


BlackRock Global Funds - Global High Yield Bond Fund D2 USD

LU0297941899

Morningstar Analyst Rating
 **Bronze**
 17 Oct 2018
 14:00, UTC-0500

Morningstar Category
Global High Yield Bond

Category Index
ICE BofAML Gbl HY Constnd TR USD

Total Assets
1,272.84
Mil USD

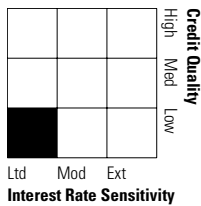
Current Yield %
6.15

Inception Date
12/06/07

Domicile/Currency
LUX/USD

Morningstar Rating
★★★★

Fixed Income Style








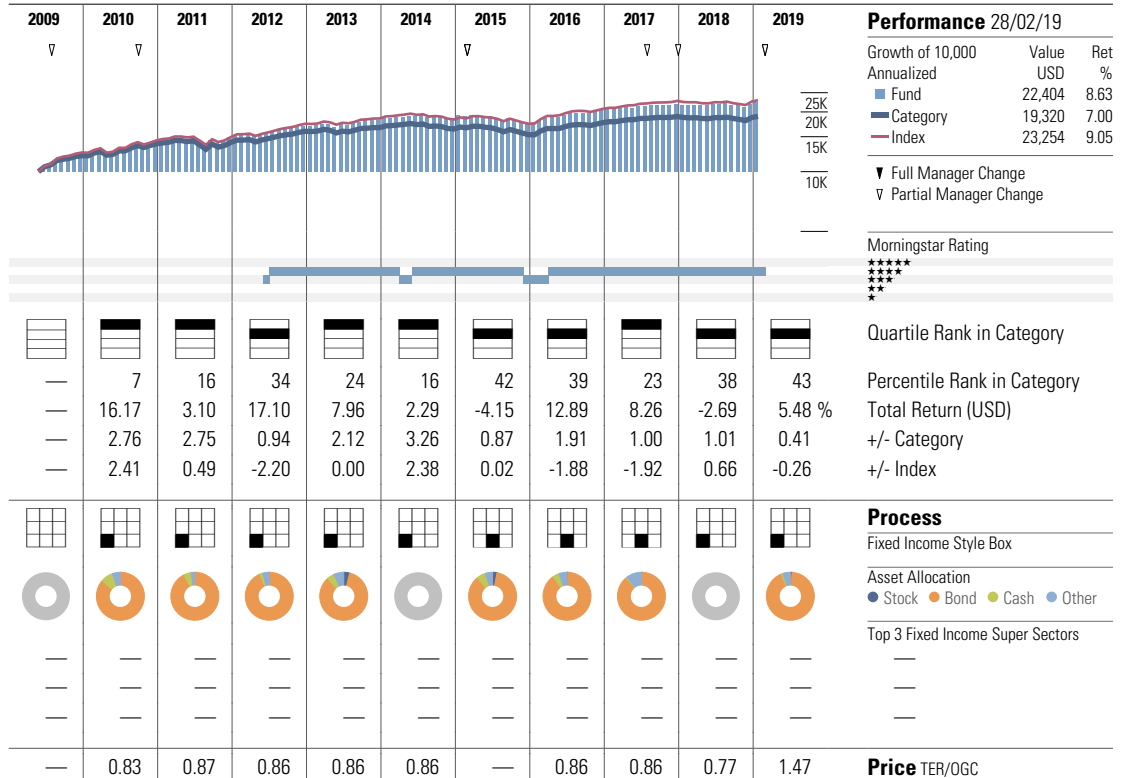
People

James Keenan 06/07
 David Delbos 02/15
 Jose Aguilar 02/15

Total Named Managers 5

Morningstar Pillars

Process | p. 2-3  Positive
 Performance | p. 4  Positive
 People | p. 5  Positive
 Parent | p. 6  Positive
 Price | p. 7  Neutral



Analyst View

Mara Dobrescu, CFA, Director

A solid contender in the global high-yield space.

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Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

 Gold  Silver  Bronze  Neutral  Negative

The Morningstar Analyst Rating for Funds is a forward-looking analysis of a fund. Morningstar has identified five key areas crucial to predicting the future success of a fund: People, Parent, Process, Performance, and Price. The pillars are used in determining the Morningstar Analyst Rating for a fund. Morningstar Analyst Ratings are assigned on a five-tier scale running from Gold to Negative. The top three ratings, Gold, Silver, and Bronze, all indicate that our analysts think highly of a fund; the difference between them corresponds to differences in the level of analyst conviction in a fund's ability to outperform its benchmark and peers through time, within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years). Neutral represents funds in which our analysts don't have a strong positive or negative conviction over the long term (defined as a full market cycle or at least five years) and Negative represents funds that possess at least one flaw that our analysts believe is likely to significantly hamper future performance over the long term (defined as a full market cycle or at least five years). Past performance of a security may or may not be sustained in future and is no indication of future performance. For detailed information about the Morningstar Analyst Rating for Funds, please visit <http://global.morningstar.com/managerdisclosures>

17 Oct, 2018 | BGF Global High Yield's managers have demonstrated their ability to maintain the fund's edge over time, making the most of an expansive tool kit to navigate various market environments. The fund's fees have come down slightly over the past year, which is a move in the right direction, though they are not yet cheap enough to give this fund a significant tailwind over the competition. Overall, the fund earns a Morningstar Analyst Rating of Bronze.

Instead of targeting a sweet spot on the credit-quality spectrum, this fund's managers aim to make the most of their flexible approach, turning cautious when riskier bonds offer paltry compensation and bold when risk-taking pays. Given the strategy's girth--this \$1.4 billion fund represents only a fraction of the team's nearly \$45 billion high-yield market footprint--staying nimble in the cash bond market is easier said than done. The team attempts to overcome those challenges by broadening the fund's scope to include investment-grade corporates and collateralised loan obligations on the defensive side and equities (up to 10%) on the aggressive end. (Contrary to its US-domiciled version, this UCITS vehicle does not invest in bank loans). In recent years, this strategy has also used exchange-traded funds, credit de-

fault swaps, and total return swaps to quickly gain diversified market exposure when cash bonds are scarce. While the managers still viewed the high-yield market as attractive in 2018 and weren't anticipating a downturn, they were focused on earning income and mitigating downside risk. Over the course of 2018, the team became more cautious, preferring CLO securities to short-duration high-yield assets and higher-quality, lower-coupon high-yield bonds. In parallel, the team has increased its net long equity exposure (2.7% as of the end of September 2018), which has been the main contributor for the year to date through September 2018.

The fund's eclectic style won't always work. While the team got the energy call right in 2015, its equity exposure weighed on returns. Over time, though, this approach has impressed: The fund's since-inception 8.9% annualised return, under Jimmy Keenan's watch, through September 2018, largely outpaced the global high-yield Morningstar Category average (4.7%) without being significantly more volatile.

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Bronze

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Process: Approach

Morningstar Category
Global High Yield BondCategory Index
ICE BofAML Gbl HY
Constnd TR USD

Adaptable.

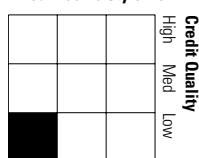
Process Pillar

Positive

17 Oct, 2018 | A versatile approach that makes the most of BlackRock's credit capabilities and risk management resources earns a Positive Process rating. Jimmy Keenan sets the portfolio's top-down themes based on input from the high-yield team plus insights from across the firm's broader fundamental fixed-income and equity

Style Surveyed 28/02/19

Fixed Income Style Box



| History | Style | Bonds % |
|---------|-------|---------|
| 2019 | | 92.6 |
| 2018 | | 96.2 |
| 2017 | | 88.6 |
| 2016 | | 89.5 |
| 2015 | | 86.1 |

Bonds % is based on portfolio data.

Style Box Factors

| Credit Quality | Fund | 3-Yr Avg | Category |
|------------------------|------|----------|----------|
| Average Credit Quality | B | B | B |
| Investment Grade % | 17.9 | 9.8 | 12.8 |
| Below Invest Grade % | 78.4 | 84.3 | 81.6 |

Interest Rate Sensitivity

| | Fund | 3-Yr Avg | Category |
|------------------------|------|----------|----------|
| Avg Effective Duration | 3.49 | 3.72 | 3.70 |
| Avg Modified Duration | — | — | 3.54 |
| Avg Effective Maturity | — | — | 6.44 |

Income 28/02/19

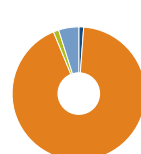
| | Fund | 3-Yr Avg | Category |
|----------------|------|----------|----------|
| Current Yield | — | — | 5.5 |
| 12-Month Yield | 0.0 | — | — |
| Average Coupon | 5.9 | 6.2 | 5.6 |

Average Coupon 28/02/19

platforms. Comanagers Dave Delbos, Mitch Garfin, José Aguilar, and Stephen Gough then work with the team's traders and research analysts to populate the portfolio from the bottom up. Given the nearly \$45 billion in active high-yield assets run by BlackRock, the fund is less nimble than some of its competitors. It invests mainly in the market's larger, more-liquid issues, and it can be challenging for the team to express macro themes quickly and efficiently in the high-yield cash bond market. The process aims to overcome those limitations by expanding the opportunity

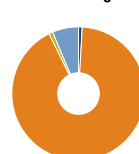
Asset Allocation 28/02/19

Current Allocation



| Net Assets % | Fund | 3-Yr Avg | Category |
|--------------|------|----------|----------|
| Equity | 1.2 | 0.9 | 0.3 |
| Fixed Income | 92.6 | 91.8 | 93.8 |
| Cash | 1.3 | 0.9 | 4.4 |
| Other | 4.9 | 6.3 | 1.5 |

3-Year Average



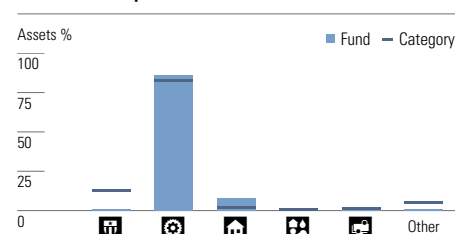
Regional Exposure 28/02/19

| Top 5 Countries Bonds % | Fund | 3-Yr Avg | Category |
|-------------------------|------|----------|----------|
| United States | 47.5 | 60.2 | 63.3 |
| Netherlands | 8.5 | 5.9 | 4.8 |
| United Kingdom | 5.1 | 5.4 | 4.5 |
| Canada | 4.4 | 4.3 | 3.8 |
| Germany | 3.3 | 3.6 | 3.2 |

set, occasionally substituting investment-grade corporates or CLOs for BBs, for instance, and equities (up to 10%) in place of CCCs. (Unlike its US-domiciled sibling, this UCITS vehicle does not invest in bank loans.) The team manages liquidity and tweaks the fund's market and industry exposures through a mix of high-yield ETFs, credit default swaps, and high-yield-focused total-return swaps. A risk committee regularly reviews the portfolio to see where it may be taking on too much risk in terms of market exposure, correlations, industry, and individual security exposure.

Sectors 28/02/19

Fixed Income Super Sectors



Fixed Income Sectors

| | Fund | 3-Yr Avg | Category |
|-------------------------------|-------------|----------|-------------|
| Government | 0.7 | — | 11.7 |
| Corporate | 86.4 | — | 81.9 |
| Corporate Bond | 83.4 | — | 80.6 |
| Bank Loan | 0.0 | — | 0.0 |
| Convertible | 2.5 | — | 1.2 |
| Preferred | 0.5 | — | 0.0 |
| Securitized | 8.1 | — | 1.1 |
| Agency Mortgage-Backed | 0.0 | — | 0.2 |
| Non Agency Residential | 0.0 | — | 0.0 |
| Commercial MBS | 0.0 | — | 0.1 |
| Asset-Backed | 8.1 | — | 0.7 |
| Covered Bond | 0.0 | — | 0.0 |
| Municipal | 0.0 | — | 0.0 |
| Cash & Equivalents | 1.1 | — | 0.2 |
| Other | 1.0 | — | 4.4 |

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Process: Portfolio

Morningstar Category
Global High Yield Bond

Category Index
ICE BofAML Gbl HY
Constnd TR USD

Still overweighting CCC bonds, but preparing for the later stages of the credit cycle.

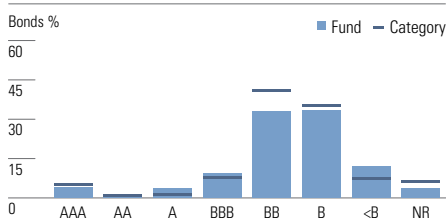
Process Pillar + Positive

17 Oct, 2018 | While the managers still viewed the high-yield market as attractive in 2018 and weren't anticipating a downturn, they were focused on earning income and mitigating downside risk. They kept 88% of the fund's assets in high-yield cash bonds (as of September 2018) but saw more value in off-benchmark securitised fare

(7.5%) such as CLOs than in short-duration high-yield assets or in higher-quality, low-coupon high-yield bonds. The fund thus retained an underweighting in BB bonds (31.8% of assets versus 50% in its ICE BofAML Global High Yield Constrained Index benchmark), and to a lesser extent B bonds (35.4% versus 37.6%). Conversely, it was more heavily tilted to CCC rated bonds (14.3% of assets compared with 10.3% for the benchmark), though this sleeve consisted mostly of lower-yielding CCC+ bonds that the team considered candidates for an upgrade. Significant issuer-level

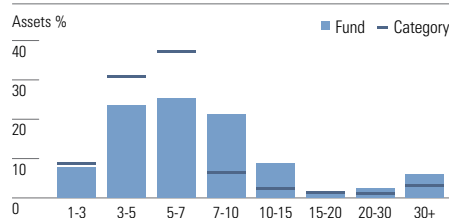
overweightings included Platform Specialty Products in the chemicals sector and gaming company The Stars Group. Otherwise, the fund's profile has been fairly stable. Its 1.6% cash position is only marginally higher than its historical average, and the fund's net exposure to equity and equity futures has increased slightly to 2.7% at the end of September 2018 (of which 1% is common equity) from roughly 1% a year ago.

Credit Quality Surveyed 28/02/19



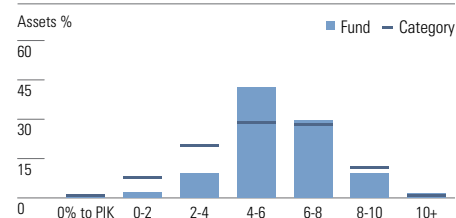
| Credit Quality | Fund | 3-Yr Avg | Category |
|----------------|------|----------|----------|
| AAA | 3.9 | 3.1 | 4.7 |
| AA | 0.9 | 0.3 | 0.3 |
| A | 3.7 | 1.8 | 0.6 |
| BBB | 9.4 | 4.6 | 7.1 |
| BB | 33.1 | 32.6 | 40.3 |
| B | 33.4 | 36.5 | 34.6 |
| Below B | 11.8 | 15.2 | 6.7 |
| Not Rated | 3.8 | 5.9 | 5.7 |

Bond Maturity 28/02/19



| Maturity (Years) | Fund | 3-Yr Avg | Category |
|------------------|------|----------|----------|
| 1 to 3 | 7.6 | — | 8.5 |
| 3 to 5 | 23.5 | — | 30.5 |
| 5 to 7 | 25.2 | — | 37.0 |
| 7 to 10 | 21.3 | — | 6.1 |
| 10 to 15 | 8.9 | — | 2.0 |
| 15 to 20 | 1.0 | — | 1.1 |
| 20 to 30 | 2.3 | — | 0.9 |
| Over 30 | 6.0 | — | 2.9 |

Coupon Range 28/02/19



| Coupon Range | Fund | 3-Yr Avg | Category |
|--------------------|------|----------|----------|
| 0% or Paid In Kind | 0.5 | — | 0.5 |
| 0 to 2 | 2.2 | — | 7.3 |
| 2 to 4 | 9.5 | — | 19.4 |
| 4 to 6 | 42.3 | — | 28.3 |
| 6 to 8 | 29.5 | — | 27.7 |
| 8 to 10 | 9.3 | — | 11.1 |
| More than 10 | 1.9 | — | 0.4 |

Portfolio Holdings 30/11/18

| Bond Holdings | Equity Holdings | Other Holdings | | | Assets in Top 10 Holdings | Turnover Ratio (Reported) | Current Yield |
|---|-----------------|----------------|----------|----------|---------------------------|---------------------------|------------------------|
| 1,178 | 6 | 110 | | | 11% | — | — |
| Top 10 Holdings | | Country | Currency | Assets % | Super Sector | Primary Sector | Secondary Sector |
| Icee: (Cdx.Na.Hy.31.V1) 5 12/20/2023 Icee | | USA | — | 5.03 | Other | Swap | Credit Default Swap |
| Trswap: Iboxhy Index | | USA | — | 1.69 | — | | |
| Blackstone CQP Holdco 6.5% | | USA | USD | 1.18 | Corporate | Corporate Bond | Financial Services |
| Petrobras Global Finance B.V. 4.38% | | NLD | USD | 0.84 | Corporate | Corporate Bond | Financial Services |
| Platform Specialty Products Corporation 6.5% | | USA | USD | 0.54 | Corporate | Corporate Bond | Basic Materials |
| Altice Luxembourg S.A. 7.75% | | GBR | USD | 0.50 | Corporate | Corporate Bond | Communication Services |
| Teva Pharmaceutical Finance Netherlands III B.V. 2.8% | | NLD | USD | 0.49 | Corporate | Corporate Bond | Financial Services |
| HCA Inc. 5.5% | | USA | USD | 0.48 | Corporate | Corporate Bond | Health-Care |
| HD Supply, Inc. 5.38% | | USA | USD | 0.47 | Corporate | Corporate Bond | Basic Materials |
| BWAY Holding Company 4.75% | | USA | EUR | 0.47 | Corporate | Corporate Bond | Consumer Cyclical |

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Performance

Morningstar Category
 Global High Yield Bond

Category Index
 ICE BofAML Gbl HY
 Constnd TR USD

A strong performance record.

Performance Pillar Positive

17 Oct, 2018 | Some high-yield funds stick with a preferred spot on the credit-quality spectrum, which can work for or against them when risk-taking is punished or rewarded. This team aims to be more flexible. For instance, a heavier allocation to CCCs buoyed the fund ahead of 93% of competitors in 2010's risk-on environment, while

a defensive shift out of energy names helped the fund hold up better than most in 2014. At other times, the team's decision to foray beyond high-yield bonds into investment-grade corporates on the cautious end and equities on the more daring side, has proved rewarding, as it did in 2013 and 2017. For the year to date through September 2018, a tactical net long equity position (mostly preferred equities) helped the fund outperform 75% of its rivals. The team hasn't always timed these calls perfectly. In 2015, for instance, the fund's allocation to equities in place of CCC bonds

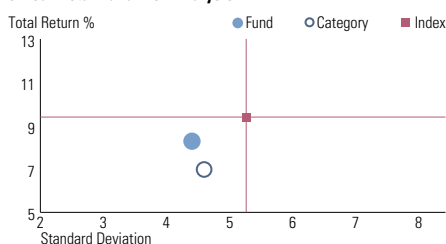
held it back somewhat, while a cautious stance toward risk has kept the fund near the middle of the pack in 2016. Over time, though, the team has used the fund's flexibility to its advantage more often than not. The fund's since-inception 8.9% annualised return under Jimmy Keenan's watch through September 2018 largely outpaced its category average (4.7%) without significantly greater volatility, supporting a Positive Performance Pillar rating.

Morningstar Rating and Risk 28/02/19

| Period | Morningstar Ret vs Cat | Morningstar Risk vs Cat | Morningstar Rating |
|----------------|------------------------|-------------------------|--------------------|
| 3 Years | Above Avg | Avg | ★★★★ |
| 5 Years | Above Avg | Avg | ★★★★ |
| 10 Years | — | — | — |
| Overall Rating | ★★★★ | | |

Risk Analysis 28/02/19

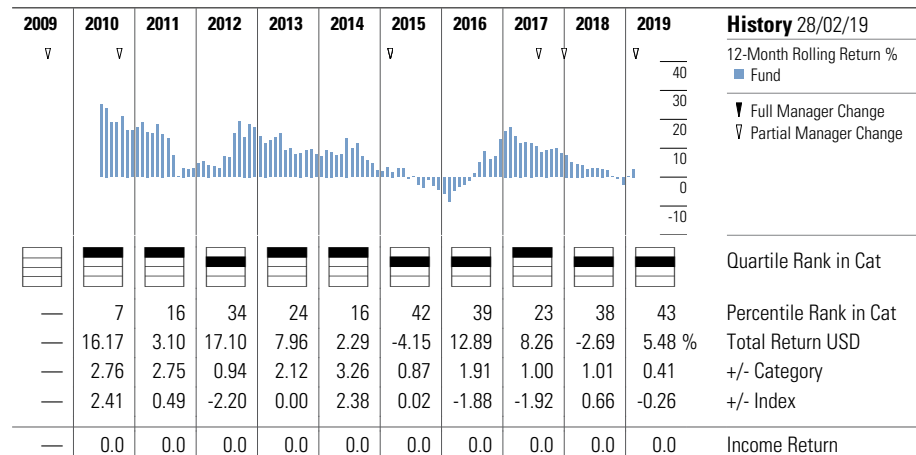
3-Year Return and Risk Analysis



| 3-Year Risk Measures | Fund | Category | Index |
|----------------------|-------|----------|-------|
| Standard Deviation | 4.40 | 4.60 | 5.26 |
| Sharpe Ratio | 1.53 | 1.26 | 1.48 |
| R-Squared | 87.97 | 82.79 | — |
| Beta | 0.79 | 0.79 | — |
| Alpha | 0.62 | -0.65 | — |

| Maximum Drawdown | Fund | Category | Index |
|-----------------------|-------|----------|--------|
| Max Drawdown (%) | -9.24 | -12.24 | -11.05 |
| Peak Date | 05/15 | 07/14 | 07/14 |
| Valley Date | 01/16 | 02/16 | 01/16 |
| Max Drawdown (Months) | 9 | 20 | 19 |

| Upside/Downside | Fund | Category | Index |
|------------------------|------|----------|-------|
| Upside Capture Ratio | 86.1 | 77.3 | — |
| Downside Capture Ratio | 78.3 | 85.2 | — |



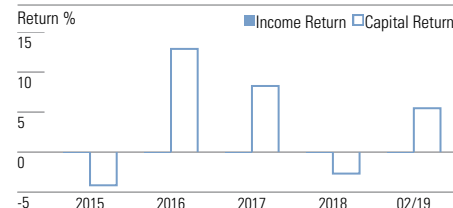
Returns 28/02/19

| Trailing Returns | Total Ret % | Investor Ret % | Rank in Cat | Cat Ret % | Index Ret % |
|------------------|-------------|----------------|-------------|-----------|-------------|
| 1 Year | 2.81 | 2.22 | 38 | 1.57 | 2.14 |
| 3 Years | 8.28 | 9.48 | 23 | 6.98 | 9.40 |
| 5 Years | 3.71 | 3.41 | 24 | 2.71 | 3.83 |
| 10 Years | — | — | — | 8.77 | 11.48 |
| Tenure 06/07 | 8.64 | — | — | 4.49 | 6.75 |
| Inception 06/07 | 8.64 | — | — | 4.59 | 6.85 |

Rolling-Returns Summary

| | |
|-----|--|
| 61% | 36-Month Rolling Periods |
| 31 | 89 Observations, 7 Years |
| 8 | The shading and percentages correspond to how often the fund returns landed in each category quartile. |
| 0 | |

Income and Capital Returns



| Year | Income Ret % | Income % Rank in Cat | Capital Ret % | Capital % Rank in Cat |
|-------|--------------|----------------------|---------------|-----------------------|
| 2015 | 0.00 | 39 | -4.15 | 28 |
| 2016 | 0.00 | 47 | 12.89 | 22 |
| 2017 | 0.00 | 100 | 8.26 | 15 |
| 2018 | 0.00 | 36 | -2.69 | 27 |
| 02/19 | 0.00 | 30 | 5.48 | 33 |

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People

Morningstar Category
Global High Yield Bond

Category Index
ICE BofAML Gbl HY
Constnd TR USD

Well-resourced despite some recent changes in the European team.

People Pillar

Positive

17 Oct, 2018 | This fund benefits from an experienced portfolio management team and analyst breadth, earning a Positive People rating. Jimmy Keenan, a veteran with two decades of investment experience, took over as lead manager in mid-2007 and initially comanaged the fund with European high-yield specialist Michael Phelps. In

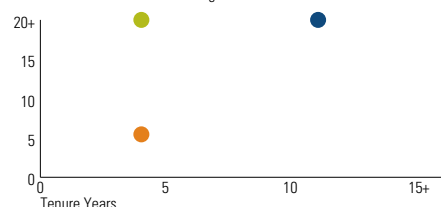
2015, this duo was joined by three other portfolio managers: Mitch Garfin, who worked at BlackRock for nearly two decades in various credit research and portfolio management roles, David Delbos, who joined the firm in 2002 as a credit analyst before managing portfolios in 2012, and José Aguilar, who joined BlackRock in 2009. However, Michael Phelps left the firm by the end of 2017, leaving the day-to-day management of the fund's European sleeve to José Aguilar and new addition Stephen Gough. In October 2018, BlackRock also hired James Turner, who formerly

managed high-yield strategies at Oaktree, in its European high-yield team. Phelps' departure was a loss for the European team, and it will take some time to evaluate how the new additions are settling in, but there is sufficient continuity in the fund's overall resources to maintain our positive view here. The team is supported chiefly by 14 credit analysts in the United States, split between experienced and more junior staff, a European team that has grown to 12, and seven dedicated quantitative analysts.

Management Team

Experience and Asset Load

Total AUM Bil USD in Funds Managed



Number of Managers

5

Longest Tenure

11.75 Years

Manager Retention Rate

5-Year
—%

Average Manager Tenure

4.82 Years

Advisor

BlackRock Investment Management (UK) Ltd.

Subadvisor

BlackRock Inv Management (UK) Ltd.

James Keenan 06/07 to Present

Years on Managed Funds

14

Years on Fund

11

Fund AUM

28,457.22 Mil USD

Current Funds Managed

23

Largest Funds Managed

| | Tenure Dates | Role | Fund Size Bil USD | Investment Mil USD | Tenure Ret % | Index Ret % |
|-------------------------------------|------------------|--------|----------------------|-----------------------|-----------------|----------------|
| BlackRock High Yield Bond Portfolio | 12/07 to Present | 1 of 4 | 16.15 | >1 | 7.31 | 3.70 |
| BlackRock Floating Rate Income Fund | 07/10 to Present | 1 of 7 | 3.26 | >1 | 4.38 | 2.82 |
| BGF US Dollar High Yield Bond Fund | 06/07 to Present | 1 of 3 | 2.28 | — | 5.10 | 6.90 |
| BlackRock Corporate High Yield Fund | 05/09 to Present | 1 of 2 | 1.44 | — | 12.04 | 3.53 |
| BGF Global High Yield Bond Fund | 06/07 to Present | 1 of 5 | 1.27 | — | 3.59 | 6.17 |

David Delbos 02/15 to Present

Years on Managed Funds

16

Years on Fund

4

Fund AUM

23,512.09 Mil USD

Current Funds Managed

12

Largest Funds Managed

| | Tenure Dates | Role | Fund Size Bil USD | Investment Mil USD | Tenure Ret % | Index Ret % |
|-------------------------------------|------------------|--------|----------------------|-----------------------|-----------------|----------------|
| BlackRock High Yield Bond Portfolio | 03/14 to Present | 1 of 4 | 16.15 | >1 | 4.32 | 2.45 |
| BlackRock Floating Rate Income Fund | 08/18 to Present | 1 of 7 | 3.26 | None | 0.90 | 2.03 |
| BGF US Dollar High Yield Bond Fund | 02/15 to Present | 1 of 3 | 2.28 | — | 3.65 | 5.20 |
| BGF Global High Yield Bond Fund | 02/15 to Present | 1 of 5 | 1.27 | — | 2.23 | 3.84 |
| BlackRock High Yield V.I. Fund | 03/14 to Present | 1 of 4 | 0.52 | None | 3.95 | 2.45 |

Jose Aguilar 02/15 to Present

Years on Managed Funds

4

Years on Fund

4

Fund AUM

5,453.72 Mil USD

Current Funds Managed

7

Largest Funds Managed

| | Tenure Dates | Role | Fund Size Bil USD | Investment Mil USD | Tenure Ret % | Index Ret % |
|--|------------------|--------|----------------------|-----------------------|-----------------|----------------|
| BlackRock Global Long/Short Credit Fund | 07/17 to Present | 1 of 4 | 3.27 | <0.05 | 0.96 | 1.07 |
| BGF Global High Yield Bond Fund | 02/15 to Present | 1 of 5 | 1.27 | — | 2.23 | 3.84 |
| BlackRock Credit Strategies Income Fund | 07/16 to Present | 1 of 5 | 0.75 | <0.05 | 4.83 | 0.73 |
| JNL/BlackRock Global Long Short CreditFd | 07/17 to Present | 1 of 4 | 0.09 | None | 0.67 | 1.07 |
| BGF European High Yield Bond Fund | 07/15 to Present | 1 of 3 | 0.07 | — | 3.60 | 3.91 |

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Acting in enlightened self-interest.

Parent Pillar

Positive

01 Nov, 2018 | BlackRock's successful balancing act retains a positive Parent rating.

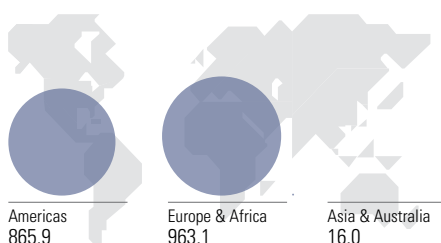
The \$6.3 trillion colossus' institutional and retail clients span the globe, and its publicly traded shares have beaten virtually all industry peers and most fellow S&P 500 denizens since the company's 1999 IPO. Both its clients and pub-

lic shareholders have high expectations, but BlackRock has shown it understands it must be a capable fiduciary to keep delivering enviable long-term stock returns. Its investment fees continue to fall and managers invest more in their strategies. The firm invests heavily in technology and people and makes versions of its institutional risk and portfolio analysis tools available to advisors. Its iShares unit's efforts to defend its leading exchange-traded fund market position has helped drive asset-management costs down. The firm has expanded into alternatives and private equity.

Biggest is not always best, though. BlackRock has turned around its fixed-income platform since the global financial crisis, but its active equity lineup has sputtered and been through two major restructurings in six years. Its manager retention and tenure rates for U.S. mutual funds are lower than most other top 20 fund families. While it has shown more fund launch discipline, it has its share of niche vehicles, such as the iShares Robotics and Artificial Intelligence ETF.

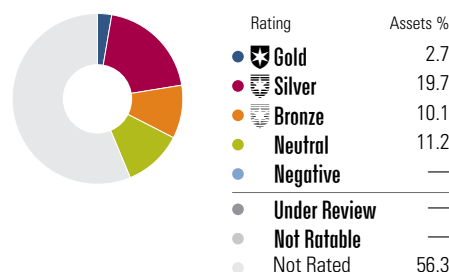
Still, BlackRock has used its size and operational savvy to clients' benefit.

Assets By Region, By Domicile Bil USD

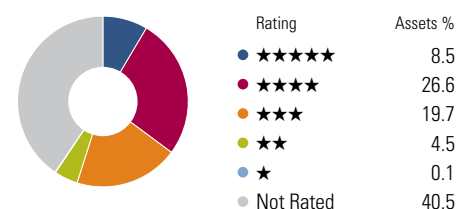


Fund Family Details Europe (*)

Morningstar Analyst Rating Breakdown

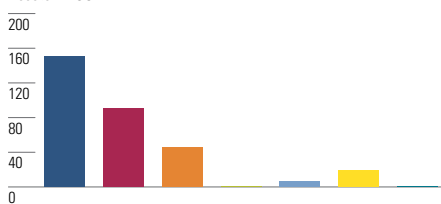


Morningstar Rating Breakdown



Asset Class Breakdown Europe (ex Money Mkt)

Assets Bil USD



Fund Family Details Europe

| Top Performing Funds | Category Name | Fund Size Mil USD | Return % 3-Year | Rank in Cat 3-Year |
|--|--------------------------------|-------------------|-----------------|--------------------|
| BlackRock Strategic Funds - Emerging Markets Equity Strategies Fund Z2 USD | Global Emerging Markets Equity | 309.0 | 24.55 | 1 |
| iShares Edge EM Fundamental Weighted Index Fund (IE) Flexible A Acc GBP | Global Emerging Markets Equity | 496.7 | 20.47 | 1 |
| BlackRock Global Funds - China Bond Fund D3 USD | RMB Bond | 157.3 | 6.08 | 1 |

| Largest Funds | Category Name | Fund Size Mil USD | Return % 3-Year | Rank in Cat 3-Year |
|---|-----------------------------------|-------------------|-----------------|--------------------|
| BlackRock Global Funds - Global Allocation Fund A2 | USD Moderate Allocation | 15,420.1 | 5.87 | 55 |
| iShares Developed World Index Fund (IE) Flexible Acc USD | Global Large-Cap Blend Equity | 13,117.0 | 12.83 | 12 |
| BlackRock Global Funds - Euro Short Duration Bond Fund A2 EUR | EUR Diversified Bond - Short Term | 12,609.5 | 1.57 | 41 |

| Recent Fund Launches | Category Name | Fund Size Mil USD | Return % Inception | Inception Date |
|---|----------------------------------|-------------------|--------------------|----------------|
| BSF Global Equity Absolute Return Fund Z2 USD | Alt - Long/Short Equity - Global | 20.3 | 3.28 | 12/12/18 |
| BlackRock Strategic Funds - European Unconstrained Equity Fund I2 EUR | Europe Large-Cap Blend Equity | 5.9 | 9.81 | 06/12/18 |
| BlackRock Global Funds - Market Navigator Fund I2 EUR | EUR Flexible Allocation - Global | 36.0 | 3.13 | 16/11/18 |

(*) All data is based on Branding name and refers to funds domiciled in Europe.

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MORNINGSTAR

BlackRock Global Funds - Global High Yield Bond Fund D2 USD

LU0297941899

Morningstar Analyst Rating
Bronze
 17 Oct 2018
 14:00, UTC-0500

Price

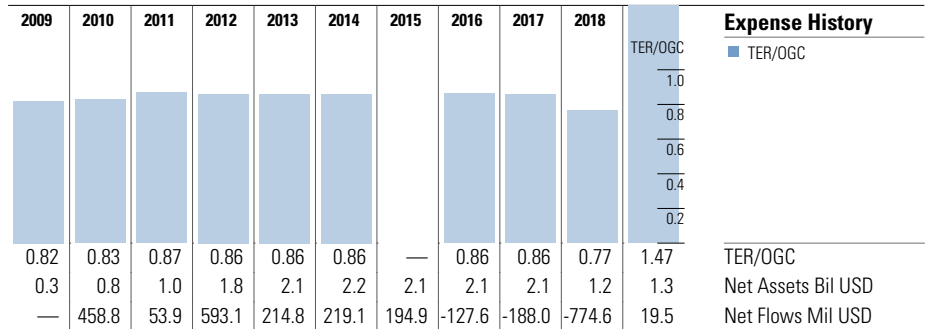
Morningstar Category
Global High Yield Bond

Category Index
ICE BofAML Gbl HY
Constnd TR USD

A recent fee cut brings the fund's fees in line with the competition.

Price Pillar ● Neutral

17 Oct, 2018 | The fund's rebate-free share class D2 bears an annual ongoing charge of 0.77% as of January 2018, down from 0.86% in previous years. That's good news for investors, although it's not enough to make the fund's fees competitive just yet. It earns a Neutral Price Pillar rating.



Expense Breakdown

Ongoing charge
Ongoing charge 11/02/19 1.47

Selected Components
 Max Management Fee 0.65
 Performance Fee —

Fee Level

Fee Level
Avg
Peer Group
Global High Yield Bond
Retail Broad

Fee Level Breakpoints

2.79
 0.09
 High >1.81
 Above Average 1.47-1.81
 Average 1.25-1.47
 Below Average 0.85-1.25
 Low <0.85
 Fund 1.47
 Peer Median 1.37

Share Class Information

| Share Class | Identifier | Morningstar Category | TER/OGC | Max Mgmt Fee | Performance Fee | Maximum Initial Charge | Minimum Initial Inv | Assets Bil USD |
|--|---------------------|-------------------------------------|-------------|--------------|-----------------|------------------------|---------------------|----------------|
| BGF Global High Yield Bond D2 USD | LU0297941899 | Global High Yield Bond | 0.77 | 0.65 | — | 5.00 | 100,000 | 0.05 |
| BGF Global High Yield Bond A6 USD | LU0764618640 | Global High Yield Bond | 1.47 | 1.25 | — | 5.00 | 5,000 | 0.19 |
| BGF Global High Yield Bond A2 USD | LU0171284937 | Global High Yield Bond | 1.46 | 1.25 | — | 5.00 | 5,000 | 0.17 |
| BGF Global High Yield Bond E5 EUR | LU0500207039 | Global High Yield Bond - EUR Hedged | 1.97 | 1.25 | — | 3.00 | — | 0.13 |
| BGF Global High Yield Bond I2 USD | LU0369584726 | Global High Yield Bond | 0.61 | 0.65 | — | 0.00 | 10,000,000 | 0.10 |
| BGF Global High Yield Bond D2 EUR | LU0368267034 | Global High Yield Bond - EUR Hedged | 0.76 | 0.65 | — | 5.00 | — | 0.07 |

Morningstar Global Fund Report

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Morningstar Analyst Rating

| | 2017 | 2018 | 2019 |
|--|------|------|------|
|  Gold | | | |
|  Silver | | | |
|  Bronze | | | |
| Neutral | | | |
| Negative | | | |
| Under Review | | | |
| Not Ratable | | | |

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The Five (5) Pillars

Morningstar has identified five key areas that we believe are crucial to predicting the future success of funds: People, Parent, Process, Performance, and Price. Each pillar is evaluated when assessing a fund as well as the interaction between the pillars, which we believe is crucial to understanding a fund's overall merit.

People

The overall quality of a fund's investment team is a significant key to its ability to deliver superior performance relative to its benchmark and/or peers. Evaluating a fund's investment team requires that analysts assess several relevant items including how key decisions are made.

Parent

We believe the parent organization is of utmost importance in evaluating funds. The fund's management set the tone for key elements of our evaluation, including capacity management, risk management, recruitment and retention of talent, and incentive pay. Beyond these operational areas, we prefer firms that have a culture of stewardship and put investors first to those that are too heavily weighted to salesmanship.

Process

We look for funds with a performance objective and investment process (for both security selection and portfolio construction) that is sensible, clearly defined, and repeatable. In addition, the portfolio should be constructed in a manner that is consistent with the investment process and performance objective.

Performance

We do not believe past performance is necessarily predictive of future results, and this factor accordingly receives a relatively small weighting in our evaluation process. In particular, we strive not to anchor on short-term performance. However, we do believe that the evaluation of long-term return and risk patterns is vital to determining if a fund is delivering to our expectations.

Price

To reflect actual investor experience, price is evaluated within the context of the relevant market or cross-border region—for example, the United States, Australia, Canada, or Europe. In recognition of differences in scale and distribution costs in various markets, the level at which a fund is penalised for high fees or rewarded for low fees can vary with region. In Europe, for example, funds are penalised if they land in the most expensive quintile of their Morningstar category and are rewarded if they land in the cheapest quintile. The assessment is made using annual expense ratios, but in the case of funds with performance fees, expenses are evaluated excluding any performance fees and then the structure of the performance fee is evaluated separately.

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Gold

Represents funds that our analyst has the highest-conviction in for that given investment mandate. By giving a fund a Gold rating, we are expressing an expectation that it will outperform its relevant performance benchmark and/or peer group within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years). To earn a Gold rating, a fund must distinguish itself across the five pillars that are the basis for our analysis.

Silver

Represents funds our analyst has high-conviction in, but not in all of the five pillars. With those fundamental strengths, we expect these funds will outperform their relevant performance benchmark and/or peer group within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years).

Bronze

Represents funds that have advantages that clearly outweigh any disadvantages across the pillars, giving analyst the conviction to award them a positive rating. We expect these funds to beat their relevant performance benchmark and/or peer group within the context of the level of risk taken over a full market cycle (or at least five years).

Neutral

Represents funds in which our analysts don't have a strong positive or negative conviction. In our judgment, these funds are not likely to deliver standout returns, but they aren't likely to seriously underperform their relevant performance benchmark and/or peer group either.

Negative

Represents funds that possess at least one flaw that our analysts believe is likely to significantly hamper future performance, such as high fees or an unstable management team. Because of these faults, we believe these funds are inferior to most competitors and will likely underperform their relevant performance benchmark and/or peer group, within the context of the level of risk taken, over a full market cycle.

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Not Ratable

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The Report lists the fund's top ten holdings as of the dated noted. For each underlying holding, a series of data points is provided including, where applicable, that security's Economic Moat as of the date noted.

Economic Moat

The concept of an economic moat plays a vital role in our equity analyst's qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of its fair value estimate. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a *narrow moat* are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. *Wide-moat* companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, *no-moat* companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

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