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Cash market commentary

BlackRock

Q4 2023

Global macroeconomic outlook

In Q4 2023, the economic environment in Europe, the UK, and the US displayed resilience amidst evolving monetary strategies and diverse regional economic scenarios.

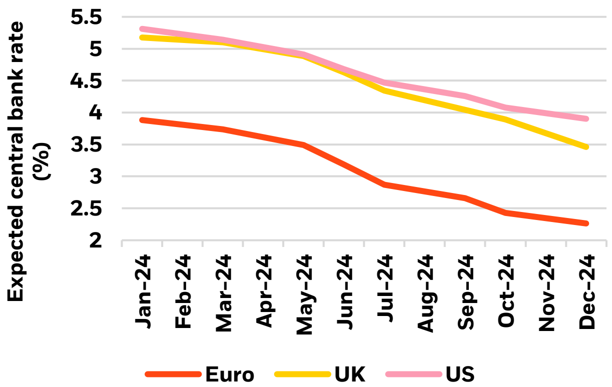
The global economy demonstrated overall strength, although some regions were impacted by the aggressive policies of central banks. While inflation rates were decreasing, a return to normal levels was expected to be a gradual process.

The US Federal Reserve (Fed), the Bank of England (BoE), and the European Central Bank (ECB), among other key central banks, were nearing the end of their strict policy phases. It was expected that they would maintain interest rates for several periods before starting a slow reduction phase. Europe's growth was comparatively lower than that of the US, partly because European households had less savings to offset the impact of high inflation.

The expected change in monetary policy, moving from prolonged high-interest rates to potential rate reductions, significantly influenced the end of 2023. As a result, there was a noticeable decrease in government bond yields in major economies such as the US, UK, and Europe.

The Fed has signalled its intention to lower its key rate to around 3.75% by the end of 2024, with a further decrease to around 3% by the end of 2026 before rising again.

Chart 1: Global central bank expectations



Economists forecast that the ECB will begin reducing interest rates from March 2024. This is due to the expected decrease in borrowing costs caused by a decline in inflation rates (refer to Chart 1).

Both the ECB and the BoE are adjusting their monetary policies in response to the changing economic conditions, particularly in relation to inflation rates and economic growth. The exact timing and extent of the rate cuts will depend on the evolution of economic indicators throughout the year.

Resilient economic landscape in late 2023

Europe, UK, and US show cautious optimism amidst monetary transitions

Inflation and monetary policies

Gradual transition anticipated as central banks maintain rates

Global economic robustness amidst shifting monetary policies

Expected monetary policy changes for 2024, including rate cuts

Source: BlackRock's opinion using Bloomberg data as of 29 December 2023. The opinions expressed are as of 29 December 2023 and are subject to change at any time due to changes in market or economic conditions. For illustrative purposes only. There is no guarantee that any forecasts made will come to pass.

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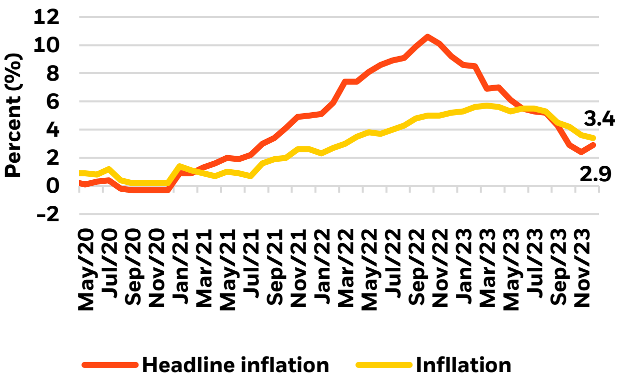
European Market Overview

In Q4 2023, there was a notable decrease in inflation, along with signs of economic stability or a slight recovery. As a result, market expectations for rate cuts increased and advanced rapidly. The Eurozone's annual inflation rate went up to 2.9% in December 2023, up from 2.4% in November.

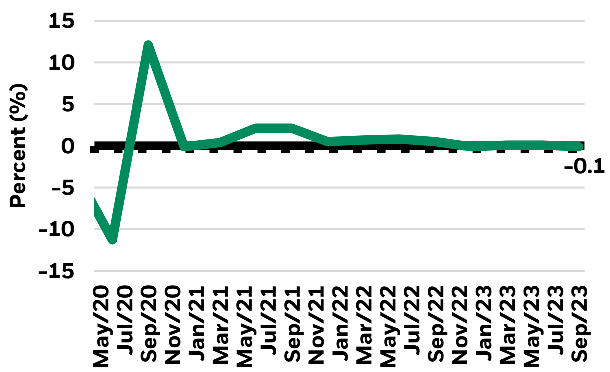
In December, the core Consumer Price Inflation (CPI), which excludes volatile items such as food and energy, dropped to 3.4%, the lowest level since April 2022. These figures indicate a significant reduction in inflationary pressures in the region.

Chart 2: Euro area – Inflation



In Q3 2023, the Euro area's Gross Domestic Product (GDP) contracted slightly by 0.1%, following a modest 0.1% increase in the second quarter. The revised GDP growth projections for 2023 are now at 0.6%, which is further expected to decrease to 0.8% in 2024, with a stable projection of 1.5% for 2025. This revision reflects the impact of tight financing conditions, a tightening in credit supply conditions, and their effects on investments and consumption.

Chart 3: Euro area growth – GDP – QoQ*



*Quarter over quarter.

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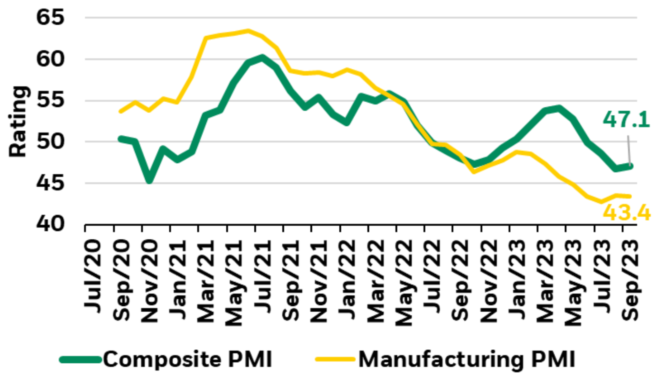
In December 2023, the Eurozone PMI was revised slightly from the initial estimate of 47.0 to 47.6. However, this revision still indicates that the Eurozone economy is contracting. Both the Manufacturing Output and Services Business Activity PMIs remain below the 50 mark, suggesting economic contraction.

Chart 4: Euro area – PMI– QoQ***



In December 2023, the ECB decided to maintain its existing monetary policy stance, keeping the key interest rates unchanged. The rates for main refinancing operations, marginal lending facility, and deposit facility remained at 4.50%, 4.75%, and 4.00% respectively.

The ECB's decision was based on the belief that the current interest rates, if maintained for a sufficient duration, will substantially contribute to achieving its 2% medium-term inflation target. The ECB's decision was influenced by the expectation that inflation, despite decreasing in recent months, is likely to decline gradually and approach the 2% target by 2025. Underlying inflation has eased, but domestic price pressures remain high, primarily due to strong growth in unit labour costs. The ECB predicts subdued economic growth in the near term but expects recovery due to rising real incomes and improving foreign demand.

The European yield metrics have shown a decrease in the 3-month, 6-month, and 12-month Euro short-term rate (ESTER) rates compared to the previous month, concluding November at 3.87%, 3.68%, and 3.21%. This represents a decrease of 3.4, 14.7 and 35.3 bps, respectively.

**:PMI stands for Purchasing Managers' Indexes. PMI is an economic indicator that is derived from monthly surveys of private sector companies. An index level above 50 indicates an improvement in manufacturing activity, while an index level below 50 indicates a decline.

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Probability of rate hike implied in the Overnight Index Swap (OIS) curve

Meeting date	Implied effective rate change priced in bps	Implied effective rate in %
Jan-24	-1.8	3.88
Mar-24	-16.1	3.736
Apr-24	-40.9	3.489
Jun-24	-71.2	3.186
Jul-24	-103.1	2.867
Sep-24	-123.9	2.659
Oct-24	-147.2	2.426
Dec-24	-163.5	2.263

Rates	29 December 2023	29 September 2023
Overnight repurchase agreement (Repo) Rates	**3.30% - 3.75%**	**3.60% - 3.70%**
Overnight Deposit Rates	**3.85% - 3.90%**	**3.80% - 3.92%**
3-month indicative Euro Commercial Paper (ECP) level	**3.85% - 4.00%**	**3.80% - 4.00%**
1-year indicative ECP level	**3.35% - 3.50%**	**3.95% - 4.25%**

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Strategy for the Institutional Cash Series (ICS)

BlackRock ICS Euro Government Liquidity Fund

Short-Term Public Debt Constant NAV (CNAV) Fund

Due to the rise in interest rates, government bills are currently trading at extremely high prices compared to the repo market. We had previously added some bills over the turn in the third quarter, but with repo rates expected to moderate by the end of the year, we were reluctant to add further duration at yield-dilutive levels. As a result, the weighted average maturity (WAM) on the fund decreased steadily throughout the quarter, dropping from 14 to 6 days. Moving forward, we are cautious about a potential selloff in rates, but given that the ECB is unlikely to hike further, we are open to adding duration where we can outperform repo levels.

BlackRock ICS Euro Liquidity Fund/ BlackRock ICS Euro Liquid Environmentally Aware Fund (LEAF)

Short-Term Low Volatility NAV (LVNAV) Fund/
Short-Term Variable NAV (ST VNAV) Fund

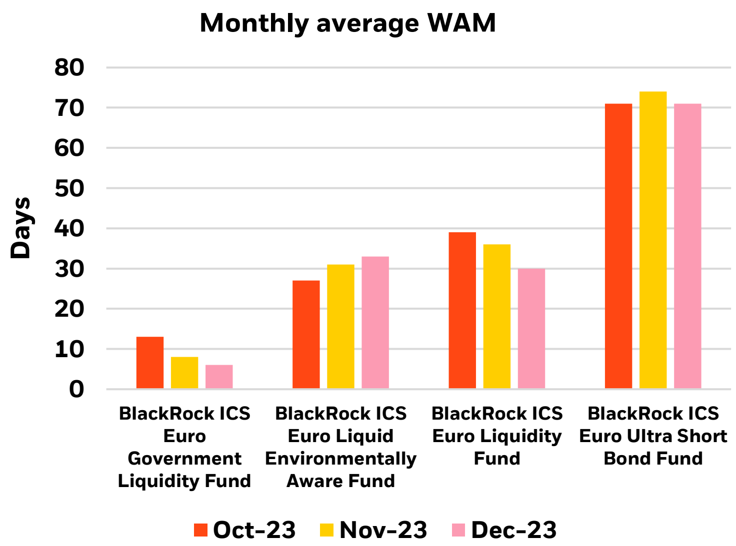
We were focused on closing out the year by targeting trades over the turn and increasing our allocation to government securities. As a result, the WAM decreased steadily throughout the period, reaching 30 days by the end of the quarter. Despite the rates rally, sparked by a sharp fall in inflation, we remained unconvinced that the pace and scale of rate cuts were appropriate. Therefore, we were reluctant to buy duration at ever lower levels. We instead focused on maintaining liquidity in the face of rising geopolitical tensions and the risk of a sell-off from these levels, by maintaining weekly liquidity at 50%. Looking ahead to the first quarter of 2024, our focus will be on redeploying the cash from year-end maturities while maintaining ample liquidity to cover any outflows that may arise. We continue to remain wary of the possibility of a sell-off in rates, particularly in the short end. Therefore, we will be looking to maintain WAMs in the 30-40 day range. We also remain cognizant of the elevated geopolitical risks and will continue to target weekly liquidity at 50%.

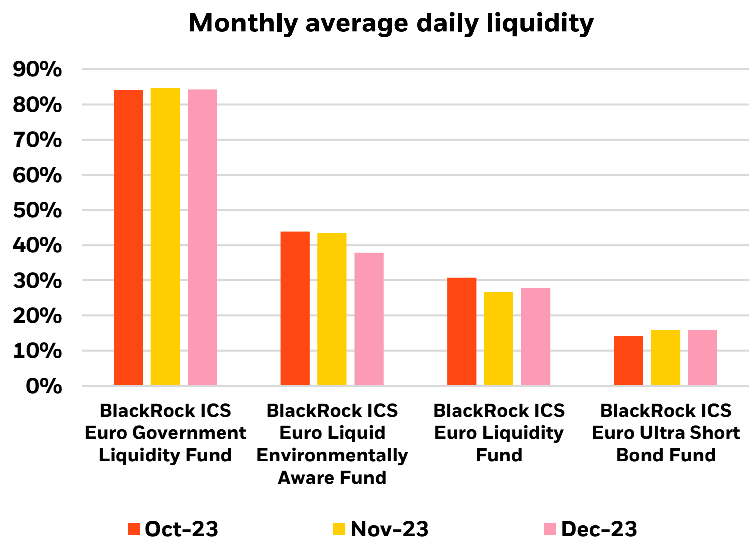
BlackRock ICS Euro Ultra Short Bond Fund

Standard Variable NAV (VNAV) Fund

During the fourth quarter, we maintained our duration between 0.2-0.25 year and invested in several new 2-year Euro floating rate notes (FRN). By the end of December, the fund's duration was at 0.19 year and its spread duration was at 0.69 year. Both the duration and credit exposure significantly contributed to the fund's performance during this quarter. In case of market downturns, we are prepared to increase the duration. We also plan to increase our A2/P2 Euro commercial paper exposure as the supply re-enters the market.

Furthermore, we will continue to acquire more Floating Rate Notes due to their favourable spread compared to the 3-month Euribor.





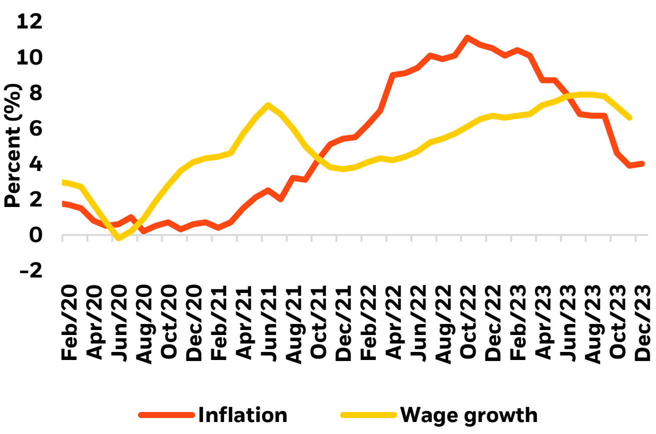
Source: BlackRock as of 29 December 2023.
A Money Market Fund (MMF) is not a guaranteed investment vehicle. An investment in MMFs is different from an investment in deposits, the principal invested in an MMF is capable of fluctuation and the risk of loss of the principal is to be borne by the investor. The MMF does not rely on external support for guaranteeing the liquidity of the MMF or stabilising the Net Asset Value (NAV) per share.

Sterling Market Overview

Although the peak of inflation seems to be behind, a significant portion of the impact of monetary policy has yet to be realized, continuing to put downward pressure on economic growth.

In the 12 months leading up to November 2023, CPI decreased by 3.9%. This represents a decrease from the 4.6% recorded in October and a significant drop from its recent peak of 11.1% in October 2022.

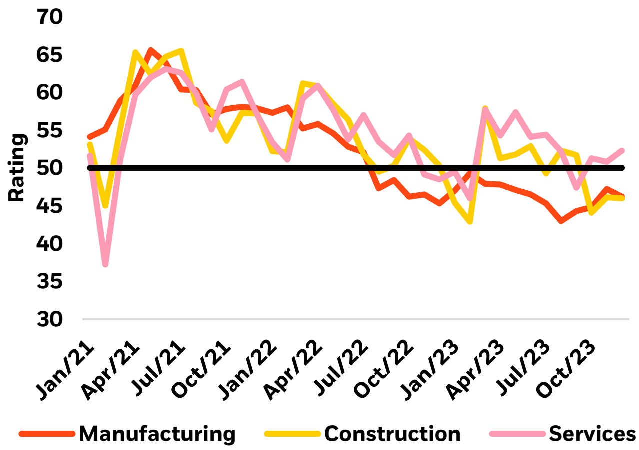
Chart 5: Inflation



In December 2023, the UK services sector grew faster than expected with Services PMI climbing to 53.4, surpassing both the November figure of 50.9 and the preliminary estimate of 52.7. This marks the second consecutive month of expansion, which is a positive sign compared to the contractionary trend observed in the Eurozone. The growth can be attributed to an increase in new orders, indicating a resurgence in consumer demand, particularly in the financial services and technology sectors. However, the sector also experienced higher input cost inflation since August, which led to subdued hiring and higher output charges. Despite ongoing challenges such as cost-of-living pressures, tighter household budgets, and the BoE's restrictive policy stance, optimism regarding business conditions for the coming year reached a seven-month high.

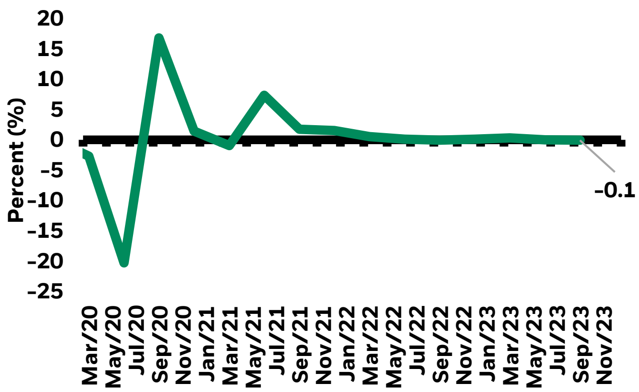
On the other hand, the S&P Global UK Manufacturing PMI registered a figure of 46.2 in December 2023, which was slightly lower than the preliminary estimate of 46.4 and marked a decline from the previous month's seven-month high of 47.2. The manufacturing production continued to decline for the tenth consecutive month, primarily influenced by downturns in the consumer and intermediate goods sub-industries.

Chart 6: PMI



According to the latest estimates, monthly GDP fell by 0.3% in October 2023, after growing by 0.2% in September 2023. The GDP growth for Q3 2023 was -0.1%, indicating a slight contraction.

Chart 7: UK growth: GDP – QoQ*



In Q4, the Monetary Policy Committee (MPC) decided to keep the Bank Rate at 5.25%, citing various economic factors. The MPC acknowledged that the current monetary policy was restrictive, given the significant increase in the Bank Rate since the start of the tightening cycle. The Committee aimed to monitor ongoing inflationary pressures and the economy's strength. They anticipated a rapid decline in CPI inflation and expected it to stand at around 4.75% in Q4 2023, 4.5% in the first quarter of 2024, and 3.75% in the second quarter of 2024. The MPC's ultimate objective was to sustainably bring inflation back to the 2% target.

Projections suggested a return to this target by the end of 2025. The Committee also mentioned that monetary policy might need to be restrictive for a prolonged period and that further tightening might be necessary if signs of more enduring inflationary pressures emerged.

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Probability of rate hike implied in the OIS curve

Meeting date	Implied rate change priced in bps	Implied rate in %
Feb-24	-1.2	5.175
Mar-24	-8.5	5.101
May-24	-29.9	4.887
Jun-24	-55.9	4.628
Aug-24	-84.2	4.345
Sep-24	-114.4	4.043
Nov-24	-129.5	3.891
Dec-24	-172.4	3.462

Rates	29 December 2023	29 September 2023
Overnight Repo Rates	**5.16% - 5.22%**	**5.15% - 5.21%**
Overnight Deposit Rates	**5.15% - 5.23%**	**5.14% - 5.20%**
3-month Core Treasury Bills	**5.29%**	**5.34%**
1-year indicative ECP level	**5.00% - 5.15%**	**5.65% - 5.85%**

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Strategy for the Institutional Cash Series (ICS)

BlackRock ICS Sterling Government Liquidity Fund

Short-Term Public Debt Constant NAV (CNAV) Fund

We chose to be cautious with our investments by holding a large portion of our funds in short-dated repo. During the quarter, we added 1-month, 3-month, and 6-month Bills when we noticed a significant increase in Repo rates. The pricing of Bills during the quarter was volatile, as it fluctuated in response to data releases and the Fiscal stimulus that was announced by the Chancellor in the Autumn Statement. In November, the DMO announced that it had revised its Bill target for the 2023/24 financial year end. The target balance was reduced from £75 billion to £65 billion. However, this change did not have a significant impact on the Bill market, as the DMO can issue Bills for cash management purposes, and the total at the end of March each year can differ from the official budget target.

BlackRock ICS Sterling Liquidity Fund/ BlackRock ICS Sterling Liquid Environmentally Aware Fund (LEAF)

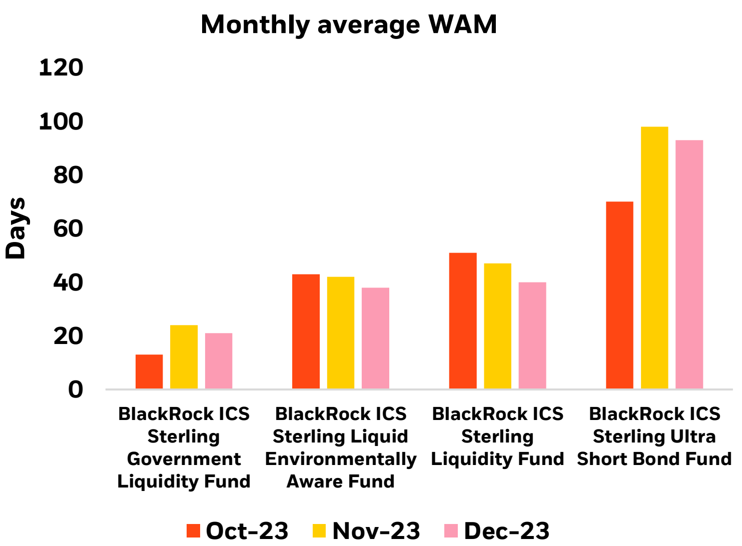
Short-Term Low Volatility NAV (LVNAV) Fund/
Short-Term Variable NAV (ST VNAV) Fund

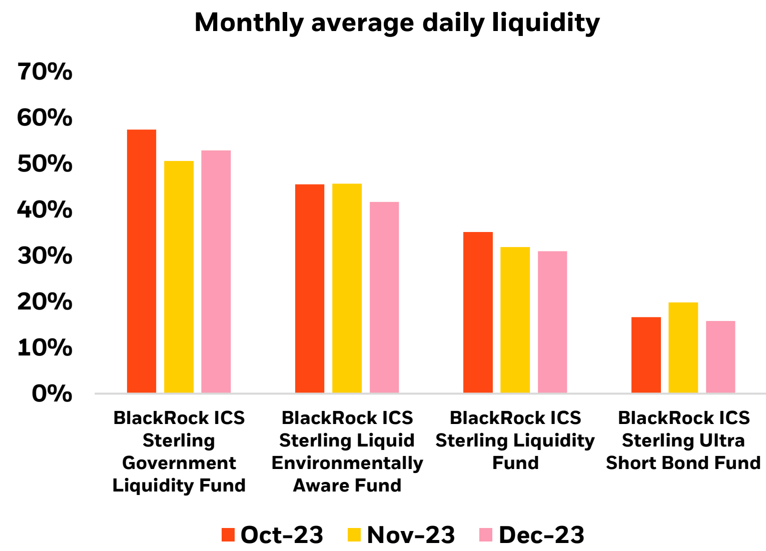
During Q4, the BoE's strategy was centred around the question of whether it was at a turning point after keeping the Bank Rate unchanged in September. Initially, there was an 80% market expectation of a 25 bps rate hike by Q1 2024, which later shifted to rate cuts by December 2024 due to the Middle East events. This led to a cautious approach with increased liquidity and short-term investments. Anticipating the end of the rate hiking cycle, the duration was extended ahead of the November MPC meeting. Although the MPC hinted at possible rate hikes, the market still expected around 50 bps points of cuts by December 2024. A "soft" WAM target of 50 days was maintained, with careful monitoring of the volatile market and rate cut expectations. Towards the end of the year, the focus shifted to liquidity due to uncertain client flows, and investments beyond 6 months were avoided. After the December MPC meeting, unexpected inflation data led to a further shift in rate cut expectations to 145 bps by December 2024. Investments were concentrated in the 3 to 6-month range, considering various uncertainties for 2024.

BlackRock ICS Sterling Ultra Short Bond Fund

Standard Variable NAV (VNAV) Fund

We have been running a long-duration position since the end of October and we believe that the BoE could cut interest rates sometime around mid-2024. Recently, we have been adding duration on market pullbacks, focussing on the middle part of the money market curve. We believe that adding 6-month maturity trades help us to maintain a long-duration position while we limit the duration risk, especially facing a series of risks this year. (UK and US election, geopolitical risks with a war in the Middle East, and recent Houthis attacks on commercial ships in the Red Sea). These risks could - once again - disrupt supply chains and reignite inflation. The duration of the fund increased from 0.22 at the end of September to 0.27 year at the end of December.





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Dollar Market Overview

The focus has shifted in the US market as the Fed has reached terminal rates and investors await a potential easing.

In Q4, there was a gradual and interconnected shift in the U.S. financial landscape regarding monetary policy, market dynamics and Treasury activities.

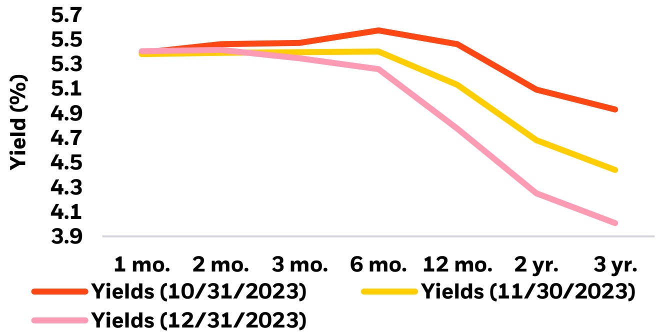
In October, there was a growing inclination among policymakers to pause interest rate hikes, as indicated by the minutes from the September Federal Open Market Committee (FOMC) meeting. This sentiment suggested a possible break in the tightening cycle in November, signalling the first consecutive pause. During this period, there were increased geopolitical tensions and a decline in market expectations for a year-end rate hike from 50% to 25%. At the same time, the U.S. Treasury escalated the issuance of Treasury securities, with a significant rise in both bill and coupon issuance, marked by a spike in the Secured Overnight Financing Rate (SOFR).

In November, the FOMC meeting maintained the federal funds rate at 5.25%-5.50%, reflecting a dovish shift in the committee's stance. This was in line with slowing U.S. manufacturing and employment data, leading to a substantial bond market rally under the belief that the steady rate might signify the end of the aggressive tightening cycle. Despite another $200 billion increase in Treasury bill issuance, strong demand in the money fund complex absorbed this supply without significantly impacting yield levels.

In December, the FOMC held the rate steady for the third consecutive meeting. The updated economic projections suggested a more pronounced pace of rate cuts by the end of 2024, influencing a rally in longer-term fixed-rate securities and further inversion of the yield curve. The Treasury's rate of bill issuance slowed down compared to previous months, signalling a shift in pace.

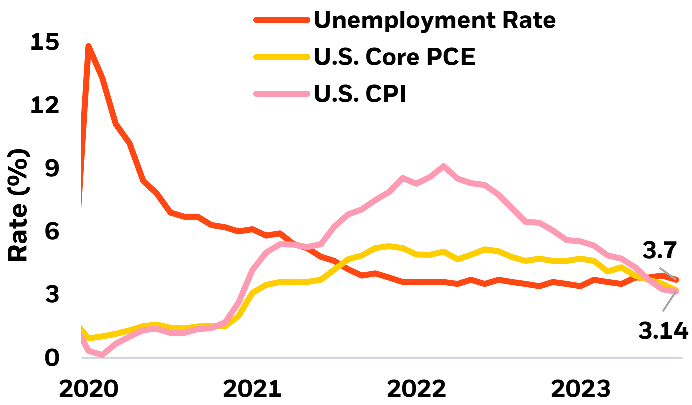
Market expectations of a more accommodative monetary policy in 2024 have led to a decrease in Treasury yields.

Chart 8: Treasury yields



Although the overall inflation rate is decreasing, the core inflation rate, which excludes items that are prone to fluctuation such as food and energy, continues to remain high and surpasses the Fed's target levels. This persistent core inflation is partly due to the continuous growth in wages within the service sector. In terms of headline inflation, as demonstrated by the CPI, there has been a small rise of 0.1% on a seasonally adjusted basis, following a stable rate in October. Over the past year, the all-items index has increased by 3.1% before seasonal adjustment, which is consistent with the predictions made by economists.

Chart 9: Inflation and unemployment rate



The US jobs report for December has shown impressive results, exceeding expectations. Non-farm payroll additions amounted to 216,000, which was higher than the predicted 175,000. The private sector also saw a significant increase of 164,000 jobs, surpassing the forecasted 130,000.

Despite expectations of the unemployment rate rising to 3.8%, it remained steady at 3.7%. Moreover, wage growth was stronger than anticipated, with a month-on-month increase of 0.4% and a year-on-year rise of 4.1%, surpassing the predicted figures of 0.3% and 3.9%, respectively. (Chart 9)

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Probability of rate hike implied in the OIS curve

Meeting date	Implied rate change priced in bps	Implied rate in %
Jan-24	-1.5	5.313
Mar-24	-18.5	5.143
May-24	-41.5	4.913
Jun-24	-64.9	4.679
Jul-24	-86	4.468
Sep-24	-107.1	4.257
Nov-24	-125	4.078
Dec-24	-142.7	3.901

Rates	29 December 2023	29 September 2023
Overnight repo rates	5.30% - 5.33%	5.26% - 5.33%
Overnight deposit rates	5.26% - 5.30%	5.26% - 5.33%
3-month core treasury bills	5.36%	5.31%
1-year indicative ECP level	5.00% - 5.20%	5.75% - 6.05%

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Strategy for the Institutional Cash Series (ICS)

BlackRock ICS US Treasury Fund

Short-Term Public Debt Constant NAV (CNAV) Fund

In Q4, we adjusted our investment strategy in response to the changing conditions in the market. In October, we increased our exposure to repurchase agreements (repo) to improve yield and liquidity. In November, we extended the duration of our portfolio due to sustained demand for money funds. In December, we shifted to a barbell strategy, anticipating a more relaxed monetary policy. This involved reducing our repo exposure and favouring longer-term fixed-rate securities. These changes were aimed at adapting to the evolving economic dynamics and maintaining a favourable composition of our portfolio.

BlackRock ICS US Dollar Liquidity Fund/ BlackRock ICS US Dollar Liquid Environmentally Aware Fund (LEAF)

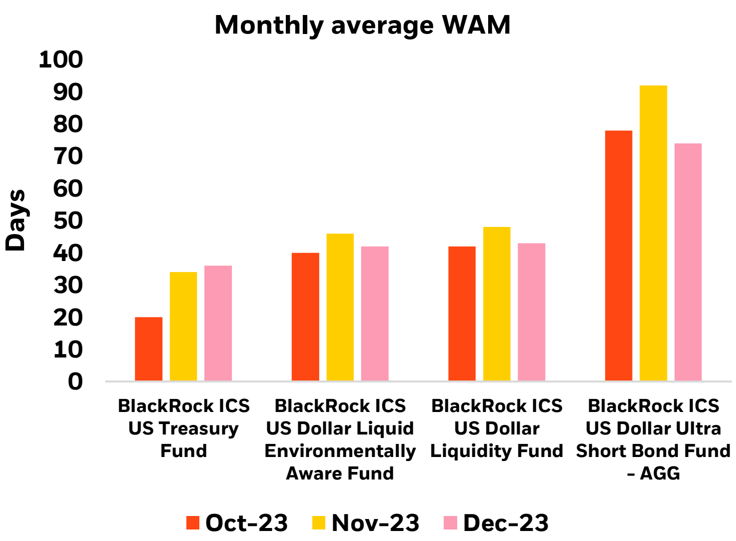
Short-Term Low Volatility NAV (LVNAV) Fund/
Short-Term Variable NAV (ST VNAV) Fund

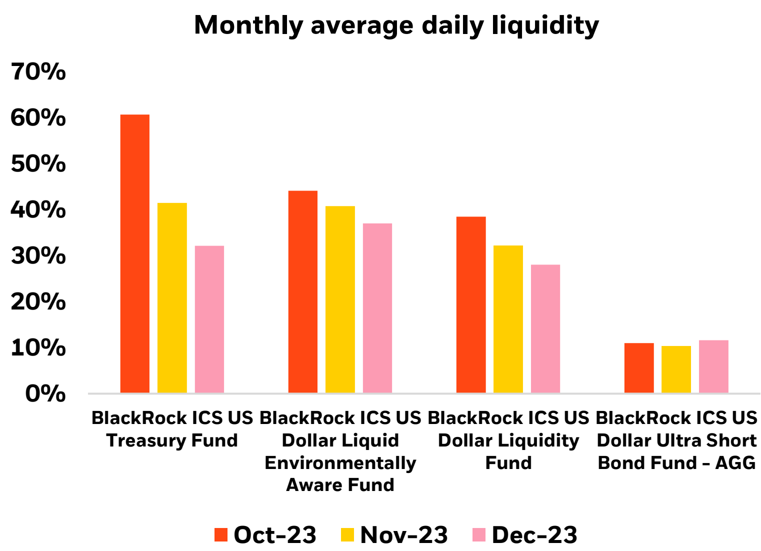
In Q4, we focused on opportunities for investing in longer-dated fixed-rate securities. We noticed signs that the Federal Funds rate has peaked in this cycle, at around 5.25-5.50%. As a result, we invested largely in tenors of six months or longer. However, we also looked at investments extending into early 2024, to position ourselves for year-end. As a result, our exposure to floating rate securities decreased. Nonetheless, we continued to see opportunities in some variable rate securities out to six months, given the market's optimism regarding the timing of any rate cuts in early 2024. From a credit perspective, we increased our focus on higher quality securities, including sovereign and agency investments. These appeared attractive from a relative value and liquidity perspective. Overall, we maintained a weighted average maturity (WAM) close to 45 days, with strong levels of liquidity to accommodate any market uncertainty.

BlackRock ICS US Dollar Ultra Short Bond Fund

Standard Variable NAV (VNAV) Fund

In Q4, most of the investments were made for periods of six months or longer. However, we found shorter-term tier two investments with maturities up to three months to be attractive from a carry perspective. As a result, we reduced our exposure to floating-rate securities. Nevertheless, since the market appeared optimistic about the timing of any rate cuts in early 2024, we still saw opportunities in some variable-rate securities. In terms of credit, we increased our bias towards higher quality securities, especially those that could help us extend the duration of our investments. Overall, the fund's duration remained close to 0.25 year, along with appropriate levels of liquidity to accommodate market flows in this uncertain environment.





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For Italian investors: BlackRock: This document is marketing material: Before investing please read the Prospectus and the PRIIPs KID available on www.blackrock.com/it, which contain a summary of investors' rights.

Investors should refer to the prospectus or offering documentation for the fund's full list of risks.

Risks

Capital at risk: The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors 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.

Specific Fund Risks

Applicable to BlackRock ICS Euro Government Liquidity Fund

Accumulating share class risk: 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.

Credit Risk: The issuer of a financial asset held within the Fund may not pay income or repay capital to the Fund when due.

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.

Short Term Money Market Funds: Short Term Money Market Funds do not generally experience extreme price variations. Changes in interest rates will impact the Fund.

Applicable to BlackRock ICS Euro Liquidity Fund and BlackRock ICS Sterling Liquidity Fund

Accumulating share class risk: 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.

The Fund seeks to exclude companies engaging in certain activities inconsistent with ESG criteria. Investors should therefore make a personal ethical assessment of the Fund's ESG screening prior to investing in the Fund. Such ESG screening may adversely affect the value of the Fund's investments compared to a fund without such screening.

Credit Risk: The issuer of a financial asset held within the Fund may not pay income or repay capital to the Fund when due.

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.

Short Term Money Market Funds: Short Term Money Market Funds do not generally experience extreme price variations. Changes in interest rates will impact the Fund.

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Applicable to BlackRock ICS Euro Ultra Short Bond Fund

Accumulating share class risk: 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.

The Fund seeks to exclude companies engaging in certain activities inconsistent with ESG criteria. Investors should therefore make a personal ethical assessment of the Fund's ESG screening prior to investing in the Fund. Such ESG screening may adversely affect the value of the Fund's investments compared to a fund without such screening.

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.

Money Market Funds: 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.

Applicable to BlackRock ICS Sterling Government Liquidity Fund

Accumulating share class risk: 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.

Concentration Risk: Investment risk is concentrated in specific sectors, countries, currencies or companies. This means the Fund is more sensitive to any localized economic, market, political, sustainability-related or regulatory events.

Credit Risk: The issuer of a financial asset held within the Fund may not pay income or repay capital to the Fund when due.

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.

Short Term Money Market Funds: Short Term Money Market Funds do not generally experience extreme price variations. Changes in interest rates will impact the Fund.

Applicable to BlackRock ICS Sterling Ultra Bond Fund and BlackRock ICS US Dollar Ultra Short Bond Fund

Accumulating share class risk: 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.

The Fund seeks to exclude companies engaging in certain activities inconsistent with ESG criteria. Investors should therefore make a personal ethical assessment of the Fund's ESG screening prior to investing in the Fund. Such ESG screening may adversely affect the value of the Fund's investments compared to a fund without such screening.

Credit Risk: The issuer of a financial asset held within the Fund may not pay income or repay capital to the Fund when due.

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.

Money Market Funds: 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.

Applicable to BlackRock ICS US Treasury Fund

Accumulating share class risk: 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.

The Fund seeks to exclude companies engaging in certain activities inconsistent with ESG criteria. Investors should therefore make a personal ethical assessment of the Fund's ESG screening prior to investing in the Fund. Such ESG screening may adversely affect the value of the Fund's investments compared to a fund without such screening.

Credit Risk: The issuer of a financial asset held within the Fund may not pay income or repay capital to the Fund when due.

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.

Concentration Risk: Investment risk is concentrated in specific sectors, countries, currencies or companies or because the Fund has only a small number of investments. This means the Fund is more sensitive to any localized economic, market, political or regulatory events. Concentrated investment exposure by the Fund could magnify the other risks to which the Fund is exposed.

Money Market Funds: 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.

Risks

Applicable to BlackRock ICS US Dollar Liquidity Fund

Accumulating share class risk: 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.

The Fund seeks to exclude companies engaging in certain activities inconsistent with ESG criteria. Investors should therefore make a personal ethical assessment of the Fund's ESG screening prior to investing in the Fund. Such ESG screening may adversely affect the value of the Fund's investments compared to a fund without such screening.

Credit Risk: The issuer of a financial asset held within the Fund may not pay income or repay capital to the Fund when due.

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.

Money Market Funds: 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.

Applicable to BlackRock ICS Euro LEAF, BlackRock ICS Sterling LEAF and BlackRock ICS US Dollar LEAF

Accumulating share class risk: 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.

Credit Risk: The issuer of a financial asset held within the Fund may not pay income or repay capital to the Fund when due.

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.

Short Term Money Market Funds: Short Term Money Market Funds do not generally experience extreme price variations. Changes in interest rates will impact the Fund.

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Institutional Cash Series ICS (Institutional Liquidity Funds or ILF)

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