

FOR PROFESSIONAL CLIENTS AND
QUALIFIED INVESTORS ONLY



BLACKROCK®

BlackRock Style Advantage Fund

A sub-fund of BlackRock Strategic Funds

Investing in proven style factors for absolute returns

As market and policy cycles fall out of sync with each other and there are valuation headwinds for both equities and fixed income, investors require consistent, innovative sources of positive absolute return with a low correlation to traditional assets.

The BlackRock Style Advantage Fund brings together style factors - broad, persistent drivers of return well-recognised in academia and practice - within a cost-effective, liquid alternatives framework. The Fund invests in a diverse set of long/short style strategies including Value, Carry, Momentum, Quality and Low Volatility as the styles of this fund across multiple asset classes. Quality and Low Volatility used to be combined in a single 'defensive'-style bucket but we have separated these to ensure clarity. This change does not affect the management of the Fund. Investors in this Fund should understand that the Fund is not guaranteed to produce a positive return and as an absolute return product, performance may not move in line with general market trends or fully benefit from a positive market environment. The Manager employs a risk management process to oversee and manage derivative exposure within the Fund. Our Portfolio Management team focuses on efficient trade execution and risk management using the application of BlackRock technology. While proprietary technology platforms may help manage risk, risk cannot be eliminated.

Reasons to invest

1 Market neutrality and instant diversification

A one-stop solution for investing in style factors that exhibit a low correlation to one another within and across asset classes, and can offer diversification benefits to traditional stock/bond portfolios constructed with the aim of addressing extreme market environments.

RISK: Diversification and asset allocation may not fully protect investors from market risk.

2 Cost-efficient, liquid and transparent

The Fund is optimised to minimise transaction costs and each style exposure is implemented using a clearly defined, transparent process; the Fund only invests in liquid securities.

RISK: There can be no guarantee that the investment strategy can be successful and the value of investments may go down as well as up.

3 Benefits from an absolute return investment style

The Fund aims to deliver absolute returns and manage volatility by capturing exposure to a broad set of style factors. This blend means that the Fund has a lower correlation with traditional asset classes, and can provide investors with access to a wide range of investments.

RISK: Investors considering this Fund should understand that the Fund is not guaranteed to produce a positive return and as an absolute return product, performance may not move in line with general market trends or fully benefit from a positive market environment. The Manager employs a risk management process to oversee and manage derivative exposure within the Fund.



\$208.3bn

2,500+

15+ years

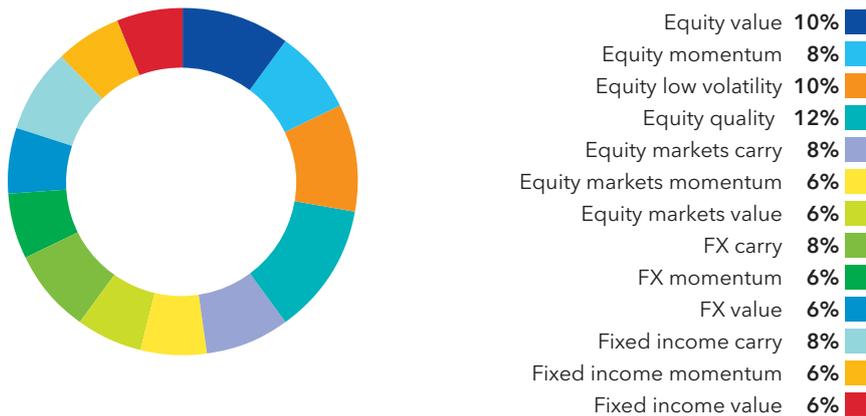
In Smart Beta and Enhanced
Factor Strategies

Individual securities

Industry experience on
average in the Factor Based
Strategies Group

Source: BlackRock, as at 30 June 2018.

Hypothetical portfolio risk allocation



Source: Fund Portfolio risk allocation as at 30 June 2018.

Figures may not equal 100% due to rounding. **Past performance is not a reliable indicator of current or future results.** There can be no guarantee that the investment strategy will be successful and the value of your investment may go down as well as up. Hypothetical portfolio as at 30 June 2018. Tilts away from initial equal weighting of factors are based on our quantitative assessment of attractiveness of factors based on decades of experience running style factor portfolios and understanding their returns, risks and the environments in which they perform best, and when they tend to underperform, using a learning algorithm that up-weights factors with the highest realised performance, lowest tail risk and best performance in a bad economic environment. We believe this algorithmic approach allows us to exploit useful information from historical experience.

Who should consider this fund?



The Fund could appeal to investors looking to:

- Add an uncorrelated, diversifying source of return to a portfolio.
- Improve the risk/return profile of their more traditional portfolios.
- Achieve consistent returns through the market cycle.

Why BSF Style Advantage?



- **Draws on experience:** BlackRock has a wealth of experience in systematic and factor-oriented investing; today we manage approximately \$208.3bn in Smart Beta and Enhanced Factor Strategies.¹
- **Tried and tested:** Style factors have been used by long-only active fund managers for decades. What is new is the way in which funds such as BSF Style Advantage Fund are able to systematically capture and combine exposure to these factors across multiple asset classes.
- **Efficient:** The Fund benefits from the breadth of BlackRock's investment platform and the ability to net off trading costs within the portfolio.

¹ Source: BlackRock, as at 30 June 2018.

Risks

Capital at risk. All financial investments involve an element of risk. Therefore, the value of the investment and the income from it will vary and the initial investment amount cannot be 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.

Fund-specific risks

Exchange rate risk: Overseas investment will be affected by movements in currency exchange rates.

Capital growth/income variation: Investors in this Fund should understand that capital growth is not a priority and values may fluctuate and the level of income may vary from time to time and is not guaranteed.

Structured credit products: The Fund may invest in structured credit products such as asset-backed securities ('ABS') which pool together mortgages and other debts into single or multiple series credit products which are then passed on to investors, normally in return for interest payments based on the cash flows from the underlying assets. These securities have similar characteristics to corporate bonds but carry greater risk as the details of the underlying loans is unknown, although loans with similar terms are typically packaged together. The stability of returns from ABS are not only dependent on changes in interest rates but also changes in the repayments of the underlying loans as a result of changes in economic conditions or the circumstances of the holder of the loan. These securities can therefore be more sensitive to economic events, may be subject to severe price movements and can be more difficult and/or more expensive to sell in difficult markets.

Risk to capital growth through distributions: The Fund may make distributions from capital as well as income or pursue certain investment strategies in order to generate income. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital and the potential for long-term capital growth.

Risk to capital growth through use of derivatives (covered calls): The Fund may use derivatives to aim to generate more income. This may reduce the potential for capital growth.

Interest rate risk: The Fund invests in fixed interest securities such as corporate or government bonds which pay a fixed or variable rate of interest (also known as the 'coupon') and behave similarly to a loan. These securities are therefore exposed to changes in interest rates which will affect the value of any securities held.

Credit risk: Government Bonds - Fixed income securities issued by governments can be affected by the perceived stability of the country concerned and proposed or actual credit rating downgrades. Corporate Bonds - The Fund invests in fixed interest securities issued by companies. There is a risk of default where the issuing company may not pay income or repay capital to the Fund when due.

Hedging risk (for hedged share classes only): The Fund will attempt to reduce (or 'hedge') the risk of currency movements between the Base Currency and the currency in which some or all of the underlying investments are transacted. Depending on the exchange rates, this may have a positive or negative impact on the performance of the Fund. The hedging strategy employed will not completely eliminate the exposure of the Fund to movements between the Base Currency and these other currencies.

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Netherlands: The risk indicator shown on this document refers to the A2 share class of the Fund. Higher or lower risk may apply to the other share classes of the Fund.

Issued in the Netherlands by the Amsterdam branch office of BlackRock Investment Management (UK) Limited: Amstelplein 1, 1096 HA Amsterdam, Tel: 020 - 549 5200.

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Want to know more?



blackrock.com
blackrock.nl



investor.services@blackrock.com
benelux@blackrock.com



+44 (0)20 7743 3300
+31 (0)20 5495 200

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