

BlackRock®

The Portfolio of the Future

A spotlight on portfolio trends

An essential series of guides to effective portfolio construction

EDITION
05.

Meeting a higher performance bar: blending systematic and fundamental alpha strategies

- **The benefits of static factor and beta allocations in multi-asset portfolios have reduced**, thanks to weakening stock-bond correlations, sticky inflation and elevated volatility.
- **Structural shifts – such as digital disruption and AI, geopolitical fragmentation and the energy transition – are creating dispersion** and therefore increasing opportunities for skilled fundamental active managers to deliver long-term outperformance, leveraging deep insights and high-conviction perspectives.
- **However, higher benchmark deviations and active risk can limit allocations** to skilled fundamental strategies and spur more risk-sensitive investors to favour broad static beta.
- **Systematic active strategies can complement fundamental allocations** by providing scale, breadth and data-driven precision within defined risk limits at moderate levels of alpha, offering an uplift to benchmarks.
- **Systematic and fundamental strategies are largely uncorrelated, exploiting different inefficiencies.** Blending them could broaden alpha sources within a target tracking-error budget, creating a more diversified alpha engine that combines judgement with rigour to meet the higher performance bar in today's complex market.

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A higher performance bar for portfolios demands innovative implementation to ensure robust alpha generation, through both fundamental and systematic active strategies

Opportunity to diversify alpha generation

Market and macro volatility, persistent inflation and elevated rates have resulted in lower risk-adjusted expected returns for broad market exposures. Meanwhile, structural trends, such as digital disruption and AI, geopolitical fragmentation and the energy transition, have continued to drive performance dispersion across countries, sectors and companies. BlackRock Investment Institute (BII) research shows that static market factors are increasingly creating a drag on the median manager, and skilled active managers who have succeeded in managing these factors have delivered even more alpha in recent years than pre-pandemic (see figure 1). In previous editions, we discussed the benefits of becoming more dynamic and selective with beta, while blending with high-performing alpha managers in an environment that is more conducive to security selection, factor timing and active management. We believe diversifying alpha sources by allocating to skilled active managers across both fundamental and systematic strategies can help achieve more consistent portfolio outcomes.

Fundamental active strategies are built on rigorous company-level and macroeconomic analysis. Skilled managers assess a broad set of qualitative and quantitative factors – including financials, valuations, industry dynamics, governance, and economic context – to form high-conviction views. This depth of research enables them to identify unique alpha opportunities, adapt to new information and construct portfolios shaped by judgement and experience, with the potential to deliver long-term outperformance versus benchmarks. However, the higher benchmark deviations and active risk often associated with such alpha strategies (see figure 7) can limit higher allocations, leading more risk-sensitive investors to default back to broad static beta.

Systematic strategies, in contrast, blend human ingenuity with the power of big data and machine learning to interpret and act on real-time data, across a much broader universe of investments and signals than fundamental analysts would usually cover. Successful strategies systematically integrate traditional and alternative data and employ a clearly defined, repeatable and consistent approach, at controlled active risk levels. The systematic investment process helps mitigate biases in decision-making, ensuring disciplined and objective investment strategies that have the potential to deliver consistent alpha at moderate levels.

When combined, high-performing fundamental and systematic strategies could offer a more holistic and resilient alpha generation approach, at target levels of active risk. Each style complements the other through broadly uncorrelated alpha generation streams (see figure 2).

A long-term multi-strategy approach could also enable better adaptability. In environments dominated by factor trends, systematic strategies may outperform; in markets driven by stock-specific events or regime shifts, fundamental investors may add greater value. Integrating both ensures that portfolios remain balanced and capable of navigating a wider range of market conditions over the long term.

The optimal mix of index, systematic and fundamental strategies depends on an investor’s risk tolerance, fee budget and ability to identify and combine skilled active managers. **As data science advances and markets evolve, shifting from static beta exposures toward systematic alpha and higher-alpha fundamental strategies will, we believe, become key to building future-ready portfolios and differentiating total portfolio offerings beyond broad index-based SAA.**

Figure 1: Greater potential alpha on offer
Three-year excess returns of US. equity fund managers, 2010-2025

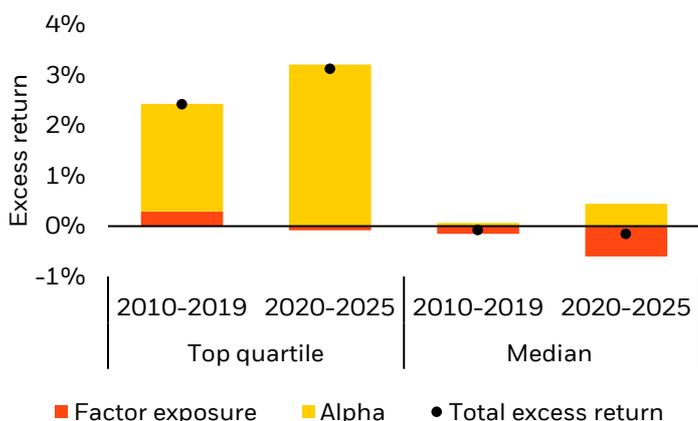
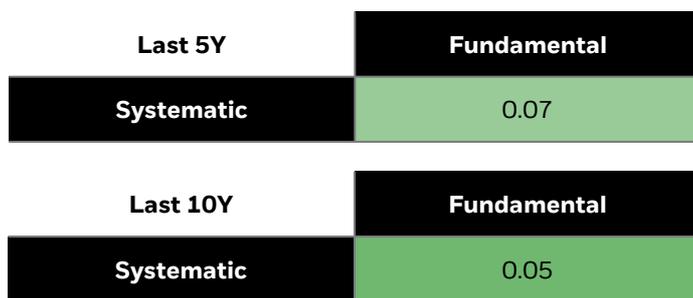


Figure 2: Uncorrelated alpha streams
Correlations of alpha returns of US equity fund managers, last 5 and 10 years



Past performance is not a reliable indicator of future performance. Capital at risk. This information should not be relied upon by the reader as research or investment advice regarding any funds, strategy or security. Source: (Left) BlackRock Investment Institute, with data from eVestment and LSEG Datastream, July 2025. Notes: The chart compares the rolling three-year average excess return (into alpha and factor contribution) between 2010-2019 and 2020-2025 – excluding January-June 2020 to avoid skewing the data with pandemic-era volatility – for both top-quartile and median quartile U.S. large cap equity managers in the eVestment universe. We use regression analysis to estimate the relationship between alpha-seeking manager performance and market conditions. Regression analysis is backward-looking and is only an estimate of the relationship. The future relationship may differ. (Right) BlackRock Manager Research, eVestment, February 2025. Gross returns in EUR.

Key benefits of blending systematic and fundamental alpha strategies

1. Diversified alpha across asset classes...

Blending fundamental and systematic strategies offers a powerful way to uplift broad static beta exposures and diversify and enhance alpha generation. These strategies tend to exploit different market inefficiencies, creating largely uncorrelated alpha streams.

We illustrate this idea across asset classes leveraging representative BlackRock systematic active strategies and corresponding peer groups of top-quartile fundamental active managers, as ranked by Morningstar. We see both management styles in core asset classes, such as US equity and US dollar corporate credit, delivering returns in excess of the market benchmark that are virtually uncorrelated, enabling differentiated alpha generation through effective active manager blending in the portfolio, for investors who can successfully identify those highly skilled managers.

Figure 3: Excess correlations vs MSCI USA Index

	US Equity Fundamental Peer Group
BlackRock US Equity Enhanced Systematic Strategy	0.08

Figure 4: Excess correlations vs BBG US IG Index

	USD Corporate Bond Fundamental Peer Group
BlackRock USD Corp Bond Enhanced Systematic Strategy	0.15

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. Source: BlackRock, MPI, Morningstar. Time Period: 02/01/ 20 - 30/06/25. Data Frequency: month. Currency: USD. Figures for the BlackRock systematic strategies are based on composites of funds run by the systematic team: the BlackRock Systematic Active Russell 1000 Enhanced Composite, and the BlackRock Systematic Enhanced Investment Grade Composite. See pages titled “Composite Performance” in the Appendix for GIPS compliant data related to these composites. All historical fund performance is net. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. Indices used: MSCI USA Index, and Bloomberg US IG Index respectively. For more information on the composition of the fundamental peer groups please see Appendix, Note 1.

2. ...could help boost information ratios

We group highly skilled alpha-seeking managers into two categories: those delivering high long-term alpha and those delivering high long-term information ratios (IR). The IR measures risk-adjusted returns by dividing active return (portfolio minus benchmark) by active risk (volatility of active return).

Skilled fundamental strategies often generate higher alpha but typically come with higher active risk. By contrast, top-performing, core, style-neutral systematic strategies tend to deliver stronger IR, producing steady, repeatable alpha at more modest levels, within defined risk limits, offering an uplift and enhancing static beta.

Blending the two styles can expand the use of alpha-seeking managers in the portfolio for investors who are more sensitive to active risk, and improve potential long-run, risk-adjusted portfolio excess returns, as illustrated in figure 5.

Figure 5: Improving information ratios in World equity versus MSCI World Index by blending systematic and fundamental active strategies

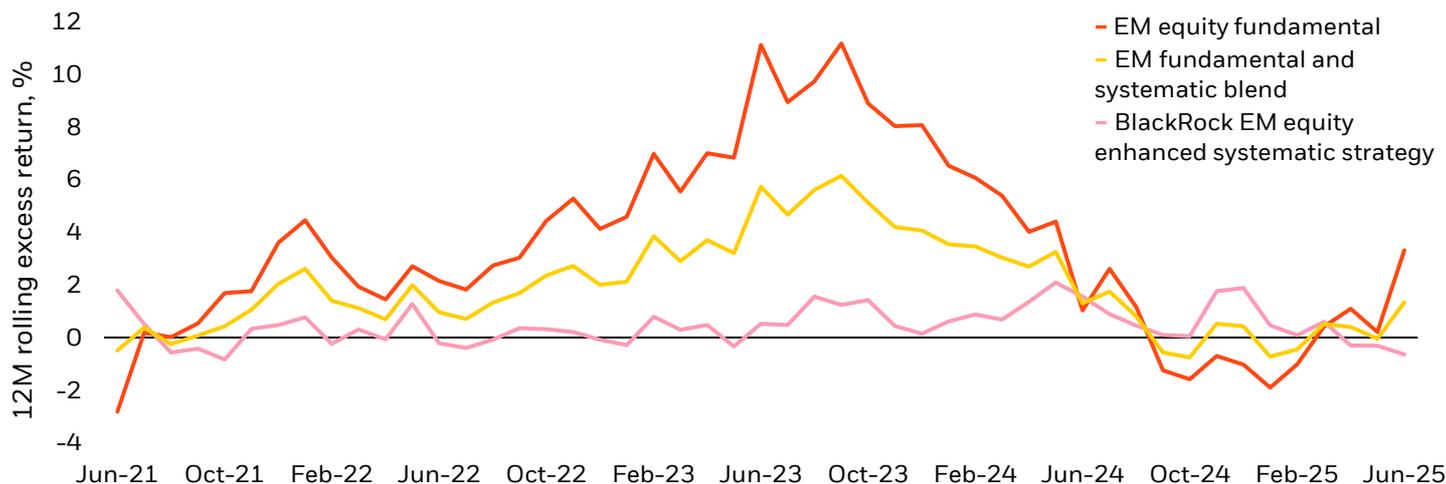
	Excess Ann. Return, %	Excess Ann. Std Dev, %	Info. Ratio
World equity fundamental peer group	1.7	3.0	0.6
BlackRock World equity enhanced systematic strategy	1.3	0.9	1.4
World equity fundamental and systematic blend	1.5	1.7	0.9

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. Source: BlackRock, MPI, Morningstar. Time Period: 01/07/ 20 - 30/06/25. Data Frequency: month. Currency: USD. Figures for the BlackRock systematic strategy are based on composites of funds run by the systematic team: the BlackRock Systematic Active MSCI World Enhanced Composite, see pages titled “Composite Performance” in the Appendix for GIPS compliant data related to this composite. All historical fund performance is net. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. For more information on the composition of the fundamental peer group please see Appendix, Note 2.

3. ...and bring more consistency over the long run

Blending fundamental and systematic strategies could also lead to more stable returns across time. Each style tends to outperform under different conditions—systematic models often thrive in momentum-driven or volatile environments, while fundamental insights add value during inflection points or structurally driven markets. Combining both could help offset short-term style-specific underperformance, providing an overall less ‘bumpy’ performance experience, as illustrated in figure 6. Emerging market style blends such as the BlackRock EM equity enhanced systematic strategy below, could exhibit lower volatility and greater stability than single-style approaches, as the diversification of fundamental and systematic strategies could reduce exposure to any one market regime. We see this integration as not only a potential way to mitigate downside risk, but also to enhance long-term portfolio alpha persistence.

Figure 6: Blending EM active equity fundamental and systematic strategies – 12-month rolling excess returns versus MSCI EM Index



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. Source: BlackRock, MPI, Morningstar. Time Period: 01/07/20 - 30/06/25. Data Frequency: month. Currency: USD. Figures for the BlackRock systematic strategies are based on composites of funds run by the systematic team: the BlackRock Systematic Active Emerging Markets Alpha Tilts Enhanced Composite. See pages titled “Composite Performance” in the Appendix for GIPS compliant data related to these composites. All historical fund performance is net. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. This information demonstrates, in part, the firm’s Risk/Return analysis. This material is provided for informational purposes only and is not intended to be investment advice or a recommendation to take any particular investment action. For more information on the composition of the fundamental peer group please see Appendix, Note 3.

A ‘whole portfolio’ approach to integrating systematic and fundamental alpha strategies

A whole-portfolio approach to blending systematic and fundamental active strategies relies on identifying skilled managers, combining them effectively to mitigate style biases, and aligning with the client’s fee budget and appetite for active risk.

We illustrate two approaches to blending the two styles of alpha generation:

- A. **Implementing a multi-asset fund of funds** portfolio leveraging index, skilled systematic and fundamental active managers.
- B. **Outsourcing the multi-asset implementation to a skilled active multi-strategy manager** that effectively blends systematic and fundamental alpha signals in their investment approach.

A. Implementing a multi-asset fund of funds

1. As shown in Figure 7, we begin with a simple multi-asset index portfolio – a 60/40 blend of two broad beta exposures, the MSCI USA Index and the Bloomberg U.S. Corporate Investment Grade Index (green dot 1). This starting point has neither active return nor active risk. The objective of blended implementation is to enhance alpha generation at varying levels of active risk relative to this baseline.

2. We then introduce a top-quartile, fundamental-only active 60/40 portfolio (purple dot 2). The dotted line between the two portfolios represents the efficient frontier of combinations.

The fundamental-only portfolio historically delivered 2.2% annualised excess return versus the index portfolio, with 4.3% annualised active risk. For investors seeking to maximise alpha – and who can access skilled managers and accept higher active risk within fee and risk budgets – this portfolio illustrates the potential outcome.

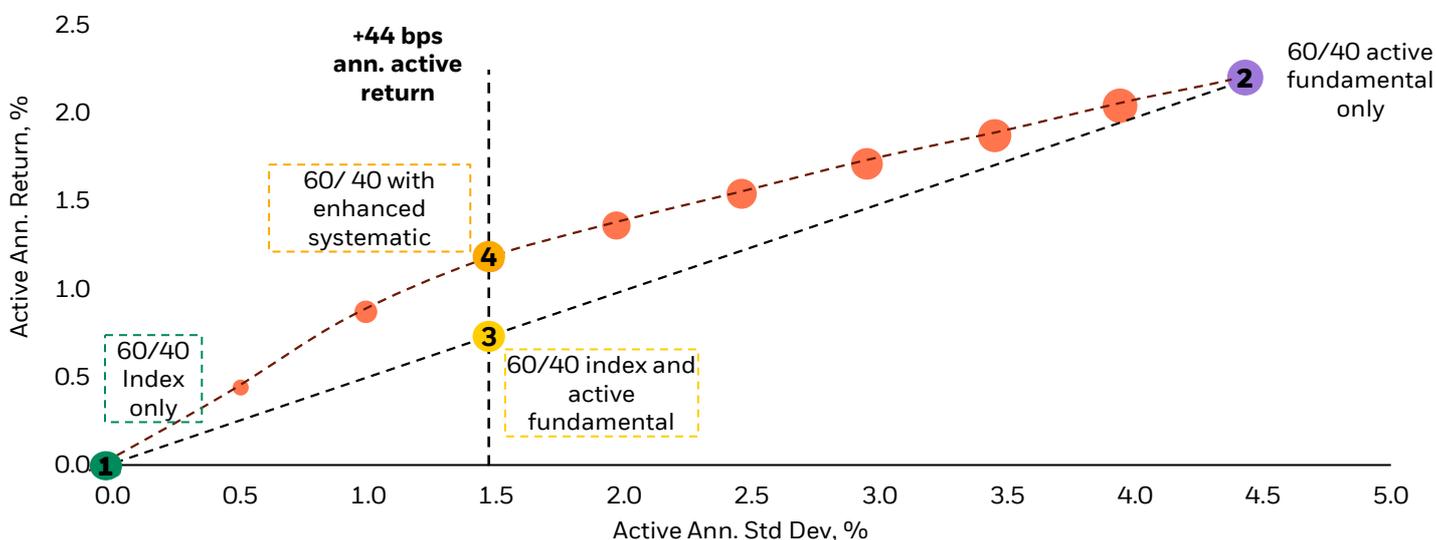
For investors with lower active risk budgets, we highlight two alternatives:

3. A blended 60/40 index-fundamental portfolio, with 66% of the equity and fixed income sleeves allocated to index, generating 1.2% excess return with 1.5% active risk (yellow dot 3). This illustrates how blending active and index exposures can optimise active risk management.

4. A blended 60/40 systematic and fundamental portfolio, with 85% of the equity and fixed income sleeves allocated to systematic strategies (orange dot 4). This delivers an additional 44bps of excess return compared to portfolio 3, but at the same active risk level. This outcome represents one point along a broader efficient frontier of systematic-fundamental blends (red dots, size of dots reflective of alpha potential), which can enhance risk-adjusted alpha.

This demonstrates how a multi-asset whole-portfolio blending of systematic and fundamental strategies can improve portfolio outcomes across different active risk levels, offering a path beyond broad beta.

Figure 7: Fund of funds multi-asset implementation: blending systematic and fundamental active funds



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. Source: BlackRock, MPI, Morningstar. Time Period: 08/01/ 2020- 31/07/2025. Data Frequency: month. Currency: USD. Figures for the BlackRock systematic strategies are based on composites of funds run by the systematic team: the BlackRock Systematic Active Russell 1000 Enhanced Composite, and the BlackRock Systematic Enhanced Investment Grade Composite. See pages titled “Composite Performance” in the Appendix for GIPS compliant data related to these composites. All historical fund performance is net. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. For more information on the composition of the portfolios please see Appendix, Note 4.

B. Outsourcing the multi-asset implementation to a skilled active multi-strategy manager

For clients looking for an integrated, all-in-one multi-asset solution, the BlackRock Global Allocation Fund offers an effective core building block. Markets evolve continuously, requiring incremental adjustments as underlying assumptions shift and are tested for validity. The Global Allocation (GA) process is designed to balance structure with flexibility, enabling assumptions to be formulated, challenged and refined into a cohesive, portfolio-wide investment approach. This philosophy extends beyond direct exposures, shaping the construction and management of the entire portfolio.

Direct exposures and systematic strategies

Within direct exposures, approximately 15% of the GA portfolio is allocated to a proprietary systematic market neutral equity strategy, which sits alongside the fundamental alpha generation investment process. This systematic strategy currently leverages a pool of 48 systematic signals, spanning investment styles such as Sentiment, Value, Quality, Growth at a Reasonable Price (GARP) and Consistency. Baseline large language model (LLM) applications are already in use, while ongoing research is focused on LLM-driven signals, with the expectation of incorporating several new signals in the near term. In addition to direct portfolio contributions, systematic strategies provide broader insights that strengthen the overall investment platform:

- **Data analytics support** – Single-name stock selection is enhanced through the application of alternative data sources – including credit card transactions, web traffic and app usage – via customised dashboards. This process improves the forecasting of fundamentals and stock price movements, with primary application in the consumer and communications sectors and expansion underway across other industries.
- **Macro insights** – Systematic signals are applied to rotation models across countries, sectors and investment styles. These models are tracked and monitored – not directly implemented into the Fund – but serve as tools to facilitate discussion, challenge assumptions and highlight opportunities and risks across the portfolio.
- **Portfolio construction** – When fundamental views are established, systematic inputs are used to assess how these perspectives can be blended into a balanced, diversified portfolio.

Innovation through the IR Learner

The systematic framework has also enabled the development of the IR Learner, a proprietary tool that serves as a differentiator within the platform. Traditional approaches to forecasting future returns often rely on unrealistic assumptions. The IR Learner provides a more refined approach by codifying three key principles:

- Scepticism toward outsized active performance
- Recognition of information-advantage decay as markets arbitrage away insights
- Awareness of regime shifts where certain signals may lose relevance to price movements

This customised methodology has been shown to generate more realistic and adaptive expectations for active performance.

Figure 8: Global Allocation excess correlations

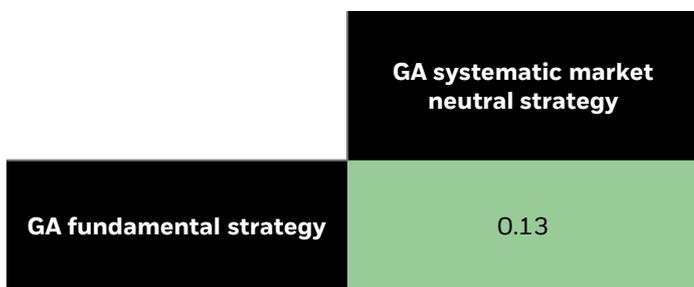
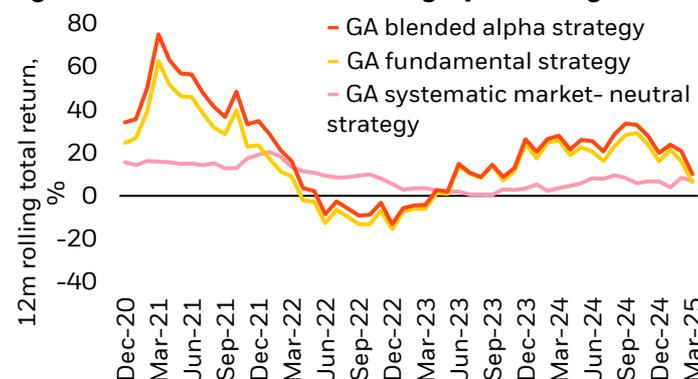


Figure 9: Global Allocation blending alpha strategies



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. Source: BlackRock, MPI. Time Period: 02/01/20 - 30/04/25. Data Frequency: month. Currency: USD. The aggregate performance of the GA model is hypothetical, and the model is formulated with benefit of hindsight, subject to limitations, and the hypothetical performance returns are not meant to represent actual performance or project returns, do not exist and therefore, invariably show positive rates of return, do not reflect the deduction of any fees or expenses that might normally apply. The allocation decisions in the hypothetical were not made under actual market conditions and cannot account for the financial risk. Past hypothetical performance results are not indicative of future returns. This information demonstrates, in part, the firm's Risk/Return analysis. This material is provided for informational purposes only and is not intended to be investment advice or a recommendation to take any particular investment action.

Integrating views into asset allocation: the North Star framework

Portfolio construction ultimately requires synthesising information across the platform into asset allocation decisions tailored to diverse risk profiles.

To achieve this, the **North Star framework** was developed to align systematic and fundamental perspectives with long-term strategic asset allocation (SAA) guidance. Key components include:

- **Global equity forecasts** – Based on forward dividend yield and long-run sales growth, combining trailing five-year reported results with forward three-year projections.
- **Fixed income forecasts** – Derived primarily from prevailing yields.

- **Blending SAA and TAA** – Tactical asset allocation (TAA) views are overlaid on top of long-term SAA, ensuring portfolios remain responsive to near-term opportunities while aligned with enduring strategic objectives.

In summary, the GA process combines structured discipline with adaptive flexibility, integrating systematic and fundamental insights to enhance portfolio construction, risk management and asset allocation. Through effective blending of both alpha generation styles, it delivers a differentiated approach designed to capture long-term opportunities while remaining responsive to evolving market dynamics.

Regardless of the implementation approach, we believe building a portfolio fit for the future should include effective whole portfolio integration of both systematic and fundamental approaches. This can unlock more efficient benchmark outperformance and ensure active exposures are tailored to the portfolio's specific risk and return goals, in order to meet a higher performance bar.

Authors

Marina Evtimova, CAIA

Head of Portfolio Research and Innovation, BlackRock EMEA Investment and Portfolio Solutions

Ursula Marchioni

Head of BlackRock EMEA Investment and Portfolio Solutions

Karm Chedid

Head of BlackRock EMEA Investment and Portfolio Solutions

Contributors

Randy Berkowitz, CFA

Senior Investor and Head of Quantitative Strategies and Research, Global Allocation Team

Andy Nielsen

Lead Product Strategist for International, Global Allocation Team

Adam Riley

Head of BlackRock Systematic International Wealth

Vassiliki Carter

Investment Strategist, BlackRock Systematic Active Equities

Marcus Cave, CFA

Client CIO for Multi-Manager, Multi-Asset Strategies and Solutions

Appendix

GA YOY Performance

	01/20 - 12/20	01/21 - 12/21	01/22 - 12/22	01/23 - 12/23	01/24 - 12/24
GA systematic market neutral strategy	15.7	19.2	5.6	3.5	6.8
GA fundamental strategy	24.6	23.4	-15.5	24.0	16.0
GA blended alpha strategy	34.2	34.7	-13.2	26.2	19.9
GA benchmark	13.4	24.7	-14.7	18.0	15.4

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. Source: BlackRock, MPI. Time Period: 02/01/20 - 30/04/25. Data Frequency: month. Currency: USD. The aggregate performance of the GA model is hypothetical, and the model is formulated with benefit of hindsight, subject to limitations, and the hypothetical performance returns are not meant to represent actual performance or project returns, do not exist and therefore, invariably show positive rates of return, do not reflect the deduction of any fees or expenses that might normally apply. The allocation decisions in the hypothetical were not made under actual market conditions and cannot account for the financial risk. Past hypothetical performance results are not indicative of future returns. This information demonstrates, in part, the firm's Risk/Return analysis. This material is provided for informational purposes only and is not intended to be investment advice or a recommendation to take any particular investment action.

Notes

Past performance is not a reliable indicator of current or future results. This information is not intended as a recommendation to invest in any particular asset class or strategy or as a promise - or even estimate - of future performance.

- Note: US Equity Fundamental Peer Group and USD Corporate Bond Fundamental Peer Group based on Morningstar top quartile ranking 20/08/2020 - 19/08/2025, in the Morningstar EAA Fund US Large-Cap Blend Equity or EAA Fund USD Corporate Bond categories, respectively, for managers with AUM>\$1 billion, Domicile: Lux.
- Note: World Equity Fundamental Peer Group based on Morningstar top ten ranking 20/08/2020 - 19/08/2025, in the EAA Fund Global Large-Cap Blend Equity for managers with AUM>\$1 billion, Domicile: Lux.
- Note: EM Equity Fundamental Peer Group based on Morningstar top ten ranking 20/08/2020-19/08/2025, in the EAA Fund Global Emerging Markets Equity for managers with AUM>\$1 billion, Domicile: Lux.
- Note: Index only portfolio: 60% MSCI USA Index, 40% Bloomberg US IG Index; Fundamental only portfolio: 60% US Equity Fundamental Peer Group, 40% USD Corporate Bond Fundamental Peer Group based on Morningstar top quartile ranking 20/08/2020 - 19/08/2025, in the Morningstar EAA Fund US Large-Cap Blend Equity or EAA Fund USD Corporate Bond categories, respectively, for managers with AUM>\$1 billion, Domicile: Lux. With active systematic portfolios to allocate to also a 60% US Equity and USD Corporate Bond Enhanced Active strategies based on BlackRock representative systematic strategies as of 31/07/2025.

Historical data

BlackRock Systematic Active MSCI World Enhanced Composite

Calendar year	Gross of fee composite return (%)	Net of fee composite return (%)	Benchmark return (%)	Number of portfolios	Composite dispersion (%)	Composite gross 3yr annualised standard deviation (%)	Benchmark 3 yr annualised standard deviation (%)	Composite assets (USD millions)	Firm assets (USD millions)
2015	0.25	0.02	-0.87	3	0.07	10.93	10.80	5,409	4,624,182
2016	7.22	6.98	7.51	3	0.07	11.09	10.92	5,689	4,981,408
2017	26.27	25.98	22.40	3	0.04	10.47	10.23	7,009	6,107,789
2018	-9.07	-9.27	-8.71	3	0.01	10.60	10.38	6,366	5,713,081
2019	28.67	28.38	27.67	6	0.06	11.22	11.14	9,655	7,186,292
2020	16.31	16.05	15.90	9	0.14	18.55	18.27	11,532	8,333,896
2021	23.16	22.88	21.82	5	0.04	17.32	17.06	13,128	9,663,234
2022	-17.25	-17.44	-18.14	5	0.03	20.62	20.43	10,796	8,296,032
2023	26.46	26.20	23.79	4	0.11	16.71	16.75	12,843	9,600,706
2024	19.56	19.29	18.67	4	0.01	16.72	16.65	15,132	11,156,767

Supplemental data

Period ending 31/12/2024	Gross of fee composite annualised return (%)	Net of fee composite annualised return (%)	Benchmark annualised return (%)
1 Year	19.56	19.29	18.67
5 Years	12.38	12.12	11.17
10 Years	11.03	10.77	9.95

The figures shown relate to past performance. Past Performance is not a reliable indicator of future results and should not be the sole factor of consideration when selecting a product or strategy. Benchmark performance returns do not reflect any management fees, transaction costs or expenses. Benchmarks are unmanaged and one cannot invest directly in a benchmark.

Please see the following page for important disclosures related to this composite.

Data shown may be subject to revisions from time to time based on availability of new information. Any such revisions are not material.

The three-year annualised standard deviation measures the variability of the composite gross returns and benchmark returns over the preceding 36-month period.

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BlackRock Systematic Active MSCI World Enhanced Composite

1. For purposes of compliance with the Global Investment Performance Standards (GIPS®), the "firm" refers to the investment adviser and national trust bank subsidiaries of BlackRock, Inc., located globally. This definition excludes: i) BlackRock subsidiaries that do not provide investment advisory or management services, ii) the Absolute Return Strategies (funds-of-hedge-funds) business and Private Markets units under the "Multi Alts Solutions" platform, iii) BlackRock Capital Investment Corporation, LLC, iv) Retail mutual funds and separately managed accounts within BlackRock México Operadora, S.A. de C.V., Sociedad Operadora de Fondos de Inversión. v) Aperio Group, LLC. and vi) BlackRock's illiquid alternatives businesses. BlackRock's illiquid alternatives businesses (including private equity, private debt, infrastructure and physical real estate) have been excluded from the firm definition as of 1 Jan 2023. These exclusions have been made on the basis of an ongoing business realignment at BlackRock that more clearly reflects the differentiated product offerings in private market illiquid product space versus the more traditional public market liquid active/index product space. Further information regarding this update is available upon request.
2. BlackRock claims compliance with the Global investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. BlackRock has been independently verified for the periods 1 January 1993 through 31 December 2023. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. The firm is verified annually by Deloitte & Touche LLP.
3. BlackRock uses a time-weighted linked rate of return formula with adjustments for cash flows to calculate rates of return. Trade date accounting has been used since the inception of the composite. The currency used to calculate performance is US Dollar.
4. The benchmark index shown is the MSCI World Index Net Dividend®.
5. Composite dispersion measures represent the consistency of a firm's composite performance results with respect to the individual portfolio returns within a composite. Dispersion is represented by the asset-weighted standard deviation of only portfolios that have been included in the composite style for a full year. For composites containing only one account, a measure of dispersion is not meaningful (NM).
6. There have been no alterations of the composite due to changes in personnel or other reasons.
7. Gross of fee performance results are presented before management and custodial fees and net of broker fees, transaction costs, and withholding taxes (if applicable). Certain portfolios may have fee waivers or custodial fees included. As of 1 October 2020, net performance reflects the deduction of the highest management fee (model management fee) between the strategy and fund fee schedules (if applicable). Prior to that, net performance reflected the deduction of the highest management fee per the strategy fee schedule. The standard management fee schedule for this strategy for an institutional investor in a pooled fund is as follows: 0.23 of 1% of all assets. Comparable incentive-based fee pricing options are also available. Separate accounts may be charged additional management fees depending on complexity. Additional fees are generally in the range of 2-4 bps.
8. Lists of composite descriptions, limited distribution pooled fund descriptions, and broad distribution pooled funds are available upon request. Policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request.
9. The BlackRock Systematic Active MSCI World Enhanced Composite is comprised of all fully discretionary, institutional equity portfolios which are actively managed and seek to exceed the performance of the MSCI World Index Net Dividend® or similar index while incurring a low level of risk typically less than 1%. The principal risks of the strategy are valuation risk, counterparty credit risk, concentration risk and equity risk. All accounts included in the composite follow a similar investment philosophy. This composite may include separate accounts and pooled funds with multiple investor types which can have different withholding tax rates applied. The creation date of the composite is 1 December 2010. The inception date of the composite is 31 October 2006. As of 1 October 2021, the BlackRock Systematic Active MSCI World Low Risk Composite has been renamed to the BlackRock Systematic Active MSCI World Enhanced Composite. The composite does not have a significant cash flow policy.

Historical data

BlackRock Systematic Active Russell 1000 Enhanced Composite

Calendar year	Gross of fee composite return (%)	Net of fee composite return (%)	Benchmark return (%)	Number of portfolios	Composite dispersion (%)	Composite gross 3yr annualised standard deviation (%)	Benchmark 3 yr annualised standard deviation (%)	Composite assets (USD millions)	Firm assets (USD millions)
2015	0.90	0.71	0.92	1	NM	10.61	10.48	2,512	4,624,182
2016	12.65	12.45	12.05	1	NM	10.90	10.69	1,768	4,981,408
2017	25.04	24.82	21.69	1	NM	10.25	9.97	1,026	6,107,789
2018	-4.17	-4.35	-4.78	1	NM	11.24	10.95	946	5,713,081
2019	30.46	30.22	31.43	1	NM	11.99	12.05	1,232	7,186,292
2020	20.82	20.60	20.96	1	NM	19.03	19.10	1,527	8,333,896
2021	28.30	28.07	26.45	1	NM	17.57	17.71	1,698	9,663,234
2022	-19.06	-19.21	-19.13	3	0.13	21.21	21.33	3,053	8,296,032
2023	26.94	26.71	26.53	3	0.07	17.25	17.42	3,873	9,600,706
2024	26.15	25.92	24.51	3	0.04	17.28	17.40	5,737	11,156,767

Supplemental data

Period ending 31/12/2024	Gross of fee composite annualised return (%)	Net of fee composite annualised return (%)	Benchmark annualised return (%)
1 Year	26.15	25.92	24.51
5 Years	14.97	14.77	14.28
10 Years	13.57	13.37	12.87

The figures shown relate to past performance. Past Performance is not a reliable indicator of future results and should not be the sole factor of consideration when selecting a product or strategy. Benchmark performance returns do not reflect any management fees, transaction costs or expenses. Benchmarks are unmanaged and one cannot invest directly in a benchmark.

Please see the following page for important disclosures related to this composite.

Data shown may be subject to revisions from time to time based on availability of new information. Any such revisions are not material.

The three-year annualised standard deviation measures the variability of the composite gross returns and benchmark returns over the preceding 36-month period.

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BlackRock Systematic Active Russell 1000 Enhanced Composite

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3. BlackRock uses a time-weighted linked rate of return formula with adjustments for cash flows to calculate rates of return. Trade date accounting has been used since the inception of the composite. The currency used to calculate performance is US Dollar.
4. The benchmark index shown is the Russell 1000 Index Total Return®.
5. Composite dispersion measures represent the consistency of a firm's composite performance results with respect to the individual portfolio returns within a composite. Dispersion is represented by the asset-weighted standard deviation of only portfolios that have been included in the composite style for a full year. For composites containing only one account, a measure of dispersion is not meaningful (NM).
6. There have been no alterations of the composite due to changes in personnel or other reasons.
7. Gross of fee performance results are presented before management and custodial fees and net of broker fees, transaction costs, and withholding taxes (if applicable). Certain portfolios may have fee waivers or custodial fees included. As of 1 October 2020, net performance reflects the deduction of the highest management fee (model management fee) between the strategy and fund fee schedules (if applicable). Prior to that, net performance reflected the deduction of the highest management fee per the strategy fee schedule. The standard management fee schedule for this strategy for an institutional investor in a pooled fund is as follows: 0.18 of 1% of all assets. Comparable incentive-based fee pricing options are also available. Separate accounts may be charged additional management fees depending on complexity. Additional fees are generally in the range of 2-4 bps.
8. Lists of composite descriptions, limited distribution pooled fund descriptions, and broad distribution pooled funds are available upon request. Policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request.
9. The BlackRock Systematic Active Russell 1000 Enhanced Composite is comprised of all fully discretionary, institutional equity portfolios which are actively managed and seek to exceed the performance of the Russell 1000 Index® or similar index while incurring a low level of risk typically less than 1%. The principal risks of the strategy are valuation risk, counterparty credit risk, concentration risk and equity risk. All accounts included in the composite follow a similar investment philosophy. This composite may include separate accounts and pooled funds with multiple investor types which can have different withholding tax rates applied. The creation date of the composite is 1 December 2010. The inception date of the composite is 31 March 2003. As of 1 October 2021, the BlackRock Systematic Active Russell 1000 Low Risk Composite has been renamed to the BlackRock Systematic Active Russell 1000 Enhanced Composite. The composite does not have a significant cash flow policy.

Historical data

BlackRock Systematic Active Emerging Markets Alpha Tilts Enhanced Composite

Calendar year	Gross of fee composite return (%)	Net of fee composite return (%)	Benchmark return (%)	Number of portfolios	Composite dispersion (%)	Composite gross 3yr annualised standard deviation (%)	Benchmark 3 yr annualised standard deviation (%)	Composite assets (USD millions)	Firm assets (USD millions)
2015	-13.83	-14.19	-14.92	1	NM	14.12	14.06	322	4,624,182
2016	13.59	13.12	11.19	1	NM	16.25	16.07	373	4,981,408
2017	38.29	37.71	37.28	1	NM	15.45	15.35	1,314	6,107,789
2018	-12.60	-12.97	-14.57	1	NM	14.80	14.60	1,161	5,713,081
2019	18.72	18.22	18.42	1	NM	14.16	14.17	1,426	7,186,292
2020	19.89	19.39	18.31	1	NM	19.52	19.60	1,891	8,333,896
2021	-2.07	-2.48	-2.54	1	NM	18.20	18.33	2,021	9,663,234
2022	-20.17	-20.51	-20.09	1	NM	20.20	20.26	1,629	8,296,032
2023	9.98	9.51	9.83	1	NM	17.03	17.14	1,659	9,600,706
2024	9.39	8.93	7.50	1	NM	17.30	17.50	2,340	11,156,767

Supplemental data

Period ending 31/12/2024	Gross of fee composite annualised return (%)	Net of fee composite annualised return (%)	Benchmark annualised return (%)
1 Year	9.39	8.93	7.50
5 Years	2.43	2.00	1.70
10 Years	4.70	4.26	3.64

The figures shown relate to past performance. Past Performance is not a reliable indicator of future results and should not be the sole factor of consideration when selecting a product or strategy. Benchmark performance returns do not reflect any management fees, transaction costs or expenses. Benchmarks are unmanaged and one cannot invest directly in a benchmark.

Please see the following page for important disclosures related to this composite.

Data shown may be subject to revisions from time to time based on availability of new information. Any such revisions are not material.

The three-year annualised standard deviation measures the variability of the composite gross returns and benchmark returns over the preceding 36-month period.

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BlackRock Systematic Active Emerging Markets Alpha Tilts Enhanced Composite

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2. BlackRock claims compliance with the Global investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. BlackRock has been independently verified for the periods 1 January 1993 through 31 December 2023. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. The firm is verified annually by Deloitte & Touche LLP.
3. BlackRock uses a time-weighted linked rate of return formula with adjustments for cash flows to calculate rates of return. Trade date accounting has been used since the inception of the composite. The currency used to calculate performance is US Dollar.
4. The benchmark index shown is the MSCI Emerging Markets Index Net Dividend®.
5. Composite dispersion measures represent the consistency of a firm's composite performance results with respect to the individual portfolio returns within a composite. Dispersion is represented by the asset-weighted standard deviation of only portfolios that have been included in the composite style for a full year. For composites containing only one account, a measure of dispersion is not meaningful (NM).
6. There have been no alterations of the composite due to changes in personnel or other reasons.
7. Gross of fee performance results are presented before management and custodial fees and net of broker fees, transaction costs, and withholding taxes (if applicable). Certain portfolios may have fee waivers or custodial fees included. As of 1 October 2020, net performance reflects the deduction of the highest management fee (model management fee) between the strategy and fund fee schedules (if applicable). Prior to that, net performance reflected the deduction of the highest management fee per the strategy fee schedule. The standard management fee schedule for this strategy for an institutional investor in a pooled fund is as follows: first \$100 million of assets, 0.42 of 1%; remaining assets in excess of \$100 million, 0.37 of 1%. Comparable incentive-based fee pricing options are also available. Separate accounts may be charged additional management fees depending on complexity. Additional fees are generally in the range of 2-4 bps.
8. Lists of composite descriptions, limited distribution pooled fund descriptions, and broad distribution pooled funds are available upon request. Policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request.
9. BlackRock Systematic Active Emerging Markets Alpha Tilts Enhanced Composite is comprised of all fully discretionary, institutional equity portfolios which are actively managed and seek to exceed the performance of the MSCI Emerging Markets Index Net Dividend® or similar index while incurring a low level of risk. The principal risks of the strategy are valuation risk, counterparty credit risk, concentration risk, equity risk and emerging markets risk. All accounts included in the composite follow a similar investment philosophy. This composite may include separate accounts and pooled funds with multiple investor types which can have different withholding tax rates applied. The creation date of the composite is 1 June 2011. The inception date of the composite is 31 May 2011. As of 1 November 2017, the BlackRock Scientific Active MSCI Emerging Markets Opportunities Low Risk Composite has been renamed the BlackRock Systematic MSCI Emerging Markets Opportunities Low Risk Composite. As of 14 February 2020, the BlackRock Systematic MSCI Emerging Markets Opportunities Low Risk Composite has been renamed the BlackRock Systematic Active Emerging Markets Alpha Tilts Enhanced Composite. The composite does not have a significant cash flow policy.

Historical data

BlackRock Systematic Enhanced Investment Grade Composite

Calendar year	Gross of fee composite return (%)	Net of fee composite return (%)	Benchmark return (%)	Number of portfolios	Composite dispersion (%)	Composite gross 3yr annualised standard deviation (%)	Benchmark 3 yr annualised standard deviation (%)	Composite assets (USD millions)	Firm assets (USD millions)
2018	-2.89	-3.07	-2.51	1	NM	N/A	N/A	71	5,713,081
2019	16.08	15.87	14.54	1	NM	N/A	N/A	90	7,186,292
2020	11.33	11.13	9.89	1	NM	7.77	6.86	163	8,333,896
2021	-0.75	-0.93	-1.04	1	NM	7.76	6.93	171	9,663,234
2022	-14.85	-15.00	-15.76	1	NM	9.73	9.32	188	8,296,032
2023	9.67	9.47	8.52	1	NM	8.74	9.14	424	9,600,706
2024	3.58	3.39	2.13	1	NM	9.16	9.56	1,024	11,156,767

Supplemental data

Period ending 31/12/2024	Gross of fee composite annualised return (%)	Net of fee composite annualised return (%)	Benchmark annualised return (%)
Since Inception (31/07/2017)	2.78	2.59	1.95
1 Year	3.58	3.39	2.13
5 Years	1.34	1.16	0.30

The figures shown relate to past performance. Past Performance is not a reliable indicator of future results and should not be the sole factor of consideration when selecting a product or strategy. Benchmark performance returns do not reflect any management fees, transaction costs or expenses. Benchmarks are unmanaged and one cannot invest directly in a benchmark.

Please see the following page for important disclosures related to this composite.

Data shown may be subject to revisions from time to time based on availability of new information. Any such revisions are not material.

The three-year annualised standard deviation measures the variability of the composite gross returns and benchmark returns over the preceding 36-month period.

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BlackRock Systematic Enhanced Investment Grade Composite

1. For purposes of compliance with the Global Investment Performance Standards (GIPS®), the "firm" refers to the investment adviser and national trust bank subsidiaries of BlackRock, Inc., located globally. This definition excludes: i) BlackRock subsidiaries that do not provide investment advisory or management services, ii) the Absolute Return Strategies (funds-of-hedge-funds) business and Private Markets units under the "Multi Alts Solutions" platform, iii) BlackRock Capital Investment Corporation, LLC, iv) Retail mutual funds and separately managed accounts within BlackRock México Operadora, S.A. de C.V., Sociedad Operadora de Fondos de Inversión. v) Aperio Group, LLC. and vi) BlackRock's illiquid alternatives businesses. BlackRock's illiquid alternatives businesses (including private equity, private debt, infrastructure and physical real estate) have been excluded from the firm definition as of 1 Jan 2023. These exclusions have been made on the basis of an ongoing business realignment at BlackRock that more clearly reflects the differentiated product offerings in private market illiquid product space versus the more traditional public market liquid active/index product space. Further information regarding this update is available upon request.
2. BlackRock claims compliance with the Global investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. BlackRock has been independently verified for the periods 1 January 1993 through 31 December 2023. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. The firm is verified annually by Deloitte & Touche LLP.
3. BlackRock uses a time-weighted linked rate of return formula with adjustments for cash flows to calculate rates of return. Trade date accounting has been used since the inception of the composite. The currency used to calculate performance is US Dollar.
4. The benchmark index shown is the Bloomberg U.S. Corporate Investment Grade Index.
5. Composite dispersion measures represent the consistency of a firm's composite performance results with respect to the individual portfolio returns within a composite. Dispersion is represented by the asset-weighted standard deviation of only portfolios that have been included in the composite style for a full year. For composites containing only one account, a measure of dispersion is not meaningful (NM).
7. There have been no alterations of the composite due to changes in personnel or other reasons.
8. Gross of fee performance results are presented before management and custodial fees and net of broker fees, transaction costs, and withholding taxes (if applicable). Certain portfolios may have fee waivers or custodial fees included. Net performance reflects the deduction of the highest management fee (model management fee) between the strategy and fund fee schedules (if applicable). The standard management fee for this strategy for an investor in the institutional share class is as follows: first \$100 million of assets, 0.18 of 1%; Second \$400 million of assets, 0.16 of 1%, remaining assets in excess of
9. \$500 million, 0.14 of 1%.
10. Lists of composite descriptions, limited distribution pooled fund descriptions, and broad distribution pooled funds are available upon request. Policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request.
11. The BlackRock Systematic Enhanced Investment Grade Composite is comprised of all fully discretionary, total return fixed income portfolios, which invest primarily in investment grade securities and futures.
12. These portfolios seek to screen credits that are at risk of deterioration or default and tilt toward value. The portfolios are actively managed and seek to outperform an appropriate index such as the Bloomberg
13. U.S. Corporate Investment Grade Index or similar index. The principal risks of the strategy are concentration risk, counterparty risk, fixed income risk, credit risk, interest rate risk, diversification risk, debt instruments risk, funds investing in multiple strategies risk, and securities lending risk. All accounts included in the composite follow a similar investment philosophy. The inception date of the composite is 31 July 2017. The creation date of the composite is 28 November 2023. The composite does not have a significant cash flow policy.

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Risk Warnings

Investors should refer to the prospectus or offering documentation for the funds full list of 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 and depend on personal individual circumstances.

Fund-specific risks

BGF Global Allocation Fund

Counterparty Risk, Credit Risk, Derivative Risk, Equity securities, Liquidity Risk

Description of 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.

Credit Risk

Credit risk, changes to interest rates and/or issuer defaults will have a significant impact on the performance of fixed income securities. Potential or actual credit rating downgrades may increase the level of risk.

Derivative Risk

Derivatives may be 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.

Equity securities

The value of equities and equity-related securities can be affected by daily stock market movements. Other influential factors include political, economic news, company earnings and significant corporate events.

Liquidity Risk

The Fund's investments may have low liquidity which often causes the value of these investments to be less predictable. In extreme cases, the Fund may not be able to realise the investment at the latest market price or at a price considered fair.

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