

THE FIX APRIL 2023

FLOW, LIQUIDITY & RELATIVE VALUE TRENDS IN FIXED INCOME UCITS ETFs

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1.

Fixed income ETF flows picked up again in April, with inflows into UCITS listed fixed income ETFs of \$7.3B (vs. \$5.6B in March). The preference for safe haven assets continued in Europe, as government bond ETFs continued to dominate the flow picture, though this time focused on US Treasuries. In contrast to April, investors also showed appetite to re-risk through high quality credit, with IG ETF inflows of \$2.7B, driven by EUR exposures. Overall across IG sovereign and credit exposures, investors maintained their preference for full maturity exposures. High yield ETFs also saw a pick up in flows (to \$311m), as flows turned positive on \$HY, while outflows from EMD ETFs slowed to -\$95m. Inflation linked bond ETFs saw flows turn positive for the first time in 5 months, to \$113m. Sustainable flows made up \$984m, equivalent to 13% of overall flows into UCITS FI ETFs. At the global level, flows were more 'risk on', with US Treasury flows slowing significantly, while IG, HY ETF flows saw a strong pick up and EMD flows turned positive. See [page 4](#).

2.

Trading & Liquidity: As market volatility subsided after March's banking turmoil, ETF trading activity returned to more normalised levels, with UCITS FI ETFs trading \$3.1B per day, down vs. \$3.9B in March and taking the YTD average to \$3.5B. While ADVs were generally lower, iShares € Corp bond ETF (IEAC), the most actively traded UCITS FI ETF across the market saw several high volume days above \$800m, and traded above \$250m 70% of the time. Other tickers also saw elevated trading days, e.g. IEML traded \$107m on 24 April, 4.7x its YTD ADV. [Page 5](#).

BlackRock continues to publish content on the expanding fixed income toolkit. See Page 2 for a summary of our latest piece on [Portfolio Trades & ETFs](#).

3.

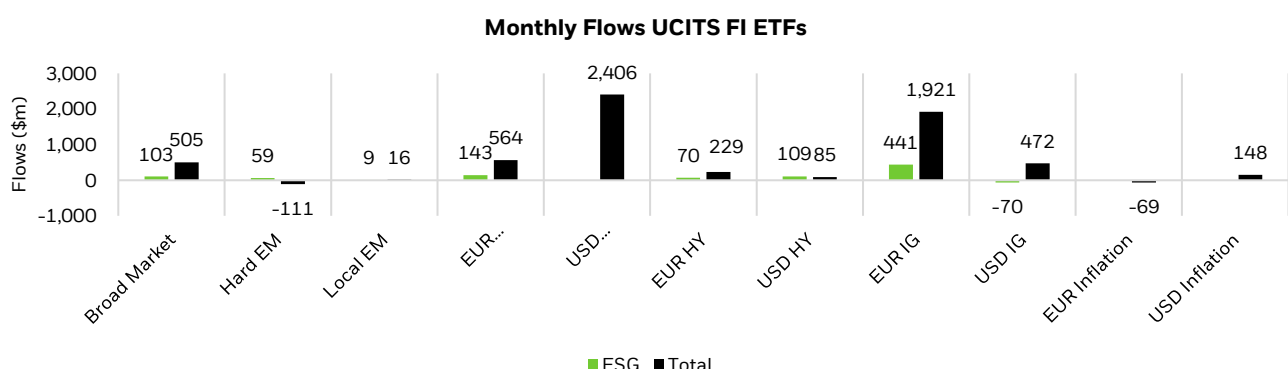
ETF unit lending With the evolution of the FI ETF ecosystem, activity in the ETF borrow market has been growing, while lending/repo of the ETF units offers an additional source of income for long holders, which can offset the ETF's TER (over and above lending of underlying securities undertaken by the fund itself). For example, IEAC's 12-month ETF average unit lending return was 57bps, while IHYG's was 152bps, both multiple times the funds' TERs. [Page 5](#).

4.

ETF vs CDS index: Credit spreads were flat to small tighter in IG while they widened in HY, particularly in cash (ETFs). In € and \$ IG markets, ETFs outperformed vs. CDS indices, leaving the basis a few bps tighter in both markets. In HY, ETFs underperformed vs. CDS, particularly in Europe where the basis widened 20bp over the course of the month, leaving the basis at 2bp, a level hardly seen since January. See [Page 6](#) for an overview of relative spread and total return performance of ETFs vs CDS indices.

5.

ETF options An investor closed out a c. €100m trade in IHYG puts prior to expiry. In addition, several (new) puts traded on \$HY ETFs in April. See [Page 7](#) for notional traded YTD in listed options on iShares UCITS FI ETFs by underlying exposure and an implied volatility screener.



Source: BlackRock, data as at 30/04/2023. All data in USD.

Fixed Income Market Moves					
10yr rates (%)	End of April	April Change	OAS (bp)	End of April	April Change
US	3.42	-0.04	\$ IG Corp	136	-2
China	2.77	-0.08	\$ HY Corp	452	-3
UK	3.72	0.23	€ IG Corp	162	-7
Germany	2.31	0.02	€ HY Corp	504	7
Italy	4.17	0.08	\$ EM	359	2

Source: BlackRock, data as at 30/04/2023. All data in USD.

Spotlight: The expanding FI toolkit: Portfolio trades & ETFs

In our latest piece [The expanding fixed income toolkit: Portfolio trades & ETFs](#), we examine the growth of PTs, the use cases of this trading strategy vs. ETFs and the key considerations an investor would make when choosing between the two. We also include a theoretical case study on European credit.

A portfolio trade (or “PT”) is a transaction in which a counterparty bids or offers a portfolio of multiple line items simultaneously in a single trade. Portfolio trades are a direct result of the growth of fixed income ETFs and their associated ecosystem, and dealers often hedge these trades with fixed income ETFs for risk management purposes.

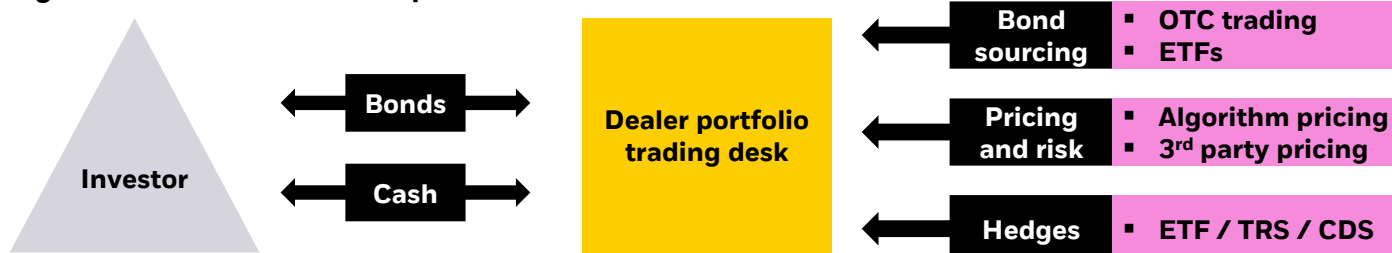
Portfolio trading has a longer history in the US, where in 2021, Barclays estimated it to account for \$40B per month or c. 8% of IG and HY bond market trading volumes (Source: Barclays, as at 31/12/2021). In Europe, Goldman Sachs estimates €145B of PT volumes in 2022, equivalent to c. 6.5% of total IG and HY bond volumes. This represents significant growth vs. previous years: up 61% vs. €90B in 2021, and up almost 15 fold vs. just €10B in 2019. (Source: Goldman Sachs, as at 31/03/2023).

While ETFs and portfolio trades retain some similar characteristics and make use of similar trading infrastructure, the benefits and use cases of ETFs and portfolio trading remain quite different in most cases. Portfolio trades can be highly customised to client needs and risk profiles, while providing investors the ability to shift around the core risk profile of a bond portfolio in a single trade. Maintaining an ongoing beta exposure through individual bonds, however, would require additional resource in terms of time, risk management, and transaction costs.

Meanwhile, fixed income ETFs allow investors to gain exposure to various homogenous risk slices of the fixed income markets, potentially reduce transaction costs through the benefit of a large and diversified client base and reduce ongoing management of beta exposure to the bond market. Their use as an effective liquidity sleeve within portfolios was underscored by their consistent liquidity through market turmoil, even during periods where underlying bond market liquidity deteriorated, e.g. during the extreme volatility in March 2020, or during the market regime shift in 2022. (Source: BlackRock, as at 31/03/2023). ETF trading costs tend to be less sensitive to market volatility than portfolio trading costs, and hence ETFs are useful for investors looking to maintain a liquid beta sleeve in the event of an uptick in market volatility. (Source: Goldman Sachs, as at 31/03/2023).

An investor’s decision to use portfolio trades or ETFs should be driven by liquidity requirements, trading costs, holding period costs and investment guideline restrictions or regulatory considerations.

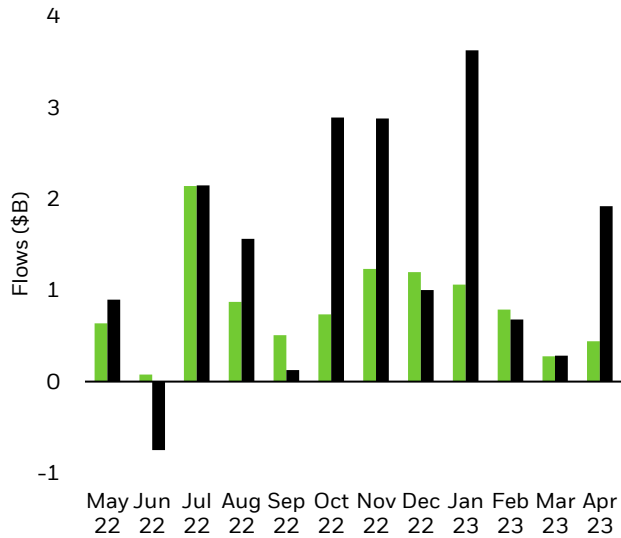
Figure 1. Portfolio trade example



1.

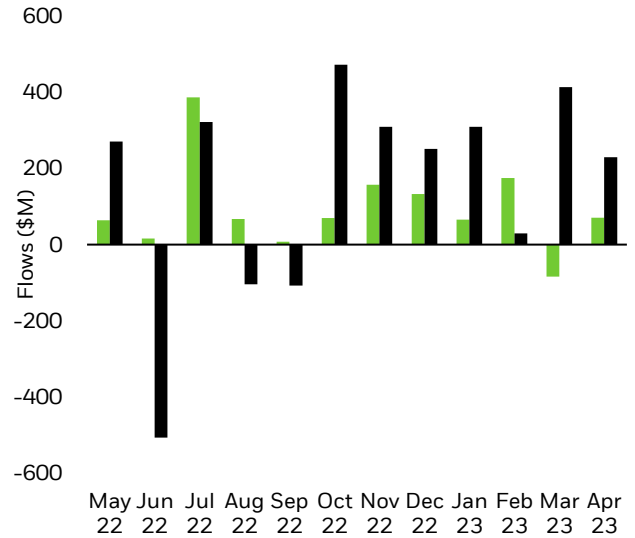
Monthly Fixed Income UCITS ETF flows

EUR IG Credit UCITS ETF flows



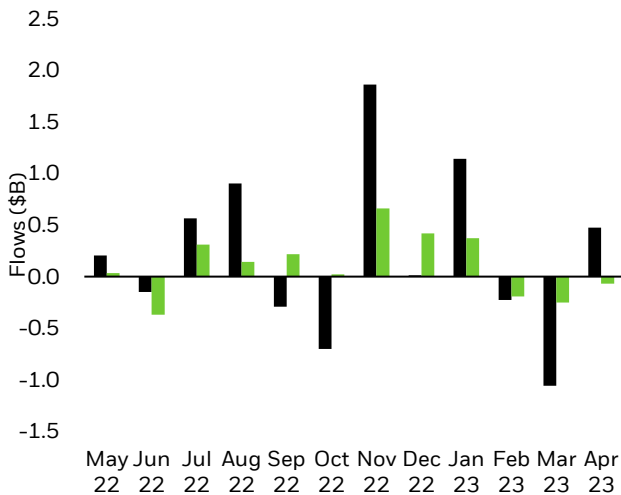
■ EUR Investment Grade ESG ■ EUR Investment Grade

EUR HY UCITS ETF flows



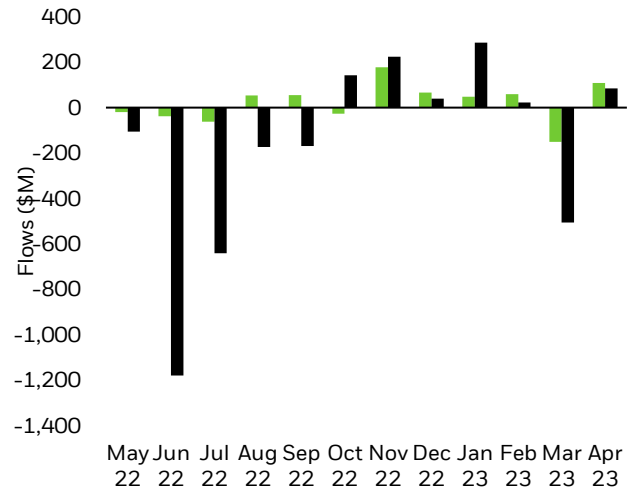
■ EUR High Yield ESG ■ EUR High Yield

USD IG Credit UCITS ETF flows



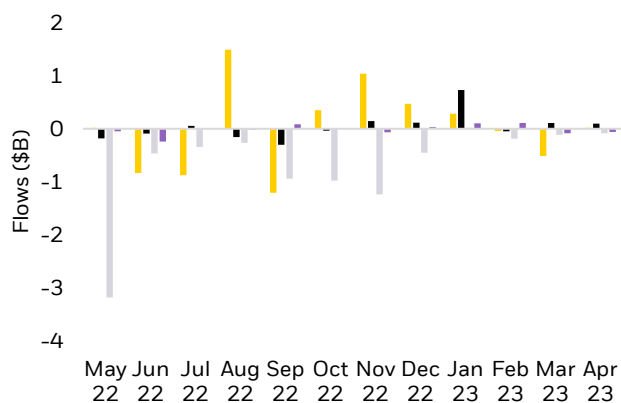
■ USD Investment Grade ■ USD Investment Grade ESG

USD HY UCITS ETF flows



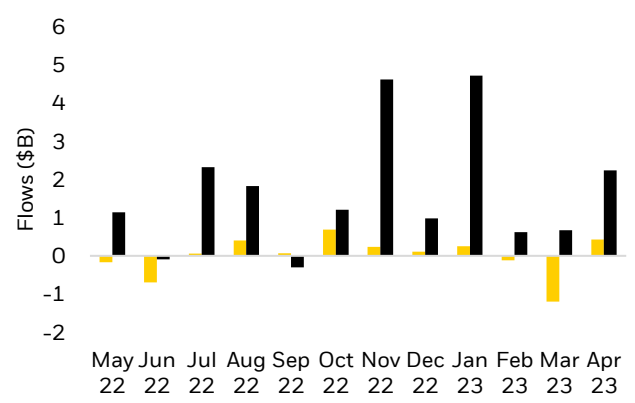
■ USD High Yield ESG ■ USD High Yield

EM Debt UCITS ETF flows



■ EM HC ■ EM LC ■ China ■ EM Corp

Duration split in IG Credit UCITS ETF flows



■ IG - Short duration ■ IG - Full duration

1.

Monthly Fixed Income ETF flows

UCITS FI ETF Flows

(US\$M)	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Apr 23	LTM
Broad Market	-594	-619	908	152	-158	212	1074	328	1060	480	602	505	3948
EUR Agg	-114	-167	448	160	-127	-82	353	0	-59	-87	-26	90	390
Global Agg	-1	274	243	332	98	290	683	277	279	375	470	271	3590
USD Agg	-480	-726	217	-340	-129	5	37	51	839	192	157	144	-32
Emerging Market	-3416	-1634	-1201	1045	-2376	-694	-152	102	1128	-184	-636	-95	-8114
Hard EM	-42	-1085	-889	1471	-1075	343	962	496	383	49	-611	-111	-109
Local EM	-3373	-549	-312	-426	-1301	-1037	-1114	-394	745	-233	-25	16	-8005
Government	5034	3110	4800	2119	876	2826	1960	-54	2335	-626	5623	3942	31945
EUR Government	2214	105	2365	522	-762	706	433	-1562	1947	-1346	3233	564	8419
GBP Government	61	374	138	148	163	191	176	333	127	264	292	205	2473
Global Government	10	115	275	-35	2	0	167	19	-58	-204	191	178	659
Other Government	-33	207	109	99	-22	65	128	-7	247	196	166	589	1743
USD Government	2782	2308	1913	1385	1494	1865	1056	1163	71	465	1742	2406	18651
High Yield	-259	-1865	-364	-219	-254	497	515	738	996	185	144	311	426
EUR High Yield	270	-507	322	-104	-108	472	309	252	309	29	413	229	1888
Global High Yield	-425	-178	-44	59	23	-117	-18	446	400	134	237	-3	513
USD High Yield	-105	-1180	-642	-173	-169	142	224	40	287	22	-506	85	-1975
Inflation	-1157	-918	-1641	-600	-392	-92	101	-429	-633	-184	-570	113	-6402
EUR Inflation	-1033	-518	-578	-112	-261	-288	-197	-215	-513	-42	-281	-69	-4109
GBP Inflation	-38	-8	64	0	24	91	-7	15	-35	-2	-25	-10	69
Global Inflation	-121	-156	-46	-115	-84	36	-68	-95	14	-7	18	45	-580
USD Inflation	35	-235	-1081	-374	-70	69	373	-133	-99	-133	-282	148	-1782
Investment Grade	1043	-668	2673	2443	-1	2301	4945	1328	5215	1004	-483	2710	22507
EUR Investment Grade	897	-751	2149	1564	127	2891	2880	1001	3628	679	282	1921	17269
GBP Investment Grade	14	58	-12	85	0	24	133	127	209	65	87	196	985
Global Investment Grade	-126	238	-23	-125	99	70	258	117	182	344	137	19	1188
Other Investment Grade	54	-61	-5	18	66	17	-187	71	55	144	69	102	343
USD Investment Grade	204	-152	564	901	-293	-702	1860	12	1142	-228	-1059	472	2722
Money Market	625	256	-268	-22	274	73	-39	-468	-677	-21	847	-162	417
EUR MM	674	266	-177	-41	266	-25	9	-423	-631	-57	794	-122	534
GBP MM	-4	-1	0	-1	3	13	2	1	-8	-1	0	-8	-4
Global MM	0	0	0	-2	-1	0	0	0	0	0	-1	0	-5
USD MM	-45	-9	-91	22	5	85	-49	-46	-38	36	54	-32	-107
Securitized	9	4	160	328	-202	151	319	249	23	195	94	19	1348
EUR Securitized	64	-15	145	314	-268	138	88	-59	1	37	52	-33	465
USD Securitized	-55	19	15	14	65	13	231	308	21	159	42	51	883
Total	1284	-2335	5067	5245	-2235	5274	8723	1794	9445	849	5621	7342	46076

(US\$M)	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Apr 23	LTM
Broad Market ESG	176	58	361	217	-31	94	730	188	257	33	111	103	2297
Emerging Market ESG	5	-147	-75	287	-209	-11	473	236	173	104	-21	68	883
Hard EM ESG	14	-158	-59	292	-208	5	484	286	177	102	-9	59	986
Local EM ESG	-9	11	-16	-5	-1	-16	-11	-51	-4	2	-12	9	-103
Government ESG	394	324	517	135	104	210	110	82	253	142	469	273	3015
High Yield ESG	45	-22	327	122	61	44	378	205	298	265	-203	205	1723
EUR High Yield ESG	64	16	387	67	7	70	157	133	66	175	-84	70	1127
Global High Yield ESG	0	0	2	1	0	1	43	6	184	30	32	26	324
USD High Yield ESG	-19	-38	-62	54	55	-27	177	66	48	60	-151	109	272
Investment Grade ESG	740	-147	2543	1061	884	842	2094	1696	1427	687	52	335	12213
EUR IG ESG	639	76	2141	874	507	737	1235	1197	1063	789	278	441	9977
USD IG ESG	32	-370	308	143	216	21	659	416	371	-193	-253	-70	1279
Other IG ESG	68	147	95	44	160	84	201	83	-7	91	27	-35	957
Total ESG	1359	65	3674	1822	809	1178	3785	2406	2408	1232	407	984	20130

Global FI ETF Flows

(US\$M)	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Apr 23	LTM
Broad Market	3,150	1,560	3,361	8,688	2,172	2,594	7,602	12,777	5,396	10,156	5,598	7,053	70,108
Emerging Market	-4,513	-3,309	-1,187	1,224	-3,910	2,266	-823	1,545	2,195	-2,018	-1,378	234	-9,674
Government	29,052	17,655	18,866	10,652	23,026	20,336	11,299	14,643	6,938	11,472	34,547	8,056	206,542
High Yield	2,763	-7,409	3,770	-4,084	-4,283	7,974	7,215	-2,199	2,326	-7,420	-2,313	5,134	1,473
Inflation	-1,599	634	-2,464	-462	-3,688	-2,979	-875	-2,895	-2,422	-2,381	-2,239	-526	-21,897
Investment Grade	5,357	-3,501	9,842	6,115	-1,958	3,849	12,391	5,921	14,156	854	1,095	4,382	58,505
Money Market	1,135	-3,268	1,636	1,234	510	1,757	-3,427	-2,338	-1,402	1,763	1,060	-355	-1,695
Securitized	54	205	65	347	-404	2,690	1,512	682	1,439	516	1,587	660	9,355
Total	35,400	2,567	33,889	23,715	11,465	38,486	34,893	28,136	28,627	12,942	37,958	24,638	312,717

Source: BlackRock Global Business Intelligence and EPFR at 30/04/2023. All amounts given in USD.

NM0523U-2892964-4/17
EII0523E/S-2887152-4/17

2.

Trading & Liquidity

ETF	Ticker	AUM (\$M)	Apr ADV (\$M)	2022 ADV (\$M)	ATH ADV (\$M)	Bid/ask spreads
iShares Core € Corp Bond UCITS ETF	IEAC	12,844	446	309	1,587	5bp
iShares € High Yield Corp Bond UCITS ETF	IHYG	5,100	108	142	863	8bp
iShares \$ Corp Bond UCITS ETF	LQDE	7,897	70	87	908	8bp
iShares \$ High Yield Corp Bond UCITS ETF	IHYU	5,286	38	53	485	11bp
iShares JPM \$ EM Bond UCITS ETF	IEMB	7,081	39	76	978	9bp
iShares JPM EM Local Govt Bond UCITS ETF	IEML	4,836	20	31	833	14bp

Sustainable ETFs	Ticker	AUM (\$M)	Apr ADV (\$M)	2022 ADV (\$M)	ATH ADV (\$M)	Bid/ask spreads
iShares € Corp Bond ESG UCITS ETF	SUOE	4,384	19	31	371	8bp
iShares € Corp Bond ESG Paris-Aligned Climate UCITS ETF	IPAB	768	-	-	9	11bp
iShares € HY Corp Bond ESG UCITS ETF	EHYD	1,992	1	2	107	11bp
iShares \$ Corp Bond ESG UCITS ETF	SUOU	2,387	1	3	129	19bp
iShares \$ HY Corp Bond ESG UCITS ETF	DHYD	1,028	3	2	74	13bp
iShares JPM ESG \$ EM Bond UCITS ETF	EMES	2,682	5	4	127	15bp

References to specific investments are for illustrative purposes only and are not intended and should not be interpreted as recommendations to purchase or sell such investments. Source: BlackRock, data as at 30/04/2023. ADV = Average daily volume. ATH = All time high. Bid/ ask spreads are tightest of average on screen across listings during April. All data in USD.

Name	Ticker	Premium/ discount			
		12m Avg	Apr Avg	Apr High	Apr Low
iShares Core € Corp Bond UCITS ETF	IEAC	27p	28bp	50bp	1bp
iShares € High Yield Corp Bond UCITS ETF	IHYG	60bp	72bp	119bp	33bp
iShares \$ Corp Bond UCITS ETF	LQDE	20bp	20bp	34bp	-1bp
iShares \$ High Yield Corp Bond UCITS ETF	IHYU	12bp	17bp	43bp	-2bp
iShares JPM \$ EM Bond UCITS ETF	IEMB	52bp	53bp	82bp	30bp
iShares JPM EM Local Govt Bond UCITS ETF	IEML	3bp	6bp	29bp	-21bp

References to specific investments are for illustrative purposes only and are not intended and should not be interpreted as recommendations to purchase or sell such investments. Premium/discount is EOD ETF price relative to EOD NAV. Source: BlackRock, data as at 30/04/2023.

3.

Unit Lending

Name	Ticker	LTM Avg lendable supply (\$M)	Unit lending returns (annual, bp)			
			May. 20 - Apr. 21	May. 21 - Apr. 22	May. 22 - Apr. 23	TER (bp)
iShares USD High Yield Corp Bond UCITS ETF	IHYU	807	6	13	21	50
iShares USD Corp Bond UCITS ETF	LQDE	897	3	6	5	20
iShares JPM USD EM Bond UCITS ETF	IEMB	736	19	11	5	45
iShares Core EUR Corp Bond UCITS ETF	IEAC	745	58	58	57	20
iShares JPM EM Local Gov Bond UCITS ETF	IEML	287	6	7	20	50
iShares EUR High Yield Corp Bond UCITS ETF	IHYG	395	94	137	152	50

Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy. With securities lending there is a risk of loss should the borrower default before the securities are returned, and due to market movements, the value of collateral held has fallen and/or the value of the securities loan has risen. **Source:** IHS Markit. Return to lendable is defined as the total lending income generated by all the ETF unit loans, divided by the average market value of all the ETF units available for lending, during the 12 months ending end of April 2023, 2022, and 2021. Figures provided do not include fees paid to lending agents. Additional lending supply may impact ETF Unit return to lendable.

4.

ETF vs CDS Indices

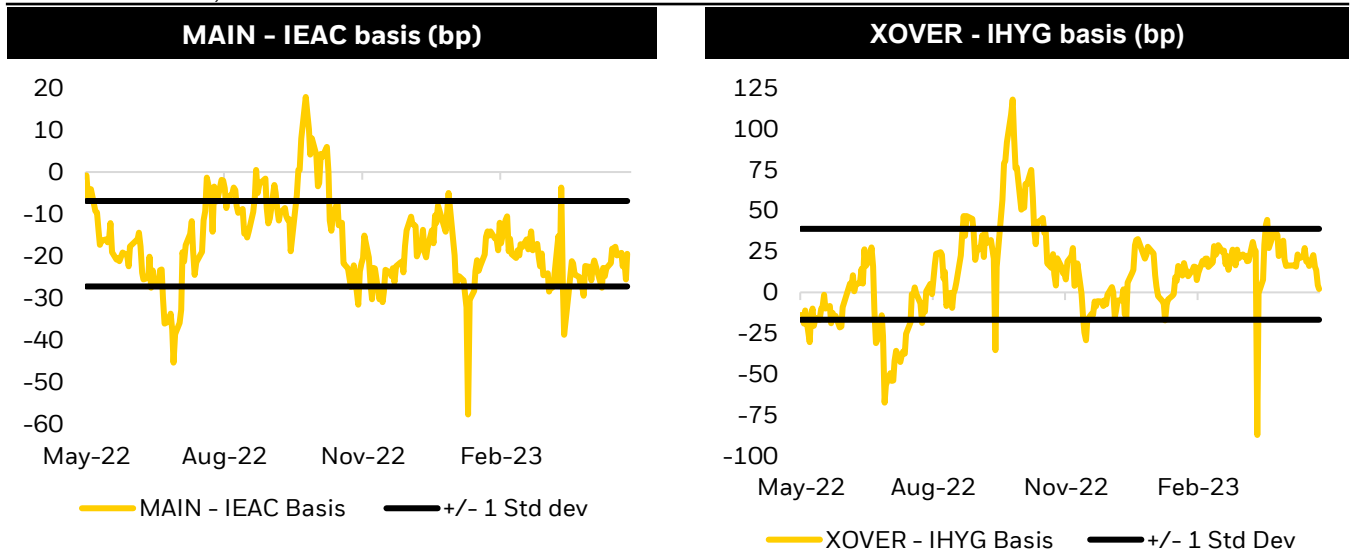
EUR IG	End of April	1m chg	YTD chg
iTraxx MAIN	83	-1	-8
IEAC (iShares Core € Corp Bond UCITS ETF)	102	-4	7
MAIN - IEAC	-19	3	-14

EUR HY	End of April	1m chg	YTD chg
iTraxx XOVER	435	-1	-39
IHYG (iShares € High Yield Corp Bond UCITS ETF)	433	19	-13
XOVER - IHYG	2	-20	-26

USD IG	End of April	1m chg	YTD chg
CDX.IG 5yr	76	0	-6
\$ IG ETF	198	-2	-4
CDX.IG - \$IG ETF	-122	2	-2

USD HY	End of April	1m chg	YTD chg
CDX.HY 5yr	466	3	-18
\$HY ETF	492	9	-3
CDX.HY - \$HY ETF	-26	-7	-15

Source: BlackRock, data as at 30/04/2023. All data in USD.

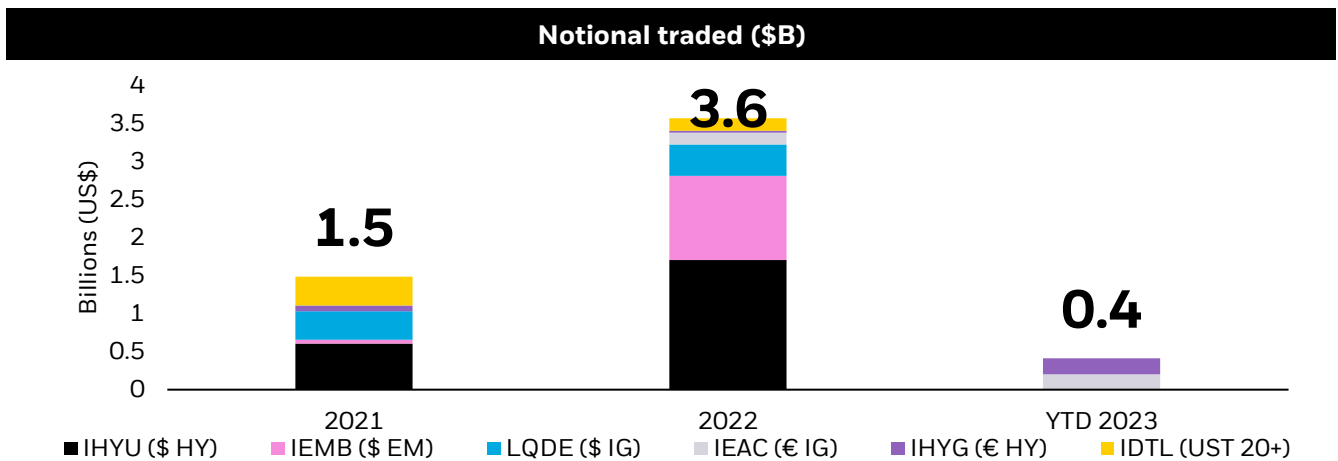


Index name	1 Month	3 Months	6 Months	1 Year	3 year annualized
€ IG index total returns					
iShares Core EUR Corp Bond UCITS ETF	0.68%	0.20%	3.38%	-4.47%	-2.75%
Bloomberg Euro Aggregate Corporate Total Return Index	0.70%	0.24%	3.47%	-4.28%	-2.56%
iShares EUR Corp Bond Interest Rate Hedged ESG UCITS ETF	0.73%	0.09%	3.93%	0.70%	0.93%
iTraxx Europe 5 Year Total Return Index	0.37%	0.91%	3.18%	2.75%	0.95%
€ HY index total returns					
iShares EUR High Yield Corp Bond UCITS ETF	0.30%	0.46%	6.10%	-0.17%	2.60%
Markit iBoxx EUR Liquid High Yield Index	0.32%	0.50%	6.36%	0.25%	2.82%
Bloomberg Pan-European High Yield (Euro) Total Return Index	0.50%	0.06%	6.18%	-0.88%	2.55%
iTraxx Crossover 5 Year Total Return Index	0.65%	1.76%	9.26%	7.20%	5.17%

The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results. The performance stated is net of fees, in EUR, based on the Net Asset Value (NAV) with gross income re-invested where possible. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. Source: BlackRock, Bloomberg as at 30 April 2023.

5.

ETF Options



Source: BlackRock, data as at 30/04/2023. All data in USD.

Volatility Screener

Underlying	3m ATM Implied Vol (1)	3m Realized Vol (2)	Vol Premium: (1)/(2)	Skew 3M 95%-105%
IEMB iShares J.P. Morgan USD EM Bond UCITS ETF	11%	10%	1.1	4
LQDE iShares USD Corp Bond UCITS ETF	10%	10%	1.0	2
IHYU iShares USD High Yield Corp Bond UCITS ETF	9%	9%	1.0	5
IDTL iShares 20+yr Treasury ETF	18%	19%	0.9	0

Source: Bloomberg, BlackRock at 02/05/2023. Implied Volatility 3M ATM refers to 3 month at-the-money options. Skew 3M 95%-105% refers to the difference between implied volatility of 3 month 5% out-of-the-money put options and implied volatility of 5% out-of-the-money call options. Values are indicative only.

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Product Risks

iShares \$ Corp Bond UCITS ETF USD (Dist)

Counterparty Risk, Credit Bail in Risk, Liquidity Risk

iShares \$ High Yield Corp Bond UCITS ETF USD (Dist)

Counterparty Risk, Counterparty and Credit Risk, Liquidity Risk, Combined Credit and Non-investment Grade Risk

iShares \$ Treasury Bond 20+yr UCITS ETF USD (Dist)

Authorised Participant Concentration Risk, Counterparty Risk, Counterparty and Credit Risk, Liquidity Risk

iShares € High Yield Corp Bond UCITS ETF

Combined Credit and Non-investment Grade Risk, Counterparty Risk, Counterparty and Credit Risk, Liquidity Risk

iShares Core € Corp Bond UCITS ETF EUR (Dist)

Counterparty Risk, Credit Bail in Risk, Liquidity Risk

iShares J.P. Morgan \$ EM Bond UCITS ETF USD (Dist)

Counterparty Risk, Counterparty and Credit Risk, Currency Risk, Emerging Markets Risk, Liquidity Risk

iShares J.P. Morgan EM Local Govt Bond UCITS ETF USD (Dist)

Counterparty Risk, Counterparty and Credit Risk, Currency Risk, Emerging Market Government Fixed Income Securities Risk, Emerging Markets Risk, Liquidity Risk

Description of Product Risks

Counterparty Risk

The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Share Class to financial loss.

Credit Bail in Risk

The issuer of a financial asset held within the Fund may not pay income or repay capital to the Fund when due. If a financial institution is unable to meet its financial obligations, its financial assets may be subject to a write down in value or converted (i.e. "bail-in") by relevant authorities to rescue the institution.

Liquidity Risk

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

Counterparty and Credit Risk

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 Issuer. The insolvency of any institutions such as the custodian or sub-custodian providing services such as safekeeping of assets may expose the Issuer to financial loss.

Combined Credit and Non-investment Grade Risk

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

Authorised Participant Concentration Risk

Only an Authorised Participant may request for a subscription or repurchase of Notes directly with the Issuer. As the Authorised Participants for a Series may be its only CFTA Counterparties, in the event that any CFTA Counterparty withdraws or is no longer willing to act as an Authorised Participant, until such CFTA Counterparty is replaced or a new Authorised Participant is brought on board, the Notes may trade at a discount to the Per Note Entitlement for the relevant Series.

Combined Credit and Non-investment Grade Risk

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

Currency Risk

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

Emerging Markets Risk

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

Emerging Market Government Fixed Income Securities Risk

Fixed income securities issued or guaranteed by government entities in emerging markets generally experience higher 'Credit Risk' than developed economies.

Regulatory Information

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

For investors in Austria

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