

Fact Sheet

BlackRock Global Screened Government Bond Fund

Fund objective

The BlackRock Global Screened Government Bond Fund aims to broadly provide investors with the investment performance of the global sovereign bond market, before fees less interest, withholding taxes and the cost of currency hedging, as measured by the Benchmark (as defined on the next page) over the investment cycle.

The Fund uses a dynamic screening strategy to reduce exposure to downside risks associated with sovereign downgrades or defaults.

Key benefits

- ▶ With over 20 years experience in managing both active and passive government bond mandates, both in developed and emerging markets, BlackRock's global fixed income platform harnesses the breadth and depth of the firm's resources, expertise, and capabilities.
- ▶ Customised benchmark that places a cap on exposure to an individual country/region which seeks to ensure geographic diversification.
- ▶ Quantitative screening techniques based on BlackRock's Sovereign Risk Index, together with the expertise of fixed income analysts are used to monitor the risks of sovereign downgrade.
- ▶ A screened portfolio may underperform the market in stable or rallying markets, due to the defensive nature of the strategy, but this defensive approach seeks to deliver performance benefits relative to the benchmark in sharply deteriorating markets.

Screening strategy

The Fund's screening strategy is predominantly based on BlackRock's Sovereign Risk Index, which breaks down risks into the following four categories:

- ▶ **Fiscal space** – Assesses if the fiscal dynamics of a particular country are on a sustainable path. It estimates how close a country is to breaking through a level of debt that will cause it to default (i.e. the concept of proximity to distress) and how large of an adjustment is necessary in order to achieve an appropriate debt/GDP level in the future (i.e. the concept of distance from stability).

- ▶ **External finance position** – A measure of how leveraged a country might be to macroeconomic trade and policy shocks outside of its control.
- ▶ **Financial sector health** – Considers the degree to which the financial sector of a country poses a threat to its credit worthiness, were the sector to be nationalised, and estimates the likelihood that the financial sector may require nationalisation.
- ▶ **Willingness to pay** – We group together factors to gauge if we believe a country is both able and willing to pay off real debts.

Practical application of the BlackRock Sovereign Risk Index to the portfolio involves underweights to sovereign issuers with deteriorating credit quality, redistributing the overweights selectively amongst stronger names, subject to ratings parameters and other considerations.

Fund details

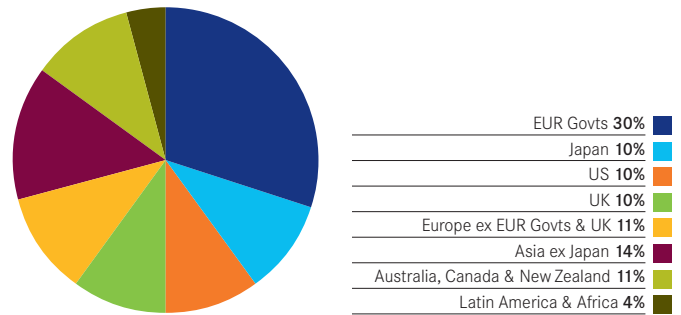
BlackRock Global Screened Government Bond Fund	
Domicile	Australia
Structure	Australian Unit Trust
Target tracking error*	0.00% - 0.75%
Fund currency	AUD
Currency hedging	Hedged
Dealing frequency	Daily
Minimum investment	\$500,000
Benchmark	Barclays Capital Global Treasury Index (customised)
Subscription/Redemption notice	1 business day
Buy/Sell spreads	0.05%/0.50%
Investment universe	Government bonds, treasury futures, interest rate swaps, CDS, CDX, emerging market bonds and other fixed income instruments
APIR code	MAL0075AU

* Investors should bear in mind that the Fund's target tracking error objective is predictive in nature, may be affected by unknown risks and uncertainties, and that actual tracking error may differ from this objective.

Benchmark details

The Fund's benchmark is a customised index, based on the Barclays Capital Global Treasury Index (hedged to AUD) (the "Benchmark"). The Benchmark applies a 10% cap to individual issuers and a 30% total cap to Eurozone issuers (being the collective countries of the European Monetary Union). The Benchmark is designed to reduce the influence of any one country or the Eurozone on the Fund, as compared with more traditional unconstrained market-cap-weighted indexes, and therefore seeks to ensure geographic diversification of the Fund.

Index breakdown



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Further information

Contact your BlackRock Account Manager
Email Institutional Client Services on ics-australia@blackrock.com
www.blackrock.com.au

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