

## BlackRock Global Funds – US Government Mortgage Fund

April 2020

BlackRock Asset Management North Asia Limited 貝萊德資產管理北亞有限公司

***This statement provides you with key information about this product  
This statement is a part of the offering document  
You should not invest in this product based on this statement alone***

### Quick facts

<b>Management Company:</b>	BlackRock (Luxembourg) S.A.		
<b>Investment Adviser(s) and/or Sub-Adviser(s):</b>	Internal delegation to one or more Investment Adviser(s) and/or Sub-Adviser(s) as described in “The Investment Advisers and Sub-Advisers” section of the Information For Residents of Hong Kong*		
	* <i>Details of the relevant Investment Adviser(s) and Sub-Adviser(s) responsible for the Fund will be listed in the interim report and annual report and will be available from the Hong Kong Representative upon request.</i>		
<b>Depository:</b>	The Bank of New York Mellon SA/NV, Luxembourg Branch		
<b>Ongoing charges over a year:</b>	Class A1	USD	1.05%
	Class A2	USD	1.05%
	Class A3	USD	1.05%
	Class C1	USD	2.30%
	Class C2	USD	2.30%
	Class D2	USD	0.70%
	Class D3	USD	0.69%
	The ongoing charges figure for a class is based on the costs and expenses of that class with reference to the annual report of the Fund for the year ended 31 August 2019.		
	The figure may vary from year to year.		
<b>Dealing frequency:</b>	Daily	<b>Financial year end:</b>	31 August
<b>Base currency:</b>	USD		
<b>Dividend policy:</b> (Class A, C and D as at the above date)	Non-Distributing Shares: No dividends will be declared or paid ▶ A2, C2, D2  Distributing Shares: Dividends, if declared will be paid in cash or reinvested ▶ Daily: A1, C1 ▶ Monthly: A3, D3 All declared dividends result in an immediate decrease in the Fund’s net asset values per share on ex-date, whether paid in cash or reinvested.		
<b>Minimum investment:</b>	US\$5,000 initial, US\$1,000 additional for Class A and C Shares US\$100,000 initial, US\$1,000 additional for Class D Shares		

### What is this product?

US Government Mortgage Fund (the “Fund”) is a sub-fund of BlackRock Global Funds (“BGF”), an open-

ended investment company incorporated in Luxembourg. Its home regulator is the Commission de Surveillance du Secteur Financier (CSSF).

## Objectives and Investment Strategy

To achieve a high level of income by investing at least 80% of the Fund's total assets in US dollar denominated bonds and mortgage-backed securities ("MBS") issued or guaranteed by the US Government, its agencies or instrumentalities.

All securities in which the Fund invests in are US dollar denominated securities.

As part of its investment objective the Fund may invest up to 100% of its total assets in asset-backed securities ("ABS") and MBS whether investment grade\* or not. The ABS and MBS will generally be issued in the US, the securitised assets will be rated investment grade\* by at least one of the leading credit rating agencies and agency ABS and MBS will carry the same credit rating as the US Government. 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 Fund may also invest "To Be Announced" securities ("TBAs"). TBAs are in MBS bought from a mortgage pool for a fixed price at a future date, where the exact security is not known but the main characteristics are specified, and can be either investment grade\* or non-investment grade.

The Fund's expected total maximum investment in debt instruments with loss-absorption features, including but not limited to contingent convertible bonds, will be less than 20% of its net asset value. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

Derivatives such as government bond futures and interest rate swaps may be used for hedging and mitigating interest rate risk. Foreign exchange forwards and futures may be used to minimize currency exposure. In addition to using derivatives for hedging and risk mitigation, the Fund may use derivatives such as futures, foreign exchange derivatives, swaps and options for investment purposes but it is not limited to a particular strategy regarding the derivatives usage.

The Fund uses Relative "Value at Risk" using FTSE Mortgage Index as the appropriate benchmark to monitor and manage its global exposure.

Certain derivatives used by the Fund may be in respect of asset classes not correlated with the underlying securities positions held by the Fund such as derivatives on currencies.

The proportion of the Fund's net asset value that is expected to be subject to securities lending transactions from time to time ranges from 0% to 40% and will be consistent with the overall investment policy of the Fund.

## Use of Derivatives/Investment in Derivatives

The Fund's net derivative exposure may be more than 100% of the Fund's net asset value.

## What are the key risks?

**Investment involves risks. Please refer to the offering document for details including the risk factors.**

### 1. Investment Risks

The Fund is an investment fund. The Fund's investment portfolio may fall in value due to any of the risk factors below and therefore your investment in the Fund may suffer losses.

\* Meaning, at the time of purchase BBB- (Standard & Poor's or equivalent) or better by at least one recognised rating agency or, in the opinion of the Management Company, and, where applicable, based on the Internal Credit Quality Assessment Procedure, are of comparable quality.

**2. Risks associated with Investments in ABS and MBS**

The obligations associated with these securities may be subject to greater credit, liquidity and interest rate risk compared to other fixed income securities such as government issued bonds.

ABS and MBS are often exposed to extension risk (where obligations in the underlying assets are not paid on time) and prepayment risks (where obligations on the underlying assets are paid earlier than expected). These risks may have a substantial impact on the timing and size of the cashflows paid by the securities and may negatively impact the returns of the securities.

**3. Credit Risks**

The Fund may be exposed to the credit/default risk of bonds that it invests in. In the event of bankruptcy or default of an issuer, the Fund may experience losses and incur costs.

The actual or perceived downgrading of a rated debt security or its issuers could decrease its value and liquidity, and may have an adverse impact on the Fund, however, the Fund may continue to hold it to avoid a distressed sale.

**4. Interest Rate Risks**

An increase in interest rates may adversely affect the value of the bonds held by the Fund.

**5. Sovereign Debt Risks**

Investment in bonds issued or guaranteed by governments or authorities may involve political, economic, default, or other risks, which may in turn have an adverse impact on the Fund. Due to these factors, the sovereign issuers may not be able or willing to repay the principal and/or interest when due.

Holders of defaulting sovereign debt may be requested to participate in the restructuring of such debt. In addition, there may be limited legal recourses available against the sovereign issuer in case of or delay in repayment.

**6. Capital Growth Risks**

*Risks associated with Income-generating Investment Strategy*

The Fund pursues an investment strategy in order to generate income which may reduce the potential for capital growth and future income of the Fund.

**7. Currency Risks**

The Fund may invest in assets denominated in a currency other than the base currency of the Fund. Changes in exchange rates between such currency and the base currency and changes in exchange rate controls may adversely affect the value of the Fund's assets.

**8. Delayed Delivery Transactions Risks**

TBAs may involve counterparty default risk and a risk that the agreed (fixed) price is higher than the prevailing market price at the settlement date. These may have an adverse impact on the value of the Fund.

**9. Derivatives Risks**

Risks associated with derivatives include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and market risk. The leverage effect of derivatives can result in a loss significantly greater than the amount invested and extensive exposure to derivatives may lead to a significant loss by the Fund.

The Fund may have a net derivative exposure of more than 100% of its net asset value. This may magnify any potential impact of any negative change in the value of the underlying assets on the Fund and may also increase the volatility of the Fund's price and may lead to significant losses.

Certain derivatives such as derivatives on currencies may be uncorrelated with the underlying securities held by the Fund. In this regard the Fund may suffer significant losses notwithstanding that there may be no loss in respect of the underlying securities positions (predominantly fixed

income securities) held by the Fund.

**10. Geographical Concentration Risks**

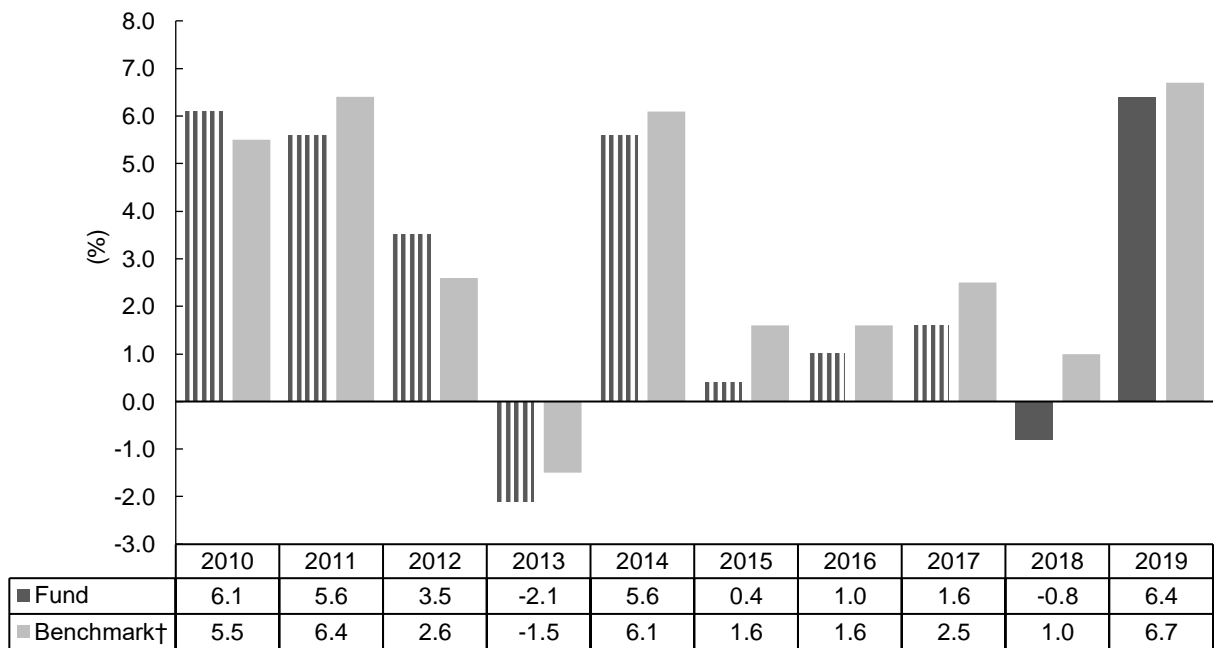
The Fund’s investments are concentrated in the US. This may result in greater volatility than more broad-based investments. The value of the Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the US.

**11. Securities Lending Risks**

When engaging in securities lending, the Fund 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.

**How has the fund performed?**

Historic performance to 31 December 2019



||| During this period the performance of the Fund was achieved under circumstances that no longer apply. The Fund changed its investment policy in 2017.

Notes:

Past performance information is not indicative of future performance. You may not get back the full amount invested. The computation of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested expressed as a % change. These figures show by how much the share class increased or decreased in value during the calendar year shown. Performance data has been calculated in USD, including ongoing charges and taxes and excluding subscription and redemption fees, if applicable. The past performance information reflects the performance of the A2 base currency share class which the Investment Adviser views as the most appropriate representative share class. Please refer to the website [www.blackrock.com/hk](http://www.blackrock.com/hk) for performance information regarding other share classes. This website has not been reviewed by the SFC.

† The benchmark of the Fund is FTSE Mortgage Index (formerly known as Citigroup Mortgage Index).

Fund launch date: 1985  
Share class launch date: 1985

**Is there any guarantee?**

This Fund does not have any guarantees. You may not get back the full amount of money you invest.

## What are the fees and charges?

### Charges which may be payable by you

You may have to pay the following fees when dealing in the shares of the Fund:

Fee	What you pay
<b>Subscription Fee (Initial Charge)</b>	Class A and Class D Shares: up to 5% of the price of shares Class C Shares: Nil
<b>Switching Fee (Conversion Charge)</b>	Nil <sup>^</sup> , except a delayed Initial Charge of up to 5% of the price of Class A or Class D Shares may be payable upon switching newly acquired Shares in a Reserve Fund into this Fund
<b>Redemption Fee</b>	Nil <sup>^</sup>
<b>Contingent Deferred Sales Charge</b>	Class A and Class D Shares: Nil Class C Shares: 1% of the lower of the original investment amount or redemption proceeds if the Shares are held for less than one year

<sup>^</sup> A 2% charge on redemptions/conversions may be levied where excessive trading by a shareholder is suspected.

### Ongoing fees payable by the Fund

The following expenses paid by the Fund affect you because they reduce the return on your investments:

Fee	Annual rate
<b>Management Fee</b>	0.75% of the net asset value of the relevant Class A and Class C Shares respectively* 0.40% of the net asset value of the relevant Class D Shares*
<b>Depository Fees<sup>#</sup></b>	Safekeeping fees: 0.0024% to 0.45% of the value of the securities Transactional fees: US\$5.5 to US\$124 per transaction
<b>Performance Fee</b>	Nil
<b>Administration Fee</b>	Up to 0.25% of the net asset value of the relevant share class*
<b>Distribution Fee</b>	Class A and Class D Shares: Nil      Class C Shares: 1.25% of the net asset value of the relevant share class

\* May be increased to a combined 2.25% maximum upon giving three months' prior notice to shareholders

<sup>#</sup> Subject to change without prior notice

### Other fees

You may have to pay other fees and charges when dealing in the shares of the Fund.

## Additional Information

- ▶ You generally buy and redeem shares at the Fund's next-determined price as long as the Hong Kong Representative receives your request in good order before the 6:00p.m. cut-off (HK time). Please check whether your distributor has an internal cut-off time which is earlier than this.
- ▶ The net asset value of the Fund is calculated daily. Prices of shares are published each business day on [www.blackrock.com/hk](http://www.blackrock.com/hk). This website has not been reviewed by the SFC.
- ▶ The updated list of currently available shares is available from the Hong Kong Representative.

## Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.