



**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt about the action to be taken you should consult your stockbroker, bank manager, solicitor, accountant, relationship manager or other professional adviser immediately. This letter is available in languages other than English and copies can be obtained at [www.ishares.com](http://www.ishares.com) or requested by calling 0845 357 7000 (UK number) (please refer to the website for international phone numbers).

15 December 2020

Dear Shareholder

**iShares China CNY Bond UCITS ETF (the “Fund”)**

**ISINs:** IE00BKPSFD61 (Accumulating); IE00BYPC1H27 (Distributing); IE00BKT6RT64 (USD Hedged Distributing)

The Directors of iShares IV plc (the “**Company**”) wish to advise you that the index tracking investment strategy (and therefore the investment policy) of the Fund will be changed from an optimising investment strategy to a replicating strategy (as described below) with effect on or around 30 December 2020 (the “**Effective Date**”).

The changes being made will not have a material adverse effect on the manner in which your investment is managed. You are not required to do anything as a result of this notification.

A new version of the Company’s prospectus and Key Investor Information Document (KIID) will be published on or around the Effective Date, subject to the approval of the Central Bank of Ireland and will be available on [www.ishares.com](http://www.ishares.com).

**Change of index tracking investment strategy**

Currently the Fund uses an optimising (non-replicating) investment strategy. This means that the Fund is not required to hold every issuer in its benchmark index or hold securities of each issuer in proportion to the composition of its benchmark index. The Fund is also permitted to hold securities and issuers which are not constituents of its benchmark index where such securities provide similar performance (with matching risk profile) to certain securities that make up its benchmark index.

While using an optimising investment strategy, the Fund is permitted, under regulations, to invest only up to 10% of its net asset value in bonds issued by each China Policy Bank (subject to an aggregate maximum of 40% of the Fund’s net asset value being invested in securities issued by a single China Policy Bank in which the Fund invests more than 5% of its net asset value).

As of the Effective Date, the investment strategy of the Fund will change from an optimising investment strategy to a replicating strategy. This will enable the Fund to avail of higher regulatory investment limits available to replicating index funds, which will enable the Fund to track the performance of its benchmark index more closely. As set out below, the weightings of each China Policy Bank in the Fund’s benchmark index as at 1 December 2020 exceeded 10%. When the Fund changes its investment strategy to replicating (i.e. seeks to replicate the composition of its benchmark index), it will be permitted to invest up to 20% of its net asset value in bonds issued by each China Policy Bank, which may be raised to 35% for a single China Policy Bank where this is justified by exceptional market conditions, for example, market dominance. Market dominance exists

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Registered Office: 200 Capital Dock, 79 Sir John Rogerson’s Quay, Dublin 2, D02 RK57, Ireland.

Registered in Ireland under registration number 472684.

Directors: Paul McNaughton (Chairman); Paul McGowan; Barry O’Dwyer; Jessica Irschick (British); Ros O’Shea; Deirdre Somers; Teresa O’Flynn  
iShares IV plc is an umbrella type open ended investment company with variable capital and having segregated liability between its funds.

where a particular constituent of the benchmark index has a dominant position in the particular market sector in which it operates and as such accounts for a large proportion of the benchmark index. The higher investment limits will allow the Fund to track the performance of its benchmark index more closely but it will also allow a greater concentration of investment in each China Policy Bank.

When the Fund seeks to replicate the composition of its benchmark index, it intends to do so at issuer level (not issue level). It intends to hold bond issues of all issuers in its benchmark index in similar proportion to the weightings of the issuers in its benchmark index (subject to regulatory investment limits). While investing in all of the issuers comprising its benchmark index, the Fund may not invest in every bond issue in its benchmark index and the Fund may invest in bond issues not in its benchmark index (but with similar performance and matching risk profile to the bond issues in its benchmark index) of the issuers comprising its benchmark index,

The table below shows the weight of issuers in the Fund and their corresponding weight in the benchmark index, both as at 1 December 2020. By moving to a replicating strategy, the Fund will be able to hold an increased concentration of weights in China Policy Banks, which will align more closely with the composition of its benchmark index and thereby reduce tracking error and more closely align the yield of the Fund to its benchmark index.

Issuer	Current Weight in Fund	Benchmark Index Weight
China Government Bonds	70%	46.1%
China Development Bank	10%	28.3%
Export Import Bank of China	10%	10.3%
Agricultural Bank of China	10%	15.3%

The Fund's investment strategy will be changed to a replicating strategy with effect on, or around, the Effective Date. It is expected that it will take approximately 6 weeks from the Effective Date for the Investment Manager to fully transition the Fund to a replicating strategy to manage transactions costs of rebalancing the portfolio to more closely match the issuer weightings in the Fund's benchmark index (subject to regulatory investment limits).

Further details regarding the Fund's benchmark index (including its constituents) are available on the index provider's website at <https://www.bloomberg.com/professional/product/indices/bloomberg-barclays-indices/#/ucits>.

Please refer to the Schedule of this letter for details of how the investment policy of the Fund will be amended as a result of this change.

### Costs

Any transaction costs incurred by the Fund relating to the change of investment strategy will be borne by the Fund.

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**Further information**

Please contact [info@ishares.com](mailto:info@ishares.com) if you have any queries concerning the changes to the Company.

Yours faithfully



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Director  
for and on behalf of iShares IV plc

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## SCHEDULE

Current Investment Objective and Policy	New Investment Objective and Policy
<p><b>Investment Objective</b> The investment objective of the Fund is to provide investors with a total return, taking into account both capital and income returns, which reflects the return of the Bloomberg Barclays China Treasury + Policy Bank Index.</p> <p><b>Investment Policy</b> In order to achieve its investment objective, the investment policy of the Fund is to invest in a portfolio of fixed income securities that, as far as possible and practicable, consists of the component securities of the Bloomberg Barclays China Treasury + Policy Bank Index, this Fund's Benchmark Index, or provides a similar return to the component securities of the Benchmark Index.</p> <p>The Fund intends to use optimisation techniques in order to achieve a similar return to the Benchmark Index and it is therefore not expected that the Fund will hold each and every underlying constituent of the Benchmark Index at all times or hold them in the same proportion as their weightings in the Benchmark Index. The Fund may hold some securities which are not underlying constituents of the Benchmark Index where such securities provide similar performance (with matching risk profile) to certain securities that make up the Benchmark Index.</p> <p>The Fund's Investments will, at the time of purchase, comply with the requirements of the Benchmark Index, and will include fixed income securities regardless of their credit rating, provided they are not in default. While it is intended that the fixed income securities invested in by the Fund will comprise securities which are not in default, such issues may default in certain circumstances from time to time. In such event the Fund may hold securities in default and until such time as such securities in default cease to form part of the Fund's Benchmark Index (where applicable) and it is possible and practicable (in the Investment Manager's view) to liquidate the position.</p> <p>The Base Currency of iShares China CNY Bond UCITS ETF is US Dollar (US\$).</p>	<p><b>Investment Objective</b> The investment objective of the Fund is to provide investors with a total return, taking into account both capital and income returns, which reflects the return of the Bloomberg Barclays China Treasury + Policy Bank Index.</p> <p><b>Investment Policy</b> In order to achieve its investment objective, the investment policy of the Fund is to invest in a portfolio of fixed income securities that, as far as possible and practicable, consists of bonds issued by the issuers in the Bloomberg Barclays China Treasury + Policy Bank Index, this Fund's Benchmark Index.</p> <p>The Fund intends to replicate the composition of the Benchmark Index by holding the securities of all of the issuers comprising the Benchmark Index in a similar proportion to the weightings of these issuers in the Benchmark Index. While investing in all of the issuers comprising the Benchmark Index, the Fund may not invest in every bond issue in the Benchmark Index and the Fund may invest in bond issues not in the Benchmark Index (but with similar performance and matching risk profile to the bond issues in the Benchmark Index) of the issuers comprising the Benchmark Index. <b>This Fund may invest up to 20% of its Net Asset Value in fixed income securities issued by the same non-sovereign body. This limit may be raised to 35% for a single issuer when exceptional market conditions apply (as set out in section 4 of Schedule III).</b> Limits in respect of securities issued or guaranteed by sovereign issuers are set out in sections 2.5 and 2.12 of Schedule III.</p> <p>The Fund's Investments will, at the time of purchase, comply with the requirements of the Benchmark Index, and will include fixed income securities regardless of their credit rating, provided they are not in default. While it is intended that the fixed income securities invested in by the Fund will comprise securities which are not in default, such issues may default in certain circumstances from</p>

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	<p>time to time. In such event the Fund may hold securities in default and until such time as such securities in default cease to form part of the Fund's Benchmark Index (where applicable) and it is possible and practicable (in the Investment Manager's view) to liquidate the position. In addition, in the event that certain fixed income securities are removed from the Benchmark Index because they have less than one year to maturity, the Fund may continue to hold such securities until such time as it is possible and practicable (in the Investment Manager's view) to liquidate the position.</p> <p>The Base Currency of iShares China CNY Bond UCITS ETF is US Dollar (US\$).</p>
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