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**This Supplement contains information relating to the Fund which is a separate fund of the Company. This Supplement forms part of and should be read in the context of, and together with, the Prospectus for the Company dated 30 August 2024, and any amending Supplements and Addenda to the Prospectus (the "Prospectus").**

**The distribution of this Supplement and the offering or purchase of the Shares of the Company may be restricted in certain jurisdictions. Accordingly, this Supplement does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful. It is the responsibility of any persons in possession of this Supplement to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction.**

**If you are in any doubt about the action to be taken or the contents of this Supplement please consult your stockbroker, bank manager, lawyer, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 immediately.**

**Upon issue, the Shares will be admitted to trading on Euronext.**

**iShares III Public Limited Company**  
*(an umbrella open-ended investment company with variable capital  
and having segregated liability between its funds)*

**Supplement relating to**  
**iShares AI Innovation Active UCITS ETF**  
**MANAGER**  
**BlackRock Asset Management Ireland Limited**  
**INVESTMENT MANAGER**  
**BlackRock Advisors (UK) Limited**

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Potential investors should consider the risk factors set out in the Prospectus and in this Supplement before investing in the Fund.

The Directors of the Company whose names appear both on the Company's directorship register and under the heading "Management of the Company" in the Prospectus accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of the information.

Save as disclosed in this Supplement, there has been no significant change and no significant new matter has arisen since publication of the Prospectus.

Application has been made for all of the Shares issued and to be issued to be traded on Euronext. The Fund constitutes a new fund of the Company and the Shares will be allocated to the Fund as and when issued.

It is expected that dealings in the Shares will commence on or about 13 June 2025.

The date of this Supplement No. 4 is 12 December 2024.

To the extent that there is any inconsistency between this Supplement and the Prospectus, this Supplement shall prevail.

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## DEFINITIONS

"*Account Opening Form*", such account opening form or application form (as the context requires) as the Directors may prescribe, to be completed by the Authorised Participant for the purposes of opening a Primary Market dealing account in relation to the Fund; or to be completed by the Common Depositary's Nominee for the purposes of applying for Shares to be issued in its name and to include authorisation for the Company to deal with Authorised Participants (as applicable).

"*Accumulating Share Class*", a Share Class designated as being "Accumulating" in the list of Share Classes listed under the heading "Introduction" of this Supplement or "Acc" in the "Current Share Classes" table of this Supplement and in respect of which income and other profits will be accumulated and reinvested.

"*ADR*", American Depositary Receipt.

"*Authorised Participant*", a market maker or broker entity which is registered with the Company as an authorised participant and therefore able to deal on the Primary Market for Shares in the Fund.

"*Base Currency*", the base currency of the Fund, which is US Dollar (US\$).

"*Central Bank*", the Central Bank of Ireland.

"*Central Bank UCITS Regulations*", Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019, as may be amended or replaced.

"*Central Securities Depositaries*", such Recognised Clearing Systems which are national settlement systems for individual national markets. The Central Securities Depositaries will be Participants in the International Central Securities Depositaries.

"*Clearstream*", Clearstream Banking, Société Anonyme, Luxembourg and any successor in business thereto.

"*Common Depositary*", the entity appointed as a depositary for the International Central Securities Depositaries, currently Citibank Europe plc, having its registered office at 1 North Wall Quay, Dublin 1.

"*Common Depositary's Nominee*", the entity appointed as nominee for any Common Depositary and as such acts as the registered holder of the Shares in the Fund, currently Citivic Nominees Limited.

"*Company*", iShares III plc.

"*Currency Hedged Share Class*", a Share Class which allows the use of hedging transactions to reduce the effect of exchange rate fluctuations as described under the heading "Currency Hedged Share Classes" in "Current Share Classes" table of this Supplement.

"*Current Share Classes*", the Share Classes of the Fund available for launch at the discretion of the Manager as at the date of this Supplement as listed in the "Current Share Classes" table of this Supplement.

"*Dealing Day*", in general each Business Day will be a Dealing Day. However, some Business Days will not be Dealing Days where, for example, markets on which the Fund's Investments are listed or traded are suspended or closed or where there is a public holiday in the relevant jurisdiction in which a delegate of the Investment Manager is based provided there is at least one Dealing Day per fortnight, subject always to the Directors' discretion to temporarily suspend the determination of the Net Asset Value and the sale, switching and/or redemption of Shares in the Company or the Fund in accordance with the provisions of the Prospectus and the Articles. The Investment Manager produces dealing calendars which detail in advance the Dealing Days for the Fund. The dealing calendar may be amended from time to time by the Investment Manager where, for example, the relevant market operator, regulator or exchange (as applicable) declares a relevant market closed for trading and/or settlement (such closure may be made with little or no notice to the Investment Manager). The dealing calendar for the Fund and each Share Class within the Fund) is available from the Investment Manager.

"*Distributing Share Class*", a Share Class designated as being "Distributing" in the list of Share Classes listed under the heading "Introduction" of this Supplement or "Dist" in the "Current Share Classes" table of this Supplement and in respect of which distributions of income will be declared.

"*Electronic Order Entry Facility*", the website facility which may be used by Authorised Participants to submit dealing requests in respect of Shares in the Fund and to obtain information in relation to the dealing procedures.

"*Euroclear*", Euroclear Bank S.A./N.V. and any such successor in business thereto.

"*Euronext*", Euronext N.V.

"*FDI*", financial derivative instruments.

"*Fund*", iShares AI Innovation Active UCITS ETF; a reference to the "Fund" shall, in the context where no particular Share Class is specified, include all Share Classes attributable to the Fund.

"GDR", Global Depository Receipt.

"Global Share Certificate", means the certificate evidencing entitlement to the Shares issued pursuant to the Memorandum and Articles and the Prospectus, described in further detail under the section titled "Global Clearing and Settlement" in the Prospectus.

"International Central Securities Depositories", such Recognised Clearing Systems used by the Fund issuing its Shares through the International Central Securities Depository settlement system, which is an international settlement system connected to multiple national markets, and which includes Euroclear and/or Clearstream.

"Investment", any investment authorised by the Memorandum which is permitted by the Regulations and the Articles.

"KIID" or "KID", the key investor information document issued in respect of the Fund pursuant to either the Regulations or the PRIIPs Regulation, as may be amended from time to time.

"Launched Share Class", a Share Class in existence and available for investment.

"LSE", the London Stock Exchange, a division of the London Stock Exchange Group plc.

"OTC", over the counter.

"Participants", account holders in an International Central Securities Depository, which may include Authorised Participants, their nominees or agents and who hold their interest in Shares settled and/or cleared through the applicable International Central Securities Depository.

"Paying Agent", the entity appointed to act as paying agent to the Fund.

"Portfolio Composition File", the file setting out the Investments and Cash Component which may be transferred to the Fund, in the case of subscriptions, and by the Company, in the case of redemptions, in satisfaction of the price of Shares thereof. Each Share Class of the Fund will have a Portfolio Composition File, which may (but need not) differ from the Portfolio Composition Files for other Share Classes within the Fund.

"PRIIPs Regulation", Regulation (EU) No.1286/2014 of the European Parliament and of the Council of 26 November 2014 as may be amended or replaced.

"Primary Market", the off exchange market whereon Shares of the Fund are created and redeemed directly with the Company.

"Regulations", European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 as amended by European Union (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2016 as may be amended or replaced.

"SFDR", Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

"Share", a participating share of no par value in the Fund or any Share Class representing a participation in the capital of the Company and carrying rights attributable to the Fund or Share Class, issued in accordance with the Articles and with the rights provided for under the Articles.

"Share Class", any class of Share attributable to the Fund and carrying rights to participate in the assets and liabilities of the Fund, as further described below under the "Introduction" section of this Supplement.

"Shareholder", the registered holder of a Share in the Fund.

"SIX", SIX Swiss Exchange.

"Sustainable Investment", means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

"Taxonomy Regulation", Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

"Valuation Currency", in respect of a Share Class, the currency in which a class of Shares is priced by the Administrator and in which such Shares are denominated.

"Xetra", Deutsche Börse Xetra, in Frankfurt, Germany.

All other defined terms shall bear the same meaning as are ascribed thereto in the Prospectus.

## INTRODUCTION

The Company is an open-ended investment company with variable capital and having segregated liability between its funds organised under the laws of Ireland. The Company was authorised by the Central Bank as a UCITS for the purposes of the Regulations on 6 March 2008, to offer pooled investment. The Company is structured as an umbrella fund in that the share capital of the Company may be divided into different classes of shares with one or more classes representing a separate fund of the Company. Each fund may have more than one share class. Other funds of the Company are set out in Appendix I to this Supplement.

Each fund of the Company comprises a distinct portfolio of Investments. The shares of each fund of the Company may be issued with different rights, features and on different terms and conditions to those of the other funds. Shares of the Fund may be divided into different Share Classes with different dividend policies, currency hedging and Valuation Currencies and may therefore have different fees and expenses.

The Prospectus sets out information that applies to each and every fund of the Company. This includes risk factors that apply to investing in funds, the management and administration of the funds by the Company, fund valuations, procedures for subscriptions, redemptions and transfers of shares in the funds, details of fees and expenses payable by the funds and taxation of shares in the funds. The Prospectus also contains information from the Company's Articles of Association.

This Supplement contains specific information relating to the Fund, including details of how to buy and sell Shares and the settlement system used by the Fund. The Base Currency of the Fund is US Dollar (US\$). The types of Share Classes that may be made available by the Company in the Fund are set out below.

<b>Income Treatment</b>	<b>Share Class Valuation Currency</b>	<b>Hedged / Unhedged</b>	<b>Currency into which the Share Class is Hedged</b>
Accumulating	Base Currency	Unhedged	N/A
Accumulating	Differs from the Base Currency	Unhedged	N/A
Accumulating	Differs from the Base Currency	Hedged	The same as the Valuation Currency
Distributing	Base Currency	Unhedged	N/A
Distributing	Differs from the Base Currency	Unhedged	N/A
Distributing	Differs from the Base Currency	Hedged	The same as the Valuation Currency

Currency Hedged Share Classes offered in the Fund aim to reduce the impact of exchange rate fluctuations between the Base Currency of the Fund and the Valuation Currency of a Currency Hedged Share Class, on returns of the Fund to investors in that Share Class, through entering into foreign exchange contracts for currency hedging.

For details of the Share Classes in the Fund that have launched and for those currently available at the Manager's discretion, please refer to the tables below under the heading "Current Share Classes". Additional classes of Shares, including Share Classes of the type not currently listed above, may be added by the Company to the Fund in the future, at its discretion, in accordance with the requirements of the Central Bank. The creation of additional Share Classes will not result in any material prejudice to the rights attaching to existing Share Classes. Details of the Share Classes available for subscription, and to which different fee structures may apply, may be set out in separate Supplements. In addition, a list of all Funds and issued Share Classes thereof will be set out in the annual and semi-annual reports of the Company.

Please note that if you hold a Share Class and you wish to change your holding to a different Share Class of the same Fund, any such change may be treated by tax authorities as a redemption and sale and may be a realisation for the purposes of capital gains taxation.

Please refer to the "Risk Factors" section of this Supplement for the specific risks associated with investment in a Share Class of the Fund.

Potential investors in the Fund should read the Fund's KIID or KID. Potential investors in the Fund should also read this Supplement in conjunction with the Prospectus, which is available, free of charge, from the Administrator or the Investment Manager or from the official iShares website ([www.iShares.com](http://www.iShares.com)). All terms and conditions relating to the Company generally as set out in the Prospectus apply to the Fund, save as set out in this Supplement.

Potential investors should also refer to the Company's most recent annual and semi-annual reports (if any) which contain information on the financial performance of the funds of the Company and form part of the Prospectus.

Upon issue the Shares will be traded on Euronext. It is also intended that the Shares of the Fund will be listed and admitted to trading on a number of other stock exchanges including, without limitation, LSE, SIX and Xetra.

### Profile of a Typical Investor

The Fund is suitable for both retail and professional investors seeking to achieve investment objectives which align

with those of the Fund in the context of the investor's overall portfolio.

Investors are expected to be able to make an investment decision based on the information set out in this Supplement, the Prospectus and the Fund's KIID / KID or, alternatively, to obtain professional advice. Investors should also be able to bear capital and income risk and view an investment in the Fund as a medium to long term investment.

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be suitable for all investors.**

## **INVESTMENT OBJECTIVE AND POLICIES**

### **Investment Objective**

The investment objective of the Fund is to achieve long-term capital growth.

### **Investment Policy**

The Fund is actively managed and the Investment Manager has full discretion to select the Fund's investments. The Fund will employ a fundamental active equity investment strategy. The Fund invests globally at least 70% of its total assets in the equity securities of large, medium and small market capitalisation developed and emerging market companies whose predominant economic activity is the advancement, development, and use of artificial intelligence ("AI") technology.

The Investment Manager considers a company to be an AI company if it is expected to derive future revenue from the advancement, enablement, development, and/or use of AI technology. Such companies are generally expected to operate in one or more of the following business areas: (i) computing and infrastructure (e.g., Graphics Processing Units (GPUs), cloud computing and data centres); (ii) foundational models (machine learning models trained on broad, large-scale data for the purposes of performing a wide variety of tasks); (iii) data (e.g., vertical industry data and proprietary data); (iv) software (e.g., enterprise applications); (v) services (e.g., information technology ("IT") services); (vi) internet (e.g., chatbots or content creation); or (vii) hardware (e.g., robotics, smart glasses). The Investment Manager determines, at its discretion, whether a company is an AI-related company.

The Investment Manager stores and analyses data from various sources, including company meetings, company conference calls, sell-side analysts and multiple data services and databases for the initial part of the investment process while determining appropriateness for this strategy. Depending on the business area as described above and maturity of the company, the Investment Manager uses a range of valuation metrics including discounted cash flow (i.e. valuing a company based on the present value of its expected future cash flows), and free cash flow yield (i.e. ratio of the cash flow from a company's operations to the company's market capitalisation), among others. Once the Investment Manager has initiated due diligence on the company, identified alignment to the AI theme and conducted analysis of the valuation and potential risks, stocks are selected by the Investment Manager on the basis of the team's bottom-up fundamental analysis (i.e. analysis that focuses on an individual company's intrinsic value by reference to its earnings, level of debt, competitive strengths, etc. rather than broader market conditions). The portfolio management team seeks to mitigate portfolio risk through diversification by business area as described above, country, market-capitalisation, issuer, and, to a lesser extent, investment style.

In normal market conditions the Fund will invest in equity securities of companies with large, medium and small market capitalisation (market capitalisation is the share price of the company multiplied by the number of shares issued). Although it is likely that most of the Fund's investments will be in companies located in developed markets globally, the Fund may also invest in emerging markets.

The Fund may invest up to 20% of its total assets in China via Stock Connect. Please refer to the "Risk Factors" section under the headings "Investment in the PRC" and "Risks Related to Investment in the PRC via the Stock Connect" for further information on investment in China.

The Fund may also indirectly invest in equities by investing in ADRs or GDRs, which are listed or traded on stock exchanges and regulated markets. ADRs and GDRs are investments issued by financial institutions which give exposure to underlying equity securities.

The Fund's assets will be invested in accordance with the ESG Policy described below.

The Fund may invest up to 10% of its total assets in fixed income securities which shall be investment grade (or deemed by the Investment Manager to be of an equivalent rating), corporate or government issued, and fixed or floating rate.

The Fund may also invest in cash, deposits ("**Cash Holdings**") and ancillary liquid assets (which will normally have dividend/income receivables) subject to the limits set out in Schedule III of the Prospectus. The Fund may, to preserve the value of such Cash Holdings, invest in one or more daily dealing money market collective investment schemes as set out below under the heading "Management of Cash Holdings and FDI Cash Holdings".

In order to assist in achieving its investment objective, the Fund may, subject to the provisions of the Regulations and the conditions imposed by the Central Bank, invest up to 10% of its total assets in aggregate in other open-ended collective investment undertakings, including exchange traded funds.

The Fund may invest in FDI for direct investment purposes or for efficient portfolio management purposes, namely total return swaps, futures and options on futures and forward currency exchange contracts in accordance with the

limitations set down in Schedule II of the Prospectus (subject to the conditions and within the limits laid down by the Central Bank) to assist in achieving its investment objective, to gain exposure to the equities described above and for currency hedging purposes. The reference assets underlying the total return swaps, if any, shall be any security, basket of securities or eligible indices which are consistent with the investment policy of the Fund which are expected to include, without limitation, equity indices giving access to equity securities of companies domiciled in, listed in, or the main business of which is in, global developed markets. Details of equity indices utilised by the Fund will be provided in the annual report of the Company.

The maximum proportion of the Net Asset Value of the Fund that can be subject to total return swaps is 100%. The expected proportion of the Net Asset Value of the Fund that will be subject to total return swaps is 0%. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

In the event that the Fund invests in non-fully funded FDI, the Fund may invest (i) cash representing up to the notional amount of such FDI less margin payments (if any) in such FDI, and (ii) any variation margin cash collateral received in respect of such FDI (together "FDI Cash Holdings") in one or more daily dealing money market collective investment schemes as set out below under the heading "Management of Cash Holdings and FDI Cash Holdings".

The Fund will not invest in fully funded FDI, including fully funded swaps.

The Fund may also employ techniques and instruments relating to transferable securities for efficient portfolio management purposes in accordance with the terms set out in the section headed "Efficient Portfolio Management" below and in the Prospectus.

The Fund's Investments will be limited to investments permitted by the Regulations which are described in more detail in Schedule III of the Prospectus. The Fund's Investments, other than its Investments in OTC FDI, fixed income securities traded OTC and unlisted open-ended collective investment undertakings, will normally be listed or traded on Regulated Markets set out in Schedule I of the Prospectus. Potential investors in the Fund may obtain a breakdown of the constituents of the Fund from the official iShares website ([www.iShares.com](http://www.iShares.com)) or from the Investment Manager.

### **ESG Policy**

The Investment Manager will manage the Fund to promote environmental and social characteristics based on environmental and social criteria set out below.

The Investment Manager will apply the BlackRock EMEA Baseline Screens (which include screens related to issuer's involvement in certain tobacco-related activities and issuer's involvement in the production of controversial weapons) and the Fundamental Insights Methodology as described in Appendix III.

Should any Fund holdings, compliant at the time of investment with the Fund's investment objective and policy and/or ESG Policy (as defined below), subsequently become ineligible, they may continue to be held until it is possible and practicable (in the Investment Manager's view) to be divested by the Fund (within a reasonable period of time).

### **Benchmark**

The Fund is actively managed, and the Investment Manager has full discretion to select the Fund's investments and is not bound by any index. The MSCI ACWI Index (the "**Index**") should be used by investors to compare the performance of the Fund. As the Fund is actively managed, the Investment Manager is not bound by the components or weighting of the Index when selecting investments. The Fund's portfolio holdings are expected to deviate materially from the Index and the Investment Manager's discretion may result in performance that differs from the Index. The Fund will not seek to track the performance of, or replicate, the Index.

The Investment Manager will refer to the MSCI All Countries World Information Technology 10/40 Index (the "**IT Index**") for risk management purposes to ensure that the active risk (i.e. degree of deviation from the IT Index) taken by the Fund remains appropriate given the Fund's investment objective and policy. The Investment Manager is not bound by the components or weighting of the IT Index when selecting investments.

### **SFDR**

The Fund has been categorised as an Article 8 fund under the SFDR, i.e. a fund that promotes environmental and/or social characteristics provided that companies in which the investments are made follow good governance practices.

Appendix IV sets out the pre-contractual disclosures required under the SFDR and the Taxonomy Regulation for the Fund.

BlackRock evaluates underlying investments in companies according to the good governance criteria outlined in the SFDR where relevant data is available and as appropriate given the underlying investment type. These criteria relate to sound management structures, employee relations, remuneration of staff and tax compliance. BlackRock may consider additional factors relating to good governance in its assessment of the sustainability related characteristics of underlying issuers.

### **Consideration of principal adverse impacts on sustainability factors ("PAIs")**

The pre-contractual disclosures in Appendix IV set out the PAIs considered for the Fund.

## **Risk Management Process**

The Investment Manager employs a risk management process in respect of the Fund in accordance with the requirements of the Central Bank to enable it to accurately monitor, measure and manage, the global exposure from FDI ("global exposure") which the Fund gains. Any FDI not included in the risk management process will not be used until such time as a revised risk management process has been provided to the Central Bank. Information regarding the risks associated with the use of FDI can be found in the section entitled "Risk Factors - FDI Risks".

The Investment Manager uses a methodology known as the "Commitment Approach" in order to measure the global exposure of the Fund and manage the potential loss to the Fund due to market risk. The Commitment Approach is a methodology that aggregates the underlying market or notional values of FDI to determine the degree of global exposure of the Fund to FDI.

In implementing its investment policy, the Fund is generally not expected to be leveraged. It may generate leverage if FDI are used; however such leverage is not expected to exceed 10% of the Fund's Net Asset Value. Pursuant to the Regulations, the global exposure for the Fund must not exceed 100% of the Fund's Net Asset Value.

## **Management of Cash Holdings and FDI Cash Holdings**

The Fund may invest Cash Holdings and / or FDI Cash Holdings in one or more daily dealing money market collective investment schemes authorised as UCITS. Such collective investment undertakings may be managed by the Investment Manager and / or an Affiliate and are subject to the limits set out in Schedule III of the Prospectus. Such collective investment schemes may comprise sub-funds in Institutional Cash Series plc which invest in money market instruments. Institutional Cash Series plc is a BlackRock umbrella fund and open-ended investment company with variable capital incorporated in Ireland and having segregated liability between its sub-funds. It is not anticipated that the Fund's Cash Holdings and / or FDI Cash Holdings will result in additional market exposure or capital erosion, however, to the extent that additional market exposure or capital erosion occurs it is expected to be minimal.

## **INVESTMENT AND BORROWING RESTRICTIONS**

The Company is a UCITS and accordingly the Fund is subject to the investment and borrowing restrictions set out in the Regulations and the Central Bank's guidance. These are set out in detail in Schedule III of the Prospectus.

## **EFFICIENT PORTFOLIO MANAGEMENT**

The Fund may enter into securities lending, repurchase and/or reverse repurchase agreements for the purposes of efficient portfolio management subject to the conditions and limits set out in the Central Bank UCITS Regulations and in accordance with the requirements of the Central Bank.

All revenues from efficient portfolio management techniques will be returned to the Fund, net of direct and indirect operational costs and fees (which do not include hidden revenue).

The maximum proportion of the Net Asset Value of the Fund that can be subject to repurchase and reverse repurchase agreements is 100%. The expected proportion of the Net Asset Value of the Fund that will be subject to repurchase and reverse repurchase agreements is 0%. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.

The maximum proportion of the Net Asset Value of the Fund that can be subject to securities lending is 21%. The demand to borrow securities and to comply with investor tax regulations in certain jurisdictions are significant drivers for the amount that is actually lent from the Fund at a given time. Borrowing demand fluctuates over time and depends to a large extent on market factors and prevailing investor tax legislation in certain jurisdictions, neither of which can be forecasted precisely. Based on historical data, it is expected that the lending volume for the Fund will typically range between 0% and 19% of the Net Asset Value, though past levels are no guarantee of future levels.

The Investment Manager has been appointed by the Company as the securities lending agent of the Fund under the terms of a securities lending management agreement. Under the terms of the agreement, the securities lending agent is appointed to manage the Fund's securities lending activities and is entitled to receive a fee out of the income generated from securities lending which is in addition to its fee as investment manager. The fee of the securities lending agent represents direct costs (and if relevant indirect operational costs/fees) of the Fund's securities lending activities. All revenue generated from securities lending activities net of the securities lending agent's fee will be returned to the Fund. If there is securities lending revenue generated, the securities lending agent will receive a fee of 37.5% of such securities lending revenue and will pay any third party operational and administrative costs associated with, and incurred in respect of, such activity, out of its fee. To the extent that the securities lending costs payable to third parties exceed the fee received by the securities lending agent, the securities lending agent will discharge any excess amounts out of its own assets. Full financial details of the amounts earned and expenses incurred with respect to securities lending for the Fund, including fees paid or payable, will also be included in the annual and semi-annual financial statements. The securities lending arrangements and associated costs will be reviewed at least annually.

For additional information about techniques and instruments relating to transferable securities for efficient portfolio management purposes, please see the section headed "Efficient Portfolio Management" in the Prospectus.



## METHODOLOGY FOR CURRENCY HEDGING

Currency hedging is undertaken for each Currency Hedged Share Class by hedging its Valuation Currency to the Base Currency of the Fund to keep the difference between the Base Currency of the Fund and the Valuation Currency within a pre-determined tolerance. The Investment Manager will monitor the currency exposure of each Currency Hedged Share Class against the pre-determined tolerances daily and will determine when a currency hedge should be reset and the gain or loss arising from the currency hedge reinvested or settled, while taking into consideration the frequency and associated transaction and reinvestment costs of resetting the currency hedge. Currency hedging is carried out on a best efforts basis and there is no guarantee that the Investment Manager will be successful in fully hedging the currency risks. This could result in mismatches between the currency position of the Fund and the Currency Hedged Share Class.

In the event that, the over-hedged or under-hedged position on any Currency Hedged Share Class exceeds the pre-determined tolerance as at the close of a Business Day (for example, due to market movement), the hedge in respect of that Currency Hedged Share Class will be reset on the next Business Day (on which the relevant currency markets are open). Over-hedged positions shall not exceed 105% of the Net Asset Value of the relevant Currency Hedged Share Class and under-hedged positions shall not fall short of 95% of the portion of the Net Asset Value of the relevant Currency Hedged Share Class that is to be hedged against currency risk. In addition, if the aggregate gain or loss arising from the currency forwards for hedging a Currency Hedged Share Class exceeds the pre-determined tolerance as at the close of a Business Day, the Investment Manager will determine on the next Business Day (on which the relevant currency markets are open) whether some or all of the currency hedges held by that Share Class are required to be reset to reduce the gain or loss if the gain or loss remains outside the tolerance. Applying the above tolerance thresholds will enable the Investment Manager to better manage the frequency and associated costs arising from FX transactions to effect the hedge for Currency Hedged Share Classes. The pre-determined tolerance threshold for each Currency Hedged Share Class is reviewed by BlackRock's Risk and Quantitative Analysis team.

In relation to the foreign currency hedging component of the Currency Hedged Share Classes, in the event that there is a gain on the foreign currency hedge, no leverage will result from such gain. In the event that there is a loss on the foreign currency hedge, leverage will result in the relevant Currency Hedged Share Classes from such loss. Any leverage will be removed or reduced when the relevant currency hedge is adjusted or reset as required for the relevant Currency Hedged Share Class. The Investment Manager does not intend to leverage the Currency Hedged Share Classes beyond the tolerance threshold at which point a reset of some or all of the currency hedges for that Currency Hedged Share Class will be triggered. In extreme market circumstances the tolerance threshold may be temporarily breached.

Upon receipt of a subscription/redemption in a Currency Hedged Share Class, the Investment Manager will increase/reduce the value of the hedge of that Currency Hedged Share Class accordingly.

## RISK FACTORS

Potential investors' attention is drawn to the "Risk Factors" section detailed at pages 76 to 108 of the Prospectus. In addition to the risk factors outlined in the Prospectus, the Fund has additional risk factors that investors should consider before investing in the Fund:

### **General Investment Risks**

#### ***Investment Risks***

Past performance is not a guide to the future. The prices of Shares and the income from them may fall as well as rise and an investor may not recover the full amount invested. There can be no assurance that the Fund will achieve its investment objective or that an investor will recover the full amount invested in the Fund. The capital return and income of the Fund are based on the capital appreciation and income of the securities it holds, less expenses incurred and any relevant Duties and Charges. Therefore, the Fund's return may be expected to fluctuate in response to changes in such capital appreciation or income.

#### ***Market Risk and Selection Risk***

Market risk is the risk that one or more markets in which the Fund invests will go down in value, including the possibility that the markets will go down sharply and unpredictably. The value of a security or other asset may decline due to changes in general market conditions, economic trends or events that are not specifically related to the issuer of the security or other asset, or factors that affect a particular issuer or issuers, exchange, country, group of countries, region, market, industry, group of industries, sector or asset class. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, or other events could have a significant impact on the Fund and its investments. Selection risk is the risk that the securities selected by Fund management will underperform the markets, the relevant indices or the securities selected by other funds with similar investment objectives and investment strategies. This means you may lose money.

#### ***Sustainability Risks – General***

Sustainability risk is an inclusive term to designate investment risk (probability or uncertainty of occurrence of material losses relative to the expected return of an investment) that relates to environmental, social or governance issues.

Sustainability risk around environmental issues includes, but is not limited to, climate risk, both physical and transition risk. Physical risk arises from the physical effects of climate change, acute or chronic. For example, frequent and severe climate-related events can impact products and services and supply chains. Transition risk whether policy, technology, market or reputation risk arises from the adjustment to a low-carbon economy in order to mitigate climate change. Risks related to social issues can include but are not limited to labour rights and community relations.

Governance related risks can include but are not limited to risks around board independence, ownership & control, or audit & tax management. These risks can impact an issuer's operational effectiveness and resilience as well as its public perception, and reputation affecting its profitability and in turn, its capital growth, and ultimately impacting the value of holdings in the Fund.

These are only examples of sustainability risk factors and sustainability risk factors do not solely determine the risk profile of the investment. The relevance, severity, materiality and time horizon of sustainability risk factors and other risks can differ significantly between different funds.

Sustainability risk can manifest itself through different existing risk types (including, but not limited to, market, liquidity, concentration, credit, asset-liability mismatches etc.). By way of example, a fund such as the Fund may invest in the securities of an issuer that could face potentially reduced revenues or increased expenditures from physical climate risk (e.g. decreased production capacity due to supply chain perturbations, lower sales due to demand shocks or higher operating or capital costs) or transition risk (e.g. decreased demand for carbon-intensive products and services or increased production costs due to changing input prices). As a result, sustainability risk factors may have a material impact on an investment, may increase the volatility, affect liquidity and may result in a loss to the value of the Shares.

All or a combination of these factors may have an unpredictable impact on the Fund's investments. Under normal market conditions such events could have a material impact on the value of the Shares.

Assessments of sustainability risk are specific to the asset class and to the Fund's objective. Different asset classes require different data and tools to assess materiality, and make meaningful differentiation among issuers and assets. Risks are considered and risk managed concurrently, by prioritising based on materiality and on the Fund's objective.

The impacts of sustainability risk are likely to develop over time and new sustainability risks may be identified as further data and information regarding sustainability factors and impacts becomes available.

### **Risks specific to investing in exchange traded funds (ETFs)**

#### ***Authorised Participant Concentration Risk***

Only an Authorised Participant may engage in creation or redemption transactions directly with the Fund. The Fund may have a limited number of institutions that act as Authorised Participants. To the extent that these institutions exit the business or are unable to proceed with creation and/or redemption orders with respect to the Fund and no other Authorised Participant is able to step forward to make creation and/or redemption orders, the Shares may trade at a discount to the Fund's Net Asset Value and possibly face delisting.

#### ***Secondary Trading Risk***

The Shares will be traded on Euronext and may be listed or traded on one or more other stock exchanges. There can be no certainty that there will be liquidity in the Shares on any one or more of the stock exchanges or that the market price at which Shares may be traded on a stock exchange will be the same as the Net Asset Value per Share. There can be no guarantee that once the Shares are listed or traded on a stock exchange they will remain listed or traded on that stock exchange.

#### ***Suspension risk on local markets***

In certain markets, trading on the local exchange may be carried out by one or a small number of local market account holders. If such account holder(s) fail(s) to deliver securities or monies in relation to a trade, there is a risk of suspension in relation to all funds which effect their trading on the local market through such account holder(s). This risk may be increased where the Fund participates in a securities lending programme. Suspension in either case may increase the costs of the Fund.

### **Counterparty and trading risks**

#### ***Counterparty Risk***

The Company will be exposed to the credit risk of the parties with which it transacts and may also bear the risk of settlement default. Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. This would include the counterparties to any FDI that is entered into by the Fund. Trading in FDI which have not been collateralised gives rise to direct counterparty exposure. The Company mitigates much of its credit risk to its FDI counterparties by receiving collateral with a value at least equal to the exposure to each counterparty but, to the extent that any FDI is not fully collateralised, a default by the counterparty may result in a reduction in the value of the Fund. Currency forwards used by the Currency Hedged Share Classes to hedge their currency risks are not collateralised and the Currency Hedged Share Classes have uncollateralised counterparty exposure to such foreign exchange counterparties in respect of such FDI, subject to the investment limits in Schedules II & III of the Prospectus and subject to Currency Hedged Share Classes not being permitted to have over-hedged positions in excess of 105% of their Net Asset Value. As at the date of this Supplement, State Street is the sole counterparty for currency forwards used by Currency Hedged Share Classes. A formal review of each new counterparty is completed and all approved counterparties are monitored and reviewed on an ongoing basis. The Company maintains an active oversight of counterparty exposure and the collateral management process. Counterparty exposure is subject to the investment restrictions in Schedule III of the Prospectus.

#### ***Counterparty Risk to the Depositary and other depositaries***

The Company will be exposed to the credit risk of the Depositary or any depositary used by the Depositary where cash or other assets are held by the Depositary or other depositaries. Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. Cash held by the Depositary and other depositaries will not be segregated in practice but will be a debt owing from

the Depositary or other depositaries to the Company as a depositor. Such cash will be co-mingled with cash belonging to other clients of the Depositary and/or other depositaries. In the event of the insolvency of the Depositary or other depositaries, the Company will be treated as a general unsecured creditor of the Depositary or other depositaries in relation to cash holdings of the Company. The Company may face difficulties and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the Fund will lose some or all of its cash. The Company's securities are however maintained by the Depositary and sub-custodians used by the Depositary in segregated accounts and should be protected in the event of insolvency of the Depositary or sub-custodians. The Company may enter into additional arrangements (for example placing cash in money market collective investment schemes) in order to mitigate credit exposure for its cash holdings but may be exposed to other risks as a result.

To mitigate the Company's exposure to the Depositary, the Investment Manager employs specific procedures to ensure that the Depositary is a reputable institution and that the credit risk is acceptable to the Company. If there is a change in Depositary then the new depositary will be a regulated entity subject to prudential supervision with a high credit rating assigned by international credit rating agencies.

#### ***Liability of the Depositary and Responsibility of the Depositary for Sub-Custodians***

The Depositary shall be liable to the Company and its shareholders for the loss by the Depositary or a sub-custodian of financial instruments of the Company held in custody. In the case of such a loss, the Depositary is required, pursuant to the Regulations, to return the financial instrument of an identical type or the corresponding amount to the Company without undue delay, unless the Depositary can prove that the loss arose as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. This standard of liability only applies to assets capable of being registered or held in a securities account in the name of the Depositary or a sub-custodian and assets capable of being physically delivered to the Depositary.

The Depositary shall also be liable to the Company and its shareholders for all other losses suffered by the Company and/or its shareholders as a result of the Depositary's negligent or intentional failure to fully fulfil its obligations pursuant to the Regulations. In the absence of the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the Regulations, the Depositary may not be liable to the Company or its shareholders for the loss of an asset of the Fund which is not capable of being registered or held in a securities account in the name of the Depositary or a sub-custodian or being physically delivered to the Depositary.

The liability of the Depositary is not affected by the fact that it has entrusted the custody of the Company's assets to a third party. In the event that custody is delegated to local entities that are not subject to effective prudential regulation, including minimum capital requirements, and supervision in the jurisdiction concerned, prior Shareholder notice will be provided advising of the risks involved in such delegation. As noted above, in the absence of the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the Regulations, the Depositary may not be liable to the Company or its shareholders for the loss of an asset of the Fund which is not capable of being registered or held in a securities account in the name of the Depositary or a sub-custodian or being physically delivered to the Depositary. Accordingly, while the liability of the Depositary is not affected by the fact that it has entrusted the custody of the Company's assets to a third party, in markets where custodial and/or settlement systems may not be fully developed, the Fund may be exposed to sub-custodial risk in respect of the loss of such assets in circumstances whereby the Depositary may have no liability.

#### ***Counterparty risk to the Paying Agent - dividend monies***

The Paying Agent for the Fund is responsible for making dividend payments to Participants on the relevant dividend payment date. Shortly before the dividend payment date, monies for distribution to Participants as dividends will be transferred from the Company's cash accounts with the Depositary to the Paying Agent. During the interim period, dividend monies are held with the Paying Agent (or its associated depositary bank) in the form of cash and the Company will have credit risk exposure, in respect of such cash, to the Paying Agent and its associated depositary bank. Cash held by the Paying Agent will not be segregated in practice but will be a debt owing from the Paying Agent (or its associated depositary bank) to the Company as a depositor. In the event of the insolvency of the Paying Agent (or its associated depositary bank) during the interim period, the Company will be treated as a general unsecured creditor of the Paying Agent (or its associated depositary bank) in relation to the cash. The Company may face difficulties and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the Company may lose some or all of the dividend monies being distributed by the Paying Agent resulting in a reduction in the value of the Fund.

#### ***On Exchange Trading***

Where a counterparty to an on exchange trade in the Fund's underlying securities suffers an Insolvency Event, there are risks associated with the recognised investment exchanges and markets themselves set out in Schedule I of the Prospectus. There is a risk that the relevant recognised investment exchange or market on which the trade is being conducted will not apply its rules fairly and consistently and that failed trades will be effected notwithstanding the insolvency of one of the counterparties. There is also a risk that a failed trade will be pooled with other failed trades, which may make it difficult to identify a failed trade to which the Fund has been a party. Either of these events may have a negative impact on the value of the Fund.

#### ***Investment in the PRC***

##### ***PRC Economic Risks***

The PRC is one of the world's largest global emerging markets. The economy in the PRC, which has been in a state of transition from a planned economy to a more market orientated economy, differs from the economies of most developed countries and investing in the PRC may be subject to greater risk of loss than investments in developed markets. This is due to, among other things, greater market volatility, lower trading volume, political and economic instability, greater risk of market shut down, greater control of foreign exchange and more limitations on foreign investment policy than those typically found in a developed market. There may be substantial government

intervention in the PRC economy, including restrictions on investment in companies or industries deemed sensitive to relevant national interests. The PRC government and regulators may also intervene in the financial markets, such as by the imposition of trading restrictions, which may affect the trading of Chinese securities. The companies in which the Fund invests may be held to lower disclosure, corporate governance, accounting and reporting standards than companies in more developed markets. In addition, some of the securities held by the Fund may be subject to higher transaction and other costs, foreign ownership limits, the imposition of withholding or other taxes, or may have liquidity issues which make such securities more difficult to sell at reasonable prices. These factors may have an unpredictable impact on the Fund's investments and increase the volatility and hence the risk of a loss to the value of an investment in the Fund.

The PRC economy has experienced significant and rapid growth in the past 20 years. However, such growth may or may not continue, and may not apply evenly across different geographic locations and sectors of the PRC economy. Economic growth has also been accompanied by periods of high inflation. The PRC government has implemented various measures from time to time to control inflation and restrain the rate of economic growth of the PRC economy. Furthermore, the PRC government has carried out economic reforms to achieve decentralisation and utilisation of market forces to develop the economy of the PRC. These reforms have resulted in significant economic growth and social progress. There can, however, be no assurance that the PRC government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. Any such adjustment and modification of those economic policies may have an adverse impact on the securities markets in the PRC and therefore on the performance of the Fund.

These factors may increase the volatility of the Fund and hence the risk of loss to the value of your investment.

***Risks related to Investment in the PRC via the Stock Connect***

In addition to the risk factors under the heading "Investment in the PRC" and other applicable risk factors, the following risk factors apply to the Fund where it trades China A Shares using Stock Connect:

***Stock Connect***

The Fund is expected to invest in China A Shares trading on the Shanghai Stock Exchange ("SSE") and the Shenzhen Stock Exchange ("SZSE") via Stock Connect ("Northbound Trading"). The Shanghai-Hong Kong Stock Connect is a securities trading and clearing links program developed by HKEX, SSE and ChinaClear and the Shenzhen-Hong Kong Stock Connect is a securities trading and clearing links program developed by HKEX, SZSE and ChinaClear. The aim of Stock Connect is to achieve mutual stock market access between the PRC and Hong Kong.

HKSCC, a wholly-owned subsidiary of HKEX, and ChinaClear will be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by their respective market participants and investors. The China A Shares traded through Stock Connect are issued in scripless form, and investors will not hold any physical China A Shares.

Although HKSCC does not claim proprietary interests in the SSE and SZSE securities held in its omnibus stock accounts in ChinaClear, ChinaClear as the share registrar for SSE and SZSE listed companies will still treat HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE and SZSE securities.

Under the Stock Connect, Hong Kong and overseas investors will be subject to the fees and levies imposed by SSE, SZSE, ChinaClear, HKSCC or the relevant Mainland Chinese authority when they trade and settle SSE securities and SZSE securities. Further information about the trading fees and levies is available online at the website: [http://www.hkex.com.hk/eng/market/sec\\_tradinfra/chinaconnect/chinaconnect.htm](http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm).

Investing in China A Shares via Stock Connect bypasses the requirement to obtain RQFII status which is required for direct access to the SSE and SZSE.

***Quota Limitations***

Investing in the PRC via Stock Connect is subject to quota limitations which apply to the Investment Manager. In particular, once the remaining balance of the relevant quota drops to zero or the daily quota is exceeded, buy orders will be rejected (although investors will be permitted to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the Fund's ability to invest in China A Shares through the Stock Connect on a timely basis.

***Legal / Beneficial Ownership***

The China A Shares invested in via the Stock Connect will be held by the Depository/sub-custodian in accounts in the CCASS maintained by the HKSCC as central securities depository in Hong Kong. HKSCC in turn holds the China A Shares, as the nominee holder, through an omnibus securities account in its name registered with ChinaClear for the Fund. The precise nature and rights of the Fund as the beneficial owner of the China A Shares through HKSCC as nominee is not well defined under PRC law. There is lack of a clear definition of, and distinction between, "legal ownership" and "beneficial ownership" under PRC law and there have been few cases involving a nominee account structure in the PRC courts. Therefore the exact nature and methods of enforcement of the rights and interests of the Fund under PRC law is uncertain. Because of this uncertainty, in the unlikely event that HKSCC becomes subject

to winding up proceedings in Hong Kong it is not clear if the China A Shares will be regarded as held for the beneficial ownership of the Fund or as part of the general assets of HKSCC available for general distribution to its creditors.

For completeness, the CSRC has provided information titled "FAQ on Beneficial Ownership under SH-HK Stock Connect" dated 15 May 2015 in relation to beneficial ownership (the "FAQ"). The relevant sections from the FAQ have been extracted and reproduced below:

***Do overseas investors enjoy proprietary rights in the SSE Securities acquired through the Northbound Trading Link as shareholders? Are the concepts of "nominee holder" and "beneficial owner" recognized under Mainland China law?***

*Article 18 of the Administrative Measures for Registration and Settlement of Securities (the "Settlement Measures") states that "securities shall be recorded in the accounts of the securities holders, unless laws, administrative regulations or CSRC rules prescribe that the securities shall be recorded in accounts opened in the name of nominee holders". Hence, the Settlement Measures expressly provides for the concept of nominee shareholding. Article 13 of the Certain Provisions on Shanghai-Hong Kong Stock Connect Pilot Program (the "CSRC Stock Connect Rules") states that shares acquired by investors through the Northbound Trading Link shall be registered in the name of HKSCC and that "investors are legally entitled to the rights and benefits of shares acquired through the Northbound Trading Link". Accordingly, the CSRC Stock Connect Rules have expressly stipulated that, in Northbound trading, overseas investors shall hold SSE Securities through HKSCC and are entitled to proprietary interests in such securities as shareholders.*

***How do overseas investors bring legal action in the Mainland China to realise their rights over the SSE Securities acquired through the Northbound Trading Link?***

*Mainland China law does not expressly provide for a beneficial owner under the nominee holding structure to bring legal proceedings, nor does it prohibit a beneficial owner from doing so. As we understand, HKSCC, as the nominee holder of the SSE Securities in Northbound Trading Link, may exercise shareholder rights and take legal actions on behalf of overseas investors. In addition, Article 119 of the Civil Procedure Law of the People's Republic of China states that "the claimant in a legal action shall be an individual, legal person or any other organization that has a direct interest in the relevant case". As long as an overseas investor can provide evidential proof of direct interest as a beneficial owner, the investor may take legal actions in its own name in Mainland China courts.*

***Clearing and Settlement Risk***

HKSCC and ChinaClear have established the clearing links and each has become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

As the national central counterparty of the PRC's securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the CSRC. The chances of ChinaClear default are considered to be remote. In the remote event of a ChinaClear default, HKSCC's liabilities in respect of China A-Shares under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC should in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the Fund may suffer delay in the recovery process or may not fully recover its losses from ChinaClear.

***Suspension Risk***

It is contemplated that the SEHK, SSE and SZSE reserves the right to suspend trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator will be sought before a suspension is triggered. Where a suspension is effected, the Fund's ability to access the PRC market will be adversely affected.

***Differences in Trading Day***

The Stock Connect only operates on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. Therefore, it is possible that there are occasions when it is a normal trading day for the PRC market but the Fund cannot carry out any China A Shares trading via the Stock Connect. The Fund may be subject to a risk of price fluctuations in China A Shares during the time when any of the Stock Connect is not trading as a result.

***Restrictions on Selling Imposed by Front-end Monitoring***

PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise the SSE or SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on China A Share sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

If the Fund intends to sell certain China A Shares it holds, it must transfer those China A Shares to the respective accounts of its broker(s) before the market opens on the day of selling ("trading day"). If it fails to meet this deadline, it will not be able to sell those shares on the trading day. The Fund may request its custodian to open a Special Segregated Account ("SPSA") in CCASS to maintain its holdings in SSE and SZSE securities, in which case it will only

need to transfer SSE or SZSE securities from its SPSA to its designated broker's account after execution and not before placing the sell order.

To the extent the Fund is unable to utilize the SPSA model, it would have to deliver SSE or SZSE securities to its brokers before the market opens on the trading day. Accordingly, if there are insufficient China A Shares in the Fund's account before the market opens on the trading day, the sell order will be rejected, which may adversely impact the Fund's performance.

#### *Operational Risk*

The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are permitted to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

The securities regimes and legal systems of the two markets differ significantly and market participants may need to address issues arising from the differences on an on-going basis. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems fail to function properly, trading in both markets through the program could be disrupted. The Fund's ability to access the China A Share market (and hence to pursue its investment strategy) may be adversely affected.

#### *Regulatory Risk*

The current regulations that govern Stock Connect are subject to change and there can be no assurance that the Stock Connect will not be discontinued. New regulations may be issued from time to time by the regulators / stock exchanges in the PRC and Hong Kong in connection with operations, legal enforcement and cross-border trades under the Stock Connect. The Fund may be adversely affected as a result of such changes.

Chinese companies, such as those in the financial services or technology sectors, and potentially other sectors in the future, are also subject to the risk that Chinese authorities can intervene in their operations and structure, which may negatively affect the value of the Fund's investments.

#### *Recalling of Eligible Stocks*

When a stock is recalled from the scope of eligible stocks for trading via the Stock Connect, the stock can only be sold but is restricted from being bought. This may restrict the ability of the Fund to acquire the shares of one or more stocks via the Stock Connect.

#### *No Protection by Investor Compensation Fund*

Investment in China A Shares via the Stock Connect is conducted through brokers, and is subject to the risk of default by such brokers in their obligations. Investments of the Fund are not covered by Hong Kong's investor compensation fund, which has been established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Since default matters in respect of China A Shares invested in via the Stock Connect do not involve products listed or traded on the SEHK or Hong Kong Futures Exchange Limited, they will not be covered by the investor compensation fund. Therefore the Fund is exposed to the risks of default of the broker(s) it engages in its trading in China A Shares through the Stock Connect.

#### *Taxation Risks*

The PRC tax authorities have also made announcements that gains derived from China A Shares' investments via the Stock Connect would be temporarily exempted from PRC taxation effective from 17 November 2014. This temporary exemption applies to China A Shares generally, including shares in PRC 'land-rich' companies. The duration of the period of temporary exemption has not been stated and may be subject to termination by the PRC tax authorities with or without notice and, in the worst case, retrospectively. If the temporary exemption is withdrawn the Fund would be subject to PRC taxation in respect of gains on China A Shares and the resultant tax liability would eventually be borne by investors. However, this liability may be mitigated under the terms of an applicable tax treaty, and if so, such benefits will also be passed to investors.

#### *Settlement Mode under the SPSA model*

Under the normal Delivery Versus Payment (DVP) settlement mode, stock and cash settlement will take place on T+0 between clearing participants (i.e. brokers and custodian or a custodian participant) with a maximum window of 4 four hours between stocks and cash movement. This applies to settlement in CNH (offshore Renminbi) only and on the condition that the brokers support same-day Chinese Renminbi cash finality. Under the Real time Delivery Versus Payment (RDVP) settlement mode introduced in November 2017, stock and cash movement will take place real time, however, the use of RDVP is not mandatory. The clearing participants must agree to settle the transaction using RDVP and indicate RDVP on the settlement instruction in a specific field. If either of the clearing participants are unable to settle the trades using RDVP, there is a risk that the trades could fail.

### **Specific investment risks for the Fund**

#### ***Equity Securities***

The value of equity securities fluctuates daily and the Fund investing in equities could incur significant losses. The prices of equities can be influenced by factors affecting the performance of the individual companies issuing the equities, as well as by daily stock market movements, and broader economic and political developments, including trends in economic growth, inflation and interest rates, corporate earnings reports, demographic trends and natural

disasters.

### **Technology Sector Investment Risks**

Technology companies typically face intense competition which may have an adverse effect on profit margins. The products of technology companies may become less competitive or obsolete due to technological developments and frequent new product innovation in the industry, unpredictable changes in growth rates and competition for qualified and skilled personnel. Companies in this sector tend to be heavily dependent on patent and intellectual property rights and their profitability may be adversely affected by loss or impairment of these rights. Certain technology companies may be reliant on limited product lines, markets, financial resources and/or certain key personnel. Other risk factors may include (but are not limited to) substantial capital requirements, government regulations and taxes. Certain parts of the technology sector may also be adversely affected by competitive demand for commodities and changes in commodity prices which may be unpredictable. Price movements of company stocks within the technology sector may be more volatile than other sectors.

As a result of the above risks, the Fund's investments can be adversely affected and the value of your investments may go up or down.

### **Artificial Intelligence Risk**

AI is a developing technology and there is no assurance that widespread adoption of AI technology will occur. Companies in AI-related businesses will be subject to risks associated with developing technology and will face intense competition which may have an adverse effect on profit margins. The profitability of these companies will be particularly vulnerable to rapid changes in technology and innovation which could result in their products or services becoming less competitive or obsolete. It is likely that these companies will also rely heavily on patents and other proprietary rights and any loss of, or limitation on their ability to enforce, such proprietary rights in the future could have a material adverse effect on their profitability. The adoption of these technologies may be impaired by laws or regulations (including future laws and regulations) which may be difficult to predict. This includes laws introduced relating to privacy concerns, developing internet regulation and other foreign or domestic regulations that may limit or otherwise impair a company's AI-related business operations. In addition, because AI functionality relies on the IT infrastructure, a significant disruption of IT connectivity affecting large numbers of users or geographic areas could impede the functionality of AI technologies. Certain features of AI technology may increase the risk of fraud or cyberattack. In each case, such instances could have a negative reputational impact on companies with AI-related businesses and a material adverse effect on their profitability. Additionally, companies in AI related businesses may engage in significant amounts of spending on research and development, and there is no guarantee that the products or services produced by these companies will be successful.

### **Depository Receipts**

ADRs and GDRs are designed to offer exposure to their underlying securities.

In certain situations, the Investment Manager may use ADRs and GDRs to provide exposure to securities that cannot be, or are unsuitable to be, held directly, where direct access to the underlying securities is restricted or limited or where depository receipts provide a more cost or tax efficient exposure. However, in such cases the Investment Manager is unable to guarantee that a similar outcome will be achieved to that if it were possible to hold the securities directly, due to the fact ADRs and GDRs do not always perform in line with the underlying security.

In the event of the suspension or closure of a market(s) on which the underlying securities are traded, there is a risk that the value of the ADR or GDR will not closely reflect the value of the relevant underlying securities. Additionally, there may be some circumstances where the Investment Manager cannot, or it is not appropriate to, invest in an ADR or GDR, or the characteristics of the ADR or GDR do not exactly reflect the underlying security.

### **ESG Policy risk**

As the Fund has an ESG policy, as described in Appendix III, the Fund will, in addition to other investment criteria set out in its investment policy, take into account, in accordance with that policy, environmental, social and governance ("ESG") characteristics when selecting the Fund's investments. Investors should refer to the Fund's ESG Policy set out in Appendix III for more information.

The Fund's ESG Policy is expected to include the application of ESG-based exclusionary criteria which may result in the Fund foregoing opportunities to purchase, or otherwise reducing exposure to or underweighting, certain securities when it might otherwise be advantageous to carry out such purchase or maintain its holding of such securities, and/or selling securities due to their ESG characteristics, when to do so might otherwise be disadvantageous. As such, the use of such criteria may affect the Fund's investment performance and the Fund may perform differently compared to similar funds that do not apply such criteria. If the Investment Manager's assessment of ESG characteristics of a security changes, guiding the Investment Manager to sell a security already held or to buy a security not held, none of the Fund, the Company, the Manager, the Investment Manager nor their affiliates accept liability in relation to that assessment. Investors should therefore be comfortable and satisfied with the extent of ESG-related screening undertaken under the ESG Policy prior to investing in the Fund.

In assessing a security, issuer or index based on ESG characteristics, the Investment Manager may be dependent upon information and data from third party ESG research providers, which may be incomplete, inaccurate or unavailable. It may also seek to rely on its own proprietary models which may similarly rely on information which is incomplete, inaccurate or unavailable. As a result, there is a risk that the Investment Manager may incorrectly assess a security, issuer or index. There is also a risk that the Investment Manager, or third party ESG research providers on which the Investment Manager may depend, may not interpret or apply the relevant ESG characteristics correctly. None of the Fund, the Company, the Manager, the Investment Manager or any of their affiliates makes any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of any such ESG assessment.

**Active Management Risk**

The Fund's assets will be actively managed by the Investment Manager, based on the expertise of individual fund managers, who will have discretion (subject to the Fund's investment objective and policy) to invest in investments that it considers will enable the Fund to achieve its investment objective. There is no guarantee that the Fund's investment objective will be achieved based on the investments selected.

The success of the investment strategy of the Fund will depend upon the ability of the Investment Manager or its delegates to interpret market data correctly and to predict market movements. Any factor which would make it more difficult to execute timely buy and sell orders, such as a significant lessening of liquidity in a particular market or investment would also be detrimental to profitability. Such investment activities depend upon the experience and expertise of the Investment Manager and/or its delegates' team, as applicable. The loss of the services of any or all of these individuals, or the termination of the Investment Management Agreement and/or agreements with its delegates could have a material adverse effect on the Fund's performance.

**Recent Market Events**

Periods of market volatility may occur in response to various political, social and economic events both within and outside of the United States. These conditions have resulted in, and in many cases continue to result in, greater price volatility, less liquidity, widening credit spreads and a lack of price transparency, with many securities remaining illiquid and of uncertain value. Such market conditions may adversely affect the Fund, including by making valuation of some of the Fund's securities uncertain and/or result in sudden and significant valuation increases or declines in the Fund's holdings. If there is a significant decline in the value of the Fund's portfolio, this may impact the asset coverage levels for any outstanding leverage the Fund may have.

Risks resulting from any future debt or other economic crisis could also have a detrimental impact on the global economic recovery, the financial condition of financial institutions and the Fund's business, financial condition and results of operation. Market and economic disruptions have affected, and may in the future affect, consumer confidence levels and spending, personal bankruptcy rates, levels of incurrence and default on consumer debt and home prices, among other factors. To the extent uncertainty regarding the U.S. or global economy negatively impacts consumer confidence and consumer credit factors, the Fund's business, financial condition and results of operations could be significantly and adversely affected. Downgrades to the credit ratings of major banks could result in increased borrowing costs for such banks and negatively affect the broader economy. Moreover, Federal Reserve policy, including with respect to certain interest rates, may also adversely affect the value, volatility and liquidity of dividend- and interest-paying securities. Market volatility, rising interest rates and/or unfavourable economic conditions could impair the Fund's ability to achieve its investment objective(s).

**Impact of Natural or Man-Made Disasters and Disease Epidemics**

Certain regions are at risk of being affected by natural disasters or catastrophic natural events. Considering that the development of infrastructure, disaster management planning agencies, disaster response and relief sources, organized public funding for natural emergencies, and natural disaster early warning technology may be immature and unbalanced in certain countries, the natural disaster toll on an individual portfolio company or the broader local economic market may be significant. Prolonged periods may pass before essential communications, electricity and other power sources are restored and operations of the portfolio company can be resumed. The Fund's investments could also be at risk in the event of such a disaster. The magnitude of future economic repercussions of natural disasters may also be unknown, may delay the Fund's ability to invest in certain companies, and may ultimately prevent any such investment entirely.

Investments may also be negatively affected by man-made disasters. Publicity of man-made disasters may have a significant negative impact on overall consumer confidence, which in turn may materially and adversely affect the performance of the Fund's Investments, whether or not such investments are involved in such man-made disaster. Outbreaks of infectious diseases may also have a negative impact on the performance of the Fund. For example, an infectious respiratory disease caused by a novel coronavirus known as COVID-19 detected in December 2019 has given rise to an extended global pandemic. Other epidemics and pandemics that may arise in the future could also have a similar effect and the extent of the impact cannot be foreseen at the present time. In addition, the impact of infectious diseases in certain emerging developing or emerging market countries may be greater due to less established health care systems, as was the case with COVID-19. Health crises caused by infectious diseases may exacerbate other pre-existing political, social and economic risks in certain countries.

Such events could increase volatility and the risk of loss to the value of your investments.

**Governmental Intervention Risk**

In response to a recession, economic slowdown or financial market instability, governments and regulators may choose to intervene by implementing austerity measures and reforms, as seen in the 2007-2008 global financial crisis. There is no guarantee that a government or regulatory intervention will work and they may result in social unrest, limit future growth and economic recovery or have unintended consequences. Additionally, government and regulatory intervention have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been detrimental to the efficient functioning of financial markets.

It is impossible to predict with certainty what temporary or permanent governmental restrictions may be imposed on the markets in the future and/or the effect of such restrictions on the Investment Manager's ability to implement the Fund's investment objective, the European or global economy or the global securities markets. Instability in the global financial markets or government intervention may increase the volatility of the Fund and hence the risk of loss to the value of your investment.



**Issuer Risk**

The performance of the Fund depends on the performance of individual securities to which the Fund has exposure. Any issuer of these securities may perform poorly, causing the value of its securities to decline. Poor performance may be caused by poor management decisions, competitive pressures, changes in technology, expiration of patent protection, disruptions in supply, labour problems or shortages, corporate restructurings, fraudulent disclosures or other factors. Issuers may, in times of distress or at their own discretion, decide to reduce or eliminate dividends, which may also cause their stock prices to decline.

**Portfolio Concentration Risk**

The Fund may invest in a limited number of securities compared to other more diversified funds holding a larger number of securities. Where the Fund holds a limited number of securities and is considered concentrated, the value of the Fund may fluctuate more than that of a diversified fund holding a greater number of securities. The selection of securities in a concentrated portfolio may also result in sectoral and geographical concentration.

**Money Market Risk**

The Company, with a view to mitigating credit exposure to depositaries, may arrange for cash holdings of the Company (including pending dividend payments) to be placed into money market collective investment schemes, including other funds of the BlackRock Group. A money market collective investment scheme which invests a significant amount of its assets in money market instruments may be considered as an alternative to investing in a regular deposit account. However, a holding in such a scheme is subject to the risks associated with investing in a collective investment scheme and, while a money market collective investment scheme is designed to be a relatively low risk investment, it is not entirely free of risk. Despite the short maturities and high credit quality of investments of such schemes, increases in interest rates and deteriorations in the credit quality can reduce the scheme's yield and the scheme is still subject to the risk that the value of such scheme's investment can be eroded and the principal sum invested will not be returned in full.

**Securities Lending Risk**

The Company engages in a securities lending programme through the Investment Manager. In order to mitigate the credit risk exposure to the counterparties to any securities lending contract, the lending of the Fund's securities must be covered by high quality and liquid collateral received by the Fund under a title transfer arrangement with a market value at all times at least equivalent to the market value of the Fund's securities lent plus a premium. The Fund's securities can be lent to counterparties over a period of time. The risks of securities lending include the risk that a borrower may not provide additional collateral when required or may not return the securities when due. A default by the counterparty combined with a fall in the value of the collateral below that of the value of the securities lent may result in a reduction in the value of the Fund. To the extent that any securities lending is not fully collateralised (for example due to timing issues arising from payment lags), the Company will have a credit risk exposure to the counterparties to the securities lending contracts. To mitigate these risks, the Company benefits from a borrower default indemnity provided by BlackRock, Inc. The indemnity allows for full replacement of the securities lent if the collateral received does not cover the value of the securities loaned in the event of a borrower default.

Investors should note that a limitation of maximum securities lending levels by the Fund, at a time when demand exceeds those maximum levels, may reduce potential income to the Fund that is attributable to securities lending. Please refer to the section headed "Efficient Portfolio Management" in the Prospectus for further detail.

**Currency Risk**

The Fund's Investments may be acquired in currencies which are not the Valuation Currency of the Share Class. For Unhedged Share Classes, the fact that their Valuation Currencies and the currency of the Fund's Investments may differ may cause the cost of purchasing such Investments to be affected favourably or unfavourably by fluctuations in the relative exchange rates of the different currencies.

**Emerging Markets - General**

Emerging markets are subject to special risks associated with investment in an emerging market. The material risks include: generally less liquid and less efficient securities markets; generally greater price volatility; exchange rate fluctuations and exchange control; lack of available currency hedging instruments; abrupt imposition of restrictions on foreign investment; imposition of restrictions on the expatriation of funds or other assets; less publicly available information about issuers; the imposition of taxes; higher transaction and custody costs; settlement delays and risk of loss; difficulties in enforcing contracts; less liquidity and smaller market capitalisations; less well regulated markets resulting in more volatile stock prices; different accounting and disclosure standards; governmental interference; risk of expropriation, nationalisation or confiscation of assets or property; higher inflation; social, economic and political instability and uncertainties; the risk of expropriation of assets and the risk of war. In the absence of the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the Regulations, the Depositary may not be liable to the Company or its shareholders for the loss of an asset of the Fund which is not capable of being registered or held in a securities account in the name of the Depositary or a sub-custodian or being physically delivered to the Depositary. Accordingly, while the liability of the Depositary is not affected by the fact that it has entrusted the custody of the Company's assets to a third party, in markets where custodial and/or settlement systems may not be fully developed, the Fund may be exposed to sub-custodial risk in respect of the loss of such assets in circumstances whereby the Depositary will have no liability. In the event that custody is delegated to local entities that are not subject to effective prudential regulation, including minimum capital requirements and supervision in the jurisdiction concerned, prior Shareholder notice will be provided advising of the risks involved in such delegation. There could be additional impacts on the value of the Fund as a result of sustainability risks, in particular those caused by environmental changes related to climate change, social issues (including relating to labour rights) and governance risk (including but are not limited to risks around board independence, ownership & control, or audit & tax management). Additionally, disclosures or third-party data coverage associated with sustainability risks is generally less available or transparent in these markets.

As a result of the above risks, the Fund's investments can be adversely affected and the value of your investments may go up or down.

### **Settlement through an International Central Securities Depositary**

#### ***Inaction by the Common Depositary and/or an International Central Securities Depositary***

Investors that settle or clear through an International Central Securities Depositary will not be a registered Shareholder in the Company, they will hold an indirect beneficial interest in such Shares and the rights of such investors, where Participants, shall be governed by their agreement with the applicable International Central Securities Depositary and otherwise by the arrangement with a Participant of the International Central Securities Depositary (for example, their nominee, broker or Central Securities Depositaries, as appropriate). The Company will issue any notices and associated documentation to the registered holder of the Global Share Certificate, the Common Depositary's Nominee, with such notice as is given by the Company in the ordinary course when convening general meetings. The Common Depositary's Nominee has a contractual obligation to relay any such notices received by the Common Depositary's Nominee to the Common Depositary which, in turn, has a contractual obligation to relay any such notices to the applicable International Central Securities Depositary, pursuant to the terms of its appointment by the relevant International Central Securities Depositary. The applicable International Central Securities Depositary will in turn relay notices received from the Common Depositary to its Participants in accordance with its rules and procedures. The Directors understand that the Common Depositary is contractually bound to collate all votes received from the applicable International Central Securities Depositaries (which reflects votes received by the applicable International Central Securities Depositary from Participants) and that the Common Depositary's Nominee is obligated to vote in accordance with such instructions. The Company has no power to ensure the Common Depositary relays notices of votes in accordance with their instructions. The Company cannot accept voting instructions from any persons, other than the Common Depositary's Nominee.

#### ***Payments***

With the authorisation of the Common Depositary's Nominee, any dividends declared and any liquidation and mandatory redemption proceeds are paid by the Company or its authorised agent (for example, the Paying Agent) to the applicable International Central Securities Depositary. Investors, where they are Participants, must look solely to the applicable International Central Securities Depositary for their share of each dividend payment or any liquidation or mandatory redemption proceeds paid by the Company or, where they are not Participants, they must look to their respective nominee, broker or Central Securities Depositary (as appropriate, which may be a Participant or have an arrangement with a Participant of the applicable International Central Securities Depositary) for any share of each dividend payment or any liquidation or mandatory redemption proceeds paid by the Company that relates to their investment.

Investors shall have no claim directly against the Company in respect of dividend payments and any liquidation and mandatory redemption proceeds due on Shares represented by the Global Share Certificate and the obligations of the Company will be discharged by payment to the applicable International Central Securities Depositary with the authorisation of the Common Depositary's Nominee.

### **Risks specific to investing in Currency Hedged Share Classes**

#### ***Currency Hedged Share Classes***

Investors should be aware that currency hedging may adversely affect the returns on their investment due to transaction costs and spreads, market inefficiency, risk premia and other factors which may be material in the case of certain currencies and/or over the long term.

A Currency Hedged Share Class uses forward FX contracts and spot FX contracts to reduce or minimise the risk of currency fluctuations between the Base Currency of the Fund and its Valuation Currency. In circumstances where the Valuation Currency of a Currency Hedged Share Class is generally strengthening against the Base Currency of the Fund, currency hedging may protect investors in the relevant Share Class against such currency movements relative to the Base Currency of the Fund. However, where the Valuation Currency of a Currency Hedged Share Class is generally weakening against the Base Currency of the Fund, currency hedging may preclude investors from benefiting from such currency movements relative to the Base Currency of the Fund. Investors should only invest in a Currency Hedged Share Class if they are willing to forego potential gains from appreciations in the underlying portfolio currency exposures of a Currency Hedged Share Class against the Base Currency of the Fund.

While currency hedging is likely to reduce currency risk in the Currency Hedged Share classes, it is unlikely to completely eliminate currency risk.

Currency Hedged Share Classes in non-major currencies may be affected by the fact that capacity of the relevant currency market may be limited, which could reduce the ability of the Currency Hedged Share Class to reduce its currency risk and the volatility of such Currency Hedged Share Class.

Currency Hedged Share Classes use a currency hedging approach whereby the hedge is proportionately adjusted for net subscriptions and redemptions in the relevant Currency Hedged Share Class, however, the hedge will only be reset or adjusted on a monthly basis and as and when a pre-determined tolerance is triggered intra-month. In any event, any over-hedged position arising in a Currency Hedged Share Class will be monitored daily and is not permitted to exceed 105% of the Net Asset Value of that Share Class as prescribed by the Central Bank UCITS Regulations. Under-hedged positions shall not fall short of 95% of the portion of the Net Asset Value of the relevant Currency Hedged Share Class that is to be hedged against currency risk.

The aggregate gain or loss arising from the hedging positions of a Currency Hedged Share Class will be reduced by an adjustment to some or all of the currency hedges only on a monthly basis and as and when the aggregate exceeds

a pre-determined tolerance intra-month as determined by the Investment Manager, and not whenever there is an aggregate gain or loss. When a gain or loss from a currency hedge is adjusted, either the gain will be reinvested into underlying securities or the underlying securities will be sold to meet the loss. In the event that there is a loss on the foreign currency hedge of the relevant Currency Hedged Share Class prior to an adjustment or reset, the relevant Currency Hedged Share Class will have an exposure to securities which will exceed its Net Asset Value as its Net Asset Value comprises both the value of its underlying securities plus the unrealised loss on its foreign currency hedge. Conversely, in the event that there is a gain on the foreign currency hedge of the relevant Currency Hedged Share Class prior to an adjustment or reset, the relevant Currency Hedged Share Class will have a lower exposure to securities than its Net Asset Value as, in this case, its Net Asset Value will include an unrealised gain on the foreign currency hedge. When the foreign currency hedge is adjusted or reset, any such difference will be materially addressed.

The Investment Manager will monitor the currency exposure and gain or loss arising from hedge positions of each Currency Hedged Share Class against the pre-determined tolerances daily and will determine when a currency hedge should be reset and the gain or loss arising from the currency forwards reinvested or settled, while taking into consideration the frequency and associated transaction and reinvestment costs of resetting the currency forwards. When a pre-determined tolerance threshold for a Currency Hedged Share Class is triggered as at the close of a Business Day, the relevant currency hedge will be reset or adjusted only on the next Business Day (on which the relevant currency markets are open); therefore, there could be a Business Day's lag prior to the hedge position being reset or adjusted.

The triggers for resetting and adjusting the hedge are pre-determined by the Investment Manager and periodically reviewed for appropriateness. Other than this periodic adjustment of the tolerance levels, the Investment Manager has no discretion to alter or vary the hedging methodology used by the relevant Currency Hedged Share Class (other than in exceptional market circumstances where the Investment Manager believes that it would be in investors' interests to reset or adjust the hedge before the trigger levels are exceeded, or not reset or adjust the hedge if they are exceeded).

### **Risks specific to use of FDI**

#### ***FDI Risks***

In accordance with the investment limits and restrictions set out in Schedule III of the Prospectus and in the section headed "Investment Objective and Policies", the Fund may use FDI for investment purposes, for the purposes of efficient portfolio management and to hedge currency risk.

The use of FDI may expose the Fund to a higher degree of risk. These risks may include credit risk with regard to counterparties with whom the Fund trades, the risk of settlement default, volatility risk, over-the-counter transaction risk, lack of liquidity of the FDI, imperfect tracking between the change in value of the FDI, and the change in value of the underlying asset that the Fund is seeking to track and greater transaction costs than investing in the underlying assets directly. Some FDI are leveraged and therefore may magnify or otherwise increase investment losses to the Fund.

In accordance with standard industry practice when entering into FDI, the Fund may be required to secure its obligations to its counterparty. For non-fully funded FDI, this may involve the placing of initial and/or variation margin assets with the counterparty. For FDI which require the Fund to place initial margin assets with a counterparty, such assets may not be segregated from the counterparty's own assets and, being freely exchangeable and replaceable, the Fund may have a right to the return of equivalent assets rather than the original margin assets deposited with the counterparty. These deposits or assets may exceed the value of the Fund's obligations to the counterparty in the event that the counterparty requires excess margin or collateral. In addition, as the terms of a FDI may provide for one counterparty to provide collateral to the other counterparty to cover the variation margin exposure arising under the FDI only if a minimum transfer amount is triggered, the Fund may have an uncollateralised risk exposure to a counterparty under a FDI up to such minimum transfer amount.

FDI can be highly volatile, and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on FDI than on standard bonds or equities. Leveraged FDI positions can therefore increase Fund volatility. The Fund may enter into long positions executed using FDI (synthetic long positions) such as futures positions and may also enter into currency forwards.

Additional risks associated with investing in FDI may include a counterparty breaching its obligations to provide collateral, or due to operational issues (such as time gaps between the calculation of risk exposure to a counterparty's provision of additional collateral or substitutions of collateral or the sale of collateral in the event of a default by a counterparty), there may be instances where the Fund's credit exposure to its counterparty under a FDI is not fully collateralised but the Fund will continue to observe the limits set out in Schedule III of the Prospectus. The use of FDI may also expose the Fund to legal risk, which is the risk of loss resulting from changing laws or from the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable.

### **Other general risks**

#### ***Fund Liability Risk***

The Company is structured as an umbrella fund with segregated liability between its funds. As a matter of Irish law, the assets of one fund will not be available to meet the liabilities of another. However, the Company is a single legal entity that may operate or have assets held on its behalf or be subject to claims in other jurisdictions that may not necessarily recognise such segregation of liability. As at the date of this Supplement, the Directors are not aware of any such existing or contingent liability.

**Fund with Multiple Share Classes**

While assets and liabilities that are specific to a Share Class within the Fund would be attributable to (and should be borne by) only that Share Class, there is no segregation of liabilities between Share Classes as a matter of Irish law. Due to the lack of segregation of liabilities as a matter of law, there is a risk that the creditors of a Share Class may bring a claim against the assets of the Fund notionally allocated to other Share Classes.

In practice, cross liability between Share Classes is only likely to arise where the aggregate liabilities attributable to a Share Class exceed the aggregate assets of the Fund notionally allocated to that Share Class. Such a situation could arise if, for example, there is a default by a counterparty in respect of the Fund's investments. In these circumstances, the remaining assets of the Fund notionally allocated to other Share Classes of the same Fund may be available to meet such payments and may accordingly not be available to meet any amounts that otherwise would have been payable to holders of Shares of such other Share Classes.

**Fund with One or More Currency Hedged Share Classes**

Currency Hedged Share Classes hedge their currency exposure using forward FX contracts and spot FX contracts. All gains, losses and expenses arising from hedging transactions for a particular Currency Hedged Share Class are attributed only to that Currency Hedged Share Class and should generally be borne only by the investors in that Share Class. However, given that there is no segregation of liabilities between Share Classes under law, there is a risk that, if the assets notionally allocated to a Currency Hedged Share Class are insufficient to meet the losses arising from its hedging transactions (in addition to other fees and expenses attributable to such Share Class), the losses arising from the hedging transactions for such Share Class could affect the Net Asset Value per Share of one or more other Share Classes of the Fund.

**Insufficiency of Duties and Charges**

The Fund levies Duties and Charges in order to defray the costs associated with the purchase and sale of Investments. The level of Duties and Charges may be determined by the Manager in advance of the actual purchase or sale of Investments or execution of associated foreign exchange. It may be estimated based on historic information concerning the costs incurred in trading the relevant securities in the relevant markets. This figure is reviewed periodically and adjusted as necessary. If the Fund levies Duties and Charges which are insufficient to discharge all of the costs incurred in the purchase or sale of Investments, the difference will be paid out of the assets of the Fund, which, pending the reimbursement of the shortfall by an Authorised Participant, will result in a reduction in the value of the Fund (and a corresponding reduction in the value of each Share). In circumstances where Shares subscribed have been issued to an Authorised Participant prior to the receipt by the Fund from the Authorised Participant of the full costs incurred or to be incurred by the Fund in acquiring underlying investments attributable to a subscription, the Fund will have a credit exposure as an unsecured creditor to the Authorised Participant in respect of any shortfall. Similarly, in circumstances where redemption proceeds have been paid to the Authorised Participant prior to the deduction from such proceeds of the full costs incurred or to be incurred by the Fund in disposing of underlying investments attributable to a redemption, the Fund will have a credit exposure as an unsecured creditor to the Authorised Participant in respect of any shortfall.

**Failure to Settle**

If an Authorised Participant submits a dealing request and subsequently fails or is unable to settle and complete the dealing request, the Company will have no recourse to the Authorised Participant other than its contractual right to recover such costs. In the event that no recovery can be made from the Authorised Participant and any costs incurred as a result of the failure to settle will be borne by the Fund and its investors.

**Taxation Risks**

Potential investors' attention is drawn to the taxation risks associated with investment in the Company. See sections headed "Taxation" in the Prospectus and this Supplement.

*Changes in taxation legislation may adversely affect the Fund.*

The tax information provided in the "Taxation" sections is based, to the best knowledge of the Company, upon tax law and practice as at the date of this Supplement. Tax legislation, the tax status of the Company and the Fund, the taxation of investors and any tax relief, and the consequences of such tax status and tax relief, may change from time to time. Any change in the taxation legislation in Ireland or in any jurisdiction where the Fund is registered, cross-listed, marketed or invested could affect the tax status of the Company and the Fund, affect the value of the Fund's Investments in the affected jurisdiction, affect the Fund's ability to achieve its investment objective, and/or alter the post tax returns on Shares held. Where the Fund invests in FDI, the preceding sentence may also extend to the jurisdiction of the governing law of the FDI contract and/or the FDI counterparty and/or to the market(s) comprising the underlying exposure(s) of the FDI.

The availability and value of any tax relief available to investors depend on the individual circumstances of investors. The information in the "Taxation" section in the Prospectus and this Supplement is not exhaustive and does not constitute legal or tax advice. Prospective investors are urged to consult their tax advisors with respect to their particular tax situations and the tax effects of an investment in the Fund.

**Withholding tax reclaims**

The Company may be subject to withholding or other taxes on income and/or gains arising from its investment portfolio. Where the Company invests in securities that are not subject to withholding or other taxes at the time of acquisition, there can be no assurance that tax may not be imposed in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. The Company may not be able to recover such tax and so any such change could have an adverse effect on the Net Asset Value of the Shares.

The Company (or its representative) may file claims on behalf of the Fund to recover withholding tax on dividend and interest income (if any) received from issuers in certain countries where such withholding tax reclaim is possible. Whether or when the Fund will receive a withholding tax refund in the future is within the control of the tax authorities in such countries. Where the Company expects to recover withholding tax for the Fund based on a continuous assessment of probability of recovery, the Net Asset Value of the Fund generally includes accruals for such tax refunds. The Company continues to evaluate tax developments for potential impact to the probability of recovery for the Fund. If the likelihood of receiving refunds materially decreases, for example due to a change in tax regulation or approach, accruals in the Fund's Net Asset Value for such refunds may need to be written down partially or in full, which will adversely affect the Fund's Net Asset Value. Investors in the Fund at the time an accrual is written down will bear the impact of any resulting reduction in Net Asset Value regardless of whether they were investors during the accrual period. Conversely, if the Fund receives a tax refund that has not been previously accrued, investors in the Fund at the time the claim is successful will benefit from any resulting increase in the Fund's Net Asset Value. Investors who disposed of their interest in Shares prior to such time will not benefit from such Net Asset Value increase.

#### **FATCA**

Investors should also read the information set out under the heading "FATCA and other cross-border reporting systems" in the Prospectus, particularly in relation to the consequences of the Company being unable to comply with the terms of such reporting systems.

#### **Dealing Day Risk**

As foreign exchanges can be open on days when the Fund may have suspended calculation of its Net Asset Value and the subscription and redemption of Shares and, therefore, Shares in the Fund are not priced, the value of the securities in the Fund's portfolio may change on days when the Fund's Shares will not be able to be purchased or sold.

#### **Liquidity Risk**

The Fund's investments may be subject to liquidity constraints, which means they may trade less frequently and in small volumes. Securities of certain types, such as bonds and mortgage-backed instruments, may also be subject to periods of significantly lower liquidity in difficult market conditions. As a result, changes in the value of investments may be more unpredictable. In certain cases, it may not be possible to sell the security at the price at which it has been valued for the purposes of calculating the Net Asset Value of the Fund or at a value considered to be fairest. Reduced liquidity of the Fund's investments may result in a loss to the value of your investment.

#### **Share Subscriptions and Redemptions**

Provisions relating to the redemption of Shares grant the Company discretion to limit the amount of Shares available for redemption on any Dealing Day to 10% of the Net Asset Value of the Fund and, in conjunction with such limitations, to defer or pro-rate such redemption requests. In addition, where requests for subscription or redemption are received late, there will be a delay between the time of submission of the request and the actual date of subscription or redemption. Such deferrals or delays may operate to decrease the number of Shares or the redemption amount to be received.

#### **Trading Currency Exposure**

Shares may be traded in various currencies on various stock exchanges. In addition, subscriptions and redemptions of Shares in the Fund will ordinarily be made in the Valuation Currency of the Shares and may in some cases be permitted in other currencies. Depending on the currency in which an investor invests in the Fund, foreign exchange fluctuations between the currency of investment, the Valuation Currency of the Shares and the Base Currency of the Fund will have an impact on, and may adversely affect, the value of such investor's investments.

#### **Temporary Suspension**

Investors are reminded that in certain circumstances their right to redeem or switch Shares may be temporarily suspended. Please see 'Temporary Suspension of Valuation of the Shares and of Sales, Redemptions and Switching' in the Prospectus.

#### **Valuation Risk**

Certain assets of the Fund may become illiquid and/or not publicly traded. Such securities and financial instruments may not have readily available prices and may therefore be difficult to value. The Manager, Investment Manager or Administrator may provide valuation services (to assist in calculating the Net Asset Value of the Fund) in relation to such securities and financial instruments. Investors should be aware that in these circumstances a possible conflict of interest may arise as the higher the estimated valuation of the securities the higher the fees payable to the Manager, Investment Manager or Administrator. Please see "Conflicts of Interest - General" in the Prospectus for details of how the Company deals with conflicts. In addition, given the nature of such Investments, determinations as to their fair value may not represent the actual amount that will be realised upon the eventual disposal of such Investments.

#### **Operational Risk**

The Fund is exposed to operational risks arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of the service providers, counterparties or other third parties, failed or inadequate processes and technology or systems failures. The Manager seeks to reduce these operational risks through controls and procedures and, through its monitoring and oversight of providers of services for the Fund, also seeks to ensure that such service providers take appropriate precautions to avoid and mitigate risks that could lead to disruptions and operating errors. However, it is not possible for the Manager and other service providers to identify and address all of the operational risks that may affect the Fund or to develop processes and controls to completely eliminate or mitigate their occurrence or effects.

The Fund's operations (including investment management, distribution, collateral management, administration and currency hedging) are carried out by several service providers which are selected based on a rigorous due diligence process.

Nevertheless, the Manager and other providers of services for the Fund may experience disruptions or operating errors such as processing errors or human errors, inadequate or failed internal or external processes, or systems or technology failures, provision or receipt of erroneous or incomplete data, resulting in operational risk which may have a negative effect on the Fund's operations and may expose the Fund to a risk of loss. This can manifest itself in various ways, including business interruption, poor performance, information systems malfunctions or failures, provision or receipt of erroneous or incomplete data or loss of data, regulatory or contractual breaches, human error, negligent execution, employee misconduct, fraud or other criminal acts. Investors could experience delays (for example, delays in the processing of subscriptions, switching and redemption of Shares) or other disruptions.

While the Manager seeks to minimise operational errors as set out above, there may still be failures that could cause losses to the Fund and reduce the value of the Fund.

## **DEALINGS IN THE FUND**

The Fund is an exchange traded fund which means that the Shares of the Fund are listed on one or more stock exchanges. Certain market makers and brokers are authorised by the Company to deal in Shares of the Fund in the Primary Market and they are referred to as "Authorised Participants". Such Authorised Participants have the capability to ensure delivery of the Shares of the Fund within the International Central Securities Depository relevant to the stock exchanges on which the Shares are listed. Authorised Participants usually sell the Shares they acquire on one or more stock exchanges, the Secondary Market, where such Shares become freely tradable. Potential investors who are not Authorised Participants can purchase and sell Shares of the Fund on the Secondary Market through a broker/dealer on a recognised stock exchange or OTC. For further details of such brokers please contact the Investment Manager.

Authorised Participants dealing on the Primary Market should refer to the section below titled "Procedure for Dealing on the Primary Market" set out below. Investors who are not Authorised Participants should refer to the "Procedure for Dealing on the Secondary Market" section detailed at page 124 of the Prospectus.

## **PROCEDURE FOR DEALING ON THE PRIMARY MARKET**

### **Initial Offer of Shares**

Shares listed in the Current Share Classes as set out in the tables below under the heading "Current Share Classes" will initially be offered between 9.00 a.m. (Irish time) on 13 December 2024 and 12.00 noon (Irish time) on 13 June 2025 (which period may be shortened, extended, changed to an earlier date, or changed to a later date by the Directors) and at a fixed price per Share equal to 5 units of the relevant currency (e.g. US\$5) or such other amount determined by the Investment Manager at the relevant time and communicated to investors prior to investment.

Account Opening Forms for first time Authorised Participants and Dealing Forms must be received during the initial offer period noted above to receive the initial offering price. Arrangements must also be made by that date for the settlement of the transfer of Investments and cash payments within the settlement times available on the Electronic Order Entry Facility (which can range from one to four Business Days).

It is expected that trading in the Shares will commence on or about 13 June 2025, and the Shares will be admitted to trading upon issue.

Shares will be issued for a price to be satisfied in cash or, where available, in kind, together with any applicable Duties and Charges, as described under the heading "Procedure for Dealing on the Primary Market" in the Prospectus. The initial Portfolio Composition File (where relevant) will be available upon request from the Administrator.

### **Subscriptions and Redemptions after the Initial Offer**

Shares may be subscribed at the Net Asset Value per Share together with associated Duties and Charges which may be varied to reflect the cost of execution. Shares may be redeemed at the Net Asset Value per Share less any associated Duties and Charges which may be varied to reflect the cost of execution. The Articles empower the Company to charge such sum as the Manager considers represents an appropriate figure for Duties and Charges. The level and basis of calculating Duties and Charges may also be varied depending on the size of the relevant dealing request and the costs relating to, or associated with, the primary market transactions. Where Authorised Participants subscribe for or redeem Shares in cash in a currency that is different from the currencies in which the Fund's underlying investments are denominated, the foreign exchange transaction costs associated with converting the subscription amount to the currencies needed to purchase the underlying investments (in the case of a subscription) or converting the sale proceeds from selling the underlying investments to the currency needed to pay redemption proceeds (in the case of a redemption) will be included in the Duties and Charges which are applied to the relevant subscription or redemption amounts (respectively) paid or received (as the case may be) by such Authorised Participants.

Where Authorised Participants subscribe for or redeem shares in a Currency Hedged Share Class, the transaction costs associated with increasing (in the case of a subscription) or decreasing (in the case of a redemption) such hedge will be included in the Duties and Charges which are applied to the relevant subscription or redemption amounts (respectively) paid or received (as the case may be) by such Authorised Participants.

In some cases, the level of Duties and Charges has to be determined in advance of the completion of the actual purchase or sale of Investments or execution of associated foreign exchange by or on behalf of the Company and the subscription or redemption price may be based on estimated Duties and Charges (which could be based on historic information concerning the costs incurred or expected costs in trading the relevant securities in the relevant markets). Where the sum representing the subscription or redemption price is based on estimated Duties and Charges which turn out to be different to the costs actually incurred by the Fund when acquiring or disposing of Investments as a result of a subscription or redemption, the Authorised Participant shall reimburse the Fund for any shortfall in the sum paid to the Fund (on a subscription) or any excess sum received from the Fund (on a redemption), and the Fund shall reimburse the Authorised Participant for any excess received by the Fund (on a subscription) or any shortfall paid by the Fund (on a redemption), as the case may be. Authorised Participants should note that no interest will accrue or be payable on any amount reimbursed or to be reimbursed by the Fund. In order to protect the Fund and holders of its Shares, the Company and the Manager reserve the right to factor into the estimated Duties and Charges a buffer to protect the Fund from potential market and foreign exchange exposure pending the payment of the actual Duties and Charges.

Dealing orders will normally be accepted in multiples of the minimum number of Shares. Such minima may be reduced or increased in any case at the discretion of the Manager. Authorised Participants should refer to the Electronic Order Entry Facility for details of minimum dealing order amounts for the Fund. Detail in relation to the Valuation Point and cut-off times for the Fund are also set out in the Primary Market dealing timetable below. Details of the dealing cut-off times for dealing orders are also available from the Administrator. There is no minimum holding requirement for the Fund as at the date of this Supplement.

Applications for Shares in the Fund received after the times listed in the dealing timetable will generally not be accepted for dealing on the relevant Dealing Day. However, such applications may be accepted for dealing on the relevant Dealing Day, at the discretion of the Company, Manager or the Investment Manager, in exceptional circumstances, provided they are received prior to the Valuation Point. Settlement of the transfer of Investments and/or cash payments in respect of dealing orders must take place within a prescribed number of Business Days after the Dealing Day (or such earlier time as the Manager may determine in consultation with the Authorised Participant). Authorised Participants should refer to the Electronic Order Entry Facility for details of the maximum and minimum settlement times (which can range from one to four Business Days) in respect of subscriptions and redemptions. If a Significant Market is closed for trading or settlement on any Business Day during the period between the relevant Dealing Day and the expected settlement date (inclusive), and/or settlement in the base currency of the Fund is not available on the expected settlement date, there may be corresponding delays to the settlement times (but such delays will not exceed the regulatory requirements for settlement).

#### **Title to Shares**

As with other Irish companies limited by shares, the Company is required to maintain a register of Shareholders. Shares will be held by the Common Depositary's Nominee (as registered holder) in registered form. Only persons appearing on the register of Shareholders (i.e. the Common Depositary's Nominee) will be a Shareholder. Fractional Shares will not be issued. No temporary documents of title or Share certificates will be issued, other than Global Share Certificate required for the International Central Securities Depositories. The Administrator will also send a trade confirmation to Authorised Participants. Potential investors should refer to the section in the Prospectus titled "Global Clearing and Settlement" for details of the settlement system and the relative rights of investors through such settlement system.

Details in relation to applying for and redeeming Shares and other general information concerning dealing is set out in the Prospectus under the following headings:

<b>Section Heading in Prospectus</b>	<b>Page number in Prospectus</b>
Dealings in the Company	113
Procedure for Dealing on the Primary Market	114
Portfolio Composition File	114
Dealings in Kind, in Cash and Directed Cash Dealings	114
Failure to Deliver	123
Procedure for Dealing on the Secondary Market	124
Switching	128
Transfer of Shares	129
Confirmations	129
Mandatory Redemption of Shares	129
Temporary Suspension of Valuation of the Shares and of Sales, Redemptions and Switching	130

## CURRENT SHARE CLASSES

The Current Share Classes are indicated with a 'Y' and are available to launch at the discretion of the Manager.

### Current Unhedged Share Classes

Fund Name	Fund Base Ccy	Valuation Currency											
		DKK		EUR		GBP		JPY		SEK		USD	
		Acc	Dist	Acc	Dist	Acc	Dist	Acc	Dist	Acc	Dist	Acc	Dist
iShares AI Innovation Active UCITS ETF	USD	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y*	Y

### Current Currency Hedged Share Classes

Fund Name	Fund Base Ccy	Currency into which the exposure is hedged and Valuation Currency																											
		AUD		CAD		CHF		DKK		EUR		GBP		HKD		JPY		MXP		NZD		SEK		SGD		USD			
		Acc	Dist	Acc	Dist	Acc	Dist	Acc	Dist	Acc	Dist	Acc	Dist	Acc	Dist	Acc	Dist	Acc	Dist	Acc	Dist	Acc	Dist	Acc	Dist	Acc	Dist		
iShares AI Innovation UCITS ETF	USD	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y		

\*It is intended that this Share Class will be the first Share Class to become a Launched Share Class.



## PRIMARY MARKET DEALING TIMETABLE

Fund Name	Initial Share Class(es)	Initial Offer Price	Fund Valuation Point on DD*	Dealing request cut off on DD (Cash/Market Trade dealings and, where available, In Kind FOP/OTC DVP dealings) (or, in exceptional circumstances, such later time as approved by the Manager in its absolute discretion)** Authorised Participants should refer to the Electronic Order Entry Facility for further details.
iShares AI Innovation Active UCITS ETF	USD Accumulating	US\$5	11.00pm	4.00am***

This Primary Market Dealing Timetable is applicable to Authorised Participants that are able to effect subscriptions and redemptions of Shares with the Company on the Primary Market. Authorised Participants should also refer to the terms of the Electronic Order Entry Facility.

“BD” means Business Day and “DD” means Dealing Day. Any application received after the cut off time on a Dealing Day will be treated as an application for the next Dealing Day.

\*The Fund Valuation Point relevant to an application is the Fund Valuation Point on the Dealing Day for which that application is treated as being received.

\*\* Dealing requests received after the cut off time for the Fund may be accepted in exceptional circumstances at the discretion of the Manager, provided always that the application is received before the Fund Valuation Point on the relevant Dealing Day for which the application is treated as being received. Applications received after the Valuation Point will be treated as applications for the next Dealing Day.

\*\*\* The cut off time for this Fund reflects that some, or all, of the Fund’s underlying assets are traded in time zones earlier than the European time zone.

Subscription and redemption orders will normally be accepted in multiples of the minimum number of Shares set at the discretion of the Manager or the Investment Manager. Authorised Participants should refer to the Electronic Order Entry Facility for details of minimum subscription and redemption orders for the Launched Share Classes.

Earlier or later times may be determined by the Manager or the Investment Manager at their discretion with prior notice to Authorised Participants.

On the Dealing Day prior to 25 December and 1 January, dealing requests for subscriptions or redemptions must be received by the earlier of the stated dealing request cut-off and 12.00 noon.

NOTE: ALL TIME REFERENCES IN THIS DEALING TIMETABLE ARE TO GREENWICH MEAN TIME (GMT), OR BRITISH SUMMER TIME (BST), WHEN SUCH IS APPLICABLE - NOT CENTRAL EUROPEAN TIME (CET).

## VALUATION

The Net Asset Value per Share of the class of the Fund on offer pursuant to this Supplement shall be calculated for each Dealing Day taking the value of the Fund's Investments as at the Valuation Point. Except where the determination of the Net Asset Value has been suspended in the circumstances described under "Temporary Suspension of Valuation of the Shares and of Sales, Redemptions and Switching", the Net Asset Value per Share shall be made available at the registered office of the Administrator on or before the close of business of each Dealing Day. The Net Asset Value per Share for each class of Shares shall also be published daily on the Business Day following the Valuation Point for the Fund by means of a Regulatory Information Service or the official iShares website ([www.iShares.com](http://www.iShares.com)), which shall be kept up to date, and such other publications and with such frequency as the Directors may determine. The publishing of the Net Asset Value per Share for each class of Shares in the Fund is for information purposes only, and is not an invitation to subscribe, redeem or switch Shares at the published Net Asset Value per Share.

Assets of the Fund listed or traded on a Regulated Market for which market quotations are readily available shall be priced at the Valuation Point using the last traded price for equity securities on the principal Regulated Market for such Investment. If the assets of the Fund are listed or traded on several Regulated Markets, the last traded price on the Regulated Market which, in the opinion of the Administrator, constitutes the main market for such assets, will be used.

## INDICATIVE NET ASSET VALUE

The indicative net asset value (iNAV) is the net asset value per Share of each class of Shares in the Fund calculated on a real time basis (every 15 seconds) during trading hours. The values are intended to provide investors and market participants with a continuous indication of the value of each class of Shares. The values are usually calculated based on a valuation of the actual Fund portfolio using real-time prices from Tradeweb Markets LLC and other sources. The Investment Manager has appointed Tradeweb Markets LLC to calculate and publish the iNAVs of each class of Shares. These iNAVs are published by the relevant stock exchanges. There are provisions for the BlackRock Group to receive payments from the iNAV provider for its engagement in the development and enhancement of service levels.

An iNAV is not, and should not be taken to be or relied on as being, the value of a Share or the price at which Shares may be subscribed for or redeemed or purchased or sold on any relevant stock exchange. In particular, any iNAV provided for the Fund where the Investments are not actively traded during the time of publication of such iNAV may not reflect the true value of a Share and may therefore be misleading and should not be relied on. The inability of the Investment Manager or its designee to provide an iNAV, on a real-time basis, or for any period of time, will not in itself result in a halt in the trading of the Shares on a relevant stock exchange, which will be determined by the rules of the relevant stock exchange in the circumstances. Investors should be aware that the calculation and reporting of any iNAV may reflect time delays in the receipt of the prices of the relevant constituent securities in comparison to other calculated values for example, the iNAV of other exchange traded funds based on the same Investments. Investors interested in dealing in Shares on a relevant stock exchange should not rely solely on any iNAV which is made available in making investment decisions, but should also consider other market information and relevant economic and other factors (including, where relevant, information regarding Investments or investments corresponding to the Fund). None of the Company, the Directors, the Investment Manager or its designee, the Depositary, the Administrator, and Authorised Participant and the other service providers shall be liable to any person who relies on the iNAV.

## DIVIDEND POLICY

The Company intends to declare dividends pursuant to this Supplement on the Shares of the Distributing Share Classes. Dividends may be paid out of the total income of the applicable Distributing Share Class net of any relevant expenses in respect of each financial year. Dividends will normally be declared with a view to being paid either monthly, quarterly or semi-annually. No smoothing of dividends will be applied across the dividend payments in a calendar year. The dividend payment frequency for each Distributing Share Class is as follows (please refer to [www.iShares.com](http://www.iShares.com) for further information on the dividend payment dates).

Fund	Frequency of Distributions for Distributing Share Classes	Months of Distributions
iShares AI Innovation Active UCITS ETF	Semi-Annually	January, July

Distributions will not be made in respect of Accumulating Share Classes and income and other profits will be accumulated and reinvested.

Full details of any change to the dividend policy will be provided in an updated Prospectus or Supplement and a Shareholder notice will be issued in advance.

Any dividend which has remained unclaimed for twelve years from the date of its declaration shall be forfeited and cease to remain owing by the Company and become the property of the Fund.

Dividends for Distributing Share Classes will be declared in the Valuation Currency of the relevant Share Class. Investors who wish to receive dividend payments in a currency other than the Base Currency or Valuation Currency

should arrange this with the relevant International Central Securities Depository (subject to this option being made available by the relevant International Central Securities Depository). Any foreign exchange conversions of dividend payments are not the responsibility of the Company and are at the cost and risk of the investors.

## FUND EXPENSES

The Company employs an "all in one" fee structure for its Funds (and Share Classes). Each Fund pays all of its fees, operating costs and expenses (and its due proportion of any costs and expenses of the Company allocated to it) as a single flat fee (the "Total Expense Ratio" or "TER"). Any fees, operating costs and expenses which are attributable to a particular Share Class (rather than the entire Fund) will be deducted from the assets notionally allocated by the Fund to that Share Class. Expenses paid out of the TER include, but are not limited to, fees and expenses paid to the Manager, regulators and auditors and certain legal expenses of the Company, but exclude transaction costs and extraordinary legal costs.

The Total Expense Ratio for a Share Class is calculated and accrued daily from the current Net Asset Value of the relevant Share Class as follows and shall be payable monthly in arrears:

Fund	Fund / Share Classes	TER
iShares AI Innovation Active UCITS ETF	Unhedged Share Classes	0.73%*
	Currency Hedged Share Classes	Up to 1.00%*

The Manager is responsible for discharging all operational expenses, including but not limited to, fees and expenses of the Directors, the Investment Manager, Depository and Administrator from the amounts received by the Manager from the Total Expense Ratio. Such operational expenses include regulatory and audit fees but exclude transaction costs and extraordinary legal costs. In the event the costs and expenses of a Share Class that are intended to be covered within the TER exceed the stated TER, the Manager will discharge any excess amounts out of its own assets.

Establishment costs for the Fund will be paid by the Manager.

For additional information about fees and expenses of the Fund, see the heading "Fund Expenses" in the Prospectus.

\*For the current TER charged on each Share Class please refer to its KIID / KID and/or the product pages of the website at [www.ishares.com](http://www.ishares.com).

## TAXATION

### General

The information given in the Prospectus and below is not exhaustive and does not constitute legal or tax advice. Prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, switching or disposing of Shares under the laws of the jurisdictions in which they may be subject to tax.

In addition to the United Kingdom taxation considerations detailed on pages 159 to 162 of the Prospectus, the following taxation considerations apply specifically to the Fund.

### United Kingdom Taxation

Investors who are insurance companies within the charge to United Kingdom taxation holding their Shares in the Fund for the purposes of their long-term business (other than their pensions business) will be deemed to dispose of and immediately reacquire those Shares at the end of each accounting period. In general terms, the chargeable gains and allowable losses arising under the annual deemed disposal rules are aggregated and one-seventh of the net amount thus emerging is chargeable (where there are net gains) or allowable (where there are net losses) at the end of the accounting period in which the deemed disposals have taken place.

### German Taxation

#### German Tax Reform

It is the intention of the Company to seek to maintain the status as 'equity' funds or 'mixed' funds (as applicable) pursuant to Sec. 2 para. 6 and 7 of the German Investment Tax Act as applicable from 1 January 2018 for the Fund.

Investors should refer to their tax advisors in relation to the implications of the Company obtaining such status.

The Fund invests 51% of its net asset value on a continuous basis directly in Equities (as defined below in accordance with Sec. 2 para. 8 of the German Investment Tax Act as at 1 January 2018).

The Fund calculates the indicated investment level on the basis of its net asset value. Pursuant to Sec. 2 para. 9a sentence 3 of the German Investment Tax Act as applicable from 1 January 2018 the value of the Equities is therefore reduced by the loans raised by the respective Fund proportionally to the percentage of the value of the Equities among the value of all gross assets of this Fund.

Corporate actions, subscriptions/redemptions, and market movements may temporarily cause the Fund not to meet the Equities investment levels set out above. The Fund may also enter into securities lending for the purpose of efficient portfolio management. The Equities investment levels set out above are exclusive of Equities that are lent out.

For the purpose of the above percentage numbers, "Equities" means in accordance with Sec. 2 para. 8 of the German Investment Tax Act as applicable from 1 January 2018:

1. Shares of a corporation which are admitted to official trading on a stock exchange or listed on an organised market (which is a market recognised and open to the public and which operates in a due and proper manner),
2. Shares of a corporation, which is not a real estate company and which:
  - a. is resident in a Member State or a member state of the EEA and is subject to income taxation for corporations in that state and is not tax exempt; or
  - b. is resident in any other state and is subject to an income taxation for corporations in that state at a rate of at least 15% and is not exempt from such taxation,
3. Fund units of an equity fund (being a fund that invests more than 50% of its gross assets on a continuous basis directly in Equities) with 51% of the equity fund units' value – or, if the investment conditions of the equity fund provide for a higher minimum Equities investment, with the respective higher percentage of the equity fund units' value – being taken into account as Equities, or
4. Fund units of a mixed fund (being a fund that invests at least 25% of its gross assets on a continuous basis directly in Equities) with 25% of the mixed fund units' value – or, if the investment conditions of the mixed fund provide for a higher minimum Equities investment, with the respective higher percentage of the equity fund units' value – being taken into account as Equities.

For purposes of calculating the investment levels set out above, the Fund may also consider the actual Equities quotas of the target funds published on each valuation day, provided that a valuation takes place at least once per week.

For the purpose of the above percentage numbers, the following in accordance with Sec. 2 para. 8 of the German Investment Tax Act as applicable from 1 January 2018 do not qualify as "Equities":

1. Shares in partnerships, even if the partnerships are holding themselves shares in corporations,
2. Shares in corporations, which pursuant to Sec. 2 para. 9 sentence 6 of the German Investment Tax Act qualify as real estate,
3. Shares in corporations which are exempt from income taxation, to the extent these corporations are distributing their profits, unless the distributions are subject to a taxation of at least 15% and the investment fund is not exempt from this taxation, and
4. Shares in corporations,
  - a. whose income is directly or indirectly to more than 10% derived from shares in corporations, which do not fulfil the requirements of no. 2 a. or b. above, or
  - b. which are holding directly or indirectly shares in corporations that do not fulfil the requirements of no. 2. a. or b. above, if the value of these participations amounts to more than 10% of the market value of the corporations.

The above reflects the Manager's understanding of the relevant German tax legislation at the date of this Supplement. The legislation is subject to change and so adjustments to these figures may be made without prior notice.

The Company may seek one or more of the following statuses for Share Classes distributed in the relevant jurisdictions:

- UK Reporting Fund Status
- Austrian Reporting Fund Status

Investors should refer to their tax advisors in relation to the implications of the Fund obtaining such status.

## **INSPECTION OF DOCUMENTS**

Copies of the following documents will be available for inspection at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays), free of charge, at the registered offices of the Company (J.P. Morgan, 200 Capital Dock, 79 Sir John Rogerson's Quay, Dublin 2, D02 RK57, Ireland) and the offices of the Investment Manager (BlackRock Advisors (UK) Limited, 12 Throgmorton Avenue, London EC2N 2DL, England):

- (a) the Prospectus;
- (b) this Supplement;
- (c) the KIID / KID;
- (d) the Memorandum and Articles of Association of the Company; and
- (e) the latest annual and semi-annual reports of the Company (if any).

The documents listed above may also be obtained, on request free of charge, from the Administrator.

## **DISCLAIMERS**

### **Tradeweb Markets LLC**

Tradeweb Markets LLC exercises reasonable care when sourcing data input and calculating the iNAV in accordance with the methodologies disclosed on Tradeweb's website.

However, Tradeweb Markets LLC cannot and does not guarantee or represent that the iNAV is always calculated free of errors or will be accurate. Tradeweb Markets LLC accepts no liability for any direct or indirect losses suffered, incurred or, arising from any incorrect calculation of the iNAV or from the use of the iNAV by any person. The iNAV are indicative values and should not be relied on or used by any person for anything other than as a simple indication of the possible value of a share at that time.

The applicable iNAV calculation methodologies, changes to those methodologies, and decisions regarding the sources of data inputs to the iNAV, are considered by Tradeweb Markets LLC with best practices and standards in mind. However, Tradeweb Markets LLC does not represent that any of the foregoing will remain consistent in its calculation of the iNAV and for the avoidance of doubt, shall not be liable for any direct or indirect losses arising from any changes to or decisions made regarding the methodologies or sources of data inputs.

The iNAV is not a recommendation for investment of whatever nature. In particular, the iNAV shall not be construed as a recommendation to buy or sell: (i) individual securities, (ii) the constituent basket underlying a given iNAV or exchange traded fund, or (iii) any exchange traded fund on Tradeweb Markets LLC or on any other relevant exchange or trading platform.

## APPENDIX I

### Funds of the Company

As at the date of this Supplement, there are 67 other funds of the Company which are listed below:

iShares \$ Asia Investment Grade Corp Bond UCITS ETF	iShares Emerging Markets Equity Enhanced Active UCITS ETF
iShares \$ Corp Bond ESG Paris-Aligned Climate UCITS ETF	iShares EUR Cash UCITS ETF
iShares \$ Development Bank Bonds UCITS ETF	iShares EURO STOXX 50 UCITS ETF (Acc)
iShares \$ High Yield Corp Bond ESG Paris-Aligned Climate UCITS ETF	iShares Europe Equity Enhanced Active UCITS ETF
iShares \$ Intermediate Credit Bond UCITS ETF	iShares Global Aggregate Bond ESG UCITS ETF
iShares € Aggregate Bond ESG UCITS ETF	iShares Global Govt Bond Climate UCITS ETF
iShares € Corp Bond 1-5yr UCITS ETF	iShares Global Govt Bond UCITS ETF
iShares € Corp Bond BBB-BB UCITS ETF	iShares Global Inflation Linked Govt Bond UCITS ETF
iShares € Corp Bond ESG Paris-Aligned Climate UCITS ETF	iShares Global Real Estate Environmental Tilt UCITS ETF
iShares € Corp Bond ex-Financials 1-5yr ESG UCITS ETF	iShares Growth Portfolio UCITS ETF
iShares € Corp Bond ex-Financials UCITS ETF	iShares J.P. Morgan € EM Bond UCITS ETF
iShares € Covered Bond UCITS ETF	iShares J.P. Morgan EM Local Govt Bond UCITS ETF
iShares € Govt Bond 0-1yr UCITS ETF	iShares Moderate Portfolio UCITS ETF
iShares € Govt Bond 10-15yr UCITS ETF	iShares MSCI Australia UCITS ETF
iShares € Govt Bond 5-7yr UCITS ETF	iShares MSCI EM Small Cap UCITS ETF
iShares € Govt Bond Climate UCITS ETF	iShares MSCI EM UCITS ETF USD (Acc)
iShares € High Yield Corp Bond ESG Paris-Aligned Climate UCITS ETF	iShares MSCI Japan Small Cap UCITS ETF
iShares £ Corp Bond ex-Financials UCITS ETF	iShares MSCI Pacific ex-Japan ESG Enhanced UCITS ETF
iShares AI Adopters & Applications UCITS ETF	iShares MSCI Pacific ex-Japan UCITS ETF
iShares AI Infrastructure UCITS ETF	iShares MSCI Saudi Arabia Capped UCITS ETF
iShares Asia ex Japan Equity Enhanced Active UCITS ETF	iShares MSCI South Africa UCITS ETF
iShares Blockchain Technology UCITS ETF	iShares MSCI Target UK Real Estate UCITS ETF
iShares Broad \$ High Yield Corp Bond UCITS ETF	iShares MSCI World Paris-Aligned Climate UCITS ETF
iShares Broad € High Yield Corp Bond UCITS ETF	iShares MSCI World Small Cap ESG Enhanced UCITS ETF
iShares Broad Global Govt Bond UCITS ETF	iShares MSCI World Small Cap UCITS ETF
iShares Conservative Portfolio UCITS ETF	iShares S&P 500 Equal Weight UCITS ETF
iShares Core € Corp Bond UCITS ETF	iShares S&P 500 ESG UCITS ETF
iShares Core € Govt Bond UCITS ETF	iShares S&P SmallCap 600 UCITS ETF
iShares Core Global Aggregate Bond UCITS ETF	iShares UK Gilts 0-5yr UCITS ETF
iShares Core MSCI Europe UCITS ETF EUR (Acc)	iShares US Equity Enhanced Active UCITS ETF
iShares Core MSCI Japan IMI UCITS ETF	iShares U.S. Equity High Income UCITS ETF
iShares Core MSCI World UCITS ETF	iShares World Equity Enhanced Active UCITS ETF
iShares Developed World ex-UK UCITS ETF	iShares World Equity High Income UCITS ETF
iShares Emerging Asia Local Govt Bond UCITS ETF	

The Shares of each Fund are issued on different terms and conditions to those of the other funds.

## APPENDIX II

The following sections in the Prospectus contain further general information and have been referenced in this Supplement:

Section Heading in Prospectus	Page number in Prospectus
Definitions	7
Investment Objectives and Policies	25
Efficient Portfolio Management	74
Risk Factors	76
Dividend Policy	136
Management of the Company	139
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Schedule I – The Regulated Markets	165
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## APPENDIX III

### ESG Policy

#### BlackRock EMEA Baseline Screens

The Investment Manager will seek to limit and/or exclude direct investment (as applicable) in corporate issuers which, at the time of purchase, in the opinion of the Investment Manager, have exposure to, or ties with, certain sectors (in some cases subject to specific revenue thresholds) including but not limited to:

- (i) the production of certain types of controversial weapons;
- (ii) the distribution or production of firearms or small arms ammunition intended for retail to civilians;
- (iii) the extraction of certain types of fossil fuel and/or the generation of power from them;
- (iv) the production of tobacco products or certain activities in relation to tobacco-related products; and
- (v) issuers which have been deemed to have failed to comply with UN Global Compact Principles.

To undertake its analysis of ESG criteria, the Investment Manager may use data generated internally by the Investment Manager and/or its affiliates or provided by one or more third party ESG research providers.

Should existing holdings, compliant at the time of investment subsequently become ineligible, they will be divested within a reasonable period of time.

The Fund may gain limited indirect exposure (through, including but not limited to, FDI and shares or units of collective investment schemes) to issuers with exposures that do not meet the ESG criteria described above.

A full list of the limits and/or exclusions being applied by Investment Managers at any time (including any specific threshold criteria) is available at <https://www.blackrock.com/corporate/literature/publication/blackrock-baseline-screens-in-europe-middleeast-and-africa.pdf>

It is the Investment Manager's intention that the BlackRock EMEA Baseline Screens policy will evolve over time as improved data and more research on this subject becomes available. The full list may be amended from time to time at the Investment Manager's discretion and (unless it alters the description in this section) may be implemented without notification to Shareholders.

#### Fundamental Insights Methodology

Companies are evaluated by the Investment Manager based on their ability to manage the risks and opportunities associated with ESG factors and their ability to strategically manage longer-term issues surrounding ESG and the potential impact this may have on a company's financial performance.

The Investment Manager conducts enhanced analysis on all companies that it considers to have heightened ESG risks, higher carbon emissions and controversial business activities. In such circumstances, the Investment Manager may determine an engagement agenda for discussion with those companies in seeking to improve their ESG credentials. To undertake this analysis, the Investment Manager uses its fundamental insights and may use data provided by external ESG data providers, and proprietary models.

The Fund will apply exclusionary screens, the BlackRock EMEA Baseline Screens, to the companies within the investment universe. The Investment Manager then applies its proprietary "Fundamental Insights" methodology (the "Methodology", see further detail on <https://www.blackrock.com/corporate/literature/publication/blackrock-baseline-screens-in-europe-middleeast-and-africa.pdf>) to identify companies that would otherwise have been excluded by the exclusionary screens but that it considers to be appropriate for investment on the basis that they are "in transition" and focused on meeting sustainability criteria over time, or are otherwise meeting other criteria in accordance with the Methodology requirements.

The Methodology uses quantitative and qualitative inputs generated by the Investment Manager, its affiliates and/or one or more external research providers. Where a company is identified by the Investment Manager as meeting the criteria in the Methodology for investment and is approved in accordance with the Methodology, it is eligible to be held by the Fund. Such companies are regularly reviewed. In the event that the Investment Manager determines that a company fails the criteria in the Methodology (in whole or in part and at any time) or it is not engaging with the Investment Manager on a satisfactory basis, it will be considered for divestment by the Fund in accordance with the Methodology.



## APPENDIX IV

**Pre-contractual disclosure for the financial products referred to in  
Article 8 paragraphs 1, 2 and 2a of Regulation (EU) 2019/2088 and Article 6, first  
paragraph, of Regulation (EU) 2020/852**

**Product name: iShares AI Innovation Active UCITS ETF**

**Legal entity identifier : 5299008F5PSDKAK3GP04**

**Environmental and/or social characteristics**

***Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.*

*The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.*



Does this financial product have a sustainable investment objective?	
<p>● ● <input type="checkbox"/> <b>Yes</b></p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ____%</b></p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ____%</b></p>	<p>● ○ ✓ <b>No</b></p> <p><input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments</p> <p style="margin-left: 20px;"><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> with a social objective</p> <p>✓ It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>

**What environmental and/or social characteristics are promoted by this financial product?**

The Fund aims to promote environmental characteristics related to reduction of environmental pollution by excluding direct investment in companies that are involved in thermal coal and tar and sands extraction, as well as thermal coal-based power generation.

The Fund aims to promote social characteristics related to: (a) reduction of the availability of weapons by excluding direct investment in issuers involved in the production of controversial weapons and nuclear weapons, and production and distribution of civilian firearms, (b) better health and wellbeing by excluding direct investment in issuers involved in production and distribution of tobacco; and (c) support for human rights, labour standards, the environment and anti-corruption by excluding direct investment in issuers deemed to have failed to comply with the 10 UN Global Compact Principles, through application of the BlackRock EMEA Baseline Screens using its proprietary fundamental insights methodology (the “Fundamental Insights Methodology”).

The definition of “involved” in relation to each activity may be based on generating or deriving a revenue from the activity that exceeds a percentage of revenue or a defined total revenue threshold, or any exposure to the activity regardless of the amount of revenue received. Further detail on the exclusions applied to promote environmental and/or social characteristics is included in the response to the question “What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?” below.

The Fund does not use a reference benchmark for the purposes of attaining the ESG characteristics that it promotes.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicators used to measure the attainment of the environmental or social characteristics promoted by the Fund include:

- The Fund's consideration of principal adverse impacts (PAIs) on sustainability factors, as described below.
- The Fund's exclusion of holdings in issuers identified by the exclusion criteria set out in the BlackRock EMEA Baseline Screens with the Fundamental Insights Methodology, as described above.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The Fund does not commit to holding Sustainable Investments.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable as this Fund does not commit to investing in Sustainable Investments.

— — *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable as this Fund does not commit to investing in Sustainable Investments.

Please refer to the section below, "Does this financial product consider principal adverse impacts on sustainability factors?", which describes how the Fund considers PAIs on sustainability factors.

— — *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable as this Fund does not commit to investing in Sustainable Investments.

*The EU Taxonomy sets out a 'do not significant harm' principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The 'do no significant harm' principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Does this financial product consider principal adverse impacts on sustainability factors?**

- ☒ Yes
- ☐ No

The Fund considers PAIs on sustainability factors through the application of the BlackRock EMEA Baseline Screens with the Fundamental Insights Methodology.

The Fund takes into account the following PAIs:

- Exposure to companies active in the fossil fuel sector
- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

- Exposure to controversial weapons (anti personnel mines, cluster munitions, chemical weapons and biological weapons)



**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

### What investment strategy does this financial product follow?

The Fund is actively managed and the Investment Manager has full discretion to select the Fund's investments. The Fund will employ a fundamental active equity investment strategy. The investment objective of the Fund is to achieve long-term capital growth, through investment of at least 70% of its total assets in the global equity securities of large, medium and small market capitalisation developed and emerging market companies whose predominant economic activity is the advancement, development, and use of artificial intelligence ("AI") technology.

The Investment Manager considers a company to be an AI company if it is expected to derive future revenue from the advancement, enablement, development, and/or use of AI technology. Such companies are generally expected to operate in one or more of the following business areas: (i) computing and infrastructure (e.g., Graphics Processing Units (GPUs), cloud computing and data centers); (ii) foundational models (machine learning models trained on broad, large-scale data for the purposes of performing a wide variety of tasks); (iii) data (e.g., vertical industry data and proprietary data); (iv) software (e.g., enterprise applications); (v) services (e.g., information technology ("IT") services); (vi) internet (e.g., chatbots or content creation); or (vii) hardware (e.g., robotics, smart glasses). The Investment Manager determines, at its discretion, whether a company is an AI-related company.

The Investment Manager stores and analyses data from various sources, including company meetings, company conference calls, sell-side analysts and multiple data services and databases for the initial part of the investment process while determining appropriateness for this strategy. Depending on the business area as described above and maturity of the company, the Investment Manager uses a range of valuation metrics including discounted cash flow (i.e. valuing a company based on the present value of its expected future cash flows), and free cash flow yield (i.e. ratio of the cash flow from a company's operations to the company's market capitalisation), among others. Once the Investment Manager has initiated due diligence on the company, identified alignment to the AI theme and conducted analysis of the valuation and potential risks, stocks are selected by the Investment Manager on the basis of the team's bottom-up fundamental analysis (i.e. analysis that focuses on an individual company's intrinsic value by reference to its earnings, level of debt, competitive strengths, etc., rather than broader market conditions). The portfolio management team seeks to mitigate portfolio risk through diversification by business area as described above, country, market-capitalisation, issuer, and, to a lesser extent, investment style.

In normal market conditions the Fund will invest in equity securities of companies with large, medium and small market capitalisation (market capitalisation is the share price of the company multiplied by the number of shares issued). Although it is likely that most of the Fund's investments will be in companies located in developed markets globally, the Fund may also invest in emerging markets.

The Fund will apply exclusionary screens, the BlackRock EMEA Baseline Screens and Fundamental Insights Methodology, to the companies within the investment universe.

Subject always to investing in such assets as required for the Fund to meet its investment objective, the Investment Manager will manage the Fund to promote environmental and social characteristics based on environmental and social criteria set out in the binding elements section below.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy are as follows:

The Fund's exclusion of holdings in issuers identified by the exclusion criteria set out in the BlackRock EMEA Baseline Screens, as described below.

- (i) Issuers which are engaged in, or are otherwise exposed to the production of controversial weapons (including, but not limited to, cluster munitions, biological chemical, landmines, depleted uranium, blinding laser, non-detectable fragments and/or incendiary weapons).
- (ii) Issuers deriving more than 5% of their revenue from thermal coal extraction and/or thermal coal-based power generation, with the exception of “green bonds”, that are considered to comply with the International Capital Markets Association’s Green Bond Principles, from such issuers.
- (iii) Issuers deriving more than 5% of their revenue from the production and generation of tar sands (also known as oil sands).
- (iv) Issuers deriving any revenue from direct involvement in the production of nuclear weapons or nuclear weapon components or delivery platforms, or the provision of auxiliary services related to nuclear weapons.
- (v) Issuers which produce tobacco products.
- (vi) Issuers which derive more than 5% of their revenue from the production, distribution, retail and supply of tobacco-related products.
- (vii) Issuers which produce firearms and/or small arms ammunition intended for retail to civilians.
- (viii) Issuers which derive more than 5% of their revenue from the distribution (wholesale or retail) of firearms and/or small arms ammunition intended for civilian use.
- (ix) Issuers which have been deemed to have failed to comply with UN Global Compact Principles (which cover human rights, labour standards, the environment and anticorruption).

Fundamental Insights Methodology: The Investment Manager then applies the Fundamental Insights Methodology, (see further detail on <https://www.blackrock.com/corporate/literature/publication/blackrock-baseline-screens-in-europe-middleeast-and-africa.pdf>) to identify companies that would otherwise have been excluded by the exclusionary screens but that it considers to be appropriate for investment on the basis that they are “in transition” and focused on meeting sustainability criteria over time, or are otherwise meeting other criteria in accordance with the Fundamental Insights Methodology requirements.

The Fundamental Insights Methodology uses quantitative and qualitative inputs generated by the Investment Adviser, its affiliates and/or one or more external research providers. Where a company is identified by the Investment Adviser as meeting the criteria in the Fundamental Insights Methodology for investment and is approved in accordance with the Fundamental Insights Methodology, it is eligible to be held by the Fund. Such companies are regularly reviewed. In the event that the Investment Adviser determines that a company fails the criteria in the Fundamental Insights Methodology (in whole or in part and at any time) or it is not engaging with the Investment Adviser on a satisfactory basis, it will be considered for divestment by the Fund in accordance with the Fundamental Insights Methodology.

As per the Fundamental Insights Methodology, the Fund applies the following exclusionary screens based on the environmental, social and governance (ESG) related characteristics set out below. The Investment Manager intends to limit and/or exclude direct investment (as applicable) in issuers which are identified as being involved in certain activities as described in summary below (involvement may be based on either the issuer’s activity exceeding a threshold criteria or the issuer having any direct engagement in the activity):

- **Nuclear Weapons:** Issuers deriving any revenue from direct involvement in the production of nuclear warheads.

- **Fossil Fuels:** Issuers deriving more than 25% of their revenue from thermal coal extraction and/or thermal coal-based power generation, with the exception of “green bonds”, that are considered to comply with the International Capital Markets Association’s Green Bond Principles, from such issuers. Issuers deriving more than 25% of their revenue from the production of tar sands (also known as oil sands).

- **Tobacco:** Issuers which produce tobacco products. Issuers which derive more than 5% of their revenue from the wholesale distribution and supply of tobacco related products.

- **Civilian Firearms:** Issuers domiciled in the United States which produce firearms and/or small arms ammunition intended for retail to civilians. Issuers which derive more than 5% of their revenue from the production or retail distribution of firearms and/or small arms ammunition intended for civilian use.

- **Controversial Business Practices:** Issuers which have been deemed to have failed to comply with UN Global Compact Principles (which cover human rights, labour standards, the environment and anticorruption).

Any exemption requests require approval from BlackRock’s Investment Sustainability Committee. Any issuers granted such an exemption will continue to be monitored by the Committee to ensure they remain eligible in the future

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Whilst the Fund applies exclusionary screens to avoid investment in the activities listed above, there is no commitment to reduce the scope of investments by a minimum rate.

- ***What is the policy to assess good governance practices of the investee companies?***

BlackRock assesses good governance practices of the investee companies by combining proprietary insights and shareholder engagement by the Investment Manager, with data from external ESG research providers. BlackRock uses data from external ESG research providers to initially identify issuers which may not have satisfactory governance practices in relation to key performance indicators (KPIs) related to sound management structure, employee relations, remuneration of staff and tax compliance.

Where issuers are identified as potentially having issues with regards to good governance, the issuers are reviewed to ensure that, where the Investment Manager agrees with this external assessment, the Investment Manager is satisfied that the issuer has either taken remediation actions or will take remedial actions within a reasonable time frame based on the Investment Manager’s direct engagement with the issuer. The Investment Manager may also decide to reduce exposure to such issuers.

**Good governance**  
practices include sound management structures, employee relations, remuneration of staff and tax compliance.



**Asset allocation** describes the share of investments in specific assets.

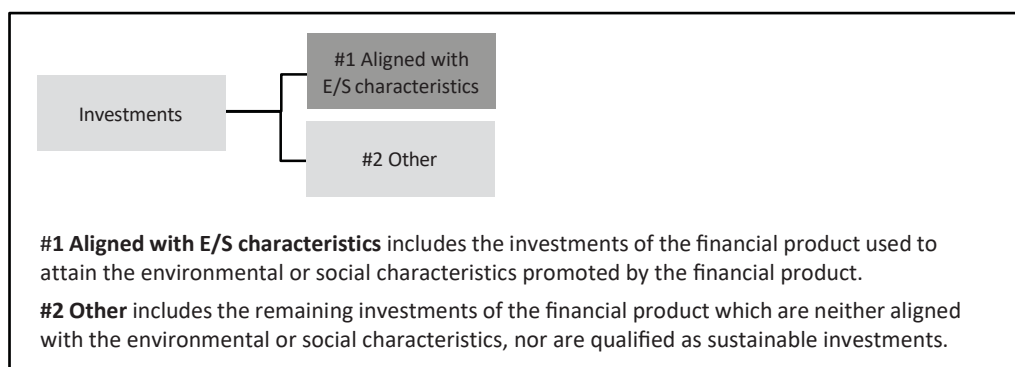
Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

## What is the asset allocation planned for this financial product?

A minimum of 80% of the Fund's total assets will be invested in investments that are aligned with the environmental and/or social characteristics described above (**#1 Aligned with E/S characteristics**). This will include at least 70% of the Fund's total assets invested in equity securities as described above and may also include up to 10% of the Fund's total assets invested in fixed income securities and other open-ended collective investment undertakings in accordance with the Fund's investment policy.

The Fund may invest up to 20% of its total assets in other investments (**#2 Other**).



- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

The Fund may use derivatives for investment purposes and for the purposes of efficient portfolio management. For derivatives, any ESG rating or analyses referenced above will apply only to the underlying investment.



To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

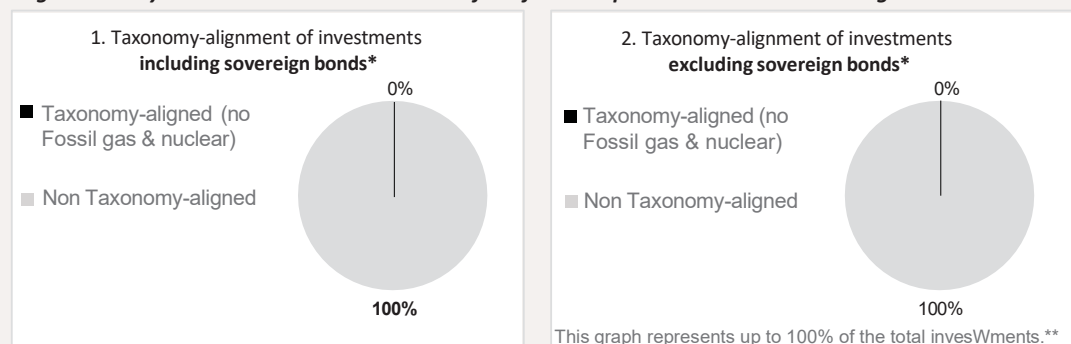
The Fund does not currently commit to investing more than 0% of its assets in Sustainable Investments with an environmental objective aligned with the EU Taxonomy.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

- ☐ Yes
- ☒ No
- ☐ In fossil gas    ☐ In nuclear energy

The Fund does not currently commit to invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy.

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.



Y&Za I&G DZaDZEG ZI I&GEG OaApSf EziSaGsOY dZYEE dZYESEI ZI AuU EziSaGsOY GdDZCZaGE

\*\*As the Fund does not commit to making sustainable investments aligned with the EU Taxonomy, the proportion of sovereign bonds in the Fund portfolio will not impact the proportion of sustainable investments aligned with the EU Taxonomy included in the graph.

- What is the minimum share of investments in transitional and enabling activities?

The Fund does not commit to making investments in transitional and enabling activities.



## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Fund does not commit to holding Sustainable Investments.



## What is the minimum share of socially sustainable investments?

The Fund does not commit to holding Sustainable Investments.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ('climate change mitigation') and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.





**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

Other holdings are limited to 20% and may include derivatives, cash and near cash instruments and shares or units of CIS and fixed income transferable securities (also known as debt securities) issued by governments and agencies worldwide.

These investments may be used for investment purposes in pursuit of the Fund’s (non ESG) investment objective, for the purposes of liquidity management and/or hedging.

No other holdings are considered against minimum environmental or social safeguards.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable.

- ***How does the designated index differ from a relevant broad market index?***

Not applicable.

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable.



**Where can I find more product specific information online?**

**More product-specific information can be found on the website:**

Please refer to the website page for the Fund, which can be found by typing the name of the Fund into the search bar on the BlackRock website: [www.blackrock.com](http://www.blackrock.com).