

BlackRock[®] Thinking tactically about Cash

Standard VNAV funds may appeal to investors who are:

- managing Core Cash which has a slightly longer investment horizon (3+ months), but who still need short term liquidity (T+1)
- constructing laddered portfolios to help mitigate the liquidity drag
- looking for a low volatility strategy that seeks additional yield return
- de-risking in the wake of volatile markets

In the current climate of low or negative interest rates globally, seeking liquidity whilst achieving enhanced yield returns isn't easy. The combination of increased regulation in the sector and low or negative yields have put a high price on liquidity.

Segmenting your cash

We believe that the most effective liquidity strategies select a specific investment solution for each cash segment; Operational Cash, Core Cash and Strategic Cash.

This process of segmenting, or laddering, your cash can help to navigate the new liquidity environment and strike the right balance between liquidity needs and potential return.



Making your Core Cash work harder

Core Cash has the ability to seek enhanced returns through its slightly longer investment horizon over operational cash balances that need daily liquidity.

A Standard Variable Net Asset Value (VNAV) money market fund has the potential to fulfil these needs. Structurally designed as an incremental step out of prime money market funds, Standard VNAVs offset a degree of liquidity in exchange for potentially enhanced returns, by extending duration and slightly broadening the credit guidelines.

There is no guarantee that a positive investment outcome will be achieved.

Capital at risk. The value of investments and the income from them can fall as well as rise and are not guaranteed. The investor may not get back the amount originally invested.

Key features: BlackRock ICS Ultra Short Bond Funds



BlackRock ICS Ultra Short Bond Funds principles:

3 currencies

Euro, Sterling, US Dollar

AAf rated

AAf rated by S&P with a S1+ volatility rating

Minimum short-term rating:
A-2/P-2/F2

Low volatility

Seeks to enhance returns through a 3+ month investment horizon with low volatility of principal

T+1 access

Managed with high levels of liquidity, offering investors T+1 access

The BlackRock ICS Ultra Short Bond Funds (USBF) are managed as part of our ICS Money Market Fund range and are defined by ESMA as standard VNAV funds. This is a reflection of our safety first approach and in response to demand from clients for a low volatility, enhanced cash plus strategy to enable strategic portioning of cash.

Fund objective: to generate income and a reasonable degree of liquidity consistent with low volatility of principal, through the maintenance of a portfolio of high quality money market and fixed income instruments, including floating rate securities. Money invested in the Funds is not protected or guaranteed.

Potential for increased return

- Ability to invest in longer-dated investments out to 2 years, switching out some liquidity in exchange for potentially enhanced return.
- Suggested investment horizon of at least 3+ months, which allows for the investment strategy to be executed and enables investors to realise the potential for enhanced returns, although returns cannot be guaranteed. We suggest the 1 year cumulative total return as an appropriate measure for performance.
- Flexibility to invest in issuers rated A-2/P-2/F2
- Total return portfolio that is based on a Mark to Market NAV; performance should be looked at as return rather than yield terms
- Invests in the same assets as the BlackRock ICS Liquidity Funds, whilst additionally being able to invest for a longer duration and with lower credit.

A focus on low volatility of capital

- High credit quality portfolio (Aaf rated by S&P, S1+volatility rating).
- Built to manage volatility when credit spreads move.
- Diversified portfolio investing in a broad range of transferable securities.
- Benefits from BlackRock's exhaustive credit review process; securities are only purchased from the internal 'approved list' set for our Cash process.

The credit ratings of the funds were solicited and financed by BlackRock.

A money market fund (MMF) is not a guaranteed investment vehicle. An investment in MMFs is different from an investment in deposits; the principal invested in an MMF is capable of fluctuation and the risk of loss of the principal is to be borne by the investor. The MMF does not rely on external support for guaranteeing the liquidity of the MMF or stabilising the NAV per share.

For Professional Client and Qualified Investors Only

Investment guidelines

Detailed below are the investment guidelines for the Ultra Short Bond Funds.

Criteria	BlackRock ICS Ultra Short Bond Fund Guidelines
Fund Rating	Aaf/S1 (S&P)
Credit quality within fund	Minimum Short Term Rating: A-2/P-2/F2 Minimum Long Term Rating: <1-year final maturity BBB+/ Baa1/BBB+ >1-year final maturity A-/A3/A- (S&P/Moody's/Fitch)
Eligible Investments	Time Deposits (TD) Reverse Repurchase Agreements (Repo) Certificates of Deposit (CD) Commercial Paper (CP) Asset-backed Commercial Paper (ABCP) Floating Rate Notes (FRN) Eurobonds/Bonds MMF shares Derivatives – CCY hedging* Asset Backed Securities**
Maximum WAM (effective duration)	0.5 years
Maximum WAL (spread duration)	1 year
Daily minimum liquidity requirements	7.50%
Weekly minimum liquidity requirements	15%
Liquidity fees and redemption gates	Although fees and or gates are not prescribed for VNAV funds as part of the European Money Market Fund Reform text, they are included within the Prospectus under current UCITS rules.
Asset Valuation	Daily Mark to Market
Pricing (dealing NAV)	Four decimal places (eg 100.0000)

* Not permitted in other BlackRock ICS Short Term Money Market Fund Guidelines.
Non-base currency exposure capped to a maximum of 25% of value of NAV.

** Not permitted in other BlackRock ICS Short Term Money Market Fund Guidelines.

Why BlackRock Cash Management?

- **Risk Management:** our in house proprietary risk systems help us ensure all risks are appropriately scaled.
- **Scale:** our ability to accommodate investors' flows – both large and small, across product types – and our access to market is a direct result of our scaled platform. We manage \$666.0 billion in global liquidity assets across multiple currencies, including \$10.3 billion in the ICS Ultra Short Bond Funds.
- **Technology:** our integrated technology helps us create bespoke client solutions and enables ease of access.
- **Expertise:** we strive to deliver consistent and robust risk-adjusted returns over varying market cycles. The average experience of our portfolio management team is 17 years.

There is no guarantee that a positive investment outcome will be achieved. Where \$ is used, this refers to USD.
Data as of 31 December, 2020.

For Professional Client and Qualified Investors Only

Risks

Capital at risk. The value of investments and the income from them can fall as well as rise and are not guaranteed. You may not get back the amount originally invested.

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.

Changes in the rates of exchange between currencies may cause the value of investments to diminish or increase. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Levels and basis of taxation may change from time to time.

ICS Fund-Specific Risks

The indicator is based on historical data and may not be a reliable indication of the future risk profile of the Fund. The risk category shown is not guaranteed and may change over time. The lowest category does not mean risk free. The Fund is rated one due to the nature of its investments which include the risks listed below. These factors may impact the value of the Fund's investments or expose the Fund to losses.

Standard Money Market Funds do not generally experience extreme price variations. Changes in interest rates will impact the Fund. Levels of credit risk are affected by longer weighted average maturity and weighted average life of the Fund.

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. **Credit Risk:** The issuer of a financial asset held within the Fund may not pay income or repay capital to the Fund when due. **Accumulating Share Class Risk** (Accumulating and Accumulating TO Share Classes): On any day where the net return (i.e. return less costs and expenses) of the Fund is negative an Accumulating Share Class of the fund will see a decrease in the NAV per Share.

Important information

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The Fund is a UCITS (icbe) as defined in section 1:1 Financial Markets Supervision Act (Wet op het financieel toezicht; 'FMSA'). The Fund 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 the Fund and its sub funds.

The prospectus and EBI of the Fund 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 the Fund and its sub funds may greatly fluctuate as a result of the investment policy and your initial investment is not guaranteed.

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