

# BGF US Government Mortgage Fund Class X2 USD

## JUNE 2018 FACTSHEET

**Performance, Portfolio Breakdowns and Net Asset information as at: 30-Jun-2018. All other data as at: 10-Jul-2018.**

Investors should read the Key Investor Information Document and Prospectus prior to investing.

### FUND OVERVIEW

The Fund seeks a high level of income. The Fund invests at least 80% of its total assets in fixed income securities which are denominated in US dollars. The fixed income securities will be issued or guaranteed by the United States Government, its agencies or United States government sponsored enterprises, including Government National Mortgage Association, mortgage-backed certificates and other United States Government securities representing ownership interests in mortgage pools, such as mortgage-backed securities (MBS) issued by Fannie Mae and Freddie Mac. MBS are financial securities which are backed cash flows from underlying assets such as commercial and residential mortgages. The Fund can use derivatives as part of its investment strategy. This can increase the overall risk profile of the Fund.

### GROWTH OF HYPOTHETICAL 10,000



Share Class and Benchmark performance displayed in USD. Source: BlackRock. Performance is shown on a Net Asset Value (NAV) basis, with gross income reinvested. **Past performance is not a guide to future performance.**

### % CALENDAR YEAR RETURNS

	2017	2016	2015	2014	2013
Share Class	2.55	1.90	N/A	N/A	N/A
Benchmark	2.47	1.59	N/A	N/A	N/A

Share Class performance is calculated on a Net Asset Value (NAV) basis, net of fees in the dealing currency specified and do not include sales charge or taxes. Returns assume reinvestment of any distributions. Past performance is not a guide to future performance and should not be the sole factor of consideration when selecting a product.

### CUMULATIVE & ANNUALIZED PERFORMANCE

	Cumulative (%)					Annualized (% p.a.)		
	1m	3m	6m	YTD	1 Year	3 Years	5 Years	Since Inception
Share Class	-0.19%	0.00%	-1.34%	-1.34%	-0.48%	N/A	N/A	1.31%
Benchmark	0.01%	0.26%	-0.97%	-0.97%	0.11%	N/A	N/A	1.21%
Quartile Rank	4	3	3	3	2	N/A	N/A	N/A

**The figures shown relate to past performance. Past performance is not a reliable indicator of future results and should not be the sole factor of consideration when selecting a product or strategy.** Share Class and Benchmark performance displayed in USD, hedged fund benchmark performance is displayed in USD. Performance is shown on a Net Asset Value (NAV) basis, with gross income reinvested where applicable. The return of your investment may increase or decrease as a result of currency fluctuations if your investment is made in a currency other than that used in the past performance calculation. **Source:** BlackRock

**Key Risks:** All financial investments involve an element of risk. Therefore, the value of your investment and the income from it will vary and your initial investment amount cannot be guaranteed. The fund may make distributions from capital as well as income or pursue certain 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. The fund invests in fixed interest securities such as corporate or government bonds which pay a fixed or variable rate of interest (also known as the 'coupon') and behave similarly to a loan. These securities are therefore exposed to changes in interest rates which will affect the value of any securities held. The fund(s) may invest in structured credit products such as asset backed securities ('ABS') which pool together mortgages and other debts into single or multiple series credit products which are then passed on to investors, normally in return for interest payments based on the cash flows from the underlying assets. These securities have similar characteristics to corporate bonds but carry greater risk as the details of the underlying loans is unknown, although loans with similar terms are typically packaged together. The stability of returns from ABS are not only dependent on changes in interest-rates but also changes in the repayments of the underlying loans as a result of changes in economic conditions or the circumstances of the holder of the loan. These securities can therefore be more sensitive to economic events, may be subject to severe price movements and can be more difficult and/or more expensive to sell in difficult markets.

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### KEY FACTS

<b>Asset Class</b>	Fixed Income
<b>Morningstar Category</b>	USD Government Bond
<b>Fund Launch Date</b>	02-Aug-1985
<b>Share Class Launch Date</b>	12-Aug-2015
<b>Fund Base Currency</b>	USD
<b>Share Class Currency</b>	USD
<b>Fund Size (AUM)</b>	104.92 USD
<b>Benchmark</b>	FTSE Mortgage Index
<b>Domicile</b>	Luxembourg
<b>Fund Type</b>	UCITS
<b>ISIN</b>	LU0147386907
<b>Bloomberg Ticker</b>	MLUSGMX
<b>Distribution Type</b>	Accumulating
<b>Minimum Initial Investment</b>	10,000,000 USD*

\* or currency equivalent

### PORTFOLIO MANAGEMENT

Akiva Dickstein (Since: 01 Nov 2009)  
Matthew Kraeger (Since: 01 Nov 2009)  
Bob Miller (Since: 14 Nov 2012)

### TOP HOLDINGS (%)

FNMA 15YR TBA 3 07/17/2018	17.68
GNMA2 30YR TBA(REG C) 3.5 07/19/2018	11.60
GNMA2 30YR 2016 PRODUCTION	9.50
GNMA2 30YR TBA(REG C) 4 07/19/2018	7.64
FNMA 30YR 2011 PRODUCTION	5.45
FGOLD 30YR TBA(REG A) 3 07/12/2018	4.53
FNMA 30YR TBA(REG A) 4 07/12/2018	4.15
FNMA 30YR TBA(REG A) 4.5 07/12/2018	3.23
GNMA2 30YR TBA(REG C) 3 07/19/2018	3.19
FGOLD 30YR 4% HLB 150K 2011	2.49
<b>Total of Portfolio</b>	<b>69.46</b>

Holdings subject to change

(Continued on page 2)

**Key Risks Continued:** 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. The fund invests in fixed interest securities such as corporate or government bonds which pay a fixed or variable rate of interest (also known as the ‘coupon’) and behave similarly to a loan. These securities are therefore exposed to changes in interest rates which will affect the value of any securities held. The fund(s) may invest in structured credit products such as asset backed securities (‘ABS’) which pool together mortgages and other debts into single or multiple series credit products which are then passed on to investors, normally in return for interest payments based on the cash flows from the underlying assets. These securities have similar characteristics to corporate bonds but carry greater risk as the details of the underlying loans is unknown, although loans with similar terms are typically packaged together. The stability of returns from ABS are not only dependent on changes in interest rates but also changes in the repayments of the underlying loans as a result of changes in economic conditions or the circumstances of the holder of the loan. These securities can therefore be more sensitive to economic events, may be subject to severe price movements and can be more difficult and/or more expensive to sell in difficult markets.

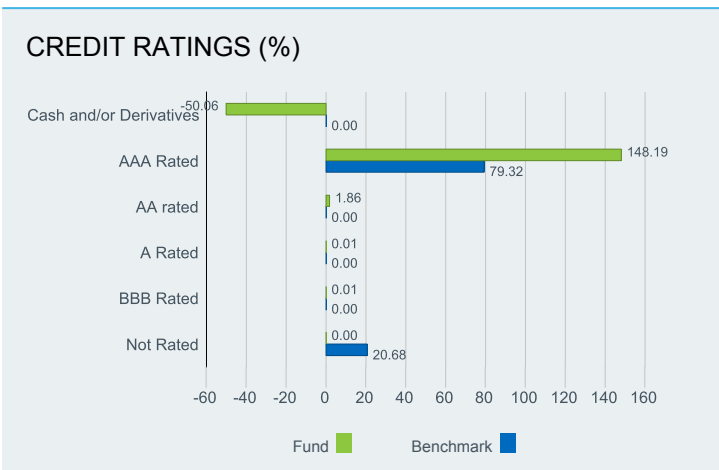
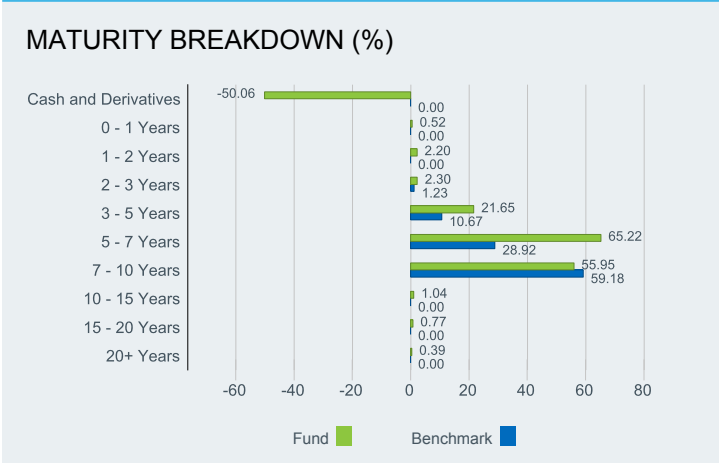
SECTOR BREAKDOWN (%)			
	Fund	Benchmark	+/-
MBS Pass-Through	122.13	100.00	22.13
CMBS	18.02	0.00	18.02
CMO	8.87	0.00	8.87
ABS	0.51	0.00	0.51
Financial Institutions	0.50	0.00	0.50
Government	0.03	0.00	0.03
Cash and/or Derivatives	-50.06	0.00	-50.06

Negative weightings may result from specific circumstances (including timing differences between trade and settlement dates of securities purchased by the funds) and/or the use of certain financial instruments, including derivatives, which may be used to gain or reduce market exposure and/or risk management. Allocations are subject to change.

PORTFOLIO CHARACTERISTICS	
Effective Duration (years)	4.82
Nominal Weighted Average Life (WAL)	9.69 Years
Yield to Worst (%)	3.91
Yield to Maturity	3.91%

FEES AND EXPENSES	
Max Initial Charge	0.00%
Max Exit Fee	0.00%
Ongoing Charge	0.10%
Performance Fee	0.00%

DEALING INFORMATION	
Settlement	Trade Date + 3 days
Dealing Frequency	Daily, forward pricing basis



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## GLOSSARY

**Effective Duration:** A measure of price sensitivity of a bond to changes in interest rates. The Modified Duration of the fund is calculated as the average of the underlying bonds' modified duration values, adjusted to take account of their relative weight (size) within the fund.

**Ongoing Charge:** is a figure representing all annual charges and other payments taken from the fund.

**Quartile Rank:** categorizes a fund into four equal bands based on their performance over a specified period within the relevant Morningstar's sector. The top or first quartile contains the top 25% of funds, through to the bottom or 4th quartile which contains the bottom 25% of funds.

**SRRI:** is a value based on the volatility of the fund, which gives an indication of the overall risk and reward profile of the Fund.

**Nominal Weighted Average Life (WAL):** A bond's maturity is the length of time until the principal amount of the bond is to be repaid. WAL of the fund is calculated as the average of the underlying bonds' maturities, adjusted to take account of their relative weight (size) within the fund.

**Yield To Worst:** The lowest potential yield that can be received on a bond without the issuer actually defaulting. The yield to worst is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions are used by the issuer.

**Performance Fee:** is charged on any returns that, subject to a High Water Mark, the Fund achieves above its performance fee benchmark. Please refer to the Prospectus for further information.