

# Japan

## A greater role in portfolios

May 2024

### A new policy paradigm

With Japanese inflation now at 2%,<sup>1</sup> the Bank of Japan (BoJ) exiting negative interest rate policy (NIRP) and on a normalisation path versus other developed market (DM) central banks starting to ease, and the growth backdrop stagnating, why look at Japan now?

Firstly, the growth backdrop appears challenged but not concerning, in our view. Final GDP readings for Q4 were revised higher and survey data and activity indicators, such as PMIs, point to a bottoming out of activity. The wage negotiation progress in March, resulting in a 5.3% rise in wages,<sup>2</sup> suggests that a virtuous cycle of inflation is starting to take hold.

Secondly, we believe the BoJ's shift towards positive policy rates should be taken as a step towards policy normalisation, not a tightening of financial conditions. We see this as a positive: Japan's financial system is functioning at a level that doesn't require constant central bank intervention. The policy shift has only been made possible by the hard-won return to inflation: we don't think the BoJ will risk undoing this, meaning that policy will likely remain relatively accommodative.

Thirdly, while the end of yield curve control removes a guaranteed buyer from the bond market, we see potential for institutional investors that historically only bought bonds to rotate into equities as the new policy paradigm takes hold.

### Reform momentum

Return on equity and capital efficiency have historically lagged in Japan versus other developed markets, causing some investors to steer away from the region. We see this changing, however, with momentum behind broad-based reforms supporting the BlackRock Investment Institute's positive tactical and strategic view on Japan. Increased focus on shareholder value is not a short-term trend, in our view: it represents the culmination of a decade of corporate reform driven by the Tokyo Stock Exchange. We think progress on shareholder reforms justifies a higher valuation premium for Japanese equities.

Meanwhile, the push to encourage domestic investors to participate in the equity market through favourable tax treatment offers another tailwind. With 55% of Japanese household assets in currency and deposits earning little or no interest and only 10% in equities (versus 39% and 20% in the US and eurozone, respectively – see chart 1),<sup>3</sup> this could be a catalyst for a shift in domestic allocations to Japanese equities.

For more on the macro and micro cases for Japanese equities, see [Spotlight on Japan: back in business](#).

### Overlooked

Japan has often been overlooked by international investors in the past. We see reasons for this to change, however, and double down on Japanese equities amid an inflation renaissance, corporate reform and increasing domestic investor participation.

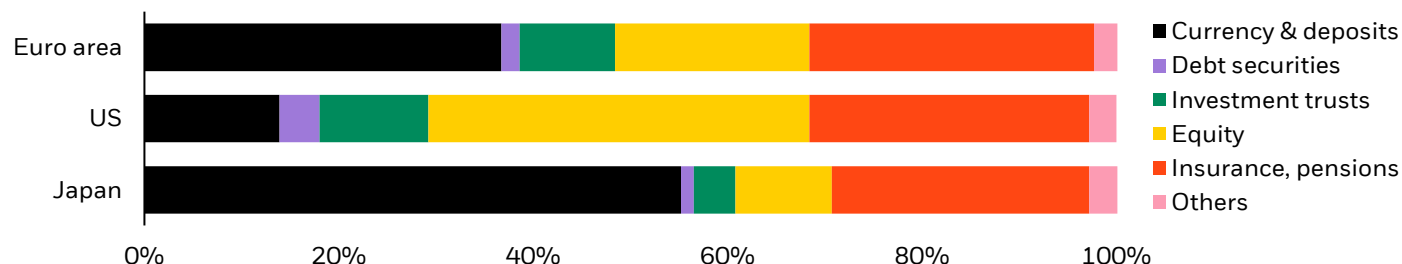
### Room to rise

Positioning data shows that investors are only just starting to warm to Japanese equities. We therefore see plenty of room for allocations to rise, especially in the context of the underweights we typically see in EMEA portfolios.

### Improving portfolios

Our analysis suggests that closing underweights to Japanese equities can significantly improve the average EMEA portfolio's risk-return profile. We outline a range of ways to access Japan through index or alpha-seeking exposures.

Chart 1: Composition of household assets across the euro area, US and Japan, June 2023



Source: Bank of Japan, Goldman Sachs Research, as of 1 June 2023. BoJ data as of August 2022.

<sup>1, 2</sup> Source: Bloomberg, as of 16 April 2024.

<sup>3</sup> Source: Bank of Japan, Goldman Sachs Research, as of 1 June 2023. BoJ data as of August 2022.

“I think Japan’s really interesting. For many years, the question on Japanese equities has been ‘why?’. For the first time, Japan actually has wage inflation. It’s really happening. And so, I think Japan is an interesting place to get equity exposure.”



**Rick Rieder, Head of BlackRock Global Allocation Team**

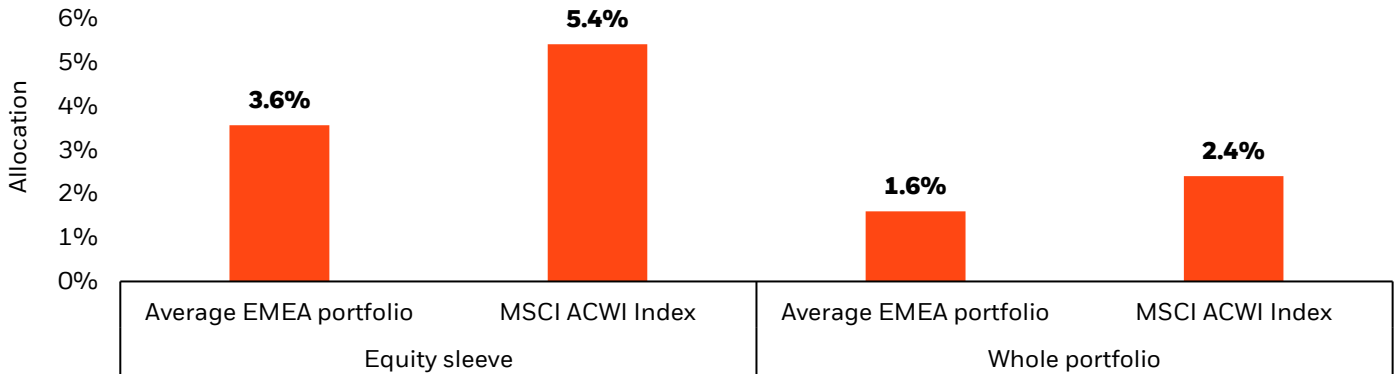
## Sizing Japan in portfolios

Foreign investors have been returning to Japanese equity ETPs with conviction in 2024: EMEA- and US-listed Japanese equity ETPs have gathered \$1.7B and \$3.5B YTD, respectively – already reaching 50% of the totals witnessed across 2023 as a whole.<sup>4</sup> This suggests that investors are starting to warm to Japan, but we think there’s further to go. Our analysis shows that the average multi-asset EMEA portfolio is currently significantly underweight Japanese equities, and that increasing allocations to the region can result in an increase in diversification properties.

### A significant underweight in EMEA portfolios

We analysed the positioning of 294 of the largest moderate risk multi-asset funds domiciled in EMEA, with assets under management amounting to nearly half a trillion US dollars. This analysis shows that the average allocation to Japanese equities stands at just 3.6% of the equity sleeve (or 1.6% of the whole portfolio, based on an average 45% allocation to equities). This is significantly below the indicative benchmark allocation based on the MSCI ACWI Index, in which Japanese equities account for 5.3% (or 2.4% of the whole portfolio, based on a 45% allocation to equities).

**Chart 2: Allocation to Japanese equities in average moderate risk EMEA portfolio versus MSCI ACWI Index, April 2024**



Source: BlackRock and MSCI, as of 30 April 2024. Time period: 10 years. Morningstar, EMEA average portfolio positioning as of 31 March 2024. These portfolios represent a sample of the various possible solutions on the efficiency frontier. BlackRock has not considered the specific needs of the client and is not making any recommendation of any particular option. You should consider the most appropriate allocation for your needs. ‘Whole portfolio’ allocations based on equity sleeve accounting for 45% of portfolio.

### Japan’s role as a diversifier

We see an important role for Japanese equities in portfolios and a strong case for closing underweight allocations, due not only to the strategic investment case outlined on page 1, but also to their diversification benefits. As chart 3 highlights, Japanese equities are relatively uncorrelated to other markets, with sub-50% correlation to most; only Chinese equities provide comparable levels of diversification.

Diversification may not fully protect you from market risk.

**Chart 3: 10-year forward-looking correlations between Japan and other major equity markets, April 2024**

	US	Europe ex UK	UK	Japan	APAC ex Japan	China	EM	Global
US	100%	76%	70%	54%	69%	49%	71%	98%
Europe ex UK	76%	100%	83%	46%	76%	46%	72%	84%
UK	70%	83%	100%	41%	75%	48%	65%	78%
Japan	54%	46%	41%	100%	44%	36%	48%	59%
APAC ex Japan	69%	76%	75%	44%	100%	57%	79%	79%
China	49%	46%	48%	36%	57%	100%	50%	57%
EM	71%	72%	65%	48%	79%	50%	100%	80%
Global	98%	84%	78%	59%	79%	57%	80%	100%

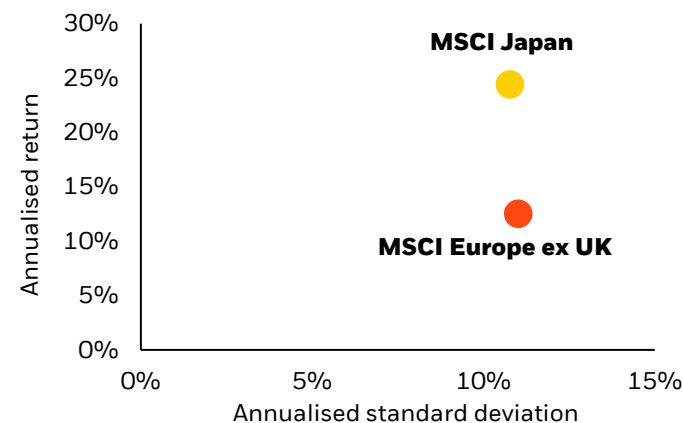
Source: BlackRock, April 2024. US = MSCI US Index; Europe ex UK = MSCI Europe ex UK Index; UK = MSCI UK Index; Japan = MSCI Japan Index; APAC ex Japan = MSCI Pacific ex Japan Index; China = MSCI China Index; EM = MSCI EM Index; Global = MSCI All Country World Index.

<sup>4</sup> Source: BlackRock and Markit, as of 16 April 2024.

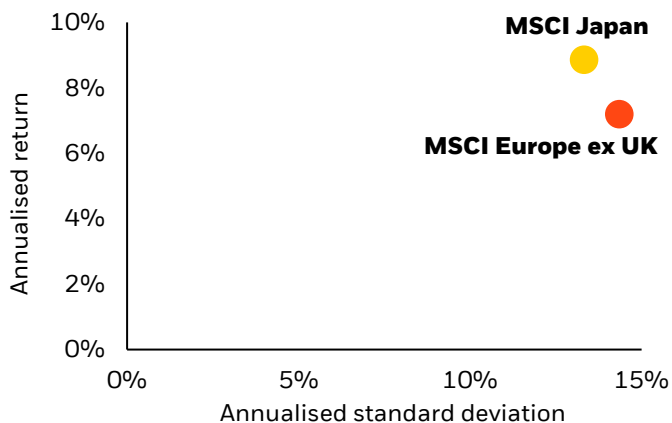
**An attractive risk-return profile for EMEA investors**

Not only does an increased allocation to Japanese equities offer an opportunity to benefit from the diversification properties outlined in chart 3, it could also improve the overall portfolio’s risk-return profile. Indeed, compared to European equities, for example – which are a core exposure in EMEA portfolios – Japanese equities have delivered greater risk-adjusted returns over the past one and 10 years (see charts 4 and 5).

**Chart 4: One-year historical risk-return profile of MSCI Japan and MSCI Europe ex UK, February 2024**



**Chart 5: 10-year annualised historical risk-return profile of MSCI Japan and MSCI Europe ex UK, February 2024**

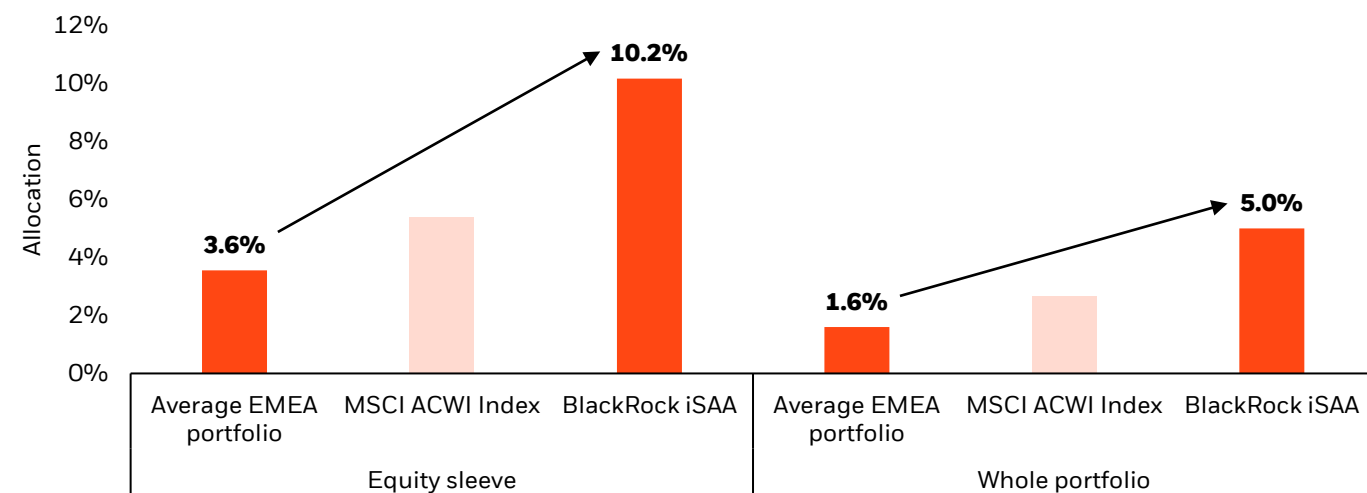


The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. Source: BlackRock, as of 29 February 2024. Periods covered: 01/03/2023-29/02/2024 (chart 4); 01/03/2014-29/02/2024 (chart 5).

**The optimal Japanese equity allocation**

Taking into account the diversification benefits of Japanese equities and their attractive risk-return profile, we argue that even a benchmark-level allocation to the region is sub-optimal. To identify an optimal strategic allocation for the average moderate risk multi-asset EMEA portfolio, we leverage BlackRock’s EMEA Indicative Strategic Asset Allocation (iSAA) for Q1 2024, optimised for a moderate level of risk. As shown in chart 6, this calls for almost a trebling of current allocations to Japanese equities from 3.6% to 10.2% of the equity sleeve, within an overall increase in equity allocations in the average moderate risk multi-asset EMEA portfolio from 45% to 49.2%.

**Chart 6: Japanese equity allocation optimised for moderate risk multi-asset EMEA portfolio, May 2024**



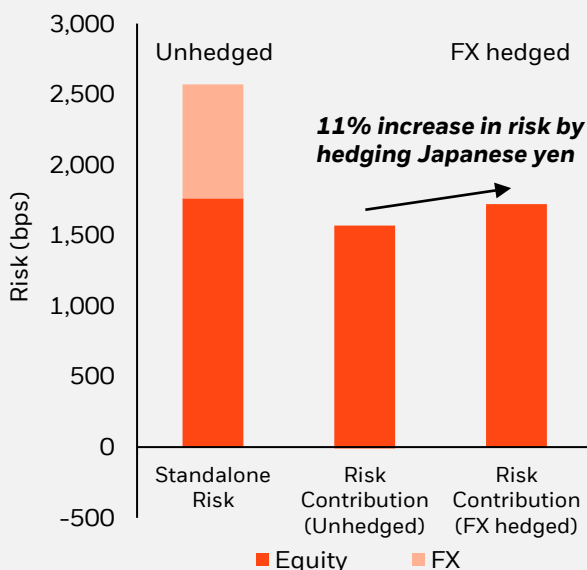
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## To hedge or not to hedge?

In the short term, we see a case for hedging yen exposure due to the carry on offer and low hedging costs – although directionally, we see more two-sided risks for the yen after its substantial depreciation, especially as the BoJ has exited NIRP and communicated its willingness to intervene should the currency weaken much beyond current levels. On a strategic asset allocation basis, we favour unhedged exposure, given that it has traditionally cushioned to the downside in times of market stress. It's also worth noting that while Japanese equities are broadly negatively correlated with the Japanese yen, this correlation has become weaker since 2020. As a result, the direction of the yen may no longer have such a strong influence on equity market returns.

Another reason behind our preference for an unhedged allocation: yen exposure can provide additional diversification benefits in portfolios. Hedging yen exposure has often added risk, especially when incorporating local equity and FX correlations. As shown in chart 7, hedging JPY has actually historically increased volatility by 11%.<sup>5</sup>

Chart 7: Risk contribution of hedging the yen vs. unhedged



Source: BlackRock, April 2024.

## How to access Japanese equities

We look across the spectrum at ways to access Japanese equities:

**Broad beta:** large and mid cap market-weighted funds offer simple access to Japanese equities, providing diversification benefits and serving as a core portfolio building block for those seeking to track the broader market. Given their inclusion in international/global equity benchmarks, we expect these indices will remain the most popular way to invest in the region.

**Alpha-seeking:** style leadership in Japanese equities changes frequently, a feature that may lend itself to an active management style that is able to exploit frequent rotations in market leadership. Funds that combine bottom-up and top-down thematic approaches may be well-positioned to identify the winners from economic shifts. Given that Japan is a highly macro-sensitive market, a balanced and risk-controlled approach is crucial, in the pursuit of stable alpha.

## Implementation ideas

Index

Alpha-seeking

IJPN

iShares MSCI Japan UCITS ETF

BGF Japan Flexible Equity Fund

<sup>5</sup> Source: BlackRock, April 2024.

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### iShares MSCI Japan UCITS ETF USD (Dist)

Concentration Risk, Counterparty Risk, Equity Risk

### BGF Japan Flexible Equity Fund

Concentration Risk, Counterparty Risk, Equity Risk

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The Sales Prospectus and Packaged Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID), as well as the annual and semi-annual reports are available free of charge from Commerzbank Kaiserplatz, 60311 Frankfurt am Main, Germany. The Companies intend to fulfil the prerequisites for treatment of their sub-funds as so-called "transparent funds" pursuant to §§ 2 and 4 of the German Investment Tax Act (Investmentsteuergesetz – InvStG). However, it cannot be guaranteed that the requirements will be met. The Companies reserve the right to give up the "transparent status" and to not undertake the necessary publications. Any decision to invest must be based solely on the information contained in the Company's Prospectus, Packaged Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID) and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts website at [www.blackrock.com/de](http://www.blackrock.com/de) and are available in German and English. Investors should read the fund specific risks in the Packaged Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID) and the Company's Prospectus. Please note that important information about iShares VII funds is available in the current prospectus and other documents that can be obtained free of charge from the paying agent, Deutsche Bank AG Taunusanlage 12, 60325 Frankfurt am Main, Federal Republic of Germany. BlackRock may terminate marketing at any time. Investors should understand all characteristics of the funds objective before investing, if applicable this includes sustainable disclosures and sustainable related characteristics of the fund as found in the prospectus, which can be found [www.blackrock.com](http://www.blackrock.com) on the relevant product pages. For information on investor rights and how to raise complaints please go to <https://www.blackrock.com/corporate/compliance/investor-right> available in German.

**BGF:** This is a financial promotion. For further information, the prospectus, Packaged Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID), annual report and semi-annual report can be obtained free of charge in hardcopy form from the German information centre: BlackRock (Netherlands) B.V., Frankfurt (Germany) Branch, Frankfurt am Main, Bockenheimer Landstraße 2–4, 60306 Frankfurt am Main. The paying agent in Germany is J.P. Morgan AG, CIB / Investor Services – Trustee & Fiduciary, Taunustor 1 (Taunus Turm), D-60310 Frankfurt am Main and also from [www.blackrock.com/de](http://www.blackrock.com/de) available in German and English. BlackRock may terminate marketing at any time. Investors should understand all characteristics of the funds objective before investing, if applicable this includes sustainable disclosures and sustainable related characteristics of the fund as found in the prospectus, which can be found [www.blackrock.com](http://www.blackrock.com) on the relevant product pages. For information on investor rights and how to raise complaints please go to <https://www.blackrock.com/corporate/compliance/investor-right> available in German.

### **For investors in Ireland**

This document is strictly confidential and may not be distributed without authorisation from BlackRock. With respect to funds that are registered for public offer in Ireland, important information on the Companies is contained in the relevant Prospectus, the Packaged Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID), and the most recent financial reports, which are available on our website [www.iShares.com](http://www.iShares.com) in English. Investors should read the fund specific risks in the Packaged Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID) and the Company's Prospectus. BlackRock may terminate marketing at any time. Investors should understand all characteristics of the funds objective before investing, if applicable this includes sustainable disclosures and sustainable related characteristics of the fund as found in the prospectus, which can be found [www.blackrock.com](http://www.blackrock.com) on the relevant product pages. For information on investor rights and how to raise complaints please go to <https://www.blackrock.com/corporate/compliance/investor-right> available in English.

### **For investors in Israel**

BlackRock Investment Management (UK) Limited is not licenced under Israel's Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 5755-1995 (the "Advice Law"), nor does it carry insurance thereunder.

This document is provided for informational services only and is not intended to serve, and should not be treated as Investment Advice.

BlackRock could have a direct or indirect benefit from investments made by investors in Israel in the products mentioned in this document, or in other products managed by third parties with whom BlackRock is involved in a business contract. In particular, BlackRock manages the traded foreign funds mentioned in this document, and therefore derives a benefit from investments of Israeli investors in them (inter alia, by charging a "management fee" as specified in the prospectus and in the Annex to the prospectuses of such funds). Therefore, BlackRock has a "Connection" to such products, might have a personal interest in their sale, and might prefer such products over other products. Accordingly, any advice BlackRock provides, is considered, for the purpose of the Investment Advice Law, as Investment Marketing (and not Investment Advising). For complete information about BlackRock's "affiliation" with financial assets (including the types of financial assets and the



names of the entities that issue or manage them), you can contact BlackRock at [www.blackrock.com](http://www.blackrock.com). This Document, as well as any products and services described herein, are directed at and intended exclusively for individuals or corporations that fall within at least one category in each of the First Schedule of the Investment Advice Law ("Qualified Clients").

BlackRock does not hold a license and is not insured as required under the Investment Advice Law.

Nothing in the fund's past returns can ensure a similar return in the future. Investment in the products mentioned in this document is subject to the risks described in the fund prospectus (including the risk of loss of investment funds). For a concise description of the unique risks for the products mentioned in this document, see the risk section in the annex to the prospectus intended for investors in Israel, and published on the distribution website of the Israeli Securities Authority and the Tel Aviv Stock Exchange. Furthermore, although BlackRock invests reasonable efforts to ensure the accuracy of the data presented in this document, it does not guarantee their accuracy, is not responsible for it, and should not be relied upon when making an investment decision. Therefore, investors considering investing in the products mentioned in this document should examine the full offer documents of the relevant product (and in particular, the prospectus and the annex to the prospectus as stated above, and the risks described therein), and consult experts on their behalf regarding the viability of the investment.

The Fund and Fund Manager are not subject to the laws and regulations to which Israeli mutual funds are subject.

### **For investors in Italy**

Any application for shares in the funds is on the terms of the Prospectus for the Companies. The Shares of certain sub-funds in the Companies have been admitted to listing in Italy and are currently listed on the Mercato Telematico Fondi di Borsa Italiana S.p.A. The list of the sub-funds listed in Italy, the Prospectus, of the Companies, the Documento di quotazione of the iShares funds, the latest annual and semi annual report of the Companies are published (i) on the Companies' internet website at the address [www.iShares.com](http://www.iShares.com) and are available in Italian and English (ii) on Borsa Italiana S.p.A.'s website at the address [www.borsaitalia.it](http://www.borsaitalia.it). These documents are available for the public in Italian version with certification that such documents are a faithful translation of the original documents. Investors are entitled to receive free of charge, even at home, a copy of the above documents, upon written request forwarded to the Companies. For comprehensive information on the expenses charged to a fund and fees applicable to investors, see the Documento di quotazione and the Prospectus. Any decision to invest must be based solely on the information contained in the Company's Prospectus, the Packaged Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID) and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts. Investors should read the fund specific risks in the Packaged Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID) and the Company's Prospectus. Further information about the Fund and the Share Class, such as details of the key underlying investments of the Share Class and share prices, is available on the iShares website at [www.ishares.com](http://www.ishares.com) or by calling +44 (0)845 357 7000 or from your broker or financial adviser. The indicative intra-day net asset value of the Share Class is available at <http://deutsche-boerse.com> and/or <http://www.reuters.com>. Investors who are not Authorised Participants must buy and sell shares on a secondary market with the assistance of an intermediary (e.g. a stockbroker) and may incur fees and additional taxes in doing so. In addition, as the market price at which the Shares are traded on the secondary market may differ from the Net Asset Value per Share, investors may pay more than the then current Net Asset Value per Share when buying shares and may receive less than the current Net Asset Value per Share when selling them. BlackRock may terminate marketing at any time. Investors should understand all characteristics of the funds objective before investing, if applicable this includes sustainable disclosures and sustainable related characteristics of the fund as found in the prospectus, which can be found [www.blackrock.com](http://www.blackrock.com) on the relevant product pages. For information on investor rights and how to raise complaints please go to <https://www.blackrock.com/corporate/compliance/investor-right> available in Italian.

### **For investors in Luxembourg**

The Companies have been notified to the Commission de Surveillance du Secteur Financier in Luxembourg in order to market their shares for sale to the public in Luxembourg and the Companies are notified Undertaking in Collective Investment for Transferable Securities (UCITS). The Companies have not been listed on the Luxembourg Stock Exchange, investors should contact their broker for further information. Investment is subject to the Prospectus, the Packaged Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID) and all documents (the main/umbrella Prospectus, the Supplement[s], the latest and any previous annual and semi-annual reports of the Companies and the Memorandum and Articles of Association of the Companies) will be available in the Luxembourg, free of charge, from the offices of the Local Agent, BNP Paribas Securities Services, Luxembourg Branch 33, rue de Gasperich Howald – Hesperange L-2085 Luxembourg or by visiting the website on [www.iShares.com](http://www.iShares.com) which are available in English. Investors should read the fund specific risks in the Packaged Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID) and the Company's Prospectus. BlackRock may terminate marketing at any time. Investors should understand all characteristics of the funds objective before investing, if applicable this includes sustainable disclosures and sustainable related characteristics of the fund as found in the prospectus, which can be found [www.blackrock.com](http://www.blackrock.com) on the relevant product pages. For information on investor rights and how to raise complaints please go to <https://www.blackrock.com/corporate/compliance/investor-right> available in English.

### **For investors in Norway**

The funds mentioned are registered for public distribution in Norway and are authorised by Kredittilsynet, the Financial Supervisory Authority of Norway. Any application for shares in the funds is on the terms of the Prospectus, the Packaged

Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID) for the Companies. Any decision to invest must be based solely on the information contained in the Company's Prospectus, the Packaged Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID) and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts. Investors should read the fund specific risks in the Packaged Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID) and the Company's Prospectus which can be found at [www.blackrock.com/no](http://www.blackrock.com/no) available in Norwegian and English. This document is strictly confidential and may not be distributed without authorisation from BlackRock. BlackRock may terminate marketing at any time. Investors should understand all characteristics of the funds objective before investing, if applicable this includes sustainable disclosures and sustainable related characteristics of the fund as found in the prospectus, which can be found [www.blackrock.com](http://www.blackrock.com) on the relevant product pages. For information on investor rights and how to raise complaints please go to <https://www.blackrock.com/corporate/compliance/investor-right> available in English.

**BGF:** The prospectus and PRIIPs KID are available at BlackRock (Netherlands) B.V. [www.blackrock.com/no](http://www.blackrock.com/no) available in Norwegian and English. BlackRock may terminate marketing at any time. Investors should understand all characteristics of the funds objective before investing, if applicable this includes sustainable disclosures and sustainable related characteristics of the fund as found in the prospectus, which can be found [www.blackrock.com](http://www.blackrock.com) on the relevant product pages. For information on investor rights and how to raise complaints please go to <https://www.blackrock.com/corporate/compliance/investor-right> available in English.

### **For investors in Portugal and Spain**

The Funds have not been registered with the Spanish Securities Market Commission as a foreign UCITS in accordance with section 15.1 of Law 35/2003 of 4 November 2003 on Collective Investment Schemes, as amended by Law 31/2011, of 4 October 2011 (which implements into Spanish law the provisions of Directive 2009/65/EC). Accordingly, the Shares of the Funds may not be offered or sold in Spain by means of any marketing activities as defined in section 2 of Law 35/2003, as amended. Any decision to invest must be based solely on the information contained in the Company's Prospectus, the Packaged Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID) and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts. Investors should read the fund specific risks in the Packaged Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID) and the Company's Prospectus. BlackRock may terminate marketing at any time. Investors should understand all characteristics of the funds objective before investing, if applicable this includes sustainable disclosures and sustainable related characteristics of the fund as found in the prospectus, which can be found [www.blackrock.com](http://www.blackrock.com) on the relevant product pages. For information on investor rights and how to raise complaints please go to <https://www.blackrock.com/corporate/compliance/investor-right> available in English.

The Funds are not authorised by Comissão do Mercado dos Valores Mobiliários for public commercialization in Portugal. The offer of the funds is legally qualified as a private placement as it is exclusively addressed to institutional investors as final investors and was not preceded or accompanied by any promotion, or by the obtention of investment orders before undetermined investors or by an advertisement promotion, pursuant to Decree Law no. 63-A/2013, dated as of May 10, 2013. Any decision to invest must be based solely on the information contained in the Company's Prospectus, the Packaged Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID) and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts. Investors should acknowledge the fund specific risks in the Packaged Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID) and the Company's Prospectus. BlackRock may terminate marketing any time. Investors should understand all characteristics of the funds objective before investing, if applicable this includes sustainable disclosures and sustainable related characteristics of the fund as found in the prospectus, which can be found [www.blackrock.com](http://www.blackrock.com) on the relevant product pages. For information on investor rights and how to raise complaints please go to <https://www.blackrock.com/corporate/compliance/investor-right> available in English.

**BGF:** Certain funds mentioned here are registered for distribution in Spain. Additionally, certain funds are registered for distribution in Portugal. In Spain, BlackRock Global Funds (BGF) is registered with the number 140 in the Comisión Nacional del Mercado de Valores de España (CNMV) and the Prospectus for each registered fund has been registered with the CNMV and can be found at [www.blackrock.com/es](http://www.blackrock.com/es) available in Spanish and English. In Portugal, certain share classes of certain BGF funds are registered with the Comissão do Mercado de Valores Mobiliários (CMVM) and the Prospectus for each registered fund has been registered with the CMVM and can be found at [www.blackrock.com/pt](http://www.blackrock.com/pt) available in Portuguese and English. This document contains products or services of BlackRock, Inc. (or affiliates thereof) that might be offered directly or indirectly within the Andorran jurisdiction, and it should not be regarded as solicitation of business in any jurisdiction including the Principality of Andorra. BlackRock may terminate marketing at any time. Investors should understand all characteristics of the funds objective before investing, if applicable this includes sustainable disclosures and sustainable related characteristics of the fund as found in the prospectus, which can be found [www.blackrock.com](http://www.blackrock.com) on the relevant product pages. For information on investor rights and how to raise complaints please go to <https://www.blackrock.com/corporate/compliance/investor-right> available in Spanish and Portuguese.

### **For investors in Sweden**

The Funds mentioned herein are registered for public distribution in Sweden and are authorised by Finansinspektionen, the Swedish Financial Supervisory Authority. Any application for shares in the funds is on the terms of the Prospectus, Key Investor Information Document, for the Companies. Important information relating to the Companies is contained in the relevant Prospectus, Packaged Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID) and other documents, copies of which can be obtained free of charge from offices of the paying agent BlackRock (Netherlands) BV, Stockholm branch Malmskillnadsgatan 32, SE-111 51 Stockholm, Sverige. Any decision to invest must be

based solely on the information contained in the Company's Prospectus, Packaged Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID) and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts which can be found at [www.blackrock.com/se](http://www.blackrock.com/se) available in Swedish and English. Investors should read the fund specific risks in the Packaged Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID) and the Company's Prospectus. BlackRock may terminate marketing at any time. Investors should understand all characteristics of the funds objective before investing, if applicable this includes sustainable disclosures and sustainable related characteristics of the fund as found in the prospectus, which can be found [www.blackrock.com](http://www.blackrock.com) on the relevant product pages. For information on investor rights and how to raise complaints please go to <https://www.blackrock.com/corporate/compliance/investor-right> available in English.

**BGF:** The prospectus and PRIIPs KID are available at BlackRock (Netherlands) B.V., Stockholm branch, Malmskillnadsgatan 32, 111 51 Stockholm, Sweden and also from [www.blackrock.com/se](http://www.blackrock.com/se) available in Swedish and English. Investors should read the PRIIPs KID before making an investment decision. BlackRock may terminate marketing at any time. Investors should understand all characteristics of the funds objective before investing, if applicable this includes sustainable disclosures and sustainable related characteristics of the fund as found in the prospectus, which can be found [www.blackrock.com](http://www.blackrock.com) on the relevant product pages. For information on investor rights and how to raise complaints please go to <https://www.blackrock.com/corporate/compliance/investor-right> available in English.

### **For investors in Switzerland**

For professional clients and qualified investors only.

This document shall be exclusively made available to, and directed at, qualified investors as defined in Article 10 (3) of the CISA of 23 June 2006, as amended, at the exclusion of qualified investors with an opting-out pursuant to Art. 5 (1) of the Swiss Federal Act on Financial Services ("FinSA").

For information on art. 8 / 9 Financial Services Act (FinSA) and on your client segmentation under art. 4 FinSA, please see the following website: [www.blackrock.com/finsa](http://www.blackrock.com/finsa).

The iShares ETFs are domiciled in Ireland, Switzerland and Germany. BlackRock Asset Management Schweiz AG, Bahnhofstrasse 39, CH-8001 Zurich, is the Swiss Representative and State Street International GmbH, Munich, Zurich Branch, Beethovenstrasse 19, CH-8002 Zürich the Swiss Paying Agent for the foreign iShares ETFs registered in Switzerland. The Prospectus, the Prospectus with integrated fund contract, the Packaged Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID) or equivalent, the general and particular conditions, the Articles of Incorporation, the latest and any previous annual and semi-annual reports of the iShares ETFs domiciled or registered in Switzerland are available free of charge from BlackRock Asset Management Schweiz AG. Investors should read the fund specific risks in the PRIIPs KID and the Prospectus.

The BlackRock Global Funds (BGF) Fund is domiciled in Luxembourg. BlackRock Asset Management Schweiz AG, Bahnhofstrasse 39, CH-8001 Zurich, is the Swiss Representative and State Street Bank International GmbH, Munich, Zurich Branch, Beethovenstrasse 19, CH-8002 Zurich, the Swiss Paying Agent. The Prospectus, Packaged Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID) or equivalent, the Articles of Incorporation, the latest and any previous annual and semi-annual reports are available free of charge from the Swiss Representative. Investors should read the fund specific risks in the PRIIPs KID and the Prospectus.

### **For investors in the Netherlands**

The Companies have been notified to the Authority Financial Markets in line with the registration process set out in the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht; "FMSA"), regulations enacted pursuant thereto and the supervision thereunder of the Authority Financial Markets. Copies of all documents (the main/umbrella Prospectus, Packaged Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID), the Supplement[s], the latest and any previous annual and semi-annual reports of the Companies and the Memorandum and Articles of Association of the Companies) will be available in the Netherlands, free of charge, from the offices of the representative in the Netherlands, BlackRock (Netherlands) BV, Rembrandt Toren, 17th floor, Amstelplein 1, 1096 HA Amsterdam, Netherlands or by calling the Dutch representative's information request line on 0800 0233 466 and the iShares website [www.ishares.nl](http://www.ishares.nl) in Dutch and English. Any decision to invest should be based on the information contained in the Prospectus and the key investor Information Document and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts. Investors should read the fund specific risks in the Packaged Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID) and the Company's Prospectus. The risk indicator shown on this document refers to the relevant share class of the Fund. Higher or lower risk may apply to the other share classes of the Fund. BlackRock may terminate marketing at any time. Investors should understand all characteristics of the funds objective before investing, if applicable this includes sustainable disclosures and sustainable related characteristics of the fund as found in the prospectus, which can be found [www.blackrock.com](http://www.blackrock.com) on the relevant product pages. For information on investor rights and how to raise complaints please go to <https://www.blackrock.com/corporate/compliance/investor-right> available in English and Dutch.

**BGF:** The risk indicator shown on this document refers to the [X] share class of the Fund. Higher or lower risk may apply to the other share classes of the Fund.

BlackRock Global Funds ("BGF") is a UCITS (icbe) as defined in section 1:1 Financial Markets Supervision Act (Wet op het financieel toezicht; "FMSA"). BGF and its sub funds are listed in the register as defined in section 1:107 FMSA.

Please refer to the Packaged Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID)

(Essentiële-informatiedocument (Eid)) for further information about BGF and its sub-funds. The prospectus and EBI of BGF and its sub funds are available on BlackRock's website [www.BlackRock.nl](http://www.BlackRock.nl). Available in Dutch and English All financial investments contain a certain risk. The value of the assets managed by BGF and its sub-funds may greatly fluctuate as a result of the investment policy and your initial investment is not guaranteed. BlackRock may terminate marketing at any time. Investors should understand all characteristics of the funds objective before investing, if applicable this includes sustainable disclosures and sustainable related characteristics of the fund as found in the prospectus, which can be found [www.blackrock.com](http://www.blackrock.com) on the relevant product pages. For information on investor rights and how to raise complaints please go to <https://www.blackrock.com/corporate/compliance/investor-right> available in English and Dutch.

### **For investors in the UK**

This document is directed at 'Professional Clients' only within the meaning of the rules of the Financial Conduct Authority. This document is intended for information purposes only and does not constitute investment advice or an offer to sell or a solicitation of an offer to buy the products described within and no steps may be taken which would constitute or result in a public offering in the UK. This document is strictly confidential and may not be distributed without authorisation from BlackRock Advisors (UK) Limited. Any decision to invest must be based solely on the information contained in the Prospectus, Base Prospectus, Key Investor Information Document, Key Information Document and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts which are available at [www.ishares.com](http://www.ishares.com) in English. Investors should read the specific risks in the Key Investor Information Document, the Key Information Document the Prospectus and the Base Prospectus. BlackRock may terminate marketing at any time.

### **Latin America**

In Latin America, for institutional investors and financial intermediaries only (not for public distribution). This material is for educational purposes only and does not constitute investment advice or an offer or solicitation to sell or a solicitation of an offer to buy any shares of any fund or security and it is your responsibility to inform yourself of, and to observe, all applicable laws and regulations of your relevant jurisdiction. If any funds are mentioned or inferred in this material, such funds may not be registered with the securities regulators of Argentina, Brazil, Chile, Colombia, Mexico, Panama, Peru, Uruguay or any other securities regulator in any Latin American country and thus, may not be publicly offered in any such countries. The securities regulators of any country within Latin America have not confirmed the accuracy of any information contained herein. No information discussed herein can be provided to the general public in Latin America. The contents of this material are strictly confidential and must not be passed to any third party.

**In Argentina**, only for use with Qualified Investors under the definition as set by the Comisión Nacional de Valores (CNV).

**In Chile**, the sale of each fund not registered with the CMF is subject to General Rule No. 336 issued by the SVS (now the CMF). The subject matter of this sale may include securities not registered with the CMF; therefore, such securities are not subject to the supervision of the CMF. Since the securities are not registered in Chile, there is no obligation of the issuer to make publicly available information about the securities in Chile. The securities shall not be subject to public offering in Chile unless registered with the relevant registry of the CMF.

**In Colombia**, the sale of each fund discussed herein, if any, is addressed to less than one hundred specifically identified investors, and such fund may not be promoted or marketed in Colombia or to Colombian residents unless such promotion and marketing is made in compliance with Decree 2555 of 2010 and other applicable rules and regulations related to the promotion of foreign financial and/or securities related products or services in Colombia. With the receipt of these materials, and unless the Client contacts BlackRock with additional requests for information, the Client agrees to have been provided the information for due advisory required by the marketing and promotion regulatory regime applicable in Colombia.

**In Puerto Rico**, this material is for institutional investors only. Any funds mentioned or inferred in this material may not have been registered under the Securities Act of 1933, as amended (the "Securities Act"), or approved or disapproved by The Puerto Rico Uniform Securities Act ("PRUSA") or any securities regulatory authority of any state, nor has the Commission, The Commissioner Of Financial Institutions Of The Commonwealth Of Puerto Rico ("Commissioner") or any such authority passed upon or endorsed the merits of this offering or the accuracy or adequacy of this private placement memorandum ("memorandum"). This material does not constitute an offer to purchase or a solicitation of an offer to purchase the securities described herein in any state or other jurisdiction wherein, or to any person or entity to whom the offer or sale thereof would be prohibited.

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