.A.  
P.O. Box 1058

L-1010 Luxembourg  
Grand Duchy of Luxembourg

All other enquiries:

Telephone: + 44 207 743 3300

Fax: + 44 207 743 1143

Email: [investor.services@blackrock.com](mailto:investor.services@blackrock.com)



## **Board of Directors**

### **Chairman**

Paul Freeman

### **Directors**

Francine Keiser

Geoffrey Radcliffe

Barry O'Dwyer

Robert Hayes

Michael Gruener

Geoffrey Radcliffe, Barry O'Dwyer, Robert Hayes and Michael Gruener are employees of the BlackRock Group (of which the Management Company and Investment Advisers are part), and Paul Freeman is a former employee of the BlackRock Group. Francine Keiser is an independent Director.

All Directors of BlackRock Strategic Funds are non-executive Directors.

## **Glossary**

### **2010 Law**

means the Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended from time to time.

### **Asset-Backed Security or ABS**

means a debt security issued by corporations or other entities (including public or local authorities) backed or collateralised by the income stream from an underlying pool of assets. The underlying assets typically include loans, leases or receivables (such as credit card debt, automobile loans and student loans). An asset-backed security is usually issued in a number of different classes with varying characteristics depending on the riskiness of the underlying assets assessed by reference to their credit quality and term and can be issued at a fixed or a floating rate. The higher the risk contained in the class, the more the asset-backed security pays by way of income.

### **Base Currency**

means in relation to Shares of any Fund, the currency indicated in Appendix F.

### **BlackRock Group**

means the BlackRock group of companies, the ultimate holding company of which is BlackRock, Inc.

### **BlackRock Impact Methodology**

The BlackRock Impact Methodology seeks to measure positive societal outcomes. To evaluate a company using this methodology, three areas are focused on: health, welfare and environment, in conjunction with proprietary return drivers. Through the use of techniques and data sources, the BlackRock Impact Methodology is systematically applied to the universe of publicly traded companies on a relevant benchmark. Each company is then ranked in accordance with the BlackRock Impact Methodology and systematically combined with risk and transaction cost forecasts in order to determine the selection and allocation of stock within the relevant portfolio.

### **Bond Connect**

means the initiative launched in July 2017 for mutual bond market access between Hong Kong and Mainland China as described in the section entitled “China Interbank Bond Market” in Appendix F.

### **BRL**

means Brazilian Real, the lawful currency of Brazil.

### **Business Day**

means any day normally treated by the banks in Luxembourg as a business day (except for Christmas Eve) and such other days as the Directors may decide.

### **CDSC**

means a contingent deferred sales charge as set out in the section “Contingent Deferred Sales Charge”.

### **China A Shares**

means securities of companies that are incorporated in the PRC and denominated and traded in Renminbi on the SSE and SZSE.

### **ChinaClear**

means China Securities Depository and Clearing Corporation Limited which is the PRC’s central securities depository in respect of China A Shares.

### **CIBM**

means the China Interbank Bond Market.

### **CIBM Funds**

means the Funds which may gain direct exposure to China onshore bonds via the CIBM, as listed in the section entitled Specific Risk Considerations.

### **CSRC**

means the China Securities Regulatory Commission of the PRC or its successors which is the regulator of the securities and futures market of the PRC.

### **Cut-Off Point**

means for each Fund, 12 noon Luxembourg time on the relevant Dealing Day or 12 noon Luxembourg time one Business Day prior to the Dealing Day or 12 noon Luxembourg time two Business Days prior to the relevant Dealing Day, as applicable. Please see details of the relevant Cut-Off Point for each Fund in Appendix F.

### **Dealing Currency**

means the currency or currencies in which applicants may currently subscribe for the Shares of any Fund as indicated in Appendix F. Other additional Dealing Currencies may be introduced at the Directors’ discretion. Confirmation of the further additional Dealing Currencies and the date of their availability can then be obtained from the registered office of the Company and from the local Investor Servicing team.

### **Dealing Day**

means any Business Day, other than any day declared as a non-dealing day by the Directors as further described in the section “Non-Dealing Days” and any day falling within a period of suspension of subscriptions, redemptions and conversions, and/or such other day determined by the Directors to be a day when a Fund is open for dealing, as further described for each Fund in Appendix F.

### **Directors**

means the members of the board of directors of the Company for the time being and any successors to such members as may be appointed from time to time.

### **Distributing Funds and Distributing Shares**

means Funds or Shares on which dividends may be declared at the Directors’ discretion. Distributing Shares may also be treated as UK Reporting Fund status Shares. Confirmation of the Funds, Share Classes and currencies on which dividends may be declared and Share Classes which are UK Reporting Fund status Shares (please see below for more details) is available from the registered office of the Company and from the local Investor Servicing team.

### **ESG**

Refers to “environmental, social and governance” criteria, which are three central factors used in measuring the sustainability

and ethical impact of an investment in securities of an issuer. By way of example, “environmental” may cover themes such as climate risks and natural resources scarcity, “social” may include labour issues and product liability risks such as data security and “governance” may encompass items such as business ethics and executive pay. These are only examples and do not necessarily determine the policy of any specific ESG Fund. Investors should refer to the investment policy of an ESG Fund, including any website referred to in such investment policy, for more detailed information.

**ESG Fund**

means a Fund which uses ESG criteria as part of its investment strategy.

**ESG Provider**

means a provider of ESG research, reports, screening, ratings and/or analysis including, without limitation, third party index providers, ESG consultancies or members of the BlackRock Group.

**Exchange Traded Fund**

means an investment fund (including UCITS) whose shares or units are listed and traded on one or more stock exchanges.

**Euro**

means the single European currency unit (referred to in Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the Euro) and, at the discretion of the Investment Advisers, the currencies of any countries that have previously formed part of the Eurozone.

**Europe or European**

means all European countries including the UK, Eastern Europe and former Soviet Union countries.

**Financial Year**

means the period beginning on each 1 June and ending on each 31 May.

**Foreign Access Regime**

means the regime for foreign institutional investors to invest in the China Interbank Bond Market as described in the section entitled “China Interbank Bond Market” in Appendix F.

**Fund**

means a segregated compartment established and maintained by the Company in respect of one or more Share Classes to which assets, liabilities, income and expenditure attributable to each such Share Classes will be applied or charged, as further described in this Prospectus.

**Hard Commodities**

means commodities which are natural resources that are mined or extracted (for example, gold, aluminium, copper, oil and natural gas).

**Hedged Share Classes**

means the Share Classes to which a currency hedging strategy is applied. Additional Hedged Share Classes may be made available at the Directors’ discretion. Confirmation of the Funds and currencies in which the Hedged Share Classes are

available can be obtained from the registered office of the Company and from the local Investor Servicing team.

**HKEX**

means the Hong Kong Exchanges and Clearing Limited.

**HKSCC**

means Hong Kong Securities Clearing Company Limited which operates a securities market and a derivatives market in Hong Kong and the clearing houses for those markets.

**Index Fund**

means a collective investment scheme (generally a UCITS or other UCIs) that seeks to replicate the constituents of a benchmark index or track a benchmark index in order to achieve its investment objective.

**IndexInvest Shares**

means the following Share Classes: IndexInvest Substanz (available at the Management Company’s discretion in BlackRock Managed Index Portfolios – Defensive), IndexInvest Balance (available at the Management Company’s discretion in BlackRock Managed Index Portfolios – Conservative), IndexInvest Wachstum (available at the Management Company’s discretion in BlackRock Managed Index Portfolios – Moderate) and IndexInvest Chance (available at the Management Company’s discretion in BlackRock Managed Index Portfolios – Growth).

**Institutional Investor**

means an institutional investor within the meaning of the 2010 Law which satisfies the eligibility and suitability requirements of institutional investors. Please see Section “Restrictions on Holding of Shares”.

**Investment Adviser(s)**

means the investment adviser(s) appointed by the Management Company from time to time in respect of the management of the assets of the Funds, as further described under “Investment Management of the Funds” and shall refer to such Investment Adviser(s) as is (are) applicable in the relevant context.

**Investment Grade**

means debt securities which are rated, at the time of purchase, BBB- (Standard and Poor’s or equivalent rating) or better by at least one recognised rating agency, or, in the opinion of the Management Company, are of comparable quality.

**Investor Servicing**

means the dealing provisions and other investor servicing functions by local BlackRock Group companies or branches or their administrators.

**JP Morgan Group**

means the group of companies of which the ultimate holding company is JP Morgan Chase & Co.

**KIID**

means the key investor information document issued in respect of each Share Class pursuant to the 2010 Law.

**LIBID/LIBOR**

means the London Interbank Bid Rate/London Interbank Offered Rate (or any successor rates).

**Management Company**

means BlackRock (Luxembourg) S.A., a Luxembourg société anonyme authorised as a management company under the 2010 Law.

**Mortgage-Backed Security or MBS**

means a debt security backed or collateralised by the income stream from an underlying pool of commercial and/or residential mortgages. This type of security is commonly used to redirect the interest and principal payments from the pool of mortgages to investors. A mortgage-backed security is normally issued in a number of different classes with varying characteristics depending on the riskiness of the underlying mortgages assessed by reference to their credit quality and term and can be issued at a fixed or a floating rate of securities. The higher the risk contained in the class, the more the mortgage-backed security pays by way of income.

**Merrill Lynch**

means Merrill Lynch International & Co., Inc. or one of its associated companies.

**Net Asset Value**

means in relation to a Fund or a Share Class, the amount determined in accordance with the provisions described in paragraphs 12 to 17 of Appendix A. The Net Asset Value of a Fund may be adjusted in accordance with paragraph 17.3 of Appendix A.

**Non-Investment Grade or High Yield**

means debt securities which are unrated or rated, at the time of purchase, BB+ (Standard and Poor's or equivalent rating) or lower by at least one recognised rating agency or, in the opinion of the Management Company, are of comparable quality.

**PBOC**

means the People's Bank of China in the PRC.

**PNC Group**

means the PNC group of companies, of which the PNC Financial Services Group, Inc. is the ultimate holding company.

**PRC**

means the People's Republic of China.

**Principal Distributor**

means BlackRock Investment Management (UK) Limited acting in its capacity as Principal Distributor. References to distributors may include BlackRock Investment Management (UK) Limited in its capacity as Principal Distributor.

**Prospectus**

means this offering memorandum, as amended, modified or supplemented from time to time.

**Remuneration Policy**

means the policy as described in the section entitled "Management" including, but not limited to, a description as to

how remuneration and benefits are calculated and identification of those individuals responsible for awarding remuneration and benefits.

**RMB or Renminbi**

means Renminbi, the lawful currency of the PRC.

**SAFE**

means the State Administration of Foreign Exchange of the PRC.

**SEHK**

means the Stock Exchange of Hong Kong.

**SFC**

means the Securities and Futures Commission in Hong Kong.

**Share**

means a share in a Fund of any Share Class representing a participation in the capital of the Company and carrying rights attributable to the relevant Share Class, as further described in this Prospectus.

**Share Class**

means any class of Share attributable to a particular Fund and carrying rights to participate in the assets and liabilities of such Fund, as further described in Section "Share Classes and Form of Shares".

**SICAV**

means a public limited investment company with variable capital (société d'investissement à capital variable).

**Soft Commodities**

means commodities which are agricultural products or livestock (for example, corn, wheat, coffee, sugar, soybeans and pork).

**SSE**

means the Shanghai Stock Exchange.

**Stock Connect**

means each of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and collectively the "Stock Connects".

**Stock Connect Funds**

means the Funds that may invest in China A Shares via the Stock Connects, as listed in the section entitled Specific Risk Considerations.

**SZSE**

means the Shenzhen Stock Exchange.

**To Be Announced Securities Contract or TBA**

means the common trading practice in the United States mortgage-backed securities market whereby a security is to be bought from a mortgage pool (including but not limited to Ginnie Mae, Fannie Mae or Freddie Mac) for a fixed price at a future date.

**UCITS**

means an undertaking for collective investment in transferable securities.

**UCITS Directive**

means Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as amended.

**UK Reporting Funds Regime**

means the Statutory Instrument 2009 / 3001 that the UK Government enacted in November 2009 (The Offshore Funds (Tax) Regulations 2009) which provides for a framework for the taxation of investments in offshore funds which operates by reference to whether a fund opts into a reporting regime ("UK Reporting Funds") or not ("Non-UK Reporting Funds"). Under the UK Reporting Funds regime, investors in UK Reporting Funds are subject to tax on the share of the Reporting Fund's income attributable to their holding in the Fund, whether or not distributed, but any gains on disposal of their holding are subject to capital gains tax. The UK Reporting Funds regime has applied to the Company since 1 June 2010.

A list of the Funds which currently have UK Reporting Fund status is available on <https://www.gov.uk/government/publications/offshore-funds-list-of-reporting-funds>.

**Valuation Day**

means any Dealing Day, or any other day as the Directors may determine, on which the Net Asset Value per Share and Net Asset Value of a Fund is determined. Please see Appendix F for the Dealing Day applicable for each Fund.

**Vermögensstrategie Shares**

means the following Share Classes: the Vermögensstrategie Defensiv Shares (available at the Management Company's discretion in BlackRock Managed Index Portfolios – Defensive), the Vermögensstrategie Moderat-Ausgewogen Shares (available at the Management Company's discretion in BlackRock Managed Index Portfolios – Conservative), the Vermögensstrategie Ausgewogen Shares (available at the Management Company's discretion in BlackRock Managed Index Portfolios – Moderate) and the Vermögensstrategie Wachstum Shares (available at the Management Company's discretion in BlackRock Managed Index Portfolios – Growth).

## Investment Management of the Funds Management

The Directors are responsible for the overall investment policy of the Company.

BlackRock (Luxembourg) S.A. has been appointed by the Company to act as its management company. The Management Company is authorised to act as a fund management company in accordance with Chapter 15 of the 2010 Law.

The Company has signed a management company agreement with the Management Company. Under this agreement, the Management Company is entrusted with the day-to-day management of the Company, with responsibility for performing directly or by way of delegation all operational functions relating to the Company's investment management, administration, and the marketing of the Funds.

In agreement with the Company, the Management Company has decided to delegate several of its functions as is further described in this Prospectus.

The directors of the Management Company are:

### Chairman

Francine Keiser

### Directors

Graham Bamping

Joanne Fitzgerald

Adrian Lawrence

Geoffrey Radcliffe

Leon Schwab

Joanne Fitzgerald, Adrian Lawrence, Geoffrey Radcliffe and Leon Schwab are employees of the BlackRock Group (of which the Management Company and Investment Advisers are part). Graham Bamping is a former employee of the BlackRock Group. Francine Keiser is an independent non-executive Chairman.

BlackRock (Luxembourg) S.A. is a wholly owned subsidiary within the BlackRock Group. It is regulated by the CSSF.

The Remuneration Policy of the Management Company sets out the policies and practices that are consistent with and promote sound and effective risk management. It does not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the Company and does not impair compliance with the Management Company's duty to act in the best interest of shareholders. The remuneration policy is in line with the business strategy, objectives, values and interests of the Management Company and the UCITS funds that it manages and of the investors in such UCITS funds, and includes measures to avoid conflicts of interest. It includes a description as to how remuneration and benefits are calculated and identifies those individuals responsible for awarding remuneration and benefits. With regard to the internal organisation of the Management Company, the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the UCITS funds managed by the Management Company in order to ensure that the assessment process is based on longer-term performance of the Company and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period. The Remuneration Policy includes fixed and variable components of salaries and discretionary pension benefits that are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component. The Remuneration Policy applies to those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profile of the Management Company. The details of the up-to-date Remuneration Policy, including but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits, including the composition of the remuneration

committee where such a committee exists, are available at [www.blackrock.com/Remunerationpolicy](http://www.blackrock.com/Remunerationpolicy) and on the individual Fund product pages under the "All Documents" tab at [www.blackrock.com](http://www.blackrock.com) and a paper copy will be made available free of charge upon request from the registered office of the Management Company.

## Investment Advisers

The Management Company has delegated its investment management functions to the Investment Advisers. The Investment Advisers provide advice and management in the areas of stock and sector selection and strategic allocation. Notwithstanding the appointment of the Investment Advisers, the Management Company accepts full responsibility to the Company for all investment transactions. References to an Investment Adviser in this Prospectus may refer to one or more of the below Investment Advisers.

BlackRock Investment Management (UK) Limited is a principal operating subsidiary of the BlackRock Group outside the US. It is regulated by the Financial Conduct Authority ("FCA") but the Company will not be a customer of BlackRock Investment Management (UK) Limited for the purposes of the FCA rules and will accordingly not directly benefit from the protection of those FCA rules.

BlackRock Investment Management (UK) Limited has sub-delegated some of its functions to BlackRock Asset Management North Asia Limited, BlackRock Investment Management (Australia) Limited, BlackRock Japan Co., Ltd. BlackRock Asset Management North Asia Limited. is regulated by the Securities & Futures Commission of Hong Kong. BlackRock Investment Management (Australia) Limited is licensed by the Australian Securities and Investments Commission as an Australian Financial Services Licence holder. BlackRock Japan Co., Ltd is regulated by the Japanese Financial Services Agency.

BlackRock Institutional Trust Company N.A., is regulated by the Office of the Comptroller of the Currency (the "OCC") in the United States.

BlackRock (Singapore) Limited is regulated by the Monetary Authority of Singapore.

BlackRock Financial Management, Inc. and BlackRock Investment Management, LLC are regulated by the Securities and Exchange Commission in the United States. The Investment Advisers and their sub-advisers are indirect operating subsidiaries of BlackRock, Inc., the ultimate holding company of the BlackRock Group. The largest shareholder of BlackRock, Inc. is the PNC Financial Services Group, Inc., which is a US public company.

The Investment Advisers and their sub-advisers form part of the BlackRock Group.

## **Risk Considerations**

All investments risk the loss of capital. An investment in the Shares involves considerations and risk factors which investors should consider before subscribing. In addition, there will be occasions when the BlackRock Group may encounter potential conflicts of interest in connection with the Company. See Sections “Conflicts of interest from relationships within the BlackRock Group and with the PNC Group.

Investors should review this Prospectus carefully and in its entirety and are invited to consult with their professional advisers before making an application for Shares. An investment in the Shares should form only a part of a complete investment programme and an investor must be able to bear the loss of its entire investment. Investors should carefully consider whether an investment in the Shares is suitable for them in light of their circumstances and financial resources. In addition, investors should consult their own tax advisers regarding the potential tax consequences of the activities and investments of the Company and/or each Fund.

Below is a summary of risk factors that apply to the Funds, which in particular, in addition to the matters set out elsewhere in this Prospectus, should be carefully evaluated before making an investment in the Shares. Not all risks apply to all Funds. Please see “General Risks” below.

The risks that, in the opinion of the Directors and the Management Company, could have significant impact to the overall risk of specific Funds are detailed in the section “Specific Risks” below.

Only those risks which are believed to be material and are currently known to the Directors have been disclosed. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem to be immaterial, may also have an adverse effect on the business of the Company and/or the Funds.

### **General Risks**

The performance of each Fund will depend on the performance of the underlying investments. No guarantee or representation is made that any Fund or any investment will achieve its respective investment objectives. Past results are not necessarily indicative of future results. The value of the Shares may fall due to any of the risk factors below as well as rise and an investor may not recoup its investment. Income from the Shares may fluctuate in money terms. Changes in exchange rates may, among other factors, cause the value of Shares to increase or decrease. The levels and bases of, and reliefs from, taxation may change. There can be no assurance that the collective performance of a Fund’s underlying investments will be profitable. Also, there is no guarantee of the repayment of principal. On establishment, a Fund will normally have no operating history upon which investors may base an evaluation of performance.

## **Financial Markets, Counterparties and Service Providers**

The Funds may be exposed to finance sector companies that act as a service provider or as a counterparty for financial contracts. In times of extreme market volatility, such companies may be adversely affected, with a consequent adverse effect on the activities of the Funds.

Regulators and self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The effect of any future regulatory action on the Company could be substantial and adverse.

### **Risk to Capital Growth**

Certain Funds and/or certain Share Classes (e.g. Distributing (S) Shares) may make distributions from capital as well as from income and net realised and net unrealised capital gains. In addition, certain Funds may pursue investment strategies in order to generate income. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital and the potential for long-term capital growth as well as increasing any capital losses. Any such distributions may result in an immediate reduction of the Net Asset Value per Share. This may occur for example:

- ▶ if the securities markets in which the Fund invests were to decline to a sufficient extent that the Fund incurred net capital losses;
- ▶ if dividends are paid gross of fees and expenses this will mean fees and expenses are paid out of net realised and net unrealised capital gains or initially subscribed capital. As a result, payment of dividends on this basis may reduce capital growth or reduce the capital of the Fund and/or relevant Share Class. See also “Tax Considerations” below;
- ▶ if as part of an options strategy, the Investment Adviser or its delegate’s expectation of changes in the market prices do not transpire or the Investment Adviser or its delegate’s assumptions in determining of the correlation between the instruments or indices on which the options are written or purchased and the instruments in a Fund’s investment portfolio prove not to be correct, that Fund may incur losses that it would not otherwise incur, and there may be a reduction of capital and/or a reduction of capital growth of that Fund and/or
- ▶ if a Fund is focused on a strategy to generate income, there may be a reduction of capital and/or a reduction of capital growth of that Fund.

### **ESG Investment Policy Risk**

The ESG Funds will use certain ESG criteria in their investment strategies, as determined by their respective ESG Providers and as set out in their respective investment policies. Different ESG Funds may use one or more different ESG Providers, and the way in which different ESG Funds will apply ESG criteria may vary.

The use of ESG criteria may affect a fund’s investment performance and, as such, ESG Funds may perform differently

compared to similar funds that do not use such criteria. ESG-based exclusionary criteria used in an ESG Fund's investment policy may result in the ESG Fund foregoing opportunities to buy certain securities when it might otherwise be advantageous to do so, and/or selling securities due to their ESG characteristics when it might be disadvantageous to do so.

In the event the ESG characteristics of a security held by an ESG Fund change, resulting in the manager having to sell the security, neither the ESG Fund, the Company nor the Investment Advisers accept liability in relation to such change.

No investment will be made in contravention of Luxembourg law. Please also see the note on the UN Convention on Cluster Munitions, in paragraph 22 of the section "Investments of the Funds" in Appendix F.

Any website indicated in the investment policy of an ESG Fund includes information on the index methodology published by the relevant ESG Provider and explains which types of issuer or security are excluded, for example by reference to the sector from which they derive their revenue. Such sectors might include Tobacco, Weapons or Thermal Coal. The relevant exclusions might not correspond directly with investors own subjective ethical views.

ESG Funds will vote proxies in a manner that is consistent with the relevant ESG exclusionary criteria, which may not always be consistent with maximising the short-term performance of the relevant issuer.

In evaluating a security or issuer based on ESG criteria, the Manager is dependent upon information and data from third party ESG Providers, which may be incomplete, inaccurate or unavailable. As a result, there is a risk that the Manager may incorrectly assess a security or issuer. There is also a risk that the Manager may not apply the relevant ESG criteria correctly or that an ESG Fund could have indirect exposure to issuers who do not meet the relevant ESG criteria used by such ESG Fund. Neither the ESG Funds, the Company nor the Investment Advisers make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of such ESG assessment.

#### **MSCI ESG Screening Criteria**

Certain ESG Funds, including the BlackRock Sustainable Euro Bond Fund and the BlackRock ESG Euro Corporate Bond Fund, will apply ESG criteria as defined by MSCI, an ESG Provider.

The MSCI methodology positively screens and ranks potential constituents according to their ESG credentials relative to their industry peers. No exclusion is made by MSCI on the basis of how ethical a particular industry/sector is perceived to be. Investors should make a personal ethical assessment of MSCI's ESG rating and/or controversies score and how they will be utilised as part of the relevant Fund's investment policy prior to investing in such Fund. Such ESG screening may affect, adversely or otherwise, the value and/or quality of the Fund's investments compared to a fund without such screening.

#### **Tax Considerations**

The Company may be subject to withholding or other taxes on income and/or gains arising from its investment portfolio. Where the Company invests in securities that are not subject to withholding or other taxes at the time of acquisition, there can be no assurance that tax may not be imposed in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. The Company may not be able to recover such tax and so any such change could have an adverse effect on the Net Asset Value of the Shares.

The tax information provided in the "Taxation" section is based, to the best knowledge of the Directors, upon tax law and practice as at the date of this Prospectus. Tax legislation, the tax status of the Company, the taxation of shareholders and any tax reliefs, and the consequences of such tax status and tax reliefs, may change from time to time. Any change in the taxation legislation in any jurisdiction where a Fund is registered, marketed or invested could affect the tax status of the Fund, affect the value of the Fund's investments in the affected jurisdiction and affect the Fund's ability to achieve its investment objective and/or alter the post-tax returns to shareholders. Where a Fund invests in derivatives, the preceding sentence may also extend to the jurisdiction of the governing law of the derivative contract and/or the derivative counterparty and/or to the market(s) comprising the underlying exposure(s) of the derivative.

The availability and value of any tax reliefs available to shareholders depend on the individual circumstances of shareholders. The information in the "Taxation" section is not exhaustive and does not constitute legal or tax advice. Investors are urged to consult their tax advisers with respect to their particular tax situations and the tax effects of an investment in the Company.

Where a Fund invests in a jurisdiction where the tax regime is not fully developed or is not sufficiently certain, for example in jurisdictions in the Middle East, the relevant Fund, the Management Company, the Investment Advisers and the Depositary shall not be liable to account to any shareholder for any payment made or suffered by the Company in good faith to a fiscal authority for taxes or other charges of the Company or the relevant Fund notwithstanding that it is later found that such payments need not or ought not have been made or suffered. Conversely, where through fundamental uncertainty as to the tax liability, adherence to best or common market practice (to the extent that there is no established best practice) that is subsequently challenged or the lack of a developed mechanism for practical and timely payment of taxes, the relevant Fund pays taxes relating to previous years, any related interest or late filing penalties will likewise be chargeable to the Fund. Such late paid taxes will normally be debited to the Fund at the point the decision to accrue the liability in the Fund accounts is made.

Shareholders should note that certain Share Classes may pay dividends gross of expenses. This may result in shareholders receiving a higher dividend than they would have otherwise received and therefore shareholders may suffer a higher income tax liability as a result. In addition, in some circumstances, paying dividends gross of expenses may mean



that the Fund pays dividends from capital property as opposed to income property. Such dividends may still be considered income distributions in the hands of shareholders, depending on the local tax legislation in place, and therefore shareholders may be subject to tax on the dividend at their marginal income tax rate. Shareholders should seek their own professional tax advice in this regard.

Shareholders should also read the information set out in the section headed “FATCA and other cross-border reporting systems”, particularly in relation to the consequences of the Company being unable to comply with the terms of such reporting systems.

### **Currency Risk – Base Currency**

The Funds may invest in assets denominated in a currency other than the Base Currency of the Funds. Changes in exchange rates between the Base Currency and the currency in which the assets are denominated and changes in exchange rate controls will cause the value of the asset expressed in the Base Currency to fall or rise. The Funds may utilise techniques and instruments including derivatives for hedging purposes to control currency risk. However, it may not be possible or practical to completely mitigate currency risk in respect of a Fund’s portfolio or specific assets within the portfolio. Furthermore, unless otherwise stated in the investment policies of the relevant fund, the Investment Advisers are not obliged to seek to reduce currency risk within the Funds.

### **Currency Risk – Share Class Currency**

Certain Share Classes of certain Funds may be denominated in a currency other than the Base Currency of the relevant Fund. In addition, the Funds may invest in assets denominated in currencies other than the Base Currency or the Share Class currency. Therefore, changes in exchange rates and changes in exchange rate controls may affect the value of an investment in the Funds.

### **Currency Risk – Investor’s Own Currency**

An investor may choose to invest in a Share Class which is denominated in a currency that is different from the currency in which the majority of the investor’s assets and liabilities are denominated (the “Investor’s Currency”). In this scenario, the investor is subject to currency risk in the form of potential capital losses resulting from movements of the exchange rate between the Investor’s Currency and the currency of the Share Class in which such investor invests, in addition to the other currency risks described herein and the other risks associated with an investment in the relevant Fund.

### **Currency Overlay Strategies**

In addition to the use of techniques and instruments to control currency risk (see “Currency Risk” above), certain Funds may invest in currencies or utilise techniques and instruments in relation to currencies other than the Base Currency with the aim of generating positive returns. The Investment Advisers utilise specialist currency overlay strategies which involves the creation of long positions and synthetic pair trades in currencies to implement tactical views through the use of currency derivatives, including forward foreign exchange contracts, currency futures, options, swaps and other

instruments providing exposure to changes in exchange rates. The movement in currency exchange rates can be volatile and where Funds engage substantially in such strategies, any such volatility will have a significant impact on the overall performance of these Funds.

### **Hedged Share Classes**

While a Fund or its authorised agent may attempt to hedge currency risks, there can be no guarantee that it will be successful in doing so and it may result in mismatches between the currency position of that Fund and the Hedged Share Class.

The hedging strategies may be entered into whether the Base Currency is declining or increasing in value relative to the relevant currency of the Hedged Share Class and so, where such hedging is undertaken it may substantially protect shareholders in the relevant Share Class against a decrease in the value of the Base Currency relative to the Hedged Share Class currency, but it may also preclude shareholders from benefiting from an increase in the value of the Base Currency. Hedged Share Classes in non-major currencies may be affected by the fact that capacity of the relevant currency market may be limited, which could further affect the volatility of the Hedged Share Class. Funds may also use hedging strategies which seek to provide exposure to certain currencies (i.e. where a currency is subject to currency trading restrictions). These hedging strategies involve converting the Net Asset Value of the relevant Share Class into the relevant currency using financial derivative instruments (including currency forwards).

All gains/losses or expenses arising from hedging transactions are borne separately by the shareholders of the respective Hedged Share Classes. Given that there is no segregation of liabilities between Share Classes, there is a risk that, under certain circumstances, currency hedging transactions in relation to one Share Class could result in liabilities which might affect the Net Asset Value of the other Share Classes of the same Fund.

### **Global Financial Market Crisis and Governmental Intervention**

Since 2007, global financial markets have undergone pervasive and fundamental disruption and suffered significant instability leading to extensive governmental intervention. Regulators in many jurisdictions have implemented or proposed a number of emergency regulatory measures and may continue to do so. Government and regulatory interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been detrimental to the efficient functioning of financial markets. It is impossible to predict with certainty what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on the Investment Advisers’ ability to implement the Funds’ investment objectives.

Whether current undertakings by governing bodies of various jurisdictions or any future undertakings will help stabilise the financial markets is unknown. The Investment Advisers cannot predict how long the financial markets will continue to be

affected by these events and cannot predict the effects of these – or similar events in the future – on the Funds, the European or global economy and the global securities markets.

### **Derivatives**

In accordance with the investment limits and restrictions set out in Appendix D, each of the Funds may use derivatives to hedge market and currency risk, for the purposes of efficient portfolio management and for investment purposes, as described further in Appendix F.

The use of derivatives may expose Funds to a higher degree of risk. These risks may include credit risk with regard to counterparties with whom the Funds trade, the risk of settlement default, volatility risk, over-the-counter transaction risk, lack of liquidity of the derivatives, imperfect tracking between the change in value of the derivative and the change in value of the underlying asset that the relevant Fund is seeking to track and greater transaction costs than investing in the underlying assets directly.

In accordance with standard industry practice when purchasing derivatives, a Fund may be required to secure its obligations to its counterparty. For non-fully funded derivatives, this may involve the placing of initial and/or variation margin assets with the counterparty. For derivatives which require a Fund to place initial margin assets with a counterparty, such assets may not be segregated from the counterparty's own assets and, being freely exchangeable and replaceable, the Fund may have a right to the return of equivalent assets rather than the original margin assets deposited with the counterparty. These deposits or assets may exceed the value of the relevant Fund's obligations to the counterparty in the event that the counterparty requires excess margin or collateral. In addition, as the terms of a derivative may provide for one counterparty to provide collateral to the other counterparty to cover the variation margin exposure arising under the derivative only if a minimum transfer amount is triggered, the Fund may have an uncollateralised risk exposure to a counterparty under a derivative up to such minimum transfer amount.

Derivative contracts can be highly volatile, and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard bonds or equities. Leveraged derivative positions can therefore increase Fund volatility. Whilst the Funds will not borrow money to leverage they may for example take synthetic short positions through derivatives to adjust their exposure, always within the restrictions provided for in Appendix D of this Prospectus. Certain Funds may enter into long positions executed using derivatives (synthetic long positions) such as futures positions including currency forwards.

Additional risks associated with investing in derivatives may include a counterparty breaching its obligations to provide collateral, or due to operational issues (such as time gaps between the calculation of risk exposure to a counterparty's provision of additional collateral or substitutions of collateral or the sale of collateral in the event of a default by a counterparty), there may be instances where a Fund's credit

exposure to its counterparty under a derivative contract is not fully collateralised but each Fund will continue to observe the limits set out in Appendix D. The use of derivatives may also expose a Fund to legal risk, which is the risk of loss resulting from changing laws or from the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable.

The Funds may use derivatives to facilitate complex investment management techniques. In particular, this may involve (on a non-exhaustive basis):

- ▶ using swap contracts to adjust interest rate risk;
- ▶ using swap contracts to gain exposure to one or more indices for investment purposes;
- ▶ using currency derivatives to buy or sell currency risk;
- ▶ buying and selling options for investment purposes;
- ▶ using credit default swaps to buy or sell credit risk;
- ▶ using volatility derivatives to adjust volatility risk;
- ▶ using contracts for difference or futures contracts to gain market exposure;
- ▶ using synthetic short positions to take advantage of any negative investment views; and
- ▶ using synthetic long positions to gain market exposure.

Investors should note the risks associated with the different types of derivative instruments and strategies, as described in the section headed Derivatives and Other Complex Instrument Techniques below.

Where derivative instruments are used in this manner the overall risk profile of the Fund may be increased. Accordingly the Company will employ a risk-management process which enables the Management Company to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the Fund. The Management Company uses one of two methodologies to calculate each Fund's global exposure, the "Commitment Approach" or the "Value at Risk" or "VaR" approach, in both cases ensuring each Fund complies with the investment restrictions set out in Appendix D. The methodology used for each Fund will be determined by the Management Company based on the investment strategy of the relevant Fund. Details about the methodologies used for each Fund are included at Appendix F.

For more detail regarding the derivative strategies applied by individual Funds please refer to the individual Fund investment objectives in Appendix F and the latest risk management programme which is available on request from the local Investor Servicing team.

### **Securities Lending**

The Funds may engage in securities lending. The Funds engaging in securities lending will have a credit risk exposure

to the counterparties to any securities lending contract. Fund investments can be lent to counterparties over a period of time. A default by the counterparty combined with a fall in the value of the collateral below that of the value of the securities lent may result in a reduction in the value of the Fund. The Company intends to ensure that all securities lending is fully collateralised but, to the extent that any securities lending is not fully collateralised (for example due to timing issues arising from payment lags), the Funds will have a credit risk exposure to the counterparties to the securities lending contracts.

#### **Risks Relating to Repurchase Agreements**

In the event of the failure of the counterparty with which collateral has been placed, the Funds may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.

#### **Risks Relating to Reverse Repurchase Agreements**

In the event of the failure of the counterparty with which cash has been placed, the Funds may suffer loss as there may be delay in recovering cash placed out or difficulty in realising collateral or proceeds from the sale of the collateral may be less than the cash placed with the counterparty due to inaccurate pricing of the collateral or market movements.

#### **Counterparty Risk**

A Fund will be exposed to the credit risk of the parties with which it transacts and may also bear the risk of settlement default. Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the relevant Fund. This would include the counterparties to any derivatives, repurchase / reverse repurchase agreement or securities lending agreement that it enters into. Trading in derivatives which have not been collateralised gives rise to direct counterparty exposure. The relevant Fund mitigates much of its credit risk to its derivative counterparties by receiving collateral with a value at least equal to the exposure to each counterparty but, to the extent that any derivative is not fully collateralised, a default by the counterparty may result in a reduction in the value of the Fund. A formal review of each new counterparty is completed and all approved counterparties are monitored and reviewed on an ongoing basis. The Fund maintains an active oversight of counterparty exposure and the collateral management process.

#### **Counterparty Risk to the Depositary**

The assets of the Company are entrusted to the Depositary for safekeeping, as set out in further detail in paragraph 11 of Appendix B. In accordance with the UCITS Directive, in safekeeping the assets of the Company, the Depositary shall: (a) hold in custody all financial instruments that may be registered in a financial instruments account opened in the Depositary's books and all financial instruments that can be physically delivered to the Depositary; and (b) for other assets, verify the ownership of such assets and maintain a record accordingly. The assets of the Company should be identified in the Depositary's books as belonging to the Company.

Securities held by the Depositary should be segregated from other securities/assets of the Depositary in accordance with applicable law and regulation, which mitigates but does not exclude the risk of non-restitution in case of bankruptcy of the Depositary. The investors are therefore exposed to the risk of the Depositary not being able to fully meet its obligation to reconstitute all of the assets of the Company in the case of bankruptcy of the Depositary. In addition, a Fund's cash held with the Depositary may not be segregated from the Depositary's own cash / cash under custody for other clients of the Depositary, and a Fund may therefore rank as an unsecured creditor in relation thereto in the case of bankruptcy of the Depositary.

The Depositary may not keep all the assets of the Company itself but may use a network of sub-custodians which are not always part of the same group of companies as the Depositary. Investors may be exposed to the risk of bankruptcy of the sub-custodians in circumstances in which the Depositary may have no liability.

A Fund may invest in markets where custodial and/or settlement systems are not fully developed. The assets of the Fund that are traded in such markets and which have been entrusted to such sub-custodians may be exposed to risk in circumstances in which the Depositary may have no liability.

#### **Fund Liability Risk**

The Company is structured as an umbrella fund with segregated liability between its Funds. As a matter of Luxembourg law, the assets of one Fund will not be available to meet the liabilities of another. However, the Company is a single legal entity that may operate or have assets held on its behalf or be subject to claims in other jurisdictions that may not necessarily recognise such segregation of liability.

#### **Market leverage**

The Funds will not use borrowing to purchase additional investments but may be expected, via derivative positions, to obtain market leverage (gross market exposure, aggregating both long and synthetic short positions, in excess of net asset value). The Investment Advisers will seek to make absolute returns from relative value decisions between markets ("this market will do better than that market"), as well as from directional views on the absolute return of markets ("this market is going to go up or down"). The extent of market leverage is likely to depend on the degree of correlation between positions. The higher the degree of correlation, the greater is the likelihood and probable extent of market leverage.

#### **Performance Fee**

The Management Company may be entitled to a Performance Fee. Whilst the key objectives of the Performance Fee are to further strengthen the alignment of interest between the Management Company and the investors and to reward outperformance, the Performance Fee may create an incentive for the Management Company and its delegates to make riskier investments and trades than they would have done in the absence of a Performance Fee.

### **Repurchase and Reverse Repurchase Agreements**

Under a repurchase agreement a Fund sells a security to a counterparty and simultaneously agrees to repurchase the security back from the counterparty at an agreed price and date. The difference between the sale price and the repurchase price establishes the cost of the transaction. The resale price generally exceeds the purchase price by an amount which reflects an agreed-upon market interest rate for the term of the agreement. In a reverse repurchase agreement a Fund purchases an investment from a counterparty which undertakes to repurchase the security at an agreed resale price on an agreed future date. The Fund therefore bears the risk that if the seller defaults the Fund might suffer a loss to the extent that proceeds from the sale of the underlying securities together with any other collateral held by the Fund in connection with the relevant agreement may be less than the repurchase price because of market movements. A Fund cannot sell the securities which are the subject of a reverse repurchase agreement until the term of the agreement has expired or the counterparty has exercised its right to repurchase the securities.

### **Transfer of Collateral**

In order to use derivatives the Funds will enter into arrangements with counterparties which may require the payment of collateral or margin out of a Fund's assets to act as cover to any exposure by the counterparty to the Fund. If the title to any such collateral or margin transferred is transferred to the counterparty, it becomes an asset of such counterparty and may be used by the counterparty as part of its business. Collateral so transferred will not be held in custody by the Depositary for safekeeping, but collateral positions will be overseen and reconciled by the Depositary. Where the collateral is pledged by the Fund to the benefit of the relevant counterparty, then such counterparty may not rehypothecate the assets pledged to it as collateral without the Fund's consent.

### **Liquidity Risk**

Trading volumes in the underlying investments of the Funds may fluctuate significantly depending on market sentiment. There is a risk that investments made by the Funds may become less liquid in response to market developments, adverse investor perceptions or regulatory and government intervention (including the possibility of widespread trading suspensions implemented by domestic regulators). In extreme market conditions, there may be no willing buyer for an investment and that investment cannot be readily sold at the desired time or price, and consequently the relevant Fund may have to accept a lower price to sell the relevant investment or may not be able to sell the investment at all. An inability to sell a particular investment or portion of a Fund's assets can have a negative impact on the value of the relevant Fund or prevent the relevant Fund from being able to take advantage of other investment opportunities.

The liquidity of fixed income securities issued by small and mid-capitalisation companies and emerging country issuers is particularly likely to be reduced during adverse economic, market or political events or adverse market sentiment. The credit rating downgrade of fixed income securities and changes in prevailing interest rate environments may also affect their

liquidity. See also the Specific Risk Considerations section in relation to different sub-categories of fixed income securities.

Similarly, investment in equity securities issued by unlisted companies, small and mid-capitalisation companies and companies based in emerging countries are particularly subject to the risk that during certain market conditions, the liquidity of particular issuers, sectors or industries, or all securities within a particular investment category, will reduce or disappear suddenly and without warning as a result of adverse economic, market or political events, or adverse market sentiment.

Liquidity risk also includes the risk that relevant Funds, including those Funds with a concentrated exposure to such issuers, sectors or industries, may be forced to defer redemptions, issue in specie redemptions or suspend dealing because of stressed market conditions, an unusually high volume of redemption requests, or other factors beyond the control of the investment manager. See paragraphs 23 and 28 to 31 of Appendix A for further detail. To meet redemption requests, the relevant Funds may be forced to sell investments at an unfavourable time and/or conditions, which may have a negative impact on the value of your investment. Investors in an impacted Fund may also experience increased dealing costs as a result of anti-dilution measures taken by the Directors (see Appendix A, paragraph 17.3).

### **Cybersecurity Risk**

A Fund or any of the service providers, including the Management Company and the Investment Advisers, may be subject to risks resulting from cybersecurity incidents and/or technological malfunctions. A cybersecurity incident is an event that may cause a loss of proprietary information, data corruption or a loss of operational capacity. Cybersecurity incidents can result from deliberate cyber attacks or unintentional events. Cyber attacks include, but are not limited to, gaining unauthorised access to digital systems (e.g. through hacking or malicious software coding) for the purposes of misappropriating assets or sensitive information, corrupting data, releasing confidential information without authorisation or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorised access, such as causing denial-of-service attacks on websites, which may make network services unavailable to intended users. The issuers of securities and counterparties to other financial instruments in which a Fund invests may also be subject to cybersecurity incidents.

Cybersecurity incidents may cause a Fund to suffer financial losses, interfere with a Fund's ability to calculate its net asset value, impede trading, disrupt the ability of investors to subscribe for, exchange or redeem their units, violate privacy and other laws and incur regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Cyber-attacks may render records of assets and transactions of a Fund, unitholder ownership of units, and other data integral to the functioning of a Fund inaccessible, inaccurate or incomplete. In addition, substantial costs may be incurred in order to prevent any cybersecurity incidents in the future which may adversely impact a Fund.

While the Management Company and the Investment Advisers have established business continuity plans and risk management strategies to seek to prevent cybersecurity incidents, there are inherent limitations in such plans and strategies, including the possibility that certain risks have not been identified given the evolving nature of the threat of cyber-attacks.

Furthermore, none of the Funds, the Management Company or the Investment Advisers can control the business continuity plans or cybersecurity strategies put in place by other service providers to a Fund or issuers of securities and counterparties to other financial instruments in which a Fund invests. The Investment Advisers rely on its third party service providers for many of their day-to-day operations and will be subject to the risk that the protections and policies implemented by those service providers will be ineffective to protect the Investment Advisers or a Fund from cyber-attack.

#### **Other Risks**

The Funds may be exposed to risks that are outside of their control – for example legal risks from investments in countries with unclear and changing laws or the lack of established or effective avenues for legal redress; the risk of terrorist actions; the risk that economic and diplomatic sanctions may be in place or imposed on certain states and military action may be commenced.

The impact of such events is unclear, but could have a material effect on general economic conditions and market liquidity. Regulators and self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The effect of any future regulatory action on the Company could be substantial and adverse.

#### **Specific Risk Considerations**

**In addition to the general risks, as set out above, that should be considered for all Funds, there are other risks that investors should also bear in mind when considering investment into specific Funds. The tables below show which specific risk warnings apply to each of the Funds.**

## Specific Risk Considerations

No.	FUND	Equity	Fixed Income	Distressed Securities	Small Cap Companies	Derivatives Specific
1.	Emerging Markets Flexi Dynamic Bond Fund		X	X		X
2.	Fixed Income Strategies Fund		X	X		X
3.	Fixed Income Credit Strategies Fund		X			X
4.	Global Absolute Return Bond Fund		X	X	X	X
5.	European Select Strategies Fund	X	X			X
6.	Sustainable Euro Bond Fund		X			X
7.	ESG Euro Corporate Bond Fund		X			X
8.	Emerging Markets Short Duration Bond Fund	X	X	X		X
9.	Americas Diversified Equity Absolute Return Fund	X	X		X	X
10.	Asia Extension Fund	X	X		X	X
11.	UK Equity Absolute Return Fund	X			X	X
12.	European Absolute Return Fund	X	X		X	X
13.	European Diversified Equity Absolute Return Fund	X	X		X	X
14.	European Opportunities Extension Fund	X	X		X	X
15.	European Unconstrained Equity Fund	X			X	X
16.	Emerging Markets Absolute Return Fund	X			X	X
17.	Emerging Markets Equity Strategies Fund	X	X			X
18.	Global Event Driven Fund	X	X	X	X	X
19.	Global Equity Absolute Return Fund	X	X		X	X
20.	Global Long/Short Equity Fund	X				X
21.	Global Real Asset Securities Fund	X				X
22.	Asia Pacific Absolute Return Fund	X	X		X	X
23.	Asia Pacific Diversified Equity Absolute Return Fund	X	X		X	X
24.	Systematic Global Equity Fund	X				
25.	Impact World Equity Fund	X				
26.	UK Emerging Companies Absolute Return Fund	X	X		X	X
27.	Dynamic Diversified Growth Fund	X	X	X		X
28.	Macro Opportunities Fund	X	X	X	X	X
29.	Style Advantage Fund	X	X			X
30.	Style Advantage Screened Fund	X	X			X
31.	Total Advantage Fund	X	X		X	X
32.	Managed Index Portfolios – Defensive	X	X			
33.	Managed Index Portfolios – Moderate	X	X			
34.	Managed Index Portfolios – Growth	X	X			
35.	Managed Index Portfolios – Conservative	X	X			

## Specific Risk Considerations

No.	FUND	Specific Sectors	ABS MBS	Delayed Delivery Transactions	External Sub-Advisers	Liquidity Risk
1.	Emerging Markets Flexi Dynamic Bond Fund		X	X		X
2.	Fixed Income Strategies Fund		X	X		X
3.	Fixed Income Credit Strategies Fund		X	X		X
4.	Global Absolute Return Bond Fund		X	X		X
5.	European Select Strategies Fund		X			X
6.	Sustainable Euro Bond Fund		X	X		X
7.	ESG Euro Corporate Bond Fund		X	X		X
8.	Emerging Markets Short Duration Bond Fund		X	X		X
9.	Americas Diversified Equity Absolute Return Fund					
10.	Asia Extension Fund					X
11.	UK Equity Absolute Return Fund					
12.	European Absolute Return Fund			X		
13.	European Diversified Equity Absolute Return Fund					
14.	European Opportunities Extension Fund					X
15.	European Unconstrained Equity Fund					X
16.	Emerging Markets Absolute Return Fund			X		X
17.	Emerging Markets Equity Strategies Fund					X
18.	Global Event Driven Fund	X		X		X
19.	Global Long/Short Equity Fund					
20.	Global Equity Absolute Return Fund					
21.	Global Real Asset Securities Fund	X	X			X
22.	Asia Pacific Absolute Return Fund					X
23.	Asia Pacific Diversified Equity Absolute Return fund					X
24.	Systematic Global Equity Fund					X
25.	Impact World Equity Fund					
26.	UK Emerging Companies Absolute Return Fund					
27.	Dynamic Diversified Growth Fund		X			X
28.	Macro Opportunities Fund		X	X		X
29.	Style Advantage Fund		X			X
30.	Style Advantage Screened Fund					X
31.	Total Advantage Fund					X
32.	Managed Index Portfolios – Defensive					X
33.	Managed Index Portfolios – Moderate					X
34.	Managed Index Portfolios – Growth					X
35.	Managed Index Portfolios – Conservative					X

## Specific Risk Considerations

No.	FUND	Property Exposure Within ETFs	Commodity Exposure Within ETFs	Investments in ETFs and CIS
1.	Emerging Markets Flexi Dynamic Bond Fund		X	X
2.	Fixed Income Strategies Fund			X
3.	Fixed Income Credit Strategies Fund			X
4.	Global Absolute Return Bond Fund			X
5.	European Select Strategies Fund			X
6.	Sustainable Euro Bond Fund			X
7.	ESG Euro Corporate Bond Fund			X
8.	Emerging Markets Short Duration Bond Fund			X
9.	Americas Diversified Equity Absolute Return Fund	X		X
10.	Asia Extension Fund			X
11.	UK Equity Absolute Return Fund			X
12.	European Absolute Return Fund	X		X
13.	European Diversified Equity Absolute Return Fund	X		X
14.	European Opportunities Extension Fund	X		
15.	European Unconstrained Equity Fund			
16.	Emerging Markets Absolute Return Fund			
17.	Emerging Markets Equity Strategies Fund			X
18.	Global Event Driven Fund	X		X
19.	Global Long/Short Equity Fund			X
20.	Global Equity Absolute Return Fund			X
21.	Global Real Asset Securities Fund			
22.	Asia Pacific Absolute Return Fund	X	X	X
23.	Asia Pacific Diversified Equity Absolute Return Fund	X		X
24.	Systematic Global Equity Fund			
25.	Impact World Equity Fund			
26.	UK Emerging Companies Absolute Return Fund			X
27.	Dynamic Diversified Growth Fund	X	X	X
28.	Macro Opportunities Fund		X	X
29.	Style Advantage Fund		X	X
30.	Style Advantage Screened Fund		X	X
31.	Total Advantage Fund		X	X
32.	Managed Index Portfolios – Defensive	X	X	X
33.	Managed Index Portfolios – Moderate	X	X	X
34.	Managed Index Portfolios – Growth	X	X	X
35.	Managed Index Portfolios – Conservative	X	X	X



## Specific Risk Considerations

No.	FUND	Emerging Markets	Sovereign Debt	Restrictions on Foreign Investments
1.	Emerging Markets Flexi Dynamic Bond Fund	X	X	X
2.	Fixed Income Strategies Fund	X	X	X
3.	Fixed Income Credit Strategies Fund	X	X	X
4.	Global Absolute Return Bond Fund	X	X	X
5.	European Select Strategies Fund	X	X	
6.	Sustainable Euro Bond Fund	X	X	X
7.	ESG Euro Corporate Bond Fund	X	X	X
8.	Emerging Markets Short Duration Bond Fund	X	X	X
9.	Americas Diversified Equity Absolute Return Fund	X		X
10.	Asia Extension Fund	X		X
11.	UK Equity Absolute Return Fund			
12.	European Absolute Return Fund	X		
13.	European Diversified Equity Absolute Return Fund	X		X
14.	European Opportunities Extension Fund	X		
15.	European Unconstrained Equity Fund			
16.	Emerging Markets Absolute Return Fund	X		X
17.	Emerging Markets Equity Strategies Fund	X		
18.	Global Event Driven Fund	X	X	X
19.	Global Long/Short Equity Fund			
20.	Global Equity Absolute Return Fund	X		X
21.	Global Real Asset Securities Fund			
22.	Asia Pacific Absolute Return Fund	X		X
23.	Asia Pacific Diversified Equity Absolute Return Fund	X		X
24.	Systematic Global Equity Fund	X		
25.	Impact World Equity Fund			
26.	UK Emerging Companies Absolute Return Fund			
27.	Dynamic Diversified Growth Fund	X	X	X
28.	Macro Opportunities Fund	X	X	X
29.	Style Advantage Fund	X	X	X
30.	Style Advantage Screened Fund	X	X	X
31.	Total Advantage Fund	X	X	X
32.	Managed Index Portfolios – Defensive	X		
33.	Managed Index Portfolios – Moderate	X		
34.	Managed Index Portfolios – Growth	X		
35.	Managed Index Portfolios – Conservative	X		

## Specific Risk Considerations

No.	FUND	Bond Downgrade	Multiple Strategies	Event-driven Strategies	ESG Investment Policy Risk
1.	Emerging Markets Flexi Dynamic Bond Fund	X			
2.	Fixed Income Strategies Fund	X			
3.	Fixed Income Credit Strategies Fund	X			
4.	Global Absolute Return Bond Fund	X			X
5.	European Select Strategies Fund				
6.	Sustainable Euro Bond Fund	X			X
7.	ESG Euro Corporate Bond Fund	X			X
8.	Emerging Markets Short Duration Bond Fund	X			
9.	Americas Diversified Equity Absolute Return Fund				
10.	Asia Extension Fund				
11.	UK Equity Absolute Return Fund				
12.	European Absolute Return Fund				
13.	European Diversified Equity Absolute Return Fund				
14.	European Opportunities Extension Fund				
15.	European Unconstrained Equity Fund				
16.	Emerging Markets Absolute Return Fund				
17.	Emerging Markets Equity Strategies Fund				
18.	Global Event Driven Fund	X		X	
19.	Global Long/Short Equity Fund				
20.	Global Equity Absolute Return Fund				
21.	Global Real Asset Securities Fund				
22.	Asia Pacific Absolute Return Fund				
23.	Asia Pacific Diversified Equity Absolute Return Fund				
24.	Systematic Global Equity Fund				
25.	Impact World Equity Fund				
26.	UK Emerging Companies Absolute Return Fund				
27.	Dynamic Diversified Growth Fund	X			
28.	Macro Opportunities Fund	X			
29.	Style Advantage Fund		X		
30.	Style Advantage Screened Fund		X		X
31.	Total Advantage Fund		X		
32.	Managed Index Portfolios – Defensive	X			
33.	Managed Index Portfolios – Moderate	X			
34.	Managed Index Portfolios – Growth	X			
35.	Managed Index Portfolios – Conservative	X			

## Specific Risk Considerations

No.	FUND	Stock Connect Risk	CIBM Risk
1.	Emerging Markets Flexi Dynamic Bond Fund		X
2.	Fixed Income Strategies Fund		X
3.	Fixed Income Credit Strategies Fund		X
4.	Global Absolute Return Bond Fund		X
5.	European Select Strategies Fund		
6.	Sustainable Euro Bond Fund		
7.	ESG Euro Corporate Bond Fund		X
8.	Emerging Markets Short Duration Bond Fund		X
9.	Americas Diversified Equity Absolute Return Fund		
10.	Asia Extension Fund	X	
11.	UK Equity Absolute Return Fund		
12.	European Absolute Return Fund		
13.	European Diversified Equity Absolute Return Fund		
14.	European Opportunities Extension Fund		
15.	European Unconstrained Equity Fund		
16.	Emerging Markets Absolute Return Fund	X	
17.	Emerging Markets Equity Strategies Fund	X	
18.	Global Event Driven Fund	X	
19.	Global Long/Short Equity Fund		
20.	Global Equity Absolute Return Fund	X	
21.	Global Real Asset Securities Fund	X	
22.	Asia Pacific Absolute Return Fund	X	
23.	Asia Pacific Diversified Equity Absolute Return Fund	X	
24.	Systematic Global Equity Fund	X	
25.	Impact World Equity Fund		
26.	UK Emerging Companies Absolute Return Fund		
27.	Dynamic Diversified Growth Fund		
28.	Macro Opportunities Fund	X	X
29.	Style Advantage Fund		
30.	Style Advantage Screened Fund		
31.	Total Advantage Fund		
32.	Managed Index Portfolios – Defensive		
33.	Managed Index Portfolios – Moderate		
34.	Managed Index Portfolios – Growth		
35.	Managed Index Portfolios – Conservative		

## Equity Risks

The values of equities fluctuate daily and a Fund investing in equities could incur significant losses. The price of equities can be influenced by many factors at the individual company level, as well as by broader economic and political developments, including changes in investment sentiment, trends in economic growth, inflation and interest rates, issuer-specific factors, corporate earnings reports, demographic trends and catastrophic events.

## Fixed Income Transferable Securities

Debt securities are subject to both actual and perceived measures of creditworthiness. The “downgrading” of a rated debt security or adverse publicity and investor perception, which may not be based on fundamental analysis, could decrease the value and liquidity of the security, particularly in a thinly traded market. In certain market environments this may lead to investments in such securities becoming less liquid, making it difficult to dispose of them.

A Fund may be affected by changes in prevailing interest rates and by credit quality considerations. Changes in market rates of interest will generally affect a Fund’s asset values as the prices of fixed rate securities generally increase when interest rates decline and decrease when interest rates rise. Prices of shorter-term securities generally fluctuate less in response to interest rate changes than do longer-term securities.

An economic recession may adversely affect an issuer’s financial condition and the market value of high yield debt securities issued by such entity. The issuer’s ability to service its debt obligations may be adversely affected by specific issuer developments, or the issuer’s inability to meet specific projected business forecasts, or the unavailability of additional financing.

In the event of bankruptcy of an issuer, a Fund may experience losses and incur costs. Non-investment grade debt may be highly leveraged and carry a greater risk of default. In addition, non-investment grade securities tend to be less liquid and more volatile than higher rated fixed income securities, so that adverse economic events may have a greater impact on the prices of non-investment grade debt securities than on higher rated fixed income securities. Such securities are also subject to greater risk of loss of principal and interest than higher rated fixed-income securities.

## Bank Corporate Bonds “Bail-in” Risk

Corporate bonds issued by a financial institution in the Europe Union may be subject to the risk of a write down or conversion (i.e. “bail-in”) by an EU resolution authority in circumstances where the financial institution is unable to meet its financial obligations. This may result in bonds issued by such financial institution being written down (to zero), converted into equity or alternative instrument of ownership, or the terms of the bond may be varied. ‘Bail-in’ risk refers to the risk of EU member state authorities exercising powers to rescue troubled banks by writing down or converting rights of their bondholders in order to absorb losses of, or recapitalise, such banks. Investors should be alerted to the fact that EU member state authorities are more likely to use a “bail-in” tool to rescue troubled banks, instead of relying on public financial support as they have in

the past as EU member state authorities now consider that public financial support should only be used as a last resort after having assessed and exploited, to the maximum extent practicable, other resolution tools, including the “bail-in” tool. A bail-in of a financial institution is likely to result in a reduction in value of some or all of its bonds (and possibly other securities) and a Fund holding such securities when a bail-in occurs will also be similarly impacted.

## Distressed Securities

Investment in a security issued by an issuer that is either in default or in high risk of default (“Distressed Securities”) involves significant risk. Such investments will only be made when the Investment Advisers believe either that the security trades at a materially different level from the Investment Adviser’s perception of fair value or that it is reasonably likely that the issuer of the securities will make an exchange offer or will be the subject of a plan of reorganisation; however, there can be no assurance that such an exchange offer will be made or that such a plan of reorganisation will be adopted or that any securities or other assets received in connection with such an exchange offer or plan of reorganisation will not have a lower value or income potential than anticipated when the investment was made. In addition, a significant period of time may pass between the time at which the investment in Distressed Securities is made and the time that any such exchange offer or plan of reorganisation is completed. During this period, it is unlikely that any interest payments on the Distressed Securities will be received, there will be significant uncertainty as to whether fair value will be achieved or not and the exchange offer or plan of reorganisation will be completed, and there may be a requirement to bear certain expenses to protect the investing Fund’s interest in the course of negotiations surrounding any potential exchange or plan of reorganisation. Furthermore, constraints on investment decisions and actions with respect to Distressed Securities due to tax considerations may affect the return realised on the Distressed Securities.

Some Funds may invest in securities of issuers that are encountering a variety of financial or earnings problems and represent distinct types of risks. A Fund’s investments in equity or fixed income transferable securities of issuers in a weak financial condition may include issuers with substantial capital needs or negative net worth or issuers that are, have been or may become, involved in bankruptcy or reorganisation proceedings.

## Smaller Capitalisation Companies

The securities of smaller companies may be subject to more abrupt or erratic market movements than larger, more established companies or the market average in general. These companies may have limited product lines, markets or financial resources, or they may be dependent on a limited management group. Full development of those companies takes time. In addition, many small company stocks trade less frequently and in smaller volume, and may be subject to more abrupt or erratic price movements than stocks of large companies. The securities of small companies may also be more sensitive to market changes than the securities of large companies. These factors may result in above-average fluctuations in the Net Asset Value of a Fund’s Shares.

## **Portfolio Concentration Risk**

Certain Funds may invest in a limited number of securities or sectors, compared to other more diversified Funds holding a larger number of securities. Where a Fund holds a limited number of securities or invests in a limited number of sectors and is considered concentrated, the value of the Fund may fluctuate more than that of a diversified Fund holding a greater number of securities. The selection of securities in a concentrated portfolio may also result in sectoral and geographical concentration.

For Funds with geographical or sectoral concentration, the value of the Funds may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the relevant market.

## **Derivatives and Other Complex Instrument Techniques**

### **Volatility Derivatives**

“Historic Volatility” of a security (or basket of securities) is a statistical measure of the speed and magnitude of changes in the price of that security (or securities) over defined periods of time. “Implied Volatility” is the market’s expectation of future realised volatility. Volatility derivatives are derivatives whose price depends on Historic Volatility or Implied Volatility or both. Volatility derivatives are based on an underlying security, and Funds may use volatility derivatives to increase or reduce volatility risk, in order to express an investment view on the change in volatility, based on an assessment of expected developments in underlying securities markets. For example, if a significant change in the market background is expected, it is likely that the volatility of the price of a security will increase as prices adapt to the new circumstances.

The Funds may only buy or sell volatility derivatives which are based on an index where:

- ▶ the composition of the index is sufficiently diversified;
- ▶ the index represents an adequate benchmark for the market to which it refers; and
- ▶ it is published in an appropriate manner.

The price of volatility derivatives may be highly volatile, and may move in a different way to the other assets of the Fund, which could have a significant effect on the Net Asset Value of a Fund’s Shares.

### **Contracts for Difference (“CFDs”)**

A contract for difference is a contract between two parties, buyer and seller, stipulating that the seller will pay to the buyer the difference between the current value of an asset (a security, instrument, basket or index) and its value at contract time. If the difference is negative, then the buyer pays instead to the seller.

Contracts for differences allow investors to take synthetic long or synthetic short positions with a variable margin, which, unlike futures contracts, have no fixed expiry date or contract size. Unlike shares, with CFDs the buyer is potentially liable for more than the amount initially invested.

The Fund will therefore employ risk management techniques with the aim of ensuring it can dispose of the necessary assets at any time in order to pay redemption proceeds resulting from redemption requests and to meet its obligations resulting from contracts for difference and other techniques and instruments.

### **Particular Risks of Over-the-Counter (“OTC”) derivative transactions**

In general there is less governmental regulation and supervision of transactions in the OTC markets than organised stock exchanges. Many of the protections afforded to transactions on organised exchanges such as the performance guarantee of an exchange clearing house may not exist for OTC transactions. The risk of counterparty default therefore exists. To mitigate this risk the Company will only use preferred counterparties which it believes to be creditworthy and may reduce the exposure incurred in connection with such transactions through the use of letter of credit or collateral. However there can be no guarantee that counterparty will not default or that a Fund will not sustain losses as a result.

The Investment Advisers will continuously assess the credit or counterparty risk as well as the potential risk, which is for trading activities, the risk resulting from adverse movements in the level of volatility of market prices and will assess the hedging effectiveness on an ongoing basis. They will define specific internal limits applicable to these kinds of operations and monitor the counterparties accepted for transactions.

In addition to the above the OTC market may be illiquid and it may not always be possible to execute a transaction quickly at an attractive price. From time to time the counterparties with which the Fund effects the transactions might cease making markets or quoting prices in certain of the instruments. In such instances a Fund might be unable to enter into a desired transaction in currencies, credit default swaps or total return swaps or enter into an offsetting transaction with respect to an open position which might adversely affect its performance. Further in contrast to exchange traded instruments, forward, spot and option contracts on currencies do not provide the Management Company and the Investment Advisers with the possibility to offset the Funds obligations through an equal and opposite transaction. For this reason entering into forward, spot or options contracts, the Fund may be required, and must be able to, perform its obligations under the contracts.

### **Options**

An option is the right (but not the obligation) to buy or sell a particular asset or index at a stated price at some date in the future. In exchange for the rights conferred by the option, the option buyer has to pay the option seller a premium for carrying on the risk that comes with the obligation. The option premium depends on the strike price, volatility of the underlying asset, as well as the time remaining to expiration. Options may be listed or dealt in OTC.

A Fund may enter into option transactions as either the buyer or seller of this right and may combine them to form a particular trading strategy as well as use options for reducing an existing risk.

If the Investment Adviser or its delegate is incorrect in its expectation of changes in the market prices or determination of the correlation between the particular assets or indices on which the options are written or purchased and the assets in a Fund's investment portfolio, that Fund may incur losses that it would not otherwise incur.

### **Contingent Convertible Bonds**

A contingent convertible bond is a type of complex debt security which may be converted into the issuer's equity or be partly or wholly written off if a pre-specified trigger event occurs. Trigger events may be outside of the issuer's control. Common trigger events include the share price of the issuer falling to a particular level for a certain period of time or the issuer's capital ratio falling to a pre-determined level. Coupon payments on certain contingent convertible bonds may be entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.

Events that trigger the conversion from debt into equity are designed so that conversion occurs when the issuer of the contingent convertible bonds is in financial difficulty, as determined either by regulatory assessment or objective losses (e.g. if the capital ratio of the issuer company falls below a pre-determined level).

Investment in contingent convertible bonds may entail the following (non-exhaustive) risks:

Contingent convertible bonds' investors may suffer a loss of capital when equity holders do not.

Trigger levels differ and determine exposure to conversion risk depending on the distance of the capital ratio to the trigger level. It might be difficult for the Fund to anticipate the trigger events that would require the debt to convert into equity. Furthermore, it might be difficult for the Fund to assess how the securities will behave upon conversion. In case of conversion into equity, the Fund might be forced to sell these new equity shares because the investment policy of the Fund does not allow equity in its portfolio. Such a forced sale, and the increased availability of these shares might have an effect on market liquidity in so far as there may not be sufficient demand for these shares.

In the event that a contingent convertible bond is written off (a "write-down") as the result of a pre-specified trigger event, the Fund may suffer a full, partial or staggered loss of the value of its investment. A write-down may be either temporary or permanent. In addition, most contingent convertible bonds are issued as perpetual instruments which are callable at pre-determined dates. Perpetual contingent convertible bonds may not be called on the pre-defined call date and investors may not receive return of principal on the call date or at any date.

### **Credit Default Swaps, Interest Rate Swaps, Currency Swaps, Total Return Swaps and Swaptions**

The use of credit default swaps may carry a higher risk than investing in bonds directly. A credit default swap allows the transfer of default risk. This allows investors to effectively buy insurance on a bond they hold (hedging the investment) or buy protection on a bond they do not physically own where the

investment view is that the stream of coupon payments required will be less than the payments received due to the decline in credit quality. Conversely, where the investment view is that the payments due to decline in credit quality will be less than the coupon payments, protection will be sold by means of entering into a credit default swap. Accordingly, one party, the protection buyer, makes a stream of payments to the seller of protection, and a payment is due to the buyer in the event that there is a "credit event" (a decline in credit quality, which will be pre-defined in the agreement). If the credit event does not occur the buyer pays all the required premiums and the swap terminates on maturity with no further payments. The risk of the buyer is therefore limited to the value of the premiums paid.

The market for credit default swaps may sometimes be more illiquid than bond markets. A Fund entering into credit default swaps must at all times be able to meet the redemption requests. Credit default swaps are valued on a regular basis according to verifiable and transparent valuation methods reviewed by the Company's auditor.

Interest rate swaps involve an exchange with another party of respective commitments to pay or receive interest, such as an exchange of fixed rate payments for floating rate payments. Currency swaps may involve the exchange of rights to make or receive payments in specified currencies. The use of total return swaps may carry a higher risk than investing in the underlying assets directly. Total return swaps involve the exchange of the right to receive the total return, coupons plus capital gains or losses, of a specified reference asset, index or basket of assets against the right to make fixed or floating payments. The Funds may enter into swaps as either the payer or receiver of payments.

Where a Fund enters into interest rate or total return swaps on a net basis, the two payment streams are netted out, with each party receiving or paying, as the case may be, only the net amount of the two payments. Interest rate or total return swaps entered into on a net basis do not involve the physical delivery of investments, other underlying assets or principal. Accordingly, it is intended that the risk of loss with respect to interest rate swaps is limited to the net amount of interest payments that a Fund is contractually obliged to make (or in the case of total return swaps, the net amount of the difference between the total rate of return of a reference investment, index or basket of investments and the fixed or floating payments). If the other party to an interest rate or total return swap defaults, in normal circumstances each Fund's risk of loss consists of the net amount of interest or total return payments that each party is contractually entitled to receive. In contrast, currency swaps usually involve the delivery of the entire principal value of one designated currency in exchange for the other designated currency. Therefore, the entire principal value of a currency swap is subject to the risk that the other party to the swap will default on its contractual delivery obligations.

Certain Funds may also buy or sell interest rate swaption contracts. These give the purchaser the right, but not the obligation to enter into an interest rate swap at a preset interest rate within a specified period of time. The interest rate swaption buyer pays a premium to the seller for this right. A receiver

interest rate swaption gives the purchaser the right to receive fixed payments in return for paying a floating rate of interest. A payer interest rate swaption would give the purchaser the right to pay a fixed rate of interest in return for receiving a floating rate payment stream.

The use of credit default swaps, interest rate swaps, currency swaps, total return swaps, and interest rate swaptions is a specialised activity which involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. If the Investment Adviser is incorrect in its forecasts of market values, interest rates and currency exchange rates, the investment performance of the Fund would be less favourable than it would have been if these investment techniques were not used.

The counterparties of the above transactions will be first class institutions, such as JPMorgan Chase Bank, N.A. and Deutsche Bank AG.

### **Funds Investing in Specific Sectors**

Where investment is made in one or in a limited number of market sectors, Funds may be more volatile than other more diversified Funds. The companies within these sectors may have limited product lines, markets, or financial resources, or may depend on a limited management group. Such Funds may also be subject to rapid cyclical changes in investor activity and / or the supply of and demand for specific products and services. As a result, a stock market or economic downturn in the relevant specific sector or sectors would have a larger impact on a Fund that concentrates its investments in that sector or sectors than on a more diversified Fund.

There may also be special risk factors associated with individual sectors. For example, the stock prices of companies operating in natural resource related sectors, such as precious and other metals may be expected to follow the market price of the related natural resource, although there is unlikely to be perfect correlation between these two factors. Precious and other metal prices historically have been very volatile, which may adversely affect the financial condition of companies involved with precious and other metals. Also, the sale of precious and other metals by governments or central banks or other larger holders can be affected by various economic, financial, social and political factors, which may be unpredictable and may have a significant impact on the prices of precious and other metals. Other factors that may affect the prices of precious and other metals and securities related to them include changes in inflation, the outlook for inflation and changes in industrial and commercial supply and demand for such metals.

### **Asset-backed Securities ("ABS")**

An asset-backed security is a generic term for a debt security issued by corporations or other entities (including public or local authorities) backed or collateralised by the income stream from an underlying pool of assets. The underlying assets typically include loans, leases or receivables (such as credit card debt, automobile loans and student loans). An asset-backed security is usually issued in a number of different classes with varying characteristics depending on the riskiness of the underlying assets assessed by reference to their credit

quality and term and can be issued at a fixed or a floating rate. The higher the risk contained in the class, the more the asset-backed security pays by way of income.

Specific types of ABS in which the Funds may invest are set out below:

#### *Generic risks related to ABS*

With regard to Funds that invest in ABS, while the value of ABS typically increases when interest rates fall and decreases when interest rates rise, and are expected to move in the same direction of the underlying related asset, there may not be a perfect correlation between these events.

The ABS in which the Fund may invest may bear interest or pay preferred dividends at below market rates and, in some instances, may not bear interest or pay preferred dividends at all.

Certain ABS may be payable at maturity in cash at the stated principal amount or, at the option of the holder, directly in a stated amount of the asset to which it is related. In such instance, a Fund may sell the ABS in the secondary market prior to maturity if the value of the stated amount of the asset exceeds the stated principal amount and thereby realise the appreciation in the underlying asset.

ABS may also be subject to extension risk, which is, the risk that, in a period of rising interest rates, prepayments may occur at a slower rate than expected. As a result, the average duration of the Fund's portfolio may increase. The value of longer-term securities generally changes more in response to changes in interest rates than that of shorter-term securities.

As with other debt securities, ABS are subject to both actual and perceived measures of creditworthiness. Liquidity in ABS may be affected by the performance or perceived performance of the underlying assets. In some circumstances investments in ABS may become less liquid, making it difficult to dispose of them. Accordingly the Fund's ability to respond to market events may be impaired and the Fund may experience adverse price movements upon liquidation of such investments. In addition, the market price for an ABS may be volatile and may not be readily ascertainable. As a result, the Fund may not be able to sell them when it desires to do so, or to realise what it perceives to be their fair value in the event of a sale. The sale of less liquid securities often requires more time and can result in higher brokerage charges or dealer discounts and other selling expenses.

ABS may be leveraged which may contribute to volatility in the value of the security.

#### *Considerations relating to specific types of ABS in which the Fund may invest*

##### *Asset-Backed Commercial Paper – ("ABCP")*

An ABCP is a short-term investment vehicle with a maturity that is typically between 90 and 180 days. The security itself is typically issued by a bank or other financial institution. The

notes are backed by physical assets such as trade receivables, and are generally used for short-term financing needs.

A company or group of companies looking to enhance liquidity may sell receivables to a bank or other conduit, which, in turn, will issue them to the Fund as commercial paper. The commercial paper is backed by the expected cash inflows from the receivables. As the receivables are collected, the originators are expected to pass on the funds.

#### *Collateralised Debt Obligation ("CDO")*

A CDO is generally an investment grade security backed by a pool of non-mortgage bonds, loans and other assets. CDOs do not usually specialise in one type of debt but are often loans or bonds. CDOs are packaged in different classes representing different types of debt and credit risk. Each class has a different maturity and risk associated with it.

#### *Credit Linked Note – ("CLN")*

A CLN is a security with an embedded credit default swap allowing the issuer to transfer a specific credit risk to the Fund.

CLNs are created through a special purpose company or trust, which is collateralised with securities rated in the top tier as determined by an accredited credit rating agency. The Fund buys securities from a trust that pays a fixed or floating coupon during the life of the note. At maturity, the Fund will receive the par value unless the referenced credit defaults or declares bankruptcy, in which case it receives an amount equal to the recovery rate. The trust enters into a default swap with a deal arranger. In case of default, the trust pays the dealer par minus the recovery rate in exchange for an annual fee which is passed on to the Fund in the form of a higher yield on the notes.

Under this structure, the coupon or price of the note is linked to the performance of a reference asset. It offers borrowers a hedge against credit risk, and offers the Fund a higher yield on the note for accepting exposure to a specified credit event.

#### *Synthetic Collateralised Debt Obligation*

A synthetic CDO is a form of collateralised debt obligation (CDO) that invests in credit default swaps (CDSs – see below) or other non-cash assets to gain exposure to a portfolio of fixed income assets. Synthetic CDOs are typically divided into credit classes based on the level of credit risk assumed. Initial investments into the CDO are made by the lower classes, while the senior classes may not have to make an initial investment.

All classes will receive periodic payments based on the cash flows from the credit default swaps. If a credit event occurs in the fixed income portfolio, the synthetic CDO and its investors, including the Fund, become responsible for the losses, starting from the lowest rated classes and working its way up.

While synthetic CDOs can offer higher yields to investors such as the Fund, there is potential for a loss equal to that of the initial investments if several credit events occur in the reference portfolio.

A CDS is a swap designed to transfer the credit exposure of fixed income products between parties. The buyer of a CDS receives credit protection (buys protection), whereas the seller of the swap guarantees the credit worthiness of the product. By doing this, the risk of default is transferred from the holder of the fixed income security to the seller of the CDS. CDS are treated as a form of OTC derivative.

#### *Whole Business Securitisation ("WBS")*

Whole-business securitisation is defined as a form of asset-backed financing in which operating assets (which are long-term assets acquired for use in the business rather than for resale and includes property, plant and equipment and intangible assets) are financed through the issues of notes via a special purpose vehicle (a structure whose operations are limited to the acquisition and financing of specific assets, usually a subsidiary company with an asset/liability structure and legal status that makes its obligations secure even if the parent company goes bankrupt) in the bond market and in which the operating company keeps complete control over the assets securitised. In case of default, control is handed over to the security trustee for the benefit of the note holders for the remaining term of financing.

#### *Mortgage-Backed Securities ("MBS")*

A mortgage-backed security is a generic term for a debt security backed or collateralised by the income stream from an underlying pool of commercial and/or residential mortgages. This type of security is commonly used to redirect the interest and principal payments from the pool of mortgages to investors. A mortgage-backed security is normally issued in a number of different classes with varying characteristics depending on the riskiness of the underlying mortgages assessed by reference to their credit quality and term and can be issued at a fixed or a floating rate of securities. The higher the risk contained in the class, the more the mortgage-backed security pays by way of income.

Specific types of MBS in which the Fund may invest are set out below.

#### *Generic risks related to MBS*

MBS may be subject to prepayment risk which is the risk that, in a period of falling interest rates, borrowers may refinance or otherwise repay principal on their mortgages earlier than scheduled. When this happens, certain types of MBS will be paid off more quickly than originally anticipated and the Fund will have to invest the proceeds in securities with lower yields. MBS may also be subject to extension risk, which is, the risk that, in a period of rising interest rates, certain types of MBS will be paid off more slowly than originally anticipated and the value of these securities will fall. As a result, the average duration of the Fund's portfolio may increase. The value of longer-term securities generally changes more in response to changes in interest rates than that of shorter-term securities.

Because of prepayment risk and extension risk, MBS react differently to changes in interest rates than other fixed income securities. Small movements in interest rates (both increases



and decreases) may quickly and significantly reduce the value of certain MBS. Certain MBS in which the Fund may invest may also provide a degree of investment leverage, which could cause the Fund to lose all or a substantial amount of its investment.

In some circumstances investments in MBS may become less liquid, making it difficult to dispose of them. Accordingly, the Fund's ability to respond to market events may be impaired and the Fund may experience adverse price movements upon liquidation of such investments. In addition, the market price for MBS may be volatile and may not be readily ascertainable. As a result, the Fund may not be able to sell them when it desires to do so, or to realise what it perceives to be their fair value in the event of a sale. The sale of less liquid securities often requires more time and can result in higher brokerage charges or dealer discounts and other selling expenses.

*Considerations relating to specific types of MBS in which a Fund may invest*

#### *Commercial Mortgage Backed Security ("CMBS")*

A CMBS is a type of mortgage backed security that is secured by the loan on a commercial property; CMBS can provide liquidity to real estate investors and to commercial lenders. Typically a CMBS provides a lower degree of prepayment risk because commercial mortgages are most often set for a fixed term and not for a floating term as is generally the case with a residential mortgage. CMBS are not always in a standard form so can present increased valuation risk.

#### *Collateralised Mortgage Obligation ("CMO")*

A CMO is a security backed by the revenue from mortgage loans, pools of mortgages, or even existing CMOs, separated into different maturity classes. In structuring a CMO, an issuer distributes cash flow from the underlying collateral over a series of classes, which constitute a multiclass securities issue. The total revenue from a given pool of mortgages is shared between a collection of CMOs with differing cashflow and other characteristics. In most CMOs, coupon payments are not made on the final class until the other classes have been redeemed. Interest is added to increase the principal value.

CMOs aim to eliminate the risks associated with prepayment because each security is divided into maturity classes that are paid off in order. As a result, they yield less than other mortgage-backed securities. Any given class may receive interest, principal, or a combination of the two, and may include more complex stipulations. CMOs generally receive lower interest rates that compensate for the reduction in prepayment risk and increased predictability of payments. In addition, CMOs can exhibit relatively low liquidity, which can increase the cost of buying and selling them.

#### *Real Estate Mortgage Investment Conduits ("REMIC")*

A REMIC is an investment-grade mortgage bond that separates mortgage pools into different maturity and risk classes to the bank or conduit, which then passes the proceeds on to the note holders including the Fund. The REMIC is

structured as a synthetic investment vehicle consisting of a fixed pool of mortgages broken apart and marketed to investors as individual securities and created for the purpose of acquiring collateral. This base is then divided into varying classes of securities backed by mortgages with different maturities and coupons.

#### *Residential mortgage-backed security ("RMBS")*

An RMBS is a type of security whose cash flows come from residential debt such as mortgages, home-equity loans and subprime mortgages. This is a type of MBS which focuses on residential instead of commercial debt.

Holders of an RMBS receive interest and principal payments that come from the holders of the residential debt. The RMBS comprises a large amount of pooled residential mortgages.

#### **Delayed Delivery Transactions - To Be Announced Securities Contracts**

Funds that invest in fixed income transferable securities may purchase "To Be Announced" securities contracts ("TBAs"). This refers to the common trading practice in the mortgage-backed securities market whereby a contract is purchased which entitles the buyer to a security from a mortgage pool (including but not limited to Ginnie Mae, Fannie Mae or Freddie Mac) for a fixed price at a future date. At the time of purchase the exact security is not known, but the main characteristics of it are specified. Although the price has been established at the time of purchase, the principal value has not been finalised. As a TBA is not settled at the time of purchase, this may lead to leveraged positions within a Fund. Purchasing a TBA involves a risk of loss if the value of the security to be purchased declines prior to the settlement date. Risks may also arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts. In certain jurisdictions, TBAs may be classed as financial derivative instruments.

The Funds may dispose of a commitment prior to settlement if it is deemed appropriate to do so. Proceeds of TBA sales are not received until the contractual settlement date. During the time a TBA sale commitment is outstanding, equivalent deliverable securities, or an offsetting TBA purchase commitment (deliverable on or before the sale commitment date), are held as cover for the transaction. If the TBA sale commitment is closed through the acquisition of an offsetting purchase commitment, the Fund realises a gain or loss on the commitment without regard to any unrealised gain or loss on the underlying security. If the Fund delivers securities under the commitment, the Fund realises a gain or loss from the sale of the securities upon the unit price established at the date the commitment was entered into.

#### **Exposure to Property and Property Securities within Exchange Traded Funds**

The performance of property securities are not indicative of the performance of the property market as a whole. Property investments are subject to many factors including adverse changes in economic conditions, adverse local market conditions, risks associated with the acquisition, financing, ownership, operation and disposal of real property. The value

of real property will generally be a matter of a valuer's opinion rather than fact and the value of a property may be significantly diminished in the event of a downturn in the property market.

#### **Exposure to Commodities within Exchange Traded Funds**

An exchange-traded fund investing in commodities may do so by synthetically replicating the performance of a commodities index. The underlying index may concentrate investment on selected commodity futures of multinational markets. This makes the underlying Fund extremely dependent on the performance of the commodity markets concerned.

#### **Investments in Exchange Traded Funds and Undertakings for Collective Investment**

A Fund may invest in Exchange Traded Funds and/or Undertakings for Collective Investment ("UCIs"), which may include Index Funds. In addition to the fees, costs and expenses payable by a shareholder in the Fund, each investor may also indirectly bear a portion of the costs, fees and expenses of the underlying Exchange Traded Fund and/or UCI, including management, investment management, performance, administration and other such expenses. However, please see paragraph 19 of Appendix B for further details of the indirect costs that may be borne by investors where such Exchange Traded Funds or UCIs are managed, directly or by delegation, by the Management Company itself or by any other company with which the Management Company is linked by common management or control, or by a substantial direct or indirect holding of more than 10% of the capital or voting rights.

While index-tracking or replicating Exchange Traded Funds and Index Funds seek to track the performance of their respective benchmark indices whether through a replication or optimising strategy, there is no guarantee that they will achieve perfect tracking and these Exchange Traded Funds and Index Funds may potentially be subject to tracking error risk, which is the risk that their returns may not track exactly those of their respective benchmark indices, from time to time. This tracking error may result from an inability to hold the exact constituents of the benchmark index, for example where there are local market trading restrictions, small illiquid components, a temporary unavailability or interruption in trading of certain securities comprising the benchmark index. In addition, these Exchange Traded Funds and Index Funds rely on index licences granted by third party index providers to use and track the benchmark indices. In the event that an index provider terminates or varies an index licence, it will affect the ability of these impacted Exchange Traded Funds and Index Funds to continue to use and track their benchmark indices and to meet their investment objectives. In addition, there is no assurance that an index provider will compile the benchmark index accurately, or that the benchmark index will be determined, composed or calculated accurately. While the index provider does provide descriptions of what the benchmark index is designed to achieve, the index provider does not provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect of the benchmark index, and does not guarantee that the Benchmark Index will be in line with the described index methodology. Regardless of market conditions, these Exchange Traded Funds and Index Funds aim to track the performance of their respective benchmark indices and do not seek to outperform their

respective benchmark indices. Some Exchange Traded Funds and Index Funds may use optimisation techniques to track the performance of their respective benchmark indices. Optimisation techniques may include the strategic selection of some (rather than all) of the securities that make up the benchmark index, holding securities in proportions that differ from the proportions of the benchmark index and/or the use of financial derivative instruments to track the performance of certain securities that make up the benchmark index. These Exchange Traded Funds and Index Funds may also select securities which are not underlying constituents of the relevant benchmark index where such securities provide similar performance (with matching risk profile) to certain securities that make up the relevant benchmark index. Optimising funds may potentially be subject to tracking error risk, which is the risk that their returns may not track exactly those of their respective benchmark indices.

#### **Emerging Markets**

Emerging markets are typically those of poorer or less developed countries which exhibit lower levels of economic and/or capital market development, and higher levels of share price and currency volatility, amongst these, those which exhibit the lowest levels of economic and/or capital market development may be referred to as frontier markets, and the below mentioned risks may be amplified for these markets.

Some emerging markets governments exercise substantial influence over the private economic sector and the political and social uncertainties that exist for many developing countries are particularly significant. Another risk common to most such countries is that the economy is heavily export oriented and, accordingly, is dependent upon international trade. The existence of overburdened infrastructures and obsolete financial systems also presents risks in certain countries, as do environmental problems.

In adverse social and political circumstances, governments have been involved in policies of expropriation, confiscatory taxation, nationalisation, intervention in the securities market and trade settlement, and imposition of foreign investment restrictions and exchange controls, and these could be repeated in the future. In addition to withholding taxes on investment income, some emerging markets may impose capital gains taxes on foreign investors.

Generally accepted accounting, auditing and financial reporting practices in emerging markets may be significantly different from those in developed markets. Compared to mature markets, some emerging markets may have a low level of regulation, enforcement of regulations and monitoring of investors' activities. Those activities may include practices such as trading on material non-public information by certain categories of investor.

The securities markets of developing countries are not as large as the more established securities markets and have substantially less trading volume, resulting in a lack of liquidity and high price volatility. There may be a high concentration of market capitalisation and trading volume in a small number of issuers representing a limited number of industries as well as a high concentration of investors and financial intermediaries.

These factors may adversely affect the timing and pricing of a Fund's acquisition or disposal of securities.

Practices in relation to settlement of securities transactions in emerging markets involve higher risks than those in developed markets, in part because the Company will need to use brokers and counterparties which are less well capitalised, and custody and registration of assets in some countries may be unreliable. Delays in settlement could result in investment opportunities being missed if a Fund is unable to acquire or dispose of a security. The Depositary is responsible for the proper selection and supervision of its correspondent banks in all relevant markets in accordance with Luxembourg law and regulation.

In certain emerging markets, registrars are not subject to effective government supervision nor are they always independent from issuers. Investors should therefore be aware that the Funds concerned could suffer loss arising from these registration problems.

### **Sovereign Debt**

Sovereign debt refers to debt obligations issued or guaranteed by governments or their agencies and instrumentalities (each a "governmental entity"). Investments in sovereign debt may involve a degree of risk. The governmental entity that controls the repayment of sovereign debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A governmental entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity's policy towards the international monetary bodies, any constraints placed on it by inclusion in a common monetary policy, or any other constraints to which a governmental entity might be subject. Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and other foreign entities to reduce principal and interest arrears on their debt. The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on a governmental entity's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the governmental entity, which may further impair such debtor's ability or willingness to service its debt on a timely basis. Consequently, governmental entities may default on their sovereign debt. Holders of sovereign debt, including a Fund, may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities.

Sovereign debt holders may also be affected by additional constraints relating to sovereign issuers which may include (i) the restructuring of such debt (including the reduction of outstanding principal and interest and or rescheduling of repayment terms) without the consent of the impacted Fund(s) (e.g. pursuant to legislative actions unilaterally taken by the

sovereign issuer and/or decisions made by a qualified majority of the lenders); and (ii) the limited legal recourses available against the sovereign issuer in case of failure of or delay in repayment (for example there may be no bankruptcy proceedings available by which sovereign debt on which a government entity has defaulted may be recovered).

As set out in their investment policies, some of the Funds may invest in debt securities, issued by governments and agencies worldwide and may invest, from time to time, more than 10% of their Net Asset Value in non-investment grade debt securities issued by governments and agencies of any single country.

Non-investment grade, also known as "high-yield", sovereign debt may carry a greater risk of default than higher rated debt securities. In addition, non-investment grade securities tend to be more volatile than higher rated debt securities, so that adverse economic events may have a greater impact on the prices of non-investment grade debt securities than on higher rated debt securities. Further, an issuer's ability to service its debt obligations may be adversely affected by specific issuer developments, for example, an economic recession may adversely affect an issuer's financial condition and the market value of high yield debt securities issued by such entity.

Where Funds invest more than 10% of their Net Asset Value in debt securities issued by governments or agencies of any single country, they may be more adversely affected by the performance of those securities and will be more susceptible to any single economic, market, political or regulatory occurrence affecting that particular country or region.

### **Restrictions on Foreign Investment**

Some countries prohibit or impose substantial restrictions on investments by foreign entities such as a Fund. As illustrations, certain countries require governmental approval prior to investments by foreign persons, or limit the amount of investment by foreign persons in a particular company, or limit the investment by foreign persons in a company to only a specific class of securities which may have less advantageous terms than securities of the company available for purchase by nationals. Certain countries may restrict investment opportunities in issuers or industries deemed important to national interests. The manner in which foreign investors may invest in companies in certain countries, as well as limitations on such investments, may have an adverse impact on the operations of a Fund. For example, a Fund may be required in certain of such countries to invest initially through a local broker or other entity and then have the share purchases re-registered in the name of the Fund. Re-registration may in some instances not be able to occur on a timely basis, resulting in a delay during which a Fund may be denied certain of its rights as an investor, including rights as to dividends or to be made aware of certain corporate actions. There also may be instances where a Fund places a purchase order but is subsequently informed, at the time of re-registration, that the permissible allocation to foreign investors has been filled, depriving the Fund of the ability to make its desired investment at the time. Substantial limitations may exist in certain countries with respect to a Fund's ability to repatriate investment income, capital or the proceeds of sales of securities by foreign investors. A Fund could be adversely affected by delays in, or a

refusal to grant any required governmental approval for repatriation of capital, as well as by the application to the Fund of any restriction on investments. A number of countries have authorised the formation of closed-end investment companies to facilitate indirect foreign investment in their capital markets. Shares of certain closed-end investment companies may at times be acquired only at market prices representing premiums to their net asset values.

If a Fund acquires shares in closed-end investment companies, shareholders would bear both their proportionate share of expenses in the Fund (including management fees) and, indirectly, the expenses of such closed end investment companies. A Fund may also seek, at its own cost, to create its own investment entities under the laws of certain countries.

Investments in Russia are currently subject to certain heightened risks with regard to the ownership and custody of securities. In Russia, this is evidenced by entries in the books of a company or its registrar (which is neither an agent nor responsible to the Depositary). No certificates representing ownership of Russian companies will be held by the Depositary or any correspondent or in an effective central depository system. As a result of this system and the lack of state regulation and enforcement, the Company could lose its registration and ownership of Russian securities through fraud, negligence or even mere oversight.

Any Fund investing directly in local Russian stock will limit its exposure to no more than 10% of its Net Asset Value, except for investment in securities listed on MICEX-RTS, which is recognised as being a regulated market.

As a result of Russia's action in Crimea, as at the date of this Prospectus, the United States, European Union and other countries have imposed sanctions on Russia. The scope and level of the sanctions may increase and there is a risk that this may adversely affect the Russian economy. These sanctions could also lead to Russia taking counter measures more broadly against Western and other countries. Depending on the form of action which may be taken by Russia, it could potentially become more difficult for investors outside Russia, including the Funds, to continue investing in Russia and/or to liquidate Russian investments and expatriate funds out of Russia. If this were to occur, the Directors may (at their discretion) take such action as they consider to be in the interests of investors in Funds which have investment exposure to Russia, including, if necessary, suspending trading in the Funds (see paragraph 28 of Appendix A — Suspension and Deferrals for more details).

#### **Investments in the PRC**

Investments in the PRC are currently subject to certain additional risks, particularly regarding the ability to deal in securities in the PRC. Dealing in certain PRC securities is restricted to licensed investors and the ability of the investor to repatriate its capital invested in those securities may be limited at times. Due to issues relating to liquidity and repatriation of capital, the Company may determine from time to time that making direct investments in certain securities may not be appropriate for a UCITS. As a result, the Company may choose

to gain exposure to PRC securities indirectly and may be unable to gain full exposure to the PRC markets.

#### **PRC Economic Risks**

The PRC is one of the world's largest global emerging markets. The economy in the PRC, which has been in a state of transition from a planned economy to a more market orientated economy, differs from the economies of most developed countries and investing in the PRC may be subject to greater risk of loss than investments in developed markets. This is due to, among other things, greater market volatility, lower trading volume, political and economic instability, greater risk of market shut down, greater control of foreign exchange and more limitations on foreign investment policy than those typically found in a developed market. There may be substantial government intervention in the PRC economy, including restrictions on investment in companies or industries deemed sensitive to relevant national interests. The PRC government and regulators may also intervene in the financial markets, such as by the imposition of trading restrictions, which may affect the trading of PRC securities. The companies in which the relevant Fund invests may be held to lower disclosure, corporate governance, accounting and reporting standards than companies in more developed markets. In addition, some of the securities held by the relevant Fund may be subject to higher transaction and other costs, foreign ownership limits, the imposition of withholding or other taxes, or may have liquidity issues which make such securities more difficult to sell at reasonable prices. These factors may have an unpredictable impact on the relevant Fund's investments and increase the volatility and hence the risk of a loss to the value of an investment in the relevant Fund.

As with any fund investing in an emerging market country, the relevant Fund investing in the PRC may be subject to greater risk of loss than a fund investing in a developed market country. The PRC economy has experienced significant and rapid growth in the past 20 years. However, such growth may or may not continue, and may not apply evenly across different geographic locations and sectors of the PRC economy. Economic growth has also been accompanied by periods of high inflation. The PRC government has implemented various measures from time to time to control inflation and restrain the rate of economic growth of the PRC economy. Furthermore, the PRC government has carried out economic reforms to achieve decentralisation and utilisation of market forces to develop the economy of the PRC. These reforms have resulted in significant economic growth and social progress. There can, however, be no assurance that the PRC government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. Any such adjustment and modification of those economic policies may have an adverse impact on the securities markets in PRC and therefore on the performance of the relevant Fund.

These factors may increase the volatility of any such Fund (depending on its degree of investment in the PRC) and hence the risk of loss to the value of your investment.

#### **PRC Political Risks**

Any political changes, social instability and adverse diplomatic developments which may take place in, or in relation to, the

PRC could result in significant fluctuation in the price of China A-Shares and/or China onshore bonds.

### **Legal System of the PRC**

The PRC legal system is based on written statutes and their interpretation by the Supreme People's Court. Prior court decisions may be cited for reference but have no precedent value. Since 1979, the PRC government has been developing a comprehensive system of commercial laws and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade. However, because of the limited volume of published cases and judicial interpretation and their non-binding nature, the interpretation and enforcement of these regulations involves significant uncertainties. Given the short history of the PRC system of commercial laws, the PRC regulatory and legal framework may not be as well developed as those of developed countries. Such regulations also empower the CSRC and SAFE to exercise discretion in their respective interpretation of the regulations, which may result in increased uncertainties in their application. In addition, as the PRC legal system develops, no assurance can be given that changes in such laws and regulations, their interpretation or their enforcement will not have a material adverse effect on the relevant Fund's onshore business operations or the ability of the relevant Fund to acquire China A-Shares and/or China onshore bonds.

### **Renminbi Currency and Conversion Risks**

The Renminbi, the lawful currency of the PRC, is not currently a freely convertible currency and is subject to exchange control imposed by the PRC government. Such control of currency conversion and movements in the Renminbi exchange rates may adversely affect the operations and financial results of companies in the PRC. Insofar as the relevant Fund may invest in the PRC, it will be subject to the risk of the PRC government's imposition of restrictions on the repatriation of funds or other assets out of the country, limiting the ability of the relevant Fund to satisfy payments to investors.

Non-Renminbi based investors are exposed to foreign exchange risk and there is no guarantee that the value of Renminbi against the investors' base currencies (for example USD) will not depreciate. Any depreciation of Renminbi could adversely affect the value of investor's investment in the Funds.

The exchange rate used for all relevant Fund transactions in Renminbi is in relation to the offshore Renminbi ("CNH"), not the onshore Renminbi ("CNY"). The value of CNH could differ, perhaps significantly, from that of CNY due to a number of factors including without limitation those foreign exchange control policies and repatriation restrictions applied by the PRC government from time-to-time as well as other external market forces. Any divergence between CNH and CNY may adversely impact investors.

### **Bond Downgrade Risk**

A Fund may invest in highly rated / investment grade bonds, however, where a bond is subsequently downgraded it may continue to be held in order to avoid a distressed sale. To the

extent that a Fund does hold such downgraded bonds, there will be an increased risk of default on repayment, which in turn translates into a risk that the capital value of the Fund will be affected. Investors should be aware that the yield or the capital value of the Fund (or both) could fluctuate.

### **Funds Investing in Multiple Strategies**

A Fund may invest in a variety of investment strategies and instruments while aiming to be highly diversified in terms of risk and returns. Such a Fund is therefore directly and indirectly, through its investments, subject to the risks each of these investment strategies and instruments are subject to.

### **Funds Employing Event-Driven Strategies**

Event-driven strategies seek to identify security price changes resulting from catalysts such as announced mergers and acquisitions, company offers, spinoffs and splitoffs, financial/strategic restructuring, management changes, synergistic acquisitions, as well as other transformative events. Investment decisions may take into account the Investment Adviser's perceptions of the likelihood that the event or transaction will occur, the amount of time that the process will take and the perceived expected value following the catalyst. The success of event-driven trading depends on the successful prediction of whether various catalyst events will occur or be consummated. If a proposed transaction appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the securities purchased by the Fund may decline sharply and result in losses to the Fund.

The Fund may purchase securities at prices only slightly below the anticipated value to be paid or exchanged for the securities in the proposed merger, exchange offer, cash tender offer or other similar transaction. The purchase price to the Fund may be substantially above the prices at which such securities traded immediately prior to the announcement of such merger, exchange offer, cash tender offer or other similar transaction. If the proposed merger, exchange offer, cash tender offer or other similar transaction appears likely not to be consummated or in fact is not consummated or is delayed, or if the value of a transaction is reduced, the market price of the security to be tendered or exchanged may, and likely will, decline sharply by an amount greater than the difference between the Fund's purchase price and the anticipated consideration to be paid. In addition, where a security to be issued in a merger or exchange offer has been sold short in the expectation that the short position will be covered by delivery of such security when issued, failure of the merger or exchange offer to be consummated may force the Fund to cover its short sale, with a resulting, and perhaps significant, loss. In addition, if the Investment Adviser determines that the offer price for a security which is the subject of a tender offer is likely to be increased, either by the original bidder or by another party, the Fund may purchase securities above the offer price, thereby exposing the Fund to an even greater degree of risk of loss.

Where the Investment Adviser determines that it is probable that a transaction will not be consummated, the Fund may sell the securities of the target company short, at times significantly below the announced tender or offering prices for the securities in the transaction. If the transaction, or another transaction, such as a "defensive" merger or a "friendly" tender offer, is

consummated at the announced price or a higher price, the Fund may be forced to cover the short position in the market at a higher price than the short sale price, with a resulting, and perhaps significant, loss.

The consummation of mergers, exchange offers, cash tender offers or other similar transactions can be prevented or delayed by a variety of factors. An exchange offer or a cash tender offer by one company for the securities of another will often be opposed by the management or shareholders of the target company on the grounds that the consideration offered is inadequate or for a variety of other reasons, and this opposition may result in litigation which may significantly delay or prevent consummation of the transaction by alleging, among other things, that the offering material supplied by the offeror contains inadequate, false or misleading disclosures, that the offeror has, by its activities in connection with the offer, violated federal and/or state securities or takeover laws, or that the proposed acquisition would violate federal antitrust laws, merger regulations or other statutes or regulations. Even if the business terms and other relevant matters necessary to consummate the transaction have been agreed upon by the management of the companies involved, the consummation of such transaction may be prevented or delayed by: the intervention of a government regulatory agency which might have regulatory power over the companies or the transaction; litigation brought by a shareholder or, in the case of a merger, the failure to receive the necessary shareholder approvals, market conditions resulting in material changes in securities prices; and other circumstances, including, but not limited to, the failure to meet certain conditions customarily specified in acquisition agreements. Even if the defensive activities of a target company or the actions of regulatory authorities fail to defeat a transaction, such activities may cause significant delays, during which the Fund's capital will be committed to the transaction and interest charges on any funds borrowed to finance the Fund's activities in connection with the transaction may be incurred.

Transactions may also be contingent on certain contractual conditions precedent such as available financing for an acquirer or the absence of any material adverse changes between the date the transaction is agreed to and the closing date of the transaction. The future of any such conditions precedent could result in non-consummation or delay in the closing of such transactions resulting in potentially significant losses to the Fund.

Offerors in tender or exchange offers customarily reserve the right to cancel such offers in the above and a variety of other circumstances, including an insufficient response from shareholders of the target company.

An exchange offer or a cash tender offer may be made for less than all of the outstanding securities of an issuer, with the provision that, if a greater number is tendered, securities will be accepted on a pro rata basis. Thus, after the completion of the offer, and at a time when the market price of the securities has declined below its cost, the Fund may have returned to it, and be forced to sell at a loss, a portion of the securities it tendered.

## **Potential implications of Brexit**

In a referendum held on 23 June 2016, the electorate of the United Kingdom resolved to leave the European Union. The result has led to political instability and economic uncertainty, volatility in the financial markets of the United Kingdom and more broadly across Europe and a decline in the value of the Sterling (Stg£). The longer term process to implement the political, economic and legal framework between the UK and the EU is likely to lead to continuing uncertainty and periods of exacerbated volatility in both the UK and in wider European markets. In particular, the decision made in the British referendum may lead to a call for similar referendums in other European jurisdictions which may also cause increased economic volatility in wider European and global markets. The potential currency volatility resulting from this uncertainty may mean that the returns of the Fund and its investments are adversely affected by market movements. This may also make it more difficult, or more expensive, for the Fund to execute prudent currency hedging policies. This mid to long term uncertainty may have an adverse effect on the economy generally and on the ability of the Fund and its investments to execute their respective strategies and to receive attractive returns, and may also result in increased costs to the Fund.

## **Euro and Euro Zone Risk**

The deterioration of the sovereign debt of several countries, together with the risk of contagion to other, more stable, countries, exacerbated the global economic crisis. There is a continued possibility that Eurozone countries could be subject to an increase in borrowing costs. This situation as well as the United Kingdom's referendum have raised a number of uncertainties regarding the stability and overall standing of the European Economic and Monetary Union. The departure or risk of departure from the Euro by one or more Eurozone countries could lead to the reintroduction of national currencies in one or more Eurozone countries or, in more extreme circumstances, the possible dissolution of the Euro entirely. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Fund's investments. Unitholders should carefully consider how any potential changes to the Eurozone and European Union may affect their investment in the Fund.

## **MiFID II**

Laws and regulations introduced by Member States of the EU to implement the EU's second Markets in Financial Instruments Directive ("**MiFID II**") and the EU's Markets in Financial Instruments Regulation ("**MiFIR**"), which came into force on 3 January 2018 and will impose new regulatory obligations and costs on the Management Company and the Investment Advisers. The impact of MiFID II on the EU financial markets and on EU investment firms which offer financial services to clients is expected to be significant. The exact impact of MiFID II on the Funds, the Management Company and Investment Advisers remains unclear and will take time to quantify.

In particular, MiFID II and MiFIR will require certain standardised OTC derivatives to be executed on regulated trading venues. It is unclear how the OTC derivatives markets will adapt to these new regulatory regimes and how this will impact on the Funds.

In addition, MiFID II introduces wider transparency regimes in respect of trading on EU trading venues and with EU counterparties. Under MiFID II, pre- and post-trade transparency regimes are extended from equities traded on a regulated market to also cover equity-like instruments (such as Depositary Receipts, Exchange-Traded Funds and certificates that are traded on regulated trading venues) and non-equities such as bonds, structured finance products, emission allowances and derivatives. The increased transparency regime under MiFID II, together with the restrictions on the use of “dark pools” and other trading venues, may mean greater disclosure of information relating to price discovery becoming available and may have an adverse impact on trading costs.

### **Funds investing in Real Estate Securities**

Real estate securities are subject to some of the same risks associated with the direct ownership of real estate including, but not limited to: adverse changes in the conditions of the real estate markets, changes in the general and local economies, obsolescence of properties, changes in availability of real estate stock, vacancy rates, tenant bankruptcies, costs and terms of mortgage financing, costs of operating and improving real estate and the impact of laws affecting real estate (including environmental and planning laws).

However, investing in real estate securities (including securities listed by real estate investment trusts (REITs) which are listed closed-ended investment vehicles that invest in, manage and/or own real estate, and whose revenue primarily consists of income derived from its real estate investment(s)) is not equivalent to investing directly in real estate and the performance of real estate securities may be more heavily dependent on the general performance of stock markets than the general performance of the real estate sector. Historically there had been an inverse relationship between interest rates and property values. Rising interest rates can decrease the value of the properties in which a real estate company/REIT invests and can also increase related borrowing costs. Either of these events can decrease the value of an investment in real estate by real estate companies/REITs which could negatively impact the value of those real estate securities.

The current taxation regimes for property-invested entities are potentially complex and may change in the future. This may impact either directly or indirectly the returns to investors in a real estate fund and the taxation treatment thereof.

### **Funds investing in Infrastructure Securities**

Securities and instruments of infrastructure companies are susceptible to adverse economic or regulatory occurrences affecting their industries. Infrastructure companies may be subject to a variety of factors that may adversely affect their business or operations, including high interest costs in connection with capital construction programmes, high leverage, changes in and/or costs associated with environmental and other regulations, the effects of economic slowdown, surplus capacity, increased competition from other providers of services, uncertainties concerning the availability of fuel at reasonable prices, the effects of energy conservation policies and other factors.

A Fund with a concentrated focus on the infrastructure sector may be affected to a greater extent by any of these

developments than would be the case with a more diversified portfolio of investment sectors.

### **Specific Risks Applicable to investing via the Stock Connects**

Please refer to the section entitled “Stock Connects” in Appendix F for an overview of the Stock Connects.

The following Funds (as at the date of this Prospectus) may invest in China A-Shares via the Stock Connects:

BlackRock Asia Extension Fund

BlackRock Emerging Markets Absolute Return Fund

BlackRock Emerging Markets Equity Strategies Fund

BlackRock Global Equity Absolute Return Fund

BlackRock Global Event Driven Fund

BlackRock Global Real Asset Securities Fund

BlackRock Asia Pacific Absolute Return Fund

BlackRock Asia Pacific Diversified Equity Absolute Return Fund

BlackRock Systematic Global Equity Fund

BlackRock Macro Opportunities Fund

In addition to risks regarding “Investments in the PRC” and other risks applicable to the Stock Connect Funds the following additional risks apply:

### **Quota Limitations**

The Stock Connects are subject to quota limitations, further details of which are set out in the “Investment Objectives and Policies” section below. In particular, once the daily quota is exceeded, buy orders will be rejected (although investors will be permitted to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the relevant Stock Connect Fund’s ability to invest in China A-Shares through the Stock Connects on a timely basis, and the relevant Stock Connect Fund may not be able to effectively pursue its investment strategy.

### **Legal / Beneficial Ownership**

The SSE and SZSE shares in respect of the Stock Connect Funds are held by the Depositary/ sub-custodian in accounts in the Hong Kong Central Clearing and Settlement System (“CCASS”) maintained by the Hong Kong Securities Clearing Company Limited (“HKSCC”) as central securities depository in Hong Kong. HKSCC in turn holds the SSE and SEHK shares, as the nominee holder, through an omnibus securities account in its name registered with ChinaClear for each of the Stock Connects. The precise nature and rights of the Stock Connect Funds as the beneficial owners of the SSE and SZSE shares through HKSCC as nominee is not well defined under PRC law. There is lack of a clear definition of, and distinction between, “legal ownership” and “beneficial ownership” under

PRC law and there have been few cases involving a nominee account structure in the PRC courts. Therefore the exact nature and methods of enforcement of the rights and interests of the Stock Connect Funds under PRC law is uncertain. Because of this uncertainty, in the unlikely event that HKSCC becomes subject to winding up proceedings in Hong Kong it is not clear if the SSE and SZSE shares will be regarded as held for the beneficial ownership of the Stock Connect Funds or as part of the general assets of HKSCC available for general distribution to its creditors.

For completeness, the CSRC has provided information titled “FAQ on Beneficial Ownership under SH-HK Stock Connect” dated 15 May 2015 in relation to beneficial ownership – the relevant sections from this FAQ have been extracted and reproduced below:

***Do overseas investors enjoy proprietary rights in the SSE Securities acquired through the Northbound Trading Link as shareholders? Are the concepts of “nominee holder” and “beneficial owner” recognized under Mainland law?***

*Article 18 of the Administrative Measures for Registration and Settlement of Securities (the “Settlement Measures”) states that “securities shall be recorded in the accounts of the securities holders, unless laws, administrative regulations or CSRC rules prescribe that the securities shall be recorded in accounts opened in the name of nominee holders”. Hence, the Settlement Measures expressly provides for the concept of nominee shareholding. Article 13 of the Certain Provisions on Shanghai-Hong Kong Stock Connect Pilot Program (the “CSRC Stock Connect Rules”) states that shares acquired by investors through the Northbound Trading Link shall be registered in the name of HKSCC and that “investors are legally entitled to the rights and benefits of shares acquired through the Northbound Trading Link”. Accordingly, the CSRC Stock Connect Rules have expressly stipulated that, in Northbound trading, overseas investors shall hold SSE Securities through HKSCC and are entitled to proprietary interests in such securities as shareholders.*

***How do overseas investors bring legal action in the Mainland to realise their rights over the SSE Securities acquired through the Northbound Trading Link?***

*Mainland law does not expressly provide for a beneficial owner under the nominee holding structure to bring legal proceedings, nor does it prohibit a beneficial owner from doing so. As we understand, HKSCC, as the nominee holder of the SSE Securities in Northbound Trading Link, may exercise shareholder rights and take legal actions on behalf of overseas investors. In addition, Article 119 of the Civil Procedure Law of the People’s Republic of China states that “the claimant in a legal action shall be an individual, legal person or any other organization that has a direct interest in the relevant case”. As long as an overseas investor can provide evidential proof of direct interest as a beneficial owner, the investor may take legal actions in its own name in Mainland courts.*

**Clearing and Settlement Risk**

HKSCC and ChinaClear have established the clearing links and each has become a participant of the other to facilitate

clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

As the national central counterparty of the PRC’s securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the CSRC. The chances of ChinaClear default are considered to be remote. In the remote event of a ChinaClear default, HKSCC’s liabilities in SSE and SZSE shares under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC should in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear’s liquidation. In that event, the relevant Stock Connect Fund may suffer delay in the recovery process or may not fully recover its losses from ChinaClear.

**Suspension Risk**

Each of the SEHK, SSE and SZSE reserves the right to suspend trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension is effected, the relevant Stock Connect Fund’s ability to access the PRC market will be adversely affected.

**Differences in Trading Day**

The Stock Connects only operate on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC market but the Stock Connect Funds cannot carry out any China A-Shares trading via the Stock Connects. The Stock Connect Funds may be subject to a risk of price fluctuations in China A-Shares during the time when any of the Stock Connects is not trading as a result.

**Restrictions on Selling Imposed by Front-end Monitoring**

PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise the SSE or SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on China A -Share sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

If a Stock Connect Fund intends to sell certain China A-Shares it holds, it must transfer those China A-Shares to the respective accounts of its broker(s) before the market opens on the day of selling (“trading day”). If it fails to meet this deadline, it will not be able to sell those shares on the trading day. If a Stock Connect Fund maintains its China A-Shares with a custodian which is a custodian participant or general clearing participant participating in the CCASS, the Stock Connect Fund may request such custodian to open a special segregated account (“SPSA”) in CCASS to maintain its holdings in China A-Shares under the enhanced pre-trade checking model. Each SPSA will



be assigned a unique “Investor ID” by CCASS for the purpose of facilitating the Stock Connects system to verify the holdings of an investor such as the Stock Connect Fund. Provided that there is sufficient holding in the SPSA when a broker inputs the Stock Connect Fund’s sell order, the relevant Stock Connect Fund will only need to transfer China A-Shares from its SPSA to its broker’s account after execution and not before placing the sell order and the relevant Stock Connect Fund will not be subject to the risk of being unable to dispose of its holdings of China A-Shares in a timely manner due to failure to transfer China A-Shares to its brokers in a timely manner.

To the extent a Stock Connect Fund is unable to utilize the SPSA model, it would have to deliver China A-Shares to its brokers before the market opens on the trading day. Accordingly, if there are insufficient China A-shares in the Stock Connect Fund’s account before the market opens on the trading day, the sell order will be rejected, which may adversely impact its performance.

#### **Settlement Mode under the SPSA model**

Under the normal Delivery Versus Payment (DVP) settlement mode, stock and cash settlement will take place on T+0 between clearing participants (i.e. brokers and custodian or a custodian participant) with a maximum window of four hours between stocks and cash movement. This applies to settlement in CNH only and on the condition that the brokers support same-day Chinese renminbi cash finality. Under the Real time Delivery Versus Payment (RDVP) settlement mode introduced in November, 2017, stock and cash movement will take place real time but the use of RDVP is not mandatory. The clearing participants must agree to settle the transaction RDVP and indicate RDVP on the settlement instruction in a specific field. If either of the clearing participants are unable to settle the trades RDVP, there is a risk that the trades could either fail or revert to normal DVP based on amendment from both parties. If the trades are to revert to normal DVP, an amended instruction from the Stock Connect Fund must be provided before the published cut-off and matched with the broker’s amended instruction before the market cut off; in the absence of such amended instructions, there is a risk the trades could fail and therefore may impact on the ability of the relevant Stock Connect Fund to track closely the performance of its Benchmark Index.

#### **Operational Risk**

The Stock Connects are premised on the functioning of the operational systems of the relevant market participants. Market participants are permitted to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

The securities regimes and legal systems of the two markets differ significantly and market participants may need to address issues arising from the differences on an on-going basis. There is no assurance that the systems of the SEHK, SSE, SZSE and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems fail to function properly, trading in both markets through the program could be disrupted. The relevant Stock Connect Fund’s ability to access the China A

Share market (and hence to pursue its investment strategy) may be adversely affected.

#### **Regulatory Risk**

The Stock Connect is a novel concept. The current regulations are untested and there is no certainty as to how they will be applied. In addition, the current regulations are subject to change which may have potential retrospective effects and there can be no assurance that the Stock Connects will not be abolished. New regulations may be issued from time to time by the regulators / stock exchanges in the PRC and Hong Kong in connection with operations, legal enforcement and cross-border trades under the Stock Connects. Stock Connect Funds may be adversely affected as a result of such changes.

#### **Recalling of Eligible Stocks**

When a stock is recalled from the scope of eligible stocks for trading via the Stock Connects, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the relevant Stock Connect Funds, for example, if the Investment Adviser wishes to purchase a stock which is recalled from the scope of eligible stocks.

#### **No Protection by Investor Compensation Fund**

Investment in SSE and SZSE shares via the Stock Connects is conducted through brokers, and is subject to the risks of default by such brokers’ in their obligations. Investments of Stock Connect Funds are not covered by the Hong Kong’s Investor Compensation Fund, which has been established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Since default matters in respect of SSE and SZSE shares via Stock Connects do not involve products listed or traded in SEHK or Hong Kong Futures Exchange Limited, they will not be covered by the Investor Compensation Fund. Therefore the Stock Connect Funds are exposed to the risks of default of the broker(s) it engages in its trading in China A-Shares through the Stock Connects.

#### **Specific risks associated with the China Interbank Bond Market**

The following Funds may gain direct exposure to China onshore bonds in the CIBM via the Foreign Access Regime and/or Bond Connect and/or other means as may be permitted by the relevant regulations from time to time:

BlackRock Emerging Markets Flexi Dynamic Bond Fund

BlackRock Emerging Markets Short Duration Bond Fund

BlackRock ESG Euro Corporate Bond Fund

BlackRock Fixed Income Strategies Fund

BlackRock Fixed Income Credit Strategies Fund

BlackRock Global Absolute Return Bond Fund

In addition to risks regarding “Investment in the People’s Republic of China (“PRC”)” and other risks applicable to the CIBM Funds, the following additional risks apply:

### **Volatility and Liquidity Risk**

Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the CIBM may result in prices of certain debt securities traded on such market fluctuating significantly. The relevant Fund investing in such market is therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such securities may be large, and the relevant Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments. The debt securities traded in the CIBM may be difficult or impossible to sell, and this would affect the relevant CIBM Fund’s ability to acquire or dispose of such securities at their intrinsic value.

### **Settlement Risk**

To the extent that the relevant Fund transacts in the CIBM, the relevant Fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the relevant Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

### **Risk of Default of Agents**

For investments via the Foreign Access Regime and/or Bond Connect, the relevant filings, registration with PBOC and account opening have to be carried out via an onshore settlement agent, offshore custody agent, registration agent or other third parties (as the case may be). As such, the relevant Fund is subject to the risks of default or errors on the part of such third parties.

### **Regulatory Risks**

Investing in the CIBM via the Foreign Access Regime and/or Bond Connect is also subject to regulatory risks. The CIBM is also subject to regulatory risks. The relevant rules and regulations on investment in the CIBM are subject to change which may have potential retrospective effect. In the event that the relevant Chinese authorities suspend account opening or trading on the CIBM, the relevant Fund’s ability to invest in the CIBM will be limited and, after exhausting other trading alternatives, the relevant Fund may suffer substantial losses as a result.

### **System Failure Risks for Bond Connect**

Trading through Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such systems will function properly or will continue to be adapted to changes and developments in the market. In the event that the relevant systems fails to function properly, trading through Bond Connect may be disrupted. The relevant CIBM Fund’s ability to trade through Bond Connect (and hence to pursue its investment strategy) may therefore be adversely affected. In addition, where the relevant CIBM Fund invests in the CIBM through Bond Connect, it may be subject to risks of delays inherent in the order placing and/or settlement systems.

### **Taxation Risks**

There is currently no specific formal guidance by the PRC tax authorities on the treatment of income tax and other tax categories payable in respect of trading in China Interbank Bond Market by eligible foreign institutional investors via Bond Connect. Any changes in PRC tax law, future clarifications thereof, and/or subsequent retroactive enforcement by the PRC tax authorities of any tax may result in a material loss to the relevant Funds.

The Management Company will keep the provisioning policy for tax liability under review, and may, in its discretion from time to time, make a provision for potential tax liabilities, if in their opinion such provision is warranted, or as further clarified by the PRC authorities in notifications.

For further details on PRC taxes and associated risks, please refer to the risk factor headed “Tax Considerations” under the “Risk Considerations” section.

### **Excessive Trading Policy**

The Funds do not knowingly allow investments that are associated with excessive trading practices, as such practices may adversely affect the interests of all shareholders. Excessive trading includes individuals or groups of individuals whose securities transactions seem to follow a timing pattern or are characterised by excessively frequent or large trades.

Investors should, however, be aware that the Funds may be utilised by certain investors for asset allocation purposes or by structured product providers, which may require the periodic re-allocation of assets between Funds. This activity will not normally be classed as excessive trading unless the activity becomes, in the opinion of the Directors, too frequent or appears to follow a timing pattern.

As well as the general power of Directors to refuse subscriptions or conversions at their discretion, powers exist in other sections of this Prospectus to ensure that shareholder interests are protected against excessive trading. These include:

- ▶ fair value pricing – Appendix A paragraph 15;
- ▶ price swinging – Appendix A paragraph 17.3
- ▶ in specie redemptions – Appendix A paragraph 22; and
- ▶ conversion charges – Appendix A paragraphs 18-20.

In addition, where excessive trading is suspected, the Funds may:

- ▶ combine Shares that are under common ownership or control for the purposes of ascertaining whether an individual or a group of individuals can be deemed to be involved in excessive trading practices. Accordingly, the Directors reserve the right to reject any application for switching and/or subscription of Shares from investors whom they consider to be excessive traders;

- ▶ adjust the Net Asset Value per Share to reflect more accurately the fair value of the Funds' investments at the point of valuation. This will only take place if the Directors believe that movements in the market price of underlying securities mean that in their opinion, the interests of all shareholders will be met by a fair price valuation; and
- ▶ levy a redemption charge of up to a maximum of 2% on the redemption proceeds to shareholders whom the Directors, in their reasonable opinion, suspect of excessive trading. This charge will be made for the benefit of the Funds, and affected shareholders will be notified in their contract notes if such a fee has been charged.

### Share Classes and Form of Shares

Shares in the Funds are divided into Class A, Class C, Class D, Class DD, Class E, Class H, Class I, Class I A, Class J, Class S, Class T, Class U, Class X and Class Z Shares, representing fourteen different charging structures. In addition, the IndexInvest Shares and the Vermoegensstrategie Shares are available in the following Funds: BlackRock Managed Index Portfolios – Defensive, BlackRock Managed Index Portfolios – Moderate, BlackRock Managed Index Portfolios – Growth and BlackRock Managed Index Portfolios – Conservative. Class I A Shares are currently only available in the BlackRock Global Event Driven Fund.

With the exception of Class S Shares and Class T Shares, which are only available as Non-Distributing Shares, and the IndexInvest Shares, which are only available as Distributing Shares, Shares of each of the other Share Classes are further divided into Distributing and Non-Distributing Share Classes. Non-Distributing Shares do not pay dividends, whereas Distributing Shares may pay dividends. See Section 'Dividends' for further information.

Non-Distributing Shares of any Share Class are also referred to using the number 2 e.g. Class A2.

Distributing Shares which pay dividends monthly are further divided into Shares as follows:

- ▶ Shares for which dividends are calculated daily and are known as Distributing (D) Shares, which in any Share Class are also referred to using the number 1, e.g. Class A1.
- ▶ Shares for which dividends are calculated monthly are known as Distributing (M) Shares, which in any Share Class are also referred to using the number 3, e.g. Class A3.
- ▶ Shares for which dividends are calculated monthly on the basis of expected gross income are known as Distributing (S) Shares, which in any Share Class are also referred to using the number 6. e.g. Class A6. Please note that as of the date of this Prospectus, Class A6 are not yet available for subscription.

Distributing Shares which pay dividends quarterly and annually are as follows:

- ▶ Shares for which dividends are calculated quarterly and are known as Distributing (Q) Shares, which in any Share Class are also referred to using the number 5. e.g. Class A5.
- ▶ Shares for which dividends are calculated annually and are known as Distributing (A) Shares, which in any Share Class are also referred to using the number 4, e.g. Class A4.

With effect from 24 November 2017, share classes with UK Fund Reporting status no longer included the letters "RF" within their name. This does not affect the tax status of the relevant share classes, but the identifier is no longer used by the Company.

Most of the Funds deduct their charges from the income produced from their investments however some may deduct some or all of their charges from capital. Whilst this might allow more income to be distributed, it may also have the effect of reducing the potential for capital growth.

### Class A Shares

Class A Shares are available to all investors as Distributing and Non-Distributing Shares and are issued as registered shares and global certificates. Unless otherwise requested, all Class A Shares will be issued as registered shares.

### Class AI Shares

Subject to the discretion of the Management Company (taking into account local regulations), Class AI Shares are available only in Italy through specific distributors selected by the Management Company and the Principal Distributor (details of which may be obtained from the local Investor Servicing team). Class AI Shares are available as Distributing and Non-Distributing Shares and are issued as registered shares and global certificates. Unless otherwise requested, all Class AI Shares will be issued as registered shares.

### Class C Shares

Class C Shares are available as Distributing and Non-Distributing Shares to clients of certain distributors (which provide nominee facilities to investors) and to other investors at the discretion of the Management Company. Class C Shares are available as registered shares only.

### Class D Shares

Subject to the discretion of the Management Company (taking into account local regulations), Class D Shares are intended for providers of independent advisory services or discretionary investment management, or other distributors who: (i) provide investment services and activities as defined by the MiFID II Directive; and (ii) have separate fee arrangements with their clients in relation to those services and activities provided; and (iii) do not receive any other fee, rebate or payment from the relevant Fund in relation to those services and activities. Class D Shares are not intended for providers of independent advisory services or discretionary portfolio management services that are subject to German law according to the German Banking Act (§ 32 KWG), in relation to those services conducted in Germany.

Class D Shares are available as Distributing and Non-Distributing Shares and are issued as registered shares and global certificates. Unless otherwise requested, all Class D Shares will be issued as registered shares.

#### **Class DD Shares**

Subject to the discretion of the Management Company (taking into account local regulations), Class DD Shares are intended for providers of independent advisory services or discretionary portfolio management services that are subject to German Banking Act (§ 32 KWG), in relation to those services conducted in Germany.

Class DD Shares are available as Distributing and Non-Distributing Shares and are issued as registered shares and global certificates. Unless otherwise requested, all Class DD Shares will be issued as registered shares.

#### **Class E Shares**

Class E Shares are available in certain countries, subject to the relevant regulatory approval, through specific distributors selected by the Management Company and the Principal Distributor (details of which may be obtained from the local Investor Servicing team). They are available as Distributing and Non-Distributing Shares and are issued as registered shares and global certificates. Unless otherwise requested, all Class E Shares will be issued as registered shares.

#### **Class H Shares**

Class H Shares are available to all investors as Distributing and Non-Distributing Shares and are issued as registered shares and global certificates. Unless otherwise requested, all Class H Shares will be issued as registered shares. Class H shares are intended for individuals who have sufficient funds to meet the investment minimum of USD50,000.

#### **Class I Shares**

Class I Shares are available as Distributing and Non-Distributing Shares to Institutional Investors and are issued as registered shares and global certificates. Unless otherwise requested, all Class I Shares will be issued as registered shares. They are only available at the Management Company's discretion.

Class I Shares are only available to Institutional Investors within the meaning of Article 174 of the 2010 Law. Investors must demonstrate that they qualify as Institutional Investors by providing the Company and its Transfer Agent or the local Investor Servicing team with sufficient evidence of their status.

On application for Class I Shares, Institutional Investors indemnify the Company and its functionaries against any losses, costs or expenses that the Company or its functionaries may incur by acting in good faith upon any declarations made or purporting to be made upon application.

#### **Class I A Shares**

Class I A Shares are available as Distributing and Non-Distributing Shares to Institutional Investors in the BlackRock Global Event Driven Fund and are issued as registered shares and global certificates. Unless otherwise requested, all Class I

A Shares will be issued as registered shares. They are only available at the Management Company's discretion.

Class I A Shares are only available to Institutional Investors within the meaning of Article 174 of the 2010 Law. Investors must demonstrate that they qualify as Institutional Investors by providing the Company and its Transfer Agent or the local Investor Servicing team with sufficient evidence of their status.

On application for Class I A Shares, Institutional Investors indemnify the Company and its functionaries against any losses, costs or expenses that the Company or its functionaries may incur by acting in good faith upon any declarations made or purporting to be made upon application.

#### **Class J Shares**

Class J Shares are available to funds whose objective is to invest in other funds. They are available as Distributing and Non-Distributing Shares and are issued as registered shares and global certificates. Unless otherwise requested, all Class J Shares will be issued as registered shares.

Class J Shares are only available to Institutional Investors within the meaning of Article 174 of the 2010 Law. Investors must demonstrate that they qualify as Institutional Investors by providing the Company and its Transfer Agent or the local Investor Servicing team with sufficient evidence of their status.

On application for Class J Shares, Institutional Investors indemnify the Company and its functionaries against any losses, costs or expenses that the Company or its functionaries may incur by acting in good faith upon any declarations made or purporting to be made upon application.

#### **Class S Shares**

Class S Shares are available as Non-Distributing Shares, and are only issued as registered shares. They are only available at the Management Company's discretion.

#### **Class T Shares**

Class T Shares are available as Non-Distributing Shares to Institutional Investors and are issued as registered shares and global certificates. Unless otherwise requested, all Class T Shares will be issued as registered shares. They are only available at the Management Company's discretion. Class T Shares shall not be available for subscription by new investors until such time as the Directors otherwise determine. For the avoidance of doubt, any existing shareholder who has subscribed for Class T Shares at the Management Company's discretion prior to 27 March 2013 may continue to make additional subscriptions for Class T Shares.

Class T Shares are only available to Institutional Investors within the meaning of Article 174 of the 2010 Law. Investors must demonstrate that they qualify as Institutional Investors by providing the Company and its Transfer Agent or the local Investor Servicing team with sufficient evidence of their status.

On application for Class T Shares, Institutional Investors indemnify the Company and its functionaries against any losses, costs or expenses that the Company or its functionaries

may incur by acting in good faith upon any declarations made or purporting to be made upon application.

### **Class U Shares**

Class U Shares are available as Distributing and Non-Distributing Shares and are issued as registered shares and global certificates. Unless otherwise requested, all Class U Shares will be issued as registered shares. They are only available to certain distributors who have separate fee arrangements with their clients and other investors at the Management Company's discretion.

### **Class X Shares**

Class X Shares are available as Non-Distributing Shares and Distributing Shares, and are issued as registered shares only at the discretion of the Investment Advisers and their affiliates. No management fees are payable in respect of Class X Shares (instead fees in lieu of the management fees will be paid to the Investment Adviser or affiliates under an agreement).

Class X Shares are only available to Institutional Investors within the meaning of Article 174 of the 2010 Law and who have entered into a separate agreement with the relevant entity of the BlackRock Group. Investors must demonstrate that they qualify as Institutional Investors by providing the Company and its Transfer Agent or the local Investor Servicing team with sufficient evidence of their status.

On application for Class X Shares, Institutional Investors indemnify the Company and its functionaries against any losses, costs or expenses that the Company or its functionaries may incur by acting in good faith upon any declarations made or purporting to be made upon application.

### **Class Z Shares**

Class Z Shares are available as Distributing and Non-Distributing Shares, and are only issued as registered shares. They are only available at the Management Company's discretion.

### **IndexInvest Shares**

IndexInvest Shares are available as Distributing Shares in the following Funds: BlackRock Managed Index Portfolios – Defensive, BlackRock Managed Index Portfolios – Moderate, BlackRock Managed Index Portfolios – Growth and BlackRock Managed Index Portfolios – Conservative. These shares are only issued as registered shares and are only available at the Management Company's discretion.

### **Vermögensstrategie Shares**

Vermögensstrategie Shares are available as Shares in the following Funds: BlackRock Managed Index Portfolios – Defensive, BlackRock Managed Index Portfolios – Moderate, BlackRock Managed Index Portfolios – Growth and BlackRock Managed Index Portfolios – Conservative. These shares are only issued as registered shares and are only available at the Management Company's discretion.

### **Hedged Share Classes**

The hedging strategies applied to Hedged Share Classes may vary on a Fund by Fund basis. With the exception of BRL Hedged Share Classes (see further below), Funds will apply

a hedging strategy which aims to mitigate currency risk between the Net Asset Value of the Fund and the currency of the Hedged Share Class, while taking account of practical considerations including transaction costs.

All gains/losses or expenses arising from hedging transactions are borne separately by the shareholders of the respective Hedged Share Classes.

Any over-hedged position arising in a Hedged Share Class is not permitted to exceed 105% of the Net Asset Value of that Hedged Share Class and any under-hedged position arising in a Hedged Share Class is not permitted to fall short of 95% of the Net Asset Value of that Hedged Share Class.

### **BRL Hedged Share Classes**

BRL Hedged Share Classes, designated with the suffix "BRL Hedged", are intended for Brazilian feeder funds only. A feeder fund is a collective investment scheme that invests all or nearly all of its assets in another single fund (sometimes referred to as a master fund). BRL Hedged Share Classes are available at the Management Company's discretion.

BRL Hedged Share Classes aim to provide investors with currency exposure to BRL without using a Hedged Share Class denominated in BRL (i.e. due to currency trading restrictions on BRL).

The currency of a BRL Hedged Share Class will be the Base Currency of the relevant Sub-Fund. BRL currency exposure will be sought by converting the Net Asset Value of the BRL Hedged Share Class into BRL using financial derivative instruments (including currency forwards). The Net Asset Value of such BRL Hedged Share Class will remain denominated in the Base Currency of the relevant Sub-Fund (and the Net Asset Value per Share will be calculated in such Base Currency), however, due to the additional financial derivative instrument exposure, such Net Asset Value is expected to fluctuate in line with the fluctuation of the exchange rate between BRL and such Base Currency. This fluctuation will be reflected in the performance of the relevant BRL Hedged Share Class, and therefore the performance of such BRL Hedged Share Class may differ significantly from the performance of the other Share Classes of the relevant Sub-Fund. Profit or loss and costs and expenses resulting from this BRL Hedged Share Class hedging strategy will be reflected in the Net Asset Value of the relevant BRL Hedged Share Class. Risks in respect of BRL Hedged Share Classes will, for risk-management purposes, be measured and monitored in BRL.

### **General**

Investors purchasing any Share Class through a distributor will be subject to the distributor's normal account opening requirements. Title to registered shares is evidenced by entries in the Company's Share register. Shareholders will receive confirmation notes of their transactions. Registered share certificates are not issued.

Global certificates are available under a registered common global certificate arrangement operated with Clearstream International and Euroclear. Global certificates are registered in the Company's share register in the name of Clearstream

International and Euroclear's common depository. Physical share certificates are not issued in respect of global certificates. Global certificates may be exchanged for registered shares under arrangements between Clearstream International, Euroclear and the Central Paying Agent.

Information on global certificates and their dealing procedures is available on request from the local Investor Servicing team.

Any Shares that are listed will be listed on the Euro MTF in Luxembourg.

Shareholders must meet the investment criteria for any Share Class in which they intend to invest (such as minimum initial investment and specified investor type). If a purchase request is unintentionally processed for shares in a Share Class in which a shareholder does not meet the investment criteria then the Directors reserve the right to redeem such shareholder's shares. In such a scenario the Directors are not obliged to give the shareholder prior notice of its actions and the investor bears any consequent risk including that of market movement. The Directors may also decide, upon prior consultation with and approval of the relevant shareholder, to switch the investor into a more appropriate Share Class in the relevant Fund (where available).

## **New Funds or Share Classes**

The Directors may create new Funds or issue further Share Classes. This Prospectus will be supplemented to refer to these new Funds or Share Classes.

## **Dealing in Fund Shares**

### **Dealing**

Dealing in Shares in each Fund can normally be effected on any day that is a Dealing Day for the relevant Fund (see Appendix F for specific fund details and the definitions of "Dealing Day" and "Business Day" in the Glossary). Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on the relevant Dealing Day (the "Cut-Off Point"), with the exception of:

- (a) BlackRock UK Emerging Companies Absolute Return Fund which have a Cut-Off Point of 12 noon Luxembourg time two Business Days prior to their Dealing Days; and
- (b) BlackRock Asia Pacific Absolute Return Fund and BlackRock Asia Pacific Diversified Equity Absolute Return Fund which have a Cut-Off Point of 12 noon Luxembourg time one Business Day prior to their Dealing Day.

The prices applied will be those calculated in the afternoon of the Dealing Day for daily and weekly dealing Funds and in the morning of the Business Day following the Dealing Day and normally published on the second Business Day for the BlackRock Dynamic Diversified Growth Fund. The time of valuation may vary between different Funds and different Share Classes.

Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with

on the next Dealing Day. At the discretion of the Company, dealing orders transmitted by a paying agent or correspondent bank or other entity aggregating deals on behalf of its underlying clients before the Cut-Off Point but only received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point may be treated as if they had been received before the Cut-Off Point.

Shareholders in AUD denominated Share Classes (where available) should refer to "Summary of Subscription Procedure and Payment Instructions" for additional information regarding dealing at the end of the Australian tax year.

At the discretion of the Company, prices applied to orders backed by uncleared funds may be those calculated in the afternoon of the Dealing Day following receipt of cleared funds for daily and weekly dealing funds. The prices applied to the BlackRock Dynamic Diversified Growth Fund will be those calculated in the morning of the Business Day following the Dealing Day and normally published on the second Business Day. Further details and exceptions are described under the sections entitled "Application for Shares", "Redemption of Shares" and "Conversion of Shares" below. Once given, applications to subscribe and instructions to redeem or convert are irrevocable except in the case of suspension or deferral (see paragraphs 28 to 31 of Appendix A) and cancellation requests received before 12 noon Luxembourg time at the relevant Fund's Cut-Off Point. Orders placed through distributors rather than directly with the Transfer Agent or the local Investor Servicing team may be subject to different procedures which may delay receipt by the Transfer Agent or the local Investor Servicing team. Investors should consult their distributor before placing orders in any Fund.

Where shareholders subscribe for or redeem Shares having a specific value, the number of Shares dealt in as a result of dividing the specific value by the applicable Net Asset Value per Share is rounded to two decimal places. Such rounding may result in a benefit to the Fund or the shareholder.

Shareholders should note that the Directors may determine to restrict the purchase of Shares in certain Funds, including, without limitation, where any such Fund, and/or the investment strategy of any such Fund, has become "capacity constrained", when it is in the interests of such Fund and/or its shareholders to do so, including without limitation (by way of example), when a Fund or the investment strategy of a Fund reaches a size that in the opinion of the Management Company and/or Investment Advisers could impact its ability to implement its investment strategy, find suitable investments or efficiently manage its existing investments. When a Fund has reached its capacity limit, the Directors are authorised from time to time to resolve to close the Fund or any Share Class to new subscriptions either for a specified period or until they otherwise determine in respect of all shareholders. Should a Fund then fall beneath its capacity limit, including without limitation (by way of example), as result of redemptions or market movements, the Directors are permitted, in their absolute discretion, to re-open the Fund or any Share Class on a temporary or permanent basis. Information on whether the purchase of Shares in a Fund at a specific point in time is restricted in this way is available from the local Investor Servicing team.

## Non-Dealing Days

Some Business Days will not be Dealing Days for certain Funds where, for example, a substantial amount of such Fund's portfolio is traded in market(s) which are closed. In addition, the day immediately preceding such a relevant market closure may be a non-Dealing Day for such Funds, in particular where the Cut-Off Point occurs at a time when the relevant markets are already closed to trading, so that the Funds will be unable to take appropriate actions in the underlying market(s) to reflect investments in or divestments out of Fund Shares made on that day. A list of the Business Days which will be treated as non-Dealing Days for certain Funds from time to time can be obtained from the Management Company upon request and is also available in the "Library" section at: <http://www.blackrock.co.uk/individual/library/index>. This list is subject to change.

## General

Confirmation notes and other documents sent by post will be at the risk of the investor.

## Prices of Shares

Prices are determined in the afternoon of the Dealing Day for daily and weekly dealing Funds. The prices are determined in the morning of the Business Day following the Dealing Day and normally published on the second Business Day for the Dynamic Diversified Growth Fund. Prices are quoted in the Dealing Currency(ies) of the relevant Fund. In the case of those Funds for which two or more Dealing Currencies are available, if an investor does not specify his choice of Dealing Currency at the time of dealing then the Base Currency of the relevant Fund will be used.

The most recent available prices for Shares may be obtained during business hours from the local Investor Servicing team and are also available from the BlackRock website. They will also be published in such countries as required under applicable law and at the discretion of the Directors in a number of newspapers or electronic platforms worldwide. The Company cannot accept any responsibility for error or delay in the publication or non-publication of prices. Historic dealing prices for all Shares are available from the Fund Accountant or the local Investor Servicing team.

## Class A, Class D, Class DD, Class E, Class H, Class I, Class I A, Class J, Class S, Class T, Class U, Class X and Class Z Shares

Class A, Class D, Class DD, Class E, Class H, Class I, Class I A, Class J, Class S, Class T, Class U, Class X and Class Z Shares may normally be acquired or redeemed at their Net Asset Value. Prices may include or have added to them, as appropriate: (i) an initial charge; (ii) a distribution fee; and (iii) in limited circumstances, adjustments to reflect fiscal charges and dealing costs (see paragraph 17.3 of Appendix A). In certain Funds a CDSC, where applicable, will be deducted from the proceeds of redemption as described under "Fees, Charges and Expenses" and in Appendix F.

## Class C Shares

Class C Shares may normally be acquired or redeemed at their respective Net Asset Values. No charge is added to or included

in the price payable on acquisition or redemption but a CDSC, where applicable, will be deducted from the proceeds of redemption as described under the Section "Fees, Charges and Expenses". Prices may include or have added to them, as appropriate, (i) a distribution fee; and (ii), in limited circumstances, adjustments to reflect fiscal charges and dealing costs (see paragraph 17.3 of Appendix A).

The specific levels of fees and charges that apply to each Share Class are explained in more detail under the Section "Fees, Charges and Expenses" and in Appendix F.

## IndexInvest Shares and Vermoegensstrategie Shares

IndexInvest Shares and Vermoegensstrategie Shares may normally be acquired or redeemed at their Net Asset Value. Prices may include or have added to them, as appropriate: (i) an initial charge; (ii) a distribution fee; and (iii) in limited circumstances, adjustments to reflect fiscal charges and dealing costs (see paragraph 17.3 of Appendix A).

## Application for Shares

### Applications

Initial applications for Shares must be made to the Transfer Agent or the local Investor Servicing team on the appropriate application form. Certain distributors may allow underlying investors to submit applications through them for onward transmission to the Transfer Agent or the local Investor Servicing team. All initial applications for Shares must be made by completing the application form and returning it to the Transfer Agent or the local Investor Servicing team. Failure to provide the original application form will delay the completion of the transaction and consequently the ability to effect subsequent dealings in the Shares concerned. An initial application may not be made by fax.

Subsequent applications for Shares may, however, be made in writing or by fax and the Management Company may, at its sole discretion, accept individual dealing orders submitted via other forms of electronic communication. Investors who do not specify a Share Class in the application will be deemed to have requested Class A Non-Distributing Shares.

All application forms and other dealing orders must contain all required information, including (but not limited to) Share Class specific information such as the International Securities Identification Number (ISIN) of the Share Class the investor wishes to deal in. Where the ISIN quoted by the investor is different from any other Share Class specific information provided by the investor with respect to such order, the quoted ISIN shall be decisive and the Management Company and the Transfer Agent may process the order accordingly taking into account the quoted ISIN only.

Applications for registered shares should be made for Shares having a specified value and fractions of Shares will be issued where appropriate. Global certificates will usually be issued in whole shares only unless the relevant depository is able to accept fractional holdings.

The right is reserved to reject any application for Shares or to accept any application in part only. In addition, issues of

Shares of any or all Funds may be deferred until the next Dealing Day or suspended, where the aggregate value of orders for all Share Classes of that Fund exceeds a particular value (currently fixed by the Directors at 5% by approximate value of the Fund concerned) and the Directors consider that to give effect to such orders on the relevant Dealing Day would adversely affect the interests of existing shareholders. This may result in some shareholders having subscription orders deferred on a particular Dealing Day, whilst others do not. Application for Shares so deferred will be dealt with in priority to later requests.

### **Data protection**

Prospective investors and investors are referred to the privacy notice of the Company and the Management Company, which is provided in the application form (the "Privacy Notice").

The Privacy Notice explains, among other things, how the Company and the Management Company process personal data about individuals who invest in the Funds or apply to invest in the Funds and personal data about the directors, officers, employees and ultimate beneficial owners of institutional investors.

The Privacy Notice may be updated from time to time. The latest version of the Privacy Notice is available at [www.blackrock.com](http://www.blackrock.com).

If you would like further information on the collection, use, disclosure, transfer or processing of your personal data or the exercise of any of the rights in relation to personal data as set out in the Privacy Notice, please address questions and requests to: The Data Protection Officer, BlackRock, 12 Throgmorton Avenue, London, EC2N 2DL.

### **Settlement**

For all Shares, settlement in cleared funds net of bank charges must be made within three Business Days of the relevant Dealing Day unless otherwise specified in the contract note in cases where the standard settlement date is a public holiday for the currency of settlement. If timely settlement is not made (or a completed application form is not received for an initial subscription) the relevant allotment of Shares may be cancelled and an applicant may be required to compensate the relevant distributor and/or the Company (see paragraph 25 of Appendix A).

Payment instructions are summarised at the back of this Prospectus. Payment must be made by telegraphic transfer although the Directors retain the right to accept payment as settlement through other means on a case by case basis. Payment by cash or cheque will not be accepted.

Settlement should normally be made in the Dealing Currency for the relevant Fund or, if there are two or more Dealing Currencies for the relevant Fund, in the one specified by the investor. An investor may, by prior arrangement with the Transfer Agent or the local Investor Servicing team, provide the Transfer Agent with any major freely convertible currency and the Transfer Agent will arrange the necessary currency exchange transaction. Any such currency exchange will be effected at the investor's risk and cost.

The Management Company may, at its discretion, accept subscriptions in specie, or partly in cash and in specie, subject always to the minimum initial subscription amounts and the additional subscription amounts and provided further that the value of such subscription in specie (after deduction of any relevant charges and expenses) equals the subscription price of the Shares. Such securities will be valued on the relevant Dealing Day and, in accordance with Luxembourg law, are subject to a special report of the auditor. Further details of redemptions in specie are set out in paragraph 22 of Appendix A.

### **Minimum Subscription and Minimum Additional Subscription**

The minimum initial subscription in respect of Class A, Class C and Class E Shares of a Fund is currently USD5,000. The minimum subscription for Class AI Shares is USD25,000. The minimum subscription for Class H Shares is USD50,000. The minimum subscription for Class D Shares is USD100,000. The minimum subscription for Class DD Shares is USD1 million. The minimum initial subscription in respect of Class I Shares is currently USD10 million (except in the case of the BlackRock European Unconstrained Equity Fund and the BlackRock Dynamic Diversified Growth Fund where the minimum subscription amount is USD1 million). The minimum initial subscription in respect of Class I A Shares is currently USD10 million. The minimum initial subscription in respect of Class J and X Shares is currently USD10 million. The minimum subscription for Class T Shares is currently USD30 million. The minimum subscription for Class U Shares is USD500,000. The minimum subscription for Class S Shares is currently USD50 million. The minimum subscription for Class Z Shares, IndexInvest Shares and Vermoegensstrategie Shares is currently USD10 million. In all cases, the minimum initial subscription will also be accepted in the approximate equivalent amount in the relevant Dealing Currency.

The minimum for additions to Class A, Class C, Class D, Class DD, Class E and Class U Shares of a Fund is USD1,000. The minimum for additions to Class H Shares is USD5,000. The minimum for additions to Class I, Class I A, Class J, Class S, Class T, Class X and Class Z is USD10,000. The minimum for additions to IndexInvest Shares and Vermoegensstrategie Shares is USD10,000.

These minima may be varied or waived for any particular case or distributor or generally and it will also be accepted in the approximate equivalent amount in the relevant Dealing Currency. Details of the current minima are available from the local Investor Servicing team.

### **Compliance with Applicable Laws and Regulations**

Investors who wish to subscribe for Shares must provide the Transfer Agent and/or the Management Company and/or Depositary with all necessary information which they may reasonably require to verify the identity of the investor in accordance with applicable Luxembourg regulations on the prevention of the use of the financial sector for money laundering purposes and in particular in accordance with CSSF circular 13/556 as amended, restated or supplemented from time to time. Failure to do so may result in the Management Company rejecting a subscription order.



Furthermore, as a result of any other applicable laws and regulations, including but not limited to, other relevant anti-money laundering legislation, sanctions administered by United States Office of Foreign Asset Control, European Union and United Nations, tax laws and regulatory requirements, investors may be required, in certain circumstances, to provide additional documentation to confirm their identity or provide other relevant information pursuant to such laws and regulations, as may be required from time to time, even if an existing investor. Any information provided by investors will be used only for the purposes of compliance with these requirements and all documentation will be duly returned to the relevant investor. Until the Transfer Agent and/or the Management Company and/or the Depositary receives the requested documentation or additional information, there may be a delay in processing any subsequent redemption requests and the Management Company reserves the right in all cases to withhold redemption proceeds until such a time as the required documentation or additional information is received.

The Transfer Agent shall at all times comply with any obligations imposed by any applicable laws, rules and regulations with respect to money laundering prevention and, in particular, with the law of 12 November 2004 on the fight against money laundering and terrorist financing and CSSF Circular 13/556 of 19 December 2008, as amended, restated or supplemented from time to time. The Transfer Agent shall furthermore adopt procedures designed to ensure, to the extent applicable, that it and its agents shall comply with the foregoing undertaking. Moreover, the Transfer Agent is legally responsible for identifying the origin of monies transferred, provided that such duties may be delegated, always subject to the responsibility and control of the Transfer Agent, to investment professionals and financial sector institutions required to enforce an identification procedure equal to that required under Luxembourg law. The Transfer Agent as well as the Depositary acting on behalf of the Company may require at any time additional documentation relating to the admission of an investor as a shareholder.

## **Redemption of Shares**

### **Applications to Redeem**

Instructions for the redemption of registered shares should normally be given by instructing the Transfer Agent or the local Investor Servicing team in writing, or by fax (in a format acceptable to the Company) and the Management Company may, at its sole discretion, accept individual dealing orders submitted via other forms of electronic communication. Instructions given by fax must be followed by confirmation in writing sent by mail to the Transfer Agent or the local Investor Servicing team, unless a cover-all renunciation and fax indemnity including instructions to pay the redemption proceeds to a specified bank account has been agreed. Failure to provide adequate written confirmation may delay settlement of the transaction (see also paragraph 21 of Appendix A). Certain distributors may allow underlying investors to submit instructions for redemptions through them for onward transmission to the Transfer Agent or the local Investor Servicing team. Written redemption requests (or written confirmations of such requests) must include the full name(s) and address of the holders, the name of the Fund, the Class (including whether it is the Distributing or Non-Distributing

Share Class), the value or number of Shares to be redeemed and full settlement instructions and must be signed by all holders. If a redemption order is made for a cash amount or for a number of Shares to a higher value than that of the applicant's account then this order will be automatically treated as an order to redeem all of the Shares on the applicant's account.

Redemptions may be suspended or deferred as described in paragraphs 28 to 31 of Appendix A.

### **Settlement**

Subject to paragraph 21 of Appendix A, redemption payments will normally be despatched in the relevant Dealing Currency on the third Business Day following the relevant Dealing Day, provided that the relevant documents (as described above and any applicable money laundering prevention information) have been received. On written request to the Transfer Agent or the local Investor Servicing team, payment may be made in such other currency as may be freely purchased by the Transfer Agent with the relevant Dealing Currency and such currency exchange will be effected at the shareholder's cost.

Redemption payments for Shares are made by telegraphic transfer to the shareholder's bank account at the shareholder's cost. Investors with bank accounts in the European Union must provide the IBAN (International Bank Account Number) and BIC (Bank Identifier Code) of their account. The Directors may, subject to the prior consent of a shareholder and to the minimum dealing and holding amounts, effect a payment of redemption proceeds in specie. Such redemption in specie will be valued on the relevant Dealing Day and, in accordance with Luxembourg law, is subject to a special report of the auditor. Further details of redemptions in specie are set out in paragraph 22 of Appendix A.

## **Conversion of Shares**

### **Switching Between Funds and Share Classes**

Investors may make conversions of their shareholdings between the same Share Class of the various Funds and thereby alter the balance of their portfolios to reflect changing market conditions (e.g. from Class A of one Fund into Class A of another Fund). See Appendix F for the dealing frequency of each Fund.

Conversions are also permitted from one Share Class of a Fund to Shares of another Shares Class of either the same Fund or a different Fund or between Distributing and Non-Distributing Shares of the same Shares Class or between hedged and un-hedged Shares of the same Share Class (where available). Investors should note that (i) where the conversion requested is from a daily dealing Fund to a non-daily dealing Fund, the price applied to the conversion out will be of the next available Dealing Day of the daily dealing Fund, and the price applied to the conversion in will be of the next available Dealing Day of the non-daily dealing Fund; and (ii) where the conversion requested is from a non-daily dealing Fund to a daily dealing Fund, the price applied to both the conversion out and conversion in will be of the next available Dealing Day of the non-daily dealing Fund. In addition, investors may convert between any Share Class of UK Reporting Fund status Shares, in the relevant currency and the

equivalent class of Distributing Shares in non-UK Reporting Fund status currencies. Investors should note that a conversion between a Share Class which has UK Reporting Fund status and a Share Class which does not have UK Reporting Fund status may cause the shareholder to be subject to an “offshore income gain” on the eventual disposal of their interest in the Fund. If this is the case, any capital gain realised by investors on disposal of their investment (including any capital gain accruing in relation to the period where they held the UK Reporting Fund status Share Class) may be subject to tax as income at their appropriate income tax rate. Investors should seek their own professional tax advice in this regard.

Investors should note that a conversion between Shares held in different Funds may give rise to an immediate taxable event. As tax laws differ widely from country to country, investors should consult their tax advisers as to the tax implications of such a conversion in their individual circumstances.

Investors may request conversions of the whole or part of their shareholding provided that the shareholder satisfies the conditions applicable to an investment in the applicable Share Class (see “Share Classes and Form of Shares” above). Such conditions include but are not limited to:

- ▶ satisfying any minimum investment requirement;
- ▶ demonstrating that they qualify as an eligible investor for the purposes of investing in a particular Share Class;
- ▶ suitability of the charging structure of the Share Class being converted into;
- ▶ satisfying any conversion charges that may apply,

provided that the Management Company may, at its discretion, elect to waive any of these requirements where it deems such action reasonable and appropriate under the circumstances.

For holders of all Share Classes, there is normally no conversion charge by the Management Company. However, conversion charges may apply in some circumstances – see paragraph 18 to 20 of Appendix A.

Conversion from a Share Class carrying a CDSC, where the CDSC is still outstanding, will not be treated as a conversion but as a redemption thereby causing any CDSC due at the time of conversion to become payable.

Conversion and investment into and out of certain Share Classes is at the discretion of the Management Company. At the Management Company’s discretion and provided always that the investor is an Institutional Investor, conversion from any Share Class into Class I, Class J, Class T or Class X Shares is permitted.

The Management Company may, at its discretion, refuse conversions in order to ensure that the Shares are not held by or on behalf of any person who does not meet the conditions applicable to investment in that Share Class, or who would then hold the Shares in circumstances which could give rise to a breach of law, or requirements of any country, government or regulatory authority on the part of that person or the Company

or give rise to adverse tax or other pecuniary consequences for the Company, including a requirement to register under any securities or investment or similar laws or requirements of any country or authority.

### **Instructions to Convert**

Instructions for the conversion of registered shares should normally be given by instructing the Transfer Agent or the local Investor Servicing team in writing, or by fax (in a format acceptable to the Company) and the Management Company may, at its sole discretion, accept individual conversion orders submitted via other forms of electronic communication. Certain distributors may allow underlying investors to submit instructions for conversions through them for onward transmission to the Transfer Agent or the local Investor Servicing team. Instructions may also be given by fax or in writing to the Transfer Agent or the local Investor Servicing team. Written conversion requests (or written confirmations of such requests) must include the full name(s) and address of the holder(s), the name of the Fund, the Share Class (including whether it is the Distributing or Non-Distributing Share Class), the value or number of Shares to be converted and the Fund to be converted into (and the choice of Dealing Currency of the Fund where more than one is available) and whether or not they are UK Reporting Fund status Shares.

Where the Funds to which a conversion relates have different Dealing Currencies, the currency will be converted at the relevant rate of exchange on the Dealing Day on which the conversion is effected.

Conversions may be suspended or deferred and an order for conversion into a Fund constituting over 10% of a Fund’s value may not be accepted, as described in paragraphs 28 and 31 of Appendix A, respectively.

### **Exchange Privilege**

Certain distributors allow shareholders who have acquired Shares through it to exchange their Shares for shares with a similar charging structure of certain other funds, provided that the distributor believes that an exchange is permitted under applicable law and regulations. Details of this exchange privilege can be obtained from your financial advisor.

### **Minimum Dealing & Holding Sizes**

The Company may refuse to comply with redemption, conversion or transfer instructions if they are given in respect of part of a holding in the relevant Share Class which has a value of less than USD1,000 or the approximate equivalent in the relevant Dealing Currency or if to do so would result in such a holding of less than USD5,000 or the approximate equivalent (except for Class H Shares where the minimum is USD50,000 or the approximate equivalent in value and for Class D Shares, Class DD Shares, Class I Shares, Class I A Shares, Class J Shares, Class S Shares, Class T Shares, Class U Shares, Class X Shares and Class Z Shares where there is no required minimum once the initial subscription amount has been made). These minima may be varied or waived for any particular case or distributor or generally. Details of the current minima are available from the local Investor Servicing team.

If as a result of a withdrawal, switch or transfer, a small balance of Shares, meaning an amount of or equivalent to USD5 or less, is held by a shareholder, the Management Company shall have absolute discretion to realise this small balance and donate the proceeds to a UK registered charity selected by the Management Company.

## **Dividends**

### **Dividend Policy**

The Directors' current policy is to retain and reinvest all net income except for income attributable to Distributing Share Classes. For the Distributing Share Classes, the policy is to distribute substantially all the investment income (where available) for the period after deduction of expenses. The Directors may also determine if and to what extent dividends may include distributions from both net realised and net unrealised capital gains. Where Distributing Share Classes pay dividends that include net realised capital gains or net unrealised capital gains, or, in the case of Funds which distribute income gross of expenses, dividends may include initially subscribed capital.

Shareholders should note that dividends distributed in this manner may be taxable as income, depending on the local tax legislation, and should seek their own professional tax advice in this regard. Where a Fund has UK Reporting Fund status and reported income exceeds distributions made then the surplus shall be treated as a deemed dividend and will be taxed as income, subject to the tax status of the investor.

The frequency at which dividend payments are generally made is determined by the Fund type as described in the Section "Share Classes and Form of Shares".

Distributing Shares with alternative payment frequencies may be introduced at the Directors' discretion. Confirmation of additional distribution frequencies and the date of their availability can be obtained from the Company's registered office and the local Investor Servicing team.

The Company may operate income equalisation arrangements with a view to ensuring that the level of net income accrued within a Fund (or gross income in the case of Distributing (G) Shares and Distributing (S) Shares) and attributable to each Share is not affected by the issue, conversion or redemption of those Shares during an accounting period.

Where an investor buys Shares during an accounting period, the price at which those Shares were bought may be deemed to include an amount of net income accrued since the date of the last distribution. The result is that, in relation to Distributing (M) Shares, Distributing (S) Shares, Distributing (Q) Shares or Distributing (A) Shares, the first distribution which an investor receives following purchase may include a repayment of capital. Accumulating Shares do not distribute income and so should not be impacted in the same way.

Where an investor sells Shares during an accounting period the redemption price in relation to Distributing (M) Shares, Distributing (S) Shares, Distributing (Q) Shares or Distributing (A) Shares, may be deemed to include an amount of net income accrued since the date of the last distribution. In the

case of Distributing (G) Shares and Distributing (S) Shares, equalisation will be calculated on the gross income of the Fund. Accumulating Shares do not distribute income and so should not be impacted in the same way.

The list of Funds operating income equalisation arrangements and the income element included in the daily price of Distributing (M) Shares, Distributing (S) Shares, Distributing (Q) Shares and Distributing (A) Shares will be made available upon request from the Company's registered office.

## Calculation of Dividends

The calculation method for each type of Distributing Share Class is described below:

	Calculation Method
<b>Distributing (D) Shares</b>	<p>The dividend is calculated daily based upon daily-accrued income less expenses, for the number of Shares outstanding on that day.</p> <p>A cumulative monthly dividend is then distributed to shareholders based upon the number of Shares held and the number of days for which they were held during the period. Holders of Distributing (D) Shares shall be entitled to dividends from the date of subscription to the date of redemption.</p>
<b>Distributing (M) Shares</b>	<p>The dividend is calculated monthly based upon income accrued during the dividend period less expenses.</p> <p>The dividend is distributed to shareholders based upon the number of Shares held at the month end.</p>
<b>Distributing (S) Shares</b>	<p>The dividend is calculated at the discretion of the Directors on the basis of the expected gross income over a given period (such period to be determined by the Directors from time to time) with a view to providing consistent monthly dividend distributions to shareholders during such period.</p> <p>At the discretion of the Directors the dividend may include distributions from both net realised and net unrealised capital gains.</p> <p>The dividend is calculated monthly and distributed to shareholders based upon the number of Shares held at the month end.</p>
<b>Distributing (Q) Shares</b>	<p>The dividend is calculated quarterly based upon income accrued during the dividend period less expenses.</p> <p>The dividend is distributed to shareholders based upon the number of Shares held at the end of the quarter.</p>
<b>Distributing (A) Shares</b>	<p>The dividend is calculated annually based upon income accrued during the dividend period less expenses.</p> <p>The dividend is distributed to shareholders based upon the number of Shares held at the end of the annual period.</p>

Where Distributing (G) Shares are issued, the calculation method set out above is amended to reflect that income is distributed gross of expenses, as is the case for all Distributing (S) Shares as set out in the table above.

## Declaration, Payment of Reinvestment of Dividend

The chart below describes the declaration and payment of dividends and the reinvestment options available to shareholders.

Dividend Classification*	Declaration	Payment	Automatic Dividend Reinvestment	Payment Method
Distributing (D) Shares	Last Business Day of each calendar month in the Dealing Currency(ies) of the relevant Fund.	Within 1 calendar month of declaration to shareholders holding Shares during the period following the previous declaration.	Dividends will be automatically reinvested in further Shares of the same form of the same Share Class of the same Fund, unless the shareholder requests otherwise either in writing to the local Investor Servicing team or on the application form.	Dividends (where a shareholder has notified the local Investor Servicing team or on the application form) are paid directly into the shareholder's bank account by telegraphic transfer in the shareholder's chosen dealing currency at the shareholder's cost (except as otherwise agreed with by an underlying investor with his/her distributor).
Distributing (M) Shares		Within 1 calendar month of declaration to shareholders registered in the share register on the Business Day prior to the declaration date.		
Distributing (S) Shares				
Distributing (Q) Shares	20 March, 20 June, 20 September and 20 December (provided such day is a Business Day and if not, the following Business Day).	Within 1 calendar month of the date of the declaration to shareholders.		
Distributing (A) Shares	Last Business Day of each fiscal year in the Dealing Currency(ies) of the relevant Fund.	Within 1 calendar month of declaration to shareholders registered in the share register on the Business Day prior to the declaration date.		

\* The options described in this chart will also apply to the respective Share class(es) of UK Reporting Fund status Shares.

No initial charge or CDSC is made on Class A or Class C Distributing Shares, respectively, issued by way of dividend reinvestment.

**It should be borne in mind that re-invested dividends may be treated for tax purposes in most jurisdictions as income received by the shareholder. Investors should seek their own professional tax advice in this regard.**

## **Fees, Charges and Expenses**

**Please also see Appendix F for a summary of fees and expenses applicable to each Fund.**

### **Management Fees**

The Company pays the management fees at an annual rate as shown in Appendix F. The level of management fee varies according to which Fund and Share Class the investor buys. These fees accrue daily, are based on the Net Asset Value of the relevant Fund and are paid monthly. Certain costs and fees are paid out of the management fee, including the fees of the Investment Advisers.

### **Performance Fees**

In addition, a performance fee may be payable out of each Share Class of each Fund, in addition to other fees and expenses mentioned in this Prospectus. The performance fee accrues on each Valuation Day and is equal to the relevant percentage (as applicable to the relevant Fund, as stated in Appendix F) of the amount by which the Net Asset Value per Share Return exceeds the appropriate benchmark return described in further detail in Appendix E. Further details may be obtained from the local Investor Servicing team and the registered office of the Company.

### **Distribution Fees**

The Company pays annual distribution fees as shown in Appendix F. These fees accrue daily, are based on the Net Asset Value of the relevant Fund (reflecting, when applicable, any adjustment to the Net Asset Value of the relevant Fund, as described in paragraph 17.3 of Appendix A) and are paid monthly.

### **Securities Lending Fees**

The securities lending agent, BlackRock Advisors (UK) Limited, receives remuneration in relation to its activities. Such remuneration shall not exceed 37.5% of the net revenue from the activities, with all operational costs borne out of BlackRock's share.

### **Administration Fee**

The Company pays an Administration Fee to the Management Company.

The level of Administration Fee may vary at the Directors' discretion, as agreed with the Management Company, and will apply at different rates across the various Funds and Share Classes issued by the Company. However, it has been agreed between the Directors and the Management Company that the Administration Fee currently paid shall not exceed 0.30% per annum. It is accrued daily, based on the Net Asset Value of the relevant Share Class and paid monthly.

The Directors and the Management Company set the level of the Administration Fee at a rate which aims to ensure that the ongoing charge of each Fund remain competitive when compared across a broad market of similar investment products available to investors in the Funds, taking into account a number of criteria such as the market sector of each Fund and the Fund's performance relative to its peer group.

The Administration Fee is used by the Management Company to meet all fixed and variable operating and administrative costs and expenses incurred by the Company, with the exception of the Depositary fees, Distribution fees, Securities Lending fees, any fees arising from borrowings (including for the avoidance of doubt any commitment fee that may be due to the lender) any professional services costs relating to withholding tax reclaims (plus any taxes or interest thereon) and any taxes at an investment or Company level. Any commitment fees arising from borrowings or any professional services costs relating to withholding tax reclaims will be allocated between the relevant Funds on a fair and equitable basis.

These operating and administrative expenses include all third party expenses and other recoverable costs incurred by or on behalf of the Company from time to time, including but not limited to, fund accounting fees, transfer agency fees (including sub-transfer agency and associated platform dealing charges), all professional costs, such as consultancy, legal, tax advisory and audit fees, Directors' fees (for those Directors who are not employees of the BlackRock Group), travel expenses, reasonable out-of-pocket expenses, printing, publication, translation and all other costs relating to shareholder reporting, regulatory filing and licence fees, correspondent and other banking charges, software support and maintenance, operational costs and expenses attributed to the Investor Servicing teams and other global administration services provided by various BlackRock Group companies.

The Management Company bears the risk of ensuring that the Funds' ongoing charges remain competitive. Accordingly the Management Company is entitled to retain any amount of the Administration Fee paid to it which is in excess of the actual expenses incurred by the Company during any period whereas any costs and expenses incurred by the Company in any period which exceed the amount of Administration Fee that is paid to the Management Company, shall be borne by the Management Company or another BlackRock Group company.

### **Research Fees**

In accordance with new rules coming into force in January 2018 pursuant to EU Directive 2014/65/EU on markets in financial instruments referred to as "MiFID II", the BlackRock Group will no longer pay for external research via client trading commissions for its MiFID II-impacted funds ("MiFID II-impacted funds").

The BlackRock Group shall meet such research costs out of its own resources. MiFID II-impacted funds are those which have appointed a BlackRock Group MiFID firm as investment manager or where investment management has been delegated by such firm to an overseas affiliate.

Funds which have directly appointed an overseas affiliate of the BlackRock Group within a third country (i.e. outside the European Union) to perform portfolio management are not in-scope for the purposes of MiFID II and will be subject to the local laws and market practices governing external research in the applicable jurisdiction of the relevant affiliate. This means that costs of external research may continue to be met out of

the assets of such funds. A list of such funds is available on request from the Management Company or can be found on the BlackRock website: <https://www.blackrock.com/international/individual/en-zz/mifid/research/bsf>.

Where investments are made in non-BlackRock Group funds, they will continue to be subject to the external manager's approach to paying for external research in each case. This approach may be different from that of the BlackRock Group and may include the collection of a research charge alongside trading commissions in accordance with applicable laws and market practice. This means that the costs of external research may continue to be met out of the assets within the fund.

### **Initial Charge**

On application for subscription for Shares an initial charge, payable to the Principal Distributor, of up to 5% in the case of Class A Shares, Class AI Shares, Class D Shares, Class DD Shares, Class T Shares and Class U Shares, or 3% in the case of Class E Shares, IndexInvest Shares and Vermoegensstrategie Shares, may be added to the price of such Shares.

### **Contingent Deferred Sales Charge**

CDSC of 1% will be deducted from redemption proceeds and paid on redemption of all Class C Shares of all Funds and in respect of other Funds where stated in Appendix F unless the Shares are held for more than a year.

The Directors are entitled to levy a discretionary redemption charge on shareholders of all Share Classes where they believe that excessive trading is being practised.

On redemption of Class C Shares (and other Share Classes where applicable and where stated in Appendix F), the relevant CDSC rate is charged on the lower of (i) the price of the redeemed shares on the Dealing Day for redemption or (ii) the price paid by the shareholder for the original purchase of the redeemed shares or for the shares from which they were converted or exchanged, in either case calculated in the relevant Dealing Currency of the redeemed shares.

No CDSC will be levied on the redemption of Class C Shares (and other Share Classes where applicable and where stated in Appendix F) derived from reinvestment of dividends.

The CDSC is levied by reference to the "Relevant Holding Period", which is an aggregate of the periods during which (a) the redeemed shares, and (b) the shares from which they were derived (if any) as a result of conversion or exchange, were held in any Fund.

When the Relevant Holding Period exceeds one year no CDSC is payable in respect of the redeemed shares.

In cases where redeemed shares are only part of a larger holding of Class C Shares (and other Share Classes where applicable and where stated in Appendix F), any Shares acquired by dividend reinvestment will be redeemed first; and where the holding consists of Class C Shares (and other Share Classes where applicable and where stated in Appendix F) acquired at different times, it will be assumed that those

acquired first are redeemed first (thus resulting in the lowest CDSC rate possible).

Where the redeemed shares have a different dealing currency to the Shares (or similar shares from which they were converted or exchanged originally purchased), for purposes of determining the CDSC the price paid for the latter will be converted at the spot exchange rate on the Dealing Day for redemption.

The CDSC may be waived or reduced by the relevant distributor at its discretion or for shareholders who, after purchasing Class C Shares (and other Share Classes where applicable and where stated in Appendix F), become US Persons and are required to redeem their Shares as a result (see paragraph 4 of Appendix A).

### **Conversion Charges**

Conversion charges may be applied by selected distributors or on excessively frequent conversions. See paragraphs 18 to 20 of Appendix A for further details.

### **Redemption Charges**

A redemption charge of up to a maximum of 2% of the redemption proceeds can be charged to a shareholder at the discretion of the Directors where the Directors, in their reasonable opinion, suspect that shareholder of excessive trading as described in the Section "Excessive Trading Policy" of this Prospectus. This charge will be made for the benefit of the Funds, and shareholders will be notified in their contract notes if such a fee has been charged. This charge will be in addition to any applicable conversion charge or deferred sales charge.

### **Depositary Fee**

The Depositary receives a fee in respect of each Fund. These fees are to remunerate the Depositary for safekeeping and transaction costs applicable to each Fund. These fees will vary in respect of each Fund depending on the value of assets under management and the volume of trading in that Fund.

For Funds which have low volume trading (less than 500 trades per month), the safekeeping fee which accrues daily, will range from 0.005% to 0.40% per annum and the transaction fees will range from USD7 to USD125 per transaction.

For Funds which engage in higher trading volumes, the Depositary will not charge separate safekeeping and transaction fees. The Depositary will receive a fee which will be charged on a sliding scale, based on the value of assets under management and the volume of trading within each Fund. These fees will range from 1 basis point to 25 basis points of assets under management of each Fund, generally depending on whether a particular Fund is considered to be a 'medium volume trading Fund' (between 501 and 1,500 trades per month), 'high volume trading Fund' (greater than 1,500 derivative trades per month) or a 'very high trading volume Fund' (greater than 100,000 trades per annum).

Each of the Funds will also be subject to a minimum annual fee which will be set at either USD30,000 for the aggregate of low volume trading Funds, USD100,000 for each medium volume

trading Fund, USD150,000 for each high volume trading Fund and USD230,000 for each very high trading volume Fund.

Trading volumes for each Fund will vary according to the investment strategy of each Fund. The combined custody cost to each Fund will depend on its asset allocation and trading activity at any time.

The actual fees payable to the Depositary in respect of each Fund for each 12 month period will be set out in the annual report and all such fees are subject to change without prior notice (unless such fees exceed the maximum fee levels stated in this Prospectus, in which case notice will be given).

### **Rebates**

The Principal Distributor is entitled, at its sole discretion and without recourse or cost to the Company, to waive any initial charge, in whole or in part, or determine to make a rebate payment in respect of the payment of any fees charged in respect of any holding of Shares to any investor (including discounts on charges to directors and employees of the Principal Distributor and its affiliates in the BlackRock Group) or its distributors, authorised intermediaries or other agents in respect of any subscriptions for, redemption or holdings of, Shares.

Rebates of any annual management fee or distribution fee will not exceed the amount of the annual management fee or distribution fee for each Fund as set out in Appendix F and on average, will not be expected to exceed 50% of these fees.

The terms of any rebate will be agreed between the Principal Distributor and the relevant investor from time to time. If so required by applicable rules, the investor shall disclose to any underlying clients the amount of any rebate on the annual management fee it receives from the Principal Distributor. The Management Company shall also disclose to shareholders, upon request, details of any rebate paid by the Principal Distributor to an authorised intermediary in connection with a holding of Shares where the authorised intermediary has acted on behalf of that shareholder. Payment of such rebates is subject to the Management Company and the Principal Distributor receiving their fees and charges from the Company.

As a result of the UK Regulator's Retail Distribution Review, neither the Management Company nor the Principal Distributor intend to pay initial or renewal commission or rebate of the annual management charge, to authorised intermediaries or to third party distributors or agents in respect of any subscriptions for, or holdings of, units for any UK retail investors in respect of investments made as a result of the investor having received a personal recommendation on or after 31 December 2012.

### **Closures**

If a Fund is closed at a time when any expenses previously allocated to that Fund have not been amortised in full, the Directors shall determine how the outstanding expenses should be treated, and may, where appropriate, decide that the outstanding expenses should be met by the Fund as a liquidation expense.

### **General**

Over time, the different charging structures summarised above may result in Shares of different Share Classes of the same Fund, which were bought at the same time, producing different investment returns. In this context investors may also wish to consider the services provided by their distributor in relation to their Shares.

The Principal Distributor, is entitled to receive:

- ▶ the initial charge of up to 5% of the Net Asset Value of the Class A Shares issued, where levied;
- ▶ the initial charge of up to 5% of the Net Asset Value of the Class AI Shares issued, where levied;
- ▶ the initial charge of up to 5% of the Net Asset Value of the Class D Shares issued, where levied;
- ▶ the initial charge of up to 5% of the Net Asset Value of the Class DD Shares issued, where levied;
- ▶ the initial charge of up to 5% of the Net Asset Value of the Class H Shares issued, where levied;
- ▶ the initial charge of up to 5% of the Net Asset Value of the Class U Shares issued, where levied;
- ▶ the initial charge of up to 5% of the Net Asset Value of the Class T Shares issued, where levied;
- ▶ the initial charge of up to 3% of the Net Asset Value of the Class E Shares issued, where levied;
- ▶ the initial charge of up to 3% of the Net Asset Value of the IndexInvest Shares and/or the Vermoegensstrategie Shares issued, where levied;
- ▶ the CDSC on redemptions;
- ▶ the Management Company's charge on excessively frequent conversions of any Share Class (see paragraph 20 of Appendix A); and
- ▶ any distribution fees.

### **Taxation**

The following summary is based on current law and practice, which is subject to change. The information given is not exhaustive and does not constitute legal or tax advice. Certain shareholders, such as dealers in securities, insurance companies and collective investment vehicles, may be taxed differently and are not considered below.

**Investors should inform themselves of, and when appropriate consult their professional advisers on, the possible tax consequences of subscribing for, buying, holding, redeeming, converting or selling shares under the laws of their country of citizenship, residence or domicile.**



## **Luxembourg**

Under present Luxembourg law and practice, the Company is not liable to any Luxembourg income tax, net wealth tax or capital gains tax, nor are dividends paid by the Company subject to any Luxembourg withholding tax. However, Class A Shares, Class AI Shares, Class C Shares, Class D Shares, Class DD Shares, Class E Shares, Class H Shares, Class S Shares, Class U Shares, Class Z Shares, IndexInvest Shares and Vermoegensstrategie Shares of the Company are liable to a tax in Luxembourg at a rate of 0.05% per annum and Class I Shares, Class I A Shares, Class J Shares, Class T Shares and Class X Shares at a rate of 0.01% per annum of their Net Asset Value, in each case payable quarterly on the basis of the value of the net assets of the respective Classes at the end of the relevant calendar quarter. No stamp duty or other tax is payable in Luxembourg on the issue of Shares.

The benefit of the reduced 0.01% tax rate is available to Class I Shares, Class I A, Class J Shares, Class T Shares and Class X Shares on the basis of Luxembourg legal, regulatory and tax provisions as known to the Company at the date of this Prospectus and at the time of admission of subsequent investors. However, such assessment is subject to interpretations on the status of an Institutional Investor by any competent authorities as will exist from time to time. Any reclassification made by an authority as to the status of an investor may submit all of Class I, Class I A, Class J, Class T or Class X Shares (as applicable) to a tax of 0.05%. The benefit of the 0.01% tax rate may also be extended to money market funds or short duration bond funds, though currently the Company does not offer any Funds which meet these requirements.

Under Luxembourg tax law in force at the time of this Prospectus, shareholders are not subject to any capital gains, income, withholding, estate, inheritance or other taxes in Luxembourg (except for those domiciled, resident or having a permanent establishment in Luxembourg). Non-resident shareholders are not subject to tax in Luxembourg on any capital gain realized from January 1, 2011, upon disposal of Shares held in the Company.

## **United Kingdom**

The Company is not resident in the UK for tax purposes and it is the intention of the Directors to continue to conduct the affairs of the Company so that it does not become resident in the UK. Accordingly it should not be subject to UK taxation (except in respect of income for which every investor is inherently subject to UK tax). Any gain realised by a UK resident shareholder on a disposal of Shares in the Company that have not obtained UK Reporting Fund status would be expected to be an "offshore income gain" subject to tax at the rates applicable to income. UK residents are likely to be subject to income tax on any dividends declared in respect of such Shares in the Company, even if they elect for such dividends to be reinvested.

Dividends from offshore funds received by investors subject to UK income tax will be taxed as dividends in the hands of the investor provided that the fund does not at any time during the distribution period hold more than 60% of its assets in interest-bearing (or economically similar) form. Effective from 6 April

2016, there is no longer a notional 10% tax credit on dividend distributions. Instead, a £5,000 tax free dividend allowance has been introduced for UK individuals (the allowance was reduced to £2,000 from 6 April 2018). Dividends received in excess of this threshold will be taxed at 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers.

If the Fund holds more than 60% of its assets in interest-bearing (or economically similar) form, any distribution received by UK investors who are subject to income tax will be treated as a payment of yearly interest. The tax rates applying will be those applying to interest (section 378A ITTOIA 2005).

The attention of individuals resident in the UK is drawn to sections 714 and 751 of the Income Tax Act 2007 which contains provisions for preventing avoidance of income tax by transactions resulting in the transfer of income to persons (including companies) abroad and may render them liable to taxation in respect of undistributed income and profits of the Company.

The provisions of section 13 TCGA 1992 may apply to a holding in the Company. Where at least 50% of the Shares are held by five or fewer participators, then any UK person who (together with connected parties) holds more than 25% of the Shares may be taxed upon his proportion of the chargeable gain realised by the Company as calculated for UK tax purposes.

Unless the shares held have UK Reporting Fund status, on the death of a UK resident and domiciled individual shareholder, the shareholder's estate may be liable to pay income tax on any accrued gain. Inheritance tax may be due on the value of the holding after deduction of income tax and subject to any available inheritance tax exemptions.

A UK corporate shareholder may be subject to UK taxation in relation to its holdings in the Company. It may be required to apply fair value accounting in respect of its shareholding in accordance with the provisions of Chapter 3 Part 6 Corporation Tax Act 2009 and any increases or decreases in the value of the Shares may be taken into account as receipts or deductions for corporation tax purposes.

Corporate Shareholders resident in the UK for taxation purposes should note that the "controlled foreign companies" legislation contained in Part 9A of TIOPA 2010 could apply to any UK resident company which is, either alone or together with persons connected or associated with it for taxation purposes, deemed to be interested in 25 per cent or more of any chargeable profits of a non-UK resident company, where that non-UK resident company is controlled by residents of the UK and meets certain other criteria (broadly that it is resident in a low tax jurisdiction). "Control" is defined in Chapter 18, Part 9A of TIOPA 2010. A non-UK resident company is controlled by persons (whether companies, individuals or others) who are resident in the UK for taxation purposes or is controlled by two persons taken together, one of whom is resident in the UK for tax purposes and has at least 40 per cent of the interests, rights and powers by which those persons control the non-UK resident company, and the other of whom

has at least 40 per cent and not more than 55 per cent of such interests, rights and powers. The effect of these provisions could be to render such Shareholders liable to UK corporation tax in respect of the income of the Fund.

It is the intention of the Company that assets held by the Funds will generally be held for investment purposes and not for the purposes of trading. Even if Her Majesty's Revenue & Customs ("HMRC") successfully argued that a Fund is trading for UK tax purposes, it is expected that the conditions of the Investment Management Exemption ("IME") should be met, although no guarantee is given in this respect. Assuming that the requirements of the IME are satisfied, the Fund should not be subject to UK tax in respect of the profits / gains earned on its investments (except in respect of income for which every investor is inherently subject to UK tax). This is on the basis that the investments held by the Funds meet the definition of a "specified transaction" as defined in The Investment Manager (Specified Transactions) Regulations 2009. It is expected that the assets held by the Company should meet the definition of a "specified transaction", although no guarantee is given in this respect.

If the Company failed to satisfy the conditions of the IME or if any investments held are not considered to be a "specified transaction", this may lead to tax leakage within the Funds.

In addition to the above, if HMRC successfully argue that a Fund is trading for UK tax purposes, the returns earned by the Fund from its interest in the underlying assets may need to be included in the Fund's calculation of "income" for the purposes of computing the relevant amount to report to investors in order to meet the requirements for UK Reporting Fund status. However, it is considered that the investments held by the Funds should meet the definition of an "investment transaction" as defined by The Offshore Funds (Tax) Regulations 2009 ("the regulations") which came into force on 1 December 2009. Therefore, it is considered that these investments should be considered as "non-trading transactions" as outlined in the regulations. This assumption is on the basis that the Company meets both the "equivalence condition" and the "genuine diversity of ownership" condition as outlined in the regulations. On the basis that the Company is a UCITS fund, the first condition should be met. Shares in each of the Funds shall be widely available. The intended categories of investors for the Funds are retail and Institutional Investors. Shares in the Funds shall be marketed and made available sufficiently widely to reach the intended categories of investors, and in a manner appropriate to attract those categories of investors. On this basis the second condition should also be met.

### **UK Reporting Funds**

In November 2009, the UK Government enacted Statutory Instrument 2009 / 3001 (The Offshore Funds (Tax) Regulations 2009) which provides for a framework for the taxation of investments in offshore funds which operates by reference to whether a fund opts into a reporting regime ("UK Reporting Funds") or not ("Non-UK Reporting Funds"). Under the UK Reporting Funds regime, investors in UK Reporting Funds are subject to income tax on the share of the UK Reporting Fund's income attributable to their holding in the Fund, whether or not

distributed, but any gains on disposal of their holding are subject to capital gains tax.

The UK Reporting Funds regime has applied to the Company since 1 June 2010.

A list of the Funds which currently have UK Reporting Fund status is available at <https://www.gov.uk/government/publications/offshore-funds-list-of-reporting-funds>.

Provided reporting fund status is obtained, shareholders who are UK taxpayers (i.e. resident in the UK for tax purposes) will (unless regarded as trading in securities) have any gain realised upon disposal or conversion of the Company's Share treated as a capital gain which will be subject to UK capital gains tax. Otherwise any such gain would be treated as an offshore income gain subject to income tax. In the case of individuals domiciled for UK tax purposes outside the UK, the tax implications in relation to any gain on disposal will depend on whether or not the individual is subject to the remittance basis of taxation. Please note that the changes made in Finance Bill 2008 relating to the UK taxation of non-domiciled UK resident individuals are complex and therefore investors subject to the remittance basis of taxation should seek their own professional advice.

In accordance with Regulation 90 of the Offshore Funds (Tax) Regulations 2009, shareholder reports are made available within six months of the end of the reporting period at [www.blackrock.co.uk/reportingfundstatus](http://www.blackrock.co.uk/reportingfundstatus). The intention of the Offshore Fund Reporting regulations is that reportable income data shall principally be made available on a website accessible to UK investors. Alternatively, the shareholder may if they so require, request a hard copy of the reporting fund data for any given year. Such requests must be made in writing to the following address:

Head of Product Tax, BlackRock Investment Management (UK) Limited, 12 Throgmorton Avenue, London, EC2N 2DL.

Each such request must be received within three months of the end of the reporting period. Unless the Management Company is notified to the contrary in the manner described above, it is understood that investors do not require their report to be made available other than by accessing the appropriate website.

### **People's Republic of China ("PRC")**

According to prevailing tax regulation, a 10% withholding income tax is imposed on PRC sourced dividends and interests from non-government bonds paid to a non PRC tax resident enterprise unless the rate is reduced under an applicable tax treaty.

On 14 November 2014, the Ministry of Finance, China Securities Regulatory Commission and the State Administration of Taxation, acting with State Council's approval, jointly released Circular 79, which temporarily exempts QFIIs and RQFIIs from tax on capital gains derived from the trading of shares and other equity interest investments on or after 17 November 2014. Subsequently, Circulars 81 and 127 were issued to temporarily exempt tax on capital gains derived from trading of A-Shares through the Stock Connects.

There is a risk the PRC tax authorities may withdraw the temporary capital gains tax exemption in the future and seek to collect capital gains tax realised on the sale of A-Shares to the relevant Fund without giving any prior notice. If the tax exemption is withdrawn, any capital gains tax arising from or to the A-Shares of the relevant Fund may be directly borne by or indirectly passed on to the Fund and may result in a substantial impact to its Net Asset Value. As with any Net Asset Value adjustment, investors may be advantaged or disadvantaged depending on when the investors purchased/subscribed and/or sold/redeemed the Shares of the Fund.

From 1 May 2016, Value Added Tax (VAT) will also apply on certain income derived by the relevant Fund, including interest income from non-government bonds and trading gains, unless specifically exempted by the PRC tax authorities. VAT exemptions currently apply to trading of QFII and RQFII products, A-Shares traded on the Stock Connects and debt securities traded in the China Interbank Bond Market.

The Ministry of Finance and the State Administration of Taxation have not issued specific taxation rules on the Bond Connect as at the date of this Prospectus. In the absence of specific taxation rules on Bond Connect, applicable tax treatments under existing China domestic tax legislation should apply.

Any changes in PRC tax law, future clarifications thereof, and/or subsequent retroactive enforcement by the PRC tax authorities may result in a loss which could be material to the relevant Fund.

The Investment Adviser will keep the provisioning policy for tax liability under review and may, in its discretion from time to time, make a provision for potential tax liabilities if in their opinion such provision is warranted or as further clarified by the PRC in notifications.

#### **FATCA and other cross-border reporting systems**

The US-Luxembourg Agreement to Improve International Tax Compliance and to Implement FATCA (the "US-Luxembourg IGA") was entered into with the intention of enabling the Luxembourg implementation of the Foreign Account Tax Compliance Act provisions of the U.S. Hiring Incentives to Restore Employment Act ("FATCA"), which impose a reporting regime and potentially a 30% withholding tax on certain payments made from (or attributable to) US sources or in respect of US assets to certain categories of recipient including a non-US financial institution (a "foreign financial institution" or "FFI") that does not comply with the terms of FATCA and is not otherwise exempt. Certain financial institutions ("reporting financial institutions") are required to provide certain information about their US accountholders to the Administration des contributions directes (the "ACD") (which information will in turn be provided to the US tax authority) pursuant to the US-Luxembourg IGA. It is expected that the Company will constitute a reporting financial institution for these purposes. Accordingly, the Company is required to provide certain information about its direct and, in certain circumstances, its indirect US shareholders to the ACD (which information will in turn be provided to the US tax authorities) and is also required to register with the US Internal Revenue Service. It is the

intention of the Company and the Management Company to procure that the Company is treated as complying with the terms of FATCA by complying with the terms of the reporting system contemplated by the US-Luxembourg IGA. No assurance can, however, be provided that the Company will be able to comply with FATCA and, in the event that it is not able to do so, a 30% withholding tax may be imposed on payments it receives from (or which are attributable to) US sources or in respect of US assets, which may reduce the amounts available to it to make payments to its shareholders.

A number of jurisdictions have entered into multilateral arrangements modelled on the Common Reporting Standard for Automatic Exchange of Financial Account Information published by the Organisation for Economic Co-operation and Development (OECD). This will require the Company to provide certain information to the ACD about its direct and, in certain circumstances, its indirect shareholders from the jurisdictions which are party to such arrangements (which information will in turn be provided to the relevant tax authorities).

In light of the above, shareholders in the Company will be required to provide certain information to the Company to comply with the terms of the reporting systems. Please note that the Directors have determined that US Persons are not permitted to own units in the Funds, see paragraph 4 of Appendix A below.

#### **German Tax Reform – Equity Funds**

The Management Company aims to manage the Funds listed below in accordance with the so-called partial exemption regime for equity funds under Sec. 20 para. 1 of the German Investment Tax Act (as in effect since 1 January 2018). Accordingly, as of the date of this Prospectus and notwithstanding any other provision in this Prospectus (including Appendix D):

- (a) Each of the following Funds invests at least 51% of its Net Asset Value on a continuous basis directly into equities of corporations which are admitted for trading at a recognised stock exchange or are listed on an organised market:

BlackRock European Unconstrained Equity Fund

BlackRock Impact World Equity Fund

BlackRock Systematic Global Equity Fund

- (b) Each of the following Funds invests at least 25% of its Net Asset Value on a continuous basis directly into equities of corporations which are admitted for trading at a recognised stock exchange or are listed on an organised market:

BlackRock European Opportunities Extension Fund

BlackRock Managed Index Portfolios – Moderate

BlackRock Managed Index Portfolios – Growth

## **Generally**

Dividends and interest received by the Company on its investments may be subject to withholding taxes in the countries of origin which are generally irrecoverable as the Company itself is exempt from income tax. Recent European Union case law may, however, reduce the amount of such irrecoverable tax.

Investors should inform themselves of, and when appropriate consult their professional advisers on, the possible tax consequences of subscribing for, buying, holding, redeeming, converting or selling Shares under the laws of their country of citizenship, residence or domicile. Investors should note that the levels and bases of, and reliefs from, taxation can change.

Under current Luxembourg tax law, there is no withholding tax on payments made by the Company or its paying agent to the shareholders. Indeed, in accordance with the law of 25 November 2014, Luxembourg elected out of the withholding tax system in favour of an automatic exchange of information under the Council Directive 2003/48/EC on the taxation of savings income (the “EU Savings Directive”) as from 1 January 2015. The information to be automatically exchanged relates to the identity and the residence of the beneficial owner, the name or denomination and the address of the paying agent, the account number of the beneficial owner, or instead the identification of the debt claim generating the interests, and the total amount of interest or assimilated income generated.

The European Union has adopted a Directive repealing the EU Savings Directive from 1 January 2016 (1 January 2017 in the case of Austria) (in each case subject to transitional arrangements).

## **Meetings and Reports**

### **Meetings**

The annual general meeting of shareholders of the Company is held in Luxembourg at 11 a.m. (Luxembourg time) on 20 November each year (or if such day is not a Business Day in Luxembourg, on the next following Business Day in Luxembourg). Other general meetings of shareholders will be held at such times and places as are indicated in the notices of such meetings. Notices are sent to registered shareholders and (when legally required) published in such newspapers as decided by the Board of Directors and in the RESA in Luxembourg.

### **Reports**

Financial periods of the Company end on 31 May each year. The annual report containing the audited financial accounts of the Company and of each of the Funds in respect of the preceding financial period is available within four months of the relevant year-end. An unaudited interim report is available within two months of the end of the relevant half-year. Copies of all reports are available upon request at the registered office of the Company and from the local Investor Servicing teams. Registered shareholders will be sent a personal statement of account twice-yearly.

## Appendix A – Summary of Certain Provisions of the Articles and of Company Practice

The below is a summary of the Articles. However, such summary does not purport to be complete. It is subject to and qualified in its entirety by reference to the contents of such Articles, the application forms and other documents and, accordingly, it should be reviewed for complete information concerning the rights, privileges and obligations of investors in the Company. In the event that the description in or terms of this Prospectus are inconsistent with or contrary to the description in or terms of the Articles or the application forms, the Articles shall prevail and investors will be taken as having full knowledge of the Articles in applying for Shares.

### Articles of Association

1. Terms used in this summary that are defined in the Articles have the same meaning below.
- 1.1 **Corporate Existence**  
The Company is a company existing in the form of a société anonyme qualifying as a société d'investissement à capital variable (SICAV) under the name of BlackRock Strategic Funds with the status of a Part I Undertaking for Collective Investment in Transferable Securities (UCITS).
- 1.2 **Sole Object**  
The sole object of the Company is to place the funds available to it in one or more portfolios of transferable securities or other assets referred to in Article 41(1) of the 2010 Law, referred to as "Funds", with the purpose of spreading investment risks and affording to its shareholders the results of the management of the Company's Funds.
- 1.3 **Capital**  
The capital is represented by fully paid Shares of no par value and will at any time be equal to the aggregate value of the net assets of the Funds of the Company. Any variation of the Company's capital has immediate effect.
- 1.4 **Fractions**  
Fractions of Shares may be issued only as registered shares.
- 1.5 **Voting**  
In addition to the right to one vote for each whole Share of which he is the holder at general meetings, a holder of Shares of any particular Class will be entitled at any separate meeting of the holders of Shares of that Class to one vote for each whole Share of that Class of which he is the holder.
- 1.6 **Joint Holders**  
The Company will register registered shares jointly in the names of not more than four holders should they so require. In such case the rights attaching to such a Share must be exercised jointly by all those parties in whose names it is registered except that verbal instructions will be accepted by the Company from any one joint holder in cases where verbal instructions are permitted pursuant to provisions of this Prospectus. Written instructions will be accepted by the Company from any one joint holder where all the holders have previously given written authority to the Transfer Agent or the local Investor Servicing team to accept those instructions. Instructions accepted on either of such bases will be binding on all the joint holders concerned.
- 1.7 **Allotment of Shares**  
The Directors are authorised without limitation to allot and issue Shares at any time at the current price per Share without reserving preferential subscription rights to existing shareholders.

- 1.8 **Directors**  
The Articles provide for the Company to be managed by a board of Directors composed of at least three persons. Directors are elected by the shareholders. The Directors are vested with all powers to perform all acts of administration and disposition in the Company's interest. In particular the Directors have power to appoint any person to act as a functionary to the Fund.  
  
No contract or other transaction between the Company and any other company or firm shall be affected or invalidated by the fact that any one or more of the Directors or officers of the Company are interested in, or are directors, associates, officers or employees of, that other company or firm.
- 1.9 **Indemnity**  
The Company may indemnify any Director or officer against expenses reasonably incurred by him in connection with any proceedings to which he may be made a party by reason of such position in the Company or in any other company of which the Company is a shareholder or creditor and from which he is not entitled to be indemnified, except where due to gross negligence or wilful misconduct on his part.
- 1.10 **Winding up and Liquidation**  
The Company may be wound up at any time by a resolution adopted by a general meeting of shareholders in accordance with the provisions of the Articles. The Directors must submit the question of the winding up of the Company to a general meeting of shareholders if the corporate capital falls below two-thirds of the minimum capital prescribed by law (the minimum capital is currently the equivalent of EUR1,250,000).  
  
On a winding up, assets available for distribution amongst the shareholders will be applied in the following priority:
  - 1.10.1 first, in the payment of any balance then remaining in the relevant Fund to the holders of Shares of each Class linked to the Fund, such payment being made in accordance with any applicable rights attaching to those Shares, and otherwise in proportion to the total number of Shares of all the relevant Classes held; and
  - 1.10.2 secondly, in the payment to the holders of Shares of any balance then remaining and not comprised in any of the Funds, such balance being apportioned as between the Funds pro rata to the Net Asset Value of each Fund immediately prior to any distribution to shareholders on a winding up, and payment being made of the amounts so apportioned to the holders of Shares of each Class linked to that Fund in such proportions as the liquidators in their absolute discretion think equitable, subject to the Articles and Luxembourg law.
  - 1.10.3 Liquidation proceeds not claimed by shareholders at close of liquidation of a Fund will be deposited at the Caisse de Consignation in Luxembourg and shall be forfeited after thirty years.
- 1.11 **Unclaimed Dividends**  
If a dividend has been declared but not paid, and no claim has been made for such dividend within a period of five years, the Company is entitled under Luxembourg law to declare the dividend forfeited for the benefit of the Fund concerned. The Directors have, however, resolved as a matter of policy not to exercise this right for at least twelve years after the relevant dividend is declared. This policy will not be altered without the sanction of the shareholders at a general meeting.

## Appendix A

### Company Practice

#### Restrictions on Holding of Shares

2. Shares will be divided into Share Classes each linked to a Fund. More than one Share Class may be linked to a Fund, although, not all Share Classes are linked to each Fund. The Share Classes are: Class A Distributing, Class A Non-Distributing, Class C Distributing, Class C Non-Distributing, Class D Distributing, Class D Non-Distributing, Class DD Distributing, Class DD Non-Distributing, Class E Distributing, Class E Non-Distributing, Class H Distributing, Class H Non-Distributing, Class I Distributing, Class I Non-Distributing, Class I A Distributing, Class I A Non-Distributing, Class J Distributing, Class J Non-Distributing, Class T Non-Distributing, Class U Distributing, Class U Non-Distributing, Class X Non-Distributing, Class X Distributing Shares, Class Z Non-Distributing, IndexInvest Substanz Distributing, IndexInvest Balance Distributing, IndexInvest Wachstum Distributing, IndexInvest Chance Distributing, Vermoegensstrategie Defensiv Distributing, Vermoegensstrategie Defensiv Non-Distributing, Vermoegensstrategie Moderat-Ausgewogen Distributing, Vermoegensstrategie Moderat-Ausgewogen Non-Distributing, Vermoegensstrategie Ausgewogen Distributing, Vermoegensstrategie Ausgewogen Non-Distributing, Vermoegensstrategie Wachstum Distributing and Vermoegensstrategie Wachstum Non-Distributing. They have no preferential or pre-emption rights and are freely transferable, save as referred to below. Non-Distributing Shares are referred to using the number 2. Distributing Shares are referred to using the numbers 1 (distributing daily), 3 (distributing monthly), 4 (distributing annually), 5 (distributing quarterly) and 6 (distributing monthly on the basis of expected gross income). See the section entitled "Share Classes and Form of Shares" for further details.
3. The Directors may impose or relax restrictions (including restrictions on transfer and/or the requirement that Shares be issued only in registered form) on any Shares or Share Class (but not necessarily on all Shares within the same Class) as they may think necessary to ensure that Shares are neither acquired nor held by or on behalf of any person in circumstances giving rise to a breach of the laws or requirements of any country or governmental or regulatory authority on the part of that person or the Company, or which might have adverse taxation or other pecuniary consequences for the Company, including a requirement to register under any securities or investment or similar laws or requirements of any country or authority. The Directors may in this connection require a shareholder to provide such information as they may consider necessary to establish whether he is the beneficial owner of the Shares that he holds. In addition to the foregoing, the Directors may determine to restrict the issue of shares when it is in the interests of the Fund and/or its shareholders to do so, including when the Company or any Fund reaches a size that could impact the ability to find suitable investments for the Company or Fund. The Directors may remove such restriction at their discretion.
- If the Company becomes aware that any Shares are owned directly or beneficially by any person in breach of any law or requirement of a country or governmental or regulatory authority, or otherwise in the circumstances referred to in this paragraph, the Directors may require the redemption of such Shares, decline to issue any Share and register any transfer of any Share or decline to accept the vote of any person who is precluded from holding Shares at any meeting of the shareholders of the Company.

4. The Directors have resolved that no US Persons will be permitted to own Shares. The Directors have resolved that "US Person" means any US resident or other person specified in Regulation S under the US Securities Act of 1933 as amended from time to time and as may be further supplemented by resolution of the Directors.

If a shareholder currently resident outside the United States becomes resident in the United States (and consequently comes within the definition of a US Person), that shareholder will be required to redeem its Shares. All US residents and citizens should note the requirements of the Foreign Account Tax Compliance Act ("FATCA"), please see "Taxation" section above.

5. Class I Shares, Class I A, Class J Shares, Class T Shares and Class X Shares are only available to Institutional Investors within the meaning of Article 174 of the 2010 Law. As at the date of this prospectus, Institutional Investors shall include:
- 5.1 banks and other professionals of the financial sector, insurance and reinsurance companies, social security institutions and pension funds, industrial, charitable institutions, commercial and financial group companies, all subscribing on their own behalf, and the structures which such investors put into place for the management of their own assets;
- 5.2 credit institutions and other professionals of the financial sector established in Luxembourg or abroad investing in their own name but on behalf of Institutional Investors as defined above;
- 5.3 credit institutions and other professionals of the financial sector established in Luxembourg or abroad which invest in their own name but on behalf of their clients on the basis of a discretionary management mandate;
- 5.4 collective investment schemes established in Luxembourg or abroad;
- 5.5 holding companies or similar entities, whether Luxembourg based or not, whose shareholders/beneficial owners are individual person(s) who are wealthy and may reasonably be regarded as sophisticated investors and where the purpose of the holding company is to hold important financial interests/investments for an individual or a family;
- 5.6 a holding company or similar entity, whether Luxembourg based or not, which as a result of its structure, activity and substance constitutes an Institutional Investor;
- 5.7 holding companies or similar entities, whether Luxembourg based or not, whose shareholders are Institutional Investors as described in the foregoing paragraphs; and/or
- 5.8 national and regional governments, central banks, international or a supranational institutions and other similar organisations.

#### Funds and Share Classes

6. The Company operates separate investment "Funds" and within each Fund separate Share Classes are linked to that Fund. Pursuant to Article 181 of the 2010 Law, each Fund is only liable for the liabilities attributable to it.

7. Shares may be issued with or have attached thereto such preferred, deferred or other special rights, or such restrictions whether in regard to dividend, return of capital, conversion, transfer, the price payable on allotment or otherwise as the Directors may from time to time determine and such rights or restrictions need not be attached to all Shares of the same Share Class.
8. The Directors are permitted to create more than one Share Class linked to a single Fund. This allows, for example, the creation of accumulation and distribution Share Classes, Share Classes with different dealing currencies or Share Classes with different features as regards participation in capital and/or income linked to the same Fund; and also permits different charging structures. The Directors are also permitted, at any time, to close a particular Share Class, or, subject to at least 30 days' prior notice to the shareholders of the relevant Share Class, to decide to merge such Share Class with another Share Class of the same Fund. The Articles provide that certain variations of the rights attached to a Share Class may only be made with the sanction of a Share Class meeting of holders of Shares of that Share Class.
9. The Directors may require redemption of all the Shares linked to a particular Fund if the Net Asset Value of the relevant Fund falls below USD50 million (or the equivalent in any relevant Dealing Currency). The Articles also permit the Directors to notify shareholders of the closure of any particular Fund where they deem it in the interests of the shareholders or appropriate because of changes in the economic or political situation affecting the Fund but in such circumstances the Directors intend as a matter of policy to offer holders of any Share Class a free transfer into the same Share Class of other Funds. A Fund may be terminated in circumstances other than those mentioned above with the consent of a majority of the Shares present or represented at a meeting of all shareholders of the Share Classes of that Fund (at which no quorum requirement will apply). Where a Fund is terminated the redemption price payable on termination will be calculated on a basis reflecting the realisation and liquidation costs on terminating the Fund.

The Directors may, in accordance with the provisions of the 2010 Law, arrange to merge a Fund, either as an absorbing or as an absorbed Fund, with another Fund of the Company or with another UCITS (or sub-fund thereof) (whether established in Luxembourg or another Member State and whether incorporated as a company or as a contractual type fund). The Company shall send a notice to the shareholders of the relevant Funds in accordance with the provisions of CSSF Regulation 10-5 as such regulation may be amended or replaced from time to time. Every shareholder of the relevant Funds shall have the opportunity of requesting the redemption or the conversion of his own Shares without any cost (other than the cost of disinvestment) during a period of at least 30 days before the effective date of the merger, it being understood that the effective date of the merger takes place within five business days after the expiry of such notice period.

Where a merger will result in the Company as a whole ceasing to exist, this must be decided by the shareholders of the Company before a notary. No quorum is required and the decision shall be taken at a simple majority of the shareholders present or represented and voting.

The Directors have power to suspend dealings in the Shares linked to any Fund where it is to be merged (if justified with a

view to protecting the interest of shareholders) or terminated in accordance with the above provisions. Such suspension may take effect at any time after the notice has been given by the Directors as mentioned above or, where the termination or merger requires the approval of a meeting of holders, after the passing of the relevant resolution. Where dealings in the Shares of the Fund are not suspended, the prices of Shares may be adjusted to reflect the anticipated realisation and liquidation costs or transaction costs mentioned above.

#### Valuation Arrangements

10. Under the Articles, for the purpose of determining the issue and redemption price per Share, the Net Asset Value of Shares shall be determined as to the Shares of each Share Class by the Company from time to time, but in no instance less than twice monthly, as the Directors may direct.
11. The Directors' policy is normally to deal with requests received before 12 noon Luxembourg time on a Dealing Day on that day; other requests are normally dealt with on the next Dealing Day. Forward dated requests will not be accepted and will be rejected or processed on the next Dealing Day at the discretion of the Directors.

#### Net Asset Value and Price Determination

12. All prices for transactions in Shares on a Dealing Day are based on the Net Asset Value per Share of the Share Class concerned, as shown by a valuation made at a time or times determined by the Directors. The Directors currently operate "forward pricing" for all Funds and Share Classes, i.e., prices are calculated after the closing time for acceptance of orders (see Section "Dealing in Fund Shares"). Prices in respect of a Dealing Day are normally published on the next Business Day for daily and weekly dealing funds. Prices of the BlackRock Dynamic Diversified Growth Fund will normally be published on the second Business Day. Neither the Company nor the Depositary nor the Fund Accountant can accept any responsibility for any error in publication, or for non-publication of prices or for any inaccuracy of prices so published or quoted. Notwithstanding any price quoted by the Company, by the Depositary, by the Fund Accountant or by any distributor, all transactions are effected strictly on the basis of the prices calculated as described above. If for any reason such prices are required to be recalculated or amended, the terms of any transaction effected on the basis of them will be subject to correction and, where appropriate, the shareholder may be required to make good any underpayment or reimburse any overpayment as appropriate. Periodic valuations of holdings in any Fund or Share Class may be supplied by arrangement with the local Investor Servicing teams.
13. The Net Asset Value of each Fund, calculated in its Base Currency, is determined by aggregating the value of securities and other assets of the Company allocated to the relevant Fund and deducting the liabilities of the Company allocated to that Fund. The Net Asset Value per Share of the Share Classes of a particular Fund will reflect any adjustment to the Net Asset Value of the relevant Fund described in paragraph 17.3 below and will differ as a result of the allocation of different liabilities to those Share Classes (see Section "Fees, Charges and Expenses") and as a result of dividends paid.
14. The value of all securities and other assets forming any particular Fund's portfolio is determined by last known prices upon close of the exchange on which those securities or assets are traded or admitted for trading. For securities traded

## Appendix A

on markets closing after the time of the valuation, last known prices as of this time or such other time may be used. If net transactions in Shares of the Fund on any Dealing Day exceed the threshold referred to in paragraph 17.3 below, then additional procedures apply. The value of any securities or assets traded on any other regulated market is determined in the same way. Where such securities or other assets are quoted or dealt in on or by more than one stock exchange or regulated market the Directors may in their discretion select one of such stock exchanges or regulated markets for such purposes.

15. If a security is not traded on or admitted to any official stock exchange or any regulated market, or in the case of securities so traded or admitted the last known price is not considered to reflect their true value, the Directors will value the securities concerned with prudence and in good faith on the basis of their expected disposal or acquisition price. Cash, bills payable on demand and other debts and prepaid expenses are valued at their nominal amount, unless it appears unlikely that such nominal amount is obtainable.
16. If in any case a particular value is not ascertainable by the methods outlined above, or if the Directors consider that some other method of valuation more accurately reflects the fair value of the relevant security or other asset for the purpose concerned, the method of valuation of the security or asset will be such as the Directors in their absolute discretion decide. Discrepancies in value of securities may result, for example, where the underlying markets are closed for business at the time of calculating the Net Asset Value of certain Funds or where governments chose to impose fiscal or transaction charges on foreign investment. The Directors may set specific thresholds that, where exceeded, result in adjustment to the value of these securities to their fair value by applying a specific index adjustment.
- 17.1 Under current procedures adopted by the Directors the price for all Share Classes of any Fund is the Net Asset Value per relevant Share Class of that Fund calculated to the nearest currency unit of the relevant Dealing Currency.
- 17.2 For those funds with more than one Dealing Currency, the additional Dealing Currency prices are calculated by converting the price at the relevant spot exchange rate at the time of valuation.
- 17.3 The Directors may adjust the Net Asset Value per Share for a Fund in order to reduce the effect of "dilution" on that Fund. Dilution occurs when the actual cost of purchasing or selling the underlying assets of a Fund deviates from the carrying value of these assets in the Fund's valuation, due to factors such as dealing and brokerage charges, taxes and duties, market movement and any spread between the buying and selling prices of the underlying assets. Dilution may have an adverse effect on the value of a Fund and therefore impact shareholders. By adjusting the Net Asset Value per Share this effect can be reduced or prevented and shareholders can be protected from the impact of dilution. The Directors may adjust the Net Asset Value of a Fund if on any Dealing Day the value of the aggregate transactions in Shares of all Share Classes of that Fund results in a net increase or decrease which exceeds one or more thresholds that are set by the Directors for that Fund. The amount by which the Net Asset Value of a Fund may be adjusted on any given Dealing Day is related to the anticipated cost of market dealing for that Fund. In such circumstances the Net Asset Value of the relevant Fund may be adjusted by an amount not exceeding 1.50%, or

3% in the case of bond Funds, of that Net Asset Value. The adjustment will be an addition when the net movement results in an increase in the value of all Shares of the Fund and a deduction when it results in a decrease. As certain stock markets and jurisdictions may have different charging structures on the buy and sell sides, particularly in relation to duties and taxes, the resulting adjustment may be different for net inflows than for net outflows. In addition, the Directors may also agree to include extraordinary fiscal charges in the amount of the adjustment. These extraordinary fiscal charges vary from market to market and are currently expected not to exceed 2.5% of that Net Asset Value. Where a Fund invests primarily in certain asset types, such as government bonds or money market securities, the Directors may decide that it is not appropriate to make such an adjustment. Shareholders should note that due to adjustments being made to the Net Asset Value per Share, the volatility of a Fund's Net Asset Value per Share may not fully reflect the true performance of the Fund's underlying assets.

### Conversion

18. The Articles allow the Directors on issuing new Share Classes to impose such rights of conversion as they determine, as described in paragraph 6 above. The basis of all conversions is related to the respective Net Asset Values per Share of the relevant Share Class of the two Funds concerned.
  19. The Directors have determined that the number of Shares of the Share Class into which a shareholder wishes to convert his existing Shares will be calculated by dividing (a) the value of the number of Shares to be converted, calculated by reference to the Net Asset Value per Share by (b) the Net Asset Value per Share of the new Share Class. This calculation will be adjusted where appropriate by the inclusion of a conversion charge (see Section "Fees Charges and Expenses") or a delayed initial charge on Class A, Class D, Class DD, Class E, Class T or Class U Shares (see Section "Fees Charges and Expenses"). No conversion charge will be made when a delayed initial charge is payable. If applicable, the relevant exchange rate between the relevant Dealing Currencies of the Shares of the two Funds will be applied to the calculation.
- The Net Asset Value(s) per Share used in this calculation may reflect any adjustment(s) to the Net Asset Value(s) of the relevant Fund(s) described in paragraph 17.3 above.
20. Conversions are permitted between different Share Classes of the same Fund or of different Funds, subject to the limitations set out under the Section "Switching Between Funds and Share Classes" and provided shareholders and/or the holding (as appropriate) meet the specific eligibility criteria for each Share Class set out above (see "Share Classes and Form of Shares").

Selected distributors may impose a charge on each conversion of those Shares acquired through it, which will be deducted at the time of conversion and paid to the relevant distributor. While other conversions between the same Share Class of two Funds are normally free of charge, the Management Company may, at its discretion (and without prior notice), make an additional conversion charge which would increase the amount paid to up to 2% if excessively frequent conversions are made. Any such charges will be deducted at the time of conversion and paid to the relevant distributor or the Principal Distributor (as applicable).



The Directors reserve the right to waive or vary these requirements and also to amend their policy if they consider it appropriate to do so, either generally or in particular circumstances.

#### Settlement on Redemptions

21. The Company reserves the right to extend the period of payment of redemption proceeds to such period, not exceeding eight Business Days, as shall be necessary to repatriate proceeds of the sale of investments in the event of impediments due to exchange control requirements or similar constraints in the markets in which a substantial part of the assets of the Company are invested or in exceptional circumstances where the liquidity of the Company is not sufficient to meet the redemption requests.

In addition, the redemption price may be payable in specie as explained in paragraph 22 below.

Failure to meet money laundering prevention requirements may result in the withholding of redemption proceeds.

#### In Specie Applications and Redemptions

22. The Management Company may accept subscriptions in specie, or partly in cash and in specie, subject always to the minimum initial subscription amounts and the additional subscription amounts and provided further that the value of such subscription in specie (after deduction of any relevant charges and expenses) equals the subscription price of the Shares. Such securities will be valued on the relevant Dealing Day and, in accordance with Luxembourg law, are subject to a special report of the auditor.
23. The Management Company may, subject to the prior consent of a shareholder and to the minimum dealing and holding amounts, effect a payment of redemption proceeds in specie by allocating to the shareholder investments from the portfolio of the relevant Fund equal in value (calculated in the manner referred to in paragraphs 13 and 14 above) to the price of the relevant Shares to be redeemed (net of any applicable CDSC in the case of Class C Shares and other Share Classes where applicable and where stated in Appendix F). The nature and type of asset to be transferred in such case will be determined on an equitable basis and without prejudicing the interests of the other holders of Shares of the same Share Class, and will be valued on the relevant Dealing Day. In accordance with Luxembourg law, such redemption is subject to a special report of the auditor. In specie applications and redemptions may attract transaction taxes depending on the assets in question. In the case of an in specie redemption these taxes will be at the charge of the investor. Investors should inform themselves of, and when appropriate consult their professional advisers on, the possible tax consequences of redeeming their Shareholding in this way, under the laws of their country of citizenship, residence or domicile. Investors should note that the levels and bases of, and relief from, taxation can change.

In specie applications and redemptions may not always be possible, practicable or cost efficient and may have an adverse impact on existing shareholders. The Management Company has sole discretion to refuse requests for in specie applications and redemptions.

#### Dealings in Shares by the Principal Distributor

24. The Principal Distributor, may as principal acquire and hold Shares and may at its sole discretion satisfy, in whole or in

part, an application or request for the issue, redemption or conversion of such Shares by selling Shares to and/or buying them from the applicant, as appropriate, provided that the applicant consents to such transaction. Shareholders will be deemed to have consented to deal with the Principal Distributor unless they have expressly informed the Transfer Agent or the local Investor Servicing teams to the contrary. Any such transaction will be effected on the same terms as to price and settlement as would have applied in the case of a corresponding issue, redemption or conversion of Shares (as relevant) by the Company. The Principal Distributor is entitled to retain any benefit arising from these transactions.

#### Default in Settlement

25. Where an applicant for Shares fails to pay settlement monies on subscription or to provide a completed application form for an initial application by the due date, the Directors may, in accordance with the Company's Articles, cancel the allotment or, if applicable, redeem the Shares. Redemption or conversion instructions may be refused or treated as though they have been withdrawn if payment for the Shares has not been made or a completed initial application form has not been received by the Company. In addition, no dealings will be effected following a conversion instruction and no proceeds will be paid on a redemption until all documents required in relation to the transaction have been provided to the Company. **An applicant may be required to indemnify the Company or, as described below, the Principal Distributor against any losses, costs or expenses incurred directly or indirectly as a result of the applicant's failure to pay for Shares applied for or to lodge the required documents by the due date.**

In computing any losses covered under this paragraph 25, account shall be taken, where appropriate, of any movement in the price of the Shares concerned between the transaction date and cancellation of the transaction or redemption of the Shares, and of the costs incurred by the Company or, if applicable, the Principal Distributor in taking proceedings against the applicant.

The Principal Distributor has agreed to exercise its discretion to take steps to avoid the Company suffering losses as a result of late settlement by any applicant. In cases where payment for Shares is not made on a timely basis, the Principal Distributor may assume ownership of the Shares and it shall also have the right to give instructions to the Company to make any consequent alterations in its register of shareholders, delay the completion of the relevant transaction, redeem the Shares in question, claim indemnification from the applicant and/or take proceedings to enforce any applicable indemnity, all to the same extent that the Company itself may do so.

The Company has instructed the Depositary that any interest benefit that may arise as a result of the early settlement of Share subscriptions and late clearance of redemption proceeds may be set off against any interest obligation that the Principal Distributor may incur as a result of its arrangements to protect the Company from losses from the late settlement of Share subscriptions. The Principal Distributor will benefit from interest earned on any balances held in client money accounts. No interest is paid to shareholders by the Principal Distributor in respect of amounts relating to individual transactions.

## Appendix A

### Compulsory Redemption

26. If at any time the Net Asset Value of the Company is less than USD100 million (or equivalent), all Shares not previously redeemed may be redeemed by notice to all shareholders. There is a similar power to redeem Shares of any Share Class if the Net Asset Value of the Fund to which that Share Class is linked falls below USD50 million (or equivalent), or in the circumstances described in paragraphs 3, 4 and 9 above.

### Limits on Redemption and Conversion

27. The Company will not be bound to redeem or convert on any one Dealing Day more than 10% of the value of Shares of all Share Classes of a Fund then in issue or deemed to be in issue, as described in paragraph 30 below.

### Suspension and Deferrals

28. Valuations (and consequently issues, redemptions and conversions) of any Fund may be suspended in certain circumstances including:
- ▶ during the closure (otherwise than for ordinary holidays) of or suspension or restriction of trading on any stock exchange or market on which are quoted a substantial proportion of the investments held in that Fund;
  - ▶ during the existence of any state of affairs which constitutes an emergency as a result of which disposals or valuation of assets owned by the Company attributable to such Fund would be impracticable;
  - ▶ during any breakdown in the means of communication normally employed in determining the price or value of any of the investments of such Fund or the current price or values on any stock exchange or other market;
  - ▶ during any period when the Company is unable to repatriate funds for the purpose of making payments on the redemption of such Shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of shares cannot in the opinion of the directors be effected at normal rates of exchange;
  - ▶ during any period when the net asset value per share of any subsidiary of the Company may not be accurately determined;
  - ▶ where notice has been given or a resolution passed for the closure of a Fund as explained in paragraph 8;
  - ▶ in respect of a suspension of the issuing of Shares only, any period when notice of winding up of the Company as a whole has been given; and
  - ▶ where a Fund (the “feeder Fund”) has determined, pursuant to Chapter 9 of the 2010 Law, to invest at least 85% of its net assets in units or shares of another UCITS (or a sub-fund thereof) (the “master Fund”), valuations of the feeder Fund may be suspended if the net asset value calculation of the master Fund is suspended.
29. Each period of suspension shall be published, if appropriate, by the Company. Notice will also be given to any shareholder lodging a request for redemption or conversion of Shares.

30. The Company will also not be bound to accept instructions to subscribe for, and will be entitled to defer instructions to redeem or convert any Shares of a Fund on any one Dealing Day if there are redemption or outgoing conversion orders that day for all Share Classes of that Fund with an aggregate value exceeding a particular level (currently fixed at 10%) of the approximate value of that Fund. In addition, the Company may defer redemptions and conversions in exceptional circumstances that may, in the opinion of the Directors, adversely affect the interests of holders of any Share Classes of that Fund. In either case, the Directors may declare at their discretion that redemptions and conversions will be deferred until the Company has executed, as soon as possible, the necessary realisation of assets out of the Fund concerned or until the exceptional circumstances cease to apply. Redemptions and conversions so deferred will be done on a pro rata basis and will be dealt with in priority to later requests.
31. During a period of suspension or deferral a shareholder may withdraw his request, in respect of any transaction which is deferred or suspended, by notice in writing to the Company. Such notice will only be effective if received before the transaction is effected.

Shareholders may not redeem a holding of the Company's Shares unless and until cleared funds have been received by the Company in respect of that holding.

### Transfers

32. The transfer of registered Shares may normally be effected by delivery to the Transfer Agent of an instrument of transfer in appropriate form. If a transfer or transmission of Shares results in a holding on the part of the transferor or the transferee having a value of less than a prescribed minimum the Directors may require the holding to be redeemed. The current minimum holding is USD5,000 or equivalent except for Class H Shares where the minimum is USD50,000 or equivalent, and for Class D Shares, Class DD Shares, Class I Shares, Class I A, Class J Shares, Class S Shares, Class T Shares, Class U Shares, Class X Shares and Class Z Shares where there is no required minimum holding once the initial subscription amount has been made.

### Probate

33. Upon the death of a shareholder, the Directors reserve the right to require the provision of appropriate legal documentation to evidence the rights of the shareholder's legal successor. Upon the death of a shareholder whose investment is held jointly with another shareholder, where permitted by applicable law, ownership of the investment will be transferred to the name of the surviving shareholder.

### Dividends

34. The Articles impose no restriction on dividends other than the requirement to maintain the statutory minimum level of capital (currently the equivalent of EUR1,250,000). The Directors have the power to pay interim dividends in respect of any Fund. The current dividend policy of the Directors is explained in the Section “Dividends”.

### Changes of Policy or Practice

35. Except as otherwise provided in the Articles, and subject to any legal or regulatory requirements, the Directors reserve the right to amend any practice or policy stated in this Prospectus. The Management Company may, in the interests of

shareholders and subject to the discretion of the Directors, vary or waive the operational procedures of the Company.

**Intermediary Arrangements**

36. Where Shares are issued by the Company to financial institutions (or their nominees) which act as intermediaries, the benefits and obligations described in this Prospectus may be applied by the Company to each of the intermediary's clients as if such client were a direct shareholder.

## Appendix B

### Appendix B – Additional Information

#### History of the Company

1. The Company is registered under Number B. 127481 at the Register of Commerce and Companies of Luxembourg where its Articles of Association are available for inspection and where copies thereof may be obtained upon request (and see also paragraph 19 below).
2. The Company's constitution is defined in the Articles. The original Articles were published in the *Recueil des Sociétés et Associations du Mémorial* (the "Mémorial") of the Grand-Duché of Luxembourg on 25 May 2007. The Articles have been amended and restated on 20 December 2017 and published with the RESA on 30 January 2018.
3. The Company was incorporated on 2 May 2007 under Part I of the law of 20 December 2002 that implemented Directives 2001/107/EC and 2001/108/EC.
4. On 4 May 2007 the Company appointed BlackRock (Luxembourg) S.A. as its management company.
5. Shares are offered solely on the basis of this Prospectus.

#### Directors' Remuneration and Other Benefits

6. The Articles contain no express provision governing the remuneration (including pension or other benefits) of the Directors. The Directors (who are not employees of the BlackRock Group) receive fees and out-of-pocket expenses which are paid out of the Administration Fee. For Directors who are not employees of the BlackRock Group, the annual fees received by them are from time to time disclosed in the annual report of the Company. The BlackRock Group employees serving as Directors of the Company are not entitled to receive fees.

#### Auditor

7. The Company's auditor is Deloitte S.A. of 560, rue de Neudorf, L-2220 Luxembourg.

#### Administrative Organisation

##### The Investment Advisers

8. The Management Company is entitled to delegate its investment management functions to any of its subsidiaries or associates and any other person. The Management Company has delegated some functions to the Investment Advisers, BlackRock Financial Management, Inc., BlackRock Institutional Trust Company N.A., BlackRock Investment Management, LLC, BlackRock Investment Management (UK) Limited and BlackRock (Singapore) Limited as described in the Section "Investment Management of Funds". In the case of certain Funds, BlackRock Investment Management (UK) Limited has in turn sub-delegated some functions to BlackRock Asset Management North Asia Limited at 16/F Champion Tower, 3 Garden Road Central, Hong Kong, BlackRock Investment Management (Australia) Limited at Level 26, 101 Collins Street, Melbourne 3000, Australia and to BlackRock Japan Co., Ltd. whose registered office is at 1-8-3 Marunouchi, Chiyoda-ku, Tokyo 100-8217, Japan.

##### The Principal Distributor

9. The Principal Distributor was incorporated with limited liability in England on 16th May 1986 for an unlimited period. The directors of the Principal Distributor are: N J Charrington, R A

Damm, C Clausen, R Lord, E J de Freitas, J E Fishwick, P M Olson, C R Thomson and M A Young. The Management Company has entered into an agreement with the Principal Distributor for the provision of distribution, promotion and marketing services.

The registered office of the Principal Distributor is at 12 Throgmorton Avenue, London EC2N 2DL, United Kingdom. The Principal Distributor is regulated by the FCA.

The Principal Distributor has appointed BlackRock (Channel Islands) Limited to carry out certain administration services. BlackRock (Channel Islands) Limited is a company incorporated with limited liability in Jersey on 10th August 1972 for an unlimited period (the "BCI").

The directors of BCI are: Edward A Bellew, Grant Collins, Duncan McSparran and Mark Wanless.

The registered office of BCI is at Aztec Group House, 11-15 Seaton Place, St Helier, Jersey, Channel Islands, JE4 0QH.

#### Investor Servicing

10. The Management Company has entered into an agreement with various BlackRock Group companies for the provision of dealing facilities and related investor support functions.

#### The Depositary

11. The Company has entered into a Depositary Agreement with the Depositary whereby the Depositary has agreed to act as custodian of the assets of the Company and to assume the functions and responsibilities of a custodian under the 2010 Law and other applicable law. The Depositary will also act as depositary of the Company for the purposes of the UCITS Directive.

The Depositary and Fund Accountant (see paragraph 14 below) is State Street Bank Luxembourg S.C.A. Its office is at 49, avenue J.F. Kennedy, L-1855 Luxembourg. State Street Bank Luxembourg S.C.A. was incorporated with limited liability in 1990 and has an issued and fully paid up share capital of EUR 65 million. Its registered office is 49, avenue J.F. Kennedy, L-1855 Luxembourg and its ultimate holding company is State Street Corporation which is incorporated in Boston, Massachusetts, United States. The Depositary's and the Fund Accountant's principal business activity is the provision of custodial and investment administration services.

#### The Duties of the Depositary

The Depositary shall act as the depositary of the Funds for the purposes of the UCITS Directive and, in doing so, will comply with the provisions of the UCITS Directive. In this capacity, the Depositary's duties shall include, amongst others, the following:

- (i) ensuring that each Fund's cash flows are properly monitored, and that all payments made by or on behalf of unitholders upon the subscription of units of the Funds have been received;
- (ii) safekeeping the assets of the Funds, which includes (a) holding in custody all financial instruments that may be registered in a financial instruments account opened in the Depositary's books and all financial instruments that can be physically delivered to the Depositary; and (b) for other assets, verifying the ownership of such assets and

the maintaining a record accordingly (the “**Safekeeping Function**”);

- (iii) ensuring that the sale, issue, re-purchase, redemption and cancellation of units of each Fund are carried out in accordance with the applicable national law and the Articles;
- (iv) ensuring that the value of the units of each Fund is calculated in accordance with the applicable national laws and the Articles;
- (v) carrying out the instructions of the Management Company, unless they conflict with the applicable national law or the Articles;
- (vi) ensuring that in transactions involving each Fund's assets any consideration is remitted to the relevant Fund within the usual time limits; and
- (vii) ensuring that the Funds' income is applied in accordance with the applicable national law.

The Depositary will further ensure, in accordance with the requirements of the UCITS Directive that the assets of the Funds held in custody by the Depositary shall not be reused by the Depositary or by any third party to whom the custody function has been delegated for their own account. Reuse comprises any transaction of assets of the Funds held in custody including, but not limited to, transferring, pledging, selling and lending. Assets of the Funds held in custody are only allowed to be reused where:

- (a) the reuse of the assets is executed for the account of the Funds;
- (b) the Depositary is carrying out the instructions of the Management Company;
- (c) the reuse is for the benefit of the Fund and in the interest of the shareholders; and
- (d) the transaction is covered by high quality and liquid collateral received by the Fund under a title transfer arrangement with a market value at all times at least equivalent to the market value of the reused assets plus a premium.

The Depositary has entered into written agreements delegating the performance of its Safekeeping Function in respect of certain investments. The liability of the Depositary will not be affected by the fact that it has entrusted the Safekeeping Function to a third party. The Depositary's delegates can be viewed at the following website:

<http://www.statestreet.com/about/office-locations/luxembourg/subcustodians.html>.

The Depositary is part of an international group of companies and businesses that, in the ordinary course of their business, act simultaneously for a large number of clients, as well as for their own account, which may result in actual or potential conflicts. Conflicts of interest arise where the Depositary or its affiliates engage in activities under the agreement with the Company, or under separate contractual or other arrangements. Such activities may include:

- (i) providing nominee, administration, registrar and transfer agency, research, agent securities lending, investment management, financial advice and/or other advisory services to the Company;
- (ii) engaging in banking, sales and trading transactions including foreign exchange, derivative, principal lending, broking, market making or other financial transactions with the Company either as principal and in the interests of itself, or for other clients.

In connection with the above activities the Depositary or its affiliates:

- (i) will seek to profit from such activities and are entitled to receive and retain any profits or compensation in any form and are not bound to disclose to, the Company, the nature or amount of any such profits or compensation including any fee, charge, commission, revenue share, spread, mark-up, mark-down, interest, rebate, discount, or other benefit received in connection with any such activities;
- (ii) may buy, sell, issue, deal with or hold, securities or other financial products or instruments as principal acting in its own interests, the interests of its affiliates or for its other clients;
- (iii) may trade in the same or opposite direction to the transactions undertaken, including based upon information in its possession that is not available to the Company;
- (iv) may provide the same or similar services to other clients including competitors of the Company;
- (v) may be granted creditors' rights by the Company which it may exercise.

The Company may use an affiliate of the Depositary to execute foreign exchange, spot or swap transactions for the account of the Company. In such instances the affiliate shall be acting in a principal capacity and not as a broker, agent or fiduciary of the Company. The affiliate will seek to profit from these transactions and is entitled to retain and not disclose any profit to the Company.

The affiliate shall enter into such transactions on the terms and conditions agreed with the Company.

Where cash belonging to the Company is deposited with an affiliate being a bank, a potential conflict arises in relation to the interest (if any) which the affiliate may pay or charge to such account and the fees or other benefits which it may derive from holding such cash as banker and not as trustee. The Management Company may also be a client or counterparty of the Depositary or its affiliates.

Potential conflicts that may arise in the Depositary's use of sub-custodians include four broad categories:

- (1) conflicts from the sub-custodian selection and asset allocation among multiple sub-custodians influenced by (a) cost factors, including lowest fees charged, fee rebates or similar incentives and (b) broad two-way commercial relationships in which the Depositary may act

## Appendix B

based on the economic value of the broader relationship, in addition to objective evaluation criteria;

- (2) sub-custodians, both affiliated and non-affiliated, act for other clients and in their own proprietary interest, which might conflict with clients' interests;
- (3) sub-custodians, both affiliated and non-affiliated, have only indirect relationships with clients and look to the Depositary as its counterparty, which might create incentive for the Depositary to act in its self-interest, or other clients' interests to the detriment of clients; and
- (4) sub-custodians may have market-based creditors' rights against client assets that they have an interest in enforcing if not paid for securities transactions.

In carrying out its duties the Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Company and its shareholders.

The Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the Depositary issues to be properly identified, managed and monitored. Additionally, in the context of the Depositary's use of sub-custodians, the Depositary imposes contractual restrictions to address some of the potential conflicts and maintains due diligence and oversight of sub-custodians to ensure a high level of client service by those agents. The Depositary further provides frequent reporting on clients' activity and holdings, with the underlying functions subject to internal and external control audits. Finally, the Depositary internally separates the performance of its custodial tasks from its proprietary activity and follows a Standard of Conduct that requires employees to act ethically, fairly and transparently with clients."

Up-to-date information on the Depositary, its duties, any conflicts of interest that may arise, the safekeeping functions delegated by the Depositary, the list of delegates and sub-delegates and any conflicts of interest that may arise from such delegations will be made available to shareholders on request.

### The Fund Accountant

12. The Management Company has entered into an agreement with the Fund Accountant whereby the Fund Accountant has agreed to provide fund accounting, Net Asset Value determination and services related to these functions. Subject to Luxembourg law and regulation the Fund Accountant is entitled to delegate specific functions to any other person, firm or company (with the approval of the Management Company and the regulatory authority).

### The Transfer Agent

13. The Management Company has entered into a Transfer Agency Agreement with the Transfer Agent whereby the Transfer Agent has agreed to provide all necessary transfer agency functions including application and transaction processing, maintaining the share register, and services related to these functions.

### Relationship of Depositary and Fund Accountant with BlackRock Group

14. The Depositary's and Fund Accountant's associates provide custody and fund accounting services to BlackRock Investment

Management (UK) Limited and some of its associates in respect of their investment management business generally.

### The Paying Agents

15. The Company has appointed the following Paying Agents:

*Austria*  
Raiffeisen Bank International AG  
Am Stadtpark 9  
1030 Vienna  
Austria

*Belgium*  
J.P. Morgan Chase Bank, Brussels Branch  
1 Boulevard du Roi Albert II  
Brussels  
B-1210 Belgium

*Czech Republic*  
UniCredit Bank Czech Republic and Slovakia a.s.  
Prague 4 – Michle, Želetavská 1525/1  
Postal Code 140 92,  
Czech Republic

*Luxembourg*  
(Central Paying Agent)  
J.P. Morgan Bank Luxembourg S.A.  
European Bank & Business Centre  
6C, route de Trèves  
L-2633, Senningerberg  
Luxembourg

*Italy*  
Allfunds Bank, S.A.,  
Milan branch  
Via Santa Margherita 7  
20121 Milan  
Italy

BNP Paribas Securities Services  
Succursale di Milano – Via Ansperto 5  
20123 Milan  
Italy

Société Générale Securities Services S.p.A.  
Via Benigno Crespi 19/A - MAC II  
20159 Milan  
Italy

Banca Monte dei Paschi di Siena S.p.A.  
Piazza Salimbeni 3  
53100 Siena  
Italy

State Street Bank International GmbH – Succursale Italia  
Via Ferrante Aporti, 10  
20125 Milan  
Italy

Banca Sella Holding S.p.A.  
Piazza Gaudenzio Sella 1  
13900 Biella (BI)  
Italy

CACEIS Bank, Italy Branch  
1-3 Place Valhubert  
75206 Paris

Cedex 13 (France)  
Operation address:  
Piazza Cavour, 2  
20121 Milan

ICCREA Banca S.p.A.  
Via Lucrezia Romana 41/47  
00178 Rome  
Italy

Switzerland  
State Street Bank International GmbH,  
Munich, Zurich branch  
Beethovenstrasse 19,  
CH-8027 Zurich, Switzerland

United Kingdom  
J.P. Morgan Trustee and Depositary Company Limited  
Hampshire Building, 1st Floor  
Chaseside  
Bournemouth  
BH7 7DA, UK

## Conflicts of Interest

16. The Management Company and other BlackRock Group companies undertake business for other clients. BlackRock Group companies, their employees and their other clients face conflicts with the interests of the Management Company and its clients. BlackRock maintains a Conflicts of Interest Policy. It is not always possible for the risk of detriment to a client's interests to be entirely mitigated such that, on every transaction when acting for clients, a risk of detriment to their interests does not remain.

The types of conflict scenario giving rise to risks which BlackRock considers it cannot with reasonable confidence mitigate are disclosed below. This document, and the disclosable conflict scenarios, may be updated from time to time.

## Conflicts of Interest from relationships within the BlackRock Group and with the PNC Group

17. *PA Dealing*  
BlackRock Group employees may be exposed to clients' investment information while also being able to trade through personal accounts. There is a risk that, if an employee could place a trade of sufficient size, this would affect the value of a client's transaction. BlackRock Group has implemented a Personal Trading Policy designed to ensure that employee trading is pre-approved.

### Employee Relationships

BlackRock Group employees may have relationships with the employees of BlackRock's clients or with other individuals whose interests conflict with those of a client. Such an employee's relationship could influence the employee's decision-making at the expense of clients' interests. BlackRock Group has a Conflicts of Interest Policy under which employees must declare all potential conflicts.

### Significant Shareholder – PNC

The PNC Financial Services Group, Inc. ("PNC") holds 20.9% ownership stake of the voting common stock of BlackRock, Inc. A Stockholder Agreement is in place permitting PNC to designate two directors to the BlackRock Inc. Board. There is the potential that BlackRock Group companies could be unduly influenced by PNC to the disadvantage of clients. Both

BlackRock Inc. and PNC are managed independently and in isolation of one another and all transactions and revenue between the two are disclosed within BlackRock Inc's proxy statement. Additionally, when voting, PNC must vote its shares in accordance with the recommendation of the BlackRock Inc. Board to prevent undue influence.

## Conflicts of interest of the Management Company

18. *Provider Aladdin*  
BlackRock Group uses Aladdin software as a single technology platform across its investment management business. Custodial and fund administration service providers may use Provider Aladdin, a form of Aladdin software, to access data used by the Investment Manager and Management Company. Each service provider remunerates BlackRock Group for the use of Provider Aladdin. A potential conflict arises whereby an agreement by a service provider to use Provider Aladdin incentivises the Management Company to appoint or renew appointment of such service provider. To mitigate the risk, such contracts are entered on an 'arm's length' basis.

### Distribution Relationships

The Principal Distributer may pay third parties for distribution and related services. Such payments could incentivise third parties to promote the Company to investors against that client's best interests. BlackRock Group companies comply with all legal and regulatory requirements in the jurisdictions in which such payments are made.

### Dealing Costs

Dealing costs are created when investors deal into and out of the Fund. There is a risk that other clients of the Fund bear the costs of those joining and leaving. BlackRock Group has policies and procedures in place to protect investors from the actions of others including anti-dilution controls.

## Conflicts of interest of the Investment Manager

19. *Commissions & Research*  
Where permitted by applicable regulation (excluding, for the avoidance of doubt, any Funds which are in scope for MiFID II), certain BlackRock Group companies acting as investment manager to the Funds may use commissions generated when trading equities with certain brokers in certain jurisdictions to pay for external research. Such arrangements may benefit one Fund over another because research can be used for a broader range of clients than just those whose trading funded it. BlackRock Group has a Use of Commissions Policy designed to ensure compliance with applicable regulation and market practice in each region.

### Timing of Competing Orders

When handling multiple orders for the same security in the same direction raised at or about the same time, the Investment Adviser seeks to achieve the best overall result for each order equitably on a consistent basis taking into account the characteristics of the orders, regulatory constraints or prevailing market conditions. Typically, this is achieved through the aggregation of competing orders. Conflicts of interest may appear if a trader does not aggregate competing orders that meet eligibility requirements, or does aggregate orders that do not meet eligibility requirements; it may appear as if one order received preferential execution over another. For a specific trade instruction of the Fund, there may be a risk that better execution terms will be achieved for a different client. For example, if the order was not included in an aggregation. BlackRock Group has Order Handling Procedures and an Investment Allocation Policy which govern sequencing and the aggregation of orders.

## Appendix B

### *Concurrent Long and Short Positions*

The Investment Adviser may establish, hold or unwind opposite positions (i.e. long and short) in the same security at the same time for different clients. This may prejudice the interests of the Investment Manager's clients on one side or the other. Additionally, investment management teams across the BlackRock Group may have long only mandates and long-short mandates; they may short a security in some portfolios that are held long in other portfolios. Investment decisions to take short positions in one account may also impact the price, liquidity or valuation of long positions in another client account, or vice versa. BlackRock Group operates a Long Short (side by side) Policy with a view to treating accounts fairly.

### *Cross Trading - Pricing Conflict*

When handling multiple orders for the same security, the Investment Adviser may execute a client's order to buy the security by matching it with another client's order to sell the same security, a practice known as 'crossing'. When crossing orders, there is a risk that the execution may not be performed in the best interests of each client; for example, in the event that the price at which a trade was executed did not constitute a fair and reasonable price. BlackRock manages this risk by implementing a Global Crossing Policy, which sets out – among other things – the methodology for pricing 'cross' trades.

### *MNPI*

BlackRock Group companies receive Material Non-Public Information (MNPI) in relation to listed securities in which BlackRock Group companies invest on behalf of clients. To prevent wrongful trading, BlackRock Group erects Information Barriers and restricts trading by one or more investment team(s) concerned in the security concerned. Such restrictions may negatively impact the investment performance of client accounts. BlackRock has implemented a Material Non-Public Information Barrier Policy.

### *BlackRock's Investment Constraints or Limitations and its Related Parties*

The Company may be restricted in its investment activities due to ownership threshold limits and reporting obligations in certain jurisdictions applying in aggregate to the accounts of clients of the BlackRock Group. Such restrictions may adversely impact clients through missed investment opportunities. BlackRock Group manages the conflict by following an Investment and Trading Allocation Policy, designed to allocate limited investment opportunities among affected accounts fairly and equitably over time.

### *Investment in Related Party Products*

While providing investment management services for a client, the Investment Manager may invest in products serviced by BlackRock Group companies on behalf of other clients. BlackRock may also recommend services provided by BlackRock or its affiliates. Such activities could increase BlackRock's revenue. In managing this conflict, BlackRock seeks to follow investment guidelines and has a Code of Business Conduct and Ethics.

For investments in the units of other UCITS and/or other UCIs (as defined in paragraph 2.1.6 of appendix D) that are managed, directly or by delegation, by the Management Company itself or by any other company with which the Management Company is linked by common management or control, or by a substantial direct or indirect holding of more than 10% of the capital or voting rights no management, subscription or redemption fees may be charged to the Company on its investment in the units of such other UCITS

and/or other UCIs. However, where a performance fee is payable in relation to such other UCITS and/or other UCIs, the Company may be charged a performance fee on its investment in the units of such other UCITS and/or other UCIs. Additionally, any Administration Fees and other fees incurred in association with the administration and services of such other UCITS or UCIs will also be payable by the Company.

Companies of the BlackRock Group which provide investment advisory services to the Funds, other UCITS and/or other UCIs, may also cause the Funds through those investment services, other UCITS and/or other UCIs to seed other products (including the Funds) sponsored or managed by the BlackRock Group.

With reference to Paragraph 2.5. of Appendix D, the Company is entitled to appoint companies within the BlackRock Group as securities lending agent. Any such securities lending agent will have the discretion to arrange stock loans with highly rated specialist financial institutions (the "counterparties"). Such counterparties can include associates of BlackRock, Inc. Collateral is marked to market on a daily basis and stock loans are repayable upon demand. The securities lending agent shall be entitled to receive remuneration in relation to its activities above. Such remuneration shall not exceed 37.5% of the net revenue from the activities, with all the operational costs borne out of the remuneration received by BlackRock Advisers (UK) Limited.

### *Investment Allocation and Order Priority*

When executing a transaction in a security on behalf of a client, it can be aggregated and the aggregated transaction fulfilled with multiple trades. Trades executed with other client orders result in the need to allocate those trades. The ease with which the Investment Manager can allocate trades to a certain client's account can be limited by the sizes and prices of those trades relative to the sizes of the clients' instructed transactions. A process of allocation can result in a client not receiving the whole benefit of the best priced trade. The Investment Manager manages this conflict by following an Investment and Trading Allocation Policy, which is designed to ensure the fair treatment of all clients' accounts over time.

### *Fund Look Through*

BlackRock Group companies may have an informational advantage when investing in proprietary BlackRock funds on behalf of client portfolios. Such an informational advantage may lead a BlackRock Group company to invest on behalf of its client earlier than the Investment Manager invests for the Company. The risk of detriment is mitigated through BlackRock Group's pricing of units and anti-dilution mechanisms.

### *Side-by-Side Management: Performance fee*

The Investment Manager manages multiple client accounts with differing fee structures. There is a risk that such differences lead to inconsistent performances levels across client accounts with similar mandates by incentivising employees to favour accounts delivering performance fees over flat or non-fee accounts. BlackRock Group companies manage this risk through a commitment to a Code of Business Conduct and Ethics Policy.

## **Statutory and Other Information**

20. Copies of the following documents (together with a certified translation thereof where relevant) are available for inspection during usual business hours on any weekday (Saturdays and Public Holidays excepted) at the registered office of the Company and at the offices of BlackRock (Luxembourg) S.A., 35A, avenue J.F. Kennedy, Luxembourg:



- 20.1 the Articles of Association of the Company; and
- 20.2 the material contracts entered into between the Company and its functionaries (as varied or substituted from time to time).

A copy of the Articles of Association of the Company may be obtained free of charge at the above addresses.

Shares in the Company are and will continue to be made widely available. The intended categories of investors include both the general public as well as institutional investors. Shares in the Company will be marketed and made available sufficiently widely to reach the intended categories of investors and in a manner appropriate to attract these investors.

### Appendix C – Authorised Status

**This 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 not listed below may be restricted.**

**Accordingly, persons into whose possession this Prospectus comes are required to inform themselves about and observe any restrictions as to the offer or sale of Shares and the distribution of this Prospectus under the laws and regulations of any jurisdiction not listed below in connection with any applications for Shares in the Company, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such jurisdiction. In certain jurisdictions no action has been taken or will be taken by the Company that would permit a public offering of Shares where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this Prospectus other than in any jurisdiction where action for that purpose is required. The information below is for general guidance only and it is the responsibility of any investor or distributor to comply with applicable securities laws and regulations.**

#### Australia

Investors must read the Prospectus or any other disclosure document before making a decision to acquire Shares in the Company. The Company, which is the issuer of the Prospectus, is not licensed to provide financial product advice within the meaning of the Corporations Act 2001 (Cth) in Australia.

The Company is not available for investment by retail clients within the meaning of the Corporations Act 2001 (Cth) and accordingly there is no product disclosure statement or cooling off regime for the Company.

Please note:

- ▶ investment in the Company can be subject to investment risk, including possible delays in repayment and loss of income and principal invested; and
- ▶ unless otherwise specified in the Prospectus, no guarantee is provided by the Company in relation to the success of the Company or the achievement of a particular rate or return on income or capital.

By investing in the Company, you acknowledge that you have read and understood the above disclosures.

#### Austria

The Austrian Financial Market Authority has been notified of the intention to market Shares in the Company in Austria according to section 140(1) Austrian Investment Fund Act 2011 (InvFG 2011). This Prospectus is available in a German language version, which includes additional information for Austrian investors. The key investor information documents are also available in German.

#### Bahrain

If you are in any doubt about the contents of this Prospectus, you should seek independent professional financial advice. Remember that all investments carry varying levels of risk and that the value of your investment may go down as well as up. Investments in this collective investment undertaking are not considered deposits and are therefore

not covered by the Kingdom of Bahrain's deposit protection scheme. The fact that this collective investment undertaking has been authorised by the Central Bank of Bahrain ("CBB"), does not mean that the CBB takes responsibility for the performance of these investments, nor for the correctness of any statements or representations made by the operator of this collective investment undertaking. The CBB and the Bahrain stock exchange assume no responsibility for the accuracy and completeness of the statements and information contained in this document and expressly disclaim any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the contents of this document.

#### Belgium

The Company has been registered with the Financial Services and Markets Authority in accordance with 154 of the Law of 3 August 2012 relating to certain forms of collective management of investment portfolios. A copy of the prospectus (in English), the KIIDs (in English, French and Dutch), the Articles of Association (in English) and the latest periodical report (in English) can be obtained, free of charge, from the Belgian Paying Agent (J.P. Morgan Chase Bank, Brussels Branch, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium).

#### Canada

The Shares have not been, nor will they be, qualified for distribution to the public in Canada as no prospectus for the Fund has been filed with any securities commission or regulatory authority in Canada or any province or territory thereof. This Prospectus is not, and under no circumstances is to be construed, as an advertisement or any other step in furtherance of a public offering of Shares in Canada. No Canadian resident may purchase or accept a transfer of Shares unless it is eligible to do so under applicable Canadian or provincial laws.

#### Dubai International Financial Centre (DIFC)

This Prospectus relates to a Fund which is not subject to any form of regulation or approval by the Dubai Financial Services Authority ("DFSA"). The DFSA has no responsibility for reviewing or verifying any Prospectus or other documents in connection with this Fund. Accordingly, the DFSA has not approved this Prospectus or any other associated documents nor taken any steps to verify the information set out in this Prospectus, and has no responsibility for it. The Units to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on the Units. If you do not understand the contents of this document you should consult an authorised financial adviser. This prospectus can be distributed to Professional Clients in and from the DIFC by BlackRock Advisors (UK) Limited - Dubai Branch which is regulated by the Dubai Financial Services Authority ("DFSA"). Where the prospectus, or any fund within the prospectus, is directed at 'Professional Clients', no other person should rely upon the information contained within it.

#### France

The Company has been authorised by the Autorité des Marchés Financiers (the "AMF") to market certain of its Funds in France. CACEIS Bank will perform the services of Centralising Correspondent in France. This Prospectus is available in a French language version. The additional information for French investors should be read in conjunction with this Prospectus. Documentation relating to the Company can be inspected at the offices of CACEIS Bank, the registered office of which is at 1/3, place Valhubert, 75013 Paris, France, during normal business hours and copies of the documentation can be obtained from them if required.

#### Finland

The Company has notified the Financial Supervision Authority in accordance with Section 127 of the Act on Common Funds (29.1.1999/48, as amended) and by virtue of confirmation from the

Financial Supervision Authority the Company may publicly distribute its Shares in Finland. Certain information and documents that the Company must publish in Luxembourg pursuant to applicable Luxembourg law are translated into Finnish and are available for Finnish investors at the offices of the appointed distributors in Finland.

#### **Greece**

Approval has been granted to the Company by the Hellenic Capital Markets Committee in accordance with the procedures provided by Law 4099/2012, to register and distribute its Shares in Greece. This Prospectus is available in a Greek language translation. It must be noted that the relevant regulations provide that "SICAV Funds do not have a guaranteed performance and that previous returns do not secure future returns".

#### **Hungary**

The Hungarian Financial Supervisory Authority authorized the Hungarian distribution of the Company's Shares pursuant to Section 288 (1) of the Hungarian Act CXX of 2001 on the Capital Market on 10 July 2010. The distribution of the Shares issued by the Funds that had been launched subsequent to 1 January 2012 was authorized by the Commission de Surveillance du Secteur Financier (CSSF) of Luxembourg and this license was passported to Hungary in accordance with Section 98 of the Hungarian Act CXIII of 2011 on Investment Management Firms and the Collective Forms of Investment. KIIDs for all of the Company's Shares are also available to investors in a Hungarian language version.

#### **Ireland**

The Management Company has notified the Central Bank of Ireland of its intention to publicly distribute Shares in certain Funds in Ireland. J. P. Morgan Administration Services (Ireland) Limited will perform the services of facilities agent in Ireland. Documentation relating to the Company can be inspected at J. P. Morgan Administration Services (Ireland) Limited's offices at JPMorgan House, International Financial Services Centre, Dublin 1, Ireland during normal business hours and copies of the documentation can be obtained from them if required. J. P. Morgan Administration Services (Ireland) Limited will also forward any redemption or dividend payment requests or any complaints relating to the Company to the Transfer Agent. Further information, particularly regarding taxation in Ireland, is available for investors in Ireland.

#### **Italy**

The Company has notified the intention to market in Italy certain Funds pursuant to article 42 of Legislative Decree no. 58 of 24 February 1998 and implementing regulations. The offering of the Funds can only be carried out by the appointed distributors indicated in the list referred to in the Italian wrapper (New Subscription Form) in accordance with the procedures indicated therein. A shareholder who makes a subscription or a redemption of Shares through the local Paying Agent or other entities responsible for processing Share transactions in Italy may be charged with the expenses linked to the activity carried out by such entities. In Italy, additional expenses incurred by the Italian Paying Agent(s) or other entities responsible for processing Share transactions for and on behalf of Italian shareholders (for example for the cost of foreign exchange dealing and for intermediation in payments) may be charged to those shareholders directly. Further details of any such additional charges will be provided in the Subscription Form for Italy. Investors in Italy may confer on the Italian Paying Agent a specific mandate empowering the latter to act in its own name and on behalf of the same investors. Under this mandate, the Italian Paying Agent in its own name and on behalf of the investors in Italy shall (i) transmit in aggregated form to the Company subscription /redemption/conversion orders; (ii) hold the Shares in the register of shareholders of the Company and (iii) carry out any other administrative activity under the

investment contract. Further details of such mandate will be provided in the subscription form for Italy.

In Italy investors may be able to subscribe for Shares through regular savings plans. Under regular savings plans it may be also possible to periodically/regularly redeem and/or convert the Shares. Details of the regular savings plans facilities offered will be provided in the subscription form for Italy.

#### **Jersey**

The consent of the Jersey Financial Services Commission (the "Commission") has been obtained pursuant to the Control of Borrowing (Jersey) Order 1958, as amended, to raise money in the Island by the issue of Shares of the Company and for the distribution of this Prospectus. The Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that law.

#### **Kingdom of Saudi Arabia**

This document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority. The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document you should consult an authorised financial adviser.

#### **Kuwait**

This Prospectus is not for general circulation to the public in Kuwait. The Company has not been licensed for offering in Kuwait by the Kuwait Capital Markets Authority or any other relevant Kuwaiti government agency. The offering of the Company in Kuwait on the basis of a private placement or public offering is, therefore, restricted in accordance with Law No. 7 of 2010 and the bylaws thereto (as amended). No private or public offering of the Shares is being made in Kuwait, and no agreement relating to the sale of the Shares will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Shares in Kuwait.

#### **Netherlands**

The Company may offer its Shares to the public in the Netherlands in accordance with Directive 2009/65/EC on undertakings for collective investment in transferable securities (UCITS), as implemented in the Netherlands Financial Markets Supervision Act (Wet op het financieel toezicht). Dutch translations of the KIIDs and all information and documents that the Company must publish in Luxembourg pursuant to applicable Luxembourg laws are available from BlackRock Investment Management (UK) Limited, Amsterdam Branch.

#### **Norway**

The Company has notified the Financial Supervisory Authority of Norway (Finanstilsynet) in accordance with applicable Norwegian Securities Funds legislation. By virtue of a confirmation letter sent from the CSSF to the Financial Supervisory Authority on 30 May 2012, the Company may market and sell its Shares in Norway.

#### **Oman**

The information contained in this Prospectus does not constitute a public offer of securities in the Sultanate of Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Law of Oman (Royal Decree 80/98). Due to legal restrictions, imposed by the Executive Regulations of the Capital

## Appendix C

Market Law issued by the Capital Market Authority of the Sultanate of Oman (the "CMA"), this Prospectus is only available to individuals and corporate entities that fall within the description of "sophisticated investors" in Article 139 of the Executive Regulations to the Capital Market Law. The CMA is not liable for the correctness or adequacy of information provided in this Prospectus or for identifying whether or not the security being offered pursuant to this Prospectus is an appropriate investment for a potential investor. The CMA shall also not be liable for any damage or loss resulting from reliance placed on the Prospectus.

### People's Republic of China (PRC)

The Company's interests are not being offered or sold and may not be offered or sold, directly or indirectly within the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities and funds laws of the PRC.

### Poland

The Company has notified the Polish Financial Supervision Authority (Komisja Nadzoru Finansowego) of its intention to distribute its Shares in Poland under article 253 of an Act on investment funds and on management of alternative investment funds dated May 27th 2004 (Dz. U. 2016.1896, as amended). The Company has established its representative and payment agent in Poland. This Prospectus and the key investor information documents are available in Polish as well as other documents and information required by the provisions of laws of the state where it maintains its head office. The Company distributes its Shares in Poland by authorised distributors only.

### Qatar

The Shares are only being offered to a limited number of investors who are willing and able to conduct an independent investigation of the risks involved in an investment in such Shares. The Prospectus does not constitute an offer to the public and is for the use only of the named addressee and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof). The Company has not been and will not be registered with the Qatar Central Bank or under any laws of the State of Qatar. No transaction will be concluded in your jurisdiction and any inquiries regarding the Shares should be made to the Company.

### Republic of South Africa

This Prospectus is not intended and does not constitute an offer, invitation, or solicitation by any person to members of the public to invest or acquire shares in the Company. This Prospectus is not an offer in terms of Chapter 4 of the Companies Act, 2008. Accordingly this Prospectus does not, nor is it intended to, constitute a Prospectus prepared and registered under the Companies Act. The Fund is a foreign collective investment scheme as contemplated by section 65 of the Collective Investment Schemes Control Act, 2002 and is not approved in terms of that Act.

### Singapore

Certain Funds of the Company (the "Restricted Sub-Funds") have been entered onto the list of restricted schemes maintained by the Monetary Authority of Singapore (the "MAS") for purpose of restricted offer in Singapore pursuant to section 305 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") and the list of Restricted Sub-Funds may be accessed at:

<https://masnetvc2.mas.gov.sg/cisnetportal/jsp/list.jsp>. The offer or invitation of the shares (the "Shares") of the Restricted Sub-Funds, which is the subject of this Prospectus, does not relate to a collective investment scheme which is authorised under section 286 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") or recognised under Section 287 of the SFA. The Restricted Sub-Funds

are not authorised or recognised by the MAS and the Shares are not allowed to be offered to the retail public.

This Prospectus and any other document or material issued in connection with this restricted offer or sale of the Restricted Sub-Funds is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. You should consider carefully whether the investment is suitable for you.

This Prospectus has not been registered as a prospectus with the MAS. Accordingly, this Prospectus and any other document or material in connection with the restricted offer or sale, or invitation for subscription or purchase, of Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, pursuant to this Prospectus whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Shares are subscribed or purchased under Section 305 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 305 of the SFA except:

- 1. to an institutional investor or to a relevant person defined in Section 305(5) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 305A(3)(i)(B) of the SFA;
- 2. where no consideration is or will be given for the transfer;
- 3. where the transfer is by operation of law;
- 4. as specified in Section 305A(5) of the SFA; or
- 5. as specified in Regulation 36 of the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005 of Singapore.

The Shares of the Restricted Sub-Funds are capital markets products other than prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The offer or invitation of the Shares is regulated by the Commission de Surveillance du Secteur Financier (the "CSSF") under Part I of the

2010 Law, as amended from time to time. The contact details of the CSSF are as follows: Telephone: +352 26-251-1 (switchboard); Fax: +352 26-251-601. The Company is incorporated in the Grand Duchy of Luxembourg and the business address of the Company is 49, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg. BlackRock (Luxembourg) S.A., being the management company of the Company, is incorporated in the Grand Duchy of Luxembourg and regulated by the CSSF. State Street Bank Luxembourg S.C.A., being the custodian of the Company, is incorporated in the Grand Duchy of Luxembourg and regulated by the CSSF. The policy of each Restricted Sub-Fund and the Management Company is to not enter into any side letter arrangements that may result in differentiated or preferential treatment for certain classes of investors. Investors in Singapore should note that if they wish to obtain information on the past performance of the Restricted Sub-Funds, they should contact BlackRock (Singapore) Limited at +65 6411-3000 to obtain such information. Other information required by the Monetary Authority of Singapore is contained elsewhere in this Prospectus.

#### **South Korea**

For distribution and offering of the Shares in the Company to the public in South Korea, the Company has been registered with the Financial Services Commission (the "FSC") and the securities registration statement (as defined under the Financial Investment Services and Capital Market Act of South Korea (the "FSCMA")) has been filed with the FSC in accordance with the FSCMA.

#### **Spain**

The Company is duly registered with the Comisión Nacional de Mercado de Valores in Spain under number 626.

#### **Sweden**

The Company has notified the Swedish Financial Supervisory Authority in accordance with Chapter 1, Section 7 of the Swedish Securities Funds Act 2004 (Sw. lag (2004:46) om värdepappersfonder) and by virtue of a confirmation from the Swedish Financial Supervisory Authority, the Company may publicly distribute its Shares in Sweden.

#### **Switzerland**

The Swiss Financial Market Supervisory Authority FINMA has authorised BlackRock Asset Management Schweiz AG as the Company's Swiss representative, to distribute the Shares of each of the Company's Funds in or from Switzerland in accordance with Article 123 of the Collective Investment Schemes Act of 23 June 2006. A German language version of this Prospectus is available which also includes the additional information for Swiss investors.

#### **Taiwan**

The BlackRock Impact World Equity Fund has been approved by the Financial Supervisory Commission (the "FSC"), or effectively registered with the FSC, for public offering and sale through the master agent and/or sales agents in Taiwan in accordance with the Securities Investment Trust and Consulting Act, Regulations Governing the Offshore Funds, and other applicable laws and regulations. Funds approved/registered in Taiwan will, subject to certain investment restrictions such as, among other things, the following: (1) no gold, real estate and commodities in the portfolio are allowed; (2) unless the derivatives waiver by FSC is otherwise granted, the total value of the open positions on derivatives for increasing investment efficiency held by each Fund shall not exceed 40% of its net asset value; and (3) total value of open short positions on derivatives for hedging purpose held by each Fund shall not exceed the total market value of the corresponding securities held by the Fund. Investors should read this Prospectus in conjunction with the investor brochure, which contains additional information for Taiwan residents. The FSC issued a letter ruling on January 29 2014 which permitted sales and consultation of unregistered offshore funds through the Taiwan offshore banking unit

of a bank (including a foreign bank having branch in Taiwan) ("OBU") and the Taiwan offshore securities unit of a securities firm (including a foreign securities firm having branch in Taiwan) ("OSU"); provided that: (1) the clients of the Taiwan OBU/OSU are limited to offshore clients, including individuals holding foreign passport without domicile in Taiwan and legal entities registered offshore without any registration or branch in Taiwan; and (2) any offshore fund distributed through an Taiwan OBU or OSU cannot invest more than 30% of its net asset value in the Taiwan securities markets ("Taiwan OBU/OSU Fund Offering"). BlackRock Investment Management (Taiwan) Limited has obtained the FSC's approval to provide agent services, the scope of which is subject to the regulator's approval and rulings which may be amended from time to time, to Taiwan OBU/OSU on behalf of BlackRock (Luxembourg) S.A. for the Taiwan OBU/OSU Fund Offering.

#### **United States**

The Shares will not be registered under the US Securities Act of 1933, as amended (the "Securities Act") and may not be directly or indirectly offered or sold in the United States or any of its territories or possessions or areas subject to its jurisdiction or to or for the benefit of a US Person. The Company will not be registered under the US Investment Company Act of 1940. US Persons are not permitted to own Shares. Attention is drawn to paragraphs 3 and 4 of Appendix A which specify certain compulsory redemption powers and define "US Person".

#### **United Arab Emirates (UAE)**

*For Funds registered with the Securities and Commodities Authority in the United Arab Emirates:*

A copy of this Prospectus has been submitted to the Securities and Commodities Authority (the "Authority") in the United Arab Emirates ("UAE"). The Authority assumes no liability for the accuracy of the information set out in this Prospectus, nor for the failure of any persons engaged by the Company in performing their duties and responsibilities. The relevant parties whose names are listed in this Prospectus shall assume such liability, each according to their respective roles and duties.

For investors to which the qualified investor exemption applies: A copy of this Prospectus has been submitted to the Authority in the UAE. The Authority assumes no liability for the accuracy of the information set out in this Prospectus, nor for the failure of any persons engaged by the Company in performing their duties and responsibilities. This document is only intended for those that fall under the definition of "Qualified Investor" as contained within the Authority's Board's Decision No. 9/R.M. of 2016 concerning Mutual Funds Regulations and the Authority's Board Decision No. 3/R.M of 2017 concerning Promoting and Introducing Regulations, which includes: (1) an investor which is able to manage its investments on its own, namely: (a) the federal government, local governments, government entities and authorities or companies wholly-owned by any such entities; (b) international entities and organisations; (c) a person licensed to carry out a commercial activity in the UAE, provided that investment is one of the objects of such person; or (d) a financially sound natural person who acknowledges that their annual income is not less than AED 1 million, that their net equity, excluding their main place of residence, amounts to AED 5 million, and that they, themselves or with the assistance of a financial advisor, has the necessary know-how and experience to assess the offer document and the ensuing benefits and risks associated with the investment; or (2) an investor who is represented by an investment manager licensed by the Authority, (each a "Qualified Investor"). The relevant parties whose names are listed in this Prospectus shall assume such liability, each according to their respective roles and duties.

## Appendix C

*For Funds not registered with the Securities and Commodities Authority in the United Arab Emirates:*

This Prospectus, and the information contained herein, does not constitute, and is not intended to constitute, a public offer of securities in the UAE and accordingly should not be construed as such. The Shares are only being offered to a limited number of investors in the UAE who (a) are willing and able to conduct an independent investigation of the risks involved in an investment in such Shares, and (b) upon their specific request. The Shares have not been approved by or licensed or registered with the UAE Central Bank, the Authority or any other relevant licensing authorities or governmental agencies in the UAE.

The Prospectus is for the use of the named addressee only, who has specifically requested it without a promotion effected by BlackRock, its promoters or the distributors of its units, and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof). No transaction will be concluded in the UAE and any enquiries regarding the Shares should be made to the local Investor Servicing Team, telephone: +44 (0)207 743 3300.

For investors to which the qualified investor exemption applies: This Prospectus, and the information contained herein, does not constitute, and is not intended to constitute, a public offer of securities in the UAE and accordingly should not be construed as such. The Shares are only being offered to a limited number of exempt investors in the UAE who fall under one of the following categories of non-natural Qualified Investors: (1) an investor which is able to manage its investments on its own, namely: (a) the federal government, local governments, government entities and authorities or companies wholly-owned by any such entities; (b) international entities and organisations; or (c) a person licensed to carry out a commercial activity in the UAE, provided that investment is one of the objects of such person; or (2) an investor who is represented by an investment manager licensed by the SCA, (each a "non-natural Qualified Investor"). The Shares have not been approved by or licensed or registered with the UAE Central Bank, the Authority, the Dubai Financial Services Authority, the Financial Services Regulatory Authority or any other relevant licensing authorities or governmental agencies in the UAE (the "Authorities"). The Authorities assume no liability for any investment that the named addressee makes as a non-natural Qualified Investor. The Prospectus is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

### United Kingdom

The contents of this Prospectus have been approved solely for the purposes of section 21 of the UK Financial Services and Markets Act 2000 (the "Act") by the Company's UK Distributor, BlackRock Investment Management (UK) Limited, 12 Throgmorton Avenue, London EC2N 2DL (which is regulated by the FCA in the conduct of investment business in the UK). The Company has obtained the status of "recognised scheme" for the purposes of the Act. Some or all of the protections provided by the UK regulatory system will not apply to investments in the Company. Compensation under the UK Investors Compensation Scheme will generally not be available. The Company provides the facilities required by the regulations governing such schemes at the offices of BlackRock Investment Management (UK) Limited which acts as the UK facilities agent. UK investors can contact the UK facilities agent at the above address to obtain details regarding the prices of units, to redeem or arrange for the redemption of Shares, to obtain payment and to make a complaint. Details on the procedure to be followed in connection with the subscription, redemption and switching of Shares are set out in this Prospectus. Copies of the following documents will be available (in English) for inspection and can be obtained at any time during normal business hours on any day

(excluding Saturdays, Sundays and public holidays) free of charge at the above address of the UK Facilities Agent:

- (a) the Articles of Association;
- (b) the Prospectus, key investor information document and any supplement or addendum to the Prospectus; and
- (c) the most recently published annual and half yearly reports relating to the Company;

An applicant for Shares will not have the right to cancel his application under the UK FCA's Conduct of Business Rules. Further details on BlackRock Strategic Funds can be obtained from the local Investor Servicing team in London, telephone: +44 (0)207 743 3300.

### Generally

The distribution of this Prospectus and the offering of the Shares may be authorised or restricted in certain other jurisdictions. The above information is for general guidance only and it is the responsibility of any persons in possession of this Prospectus and of any persons wishing to make application for Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdictions.

## Appendix D – Investment and Borrowing Powers and Restrictions

### Investment and Borrowing Powers

1. The Company's Articles of Association permit it to invest in transferable securities and other liquid financial assets, to the full extent permitted by Luxembourg law. The Articles have the effect that, subject to the law, it is at the Directors' discretion to determine any restrictions on investment or on borrowing or on the pledging of the Company's assets.
- 1.1 The Company's Articles of Association permit the subscription, acquisition and holding of securities issued or to be issued by one or more other Funds of the Company under the conditions set forth by Luxembourg laws and regulations.

### Investment and Borrowing Restrictions

2. The following restrictions of Luxembourg law and (where relevant) of the Directors currently apply to the Company:
  - 2.1 The investments of each Fund shall consist of:
    - 2.1.1 Transferable securities and money market instruments admitted to official listings on stock exchanges in Member States of the European Union (the "EU"),
    - 2.1.2 Transferable securities and money market instruments dealt in on other regulated markets in Member States of the EU, that are operating regularly, are recognised and are open to the public,
    - 2.1.3 Transferable securities and money market instruments admitted to official listings on stock exchanges in any other country in Europe, Asia, Oceania, the American continent and Africa,
    - 2.1.4 Transferable securities and money market instruments dealt in on other regulated markets that are operating regularly, are recognised and open to the public of any other country in Europe, Asia, Oceania, the American continent and Africa,
    - 2.1.5 Recently issued transferable securities and money market instruments provided that the terms of the issue include an undertaking that application will be made for admission to the official listing on one of the stock exchanges as specified in a) and c) or regulated markets that are operating regularly, are recognised and open to the public as specified in b) and d) and that such admission is secured within a year of issue,
    - 2.1.6 Units of UCITS and/or other undertakings for collective investment ("UCIs") within the meaning of Article 1(2), points a) and b) of Directive 2009/65/EC, as amended, whether they are situated in a Member State or not, provided that:
      - ▶ such other UCIs are authorised under laws which provide that they are subject to supervision considered by the Commission de Surveillance du Secteur Financier ("CSSF") to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured;
      - ▶ the level of protection for unitholders in the other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent

to the requirements of Directive 2009/65/EC, as amended;

- ▶ the business of the other UCIs is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period;
  - ▶ no more than 10% of the UCITS' or the other UCIs' assets (or of the assets of any sub-fund thereof, provided that the principle of segregation of liabilities of the different compartments is ensured in relation to third parties), whose acquisition is contemplated, can, according to their constitutional documents, be invested in aggregate in units of other UCITS or other UCIs;
- 2.1.7 deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in an EU Member State or, if the registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law;
  - 2.1.8 financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market; and/or any financial derivative instruments dealt in over-the-counter ('OTC derivatives'), provided that:
    - ▶ the underlying consists of instruments described in subparagraphs 2.1.1 to 2.1.7 above, financial indices, interest rates, foreign exchange rates or currencies, in which the Company may invest according to its investment objectives;
    - ▶ the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF; and
    - ▶ the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative;
  - 2.1.9 money market instruments other than those dealt in on a regulated market, which fall under Article 41(1)(a) of the 2010 Law, if the issue or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that they are:
    - ▶ issued or guaranteed by a central, regional or local authority or central bank of an EU Member State, the European Central Bank, the EU or the European Investment Bank, a non-Member State or, in the case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong; or
    - ▶ issued by an undertaking any securities of which are dealt in on regulated markets referred to in subparagraphs 2.1.1, 2.1.2 or 2.1.3 above; or
    - ▶ issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered

## Appendix D

by the CSSF to be at least as stringent as those laid down by Community law; or

- ▶ issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least EUR 10 million and which presents and publishes its annual accounts in accordance with Article 1 of Directive 2013/34/EU, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

2.2 Furthermore, each Fund may invest no more than 10% of its net assets in securities and money market instruments other than those referred to in sub-paragraph 2.1.1 to 2.1.9

2.3 Each Fund may acquire the Shares of other Funds in the Company and the units or shares of UCITS and/or other UCIs referred to in paragraph 2.1.6. Each Fund's aggregate investment in UCITS or other UCIs will not exceed 10% of its net assets in order that the Funds are deemed eligible investments for other UCITS funds provided that such restriction shall not be applicable to the following Funds:

- ▶ BlackRock Dynamic Diversified Growth Fund
- ▶ BlackRock Managed Index Portfolios – Defensive
- ▶ BlackRock Managed Index Portfolios – Moderate
- ▶ BlackRock Managed Index Portfolios – Growth
- ▶ BlackRock Managed Index Portfolios – Conservative

Each Fund may acquire the units of UCITS and/or other UCIs referred to in paragraph 2.1.6, provided that no more than 20% of such Fund's net assets are invested in the units of any single UCITS and/or other UCI. For the purpose of the application of this limit, each target UCITS or UCI sub-fund of an umbrella is to be considered as a separate issuer, provided that segregated liability in relation to third party claims between sub-funds is effective.

The maximum aggregate investment by a Fund in units of eligible UCIs other than UCITS may not exceed 30% of such Fund's net assets.

When a Fund has acquired shares of UCITS and/or other UCIs, the assets of the respective UCITS or other UCIs do not have to be combined for the purposes of the limits laid down in paragraph 2.5.

When a Fund invests in the units of other UCITS and/or other UCIs that are managed, directly or by delegation, by the same investment manager or by any other company with which the investment manager is linked by common management or control, or by a substantial direct or indirect holding, no subscription or redemption fees may be charged to the Company on its investment in the units of such other UCITS and/or UCIs. For further details please refer to the section entitled "Conflicts of interest from relationships within the BlackRock Group and with the PNC Group" of this Prospectus.

Where a Fund invests a substantial proportion of its net assets in other UCITS and other UCIs, the Investment Adviser will ensure that the total management fee (excluding any performance fee, if any) charged to such Fund (including management fees from other UCITS and UCIs in which it invests) shall not exceed 3.75% of the net asset value of the Fund.

When a Fund invests (the "investor Fund") in shares of another Fund in the Company (the "target Fund"):

- ▶ the target Fund may not itself invest in the investor Fund;
- ▶ the target Fund may not invest more than 10% of its net assets in Shares of another Fund of the Company (as set out above in this paragraph);
- ▶ any voting rights which may be attached to the Shares of the target Fund will be suspended for the investor Fund for the duration of the investment;
- ▶ any management fees or subscription or redemption fees payable in relation to the target Fund may not be charged to the investor Fund. However, any performance fees payable in relation to the target Fund may be charged to the investor Fund as well as Administration Fees and any other fees incurred in association with the administration and services of such target Fund; and
- ▶ the net asset value of the Shares of the target Fund may not be considered for the purpose of the requirement that the capital of the Company should be above the legal minimum as specified in the 2010 Law, currently €1,250,000.

2.4 A Fund may hold ancillary liquid assets.

2.5 A Fund may not invest in any one issuer in excess of the limits set out below:

2.5.1 Not more than 10% of a Fund's net assets may be invested in transferable securities or money market instruments issued by the same entity.

2.5.2 Not more than 20% of a Fund's net assets may be invested in deposits made with the same entity.

2.5.3 By way of exception, the 10% limit stated in the first paragraph of this section may be increased to:

- ▶ a maximum of 35% if the transferable securities or money market instruments are issued or guaranteed by an EU Member State, by its local authorities, by a non-Member State or by public international bodies to which one or more Member States belong;
- ▶ a maximum of 25% in the case of certain bonds when these are issued by a credit institution which has its registered office in an EU Member State and is subject by law to special public supervision designed to protect bond holders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest. When a Fund invests more than 5% of its net assets in the bonds referred to in this paragraph and issued by one issuer, the total value of these investments



may not exceed 80% of the value of the net assets of such Fund.

- 2.5.4 The total value of the transferable securities or money market instruments held by a Fund in the issuing bodies in each of which it invests more than 5% of its net assets must not then exceed 40% of the value of its net assets. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision. The transferable securities and money market instruments referred to in the two indents of paragraph 2.5.3 above shall not be taken into account for the purpose of applying the limit of 40% referred to in this paragraph.

Notwithstanding the individual limits laid down in sub-paragraphs 2.5.1 to 2.5.4 above, a Fund may not combine

- ▶ investments in transferable securities or money market instruments issued by a single entity, and/or
- ▶ deposits made with a single entity, and/or
- ▶ exposures arising from OTC derivative transactions undertaken with a single entity,
- ▶ in excess of 20% of its net assets.

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of the above mentioned restrictions.

The limits provided for in sub-paragraphs 2.5.1 to 2.5.4 above may not be combined, and thus investments in transferable securities or money market instruments issued by the same entity or in deposits or derivative instruments made with this entity carried out in accordance with paragraphs 2.5.1 to 2.5.4 shall under no circumstances exceed in total 35% of the net assets of the Fund.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single entity for the purpose of calculating the investment limits mentioned in sub-paragraphs 2.5.1 to 2.5.4 above.

The Fund may not invest cumulatively more than 20% of its net assets in transferable securities or money market instruments of the same group subject to restrictions 2.5.1 and the three indents under 2.5.4 above.

Without prejudice to the limits laid down in paragraph 2.7 below, the limit of 10% laid down in sub-paragraph 2.5.1 above is raised to a maximum of 20% for investment in equity and/or debt securities issued by the same body when the aim of the investment policy of a Fund is to replicate the composition of a certain equity or debt securities index which is recognised by the CSSF, on the following basis:

- ▶ the composition of the index is sufficiently diversified,
- ▶ the index represents an adequate benchmark for the market to which it refers,
- ▶ it is published in an appropriate manner.

This limit is 35% where that proves to be justified by exceptional market conditions in particular in regulated markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

**By way of derogation, each Fund is authorised to invest up to 100% of its net assets in different transferable securities and money market instruments issued or guaranteed by an EU Member State, its local authorities, by another member state of the OECD or public international bodies of which one or more EU Member States are members, provided that (i) such securities are part of at least six different issues and (ii) securities from any one issue do not account for more than 30% of the net assets of such Fund.**

- 2.6 The Company may not invest in shares with voting rights enabling it to exercise significant influence over the management of the issuing body.

- 2.7 The Company may not:

- 2.7.1 Acquire more than 10% of the shares with non-voting rights of one and the same issuer.

- 2.7.2 Acquire more than 10% of the debt securities of one and the same issuer.

- 2.7.3 Acquire more than 25% of the units of one and the same undertaking for collective investment.

- 2.7.4 Acquire more than 10% of the money market instruments of any single issuer.

The limits stipulated in sub-paragraphs 2.7.2, 2.7.3 and 2.7.4 above may be disregarded at the time of acquisition if, at that time, the gross amount of debt securities or of the money market instruments, or the net amount of securities in issue cannot be calculated.

- 2.8 The limits stipulated in paragraphs 2.6 and 2.7 above do not apply to:

- 2.8.1 Transferable securities and money market instruments issued or guaranteed by an EU Member State or its local authorities;

- 2.8.2 Transferable securities and money market instruments issued or guaranteed by a non-EU Member State;

- 2.8.3 Transferable securities and money market instruments issued by public international institutions to which one or more EU Member States are members;

- 2.8.4 Transferable securities held by a Fund in the capital of a company incorporated in a non-Member State investing its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which such Fund can invest in the securities of issuing bodies of that State. This derogation, however, shall apply only if in its investment policy the company from the non-Member State complies with the limits laid down in Articles 43, 46 and 48 (1) and (2) of the 2010 Law. Where the limits set in Articles 43 and 46 of the 2010 Law are exceeded, Article 49 shall apply mutatis mutandis;

- 2.8.5 Transferable securities held by the Company in the capital of subsidiary companies carrying on only the business of

## Appendix D

management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unitholders' request exclusively on its or their behalf.

- 2.9 The Company may always, in the interest of the shareholders, exercise the subscription rights attached to securities, which forms part of its assets.

When the maximum percentages stated in paragraphs 2.2 through 2.7 above are exceeded for reasons beyond the control of the Company, or as a result of the exercise of subscription rights, the Company must adopt, as a priority objective, sales transactions to remedy the situation, taking due account of the interests of its shareholders.

- 2.10 A Fund may borrow to the extent of 10% of its total net assets (valued at market value) provided these borrowings are made on a temporary basis. However, the Company may acquire for the account of a Fund foreign currency by way of back-to-back loan. Any repayment of monies borrowed, together with accrued interest, and any fees arising from the committed credit line (including for the avoidance of doubt any commitment fee that may be due to the lender), shall be paid out of the assets of the respective Fund. Any new Funds will not automatically be subject to a credit line and will therefore be required to be added by way of a joinder process. This process includes, inter alia, any necessary due diligence being carried out by the lenders in order to approve the addition of the new Funds. During this period, such Funds will not be subject to, or able to draw down on, any credit line. Furthermore, there is no guarantee that the addition of any new Funds will be approved by the lenders, or that credit will be available to a Fund since the credit line is subject to availability (on an equitable allocation basis) between the Funds and other BlackRock funds participating in the credit agreement. As such, certain Funds may not be subject to the credit line and will not incur any fees with respect to same.

- 2.11 The Company may not grant credit facilities nor act as guarantor on behalf of third parties, provided that for the purpose of this restriction (i) the acquisition of transferable securities, money market instruments or other financial investments referred to in sub-paragraphs 2.1.6, 2.1.8 and 2.1.9 above, in fully or partly paid form and (ii) the permitted lending of portfolio securities shall be deemed not to constitute the making of a loan.

- 2.12 The Company undertakes not to carry out uncovered sales transactions of transferable securities, money market instruments or other financial instruments referred to in sub-paragraphs 2.1.6, 2.1.8 and 2.1.9 above; provided that this restriction shall not prevent the Company from making deposits or carrying out accounts in connection with financial derivatives instruments, permitted within the limits referred to above.

- 2.13 The Company's assets may not include precious metals or certificates representing them, commodities, commodities contracts, or certificates representing commodities.

- 2.14 The Company may not purchase or sell real estate or any option, right or interest therein, provided that the Company may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.

- 2.15 The Company will in addition comply with such further restrictions as may be required by the regulatory authorities in any country in which the Shares are marketed.

**The Company shall take the risks that it deems reasonable to reach the assigned investment objective set for each Fund; however, it cannot guarantee that it shall reach its goals given stock exchange fluctuations and other risks inherent in investments in transferable securities.**

### 3. Financial Techniques and Instruments.

- 3.1 The Company must employ a risk-management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the portfolio; it must employ a process for accurate and independent assessment of the value of OTC derivative instruments. It must communicate to the CSSF regularly and in accordance with the detailed rules defined by the latter, the types of derivative instruments, the underlying risks, the quantitative limits and the methods which are chosen in order to estimate the risks associated with transactions in derivative instruments.

- 3.2 In addition, the Company is authorised to employ techniques and instruments relating to transferable securities and to money market instruments under the conditions and within the limits laid down by the CSSF provided that such techniques and instruments are used for the purpose of efficient portfolio management or for hedging purposes.

- 3.3 When these operations concern the use of derivative instruments, these conditions and limits shall conform to the provisions laid down in the 2010 Law.

Under no circumstances shall these operations cause the Company to diverge from its investment policies and investment restrictions.

- 3.4 The Company will ensure that the global exposure of the underlying assets shall not exceed the total net value of a Fund.

Each Fund may invest in financial derivative instruments within the limits laid down in paragraph 2.5.4, provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in paragraphs 2.5.1 to 2.5.4 above. The underlying assets of index based derivative instruments are not combined to the investment limits laid down under sub-paragraphs 2.5.1 to 2.5.4 above.

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of the above-mentioned restrictions.

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

The counterparty risk on any transaction involving an OTC derivative instrument may not exceed 10% of the assets of a Fund when the counterparty is a credit institution domiciled in the EU or in a country where the CSSF considers that supervisory regulations are equivalent to those prevailing on the EU. This limit is set at 5% in any other case.

### 3.5 Efficient Portfolio Management – Other Techniques and Instruments

In addition to the investments in financial derivatives instruments, the Company may employ other techniques and

instruments relating to transferable securities and money market instruments subject to the conditions set out in the CSSF Circular 08/356, as amended from time to time, and ESMA Guidelines ESMA/2012/832EL, such as repurchase/ reverse repurchase transactions, ("repo transactions") and securities lending.

Appendix G specifies, for each Fund, the maximum and expected proportion of the Net Asset Value that can be subject to securities lending and repo transactions. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions and borrowing demand in the market.

The Funds may use securities financing transactions to help meet the investment objective of a Fund and/or as part of efficient portfolio management. For further detail please refer to Appendix G.

Techniques and instruments which relate to transferable securities or money market instruments and which are used for the purpose of efficient portfolio management, including financial derivatives instruments which are not used for direct investment purposes, shall be understood as a reference to techniques and instruments which fulfil the following criteria:

- 3.5.1 they are economically appropriate in that they are realised in a cost-effective way;
- 3.5.2 they are entered into for one or more of the following specific aims:
  - a) reduction of risk;
  - b) reduction of cost;
  - c) generation of additional capital or income for the Company with a level of risk which is consistent with the risk profile of the Company and its relevant Funds and the risk diversification rules applicable to them;
- 3.5.3 their risks are adequately captured by the risk management process of the Company; and
- 3.5.4 they cannot result in a change to the Fund's declared investment objective or add significant supplementary risks in comparison to the general risk policy as described in the Prospectus and relevant KIIDs.

Techniques and instruments (other than financial derivatives instruments) which may be used for efficient portfolio management purposes are set out below and are subject to the conditions set out below.

Moreover those transactions may be carried out for 100% of the assets held by the relevant Fund provided (i) that their volume is kept at an appropriate level or that the Company is entitled to request the return of the securities lent in a manner that enables it, at all times, to meet its redemption obligations; and (ii) that these transactions do not jeopardise the management of the Company's assets in accordance with the investment policy of the relevant Fund. Risks shall be monitored in accordance with the risk management process of the Company.

The Depositary will ensure that the assets of the Funds held in custody by the Depositary shall not be reused by the Depositary

or by any third party to whom the custody function has been delegated for their own account. Reuse comprises any transaction of assets of the Funds held in custody including, but not limited to, transferring, pledging, selling and lending. Assets of the Funds held in custody are only allowed to be reused where:

- (a) the reuse of the assets is executed for the account of the Funds;
- (b) the Depositary is carrying out the instructions of the Management Company;
- (c) the reuse is for the benefit of the Fund and in the interest of the shareholders; and
- (d) the transaction is covered by high quality and liquid collateral received by the Fund under a title transfer arrangement with a market value at least equivalent to the market value of the reused assets plus a premium.

### 3.6 Securities lending transactions and related potential conflicts of interest

Each Fund may conduct securities lending transactions in aggregate for up to such percentage of its Net Asset Value as disclosed in the relevant table in Appendix G.

The Company may enter into securities lending transactions provided that it complies with the following rules:

- 3.6.1 the Company may lend securities either directly or through a standardised system organised by a recognised clearing institution or a lending program organised by a financial institution subject to prudential supervision rules which are recognised by the CSSF as equivalent to those laid down in Community law and specialised in this type of transactions;
- 3.6.2 the borrower must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by Community law;
- 3.6.3 net exposures (i.e. the exposures of a Fund less the collateral received by a Fund) to a counterparty arising from securities lending transactions shall be taken into account in the 20% limit provided for in article 43(2) of the 2010 Law;
- 3.6.4 as part of its lending transactions, the Company must receive collateral, the market value of which, shall, at all times be equal to at least the market value of the securities lent plus a premium;
- 3.6.5 such collateral must be received prior to or simultaneously with the transfer of the securities lent. When the securities are lent through an intermediary referred to under 3.6.1 above, the transfer of the securities lent may be effected prior to receipt of the collateral, if the relevant intermediary ensures proper completion of the transaction. The intermediary may, instead of the borrower, provide to the UCITS collateral in lieu of the borrower; and
- 3.6.6 the Company must have the right to terminate any securities lending arrangement which it has entered into at any time or demand the return of any or all of the securities loaned.

Counterparties for securities lending transactions are selected based on a rigorous credit assessment and in-depth review at the individual legal entity level at the outset of the trading

## Appendix D

relationship. Credit assessments include an evaluation of the legal entity corporate and/or ownership structure, regulatory regime, track record, financial health and any external agency ratings, where applicable.

The Company shall disclose the global valuation of the securities lent in the annual and semi-annual reports. Please refer also to paragraph 11 ("The Depositary") in Appendix B for information on additional requirements pursuant to the UCITS Directive in relation to the reuse of assets held in custody by the Depositary.

There are potential conflicts of interests in managing a securities lending program, including but not limited to: (i) BlackRock as lending agent may have an incentive to increase or decrease the amount of securities on loan or to lend particular securities in order to generate additional risk-adjusted revenue for BlackRock and its affiliates; and (ii) BlackRock as lending agent may have an incentive to allocate loans to clients that would provide more revenue to BlackRock. As described further below, BlackRock seeks to mitigate this conflict by providing its securities lending clients with equal lending opportunities over time in order to approximate pro-rata allocation.

As part of its securities lending program, BlackRock indemnifies certain clients and/or funds against a shortfall in collateral in the event of borrower default. BlackRock's Risk and Quantitative Analytics Group ("RQA") calculates, on a regular basis, BlackRock's potential dollar exposure to the risk of collateral shortfall upon counterparty default ("shortfall risk") under the securities lending program for both indemnified and non-indemnified clients. On a periodic basis, RQA also determines the maximum amount of potential indemnified shortfall risk arising from securities lending activities ("indemnification exposure limit") and the maximum amount of counterparty-specific credit exposure ("credit limits") BlackRock is willing to assume as well as the program's operational complexity. RQA oversees the risk model that calculates projected shortfall values using loan-level factors such as loan and collateral type and market value as well as specific borrower counterparty credit characteristics. When necessary, RQA may further adjust other securities lending program attributes by restricting eligible collateral or reducing counterparty credit limits. As a result, the management of the indemnification exposure limit may affect the amount of securities lending activity BlackRock may conduct at any given point in time and impact indemnified and non-indemnified clients by reducing the volume of lending opportunities for certain loans (including by asset type, collateral type and/or revenue profile).

BlackRock uses a predetermined systematic and fair process in order to approximate pro-rata allocation. In order to allocate a loan to a portfolio: (i) BlackRock as a whole must have sufficient lending capacity pursuant to the various program limits (i.e. indemnification exposure limit and counterparty credit limits); (ii) the lending portfolio must hold the asset at the time a loan opportunity arrives; and (iii) the lending portfolio must also have enough inventory, either on its own or when aggregated with other portfolios into one single market delivery, to satisfy the loan request. In doing so, BlackRock seeks to provide equal lending opportunities for all portfolios, independent of whether BlackRock indemnifies the portfolio. Equal opportunities for lending portfolios does not guarantee equal outcomes. Specifically, short and long-term outcomes for individual clients may vary due to asset mix, asset/liability spreads on different securities, and the overall limits imposed by the firm.

### 3.7 Repo transactions

The Company may enter into:

- ▶ repurchase transactions which consist in the purchase or sale of securities with provisions reserving the seller the right or the obligation to repurchase from the buyer securities sold at a price and term specified by the two parties in their contractual arrangement; and
- ▶ reverse repurchase agreement transactions, which consist of a forward transaction at the maturity of which the seller (counterparty) has the obligation to repurchase the securities sold and the Company the obligation to return the securities received under the transaction.

Each Fund may conduct repurchase/reverse repurchase transactions in aggregate for up to such percentage of its latest available net asset value as disclosed in the relevant table in Appendix G. All incremental incomes generated from such transactions will be accrued to the Fund.

3.7.1 The Company can act either as buyer or seller in repo transactions. Its involvement in such transactions is however subject to the following rules:

- a) the fulfilment of the conditions 3.6.2 and 3.6.3;
- b) during the life of a repo transaction with the Company acting as purchaser, the Company shall not sell the securities which are the object of the contract, before the counterparty has exercised its option or until the deadline for the repurchase has expired, unless the Company has other means of coverage;
- c) the securities acquired by the Company under a repo transaction must conform to the Fund's investment policy and investment restrictions and must be limited to:
  - i) short-term bank certificates or money market instruments as defined in Directive 2007/16/EC of 19 March 2007;
  - ii) bonds issued by non-governmental issuers offering an adequate liquidity;
  - iii) assets referred to under 3.8.2 (b), (c) and (d) below; and

The Company shall disclose the total amount of the open repo transactions on the date of reference of its annual and interim reports.

3.7.2 Where the Company enters into repurchase agreements, it must be able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered. Fixed-term repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Company.

3.7.3 Where the Company enters into reverse repurchase agreements, it must be able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement

should be used for the calculation of the net asset value. Fixed-term reverse repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Company.

### 3.8 Management of collateral for OTC financial derivative transactions and efficient portfolio management techniques

#### 3.8.1 Collateral obtained in respect of OTC financial derivative transactions and efficient portfolio management techniques ("Collateral"), such as a repo transaction or securities lending arrangement, must comply with the following criteria:

- (a) liquidity: Collateral (other than cash) should be highly liquid and traded on a regulated market or multi-lateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to its pre-sale valuation. Collateral received should also comply with the provisions of Article 48 of the 2010 Law;
- (b) valuation: Collateral should be capable of being valued marked to market on a daily basis and assets that exhibit high price volatility should not be accepted as Collateral unless suitably conservative haircuts are in place;
- (c) issuer credit quality: Collateral should be of high quality;
- (d) correlation: Collateral should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;
- (e) diversification: Collateral should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer of 20% of a Fund's Net Asset Value. When a Fund is exposed to different counterparties, the different baskets of Collateral should be aggregated to calculate the 20% limit of exposure to a single issuer; and
- (f) immediately available: Collateral must be capable of being fully enforced by the Company at any time without reference to or approval from the counterparty.

Counterparties for repurchase/reverse repurchase transactions are selected based on a rigorous credit assessment and in-depth review at the individual legal entity level at the outset of the trading relationship. Credit assessments include an evaluation of the legal entity corporate and/or ownership structure, regulatory regime, track record, financial health and any external agency ratings, where applicable.

#### 3.8.2 Subject to the above criteria, Collateral must comply with the following criteria:

- (a) liquid assets such as cash, short term bank deposits, money market instruments as defined in Directive 2007/16/EC of 19 March 2007, letters of credit and guarantees at first demand issued by a first class credit institution not affiliated to the counterparty;
- (b) bonds issued or guaranteed by a Member State of the OECD or by their local authorities or supranational institutions and bodies of a community, regional or world-wide scope;

- (c) shares or units issued by money market-type UCIs calculating a daily net asset value and having a rating of AAA or its equivalent;
- (d) shares or units issued by UCITS investing mainly in bonds/shares mentioned under (e) and (f) hereunder;
- (e) bonds issued or guaranteed by first class issuers offering an adequate liquidity; or
- (f) shares admitted to or dealt in on a regulated market of a Member State of the European Union or on a stock exchange of a Member State of the OECD, provided that these shares are included in a main index.

3.8.3 Where there is title transfer, the Collateral received should be held by the Depositary, or its agent. This is not applicable in the event that there is no title transfer in which case the Collateral will be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the Collateral.

3.8.4 When the Collateral given in the form of cash exposes the Company to a credit risk vis-à-vis the trustee of this Collateral, such exposure shall be subject to the 20% limitation as laid down in paragraph 2.5 above.

3.8.5 During the duration of the agreement, non-cash collateral cannot be sold, re-invested or pledged.

3.8.6 Cash received as collateral may only be:

- (a) placed on deposit with entities prescribed in Article 50(f) of Directive 2009/65/EC;
- (b) invested in high quality government bonds;
- (c) used for the purpose of reverse repurchase agreements provided the transactions are with credit institutions subject to prudential supervision and the Company can recall at any time the full amount of the cash on an accrued basis; and
- (d) invested in short term money market funds as defined in the CESR Guidelines on a common definition of European Money Market Funds.

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral.

3.8.7 The Company has implemented a haircut policy in respect of each class of assets received as Collateral in order to reduce exposure to trading counterparties for OTC Derivative, Securities Lending and Reverse Repurchase transactions. These transactions are executed under standardised legal documentation that include terms related to credit support and eligible collateral, including haircuts to be applied.

A haircut is a discount applied to the value of a Collateral asset to account for the fact that its valuation, or liquidity profile, may deteriorate over time. The haircut policy takes account of the characteristics of the relevant asset class, including the credit standing of the issuer of the Collateral, the price volatility of the Collateral and the results of any stress tests which may be performed in accordance with the collateral management policy. Subject to the framework of agreements in place with the relevant counterparty, which may or may not include minimum

## Appendix D

transfer amounts, it is the intention of the Company that any Collateral received shall have a value, adjusted in light of the haircut policy, which equals or exceeds the relevant counterparty exposure where appropriate.

The applicable haircuts for each of the relevant types of assets held as Collateral are specified below as a valuation percentage. Larger haircuts than those noted below may be applied at the sole discretion of the Company; larger haircuts may apply to certain counterparties, and/or to certain transactions (e.g. wrong way risk).

The Company reserves the right to vary this policy at any time in which case this Prospectus will be updated accordingly.

### *OTC Derivative Transactions*

<b>Eligible Collateral</b>	<b>Minimum Haircut Applicable</b>
Cash	0%
Government Bonds having a remaining term to maturity of one year or less	0.5%
Government Bonds having a remaining term to maturity of greater than one year but less than or equal to five years	2%
Government Bonds having a remaining term to maturity of greater than five years	4%
Non-Government Bonds having a remaining term to maturity of less than or equal to five years	10%
Non-Government Bonds having a remaining term to maturity of greater than 5 years	12%

### *Securities Lending Transactions*

<b>Eligible Collateral</b>	<b>Minimum Haircut Applicable</b>
Cash	2%
Money Market Funds	2%
Government Bonds	2.5%
Supranational / Agency Bonds	2.5%
Equities (including ADRs and ETFs)	5%

### *Reverse Repurchase Transactions*

<b>Eligible Collateral</b>	<b>Minimum Haircut Applicable</b>
Government bonds	0%
Corporate Bonds	6%

The combined counterparty risk on any transaction involving OTC derivative instruments or efficient portfolio management techniques may not exceed 10% of the assets of a Fund when the counterparty is a credit institution domiciled in the EU or in a country where the CSSF considers that supervisory regulations are equivalent to those prevailing on the EU. This limit is set at 5% in any other case.

The Investment Advisers will continuously assess the credit or counterparty risk as well as the potential risk, which is for trading activities, the risk resulting from adverse movements in the level of volatility of market prices and will assess the hedging effectiveness on an ongoing basis. They will define specific internal limits applicable to these kinds of operations and monitor the counterparties accepted for transactions.

### 3.8.8 Risk and potential Conflicts of Interest associated with OTC derivatives and efficient portfolio management

There are certain risks involved in OTC derivative transactions, efficient portfolio management activities and the management of collateral in relation to such activities. Please refer to the sections of this Prospectus entitled "Conflicts of Interest and Relationships within the BlackRock Group and with the PNC Group" and "Risk Considerations" and, in particular but without limitation, the risk factors relating to derivatives, counterparty risk and counterparty risk to the Depositary. These risks may expose investors to an increased risk of loss.

## Appendix E – Calculation of Performance Fees

A number of technical terms are used to describe how the performance fee is calculated. These are explained in the glossary below:

Benchmark	The index or the interest rate against which the performance of each Fund is measured for the purpose of calculating the performance fee (see Appendix F for details in respect of each Fund). Where the selected Benchmark is not available at the calculation point, an appropriate substitute, which the Management Company has deemed best represents the performance of such Benchmark may be used in calculating the performance of the Benchmark.
Benchmark Return	In the case where the Benchmark is an index, the change in performance return of the Benchmark, calculated on each Valuation Day as the percentage difference between the value of the Benchmark on that day and that of the previous Valuation Day. In the case of an interest rate-based Benchmark, the arithmetic mean on each Valuation Day of the offered quotations on this interest rate. If the value of the Benchmark is not published on a particular Valuation Day, determination of whether to accrue a performance fee shall be delayed until such Valuation Day as the value of the Benchmark has been published. The Benchmark Return is determined on the basis of independently obtained quotations and calculated in accordance with prevailing market practice.
Current Day NAV	The Net Asset Value of each Share in a particular Share Class in the Fund after all regularly accruing charges and expenses (including the previous day's performance fee balance) have been accrued in the Fund or Share Class.
Crystallise/Crystallisation	The point at which any performance fee becomes payable to the Management Company, even if it is paid out at a later date. Crystallisation will occur either at the end of a Financial Year if a performance fee is paid or on the Dealing Day when a shareholder redeems, converts or transfers all or part of his shareholding (such crystallisation to occur only in respect of the proportion of the Shares being redeemed, converted or transferred).
Financial Year	The Financial Year of the Company. The Financial Year starts on 1 June each year and ends on 31 May each year.
High Watermark	(i) For the first Performance Period of a Share Class the initial NAV per Share; or (ii) in subsequent Performance Periods the Net Asset Value per Share at the end of the last Performance Period where a performance fee has been paid out.
Launch NAV	The initial price per share at the date of launch of a Share Class.
Net Asset Value per Share Return	With respect to Type B Funds, this is calculated on each Valuation Day as the difference between the Current Day NAV per Share and that of the Prior Day NAV per Share for that Share Class. Dividend distributions are added back in for the purposes of calculating the performance of that Share Class.
Performance Period	The initial performance period for each Share Class is set on the launch of that Share Class and runs to the end of the relevant Fund's first Financial Year. Subsequent performance periods then run from the end of one Financial Year to the end of the following Financial Year.
Prior Day NAV	The Net Asset Value of each Share in a particular Share Class in the Fund after the performance fee and all other regularly accruing charges and expenses have been accrued to the Fund on the previous Valuation Day.
Reference NAV	With respect to Type A Funds, the Reference NAV will be the higher of (in each case as adjusted by the Benchmark Return): (a) the High Watermark; or (b) the Money Weighted Price, in each case as reduced by the rate of any distribution in respect of Shares made during the relevant Performance Period.
Money Weighted Price	(i) the Launch NAV; or (ii) on the first day of a subsequent Performance Period, the higher of: (a) the previous day's Money Weighted Price; and (b) the previous day's Net Asset Value per Share if a Performance Fee has been paid out; or (iii) in respect of any other Valuation Day, the previous day's Money Weighted Price adjusted by subscriptions or switches into the Share Class on that Valuation Day.

## Appendix E

### How does the performance fee work?

#### Summary

A performance fee is payable to the Management Company in respect of certain Share Classes set out in Appendix F, in addition to other fees and expenses mentioned in this Prospectus. Two methods of calculation are used and are referred to as Type A and Type B – the method applicable to each Fund is described below and indicated in Appendix F.

#### Calculation methodology and accrual basis

On each Valuation Day, a separate performance fee calculation is carried out in respect of each Share Class. The cumulative performance fee accruals from the beginning of the Performance Period will be included in the ongoing calculation of the Net Asset Value per Share.

For Type A Funds, both the High Watermark and Money Weighted Price are calculated in parallel for use in the Reference NAV calculation.

The High Watermark remains unchanged during each Performance Period and is adjusted upwards only at the end of each Performance Fee Period, if a performance fee is accrued/paid.

The Money Weighted Price is adjusted at each Valuation Day upwards or downwards to reflect subscriptions and/or switches into the relevant Share Class on the relevant Valuation Day.

The Money Weighted Price will be higher than the High Watermark when the average value of subscriptions and/or switches into the relevant Share Class are at a NAV per Share that is higher than the High Watermark.

The Money Weighted Price will be lower than the High Watermark when the average value of subscriptions and/or switches into the relevant Share Class are at a NAV per Share that is lower than the High Watermark.

On each Valuation Day, the higher of the High Watermark and the Money Weighted Price will be used to determine the Reference NAV (i.e. if the Money Weighted Price is higher than the High Watermark, the Reference NAV will be the Money Weighted Price, and vice versa if it is lower). The Reference NAV will always be higher than or equal to the High Watermark.

A performance fee accrual is calculated where the Current Day NAV per Share of the relevant Share Class is higher than the Reference NAV. A performance fee accrual in respect of a Share Class is calculated as the relevant percentage (as set out in Appendix F) of the difference between the Current Day NAV per Share and the Reference NAV, multiplied by the outstanding number of Shares on the Valuation Day for that Share Class. Where the Current Day NAV per Share decreases below the Reference NAV, no performance fee will be accrued until such underperformance has been made good. Any underperformance will be carried forward to the next Performance Period and is limited to the value of the Share Class.

With respect to Type A funds, the Reference NAV may be adjusted down in situations where the Benchmark Return is negative (although any such decrease is capped at the value of the High Watermark).

For Type B Funds a performance fee accrual is calculated where the Net Asset Value per Share Return of the relevant Share Class outperforms the relevant Benchmark Return. If the Net Asset Value per Share Return is above the Benchmark Return, then a performance fee

accrual is calculated as the relevant percentage of the difference as multiplied by the outstanding number of Shares on the Valuation Day for that Share Class. When the Net Asset Value per Share Return underperforms the relevant Benchmark Return no performance fee will be accrued until such underperformance has been made good. The underperformance that the Management Company is required to make good, prior to any payment of a performance fee, is carried forward to the next Performance Period in proportion to the shareholders remaining, in case of redemption, within the Fund at each valuation point.

With respect to Type B funds, a performance fee accrual may be made if the Share Class has outperformed the Benchmark Return, even if the Benchmark Return is negative.

#### Applicable Currency for performance fee

##### NAV currency

For purposes of calculating the performance fee (for Type A and Type B Funds), the (a) Net Asset Value per Share Return (for Type B Funds), (b) the Prior Day NAV, (c) the Current Day NAV, and (d) the Reference NAV (for Type A Funds) ((a) to (d) the "Performance Fee NAVs") shall be calculated and expressed in the base currency of the relevant Fund for all Share Classes (irrespective of the currency in which the relevant Share Class is denominated) with the exception of Hedged Share Classes. For Hedged Shares Classes the Performance Fee NAVs shall be calculated in the relevant currency of such Hedged Share Class.

##### Benchmark currency

For Type A Funds, the applicable Benchmark shall be the relevant Fund's Benchmark (as disclosed in Appendix F) and shall be expressed in the Fund's base currency for all Share Classes (irrespective of the currency in which the relevant Share Class is denominated) with the exception of Hedged Share Classes. For Hedged Share Classes, the Fund's Benchmark (as disclosed in Appendix F) shall be expressed in the relevant Hedged Share Class currency provided that an appropriate substitute, which the Management Company has deemed best represents the performance of the relevant Hedged Share Class shall be used if the relevant Benchmark is not available in the local currency of the relevant Hedged Share Class. Details of any such substitute benchmarks used by the Funds are available on request from the Management Company. As at the date of this Prospectus, the following Funds use substitute benchmarks for certain of their Hedged Share Classes:



Fund	Base currency	Hedged Share Class currency	Equivalent Benchmark expressed in the Share Class Currency	Substitute Benchmark
BlackRock European Diversified Equity Absolute Return Fund	3 month LIBOR (in Euro)	Swedish Krona	N/A	Stockholm Interbank Offered Rates 3 Month
BlackRock Americas Diversified Equity Absolute Return Fund	3 month LIBOR (in USD)	Swedish Krona	N/A	Stockholm Interbank Offered Rates 3 Month
BlackRock Americas Diversified Equity Absolute Return Fund	3 month LIBOR (in USD)	Brazilian Real	N/A	Brazil CETIP DI Interbank Deposit Rate
Other Type A Funds using 3 month LIBOR as described in Appendix F	3 month LIBOR (in respective Fund Currency)	Euro, British Pound, Swiss Franc, Japanese Yen, United States Dollar	Hedged version of 3 Month LIBOR using the Hedged Share Class currency	N/A
Type A Funds using BofA ML 3M USD Treasury Bill Index as described in Appendix F	Bank of America Merrill Lynch 3M USD Treasury Bill Index	Euro, British Pound, Swiss Franc, Japanese Yen, Brazilian Real	Hedged version of Bank of America Merrill Lynch 3M USD Treasury Bill Index using the Hedged Share Class currency	N/A

Please refer to the section entitled "Regulation (EU) 2016/1011 of the European Parliament and of the Council (the "Benchmark Regulation")" in Appendix F for details of whether, as at the date of this Prospectus, a benchmark administrator is included in the register maintained by ESMA under the Benchmark Regulation. The register is also available at [https://registers.esma.europa.eu/publication/searchRegister?core=esma\\_registers\\_bench\\_entities](https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_bench_entities), as further described in Appendix F.

For Type B Funds, the applicable Benchmark shall be the relevant Fund's Benchmark (as disclosed in Appendix F) and shall be calculated in the Fund's base currency for all Share Classes (irrespective of the currency in which the relevant Share Class is denominated and irrespective of whether the relevant Share Class is a Hedged Share Class or not).

### Crystallisation

Crystallisation of the performance fee occurs on the last day of each Performance Period. Any performance fee due is payable out of the Fund to the Management Company in arrears after the end of the Performance Period. Accordingly, once the performance fee has crystallised no refund will be made in respect of any performance fee paid out at that point in subsequent Performance Periods.

If a shareholder redeems or converts all or part of his Shares before the end of the Performance Period, any accrued performance fee with respect to such redeemed Shares will crystallise on that Dealing Day and will then become payable to the Management Company.

### Performance cap

There is no maximum cap to the amount of performance fee that may be charged as this is determined by the rate of the performance growth.

The auditor of the Company will audit the calculations of the performance fees paid out on an annual basis. The Directors shall ensure that the accrual represents fairly and accurately the performance fee liability that may eventually be payable by the Fund or Share Class to the Management Company.

**Note** - The performance fee is calculated on the basis of the performance of the Share Class of the relevant Fund, rather than on the basis of an individual shareholder's holdings of Shares. If the performance fee had been calculated on the basis of an individual shareholder's holdings of Shares it may, in some circumstances, produce a different result.

### Appendix F – Portfolios including Investment Objectives & Policies

#### Choice of Funds

As of the date of this Prospectus, investors are able to choose from the following Funds of BlackRock Strategic Funds set out in this Appendix. Those Funds which are indicated as “not launched” are not available for subscription at the date of this Prospectus. Such Funds may be launched at the Directors’ discretion. Confirmation of the launch date of these Funds will then be made available from the local Investor Servicing team. Any provisions in this Prospectus relating to any one of these Funds shall only take effect from the launch date of the relevant Fund. An updated list of those Funds offering Additional Dealing Currencies, Hedged Share Classes, Distributing and Non-Distributing Share Classes and UK Reporting Fund status Share Classes is available from the Company’s registered office and the local Investor Servicing team.

Certain investment strategies and/or certain Funds may become “capacity constrained”. This means that the Directors may determine to restrict the purchase of Shares in a Fund affected by such constraint when it is in the interests of such Fund and/or its shareholders to do so, including without limitation (by way of example), when a Fund or the investment strategy of a Fund reaches a size that in the opinion of the Management Company and/or Investment Advisers could impact its ability to implement its investment strategy, find suitable investments or efficiently manage its existing investments. When a Fund reaches such a capacity limit, shareholders will be notified accordingly and no further subscriptions will be permitted in the Fund during such closure period. Shareholders will not be prevented from redeeming Shares in the relevant Fund during such closure period. Should a Fund fall beneath its capacity limit, including without limitation (by way of example), as a result of redemptions or market developments, the Directors are permitted, in their absolute discretion, to re-open the Fund or any Share Class on a temporary or permanent basis. Information on whether the purchase of Shares in a Fund at a specific point in time is restricted in this way is available from the local Investor Servicing team.

#### Investments of the Funds

The primary focus of each Fund will be on making investments that are intended to meet each Funds respective investment objective. However, there can be no assurance that the objectives of each Fund will be achieved. Investors must read the Special Risk Considerations section above before investing in any of the following Funds.

Each Fund is managed separately and in accordance with the investment and borrowing restrictions specified in Appendix D. Funds may employ investment management techniques, including the use of financial derivative instruments and certain currency strategies not only for the purpose of hedging or risk management but also in order to increase total return. Each of the Fund’s derivative investments may include futures, options, contracts for differences, forward contracts on financial instruments and options on such contracts, mortgage TBAs and swap contracts (including credit default swaps and total return swaps) by private agreement and other fixed interest, equity and credit derivatives. Appendix G specifies, for each Fund, the maximum and expected proportion of the Net Asset Value that can be subject to total return swaps and contracts for differences. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

The Funds may also invest in units in collective investment undertakings and in other transferable securities. For the purpose of these investment objectives and policies all references to “transferable securities” shall include “money market instruments and both fixed and floating rate instruments”.

Unless defined otherwise in the individual investment policies of the Funds, the following definitions, investment rules and restrictions apply to all Funds of the Company:

- ▶ Where an individual investment policy of a Fund refers to 70% of its total assets being invested in a specific type or range of investments, the remaining 30% of the total assets may be invested in financial instruments of companies or issuers of any size in any sector of the economy globally, unless the individual investment policy of such Fund contains further restrictions. However, the following restriction will apply in the case of a Bond Fund:
  - no more than 10% of its total assets will be invested in equities.
- ▶ The term “total assets” does not include ancillary liquid assets.
- ▶ Ancillary liquid assets are cash and near-cash instruments which are not held by a Fund for the purpose of providing cover to facilitate its use of derivatives or held as an asset class within its portfolio to achieve its investment objective.
- ▶ Where an investment policy requires a particular percentage to be invested in a specific type or range of investments, such a requirement will not apply under extraordinary market conditions and is subject to liquidity and/or market risk hedging considerations arising from the issuance, switching or redemption of Shares. In particular, in aiming to achieve a Fund’s investment objective, investment may be made into other transferable securities than those in which the Fund is normally invested in order to mitigate the Fund’s exposure to market risk.
- ▶ Funds may hold cash and near-cash instruments on an incidental basis.
- ▶ Funds which include “Absolute Return” in their title or investment objective and policy seek to achieve positive returns and capital growth regardless of market conditions. Each Fund aims to generate returns from adopting a combination of long positions, synthetic long positions, synthetic short positions, pair trades, market leverage (obtaining additional long exposure through the use of derivatives) and when determined appropriate from time to time, by holding cash and near-cash instruments. These Funds may invest both on a traditional ‘long’ investment basis coupled with ‘synthetic long’ and/or with ‘synthetic short’ positions, replicating short-investing techniques. By adopting these investment strategies, the Funds aim to improve the efficiency of the alpha that can be generated, creating excess returns, which are not dependent on the direction of movement of the underlying market. This should not, however, be interpreted to mean or imply that an absolute return is guaranteed, as there can be circumstances where negative returns are generated.
- ▶ Funds which include “Extension” or “Extension Strategies” in their title or investment objective seek to achieve long-term capital growth by using strategies to seek excess return relative to a benchmark index. Each Fund aims to generate returns from adopting a combination of long positions, synthetic long positions and synthetic short positions and market leverage (obtaining additional long exposure through the use of derivatives). Where a Fund’s investment objective includes a reference to ‘investment’ in a particular asset type, this should be understood as including both direct investment in the underlying plus the exposure gained to the underlying through the use of derivative instruments. By adopting these strategies, the Funds aim to improve the efficiency of the alpha that can be generated, creating excess returns. This should not be interpreted, however, to mean or imply that the Funds will be successful in generating excess returns.
- ▶ Where the term “Europe” is used, it refers to all European countries including the UK, Eastern Europe and former Soviet Union countries.

- ▶ Funds investing globally or in Europe may contain investments in Russia, subject always to the 10% limit referred to in the “Restrictions on Foreign Investment” section above except for investment in securities listed on MICEX-RTS, which has been recognised as being a regulated market.
- ▶ If a Fund’s investment objective states that “currency exposure is flexibly managed”, this means that the Investment Adviser may be expected to regularly employ currency management and hedging techniques in the Fund. Techniques used may include hedging the currency exposure on a Fund’s portfolio or/and using more active currency management techniques such as currency overlays, but does not mean that a Fund’s portfolio will always be hedged in whole or in part.
- ▶ The term “non-investment grade” defines debt securities which are unrated or rated, at the time of purchase, BB+ (Standard and Poor’s or equivalent rating) or lower by at least one recognised rating agency or, in the opinion of the Management company, are of comparable quality.
- ▶ Where the term “Latin American” is used; it refers to Mexico, Central America, South America and the islands of the Caribbean, including Puerto Rico.
- ▶ Funds which include “Total Return” in their investment objective seek to achieve long term capital growth as well as generate income.
- ▶ Funds which include “Income”, as distinct from the term “Fixed Income”, in their title or investment objective seek either to outperform in terms of income (from equity dividends, and/or fixed income securities and/or other asset classes as appropriate) their eligible investment universe or to generate a high level of income. The opportunity for capital appreciation within such Funds may be lower than other Funds of the Company– see “Risks to Capital Growth”.
- ▶ Funds which include “Style” in their investment objective and policy seek to achieve returns by allocating to a variety of style factor strategies which at any one time may include, but will not be limited to, value, momentum, defensive and carry. These are quantitative (i.e. mathematical or statistical) models used in order to achieve a systematic or rules-based approach to stock selection and whose returns exhibit low correlation to traditional asset classes and a differentiated return profile to traditional long-only strategies. Each Fund aims to generate returns from adopting a combination of long positions, synthetic long positions, synthetic short positions and market leverage (obtaining long exposure through the use of derivatives).
- ▶ Where a Fund invests in derivatives in order to achieve its investment objectives, cover for such derivative positions may be held in cash or other liquid assets.
- ▶ Where a Fund invests in initial public offerings or new debt issues, the prices of securities involved in initial public offerings or new debt issues are often subject to greater and more unpredictable price changes than more established securities.
- ▶ For the avoidance of doubt, the index referred to in respect of each Fund is solely used for performance fee calculation purposes, and should therefore under no circumstances be considered as indicative of a specific investment style.
- ▶ Funds marked with an asterisk (\*) are not available for subscription at the date of this Prospectus. Such Funds may be launched at the Directors’ discretion. Confirmation of the launch date of these Funds will then be made available from the local Investor Servicing team. Any provisions in this Prospectus relating to any one of these Funds shall only take effect from the launch date of the relevant Fund.
- ▶ Where an individual investment policy of a Fund refers to investment in “developed” markets or countries, these are typically markets or countries which, on the basis of criteria such as economic wealth, development, liquidity and market accessibility are considered as more advanced or mature markets or countries. The markets and countries which may be classified as developed for a Fund are subject to change and may include, though are not limited to, countries and regions such as Australia, Canada, Japan, New Zealand, United States and Western Europe.
- ▶ Where an individual investment policy of a Fund refers to investment in “emerging” or “developing” markets or countries, these are typically markets of poorer or less developed countries which exhibit lower levels of economic and/or capital market development. The markets and countries which may be classified as emerging or developing for a Fund are subject to change and may include, though are not limited to, any country or region outside of Australia, Canada, Japan, New Zealand, United States and Western Europe.
- ▶ The UN Convention on Cluster Munitions became binding international law on 1 August 2010 and prohibits the use, production, acquisition or transfer of cluster munitions. The Investment Advisers on behalf of the Company accordingly arrange for the screening of companies globally for their corporate involvement in anti-personnel mines, cluster munitions and depleted uranium ammunition and armour. Where such corporate involvement has been verified, the Directors’ policy is not to permit investment in securities issued by such companies by the Company and its Funds.
- ▶ If so provided for in the investment objective section, the Funds may invest in ABS and MBS whether investment grade or not. These may include asset-backed commercial paper, collateralised debt obligations, collateralised mortgage obligations, commercial mortgage-backed securities, credit-linked notes, real estate mortgage investment conduits, residential mortgage-backed securities and synthetic collateralised debt obligations. The underlying assets of the ABS and MBS may include loans, leases or receivables (such as credit card debt, automobile loans and student loans in the case of ABS and commercial and residential mortgages originating from a regulated and authorised financial institution in the case of MBS). The ABS and MBS in which the Fund invests may use leverage to increase return to investors. Certain ABS may be structured by using a derivative such as a credit default swap or a basket of such derivatives to gain exposure to the performance of securities of various issuers without having to invest in the securities directly.
- ▶ If so provided for in the investment objective section, the Funds may have significant exposure to ABS, MBS and non-investment grade debt, and investors are encouraged to read the relevant risk disclosures contained in the section “Specific Risk Considerations”.
- ▶ The BlackRock Style Advantage Fund and BlackRock Style Advantage Screened Fund seek to provide a return for investors regardless of market movement over the long or longer term. This means the Funds seek to provide a return for investors regardless of market movement over two to three years on a rolling basis. This does not mean a return over this period or over any period is guaranteed and the Funds’ capital is at risk.
- ▶ Certain Funds may take indirect exposure to commodities through investments in exchange traded notes and other debt instruments listed or traded on regulated markets. These types of investments provide exposure to the price of commodities, rather than the commodities themselves.

## Appendix F

### Regulation (EU) 2016/1011 of the European Parliament and of the Council (the “Benchmark Regulation”)

In respect of those Funds that track a benchmark index, or are managed by reference to a benchmark index, or use a benchmark index to compute a performance fee, the Company works with the applicable benchmark administrators for the benchmark indices of such Funds to confirm that the benchmark administrators are, or intend to get themselves, included in the register maintained by ESMA under the Benchmark Regulation.

Benchmark administrators who benefit from the transitional arrangements afforded under the Benchmark Regulation may not appear yet on the register of administrators and benchmarks maintained by ESMA pursuant to Article 36 of the Benchmark Regulation. These benchmark administrators should apply for authorisation or registration as an administrator under Benchmark Regulation before 1 January 2020. Updated information on this register should be available no later than 1 January 2020.

The list of benchmark administrators that are included in the register maintained by ESMA under the Benchmark Regulation is available at [https://registers.esma.europa.eu/publication/searchRegister?core=esma\\_registers\\_bench\\_entities](https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_bench_entities). At the date of this Prospectus, the following administrators (which are relevant to the Company) are included in the register:

- ▶ MSCI Limited
- ▶ ICE Benchmark Administration Limited

At the date of this Prospectus, the following administrators (which are relevant to the Company) are not included in the register:

- ▶ ICE Data Services
- ▶ Bloomberg Index Services Limited
- ▶ S&P Dow Jones Indices

The Company will monitor the register and this information will be updated in the Prospectus at the next opportunity.

The Company has in place and maintains robust written plans setting out the actions that it would take in the event that a benchmark is materially changed or ceases to be provided and these are available on request and free of charge at the registered office of the Company.

### Risk Management

The Management Company is required by regulation to employ a risk management process in respect of the Funds, which enables it to monitor accurately and manage the global exposure from financial derivative instruments (“global exposure”) which each Fund gains as a result of its strategy.

The Management Company uses one of two methodologies, the “Commitment Approach” or the “Value at Risk Approach” (“VaR”), in order to measure the global exposure of each of the Funds and manage the potential loss to them due to market risk. The methodology used in respect of each Fund is detailed below.

### VaR Approach

The VaR methodology measures the potential loss to a Fund at a particular confidence (probability) level over a specific time period and under normal market conditions. The Management Company uses the 99% confidence interval and one month measurement period for the purposes of carrying out this calculation.

There are two types of VaR measure which can be used to monitor and manage the global exposure of a fund: “Relative VaR” and “Absolute VaR”. Relative VaR is where the VaR of a Fund is divided by the VaR

of an appropriate benchmark or reference portfolio, allowing the global exposure of a Fund to be compared to, and limited by reference to, the global exposure of the appropriate benchmark or reference portfolio. The regulations specify that the VaR of the Fund must not exceed twice the VaR of its benchmark. Absolute VaR is commonly used as the relevant VaR measure for absolute return style Funds, where a benchmark or reference portfolio is not appropriate for risk measurement purposes. The regulations specify that the VaR measure for such a Fund must not exceed 20% of that Fund’s Net Asset Value.

In respect of those Funds that are measured using VaR, the Management Company uses Relative VaR to monitor and manage the global exposure of some of the Funds and Absolute VaR for others. The type of VaR measure used for each Fund is set out below and where this is Relative VaR the appropriate benchmark or reference portfolio used in the calculation is also disclosed.

### Commitment Approach

The Commitment Approach is a methodology that aggregates the underlying market or notional values of financial derivative instruments to determine the degree of global exposure of a Fund to financial derivative instruments.

Pursuant to the 2010 Law, the global exposure for a Fund under the Commitment Approach must not exceed 100% of that Fund’s Net Asset Value.

### Leverage

A Fund’s level of investment exposure (i.e. the combination of its instruments and cash) can in aggregate exceed its Net Asset Value due to the use of financial derivative instruments or borrowing (borrowing is only permitted in limited circumstances and not for investment purposes). Where a Fund’s investment exposure exceeds its Net Asset Value this is known as leverage. The regulations require that the Prospectus includes information relating to the expected levels of leverage in a Fund where VaR is being used to measure global exposure. The expected level of leverage of each of the Funds that is measured using VaR is set out below and expressed as a percentage of its Net Asset Value. The Funds may have higher levels of leverage in atypical or volatile market conditions for example when there are sudden movements in investment prices due to difficult economic conditions in a sector or region. In such circumstances the Investment Adviser may increase its use of derivatives in a Fund in order to reduce the market risk which that Fund is exposed to, this in turn would have the effect of increasing its levels of leverage. For the purposes of this disclosure, leverage is the investment exposure gained through the use of financial derivative instruments. It is calculated using the sum of the notional values of all of the financial derivative instruments held by the relevant Fund, without netting. The expected level of leverage is not a limit and may vary over time.

### The Stock Connects

The Shanghai-Hong Kong Stock Connect is a securities trading and clearing links program developed by HKEX, SSE and ChinaClear and the Shenzhen-Hong Kong Stock Connect is a securities trading and clearing links program developed by HKEX, SZSE and ChinaClear. The aim of Stock Connect is to achieve mutual stock market access between the PRC and Hong Kong.

The Shanghai-Hong Kong Stock Connect comprises a Northbound Shanghai Trading Link and a Southbound Hong Kong Trading Link under Shanghai-Hong Kong Stock Connect. Under the Northbound Shanghai Trading Link, Hong Kong and overseas investors (including the Stock Connect Funds), through their Hong Kong brokers and a securities trading service company established by SEHK, may be able to trade eligible China A Shares listed on the SSE by routing orders to SSE. Under the Southbound Hong Kong Trading Link under Shanghai-

Hong Kong Stock Connect, investors in the PRC will be able to trade certain stocks listed on the SEHK.

Under the Shanghai-Hong Kong Stock Connect, the Stock Connect Funds, through their Hong Kong brokers may trade certain eligible shares listed on the SSE. These include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed China A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on SEHK, except the following:

- ▶ SSE-listed shares which are not traded in RMB; and
- ▶ SSE-listed shares which are included in the “risk alert board”.

It is expected that the list of eligible securities will be subject to review.

The trading is subject to rules and regulations issued from time to time. Trading under the Shanghai-Hong Kong Stock Connect is subject to a daily quota (“Daily Quota”). Northbound Shanghai Trading Link and Southbound Hong Kong Trading Link under the Shanghai-Hong Kong Stock Connect are subject to a separate set of Daily Quota. The Daily Quota limits the maximum net buy value of cross-boundary trades under the Stock Connect each day.

The Shenzhen-Hong Kong Stock Connect comprises a Northbound Shenzhen Trading Link and a Southbound Hong Kong Trading Link under Shenzhen-Hong Kong Stock Connect. Under the Northbound Shenzhen Trading Link, Hong Kong and overseas investors (including the Stock Connect Funds, if applicable), through their Hong Kong brokers and a securities trading service company established by SEHK, may be able to trade eligible China A-Shares listed on the SZSE by routing orders to SZSE. Under the Southbound Hong Kong Trading Link under Shenzhen-Hong Kong Stock Connect investors in the PRC will be able to trade certain stocks listed on the SEHK.

Under the Shenzhen-Hong Kong Stock Connect, the Stock Connect Funds through their Hong Kong brokers may trade certain eligible shares listed on the SZSE. These include any constituent stock of the SZSE Component Index and SZSE Small/Mid Cap Innovation Index which has a market capitalisation of RMB6 billion or above and all SZSE-listed shares of companies which have issued both China A-Shares and H Shares. At the initial stage of the Northbound Shenzhen Trading Link, investors eligible to trade shares that are listed on the ChiNext Board of SZSE under the Northbound Shenzhen Trading Link will be limited to institutional professional investors as defined in the relevant Hong Kong rules and regulations.

It is expected that the list of eligible securities will be subject to review.

The trading is subject to rules and regulations issued from time to time. Trading under the Shenzhen-Hong Kong Stock Connect is subject to a Daily Quota. Northbound Shenzhen Trading Link and Southbound Hong Kong Trading Link under the Shenzhen-Hong Kong Stock Connect is subject to a separate set of Daily Quota. The Daily Quota limits the maximum net buy value of cross-boundary trades under the Shenzhen-Hong Kong Stock Connect each day.

HKSCC, a wholly-owned subsidiary of HKEX, and ChinaClear will be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by their respective market participants and investors. The China A-Shares traded through Stock Connect are issued in scripless form, and investors will not hold any physical China A-Shares.

Although HKSCC does not claim proprietary interests in the SSE and SZSE securities held in its omnibus stock accounts in ChinaClear, ChinaClear as the share registrar for SSE and SZSE listed companies will still treat HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE and SZSE securities.

In accordance with the UCITS requirements, the Depositary shall provide for the safekeeping of the Fund’s assets in the PRC through its

Global Custody Network. Such safekeeping is in accordance with the conditions set down by the CSSF which provides that there must be legal separation of non-cash assets held under custody and that the Depositary through its delegates must maintain appropriate internal control systems to ensure that records clearly identify the nature and amount of assets under custody, the ownership of each asset and where documents of title to each asset are located.

Under the Stock Connects, Hong Kong and overseas investors will be subject to the fees and levies imposed by SSE, SZSE, ChinaClear, HKSCC or the relevant Mainland Chinese authority when they trade and settle SSE securities and SZSE securities. Further information about the trading fees and levies is available online at the website: [http://www.hkex.com.hk/eng/market/sec\\_tradinfra/chinaconnect/chinaconnect.htm](http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm).

### China Interbank Bond Market

The CIBM Funds can invest in the China Interbank Bond Market via the Foreign Access Regime and/or the Bond Connect.

#### *Investment in China Interbank Bond Market via Foreign Access Regime*

Pursuant to the “Announcement (2016) No 3” issued by the PBOC on 24 February 2016, foreign institutional investors can invest in China Interbank Bond Market (“**Foreign Access Regime**”) subject to other rules and regulations as promulgated by the Mainland Chinese authorities.

Under the prevailing regulations in Mainland China, foreign institutional investors who wish to invest directly in China Interbank Bond Market may do so via an onshore settlement agent, who will be responsible for making the relevant filings and account opening with the relevant authorities. There is no quota limitation.

#### *Investment in China Interbank Bond Market via Northbound Trading Link under Bond Connect*

Bond Connect is a new initiative launched in July 2017 for mutual bond market access between Hong Kong and Mainland China established by China Foreign Exchange Trade System & National Interbank Funding Centre (“**CFETS**”), China Central Depository & Clearing Co., Ltd, Shanghai Clearing House, and HKEX and Central Moneymarkets Unit.

Under the prevailing regulations in Mainland China, eligible foreign investors will be allowed to invest in the bonds circulated in the China Interbank Bond Market through the northbound trading of Bond Connect (“**Northbound Trading Link**”). There will be no investment quota for Northbound Trading Link.

Under the Northbound Trading Link, eligible foreign investors are required to appoint the CFETS or other institutions recognised by the PBOC as registration agents to apply for registration with the PBOC.

The Northbound Trading Link refers to the trading platform that is located outside of Mainland China and is connected to CFETS for eligible foreign investor to submit their trade requests for bonds circulated in the China Interbank Bond Market through Bond Connect. HKEX and CFETS will work together with offshore electronic bond trading platforms to provide electronic trading services and platforms to allow direct trading between eligible foreign investors and approved onshore dealer(s) in Mainland China through CFETS.

Eligible foreign investors may submit trade requests for bonds circulated in the China Interbank Bond Market through the Northbound Trading Link provided by offshore electronic bond trading platforms (such as Tradeweb and Bloomberg), which will in turn transmit their requests for quotation to CFETS. CFETS will send the requests for quotation to a number of approved onshore dealer(s) (including market makers and others engaged in the market making business) in Mainland China. The approved onshore dealer(s) will respond to the requests for quotation via CFETS and CFETS will send their responses

## Appendix F

to those eligible foreign investors through the same offshore electronic bond trading platforms. Once the eligible foreign investor accepts the quotation, the trade is concluded on CFETS.

On the other hand, the settlement and custody of bond securities traded in the China Interbank Bond Market under Bond Connect will be done through the settlement and custody link between the Central Money-markets Unit, as an offshore custody agent, and the China Central Depository & Clearing Co., Ltd and Shanghai Clearing House, as onshore custodian and clearing institutions in Mainland China. Under the settlement link, China Central Depository & Clearing Co., Ltd or Shanghai Clearing House will effect gross settlement of confirmed trades onshore and the Central Moneymarkets Unit will process bond settlement instructions from Central Moneymarkets Unit members on behalf of eligible foreign investors in accordance with its relevant rules.

Pursuant to the prevailing regulations in Mainland China, the Central Moneymarkets Unit, being the offshore custody agent recognised by the Hong Kong Monetary Authority open omnibus nominee accounts with the onshore custody agent recognised by the PBOC (i.e., the China Securities Depository & Clearing Co., Ltd and Interbank Clearing Company Limited). All bonds traded by eligible foreign investors will be registered in the name of Central Moneymarkets Unit, which will hold such bonds as a nominee owner.

**Important Note: please note that the liquidity of the CIBM is particularly unpredictable. Investors should read the “Liquidity Risk” and “Specific risks associated with China Interbank Bond Market” sections of the “Risk Considerations” section of this Prospectus prior to investing in the CIBM Funds.**

### **Investment Thresholds for Stock Connect Funds and CIBM Funds**

No Stock Connect Fund will generally invest over 10% of its Net Asset Value in investments of any type acquired via the Stock Connects.

The CIBM Funds may gain direct exposure to onshore bonds issued or distributed in mainland China in the CIBM via the Foreign Access Regime and/or Bond Connect and/or other means as may be permitted by the relevant regulations from time to time for no more than 10% of the relevant Fund's Net Asset Value.

### **ESG Funds**

The ESG Funds will use certain ESG criteria in their investment strategies, as informed by their respective ESG Providers and as defined in the Glossary above. Different ESG Funds may use one or more different ESG Providers. Funds that are not referred to as ESG Funds will not have to take into account environmental, social or governance criteria and might therefore have other investment opportunities than ESG Funds. Please see “ESG Investment Policy Risk” under the “Risk Considerations” section for a more detailed explanation of what differentiates an ESG Fund from a non-ESG Fund. Prior to investing in an ESG Fund, Investors should also read the relevant ESG Fund's investment policy.

## Appendix F – Portfolios including Investment Objectives & Policies

### BOND FUNDS

#### BlackRock Strategic Funds – BlackRock Emerging Markets Flexi Dynamic Bond Fund

##### Investment Objective

The BlackRock Emerging Markets Flexi Dynamic Bond Fund seeks to maximise total return. The Fund will seek to achieve this investment objective by taking long, synthetic long and synthetic short investment exposures.

The Fund will seek to gain at least 70% of its investment exposure through fixed income transferable securities and fixed income related securities (including derivatives), denominated in both emerging market and non-emerging market currencies, issued by, or giving exposure to, governments and agencies of, and companies domiciled in, or exercising the predominant part of their economic activity in, emerging markets.

The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in fixed income transferable securities (including non-investment grade), fixed income related securities, and cash and near-cash. The Fund's exposure to ABS and MBS may not exceed 20% of its Net Asset Value.

The asset allocation of the Fund is intended to be flexible and the Fund will maintain the ability to switch exposure as market conditions and other factors dictate. The currency exposure of the Fund is flexibly managed. In order to achieve the investment objective and policy, the Fund will utilise a variety of investment strategies and instruments. In particular, the Fund will utilise investment strategies and instruments for the active management of interest rates and the flexible management of currency exposure which may be denominated in non-emerging market currencies. The Fund intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising returns.

##### Base Currency

US Dollar (USD)

##### Type of Fund

Bond, Total Return

##### Valuation and Dealing

Dealings in shares of the BlackRock Emerging Markets Flexi Dynamic Bond Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the "Cut-Off Point") and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section "Dealing in Fund Shares".

### Fees and Expenses

BlackRock Emerging Markets Flexi Dynamic Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.50%	0.00%	0.00%	0.00%
Class AI	5.00%	1.50%	0.00%	0.00%	0.00%
Class C	0.00%	1.50%	1.00%	1.00% to 0.00%	0.00%
Class D	5.00%	0.75%	0.00%	0.00%	0.00%
Class DD	5.00%	0.75%	0.00%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%	0.00%
Class S	0.00%	up to 0.75%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%

**Risk management measure used: Absolute VAR.**

**Expected level of leverage of the Fund: 550% of Net Asset Value.**

## Appendix F

### BlackRock Strategic Funds – BlackRock European Select Strategies Fund

#### Investment Objective

The BlackRock European Select Strategies Fund seeks to maximise total returns for investors.

The Fund follows a flexible asset allocation policy by investing across the full capital structure of companies and the full spectrum of securities issued by governments and their agencies. In order to achieve its investment objective and policy, the Fund will invest in the full spectrum of permitted investments including fixed income transferable securities, equities, equity-related securities, units of undertakings for collective investment, cash, deposits and money market instruments.

The Fund will seek to invest at least 65% of its total assets in fixed income transferable securities and fixed income related securities. Returns are sought through a diverse portfolio of relative value and directional positions in markets based on fundamental, credit-focussed, research and analysis. The Fund may also invest up to 35% of its total assets in equity and equity-related securities. At least 70% of the Fund's total assets will be denominated in European currencies or be issued by, or give exposure to, companies, governments, agencies and issuers domiciled in, or exercising the predominant part of their economic activity in Europe. The Fund's exposure to ABS and MBS may not exceed 20% of its Net Asset Value. The currency exposure of the Fund is flexibly managed.

In order to assist in achieving the investment objective of maximising total returns, and in order to manage volatility, the Fund may also invest in derivatives providing synthetic long and/or synthetic short positions.

#### Base Currency

Euro (EUR)

#### Type of Fund

Bond, Total Return

#### Valuation and Dealing

Dealings in shares of BlackRock European Select Strategies Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the "Cut-Off Point") and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section "Dealing in Fund Shares".

#### Fees and Expenses

BlackRock European Select Strategies Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.25%	0.00%	0.00%	0.00%
Class AI	5.00%	1.25%	0.00%	0.00%	0.00%
Class C	0.00%	1.25%	1.00%	1.00% to 0.00%	0.00%
Class D	5.00%	0.65%	0.00%	0.00%	0.00%
Class DD	5.00%	0.65%	0.00%	0.00%	0.00%
Class E	3.00%	1.25%	0.50%	0.00%	0.00%
Class I	0.00%	0.65%	0.00%	0.00%	0.00%
Class S	0.00%	up to 0.65%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Class Z	0.00%	up to 0.65%	0.00%	0.00%	0.00%

**Risk management measure used: Relative VAR using 75% Barclays Pan European Aggregate Index (Hedged EUR) / 25% MSCI Europe Index (Hedged EUR) as the appropriate benchmark.**

**Expected level of leverage of the Fund: 400% of Net Asset Value.**



## BlackRock Strategic Funds – BlackRock Fixed Income Strategies Fund

### Investment Objective

The BlackRock Fixed Income Strategies Fund seeks to achieve positive total returns over a rolling three year cycle. The Fund will seek to achieve this investment objective by taking long, synthetic long and synthetic short investment exposures.

The Fund will seek to gain at least 70% of its investment exposure through fixed income transferable securities and fixed income related securities (including derivatives) issued by, or giving exposure to, governments, agencies and / or companies worldwide. The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in fixed income transferable securities and fixed income related securities, currency forwards and, when determined appropriate, cash and near-cash instruments. The asset allocation of the Fund is intended to be flexible and the Fund will maintain the ability to switch exposure as market conditions and other factors dictate. The currency exposure of the Fund is flexibly managed.

In order to achieve the investment objective and policy the Fund will invest in a variety of investment strategies and instruments. It intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns.

No more than 50% of the Fund's total assets may be invested in ABS and MBS whether investment grade or not. Within this limit, no more than 40% of the Fund's total assets may be invested in non-investment-grade fixed income securities including corporate bonds, ABS and MBS. These may include asset-backed commercial paper, collateralised debt obligations, collateralised mortgage obligations, commercial mortgage-backed securities, credit-linked notes, real estate mortgage investment conduits, residential mortgage-backed securities and synthetic collateralised debt obligations. The underlying assets of the ABS and MBS may include loans, leases or receivables (such as credit card debt, automobile loans and student loans in the case of ABS and commercial and residential mortgages originating from a regulated and authorised financial institution in the case of MBS). The ABS and MBS in which the Fund invests may use leverage to increase return to investors. Certain ABS may be structured by using a derivative such as a credit default swap or a basket of such derivatives to gain exposure to the performance of securities of various issuers without having to invest in the securities directly.

**This Fund may have significant exposure to ABS, MBS and non-investment grade debt, and investors are encouraged to read the relevant risk disclosures contained in the Section "Special Risk Considerations".**

### Base Currency

Euro (EUR)

### Type of Fund

Bond, Total Return

### Valuation and Dealing

Dealings in shares of the BlackRock Fixed Income Strategies Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the "Cut-Off Point") and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section "Dealing in Fund Shares".

### Fees and Expenses

BlackRock Fixed Income Strategies Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.00%	0.00%	0.00%	0.00%
Class AI	5.00%	1.00%	0.00%	0.00%	0.00%
Class C	0.00%	1.00%	1.00%	1.00% to 0.00%	0.00%
Class D	5.00%	0.60%	0.00%	0.00%	0.00%
Class DD	5.00%	0.60%	0.00%	0.00%	0.00%
Class E	3.00%	1.00%	0.50%	0.00%	0.00%
Class I	0.00%	0.60%	0.00%	0.00%	0.00%
Class S	0.00%	up to 0.60%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%

**Risk management measure used: Absolute VaR.**

**Expected level of leverage of the Fund: 400% of Net Asset Value.**

## Appendix F

### BlackRock Strategic Funds – BlackRock Fixed Income Credit Strategies Fund

#### Investment Objective

The BlackRock Fixed Income Credit Strategies Fund seeks to maximise total return.

#### Investment Policy

The Fund will seek to achieve this investment objective by using a variety of investment strategies and instruments. It intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions, with the aim of maximising positive returns.

The Fund will seek to gain at least 70% of its investment exposure through fixed income transferable securities and fixed income related securities (including derivatives) issued by, or giving exposure to, companies, governments and/or agencies worldwide, but with a focus on non-government bonds. The Fund will invest in fixed income transferable securities and fixed income related securities, derivatives and, when determined appropriate, cash and near-cash instruments. The asset allocation of the Fund is intended to be flexible and the Fund will maintain the ability to switch exposure as market conditions and valuations dictate. The currency exposure of the Fund is flexibly managed.

No more than 40% of the Fund's total assets may be invested in non-investment-grade fixed income securities, including corporate bonds, ABS and MBS. No more than 20% of the Fund's total assets may be invested in ABS and MBS whether investment grade or not. These may include asset-backed commercial paper, collateralised debt obligations, collateralised mortgage obligations, commercial mortgage-backed securities, credit-linked notes, real estate mortgage investment conduits, residential mortgage-backed securities and synthetic collateralised debt obligations. The underlying assets of the ABS and MBS may include loans, leases or receivables (such as credit card debt, automobile loans and student loans in the case of ABS and commercial and residential mortgages originating from a regulated and authorised financial institution in the case of MBS). The ABS and MBS in which the Fund invests may use leverage to increase return to investors. Certain ABS may be structured by using a derivative such as a credit default swap or a basket of such derivatives to gain exposure to the performance of securities of various issuers without having to invest in the securities directly.

The fixed income securities held directly by the Fund will generally have a minimum credit rating of B- (Standard and Poor's or equivalent rating) at the time of purchase. The Fund may at times hold fixed income securities with a rating of CCC+ to CCC- (Standard and Poor's or equivalent rating), but these are not expected to form a significant part of the Fund's portfolio. The average credit rating of the fixed income securities held directly by the Fund is generally expected to be BB or higher (Standard and Poor's or equivalent rating).

The Fund's exposure to contingent convertible bonds is limited to 20% of its Net Asset Value.

**This Fund may have significant exposure to non-investment grade debt, and investors are encouraged to read the relevant risk disclosures contained in the Section "Special Risk Considerations".**

#### Base Currency

Euro (EUR)

#### Type of Fund

Bond, Total Return

#### Valuation and Dealing

Dealings in shares of the BlackRock Fixed Income Credit Strategies Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the "Cut-Off Point") and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section "Dealing in Fund Shares".

### Fees and Expenses

BlackRock Fixed Income Credit Strategies Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.00%	0.00%	0.00%	0.00%
Class AI	5.00%	1.00%	0.00%	0.00%	0.00%
Class C	0.00%	1.00%	1.00%	1.00% to 0.00%	0.00%
Class D	5.00%	0.60%	0.00%	0.00%	0.00%
Class DD	5.00%	0.60%	0.00%	0.00%	0.00%
Class E	3.00%	1.00%	0.50%	0.00%	0.00%
Class I	0.00%	0.60%	0.00%	0.00%	0.00%
Class S	0.00%	up to 0.60%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Class Z	0.00%	Up to 0.60%	0.00%	0.00%	0.00%

**Risk management measure used: Absolute VaR.**

**Expected level of leverage of the Fund: 400% of Net Asset Value.**

## BlackRock Strategic Funds – BlackRock Global Absolute Return Bond Fund

### Investment Objective

The BlackRock Global Absolute Return Bond Fund seeks to achieve a positive absolute return for investors regardless of market movements.

The Fund will seek to achieve this investment objective by taking long, synthetic long and synthetic short investment exposures.

The Fund will seek to gain at least 70% of its investment exposure through fixed income transferable securities, fixed income related securities (including derivatives) issued by, or giving exposure to companies, governments and agencies worldwide. The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in fixed income transferable securities (including non-investment grade securities), fixed income related securities and, when deemed appropriate, cash and near-cash instruments. The currency exposure of the Fund is flexibly managed. The Fund may, as part of its investment objective, invest in ABS and MBS, whether investment grade or not. These may include asset-backed commercial paper, collateralised debt obligations, collateralised mortgage obligations, commercial mortgage-backed securities, credit-linked notes, real estate mortgage investment conduits, residential mortgage-backed securities and synthetic collateralised debt obligations. The underlying assets of the ABS and MBS may include loans, leases or receivables (such as credit card debt, automobile loans and student loans in the case of ABS and commercial and residential mortgages originating from a regulated and authorised financial institution in the case of MBS). The ABS and MBS in which the Fund invests may use leverage to increase return to investors. Certain ABS may be structured by using a derivative such as a credit default swap or a basket of such derivatives to gain exposure to the performance of securities of various issuers without having to invest in the securities directly. The Fund's exposure to ABS and MBS may not exceed 60% of its Net Asset Value. Investors are encouraged to read the relevant risk disclosures contained in the section "Specific Risk Considerations".

The Investment Adviser will, in addition to the investment criteria set out above, take into account certain ESG characteristics when selecting the Fund's investments. The Investment Adviser intends to exclude issuers of securities which have exposure to, or ties with, sectors which include but are not limited to: controversial weapons (nuclear, cluster munitions, biological-chemical, landmine, depleted uranium, or incendiary weapons) and thermal coal extraction and generation. To undertake this analysis, the Investment Adviser may use data provided by external ESG Providers, proprietary models and local intelligence. The Investment Adviser may also review the resulting universe to remove the lowest scoring issuers within that universe.

In order to achieve the investment objective and policy, the Fund will invest in a variety of investment strategies and instruments. In particular, the Fund will utilise strategies including the active management of interest rates and the flexible management of sector and currency exposure. The Fund intends to take full advantage of the ability to invest in derivatives providing both synthetic long and/or synthetic short positions with the aim of maximising positive returns.

### Base Currency

Euro (EUR)

### Type of Fund

Bond, Absolute Return

### Valuation and Dealing

Dealings on shares of BlackRock Global Absolute Return Bond Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the "Cut-Off Point") and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section "Dealing in Fund Shares".

## Fees and Expenses

BlackRock Global Absolute Return Bond Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.00%	0.00%	0.00%	0.00%
Class AI	5.00%	1.00%	0.00%	0.00%	0.00%
Class C	0.00%	1.00%	1.25%	1.00% to 0.00%	0.00%
Class D	5.00%	0.50%	0.00%	0.00%	0.00%
Class DD	5.00%	0.50%	0.00%	0.00%	0.00%
Class E	3.00%	1.00%	0.50%	0.00%	0.00%
Class I	0.00%	0.50%	0.00%	0.00%	0.00%
Class S	0.00%	up to 0.50%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%

**Risk management measure used: Absolute VaR.**

**Expected level of leverage of the Fund: 1000% of Net Asset Value.**

This Fund has a higher gross leverage figure than many of the other Funds due to the fact that it operates fixed income investment strategies that are often executed using derivatives. Whilst these derivative-executed strategies may be diversified in terms of issuer, sector or currency, amongst other things, where the strategies are executed using derivatives they will inevitably create leverage because of the required calculation method i.e. leverage is the sum or gross notional exposure created by the derivatives used. In order to maximise the flexibility the Fund has to use derivatives to pursue its investment objectives, leverage is not adjusted to take account of any hedging or offsetting trades used to reduce market risk. Therefore the Fund's leverage may indicate the extent of derivatives use required at any point in time to pursue its investment objectives rather than its market risk.

## Appendix F

### BlackRock Strategic Funds – BlackRock Sustainable Euro Bond Fund

#### Investment Objective

The BlackRock Sustainable Euro Bond Fund seeks to maximise total return.

The Fund will seek to invest at least 80% of its total assets in investment grade, Euro denominated fixed income transferable securities, fixed income related securities (including derivatives) and, when determined appropriate, cash and near-cash instruments.

Currency exposure is flexibly managed. The fixed income securities will be issued by, or give exposure to, companies, governments and agencies of, domiciled worldwide. The Fund will also, at the time of purchase, seek to invest at least 90% of its total assets in fixed income transferable securities which meet environmental, social and governance ("ESG") criteria and, when determined appropriate, cash and near-cash instruments. The Fund will not invest in fixed income transferable securities that are issued by corporate entities which do not meet the ESG criteria.

In order to achieve the investment objective and policy, the Fund will invest in a variety of investment strategies and instruments. The Fund intends to take full advantage of the ability to invest in derivatives (including total return swaps that have fixed income transferable securities and fixed income related securities as underlying assets) with the aim of maximising returns. The Fund's exposure to ABS and MBS may not exceed 20% of its Net Asset Value.

#### Important Note

The ESG criteria will be applied to issues at the time of purchase, and consists of: (i) a rating of BBB or higher as defined by MSCI's ESG Intangible Value Assessment Ratings or MSCI ESG Sovereign Ratings as applicable; and (ii) for corporate issues a score of one or above as defined by MSCI's ESG Controversies score, or their equivalents as determined by the Investment Adviser from time to time. Further details regarding MSCI's rating criteria is available on MSCI's website at [www.msci.com](http://www.msci.com).

#### Base Currency

Euro (EUR)

#### Type of Fund

Bonds, Total Return

#### Valuation and Dealing

Dealings in shares of BlackRock Sustainable Euro Bond Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the "Cut-Off Point") and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section "Dealing in Fund Shares".

#### Fees and Expenses

BlackRock Sustainable Euro Bond Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	0.75%	0.00%	0.00%	0.00%
Class AI	5.00%	0.75%	0.00%	0.00%	0.00%
Class C	0.00%	0.75%	1.25%	1.00% to 0.00%	0.00%
Class D	5.00%	0.40%	0.00%	0.00%	0.00%
Class DD	5.00%	0.40%	0.00%	0.00%	0.00%
Class E	3.00%	0.75%	0.50%	0.00%	0.00%
Class I	0.00%	0.40%	0.00%	0.00%	0.00%
Class S	0.00%	up to 0.40%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Class Z	0.00%	up to 0.40%	0.00%	0.00%	0.00%

**Risk management measure used: Absolute VaR**

**Expected level of leverage of the Fund: 150% of Net Asset Value**

## BlackRock Strategic Funds – BlackRock ESG Euro Corporate Bond Fund

### Investment Objective

The BlackRock ESG Euro Corporate Bond Fund seeks to maximise total return.

The Fund will seek to invest at least 80% of its total assets in investment grade, Euro denominated fixed income transferable securities and fixed income related securities (including derivatives). When determined appropriate, the Fund will also invest in cash and near-cash instruments.

The fixed income securities will be issued by, or give exposure to, companies, governments and agencies domiciled worldwide. At least 50% of the Fund's direct and indirect fixed income exposure will be to non-government fixed income securities. 90% of the Fund's total assets will be invested in accordance with the ESG Policy described below at the time of purchase (in respect of securities to be held directly by the Fund or via derivatives, rather than any securities held through undertakings for collective investment). The Fund will not make investments in fixed income transferable securities that are issued by corporate entities which do not meet the ESG criteria at the time of purchase. Currency exposure is flexibly managed.

In order to achieve the investment objective and policy, the Fund will invest in a variety of investment strategies and instruments. The Fund intends to take full advantage of the ability to invest in derivatives (including total return swaps that have fixed income transferable securities and fixed income related securities as underlying assets) with the aim of maximising returns. The Fund's exposure to ABS and MBS may not exceed 20% of its Net Asset Value. The Fund's exposure to contingent convertible bonds is limited to 20% of its Net Asset Value.

### ESG Policy

The ESG criteria will be applied to issues at the time of purchase, and consists of: (i) a rating of BB or higher as defined by MSCI's ESG Intangible Value Assessment Ratings or MSCI ESG Sovereign Ratings as applicable; (ii) for corporate issues a score of one or above as defined by MSCI's ESG Controversies score, or their equivalents as determined by the Investment Adviser from time to time (further details regarding MSCI's rating criteria is available on MSCI's website at [www.msci.com](http://www.msci.com)); and (iii) the exclusion of issuers of securities that have a certain level of exposure to, or ties with, sectors including (but not limited to) controversial weapons (i.e. nuclear, cluster munitions, biological-chemical, landmine, depleted uranium, or incendiary weapons), civilian firearms, tar sands, thermal coal extraction and generation, gambling, adult entertainment and tobacco. The Investment Adviser also intends to exclude issuers of securities that are deemed to have breached one or more of the ten UN Global Compact Principles, which cover human rights, labour standards, the environment and anti-corruption. The United Nations Global Compact is a United Nations initiative to implement universal sustainability principles.

**To undertake this analysis and exclusion, the Investment Adviser may use data provided by external ESG Providers and proprietary models.**

### Base Currency

Euro (EUR)

### Type of Fund

Bonds, Total Return

### Valuation and Dealing

Dealings in shares of BlackRock ESG Euro Corporate Bond Fund can normally be effected daily. Orders for subscription, redemption and

conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the "Cut-Off Point") and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section "Dealing in Fund Shares".

### Fees and Expenses

BlackRock ESG Euro Corporate Bond Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	0.80%	0.00%	0.00%	0.00%
Class AI	5.00%	0.80%	0.00%	0.00%	0.00%
Class C	0.00%	0.80%	1.25%	1.00% to 0.00%	0.00%
Class D	5.00%	0.40%	0.00%	0.00%	0.00%
Class DD	5.00%	0.40%	0.00%	0.00%	0.00%
Class E	3.00%	0.80%	0.50%	0.00%	0.00%
Class I	0.00%	0.40%	0.00%	0.00%	0.00%
Class S	0.00%	up to 0.40%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Class Z	0.00%	up to 0.40%	0.00%	0.00%	0.00%

**Risk management measure used: Relative VaR using Bloomberg Barclays MSCI Euro Corporate Sustainable SRI Index as the appropriate benchmark.**

**Expected level of leverage of the Fund: 150% of Net Asset Value**

## Appendix F

### BlackRock Strategic Funds – BlackRock Emerging Markets Short Duration Bond Fund

#### Investment Objective

The BlackRock Emerging Markets Short Duration Bond Fund seeks to maximise total return.

The Fund invests at least 80% of its total assets in fixed income transferable securities issued by governments and government agencies of, and companies domiciled in, or exercising the predominant part of their economic activity in, emerging markets. The fixed income transferable securities will include non-investment grade securities. It is intended that the Fund's exposure to non-investment grade securities will be in the region of 60% of its Net Asset Value, however, this exposure may vary over time. At least 70% of total assets will be invested in fixed income transferable securities with a maturity of less than five years. The average duration will not be more than three years. At least 90% of the total assets of the Fund will be denominated in USD or hedged back to USD.

As part of its investment objective the Fund may invest up to 10% of its Net Asset Value in ABS and MBS whether investment grade or not. These may include asset-backed commercial paper, collateralised debt obligations, collateralised mortgage obligations, commercial mortgage-backed securities, credit-linked notes, real estate mortgage investment conduits, residential mortgage-backed securities and synthetic collateralised debt obligations. The underlying assets of the ABS and MBS may include loans, leases or receivables (such as credit card debt, automobile loans and student loans in the case of ABS and commercial and residential mortgages originating from a regulated and authorised financial institution in the case of MBS). The ABS and MBS in which the Fund invests may use leverage to increase return to investors. Certain ABS may be structured by using a derivative such as a credit default swap or a basket of such derivatives to gain exposure to the performance of securities of various issuers without having to invest in the securities directly.

The Fund's exposure to Distressed Securities is limited to 10% of its of its Net Asset Value and its exposure to contingent convertible bonds is limited to 10% of its Net Asset Value.

**The Fund will use financial derivative instruments for investment purposes and for the purposes of efficient portfolio management.**

#### Base Currency

USD

#### Type of Fund

Fixed Income

#### Valuation and Dealing

Dealings in shares of the BlackRock Emerging Markets Short Duration Bond Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the "Cut-Off Point") and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see section "Dealing in Fund Shares".

#### Fees and Expenses

BlackRock Emerging Markets Short Duration Bond Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	0.75%	0.00%	0.00%	0.00%
Class AI	5.00%	0.75%	0.00%	0.00%	0.00%
Class D	5.00%	0.40%	0.00%	0.00%	0.00%
Class DD	5.00%	0.40%	0.00%	0.00%	0.00%
Class E	3.00%	0.75%	0.50%	0.00%	0.00%
Class I	0.00%	0.40%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Class Z	0.00%	up to 0.40%	0.00%	0.00%	0.00%

**Risk management measure used: Absolute VaR**

**Expected level of leverage of the Fund: 250% of Net Asset Value.**

## EQUITY FUNDS

### BlackRock Strategic Funds – BlackRock Americas Diversified Equity Absolute Return Fund

#### Investment Objective

The BlackRock Americas Diversified Equity Absolute Return Fund seeks to achieve a positive absolute return for investors regardless of market movements. The Fund will seek to achieve this investment objective by taking long, synthetic long and synthetic short investment exposures.

The Fund will seek to gain at least 70% of its investment exposure through equities and equity-related securities (including derivatives) of, or giving exposure to, companies incorporated or listed in the United States, Canada and Latin America (the “Americas”). The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in equities and equity-related securities and, when determined appropriate, cash and near-cash instruments. The Fund will be highly diversified across the universe of equities in the Americas, whilst seeking to minimise net exposure to underlying equity markets within the region.

In order to achieve the investment objective and policy, the Fund will invest in a variety of investment strategies and instruments. The main strategy which the Investment Adviser intends to pursue in order to assist it in achieving an absolute return is a market neutral strategy. This means it uses derivatives (synthetic short or synthetic long positions) to reduce or mitigate the directional market risk (i.e. the risk associated with the market moving in one direction, up or down) relating to the instruments it has exposure to (via long positions or synthetic positions). As the Fund seeks to be highly diversified it will make extensive use of derivatives; using them to gain investment exposure to instruments and at same time to mitigate the directional market risk of those instruments. It intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns. The main type of derivatives which the Fund will use is contracts for difference that have, in accordance with its investment policy, equities and equity-related securities as underlying assets.

Investors should refer to Appendix G for more details on the expected and maximum portion of contracts for difference held by the Fund.

#### Base Currency

US Dollar (USD)

#### Type of Fund

Equity, Absolute Return

#### Valuation and Dealing

Dealings in shares of BlackRock Americas Diversified Equity Absolute Return Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the “Cut-Off Point”) and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section “Dealing in Fund Shares”.

## Fees and Expenses

BlackRock Americas Diversified Equity Absolute Return Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.50%	0.00%	0.00%	20%
Class AI	5.00%	1.50%	0.00%	0.00%	20%
Class C	0.00%	1.50%	1.00%	1.00% to 0.00%	20%
Class D	5.00%	1.00%	0.00%	0.00%	20%
Class DD	5.00%	1.00%	0.00%	0.00%	20%
Class E	3.00%	1.50%	0.50%	0.00%	20%
Class I	0.00%	1.00%	0.00%	0.00%	20%
Class S	0.00%	up to 1.00%	0.00%	0.00%	up to 20%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%

#### Performance fee type and Benchmark:

**Type A – 3 month LIBOR (in USD) (for Hedged Share Classes this Benchmark shall either be expressed in the currency of such Share Class or a substitute Benchmark shall be used as further specified in accordance with Appendix E).**

**Risk management measure used: Absolute VaR.**

**Expected level of leverage of the Fund: 560% of Net Asset Value.**

This Fund has a higher gross leverage figure than many of the other Funds due to the way in which it uses financial derivative instruments. As a result of its derivative usage this Fund may be more highly leveraged than other Funds which do not combine a diversified investment strategy with the aim of staying market neutral. Leverage, in this context is calculated as the sum of gross notional exposure created by the derivatives used.

## Appendix F

### BlackRock Strategic Funds – BlackRock Asia Extension Fund

#### Investment Objective

The BlackRock Asia Extension Fund seeks to maximise total returns through the use of an extension strategy.

Use of an extension strategy means that in addition to having up to 100% of the Fund's assets exposed to equity securities via long and/or synthetic long positions, the intention is that it will enter into synthetic short positions in order to achieve additional investment exposure. The proceeds from those synthetic short positions will be used to buy additional synthetic long positions (broadly in the same proportion as the short positions it holds).

The Fund will seek to gain at least 70% of its investment exposure to companies domiciled in, or exercising the predominant part of their economic activity in Asia (ex Japan). The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in equities and equity-related securities (including derivatives) and, when determined appropriate, cash and near-cash instruments.

In order to achieve the investment objective and policy the Fund will invest in a variety of investment strategies and instruments. It intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns. The Fund may use total return swaps and contracts for difference that have, in accordance with its investment policy, equities and equity-related securities as underlying assets. Investors should refer to Appendix G for more details on the expected and maximum portion of total return swaps and contracts for difference held by the Fund.

#### Base Currency

US Dollar (USD)

#### Type of Fund

Equity, Extension Strategies

#### Valuation and Dealing

Dealings in shares of BlackRock Asia Extension Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the "Cut-Off Point") and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section "Dealing in Fund Shares".

#### Fees and Expenses

BlackRock Asia Extension Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.50%	0.00%	0.00%	20%
Class AI	5.00%	1.50%	0.00%	0.00%	20%
Class C	0.00%	1.50%	1.00%	1.00% to 0.00%	20%
Class D	5.00%	1.00%	0.00%	0.00%	20%
Class DD	5.00%	1.00%	0.00%	0.00%	20%
Class E	3.00%	1.50%	0.50%	0.00%	20%
Class I	0.00%	1.00%	0.00%	0.00%	20%
Class S	0.00%	up to 1.00%	0.00%	0.00%	up to 20%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Performance fee type and Benchmark:</b>		<b>Type B – MSCI All Country Asia ex Japan Index SM</b>			

**Risk management measure used: Relative VaR using – MSCI All Country Asia ex Japan Index as the appropriate benchmark.**

**Expected level of leverage of the Fund: 200% of Net Asset Value.**



## BlackRock Strategic Funds – BlackRock UK Equity Absolute Return Fund

### Investment Objective

The BlackRock UK Equity Absolute Return Fund seeks to achieve a positive absolute return for investors regardless of market movements. The Fund will seek to achieve this investment objective by taking long, synthetic long and synthetic short investment exposures.

The Fund will seek to gain at least 70% of its investment exposure through equities and equity-related securities (including derivatives) of, or giving exposure to, companies domiciled in, or exercising the predominant part of their economic activity, or have their primary listing in the United Kingdom.

The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in equities and equity-related securities and, when determined appropriate, cash and near-cash instruments.

In order to achieve the investment objective and policy, the Fund will invest in a variety of investment strategies and instruments. The Fund intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of achieving a positive absolute return. The Fund may invest a significant portion of its net assets into total return swaps that have, in accordance with its investment policy, equities and equity-related securities as underlying assets. Investors should refer to Appendix G for more details on the expected and maximum portion of total return swaps and contracts for difference held by the Fund.

### Base Currency

GBP

### Type of Fund

Equity, Absolute Return

### Valuation and Dealing

Dealings in shares of BlackRock UK Equity Absolute Return Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on the Dealing Day (the "Cut-Off Point") and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section "Dealing in Fund Shares".

### Fees and Expenses

UK Equity Absolute Return Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.50%	0.00%	0.00%	20%
Class AI	5.00%	1.50%	0.00%	0.00%	20%
Class C	0.00%	1.50%	1.00%	1.00% to 0.00%	20%
Class D	5.00%	0.75%	0.00%	0.00%	20%
Class DD	5.00%	0.75%	0.00%	0.00%	20%
Class E	3.00%	1.50%	0.50%	0.00%	20%
Class I	0.00%	0.75%	0.00%	0.00%	20%
Class S	0.00%	up to 0.75%	0.00%	0.00%	up to 20%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Class Z	0.00%	up to 0.75%	0.00%	0.00%	up to 20%

**Performance fee type and Benchmark:**

**Type A – 3 month LIBOR (in GBP) (for Hedged Share Classes this Benchmark shall either be expressed in the currency of such Share Class or a substitute Benchmark shall be used as further specified in accordance with Appendix E).**

**Risk management measure used: Absolute VaR**

**Expected level of leverage of the Fund: 150% of Net Asset Value**

## Appendix F

### BlackRock Strategic Funds – BlackRock European Absolute Return Fund

#### Investment Objective

The BlackRock European Absolute Return Fund seeks to achieve a positive absolute return for investors regardless of market movements. The Fund will seek to achieve this investment objective by taking long, synthetic long and synthetic short investment exposures.

The Fund will seek to gain at least 70% of its investment exposure through equities and equity-related securities (including derivatives) of, or giving exposure to, companies domiciled in, or exercising the predominant part of their economic activity in Europe. The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in equities and equity-related securities and, when determined appropriate, cash and near-cash instruments.

In order to achieve the investment objective and policy the Fund will invest in a variety of investment strategies and instruments. It intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns.

#### Base Currency

Euro (EUR)

#### Type of Fund

Equity, Absolute Return

#### Valuation and Dealing

Dealings in shares of BlackRock European Absolute Return Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the "Cut-Off Point") and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section "Dealing in Fund Shares".

### Fees and Expenses

BlackRock European Absolute Return Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.50%	0.00%	0.00%	20%
Class AI	5.00%	1.50%	0.00%	0.00%	20%
Class C	0.00%	1.50%	1.00%	1.00% to 0.00%	20%
Class D	5.00%	1.00%	0.00%	0.00%	20%
Class DD	5.00%	1.00%	0.00%	0.00%	20%
Class E	3.00%	1.50%	0.50%	0.00%	20%
Class I	0.00%	1.00%	0.00%	0.00%	20%
Class S	0.00%	up to 1.00%	0.00%	0.00%	up to 20%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Performance fee type and Benchmark:</b>	<b>Type A - 3 month LIBOR (in Euro) (for Hedged Share Classes this Benchmark shall either be expressed in the currency of such Share Class or a substitute Benchmark shall be used as further specified in accordance with Appendix E).</b>				

**Risk management measure used: Absolute VaR.**

**Expected level of leverage of the Fund: 50% of Net Asset Value.**

## BlackRock Strategic Funds – BlackRock European Diversified Equity Absolute Return Fund

### Investment Objective

The BlackRock European Diversified Equity Absolute Return Fund seeks to achieve a positive absolute return for investors regardless of market movements. The Fund will seek to achieve this investment objective by taking long, synthetic long and synthetic short investment exposures.

The Fund will seek to gain at least 70% of its investment exposure through equities and equity-related securities (including derivatives) of, or giving exposure to, companies domiciled in, or exercising the predominant part of their economic activity in Europe. The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in equities and equity-related securities and, when determined appropriate, cash and near-cash instruments. The Fund will be highly diversified across the universe of European equities, whilst seeking to minimise net exposure to underlying European equity markets.

In order to achieve the investment objective and policy the Fund will invest in a variety of investment strategies and instruments. The main strategy which the Investment Adviser intends to pursue in order to assist it in achieving an absolute return is a market neutral strategy. This means it uses derivatives (synthetic short or synthetic long positions) to reduce or mitigate the directional market risk (i.e. the risk associated with the market moving in one direction, up or down) relating to the instruments it has exposure to (via long positions or synthetic positions). As the Fund seeks to be highly diversified it will make extensive use of derivatives; using them to gain investment exposure to instruments and at same time to mitigate the directional market risk of those instruments. It intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns. The main type of derivatives which the Fund will use is contracts for difference that have, in accordance with its investment policy, equities and equity-related securities as underlying assets. Investors should refer to Appendix G for more details on the expected and maximum portion of contracts for difference held by the Fund.

### Base Currency

Euro (EUR)

### Type of Fund

Equity, Absolute Return

### Valuation and Dealing

Dealings in shares of BlackRock European Diversified Equity Absolute Return Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the “Cut-Off Point”) and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section “Dealing in Fund Shares”.

### Fees and Expenses

BlackRock European Diversified Equity Absolute Return Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.50%	0.00%	0.00%	20%
Class AI	5.00%	1.50%	0.00%	0.00%	20%
Class C	0.00%	1.50%	1.00%	1.00% to 0.00%	20%
Class D	5.00%	1.00%	0.00%	0.00%	20%
Class DD	5.00%	1.00%	0.00%	0.00%	20%
Class E	3.00%	1.50%	0.50%	0.00%	20%
Class I	0.00%	1.00%	0.00%	0.00%	20%
Class S	0.00%	up to 1.00%	0.00%	0.00%	up to 20%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Performance fee type and Benchmark:</b>		<b>Type A – 3 month LIBOR (in Euro) (for Hedged Share Classes this Benchmark shall either be expressed in the currency of such Share Class or a substitute Benchmark shall be used as further specified in accordance with Appendix E).</b>			

**Risk management measure used: Absolute VaR.**

**Expected level of leverage of the Fund: 500% of Net Asset Value.**

This Fund has a higher gross leverage figure than many of the other Funds due to the way in which it uses financial derivative instruments. As a result of its derivative usage this Fund may be more highly leveraged than other Funds which do not combine a diversified investment strategy with the aim of staying market neutral. Leverage, in this context is calculated as the sum of gross notional exposure created by the derivatives used.

## Appendix F

### BlackRock Strategic Funds – BlackRock European Opportunities Extension Fund

#### Investment Objective

The BlackRock European Opportunities Extension Fund seeks to maximise total returns through the use of an extension strategy.

Use of an extension strategy means that in addition to having up to 100% of the Fund's assets exposed to equity securities via long and/or synthetic long positions, the intention is that it will enter into synthetic short positions in order to achieve additional investment exposure. The proceeds from those synthetic short positions will be used to buy additional synthetic long positions (broadly in the same proportion as the short positions it holds).

The Fund will seek to gain at least 70% of its investment exposure to companies domiciled in, or exercising the predominant part of their economic activity in Europe. The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in equities and equity-related securities (including derivatives) and, when determined appropriate, cash and near-cash instruments. At least 50% of the Fund's investment exposure will be to small and mid-capitalisation companies. Small and mid-capitalisation companies are considered companies which, at the time of purchase, form the bottom 30% by market capitalisation of European exchanges. The currency exposure of the Fund is flexibly managed.

In order to achieve the investment objective and policy, the Fund will invest in a variety of investment strategies and instruments. It intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns. The Fund may use total return swaps and contracts for difference that have, in accordance with its investment policy, equities and equity-related securities as underlying assets. Investors should refer to Appendix G for more details on the expected and maximum portion of total return swaps and contracts for difference held by the Fund.

#### Base Currency

Euro (EUR)

#### Type of Fund

Equity, Extension Strategies

#### Valuation and Dealing

Dealings in shares of BlackRock European Opportunities Extension Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the "Cut-Off Point") and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section "Dealing in Fund Shares".

### Fees and Expenses

BlackRock European Opportunities Extension Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.50%	0.00%	0.00%	20%
Class AI	5.00%	1.50%	0.00%	0.00%	20%
Class C	0.00%	1.50%	1.00%	1.00% to 0.00%	20%
Class D	5.00%	1.00%	0.00%	0.00%	20%
Class DD	5.00%	1.00%	0.00%	0.00%	20%
Class E	3.00%	1.50%	0.50%	0.00%	20%
Class I	0.00%	1.00%	0.00%	0.00%	20%
Class S	0.00%	up to 1.00%	0.00%	0.00%	up to 20%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%

**Performance fee type and Benchmark:**

**Type B – S&P Europe BMI Index**

**Risk management measure used: Relative VaR using S&P Europe BMI Index as the appropriate benchmark.**

**Expected level of leverage of the Fund: 140% of Net Asset Value.**

## BlackRock Strategic Funds – BlackRock European Unconstrained Equity Fund

### Investment Objective

The BlackRock European Unconstrained Equity Fund seeks to achieve long-term capital growth.

### Investment Policy

The Fund will seek to achieve its investment objective by investing at least 70% of its Net Asset Value in a portfolio of equity and equity-related securities (i.e. derivatives) of companies domiciled in, or exercising the predominant part of their economic activity in, Europe. The Fund may also invest in fixed-income securities, derivatives and, when determined appropriate, cash and near-cash instruments. Any fixed-income securities or near-cash instruments may be Investment Grade, sub-Investment Grade or unrated at the time of purchase. The Fund may also invest up to 10% of its Net Asset Value in other funds. The Fund may invest in derivatives for investment purposes and for efficient portfolio management. The Fund may invest in the securities of companies with any level of market capitalisation. The Fund's exposure to contingent convertible bonds is limited to 5% of its Net Asset Value.

Investment decisions are based on company-specific research to identify and select equity securities that, in the opinion of the Investment Adviser, have the potential to produce attractive long-term capital growth. The Fund may invest in equity securities that, in the opinion of the Investment Adviser, have a viable competitive advantage and will typically be held over a long-term horizon. Various factors may be considered when choosing equity investments, including the opportunity for the value of equity investments to increase through long-term company profit growth. The Fund's portfolio is expected to be concentrated (i.e. it is expected to hold relatively few stocks in comparison to other funds), but there is no guarantee that this will always be the case. The Investment Adviser will not take a benchmark index into consideration when selecting the Fund's investments and therefore the investment style is unconstrained. Currency exposure is flexibly managed.

### Base Currency

Euro (EUR)

### Type of Fund

Equity, Capital Growth

### Valuation and Dealing

Dealings in shares of the BlackRock European Unconstrained Equity Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on the Dealing Day (the "Cut-Off Point") and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section "Dealing in Fund Shares".

## Fees and Expenses

BlackRock European Unconstrained Equity Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.00%	0.00%	0.00%	20%
Class AI	5.00%	1.00%	0.00%	0.00%	20%
Class C	0.00%	1.00%	1.00%	1.00% to 0.00%	20%
Class D	5.00%	0.50%	0.00%	0.00%	20%
Class DD	5.00%	0.50%	0.00%	0.00%	20%
Class E	3.00%	1.00%	0.50%	0.00%	20%
Class I	0.00%	0.50%	0.00%	0.00%	20%
Class S	0.00%	up to 0.50%	0.00%	0.00%	up to 20%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Class Z	0.00%	up to 0.50%	0.00%	0.00%	up to 20%
Performance fee type and Benchmark:		Type B – MSCI Europe Total Return Net			

Risk management measure used: Commitment approach

## Appendix F

### BlackRock Strategic Funds – BlackRock Emerging Markets Absolute Return Fund

#### Investment objective

The BlackRock Emerging Markets Absolute Return Fund will seek to generate a positive absolute return regardless of market conditions through investment in emerging market equities and equity-related securities. The Fund will seek to achieve this investment objective by taking long, synthetic long and synthetic short investment exposures.

The Fund will seek to gain at least 70% of its investment exposure to companies domiciled in, or exercising the predominant part of their economic activity in emerging markets. The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in equities and equity-related securities (including derivatives) and, when determined appropriate, cash and near-cash instruments.

In order to achieve the investment objective and policy the Fund will invest in a variety of investment strategies and instruments. It intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns. The Fund may use total return swaps and contracts for difference that have, in accordance with its investment policy, equities and equity-related securities as underlying assets. Investors should refer to Appendix G for more details on the expected and maximum portion of total return swaps and contracts for difference held by the Fund.

#### Base Currency

US Dollar (USD)

#### Type of Fund

Equity, Absolute Return

#### Valuation and Dealing

Dealings in shares of BlackRock Emerging Markets Absolute Return Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the “Cut-Off Point”) and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section “Dealing in Fund Shares”.

### Fees and Expenses

BlackRock Emerging Markets Absolute Return Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.50%	0.00%	0.00%	20%
Class AI	5.00%	1.50%	0.00%	0.00%	20%
Class C	0.00%	1.50%	1.00%	1.00% to 0.00%	20%
Class D	5.00%	1.00%	0.00%	0.00%	20%
Class DD	5.00%	1.00%	0.00%	0.00%	20%
Class E	3.00%	1.50%	0.50%	0.00%	20%
Class I	0.00%	1.00%	0.00%	0.00%	20%
Class S	0.00%	up to 1.00%	0.00%	0.00%	up to 20%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Performance fee type and Benchmark:</b>		<b>Type A – 3 month LIBOR (in USD) (for Hedged Share Classes this Benchmark shall either be expressed in the currency of such Share Class or a substitute Benchmark shall be used as further specified in accordance with Appendix E).</b>			

**Risk management measure used: Absolute VaR.**

**Expected level of leverage of the Fund: 150% of Net Asset Value.**

## BlackRock Strategic Funds – BlackRock Emerging Markets Equity Strategies Fund

### Investment objective

The BlackRock Emerging Markets Equity Strategies Fund seeks to maximise total returns for investors.

The Fund will seek to gain at least 70% of its investment exposure to companies domiciled in, or exercising the predominant part of their economic activity in emerging markets. The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in equities and equity-related securities (including derivatives) and, when determined appropriate, cash and near-cash instruments.

In addition, the Fund will seek to achieve this investment objective by taking long, synthetic long and synthetic short investment exposures, depending on market conditions.

In order to achieve the investment objective and policy the Fund will invest in a variety of investment strategies and instruments. The Fund intends to take full advantage of the ability to invest in derivatives including synthetic long and/or synthetic short positions with the aim of maximising positive returns. The Fund may use total return swaps and contracts for difference that have, in accordance with its investment policy, equities and equity-related securities as underlying assets. Investors should refer to Appendix G for more details on the expected and maximum portion of total return swaps and contracts for difference held by the Fund.

### Base Currency

US Dollar (USD)

### Type of Fund

Equity, Total Return

### Valuation and Dealing

Dealings in shares of BlackRock Emerging Markets Equity Strategies Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the “Cut-Off Point”) and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section “Dealing in Fund Shares”.

## Fees and Expenses

BlackRock Emerging Markets Equity Strategies Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.50%	0.00%	0.00%	0.00%
Class AI	5.00%	1.50%	0.00%	0.00%	0.00%
Class C	0.00%	1.50%	1.00%	1.00% to 0.00%	0.00%
Class D	5.00%	1.00%	0.00%	0.00%	0.00%
Class DD	5.00%	1.00%	0.00%	0.00%	0.00%
Class E	3.00%	1.50%	0.50%	0.00%	0.00%
Class I	0.00%	1.00%	0.00%	0.00%	0.00%
Class S	0.00%	up to 1.00%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Class Z	0.00%	up to 1.00%	0.00%	0.00%	0.00%

**Risk management measure used: Relative VAR using MSCI Emerging Markets Index as the appropriate benchmark.**

**Expected level of leverage of the Fund: 300% of Net Asset Value.**

## Appendix F

### BlackRock Strategic Funds – BlackRock Global Event Driven Fund

#### Investment Objective

The BlackRock Global Event Driven Fund seeks to achieve a positive absolute return for investors regardless of market movements. The Fund seeks to achieve this investment objective by taking long, synthetic long and synthetic short investment exposures on a global basis.

Under normal market conditions, the Fund will seek to gain at least 70% of its investment exposure through equities and equity-related securities. The Fund may also invest in fixed income transferable securities (including non-investment grade fixed income transferable securities), fixed income-related securities, units of undertakings for collective investment (including Exchange Traded Funds), derivatives and when determined appropriate, cash and near-cash instruments. The Fund intends to take full advantage of the ability to invest in derivatives providing synthetic long and synthetic short positions with the aim of maximising positive absolute returns. The Fund may also invest up to 10% of its Net Asset Value in Distressed Securities. The asset allocation of the Fund is intended to be flexible and the Fund will maintain the ability to adjust its exposures as market conditions and other factors dictate. The currency exposure of the Fund is flexibly managed.

In order to achieve its investment objective and policy, the Fund will utilise a variety of investment strategies and instruments. In particular, the Fund will employ a fundamentally-driven investment process focussed on a broad spectrum of catalyst based investment opportunities. These catalysts range across a broad spectrum and include, but are not limited to, announced mergers and acquisitions, company offers, spinoffs and split-offs, financial and strategic restructuring and management changes. The Fund may use total return swaps and contracts for difference that have, in accordance with its investment policy, equities and equity-related securities as underlying assets. Investors should refer to Appendix G for more details on the expected and maximum portion of total return swaps and contracts for difference held by the Fund.

#### Base Currency

US Dollar (USD)

#### Type of Fund

Equity, Absolute Return

#### Valuation and Dealing

Dealings in shares of BlackRock Global Event Driven Fund can normally be effected weekly on each Wednesday (as long as such Wednesday is a Business Day) ("Dealing Day"). In cases where such Wednesday is not a Business Day, Shares may be purchased on the preceding Business Day. In addition, dealings may also be effected on the last Business Day in each month. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time, two Business Days prior to the Dealing Day (the "Cut-Off Point"). The prices applied will be those calculated in the afternoon of the relevant Dealing Day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section "Dealing in Fund Shares".

#### Fees and Expenses

BlackRock Global Event Driven Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.50%	0.00%	0.00%	20%
Class AI	5.00%	1.50%	0.00%	0.00%	20%
Class C	0.00%	1.50%	1.00%	1.00% to 0.00%	20%
Class D	5.00%	1.00%	0.00%	0.00%	20%
Class DD	5.00%	1.00%	0.00%	0.00%	20%
Class E	3.00%	1.50%	0.50%	0.00%	20%
Class I	0.00%	1.00%	0.00%	0.00%	20%
Class I A	0.00%	0.50%	0.00%	0.00%	30%
Class S	0.00%	up to 1.00%	0.00%	0.00%	up to 20%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Class Z	0.00%	up to 1.00%	0.00%	0.00%	up to 20%

**Performance fee type and Benchmark:**

**Type A – BofA ML 3M USD Treasury Bill Index (for Hedged Share Classes this Benchmark shall either be expressed in the currency of such Share Class or a substitute Benchmark shall be used as further specified in accordance with Appendix E).**

**Risk management measure used: Absolute VaR.**

**Expected level of leverage of the Fund: 300% of Net Asset Value.**



## BlackRock Strategic Funds – BlackRock Global Long/Short Equity Fund

### Investment Objective

The BlackRock Global Long/Short Equity Fund seeks to achieve a positive absolute return for investors regardless of market movements. The Fund will seek to achieve this investment objective by taking long, synthetic long and synthetic short investment exposures.

The Fund will seek to gain at least 70% of its investment exposure through equities and equity-related securities (including derivatives) of, or giving exposure to, companies domiciled in, or exercising the predominant part of their economic activity in developed markets. The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in equities and equity-related securities and, when determined appropriate, cash and near-cash instruments. The Fund will be highly diversified across the universe of global developed market securities, whilst seeking to generate returns with a low correlation to the global developed equity market.

In order to achieve the investment objective and policy, the Fund will invest in a variety of investment strategies and instruments. The Fund intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns. The Fund may use total return swaps and contracts for difference that have, in accordance with its investment policy, equities and equity-related securities as underlying assets. Investors should refer to Appendix G for more details on the expected and maximum portion of total return swaps and contracts for difference held by the Fund.

### Base Currency

US Dollar (USD)

### Type of Fund

Equity, Absolute Return

### Valuation and Dealing

Dealings in shares of BlackRock Global Long/Short Equity Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the “Cut-Off Point”) and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section “Dealing in Fund Shares”.

## Fees and Expenses

BlackRock Global Long/Short Equity Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.80%	0.00%	0.00%	0.00%
Class AI	5.00%	1.80%	0.00%	0.00%	0.00%
Class C	0.00%	1.80%	1.00%	1.00% to 0.00%	0.00%
Class D	5.00%	1.20%	0.00%	0.00%	0.00%
Class DD	5.00%	1.20%	0.00%	0.00%	0.00%
Class E	3.00%	1.80%	0.50%	0.00%	0.00%
Class I	0.00%	1.20%	0.00%	0.00%	0.00%
Class J	0.00%	1.50%	0.00%	0.00%	0.00%
Class S	0.00%	up to 1.20%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%

**Risk management measure used: Absolute VaR.**

**Expected level of leverage of the Fund: 380% of Net Asset Value.**

## Appendix F

### BlackRock Strategic Funds – BlackRock Global Equity Absolute Return Fund

#### Investment Objective

The BlackRock Global Equity Absolute Return Fund seeks to achieve a positive absolute return for investors regardless of market movements.

#### Investment Policy

The Fund will seek to achieve this investment objective by taking long, synthetic long and synthetic short investment exposures. The Fund will seek to gain at least 70% of its investment exposure through equities and equity-related securities (including derivatives) of, or giving exposure to, companies globally, including in the emerging markets. The Fund will seek to achieve this by investing at least 70% of its total assets in equities and equity-related securities and, when determined appropriate, fixed-income securities, cash and near-cash instruments.

The Fund may invest in fixed-income and fixed-income-related instruments that are Investment Grade at the time of purchase. The Fund may use total return swaps and contracts for difference that have, in accordance with its investment policy, equities and equity-related securities as underlying assets as well as other types of derivatives. Investors should refer to Appendix G for more details on the expected and maximum portion of total return swaps and contracts for difference held by the Fund.

In order to achieve its investment objective and policy, the Fund aims to invest in a variety of instruments and employ a variety of investment strategies. In particular, the Fund will follow a flexible approach to stock selection. The Fund may invest in the securities of companies with any level of market capitalisation. The Fund's portfolio is expected to be concentrated (i.e. it is expected to hold relatively few stocks in comparison to other funds), but there is no guarantee that this will always be the case. The Fund intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns.

#### Base Currency

US Dollar (USD)

#### Type of Fund

Equity, Absolute Return

#### Valuation and Dealing

Dealings in shares of BlackRock Global Equity Absolute Return Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the "Cut-Off Point") and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section "Dealing in Fund Shares".

### Fees and Expenses

BlackRock Global Equity Absolute Return Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.50%	0.00%	0.00%	20%
Class AI	5.00%	1.50%	0.00%	0.00%	20%
Class C	0.00%	1.50%	1.00%	1.00% to 0.00%	20%
Class D	5.00%	1.00%	0.00%	0.00%	20%
Class DD	5.00%	1.00%	0.00%	0.00%	20%
Class E	3.00%	1.50%	0.50%	0.00%	20%
Class I	0.00%	1.00%	0.00%	0.00%	20%
Class J	0.00%	1.50%	0.00%	0.00%	20%
Class S	0.00%	up to 1.00%	0.00%	0.00%	Up to 20%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Class Z	0.00%	Up to 1.00%	0.00%	0.00%	Up to 20%
<b>Performance fee type and Benchmark:</b>	<b>Type A – 3 month LIBOR (in USD) (for Hedged Share Classes this Benchmark shall either be expressed in the currency of such Share Class or a substitute Benchmark shall be used as further specified in accordance with Appendix E).</b>				

**Risk management measure used: Absolute VaR.**

**Expected level of leverage of the Fund: 200% of Net Asset Value.**

## BlackRock Strategic Funds – BlackRock Asia Pacific Absolute Return Fund

### Investment Objective

The BlackRock Asia Pacific Absolute Return Fund seeks to achieve a positive absolute return for investors regardless of market movements. The Fund will seek to achieve this investment objective by taking long, synthetic long and synthetic short investment exposures.

The Fund will seek to gain at least 70% of its investment exposure through equities and equity-related securities (including derivatives) of, or giving exposure to, companies domiciled in, or exercising the predominant part of their economic activity in the Asia-Pacific region, including Australia and Japan.

The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in equities and equity-related securities and, when determined appropriate, cash and near-cash instruments.

In order to achieve the investment objective and policy, the Fund will invest in a variety of investment strategies and instruments. The Fund intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns. The Fund may invest a significant portion of its net assets into total return swaps that have, in accordance with its investment policy, equities and equity-related securities as underlying assets. Investors should refer to Appendix G for more details on the expected and maximum portion of total return swaps and contracts for difference held by the Fund.

### Base Currency

US Dollar (USD)

### Type of Fund

Equity, Absolute Return

### Valuation and Dealing

Dealings in shares of BlackRock Asia Pacific Absolute Return Fund can normally be effected weekly on each Wednesday (as long as such Wednesday is a Business Day) ("Dealing Day"). In cases where such Wednesday is not a Business Day, Shares may be purchased on the preceding Business Day. In addition, dealings may also be effected on the last Business Day in each month. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time, one Business Day prior to the Dealing Day (the "Cut-Off Point") and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section "Dealing in Fund Shares".

### Fees and Expenses

BlackRock Asia Pacific Absolute Return Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.50%	0.00%	0.00%	20%
Class AI	5.00%	1.50%	0.00%	0.00%	20%
Class C	0.00%	1.50%	1.00%	1.00% to 0.00%	20%
Class D	5.00%	1.00%	0.00%	0.00%	20%
Class DD	5.00%	1.00%	0.00%	0.00%	20%
Class E	3.00%	1.50%	0.50%	0.00%	20%
Class I	0.00%	1.00%	0.00%	0.00%	20%
Class S	0.00%	up to 1.00%	0.00%	0.00%	up to 20%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Class Z	0.00%	up to 1.00%	0.00%	0.00%	up to 20%

#### Performance fee type and Benchmark:

**Type A – 3 month LIBOR (in USD) (for Hedged Share Classes this Benchmark shall either be expressed in the currency of such Share Class or a substitute Benchmark shall be used as further specified in accordance with Appendix E).**

**Risk management measure used: Absolute VaR.**

**Expected level of leverage of the Fund: 200% of Net Asset Value.**

## Appendix F

### BlackRock Strategic Funds – BlackRock Asia Pacific Diversified Equity Absolute Return Fund

#### Investment Objective

The BlackRock Asia Pacific Diversified Equity Absolute Return Fund seeks to achieve a positive absolute return for investors regardless of market movements. The Fund will seek to achieve this investment objective by taking long, synthetic long and synthetic short investment exposures.

The Fund will seek to gain at least 70% of its investment exposure through equities and equity-related securities (including derivatives) of, or giving exposure to, companies incorporated or listed in the Asia Pacific region, including Australia and Japan. The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in equities and equity-related securities and, when determined appropriate, cash and near-cash instruments. The Fund will be highly diversified across the universe of equities in the Asia Pacific region, including Australia and Japan, whilst seeking to minimise net exposure to underlying equity markets within the region.

In order to achieve the investment objective and policy, the Fund will invest in a variety of investment strategies and instruments. The main strategy which the Investment Adviser intends to pursue in order to assist it in achieving an absolute return is a market neutral strategy. This means it uses derivatives (synthetic short or synthetic long positions) to reduce or mitigate the directional market risk (i.e. the risk associated with the market moving in one direction, up or down) relating to the instruments it has exposure to (via long positions or synthetic positions). As the Fund seeks to be highly diversified it will make extensive use of derivatives; using them to gain investment exposure to instruments and at same time to mitigate the directional market risk of those instruments. It intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns. The main type of derivatives which the Fund will use is contracts for difference that have, in accordance with its investment policy, equities and equity-related securities as underlying assets.

Investors should refer to Appendix G for more details on the expected and maximum portion of contracts for difference held by the Fund.

#### Base currency:

US Dollar (USD)

#### Type of Fund:

Equity, Absolute Return

#### Valuation and Dealing

Dealings in shares of BlackRock Asia Pacific Diversified Equity Absolute Return Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time, one Business Day prior to the Dealing Day (the "Cut-Off Point") and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section "Dealing in Fund Shares".

### Fees and Expenses

BlackRock Asia Pacific Diversified Equity Absolute Return Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.50%	0.00%	0.00%	20%
Class AI	5.00%	1.50%	0.00%	0.00%	20%
Class C	0.00%	1.50%	1.00%	1.00% to 0.00%	20%
Class D	5.00%	1.00%	0.00%	0.00%	20%
Class DD	5.00%	1.00%	0.00%	0.00%	20%
Class E	3.00%	1.50%	0.50%	0.00%	20%
Class I	0.00%	1.00%	0.00%	0.00%	20%
Class S	0.00%	up to 1.00%	0.00%	0.00%	up to 20%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Class Z	0.00%	up to 1.00%	0.00%	0.00%	up to 20%

#### Performance fee type and Benchmark:

**Type A – 3 month LIBOR (in USD) (for Hedged Share Classes this Benchmark shall either be expressed in the currency of such Share Class or a substitute Benchmark shall be used as further specified in accordance with Appendix E).**

**Risk management measure used: Absolute VaR.**

**Expected level of leverage of the Fund: 560% of Net Asset Value.**

## BlackRock Strategic Funds – BlackRock Systematic Global Equity Fund

### Investment Objective

The BlackRock Systematic Global Equity Fund aims to achieve long-term capital growth.

The Fund will seek to achieve its investment objective by investing at least 80% of its total assets in shares of companies globally in both developed and emerging markets. The Fund may also invest in other transferable securities, derivatives, units in collective investment schemes, cash and near-cash instruments.

In order to achieve its investment objective and policy, the Fund will invest in a variety of investment strategies and instruments. In particular, the Fund will use quantitative (i.e. mathematical or statistical) models in order to achieve a systematic (i.e. rule based) approach to stock selection. This means that stocks will be selected based on their expected contribution to portfolio returns when risk and transaction cost forecasts are taken into account.

### Base Currency

US Dollar (USD)

### Type of Fund

Equity

### Valuation and Dealing

Dealings in shares of BlackRock Systematic Global Equity Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the “Cut-Off Point”) and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section “Dealing in Fund Shares”.

## Fees and Expenses

BlackRock Systematic Global Equity Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	0.80%	0.00%	0.00%	0.00%
Class AI	5.00%	0.80%	0.00%	0.00%	0.00%
Class C	0.00%	0.80%	1.00%	1.00% to 0.00%	0.00%
Class D	5.00%	0.40%	0.00%	0.00%	0.00%
Class DD	5.00%	0.40%	0.00%	0.00%	0.00%
Class E	3.00%	0.80%	0.50%	0.00%	0.00%
Class I	0.00%	0.40%	0.00%	0.00%	0.00%
Class S	0.00%	up to 0.40%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Class Z	0.00%	up to 0.40%	0.00%	0.00%	0.00%

**Risk management measure used: Commitment Approach.**

## Appendix F

### BlackRock Strategic Funds – BlackRock Impact World Equity Fund

#### Investment Objective

The BlackRock Impact World Equity Fund seeks to achieve exposure to equity securities with a measurable positive societal impact.

The Fund will seek to achieve this investment objective by taking long and synthetic long exposures. The Fund will seek to gain at least 80% of its investment exposure directly through equities and equity-related securities (including derivatives) of, or giving exposure to, companies domiciled in or exercising the predominant part of their economic activity in developed markets. The Fund will seek to achieve its investment objective by investing at least 80% of its total assets in equities and equity related securities (including derivatives) and, when determined appropriate, cash and near-cash instruments.

In order to achieve its investment objective and policy, the Fund will invest in a variety of investment strategies and instruments. In particular, the Fund will use the BlackRock Impact Methodology (as described in the Glossary) and quantitative (i.e. mathematical or statistical) models in order to achieve a systematic (i.e. rule based) approach to stock selection. This means that stocks will be selected and weightings allocated based on their positive measurable societal impact and on forecasts of risk and transaction costs.

#### Base Currency

US Dollar (USD)

#### Type of Fund

Equity

#### Valuation and Dealing

Dealings in shares of BlackRock Impact World Equity Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the “Cut-Off Point”) and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section “Dealing in Fund Shares”.

#### Fees and Expenses

BlackRock Impact World Equity Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	0.80%	0.00%	0.00%	0.00%
Class AI	5.00%	0.80%	0.00%	0.00%	0.00%
Class C	0.00%	0.80%	1.00%	1.00% to 0.00%	0.00%
Class D	5.00%	0.40%	0.00%	0.00%	0.00%
Class DD	5.00%	0.40%	0.00%	0.00%	0.00%
Class E	3.00%	0.80%	0.50%	0.00%	0.00%
Class I	0.00%	0.40%	0.00%	0.00%	0.00%
Class S	0.00%	up to 0.40%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Class Z	0.00%	up to 0.40%	0.00%	0.00%	0.00%

**Risk management measure used: Commitment Approach.**

## BlackRock Strategic Funds – BlackRock UK Emerging Companies Absolute Return Fund

### Investment Objective

The BlackRock UK Emerging Companies Absolute Return Fund seeks to achieve a positive absolute return for investors regardless of market movements. The Fund will seek to achieve this investment objective by taking long, synthetic long and synthetic short investment exposures.

The Fund will seek to gain at least 70% of its investment exposure through equities and equity-related securities (including derivatives) of, or giving exposure to, companies domiciled in, or exercising the predominant part of their economic activity, or have their primary listing in the United Kingdom. Such companies include small, mid and large capitalisation companies that are considered 'emerging', i.e. at an early stage of their life cycle and/or expected to experience significant growth.

The Fund will seek to achieve this investment objective by investing at least 70% of its total assets in equities and equity-related securities and, when determined appropriate, cash and near-cash instruments.

In order to achieve the investment objective and policy, the Fund will invest in a variety of investment strategies and instruments. In particular, the Fund will use a bottom-up, fundamentally-driven investment process, focusing on evaluating companies' real underlying earning power and identifying emerging structural changes within industries. The Fund intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of achieving a positive absolute return. The Fund may invest a significant portion of its net assets into total return swaps and contracts for difference that have, in accordance with its investment policy, equities and equity-related securities as underlying assets. Investors should refer to Appendix G for more details on the expected and maximum portion of total return swaps and contracts for difference held by the Fund.

### Base Currency

GBP

### Type of Fund

Equity, Absolute Return

### Valuation and Dealing

Dealings in shares of BlackRock UK Emerging Companies Absolute Return Fund can normally be effected weekly on each Wednesday (as long as such Wednesday is a Business Day) ("Dealing Day"). In cases where such Wednesday is not a Business Day, Shares may be purchased on the preceding Business Day. In addition, dealings may also be effected on the last Business Day in each month. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time, two Business Days prior to the Dealing Day (the "Cut-Off Point"). The prices applied will be those calculated in the afternoon of the relevant Dealing Day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section "Dealing in Fund Shares".

### Fees and Expenses

BlackRock UK Emerging Companies Absolute Return Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.50%	0.00%	0.00%	20%
Class AI	5.00%	1.50%	0.00%	0.00%	20%
Class C	0.00%	1.50%	1.00%	1.00% to 0.00%	20%
Class D	5.00%	1.00%	0.00%	0.00%	20%
Class DD	5.00%	1.00%	0.00%	0.00%	20%
Class E	3.00%	1.50%	0.50%	0.00%	20%
Class I	0.00%	1.00%	0.00%	0.00%	20%
Class S	0.00%	up to 1.00%	0.00%	0.00%	up to 20%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Class Z	0.00%	up to 1.00%	0.00%	0.00%	up to 20%

**Performance fee type and Benchmark:**

**Type A – 3 month LIBOR (in GBP) (for Hedged Share Classes this Benchmark shall either be expressed in the currency of such Share Class or a substitute Benchmark shall be used as further specified in accordance with Appendix E).**

**Risk management measure used: Absolute VaR**

**Expected level of leverage of the Fund: 150% of Net Asset Value**

## Appendix F

### BlackRock Strategic Funds – BlackRock Global Real Asset Securities Fund

#### Investment Objective

The BlackRock Global Real Asset Securities Fund seeks to achieve a total return for investors.

The Fund will seek to achieve this investment objective by investing globally at least 70% of its total assets in equities and equity-related securities (including derivatives) of companies whose economic activity is predominantly in the real estate and infrastructure sectors. The real estate sector may include residential and/or commercial real estate focused companies as well as real estate operating companies and real estate holding companies including real estate investment trusts (listed, closed-ended investment vehicles that invest in, manage and/or own, real estate). The infrastructure sector may include companies engaged in the management, ownership and operation of assets that provide essential services to the general public (for example, power generation, utilities, water and waste, energy, transportation, social infrastructure and telecommunications).

In order to achieve its investment objective and policy, the Fund will utilise a variety of investment strategies and instruments. In particular, the Investment Adviser will employ a fundamentally-driven investment process that aims to evaluate the value of an asset by considering qualitative and quantitative factors affecting the asset including macro-economic and financial factors. The Fund intends to use derivatives (such as buying and selling options) to assist in achieving its investment objective and managing volatility. The currency exposure of the Fund is flexibly managed.

In order to achieve its investment objective, the Fund may invest up to 10% of its Net Asset Value in ABS and MBS. These may include asset-backed commercial paper, collateralised debt obligations, collateralised mortgage obligations, commercial mortgage-backed securities, credit-linked notes, real estate mortgage investment conduits, residential mortgage-backed securities and synthetic collateralised debt obligations. The underlying assets of the ABS and MBS may include loans, leases or receivables (such as credit card debt, automobile loans and student loans in the case of ABS and commercial and residential mortgages originating from a regulated and authorised financial institution in the case of MBS). The ABS and MBS in which the Fund invests may use leverage to increase return to investors. Certain ABS may be structured by using a derivative such as a credit default swap or a basket of such derivatives to gain exposure to the performance of securities of various issuers without having to invest in the securities directly. **Investors are encouraged to read the relevant risk disclosures contained in the section “Specific Risk Considerations”.**

#### Base Currency

USD

#### Type of Fund

Equity, Total Return

#### Valuation and Dealing

Dealings in shares of the BlackRock Global Real Asset Securities Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the “Cut-Off Point”) and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see section “Dealing in Fund Shares”.

### Fees and Expenses

BlackRock Global Real Asset Securities Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.20%	0.00%	0.00%	0.00%
Class AI	5.00%	1.20%	0.00%	0.00%	0.00%
Class C	0.00%	1.20%	1.00%	1.00% to 0.00%	0.00%
Class D	5.00%	0.60%	0.00%	0.00%	0.00%
Class DD	5.00%	0.60%	0.00%	0.00%	0.00%
Class E	3.00%	1.20%	0.50%	0.00%	0.00%
Class I	0.00%	0.60%	0.00%	0.00%	0.00%
Class S	0.00%	up to 0.60%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Class Z	0.00%	up to 0.60%	0.00%	0.00%	0.00%

**Risk Management Measure used: Commitment Approach.**



## MIXED FUNDS

### BlackRock Strategic Funds – BlackRock Dynamic Diversified Growth Fund

#### Investment Objective

The BlackRock Dynamic Diversified Growth Fund seeks to deliver long term capital growth with a low tolerance for capital loss.

The Fund invests globally in the full spectrum of permitted investments including equities, fixed income transferable securities (which may include some high yield fixed income transferable securities), units of undertakings for collective investment, derivatives, cash, deposits and money market instruments. The Fund has a flexible approach to asset allocation (which includes taking indirect exposure to commodities through investments in undertakings for collective investment, medium term notes, exchange traded funds and derivatives on commodity indices). The Fund may invest without limitation in securities denominated in currencies other than the reference currency (euro). The currency exposure of the Fund is flexibly managed. The Fund's exposure to ABS and MBS may not exceed 20% of its Net Asset Value.

The Fund's exposure to Distressed Securities is limited to 10% of its Net Asset Value and its exposure to contingent convertible bonds is limited to 10% of its Net Asset Value.

The Fund may use derivatives for investment purposes and for the purposes of efficient portfolio management. The Fund may use total return swaps and contracts for difference that have, in accordance with its investment policy, equities, equity-related securities, fixed income transferable securities and fixed income related securities as underlying assets. Investors should refer to Appendix G for more details on the expected and maximum portion of total return swaps and contracts for difference held by the Fund.

#### Base Currency

Euro (EUR)

#### Type of Fund

Multi Asset

#### Valuation and Dealing

Dealings in shares of BlackRock Dynamic Diversified Growth Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the "Cut-Off Point") and the prices applied will be those calculated in the morning of the Business Day following the Dealing Day and normally published on the second Business Day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section "Dealing in Fund Shares".

## Fees and Expenses

BlackRock Dynamic Diversified Growth Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.25%	0.00%	0.00%	0.00%
Class AI	5.00%	1.25%	0.00%	0.00%	0.00%
Class C	0.00%	1.25%	1.00%	1.00% to 0.00%	0.00%
Class D	5.00%	0.55%	0.00%	0.00%	0.00%
Class DD	5.00%	0.55%	0.00%	0.00%	0.00%
Class E	3.00%	1.25%	0.50%	0.00%	0.00%
Class I	0.00%	0.55%	0.00%	0.00%	0.00%
Class S	0.00%	up to 0.55%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%

**Risk management measure used: Absolute VaR.**

**Expected level of leverage of the Fund: 500% of Net Asset Value.**

## Appendix F

### BlackRock Strategic Funds – BlackRock Style Advantage Fund

#### Investment Objective

The BlackRock Style Advantage Fund seeks to achieve an absolute return for investors regardless of market movements over the longer term.

The Fund will seek to invest globally in the full spectrum of permitted investments including equities and equity-related securities, fixed income transferable securities (which may include some high yield fixed income transferable securities) and fixed income-related securities, shares or units of undertakings for collective investment, derivatives, cash and near-cash instruments. The Fund may, at times, take indirect exposure to commodities through investments in undertakings for collective investment, medium term notes, exchange traded funds and derivatives on commodity indices. The currency exposure of the Fund is flexibly managed. The Fund will maintain the ability to adjust exposures in order to obtain a premium from exposure to a variety of style factor strategies, which are set out below.

In order to achieve the investment objective and policy, the Fund will use quantitative (i.e. mathematical or statistical) models in order to achieve a systematic (i.e. rule based) approach to stock selection. The Fund will utilise investment styles (including, but not limited to, value, momentum, carry and defensive) applied across asset groups (including, but not limited to, equity, fixed income, currencies, cross asset and commodities) as follows:

- ▶ The “Value” style will focus upon investments that appear relatively cheap with an aim to benefit from outperformance relative to expensive assets.
- ▶ The “Momentum” style will focus on investments with relatively strong medium-term performance and will aim to benefit from the tendency that an asset’s recent relative performance will continue in the short term.
- ▶ The “Carry” style focuses on higher-yielding investments and aims to benefit from the higher returns provided by these assets relative to lower-yielding assets.
- ▶ The “Defensive” style refers to investments with low-risk characteristics that aim to benefit from the tendency for lower risk, higher quality assets to generate higher risk-adjusted returns than higher risk, lower quality assets.

Each investment style will utilise financial derivative instruments (including, but not limited to, contracts for difference, swaps, forwards and futures) in order to effect these style factor strategies. The Fund may use total return swaps and contracts for difference that have, in accordance with its investment policy, equities, equity-related securities, fixed income transferable securities and fixed income related securities as underlying assets. Investors should refer to Appendix G for more details on the expected and maximum portion of total return swaps and contracts for difference held by the Fund. The Fund’s exposure to ABS and MBS may not exceed 20% of its Net Asset Value.

The asset allocation of the Fund is intended to be flexible and will follow a risk based methodology that ensures diversification across the various style factor strategies. According to such methodology, risk is allocated to style factor strategies in order to achieve a broadly equal contribution, though additionally, with subsequent tilts towards strategies that provide the most attractive risk and return characteristics as well as those that demonstrate better relative performance in periods of market stress.

The Investment Adviser intends to pursue a broadly market neutral strategy overall in order to assist it in achieving an absolute return. This means it uses derivatives (synthetic short or synthetic long positions) to reduce or mitigate the directional market risk (i.e. the risk associated with the market moving in one direction, up or down) relating to the instruments it has exposure to (via long positions or synthetic positions). As the Fund seeks to be highly diversified it will make extensive use of derivatives; using them to gain investment exposure to instruments and at the same time to mitigate the directional market risk of those instruments. The Fund intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive absolute returns.

#### Base Currency

USD

#### Type of Fund

Multi-strategy, Absolute Return

#### Valuation and Dealing

Dealings in shares of BlackRock Style Advantage Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on the Dealing Day (the “Cut-Off Point”) and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section “Dealing in Fund Shares”.

#### Fees and Expenses

BlackRock Style Advantage Fund	Initial Charge	Management Fee	CDSC Fee	Distribution Fee	Performance Fee
Class A	5.00%	1.50%	0.00%	0.00%	0.00%
Class AI	5.00%	1.50%	0.00%	0.00%	0.00%
Class C	0.00%	1.50%	1.00% to 0.00%	1.00%	0.00%
Class D	5.00%	0.75%	0.00%	0.00%	0.00%
Class D PF*	5.00%	0.45%	0.00%	0.00%	8.00%
Class DD	5.00%	0.75%	0.00%	0.00%	0.00%
Class DD PF*	5.00%	0.45%	0.00%	0.00%	8.00%
Class E	3.00%	1.50%	0.00%	0.50%	0.00%
Class I	0.00%	0.75%	0.00%	0.00%	0.00%
Class I PF*	0.00%	0.45%	0.00%	0.00%	8.00%
Class S	0.00%	up to 0.75%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Class Z	0.00%	up to 0.75%	0.00%	0.00%	0.00%

**Performance fee type and Benchmark:**

**Type A – 3 month LIBOR (in USD) (for Hedged Share Classes this Benchmark shall either be expressed in the currency of such Share Class or a substitute Benchmark shall be used as further specified in accordance with Appendix E).**

\*PF means it is a performance fee share class.

**Risk management measure used: Absolute VaR****Expected level of leverage of the Fund: 1000% of Net Asset Value**

Leverage per se is not an accurate risk indicator as a higher degree of leverage does not necessarily imply a higher degree of risk. This Fund has a higher gross leverage figure than many of the other Funds due to the way in which it uses financial derivative instruments. As a result of its use of derivatives, this Fund may be more highly leveraged than other Funds which do not combine a diversified investment strategy with the aim of staying market neutral. While leverage may present opportunities for increasing the Fund's total return, it also has the potential for increasing losses. The cumulative effect of the use of leverage by the Fund in a market that moves adversely to the Fund's investments could result in a loss to the Fund. Investors should note that the expected level of leverage can be exceeded in certain circumstances. Leverage, in this context is calculated as the sum of gross notional exposure created by the derivatives used.

### BlackRock Strategic Funds – BlackRock Style Advantage Screened Fund

#### Investment Objective

The BlackRock Style Advantage Screened Fund seeks to achieve an absolute return for investors regardless of market movements over the longer term.

The Fund will seek to invest globally in the full spectrum of permitted investments including equities and equity-related securities, fixed income transferable securities (which may include some high yield fixed income transferable securities) and fixed income-related securities, shares or units of undertakings for collective investment, derivatives, cash and near-cash instruments. The Fund may, at times, take indirect exposure to commodities through investments in undertakings for collective investment, medium term notes, exchange traded funds and derivatives on commodity indices. The currency exposure of the Fund is flexibly managed. The Fund will maintain the ability to adjust exposures in order to obtain a premium from exposure to a variety of style factor strategies, which are set out below.

In order to achieve the investment objective and policy, the Fund will use quantitative (i.e. mathematical or statistical) models in order to achieve a systematic (i.e. rule based) approach to stock selection. The Fund will utilise investment styles (including, but not limited to, value, momentum, carry and defensive) applied across asset groups (including, but not limited to, equity, fixed income, currencies, cross asset and commodities) as follows:

- ▶ The “Value” style will focus upon investments that appear relatively cheap with an aim to benefit from outperformance relative to expensive assets.
- ▶ The “Momentum” style will focus on investments with relatively strong medium-term performance and will aim to benefit from the tendency that an asset’s recent relative performance will continue in the short term.
- ▶ The “Carry” style focuses on higher-yielding investments and aims to benefit from the higher returns provided by these assets relative to lower-yielding assets.
- ▶ The “Defensive” style refers to investments with low-risk characteristics that aim to benefit from the tendency for lower risk, higher quality assets to generate higher risk-adjusted returns than higher risk, lower quality assets.

The Investment Adviser will, in addition to the investment criteria set out above, select investments which are liquid (i.e. can easily be bought and sold in the market) and take into account ESG characteristics when selecting the Fund’s investments. The Investment Adviser also intends to exclude issuers of securities that have exposure to, or ties with, sectors including (but not limited to) controversial weapons (i.e. nuclear, cluster munitions, biological-chemical, landmine, depleted uranium, or incendiary weapons), thermal coal extraction and generation and tobacco. The Investment Adviser also intends to exclude issuers of securities that are deemed to have breached one or more of the ten UN Global Compact Principles, which cover human rights, labour standards, the environment and anti-corruption. The United Nations Global Compact is a United Nations initiative to implement universal sustainability principles.

To undertake this analysis and exclusion, the Investment Adviser may use data provided by external ESG Providers and proprietary models. The Investment Adviser may also review the resulting universe to remove the lowest scoring issuers within that universe.

Each investment style will utilise financial derivative instruments (including, but not limited to, contracts for difference, swaps, forwards and futures) in order to effect these style factor strategies. The Fund may use total return swaps and contracts for difference that have, in accordance with its investment policy, equities, equity-related securities, fixed income transferable securities and fixed income related securities as underlying assets. Investors should refer to Appendix G for more details on the expected and maximum portion of total return swaps and contracts for difference held by the Fund.

The asset allocation of the Fund is intended to be flexible and will follow a risk based methodology that ensures diversification across the various style factor strategies. According to such methodology, risk is allocated to style factor strategies in order to achieve a broadly equal contribution, though additionally, with subsequent tilts towards strategies that provide the most attractive risk and return characteristics as well as those that demonstrate better relative performance in periods of market stress.

The Investment Adviser intends to pursue a broadly market neutral strategy overall in order to assist it in achieving an absolute return. This means it uses derivatives (synthetic short or synthetic long positions) to reduce or mitigate the directional market risk (i.e. the risk associated with the market moving in one direction, up or down) relating to the instruments it has exposure to (via long positions or synthetic positions). As the Fund seeks to be highly diversified it will make extensive use of derivatives; using them to gain investment exposure to instruments and at the same time to mitigate the directional market risk of those instruments. The Fund intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive absolute returns.

#### Base Currency

USD

#### Type of Fund

Multi-strategy, Absolute Return

#### Valuation and Dealing

Dealings in shares of BlackRock Style Advantage Screened Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on the Dealing Day (the “Cut-Off Point”) and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section “Dealing in Fund Shares”.

## Fees and Expenses

BlackRock Style Advantage Screened Fund	Initial Charge	Management Fee	CDSC Fee	Distribution Fee	Performance Fee
Class A	5.00%	1.20%	0.00%	0.00%	0.00%
Class AI	5.00%	1.20%	0.00%	0.00%	0.00%
Class C	0.00%	1.20%	1.00% to 0.00%	1.00%	0.00%
Class D	5.00%	0.60%	0.00%	0.00%	0.00%
Class D PF*	5.00%	0.40%	0.00%	0.00%	8.00%
Class DD	5.00%	0.60%	0.00%	0.00%	0.00%
Class DD PF*	5.00%	0.40%	0.00%	0.00%	8.00%
Class E	3.00%	1.20%	0.00%	0.50%	0.00%
Class I	0.00%	0.60%	0.00%	0.00%	0.00%
Class I PF*	0.00%	0.40%	0.00%	0.00%	8.00%
Class S	0.00%	up to 0.60%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Class Z	0.00%	up to 0.60%	0.00%	0.00%	0.00%
<b>Performance fee type and Benchmark:</b>		<b>Type A – 3 month LIBOR (in USD) (for Hedged Share Classes this Benchmark shall either be expressed in the currency of such Share Class or a substitute Benchmark shall be used as further specified in accordance with Appendix E).</b>			

\*PF means it is a performance fee share class.

## Risk management measure used: Absolute VaR

## Expected level of leverage of the Fund: 750% of Net Asset Value

Leverage per se is not an accurate risk indicator as a higher degree of leverage does not necessarily imply a higher degree of risk. This Fund has a higher gross leverage figure than many of the other Funds due to the way in which it uses financial derivative instruments. As a result of its use of derivatives, this Fund may be more highly leveraged than other Funds which do not combine a diversified investment strategy with the aim of staying market neutral. While leverage may present opportunities for increasing the Fund's total return, it also has the potential for increasing losses. The cumulative effect of the use of leverage by the Fund in a market that moves adversely to the Fund's investments could result in a loss to the Fund. Investors should note that the expected level of leverage can be exceeded in certain circumstances. Leverage, in this context is calculated as the sum of gross notional exposure created by the derivatives used.

## Appendix F

### BlackRock Strategic Funds – BlackRock Total Advantage Fund

#### Investment Objective

The BlackRock Total Advantage Fund seeks to deliver long-term capital growth with a low tolerance for capital loss.

The Fund will seek to invest globally in the full spectrum of permitted investments including equities, equity-related securities, fixed income transferable securities (including non-investment grade securities), fixed income-related transferable securities, units or shares in undertakings for collective investment (including exchange traded funds), derivatives and, when determined appropriate, cash, deposits and cash-equivalent instruments. The Fund may, at times, take indirect exposure to commodities through investments in undertakings for collective investment (including exchange traded funds) and derivatives on commodity indices. The Fund may also, at times, take indirect exposure to the price of commodities through investments in exchange traded notes and other debt instruments listed or traded on regulated markets (which do not embed a derivative). The Fund may invest up to 30% of its Net Asset Value in emerging markets. The currency exposure of the Fund is flexibly managed.

In order to achieve the investment objective and policy, the Fund will use a combination of 'factor' based investment styles utilising quantitative (i.e. mathematical or statistical) models to achieve a systematic (i.e. rule based) approach to asset allocation, applied across asset groups including, but not limited to, equity, fixed income, currencies and commodities. These factor based investment styles include: (a) macro factors, which are based on fundamental research and analysis of global macroeconomic factors (including economic growth (focusing on the financial health of the global economy and seeking returns through exposure to the risk of economic uncertainty), real rates (focusing on current central bank policy and seeking returns through exposure to interest rate movements) and inflation (focusing on inflation expectations and seeking returns through exposure to price changes); and (b) style factors which include, but are not limited to, value, momentum, carry and defensive style factors, as follows:

- ▶ The "Value" style focuses on investments that appear relatively cheap and aims to benefit from outperformance relative to expensive assets.
- ▶ The "Momentum" style focuses on investments with relatively strong medium-term performance and aims to benefit from the tendency for an asset's recent relative performance to continue in the short term.
- ▶ The "Carry" style focuses on higher-yielding investments and aims to benefit from the higher returns provided by these assets relative to lower-yielding assets.
- ▶ The "Defensive" style focuses on investments with low-risk characteristics and aims to benefit from the tendency for lower risk, higher quality assets to generate higher risk-adjusted returns than higher risk, lower quality assets.

The macro factors are used by the Fund to deliver returns through broad market exposure to core asset classes (for example, equities and fixed-income transferable securities), whilst the style factors are used to complement the macro factors by seeking to maximise positive returns through exposure to the style factors set out above.

The asset allocation of the Fund is intended to be flexible and will follow a risk based methodology that ensures diversification across the various investment strategies it uses. According to such methodology, risk is allocated with tilts towards strategies that provide the most

attractive risk and return characteristics, as well as those that demonstrate better relative performance in periods of market stress.

The Fund intends to take full advantage of the ability to invest in derivatives, including synthetic long and/or synthetic short positions, for investment purposes. The main types of derivatives the Fund may use are total return swaps, contracts for difference futures and swaps that have, in accordance with the Fund's investment policy, equities, equity-related securities, fixed income transferable securities and fixed income related securities as underlying assets. Investors should refer to Appendix G for more details on the expected and maximum portion of total return swaps and contracts for difference held by the Fund.

#### Base Currency

Euro (EUR)

#### Type of Fund

Multi Asset

#### Valuation and Dealing

Dealings in shares of the BlackRock Total Advantage Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the "Cut-Off Point") and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see section "Dealing in Fund Shares".

#### Fees and Expenses

BlackRock Total Advantage Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.10%	0.00%	0.00%	0.00%
Class AI	5.00%	1.10%	0.00%	0.00%	0.00%
Class C	0.00%	0.55%	1.00%	1.00% to 0.00%	0.00%
Class D	5.00%	0.55%	0.00%	0.00%	0.00%
Class DD	5.00%	0.55%	0.00%	0.00%	0.00%
Class E	3.00%	0.55%	0.50%	0.00%	0.00%
Class I	0.00%	0.55%	0.00%	0.00%	0.00%
Class S	0.00%	up to 0.55%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Class Z	0.00%	up to 0.55%	0.00%	0.00%	0.00%

#### Risk management measure used: Absolute VaR

#### Expected level of leverage of the Fund: 500% of Net Asset Value

Leverage per se is not an accurate risk indicator as a higher degree of leverage does not necessarily imply a higher degree of risk. This Fund has a higher gross leverage figure than many of the other Funds due to the way in which it uses financial derivative instruments. As a result of its use of derivatives, this Fund may be more highly leveraged than other Funds. While leverage may present opportunities for increasing the Fund's total return, it also has the potential for increasing losses. The cumulative effect of the use of leverage by the Fund in a market that moves adversely to the Fund's investments could result in a loss to the Fund. Investors should note that the expected level of leverage can be exceeded in certain circumstances. Leverage, in this context is calculated as the sum of gross notional exposure created by the derivatives used.

## BlackRock Strategic Funds – BlackRock Macro Opportunities Fund

### Investment Objective

BlackRock Macro Opportunities Fund seeks to achieve a positive absolute return for investors regardless of market movements.

The Fund intends to take full advantage of the ability to invest in derivatives providing long, synthetic long and/or synthetic short positions with the aim of maximising positive returns. The Fund will invest globally, mainly via derivatives, in the full spectrum of permitted investments including equities, equity-related securities, fixed income securities (including non-investment grade securities), fixed income-related securities, units in collective investment schemes, derivatives and, when determined appropriate, cash, deposits and near-cash instruments. It is expected that the Fund will make use of derivatives on short term interest rates (i.e. rates at which short-term borrowings are effected between financial institutions or rates at which short-term government paper is issued or traded in the market). The Fund may, at times, take indirect exposure to commodities through investments in undertakings for collective investment (including exchange traded funds) and derivatives on commodity indices. The Fund may also, at times, take indirect exposure to the price of commodities through investments in exchange traded notes and other debt instruments listed or traded on regulated markets (which do not embed a derivative). The Fund may also use credit default swaps (or a basket of such derivatives) to buy or sell credit risk. The Fund's exposure to credit default swaps will vary over time, however when acting as credit protection seller, the Fund's net exposure is not expected to exceed 200% of its Net Asset Value. The Fund may invest up to 50% of its Net Asset Value in emerging markets. The currency exposure of the Fund is flexibly managed.

In order to achieve the investment objective and policy, the Fund will utilise a variety of investment strategies and instruments. In particular, the Fund will use fundamental research and analysis of global macroeconomic trends (including global economic growth projections, fiscal and monetary policy and market risks) to assess opportunities and evaluate pricing across markets, in order to invest in a diverse portfolio of directional and relative value positions in markets. The asset allocation of the Fund is intended to be flexible and the Fund will maintain the ability to adjust its exposures as market conditions and other factors dictate. Allocations may vary and exposures to certain markets, sectors or asset classes may be concentrated from time to time. The Fund may use total return swaps and contracts for difference that have, in accordance with its investment policy, equities, equity-related securities, fixed income transferable securities and fixed income-related securities as underlying assets. Investors should refer to Appendix G for more details on the expected and maximum portion of total return swaps and contracts for difference held by the Fund.

The Fund's exposure to Distressed Securities is limited to 10% of its Net Asset Value and its exposure to contingent convertible bonds is limited to 10% of Net Asset Value.

### Important note

In order to achieve its investment objective, the Fund may invest up to 50% of its Net Asset Value in ABS and MBS (whether investment grade or not). These may include asset-backed commercial paper, collateralised debt obligations, collateralised mortgage obligations, commercial mortgage-backed securities, credit-linked notes, real estate mortgage investment conduits, residential mortgage-backed securities and synthetic collateralised debt obligations. The underlying assets of the ABS and MBS may include loans, leases or receivables (such as credit card debt, automobile loans and student loans in the case of ABS and commercial and residential mortgages originating from a regulated and authorised financial institution in the case of MBS). The

ABS and MBS in which the Fund invests may use leverage to increase return to investors. Certain ABS may be structured by using a derivative such as a credit default swap or a basket of such derivatives to gain exposure to the performance of securities of various issuers without having to invest in the securities directly. **Investors are encouraged to read the relevant risk disclosures contained in the section "Specific Risk Considerations".**

### Base Currency

USD

### Type of Fund

Multi Asset, Absolute Return

### Valuation and Dealing

Dealings in shares of the BlackRock Macro Opportunities Fund can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the "Cut-Off Point") and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see section "Dealing in Fund Shares".

### Fees and Expenses

BlackRock Macro Opportunities Fund	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.20%	0.00%	0.00%	15%
Class AI	5.00%	1.20%	0.00%	0.00%	15%
Class C	0.00%	1.20%	1.00%	1.00% to 0.00%	15%
Class D	5.00%	0.60%	0.00%	0.00%	15%
Class DD	5.00%	0.60%	0.00%	0.00%	15%
Class E	3.00%	1.20%	0.50%	0.00%	15%
Class I	0.00%	0.60%	0.00%	0.00%	15%
Class S	0.00%	up to 0.60%	0.00%	0.00%	up to 15%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Class Z	0.00%	up to 0.60%	0.00%	0.00%	up to 15%

**Performance fee type and Benchmark:** Type A – BofA ML 3M USD Treasury Bill Index (for Hedged Share Classes this Benchmark shall either be expressed in the currency of such Share Class or a substitute Benchmark shall be used as further specified in accordance with Appendix E).

**Risk management measure used: Absolute VaR.**

### Expected level of leverage of the Fund: 1000% of Net Asset Value.

Leverage per se is not an accurate risk indicator as a higher degree of leverage does not necessarily imply a higher degree of risk. This Fund has a higher gross leverage figure than many of the other Funds due to the way in which it uses derivatives (for example, through its use of futures, swaps, options and forward contracts and short term interest rate derivatives, which can each contribute to increased leverage). In particular, short term interest rate derivatives can contribute to increased leverage due to the large notional values associated with these instruments relative to the duration exposure gained. As a result of its use of derivatives, this Fund may be more highly leveraged than other Funds. While leverage may present opportunities for increasing

## **Appendix F**

the Fund's total return, it also has the potential for increasing losses. The cumulative effect of the use of leverage by the Fund in a market that moves adversely to the Fund's investments could result in a loss to the Fund. Investors should note that the expected level of leverage can be exceeded in certain circumstances. Leverage, in this context is calculated as the sum of gross notional exposure created by the derivatives used.



## FUNDS OF FUNDS

### BlackRock Strategic Funds – BlackRock Managed Index Portfolios – Defensive

#### Investment Objective

The BlackRock Managed Index Portfolios – Defensive aims to deliver a total return, which is a combination of capital growth and income, commensurate with a defensive level of risk.

The Fund will seek to achieve its investment objective by obtaining indirect exposure to a broad range of asset classes, which may include equity and equity-related securities, fixed income and fixed income-related securities, alternative assets, cash and near-cash instruments.

Exposure to these asset classes will be achieved through investments in units of undertakings for collective investment, including but not limited to Exchange Traded Funds and other Index Funds managed by an affiliate of the BlackRock Group and, when determined appropriate, the Fund may invest directly in derivatives, cash and near-cash instruments. The Fund will not be subject to any geographic restrictions. It is intended that the Fund's direct and indirect exposure to equities will not exceed 30% of its Net Asset Value, however, this exposure may vary over time. The Fund's direct and indirect exposure to non-investment grade fixed income securities will not exceed 20% of its Net Asset Value. The Fund may take indirect exposure to Hard Commodities (but not Soft Commodities) through investments in undertakings for collective investment (including exchange traded funds) and derivatives on commodity indices. The Fund may also, at times, take indirect exposure to the price of commodities through investments in exchange traded notes and other debt instruments listed or traded on regulated markets (which do not embed a derivative). The currency exposure of the Fund is flexibly managed.

There can be no guarantee that the Fund will attain a defensive level of risk, especially during periods of unusually high or low volatility in the equity and fixed income markets. Generally, the Fund will seek to be positioned such that the Fund's risk as measured by annualised volatility over a 5 year period falls within the range of 2%-5%, however, the Fund's risk profile may fall outside the stated range from time to time.

#### Base Currency

Euro (EUR)

#### Type of Fund

Fund of Funds

#### Valuation and Dealing

Dealings in shares of BlackRock Managed Index Portfolios - Defensive can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the "Cut-Off Point") and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section "Dealing in Fund Shares".

## Fees and Expenses

BlackRock Managed Index Portfolios Defensive	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.00%	0.00%	0.00%	0.00%
Class AI	5.00%	1.00%	0.00%	0.00%	0.00%
Class D	5.00%	0.37%	0.00%	0.00%	0.00%
Class DD	5.00%	0.37%	0.00%	0.00%	0.00%
Class E	3.00%	1.00%	0.50%	0.00%	0.00%
Class I	0.00%	0.37%	0.00%	0.00%	0.00%
Class S	0.00%	up to 0.37%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Class Z	0.00%	up to 0.37%	0.00%	0.00%	0.00%
IndexInvest Substanz	3.00%	1.00%	0.00%	0.00%	0.00%
Vermögensstrategie Defensiv	3.00%	0.37%	0.00%	0.00%	0.00%

**Risk management measure used: Commitment Approach.**

## Appendix F

### BlackRock Strategic Funds – BlackRock Managed Index Portfolios – Conservative

#### Investment Objective

The BlackRock Managed Index Portfolios – Conservative aims to deliver a total return, which is a combination of capital growth and income, commensurate with a conservative level of risk.

The Fund will seek to achieve its investment objective by obtaining indirect exposure to a broad range of asset classes, which may include equity and equity-related securities, fixed income and fixed income-related securities, alternative assets, cash and near-cash instruments.

Exposure to these asset classes will be achieved through investments in units of undertakings for collective investment, including but not limited to Exchange Traded Funds and other Index Funds managed by an affiliate of the BlackRock Group and, when determined appropriate, the Fund may invest directly in derivatives, cash and near-cash instruments. The Fund will not be subject to any geographic restrictions. It is intended that the Fund's direct and indirect exposure to equities will not exceed 50% of its Net Asset Value, however, this exposure may vary over time. The Fund's direct and indirect exposure to non-investment grade fixed income securities will not exceed 20% of its Net Asset Value. The Fund may take indirect exposure to Hard Commodities (but not Soft Commodities) through investments in undertakings for collective investment (including exchange traded funds) and derivatives on commodity indices. The Fund may also, at times, take indirect exposure to the price of commodities through investments in exchange traded notes and other debt instruments listed or traded on regulated markets (which do not embed a derivative). The currency exposure of the Fund is flexibly managed.

There can be no guarantee that the Fund will attain a conservative level of risk, especially during periods of unusually high or low volatility in the equity and fixed income markets. Generally, the Fund will seek to be positioned such that the Fund's risk as measured by annualised volatility over a 5 year period falls within the range of 5%-8%, however, the Fund's risk profile may fall outside the stated range from time to time.

#### Base Currency

Euro (EUR)

#### Type of Fund

Fund of Funds

#### Valuation and Dealing

Dealings in shares of BlackRock Managed Index Portfolios – Conservative can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the "Cut-Off Point") and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section "Dealing in Fund Shares".

#### Fees and Expenses

BlackRock Managed Index Portfolios Conservative	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.00%	0.00%	0.00%	0.00%
Class AI	5.00%	1.00%	0.00%	0.00%	0.00%
Class D	5.00%	0.37%	0.00%	0.00%	0.00%
Class DD	5.00%	0.37%	0.00%	0.00%	0.00%
Class E	3.00%	1.00%	0.50%	0.00%	0.00%
Class I	0.00%	0.37%	0.00%	0.00%	0.00%
Class S	0.00%	up to 0.37%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Class Z	0.00%	up to 0.37%	0.00%	0.00%	0.00%
IndexInvest Balance	3.00%	1.00%	0.00%	0.00%	0.00%
Vermögensstrategie Moderat-Ausgewogen	3.00%	0.37%	0.00%	0.00%	0.00%

**Risk management measure used: Commitment Approach.**

## BlackRock Strategic Funds – BlackRock Managed Index Portfolios – Moderate

### Investment Objective

The BlackRock Managed Index Portfolios – Moderate aims to deliver a total return, which is a combination of capital growth and income, commensurate with a moderate level of risk.

The Fund will seek to achieve its investment objective by obtaining indirect exposure to a broad range of asset classes, which may include equity and equity-related securities, fixed income and fixed income-related securities, alternative assets, cash and near-cash instruments.

Exposure to these asset classes will be achieved through investments in units of undertakings for collective investment, including but not limited to Exchange Traded Funds and other Index Funds managed by an affiliate of the BlackRock Group and, when determined appropriate, the Fund may invest directly in derivatives, cash and near-cash instruments. The Fund will not be subject to any geographic restrictions. It is intended that the Fund's direct and indirect exposure to equities will not exceed 70% of its Net Asset Value, however, this exposure may vary over time. The Fund's direct and indirect exposure to non-investment grade fixed income securities will not exceed 20% of its Net Asset Value. The Fund may take indirect exposure to Hard Commodities (but not Soft Commodities) through investments in undertakings for collective investment (including exchange traded funds) and derivatives on commodity indices. The Fund may also, at times, take indirect exposure to the price of commodities through investments in exchange traded notes and other debt instruments listed or traded on regulated markets (which do not embed a derivative). The currency exposure of the Fund is flexibly managed.

There can be no guarantee that the Fund will attain a moderate level of risk, especially during periods of unusually high or low volatility in the equity and fixed income markets. Generally, the Fund will seek to be positioned such that the Fund's risk as measured by annualised volatility over a 5 year period falls within the range of 5%-10%, however, the Fund's risk profile may fall outside the stated range from time to time.

### Base Currency

Euro (EUR)

### Type of Fund

Fund of Funds

### Valuation and Dealing

Dealings in shares of BlackRock Managed Index Portfolios – Moderate can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the "Cut-Off Point") and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section "Dealing in Fund Shares".

## Fees and Expenses

BlackRock Managed Index Portfolios Moderate	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.00%	0.00%	0.00%	0.00%
Class AI	5.00%	1.00%	0.00%	0.00%	0.00%
Class D	5.00%	0.37%	0.00%	0.00%	0.00%
Class DD	5.00%	0.37%	0.00%	0.00%	0.00%
Class E	3.00%	1.00%	0.50%	0.00%	0.00%
Class I	0.00%	0.37%	0.00%	0.00%	0.00%
Class S	0.00%	up to 0.37%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Class Z	0.00%	up to 0.37%	0.00%	0.00%	0.00%
IndexInvest Wachstum	3.00%	1.00%	0.00%	0.00%	0.00%
Vermögensstrategie Ausgewogen	3.00%	0.37%	0.00%	0.00%	0.00%

**Risk management measure used: Commitment Approach.**

## Appendix F

### BlackRock Strategic Funds – BlackRock Managed Index Portfolios – Growth

#### Investment Objective

The BlackRock Managed Index Portfolios – Growth aims to deliver a total return, which is a combination of capital growth and income, commensurate with a relatively high level of risk.

The Fund will seek to achieve its investment objective by obtaining indirect exposure to a broad range of asset classes, which may include equity and equity-related securities, fixed income and fixed income-related securities, alternative assets, cash and near-cash instruments.

Exposure to these asset classes will be achieved through investments in units of undertakings for collective investment, including but not limited to Exchange Traded Funds and other Index Funds managed by an affiliate of the BlackRock Group and, when determined appropriate, the Fund may invest directly in derivatives, cash and near-cash instruments. The Fund will not be subject to any geographic restrictions. It is intended that the Fund's direct and indirect exposure to equities will not exceed 90% of its Net Asset Value, however, this exposure may vary over time. The Fund's direct and indirect exposure to non-investment grade fixed income securities will not exceed 20% of its Net Asset Value. The Fund may take indirect exposure to Hard Commodities (but not Soft Commodities) through investments in undertakings for collective investment (including exchange traded funds) and derivatives on commodity indices. The Fund may also, at times, take indirect exposure to the price of commodities through investments in exchange traded notes and other debt instruments listed or traded on regulated markets (which do not embed a derivative). The currency exposure of the Fund is flexibly managed.

There can be no guarantee that the Fund will attain a relatively high level of risk, especially during periods of unusually high or low volatility in the equity and fixed income markets. Generally, the Fund will seek to be positioned such that the Fund's risk as measured by annualised volatility over a 5 year period falls within the range of 10%-15%, however, the Fund's risk profile may fall outside the stated range from time to time.

#### Base Currency

Euro (EUR)

#### Type of Fund

Fund of Funds

#### Valuation and Dealing

Dealings in shares of BlackRock Managed Index Portfolios – Growth can normally be effected daily. Orders for subscription, redemption and conversion of Shares should be received by the Transfer Agent or the local Investor Servicing team before 12 noon Luxembourg time on any Dealing Day (the "Cut-Off Point") and the prices applied will be those calculated in the afternoon of that day. Any dealing orders received by the Transfer Agent or the local Investor Servicing team after the Cut-Off Point will be dealt with on the next Dealing Day. Please see Section "Dealing in Fund Shares".

### Fees and Expenses

BlackRock Managed Index Portfolios Growth	Initial Charge	Management Fee	Distribution Fee	CDSC	Performance Fee
Class A	5.00%	1.00%	0.00%	0.00%	0.00%
Class AI	5.00%	1.00%	0.00%	0.00%	0.00%
Class D	5.00%	0.37%	0.00%	0.00%	0.00%
Class DD	5.00%	0.37%	0.00%	0.00%	0.00%
Class E	3.00%	1.00%	0.50%	0.00%	0.00%
Class I	0.00%	0.37%	0.00%	0.00%	0.00%
Class S	0.00%	up to 0.37%	0.00%	0.00%	0.00%
Class X	0.00%	0.00%	0.00%	0.00%	0.00%
Class Z	0.00%	up to 0.37%	0.00%	0.00%	0.00%
IndexInvest Chance	3.00%	1.00%	0.00%	0.00%	0.00%
Vermögensstrategie Wachstum	3.00%	0.37%	0.00%	0.00%	0.00%

**Risk management measure used: Commitment Approach.**

## Appendix G – Securities Financing Transaction Disclosures

### General

Securities Financing Transactions (SFTs) such as securities lending, repurchase transactions, total return swaps (TRS) and contracts for difference (CFDs) may be used by all the Funds (subject to their investment objective and policy) either to help meet the investment objective of a Fund and/or as part of efficient portfolio management.

Total return swaps involve the exchange of the right to receive the total return, coupons plus capital gains or losses, of a specified reference asset, index or basket of assets against the right to make fixed or floating payments. The Funds may enter into swaps as either the payer or receiver of payments under such swaps.

Contracts for difference are similar to swaps and may also be used by certain Funds. A contract for difference (CFD) is an agreement between a buyer and a seller stipulating that the seller will pay the buyer the difference between the current value of a security and its value when the contract is made. If the difference turns out to be negative, the buyer pays the seller.

SFTs are defined as:

- a) a repurchase transaction (which means a transaction governed by an agreement by which a counterparty transfers securities, commodities, or guaranteed rights relating to title to securities or commodities where that guarantee is issued by a recognised exchange which holds the rights to the securities or commodities and the agreement does not allow a counterparty to transfer or pledge a particular security or commodity to more than one counterparty at a time, subject to a commitment to repurchase them, or substituted securities or commodities of the same description at a specified price on a future date specified, or to be specified, by the transferor, being a repurchase agreement for the counterparty selling the securities or commodities and a reverse repurchase agreement for the counterparty buying them);
- b) securities lending and securities borrowing (which means transactions governed by an agreement by which a counterparty transfers securities, or guaranteed rights relating to title to securities where that guarantee is issued by a recognised exchange which holds the rights to the securities and the agreement does not allow a counterparty to transfer or pledge a particular security to more than one counterparty at a time, subject to a commitment to repurchase them, or substituted securities of the same description at a specified price on a future date specified, or to be specified, by the transferor, being a repurchase agreement for the counterparty selling the securities and a reverse repurchase agreement for the counterparty buying them);
- c) a buy-sell back transaction or sell-buy back transaction (which means transactions by which a counterparty buys or sells securities, commodities, or guaranteed rights relating to title to securities or commodities, agreeing, respectively, to sell or to buy back securities, commodities or such guaranteed rights of the same description at a specified price on a future date, that transaction being a buy-sell back transaction for the counterparty buying the securities, commodities or guaranteed rights, and a sell-buy back transaction for the counterparty selling them, such buy-sell back transaction or sell-buy back transaction not being governed by a repurchase agreement or by a reverse-repurchase agreement); and
- d) a margin lending transaction (which means a transaction in which a counterparty extends credit in connection with the purchase, sale, carrying or trading of securities, but not including other loans that are secured by collateral in the form of securities).

The Funds do not currently use SFTs described in paragraphs c) and d) above.

The types of assets that may be subject to SFTs, total return swaps and contracts for difference include equity securities, fixed income securities, collective investment schemes, money market instruments and cash. Use of such assets is subject to a Fund's investment objective and policy.

### Counterparty Selection & Review

The Investment Advisers select from an extensive list of full service and execution-only brokers and counterparties. All prospective and existing counterparties require the approval of the Counterparty and Concentration Risk Group ("CCRG"), which is part of BlackRock's independent Risk & Quantitative Analysis department ("RQA").

In order for a new counterparty to be approved, a requesting portfolio manager or trader is required to submit a request to the CCRG. The CCRG will review relevant information to assess the credit-worthiness of the proposed counterparty in combination with the type and settlement and delivery mechanism of the proposed security transactions. The counterparties will be entities with legal personality subject to ongoing supervision by a regulatory authority and will typically have at least an investment grade credit rating from one or more globally recognised credit rating agencies. The counterparties will be entities with legal personality typically located in OECD jurisdictions (but may also be located outside such jurisdictions), be subject to ongoing supervision by a regulatory authority and will typically have at least an investment grade credit rating from one or more globally recognised credit rating agencies. A list of approved trading counterparties is maintained by the CCRG and reviewed on an on-going basis.

Counterparty reviews take into account the fundamental creditworthiness (ownership structure, financial strength, regulatory oversight) and commercial reputation of specific legal entities in conjunction with the nature and structure of proposed trading activities. Counterparties are monitored on an ongoing basis through the receipt of audited and interim financial statements, via alert portfolios with market data service providers, and where applicable, as part of BlackRock's internal research process. Formal renewal assessments are performed on a cyclical basis.

## Appendix G

The Investment Advisers select brokers based upon their ability to provide good execution quality (i.e. trading), whether on an agency or a principal basis; their execution capabilities in a particular market segment; and their operational quality and efficiency; and we expect them to adhere to regulatory reporting obligations.

Once a counterparty is approved by the CCRG, broker selection for an individual trade is then made by the relevant dealer at the point of trade, based upon the relative importance of the relevant execution factors. For some trades, it is appropriate to enter into a competitive tender amongst a shortlist of brokers.

The Investment Advisers perform pre-trade analysis to forecast transaction cost and to guide the formation of trading strategies including selection of techniques, division between points of liquidity, timing and selection of broker. In addition, the Investment Advisers monitor trade results on a continuous basis.

Broker selection will be based on a number of factors including, but not limited to the following:

- Ability to execute and execution quality;
- Ability to provide liquidity/capital;
- Price and quote speed;
- Operational quality and efficiency; and
- Adherence to regulatory reporting obligations.

The SFTR contain requirements in relation to the selection of counterparties and the eligibility, safekeeping and reuse of collateral. These requirements are set out in Appendix D.

### Returns generated by SFTs

All returns generated from the use of repurchase transactions, total return swaps and contracts for difference will be paid to the relevant Fund.

In relation to securities lending only, the securities lending agent, BlackRock Advisors (UK) Limited, receives remuneration in relation to its activities. Such remuneration is paid from the returns generated and shall not exceed 37.5% of the net revenue from the activities, with all operational costs borne out of BlackRock's share. The securities lending agent is a related party to the Management Company.

### Proportions of Fund property subject to SFTs

The tables below specify the maximum and expected proportion of the Net Asset Value of a Fund that can be subject to securities financing transactions for the purposes of the Securities Financing Transaction Regulation 2015 (2015/2365). The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions. The maximum figure is a limit.

No.	FUND	TRS and CFDs (in aggregate*)	TRS and CFDs (in aggregate*)
		Expected proportion of the NAV	Maximum proportion of the NAV
1.	Emerging Markets Flexi Dynamic Bond Fund	15%	30%
2.	Fixed Income Strategies Fund	3%	10%
3.	Fixed Income Credit Strategies Fund	3%	10%
4.	Global Absolute Return Bond Fund	10%	110%
5.	European Select Strategies Fund	5%	20%
6.	Sustainable Euro Bond Fund	0%	0%
7.	ESG Euro Corporate Bond Fund	0%	0%
8.	Emerging Markets Short Duration Bond Fund	0%	10%
9.	Americas Diversified Equity Absolute Return Fund	500%	800%
10.	Asia Extension Fund	190%	350%
11.	UK Equity Absolute Return Fund	70%	150%
12.	European Absolute Return Fund	40%	100%
13.	European Diversified Equity Absolute Return Fund	500%	800%
14.	European Opportunities Extension Fund	100%	250%
15.	European Unconstrained Equity Fund	0%	0%
16.	Emerging Markets Absolute Return Fund	100%	250%

No.	FUND	TRS and CFDs (in aggregate*)	TRS and CFDs (in aggregate*)
		Expected proportion of the NAV	Maximum proportion of the NAV
17.	Emerging Markets Equity Strategies Fund	150%	300%
18.	Global Event Driven Fund	150%	500%
19.	Global Long/Short Equity Fund	350%	500%
20.	Global Equity Absolute Return Fund	200%	300%
21.	Global Real Asset Securities Fund	10%	50%
22.	Asia Pacific Absolute Return Fund	70%	150%
23.	Asia Pacific Diversified Equity Absolute Return Fund	500%	800%
24.	Systematic Global Equity Fund	0%	100%
25.	Impact World Equity Fund	0%	100%
26.	UK Emerging Companies Absolute Return Fund	70%	150%
27.	Dynamic Diversified Growth Fund	100%	500%
28.	Macro Opportunities Fund	10%	300%
29.	Style Advantage Fund	600%	820%
30.	Style Advantage Screened Fund	500%	650%
31.	Total Advantage Fund	235%	370%
32.	Managed Index Portfolios – Defensive	0%	0%
33.	Managed Index Portfolios – Moderate	0%	0%
34.	Managed Index Portfolios – Growth	0%	0%
35.	Managed Index Portfolios – Conservative	0%	0%

\*Within the total ranges noted above, the Funds' exposure to CFDs and TRS will vary. Further details of exposures to CFD or TRS can be obtained from the Company's registered office.

No.	FUND	Securities Lending**	Securities Lending**
		Expected proportion of the NAV	Maximum proportion of the NAV
1.	Emerging Markets Flexi Dynamic Bond Fund	0-20%	100%
2.	Fixed Income Strategies Fund	0-20%	100%
3.	Fixed Income Credit Strategies Fund	0-20%	100%
4.	Global Absolute Return Bond Fund	0-20%	100%
5.	European Select Strategies Fund	1-25%	100%
6.	Sustainable Euro Bond Fund	0-20%	100%
7.	ESG Euro Corporate Bond Fund	0-20%	100%
8.	Emerging Markets Short Duration Bond Fund	0-31%	100%
9.	Americas Diversified Equity Absolute Return Fund	0%	0%
10.	Asia Extension Fund	0%	0%
11.	UK Equity Absolute Return Fund	0%	100%
12.	European Absolute Return Fund	0-87%	100%
13.	European Diversified Equity Absolute Return Fund	0%	0%
14.	European Opportunities Extension Fund	0-10%	75%
15.	European Unconstrained Equity Fund	0-10%	49%
16.	Emerging Markets Absolute Return Fund	0-99%	100%
17.	Emerging Markets Equity Strategies Fund	0-99%	100%
18.	Global Event Driven Fund	1-25%	100%
19.	Global Long/Short Equity Fund	0%	0%
20.	Global Equity Absolute Return Fund	0%	100%
21.	Global Real Asset Securities Fund	0-19%	100%
22.	Asia Pacific Absolute Return Fund	0-99%	100%

## Appendix G

No.	FUND	Securities Lending**	Securities Lending**
		Expected proportion of the NAV	Maximum proportion of the NAV
23.	Asia Pacific Diversified Equity Absolute Return Fund	0-19%	100%
24.	Systematic Global Equity Fund	0-10%	49%
25.	Impact World Equity Fund	0-10%	49%
26.	UK Emerging Companies Absolute Return Fund	1-24%	100%
27.	Dynamic Diversified Growth Fund	1-25%	100%
28.	Macro Opportunities Fund	1-25%	100%
29.	Style Advantage Fund	0%	0%
30.	Style Advantage Screened Fund	0%	0%
31.	Total Advantage Fund	0%	0%
32.	Managed Index Portfolios – Defensive	0-19%	100%
33.	Managed Index Portfolios – Moderate	0-5%	75%
34.	Managed Index Portfolios – Growth	0-15%	75%
35.	Managed Index Portfolios – Conservative	0-19%	100%

\*\*The maximum proportion of the Net Asset Value of the Funds that can be subject to securities lending is indicated in the table above. The demand to borrow securities is a significant driver for the amount that is actually lent from a Fund at a given time. Borrowing demand fluctuates over time and depends to a large extent on market factors that cannot be forecasted precisely. Due to fluctuations in borrowing demand in the market, future lending volumes could fall outside of this range.

No.	FUND	Repo Transactions	Repo Transactions
		Expected proportion of the NAV	Maximum proportion of the NAV
1.	Emerging Markets Flexi Dynamic Bond Fund	0%	0%
2.	Fixed Income Strategies Fund	0%	0%
3.	Fixed Income Credit Strategies Fund	0%	0%
4.	Global Absolute Return Bond Fund	0%	0%
5.	European Select Strategies Fund	0%	0%
6.	Sustainable Euro Bond Fund	0%	0%
7.	ESG Euro Corporate Bond Fund	0%	0%
8.	Emerging Markets Short Duration Bond Fund	0%	0%
9.	Americas Diversified Equity Absolute Return Fund	0%	0%
10.	Asia Extension Fund	0%	0%
11.	UK Equity Absolute Return Fund	0%	0%
12.	European Absolute Return Fund	0%	0%
13.	European Diversified Equity Absolute Return Fund	0%	0%
14.	European Opportunities Extension Fund	0%	0%
15.	European Unconstrained Equity Fund	0%	0%
16.	Emerging Markets Absolute Return Fund	0%	0%
17.	Emerging Markets Equity Strategies Fund	0%	0%
18.	Global Event Driven Fund	0%	0%
19.	Global Long/Short Equity Fund	0%	0%
20.	Global Equity Absolute Return Fund	0%	0%
21.	Global Real Asset Securities Fund	0%	0%
22.	Asia Pacific Absolute Return Fund	0%	0%
23.	Asia Pacific Diversified Equity Absolute Return Fund	0%	0%
24.	Systematic Global Equity Fund	0%	0%
25.	Impact World Equity Fund	0%	0%
26.	UK Emerging Companies Absolute Return Fund	0%	0%
27.	Dynamic Diversified Growth Fund	0%	0%



No.	FUND	Repo Transactions	Repo Transactions
		Expected proportion of the NAV	Maximum proportion of the NAV
28.	Macro Opportunities Fund	0%	20%
29.	Style Advantage Fund	0%	0%
30.	Style Advantage Screened Fund	0%	0%
31.	Total Advantage Fund	0%	0%
32.	Managed Index Portfolios – Defensive	0%	0%
33.	Managed Index Portfolios – Moderate	0%	0%
34.	Managed Index Portfolios – Growth	0%	0%
35.	Managed Index Portfolios – Conservative	0%	0%

## Summary of Subscription Procedure and Payment Instructions

### 1. Application Form

For initial subscriptions for Shares you must complete the application form which may be obtained from the Transfer Agent or the local Investor Servicing teams and the form must be signed by all joint applicants. Subsequent subscriptions may be made in writing or by fax and the Management Company may, at its sole discretion, accept individual dealing orders submitted via other forms of electronic communication, stating your registration details and the amount to be invested. If your application is being submitted by your professional adviser, section 6 of the application form should be completed. Completed application forms must be sent to the Transfer Agent or the local Investor Servicing teams.

### 2. Money Laundering Prevention

Please read the notes on the application form regarding the identification documents required and ensure that you provide these to the Transfer Agent or the local Investor Servicing teams together with your application form.

### 3. Payment

A copy of your telegraphic transfer instructions should be supplied with your application (see sections 4 and 5 below).

### 4. Payment by Telegraphic Transfer

Payment by SWIFT/bank transfer in the relevant currency should be made to one of the accounts opposite. The SWIFT/bank transfer instruction should contain the following information:

- i) Bank Name
- ii) SWIFT Code or Bank Identifier
- iii) Account (IBAN)
- iv) Account Number
- v) Account Reference – “BSF – Fund name subscribed into, BSF account number or contract reference number”
- vi) By order of [shareholder name/agent name & shareholder number/agent number]

An applicant's obligation to pay for Shares is fulfilled once the amount due has been paid in cleared funds into this account.

### 5. Foreign Exchange

If you wish to make payment in a currency other than that in the Dealing Currency (or one of the Dealing Currencies) of your chosen Fund, this must be made clear at the time of application.

### Bank Details<sup>4</sup>

#### A

##### US Dollars:

JP Morgan Chase New York  
SWIFT code CHASUS33  
For the account of: BlackRock (Channel Islands) Limited  
Account Number 001-1-460185, CHIPS UID 359991  
ABA Number 021000021

Quoting Reference “Contract Reference Number or Account Number or Name of Fund and Name of Applicant”

#### B

##### Euros:

JP Morgan Frankfurt  
SWIFT code CHASDEFX, BLZ 501 108 00  
For the account of: BlackRock (Channel Islands) Limited  
Account Number (IBAN) DE40501108006161600066  
(formerly 616-16-00066)  
Quoting Reference “Contract Reference Number or Account Number or Name of Fund and Name of Applicant”

#### C

##### Sterling:

JP Morgan London  
SWIFT code CHASGB2L, Sort Code 60-92-42  
For the account of: BlackRock (Channel Islands) Limited  
Account Number (IBAN) GB07CHAS6092421118940  
(formerly 11118940)  
Quoting Reference “Contract Reference Number or Account Number or Name of Fund and Name of Applicant”

##### Others:

##### Australian Dollars:

Pay ANZ National Bank Limited Sydney  
SWIFT code ANZBAU3M  
In Favour of JP Morgan Bank London  
SWIFT CODE CHASGB2L  
For the account of BlackRock (Channel Islands) Ltd  
Account Number (IBAN) GB56CHAS60924224466325  
Quoting Reference “Contract Reference Number or Account Number or Name of Fund and Name of Applicant”

Note: The normal dealing provisions apply to AUD denominated Share Classes (where available) (see “Dealing in Fund Shares”). Should AUD denominated Share Class holders instruct the Transfer Agent on the last Business Day of June in each year (the “Annual Redemption Day”) their holdings in the AUD denominated Share Class shall be redeemed on that Annual Redemption Day. Whilst on all other Dealing Days the Cut-Off Point shall apply to dealing orders, the notice to redeem AUD denominated Share Classes on the Annual Redemption Day must be received by the Registrar and Transfer Agent no later than 10 Business Days prior to the Annual Redemption Day, subject to the discretion of the Directors to reduce or waive such period of notice. Investors should contact the Management Company prior to submitting any such notice to redeem, to confirm what redemption/subscription arrangements are available.

##### Hong Kong Dollars:

Pay JP Morgan Hong Kong  
SWIFT code CHASHKHH  
In Favour of JP Morgan Bank London  
SWIFT CODE CHASGB2L  
For the account of BlackRock (Channel Islands) Ltd  
Account Number (IBAN) GB24CHAS60924224466319  
(formerly 24466319)  
Quoting Reference “Contract Reference Number or Account Number or Name of Fund and Name of Applicant”

##### Japanese Yen:

Pay JP Morgan Tokyo  
SWIFT code CHASJPJT

<sup>4</sup> The BlackRock (Channel Islands) Limited account name is expected to change in the near future. Please check with the local Investor Servicing team prior to payment.

In Favour of JP Morgan Bank London  
SWIFT CODE CHASGB2L  
For the account of BlackRock (Channel Islands) Ltd  
Account Number (IBAN) GB69CHAS60924222813405  
(formerly 22813405)  
Quoting Reference "Contract Reference Number or Account Number or  
Name of Fund and Name of Applicant"

**New Zealand Dollars:**

Pay Westpac Banking Corporation Wellington  
SWIFT code WPACNZ2W  
In Favour of JP Morgan Bank London  
SWIFT CODE CHASGB2L  
For the account of BlackRock (Channel Islands) Ltd  
Account Number (IBAN) GB83CHAS60924224466324  
Quoting Reference "Contract Reference Number or Account Number or  
Name of Fund and Name of Applicant"

**Singapore Dollars:**

Pay Overseas Chinese Banking Corp Ltd  
SWIFT code OCBGSGSG  
In Favour of JP Morgan Bank London  
SWIFT CODE CHASGB2L  
For the account of BlackRock (Channel Islands) Ltd  
Account Number (IBAN) GB13CHAS60924224466323  
Quoting Reference "Contract Reference Number or Account Number or  
Name of Fund and Name of Applicant"

**Swedish Kroner:**

Pay Svenska Handelsbanken Stockholm  
SWIFT code HANDSESS  
In Favour of JP Morgan Bank London  
SWIFT CODE CHASGB2L  
For the account of BlackRock (Channel Islands) Ltd  
Account Number (IBAN) GB80CHAS60924222813401  
(formerly 22813401)  
Quoting Reference "Contract Reference Number or Account Number or  
Name of Fund and Name of Applicant"

**Swiss Francs:**

Pay UBS Zürich  
SWIFT code UBSWCHZH8OA  
In Favour of JP Morgan Bank London  
SWIFT CODE CHASGB2L  
For the account of BlackRock (Channel Islands) Ltd  
Account Number (IBAN) GB56CHAS60924217354770  
(formerly 17354770)  
Quoting Reference "Contract Reference Number or Account Number or  
Name of Fund and Name of Applicant"

**Canadian Dollars:**

Pay ROYAL BANK OF CANADA  
SWIFT code ROYCCAT2  
In favour of JP Morgan Bank London  
SWIFT CODE CHASGB2L  
For the account of BlackRock (Channel Islands) Ltd  
Account Number (IBAN) GB40CHAS60924224466322  
Quoting Reference: "Contract reference number or BSF account  
number or Name of Fund – Name of Applicant"

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## Want to know more?



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