



# **BLACKROCK FIXED INCOME DUBLIN FUNDS PLC**

## **PROSPECTUS**

### **25 October 2024**

(An umbrella investment company with variable capital and having segregated liability between its Funds incorporated with limited liability in Ireland under registration number 401100)

- iShares Euro Credit Bond Index Fund (IE)
- BlackRock Euro Credit Enhanced Index Fund
- iShares Euro Government Bond Index Fund (IE)
- BlackRock Euro Government Enhanced Index Fund
- iShares Euro Government Inflation-Linked Bond Index Fund (IE)
- iShares Euro Investment Grade Corporate Bond Index Fund (IE)
- iShares Emerging Markets Government Bond Index Fund (IE)
- iShares Emerging Markets Local Government Bond Index Fund (IE)
- iShares GiltTrak Index Fund (IE)
- iShares Global Inflation-Linked Bond Index Fund (IE)
- iShares Green Bond Index Fund (IE)
- iShares UK Credit Bond Index Fund (IE)
- iShares Ultra High Quality Euro Government Bond Index Fund (IE)
- iShares US Corporate Bond Index Fund (IE)
- iShares World ex Euro Government Bond Index Fund (IE)
- iShares 1-3 Year Global Government Bond Index Fund (IE)
- iShares Global Aggregate 1-5 Year Bond Index Fund (IE)
- iShares ESG Screened Euro Corporate Bond Index Fund (IE)
- iShares ESG Screened Global Corporate Bond Index Fund (IE)
- iShares China CNY Bond Index Fund (IE)
- iShares Short Duration Global Corporate Bond Index Fund (IE)
- iShares ESG Emerging Markets Government Bond Index Fund (IE)
- iShares Global Securitised Index Fund (IE)
- iShares USD Sukuk Index Fund (IE)

**BLACKROCK FIXED INCOME DUBLIN FUNDS**  
**PUBLIC LIMITED COMPANY**  
**IMPORTANT INFORMATION**

**If you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser.**

**The Directors of the Company, whose names appear both on the Company's directorship register and under the heading "Management and Administration" accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.**

This Prospectus comprises information relating to BlackRock Fixed Income Dublin Funds public limited company (the "Company"), an open-ended investment company with variable capital and having segregated liability between its Funds incorporated in Ireland on 25 April 2005. It qualifies and is authorised in Ireland by the Central Bank of Ireland or any successor thereof (the "Central Bank") as a UCITS for the purposes of the UCITS Regulations. The Company is structured as an umbrella fund in that the share capital of the Company may be divided into different classes of shares ("Shares") with one or more classes representing a separate fund ("Fund") of the Company. The creation of any Fund will require the prior approval of the Central Bank.

Certain Funds may include 'iShares' in their name; a brand associated with indexing as an investment approach, as well as with exchange-traded funds ("ETFs") as index investment vehicles. It should be noted that these Funds, while utilising indexing as an investment approach and thus including 'iShares' in their name, are not ETFs.

This Prospectus may only be issued with one or more supplements (if any) (each a "Supplement"), each containing information relating to a separate Fund. If there are different classes of Shares representing a Fund, details relating to the separate classes may be dealt with in the same Supplement or in separate Supplements for each class. The creation of further classes of Shares will be effected in accordance with the requirements of the Central Bank. This Prospectus and the relevant Supplement (if any) should be read and constituted as one document. To the extent that there is any inconsistency between this Prospectus and the relevant Supplement, the relevant Supplement shall prevail.

Applications for Shares will only be considered on the basis of this Prospectus and any relevant Supplement and the latest published audited annual report and accounts and, if published after such report, a copy of the latest unaudited semi-annual report. These reports will form part of this Prospectus.

**The Company is both authorised and supervised by the Central Bank. The authorisation of the Company is not an endorsement or guarantee of the Company by the Central Bank and the Central Bank is not responsible for the contents of this Prospectus. The authorisation of the Company by the Central Bank does not constitute a warranty by the Central Bank as to the performance of the Company and the Central Bank shall not be liable for the performance or default of the Company.**

Statements made in this Prospectus are, except where otherwise stated, based on the law and practice currently in force in Ireland, which may be subject to change.

No person has been authorised to give any information or to make any representation in connection with the offering or placing of Shares other than those contained in this Prospectus, any Supplement and the reports referred to above and, if given or made, such information or representation must not be relied upon as having been authorised by the Company. The delivery of this Prospectus (whether or not accompanied by the reports) or any issue of Shares shall not, under any circumstances, create any implication that the affairs of the Company have not changed since the date of this Prospectus or the relevant Supplement.

The distribution of this Prospectus and the offering or placing of Shares may be restricted in certain jurisdictions. No persons receiving a copy of this Prospectus or the accompanying application form in any

such jurisdiction may treat this Prospectus or such application form as constituting an invitation to them to subscribe for Shares, nor should they in any event use such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements. Accordingly, persons into whose possession this Prospectus comes are required by the Company to inform themselves about and to observe such restrictions.

Authorised intermediaries which offer, recommend or sell Shares in the Company must comply with all laws, regulations and regulatory requirements applicable to them. Also, such intermediaries should consider such information about the Funds as is made available by the Manager or Investment Manager for the purposes of the EU's Product Governance regime under MiFID II including, without limitation, target market information.

This Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Potential investors should inform themselves as to:

- (a) the legal requirements within the countries of their nationality, residence, ordinary residence or domicile for the acquisition of Shares;
- (b) any foreign exchange restrictions or exchange control requirements which they might encounter on the acquisition or sale of Shares; and
- (c) the income tax and other taxation consequences which might be relevant to the acquisition, holding or disposal of Shares.

The Shares have not been and will not be registered under the 1933 Act or the securities laws of any of the States of the United States. The Shares are being offered and sold solely outside the United States to non-U.S. Persons in reliance on Regulation S of the 1933 Act. The Company has not been and will not be registered under the 1940 Act but will be exempt from such registration pursuant to Section 3(c)(7) thereof. The outstanding securities of issuers relying on Section 3(c)(7), to the extent that they are owned by US Persons (or transferees of US Persons), must be owned exclusively by persons who, at the time of acquisition of such securities, are "qualified purchasers" within the meaning of Section 2(a)(51) of the 1940 Act. Any US purchaser of the Company's Shares must therefore be both a "qualified institutional buyer" under Rule 144A under the 1933 Act and a "qualified purchaser" within Section 2(a)(51) of the 1940 Act. The Company is not open for investment by any US Person who would be subject to the 1940 Act, the 1933 Act, the CEA, or US income tax unless prior consent is obtained from the Manager. Please see Appendix IV for the definition of US Persons and additional information on the restrictions pertaining to US Persons.

Applicants for Shares will be required to certify that they are not a US Person.

Shares may not be acquired or owned by, or acquired with the assets of, an ERISA Plan unless otherwise authorised by the Manager.

The Shares have not been, nor will they be, qualified for distribution to the public in Canada as no prospectus for the Company or its Funds has been filed with any securities commission or regulatory authority in Canada or any province or territory thereof. This document 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 he is eligible to do so under applicable Canadian or provincial laws.

Shareholders must notify the Manager immediately in the event that they cease to be a Qualified Holder.

In order to ensure compliance with the restrictions referred to above, the Funds are, accordingly, not open for investment by any US Persons (including those deemed to be US Persons under the 1940 Act and/or the CEA and regulations thereunder), ERISA Plans and/or Canadian Residents except in exceptional circumstances and then only with the prior consent of the Manager. A prospective investor may be required at the time of acquiring Shares to represent that such investor is a Qualified Holder and, in particular, is not a US Person or Canadian Resident or acquiring Shares for or on behalf of a US Person or Canadian Resident or with the assets of an ERISA Plan. The granting of prior consent by the Manager to an investment does not confer on the investor a right to acquire Shares in respect of any future or subsequent application.

Where the Manager becomes aware that any Shares are directly or beneficially owned by any person in breach of the above restrictions, the Manager may direct the Shareholder to transfer his Shares to a person

qualified to own such Shares or to request the Manager to redeem Shares, in default of which, the Shareholder shall, on the expiration of 30 days from the giving of such notice, be deemed to have given a request in writing for the redemption of the Shares.

Where the Manager:

- (a) becomes aware that any Shares in any Flexible Share Class are directly or beneficially owned by any person who is not a Qualified Holder by virtue of the fact that they have acquired shares in the relevant Flexible Shares Class without first entering into a Client Agreement; or
- (b) shall in its absolute discretion consider that any Shares in any Flexible Share Class is held by a Shareholder whose Client Agreement has terminated for any reason whatsoever

the Manager may, in addition to the options of redemption and transfer as set out above, direct the Shareholder to switch his Shares to another Class of the same Fund, that is not a Flexible Share Class, in default of which, the Shareholder shall, on the expiration of 30 days from the giving of such notice, be deemed to have given a request in writing for the Shares to be switched to such Class as the Manager may deem most appropriate for such Shareholder.

It is intended that application may be made in other jurisdictions to enable the Shares of the Company to be marketed freely in these jurisdictions.

This Prospectus and any Supplements may also be translated into other languages. Any such translation shall only contain the same information and have the same meaning as the English language Prospectus. To the extent that there is any inconsistency between the English language Prospectus and the Prospectus in another language, the English language Prospectus will prevail, except to the extent (and only to the extent) that it is required by law of any jurisdiction where the Shares are sold, that in an action based upon disclosure in a prospectus in a language other than English, the language of the Prospectus on which such action is based shall prevail.

**The value of Investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in a Fund. The difference at any one time between subscription and redemption prices for Shares means that any investment should be viewed as medium to long term.**

Investors should read and consider the risk discussion under “Risk Factors” sections in this Prospectus and the relevant Supplement before investing in the Company.

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 in accordance with the provisions of articles 411-135 and 411-137-1 of the AMF General Regulations (règlement général de l’AMF). This Prospectus is available in a French language version that includes additional information for French investors. 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, F-75013 Paris, France, during normal business hours and copies of the documentation can be obtained from them if required.

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## DEFINITIONS

"AAOIFI", the Accounting and Auditing Organization for Islamic Financial Institutions.

"AAOIFI Standards", Shari'ah standards issued by the AAOIFI, as amended from time to time.

"Account Opening Form", such account opening form as the Directors may prescribe for the purposes of opening an account in relation to the Company and/or relevant Fund.

"Accumulating Share Class(es)", those Shares of any Class designated as being "Accumulating" in the name of the relevant Share Class and in respect of which income and other profits will be accumulated and reinvested on behalf of Shareholders.

"Administration Agreement", the agreement made between the Manager and the Administrator dated 7 December 2005 as amended.

"Administrator", J.P. Morgan Administration Services (Ireland) Limited, and/or such other person as may be appointed, in accordance with the requirements of the Central Bank, to provide administration services to the Funds, or any of them.

"Affiliate", a company which has the ultimate parent of the Investment Manager as its ultimate parent, or a company in which the ultimate parent of the Investment Manager has at least 50% direct or indirect ownership.

"AIF", an alternative investment fund as defined in the Irish European Union (Alternative Investment Fund Managers) Regulations 2013.

"AMF ESG Rules", the position and recommendation DOC-2020-03 of the French Autorité des Marchés Financiers (AMF).

"Articles", the Articles of Association of the Company, as amended from time to time.

"Australian Dollar", "A\$" or "AUD", the lawful currency of Australia.

"Auditors", Deloitte Ireland LLP, or such other persons as may be appointed by the Directors.

"Base Currency", in relation to any Fund, the currency in which the Fund is denominated as determined by the Directors.

"Benchmark Index", in relation to a Fund, the index against which the return of the Fund will be compared.

"Benchmark Regulation", Regulation (EU) 2016/1011 of the European Parliament and of the Council.

"Benchmark Regulation Register", register of administrators and benchmarks maintained by ESMA under the Benchmarks Regulation.

"BlackRock Group", the BlackRock, Inc. group of companies and any of their affiliates and connected persons.

"Bond Connect", is an initiative launched in July 2017 for mutual bond market access between the PRC and Hong Kong, established by the CFETS, China Central Depository & Clearing Co., Ltd, Shanghai Clearing House, HKEX and Central Moneymarkets Unit.

"Bond Connect Funds", Funds that invest directly in the domestic bond market in the PRC.

"Business Day",

(a) in respect of iShares Euro Credit Bond Index Fund (IE), iShares Euro Government Bond Index Fund (IE), BlackRock Euro Government Enhanced Index Fund, BlackRock Euro Credit Enhanced Index Fund, iShares Euro Government Inflation-Linked Bond Index Fund (IE), iShares Ultra High Quality Euro Government Bond Index Fund (IE), iShares Euro Investment Grade Corporate Bond Index Fund (IE) and iShares ESG Screened Euro Corporate Bond Index Fund (IE), a day on which the relevant markets are open for business in the UK, Ireland, France and Germany;

(b) in respect of iShares World ex Euro Government Bond Index Fund (IE) a day on which the relevant markets are open for business in the UK, Ireland, the US and Japan;



- (c) in respect of iShares US Corporate Bond Index Fund (IE) and iShares Green Bond Index Fund (IE) a day on which the relevant markets are open for business in the UK, Ireland and the US;
- (d) in respect of iShares Emerging Markets Government Bond Index Fund (IE) and iShares Emerging Markets Local Government Bond Index Fund (IE) a day on which the relevant markets are open for business in the UK, the US and Ireland;
- (e) in respect of iShares Global Inflation-Linked Bond Index Fund (IE) a day on which the relevant markets are open for business in the UK, Ireland, France and the US;
- (f) in respect of iShares GiltTrak Index Fund (IE) and iShares UK Credit Bond Index Fund (IE) a day on which the relevant markets are open for business in Ireland or the UK;
- (g) in respect of iShares 1-3 Year Global Government Bond Index Fund (IE) a day on which the relevant markets are open for business in the UK, Ireland, France, Germany, the US and Japan;
- (h) in respect of iShares Global Aggregate 1-5 Year Bond Index Fund (IE), a day on which the relevant markets are open for business in the UK, Ireland, Germany, and the US;
- (i) in respect of iShares ESG Screened Global Corporate Bond Index Fund (IE) a day on which the relevant markets are open for business in the UK, France, Germany and the US;
- (j) in respect of iShares China CNY Bond Index Fund (IE) a day on which the relevant markets are open for business in the UK, Ireland, the US and the PRC;
- (k) in respect of iShares Short Duration Global Corporate Bond Index Fund (IE) a day on which the relevant markets are open for business in the UK, France, Germany, Ireland and the US;
- (l) in respect of iShares ESG Emerging Markets Government Bond Index Fund (IE) a day on which the relevant markets are open for business in the UK, the US and Ireland;
- (m) in respect of iShares Global Securitised Index Fund (IE) a day on which the relevant markets are open for business in the UK, Ireland, Germany, and the US; and
- (n) in respect of iShares USD Sukuk Index Fund (IE) a day on which the relevant markets are open for business in the UK, the US and Ireland,

other than any day declared as a non-Dealing Day by the Directors as further described in the section titled “Non-Dealing Days”, or in respect of all Funds, such other day or days as the Directors may from time to time determine and notify in advance to Shareholders.

“*Canadian Dollar*”, “*C\$*” or “*CAD*”, the lawful currency of Canada.

“*Canadian Resident*”, a person resident in Canada for the purposes of the Income Tax Act (Canada).

“*CEA*”, the Commodity Exchange Act (of the United States), as amended.

“*Central Bank UCITS Regulations*”, the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019, as may be amended from time to time, and any guidance published thereunder.

“*CDC*”, the China Central Depository and Clearing CO,

“*CFETS*”, the China Foreign Exchange Trade System & National Funding Centre.

“*China Funds*”, means iShares China CNY Bond Index Fund (IE).

“*Chinese Yuan*” or “*CNY*” or “*Renminbi*”, the lawful currency of the PRC.

“*CIBM*”, China Interbank Bond Market.

“*Client Agreement*”, an agreement between the Investment Manager, or an Affiliate, and an investor under which the investor has appointed the Investment Manager or such Affiliate to carry out investment management or advisory services on its behalf.



“CSDCC”, China Securities Depository and Clearing Corporation Limited.

“CSRC”, China Securities Regulatory Commission.

“Company”, BlackRock Fixed Income Dublin Funds public limited company.

“Currency Hedged Class(es)”, means those Share Classes incorporating the word “Hedged” in their name and any other class of Shares of a Fund designated in a currency that is either the same as, or different to, the Base Currency of a Fund, which utilise either NAV Level Hedging or Portfolio Level Hedging, as such terms are described in the section entitled “Introduction” below.

“Currency Hedging Agreement”, the agreement made between the Investment Manager and State Street Europe Limited pursuant to which State Street Europe Limited has been appointed to provide currency hedging services for certain Currency Hedged Classes, as may be amended from time to time in accordance with the requirements of the Central Bank.

“Currency Hedging Manager”, means State Street Europe Limited, or such other persons as may be appointed by the Investment Manager.

“Danish Krone” or “DKK”, the lawful currency of Denmark.

“Dealing Day”, each Business Day and such other day as the Directors may from time to time determine (with the approval of the Depository) and notify in advance to Shareholders for dealings in a Fund, provided always that there shall be at least two Dealing Days in each calendar month at regular intervals.

“Dealing Form”, such dealing form as the Directors may prescribe for the purposes of dealing in Shares of the Company and relevant class of the Fund.

“Depository”, J.P. Morgan SE – Dublin Branch and/or such other person as may be appointed, with the prior approval of the Central Bank, to act as depository to the Company.

“Depository and Custodian Agreement”, the agreement between the Company and the Depository dated 7 December 2005, as amended by a supplemental depository and custodian agreement on 13 October 2016.

“Dilution”, means the reduction in the value of a Fund’s underlying assets as a result of the difference between the price at which assets were valued for the purpose of calculating the Net Asset Value and the price at which such assets were bought as a result of a subscription or sold as a result of a redemption.

“Directive”, Directive No. 2009/65/EC of the Council and of the European Parliament of 13 July 2009, as amended by Directive No. 2014/91/EU and as may be further amended or replaced from time to time.

“Directors”, the directors of the Company or any duly authorised committee thereof.

“Distributing Share Class(es)”, those Shares of any Class designated as being “Distributing” in the name of the relevant Share Class and in respect of which distributions will be declared.

“Distributor”, BlackRock Advisors (UK) Limited, and/or such other person as may be appointed, in accordance with the requirements of the Central Bank, to act as principal distributor to the Funds or any of them.

“Distribution Agreement”, the agreement between the Manager and the Distributor dated 7 December 2005 as amended.

“Duties and Charges”, in relation to any Fund, all stamp and other duties, taxes, governmental charges, brokerage, bank charges, foreign exchange spreads, interest, custodian or sub-custodian charges (relating to sales and purchases), transfer fees, registration fees and other duties and charges whether in connection with the original acquisition or increase of the assets of the relevant Fund or the creation, issue, sale, conversion or repurchase of Shares or the sale or purchase of Investments or in respect of certificates or otherwise which may have become or may be payable in respect of or prior to or in connection with or arising out of or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable which may include, when calculating subscription and redemption prices, any provision for spreads (to take into account the difference between the price at which assets were valued for the purpose of calculating the Net Asset Value and the price at which such assets shall be bought as a result of a subscription and sold as a result of a redemption) but shall not include any commission payable to agents on sales and purchases of Shares or any commission, taxes, charges or costs which may have been taken into account in ascertaining the Net Asset Value of Shares in the relevant Fund.

“D Share Classes”, those Shares of any Class designated with the letter “D” in their name. Subject to the

discretion of the Manager (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 MiFID II; 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. D Share Classes are available as distributing and accumulating Classes.

“*EEA*”, the European Economic Area being at the date of this Prospectus the Member States, Norway, Iceland and Liechtenstein.

“*ERISA Plans*”, (i) any retirement plan subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended (“*ERISA*”); or (ii) any individual retirement account or plan subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended.

“*ESMA*” means the European Securities and Markets Authority.

“*Euro*”, or “*€*”, the single European currency unit referred to in Council Regulation (EC) No. 974/98 on 3 May 1998 on the introduction of the Euro.

“*Fatwa*”, a scholarly opinion or verdict issued by the Sukuk Fund Panel in relation to the Sukuk Fund incorporating a Shari’ah ruling on an actual or potential, including hypothetical when agreed, action or fact.

“*Flexible Share Class(es)*”, those Shares of any Class designated as being “*Flexible*” in the name of the relevant Share Class and in respect of which Shareholders must enter into a Client Agreement.

“*FDI*”, a financial derivative instrument.

“*Fund*” a fund of assets established (with the prior approval of the Central Bank) for one or more classes of Shares which is invested in accordance with the investment objectives applicable to such fund.

“*Fund Cash Collection Account*” a cash collection account opened in the name of a Fund which is considered to be highly leveraged.

“*HKEX*”, Hong Kong Exchanges and Clearing Limited

“*HKSCC*”, Hong Kong Securities Clearing Company Limited.

“*ICTA*”, Income and Corporation Taxes Act, 1988 (of the United Kingdom).

“*Institutional Share Class(es)*”, those Shares of any Class designated as being “*Institutional*” in the name of the relevant Share Class.

“*International Capital Markets Association Green Bond Principles*”, are voluntary process guidelines issued by the International Capital Markets Association, which seek to support issuers in financing environmentally sound and sustainable projects that foster a net-zero emissions economy and protect the environment.

“*Investment*”, any investment authorised by the Memorandum of Association of the Company which is permitted by the UCITS Regulations and the Articles.

“*Investment Manager*”, BlackRock Advisors (UK) Limited and/or such other person as may be appointed, in accordance with the requirements of the Central Bank, to provide investment management services to the Funds, or any of them.

“*Investment Management Agreement*”, the agreement between the Company, the Manager and the Investment Manager dated 7 December 2005 as amended.

“*Japanese Yen*” or “*JPY*”, the lawful currency of Japan.

“*KIID*” or “*KID*”, the key investor information document issued in respect of each Fund pursuant to either the UCITS Regulations or the PRIIPs Regulation, as may be amended from time to time in accordance with the Central Bank UCITS Regulations.

“*Local PRC Sub-custodian*”, HSBC Bank (China) Company Limited or such other person appointed by the PRC Sub-custodian as its delegate to provide custodian services in respect of assets of the China Funds in the PRC.

“*Manager*”, BlackRock Asset Management Ireland Limited, a limited liability company incorporated in Ireland.

*“Management Agreement”*, the agreement between the Company and the Manager dated 7 December 2005 as amended.

*“Member State”*, the member states of the European Union as at the date of this Prospectus.

*“MIFID II”* means EU Directive 2014/65/EU on markets in financial instruments, as may be amended, modified or supplemented from time to time.

*“Minimum Holding”*, a holding of Shares of any Share Class having an aggregate value of such minimum amount as set out in this Prospectus.

*“Minimum Redemption”*, a minimum redemption for Shares of any Class as set out in this Prospectus.

*“Minimum Initial Subscription”*, a minimum initial subscription for Shares of any Class as set out in this Prospectus.

*“Minimum Subsequent Subscription”*, a minimum subsequent subscription for Shares of any Class as set out in this Prospectus.

*“Net Asset Value”* or *“NAV”*, the Net Asset Value of a Fund determined in accordance with the Articles.

*“Net Asset Value per Share”*, the Net Asset Value divided by the number of Shares (in issue) of the relevant Fund subject to such adjustment, if any, as may be required where there is more than one class of Shares in the Fund.

*“New Zealand”* or *“NZD”* means the lawful currency of New Zealand.

*“Norwegian Krone”* or *“NOK”* means the lawful currency of Norway.

*“OECD”*, the Organisation for Economic Co-operation and Development, whose member states currently comprise Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Luxembourg, Mexico, The Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States.

*“OTC Derivatives”*, financial derivative instruments dealt over-the-counter.

*“PBOC”*, People’s Bank of China.

*“PRC”*, the People’s Republic of China.

*“PRC Sub-custodian”*, The Hong Kong and Shanghai Banking Corporation Limited or such other person appointed as a sub-custodian of the China Funds in respect of assets in the PRC.

*“PRIIPs Regulation”*, Regulation (EU) No. 1286/2014 of the European Parliament and of the Council of 26 November 2014 as may be amended or replaced.

*“Principal Adverse Impacts (PAIs)”*, are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

*“Prospectus”*, this document as it may be amended from time to time in accordance with the Central Bank UCITS Regulations together with, where the context requires or implies, any supplement or addendum.

*“Q Share Class(es)”*, those Shares of any Class designated with the letter “Q” their name.

*“Qualified Holder”*, any person, corporation or entity other than (i) a person, corporation or entity which acquires Shares in a Flexible Share Class without first entering into a Client Agreement; (ii) a US Person; (iii) an ERISA Plan; (iv) a Canadian Resident; (v) any other person, corporation or entity which cannot acquire or hold Shares without violating laws or regulations whether applicable to it or the Company or otherwise or whose holding might result (either individually or in conjunction with other Shareholders in the same circumstances) in the Company incurring any liability to taxation or suffering pecuniary disadvantages which the Company might not otherwise incur or suffer or the Company being required to register or register any class of its securities under the laws of any jurisdiction (including without limitation, the 1933 Act, the 1940 Act or the CEA); or (vi) a custodian, nominee, or trustee for any person, corporation or entity described in (i) to (v) above.

*“Regulated Markets”*, the stock exchanges and/or regulated markets listed in Appendix I.

*“Remuneration Policy”*, the policy as described in the section entitled “The Manager” 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.

“*RMP*”, the risk management process adopted by the Company in accordance with the requirements of the Central Bank to enable it to monitor and measure and manage, on a continuous basis, the risk to all open derivative positions and their contribution to the overall risk profile of the respective Funds.

“*RMB*”, Renminbi, the lawful currency of the People’s Republic of China (PRC).

“*RQFII*”, Renminbi Qualified Foreign Institutional Investor.

“*RQFII Custodian Agreement*”, an agreement entered into between the Investment Manager, the PRC Sub-custodian and the Local PRC Sub-custodian for the purpose of appointing the PRC Sub-custodian to act through the Local PRC Sub-custodian as the local RQFII custodian in the PRC of the assets of the China Funds acquired through the RQFII regime pursuant to the RQFII rules.

“*RQFII Licence*”, licence awarded by the CSRC to entities based in certain jurisdictions outside of the PRC, enabling such entities to acquire certain onshore Chinese securities under the RQFII Regime.

“*RQFII Regime*”, regime under which to holders of an RQFII Licence are enabled to acquire certain onshore Chinese securities.

“*S Share Class(es)*”, those Shares of any Class designated with the letter “S” in their name.

“*SAFE*”, China’s State Administration of Foreign Exchange.

“*SCH*”, the Shanghai Clearing House Co., Ltd.

“*SEHK*”, the Stock Exchange of Hong Kong.

“*SFDR*”, the EU Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088).

“*Share*”, a share of no par value in the Company designated as a participating share.

“*Share Class*” or “*Share Classes*”, such class of Shares in a Fund as the Directors may from time to time designate.

“*Shareholder*”, the registered holder of a Share.

“*Shari’ah*”, the rules, principles and parameters of Islamic law as, in the case of the Sukuk Fund, interpreted by the Sukuk Fund Panel.

“*Sukuk Fund*”, iShares USD Sukuk Index Fund (IE).

“*Singapore Dollar*”, “*SGD*” or “*S\$*”, the lawful currency of Singapore.

“*Subscriber Shares*”, shares of £1 each in the capital of the Company designated as “Subscriber Shares” in the Articles and subscribed by or on behalf of the Manager for the purposes of incorporating the Company.

“*Sukuk*”, are investment certificates commercially similar to fixed income securities, that provide evidence of an investment/funding into an underlying asset or a project which is typically an income generating project or asset. Sukuk are commonly used by investors wishing to comply with the principles of finance within Islam.

“*Sukuk Fund Panel*”, a panel of Islamic scholars appointed by the Investment Manager and provided by a Shari’ah advisory firm, Amanie Advisors Ltd., in respect of a Fund and any person appointed to sit on the panel from time to time to provide advice and guidance relating to a Fund’s compliance with Shari’ah and the AAOIFI Standards and render Fatwas based on Shari’ah.

“*Supplement*”, any document issued by the Company expressed to be a supplement to this Prospectus, if any.

“*Sustainable Investment*”, means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

“*SSE*”, the Shanghai Stock Exchange.

“*Sterling*”, “*GBP*” or “*£*”, the lawful currency of the United Kingdom.

“*Swedish Krona*” or “*SEK*”, the lawful currency of Sweden.

“*Swiss Franc*” or “*CHF*”, the lawful currency of Switzerland.

“*Taxes Act*”, the Taxes Consolidation Act, 1997, as amended, (of Ireland).

“*Taxonomy Regulation*”, Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

“*UCITS*”, an Undertaking for Collective Investment in Transferable Securities established pursuant to the Directive.

“*UCITS Regulations*”, the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (SI No. 352 of 2011), as may be amended.

“*Umbrella Cash Collection Account*”, a cash collection account at umbrella level opened in the name of the Company.

“*United Kingdom*” and “*UK*”, the United Kingdom of Great Britain and Northern Ireland.

“*United States*” and “*US*”, the United States of America, its territories, possessions, any State of the United States and the District of Columbia.

“*United States Dollars*”, “*US Dollars*”, “*US\$*”, “*USD*” and “*\$*”, the lawful currency of the United States.

“*UN Sustainable Development Goals (UN SDG)*”, the UN SDGs are a series of goals published by the United Nations which recognise that ending poverty and other deprivations must go hand-in-hand with improvements in health, education and economic growth, and a reduction in inequalities, all whilst tackling climate change and working to preserve the planet’s oceans and forests. For further details see the UN website: <https://sdgs.un.org/goals>.

“*US Person*” or “*US Persons*”, is defined in Appendix IV of this Prospectus. US Persons may not purchase Shares in the Company without the prior approval of the Manager. The Directors may amend the definition of “*US Persons*” without notice to Shareholders as necessary in order best to reflect then-current applicable U.S. law and regulation.

“*Valuation Currency*”, in respect of a Share Class, the currency in which a class of Shares is priced by the Administrator and in which such Shares are denominated.

“*Valuation Point*”, in respect of the Funds, the close of business on the markets relevant to its Investments or such other time, on each Dealing Day as may be determined by the Directors, provided that if any of the relevant markets are not open on a Dealing Day, the value of the relevant Investments on the previous Dealing Day shall be used, using the same timing criteria.

“*Wa’d*”, a unilateral promise made by one party to another to undertake a certain action in the future.

“*1933 Act*”, the United States Securities Act of 1933, as amended.

“*1940 Act*”, the United States Investment Company Act of 1940, as amended.

## DIRECTORY

### Registered Office

200 Capital Dock  
79 Sir John Rogerson's  
Quay  
Dublin 2  
D02 RK57  
Ireland

### Board of Directors

Barry O'Dwyer (Chairman)  
Nicola Grenham  
Tom McGrath  
Francis Drought

### Manager

BlackRock Asset Management  
Ireland Limited,  
1st Floor  
2 Ballsbridge Park  
Ballsbridge  
Dublin 4  
D04 YW83  
Ireland

### Promoter, Investment Manager and Distributor

BlackRock Advisors (UK)  
Limited,  
12 Throgmorton Avenue,  
London EC2N 2DL,  
United Kingdom

### Depository

J.P. Morgan SE – Dublin Branch,  
200 Capital Dock  
79 Sir John Rogerson's  
Quay  
Dublin 2  
D02 RK57  
Ireland

### Administrator, Registrar and Transfer Agent

J.P. Morgan Administration  
Services (Ireland) Limited,  
200 Capital Dock  
79 Sir John Rogerson's  
Quay  
Dublin 2  
D02 RK57  
Ireland

### Auditors

Deloitte Ireland LLP,  
Deloitte & Touche House,  
Earlsfort Terrace,  
Dublin 2,  
Ireland

### Secretary

Apex Group Corporate  
Administration Services Limited,  
4<sup>th</sup> Floor,  
76 Baggot Street Lower,  
Dublin 2,  
Ireland

### Legal Advisers to the Company (as to Irish law)

Matheson LLP  
70 Sir John Rogerson's Quay,  
Dublin 2,  
Ireland

### Currency Hedging Manager

State Street Europe Limited  
20 Churchill Place  
London  
E14 5HJ  
United Kingdom

### Sukuk Fund Panel

Amanie Advisors Ltd  
Al Fattan Currency House, Tower  
II, 1304,  
Dubai International Financial  
Centre,  
Dubai, United Arab Emirates



## **BLACKROCK FIXED INCOME DUBLIN**

### **FUNDS PUBLIC LIMITED COMPANY**

#### **Introduction**

The Company is an umbrella open ended investment company with variable capital and having segregated liability between its Funds organised under the laws of Ireland as a public limited company pursuant to the Irish Companies Acts. The Company has been authorised by the Central Bank as a UCITS pursuant to the UCITS Regulations and is regulated under the UCITS Regulations. It was incorporated on 25 April 2005 under registration number 401100. On 19 November 2009, the Shareholders of the Company passed a special resolution to change the name of the Company from “Barclays Global Investors Fixed Income Dublin Funds plc” to “BlackRock Fixed Income Dublin Funds plc”.

**Authorisation by the Central Bank is not an endorsement or guarantee of the Company by the Central Bank nor is the Central Bank responsible for the contents of the Prospectus. The authorisation of the Company shall not constitute a warranty as to performance of the Company and the Central Bank shall not be liable for the performance or default of the Company.**

Clause 3 of the Company’s Memorandum provides that the Company’s sole objective is the collective investment in transferable securities and/or other liquid financial assets referred to in Regulation 45 of the UCITS Regulations of capital raised from the public and which operates on the principle of risk spreading.

The Articles of the Company provide that the Company may offer separate classes of Shares, each representing interests in a Fund comprising a distinct portfolio of Investments. The Shares of each Fund may be issued on different terms and conditions to those of the other Funds. Each Fund may be further divided into a number of different classes of Shares within the Fund. The Company has created, and may in the future create additional Share Classes which are designated in a currency that is either the same as, or different to, the Base Currency of a Fund, and which permit (and in case of the Sukuk Fund, in a manner consistent with Shari’ah):

- a) the foreign currency exposure of such Classes to the Base Currency of a Fund to be hedged against appreciation or depreciation of the Valuation Currency of that Class to the extent of the initial subscription for Shares in that Class or as may be adjusted periodically (monthly) thereafter relative to NAV movements at the discretion of the Manager (“**NAV Level Hedging**”); or
- b) the underlying portfolio currency exposures that are different from the Valuation Currency to be hedged against appreciation or depreciation of the Valuation Currency with a view to keeping the difference between the two within a predetermined tolerance (“**Portfolio Level Hedging**”),

(each a “**Currency Hedged Class**”).

All such hedging transactions will be clearly attributable to the relevant Currency Hedged Class and the currency exposures of the different Currency Hedged Classes will not be combined or offset. As foreign exchange hedging will be utilised solely for the benefit of Currency Hedged Class Shares, its costs and related liabilities and/or benefits will be for the account of the relevant Currency Hedged Class Shares only.

While holding Currency Hedged Class Shares will aim to protect investors from a decline in the value of the Base Currency of the relevant Fund against the Valuation Currency of the relevant Currency Hedged Class Shares (in the case of NAV Level Hedging), or from a decline in the value of the underlying portfolio currency exposures that are different from the Valuation Currency against the Valuation Currency of the relevant Currency Hedged Class Shares (in the case of Portfolio Level Hedging), investors in Currency Hedged Class Shares will not generally benefit when the Valuation Currency of the relevant Currency Hedged Class Shares declines against the Base Currency of the relevant Fund and/or the currency in which some or all of the assets of the relevant Fund are denominated. The Investment Manager does not intend to have under-hedged or over-hedged positions, however due to market movements and factors outside the control of the Investment Manager, under-hedged and over-hedged positions may arise from time to time. The Investment Manager will limit hedging to the extent of the relevant Currency Hedged Class Shares’ currency exposure.

#### **NAV Level Hedging**

The Investment Manager shall monitor such hedging at each Valuation Point to ensure such hedging shall



not exceed 105 per cent or fall short of 95 per cent of the NAV of the relevant Currency Hedged Class, as prescribed by the Central Bank UCITS Regulations.

The NAV Level Hedging model is followed only in relation to Currency Hedged Classes in iShares Euro Investment Grade Corporate Bond Index Fund (IE).

### **Portfolio Level Hedging**

The Investment Manager shall monitor such hedging against the predetermined tolerances at each Valuation Point and will determine when a currency hedge should be reset and the gain or loss arising from the currency hedge reinvested or settled, while taking into consideration the frequency and associated transaction and reinvestment costs of resettling the currency hedge.

In the event that, the over-hedged or under-hedged position on any single underlying portfolio currency exposure of a Currency Hedged Class exceeds the predetermined tolerance as at the close of a Business Day (for example, due to market movement), the hedge in respect of that underlying currency will be reset on the next Business Day (on which the relevant currency markets are open). Any over-hedged position arising in a Currency Hedged Class shall not exceed 105 per cent or fall short of 95 per cent of the NAV of the relevant Currency Hedged Class, as prescribed by the Central Bank UCITS Regulations.

In addition, if the aggregate gain or loss arising from the currency forwards for hedging all the underlying currencies of a Currency Hedged Class exceeds the predetermined tolerance as at the close of a Business Day, the Investment Manager will determine on the next Business Day (on which the relevant currency markets are open) whether some or all of the currency hedges held by that Share Class are required to be reset to reduce the gain or loss if the gain or loss remains outside the tolerance.

Applying the above tolerance thresholds will enable the Investment Manager to better manage the frequency and associated costs arising from foreign exchange transactions to effect the hedge for Currency Hedged Classes. The pre-determined tolerance threshold for each Currency Hedged Class is reviewed by BlackRock's Risk and Quantitative Analysis team.

Hedged positions shall be monitored by the Investment Manager to ensure that positions materially in excess of 100% shall not be carried forward from month to month. Changes in the NAV of the Fund between Valuation Points may cause the Currency Hedged Shares to be imperfectly hedged against their exposure to the Base Currency of the Fund to the extent of that movement, where the Valuation Currency differs from the Base Currency.

The Investment Manager may employ (subject to the conditions and within the limits laid down by the Central Bank) the techniques and instruments set out in Appendix II for the purpose of Portfolio Level Hedging provided that such techniques and instruments are consistent with the investment policy of the relevant Fund. In respect of the Sukuk Fund only, Islamic foreign exchange hedging instruments (including Wa'd structured foreign exchange swaps) may be utilised for the benefit of the Currency Hedged Classes. A Wa'd swap involves a promise to exchange currency at an agreed rate at a future date, rather than entering into a currency forward contract under a traditional fx swap (which is not permitted under Shari'ah principles). As such instruments will be utilised solely for the benefit of Currency Hedged Classes in the Sukuk Fund, any costs and related liabilities and/or benefits will be for the account of the relevant Currency Hedged Class Shares within the Sukuk Fund only.

Foreign exchange hedging will not be used for speculative purposes. In the event that there is a gain on the foreign currency hedge, no leverage will result from such gain. In the event that there is a loss on the foreign currency hedge, leverage will result in the relevant Currency Hedged Class from such loss. Any leverage will be removed or reduced when the relevant currency hedge is adjusted or reset as required for the relevant Currency Hedged Class. The Investment Manager does not intend to leverage the Currency Hedged Class Shares beyond the tolerance threshold at which point a reset of some or all of the currency hedges for that Currency Hedged Class will be triggered. In extreme market conditions, the tolerance threshold may be temporarily breached.

Investors should be aware that currency hedging may adversely affect the returns on their investment due to transaction costs and spreads, market inefficiency, risk premia and other factors which may be material in the case of certain currencies and/or over the long term. Purchasers of Currency Hedged Class Shares, whether employing NAV Level Hedging or Portfolio Level Hedging, should note that there are various risks associated with foreign exchange hedging strategies. Please see "*Currency Hedged Classes*" under the heading "Risk Factors" below for a description of the risks associated with hedging:

- in the case of Classes employing NAV Level Hedging, the foreign currency exposures of the Currency Hedged Classes, or
- in the case of Classes employing Portfolio Level Hedging, the underlying portfolio currency exposures of the Currency Hedged Class Shares.

As at the date of this Prospectus, the Currency Hedged Classes use Portfolio Level Hedging, except for, iShares Euro Investment Grade Corporate Bond Index Fund (IE) which uses NAV Level Hedging model.

The Company may, with the prior approval of the Central Bank, create additional Funds in which case the Company will issue either a revised prospectus or a Supplement to this Prospectus describing such Funds. Each Supplement shall form part of and should be read in the context of and together with this Prospectus. Additional classes of Shares may be added in the future in accordance with the requirements of the Central Bank.

A number of categories of Share Class are currently available for subscription: D Share Classes, Flexible Share Classes, Institutional Share Classes, Q Share Classes and S Share Classes (the “**Share Class Types**”).

Unless otherwise disclosed in the Prospectus, D Share Classes, Flexible Share Classes, Institutional Share Classes and S Share Classes are available in each Fund as both unhedged Share Classes and Currency Hedged Classes denominated in the below currencies. The currency of denomination of each Class is designated in the Share Class name.

- AUD
- CAD
- CHF
- DKK
- EUR / Euro
- GBP / Sterling
- JPY
- NOK
- NZD
- SEK
- SGD
- USD

D Share Classes, Flexible Share Classes, Institutional Share Classes and S Share Classes are also available in each Fund as both Accumulating Share Classes and Distributing Share Classes.

Q Share Classes are only available in the limited number of designations and Funds detailed below:

<b>Name of Fund</b>	<b>Share Classes</b>
iShares ESG Screened Euro Corporate Bond Index Fund (IE)	Q Euro Distributing Share Class Q Euro Accumulating Share Class Q Euro Hedged Distributing Share Class Q GBP Hedged Distributing Share Class
iShares ESG Screened Global Corporate Bond Index Fund (IE)	Q Euro Accumulating Share Class Q Euro Distributing Share Class Q Euro Hedged Distributing Share Class Q Euro Hedged Accumulating Share Class Q GBP Hedged Distributing Share Class Q GBP Hedged Accumulating Share Class Q USD Accumulating Share Class Q USD Distributing Share Class
iShares ESG Screened Euro Corporate Bond Index Fund (IE)	Q Euro Distributing Share Class Q Euro Hedged Distributing Share Class Q GBP Hedged Distributing Share Class
iShares ESG Screened Global Corporate Bond Index Fund (IE)	Q Euro Distributing Share Class Q Euro Hedged Distributing Share Class Q GBP Hedged Distributing Share Class Q USD Distributing Share Class

On the establishment of any new Fund or the creation of a new class of Shares in an existing Fund, a Supplement may be issued in respect thereof. Details of the Share Classes available for subscription, and to which different fee structures may apply, may be set out in separate Supplements. In addition, a list of all Funds and classes thereof will be set out in the annual and semi-annual reports of the Company.

In accordance with the principles of Shari'ah, no individual Share Class of the Sukuk Fund will provide a preference upon liquidation of the Sukuk Fund over another Share Class of the Sukuk Fund.

A potential investor shall only be permitted to hold Shares in the Flexible Share Classes if he or she has entered into a Client Agreement.

### **Profile of a Typical Investor**

The Funds are suitable for both retail and professional investors seeking to achieve investment objectives which align with those of the relevant Fund in the context of the investor's overall portfolio.

Investors are expected to be able to make an investment decision based on the information set out in this Prospectus and the relevant Fund's KIID or KID or, alternatively, to obtain professional advice. Investors should also be able to bear capital and income risk and should view investment in a Fund as a medium to long term investment.

### **Investment Objectives and Policies**

#### **General**

The specific investment objectives and policies for each Fund will be formulated by the Directors at the time of the creation of that Fund and are set out below.

The stock exchanges and markets in which the Funds may invest are set out in Appendix I. These stock exchanges and markets are listed in accordance with the requirements of the Central Bank, it being noted that the Central Bank does not issue a list of approved exchanges or markets.

Any alteration to the investment objectives or a material alteration to the investment policies of any Fund at any time will be subject to the prior approval in writing of a majority of the Shareholders of the relevant Fund, or, if a general meeting of the Shareholders of such Fund is convened, by a majority of the votes cast at such meeting. Shareholders will be given at least 21 days advance notice of the implementation of any alteration in the investment objectives or policies in a Fund to enable them to redeem their Shares prior to such implementation. Changes to the name of a Fund, or any change in a Benchmark Index as noted under the heading "Change in Indices", will not require Shareholder approval.

A Fund may, subject to the conditions set out in Appendix III, invest in other collective investment schemes and/or Funds of the Company.

Each Fund is passively managed as described in more detail in its investment policy and (with the exception of the BlackRock Euro Credit Enhanced Index Fund and the BlackRock Euro Government Enhanced Index Fund, which are enhanced index strategies) uses either a replicating strategy or a non-replicating strategy in order to track its Benchmark Index.

#### *Replicating Strategy*

Replicating index Funds seek to replicate as closely as possible the constituents of the Benchmark Index by holding all the securities comprising the Benchmark Index in similar proportion to their weightings in the Benchmark Index and in doing so will apply the investment limits set out in Appendix III. It may not, however, always be possible or practicable to purchase each and every constituent of the Benchmark Index in accordance with the weightings of the Benchmark Index, or doing so may be detrimental to Shareholders (for example, where there are considerable costs or practical difficulties involved in compiling a portfolio of securities in order to replicate the Benchmark Index, or in circumstances where a security in the Benchmark Index becomes temporarily illiquid, unavailable or less liquid, or as a result of legal restrictions that apply to the Fund but not to the Benchmark Index).

#### *Non-replicating Strategy*

Non-replicating Funds may, or may not, hold every security or the exact concentration of a security in its Benchmark Index, but will aim to track its Benchmark Index as closely as possible and may use optimisation techniques to achieve their investment objective (such use to be in compliance with Shari'ah principles in the case of the Sukuk Fund). Optimisation techniques are techniques used by a Fund to achieve a similar

return to its Benchmark Index. These techniques may include the strategic selection of certain securities that make up the Benchmark Index or other securities which provide similar performance to certain constituent securities. They may also include the use of FDIs. The extent to which a Fund uses optimisation techniques will depend on the nature of the constituents of its Benchmark Index, the practicalities and cost of tracking the relevant Benchmark Index, and such use is at the discretion of the Investment Manager. For example, a Fund may use optimisation techniques extensively and may be able to provide a return similar to that of its Benchmark Index by investing only in a relatively small number of the constituents of its Benchmark Index. The Fund may also hold some securities which provide similar performance (with matching risk profile) to certain securities that make up the relevant Benchmark Index even if such securities are not themselves constituents of the Benchmark Index, provided, in the case of the Sukuk Fund, that such action is undertaken in a manner believed to be consistent with Shari'ah and the Fund's holdings may exceed the number of constituents of the Benchmark Index. The use of optimisation techniques, implementation of which is subject to a number of constraints such as those detailed in Appendix III which apply to investment in FDIs, may not produce the intended results.

The following Funds use a replicating strategy:

- iShares GiltTrak Index Fund (IE)
- iShares China CNY Bond Index Fund (IE)

The following Funds use a non-replicating strategy:

- iShares Euro Government Bond Index Fund (IE)
- iShares Euro Credit Bond Index Fund (IE)
- iShares World ex Euro Government Bond Index Fund (IE)
- iShares UK Credit Bond Index Fund (IE)
- iShares US Corporate Bond Index Fund (IE)
- iShares Global Inflation-Linked Bond Index Fund (IE)
- iShares Euro Government Inflation-Linked Bond Index Fund (IE)
- iShares Ultra High Quality Euro Government Bond Index Fund (IE)
- iShares Euro Investment Grade Corporate Bond Index Fund (IE)
- iShares 1-3 Year Global Government Bond Index Fund (IE)
- iShares Green Bond Index Fund (IE)
- iShares Emerging Markets Government Bond Index Fund (IE)
- iShares Emerging Markets Local Government Bond Index Fund (IE)
- iShares Global Aggregate 1-5 Year Bond Index Fund (IE)
- iShares ESG Screened Euro Corporate Bond Index Fund (IE)
- iShares ESG Screened Global Corporate Bond Index Fund (IE)
- iShares Short Duration Global Corporate Bond Index (IE)
- iShares ESG Emerging Markets Government Bond Index Fund (IE)
- iShares Global Securitised Index Fund (IE)
- iShares USD Sukuk Index Fund (IE)

### ***ESG Integration***

Environmental, social and governance (ESG) investing, is often conflated or used interchangeably with the term “sustainable investing.” BlackRock has identified sustainable investing as being the overall framework and ESG as a data toolkit for identifying and informing our solutions. BlackRock has defined ESG Integration as the practice of incorporating material ESG information and consideration of sustainability risks into investment decisions in order to enhance risk-adjusted returns. BlackRock recognises the relevance of material ESG information across all asset classes and styles of portfolio management. The Investment Manager incorporates sustainability considerations into its investment processes across all Funds. ESG information and sustainability risks are included as a consideration in index selection, portfolio review and investment stewardship processes.

Passively managed Funds seek to provide investors with a return that reflects the return of the relevant Benchmark Index as set out in the investment objective of the relevant Fund. A Benchmark Index may have a sustainability objective or may be designed to avoid certain issuers based on ESG criteria or gain exposure to issuers with better ESG ratings, an ESG theme, or to generate positive environmental or social impact (Sustainable Suite). BlackRock considers the suitability characteristics and risk assessments of the index

provider and BlackRock may adapt its investment approach appropriately in line with the Fund's investment objective and policy. A Benchmark Index may also not have explicit sustainability objectives or sustainability requirements. Across all passively managed Funds, ESG integration includes:

- Engagement with index providers relating to the Benchmark Index
- Consultation across the industry on ESG considerations;
- Advocacy in relation to transparency and reporting, including methodology criteria and reporting on sustainability-related information
- Investment stewardship activities that are undertaken across all investment strategies invested in corporate equity issuers to advocate for sound corporate governance and business practices in relation to the material ESG factors that are likely to impact long-term financial performance.

Unless otherwise stated in Fund documentation and included within a Fund's investment objective and investment policy, ESG integration does not change a Fund's investment objective or constrain the Investment Manager's investable universe, and there is no indication that an ESG or impact focused investment strategy or any exclusionary screens will be adopted by a Fund. Impact investments are investments made with the intention to generate positive, measurable social and /or environmental impact alongside a financial return. Similarly, ESG integration does not determine the extent to which a Fund may be impacted by sustainability risks. Please refer to "Sustainability Risk" in the "Risk Factors" section of this Prospectus. For funds managed in reference to indices which explicitly include sustainability objectives, the Risk and Quantitative Analysis group (RQA) conducts regular reviews with portfolio managers to ensure that both benchmark performance tracking and adherence to the sustainability objectives embedded in the benchmark's methodology are appropriately pursued.

BlackRock discloses portfolio-level ESG and sustainability related data that is publicly available on product pages where permitted by law/regulation so current and prospective investors and investment advisors can view sustainability-related information for a Fund.

#### Investment Stewardship

BlackRock undertakes investment stewardship engagements and proxy voting with the goal of protecting and enhancing the long-term value of the Funds' assets for relevant asset classes. In our experience, sustainable financial performance and value creation are enhanced by sound governance practices, including risk management oversight, board accountability, and compliance with regulations. We focus on board composition, effectiveness and accountability as a top priority. In our experience, high standards of corporate governance are the foundations of board leadership and oversight. We engage to better understand how boards assess their effectiveness and performance, as well as their position on director responsibilities and commitments, turnover and succession planning, crisis management and diversity.

BlackRock takes a long-term perspective in its investment stewardship work informed by two key characteristics of our business: the majority of our investors are saving for long-term goals, so we presume they are long-term shareholders; and BlackRock offers strategies with varying investment horizons, which means BlackRock has long-term relationships with its investee companies.

For further detail regarding the BlackRock's approach to sustainable investing and investment stewardship please refer to the website at [www.blackrock.com/corporate/sustainability](http://www.blackrock.com/corporate/sustainability) and <https://www.blackrock.com/corporate/about-us/investment-stewardship#our-responsibility>

#### SFDR

The following Funds have been categorised as Article 8 funds under the SFDR, i.e. funds that promote environmental and/or social characteristics provided that companies in which the investments are made follow good governance practices as further detailed in the investment policy of these Funds ("**Article 8 Funds**"): iShares ESG Screened Global Corporate Bond Index Fund (IE); iShares ESG Screened Euro Corporate Bond Index Fund (IE); iShares ESG Emerging Markets Government Bond Index Fund (IE).

The following Fund has been categorised as an Article 9 fund under the SFDR i.e. a fund that has sustainable investment as its objective ("**Article 9 Funds**"): iShares Green Bond Index Fund (IE)

Appendix IX - SFDR-PCDs sets out the pre-contractual disclosures required under the SFDR and the Taxonomy Regulation for the Article 8 Funds and Article 9 Funds.



*Consideration of principal adverse impacts on sustainability factors ("PAIs")*

*All Actively Managed Funds except for the Article 8 Funds and the Article 9 Funds:*

The Investment Manager has access to a range of data sources, including PAI data, when making decisions on selection of investments. However, whilst BlackRock considers ESG risks for all portfolios and these risks may coincide with environmental or social themes associated with the PAIs, the Funds do not commit to considering PAIs in driving the selection of their investments.

*All Passively Managed Funds except for the Article 8 Funds and the Article 9 Funds:*

The Investment Manager has access to a range of data sources, including PAI data, when managing Fund portfolios. However, whilst BlackRock considers ESG risks for all portfolios and these risks may coincide with environmental or social themes associated with the PAIs, the Funds do not commit to considering PAIs in the selection of their investments.

*In relation to Article 9 Funds:*

The iShares Green Bond Index Fund (IE) takes into consideration PAIs by tracking its Benchmark Index which incorporate specific ESG criteria in the selection of index constituents. The pre-contractual disclosures in Appendix IX - SFDR-PCDs set out the PAIs considered for the iShares Green Bond Index Fund (IE).

*In relation to Article 8 Funds:*

The Article 8 Funds take into consideration principal adverse sustainability impacts on sustainability factors ("PAIs") through the application of such Funds' ESG criteria. The pre-contractual disclosures in Appendix IX - SFDR-PCDs set out the PAIs considered for each Fund.

For the Article 8 Funds the PAIs are taken into consideration by the Funds when the Funds are rebalanced on or around index rebalances, based on ESG data from the index provider or other third parties. If a Fund's performance deviates from its sustainability commitments between index rebalances (for example its minimum proportion of sustainable investments), the Fund will be brought back in line on or around the next index rebalance based on ESG data from the index provider or other third parties.

*In relation to the Article 8 Funds and Article 9 Funds:*

BlackRock evaluates underlying investments in companies according to the good governance criteria outlined in SFDR where relevant data is available and as appropriate given the underlying investment type. These criteria relate to sound management structures, employee relations, remuneration of staff and tax compliance. BlackRock may consider additional factors relating to good governance in its assessment of the sustainability related characteristics of underlying issuers depending on the particular ESG strategy applicable to the Fund.

BlackRock carries out due diligence on index providers and engages with them on an ongoing basis with regard to index methodologies of the benchmark indices used by such Funds including their assessment of good governance criteria set out by SFDR which include sound management structures, employee relations, remuneration of staff and tax compliance at the level of investee companies.

*In addition, in relation to Article 9 Funds and Article 8 Funds which invest in sustainable investments:*

In identifying which underlying holdings are sustainable investments, BlackRock will have regard to the index provider's assessment of sustainable investments in the iShares Green Bond Index Fund (IE)'s Benchmark Index methodology at each index rebalance.

In addition to exposure to sustainable investments, all holdings (other than investments deemed neutral, for example, cash and derivatives for currency hedging purposes) within iShares Green Bond Index Fund (IE), and the sustainable investments within an Article 8 Fund, will have to comply with the requirement to do no significant harm to environmental or social factors, as set out in the methodology of the Fund's

Benchmark Index.

Taxonomy Regulation

*All Funds except for Article 8 Funds and Article 9 Funds:*

The investments underlying these Funds do not take into account the EU criteria for environmentally sustainable economic activities.

*Article 8 Funds and Article 9 Funds:*

The Funds do not currently commit to investing more than 0% of their assets in investments in environmentally sustainable economic activities within the meaning of the Taxonomy Regulation.

*Article 8 Funds:*

The “do no significant harm” principle applies only to those underlying investments of the Funds that take into account the EU criteria for environmentally sustainable economic activities. The remaining investments of the Funds do not take into account the EU criteria for environmentally sustainable economic activities.

#### **iSHARES EURO GOVERNMENT BOND INDEX FUND (IE)**

The investment objective of the Fund is to provide Shareholders with a total return, taking into account both capital and income returns, which reflects the total return of the FTSE Euro Government Bond Index, the Fund’s Benchmark Index.

In order to achieve this objective, the investment policy of the Fund is to invest in the fixed income securities that predominantly make up the Fund’s Benchmark Index (which comprises government bonds). The Fund’s investments will normally be listed or traded on Regulated Markets in the European Union, but may alternatively be listed or traded on other Regulated Markets. In those jurisdictions where the Fund might be liable to withholding taxes on investment in government bonds, the Fund may look to invest in high quality financial institutions. It is intended that all investments will have received a long term credit rating which complies with the credit rating requirements of the Fund’s Benchmark Index, being currently at least investment grade rated from Moody’s Investors Services (“Moody’s”), Standard & Poor’s Corporation or Fitch Ratings at the time of purchase or are deemed by the Investment Manager to be of an equivalent rating. If the credit ratings of such fixed income securities are downgraded, the Fund may continue to hold the downgraded fixed income securities for a period of time, at the discretion of the Investment Manager, in order to avoid a distressed sale of the downgraded security. The Fund may also, subject to the conditions set out in Appendix III of the Prospectus, invest in other collective investment schemes and/or other Funds of the Company to assist in achieving the total return of the Fund’s Benchmark Index by giving exposure to the instruments described in this investment policy.

This Fund may employ (subject to the conditions and within the limits laid down by the Central Bank) techniques and instruments relating to transferable securities provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against exchange rate risk. Such techniques and instruments are set out in Appendix II. These include futures, options, foreign exchange contracts and securities lending.

The Fund’s Benchmark Index includes investment grade euro-denominated sovereign bonds issued by EMU member states. New member states are included in the index as soon as the new member state is announced by the relevant European body. Please refer also to the section titled “Change in Indices”. Details of the Benchmark Index are available on <https://www.yieldbook.com/m/indexes/reg/>.

The Base Currency of the Fund will be Euro.

#### **iSHARES EURO CREDIT BOND INDEX FUND (IE)**

The investment objective of the Fund is to provide Shareholders with a total return, taking into account both capital and income returns, which reflects the total return of the FTSE Non-EGBI Euro Broad



Investment-Grade Index, the Fund's Benchmark Index.

In order to achieve this objective, the investment policy of the Fund is to invest in the fixed income securities that predominantly make up the Fund's Benchmark Index (which comprises non-government bonds). The Fund's investments will normally be listed or traded on Regulated Markets in the European Union, but may alternatively be listed or traded on other Regulated Markets. The Fund may also invest in other fixed income securities (such as bonds issued by EMU and non-EMU governments and government agencies and supranational bonds domiciled in and outside the European Union) in order to achieve a similar return to the Fund's Benchmark Index in a cost efficient manner. All fixed income securities in which the Fund invests will be investment grade rated by Moody's, Standard & Poor's Corporation or Fitch Ratings at the time of purchase or are deemed by the Investment Manager to be of an equivalent rating. If the credit ratings of such fixed income securities are downgraded, the Fund may continue to hold the affected fixed income securities for a period of time, at the discretion of the Investment Manager, in order to avoid a distressed sale of the downgraded security. The Fund may also, subject to the conditions set out in Appendix III of the Prospectus, invest in other collective investment schemes and/or other Funds of the Company to assist in achieving the total return of the Fund's Benchmark Index by giving exposure to the instruments described in this investment policy.

This Fund may employ (subject to the conditions and within the limits laid down by the Central Bank) techniques and instruments relating to transferable securities provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against exchange rate risk. Such techniques and instruments are set out in Appendix II. These include futures, options, foreign exchange contracts and securities lending.

The Fund's Benchmark Index primarily includes non-government investment grade issues and unrated bonds issued by or guaranteed by a sovereign or a supranational issuer. The index may also from time to time include securities issued by non-EMU governments and/or EU domiciled supranational authorities. Please refer also to the section titled "Change in Indices". Details of the Benchmark Index are available on <https://www.yieldbook.com/m/indexes/reg/>.

The Base Currency of the Fund will be Euro.

#### **iSHARES WORLD ex EURO GOVERNMENT BOND INDEX FUND (IE)**

The investment objective of the Fund is to provide Shareholders with a total return, taking into account both capital and income returns, which reflects the total return of the FTSE World Government Bond Index (ex-EMU Government Bonds), the Fund's Benchmark Index.

In order to achieve this objective, the investment policy of the Fund is to invest in the fixed income securities that predominantly make up the Fund's Benchmark Index (which comprises world government bonds excluding EMU participant states). The Fund's investments will normally be listed or traded on Regulated Markets. In those jurisdictions where the Fund might be liable to withholding taxes on investment in government bonds, the Fund may look to invest in high quality financial institutions. All fixed income securities in which the Fund invests will be investment grade rated by Moody's, Standard & Poor's Corporation or Fitch Ratings at the time of purchase or are deemed by the Investment Manager to be of an equivalent rating. If the credit ratings of such fixed income securities are downgraded, the Fund may continue to hold the affected fixed income securities for a period of time, at the discretion of the Investment Manager, in order to avoid a distressed sale of the downgraded security. The Fund may also, subject to the conditions set out in Appendix III of the Prospectus, invest in other collective investment schemes and/or other Funds of the Company to assist in achieving the total return of the Fund's Benchmark Index by giving exposure to the instruments described in this investment policy.

This Fund may employ (subject to the conditions and within the limits laid down by the Central Bank) techniques and instruments relating to transferable securities provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against exchange rate risk. Such techniques and instruments are set out in Appendix II. These include futures, options, foreign exchange contracts and securities lending.

The Fund's Benchmark Index is a sovereign benchmark including countries in the Citibank World Government Bond Index excluding those countries included in the FTSE EMU Government Bond Index. The Fund's Benchmark Index includes bonds greater than one year's maturity and have fixed coupons. Please refer also to the section titled "Change in Indices". Details of the Benchmark Index are available on <https://www.yieldbook.com/m/indexes/reg/>.

The Base Currency of the Fund will be US Dollars.

#### **iSHARES GILTTRAK INDEX FUND (IE)**

The investment objective of the Fund is to provide Shareholders with a total return, taking into account both capital and income returns, which reflects the total return of the FTSE Government All Stocks Gilt Index, the Fund's Benchmark Index.

In order to achieve this objective, the investment policy of the Fund is to invest in the fixed income securities that predominantly make up the Fund's Benchmark Index (which comprises UK government issued bonds). The Fund's investments will normally be listed or traded on Regulated Markets in the UK, but may alternatively be listed or traded on other Regulated Markets. The Fund may also, subject to the conditions set out in Appendix III of the Prospectus, invest in other collective investment schemes and/or other Funds of the Company to assist in achieving the total return of the Fund's Benchmark Index by giving exposure to the instruments described in this investment policy.

This Fund may employ (subject to the conditions and within the limits laid down by the Central Bank and the UCITS Regulations) techniques and instruments relating to transferable securities provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against exchange rate risk. Such techniques and instruments are set out in Appendix II. These include futures, options, foreign exchange contracts and securities lending.

The Fund's Benchmark Index includes all conventional British government issued bonds with varying redemption dates and maturities. Please refer also to the section titled "Change in Indices". Details of the Benchmark Index are available on <http://www.ftse.com/products/indices/>.

The Base Currency of the Fund will be Sterling.

#### **iSHARES UK CREDIT BOND INDEX FUND (IE)**

The investment objective of the Fund is to provide Shareholders with a total return, taking into account both capital and income returns, which reflects the total return of the iBoxx Sterling Non-Gilt Index, the Fund's Benchmark Index.

In order to achieve this objective, the investment policy of the Fund is to invest in the fixed income securities that predominantly make up the Fund's Benchmark Index which comprises Sterling denominated bonds excluding UK Gilts. The Fund's investments will normally be listed or traded on Regulated Markets in the UK and European Union, but may alternatively be listed or traded on other Regulated Markets. The Fund may also invest in other fixed income securities (such as bonds issued by EMU and non-EMU governments and government agencies and supranational bonds domiciled in and outside the European Union) in order to achieve a similar return to the Fund's Benchmark Index in a cost efficient manner. All fixed income securities in which the Fund invests will be investment grade rated by Moody's, Standard & Poor's Corporation or Fitch Ratings at the time of purchase or are deemed by the Investment Manager to be of an equivalent rating. If the credit ratings of such fixed income securities are downgraded, the Fund may continue to hold the affected fixed income securities for a period of time, at the discretion of the Investment Manager, in order to avoid a distressed sale of the downgraded security. The Fund may also, subject to the conditions set out in Appendix III of the Prospectus, invest in other collective investment schemes and/or other Funds of the Company to assist in achieving the total return of the Fund's Benchmark Index by giving exposure to the instruments described in this investment policy.

This Fund may employ (subject to the conditions and within the limits laid down by the Central Bank and the UCITS Regulations) techniques and instruments relating to transferable securities provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against exchange rate risk. Such techniques and instruments are set out in Appendix II. These include futures, options, foreign exchange contracts and securities lending.

The Fund's Benchmark Index includes all domestic and eurobond securities, denominated in Sterling, which are issued by UK and non-UK corporates, supnationals, agencies, governments and regional governments with varying redemption dates, maturities and credit ratings. Please refer also to the section titled "Change in Indices". Details of the Benchmark Index are available on <https://products.markit.com/home/login.jsp>.

The Base Currency of the Fund will be Sterling.

#### **iSHARES US CORPORATE BOND INDEX FUND (IE)**

The investment objective of the Fund is to provide Shareholders with a total return, taking into account both capital and income returns, which reflects the total return of the FTSE Eurodollar Bond Index, the Fund's Benchmark Index.

In order to achieve this objective, the investment policy of the Fund is to invest in the fixed income securities that predominantly make up the Fund's Benchmark Index (which comprises US denominated credit bonds). The Fund's investments will normally be listed or traded on Regulated Markets in the US, but may alternatively be listed or traded on other Regulated Markets. The Fund may also invest in other fixed income securities (such as bonds issued by EMU and non-EMU governments and government agencies and supranational bonds domiciled in and outside the European Union) in order to achieve a similar return to the Fund's Benchmark Index in a cost efficient manner. All fixed income securities in which the Fund invests will be investment grade rated by Moody's, Standard & Poor's Corporation or Fitch Ratings at the time of purchase or are deemed by the Investment Manager to be of an equivalent rating. If the credit ratings of such fixed income securities are downgraded, the Fund may continue to hold the affected fixed income securities for a period of time, at the discretion of the Investment Manager, in order to avoid a distressed sale of the downgraded security. The Fund may also, subject to the conditions set out in Appendix III of the Prospectus and the UCITS Regulations, invest in other collective investment schemes and/or other Funds of the Company to assist in achieving the total return of the Fund's Benchmark Index by giving exposure to the instruments described in this investment policy.

This Fund may employ (subject to the conditions and within the limits laid down by the Central Bank and the UCITS Regulations) techniques and instruments relating to transferable securities provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against exchange rate risk. Such techniques and instruments are set out in Appendix II. These include futures, options, foreign exchange contracts and securities lending.

The Fund's Benchmark Index includes all USD denominated sovereign and sovereign guaranteed, supranational, official and agency, corporate, financial and asset-backed bonds with varying redemption dates, maturities and credit ratings. Please refer also to the section titled "Change in Indices". Details of the Benchmark Index are available on <https://www.yieldbook.com/m/indexes/reg/>.

The Base Currency of the Fund will be US Dollars.

### **BLACKROCK EURO GOVERNMENT ENHANCED INDEX FUND**

The investment objective of the Fund is to provide Shareholders with a total return, taking into account both capital and income returns, which aims to out-perform the total return of the FTSE Euro Government Bond Index, the Fund's Benchmark Index.

Enhanced index strategies differ from pure-index tracking strategies in that they invest in a similar universe of instruments but aim to take overweight and/or underweight positions relative to the benchmark in order to generate some out-performance.

In order to achieve this objective, the investment policy of the Fund is to invest in the fixed income securities that predominantly make up the Fund's Benchmark Index (which comprises EMU government bonds). The Fund's investments will normally be listed or traded on Regulated Markets in the European Union, but may alternatively be listed or traded on other Regulated Markets. In those jurisdictions where the Fund might be liable to withholding taxes on investment in government bonds, the Fund may look to invest in high quality institutions. These may include AAA rated bonds issued by supranational and agency issuers (administrative divisions of a government or similar body) and are not likely to exceed 10% of the Fund's Net Asset Value. All fixed income securities in which the Fund invests will be investment grade rated by Moody's, Standard & Poor's Corporation or Fitch Ratings at the time of purchase or are deemed by the Investment Manager to be of an equivalent rating. If the credit ratings of such fixed income securities are downgraded, the Fund may continue to hold the affected fixed income securities for a period of time, at the discretion of the Investment Manager, in order to avoid a distressed sale of the downgraded security. The Fund may also, subject to the conditions set out in Appendix III of the Prospectus and the UCITS Regulations, invest in other collective investment schemes and/or other Funds of the Company to assist in achieving the total return of the Fund's Benchmark Index by giving exposure to the instruments described in this investment policy.

This Fund may employ (subject to the conditions and within the limits laid down by the Central Bank and the UCITS Regulations) techniques and instruments relating to transferable securities provided that such

techniques and instruments are used for efficient portfolio management purposes or to provide protection against exchange rate risk. Such techniques and instruments are set out in Appendix II. These include futures, options, foreign exchange contracts, securities lending and repurchase and reverse repurchase agreements.

The Fund's Benchmark Index includes investment grade euro-denominated sovereign bonds issued by EMU member states. New member states are included in the index as soon as the new member state is announced by the relevant European body. Please refer also to the section titled "Change in Indices". Details of the Benchmark Index are available on <https://www.yieldbook.com/m/indexes/reg/>.

The Base Currency of the Fund will be Euro. The Fund will not undertake any exposure to currencies other than the Euro and will only undertake investment transactions that are denominated in Euro.

#### **Additional Information: Use of Benchmark Index**

The BlackRock Euro Government Enhanced Index Fund is designed to provide investors with a selected exposure to its Benchmark Index as described in its objective and policy, which may generate a modest tracking difference. The BlackRock Euro Government Enhanced Index Fund seeks to achieve the investment objective by typically taking a low to conservative level of active risk relative to its Benchmark Index, in order to seek a commensurate active return in excess of applicable management fees over the medium term (i.e. 3 years or more).

#### **BLACKROCK EURO CREDIT ENHANCED INDEX FUND**

The investment objective of the Fund is to provide Shareholders with a total return, taking into account both capital and income returns, which aims to out-perform the total return of the FTSE Non-EGBI Euro Broad Investment-Grade Index, the Fund's Benchmark Index.

Enhanced index strategies differ from pure-index tracking strategies in that they invest in a similar universe of instruments but aim to take overweight and/or underweight positions relative to the benchmark in order to generate some out-performance.

In order to achieve this objective, the investment policy of the Fund is to invest in the fixed income securities that predominantly make up the Fund's Benchmark Index (which comprises credit bonds). The Fund's investments will normally be listed or traded on Regulated Markets in the European Union, but may alternatively be listed or traded on other Regulated Markets. The Fund may also invest in other fixed income securities (such as bonds issued by EMU and non-EMU governments and government agencies and supranational bonds domiciled in and outside the European Union). All fixed income securities in which the Fund invests will be investment grade rated by Moody's, Standard & Poor's Corporation or Fitch Ratings at the time of purchase. If the credit ratings of such fixed income securities are downgraded, the Fund may continue to hold the affected fixed income securities for a period of time, at the discretion of the Investment Manager, in order to avoid a distressed sale of the downgraded security. The Fund may also, subject to the conditions set out in Appendix III of the Prospectus and the UCITS Regulations, invest in other collective investment schemes and/or other Funds of the Company to assist in achieving the total return of the Fund's Benchmark Index by giving exposure to the instruments described in this investment policy.

This Fund may employ (subject to the conditions and within the limits laid down by the Central Bank and the UCITS Regulations) techniques and instruments relating to transferable securities provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against exchange rate risk. Such techniques and instruments are set out in Appendix II. These include futures, options, foreign exchange contracts, securities lending and repurchase and reverse repurchase agreements.

The Fund's Benchmark Index primarily includes non-government investment grade issues and unrated bonds issued by or guaranteed by a sovereign or a supranational issuer. The index may also from time to time include securities issued by non-EMU governments and/or EU domiciled supranational authorities. Please refer also to the section titled "Change in Indices". Details of the Benchmark Index are available on <https://www.yieldbook.com/m/indexes/reg/>.

The Base Currency of the Fund will be Euro. The Fund will not undertake any exposure to currencies other than the Euro and will only undertake investment transactions that are denominated in Euro.

#### **Additional Information: Use of Benchmark Index**

The BlackRock Euro Credit Enhanced Index Fund is designed to provide investors with a selected exposure

to its Benchmark Index as described in its objective and policy, which may generate a modest tracking difference. The BlackRock Euro Credit Enhanced Index Fund seeks to achieve the investment objective by typically taking a low to conservative level of active risk relative to its Benchmark Index, in order to seek a commensurate active return in excess of applicable management fees over the medium term (i.e. 3 years or more).

### **iSHARES GLOBAL INFLATION-LINKED BOND INDEX FUND (IE)**

The investment objective of the Fund is to provide Shareholders with a total return, taking into account both capital and income returns, which reflects the total return of the Bloomberg World Government Inflation-Linked Bond Index, the Fund's Benchmark Index.

In order to achieve this objective, the investment policy of the Fund is to invest in the fixed income securities that predominantly make up the Fund's Benchmark Index (which comprises global inflation linked bonds). The Fund's investments will normally be listed or traded on Regulated Markets. The Fund may also invest in other fixed income securities (such as bonds issued by corporates and EMU and non-EMU governments and government agencies and supranational bonds domiciled in and outside the European Union) in order to achieve a similar return to the Fund's Benchmark Index in a cost efficient manner. All fixed income securities in which the Fund invests will be investment grade rated by Moody's, Standard & Poor's Corporation or Fitch Ratings at the time of purchase or are deemed by the Investment Manager to be of an equivalent rating. If the credit ratings of such fixed income securities are downgraded, the Fund may continue to hold the affected fixed income securities for a period of time, at the discretion of the Investment Manager, in order to avoid a distressed sale of the downgraded security. The Fund may also, subject to the conditions set out in Appendix III of the Prospectus and the UCITS Regulations, invest in other collective investment schemes and/or other Funds of the Company to assist in achieving the total return of the Fund's Benchmark Index by giving exposure to the instruments described in this investment policy.

This Fund may employ (subject to the conditions and within the limits laid down by the Central Bank and the UCITS Regulations) techniques and instruments relating to transferable securities provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against exchange rate risk. Such techniques and instruments are set out in Appendix II. These include exchange traded interest rate futures and foreign exchange futures.

The Fund's Benchmark Index represents the global universe of inflation-linked bonds issued by the sovereign governments of the major investment grade rated economies. Please refer also to the section titled "Change in Indices". Details of the Benchmark Index are available on <http://index.barcap.com/index.dxml?pageId=4377>.

The Base Currency of the Fund will be US Dollars.

### **iSHARES EURO GOVERNMENT INFLATION-LINKED BOND INDEX FUND (IE)**

The investment objective of the Fund is to provide Shareholders with a total return, taking into account both capital and income returns, which reflects the total return of the Bloomberg Euro Government Inflation-Linked Bond Index, the Fund's Benchmark Index.

In order to achieve this objective, the investment policy of the Fund is to invest in the fixed income securities that predominantly make up the Fund's Benchmark Index (which comprises Euro-denominated government inflation linked bonds). The Fund's investments will normally be listed or traded in the European Union, but may alternatively be listed or traded on other Regulated Markets. The Fund may also invest in other fixed income securities (such as bonds issued by corporates and EMU and non-EMU governments and government agencies and supranational bonds domiciled in the European Union and non-European Union) in order to achieve a similar return to the Fund's Benchmark Index in a cost efficient manner. All fixed income securities in which the Fund invests will be investment grade rated by Moody's, Standard & Poor's Corporation or Fitch Ratings at the time of purchase or are deemed by the Investment Manager to be of an equivalent rating. If the credit ratings of such fixed income securities are downgraded, the Fund may continue to hold the affected fixed income securities for a period of time, at the discretion of the Investment Manager, in order to avoid a distressed sale of the downgraded security. The Fund may also, subject to the conditions set out in Appendix III of the Prospectus and the UCITS Regulations, invest



in other collective investment schemes and/or other Funds of the Company to assist in achieving the total return of the Fund's Benchmark Index by giving exposure to the instruments described in this investment policy.

This Fund may employ (subject to the conditions and within the limits laid down by the Central Bank and the UCITS Regulations) techniques and instruments relating to transferable securities provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against exchange rate risk. Such techniques and instruments are set out in Appendix II. These include exchange traded interest rate futures and foreign exchange futures.

The Fund's Benchmark Index represents the universe of inflation-linked bonds issued by EMU member governments. Please refer also to the section titled "Change in Indices". Details of the Benchmark Index are available on <http://index.barcap.com/index.dxml?pagelid=4377>.

The Base Currency of the Fund will be Euro.

### **iSHARES ULTRA HIGH QUALITY EURO GOVERNMENT BOND INDEX FUND (IE)**

The investment objective of the Fund is to provide Shareholders with a total return, taking into account both capital and income returns, which reflects the total return of the iBoxx € Eurozone AAA Index, the Fund's Benchmark Index.

In order to achieve this objective, the investment policy of the Fund is to invest in the fixed income securities that predominantly make up the Fund's Benchmark Index (which comprises AAA-rated Euro-denominated government bonds). The Fund's investments will normally be listed or traded on Regulated Markets in the European Union, but may alternatively be listed or traded on other Regulated Markets. All issuers of the fixed income securities in which the Fund invests will be rated Aaa by Moody's, AAA by Standard & Poor's Corporation or AAA by Fitch Ratings at the time of purchase or are deemed by the Investment Manager to be of an equivalent rating. If the credit ratings of such fixed income securities are downgraded, the Fund may continue to hold the affected fixed income securities for a period of time, at the discretion of the Investment Manager, in order to avoid a distressed sale of the downgraded security. The Fund may also, subject to the conditions set out in Appendix III of the Prospectus and the UCITS Regulations, invest in other collective investment schemes and/or other Funds of the Company to assist in achieving the total return of the Fund's Benchmark Index by giving exposure to the instruments described in this investment policy.

The Fund may employ (subject to the conditions and within the limits laid down by the Central Bank and the UCITS Regulations) techniques and instruments relating to transferable securities provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against exchange rate risk. Such techniques and instruments are set out in Appendix II. These include futures, options, foreign exchange contracts and securities lending. In particular the Fund may employ interest rate futures to manage the Fund's exposure to interest rate risk.

The Fund's Benchmark Index includes publicly traded bonds issued by EMU governments with an average rating of AAA. Please refer also to the section titled "Change in Indices" in the Prospectus. Details of the Benchmark Index are available on <https://products.markit.com/home/login.jsp>.

The Base Currency of the Fund will be Euro. The Fund will not undertake any exposure to currencies other than the Euro and will only undertake investment transactions that are denominated in Euro.

### **iSHARES EURO INVESTMENT GRADE CORPORATE BOND INDEX FUND (IE)**

The investment objective of the Fund is to provide Shareholders with a total return, taking into account both capital and income returns, which reflects the total return of the Bloomberg Euro Aggregate Corporate Index, the Fund's Benchmark Index.

In order to achieve this objective, the investment policy of the Fund is to invest in the fixed income securities that predominantly make up the Fund's Benchmark Index (which comprises corporate bonds). The Fund's investments will normally be listed or traded on Regulated Markets in the European Union, but may alternatively be listed or traded on other Regulated Markets. The Fund may also invest in other fixed income securities (such as bonds issued by EMU and non-EMU governments and government agencies and supranational bonds domiciled in and outside the European Union) in order to achieve a similar return to

the Fund's Benchmark Index in a cost efficient manner. All fixed income securities in which the Fund invests will be investment grade rated by Moody's, Standard & Poor's Corporation or Fitch Ratings at the time of purchase or are deemed by the Investment Manager to be of an equivalent rating. If the credit ratings of such fixed income securities are downgraded, the Fund may continue to hold the affected fixed income securities for a period of time, at the discretion of the Investment Manager, in order to avoid a distressed sale of the downgraded security. The Fund may also, subject to the conditions set out in Appendix III of the Prospectus and the UCITS Regulations, invest in other collective investment schemes and/or other Funds of the Company to assist in achieving the total return of the Fund's Benchmark Index by giving exposure to the instruments described in this investment policy.

This Fund may employ (subject to the conditions and within the limits laid down by the Central Bank and the UCITS Regulations) techniques and instruments relating to transferable securities provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against exchange rate risk. Such techniques and instruments are set out in Appendix II of the Prospectus. These include government bond futures.

The Fund's Benchmark Index measures the performance of investment grade fixed income securities denominated in Euro and which pay income according to a fixed rate of interest. These may be issued or guaranteed by corporate issuers in the industrial, utility and financial sectors and are issued in the Eurobond and Eurozone markets (regardless of the domicile of the issuer). Details of the Benchmark Index are available on <https://www.bloomberg.com/professional/product/indices/bloomberg-fixed-income-indices/#/ucits>.

The Base Currency of the Fund will be Euro. Any non-Euro currency exposure of the Fund will be hedged into Euro.

#### **iSHARES 1-3 YEAR GLOBAL GOVERNMENT BOND INDEX FUND (IE)**

The investment objective of the Fund is to provide Shareholders with a total return, taking into account both capital and income returns, which reflects the total return of the Bloomberg Global Aggregate Treasury 1-3 Year Index, the Fund's Benchmark Index.

In order to achieve this objective, the Fund will invest in the fixed income securities that predominantly make up the Fund's Benchmark Index. The Fund's Benchmark Index is comprised of fixed rate bonds issued by governments globally. The Fund's investments will normally be listed or traded on Regulated Markets in the US, Japan and Europe, but may alternatively be listed or traded on other Regulated Markets. In circumstances where the Fund might be liable to withholding taxes on investment in government bonds, the Fund may look to invest in fixed rate fixed income securities (such as municipal bonds) issued by governmental agencies, including local authorities. All fixed income securities in which the Fund invests will be rated investment grade by Moody's, Standard & Poor's Corporation or Fitch Ratings at the time of purchase or, where a rating is not available, are deemed by the Investment Manager to be of an equivalent rating. If the credit ratings of such fixed income securities are downgraded below investment grade, the Fund may continue to hold the affected fixed income securities for a period of time, at the discretion of the Investment Manager, in order to avoid a distressed sale of such downgraded security. The Fund may also, subject to the conditions set out in Appendix III of the Prospectus, invest in other collective investment schemes and/or other Funds of the Company to assist in achieving the total return of the Fund's Benchmark Index by giving exposure to the instruments described in this investment policy.

This Fund may employ (subject to the conditions and within the limits laid down by the Central Bank and the UCITS Regulations) techniques and instruments relating to transferable securities provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against exchange rate risk. Such techniques and instruments are set out in Appendix II. These include futures, options, foreign exchange contracts and securities lending.

The Fund's Benchmark Index represents fixed rate bonds issued by certain governments of the major, investment grade rated economies worldwide. The Fund's Benchmark Index includes bonds with maturities between one and three years and that have fixed rate coupons. Please refer also to the section titled "Change in Indices". Details of the Benchmark Index are available on <http://index.barcap.com/index.dxml?pageid=4377> at "Global 1-3 Year" and "Benchmark Index Methodology" at "Guides and Factsheets".

The Base Currency of the Fund will be US Dollars. Any non-US Dollars currency exposure of the Fund will be hedged into US Dollars.



## **iSHARES GREEN BOND INDEX FUND (IE)**

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

The investment objective of the Fund is to provide Shareholders with a total return, taking into account both capital and income returns, which reflects the total return of the Bloomberg MSCI Global Green Bond Index, the Fund's Benchmark Index.

In order to achieve its objective, the investment policy of the Fund is to invest in the fixed income securities that predominantly make up the Fund's Benchmark Index. The securities which comprise the Fund's Benchmark Index are used to fund projects with direct environmental benefits. To be classified as a green bond for the purpose of the Benchmark Index and qualify as providing a direct environmental benefit, a bond's proceeds must fund projects that fall within one or more qualifying environmental categories including, but not limited to, alternative energy, energy efficiency, pollution prevention and control, sustainable water, green building and climate adaptation. General purpose bonds are also eligible for inclusion in the Benchmark Index if 90% of the issuer's activities (as measured by revenues) fall within one or more of these qualifying environmental categories.

In addition, the Benchmark Index will exclude issuers of securities which: (1) are engaged in, or are otherwise exposed to, the production of controversial weapons (including, but not limited to, cluster munitions, biological-chemical, landmines, depleted uranium, blinding laser, non-detectable fragments, white phosphorous or incendiary weapons); or (2) derive a portion of their revenue which is material in the context of the Fund's ESG principles, from thermal coal extraction or thermal coal based power generation; or (3) which have a 'red' MSCI ESG controversy flag (based on an MSCI controversy score). An MSCI controversy score measures an issuer's involvement (or alleged involvement) in serious controversies based on an assessment of an issuer's operations and/or products which are deemed to have a negative ESG impact. An MSCI controversy score may consider involvement in adverse impact activities in relation to environmental issues such as biodiversity and land use, energy and climate change, water stress, toxic emissions and waste issues. An MSCI controversy score may also consider involvement in adverse impact activities in relation to social issues such as human rights, labour management relations, discrimination and workforce diversity.

A majority of the assets will be invested in Sustainable Investments. In identifying which underlying holdings BlackRock considers to be Sustainable Investments, BlackRock will have regard to applicable law and regulation together with the United Nations' Sustainable Development Goals.

The Fund's investments will normally be listed or traded on Regulated Markets. The Fund may also invest in other fixed income securities (such as bonds issued by governments, government-related issuers, corporate issuers or entities in the securitised sector (as outlined in further detail below)) in order to achieve a similar return to the Fund's Benchmark Index in a cost efficient manner. Such fixed income securities will be held with a view to achieving a risk profile similar to the Benchmark Index for the Fund, such as temporarily holding government bonds (instead of cash) or holding bonds from issuers that are included in the Benchmark Index, but where those individual bonds are not yet eligible for the Benchmark Index. In pursuit of its investment objective, the Fund can invest on a global basis and may become concentrated in single countries or regions. It is intended that all investments will have received a long term credit rating which complies with the credit rating requirements of the Fund's Benchmark Index, being currently at least investment grade rated from Moody's, Standard & Poor's Corporation or Fitch Ratings at the time of purchase or are deemed by the Investment Manager to be of an equivalent rating. If the credit ratings of such fixed income securities are downgraded resulting in the securities becoming ineligible for inclusion in the Benchmark Index, the Fund may continue to hold the downgraded fixed income securities for a period of time, at the discretion of the Investment Manager, in order to avoid a distressed sale of the downgraded security. The Fund may also, subject to the conditions set out in Appendix III of the Prospectus, invest in other collective investment schemes and/or other Funds of the Company to assist in achieving the total return of the Fund's Benchmark Index by giving exposure to the instruments described in this investment policy.

In addition to exposure to Sustainable Investments, all holdings within this Fund will be deemed to do no significant harm to environmental or social factors, as determined by BlackRock. BlackRock assesses this according to an internal methodology (as amended from time to time) which considers a representative sub-set of Principal Adverse Impact indicators.

This Fund may employ (subject to the conditions and within the limits laid down by the Central Bank and

the UCITS Regulations) techniques and instruments relating to transferable securities provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against exchange rate risk. Such techniques and instruments are set out in Appendix II. These include government bond futures and foreign exchange forwards.

The Fund invests in the constituents of a Benchmark Index. BlackRock carries out due diligence on index providers and engages with them on an ongoing basis with regard to index methodologies including their assessment of good governance criteria set out by the SFDR which include sound management structures, employee relations, remuneration of staff and tax compliance at the level of investee companies.

While index providers do provide descriptions of what each Benchmark Index is designed to achieve, index providers do not generally provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect of their benchmark indices, nor any guarantee that the published indices will be in line with their described Benchmark Index methodologies. Errors in respect of the quality, accuracy and completeness of the data may occur from time to time and may not be identified and corrected for a period of time, in particular where the indices are less commonly used.

For the purposes of complying with the AMF ESG Rules, the Fund will adopt a thematic approach to sustainable investing. The thematic approach means that, by investing in a portfolio of securities that as far as possible and practicable consists of the component securities of the Benchmark Index, it is expected that the Fund will invest in securities linked to a specific theme, in this instance "green bonds", as further described above. More than 90% of the net assets of the Fund, excluding cash holdings and daily dealing money market collective investment schemes, are rated or analysed in accordance with the ESG analysis, ratings or indicators of the Benchmark Index, as applicable. For FDI, any such analyses will apply only to the underlying securities. By adopting the ESG methodology of the Benchmark Index, the Fund applies the "other approach" for the purposes of the AMF ESG Rules, which means that at least 75% of the Fund's assets are invested in bonds that meet the eligibility criteria for green bonds in accordance with the Benchmark Index.

The Fund's Benchmark Index includes multi-currency denominated, fixed rate, investment grade bonds issued by entities across the corporate, government-related, and securitised sectors. The Benchmark Index comprises bonds from issuers on a global basis, including emerging markets. The Fund may have an unlimited exposure to issuers in emerging markets. The Benchmark Index has no duration target, either as a measure of the average time it takes for a return (both capital and income) to be achieved on the investments held or as a measure of the sensitivity of bond prices to movements in interest rates. Please refer also to the section titled "Change in Indices". Details of the Benchmark Index are available on <https://index.barcap.com/>.

The securitised sector is designed to capture fixed income instruments whose payments are backed or directly derived from a pool of assets. Underlying collateral for securitised bonds can include residential mortgages, commercial mortgages, public sector loans, auto loans or credit card payments.

The Base Currency of the Fund will be Euro.

#### **Additional Information: ESG Policy**

The Investment Manager will, in addition to the investment criteria set out above, exclude direct investment in issuers of securities which derive any revenue from the direct involvement in the production of nuclear weapons or nuclear weapon components or delivery platforms, or the provision of auxiliary services related to nuclear weapons.

### **iSHARES EMERGING MARKETS GOVERNMENT BOND INDEX FUND (IE)**

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

The investment objective of the Fund is to provide Shareholders with a total return, taking into account both capital and income returns, which reflects the total return of the JP Morgan Emerging Markets Bond Index Global Diversified, - Custom Defaults the Fund's Benchmark Index.

In order to achieve this objective, the Fund will predominantly invest in the fixed income securities that make up the Fund's Benchmark Index (which comprises government bonds). The Fund's Benchmark Index

comprises USD denominated fixed and floating rate fixed income securities issued by emerging market sovereign and quasi-sovereign entities. Quasi-sovereign entities must be 100% guaranteed or 100% owned by the relevant sovereign entity. The Fund may also invest in other income securities in order to achieve a similar return to the Fund's Benchmark Index in a cost efficient manner. Such fixed income securities will be held with a view to the Fund achieving a risk profile similar to the Benchmark Index for the Fund. In pursuit of its investment objective, the Fund can invest on a global basis and may become concentrated in single countries or regions.

The Fund's investments may be dealt over-the-counter or be listed or traded on Regulated Markets. The fixed income securities in which the Fund invests may be rated investment grade, below investment grade or unrated. Below investment grade fixed income securities may constitute a significant portion of the Fund.

The Fund may also, subject to the conditions set out in Appendix III of the Prospectus, invest in other collective investment schemes and/or other Funds of the Company to assist in achieving the total return of the Fund's Benchmark Index by giving exposure to the instruments described in this investment policy.

This Fund may employ (subject to the conditions and within the limits laid down by the Central Bank and the UCITS Regulations) techniques and instruments relating to transferable securities provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against exchange rate risk. Such techniques and instruments are set out in Appendix II. These include futures, options, foreign exchange contracts and securities lending. In particular, the Fund may employ interest rate futures to manage the Fund's exposure to interest rate risk.

The Fund's Benchmark Index is comprised of issuers of only those countries that meet J.P. Morgan's criteria for an emerging market, is diversified and limits the weights of the Benchmark Index countries. The Benchmark Index rebalances on a monthly basis. Further details regarding the Benchmark Index (including its constituents) are available on the index provider's website at <http://www.jpmorgan.com/pages/jpmorgan/investbk/solutions/research/indices>.

The Base Currency of the Fund will be US Dollars. Any non-US Dollar currency exposure of the Fund will be hedged into US Dollars as far as practicable.

#### **ISHARES EMERGING MARKETS LOCAL GOVERNMENT BOND INDEX FUND (IE)**

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

The investment objective of the Fund is to provide Shareholders with a total return, taking into account both capital and income returns, which reflects the total return of the J.P. Morgan Government Bond Index - Emerging Market Global Diversified Index, the Fund's Benchmark Index.

In order to achieve this objective, the Fund will predominantly invest in the fixed income securities that make up the Fund's Benchmark Index (which comprises government bonds). The Fund's Benchmark Index comprises local currency denominated fixed rate fixed income securities issued by emerging market sovereign and quasi-sovereign entities. Quasi-sovereign entities must be 100% guaranteed or 100% owned by the relevant sovereign entity. The Fund may also invest in other fixed income securities in order to achieve a similar return to the Fund's Benchmark Index in a cost efficient manner. Such fixed income securities will be held with a view to the Fund achieving a risk profile similar to the Benchmark Index for the Fund. In pursuit of its investment objective, the Fund can invest on a global basis and may become concentrated in single countries or regions.

The Fund's investments may be dealt over-the-counter or be listed or traded on Regulated Markets. The fixed income securities in which the Fund invests may be rated investment grade, below investment grade or unrated. Below investment grade fixed income securities may constitute a significant portion of the Fund.

The Fund may also, subject to the conditions set out in Appendix III of the Prospectus, invest in other collective investment schemes and/or other Funds of the Company to assist in achieving the total return of

the Fund's Benchmark Index by giving exposure to the instruments described in this investment policy.

This Fund may employ (subject to the conditions and within the limits laid down by the Central Bank and the UCITS Regulations) techniques and instruments relating to transferable securities provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against exchange rate risk. Such techniques and instruments are set out in Appendix II. These include futures, options, foreign exchange contracts and securities lending. In particular, the Fund may employ interest rate futures to manage the Fund's exposure to interest rate risk.

The Fund's Benchmark Index is comprised of issuers of only those countries that meet J.P. Morgan's criteria for an emerging market and utilises a diversification scheme that limits the weights of larger countries and redistributes the excess to smaller weighted countries. The Benchmark Index rebalances on a monthly basis. Further details regarding the Benchmark Index (including its constituents) are available on the index provider's website at <http://www.jpmorgan.com/pages/jpmorgan/investbk/solutions/research/indices>.

The Base Currency of the Fund will be US Dollars.

### **iSHARES GLOBAL AGGREGATE 1-5 YEAR BOND INDEX FUND (IE)**

The investment objective of the Fund is to provide Shareholders with a total return, taking into account both capital and income returns, which reflects the total return of the Bloomberg Global Aggregate 1-5 Year Index, the Fund's Benchmark Index.

In order to achieve this objective, the Fund will invest as far as possible and practicable in the fixed income securities that make up the Fund's Benchmark Index. The Fund may also invest in other fixed income securities (such as bonds issued by governments, government-related issuers, corporate issuers or entities in the securitised sector (as outlined in further detail below)) in order to achieve a similar return to the Fund's Benchmark Index in a cost efficient manner. The Fund's investments will normally be listed or traded on Regulated Markets. All fixed income securities in which the Fund invests will be rated investment grade by Moody's, Standard & Poor's Corporation or Fitch Ratings at the time of purchase or, where a rating is not available, are deemed by the Investment Manager to be of an equivalent rating. If the credit ratings of such fixed income securities are downgraded below investment grade, the Fund may continue to hold the affected fixed income securities for a period of time, at the discretion of the Investment Manager, in order to avoid a distressed sale of such downgraded security. The Fund may also, subject to the conditions set out in Appendix III of the Prospectus, invest in other collective investment schemes and/or other Funds of the Company to assist in achieving the total return of the Fund's Benchmark Index by giving exposure to the instruments described in this investment policy.

In pursuit of its investment objective, the Fund can invest on a global basis although it may become concentrated in single countries or regions.

This Fund may employ (subject to the conditions and within the limits laid down by the Central Bank and the UCITS Regulations) techniques and instruments relating to transferable securities provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against foreign exchange rate risk. Such techniques and instruments are set out in Appendix II. These include futures, swaps, options, and TBAs ("to be announced").

The Fund's Benchmark Index is comprised of fixed rate bonds denominated in multiple currencies issued globally across the corporate, government, government-related, and securitised sectors with maturities between one and five years. Where the time to final maturity of bonds in the Benchmark Index falls below one year, the Fund may continue to hold such bonds, at the discretion of the Investment Manager. Please refer also to the section titled "Change in Indices". Details of the Benchmark Index are available on <https://www.bloombergindices.com/>

The securitised sector is designed to capture fixed income instruments whose payments are backed or directly derived from a pool of assets. Underlying collateral for securitised bonds may include residential mortgages, commercial mortgages, public sector loans, auto loans or credit card payments.

The Base Currency of the Fund will be US Dollars.

## **ISHARES ESG SCREENED EURO CORPORATE BOND INDEX FUND (IE)**

The investment objective of the Fund is to provide Shareholders with a total return, taking into account both capital and income returns, which reflects the total return of the iBoxx MSCI ESG EUR Corporates Index, the Fund's Benchmark Index.

In order to achieve this objective, the investment policy of the Fund is to invest in fixed income securities that predominantly make up the Fund's Benchmark Index (which comprises corporate bonds) and comply with the Benchmark Index's socially responsible investment ("SRI") requirements and/or ESG ratings and criteria. The Fund's investments will normally be listed or traded on Regulated Markets in the European Union but may alternatively be listed or traded on other Regulated Markets. The Fund may also invest in other fixed income securities (such as bonds issued by EMU and non-EMU governments and government agencies and supranational bonds domiciled in and outside the European Union) in order to achieve a similar return to the Fund's Benchmark Index in a cost efficient manner.

All fixed income securities in which the Fund invests will be investment grade rated by Moody's, Standard & Poor's Corporation or Fitch Ratings at the time of purchase or are deemed by the Investment Manager to be of an equivalent rating. If the credit ratings of such fixed income securities are downgraded, the Fund may continue to hold the affected fixed income securities for a period of time, at the discretion of the Investment Manager, in order to avoid a distressed sale of the downgraded security. In addition the Fund's direct investments will, at the time of purchase, comply with the SRI requirements and/or ESG ratings and criteria of the Benchmark Index. The Fund may hold securities which do not comply with the ESG requirements of the Benchmark Index until such time as the relevant securities cease to form part of the Benchmark Index and it is possible and practicable (in the Investment Manager's view) to liquidate the position. The Fund may also, subject to the conditions set out in Appendix III of the Prospectus and the UCITS Regulations, invest in other collective investment schemes and/or other Funds of the Company to assist in achieving the total return of the Fund's Benchmark Index by giving exposure to the instruments described in this investment policy.

The Benchmark Index incorporates governance checks by way of excluding direct investments in issuers based on an ESG controversy score (which measures an issuer's involvement in ESG related controversies) and also the exclusion of companies that are classified as violating United Nations Global Compact principles.

This Fund may employ (subject to the conditions and within the limits laid down by the Central Bank and the UCITS Regulations) techniques and instruments relating to transferable securities provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against exchange rate risk. Such techniques and instruments are set out in Appendix II of the Prospectus. These include government bond futures, options, foreign exchange contracts and securities lending.

The Fund invests in the constituents of a Benchmark Index. BlackRock carries out due diligence on index providers and engages with them on an ongoing basis with regard to index methodologies including their assessment of good governance criteria set out by the SFDR which include sound management structures, employee relations, remuneration of staff and tax compliance at the level of investee companies.

While index providers do provide descriptions of what each Benchmark Index is designed to achieve, index providers do not generally provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect of their benchmark indices, nor any guarantee that the published indices will be in line with their described Benchmark Index methodologies. Errors in respect of the quality, accuracy and completeness of the data may occur from time to time and may not be identified and corrected for a period of time, in particular where the indices are less commonly used.

The Fund's Benchmark Index is comprised of fixed rate bonds with maturities over one year. Where the time to final maturity of bonds in the Benchmark Index falls below one year, the Fund may continue to hold such bonds, at the discretion of the Investment Manager. The Fund's Benchmark Index measures the performance of investment grade fixed income securities denominated in Euro and which pay income according to a fixed rate of interest. These may be issued or guaranteed by corporate issuers in the industrial, utility and financial sectors and are denominated in Euro regardless of the domicile of the issuer. The Benchmark Index rebalances on a monthly basis. Details of the Benchmark Index (including its constituents) are available on the index provider's website at [/https://www.bloomberg.com/professional/product/indices/bloomberg-fixed-income-indices/](https://www.bloomberg.com/professional/product/indices/bloomberg-fixed-income-indices/) / [www.spglobal.com](http://www.spglobal.com) / [www.markit.com/Company/Files/DownloadFiles?CMSID=576337447f814abf849082efeb308c96](http://www.markit.com/Company/Files/DownloadFiles?CMSID=576337447f814abf849082efeb308c96).



The Base Currency of the Fund will be Euro. Any non-Euro currency exposure of the Fund will be hedged into Euro.

### **Benchmark Index**

The iBoxx MSCI ESG EUR Corporates Index measures the performance of fixed-rate, investment-grade Euro denominated corporate bonds that are issued by companies that meet the index provider's ESG ratings, based on a series of exclusionary and ratings based criteria.

The Benchmark Index includes investment-grade bonds (based on the index provider's rating which considers the ratings of the credit rating agencies Fitch, Moody's and Standard & Poor's) that have a remaining time to maturity of at least one year at rebalancing and a minimum amount outstanding of €500 million.

The Benchmark Index excludes issuers that have an MSCI ESG rating of BB or lower. An MSCI ESG rating is designed to measure an issuer's resilience to long-term, industry material ESG risks and how well it manages those ESG risks relative to industry peers. The MSCI ESG rating methodology provides greater transparency and understanding of the ESG characteristics of issuers, identifying issuers with a strong MSCI ESG ratings as issuers that may be better positioned for future ESG-related challenges and that may experience fewer ESG-related controversies.

**The Benchmark Index excludes issuers that are involved in the following business lines/activities: alcohol, tobacco, gambling, adult entertainment, genetically modified organisms, nuclear power, nuclear weapons, conventional weapons, civilian firearms, controversial weapons, thermal coal, unconventional oil and gas extraction (including oil sands and oil shale), fossil fuel reserves ownership. Issuers not in compliance with the United Nations Global Compact principles are excluded from the Benchmark Index. The Benchmark Index excludes issuers based on a definition of what constitutes "involvement" in each restricted activity, which may be based on percentage of revenue, a defined total revenue threshold, or any connection to a restricted activity regardless of the amount of revenue received.**

The Benchmark Index excludes issuers with a MSCI ESG Controversies score of less than 1 pursuant to ESG principles which measure each issuer's involvement in major ESG controversies. An MSCI controversy score measures an issuer's involvement (or alleged involvement) in serious controversies based on an assessment of an issuer's operations and/or products which are deemed to have a negative ESG impact. An MSCI controversy score may consider involvement in adverse impact activities in relation to environmental issues such as biodiversity and land use, energy and climate change, water stress, toxic emissions and waste issues. An MSCI controversy score may also consider involvement in adverse impact activities in relation to social issues such as human rights, labour management relations, discrimination and workforce diversity.

Therefore, issuers must have a minimum MSCI ESG rating of BBB, a minimum ESG Controversies score of 1 and meet the SRI screen requirements to be considered eligible for inclusion as new constituents in the Benchmark Index at each rebalancing. Issuers that no longer maintain a minimum MSCI ESG rating of BBB, a minimum ESG Controversies score of 1 and meet the SRI screen requirements will be excluded from the Benchmark Index at the next rebalance.

The Benchmark Index is market-value-weighted and rebalances on a monthly basis to take into account changes to the investable universe of the Benchmark Index in addition to applying the ratings and exclusionary screenings described above.

### **iSHARES ESG SCREENED GLOBAL CORPORATE BOND INDEX FUND (IE)**

The investment objective of the Fund is to provide Shareholders with a total return, taking into account both capital and income returns, which reflects the total return of the Bloomberg Global Aggregate Corporate Index, the Fund's Benchmark Index.

In order to achieve this objective, the Fund will invest as far as possible and practicable in the fixed income securities that make up the Fund's Benchmark Index (which comprises corporate bonds) whilst employing an ESG policy as described below. The Fund may also invest in other fixed income securities (such as bonds issued by governments and government agencies and supranational bonds in global markets) in order to achieve a similar return to the Fund's Benchmark Index in a cost efficient manner. The Fund's investments

may be dealt over-the-counter or be listed or traded on Regulated Markets. All fixed income securities in which the Fund invests will be investment grade rated by Moody's, Standard & Poor's Corporation or Fitch Ratings at the time of purchase or (where in respect of a fixed income security no explicit rating is available from one or more of these rating agents) are deemed by the index provider or the Investment Manager to be of an equivalent rating. If the credit ratings of such fixed income securities are downgraded, the Fund may continue to hold the affected fixed income securities for a period of time, at the discretion of the Investment Manager, in order to avoid a distressed sale of the downgraded security. The Fund may also, subject to the conditions set out in Appendix III of the Prospectus and the UCITS Regulations, invest in other collective investment schemes and/or other Funds of the Company to assist in achieving the total return of the Fund's Benchmark Index by giving exposure to the instruments described in this investment policy.

Governance checks are incorporated into the Fund's strategy by way of excluding issuers based on an ESG controversy score (which measures an issuer's involvement in ESG related controversies) and also the exclusion of companies that are classified as violating United Nations Global Compact principles.

This Fund may employ (subject to the conditions and within the limits laid down by the Central Bank and the UCITS Regulations) techniques and instruments relating to transferable securities provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against exchange rate risk or to achieve a similar return to the Benchmark Index. Such techniques and instruments are set out in Appendix II of the Prospectus. These include swaps, futures, foreign exchange contracts and securities lending.

The Fund invests in the constituents of a Benchmark Index. BlackRock carries out due diligence on index providers and engages with them on an ongoing basis with regard to index methodologies including their assessment of good governance criteria set out by the SFDR which include sound management structures, employee relations, remuneration of staff and tax compliance at the level of investee companies.

While index providers do provide descriptions of what each Benchmark Index is designed to achieve, index providers do not generally provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect of their benchmark indices, nor any guarantee that the published indices will be in line with their described Benchmark Index methodologies. Errors in respect of the quality, accuracy and completeness of the data may occur from time to time and may not be identified and corrected for a period of time, in particular where the indices are less commonly used.

The Fund's Benchmark Index provides a measure of the performance of the global investment grade, corporate, fixed-rate debt market. It comprises fixed income securities with at least one year to final maturity that are fixed rate or fixed-to-floating rate and issued by corporations within the industrial, utility and financial sectors (as determined by the index provider) in emerging and developed markets. The Benchmark Index is market capitalisation weighted and rebalances on a monthly basis. Further details regarding the Benchmark Index (including its constituents) are available on the index provider's website at <https://www.bloomberg.com/professional/product/indices/bloomberg-fixed-income-indices/#/ucits>.

The Base Currency of the Fund will be USD.

#### **Additional Information: ESG Policy**

The Investment Manager will, in addition to the investment criteria set out above, take into account environmental, social and governance ("ESG") characteristics when selecting the investments to be held directly by the Fund. The Investment Manager intends to exclude direct investment in issuers of securities including but not limited to:

- i) issuers which are engaged in (1) or are otherwise exposed to the production of controversial weapons (cluster munitions, biological-chemical, landmine, depleted uranium, blinding laser or incendiary weapons), or (2) the production of nuclear weapons or nuclear weapon components, or the provision of auxiliary services related to nuclear weapons; or
- ii) issuers which produce firearms intended for retail to civilians, or deriving a portion of their revenue which, in the Investment Manager's assessment (which may rely on one or more external sources), is material in the context of the Fund's ESG principles from the retail of firearms intended for civilian use; or
- iii) issuers deriving a portion of their revenue which, in the Investment Manager's assessment (which may rely on one or more external sources), is material in the context of the Fund's ESG principles, from thermal coal extraction or thermal coal based power generation; or
- iv) issuers deriving more than a certain portion of their revenue from the production of tar sands (also



known as oil sands); or

v) tobacco producers and issuers deriving a portion of their revenue which, in the Investment Manager's assessment (which may rely on one or more external sources), is material in the context of the Fund's ESG principles from tobacco retailing, distribution and licensing; or

vi) issuers which fail to comply, in the Investment Manager's assessment (which may rely on one or more external sources), with the UN Global Compact Principles; or

vii) issuers involved in such other activities which the Investment Manager has determined (in its absolute discretion) conflict with the Fund's ESG principles, including issuers deemed to be involved in very severe ESG related controversies, details of such other activities to be made available by the Investment Manager on request.

To undertake this analysis, the Investment Manager may use data provided by one or more external ESG research providers and/or proprietary models. Such proprietary models used by the Investment Manager may be based on data generated by the dedicated internal research process of the Investment Manager.

The Fund may gain indirect exposure (through, including but not limited to, derivatives and shares or units of collective investment schemes) to issuers with exposures that are inconsistent with the ESG policy used by the Investment Manager in respect of the Fund as described above.

The Fund's ESG Policy does not form part of the Fund's Benchmark Index and accordingly may introduce additional tracking error (see "*Anticipated Tracking Error of the Funds*" below where the Fund's anticipated tracking error, taking into account the Fund's ESG Policy, is stated).

As part of the Fund's ESG Policy, the Investment Manager excludes issuers which have a 'red' MSCI ESG controversy flag (based on an MSCI controversy score). An MSCI controversy score measures an issuer's involvement (or alleged involvement) in serious controversies based on an assessment of an issuer's operations and/or products which are deemed to have a negative ESG impact. An MSCI controversy score may consider involvement in adverse impact activities in relation to environmental issues such as biodiversity and land use, energy and climate change, water stress, toxic emissions and waste issues. An MSCI controversy score may also consider involvement in adverse impact activities in relation to social issues such as human rights, labour management relations, discrimination and workforce diversity.

#### **Additional Information: Use of Benchmark Index**

The tracking by the Fund of the performance of the iShares ESG Screened Global Corporate Bond Index Fund (IE) is passively managed and is designed to provide investors with a selected exposure to its Benchmark Index as described in its objective and policy, which may generate a modest positive or negative tracking difference. The Benchmark Index is not used to support the Fund's ESG Policy. The application of the Fund's ESG Policy by the Investment Manager is actively managed.

#### **iSHARES CHINA CNY BOND INDEX FUND (IE)**

The investment objective of the Fund is to provide Shareholders with a total return, taking into account both capital and income returns, which reflects the return of the Bloomberg China Treasury + Policy Bank Index, this Fund's Benchmark Index, by replicating the composition of the Benchmark Index.

In order to achieve its investment objective, the investment policy of the Fund is to invest in a portfolio of fixed income securities that, as far as possible and practicable, consists of bonds issued by the issuers in the Benchmark Index.

The Fund intends to replicate the composition of the Benchmark Index by holding the securities of all of the issuers comprising the Benchmark Index in a similar proportion to the weightings of these issuers in the Benchmark Index. While investing in all of the issuers comprising in the Benchmark Index, the Fund may not invest in every bond issue in the Benchmark Index and the Fund may invest in bond issues not in the Benchmark Index (but with similar performance and matching risk profile to the bond issues in the Benchmark Index) of the issuers comprising the Benchmark Index. This Fund may invest up to 20% of its Net Asset Value in fixed income securities issued by the same non-sovereign body. This limit may be raised to 35% for a single issuer when exceptional market conditions apply (as set out in Appendix III). Limits in respect of securities issued or guaranteed by sovereign issuers are set out in Appendix III.

This Fund may employ (subject to the conditions and within the limits laid down by the Central Bank and the UCITS Regulations) techniques and instruments relating to transferable securities provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against exchange rate risk or to achieve a similar return to the Benchmark Index. Such techniques and instruments are set out in Appendix II of the Prospectus. These include swaps, futures, foreign exchange contracts and securities lending.

The Fund's investments will, at the time of purchase, comply with the requirements of the Benchmark Index, and will include fixed income securities regardless of their credit rating, provided they are not in default. While it is intended that the fixed income securities invested in by the Fund will comprise securities which are not in default, such issues may default in certain circumstances from time to time. In such event the Fund may hold securities in default and until such time as such securities in default cease to form part of the Fund's Benchmark Index (where applicable) and it is possible and practicable (in the Investment Manager's view) to liquidate the position. In addition, in the event that certain fixed income securities are removed from the Benchmark Index because they have less than one year to maturity, the Fund may continue to hold such securities until such time as it is possible and practicable (in the Investment Manager's view) to liquidate the position.

The Bloomberg China Treasury + Policy Bank Index comprises and measures the performance of CNY denominated fixed-rate treasury bonds issued by the Ministry of Finance of the PRC, and debt issued by Chinese policy banks (PRC government agencies which are not guaranteed by the government), that are listed on the CIBM. The Benchmark Index only includes fixed income securities that are denominated in CNY with a par value of at least CNY5 billion and a remaining maturity of at least 1 year.

The Benchmark Index does not impose any minimum credit rating requirements other than excluding bonds that are in default. The Benchmark Index is rebalanced monthly. Further details regarding the Benchmark Index are available on the index provider's website at <https://www.bloomberg.com/professional/product/indices/bloomberg-fixed-income-indices/#/ucits>.

The Base Currency of the Fund is US Dollar (US\$).

#### *Investment Techniques*

There are a number of circumstances in which achieving the investment objective and policy of a Fund may be prohibited by regulation, may not be in the interests of holders of Shares or may require the use of strategies which are ancillary to those set out in the Fund's investment objective and policy. In respect of the iShares China CNY Bond Index Fund (IE), the Investment Manager will be investing in China onshore bonds by acquiring them on the CIBM which can be accessed without the use of the Investment Manager's RQFII Licence. However, the Investment Manager may also invest in China onshore bonds traded on the Shanghai and/or Shenzhen Stock Exchanges using its RQFII Licence. To the extent that the Investment Manager is not able to acquire China onshore bonds that it wishes to acquire on the CIBM and/or through the RQFII Regime, and if the relevant onshore securities cannot be fully acquired through another channel, the Fund may hold synthetic securities within the limits set out in the Prospectus, provided that the synthetic securities are securities which are correlated to, or the return on which is based on, securities which form part of the Benchmark Index

#### **iSHARES SHORT DURATION GLOBAL CORPORATE BOND INDEX FUND (IE)**

The investment objective of the Fund is to provide Shareholders with a total return, taking into account both capital and income returns, which reflects the total return of the Bloomberg Global Aggregate Corporate 1-5 Index, the Fund's Benchmark Index. The Fund is passively managed.

In order to achieve this objective, the Fund will invest as far as possible and practicable in the fixed income securities that make up the Fund's Benchmark Index (which comprises corporate bonds) whilst employing an ESG policy as described below. The Fund may also invest in other fixed income securities (such as bonds issued by governments and government agencies and supranational bonds in global markets) in order to achieve a similar return to the Fund's Benchmark Index in a cost efficient manner.

The Fund intends to use optimisation techniques in order to achieve a similar return to the Benchmark Index and it is therefore not expected that the Fund will hold each and every underlying constituent of the

Benchmark Index at all times or hold them in the same proportion as their weightings in the Benchmark Index. The Fund may hold some securities which are not underlying constituents of the Benchmark Index where such securities provide similar performance (with matching risk profile) to certain securities that make up the Benchmark Index. However, from time to time the Fund may hold all constituents of the Benchmark Index

The Fund's investments may be dealt over-the-counter or be listed or traded on Regulated Markets. All fixed income securities in which the Fund invests will be investment grade rated by Moody's, Standard & Poor's Corporation or Fitch Ratings at the time of purchase or (where in respect of a fixed income security no explicit rating is available from one or more of these rating agents) are deemed by the index provider or the Investment Manager to be of an equivalent rating. If the credit ratings of such fixed income securities are downgraded, the Fund may continue to hold the affected fixed income securities for a period of time, at the discretion of the Investment Manager, in order to avoid a distressed sale of the downgraded security. The Fund may also, subject to the conditions set out in Appendix III of the Prospectus and the UCITS Regulations, invest in other collective investment schemes and/or other Funds of the Company to assist in achieving the total return of the Fund's Benchmark Index by giving exposure to the instruments described in this investment policy.

This Fund may employ (subject to the conditions and within the limits laid down by the Central Bank and the UCITS Regulations) techniques and instruments relating to transferable securities provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against exchange rate risk or to achieve a similar return to the Benchmark Index. Such techniques and instruments are set out in Appendix II of the Prospectus. These include swaps, futures, foreign exchange contracts and securities lending.

The Fund's Benchmark Index provides a measure of the performance of the global investment grade, corporate, fixed-rate debt market. It comprises fixed income securities that are fixed rate or fixed-to-floating rate and issued by corporations within the industrial, utility and financial sectors (as determined by the index provider) in emerging and developed markets with maturities between one and five years. Where the time to final maturity of bonds in the Benchmark Index falls below one year, the Fund may continue to hold such bonds, at the discretion of the Investment Manager. Please refer also to the section titled "Change in Indices". The Benchmark Index is market capitalisation weighted and rebalances on a monthly basis. Further details regarding the Benchmark Index (including its constituents) are available on the index provider's website at <https://www.bloomberg.com/professional/product/indices/bloomberg-fixed-income-indices/#/ucits>.

The Base Currency of the Fund will be USD.

#### **Additional Information: Use of Benchmark Index**

The iShares Short Duration Global Corporate Bond Index Fund (IE) is passively managed and is designed to provide investors with a selected exposure to its Benchmark Index as described in its objective and policy, which may generate a modest positive or negative tracking difference.

#### **iSHARES ESG EMERGING MARKETS GOVERNMENT BOND INDEX FUND (IE)**

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.** Shareholders should refer to the risk statement "Emerging Markets" in the Section of this Prospectus entitled "Risk Factors".

The investment objective of the Fund is to provide Shareholders with a total return, taking into account both capital and income returns, which reflects the total return of the J.P. Morgan ESG EMBI Global Diversified Index, the Fund's Benchmark Index.

In order to achieve this objective, the Fund will predominantly invest in the fixed income securities that make up the Fund's Benchmark Index (which comprises government bonds). The Fund's Benchmark Index comprises USD denominated fixed and floating rate fixed income securities issued by emerging market sovereign and quasi-sovereign entities. Quasi-sovereign entities must be 100% owned by their respective governments or subject to a 100% guarantee that does not rise to the level of constituting the full faith and credit by such governments. The Fund may also invest in other fixed income securities in order to achieve a similar return to the Fund's Benchmark Index in a cost efficient manner. Such fixed income securities will be held with a view to the Fund achieving a risk profile similar to the Fund's Benchmark Index. In pursuit

of its investment objective, the Fund can invest on a global basis and may become concentrated in single countries or regions.

The Fund intends to use optimisation techniques in order to achieve a similar return to the Fund's Benchmark Index and it is therefore not expected that the Fund will hold each and every underlying constituent of the Fund's Benchmark Index at all times or hold them in the same proportion as their weightings in the Fund's Benchmark Index. The Fund may hold some securities which are not underlying constituents of the Fund's Benchmark Index where such securities provide similar performance (with matching risk profile) to certain securities that make up the Fund's Benchmark Index. However, from time to time the Fund may hold all constituents of the Fund's Benchmark Index. It is intended that the Fund will only invest in securities of issuers that comply with the index provider's socially responsible investment ("SRI") requirements and/or environmental, social and governance ("ESG") ratings.

The Fund's investments may be dealt over-the-counter or be listed or traded on Regulated Markets. The fixed income securities in which the Fund invests may be rated investment grade, below investment grade or unrated. Below investment grade fixed income securities may constitute a significant portion of the Fund.

The Fund may also, subject to the conditions set out in Appendix III of the Prospectus, invest in other collective investment schemes and/or other Funds of the Company to assist in achieving the total return of the Fund's Benchmark Index by giving exposure to the instruments described in this investment policy.

This Fund may employ (subject to the conditions and within the limits laid down by the Central Bank and the UCITS Regulations) techniques and instruments relating to transferable securities provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against exchange rate risk. Such techniques and instruments are set out in Appendix II. These include futures, options, foreign exchange contracts and securities lending. In particular, the Fund may employ interest rate futures to manage the Fund's exposure to interest rate risk.

The Fund invests in the constituents of a Benchmark Index. BlackRock carries out due diligence on index providers and engages with them on an ongoing basis with regard to index methodologies including their assessment of good governance criteria set out by the SFDR which include sound management structures, employee relations, remuneration of staff and tax compliance at the level of investee companies.

While index providers do provide descriptions of what each Benchmark Index is designed to achieve, index providers do not generally provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect of their benchmark indices, nor any guarantee that the published indices will be in line with their described Benchmark Index methodologies. Errors in respect of the quality, accuracy and completeness of the data may occur from time to time and may not be identified and corrected for a period of time, in particular where the indices are less commonly used.

The Fund's investments, will, at the time of purchase, comply with the SRI requirements and/or ESG ratings of the Fund's Benchmark Index. The Fund may continue to hold securities which no longer comply with the SRI requirements and/or ESG ratings of the Fund's Benchmark Index until such time as the relevant securities cease to form part of the Benchmark Index and it is possible and practicable (in the Investment Manager's view) to liquidate the position.

The Fund's Benchmark Index measures the performance of a sub-set of US Dollar denominated, fixed and/or floating rate emerging market bonds, issued by sovereign and quasi-sovereign entities, which the index provider has determined are part of the J.P. Morgan EMBI Global Diversified Index (the "Parent Index") and that meet the index provider's SRI/ESG ratings, based on a series of exclusionary and ratings based criteria.

Quasi-sovereign entities are entities whose securities are either 100% owned by their respective governments or subject to a 100% guarantee that does not rise to the level of constituting the full faith and credit by such governments. The Fund's Benchmark Index may consist of both investment grade and non-investment grade bonds, including bonds that are in default. To be eligible for inclusion in the Fund's Benchmark Index, the bonds must (i) be denominated in US Dollar; (ii) have a minimum amount outstanding of USD\$500 million; (iii) have at least two and half years until maturity; and (iv) settle internationally through Euroclear or another institution domiciled outside the issuing country. The Fund's Benchmark Index is comprised of only those countries that meet JP Morgan's criteria for an emerging market and each country is capped at 10%.

Fixed rate, floating rate, capitalizing (i.e. bonds in which a percentage of coupon payments, rather than

being paid out, is converted into capital, meaning the principal amount outstanding is increased over the bond's life) and amortizing (i.e. bonds which, in addition to the coupon payments, make partial repayment of the principal, meaning the principal amount outstanding is decreased over the bond's life) bonds qualify for inclusion in the Fund's Benchmark Index.

In addition, the Fund's Benchmark Index applies the following ESG screens and exclusionary criteria:

The index provider uses an ESG methodology which involves scoring the ESG credentials of issuers within the Parent Index which, in turn, determine an issuer's weighting in the Fund's Benchmark Index. The ESG scores range from 0-100 with 100 being classified as the best possible score (the "ESG Score"). The ESG Score determines what ESG rating band the issuers are allocated (the "ESG Rating Band").

The Fund's Benchmark Index excludes: (a) quasi-sovereign issuers that the index provider determines (i) have any involvement (based on revenue) in the following sectors: thermal coal, tobacco or weapons sectors; and (ii) are classified as violators of the United Nations Global Compact principles which are widely accepted corporate sustainability principles that meet fundamental responsibilities in areas such as anti-corruption, human rights, labour and environmental; and (b) sovereign and quasi-sovereign issuers that have an ESG Score of less than 20, resulting in their inclusion in ESG Rating Band 5.

Each issuer within the Parent Index will be assigned an ESG Rating Band between 1 and 5 depending on their ESG Score. Issuers are then assigned a weight in the Fund's Benchmark Index, relative to their weighting in the Parent Index depending on the band into which they fall. The ESG Rating Bands function as a multiplier (i.e. Band 1 inherits 100% of their value from the Parent Index, Band 2 inherits 80% of their value from the Parent Index etc.). Securities which fall into ESG Rating Band 5 will be excluded from the Fund's Benchmark Index and not eligible for inclusion for the next 12 months.

The Benchmark Index applies an increased weighting for bonds labelled as "Green" under the Climate Bonds Initiative (the "CBI"), the aim of which is to incentivize sustainable financing aligned with climate change solutions. Securities which are categorised as Green by the CBI will be upgraded to the ESG Rating Band above the one in which they would ordinarily have been included (save where the issuer has scored in the ESG Rating Band 5 in which case the increased weighting is not applied and the security will not be upgraded to ESG Rating Band 4 and will remain excluded from the Fund's Benchmark Index).

As at 31 August 2020, securities issued by entities domiciled in Russia constituted 2.20% by weight of the Fund's Benchmark Index. Investment in Russian listed or traded securities shall be limited to those securities which are listed or traded on the Moscow Exchange MICEX-RTS. The Fund's Benchmark Index rebalances on a monthly basis, in accordance with the index provider's methodology, to take account of changes to the investable universe of the Parent Index in addition to applying the ESG ratings and exclusionary screenings described above. Further details regarding the Fund's Benchmark Index (including its constituents) are available on the index provider's website at <http://www.jpmorgan.com/pages/jpmorgan/investbk/solutions/research/indices/composition>

The Base Currency of the Fund will be US Dollars. Any non-US Dollar currency exposure of the Fund will be hedged into US Dollars as far as practicable.

### **iSHARES GLOBAL SECURITISED INDEX FUND (IE)**

The investment objective of the Fund is to provide Shareholders with a total return, taking into account both capital and income returns, which reflects the total return of the Bloomberg Global Aggregate Securitized ex ABS ex CMBS Index, the Benchmark Index.

In order to achieve this objective, the Fund will invest, as far as possible and practicable, in the fixed income securities (such as covered securitised fixed-rate bonds and mortgaged backed securities ("MBS")) that predominantly make up the Benchmark Index. The Fund intends to use optimisation techniques in order to achieve a similar return to the Benchmark Index and it is therefore not expected that the Fund will hold each and every underlying constituent of the Benchmark Index at all times or hold them in the same proportion as their weightings in the Benchmark Index. The Fund may hold certain securities which are eligible for inclusion in the Benchmark Index but which are not currently components of the Benchmark Index, where such securities provide similar performance (with matching risk profile) to certain securities that make up the Benchmark Index. However, from time to time the Fund may hold all constituents of the Benchmark Index.

The Benchmark Index measures the performance of a sub-set of multi-currency denominated, investment



grade, securitised, fixed income securities, which the index provider has determined form part of the Bloomberg Global Aggregate Index (“Parent Index”), including covered bonds and MBS Pass-Through securities. The securitised sector is designed to capture fixed income instruments whose payments are backed or directly derived from a pool of assets. Underlying collateral for securitised bonds include residential mortgages, public sector loans, commercial real estate or other assets. The Benchmark Index includes fixed-rate MBS Pass-Through securities issued by Ginnie Mae (GNMA), Fannie Mae (FNMA) and Freddie Mac (FHLMC). MBS Pass -Through securities pay their holders the principal repayments and interest from the pools of homeowner mortgages backing the MBS.

The Benchmark Index comprises bonds from issuers on a global basis, including emerging markets. The Fund’s exposure to issuers in emerging markets will not be material. The Benchmark Index excludes asset-backed securities and commercial mortgage-backed securities.

In line with the Benchmark Index, the Fund will not invest in asset-backed securities or commercial mortgage-backed securities. The Fund’s investments will normally be listed or traded on Regulated Markets. It is intended that at the time of purchase, the Fund’s investments comply with the maturity requirements and the credit rating requirements of the Fund’s Benchmark Index, which is investment grade. While it is intended that the Fund’s investments will comprise investment grade issues, issuers may be downgraded in certain circumstances from time to time. In such event the Fund may hold non-investment grade issues until such time as the non-investment grade issues cease to form part of the Fund’s Benchmark Index (where applicable) and it is possible and practicable (in the Investment Manager’s view) to liquidate the position.

The Fund may also, subject to the conditions set out in Appendix III of the Prospectus, invest in other collective investment schemes and/or other Funds of the Company to assist in achieving the total return of the Fund’s Benchmark Index by giving exposure to the instruments described in this investment policy.

In pursuit of its investment objective, the Fund can invest on a global basis although it may, from time to time, become concentrated in single countries or regions, where relevant, to reflect the Benchmark Index.

This Fund may employ (subject to the conditions and within the limits laid down by the Central Bank and the UCITS Regulations) techniques and instruments relating to transferable securities provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against foreign exchange rate risk. Such techniques and instruments are set out in Appendix II. These include futures, foreign exchange contracts, swaps, options, and TBAs (“to be announced”).

The Benchmark Index rebalances on a monthly basis. Further details regarding the Benchmark Index (including its constituents) are available on the index provider’s website at <https://www.bloombergindices.com/>

The Base Currency of the Fund will be US Dollars.

### **ISHARES USD SUKUK INDEX FUND (IE)**

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

The investment objective of the Fund is to seek to provide investors with a total return, taking into account both capital and income returns, which reflects the return of the J.P. Morgan EM Aggregate Sukuk Index, the Fund’s Benchmark Index.

In order to achieve this investment objective, the investment policy of the Fund is to invest, in a manner consistent with Shari’ah, in a portfolio of Sukuk that, as far as possible and practicable, consists of the component securities of the Fund’s Benchmark Index. The Fund intends to use optimisation techniques in order to achieve a similar return to the Benchmark Index and it is therefore not expected that the Fund will hold each and every underlying constituent of the Benchmark Index at all times or hold them in the same proportion as their weightings in the Benchmark Index. The Fund may hold some securities which are not underlying constituents of the Benchmark Index where such securities provide similar performance (with matching risk profile) to certain securities that make up the Benchmark Index, provided that such action is undertaken in compliance with Shari’ah principles. Subject to the Fund’s compliance with Shari’ah, the Sukuk Fund Panel will issue an annual Shari’ah compliance certificate for the Fund. However, from time to time the Fund may hold all constituents of the Benchmark Index.



The Fund may, subject to the conditions set out in Appendix III, invest in Shari'ah-compliant money market funds.

The Fund may invest in Shari'ah-compliant FDI, including Wa'd currency futures, for efficient portfolio management purposes. The Fund may hold small amounts of cash ("Cash Holdings"). The Fund shall keep its Cash Holdings in a Shari'ah compliant account or, if not available, non-interest-bearing account subject to the limits set out in Appendix III.

The Fund is passively managed. The Fund's Investments will be limited to investments permitted by the UCITS Regulations which are described in more detail in Appendix III. The Fund's Investments will normally be listed or traded on Regulated Markets set out in Appendix I.

The Sukuk Fund Panel appointed by the Investment Manager will be responsible for ascertaining the compliance of this Fund's operations with Shari'ah. Information relating to the specific services provided by the Sukuk Fund Panel can be found below under "Sukuk Fund Panel".

This Fund is designed for investors wishing to comply with the principles of Islamic finance. However, subscription is open to any other investor who is interested in investing in the Fund.

**It is intended that all the investments made by this Fund take place in conformity with Shari'ah. It is possible that the application of Shari'ah may result in different outcomes for the Fund than in the case of funds with similar objectives that are not compliant with Shari'ah.**

#### **Additional Information: Use of Benchmark Index**

The Benchmark Index measures the performance of US Dollar denominated emerging market Sukuk issued by sovereign, quasi-sovereign, corporate and supranational entities. The Benchmark Index may consist of investment grade, non-investment grade and unrated Sukuk, which are compliant with the standards published by the AAOIFI. In addition, only issues that comply with the minimum issue size and remaining maturity requirements of the Fund's Benchmark Index are eligible for inclusion. On rebalance, existing constituents of the Benchmark Index that fall below its remaining maturity requirements are excluded from the Benchmark Index.

The Benchmark Index is market value weighted and rebalances on a monthly basis. The Benchmark Index constituents are also capped in accordance with the index provider's methodology. Further details regarding the Benchmark Index (including its constituents) are available on the index provider's website at <http://www.jpmorgan.com/pages/jpmorgan/investbk/solutions/research/indices/composition>

The Base Currency of the Fund will be US Dollars.

#### *Investment Techniques*

There are a number of circumstances in which achieving the investment objective and policy of the Fund may be prohibited by regulation, may not be in the interests of holders of Shares or may require the use of strategies which are ancillary to those set out in the Fund's investment objective and policy. In respect of the Fund, these circumstances include, but are not limited to the following:

- (i) The constituent securities of the Benchmark Index change from time to time (a "rebalancing"). The Investment Manager may adopt a variety of strategies when investing the assets of the Fund to bring it in line with the rebalanced Benchmark Index. For example, where a Sukuk which forms part of the Benchmark Index is not available or is not available for the required value or a market for such Sukuk does not exist or is restricted, or where acquiring or holding such Sukuk is not as cost or tax efficient as acquiring or holding another Sukuk, the Fund may hold some Sukuk which have similar risk characteristics even if such Sukuk are not themselves constituents of the Benchmark Index (provided the investment in such assets complies with Shari'ah).
- (ii) From time to time, securities in the Benchmark Index may be subject to corporate actions. The Investment Manager may manage these events in its discretion.
- (iii) Securities included in the Benchmark Index may, from time to time, become unavailable, illiquid or unobtainable at fair value. In these circumstances, the Investment Manager may use a number of techniques, including purchasing securities which are not constituents of the Benchmark Index, whose returns, individually or collectively, are considered by the Investment Manager to be well-

correlated to the constituents of the Benchmark Index, provided that such action is undertaken in a manner believed to be consistent with Shari'ah.

- (iv) The Investment Manager will have regard to the costs of any proposed portfolio transaction. It may not necessarily be efficient to execute transactions which bring the Fund perfectly in line with the Benchmark Index at all times.

Strategies used and actions undertaken by the Fund or the Investment Manager pursuant to this section will be subject to the annual review of their compliance with the principles of Shari'ah by the Sukuk Fund Panel.

### **Sukuk Fund Panel**

Compliance with Shari'ah in the operation of the Sukuk Fund shall be determined by the Sukuk Fund Panel. The Sukuk Fund Panel consists of Shari'ah scholars with expertise in Islamic investment. The Sukuk Fund Panel's primary duties and responsibilities are to (i) issue an opinion, by way of a Fatwa, ruling or guidelines as to whether the activities of the Sukuk Fund comply with Shari'ah and (ii) make recommendations or issue guidance as to how the Sukuk Fund could be made Shari'ah compliant. The Investment Manager relies on the Sukuk Fund Panel's expertise on Shari'ah compliance.

The Sukuk Fund Panel will not be responsible for matters relating to (i) the day to day management of the Sukuk Fund in pursuing its investment policy; (ii) the management and supervision of the Company and its Funds, operations or vendors (not pertaining to Shari'ah) and (iii) the application of Irish or other jurisdictional law.

Following guidance of the Sukuk Fund Panel, the Investment Manager will ensure that any provisions or references to investment methods or techniques in this Prospectus, which would otherwise be available to the Sukuk Fund in pursuing its investment policy, are not availed of by the Sukuk Fund to the extent they are not Shari'ah compliant. The Sukuk Fund Panel will advise on alternative investment techniques for the Sukuk Fund which comply with the Sukuk Fund's investment policy and are Shari'ah compliant.

The Sukuk Fund Panel will issue a Fatwa in respect of the Sukuk Fund at its launch. Subject to the Sukuk Fund's compliance with Shari'ah, the Sukuk Fund Panel will issue an annual Shari'ah compliance certificate for the Sukuk Fund.

Conflicts of interest relating to the investment of the Sukuk Fund's assets may arise between members of the Sukuk Fund Panel and the Sukuk Fund. In the event that a conflict of interest does arise, members of the Sukuk Fund Panel will endeavour, so far as they are reasonably able, to ensure that it is resolved fairly. Subject to this, members of the Sukuk Fund Panel may effect transactions where those conflicts arise and shall not be liable to account for any profit, commission or other remuneration arising.

As at the date of this Prospectus, the members of the Sukuk Fund Panel comprised of the Amanie Advisors Shariah Supervisory Board Members are:

*Dr. Mohamed Ali Elgari (Chairman):* Dr. Mohamed Ali Elgari was previously a Professor of Islamic Economics and a former Director of the Centre for Research in Islamic Economics at King Abdul Aziz University in Saudi Arabia. He is an advisor to several Islamic financial institutions throughout the world and is also on the Shariah board of the Dow Jones Islamic index. He is a member of, amongst others, the following Shariah Supervisory Boards - Dubai Islamic Bank, Credit Suisse, Merrill Lynch & Co, UBS Islamic Finance, Saudi American Bank, FWU Group, Citi Islamic Investment Bank, HSBC Amanah Takaful Malaysia, Credit Agricole (Dubai), the Islamic Fiqh Academy as well as the Accounting & Auditing Organisation for Islamic Financial Institutions (AAOIFI). Dr. Elgari has written several books on Islamic banking. He is a graduate of the University of California with a Ph.D. in Economics.

*Dr. Mohd Daud Bakar (Executive Member):* Dr. Mohd Daud Bakar is the Founder and Executive Chairman of Amanie Group. He was also the former Chairman of the Shariah Advisory Council (SAC) at the Central Bank of Malaysia and Securities Commission of Malaysia. Dr Mohd Daud is also a Shariah Board Member of various global financial institutions, including the National Bank of Oman (Oman), Amundi Asset Management (France), Bank of London and Middle East (London), BNP Paribas Najma (Bahrain), Morgan

Stanley (Dubai), Abu Dhabi Commercial Bank (UAE), Credit Agricole (Dubai), Sedco Capital (Saudi and Luxembourg) and Dow Jones Islamic Market Index (New York) amongst many others.

Dr Mohd Daud received his first degree in Shariah from University of Kuwait in 1988 and obtained his Ph.D. from University of St. Andrews, United Kingdom in 1993 before completing his external Bachelor of Jurisprudence at University of Malaya in 2002.

*Dr. Muhammad Amin Ali Qattan:* Dr. Qattan has a Ph.D. in Islamic Banking from Birmingham University and is a lecturer and a prolific author of texts and articles on Islamic economics and finance. He is currently a freelance consultant, lecturer and trainer in Islamic banking and finance. Dr. Qattan also serves as the Shariah advisor to many reputable institutions such as Ratings Intelligence, Standard & Poors Shariah Indices amongst others. He is a highly regarded Shariah Scholar and is based in Kuwait.

*Dr. Osama Al Dereai:* Dr. Osama Al Dereai is a Shariah scholar who has an extensive experience in teaching, consulting and research in the field of Islamic finance. Dr. Al Dereai obtained his Masters degree from the International Islamic University (Malaysia) and was later conferred his Doctorate in Islamic Transactions from the University of Malaya. Dr. Al Dereai is a Shariah board member of various financial institutions which include the First Leasing Company, Barwa Bank, Barwa Capital (UK), First Investment Company and Ghanim Al Saad Group of Companies, Asian Islamic Investment Management Sdn. Bhd. Dlala Islamic Brokerage Company (W.L.L) First Finance Company (Q.S.C.) amongst others. He received his Bachelor's degree specializing in the Science of Hadeth Al Sharef from the prestigious Islamic University of Madina.

### **Anticipated Tracking Error of the Funds**

Tracking error is the annualised standard deviation of the difference in monthly returns between a Fund and its Benchmark Index. Tracking error shows the consistency of the returns relative to the Benchmark Index over a defined period of time.

Anticipated tracking error is based on the expected volatility of differences between the returns of the relevant Fund and the returns of its Benchmark Index. One of the primary drivers of tracking error is the difference between Fund holdings and Benchmark Index constituents. Cash management and trading costs from rebalancing can also have an impact on tracking error as well as the return differential between the Fund and the Benchmark Index. The impact can be either positive or negative depending on the underlying circumstances. Further, where a Fund applies an environmental, social and governance (ESG) policy in order to take into account ESG characteristics which do not form part of the Fund's Benchmark Index when selecting investments, additional tracking error may be introduced.

Tracking error may also occur to the extent a Fund is using the Investment Manager's RQFII Licence to invest under the RQFII Regime if the Investment Manager's RQFII Licence is revoked, terminated or otherwise invalidated and/or if the Fund is unable to fully acquire the relevant China onshore securities through the RQFII Regime or another channel that does not require an RQFII Licence. In such circumstances, the Fund may need to invest in securities or other instruments that are not constituents of its Benchmark Index, but which provide a similar exposure to the return of its Benchmark Index. These instruments may include offshore futures, shares in companies incorporated in the PRC but listed in Hong Kong, other exchange-traded funds that would provide a similar exposure or unfunded swap agreements, which are agreements whereby a counterparty agrees to provide the Fund with the returns of a specific exposure, i.e. the Benchmark Index, in return for a fee. Please refer to the section entitled "Investment Techniques" above for other circumstances where a Fund may be unable to invest in the constituents of the Benchmark Index directly and which may therefore result in tracking error.

In addition, a Fund may also have a tracking error due to tax suffered by the Fund on any income received from its Investments. The level and quantum of tracking error arising due to taxes depends on various factors such as any reclaims filed by the Fund with various tax authorities, any benefits obtained by the Fund under a tax treaty or any securities lending activities carried out by the Fund.

The anticipated tracking error of each Fund is not a guide to future performance.

At the date of this Prospectus the anticipated tracking error for the Funds (applicable only to the Funds which aim to track the return of their respective Benchmark Indices and therefore not applicable to the BlackRock Euro Credit Enhanced Index Fund and the BlackRock Euro Government Enhanced Index Fund which aim to out-perform rather than track the return of their respective Benchmark Indices) in normal

market conditions is as follows:

<b>Fund</b>	<b>Anticipated Tracking Error</b>
iShares Euro Government Bond Index Fund (IE)	Up to 0.2%
iShares Euro Credit Bond Index Fund (IE)	Up to 0.2%
iShares World ex Euro Government Bond Index Fund (IE)	Up to 0.2%
iShares GiltTrak Index Fund (IE)	Up to 0.075%
iShares Green Bond Index Fund (IE)	Up to 0.3%
iShares UK Credit Bond Index Fund (IE)	Up to 0.15%
iShares US Corporate Bond Index Fund (IE)	Up to 0.25%
iShares Global Inflation-Linked Bond Index Fund (IE)	Up to 0.3%
iShares Euro Government Inflation-Linked Bond Index Fund (IE)	Up to 0.1%
iShares Ultra High Quality Euro Government Bond Index Fund (IE)	Up to 0.1%
iShares Euro Investment Grade Corporate Bond Index Fund (IE)	Up to 0.2%
iShares 1-3 Year Global Government Bond Index Fund (IE)	Up to 0.2%
iShares Emerging Markets Government Bond Index Fund (IE)	Up to 0.5%
iShares Emerging Markets Local Government Bond Index Fund (IE)	Up to 0.5%
iShares Global Aggregate 1-5 Year Bond Index Fund (IE)	Up to 0.3%
iShares ESG Screened Euro Corporate Bond Index Fund (IE)	Up to 0.25%
iShares ESG Screened Global Corporate Bond Index Fund (IE)	Up to 0.35%
iShares China CNY Bond Index Fund (IE)	Up to 0.30%
iShares Short Duration Global Corporate Bond Index Fund (IE)	Up to 0.40%
iShares ESG Emerging Markets Government Bond Index Fund (IE)	Up to 0.60%
iShares Global Securitised Index Fund (IE)	Up to 0.30%
iShares USD Sukuk Index Fund (IE)	Up to 0.650%

### **Investment in FDIs Efficient Portfolio Management/Direct Investment**

The Company may, on behalf of each Fund and subject to the conditions and within the limits laid down by the Central Bank, employ techniques and instruments relating to transferable securities, including investments in FDIs (except for the Sukuk Fund, which may invest in Shari’ah-compliant FDI) that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against exchange risk or for direct investment purposes, where applicable. Such techniques and instruments are set out in Appendix II and may include futures (which may be used to manage cash flows on a short term basis by holding the future to gain exposure to an asset class pending direct investment) and swaps, (which may be used to manage interest rate and currency risk). Efficient portfolio management means investment techniques involving transactions that are entered into for one or more of the following specific aims: the reduction of risk, the reduction of cost, or the generation of additional capital or income for a Fund. New techniques and instruments may be developed which may be suitable for use by the Company and the Company may, (subject to the conditions and limits laid down by the Central Bank) employ such techniques and instruments subject to the investment objectives and policies being updated and Shareholders being notified in advance. Where the Company intends to use these instruments for direct investment purposes, full details will be disclosed in the Fund’s investment policy.

Where a Fund does intend to engage in transactions in relation to FDIs under any circumstances, the Company shall employ a risk management process (“RMP”) in accordance with the requirements of the Central Bank to enable it to monitor and measure and manage, on a continuous basis, the risk to all open derivative positions and their contribution to the overall risk profile of the Fund. Please see section entitled “Risk Management and Leverage” below.

Investors should refer to Appendix VIII for details of each Fund’s usage of securities lending, total return swaps, repurchase and reverse repurchase agreements.

### **Additional information**

Swaps. These include total return swaps (which may be used to manage exposures to certain securities), interest rate swaps (which may be used to manage interest rate risk) and credit default swaps. A total return swap is a bilateral financial contract, which allows one party to enjoy all of the cash flow benefits of

an asset without actually owning this asset. An interest rate swap involves the exchange by one party with another party of their respective commitments to pay or receive cash flows. The “buyer” in a credit default contract is obligated to pay the “seller” a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference obligation has occurred. A seller receives a fixed rate of income throughout the term of the contract. The reference assets underlying the total return swaps, if any, may be any security or basket of securities which are consistent with the investment policies of the Fund. The counterparties to all swap transactions will be institutions subject to prudential supervision and belonging to categories approved by the Central Bank and will not have discretion over the assets of the Fund.

### **Risk Management and Leverage**

The Manager employs an RMP in respect of the Funds in accordance with the requirements of the Central Bank to enable it to accurately monitor, measure and manage, the global exposure from FDIs (“global exposure”) which each Fund gains. The Manager uses a methodology known as the commitment approach in order to measure the global exposure of the Funds and manage the potential loss to them due to market risk. The Company will, on request, provide supplemental information to Shareholders relating to the risk management method employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investment. Further details of the commitment approach are set out in Appendix II. The Manager shall submit a revised RMP to the Central Bank in accordance with the Central Bank UCITS Regulations prior to engaging in FDIs which are not referred to in the Company’s current RMP.

A Fund’s level of investment exposure can exceed its Net Asset Value due to the use of FDIs 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. For the purposes of this disclosure, leverage is investment exposure gained through the use of FDIs. It is calculated using the sum of the notional values of all of the FDIs held by a Fund, without netting. The expected level of leverage may vary over time. It should be noted that this approach to measuring leverage could lead to leverage levels that are very different from risk-exposures. The commitment approach is a methodology that aggregates the underlying market or notional values of derivative instruments to determine the degree of global exposure of a Fund to derivative instruments.

In implementing their investment policies, subject to the following the Funds do not intend to use leverage in implementing their investment policies. The Funds that do intend to use leverage in implementing their investment policies and may have some leverage, including in atypical or volatile market conditions, are as follows:

- The iShares Euro Investment Grade Corporate Bond Index Fund (IE) and the iShares ESG Screened Euro Corporate Bond Index Fund (IE) may have some leverage, including in atypical or volatile market conditions, however leverage is not expected to exceed 20% of their respective Net Asset Values at any time.
- In implementing their investment policies, the BlackRock Euro Government Enhanced Index Fund and the BlackRock Euro Credit Enhanced Index Fund, may have some leverage, including in atypical or volatile market conditions, however such leverage is not expected to exceed 50% of their respective Net Asset Values at any time.
- In implementing its investment policy, the iShares Global Inflation-Linked Bond Index Fund (IE) is generally expected to be leveraged at around 100% of its Net Asset Value. It may have higher levels of leverage, including in atypical or volatile market conditions, however leverage is not expected to exceed 150% of its Net Asset Value at any time.

### **Investment and Borrowing Restrictions**

Investment of the assets of each Fund must comply with the UCITS Regulations. A detailed statement of the general investment and borrowing restrictions applicable to all Funds is set out in Appendix III. The Directors may impose further restrictions in respect of any Fund. Details will be set out in this Prospectus or the relevant Supplement.

The Directors may also from time to time impose such further investment restrictions as may be compatible with or be in the interest of the Shareholders in order to comply with the laws and regulations of the



countries where Shareholders of the Company are located or the Shares are marketed.

It is intended that the Company should, subject to the prior approval of the Central Bank, have power to avail itself of any change in the investment restrictions laid down in the UCITS Regulations which would permit investment by the Company in securities or in any other forms of investment which, as at the date of this Prospectus, is restricted or prohibited under the UCITS Regulations. To the extent that such a change represents an alteration to the investment objectives and policies, the procedures set out under the heading "Investment Objectives and Policies" will apply. In any other circumstance, the Company will provide Shareholders with at least four weeks' prior written notice of its intention to avail of any such change.

#### **Change in Indices**

The performance of certain Funds will be measured against a specific index (the "Benchmark Index").

The Directors reserve the right, if they consider it in the interests of the Company or any Fund to do so and with the consent of the Depositary, to substitute another index for the Benchmark Index if:-

- (a) the weightings of constituent securities of the Benchmark Index would cause the Fund to be in breach of the UCITS Regulations;
- (b) the particular Benchmark Index or index series ceases to exist;
- (c) a new index becomes available which supersedes the existing Benchmark Index;
- (d) a new index becomes available which is regarded as the market standard for investors in the particular market and/or would be regarded as of greater benefit to the Shareholders than the existing Benchmark Index;
- (e) it becomes difficult to invest in assets or securities comprised within the particular Benchmark Index;
- (f) the Benchmark Index provider increases its charges to a level which the Directors consider too high;
- (g) the quality (including accuracy and availability of data) of a particular Benchmark Index has, in the opinion of the Directors, deteriorated; or
- (h) a liquid futures market relating to the transferable securities included in the Benchmark Index ceases to be available.

The Directors may change the name of a Fund, particularly if the Benchmark Index is changed.

Any change in a Benchmark Index and to the name of a Fund will be notified to the Central Bank and will be noted in the annual and semi-annual reports of the relevant Fund issued after any such change takes place.

#### **Dividend Policy**

The Directors are empowered to declare and pay dividends on any class of Shares in the Company. The dividend policy in respect of each Share Class is set out below.

##### Accumulating Share Classes

It is not intended to distribute dividends to the Shareholders in the Accumulating Share Classes of the relevant Funds. The income and other profits will be accumulated and reinvested on behalf of Shareholders. Dividends, if paid on the Shares, may be paid out of the net revenue of the Funds including interest and dividends earned by the Funds, realised profits on the disposal/valuation of the investments and other assets less realised and unrealised losses of the Funds.

##### Distributing Share Classes

The Directors intend to declare dividends on the Shares of the Distributing Share Classes of the relevant Funds out of the net revenue of the Funds including interest and dividends earned by the Funds, realised profits on the disposal/valuation of the investments and other assets less realised and unrealised losses of the Funds. Dividend payments will be made to the bank account detailed on the Account Opening Form or as subsequently notified to the Manager in writing. Once a distribution has been declared, the Manager normally expects to pay the distribution to Shareholders on or around the tenth Business Day following the date of the distribution declaration and, in any case, within a period of one month. The dividend payment frequency and dividend payment months applicable to the Distributing Share Classes of each Fund are set out in the below table.



Fund	Dividend Frequency	Dividend Payment
iShares Euro Government Bond Index Fund (IE)	Yearly	August
iShares Euro Credit Bond Index Fund (IE)	Yearly	July
iShares UK Credit Bond Index Fund (IE) +	Yearly	August
iShares GiltTrak Index Fund (IE)	Bi-annually	February and August
BlackRock Euro Credit Enhanced Index Fund	Bi-annually	March and September
iShares Euro Investment Grade Corporate Bond Index Fund (IE)	Bi-annually	February and August
iShares 1-3 Year Global Government Bond Index Fund (IE)	Bi-annually	February and August
iShares Ultra High Quality Euro Government Bond Index Fund (IE) +	Bi-annually	February and August
iShares US Corporate Bond Index Fund (IE)	Bi-annually	February and August
iShares World ex Euro Government Bond Index Fund (IE)	Bi-annually	February and August
iShares Green Bond Index Fund (IE)	Yearly	August
iShares Emerging Markets Government Bond Index Fund (IE)	Bi-annually	February and August
iShares Emerging Markets Local Government Bond Index Fund (IE)	Bi-annually	February and August
iShares Global Aggregate 1-5 Year Bond Index Fund (IE)	Bi-annually	February and August
iShares ESG Screened Euro Corporate Bond Index Fund (IE)	Bi-annually	February and August
iShares ESG Screened Global Corporate Bond Index Fund (IE)	Bi-annually	February and August
iShares China CNY Bond Index Fund (IE)	Bi-annually	February and August
iShares Short Duration Global Corporate Bond Index Fund (IE)	Bi-annually	February and August
iShares ESG Emerging Markets Government Bond Index Fund (IE)	Bi-annually	February and August
BlackRock Euro Government Enhanced Index Fund	Quarterly	February, May, August and November
iShares Euro Government Inflation-Linked Bond Index Fund (IE)	Quarterly	February, May, August and November
iShares Global Inflation-Linked Bond Index Fund (IE)	Quarterly	February, May, August and November
iShares Global Securitised Index Fund (IE)	Bi-annually	February and August
iShares USD Sukuk Index Fund (IE)	Quarterly	February, May, August and November

+ The dividend frequency and dividend payment time of the following Share Classes of the iShares UK Credit Bond Index Fund (IE) and the iShares Ultra High Quality Euro Government Bond Index Fund (IE) will be as follows:

Fund	Share Class	Dividend Frequency	Dividend Payment
iShares UK Credit Bond Index Fund (IE)	Institutional Sterling Distributing Share Class D Sterling Distributing Share Class Flexible GBP Distributing Share Class Flexible GBP Distributing Share Class High Denomination Flexible GBP Accumulation Share Class High Denomination	Bi-annually	February and August

Fund	Share Class	Dividend Frequency	Dividend Payment
iShares Ultra High Quality Euro Government Bond Index Fund (IE)	Flexible Euro Distributing Share Class	Quarterly	February, May, August and November

## UK REPORTING FUND STATUS

The Manager has made a successful application for “Reporting Fund” status to apply to certain Share Classes under the Statutory Instrument 2009 / 3001 (The Offshore Funds (Tax) Regulations 2009). A list of the Share Classes which currently have ‘reporting fund’ status is available at <https://www.gov.uk/government/publications/offshore-funds-list-of-reporting-funds>. For further information, please see section headed “United Kingdom Taxation”.

Prospective investors should consult their own professional advisers as to the implications of this.

## GENUINE DIVERSITY OF OWNERSHIP CONDITION

Shares in each of the Funds shall be widely available. The intended categories of investors for the Funds are 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.

## RISK FACTORS

Potential investors should consider the following risk factors before investing in the Company.

### *General*

1. There is no assurance that any appreciation in the value of Investments will occur, or that the investment objectives of any Fund will be achieved. **The value of Investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in a Fund. Although it is not currently intended to charge any subscription or redemption fees, if subscription or redemption fees are charged, the difference at any one time between subscription and redemption prices for Shares means that any investment should be viewed as medium to long term. An investment should only be made by those persons who are able to sustain a loss on their investment.**
2. Although the Company may invest in high quality credit instruments, there can be no assurance that the securities in which the Company invests will not be subject to credit difficulties leading to the loss of some or all of the sums invested in such securities or other instruments. The relevant Fund will also be exposed to a credit risk on parties with whom it trades and may also bear the risk of settlement default. In the event of a bankruptcy or other default of a seller of a repurchase or reverse repurchase agreement, the relevant Fund could experience both delays in liquidating the underlying securities and losses including a possible decline in value of the underlying securities during the period when the relevant Fund seeks to enforce its rights thereto, reducing levels of income and lack of access to income during this period and the expense of enforcing its rights.
3. The attention of potential investors is drawn to the taxation risks associated with investing in any Fund. Please see the heading “Taxation”.
4. Depending on an investor’s currency of reference, currency fluctuations may adversely affect the value of an investment in one or more of the Funds.
5. Investors are reminded that in certain circumstances their right to redeem Shares may be suspended (see under the heading “Temporary Suspensions”, etc).
6. Each Fund is required to comply with investment and borrowing restrictions as set out under the heading “Investment and Borrowing Restrictions”.
7. The Company is structured as an umbrella fund with segregated liability between its Funds. As a matter of Irish 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.
8. Certain Funds may use FDIs including, but not limited to futures, forwards, options, swaps, swaptions and warrants, subject to the limits and conditions set out in Appendix II. These derivative positions may be executed either on exchange or over-the-counter. Such FDIs instruments tend to have a greater volatility than the securities to which they relate and they bear a corresponding greater 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, OTC transaction risk, lack of liquidity of the derivatives, market

risk, 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.

The primary risks associated with the use of such derivatives are (i) failure to predict accurately the direction of the market movements, (ii) market risks, for example, lack of liquidity or lack of correlation between the change in the value of the underlying asset and that of the value of a Fund's derivatives and (iii) operational risk, for example, the risk of direct or indirect loss resulting from inadequate or failed processes, people and systems or from external events. These techniques may not always be possible or effective in enhancing returns or mitigating risk. A Fund's investment in OTC Derivatives is subject to the risk of counterparty default. In addition, a Fund may have to transact with counterparties on standard terms which it may not be able to negotiate and may bear the risk of loss because a counterparty does not have the legal capacity to enter into a transaction, or if the transaction becomes unenforceable due to relevant legislation and regulation.

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.

To the extent that a Fund invests in FDIs, a Fund may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. Unless disclosed in this Prospectus or the relevant Fund Supplement, the Funds will not use FDIs for leveraging purposes. 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 II. 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. Any use of FDIs will be in accordance with the requirements of the Central Bank.

9. Laws and regulations introduced by Member States of the EU to implement MiFID II and the EU's Markets in Financial Instruments Regulation ("MiFIR"), came into force on 3 January 2018 and impose new regulatory obligations and costs on the Manager and the Investment Manager. 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 Manager and Investment Manager remains unclear and will take time to quantify.

In particular, MiFID II and MiFIR 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.

MiFID II and MiFIR introduce for the first time within the EU position limit and position reporting requirements in relation to certain commodity derivatives. The precise implication and scope of these requirements is not yet known, as the implementation measures are not yet finalised. However, it is possible that these measures will impose restrictions on the positions that the Company, and the Investment Manager on behalf of all accounts owned or managed by it, may hold in certain commodity derivatives and will require the Investment Manager to more actively monitor such positions. If the Company and or the Investment Manager's positions reach the position limit thresholds, they will be

required to reduce those positions in order to comply with such limits.

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.

10. The bankruptcy or default of any counterparty could result in losses to any Fund. The Company will be placing money on deposit with banks and investing in other debt obligations and accordingly will be exposed to a credit risk in respect of such counterparties.
11. As the Company may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the Company which are traded in such markets and which have been entrusted to sub-custodians, in the circumstances where the use of such sub-custodians is necessary, may be exposed to risk.
12. Funds that invest in fixed income transferable securities may purchase TBAs (“to be announced”). This refers to the common trading practice in the mortgage-backed securities market in which 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. At the time of purchase of TBAs 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. 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. Although the Funds may generally enter into TBA purchase commitments with the intention of acquiring securities, the Funds may also 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.
13. Cash collateral re-use or reinvestment could lead to a reduction of the value of the eligible collateral capital. This, in turn may causes losses to the Company and the relevant Fund because it is obliged to return collateral to the counterparty.

#### ***(1) Insufficiency of Duties and Charges***

14. In certain market conditions, the difference between the price at which assets are valued for the purpose of calculating the Net Asset Value and the market price at which such assets were bought, as a result of a subscription, or sold, as a result of a redemption, may be significant. This may result in a significant adjustment to the subscription/redemption price for “Duties and Charges”, in order to protect the interests of the other Shareholders in the Fund by mitigating the effects of Dilution. This adjustment is calculated by reference to the costs of dealing in the underlying investments of the Funds, including any dealing spreads, which can vary with market conditions and thus vary over time. Where “Duties and Charges” are applied in the context of a subscription or redemption, they will have an impact on the value of an investment of a subscribing or redeeming investor.
15. Where no “Duties and Charges” are applied in the context of a subscription or redemption, a Fund may suffer Dilution in the value of its underlying assets as a result of the difference between the price at which assets were valued for the purpose of calculating the Net Asset Value and the price at which such assets were bought as a result of a subscription or sold as a result of a redemption. As Dilution is directly related to the inflows and outflows in respect of the relevant Fund, it is not possible to predict accurately the effect of Dilution.

#### ***Taxation***

16. Potential investors’ attention is drawn to the taxation risks associated with investment in the Company.

See section headed "Taxation".

17. The tax information provided in the "Taxation" section is based, to the best knowledge of the Manager upon tax law and practice as at the date of the Prospectus. Tax legislation, the tax status of the Company and the Funds, the taxation of investors 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 Ireland or in any jurisdiction where the Fund is registered, cross-listed, marketed or invested could affect the tax status of the Fund, affect the value of the Fund's investments in the affected jurisdiction, affect the Fund's ability to achieve its investment objective, and/or alter the post tax returns to Shareholders. Where a Fund invests in FDIs, the preceding sentence may also extend to the jurisdiction of the governing law of the FDI contract and/or the FDI counterparty and/or to the market(s) comprising the underlying exposure(s) of the FDI.
18. The availability and value of any tax reliefs available to investors depends on the individual circumstances of investors. The information in the "Taxation" section is not exhaustive and does not constitute legal or tax advice. Prospective investors are urged to consult their tax advisors with respect to their particular tax situations and the tax effects of an investment in the Fund.
19. Where a Fund invests in a jurisdiction where the tax regime is not fully developed or is not sufficiently certain, for example jurisdictions in the Middle East, the relevant Fund, the Manager, the Investment Manager, the Administrator and the Depositary shall not be liable to account to any Shareholder for any payment made or suffered by the Fund 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.
20. The Company may be subject to withholding or other taxes on income and/or gains arising from its investment portfolio. This may include jurisdictional capital gains tax that is attributable to a Fund. It is generally intended that such withholding and other taxes, including jurisdictional capital gains tax, will be accrued in the Net Asset Value of the relevant Fund. However, in particular where a jurisdictional capital gains tax is considered non-material (in the view of the Investment Manager) and arises on portfolio transactions relating to redemptions, such transactions may be dealt with in accordance with the definition of "Duties and Charges" and may result in an additional spread, which may reduce the net proceeds received for the redemption. For the avoidance of doubt, any capital gains tax incurred as a result of portfolio transactions not related to redemptions (e.g. rebalancing) will be borne by the relevant Fund. 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 Fund.
21. The Company (or its representative) may file claims on behalf of the Funds to recover withholding tax on dividend and interest income (if any) received from issuers in certain countries where such withholding tax reclaim is possible. Whether or when a Fund will receive a withholding tax refund in the future is within the control of the tax authorities in such countries. Where the Company expects to recover withholding tax for a Fund based on a continuous assessment of probability of recovery, the Net Asset Value of that Fund generally includes accruals for such tax refunds. The Company continues to evaluate tax developments for potential impact to the probability of recovery for such Funds. If the likelihood of receiving refunds materially decreases, for example due to a change in tax regulation or approach, accruals in the relevant Fund's Net Asset Value for such refunds may need to be written down partially or in full, which will adversely affect that Fund's Net Asset Value. Investors in that Fund at the time an accrual is written down will bear the impact of any resulting reduction in Net Asset Value regardless of whether they were investors during the accrual period. Conversely, if the Fund receives a tax refund that has not been previously accrued, investors in the Fund at the time the claim is successful will benefit from any resulting increase in the Fund's Net Asset Value. Investors who disposed of their interest in Shares prior to such time will not benefit from such Net Asset Value increase.



### ***Investment in Underlying Collective Investment Schemes***

22. The Company and any Fund may, subject to the conditions set out in Appendix III, invest in other collective investment schemes, which may be operated and/or managed by an Interested Party (as defined under the heading “Conflicts of Interest”) including but not limited to, funds of Institutional Cash Series plc. As an investor in such other collective investment schemes, in addition to the fees, costs and expenses payable by a Shareholder in the Funds, each Shareholder may also indirectly bear a portion of the fees, costs and expenses of the underlying collective investment schemes, including management, investment management and, administration and other expenses.

### ***Limited Operating History***

23. Newly formed Funds have little or no operating history upon which investors can evaluate the anticipated performance. Past investment performance should not be construed as an indication of the future results of an investment in a Fund. The investment programme of a Fund should be evaluated on the basis that there can be no assurance that the Investment Manager’s assessments of the short-term or long-term prospects of investments, will prove accurate or that the Fund will achieve its investment objective.

### ***Effects and Risks of Interest Rate Fluctuations***

24. The Net Asset Value of a Fund will change in response to fluctuations in interest rates. Except to the extent that values are independently affected by currency exchange rate fluctuations, when interest rates decline, the value of fixed income securities generally can be expected to rise. Conversely, when interest rates rise, the value of fixed income securities generally can be expected to decline.

### ***Passive Investment Risk***

25. The Funds are not actively managed and may be affected by a general decline in market segments related to their respective Benchmark Indices. The Funds invest in securities included in, or representative of, their respective Benchmark Indices, and the Funds do not attempt to take defensive positions under any market conditions, including declining markets.

### ***Index Tracking Risks***

26. While the Funds (with the exception of the BlackRock Euro Credit Enhanced Index Fund and the BlackRock Euro Government Enhanced Index Fund, which are enhanced index strategies), in accordance with their investment objectives, 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 the 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, (although this is not the expected cause of tracking error for non-replicating Funds), 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, or in order to meet a Fund’s ESG criteria, categorisations or label and/or where the Benchmark Regulation or other legal restrictions limit exposure to the constituents of the Benchmark Index. For an Article 8 Fund or Article 9 Fund or a Fund with a country label, tracking error may result from such Fund not being able to hold a security in its Benchmark Index due to having to comply with a restriction applicable to the Fund as a result of its ESG categorisation or country label but not applied by the index provider (whether intentionally or by error) to its Benchmark Index.

Where the Benchmark Index of a Fund is to be rebalanced and the Fund seeks to rebalance its portfolio accordingly, the Fund may nevertheless experience tracking error where the rebalancing of the Fund’s portfolio does not maintain an exact or contemporaneous alignment, whether on a replicating or an optimised basis, with the Benchmark Index. For example, a Fund may require time to complete the implementation of its rebalance after the rebalance of its Benchmark Index. In addition, a Fund which tracks a Benchmark Index with ESG objectives or characteristics may experience a deviation from the ESG performance or risk of its Benchmark Index. For liquidity purposes, the Funds may hold a portion of their net assets in cash and such cash holdings will not rise and fall in line with movements in their respective Benchmark Indices. In addition, the Company relies on index licences granted by third-party

index providers to use and track the Benchmark Indices for its Funds. In the event that an index provider terminates or varies an index licence, it will affect the ability of the impacted Funds to continue to use and track their Benchmark Indices and to meet their investment objectives. In such circumstances, the Directors may take such action as described in the section entitled “Benchmark Indices”. Regardless of market conditions, the Funds aim to track the performance of their respective Benchmark Indices and do not seek to outperform their respective Benchmark Indices (with the exception of the BlackRock Euro Credit Enhanced Index Fund and the BlackRock Euro Government Enhanced Index Fund which seek to achieve a return which aims to out-perform the return of each Fund’s Benchmark Index as published by the relevant index provider).

### ***Optimising strategy***

27. It may not be practical or cost efficient for certain Funds to replicate their respective Benchmark Indices. Where it is not part of a Fund’s investment policy to replicate its Benchmark Index, such 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 FDI to track the performance of certain securities that make up the Benchmark Index. The Investment Manager 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.

### ***Index Related Risks***

28. As prescribed by this Prospectus, in order to meet its investment objective, each Fund seeks to achieve a return which corresponds generally to the price and yield performance, before fees and expenses, of the relevant Benchmark Index as published by the index provider (with the exception of the BlackRock Euro Credit Enhanced Index Fund and the BlackRock Euro Government Enhanced Index Fund which seek to achieve a return which aims to out-perform the return of each Fund’s Benchmark Index as published by the relevant index provider). There is no assurance that the 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.

The Investment Manager’s mandate as described in this Prospectus is to manage the Funds consistently with the relevant Benchmark Index provided to the Investment Manager. Consequently, the Investment Manager does not provide any warranty or guarantee for index provider errors. Errors in respect of the quality, accuracy and completeness of the data may occur from time to time and may not be identified and corrected for a period of time, particularly where the indices are less commonly used. The coverage and quality of ESG-related data on issuers and issuances (in particular new issuances) may vary based on asset class, market exposure, sectors or instrument types. Therefore gains, losses or costs associated with index provider errors will be borne by the Funds and their investors. For example, during a period where the Benchmark Index contains incorrect constituents, a Fund tracking such published Benchmark Index would have market exposure to such constituents and would be underexposed to the constituents that should have been included in the Benchmark Index. As such, errors may result in a negative or positive performance impact to the Funds and their investors. Investors should understand that any gains from index provider errors will be kept by the Funds and their investors and any losses resulting from index provider errors will be borne by the Funds and their investors.

Apart from scheduled rebalances, the index provider may carry out additional ad hoc rebalances to the Benchmark Index in order, for example, to correct an error in the selection of index constituents. Where the Benchmark Index of a Fund is rebalanced and the Fund in turn rebalances its portfolio to bring it in line with its Benchmark Index, any transaction costs (including any capital gains tax and/or transaction taxes) and market exposure arising from such portfolio rebalancing will be borne directly by the Fund and its investors. Unscheduled rebalances to the Benchmark Indices may also expose the

Funds to tracking error risk, which is the risk that its returns may not track exactly those of the Benchmark Index. Therefore, errors and additional ad hoc rebalances carried out by the index provider to a Benchmark Index may increase the costs and market exposure risk of the relevant Fund.

### ***Index Disruption Risk***

29. Disruptions to the calculation and publication of the Benchmark Indices (“Index Disruption Events”) include, but are not limited to, situations where: the Benchmark Index level is deemed to be inaccurate or does not reflect actual market developments; it is not possible to obtain a price or value of one or several constituents of the Benchmark Index (such as due to their becoming illiquid or having their quotation suspended on a stock exchange); the index provider fails to calculate and publish the Benchmark Index level; the Benchmark Index is temporarily suspended or permanently discontinued by the index provider. Such Index Disruption Events may have an impact on the accuracy and/or availability of the published price of the Benchmark Index and in some instances also the Net Asset Value of the Fund.

### ***Model Risk***

30. This risk is applicable to the following Funds: BlackRock Euro Credit Enhanced Index Fund and BlackRock Euro Government Enhanced Index Fund.

The Funds seek to pursue their investment objectives by using proprietary models that incorporate quantitative analysis. Investments selected using these models may perform differently than as forecasted due to the factors incorporated into the models and the weighting of each factor, changes from historical trends, and issues in the construction and implementation of the models (including, but not limited to, software issues and other technological issues). There is no guarantee that BlackRock’s use of these models will result in effective investment decisions for the Funds. The information and data used in the models may be supplied by third parties. Inaccurate or incomplete data may limit the effectiveness of the models. In addition, some of the data that BlackRock uses may be historical data, which may not accurately predict future market movement. There is a risk that the models will not be successful in selecting investments or in determining the weighting of investment positions that will enable the Funds to achieve their investment objective.

### ***General Fixed Income Risks***

31. Fixed income securities are subject to both actual and perceived measures of creditworthiness. The “downgrading” of a rated fixed income security or its issuer 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 fixed income 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.

### ***Bond Downgrade Risk***

32. A Fund may invest in 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 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.

### **Bank Corporate Bonds**

33. Corporate bonds issued by a financial institution may be subject to the risk of a write down or conversion (i.e. “bail-in”) by a relevant 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 relevant 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 relevant 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. Relevant 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.

### **Credit Risk**

34. Corporate fixed income securities are subject to the risk of an issuer’s inability to meet principal and interest payments on the obligation (credit/default risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). Lower rated or unrated securities are more likely to react to developments affecting market and credit risk than are more highly rated securities, which react primarily to movements in the general level of interest rates. The Investment Manager will consider both credit risk and market risk in making investment decisions for a Fund. The timing of purchase and sale transactions in debt obligations may result in capital appreciation or depreciation because the value of debt obligations generally varies inversely with prevailing interest rates. Although a Fund may invest in high quality credit instruments, there can be no assurance that the issuers of securities in which a Fund invests will not be subject to credit difficulties leading to the loss of some or all of the sums invested in such securities or other instruments. The relevant Fund will also be exposed to the credit risk of parties with whom it trades and may also bear the risk of settlement default.

### **Issuer Risk**

35. The performance of a Fund depends on the performance of individual securities to which the Fund has exposure. Any issuer of these securities may perform poorly, causing the value of its securities to decline. Poor performance may be caused by poor management decisions, competitive pressures, changes in technology, expiration of patent protection, disruptions in supply, labour problems or shortages, corporate restructurings, fraudulent disclosures or other factors. Issuers may, in times of distress or at their own discretion, decide to reduce or eliminate dividends, which may also cause their stock prices to decline.

### **Money Market Risk**

36. The Company, with a view to mitigating credit exposure to depositaries, may arrange for cash holdings of the Company (including pending dividend payments) to be placed into money market collective investment schemes, including other funds of the BlackRock Group (such collective investment schemes to be Shari’ah compliant in the case of the Sukuk Fund). A money market collective investment scheme which invests a significant amount of its assets in money market instruments may be considered as an alternative to investing in a regular deposit account. However, a holding in such a scheme is subject to the risks associated with investing in a collective investment scheme and, while a money market collective investment scheme is designed to be a relatively low risk investment, it is not entirely free of risk. Despite the short maturities and high credit quality of investments of such schemes, increases in interest rates and deteriorations in credit quality can reduce the scheme’s yield and the scheme is still subject to the risk that the value of such scheme’s investment can be eroded and the principal sum invested will not be returned in full.

### **Concentration Risk**

37. If the Benchmark Index of a Fund concentrates in a particular country, region, industry, group of industries or sector, that Fund may be adversely affected by the performance of those securities and may be subject to price volatility. In addition, a Fund that concentrates in a single country, region,

industry or group of countries or industries may be more susceptible to any single economic, market, political, sustainability-related or regulatory occurrence affecting that country, region, industry or group of countries or industries. Such a Fund may be more susceptible to greater price volatility when compared to a more diverse fund. This could lead to a greater risk of loss to the value of your investment.

#### ***Liquidity of Bonds Close to Maturity***

38. In addition to the liquidity risks of bonds already described above, there is a risk that bonds which are nearing maturity may become illiquid. In such cases, it may become more difficult to achieve fair value on the purchase and sale thereof.

#### ***Duration Risk***

39. A Fund which invests in bonds is subject to the risk that the value of its investments will change due to a change in the level of interest rates. Rising interest rates will lead to falling bond prices, while declining interest rates will lead to rising bond prices. Duration is a measure of the sensitivity of the price (the value of principal) of a bond to a change in interest rates and is expressed in number of years.

#### ***General Economic and Market Conditions***

40. The success of a Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of a Fund's investments), trade barriers, currency exchange controls and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of securities prices and the liquidity of a Fund's investments. Volatility or illiquidity could impair a Fund's profitability or result in losses. A Fund may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets; the larger the positions, the greater the potential for loss.

#### ***Recent Market Events***

41. Periods of market volatility may occur in response to various political, social and economic events both within and outside of the United States. These conditions have resulted in, and in many cases continue to result in, greater price volatility, less liquidity, widening credit spreads and a lack of price transparency, with many securities remaining illiquid and of uncertain value. Such market conditions may adversely affect the Funds, including by making valuation of some of a Fund's securities uncertain and/or result in sudden and significant valuation increases or declines in the Fund's holdings. If there is a significant decline in the value of a Fund's portfolio, this may impact the asset coverage levels for any outstanding leverage the Fund may have.

Risks resulting from any future debt or other economic crisis could also have a detrimental impact on the global economic recovery, the financial condition of financial institutions and a Fund's business, financial condition and results of operation. Market and economic disruptions have affected, and may in the future affect, consumer confidence levels and spending, personal bankruptcy rates, levels of incurrence and default on consumer debt and home prices, among other factors. To the extent uncertainty regarding the U.S. or global economy negatively impacts consumer confidence and consumer credit factors, a Fund's business, financial condition and results of operations could be significantly and adversely affected. Downgrades to the credit ratings of major banks could result in increased borrowing costs for such banks and negatively affect the broader economy. Moreover, Federal Reserve policy, including with respect to certain interest rates, may also adversely affect the value, volatility and liquidity of dividend- and interest-paying securities. Market volatility, rising interest rates and/or unfavourable economic conditions could impair the Fund's ability to achieve its investment objective(s).

#### ***Impact of Natural or Man-Made Disasters and Disease Epidemics***

42. Certain regions are at risk of being affected by natural disasters or catastrophic natural events. Considering that the development of infrastructure, disaster management planning agencies, disaster response and relief sources, organised public funding for natural emergencies, and natural disaster



early warning technology may be immature and unbalanced in certain countries, the natural disaster toll on an individual portfolio company or the broader local economic market may be significant. Prolonged periods may pass before essential communications, electricity and other power sources are restored and operations of the portfolio company can be resumed. A Fund's investments could also be at risk in the event of such a disaster. The magnitude of future economic repercussions of natural disasters may also be unknown, may delay a Fund's ability to invest in certain companies, and may ultimately prevent any such investment entirely.

Investments may also be negatively affected by man-made disasters. Publicity of man-made disasters may have a significant negative impact on overall consumer confidence, which in turn may materially and adversely affect the performance of a Fund's Investments, whether or not such investments are involved in such man-made disaster.

Outbreaks of infectious diseases may also have a negative impact on the performance of the Funds. For example, an outbreak of respiratory disease caused by a novel coronavirus was first detected in December 2019 and then spread globally. This coronavirus has resulted in borders closing, restrictions on movement of people, quarantines, cancellations of transportation and other services, disruptions to supply chains, businesses and customer activity, as well as general concern and uncertainty. It is possible that there may be similar outbreaks of other infectious diseases in the future. The impact of this coronavirus, and other epidemics and pandemics that may arise in the future, could affect the economies of many nations, individual companies and the market in general in ways that cannot necessarily be foreseen at the present time. In addition, the impact of infectious diseases in emerging developing or emerging market countries may be greater due to less established health care systems. Health crises caused by the recent coronavirus outbreak may exacerbate other pre-existing political, social and economic risks in certain countries. The impact of the outbreak may be short term or may last for an extended period of time. Such events could increase volatility and the risk of loss to the value of your investments.

#### ***Government Intervention Risk***

43. In response to a recession, economic slowdown or financial market instability, governments and regulators may choose to intervene by implementing austerity measures and reforms, as seen in the 2007-2008 global financial crisis. There is no guarantee that a government or regulatory intervention will work and they may result in social unrest, limit future growth and economic recovery or have unintended consequences. Additionally, government and regulatory intervention 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 temporary or permanent governmental restrictions may be imposed on the markets in the future and/or the effect of such restrictions on the Investment Manager's ability to implement the Funds' investment objectives, the European or global economy or the global securities markets. Instability in the global financial markets or government intervention may increase the volatility of the Funds and hence the risk of loss to the value of your investment.

Funds which invest in the European bond market are directly exposed to intervention by the European Central Bank and governments of relevant European countries, particularly in relation to interest rates and the single European currency. For example, the value of the bonds held by a Fund is likely to decrease if interest rates are increased, and bond pricing complications could arise should a country leave the single European currency or that currency be discontinued completely.

#### ***Euro and Eurozone Risk***

44. The deterioration of the sovereign debt of several countries, together with the risk of contagion to other, more stable, countries, has exacerbated the global economic crisis. Concerns persist regarding the risk that other Eurozone countries could be subject to an increase in borrowing costs and could face an economic crisis similar to that of Cyprus, Greece, Italy, Ireland, Spain and Portugal. 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 and may result in changes to the composition of the Eurozone. 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 a Fund's investments. It is difficult to predict the final outcome of the Eurozone crisis. Shareholders should carefully consider how changes to the Eurozone and European Union may affect their investment in a Fund.

### ***Potential implications of Brexit***

45. On 31 January 2020 the United Kingdom (the "UK") formally withdrew and ceased being a member of the European Union (the "EU"). Following this, the UK entered into a transition period which lasted for the remainder of 2020, during which period the UK was subject to applicable EU laws and regulations. The transition period expired on 31 December 2020, and EU law no longer applies in the UK.

On 30 December 2020, the UK and the EU signed an EU-UK Trade and Cooperation Agreement ("UK/EU Trade Agreement"), which applies from 1 January 2021 and sets out the foundation of the economic and legal framework for trade between the UK and the EU. As the UK/EU Trade Agreement is a new legal framework, the implementation of the UK/EU Trade Agreement may result in uncertainty in its application and periods of volatility in both the UK and wider European markets throughout 2021 and beyond. The UK's exit from the EU is expected to result in additional trade costs and disruptions in this trading relationship. While the UK/EU Trade Agreement provides for the free trade of goods, it provides only general commitments on market access in services together with a "most favoured nation" provision which is subject to many exceptions. Furthermore, there is the possibility that either party may impose tariffs on trade in the future in the event that regulatory standards between the EU and the UK diverge. The terms of the future relationship may cause continued uncertainty in the global financial markets, and adversely affect the performance of the Company.

Volatility resulting from this uncertainty may mean that the returns of the Company's investments are affected by market movements, the potential decline in the value of Sterling or Euro, and the potential downgrading of sovereign credit ratings of the UK or a Member State, or more expensive, for the Funds to execute prudent currency hedging policies.

### ***Investments in Brazil***

46. On 14 September 2016, the Brazilian Tax Authorities issued Normative Instruction 1658/16 amending the list of countries considered to be 'low tax jurisdictions' to include Curacao, Saint Martin and Ireland and exclude the Netherlands Antilles and Saint Kitts and Nevis. The changes were effective from 1 October 2016 onwards. As a consequence, Brazilian capital gains tax and increased income withholding tax rates on interest on capital distributions apply to Brazilian securities. Where material (in the view of the Investment Manager), such capital gains tax will be accrued in the valuation of the relevant Fund. Where non-material (in the view of the Investment Manager) and where such capital gains tax arises on portfolio transactions relating to redemptions, such transactions may be dealt with in accordance with the definition of "Duties and Charges" and may result in an additional spread, which may reduce the net proceeds received for the redemption. For the avoidance of doubt, any capital gains tax incurred as a result of portfolio transactions not related to redemptions (e.g. a rebalancing) will be borne by the relevant Fund.

### ***Emerging Markets/Frontier Markets***

47. Emerging/frontier market regions are subject to special risks associated with investment in an emerging/frontier market including, but not limited to: generally less liquid and less efficient securities markets; generally greater price volatility; exchange rate fluctuations and exchange control; imposition of restrictions on the expatriation of funds or other assets; less publicly available information about issuers; the imposition of taxes (including without limitation jurisdictional capital gains taxes); higher transaction and custody costs; settlement delays and risk of loss; difficulties in enforcing contracts; less liquidity and smaller market capitalisations; less well regulated markets resulting in more volatile stock prices; different accounting and disclosure standards; governmental interference; higher inflation; social, economic and political uncertainties; custodial and/or settlement systems may not be fully developed which may expose a Fund to sub-custodial risk; the risk of expropriation of assets and the risk of war. There could be additional impacts on the value of a Fund as a result of sustainability risks, in particular those caused by environmental changes related to climate change, social issues (including relating to labour rights) and governance risk (including but are not limited to risks around board independence, ownership & control, or audit & tax management). Additionally, disclosures or third-party data coverage associated with sustainability risks is generally less available or transparent

in these markets.

In addition, the following considerations, which apply to some extent to all international investments, are of particular significance in certain smaller emerging and frontier markets. Funds investing in equities (see “Investment Objectives and Policies” section above) may include investments in certain smaller emerging and frontier markets, which 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. The prospects for economic growth in a number of these markets are considerable and equity returns have the potential to exceed those in mature markets as growth is achieved. However, share price and currency volatility are generally higher in emerging and frontier markets.

Some 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 which may be exacerbated by climate change.

Certain economies also depend to a significant degree upon exports of primary commodities and, therefore, are vulnerable to changes in commodity prices which, in turn, may be affected by a variety of factors.

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 and frontier markets may impose different capital gains taxes on foreign investors.

Generally accepted accounting, auditing and financial reporting practices in emerging and frontier markets may be significantly different from those in developed markets. Compared to mature markets, some emerging and frontier 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 and frontier markets involve higher risks than those in developed markets, in part because a Fund 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.

In certain emerging and frontier markets, registrars are not subject to effective government supervision nor are they always independent from issuers. The possibility of fraud, negligence, undue influence being exerted by the issuer or refusal to recognise ownership exists, which, along with other factors, could result in the registration of a shareholding being completely lost. Investors should therefore be aware that the Funds concerned could suffer loss arising from these registration problems, and as a result of archaic legal systems a Fund may be unable to make a successful claim for compensation.

While the factors described above may result in a generally higher level of risk with respect to the individual smaller emerging and frontier markets, these may be reduced when there is a low

correlation between the activities of those markets and/or by the diversification of investments within the relevant Funds.

The following list of China and Russia-specific risk factors have been included in accordance with the Central Bank Requirements. Investors should note that the list below is not exhaustive and that where a Fund invests in other emerging market countries, the Fund will be exposed to other country-specific risks. A Fund that invests in an emerging market may be subject to greater risk of loss than investments in a developed market.

### ***Investments in the People's Republic of China (the PRC)***

For Funds that invest in or are exposed to investment in the PRC, potential investors should also consider the following risk warnings which are specific to investing in or exposure to the PRC:

48. 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 Chinese securities. The companies in which a 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 a 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 a Fund's investments and increase the volatility and hence the risk of a loss to the value of an investment in the Fund. Furthermore, market interventions may have a negative impact on market sentiment which may in turn affect the performance of the Benchmark Index and, by extension, the performance of a Fund.
49. 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 the PRC and therefore on the performance of a 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 the imposition of additional governmental restrictions including expropriation of assets, confiscatory taxes or nationalisation of some or all of the constituents of a Fund's Benchmark Index. Investors should also note that any change in the policies of the government and relevant authorities of the PRC may adversely impact the securities markets in the PRC as well as the performance of the Fund, as compared to its Benchmark Index.

#### ***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 do not have precedent value. Since 1979, the PRC government has been developing a comprehensive system of commercial law, and 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. Such regulations also empower the CSRC and SAFE to exercise discretion in their respective interpretation of the regulations, which may result in uncertainties in their application.

In addition, no assurance can be given that changes in the PRC laws and regulations, their interpretation or their enforcement will not, as the PRC legal system develops, have a material adverse effect on the Fund's onshore business operations or the ability of the Fund to acquire Chinese securities.

***Potential market volatility risk***

Investors should note that the Shanghai Stock Exchange and Shenzhen Stock Exchange on which China onshore bonds are traded are undergoing development. Market volatility may result in significant fluctuation in the prices of securities traded on such markets, which would therefore impact upon the Net Asset Value of the Fund.

***Counterparty Risk to the sub-custodian in the PRC for PRC assets***

Any China onshore bonds acquired by the Fund will be maintained by the PRC Sub-custodian through its delegate, the Local PRC Sub-custodian. The securities will be maintained in electronic form via securities accounts with the CDC and/or SCH in respect of bonds traded in the CIBM and securities accounts with the CSDCC in respect of China onshore bonds traded on the Shanghai and Shenzhen stock exchanges (where relevant). Cash will be held in Renminbi cash account(s) with the Local PRC Sub-custodian on deposit, in accordance with the sub-custody agreement with the Local PRC Sub-custodian. Further, such securities account(s) and Renminbi cash account(s) for the Fund in the PRC will be maintained in the name "BlackRock Advisors (UK) Limited – iShares China CNY Bond Index Fund (IE)" in accordance with the relevant rules and regulations.

While the non-cash assets held in such securities account(s) are segregated from the assets of the Investment Manager and belong solely to the Fund (as beneficial owner), it is possible that this position may be interpreted by the PRC authorities differently in the future.

Cash held by the Local PRC Sub-custodian will be held on deposit (as banker) and will, in practice, not be segregated but will be a debt owing from the Local PRC Sub-custodian to the Fund as a depositor. Such cash will be co-mingled with cash belonging to other clients of the Local PRC Sub-custodian. In the event of the insolvency of the Local PRC Sub-custodian, the Fund will not have any proprietary rights to the cash deposited in the cash account opened with the Local PRC Sub-custodian, and the Fund will become an unsecured creditor of the Local PRC Sub-custodian, ranking *pari passu* with all other unsecured creditors. The Fund may face difficulties and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the Fund will lose some or all of their cash.

Under local PRC rules, the entity acting as the sub-custodian in the PRC (in particular, the Local PRC Sub-custodian) for the Fund when it invests in assets in the PRC under the RQFII Regime is also required to carry out certain additional duties as RQFII custodian outside the scope of the standard obligations of a bank providing local sub-custody services and outside the scope of a global custodian providing global custody services. For example, such duties include the provision of reporting to the PRC broker(s) which will rely on such information in executing trades for the Fund and the carrying out of error trade rectification procedures (with the PRC broker(s) and Investment Manager) to resolve any incorrect trade execution or settlement. In addition, the PRC rules require the entity acting as sub-custodian in the PRC to a fund investing in bonds traded in the CIBM to be appointed as the fund's interbank bond settlement agent to execute and settle transactions in bonds traded in the CIBM and such duties also fall outside its role as a sub-custodian. If an error is made by the Local PRC Sub-custodian in carrying out such duties which fall outside the Local PRC Sub-custodian's role as a sub-custodian, the Depositary will not have any liability for such error and the Fund will have the risk of incurring losses as a result of any such error on the part of the Local PRC Sub-custodian (as it would with other service providers).

***Counterparty Risk to PRC broker(s)***

The Investment Manager selects brokers in the PRC ("PRC Broker(s)") to execute transactions for the Fund in markets in the PRC.

There is a possibility that the Investment Manager may only appoint one PRC Broker for trading on each of

the Shenzhen Stock Exchange and the Shanghai Stock Exchange for the Fund, which may be the same broker for both exchanges. While PRC regulation allows for up to three PRC Brokers to be appointed for a fund for trading on each of the Shenzhen and Shanghai stock exchanges, as a matter of practice, it is likely that that only one PRC Broker will be appointed in respect of each stock exchange in the PRC as a result of the regulatory requirement in the PRC that securities are sold through the same PRC Broker through which they were originally purchased. Should, for any reason, the Investment Manager be unable to use the relevant broker in the PRC selected to trade for the Fund on the Shenzhen Stock Exchange or the Shanghai Stock Exchange, the Investment Manager would be unable to purchase (and even sell) securities on the relevant stock exchange for the Fund and as such, the operation of the Fund would be adversely affected and may cause Shares in the Fund to trade at a premium or discount to its Net Asset Value or be unable to track its Benchmark Index. If a single PRC Broker is appointed, the Fund may not pay the lowest commission available in the market. However, the Investment Manager shall, in the selection of PRC Brokers, have regard to factors such as the competitiveness of commission rates, size of the relevant orders and execution standards. The Investment Manager expects to trade all, or substantially all, of the underlying China onshore bonds for the Fund on the CIBM and the Fund is therefore less likely to be affected by this risk.

The Fund may incur losses due to the acts or omissions of any of the PRC Broker(s) in the execution or settlement of any transaction or in the transfer of any funds or securities.

There is a risk that the Fund may suffer losses from the default, insolvency or disqualification of a PRC Broker. In such event, the Fund may be adversely affected in the execution of transactions through such PRC Broker. As a result, the Net Asset Value of the Fund may also be adversely affected. To mitigate the Company's exposure to the PRC Broker(s), the Investment Manager employs specific procedures to ensure that each PRC Broker selected is a reputable institution and that the credit risk is acceptable to the Company.

#### ***Counterparty Risk to central depositories for securities traded on stock exchanges in the PRC***

Any securities acquired by the Fund on a stock exchange in the PRC will be maintained by the sub-custodian in the PRC in electronic form via securities accounts with the CSDCC in respect of China onshore bonds which are traded on the Shanghai and Shenzhen stock exchanges (where relevant). Securities traded on the Shanghai Stock Exchange and Shenzhen Stock Exchange are settled on trade date but cash is settled on trade date +1. This means that, on a sale of securities, the securities will be debited one business day prior to the corresponding cash movement. As a result, to the extent the Fund invests in China onshore bonds which are traded on the Shanghai and Shenzhen stock exchanges (as relevant), it will have overnight counterparty exposure to the CSDCC (as the central clearing participant) in respect of transactions on exchange.

#### ***Risks of trading suspensions, limits and other disruptions***

All or substantially all of the underlying China onshore bonds for the Fund are expected to be traded on the CIBM. However, it is possible that such bonds could be traded for the Fund on the Shanghai and/or Shenzhen Stock Exchanges.

Liquidity for China securities will be impacted by any temporary or permanent suspensions of particular securities imposed from time to time by the Shanghai and/or Shenzhen Stock Exchanges or as a result of any regulatory or governmental intervention in relation to particular investments or the markets. Any such suspension may make it difficult for the Fund to acquire or liquidate positions in the relevant securities, which may also impact on the Net Asset Value of the Fund, may increase the tracking error of the Fund and may expose the Fund to losses.

The Shanghai and Shenzhen Stock Exchanges currently apply a daily limit, set at 10%, of the amount of fluctuation (both up and down) permitted in the prices of PRC securities during a single trading day. If a security triggers the "limit up" or "limit down" threshold on one of the stock exchanges, trading in such security on such stock exchange will be suspended for the rest of the trading day. The daily limit refers to price movements only and does not restrict trading within the relevant limit. In addition, companies listed on the Shanghai and/or Shenzhen Stock Exchanges may also halt (i.e. voluntarily suspend) trading of their securities on the stock exchanges. There can be no assurance that a liquid market on an exchange would exist for any particular PRC security or for any particular time. Any limit imposed on a PRC security held by the Fund may limit the ability of the Fund to invest in or liquidate positions in the relevant PRC security thereby potentially impacting on the Net Asset Value of the Fund and increasing tracking error.



If trading of particular China onshore securities held by the Fund are suspended (whether by the PRC stock exchanges or voluntarily by the issuers), the Fund will not be able to sell the suspended securities in order to meet redemptions. In such circumstances, the Fund is likely to sell a larger proportion of non-suspended securities to meet redemptions. Similarly, in such circumstances, the Fund will also not be able to purchase suspended securities to meet subscriptions and is likely to purchase a larger proportion of non-suspended securities to meet subscriptions. The continuation of such suspensions, especially in circumstances where redemptions exceed subscriptions or vice versa, could result in the Fund's investment portfolio deviating increasingly from the constituents and weighting of the Benchmark Index. This could increase the tracking error risk of the Fund, which is the risk that the performance of the Fund deviates increasingly from the performance of the Benchmark Index.

If a significant portion of the Fund's investments and/or the constituents of the Benchmark Index are restricted or suspended, the Fund may, in the sole discretion of the Directors, suspend the determination of the Net Asset Value and the issue and redemption of Shares of the Fund in accordance with the section entitled "Temporary Suspensions" of this Prospectus. In addition, where the last the closing or bid prices, as applicable, for suspended securities do not, in the opinion of the Manager, reflect their fair value or if prices are unavailable, the value will be calculated with care and in good faith by the Directors, or a competent person or firm appointed by the Directors and approved for that purpose by the Depositary, on the basis of the probable realisation value for such securities in accordance with the section titled "Valuation, Subscriptions and Redemptions" of this Prospectus. Any temporary suspension of the issue and redemption of Shares in the Fund may cause the Shares of the Fund to trade at a significant premium or discount to the Net Asset Value on any stock exchange on which they are admitted for trading.

Trading of China onshore bonds for the Fund on the CIBM will be heavily reliant on the China Foreign Exchange Trade System (CFETS). A disruption event on CFETS may delay or otherwise impact trades for the Fund on the CIBM, which in turn may increase the tracking error of the Fund.

#### ***Remittance and repatriation of Renminbi***

Repatriations of Renminbi are not currently subject to any lock-up restrictions or prior regulatory approval, however, there are restrictions on the movement of onshore Renminbi offshore (see risk factor entitled "Onshore versus offshore Renminbi risk" for more detail). However, there is no assurance that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation imposed may have an adverse effect on the Fund's ability to meet redemption requests.

At this time, the People's Bank of China (Hong Kong) Limited ("PBOC") is the only clearing bank for offshore Renminbi in Hong Kong. The remittance of Renminbi funds into the PRC and the repatriation of Renminbi funds out of the PRC is dependent on the operational systems and procedures developed by the PBOC for such purposes and there is no assurance that there will not be delays in remittance and/or repatriation which are outside of the control of the Company. The Fund is also dependant on the Depositary and the Local PRC Sub-custodian properly carrying out any required remittance of Renminbi into and out of the PRC. Any delays in, or restrictions imposed on, the remittance and/or repatriation of the Fund's cash into or out of the PRC will impact upon the Fund's ability to purchase underlying securities required in order to track effectively the Benchmark Index which may increase the level of tracking error. Such delays or restrictions could also delay or restrict the Fund's ability to purchase all the underlying securities required in connection with a subscription and also impact the Fund's ability to repatriate cash in connection with redemption requests. Any resultant market risk arising from such delays or restrictions may impact the subscription amounts payable, and redemption amounts receivable.

If the Company is unable to repatriate funds required for the purpose of making redemption payments due or in periods during which there are difficulties or it is envisaged that there will be difficulties in the transfer of monies required for redemptions, the Fund may, in the sole discretion of the Directors, suspend the determination of the Net Asset Value and the issue and redemption of Shares of the Fund in accordance with the section entitled "Temporary Suspensions" of this Prospectus.

#### ***Onshore versus offshore Renminbi risk***

The onshore Renminbi is the official currency of the PRC and is the currency of denomination for all financial transactions between individuals, state and corporations in the PRC. Hong Kong is the first

jurisdiction to allow for the accumulation of Renminbi deposits outside the PRC. Since June 2010, the offshore market for Renminbi is traded officially and regulated jointly by the Hong Kong Monetary Authority and the PBOC. While both onshore Renminbi ("CNY") and offshore Renminbi ("CNH") are the same currency, the onshore and offshore markets in which they are traded are largely separate and independent and the movement of currency from one market to the other is highly restricted. CNY and CNH are traded at different rates and any movement may not be in the same direction. This is because CNY and CNH act in separate jurisdictions, which leads to separate supply and demand conditions for each, and therefore separate but related currency markets. As a result of strong demand in recent years for CNH, CNH has often traded at a premium to CNY. As a proportion of the Fund's Investments will be held in both CNH and CNY, the Fund may be exposed to the exchange rate differences between CNH and CNY and foreign exchange transaction costs associated with converting from CNH to CNY and vice versa.

***PRC government control of currency conversion and future movements in exchange rates***

The existing PRC foreign exchange regulations have reduced PRC government foreign exchange controls, however, the PRC government continues to regulate the exchange of foreign currencies within the PRC. PRC law requires that all PRC securities transactions be settled in Renminbi, and places significant restrictions on the remittance of foreign currencies. There is no assurance that the PRC government will continue with its existing foreign exchange policy or when the PRC government will allow free conversion of Renminbi to foreign currency.

The Fund invests in China onshore bonds which are denominated in Renminbi, and in particular, they will be required to remit Renminbi to the PRC to settle the purchase of China onshore bonds. Various PRC companies derive their revenues in Renminbi but have requirements for foreign currency, including for the import of materials, debt service on foreign currency denominated debt; purchases of imported equipment and payment of any cash dividends declared in respect of shares listed outside of mainland China, e.g. China H Shares, Hong Kong (H shares) or the US (N shares).

The existing PRC foreign exchange regulations have significantly reduced government foreign exchange controls for transactions under the current account, including trade and service related foreign exchange transactions and payment of dividends. However, the Investment Manager cannot predict whether the PRC government will continue its existing foreign exchange policy or when the PRC government will allow free conversion of the Renminbi to foreign currency.

Foreign exchange transactions currently continue to be subject to significant foreign exchange controls and require the approval of SAFE. Since 1994, the conversion of Renminbi into US Dollar has been based on rates set by the People's Bank of China, which are set daily based on the previous day's PRC interbank foreign exchange market rate. No assurance can be given regarding the future stability of the Renminbi - US Dollar exchange rate. Fluctuations in exchange rates may adversely affect the Fund's Net Asset Value. The conversion of Renminbi into US Dollar and vice versa is subject to SAFE approvals and the conversion rate is based on a managed floating exchange rate system which allows the value of Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. There can be no assurance that the Renminbi exchange rate will not fluctuate widely against the US Dollar or any other foreign currency in the future.

***Repatriation Delay***

There is a risk that, if and when the Fund are wound up and terminated in the future, the Fund may be required to obtain tax clearance prior to repatriating its assets in the PRC out of the PRC for payment of liquidation proceeds. Any delay in obtaining such tax clearance may result in a delay in the ability of the Fund to pay liquidation proceeds to an investor.

***Liquidity of China onshore bonds risk***

The existence of a liquid trading market for China onshore bonds may depend on whether there is a readily available supply of, and corresponding demand for, China onshore bonds. The price at which China onshore bonds may be purchased or sold by the Fund, upon any rebalancing activities or otherwise, and the Net Asset Value of the Fund may be adversely affected if trading markets for the China onshore bonds are limited or absent. Investors should note that the CIBM and Shanghai and Shenzhen Stock Exchanges on which China onshore bonds are traded are undergoing continuing development and the market capitalisation of, and trading volumes on, those exchanges are lower than those in more developed financial markets. Market volatility and settlement difficulties in the China onshore bonds markets may result in

significant fluctuation in the prices of securities traded on such markets and may consequently increase the volatility of the Net Asset Value of the Fund.

#### ***No Minimum Credit Rating***

The Benchmark Index does not impose any minimum credit rating requirements on the Renminbi-denominated bonds to be included and will include such bonds regardless of their credit rating provided they are not in default. In the event that the PRC or any bond comprised within the Benchmark Index is downgraded to non-investment grade, the Benchmark Index will continue to hold such bond notwithstanding its downgrading. The Fund will similarly continue to hold such non-investment grade bond until such time as such non-investment grade bond cease to form part of the Fund's Benchmark Index and it is possible and practicable (in the Investment Manager's view) to liquidate the position. In the event that any of the bonds comprising the Benchmark Index are rated sub-investment grade, or which are unrated but judged to be of comparable quality with sub-investment grade bonds, they are likely to be more volatile than higher-rated bonds of similar maturity. Such bonds may also be subject to greater levels of credit or default risk than highly rated bonds and are more likely to react to developments affecting market and credit risk than more highly rated bonds. The value of such bonds can be adversely affected by overall economic conditions, such as an economic downturn or a period of rising interest rates, and may be less liquid and more difficult to sell at an advantageous time or price.

#### ***Additional Currency FX Risk***

The constituents of the Benchmark Index for the Fund are priced by the index provider in CNY. Until such time as the Fund is able to purchase the fixed income securities in CNY, the Fund will purchase the fixed income securities in CNH and any exchange rate differences between USD/CNY and USD/CNH will be included in the Duties and Charges that apply to the relevant market.

#### **Risks specific to the Fund investing under the RQFII Regime**

##### ***Index Tracking Risk - RQFII Regime***

The Fund's return may deviate from the return of its Benchmark Index for various reasons, for example, the revocation, termination or other invalidation of the Investment Manager's RQFII Licence, the investment limitations imposed by PRC laws and regulations on the ability of RQFIIs (including the Investment Manager) to acquire onshore securities in certain PRC issuers from time to time, temporary or permanent suspension of particular securities imposed from time to time by stock exchanges or by issuers in the PRC, the liquidity of the underlying market, taxation implications, regulatory changes in the PRC that may affect the Investment Manager's ability to reflect the return of the Fund's Benchmark Index and any foreign exchange costs.

##### ***RQFII Regime general risk***

Repatriations of Renminbi by RQFIIs are currently permitted once a day and are not currently subject to any lock-up restrictions or prior regulatory approval. The application and interpretation of such investment regulations are therefore relatively untested and there is no certainty as to how they will be applied as the PRC authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future. It is not possible to predict the future development of the RQFII Regime. Any restrictions on repatriation imposed in respect of the Fund's cash may have an adverse effect on the Fund's ability to meet redemption requests. Any change in the RQFII Regime generally, including the possibility of the Investment Manager losing its RQFII status, may affect the Fund's ability to invest in China onshore bonds directly through the Investment Manager's RQFII Licence. Moreover, transaction sizes for RQFIIs are relatively large, which means there is a corresponding heightened risk of exposure to decreased market liquidity and significant price volatility, leading to possible adverse effects on the timing and pricing of acquisition or disposal of securities.

##### ***RQFII Licence***

The capacity of the Fund to make investments in China onshore bonds under the RQFII Regime depends on the ability of the Investment Manager to maintain its RQFII Licence which may be affected if the Investment Manager loses its RQFII status. To the extent that the Investment Manager loses its RQFII Licence or regulations change such that the RQFII regime is no longer available to the Investment Manager, the Fund may not be able to acquire additional China onshore bonds or other onshore instruments in the PRC and may result in the Fund not being able to accept any further subscriptions for Shares and its Shares trading

at a significant premium or discount to their net asset value on a stock exchange on which they are admitted to trading, save to the extent the Fund is able to invest via Bond Connect. In such circumstances, it may be more difficult for the Fund to achieve its investment objective and the Fund may need to obtain additional exposure to China onshore bonds indirectly, which may result in a negative or positive performance impact to the Fund and, by extension holders of its Shares, as compared to its Benchmark Index. In such an event, the Fund may invest via Bond Connect and/or use techniques to invest in securities or other instruments that are not constituents of its Benchmark Index, but which provide a similar exposure to the return of its Benchmark Index. These instruments may include offshore futures, shares in companies incorporated in the PRC but listed in Hong Kong, other exchange-traded funds that would provide a similar exposure or unfunded swap agreements, which are agreements whereby a counterparty agrees to provide the Fund with the returns of a specific exposure, i.e. the Benchmark Index, in return for a fee. Accordingly, there is a greater risk of tracking error, which may result in a negative or positive performance impact to the Fund and holders of its Shares.

#### ***Legal System of the PRC –The Fund investing under the RQFII Regime***

The RQFII Custodian Agreement, which is required to be entered into by the Investment Manager (as the relevant RQFII Licence holder in respect of the Fund investing in assets in the PRC using the RQFII Regime) with the PRC Sub-custodian and the Local PRC Sub-custodian in order to satisfy the requirements of the RQFII rules, is governed by PRC law and hence there may be uncertainties in relation to the application and enforcement of the agreement. Further information on the RQFII Custodian Agreement is set out in the section entitled “Sub-Custodian in the PRC – Local PRC Sub-custodian” under “Management and Administration”.

The rules and restrictions under the RQFII Regime generally apply to the Investment Manager as a whole and not simply to the investments made by the Fund. The PRC regulators are vested with the power to impose regulatory sanctions if the Investment Manager, the PRC Sub-custodian or the Local PRC Sub-custodian violates any provision of such rules or restrictions. Any violations could result in regulatory sanctions in respect of the Investment Manager as a whole and may adversely impact on investments made by the Fund.

#### ***RQFII investment restrictions risk***

Investors should note that the relevant PRC laws and regulations may limit the ability of a RQFII, including the Investment Manager, to acquire China onshore bonds in certain PRC issuers from time to time. This may occur in a number of circumstances, such as (i) where the RQFII has investments in an aggregate of 10% of the total share capital of a listed PRC issuer (regardless of the fact that the investments may be for a number of different ultimate clients including the Fund), and (ii) where the aggregate investments in China onshore bonds of all QFIIs and RQFIIs (whether or not connected in any way to the Fund) already equal 30% of the total share capital of a listed PRC issuer. In the event that these limits are exceeded, the relevant QFIIs and RQFIIs will be required to dispose of the China onshore bonds in order to comply with the relevant requirements and, in respect of (ii), each QFII or RQFII will dispose of the relevant China onshore bonds on a “last in first out” basis.

The PRC may introduce further limitations or restrictions on the foreign ownership of securities in the PRC, which may have adverse effects on the liquidity and the performance of the Fund. Such limitations and restrictions may restrict the Fund’s ability to acquire the shares of one or more constituents of its Benchmark Index in accordance with the relevant weightings of the Benchmark Index and therefore may impact on the Fund’s ability to track closely the performance of the Benchmark Index.

#### ***Risk of Investing in the China Interbank Bond Market via Bond Connect***

50. Where consistent with their investment objectives and policies, the Funds may 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 (“CDCC”), the SCH, and HKEX and Central Moneymarkets Unit (“CMU”).

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 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 CMU, as an offshore custody agent, and the CDCC and the SCH, as onshore custodian and clearing institutions in Mainland China. Under the settlement link, the CDCC or the SCH will effect gross settlement of confirmed trades onshore and the CMU will process bond settlement instructions from CMU members on behalf of eligible foreign investors in accordance with its relevant rules. Since the introduction in August 2018 of delivery versus payment (DVP) settlement in respect of Bond Connect, the movement of cash and securities is carried out simultaneously on a real time basis.

Pursuant to the prevailing regulations in Mainland China, the CMU, 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 Shanghai Clearing House). All bonds traded by eligible foreign investors will be registered in the name of the CMU, which will hold such bonds as a nominee owner.

51. Specific risks associated with China Interbank Bond Market

In addition to risks regarding “Investments in the PRC”, the following additional risks apply to Funds that invest in the China Interbank Bond Market:



The settlement and custody of bonds traded in the China Interbank Bond Market under Bond Connect will be effected through the settlement and custody link between the CMU, as an offshore custody agent, and the CDCC and the SCH, as onshore custodians and clearing institutions in the PRC. Under the settlement link, the CDCC or the SCH will effect gross settlement of confirmed trades onshore and the CMU will process bond settlement instructions from CMU members on behalf of eligible foreign investors in accordance with its relevant rules. Since the introduction in August 2018 of delivery versus payment (DVP) settlement in respect of Bond Connect, the movement of cash and securities is carried out simultaneously on a real-time basis. Pursuant to the prevailing regulations in the PRC, the CMU, as the offshore custody agent recognized by the Hong Kong Monetary Authority, will open omnibus nominee accounts with the onshore custody agent recognized by the People's Bank of China (*i.e.*, CDCC and SCH). All bonds traded by eligible foreign investors through Bond Connect will be registered in the name of the CMU, which will hold such bonds as a nominee owner. Therefore, a Fund will be exposed to custody risks with respect to the CMU. In addition, as the relevant filings, registration with the People's Bank of China, and account opening have to be carried out by third parties, including the CMU, CDCC, SCH, and CFETS, a Fund is subject to the risks of default or errors on the part of such third parties.

The precise nature and rights of a Fund as the beneficial owner of the bonds traded in the China Interbank Bond Market through the CMU as nominee is not well-defined under PRC law. There is a 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. The exact nature and methods of enforcement of the rights and interests of a Fund under PRC law are also uncertain. In the unlikely event that the CMU becomes subject to winding up proceedings in Hong Kong there is a risk of dispute on whether the bonds traded in the China Interbank Bond Market are held for the beneficial ownership of the Fund or as part of the general assets of the CMU available for general distribution to its creditors.

#### *Volatility and Liquidity Risk*

Market volatility and potential lack of liquidity due to low trading volume of certain bonds in the China Interbank Bond Market may result in prices of certain bonds traded on such market fluctuating significantly. A Fund investing in such market is therefore subject to liquidity and volatility risks. The bid-ask spreads of the prices of such securities may be large, and a Fund may therefore incur significant costs and may suffer losses when selling such investments. The bonds traded in the China Interbank Bond Market may be difficult or impossible to sell, which may impact a Fund's ability to acquire or dispose of such securities at their expected prices.

#### *Regulatory Risks*

Investing in the China Interbank Bond Market through Bond Connect is also subject to regulatory risks. The relevant rules and regulations are subject to change, which may have potential retrospective effect, and there can be no assurance that Bond Connect will not be discontinued or abolished. Furthermore, the securities regimes and legal systems of China and Hong Kong differ significantly and issues may arise based on these differences. In the event that the relevant authorities suspend account opening or trading on the China Interbank Bond Market, a Fund's ability to invest in the China Interbank Bond Market will be adversely affected and limited. In such event, a Fund's ability to achieve its investment objective will be negatively affected and, after exhausting other trading alternatives, the Fund may suffer substantial losses as a result. Further, if Bond Connect is not operating, a Fund may not be able to acquire or dispose of bonds through Bond Connect in a timely manner, which could adversely affect the Fund's performance.

#### *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. A Fund's ability to trade through Bond Connect (and hence to pursue its investment strategy) may therefore be adversely affected. In addition, where a Fund invests in the China Interbank Bond Market through Bond Connect, it may be subject to risks of delays inherent in the order placing and/or settlement systems.

### *Renminbi Currency Risks*

Bond Connect trades are settled in Chinese currency, the renminbi (“**RMB**”), which is currently restricted and not freely convertible. As a result, a Fund will be exposed to currency risk, and it cannot be guaranteed that investors will have timely access to a reliable supply of RMB.

### *Tax Risk*

Under prevailing tax regulations, a 10% withholding tax is imposed on PRC-sourced dividends and interest from non-government bonds paid to a Fund unless the rate is reduced under an applicable tax treaty. From May 1, 2016, Value Added Tax (VAT) is levied on certain income derived by a Fund, including interest income from non-government bonds and trading gains, unless specifically exempted by the PRC tax authorities. VAT exemptions currently apply to debt securities traded in the China Interbank Bond Market.

On November 22, 2018, the PRC’s Ministry of Finance and State Administration of Taxation jointly issued Circular 108 providing foreign institutional investors with a temporary exemption from withholding income tax and VAT with respect to interest income derived from non-government bonds in the domestic bond market for the period from November 7, 2018 to November 6, 2021. Circular 108 is silent on the PRC tax treatment with respect to non-government bond interest derived prior to November 7, 2018.

There is a risk the PRC tax authorities may withdraw the temporary tax exemptions in the future and seek to collect withholding income tax and VAT on interest income from non-government bonds to a Fund without prior notice. If the tax exemptions are withdrawn, any taxes arising from or to a Fund may be directly borne by or indirectly passed on to the Fund and may result in a substantial impact to its NAV. As with any NAV adjustment, investors may be advantaged or disadvantaged depending on when the investors purchased or sold shares of the Fund.

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 a Fund. BFA 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 its opinion such provision is warranted or as further publicly clarified by the PRC.

### ***Investments in Russia***

For Funds that invest in or are exposed to investment in Russia, potential investors should also consider the following risk warnings which are specific to investing in or exposure to Russia:

52. The United States and the European Union have instituted additional sanctions against certain Russian issuers which include prohibitions on transacting in or dealing in new debt of longer than 30 days’ maturity or new equity of such issuers. Securities held by a Fund issued prior to the date of the sanctions being imposed are not currently subject to any restrictions under the sanctions. However, compliance with each of these sanctions may impair the ability of a Fund to buy, sell, hold, receive or deliver the affected securities or other securities of such issuers. If it becomes impracticable or unlawful for a Fund to hold securities subject to, or otherwise affected by, sanctions (collectively, “affected securities”), or if deemed appropriate by the Fund’s Investment Manager, subscriptions in kind and directed cash subscriptions may not be available for such Fund in respect of the affected securities.

Also, if an affected security is included in a Fund’s Benchmark Index, the Fund may, where practicable and permissible, seek to eliminate its holdings of the affected security by using optimisation techniques to seek to track the investment returns of its Benchmark Index. The use of (or increased use of) optimisation techniques may increase the Fund’s tracking error risk. If the affected securities constitute a significant percentage of the Benchmark Index, a Fund may not be able to effectively implement optimisation techniques, which may result in significant tracking error between a Fund’s performance and the performance of its Benchmark Index.

Sanctions may now, or in the future, result in retaliatory measures by Russia, including the immediate freeze of Russian assets held by a Fund. In the event of such a freeze of any Fund’s assets, a Fund may not be able to pay out redemption proceeds in respect of the assets which are frozen or may need to

liquidate non-restricted assets in order to satisfy redemption orders. The liquidation of a Fund's assets during this time may also result in a Fund receiving substantially lower prices for its securities.

These sanctions may also lead to changes in a Fund's Benchmark Index. An index provider may remove securities from a Benchmark Index or implement caps on the securities of certain issuers that have been subject to recent economic sanctions. In such an event, it is expected that a Fund will rebalance its portfolio to bring it in line with the relevant Benchmark Index as a result of any such changes, which may result in transaction costs and increased tracking error.

53. The laws relating to securities investments and regulations in Russia have been created on an ad-hoc basis and do not tend to keep pace with market developments leading to ambiguities in interpretation and inconsistent and arbitrary application. Monitoring and enforcement of applicable regulations is rudimentary.
54. Rules regulating corporate governance either do not exist or are underdeveloped and offer little protection to minority shareholders.
55. There are also counterparty risks in connection with the maintenance of portfolio securities and cash with local sub-custodians and securities depositories in Russia.

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

### ***Optimising Strategy***

56. It may not be practical or cost efficient for a Fund to replicate its Benchmark Index. Certain Funds may use optimisation techniques to track the performance of their Benchmark Index, which is described under "Investment Objective and Policies". Optimisation techniques may include the strategic selection of some (rather than all) of the securities that make up the relevant Fund's Benchmark Index, holding securities in proportions that differ from the proportions of the Fund's Benchmark Index and/or the use of FDIs to track the performance of certain securities that make up the Fund's 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.

### ***Currency Risk – Base Currency***

57. The Base Currency of a Fund is usually chosen to match the base currency in which its Benchmark Index is valued and this may differ from the currency of the underlying assets of the Benchmark Index. In addition, a Fund's Benchmark Index may comprise multiple-currency underlying assets. Consequently, the Investments of a Fund may be acquired in currencies which are not the Base Currency of the Fund. In addition, certain Funds may have Share Classes which have different Valuation Currencies from the Base Currency of the Fund. Consequently, the Investments of a Share Class may be acquired in currencies which are not the Valuation Currency of the Share Class.

Unless it is the stated intention of the Company to use hedging or other techniques and instruments in any Funds in order to cover currency risk, the fact that Base Currencies, Valuation Currencies and the currencies of Funds' Investments may differ may cause the cost of purchasing such Investments to be affected favourably or unfavourably by fluctuations in the relative exchange rates of the different currencies. For emerging market countries, volatility in currency markets can be heightened.

The Funds may utilise techniques and instruments including FDIs 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 Manager is not obliged to seek to reduce currency risk within the Funds.

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

58. 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. Therefore changes in exchange rates may affect the value of an investment in the Funds.

### ***Currency Hedged Classes***

59. Currency Hedged Classes use forward FX contracts and spot FX contracts to reduce or minimise the risk of currency fluctuations between the Valuation Currency of a Currency Hedged Class and the Base Currency of a Fund or between its underlying portfolio currency exposures against its Valuation Currency. In circumstances where the Valuation Currency of a Currency Hedged Class is generally strengthening against the currency exposures being hedged (i.e. the Base Currency of a Fund or the currencies of the constituent securities of the underlying portfolio currency exposures of a Currency Hedged Class), currency hedging may protect investors in the relevant Share Class against such currency movements. However, where the Valuation Currency of a Currency Hedged Class is generally weakening against the currency exposures being hedged, currency hedging may preclude investors from benefiting from such currency movements. Investors should only invest in a Currency Hedged Class if they are willing to forego potential gains from appreciations in the Base Currency or currencies of the constituent securities of the underlying portfolio currency exposures of a Currency Hedged Class against the Valuation Currency. While currency hedging is likely to reduce currency risk in the Currency Hedged Classes, it is unlikely to completely eliminate currency risk. Currency Hedged Classes in non-major currencies may be affected by the fact that capacity of the relevant currency market may be limited, which could reduce the ability of the Currency Hedged Class to reduce its currency risk and the volatility of such Currency Hedged Class.

To the extent that a Fund does not employ strategies aimed at hedging certain Classes, such Classes will be subject to exchange rate risk in relation to the Base Currency of the relevant Fund. At the date of this prospectus Currency Hedged Classes are not available in the BlackRock Euro Credit Enhanced Index Fund, the BlackRock Euro Government Enhanced Index Fund, and the iShares Ultra High Quality Euro Government Bond Index Fund (IE), as these Funds do not undertake any exposure to currencies other than the Euro and will only undertake investment transactions that are denominated in Euro.

In accordance with the provisions of the European Market Infrastructure Regulation (EMIR), a Fund's counterparties are required to provide collateral to the Fund (and vice versa from a Fund to its counterparties) to cover the variation margin exposure arising from the Fund's currency forwards entered into from 3 January 2018 onwards. Collateral will be transferred if the net exposure pursuant to the currency forwards between a Fund (across all its Currency Hedged Classes) and a counterparty exceeds the minimum transfer amount and multiples thereof. The Funds generally apply a minimum transfer amount of around US\$250,000, although EMIR permits a minimum transfer amount of up to €500,000. In order to meet the collateral requirements under EMIR for Currency Hedged Classes, the Investment Manager will need to manage the Funds with Currency Hedged Classes to ensure that they hold sufficient cash and/or securities that meet the collateral requirements.

#### ***Subscription and Redemption Collection Accounts***

60. Subscriptions monies received in respect of a Fund in advance of the issue of Shares will be held in the Umbrella Cash Collection Account or Fund Cash Collection Accounts, as applicable, in the name of the relevant Fund, as applicable. Investors will be unsecured creditors of such Fund with respect to the amount subscribed until such Shares are issued, and will not benefit from any appreciation in the Net Asset Value of the Fund or any other shareholder rights (including dividend entitlement) until such time as Shares are issued. In the event of the insolvency of the Fund or the Company, there is no guarantee that the Fund or the Company will have sufficient funds to pay unsecured creditors in full.

Payment by the Fund of redemption proceeds and dividends is subject to receipt by the Administrator of the Account Opening Form (in the form prescribed by the Directors) and all relevant supporting documentation in relation to Anti-Money Laundering ('AML') and Countering the Financing of Terrorism ('CFT') requirements. Notwithstanding this, redeeming Shareholders will cease to be Shareholders, with regard to the redeemed Shares, from the relevant redemption date. Redeeming Shareholders and Shareholders entitled to distributions will, from the redemption or distribution date, as appropriate, be unsecured creditors of the Fund, and will not benefit from any appreciation in the Net Asset Value of the Fund or any other Shareholder rights (including further dividend entitlement), with respect to the redemption or distribution amount. In the event of an insolvency of the Fund or the Company during this period, there is no guarantee that the Fund or the Company will have sufficient funds to pay unsecured creditors in full. Redeeming Shareholders and Shareholders entitled to distributions should therefore ensure that any outstanding documentation and information is provided to the Administrator promptly. Failure to do so is at such Shareholder's own risk.

In respect of the Umbrella Cash Collection Account, in the event of the insolvency of another Fund of the Company, recovery of any amounts to which a Fund is entitled, but which may have transferred to such other Fund as a result of the operation of the Umbrella Cash Collection Account, will be subject to the principles of Irish trust law and the terms of the operational procedures for the Umbrella Cash Collection Account. There may be delays in effecting and / or disputes as to the recovery of such amounts, and the insolvent Fund may have insufficient funds to repay amounts due to the relevant Fund. Accordingly, there is no guarantee that such Fund or the Company will recover such amounts. Furthermore, there is no guarantee that in such circumstances such Fund or the Company would have sufficient funds to repay any unsecured creditors.

### ***Sovereign Debt***

61. Sovereign debt refers to debt obligations (including fixed income securities) 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 Governmental Entity has defaulted may be recovered).

### ***Replicating Strategies***

62. Funds using a replication strategy intend to hold fixed income securities of all the issuers in their respective Benchmark Indices in similar proportion to the weightings of such issuers in their Benchmark Indices.

However, they may not hold all the bond issues in their respective Benchmark Indices (for example where certain bond issues are less liquid) and they may hold bond issues not in their Benchmark Indices (but with similar performance and matching risk profile to the bond issues in their Benchmark Indices) of the issuers that are in their Benchmark Indices. The holding of fewer bond issues could result in an increase in concentration in such bond issues compared to the Funds’ respective Benchmark Indices. The holding of fewer bond issues and the holding of bond issues not in their Benchmark Indices may potentially increase tracking error risk of such Funds, which is the risk that their returns may not track exactly those of their respective Benchmark Indices.

### ***Sustainability Risks - General***

Sustainability risk is an inclusive term to designate investment risk (probability or uncertainty of occurrence of material losses relative to the expected return of an investment) that relates to



environmental, social or governance issues.

Sustainability risk around environmental issues includes, but is not limited to, climate risk, both physical and transition risk. Physical risk arises from the physical effects of climate change, acute or chronic. For example, frequent and severe climate-related events can impact products and services and supply chains. Transition risk whether policy, technology, market or reputation risk arises from the adjustment to a low-carbon economy in order to mitigate climate change. Risks related to social issues can include but are not limited to labour rights and community relations. Governance related risks can include but are not limited to risks around board independence, ownership & control, or audit & tax management. These risks can impact an issuer's operational effectiveness and resilience as well as its public perception, and reputation affecting its profitability and in turn, its capital growth, and ultimately impacting the value of holdings in a Fund.

These are only examples of sustainability risk factors and sustainability risk factors do not solely determine the risk profile of the investment. The relevance, severity, materiality and time horizon of sustainability risk factors and other risks can differ significantly by Funds.

Sustainability risk can manifest itself through different existing risk types (including, but not limited to, market, liquidity, concentration, credit, asset-liability mismatches etc.). By way of example, a Fund may invest in the equity or debt of an issuer that could face potentially reduced revenues or increased expenditures from physical climate risk (e.g. decreased production capacity due to supply chain perturbations, lower sales due to demand shocks or higher operating or capital costs) or transition risk (e.g. decreased demand for carbon-intensive products and services or increased production costs due to changing input prices). As a result, sustainability risk factors may have a material impact on an investment, may increase the volatility, affect liquidity and may result in a loss to the value of a Fund's Shares.

The impact of those risks may be higher for Funds with particular sectoral or geographic concentrations e.g., Funds with geographical concentration in locations susceptible to adverse weather conditions where the value of the investments in the Funds may be more susceptible to adverse physical climate events or Funds with specific sectoral concentrations such as investing in industries or issuers with high carbon intensity or high switching costs associated with the transition to low carbon alternatives, may be more impacted by climate transition risks.

All or a combination of these factors may have an unpredictable impact on the relevant Fund's investments. Under normal market conditions such events could have a material impact on the value of a Fund's Shares.

While index providers of the Benchmark Indices of the Funds provide descriptions of what each Benchmark Index is designed to achieve, index providers do not generally provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect of their benchmark indices or in their index methodology documents, nor any guarantee that the published indices will be in line with their described benchmark index methodologies. Errors in respect of the quality, accuracy and completeness of the data may occur from time to time and may not be identified and corrected for a period of time, in particular where the indices are less commonly used.

The impacts of sustainability risk are likely to develop over time and new sustainability risks may be identified as further data and information regarding sustainability factors and impacts becomes available.

### ***ESG Benchmark Index Screening***

63. Certain Funds seek to track the performance of a Benchmark Index which is stated by the index provider to be screened against ESG criteria and to exclude issuers involved in, or deriving revenues (above a threshold specified by the index provider) from, certain business activities, or to weight issuers within the Benchmark Index to optimise ESG scores, at each index rebalance. Investors should therefore be comfortable and satisfied with the extent of ESG-related screening undertaken by the Benchmark Index prior to investing in the Fund.

Investor sentiment towards issuers which are perceived as being ESG conscious or attitudes towards ESG concepts generally may change over time which may affect the demand for ESG based investments and may also affect their performance.

Due to the ESG criteria being applied to the relevant Parent Index / investment universe in order to determine eligibility for inclusion in the relevant Benchmark Index, the Benchmark Index will comprise a narrower universe of securities compared to the Parent Index / investment universe and securities of the Benchmark Index are also likely to have different Global Industry Classification Standard ("GICS") sector weightings and factor weightings compared to the Parent Index / investment universe. Where the Benchmark Index targets a similar risk profile to the Parent Index / investment universe, the Benchmark Index is nevertheless likely to have a different performance profile to the Parent Index / investment universe, due to the narrower universe of securities of the Benchmark Index. This narrower universe of securities may not necessarily perform as well as those securities that do not meet the ESG screening criteria, which may adversely affect the performance of a Fund relative to another collective investment scheme which tracks the Parent Index / investment universe.

Screening of a Benchmark Index against its ESG criteria is generally carried out by an index provider only at index rebalances, although certain indices may be screened by the index provider for UNGC violators during periodic reviews in between index rebalances. Companies which have previously met the screening criteria of a Benchmark Index, and have therefore been included in the Benchmark Index and the Fund, may unexpectedly or suddenly be impacted by an event of serious controversy which negatively impacts their price and, hence, the performance of the Fund. Where these companies are existing constituents of the Benchmark Index, they will remain in the Benchmark Index and therefore continue to be held by the Fund until the next scheduled rebalancing (or periodic review) when the relevant company ceases to form part of the Benchmark Index and it is possible and practicable (in the Investment Manager's view) to liquidate the position. A Fund tracking such Benchmark Index may therefore cease to meet the ESG criteria between index rebalances (or index periodic reviews) until the Benchmark Index is rebalanced back in line with its index criteria, at which point the Fund will also be rebalanced in line with its Benchmark Index. At the time that the Benchmark Index excludes the affected securities, the price of the securities (in particular securities of companies impacted by an event of serious controversy) may have already dropped and not yet recovered, and the Fund could therefore be selling the affected securities at a relatively low price point.

Screening of issuers for inclusion within the Benchmark Index of a Fund is carried out by the index provider based on the ESG ratings and / or screening criteria of the index provider or other third parties. This may be dependent upon information and data obtained from third-party data providers which may on occasion be incomplete, inaccurate or inconsistent. There may also be a time lag between the date as at which the data is captured and the date on which the data is used, which may impact the timeliness and quality of the data. The Fund, the Manager and the Investment Manager do not make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of the index provider's or data provider's information, ESG ratings, screening criteria or the way they are implemented. In the event that the status of a security previously deemed eligible for inclusion in the Benchmark Index should change, the Fund, the Manager and the Investment Manager do not accept liability in relation to such change. For the avoidance of doubt, the Fund, the Manager and the Investment Manager are not liable for ensuring that the securities that comprise the Benchmark Index of a Fund will meet the screening criteria applied by the index provider or ensure that the ESG ratings given by the index provider or other third parties to each security are valid. If a Fund's Benchmark Index does not meet the ESG criteria in its index methodology at an index rebalance, it may in turn impact the ability of the Fund to meet its ESG criteria.

The extent to which a Fund is able to meet its sustainability commitments or aims may vary on an ongoing basis due to factors such as market conditions, the ESG performance of underlying investments and the methodology applied by the index provider of the Benchmark Index for the Fund. If a Fund's performance falls below its sustainability commitments, the Investment Manager will take steps to bring the Fund back in compliance with its sustainability commitments on or around the next rebalance of its Benchmark Index.

ESG screens and standards are a developing area and the ESG screens and ratings applied by the index provider may evolve and change over time.

A Fund may use FDIs and hold collective investment schemes which may not comply with ESG ratings/criteria applied by an index provider. A Fund may gain limited exposure (through, including but not limited to, derivatives and shares or units of other collective investment schemes) to issuers with exposures which may not comply with socially responsible investment (“SRI”) requirements and/or ESG criteria applied by the index provider. There may be potential inconsistencies in the ESG criteria or the ESG ratings applied by the underlying collective investment schemes invested in by a Fund. A Fund may also engage in securities lending and receive collateral which may not comply with the SRI requirements and/or ESG criteria applied by the index provider.

### ***Funds with ESG categorisations or country labels***

64. Certain Funds have adopted or obtained ESG categorisations (for example under SFDR or the French AMF rules) or country labels (for example Belgian Febelfin or French SRI). Where such Funds track a Benchmark Index and they cease to meet the requirements of their ESG categorisations or labels, it is intended that they will be brought back in line with their respective Benchmark Indices on or around the next index rebalance. At such point, the Funds will be rebalanced in line with their respective Benchmark Indices, subject to any restrictions applicable to the Funds as a result of their ESG categorisations or country labels but not applied by the index provider to their Benchmark Indices (whether intentionally or by error). If a Fund has to not hold a security in its Benchmark Index to comply with a restriction as a result of its ESG categorisation or country label which is not met by its Benchmark Index, this could increase the tracking difference and the tracking error of the Fund. Such increase could be made worse by market volatility.

There may be conditions from time to time in which an index provider finds that it is not possible to rebalance a Benchmark Index to meet, on an optimal basis, all the ESG and non-ESG targets of the Benchmark Index at the same time and the index provider may choose to relax certain ESG or non-ESG targets based on its rules in order to carry out that rebalancing. If this happens, it will in turn impact the performance of the Fund tracking such Benchmark Index at such rebalancing.

Rules and standards for ESG categorisations and labels are a developing area. As such rules evolve over time, they may become stricter and may diverge from the index methodologies and the investment objectives, policies or strategies of the Funds and may even conflict with each other. It may not be possible or practicable for a Fund to continue to comply with the changing rules while maintaining its existing investment objective, policy and strategy or it may not be in the best interest of the Fund and its shareholders as a whole to do so. In such situations, the Fund may cease to hold certain ESG categorisations or labels (after the expiry of the period given to remedy the breach for the ESG labels).

### ***AMF ESG Rules***

65. The AMF ESG Rules set out ESG measurable objectives that certain Funds marketed in France and which have an ESG strategy supported by a significantly engaging methodology must incorporate into their investment policy (the “AMF Measurable Objectives”). Although the index provider’s index methodology may not explicitly integrate the AMF Measurable Objectives, the Investment Manager is of the view that, by passively tracking their Benchmark Indices, the relevant Funds should be able to meet the AMF Measurable Objectives based on the current methodology of their Benchmark Indices. Investors should note that the Directors may take such action as they consider to be necessary, including substituting another index for a Fund’s Benchmark Index as described in the section entitled “Benchmark Indices”, to the extent that a future rebalancing of, or change to, a Fund’s Benchmark Index by its index provider would result in the Fund ceasing to comply with the AMF Measurable Objectives.

### ***ESG Policy Risk***

66. The application of a Fund’s ESG Policy is expected to result in an ex ante tracking error versus the Benchmark Index. While it is expected that in ordinary circumstances, such ex ante tracking error will be as set out under “Anticipated Tracking Error of the Funds”, there can be no guarantee that the tracking error will fall within these limits at all times and the actual ex ante tracking error at any time may be outside of these limits for a variety of reasons.

### ***Financial Sector Investment Risks***

67. Companies in the financial sector are subject to increasing governmental regulation, government intervention and taxes, which may adversely affect the scope of their activities, the amount of capital they must maintain and their profitability. The financial services sector may also be adversely affected by increases in interest rates and irrecoverable debt, decreases in the availability of funding or asset valuations and adverse conditions in other related markets. The deterioration of the credit markets has caused an adverse impact in the credit and interbank money markets generally, thereby affecting a wide range of financial services institutions and markets. Certain financial services companies have had to accept or borrow significant amounts of money from their governments and thereby face additional government-imposed restrictions on their businesses which could have an impact on their performance and value. Insurance companies in particular, may be subject to intense price competition, which may have an adverse impact on their profitability. Companies that invest in real estate may be affected by adverse changes to the conditions of the real estate markets, movements in interest rates, investor confidence, changes in supply and demand for property, costs, availability of mortgage loans, taxes and the impact of environmental and planning laws. The risks faced by companies within the financial sector may have a higher impact on companies that employ substantial financial leverage within their businesses.

### ***Industrials Sector Investment Risks***

68. Companies in the industrials sector may be affected by supply and demand both for their specific product or service and for industrials sector products in general. Government regulations, labour relations, world events, economic conditions and taxes may affect the performance of companies in the industrials sector. Companies in the industrials sector may be adversely affected by product liability claims, liability for environmental damage and changes in exchange rates. The industrials sector may also be adversely affected by changes or trends in commodity prices, which may be influenced or characterised by unpredictable factors. Manufacturing companies need to keep up with technological advancements or may face the risk of their products becoming uncompetitive or obsolete. Aerospace and defence companies, a component of the industrials sector, rely to a significant extent on demand from governments for their products and services and their financial performance can be significantly affected by government spending policies, especially with governments coming under increasing pressure to control and reduce budget deficits. Transportation companies, another component of the industrials sector, are cyclical and can also be significantly affected by government spending policies. Companies or issuers with high carbon intensity or high switching costs associated with the transition to low carbon alternatives, may be more impacted by climate transition risks. There may also be increased impacts on the value of the investments in these Funds as a result of geographical concentration in locations where the value of the investments in the Funds may be more susceptible to adverse physical climate events, as well as social and governance factors.

### ***Cybersecurity risk***

69. A Fund or any of the service providers, including the Manager and the Investment Manager, 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 Shares, 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, Shareholder

ownership of Shares, 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 Manager and the Investment Manager 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 Manager or the Investment Manager 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.

Technological malfunctions may occur from factors such as processing errors, human errors, inadequate or failed internal or external processes, failure in systems and technology, changes in personnel, infiltration by unauthorised persons and errors cause by services providers. Whilst the Manager and the Investment Manager seek to minimise such events through controls and oversight, there may still be failures that could cause losses to the Funds.

The Investment Manager relies on its third party service providers for many of its 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 Manager or a Fund from cyber-attack and/or technological malfunction.

### ***Operational risk***

70. The Funds are exposed to operational risks arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of service providers, counterparties or other third parties, failed or inadequate processes and technology or systems failures. The Manager seeks to reduce these operational risks through controls and procedures and, through its monitoring and oversight of providers of services for the Funds, and also seeks to ensure that such service providers take appropriate precautions to avoid and mitigate risks that could lead to disruptions and operating errors. However, it is not possible for the Manager and other service providers to identify and address all of the operational risks that may affect a Fund or to develop processes and controls to completely eliminate or mitigate their occurrence or effects.

A Fund's operations (including investment management, distribution, collateral management, administration and currency hedging) are carried out by several service providers which are selected based on a rigorous due diligence process.

Nevertheless, the Manager and other service providers to the Funds may experience disruptions or operating errors such as processing errors or human errors, inadequate or failed internal or external processes, or systems or technology failures, provision or receipt of erroneous or incomplete data, resulting in operational risk which may have a negative effect on the Fund's operations and may expose the Fund to a risk of loss. This can manifest itself in various ways, including business interruption, poor performance, information systems malfunctions or failures, provision or receipt of erroneous or incomplete data or loss of data, regulatory or contractual breaches, human error, negligent execution, employee misconduct, fraud or other criminal acts. Investors could experience delays (for example, delays in the processing of subscriptions, switching and redemption of Shares) or other disruptions.

While the Manager seeks to minimise operational errors as set out above, there may still be failures that could cause losses to a Fund and reduce the value of the Fund.

### **Specific investment risks for the Sukuk Fund**

#### ***71. Investments in the Sukuk Fund***

Prospective investors should not rely on the pronouncement of the Sukuk Fund Panel on the compliance of the Sukuk Fund with Shari'ah in deciding whether to become an investor. Prospective investors should consult their own Shari'ah advisors as to whether the Sukuk Fund and the component securities of the Benchmark Index are compliant with Shari'ah. By becoming an investor, each investor shall be deemed to have represented that they are satisfied that the Sukuk Fund does not contravene Shari'ah.



The Benchmark Index relies on the information of its data provider for the determination of the universe of eligible component securities. The Benchmark Index data provider screens eligible component securities pursuant to AAOIFI Standards. Neither the index provider, the Sukuk Fund, the Manager nor the Investment Manager makes any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of such determinations. In the event that the status of the Sukuk Fund's Shari'ah compliance (based on the conformity with the AAOIFI Standards) should change, neither the Sukuk Fund, the Manager nor the Investment Manager accepts liability in relation to such change but will endeavour to inform each investor as soon as reasonably practicable following such change.

Although the Sukuk Fund intends to observe Shari'ah at all times, no such assurance can be given as, for example, there may be occasions when the Sukuk Fund's Investments do not fully comply with such criteria for factors outside the control of the Sukuk Fund. Compliance with Shari'ah may result in the Benchmark Index changing its component securities with limited notice in which case the Investment Manager may be required to dispose of Investments in circumstances that are less advantageous than might otherwise be the case.

Similarly, cash balances held by the Sukuk Fund from time to time may be deposited on terms which shall grant no return on the sum deposited for the benefit of the Sukuk Fund. In the event of any interest arising, or gains or profits received from the disposal of non-Shari'ah compliant Investments or if Investments yield small percentages of income inconsistent with Shar'iah, that gain, profit or income will then need to be "purified" by way of a donation to approved charities for purification purposes.

The performance of the Sukuk Fund is measured against a specific index which is stated by the index provider to be compliant with Shari'ah. The Sukuk Fund will gain exposure to the component securities of the Benchmark Index in accordance with the guidance and advice provided by the Sukuk Fund Panel. As a consequence, this may mean that the Sukuk Fund underperforms other investment funds with comparable investment objectives that do not seek to adhere to Islamic investment criteria (for example the inability to invest in interest bearing securities or participate in securities lending).

## **72. Non-Compliance with Shari'ah**

The Investment Manager will undertake the investment activities of the Sukuk Fund in accordance with the principles of Shari'ah subject to the annual screening of Investments by the Sukuk Fund Panel. These requirements may lead to Investments being assessed or reclassified as non-compliant with Shari'ah. The reclassification of an Investment as non-compliant with Shari'ah may be due to factors outside of the control of the Sukuk Fund, the Investment Manager and the Sukuk Fund Panel, such as new interpretations or regulations as to the eligibility of certain instruments. In the event the Investment Manager is required to rectify any Shari'ah non-compliance by disposing of the relevant Investments, the Sukuk Fund may bear losses from the disposal. In the event of gains or profits received from the disposal of non-Shari'ah compliant Investments, such income is required to be "purified" with donations to charities approved by the Sukuk Fund Panel. In each case, the disposal of the Investment may adversely affect the performance of the Sukuk Fund.

## **73. Impact of Shari'ah on Performance**

The principles of Shari'ah may prohibit the Sukuk Fund from investing in well-performing securities or may require the Sukuk Fund to dispose of some of its Investments due to their non-compliance with Shari'ah. In addition, compliance with the principles of Shari'ah may lead the Sukuk Fund to bear additional fees, costs and expenses, such as costs in relation to the structuring of Investments in a Shari'ah compliant manner. This may result in increased tracking error risk and the performance of the Sukuk Fund may be lower than other investment funds not bound by the principles of Shari'ah.

## **74. Sukuk investment risk**

Price changes in Sukuk are influenced predominantly by the value of the underlying asset. Factors that may impact the value of the underlying asset include volatility and interest rate levels. Price changes in Sukuk may also be influenced by interest rate developments in the capital markets, which in turn are

influenced by macro-economic factors. Sukuk could suffer when capital market interest rates rise, while they could increase in value when capital market interest rates fall. The price changes also depend on the term or residual time to maturity of the Sukuk. In general, Sukuk with shorter terms have less price risks than Sukuk with longer terms. However, they generally have lower returns and, because of the more frequent due dates of the securities portfolios, involve higher re-investment costs. Sukuk may be issued by any corporate, sovereign, or supranational entity and may be backed or derive its value from any asset, tangible or otherwise, including home financings.

Sovereign Sukuk ("Sovereign Sukuk") are Sukuk issued or guaranteed by governments or government-related entities. Investment in Sovereign Sukuk issued or guaranteed by governments or their agencies and instrumentalities ("governmental entities") may involve a higher degree of risk than conventional governmental bonds due to their geographical concentration. The governmental entity that controls the repayment of Sovereign Sukuk may not be able or willing to repay the principal and/or return when due in accordance with the terms of such debt due to specific factors, including, but not limited to (i) their foreign reserves, (ii) the available amount of their foreign exchange as at the date of repayment, (iii) their failure to implement political reforms, and (iv) their policy relating to the International Monetary Fund. Sovereign Sukuk holders may also be affected by additional constraints relating to sovereign issuers which may include: (i) the unilateral rescheduling of such obligation by the issuer and (ii) the limited legal recourses available against the issuer (in case of failure of delay in repayment). Where the Sukuk Fund invests in Sovereign Sukuk issued by governments or government related entities from emerging countries it will bear additional risks linked to the specifics of such countries (e.g. currency fluctuations, political and economic uncertainties, repatriation restrictions, etc.).

Sukuk issued or guaranteed by corporate or supranational entities are also subject to the risk that the obligor is unwilling or unable to make payments according to the terms of the Sukuk. Recourse to the obligor may be limited in such instances depending on the jurisdiction where the Sukuk was issued and the law governing the issuance.

#### **75. High Yield Sukuk**

As the Sukuk Fund may invest in Sukuk that are rated sub-investment grade, or Sukuk which are unrated, the Sukuk Fund may be more volatile than funds investing in higher-rated Sukuk of similar maturity.

High yield Sukuk may also be subject to greater levels of credit or default risk than high-rated Sukuk. Such Sukuk are more likely to react to developments affecting market and credit risk than more highly rated securities. The value of high yield Sukuk can be adversely affected by overall economic conditions, such as an economic downturn or a period of rising interest rates, and high yield Sukuk may be less liquid and more difficult to sell at an advantageous time or price or to value than higher-rated Sukuk. In particular, high yield Sukuk are often issued by smaller, less creditworthy companies which are generally less able than more financially stable firms to make scheduled payments of profit and principal.

Investors should carefully consider the relative risks of investing in high yield securities and understand that such securities generally are not meant for short-term investing. As the Sukuk Fund invests in these securities, the Sukuk Fund may find it more difficult to sell high yield securities or may be able to sell the securities only at prices lower than if such securities were widely traded. Furthermore, the Sukuk Fund may experience difficulty in valuing certain securities at certain times. Prices realised upon the sale of such lower or unrated rated securities, under these circumstances, may be less than the prices used in calculating the Net Asset Value. In addition, prices for high yield securities may be affected by legislative and regulatory developments which could adversely affect the Net Asset Value insofar as they could adversely affect the secondary market for high yield securities, the financial condition of issuers of these securities and the value of outstanding high yield securities.

Lower rated or unrated (i.e. high yield) securities are more likely to react to developments affecting market and credit risk than are more highly rated securities, which primarily react to movements in the general level of interest rates. Lower rated or unrated obligations also present risks based on payment expectations. If an issuer calls the obligations for redemption, the Sukuk Fund which invests in these securities may have to replace the security with a lower yielding security, resulting in a decreased return

for investors. If the Sukuk Fund experiences unexpected net redemptions, it may be forced to sell its higher rated securities, resulting in a decline in the overall credit quality of the Sukuk Fund's investment portfolio and increasing the exposure of the Sukuk Fund to the risks of high yield securities.

#### **76. Illiquidity of Sukuk Close to Maturity**

In addition to the liquidity risks of Sukuk already described above, there is a risk that Sukuk which are nearing maturity may become illiquid. In such cases, it may become more difficult to achieve fair value on the purchase and sale thereof.

#### **77. Sukuk Issuer Rating**

Securities are subject to both actual and perceived measures of creditworthiness. The amount of credit risk may be assessed using the issuer's credit rating which is assigned by one or more independent rating agencies. This does not amount to a guarantee of the issuer's creditworthiness but provides an indicator of the likelihood of default. Securities which have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated securities. Companies often issue securities which are ranked in order of seniority which in the event of default would be reflected in the priority in which investors might be paid back. The "downgrading" of an investment grade rated 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.

The Sukuk Fund may be affected by changes in prevailing interest rates and by credit quality considerations. Changes in market rates of interest may generally affect the Sukuk 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 securities issued by such entity. The issuer's ability to service its 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, the Sukuk Fund may experience losses and incur costs.

#### **78. Investments through Special Purpose Vehicles**

The Sukuk Fund may structure and undertake its investments in compliance with the principles of Shari'ah by investing in Sukuk fixed-income securities issued by special purpose vehicles ("SPVs"). While SPVs are commonly employed for issuing Shari'ah compliant investments, risks associated with the use of SPVs may affect the performance of the Sukuk Fund. These risks include, for example, changes to laws and regulations including any tax laws and regulations applicable to the SPVs, failure of the SPVs or their management to meet their respective obligations, failure to operate the SPVs in an efficient and coordinated manner, or failure in the structuring, administration or management of the SPVs.

### **MANAGEMENT AND ADMINISTRATION**

The Directors control the affairs of the Company and are responsible for the overall investment policy, which will be determined by them and given to the Manager from time to time. The Manager has delegated certain of its duties to the Investment Manager and Administrator.

#### **The Manager**

The Company has appointed BlackRock Asset Management Ireland Limited as its manager pursuant to the Management Agreement. Under the terms of the Management Agreement, the Manager has responsibility for the management and administration of the Company's affairs and the distribution of the Shares, subject to the overall supervision and control of the Directors.

The Manager has adopted a Remuneration Policy which is consistent with and promotes sound and effective risk management. It includes a description as to how remuneration and benefits are calculated, a description of the remuneration committee, should one be formed, and identifies those individuals responsible for awarding remuneration and benefits. It does not encourage risk-taking which is inconsistent with the risk profiles, rules or Articles of the Company and does not impair compliance with

the Manager's duty to act in the best interest of Shareholders. The Remuneration Policy includes fixed and variable components of salaries and discretionary pension benefits. 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 Company. The Remuneration Policy is available on the individual pages at [www.blackrock.com](http://www.blackrock.com) (select the relevant Fund in the "Product" section and then select "All Documents") or a paper copy is available free of charge upon request from the registered office of the Manager.

The Manager has delegated the performance of the investment management functions in respect of the Company and the distribution of Shares to BlackRock Advisors (UK) Limited (the Investment Manager and the Distributor) and the administrative functions to the Administrator.

The Manager is a private company limited by shares and was incorporated in Ireland on 19 January 1995. It is ultimately a subsidiary of BlackRock, Inc., USA. The Manager has an authorised share capital of £1 million and an issued and fully paid up share capital of £125,000. The Manager's main business is the provision of fund management and administration services to collective investment schemes such as the Company. The Manager is also the Manager of a number of other funds including: iShares plc, iShares II plc, iShares III plc, iShares IV plc, iShares V plc, iShares VI plc, iShares VII plc, Institutional Cash Series plc, BlackRock Alternative Strategies II, BlackRock Institutional Pooled Funds plc, BlackRock Index Selection Fund, BlackRock Active Selection Fund, BlackRock Specialist Strategies Funds, BlackRock Liability Solutions Funds (Dublin), BlackRock Liability Solutions Funds II (Dublin), BlackRock Liability Solutions Funds III (Dublin), BlackRock Liability Matching Funds (Dublin), BlackRock Selection Fund, Specialist Dublin Funds I Trust, BlackRock Fixed Income GlobalAlpha Funds (Dublin), BlackRock UCITS Funds, BlackRock Funds I ICAV, BlackRock Common Contractual Funds, BlackRock Solutions Funds ICAV, BlackRock Alternatives Funds ICAV, BlackRock Infrastructure Funds ICAV, Blackrock Infrastructure Funds plc, EFIV Irish Property ICAV and BlackRock Liability Solutions Funds IV (Dublin) ICAV.

The directors of the Manager are Ms Rosemary Quinlan, Ms Catherine Woods, Ms Adele Spillane and Ms Maria Ging, and Messrs Patrick Boylan, Graham Bamping, Justin Mealy, Michael Hodson and Enda McMahon whose details are set out below. The secretary of the Manager is Apex.

**Rosemary Quinlan (Chair), (Irish):** Ms Quinlan is a Chartered Director and a Certified Bank Director and has been an Independent Board Director since 2013 and an Executive Board Director since 2006. Ms Quinlan has over 34 years experience working with global financial services companies. She was appointed Chair of the Board of BlackRock Asset Management Ireland Ltd. in June 2022. Ms Quinlan also currently Chairs the Board Risk Committee of AXA Ireland DAC (CBI) and sits on the Board of Dodge & Cox Funds Worldwide plc (CBI), where she has held the role of Organisational Effectiveness Director.

Most recently (2023) Ms Quinlan was the Chair of the Board Risk Committee of Ulster Bank Ireland DAC (SSM/CBI) and was Chair of the Board of JP Morgan Money Markets Ltd. (FCA) and JP Morgan Ireland PLC (2022) (CBI). Previously she was a Board member and Committee Chair with RSA Insurance Ireland DAC, Prudential International Assurance PLC, Ulster Bank Ltd and HSBC Securities Services Ireland DAC. For each of her Board roles Ms Quinlan held both Chair and member roles for Board Risk, Audit, Remuneration and Nomination Committees. In her Executive Career, Ms Quinlan held Executive roles with HSBC Bank plc, ABN AMRO BV, Citi and NatWest in London, New York, Amsterdam, Chicago and in Dublin (when she relocated to Ireland in 2006). Ms Quinlan has completed a Sustainability Leadership Programme with the University of Cambridge, a Masterclass in Bank Governance and ESG Integration and more recently the Certified Investment Fund Director programme. She is current undertaking a course with MIT Sloane School of Management on Artificial Intelligence and the Implications for Business Strategy. Ms Quinlan holds a Bachelor of Commerce from University College Cork.

**Patrick Boylan (Irish):** Mr Boylan serves as the Global Head of Investment Risk for Infrastructure Debt, Renewable Power and Infrastructure Solutions at BlackRock. Mr Boylan's service with the firm dates back to 2011. He was most recently Chief Risk Officer for the manager and prior to that a member of BlackRock's Financial Markets Advisory Group (FMA) where he was responsible for EMEA Valuation and Risk Assessment. Prior to joining BlackRock, Mr Boylan served in senior risk leadership positions at LBBW Asset Management and GE Capital. Mr Boylan earned a BS degree in Finance and MSc. Investment & Treasury from DCU and is a FRM Charter holder.

**Graham Bamping (British):** Mr Bamping currently serves as non-executive director on the boards of

BlackRock UCITS/Non-UCITS and AIF management companies, with more than 20 years' experience in such roles. Until the end of 2015, Mr Bamping was a Managing Director of BlackRock and a member of its EMEA Regional Executive team. In addition to his role as a director on management company boards, he served as chairman / member of several BlackRock internal governance committees. Until June 2012, he served as the Retail Investment Director for BlackRock EMEA, establishing and monitoring investment expectations for all BlackRock's Retail Funds in the EMEA region. Mr Bamping serves as Chairman of the BlackRock Fund Managers Ltd board in the UK and as a Director of BlackRock Asset Management Ireland Ltd, each of which has responsibility as management company for either UCITS/Non-UCITS/AIFM mutual funds, or a combination of such fund types. Mr Bamping has over 40 years' investment experience. His service with BlackRock dated back to 1999, including his years with Merrill Lynch Investment Managers (MLIM), which merged with BlackRock in 2006. He joined MLIM as Director of Investment Communications and assumed the role of Retail Investment Director in December 2001. Prior to joining MLIM, his career spanned more than 20 years at Morgan Grenfell Asset Management (Deutsche Asset Management). Over this period, his responsibilities covered a number of areas, including equity portfolio management, client relationship development, sales, marketing and product development. Mr Bamping has extensive experience of international mutual funds, not only as a portfolio manager, but also in various business management, product development and marketing/sales roles. Mr Bamping holds an MA in Economics from Cambridge University.

**Enda McMahon (Irish):** Mr McMahon is a Managing Director at BlackRock. He is EMEA Head of Governance and Oversight for BlackRock. He is also the Head of the Ireland Office, where he is based and CEO and Board Director of BlackRock Asset Management Ireland Limited. Mr McMahon is responsible, in partnership with Fund Board Governance and other stakeholders, for establishing and expanding best practices in governance across the region, with specific focus on BlackRock's management and fund companies. The EMEA Investment Oversight group also reports to Mr McMahon. He was previously responsible for managing the EMEA Compliance Department, which is comprised of almost one hundred Compliance professionals across the region, and responsible for the design and delivery of all aspects of the Compliance Strategy and Compliance Programme, facilitating the continuation of BlackRock's strong regulatory record and reputation and protecting the best interests of clients.

Mr McMahon joined BlackRock in December 2013 from State Street Global Advisors (SSgA), where he was EMEA Head of Compliance, prior to which he was Global Chief Compliance Officer for Bank of Ireland Asset Management and Regulatory Inspection Leader with the Central Bank of Ireland. A regulatory compliance professional since 1998, Mr McMahon has over 30 years of relevant experience overall having also worked professionally as an auditor with the Office of the Comptroller and Auditor General and as an Accountant with Eagle Star.

Mr McMahon is a member of the Chartered Institute of Management Accountants and the U.K. Chartered Institute for Securities and Investment. Mr McMahon also holds the CGMA designation. His studies also include the exams of the Master of Science in Investment and Treasury and Law.

**Justin Mealy (Irish):** Mr Mealy is Head of Investment Oversight EMEA at BlackRock, the group responsible for the oversight, supervision and due diligence of investment management (Product, Performance and Platform) on behalf of AIFMD, UCITS and MIFID Management Company boards within the EU and UK. He serves as Investment Director of the Manager and is its Designated Person for Investment Management. He is a voting member of the Product Development Committee of BlackRock Investment Management UK Limited and sits on the Accounts Review Committee of the Manager.

Previously he has served as Investment Director Dirigeant Effectif for BlackRock France SAS, the group's AIFMD Manager in Paris focused on private equity, private credit, real estate and other alternatives. Before joining BlackRock, Mr Mealy was Managing Director at Geneva Trading for 8 years where he served as Head of its European and Asian businesses and Global Head of Risk responsible for the implementation, control and performance management of its global trading and derivatives market-making activities. Prior to this position he was engaged in CP origination and fixed income dealing with Landesbank Hessen Thuringen (Helaba), followed by positions in proprietary trading and markets technology, including several years in Singapore as COO Asia Pacific with International Financial Systems and later working in Tokyo within the Fixed Income, Rates and Currencies division of UBS Securities Japan.

Mr Mealy is a graduate of Business & Law at University College Dublin, 1997 and is a certified FRM.

**Adele Spillane (Irish):** Ms Spillane has over 25 years experience in financial services as well as significant



governance experience. Prior to moving into a Non-Executive career, Ms Spillane served on the Board of BlackRock's UCITS and AIF Management Company as an Executive Director continuously since 2015. In her executive career at BlackRock, she was most recently Managing Director and Head of BlackRock's Institutional Client Business in Ireland (since 2011). Before that, she was a senior client director for BlackRock's largest UK institutional investors, broadening and deepening client relationships through in-depth investment knowledge coupled with understanding the clients' investment challenge. Ms Spillane's role in sales and distribution with BlackRock dates back to 1995, including her years with Barclays Global Investors in San Francisco up to 2002 and London thereafter to 2011. Ms Spillane earned a Commerce degree, with honours, from University College Dublin in 1993 and became a CFA charterholder in 2000. She is currently undergoing the Chartered Directors program with the Institute of Directors in Ireland.

**Catherine Woods (Irish):** Ms Woods has over 30 years' experience in financial services, as well as significant governance experience. Her executive career was with JP Morgan in the City of London, specialising in European Financial Institutions. She is a former Vice President and Head of the JP Morgan European Banks Equity Research Team, where her mandates included the recapitalisation of Lloyds' of London and the re-privatisation of Scandinavian banks. She holds a number of non-executive directorships including Lloyds Banking Group, Chairman of Beazley Insurance DAC and a Director of Beazley plc. She was previously appointed by the Irish Government to the Electronic Communications Appeals Panel and the Adjudication Panel to oversee the rollout of the National Broadband scheme. Ms Woods is the former Deputy Chairman of AIB Group plc, former Chairman of EBS DAC and former Director of AIB Mortgage Bank and An Post. She holds a First Class Honours Economics Degree from Trinity College Dublin and a Chartered Director Diploma with distinction.

**Michael Hodson (Irish).** Mr. Hodson is an independent non-executive director. Previously, he worked with the Central Bank of Ireland from 2011 to 2020 where he held a number of senior roles culminating in Director of Asset Management and Investment Banking. In this role Mr. Hodson was responsible for the authorisation and supervision of a wide range of entity types, including large investment banks, Mifid investment firms, fund service providers and market infrastructure firms. Mr. Hodson is a qualified accountant having trained with Lifetime, the life assurance arm of Bank of Ireland and has a Diploma in Corporate Governance from Michael Smurfit Business School. Following Lifetime Mr. Hodson moved into various roles in the Irish stockbroking sector. Mr. Hodson had roles in NCB Stockbrokers, Fexco Stockbroking and was a founding shareholder of Merrion Capital Group where he held the role of Finance Director from 1999 to 2009 and was CEO in 2010.

**Maria Ging (Irish).** Ms. Ging is a Managing Director at BlackRock. She is the Head of EMEA UCITS for the Global Accounting and Product Services Function. Ms Ging is responsible for product oversight of BlackRock's UCITS and AIFs domiciled in EMEA. She leads teams across EMEA who focus on accounting change management, risk management and exception management for over 1,200 funds domiciled primarily in Ireland, UK and Luxembourg. In 2019 Ms. Ging was elected by her industry peers to the Council of Irish Funds (the representative body for the International Investment Fund Community in Ireland) and was further elected as Chair of the Council serving from September 2021-2022.

Previously Ms. Ging led the Alternatives Fund Accounting Oversight Team for BlackRock in Dublin managing fund accounting, operational risk and product change for BlackRock's Renewable Power, Infrastructure Debt, Infrastructure Solutions, and Private Equity Funds. During her tenure with BlackRock Ms. Ging's responsibilities have also included Mutual Fund Oversight supporting the Irish domiciled pooled funds, and Financial Reporting Oversight. Prior to joining BlackRock in 2012, Ms. Ging spent seven years with KPMG Dublin most recently working as an Associate Director providing Audit and Assurance services to asset management, banking, financing, leasing and private equity clients. Ms Ging is a Fellow Chartered Accountant holding a Masters in Accounting and a Bachelor of Business and Legal Studies Degree, both from University College Dublin.

### **The Directors**

The Company shall be managed and its affairs supervised by the Directors whose details are set out below.

**Barry O'Dwyer (Irish) Chairman of the Board, Non-Executive Director and member of the Nomination Committee:** Barry has over 30 years experience in the Financial Services industry with a primary focus on asset management.

He retired from BlackRock in August 2022 where he had a distinguished career spanning 23 years. He was a senior leader in their technology and operations function, the CEO for their Irish MiFID business, Head of BlackRock's Irish Office (+100 people) and Head of Funds Governance in Europe where he oversaw the governance of over 400 entities and assets exceeding \$1.7tn.

He was Chairman of the Irish Funds Industry Association 2014-2015 and was a member of An Taoiseach's Financial Services Industry Advisory Committee 2015-2018. He has been a board director of Financial Services Ireland and of the Irish Association of Investment Managers.

**Nicola Grenham (British) - Independent non-Executive Director:** Dr. Grenham's career spans over 30 years in alternative investments. She has significant knowledge and experience on the buy and sell sides of the industry in both public and private markets. In 1990 Nicola founded TASS, which became one of the market's leading global data and research firms specialising in hedge funds. The company was women owned and managed. Post selling the business, she joined Blackstone in London to establish the group's hedge fund activities outside the US. Several years later, Nicola joined Alpha Strategic Plc as CEO; the UK listed company provided independent, owner-managed investment managers with access to passive minority equity capital. Today she serves as an independent director to funds and corporate entities in the asset management sector. Nicola also runs Dumas Capital, her boutique consulting company.

Nicola has a PhD from Trinity College, Dublin. In 2017, Hedge Funds Review awarded her a Life Time Achievement Award for services to the Hedge Fund Industry.

**Tom McGrath - Non-Executive Director:** Tom McGrath, Director, is Head of the COO team within the International Cash business, part of BlackRock's Global Lending and Liquidity group. As one of the world's largest Money Market Fund providers, the global BlackRock Cash Management Group manages liquidity assets across multiple currencies for corporations, banks, foundations, insurers, hedge funds as well as asset and wealth managers. In his role, Mr. McGrath is responsible for the day to day management of the business with a focus on operating risk mitigation and change management linked to client, regulatory and corporate change. Prior to his current role, Mr. McGrath was Head of International Fund Financial Reporting where he was responsible for the day to day relationship with 3rd party service providers who provide financial reporting services to BlackRock, including BNYM, SSB & JPM. His also managed the day to day relationship with audit firms, audit committees and Boards of Directors for all financial reporting and audit related matters. In this role he was also responsible for a number of Designated Person roles for BlackRock's management company in Ireland ("BAMIL"). Mr. McGrath previously served as a member of Irish Funds Council and was a member of the Irish government's IFSC Steering Group before he moved to his current role in December 2017.

Mr. McGrath joined BlackRock in 2011. He began his career in financial services in 1998. Tom is a Fellow of the Association of Chartered Certified Accountants and holds a Diploma in International Financial Reporting.

**Francis Drought Non-Executive Director:** Mr. Drought is a Director at BlackRock. He is the Designated Person for Financial and Capital Management for BlackRock Asset Management Ireland Limited. He leads an Irish based team who focus on governance, accounting change management, risk management and exception management for products domiciled in Ireland.

Prior to joining BlackRock in 2012, Mr. Drought spent seven years in various roles within J.P. Morgan in Ireland. Mr Drought is a Fellow of the Association of Chartered Certified Accountants and holds a Degree in Electronic Engineering with a Masters in Financial and Industrial Mathematics

The BlackRock employees serving as Directors of the Company and the Manager are not entitled to receive Directors' fees.

The secretary of the Company is Apex.

#### **The Promoter, Investment Manager and Distributor**

The Manager has delegated responsibility for the investment and re-investment of the Company's assets to BlackRock Advisors (UK) Limited pursuant to the Investment Management Agreement. The Investment Manager will be responsible to the Manager with regard to the management of the investment of the assets

of the Company in accordance with the investment objectives and policies described in this Prospectus, subject always to the supervision and direction of the Directors and the Manager. Subject to the prior consent of the Manager and approval from the Central Bank, the Investment Manager may delegate responsibility for all or part of the day-to-day conduct of its trading activity in respect of any Fund to an Affiliate. Details of any sub-investment managers will be provided to Shareholders on request and disclosed in the Company's periodic reports. The Investment Manager will arrange for the fees and expenses of any sub-investment manager to be paid out of the Manager's fees or the Investment Manager's fees. The Manager has also delegated responsibility for the distribution of Shares to BlackRock Advisors (UK) Limited pursuant to the Distribution Agreement. The Distributor has power under the Distribution Agreement to appoint sub-distributors. BlackRock Advisors (UK) Limited also acts as promoter to the Company.

The Investment Manager is ultimately a subsidiary of BlackRock, Inc. The Investment Manager is authorised by the Financial Conduct Authority ("FCA") to carry on regulated activities in the UK and is subject to the rules of FCA. The Investment Manager was incorporated under the laws of England and Wales on 18 March 1964. As at 30 June 2016, BlackRock Inc. and its subsidiaries has US\$4.89 trillion of assets under management and is represented in 30 countries.

#### **The Administrator, Registrar and Transfer Agent**

The Manager has delegated its responsibilities as administrator and registrar and transfer agent to J.P. Morgan Administration Services (Ireland) Limited, pursuant to the Administration Agreement. The Administrator will have the responsibility for the administration of the Company's affairs including the calculation of the Net Asset Value and preparation of the accounts of the Company, subject to the overall supervision of the Manager and the Directors.

The Administrator, a limited liability company incorporated under the laws of Ireland on 28 May 1990, has agreed to act as administrator pursuant to the Administration Agreement. The Administrator is a wholly-owned subsidiary company of J.P. Morgan International Finance Ltd, which is a supplier of processing and administration services to financial institutions, and its ultimate parent is JPMorgan Chase & Co.

The Manager may also delegate all or some of its administration functions with respect to any particular Fund to another administration company in accordance with the requirements of the Central Bank and details will be set out in this Prospectus.

#### **The Depositary**

Pursuant to the Depositary and Custodian Agreement, J.P. Morgan SE, acting through its Dublin Branch has been appointed as the depositary to provide depositary, custodial, settlement and certain other associated services to the Company. For its services, the Depositary receives a fee as set forth herein under the section "Fees and Expenses". The Depositary shall assume its functions and responsibilities in accordance with the UCITS Regulations as further described in the Depositary and Custodian Agreement. In particular, the Depositary will be responsible for the safekeeping and ownership verification of the assets of each Fund, cash flow monitoring and oversight in accordance with the UCITS Regulations.

J.P. Morgan SE is a European Company (Societas Europaea) organized under the laws of Germany, having its registered office at Taunustor 1 (TaunusTurm), 60310 Frankfurt am Main, Germany and is registered with the commercial register of the local court of Frankfurt. It is a credit institution subject to direct prudential supervision by the European Central Bank (ECB), the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and Deutsche Bundesbank, the German Central Bank.; J.P. Morgan SE, - Dublin Branch is authorized by the Central Bank to act as depositary and is licensed to engage in all banking operations under the laws of Ireland. Its business activities include the provision of custody and banking services, corporate finance and agency treasury management services. The ultimate parent company of the Depositary is JPMorgan Chase & Co. incorporated in Delaware, U.S.A.

#### **The Duties of the Depositary**

The Depositary acts as the depositary of the Funds and, in doing so, shall comply with the provisions of the Directive. In this capacity, the Depositary's duties 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 investors have been received;
- (ii) safekeeping the assets of the Funds, which includes (a) holding in custody all

- financial instruments that can be registered in a financial instrument 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 by the Company of such assets and the maintenance of a record accordingly (the "Safekeeping Function");
- (iii) ensuring that the sale, issue, re-purchase, redemption and cancellation of Shares of each Fund are carried out in accordance with the applicable national law, the Directive, the UCITS Regulations and the Articles;
  - (iv) ensuring that the value of the Shares of each Fund is calculated in accordance with the applicable national law, the Directive, the UCITS Regulations and the Articles;
  - (v) carrying out the instructions of the Manager and the Company unless such instructions conflict with the applicable national law, the Directive, the UCITS Regulations and 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 Directive, the UCITS Regulations and the Articles.

Apart from cash (which shall be held and maintained in accordance with the terms of the Depositary and Custodian Agreement), all other financial assets of the Funds which are held in custody shall be segregated from the assets of the Depositary, its sub-custodians and from financial assets held as a fiduciary, custodian or otherwise by the Depositary or sub-custodians or both for other customers which are not UCITS customers. The Depositary shall maintain its records which relate to the assets attributable to each Fund so as to ensure that it is readily apparent that the assets are held solely on behalf of and belong to the Fund and do not belong to the Depositary or any of its affiliates, sub-custodians or delegates or any of their affiliates.

The Depositary may delegate the Safekeeping Function to one or more third parties as may be determined by the Depositary from time to time, subject to the requirements of the Directive. The liability of the Depositary will not be affected by any delegation of the Safekeeping Function to a third party. The list of sub delegates appointed by the Depositary is set out in Appendix VII hereto.

The Depositary must ensure that the sub-custodians:

- (i) have adequate structures and expertise;
- (ii) in circumstances where custody of financial instruments is delegated to them, are subject to effective prudential regulation, including minimum capital requirements and supervision in the jurisdiction concerned, as well as an external periodic audit to ensure that the financial instruments are in their possession;
- (iii) segregate the assets of the Depositary's clients from their own assets and from the assets of the Depositary for its own account in such a way that they can, at any time, be clearly identified as belonging to clients of a particular depositary;
- (iv) ensure that in the event of their insolvency, assets of the Depositary held by the sub-custodians are unavailable for distribution among, or realisation for the benefit of, creditors of the sub-custodians;
- (v) are appointed by way of a written contract and comply with the general obligations and prohibitions in the Directive and applicable national law, including with respect to the Safekeeping Function, reuse of assets and conflicts of interest.

Where the law of a third country requires that certain financial instruments be held in custody by a local entity and no local entities are subject to effective prudential regulation, including minimum capital requirements and supervision in the jurisdiction concerned, the Depositary may delegate its functions to such a local entity only to the extent required by the law of the third country and only for as long as there are no local entities that satisfy the aforementioned regulation, minimum capital and supervisions requirements. In the event that custody is delegated to such local entities, prior Shareholder notice will be provided advising of the risks involved in such delegation.

Please refer to the section of this Prospectus entitled 'Conflicts of Interest - General' for details of potential conflicts that may arise involving the Depositary.

The Depository will ensure that the assets of the Company held in custody by the Depository shall not be reused by the Depository or by any third party to whom the depository function has been delegated for their own account. Reuse comprises any transaction of assets of the Company held in custody including, but not limited to, transferring, pledging, selling and lending. Reuse of the assets of the Company held in custody is only allowed where:

- (i) the reuse of the assets is executed for the account of the Company
- (ii) the Depository is carrying out the instructions of the Manager on behalf of the Company;
- (iii) the reuse is for the benefit of the Company; and
- (iv) the transaction is covered by high quality and liquid collateral received by the Company under a title transfer arrangement with a market value at least equivalent to the market value of the reused assets plus a premium.

The Depository is liable to the Company and to Shareholders for the loss of financial instruments of the Company which are held in custody as part of the Depository's Safekeeping Function (irrespective of whether or not the Depository has delegated its Safekeeping Function in respect of such financial instruments to a third party), unless it can prove that the loss of such financial instruments held in custody has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. This standard of liability applies only to financial instruments capable of being registered in a financial instruments account opened in the Depository's books or which can be physically delivered to the Depository.

The Company will indemnify the Depository and its sub-custodians and their respective nominees, directors, officers and employees engaged in the provision of the services set forth in the Depository and Custodian Agreement (the "**J.P. Morgan Indemnified Persons**") against, and hold them harmless from, any liabilities, losses, claims, costs, damages, penalties, fines, obligations or expenses of any kind whatsoever (including, without limitation, reasonable attorneys', accountants', consultants' or experts' fees and disbursements) (together "**Liabilities**") that may be imposed on, incurred by or asserted against any of J.P. Morgan Indemnified Persons in connection with or arising out of (i) the Depository's performance under the Depository and Custodian Agreement, other than losses of financial instruments for which the Depository is liable or as a result of J.P. Morgan Indemnified Persons' negligent or intentional failure to properly fulfil its obligations pursuant to the Depository and Custodian Agreement or the UCITS Regulations, Commission Delegated Regulation (EU) 2016/48 or the Central Bank UCITS Regulations, or (ii) any of J.P. Morgan Indemnified Persons' status as a holder of record of the Company's securities. Nevertheless, the Company will not be obligated to indemnify any J.P. Morgan Indemnified Person with respect to any Liability for which the Depository is liable in certain circumstances, including where the Depository is liable for losses to the Company as a result of the Depository's negligent or intentional failure to properly fulfil its obligations pursuant to the Depository and Custodian Agreement or the Directive, or where the Depository is liable to the Company for the loss of a financial instrument held in custody or where the Depository is liable for direct losses by the Company that result from certain failures by the sub-custodians as set out in the Depository and Custodian Agreement.

Up-to-date information regarding the Depository including the duties of the Depository, the delegation arrangements and any conflicts of interest that may arise shall be made available to investors upon request to the Manager.

*The following only applies to the iShares China CNY Bond Index Fund (IE):*

#### **Sub-Custodian in the PRC – Local PRC Sub-Custodian**

The Depository has in turn entered into a sub-custody agreement with the PRC Sub-custodian pursuant to which the PRC Sub-custodian has been appointed to act as its sub-custodian for the purpose of safekeeping the investments of its customers in certain agreed markets, including the PRC (the "Global Custody Network"). The PRC Sub-custodian has appointed the Local PRC Sub-custodian as its delegate to provide custodian services in respect of assets of the China Funds in the PRC.

Notwithstanding that the Depository has, pursuant to its obligations as a UCITS custodian, established the Global Custody Network for the purpose of safe-keeping the assets of its clients, including the China Funds, held in the PRC (as described above), RQFII rules separately require that every RQFII Licence holder must appoint a local RQFII custodian for the purposes of safe-keeping the investments and holding the cash in



connection with the RQFII Regime and for the purpose of coordinating relevant foreign exchange requirements. Therefore, in order to satisfy the requirements of the RQFII rules, the Investment Manager (as the RQFII Licence holder) has entered into the RQFII Custodian Agreement with the PRC Sub-custodian and the Local PRC Sub-custodian to appoint the PRC Sub-custodian, acting through Local PRC Sub-custodian, to provide local RQFII custodian services in respect of assets of the China Funds in the PRC acquired through the RQFII Regime.

The Depositary has confirmed that it has put in place arrangements to ensure that the assets of the China Funds in China are taken into custody by the PRC Sub-custodian, and that the assets of the China Funds held by the PRC Sub-custodian (through the Local PRC Sub-custodian) are held for and on behalf of the Company. The Depositary and PRC Sub-custodian have also acknowledged that, notwithstanding the appointment of the PRC Sub-custodian by the Investment Manager under the RQFII Custodian Agreement, the sub-custody services provided by the PRC Sub-custodian for the China Funds will be performed under the terms of the sub-custody agreement between the Global Custodian and the PRC Sub-custodian.

The PRC Sub-custodian, on the instructions of the Investment Manager, maintains and/or may open further securities accounts with the CDC, SCH and/or CSDCC and maintains and/or may open further Renminbi cash accounts for the China Funds. The name of each account shall include the name of the relevant China Fund, where permitted under PRC rules. These services will be carried out by the Local PRC Sub-custodian as delegate of the PRC Sub-custodian in respect of the China Funds. The RQFII Custodian Agreement requires all instructions from the Investment Manager to the PRC Sub-custodian or the Local PRC Sub-custodian to be provided through the Depositary.

#### **Bond Settlement Agent**

As required under applicable rules in China, the Investment Manager has appointed the Local PRC Sub-custodian as the bond settlement agent for the China Funds pursuant to a service agreement (the "Bond Settlement Agency Service Agreement"). Under the terms of the Bond Settlement Agency Service Agreement, the Local PRC Sub-custodian, in its capacity as the bond settlement agent for the China Funds, is required to assist with the opening of bond trading account(s) and to execute transactions and handle settlement of bonds on the CIBM which are traded for iShares China CNY Bond Index Fund (IE). In addition, the Bond Settlement Agency Service Agreement requires any bond account and Renminbi account opened by the Local PRC Sub-custodian, in its capacity as the bond settlement agent for the China Funds, to include the name of the fund, where permitted under PRC rules. The Bond Settlement Agency Service Agreement also requires settlement instructions from the Investment Manager to the Local PRC Sub-custodian to be provided through the Depositary.

#### **Securities Lending Agent**

The Investment Manager may be appointed as the lending agent of the Company under the terms of a written agreement. Under the terms of such an agreement, the lending agent is appointed to manage the Company's securities lending activities and is entitled to receive a fee which is in addition to its fee as investment manager. The income earned from securities lending will be allocated between the Company and the Investment Manager and paid on a percentage basis to the Investment Manager at normal commercial rates. Full financial details of the amounts earned and expenses incurred with respect to securities lending for the Company, including fees paid or payable, will be included in the annual and semi-annual financial statements. The Manager will, at least annually, review the securities lending arrangements and associated costs.

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 the Funds and certain other clients and/or funds against a shortfall in collateral in the event of borrower default. On a regular basis, BlackRock calculates the potential dollar exposure of collateral shortfall resulting from a borrower default ("shortfall risk") in the securities lending program. BlackRock establishes program-wide borrower limits ("credit limits") to actively manage borrower-specific credit exposure. BlackRock oversees the risk model that calculates projected collateral shortfall values using loan-level factors such as loan and collateral type and

market value as well as specific borrower credit characteristics. When necessary, BlackRock may adjust securities lending program attributes by restricting eligible collateral or reducing borrower credit limits. As a result, the management of program-wide exposure as well as BlackRock specific indemnification exposure may affect the amount of securities lending activity BlackRock may conduct at any given point in time 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 process in order to approximate pro-rata allocation over time. 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 borrower 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, borrower and/or market demand for relevant assets and the overall limits imposed by the firm.

BlackRock may decline to make a securities loan on behalf of a Fund, discontinue lending on behalf of a Fund or terminate a securities loan on behalf of a Fund for any reason, including but not limited to regulatory requirements and/or market rules, liquidity considerations, or credit considerations, which may impact Funds by reducing or eliminating the volume of lending opportunities for certain types of loans, loans in particular markets, loans of particular securities or types of securities, or for loans overall.

### **Currency Hedging**

State Street Europe Limited has been appointed by the Investment Manager to provide currency hedging services for certain Currency Hedged Classes pursuant to the Currency Hedging Agreement. State Street Europe Limited will be responsible for carrying out foreign exchange transactions for certain Currency Hedged Classes according to guidelines established by the Investment Manager.

State Street Europe Limited is a limited liability company incorporated in England on 1 August 1997 and is ultimately a wholly-owned subsidiary of State Street Corporation.

### **Conflicts of Interest – General**

Due to the widespread operations undertaken by the Directors, Manager, the Investment Manager, the Administrator and the Depositary and (where applicable) their respective holding companies, subsidiaries, delegates and affiliates (each an “Interested Party”) conflicts of interest may arise. Subject to the provisions below the Interested Parties may effect transactions where those conflicts arise and shall not (subject as below) be liable to account for any profit, commission or other remuneration arising. All such transactions must be in the best interests of Shareholders.

In the event that a conflict of interest does arise, the Directors will endeavour, so far as they are reasonably able, to ensure that it is resolved fairly and that investment opportunities are allocated on a fair and equitable basis.

Without prejudice to the generality of the foregoing the following conflicts of interest may arise:

- (i) an Interested Party may acquire or dispose of any Investment notwithstanding that the same or similar Investments may be owned by or for the account of or otherwise connected with the Company;
- (ii) an Interested Party may acquire, hold or dispose of Investments notwithstanding that such Investments had been acquired or disposed of by or on behalf of the Company by virtue of a transaction effected by the Company in which the Interested Party was concerned provided that the acquisition by an Interested Party of such Investments is conducted on an arm’s length basis and such Investments held by the Company are acquired on the best terms having regard to the interests of the Company;
- (iii) an Interested Party may deal with the Company as principal or as agent, provided that:
  - A. there is obtained a certified valuation of the transaction by a person approved by the Depositary (or the Manager in the case of a transaction with the Depositary) as independent and competent; or

- B. the transaction is executed on best terms on an organised investment exchange in accordance with the rules of such exchange; or
- C. where A and B are not practical, execution is on terms which the Depositary (or the Manager in the case of a transaction with the Depositary) is satisfied conforms with the principle that the transaction is in the best interest of the Shareholders and is conducted on an arm's length;

The Depositary (or the Manager in the case of a transaction involving the Depositary) shall document how it has complied with A, B, or C above. Where transactions are conducted in accordance with C, the Depositary (or the Manager in the case of a transaction involving the Depositary) shall document its rationale for being satisfied that the transaction conformed to the principles outlined in the above paragraph;

- (iv) certain of the Directors of the Company are or may in the future be connected with the BlackRock Group and its affiliates. For the avoidance of doubt, the Directors shall not be liable to account to the Company in respect of such conflict, for example, as a result of receiving remuneration as directors or employees of the Manager or Investment Manager;
- (v) the Investment Manager's fee is based on a percentage of the Net Asset Value of each Fund. The Investment Manager may provide valuation services to the Administrator (to assist in calculating the Net Asset Value of a Fund) in relation to the Company's Investments. This may result in a potential conflict of interest as the Investment Manager's fee will increase as the Net Asset Value of a Fund increases;
- (vi) the Administrator's fee is based on a percentage of the Net Asset Value of each Fund. The Administrator may provide valuation services to the Company in relation to Investments. This may result in a potential conflict of interest as the Administrator's fee will increase as the Net Asset Value of a Fund increases;
- (vii) the Company may, subject to the conditions set out in Appendix III, invest in other collective investment schemes (which may be operated and/or managed by an Interested Party). Where commission is received by the Manager by virtue of an Investment by the Company in the units/shares of any collective investment scheme, such commission will be paid into the property of the relevant Fund. As an investor in such other collective investment schemes, in addition to the fees, costs and expenses payable by a Shareholder in the Funds, each Shareholder may also indirectly bear a portion of the fees, costs and expenses of the underlying collective investment schemes, including management, investment management and, administration and other expenses;
- (viii) the Company may purchase or hold an Investment the issuer of which is an Interested Party or where an Interested Party is its adviser or banker;
- (ix) the Investment Manager may enter into arrangements with its affiliates whereby the Investment Manager may agree to pay out of its own resources an incentive or an inducement fee for new subscriptions made by clients of the affiliates or funds managed by or held by the affiliate, including client accounts for which an affiliate has discretionary investment authority. This fee may be in excess of the investment management fee payable to the Investment Manager and will be passed through to the affiliate's clients;
- (x) affiliates of the Manager and the Investment Manager may make investments in a Fund that could constitute a substantial percentage of a Fund's net assets. Such affiliate investors may, in their sole discretion and without notice to other Shareholders, subscribe for Shares in a Fund or redeem all or a substantial amount of their Shares in a Fund. In the event of substantial redemptions by affiliated investors and/or other Shareholders, the Investment Manager may not be able to liquidate sufficient investments in a single Dealing Day and some or all of a redemption request by affiliated investors or other Shareholders may be deferred until a subsequent Dealing Day;
- (xi) as part of the normal course of global custody business, the Depositary may from time to time have entered into arrangements with other clients, funds or other third parties for the provision of safekeeping and related services. Within a multi-service banking group such as JP Morgan, from time to time conflicts may arise between the depositary and its safekeeping delegates, for example, where an appointed delegate is an affiliated

group company and is providing a product or service to a fund and has a financial or business interest in such product or service or where an appointed delegate is an affiliated group company which receives remuneration for other related custodial products or services it provides to the funds e.g. foreign exchange, securities lending, pricing or valuation services. In the event of any potential conflict of interest which may arise during the normal course of business, the Depositary will at all times have regard to its obligations under applicable laws including its obligation under the Directive not to carry out activities with regard to the Company or with regard to the Manager acting on behalf of the Company that may create conflicts of interest between itself and the Company, its investors and/or the Manager unless the Depositary has separated the performance of its depositary tasks from its other potentially conflicting tasks and the potential conflicts are identified, managed, monitored and disclosed to investors.

### **Conflicts of Interest – relationships within the BlackRock Group**

The Manager 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 Manager 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.

#### **1. Conflicts of Interest within the BlackRock Group**

##### **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.

#### **2. Conflicts of interest of the Manager**

##### **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 Manager. 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 Manager 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 Company. There is a risk that other clients of the Company 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.

### 3. Conflicts of interest of the Investment Manager

#### 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 Manager 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 Company, 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.

#### Concurrent Long and Short Positions

The Investment Manager 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 Manager may 'cross' trades by matching opposing flows to obtain best execution. When crossing orders, it is possible that the execution may not be performed in the best interests of each client; for example, where a trade did not constitute a fair and reasonable price. BlackRock Group reduces this risk by implementing a Crossing Policy.

#### 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.



## 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.

## Meetings

Shareholders in the Company will be entitled to attend and vote at general meetings of the Company. The annual general meeting of the Company will be held in Ireland normally within six months of the end of each financial year of the Company. Notices convening each annual general meeting will be sent to Shareholders together with the annual accounts and reports not less than twenty-one days before the date fixed for the meeting.

## Accounts and Information

The Company's accounting period ends on 31 July in each year and semi-annual accounts will be prepared to 31 January in each year.

The Company prepares an annual report and audited annual accounts within four months of the end of the financial period to which they relate i.e. by 30 November in each year. Copies of the unaudited half yearly reports (made up to 31 January) are also prepared within two months of the end of the half year period to which they relate i.e. by 31 March in each year. Copies of the annual audited financial statements and half yearly reports will be made available to Shareholders.

Copies of this Prospectus, Supplements (if any) and any KIIDs or KIDs issued in accordance with the UCITS Regulations, annual and semi-annual accounts of the Company may be obtained from the Manager at the address given under "Directory".

## VALUATION, SUBSCRIPTIONS AND REDEMPTIONS

### Calculation of Net Asset Value

The Net Asset Value of each Fund is expressed in its Base Currency and will be available on the Business Day after the Dealing Day at the offices of the Administrator during normal business hours. The calculation of the Net Asset Value of each Fund and of each class thereof will be carried out by the Administrator in accordance with the requirements of the Articles and details are set out under the heading "Statutory and General Information".

Except when the determination of the Net Asset Value of any Fund has been suspended or postponed in the circumstances set out under the heading "Temporary Suspensions", the calculation of the Net Asset Value of each Fund, the Net Asset Value of each class and the Net Asset Value per Share will be prepared as at each Valuation Point and will be available to Shareholders on request. The Net Asset Value per Share shall also be made public at the offices of the Administrator during normal business hours and will be published

daily on the Investment Manager's website at [www.blackrock.com](http://www.blackrock.com) and will be kept up to date. The Net Asset Value of any class of Shares within a Fund will be determined by deducting that class' pro rata share of the liabilities of the Fund from that class' pro rata share of the assets of the Fund in all cases in a manner determined by the Administrator with the approval of the Investment Manager and the Depositary.

The costs and liabilities/benefits arising from instruments entered into for the purposes of hedging the currency exposure for the benefit of any particular Currency Hedged Class of a Fund shall be attributable exclusively to that class. Accordingly, any appreciation or depreciation of the NAV of a Fund resulting from expenses, income, gains and losses that are attributable to any foreign exchange hedging in respect of a Currency Hedged Class or group of Currency Hedged Classes shall be attributable solely to the Currency Hedged Class or Classes to which it relates. The Net Asset Value of each Share of each class will be determined by dividing the Net Asset Value of the class by the number of Shares of that class. Where there are different classes of Shares in a Fund, this Prospectus or the relevant Supplement shall state whether or not a hedging policy is being adopted in respect of any class of such Fund. The NAV per Currency Hedged Class Share in the Fund shall be calculated by the Administrator in the relevant Valuation Currency, based upon an exchange rate which the Directors deem appropriate. The NAV per Currency Hedged Class Share in the Fund shall be calculated by the Administrator as of the Valuation Point in accordance with the valuation provisions set out under the heading "Statutory and General Information".

### **Initial Offer Period and Price**

Information relating to the Initial Offer Period for any classes of Shares in the Funds in which no Shares have been issued yet (the "Unlaunched Classes") is set out in Appendix V of the Prospectus. Following the close of the Initial Offer Period Shares in those Share Classes will be issued at the relevant Net Asset Value per Share. Details of which Share Classes are available for subscription as Unlaunched Classes are available from the Manager.

Details in relation to initial offer price for the Share Classes of the Funds are set out in Appendix V.

Applications for Shares during the initial offer period must be received during the initial offer period. All applicants applying for Shares during the initial offer period must complete (or arrange to have completed under conditions approved by the Directors) the Account Opening Form and Dealing Form prescribed by the Directors in relation to the relevant class.

### **Subscriptions**

#### General

The Directors may issue Shares of any class of any Fund and on such terms as they may from time to time determine. The terms and conditions applicable to the issue of Shares of any class together with subscription and settlement details and procedures will be set out in this Prospectus. Shares shall be issued at the Net Asset Value per Share plus any charges as specified in this Prospectus. All Shares will be registered in inscribed form and evidenced by entry on the Company's register of Shareholders and confirmations of ownership in writing (which may take the form of regular statements of holdings) will be issued to Shareholders. No Share certificates will be issued. Investors will receive a contract note confirming receipt by the Company of a subscription request but this should not be construed by investors as confirmation of settlement of subscription monies.

An investor must have a current Client Agreement in place, in order to be entitled to invest for Shares in the Flexible Share Classes. An investor shall only be permitted to hold Shares in the Flexible Share Classes that use Portfolio Level Hedging if this is provided for in the Client Agreement.

Under the Articles, the Directors are given authority to effect the issue of Shares and have absolute discretion to accept or reject in whole or in part any application for Shares without assigning any reason therefor. The Directors have power to impose such restrictions as they think necessary to ensure that no Shares are acquired by any person which might result in the legal and beneficial ownership of Shares by persons who are not Qualified Holders or expose the Company to adverse tax or regulatory consequences.

If an application is rejected, any monies received will be returned to the applicant (minus any handling charge incurred in any such return) as soon as possible by telegraphic transfer (but without interest, costs or compensation).

No Shares of any Fund will be issued or allotted during a period when the determination of Net Asset Value of that Fund is suspended.

### Account Opening Forms

All applicants applying for the first time for Shares in the Company must complete (or arrange to have completed under conditions approved by the Directors) the Account Opening Form and Dealing Form prescribed by the Directors in relation to the Company and the relevant Share Class of the Fund. Shareholders applying for further Shares must complete the Dealing Form. Shareholders can also apply for further Shares by telephone. Account Opening Forms and Dealing Forms may be obtained from the Manager. Account Opening Forms and Dealing Forms shall (save as determined by the Manager) be irrevocable and may be sent by facsimile at the risk of the applicant. If requested by the Manager or the Administrator, the original of the Account Opening Form (and supporting documentation in relation to CFT and AML prevention checks) should be sent to arrive promptly and within three Business Days after the time for receipt of such application.

Failure to provide the original Account Opening Form by such time, where requested by the Manager or the Administrator to do so, may at the discretion of the Manager, result in the compulsory redemption of the relevant Shares. However, in such circumstances, applicants will be unable to redeem Shares on request until the original Account Opening Form has been received.

The Administrator reserves the right to request such information as is necessary to verify the identity, address and the source of wealth and/or source of funds of an applicant and any beneficial owner(s), where applicable. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Administrator may refuse to accept the application and subscription monies and return subscription monies or such Shareholder's Shares may be compulsorily redeemed, at the discretion of the Directors. Payment of redemption proceeds may be delayed or withheld (no redemption proceeds will be paid nor will any interest accrue thereto if the Shareholder fails to produce the relevant information) and none of the Manager, the Directors, the Investment Manager or the Administrator shall be liable to the subscriber or Shareholder where an application for Shares is not processed or Shares are compulsorily redeemed in such circumstances. The Administrator shall not pay redemption proceeds or dividend payments where the requisite documentation and/or information for verification purposes has not been produced by the entitled Shareholder. Any such blocked payments may be held in a Umbrella Cash Collection Account or Fund Cash Collection Accounts, as applicable, pending receipt, to the satisfaction of the Administrator, of the requisite documentation and/or information. Shareholders should refer to the risk statement "Subscription and Redemption Collection Accounts" in the Section of this Prospectus entitled "Risk Factors" for an understanding of their position vis-a-vis monies held in a Umbrella Cash Collection Account or Fund Cash Collection Accounts.

The Manager, and the Administrator may take such other steps on behalf of the Company as each considers appropriate or necessary to discontinue the relationship with an investor where required to do so under applicable law and regulation.

Subscriptions may also be effected by such other means as the Manager, with the consent of the Administrator, may prescribe from time to time where such means are in accordance with the requirements of the Central Bank.

Applications for Shares must be received by the "Cut Off Time" set out in the Dealing Timetable at Appendix V or such other day as the Directors may determine from time to time and notify to Shareholders in advance (provided the application is received before the relevant Valuation Point). All subscriptions will be dealt on a forward pricing basis, i.e. by reference to the subscription price for Shares calculated as at the Valuation Point on the relevant Dealing Day. Any applications received after that time will normally be held over until the next Dealing Day but may in exceptional circumstances be accepted for dealing on the relevant Dealing Day, at the discretion of the Manager (provided the application is received before the relevant Valuation Point).

### Subscription Price

(a) Save as provided in (b), the subscription price per Share shall be ascertained by:-

- i. determining the Net Asset Value of each class of Shares calculated in respect of the Valuation Point on the Dealing Day on which the subscription is to be made and adding thereto such sum as the Directors may consider represents an appropriate figure for Duties and Charges;
- ii. dividing the amount calculated under (i) above by the number of Shares of the class of the Fund in issue at the relevant Valuation Point; and

- iii. adding thereto such amount as may be necessary to round the resulting amount to such number of decimal places as the Directors deem appropriate.

The latest subscription price for Shares will be available during normal business hours every Business Day at the office of the Administrator and will be published daily on the following website [www.blackrock.com](http://www.blackrock.com).

- (b) When, on any Dealing Day, Shares in a particular class of the Fund are due to be redeemed, the Company may transfer or re-issue such Shares at a price which is less than their subscription price as calculated in the manner above. This is because the costs in taking a transfer of existing Shares will be less than those in subscribing for new Shares in the Fund. This benefit will be reflected in the actual price paid for by the purchaser of such Shares.

There will be no subscription fee.

#### Fractions

Subscription monies representing less than the subscription price for a Share will not be returned to the applicant. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however that fractions shall not be less than such number of decimal points of a Share as the Manager may determine from time to time. Subscription monies, representing less than the relevant fraction of a Share will not be returned to the applicant but will be retained by the Fund in order to defray administration costs.

#### **Payment of Subscription Monies**

##### Method of Payment.

Subscription payments net of all bank charges should be paid by CHAPS, SWIFT or telegraphic transfer to the bank account specified at the time of dealing (except where local banking practices do not allow electronic bank transfers). Other methods of payment are subject to the prior approval of the Manager. No interest will be paid in respect of payments received in circumstances where the application is held until a subsequent Dealing Day.

##### Currency of Payment.

Subscriptions monies are payable in the currency in which the relevant Share Class is denominated. Subscriptions may also be accepted in a currency other than the currency in which the relevant Share Class is denominated (see section headed "Currency of Payment and Foreign Exchange Transactions").

##### Timing of Payment

Payment in respect of subscriptions in the Funds must be received by the time set out in the Dealing Timetable at Appendix V. Non-issue, or a delay in issuing a contract note does not affect an applicant's liability to pay subscription monies by the time specified in the Dealing Timetable at Appendix V. If payment in full in cleared funds in respect of a subscription has not been received by the relevant time, the Manager may (and in the event of non-clearance of funds, shall) cancel the allotment and/or charge the applicant interest at the Sterling Overnight Index Average (SONIA) + 2%, which charge is payable to the Manager. The Manager may waive such charge either in whole or in part. In addition, the Manager will have the right to sell all or part of the applicant's holding of Shares in any Fund of the Company in order to meet these charges.

#### **Exchange of Information**

Dividends and other distributions of income made by the Funds, together with payment of the proceeds of sale and/or redemption of Shares in a Fund, may (depending on the investment portfolio of the Fund) be subject to the withholding tax and/or information providing regime imposed by the "Common Reporting Standard" developed by the OECD.

#### **Redemptions**

##### General

Every Shareholder will have the right to require the Company to redeem his Shares in the Fund on any Dealing Day (save during any period when the calculation of the Net Asset Value is suspended in the circumstances set out herein) on furnishing to the Manager a redemption request.

All redemption requests are dealt with on a forward pricing basis, i.e. by reference to the redemption price for Shares calculated at the Valuation Point on the relevant Dealing Day. Investors will receive a contract

note confirming receipt by the Company of a redemption request but this should not be construed by investors as confirmation of settlement of redemption monies.

#### Dealing Form

All applicants seeking to redeem Shares must complete (or arrange to have completed under conditions approved by the Directors) a Dealing Form which may be obtained from the Manager. Redemption requests may also be made by telephone.

Dealing Forms in respect of the Funds must be received by the "Cut Off Time" set out in the Dealing Timetable at Appendix V (or such earlier or later time as the Manager may, in its discretion determine from time to time and notify in advance to Shareholders). If the Dealing Form is received after that time it shall (other than in exceptional circumstances where the Manager determines otherwise and provided always that it is received prior to the Valuation Point) be treated as a request for redemption on the Dealing Day following such receipt and Shares will be redeemed at the redemption price for that day. Shares will be redeemed at the redemption price calculated at the Valuation Point on the relevant Dealing Day.

Redemption requests will only be accepted where cleared funds and completed documents are in place from original subscription including original Account Opening Forms (in circumstances where the Administrator or the Manager has requested such originals), CFT and AML procedures have been completed and any information required for verification purposes has been provided.

Dealing Forms shall (save as determined by the Manager) be irrevocable and may be sent by facsimile at the risk of the relevant Shareholder.

Redemptions may also be effected by such other means as the Manager, with the consent of the Administrator, may prescribe from time to time where such means are in accordance with the requirements of the Central Bank.

#### Redemption Price

(a) Save as provided in (b) the redemption price per Share shall be ascertained by:

- i. determining the Net Asset Value of the relevant class of Shares as at the Valuation Point on the relevant Dealing Day and deducting therefrom such sums as the Directors may consider represents an appropriate provision for Duties and Charges
- ii. dividing the amount calculated under (a) above by the number of Shares of the relevant Fund in issue at the relevant Valuation Point; and
- iii. deducting therefrom such amount as may be necessary to round the resulting sum to such number of decimal places as the Directors deem appropriate.

The latest redemption price for Shares will be available during normal business hours every Business Day at the office of the Administrator and will be published daily on the following website [www.blackrock.com](http://www.blackrock.com).

(b) The Company may, on any Dealing Day, redeem Shares in a class of the Fund at a price greater than their redemption price, as calculated in the manner above, where such Shares are transferred or re-issued to applicants for Shares on the same Dealing Day. This is because the costs in transferring Shares will be cheaper than those in redeeming Shares. This benefit is reflected in the actual amount paid to the redeeming Shareholder for such Shares.

#### Fractions

Apart from circumstances in which a Shareholder is redeeming his entire holding of Shares in the Fund:-

- (a) fractions of Shares will be issued where any part of the redemption monies for Shares represents less than the redemption price for one Share, provided however that fractions shall not be less than such number of decimal points of a Share as the Manager may determine from time to time; and
- (b) redemption monies representing less than the relevant fraction of a Share will not be returned to a Shareholder but will be retained by the Fund in order to defray administration costs.

#### Method of Payment

Redemption payments will be made to the bank account detailed on the Account Opening Form or as subsequently notified to the Manager in writing.



### Currency of Payment

Shareholders will normally be repaid in the Base Currency of the relevant Share Class. Redemptions may be paid, at the request of a Shareholder, in a currency other than the Base Currency of the relevant Share Class (see section headed "Currency of Payment and Foreign Exchange Transactions").

### Timing

Redemption proceeds in respect of Shares will normally be paid by the time set out in the Dealing Timetable at Appendix V provided that all the required documentation has been furnished to and received by the Manager.

In the case of a partial redemption of a Shareholder's holding, the Manager will advise the Shareholder of the remaining Shares held by him.

### Minimum Subscriptions/ Holdings/ Redemptions

The Minimum Initial Subscription, Minimum Subsequent Subscription, Minimum Holding and Minimum Redemption amounts applicable to Shareholders are set out in the Dealing Timetable at Appendix V (or less at the discretion of the Manager).

Any Shareholder who redeems or otherwise disposes of part of his holding must maintain a holding of not less than the amount set out in the Dealing Timetable at Appendix V (or less at the discretion of the Manager).

The Manager has the power to redeem the remaining holding of any Shareholder who redeems his Minimum Holding of Shares to below the relevant Minimum Holding amount.

### Compulsory Redemption

All the Shares of a particular Fund may be redeemed at the discretion of the Directors if, for a period of not less than 90 consecutive days, the Net Asset Value of the relevant Fund falls below €10,000,000 or equivalent, or, in the case of the iShares Green Bond Index Fund (IE), \$20,000,000 or equivalent, or, in the case of the iShares Global Inflation-Linked Bond Index Fund (IE), iShares Emerging Markets Government Bond Index Fund (IE), iShares Emerging Markets Local Government Bond Index Fund (IE), iShares Global Aggregate 1-5 Year Bond Index Fund (IE), iShares ESG Screened Global Corporate Bond Index Fund (IE), iShares Short Duration Global Corporate Bond Index Fund (IE), iShares China CNY Bond Index Fund (IE), and iShares ESG Emerging Markets Government Bond Index Fund (IE), \$100,000,000 or equivalent, or, in the cases of the iShares Euro Government Inflation-Linked Bond Index Fund (IE), the iShares Ultra High Quality Euro Government Bond Index Fund (IE) and the iShares Euro Investment Grade Corporate Bond Index Fund (IE), €100,000,000 or equivalent.

The Company shall have the right to redeem compulsorily any Share at the redemption price or to require the transfer of any Share to a Qualified Holder if in their opinion (i) such Share is held by a person other than a Qualified Holder; or (ii) the redemption or transfer (as the case may be) would eliminate or reduce the exposure of the Company or the Shareholders to adverse tax or regulatory consequences.

All US residents and other entities treated as US Accounts for this purpose should note the requirements of FATCA, please see the Taxation section of the Prospectus.

### **Switching between Funds of the Company**

Shareholders of any Share Class within a Fund may switch free of charge to the same Share Class of another Fund as the Directors may permit and as set out in this Prospectus or in the relevant Supplement. On the establishment of any new Fund (or class thereof) the Directors shall specify the switching rights relating to such Fund (or class thereof).

Switching may be effected by application to the Manager on such switching form as may be prescribed by the Directors or by such other means as the Manager, with the consent of the Administrator, may prescribe from time to time where such means are in accordance with the requirements of the Central Bank.

If the switch would result in the Shareholder holding a number of Shares in the original Fund with a value of less than the Minimum Holding, the Manager may, at its discretion, convert the whole of the applicant's holding of Shares in the Fund or refuse to effect any switch. No switches will be made during any period in which the rights of Shareholders to require the redemption of their Shares are suspended.

The general provisions on procedures for redemptions (including provisions relating to the redemption fee) will apply equally to conversion. Notice of conversion must be received by the Manager at least two

Business Days before a Dealing Day (or such lesser period as the Directors may permit provided it is prior to the Valuation Point) in order to allow for differing settlement periods of the original Fund and the new Fund.

The number of Shares to be issued in the new Fund will be calculated in accordance with the following formula:

$$A = \frac{B \times C \times D}{E}$$

E

Where

- A = number of Shares of the new Fund to be allocated
- B = number of Shares of the original Fund to be switched
- C = redemption price per Share on the relevant Dealing Day for the original Fund
- D = the currency conversion factor determined by the Administrator as representing the effective rate of exchange of settlement on the relevant Dealing Day applicable to the transfer of assets between the relevant Funds (where the Base Currencies of the relevant Funds are different) or where the Base Currencies of the relevant Funds are the same  $D = 1$
- E = subscription price per Share on the relevant Dealing Day for the new Fund

#### **Switching between Classes within Funds**

Shareholders of any Share Class within a Fund may switch to another Share Class of that Fund as the Directors may permit and subject to compliance with any conditions applicable to that Share Class. The Directors do not intend to charge a switching fee and will notify Shareholders in advance if it is their intention to charge such a fee.

Switching may be effected by application to the Manager on such switching form as may be prescribed by the Directors or by such other means as the Manager, with the consent of the Administrator, may prescribe from time to time where such means are in accordance with the requirements of the Central Bank.

If the switch would result in the Shareholder holding a number of Shares in the original class with a value of less than the Minimum Holding, the Manager may, at its discretion, switch the whole of the applicant's holding of Shares in the Fund or refuse to effect any switch. No switches will be made during any period in which the rights of Shareholders to require the redemption of their Shares are suspended.

The general provisions on procedures for redemptions (including provisions relating to the redemption fee) will apply equally to switching. Notice of the proposed switch must be received by the Manager at least two Business Days before a Dealing Day (or such lesser period as the Directors may permit provided it is prior to the Valuation Point).

The number of Shares to be issued in the new Share Class will be calculated in accordance with the following formula:

$$A = \frac{B \times C \times D}{E}$$

E

Where

- A = number of Shares of the new Share Class to be allocated
- B = number of Shares of the original Share Class to be switched
- C = Net Asset Value per Share on the relevant Dealing Day for the original Share Class
- D = the currency switching factor determined by the Administrator as representing the effective rate of exchange on the relevant Dealing Day applicable to the relevant Share Class (where the Base Currencies of the relevant Funds are different) or where the Base Currencies of the relevant Share Classes are the same  $D = 1$
- E = Net Asset Value per Share on the relevant Dealing Day for the new Share Class.

Where a conversion involves a switch between (i) a Share Class designated in the Base Currency and a Currency Hedged Class (where the currencies are different) or (ii) a switch between two Currency Hedged Classes, the relevant exchange rate between the currencies in which the respective Shares are designated will be applied to the calculation.

#### **Compulsory Switching between Classes within Funds**

The Manager shall have the right to switch compulsorily any Shares of a Flexible Share Class to such other Class of that Fund, that is not a Flexible Share Class, as the Manager may deem most appropriate for such Shareholder, if:

- (a) such Shares are held directly or beneficially by any person who is not a Qualified Holder by virtue of the fact that they have acquired shares in the relevant Flexible Share Class without first entering into a Client Agreement; or
- (b) the Manager shall in its absolute discretion consider that the Shares are held by a Shareholder whose Client Agreement has terminated for any reason whatsoever.  
The Directors do not intend to charge a compulsory switching fee and will notify Shareholders in advance if it is their intention to charge such a fee.

### **Subscriptions/Redemptions in Kind**

#### **Subscription in Kind**

The Company may issue Shares of any class of Fund by way of exchange for Investments provided that:

- (a) in the case of a person who is not an existing Shareholder no Shares shall be issued until the person concerned shall have completed and delivered to the Manager an Account Opening Form and Dealing Form as required under this Prospectus (or otherwise) and satisfied all the requirements of the Directors and Manager as to such person's application;
- (b) the nature of the Investments transferred into the Fund are such as would qualify as Investments of such Fund in accordance with the investment objectives, policies and restrictions of such Fund;
- (c) no Shares shall be issued until the Investments shall have been vested in the Depositary or any sub-custodian to the Depositary's satisfaction and the Depositary shall be satisfied that the terms of such settlement will not be such as are likely to result in any prejudice to the existing Shareholders of the Fund; and
- (d) the Manager is satisfied that the terms of any exchange would not be such as would be likely to result in any prejudice to remaining Shareholders and provided that any such exchange shall be effected upon the terms (including provision for paying any expenses of exchange and any preliminary charge as would have been payable for Shares issued for cash) that the number of Shares issued shall not exceed the number which would have been issued for cash against payment of a sum equal to the value of the Investments concerned calculated in accordance with the procedures for the valuation of the assets of the Company. Such sum may be increased by such amount as the Directors may consider represents an appropriate provision for Duties and Charges which would have been incurred by the Fund in the acquisition of the Investments by purchase for cash or decreased by such amount as the Directors may consider represents any Duties and Charges to be paid to the Fund as a result of the direct acquisition by the Fund of the Investments.

#### **Redemption in Kind**

The Company may redeem Shares of any class of a Fund by way of exchange for Investments provided that:

- (a) a Dealing Form is completed and delivered to the Manager as required by this Prospectus and the redemption request otherwise satisfies all the requirements of the Directors and the Manager as to such request and the Shareholder seeking redemption of Shares, agrees to such course of action;
- (b) the Manager is satisfied that the terms of any exchange would not be such as would be likely to result in any prejudice to the remaining Shareholders, and elects that instead of the Shares being redeemed in cash, the redemption shall be satisfied in kind by the transfer to the Shareholder of Investments provided that the value thereof shall not exceed the amount which otherwise would have been payable on a cash redemption and provided that the transfer of Investments is approved by the Depositary. Such value may be reduced by such amount as the Directors may consider represents any Duties and Charges to be paid to the Fund as a result of the direct transfer by the Fund of the Investments or increased by such amount as the Directors may consider represents any appropriate provision for Duties and Charges which would have been incurred by the Fund in the disposition of the Investments to be transferred. The shortfall (if any) between the value of the Investments transferred on a redemption in kind and the redemption proceeds which would have been payable on a cash redemption shall be satisfied in cash. Any decline in the value of the Investments to be transferred in settlement of a redemption between the relevant Dealing Day and the day on which Investments are delivered to the redeeming Shareholders shall be borne by the redeeming Shareholders; and
- (c) if a redeeming Shareholder requests redemption of a number of Shares that represents 5% or more of

the Net Asset Value of a Fund, the Manager may in its sole discretion redeem the Shares by way of exchange for Investment and in such circumstances the Manager will, if requested by the redeeming Shareholder, sell the Investments on behalf of the Shareholder. (The cost of the sale can be charged to the Shareholder).

If the discretion conferred upon the Manager above is exercised, the Manager shall notify the Depositary and shall supply to the Depositary particulars of the Investments to be transferred and any amount of cash to be paid to the Shareholder. Any allocation of Investments pursuant to an in kind redemption is subject to the approval of the Depositary.

### **Liquidity Instruments**

The Company and the Manager are unlikely to permit subscriptions and redemptions in kind in respect of Funds where liquidity type instruments form a significant percentage of the assets.

### **Total Redemption**

All of the Shares of any class of any Fund may be redeemed if:

(a) the Shareholders of 75% in value of the relevant class approve of the redemption at a meeting of the Shareholders thereof of which not less than 21 days' notice has been given;

or

(b) at the discretion of the Directors, after the first anniversary of the first issue of Shares of the relevant class if the Net Asset Value of the Fund of which the class forms part falls below the amount and for such period specified in this Prospectus or in the relevant Supplement in respect of such Fund.

### **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 (including Business Days on which the Funds will be unable to take appropriate actions in the underlying market(s) to reflect subscriptions in or redemptions out of Fund Shares made on that day because of market illiquidity). 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 Time" set out in the Dealing Timetable at Appendix V 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 Investment Manager upon request and is also available at [www.blackrock.com/uk/intermediaries/literature/income-equalisation/non-dealing-day-notification-fixed-income-dublin-fund.pdf](http://www.blackrock.com/uk/intermediaries/literature/income-equalisation/non-dealing-day-notification-fixed-income-dublin-fund.pdf). This list is subject to change.

### **Transfer of Shares**

Shares are (save as hereinafter specified) freely transferable and may be transferred in writing in a form approved by the Directors or by such other means as the Manager, with the consent of the Administrator, may prescribe from time to time where such means are in accordance with the requirements of the Central Bank. Prior to the registration of any transfer, transferees must complete an Account Opening Form and provide such other information (e.g. as to identity) as the Company may reasonably require. No transfer may be made unless the proposed transferee has a current Client Agreement with the Investment Manager or an Affiliate in respect of the Flexible Share Classes. The Directors may decline to register any transfer of a Share where they reasonably believe that such transfer would result in the legal or beneficial ownership of such Share by a person who is not a Qualified Holder or expose the Company to adverse tax or regulatory consequences. During any period when the determination of the Net Asset Value of the relevant Fund has been temporarily suspended, the Directors at their discretion may permit the registration of any transfer of Shares.

### **Temporary Suspensions**

The Company may temporarily suspend the determination of the Net Asset Value of any Fund and the issue and redemption of Shares of any class of any Fund during the whole or any part of any period:-

(a) when any of the principal markets on which any significant portion of the Investments of the Company from time to time are quoted, listed, traded or dealt in is closed (otherwise than for customary weekend or ordinary holidays) or during which dealings therein are restricted or suspended or trading on any

- relevant futures exchange or market is restricted or suspended;
- (b) when, as a result of political, economic, military or monetary events or any other circumstances outside the control, responsibility and power of the Directors, any disposal or valuation of Investments of the relevant Fund is not, in the opinion of the Directors, reasonably practicable without this being seriously detrimental to the interests of owners of Shares in general or the owners of Shares of the relevant Fund or if, in the opinion of the Directors, the redemption price cannot fairly be calculated or such disposal would be materially prejudicial to the owners of Shares in general or the owners of Shares of the relevant Fund;
  - (c) during which any breakdown occurs in the means of communication normally employed in determining the value of any of the Investments of the Company or when for any other reason the value of any of the Investments or other assets of the relevant Fund cannot reasonably or fairly be ascertained;
  - (d) when the Company is unable to repatriate funds required for the purpose of making redemption payments or when such payments cannot, in the opinion of the Directors, be effected at normal prices or normal rates of exchange or during which any transfer of funds involved in the realisation or acquisition of Investments or when payments due or redemption cannot, in the opinion of the Directors, be effected at normal prices or normal rates of exchange; or
  - (e) during any period when the Manager or Directors believe it is in the best interests of the Shareholders to suspend dealings in the relevant Fund.

The Company, where possible, will take all necessary steps to bring any period of suspension to an end as soon as possible.

In the event of any suspension as set out above, the Company will immediately publish such fact on the Investment Manager's website on [www.blackrock.com](http://www.blackrock.com) and will immediately (and in any event during the Business Day on which the suspension occurred) notify the Central Bank and any other competent authority in a Member State or other country in which Shares are marketed.

The Company, Manager or Administrator will not be liable for any costs incurred by an investor as a result of the temporary suspension of the issue and redemption of Shares of any Fund.

#### **Redemption Restrictions**

If total requests for redemption or switching on any Dealing Day for any Fund exceed 10% of the Net Asset Value of that Fund, each redemption or switching request in respect of Shares in such Fund may, at the sole discretion of the Directors, be reduced pro rata so that the total Net Asset Value of each Fund for redemption or switching on that Dealing Day shall not exceed 10% of the Net Asset Value of that Fund. Any redemption or switching request so reduced shall be carried forward to the next Dealing Day and treated as a new redemption or switching request. For the avoidance of doubt, deferred redemptions as described above will not be effected in priority to other redemption or switching requests received on the same Dealing Day. If redemption or switching requests are so carried forward, the Manager shall procure that the Shareholders whose dealings are affected thereby are promptly informed.

The Company, Manager or Administrator will not be liable for any costs incurred by an investor as a result of restriction of redemptions as set out above.

#### **Currency of Payment and Foreign Exchange Transactions**

Where payments in respect of subscriptions, redemptions or switches of Shares or dividend payments are tendered or requested in a major currency other than the designated currency of the relevant Share Class of the relevant Fund, any necessary foreign exchange transactions may be arranged by the Manager (at its discretion) for the account of, and at the risk and expense of, the applicant, in the case of purchases, at the time cleared funds are received, in the case of redemptions, at the time the request for redemption is received and accepted, and in the case of dividends at the time of payment. The Manager may arrange for such transactions to be carried out by an affiliate of the Investment Manager. The exchange rate applicable to any such transactions will be the prevailing exchange rate quoted by the Manager's bankers or by an Affiliate.

#### **Income Equalisation**

For tax and accounting purposes, the Manager may implement income equalisation arrangements with a view to ensuring that the level of income derived from Investments is not affected by the issue, conversion or redemption of Shares during the relevant accounting period.

#### **Operation of the Subscription and Redemption Collection Accounts**



The Company has established the Umbrella Cash Collection Account and, in respect of those Funds considered to be highly leveraged, the Fund Cash Collection Accounts. All subscriptions into and redemptions and distributions due from the Funds will be paid either into the Umbrella Cash Collection Account or the Fund Cash Collection Accounts. Monies in the Umbrella Cash Collection Account or the Fund Cash Collection Accounts, including early subscription monies received in respect of a Fund, do not qualify for the protections afforded by the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Investor Money Regulations 2015 for Fund Service Providers.

Pending issue of the Shares and / or payment of subscription proceeds to an account in the name of the relevant Fund, and pending payment of redemption proceeds or distributions, the relevant investor will be an unsecured creditor of the relevant Fund in respect of amounts paid by or due to it.

All subscriptions (including subscriptions received in advance of the issue of Shares) attributable to, and all redemptions, dividends or cash distributions payable from, a Fund will be channelled and managed through the Umbrella Cash Collection Account or Fund Cash Collection Accounts, as applicable. Subscriptions amounts paid into the Umbrella Cash Collection Account or Fund Cash Collection Accounts, as applicable, will be paid into an account in the name of the relevant Fund on the contractual settlement date. Where subscription monies are received in the Umbrella Cash Collection Account or the Fund Cash Collection Accounts, as applicable, without sufficient documentation to identify the investor or the relevant Fund, such monies shall be returned to the relevant investor within five (5) Business Days and as specified in the operating procedure in respect of the Umbrella Cash Collection Account or Fund Cash Collection Accounts.

Redemptions and distributions, including blocked redemptions or distributions, will be held in the Umbrella Cash Collection Account or Fund Cash Collection Accounts, as applicable, until payment due date (or such later date as blocked payments are permitted to be paid), and will then be paid to the relevant or redeeming Shareholder.

Failure to provide the necessary complete and accurate documentation in respect of subscriptions, redemptions or dividends, and / or to make payment into the Umbrella Cash Collection Account or the correct Fund Cash Collection Account, as appropriate, is at the investor's risk.

The Umbrella Cash Collection Account and Fund Cash Collection Accounts have been opened in the name of the Company and, in respect of those Funds considered to be highly leveraged, in the name of the Funds concerned. The Depositary will be responsible for safe-keeping and oversight of the monies in the Umbrella Cash Collection Account and the Fund Cash Collection Account, and for ensuring that relevant amounts in the Umbrella Cash Collection Account and the Fund Cash Collection Accounts are attributable to the appropriate Funds.

The Company and/or the Manager and the Depositary have agreed an operating procedure in respect of the Umbrella Cash Collection Account which identifies the participating Funds of the Company, the procedures and protocols to be followed in order to transfer monies from the Umbrella Cash Collection Accounts, the daily reconciliation processes, and the procedures to be followed where there are shortfalls in respect of a Fund due to late payment of subscriptions, and / or transfers to a Fund of moneys attributable to another Fund due to timing differences.

## **FEES AND EXPENSES**

### **General**

The Company may issue different Classes of Shares in respect of any Fund which may have different dividend entitlements and/or subscription and/or redemption charges and/or fee arrangements and/or minimum subscriptions and/or holding and/or redemption levels as specified in this Prospectus or any supplemental prospectus issued by the Company.

The Manager is entitled at its sole discretion and without recourse or cost to the Company to rebate all or part of its fees and charges and to pay commission to any investors (including discounts on charges to employees of the Manager and its affiliates) or its Distributor or agents in respect of any subscriptions for, redemptions or holdings of Shares.

MiFID II introduces restrictions on the receipt and retention of fees, commissions, monetary and non-monetary benefits ("inducements") where firms, regulated by MiFID II, provide clients with portfolio management services or independent investment advice. It also introduces obligations where firms provide clients with other services (such as execution services or restricted investment advice). In such

cases, where a firm receives and retains an inducement, it must ensure that the receipt and retention of the inducement is designed to enhance the quality of the relevant service to the client. Where authorised intermediaries are subject to MiFID II and receive and/or retain any inducements, they must ensure that they comply with all applicable legislation, including, those introduced by MiFID II.

### **Annual Expenses**

The Manager is entitled to charge a fee of 0.03% per annum of the Net Asset Value of each Fund or relevant Share Class (the “Annual Expenses”), except in the case of the iShares Green Bond Index Fund (IE) and the iShares China CNY Bond Index Fund (IE) where the Manager is entitled to charge a fee of 0.05% and iShares Emerging Markets Local Government Bond Index Fund (IE) where the Manager is entitled to charge a fee of 0.10%. The Annual Expenses may be increased only with the prior approval of Shareholders of the relevant Class either by a majority vote at a meeting of Shareholders or by a written resolution of all of the Shareholders.

For the purpose of this Section, “Annual Expenses” mean certain fees and all costs and expenses including, but not limited to, the fees and expenses of the Administrator, the Depositary and sub-custodian, the Distributor, the index provider and all transfer and other fees and expenses incurred in relation to preparing, translating, printing and distributing the Prospectus and any supplements thereto, the annual and half-yearly reports and other documents to Shareholders, the costs and expenses of obtaining authorisations or registrations of the Fund with any regulatory authority in any jurisdiction, the costs and expenses of any rating agency, the costs and expenses of listing and maintaining a listing of any listed shares on the Irish Stock Exchange and any other stock exchange, professional fees and expenses, annual audit fees and Directors fees. It shall not, however, include any taxation (including stamp duty) to which the Company may be liable, Duties and Charges, commissions and brokerage fees incurred with respect to the Company’s Investments, interest on borrowings and bank and professional charges incurred in negotiating, effecting or varying the terms of such borrowings, and any extraordinary or exceptional costs and expenses as may arise from time to time such as material litigation in relation to the Company or the Fund.

The Annual Expenses (together with Value Added Tax, if applicable) will be accrued daily based on the daily Net Asset Value of the relevant class and will be paid monthly in arrears.

In the event that the Fund’s costs and expenses in connection with the operation of the Fund which are intended to be covered within the fee described above exceed the Annual Expenses, the Manager will discharge any excess amounts out of its own assets.

### **Management Fee**

The Manager is entitled to charge a management fee of up to 0.15% per annum of the Net Asset Value of the Fund (the “**Management Fee**”) attributable to the Institutional Share Classes, D Share Classes, Q Share Classes and S Share Classes, or up to 0.35% if the Share Classes are currency hedged, except as set out in the following table or referred to below:

<b>Management Fee</b>		
	<b>Institutional Share Classes</b>	<b>D Share Classes</b>
<b>BlackRock Euro Government Enhanced Index Fund (IE)</b>	0.17% or up to 0.37% if the Share Class is currency hedged	
<b>BlackRock Euro Credit Enhanced Index Fund (IE)</b>	0.17% or up to 0.37% if the Share Class is currency hedged	
<b>iShares Global Aggregate 1-5 Year Bond Index Fund (IE)</b>	0.17% or up to 0.37% if the Share Class is currency hedged	
<b>iShares Green Bond Index Fund (IE)</b>	0.20% or up to 0.40% if the Share Class is currency-hedged	up to 0.17% or up to 0.37% if the D Share Classes are currency-hedged
<b>iShares Emerging Markets Government Bond Index Fund (IE)</b>	0.20% or up to 0.40% if the Share Class is currency-hedged	0.20% or up to 0.40% if the Share Class is currency-hedged
<b>iShares Emerging Markets Local Government Bond Index Fund (IE)</b>	up to 0.25% or up to 0.45% if the Share Class is currency-hedged	up to 0.25% or up to 0.45% if the Share Class is currency-hedged
<b>iShares ESG Emerging Markets Government Bond Index Fund (IE)</b>	up to 0.20%	
<b>iShares China CNY Bond Index Fund (IE)</b>	up to 0.15% or up to 0.40% if the Share Class is currency-hedged	up to 0.12% or up to 0.37% if the Share Class is currency-hedged
<b>iShares USD Sukuk Index Fund (IE)</b>	up to 0.37% or up to 0.57% if the Share class is currency-hedged	up to 0.37% or up to 0.57% if the Share class is currency-hedged

The Manager currently charges a management fee of 0.15% per annum of the Net Asset Value of the iShares Global Inflation-Linked Bond Index Fund (IE) attributable to the D USD Hedged Accumulating Share Class and the Institutional USD Hedged Accumulating Share Class. Subject to providing advance notice to Shareholders holding D USD Hedged Accumulating Shares or Institutional USD Hedged Accumulating Shares (as applicable), the Manager may increase the management fee applicable to these Share Classes up to 0.35% per annum of the Net Asset Value of this Fund attributable to the relevant Share Class.

The Manager shall be responsible for discharging from this fee the fees of the Investment Manager.

There will be no Management Fee charged to the assets attributable to the Flexible Share Classes. Shareholders in those classes will be subject to an investment management fee with regard to their investment in the Fund based on the Client Agreement between themselves and the Investment Manager or an Affiliate.

The Manager reserves the right to repurchase the entire holding of Shares of any Shareholder (deducting any amount owed for unpaid investment management fees), if the relevant Client Agreement is terminated for any reason whatsoever.

### **Fees in Underlying Collective Investment Schemes**

The Company and any Fund may, subject to the conditions set out in Appendix III and the UCITS Regulations, invest in other collective investment schemes, which may be operated and/or managed by an Interested Party. As an investor in such other collective investment schemes, in addition to the fees, costs and expenses payable by a Shareholder in the Funds, each Shareholder may also indirectly bear a portion of the fees, costs and expenses of the underlying collective investment schemes, including management, investment management and, administration and other expenses.

### **Establishment Expenses**

All fees and expenses relating to the establishment of the Company (including listing costs) and the Funds and the fees of the advisers to the Company have been borne by the Investment Manager with the exception of the iShares Global Inflation-Linked Bond Index Fund (IE), iShares Euro Government Inflation-Linked Bond Index Fund (IE), iShares Ultra High Quality Euro Government Bond Index Fund (IE), iShares Euro Investment Grade Corporate Bond Index Fund (IE), iShares Green Bond Index Fund (IE), iShares 1-3 Year Global Government Bond Index Fund (IE), iShares Global Aggregate 1-5 Year Bond Index Fund (IE), iShares Emerging Markets Government Bond Index Fund (IE), iShares Emerging Markets Local Government Bond Index Fund (IE) and iShares ESG Screened Global Corporate Bond Index Fund (IE).

In the case of the iShares Global Inflation-Linked Bond Index Fund (IE), the iShares Euro Government Inflation-Linked Bond Index Fund (IE), the iShares Ultra High Quality Euro Government Bond Index Fund (IE), the iShares Emerging Markets Government Bond Index Fund (IE), the iShares Emerging Markets Local Government Bond Index Fund (IE), the iShares Global Aggregate 1-5 Year Bond Index Fund (IE), the iShares China CNY Bond Index Fund (IE), iShares Short Duration Global Corporate Bond Index Fund (IE) and iShares ESG Emerging Markets Government Bond Index Fund (IE), the fees and expenses relating to the establishment of these Funds (not to exceed €40,000 for each Fund) are being borne by these Funds and will be amortised over the first five financial years of the Funds commencing six months after the date of the first issue of Shares in these Funds. In the case of the iShares Euro Investment Grade Corporate Bond Index Fund (IE), the iShares 1-3 Year Global Government Bond Index Fund (IE) and the iShares Green Bond Index Fund (IE), iShares ESG Screened Euro Corporate Bond Index Fund (IE) and the iShares ESG Screened Global Corporate Bond Index Fund (IE), the fees and expenses relating to the establishment of these Funds (not to exceed €15,000 for each Fund) are being borne by these Funds and will be amortised over the first five financial years of the Funds commencing six months after the date of the first issue of Shares in the Funds.

In the case of the iShares Global Securitised Index Fund (IE), the fees and expenses relating to the establishment of this Fund (not to exceed €40,000) are being borne by the Fund and will be amortised over the first five financial years of the Fund commencing six months after the date of the first issue of Shares in this Fund.

In the case of the iShares USD Sukuk Index Fund (IE), the fees and expenses relating to the establishment of this Fund (not to exceed €40,000) are being borne by this Fund and will be amortised over the first five financial years of the Fund commencing six months after the date of the first issue of Shares in this Fund.

Any new Fund will bear its own direct establishment costs and listing costs, if applicable, and such costs will be amortised over the first five financial years after their launch or such other period as the Directors may determine. Details of these costs will be set out in this Prospectus or in the relevant Supplement for such Fund.

Value Added Tax (if any) on fees payable by the Company will be borne by the Company.

### **Allocation of Expenses**

All Annual Expenses (to the extent not absorbed by the Manager), Duties and Charges and other relevant expenses will be charged to the Fund and Class within that Fund (as the case may be) in respect of which they were incurred or, where an expense is not considered by the Directors to be attributable to any one Fund, the expense will normally be allocated to all Funds pro rata to the Net Asset Value of the relevant Funds. In the case of any fees or expenses of a regular or recurring nature, such as audit fees, the Directors may calculate such fees and expenses on an estimated figure for yearly or other periods in advance and

accrue the same in equal proportions over any period. This may include jurisdictional capital gains tax that is attributable to a Fund.

### **Subscription Price**

The Articles authorise the Directors to charge a preliminary fee on the issue of Shares of any class up to a maximum of 3% of the Net Asset Value per Share, such fee being payable to the Manager. It is not the current intention of the Directors to levy a subscription fee in respect of subscriptions in any class.

### **Redemption Price**

Under normal circumstances, no redemption fee will be charged. However, the Directors may at their discretion charge a redemption fee of up to 2% of the Net Asset Value per Share if, for example, they have reason to believe that any Shareholder requesting redemption is attempting any form of arbitrage on the yield of Shares in the relevant Fund.

### **Soft Commissions**

Neither the Investment Manager, any investment adviser, nor any of their affiliates may retain the benefit of any cash commission or rebate paid or payable by any broker or dealer to the Investment Manager, investment adviser or affiliate in respect of any business placed with such broker or dealer by any such person, for and on behalf of the Company.

The Investment Manager, any investment adviser or affiliate may enter into transactions for the provision to the Investment Manager, any investment adviser or any affiliate for goods and services which assist in the provision of investment services to the Company or any other client. The execution of all such transactions shall be on a best execution basis and the Company will pay brokerage which is not in excess of customary institutional full brokerage rates for the service provided.

Details of any soft commission programmes entered into will be set out in the periodic reports of the Company.

The Investment Manager does not generally engage in soft commission programmes or commission recapture.

## **ALLOCATION OF ASSETS AND LIABILITIES**

The Articles require the establishment of a separate Fund for different classes of Shares in the following manner:

- (a) the records and accounts of each Fund shall be maintained separately in the Base Currency of the relevant Fund;
- (b) the liabilities of each Fund shall be attributable exclusively to that Fund;
- (c) the assets of each Fund shall belong exclusively to that Fund, shall be segregated in the records of the Depositary from the assets of other Funds, shall not be used to discharge directly or indirectly the liabilities of or claims against any other Fund and shall not be available for any such purpose;
- (d) the proceeds from the issue of each class of Share shall be applied to the relevant Fund established for that class of Share, and the assets and liabilities and income and expenditure attributable thereto shall be applied to such Fund subject to the provisions of the Articles;
- (e) where any asset is derived from another asset, the derived asset shall be applied to the same Fund as the assets from which it was derived, and on each revaluation of an asset the increase or diminution in value shall be applied to the relevant Fund;
- (f) where an asset or a liability of the Company cannot be considered as being attributable to a particular Fund, the Directors shall have the discretion to determine the basis upon which such asset or liability shall be allocated between the Funds and the Directors shall have power at any time and from time to time to vary such basis, including allocating such asset or liability between all Funds or some of the Funds pro rata to their Net Asset Values or such other basis as the Directors determine.



## TAXATION

### General

*Prospective investors are urged to consult their own tax advisors in determining the possible tax consequences to them under the law of jurisdictions of which they are citizens, residents or domiciliaries and in which they conduct business. In addition, investors should be aware that tax regulations and legislation and their application and interpretation by the relevant taxation authorities may change from time to time, retroactively as well as prospectively. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time. Other legislation could be enacted that would subject the Company or a Fund to additional taxes or subject Shareholders to increased taxes. Any change in the Company's or Fund's tax status or in taxation legislation could affect the value of the investments held by the Company or the Fund and affect the Fund's ability to provide the investor returns.*

*The following summary is not a full description or analysis of the complex tax rules and considerations affecting the Shareholders, each Fund, and each Fund's proposed operations and is based upon existing laws, judicial decisions and administrative regulations, rulings and practices, all of which are subject to change. The tax and other matters described in the Taxation section do not constitute, and should not be considered as, tax or legal advice to prospective investors.*

Dividends, interest and capital gains (if any) which any of the Funds receive with respect to their Investments (other than securities of Irish issuers) may be subject to taxes, including withholding taxes, in the countries in which the issuers of Investments are located. It is anticipated that the Company may not be able to benefit from reduced rates of withholding tax in double taxation agreements between Ireland and such countries. If this position changes in the future and the application of a lower rate results in a repayment to the Company, the Net Asset Value will not be re-stated and the benefit will be allocated to the existing Shareholders rateably at the time of the repayment.

### IRISH TAX INFORMATION

The following is a summary of certain Irish tax consequences of the purchase, ownership and disposal of Shares. The summary does not purport to be a comprehensive description of all of the Irish tax considerations that may be relevant. The summary relates only to the position of persons who are the absolute beneficial owners of Shares and may not apply to certain other classes of persons.

The summary is based on Irish tax laws and the practice of the Irish Revenue Commissioners in effect on the date of this Prospectus (and is subject to any prospective or retroactive change). Potential investors in Shares should consult their own advisors as to the Irish or other tax consequences of the purchase, ownership and disposal of Shares.

#### Taxation of the Company

The Company intends to conduct its affairs so that it is Irish tax resident. On the basis that the Company is Irish tax resident, the Company qualifies as an 'investment undertaking' for Irish tax purposes and, consequently, is exempt from Irish corporation tax on its income and gains.

The Company will be obliged to account for Irish income tax to the Irish Revenue Commissioners if Shares are held by non-exempt Irish resident Shareholders (and in certain other circumstances), as described below. Explanations of the terms 'resident' and 'ordinarily resident' are set out at the end of this summary.

#### Taxation of non-Irish Shareholders

Where a Shareholder is not resident (or ordinarily resident) in Ireland for Irish tax purposes, the Company will not deduct any Irish tax in respect of the Shareholder's Shares once the declaration set out in the Account Opening Form accompanying this Prospectus has been received by the Company confirming the Shareholder's non-resident status. The declaration may be provided by an Intermediary who holds Shares on behalf of investors who are not resident (or ordinarily resident) in Ireland, provided that, to the best of the Intermediary's knowledge, the investors are not resident (or ordinarily resident) in Ireland. An explanation of the term 'Intermediary' is set out at the end of this summary.

If this declaration is not received by the Company, the Company will deduct Irish tax in respect of the Shareholder's Shares as if the Shareholder was a non-exempt Irish resident Shareholder (see below). The Company will also deduct Irish tax if the Company has information which reasonably suggests that a

Shareholder's declaration is incorrect. A Shareholder will generally have no entitlement to recover such Irish tax, unless the Shareholder is a company and holds the Shares through an Irish branch and in certain other limited circumstances. The Company must be informed if a Shareholder becomes Irish tax resident.

Generally, Shareholders who are not Irish tax resident will have no other Irish tax liability with respect to their Shares. However, if a Shareholder is a company which holds its Shares through an Irish branch or agency, the Shareholder may be liable to Irish corporation tax in respect of profits and gains arising in respect of the Shares (on a self-assessment basis).

### **Taxation of Exempt Irish Shareholders**

Where a Shareholder falls within the definition of an Exempt Irish Shareholder (see below) the Company will not deduct Irish tax in respect of the Shareholder's Shares once the declaration set out in the Account Opening Form accompanying this Prospectus has been received by the Company confirming the Shareholder's exempt status.

"**Exempt Irish Shareholder**" means any of the following:

1. An Intermediary (within the meaning of Section 739B of the Taxes Consolidation Act ("TCA")).
2. Pension schemes (within the meaning of section 774, section 784 or section 785 TCA).
3. Companies carrying on life assurance business (within the meaning of section 706 TCA).
4. Investment undertakings (within the meaning of section 739B TCA).
5. Investment limited partnerships (within the meaning of section 739J TCA).
6. Special investment schemes (within the meaning of section 737 TCA).
7. Unauthorised unit trust schemes (to which section 731(5)(a) TCA applies).
8. Charities (within the meaning of section 739D(6)(f)(i) TCA).
9. Qualifying managing companies (within the meaning of section 739B TCA).
10. Specified companies (within the meaning of section 734(1) TCA).
11. Qualifying fund and savings managers (within the meaning of section 739D(6)(h) TCA).
12. Personal Retirement Savings Account (PRSA) administrators (within the meaning of section 739D(6)(i) TCA).
13. Irish credit unions (within the meaning of section 2 of the Credit Union Act 1997).
14. The National Asset Management Agency, being a person referred to in Section 739D(6)(ka) TCA.
15. The National Pensions Reserve Fund Commission or a Commission investment vehicle.
16. The National Treasury Management Agency or a fund investment vehicle (within the meaning of section 37 of the National Treasury Management Agency (Amendment) Act 2014) of which the Minister for Finance is the sole beneficial owner, or the State acting through the National Treasury Management Agency.
17. Qualifying companies (within the meaning of section 110 TCA).
18. Any other person resident in Ireland who is permitted (whether by legislation or by the express concession of the Irish Revenue Commissioners) to hold Shares in the Company without requiring the Company to deduct or account for Irish tax.

Irish resident Shareholders who claim exempt status will be obliged to account for any Irish tax due in respect of Shares on a self-assessment basis.

If this declaration is not received by the Company in respect of a Shareholder, the Company will deduct Irish tax in respect of the Shareholder's Shares as if the Shareholder was a non-exempt Irish resident Shareholder (see below). A Shareholder will generally have no entitlement to recover such Irish tax, unless the Shareholder is a company within the charge to Irish corporation tax and in certain other limited circumstances.

### **Taxation of other Irish Shareholders**

Where a Shareholder is resident (or ordinarily resident) in Ireland for Irish tax purposes and is not an Exempt Irish Shareholder (see above), the Company will deduct Irish tax on distributions, redemptions and transfers and, additionally, on 'eighth anniversary' events, as described below.

#### *Distributions by the Company*

If the Company pays a distribution to a non-exempt Irish resident Shareholder, the Company will deduct Irish tax from the distribution. The amount of Irish tax deducted will be:

1. 25% of the distribution, where the distributions are paid to a Shareholder who is a company which has

- made the appropriate declaration for the 25% rate to apply; and
- 41% of the distribution, in all other cases.

The Company will pay this deducted tax to the Irish Revenue Commissioners.

Generally, a Shareholder will have no further Irish tax liability in respect of the distribution. However, if the Shareholder is a company for which the distribution is a trading receipt, the gross distribution (including the Irish tax deducted) will form part of its taxable income for self-assessment purposes and the Shareholder may set off the deducted tax against its corporation tax liability.

#### Redemptions and transfers of Shares

If the Company redeems Shares held by a non-exempt Irish resident Shareholder, the Company will deduct Irish tax from the redemption payment made to the Shareholder. Similarly, if such an Irish resident Shareholder transfers (by sale or otherwise) an entitlement to Shares, the Company will account for Irish tax in respect of that transfer. The amount of Irish tax deducted or accounted for will be calculated by reference to the gain (if any) which has accrued to the Shareholder on the Shares being redeemed or transferred and will be equal to:

- 25% of such gain, where the Shareholder is a company which has made the appropriate declaration for the 25% rate to apply; and
- 41% of the gain, in all other cases.

The Company will pay this deducted tax to the Irish Revenue Commissioners. In the case of a transfer of Shares, to fund this Irish tax liability the Company may appropriate or cancel other Shares held by the Shareholder. This may result in further Irish tax becoming due.

Generally, a Shareholder will have no further Irish tax liability in respect of the redemption or transfer. However, if the Shareholder is a company for which the redemption or transfer payment is a trading receipt, the gross payment (including the Irish tax deducted) less the cost of acquiring the Shares will form part of its taxable income for self-assessment purposes and the Shareholder may set off the deducted tax against its corporation tax liability.

If Shares are not denominated in Euro, a Shareholder may be liable (on a self-assessment basis) to Irish capital gains taxation on any currency gain arising on the redemption or transfer of the Shares.

#### *Chargeable Events (8 Year Deemed Disposal Rules)*

If a non-exempt Irish resident Shareholder does not dispose of Shares within eight years of acquiring them, the Shareholder will be deemed for Irish tax purposes to have disposed of the Shares on the eighth anniversary of their acquisition (and any subsequent eighth anniversary). On such deemed disposal, the Company will account for Irish tax in respect of the increase in value (if any) of those Shares over that eight year period. The amount of Irish tax accounted for will be equal to:

- 25% of such increase in value, where the Shareholder is a company which has made the appropriate declaration for the 25% rate to apply; and
- 41% of the increase in value, in all other cases.

The Company will pay this tax to the Irish Revenue Commissioners. To fund the Irish tax liability, the Company may appropriate or cancel Shares held by the Shareholder.

However, if less than 10% of the Shares (by value) in the relevant Fund are held by non-exempt Irish resident Shareholders, the Company may elect not to account for Irish tax on this deemed disposal. To claim this election, the Company must:

- confirm to the Irish Revenue Commissioners, on an annual basis, that this 10% requirement is satisfied and provide the Irish Revenue Commissioners with details of any non-exempt Irish resident Shareholders (including the value of their Shares and their Irish tax reference numbers); and
- notify any non-exempt Irish resident Shareholders that the Company is electing to claim this exemption.

If the exemption is claimed by the Company, any non-exempt Irish resident Shareholders must pay to the Irish Revenue Commissioners on a self-assessment basis the Irish tax which would otherwise have been payable by the Company on the eighth anniversary (and any subsequent eighth anniversary).

Any Irish tax paid in respect of the increase in value of Shares over the eight year period may be set off on a proportionate basis against any future Irish tax which would otherwise be payable in respect of those Shares and any excess may be recovered on an ultimate disposal of the Shares.

### *Share Exchanges*

Where a Shareholder exchanges Shares on arm's length terms for other Shares in the Company or for Shares in another Fund of the Company and no payment is received by the Shareholder, the Company will not deduct Irish tax in respect of the exchange.

### **Stamp Duty**

No Irish stamp duty (or other Irish transfer tax) will apply to the issue, transfer or redemption of Shares. If a Shareholder receives a distribution *in specie* of assets from the Company, a charge to Irish stamp duty could potentially arise.

### **Gift and Inheritance Tax**

Irish capital acquisitions tax (at a rate of 33%) can apply to gifts or inheritances of Irish situate assets or where either the person from whom the gift or inheritance is taken is Irish domiciled, resident or ordinarily resident or the person taking the gift or inheritance is Irish resident or ordinarily resident.

The Shares could be treated as Irish situate assets because they have been issued by an Irish company. However, any gift or inheritance of Shares will be exempt from Irish gift or inheritance tax once:

1. the Shares are comprised in the gift or inheritance both at the date of the gift or inheritance and at the 'valuation date' (as defined for Irish capital acquisitions tax purposes);
2. the person from whom the gift or inheritance is taken is neither domiciled nor ordinarily resident in Ireland at the date of the disposition; and
3. the person taking the gift or inheritance is neither domiciled nor ordinarily resident in Ireland at the date of the gift or inheritance.

### **Meaning of Terms**

#### *Meaning of 'residence' for companies*

A company which has its central management and control in Ireland is tax resident in Ireland irrespective of where it is incorporated. A company which does not have its central management and control in Ireland but which was incorporated in Ireland on or after 1 January 2015 is tax resident in Ireland except where the company is regarded as not resident in Ireland under a double taxation treaty between Ireland and another country:

A company which does not have its central management and control in Ireland but which was incorporated before 1 January 2015 in Ireland is resident in Ireland except where:

1. the company (or a related company) carries on a trade in Ireland and either the company is ultimately controlled by persons resident in EU member states or in countries with which Ireland has a double tax treaty (a "Relevant Territory"), or the company (or a related company) are quoted companies on a recognised stock exchange in the EU or in a tax treaty country; or
2. the company is regarded as not resident in Ireland under a double tax treaty between Ireland and another country.

Where an Irish incorporated company is managed and controlled in another Relevant Territory, it must be regarded as tax resident in that Relevant Territory in order to avail of the exceptions to the incorporation test. If an Irish incorporated company is not regarded as tax resident in that Relevant Territory, the Irish incorporated company will remain an Irish tax resident company.

The Finance Act 2014 introduced changes to the above residency rules. From 1 January 2015, a company incorporated in Ireland will be automatically considered resident in Ireland for tax purposes, unless it is considered resident in a jurisdiction with which Ireland has a double tax agreement. A company incorporated in a foreign jurisdiction that is centrally managed and controlled in Ireland will continue to be treated as resident in Ireland for tax purposes, unless otherwise resident by virtue of a double tax agreement.

Companies incorporated prior to 1 January 2015 have until 1 January 2021 before the new corporate residency provisions take effect.

It should be noted that the determination of a company's residence for tax purposes can be complex in certain cases and declarants are referred to the specific legislative provisions that are contained in Section 23A of TCA.

#### *Meaning of 'residence' for individuals*

An individual will be regarded as being tax resident in Ireland for a calendar year if the individual:

1. spends 183 days or more in Ireland in that calendar year; or
2. has a combined presence of 280 days in Ireland, taking into account the number of days spent in Ireland in that calendar year together with the number of days spent in Ireland in the preceding year. Presence in Ireland by an individual of not more than 30 days in a calendar year will not be reckoned for the purposes of applying this 'two year' test.

An individual is treated as present in Ireland for a day if that individual is personally present in Ireland at any time during that day.

#### *Meaning of 'ordinary residence' for individuals*

The term 'ordinary residence' (as distinct from 'residence') relates to a person's normal pattern of life and denotes residence in a place with some degree of continuity. An individual who has been resident in Ireland for three consecutive tax years becomes ordinarily resident with effect from the commencement of the fourth tax year. An individual who has been ordinarily resident in Ireland ceases to be ordinarily resident at the end of the third consecutive tax year in which the individual is not resident. For example, an individual who is resident and ordinarily resident in Ireland in 2019 and departs Ireland in that year will remain ordinarily resident in Ireland up to the end of the tax year in 2022.

#### *Meaning of 'intermediary'*

An 'intermediary' means a person who:

1. carries on a business which consists of, or includes, the receipt of payments from a regulated investment undertaking resident in Ireland on behalf of other persons; or
2. holds units in such an investment undertaking on behalf of other persons.

### **United Kingdom Taxation**

The Manager intends to conduct the affairs of the Company so that it does not become resident in the United Kingdom for taxation purposes. Accordingly, and provided that the Company does not carry on a trade in the United Kingdom through a permanent establishment situated there, the Company will not be subject to United Kingdom corporation tax on its income or chargeable gains.

It is unlikely that the activities of the Company will be regarded as trading activities for the purposes of United Kingdom taxation. In the event that the Company were considered to be carrying on trading activities in the United Kingdom through the agency of its United Kingdom Investment Manager, the profits from these activities would be subject to United Kingdom tax for which the United Kingdom Investment Manager would be liable to account. However, under Section 1146 of the Corporation Tax Act 2010, the United Kingdom Investment Manager, as agent of the Company, will not be liable for United Kingdom taxation provided that the conditions of the Investment Management Exemption ("IME") are met. As far as possible, the Manager of the Company and the Directors of the Investment Manager intend to conduct the affairs of the Company and of the Investment Manager so that these conditions are satisfied.

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 of 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 is on the basis that the Company meets both the "equivalence condition" and the "genuine diversity of ownership" condition as outlined in the regulations.

Subject to their personal circumstances, holders of Shares resident in the United Kingdom for taxation



purposes may be liable to United Kingdom income tax or corporation tax in respect of any dividends or other income distributions of the Company. In addition, UK Shareholders holding Shares at the end of each 'reporting period' (as defined for United Kingdom tax purposes) will potentially be subject to United Kingdom income tax or corporation tax on their share of a Class's 'reported income', to the extent that this amount exceeds distributions received. The terms 'reported income', 'reporting period' and their implications are discussed in further detail below. In addition, where the Fund holds more than 60% of its assets in interest bearing (or similar) form, any distribution will be treated as interest in the hands of the UK individual investor.

There is no withholding by the Company for Irish tax on dividends payable to United Kingdom investors, provided that the United Kingdom investors are (a) neither Irish Resident nor Irish Ordinary Resident, (b) the investor has made a Relevant Declaration, (c) the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct (see previous section headed "Irish Taxation" for further details), or (d) the Manager has put in place appropriate equivalent measures to ensure that Shareholders in the Company are neither Irish Resident nor Irish Ordinary Resident and the Company has received the appropriate approval from the Revenue Commissioners (see previous section headed "Irish Taxation" for further details).

Holdings in the Fund are likely to constitute interests in offshore funds, as defined for the purposes of the United Kingdom Finance Act 2008, with each Share class of the Fund treated as a separate 'offshore fund' for these purposes.

Statutory Instrument 2009 / 3001 (The Offshore Funds (Tax) Regulations 2009) provides that if an investor resident in the United Kingdom for taxation purposes holds an interest in an offshore fund and that offshore fund is a 'non-reporting fund', any gain accruing to that investor upon the sale or other disposal of that interest will be charged to United Kingdom tax as income rather than a capital gain. Alternatively, where an investor resident in the United Kingdom holds an interest in an offshore fund that has been a 'reporting fund' for all periods of account for which they hold their interest, any gain accruing upon sale or other disposal of the interest will be subject to tax as a capital gain rather than income; with relief for any accumulated or reinvested profits which have already been subject to United Kingdom income tax or corporation tax on income.

Where an offshore fund may have been a non-reporting fund for part of the time during which the UK Shareholder held their interest and a reporting fund for the remainder of that time, there are elections which can potentially be made by the Shareholder in order to pro-rate any gain made upon disposal; the impact is that the portion of the gain made during the time when the offshore fund was a reporting fund would be taxed as a capital gain. Such elections have specified time limits from the date of change in status of the fund in which they can be made.

It should be noted that a 'disposal' for United Kingdom taxation purposes includes a switching between Funds and may include a switching between Share classes of Funds.

In broad terms, a 'reporting fund' is an offshore fund that meets certain upfront and annual reporting requirements to HM Revenue & Customs and its Shareholders. The Manager intends to manage the affairs of the Fund so that these upfront and annual duties are met and continue to be met on an ongoing basis for each class within the Fund that seeks United Kingdom reporting fund status. Such annual duties will include calculating and reporting the income returns of the offshore fund for each reporting period (as defined for United Kingdom tax purposes) on a per-share basis to all relevant Shareholders.

The 'reporting funds' regime applies to the Fund with effect from 1 August 2010. A list of the share classes which currently have 'reporting fund' status is available at

<https://www.gov.uk/government/publications/offshore-funds-list-of-reporting-funds>.

UK Shareholders who hold their interests at the end of the reporting period to which the reported income relates, will be subject to income tax or corporation tax on the higher of any cash distribution paid and the full reported amount. The reported income will generally be deemed to arise to United Kingdom Shareholders on the date the report is issued by the Manager.

In accordance with Regulation 90 of the Offshore Funds (Tax) Regulations 2009, shareholder reports shall be 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 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 fund manager 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.

Once reporting fund status is obtained from HM Revenue & Customs for the relevant Share classes it will remain in place permanently, provided the annual requirements are undertaken.

UK resident but non-UK domiciled investors who are subject to tax in the UK on the remittance basis should note that an investment in the 'reporting fund' share classes is likely to constitute a mixed fund for their purposes. Further, there is no guarantee that the excess of reportable income over distributions paid in any given period will always be nil. Investors are encouraged to seek their own professional tax advice in this regard.

An individual Shareholder domiciled or deemed for United Kingdom tax purposes domiciled in the United Kingdom may be liable to United Kingdom Inheritance Tax on their Shares in the event of death or on making certain categories of lifetime transfer.

The attention of individuals resident in the United Kingdom is drawn to the provisions of Chapter 2 of Part 13 of the Income Tax Act 2007. These provisions are aimed at preventing the avoidance of income tax by individuals through transactions resulting in the transfer of assets or income to persons (including companies) resident or domiciled outside the United Kingdom and may render them liable to income tax in respect of undistributed income of the Fund on an annual basis. The legislation is not directed towards the taxation of capital gains.

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.

The attention of persons resident in the United Kingdom for taxation purposes (and who, if individuals, are also domiciled in the United Kingdom for those purposes) is drawn to the fact that the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 could be material to any such person whose proportionate interest in the Company (whether as a Shareholder or otherwise as a "participator" for United Kingdom taxation purposes) when aggregated with that of persons connected with that person is 25%, or greater, if, at the same time, the Company is itself controlled in such matter that it would, were it to be resident in the United Kingdom for taxation purposes, be a "close" company for those purposes. Section 13 could, if applied, result in a person with such an interest in the Company being treated for the purposes of United Kingdom taxation of chargeable gains as if a part of any capital gain accruing to the Company (such as on a disposal of any of its Investments) had accrued to that person directly, that part being equal to the proportion of the gain that corresponds to that person's proportionate interest in the Company (determined as mentioned above).

Under the loan relationship rules in the United Kingdom any corporate Shareholder which is within the charge to United Kingdom corporation tax will be taxed on the increase in value of its holding on a mark to market basis (rather than on disposal) or will obtain tax relief on any equivalent decrease in value, if the Investments held by the Fund within which the Shareholder invests, consist of more than 60% (by value) of "qualifying investments". Qualifying investments are broadly those, which yield a return directly or indirectly in the form of interest.

Transfer taxes may be payable by the Company in the United Kingdom and elsewhere in relation to the acquisition and/or disposal of Investments. In particular, stamp duty reserve tax at the rate of 0.5% (or, if

the transfer does not take place in dematerialised form, stamp duty at an equivalent rate) will be payable by the Company in the United Kingdom on the acquisition of shares in companies incorporated in the United Kingdom or which maintain a share register in the United Kingdom. This liability will arise in the course of the Company's normal investment activity and on the acquisition of Investments from subscribers on subscription for Shares.

In the absence of an exemption applicable to a prospective Shareholder (such as that available to intermediaries under section 88A of the Finance Act 1986) stamp duty reserve tax (or stamp duty) at the same rate as above will also be payable by prospective Shareholders on the acquisition shares in companies incorporated in the United Kingdom or which maintain a share register in the United Kingdom for the purpose of subsequent subscription for Shares, and may arise on the transfer of Investments to Shareholders on redemption.

Because the Company is not incorporated in the United Kingdom and the register of holders of Shares will be kept outside the United Kingdom, no liability to stamp duty reserve tax will arise by reason of the transfer, subscription for or redemption of Shares except as stated above. Liability to stamp duty will not arise provided that any instrument in writing transferring Shares in the Company is executed and retained at all times outside the United Kingdom.

### **Foreign Account Tax Compliance Act ('FATCA') and other cross-border reporting systems**

The U.S.-Ireland Agreement to Improve International Tax Compliance and to implement FATCA (the "**U.S.-Ireland IGA**") was entered into with the intention of enabling the Irish 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) U.S. sources or in respect of U.S. assets to certain categories of recipient including a non-U.S. 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 U.S. account holders to the Irish Revenue Commissioners (which information will in turn be provided to the U.S. tax authority) pursuant to the U.S.-Ireland 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 U.S. Shareholders to the Irish Revenue Commissioners (which information will in turn be provided to the U.S. tax authorities) and is also required to register with the U.S. Internal Revenue Service. It is the intention of the 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 U.S.-Ireland 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) U.S. sources or in respect of U.S. 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 OECD. This will require the Company to provide certain information to the Irish Revenue Commissioners about Shareholders from the jurisdictions which are party to such arrangements (which information will in turn be provided to the relevant tax authorities).

The OECD Common Reporting Standard replaces the previous European information reporting regime in respect of savings income under Directive 2003/48/EC (commonly known as the EU Savings Directive regime).

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 Company has determined that the Company is not open for investment by any US Person who would be subject to the 1940 Act, the 1933 Act, the CEA, or US income tax unless prior consent is obtained from the Manager.

### **Common Reporting Standard ("CRS")**

The Common Reporting Standard ("CRS") is a new, single global standard on Automatic Exchange of Information ("AEOI"). It was approved by the Organisation for Economic Co-operation and Development ("OECD") in February 2014 and draws on earlier work of the OECD and the EU, global AML standards and, in particular, the Model FATCA Intergovernmental Agreement. Under the CRS, participating jurisdictions

will be required to exchange certain information held by financial institutions regarding their non resident investors. The CRS was effective in Ireland from 1 January 2016. The Company will be required to provide certain information to the Irish Revenue Commissioners about non-Irish tax resident Shareholders (which information will in turn be provided to the relevant tax authorities). It should also be noted the CRS replaces the EU Taxation on Savings Directive.

#### **Data protection notice - collection and exchange of information under the CRS**

For the purposes of complying with its obligations under the CRS as implemented in Irish law and to avoid the imposition of financial penalties thereunder, the Company may be required to collect certain information in respect of each non-Irish resident Shareholder (and the direct and indirect individual beneficial owners of the Shares (if any)) and, to the extent required pursuant to the CRS, to annually report such information to the Irish Revenue Commissioners. Such information includes the name, address, jurisdiction of residence, tax identification number (TIN), date and place of birth (as appropriate) of the non-Irish resident Shareholder and (if relevant) the direct or indirect beneficial owners of the Shares; the “account number” and the “account balance” or value at the end of each calendar year; and the gross amount paid or credited to the Shareholder during the calendar year (including aggregate redemption payments). Such information in relation to all non-Irish resident Shareholders will in turn be exchanged, in a secure manner, by the Irish Revenue Commissioners with the tax authorities of other relevant participating jurisdictions under the CRS in accordance with the requirements of (and solely for the purposes of compliance with) the CRS.

Further information in relation to the CRS can be found on the AEOI (Automatic Exchange of Information) webpage on [www.revenue.ie](http://www.revenue.ie).

Each investor agrees to provide the Company with information and documentation prescribed by applicable law and such additional documentation reasonably requested by the Company as may be necessary for the Company to comply with its obligations under FATCA and the CRS.

All prospective investors should consult with their respective tax advisers regarding the possible implications of the CRS on their investments in the Company.

## STATUTORY AND GENERAL INFORMATION

### Incorporation, Registered Office and Share Capital

- (a) The Company was incorporated in Ireland on 25 April 2005 as an investment company with variable capital with limited liability under registration number 401100 under the name "Barclays Global Investors Fixed Income Dublin Funds plc" and under Certificate of Incorporation upon change of name dated 4 December 2009 is known as "BlackRock Fixed Income Dublin Funds plc".
- (b) The registered office of the Company is presently at JPMorgan House, International Financial Services Centre, Dublin 1, Ireland.
- (c) On incorporation the authorised share capital of the Company was £7 divided into 7 Subscriber Shares of a par value of £1 each and 500,000,000,000 shares of no par value initially designated as unclassified shares. The unclassified shares are available for issue as Shares. The seven Subscriber Shares currently in issue are held by the Investment Manager and nominees of the Investment Manager.

These Subscriber Shares may be repurchased by the Company at any time. The repurchase price will be £1 per Subscriber Share.

- (d) As of the date of this Prospectus, no capital of the Company is under option or is agreed, conditionally or unconditionally to be put under option.
- (e) Neither the Subscriber Shares nor the unclassified shares carry pre-emption rights.

### Share Rights

- (a) Subscriber Shares

The holders of the Subscriber Shares shall:-

- (i) on a vote taken on a show of hands, be entitled to one vote per holder and, on a poll, be entitled to one vote per Subscriber Share;
- (ii) not be entitled to any dividends whatsoever in respect of their holding of Subscriber Shares; and
- (iii) in the event of a winding up or dissolution of the Company, have the entitlements referred to under "Distribution of Assets on a Liquidation".

- (b) Shares

The holders of Shares shall:-

- (i) on a vote taken on a show of hands, be entitled to one vote per holder and, on a poll, be entitled to one vote per whole Share;
- (ii) be entitled to such dividends as the Directors may from time to time declare; and
- (iii) in the event of a winding up or dissolution of the Company, have the entitlements referred to under "Distribution of Assets on a Liquidation".

### Voting Rights

This is dealt with under the rights attaching to the Subscriber Shares and Shares respectively referred to at 2 above. Shareholders who are individuals may attend and vote at general meetings in person or by proxy. Shareholders who are corporations may attend and vote at general meetings by appointing a representative or by proxy.



Subject to any special terms as to voting upon which any Shares may be issued or may for the time being held, at any general meeting on a show of hands every holder of Shares who (being an individual) is present in person or (being a corporation) is present by duly authorised representative shall have one vote. On a poll every such holder present as aforesaid or by proxy shall have one vote for every Share held.

To be passed, ordinary resolutions of the Company in general meeting will require a simple majority of the votes cast by the Shareholders voting in person or by proxy at the meeting at which the resolution is proposed.

A majority of not less than 75% of the Shareholders present in person or by proxy and (being entitled to vote) voting in general meetings is required in order to pass a special resolution including a resolution to (i) rescind, alter or amend an Article or make a new Article and (ii) wind up the Company.

### **Memorandum of Association**

The Memorandum of Association of the Company provides that the Company's sole object is the collective investment in transferable securities and/or other liquid financial assets referred to in Regulation 45 of the UCITS Regulations of capital raised from the public operating on the principle of spreading investment risk in accordance with the UCITS Regulations. The object of the Company is set out in full in Clause 3 of the Memorandum of Association which is available for inspection at the registered office of the Company.

### **Articles of Association**

The following Section is a summary of the principal provisions of the Articles of Association of the Company not previously referred to in this Prospectus.

#### Alteration of share capital

The Company may from time to time by ordinary resolution increase its capital, consolidate and divide its Shares or any of them into Shares of a larger amount, sub-divide its Shares or any of them into Shares of a smaller amount, or cancel any Shares not taken or agreed to be taken by any person. The Company may also by special resolution from time to time reduce its share capital in any way permitted by law.

#### Issues of Shares

The Shares shall be at the disposal of the Directors and they may (subject to the provisions of the Companies Acts) (the "Acts") allot, offer or otherwise deal with or dispose of them to such persons, at such times and on such terms as they may consider in the best interests of the Company.

#### Variation of rights

Whenever the share capital is divided into different classes of Shares, the rights of any class may be varied or abrogated with the consent in writing of the holders of three quarters of the issued and outstanding Shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of that class of Shares and the necessary quorum shall be (other than an adjourned meeting) two persons holding Shares issued in that class (and at the adjourned meeting the necessary quorum shall be one person holding Shares of that class or his proxy).

The special rights attaching to any Shares of any class shall not (unless the conditions of issue of such class of Shares expressly provide otherwise) be deemed to be varied by the creation or issue of other Shares ranking pari passu therewith.

#### Transfers of Shares

- (a) All transfers of Shares shall be effected by an instrument in writing in a form approved by the Directors but need not be under seal or by such other means as the Manager, with the consent of the Administrator, may prescribe from time to time where such means are in accordance with the requirements of the Central Bank. No transfer of Subscriber Shares can be effected without the prior written consent of the Company.
- (b) The instrument of transfer of a Share must be signed by or on behalf of the transferor. The transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the Company's register of Shareholders in respect of such Share.

- (c) The Directors may decline to register a transfer of Shares unless the instrument of transfer is deposited at the registered office of the Company together with such evidence as is required by the Directors to show the right of the transferor to make the transfer and satisfying the Directors as to their requirements to prevent money laundering as they may apply from time to time. The registration of transfers may be suspended for such times and at such periods as the Directors may determine provided always that such registration may not be suspended for more than thirty days in any one year.
- (d) The Directors shall decline to register any transfer of a Share where:
- (e) they are aware or believe that such transfer would be likely to result in the legal or beneficial ownership of such Shares by a person who is not a Qualified Holder or expose the Company to adverse tax or regulatory consequences; or
- (f) to a person who is not already a Shareholder if, as a result of such transfer, the proposed transferee would not be the holder of a Minimum Holding.

#### Directors

- (a) Any Director who devotes special attention to the business of the Company may be paid such extra remuneration as the Directors may determine. (See section headed "Fees and Expenses" above in relation to the Director's Fees).
- (b) A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director, and may act in a professional capacity to the Company on such terms as the Directors may determine.
- (c) Subject to the provisions of the Acts, and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a Director notwithstanding his office:
  - (i) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or any subsidiary or associated company thereof;
  - (ii) may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company thereof is otherwise interested; and
  - (iii) shall not be accountable, by reason of his office, to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.
- (d) A Director shall not generally be permitted to vote at a meeting of the Directors or a committee of Directors on any resolution concerning a matter in which he has, directly or indirectly, an interest which is material or a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum present at a meeting in relation to any such resolution on which he is not entitled to vote. Notwithstanding the foregoing, a Director shall be entitled to vote (and be counted in the quorum) in respect of resolutions concerning certain matters in which he has an interest including (inter alia) any proposal concerning any other company in which he is interested, directly or indirectly provided, that he is not the holder of or beneficially interested in 10% or more of the issued shares of any class of such company or of the voting rights available to members of such company (or of a third company through which his interest is derived).
- (e) The number of Directors shall not be less than two (2).

- (f) The quorum for meetings of Directors may be fixed by the Directors and unless so fixed shall be two (2).
- (g) The office of a Director shall be vacated in any of the following circumstances i.e. if:
  - (i) he ceases to be a Director by virtue of any provisions of the Acts or becomes prohibited by law from being a Director;
  - (ii) he becomes a bankrupt or makes any arrangement or composition with his creditors generally;
  - (iii) in the opinion of a majority of the Directors he becomes incapable by reason of mental disorder of discharging his duties as a Director;
  - (iv) he resigns from his office by notice to the Company;
  - (v) he is convicted of an indictable offence and the Directors determine that as a result of such conviction he should cease to be a Director;
  - (vi) he shall for more than six (6) consecutive months have been absent without permission of the Directors from any meetings of the Directors held during that period and the Directors pass a resolution that he has by reason of such absence vacated office.

The Company may also, as a separate power, in accordance with and subject to the provisions of the Acts, by ordinary resolution of the Shareholders, remove any Director (including any managing director or other executive director) before the expiry of his period of office notwithstanding anything to the contrary contained in the Articles or in any agreement between the Company and any such Director.

#### Borrowing powers

The Directors may exercise all the powers of the Company to borrow or raise money (including the power to borrow for the purpose of repurchasing Shares) and to hypothecate, mortgage, charge or pledge its undertaking, property, assets or any part thereof and to issue debentures, debenture stock or other securities, whether outright or as collateral security for any debt, liability or obligation of the Company. The Company may not borrow other than in accordance with the provisions of the UCITS Regulations.

#### Dividends

No dividends are payable on the Subscriber Shares.

Subject to the provisions of the Acts, the Company may by ordinary resolution declare dividends on a class or classes of Shares, but no dividends shall exceed the amount recommended by the Directors. If the Directors so resolve and in any event on the winding up of the Company or on the total redemption of Shares, any dividend which has remained unclaimed for six (6) years shall be forfeited and become the property of the relevant Fund.

#### Distribution of assets on a liquidation

- (a) If the Company shall be wound up the liquidator shall apply the assets of the Company in such manner as he thinks fit in satisfaction of creditors' claims.
- (b) The assets available for distribution among the members shall then be applied in the following priority:
  - (i) firstly, in the payment to the holders of the Shares of each class of each Fund of a sum in the currency in which that class is designated or in any other currency selected by the liquidator as nearly as possible equal (at a rate of exchange determined by the liquidator) to the Net Asset Value of the Shares of such class held by such holders respectively as at the date of commencement to wind up provided that there are sufficient assets available in the relevant Fund to enable such payment to be made. In the event that, as regards any class of Shares there

are insufficient assets available in the relevant Fund to enable such payment to be made recourse shall be had to the assets of the Company (if any) not comprised within any of the Funds and not (save as provided in the Acts) to the assets comprised within any of the Funds;

- (ii) secondly, in the payment to the holders of each class of Shares of any balance remaining in the relevant Fund, such payment being made in proportion to the number of Shares held;
  - (iii) thirdly, in the payment to the holders of the Shares of any balance then remaining and not comprised within any of the Funds, such payment being made in proportion to the value of each Fund and within each Fund to the value of each class and in proportion to the number of Shares held in each class.
- (c) If the Company shall be wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Acts, divide among the members in kind the whole or any part of the assets of the Company, and whether or not the assets shall consist of property of a single kind, and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no member shall be compelled to accept any assets in respect of which there is liability and any member may instruct the liquidator to sell any assets, to which he is entitled, on his behalf.

#### Indemnities

The Directors (including alternates), Secretary and other officers of the Company and its former directors and officers shall be indemnified by the Company against losses and expenses which any such person may become liable to by reason of any contract entered into or any act or thing done by him as such officer in the discharge of his duties (other than in the case of fraud, negligence or wilful default).

#### The assets of the Company's Funds and the calculation of the Net Asset Value of the Shares

- (a) The Net Asset Value of each Fund shall be the value of all the assets comprised in the Fund less all the liabilities attributable to the Fund and subject to the UCITS Regulations.
- (b) The assets of the Company and each of the Funds shall be deemed to include (i) all cash in hand, on deposit or on call including any interest accrued thereon and all accounts receivable, (ii) all bills, demand notes, certificates of deposit and promissory notes, (iii), all bonds, forward currency transactions, time notes, shares, stock, units of or participation in collective investment schemes/ mutual funds, debentures, debenture stock, subscription rights, warrants, futures contracts, options contracts, swap contracts, fixed rate securities, floating rate securities, securities in respect of which the return and/or repurchase amount is calculated by reference to any index, price or rate, financial instruments and other Investments and securities owned or contracted for in respect of the Company, other than rights and securities issued by it; (iv) all stock and cash dividends and cash distributions to be received in respect of the Fund and not yet received by the Company but declared to stockholders on record on a date on or before the day as of which the Net Asset Value is being determined, (v) all interest accrued on any interest-bearing securities owned by the Company except to the extent that the same is included or reflected in, the principal value of such security, (vi) all other Investments of the Company, (vii) the establishment costs attributable to the Company and the cost of issuing and distributing Shares of the Company in so far as the same have not been written off and (viii) all other assets of the Company of every kind and nature including prepaid expenses as valued and defined from time to time by the Directors.

- (c) The valuation principles to be used in valuing the Company's assets are as follows:
- (i) the Directors shall be entitled to value the Shares of any Fund which is a money market fund using the amortised cost method of valuation whereby the Investments of such Fund are valued at their cost of acquisition adjusted for amortisation of premium or accretion of discount on the Investments rather than at the current market value of the Investments. However, the amortised cost method of valuation may only be used in relation to Funds which comply with the Central Bank's requirements for money market funds and where a review of the amortised cost valuation vis-à-vis the market valuation is carried out in accordance with the Central Bank's guidelines. Money market instruments in a non-money market fund may be valued on an amortised basis, in accordance with the Central Bank's requirements.
  - (ii) the value of an Investment which is quoted, listed or normally dealt in on a Regulated Market shall (save in the specific cases set out in paragraphs (i), (iv) (ix) and (x)) be the closing mid-market price on such Regulated Market as at the Valuation Point or the last traded price when no closing mid-market price is available (with the exception of the iShares Euro Investment Grade Corporate Bond Index Fund (IE), the iShares Green Bond Index Fund (IE), the iShares Global Aggregate 1-5 Year Bond Index Fund (IE), the iShares ESG Screened Euro Corporate Bond Index Fund (IE) and the iShares ESG Screened Global Corporate Bond Index Fund (IE), the iShares ESG Emerging Markets Government Bond Index Fund (IE) and the iShares China CNY Bond Index Fund (IE) in respect of which bond securities (Sukuk in respect of the Sukuk Fund) shall be valued in accordance with the methodologies employed by the Funds' respective Benchmark Indices, the Bloomberg Euro Aggregate Corporate Index in the case of the iShares Euro Investment Grade Corporate Bond Index Fund (IE), the Bloomberg MSCI Global Green Bond Index in the case of the iShares Green Bond Index Fund (IE), the Bloomberg Global Aggregate 1-5 Year Index in the case of the iShares Global Aggregate 1-5 Year Bond Index Fund (IE), the iBoxx MSCI ESG EUR Corporates Index in the case of the iShares ESG Screened Euro Corporate Bond Index Fund (IE) and the Bloomberg Global Aggregate Corporate Index in the case of iShares ESG Screened Global Corporate Bond Index Fund (IE), the J.P. Morgan ESG EMBI Global Diversified Index in the case of the iShares ESG Emerging Markets Government Bond Index Fund (IE) and the Bloomberg China Treasury + Policy Bank Total Return Index in the case of iShares China CNY Bond Index Fund (IE) provided that:-
    - (1) if an Investment is quoted, listed or normally dealt in on more than one Regulated Market, the Directors may, in their absolute discretion, select any one of such markets for the foregoing purposes (provided that the Directors have determined that such market constitutes the main market for such Investment or provides the fairest criteria for valuing such securities) and once selected a market shall be used for future calculations of the Net Asset Value with respect to that Investment unless the Directors otherwise determine; and
    - (2) in the case of any Investment which is quoted, listed or normally dealt in on Regulated Market but in respect of which for any reason, prices on that market may not be available at any relevant time, or, in the opinion of the Directors, may not be representative, the value therefor shall be the probable realisation value thereof estimated with care and in good faith by a competent person (which may be the Investment Manager or the Administrator), firm or association making a market in such Investment (approved for the purpose by the Depositary) and/or any other competent person, appointed by the Directors (and approved for the purpose by the Depositary);



- (3) in the case of any Investment which is quoted, listed or normally dealt in on a Regulated Market but which was acquired at a premium or at a discount outside or off the relevant market, the level of premium or discount at the date of valuation may be taken into account when valuing such Investment provided the Depositary ensures that the adoption of such procedure is justifiable in the context of establishing the probable realisation value thereof;
- (iii) the value of any Investment which is not quoted, listed or normally dealt in on a Regulated Market shall (save in the case set out in paragraph (i)) be the probable realisable value estimated with care and in good faith by a competent person (which may be the Investment Manager or the Administrator), firm or association making a market in such Investment (approved for the purpose by the Depositary) and/or any other competent person, appointed by the Directors (and approved for the purpose by the Depositary);
- (iv) the value of any Investment which is a unit of or participation in an open-ended collective investment scheme/mutual fund shall be calculated at the latest available net asset value of such unit/participation or the estimated net asset value of such unit/participation (whichever is the more recent) as calculated by the administrator of and in accordance with the requirements of the scheme/fund of which the relevant Investment is a unit/participation;
- (v) the value of any cash in hand, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof unless in any case the Directors are of the opinion that the same is unlikely to be paid or received in full in which case the value thereof shall be arrived at after making such discount as the Directors (with the approval of the Depositary) may consider appropriate in such case to reflect the true value thereof;
- (vi) deposits shall be valued at their principal amount plus accrued interest from the date on which the same were acquired or made;
- (vii) treasury bills shall be valued at the middle market dealing price on the market on which same are traded or admitted to trading as at the Valuation Point, provided that where such price is not available, same shall be valued at the probable realisation value estimated with care and good faith by a competent person (which may be the Investment Manager or the Administrator) (appointed by the Directors and approved for the purpose by the Depositary);
- (viii) bonds (with the exception of the iShares Euro Investment Grade Corporate Bond Index Fund (IE), the iShares Green Bond Index Fund (IE), the iShares Global Aggregate 1-5 Year Bond Index Fund (IE), the iShares ESG Screened Euro Corporate Bond Index Fund (IE) and the iShares ESG Screened Global Corporate Bond Index Fund (IE), in respect of which bond securities (Sukuk in respect of the Sukuk Fund) shall be valued in accordance with the methodologies employed by the Funds' respective Benchmark Indices, the Bloomberg Euro Aggregate Corporate Index in the case of the iShares Euro Investment Grade Corporate Bond Index Fund (IE), the Bloomberg MSCI Global Green Bond Index in the case of the iShares Green Bond Index Fund (IE), the Bloomberg Global Aggregate 1-5 Year Index in the case of the iShares Global Aggregate 1-5 Year Bond Index Fund (IE), the iBoxx MSCI ESG EUR Corporates Index in the case of the iShares ESG Screened Euro Corporate Bond Index Fund (IE) and the Bloomberg Global Aggregate Corporate Index in the case of iShares ESG Screened Global Corporate Bond Index Fund (IE)), notes, debenture stocks, certificates of deposit, bank acceptances, trade bills and similar assets shall be valued at the latest available middle market dealing price on the market on which these assets are traded or admitted for trading (being the market which is the sole market or in the opinion of the

Directors the principal market on which the assets in question are quoted or dealt in) plus any interest accrued thereon from the date on which same were acquired;

- (ix) forward foreign exchange contracts will be valued by reference to the price at the Valuation Point at which a new forward contract of the same size and maturity could be undertaken;
- (x) the value of any futures contracts and options which are dealt in on a Regulated Market shall be the settlement price as determined by the market in question, provided that if such settlement price is not available for any reason or is unrepresentative, same shall be valued at the probable realisation value estimated with care and good faith by a competent person (which may be the Investment Manager or the Administrator) (appointed by the Directors and approved for the purpose by the Depositary);
- (xi) the value of any OTC Derivatives contracts shall be valued at least daily at a price obtained from the counterparty or by an alternative valuation provided by a competent person (which may be the Administrator or the Investment Manager) appointed by the Manager and approved by the Depositary for such purpose, or by any other means provided that a value obtained by such other means is approved by the Depositary. If a derivative instrument is valued at a price obtained from the counterparty, such price shall be verified at least weekly by a party independent of the counterparty (which may be the Investment Manager or the Administrator) approved for such purpose by the Depositary. If a derivative instrument is valued in any other way, such alternative valuation will be reconciled on at least a monthly basis to a valuation provided by the counterparty and any significant difference shall be promptly investigated and explained.

Forward foreign exchange and interest rate swaps contracts for which market quotations are freely available may be valued in accordance with the previous paragraph or by reference to market quotations (in which case there is no requirement to have such prices independently verified or reconciled to the counterparty valuation);

- (xii) in the case of certain Funds whose investment objective is to track or replicate the performance of a particular index, or whose performance is measured against a particular index (notwithstanding that the objective of such Fund may not be to measure its performance against such index) and where there is significant overlap between the assets of the relevant Fund and its Benchmark Index, the assets of such Funds may be valued in accordance with the valuation methodology for such Investments which is utilised by the relevant index. Such valuation methodology may include valuing Investments using mid-market, last traded, bid and/or offer prices. Details of the relevant index and the valuation methodology utilised from time to time in relation to any Investments not valued in accordance with (i) – (xiii) hereof shall be set out in this Prospectus;
- (xiii) notwithstanding any of the foregoing sub-paragraphs, the Directors with the approval of the Depositary may adjust the value of any Investment if, having regard to currency, applicable rate of interest, maturity, marketability and/or such other considerations as they may deem relevant, they consider that such adjustment is required to reflect the fair value thereof;
- (xiv) if in any case a particular value is not ascertainable as above provided or if the Directors shall consider that some other method of valuation better reflects the fair value of the relevant Investment then in such case the method of valuation of the relevant Investment shall be such as the Directors shall decide with the approval of the Depositary and provided that such method is approved by the Depositary;

- (xv) notwithstanding any of the foregoing sub-paragraphs, the Directors may, in order to comply with any applicable accounting standards, present the value of any assets of the Company in financial statements to Shareholders in a manner different to that set out herein.
- (d) Any certificate as to Net Asset Value of Shares given in good faith (and in the absence of negligence or manifest error) by or on behalf of the Directors shall be binding on all parties.

#### **Circumstances of a Winding Up**

- (a) The Company shall be wound up in the following circumstances:
  - (i) by the passing of a special resolution for a winding-up;
  - (ii) where the Company does not commence business within a year of being incorporated or where it suspends its business for a year;
  - (iii) where the number of members falls below the statutory minimum of 2;
  - (iv) where the Company is unable to pay its debts and a liquidator has been appointed;
  - (v) where the appropriate court in Ireland is of the opinion that the Company's affairs and the powers of the Directors have been exercised in a manner oppressive to members;
  - (vi) the appropriate court in Ireland is of the opinion that it is just and equitable that the Company should be wound up.
- (b) The Depositary and Custodian Agreement provides that where the Depositary has given to the Company notice of termination and no new depositary shall have been appointed in accordance with the Articles within 90 days from the giving of such notice, the Depositary may require the Directors to convene a general meeting of the Company and propose at the meeting a resolution that the Company be wound up. The Depositary's appointment under the Depositary and Custodian Agreement shall not however terminate until revocation of the authorisation of the Company by the Central Bank.

#### **Money Laundering**

The Manager has a responsibility under law to comply with AML regulations around the world and, for that reason, existing Shareholders, potential subscribers for and transferees of Shares may be asked for proof of identity, and/or to fulfil other requirements. Until satisfactory proof of identity is provided and/or those requirements are fulfilled, the Directors reserve the right to withhold issuance, redemption and approval of transfers of Shares.

In case of delay or failure to provide satisfactory proof of identity, the Company and the Manager may take such action as they see fit including the right to redeem issued Shares compulsorily.

#### **Commissions**

Save as disclosed under the heading "Fees and Expenses" above, no commissions, discounts, brokerages or other special terms have been granted or are payable by the Company in connection with the issue or sale of any capital of the Company.

#### **Directors' Interests**

Other than as disclosed in the financial statements (both annual audited and unaudited interims), no Directors or any connected person has any interest in the Shares or any options in respect of such Shares of the Company but non-Irish resident Directors shall be entitled to acquire such an interest.

For the purposes of this paragraph “connected person” means in respect of any Director:-

- (a) his spouse, parent, brother, sister or child;
- (b) a person acting in his capacity as the trustee of any trust, the principal beneficiaries of which are the Director, his spouse or any of his children or any body corporate which he controls;
- (c) a partner of the Director; or
- (d) a company controlled by that Director.

There are no existing or proposed service contracts between any of the Directors and the Company.

Save for the contracts listed in paragraph 11, no Director is materially interested in any contract or arrangement subsisting at the date hereof which is unusual in its nature and conditions or significant in relation to the business of the Company.

Mr O’Dwyer is an employee of the BlackRock Group (of which the Manager and Investment Manager are part). Mr O’Dwyer is also a director of the Manager.

#### **Material Contracts**

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and are, or may be, material:

- (a) the Management Agreement. The Management Agreement provides that the appointment of the Manager will continue in force unless and until terminated by either party giving to the other not less than 180 days written notice although in certain circumstances (e.g. the insolvency of either party, unremedied breach after notice, etc.) the Agreement may be terminated forthwith by notice in writing by either party to the other. The Management Agreement contains indemnities in favour of the Manager other than matters arising by reason of its wilful misconduct, fraud, bad faith or negligence in the performance of its duties and obligations, and provisions regarding the Manager’s legal responsibilities.
- (b) the Depositary and Custodian Agreement. The Depositary and Custodian Agreement provides that the appointment of the Depositary will continue in force unless and until terminated by either party giving to the other not less than 90 days written notice although in certain circumstances (e.g. the insolvency of either party, unremedied breach after notice, etc.) the Agreement may be terminated forthwith by resolution of the Directors of the Company or, where the Depositary, acting reasonably and in good faith and in accordance with its obligations to act solely in the best interests of the Company and Shareholders, determines that it cannot ensure the required standard of protection of investments due to investment decisions of the Manager or the Company, on 30 days’ notice by the Depositary. The Depositary and Custodian Agreement contains indemnities in favour of the Depositary excluding matters arising as a result of the Depositary’s negligent or intentional failure to properly fulfil its obligations pursuant to the Depositary and Custodian Agreement or the Directive, or where the Depositary is liable to the Company for the loss of a financial instrument held in custody or where the Depositary is liable for direct losses by the Company that result from certain failures by the sub-custodians as set out in the Depositary and Custodian Agreement.
- (c) the Administration Agreement. The Administration Agreement provides that the appointment of the Administrator will continue in force unless and until terminated by any party giving to the other not less than three months written notice although in certain circumstances (e.g. the insolvency of any party, unremedied breach after notice, etc.) the Agreement may be terminated forthwith by notice in writing by any party to the others. The Administration Agreement contains indemnities in favour of the Administrator other than matters arising by reason of its fraud, negligence or wilful

default in the performance of its duties and obligations, and provisions regarding the Administrator's legal responsibilities.

- (d) the Investment Management Agreement. The Investment Management Agreement provides that the appointment of the Investment Manager will continue in force unless and until terminated by either party giving to the other not less than 180 days written notice although in certain circumstances (e.g. the insolvency of either party, unremedied breach after notice, etc.) the Agreement may be terminated forthwith by notice in writing by either party to the other. The Investment Management Agreement contains indemnities in favour of the Investment Manager other than matters arising by reason of its wilful misconduct, fraud, bad faith or negligence in the carrying out of its duties and obligations and provisions regarding the Investment Manager's legal responsibilities.
- (e) the Distribution Agreement. The Distribution Agreement provides that the appointment of the Distributor will continue in force unless and until terminated by either party giving to the other not less than 180 days written notice although in certain circumstances (e.g. the insolvency of either party, unremedied breach after notice, etc.) the Agreement may be terminated forthwith by notice in writing by either party to the other. The Distribution Agreement contains indemnities in favour of the Distributor other than matters arising by reason of its fraud, bad faith, wilful default or negligence in the carrying out of its duties and obligations and provisions regarding the Distributor's legal responsibilities.

Details of the above contracts are given under the heading "Management and Administration" above.

#### **Inspection of Documents**

Copies of the following documents will be available for inspection at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) and may be obtained, on request, free of charge, from the registered offices of the Company in Dublin:-

- (a) the Memorandum and Articles of Association of the Company;
- (b) the Management Agreement;
- (c) the Depositary and Custodian Agreement;
- (d) the Administration Agreement;
- (e) the Investment Management Agreement;
- (f) the Distribution Agreement;
- (g) the UCITS Regulations;
- (h) the Central Bank UCITS Regulations;
- (i) the Acts; and
- (j) the latest annual and semi-annual reports of the Company (when issued).

#### **UK Facilities Agent**

The Company is required in accordance with the Financial Services and Markets Act 2000 and the FCA's Collective Investment Scheme Sourcebook to maintain at an address in the UK certain facilities in the interests of investors in the Fund in the UK. The Fund has appointed the Investment Manager as the UK facilities agent (the "UK Facilities Agent").

UK investors can contact the UK Facilities Agent at BlackRock Advisors (UK) Limited, 12 Throgmorton Avenue, London EC2N 2DL to obtain details regarding the prices of units, to redeem or arrange for the



redemption of units, to obtain payment and to make a complaint.

Details on the procedure to be followed in connection with the subscription, redemption and switching of units are set out above.

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 Memorandum and Articles of Association;
- (b) the Prospectus, KIIDs or KIDs and any Supplement prepared by the Manager;
- (c) the most recently published annual and half yearly reports relating to the Company;
- (d) the Administration Agreement;
- (e) the Investment Management Agreement;
- (f) the UCITS Regulations;
- (g) any notices to Shareholders and other notices and documents sent to and from the UK.

UK investors can contact the UK Facilities Agent at BlackRock Advisors (UK) Limited, 12 Throgmorton Avenue, London EC2N 2DL for details regarding pricing, redemption and payment, making a complaint and for the inspection or copies of scheme documentation listed above.

UK investors are advised that the rules made by the FCA under the Act do not in general apply to the Company in relation to its investment business. In particular the rules made under the Financial Services and Markets Act 2000 for the protection of retail clients (for example, those conferring rights to cancel or withdraw from certain investment agreements) do not apply, and the Financial Services Compensation Scheme will not be available, in connection with an investment in the Company.

#### **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, the Manager 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.

The list of benchmark administrators that are included in the Benchmark Regulation Register is available on ESMA’s website at [www.esma.europa.eu](http://www.esma.europa.eu).

As at the date of this prospectus, the following benchmark administrators of the Benchmark Indices are included in the Benchmark Regulation Register:

- FTSE International Limited
- IHS Markit Benchmark Administration Limited

As at the date of this prospectus, the following benchmark administrators of the Benchmark Indices are not included in the Benchmark Regulation Register:

- J.P. Morgan Securities LLC
- Bloomberg Index Services Limited

The benchmark administrators that are not included in the Benchmark Regulation Register listed above continue to provide Benchmark Indices on the basis of the transition period provided under the Benchmark Regulation. It is expected that these benchmark administrators will file an application for authorisation or

registration as benchmark administrators in advance of the end of the transition period, in accordance with the Benchmark Regulation requirements. The Manager will monitor the Benchmark Regulation Register and, if there are any changes, this information will be updated in the Prospectus at the next opportunity. The Manager 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 Manager.

Pursuant to these written plans, where the Manager is notified by the benchmark administrator of a material change or cessation of a Benchmark Index, the Manager will assess the impact of a material change to the Benchmark Index on the relevant Fund and, where it determines appropriate or in the event of the cessation of a Benchmark Index, consider substituting another index for the Benchmark Index. Prior Shareholder approval will be sought in advance where a change of the Benchmark Index constitutes a change to the investment objective and/or a material change to the investment policy of a Fund. Where the Manager is unable to substitute another index for the Benchmark Index, the Directors may resolve to seek the winding up of the Fund to the extent reasonable and practicable.

### **Data Protection**

Prospective investors and investors are referred to the privacy notice of the Manager, which is provided as an addendum to the Account Opening Form (the "Privacy Notice").

The Privacy Notice explains, among other things, how the Manager processes 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.

## APPENDIX I

### Stock Exchanges and Regulated Markets

#### The Regulated Markets

With the exception of permitted investment in unlisted securities and off-exchange FDI, investment in securities or FDI will be made only in securities or FDI which are listed or traded on stock exchanges and markets listed below in this Prospectus or any Supplement thereto or revision thereof.

The list is currently as follows:

#### Recognised Investment Exchanges

1. Recognised investment exchanges in any Member State (excluding Malta), Australia, Canada, Hong Kong, Iceland, Japan, Norway, New Zealand, Switzerland, the United Kingdom or the United States.

2. The following recognised investment exchanges:

- Argentina Bolsa de Comercio de Buenos Aires
- Mercado Abierto Electronico S.A.
- Bahrain Bahrain Bourse
- Bangladesh Dhaka Stock Exchange
- Brazil BM&F BOVESPA S.A.
- Chile Bolsa de Comercio de Santiago
- Bolsa Electronica de Chile
- China Shanghai Stock Exchange
- Shenzhen Stock Exchange
- China Interbank Bond Market via Bond Connect
- Colombia Bolsa de Valores de Colombia
- Egypt Egyptian Stock Exchange
- India Bombay Stock Exchange, Ltd.
- National Stock Exchange
- Indonesia Indonesian Stock Exchange
- Israel Tel Aviv Stock Exchange
- Jordan Amman Stock Exchange
- The Republic of Korea Korea Exchange (Stock Market)
- Korea Exchange (KOSDAQ)
- Kenya Nairobi Securities Exchange
- Kuwait Kuwait Stock Exchange
- Malaysia Bursa Malaysia Securities Berhad
- Bursa Malaysia Derivatives Berhad
- Mauritius Stock Exchange of Mauritius
- Mexico Bolsa Mexicana de Valores
- Morocco Casablanca Stock Exchange
- Nigeria Nigeria Stock Exchange
- Oman Muscat Securities Market
- Pakistan Karachi Stock Exchange
- Peru Bolsa de Valores de Lima
- Philippines Philippines Stock Exchange
- Qatar Qatar Exchange
- Russia Open Joint Stock Company
- Moscow Exchange MICEX-RTS
- (Moscow Exchange)
- Saudi Arabia Tadawul Stock Exchange
- Singapore Exchange Limited
- South Africa JSE Limited
- Sri Lanka Colombo Stock Exchange
- Taiwan Stock Exchange

- Thailand Stock Exchange of Thailand
- Turkey Istanbul Stock Exchange
- UAE – Abu Dhabi Abu Dhabi Securities Exchange
- UAE – Dubai Dubai Financial Market
- NASDAQ Dubai Limited
- Vietnam Ho Chi Minh Stock Exchange
- Warsaw Stock Exchange

### Markets

3. The following regulated markets including regulated markets on which FDI may be traded:

- the markets organised by the International Capital Market Association;
- the market conducted by “listed money market institutions” as described in the Bank of England publication “The Regulation of the Wholesale Cash and OTC Derivatives Markets (in Sterling, foreign currency and bullion)”;
- AIM – the Alternative Investment Market in the UK, regulated and operated by the LSE;
- NASDAQ in the United States;
- the market in US government securities conducted by primary dealers regulated by the Federal Reserve Bank of New York;
- the over-the-counter market in the United States regulated by the Financial Industry Regulatory Authority and reportable on TRACE;
- the over-the-counter market in the United States regulated by MarketAxess;
- the over-the-counter market in the United States regulated by National Association Of Securities Dealers (NASD);
- the French market for “Titres de Creance Negotiable” (over-the-counter market in negotiable debt instruments);
- The Korea Exchange (Futures Market);
- The Thailand Futures exchange;
- South African Futures exchange;
- The Intercontinental Exchange (ICE);
- Taiwan Futures exchange;
- the over-the-counter market in Canadian Government Bonds, regulated by the Investment Industry Regulatory Organisation of Canada;
- the China Interbank Bond Market;
- any approved derivative market within the European Economic Area on which FDI are traded;
- EUROTLX (Multilateral Trading Facility);
- HI\_MTF (Multilateral Trading Facility);
- NASDAQ OMX Europe (NEURO) (Multilateral Trading Facility);
- EURO MTF for securities (Multilateral Trading Facility);
- MTS Austria (Multilateral Trading Facility);
- MTS Belgium (Multilateral Trading Facility);
- MTS France (Multilateral Trading Facility);
- MTS Ireland (Multilateral Trading Facility);
- NYSE Bondmatch (Multilateral Trading Facility);
- POWERNEXT (Multilateral Trading Facility);
- Tradegate AG (Multilateral Trading Facility);
- the over-the-counter market in Japan regulated by the Securities Dealers Association of Japan; and
- MarketAxess Europe Limited (Multilateral Trading Facility) (the golden source only covers OTC market in US regulated by MarketAxess).

The above markets are listed in accordance with the requirements of the Central Bank, it being noted the Central Bank does not issue a list of approved markets or stock exchanges.

## APPENDIX II

### FDIs/Efficient Portfolio Management

#### A. Investment in FDIs

The following provisions apply whenever a Fund proposes to engage in transactions in FDIs including, but not limited to, futures, forwards, swaps, options, swaptions and warrants where the transactions are for the purposes of the efficient portfolio management of the Fund or for direct investment purposes. The Investment Manager employs a RMP in respect of a Fund to enable it to accurately measure, monitor and manage the global exposure from FDIs ("global exposure") which a Fund gains. The Investment Manager uses a methodology known as the commitment approach in order to measure the global exposure of a Fund and manage the potential loss to it due to market risk. The Company will, on request, provide supplemental information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investment.

The conditions and limits for the use of such techniques and instruments in relation to each Fund are as follows:

1. The commitment approach methodology aggregates the underlying market or notional values of FDIs to determine the degree of global exposure of a Fund to FDIs.
2. A Fund's level of investment exposure can exceed its Net Asset Value due to the use of FDIs or borrowing (borrowing is only permitted in limited circumstances as set out in Appendix III). Where a Fund's investment exposure exceeds its Net Asset Value this is known as leverage. For the purposes of this disclosure, leverage is investment exposure gained through the use of FDIs. It is calculated using the sum of the notional values of all of the FDIs held by a Fund, without netting. The expected level of leverage may vary over time. It should be noted that this approach to measuring leverage could lead to leverage levels that are very different from risk-exposures. In accordance with the requirements of the Central Bank, the global exposure for such a Fund must not exceed 100% of that Fund's Net Asset Value.
3. Position exposure to the underlying assets of FDIs, including embedded FDIs in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank UCITS Regulations. (This provision does not apply in the case of index based FDIs provided the underlying index is one which meets with the criteria set out in the Central Bank UCITS Regulations.)
4. A Fund may invest in FDIs dealt in over-the-counter (OTC) provided that the counterparties to over-the-counter transactions (OTCs) are institutions subject to prudential supervision and belonging to categories approved by the Central Bank. Counterparties to swap transactions will not have discretion over the assets of a Fund. Collateral received in connection with swap transactions shall be marked-to-market daily and subject to daily variation margin.
5. Investment in FDIs are subject to the conditions and limits laid down by the Central Bank.

#### B. Efficient Portfolio Management - Other Techniques and Instruments

1. In addition to the investments in FDIs noted above, the Company may employ other techniques and instruments relating to transferable securities and money market instruments subject to the conditions imposed by the Central Bank, such as repurchase/ reverse repurchase agreements, ("repo contracts") and securities lending. Techniques and instruments which relate to transferable securities or money market instruments and which are used for the purpose of efficient portfolio management, including FDIs which are not used for direct investment purposes, shall be understood as a reference to techniques and instruments which fulfil the following criteria:

- (a) they are economically appropriate in that they are realised in a cost-effective way;
- (b) they are entered into for one or more of the following specific aims:
  - (i) reduction of risk;
  - (ii) reduction of cost;
  - (iii) generation of additional capital or income for a Fund with a level of risk which is consistent with the risk profile of the Fund and the risk diversification rules set out in the Central Bank UCITS Regulations;



- (c) their risks are adequately captured by the RMP of the Company (in the case of FDIs only); and
- (d) they cannot result in a change to a Fund's declared investment objective or add substantial supplementary risks in comparison to the general risk policy as described in the sales documents.

To the extent a Fund engages in repo contracts, securities lending or total return swaps, any permitted Investments of a Fund may be subject to such transactions.

Techniques and instruments (other than FDIs) which may be used for efficient portfolio management purposes are set out below and are subject to the conditions set out below.

2. The following applies to repo contracts and securities lending arrangements, in particular, and reflects the requirements of the "ESMA Guidelines on ETFs and Other UCITS Issues" ESMA/2012/832EN (the "ESMA Guidelines") and is subject to changes thereto:
  - (a) Repo contracts and securities lending may only be effected in accordance with normal market practice.
  - (b) 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.
  - (c) Repo contracts or securities lending do not constitute borrowing or lending for the purposes of Regulation 103 and Regulation 111 respectively.
  - (d) 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.
  - (e) 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.
  - (f) The Company conducts credit assessments of counterparties to a repurchase/reverse repurchase agreement or securities lending arrangement. Where a counterparty is subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account in the credit assessment process and where the counterparty is downgraded by the credit rating agency to A-2 or below (or comparable rating), a new credit assessment of the counterparty is conducted by the Company without delay.
3. Any revenues from efficient portfolio management techniques not received directly by the Company, net of direct and indirect operational costs and fees (which do not include hidden revenue), will be returned to the Company. To the extent the Company engages in securities lending it may appoint a securities lending agent, which may or may not be an affiliate of the Manager, and which may receive a fee in relation to its securities lending activities. Any operational costs arising from such securities lending activities shall be borne by the securities lending agent out of its fee.
4. When Issued, Delayed Delivery and Forward Commitment Securities

The Company may invest in securities on a when-issued, delayed delivery and forward commitment basis and such securities will be taken into consideration in calculating a Fund's investment restriction limits.

**C. Risks and potential conflicts of interest involved in efficient portfolio management techniques.**

There are certain risks involved in efficient portfolio management activities and the management of collateral in relation to such activities (see further below). Please refer to the sections of this Prospectus entitled "Conflicts of Interests - General", "Conflicts of Interest – relationships within the BlackRock Group" and "Risk Factors" and, in particular but without limitation, the risk factors relating to FDI risks, counterparty risk, and counterparty risk to the Depositary and other depositaries. These risks may expose investors to an

increased risk of loss.

#### **D. Management of collateral for OTC financial derivative transactions and efficient portfolio management techniques**

*For the purposes of this section, "Relevant Institutions" refers to those institutions which are credit institutions authorised in the EEA or credit institutions authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988 or credit institutions in a third country deemed equivalent pursuant to Article 107(4) of the Regulation (EU) No.575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No.648/2012.*

*The provisions below reflect the requirements of the ESMA Guidelines and are subject to changes thereto.*

- (a) Collateral obtained in respect of OTC financial derivative transactions and efficient portfolio management techniques ("Collateral"), such as a repo contract or securities lending arrangement, will be of an appropriate type for the given transaction and the particular counterparty and may be in the form of cash or securities (without restriction as to the issuer type or location, or maturity) and must comply with the following criteria:
  - (i) 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 should also comply with the provisions of Regulation 74 of the Regulations;
  - (ii) valuation: Collateral should be capable of being valued on a daily basis and assets that exhibit high price volatility should not be accepted as Collateral unless suitably conservative haircuts are in place;
  - (iii) issuer credit quality: Collateral should be of high quality;
  - (iv) 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;
  - (v) 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. A Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, its local authorities, as well as non-Member States and public international bodies set out in Appendix III, paragraph 2.12. Such a Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Fund's Net Asset Value; and
  - (vi) immediately available: Collateral must be capable of being fully enforced by the Company at any time without reference to or approval from the counterparty.

(b) Until the expiry of the repo contract or securities lending arrangement, Collateral obtained under such contracts or arrangements::

- (i) must be marked to market daily; and
- (ii) is intended to equal or exceed the value of the amount invested or securities loaned plus a premium.

(c) Collateral must be held by the Depositary, or its agent (where there is title transfer). This is not applicable in the event that there is no title transfer in which case the Collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the Collateral.

(d) Non-cash Collateral:

Non-cash Collateral cannot be sold, re-invested or pledged.

(e) Cash Collateral:

Cash as Collateral may only be:

- (i) placed on deposit with Relevant Institutions;
- (ii) invested in high quality government bonds;
- (iii) 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
- (iv) invested in short term money market funds.

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash Collateral.

- (f) The Company has implemented a haircut policy in respect of each class of assets received as Collateral. 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 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.
- (g) The risk exposures to a counterparty arising from OTC financial derivative transactions and efficient portfolio management techniques should be combined when calculating the counterparty risk limits set out in Appendix III, paragraph 2.8.

## **E. Counterparty Selection & Review**

BlackRock Group 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. BlackRock’s established counterparty credit risk management policy does not make reference to a minimum credit rating as part of the review and approval process. Eligible counterparties may be constituted as companies, trusts, partnerships or their equivalent, and will be institutions subject to prudential supervision, domiciled in OECD and non-OECD countries. 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 portfolio alerts with market data service providers, and where applicable, as part of BlackRock Group’s internal research process. Formal renewal assessments are performed on a cyclical basis.

BlackRock Group 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. BlackRock Group 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, BlackRock Group monitors 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.

## APPENDIX III

### Investment and Borrowing Restrictions

Investment of the assets of the relevant Fund must comply with the UCITS Regulations. The UCITS Regulations provide:

<b>1</b>	<b>Permitted Investments</b>
<b>1.1</b>	Investments of each Fund are confined to: Transferable securities and money market instruments, as prescribed in the Central Bank UCITS Regulations, which are either admitted to official listing on a stock exchange in a Member State or non-Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State or non-Member State.
<b>1.2</b>	Recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
<b>1.3</b>	Money market instruments, as defined in the Central Bank UCITS Regulations, other than those dealt on a regulated market.
<b>1.4</b>	Units of UCITS.
<b>1.5</b>	Units of AIFs.
<b>1.6</b>	Deposits with credit institutions as prescribed in the Central Bank UCITS Regulations.
<b>1.7</b>	Financial derivative instruments as prescribed in the Central Bank UCITS Regulations.
<b>2</b>	<b>Investment Restrictions</b>
<b>2.1</b>	Each Fund may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1.
<b>2.2</b>	Each Fund may invest no more than 10% of net assets in recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 1.1) within a year. This restriction will not apply in relation to investment by a Fund in certain US securities known as Rule 144A securities provided that: <ul style="list-style-type: none"> <li>- the securities are issued with an undertaking to register with the US Securities and Exchanges Commission within one year of issue; and</li> <li>- the securities are not illiquid securities i.e. they may be realised by a Fund within seven days at the price, or approximately at the price, at which they are valued by a Fund.</li> </ul>
<b>2.3</b>	Each Fund may invest no more than 10% of net assets in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.
<b>2.4</b>	The limit of 10% (in 2.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. If a Fund invests more than 5% of its net assets in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the net asset value of the Fund. <b>To avail of this provision the prior approval of the Central Bank is required.</b>
<b>2.5</b>	The limit of 10% (in 2.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.
<b>2.6</b>	The transferable securities and money market instruments referred to in 2.4. and 2.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in 2.3.
<b>2.7</b>	A UCITS shall not invest more than 20% of its assets in deposits made with the same body.



2.8	The risk exposure of a Fund to a counterparty to an OTC derivative may not exceed 5% of net assets.
	This limit is raised to 10% in the case of a credit institution authorised in the EEA; a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988; or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand
2.9	Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:
	<ul style="list-style-type: none"> <li>- investments in transferable securities or money market instruments;</li> <li>- deposits, and/or</li> <li>- counterparty risk exposures arising from OTC derivatives transactions.</li> </ul>
2.10	The limits referred to in 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.
2.11	Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20% of net assets may be applied to investment in transferable securities and money market instruments within the same group.
2.12	Each Fund may invest up to 100% of net assets in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members.
	The individual issuers must be listed in the prospectus and may be drawn from the following list: OECD Governments (provided the relevant issues are investment grade), Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority and Straight-A Funding LLC.
	Each Fund must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets.
<b>3</b>	<b>Investment in Collective Investment Schemes ("CIS")</b>
3.1	Subject to section 3.2, investments made by a Fund in units of other CIS may not exceed, in aggregate, 10% of the assets of the Fund.
3.2	Notwithstanding the provisions of section 3.1, where the investment policy of a Fund states that it may invest more than 10% of its assets in other UCITS or collective investment undertakings, the following restrictions shall apply instead of the restrictions set out at section 3.1 above:
	<ul style="list-style-type: none"> <li>(a) Each Fund may not invest more than 20% of its Net Asset Value in any one CIS.</li> <li>(b) Investments in AIFs CIS may not, in aggregate, exceed 30% of the Fund's Net Asset Value.</li> </ul>
3.3	The CIS are prohibited from investing more than 10% of net assets in other open-ended CIS.
3.4	When a Fund invests in the units of other CIS that are managed, directly or by delegation, by the Manager or by any other company with which the Manager is linked by common management or control, or by a substantial direct or indirect holding, the Manager or other company may not charge subscription, conversion or redemption fees on account of the Fund's investment in the units of such

	other CIS.
3.5	Where, by virtue of investment in the units of another investment fund, the Company, an investment manager or investment advisor receives a commission on behalf of a Fund (including a rebated commission), the Company shall ensure that the relevant commission is paid into the property of the Fund.
<b>4</b>	<b>Index Tracking UCITS</b>
4.1	A Fund may invest up to 20% of net assets in shares and/or debt securities issued by the same body where the investment policy of the Fund is to replicate an index which satisfies the criteria set out in the Central Bank UCITS Regulations and is recognised by the Central Bank.
4.2	The limit in 4.1 may be raised to 35%, and applied to a single issuer, where this is justified by exceptional market conditions, for example, market dominance. Market dominance exists where a particular constituent of a Benchmark Index has a dominant position in the particular market sector in which it operates and as such accounts for a large proportion of a Benchmark Index.
<b>5</b>	<b>General Provisions</b>
5.1	The Company or Manager acting in connection with all of the funds it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
5.2	A Fund may acquire no more than: <ul style="list-style-type: none"> <li>(i) 10% of the non-voting shares of any single issuing body;</li> <li>(ii) 10% of the debt securities of any single issuing body;</li> <li>(iii) 25% of the units of any single CIS;</li> <li>(iv) 10% of the money market instruments of any single issuing body.</li> </ul> <p>NOTE: The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.</p>
5.3	5.1 and 5.2 shall not be applicable to: <ul style="list-style-type: none"> <li>(i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;</li> <li>(ii) transferable securities and money market instruments issued or guaranteed by a non Member State;</li> <li>(iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;</li> <li>(iv) shares held by a Fund in the capital of a company incorporated in a non-member State which invests 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 the Fund can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6, and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed.</li> <li>(v) Shares held by the Company in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of Shares at Shareholders' request exclusively on their behalf.</li> </ul>
5.4	A Fund need not comply with the investment restrictions herein when exercising subscription rights

	attaching to transferable securities or money market instruments which form part of their assets.
<b>5.5</b>	The Central Bank may allow recently authorised Funds to derogate from the provisions of 2.3 to 2.12, 3.1, and 3.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.
<b>5.6</b>	If the limits laid down herein are exceeded for reasons beyond the control of a Fund, or as a result of the exercise of subscription rights, the Fund must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its Shareholders.
<b>5.7</b>	Neither the Company nor the Manager or a trustee acting on behalf of a unit trust or a management company of a common contractual fund, may carry out uncovered sales of: <ul style="list-style-type: none"> <li>- transferable securities;</li> <li>- money market instruments;</li> <li>- units of CIS; or</li> <li>- financial derivative instruments.</li> </ul>
<b>5.8</b>	A Fund may hold ancillary liquid assets.
<b>6</b>	<b>Financial Derivative Instruments ('FDIs')</b>
<b>6.1</b>	A Fund's global exposure relating to FDI must not exceed its total net asset value.
<b>6.2</b>	Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank UCITS Regulations. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in Central Bank UCITS Regulations.)
<b>6.3</b>	A Fund may invest in FDIs dealt in over-the-counter (OTC) provided that <ul style="list-style-type: none"> <li>- The counterparties to over-the-counter transactions (OTCs) are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.</li> </ul>
<b>6.4</b>	Investment in FDIs are subject to the conditions and limits laid down by the Central Bank

### **Borrowing Restrictions**

The UCITS Regulations provide that the Company in respect of each Fund:

- (a) may not borrow, other than borrowings which in the aggregate do not exceed 10% of the Net Asset Value of the Fund and provided that this borrowing is on a temporary basis. Borrowing may be secured on the assets of the Fund. Credit balances (e.g. cash) may not be offset against borrowings when determining the percentage of borrowings outstanding;
- (b) may acquire foreign currency by means of a back-to-back loan. Foreign currency obtained in this manner is not classed as borrowings for the purpose of the borrowing restriction in paragraph (a), provided that where foreign currency borrowings exceed the value of the back-to-back deposit, any excess is regarded as borrowing for the purposes of paragraph (a) above.

### **Investment and Borrowing Restrictions in respect of the Sukuk Fund**

In seeking to be a Shari'ah-compliant Fund, any general provisions or references to investment methods or techniques stated in the Prospectus to be available to all Funds will not be availed of by the Sukuk Fund to the extent they are not Shari'ah compliant.

The Sukuk Fund will not make use of any of the following financing methods and instruments:

- (a) fixed income instruments such as bonds with the exception of Sukuk;
- (b) interest-based instruments or accounts;
- (c) FDI (save for Shari'ah compliant FDI);
- (d) short selling; or
- (e) securities lending.

### **Cross Investment**

Where the investment policy of a Fund states that it may invest in other Funds of the Company, the following restrictions will apply:

- a Fund will not invest in another Fund of the Company which itself holds Shares in other Funds within the Company;
- a Fund which invests in another Fund of the Company will not be subject to subscription, conversion or redemption fees;
- the Manager will not charge a Management Fee to a Fund in respect of that portion of the Fund's assets invested in another Fund of the Company (this provision also applies to the annual fee charged by the Investment Manager where this fee is paid directly out of the assets of the Company); and
- investment by a Fund in another Fund of the Company will be subject to the limits set out in paragraph 3.1 above (such collective investment schemes to be Shari'ah compliant in the case of the Sukuk Fund).

## APPENDIX IV

### Definition of US Persons and Related Information

#### Information Related to Definition of US Persons

Each subscriber for Shares will be required to certify to the Manager, among other things, that the Shares are not being acquired and will not at any time be held for the account or benefit, directly or indirectly, of any US Person (as defined below) or any non-U.S. person subject to the restrictions described herein. Shareholders are required to notify the Manager immediately of any change in such information.

EACH SHAREHOLDER WILL BE REQUIRED TO VERIFY THAT IT IS NOT A US PERSON THAT IS PROHIBITED FROM OWNING SHARES IN THE COMPANY.

Each prospective Shareholder is urged to consult with its own advisors to determine the suitability of an investment in the Shares, and the relationship of such an investment to the purchaser's overall investment programme and financial and tax position. By subscribing for Shares, each purchaser of Shares represents that, after all necessary advice and analysis, its investment in the Company is suitable and appropriate, in light of the foregoing considerations.

ENTITIES SUBJECT TO THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, MAY NOT PURCHASE SHARES IN THE FUNDS.

THE TAX AND OTHER MATTERS DESCRIBED IN THIS PROSPECTUS DO NOT CONSTITUTE, AND SHOULD NOT BE CONSIDERED AS, LEGAL OR TAX ADVICE TO PROSPECTIVE SHAREHOLDERS.

THE COMPANY IS NOT REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED. THE INVESTMENT MANAGER IS NOT REGISTERED AS AN INVESTMENT ADVISER UNDER THE U.S. INVESTMENT ADVISERS ACT OF 1940, AS AMENDED.

#### Definition of US Person(s)

A "US Person" is a person described in any the following paragraphs:

1. With respect to any person, any individual or entity that would be a U.S. Person under Regulation S of the U.S. Securities Act of 1933. The Regulation S definition is set forth below. **Even if you are not considered a U.S. Person under Regulation S, you can still be considered a "US Person" within the meaning of this Prospectus under Paragraph 2 and 3.**
2. With respect to individuals, any U.S. citizen or "resident alien" within the meaning of U.S. income tax laws as in effect from time to time. Currently, the term "resident alien" is defined under U.S. income tax laws to generally include any individual who (i) holds an Alien Registration Card (a "green card") issued by the U.S. Immigration and Naturalization Service or (ii) meets a "substantial presence" test. The "substantial presence" test is generally met with respect to any current calendar year if (i) the individual was present in the U.S. on at least 31 days during such year and (ii) the sum of the number of days on which such individual was present in the U.S. during the current year, 1/3 of the number of such days during the first preceding year, and 1/6 of the number of such days during the second preceding year, equals or exceeds 183 days.
3. With respect to persons other than individuals, (i) a corporation or partnership created or organised in the United States or under the law of the United States or any state, (ii) a trust where (a) a U.S. court is able to exercise primary supervision over the administration of the trust and (b) one or more U.S. persons have the authority to control all substantial decisions of the trust and (iii) an estate which is subject to U.S. tax on its worldwide income from all sources.

#### Regulation S Definition of U.S. Person

1. Pursuant to Regulation S of the U.S. Securities Act of 1933, as amended (the "Act"), "U.S. Person" means:



- (i) any natural person resident in the United States;
  - (ii) any partnership or corporation organised or incorporated under the laws of the United States;
  - (iii) any estate of which any executor or administrator is a U.S. person;
  - (iv) any trust of which any trustee is a U.S. person;
  - (v) any agency or branch of a foreign entity located in the United States;
  - (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person;
  - (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; or
  - (viii) any partnership or corporation if:
    - (A) organised or incorporated under the laws of any non-U.S. jurisdiction; and
    - (B) formed by a U.S. Person principally for the purpose of investing in securities not registered under the Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the Act) who are not natural persons, estates or trusts.
2. Notwithstanding (1) above, any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. Person by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the United States shall not be deemed a "U.S. Person".
  3. Notwithstanding (1) above, any estate of which any professional fiduciary acting as executor or administrator is a U.S. Person shall not be deemed a U.S. Person if:
    - (i) an executor or administrator of the estate who is not a U.S. Person has sole or shared investment discretion with respect to the assets of the estate; and
    - (ii) the estate is governed by non-U.S. law.
  4. Notwithstanding (1) above, any trust of which any professional fiduciary acting as trustee is a U.S. Person shall not be deemed a U.S. Person if a trustee who is not a U.S. Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. Person.
  5. Notwithstanding (1) above, an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country shall not be deemed a U.S. Person.
  6. Notwithstanding (1) above, any agency or branch of a U.S. Person located outside the United States shall not be deemed a "U.S. Person" if:
    - (i) the agency or branch operates for valid business reasons; and
    - (ii) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located.
  7. The International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international

organisations, their agencies, affiliates and pension plans shall not be deemed “U.S. Persons”.

**APPENDIX V**

**DEALING TIMETABLE**

Subject to the exceptions set out below<sup>†</sup>, the following dealing information will apply in respect of the Share Classes of the Funds:

<b>Category</b>	<b>Currency</b>	<b>Initial Offer Price<sup>††</sup></b>	<b>Minimum Initial Subscription<sup>††</sup></b>	<b>Minimum Subsequent Subscription<sup>††</sup></b>	<b>Minimum Redemption<sup>††</sup></b>	<b>Minimum Holding Amount<sup>††</sup></b>
D Share Classes	AUD	10	150,000	5,000	5,000	250,000
	CAD	10	150,000	5,000	5,000	250,000
	CHF	10	100,000	5,000	5,000	250,000
	DKK	100	1,000,000	50,000	50,000	2,500,000
	EUR	10	100,000	5,000	5,000	250,000
	GBP	10	100,000	5,000	5,000	250,000
	JPY	1,000	15,000,000	500,000	500,000	25,000,000
	NOK	100	1,000,000	50,000	50,000	2,500,000
	NZD	10	200,000	5,000	5,000	250,000
	SEK	100	1,000,000	50,000	50,000	2,500,000
	SGD	10	150,000	5,000	5,000	250,000
	USD	10	100,000	5,000	5,000	250,000
Flexible Share Classes	AUD	10	500,000	5,000	5,000	250,000
	CAD	10	500,000	5,000	5,000	250,000

<b>Category</b>	<b>Currency</b>	<b>Initial Offer Price††</b>	<b>Minimum Initial Subscription††</b>	<b>Minimum Subsequent Subscription††</b>	<b>Minimum Redemption††</b>	<b>Minimum Holding Amount††</b>
Institutional Share Classes	CHF	10	500,000	5,000	5,000	250,000
	DKK	100	5,000,000	50,000	50,000	2,500,000
	EUR	10	500,000	5,000	5,000	250,000
	GBP	10	500,000	5,000	5,000	250,000
	JPY	1,000	50,000,000	500,000	500,000	25,000,000
	NOK	100	5,000,000	50,000	50,000	2,500,000
	NZD	10	500,000	5,000	5,000	5,000
	SEK	100	5,000,000	50,000	50,000	50,000
	SGD	10	500,000	5,000	5,000	250,000
	USD	10	500,000	5,000	5,000	250,000
S Share Classes	AUD	10	200,000,000	5,000	5,000	50,000,000
	CAD	10	200,000,000	5,000	5,000	50,000,000
	CHF	10	200,000,000	5,000	5,000	50,000,000
	DKK	100	2,000,000,000	50,000	50,000	500,000,000
	EUR	10	200,000,000	5,000	5,000	50,000,000
	GBP	10	200,000,000	5,000	5,000	50,000,000
	JPY	1,000	20,000,000,000	500,000	500,000	5,000,000,000
	NOK	100	2,000,000,000	50,000	50,000	500,000,000
NZD	10	200,000,000	5,000	5,000	50,000,000	

Category	Currency	Initial Offer Price††	Minimum Initial Subscription††	Minimum Subsequent Subscription††	Minimum Redemption††	Minimum Holding Amount††
	SEK	100	2,000,000,000	50,000	50,000	500,000,000
	SGD	10	200,000,000	5,000	5,000	50,000,000
	USD	10	200,000,000	5,000	5,000	50,000,000
Q Share Classes	EUR	10	500,000,000	5,000	5,000	250,000
	GBP	10	500,000,000	5,000	5,000	250,000
	USD	10	500,000,000	5,000	5,000	250,000

†† The amount stated in the applicable currency designation or its foreign currency equivalent.

+ The following dealing information will apply in respect of the Share Classes listed below:

Fund Name	Share Class	Initial Offer Price††	Minimum Initial Subscription††	Minimum Subsequent Subscription††	Minimum Redemption††	Minimum Holding Amount††
iShares Euro Government Bond Index Fund (IE)	Flexible SEK Hedged Accumulating Share Class	SEK10	SEK500,000	SEK5,000	SEK5,000	SEK250,000
iShares World ex Euro Government Bond Index Fund (IE)	Flexible SEK Hedged Accumulating Share Class	SEK10	SEK500,000	SEK5,000	SEK5,000	SEK250,000
iShares US Corporate Bond Index Fund (IE)	Flexible SEK Hedged Accumulating Share Class	SEK100	SEK500,000	SEK5,000	SEK5,000	SEK250,000
iShares Euro Investment Grade Corporate Bond Index Fund (IE)	Flexible SEK Hedged Accumulating Share Class	SEK100	SEK500,000	SEK5,000	SEK5,000	SEK250,000

<b>Fund Name</b>	<b>Share Class</b>	<b>Initial Offer Price††</b>	<b>Minimum Initial Subscription††</b>	<b>Minimum Subsequent Subscription††</b>	<b>Minimum Redemption††</b>	<b>Minimum Holding Amount††</b>
iShares ESG Screened Euro Corporate Bond Index Fund (IE)	Flexible SEK Hedged Accumulating Share Class	SEK10	SEK500,000	SEK5,000	SEK5,000	SEK250,000
	Q GBP Hedged Distributing Share Class	£10	£500,000	£5,000	£5,000	£250,000
iShares Emerging Markets Government Bond Index Fund (IE)	Institutional JPY Hedged Accumulating Share Class	JPY1,000	JPY50,000,000	JPY5,000	JPY5,000	JPY25,000,000
	Flexible JPY Hedged Accumulating Share Class	JPY1,000	JPY50,000,000	JPY1,000	JPY1,000	JPY25,000,000
iShares GiltTrak Index Fund (IE)	Flexible Sterling Accumulating Share Class	£10	£500,000	£5,000	£5,000	£100,000
	Institutional Sterling Accumulating Share Class	£10	£500,000	£5,000	£5,000	£100,000
	Institutional Sterling Distributing Share Class	£10	£500,000	£5,000	£5,000	£100,000
	D Sterling Accumulating Share Class	£10	£100,000	£5,000	£5,000	£100,000
	D Sterling Distributing Share Class	£10	£100,000	£5,000	£5,000	£100,000



<b>Fund Name</b>	<b>Share Class</b>	<b>Initial Offer Price††</b>	<b>Minimum Initial Subscription††</b>	<b>Minimum Subsequent Subscription††</b>	<b>Minimum Redemption††</b>	<b>Minimum Holding Amount††</b>
	Flexible Sterling Accumulating Share Class High Denomination	£200	£500,000	£5,000	£5,000	£100,000
iShares Global Inflation-Linked Bond Index Fund (IE)	Flexible EUR Accumulating Share Class High Denomination	€200	€500,000	€5,000	€5,000	€100,000
iShares UK Credit Bond Index Fund (IE)	Flexible GBP Distributing Share Class	£10	£500,000	£5,000	£5,000	£250,000
	Flexible GBP Distributing Share Class High Denomination	£200	£500,000	£5,000	£5,000	£250,000
	Flexible GBP Accumulating Share Class	£10	£500,000	£5,000	£5,000	£250,000

†† The amount stated in the applicable currency designation or its foreign currency equivalent.

### Initial Offer Period and Price

The Initial Offer Period for any classes of Shares in the Funds in which no Shares have been issued yet (the “Unlaunched Classes”) will, subject to the exceptions set out below<sup>+</sup>, run until 9.30 am (Irish time) on 24 April 2025 or such earlier or later date as the Directors may determine and notify to the Central Bank.

Details in relation to initial offer price for the Share Classes of the Funds are set out in the Dealing Timetable above.

<sup>+</sup> The Initial Offer Periods in respect of the Share Classes set out below are subject to the following closing times:

Fund	Share Classes	Initial Offer Period closing time
iShares Global Aggregate 1-5 Year Bond Index Fund (IE)	D Share Classes, Flexible Share Classes, Institutional Share Classes	6.00 am (Irish time) on 24 April 2025
iShares World ex Euro Government Bond Index Fund (IE)	D Share Classes, Flexible Share Classes, Institutional Share Classes	2.30 pm (Irish time) on the BD prior to 25 April 2025
iShares Global Inflation-Linked Bond Index Fund (IE)	D Share Classes, Flexible Share Classes, Institutional Share Classes	4.00 pm (Irish time) on the BD prior to 25 April 2025
iShares Green Bond Index Fund (IE)	D Share Classes, Flexible Share Classes, Institutional Share Classes	4.00 pm (Irish time) on the BD prior to 25 April 2025
iShares Emerging Markets Local Government Bond Index Fund (IE)	D Share Classes, Flexible Share Classes, Institutional Share Classes, S Share Classes	4.00 pm (Irish time) on the BD prior to 25 April 2025
iShares China CNY Bond Index Fund	D Share Classes, Flexible Share Classes, Institutional Share Classes, S Share Classes	4.00 pm (Irish time) on the BD prior to 25 April 2025

### Cut Off Time

The Cut Off Time for classes of Shares in the Funds is, subject to the exceptions set out below<sup>+</sup>, 9.30 am (Irish time) on DD.

<sup>+</sup> The following Cut Off Times apply in respect of the below Share Classes:

Fund	Share Classes	Cut Off Time
iShares Global Aggregate 1-5 Year Bond Index Fund (IE)	All share classes	6.00 am (Irish time) on DD
iShares Emerging Markets Local Government Bond Index Fund (IE)	All share classes	4.00 pm (Irish time) on the BD prior to the DD
iShares Green Bond Index Fund (IE)	All share classes	4.00 pm (Irish time) on the BD prior to the DD
iShares Global Inflation-Linked Bond Index Fund (IE)	All share classes	4.00 pm (Irish time) on the BD prior to the DD
iShares World ex Euro Government Bond	All share classes	2.30 pm (Irish time) on the BD prior to the DD

Index Fund (IE)		
iShares China CNY Bond Index Fund	All share classes	4.00 pm (Irish time) on the BD prior to the DD
iShares Global Securitised Index Fund (IE)	All share classes	4.00 pm (Irish time) on the BD prior to the DD

### Subscription and Redemption Settlement Periods

Subject to the exceptions set out below<sup>+</sup>, the subscription and redemption settlement period is DD+3BD in respect of each Share Class of the Funds.

<sup>+</sup> The Share Classes set out below are subject to the following subscription and redemption settlement periods:

Fund	Share Class	Subscription Settlement Period	Redemption Settlement Period
iShares GiltTrak Index Fund (IE)	All share classes	DD+2BD	DD+2BD
iShares Emerging Markets Local Government Bond Index Fund (IE)	All share classes	DD+2BD	DD+3BD
iShares China CNY Bond Index Fund (IE)	All share classes	DD+2BD	DD+3BD
iShares USD Sukuk Index Fund (IE)	All share classes	DD+2BD	DD+2BD

“BD” means Business day and “DD” means Dealing Day.

DD +3BD indicates settlement will/must occur by the third BD following the DD and DD +2BD indicates settlement will/must occur by the second BD following the DD

Earlier or later times may be determined by the Manager or the Investment Manager at their discretion with prior Shareholder notice.

## APPENDIX VI

### Benchmark Index Disclaimers

#### **iShares Euro Government Bond Index Fund (IE)**

The Fund is not in any way connected to or sponsored, endorsed, sold or promoted by the London Stock Exchange Group plc and its group undertakings (collectively, the “LSE Group”). FTSE Russell is a trading name of certain of the LSE Group companies.

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#### **iShares Euro Credit Bond Index Fund (IE)**

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#### **iShares World ex Euro Government Bond Index Fund (IE)**

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#### **iShares GiltTrak Index Fund (IE)**

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### **iShares UK Credit Bond Index Fund (IE), iShares Ultra High Quality Euro Government Bond Index Fund (IE) and iShares ESG Screened Euro Corporate Bond Index Fund (IE)**

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### **iShares US Corporate Bond Index Fund (IE)**

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### **BlackRock Euro Government Enhanced Index Fund**

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### **BlackRock Euro Credit Enhanced Index Fund**

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**iShares Global Inflation-Linked Bond Index Fund (IE), iShares Euro Government Inflation-Linked Bond Index Fund (IE), iShares Euro Investment Grade Corporate Bond Index Fund (IE), iShares 1-3 Year Global Government Bond Index Fund (IE), iShares Global Aggregate 1-5 Year Bond Index Fund (IE), iShares ESG Screened Euro Corporate Bond Index Fund, iShares ESG Screened Global Corporate Bond Index Fund (IE) iShares China CNY Bond Index Fund (IE) and iShares Short Duration Global Corporate Bond Index Fund (IE) (the "Products")**

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**iShares Green Bond Index Fund (IE)**

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**iShares Emerging Markets Government Bond Index Fund (IE), iShares Emerging Markets Local Government Bond Index Fund (IE) and iShares ESG Emerging Markets Government Bond Index Fund (IE).**

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**iShares Global Securitised Index Fund (IE)**

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### **iShares USD Sukuk Index Fund (IE)**

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## APPENDIX VII

The following third-party delegates have been appointed by the Depository in the referenced markets as sub-custodians of the assets of the Company.

<b>Sub-Custodian</b>	<b>Market</b>
HSBC Bank Argentina S.A., Buenos Aires	Argentina
JPMorgan Chase Bank, N.A., Melbourne	Australia
UniCredit Bank Austria AG, Vienna	Austria
HSBC Bank Middle East Limited, Al Seef	Bahrain
Standard Chartered Bank, Dhaka	Bangladesh
BNP Paribas Securities Services S.C.A., Brussels	Belgium
HSBC Bank Bermuda Limited, Hamilton	Bermuda
Standard Chartered Bank Botswana Limited, Gaborone	Botswana
J.P. Morgan S.A. DTVM, Sao Paulo	Brazil
Citibank Europe plc, Sofia	Bulgaria
Canadian Imperial Bank of Commerce, Toronto Royal Bank of Canada, Toronto	Canada
Banco Santander Chile, Santiago	Chile
HSBC Bank (China) Company Limited, Shanghai* * Please refer to your Client Relationship Team for additional subcustodial options	China A-Share
HSBC Bank (China) Company Limited, Shanghai	China B-Share
JPMorgan Chase Bank, N.A., Hong Kong	China Connect
Cititrust Colombia S.A., Bogota	Colombia
Banco BCT, S.A., San Jose (Restricted)	Costa Rica
Privredna banka Zagreb d.d., Zagreb	Croatia
HSBC Bank plc, Athens	Cyprus
UniCredit Bank Czech Republic and Slovakia, a.s., Prague	Czech Republic
Nordea Bank AB (publ), Copenhagen	Denmark
Citibank, N.A., Cairo	Egypt
Swedbank AS, Tallinn	Estonia
Nordea Bank AB (publ), Helsinki	Finland
BNP Paribas Securities Services S.C.A., Paris	France
Deutsche Bank AG, Eschborn J.P. Morgan AG, Frankfurt	Germany
Standard Chartered Bank Ghana Limited, Accra	Ghana
HSBC Bank plc, Athens	Greece
JPMorgan Chase Bank, N.A., Hong Kong	Hong Kong
Deutsche Bank AG, Budapest	Hungary
Islandsbanki hf., Reykjavik (Restricted)	Iceland
JPMorgan Chase Bank, N.A., Mumbai	India
PT Bank HSBC Indonesia, Jakarta	Indonesia
JPMorgan Chase Bank, N.A., London	Ireland
Bank Leumi le-Israel B.M., Tel Aviv	Israel
BNP Paribas Securities Services S.C.A., Milan	Italy
Mizuho Bank, Ltd., Tokyo The Bank of Tokyo-Mitsubishi UFJ, Ltd., Tokyo	Japan
Standard Chartered Bank, Amman	Jordan
JSC Citibank Kazakhstan, Almaty	Kazakhstan
Standard Chartered Bank Kenya Limited, Nairobi	Kenya
HSBC Bank Middle East Limited, Safat	Kuwait
Swedbank AS, Riga	Latvia
AB SEB Bankas, Vilnius	Lithuania
BNP Paribas Securities Services S.C.A., Luxembourg	Luxembourg
Standard Bank Limited, Malawi, Blantyre (Restricted)	Malawi
HSBC Bank Malaysia Berhad, Kuala Lumpur	Malaysia
The Hong Kong and Shanghai Banking Corporation Limited, Ebene	Mauritius
Banco Nacional de Mexico, S.A., Mexico, D.F.	Mexico
Société Générale Marocaine de Banques, Casablanca	Morocco
Standard Bank Namibia Limited, Windhoek	Namibia
BNP Paribas Securities Services S.C.A., Amsterdam	Netherlands
JPMorgan Chase Bank, N.A., Wellington	New Zealand
Stanbic IBTC Bank Plc, Lagos	Nigeria
Nordea Bank AB (publ), Oslo	Norway
HSBC Bank Oman S.A.O.G., Seeb	Oman
Standard Chartered Bank (Pakistan) Limited, Karachi	Pakistan
Citibank del Perú S.A., Lima	Peru
The Hong Kong and Shanghai Banking Corporation Limited, Taguig City	Philippines

Bank Handlowy w. Warszawie S.A., Warsaw	Poland
BNP Paribas Securities Services S.C.A., Lisbon	Portugal
HSBC Bank Middle East Limited, Doha	Qatar
Citibank Europe plc, Bucharest	Romania
J.P. Morgan Bank International (Limited Liability Company), Moscow	Russia
HSBC Saudi Arabia, Riyadh	Saudi Arabia
Unicredit Bank Srbija a.d., Belgrade	Serbia
DBS Bank Ltd, Singapore	Singapore
UniCredit Bank Czech Republic and Slovakia, a.s., Bratislava	Slovak Republic
UniCredit Banka Slovenija d.d., Ljubljana	Slovenia
FirstRand Bank Limited, Johannesburg	South Africa
Standard Chartered Bank Korea Limited, Seoul Kookmin Bank Co., Ltd., Jung-gu, Seoul	South Korea
Santander Securities Services, S.A., Madrid	Spain
The Hong Kong and Shanghai Banking Corporation Limited, Colombo	Sri Lanka
Nordea Bank AB (publ), Stockholm	Sweden
UBS Switzerland AG, Zurich	Switzerland
JPMorgan Chase Bank, N.A., Taipei	Taiwan
Stanbic Bank Tanzania Limited, Dar es Salaam (Restricted)	Tanzania
Standard Chartered Bank (Thai) Public Company Limited, Bangkok	Thailand
Banque Internationale Arabe de Tunisie, S.A., Tunis	Tunisia
Citibank A.S., Umraniye, Istanbul	Turkey
Standard Chartered Bank Uganda Limited, Kampala	Uganda
PJSC Citibank, Kiev (Restricted)	Ukraine
HSBC Bank Middle East Limited, Dubai	United Arab Emirates - ADX
HSBC Bank Middle East Limited, Dubai	United Arab Emirates - DFM
HSBC Bank Middle East Limited, Dubai	United Arab Emirates - NASDAQ Dubai
JPMorgan Chase Bank, N.A., London Deutsche Bank AG Depository and Clearing Centre, London	United Kingdom
JPMorgan Chase Bank, N.A., New York	United States
Banco Itaú Uruguay S.A., Montevideo	Uruguay
Citibank, N.A., Caracas	Venezuela
HSBC Bank (Vietnam) Ltd., Ho Chi Minh City	Vietnam
Standard Chartered Bank Côte d'Ivoire SA, Abidjan (Restricted)	WAEMU - Benin, Burkina Faso, Guinea-Bissau, Ivory Coast, Mali, Niger, Senegal, Togo
Standard Chartered Bank Zambia Plc, Lusaka	Zambia
Stanbic Bank Zimbabwe Limited, Harare (Restricted)	Zimbabwe

## APPENDIX VIII

### Total Return Swaps

The table below specifies the maximum and expected proportion of the Net Asset Value of each Fund that can be subject to total return swaps. 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.

Fund	TRS: Maximum proportion of NAV	TRS: Expected proportion of NAV
iShares Euro Credit Bond Index Fund (IE)	10%	0%
BlackRock Euro Credit Enhanced Index Fund	10%	0%
iShares Euro Government Bond Index Fund (IE)	10%	0%
BlackRock Euro Government Enhanced Index Fund	10%	0%
iShares Euro Government Inflation-Linked Bond Index Fund (IE)	10%	0%
iShares Euro Investment Grade Corporate Bond Index Fund (IE)	10%	0%
iShares GiltTrak Index Fund (IE)	10%	0%
iShares Global Inflation-Linked Bond Index Fund (IE)	10%	0%
iShares Green Bond Index Fund (IE)	10%	0%
iShares UK Credit Bond Index Fund (IE)	10%	0%
iShares Ultra High Quality Euro Government Bond Index Fund (IE)	10%	0%
iShares US Corporate Bond Index Fund (IE)	10%	0%
iShares World ex Euro Government Bond Index Fund (IE)	10%	0%
iShares 1-3 Year Global Government Bond Index Fund (IE)	10%	0%
iShares Emerging Markets Government Bond Index Fund (IE)	100%	50%
iShares Emerging Markets Local Government Bond Index Fund (IE)	100%	50%
iShares Global Aggregate 1-5 Year Bond Index Fund (IE)	10%	0%
iShares ESG Screened Euro Corporate Bond Index Fund (IE)	10%	0%
iShares ESG Screened Global Corporate Bond Index Fund (IE)	10%	0%
iShares China CNY Bond Index Fund (IE)*	10%	0%
iShares Short Duration Global Corporate Bond Index Fund (IE)*	10%	0%
iShares ESG Emerging Markets Government Bond Index Fund (IE)*	100%	0%
iShares Global Securitised Index Fund (IE)	0%	0%
iShares USD Sukuk Index Fund (IE)	0%	0%

\*The maximum and expected proportion of NAV is attributable to TRS only.

The assets of each Fund will not, as of the date of this Prospectus, be invested in contracts for difference.

### Repurchase and Reverse Repurchase Agreements

The table below specifies the maximum and expected proportion of the Net Asset Value of each Fund that can be subject to repurchase and reverse repurchase agreements. 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.

Fund	Repurchase and reverse repurchase agreements: Maximum proportion of NAV	Repurchase and reverse repurchase agreements: Expected proportion of NAV
iShares Euro Credit Bond Index Fund (IE)	5%	0%

BlackRock Euro Credit Enhanced Index Fund	5%	0%
iShares Euro Government Bond Index Fund (IE)	5%	0%
BlackRock Euro Government Enhanced Index Fund	5%	0%
iShares Euro Government Inflation-Linked Bond Index Fund (IE)	5%	0%
iShares Euro Investment Grade Corporate Bond Index Fund (IE)	5%	0%
iShares GiltTrak Index Fund (IE)	5%	0%
iShares Global Inflation-Linked Bond Index Fund (IE)	5%	0%
iShares Green Bond Index Fund (IE)	5%	0%
iShares UK Credit Bond Index Fund (IE)	5%	0%
iShares Ultra High Quality Euro Government Bond Index Fund (IE)	5%	0%
iShares US Corporate Bond Index Fund (IE)	5%	0%
iShares World ex Euro Government Bond Index Fund (IE)	5%	0%
iShares 1-3 Year Global Government Bond Index Fund (IE)	5%	0%
iShares Emerging Markets Government Bond Index Fund (IE)	100%	0%
iShares Emerging Markets Local Government Bond Index Fund (IE)	100%	0%
iShares Global Aggregate 1-5 Year Bond Index Fund (IE)	5%	0%
iShares ESG Screened Euro Corporate Bond Index Fund (IE)	5%	0%
iShares ESG Screened Global Corporate Bond Index Fund (IE)	5%	0%
iShares China CNY Bond Index Fund (IE)	5%	0%
iShares Short Duration Global Corporate Bond Index Fund (IE)	5%	0%
iShares ESG Emerging Markets Government Bond Index Fund (IE)	100%	0%
iShares Global Securitised Index Fund (IE)	0%	0%
iShares USD Sukuk Index Fund (IE)	0%	0%

### **Securities Lending**

The table below specifies the maximum and expected proportion of the Net Asset Value of each Fund that can be subject to securities lending. 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. Based on historical data, lending volumes for the Funds are typically in the ranges set out below, though past levels are no guarantee of future levels.

<b>Fund</b>	<b>Securities lending: Maximum proportion of NAV</b>	<b>Securities lending: Expected proportion of NAV</b>
iShares Euro Credit Bond Index Fund (IE)	100%	0% to 31%
BlackRock Euro Credit Enhanced Index Fund	100%	0% to 31%
iShares Euro Government Bond Index Fund (IE)	100%	0% to 31%
BlackRock Euro Government Enhanced Index Fund	100%	0% to 31%
iShares Euro Government Inflation-Linked Bond Index Fund (IE)	100%	0% to 31%
iShares Euro Investment Grade Corporate Bond Index Fund (IE)	100%	0% to 31%
iShares GiltTrak Index Fund (IE)	100%	0% to 31%
iShares Global Inflation-Linked Bond Index Fund (IE)	100%	0% to 31%
iShares Green Bond Index Fund (IE)	100%	0% to 31%
iShares UK Credit Bond Index Fund (IE)	100%	0% to 31%
iShares Ultra High Quality Euro Government Bond Index Fund (IE)	100%	0% to 31%
iShares US Corporate Bond Index Fund (IE)	100%	0% to 31%
iShares World ex Euro Government Bond Index Fund (IE)	100%	0% to 31%
iShares 1-3 Year Global Government Bond Index Fund (IE)	100%	0% to 31%
iShares Emerging Markets Government Bond Index Fund (IE)	100%	0% to 65%
iShares Emerging Markets Local Government Bond Index Fund (IE)	100%	0% to 65%
iShares Global Aggregate 1-5 Year Bond Index Fund (IE)	100%	0% to 31%
iShares ESG Screened Euro Corporate Bond Index Fund (IE)	100%	0%



iShares ESG Screened Global Corporate Bond Index Fund (IE)	100%	0 to 31%
iShares China CNY Bond Index Fund (IE)	100%	0 to 31%
iShares Short Duration Global Corporate Bond Index Fund (IE)	100%	0 to 31%
iShares ESG Emerging Markets Government Bond Index Fund (IE)	100%	0% to 65%
iShares Global Securitised Index Fund (IE)	0%	0%
iShares USD Sukuk Index Fund (IE)	0%	0%

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## APPENDIX IX

### SFDR-PCDs

This Appendix comprises the pre-contractual disclosure “PCDs” for those Funds classified as Article 8 or Article 9 products pursuant to the SFDR. These PCDs are intended to ensure that all sustainability claims of relevant Funds are supported with information and that this is done in a way that enables investors to compare funds. The form of disclosure is mandated by the European Commission and the Manager is not permitted to amend or deviate from the template.

The PCDs introduce some new terms to the prospectus (some are described below) which should be read alongside the section of this prospectus entitled “Investment Objectives and Policies” and information available on the product pages of the BlackRock website, [www.blackrock.com](http://www.blackrock.com).

Sustainable Investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices. It is a term that is strictly defined by the SFDR and so even though an investment might, in everyday terms, be reasonably considered to be in a sustainable asset it may not qualify as a Sustainable Investment under the technical definition in the SFDR. Investors may wish to make a personal assessment of the sustainable and ESG characteristics of a Fund prior to investing.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Principal Adverse Impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The EU Taxonomy is a classification system, establishing a list of environmentally sustainable economic activities. For the time being, it does not include a list of socially sustainable economic activities. Sustainable Investments with an environmental objective might be aligned with the Taxonomy or not.

The following Funds are covered in this Appendix.

#### Article 8 Funds:

- iShares ESG Screened Global Corporate Bond Index Fund (IE)
- iShares ESG Screened Euro Corporate Bond Index Fund (IE)
- iShares ESG Emerging Markets Government Bond Index Fund (IE)

#### Article 9 Funds:

- iShares Green Bond Index Fund (IE)

**Pre-contractual disclosure for the financial products referred to in  
Article 8 paragraphs 1, 2 and 2a of Regulation (EU) 2019/2088 and Article 6,  
first paragraph, of Regulation (EU) 2020/852**

**Product name: iShares ESG Screened Global Corporate Bond Index Fund (IE)  
Legal entity identifier: 549300JSEIDRR01NR513**

**Environmental and/or social characteristics**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

**The EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Does this financial product have a sustainable investment objective?**

**Yes**

- It will make a minimum of **sustainable investments with an environmental objective: \_\_\_\_%**
- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

- It will make a minimum of **sustainable investments with a social objective: \_\_\_\_%**

**No**

- It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_\_% of sustainable investments
- with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- with a social objective
- It promotes E/S characteristics, but **will not make any sustainable investments**



**What environmental and/or social characteristics are promoted by this financial product?**

The Fund seeks to promote the following environmental and social characteristics by tracking the performance of the Bloomberg Global Aggregate Corporate Index, its Benchmark Index, and applying an ESG policy that:

1. excludes issuers involved in certain activities deemed to have negative environmental and/or social outcomes;
2. exclusion of issuers deemed to have violated United Nations Global Compact principles; and
3. excludes issuers deemed to be involved in very severe ESG related controversies.

These environmental and social characteristics are incorporated through the application of the ESG policy when selecting fixed income securities that as far as possible and practicable make up the Fund's Benchmark Index. The Fund excludes issuers based on their involvement in certain activities deemed to have negative environmental or social outcomes. Issuers are excluded based on their involvement in the following business lines/activities (or related activities):

- controversial weapons
- nuclear weapons
- civilian firearms
- thermal coal
- tobacco
- oil sands

The Investment Manager defines what constitutes “involvement” in each restricted activity. This may be based on percentage of revenue, a defined total revenue threshold, or any connection to a restricted activity regardless of the amount of revenue received.

As part of the Fund’s ESG policy, the Investment Manager also excludes issuers which are classified as violating United Nations Global Compact principles (which are widely accepted corporate sustainability principles that meet fundamental responsibilities in areas such as anti-corruption, human rights, labour and environmental).

As part of the Fund’s ESG policy, the Investment Manager also excludes issuers which are classified as violating United Nations Global Compact principles (which are widely accepted corporate sustainability principles that meet fundamental responsibilities in areas such as anti-corruption, human rights, labour and environmental) and/or which have a ‘red’ MSCI ESG controversy flag (based on an MSCI controversy score). An MSCI controversy score measures an issuer’s involvement (or alleged involvement) in serious controversies based on an assessment of an issuer’s operations and/or products which are deemed to have a negative ESG impact. An MSCI controversy score may consider involvement in adverse impact activities in relation to environmental issues such as biodiversity and land use, energy and climate change, water stress, toxic emissions and waste issues. An MSCI controversy score may also consider involvement in adverse impact activities in relation to social issues such as human rights, labour management relations, discrimination and workforce diversity.

The Fund does not use a reference benchmark for the purposes of attaining the ESG characteristics that it promotes. Whilst the Fund seeks to track the performance of the Bloomberg Global Aggregate Corporate Index, the environmental and/or social characteristics promoted by the Fund are achieved through the application of the Fund’s ESG Policy.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following sustainability indicators are used to measure the attainment of the environmental or social characteristics promoted by the Fund:

1. The exclusion of issuers involved in certain activities deemed to have negative environmental and/or social outcomes (see What environmental and/or social characteristics are promoted by this financial product? above).
2. The exclusion of companies classified as violating United Nations Global Compact principles above (see What environmental and/or social characteristics are promoted by this financial product?).
3. The exclusion of companies identified as being involved in ESG related controversies as described above (see What environmental and/or social characteristics are promoted by this financial product?).
4. The consideration of the principal adverse impacts on sustainability factors as identified in the table below (see Does this financial product consider principal adverse impacts on sustainability factors?).

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable as the Fund does not commit to investing in sustainable investments.



● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable as the Fund does not commit to investing in sustainable investments.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable as the Fund does not invest in sustainable investments.

— How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Not applicable as the Fund does not commit to investing in sustainable investments.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



**Does this financial product consider principal adverse impacts on sustainability factors?**

- Yes
- No

Yes, the Fund takes into consideration principal adverse impacts on sustainability factors through the application of the Fund’s ESG Policy. The Investment Manager has determined that those principal adverse impacts (PAIs) marked as “X” in the table below are considered as part of the application of the Fund’s ESG Policy at each index rebalance.

The Fund’s annual report will include information on the principal adverse impacts on sustainability factors set out below.

	PAI Description	Benchmark Index Selection Criteria		
		Exclusion of issuers based on certain environmental screens (listed above)	Exclusion of issuers classified as violating United Nations Global Compact principles	Exclusion of issuers determined to have any tie to controversial weapons
Greenhouse Gas (GHG) emissions	1. (a) GHG emissions (Scope 1/2)			
	1.(b) GHG emissions (Scope 3)			
	2. Carbon footprint			
	3. GHG intensity			
	4. % in Fossil Fuels	X		
	5. Non-Renewable / Renewable %			
Biodiversity	6. High impact sector energy consumption			
	7. Negative impact to Biodiversity sensitive areas			
Water	8. Emissions to Water			
Waste	9. Hazardous Waste			
Social and employee matters	10. UNGC+OECD Violations		X	
	11. UNGC+OECD Process, Monitoring			
	12. Unadjusted gender pay gap			
	13. Board gender diversity			
	14. Controversial weapons			X

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

**What investment strategy does this financial product follow?**

The investment policy of the Fund is to invest in a portfolio of fixed income securities that as far as possible and practicable consists of the component securities of the Benchmark Index and apply the Fund’s ESG policy outlined above (see What environmental and/or social characteristics are promoted by this financial product?) to such fixed income securities in which the Fund invests.

The Fund’s ESG policy does not form part of the Fund’s Benchmark Index and accordingly may introduce additional tracking error.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy are as follows:

1. Apply exclusionary screens; and
2. Ensure the Fund considers the principal adverse sustainability impacts as described above.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

There is no committed minimum rate to reduce the scope of the Fund's investments.

- **What is the policy to assess good governance practices of the investee companies?**

Governance checks are incorporated into the Fund's strategy by way of excluding issuers based on an ESG controversy score (which measures an issuer's involvement in ESG related controversies) and also the exclusion of companies that are classified as violating United Nations Global Compact principles.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



**What is the asset allocation planned for this financial product?**

The Fund seeks to invest in a portfolio of securities that as far as possible and practicable consists of the component securities of the Benchmark Index and comply with the Fund's ESG Policy.

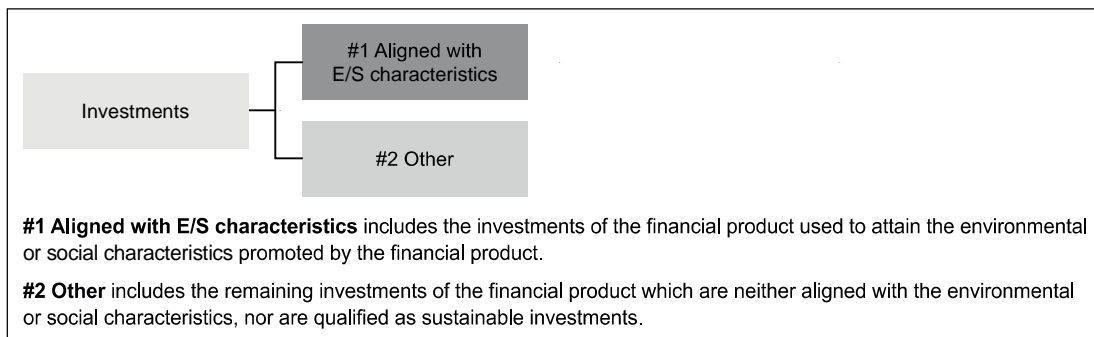
It is expected that at least 80% of the Fund's assets will be invested in investments that are aligned with environmental and/or social characteristics promoted by the Fund. In the event that any investments cease to comply with the Fund's ESG policy, the Investment Manager will liquidate the position as soon as it is possible and practicable (in the Investment Manager's view) to do so.

The Fund may invest up to 20% of its assets in other investments ("#2 Other").

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies



- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The Fund may use derivatives for investment purposes and for the purposes of efficient portfolio management in connection with the environmental or social characteristics promoted by the Fund. Where the Fund uses derivatives for promoting environmental or social characteristics, any ESG rating or analyses referenced above will apply to the underlying investment.

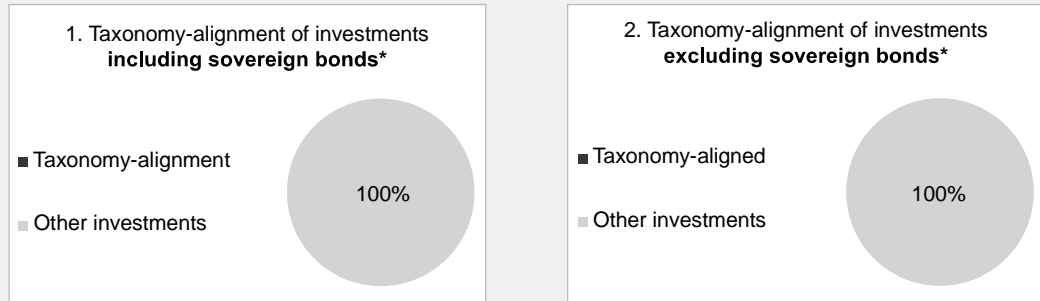




## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

This Fund does not currently commit to investing more than 0% of its assets in investments in environmentally sustainable economic activities within the meaning of the Taxonomy Regulation.

*The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.*



*\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **What is the minimum share of investments in transitional and enabling activities?**

This Fund does not currently commit to investing more than 0% of its assets in investments in transitional and enabling activities within the meaning of the Taxonomy Regulation.



- **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable as the Fund does not commit to investing in sustainable investments with an environmental objective.



- **What is the minimum share of socially sustainable investments?**

This Fund does not currently commit to investing more than 0% of its assets in investments in socially sustainable investments.



- **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

Other holdings may include cash, money market funds and derivatives. Such investments may only be used for the purpose of efficient portfolio management, except for derivatives used for currency hedging for any currency hedged share class.

Any ESG exclusionary criteria applied by the Investment Manager will apply only to the derivatives relating to individual issuers used by the Fund. Derivatives based on financial indices, interest rates, or foreign exchange instruments will not be considered against minimum environmental or social safeguards.

- **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No, whilst the Fund seeks to track the performance of the Bloomberg Global Aggregate Corporate Index, the environmental and/or social characteristics promoted by the Fund are achieved through the application of the Fund's ESG Policy.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

Not applicable.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

Not applicable.

- **How does the designated index differ from a relevant broad market index?**

Not applicable.

- **Where can the methodology used for the calculation of the designated index be found?**

The methodology of the Fund's Benchmark Index can be found on the index provider's website by copying and pasting the following link into your web browser: <https://www.bloomberg.com/professional/product/indices/bloomberg-fixed-income-indices/#/ucits>



**Where can I find more product specific information online?**

**More product-specific information can be found on the website:**

For further details specific to this Fund, please refer to the sections of this prospectus entitled 'Investment Objectives and Policies' and also the product page for the Fund, which can be found by typing the name of the Fund into the search bar on the iShares website: [www.iShares.com](http://www.iShares.com)

**Pre-contractual disclosure for the financial products referred to in  
Article 8 paragraphs 1, 2 and 2a of Regulation (EU) 2019/2088 and Article 6,  
first paragraph, of Regulation (EU) 2020/852**

**Product name: iShares ESG Emerging Markets Government Bond Index Fund (IE)  
Legal entity identifier: 54930066IKQC6CDMJ048**

**Environmental and/or social characteristics**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

**The EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Does this financial product have a sustainable investment objective?**

**Yes**

- It will make a minimum of **sustainable investments with an environmental objective: \_\_\_\_%**
- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

- It will make a minimum of **sustainable investments with a social objective: \_\_\_\_%**

**No**

- It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_\_% of sustainable investments
- with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- with a social objective

- It promotes E/S characteristics, but **will not make any sustainable investments**



**What environmental and/or social characteristics are promoted by this financial product?**

The Fund is passively managed and seeks to promote the following environmental and social characteristics by tracking the performance of the J.P. Morgan ESG EMBI Global Diversified Index, its Benchmark Index:

1. exclusion of issuers involved in certain activities deemed to have negative environmental and/or social outcomes;
2. exclusion of issuers deemed to have violated United Nations Global Compact principles;
3. exclusion of issuers deemed to have ESG scores below a specified threshold (as described below); and
4. increased weighted exposure to instruments categorised as “green bonds” under the Climate Bonds Initiative (the “CBI”).

These environmental and social characteristics are incorporated through the selection and weighting of constituents in the Fund’s Benchmark Index (as described below).

The Benchmark Index excludes issuers from the J.P. Morgan EMBI Global Diversified Index (the “Parent Index”) based on their involvement in certain sectors deemed to have negative environmental or social outcomes. Issuers are excluded from the Benchmark Index based on their involvement in the following sectors:

- thermal coal
- tobacco
- weapons

The index provider defines what constitutes “involvement” in each restricted sector. This may be based on percentage of revenue, a defined total revenue threshold, or any connection to a restricted activity regardless of the amount of revenue received.

The Benchmark Index also excludes issuers from the Parent Index which are classified as violating United Nations Global Compact principles (which are widely accepted corporate sustainability principles that meet fundamental responsibilities in areas such as anti-corruption, human rights, labour and environmental).

The index provider uses an ESG methodology which involves scoring the ESG credentials of issuers within the Parent Index which, in turn, determine an issuer’s weighting in the Benchmark Index. The ESG scores range from 0-100 (the “ESG Score”) with 100 being classified as the best possible score. The ESG Score determines what ESG rating band the issuers are allocated (the “ESG Rating Band”).

Each issuer within the Parent Index will be assigned an ESG Rating Band between 1 and 5 depending on their ESG Score. Securities which fall into ESG Rating Band 5 (as they have an ESG Score of less than 20) will be excluded from the Benchmark Index and not eligible for inclusion for the next 12 months.

Instruments which are categorised as “green bonds” by the CBI will be upgraded to the ESG Rating Band above the one in which they would otherwise have been included.

For more information on where details of the methodology of the Benchmark Index can be found see [Where can the methodology used for the calculation of the designated index be found?](#) below.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following sustainability indicators form part of the ESG selection criteria of the Benchmark Index tracked by the Fund:

1. The exclusion of issuers involved in certain activities deemed to have negative environmental and/or social outcomes as described above (see [What environmental and/or social characteristics are promoted by this financial product?](#)).
2. The exclusion of issuers classified as violating United Nations Global Compact principles as described above (see [What environmental and/or social characteristics are promoted by this financial product?](#)).
3. The exclusion of issuers deemed to have ESG scores below a certain threshold, as described above (see [What environmental and/or social characteristics are promoted by this financial product?](#)).
4. Increased weighted exposure to instruments categorised as “green bonds” under the CBI (see [What environmental and/or social characteristics are promoted by this financial product?](#)).
5. The consideration of the principal adverse impacts on sustainability factors as identified in the table below (see [Does this financial product consider principal adverse impacts on sustainability factors?](#)).

The ESG selection criteria of the Benchmark Index is applied by the index provider at each index rebalance. At each index rebalance (or as soon as possible and practicable thereafter), the portfolio of the Fund is also rebalanced in line with its Benchmark Index. Where the Fund’s portfolio ceases to meet any of these characteristics in between index rebalances, the Fund’s portfolio will be re-aligned at the next index rebalance (or as soon as possible and practicable thereafter) in accordance with the Benchmark Index

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

This Fund does not commit to investing in sustainable investments.



- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable as the Fund does not commit to investing in sustainable investments.

- How have the indicators for adverse impacts on sustainability factors been taken into account?

Not applicable as the Fund does not commit to investing in sustainable investments.

- How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Not applicable as the Fund does not commit to investing in sustainable investments.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

*The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.*

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



#### Does this financial product consider principal adverse impacts on sustainability factors?

- Yes  
 No

Yes, the Fund takes into consideration principal adverse impacts on sustainability factors by tracking the Benchmark Index which incorporates certain ESG criteria in the selection of index constituents. The Investment Manager has determined that those principal adverse impacts (PAIs) marked as “X” in the table below are considered as part of the selection criteria of the Benchmark Index at each index rebalance.

The Fund’s annual report will include information on the principal adverse impacts on sustainability factors set out below.

	PAI Description	Benchmark Index Selection Criteria			
		Exclusion of issuers based on certain environmental screens (listed above)	Selection of issuers based on ESG Score	Exclusion of issuers classified as violating United Nations Global Compact principles	Exclusion of issuers with revenue from weapons
Greenhouse Gas (GHG) emissions	1. (a) GHG emissions (Scope 1/2)				
	1.(b) GHG emissions (Scope 3)				
	2. Carbon footprint				
	3. GHG intensity				
	4. % in Fossil Fuels	X			
	5. Non-Renewable / Renewable %				
Biodiversity	6. High impact sector energy consumption				
	7. Negative impact to Biodiversity sensitive areas				
Water	8. Emissions to Water				
Waste	9. Hazardous Waste				
Social and employee matters	10. UNGC+OECD Violations			X	
	11. UNGC+OECD Process, Monitoring				
	12. Unadjusted gender pay gap				
	13. Board gender diversity				
	14. Controversial weapons				X



	PAI Description	Benchmark Index Selection Criteria			Exclusion of issuers with revenue from weapons
		Exclusion of issuers based on certain environmental screens (listed above)	Selection of issuers based on ESG Score	Exclusion of issuers classified as violating United Nations Global Compact principles	
Indicators applicable to investments in sovereigns and supranationals	15. GHG intensity of investee countries		X		
	16. Investee countries subject to social violations		X		

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

### What investment strategy does this financial product follow?

The investment policy of the Fund is to invest in a portfolio of fixed income securities that as far as possible and practicable consists of the component securities of the Benchmark Index and thereby comply with the ESG characteristics of its Benchmark Index. The index methodology of its Benchmark Index is described above (see What environmental and/or social characteristics are promoted by this financial product? above).

By investing in the constituents of its Benchmark Index, the Fund's investment strategy enables it to comply with the ESG requirements of its Benchmark Index as determined by the index provider. In the event that any investments cease to comply, the Fund may continue to hold such investments only until such time as the relevant securities cease to form part of the Benchmark Index and it is possible and practicable (in the Investment Manager's view) to liquidate the position.

The Fund may use optimisation techniques in order to achieve a similar return to the Benchmark Index which means that it is permitted to invest in securities that are not underlying constituents of the Benchmark Index where such securities provide similar performance (with matching risk profile) to certain securities that make up the Benchmark Index. If the Fund does so, its investment strategy is to invest only in issuers in the Benchmark Index or in issuers that meet the ESG requirements of the Benchmark Index at the time of purchase. If such securities cease to comply with the ESG requirements of the Benchmark Index, the Fund may hold such securities only until the next portfolio rebalance and when it is possible and practicable (in the Investment Manager's view) to liquidate the position.

The strategy is implemented at each portfolio rebalance of the Fund, which follows the index rebalance of its Benchmark Index.

#### Governance Processes

The Investment Manager carries out due diligence on the index providers and engages with them on an ongoing basis with regard to index methodologies including their assessment of good governance criteria set out by the SFDR which include sound management structures, employee relations, remuneration of staff and tax compliance at the level of investee companies.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy are that the Fund will invest in a portfolio of fixed income securities that as far as possible and practicable consists of the component securities of the Benchmark Index and thereby comply with the ESG characteristics of its Benchmark Index.

As the Fund is able to use optimisation techniques and may invest in securities that are not underlying constituents of the Benchmark Index, where it does so, its investment strategy is to invest only in issuers in the Benchmark Index or in issuers that meet the ESG requirements of the Benchmark Index at the time of purchase.

In the event that any investments cease to comply with the ESG requirements of the Benchmark Index, the Fund may continue to hold such investments only until such time as the relevant securities cease to form part of the Benchmark Index and/or it is possible and practicable (in the Investment Manager's view) to liquidate the position.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

There is no committed minimum rate to reduce the scope of the Fund’s investments.

The Fund’s Benchmark Index seeks to reduce the number of constituents from the Parent Index through the application of the ESG selection criteria. However, there is no minimum rate of reduction applied or targeted by the index provider in the selection of constituents for the Benchmark Index.

The rate of reduction may vary over time depending on the issuers that make up the Parent Index. For example, if issuers in the Parent Index engage in fewer activities that are excluded from the Parent Index based on the ESG selection criteria applied by the Benchmark Index, the rate of reduction may reduce over time. Conversely, if the index provider increases the ESG selection criteria in the Benchmark Index as ESG standards evolve, the rate of reduction may increase over time

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- **What is the policy to assess good governance practices of the investee companies?**

Good governance checks are incorporated within the methodology of the Benchmark Index. At each index rebalance, the index provider excludes issuers from the Benchmark Index that are classified as violating United Nations Global Compact principles (see What environmental and/or social characteristics are promoted by this financial product? above).



**What is the asset allocation planned for this financial product?**

The Fund seeks to invest in a portfolio of securities that as far as possible and practicable consists of the component securities of the Benchmark Index.

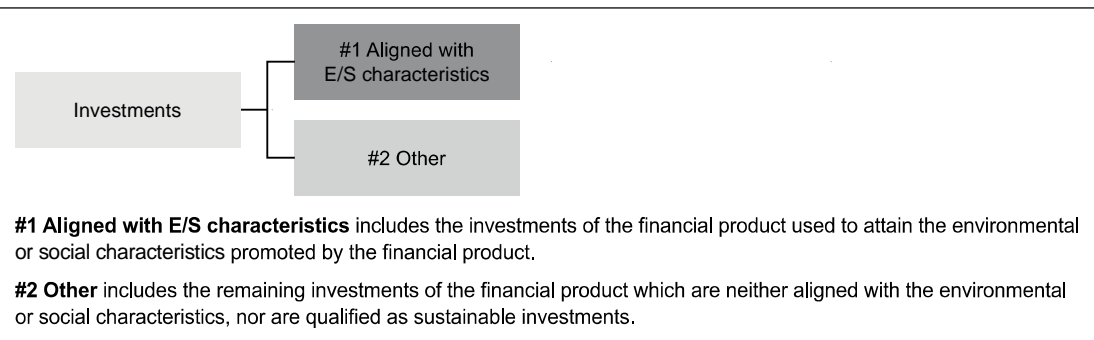
**Asset allocation** describes the share of investments in specific assets.

It is expected that at least 80% of the Fund’s assets will be invested in either securities within the Benchmark Index or in securities that meet the ESG selection criteria of the Benchmark Index. As such, at each index rebalance, the portfolio of the Fund will be rebalanced in line with its Benchmark Index so that at least 80% of the Fund’s assets will be aligned with the ESG characteristics of the Benchmark Index (as determined at that rebalance).

Taxonomy-aligned activities are expressed as a share of:  
- **turnover** reflecting the share of revenue from green activities of investee companies

In the event that any investments cease to comply with the ESG requirements of the Benchmark Index, the Fund may continue to hold such investments until such time as the relevant securities cease to form part of the Benchmark Index (or otherwise cease to meet the ESG selection criteria of the Benchmark Index) and it is possible and practicable (in the Investment Manager’s view) to liquidate the position.

The Fund may invest up to 20% of its assets in other investments (“#2 Other”).



- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

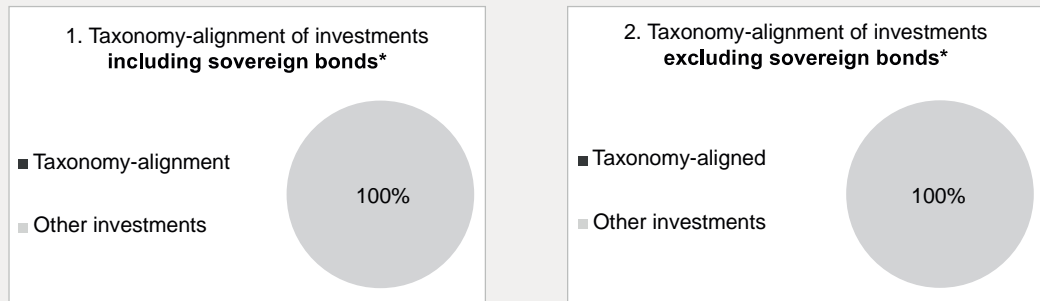
The Fund may use derivatives for investment purposes and for the purposes of efficient portfolio management in connection with the environmental or social characteristics promoted by the Fund. Where the Fund uses derivatives for promoting environmental or social characteristics, any ESG rating or analyses referenced above will apply to the underlying investment



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

This Fund does not currently commit to investing more than 0% of its assets in investments in environmentally sustainable economic activities within the meaning of the Taxonomy Regulation.

*The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.*



*\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **What is the minimum share of investments in transitional and enabling activities?**

This Fund does not currently commit to investing more than 0% of its assets in investments in transitional and enabling activities within the meaning of the Taxonomy Regulation.



- **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable as the Fund does not commit to investing in sustainable investments with an environmental objective.



- **What is the minimum share of socially sustainable investments?**

This Fund does not currently commit to investing more than 0% of its assets in investments in socially sustainable investments.



- **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

Other holdings may include cash, money market funds and derivatives. Such investments may only be used for the purpose of efficient portfolio management, except for derivatives used for currency hedging for any currency hedged share class.

Any ESG rating or analyses applied by the index provider will apply only to the derivatives relating to individual issuers used by the Fund. Derivatives based on financial indices, interest rates, or foreign exchange instruments will not be considered against minimum environmental or social safeguards.

- **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Yes, this Fund seeks to achieve the environmental and social characteristics it promotes by tracking the performance of the J.P. Morgan ESG EMBI Global Diversified Index, its Benchmark Index, which incorporates the index provider's ESG selection criteria.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

At each index rebalance, the index provider applies the ESG selection criteria to the Parent Index to exclude issuers that do not meet such ESG selection criteria.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

At each index rebalance (or as soon as reasonably possible and practicable thereafter), the portfolio of the Fund is also rebalanced in line with its Benchmark Index.

- **How does the designated index differ from a relevant broad market index?**

The Benchmark Index excludes issuers that do not meet its ESG selection criteria from its Parent Index, which is a broad market index. The ESG selection criteria that is excluded is set out above (see What environmental and/or social characteristics are promoted by this financial product? above).

- **Where can the methodology used for the calculation of the designated index be found?**

The methodology of the Fund's Benchmark Index can be found by copying and pasting the following link into your web browser: <https://www.jpmmorgan.com/content/dam/jpm/cib/complex/content/markets/composition-docs/pdf-30.pdf>.



**Where can I find more product specific information online?**

**More product-specific information can be found on the website:**

For further details specific to this Fund, please refer to the sections of this prospectus entitled 'Investment Objectives and Policies' and also the product page for the Fund, which can be found by typing the name of the Fund into the search bar on the iShares website: [www.iShares.com](http://www.iShares.com)



**Pre-contractual disclosure for the financial products referred to in  
Article 8 paragraphs 1, 2 and 2a of Regulation (EU) 2019/2088 and Article 6, first  
paragraph, of Regulation (EU) 2020/852**

**Product name: iShares ESG Screened Euro Corporate Bond Index Fund (IE)  
Legal entity identifier: 549300MSVOSETI8CQQ59**

**Environmental and/or social characteristics**

*Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.*

*The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.*



Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> <b>Yes</b>	<input type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> <b>No</b>
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ____%</b>	<input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ____%</b>	<input type="checkbox"/> with a social objective
<input type="checkbox"/>	<input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>

**What environmental and/or social characteristics are promoted by this financial product?**

The Fund is passively managed and seeks to promote the following environmental and social characteristics by tracking the performance of the iBoxx MSCI ESG EUR Corporates Index, its Benchmark Index, and complying with the Benchmark Index's socially responsible investment ("SRI") requirements and/or ESG ratings and criteria.

Environmental and social characteristics are incorporated through the application of the Benchmark Index's SRI requirements and/or ESG ratings and criteria. The Fund excludes issuers based on their involvement in certain activities deemed to have negative environmental or social outcomes. Issuers are excluded based on their involvement in the following business lines/activities (or related activities): alcohol, tobacco, gambling, adult entertainment, genetically modified organisms, nuclear power, nuclear weapons, conventional weapons, civilian firearms, controversial weapons, thermal coal, unconventional oil and gas extraction (including oil sands and oil shale), fossil fuel reserves ownership.

The Benchmark Index excludes issuers based on a definition of what constitutes "involvement" in each restricted activity, which may be based on percentage of revenue, a defined total revenue threshold, or any connection to a restricted activity regardless of the amount of revenue received.

As part of the Benchmark Index's SRI requirements and/or ESG ratings and criteria, the Fund excludes issuers which are classified as violating United Nations Global Compact principles (which are widely accepted corporate sustainability principles that meet fundamental responsibilities in areas such as anti-corruption, human rights, labour and environmental) and/or which have a MSCI ESG controversy score of less than 1. An MSCI controversy score measures an issuer's involvement (or alleged involvement) in serious controversies based on an assessment of an issuer's operations and/or products which are deemed to have a negative ESG impact. An MSCI controversy

score may consider involvement in adverse impact activities in relation to environmental issues such as biodiversity and land use, energy and climate change, water stress, toxic emissions and waste issues. An MSCI controversy score may also consider involvement in adverse impact activities in relation to social issues such as human rights, labour management relations, discrimination and workforce diversity.

To be included in the Benchmark Index, issuers must have an MSCI ESG rating and the rating must be BBB or higher. An MSCI ESG rating is designed to measure an issuer's resilience to long-term industry material ESG risks and how well it manages ESG risks and opportunities relative to industry peers. The index provider may consider the following environmental themes when determining an issuer's ESG score as part of the ESG rating methodology: climate change mitigation based on greenhouse gas emissions, waste and other emissions, land use and biodiversity. The index provider may also consider the following social themes when determining an issuer's ESG score as part of the ESG rating methodology: access to basic services, community relations, data privacy and security, human capital, health and safety and product governance. The MSCI ESG rating methodology recognises that certain environmental and social issues are more material based on the type of activity that the issuer is involved in by weighting the issues differently in the scoring methodology. Those issuers with higher MSCI ESG scores are determined by the index provider to be those issuers that may be better positioned to manage future ESG-related challenges and risks compared to their industry peers.

For more information on where details of the methodology of the Benchmark Index can be found, see 'Where can the methodology used for the calculation of the designated index be found?' below.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following sustainability indicators form part of the ESG selection criteria of the Benchmark Index tracked by the Fund:

1. The exclusion of issuers involved in certain activities deemed to have negative environmental and/or social outcomes (see What environmental and/or social characteristics are promoted by this financial product? above).
2. The exclusion of companies classified as violating United Nations Global Compact principles above (see What environmental and/or social characteristics are promoted by this financial product?).
3. The exclusion of companies identified as being involved in ESG related controversies as described above (see What environmental and/or social characteristics are promoted by this financial product?).
4. The consideration of the principal adverse impacts on sustainability factors as identified in the table below (see Does this financial product consider principal adverse impacts on sustainability factors?).
5. The ESG ratings as described above (see What environmental and/or social characteristics are promoted by this financial product?).

The ESG selection criteria of the Benchmark Index is applied by the index provider at each index rebalance and the Benchmark Index seeks to achieve its stated targets. At each index rebalance (or as soon as possible and practicable thereafter), the portfolio of the Fund is also rebalanced in line with its Benchmark Index. Where the Fund's portfolio ceases to meet any of these characteristics in between index rebalances, the Fund's portfolio will be re-aligned at the next index rebalance (or as soon as possible and practicable thereafter) in accordance with the Benchmark Index.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

This Fund does not commit to investing in sustainable investments.



- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable as the Fund does not commit to investing in sustainable investments.

- How have the indicators for adverse impacts on sustainability factors been taken into account?

Not applicable as the Fund does not invest in sustainable investments.

- How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Not applicable as the Fund does not commit to investing in sustainable investments.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



**Does this financial product consider principal adverse impacts on sustainability factors?**

- Yes
- No

Yes, the Fund takes into consideration principal adverse impacts on sustainability factors by tracking the Benchmark Index which incorporates certain ESG criteria in the selection of index constituents. The Investment Manager has determined that those principal adverse impacts (PAIs) marked as “X” in the table below are considered as part of the selection criteria of the Benchmark Index at each index rebalance.

The Fund’s annual report will include information on the principal adverse impacts on sustainability factors set out below.

	PAI Description	Benchmark Index Selection Criteria		
		Exclusion of issuers based on certain environmental screens (listed above)	Exclusion of issuers classified as violating United Nations Global Compact principles	Exclusion of issuers determined to have any tie to controversial weapons
Greenhouse Gas (GHG) emissions	1. (a) GHG emissions (Scope 1/2)			
	1.(b) GHG emissions (Scope 3)			
	2. Carbon footprint			
	3. GHG intensity			
	4. % in Fossil Fuels	X		
	5. Non-Renewable / Renewable %			
	6. High impact sector energy consumption			
Biodiversity	7. Negative impact to Biodiversity sensitive areas			
Water	8. Emissions to Water			
Waste	9. Hazardous Waste			
Social and employee matters	10. UNGC+OECD Violations		X	
	11. UNGC+OECD Process, Monitoring			
	12. Unadjusted gender pay gap			
	13. Board gender diversity			
	14. Controversial weapons			X

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

## What investment strategy does this financial product follow?

The investment policy of the Fund is to invest in a portfolio of fixed income securities that predominantly consists of the component securities of the Benchmark Index and thereby comply with the ESG characteristics of its Benchmark Index. The index methodology of its Benchmark Index is described above (see What environmental and/or social characteristics are promoted by this financial product?).

By investing in the constituents of its Benchmark Index, the Fund's investment strategy enables it to comply with the ESG requirements of its Benchmark Index as determined by the index provider. In the event that any investments cease to comply, the Fund may continue to hold such investments only until such time as the relevant securities cease to form part of the Benchmark Index and it is possible and practicable (in the Investment Manager's view) to liquidate the position.

The Fund may use optimisation techniques in order to achieve a similar return to the Benchmark Index which means that it is permitted to invest in securities that are not underlying constituents of the Benchmark Index where such securities provide similar performance (with matching risk profile) to certain securities that make up the Benchmark Index. If the Fund does so, its investment strategy is to invest only in issuers in the Benchmark Index or in issuers that meet the ESG requirements of the Benchmark Index at the time of purchase. If such securities cease to comply with the ESG requirements of the Benchmark Index, the Fund may hold such securities only until the next portfolio rebalance and when it is possible and practicable (in the Investment Manager's view) to liquidate the position.

The strategy is implemented at each portfolio rebalance of the Fund, which follows the index rebalance of its Benchmark Index.

### Governance Processes

The Investment Manager carries out due diligence on the index providers and engages with them on an ongoing basis with regard to index methodologies including their assessment of good governance criteria set out by the SFDR which include sound management structures, employee relations, remuneration of staff and tax compliance at the level of investee companies

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy are that the Fund will invest in a portfolio of fixed income securities that as far as possible and practicable consists of the component securities of the Benchmark Index and thereby comply with the ESG characteristics of its Benchmark Index.

As the Fund is able to use optimisation techniques and may invest in securities that are not underlying constituents of the Benchmark Index, where it does so, its investment strategy is to invest in issuers in the Benchmark Index or in issuers that meet the ESG requirements of the Benchmark Index at the time of purchase.

In the event that any investments cease to comply with the ESG requirements of the Benchmark Index, the Fund may continue to hold such investments only until such time as the relevant securities cease to form part of the Benchmark Index and/or it is possible and practicable (in the Investment Manager's view) to liquidate the position.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no committed minimum rate to reduce the scope of the Fund's investments.

The Fund's Benchmark Index seeks to reduce the number of constituents from its starting universe through the application of the ESG selection criteria. However, there is no minimum rate of reduction applied or targeted by the index provider in the selection of constituents for the Benchmark Index.

The rate of reduction may vary over time depending on the issuers that make up its starting universe. For example, if issuers in its starting universe engage in fewer activities that are excluded from its starting universe based on the ESG

selection criteria applied by the Benchmark Index, the rate of reduction may reduce over time. Conversely, if the index provider increases the ESG selection criteria in the Benchmark Index as ESG standards evolve, the rate of reduction may increase over time.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

● **What is the policy to assess good governance practices of the investee companies?**

Governance checks are incorporated within the methodology of the Benchmark Index. The index provider excludes companies from the Benchmark Index based on an ESG controversy score (which measures an issuer’s involvement in ESG related controversies) and excludes companies that are classified as violating United Nations Global Compact principles (see What environmental and/or social characteristics are promoted by this financial product? above).



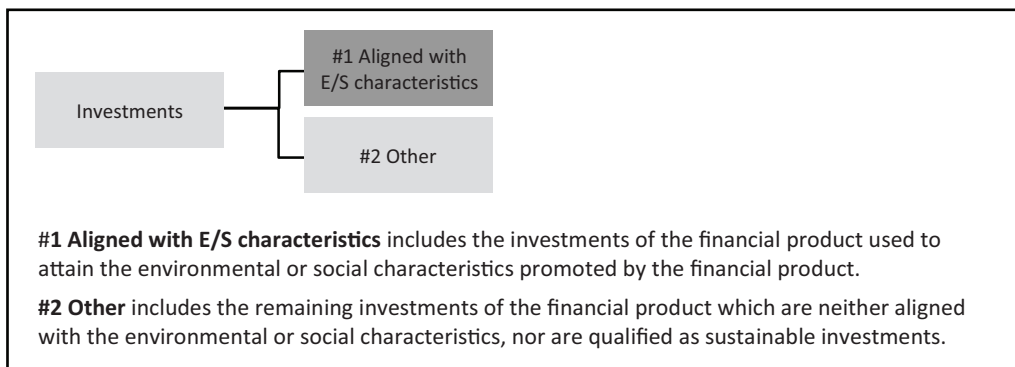
**What is the asset allocation planned for this financial product?**

The Fund seeks to invest in a portfolio of securities that as far as possible and practicable consists of the component securities of the Benchmark Index.

It is expected that at least 80% of the Fund’s assets will be invested in either securities within the Benchmark Index or in securities that meet the ESG selection criteria of the Benchmark Index. As such, at each index rebalance, the portfolio of the Fund will be rebalanced in line with its Benchmark Index so that at least 80% of the Fund’s assets will be aligned with the ESG characteristics of the Benchmark Index (as determined at that rebalance).

In the event that any investments cease to comply with the ESG requirements of the Benchmark Index, the Fund may continue to hold such investments until such time as the relevant securities cease to form part of the Benchmark Index (or otherwise cease to meet the ESG selection criteria of the Benchmark Index) and it is possible and practicable (in the Investment Manager’s view) to liquidate the position.

The Fund may invest up to 20% of its assets in other investments (“#2 Other”).



**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The Fund may use derivatives for investment purposes and for the purposes of efficient portfolio management in connection with the environmental or social characteristics promoted by the Fund. Where the Fund uses derivatives for promoting environmental or social characteristics, any ESG rating or analyses referenced above will apply to the underlying investment.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy<sup>1</sup>?

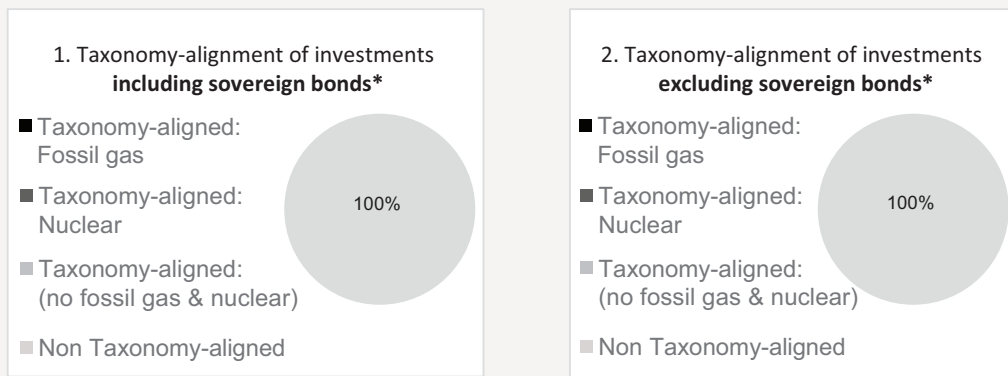
This Fund does not commit to investing more than 0% of its assets in investments in environmentally sustainable economic activities within the meaning of the EU Taxonomy.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- Yes
  In fossil gas
  In nuclear energy  
 No

The Fund does not currently commit to invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy.

*The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.*



*\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



● **What is the minimum share of investments in transitional and enabling activities?**

This Fund does not currently commit to investing more than 0% of its assets in investments in transitional and enabling activities within the meaning of the Taxonomy Regulation.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



● **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable as the Fund does not commit to investing in sustainable investments with an environmental objective.



● **What is the minimum share of socially sustainable investments?**

Not applicable as Fund does not commit to investing more than 0% of its assets in socially sustainable investments.



● **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

Other holdings may include cash, money market funds and derivatives. Such investments may only be used for the purpose of efficient portfolio management, except for derivatives used for currency hedging for any currency hedged share class.

Any ESG exclusionary criteria applied by the Investment Manager will apply only to the derivatives relating to individual issuers used by the Fund. Derivatives based on financial indices, interest rates, or foreign exchange instruments will not be considered against minimum environmental or social safeguards.



● **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Yes, this Fund seeks to achieve the environmental and social characteristics it promotes by tracking the performance of the iBoxx MSCI ESG EUR Corporates Index, its Benchmark Index, which incorporates the index provider's ESG selection criteria.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

● **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

At each index rebalance, the index provider applies the ESG selection criteria to exclude issuers that do not meet such ESG selection criteria.

● **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

At each index rebalance (or as soon as reasonably possible and practicable thereafter), the portfolio of the Fund is also rebalanced in line with its Benchmark Index.

● **How does the designated index differ from a relevant broad market index?**

As a result of the application of the ESG selection criteria of the Benchmark Index, the portfolio of the Fund is expected to be reduced compared to the starting universe of the Benchmark Index.

● **Where can the methodology used for the calculation of the designated index be found?**

The methodology of the Fund's Benchmark Index can be found on the index provider's website at <https://www.bloomberg.com/professional/product/indices/bloomberg-fixed-income-indices/#/ucits>



**Where can I find more product specific information online?**

**More product-specific information can be found on the website:**

For further details specific to this Fund, please refer to the sections of this prospectus entitled 'Investment Objectives and SFDR Policies' and also the product page for the Fund, which can be found by typing the name of the Fund into the search bar on the iShares website: [www.iShares.com](http://www.iShares.com)

**Pre-contractual disclosure for the financial products referred to in  
Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph,  
of Regulation (EU) 2020/852**

**Product name: iShares Green Bond Index Fund (IE)  
Legal entity identifier: 549300O118D0DNZ3EO03**

**Sustainable investment objective**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input checked="" type="radio"/> <input checked="" type="radio"/> <b>Yes</b>	<input type="radio"/> <input type="radio"/> <input type="radio"/> <b>No</b>
<input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: 90%</b>	<input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ____%</b>	<input type="checkbox"/> with a social objective
<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>

**What is the sustainable investment objective of this financial product?**

The sustainable investment objective of this Fund is to invest in a portfolio of fixed income securities that, as far as possible and practicable, consists of the component securities of the Bloomberg MSCI Global Green Bond Index, this Fund's Benchmark Index. The Fund seeks to achieve its sustainable investment objective by tracking its Benchmark Index which comprises multi-currency fixed income securities classified as "green bonds" in accordance with the Benchmark Index.

The index provider defines green bonds as fixed income securities the proceeds of which are exclusively and formally applied to projects or activities that promote climate or other environmental sustainability purposes.

To be classified as a green bond for the purposes of the Benchmark Index and qualify as providing a direct environmental benefit, a bond's proceeds must fund projects that fall within one or more qualifying environmental categories including, but not limited to, alternative energy, energy efficiency, pollution prevention and control, sustainable water, green building and climate adaptation. General purpose bonds are also eligible for inclusion in the Benchmark Index if 90% of the issuer's activities (as measured by revenues) fall within one or more of the qualifying environmental categories.

The Benchmark Index also excludes issuers based on their involvement in certain activities deemed to have negative environmental or social outcomes. Issuers are excluded from the Benchmark Index based on their involvement in the following business lines/activities (or related activities):

- cluster munitions
- landmines
- depleted uranium

- biological/chemical weapons
- blinding lasers
- non-detectable fragments
- white phosphorous
- incendiary weapons
- thermal coal

The index provider defines what constitutes “involvement” in each restricted activity. This may be based on percentage of revenue, a defined total revenue threshold, or any connection to a restricted activity regardless of the amount of revenue received.

The Benchmark Index also excludes issuers deemed to be involved in very severe ESG related controversies with a ‘red’ MSCI ESG controversy flag (based on an MSCI controversy score). An MSCI controversy score measures an issuer’s involvement (or alleged involvement) in serious controversies based on an assessment of an issuer’s operations and/or products which are deemed to have a negative ESG impact. An MSCI controversy score may consider involvement in adverse impact activities in relation to environmental issues such as biodiversity and land use, energy and climate change, water stress, toxic emissions and waste issues. An MSCI controversy score may also consider involvement in adverse impact activities in relation to social issues such as human rights, labour management relations, discrimination and workforce diversity.

For more information on where details of the methodology of the Benchmark Index can be found see Where can the methodology used for the calculation of the designated index be found? (below).

● ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

The following sustainability indicators form part of the ESG selection criteria of the Benchmark Index tracked by the Fund:

1. The Fund’s holdings in bonds classified as “green bonds” as described above (see What is the sustainable investment objective of this financial product?).
2. The exclusion of issuers involved in certain activities deemed to have negative environmental and/or social outcomes as described above (see What is the sustainable investment objective of this financial product?).
3. The exclusion of issuers involved in very severe ESG related controversies as described above (see What is the sustainable investment objective of this financial product?).
4. The consideration of the principal adverse impacts on sustainability factors as described below (see Does this financial product consider principal adverse impacts on sustainability factors?).

The classification of bonds as green bonds and the application of the ESG exclusionary criteria of the Benchmark Index, is applied by the index provider at each index rebalance. At each index rebalance (or as soon as possible and practicable thereafter), the portfolio of the Fund is also rebalanced in line with its Benchmark Index.

● ***How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

The Benchmark Index selects green bonds based on an assessment at an issuance level of the proceeds of the bonds which must be exclusively and formally applied to projects or activities that promote climate or other environmental sustainability purposes. In addition, the Fund’s Benchmark Index incorporates certain minimum safeguards and eligibility exclusions in the selection of green bonds to avoid exposure to bonds where the proceeds are associated with activities deemed to have highly negative environmental and societal impacts.

By tracking the Benchmark Index which incorporates the criteria for selecting green bonds, the Investment Manager has determined that, at each index rebalance (or as soon as soon as reasonably possible and practicable thereafter), the Fund’s

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

investments in bonds classified as green bonds by the index provider, will not cause significant harm to any environmental or social sustainable objective within the meaning of applicable law and regulation.

Where any of the Fund's investments cease to meet the above selection criteria, the Fund may continue to hold such investments until such time as the relevant securities cease to form part of the Benchmark Index and it is possible and practicable (in the Investment Manager's view) to liquidate the position.

— How have the indicators for adverse impacts on sustainability factors been taken into account?

The mandatory indicators for adverse impacts on sustainability factors (as set out in the Regulatory Technical Standards (RTS) under the SFDR) are considered at each index rebalance through the assessment of the Fund's investments qualifying as sustainable investments (as described below).

The indicators for adverse impacts on sustainability factors are taken into account at each index rebalance and are assessed at the issuance level by the index provider based on an assessment of the use of proceeds of the bonds which must be formally and exclusively applied to promote climate or other environmental sustainability purposes. In addition, minimum safeguards and eligibility exclusions are applied by the index provider in the selection of green bonds to ensure the proceeds of the bonds are not applied to activities with highly negative environmental and social outcomes. This includes through the minimum safeguards and eligibility exclusions of bonds with the use of proceeds linked to thermal coal extraction and power generation, significant biodiversity loss and controversial weapons.

At each index rebalance, the Benchmark Index also excludes issuers with a "red" MSCI ESG controversy flag which have been determined to be: (1) in violation of international and/or national standards (taking into account indicators relating to violations of United Nations Global Compact principles and OECD Guidelines for Multinational Enterprises), and (2) involved in very severe ESG related controversies taking into account indicators relating to greenhouse gas emissions, biodiversity, water, waste and social and employee matters.

— How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The Fund's Benchmark Index excludes issuers with a "red" ESG controversy flag which excludes issuers which have been determined by the index provider to be in violation of the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises. The Benchmark Index applies the above exclusionary criteria at each index rebalance.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No

Yes, the Fund takes into consideration principal adverse impacts on sustainability factors as outlined in the question above (see How have the indicators for adverse impacts on sustainability factors been taken into account?).

The Fund's annual report will include information on the principal adverse impacts on sustainability factors.



## What investment strategy does this financial product follow?

The investment policy of the Fund is to invest in a portfolio of fixed income securities that as far as possible and practicable consists of the component securities of the Benchmark Index and thereby qualify as green bonds (as determined by the index provider) and comply with the ESG characteristics of its Benchmark Index. The index methodology of its Benchmark Index is described above (see What is the sustainable investment objective of this financial product?).

By investing in the constituents of its Benchmark Index, the Fund's investment strategy enables it to invest in green bonds (as determined by the index provider) and comply with the ESG requirements of its Benchmark Index. In the event that any investments cease to comply (including where any bonds cease to qualify as green bonds), the Fund may continue to hold such investments only until such time as the relevant securities cease to form part of the Benchmark Index and it is possible and practicable (in the Investment Manager's view) to liquidate the position.

The Fund may use optimisation techniques in order to achieve a similar return to the Benchmark Index which means that it is permitted to invest in securities that are not underlying constituents of the Benchmark Index where such securities provide similar performance (with matching risk profile) to certain securities that make up the Benchmark Index. If the Fund does so, its investment strategy is to invest in securities in the Benchmark Index or in securities that meet the ESG requirements of the Benchmark Index at the time of purchase. If such securities cease to comply with the ESG requirements of the Benchmark Index, the Fund may hold such securities until the next index rebalance of the Benchmark Index and when it is possible and practicable (in the Investment Manager's view) to liquidate the position.

The strategy is implemented at each portfolio rebalance of the Fund (or as soon as reasonably possible and practicable thereafter), which follows the index rebalance of its Benchmark Index.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

### ● ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

The binding elements of the investment strategy are that the Fund will invest in a portfolio of fixed income securities that as far as possible and practicable consists of the component securities of the Benchmark Index and thereby qualify as green bonds (as determined by the index provider) and comply with the ESG characteristics of its Benchmark Index.

As the Fund is able to use optimisation techniques and may invest in securities that are not underlying constituents of the Benchmark Index, where it does so, its investment strategy is to invest only in securities in the Benchmark Index or in securities that meet the ESG requirements of the Benchmark Index at the time of purchase.

In the event that any investments cease to comply with the ESG requirements of the Benchmark Index (including where bonds cease to qualify as green bonds), the Fund may continue to hold such investments only until such time as the relevant securities cease to form part of the Benchmark Index and/or it is possible and practicable (in the Investment Manager's view) to liquidate the position.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

### ● ***What is the policy to assess good governance practices of the investee companies?***

Good governance checks are incorporated within the methodology of the Benchmark Index.

At each index rebalance, the index provider excludes issuers from the Benchmark Index based on an ESG controversy score (which measures an issuer's involvement in ESG related controversies) which includes the exclusion of issuers that are classified as violating United Nations Global Compact principles (see What is the sustainable investment objective of this financial product? above). Issuers that cannot be assessed for an ESG controversy score due to a lack of available data are also excluded from the Benchmark Index.





## What is the asset allocation and the minimum share of sustainable investments?

The Fund seeks to invest in a portfolio of securities that as far as possible and practicable consists of the component securities of the Benchmark Index.

**Asset allocation** describes the share of investments in specific assets.

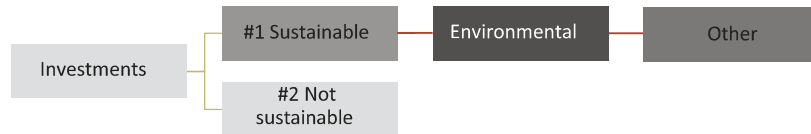
Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

It is expected that at least 90% of the Fund’s assets will be invested in either securities within the Benchmark Index or in securities that meet the ESG selection criteria of the Benchmark Index. As such, at each index rebalance (or as soon as reasonably possible and practicable thereafter), the Investment Manager has determined that at least 90% of the Fund’s assets will be invested in investments which qualify as sustainable.

In the event that any investments cease to comply with the ESG requirements of the Benchmark Index (including where any investments cease to qualify as sustainable) the Fund may continue to hold such investments until such time as the relevant securities cease to form part of the Benchmark Index (or otherwise cease to meet the ESG selection criteria of the Benchmark Index) and it is possible and practicable (in the Investment Manager’s view) to liquidate the position. As a result, the Fund may hold less than 90% of its assets in investments qualifying as sustainable in between index rebalances.

The Fund may invest up to 10% of its assets in other investments (“#2 Other”).



### ● How does the use of derivatives attain the sustainable investment objective?

The Fund may use derivatives for investment purposes and for the purposes of efficient portfolio management in connection with the sustainable investment objective. Where the Fund uses derivatives to attain the sustainable investment objective, any ESG rating or analyses referenced above will apply to the underlying investment.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

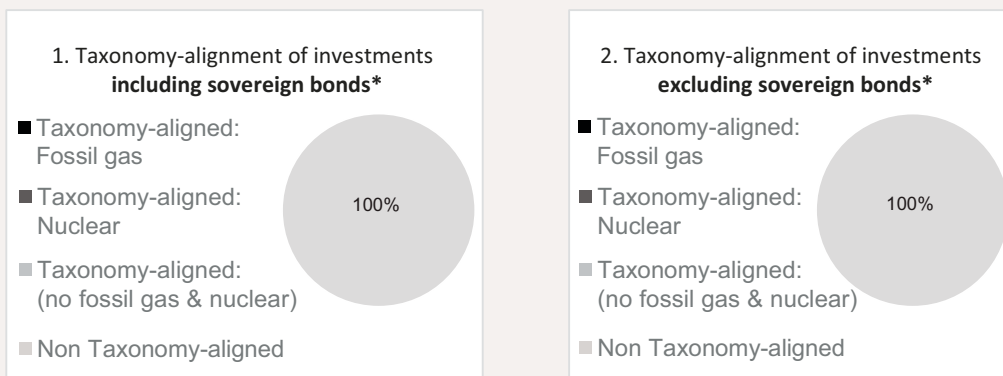
The Fund does not currently commit to investing more than 0% of its assets in sustainable investments with an environmental objective aligned with the EU Taxonomy.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- Yes
  In fossil gas
  In nuclear energy
- No

The Fund does not currently commit to invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy.

*The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.*



*\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- **What is the minimum share of investments in transitional and enabling activities?**

This Fund does not currently commit to investing more than 0% of its assets in investments in transitional and enabling activities within the meaning of the Taxonomy Regulation.

 are environmentally sustainable investments that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



- **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

A minimum of 90% of the Fund's assets will be invested in sustainable investments. These sustainable investments will be sustainable investments with an environmental objective that is not committed to align with the EU Taxonomy. The assessment of the Fund's investments qualifying as sustainable is determined on or around each index rebalance, where the Fund's portfolio is rebalanced in line with its Benchmark Index.



- **What is the minimum share of sustainable investments with a social objective?**

This Fund does not currently commit to investing more than 0% of its assets in socially sustainable investments.



- **What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?**

Other holdings may include cash, money market funds and derivatives. Such investments may only be used for the purpose of efficient portfolio management, except for derivatives used for currency hedging for any currency hedged share class.

Any ESG rating or analyses applied by the index provider will apply only to the derivatives relating to individual issuers used by the Fund.



- **Is a specific index designated as a reference benchmark to meet the sustainable investment objective?**

Yes, this Fund seeks to achieve the sustainable investment objective by tracking the performance of the Bloomberg MSCI Global Green Bond Index, its Benchmark Index, which seeks to select bonds classified as green bonds and applies the additional ESG exclusionary criteria in accordance with its methodology.

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.

- **How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?**

At each index rebalance, the Benchmark Index seeks to select bonds classified as green bonds and applies the additional ESG exclusionary criteria in accordance with its methodology.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

At each index rebalance (or as soon as possible and practicable thereafter), the portfolio of the Fund is rebalanced in line with its Benchmark Index.

- **How does the designated index differ from a relevant broad market index?**

As a result of the application of the ESG selection criteria of the Benchmark Index, the portfolio of the Fund is expected to be reduced compared to the Bloomberg Global Aggregate Bond Index, a broad market index comprised of fixed income securities.

● **Where can the methodology used for the calculation of the designated index be found?**

Further details regarding the Benchmark Index are found by copying and pasting the following link into your web browser: <https://www.bloomberg.com/professional/product/indices/bloomberg-fixed-income-indices/#/ucits>



**Where can I find more product specific information online?**

For further details specific to this Fund, please refer to the sections of this prospectus entitled 'Investment Objective' and 'Investment Policy', 'SFDR' and also the product page for the Fund, which can be found by typing the name of the Fund into the search bar on the iShares website: [www.iShares.com](http://www.iShares.com)