

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the action to be taken you should consult your stockbroker, bank manager, solicitor, accountant, relationship manager or other professional adviser immediately.

## BlackRock Global Funds

17 May 2022

Dear Shareholder

We, BlackRock Asset Management North Asia Limited, as Hong Kong Representative of BlackRock Global Funds (the "Company") are writing to advise you of changes that the board of directors (the "Directors") proposes to make to certain sub-funds of the Company.

The changes set out in this letter will take effect from 29 June 2022 (the "Effective Date"), unless otherwise stated herein, and this letter forms notice to shareholders of the facts set out below. Unless otherwise stated, the changes will have no impact on the Funds' investment objectives and policies, and no material change to the Funds' existing risk limits.

Terms not defined herein shall have the same meaning as set out in the prospectus currently in force (available at [www.blackrock.com/hk](http://www.blackrock.com/hk)) (the "Prospectus").

### **Latin American Fund - Change of benchmark index**

The Fund invests at least 70% of its total assets in the equity securities of companies domiciled in, or exercising the predominant part of their economic activity in, Latin America.

The Fund is actively managed and its current risk benchmark, MSCI Emerging Markets Latin America Index (the "Current Index"), is representative of the Fund's investable universe and is designed to ensure UCITS compliance. However, the Current Index makes it difficult to actively manage the securities invested in and creates a risk of breaching UCITS rules and therefore the need for an extraordinary rebalance to restore UCITS compliance. This has created a need for the Investment Manager to reassess the level of active risk taken by the Fund (i.e. degree of deviation from the Current Index).

The Directors are of the view that it is in the best interests of investors to change the Fund's benchmark to a custom version of the Current Index which is designed to ensure UCITS compliance: "MSCI EM Latin America 10/40 Index" (the "New Index") from the Effective Date. The design of the New Index means it has a lower likelihood of breaching the UCITS rules.

In addition to better reflecting the Fund's investable universe, the New Index will replace the Current Index as a means of measuring the performance of the Fund, from the Effective Date.

### **Asian High Yield Bond Fund – RQFII investments**

From the Effective Date, the Fund will be a RQFII Access Fund and may gain direct exposure for no more than 20% of its total assets to onshore bonds distributed in Mainland China via the RQFII regime. This change will allow the Fund to take advantage of investment opportunities arising via the RQFII regime.

### **Global Government Bond Fund – Leverage and Asset-backed Securities ("ABS")/Mortgage-backed Securities ("MBS")**

*(i) Increase in expected level of leverage*

<sup>1</sup> Investors should note that the website has not been authorised or reviewed by the Securities and Futures Commission.

The expected level of leverage of the Fund will increase from 300% to 400% of its Net Asset Value. This increase is required to allow an increased use of derivatives for the purposes of managing interest rate risk. For the avoidance of doubt, the increase of the expected level of leverage of the Fund does not portend any change in its risk profile.

*(ii) Increase in exposure in ABS and MBS*

Currently, as part of its investment objective, the Fund may invest up to 20% of its total assets in ABS and MBS whether investment grade or not. From the Effective Date this limit will be increased to 30% to allow for additional investment flexibility and to take advantage of investment opportunities arising in this asset class. The change will not result in any material change to the current investment strategy of the Fund, the operation and/or manner in which the Fund is being managed or any effects on existing investors.

Apart from the increased level of risks associated with investment in ABS and MBS, there will be no change to the overall risk profile of the Fund. Please refer to the risks associated with investment in ABS and MBS as described below and also detailed in the Prospectus. The change will not materially prejudice the rights or interests of the existing shareholders of the Fund.

*Risks associated with investment in ABS / MBS*

In simple terms, ABS and MBS are debt securities backed or collateralised by the income stream from an underlying pool of assets or mortgage loans respectively. 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. Please refer to "**Asset-backed Securities ("ABS") and Mortgage-backed Securities ("MBS")**" in the "**Risk Considerations**" section of the Prospectus for further information regarding the risks associated with investment in ABS and MBS.

**All Funds – Securities Financing Transaction Disclosures**

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.

The SFT related disclosures in Appendix G of the Prospectus have been modified to provide better transparency for shareholders regarding the use of SFTs.

**Costs**

The changes described in this letter will not result in any change in the fees and expenses borne by the Funds and/or their shareholders. The Management Company will be responsible for meeting the costs and/or expenses incurred in connection with the change described above (e.g., producing and posting this letter and amending the documentation of the Funds).

**Action to be taken by you**

Shareholders are not required to take any action in relation to the changes described in this letter. If, however, you do not agree with the changes described in this letter you may redeem your Shares free of any redemption charges at any time prior to the Effective Date, in accordance with the provisions of the Prospectus. If you have any questions regarding the redemption process, please contact the Company's Hong Kong Representative (see details below).

Redemption proceeds will be paid to shareholders within three Business Days of the relevant Dealing Day, provided that the relevant documents (as described in the Prospectus) have been received.

Any redemption of your Shares may affect your tax position and you should consult your own professional advisers as to the implications of disposing of Shares under the laws of the jurisdictions in which you may be subject to tax.

**General Information**

Updated versions of the Prospectus, Information for Residents of Hong Kong and Product Key Facts Statements of the Funds will be available to download from our website ([www.blackrock.com/hk](http://www.blackrock.com/hk)<sup>1</sup>) and in hard copy format free of charge from the Effective Date upon request from your local representative on +852 3903-2688 or at the office of the Hong Kong Representative at the address stated below

The Directors accept responsibility for the contents of this letter. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that this is the case) the information contained in this letter is in accordance with the facts and does not omit anything likely to affect the impact of such information.

If you would like any further information or have any questions regarding this letter, please contact the Company's Hong Kong Representative, BlackRock Asset Management North Asia Limited, at 16/F Champion Tower, 3 Garden Road, Central, Hong Kong or by telephone on +852 3903-2688.

Yours faithfully

**BlackRock Asset Management North Asia Limited**

**Hong Kong Representative**