

# BLACKROCK CHINA FUND

A flexible fund for a changing China

November 2015

**BLACKROCK®**  
**貝萊德**

## Important Information

1. The Fund invests in certain emerging markets that may be subject to additional risks arising from political, economic and market factors. The Fund's investments in equities could incur significant losses due to fluctuation of equity values. The Fund's investments are concentrated in China. This may result in greater volatility than more broad-based investments. Additional risks relate to liquidity and the repatriation of capital for investment in equity securities in China. The Fund invests in small-cap company shares which can be more volatile and less liquid than those of larger companies.
2. The Funds may use derivatives to hedge market and currency risk and for efficient portfolio management. However, derivatives will not be extensively or primarily used for investment purposes. In an adverse situation, the Funds may suffer significant losses from their derivatives usage for hedging and efficient portfolio management.
3. The value of a Fund can be volatile and could go down substantially within a short period of time. It is possible that the certain amount of your investment could be lost.
4. Investors should not only base on this marketing material alone to make investment decision.

## Fund Highlights:

### 1, 3 & 5-year Periods

Significantly outperforming peer group average<sup>1</sup>

### Broad Investment Spectrum

Exposure to onshore<sup>2</sup> and offshore Chinese stocks with no market cap bias

### Flexible Investment Approach

Capture beneficiaries of Chinese structural reform

## Why invest?

### 1 China's Commitment to Reform is Driving a Re-rating

China's robust structural reform spans six key categories and the Fund is designed to capture early opportunities through targeting companies most likely to benefit from change. The Fund's flexible approach allows for adjusting exposure as reform priorities shift.

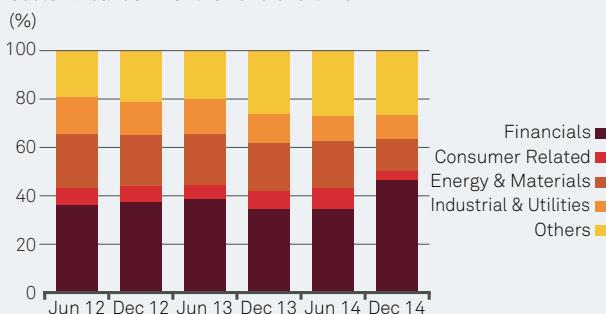
#### 6 key categories of reform

<b>Financial liberalisation</b>	▶ Interest rate deregulation ▶ Free trade zone development
<b>Fiscal/Tax</b>	▶ VAT reform ▶ Central vs local government debt management
<b>Demographics</b>	▶ Social welfare/pension system ▶ Healthcare
<b>Urban/Rural</b>	▶ Land reform ▶ Urbanisation
<b>State-owned Enterprises (SOE) reform</b>	▶ Encouraging competition ▶ Corporate governance
<b>Anti-corruption</b>	▶ Control of government spending ▶ Access to centralised national database

### 2 Identify Winners throughout The Cycle

As with any impactful change, the reform process will lead to winners and losers throughout the cycle. The Fund has the flexibility and diversification for our highly experienced management team to ensure appropriate exposures to those companies which are likely to benefit the most at specific points in time.

#### Sector Breakdown of the Fund Overtime

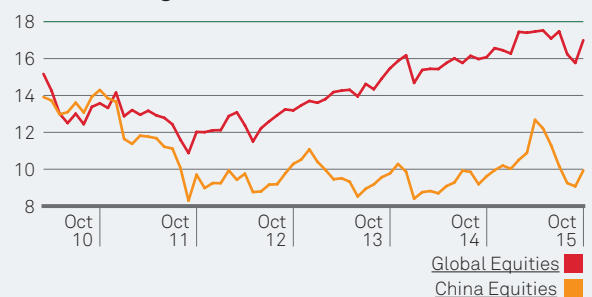


Source: BlackRock, as of end Dec 2014.

### 3 Attractive Valuation

While Chinese corporate earnings have strengthened, the market remains undervalued relative both to its own past as well as global equities. These current valuations help make China more attractive as the country enters the next phase of structural reform and economic transformation.

#### Price to Earnings Ratio

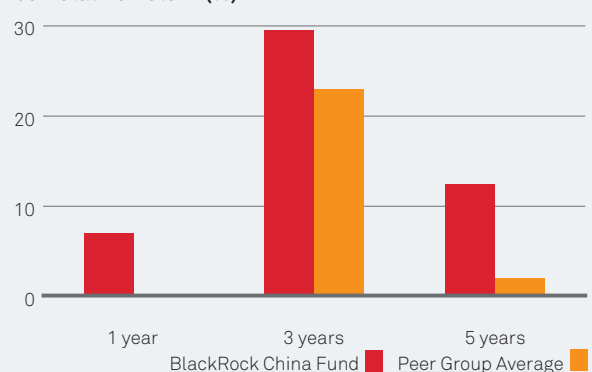


Source: Bloomberg, as of end October 2015. China equities refer to MSCI China Index; Global equities refer to MSCI World Index.

### 4 Strong and Consistent Performance

Thanks to multiple sources of performance, across both stock level and sector level, the Fund has significantly outperformed the peer group average for 1, 3 and 5 year periods<sup>1</sup>.

#### Cumulative Return (%)



Source: Morningstar, as of end October 2015.



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