

BlackRock

The Portfolio of the Future

A spotlight on portfolio trends

An essential series of guides to effective portfolio construction

EDITION

06.

Meeting a higher performance bar: hedge funds

- Higher volatility and dispersion, diverging monetary policy and heightened geopolitical tensions have reduced the reliability of traditional diversifiers, resulting in **less predictable outcomes in portfolios**.
- **Hedge funds** have emerged as increasingly important sources of **durable alpha, uncorrelated returns and downside portfolio protection** across market cycles.
- Spanning macro, equity-hedged, event-driven and multi-strategy approaches, hedge funds offer tailored exposures that could **enhance portfolio resilience**, as illustrated by our case studies.
- **Blending hedge fund strategies** – through multi-strategy approaches or alongside other asset classes, such as private markets – can further improve risk-adjusted returns and portfolio efficiency.
- In an environment where traditional approaches may no longer suffice, hedge funds are redefining diversification and **shaping the evolution of portfolio construction**.

“

Hedge funds are increasingly becoming central to portfolios, as sources of durable alpha, uncorrelated returns and downside portfolio protection.

Hedge funds: the next chapter of portfolio design

1 **A shift in multi-asset portfolios**
 Since 2019, risk in multi-asset portfolios, such as the traditional 60/40, has risen by over 22%, while returns have declined by over 5% (see Fig. 1). Market volatility has become a defining feature of this new regime, a change magnified by the reduced reliability of stock-bond correlations. In this environment, **static factor exposures may increasingly constrain portfolio outcomes**. This raises a critical question: how can investors restore a more attractive balance of returns and risk? **Hedge funds are well suited to this market shift, we believe**. Through dynamic asset allocation, the ability to go long and short, the use of derivatives and a focus on idiosyncratic opportunities, they can help **transform volatility from a headwind into a source of return**. As uncertainty persists, hedge funds can complement traditional diversifiers while supporting more consistent, risk-adjusted outcomes.

2 **A growing and evolving industry**
 The hedge fund industry has matured, supported by greater transparency, institutional capital and technological sophistication. **Assets now exceed \$4.5 trillion¹**, following a strong rebound since 2023, with scale favouring large managers and specialisation distinguishing smaller firms. BlackRock Investment Institute (BII) **analysis suggests that hedge fund allocations within a portfolio could increase by up to five percentage points while maintaining a traditional portfolio risk profile** (see Fig. 2). **Lower-volatility strategies could be funded from developed market government bonds, while higher-volatility strategies could be funded from public equities, and not at the expense of private markets**. This positions hedge funds as core components of diversified portfolios, with access increasingly favouring early, strategic partnerships.

3 **Higher returns with lower risk – and enhanced transparency**
 BlackRock's Capital Market Assumptions (CMAs) highlight **hedge funds' superior risk-return efficiency, based on our expectations for the next 10 years** (see Fig. 3). Event-driven, equity-hedged, relative-value and macro strategies look set to deliver resilient returns – particularly amid weak stock-bond correlations – positioning them as portfolio ballast. While leverage, derivatives and liquidity are important considerations, **UCITS-compliant hedge funds offer greater oversight and accessibility** through leverage limits, regular liquidity and enhanced regulation. Combining innovation with discipline, hedge funds are emerging as key drivers of potential resilience and returns in an increasingly **anchorless macro environment**.

¹Source: Hedge Fund Research (HFR) Industry data as of 31 March 2025. Figures represent the aggregate capital invested across hedge funds worldwide, including fund-level reporting and estimation models for non-reporting hedge funds.

Figure 1: Portfolio risk has risen – historical risk and returns for a 60/40 portfolio

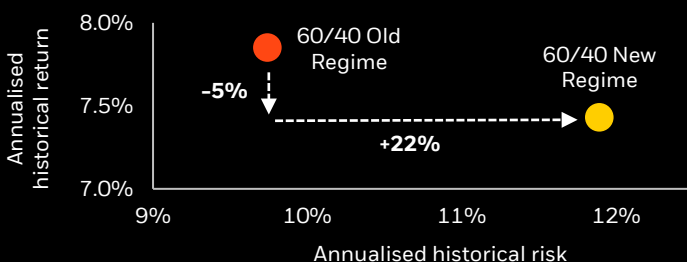


Figure 2: Funding the allocation – BII estimates of hypothetical changes in portfolio allocations

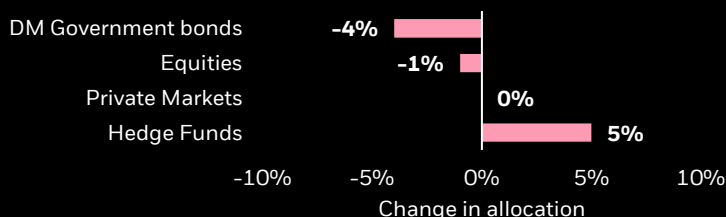
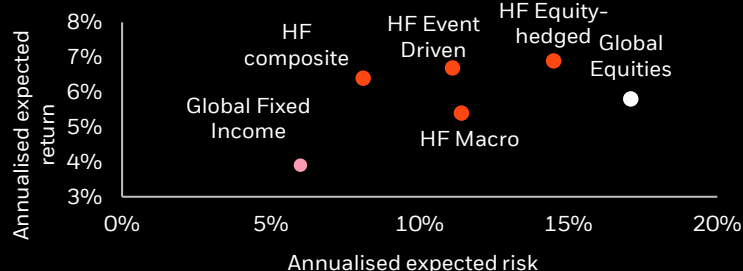


Figure 3: Expected forward-looking risk and return with BlackRock's CMAs (USD, 10y tenor)



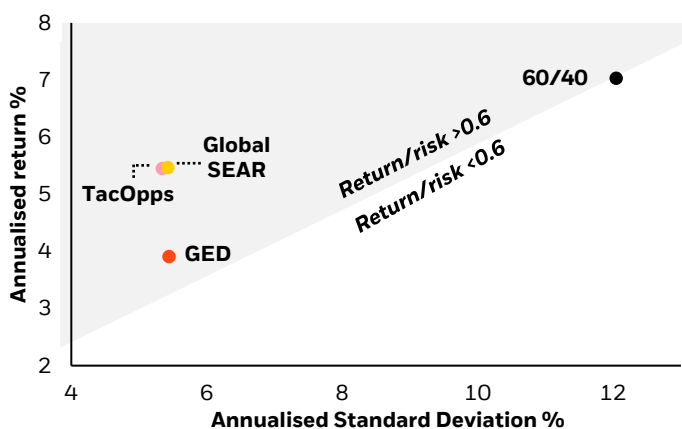
The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy. This information is not intended as a recommendation to invest in any particular asset class or strategy or as a promise – or even estimate – of future performance. 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. **Fig 1 source:** BlackRock, MPI, Morningstar, 02/01/09-31/12/25. Data frequency: monthly. Rebalance: quarterly. Currency: USD. 60/40: 60% MSCI ACWI Index, 40% Bloomberg Global Aggregate TR Index; Old Regime: '09-'19; New Regime: '19-'25. **Fig 2 source:** BII, October 2025. Note: the bars show how an allocation to hedge funds, equities and development market (DM) government bonds would change to target a similar level of risk found in traditional 60/40 portfolios (60% in stocks, 40% in bonds), while capturing the assumed increase in alpha available today. **Fig 3 source:** BlackRock, October 2025, with CMA data as of 30/06/25; currency: USD; period: 10 years. Return assumptions are total nominal returns. Asset return expectations are net of assumed fees. Fees and alpha are estimates for illustrative purposes only and do not represent any actual fund performance. 'Global equities' = MSCI ACWI, 'Global fixed income' = Bloomberg Global Agg Index, 'HF Equity-hedged' = Credit Suisse Eq Market Neutral Index, 'HF Macro' = Credit Suisse Global Macro Index, 'HF composite' = Credit Suisse Multi Strategy Index, 'HF Event Driven' = Credit Suisse Event Driven Index.

Benefits of hedge funds

1. Long-term returns

Hedge funds can **enhance portfolio resilience** by **capturing value from return dispersion** and **generating durable alpha**. Supported by disciplined risk management, our preferred BlackRock strategies have delivered **stronger risk-adjusted outcomes** and **higher return efficiency than the traditional 60/40 portfolio** (see Fig. 4). With **low beta to global markets**, these strategies could provide diversification benefits and **support more consistent performance** across market cycles and investment horizons.

Figure 4: Strong risk-adjusted performance

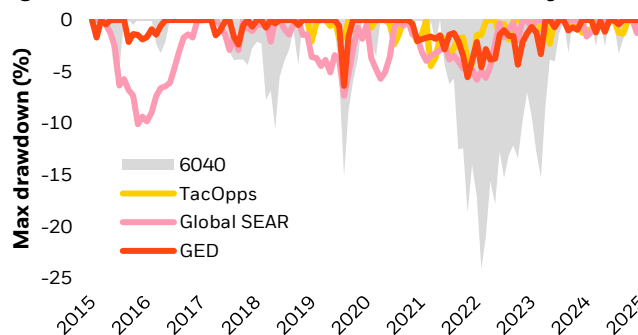


The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy. Source Time period: August 2019 to December 2025 given recent inception of some funds. Currency: USD. **Funds referenced:** BlackRock Tactical Opportunities (TacOpps), BSF Global Event Driven (GED), BSF Global Systematic Equity Absolute Return (Global SEAR).

2. Downside management

As traditional diversification becomes less reliable, hedge funds offer **dynamic risk management** and **capital preservation** during periods of heightened volatility and structural change. Historically, they have experienced **shallower and less frequent drawdowns than broad equity and fixed income markets** (see Fig. 5). Some strategies, such as GED, exhibit **positive asymmetry** – capturing upside while cushioning downside risk. Others, including Tactical Opportunities and Global SEAR, have delivered **positive performance across both rising and falling equity markets**, supporting portfolio stability, particularly when traditional fixed income has been less effective as an equity hedge.

Figure 5: Shallower drawdowns, faster recovery



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. 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; Source: Morningstar for performance metrics used to calculate drawdown, with December 2015 to December 2025 as time period. For funds launched after December 2025, we included drawdown since inception. Currency: USD. Indices are unmanaged and one cannot invest directly in an index.

3. Uncorrelated alpha

Hedge funds aim to generate alpha independent of **market beta**, offering a valuable source of differentiated returns. With **low correlation both among themselves and against traditional assets** (see Fig. 6), BlackRock hedge fund strategies can provide **consistent, capital-efficient returns** even when stock-bond correlations are unstable. Hedge funds also add **differentiated risk profiles** through distinct sources of risk and return that generate meaningful diversification benefits. With **significant proportions of risk exposures being idiosyncratic**, they reduce reliance on traditional market beta as well as on broad macroeconomic anchors, compared to global equities and fixed income. This can help enhance **portfolio diversification in a range of market environments**.

Figure 6: Correlations across BlackRock hedge funds

	1	2	3	4	5
MSCI ACWI (1)	1.00				
Global Agg (2)	0.63	1.00			
TacOpps (3)	0.19	-0.13	1.00		
Global SEAR (4)	0.35	0.21	0.13	1.00	
GED (5)	0.74	0.48	0.20	0.31	1.00

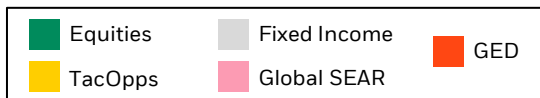
Negative (<0.0)	Low (0.0-0.3)	Moderate (0.4-0.5)	High (0.6-0.7)	Very High (0.8-1.0)
-----------------	---------------	--------------------	----------------	---------------------

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: August 2019 to December 2025. Data frequency: month. Currency: USD. All historical fund performance is net.

Incorporating hedge funds into portfolios

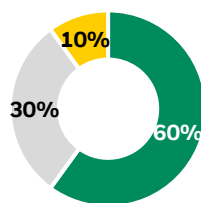
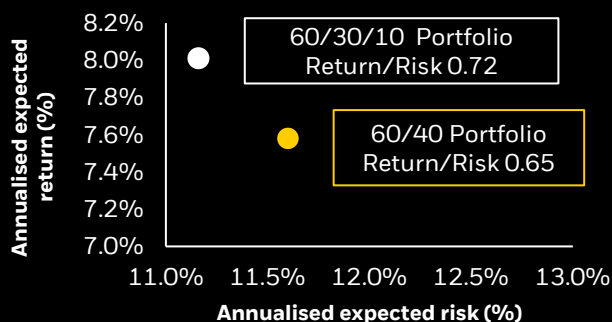
Allocating to Hedge Funds in 60/40 Portfolios

Adopting a whole-portfolio approach, we show how allocating 10% to either a global macro hedge fund, an equity hedge fund or an event driven strategy could help diversify a traditional 60/40 portfolio.



Integrating a global macro hedge fund

Figure 7: Historical return & risk (September 2019 - December 2025)

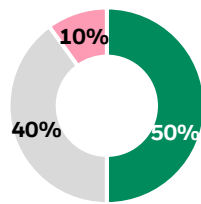
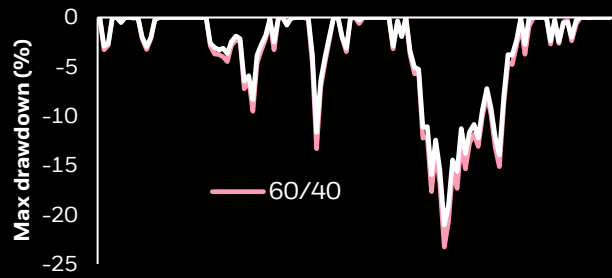


60/30/10 Portfolio with TacOpps

Funded from fixed income, macro strategies such as BlackRock's Tactical Opportunities Fund (TacOpps) can **enhance portfolio diversification** due to their low correlation to both global equities and fixed income, while maintaining **bond-like volatility (5-7% range)**. Historically, allocating to TacOpps has improved portfolio efficiency by **increasing return potential and strengthening risk control**, hence **shifting portfolios toward a more efficient risk/return frontier**.

Integrating an equity hedge fund

Figure 8: Maximum drawdown (December 2015 - December 2025)

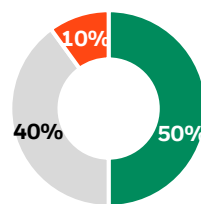
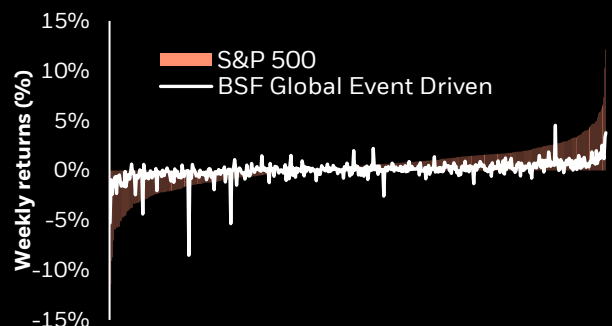


50/40/10 Portfolio with Global SEAR

Funded from equity, an equity hedge fund allocation such as the BSF BlackRock Sytematic Global Equity Absolute Return Fund (Global SEAR) can **help generate alpha across investment horizons**. These strategies have also historically helped **to limit maximum drawdowns** (see Fig. 8) and **95% CVaR** (ie. average losses in the most adverse 5% scenarios), providing downside protection.

Integrating a global event driven fund

Figure 9: Returns of GED vs. weekly S&P 500, ranked lowest to highest



50/40/10 Portfolio with GED

Funded from equities, a global event-driven strategy seeks **uncorrelated returns from idiosyncratic corporate events**. BlackRock's Global Event Driven (GED) Fund targets **value dislocations** from restructurings, management changes, and M&A, with returns driven by **company-specific catalysts rather than market direction**. This has resulted in **lower return dispersion than the S&P 500** (see Fig. 9) and historically **reduced portfolio drawdowns** during periods of market volatility over the past seven years.

While proprietary technology platforms may help manage risk, risk cannot be eliminated. Risk management cannot fully eliminate the risk of investment loss. 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; Forecasts are not a reliable indicator of future performance. Source: Morningstar, as of December 2025 for historical performance, cumulative drawdown, market downturn and risk data. Currency: USD. Global Fixed Income Proxy: Barclays Global Aggregate Index TR USD, Global Equity Proxy: MSCI All Country World USD. Indices are unmanaged and one cannot invest directly in an index. Time period: August 2019 to December 2025 for Fig. 7 due to inception of TacOpps in 2019. November 2015 to December 2025 for fig. 8 & 9. The ICE BofAML 3-MO US Treasury Bill should be used by shareholders to compare the performance of the GED fund.

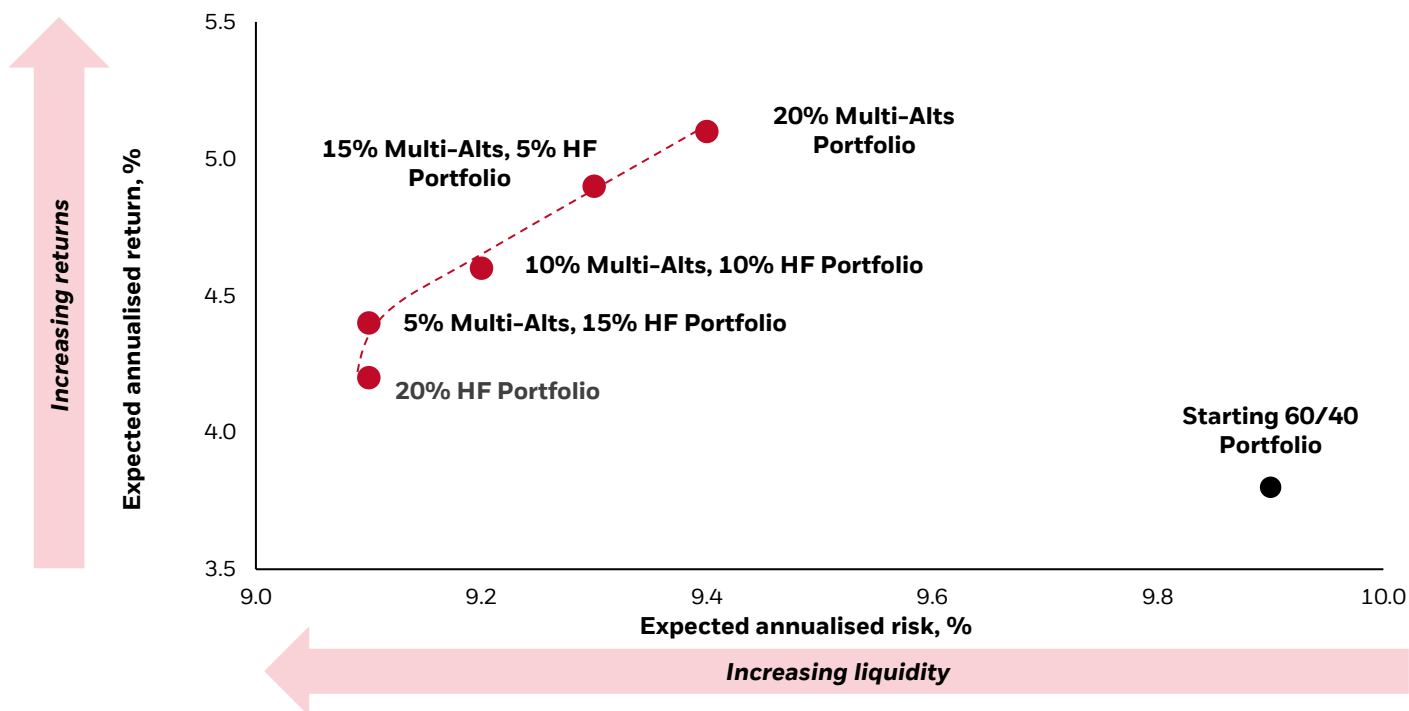
Incorporating hedge fund strategies and a multi-alternatives exposure in a 60/40 portfolio

Investors seeking **returns beyond those available from hedge funds alone – while preserving liquidity and limiting downside risk** – may benefit from combining private markets and hedge funds within a single portfolio.

We illustrate this idea in Fig. 10. Starting from a traditional 60/40 allocation for European investors, we introduce several options for a 20% allocation to alternatives, split between: **(1) diversified private markets exposure** through a multi-alternative growth strategy; and **(2) a hedge fund blend**, equally-weighted between an equity hedge fund and a macro strategy, using Global SEAR and TacOpps as proxies.

In this case study, private markets are funded from the equity sleeve, while hedge funds are funded proportionally from both equities and fixed income to maintain the portfolio's overall risk profile.

Figure 10: Efficiency frontier: from a 60/40 portfolio to a portfolio with equities, fixed income, and a 20% allocation to alternatives



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. Forecasts are not a reliable indicator of future performance. Source: BlackRock, as of October 2025. CMA Data as of June 2025 month-end, with 10-year tenor. Currency: EUR. Multi Alternatives exposure was funded from the equity portion of the portfolio. Hedge fund exposures were funded from equity for the equity hedge fund and from fixed income for global macro strategy. We used MSCI ACWI as a proxy for Global Equities and BBG Global Aggregate (EUR hedged) for the fixed income proxy. Hedge fund exposures were EUR hedged. The allocation to alternatives is representative of a Multi Alternatives Growth exposure across private equity, private credit, infrastructure and a liquidity sleeve in terms of the asset class breakdown between private credit, infrastructure, private equity and the liquidity sleeve.

- Incorporating both private markets and hedge funds enhances **portfolio diversification while improving the portfolio's risk-return profile**. As shown in Fig. 7, each optimised portfolio on the efficiency frontier sits at an improved risk-adjusted return position compared to the starting 60/40.
- The **largest improvement in risk-adjusted performance** comes from **private markets**, which have become critical for long-term returns, resilience and portfolio efficiency. The 20% Multi-Alts portfolio enhances the 60/40 through a sole additional exposure to private markets and shows the greatest uplift in returns.
- Larger **hedge fund exposures** in portfolios can also contribute positively to **portfolio performance**, while offering an additional advantage of **improved liquidity**. The 20% HF portfolio showcases material risk-efficient return enhancement, supported by lower correlations and stronger downside protection.

Bottom line: We believe that a portfolio fit for the future should include **hedge funds as a key building block to enhance diversification, resilience and returns** in an environment where traditional approaches may no longer suffice for reliable portfolio outcomes.

Appendix

YoY Performance, %

	2021	2022	2023	2024	2025
BlackRock Tactical Opportunities Fund	0.2	5.6	2.9	10.9	6.2
BSF Global Event Driven	1.9	-2.3	7.4	1.4	10.3
BSF Systematic Global Equity Abs Return	3.3	0.7	10.7	17.1	13.1
60/40 Portfolio	8.8	-17.3	15.4	9.5	16.6
MSCI ACWI Index	18.7	-18.0	22.1	16.8	22.7
Bloomberg Global Aggregate Index	-4.7	-16.3	5.7	-1.7	8.2

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: 04/01/20 – 31/12/25. Data Frequency: month. Currency: USD. 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.

CMA Disclosure

This information is not intended as a recommendation to invest in any particular asset class or strategy or product or as a promise of future performance. Note that these asset class assumptions are passive, and do not consider the impact of active management. All estimates in this document are in EUR terms unless noted otherwise. Given the complex risk-reward trade-offs involved, we advise clients to rely on their own judgment as well as quantitative optimisation approaches in setting strategic allocations to all the asset classes and strategies. References to future returns are not promises or even estimates of actual returns a client portfolio may achieve. Assumptions, opinions and estimates are provided for illustrative purposes only. They should not be relied upon as recommendations to buy or sell securities. Forecasts of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. If the reader chooses to rely on the information, it is at its own risk. This material has been prepared for information purposes only and is not intended to provide, and should not be relied on for, accounting, legal, or tax advice. The outputs of the assumptions are provided for illustration purposes only and are subject to significant limitations. "Expected" return estimates are subject to uncertainty and error. Expected returns for each asset class can be conditional on economic scenarios; in the event a particular scenario comes to pass, actual returns could be significantly higher or lower than forecasted. Because of the inherent limitations of all models, potential investors should not rely exclusively on the model when making an investment decision. The model cannot account for the impact that economic, market, and other factors may have on the implementation and ongoing management of an actual investment portfolio. Unlike actual portfolio outcomes, the model outcomes do not reflect actual trading, liquidity constraints, fees, expenses, taxes and other factors that could impact future returns. Asset allocation/diversification does not guarantee investment returns and does not eliminate the risk of loss.

Index Disclosures: Index returns are for illustrative purposes only and do not represent any actual fund performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index.

General Disclosure: This material is intended for information purposes only, and does not constitute investment advice, a recommendation or an offer or solicitation to purchase or sell any securities to any person in any jurisdiction in which an offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction.

The opinions expressed are as of the date shown above and are subject to change without notice. Reliance upon information in this material is at the sole discretion of the reader. Investing involves risks.

Methodology

Interest Rates: Our model provides a way to chart the yield curve at multiple time horizons in the future. We base this on our estimates of: (1) the short rate and (2) model implied term premia. We base our estimates of short rates on market data in the near term and on macro-informed data in the long term. We assume investors' views about long run inflation and real growth, coupled with changing preferences as to savings and risk aversion, will ultimately determine their expectations for short rates (the "long run short rate"). We use an affine term structure model –a type of model that assumes bond yields as a linear function of a small set of parameters (Piazzesi, 2010) –to compute model-implied term premia. In our implementation, we represent the yield curve using the first five principal components of yield, as laid out by Adrian et al. (2013). We then blend the model implied term premia from the affine term structure model with market implied term premia, with the relative weights dependent on the relevant time horizon.

Appendix

Equities: Expectations of cash flows and discount rates can help explain the variability in equity returns as shown by Campbell (1990). We have used this insight to develop a discounted cash flow (DCF) model, with a few key innovative features. Most academic research focuses on the question of whether stock returns are predictable at all. We are concerned with making the best estimates that we can. We make two additional contributions. First, the baseline DCF model estimates earnings by leveraging analyst earnings estimates in the near term as discussed by Li et al (2013) to derive the implied cost of capital. The common assumption in implied cost of capital (ICC) studies is that earnings growth implied by analyst earnings estimates in the near term should trend towards GDP growth in the long term. This can introduce an unintended assumption of continued expansion of profit margins. We have introduced a modification to account for late economic cycle dynamics. We allow for corporate profit margins to revert to trend (the median over a rolling 10-year history) as margins typically peak late-cycle. The standard ICC approach typically tests for equity returns using linear regression tests. For our DCF model, we take the desired time horizon as an input (number of years) and we estimate the appropriate discount rate for the specific time horizon using our aggregate implied cost of capital. This way, we account for both key sources of variability in equity returns, namely changes in cash flows and changes in the discount rate.

Credit: Our model for credit asset (excess) returns is anchored on two key elements: 1) our estimate of credit spread at a given horizon and 2) our estimated loss due to defaults and downgrades over the horizon. The first component is projected in a consistent manner with our view of real GDP growth and the link between credit spreads and equity volatility. Our approach helps explain the behaviour of credit spreads using a limited number of predictive variables. Yet, as validated by tests against more complex methods, it retains the ability to help explain a high proportion of the variance in credit spreads. The second component is estimated based on our outlook for spreads, the duration of the asset and an assumed transition matrix which captures migrations and defaults across multiple credit cycles. We currently base our transition matrix on Moody's long-run transition data. We aim to further develop our model by directly modelling transitions based on macroeconomic conditions in order to better capture cycle dynamics and the respective variation in losses due to credit events. In addition to making our estimates of credit spreads consistent with our macroeconomic views, our new credit (excess) return model allows greater flexibility of calibrating our expected returns to different credit rating compositions which may prevail over the entire time horizon.

Uncertainty and optimisation: Expected returns and asset price volatility are difficult to predict. We believe any technique that builds portfolios should incorporate this inherent uncertainty (Ceria et al. 2006). We consider both long- and short-term drivers of return. In the long run, we expect a relatively small number of macroeconomic drivers –economic growth, rates, inflation, credit and currencies –to determine an asset's returns. In the short-run, other factors can overpower the structural drivers causing wider fluctuations from an asset's fair value. Valuations can be helpful in estimating short-term returns. We combine contributions from the long- and short-term return drivers to produce a final set of return expectations with a range of uncertainty around each.

The next step is to use this set of return expectations in an optimisation engine that seeks out the best return without breaching an investors' risk limit. Mean variance optimisation would produce a portfolio that maximises expected return under one base scenario with a given level of risk. In contrast, we look to build a "least-worst" portfolio –one that maximises returns for an investors' target risk levels across the worst outcomes, say for the bottom 50% of the distribution, from a set of stochastically generated scenarios (cf. Tütüncü et al. 2004 and Garlappi et al. 2006). This helps ensure the portfolio is not overly reliant on just the median return. This process seeks to produce a portfolio that is robust to small changes in the central return estimates (Scherer, 2006).

Stochastic engine: We use Monte Carlo simulation to create random distributions informed by historical return distributions and centred on our expected returns. The engine simulates thousands of return pathways for each asset, representing the range of possible outcomes over a five- to 20-year time horizon.

We leverage BlackRock's risk models to help ensure that assets generate similar returns, to the extent that they have common drivers. The range of scenarios incorporate our work on incorporating uncertainty in return expectations. We use an extension of the Black-Litterman model (1990) –a well-known model for portfolio allocation that combines equilibrium returns and medium-term views in a single-period setting. Our model uses a Kalman filter (1960) –an algorithm that extracts insights about return paths by bringing together a number of uncertain inputs –to extend Black-Litterman into a multi-period setting. This allows us to capture the variation of expected returns over time under various scenarios –from economy-related to market sentiment driven. A large part of these variations is not predictable. Constructing portfolios that are robust to, or can exploit, these variations is a major challenge for investors. The ability to calibrate the engine with asset class views with uncertainty at arbitrary time horizons, and to evolve this uncertainty stochastically, drives the dispersion of return outcomes. Highlighting the uncertainty that investors face when building portfolios helps ensure ostensibly precise return expectations do not lead investors to concentrated portfolios.

Simulated return paths support a broader range of applications, such as asset-liability modelling. We believe stochastically generated return scenarios enable investors to move with ease beyond mean-variance and optimise portfolios against their individual needs. Investors can place more emphasis on the tails of the distribution or focus on the path of returns rather than just the total return. They can incorporate flows in or out of the portfolio over the course of the investor's time horizon or place more emphasis on scenarios that are challenging for the investor's business beyond their portfolio. Investors with complex asset-liability matching requirements, such as insurers, typically rely on stochastic simulations of returns to assess and construct portfolios.

BlackRock Global Event Driven Fund

The Fund is actively managed and the IA has discretion to select the Fund's investments and is not constrained by any benchmark in this process. The ICE BofAML 3- MO US Treasury Bill should be used by shareholders to compare the performance of the Fund.

BSF BlackRock Systematic Global Equity Absolute Return Fund

The Fund is actively managed and the IA has discretion to select the Fund's investments and is not constrained by any benchmark in this process. The ICE BofAML 3- MO US Treasury Bill Index should be used by shareholders to compare the performance of the Fund.

BlackRock Tactical Opportunities Fund

The Fund is actively managed. The Investment Manager (IM) has discretion to select the Fund's investments and is not constrained by any benchmark in this process.

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

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.

Product Risks

BSF Global Event Driven Fund

Absolute Return Risk, Credit Risk, Counterparty Risk, Derivatives Risk, Equity Risk, Liquidity Risk

Tactical Opportunities Fund

Absolute Return Risk - Style Advantage, Combined Risks (Equity, Credit, ABS/MBS), Counterparty Risk, Credit Risk, Liquidity Risk

BSF - BlackRock Systematic Global Equity Absolute Return Fund

Absolute Return Risk, Counterparty Risk, Credit Risk, Derivatives Risk, Equity Risk

Description of Fund Risks

Absolute Return Risk

Due to its investment strategy an 'Absolute Return' fund may not move in line with market trends or fully benefit from a positive market environment.

Absolute Return Risk - Style Advantage

'Absolute Return' funds may not move in line with market trends or fully benefit from a positive market environment. Emerging markets are generally more sensitive to economic and political conditions than developed markets.

Asset Backed Securities / Mortgage Backed Securities

Asset backed securities and mortgage backed securities are subject to the same risks described for fixed income securities. These instruments may be subject to 'Liquidity Risk', have high levels of borrowing and may not fully reflect the value of underlying assets.

Combined Credit and Non-investment Grade Risk

Changes to interest rates, credit risk and/or issuer defaults will have a significant impact on the performance of fixed income securities. Non-investment grade fixed income securities can be more sensitive to changes in these risks than higher rated fixed income securities. Potential or actual credit rating downgrades may increase the level of perceived risk.

Combined Risks (Equity, Credit)

Equities and equity-related securities can be affected by daily stock market movements. Fixed Income securities can be affected by changes to interest rates, credit risk and potential or actual credit rating downgrades. FDIs are highly sensitive to changes in the value of the asset they are based on. The impact is greater where FDIs are used in an extensive or complex way.

Combined Risks (Equity, Credit, ABS/MBS)

Equities and equity-related securities can be affected by daily stock market movements. Fixed Income securities can be affected by changes to interest rates, credit risk and potential or actual credit rating downgrades. Non-investment grade FI securities can be more sensitive to these events. ABS and MBS may have high levels of borrowing and not fully reflect the value of underlying assets. FDIs are highly sensitive to changes in the value of the asset they are based on. The impact is greater where FDIs are used in an extensive or complex way.

Concentration Risk

Investment risk is concentrated in specific sectors, countries, currencies or companies. This means the Fund is more sensitive to any localised economic, market, political or regulatory events.

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.

Currency Risk

The Fund invests in other currencies. Changes in exchange rates will therefore affect the value of the investment.

Derivatives 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.

Emerging Markets

Emerging markets are generally more sensitive to economic and political conditions than developed markets. Other factors include greater 'Liquidity Risk', restrictions on investment or transfer of assets and failed/delayed delivery of securities or payments to the Fund.

Equity Risk

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.

Financial Markets, Counterparties and Service Providers

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.

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.

Smaller Company Investments

Shares in smaller companies typically trade in less volume and experience greater price variations than larger companies.

The information contained in this communication is derived from internal and/or third party data considered by BlackRock to be reliable, but it is not necessarily all inclusive, its accuracy and completeness is not guaranteed and it may be subject to change. Reliance upon information in this communication is at your sole discretion. You should seek independent investment, legal and tax advice prior to taking any investment decision.

Important Information

This material is for distribution to Professional Clients (as defined by the Financial Conduct Authority or MiFID Rules) only and should not be relied upon by any other persons.

In the UK and Non-European Economic Area (EEA) countries: this is issued by BlackRock Advisors (UK) Limited, which is authorised and regulated by the Financial Conduct Authority. Registered office: 12 Throgmorton Avenue, London, EC2N 2DL, Tel: +44 (0)20 7743 3000. Registered in England and Wales No. 00796793. For your protection, calls are usually recorded. Please refer to the Financial Conduct Authority website for a list of authorised activities conducted by BlackRock.

In the European Economic Area (EEA): this is issued by BlackRock (Netherlands) B.V. is authorised and regulated by the Netherlands Authority for the Financial Markets. Registered office Amstelplein 1, 1096 HA, Amsterdam, Tel: 020 – 549 5200, Tel: 31-20-549-5200. Trade Register No. 17068311 For your protection telephone calls are usually recorded.

In Israel: this is issued by BlackRock Investment Management (UK) Limited, authorised and regulated by the Financial Conduct Authority. Registered office: 12 Throgmorton Avenue, London, EC2N 2DL. Tel: + 44 (0)20 7743 3000. Registered in England and Wales No. 02020394. For your protection telephone calls are usually recorded. Please refer to the Financial Conduct Authority website for a list of authorised activities conducted by BlackRock. The German domiciled funds are "undertakings for collective investment in transferable securities" in conformity with the directives within the meaning of the German Law on the investments. These funds are managed by BlackRock Asset Management Deutschland AG which is authorised and regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht.

Further information about the Fund and the Share Class, such as details of the key underlying investments of the Share Class and share prices, is available on the iShares website at www.ishares.com or by calling +44 (0)845 357 7000 or from your broker or financial adviser. The indicative intra-day net asset value of the Share Class is available at <http://deutsche-boerse.com> and/or <http://www.reuters.com>. A UCITS ETF's units / shares that have been acquired on the secondary market cannot usually be sold directly back to the UCITS ETF itself. Investors who are not Authorised Participants must buy and sell shares on a secondary market with the assistance of an intermediary (e.g. a stockbroker) and may incur fees and additional taxes in doing so. In addition, as the market price at which the Shares are traded on the secondary market may differ from the Net Asset Value per Share, investors may pay more than current Net Asset Value per Share when buying shares and may receive less than the current Net Asset Value per Share when selling them.

In Italy: For information on investor rights and how to raise complaints please go to <https://www.blackrock.com/corporate/compliance/investor> -right available in Italian.

BlackRock Strategic Funds (BSF)

This document is marketing material. BlackRock Strategic Funds (BSF) is an open-ended investment company established and domiciled in Luxembourg which is available for sale in certain jurisdictions only. BSF is not available for sale in the U.S. or to U.S. persons. Product information concerning BSF should not be published in the U.S. BlackRock Investment Management (UK) Limited is the Principal Distributor of BSF and may terminate marketing at any time. In the UK, subscriptions in BSF are valid only if made on the basis of the current Prospectus, the most recent financial reports and the Key Investor Information Document, and in EEA and Switzerland subscriptions in BSF are valid only if made on the basis of the current Prospectus, the most recent financial reports and the Packaged Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID) which are available in registered jurisdictions and local language where they are registered, these can be found at www.blackrock.com on the relevant product pages. Prospectuses, Key Investor Information Documents, PRIIPs KID and application forms may not be available to investors in certain jurisdictions where the Fund in question has not been authorised. Investors should understand all characteristics of the funds objective before investing. For information on investor rights and how to raise complaints please go to <https://www.blackrock.com/corporate/compliance/investor> -right available in in local language in registered jurisdictions.

BlackRock Funds I ICAV: This is Marketing Material. The BlackRock Tactical Opportunities fund is a sub-funds of the BlackRock Funds I ICAV (the 'Fund'). The Fund is structured as a unit trust organised under the laws of Ireland and authorised by the Central Bank of Ireland as UCITS for the purposes of UCITS Regulations. Investment in the sub-fund(s) is only open to 'Qualified Holders', as defined in the relevant Fund Prospectus. In the UK any decision to invest must be based solely on the information contained in the Company's Prospectus, Key Investor Information Document (KIID) and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts, and in the EEA and Switzerland any decision to invest must be based solely on the information contained in the Company's Prospectus (Available in English, French and German languages), the most recent financial reports and the Packaged Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID) and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts which are available in registered jurisdictions and local language where they are registered, these can be found at www.blackrock.com on the relevant product pages. Any investment decision should be made on the basis of the information outlined above and Investors should understand all characteristics of the funds objective before investing, if applicable this includes sustainable disclosures and sustainable related characteristics of the fund as found in the prospectus, which can be found www.blackrock.com on the relevant product pages for where the fund is registered for sale. Prospectuses, Key Investor Information Documents (UK only), PRIIPs KID and application forms may not be available to investors in certain jurisdictions where the Fund in question has not been authorised.

BlackRock and/or the Management Company may terminate marketing at any time. For information on investor rights and how to raise complaints please go to <https://www.blackrock.com/corporate/compliance/investor-right> available in local language in registered jurisdictions.

UCITS HAVE NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE THE FUTURE ONES.

For investors in Belgium

The funds mentioned in this document are not registered for public distribution in Belgium. Unless indicated otherwise, any decision to invest must be based solely on the information contained in the Company's Prospectus, the Packaged Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID) and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts copies of which can be obtained free of charge from www.blackrock.com. Investors should read the fund specific risks in the Packaged Retail and Insurance-based Investment Products Key Information Document (PRIIPs KID) and the Company's Prospectus. Summary of Belgian tax information for private investors: the tax on stock exchange transactions (TSET) is due on every sale and purchase on the secondary market, concluded or executed in Belgium: 0.12% (max. 1.300 EUR per transaction) for distributing shares and 1,32%(max. 4.000 EUR per transaction) for accumulating shares. Dividends received from distributing iShares ETF are subject to the Belgian withholding tax of 30%. For iShares ETFs investing directly or indirectly more than 25 % in interest-bearing assets (no taxation should occur for funds investing less than 25% directly or indirectly in interest-bearing assets for holdings bought prior to 1 January 2018 and sold after this date,). For new holdings bought from 1 January 2018 investing directly or indirectly the rate is now more than 10% in interest-bearing assets. A 30 % tax applies (again, via a withholding or assessment notice) on the part of the amount corresponding to the so-called 'interest component' received (i.e. all the income deriving directly or indirectly, in the form of interest, capital gains or losses, from the return on assets invested in the debts), to the extent that this interest component relates to the period during which the beneficiary has held the shares. For information on investor rights and how to raise complaints please go to <https://www.blackrock.com/corporate/compliance/investor-right> available in English.

For investors in the Dubai International Financial Centre

BlackRock Advisors (UK) Limite - Dubai Branch is a DIFC Foreign Recognised Company registered with the DIFC Registrar of Companies (DIFC Registered Number 546), with its office at Unit L15 - 01A, ICD Brookfield Place, Dubai International Financial Centre, PO Box 506661, Dubai, UAE, and is regulated by the DFSA to engage in the regulated activities of 'Advising on Financial Products' and 'Arranging Deals in Investments' in or from the DIFC, both of which are limited to units in a collective investment fund (DFSA Reference Number F000738).

The information contained in this document is intended strictly for Professional Clients as defined under the Dubai Financial Services Authority ("DFSA") Conduct of Business (COB) Rules.

The information contained in this document, does not constitute and should not be construed as an offer of, invitation or proposal to make an offer for, recommendation to apply for or an opinion or guidance on a financial product, service and/or strategy. Whilst great care has been taken to ensure that the information contained in this document is accurate, no responsibility can be accepted for any errors, mistakes or omissions or for any action taken in reliance thereon. You may only reproduce, circulate and use this document (or any part of it) with the consent of BlackRock.

The information contained in this document is for information purposes only. It is not intended for and should not be distributed to, or relied upon by, members of the public.

The information contained in this document, may contain statements that are not purely historical in nature but are "forward-looking statements". These include, amongst other things, projections, forecasts or estimates of income. These forward-looking statements are based upon certain assumptions, some of which are described in other relevant documents or materials. If you do not understand the contents of this document, you should consult an authorised financial adviser.

Blackrock Advisors (UK) Limited - Dubai Branch is a DIFC Foreign Recognised Company registered with the DIFC Registrar of Companies (DIFC Registered Number 546), with its office at Unit 06/07, Level 1, Al Fattan Currency House, DIFC, PO Box 506661, Dubai, UAE, and is regulated by the DFSA to engage in the regulated activities of 'Advising on Financial Products' and 'Arranging Deals in Investments' in or from the DIFC, both of which are limited to units in a collective investment fund (DFSA Reference Number F000738).

Any research in this document has been procured and may have been acted on by BlackRock for its own purpose. The results of such research are being made available only incidentally. The views expressed do not constitute investment or any other advice and are subject to change. They do not necessarily reflect the views of any company in the BlackRock Group or any part thereof and no assurances are made as to their accuracy.

This document is for information purposes only and does not constitute an offer or invitation to anyone to invest in any BlackRock funds and has not been prepared in connection with any such offer. This document will expire 12 months after issue.

For investors in Israel

BlackRock Investment Management (UK) Limited is not licenced under Israel's Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 5755-1995 (the "Advice Law"), nor does it carry insurance thereunder.

This document is provided for informational services only and is not intended to serve, and should not be treated as Investment Advice.

BlackRock could have a direct or indirect benefit from investments made by investors in Israel in the products mentioned in this document, or in other products managed by third parties with whom BlackRock is involved in a business contract.

In particular, BlackRock manages the traded foreign funds mentioned in this document, and therefore derives a benefit from investments of Israeli investors in them (inter alia, by charging a "management fee" as specified in the prospectus and in the Annex to the prospectuses of such funds). Therefore, BlackRock has a "Connection" to such products, might have a personal interest in their sale, and might prefer such products over other products. Accordingly, any advice BlackRock provides, is considered, for the purpose of the Investment Advice Law, as Investment Marketing (and not Investment Advising). For complete information about BlackRock's "affiliation" with financial assets (including the types of financial assets and the names of the entities that issue or manage them), you can contact BlackRock at www.blackrock.com.

This Document, as well as any products and services described herein, are directed at and intended exclusively for individuals or corporations that fall within at least one category in each of the First Schedule of the Investment Advice Law ("Qualified Clients").

BlackRock does not hold a license and is not insured as required under the Investment Advice Law.

Nothing in the fund's past returns ensure a similar return in the future. Investment in the products mentioned in this document is subject to the risks described in the fund prospectus (including the risk of loss of investment funds). For a concise description of the unique risks for the products mentioned in this document, see the risk section in the annex to the prospectus intended for investors in Israel, and published on the distribution website of the Israeli Securities Authority and the Tel Aviv Stock Exchange. Furthermore, although BlackRock invests reasonable efforts to ensure the accuracy of the data presented in this document, it does not guarantee their accuracy, is not responsible for it, and should not be relied upon when making an investment decision.

Therefore, investors considering investing in the products mentioned in this document should examine the full offer documents of the relevant product (and in particular, the prospectus and the annex to the prospectus as stated above, and the risks described therein), and consult experts on their behalf regarding the viability of the investment.

The Fund and Fund Manager are not subject to the laws and regulations to which Israeli mutual funds are subject.

For investors in Saudi Arabia
The information contained in this document is intended strictly for sophisticated institutions.

The information contained in this document, does not constitute and should not be construed as an offer of, invitation or proposal to make an offer for, recommendation to apply for or an opinion or guidance on a financial product, service and/or strategy. Whilst great care has been taken to ensure that the information contained in this document is accurate, no responsibility can be accepted for any errors, mistakes or omissions or for any action taken in reliance thereon. You may only reproduce, circulate and use this document (or any part of it) with the consent of BlackRock.

The information contained in this document is for information purposes only. It is not intended for and should not be distributed to, or relied upon by, members of the public.

The information contained in this document, may contain statements that are not purely historical in nature but are "forward looking statements". These include, amongst other things, projections, forecasts or estimates of income. These forward-looking statements are based upon certain assumptions, some of which are described in other relevant documents or materials. If you do not understand the contents of this document, you should consult an authorised financial adviser.

For investors in Switzerland

This document is marketing material.

This document shall be exclusively made available to, and directed at, qualified investors as defined in Article 10 (3) of the CISA of 23 June 2006, as amended, at the exclusion of qualified investors with an opting-out pursuant to Art. 5 (1) of the Swiss Federal Act on Financial Services ("FinSA").

For information on art. 8 / 9 Financial Services Act (FinSA) and on your client segmentation under art. 4 FinSA, please see the following website: www.blackrock.com/finisa.

The information contained in this document, does not constitute and should not be construed as an offer of, invitation or proposal to make an offer for, recommendation to apply for or an opinion or guidance on a financial product, service and/or strategy. Whilst great care has been taken to ensure that the information contained in this document is accurate, no responsibility can be accepted for any errors, mistakes or omissions or for any action taken in reliance thereon. You may only reproduce, circulate and use this document (or any part of it) with the consent of BlackRock.

The information contained in this document is for information purposes only. It is not intended for and should not be distributed to, or relied upon by, members of the public. The information contained in this document, may contain statements that are not purely historical in nature but are "forward-looking statements". These include, amongst other things, projections, forecasts or estimates of income. These forward-looking statements are based upon certain assumptions, some of which are described in other relevant documents or materials. If you do not understand the contents of this document, you should consult an authorised financial adviser.

Any research in this document has been procured and may have been acted on by BlackRock for its own purpose. The results of such research are being made available only incidentally. The views expressed do not constitute investment or any other advice and are subject to change. They do not necessarily reflect the views of any company in the BlackRock Group or any part thereof and no assurances are made as to their accuracy.

This document is for information purposes only and does not constitute an offer or invitation to anyone to invest in any BlackRock funds and has not been prepared in connection with any such offer.

© 2026 BlackRock, Inc. All Rights reserved. BLACKROCK, BLACKROCK SOLUTIONS and iSHARES are trademarks of BlackRock, Inc. or its subsidiaries in the United States and elsewhere. All other trademarks are those of their respective owners.