

## BlackRock Global Funds – China Bond Fund

April 2023

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

<p><b><i>This statement provides you with key information about this product</i></b>  <b><i>This statement is a part of the offering document</i></b>  <b><i>You should not invest in this product based on this statement alone</i></b></p>			
<ul style="list-style-type: none"> <li>This Fund invests in the People's Republic of China ("PRC") via the Qualified Foreign Investor ("QFI") regime, the regime for foreign institutional investors to invest in the China Interbank Bond Market ("Foreign Access Regime") and/or Bond Connect.</li> </ul>			
<b>Quick facts</b>			
<b>Management Company:</b>	BlackRock (Luxembourg) S.A.		
<b>Investment Adviser(s) and/or Sub-Adviser(s):</b>	<p>Internal delegation to one or more Investment Adviser(s) and/or Sub-Adviser(s) as described in "The Investment Advisers and Sub-Advisers" section of the Information For Residents of Hong Kong*</p> <p><i>* Details of the relevant Investment Adviser(s) and Sub-Adviser(s) responsible for the Fund will be listed in the interim report and annual report and will be available from the Hong Kong Representative upon request.</i></p>		
<b>QFI Licence Holder:</b>	BlackRock Asset Management North Asia Limited or an affiliate in the BlackRock Group		
<b>Depository:</b>	The Bank of New York Mellon SA/NV, Luxembourg Branch		
<b>QFI Custodian/ Onshore Settlement Agent:</b>	HSBC Bank (China) Company Limited		
<b>Ongoing charges over a year:</b>	Class A2	CHF	0.98%
	Class A2	EUR	0.98%
	Class A2	JPY Hedged	0.97%
	Class A2	RMB	0.98%
	Class A2	USD	0.98%
	Class A2	USD Hedged	0.97%
	Class A3	HKD	0.98%
	Class A3	RMB	0.98%
	Class A3	SGD	0.98%
	Class A3	USD	0.98%
	Class A6	AUD Hedged	0.98%
	Class A6	CAD Hedged	0.98%
	Class A6	EUR Hedged	0.97%
	Class A6	GBP Hedged	0.97%
	Class A6	HKD Hedged	0.98%
	Class A6	NZD Hedged	0.97%
	Class A6	RMB	0.98%
	Class A6	SGD Hedged	0.98%

	<div>Class A6USD Hedged0.97%</div> <div>Class A8HKD Hedged0.98% *</div> <div>Class A8USD Hedged0.98% *</div> <div>Class C2USD2.23%</div> <div>Class D2EUR0.64%</div> <div>Class D2EUR Hedged0.62%</div> <div>Class D2RMB0.64%</div> <div>Class D2USD0.64%</div> <div>Class D2USD Hedged0.62%</div> <div>Class D3USD0.64%</div> <div>Class D4GBP Hedged0.63%</div> <div>Class D6RMB0.64%</div> <div>Class D6SGD Hedged0.62%</div> <div>Class D6USD Hedged0.62%</div> <div>The ongoing charges figure for a class is based on the costs and expenses of that class with reference to the annual report of the Fund for the year ended 31 August 2022.</div> <div>For a share class which is newly launched (marked *) the ongoing charges figure represents the Management Company’s best estimate of the ongoing charges based on the information available in respect of other active share classes with a similar fee structure.</div> <div>The figure may vary from year to year.</div>		
Dealing frequency:	Daily	Financial year end:	31 August
Base currency:	Renminbi (“RMB”)		
Dividend policy: (Class A, C and D as at the above date)	<div>Non-Distributing Shares: No dividends will be declared or paid</div> <div>▶ A2, C2, D2</div> <div>Distributing Shares: Dividends, if declared will be paid in cash or reinvested</div> <div>▶ Monthly: A3, A6, A8, D3, D6</div> <div>▶ Yearly: D4</div> <div>All declared dividends result in an immediate decrease in the Fund’s net asset values per share on ex-date, whether paid in cash or reinvested.</div> <div>Certain share class (Classes 6 and 8) may pay dividends out of gross income while charging all or part of its fees and expenses to capital (i.e. payment of fees and expenses out of capital). This will result in an increase in distributable income available for payment as dividends, and therefore, this share class may effectively pay dividends out of capital. Classes 6 and 8 may also pay dividends out of capital (including net realised and net unrealised capital gains) of the relevant share class at the Directors’ discretion.</div> <div>The Directors may amend the above dividend policy subject to the SFC’s prior approval and by giving one month’s prior notice to investors.</div>		
Minimum investment:	US\$5,000 initial, US\$1,000 additional for Class A and C Shares US\$100,000 initial, US\$1,000 additional for Class D Shares		
<div>What is this product?</div> <div>China Bond Fund (the “Fund”) is a sub-fund of BlackRock Global Funds (“BGF”), an open-ended investment company incorporated in Luxembourg. Its home regulator is the Commission de Surveillance du Secteur Financier (CSSF).</div>			
<div>Objectives and Investment Strategy</div>			

To maximise total return by investing at least 70% of the Fund's total assets in fixed income transferable securities denominated in RMB or other non-Chinese domestic currencies (i.e. non-RMB currencies) issued by governments and government agencies of the PRC, or entities exercising the predominant part of their economic activity in the PRC through recognised mechanisms including but not limited to the Chinese Interbank Bond Market, the exchange bond market, quota system and/or through onshore or offshore issuances and/or any future developed channels.

The Fund may invest without limit in the PRC through any of the following individual means: (1) the QFI regime and (2) in the Chinese Interbank Bond Market via (i) the Foreign Access Regime and/or (ii) Bond Connect and/or (iii) other means as may be permitted by the relevant regulations from time to time.

The Fund may invest in the full spectrum of permitted fixed income transferable securities and fixed income related securities, including urban investment bonds\* (城投債) (up to 100% of total assets) and non-investment grade\*\* (limited to 50% of total assets).

Subject to applicable regulatory restrictions and internal guidelines, the remaining 30% may be invested in financial instruments of companies or issuers of any size in any sector of the economy globally such as debt and other securities, subject to the restriction that no more than 10% of the Fund's assets will be invested in equities.

It is not anticipated that the Fund will invest more than 10% of its net asset value in debt securities issued and/or guaranteed by any single sovereign currently rated non-investment grade\*\*.

The Fund's expected total maximum exposure in debt instruments with loss-absorption features, including but not limited to contingent convertible bonds, will be less than 30% of its net asset value. The Fund's exposure to contingent convertible bonds is limited to 20% of its total assets. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

The Fund may use derivatives for hedging, efficient portfolio management and investment purposes. Currency exposure is flexibly managed. The Fund may employ currency management and hedging techniques which may include hedging the currency exposure on the Fund's portfolio and/or using more active currency management techniques such as currency overlays. Any active management techniques implemented by the Fund through the currency derivatives such as forward exchange contracts, currency futures and options may not be correlated with the primary underlying securities held by the Fund.

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

## Use of Derivatives/Investment in Derivatives

The Fund's net derivative exposure may be up to 50% of the Fund's net asset value.

## What are the key risks?

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

### 1. Investment Risks

The Fund is an investment fund. The Fund's investment portfolio may fall in value due to any of the

\* Urban investment bonds are debt instruments issued by local government financial vehicles ("LGFVs") in the PRC listed bond and interbank bond market. LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for public welfare investment or infrastructure projects.

\*\* Debt securities which are unrated or rated, at the time of purchase, BB+ (Standard & Poor's or equivalent rating) or lower by at least one recognised rating agency (i.e. non-PRC recognised credit rating agency) or, in the opinion of the Management Company, and, where applicable, based on the internal credit quality assessment procedure of the Management Company, are of comparable quality.

risk factors below and therefore your investment in the Fund may suffer losses. There is no guarantee of the repayment of principal.

## 2. Risks associated with Fixed Income Securities

- *Credit/counterparty risk:* The Fund is exposed to the credit/default risk of issuers of the debt securities that the Fund may invest in. In the event of bankruptcy or default of an issuer, the Fund may experience losses and incur costs.
- *Interest rate risk:* Investment in the Fund is subject to interest rate risk. In general, the prices of fixed income securities rise when interest rates fall, whilst their prices fall when interest rates rise.
- *Volatility and liquidity risk:* The debt securities issued by small and mid-capitalisation companies may be subject to higher volatility and liquidity risk. In addition, the debt securities in emerging markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Fund may incur significant trading costs.
- *Downgrading risk:* The actual or perceived downgrading of a rated debt security or its issuer could decrease its value and liquidity, and may have an adverse impact on the Fund. The Fund may or may not be able to dispose of the debt securities that are being downgraded.
- *Non-investment grade/unrated bonds risk:* The Fund may invest in debt securities rated below investment grade or unrated.

Investment in non-investment grade or unrated bonds, including sovereign debts, may subject the Fund to higher credit/default risks. If the issuer of the non-investment grade or unrated bond defaults, or if the non-investment grade or unrated bonds fall in value, investors may suffer significant losses.

Non-investment grade or unrated bonds tend to be less liquid and more volatile, and the market for these bonds is generally less liquid and more volatile than higher rated fixed-income securities. Adverse events or market conditions may have a larger negative impact on the prices of non-investment grade or unrated bonds than on higher rated fixed-income securities. Such securities are also subject to a greater risk of loss of principal and interest than higher rated fixed-income securities.

- *Urban investment bonds (城投債) risk:* Urban investment bonds are issued by local government financing vehicles (“LGFVs”), such bonds are typically not guaranteed by local governments or the central government of the PRC. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the fund could suffer substantial loss and the Net Asset Value of the Fund could be adversely affected.
- *Sovereign debt risk:* Investment in bonds issued by governments or authorities may involve political, social, economic, default, or other risks, which may in turn have an adverse impact on the Fund. Due to these factors, the sovereign issuers may not be able or willing to repay the principal and/or interest when due.

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

- *Valuation risk:* Valuation of the Fund’s investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the net asset value calculation of the Fund.
- *Credit rating risk:* Credit ratings assigned by rating agencies are subject to limitations and do not

guarantee the creditworthiness of the security and/or issuer at all times.

### 3. Risks associated with Investments in the PRC Market

- *Risks associated with investment made through a QFI regime:* The Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in the PRC, which are subject to change and such change may have potential retrospective effect.

The Fund may suffer substantial losses if the approval of the QFI is being revoked/terminated or otherwise invalidated as the Fund may be prohibited from trading of relevant securities and repatriation of the Fund's monies, or if any of the key operators or parties (including QFI custodian/brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

- *Risks associated with investment in the China Interbank Bond Market:* The Fund may be subject to regulatory risks and various risks such as volatility risk, liquidity risk, settlement and counterparty risk as well as other risk factors typically applicable to debt securities. The relevant rules and regulations on investment in the China Interbank Bond Market are subject to change which may have potential retrospective effect. In the event that the relevant PRC authorities suspend trading on the China Interbank Bond Market, the Fund's ability to invest in the China Interbank Bond Market will be limited and the Fund may suffer substantial losses as a result.
- *PRC tax risks:* There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realised via the QFI regime, Foreign Access Regime or Bond Connect on the Fund's investments in the PRC (which may have retrospective effect). Any increased tax liabilities on the Fund may adversely affect the Fund's value.

Based on professional and independent tax advice the Fund will not make tax provisions for capital gains, realised or unrealised, arising from transfers of its PRC investments.

### 4. Geographical Concentration Risks

The Fund's investments are concentrated in PRC. The value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, sustainability related, legal or regulatory event affecting the PRC market.

### 5. Emerging Market Risks

Investment in emerging markets may be subject to a higher than average volatility than more developed markets due to greater political, tax, sustainability related, economic, social, and foreign exchange risks.

The size and trading volume of securities markets in emerging markets may be substantially smaller than developed markets. This may subject the Fund to higher liquidity and volatility risks.

Custody and registration of assets in emerging markets may be less reliable than in developed markets, which may subject the Fund to higher settlement risk.

The Fund may be subject to higher regulatory risks due to low level of regulation, enforcement of regulations and monitoring of investors' activities in emerging markets.

### 6. Currency Risks

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

The Investment Adviser may utilise techniques and instruments (e.g. currency overlays) in relation

to currencies other than the base currency with the aim of generating positive returns. Any active currency management techniques implemented by the Fund may not be correlated with the underlying securities held by the Fund. As a result, the Fund may suffer significant losses even if there is no loss to the value of the underlying securities held by the Fund.

#### **7. Derivatives Risks**

Risks associated with derivatives include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a derivative can result in a loss significantly greater than the amount invested in the derivative by the Fund. In an adverse situation, if the use of derivatives for hedging and efficient portfolio management becomes ineffective, the Fund may suffer significant losses.

#### **8. Capital Growth Risks**

##### *Risks associated with Fees and/or Dividends Paid Out of Capital*

Any distributions involving payment of dividends out of capital (Classes 6 and 8), payment of dividends out of gross income (i.e. payment of fees and expenses out of capital) (Classes 6 and 8) or payment of implied interest rate differentials arising from share class currency hedging as dividends (Class 8) amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Whilst all dividends paid result in an immediate reduction of the net asset value per share, these share classes may pay larger dividends (i.e. by paying dividends out of capital, gross income or interest rate differentials arising from share class currency hedging gains (if any)), which may therefore result in a larger reduction in the net asset value per share.

##### *Payment of Dividends From Implied Interest Rate Differentials*

For Distributing (R) Shares (Class 8), any dividends payable may include interest rate differentials arising from share class currency hedging gains/losses which may increase/decrease dividends paid. Shareholders of such Distributing (R) Shares will forego capital gains as any currency hedging gains are distributed rather than added to capital. Conversely, currency hedging losses may decrease the dividends paid, and in extreme cases may deduct from capital.

#### **9. Securities Lending Risks**

When engaging in securities lending, the Fund will have a credit risk exposure to the counterparties to any securities lending contract. Fund investments can be lent to counterparties over a period of time. A default by the counterparty combined with a fall in the value of the collateral below that of the value of the securities lent may result in a reduction in the value of the Fund.

#### **10. Foreign Investments Restrictions Risks**

Some countries prohibit or restrict investment, or the repatriation of income, capital or the proceeds from sale of securities. The Fund may incur higher costs investing in these countries. Such restrictions may delay the investment or repatriation of capital of the Fund.

#### **11. RMB Currency and Conversion Risks**

RMB is currently not freely convertible and is subject to exchange controls and restrictions.

Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' home currency will not depreciate. Any depreciation of RMB could adversely affect the value of investors' investment in the Fund.

Under exceptional circumstances, payment of realisation proceeds and/or dividend payment (if any) in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

RMB is traded in both the onshore and offshore markets. While both onshore RMB ("CNY") and offshore RMB ("CNH") represent the same currency, they are traded in different and separate markets which operate independently. Therefore, CNY and CNH do not necessarily have the same exchange rate and their movement may not be in the same direction. When calculating the net asset value of the Fund, the Management Company will apply the CNH rate. Any divergence between CNH and CNY may adversely impact investors.

**12. Hedging Risk**

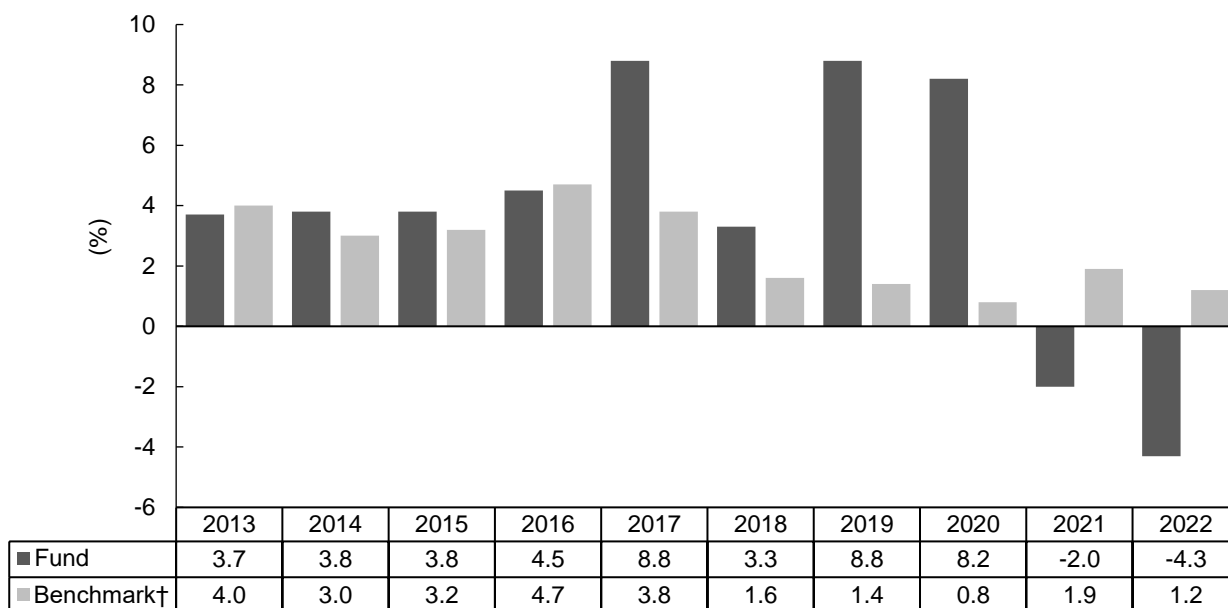
The Fund may hedge the currency exposure through the use of currency derivatives. There is no guarantee that hedging techniques will fully and effectively achieve their desired result. The success of hedging much depends on the Investment Adviser's expertise and hedging may become inefficient or ineffective. This may have adverse impact on the Fund and its investors.

While the Fund may enter into such hedging transactions to seek to reduce risks, unanticipated changes in currency, interest rates and market circumstances may result in a poorer overall performance of the Fund. The Fund may not obtain a perfect correlation between hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the intended hedge or expose the Fund to risk of loss.

Depending on the portion of Fund's holding of non-RMB denominated instruments, the Fund may incur significant hedging transactions expenses if a large portion of the non-RMB denominated instruments is hedged back to RMB. Any expenses arising from such hedging transactions, which may also be significant depending on prevailing market conditions, will be borne by the Fund.

## How has the fund performed?

Historic performance to 31 December 2022



### Notes:

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

† The benchmark of the Fund is 1 Year China Household Savings Deposit Rate.

Fund launch date: 2011

Share class launch date: 2011

## Is there any guarantee?

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



## What are the fees and charges?

### Charges which may be payable by you

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

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

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

### Ongoing fees payable by the Fund

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

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

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

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

### Other fees

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

## Additional Information

- ▶ You generally buy and redeem shares at the Fund's next-determined price as long as the Hong Kong Representative or the Transfer Agent receives your request in good order before the 6:00p.m. cut-off (HK time). Please check whether your distributor has an internal cut-off time which is earlier than this.
- ▶ The net asset value of the Fund is calculated daily. Prices of shares are published each business day on [www.blackrock.com/hk](http://www.blackrock.com/hk). This website has not been reviewed by the SFC.
- ▶ The updated list of currently available shares is available from the Hong Kong Representative.
- ▶ The composition of the latest dividends (i.e. relative amounts paid from (i) net distributable income and (ii) capital) for the last 12 months are available from the Hong Kong Representative upon request and on [www.blackrock.com/hk](http://www.blackrock.com/hk). This website has not been reviewed by the SFC.

## Important

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

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