FOR PROFESSIONAL CLIENTS/QUALIFIED INVESTORS ONLY

BGF Fixed Income Global Opportunities Fund

Lead Portfolio Manager: Rick Rieder, Andreas Doerrenhaus, Bob Miller

June 2019 - Month to Date

The Fund aims to achieve a return on your investment through a combination of capital growth and income on the Fund?s assets. The Fund invests primarily in fixed income securities (such as bonds) on a global basis and money-market instruments (i.e. debt securities with short term maturities). The fixed income securities and money-market instruments may be issued by governments, government agencies, companies and supranationals.

	Fund	Benchmark
MTD Performance (%)	1.61	-
YTD Performance (%)	4.84	-
2018 Performance (%)	(1.21)	-
2017 Performance (%)	4.09	-
2016 Performance (%)	2.44	-
2015 Performance (%)	(0.91)	-
2014 Performance (%)	3.52	-
Since Inception p.a*(%)	3.04	-

The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.

Performance is shown for the A2 Share class in USD currency terms. Share class performance is calculated on a NAV price basis, with income reinvested, net of fees. Performance shown over one year is annualised. For up to date performance information, please visit www.blackrock.com. *Share Class inception 31-January-2007.

Source: BlackRock Date: 30-June-2019

Risks:
Capital at risk: All financial investments involve an element of risk. The value of your investment and income from it will vary and your initial investment amount cannot be guaranteed.
Fund Risks:
Counterparty Risk: The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Fund to financial loss.
Liquidity Risk: Lower liquidity means there are insufficient buyers or sellers to allow the Fund to sell or buy investments readily.
Credit Risk: The issuer of a financial asset held within the Fund may not pay income or repay capital to the Fund when due.
Currency Risk: The Fund invests in other currencies. Changes in exchange rates will therefore affect the value of the investment.
Derivatives are highly sensitive to changes in the value of the asset on which they are based and can increase the size of losses and gains, resulting in greater fluctuations in the value of the Fund. The impact to the Fund can be greater where derivatives are used in an extensive or complex way.
Asset backed securities and mortgage backed securities are subject to the same risks described for fixed income securities. These instruments may be subject to 'Liquidity Risk', have high levels of borrowing and may not fully reflect the value of underlying assets.

Market Overview

- In June, risky assets rallied following dovish comments from central banks as the Fed is poised to cut interest rates amid the risks trade tensions pose to the domestic US outlook, while the European Central Bank has put several stimulus tools back on the table.
- Trade disputes and broader geopolitical frictions are now the key drivers for the global economy and markets, rather than late-cycle recession risks.
- In fact, trade tensions could rise further if the US implements auto tariffs on Europe and Japan. The US and EU are preparing tit-for-tat tariffs following a WTO ruling that EU subsidies to a European aircraft company were illegal and so far, unofficial talks have yielded little progress.

BGF Fixed Income Global Opportunities Fund

Lead Portfolio Manager: Rick Rieder, Andreas Doerrenhaus, Bob Miller

June 2019 - Month to Date

- Moreover, despite a positive G20 summit, a meaningful trade deal between the US and China remains difficult to achieve. The best potential outcome is a truce that postpones additional tariffs. Structural US - China competition goes beyond trade, extending to strategic concerns over domination of next generation technologies and their implications for national security.

Performance Overview

- FIGO generated a positive return in June.
- The main contributors to performance were our long positions in carry asset classes such as high yield and investment grade corporate bonds across US, Europe and Asia as credit spreads tightened across the globe. In addition, our allocation to structured products and emerging markets helped performance.
- Moreover, our long duration exposure in US and in some peripheral European countries such as Italy and France generated positive returns as treasury yields declined after dovish tones coming from central banks.

Main Portfolio Changes & Positioning

- In June, we increased the overall fund risk profile, by increasing our exposure to US duration and to other developed markets duration such as in UK and in France on the back of more supportive central banks. Alongside these changes, we added exposure to US high yield credit and increased our EM FX risk.
- In this market environment, we like constructing a portfolio with diversified and high-quality carrying assets, with US investment-grade credit and securitized assets being a sweet spot for these expressions. We like owning EM assets tactically, while being highly selective with regard to specific idiosyncratic stories. Finally, the uncertain economic environment and slower global growth today calls for a more defensive positioning and therefore we like employing duration as an overall portfolio hedge given the Fed's pragmatic posture.

Outlook

- The uncertainties associated with trade frictions look set to dampen global growth, and more importantly, place further downward pressure on already precariously low levels of inflation and inflation expectations, forcing central banks to provide additional stimulus much sooner than expected. Meanwhile, as global interest rates fall and an easing cycle starts anew, the bid for high-quality carry is not going away anytime soon, especially considering tomorrow's uncertainties. Therefore, we like sectors with better-than-average volatility-adjusted carry (or a high carry/volatility ratio).
- In the past several months the Fed has transitioned from a tightening bias, to a policy rate pause, and now finally to an easing bias, as economic weakening, trade disputes and reduced market liquidity have conspired to concern policy makers. A Fed on an easing bias – and willing to tolerate temporary inflation overshoots – points to potential for a gradual steepening of the US yield curve. Moreover, the traditional inverse relationship between risky assets and US government bonds is alive and well, boosting Treasuries' role as a buffer against risk-asset selloffs. For these reasons, we remain long US duration.
- During the Sintra Conference, the ECB President Mario Draghi delivered a very dovish speech by not only expressing the willingness to cut rates, but also in stating a desire to move inflation above targeted levels. In fact, the ECB President reiterated that inflation target is symmetric around 2% - i.e. if it spends too much time below 2% it has to spend time above that level in the future. The ECB has several available tools to achieve its objective such as forward guidance, rate cuts and resuming asset purchases. Overall, we remain long French and Italian government bonds and short German Bunds.
- Finally, we see China's growth staying sluggish due to the fallout of US tariffs. We expect any stimulus from Beijing to stabilize growth, but not accelerate it. However, as consumption and services remain robust, we still expect a growth trajectory consistent with a 6.0-6.5% GDP growth rate and therefore we see emerging market debt as an attractive source of income especially in this low yield world.

IMPORTANT INFORMATION

Important Information

This material is for distribution to Professional Clients (as defined by the Financial Conduct Authority or MiFID Rules) and Qualified Investors only and should not be relied upon by any other persons

Where included, reference to specific securities in this report are to explain the investment strategy and should not be construed as investment advice or investment recommendation of those companies.

Issued by BlackRock Investment Management (UK) Limited (authorised and regulated by the Financial Conduct Authority). Registered office: 12 Throgmorton Avenue, London, EC2N 2DL. Registered in England and Wales No. 2020394. Tel: 020 7743

3000. For your protection, telephone calls are usually recorded. BlackRock is a trading name of BlackRock Investment Management (UK) Limited.

When this document is issued in the EEA, it is issued by BlackRock (Netherlands) B.V.: Amstelplein 1, 1096 HA, Amsterdam, Tel: 020 – 549 5200, Trade Register No. 17068311. For more information, please see the website: www.blackrock.com. For your protection, telephone calls are usually recorded. BlackRock is a trading name of BlackRock (Netherlands) B.V..

Austria: In Austria, for further information, the prospectus, Key Investor Information Document, annual report and semi-annual report can be obtained free of charge in hardcopy form from the Austrian paying agent: Raiffeisen Zentralbank Österreich AG, A-1030 Vienna, Am Stadtpark 9.

Finland: Finland The prospectus (in English language) and KIID (in Finnish language) are available at BlackRock (Netherlands) B.V..

Germany: This is a financial promotion. For further information, the prospectus, Key Investor Information Document, annual report and semi-annual report can be obtained free of charge in hardcopy form from the German information centre: BlackRock (Netherlands) B.V., German Branch, Frankfurt am Main, Bockenheimer Landstraße 2–4, 60306 Frankfurt am Main.The paying agent in Germany is J.P. Morgan AG, CIB / Investor Services – Trustee & Fiduciary, Taunustor 1 (Taunus Turm), D-60310 Frankfurt am Main.

Hong Kong: This information is issued by BlackRock Asset Management North Asia Limited and has not been reviewed by the Securities and Futures Commission of Hong Kong. The Funds mentioned herein are not registered with the Securities and Futures Commission for offering or distribution in Hong Kong. Accordingly, this document may not be circulated or distributed, nor may the BlackRock fund mentioned herein be offered or sold whether directly or indirectly, to any person in Hong Kong other than to "Professional Investors" (as defined in the Securities and Futures Ordinance (Cap.571 of the laws of Hong Kong) and any rules made under that ordinance.) and should not be relied upon by any other persons or redistributed to retail clients in Hong Kong. For Hong Kong investors, please refer to the BlackRock Strategic Funds Prospectus for details, including risk factors.

The Netherlands: The risk indicator shown on this document refers to the [X] share class of the Fund. Higher or lower risk may apply to the other share classes of the Fund. BlackRock Global Funds ("BGF") is a UCITS (icbe) as defined in section 1:1 Financial Markets Supervision Act (Wet op het financieel toezicht; "FMSA"). BGF and its sub funds are listed in the register as defined in section 1:107 FMSA. Please refer to the Key Investor Information Document (essentiële beleggersinformatie; "EBI") for further information about BGF and its sub-funds. The prospectus and EBI of BGF and its sub funds are available on BlackRock's website www.BlackRock.nl. All financial investments contain a certain risk. The value of the assets managed by BGF and its sub-funds may greatly fluctuate as a result of the investment policy and your initial investment is not guaranteed.

Norway: The prospectus and KIID are available at BlackRock (Netherlands) B.V..

Poland: BGF has been registered on the official list of the Financial Supervision Commission (Komisja Nadzoru Finansowego) for distribution in Poland. Paying agent in Poland is Bank Handlowy w Warszawie SA, ul. Senatorska 16, 00-950 Warsaw,Poland.

Spain and Portugal: Certain funds mentioned here are registered for distribution in Spain. Additionally, certain funds are registered for distribution in Portugal. In Spain, BlackRock Global Funds (BGF) is registered with the number 140 in the Comisión Nacional del Mercado de Valores de España (CNMV) and the Prospectus for each registered fund has been registered with the CNMV. In Portugal, certain share classes of certain BGF funds are registered with the Comissão do Mercado de Valores Mobiliários (CMVM) and the Prospectus for each registered fund has been registered with the CMVM.

Singapore: In Singapore, this information is issued by BlackRock (Singapore) Limited (company registration number: 200010143N) for use only by institutional investors as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore and should not be relied upon by or redistributed to any other persons in Singapore. The above warnings and fund specific risks are explained in greater detail in in the current Prospectus and you should read them before investing.

Switzerland: The BlackRock Global Funds (BGF) Fund as named on Page 1, is domiciled in Luxembourg. BlackRock Asset Management Schweiz AG, Bahnhofstrasse 39, CH-8001 Zurich, is the Swiss Representative and State Street Bank International

GmbH, Munich, Zurich Branch, Beethovenstrasse 19, CH-8002 Zurich, the Swiss Paying Agent. The Prospectus, Key Investor Information Document, the Articles of Incorporation, the latest and any previous annual and semi-annual reports are available free of charge from the Swiss Representative. Investors should read the fund specific risks in the Key Investor Information Document and the Prospectus.

Sweden: The prospectus and KIID are available at BlackRock (Netherlands) B.V., Stockholm branch, Norrlandsgatan 16, 111 43 Stockholm, Sweden. Investors should read the KIID before making an investment decision.

BlackRock Global Funds (BGF) is an open-ended investment company established and domiciled in Luxembourg which is available for sale in certain jurisdictions only. BGF is not available for sale in the U.S. or to U.S. persons. Product information concerning BGF should not be published in the U.S. BlackRock Investment Management (UK) Limited is the Principal Distributor of BGF. Subscriptions in BGF are valid only if made on the basis of the current Prospectus, the most recent financial reports and the Key Investor Information Document, which are available on our website. Prospectuses, Key Investor Information Documents and application forms may not be available to investors in certain jurisdictions where the Fund in question has not been authorised.

Any research in this document has been procured and may have been acted on by BlackRock for its own purpose. The results of such research are being made available only incidentally. The views expressed do not constitute investment or any other advice and are subject to change. They do not necessarily reflect the views of any company in the BlackRock Group or any part thereof and no assurances are made as to their accuracy.

This document is for information purposes only and does not constitute an offer or invitation to anyone to invest in any BlackRock funds and has not been prepared in connection with any such offer.

© 2019 BlackRock, Inc. All Rights reserved. BLACKROCK, BLACKROCK SOLUTIONS, iSHARES, BUILD ON BLACKROCK, SO WHAT DO I DO WITH MY MONEY are registered and unregistered trademarks of BlackRock, Inc. or its subsidiaries in the United States and elsewhere. All other trademarks are those of their respective owners.