

Fixed income fund yields

Which yield will you actually earn?

The Securities and Exchange Commission (“SEC”) requires each fixed income mutual fund to report the 30-day SEC Yield to investors when showing performance. However, it also permits other yields to be reported¹, each of which consider different components in their calculations. When contemplating your fixed income fund investments, it’s important to understand the differences between each of these reported yields:

Different yields consider different components in their calculations

30-day SEC Yield

This is a standard calculation of yield introduced by the SEC in order to provide fairer comparison among funds. This yield reflects the **interest earned after deducting the fund's expenses** during the most recent 30-day period by the average investor in the fund. This yield can be both subsidized and unsubsidized. Unsubsidized yield represents what a fund's 30-Day SEC Yield would have been had no fee waiver or expense reimbursement been in place over the period.

30-day Yield

This is calculated by taking the fund's last 30 days of income dividend per share, **including realized gains or other forms of income**, dividing by 30 and multiplying by 365 for an annualized figure. It is shown as a percentage of the fund's current net asset value (NAV) per share. This yield is also known as the **“Effective Yield.”** This yield can be subsidized and unsubsidized.

Investors could see a divergence between a fund’s 30-Day Yield and its 30-Day SEC Yield when the current market price of portfolio holdings moves away from the purchase price of those holdings. As security market prices increase, a fund’s gross income for purposes of the 30-Day SEC Yield calculation could decrease, so that the 30-Day Yield is higher than the 30-Day SEC Yield. The 30-Day SEC Yield could be negative if a fund’s expense ratio exceeds the net 30-Day SEC Yield.

The Effective Yield is the yield an investor will earn on their investment if they had been invested during that period.

The current low rate environment has put downward pressure on fixed income fund yields. At BlackRock, we seek to preserve the stability of our clients’ assets, provide access to their liquidity and generate competitive yields. We actively monitor all aspects of our funds, including the yields, and continually endeavor to make the best decisions possible on behalf of our clients against prevailing market conditions.

¹ The yields reported are provided in accordance with the requirements of the SEC.

Questions? We are here to help, please contact your relationship manager to learn more.

Want to know more?

blackrock.com/cash | cashmgmt@blackrock.com | **800-441-7450**

This material is provided for informational purposes only and does not constitute a solicitation in any jurisdiction in which such solicitation is unlawful or to any person to whom it is unlawful. Moreover, it neither constitutes an offer to enter into an investment agreement with the recipient of this document nor an invitation to respond to it by making an offer to enter into an investment agreement.

This material is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. The opinions expressed are as of December 2020 and may change as subsequent conditions vary. The information and opinions contained in this material are derived from proprietary and nonproprietary sources deemed by BlackRock to be reliable, are not necessarily all-inclusive and are not guaranteed as to accuracy. There is no guarantee that any forecasts made will come to pass. Any investments named within this material may not necessarily be held in any accounts managed by BlackRock. Reliance upon information in this material is at the sole discretion of the reader.

Prepared by BlackRock Investments, LLC, member FINRA.

©2020 BlackRock, Inc. All rights reserved. BLACKROCK, is a trademark of BlackRock, Inc., or its subsidiaries in the United States and elsewhere. All other marks are the property of their respective owners.

BlackRock